

Eurasian Natural Resources Corporation



Transforming Resources

Eurasian Natural Resources Corporation PLC

2008 Half Year Results

“Superior Growth by Transforming Resources”

21 August 2008

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www.enrc.com

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.

The information set out in this presentation relates to the six months ended 30 June 2008, and is compared to the corresponding six months of 2007, to end 30 June 2007 unless otherwise stated. This presentation should be read in conjunction with the Group's Production Report for the quarter ended 30 June 2008, published on 6 August 2008 and the Annual Report, published on 12 May 2008.

Where applicable in the document all references to 't' are to metric tonnes.

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Transforming Resources

Dr Johannes Sittard
Chief Executive Officer

“Superior Growth by Transforming Resources”

Business Highlights of H1 2008



- Revenue up 86% to US\$3.4bn, supported by favourable market conditions
- Average ferroalloy and iron ore prices increased 130% and 62%, respectively
- Solid organic production growth
- EBITDA^(a) up 170% to US\$2.2bn, driven by increased revenue
- Control of costs - advantageous cost curve position
- Near doubling of approved capex to US\$6.9bn; significant new projects
- First acquisitions: Serov and BML
- Fundamentals in place for continued strong performance

^(a) Before exceptional items

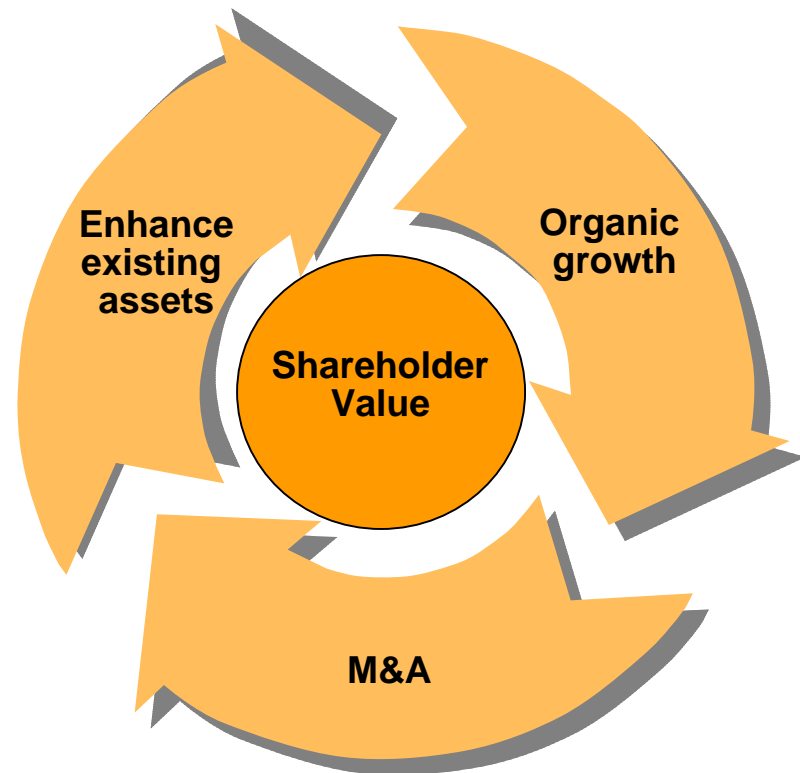
Group Strategic Overview



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

Strategy in action



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

Expanded Capex Programme



	Project planned	Prev. total cost (US\$m)	New total cost (US\$m)	Target completion date
Ferroalloys	<ul style="list-style-type: none"> 170ktpa expansion, 270 ktpa replacement smelting capacity (Aktobe) 	new	590	2012
	<ul style="list-style-type: none"> 460ktpa (previously 200ktpa) expansion of smelting capacity (Aksu) 	160	540	2013
	<ul style="list-style-type: none"> Mine expansion 	new	30	2012
Iron ore	<ul style="list-style-type: none"> Mine expansion 9mtpa (previously 4 mtpa) 	320	525	2012
	<ul style="list-style-type: none"> Pelletiser (5mtpa) & DRI plant (2.8mtpa) (previously 1.8mtpa) 	800	1,300	2012
Energy	<ul style="list-style-type: none"> Additional 1,200MW generation capacity 	new	1,260	2013
	<ul style="list-style-type: none"> 5mtpa mine expansion 	new	230	2013
	<ul style="list-style-type: none"> Other previously announced projects 	2,390	unchanged	
	Total: *	3,670	6,865	

* Does not include capital repairs

Introduction of new and expanded projects takes the approved capital expenditure programme to US\$6.9 billion

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Operational Overview
Felix Vulis, President and Chief Operating Officer

“Superior Growth from Transforming Resources”

