

Directors' Report

The Directors have pleasure in presenting the Annual Report and Accounts of Eurasian Natural Resources Corporation PLC (the 'Company' and, together with its subsidiaries, the 'Group') for the year ended 31 December 2009.

Principal activities

The Group is a leading diversified natural resources group with integrated mining, processing, energy, logistical and marketing operations. Production assets are principally located in the Republic of Kazakhstan, the DRC, Russia and China. The Group has six operating divisions: Ferroalloys, Iron Ore, Alumina and Aluminium, Energy and Logistics and more recently Other Non-ferrous alloys.

Business review

The Business Review has been prepared to provide the Company's shareholders and other interested parties with a fair review of the business of the Company and a description of the principal risks and uncertainties facing it. In accordance with Section 417 of the Companies Act 2006, the Business Review is incorporated by reference into this report as follows:

Chairman's Statement on pages 02 and 03
 Chief Executive's Review on pages 06 to 09
 Key Performance Indicators on pages 12 and 13
 Risk Management on pages 14 to 19
 Operating Review on pages 20 to 28
 Financial Review on pages 29 to 35
 Sustainability Review on pages 36 to 40

Dividends

The Company paid an interim dividend of 6 US cents per ordinary share (2008: 12 US cents) in October 2009. The Directors recommend a final dividend of 6 US cents per ordinary share in respect of the year ended 31 December 2009, making a total for the year of 12 US cents per ordinary share (2008: 31 US cents) payable on 16 June 2010 to shareholders on the register at the close of business on 6 April 2010. The default payment currency of the final dividend is US dollars, but registered shareholders may elect to receive their dividend in pounds sterling by notifying the Registrars before each dividend announcement.

Annual General Meeting

The 2010 Annual General Meeting ('AGM') will be held on Wednesday 9 June 2010 in London. A separate circular containing the Notice of Meeting, together with an explanation of the items of special business, is enclosed with this Annual Report.

Directors

Details of the current Directors of the Company and their biographies are set out on pages 04 to 05.

Miguel Perry stepped down as Chief Financial Officer and executive Director with effect from 30 June 2009.

On 20 August 2009, Sir David Cooksey resigned as Chairman of the Group. Dr Johannes Sittard stepped down as Chief Executive Officer of the Group and accepted the role of non-executive Chairman. Mr Felix Vulis was promoted to Executive Director and Chief Executive Officer.

On 30 September 2009, Ms Zaura Zaurbekova was appointed as an Executive Director and Chief Financial Officer.

On 6 October Mr Michael Eggleton resigned as an Independent non-executive Director to take up the position of Chief Executive Officer of Eurasian Bank, a related party.

On 26 January 2010, Professor Dr Dieter Ameling was appointed as an Independent non-executive Director.

At the forthcoming AGM, Dr Johannes Sittard, Mr Roderick Thomson and Mr Abdraman Yedilbayev, will retire by rotation in accordance with the Company's Articles of Association and, being eligible, offer themselves for re-election. All Directors are subject to election at the first Annual General Meeting after their appointment and to re-election at intervals of no more than three years in accordance with the Combined Code and the Company's Articles of Association. Mr Felix Vulis, Ms Zaura Zaurbekova and Professor Dr Dieter Ameling offer themselves for election as this is the first AGM since their appointments on 20 August 2009, 30 September 2009 and 26 January 2010 respectively.

Directors are appointed and may be removed in accordance with the Articles of Association of the Company and the provisions of the Companies Act 2006.

The Board believes that each Director seeking re-election is an effective member of the Board and demonstrates commitment to their respective role. Further details and biographical information can be found in the Notice of Meeting accompanying this document.

Directors' interests

The number of ordinary shares of the Company in which the Directors were beneficially interested at the date of this report is as follows:

	As at		
	12 April 2010	31 December 2009	31 December 2008
Mr Gerhard Ammann	22,222	22,222	22,222
Prof Dr Dieter Ameling	-	-	-
Mr Marat Beketayev	-	-	-
Sir David Cooksey	-	-	560,185
Mr Mehmet Dalman	112,500	212,500	92,500
Mr Michael Eggleton	-	-	-
Sir Paul Judge	-	-	-
Mr Kenneth Olisa	-	-	-
Mr Miguel Perry	-	-	601,832
Sir Richard Sykes	18,471	18,471	18,471
Dr Johannes Sittard	600,000	1,600,000	1,850,000
Mr Roderick Thomson	-	-	-
Mr Eduard Utepov	-	-	-
Mr Felix Vulis	700,000	700,000	700,000
Mr Abdraman Yedilbayev	-	-	-
Ms Zaura Zaurbekova	550,000	550,000	550,000

Share capital

As at 31 December 2009 the Company's authorised share capital was US\$400,000,000 divided into 2,000,000,000 ordinary shares of 20 US cents each. The issued share capital of the Company at 31 December 2009 was 1,287,750,000 ordinary shares of 20 US cents each. The ordinary shares are listed on the London Stock Exchange and the Kazakhstan Stock Exchange.

The rights and obligations attaching to the Company's shares, in addition to those conferred on their holders by law, are set out in the Articles of Association, a copy of which can be obtained from the General Counsel and Company Secretary at the Company's Registered Office. The holders of ordinary shares are entitled to receive all shareholder documents, to attend and speak at general meetings of the Company, to appoint proxies and to exercise all voting rights and to participate in distributions of income or capital.

At the 2009 AGM shareholders authorised the Company to make market purchases of up to 128,775,000 ordinary shares (representing

Directors' Report continued

10% of the issued share capital of the Company as at 12 April 2010). No market purchases of shares were made during the year.

At the forthcoming AGM the Board will again seek shareholders' approval to renew the annual authority for the Company to make purchases of its own shares through the market. The Board will also be seeking authority to allot shares in the Company or rights to subscribe for or convert any security into shares in the Company up to an aggregate nominal value of US\$25.8 million (representing 10% of the issued share capital of the Company as at 12 April 2010). The Board will also be seeking to dis-apply statutory pre-emption rights in relation to rights issues and other pre-emptive offerings and generally up to an aggregate nominal amount of US\$12.9 million (representing 5% of the issued share capital of the Company as at 12 April 2010).

Amendments to the articles of association

The Company's Articles of Association may only be amended by a special resolution at a general meeting of the shareholders. A special resolution proposing further amendments to the Articles of Association required as a result of the implementation of the Shareholder Rights Directive that took effect on 3 August 2009 in the UK, will be proposed at the forthcoming AGM.

Conflicts of interest

In accordance with the Articles of Association of the Company the Board is permitted to consider and, if it sees fit, to authorise situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Company. The Board has a formal system in place for Directors to declare any conflicts or potential conflicts and for these to then be considered for authorisation. The Nomination Committee takes responsibility for ensuring that a schedule of conflicts is maintained and that the Board reviews this schedule on an annual basis and updates authorisations where necessary. The annual review of conflicts was carried out in December 2009.

Major interests in shares

As at 31 March 2010, the following shareholders had been notified to the Company as holding major interests in shares amounting to more than 3% of the issued share capital of the Company.

	Number of voting rights	%
Kazakhmys PLC together with Kazakhmys Eurasia BV	334,824,860	26.00
Mr Chodiev	187,836,250	14.59
Mr Ibragimov ¹	150,836,250	11.71
Mr Machkevitch	187,836,250	14.59
The State Property & Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan	150,047,116	11.65

¹ Mr Ibragimov's total holdings amount to 187,836,250 shares however some are held on a discretionary basis by a fund management vehicle owned and operated by, among others, Mr Ibragimov's family. A TR1 has been received in respect of the shares notified above.

Relationship agreements

On 7 December 2007, Mr Chodiev, Mr Ibragimov and Mr Machkevitch entered into separate relationship agreements with the Company to regulate the ongoing relationship between each Founder Shareholder and the Company. The principal purpose of the relationship agreements is to ensure that transactions and relationships between the Group and the Founder Shareholders are at arm's length and on a normal commercial basis. Under the terms

of the relationship agreements, each Founder Shareholder has a right to appoint a Director to the Board as detailed in the Corporate Governance Report on pages 44 to 50. As at the date of this Report, only Mr Ibragimov has exercised this right.

