

Eurasian Natural Resources Corporation



Transforming Resources

# Credit Suisse Kazakhstan Conference

21 February 2008

Eurasian Natural Resources Corporation



Transforming Resources

**Dr. Johannes Sittard**  
**Chief Executive Officer, ENRC**

***“Superior Growth by Transforming Resources”***

21 February 2008

Phone: +44 (0) 20 7389 1440

[www.enrc.com](http://www.enrc.com)

# Disclaimer



This document is confidential and has been prepared by, and is the sole responsibility of, Eurasian Natural Resources Corporation PLC (the "Company"). This document is solely for your information for the purposes of your research and may not be reproduced, retransmitted or further distributed to any other person or published, in whole or in part, for any purpose.

This document does not constitute, nor form part of, and should not be construed as constituting or forming part of, any advertisement of securities, any offer or invitation to sell or issue or any solicitation of any offer to purchase or subscribe for, any securities in the Company. This document, nor any part of it, nor the fact of its presentation or distribution forms the basis of, nor may it be relied on in connection with, any contract or investment decision, nor does it constitute a recommendation regarding the securities of the Company.

No reliance may be placed for any purposes whatsoever on the information contained in this document or on its completeness, accuracy or fairness. The provision of the information in this document should not be treated as giving investment advice. The information in this document is subject to verification, completion and change without notice and none of the Company or its advisers or any of their respective members, directors, officers or employees is under any obligation to update or keep current the information contained herein. Accordingly, no representation or warranty, express or implied, is made or given by or on behalf of the Company, its advisers or any of their respective members, directors, officers or employees or any other person as to the accuracy, completeness or fairness of the information or opinions contained in this document. None of the Company, its advisers or any of their respective members, directors, officers or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection therewith (save that nothing herein shall exclude or limit liability for any representation made fraudulently).

The Company's shares have not been, and will not be, registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States except pursuant to an exemption from, or transaction not subject to, the registration requirements of the Securities Act. This document or any portion or copy thereof may not be distributed in or into the United States.

This document includes forward-looking statements that reflect the current views of the Company's management with respect to future events. These forward-looking statements include matters that are not historical facts or are statements regarding the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies, and the industries in which the Company 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 Company's control. The Company 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 Company's actual results of operations, financial condition and liquidity and the development of the industry in which the Company operates may materially differ from those made in, or suggested by, the forward-looking statements contained in this document. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which the Company 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. The Company 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 document.

In addition, as certain information in this document regarding the Company's market position relative to its competitors is not based on published statistical data or information obtained from independent third parties, such information and statements reflect the Directors' belief and best estimates based upon internal Group information, information obtained from trade and business organisations and associations and other contacts within the industries in which it competes, as well as information published by its competitors.

By attending the presentation to which this document relates or by accepting this document you will be taken to have represented, warranted and undertaken that you have read and agree to comply with the contents of this notice.

# Overview of ENRC



**Leading diversified natural resources group with integrated and low cost mining, processing, energy, logistical and marketing operations**

**Five principal divisions:  
Ferroalloys, Iron ore, Alumina and Aluminium, Energy, and Logistics**

**Revenues of US\$1,856m (23% growth) in 1H 2007  
EBITDA of US\$797m (39% growth) in 1H 2007**

**Production assets currently located in Kazakhstan with 62,000 employees. Accounted for 4% of Kazakhstan's GDP in 2006**