Ferroalloys Division

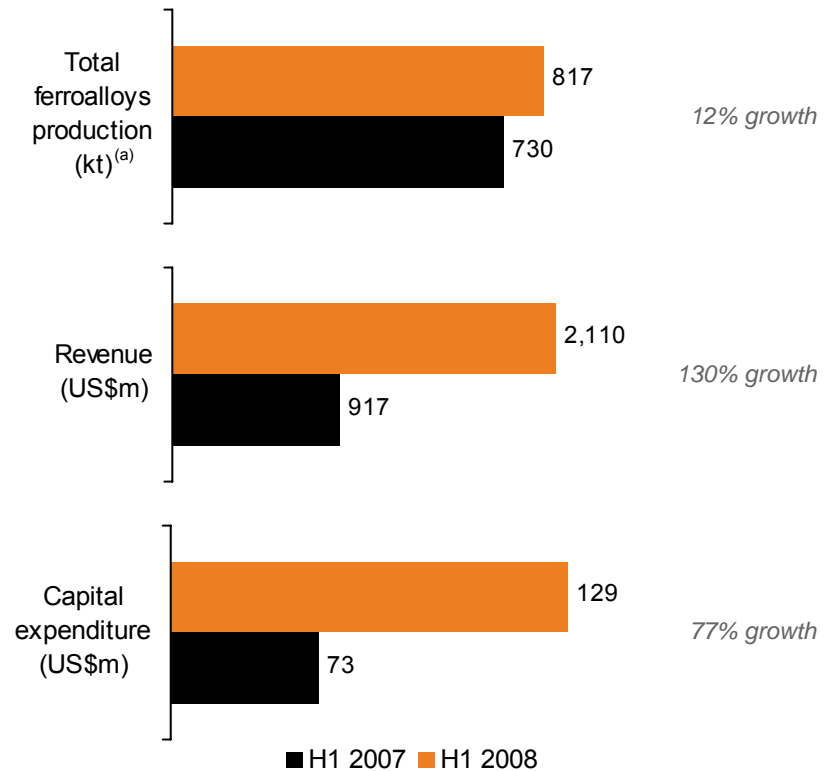


Commentary highlights

- Volumes of saleable chrome ore and ferroalloys increased in H1 2008
- Inclusion of Serov with incremental ferroalloys business of 200ktpa ^(a)
- Revenue ahead 130% – mainly due to higher ferroalloy prices
- Lowest cost ferroalloys producer
- Long term outlook for ferrochrome demand remains positive

Approved projects

- Construction of new DC furnaces at Aksu and Aktobe – low coke, significant reduction in costs, low phosphorous product
- Construction of second pelletiser plant
- Mine expansion



(a) Including Serov production for the second quarter 2008 – Serov Q2 Chrome ore production: 34kt / Q2 Ferroalloys saleable production: 50kt

The combination of scale, location and quality provides the Ferroalloy Division with a sustainable competitive advantage

Iron Ore Division

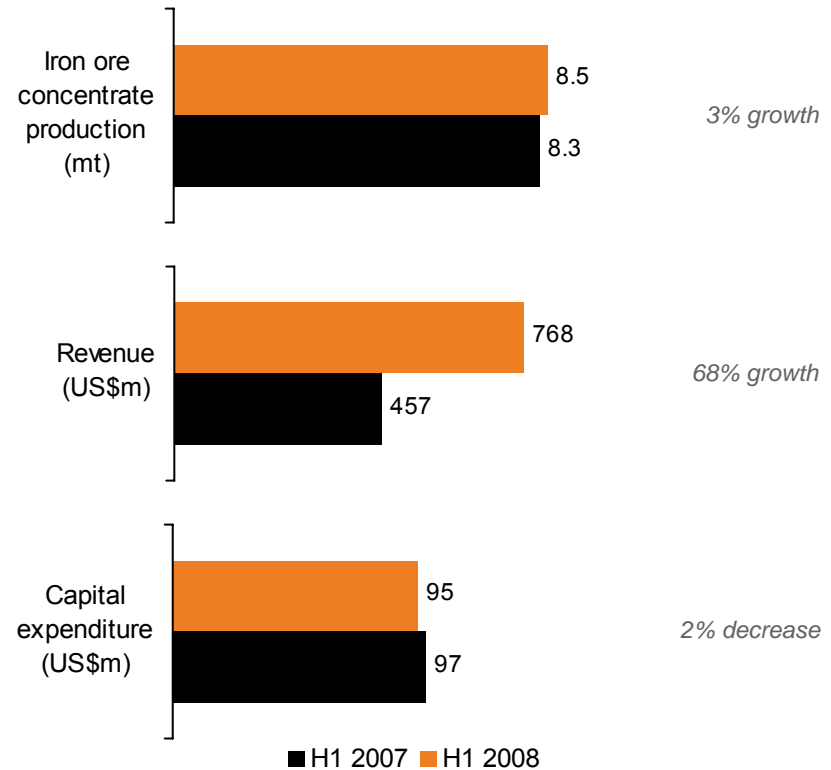


Commentary highlights

- Volumes of primary iron ore concentrate production increased 3%; saleable concentrate production increased 18% in H1 2008
- Iron ore sales of 8.1mt (H1 2007: 8.0mt)
- Prices have seen exceptionally strong growth
- Revenue up 68%
- In lowest third of iron ore pellets cost curve
- Anticipate continued strong demand growth from Russia and China

Approved projects

- Construction of 2,800ktpa DRI plant and 5,000ktpa iron ore pelletiser
- 9,000ktpa expansion of iron ore concentrate production



The Iron Ore Division is a large, long life business that provides exposure to attractive industry fundamentals