Employees

Detailed information about employees is disclosed in the Sustainability Review on pages 36 to 40.

Creditor payment policy

The Group's policy is to agree terms of trading with suppliers in advance and to make payment in accordance with these terms. The Group does not follow any specific published code or standard on payment practice. Suppliers in Kazakhstan and Africa often require prepayment and the average number of creditor days outstanding for the Group excluding CAMEC as at 31 December 2009 was 42 days (2008: 34 days). The average creditor days outstanding as at 31 December 2009 for the Company was nil days (2008: nil days).

Post balance sheet events

Purchase of the minority shareholding in CAMEC

In 2010, the Group completed a partial buyout of minority interests in CAMEC for a cash consideration of US\$9 million. Details can be found in note 40 to the Consolidated Financial Statements on page 109.

Acquisition of Chambishi Metals and Comit Resources

On 18 February 2010, the Group announced that it had entered into a conditional agreement with International Mineral Resources BV ('IMR'), a company owned by the Founder Shareholders to acquire Enya Holdings BV ('Enya'). On 6 April 2010, the acquisition was effectively completed and control obtained by the Group. Details can be found in note 40 to the Consolidated Financial Statements on page 109.

Export Credit Facility Agreement

On 16 February 2010, the Group entered into an export credit facility agreement for the amount of €47.6 million. Details can be found in note 40 to the Consolidated Financial Statements on page 109.

Political and charitable donations

No political donations were made during the year. Sponsorship and charitable donations amounted to US\$37 million (2008: US\$31 million). During the year, the Group provided US\$30 million of its charitable financial support through ENRC Komek, a corporate foundation established in Kazakhstan during 2008. Komek is a non-commercial and charitable organisation which finances cultural, educational and other social activities in Kazakhstan. The foundation's programme aims include improvements to housing conditions, professional staff training and education, development of scientific, technical and artistic creativity, protection of public health, supporting children's homes, schools and higher education institutions, as well as environmental protection. The Group regards the provision of charitable donations as an important part of its strategy to maintain good working relationships with local authorities.

A further description of donations is in the Sustainability Review on pages 36 to 40.

Financial instruments

Details of the Group's financial risk management, objectives and policies, together with details of financial instruments are described in the Risk Management Report on pages 14 to 19 and in note 34 to the Consolidated Financial Statements on pages 100 and 104.

Significant agreements and other potential legal impediments

The following represent significant agreements and other potential legal impediments which may entitle the counterparties to exercise termination or other rights in the event of a change of control of the Company.

Article 71 of the Kazakhstan Subsurface Law: the Republic of Kazakhstan may be entitled to exercise pre-emptive rights over certain issuances or sales of ordinary shares or assets shared by the Group. Article 71 of the Kazakhstan Subsurface Law provides that the Republic of Kazakhstan has pre-emptive rights to purchase certain subsurface use rights or indirect or direct interests in companies having subsurface use rights for sale. This pre-emptive right permits the Republic of Kazakhstan to purchase any such subsurface use rights or equity interests being offered for sale on no less favourable terms than those offered by other purchasers.

Structured Trade Finance Agreement: On 15 December 2006, ENRC Marketing AG entered into a Structured Trade Finance Facility with ABN AMRO Bank NV, Barclays Capital and Deutsche Bank AG Amsterdam Branch as Arrangers and Original lenders, Deutsche Bank AG Amsterdam Branch as Agent and Deutsche Bank AG Amsterdam as Security Trustee to borrow up to US\$1,000 million from a syndicate of lenders. By a Supplemental Agreement dated 12 April 2007 the Facility was increased to US\$1,480 million. If one of the following events occurs:

- i) the Founder Shareholders together no longer have Shareholder Control or Effective Control; or
- ii) a person or persons acting in concert had Effective Control or Shareholder Control or owns more shares in the relevant holding company of the Group than are held by the Founder Shareholders at the date of the Facility; or
- iii) ENRC Marketing and Kazchrome cease to be subsidiaries of the same holding company,

then any Lender may decline to fund a drawdown and any Lender may cancel its commitment under the Facility and require its portion of any outstanding loans be due and payable in full at the end of the then current interest period.

For these purposes, 'Shareholder Control' means holding directly or indirectly shares in the issued share capital of ENRC Marketing carrying the rights to exercise more than 30% of the votes exercisable at a general meeting of the shareholders of ENRC Marketing, and 'Effective Control' means the ability to give directions with respect to the operating and financial policies of a company with which the directors or equivalent officers of such company are obliged to comply (ignoring, for the avoidance of doubt, the powers of any sub-committee of the board of directors or equivalent to which the board of directors have delegated certain of their powers).

Auditors and disclosure of information to auditors

The Group's external auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution seeking to reappoint them will be proposed at the forthcoming AGM.

Each of the Directors at the date of approval of this report confirms that:

- 1) so far as the Director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- 2) the Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Group's auditors are aware of the information.

The confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

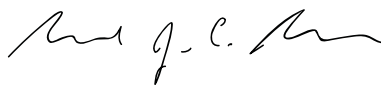
Corporate Governance

The Group's statement on Corporate Governance is included in the Corporate Governance Report on pages 44 to 50 of these financial statements.

Electronic access to ENRC publications

A copy of the 2009 Annual Report and Accounts, along with other corporate publications, reports and press releases, is available on the Company's website at www.enrc.com.

By order of the Board



Randal Barker
General Counsel and Company Secretary
12 April 2010

Corporate Governance Report

Compliance with the Combined Code

ENRC is committed to high standards of corporate governance. This report details how the Company has applied the principles and provisions of the Combined Code on Corporate Governance (the 'Code') which was published in June 2008. Throughout the year ended 31 December 2009, the Company has been in full compliance with the provisions of the Code with the exception of Provision A.2.2, which states that: 'The Chairman should on appointment meet the independence criteria set out in A.3.1. A Chief Executive should not go on to be Chairman of the same company. If exceptionally a Board decides that a Chief Executive should become Chairman, the Board should consult major shareholders in advance and should set out its reasons to shareholders at the time of the appointment and in the next annual report'.

On 14 August 2009 we announced a number of Board changes which took effect on 20 August 2009. Sir David Cooksey resigned as Chairman in order to focus on his appointment as Chairman of UK Financial Investments Limited. Dr Johannes Sittard accepted the position of non-executive Chairman in his place and Felix Vulis was promoted to Executive Director and Chief Executive Officer. Sir Richard Sykes was appointed as non-executive Deputy Chairman of the Group.

The Board did consult with its major shareholders during the period leading up to the announcement on 14 August 2009. The shareholders supported the view that Dr Sittard's extensive knowledge of both ENRC and the mining industry and his successful leadership during the Company's IPO justified his elevation to Chairman and that the retention of his expertise was of significant importance in the Group's continuing success and development. As a result of this support it was not considered necessary to appoint an external search consultancy to assist with the appointment of the new Chairman.

In addition, it was agreed that Sir Richard Sykes, Senior Independent Director of the Company, should be made Deputy Chairman so as to utilise his extensive experience of UK listed companies in the metals and mining sector and provide additional support to the new Chairman and Chief Executive Officer.

Role of the Board

The Board is responsible for promoting the long-term success of the Company and ensuring that its principal goal is to enhance the Company's long-term value for the benefit of shareholders, whilst having regard to the interests of other stakeholders. At its regular meetings the Board reviews the Company's long-term strategic direction, capital expenditure and budget plans and monitors on a regular basis the Company's operating and financial performance and its approach to risk management and Corporate Governance. The Board also reviews management performance and succession planning and assesses whether the Company has the necessary resources in place to meet its objectives. The Board has established a formal schedule of matters which are reserved for its attention and which are published on the Company's website.

