29 April 2009

Eurasian Natural Resources Corporation PLC

Publication of 2008 Annual Report and Accounts

London – Eurasian Natural Resources Corporation PLC ('ENRC' or 'the Group') has today published on the Group's website, www.enrc.com, its Annual Report and Accounts in respect of the year ended 31 December 2008 ('2008 Annual Report and Accounts') together with the Notice of Annual General Meeting 2009.

In accordance with LR 9.6.1, ENRC has also today submitted two copies of the following documents:

- 2008 Annual Report and Accounts; and
- Notice of Annual General Meeting 2009,

to the United Kingdom Listing Authority ('UKLA'), and they will shortly be available for inspection at the UKLA's Document Viewing Facility situated at:

Financial Services Authority
25 The North Colonnade
Canary Wharf
London E14 5HS
United Kingdom

Tel. No: +44 (0) 20 7066 1000.

In compliance with the requirements of Rule 6.3.5 of the Disclosure Rules and Transparency Rules ('DTR 6.3.5') of the United Kingdom's Financial Services Authority ('FSA'), the following information is extracted from the 2008 Annual Report and Accounts and should be read in conjunction with ENRC's Preliminary Results Announcement issued on 25 March 2009. Together these constitute the material required by DTR 6.3.5 to be communicated to the media in unedited full text through a Regulatory Information Service ('RIS'). This material is not a substitute for reading the full 2008 Annual Report and Accounts and page numbers and cross-references in the extracted information set out in the Appendices to this announcement refer to page numbers and cross-references in the 2008 Annual Report and Accounts.

A hard copy version of the 2008 Annual Report and Accounts together with the Notice of Annual General Meeting 2009 and Form of Proxy will be sent to those shareholders on the share register as at 22 April 2009.

In accordance with the requirements of DTR 6.3.5: (i) Appendix A to this announcement contains the Statement of Directors' Responsibilities extracted from page 68 of the 2008 Annual Report and Accounts; and (ii) Appendix B to this announcement contains the statement on Risk Management, a description of the principal risks and uncertainties affecting the Group, extracted from pages 22 to 25 of the 2008 Annual Report and Accounts.

Appendix C to this announcement is an explanatory note regarding a minor amendment to the unaudited 2008 Preliminary Results.

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About ENRC
ENRC is a leading diversified natural resources group performing integrated mining, processing, energy, logistics and marketing operations. The operations comprise: the mining and processing of chrome, manganese and iron ore; the smelting of ferroalloys; the production of iron ore pellets; the mining and processing of bauxite for the extraction of alumina and the production of aluminium; coal extraction and electricity generation; and the transportation and sales of Group products. The Group's production assets are largely located in the Republic of Kazakhstan. The Group's entities, in the year ended 31 December 2008, employed about 67,000 (2007: 64,000) people. In 2008, the Group accounted for approximately 5% of Kazakhstan's GDP. The Group currently sells its products around the world, including in Russia, China, Japan, Western Europe and the United States. For the year ended 31 December 2008, the Group had revenue of US$6,823 million (2007: US$4,106 million) and profit attributable to equity shareholders of the Group of US$2,642 million (2007: US$798 million). For further information please see the Group's 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, the Disclosure and Transparency 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.

APPENDIX A – CORPORATE GOVERNANCE: STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement is extracted from page 68 of the 2008 Annual Report and Accounts.

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the Group and the parent company financial statements in accordance with applicable law and regulations.

Company law requires The Directors to prepare financial statements for each financial year. Under that law The Directors have prepared the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, and the parent company financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The Group and parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing those financial statements, The Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state that the Group financial statements comply with IFRSs as adopted by the European Union and with regard to the parent company financial statements that applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and the Group and to enable them to ensure that the financial statements and The Directors' Remuneration Report comply with the Companies Act 1985 and, as regards the Group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Each of the Directors, whose names and functions are listed on pages 10 and 11, confirms that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Directors' Report and Business Review include a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

APPENDIX B - BUSINESS REVIEW: RISK MANAGEMENT

The following statement is extracted from pages 22-25 of the 2008 Annual Report and Accounts but excludes graphs included to illustrate this section in the 2008 Annual Report and Accounts.

Introduction

The Board is responsible for the Group's systems of Risk Management and Internal Control and for reviewing effectiveness in operation. This review is performed annually and relies on work performed by the Audit Committee with respect to the Group's compliance with the Turnbull Guidance. The assessment of risks has been in place during 2008 and up to and including the date of approval of the 2008 Annual Report and full financial statements. Further details are presented in the Corporate Governance Report on page 59.