Alumina and Aluminium Division

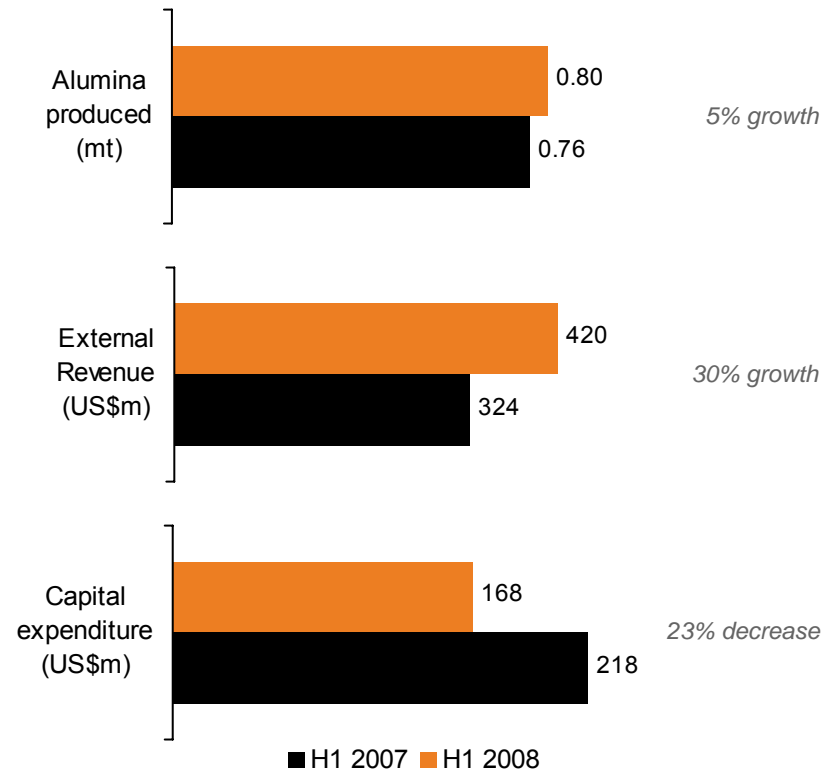


Commentary highlights

- Alumina operations now producing at a rate of 1.6mtpa
- Aluminium production ramping up. Smelter operating at 125ktpa Phase 1 capacity
- Division's third party revenue up 30% to US\$420m, principally due to new aluminium sales
- In lowest cost quartile of alumina and aluminium producers
- CIS alumina demand expected to exceed supply in the near term. Aluminium market looking strong

Approved projects

- Further 200ktpa alumina production increase to support the expansion of the aluminium smelter
- Increase in capacity of the aluminium smelter to 250ktpa
- Construction of 400ktpa caustic soda plant and a 150ktpa anode production plant



ENRC positioned to be one of the lowest cost, integrated aluminium producers

Energy Division

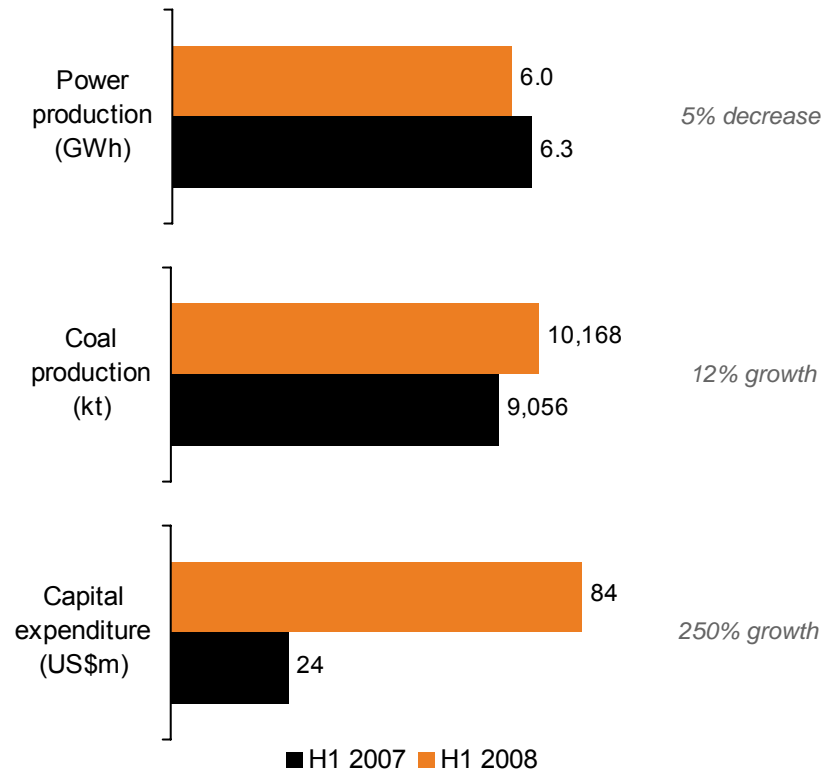


Commentary highlights

- Over 70% of Energy Division's electricity generation consumed by Group – balance sold to third parties
- Internal consumption up principally due to the aluminium smelter
- 5% decrease in electricity generation due to refurbishment of generation unit
- 10.2mt of coal production in H12008, an increase of 12.3%

Approved projects

- Additional turbine and generator (325MW)
- Two new coal fired turbines (1,200MW) generation capacity
- 5mtpa coal mine capacity expansion



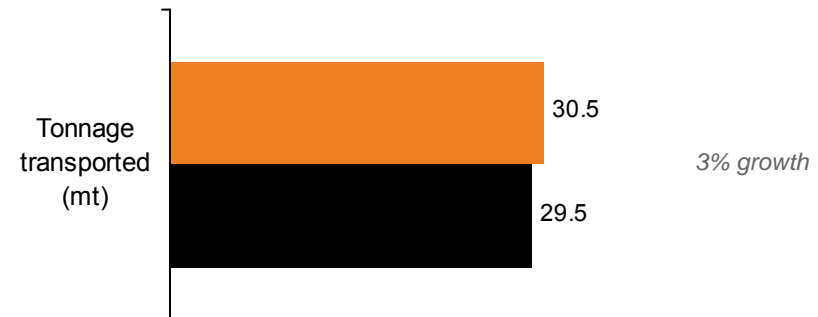
Self-sufficiency in energy with cost effective supply that supports additional growth options