Board composition

During the period under review, the composition of the Board changed several times. This is shown in the table below

Period	Description of Change	Balance of Board
1 January – 31 May 2009	No change	Non-executive Chairman 2 Executive Directors 10 non-executive Directors
1 June – 30 June 2009	Resignation of Mr Miguel Perry – 30 June 2009	Non-executive Chairman 1 Executive Director 10 non-executive Directors
1 July – 31 August 2009	Resignation of Sir David Cooksey – 20 August 2009 Appointment of Dr Johannes Sittard – 20 August 2009 Appointment of Mr Felix Vulis – 20 August 2009	Non-executive Chairman 1 Executive Director 10 non-executive Directors
1 September – 30 September 2009	Appointment of Ms Zaura Zaurbekova – 30 September 2009	Non-executive Chairman 2 Executive Directors 10 non-executive Directors
1 October – 31 December 2009	Resignation of Mr Michael Eggleton – 6 October 2009	Non-executive Chairman 2 Executive Directors 9 non-executive Directors
1 January 2010 – 12 April 2010	Appointment of Professor Dr. Dieter Ameling – 26 January 2010	Non-executive Chairman 2 Executive Directors 10 non-executive Directors

The Board currently comprises, in addition to the Chairman, two Executive Directors and 10 non-executive Directors, seven of whom are independent according to the definition in the Code.

The roles of Chairman and Chief Executive Officer are clearly separated and their responsibilities have been set out in writing. The Board is chaired by Dr Johannes Sittard and he is responsible for leading the Board and ensuring it functions effectively. Mr Felix Vulis is the Chief Executive Officer and he is responsible for the operational management of the Group and the execution of the Group's strategy.

In order to further strengthen the balance of independent and non-independent Directors on the Board, the Nomination Committee decided to seek the appointment of a further independent non-executive Director and in January 2010 recommended the appointment of Professor Dr Dieter Ameling whom the Board subsequently approved.

Miguel Perry left the Company on 30 June 2009 and Ms Zaura Zaurbekova was subsequently appointed as Executive Director and Chief Financial Officer on 30 September 2009 after a period as acting Chief Financial Officer.

On 6 October 2009, Michael Eggleton resigned as a non-executive Director in order to take up the position of Chief Executive Officer of Eurasian Bank, a related party.

Mr Utepov and Mr Beketayev are representatives of The State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan, and as such are not considered by the Board to be independent under the provisions of the Code.

Under the relationship agreements between the Company and each of the Founder Shareholders (as disclosed in the Directors' Report on pages 41 to 43), each of the Founder Shareholders has the right to appoint one Director to the Board, so long as his shareholder group controls 10% or more of the voting rights exercisable at general meetings of the Company. Pursuant to this right, Mr Ibragimov has appointed Mr Yedilbayev to the Board. He is not considered to be independent under the Code.

Sir Richard Sykes has been appointed as Senior Independent Director and Deputy Chairman and his principal duty in this capacity is to evaluate the performance of the Chairman and address any shareholders' concerns that have not been resolved through the normal channels of communication with the Chairman, Chief Executive Officer or Chief Financial Officer, or in cases when such communications would be inappropriate.

Details of the individuals' skills and experience are contained within the Directors' biographies on pages 04 and 05.

Directors' attendance at Board and Committee Meetings during 2009

During 2009 there were eight formal scheduled Board meetings. The attendance of individual Directors at these Board meetings and the Board Committee meetings is shown in the table below:

	Independent	Scheduled Board Meetings Attended 2009	Audit Committee	Remuneration Committee	Nomination Committee	HSES Committee	M&A Committee
Gerhard Ammann	Yes	8/8	5/5		12/12		
Marat Beketayev	No	7/8			2/2		1/1
Sir David Cooksey ⁴	Yes	5/5			9/9		
Mehmet Dalman	Yes	8/8		9/9	10/10		1/1
Michael Eggleton ⁵	Yes	6/6	4/4		10/10		
Sir Paul Judge	Yes	8/8	5/5	8/9	10/10		
Kenneth Olisa	Yes	7/8	4/5	8/9	8/10		
Miguel Perry ³	No	4/4					
Dr Johannes Sittard	No	8/8			2/2	2/2	
Sir Richard Sykes	Yes	8/8		9/9	11/12		1/1
Roderick Thomson	Yes	8/8	5/5		11/12		
Eduard Utepov	No	6/8				1/2	
Felix Vulis ¹	No	3/3				2/2	
Abdraman Yedilbayev	No	8/8				2/2	
Zaura Zaurbekova ²	No	2/2					

Ten ad hoc meetings of the Board were also held throughout the year to approve matters such as the Preliminary and Interim Results announcements and the approval of the Annual Report and Accounts 2008.

- 1 Felix Vulis appointed on 20 August 2009.
- 2 Zaura Zaurbekova appointed on 30 September 2009.
- 3 Miguel Perry resigned 30 June 2009.
- 4 Sir David Cooksey resigned 20 August 2009.
- 5 Michael Eggleton resigned 6 October 2009.

Board responsibility and accountability

The Board is provided with regular, timely and relevant information in a form that enables it to discharge its duties. Board papers are generally distributed five days in advance of meetings to enable Directors to obtain a thorough understanding of the matters to be discussed. The Board also holds at least one formal meeting per year in Kazakhstan to enable Directors to gain a greater understanding of the Group's operating environment. In September 2009, the Board held a Board meeting in Astana. Whilst there, they visited Shubarkol Komir, Kazmarganets and Zhairam GOK open cast mines. Following the acquisition of CAMEC in November 2009, it is anticipated that the Board will also hold one of its annual meetings in Africa.

All Directors have access to the advice and services of the General Counsel and Company Secretary, who is responsible for advising the Board on corporate governance matters and ensuring that Board procedures and applicable laws and regulations are followed. The General Counsel and Company Secretary provides regular updates to the Board on the legal and regulatory environment and is responsible for ensuring that any other training needs are identified and met. The Company ensures that related party transactions are identified, disclosed and managed and a regular report is presented to the Board for approval. All Directors declare their interests in other businesses on appointment to the Board and a review of situational conflicts is carried out annually. On appointment, Directors are provided with adequate information to ensure that they fully understand the business of the Group and their legal and regulatory responsibilities as a Director of the Company. The appointment and removal of the General Counsel and Company Secretary is a matter for the Board.

Corporate Governance Report continued

The Board has put in place a procedure whereby all Directors have access, through the General Counsel and Company Secretary, to independent professional advice at the expense of the Company. The Company also maintains an appropriate level of Directors' and Officers' liability insurance. An indemnity has been in place since 2008 for the benefit of current Directors and Officers of the Company and those of its subsidiaries to enable the Company to fund the costs incurred by Directors in defending certain claims against them in relation to their duties as Directors and Officers. The indemnity operates only to the extent that the Directors' and Officers' liability insurance does not afford protection.

Board evaluation

In 2008 an external consultant was appointed to carry out the first annual Board Evaluation. In 2009 the decision was taken to conduct the annual Board evaluation process internally via the use of online questionnaires. Each Director was asked to complete detailed questionnaires about the Board, the Board Committees of which they were a member at the time of the evaluation and their personal assessment of Directors' individual contributions. The results and any comments were amalgamated into a single report which was then discussed collectively by the Board.

The Board was satisfied that progress had been made and that the Board had worked well together over the course of the year. Areas of additional focus were identified and these will be addressed during 2010. These include furthering the Board's knowledge of operating environments as the Group expands globally, particularly Sub-Saharan Africa, as well as increased focus on corporate strategy.

The non-executive Directors, led by Sir Richard Sykes as Senior Independent Director, would ordinarily have carried out an evaluation of the Chairman. However, in light of Dr Johannes Sittard's recent appointment as Chairman, it was decided that a full review of his performance would be carried out during the next evaluation process.

Re-election of Directors

Under the current Articles of Association, a minimum of one-third of the Directors retire by rotation each year. This ensures that each Director is re-elected at least every three years. Dr Johannes Sittard, Mr Roderick Thomson and Mr Abdraman Yedilbayev will be offering themselves for re-election at the forthcoming AGM.

Additionally, those Directors appointed by the Board since the AGM held in June 2009 are required to be formally elected for the first time by the shareholders in general meeting. Accordingly, Professor Dieter Ameling, Mr Felix Vulis and Ms Zaure Zaubekova will all offer themselves for election at the AGM to be held in June 2010.

The Board remains satisfied that each Director proposed for election and re-election is competent to carry out his or her responsibilities as a member of the Board.

Board Committees

The Board has established five principal Committees. During September 2009, the Nomination Committee undertook a review of the membership of all the Board Committees and made a number of recommendations to the Board. As a result of this, the membership of the Audit and Remuneration Committees was unchanged but changes were made to the membership of the Nomination and HSES Committees. In addition, the Nomination Committee recommended and the Board approved the formation of a new Mergers and Acquisitions Committee.

