

Part X: Related party transactions

The following is a summary of the Group's most significant transactions with related parties (other than other members of the Group) for the years ended 31 December 2004, 2005, 2006, and for the six months ended 30 June 2007 and for the period from 1 July 2007 to 6 December 2007 (which date is the latest practicable date prior to publication of this Prospectus). For further details about these transactions, see the historical financial information relating to the Group set out in Part V of this Prospectus.

Significant related party transactions

During the three years ended 31 December 2004, 2005 and 2006 and the six months ended 30 June 2007 ("the Trading Period") members of the Group entered into a number of transactions with entities owned or controlled by the Founders. In accordance with a series of separation agreements entered into in June 2007 (the "Separation Agreements"), several of these related party arrangements have been terminated or brought within the Group. Set out below is a summary of the material related party transactions entered into during the Trading Period, and (to the extent applicable) from the expiry of the Trading Period to 6 December 2007 (the latest practicable date prior to publication of this Prospectus) and the terms of the Separation Agreements.

Finance transactions

Eurasian Bank

Eurasian Bank is a joint-stock company incorporated and operating in Kazakhstan, and controlled and beneficially owned by the Founders. The Group's Kazakh subsidiaries have entered into a number financing transactions with Eurasian Bank for the Trading Period as follows:

- surplus cash available in certain of the Group's Kazakh subsidiaries was deposited with Eurasian Bank in the form of short-term and long-term interest bearing bank deposits. The Group also acquired bonds issued by Eurasian Bank;
- credit facilities were provided to the Group's Kazakh subsidiaries by Eurasian Bank;
- the Group's Kazakh subsidiaries held all of their bank accounts in and undertook all day to day bank transactions through Eurasian Bank.

The table below summarises the Group's outstanding balances with Eurasian Bank during the Trading Period.

	As at 31 December			As at
	2004	2005	2006	30 June 2007
	In millions of US\$			
Bonds with related parties	19	18	—	—
Restricted cash	—	5	6	9
Term deposits	99	61	38	188
Other receivables	1	—	6	1
Cash and cash equivalents	93	111	221	89
Letters of credit	1	2	1	—
Borrowings—non current	(61)	(58)	(12)	(7)
Borrowings—current	(40)	(80)	(1)	—
Other payables	—	(2)	(2)	(1)
Net position	112	57	257	279

The Directors believe that deposits made by the Group are material to the operations of Eurasian Bank and therefore believe that it is likely the bank is reliant on these deposits. As of 30 June 2007, the Group classified certain term deposits amounting to US\$188 million as "short term deposits" within "Trade and other receivables". In November 2007, the Group agreed to maintain, until 30 November 2008, certain pre-existing term deposits with Eurasian Bank, amounting to US\$158 million. The average interest rates applicable to these deposits are 8% for dollar deposits and 8.5% for Tenge deposits reflecting current market rates of interest. Whilst the Group intends to maintain a commercial banking relationship with Eurasian Bank, the Group is currently seeking to diversify its commercial banking relationships to include HSBC and ABN AMRO going forward.

Other credit facilities provided by entities controlled by the Founders

Nordem Overseas Limited and Kherson Holdings B.V.

Nordem Overseas Limited (“Nordem”) and Kherson Holdings B.V. (“Kherson”) are controlled and beneficially owned by the Founders. Pursuant to the assignment of two loan facilities in 2000, the Group received financing from Nordem as follows:

- A US\$40.4 million interest free loan facility provided to EEC with the principal amount to be repaid by 2010.
- A US\$13.8 million interest free loan facility provided to AoK with the principal amount to be repaid by 2010.

In 2005, the benefit of these loan facilities was transferred to Kherson. EEC repaid US\$10.8 million in 2005, US\$13.6 million in 2006 and US\$7.1 million in the first half of 2007 to Kherson in accordance with the loan repayment schedule.

In accordance with the terms of the Separation Agreements, the benefit of these loan facilities has been assigned to ENRC NV, a wholly owned subsidiary of the Company, and accordingly, they are now intra-Group loans (except for US\$2.9 million outstanding under these loan facilities which remains payable to Kherson and which the Group expects to repay shortly).