Logistics Division



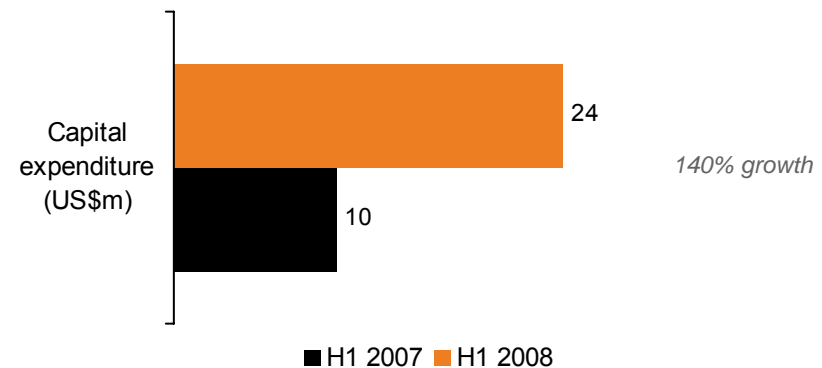
Commentary highlights

- Strong performance of transportation operations in H1 2008
- Lower revenues largely reflect reduced volumes and prices for external railroad repair services



Approved projects

- China Gateway Project - new railroad and transshipment point to China



Key advantage for the Group with control over secure transportation and logistics services for its principal operational divisions

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Financial Overview
Miguel Perry, Chief Financial Officer

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Financial Highlights of H1 2008

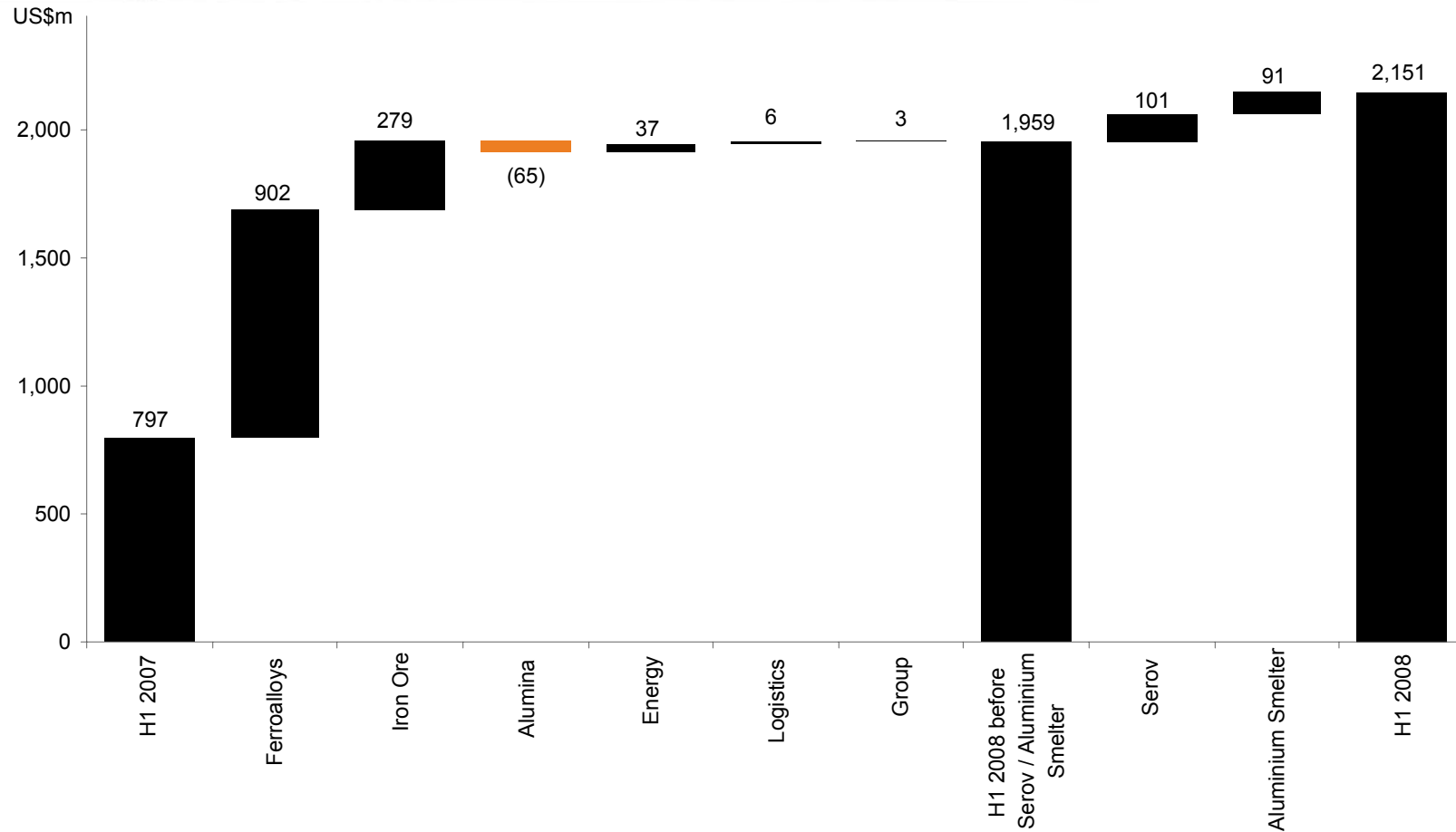


- Revenue rose 86% to a record US\$3.4bn; underlying revenue up 69%^(a)
- Control of costs; underlying Group cost of sales up 15%
- EBITDA^(b) up 170% to a record US\$2.2bn; EBITDA margin^(b) at 62.5%
- PBT up 2.5x to US\$2.0bn
- Basic EPS rose 160% to US\$1.04
- Maiden interim DPS of 12 US cents
- Capital expenditure of US\$500m
- Effective tax rate of 33.2% (FY 2007: 38.4%)
- Basis for a very strong second half

(a) Defined to exclude revenue from the new aluminium smelter and Serov

(b) Before Exceptional items/IPO costs

EBITDA* Bridge (H1 2007– H1 2008)^(a)



