

Eurasian Natural Resources Corporation



Transforming Resources

Manganese: Alloy and Ore Market Outlook

“Superior Growth by Transforming Resources”

7 July 2008

Disclaimer



This document includes forward-looking statements that reflect the current views of the Group's management 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 these or other 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 document. 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 document, those results or developments may not be indicative of results or developments in future periods. Except as required by the Listing Rules and applicable law, the Group does not undertake any obligation to update or change any forward looking statements to reflect events that occur or circumstances that arise after the date of this document.

Where applicable in the document all references to 'mt' or 't' are to metric tonnes, 'Mt' to Million metric tonnes, 'kt' to kilo tonnes, 'Mn' to Manganese, 'HC FeMn' to High Carbon Ferro Manganese, 'SiMn' to Silico Manganese, 'FeSi' to Ferro Silicon, 'Cr' to Chrome, 'Al' to Aluminium, 'Ag' to Silver, 'C' to Carbon, 'Ni' to Nickel, 'P' to 'Phosphorus', 'S' to 'Sulphur', 'MVA' to Mega-Volt Ampere, 'EBITDA' to Earnings Before Interest, Depreciation and Amortization and 'CAGR' to Compound Annual Growth Rate.

Industry data is sourced from International Manganese Institute (IMnI), Metal Expert, Roskill, CRU, Global Tracking Atlas and GTIS.

Today's Participants



Jim Cochrane
Head of Marketing



Mark Midgley
Marketing Director

- Extensive experience in marketing and business development in the mining industry
- Previously worked for Samancor Chrome, Billiton, Impala Platinum and Schlumberger
- With ENRC since 2001
- Led the expansion of the Group's customer base and negotiation of key contracts

- Worked in Africa for Anglo American and Rennies Shipping 1980-1982, and later marketed ferroalloys and metals as agent for BHP Billiton, Anglo American and Rio Tinto
- Was appointed to the board of NiMag in South Africa, was Deputy Chairman of Marantha Ferro Chrome and a director of FeSil, the Ferrosilicon and Silicon Metal producer in Norway
- With ENRC since 2002

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Agenda



- **ENRC and ENRC Ferroalloys Division**
- **Introduction to Manganese Ore and Alloys**
- **Any Questions?**
- **Market Review 2004-2007**
- **Any Questions?**
- **Market Outlook 2008-2011**
- **Conclusions**
- **Any Questions?**

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ENRC and ENRC Ferroalloys Division

A Leading Diversified Mining Company



	Ferroalloys		Iron ore		Alumina & Aluminium		Energy		Logistics		Total Group ¹	
	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006	2007	2006
Revenue²(US\$m)	2,178	1,473	991	829	607	602	181	154	149	198	4,106	3,256
EBITDA³ (US\$m)	1,138	547	448	323	220	277	107	77	44	54	1,906	1,256
Margin³(%)	52%	37%	45%	39%	36%	46%	59%	50%	30%	27%	46%	39%
Products	<ul style="list-style-type: none"> Ferroalloys Chrome ore Manganese ore 		<ul style="list-style-type: none"> Iron ore concentrate Iron ore pellets Direct reduced iron (from 2011) 		<ul style="list-style-type: none"> Alumina Aluminium (from 2007) Gallium 		<ul style="list-style-type: none"> Electric Power Coal 		<ul style="list-style-type: none"> Freight forwarding Railway track construction and repair Wagons and locomotives repair 			
	<i>World's largest and lowest cost ferrochrome producer⁴</i>		<i>Large scale production with long life reserves</i>		<i>Low cost producer with long life reserves</i>		<i>Low cost, captive energy supply with growth potential</i>		<i>Comprehensive reliable network to support divisions</i>			

¹ Total group EBITDA includes corporate and unallocated items of US\$(22)m for 2006 and US\$(51)m for 2007

² Revenue net of inter-segment revenues; margins based on total revenue (includes inter-segment and external revenue)

³ Before exceptional items of US\$(6)m for 2006 and US\$(182)m for 2007

⁴ Heinz H. Pariser, based on chrome content, 2006 data.

Large Scale Production with Long Mine Lives



		Reserves		Resources ¹		Production		
		Tonnage (Mt)	Grade (%)	Tonnage (Mt)	Grade (%)	2006 (kt)	2007 (kt)	
Ferroalloys	Chrome ore	166	42	331	49	3,410	3,881	World's largest ferrochrome producer (by chrome content) Chrome ore mine life of 42 years
	Manganese ore	23	19	103	20	862	927	
	Ferroalloys	-	-	-	-	1,398	1,470	
Iron ore	Iron ore	1,485	37	4,518	39	38,800	40,222	World's 6th largest iron ore exporter Iron ore mine life of 31 years
	Iron ore concentrate	-	-	-	-	16,100	16,791	
	Iron ore pellets ²	-	-	-	-	8,500	8,536	
Alumina & Aluminium	Bauxite	161	43	174	44	4,900	4,963	World's 5th largest producer of traded alumina Bauxite mine life of 35 years
	Alumina	-	-	-	-	1,507	1,534	
	Aluminium	-	-	-	-	-	12	
Energy	Coal	762	-	1,254	-	17,900	18,442	One of Kazakhstan's largest electricity providers Coal mine life of 39 years
	Electricity (GWh)	-	-	-	-	11,500	12,121	
Logistics	Tonnage carried	-	-	-	-	61,688	60,854	One of Kazakhstan's largest freight forwarding carrier companies
	Own railcars (units)	-	-	-	-	5,190	5,768	

¹ Includes measured, indicated and inferred

² Pellet production excludes screened iron ore sales

Source: Company (2007), SRK (2007), CRU (2006 data), Heinz H. Pariser (2006 data), Government of the Republic of Kazakhstan.

Ferroalloys Division

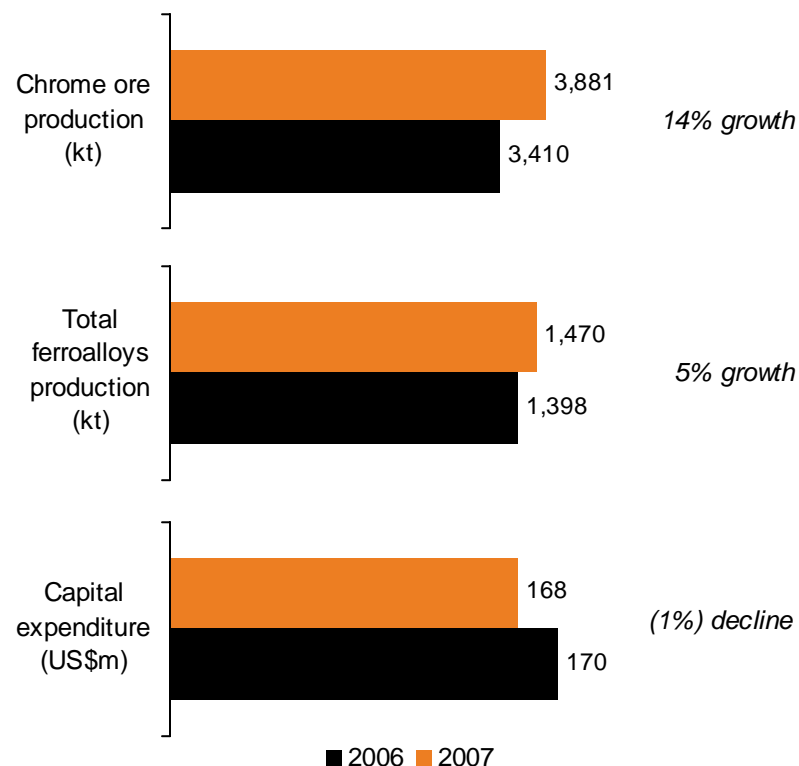


Commentary highlights

- Volumes of both chrome ore and ferroalloys increased in 2007
- 53% of Group revenues in 2007 c60% of ferroalloy sales excluding Russia / China
- Revenue ahead 48% – mainly due to higher ferroalloy prices. 8% growth in ferroalloy and chrome ore sales
- Strength of ferrochrome market sustained by continued growth in stainless steel demand and industry near capacity.

