



6 August 2008

## Eurasian Natural Resources Corporation PLC

### Production Report for the Second Quarter ended 30 June 2008

London – Eurasian Natural Resources Corporation PLC ('ENRC' or, together with its subsidiaries, the 'Group'), the holding company of a leading diversified natural resources group based in Kazakhstan, today announces its Production Report for the second quarter ended 30 June 2008.

The information set out below, unless stated otherwise, relates to the three months ended 30 June 2008, and is compared to the corresponding three months of 2007. Within the Ferroalloys Division production volumes, unless otherwise stated, exclude Serov, which was acquired by the Group on 4 April 2008.

All references to 't' in the Production Report are to metric tonnes unless otherwise stated.

- In the quarter ended 30 June 2008 production volumes across the Group increased compared to the second quarter of 2007. Ore grades remained broadly consistent with the corresponding period.
- **Ferroalloys Division** production volumes increased (excluding Serov):
  - 2.0% for saleable chrome ore;
  - 34.2% for manganese concentrate; and
  - 2.5% for total ferroalloys, including a 3.8% increase in high-carbon ferrochrome production.

Serov added saleable chrome ore production of 34 thousand tonnes and total ferroalloys production of 70 thousand tonnes.

- **Iron Ore Division** production volumes increased:
  - 6.1% for iron ore extraction;
  - 2.6% for primary concentrate; and
  - 2.1% for saleable ore.

There was a change in the saleable mix as concentrate production increased 15.7%, offsetting a 10.0% reduction in pellets. The reduction in pellets production was caused by a planned reconstruction of one pelletising unit that was still in progress during the quarter ended 30 June 2008.

- **Alumina and Aluminium Division** production volumes increased:
  - 7.1% for bauxite extraction; and
  - 4.7% for saleable alumina.

Aluminium production commenced at the end of 2007. The Division produced 27 thousand tonnes of aluminium in the quarter ended 30 June 2008.

- **Energy Division** production volumes increased 12.2% for coal mined and 0.9% for electricity generated.
- **Logistics Division** tonnage of goods transported by railway increased 3.1%.



Dr Johannes Sittard, Chief Executive Officer, said, *“We are pleased to report overall growth in both production and saleable volumes, in line with our expectations. In addition to good organic production growth, our second quarter production performance benefited from the acquisition of Serov, a Russian ferroalloy producer, and the continued build up of Phase 1 of the aluminium smelter, which reached its full operating capacity ahead of schedule.*

*In the second half of 2008, we expect continued organic growth across all divisions, and upon completion of the acquisition of a 50% stake in the ‘Tuoli’ ferroalloy plant in China we will benefit from additional ferrochrome production volumes. The completion of planned maintenance in the Iron Ore Division will ensure our annual production growth targets are met.*

*We continue to advance the implementation of our capital expenditure programme which will further enhance the Group's organic growth, the effects of which will be evident from 2010 onwards.”*

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## **About ENRC**

ENRC is the holding company of a leading diversified natural resources group with integrated mining, processing, energy, logistical, and marketing operations. ENRC is the world's largest producer of ferrochrome, based on chrome content, the world's sixth largest iron ore exporter by volume and the world's fifth largest supplier of traded alumina by volume (CRU and Heinz H. Pariser, 2006 data). The Group's revenue was US\$4,106 million for the year ended 31 December 2007 (2006: US\$3,256 million) and EBITDA before exceptional items was US\$1,906 million (2006: US\$1,256 million); EBITDA for the year ended 31 December 2007 was US\$1,724 million (2006: US\$1,250 million). For further information please see the Group's website at [www.enrc.com](http://www.enrc.com).

