24 March 2010

Eurasian Natural Resources Corporation PLC

Announcement of 2009 Preliminary Results

Financial Highlights for 2009

- Resilient performance in the face of weaker market demand and lower prices. A marked recovery in the result of H2 2009 versus H1 2009.
- Underlying EBITDA fell 65%, to US$1,462 million; excluding US$210 million devaluation gain.
- Earnings per share (before exceptional items) fell 61%, to US 81 cents.
- Full year dividend US 12 cents per share; payout ratio of 15% in line with policy.
- Good control of costs; total costs decreased 17%, including cost of sales falling 7%.
- Strong balance sheet; gross available funds of US$1,021 million and borrowings of US$428 million.

Business Highlights for 2009

- Management's swift response to the downturn and the sales leverage of the Group's strategic location.
- Retention of the labour force facilitated a rapid return to effective full capacity.
- Full year 2009 production well ahead of our expectations held at the beginning of 2009. Production of the main ferroalloys and iron ore products and of alumina and coal broadly stable versus 2008. Production of aluminium and electricity ahead.
- Ferroalloys and Iron Ore Divisions in Kazakhstan restored to effective full capacity by Q4 2009.
- Maintained our low cost advantage.
- Capital expenditure US$1.1 billion. Highlights: Ferroalloys - second 700kt per annum pelletiser completed; Alumina and Aluminium - Phase 2 of the aluminium smelter; Energy – overburden stripping equipment.
- Acquisition of a 25% stake in Shubarkol, a coal business in Kazakhstan, for US$200 million. Diversified the Group with the acquisition of CAMEC, a copper and cobalt producer in the DRC, for US$931 million.

Outlook for 2010

- Improved confidence in demand growth from China and other emerging markets.
- Signs of stabilisation and even growth in the US and Europe. Russian outlook better for 2010.
- Prices expected to be significantly ahead of 2009 averages. Production for our principal products is expected to be at or near capacity.
- Costs to rise: labour costs are set to rise broadly in line with local inflation; raw material and other input costs are increasing more significantly as the industry and global economy recover; whilst there is also the potential negative impact of a tenge appreciation.
- Capex projects 'in progress' and 'under review' total US$5.8 billion; 2010 capital expenditure projected to be US$1.5 billion.
- The prospective acquisition, announced in February 2010, of Chambishi, a copper and cobalt refiner/smelter in Zambia, for US$300 million.

"In 2009 the Group's advantages, particularly its proximity to China, low cost base and business diversification, underpinned a robust performance in the face a marked industry downturn. Swift measures taken by the management allowed us to mitigate the weaker demand and lower prices and deliver an improved performance in the second-half of 2009. During the year we were pleased to be able to use our strong balance sheet to grow our commodity base by acquisition. Our entry into copper and cobalt, with the purchase of CAMEC, opens up an exciting new opportunity and implements our strategy of diversification. We are increasingly confident that strong growth in emerging markets and a recovery coming in the rest of the world will sustain growth in the demand for our products in 2010."

Felix J Vulis, Chief Executive Officer

Summary Group Financial Information (Unaudited):

In millions of US$ (unless stated otherwise)	Years ended 31 December **2009**	2008	*Change 2009 vs. 2008*
Revenue	**3,831**	6,823	*(43.9)%*
Total costs[1]	**(2,457)**	(2,973)	*(17.4)%*
Underlying EBITDA[2]	**1,462**	4,161	*(64.9)%*
Depreciation, amortisation and impairment	**(298)**	(311)	*(4.2)%*
Underlying EBIT[3]	**1,164**	3,850	*(69.8)%*
Profit before income tax	**1,439**	3,827	*(62.4)%*
Effective tax rate	***26.2%***	*29.9%*	
Net profit attributable to shareholders	**1,045**	2,642	*(60.4)%*
Earnings per share – basic and diluted (US cents)	**81**	205	*(60.5)%*
Interim dividend per share (US cents)	**6**	12	*(50.0)%*
Final dividend per share (US cents)	**6**	19	*(68.4)%*
Underlying EBITDA margin[4]	***38.2%***	*61.0%*	
Net cash generated from operations	**1,209**	2,766	*(56.3)%*
Capital expenditure	**1,147**	1,294	*(11.4)%*
Gross available funds[5]	**1,021**	2,768	*(63.1)%*
Net cash[6]	**402**	1,766	*(77.2)%*
Divisional Underlying EBITDA			
Ferroalloys	**707**	2,789	*(74.7)%*
Iron Ore	**485**	919	*(47.2)%*
Alumina and Aluminium	**78**	295	*(73.6)%*
Energy	**213**	177	*20.3%*
Logistics	**39**	50	*(22.0)%*
Other Non-ferrous	**6**	*n/a*	*n/a*
Corporate	**(66)**	(69)	*(4.3)%*
Group	**1,462**	4,161	*(64.9)%*

[1] Total costs: cost of sales; distribution costs; selling, general and administrative expenses; and other operating expense offset by other operating income.
[2] Underlying EBITDA: profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint venture and associates and the impact of the devaluation of the Kazakhstani tenge. Non-GAAP measures are defined in note 14.
[3] Underlying EBIT: profit before finance income, finance cost, income tax expense, share of profit or loss of joint venture and associates and the impact of the devaluation of the Kazakhstani tenge.
[4] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.
[5] Gross available funds: cash and cash equivalents plus term deposits and other financial assets and less investments in unquoted options and other restricted financial assets.
[6] Net cash: Cash and cash equivalents less current and non-current borrowings.

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The information set out in the 2009 Preliminary Results Announcement relates to the year ended 31 December 2009 and, unless otherwise stated, is compared to the corresponding period of 2008, the year ended 31 December 2008. The Chief Executive Officer's Outlook statement includes an update for the period since 31 December 2009. All references in the 2009 Preliminary Results Announcement to 't' are to metric tonnes, to 'kt' to thousand metric tonnes and 'mt' to million metric tonnes, unless otherwise stated. Production capacity utilisation/cutbacks are referenced to the estimated theoretical production capacities of the relevant businesses. Unless stated otherwise, statements relating to market data contained in this announcement are based on external sources, for example research institutes and industry bodies, including: Agency of Statistics of the Republic of Kazakhstan, Bloomberg, Brooke Hunt, CRU, Datastream, Fairfax IS, Heinz H Pariser, The Indian Stainless Steel Development Association, Macquarie Research, World Steel and others, and are derived from actual and/or estimated data relating to 2009 and prepared in 2009 or early 2010.

Eurasian Natural Resources Corporation PLC ('ENRC') will announce its 2009 Preliminary Results on Wednesday, 24 March 2010 There will be a presentation to investors and analysts, commencing at 09.00 (London time) in the Auditorium at Deutsche Bank, 75 London Wall, London, EC2N 2DB, United Kingdom. There will be a simultaneous webcast and audiocast on the ENRC website (www.enrc.com).

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 results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, changes in business strategy, political and economic uncertainty. Subject to the requirements of the Prospectus Rules and the Listing Rules or any applicable law or regulation, the Group expressly disclaims any obligation or undertaking publicly to review or confirm analysts expectations or estimates or to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any changes in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Listing Rules

This 2009 Preliminary Results Announcement has been prepared to meet the requirements of the Listing Rules of the United Kingdom's Financial Services Authority ('FSA') to provide additional information to shareholders and should not be relied on for any other purpose or by any other party.

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CHAIRMAN'S STATEMENT

The prevailing economic conditions during 2009 meant that ENRC faced challenging headwinds for a significant part of the year. I was particularly impressed with the performance of our senior management team who responded quickly and effectively to ensure that the impact of the downturn was minimised as much as possible. Their focus on cost control and reducing inventory levels played a significant part in ensuring that the Group performed well into the recovery.

Despite the economic difficulties, industry production levels recovered progressively during 2009, particularly as a result of the continuing demand for commodities from China. This environment also supported strengthening prices. By the end of the year our own production levels were largely back to effectively full available capacity.

During the year ENRC began to deliver on its stated intention to develop as a more diversified mining group. We took advantage of the acquisition opportunities available and in September 2009 we announced our offer for Central African Mining & Exploration Company PLC ('CAMEC') which became unconditional on 9 November 2009. Work is ongoing to integrate CAMEC into the ENRC corporate structure, as our Other Non-ferrous Division, and we believe that in due course CAMEC's assets, and our own expertise, will provide us with a competitive advantage in the region. In February 2010 we entered into a conditional agreement to acquire a 90% interest in Chambishi Metals PLC a processing facility in Zambia. Management plans to combine Chambishi with the existing Other Non-ferrous Division facilities in the Democratic Republic of Congo. The Chambishi acquisition remains subject to the satisfaction or waiver of certain conditions precedent and is expected to be completed by the end of June 2010.

In June 2009 Miguel Perry stepped down as an Executive Director and Chief Financial Officer of the Group. In September 2009 we announced the appointment of Zaure Zaurbekova as an Executive Director and Chief Financial Officer. Prior to this Zaure had been the Group's Deputy Chief Financial Officer and acting Chief Financial Officer after Miguel's departure, coming to the role with significant experience of leading the finance function in Kazakhstan.

In August 2009 we announced that Sir David Cooksey, Non-executive Chairman, was leaving ENRC to take up the position of Chairman of UK Financial Investments Limited. After consultation with our major shareholders, I was honoured to be asked by the Board to become Chairman in his place. Felix Vulis, previously our Chief Operating Officer in Kazakhstan, was promoted to be an Executive Director and the Group's Chief Executive Officer, whilst our Senior Independent Director, Sir Richard Sykes, became Deputy Chairman. Michael Eggleton, who had served on the Board since the IPO as a non-executive director, left in 2009 to pursue other interests. In January 2010 we announced the appointment of Professor Dieter Ameling as an independent non-executive Director. Despite the considerable changes in the Board's composition since last summer, I firmly believe that the Group's continuing strong strategic performance demonstrates that our Board is committed to driving forward the businesses and strategy.

One of the issues of the year was the increase in the number of fatalities compared to 2008. During the year we worked hard with DuPont to evaluate and improve safety management at our operational sites and this work is ongoing. The project is a long-term one and it is too soon to measure the effectiveness of the new processes we have introduced. However, any fatality is considered seriously and the management team have taken steps to increase their scrutiny of health and safety practices at our operational sites and have escalated the reporting process so there is greater accountability at a senior level.

We believe that the economic outlook will continue to improve during the course of 2010 and that greater stability than we have had in recent years will result in a more positive period for natural resources companies in the future.

Dr Johannes Sittard, Non-executive Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

We are pleased with the Group's financial and operational performance in 2009, which exceeded our initial expectations held at the beginning of the year. The Group's resilience reflected its strategic location, its low cost advantages and the benefits of our integrated business capabilities. Our performance also reflected the success of measures implemented by management in response to the general downturn. In addition, the Group benefited from the strength of the Chinese economy and its robust metals demand. Commodity prices were generally stronger than we originally anticipated. Going into 2010, conditions for recovery in our main markets now seem to be firmly established, although we recognise that there remain some points of vulnerability in the global economy.

In late 2008 and into 2009 management responded rapidly and decisively to the crisis, cutting ferroalloys and iron ore production to match customer demand, reducing inventories and receivables, re-evaluating capital expenditure and focusing on the control of costs. Progressively during 2009, management was able to advance production levels across those businesses, and particularly in Kazakhstan where the labour force had been retained through the downturn. By the end of 2009, production had been restored to effectively full available capacity across most of our principal product lines. In 2009, the Group's resilient operating performance and balance sheet strength opened up opportunities to diversify the business.

The results achieved are a particular credit to the operational management in Kazakhstan. We are also grateful for the commitment of the workforce through the challenging times and to the efforts of our Sales & Marketing operation. The Group offers to all its employees its sincere thanks for their loyalty, commitment and continued efforts. In 2010 we are reviewing wage rates for our Kazakhstan employees across each of the Divisions.

We remain positive on the medium- and long-term prospects for the growth of the Chinese and Russian economies and elsewhere in emerging markets. The prospects for ENRC in these markets are enhanced by structural capacity shortages, notably in China, and supply constraints that are expected to emerge with an economic recovery. ENRC in Kazakhstan is well positioned to exploit opportunities in China and Russia. For the Group this is supplemented by the acquisition of CAMEC, and prospective deal with Chambishi, which offer geographical and commodity diversification as well as a broader range of growth opportunities. In addition our capital expenditure initiatives are directed towards providing a solid platform for growth, inside Kazakhstan and elsewhere around the world, to deliver value for all our shareholders.

2009 PRODUCTION PERFORMANCE

The Group's production performance in 2009 was broadly similar to 2008 for ferroalloys and iron ore, notwithstanding the cutbacks initiated by management in Q4 2008, with improved aluminium production and electricity generation. Through 2009, the Ferroalloys and Iron Ore Divisions experienced a progressive recovery in capacity utilisation and sales. In the Ferroalloys Division 2009 high-carbon ferrochrome production was ahead of 2008 (2009: 1,073 kt; 2008: 1,054 kt), although weakness in chrome ore sales and in the low- and medium-carbon ferrochrome markets persisted. By Q4 2009 Kazchrome – the key Kazakhstan business of the Ferroalloys Division – had restored its capacity utilisation to 97%.

In the Iron Ore Division, primary iron ore concentrate production progressively recovered through 2009 and was broadly in line with 2008 (2009: 15,197 kt; 2008: 15,487 kt), although with proportionately more saleable concentrate production. Capacity utilisation reached 97% in Q4 2009 and there was a strong recovery in pellet production in H2 2009. In the Alumina and Aluminium Division, 2009 alumina production was 1,608 kt, steady at its capacity run rate. Production volumes were supported by the long-term alumina contract with UC RUSAL. Aluminium production amounted to 127 kt (2008: 106 kt), with the smelter running at its full Phase 1 capacity (125 kt per annum) and with half of the Phase 2 smelter pots being charged with alumina and put into operation in December 2009. Also pleasing was that in 2009 the London Metal Exchange ('LME') approved the listing of our aluminium ingots.

The Energy Division was bolstered in 2009 by a recovery in demand and reinstated capacity, as well as the onset of adverse winter weather in Q4 2009. Coal extraction rose to 20,059 kt (2008: 19,790kt) whilst electricity generation increased to 13,478 GWh (2008: 11,640 GWh). Logistics maintained its transportation tonnage broadly steady on 2008 (2009: 58,181 kt; 2008: 58,549 kt). In addition, we had the first-time contribution of copper and cobalt in the Other Non-ferrous Division.

2009 FINANCIAL PERFORMANCE

The Group's 2009 Underlying EBITDA (which excludes the benefit of the one-off Kazakhstani tenge devaluation gain, US$210 million) declined 65% to US$1,462 million (2008: US$4,161 million). The decline was predominantly driven by significantly lower average commodity prices resulting in a fall in revenue of 44% to $3,831 million (2008: US$6,823 million), notably for ferrochrome, iron ore and aluminium.

The impact of the decline in revenue was partially offset by reductions in the Cost of sales, 7%, and total costs, 17%. The reductions were driven by management's cost saving initiatives, along with a reduction in Distribution costs and favourably impacted by the general weakening of the Kazakhstani tenge as some 75% of the Group's Cost of sales were denominated in the local currency.

Adversely impacting Underlying EBITDA were inventory destocking, with higher inventory costs carried over from 2008, losses incurred on foreign currency hedges and the introduction in 2009 of a Mineral Extraction Tax ('MET') in Kazakhstan.

Management maintained its ongoing focus on working capital and in 2009 achieved a reduction in inventories to levels that better matched the lower sales volumes, while managing credit risks such that we have had no material default among our customers. We had a strong balance sheet with gross available funds of US$1,021 million as at 31 December 2009 (2008: US$2,768 million), including cash and cash equivalents of US$830 million (2008: US$2,493 million). During 2009 we paid a total of US$1,144 million for acquisitions, while property, plant and equipment expenditure amounted to US$912 million (2008: US$1,479 million). Outstanding debt as at 31 December 2009 amounted to US$428 million (2008: US$727 million), principally a trade finance facility to be repaid by December 2010. Operating cash flow was significantly impacted by market conditions, decreasing 56%, resulting in a net inflow of US$1,209 million (2008: US$2,766 million). We see our balance sheet and positive operating cash flow as key competitive advantages in the current environment and continue to manage this position prudently.

HEALTH & SAFETY

Health and safety is a key priority for the Group. In 2009 we intensified our efforts with the implementation of a new safety management system which has improved the quality and coverage of our reporting. The total number of fatalities unfortunately rose, totalling 12 in 2009 (2008: 9). Any deaths are regrettable to us and we express our condolences to the families involved. The number of work-related injuries decreased to 64 (2008: 74). The Lost Time Injury Frequency Rate ('LTIFR') declined to 0.63 (2008: 0.68) per one million hours worked. As the fatalities show, we still have some way to go before we can feel satisfied with our safety performance. The Group focused on improving its approach to health and safety based on its adoption, in 2008, of an aspiration of 'zero injuries' and in 2009 launched a Safety Culture Improvement project which will be rolled out in full through 2010.