**Majority of assets acquired during Kazakhstan privatisation between 1994 and 1996, consolidated in 2006**

# A leading diversified mining company



**ENRC**

**Sales & marketing**

	<b>Ferroalloys</b>		<b>Iron ore</b>		<b>Alumina &amp; aluminium</b>		<b>Energy</b>		<b>Logistics</b>		<b>Total Group<sup>(1)</sup></b>	
	2006	1H 2007	2006	1H 2007	2006	1H 2007	2006	1H 2007	2006	1H 2007	2006	1H 2007
<b>Revenue<sup>(2)</sup> (US\$m)</b>	1,473	917	829	457	602	324	154	93	198	65	3,256	1,856
<b>EBITDA<sup>(3)</sup> (US\$m)</b>	547	405	323	197	277	132	77	65	54	23	1,256	797
<b>Margin<sup>(2)</sup> (%)</b>	37%	44%	39%	43%	45%	41%	29%	41%	19%	23%	39%	43%
<b>Products</b>	<ul style="list-style-type: none"> <li>Ferroalloys</li> <li>Chromium ore</li> <li>Manganese ore</li> </ul>		<ul style="list-style-type: none"> <li>Iron ore concentrate</li> <li>Iron ore pellets</li> <li>DRI (from 2011)</li> </ul>		<ul style="list-style-type: none"> <li>Alumina</li> <li>Aluminium (from 2007)</li> <li>Gallium</li> </ul>		<ul style="list-style-type: none"> <li>Electric Power</li> <li>Coal</li> </ul>		<ul style="list-style-type: none"> <li>Forwarding</li> <li>Railway track construction and repair</li> <li>Wagons and locomotives repair</li> </ul>			
	<b>World's largest and lowest cost ferrochrome producer<sup>(4)</sup></b>		<b>Large scale production with long life reserves</b>		<b>Low cost producer with long life reserves</b>		<b>Low cost, captive energy supply with growth potential</b>		<b>Comprehensive reliable network to support divisions</b>			

(1) Total group EBITDA includes Group and unallocated items of US\$(22)m and US\$(25)m for 2006 and 1H 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 in 2006 and US\$(20)m in 1H 2007

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

# Large scale production with long mine lives



		Reserves		Resources		Production		
		Tonnage (Mt)	Grade (%)	Tonnage (Mt)	Grade (%)	2006 (kt)	1H 2007 (kt)	
Ferroalloys	Chrome ore	169	42	334	49	3,410	1,887	<b>World's largest ferrochrome producer (by chrome content)</b>  <b>Chrome ore mine life of 42 years</b>
	Manganese ore	25	19	105	20	862	442	
	Ferroalloys	-	-	-	-	1,398	730	
Iron ore	Iron ore conc.					16,100	8,300	<b>World's 6<sup>th</sup> largest iron ore exporter</b>  <b>Iron ore mine life of 31 years</b>
	Iron ore pellets	1,505	37	4,538	39	8,500	4,400	
Alumina & Aluminium	Alumina	163	43	175	44	1,507	751	<b>World's 5<sup>th</sup> largest producer of traded alumina</b>  <b>Bauxite mine life of 35 years</b>
Energy	Coal	772	-	2,531	-	17,900	9,100	<b>One of Kazakhstan's largest electricity providers</b>  <b>Coal mine life of 39 years</b>
	Electricity (GWh)	-	-	-	-	11,500	6,300	

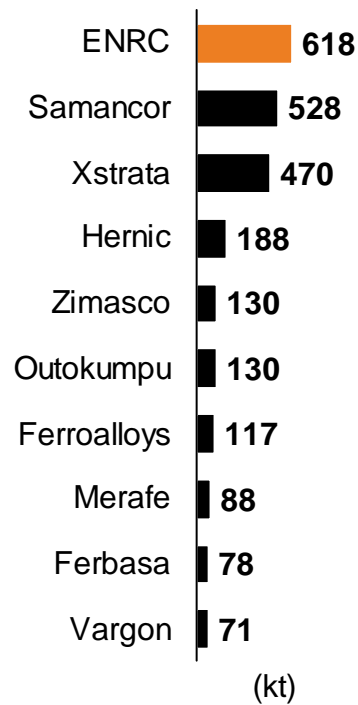
Note: Pellet production excludes screened iron ore sales