## **Forward looking statement**

*This announcement includes forward-looking statements that reflect the current views of the management of the Group with respect to future events. 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. 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. The Group does not undertake any obligation to review or confirm analysts, expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise after the date of this announcement.*



## FERROALLOYS DIVISION

### Ore Mining and Processing – Excluding Serov

		Q2 2008	Q2 2007	Q2 2008 v Q2 2007 % growth	Q1 2008
<b>Chrome ore</b>					
Ore extraction (Run-of-Mine 'RoM')	000' t	<b>1,062</b>	1,168	(9.1)%	1,191
Processing of low grade stockpiles	000' t	<b>436</b>	308	+41.6%	372
Saleable ore production	000' t	<b>980</b>	961	+2.0%	900
Internal consumption of saleable ore	000' t	<b>647</b>	633	+2.2%	669
- percentage		<b>66.0%</b>	65.9%		74.3%
<b>Manganese ore</b>					
Ore extraction (RoM)	000' t	<b>696</b>	693	+0.4%	447
Processing of low grade stockpiles	000' t	<b>339</b>	228	+48.7%	108
Saleable concentrate production	000' t	<b>349</b>	260	+34.2%	182
Internal consumption of saleable concentrate	000' t	<b>80</b>	81	(1.2%)	85
- percentage		<b>22.9%</b>	31.1%		46.7%
<b>Iron-Manganese ore</b>					
Ore extraction (RoM)	000' t	<b>80</b>	89	(10.1)%	75
Processing of low grade stockpiles	000' t	<b>176</b>	40	+340.0%	155
Saleable concentrate production	000' t	<b>151</b>	91	+65.9%	100

In the second quarter of 2008 production in the Ferroalloys Division (excluding Serov) showed modest growth. Chrome ore extraction amounted to 1,062 thousand tonnes, a decrease of 9.1%, with a reduction in open pit mining ahead of a planned growth in underground extraction. This was offset by a growth of 41.6% in the processing of low grade ore from prior years' stockpiles, to 436 thousand tonnes. The processing of low grade stockpiled ore was achieved from improvements in beneficiation capabilities allowing for the more economical processing of this ore. From the extracted ore and the stockpiled ore the Division produced a combined total of 980 thousand tonnes of saleable chrome ore, a 2.0% increase. Of the saleable chrome ore produced, 647 thousand tonnes, representing 66.0% (2007: 65.9%), were consumed internally to produce chrome ferroalloys, an increase of 2.2%.

Manganese ore extraction increased 0.4% to 696 thousand tonnes, whilst the processing of low grade stocks increased 48.7% to 339 thousand tonnes. Total manganese concentrate production increased 34.2% to 349 thousand tonnes in response to market opportunities. Production at Zhairemsky GOK increased 51% as a result of a planned expansion, implemented through an increase of 4.3% in ore extraction and a significant increase in the processing of low grade material from stocks. Production at Kazmarganets, which supplies manganese concentrates to



Kazchrome for use in silico-manganese production, increased 12%. The percentage of total manganese concentrate production consumed internally decreased to 22.9% (2007: 31.1%), as the internal consumption of silico-manganese remained relatively steady, allowing more production to be available for external sale. The production of saleable iron-manganese concentrate increased 65.9% to 151 thousand tonnes.

### Ore Mining and Processing – Including Serov for Q2 2008

		<b>Q2 2008</b>	Q2 2007	Q2 2008 v Q2 2007 % growth
<b>Chrome ore</b>				
Ore extraction (RoM)	000' t	<b>1,116</b>	1,168	(4.5)%
Processing of low grade stockpiles	000' t	<b>436</b>	308	+41.6%
Saleable ore production	000' t	<b>1,014</b>	961	+5.5%
Internal consumption of saleable ore	000' t	<b>760</b>	633	+20.1%
- <i>percentage</i>		<b>75.0%</b>	65.9%	

The Group's acquisition of Serov had a positive impact on the total volume of ore extracted by the Ferroalloys Division. Serov's ore extraction was 54 thousand tonnes and saleable ore production was 34 thousand tonnes (Note 3). Saleable ore production increased 5.5%, of which 2.2 percentage points were attributable to the existing business and 3.3 percentage points were attributable to Serov. The inclusion of Serov resulted in a significant increase in the internal consumption of chrome ore to 75.0% in the quarter ended 30 June 2008, compared to 65.9% in the quarter ended 30 June 2007.