CAPITAL EXPENDITURE

Capital expenditure in 2009 was a little below 2008, amounting to US$1,147 million (2008: US$1,294 million). 2009 reflected the revision of our project plans in response to the changed market environment, with priority given to replacement and productivity capital expenditure.

Project highlights in 2009 included: Ferroalloys Division - a second 700 kt per annum pelletiser (operational July 2009); Alumina and Aluminium Division - the construction of the 125 kt per annum Phase 2 of the aluminium smelter, to be completed in Q2 2010; and Energy Division - the installation of overburden stripping equipment, completed in Q1 2010 and an additional power unit. In July 2009, for commercial reasons, we withdrew from the concession for the construction of the China Gateway Project.

In 2010 we reviewed our capital expenditure projects and reflected both our improved confidence in the future and the broadening range of opportunities. Only the ferroalloys expansion at Aksu currently remains a deferred project. Including new projects, mostly arising on acquisitions, total 'in progress' and 'under review' capital expenditure amounts to US$5.8 billion. Projects include: Ferroalloys – expansion and replacement of smelting capacity at Aktobe; Iron Ore Division – pelletiser and DRI/HBI plant, a conveyor complex and a mine expansion; Alumina and Aluminium – Phase 2 of the aluminium smelter, an alumina expansion and an anode plant; Energy Division – construction/reconstruction of two power units and new generating capacity of 1,200 MW. In the Other Non-ferrous Division we have reviewed the capital expenditure following the completion of the acquisition and have increased the planned capital expenditure on the copper and cobalt operations to US$455 million.

For the full year 2010, capital expenditure is expected to amount to approximately US$1.5 billion, including US$0.4 billion for capital repairs.

ACQUISITIONS

Acquisitions are an important element of our strategy. By leveraging our knowledge of mineral extraction, as well as our integrated energy and logistics capacity where possible, the Group will look to diversify its presence into other natural resources, both in the Eurasian region and elsewhere in the world. The Group remains interested in its core products, ferrochrome and iron ore, but is also looking at opportunities in other industrial metals, certain precious metals and in the energy sector, with a focus on low cost opportunities and projects close to being cash generative. We continue to maintain our tight financial discipline in evaluating opportunities.

In February 2009 we completed the acquisition from a related party of a 25% interest in Shubarkol Komir JSC ('Shubarkol') for a cash consideration of US$200 million less 25% of net debt. We believe that the acquisition of this stake strengthens the Group's integrated business model, through securing a reliable and cost effective supply of semi-coke and relatively high quality thermal coal, and also enhances the Group's position as a low cost producer. On 9 November 2009 the Group declared unconditional the acquisition of CAMEC for a cash consideration of US$931 million. With CAMEC we acquired an African-focused emerging market mining company, with operations centred on copper and cobalt, a trucking and haulage businesses and a portfolio of potential development projects in coal, bauxite and fluorspar and platinum prospects.

On 18 February 2010 the Group announced a cash offer to related parties for the acquisition of Enya Holdings BV ('Enya') which holds a 90% interest in Chambishi Metals PLC ('Chambishi'), a Zambian copper and cobalt producer, together with Comit Resources FZE ('Comit'), a Dubai-based marketing and sales company. The aggregate cash consideration amounts to US$300 million. The transaction remains subject to the satisfaction or waiver of certain conditions precedent and is expected to be completed no later than June 2010.

TAXATION

With effect from January 2009 the Republic of Kazakhstan introduced a new Tax Code including a reduction in the rate of Corporate Income Tax ('CIT') to 20% in 2009, the abolition of Royalties in conjunction with the introduction of Mineral Extraction Tax ('MET') and revisions to the basis of calculation of Excess Profits Tax ('EPT'). In November 2009, in response to the adverse changes in the global economic environment, the 2009 CIT and MET rates were extended for the period from 2010 to 2012. In 2009 the Group's Effective Tax Rate was 26.2% - including a dividend withholding tax and EPT – broadly in line with previous guidance.

EXCHANGE RATE

On 4 February 2009 the Government of the Republic of Kazakhstan announced that the tenge would be devalued against the US dollar by approximately 25% to about KZT150/US$. On 30 December 2009 the Central Bank of Kazakhstan announced that, going forward, it would seek to maintain a wider currency range of KZT127.5/US$ to KZT165/US$. If the tenge were to appreciate this would add to the reported costs base of the Group, as it represents approximately 75% of the Group's Kazakhstani businesses Cost of sales.

INDUSTRY OVERVIEW

The key driver of ferrochrome demand remains stainless steel production which in 2009 was believed to be 26.2 million tonnes worldwide, below its 2007 peak of 28.5 million tonnes and around 1% lower than the 26.4 million tonnes in 2008. Around 65% of ferrochrome is consumed by the stainless steel industry. Like many other metals markets the largest growth in recent years, in terms of both consumption and production of stainless steel, has been China, with the country emerging as the world leader in stainless steel. With China's economic growth forecast to continue in 2010 and beyond this situation is set to remain. In 2007, the record year for stainless steel production, China accounted for some 7.5 million tonnes; in 2010 China is forecast to produce almost 11 million tonnes. Even with only a limited recovery in the traditional markets 2010 could emerge as a strong year for stainless steel production. Although fiscal stimulus packages are likely to be reduced during 2010, and as initiatives such as car scrappage schemes are ended, some recovery in developed world consumption is forecast to continue. We had said in the past that a sustainable recovery in prices will only be possible when demand results in a significant increase in capacity utilisation in the ferrochrome industry. The recent price increases and more confidence in the economic recovery again turned attention to supply side constraints, such as electricity and logistics in South Africa. Overall, with uncertainties remaining for both demand and supply, some volatility can be expected to continue but the overall outlook is positive.

For iron ore, our major competitive advantage is our low cost access to North-West China, which facilitated a doubling of our shipments in 2009 versus 2008. The ongoing industrialisation of our traditional markets in Northwest China, along with the improved access offered by the new China Gateway rail link in due course, will provide us with further opportunities to develop iron ore sales in China. In addition the current improvement in the Russian steel industry is providing us with a recovery in iron ore sales volumes to MMK.

Also due to our low cost logistics position, as well as steady demand, shipments of alumina to UC RUSAL in Russia were not materially affected by market conditions in 2009. However, in 2010, proportionately more of our alumina production will be absorbed by our smelter with the launch of Phase 2.

In energy, our low cost position and market insight in electricity allowed us both to sell greater volumes into the region's recovering market and utilise our own secure power in value added metals production. Our current position in copper and cobalt is limited. However, we believe that the longer term demand fundamentals of copper are sound. This is underpinned by a weakening longer term supply outlook in the face of increasing demand from emerging markets.

OUTLOOK

Our confidence for 2010, in the sustainability of Chinese domestic demand growth and in the growth of other emerging markets, has improved, and is likely to offer a sustained increase in commodities demand. In addition, although signals remain mixed and short term prospects are subdued, there are signs of stabilisation and even some growth emerging in the United States and Europe, whilst the outlook for Russia is better for 2010.

We anticipate that product prices for the full year 2010 will be ahead of the averages that prevailed in 2009. We expect that production in 2010 for our principal products will be at or near capacity.

Into 2010, with near full capacity production restored across our Kazakhstani businesses, maintaining our 2009 cost level will be difficult. We would anticipate some increase in costs: labour costs are set to rise broadly in line with local inflation; raw material and other input costs are increasing more significantly as the industry and global economy recover; whilst there is also the potential negative impact of a tenge appreciation. We do, however, expect to retain our advantaged relative low cost position.

Save as set out in this announcement, there have been no material events, transactions or changes to the financial position of the Group since 31 December 2009.

Felix J Vulis, Chief Executive Officer

RESULTS OF OPERATIONS (Unaudited)

The following table sets out information about the results of the Group's operations for the years ended 31 December 2009 and 31 December 2008:

In millions of US$ (unless stated otherwise)	Years ended 31 December		2009 vs. 2008	
	2009	2008	+/-	%
Revenue	**3,831**	6,823	(2,992)	*(43.9)%*
Cost of sales	**(1,947)**	(2,088)	141	*(6.8)%*
Gross profit	**1,884**	4,735	(2,851)	*(60.2)%*
Gross margin	***49.2%***	*69.4%*		
Distribution costs	**(366)**	(431)	65	*(15.1)%*
Selling, general and administrative expenses	**(359)**	(422)	63	*(14.9)%*
Other operating income	**253**	42	211	*502.4%*
Other operating expense	**(38)**	(74)	36	*(48.6)%*
Operating profit	**1,374**	3,850	(2,476)	*(64.3)%*
Operating profit margin	***35.9%***	*56.4%*		
Finance income	**191**	132	59	*44.7%*
Finance cost	**(157)**	(143)	(14)	*9.8%*
Share of profit/(loss) of joint venture and associates	**31**	(12)	43	*358.3%*
Profit before income tax	**1,439**	3,827	(2,388)	*(62.4)%*
Profit before income tax margin	***37.6%***	*56.1%*		
Income tax expense	**(377)**	(1,143)	766	*(67.0)%*
Effective tax rate	***26.2%***	*29.9%*		
Profit for the year	**1,062**	2,684	(1,622)	*(60.4)%*
Profit margin	***27.7%***	*39.3%*		
Depreciation, amortisation and impairment				
Cost of sales	**(288)**	(296)	8	*(2.7)%*
Selling, general and administrative expenses	**(10)**	(15)	5	*(33.3)%*
Total depreciation, amortisation and impairment	**(298)**	(311)	13	*(4.2)%*
Underlying EBITDA[1]	**1,462**	4,161	(2,699)	*(64.9)%*
Underlying EBITDA margin[2]	***38.2%***	*61.0%*		

[1] Underlying EBITDA: profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint venture and associates and the impact of the devaluation of the Kazakhstani tenge.
[2] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.

RESULTS OF OPERATIONS (Unaudited) - Continued

The following table sets out selected financial information of the Group by Division for the years ended 31 December 2009 and 31 December 2008:

In millions of US$ (unless stated otherwise)	Ferroalloys	Iron ore	Alumina and Aluminium	Energy	Logistics	Other Non-ferrous	Corporate	Intra Group Eliminations	Total
Segment revenue									
2009	**1,874**	**1,093**	**565**	**402**	**157**	**55**	**-**	**(315)**	**3,831**
2008	4,156	1,499	867	436	229	n/a	-	(364)	6,823
Segment operating profit/(loss)									
2009	**781**	**453**	**5**	**179**	**24**	**-**	**(68)**	**-**	**1,374**
2008	2,689	835	218	146	32	n/a	(70)	-	3,850
Segment operating profit margin									
2009	***41.7%***	***41.4%***	***0.9%***	***44.5%***	***15.3%***	***-***	***-***	***-***	***35.9%***
2008	*64.7%*	*55.7%*	*25.1%*	*33.5%*	*14.0%*	*n/a*	-	-	*56.4%*
Underlying EBITDA[1]									
2009	**707**	**485**	**78**	**213**	**39**	**6**	**(66)**	**-**	**1,462**
2008	2,789	919	295	177	50	n/a	(69)	-	4,161
Underlying EBITDA margin[2]									
2009	***37.7%***	***44.4%***	***13.8%***	***53.0%***	***24.8%***	***10.9%***	***-***	***-***	***38.2%***
2008	*67.1%*	*61.3%*	*34.0%*	*40.6%*	*21.8%*	*n/a*	-	-	*61.0%*
% of Group revenue excluding inter-segmental revenues									
2009	***48.8%***	***28.5%***	***14.7%***	***5.1%***	***1.5%***	***1.4%***	***-***	***-***	***100.0%***
2008	*60.8%*	*22.0%*	*12.7%*	*3.0%*	*1.5%*	*n/a*	-	-	*100.0%*
% of Group underlying EBITDA									
2009	***48.3%***	***33.2%***	***5.3%***	***14.6%***	***2.7%***	***0.4%***	***(4.5)%***	***-***	***100.0%***
2008	*67.0%*	*22.1%*	*7.1%*	*4.3%*	*1.2%*	*n/a*	*(1.7)%*	-	*100.0%*

[1] Underlying EBITDA: profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint venture and associates and the impact of the devaluation of the Kazakhstani tenge.
[2] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.

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OPERATING REVIEW

OVERVIEW

ENRC is a leading diversified natural resources group, performing integrated mining, processing, energy, logistics and marketing operations. The operations of the Group comprise: the mining and processing of chrome, manganese and iron ore; the smelting of ferroalloys; the production of iron ore pellets; the mining and processing of bauxite for the extraction of alumina and the production of aluminium; coal extraction and electricity generation; the transportation and sales of the Group's products; and, the production of copper and cobalt.

Production in the Ferroalloys Division was adversely affected by the much reduced demand for medium- and low-carbon ferrochrome and ferrosilicochrome and ferrosilicon. In contrast, high-carbon ferrochrome production in Kazakhstan remained broadly steady on 2008. Ferroalloys capacity utilisation at Kazchrome in 2009 was 83% (2008: 90%), rising to about 97% in Q4 2009 with only one furnace not in production at the year end. Serov was more affected in 2009 – as more capacity is committed to medium- and low-carbon ferrochrome – and had capacity utilisation of 51% for 2009 (Q2-Q4 2008: 79%). At the end of 2009 Serov had eleven (of seventeen) furnaces in operation, with a capacity utilisation in Q4 2009 of about 77%. Similarly, the higher cost Tuoli high-carbon ferrochrome facility remained closed until late Q2 2009 and capacity utilisation was 32% through 2009 (Q4 2008: 19%). At the end of 2009 three (of four) furnaces were in operation, with a capacity utilisation in Q4 2009 of about 75%.

Production of primary concentrate in the Iron Ore Division was broadly in line with 2008. Capacity utilisation in 2009 was 84% (2008: 86%). There was a switch in the production mix in H1 2009, as customer demand increased for the cheaper saleable concentrate product. In H2 2009 demand for pellet recovered and increased significantly with production more balanced in this period. In H2 2009 overall primary concentrate capacity utilisation for the Iron Ore Division was 99% (H1 2009: 70%).

Production in the Alumina and Aluminium Division increased, with the benefit of a build-up in production at the aluminium smelter, which attained its full Phase 1 run rate in Q2 2008, and with Phase 2 production partially initiated in late 2009.

The Energy Division saw increased coal production and much increased electricity generation. These particularly reflected the recovery in the Group’s Kazakhstan-based production and greater third-party sales, and also increased power generation capacity being made available, having been taken off-line in late 2008 in response to the fall in demand.

Logistics Division shipments recovered progressively through the year to be broadly in line with 2008.

The Group also benefited from the first-time contribution of the Other Non-ferrous Division, formerly Central African Mining & Exploration Company PLC (‘CAMEC’), in the last two months of 2009.

Description of ENRC's Businesses

The Group has six (2008: five) operating Divisions:

Ferroalloys Division

The Ferroalloys Division primarily produces and sells ferrochrome, as well as other ferroalloys, for use as alloying products in the production of steel, whilst manganese and chrome ore are sold to third-party producers of ferroalloys as well as the chemical industry. ENRC is the largest ferrochrome producer in the world by chrome content and the lowest cost producer of high-carbon ferrochrome. For the year ended 31 December 2009, the Ferroalloys Division had revenue of US$1,871 million (2008: US$4,151 million), which represented 48.8% (2008: 60.8%) of the Group's consolidated revenue.

The Ferroalloys Division is vertically integrated, having its own chrome ore and manganese ore mines feeding its ferroalloy production in Kazakhstan, Russia and China. In addition to its own ore, the Division also benefits from competitively priced electricity supplied by the Energy Division, as well as having a gas-fired power station at its Aktobe plant.

Production

In response to the significant weakening in demand in H1 2009, production was cut back for the majority of ferroalloy products. In H1 2009 the rate of chrome ore extraction was lower than in H1 2008 (H1 2009: 1,951 kt; H1 2008: 2,307 kt), due to the reduced market demand for both ore and chrome ferroalloys. In H2 2009 production recovered to above the level of the comparable period in 2008 (H2 2009: 2,446 kt; H2 2008: 2,024), in response to improved demand and the fact that all low-grade ore stockpiles had been processed by the end of 2008. Chrome ore extraction in 2009 was broadly steady, rising 1.5% to 4,397 kt, or 4,292 kt excluding Serov (2008: 4,331 kt; or 4,207 kt excluding Serov). However, at the same time, saleable chrome ore production in 2009 decreased 6.4% to 3,398 kt (of which Serov: 65 kt) (2008: 3,629 kt; of which Serov: 77 kt). The internal consumption of saleable chrome ore increased to 72.6% (2008: 71.5%).

Manganese ore extraction declined 1.7% to 2,252 kt (2008: 2,290 kt). In response to a drop in demand there was a fall of 11.7% in saleable manganese ore production. Production recovered progressively through 2009 accompanying an improvement in the market.

In 2009 the Ferroalloys Division produced 1,161 kt of ferrochrome, 2.9% lower than in 2008 (2008: 1,196 kt); including Serov, 105 kt (Q2-Q4 2008: 118 kt) and Tuoli, 28 kt (Q4 2008: 4 kt). The main reductions were in medium-carbon (down 62.3%; 2009: 26 kt; 2008: 69 kt) and low-carbon (down 15.1%; 2009: 62 kt; 2008: 73 kt) ferrochrome production. At the same time production of the principal product – high-carbon ferrochrome – increased 1.8% (2009: 1,073 kt; 2008: 1,054 kt). Production of ferrosilicomanganese increased 12.2% (2009: 165 kt; 2008: 147 kt).