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

# Leading market positions

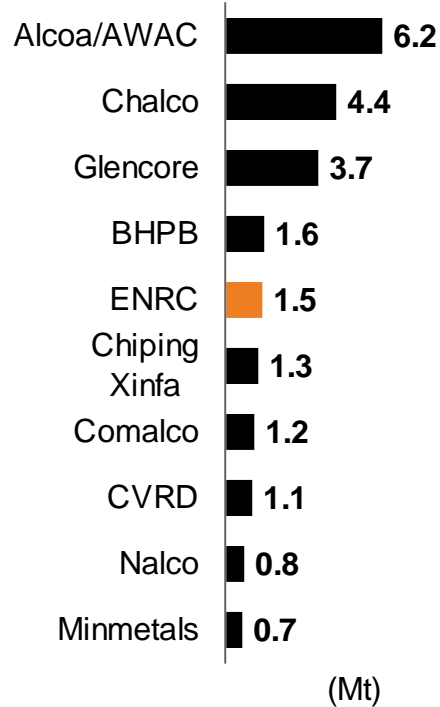


## Ferrochrome<sup>(a)</sup> (2006)



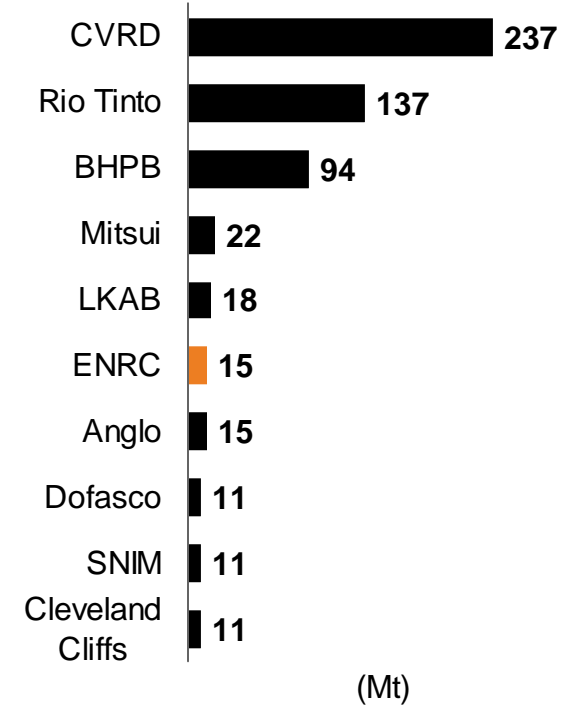
(a) By chrome content  
Source: Heinz Pariser