### Ferroalloys Production - Excluding Serov

		Q2 2008	Q2 2007	Q2 2008 v Q2 2007 % growth	Q1 2008
<b>Ferrochrome</b>	000' t	<b>293</b>	283	+3.5%	293
- High Carbon	000' t	<b>273</b>	263	+3.8%	273
- Medium Carbon	000' t	<b>12</b>	11	+9.1%	12
- Low Carbon	000' t	<b>9</b>	9	0%	8
Ferrosilicochrome	000' t	<b>34</b>	35	(2.9%)	29
Silico-manganese	000' t	<b>38</b>	39	(2.6)%	41
Ferro-silicon	000' t	<b>8</b>	7	+14.3%	12
<b>Total ferroalloys</b>	<b>000' t</b>	<b>374</b>	365	+2.5%	374
Internal consumption of ferroalloys	000' t	<b>45</b>	46	(2.2%)	43
- <i>percentage</i>		<b>12.0%</b>	12.6%		

Note: table may not sum precisely due to roundings.

In the second quarter of 2008, the Ferroalloys Division (excluding Serov) produced 374 thousand tonnes of ferroalloys, an increase of 2.5%. Within this the Division produced 293 thousand tonnes of ferrochrome, an increase of 3.5%. Growth was achieved in the production of high- and medium-carbon ferrochrome.

### Ferroalloys Production - Including Serov for Q2 2008

		Q2 2008	Q2 2007	Q2 2008 v Q2 2007 % growth
<b>Ferrochrome</b>	000' t	<b>340</b>	283	+20.1%
- High Carbon	000' t	<b>296</b>	263	+12.5%
- Medium Carbon	000' t	<b>20</b>	11	+81.8%
- Low Carbon	000' t	<b>24</b>	9	+166.7%
Ferrosilicochrome	000' t	<b>49</b>	35	+40.0%
Silico-manganese	000' t	<b>38</b>	39	(2.6)%
Ferro-silicon	000' t	<b>16</b>	7	+128.6%
<b>Total ferroalloys</b>	<b>000' t</b>	<b>443</b>	365	+21.4%
Internal consumption of ferroalloys	000' t	<b>67</b>	46	+45.6%
- <i>percentage</i>		<b>15.1%</b>	12.6%	

Note: table may not sum precisely due to roundings.

The Serov acquisition resulted in significant growth in the Division's production volumes, and especially in the scale of low-, and medium-carbon ferrochrome, ferrosilicochrome and ferro-silicon. Serov added 70 thousand tonnes to total ferroalloys production (Note 3). In the second quarter of 2008, the Ferroalloys Division produced 443 thousand tonnes of ferroalloys, an increase of 21.4%, of which 2.5 percentage points were attributable to the existing business and 18.9 percentage points were attributable to Serov. Within the 443 thousand tonnes, the Division produced 340 thousand tonnes of ferrochrome, an increase of 20.1%.



## IRON ORE DIVISION

		<b>Q2 2008</b>	Q2 2007	Q2 2008 v Q2 2007 % growth	Q1 2008
Ore extraction	000' t	<b>10,722</b>	10,106	+6.1%	10,142
Primary concentrate production	000' t	<b>4,479</b>	4,367	+2.6%	4,046
Saleable concentrate production	000' t	<b>2,259</b>	1,952	+15.7%	1,870
Saleable pellets production	000' t	<b>1,984</b>	2,205	(10.0)%	1,979

In the second quarter of 2008, the Iron Ore Division extracted 10,722 thousand tonnes of iron ore, an increase of 6.1%, in line with the extraction expansion planned for SSGPO. From the extracted ore the Division produced 4,479 thousand tonnes of primary concentrate production, an increase of 2.6%. Production growth was broadly in line with the increase in extraction but was partially offset by a marginally lower grade of mined ore and a reduced yield of concentrate.

Saleable concentrate production (with an iron content of 65.5%) increased 15.7% to 2,259 thousand tonnes. Primary concentrate is either sold or used for pellets production.

