



DRAFT
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10 YEAR OFFTAKE AGREEMENT EXPANDS LONGSTANDING TIES WITH RUSSIA'S LEADING STEEL PRODUCER, MMK

ENRC Marketing the sales and marketing arm of Eurasian Natural Resources Corporation (ENRC) and Magnitogorsk Iron & Steel Works (MMK) have signed an Agreement for a ten-year iron ore supply contract.

ENRC Marketing will supply from Sokolov-Sarbai Mining Production Association (SSGPO), a unit of ENRC.

Based in Kostanay, Northern Kazakhstan, SSGPO is one of the CIS leaders in the extraction and processing of iron ore, with reserves of 1.5 billion tonnes and 4.2 billion tonnes in resources {source: SRK report}. SSGPO consolidates Sarbai, Kachar and Kurzhunskull iron ore open pits and Sokolov underground mine with over 40 years life span

The Magnitogorsk Iron and Steel Works (MMK), located in Chelyabinsk region of Russia, ranks among the twenty world's largest steel producers and is one of the leaders of the Russian steel industry. It accounts for about 20% of steel products sold on the national market. MMK produces a wider range of steel products than any other producers in the Confederation of Independent States (CIS). MMK produces the broadest range of steel products among Russia's and CIS producers, with special focus on high added value products. Less than half of MMK's output is exported to 75 countries worldwide. In 2006 the Company produced 12.4 million tons of steel and 11.3 million tons of commercial products.

Both companies have enjoyed a close partnership since the establishment of SSGPO within the Soviet Union in the 1950s.

Under the terms of this new agreement, ENRC Marketing will supply up to 13 million tonnes of iron ore concentrate and fluxed pellets per year for next ten years.

ENRC Chief Executive Dr Johannes Sittard commented:

"The conclusion and signing of this long term supply agreement reflect the long standing ties between our two companies. The confidence and trust in our business partner MMK since the formation of SSGPO allows us to commit and guarantee a large portion of our production. This agreement gives SSGPO the basis to continue to invest in the upgrading and enlarging of its operations."

Victor F. Rashnikov, Chairman of the Board of Directors of MMK, added:

"We are delighted to have reached this agreement with ENRC, cementing our important partnership for the foreseeable future. It brings our cooperation to a new level. In ensuring the long term, stable provision of key raw materials to MMK, it will help to guarantee our competitiveness well into the future."

ENDS

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Notes to editors:

About ENRC

Since Kazakhstan gained independence in 1991, ENRC has established itself as a world-class natural resources group with fully integrated mining, processing, energy and transport operations.

This transformation - achieved in just 15 years - has produced a thriving international business with yearly sales in excess of \$3bn, and employs more than 60,000 employees. Contributing 5% of Kazakhstan's GDP, ENRC is now the world's third largest producer of ferroalloys, with a quarter of global chromium reserves; a world leader in the extraction and processing of iron ore; the supplier of two-fifths of the world's gallium; a leading producer of alumina and manganese concentrate; and Kazakhstan's chief energy provider. ENRC's key competitive advantages help to insulate the company from the cyclical trends and volatility of the market and include:

- Vast, proven reserves of chromium, manganese, iron ore, bauxite and coal
- Unrivalled, low-cost production model
- Integrated and wholly-owned energy services and logistics

Exceptional geographical positioning – able to extend strong regional presence as the market shifts eastwards towards Russia, China and India.

The group currently comprises eight operations, covering every aspect involved in getting product to market: exploration, mining, processing, power generation, logistics and marketing.

For full details of ENRC operations visit: www.enrc.com

About MMK

The Magnitogorsk Iron and Steel Works (MMK) ranks among the twenty world's largest steel producers and is one of the leaders of the Russian steel industry. It accounts for about 20% of steel products sold on the national market.

MMK is a major steel mill with a fully integrated production cycle, from preparation of iron ore materials through to downstream processing of ferrous metals. MMK produces the broadest range of steel products among Russia's and CIS producers, with special focus on high added value products. Less than half of MMK's output is exported to 75 countries worldwide.

In 2006 the Company produced 12.4 million tons of steel and 11.3 million tons of commercial products.

References for the subject "MMK" see at www.mmk.ru.