H1 2007 EBITDA
Margin: 42.9%

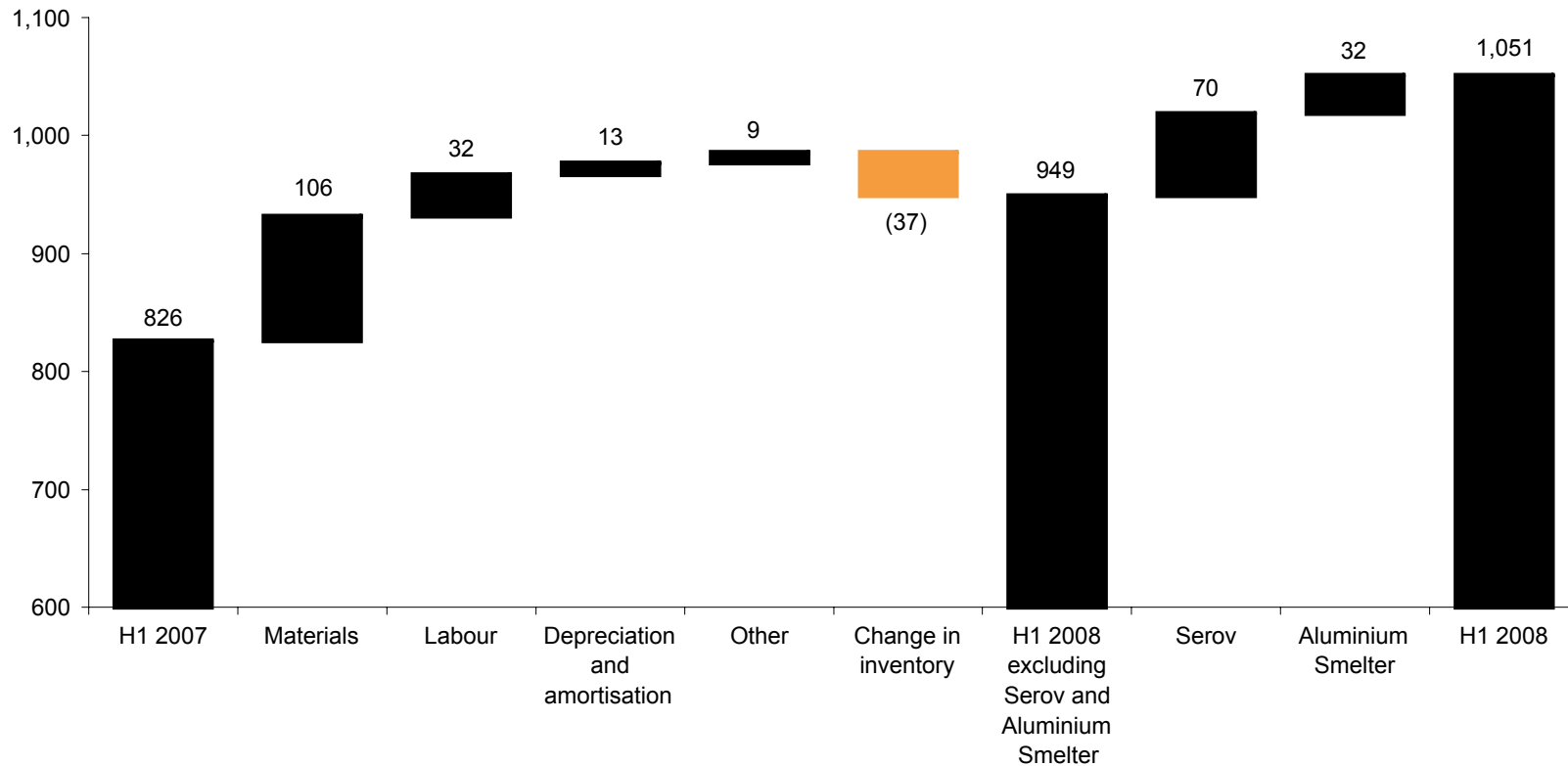
H1 2008 EBITDA
Margin: 62.5%

* EBITDA before exceptional items
(a) Unaudited financial information

Cost of Sales H1 2008 Compared to H1 2007



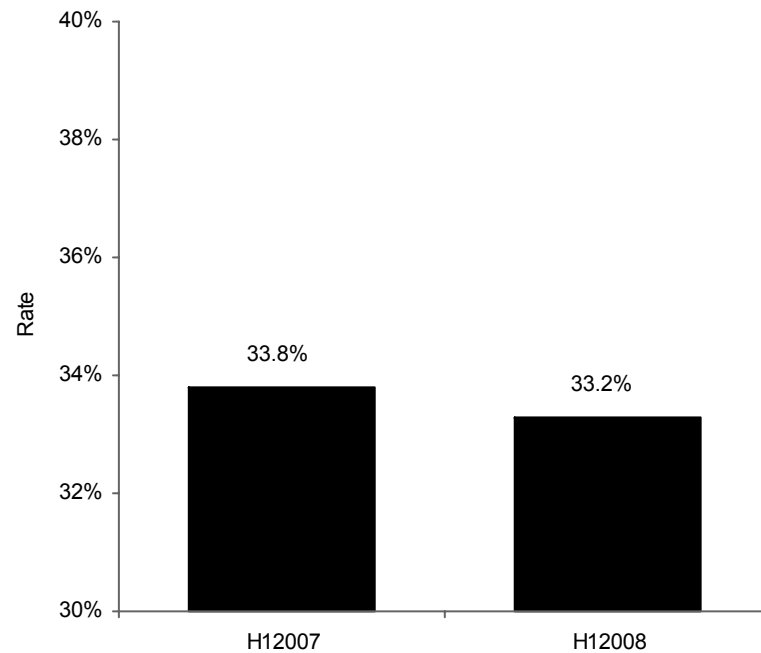
- Underlying Group cost of sales up 15%
- Underlying cost of sales up 18% in the core operating divisions
- Kazakhstan inflation 20% per annum at the end of June 2008



