



Eurasian Natural Resources Corporation PLC

Sustainable Development Presentation

“Superior Growth by Transforming Resources”

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Disclaimer



This document 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.

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ENRC Highlights



High quality assets



Diversified revenues



Integrated operations



Growth



Management team



“Superior Growth by Transforming Resources”



Key Messages of Sustainable Development

Where we are:

- Technical depth and competence
- Strong local reputation and relationships
- Significant social and welfare programmes
- Ongoing investment and enhancement programmes.

On a journey:

- Raise performance standards to international norms
- Build framework for consistent and effective delivery
- Evolve to performance culture beyond compliance culture
- Sustainable Development to maximise commercial value.

The Group's mission is to achieve growth as a leading natural resources group and to enhance overall value for its shareholders



The Strategic Context of SD

Group Strategic priorities

- Maintain and improve upon low cost operations
- Continue expansion and development of existing reserves and capacity
- Add value and customer diversity by expanding the product portfolio
- Expand the asset portfolio and footprint in the region's natural resources sector and within core commodities worldwide
- Commit to high standards of corporate responsibility

Sustainable Development priorities

- *Consuming less to produce more*
- *Integration of Sustainable Development into investment decision-making*
- *To make reputation and brand one of the Group's principal assets*
- *To build key stakeholder relationships in all countries in which we operate*
- *To create the leadership and embedding the behaviours of SD values across the Group*

The Group's mission is to achieve growth as a leading natural resources group and to enhance overall value for its shareholders



Key Milestones on our SD Journey

▪ 2008

- *Clear statement on driving SD*
- *Setting of clear governance structure and central policies*
- *Measurable targets for Safety. Initiation of new safety programme*
- *HSES Committee*
- *BAT analysis*

▪ 2009

- *Implementation of SD vision and strategy*
- *Incorporate SD Risk Management in governance structure*

▪ 2010

- *Setting of measurable targets for selected SD indicators in line with GRI/ICMM*
- *Set sound data practices and reporting*
- *Completion of Phase 2 of the new aluminium smelter (125 thousand tonnes)*

▪ 2011

- *Making SD strategy a part of the planning process*
- *Produce and get assurance for Group's SD report*

▪ Future years

- *To utilise SD opportunities to mitigate risks and increase efficiency*
- *To respond to stakeholders expectations*
- *Replacement of 440 thousand tonnes of ferroalloys smelting capacity at Aktobe (2012)*

SD Progress to Date



2007-08. A period of solid progress:

Safety, Environment and Investment:

- DuPont safety improvement programme. Zero-injury aspiration as the new strategic approach
- Number of fatal accidents decreased to 9 in 2008, compared to 15 in 2007
- Developed new corporate standard on Safety Reporting in line with international OSHA standard
- Continued implementation of ISO and OHSAS standards at all ENRC sites
- Introduced to all Divisions two health and safety training modules in line with the UK National Examination Board of Occupational Safety and Health (NEBOSH)
- HSES Committee established - building traction at Group level
- Mining Professionals Corporate Training and Education Centre launched at SSGPO
- Life cycle inventory and benchmarks of ferrochrome production conducted under the umbrella of International Chromium Development Association (ICDA)
- Investment in leading-edge equipment at the new smelter in the Alumina & Aluminium Division.

External Benchmark:

- International Labor Organisation (ILO) recognition of Group's occupational risk assessment educational programme
- Best Available Techniques (BAT) assessment of selected sites against world class environmental performance conducted with the external support of WS Atkins International
- Paryz Award – recognition of the Group's CSR performance by the Government of Kazakhstan.