Audit Committee	Remuneration Committee	Nomination Committee	Health, Safety, Environment & Sustainability Committee	Mergers & Acquisitions Committee
Gerhard Ammann Sir Paul Judge Kenneth Olisa Roderick Thomson	Sir Richard Sykes Mehmet Dalman Sir Paul Judge Kenneth Olisa	Gerhard Ammann Marat Beketayev Sir Richard Sykes Dr Johannes Sittard Roderick Thomson	Felix Vulis Professor Dr Dieter Ameling Dr Johannes Sittard Eduard Utepov Abdraman Yedilbayev	Mehmet Dalman Marat Beketayev Professor Dr Dieter Ameling Sir Richard Sykes

Audit Committee

The Audit Committee is chaired by Mr Gerhard Ammann, who is considered to have recent and relevant financial experience. The other members of the Audit Committee are Sir Paul Judge, Mr Kenneth Olisa and Mr Roderick Thomson, all of whom are independent non-executive Directors. Each member is considered to have extensive commercial and business leadership experience.

Under its terms of reference, which are available on the Company's website, the Audit Committee is required to meet at least four times a year at appropriate times in the reporting and audit cycle. Meetings are timed so as to enable the Committee to review the Group's key financial announcements prior to release. The Audit Committee Chairman provides a verbal update on the Committee findings and recommendations at the next Board meeting, identifying any matters in respect of which action or improvement is required.

Invitations to attend Audit Committee meetings are extended to the Chief Financial Officer, the Head of Internal Audit, the General Counsel and Company Secretary, Chief Executive Officer and the Chairman, none of whom attend by right. In addition, the external auditors attend each Committee meeting and also meet separately with the Committee to facilitate discussions without the presence of management.

The primary responsibilities of the Audit Committee include the following:

- to monitor the integrity of the Company's financial reporting;
- to review the Group's internal control and risk management systems;
- to monitor the effectiveness of the Group's internal audit function; and
- to oversee the relationship with the Group's external auditors.

Committee activities

The Committee met five times during 2009. During the year the Committee considered the following issues:

- Company's Preliminary and Interim Results announcements, financial statements and the Annual Report and Accounts.
- Received regular reports from the internal audit function and the external auditors.
- Completed an annual review of internal control.
- Considered areas of high risk and were provided with updates relating to compliance and risk management reporting frameworks.
- Implemented a revised procurement policy, purchasing policy and procedure framework.
- Received regular updates detailing the net risk assessment of the Group and a summary of inherent risk matrices.
- Reviewed Project Arrow: a Business Transformation Programme which includes the design and implementation of new processes and the necessary IT systems.
- Reviewed financial reporting procedures to be operated by the Group.

External audit

The overall performance of the external auditors is reviewed annually by the Audit Committee. The Audit Committee is responsible to the Board for ensuring that the external auditors remain independent of the Company in all material respects and that PricewaterhouseCoopers LLP, as external auditors, are adequately resourced so as to enable the delivery of an objective audit to the shareholders. The Audit Committee is also responsible for making formal recommendations each year to the Board in respect of the continuation of the external auditors in office. PricewaterhouseCoopers LLP have been the Company's auditors since before it was listed on the London Stock Exchange in December 2007. The Audit Committee remains satisfied with their effectiveness and independence. Accordingly, the Committee has not considered it necessary to date, to require the firm to tender for its audit work. The external auditors are required to rotate the audit partner responsible for the Group and subsidiary audits every five years and the current lead partner has been in place for three years.

The Audit Committee also reviews the level and nature of any non-audit work to be performed during the year and considers whether it is appropriate for this work to be carried out by the external auditors. The external auditors are precluded from engaging in non-audit services that would compromise their independence and objectivity or violate any laws or regulations affecting their appointment as external auditors.

Internal Audit

The Head of Internal Audit reports to the Audit Committee at each of its meetings and provides assurance, independent of the assurance provided by the Chief Financial Officer, that control activities, which have been subject to audit by his team, are operating effectively.

The implementation of an Internal Audit Charter, approved by the Committee in December 2008, has improved the effectiveness and efficiency of the Group's operations. The basis of the Internal Audit

Charter states that the Head of Internal Audit is accountable to the Audit Committee and is to provide Group management with the following:

- An independent, objective, positive assurance on effectiveness of internal controls in mitigating inherent risks of audited processes or significant projects or initiatives.
- To provide value-adding consulting services to the ENRC Group management designed to improve the effectiveness and efficiency of the Group's operations, and to safeguard both the assets and the integrity of the Group.

Whistleblowing

The whistleblowing policy enables employees to raise any concerns they may have about workplace fraud or mismanagement with local management on a confidential basis. The complaint is then investigated in the first instance and a decision taken about further steps. Feedback is provided to the person making the complaint. Written records are kept of all whistleblowing incidents and a regular status report is presented at each Board meeting.

Health, Safety, Environment & Sustainability Committee (HSES Committee)

Following a review by the Board in September 2009, it was agreed that Mr Felix Vulis should become Chairman of the Committee following his appointment as CEO of the Group. Up until then the HSES Committee had been chaired by Dr Johannes Sittard. Dr Sittard remains a member of the Committee. The other members are Mr Abdraman Yedilbayev and Mr Eduard Utepov who are both non-executive Directors of the Company and Professor Dr Dieter Ameling an independent non-executive Director who was appointed to the Committee on 19 March 2010.

The role of the HSES Committee is to assist the Board in its oversight of the following:

- health, safety, environment and community risks;
- the Group's compliance with applicable legal and regulatory requirements associated with health, safety, environment and community matters;
- the Group's performance in relation to health, safety, environment and community impact and monitoring sustainable development; and
- the preparation of a report by the Committee to be included in the Annual Report.

Further details of the work of the HSES Committee are set out in the Sustainability Review on pages 36 to 40.

Nomination Committee

The Nomination Committee was chaired by Sir David Cooksey until his resignation as Chairman of the Company in August 2009. The Board appointed Dr Johannes Sittard as Chairman of the Committee in September 2009. At that time the Board reviewed the Committee membership and decided that in order to achieve a more effective Committee, the number of members be reduced. The other Committee members are Mr Gerhard Ammann, Sir Richard Sykes, Mr Roderick Thomson, and Mr Marat Beketayev.

The role of the Nomination Committee is as follows:

- reviewing the size, structure and composition of the Board, taking into account the skills, knowledge and experience of Directors and for recommending to the Board any new candidates; and
- giving full consideration as to whether non-executive Directors have sufficient time to devote to the proper performance of their duties and make recommendations in relation to the retirement and re-election of Directors at the Company's AGM and succession planning.

Corporate Governance Report continued

In addition, the Committee has assumed day to day responsibility for monitoring Directors' conflicts of interest or potential conflicts of interest in accordance with the Companies Act 2006. The Committee carried out an annual review of situational conflicts which was presented to the Board. As a result of this review, a number of additional situational conflicts were approved by the Board.

The Committee is required to meet at least twice a year and during 2009 it met 12 times. The majority of these meetings were to consider and make recommendations in respect of the various Board changes and succession planning as part of the process. The Committee considered both internal and external candidates with relevant knowledge of the mining industry or experience of working in emerging markets. The Committee's terms of reference are available on the Company's website.

Remuneration Committee

The Remuneration Committee is chaired by Sir Richard Sykes and the other members are Mr Mehmet Dalman, Sir Paul Judge and Mr Kenneth Olisa all of whom are independent non-executive Directors. The Company complies with the Code recommendations regarding membership of the Remuneration Committee. The Committee's terms of reference are available on the Company's website.

The main roles of the Remuneration Committee are as follows:

- to determine and recommend to the Board the broad policy for the remuneration of Executive Directors and members of the senior management team;
- to determine the policy and scope for pension rights for each Executive Director;
- approve the design of any performance-related pay schemes operated by the Group and determine the relevant performance targets as well as approving annual payments made under such schemes;
- to review the design of any share incentive plans for approval by the Board and shareholders and to determine the performance targets and the appropriate level of annual awards to be made; and
- to ensure that any compensation payments made in respect of termination of contracts are fair to the individual but do not reward failure and that the duty to mitigate loss is fully recognised.