Tax Charge



Effective tax rate %



Key points

- Kazakhstan statutory tax rate, 30%
- Excess profits tax increases this by 2%-3%
- Outlook for tax 2008 charge is 32%-33%
- Government's proposed changes include:
 - Reduced corporate income tax rate
 - Clarification of excess profit tax
 - A mineral resources tax
 - Abolition of royalties
- Decision expected: September / October 2008

Divisional Performances



ENRC

	Ferroalloys		Iron ore		Alumina & Aluminium		Energy		Logistics		Total Group ^(a)	
	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007	H1 2008	H1 2007
Revenue^(b)(US\$m)	2,110	917	768	457	421	325	229	157	106	102	3,442	1,856
EBITDA^(c) (US\$m)	1,408	405	476	197	158	132	102	65	29	23	2,151	797
Margin^(c)(%)	67%	44%	62%	43%	38%	41%	45%	41%	27%	23%	63%	43%

- (a) Total group EBITDA includes corporate and unallocated items of US\$(22)m for H1 2008 and US\$(25)m for H1 2007
 (b) Revenue net of inter-segment revenues; margins based on total revenue (includes inter-segment and external revenue)
 (c) Before exceptional items of US\$(0)m for H1 2008 and US\$(20)m for H1 2007.

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Dr Johannes Sittard
Chief Executive Officer

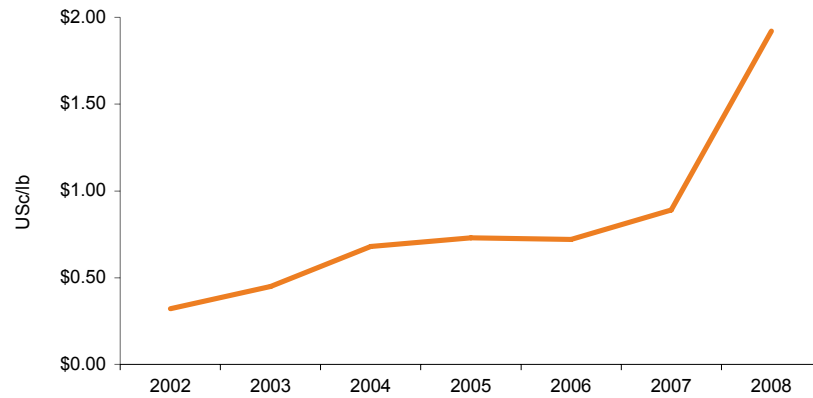
Market Overview & Outlook

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Record Prices for Core Commodities

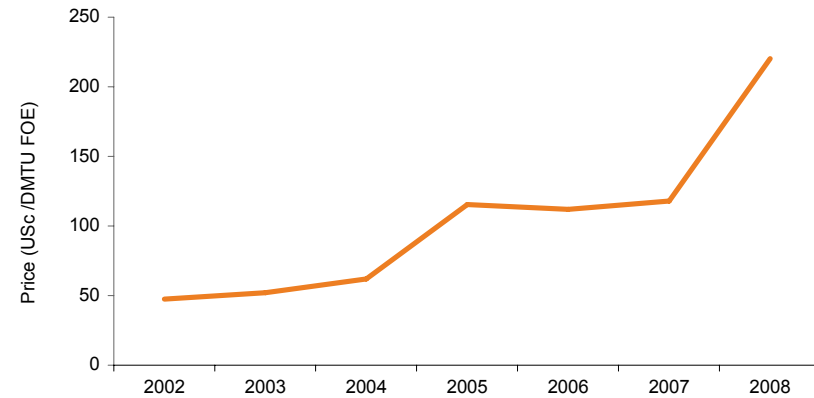


High Carbon Ferrochrome



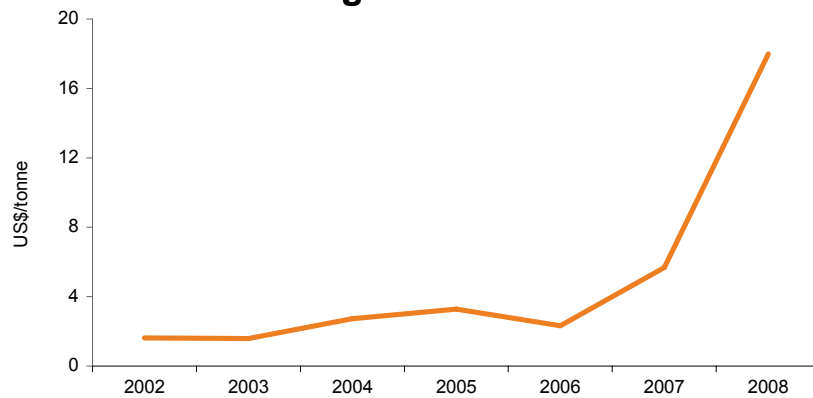
Source: *Heinz H. Pariser, company reports. European benchmark price, 2007*