Sustainable Development Agenda

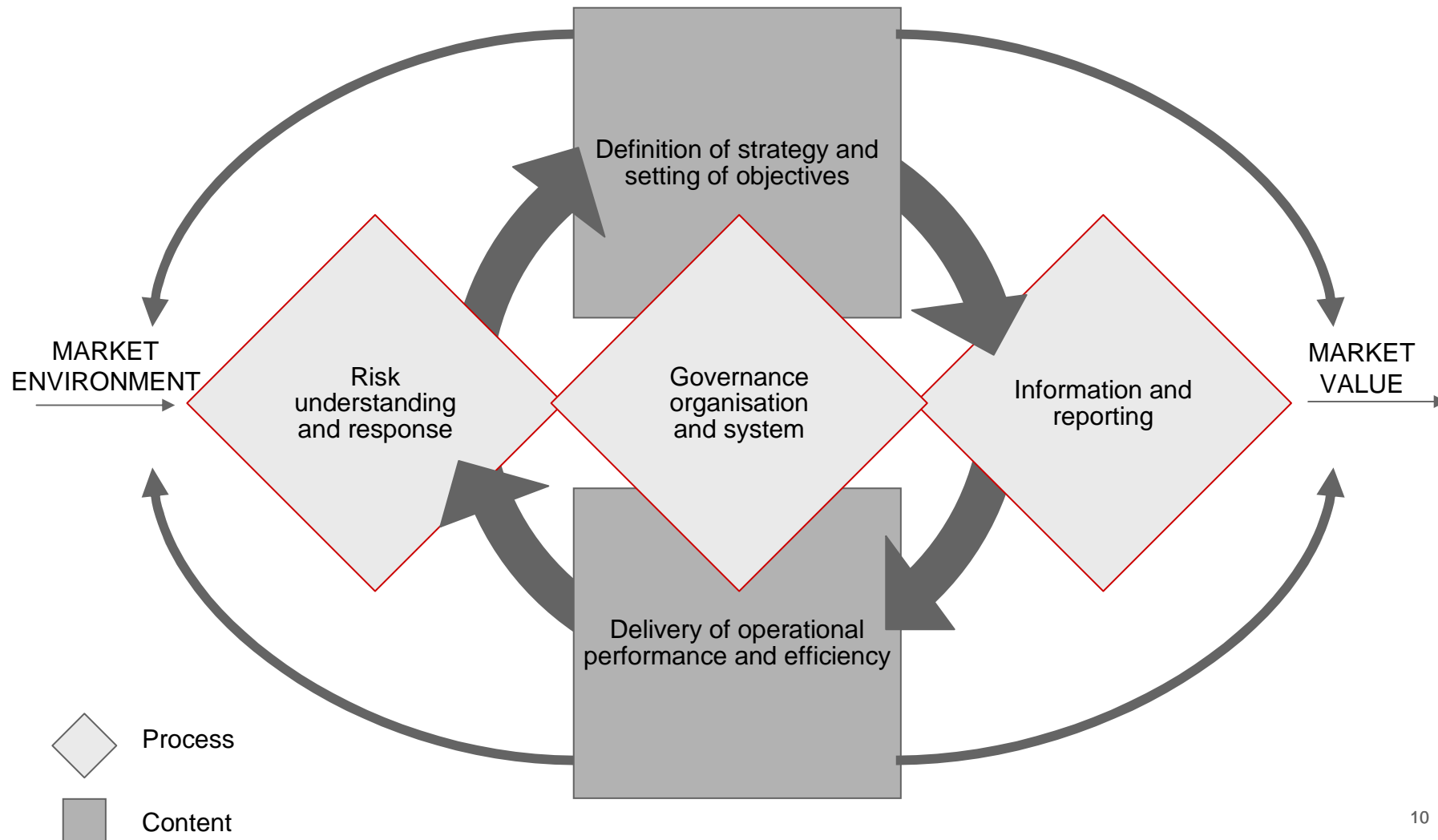


- Embedding SD into the business
- Environment
- Employees
- Stakeholders - including community/customer/suppliers
- Corporate Governance

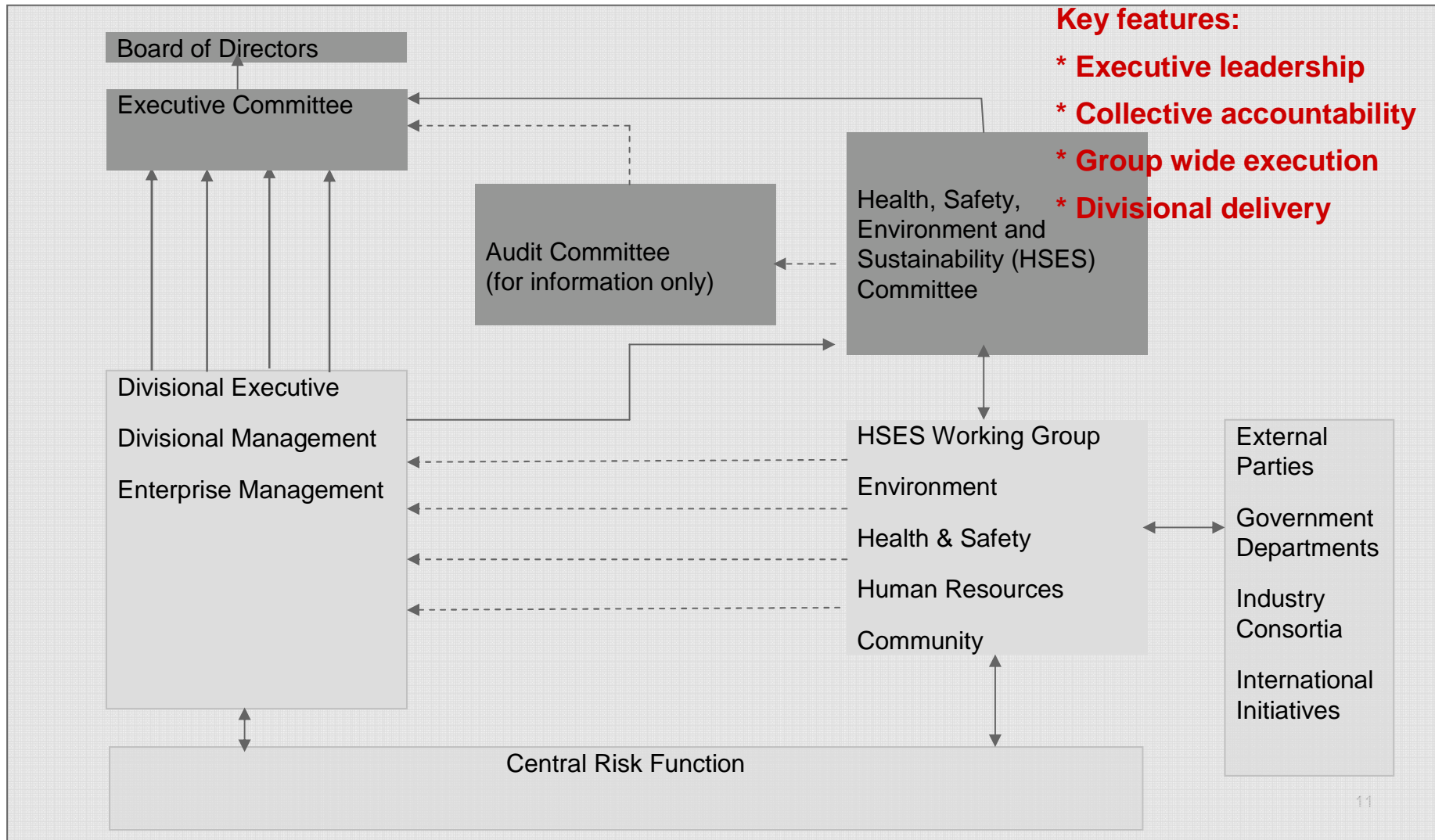


Embedding SD into the business

Building Sustainable Development into Business-as-usual



Governance in Practice – Collective Responsibility



Workings of the HSES Committee



Agenda	Governance	Performance	Reporting
standing Items			
Meeting 1, March 2008	•2008 SD and Safety Goals and Priorities	•2008 Action Plan	•Overview of 2007 reporting
Meeting 2, August 2008	•SD Governance gap analysis	•Safety 6 month statistics •Overview of performance against 2007 SD commitments	•2008 SD reporting format
Meeting 3, October 2008	•SD Governance structure and resources study •The role of the Risk function	•Safety 9 month statistics •Overview the list of central policies and guidance	•Define communication channels and team •Reporting focus areas
Meeting 4, January 2009	•HSES Committee Working Group ToR •ENRC Chemical Policy	•Safety 12 month statistics •Overview of environmental performance • EIRIS Report Overview	•2008 Reporting working plan and responsibilities

The role of the Committee is to assist Board in its oversight of HSES risks and regulatory compliance and of the monitoring of Sustainable Development.

HSES Committee, Terms of Reference, June 2007.