Pellets production (with an iron content of 63.4%) decreased 10.0% to 1,984 thousand tonnes. This was caused by a planned reconstruction of one pelletiser unit and a switch to concentrate sales in response to market demand. The reconstruction of the pelletiser unit overran and is currently scheduled to be completed in the third quarter of 2008.



## ALUMINA AND ALUMINIUM DIVISION

		Q2 2008	Q2 2007	Q2 2008 v Q2 2007 % growth	Q1 2008
Bauxite extraction	000' t	<b>1,310</b>	1,223	+7.1%	1,276
Alumina production	000' t	<b>398</b>	380	+4.7%	398
Internal consumption of alumina	000' t	<b>56</b>	NA	NA	34
- percentage		<b>14.1%</b>	NA		8.5%
Aluminium production	000' t	<b>27</b>	NA	NA	16
Gallium production	kilogrammes	<b>4,852</b>	4,892	(0.8)%	3,991

In the second quarter of 2008, the Alumina and Aluminium Division extracted 1,310 thousand tonnes of bauxite, an increase of 7.1%. The growth resulted from a development programme aimed at securing the supply of bauxite to underpin the planned expansion in annual alumina production to 1.6 million tonnes for the full year 2008, up from 1.5 million tonnes in 2007. Alumina production from bauxite was 398 thousand tonnes, an increase of 4.7%.

Operations commenced at the aluminium smelter at the end of 2007. As a consequence, a proportion of the alumina output was consumed internally as a material input for primary aluminium production; such internal consumption did not occur in the first three quarters of 2007. Internal consumption of alumina amounted to 56 thousand tonnes in the second quarter of 2008, which represented 14.1% of total alumina production. Primary aluminium production in the second quarter of 2008 was 27 thousand tonnes (compared to 16 thousand tonnes in the quarter ended 31 March 2008), reflecting the build up of pots in operation.

Internal consumption of alumina is expected to increase further in the third quarter of 2008. The recently commissioned aluminium smelter achieved its Phase 1 run rate output of 125 thousand tonnes per annum in the second quarter, which is ahead of its scheduled completion.

Gallium production in the second quarter of 2008 was slightly down as capacity was reallocated to other products in response to market demand.



## ENERGY DIVISION

		<b>Q2 2008</b>	Q2 2007	Q2 2008 v Q2 2007 % growth	Q1 2008
Coal extraction	000' t	<b>4,436</b>	3,955	+12.2%	5,732
Energy Division consumption of coal	000' t	<b>1,733</b>	1,676	+3.4%	1,897
- <i>percentage</i>		<b>39.1%</b>	42.4%		33.1%
Sales of coal to other Group Divisions	000' t	<b>1,020</b>	1,054	(3.2)%	1,387
- <i>percentage</i>		<b>23.0%</b>	26.6%		24.2%
Electricity generation	GWh	<b>2,825</b>	2,801	+0.9%	3,129
Sales of electricity to Group Divisions	GWh	<b>2,129</b>	1,643	+29.6%	2,044
- <i>percentage</i>		<b>75.4%</b>	58.7%		65.3%

In the second quarter of 2008, the Energy Division extracted 4,436 thousand tonnes of coal from the Vostochny mine. Growth in coal extraction of 481 thousand tonnes, an increase of 12.2%, reflected the Group's expansion plans.

Electricity generation in the period was 2,825 GWh, an increase of 0.9%. Electricity supplied by the Energy Division to other Group entities was 2,129 GWh or 75.4% of total energy generation, 486 GWh higher than in the quarter ended 30 June 2007 (58.7% of total energy generation). The impact of the new aluminium smelter in the second quarter of 2008 increased the Group's internal consumption of electricity by 450 GWh, 15.9% of the total output in the period; the impact of the aluminium smelter in the comparable period in 2007 was nil.