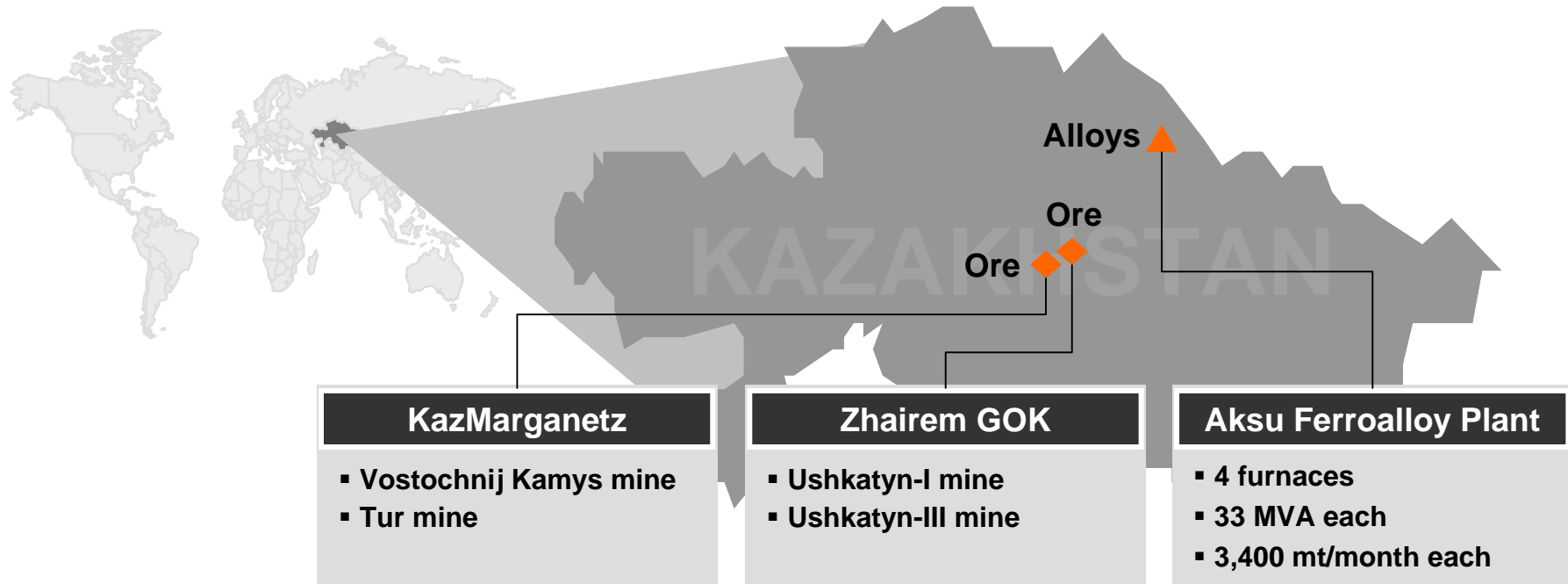
Approved projects

- Construction of new furnaces
- Construction of second pelletiser plant
- A new agglomeration plant to improve recoveries
- Acquisition of Serov for US\$210m adding 200ktpa incremental sales.



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

ENRC Ferroalloys Manganese Facilities



	Production 2007 (in kilotonnes)	Sales 2007 (in kilotonnes)	Revenue 2007 (US\$m)
Manganese ore	1,265	880	82
Mn high grade (35-40%)	789	415	58
Mn low grade (20-28%)	138	194	17
FeMn conc (5-10%)	338	271	7
Silico Manganese	160	173	200

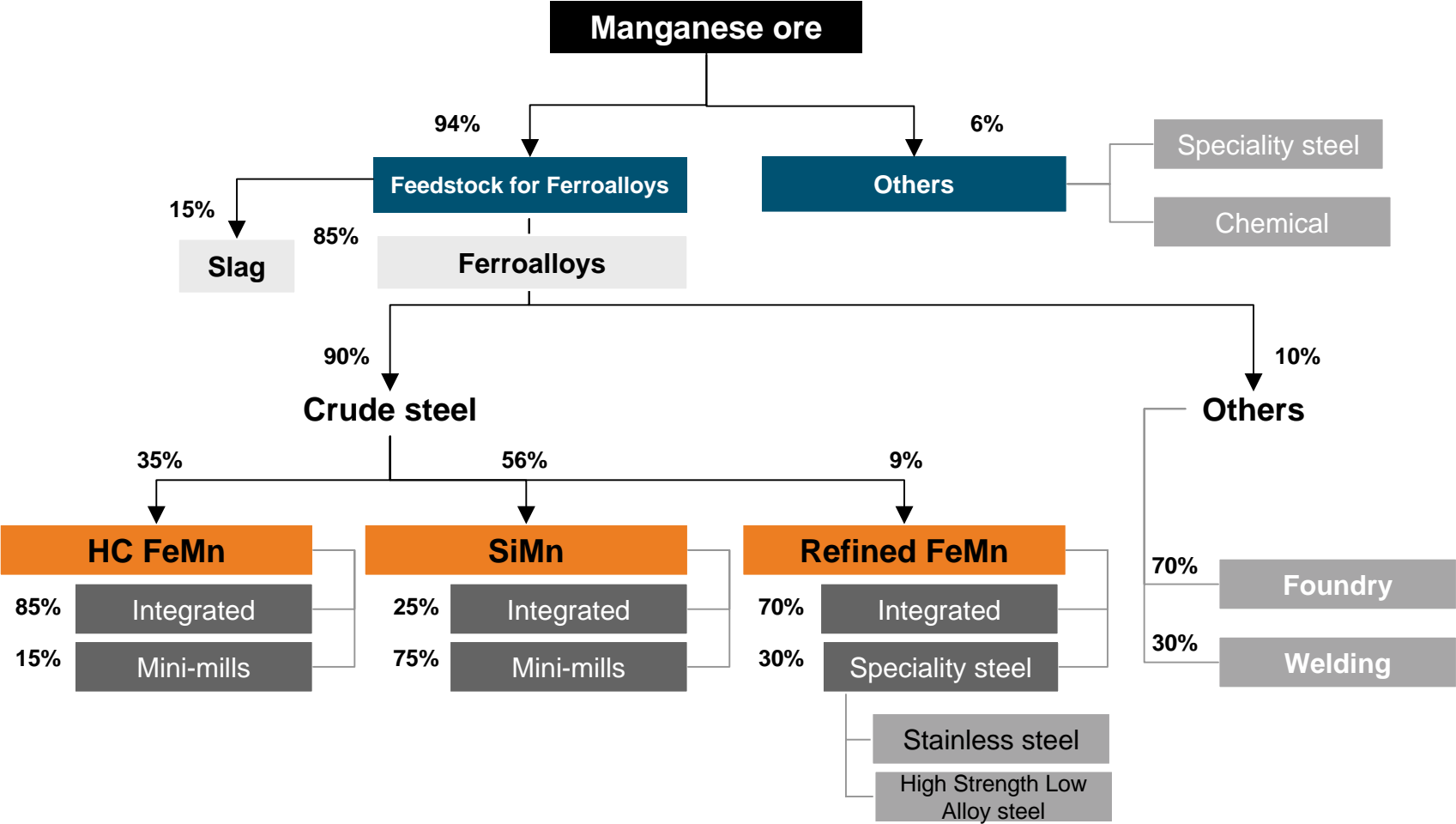
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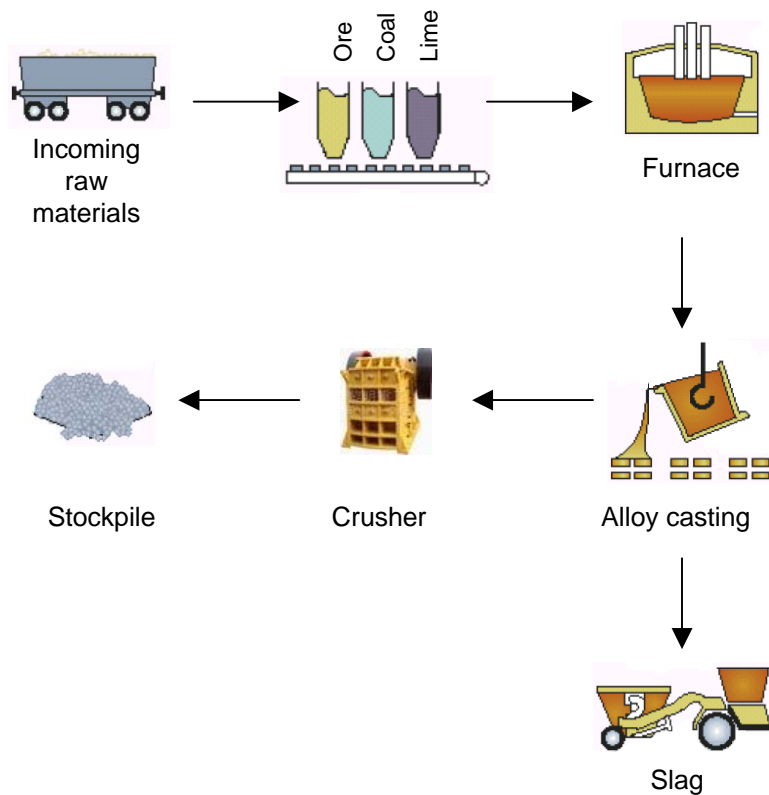
Introduction to Manganese Ore and Alloys

Manganese Market Materials Flow



Source: Roskill

Manganese Alloys Production Flowchart



- Ferroalloys are produced by reducing metal oxides with a reductant such as coke or coal.
- There are two smelting mechanisms for ferroalloy production:
 - a) A “full reduction” or “slag free” process
 - b) A “selective reduction” process

Unit consumption per tonne of alloy	HC FeMn	SiMn
Energy (kWhrs)	2,600	4,000
Ore ¹ (tonne)	2.3	2.2
Coke ¹ (tonne)	0.6	0.5