## Traded alumina (2006)



Source: CRU

## Iron ore exports (2006)

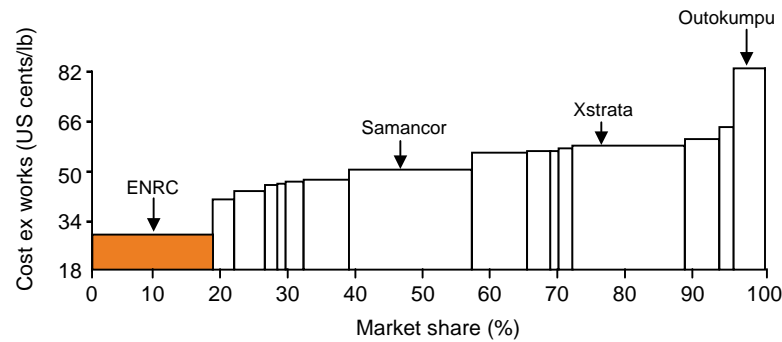


Source: Company data, CRU

# Low cost producer

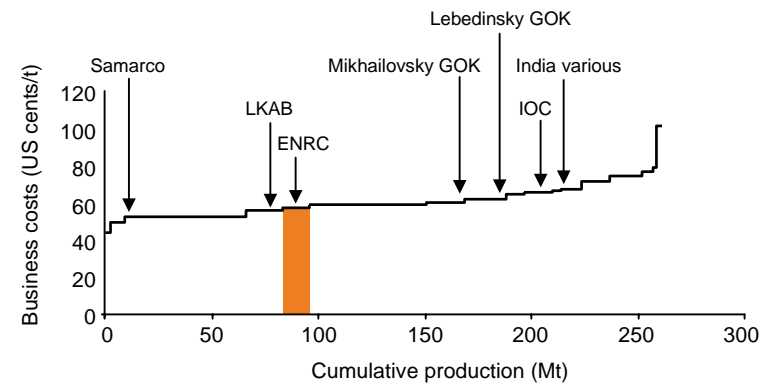


## Ferrochrome (2006)



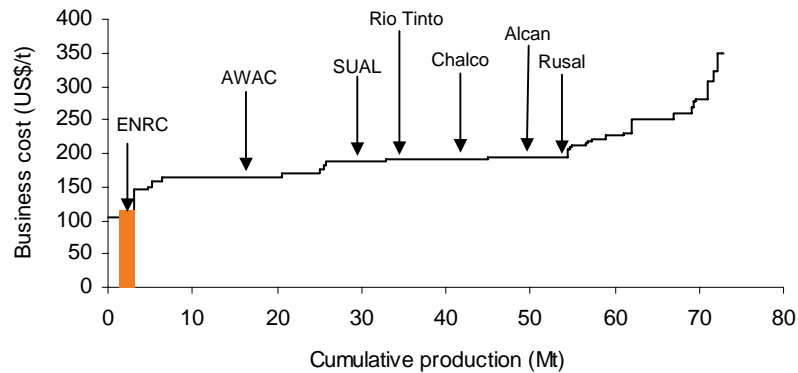
Source: Heinz H. Pariser