## LOGISTICS DIVISION

		<b>Q2 2008</b>	Q2 2007	Q2 2008 v Q2 2007 <i>% growth</i>	Q1 2008
Tonnage of the Group's products transported by railway	000' t	<b>15,011</b>	14,562	+3.1%	15,450

In the second quarter of 2008 the Logistics Division transported 15,011 thousand tonnes by railway, an increase of 3.1%.

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## Notes

1. The Production Report for the second quarter ended 30 June 2008 is published in accordance with rule 4.3 of the Disclosure and Transparency Rules of the United Kingdom Financial Services Authority (FSA).
2. Definition of 'Run of Mine' (RoM): uncrushed ore in its natural state, as when it is blasted.
3. On 4 April 2008, the Group announced the completion of the acquisition of a controlling interest in the Serov group and certain related entities ('Serov'). Serov's results have been consolidated in the Group's Income Statement with effect from the second quarter 2008.

### Ferroalloys Division: Serov - Ore Mining and Processing – Quarter ended 30 June 2008

		Q2 2008
<b>Chrome ore</b>		
Ore extraction (RoM)	000' t	54
Processing of low grade stockpiles	000' t	-
Saleable ore production	000' t	34
Internal consumption of saleable ore	000' t	35
- <i>percentage</i>		102.9%
Consumption of saleable ore from Kazchrome	000' t	78

### Ferroalloys Division: Serov – Ferroalloys Production – Quarter ended 30 June 2008

		Q2 2008
<b>Ferrochrome</b>		
- High Carbon	000' t	46
- Medium Carbon	000' t	23
- Low Carbon	000' t	8
Ferrosilicochrome	000' t	15
Ferro-silicon	000' t	8
<b>Total ferroalloys</b>	<b>000' t</b>	<b>70</b>
Internal consumption of ferroalloys	000' t	22
- <i>percentage</i>		31.4%

Note: table may not sum precisely due to roundings



#### 4. Production Report for the Half Year ended 30 June 2008

##### FERROALLOYS DIVISION (Including Serov for the Second Quarter 2008)

'000 Metric Tonnes = ('t)	2008			2007			Q1 '08 vs. Q1 '07	Variances Q2 '08 vs. Q2 '07	H1 '08 vs. H1 '07
	Q1	Q2	H1	Q1	Q2	H1			
<b>Chrome Ore</b>									
Ore Extraction (Run-of-Mine 'RoM')	1,191	1,116	2,307	1,181	1,168	2,349	0.8%	-4.5%	-1.8%
Processing of low grade stockpiles	372	436	808	269	308	577	38.3%	41.6%	40.0%
Saleable ore production	900	1,014	1,914	887	961	1,848	1.5%	5.5%	3.6%
Internal consumption of saleable ore - percentage	669 74.3%	760 75.0%	1,429 74.7%	630 71.0%	633 65.9%	1,263 68.3%	6.2%	20.1%	13.1%
<b>Manganese Ore</b>									
Ore Extraction (Run-of-Mine RoM)	447	696	1,143	444	693	1,137	0.7%	0.4%	0.5%
Processing of low grade stockpiles	108	339	447	287	228	515	-62.4%	48.7%	-13.2%
Saleable ore production	182	349	531	160	260	420	13.8%	34.2%	26.4%
Internal consumption of saleable ore - percentage	85 46.7%	80 22.9%	165 31.1%	84 52.5%	81 31.2%	165 39.3%	1.2%	-1.2%	0.0%
<b>Iron-Manganese Ore</b>									
Ore Extraction (Run-of-Mine 'RoM')	75	80	155	45	89	134	66.7%	-10.1%	15.7%
Processing of low grade stockpiles	155	176	331	20	40	60	675.0%	340.0%	451.7%
Saleable ore production	100	151	251	24	91	115	316.7%	65.9%	118.3%
<b>Ferrochrome</b>									
- High Carbon	293	340	633	284	283	567	3.2%	20.1%	11.6%
- Medium Carbon	273	296	569	265	263	528	3.0%	12.5%	7.8%
- Low Carbon	12	20	32	10	11	21	20.0%	81.8%	52.4%
Ferrosilicochrome	8	24	32	10	9	19	-20.0%	166.7%	68.4%
Silico-manganese	29	49	78	28	35	63	3.6%	40.0%	23.8%
Ferro-silicon	41	38	79	41	39	80	0.0%	-2.6%	-1.3%
	12	16	28	12	7	19	0.0%	128.6%	47.4%
<b>Total ferroalloys</b>									
Internal consumption of ferroalloys - percentage	374 11.5%	443 15.1%	817 13.5%	365 11.5%	365 12.6%	730 12.1%	2.5%	21.4%	11.9%