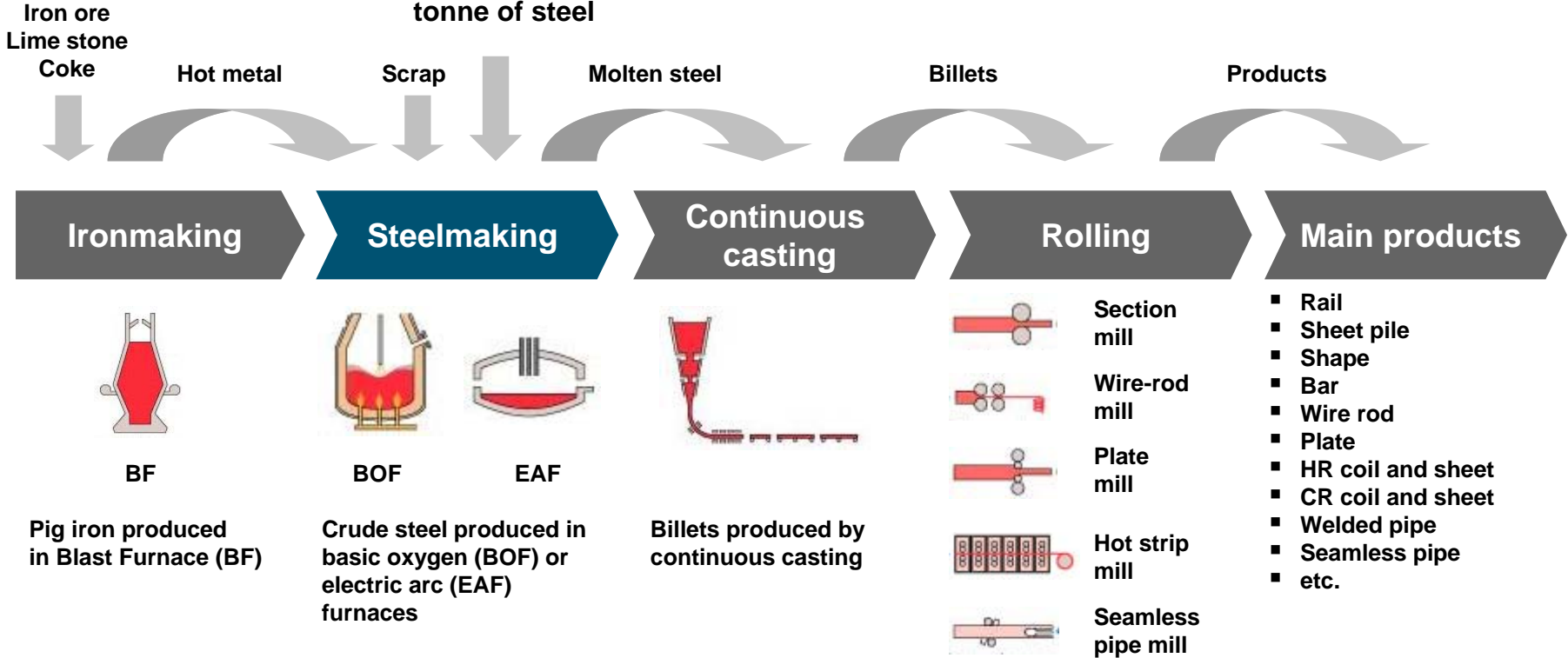
¹ Consumption depends on the quality of ore
 In this table manganese ore is 44% Mn, chrome ore is 69% Cr

Integrated Steelmaking Process



HC FeMn 3.34 kg	Ref FeMn 0.93 kg	SiMn 5.44 kg
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9.71 kg of Manganese alloys per tonne of steel



Differences in Manganese Alloys



	HC FeMn	SiMn	Refined FeMn
Application	<ul style="list-style-type: none"> Extensively used in manufacturing normal steel and high-carbon steel 	<ul style="list-style-type: none"> Mainly used as the compound steel-making deoxidization agent and alloying agent to produce steel 	<ul style="list-style-type: none"> Important material for manufacturing stainless steel, heat resistant steel and electric welding electrodes
Specification	<ul style="list-style-type: none"> Mn 70-82% C 8.0% max Si 2.0% max P 0.5% max S 0.03% max 	<ul style="list-style-type: none"> Mn 57-75% C 0.1-3.5% min Si 10-35% P 0.05-0.35% max S 0.03% max 	<ul style="list-style-type: none"> Mn 75-85% C 0.1-2.0% max Si 2.0% max P 0.15-0.35% max S 0.03% max
<ul style="list-style-type: none"> SiMn has a more diverse range of applications than FeMn and accounts for 56% of the global output of manganese alloys SiMn is able to reduce oxygen from steel. This property makes SiMn a suitable substitute for FeSi in oxidation during the steelmaking process when the FeSi price is relatively higher than that of SiMn 			

Manganese Properties and Applications



Steelmaking

- Strong sulphide former
- Deoxidant
- Weak carbide former
- Alloying element



- Reduces undesirable amount of sulphur and oxygen in steel
- Improves the response of steel to quenching
- Enhances mechanical properties of steel by increasing hardenability rate

Mn content

Carbon Steel	Construction Steel	Stainless Steel (other series)	High Strength Low Alloy Steel	High Mn Non-magnetic Steel	Stainless Steel (series 200)	Hadfield Steel
0.5%	1.0%	1.0%	1.5%	11%	12%	13%

Non-ferrous alloys

- Deoxidant
- Alloying element



- Enhances corrosion resistance of Al alloys
- Improves copper alloys castability and strength
- Can replace part of the Nickel in Ni-Al alloys

Other uses

- Depolarizer
- Bactericidal
- Fungicidal



- Used in dry-cell batteries in the manganese dioxide form
- Used in purifying drinking water, treating waste water and odour control
- Used for controlling crop and cereal diseases

Pricing



- China is a key driver for manganese alloys supply / demand and ore prices
- Manganese ore – historically annual pricing; today, quarterly pricing
- Manganese ore accounts for around 50% of manganese alloys' costs
- Contract price based on Australian 48% manganese ore, FOB
- Spot pricing related to published import quotes for manganese ore containing manganese 45%, CIF China
- Manganese alloys contracts with quarterly pricing
- Alloys spot pricing related to published indices

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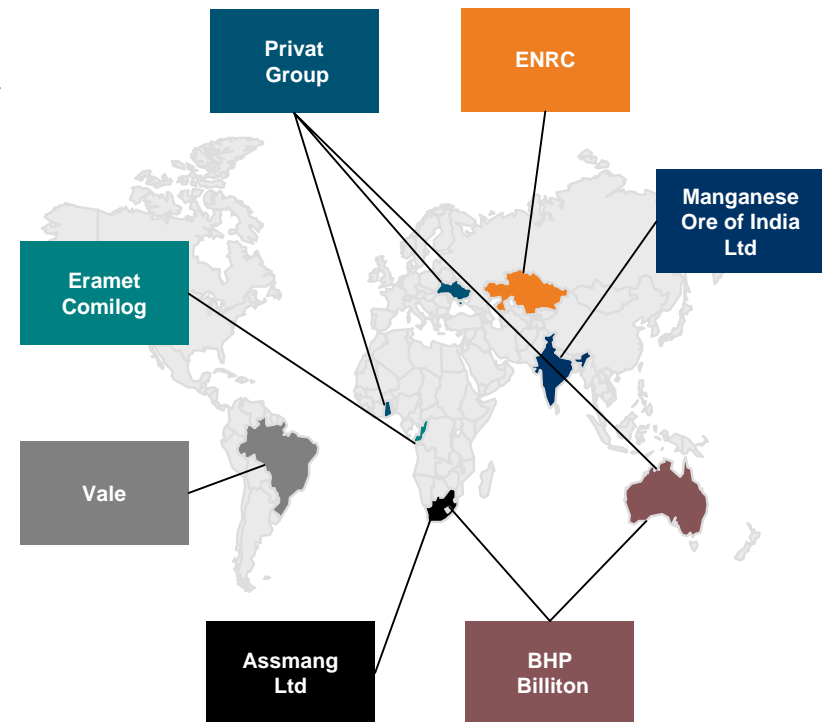
Market Review 2004–2007

Manganese Ore Producers



World's largest manganese ore producers

Location of basic facilities	Managing company	Company	Output in 2006 ('000 mt)
South Africa, Australia	BHP Billiton	Samancor, GEMCO	5,653
Ukraine, Ghana, Australia	Privat Group	Privat, Ghana Manganese Company, Consolidated Minerals	4,734
Gabon	Eramet Comilog	Comilog	3,000
South Africa	Assmang Ltd.	Assmang Ltd.	2,280
Brazil	Vale (CVRD)	Amazonia Mineracao, Vale (CVRD)	2,242
India	Manganese Ore of India Ltd.	Manganese Ore of India Ltd.	1,019
Kazakhstan	ENRC	ENRC	891

