



21 September 2010

Eurasian Natural Resources Corporation PLC

Acquisition of the Outstanding 50% Interest in Bahia Minerals BV for a Cash Consideration of US\$670 million and an Option to Acquire 100% of Greystone Mineracao do Brasil Limitada for up to US\$150 million

London - Eurasian Natural Resources Corporation PLC ('ENRC', or together with its subsidiaries, the 'Group') today announces that it has completed the purchase of the outstanding 50% of the common shares of Bahia Minerals BV ('BMBV') (commonly referred to as the 'BML Project') from Ardila Investments NV ('Ardila'), a subsidiary of Zamin BM NV ('Zamin'), being the shares of BMBV which ENRC does not already own (the 'Acquisition'). BMBV is the sole shareholder of two Brazilian companies: Bahia Mineracao Limitada ('BML') and Eire Mineracao Limitada ('EML'). BML and EML are the only assets within BMBV, in the Caetite region in the State of Bahia in Brazil.

The 50% interest in BMBV is being acquired for a net cash consideration of US\$670 million, after assuming net debt of approximately US\$65 million. Payment of US\$167.5 million (the 'Initial Consideration') was made at completion, from existing cash resources. The remaining US\$502.5 million (the 'Deferred Consideration') will be payable in two instalments, of US\$167.5 million and US\$335 million respectively. This is subject to the satisfaction of certain conditions (the 'Conditions'). Following the completion of the Acquisition the Group owns 100% of BMBV.

ENRC has also secured an option to purchase 100% of the outstanding shares of Block V Limited and Caera Minerals Limited, which together own Greystone Mineracao do Brasil Limitada ('Greystone'), from Zamin for a cash consideration of no greater than US\$150 million (the 'Exercise Price') (the 'Greystone Option'). Greystone holds a mineral licence adjoining the BMBV project area. The Greystone Option is exercisable up to and including the 15 November 2010 and ENRC will pay US\$50 million for grant of the Greystone Option and as an advance against the Exercise Price (the 'Advance') from existing cash resources. The Advance will be offset either against the Exercise Price (should ENRC exercise the Greystone Option), or otherwise against the Deferred Consideration for BMBV (should ENRC not exercise the Greystone Option). In the event that the Greystone Option is not exercised then ENRC will accelerate the payment of the second instalment pursuant to the share purchase agreement of BMBV, and make two sequential payments of US\$83.75 million upon the achievement of certain logistical infrastructure approvals.

BMBV

BMBV has a JORC compliant iron ore resource base of 1,808 million tonnes with an average iron content of 32.0% (932 million tonnes with an average iron content of 35.3% measured and indicated; and 876 million tonnes with an average iron content of 28.4% inferred).

BMBV had a total gross asset book value of US\$88 million as of 31 December 2009. Profits attributable to BMBV in 2009 were US\$23 million, derived from foreign exchange gains and fair value gains on non-interest bearing loans advanced by the joint venture partners.



The Acquisition of BMBV is expected to exceed ENRC's pre-tax internal rate of return hurdle of 20% and management believes that the Acquisition will create value for all ENRC shareholders.

The approval and timing of the environmental port licence and the timing of the initiation of the construction of the rail link are still to be determined. The Group has recognised these risks by the contingent terms of the transaction. The railroad is currently under tender by Valec, a government owned company with the purpose of developing railway projects in Brazil. A construction award is expected to be made in Q4 2010 by the Brazilian Government.

ENRC will manage the project utilising some of the existing management and will make additional new appointments.

Greystone

Greystone has a JORC-compliant iron ore resource base of 147 million tonnes with an average iron content of 31.8%, and an additional potential resource of 187.5 million tonnes. The resource forms part of the same ore body as the BML Project. A pre-feasibility study was completed in May 2010 by SNC-Lavalin Minerconsult, and ENRC management believes that the size of the resource base and the proximity to BMBV could provide significant synergies, both from an operational and financial perspective. A decision whether to exercise the option is dependent on further technical analysis by ENRC's in-house technical team.

Commenting on the acquisition, Felix J Vulis, Chief Executive Officer of ENRC, said: *"This acquisition of BMBV and the option over Greystone are consistent with ENRC's commodity driven acquisition strategy focused on high growth projects in developing mining regions worldwide. We remain positive on the fundamentals of the iron ore industry and welcome the opportunity to acquire full control of BMBV. At full estimated output this project could support production of 19.5 million tonnes per annum of saleable concentrate. We are confident that the acquisition will enhance shareholder value."*

Overview of the Project Development

ENRC purchased its initial 50% stake in BMBV from Zamin in May 2008, for a cash consideration of US\$306 million.

ENRC and Zamin have continued with the development of BMBV since ENRC acquired its initial 50% interest in BMBV in 2008. This involved a significant drilling programme to define the ore body, alongside a review of the infrastructure plan to reach the bankable feasibility study stage.

ENRC has extensive project development expertise and knowledge of the extraction and processing of iron ore. ENRC believes that the Group's technical and project management teams will be able to accelerate the development of the BML Project.