Kazakhstan Mineral Resources Corporation Investments LLP

In connection with the Founders’ acquisition of EEC, in 1999 EEC entered into an agreement with Kazakhstan Mineral Resources Corporation Investments LLP (“KMRCI”), which is controlled and beneficially owned by the Founders, to finance the expansion of EEC’s generating capacity. Under the agreement, KMRCI committed to advance to EEC US\$5.0 million annually from 2000 until 2009 and US\$19.6 million annually from 2010 until 2024. The total amount to be advanced to EEC was US\$343.8 million. Between 2000 and 2007, loans of US\$35.0 million in aggregate were received by EEC from KMRCI, with US\$5.4 million repaid in 2004, US\$4.9 million repaid in 2005 and US\$5.2 million repaid in 2006. The Group is currently in negotiations to settle the outstanding amounts.

On 24 September 2007 the Committee, the Company, ENRC Kazakhstan Holding B.V., KMRCI and EEC entered into an assignment agreement to assign the obligations to invest in EEC from KMRCI to the Company. Under this assignment agreement the original KMRCI investment agreement was terminated. The Company has undertaken to finance EEC in the remaining amount of US\$308.8 million by 31 December 2011. ENRC Kazakhstan Holding B.V. has undertaken to invest the remaining amount according to the original investment agreement should the Company fail to provide the financing by 31 December 2011.

CIM Global Investment NV

CIM Global Investment NV is controlled and beneficially owned by the Founders. In 2006, it provided a US\$47.0 million short-term loan to Corica AG, the proceeds of which were lent to Kazakhstan Aluminium Smelter JSC for the construction of an aluminium smelter. Interest was payable at a rate of 5% per annum. The loan was settled in June 2007 in accordance with the terms of the Separation Agreements.

ENRC Kazakhstan Holding B.V.

In December 2006, ENRC Kazakhstan Holding B.V. provided a US\$139.0 million short-term loan to Corica AG, the proceeds of which were lent to Kazakhstan Aluminium Smelter JSC for the construction of an aluminium smelter. Interest was payable at LIBOR + 1%. The loan was settled in June 2007 in accordance with the terms of the Separation Agreements.

Alloy 2000 B.V.

Alloy 2000 B.V. (“Alloy”), a company beneficially owned and controlled by the Founders, acted as purchasing agent for ENRC Leasing B.V. in relation to certain equipment that was subsequently leased to EEC and Kazchrome. The amounts attributable to this equipment were treated as loans

from Alloy to the Group. In accordance with the terms of the Separation Arrangements, the benefit of these loans was assigned to ENRC NV and accordingly, they are now intra-Group loans.

Other credit facilities provided to entities controlled by the Founders

Eurasian Financial Industrial Company JSC

Eurasian Financial Industrial Company JSC (“EFIC”) is a joint-stock company registered and operating in Kazakhstan and is controlled and beneficially owned by the Founders. During the Trading Period, the Group provided financing to EFIC as part of a re-allocation of available funds between Group entities and Founders’ entities through Credit Partnership ENRC Credit LLP. As of 31 October 2007, KZT 305 million remains outstanding. During 2004 and 2005, Kazchrome provided interest-free loans to EFIC of KZT 858,000,000 which were fully repaid in 2006.

During the Trading Period, the Group provided the following further credit facilities to finance entities owned and controlled by the Founders in Kazakhstan:

- a credit facility given to Sary-Arka SpetsKoks LLP, an entity controlled and beneficially owned by the Founders, to finance the purchase of production equipment for KZT 1,350,000,000 at 12% annual interest rate expiring August 2010. Amounts outstanding under this facility were taken into account in determining the consideration payable to CIM Global Investment NV (as described in the paragraph headed “The Separation Agreements” below) and the Group is in the process of formally terminating this facility;
- an unsecured credit facility given to Mezhdunarodnye Ugol’nye Technologii JSC (“Mugoteks”), an entity controlled and beneficially owned by the Founders, in 2006 for KZT 490,000,000 at 12% annual interest rate repayable in six annual instalments by 2011. Amounts outstanding under this facility were taken into account in determining the consideration payable to CIM Global Investment NV (as described in the paragraph headed “The Separation Agreements” below) and the Group is in the process of formally terminating this facility;
- an unsecured interest-free credit facility given to Energosystema LLP, an entity controlled and beneficially owned by the Founders, to finance its working capital for KZT 178,000,000 to originally expire in 2005 but extended to 2007; and
- a guarantee contract entered into with Transremmash LLP, an entity controlled and beneficially owned by the Founders, for an amount of KZT 1,460,000,000.