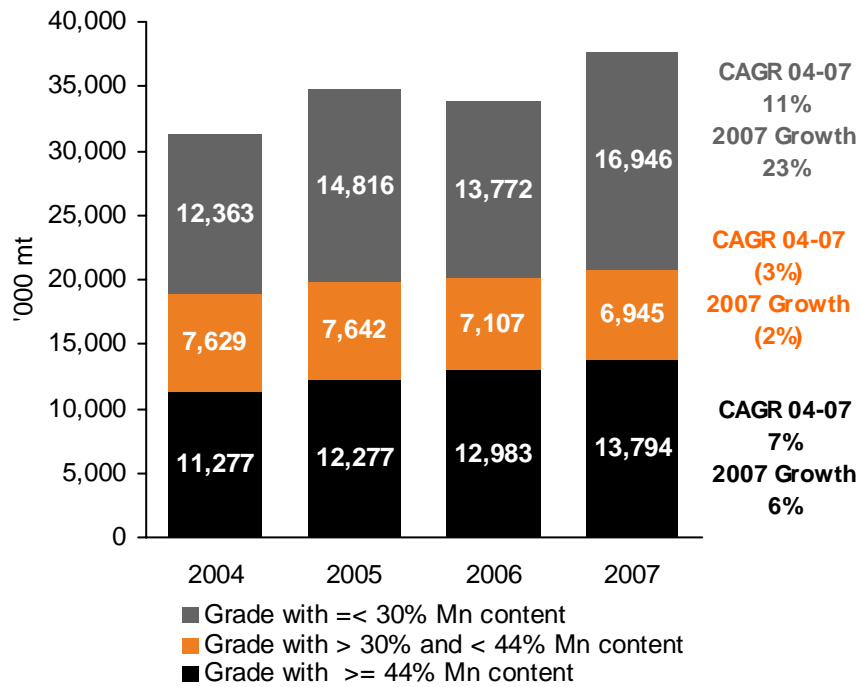


Source: Metal Expert

Manganese Ore Production

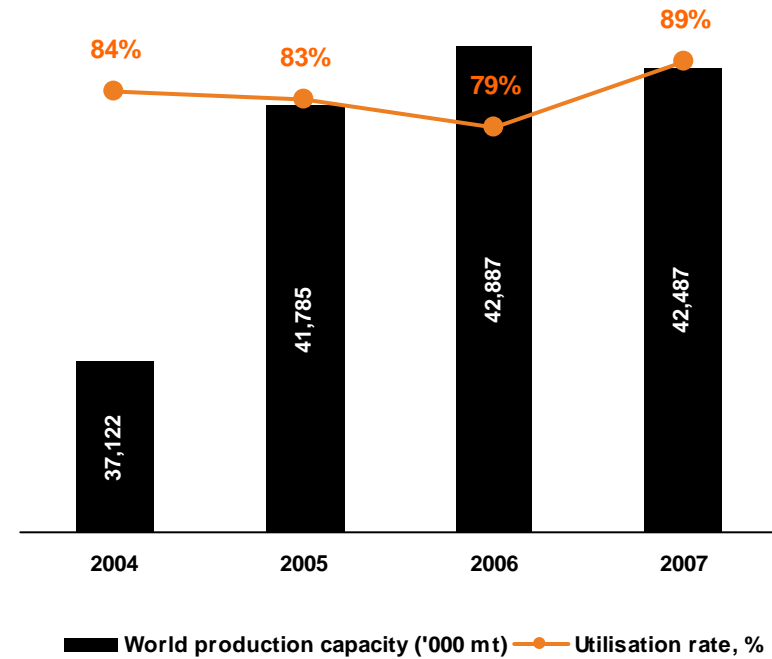


Manganese ore production by grade (wet)



Source: IMnI

Production capacity (wet)

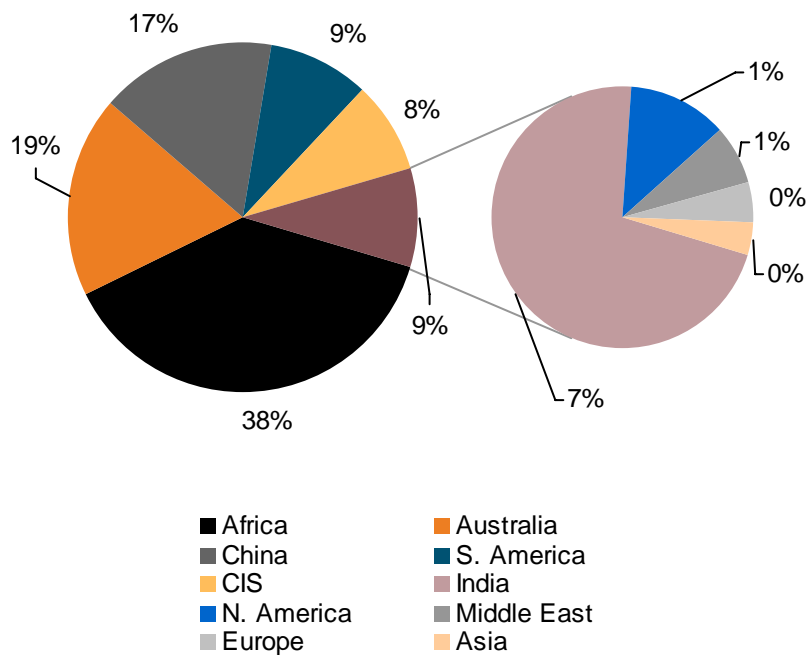


Source: IMnI

Manganese Ore Supply / Demand

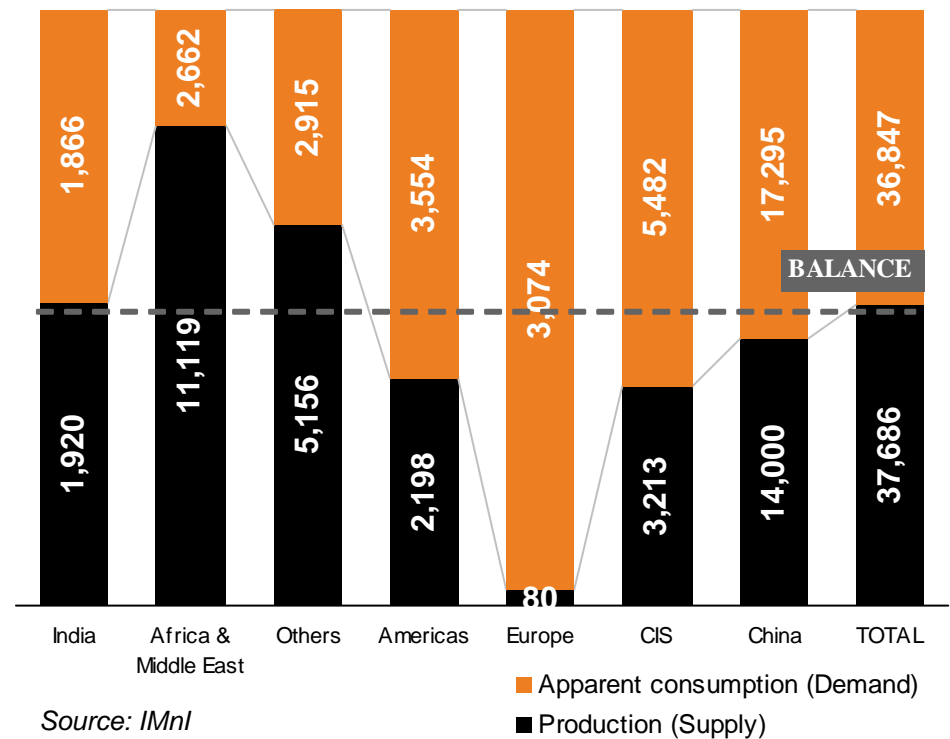


Manganese ore mining 2006, manganese content ('000 mt)



Source: Metal Expert

Supply /Demand balance 2007 ('000 wet tonnes)



Source: IMnI

Europe, Americas, CIS and China are major importers of manganese ore

Manganese Alloys Producers



World's largest manganese alloys producers

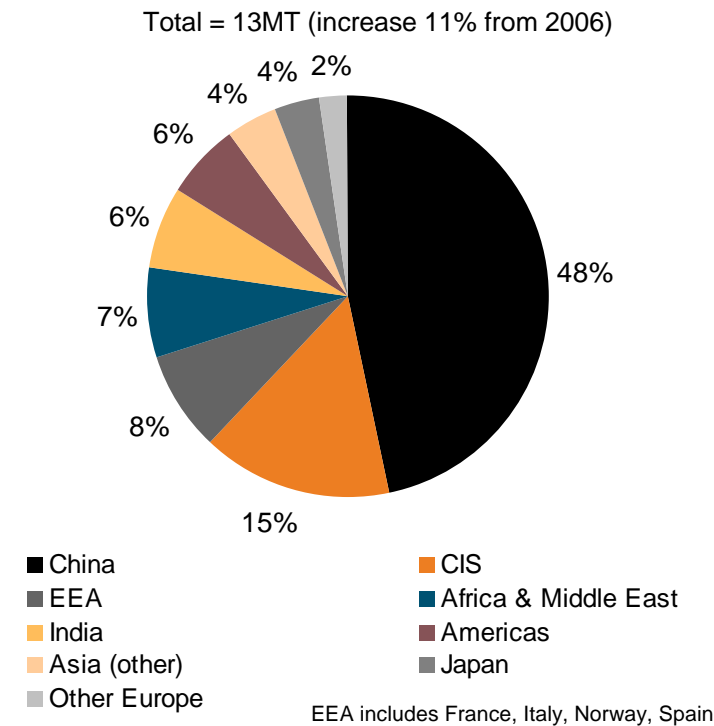
Company	Country	Capacity, `000 mt	Share in the world market
Privat Group	USA, Romania, Poland, Georgia, Ukraine, Russia	2,556	20%
Eramet	USA, France, Italy, China, Norway	1,130	9%
BHP Billiton	Australia, South Africa	900	7%
Vale (CVRD)	Brazil, Norway, France	620	5%
Nippon Denko	Japan, China	483	4%
Tinfos	Norway	420	3%