The remuneration of the Chairman and non-executive Directors is a matter for decision by the full Board.

During 2009 the Remuneration Committee met nine times. The Committee met:

- to approve the bonus payments awarded in respect of performance in 2008;
- to determine and approve the performance targets for bonus arrangements in respect of 2009; and
- to determine the performance targets for the Long Term Incentive Plan and to approve the awards made under the Plan in April 2009.

As a result of the changes made at Board level, the Committee also considered a number of issues in relation to remuneration, including the approval of termination payments and early settlement of LTIP awards made to Dr Sittard and Miguel Perry. The Committee also considered and recommended the remuneration packages offered to Felix Vulis and Zaura Zaurbekova as new Executive Directors.

Further details are included in the Directors' Remuneration Report, which is set out on pages 51 to 55. A resolution to approve the Remuneration Report will be proposed at the forthcoming AGM.

Mergers and Acquisitions Committee

The Board decided in September 2009 that a Mergers and Acquisitions Committee should be formed to consider and scrutinise mergers and acquisition opportunities which may be of benefit to the Group. It is chaired by Mr Mehmet Dalman. The other members are Sir Richard Sykes, Mr Marat Beketayev and Professor Dr Dieter Ameling who was appointed to the Committee on 19 March 2010.

The main roles of the Committee are as follows:

- to review and discuss with management all necessary due diligence on prospective mergers and acquisition projects;
- to receive detailed analysis of prospective mergers and acquisitions projects;
- to oversee the post-acquisition integration of target acquisitions; and
- to oversee the structuring and implementation of mergers and acquisitions projects.

The Mergers and Acquisitions Committee meets on an ad hoc basis, as and when required. The Committee's terms of reference are available on the Company's website.

The Group's approach to Risk Assessment, Management and Internal Control

The Board is responsible for the Group's approach to Risk Management as described in the Risk Management section on pages 14 to 19.

Risk assessment

A systematic assessment of the risks which may adversely affect the achievement of the Group's objectives operates throughout the Group. Management review the Key Business Risk Assessment on a regular basis which included a formal review in July 2009. The risk assessment was further reviewed by senior management as part of the process of producing this Annual Report and Accounts. Reports on Risk Management have been provided to the Audit Committee at each meeting during 2009. As part of the risk assessment process the Group has consistently adopted the following approach:

Management considers risks to the Group under the headings of:

- Strategic Objectives – these relate to the Group's long-term business objectives.
- Operational Objectives – these relate to the effectiveness and efficiency of the Group's operations, including performance and profitability goals and safeguarding resources against loss.
- Compliance Objectives – these relate to the adherence of laws and regulations to which Group companies are subject; and
- Financial Objectives – these relate to the financial status of the Group and Group companies and their arrangements for financial reporting, including the prevention of fraudulent public financial reporting.

This approach considers the potential impact of each risk and the likelihood of the risk materialising at an 'inherent' level, i.e., before considering any controls which may be in place to manage or mitigate the risk.

Response to key business risks

The output of each risk assessment meeting of management is an updated list of Key Business Risks which are those risks which have a high overall risk rating and therefore most critically require an appropriate response; this requires control procedures to be implemented to manage or mitigate those risks to a level which is consistent with the Group's overall risk appetite.

The Group Risk Manager coordinates the process of responding to Key Business Risks and reports on these matters to the Chief Financial Officer and the Audit Committee. Each significant Group Company has appointed a Business Risk Manager to be the principal point of contact on matters of risk and control within that business. ENRC Africa will appoint a Business Risk Manager during 2010. BML, the Group's Joint Venture, has not appointed a Business Risk Manager at this stage in its development.

A list of the Key Business Risks arising from the assessment process, and the responses to those risks, is maintained by the Business Risk Managers. The Group risk matrices are tabled annually for review and adoption by the Audit Committee and the Committee receives quarterly reports on the risk management activities.

Evolution of the Group's approach to risk management

During 2009 the Group has continued to develop its approach to Risk Management and Internal Control. We have further strengthened the Group's Risk Management team by the appointment of a Risk Manager in ENRC Management KZ to be responsible for monitoring the roll out of the Risk Management policy across all Kazakhstani and Russian operations.

The Group's Key Business Risks were further sub-analysed by management into those risks which were High Manageability, i.e. direct action by management is able to significantly reduce the potential impact of the risk arising, and Low Manageability, where management action is usually limited to monitoring external events. The Audit Committee agreed that management should concentrate on High Manageability risks during 2009 and 2010.

Independent consultants performed an assessment of our operational risk management procedures for the Kazakhstani and Russian businesses, and during 2010 plants will implement the recommendations which were raised by this review. A semi-annual monitoring of the implementation of these recommendations will be completed by the Group's Risk Management team.

We engaged external consultants to assist us in the production of a detailed analysis of risks, including documentation of a detailed description of each risk and the development of Risk Action plans for High Manageability Key Business Risks.

Management also re-designed the Risk Reporting framework, based on industry best practice, and this now clearly defines and formalises roles and responsibilities for risk reporting within the Group. The Risk Reporting framework will be implemented across the Group during 2010.

The plan for further development in 2010 includes:

- regular monitoring of the implementation of Risk Action plans;
- the development of Key Risk Indicators to facilitate more effective monitoring and analysis of risks which have materialised;
- quarterly monitoring of risk assessment;
- regular reporting to management on the implementation of Risk Action plans; and
- regular Risk Reporting to the Audit Committee.

Assurance on the operation of systems of internal control

The Board considers risk assessment and internal control to be fundamental to achieving the Group's business objectives and has put in place an ongoing process for identifying, evaluating and managing the significant risks faced by the Group. This process, which is consistent with the Turnbull guidance in the Combined Code, has been in place during the year under review and has continued up to the date of approval of the Annual Report and Accounts.

The Group's system of internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives and can provide only reasonable assurance against the risk of material misstatement or loss.

Key elements of the internal control process are as follows:

- The Board regularly reviews and updates the Group's strategy and those of its operating companies.
- The Board reviews performance through a monthly system of reporting, measured against an annual budget, supplemented by quarterly business reviews of actual results.
- The Board seeks assurance that effective control is being maintained and deficiencies addressed through regular reports from the Audit Committee.

Risk management and internal control systems in relation to financial reporting

The main features of the Group's systems of Risk Management and Internal Control in relation to Financial Reporting, other than the general principles referred to above, are:

- Control Environment – the way in which management communicates principles and policies, delegates authority and reports on compliance;
- Risk Management – the way in which management identifies the critical risks and decides on the most effective response to those risks;
- Control Activities – the way in which management uses preventative and detective controls to minimise the risk of error; and
- Monitoring – the way in which management oversees the above activities.

Control environment

The Group's Code of Conduct has been presented throughout the Group to key members of management and is the subject of annual confirmation on compliance from the management of all significant Group companies. New employees are provided with a copy of the code as part of their induction to the Group.

The Group's Accounting Methodology Manager ('AMM') is responsible, on the basis of delegated authority from the Chief Financial Officer, for designing and communicating accounting policies, practices and procedures to all Group companies, working closely with the Group's Corporate Reporting Group ('CRG'). The AMM also provides technical interpretation and advice to members of the Group's finance teams. A Group Finance Manual was approved by the Audit Committee in December 2008 and circulated to all the Group's finance teams. Updates to the manual are issued whenever it is necessary.

CRG issue a monthly set of instructions and timetable for the completion of internal financial reporting forms including the requirement to follow up on any issues which were identified during the closure of the previous period. The accuracy and timeliness of receipt of those forms is monitored by the Systems Support Manager ('SSM'). CRG also host a monthly teleconference of Group finance teams to discuss and resolve financial reporting issues immediately prior to each month-end.

The consolidation of financial performance and assets and liabilities is performed on a software system which has appropriate access controls and which is maintained by a Systems Support team who are independent of the teams inputting and reviewing data. All significant movements and unusual items in data which is submitted are reviewed by a senior member of CRG. Key consolidation journals relating to data submitted by Group companies are reviewed within

Corporate Governance Report continued

CRG in accordance with their significance. A reconciliation and analysis of consolidation journals is reviewed by the Group Financial Controller. Consolidated Profitability and Net Assets are reconciled back to original data inputs.