Iron Ore Pellets



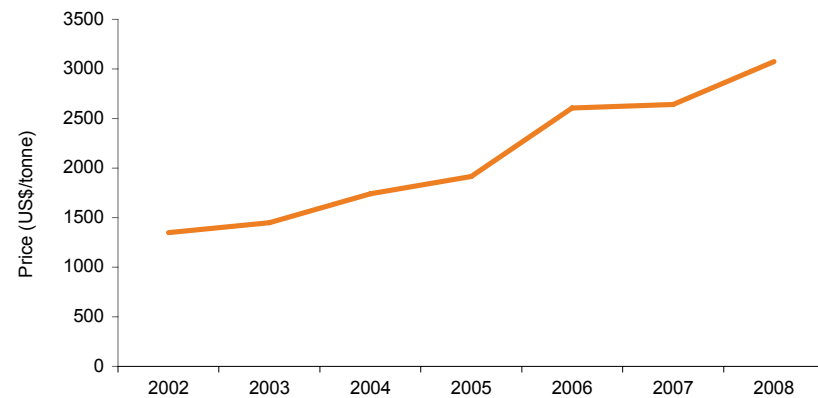
Source: *FactSet, CVRD pellets FOB Turbarao, 2007*

Manganese Ore



Source: *CRU, 2007*

LME Aluminium

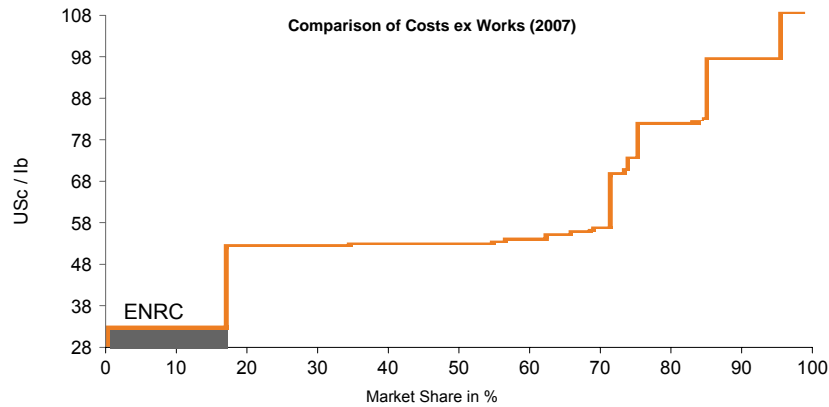


Source: *FactSet, 2007*

Industry Cost Curves

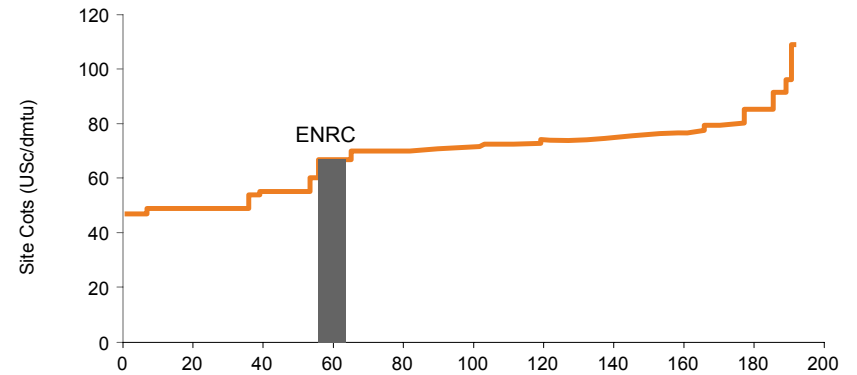


Ferrochrome



Source: Heinz H. Pariser, 2007

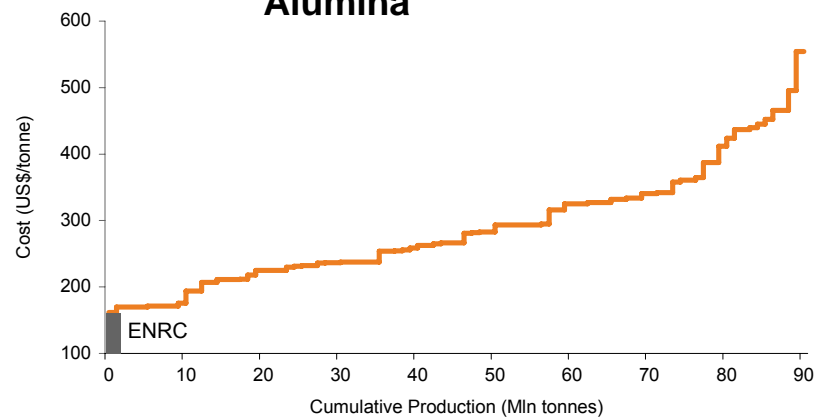
Iron Ore Pellets



Source: CRU, 2007

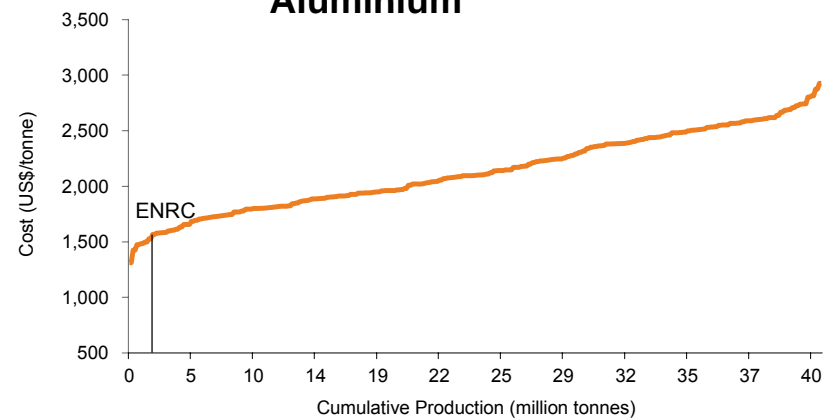
Note: Site costs=royalties+ mining+ beneficiation+ pellet plant+ G+A+ working capital+ freight to fob point