##### IRON ORE DIVISION

'000 Metric Tonnes = ('t)	2008			2007			Q1 '08 vs. Q1 '07	Variances Q2 '08 vs. Q2 '07	H1 '08 vs. H1 '07
	Q1	Q2	H1	Q1	Q2	H1			
Ore extraction	10,142	10,722	20,864	9,427	10,106	19,533	7.6%	6.1%	6.8%
Primary concentrate production	4,046	4,479	8,525	3,915	4,367	8,282	3.3%	2.6%	2.9%
Saleable concentrate production	1,870	2,259	4,129	1,542	1,952	3,494	21.3%	15.7%	18.2%
Saleable pellets production	1,979	1,984	3,963	2,188	2,205	4,393	-9.6%	-10.0%	-9.8%



## ALUMINA AND ALUMINIUM DIVISION

	2008			2007			Q1 '08 vs. Q1 '07	Variances Q2 '08 vs. Q2 '07	H1 '08 vs. H1 '07
	Q1	Q2	H1	Q1	Q2	H1			
<b>'000 Metric Tonnes = ('t)</b>									
Bauxite extraction	1,276	1,310	2,586	1,194	1,223	2,417	6.9%	7.1%	7.0%
Alumina production	398	398	796	376	380	756	5.9%	4.7%	5.3%
Internal consumption of alumina - percentage	34 8.5%	56 14.1%	90 11.3%	NA NA	NA NA	NA NA	NA NA	NA NA	NA NA
Aluminium production	16	27	43	NA	NA	NA	NA	NA	NA
Gallium production ( <i>kilogrammes</i> )	3,991	4,852	8,843	4,441	4,892	9,333	-10.1%	-0.8%	-5.3%

## ENERGY DIVISION

	2008			2007			Q1 '08 vs. Q1 '07	Variances Q2 '08 vs. Q2 '07	H1 '08 vs. H1 '07
	Q1	Q2	H1	Q1	Q2	H1			
<b>'000 Metric Tonnes = ('t)</b>									
Coal extraction	5,732	4,436	10,168	5,101	3,955	9,056	12.4%	12.2%	12.3%
Energy Division consumption of coal - percentage	1,897 33.1%	1,733 39.1%	3,630 35.7%	2,157 42.3%	1,676 42.4%	3,833 42.3%	-12.1%	3.4%	-5.3%
Sales of coal to other Group Divisions - percentage	1,387 24.2%	1,020 23.0%	2,407 23.7%	1,207 23.7%	1,054 26.6%	2,261 25.0%	14.9%	-3.2%	6.5%
Electricity generation ( <i>GWh</i> )	3,129	2,825	5,954	3,475	2,801	6,276	-10.0%	0.9%	-5.1%
Sales of electricity to Group Divisions ( <i>GWh</i> ) - percentage	2,044 65.3%	2,129 75.4%	4,173 70.1%	1,723 49.6%	1,643 58.7%	3,366 53.6%	18.6%	29.6%	24.0%

## LOGISTICS DIVISION

	2008			2007			Q1 '08 vs. Q1 '07	Variances Q2 '08 vs. Q2 '07	H1 '08 vs. H1 '07
	Q1	Q2	H1	Q1	Q2	H1			
<b>'000 Metric Tonnes = ('t)</b>									
Tonnage of the Group's products transported by railway	15,450	15,011	30,461	14,895	14,562	29,457	3.7%	3.1%	3.4%