For 2009, there was a 6.8% decrease in total ferroalloys production to 1,446 kt (2008: 1,551 kt).

Sales and Pricing

The slowdown in the stainless steel industry, the primary consumer of ferrochrome, coupled with a large inventory build-up for the industry globally, meant that the quarterly benchmark price, the mechanism by which the global ferrochrome price is set, declined US$1.06 per pound of chrome for Q1 2009 and a further US$0.10 per pound of chrome for Q2 2009, to US$0.69 per pound of chrome. With major destocking in the ferrochrome industry having effectively ended by the end of Q2 2009, and an improved economic outlook in the mature economies, Q3 2009 saw a much tighter supply-demand situation as stainless production reached a level of 80% capacity utilisation. At the same time, scrap availability tightened, due to lower economic activity and, with increasing ferrochrome demand, this added to increased tightness in supply. In addition, South African charge chrome producers were hindered by rising costs, with the effect of raising the floor cost of ferrochrome. This supply-demand condition continued into Q4 2009, resulting in an increase in the contract price by US$0.20 per pound of chrome in Q3 2009 and a further increase in Q4 2009 of US$0.14 per pound of chrome to US$1.03 per pound of chrome.

Demand for medium- and low-carbon ferrochrome was adversely affected by the economic slowdown, particularly as they are very much dependent on the automotive, engineering steel and capital project sectors. Similar to charge and high-carbon ferrochrome, prices fell in Q1 2009 from the high levels seen in mid-2008, returning to the levels seen at the end of 2007. Chrome ore demand, affected by ferrochrome production, as China reduced its purchases due to excess inventory build up, was estimated at over 2 million tonnes at the start of 2009. Demand was further impacted by reduced demand from the chemical industry. With excess supply, prices fell in Q1 2009 and only recovered from Q2 2009 as demand, driven by China's ferrochrome industry, fed the stainless steel industry improving demand.

Manganese alloys, which are primarily used in the production of carbon steel and are particularly dependent on the construction and automotive sectors, were significantly affected by the economic downturn. This directly impacted on manganese ore sales due to reduced carbon steel production and a reduced demand for manganese alloys. With excess stocks, reduced demand and excess capacity, manganese and alloy products saw a significant decline in prices in the early part of the year with a recovery accompanying demand late in 2009.

In 2009, the Ferroalloys Division's top five customers accounted for 34.7% (2008: 26.8%) of the Division's third-party sales revenue.

The following table sets out the Ferroalloys Division's volume of third-party sales by product for the years ended 31 December 2009 and 31 December 2008:

		Years ended 31 December		2009 vs
		2009	2008	2008 %
Ferroalloys:				
High-carbon ferrochrome	'000 t	**971**	859	*13.0%*
Medium-carbon ferrochrome	'000 t	**30**	55	*(45.5)%*
Low-carbon ferrochrome	'000 t	**64**	69	*(7.2)%*
Ferrosilicochrome	'000 t	**39**	59	*(33.9)%*
Ferrosilicomanganese	'000 t	**167**	141	*18.4%*
Ferrosilicon	'000 t	**35**	48	*(27.1)%*
Total ferroalloys	'000 t	**1,306**	1,231	*6.1%*
Chrome ore	'000 t	**591**	702	*(15.8)%*
Manganese ore	'000 t	**572**	753	*(24.0)%*
Ferromanganese ore	'000 t	**72**	529	*(86.4)%*

Of the Ferroalloys Division's third-party sales in 2009: 29.3% (2008: 11.2%) were made to customers located in China; 20.7% (2008: 28.1%) in Western Europe; 17.3% (2008: 20.4%) in Russia; 12.8% (2008: 19.9%) in Japan; 7.9% (2008: 8.1%) in North America; 7.7% (2008: 7.0%) in South Korea and the Far East; and 4.3% (2008: 5.3%) in the rest of the world.

Key Initiatives

The key objectives for the Ferroalloys Division are: to expand operations with substantial margins and returns on capital based on the low-cost, large scale and high-grade ore resources available to the Group; to reduce production costs by replacing outdated equipment; to further strengthen the Group's leading market position in ferroalloys worldwide; and to improve the environmental and safety performance of the Division.

In 2009 the Group completed the construction of a second chrome ore pelletising plant at Donskoy GOK with a capacity of 700 kt per annum. The project was completed on schedule and was operational from early July. The pelletising plant also produces saleable products from the output of an enrichment plant. The total investment amounted to US$120 million.

A second enrichment plant at Donskoy GOK was put into operation in H2 2009. Construction of the blending depository is expected to be complete in Q3 2010. Total capital expenditure is approximately US$40 million.

The investment programme of the Ferroalloys Division also includes:

- Construction of new Direct Current ('DC') furnaces at the Aktobe processing plant at a cost of approximately US$590 million, with completion planned for 2012. This project is expected to enhance productivity and generate substantial cost savings, particularly for key input materials such as reductants, including coke. Further, the installation of modern smelting furnaces is expected to result in significant environmental and safety improvements.

Iron Ore Division

The Iron Ore Division operates the largest iron ore mining and processing enterprise in the Republic of Kazakhstan and produces and sells iron ore concentrate and pellets primarily to steel producers. On the basis of 2009 data the Group is believed to be a material exporter of iron ore and in the lowest third of the cost curve. The Iron Ore Division's operations include iron ore mines, crushing, beneficiation and pelletising plants and a thermal power station.

Production

For the year ended 31 December 2009, the Iron Ore Division had revenue of US$1,093 million (2008: US$1,498 million), which represented 28.5% (2008: 22.0%) of the Group's consolidated revenue.

Iron ore extraction improved steadily from the cutbacks initiated in Q4 2008, with Q3 and Q4 2009 volumes at full capacity. Total extraction for the full year 2009 fell 3.0% to 36,604 kt (2008: 37,751 kt), nonetheless a better result than we had expected at the beginning of 2009.

In response to recovering demand, primary iron ore concentrate production also increased through 2009. This enabled the Group to limit its production decline to 1.9%, producing 15,197 kt (2008: 15,487 kt) of primary concentrate. Primary concentrate is used for saleable concentrate and pellet production; saleable concentrate increased 9.0% from the prior year (2009: 8,541 kt; 2008: 7,835 kt), but there was a significant decline in saleable pellet of 11.1% (2009: 6,182 kt; 2008: 6,952 kt). The change in the mix of production reflected demand, with customers switching to less expensive concentrate in H1 2009; however, pellet recovered in H2 2009. As a result, the total annual saleable products (concentrate and pellet) volume in 2009 was broadly similar to 2008 (2009: 14,723 kt; 2008: 14,787 kt).

The customer sales mix for iron ore improved, reducing the Group's historic dependence on a single large customer (MMK), with the expansion of the Group's business in the Chinese market. For 2009 Chinese customers share of total sales volume increased to 42.9% (2008: 20.5%).

Sales and Pricing

With the economic downturn affecting the business of one of the Group's principal customers, MMK, the Group agreed to temporarily waive the minimum contractual volume of the long term sales contract from Q4 2008 up to Q1 2010. Contractual sales are reviewed on a regular basis, taking into account developing market conditions. The MMK contract price is determined by reference to published world price benchmarks for iron ore concentrate and pellet. In 2009 MMK accounted for 52.6% (2008: 64.1%) of the Iron Ore Division's revenue and 8.8 million tonnes of saleable product.

Other iron ore markets for the Group are China and Kazakhstan. In 2009 the run rate of iron ore sales to China was approximately twice that of the comparable period in 2008, at approximately 6 million tonnes per annum, and close to our maximum logistics capacity ahead of the Government of Kazakhstan completing the China Gateway project. Sales in Kazakhstan were minimal in 2009.

Affected by the soft steel market between Q4 2008 and Q2 2009, when spot iron ore prices fell below contract prices, the benchmark for 2009-10 was not finalised until late June between the major iron ore producers and the principal European and Japanese steel makers. The benchmark price reduced on average by around 30% for fines and by around 48% for pellets. The global market subsequently improved, especially demand from China, which was very strong; the spot iron ore market saw a further marked recovery in Q4 2009. Consequently, leading iron ore producers have strong confidence of a marked increase in the benchmark for 2010-11.

The following table sets out the Iron Ore Division's volume of third-party sales by product for the years ended 31 December 2009 and 31 December 2008:

		Years ended 31 December		2009 vs
		2009	2008	2008 %
Saleable iron ore concentrate	‘000 t	**8,857**	7,464	*18.7%*
Saleable iron ore pellet	‘000 t	**6,203**	6,797	*(8.7)%*

Key Initiatives
The Iron Ore Division’s strategic objectives are: to maintain production capacities; to exploit the Group’s access to low cost, large-scale deposits of iron ore and low cost energy; and to further diversify the sales geography, product and customer mix.

The investment programme of the Division has been revised and feasibility studies are now being undertaken for the construction of a 5 million tonnes per annum pelletiser and a Direct Reduced Iron/Hot Briquetted Iron (‘DRI/HBI’) plant with a capacity of 1.4 million tonnes per annum. The total project cost is estimated to be US$850 million.

To support growing production the Division is planning an expansion of its ore base. Expansion includes six existing mines as well as the development of a new deposit. The estimated expenditure to increase iron ore extraction volumes by 10 million tonnes per annum amounts to US$535 million.

Other expansion initiatives under review are:

- The construction of a cyclic conveyor complex at Karchasky pit at SSGPO. The investment would allow the Division to increase Karchasky’s ore extraction capacity to 23 million tonnes per annum; and

- The expansion of the concentrating factory to 16 million tonnes per annum of iron ore.

Alumina and Aluminium Division

The Alumina and Aluminium Division produces and sells alumina to aluminium producers, and also produces and sells the Group's own aluminium. ENRC believes, based on 2009 data, that the Alumina and Aluminium Division is the world's sixth largest supplier of traded alumina by volume and is at the lower end of the global industry cost curve for alumina and aluminium.

The Alumina and Aluminium Division's vertically integrated operations include: bauxite mines; a limestone mine; an alumina refinery; an aluminium smelter; and a power station. The smelter allows the Alumina and Aluminium Division to process its own alumina into aluminium. The smelter has an annual Phase 1 capacity of 125 kt, achieved in Q2 2008; half of the Phase 2 pot line was put into operation in December 2009. The Group will complete construction of Phase 2 of the smelter, which will increase the production capacity of aluminium to 250 kt per annum, and will commence full production no later than Q2 2010.

Production

For the year ended 31 December 2009, the Alumina and Aluminium Division had revenue of US$563 million (2008: US$864 million) representing 14.7% (2008: 12.7%) of the Group's consolidated revenue.

The Alumina and Aluminium Division extraction of bauxite was broadly steady at 5,130 kt (2008: 5,160 kt), as was alumina production at 1,608 kt (2008: 1,600 kt).

The aluminium smelter achieved its Phase 1 run-rate production target of 125 kt per annum in Q2 2008. Since then the Division has been producing aluminium at the planned Phase 1 capacity rate, consuming its own alumina. In 2009 the smelter consumed 249 kt, or 15.5%, of the Group's alumina production (2008: 209 kt, or 13.1%). The increase in the internal consumption of alumina was due to half of the Phase 2 pots being charged with alumina and put into operation in December 2009. The increased production of aluminium in 2009 reflected the ramp-up in production in 2008 being effective in 2009.

Sales and Pricing

In 2009 the Group sold 1.4 million tonnes (2008: 1.4 million tonnes) of alumina to United Company RUSAL ('UC RUSAL') of Russia under a long-term supply contract that expires in 2016. The pricing under this contract is linked as a percentage to the LME cash price of primary aluminium. In 2009 UC RUSAL, the Division's largest single customer accounted for 55.6% (2008: 60.2%) of the Division's sales revenue. The balance of alumina production is consumed by the Group at its aluminium smelter.

The Group sold 125 kt of primary aluminium in 2009, of which 31 kt was delivered to new customers located in Russia, Kazakhstan, and Ukraine. Other sales of aluminium were by way of a distribution agreement with Glencore International. The LME aluminium spot price serves as the basis for the pricing of all of ENRC's aluminium contracts.

In June 2009 the LME approved the listing of primary aluminium ingots produced at ENRC's aluminium smelter, Kazakhstan Aluminium Smelter ('KAS').

The following table sets out the Alumina and Aluminium Division's volume of third-party sales by product for the years ended 31 December 2009 and 31 December 2008:

		Years ended 31 December		2009 vs
		2009	2008	2008 %
Alumina	'000 t	**1,359**	1,393	*(2.4)%*
Aluminium	'000 t	**125**	104	*(20.2)%*

LME aluminium prices in 2009 fell to levels not seen since the beginning of 1999. The economic crisis drove prices lower, particularly in Q1 2009, as demand fell faster than the reduction in production capacity. The Division's average sales price for aluminium in 2009 was US$1,605 per tonne (2008: US$2,571 per tonne).

Key Initiatives

The Alumina and Aluminium Division's principal strategic objectives are: to increase the capacity of aluminium production in Kazakhstan; to exploit the Group's low-cost electricity, bauxite and alumina; and to reduce costs.

The Phase 2 expansion of the aluminium smelter by an additional 125 kt per annum is ahead of schedule, and half of the Phase 2 pots were put into operation at the end of 2009. The new 250 kt per annum run rate capacity is expected to be operational in Q2 2010. The construction of an anode plant will allow the Group to be independent of third-party suppliers and to provide sufficient anodes for the increased aluminium production. The plant is planned to be commissioned in 2011. Total capital expenditure for Phase 2 of the aluminium smelter and the construction of the anode plant is US$500 million.

To support the growing production of aluminium the Group made a decision to resume its deferred expansion of alumina production. By mid-2011 we expect to achieve an alumina capacity of 1.7 million tonnes per annum. This investment will allow the Division to maintain existing sales to customers and provide sufficient alumina for internal consumption.

Energy Division

The Energy Division is one of the largest electricity providers in the Republic of Kazakhstan, accounting for approximately 17.2% of the country's recorded electricity production in 2009 (2008: 14.5%). Taking into account all of the energy generation facilities of ENRC, including SSGPO, the alumina refinery (Aluminium of Kazakhstan ('AOK')) and the Aktobe ferroalloys smelter, the share of Kazakhstan energy was 23.5% in 2009 (2008: 20.2%).

The Energy Division provides a cost-effective energy supply to the Group's principal Kazakhstani operating divisions, as well as producing a surplus for sales to third parties in Kazakhstan. For the year ended 31 December 2009, the Energy Division had revenue of US$402 million (2008: US$436 million) - of which US$196 million was derived from third-party sales (2008: US$203 million) - representing 5.1% (2008: 3.0%) of the Group's consolidated revenue.

Production – Coal and Electricity

In 2009 the Energy Division extracted 20,059 kt (2008: 19,790 kt) of coal from the Vostochny mine, an increase of 1.4%. The Division's internal coal consumption increased 16.6% to 8,338 kt, or 41.6% of total extraction (2008: 7,148 kt; 36.1%), as higher volumes of electricity were produced. Sales of coal to other Group Divisions saw a limited decline, falling 2.7% to 4,646 kt, or 23.2% of total extraction, (2008: 4,773 kt; 24.1%). There was also a 9.5% decrease in external coal sales to 7,280 kt (2008: 8,044 kt), representing 36.3% (2008: 40.6%) of coal mined, reflecting a milder winter in 2008-2009 and reduced demand due to lower economic active in 2009. Coal extraction during 2009 changed from quarter to quarter, based on the usual seasonal changes in demand.

Electricity generation increased sharply, ahead 15.8%, to 13,478 GWh (2008: 11,640 GWh), as more capacity was available; in 2008 a turbine block was out of service for planned refurbishment and other capacity was taken off-line for maintenance in response to the reduced demand in H2 2008. The proportion of sales of electricity to other Group Divisions decreased to 60.8% of electricity generated (2008: 68.5%). Sales of electricity to other Group Divisions increased from quarter to quarter, reflecting improved activity, notably in the Ferroalloys and Iron Ore Divisions.

Sales and Pricing

The following table sets out the Energy Division's volume of third-party sales by product for 2009 and 2008:

		Years ended 31 December		2009 vs
		2009	2008	2008 %
Coal	'000 t	**7,280**	8,044	*(9.5)%*
Electrical energy	GWh	**4,309**	2,825	*52.5%*

Sales and Pricing - Coal

Weak demand from the industrial and power sectors affected coal output both in the Republic of Kazakhstan and Russia, each declining some 9% in 2009. In the Republic of Kazakhstan, ENRC sold 3.0 million tonnes of coal to third parties (2008: 3.1 million tonnes) at an average sales price of KZT850 (US$5.76) per tonne (2008: KZT721 (US$5.99) per tonne), an increase of 17.9% in local currency terms. Russian utilities reduced their coal imports from Kazakhstan. The decline in imports was prompted by a fall in electricity generation in Russia and also by the desire of utilities to diversify their supply sources. The Energy Division sold 4.3 million tonnes of coal to Russia (2008: 5.0 million tonnes). The average annual selling price to Russian customers in US dollars decreased 13.8% to US$21.2 per tonne (2008: US$24.6 per tonne).