Internal financial reports are produced monthly by CRG and the Budget and Analysis team ('B&A') and reviewed by senior members of the Group finance team and then distributed to management and the Board.

B&A produce quarterly instructions and a timetable to be followed by Group companies in the preparation of quarterly forecasts and the annual budget. B&A monitor compliance with the instructions and timetable and follow up any cases of non-compliance.

Risk management

As part of the Group's overall approach to Risk Management the risks relating to Financial Reporting are identified and ownership of these risks is taken by the Chief Financial Officer. A subsequent Risk action plan is prepared to ensure that there are adequate controls in place to manage the risks.

Control activities

The Risk action plan for risks relating to Financial Reporting is designed to identify the control activities which need to take place in different parts of the Group to minimise the risk of error in the Group's internal and external financial reports. Responsibility for the implementation of these control activities is documented and communicated to relevant members of finance teams. All members of finance teams receive appropriate training, including updates whenever there are any significant proposed changes in procedures.

Monitoring

Senior members of finance teams are delegated responsibility for monitoring compliance with the instructions issued by CRG and B&A and for ensuring that Control Activities are effectively implemented. Any cases of non-compliance are identified and escalated for resolution.

Approach to the annual review of internal control

For 2009 the Group continued to improve the process for reviewing the systems of Internal Control and reviewed the existing key controls which were managing the Group's High Manageability Key Business Risks. The basis of the review for 2009 included:

- An assessment of the results of Internal Audit reviews of High Manageability Key Business Risks where Internal Audit had performed testing in 2009; and
- Controls over Financial Reporting and Consolidation were reviewed in the context of coverage from reviews by external advisors.

As CAMEC was only purchased in November 2009, the Group is in the process of doing further work to assess the control environment in, and rolling out risk management policies to, the acquired companies. This further work is supplemental to the pre-acquisition due diligence work that was conducted.

For key controls relating to High Manageability Key Business Risks which were not covered by Internal Audit or external advisor's reviews, the Risk Management team performed walkthrough tests to see whether the control is in place and is in compliance with required policies and procedures.

The conclusions arising from the 2009 Annual Review of Internal Control were that:

- The Group has adopted a range of policies and procedures which constitute the Group's systems of Internal Control and these policies and procedures are being effectively operated within the Group's businesses but there needs to be a greater level of consistency within these policies and procedures across the Group;
- The Group needs to adopt a more effective approach by management to the monitoring of compliance with the Group's policies and procedures; and
- During 2010 the Group intends to reinforce the policies and procedures which have already been adopted and to roll out a set of consistent policies throughout the Group, including non-Kazakhstan operations, BML, the Group's Joint Venture, and the recently acquired businesses.

The Audit Committee has reviewed a report from the Chief Financial Officer setting out the contents and findings of the above approach which explains the basis on which she has obtained assurance as to the operation of the Group's systems of internal controls.

Relations with shareholders

During 2009 the Group met with a large number of investors in the United Kingdom, continental Europe and the United States of America.

As part of its investor relations programme, the Group aims to provide a high level of transparency and communication to investors and analysts on a regular and timely basis, through announcements, meetings and seminars. The Group seeks to develop a regular dialogue with investors and analysts and to respond to their challenges and to understand their sentiments and concerns. The Group has a comprehensive investor relations website which has up to date information available to all shareholders and investors. All shareholders have the opportunity to attend and raise questions at the Company's Annual General Meeting.

The Group aspires to have an investor relations programme that is ranked highly amongst its peers for its accessibility, responsiveness and disclosure. The Chief Executive Officer and Chief Financial Officer aim to meet all major shareholders at least twice a year and, with other senior management, to meet with a wide range of shareholders and prospective investors in the United Kingdom, continental Europe, Russia and the United States of America during the year. These discussions will focus on the results and businesses of the Group but will also seek to learn of any concerns amongst investors. The Group will also seek to meet with sell-side analysts to raise the Group's profile and to build the research coverage.

Information on investor relations activity and analysts' and brokers' reports are regularly circulated to the Board. The Chairman and non-executive Directors are free to attend investor relations meetings or to request meetings with investors or analysts independent of the Group's management.

The third Annual General Meeting is due to be held on 9 June 2010 and the Board welcomes the opportunity to answer questions put forward to them by shareholders of the Company.

Going concern

After making enquiries, the Directors have reasonable expectations that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Remuneration Report

Introduction

As required by Section 420 of the Companies Act 2006, the Directors present their report on Directors' remuneration for the year ended 31 December 2009.

Role of the Remuneration Committee

The Remuneration Committee is a formal committee of the Board. Its remit is set out in terms of reference formally adopted by the Board in 2007 and which were reviewed and amended in December 2009. The terms of reference are designed to enable the Committee to comply with the requirements relating to remuneration policy set out in the Code. A copy of the terms of reference can be found on the Company's website.

The principal responsibilities of the Remuneration Committee are:

- To determine and recommend to the Board a broad framework for the remuneration of the Executive Directors, the Chairman, the General Counsel and Company Secretary and other senior executives of the Group;
- To monitor the effectiveness of the Group's remuneration policy;
- To approve the design and performance targets of any performance-related pay schemes operated by the Group and to approve the total annual payments made under such schemes; and
- To review the design of share based incentives and determine the level and extent to which awards are made during the year.

Membership of the Remuneration Committee

The members of the Committee, all of whom are independent non-executive Directors and were appointed on 6 December 2007, are as follows:

- Sir Richard Sykes (Chairman)
- Mehmet Dalman
- Sir Paul Judge
- Kenneth Olisa

The General Counsel and Company Secretary acts as Secretary to the Committee. The Chief Executive Officer and the Head of Human Resources also attend Committee meetings by invitation, but none is present when the Committee discusses issues relating to their own remuneration.

Advisors to the Remuneration Committee

During the year, Kepler Associates were retained by the Committee to carry out a review of the senior executive remuneration and to provide advice in relation to the Long Term Incentive Plan ('LTIP'). Other than as described above, no other service was provided by Kepler Associates to the Group during the year.

Remuneration policy

The Group's remuneration policy is focused upon providing a level of remuneration which attracts, retains and motivates Directors and senior executives of sufficient calibre to achieve the Group's strategic goals and enhance shareholder value, whilst ensuring that remuneration is consistent with best practice and provides an appropriate alignment with personal and business performance. The Committee recognises that there is a competitive market for successful executives with experience in the mining industry and that the provision of appropriate rewards for superior performance is important for the continued growth of the business. The Committee's aim in formulating remuneration policy is to assess relevant benchmark data from sources such as other FTSE 100 companies of a similar size and complexity, international mining companies and the market generally. In setting remuneration within this framework, the Committee aims to give senior executives every

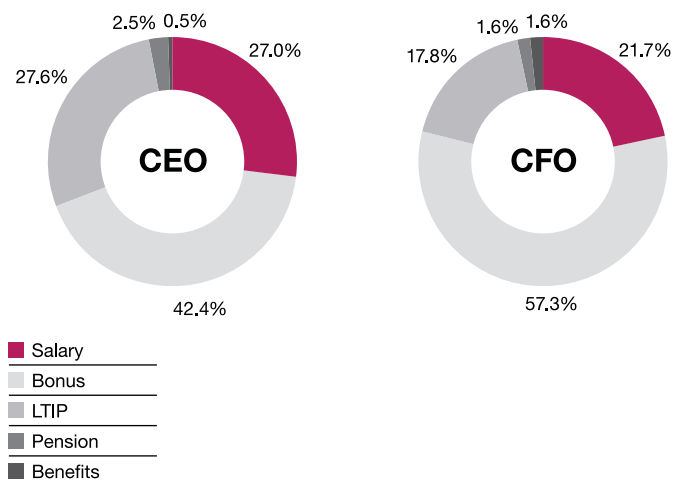
encouragement to enhance the Group's performance whilst ensuring that they are fairly, but responsibly, rewarded for their personal contributions.

As a result of the economic downturn and its impact on our operations in Kazakhstan, it was agreed in January 2009 that both Executive Directors and all Executive Committee members would accept a temporary 10% reduction in their remuneration for a period of six months, ending 30 June 2009.