Effective systems of Internal Control:

- play a key role in the management of risks that are significant to the fulfilment of the Group's business objectives;
- contribute to safeguarding the shareholders' interests and the Group's assets;
- facilitate the effectiveness and efficiency of operations;
- help ensure the reliability of internal and external reporting; and
- assist compliance with laws and regulations.

Key Business Risks and the responses by executive management

This section sets out the Key Business Risks being faced by the Group and the ways in which executive management have responded to these risks.

- **Slowdown in the growth of the economies of key customers**

The Group's sales of products from some Divisions are predominantly to customers based in Russia and China. In 2008, the Group made in total 54.0% of its sales revenue to these countries. The Group made 31.6% of its ferroalloy sales, 93.1% of its iron ore sales and 62.4% of its alumina and aluminium sales to customers in Russia and China. These economies experienced high rates of growth in the first half of 2008 but these levels of growth are not expected in 2009.

The significant slowdown in the global economy as a whole and the consequential impact on the export led growth of the economies of these countries has brought about a decrease in demand for the Group's products and may also create downward pressure on sales prices.

Response to the slowdown in the growth of the economies of key customers
The steps the Group took to address the downturn were:

- Production was cut back in the Ferroalloys and Iron Ore Divisions by, respectively, approximately 35% and 50%.
- Staff costs were reduced by the suspension of sub-contractors, reduced shifts, job shares, unpaid leave and salary and hiring freezes, initially on a temporary basis.
- Reductions to the costs of raw materials and other inputs to the production processes were secured.
- The capital expenditure programme was reviewed with priority being given to replacement and productivity enhancing projects with other projects deferred.

- **Country risks**

The Group's businesses could be adversely affected by any new regulations which are introduced by the Government of the Republic of Kazakhstan, such as:

- Controls on imports, exports and sales prices.
- Terms of mining and other licences.
- Restrictions on the remittance of funds from the Republic of Kazakhstan.

- New forms or rates of taxation, duties and royalties.

In addition, any increased requirements relating to regulatory, environmental and social approvals could result in significant delays in the construction of new investment projects, and may adversely impact the economics of those projects, the expansion of existing operations and the financial results of the Group's operations.

Response to country risks
Senior management of the Group's operations in the Republic of Kazakhstan are engaged in an active dialogue with the Government of the Republic of Kazakhstan and with local authorities in many regions and towns, as well as directly with the Group's workforce, to fully reflect the Group's responsibilities to these stakeholders.

The Government of the Republic of Kazakhstan is also a significant shareholder in the Group and two representatives of the Government are non-executive Directors and attend Board meetings.

Through these different types of engagement with the Government of the Republic of Kazakhstan the Group is able to anticipate likely changes in regulations and to put in place plans to respond to changes whenever they may arise, for example when the new Tax Code in the Republic of Kazakhstan was enacted in December 2008.

- **Health, safety and environmental exposures and regulations**

The nature of the industry in which we operate means our activities are highly regulated by health, safety and environmental laws. As regulatory standards and expectations are constantly developing, we may be exposed to increased compliance costs and unforeseen environmental remediation expenses.

Response to risks related to health, safety and environmental exposures and regulations
The Corporate Responsibility Review is set out on pages 50 to 55.

The Introduction to the Corporate Responsibility Review (page 50) states, 'We believe that corporate responsibility means ensuring that we conduct our operations in a way that brings benefits to our employees, customers, wider stakeholders and the communities in which we operate. We believe that it encompasses elements such as trust and reliability and the process of reducing costs and identifying and mitigating risks within the corporate strategy. For us, sustainable development is about managing the total impact of our business for the longer term.

We are committed to improving our performance over the long term so as to operate in line with international expectations and mining practices. We use the International Council for Mining and Metals (ICMM) to guide our action plans as we move towards international standards. We already operate to the standards consistent with best practice in the Republic of Kazakhstan, but as we develop our international presence there are increased expectations that we move away from emerging market standards to achieve international standards. This is an ongoing objective for the Group and one that will continue to remain in focus for the foreseeable future.'

- **Unexpected natural and operational catastrophes**

Our operational processes and geographic locations may be subject to operational accidents. Our operations may also be subject to unexpected natural catastrophes such as earthquakes and flooding. Existing insurance arrangements may not provide cover for all of the costs that may arise from such events. The impact of these events could lead to disruptions in production and loss of facilities adversely affecting our financial results.