Sales and Pricing - Electricity

Domestic electricity consumption in Kazakhstan declined in 2009. Domestic power producers operated with idled capacity due to weak electricity demand in H1 2009. Improvements in economic conditions and industrial demand led electricity demand to recover in H2 2009. In 2009 electricity generation in Kazakhstan fell 2%, to 78.4 billion kWh; total electricity consumption declined 3% to 77.9 billion kWh. In 2009 the Group's internal consumption of electricity was marginally ahead, however, Energy Division sales of electricity to third parties rose 52.5%, due to rising demand and to the increase in available capacity. The average sales price to third parties in local currency increased 11.3% to KZT2.95 (US 2.00 cents) per kWh (2008: KZT2.65 (US2.20 cents) per kWh). As the electricity market in Kazakhstan recovers, we anticipate growth in consumption. The Government of Kazakhstan has imposed restrictions on annual price increases for local sales until 2015.

Key Initiatives
The Energy Division's principal strategic objectives are: to provide low-cost power and coal for the Group's existing operations, utilising its large scale coal reserves; and a progressive expansion of production in Kazakhstan. Additional energy capacity will ensure the power supply to the Group's Kazakhstan operating Divisions and allow the Group to maintain its presence in Kazakhstan's wholesale power market.

The investment programme of the Division included:

- Installation of overburden stripping equipment at a cost of US$85 million was completed in Q1 2010. This investment consists of equipment for the continuous extraction, crushing, transportation and stockpiling of overburden with a processing capacity of 10 million cubic metres per annum. This should improve the efficiency of coal production; in addition the machinery and processes were selected to satisfy environmental requirements.

- Construction of a new power unit with an investment of approximately US$230 million, Phase 1 will be completed by the end of 2010, and Phase 2 in early 2011. Total additional installed electricity generating capacity is expected to be 325MW.

- The reconstruction of power unit 6 at Aksu, upgrading its capacity to 325 MW, at an estimated cost of US$230 million, is planned to be complete by the end of 2012. It is intended to achieve savings on fuel consumption, whilst environmental emissions will be reduced by the implementation of up-to-date filters.

- The Group has renewed feasibility work on the construction of two 600 MW power units. In addition the Group is undertaking feasibility work on expanding coal extraction by 5 million tonnes per annum, to maintain current coal sales volumes in addition to requirements for the new power units.

Logistics Division

The Logistics Division provides transportation and logistics services to the Group's principal Kazakhstani operating Divisions and to third parties. The Division's operations include freight forwarding, wagon repair services and railway construction and repair services. The availability of these services within the Group mitigates many of the risks associated with the supply of raw materials and delivery of products to customers. In addition, the Division operates a railway transfer and reloading terminal on the Kazakhstan/China border, facilitating the Group's access to the Chinese market.

Production

In 2009 the Logistics Division transported 58,181 kt (2008: 58,489 kt) of products by railway, broadly in line with volumes in 2008. The share of third-party freight forwarding declined to 10.2% (2008: 19.2%) due to increased logistics demand for the Group's own production. In 2009 the tonnage of the Group's products transported by railway grew 10.5% (2009: 52,223 kt; 2008: 47,241 kt).

External railroad repair service volumes decreased to 198 kilometres (2008: 408 kilometres), due to lower demand from the State railway company of Kazakhstan.

Key Initiatives - Withdrawal from the China Gateway Project

In July 2009 ENRC agreed with the Government of Kazakhstan that it would not proceed with the China Gateway Project, a rail link with China. ENRC did not reach agreement with the Government on the sharing of risks, and the Group therefore felt unable to proceed with a project that was not offering sufficient value accretion to shareholders. On 23 October 2009 the Group signed an assignment agreement with the Ministry of Transport and Communication of the Republic of Kazakhstan and the National Railway Company Kazakhstan Temir Zholy ('KTZ') for ENRC to receive a total of US$7 million to cover its initial project costs.

Other Non-ferrous Division

The Other Non-ferrous Division operates principally in the Democratic Republic of Congo ('DRC'), where it mines copper and cobalt and processes the ore at Luita, in a joint venture with the State-owned Gécamines as a minority (30%) partner. The Division was formed by the acquisition of CAMEC on 9 November 2009. The business is in the process of developing its large copper reserves and investment is planned that will increase copper production to 75 kt per annum over three years. The Other Non-ferrous Division's copper and cobalt operations include open cast mines, crushing, beneficiation, concentrator plants and an electro-winning facility. A cobalt solvent extraction ('SX/EW') plant, for the production of cobalt metal, is expected to be commissioned in H2 2010. In addition, the Other Non-ferrous Division includes a road logistics business operating in Central and Southern Africa and a number of development prospects: Mozambique – coal; Mali – bauxite; Zimbabwe – platinum; and South Africa – fluorspar.

On 18 February 2010 the Group announced that it had entered into a conditional agreement for the acquisition of Enya Holdings BV ('Enya') which holds a 90% interest in Chambishi Metals PLC ('Chambishi'), a Zambian copper and cobalt producer, together with Comit Resources FZE ('Comit'), a Dubai-based marketing and sales company that historically has handled Chambishi's copper and cobalt sales. Subject to the completion of the acquisition Chambishi will be integrated into the Other Non-ferrous Division.

Production

Production - Copper

In the last two months of 2009 copper cathode standard grade production (2,771 t) included the benefits of the commissioning of additional mining fleet vehicles and the recommencement of operations at the Disele Mine, one of several mines that feed the Luita processing facility. Preparations made for the 'rainy season' were successful and evident in the production results.

Production - Cobalt

In the two-months to end 2009 the level of production of cobalt concentrate (1,297 t) reflected improved market demand.

Sales and Pricing

	From November	2009
Saleable copper cathode	t	2,778
Saleable cobalt concentrate	t	1,169

Sales and Pricing - Copper

Prices and volumes for copper metal are typically negotiated on an annual basis, although with some contracts for quarterly commitments. While traditional Western markets are still large consumers of metal, Asia, particularly China, is the key growth market. Most copper products are priced based on London Metal Exchange ('LME') prices. In the US, the Comex price is an alternative pricing mechanism.

By November 2009 metal exchange-related inventories were at their highest level since February 2004, reflecting weak demand from the US and Europe and some re-exporting of copper from China, where inventory levels remain high. Despite increased inventory levels, the price reached in excess of US$7,000/tonne in December. The average price in Q4 2009 exceeded US$6,640/tonne.

Sales and pricing - Cobalt

Prices and volumes for cobalt concentrate are typically negotiated on an annual basis, with some contracts covering multiple years. While there are weekly quotes available for cobalt concentrate, long term supply contracts are usually a formula linked to the cobalt metal price. Cobalt prices are quoted twice weekly by

‘Metal Bulletin’ and from late February 2010 cobalt prices were available on the London Metal Exchange (‘LME’).

Q4 2009 saw renewed demand and higher prices due to a combination of consumer restocking, Chinese buying and speculative buying in advance of the introduction of cobalt onto the LME. The cobalt metal price ended the year at $19.75 per pound.

Key Initiatives
The Other Non-ferrous Division’s principal objectives are: to expand the existing copper and cobalt operations; and to provide a basis for future growth projects across the region. The copper and cobalt operations will be developed through investments in processing assets, supported by an extensive exploration campaign.

The Group reviewed its projects for the Other Non-ferrous Division in the Democratic Republic of Congo (‘DRC’) and elsewhere, following the completion of its acquisition of CAMEC. As a result of the review the scope and scale of the copper and cobalt investment projects were increased and the planned capital expenditure has risen to US$455 million. The original investment projects, totalling US$230 million, include:

- Expansion of the existing operations in the DRC to produce 75 kt per annum of copper (oxide) production and the completion of a new solvent extraction plant for copper in 2013;

- Commissioning of an SX/EW plant to start cobalt metal production in H2 2010; and

- Exploration and proving of the resources base.

Following the review the Group added new investment projects:

- Installation of 60 kt per annum production capacity for copper (sulphides) production concentrate at an estimated cost of US$150 million; and

- Additional exploration in the DRC and for a number of the other potential development projects acquired with CAMEC.

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FINANCIAL REVIEW

Year ended 31 December 2009 compared to the year ended 31 December 2008

Group Performance

The Group's financial results for the year ended 31 December 2009, whilst weaker than 2008, nonetheless reflected a resilient performance.

The Group's Underlying EBITDA for 2009 of US$1,462 million (2008: US$4,161 million) was significantly impacted by lower commodity prices in 2009 and fell 64.9%. The decline in revenue was partially offset by management's cost control initiatives, lower distribution costs, and the devaluation of the Kazakhstan tenge against the US dollar.

Revenue for 2009 decreased 43.9%, or US$2,992 million, to US$3,831 million (2008: US$6,823 million) whilst like-for-like revenue decreased 41.9% to US$3,507 million (2008: US$6,040 million). Lower average commodity prices accounted for nearly all of the decline in revenue, with the Ferroalloys Division accounting for more than 75% of the decline in Group revenue, the Iron Ore Division 14% and the Alumina and Aluminium Division 10%.

Cost of sales decreased 6.8%, or US$141 million, to US$1,947 million (2008: US$2,088 million), whilst like-for-like Cost of sales declined 13.1%, or $232 million, to US$1,539 million (2008: US$1,771 million). Management's cost control initiatives and lower prices led to a fall in the costs of materials used, as well as savings on energy, labour, repair and maintenance costs. In addition, the Cost of sales decrease was enhanced by the devaluation of the Kazakhstani tenge against the US dollar, in which some 75% of the Group's Cost of sales are denominated. These reductions were partially offset by the destocking of inventory with a higher inventory cost carried over from 2008 and foreign currency hedging losses of US$61 million. Included in Cost of sales for the first time was Mineral Extraction Tax ('MET') of US$166 million (Royalties 2008: US$48 million).

Distribution costs decreased 15.1%, or US$65 million, to US$366 million (2008: US$431 million). The decrease was mainly due to a fall in transportation costs as a result of the Ferroalloys Division selling greater quantities to neighbouring China, instead of the Group's traditional and more distant markets such as North America and Western Europe, coupled with the Energy Division's lower third-party coal sales volumes. Partially offsetting these reductions were increased transportation costs in the Iron Ore Division, driven by sales to China and the change in delivery terms from Delivered at Frontier ('DAF') to First Carrier ('FCA'). The devaluation of the Kazakhstani tenge and the weakening of the Russian rouble had a favourable effect on the Group's Distribution costs reducing Kazakhstan and Russian railway tariffs in US dollar terms.

Selling, general and administrative expenses declined 14.9%, or US$63 million, to US$359 million (2008: US$422 million). This was principally due to savings in taxes other than income tax, professional and other services as well as lower provisioning for impairment of trade and other receivables.

Other operating income included a one-off foreign exchange gain resulting from the devaluation of the Kazakhstani tenge, amounting to US$210 million for 2009.

The Group's Operating profit decreased 64.3% or US$2,476 million, to US$1,374 million (2008: US$3,850 million) realising an operating profit margin of 35.9% (2008: 56.4%). The Ferroalloys Division contributed 77% of this fall, US$1,908 million; the Iron Ore Division 15%, US$382 million; and the Alumina and Aluminium Division 9%, US$213 million.

Finance income increased 44.7% or US$59 million, to US$191 million (2008: US$132 million), primarily due to the one-off foreign exchange gain of US$104 million resulting from the devaluation of the Kazakhstani tenge against the US dollar , which is in addition to the foreign exchange gain recognised in

Other operating income. Group Finance costs of US$157 million (2008: US$143 million), included foreign exchange losses of US$75 million arising from the devaluation of the Kazakhstani tenge against the US dollar.

The share of profit of joint venture and associates was US$31 million (2008: US$12 million loss). This included a US$7 million profit contribution from the Group’s 25% interest in Shubarkol (2008: nil) and a profit realised by the BML joint venture of US$24 million, derived from foreign exchange gains and fair value gains on non interest bearing loans advanced by the joint venture partners.

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Ferroalloys Division

In millions of US$	Years ended 31 December 2009	2008	*2009 vs. 2008 %*
Revenue	**1,874**	4,156	*(54.9)%*
Third parties	**1,871**	4,151	*(54.9)%*
Inter-segment	**3**	5	*(40.0)%*
Cost of sales	**(934)**	(1,017)	*(8.2)%*
Gross profit	**940**	3,139	*(70.1)%*
Gross margin	***50.2%***	*75.5%*	
Distribution costs	**(185)**	(277)	*(33.2)%*
Selling, general and administrative expenses	**(141)**	(159)	*(11.3)%*
Net other operating income/(expense)	**167**	(14)	*(1292.9)%*
Operating profit	**781**	2,689	*(71.0)%*
Operating profit margin	***41.7%***	*64.7%*	
Depreciation, amortisation and impairment	**(90)**	(100)	*(10.0)%*
KZT devaluation	**164**	-	*n/a*
Underlying EBITDA	**707**	2,789	*(74.7)%*
Underlying EBITDA margin	***37.7%***	*67.1%*	

Key Facts		Years ended 31 December 2009	2008
Sales Volumes			
Ferroalloys - total	‘000t	**1,306**	1,231
Chrome ore	‘000t	**591**	702
Manganese concentrate	‘000t	**572**	753
Ferro-manganese concentrate	‘000t	**72**	529
Prices			
Ferroalloys - total	US$/tonne	**1,252**	2,815
Chrome ore	US$/tonne	**214**	533
Manganese concentrate	US$/tonne	**142**	342
Ferro-manganese concentrate	US$/tonne	**27**	60
Unit Costs*			
Ferroalloys - total	US$/tonne	**644**	749
Chrome ore	US$/tonne	**32**	22
Manganese concentrate	US$/tonne	**101**	83
Ferro-manganese concentrate	US$/tonne	**17**	10

* Unit costs: Cost of sales divided by sales volumes.

Ferroalloys Division

The Ferroalloys Division's results were greatly impacted by a marked decline in prices, particularly for high-carbon ferrochrome and chrome ore.

Of the Division's 54.9%, or US$2,280 million, decline in third-party revenue, US$2,167 million was due to lower commodity prices, to which ferroalloys prices contributed US$1,869 million and chrome ore prices contributed US$187 million.

During the year, sales volumes steadily recovered from the impact of the global economic downturn with high-carbon ferrochrome and ferrosilocomanganese volumes increasing 13.0% and 18.4% respectively, whilst total ferroalloys volumes increased 6.1%. Although weaker market conditions resulted in significantly lower sales volumes for all other products within the Ferroalloys Division, with chrome ore experiencing a 15.8% decline in volume, signs of recovery were generally evident in H2 2009.

The 8.2%, or US$83 million, reduction in Cost of sales was largely due to savings on the costs of materials, labour and energy costs, with the devaluation of the Kazakhstani tenge and lower overall sales volumes also being beneficial contributory factors. Savings in the costs of materials were achieved as a result of lower fuel and gas prices, along with an increased consumption of Russian coke rather than the more expensive Chinese coke. Included in Cost of sales for the first time was MET which amounted to US$113 million (Royalties 2008: US$24 million). Unit costs of sales for ferroalloys fell 21% on 2008 (excluding MET/Royalties).

The US$92 million reduction in Distribution costs was mainly attributable to more products being shipped to China instead of the Group's traditional and more distant markets, of North America, Japan and Western Europe.

Selling, general and administrative expenses decreased US$18 million, largely due to cost control measures.

The increase in Other operating income reflected foreign exchange gains that arose on devaluation of the Kazakhstani tenge, amounting to US$164 million.

The Division's Underlying EBITDA decreased 74.7%, or US$2,082 million, to US$707 million. Serov contributed US$40 million and Tuoli US$4 million to Underlying EBITDA. The total contribution of the Ferroalloys Division to the Group's Underlying EBITDA in 2009 was 48.3% (2008: 67.0%).

Iron Ore Division

In millions of US$	2009	2008	2009 vs 2008 %
	Years ended 31 December		
Revenue	**1,093**	1,499	*(27.1)%*
Third parties	**1,093**	1,498	*(27.0)%*
Inter-segment	**-**	1	*(100.0)%*
Cost of sales	**(486)**	(468)	*3.8%*
Gross profit	**607**	1,031	*(41.1)%*
Gross margin	***55.5%***	*68.8%*	
Distribution costs	**(151)**	(113)	*33.6%*
Selling, general and administrative expenses	**(50)**	(74)	*(32.4)%*
Net other operating income/(expense)	**47**	(9)	*(622.2)%*
Operating profit	**453**	835	*(45.7)%*
Operating profit margin	***41.4%***	*55.7%*	
Depreciation, amortisation and impairment	**(79)**	(84)	*(6.0)%*
KZT devaluation	**47**	-	*n/a*
Underlying EBITDA	**485**	919	*(47.2)%*
Underlying EBITDA margin	***44.4%***	*61.3%*	

Key Facts		2009	2008
		Years ended 31 December	
Sales Volumes			
Iron ore concentrate	‘000t	**8,857**	7,464
Iron ore pellet	‘000t	**6,203**	6,797
Prices			
Iron ore concentrate	US$/tonne	**64**	80
Iron ore pellet	US$/tonne	**79**	126
Unit Costs*			
Iron ore concentrate	US$/tonne	**24**	26
Iron ore pellet	US$/tonne	**34**	36

* Unit costs: Cost of sales divided by sales volumes.