## Iron ore pellets (2006)



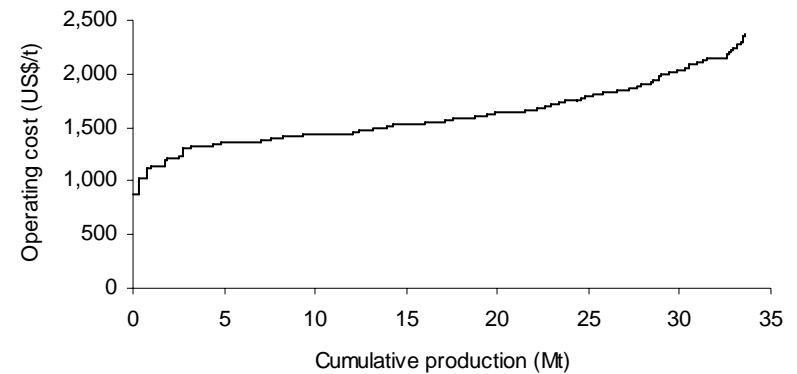
Source: CRU

## Alumina (2006)



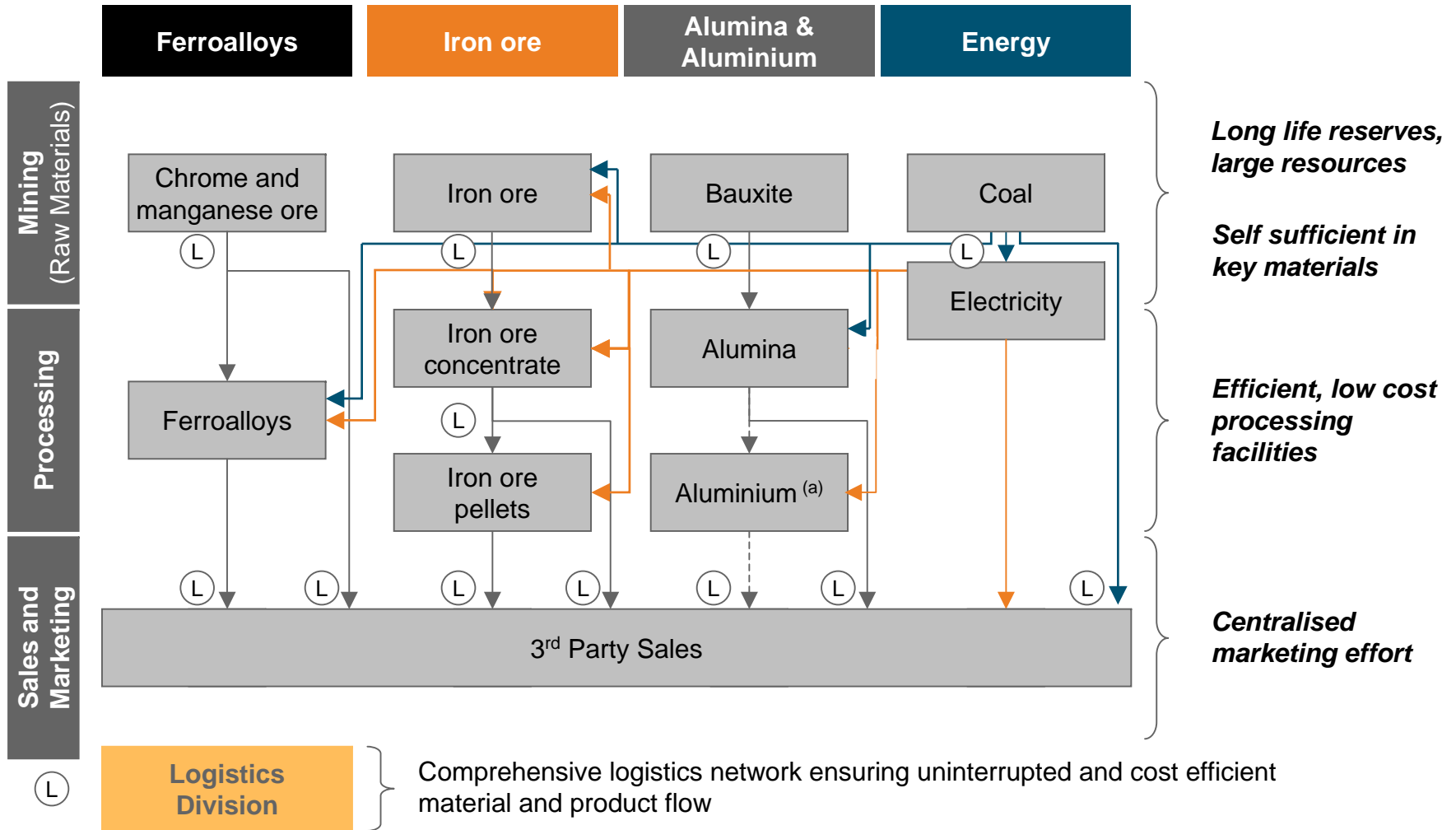
Source: CRU

## Aluminium (2006)



Source: CRU

# Fully integrated operations



(a) Aluminium smelter commenced pre-production in September 2007 and is expected to be commissioned by 31 December 2007