In 2005 and 2006, the Group provided financing to members of the IMR Group and other entities controlled and beneficially owned by the Founders as follows.

- US\$20.6 million credit facility provided to the IMR Group (at an annual interest rate range set by Swiss Government tax regulations) in advance of ferroalloy purchases by the Group. This facility has been settled;
- US\$8.0 million credit facility provided to IMR Marketing A.G. in advance of coke supplies to the Group. This facility has been settled;
- US\$15.5 million credit facility provided to CIM, a private holding company controlled and beneficially owned by the Founders, at 4.5% annual interest. This facility has been settled as part of the Separation Agreements;
- US\$7.9 million facility arising from current account operations provided to Eurasian Natural Resources Corporation, a private holding company controlled and beneficially owned by the Founders. This facility remains outstanding; and
- US\$4.0 million credit facility provided to the Serov Group to finance its financial and commercial activities at an interest rate of LIBOR plus 2%. Following the acquisition of the Serov Group as detailed in paragraph 15.1 of Part XIII, this loan will be intra-Group.

Sales to entities controlled by the Founders

Sales of chrome ore to the Serov Group

During the Trading Period, a majority of the chrome ore supplies used by the Serov Group were supplied by Kazchrome. In 2006, the Serov Group purchased chrome ore worth US\$42.8 million

from Kazchrome. The Serov Group has been a related party since its acquisition by the IMR Group in April 2006. On 4 December 2007, the Group entered into a conditional agreement to acquire a controlling interest in the Serov Group.

Agency fees from IMR Marketing related to Serov business

In 2006, DDK Trading AG (“DDK”), a subsidiary of ENRC Marketing AG, entered into a commission agreement with IMR Marketing AG, a member of the IMR Group, to sell ferroalloys produced by the Serov Group with effect from 1 April 2006. The commission payable to DDK is 100% of its operational and financing costs plus 1%, plus 1% of the resulting profit calculated as 1% of EBITDA less financing costs. For the year ended 31 December 2006, US\$2.1 million is due from IMR Marketing A.G. to DDK and US\$1.8 million is due to DDK for the six months ended 30 June 2007. On 4 December 2007, the Group entered into a conditional agreement to acquire a controlling interest in the Serov Group.

Sales of ferroalloys to Baku Steel Company Limited

Baku Steel Company Limited (“Baku”), a joint venture in which the Founders have a 50% beneficial interest, is a steel producer operating in Azerbaijan. In the years ended 31 December 2005 and 2006, Baku purchased US\$0.9 million and US\$3.5 million of ferroalloys from the Group respectively. In the six months ended 30 June 2007, Baku purchased a further US\$1.0 million of ferroalloys from the Group. This does not represent a substantial part of the Group’s ferroalloy sales. The Group intends to continue dealing with Baku, with all transactions being concluded on an arm’s length basis.

Scrap metal sales to Metallurg LLP

Members of the Group sell scrap metals to Metallurg LLP (“Metallurg”), a limited liability partnership registered and operating in Kazakhstan which is controlled and beneficially owned by the Founders. During the three years ended 31 December 2006 and through the beginning of 2007, scrap metal sales to Metallurg were made at below market value. The Group is currently seeking to acquire Metallurg, which it hopes to conclude by the end of 2007, following which all transactions will be intra-Group.

Sale of land plot in Astana

In October 2007, SSGPO sold a land plot in Astana to Mr. A. Ibragimov, one of the Founders, for KZT 143 million (which was in line with applicable market prices).