Response to the risk of unexpected natural and operational catastrophes
We have commissioned external consultants to complete a detailed review of the adequacy of the Group's insurance contracts and to advise on the implementation of more effective contingency plans to mitigate the potential impact of these risks.

- **Commodity prices**

The Group generates most of its revenue from the sale of commodities, primarily ferrochrome, chrome ore, iron ore, alumina and aluminium. 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 the last quarter of 2008 and first quarter of 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 businesses and the financial results and cash flows of operations.

Response to commodity price risks
The Group monitors market prices, global sales volumes and internal levels of inventory of key commodities to help inform production and sales planning decisions and avoid surplus inventory.

The management of the Sales and Marketing business produce regular forecasts of the sales volumes and prices for each of the Group's commodities and discuss and agree appropriate production and distribution plans with the management of the Group's operating companies.

The Group does not hedge its exposure to the risk of fluctuations in the prices of its commodity products.

- **Credit default of key customers**

The impact of the current economic downturn has been to place increased financial pressure on the Group's customers and on their ability to pay amounts due to the Group in accordance with agreed terms of trade.

Response to the risk of credit default by key customers
The Group continues to maintain its relationships with all its key customers but also has plans to develop new customer relationships in Russia, China and elsewhere in the region which will have the effect of diversifying customer default risk.

The Group maintains credit insurance against the risk of default by major customers, where insurance is available, and reviews the adequacy of cover regularly. In recent months the availability of credit insurance, particularly in respect of Russian customers, has been significantly reduced.

The Group sets credit limits and payment terms for all its major customers and monitors compliance with these on a daily basis and reports weekly to the Chief Financial Officer on developments in amounts receivable from customers and average days outstanding. If customers fail to comply with credit limits or payment terms the shipment of goods may be suspended until a satisfactory payment schedule has been received from the customer.

- **Human resource talent pool**

The Group's growth and future success depend significantly upon its continued ability to attract, retain and motivate key senior management. It also depends on the ability to manage succession plans effectively. Despite the significant decreases in commodity prices and the deferral of expansion projects there still exists an increasing demand for skilled personnel and contractors across a range of disciplines. An inability of the Group to attract and retain such people may adversely impact our ability to adequately resource development projects and fill roles and vacancies in existing operations. It may also adversely impact the costs and schedule of continuing projects.

Response to human resource talent pool risks
We have continued to provide stimulating and challenging opportunities for existing and new employees and this is attractive for prospective employees. Recently this has had to be balanced with the need to manage our cost base during the current economic crisis. The Board are committed to the completion of the recruitment processes to appoint a new Chief Financial Officer in the short term and a new Chief Executive Officer in advance of Dr Sittard's retirement in September 2010.

- **Cost pressures arising from reduced production volumes**

In the last quarter of 2008 and the first quarter of 2009 the Group has significantly reduced the volume of production in its major operations to a level which is consistent with expectations of global sales volumes of the relevant commodities in the first half of 2009.

Our production cutbacks have resulted in an increase in fixed costs per unit of production. The recent devaluation of the Kazakhstani tenge against the US dollar, though initially favourable to our cost base, may also result in inflationary pressure in the medium term in the Republic of Kazakhstan.

Response to the risk of cost pressures arising from reduced production volumes
The Group's businesses remain relatively low cost typically occupying the lower third of the cost curve. This remains a key advantage that we will focus on maintaining and, where possible, reinforcing, through the present downturn. Crucial to our success is that our businesses remain underpinned by the security of our logistics and low cost energy supply.

The Group has secured reductions in staff costs, raw material input costs and in many other costs of production and distribution.

Cost control continues to be an area of great importance for the Group and one where action plans to manage reduced production volumes have been the subject of very significant management focus in the last six months and this will continue throughout 2009.

- **Procurement**

The Group acquires a significant amount of goods and services from suppliers, contractors and other third parties for both operational and capital expenditure purposes. In making these acquisitions the Group runs the risk that goods or services may not be acquired on the most economical terms from suppliers and contractors.

Response to procurement risk
The Group has issued policy documents and control procedures which are applicable to all types of procurement. These procedures seek to manage procurement risks by:

- the implementation of tendering procedures for all significant contracts;
- the creation of an open access ENRC KZ procurement internet website;
- the development of a list of approved suppliers;
- the restriction of the use of intermediaries; and
- the application of rigorous budgetary cost control.