Iron Ore Division

The Iron Ore Division was significantly impacted by the fall in commodity prices and adverse market conditions, including an increased proportion of lower priced concentrate sales, resulting in a US$405 million reduction in third-party revenue. In H2 2009 the sales volume mix saw a shift back towards the higher-priced pellet product.

The US$18 million increase in Cost of sales was largely driven by higher sales volumes specifically the impact of inventory destocking of about US$40 million along with realised losses on the cash flow hedge of US$47 million. These were offset by savings on materials and labour costs, and with the devaluation of the Kazakhstani tenge being a large contributor for these cost reductions. Included in the cost of sales for the first time was MET of US$43 million (Royalties 2008: US$13 million). Unit cost of sales for saleable iron ore concentrate fell 15% in 2009 (excluding MET/Royalties).

The US$38 million increase in Distribution costs resulted from a larger proportion of sales to China, which attracted higher tariffs, in comparison with sales to MMK.

Selling, general and administrative expenses decreased US$24 million, largely due to savings on staff, sponsorship and consulting costs.

Other operating income increased US$56 million to US$47 million (2008: US$9 million expense), of which US$47 million was due to foreign exchange gains resulting from the devaluation of the Kazakhstani tenge.

The Division's Underlying EBITDA decreased US$434 million to US$485 million. The total contribution of the Iron Ore Division to the Group's Underlying EBITDA in 2009 was 33.2% (2008: 22.1%).

Alumina and Aluminium Division

In millions of US$	Years ended 31 December **2009**	2008	*2009 vs 2008 %*
Revenue	**565**	867	*(34.8)%*
Third parties	**563**	864	*(34.8)%*
Inter-segment	**2**	3	*(33.3)%*
Cost of sales	**(484)**	(551)	*(12.2)%*
Gross profit	**81**	316	*(74.4)%*
Gross margin	***14.3%***	*36.4%*	
Distribution costs	**(36)**	(42)	*(14.3)%*
Selling, general and administrative expenses	**(37)**	(60)	*(38.3)%*
Net other operating (expense)/income	**(3)**	4	*(175.0)%*
Operating profit	**5**	218	*(97.7)%*
Operating profit margin	***0.9%***	*25.1%*	
Depreciation, amortisation and impairment	**(65)**	(77)	*(15.6)%*
KZT devaluation	**(8)**	-	*n/a*
Underlying EBITDA	**78**	295	*(73.6)%*
Underlying EBITDA margin	***13.8%***	*34.0%*	

Key Facts		Years ended 31 December **2009**	2008
Sales Volumes			
Alumina	‘000t	**1,359**	1,393
Aluminium	‘000t	**125**	104
Prices			
Alumina	US$/tonne	**232**	380
Aluminium	US$/tonne	**1,605**	2,691
Unit Costs*			
Alumina	US$/tonne	**197**	244
Aluminium	US$/tonne	**1,335**	1,728

* Unit costs: Cost of sales divided by sales volumes.

Alumina and Aluminium Division

The results of the Alumina and Aluminium Division were significantly impacted by a decline in commodity sales prices, resulting in a 34.8%, or US$301 million, reduction in third-party revenue. Lower realised prices reduced revenue US$340 million. Overall, however, higher sales volumes were achieved by the Division, with the increase in aluminium sales leading to an increase in revenue of US$54 million. This was partially offset by a decline in third-party sales volumes for alumina and gallium.

The US$67 million reduction in Cost of sales was largely due to savings on materials and labour costs, partially offset by realised losses on foreign currency hedges. Included in Cost of sales for the first time was MET which amounted to US$10 million (Royalties 2008: US$7 million). Unit cost of sales of alumina (excluding MET/Royalties) fell 20%. The unit cost of sales of aluminium (excluding MET/Royalties) fell 23%.

The US$6 million reduction in Distribution costs was largely due to a greater volume of shipments made to Russia, in comparison to the more distant Baltic and Black Sea ports, along with the positive impact on Distribution costs of the devaluation of the Kazakhstani tenge.

Selling, general and administrative expenses decreased US$23 million, due to savings on labour and travel costs.

Other operating expenses increased US$7 million to US$3 million (2008: US$4 million income), of which US$8 million was due to an adverse effect of the Kazakhstani tenge devaluation.

The Division's Underlying EBITDA decreased US$217 million to US$78 million. The total contribution of the Alumina and Aluminium Division to the Group's Underlying EBITDA in 2009 was 5.3% (2008: 7.1%).

Energy Division

In millions of US$	Years ended 31 December 2009	2008	*2009 vs 2008, %*
Revenue	**402**	436	*(7.8)%*
Third parties	**196**	203	*(3.4)%*
Inter-segment	**206**	233	*(11.6)%*
Cost of sales	**(152)**	(194)	*(21.6)%*
Gross profit	**250**	242	*3.3%*
Gross margin	***62.2%***	*55.5%*	
Distribution costs	**(52)**	(71)	*(26.8)%*
Selling, general and administrative expenses	**(20)**	(21)	*(4.8)%*
Net other operating income/(expense)	**1**	(4)	
Operating profit	**179**	146	*22.6%*
Operating profit margin	***44.5%***	*33.5%*	
Depreciation, amortisation and impairment	**(41)**	(31)	*32.3%*
KZT devaluation	**7**	-	*n/a*
Underlying EBITDA	**213**	177	*20.3%*
Underlying EBITDA margin	***53.0%***	*40.6%*	

Key facts		Years ended 31 December 2009	2008
Sales volume			
Third-party coal	000t	**7,280**	8,044
Third-party electrical energy	GWh	**4,309**	2,825
Prices			
Coal	US$/tonne	**15**	17
Electrical energy	US$/MWh	**20**	22
Unit costs*			
Coal	US$/tonne	**3**	4
Electrical energy	US$/MWh	**9**	10

* Unit costs: Cost of sales divided by sales volumes.

Energy Division

The Energy Division's third-party revenue decreased 3.4%, or US$7 million. The fall in coal sales to third-parties adversely impacted revenue by US$32 million; a 9% fall in sales volumes and a 15% lower average US dollar price. These impacts were partially offset by a US$24 million increase in electricity sales, due to higher demand and improved generation capacity to support third-party sales. The US$27 million reduction in the Division's sales revenue to Group entities is due to the negative impact of the devaluation of the Kazakhstani tenge.

The US$42 million decline in Cost of sales was driven by the impact of the devaluation of the Kazakhstani tenge on input material costs. Unit cost of sales for electricity fell 14%.

The US$19 million decline in Distribution costs was largely a result of lower coal sales volumes.

The Division's Underlying EBITDA increased US$36 million to US$213 million. The total contribution of the Energy Division to the Group's Underlying EBITDA in 2009 was 14.6% (2008: 4.3%).

Logistics Division

In millions of US$	Years ended 31 December **2009**	2008	*2009 vs 2008, %*
Revenue	**157**	229	*(31.4)%*
Third parties	**53**	107	*(50.5)%*
Inter-segment	**104**	122	*(14.8)%*
Cost of sales	**(106)**	(152)	*(30.3)%*
Gross profit	**51**	77	*(33.8)%*
Gross margin	***32.5%***	*33.6%*	
Distribution costs	**-**	-	*n/a*
Selling, general and administrative expenses	**(25)**	(47)	*(46.8)%*
Net other operating (expense)/income	**(2)**	2	*(200.0)%*
Operating profit	**24**	32	*(25.0)%*
Operating profit margin	***15.3%***	*14.0%*	
Depreciation, amortisation and impairment	**(15)**	(18)	*(16.7)%*
Underlying EBITDA	**39**	50	*(22.0)%*
Underlying EBITDA margin	***24.8%***	*21.8%*	

Key facts		Years ended 31 December **2009**	2008
Sales volume			
Third-party freight forwarding – Transsystema	‘000t	**5,950**	9,942
Railway line repairs	km	**198**	408
Prices			
Freight forwarding – Transsystema	US$/tonne	**0.84**	0.63
Railway line repairs	US$/'000km	**176**	215
Unit cost*			
Freight forwarding – Transsystema	US$/tonne	**0.26**	0.31
Railway line repairs	US$/'000km	**161**	204

* Unit costs: Cost of sales divided by sales volumes.

Logistics Division

The US$54 million reduction in third-party revenue was driven largely by a reduced volume of railway repairs. The adverse effect of the devaluation of the Kazakhstani tenge resulted in a US$18 million decline in revenue from sales to Group entities despite higher volumes.

Cost of sales decreased by US$46 million mainly due to a lower volume of railway repairs.

Selling, general and administrative expenses decreased US$22 million mostly due to lower labour costs and consulting services.

The Division's Underlying EBITDA decreased US$11 million to US$39 million. The total contribution of the Logistics Division to the Group's Underlying EBITDA in 2009 was 2.7% (2008: 1.2%).

Other Non-ferrous Division

In millions of US$	From 9 November 2009 to 31 December 2009 **2009**
Revenue	**55**
Third parties	**55**
Inter-segment	**-**
Cost of sales	**(39)**
Gross profit	**16**
Gross margin	***29.1%***
Distribution costs	**(2)**
Selling, general and administrative expenses	**(11)**
Net other operating expense	**(3)**
Operating profit	**-**
Operating profit margin	***-***
Depreciation, amortisation and impairment	**(6)**
Underlying EBITDA	**6**
Underlying EBITDA margin	***10.9%***

Key Facts		From 9 November 2009 to 31 December 2009 **2009**
Sales Volumes		
Saleable copper cathode	‘000t	**2,778**
Saleable cobalt concentrate	‘000t	**1,169**
Prices		
Saleable copper cathode	US$/tonne	**6,521**
Saleable cobalt concentrate	US$/tonne	**25,119**
Unit Costs*		
Saleable copper cathode	US$/tonne	**4,600**
Saleable cobalt concentrate	US$/tonne	**20,587**

* Unit costs: Cost of sales divided by sales volumes.

Other Non-ferrous Division

The information for the Other Non-ferrous Division (formerly the businesses of CAMEC), relates to the two months ended 31 December 2009. The acquisition of CAMEC was effective from 9 November 2009.

In the period the main revenue and Underlying EBITDA generating businesses of the Division were the copper and cobalt operations in the Democratic Republic of Congo (‘DRC’) and a logistics business.

The total contribution of the Other Non-ferrous Division to the Group’s Underlying EBITDA in 2009 was less than 1%.

TAXATION

With effect from 1 January 2009 the Republic of Kazakhstan introduced a new Tax Code including, amongst other measures, a gradual reduction in the rate of Corporate Income Tax ('CIT') from 30% in 2008 to 20% in 2009, 17.5% in 2010 and 15% thereafter, the abolition of Royalties in conjunction with the introduction of Mineral Extraction Tax ('MET'), and revisions to the basis of calculation of Excess Profits Tax ('EPT'). In November 2009, in response to the adverse changes in the global economic environment, the reduction in the CIT rate was postponed and the 20% CIT rate was extended for the period from 2010 to 2012. MET rate increases were similarly postponed.

The Group's income tax expense for the year ended 31 December 2009 was US$377 million (2008: US$1,143 million), an Effective Tax Rate of 26.2% (2008: 29.9%).

The Group's Effective Tax Rate of 26.2% included the effects of changes to the applicable CIT rate and to the tax depreciation rules in Kazakhstan enacted in November 2009. Excluding the effect of these changes in the tax legislation, the Effective Tax Rate was 25.1%. This was higher than the applicable CIT rate in Kazakhstan of 20% mainly due to the effects of withholding taxes on dividends and of EPT in Kazakhstan.

Mineral Extraction Tax, not being a tax on profits, does not form part of the income tax expense and is reflected in Cost of sales.

LIQUIDITY

Cash and cash equivalents reduced 66.7% during 2009 to US$830 million (2008: US$2,493 million). Gross Available Funds decreased by 63.1% in the same period to US$1,021 million (2008: US$2,768 million).

Overview
The following table provides a summarised cash flow statement for the years ended 31 December 2009 and 31 December 2008:

In millions of US$	Years ended 31 December **2009**	2008	*2009 vs 2008 %*
Net cash generated from operating activities	**1,209**	2,766	*(56.3)%*
Net cash used for investing activities	**(2,105)**	(1,919)	*9.7%*
Net cash used for financing activities	**(644)**	(854)	*(24.6)%*
Net changes in cash and cash equivalents	**(1,540)**	(7)	*21,900.0%*
Cash and cash equivalents at beginning of year	**2,493**	2,548	*(2.2)%*
Exchange loss on cash and cash equivalents	**(123)**	(48)	*156.3%*
Cash and cash equivalents at end of year	**830**	2,493	*(66.7)%*

Net cash generated from operating activities
The Group generated cash of US$1,209 million (2008: US$2,766 million) from operating activities, a decrease of US$1,557 million. The lower operating cash inflow is predominantly due to the lower average commodity prices which adversely impacted operating profit. This was partially offset by a significant reduction in taxes paid in 2009 of US$464 million (2008: US$1,163 million), a result of the decrease in the Group's operating profit and the reduction in Kazakhstani corporate income tax rates.

Net cash used for investing activities
In 2009 the Group utilised US$2,105 million for investing activities (2008: US$1,919 million), an increase of US$186 million, or 9.7%. Investing activities consisted largely of investments in subsidiaries and associates namely CAMEC for US$917 million net of cash acquired and a 25% interest in Shubarkol Komir JSC for US$200 million less 25% of net debt. Capital expenditure on property, plant and equipment amounted to US$912 million, a reduction of 38.3%.

Net cash flow used for financing activities
The Group used cash resources of US$644 million for its financing activities during the year ended 31 December 2009, primarily for the payment of dividends to shareholders of US$322 million and net borrowings repayments of $308 million.

CAPITAL EXPENDITURE

During the year ended 31 December 2009 the Group's capital expenditure amounted to US$1,147 million (2008: US$1,294 million), a decrease of US$147 million, or 11.4%.

'Capital expenditure' equates to additions of property, plant and equipment and intangible assets, excluding goodwill, which differs from the 'Capital expenditure spend', which represents the cash outflows to acquire property, plant and equipment and intangible assets.

We have enhanced the presentation of capital expenditure, designating it as either 'expansionary' or 'sustaining'.

'Expansionary' capital expenditure refers to investments made to drive future growth through increasing production capacities, and may include the construction or purchase of property, plant and equipment or the upgrade or expansion of existing facilities.

'Sustaining' capital expenditure refers to investments designed to keep existing operations running at their current levels and may include major cyclical capital repairs or the replacement of existing property, plant and equipment.

The table below shows the Group's capital expenditure:

Capital Expenditure

	Years ended 31 December	
In millions of US$	**2009**	2008
Expansionary	833	855
Sustaining	314	439
Total	**1,147**	1,294

In response to signs of a market recovery for its principal commodities the Group reappraised its previously deferred capital expenditure projects. The Group's major projects are detailed in the tables below. The Group anticipates that securing the necessary financing is a requirement for delivering its capital expenditure programme.

Capital Expenditure Projects

In millions of US$	Date of project approval	Estimated total cost	Project status	Date of commissioning[1]
Ferroalloys				
Expansion/replacement of ferroalloy smelting capacity (Aktobe)[2] - 440 ktpa	2008	590	In Progress	2012
Expansion of ferroalloys smelting capacity (Aksu) - 460 ktpa	2008	540	Deferred	TBD
Alumina and Aluminium				
Aluminium smelter - Phase 2: 125 ktpa	2006	260	In Progress	2010
Anode production plant	2008	240	In Progress	2011
Alumina production expansion by 300 ktpa[3]	2007	305	In Progress	2011
Energy				
Overburden stripping equipment	2005	85	Completed	2010
Construction of power unit 2 - 325 MW	2007	230	In Progress	2011
Reconstruction of power unit 6 – 325 MW	2009	230	In Progress	2012
Other Non-ferrous				
Expansion of copper (oxide) production – 75 ktpa/cobalt	2009	190	In Progress	2013
Exploration	2009	115	In Progress	2013
Expansion of copper (sulphide) production – 60 ktpa copper contained concentrate	2009	150	In Progress	2013

(1) Completion of construction.
(2) Approximately 270 ktpa of ferroalloy smelting capacity may be retired after the new capacity is operational.
(3) 100 ktpa completed – current capacity 1.6 mtpa; 100 ktpa in progress; 100 ktpa deferred.

Projects under review

In millions of US$	Date of project approval	Estimated total cost
Iron Ore		
Pelletiser - 5 mtpa - and DRI/HBI plant - 1.4 mtpa	2008	850
Concentrating factory expansion - 16 mtpa ore	2008	440
Mine expansion - 10 mtpa ore	2008	535
Construction of a conveyor complex at Kachar	2009	180
Energy		
Construction of 2 x 600 MW power units	2008	1,260
Mine expansion - 5 mtpa coal	2008	230

The Group's capital expenditure programme (including the Other Non-ferrous Division) totals US$5.8 billion comprising of expansionary and enhancement projects which are 'in progress' or 'under review'. Deferred projects amount to US$0.5 billion.