Source: Metal Expert

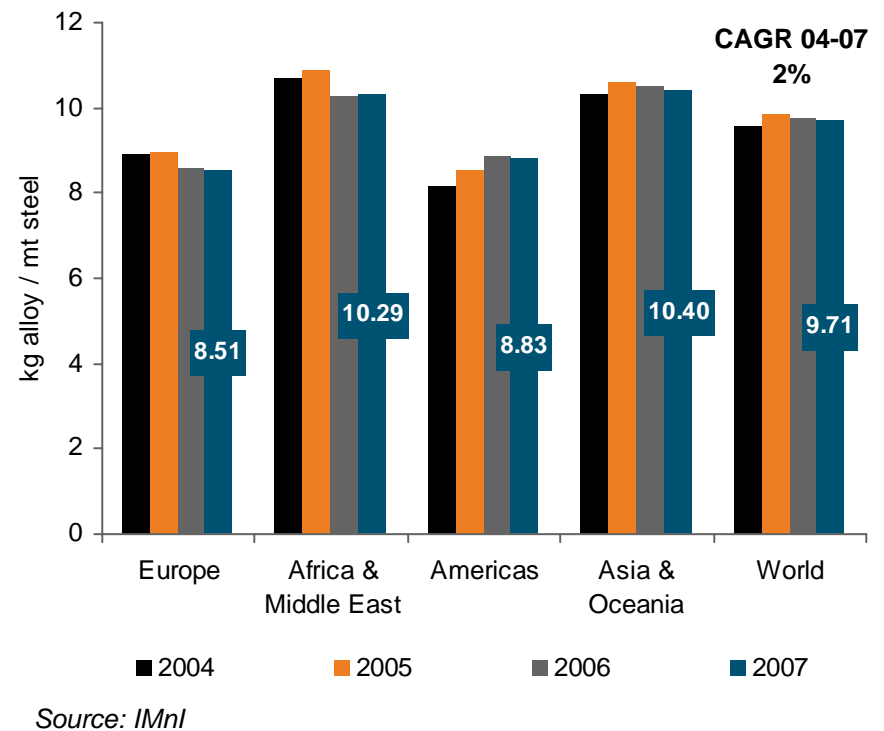
Manganese Alloys Supply / Demand



Manganese alloys production 2007 ('000 mt)



Unit consumption 2004-2007



Chinese steelmakers consumed approx. 11 kg of manganese alloys per tonne of steel 2006-2007

Supply / Demand Fundamentals Manganese Alloys



Total manganese alloys production and consumption by product (' 000 mt)

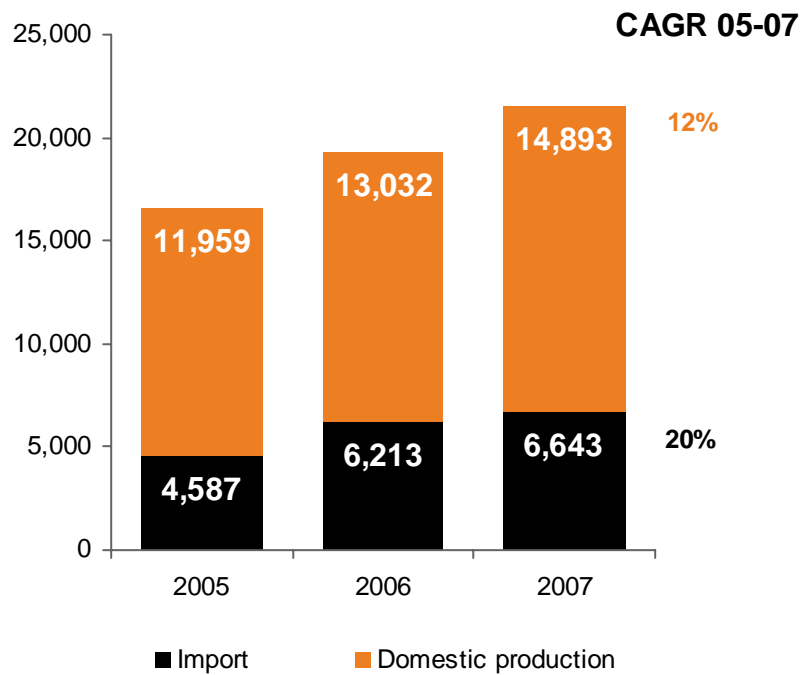
		2004	2005	2006	2007
Supply	HC FeMn	3,820	3,584	4,051	4,432
	Ref FeMn	968	1,023	1,068	1,125
	SiMn	6,010	6,048	6,688	7,600
	TOTAL	10,798	10,655	11,806	13,157
Demand	HC FeMn	3,764	3,667	4,093	4,724
	Ref FeMn	1,007	1,070	1,060	1,176
	SiMn	5,960	6,104	6,595	7,659
	TOTAL	10,731	10,840	11,748	13,559
Balance	HC FeMn	56	(83)	(42)	(292)
	Ref FeMn	(38)	(47)	7	(51)
	SiMn	50	(56)	93	(59)
	TOTAL	68	(86)	58	(402)

Source: IMnI

Focus on China

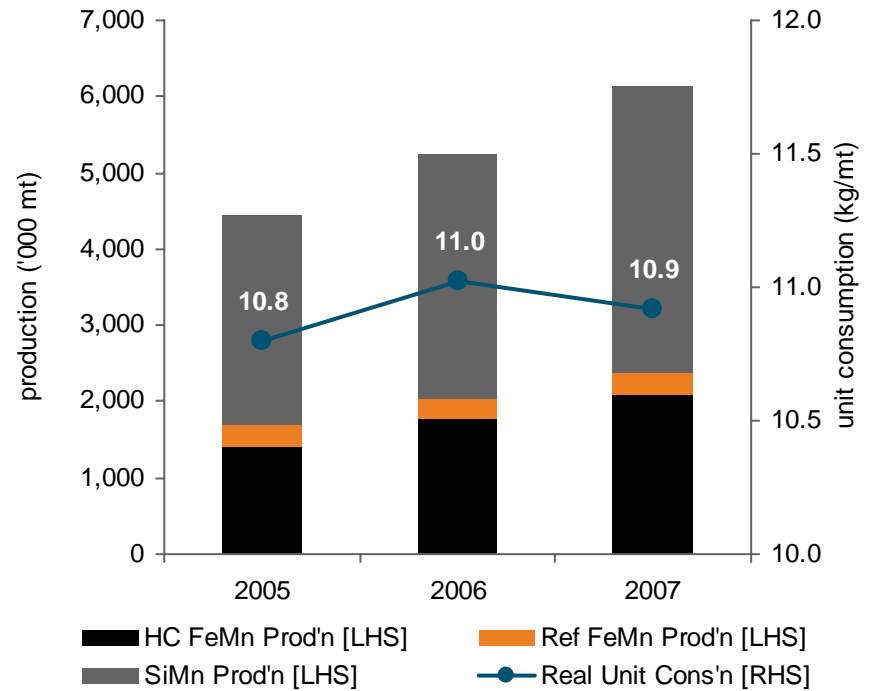


Manganese ore ('000 mt wet)



Source: IMnI

Manganese alloys



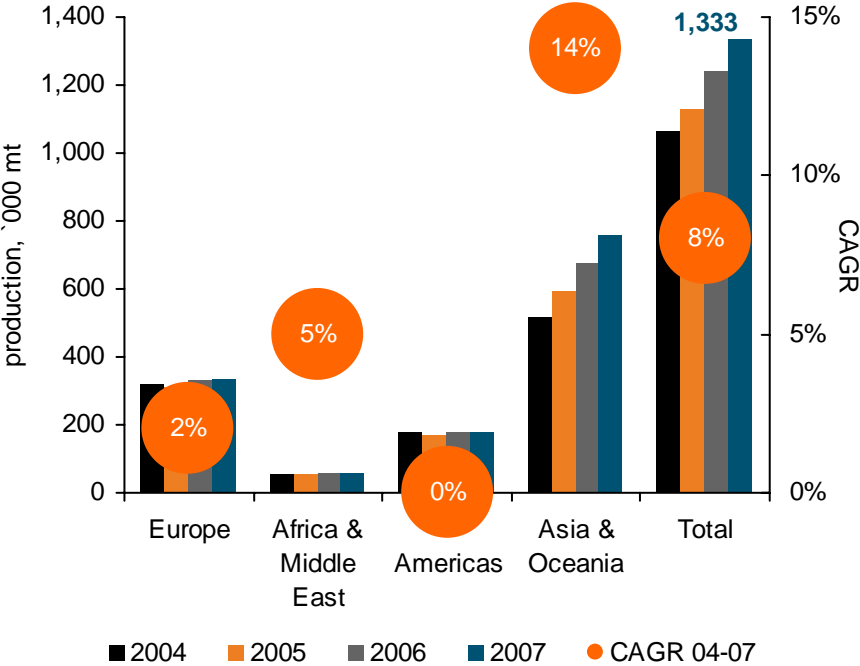
Source: IMnI

Chinese production of manganese alloys has risen 17% to 6.2 Million mt in 2007, with SiMn output accounting for 61% of the total