Purchases from entities controlled by the Founders

Insurance arrangements with Eurasia Insurance

Eurasia Insurance, a joint-stock company registered and operating in Kazakhstan since 1995, is currently wholly owned by Eurasian Bank, which is controlled and beneficially owned by the Founders. During the Trading Period, the Group’s Kazakh operating entities had extensive insurance arrangements with Eurasia Insurance. The insurance transactions between the Group and Eurasia Insurance have been concluded on normal market terms and conditions, as the insurance rates and premiums are regulated under Kazakh law. Although the rates are regulated, certain insurance coverage provided under these arrangements has exceeded the prudent requirements of the Group’s businesses. Amounts charged by Eurasia Insurance during the three years ended 31 December 2006 were US\$38.0 million in 2004, US\$64.0 million in 2005 and US\$76.0 million in 2006. Amounts charged by Eurasia Insurance during the six months ended 30 June 2007 were US\$27.7 million.

The Group is currently reviewing its insurance requirements and intends to develop an appropriate policy for the Group going forward.

Coal purchases

Mugoteks and Shubarcoal Komir JSC

Mugoteks and Shubarcoal Komir JSC (“Shubarcoal”), joint-stock companies registered and operating in Kazakhstan, are controlled and majority owned by the Founders. Mugoteks and Shubarcoal produce coal from the Zapadny and Shubarcoal coal deposits in Kazakhstan, with the coal then sold through Shubarcoal to the Group. During the Trading Period, Mugoteks and Shubarcoal supplied coal to various members of the Group at below market prices. With effect from 1 January 2007, the prices payable in respect of sales of coal by Mugoteks and Shubarcoal to the Group have been increased. As at the date of this Prospectus, all purchases of coal from Mugoteks and Shubarcoal are conducted on an arm’s length basis.

Coke purchases

Sary-Arka SpetsKoks LLP

Sary-Arka SpetsKoks LLP (“Sary-Arka”), a limited liability partnership registered and operating in Kazakhstan, is controlled and beneficially owned by the Founders. In 2005, Sary-Arka started production of coke from coal mined from the Shubarcoal coal deposits in Kazakhstan. Sary-Arka became a supplier of coke to Kazchrome in 2006. For the year ended 31 December 2006 and the six months ended 30 June 2007 these totalled US\$8.3 million and US\$5.6 million, respectively.

IMR Marketing AG

IMR Marketing AG is a member of the IMR Group. In August 2006, it became a supplier of coke to Kazchrome. All supplies of coke to Kazchrome were conducted on arm’s length terms.

Other goods supplied/services provided by entities controlled by the Founders

Security services

Tarlan Security LLP is controlled and beneficially owned by the Founders. It has provided during the Trading Period, and continues to provide, security services to members of the Group. The Directors intend to review the terms and conditions of contractual arrangements between the Group and Tarlan Security LLP going forward to ensure they are on arm’s length terms.

Fuel and Explosives

For the three years ending 31 December 2006 the Group purchased fuel and explosives from EFIC totalling approximately US\$32.8 million. The Group continues to purchase fuel and explosives from EFIC. These transactions were not and continue not to be on arm’s length terms. The Group is currently reviewing these arrangements to ensure that they are on arm’s length terms in the future.

Other

Energosystema LLP, registered and operating in Kazakhstan and controlled and beneficially owned by the Founders, was a minor electricity provider to Kazchrome until October 2004.

Rudnensk Vodokanal LLP, a former wholly owned subsidiary of SSGPO was sold to EFIC in 2005.

Pavlodar Engineering Factory JSC, registered and operating in Kazakhstan and controlled and beneficially owned by the Founders, supplied spare parts, machinery and equipment to Kazchrome, KAS, AoK and EEC during the Trading Period.

Vostok-Impeks, registered and operating in Kazakhstan and controlled and beneficially owned by the Founders, acted as a sales agent for the Group during the Trading Period under various powers of attorney. These arrangements and all powers of attorney have now been terminated.

Management services in Switzerland and UK

During the Trading Period, certain administrative expenses of the Group were paid by entities controlled by the Founders, or by Alferon Management Limited (“Alferon”), a management company owned and managed by Dr. Sittard and involved with the Founders’ private businesses. Salary related costs paid by certain non-Group companies owned by the Founders in relation to

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Group employees amounting to US\$15.2 million and US\$16.8 million for the years ended 31 December 2004 and 2005, respectively, were treated as a capital contribution. For the year ended 31 December 2006, legal, consulting, administrative and employee costs totalling US\$21 million borne by an entity controlled and beneficially owned by the Founders, have been re-charged to the Group in 2006 and early 2007. These arrangements have now been terminated.