For the full year 2010, total capital expenditure is expected to be approximately US$1.5 billion, including sustaining capital expenditure of around US$0.4 billion.

Capital expenditure on BML remains contingent on the project proceeding. This is dependent upon certain outstanding approvals and the Government of Brazil proceeding with the construction of a rail link.

With announcement of the proposed acquisition of Chambishi Metals PLC, a Zambian copper and cobalt producer, the Group stated its plans for capital expenditure of about US$80 million. The capital expenditure would be for new and upgraded production facilities, scheduled to be completed by the end of 2011, and increase Chambishi's copper production capacity to 55 kt per annum of LME Grade A copper cathode.

CONTRACTUAL OBLIGATIONS

Long term supply agreements
The Group has the following key long-term supply agreements:

- Alumina – ENRC has a contract with UC RUSAL, a large aluminium producer, to supply a minimum of 1.2 million tonnes of alumina per annum. The contract expires on 31 December 2016. Pricing is determined by a formula linked to the LME aluminium price; and

- Iron ore – ENRC has a contract with MMK, a large Russian steel producer to supply up to 15 million tonnes per annum of saleable iron ore concentrate and pellet. This contract expires in 2017. Pricing is determined by reference to published price indices for iron ore concentrates and pellets.

Across a number of customer contracts some reduction in contractual volumes has taken place to date, and this may continue depending on market conditions.

PRINCIPAL RISKS AND SIGNIFICANT FACTORS AFFECTING THE GROUP'S RESULTS OF OPERATIONS

The Board is responsible for the Group's systems of Risk Management and Internal Control and for reviewing their operational effectiveness.

Details of the Group's risk factors were set out in our Annual Report for the year ended 31 December 2008 on pages 22 to 25. The Group's risk factors were reviewed by senior management in July 2009 and an update on those risks was included in the announcement of the Half-year Results on 19 August 2009. The risk factors were further reviewed by senior management as part of the process of producing the 2009 Annual Report.

The material risks that have changed significantly since 19 August 2009 are described below.

Slowdown in the growth of the economies of key customers
The Group's sales of products from some segments continue to be predominantly to customers based in Russia and China, as set out in the table below:

	Russia		China	
	Years ended 31 December		Years ended 31 December	
Percentage of Divisional Sales Revenue	**2009**	2008	**2009**	2008
Ferroalloys Division	***17.3%***	*20.4%*	***29.3%***	*11.2%*
Iron Ore Division	***52.7%***	*64.0%*	***44.4%***	*29.1%*
Alumina and Aluminium Division	***64.0%***	*62.4%*	**-**	-

The Russian economy experienced a contraction of GDP of around 8% in 2009 as a whole, but achieved positive growth in the last two quarters of the year. In 2010 growth is expected to be around 3%. The Chinese economy sustained a high rate of GDP growth in 2009 of almost 9%. A number of forecasters believe that broadly this level of growth can be maintained for the medium-term.

The significant slowdown in the global economy as a whole and the consequential impact on the export-led growth of the economies of these and other countries with which the Group trades, brought about a decrease in demand for the Group's products and created downward pressures on commodity sales prices.

The Group however was able to leverage its geographic proximity to the growth market of China, and in so doing mitigate the impact of the economic global slowdown. This can be seen from the preceding table, with an increased proportion of sales to China in 2009. Market conditions progressively improved through 2009 and are now much better than those experienced at the beginning of the year.

Our confidence for 2010 is considerably stronger in relation to both the sustainability of Chinese domestic demand growth, and to the growth prospects of the mature economies of Japan, Europe and the US. We believe that there will continue to be some commodity price volatility as a result of economic uncertainties and concern about the overall speed of the global economic recovery. The longer-term fundamentals for commodities remain strong and the outlook is for China and other emerging economies to be the leaders of a sustainable recovery.

Maintaining cost competitiveness
Information on the unit costs of the Group's Divisions in the years ended 31 December 2009 and 31 December 2008 is set out in the Financial Review.

In Q4 2008 the Group significantly reduced planned production volumes, notably in the Ferroalloys and Iron Ore Divisions, to levels more consistent with sales expectations. Capacity utilisation was progressively restored through 2009. By Q4 2009, production volumes in the Ferroalloys and Iron Ore Divisions in Kazakhstan had been restored to effectively full available capacity.

During 2009 the Group experienced a reduction in raw material input costs and many other costs of production and distribution, part of which related to the approximately 25% devaluation of the Kazakhstani tenge against the US dollar in February 2009. In addition the Group entered into constructive discussions with employees to avoid compulsory redundancies, but offset this by securing agreements as to greater labour flexibility, in terms of reduced working hours and lower levels of remuneration. As production levels have returned to near-capacity, employment conditions were restored to pre-crisis levels.

During 2009 domestic consumer price inflation ('CPI') in Kazakhstan was 6.2%. Whilst the Group's businesses remain relatively low cost, typically occupying the lower-third of the cost curve, cost control and thus competitiveness, continued to be an area of great importance and one which will continue to be the focus of significant management attention through 2010. Crucial to our success is that our businesses remain underpinned by the security of our logistics and low-cost energy supply.

Commodity prices
The Group generates most of its revenue from the sale of commodities, primarily ferrochrome, chrome ore, iron ore, alumina and aluminium and coal. In the future the Group will generate a greater proportion of revenue from sales of copper and cobalt as a result of the acquisitions of CAMEC in 2009 and, when completed in 2010, of Chambishi.

Historically the prices for these products have been volatile and have fluctuated widely in response to changes in supply and demand, market uncertainty, the performance of the global or regional economies and cyclicality in industries that purchase these products. This was particularly evident in Q4 2008 and H1 2009, when prices fell substantially.

These external factors and the volatility of the commodity markets make it difficult to estimate future prices. A substantial or extended decline in commodity prices would materially and adversely affect the Group's business and the financial results and cash flows of operations. However, the cost base of the ferroalloys industry has systematically increased as a result of increased energy and reductant costs whilst also suffering from the impact of currency appreciation. This has meant that the Group, due to its low cost base and integrated structure, is in an advantageous position relative to its peers.

Acquisition of Central African Mining & Exploration Company PLC
The Group acquired CAMEC in November 2009. CAMEC operates principally in the Democratic Republic of Congo, where it mines copper and cobalt and processes the ore in a company in which the State-owned entity Gécamines is a 30% minority partner. The business is in the process of developing the large copper reserves and capital expenditure is planned that will increase copper cathode production to 75 kt per annum over three years.

The assimilation and integration of acquired businesses requires significant time and effort on the part of the Group's senior management. Integration of new businesses, particularly in emerging markets, can be difficult, and potential problems may include, but would not be limited to:

- Compliance with local and international regulations;
- Harmonisation of corporate culture differences;
- Alignment of human resource policies and the bases of remuneration;
- Operating in a new geographical environment and new commodity markets;
- Roll-out of financial reporting procedures and unification of accounting policies;
- Controlling acquired assets; and
- Dealing with legacy issues.

FACTORS AFFECTING COMPARABILITY

Key factors affecting comparability of the Group's results of operations and financial condition include:

Devaluation of Kazakhstani tenge
The devaluation of the Kazakhstani tenge in early February 2009 gave rise to significant one-off foreign exchange movements on the revaluation of US dollar denominated balances in the Kazakhstani operations, primarily inter-company receivables and loans, and term deposits. Consequently, in February 2009, the Group recognised foreign exchange gains of US$210 million in Other operating income and US$104 million in Finance income along with a foreign exchange loss of US$75 million in Finance costs.

Separately, in the Group's Balance Sheet the devaluation impact on net assets in February 2009 was reflected in a significant one-off reduction of around US$1.3 billion in the currency translation reserve within equity.

Production cutbacks
Production cutbacks in the Ferroalloys and the Iron Ore Divisions announced in Q4 2008 mainly impacted the production performance in H1 2009. By the end of September 2009 production in these Divisions had broadly returned to full effective capacity levels in our Kazakhstani operations.

In 2009 production of high-carbon ferrochrome in the Ferroalloys Division (excluding Serov and Tuoli) was broadly at the same level as in 2008, as was saleable iron ore production in the Iron Ore Division. All available capacities were utilised in the Alumina and Aluminium and Energy Divisions throughout 2009.

Acquisitions
Acquisitions that occurred in 2009, affecting the comparability of the Group's results of operations and financial condition, included:

- In November 2009, the Group acquired a controlling interest in CAMEC, which is an African-focused mining company; and
- In February 2009, the Group acquired a 25% interest in Shubarkol, a major semi-coke and thermal coal producer incorporated in Kazakhstan.

Acquisitions that occurred in 2008, affecting the comparability of the Group's results of operations and financial condition, included:

- In early April 2008, the Group completed the acquisition of a controlling interest in the Serov group and certain related entities ('Serov'), a ferroalloy producer in Russia;
- Controlling interests in Xinjiang Tuoli Taihang Ferro-Alloy Co. ('Tuoli') and Metallurg LLP ('Metallurg') were acquired in October 2008. Tuoli is a Chinese ferroalloys producer and Metallurg based in Kazakhstan, operates in the scrap metal business; and
- In May 2008, the Group acquired a 50% interest in Bahia Minerals BV ('BML'), which is focused on the development of an iron ore deposit in the Bahia State of Brazil.

Taxation in Kazakhstan
The introduction of the new Tax Code of the Republic of Kazakhstan with effect from 1 January 2009 included, inter alia, the following measures affecting comparability:

- The applicable Corporate Income Tax ('CIT') rate was reduced from 30% in 2008 to 20% in 2009, 17.5% in 2010 and 15% thereafter;

- Mineral Extraction Tax ('MET') replaced the previous system of Royalties. Both Royalties and MET are reflected in Cost of sales;

- The basis of calculation of Excess Profits Tax was revised; and

- The scope of Rental Tax was extended to include coal exports, where it replaced Royalties on coal extraction.

In November 2009 the 20% CIT rate was extended for the period from 2010 to 2012, with MET rate increases postponed for the same period.

CONSOLIDATED INCOME STATEMENT (Unaudited)

In millions of US$ (unless stated otherwise)	Note	Years ended 31 December 2009	2008
Revenue		**3,831**	6,823
Cost of sales	5	**(1,947)**	(2,088)
Gross profit		**1,884**	4,735
Distribution costs	6	**(366)**	(431)
Selling, general and administrative expenses	7	**(359)**	(422)
Other operating income		**253**	42
Other operating expense		**(38)**	(74)
Operating profit		**1,374**	3,850
Finance income	8	**191**	132
Finance cost	9	**(157)**	(143)
Share of profit/(loss) of joint venture and associates		**31**	(12)
Profit before income tax		**1,439**	3,827
Income tax expense	10	**(377)**	(1,143)
Profit for the year		**1,062**	2,684
Profit attributable to:			
Equity holders of the Company		**1,045**	2,642
Minority interests		**17**	42
Earnings per share – basic and diluted (US cents)	11	**81**	205
Interim dividend per share (US cents)		**6**	12
Final dividend per share (US cents)		**6**	19

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	Years ended 31 December	
In millions of US$	**2009**	2008
Profit for the year	**1,062**	2,684
Other comprehensive income and expense:		
Fair value gains/(losses) on available-for-sale financial assets, net of tax	**6**	(8)
Cash flow hedges, net of tax	**21**	(4)
Currency translation differences	**(1,241)**	(23)
Total comprehensive (expense)/income for the year	**(152)**	2,649
Total comprehensive (expense)/income attributable to:		
Equity holders of the Company	**(147)**	2,610
Minority interests	**(5)**	39
	(152)	2,649

CONSOLIDATED BALANCE SHEET (Unaudited)

In millions of US$	As at 31 December 2009	2008
Assets		
Non-current assets		
Property, plant and equipment	**5,470**	4,282
Goodwill and intangible assets	**610**	495
Investments in joint venture and associates	**615**	313
Other financial assets	**65**	3
Loans receivable	**158**	70
Deferred tax assets	**43**	32
Other non-current assets	**187**	426
Total non-current assets	**7,148**	5,621
Current assets		
Current assets held for sale	**6**	3
Inventories	**607**	724
Trade and other receivables	**959**	1,090
Other financial assets	**50**	81
Loans receivable	**17**	2
Cash and cash equivalents	**830**	2,493
Total current assets	**2,469**	4,393
Total assets	**9,617**	10,014
Equity		
Share capital and share premium	**3,257**	3,257
Reserves	**4,456**	4,915
Attributable to equity holders of the Company	**7,713**	8,172
Minority interests	**291**	126
Total equity	**8,004**	8,298
Liabilities		
Non-current liabilities		
Borrowings	**68**	372
Deferred tax liabilities	**457**	183
Asset retirement obligations	**108**	69
Employee benefit obligations	**46**	37
Other non-current liabilities	**4**	5
Total non-current liabilities	**683**	666
Current liabilities		
Borrowings	**360**	355
Trade and other payables	**417**	411
Derivative financial instruments	**-**	54
Current income tax payable	**63**	181
Other taxes payable	**90**	49
Total current liabilities	**930**	1,050
Total liabilities	**1,613**	1,716
Total liabilities and equity	**9,617**	10,014

CONSOLIDATED CASH FLOW STATEMENT (Unaudited)

		Years ended 31 December	
In millions of US$	Note	**2009**	2008
Cash flow from operating activities			
Profit before income tax for the year		**1,439**	3,827
Adjustments for:			
Depreciation, amortisation and impairment		**298**	311
Loss on disposal of property, plant and equipment		**2**	6
Share of (profit)/loss from joint venture and associates		**(31)**	12
Share based payments		**10**	3
Net finance cost/(income)		**3**	(31)
Net foreign exchange (gain)/loss		**(78)**	67
		1,643	4,195
Changes in inventories		**53**	(218)
Changes in trade and other receivables		**(7)**	7
Changes in trade and other payables		**(122)**	(6)
Changes in asset retirement obligations		**3**	(8)
Changes in employee benefit obligations		**12**	(44)
Changes in other taxes payable		**47**	(41)
Cash generated from operating activities		**1,629**	3,885
Interest paid		**(8)**	(70)
Interest received		**52**	114
Income tax paid		**(464)**	(1,163
Net cash generated from operating activities		**1,209**	2,766
Cash flow from investing activities			
Purchase of property, plant and equipment		**(912)**	(1,479
Proceeds from sales of property, plant and equipment		**17**	5
Acquisition of subsidiaries, net of cash acquired	12	**(936)**	(86)
Purchase of intangible assets		**(4)**	-
Purchase of joint venture and associates	13	**(198)**	(317)
Purchase of minority interests		**(10)**	-
Payments of pre-acquisition dividends on subsidiaries acquired		**-**	(61)
Sales/(purchase) of financial assets at fair value through income statement		**62**	(76)
Purchase of available-for-sale financial assets		**(35)**	(15)
Purchase of financial assets held to maturity		**(46)**	(4)
Cash deposited as guarantee		**(11)**	-
Loans and deposits granted to related parties		**(138)**	(54)
Loans and deposits granted		**(65)**	(150)
Proceeds from repayment of loans and deposits by related parties		**3**	144
Proceeds from repayment of other loans and deposits		**168**	174
Net cash used for investing activities		**(2,105)**	(1,919
Cash flow from financing activities			
Bank borrowings - proceeds		**41**	24
Bank borrowings - repayments		**(349)**	(704)
Bond repayments		**(2)**	(21)
Dividends paid to equity holders of the Company		**(322)**	(148)
Dividends paid to minority interests		**(12)**	(5)
Net cash used for financing activities		**(644)**	(854)
Net changes in cash and cash equivalents		**(1,540)**	(7)
Cash and cash equivalents at beginning of year		**2,493**	2,548
Foreign exchange loss on cash and cash equivalents		**(123)**	(48)
Cash and cash equivalents at end of year		**830**	2,493

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

	Attributable to equity holders of the Company								
In millions of US$	Share capital	Share premium	Retained earnings	Translation reserve	Hedge reserve	Revaluation reserve of financial assets available-for-sale	Total	Minority interests	Total equity
Balance as at 1 January 2008	258	2,	2,0	377	(17)	-	5,7	75	5,789
Profit for the year	-	-	2,6	-	-	-	2,6	42	2,684
Fair value gains on available-for-sale financial assets, net of tax	-	-	-	-	-	(8)	(8)	-	(8)
Cash flow hedges, net of tax	-	-	-	-	(4)	-	(4)	-	(4)
Currency translation differences	-	-	-	(20)	-	-	(20)	(3)	(23)
Total comprehensive income and (expense) for the year	-	-	2,6	(20)	(4)	(8)	2,6	39	2,649
Transactions with the owners:									
Dividends paid	-	-	(155)	-	-	-	(155)	(4)	(159)
Share-based payments	-	-	3	-	-	-	3	-	3
Other changes in minority interests	-	-	-	-	-	-	-	16	16
Balance as at 31 December 2008	**258**	**2,**	**4,5**	**357**	**(21)**	**(8)**	**8,1**	**126**	**8,298**
Profit for the year	-	-	1,0	-	-	-	1,0	17	1,062
Fair value gains on available-for-sale financial assets, net of tax	-	-	-	-	-	6	6	-	6
Cash flow hedges, net of tax	-	-	-	-	21	-	21	-	21
Currency translation differences[1]	-	-	-	(1,219)	-	-	(1,2	(22)	(1,241)
Total comprehensive income and (expense) for the year	-	-	**1,0**	**(1,219)**	**21**	**6**	**(147)**	**(5)**	**(152)**
Transactions with owners:									
Dividends paid	-	-	(322)	-	-	-	(322)	(16)	(338)
Share-based payments	-	-	10	-	-	-	10	-	10
Other changes in minority interests[2]	-	-	-	-	-	-	-	186	186
Balance as at 31 December 2009	**258**	**2,**	**5,3**	**(862)**	**-**	**(2)**	**7,7**	**291**	**8,004**

[1] The significant decrease in the translation reserve is a result of the devaluation of the Kazakhstani tenge against the US dollar.
[2] Includes the acquisition of Serov and CAMEC minority interests as well as other minor amounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. BASIS OF PREPARATION

Eurasian Natural Resources Corporation PLC (the 'Company') was incorporated and registered under the laws of England and Wales on 8 December 2006. The consolidated financial information as at and for the year ended 31 December 2009 comprise the Company and its subsidiaries ('the Group') and the Group's interest in a joint venture and associates.