An update to the BML Project bankable feasibility study was completed in July 2010. Based on this, the project is expected to start production with an estimated 11.0 million tonnes of concentrate (dry weight) in 2013. The project is then expected to



have a potential production capacity of 19.5 million tonnes per annum of concentrate by 2014. This will include the ability to produce 13.5 million tonnes per annum of blast furnace pellet feed fines and 6.0 million tonnes per annum of direct reduction pellet feed fines of, respectively, up to 67.0% and 68.5% iron content. Development capital expenditure for this project is expected to amount to approximately US\$2.1 billion. It is anticipated that at full operation, the operating costs will be around the median of the cost curve. All of these estimates remain preliminary.

If, following four years from the completion date, all of the Conditions have not been satisfied, ENRC shall be entitled (at Ardila's option) to either: (i) the repayment of the Advance if the Greystone Option has not been exercised and the waiver of its obligation to pay any outstanding instalments of the Deferred Consideration; or (ii) the repayment of the Advance if the Greystone Option has not been exercised and of all other amounts paid or discharged by ENRC in respect of BMBV upon the repurchase of the Shares by Ardila.

ENRC's objective with the Acquisition and, potentially, the Greystone Option, is to build the foundation of a large scale, long life, integrated iron ore business within Brazil; a new, additional operating geography to underpin the diversification of the Group. In time, it is anticipated that this will consist of mining operations and beneficiation facilities for blast furnace and DRI grade concentrate and fines, as well as a logistics network of rail and port facilities. As the project has developed, BMBV has enjoyed the support of the Brazilian government at both the regional and federal level. ENRC looks forward to building a world class iron ore business with operations in Brazil and Kazakhstan.

ENRC believes that the global seaborne iron ore market continues to offer an attractive investment opportunity, particularly in view of the outlook for growth in demand for high quality iron ore products. ENRC believes that the acquisition of the remaining 50% of BMBV will further enhance ENRC's access to the seaborne iron ore market and will provide ENRC with growth in and diversification of its iron ore customer base and product suite. The expansion of iron ore builds on the Group's existing technical and market expertise in iron ore extraction, processing and sales. In addition, the realisation of the project will provide greater production volumes and earnings from iron ore.

ENRC is committed to developing its strategy of commodity and geographical diversification, through investing in potential high growth, low cost projects in prospective mining regions around the world.

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About ENRC

ENRC is a leading diversified natural resources group, performing integrated mining, processing, energy, logistics and marketing operations. The operations comprise: the mining and processing of chrome, manganese and iron ore; the smelting of ferroalloys; the production of iron ore pellet; the mining and processing of bauxite for the extraction of alumina and the production of aluminium; the production of copper and cobalt; coal extraction and electricity generation; and the transportation and sales of the Group's products. The Group's production assets are largely located in the Republic of Kazakhstan; other assets, notably the Other Non-ferrous Division, are mainly located in Africa. The Group's entities, in the period, employed approximately 71,090 (H1 2009: 64,160) people, including some 5,610 employees within the Other Non-ferrous Division. In 2009, the Group accounted for approximately 3% of Kazakhstan's GDP. The Group currently sells the majority of its products to Russia, China, Japan, Western Europe and the United States. For the half-year ended 30 June 2010, the Group had revenue of US\$3,045 million (H1 2009: US\$1,695 million) and profit attributable to equity shareholders of the Group of US\$902 million (H1 2009: US\$553 million).

ENRC's Iron Ore Division

The Group's Iron Ore Division is one of the world's significant exporters of iron ore by volume. The Division's main operating company, SSGPO, is one of the largest companies in Kazakhstan and employs approximately 18,000 people. SSGPO is a vertically integrated business comprising primary mining operations that produce iron ore; ancillary mining operations that produce limestone, dolomite and construction gravel; an iron ore processing plant; and a power plant that supplies the Division with the majority of its energy needs. The operations are centred around the town of Rudni, which was established specifically to support the iron ore operations, which is located some 45 kilometres south-west of the city of Kostanai in the north of Kazakhstan. ENRC's Iron Ore Division produces and sells iron ore concentrate and pellets primarily to steel producers, with ENRC's major customers being located in Russia and north-western China. ENRC's principal customer is the Russian steel producer Magnitogorsk Iron and Steel Works ('MMK'). ENRC has a contract with MMK to supply up to 15 million tonnes per annum of saleable iron ore concentrate and pellets, which expires in March 2017.

Forward-looking statement

This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include matters that are not historical facts or are statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Group operates. Forward-looking statements are based on current plans, estimates and projections, and therefore too much reliance should not be placed upon them. Such statements are subject to risks and uncertainties, most of which are difficult to predict and generally beyond the Group's control. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. The Group cautions you that forward-looking statements are not guarantees of future performance and that if risks and uncertainties materialise, or if the assumptions underlying any of these statements prove incorrect, the Group's actual results of operations, financial condition and liquidity and the development of the industry in which the Group operates may materially differ from those made in, or suggested by, the forward-looking statements contained in this announcement. In addition, even if the Group's results of operations, financial condition and liquidity and the development of the industry in which the Group operates are consistent with the forward-looking statements contained in this announcement, those results or developments may not be indicative of results or developments in future periods. A number of factors could cause



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A copy of this announcement will be available on ENRC's website at www.enrc.com.