



18 October 2010

Eurasian Natural Resources Corporation PLC

Acquisition of 100% of Mineração Minas Bahia SA and of 51% of Mineração Peixe Bravo SA

London - Eurasian Natural Resources Corporation PLC ('ENRC', or together with its subsidiaries, the 'Group') announces today that it has expanded its iron ore resource base in Brazil with the purchase of 100% of the outstanding common shares of Mineração Minas Bahia SA ('MIBA'). In addition, the Group will subscribe for new common shares representing 51% of the enlarged share capital of Mineração Peixe Bravo SA ('MPB'). The combined acquisitions (the 'Transaction') and related deals have a total cash consideration of up to US\$304 million, payable from ENRC's existing cash resources. The total Transaction consideration comprises US\$250 million payable to the shareholders of MIBA - a group of individuals primarily composed of the Couri family (together, the 'Sellers') - and to MPB. In addition, up to US\$54 million is payable to Steel do Brasil Participações SA ('Steel do Brasil'). The Transaction is expected to close on 20 October 2010.

Steel do Brasil previously entered into agreements to acquire 100% of the outstanding common shares of MIBA and 50% of the outstanding common shares of MPB. Steel do Brasil has agreed to allow the Sellers to negotiate an independent agreement with ENRC and, if successful, conclude the Transaction with ENRC.

Upon the closing of the Transaction, an aggregate payment of approximately US\$59.6 million will have been made to the Sellers and to MPB. The outstanding consideration to the Sellers is payable in instalments, with US\$47.5 million payable in November 2010 and the remainder payable in two instalments of US\$48 million in April 2011 and October 2011 and a final instalment of approximately US\$46.9 million in April 2012. On closing, 23.4% of the shares in MIBA will be transferred to ENRC, with the remaining shares transferred against payment of the instalments of the cash consideration. ENRC also holds a 3 year option from 20 October 2010 to purchase the remaining 49% of MPB from its shareholders for US\$50 million.

An amount of R\$15.6 million will be retained from the Transaction consideration, in cash or secured by bank guarantee, for known or contingent liabilities of MIBA and MPB. Any excess liabilities will be for the Seller's account.

Steel do Brasil has performed extensive studies, technical and legal due diligence on MIBA and MPB and will provide ENRC with future services in relation to the development of a business plan for the operations. Up to US\$54 million will be paid to Steel do Brasil based on certain conditions being met by 1 March 2011 and on certain services being provided up to 23 March 2011.



MIBA

MIBA owns the mineral rights to the Jibóia Project, an iron ore project located 600 kilometres north of Belo Horizonte in the Minas Gerais State in Brazil and 170 kilometres south of the East-West Railway Project. In May 2010, Golder Associates confirmed a JORC compliant iron ore resource base of 2,865 million tonnes with an average iron content of 25.9% (824 million tonnes with an average iron content of 27.0% indicated and 2,041 million tonnes with an average iron content of 25.5% inferred).

MIBA is subject to the completion of further feasibility studies and it is anticipated that construction will not begin until 2013. First production is expected within 3 years of the initiation of project development, with production capacity ramping up to approximately 25 million tonnes per annum of concentrate (dry weight) over a further two year period. The project will have the potential to produce pellet feed fines of 66.5% iron content. On a stand alone basis, development capital expenditure is estimated to be US\$2.6 billion. All of these estimates remain preliminary.

MPB

MPB is an entity with a number of exploration licences, primarily for iron ore, granted by the National Department of Mineral Production in the north of the Brazilian State of Minas Gerais. Following the subscription of shares of MPB, ENRC has agreed to fund, by way of loans, the costs relating to the drilling and geological research programme for certain areas for which MPB holds mining rights up to a maximum of US\$10 million. MPB is currently owned by a group of individuals primarily composed of the Couri family.

Commenting on the acquisition, Felix J Vulis, Chief Executive Officer of ENRC, said: *"We are pleased to announce the acquisition of MIBA and MPB, which present an exciting opportunity for us to continue to grow our iron ore resource base in Brazil, in addition to our recently consolidated position in BMBV and potentially Greystone. Together, these acquisitions, which exceed our hurdle rate of return, underscore the Group's focus on value enhancing growth in its iron ore division, as well as our increased commitment to Brazil."*

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About ENRC

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

ENRC's Iron Ore Division

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

Forward-looking statement

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

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