Environment

Strategic Goals

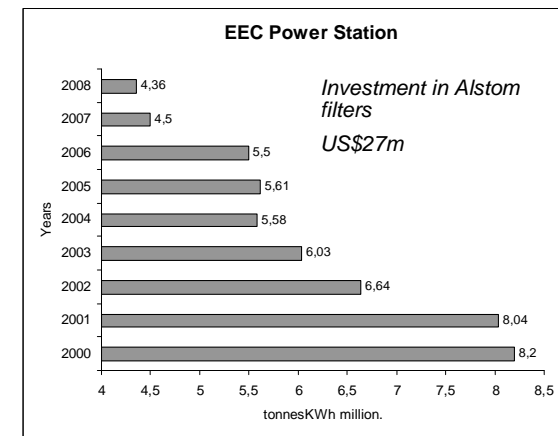
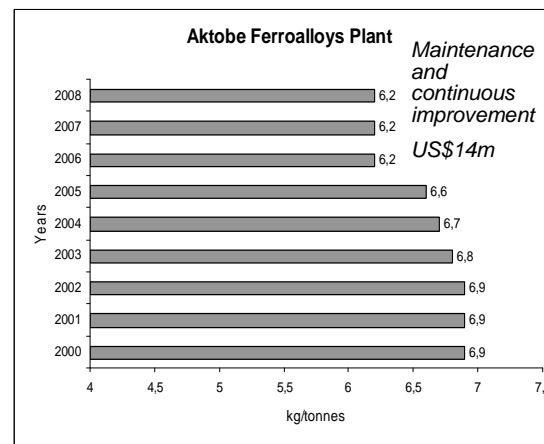
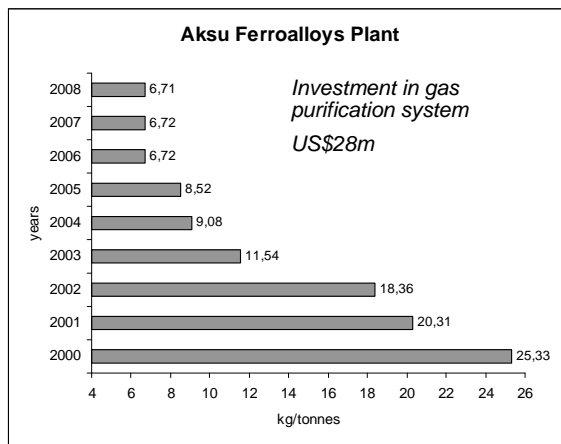


- To improve the transparency of environmental disclosure
- To replace older technologies to minimise the environmental impact
- To reduce energy and water use and to minimise waste output, including GHG emissions
- To minimise the impact on the landscape and biodiversity
- To aspire to best environmental management practice.

Improving Environmental Performance



Dust Emissions per unit of production



2014-2019

New shop #5

Target: To decrease dust emissions per tonne of production by 2.5 times

2007-2013

New shop #4

Target: To decrease dust emissions per tonne of production by 40%

From 2010

New modern capacity

Higher efficiency achieved by using new equipment

Target: To attain dust emissions of 4.1 g/kWh

Focus

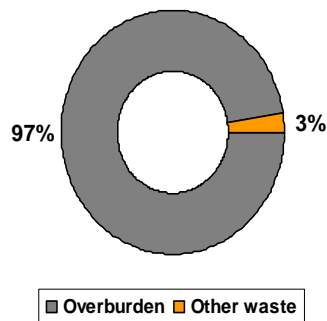
- Maintain compliance and seek continuous improvement for older technology
- Establish performance to international air emissions norms for new operational units.



Waste Management

Mining waste share

collected at sites by December 2007



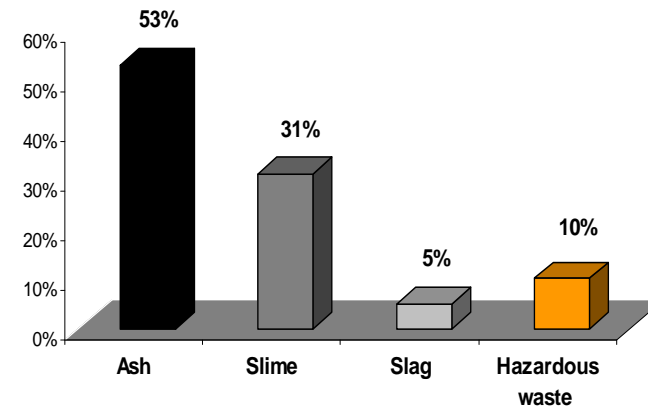
Total waste collected:
about 10 bn tonnes

of which

ENRC responsibility:
4.1 bn tonnes

Other waste types,

collected at sites by December 2007



Focus

To increase the share of waste processed both for historical and current waste. Set achievable and measurable targets by 2011

To reduce the impact of hazardous waste by establishing a chemical waste management system.

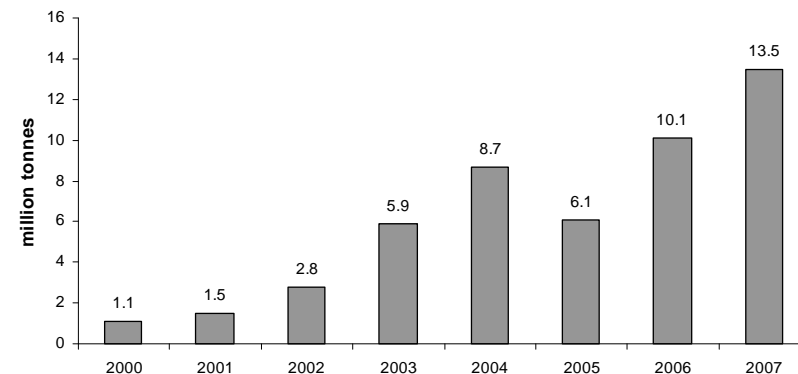
Targets

Burden: Keep up with internal utilisation according to mining plan

Ash: To supply 40k tonnes to external consumers. Marketing research - 2009-2010

Slime: 1.2 million tonnes annual internal utilisation

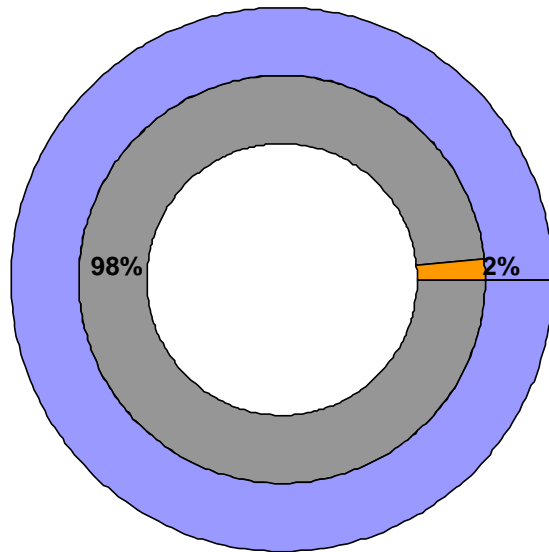
Total waste processed at Kazchrome, ZhGOK, SSGPO, million tonnes