Shared premises and information systems

During the Trading Period, the Group shared a number of premises with entities controlled by the Founders.

London

The corporate head office of the Company at 16 St. James's Street, London SW1A 1ER, was previously shared with Alferon. Alferon vacated these premises on 9 July 2007 and this lease has now been assigned to the Company.

Zurich

The Group's Zurich office houses both Group businesses and other businesses of the Founders, although the building is divided into two separate areas each with its own entrance. The lease is in the name of Eurasian Capital AG, a company controlled by the Founders. There is no written sublease agreement between Eurasian Capital AG and the Group.

Astana

On 1 November 2006, the Group entered into a lease with EFIC, not on arm's length terms. The Group has signed a new eleven month lease agreement with EFIC that commenced on 1 October 2007. Under the lease terms the rent is US\$55 per square metre, comparable with average market rates for similar properties.

Amsterdam

The Group's offices in Amsterdam are currently shared by businesses owned by Cosena B.V., wholly owned by CIM Global Investment NV. The lease for these premises is currently in the name of Cosena B.V. and the Group is currently in negotiation for the assignment of the lease to it.

Moscow/Dubai

The Group has historically shared office space with related parties in Moscow and Dubai although it now has its own premises in Moscow and Dubai.

Almaty

The Group is currently party to a lease agreement with Eurasia Insurance for its premises in Almaty. This lease agreement expires on 1 April 2008 and the rent is 359,664 KZT per month including VAT. The Group also occasionally holds meetings at the Zhailjou Golf Resort in Almaty, which is beneficially owned by the Founders.

Pavlodar

The Group entered into a lease agreement with EFIC relating to an office building, warehouse, apartment and land plot in Pavlodar City for 1,316,190 KZT per month including VAT. This lease will remain in effect until both parties agree by mutual consent to terminate.

Zhaimem

Pursuant to a lease dated 24 October 2006, Zhaimem leases premises to Eurasian Bank in Zhaimem for 31,050 KZT per month including VAT.

Shared IT facilities

During the Trading Period, the Group shared certain IT facilities in London and Zurich with entities beneficially owned by the Founders. With effect from Alferon vacating the Group's premises in

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London in July 2007, the Group no longer shares IT facilities with Alferon (or any other entity owned by the Founders) in London. With effect from July 2007, the Group is responsible for its own IT facilities in Zurich.

Shared management

During the Trading Period, senior members of the Group's management have been involved in the management of other entities that are controlled by the Founders. As at the date of this Prospectus, certain senior members of the Group's management also hold roles in entities controlled by the Founders which could give rise to inappropriate information flows or conflicts of interest.

Examples of this include:

- Dr. Sittard is Chairman of International Mineral Resources B.V. ("IMR") and also a non-executive director of Cunico Resources NV, a company in which the Founders have a significant interest.
- Felix Vulis, chief operating officer, and Zaure Zaurbekova, deputy chief financial officer, have held advisory positions for Eurasian Bank.
- Jim Cochrane, Head of Sales and Marketing, and Felix Vulis are board members of certain entities within the Serov Group in Russia.
- Felix Vulis has also managed certain other interests held by the Founders and continues to be a non-executive director of certain companies owned by the Founders (including Cosena B.V., Caracol Road Construction B.V. and Kazspetszmak LLP). Mr. Vulis also has a 15% interest in Medical Centre "Eurasia", a company that provides medical services to employees of the Group (the balance is beneficially owned by his cousin (15%) and the Founders).

Distributions

During the three years ended 31 December 2006, profits generated by members of the Group were partially withdrawn by the Founders from the Group through dividends or distributions declared or made by Group entities and other vehicles. The table below summarises withdrawals made from the Group during the three years ended 31 December 2006 and the six months ended 30 June 2007.

US\$ in millions	Distributions							
	2004		2005		2006		Six months ended 30 June 2007	
	the Founders	other shareholders	the Founders	other shareholders	the Founders	other shareholders	the Founders	other shareholders
Dividends from Kazakh operating entities	2	2	144	88	154	79	—	—
Dividends from Group marketing entities	82	—	264	—	92	—	—	—
Distributions from Group marketing entities ⁽¹⁾	407	—	33	—	11	—	—	—
Distributions from certain historic Russian trading arrangements ⁽²⁾	66	—	28	—	17	—	—	—
Distributions from other business streams	32	—	9	—	2	—	—	—
	589	2	478	88	276	79	—	—

(1) The distributions for 2004 and 2005 are net of certain expenses of the Group paid by the Founders which have been classified as management charges incurred by the Group, which amounted to US\$15 million in 2004 and US\$19 million in 2005.