# Strategic location



**...providing captive customer base (MMK, UC Rusal)  
and exposure to rapidly growing markets (China, CIS)**

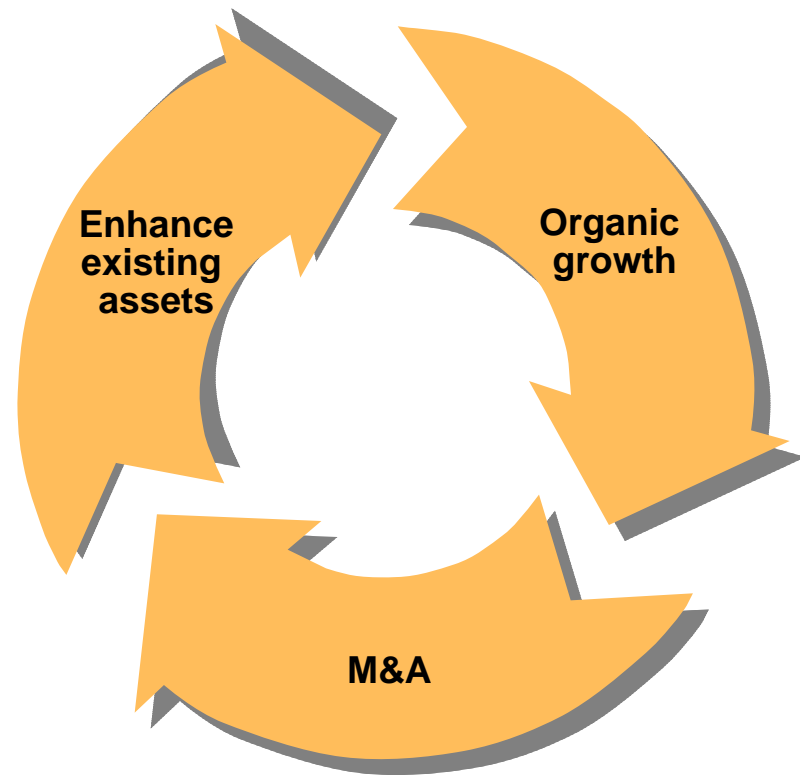
# Group strategic overview



## Strategic priorities

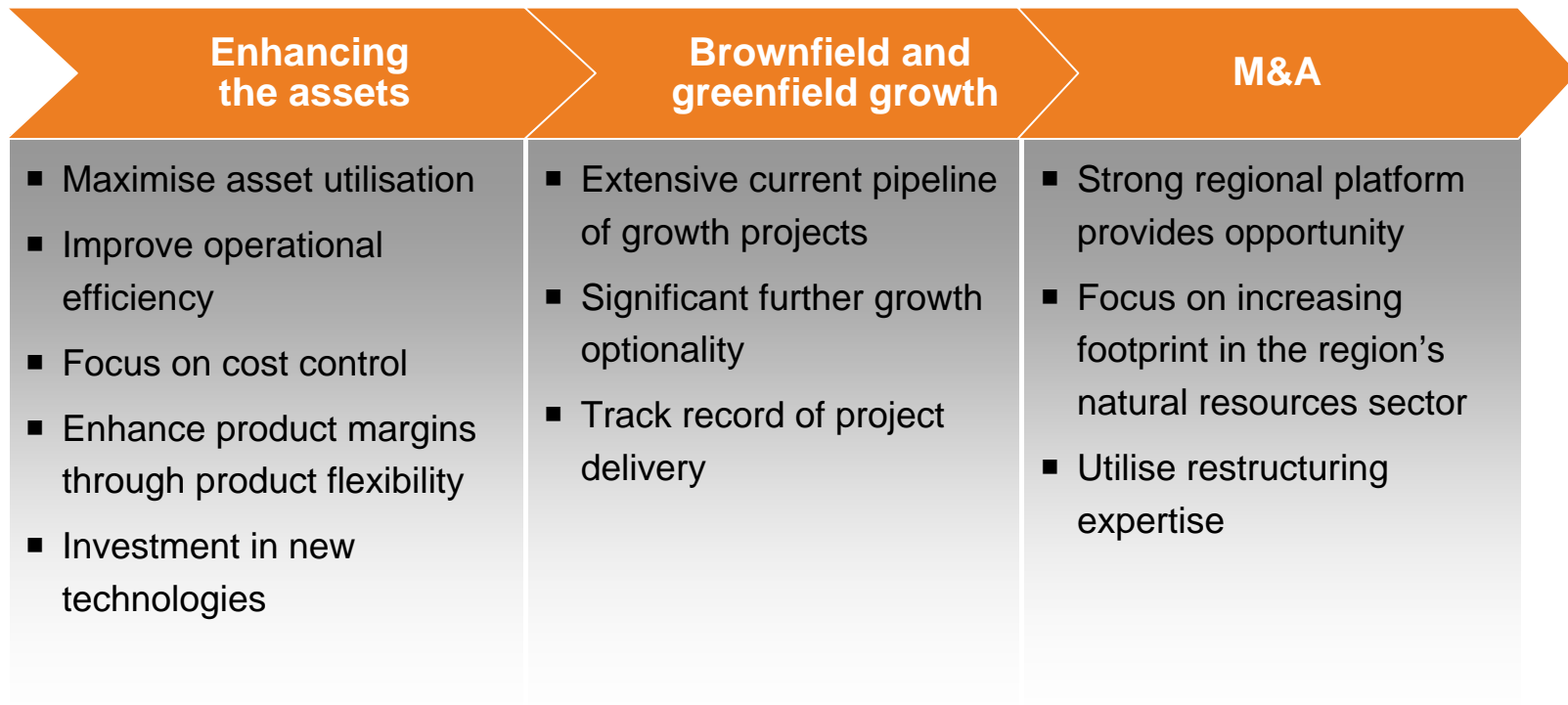
- Maintain and improve upon low cost operations
- Continue expansion and development of the existing reserves and capacity
- Add value and customer diversity by expanding the production portfolio
- Expand the asset portfolio and footprint in the region's natural resources and within core commodities
- Commitment 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**

## Strategy in action

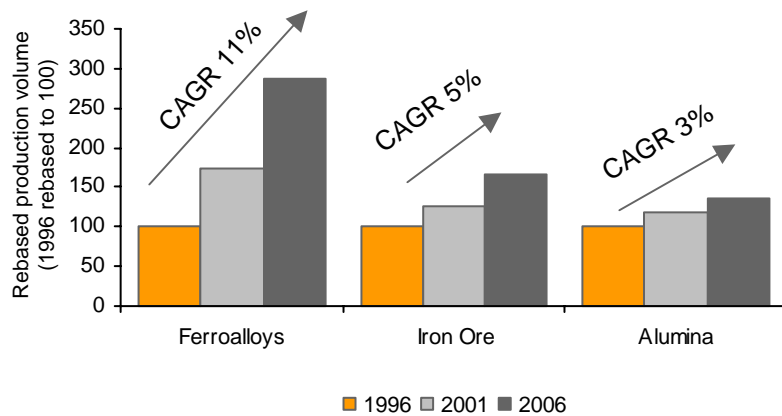


**The Group's mission is to achieve growth as a leading natural resources group and to enhance overall value for its shareholders**