Water Recycling and Re-use



ENRC Water Consumption 2007
2,301,255 m³



- Recirculated and Reuse Water
- Fresh Water

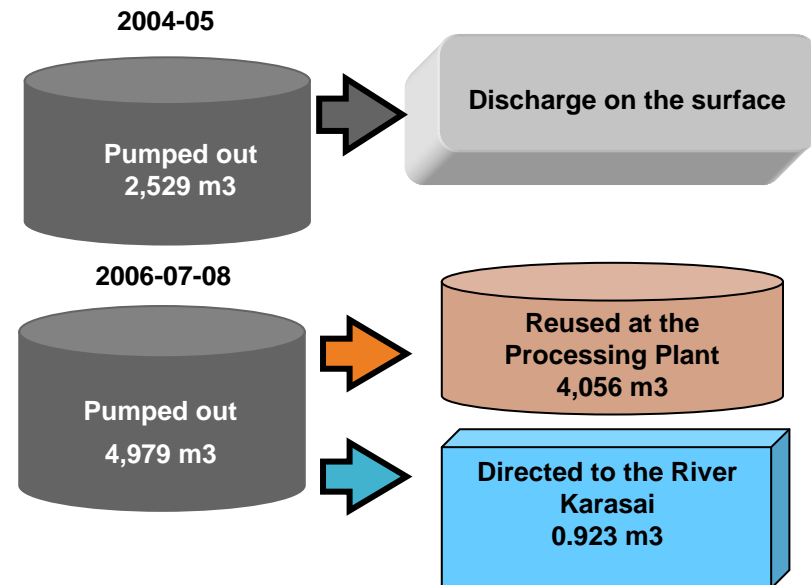
Focus

Maximising and properly accounting for reuse and recycling of water on every site

Targets

As absolute figures are low, we will set environmental performance indicators for water by 2010

Zhaimem GOK In-Pit Water



Natural mineralisation of River Karasai is reduced to 10,000-12,000 mg/m³ from 35,000 mg/m³

Materials: To Use Less – to Produce More



Example: Ferroalloys Division

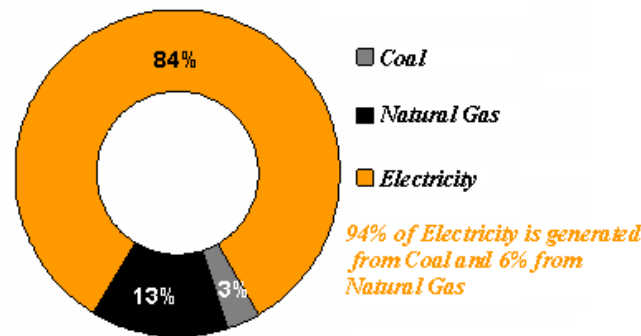
INPUT	OUTPUT
Ore fines from tailings	Cr concentrate for pellets production – 600k tonnes per year By the end of 2011
Chrome (Cr) concentrate Current ore fines	Up to 1,400k tonnes per year of pellets for Fe Alloys production By the end of 2010
Manganese (Mn) ore fines Cr ore fines	350k tonnes per year of agglomerates for Fe Alloys production By the end of 2011

2007-2013 the Kazchrome investment programme is focused on fines and waste recycling into production

Coal management – Key to long-term strategic energy development



Energy (Heat and Electric Power) Sources



- 1) EEC Power Plant
98% - Electricity
2% - Heat
- 2) AoK CHP
30% - Electricity
70% - Heat
- 3) SSGPO CHP
30% - Electricity
70% - Heat
- 4) Kazchrome Steam and Gas Station
98% - Electricity
2% - Heat

4 Step
 Installed Alstom filters and SO₂ controls
 Higher efficiency and lower emissions per unit of production

Supercritical Coal-fired power plants
 Middle scale Power Plants according to the critical value   **New EEC Power Generating project (from 2010)**

3 Step
 Reconstruction and modernization of existing equipment
 Implementation of world class filters by Alstom

Supercritical Coal-fired power plants
 Middle scale Power Plants according to the critical value   **Only EEC Aksu Power plant (240 Kg/cm², 550^oC)**

2 Step
 Increasing combustion temperature and pressure
 increases plant efficiency

Subcritical Coal-fired power plants
 Low scale Power Plants according to the critical value   **SSGPO and AoK Power plants (145Kg/cm², 550^oC)**

1 Step
 Continuous maintenance and
 Replacement of old equipment

Fully RK Legislation Compliant  **All ENRC existing Power plants**  Same technology used currently by ENRC  **Critical Value = 225Kg/cm², 374^oC**

Energy Efficiency – Economic Impact



Activity (2006 - 2010)	Projects	Power intensity
Investments in innovative technology	Power generating turbine modernisation	Decreased by 7-11% weight of coal per 1 KWh generated
	Ferroalloys furnaces modernisation	Decreased by 4% KWh spent on production of 1 tonne of ferroalloys
	Implementation of new crushers at SSGPO	Decreased by up to 56% KWh to crush 1 tonne
	Implementation of invert welding equipment	Decreased by up to 60% KWh per 1 tonne of amount welded
Replacement of energy drive systems for machinery	At SSGPO 300 out 1,500 motors have been replaced	Efficiency of energy generating equipment increased by up to 30% KWh
Strengthening internal know-how	Materials and fuel quality control measures, materials replacement, organisational matters	Decreased by up to 3% weight of fuel needed for generating 1 KWh
Process automation	Control equipment for electrical equipment	Decreased by 2-12 % KWh per 1 tonne of production and per 1 hour