In addition the Group has engaged Boston Consulting Group to carry out a wide ranging review of the Group's procurement procedures and to make recommendations for improvements.

- **Capital projects**

The Group's mining operations are capital intensive. The development and exploitation of mineral reserves and the acquisition of machinery and equipment require substantial capital expenditure.

Capital projects are subject to a number of risks:

- The assumptions about future commodity prices, on which the economic case for the investment was based, may prove to be too optimistic.
- The resources required to complete the project may not be available in the right volume or at the right quality or price.
- The implementation of the project may prove to be more complex or technically difficult than originally envisaged and, in extreme cases, may not be possible to complete.
- The project may be completed but may be delivered late and/or at a significantly higher cost than planned.

Response to capital project risks
The Group has redesigned the policies which are to be adopted before a capital project may obtain approval to proceed. In particular the technical and economic aspects of each significant project are subject to a detailed feasibility phase of review and those projects that pass this review are then further assessed by management.

All existing projects are subject to scrutiny by management at a quarterly review meeting to ensure that the bases and assumptions, on which the project was originally approved, continue to hold.

The Group continued the approved capital expenditure programme until the last quarter of 2008 when, in the light of the changing economic conditions, the Group reviewed all its capital expenditure plans, with priority being given to continuing with replacement investment or efficiency projects. The Group continues to re-evaluate the timing of expansion projects and may consider deferrals to the planned schedules of expenditure. The Group also plans to use this period to seek ways to reduce project costs.

The Group continues to believe that the relatively low product costs of its core commodities, derived from the quality of the Group's mining assets and its captive energy supply, underpin the long-term capital projects of the Group.

- **Integration of acquired businesses**

Some of our future growth will stem from acquisitions. There are numerous risks which may be encountered in business combinations, and we may not be able to successfully integrate acquired businesses which could negatively impact our financial condition and results of operations.

Response to risks in the integration of acquired businesses
We have increased the number, seniority and experience of our in-house mergers and acquisitions team and employ external advice on occasions to supplement our in-house expertise. For each acquisition which the Group has made and for all prospective acquisitions a member of the Group's management team is appointed to take responsibility for the integration of the acquired business.

- **Financial counterparty default**

The Group has significant surplus funds, arising from IPO proceeds and from operational cash flows, which it invests with counterparties primarily in the UK and the Republic of Kazakhstan. In making these investments the Group runs the risk that a counterparty may default on the repayment of the invested funds when they fall due. At 31 December 2008 the amounts invested with financial institutions were US$2,687million.

Response to financial counterparty default risk
To minimise the risk of the default of a financial counterparty with which the Group has invested surplus funds strict criteria for investment have been adopted and were approved by the Board in December 2008.

Investments may only be made with counterparties which are included on a Permitted Investment list. Individual counterparty exposure limits are based on published credit ratings or, where these are not available, by an internal assessment of the counterparty's financial strength.

On a monthly basis the Group Treasury Committee reviews the credit ratings of all approved counterparties and may propose adjustments to the maximum credit limits. Any changes to credit limits require the approval of the Chief Financial Officer.

A consolidated counterparty exposure report is recalculated on a weekly basis and a monthly report is produced by the Group Treasurer for review by the Chief Financial Officer and is also included in the Treasury report to each meeting of the Board.

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- **Foreign exchange rate exposure**

The presentational currency of the Group is the US dollar and the majority of sales are US dollar denominated. However significant costs which are incurred in the Republic of Kazakhstan are denominated in the Kazakhstani tenge and the Group has operational exposures to other foreign currencies.

Response to foreign exchange rate risks
The Group considers the exposure to the Kazakhstani tenge to be an ongoing economic risk. Although there are hedges in place through to 2009 that were transacted in 2007 the Group is not currently entering into new contracts to actively hedge this exposure. Management review economic exposures on a regular basis.

APPENDIX C - AN EXPLANATORY NOTE REGARDING A MINOR AMENDMENT TO THE UNAUDITED 2008 PRELIMINARY RESULTS

During the finalisation of the 2008 Annual Report and Accounts a minor amendment was made to the Business Review: Risk Management section (Appendix B above), which incorporates text included in the 2008 Preliminary Results Announcement, relating to the Principal Risks Affecting the Group's Results of Operations, that was published on 25 March 2009.

In the 2008 Preliminary Results Announcement on page 29, in the sub-section, Financial counterparty default, the statement should read, 'At 31 December 2008 the amounts invested with financial institutions were US$2,687million', rather than the US$1,557 million originally published in error.