Alumina



Source: CRU, 2007

Aluminium



Source: CRU, 2007

ENRC Outlook for H2 2008



- Outlook for a very strong year in 2008
- Demand continues to support prices for ferroalloys, iron ore and aluminium
- Iron ore price outlook secure with record ferroalloy prices expected to hold
- ... but continued strong cost pressures to manage
- Continued capital expenditure
- Ongoing review of organic and acquisitive growth options
- Delivery of shareholder value

ENRC Investment Highlights



High quality assets



Diversified revenues



Integrated operations



Growth



Management team



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Thank you for your attention

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Appendix

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Group – Summary Balance Sheet (a)



(US\$m)	H1 2008	FY 2007	H1 2007
Property, Plant & Equipment (PP&E)	3,618	3,232	2,934
Goodwill and intangible assets	534	390	389
Investments in joint ventures	317	—	—
Total other non-current assets	469	337	148
Total non-current assets	4,938	3,959	3,471
Cash and cash equivalents	2,339	2,548	192
Total other current assets	2,098	1,681	1,312
Total current assets	<u>4,437</u>	<u>4,229</u>	<u>1,504</u>
Total assets	<u>9,375</u>	<u>8,188</u>	<u>4,975</u>
Non-current borrowings	556	1,065	1,118
Total other non-current liabilities	482	484	420
Total non-current liabilities	1,038	1,549	1,538
Current borrowings	350	359	153
Total other current liabilities	811	491	503
Total current liabilities	<u>1,161</u>	<u>850</u>	<u>656</u>
Total liabilities	<u>2,199</u>	<u>2,399</u>	<u>2,194</u>
Shareholders' equity	7,076	5,714	2,716
Minority interests	<u>100</u>	<u>75</u>	<u>65</u>
Total equity	<u>7,176</u>	<u>5,789</u>	<u>2,781</u>

(a) Unaudited financial information.

Group – Summary Financial Information (a)



(US\$m)	H1 2008	H1 2007	H2 2007	2007	2006
Revenue	3,442	1,856	2,250	4,106	3,256
Costs ^(b)	(1,442)	(1,195)	(1,308)	(2,503)	(2,253)
EBITDA (before Exceptional items/IPO costs)	2,151	797	1,109	1,906	1,256
Exceptional items (IPO Costs)	–	(20)	(162)	(182)	(6)
EBITDA	2,151	777	947	1,724	1,250
EBIT	2,000	641	780	1,421	997
Profit before tax	2,046	586	735	1,321	971
Effective tax rate	33.2%	33.8%	42.0%	38.4%	29.4%
Earnings per share (US\$)	1.04	0.38	0.41	0.79	0.55
Dividends per share (USc)	12.00	–	–	–	–
EBITDA margin (before Exceptional items/IPO costs)	62.5%	42.9%	49.3%	46.4%	38.6%
EpS US\$ (before Exceptional items/IPO costs)	1.04	0.40	0.57	0.97	0.56
Net cash generated from operations	1,533	475	604	1,079	739

(a) Unaudited financial information

(b) Costs include: cost of sales; distribution costs; selling, general and administrative expenses; and other operating expenses – net. Costs exclude exceptional items (IPO costs).

Group – Summary Cash Flow ^(a)



(US\$m)	H1 2008	H1 2007
Cash flow from operating activities	1,533	475
Purchase of PP&E (including pre-payments)	(635)	(503)
Acquisition of subsidiary (net of cash acquired)	(135)	–
Purchase of investment in joint ventures	(311)	–
Total other cash flow from investing activities	(140)	(115)
Net cash used for investing activities	(1,221)	(618)
Net cash used for financing activities	(522)	(15)

(a) Unaudited financial information.

Capital Expenditure Programme



	Project planned	Estimated total cost (US\$m)	Estimated cost to complete (US\$m)	Target completion date
Ferroalloys	700ktpa chrome pelletiser	110	70	2009
	170ktpa expansion, 270 ktpa replacement smelting capacity (Aktobe)	590	590	2012
	460ktpa expansion of smelting capacity (Aksu)	540	540	2013
	Mine expansion	30	30	2012
Iron ore	Pelletiser (5mtpa) & DRI plant (2.8mtpa)	1,300	1,300	2012
	Mine expansion 9mtpa	525	480	2012
Alumina & Aluminium	Alumina production expansion (200ktpa remaining)	240	100	2010
	Phase 2 – aluminium smelter (125ktpa)	305	230	2010
	Other (sandy alumina, soda plant, anode plant)	440	410	2010
Energy	Overburden stripping equipment	85	70	2010
	Refurbishment of Turbine 1	100	10	2008
	Additional 325 MW (Turbine 2)	200	155	2011
	Additional 1,200MW generation capacity	1,260	1,260	2013
	5mtpa mine expansion	230	230	2013
Logistics	China Gateway Project	910	910	2011

Note: **New and expanded projects highlighted in red.** Does not include capital repairs (US\$0.5 billion).

Introduction of new and expanded projects takes the total approved capital expenditure programme to US\$6.9 billion

H1 2008 Acquisitions



Serov

- Ferroalloy producer in Russia
- Total acquisition consideration of US\$210m
- Incremental sales volume of approximately 200kt
- Reinforces our position in low- and medium-carbon ferrochrome

BML

- 50% interest in company focused on the development of an iron ore deposit in Bahia State of Brazil
- Feasibility study to be completed by end of 2008 with start up envisaged in 2011
- Full rate of production of approximately 25mtpa of concentrate by 2012
- Will enhance our position in the iron ore market, specifically in the Americas and in the seaborne trade

Tuoli – acquisition to be completed in H2 2008

- Acquisition of 50% stake in Tuoli, a Chinese ferroalloys producer
- One of China's largest ferrochrome plants
- Annual capacity of 120kt of high-carbon ferrochrome
- Acquisition provides additional capacity in ferroalloys and the advantages of a direct presence in the key market of China