BAT assessment



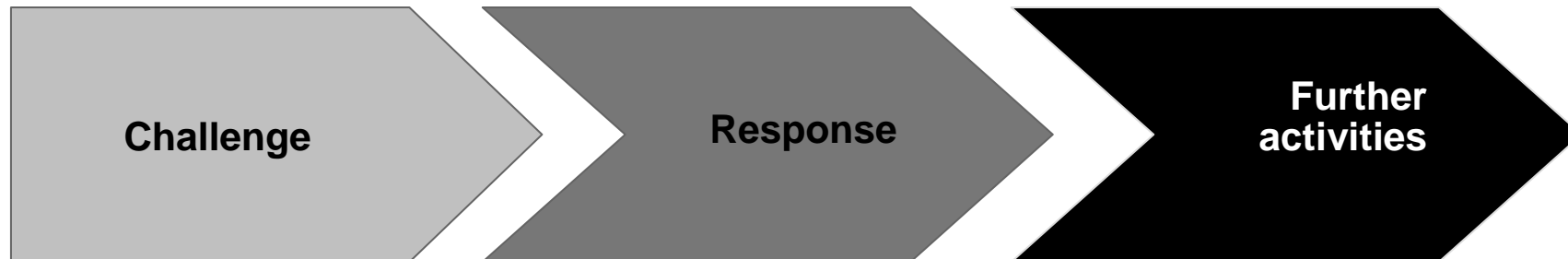
- ENRC operating in full compliance with legislation of the Republic of Kazakhstan
- 2007 – Best Available Technique (BAT) assessment
- 2008 - Voluntary agreement with the Government for the development of Kazakhstani Ecological Regulations to international technological standards
- Benchmark to the highest possible international standards
- Action Plan for production efficiency improvement proposed to ENRC top management.

Overall levels of BAT compliance

BREF Section	KAS	AoK Plant	AoK CHP	Aksu FAP	Aksu CHP	Aktobe FAP	Aktobe CHP
	MANAGEMENT, DESIGN AND TRAINING	Temporary Issues	BAT	BAT	BAT	BAT	BAT
RAW MATERIALS	BAT	BAT	BAT	BAT	BAT	BAT	BAT
UNLOADING, STORAGE AND HANDLING OF RAW MATERIALS AND ADDITIVES	Temporary Issues	Temporary Issues	BAT	Temporary Issues	Temporary Issues	Temporary Issues	BAT
FUEL AND RAW MATERIAL PRETREATMENT / FUEL PRETREATMENT	BAT	BAT	BAT	Temporary Issues	Temporary Issues	BAT	Temporary Issues
PROCESS TECHNOLOGY / COMBUSTION TECHNOLOGY	BAT	BAT	BAT	BAT	BAT	Temporary Issues	BAT
ENERGY EFFICIENCY / THERMAL EFFICIENCY	BAT	BAT	BAT	Temporary Issues	BAT	Temporary Issues	BAT
EMISSIONS: Dust	BAT	Temporary Issues	BAT	BAT	BAT	BAT	BAT
EMISSIONS: Sulphur dioxide (SO ₂)	BAT	BAT	BAT	BAT	BAT	BAT	BAT
EMISSIONS: Nitrogen Oxides (NO _x)	BAT	BAT	BAT	BAT	BAT	BAT	BAT
EMISSIONS: Other emissions to air	BAT	BAT	BAT	BAT	BAT	BAT	BAT
EMISSIONS: Water Pollution	BAT	BAT	BAT	BAT	BAT	BAT	BAT
WASTE	BAT	BAT	BAT	BAT	BAT	BAT	BAT
WASTE: Used transformer oils	BAT	BAT	BAT	BAT	BAT	BAT	BAT
NOISE EMISSIONS	BAT	BAT	BAT	BAT	BAT	BAT	BAT

BAT
 Mostly BAT
 Temporary Issues

Climate Change Response – Working with the Government



- High level of CO2 emissions

- High energy consumption

- Low energy efficiency

- Pilot feasibility study on Green House Gases (GHG)

- GHG calculations

- Training

- Corporate road map on climate change

- Specific emissions trading change



Employees *(health and safety, job creation and security, trade unions and employee participation)*

Strategic Goals

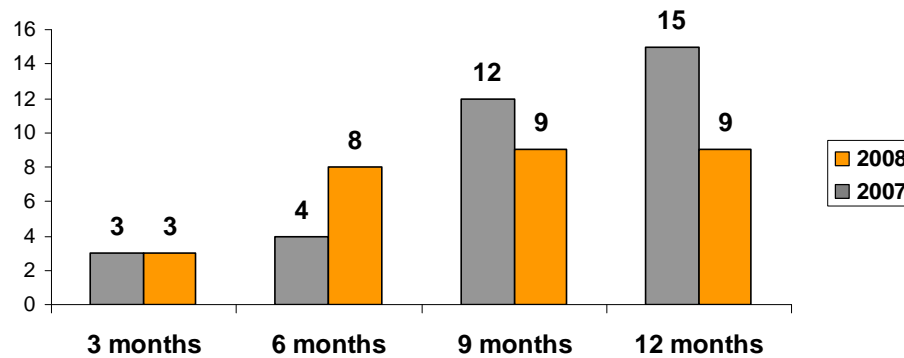


- Empower employees to work together effectively
- Provide equal priorities to production and safety issues
- Actions to achieve the Group's aspiration of zero injuries
- Develop additional incentives to retain top-class employees
- Establish equal job opportunities
- Support continuity and develop capability through training and education
- Support freedom of association and employee involvement.