Steel Production

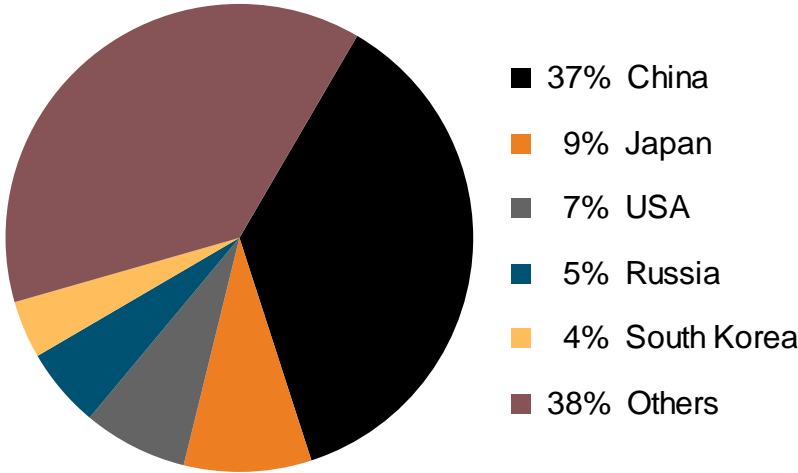


Production 2004-2007



Source: IMnI

Producer countries 2007

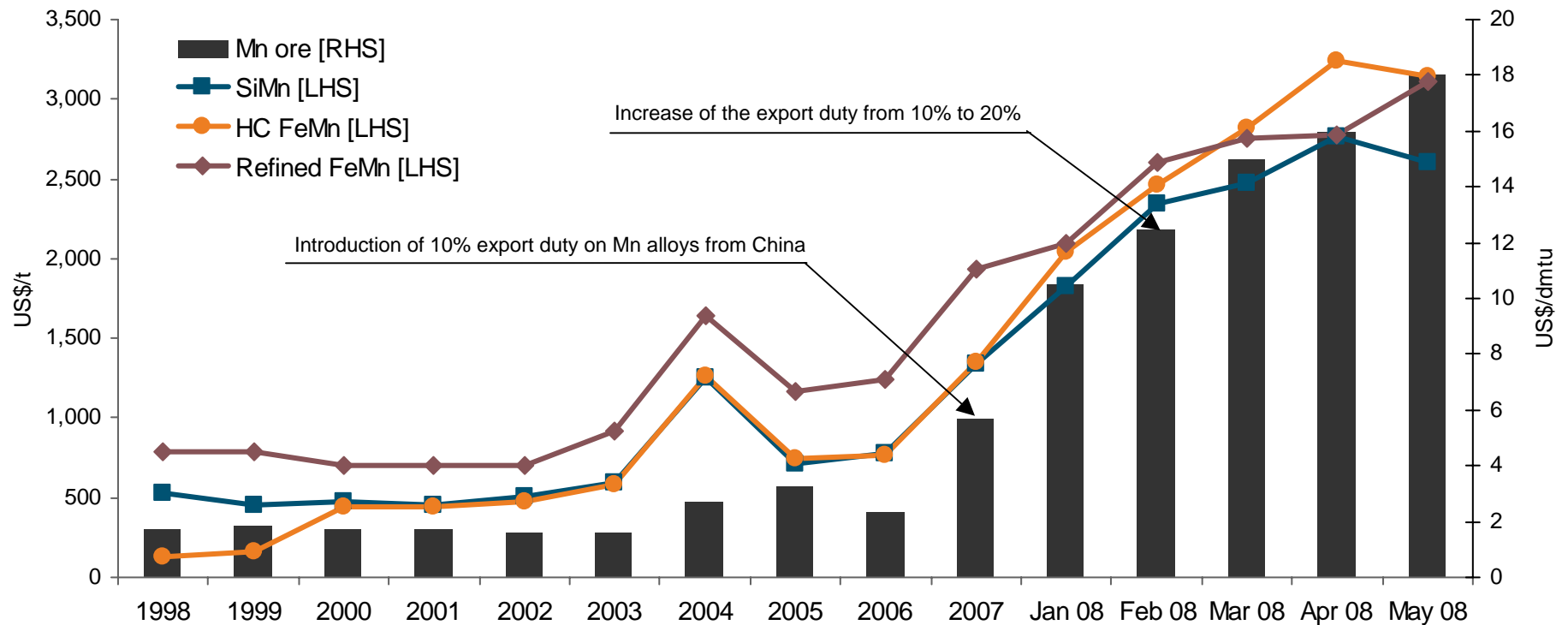


Source: IMnI

Dynamics of Manganese Prices 1998-2008



Manganese ore and manganese alloys prices (US\$/t)



Source: CRU

Strength of Manganese Prices in 2007



Why manganese ore prices rocketed in 2007

Steel	▶	<ul style="list-style-type: none">■ Production grew 7%
Manganese alloys	▶	<ul style="list-style-type: none">■ Supply up 11% vs. demand up 15%■ Shortage 402k mt
Manganese ore	▶	<ul style="list-style-type: none">■ Supply up 9% vs. demand up 15%■ Production capacity down 1%
Costs	▶	<ul style="list-style-type: none">■ Energy and freight expenses increased
Currency	▶	<ul style="list-style-type: none">■ Dollar depreciated

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Any Questions?

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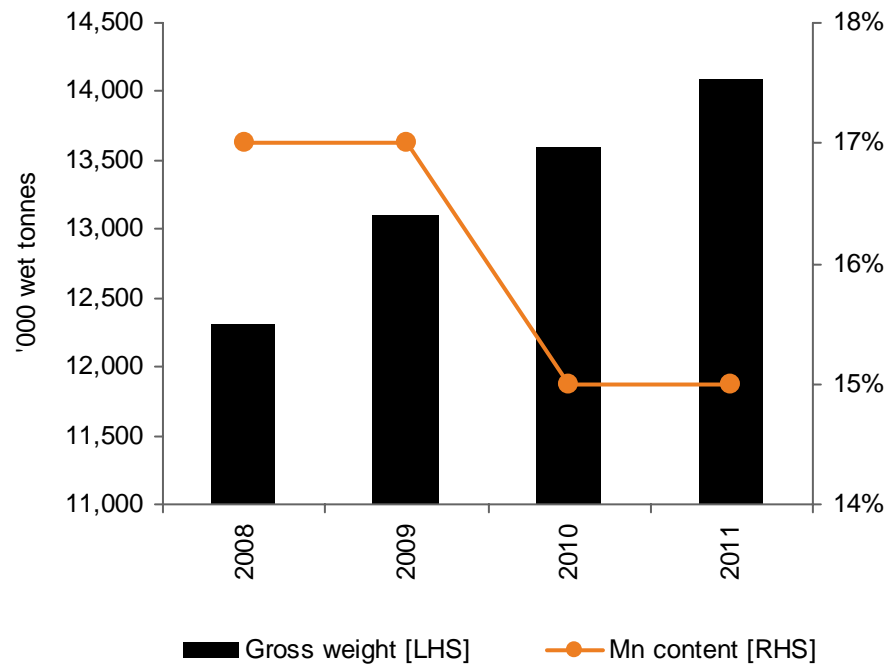
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Market Outlook 2008–2011