The Committee believes that it is important to benchmark the remuneration packages of senior executives, particularly during periods of economic turmoil. Accordingly, at the beginning of 2009, the Committee instructed Kepler Associates to carry out a full review of senior executive remuneration packages. As a consequence of this review, the Committee decided to make some changes for 2009 to the Annual Performance Bonus as disclosed in the relevant section below.

Components of Executive Directors' remuneration

Remuneration packages are structured to provide an appropriate balance between fixed and variable elements. The main components of the two Executive Directors' remuneration and the percentage of each element as part of the total package are detailed below.



These charts have been calculated on amounts paid as CEO and CFO; the LTIP award value is however a pro rata amount to cover their time in their respective roles as CEO and CFO. The LTIPs were granted earlier in the year based on their senior management roles and not Executive Director roles. In the future the LTIP amount is likely to form a greater proportion of total remuneration as the maximum award for CEO is 200% of salary and the maximum award for CFO is 175% of salary. Maximum awards for senior managers are 100% of salary.

Base salary

Base salaries are reviewed annually by the Committee and take account of the relevant benchmark data (as described above), pay quantum and structure more generally throughout the Group.

Annual bonus

For the year ended 31 December 2009, the performance measures for the annual bonus arrangements were amended slightly so that they were based on Group financial performance (75% of bonus potential), health and safety performance (15% of bonus potential) and personal performance (10% of bonus potential).

Specific financial targets have not been disclosed as they are considered to be commercially confidential but they are deemed to be appropriately challenging by the Committee and will only pay out in full for exceptional performance.

Remuneration Report continued

The maximum bonus potential for 2009, payable for exceptional levels of performance, was set at 200% of base salary for the Chief Executive Officer and 175% of base salary for the Chief Financial Officer. Half of the maximum bonus potential was payable at target performance levels. Details of the actual amounts paid for 2009 are set out in the Directors' emoluments table on page 53.

Long Term Incentive Plan ('LTIP')

The LTIP allows the Committee to make awards which are a conditional right to receive shares in the Company for nil consideration. Annual awards may not exceed an amount equal to two times base salary. An award will normally vest (i.e. become exercisable) on the third anniversary of its grant to the extent that the applicable performance conditions have been satisfied.

The extent to which awards may vest will be subject to the Company's total shareholder return ('TSR') performance over a three year period relative to the TSR performance of a specified comparator group of companies. These share awards will vest in full only if the Company's TSR performance is ranked at upper quartile or above within the comparator group and the following vesting schedule will apply:

TSR	Proportion of LTIP award exercisable
Below median	Nil
Median	25%
Median to upper quartile	Pro rata between 25%–100%
Upper quartile	100%

The TSR comparator group are:

BHP Billiton	Rio Tinto
Xstrata	Alcoa
Freeport-McMoRan Copper & Gold	Teck Cominco
Vedanta Resources	Mount Gibson
Antofagasta	Cameco
Kazakhmys	Peabody Energy
Fortescue Metals	Cliffs Natural Resources
Vale SA	Group Mexico
Ferrexpo	Aluminium Corp of China
Mitsubishi Materials Corp	Outokumpo OYJ

The performance condition for all awards under the LTIP provides for the exclusion from the comparator group of those companies that cease to be listed and the exclusion of those companies that have been subject to a recommended takeover offer and are therefore in the process of delisting. Where companies are excluded from the comparator group, the median/upper quartile rankings are recalculated using the reduced number of companies in the comparator group.

Although there has been a reduction in the number of comparator companies from 22 to 20, the Committee still views them as effective comparators. The comparator companies that were removed were Portland which was acquired by Cleveland Cliffs Inc (now known as Cliffs Natural Resources) on 11 December 2008 and Aricom which was acquired by Peter Hambro on 22 April 2009.

In addition to the above, the awards will not vest unless the Remuneration Committee is satisfied that the Company's TSR over the performance period reflects the underlying financial performance of the Group.

The Committee considers that TSR remains the most appropriate measure of long-term Company performance, providing alignment of interests between management and shareholders, and therefore the 2010 LTIP awards will be subject to the same performance condition.

In 2009, the maximum level of award under the LTIP was set at 200% of base salary for the Chief Executive Officer, based on the average market value of the shares over the five days preceding the date of grant.

As announced on 25 March 2009, Miguel Perry decided to step down as CFO of the Group with effect from 30 June 2009. Accordingly, no LTIP award was made to him in April 2009.

Long Term Incentive Plan

Director	Share awards held at 1 January 2009	Share awards granted during the year ¹	Share awards settled during the year	Share awards forfeited during the year	Share awards held at 31 December 2009
Dr Johannes Sittard	249,792	546,548	167,815	628,525	–
Miguel Perry	74,938	–	20,060	54,878	–
Felix Vulis	66,005	192,455	–	–	258,460
Zaure Zaurbekova	35,437	96,921	–	–	132,358

¹ The average market value of the Company's ordinary shares over the five days preceding the date of grant was £5.49.

Pensions and benefits

Both Executive Directors are members of the ENRC Personal Pension Plan, a defined contribution pension scheme. An employer contribution of 10% of base salary is made to the Plan on behalf of each Executive Director, subject to the UK Government's annual cap on such contributions.

Benefits comprise life assurance, private healthcare, travel insurance and income protection insurance. Both Executive Directors also received cash for relocation and housing expenses. The taxable value of these benefits is included in the emoluments table below.

Directors' remuneration for the period 1 January 2009 to 31 December 2009

The following table gives details of Directors' remuneration for the period 1 January to 31 December 2009:

Stated in £'000 sterling	Base salary and fees	Annual performance bonus	Value of LTIP award	Benefits in kind	Pension contributions	Total 2009	Total 2008
Executive Directors							
Dr Johannes Sittard ^{1†}	1,075	–	3,000	19	100	4,187	5,925
Felix Vulis ^{2*}	376	626	1,056	46	34	2,138	–
Zaure Zaurbekova ^{3*}	163	247	532	51	17	1,010	–
Miguel Perry ^{4†}	311	–	–	5	30	346	2,173
Non-executive Directors							
Dr Johannes Sittard ^{1*}	160	–	–	–	–	160	–
Sir David Cooksey ^{5†}	319	–	–	–	–	319	500
Gerhard Ammann	120	–	–	–	–	120	120
Marat Beketayev	100	–	–	–	–	100	84
Mehmet Dalman	100	–	–	–	–	100	100
Michael Eggleton ^{6†}	75	–	–	–	–	75	100
Sir Paul Judge	100	–	–	–	–	100	100
Kenneth Olisa	100	–	–	–	–	100	100
Sir Richard Sykes	250	–	–	–	–	250	250
Roderick Thomson	100	–	–	–	–	100	100
Eduard Utepov	100	–	–	–	–	100	100
Abdraman Yedilbayev	100	–	–	–	–	100	100
Daulet Yerghozin	–	–	–	–	–	–	16
Total	3,549	873	4,588	121	181	9,305	9,768

* Figures in table are shown from date of appointment.

† Figures in table are shown until date of resignation.

1 Dr Johannes Sittard resigned as CEO and was appointed as non-executive Chairman on 20 August 2009.

2 Felix Vulis was appointed as an Executive Director on 20 August 2009.

3 Zaure Zaurbekova was appointed as an Executive Director on 30 September 2009.

4 Miguel Perry resigned as an Executive Director 30 June 2009.

5 Sir David Cooksey resigned as non-executive Chairman on 20 August 2009.

6 Michael Eggleton resigned as non-executive Director on 6 October 2009.

On 30 June 2009, Miguel Perry stepped down as Chief Financial Officer and as a Director of the Company. Under the terms of his service agreement, he was entitled to receive a payment in lieu of notice of 12 months' salary. He was paid a termination sum of £670,000 to take account of his contractual entitlements and by way of compensation for loss of office in return for entering into a compromise agreement with the Company. In addition, Mr Perry had in 2008 been granted an award under the LTIP. Under the Rules of the Plan, the Remuneration Committee were permitted to exercise their discretion in deciding whether to release any shares to Mr Perry as an early leaver. The Remuneration Committee assessed the performance condition within the Plan to the date of termination of Mr Perry's employment and the time served since the award was made and approved the release of 20,060 shares. This equated to a cash equivalent payment of £186,347 in lieu of a transfer of shares.