# Enhancing the assets



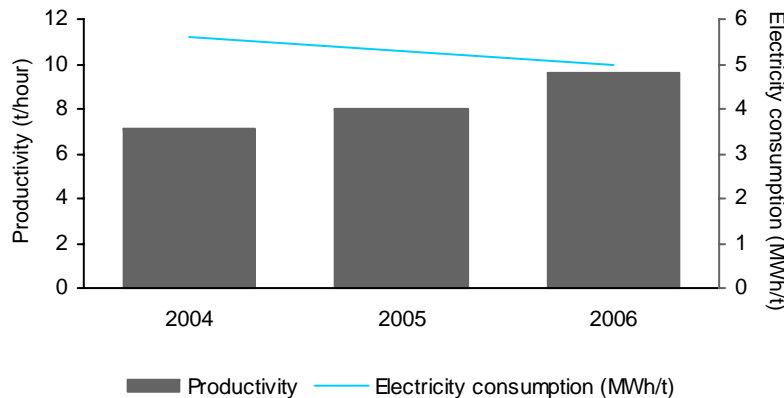
## Production enhanced



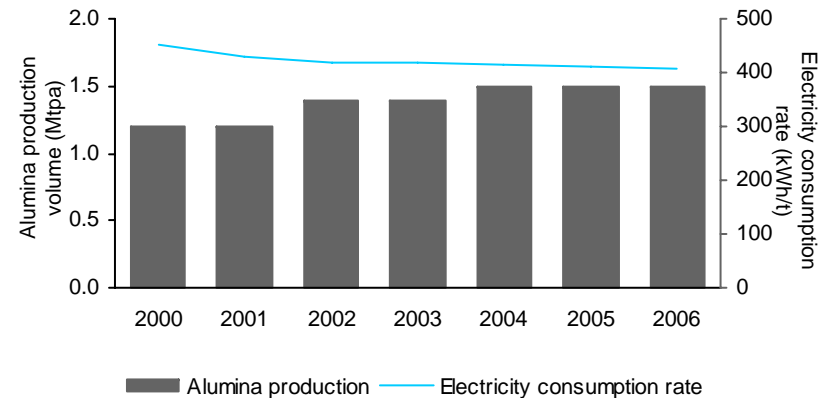
## Initiatives completed

- 500ktpa alumina capacity increase through refinery refurbishment
- First phase of aluminium smelter
- Refurbished furnaces at Aktobe and Aksu
- Installed 700ktpa Outokumpu chrome pelletiser
- Focused on efficiency enhancements

## Ferroalloy – Furnace 6 productivity



## Alumina – energy consumption



## Further asset enhancements targeted



	Project planned	Capex <sup>(a)</sup>	Commissioning date	Impact
Ferroalloys	<ul style="list-style-type: none"> <li>700ktpa chrome pelletiser</li> </ul>	70	2009	<ul style="list-style-type: none"> <li>Improved ferroalloy production rate and reduced electricity consumption</li> <li>Improved recoveries</li> </ul>
	<ul style="list-style-type: none"> <li>Agglomeration and fines processing plant</li> </ul>	40	2009	
Alumina & Aluminium	<ul style="list-style-type: none"> <li>Sandy alumina upgrade</li> </ul>	90	2010	<ul style="list-style-type: none"> <li>Higher sales margins and improved smelter efficiency</li> </ul>
Energy	<ul style="list-style-type: none"> <li>Refurbish turbine/generator and install stripping complex</li> </ul>	100	2010	<ul style="list-style-type: none"> <li>Increase productivity and electricity generation capacity</li> <li>Productivity improvement</li> </ul>
	<ul style="list-style-type: none"> <li>Crusher/conveyer system</li> </ul>	80	2010	

**Key further enhancement projects of approximately US\$0.4bn**

(a) Anticipated spending from 2008 – 2011

# Planned brownfield and greenfield growth



	Project planned	Capex <sup>(a)</sup> (US\$m)	Commissioning date	Impact
<b>Ferroalloys</b>	<ul style="list-style-type: none"> <li>200ktpa HC FeCr expansion</li> </ul>	160	2011	<ul style="list-style-type: none"> <li>Take advantage of unique low cost reserve</li> </ul>
<b>Iron ore</b>	<ul style="list-style-type: none"> <li>1,800ktpa DRI plant &amp; 5,000ktpa pelletiser expansion<sup>(b)</sup></li> <li>4,000ktpa iron ore expansion</li> </ul>	800	2010	<ul style="list-style-type: none"> <li>Improved margins</li> <li>More economical to transport = diversify markets</li> <li>Expansion to feed the DRI plant</li> </ul>
<b>Alumina &amp; Aluminium</b>	<ul style="list-style-type: none"> <li>250ktpa aluminium smelter</li> <li>300ktpa alumina expansion</li> </ul>	410	2011	<ul style="list-style-type: none"> <li>Taking advantage of low cost in-house power</li> <li>Supplying the aluminium smelter</li> </ul>
<b>Energy</b>	<ul style="list-style-type: none"> <li>Installation of 300MW turbine and generator</li> </ul>	180	2010	<ul style="list-style-type: none"> <li>Energy for higher production</li> </ul>