Forecast for China

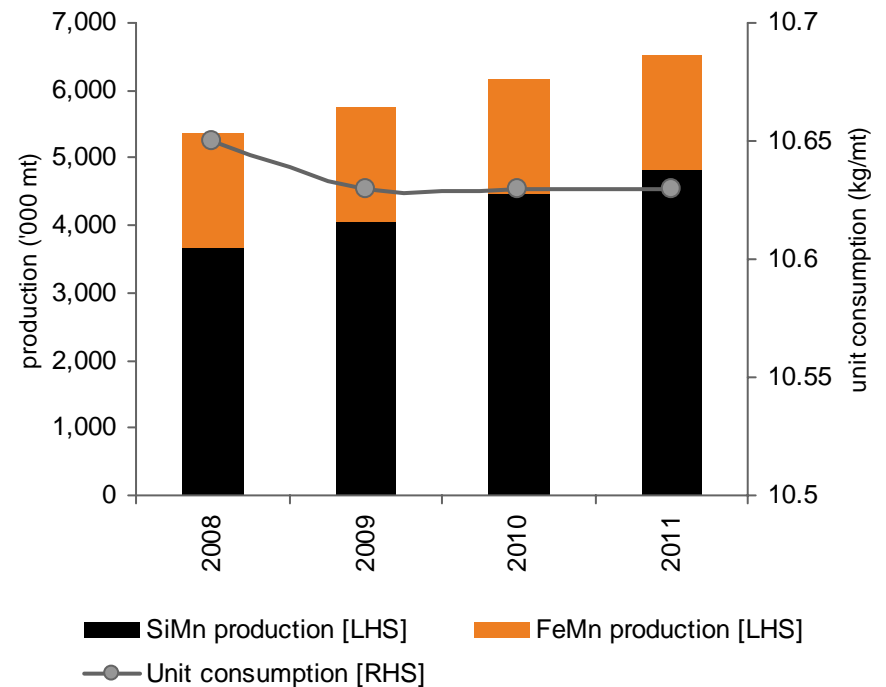


Manganese ore mining forecast



Source: Metal Expert

Manganese alloys forecast



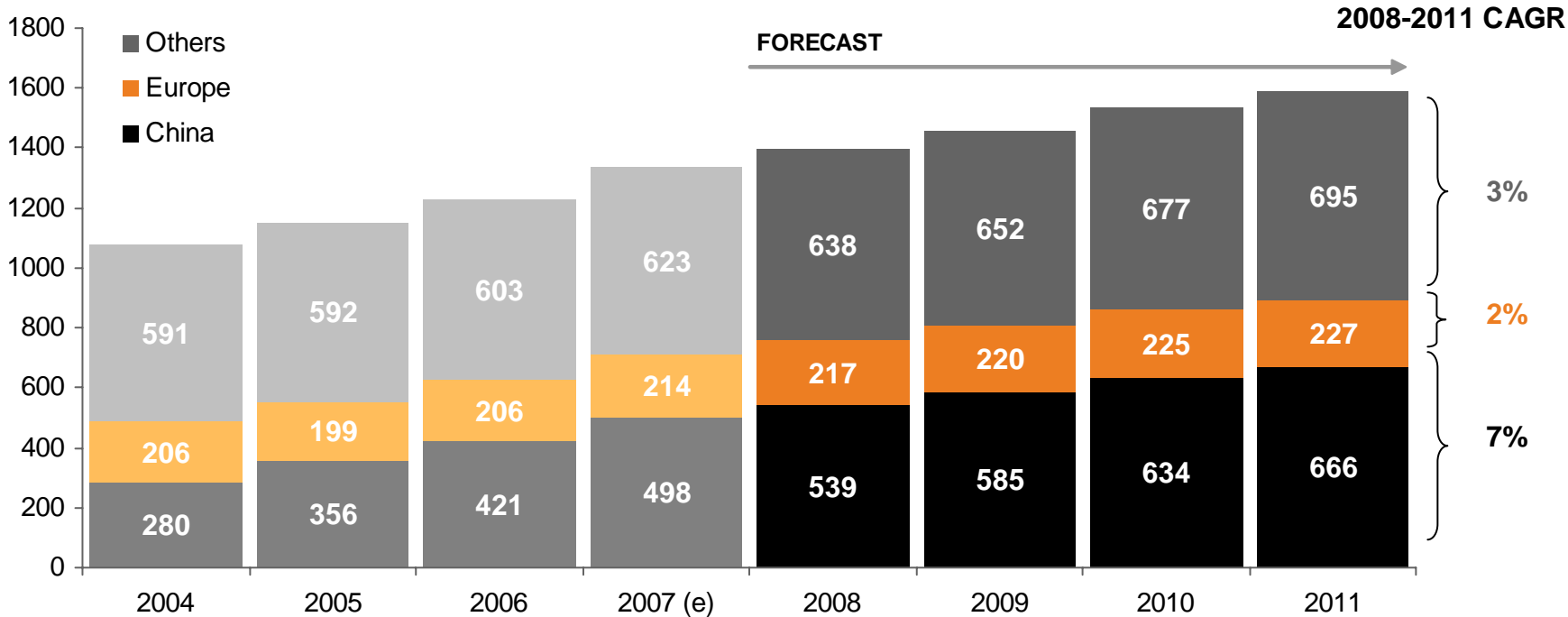
Source: Metal Expert

- Manganese alloys production and consumption to grow at 7% CAGR to 2011
- Share of SiMn is expected to increase from 68% in 2008 to 74% in 2011

Worldwide Steel Production



Forecasts for steel production around the world (Million mt)



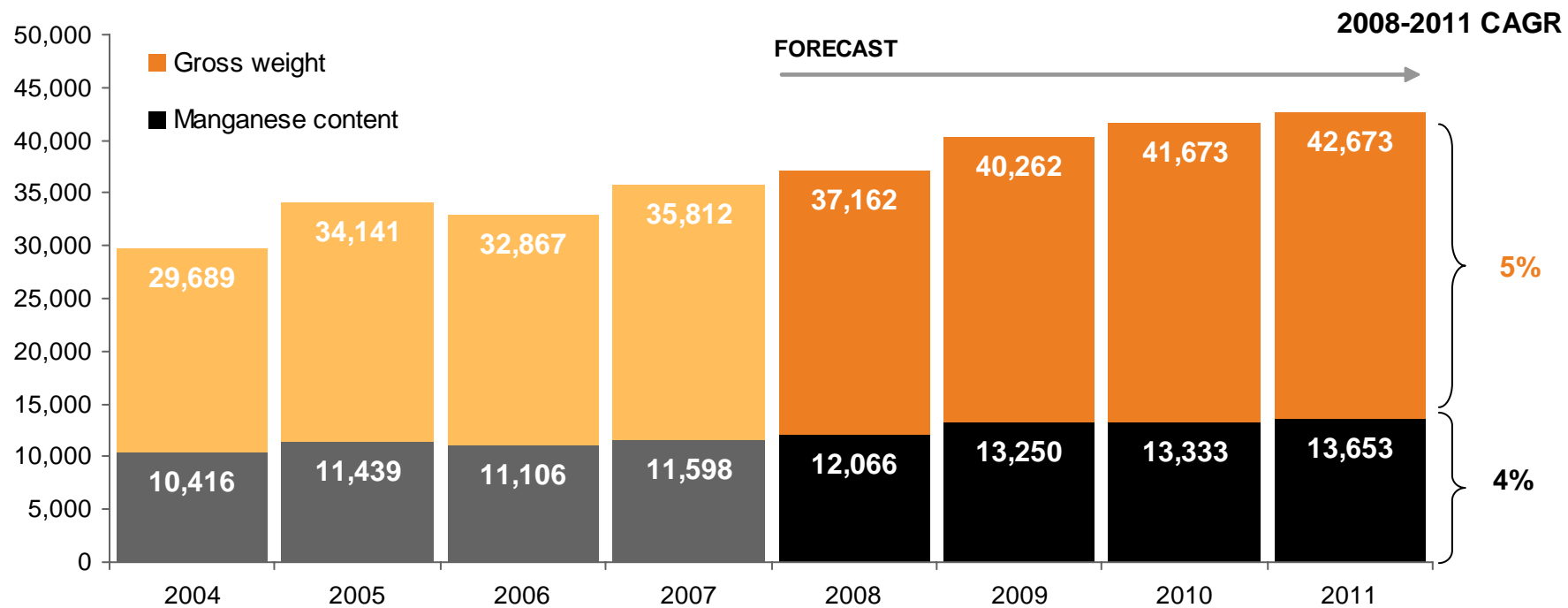
Source: Metal Expert

The peak of steelmaking capacity expansion is expected in 2011 followed by a slowdown in growth

Manganese Ore Output Forecasts



Forecasts of manganese ore output (‘000mt)



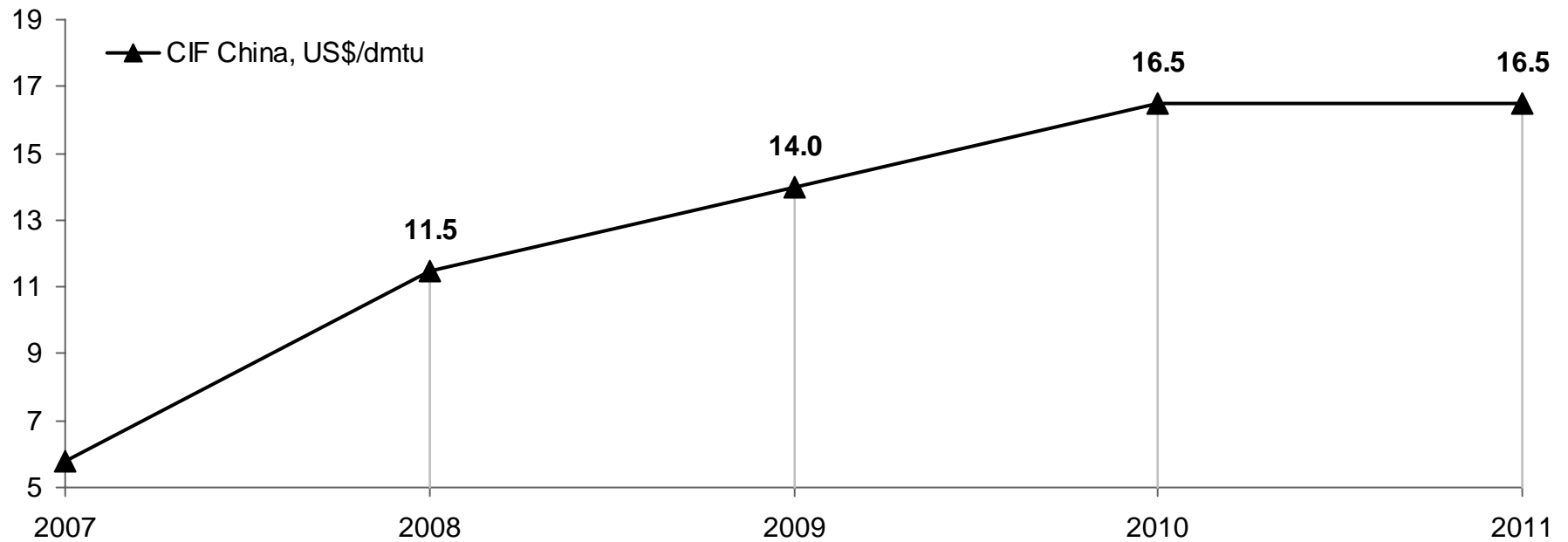
Source: Metal Expert

- Most new mining capacity is expected to come on stream from 2012
- Further expansion will be modest