(2) These figures represent certain profits which have been taken into account in the Group's combined and consolidated financial statements on an accruals basis and which were distributed to the Founders through the historic Russian trading arrangements described in the paragraph headed "Historic Russian Trading Arrangements" below.

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In addition, on 6 December 2007 the Company declared an interim, pre-IPO dividend of US\$500 million in respect of the year to date. This dividend is subject to certain conditions including the receipt by the Company of the net proceeds of the Global Offer.

Dividends from Kazakh operating entities

Dividends were paid by Kazakh operating entities during the Trading Period. Prior to the Reorganisation in 2006, dividends declared by the Kazakh operating entities were paid through holding companies before being distributed to the Founders.

Dividends and other distributions from Group marketing entities

Over the Trading Period, the Founders and entities affiliated with them received certain distributions totalling US\$889 million in aggregate (other distributions, dividends, quasi-dividends and loans) from the Group's marketing entities. All outstanding loans have now been repaid.

Historic Russian Trading Arrangements

Through 2006, certain sales made by Kazakh operating companies that are now part of the Group to customers in Russia were made through a system organised by an agency which the Company and the Directors believe was neither owned or legally controlled by the Group or its shareholders. The precise structure of the system then operated by the agency is not known to the Group but the Directors believe that the agency arranged for the products sold by the operating companies to be on-sold through a series of intermediary companies and then finally to the end-customers. This system is referred to as the "Russian Trading System" or "RTS". The profits generated by this series of sales through the RTS to end customers (after deduction of the expenses and a commission payable to the agency) were received by the Founders in cash form. These arrangements were voluntarily terminated by the Group in the second half of 2006, following which the Group has made such sales to customers in Russia via its newly established Moscow sales office.

Although the Company and the Directors believe that the RTS companies were neither owned or legally controlled by the Group or its shareholders, the results of the trading through the RTS have been combined into the financial track record of the Group for the three years ended 31 December 2006 because the agency received only a fixed commission of approximately 3% of sales, and the residual profits of the structure were received by the Founders. In addition, the beneficial interest in the profits of the RTS companies for 2006 was transferred to, and included within the results, of ENRC Marketing. Revenues arising from the sales through the RTS were US\$309 million in 2004, US\$385 million in 2005 and US\$178 million in 2006 (representing approximately 11.5%, 13% and 5.5% of the Group's aggregate revenues in 2004, 2005 and 2006 respectively) and profits of US\$111 million in the period from 2004 through 2006 relating to the RTS were distributed to the Founders.

Loans from the Group's marketing entities

In 2005, the marketing entities of the Group advanced excess cash to Ecoma AG, a company controlled and beneficially owned by the Founders, in the form of an interest-free loan of US\$108.2 million with no expiry date. Following the Group's restructuring in 2006, pursuant to which ENRC Kazakhstan Holding B.V. became the holding company of the marketing entities, the loan to be repaid by Ecoma AG was assigned to ENRC Kazakhstan Holding B.V. with an interest rate of LIBOR plus 1%. The balance outstanding as of 30 June 2007 was US\$116 million. In accordance with the Separation Agreements, these loans have now been repaid.

During the Trading Period, loans amounting to US\$7.8 million were paid to J&W Investment AG, a company controlled by and beneficially owned by the Founders. In accordance with the Separation Agreements, these loans have been repaid in full.