On 20 August 2009, Sir David Cooksey stepped down as non-executive Chairman of the Board and Dr Johannes Sittard accepted the position of Chairman. In March 2009, Dr Johannes Sittard had entered into a new service agreement as Chief Executive Officer. Under this service agreement he was entitled to a payment in lieu of notice of 12 months' salary in the event that his contract was terminated by the Company. After consultation with the Company's major shareholders it was agreed that Dr Johannes Sittard was the preferred choice to become non-executive Chairman following Sir David Cooksey's departure. As a result, his service agreement was terminated and it was agreed that a mitigated payment of £1,000,000 would be paid to him in lieu of notice.

In addition, Dr Johannes Sittard had in 2008 and 2009 been granted awards made under the LTIP. The Remuneration Committee were permitted to exercise their discretion as to the release of shares to Dr Sittard as an early leaver. The Committee assessed the performance condition within the Plan to the date of termination of Dr Sittard's employment and the time served since the awards were made and subsequently approved the release of 107,087 shares from the 2008 award and 60,728 shares from the 2009 award. The Committee also determined that a cash payment would be made to Dr Sittard in lieu of a transfer of these shares. As the Company was, during the remainder of the financial year, in a prohibited period under the UKLA's Model Code on share dealings, the Rules of the Plan provided that no transfer of shares (or, as a result, payment in lieu of shares) to Dr Sittard could take place. The Remuneration Committee also agreed to

Remuneration Report continued

determine the amount of the cash payment in lieu of shares as soon as it was able following the date on which the Company was no longer in a prohibited period. At its meeting on 25 March 2010, immediately after the announcement of the Company's preliminary results which marked the end of the prohibited period, the Remuneration Committee determined that the cash payment in lieu of shares be made at £12.01 per share (resulting in an aggregate payment of £2,015,458) being the closing share price on the date of the announcement of the Company's preliminary results.

Directors' contracts

Executive Directors

Both Executive Directors have service agreements which can be terminated by either the Group or the Executive Director giving 12 months' notice. Under the terms of the agreements, the Group reserves the right, in its absolute discretion, to terminate an Executive Director's employment by making a payment in lieu of notice. In the event of a contract being terminated, the Remuneration Committee would determine the level of any compensation to be paid, normally by reference to fixed elements of remuneration and the notice period. Any annual bonus payment or vesting of shares under the LTIP would be at the discretion of the Remuneration Committee. Payments would normally be pro-rated and subject to the performance conditions under which the awards were granted.

Dates of the service agreements are:

Name	Date	Notice period
Felix Vulis	20 August 2009	12 months
Zaure Zaurbekova	1 October 2009	12 months

Subject to Board approval, Executive Directors are permitted to accept outside appointments on external boards or committees so long as these are not deemed to interfere with the business of the Company. Any fees in respect of those appointments are retained by the Executive Directors concerned. During 2009, Dr Johannes Sittard whilst in his capacity as the Chief Executive Officer received no earnings in respect of external directorships or committees (2008: US\$200,000).

Non-executive Directors

Non-executive Directors do not have service agreements with the Company, but each has a Letter of Appointment. Details of the Letters of Appointment are summarised below.

Non-executive Director	Effective date of appointment	Unexpired term
Dr Johannes Sittard	20 August 2010	3 years 2 months ¹
Gerhard Ammann	8 November 2007	1 year 2 months
Marat Beketayev	20 February 2008	1 year 2 months
Mehmet Dalman	6 December 2007	1 year 2 months
Sir Paul Judge	6 December 2007	1 year 2 months
Kenneth Olisa	6 December 2007	1 year 2 months
Sir Richard Sykes	6 December 2007	1 year 2 months
Roderick Thomson	6 December 2007	1 year 2 months
Eduard Utepov	9 November 2007	1 year 2 months
Abdraman Yedilbayev	6 December 2007	1 year 2 months
Sir David Cooksey (resigned 20 August 2009)	12 November 2007	n/a
Michael Eggleton (resigned 6 October 2009)	6 December 2007	n/a

1 Subject to election at the forthcoming AGM to be held on 9 June 2010.

Copies of all Executive Directors' service agreements and the Letters of Appointment of the non-executive Directors are available for inspection during normal business hours at the registered office of the Company.

Non-executive Directors' fees

The remuneration of the non-executive Directors (other than the Chairman) is a matter for the Chairman and the Executive Directors. Fees are designed to ensure that the Company attracts and retains high calibre individuals. They are reviewed on an annual basis and account is taken of the level of fees paid by other companies of a similar size and complexity. Non-executive Directors do not participate in any annual bonus plan, long-term incentive plan or pension arrangements. The Company repays the reasonable expenses that non-executive Directors incur in carrying out their duties as Directors.

The fees payable to the Deputy Chairman are determined by the Remuneration Committee and following a review, the level of fees remain unchanged for 2010.

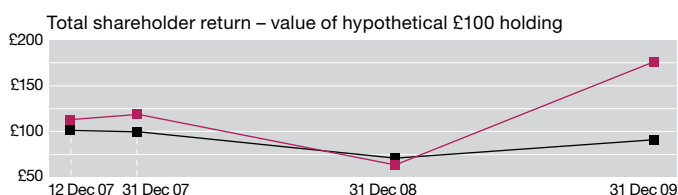
During 2009 the base fee for non-executive Directors was £100,000 per annum. There was no increase in this fee for 2010.

Additional fees of £20,000 per annum are payable to Gerhard Ammann as chairman of the Audit Committee and additional fees of £150,000 per annum are payable to Sir Richard Sykes in relation to his chairmanship of the Remuneration Committee, his role as Senior Independent Director and as Deputy Chairman. There was no increase in these fees for 2010.

As members of the Kazakhstani Government, neither Mr Beketayev nor Mr Utepov are permitted to receive their fees personally. The fees for Mr Beketayev were donated to the London School of Economics and Political Science. As part of a larger and already ongoing engagement with Kazakhstan to facilitate the training and development needs of its Government, the School kindly offered to support two study visits for small groups of government officials from Kazakhstan in 2009. Mr Utepov has donated his fees for 2008 and 2009 to the Nursultan Nazarbaev Educational Foundation.

Performance graph

The Company's TSR performance is shown against a recognised share index. The Company became a constituent of the FTSE 100 index on 28 March 2008 and this index is considered to be the most appropriate. The following graph charts the total cumulative shareholder return of the Company compared with the FTSE 100 since 12 December 2007 (being the first date of trading for the Company shares).



Source: Bloomberg

Note: TSR based on end of year prices, shown since the Company's listing on 12 December 2007

The mid-market price of the Company's shares at 31 December 2009 was 915 pence and between 31 December 2008 and 31 December 2009, the lowest and highest share price was 300 pence and 964 pence respectively.

Auditors

This Report contains both audited and non-audited information. As required under Large & Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, PricewaterhouseCoopers LLP has audited the following elements of the Report:

- Short-term employee benefits including the base salaries and Annual Performance bonus, non-monetary benefits and the disclosure of Directors' defined contribution pension costs within the Directors' remuneration section including the footnotes and accompanying narrative on pages 53 and 54.
- The awards made during 2009 under the Long Term Incentive Plan on page 52.

Annual General Meeting

The Committee Chairman is available at the Company's AGM to answer any questions on the Committee's activities and shareholders will be asked to vote on this Remuneration Report at the AGM.

Signed on behalf of the Board of Directors

Sir Richard Sykes

Chairman of the Remuneration Committee

12 April 2010

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report, the Directors' Remuneration Report and the 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 elected to prepare the consolidated 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group and the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether IFRSs as adopted by the European Union and applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the consolidated and parent company financial statements respectively; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements and the Directors' Remuneration Report comply with the Companies Act 2006 and, as regards the consolidated 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 04 and 05 confirm that, to the best of their knowledge:

- the consolidated 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;
- the parent company financial statements, which have been prepared in accordance with United Kingdom Generally Accepted Accounting Practice, give a true and fair view of the assets, liabilities, financial position and profit of the Company; 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.