Manganese Ore Price Forecasts



Forecast of manganese ore prices



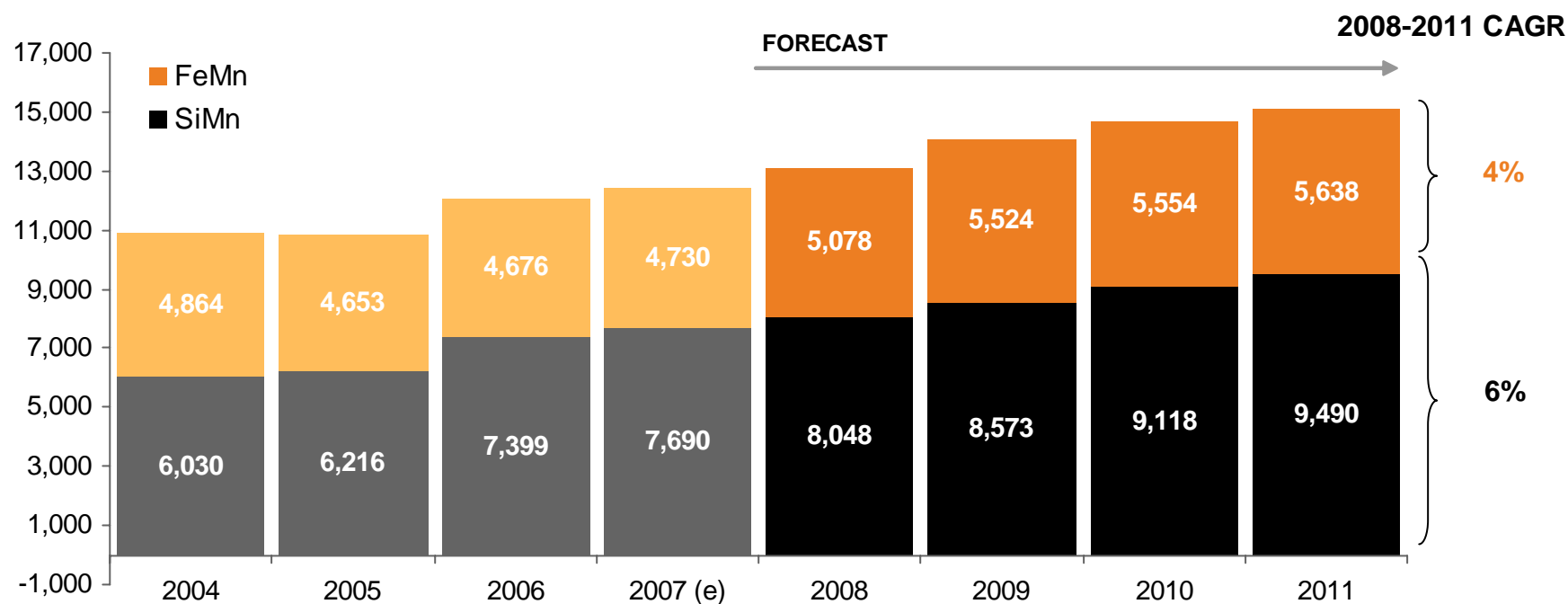
Source: Metal Expert

- Growth of manganese consumption remains high until 2012
- Three year outlook for manganese ore looks to remain supportive of producers, but more challenging to consumers
- The turning point of prices will be in 2012, with a surplus of manganese ore on the global market

Manganese Alloys Production Forecasts



Forecasts of manganese alloys production around the world (‘000 mt)



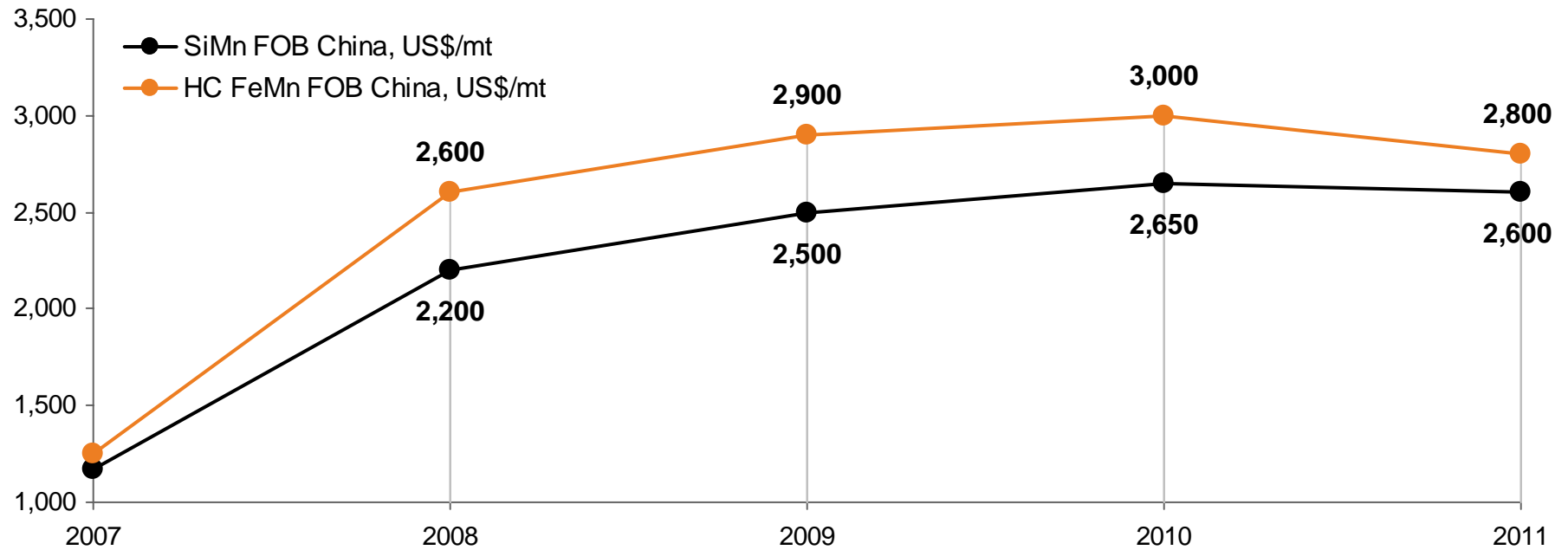
Source: Metal Expert

Beginning in 2009 there will be a shortage of SiMn, which may increase with time

Manganese Alloys: Chinese Export Prices



Forecasts of Chinese manganese alloys export prices



Source: Metal Expert

- Manganese alloys prices to peak in 2010, driven by the expansion of the steel industry
- Between 2008 and 2012, a shortage is observed in both the FeMn and SiMn markets
- FeMn market is dependent on the situation in the high-quality manganese ore market, which is expected to improve from 2012

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Conclusions

Conclusions



- Ore supply to remain tight until 2011–2012
- Alloy prices to remain at historically high levels as a result
- Energy, reductants and freight will also underpin a higher marginal cost of production of alloys
- Global steel demand expected to remain strong, driving manganese consumption

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Any Questions?

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Thank you for your attention

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Appendix

Manganese Ore Trade



Manganese ore trade matrix 2007, metric tonnes (wet)

		IMPORTERS								
EXPORTERS	Partner Country	China	Europe	Asia	Ukraine	United States	Russia	India	Others	TOTAL
	Australia	3,083,949	26,000	697,572	164,013	70,483	93	189,254	214,329	4,445,693
	South Africa	1,111,803	900,268	847,836	76,341	114,542	130,051		238,704	3,419,545
	Gabon	1,325,355	587,748	136,643	267,995	307,457		79,136	60,101	2,764,435
	Brazil	329,050	670,282	2,000	130,553	39,555			76,424	1,247,864
	Ghana	177,917	98,135	3,158	702,577					981,787
	Kazakhstan	16,128					586,856			602,984
	France		199,054						1,366	200,420
	India	138,651	478	27,404		3			221	166,757
	Indonesia	118,307						5,739		124,046
Vietnam	77,415		180						77,595	
Others	252,475	95,398	1,650	17,923	69,842	14,067	6,353	31,020	488,728	
TOTAL	6,631,050	2,577,363	1,716,443	1,359,402	601,882	731,067	280,482	622,165	14,519,854	

Notes:

Data includes only those imports actually declared by 19 February 2008

Europe includes: Spain, Italy, Norway, France, Slovakia, Belgium, Poland, Finland, Czech Republic, Germany

Asia includes: South Korea, Japan, Taiwan.

Source:
Global Tracking Atlas, GTIS