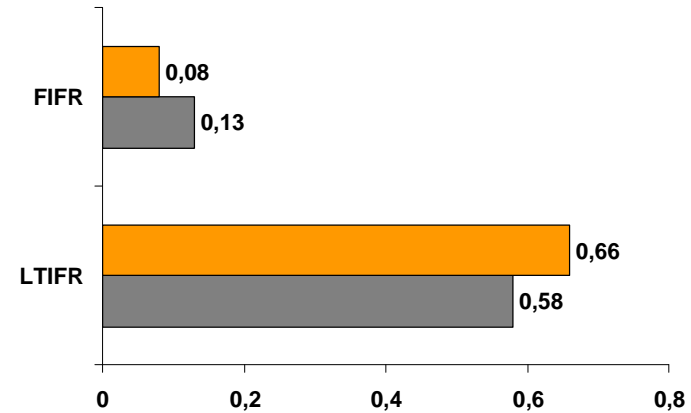
Safety Performance



Number fatal accidents



LTIFR and FIFR for 12 month



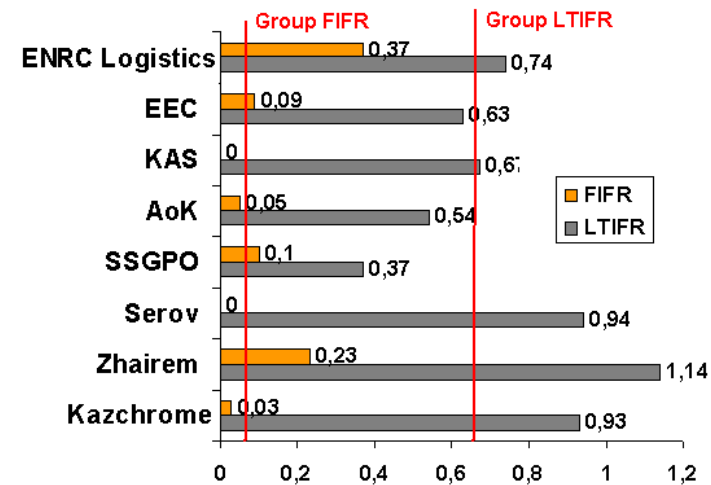
LTIFR (Lost Time Injury Frequency Rate) = Number of injuries per million hours worked

$LTIFR = \frac{\text{Number of Injuries (LTI's) in the period} * 1,000,000}{\text{Number of hours worked in the period}}$

FIFR (Fatal Injury Frequency Rate) = Number of fatal injuries per million hours worker

$FIFR = \frac{\text{Number of Fatal Injuries in the period} * 1,000,000}{\text{Number of hours worked in the period}}$

LTIFR and FIFR for 2008

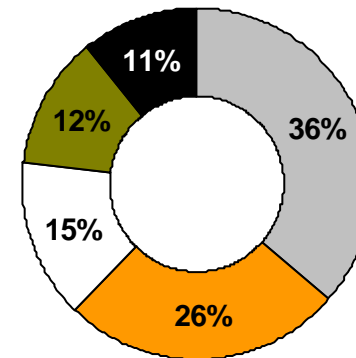


Health & Safety – Causes of Accidents



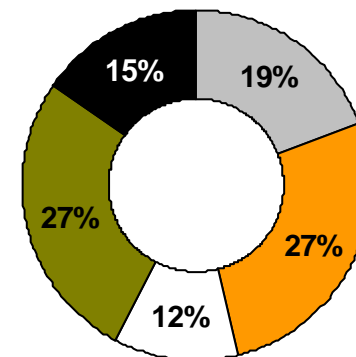
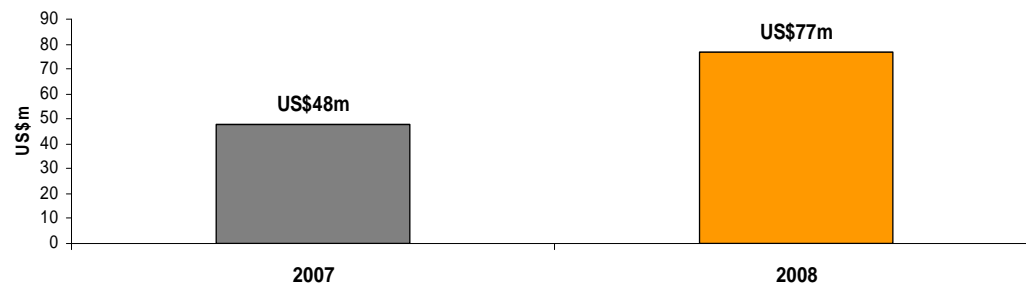
Accident causes for 12 months 2008

All injuries, (including fatalities) caused by:	2007	2008
Falling	13 (2)	27 (3)
Moving machinery	17 (9)	20 (3)
Fire	4 (0)	11 (2)
Falling objects	17 (2)	9 (1)
Other causes	12 (2)	8 (0)