## Capex programme of above US\$ 2.8 billion

(a) Anticipated spending from 2008 – 2011

(b) Selection of process technology to be finalised; costs based on current estimates

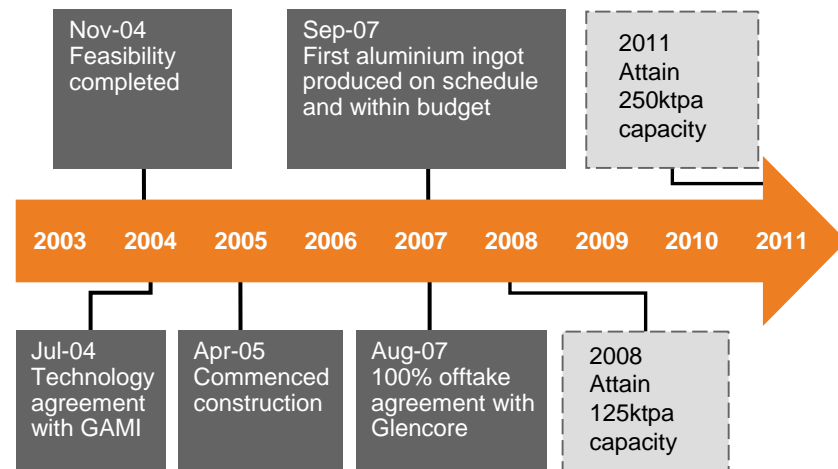
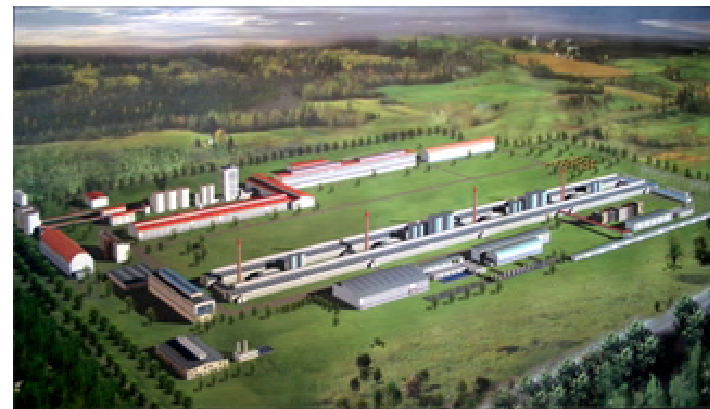
Note: In addition to the major projects above, there is an additional US\$0.3bn of new construction and development capex over the same time period

# Organic growth case study – Kazakhstan aluminium smelter



- Rationale: to increase value added and utilise low cost energy supply
- Total cost of project is approximately US\$870m
- Estimated operating costs of circa. US\$1,200/t by 2010 (*source: SRK*)
- Start of construction in 2005, to be commissioned on schedule by 31 December 2007 with capacity of 62.5ktpa by end 2007
- Full capacity of 250ktpa of aluminium by 2011
- Alumina supplied by alumina refinery and electricity by adjacent power station
- Hatch reviewed technology options; Guiyang Aluminium selected as technology supplier
- Turnkey contract with China Non-Ferrous

## Design layout



**Delivered on time and on budget**

# Well-placed for opportunistic M&A growth



## Source deals

- Long established regional presence
- Key stakeholders
- Expertise and relationships within our core commodities world-wide
- Disciplined approach

## Evaluate and execute

- Management track record
- Team in place
- Familiarity with operating regimes
- Realistic views of risk versus reward

## Integrate

- Restructuring experience
- Existing operating and corporate infrastructure
- Ability to implement commercial practices
- Cultural fit

## Improve

- Modernisation capability
- Utilise infrastructure and low cost energy
- Cost efficiency
- Application of value oriented management

**Creating value by utilising competitive strengths**

# ENRC highlights



High quality assets



Diversified revenues



Integrated operations



Growth



Management team



***“Superior Growth by Transforming Resources”***

Eurasian Natural Resources Corporation



Transforming Resources

**Thank you for your attention**

***“Superior Growth by Transforming Resources”***