The preliminary financial information for the year ended 31 December 2009 included in this report is unaudited and does not have the status of statutory accounts within the meaning of Section 434 of the Companies Act 2006. This preliminary announcement does not constitute the Group's full financial statements for the year ended 31 December 2009. The preliminary financial information is based on accounts which are subject to audit, Board approval and filing with the Registrar of Companies.

Financial information for the year ended 31 December 2008 has been extracted from the statutory accounts, which for the year ended 31 December 2008 were approved by the Board of Directors on 8 April 2009 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 237 of the Companies Act 1985.

This preliminary financial information has been prepared on the basis of IFRSs and Interpretations as adopted by the European Union ('EU') that are mandatory for the year ended 31 December 2009, and in accordance with applicable United Kingdom law, the Listing Rules of the United Kingdom's Financial Services Authority ('FSA') and Article 4 of the EU IAS Regulation.

The Group has made certain minor presentational changes to further improve comparability of its results and certain comparative amounts have been re-classified accordingly.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those described in the annual financial statements for the year ended 31 December 2008.

Accounting policies applied for the first time for the financial year beginning 1 January 2009 are as follows:

Accounting for investments in associates
Associates are all entities over which the Group has significant influence, but not control, generally accompanying a shareholding of between 20 and 50 per cent of the voting rights.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of its associates' post acquisition profits or losses and its share of post-acquisition movements in equity after adjustments to align the accounting policies with those of the Group. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses exceeds its interest in an associate (including any other unsecured receivables), the carrying amount of that interest is reduced to nil and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated to the extent of the Group's interest in the associates, unless the transaction provides evidence of an impairment of the asset transferred.

2. ACCOUNTING POLICIES (continued)

New accounting pronouncements

The Group has adopted the following new standards, amendments to standards or interpretations which are mandatory and relevant to the Group for the first time for the financial year beginning 1 January 2009:

IFRS 8	*Operating Segments* IFRS 8 requires a 'management approach', under which segment information is presented on the same basis as that used for internal reporting purposes. The segments are reported in a manner that is consistent with the internal reporting provided to the Chief Operating Decision Maker. No changes in segment aggregation have occurred.
IAS 1 (Revised)	*Presentation of financial statements* The revised standard affects only presentation of financial statements and disclosures in accompanying notes. The Group presents all changes in equity attributable to the owner in the consolidated statement of changes in equity, whereas all non owners changes in equity are presented in the consolidated statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard.

In addition, the Group adopted the following standards: amendments to IFRS 1 and IAS 27 *Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*; IFRS 2 *Vesting Conditions and Cancellations*, IFRS 7 *Improving Disclosures about Financial Instruments*, IAS 23 *Borrowing Costs*; IAS 32 and IAS 1 *Puttable Financial Instruments and Obligations Arising on Liquidation*; and IAS 19 and IFRIC 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*.

The Group also adopted Improvements to IFRS, published in May 2008, and which are mandatory for the first time for the financial year beginning 1 January 2009. These new standards, amendments to standards, interpretations and improvements to standards do not have a significant impact on the Group's financial position or performance.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

3. SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Group Chief Executive Officer ('CEO') and used to make strategic decisions. The CEO considers the business from a products and services perspective and assesses the performance of the operating segments based on the measure of Underlying EBITDA (refer note 14).

The amounts provided to the CEO with respect to segment assets and segment liabilities are measured in a manner consistent with that of the financial statements. These assets and liabilities are allocated based on the operations of the segment and their physical location.

Segment Underlying EBITDA, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangible assets, inventories and receivables and mainly exclude investments in joint venture and associates, other financial assets, loans receivable, unallocated cash and cash equivalents, term deposits and deferred and current income tax assets. Segment liabilities comprise primarily trade and other payables and mainly exclude borrowings and deferred and current income tax liabilities. Capital expenditure comprises additions to property, plant and equipment and intangible assets. The Group is organised on the basis of six (2008: five) operating segments:

- Ferroalloys – comprises the extraction and sale of chrome ore as well as the production of ferroalloys from chromium and manganese ores;

- Iron Ore – comprises extraction, processing and manufacturing of iron ore products;

- Alumina and Aluminium – comprises extraction and processing of bauxite and limestone, and smelting of alumina and aluminium;

- Energy – comprises coal mining and power generation;

- Logistics – Kazakhstan's main freight forwarder and railroad operator, providing international logistics for all Eurasian based ENRC operations; also rail construction and repair services for the Kazakhstani state rail company; and

- Other Non-ferrous – comprises the exploration and extraction, processing and manufacturing of copper and cobalt products, the exploration of other minerals and logistics operations in Africa acquired as part of the acquisition of Central Africa Mining & Exploration Company PLC ('CAMEC') in 2009 (refer note 12).

Internal charges between segments have been reflected in the performance of each operating segment. The Group has a number of activities that exist principally to support the metals operations including power generation, coal mining and transportation. Inter-segment transfers or transactions are entered into under a cost-plus pricing structure. The revenue from external parties reported to the CEO is measured in a manner consistent with that in the consolidated income statement.

3. Segment information (continued)

2009 Segment information In millions of US$	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Energy Division	Logistics Division	Other Non-ferrous Division	Corporate	Intra Group Eliminations	Total
Revenue	1,871	1,093	563	196	53	55	-	-	3,831
Inter-segment revenue	3	-	2	206	104	-	-	(315)	-
Segment revenue	**1,874**	**1,093**	**565**	**402**	**157**	**55**	**-**	**(315)**	**3,831**
Segment operating profit/(loss)	**781**	**453**	**5**	**179**	**24**	**-**	**(68)**	**-**	**1,374**
Finance income									**191**
Finance cost									**(157)**
Share of profit of joint venture and associates									**31**
Profit before income tax									**1,439**
Income tax expense									**(377)**
Profit for the year									**1,062**
Depreciation, amortisation and impairment	**(90)**	**(79)**	**(65)**	**(41)**	**(15)**	**(6)**	**(2)**	**-**	**(298)**
Underlying EBITDA (refer note 14)	**707**	**485**	**78**	**213**	**39**	**6**	**(66)**	**-**	**1,462**
Capital expenditure	**248**	**225**	**356**	**281**	**24**	**6**	**7**	**-**	**1,147**
Segment assets	**2,574**	**1,544**	**1,840**	**807**	**217**	**1,426**	**610**	**(488)**	**8,530**
Segment liabilities	**(605)**	**(196)**	**(115)**	**(59)**	**(31)**	**(105)**	**(44)**	**488**	**(667)**
									7,863
Unallocated term deposits									**128**
Investments in joint venture and associates									**615**
Other financial assets									**115**
Loans receivable									**175**
Borrowings									**(428)**
Deferred and current income tax assets									**56**
Deferred and current income tax liabilities									**(520)**
Total equity									**8,004**
Average number of employees	**23,892**	**17,652**	**14,115**	**6,589**	**2,642**	**5,166**	**266**	**-**	**70,322**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

3. Segment information (continued)

2008 Segment information In millions of US$	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	**Total**
Revenue	4,151	1,498	864	203	107	-	-	6,823
Inter-segment revenue	5	1	3	233	122	-	(364)	-
Segment revenue	4,156	1,499	867	436	229	-	(364)	6,823
Segment operating profit/(loss)	2,689	835	218	146	32	(70)	-	3,850
Finance income								132
Finance cost								(143)
Share of loss of joint venture								(12)
Profit before income tax								3,827
Income tax expense								(1,143)
Profit for the year								2,684
Depreciation, amortisation and impairment	(100)	(84)	(77)	(31)	(18)	(1)	-	(311)
Underlying EBITDA (refer note 14)	2,789	919	295	177	50	(69)	-	4,161
Capital expenditure	330	278	502	136	48	-	-	1,294
Segment assets	3,151	1,628	1,935	702	268	99	(45)	7,738
Segment liabilities	(292)	(127)	(146)	(28)	(37)	(44)	45	(629)
								7,109
Unallocated cash and cash equivalents and term deposits								1,756
Investments in joint venture								313
Other financial assets								81
Loans receivable								72
Borrowings								(727)
Deferred and current income tax assets								58
Deferred and current income tax liabilities								(364)
Total equity								8,298
Average number of employees	24,681	17,905	14,094	6,658	2,998	231	-	66,567

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

During the years ended 31 December 2009 and 31 December 2008, the Group entered into the following transactions in the ordinary course of business with related parties:

In millions of US$	Founder Shareholders[1] 2009	Founder Shareholders[1] 2008	Republic of Kazakhstan 2009	Republic of Kazakhstan 2008	Joint venture and associates 2009	Joint venture and associates 2008	Total 2009	Total 2008
Revenue from sale of goods	**5**	39	**3**	5	**-**	**-**	**8**	44
Revenue from the provision of services	**1**	13	**-**	89	**-**	-	**1**	102
Purchases of goods	**(25)**	(115)	**-**	-	**(19)**	-	**(44)**	(115)
Purchases of services	**(65)**	(71)	**-**	-	**-**	-	**(65)**	(71)
Finance income	**8**	11	**-**	-	**4**	-	**12**	11
Finance cost	**(2)**	(3)	**-**	-	**(23)**	-	**(25)**	(3)
Purchase of property, plant and equipment[2]	**4**	-	-	-	-	-	**4**	-

[1] Includes all entities under common control of the Founder Shareholders.
[2] Refer to the acquisition of property, plant and equipment section within this note.

The outstanding balances with related parties as at 31 December 2009 and 31 December 2008 are as follows:

	Founder Shareholders[1]							
	Eurasian Bank JSC		Other		Joint venture and associates		Total	
In millions of US$	**2009**	2008	**2009**	2008	**2009**	2008	**2009**	2008
Non-current assets								
Loans receivable	**-**	-	**3**	6	**60**	45	**63**	51
Other financial assets[2]	**4**	3	**-**	-	**-**	-	**4**	3
Other non-current assets	**8**	23	**-**	3	**-**	-	**8**	26
Current assets								
Trade and other receivables[3]	**123**	8	**36**	21	**-**	3	**159**	32
Loans receivable[4]	**-**	-	**2**	2	**-**	-	**2**	2
Cash and cash equivalents	**135**	319	**-**	-	**-**	-	**135**	319
Current liabilities								
Borrowings	**1**	-	**-**	-	**-**	-	**1**	-
Trade and other payables	**-**	-	**14**	13	**-**	-	**14**	13

[1] Includes all entities under common control of the Founder Shareholders.
[2] Other financial assets with Eurasian Bank JSC includes term deposits of US$4 million (2008: US$3 million) for the retirement of assets in accordance with the requirements of contracts on subsurface use.
[3] Trade and other receivables with Eurasian Bank JSC include letters of credit of US$14 million (2008: US$7 million) and term deposits of US$109 million (2008: US$1 million).
[4] Net of provisions for impairment of nil (2008: US$1 million).

4. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (continued)

Founder Shareholders

The Group was formed from a collection of entities jointly controlled by the three Founder Shareholders, Mr Patokh Chodiev, Mr Alijan Ibragimov and Mr Alexander Mashkevitch. The Founder Shareholders continue to be major shareholders of the company and collectively owned 43.8% of the Group as at 31 December 2009 (2008: 43.8%). For the years ended 31 December 2009 and 31 December 2008, the Group undertook significant related party transactions with entities controlled by the Founder Shareholders. In 2009, all transactions with related parties over US$1 million had to be and were approved by the Board.

Acquisition from Related Parties

Acquisitions – business combinations

During 2009, the Group acquired ASEK Reinsurance AG and ENRC PMZ LLP from entities controlled by the Founder Shareholders. Refer note 12 for further detail.

Acquisitions – associates

During 2009, the Group acquired a 25% interest in Shubarkol Komir JSC, from entities controlled by the Founder Shareholders. Refer note 13 for further detail.

Acquisitions – options

On 8 January 2009 the Group purchased an option for cash consideration of US$10 million, from a company owned by Mr Abdraman Yedilbayev, one of the Company's Non-executive Directors, to acquire a 70% interest in Masalskoe GOK LLP. Masalskoe GOK LLP is a company with rights for the exploration and production of iron ore of the Masalskoe deposit in Kazakhstan.

Acquisitions - property, plant and equipment

The Group acquired buildings and land in Petropavlovsk, Kazakhstan for cash consideration of US$4 million from Eurasian Finance – Industrial Company JSC, a company controlled by the Founder Shareholders. The consideration for these assets was paid on 24 February 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

5. COST OF SALES

In millions of US$	Years ended 31 December 2009	2008
Materials and components used	**(735)**	(1,172)
Staff costs	**(370)**	(423)
Depreciation, amortisation and impairment	**(288)**	(296)
Mineral Extraction Tax, Royalties and other taxes	**(195)**	(88)
Realised (loss)/gain on the cash flow hedges	**(61)**	17
Changes in inventories of finished goods and work-in-progress	**(51)**	160
Other	**(247)**	(286)
Total cost of sales	**(1,947)**	(2,088)

6. DISTRIBUTION COSTS

In millions of US$	Years ended 31 December 2009	2008
Transportation costs	**(302)**	(342)
Other	**(64)**	(89)
Total distribution costs	**(366)**	(431)

7. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

In millions of US$	Years ended 31 December 2009	2008
Staff costs	**(151)**	(154)
Professional and other services	**(39)**	(50)
Sponsorship and donations	**(37)**	(31)
Depreciation, amortisation and impairment	**(10)**	(15)
Other	**(122)**	(172)
Total selling, general and administrative expenses	**(359)**	(422)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

8. FINANCE INCOME

In millions of US$	Years ended 31 December 2009	2008
Foreign exchange gains	**125**	13
Interest income	**58**	119
Gain on disposal of financial assets at fair value through income statement	**8**	-
Total finance income	**191**	132

9. FINANCE COST

In millions of US$	Years ended 31 December 2009	2008
Foreign exchange losses	**(88)**	(55)
Fair value loss on origination of loans granted	**(23)**	-
Interest expense	**(16)**	(44)
Unwinding of discount on long term provisions	**(9)**	(12)
Amortisation of financial instruments discount	**(5)**	(3)
Fair value loss on financial assets at fair value through income statement	**(2)**	(6)
Other	**(16)**	(24)
	(159)	(144)
Less capitalised borrowing costs	**2**	1
Total finance cost	**(157)**	(143)

10. INCOME TAXES

Income tax expense comprises the following:

	Years ended 31 December	
In millions of US$	**2009**	2008
Current tax		
Corporate income tax – current period	**(322)**	(1,241)
Corporate income tax – prior periods	**9**	(12)
Withholding taxes	**(51)**	(14)
Total current tax	**(364)**	(1,267)
Deferred tax		
Deferred income tax – current period	**(9)**	(53)
Deferred income tax – prior periods	**12**	-
Deferred income tax – effect of changes in tax legislation	**(16)**	177
Total deferred tax	**(13)**	124
Total income tax expense	**(377)**	(1,143)

The Effective Tax Rate for the year of 26.2% (2008: 29.9%) was higher than the applicable Corporate Income Tax ('CIT') rate of 20% mainly due to withholding taxes on dividends, Excess Profits Tax in Kazakhstan and the effect of changes in the Kazakhstani tax legislation on deferred tax. The applicable rate of 20% refers to the CIT rate in Kazakhstan, where the majority of the Group's operations are located.

11. EARNINGS PER SHARE

The following reflects the income and adjusted share data used in the earnings per share computations:

	Years end
In millions of US$ (unless stated otherwise)	**2009**
Profit for the year attributable to equity holders of the Company	**1,045**
Number of shares	
Weighted average number of ordinary shares in issue for basic earnings per share	**1,287,750,000**
Adjusted for:	
Net shares granted under Long-term Incentive Plan	**1,950,925**
Weighted average number of ordinary shares for diluted earnings per share	**1,289,700,925**
Basic and diluted earnings per share (US cents)	**81**

12. BUSINESS COMBINATIONS

Central African Mining & Exploration Company PLC

On the 18 September 2009, the Group made a £0.20 per share cash offer for all outstanding shares in Central African Mining & Exploration Company PLC ('CAMEC'), at which time the Group held 28.73% of CAMEC and accounted for the investment as an associate using the 'equity method'. On 9 November 2009, upon the offer becoming unconditional following the receipt of acceptances in respect of 88.28% of CAMEC's share capital, the Group obtained control of CAMEC. As at 31 December 2009 the Group held 96.05% of CAMEC's share capital for a total cash consideration of US$931 million.