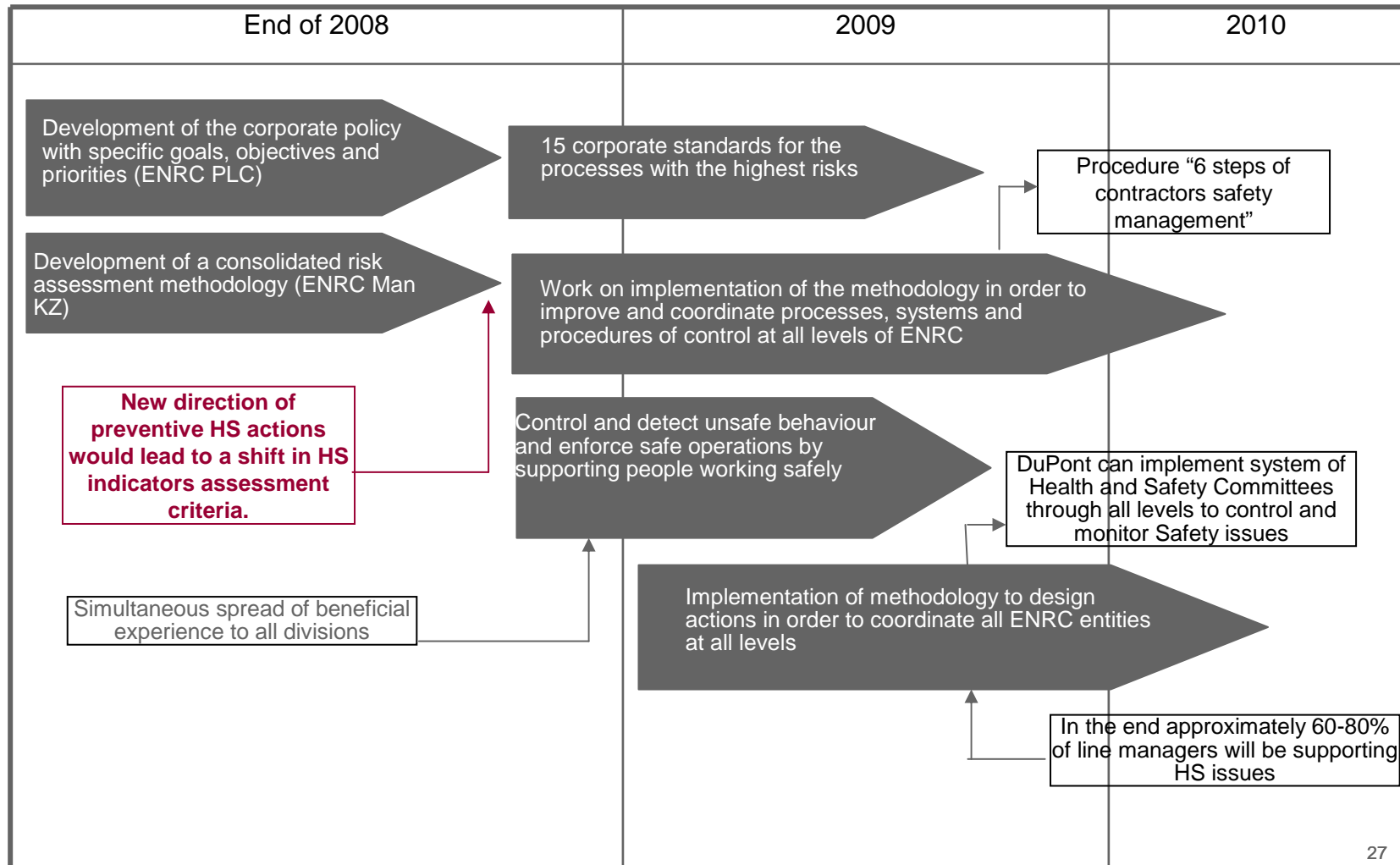


Accident causes for 12 months 2007

Total HS budget for 9 months



Health & Safety - New Safety Management System (DuPont)

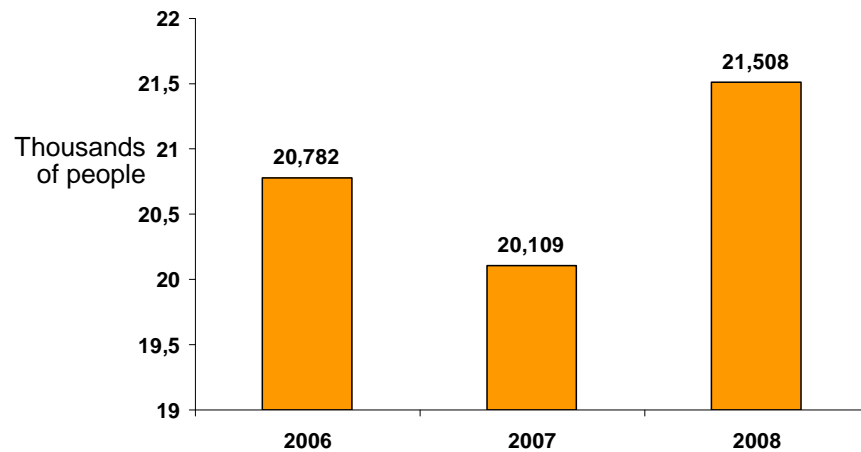


Personnel Training & Development

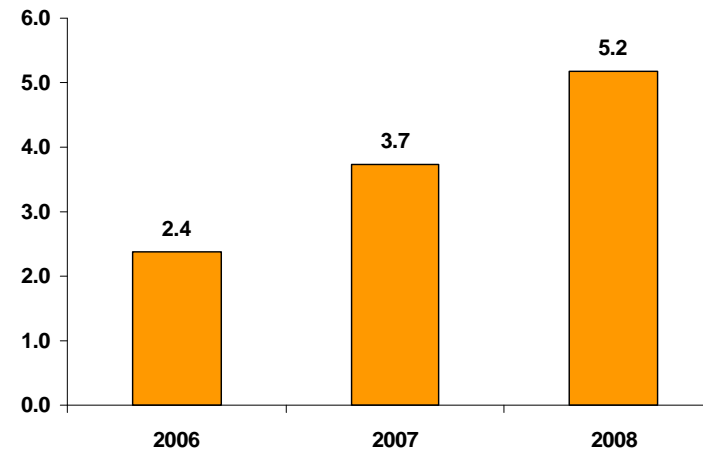


- Training and education
- Refresher courses
- Training for second and allied professions
- Skill improvement upgrades
- Ethics training
- Implementation of Group SD culture with all employees.

Number of employees trained



Employee training costs (US\$m)

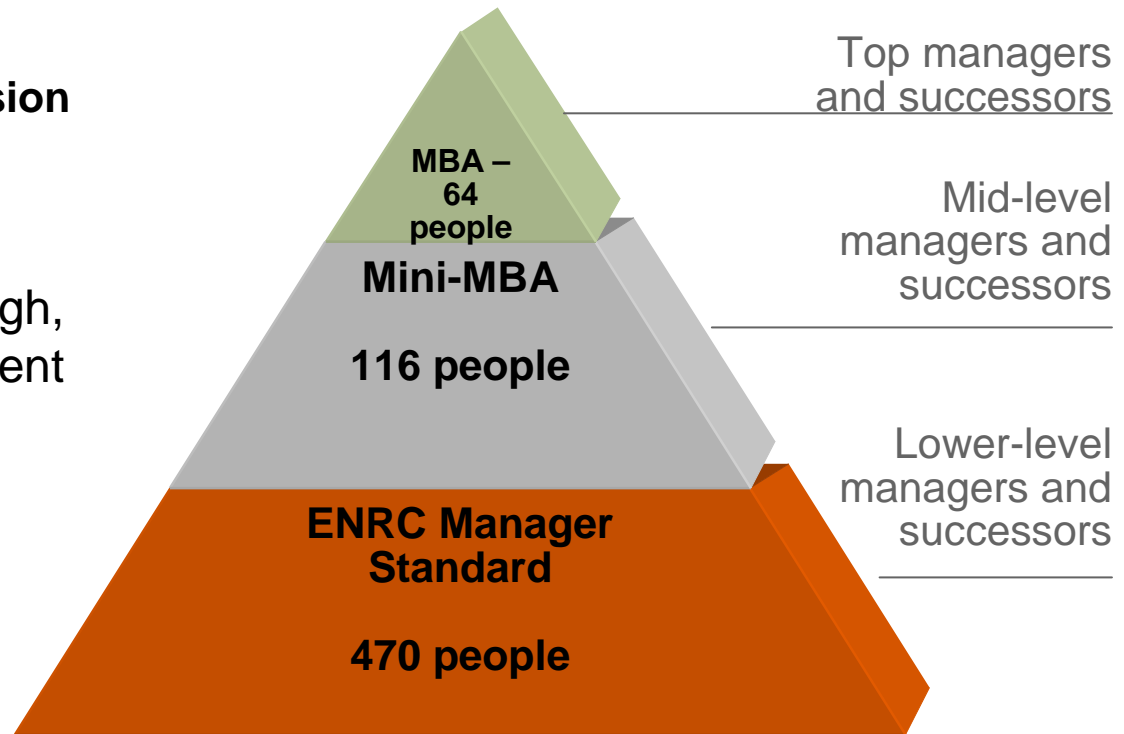


Management Training Programme 2006–08



Managerial Capital – Succession Planning

- About 67,000 employees
- About 5,000 managers at high, middle and lower management levels
- 650 participants in the Programme – 12% of all managers



109 graduates moved to higher positions

New Leaders are catalysts of change and agents of renewed corporate culture



Stakeholders - including community/customer/suppliers
(policy, systems, engagement, reporting)

Stakeholder Groups – To work collaboratively with all stakeholders



Government

- General Agreement on Social Partnership since 2002
- More than 30 joined Working Groups on legal framework development and other issues

Community

- Sponsorship and Charitable donations – more than US\$25m
- Komek Fund (established March 2008) to support community programmes

Trade Unions

- General Agreement with Mining & Metals Trade Union since 2002
- General Agreement with Coal Trade Union since 2003

NGOs

- Business Association of Kazakhstan (Exporters, Mining & Metals, KBCSD, Atameken)
- International (UNDP, ICDA, WBCSD)

Customers/ Suppliers

- Certified Quality Management Systems

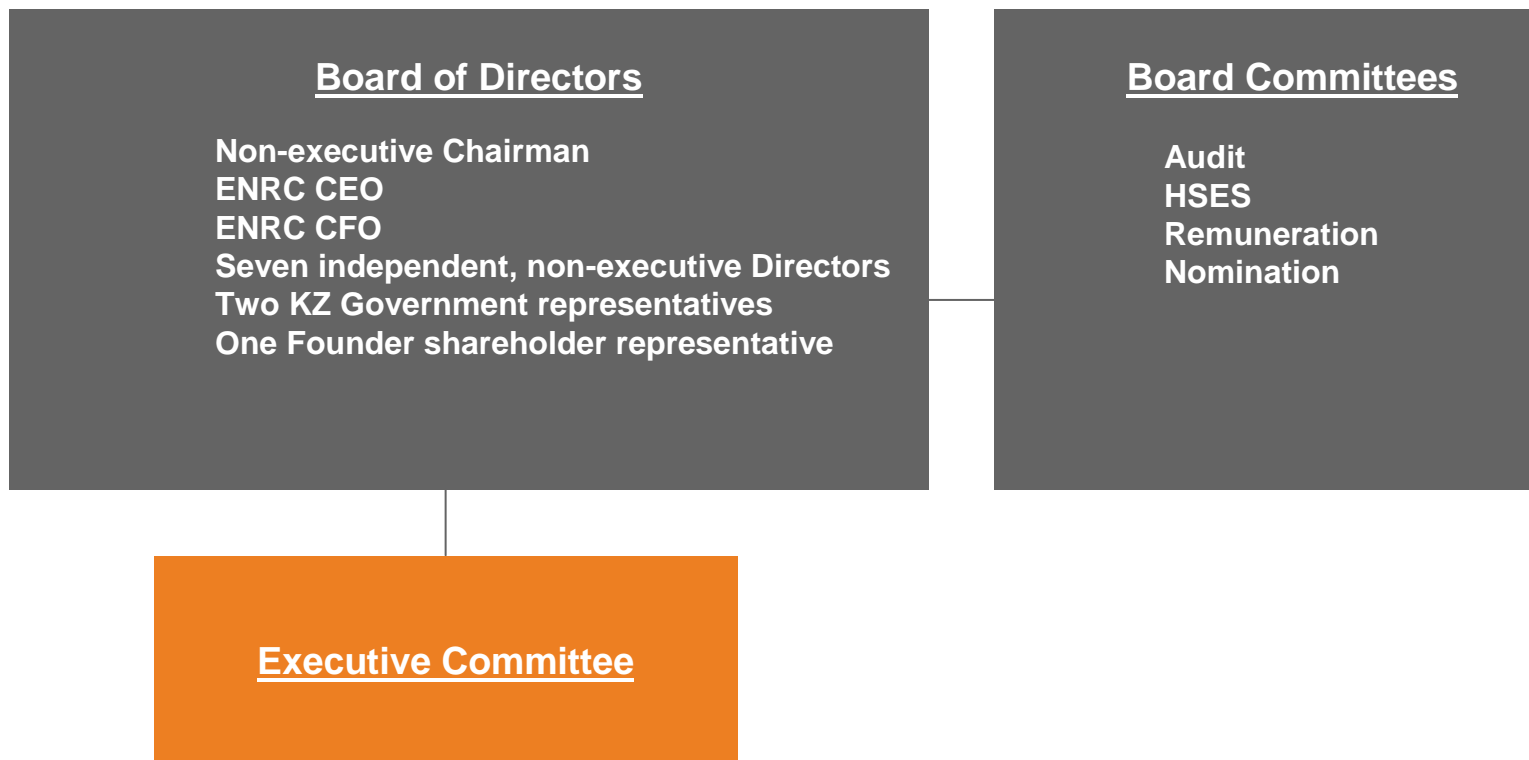


Corporate Governance

Combined Code Compliance



The Board and its Committees operate in full compliance with the UK Combined Code



Governance across the Group



The Board believes that high standards of governance should operate throughout the Group, and this is an important area of focus.

Group-wide policies have been introduced as follows:

- Code of Conduct
- Whistle blowing policy
- Disclosure policy.

Work is ongoing to raise the ethical standards of business practices in Kazakhstan.

- Related Party transactions are closely overseen by the Board
- Group policies are in place for procurement and capital projects.



Thank you for your attention

“Superior Growth by Transforming Resources”