CAMEC, which was previously listed on the United Kingdom Alternative Investment Market ('AIM'), is an Africa-focused emerging mining company with operations centred around copper and cobalt mining and exploration, trucking and logistics, coal, bauxite and fluorspar exploration as well as platinum prospects.

The fair values of the identifiable asset and liabilities of CAMEC as at the date of acquisition were provisionally estimated as follows:

In millions of US$	Carrying values at acquisition date[1]	Provisional fair values adjustments	Provisional fair values at acquisition date
Property, plant and equipment	1,016	134	**1,150**
Investments in associates	33	42	**75**
Loans receivable (current and non-current)	154	(100)	**54**
Deferred tax assets	32	-	**32**
Inventories	23	-	**23**
Trade and other receivables	21	-	**21**
Other financial assets	2	-	**2**
Total assets	1,281	76	**1,357**
Deferred tax liabilities	(264)	(43)	**(307)**
Asset retirement obligations	(1)	-	**(1)**
Employee benefit obligations	(2)	-	**(2)**
Borrowings	(4)	-	**(4)**
Trade and other payables	(112)	-	**(112)**
Current income tax payable	(21)	-	**(21)**
Total liabilities	(404)	(43)	**(447)**
Net assets	877	33	**910**
Minority interests[2]			**(193)**
Goodwill			**200**
Net attributable assets			**917**
Consideration:			
Purchase consideration settled in cash			**931**
Cash and cash equivalents in subsidiary acquired			**(14)**
Cash outflow on acquisition			**917**

[1] The carrying values at acquisition date include certain adjustments relating to the alignment of balances with ENRC accounting policies.
[2] Includes minority interests of subsidiaries not wholly owned by CAMEC.

The goodwill balance is the result of the requirement to recognise a deferred tax liability calculated as the difference between the tax effect of the fair value of the assets and liabilities acquired and their tax bases.

12. BUSINESS COMBINATIONS (continued)

ASEK Reinsurance AG

On 30 June 2009 the Group acquired ASEK Reinsurance AG ('ASEK'), an unlisted captive insurance company, for cash consideration of US$12m from CIM Global Investments NV, a company controlled by the Founder Shareholders.

The fair value of ASEK's net assets at the date of acquisition was US$12 million, consisting of cash and cash equivalents of US$13 million and deferred tax liabilities of US$1 million.

ENRC PMZ LLP

On 8 January 2009 the Group acquired ENRC PMZ LLP ('PMZ') from the Founder Shareholders of the Group for cash consideration of US$20 million. PMZ, an unlisted company based in Kazakhstan, owns 100% interest in Pavlodar Machinery Plant JSC which is a producer of overhead factory cranes.

The fair values of the identifiable assets and liabilities of PMZ acquired at the date of acquisition was US$17 million. Goodwill on acquisition of US$3 million is attributable to cost saving synergies as overhead factory cranes are used extensively in the operating activities of the Group.

Serov minority interest buy out

On 3 April 2008 the Group acquired a controlling interest in the Serov group and certain related entities ('Serov') from companies controlled by the Founder Shareholders. The total consideration was US$212 million (of which US$100 million was incurred in 2007). Serov's principal activities comprise the mining of chrome ore and the processing and sale of ferroalloys.

In January, March and April 2009 the Group completed a buy out of minority interests in the Serov Ferroalloy Plant and Saranovskaya Mine 'Rudnaya' for cash consideration of US$5 million and US$5 million respectively.

As at 31 December 2009, the Group holds the following ownership interests in Serov:

	Ownership interest as at 31 December 2008	Acquired minority interest	**Ownership interest as at 31 December 2009**
Serov Ferroalloy Plant JSC	*95.25%*	*4.19%*	***99.44%***
Saranovskaya Mine 'Rudnaya' JSC	*88.17%*	*10.63%*	***98.80%***

Fair value estimates

The provisional values of assets, liabilities and contingent liabilities recognised on acquisition are their estimated fair values at the date of acquisition. Accounting standards permit up to 12 months for provisional acquisition accounting to be finalised following the acquisition date if any subsequent information provides better evidence of the item's fair value at the date of acquisition.

For all business combinations, the Group either undertook or is in the process of undertaking a detailed review to determine the fair value of assets, liabilities and contingent liabilities recognised at the date of acquisition. Such reviews may include engaging third party advisors to determine the fair values of the cash-generating units of the entities acquired.

13. INVESTMENTS IN ASSOCIATES

Shubarkol Komir Joint Stock Company ('Shubarkol')
On 16 February 2009 the Group acquired a 25% interest in Shubarkol, a major semi-coke and thermal coal producer incorporated in Kazakhstan, for cash consideration of US$200 million less 25% of net debt.

Shubarkol is majority owned by Eurasian Finance-Industrial Company JSC ('EFIC'), a private company controlled by the Founder Shareholders of the Group.

In connection with the acquisition, the Group has entered into an off-take agreement with Shubarkol, secured a seat on Shubarkol's Board and entered into a shareholders agreement with EFIC. In addition the Group has a right of first refusal, combined with a call option, over all or part of the remaining shares in Shubarkol held by EFIC. The call option is exercisable (at the Group's discretion) at any time until 31 January 2011 which, if exercised, will be subject to required regulatory approvals having been obtained and which is expected to be subject to the approval of the Group's shareholders. The price payable on any exercise of the call option is the aggregate value of the shares to be transferred, assuming Shubarkol has a total value of US$800 million on a fully diluted basis, less any net debt at the time of the transfer.

Because the call option is subject to the approvals noted above, it is not readily exercisable or convertible and hence the possession of the call option does not contribute to control over Shubarkol, the Group accounted for its investment in Shubarkol using equity accounting in accordance with the Group's accounting policy.

Acquisitions through business combinations
A 50% interest in Societe Miniere de Kabolela et Kipese Sprl ('SMKK') was acquired on 9 November 2009 as part of the CAMEC acquisition. At 31 December 2009, the provisional carrying value of the Group's investment in SMKK was US$75 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

14. RECONCILIATION OF NON-GAAP MEASURES

1. Underlying EBIT, EBITDA and EBITDA margin

	Years ended 31 December	
In millions of US$ (unless stated otherwise)	**2009**	2008
Profit for the year	**1,062**	2,684
Add:		
Finance cost	**157**	143
Income tax expense	**377**	1,143
Less:		
Share of (profit)/loss of joint venture and associates[1]	**(31)**	12
Finance income	**(191)**	(132)
Foreign exchange gain resulting from devaluation of Kazakhstani tenge	**(210)**	-
Underlying EBIT	**1,164**	3,850
Add back:		
Depreciation, amortisation and impairment	**298**	311
Underlying EBITDA[2]	**1,462**	4,161
Divide by:		
Revenue	**3,831**	6,823
Underlying EBITDA margin	***38.2%***	*61.0%*

[1] Includes BML (joint venture) from 19 May 2008, Shurbakol (associate) from 16 February 2009 and SMKK (associate) from 9 November 2009.
[2] Underlying EBITDA: profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint venture and associates and the impact of the devaluation of the Kazakhstani tenge.

2. Return on capital employed

	Years ended 31 December	
In millions of US$	**2009**	2008
Underlying EBIT	**1,164**	3,850
Divide by:		
Capital employed weighted average[3]		
Borrowings	**580**	1,019
Equity including minority interests	**7,847**	7,088
Total capital employed weighted average	**8,427**	8,107
Return on capital employed	***13.8%***	*47.5%*

[3] The capital employed used in this calculation is a three point average based on the opening and closing balance sheet for each year plus the half year interim balance sheet.

3. Like-for-like reconciliation

	Years ended 31 December		2009 vs. 2008	
In millions of US$	**2009**	2008	US$ millions	%
Like-for-like revenue				
Revenue	**3,831**	6,823		
Less:				
Serov revenue	**(165)**	(496)		
Tuoli revenue	**(11)**	(6)		
CAMEC revenue	**(55)**	-		
Other entities acquired or established in 2008 and 2009	**(6)**	(1)		
Aluminium smelter revenue	**(87)**	(280)		
Like-for-like revenue	**3,507**	6,040	(2,533)	*(41.9)%*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

14. RECONCILIATION OF NON-GAAP MEASURES (continued)

	Years ended 31 December		2009 vs. 2008	
In millions of US$	**2009**	2008	US$ millions	%
Like-for-like cost of sales				
Cost of sales	**1,947**	2,088		
Less:				
Royalties	**(1)**	(48)		
Mineral Extraction Tax	**(166)**	-		
Serov cost of sales	**(99)**	(155)		
Tuoli cost of sales	**(24)**	(11)		
CAMEC cost of sales	**(40)**	-		
Other entities acquired or established in 2008 and 2009	**(3)**	-		
Aluminium smelter cost of sales	**(75)**	(103)		
Like-for-like cost of sales	**1,539**	1,771	(232)	*(13.1)%*

Like-for-like total costs				
Total costs				
Cost of sales	**1,947**	2,088		
Distribution costs	**366**	431		
Selling, general and administrative expenses	**359**	422		
Other operating income	**(253)**	(42)		
Other operating expense	**38**	74		
Total costs	**2,457**	2,973		
Less:				
Royalties	**(1)**	(48)		
Mineral Extraction Tax	**(166)**	-		
Devaluation of Kazakhstani tenge	**210**	-		
Serov total costs	**(130)**	(186)		
Tuoli total costs	**(9)**	(26)		
CAMEC total costs	**(55)**	-		
Other entities acquired or established in 2008 and 2009	**(7)**	(1)		
Aluminium smelter total costs	**(91)**	(140)		
Like-for-like total costs	**2,208**	2,572	(364)	*(14.2)%*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

14. RECONCILIATION OF NON-GAAP MEASURES (continued)

	Years ended 31 December		2009 vs. 2008	
In millions of US$	**2009**	2008	US$ millions	%
Like-for-like cost of sales – principal operating Divisions[4]				
Cost of sales – principal operating Divisions	**2,098**	2,229		
Less:				
Royalties	**(1)**	(48)		
Mineral Extraction Tax	**(166)**	-		
Serov cost of sales	**(99)**	(155)		
Tuoli cost of sales	**(24)**	(11)		
CAMEC cost of sales	**(40)**	-		
Other entities acquired or established in 2008 and 2009	**(3)**	-		
Aluminium smelter cost of sales	**(75)**	(103)		
Like-for-like cost of sales – principal operating Divisions	**1,690**	1,912	(222)	*(11.6)%*

[4] The principal operating divisions comprise of Ferroalloys, Iron Ore, Alumina and Aluminium, Energy and Other Non-ferrous operating segments.

4. Gross available funds and net cash

	As at 31 December	
In millions of US$	**2009**	2008
Gross available funds		
Cash and cash equivalents	**830**	2,4
Term deposits	**126**	194
Other financial assets	**115**	84
Less:		
Investments in unquoted options	**(35)**	-
Other restricted financial assets	**(15)**	(3)
Total gross available funds	**1,021**	**2,768**
Borrowings – current	**(360)**	(355)
Borrowings – non-current	**(68)**	(372)
Total net available funds	**593**	2,0

Net cash		
Cash and cash equivalents	**830**	2,4
Borrowings – current	**(360)**	(355)
Borrowings – non-current	**(68)**	(372)
Total net cash	**402**	1,7

15. EVENTS AFTER THE BALANCE SHEET DATE

Purchase of the minority shareholding in CAMEC
In 2010, the Group completed a partial buyout of minority interests in CAMEC for a cash consideration of US$9 million. As a result, the Group's interest in CAMEC as at 19 March 2010 increased to 96.88% of CAMEC's issued share capital.

Acquisition of Chambishi Metals and Comit Resources
On 18 February 2010, the Group announced that it had entered into a conditional agreement with International Mineral Resources BV ('IMR'), a company owned by the Founder Shareholders (denoted in note 4) to acquire Enya Holdings BV ('Enya'). Enya holds a 90% interest in Chambishi Metals PLC ('Chambishi'), a Zambian copper and cobalt producer, together with a 100% interest in Comit Resources FZE ('Comit'), a Dubai based marketing and sales company that historically has handled Chambishi's copper and cobalt sales. The aggregate consideration for the transaction amounts to US$300 million, which will be wholly funded from ENRC's existing cash resources. The transaction remains subject to the satisfaction and or waiver of certain conditions precedent and is expected to be completed no later than the end of June 2010.

Export Credit Facility Agreement
On 16 February 2010, the Group entered into an export credit facility agreement for the amount of €47.6 million. The facility is a 10 year draw-down facility and bears an interest rate of six-month EURIOBOR plus 1.5%. Euler Hermes Kreditversicherungs AG has guaranteed the facility, which will be used to finance some of the Group's capital expenditure.

2009 Final Dividend
For 2009 the Board has recommended a final dividend of US 6 cents per share amounting to US$77 million, which will be paid on Wednesday 16 June 2010, to shareholders on the register at the close of business on 6 April 2010.

SHAREHOLDER INFORMATION

Registered Offices
Eurasian Natural Resources Corporation PLC
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United Kingdom

Telephone: +44 (0) 20 7389 1440
Fax: +44 (0) 20 7389 1441
Website: www.enrc.com

Registered in England and Wales
Company number: 06023510

Listing
The principal trading market for Eurasian Natural Resources Corporation PLC Ordinary Shares is the London Stock Exchange ('LSE'). The shares are also listed on the Kazakhstan Stock Exchange ('KASE').

Major interests in shares
As at 23 March, 2010, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the FSA, of the following notifiable interests (whether directly or indirectly held) in its voting rights:

	Number of voting rights	%
Greenwood Nominees Limited (acting as nominee for Kazakhmys Eurasia BV, a wholly owned subsidiary of Kazakhmys PLC)	334,824,860	*26.00*
Mr Patokh Chodiev	187,836,250	*14.59*
Mr Alijan Ibragimov*	150,836,250	*11.71*
Mr Alexander Machkevitch	187,836,250	*14.59*
The State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan	150,047,116	*11.65*

* Mr Alijan Ibragimov's total beneficial holdings amount to 187,836,250 shares, however, some are held on a discretionary basis by a fund management vehicle owned and operated by, among others, Mr Ibragimov's family. A TR1 has been received in respect of the shares notified above.

Exchange rates
The following table sets out, for the periods indicated, the relevant period-end and average exchange rates of the Kazakhstani tenge ('KZT') to the US dollar ('US$'), as applied in the preparation of the Group's consolidated financial information for the relevant periods and expressed in KZT per US dollar:

	Rate	
	Period end	Average
Year ended 31 December 2009	148.46	147.50
Year ended 31 December 2008	120.77	120.30
Year ended 31 December 2007	120.30	122.55

Results timetable

Wednesday, 31 March 2010	Ex-dividend date
Tuesday, 6 April 2010	Final dividend record date
Thursday, 13 May 2010	May 2010 Interim Management Statement and Q1 2010 Production Report
Wednesday, 9 June 2010	Annual General Meeting
Wednesday, 16 June 2010	Final dividend payment date
Wednesday, 4 August 2010	Q2 2010 Production Report
Wednesday, 18 August 2010	2010 Half-year Results Announcement
Thursday, 11 November 2010	November 2010 Interim Management Statement and Q3 2010 Production Report
Wednesday, 2 February 2011	Q4 2010 Production Report
Wednesday, 23 March 2011	2010 Preliminary Results Announcement

All future dates are provisional and subject to change.

Dividends on ordinary shares

On 8 October 2009 the Company paid an interim dividend for the Half-year to 30 June 2009 of US 6 cents per ordinary share.

The Directors of the Board recommend a final dividend for the year ended 31 December 2009 of US 6 cents per ordinary share in the Company. If the recommended final dividend is approved at the Annual General Meeting, to be held on Wednesday, 9 June 2010, the dividend will be paid on Wednesday, 16 June 2010 to all registered shareholders on the Register of Members at the close of business on 6 April 2010.

As the Group's financial results are reported in US dollars, the dividend will be declared and paid in US dollars.

Registered shareholders may have elected to receive their dividend in British pounds instead. This payment will be based on an exchange rate of US$1.5070/£1 (being the rate published in the London *Financial Times* on 23 March 2010, the business day prior to announcement of the Group's Preliminary Results for the year ended 31 December 2009).

Shareholders may change their currency election at any time by submitting a currency election form to the Group's Registrars, Computershare Investor Services PLC. Shareholders who have not submitted a currency election form, but who wish to do so, may lodge their form at any time. However, in order to elect for the 2009 final dividend payment, the form must have been lodged with Computershare by the close of business on the day preceding the dividend announcement. For the dividend payable on 16 June 2010 this means that all currency election forms must have been received by Computershare by the close of business on Tuesday, 23 March 2010.