Promissory notes issued by the Company

In connection with the restructuring of the Group in December 2006, the Company recorded liabilities of US\$751.0 million and US\$249.0 million respectively to ENRC Kazakhstan Holding B.V. (a company then beneficially owned by the Founders and Vladimir Kim) and the Government of Kazakhstan payable in five equal annual instalments commencing on 19 December 2007 plus

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accumulated interest at 12 month LIBOR plus 2%. The outstanding amounts could be pre-paid by the Group at its discretion. In the six months ended 30 June 2007, US\$500 million was repaid. In July 2007 an additional US\$250 million was repaid. On 29 November 2007, the Company received notification that ENRC Kazakhstan Holding B.V. had assigned its rights under the promissory note issued to it to Birkhall Holdings Limited, a company that the Directors believe is beneficially owned and controlled by the Founders. The remaining balance of US\$250 million (and outstanding interest) due under this promissory note was repaid in December 2007.

Charitable Donations

During the three years ended 31 December 2006 and the six months ended 30 June 2007 Kazakh operating entities of the Group (Kazchrome, SSGPO, AoK and EEC) made charitable donations to the "Umit Oty" fund and the "Kohzhiiek" fund, registered in Kazakhstan and controlled by the Founders. The donations made by the Group are set out as follows:

ENRC Entity (in thousands of US\$)	Fund	Charitable Donations			
		2004	2005	2006	30 June 2007
SSGPO	Umit Oty, Kohzhiiek	4,913	3,871	1,725	5,789
Kazchrome	Umit Oty, Kohzhiiek	6,192	9,569	3,161	6,891
AoK	Umit Oty	—	56	—	—
EEC	Kohzhiiek	6	—	—	—
Total		11,111	13,496	4,886	12,679

All donations and sponsorships were paid out to third party organisations/associations to fund social infrastructure projects. The Group will continue providing charitable donations as an important part of its ability to maintain good working relationships with local authorities, subject to approval and monitoring by the Board.

Serov Acquisition

On 4 December 2007, the Group entered into a sale and purchase agreement to acquire a controlling interest in the Serov Group and certain related entities (as summarised in paragraph 15.1 of Part XIII) from entities controlled and beneficially owned by the Founders for US\$210 million plus the assumption of certain liabilities. The Group has obtained a valuation report and fairness opinion to assist it in determining the appropriate price to be paid. An initial payment of US\$100.0 million was made on 16 July 2007 with the balance due to be paid on completion. The obligations of the selling entities were guaranteed by IMR, a company controlled and beneficially owned by the Founders and of which Dr. Sittard is Chairman. In addition, Mr. Cochrane and Mr. Vulis are directors of certain companies within the Serov Group. In view of his position as Chairman of IMR, Dr. Sittard did not participate in the negotiations of the transaction and abstained from voting on any board resolutions relating to the transaction. The Serov Group owns a chrome ore mining facility and a ferrochrome smelter in eastern Russia, which produces low- and medium-carbon ferrochrome, and has an annual capacity of 300,000 tonnes. The Directors believe that the acquisition of the Serov Group will not only complement the Ferroalloy Division's existing low- and medium-carbon ferrochrome product range but also provide the Group with an important asset base in Russia, which supports the Group's strategy to pursue regional expansion opportunities.

The Separation Agreements

Pursuant to the terms of the Separation Agreements:

- dividend payments payable to ENRC Kazakhstan Holding B.V., a company owned and controlled by the Founders, totalling US\$97.1 million from the Alumina and Aluminium (US\$24.5 million), Iron Ore (US\$46.1 million), Ferroalloy (US\$25.7 million) and Logistics (US\$0.8 million) Divisions of the Group were assigned to ENRC NV;
- the obligations under loans and other receivables totalling US\$144.3 million owed to the Group by ENRC Kazakhstan Holding B.V. (US\$116.0 million), J&W Investment AG (US\$7.8 million), and CIM Global Investment NV (US\$20.5 million) were assumed by ENRC NV; and

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- the benefits of loans and other obligations totalling US\$273.3 million owed by the Group to Alloy (US\$56.7 million), Kherson (US\$25.5 million), ENRC Kazakhstan Holding B.V. (US\$143.2 million) and CIM Global Investment NV (US\$47.9 million) were assigned to ENRC NV.

The Group made cash payments totalling US\$190.9 million to CIM Global Investment NV, Kloten Branch, an entity controlled and beneficially owned by the Founders, in consideration of the transactions contemplated by the Separation Agreements and certain other arrangements which are in the course of being formally settled and taking into account US\$20.8 million which was owed to the Group by the Founders. The individual transactions subject to the Separation Agreements and the other arrangements in the course of being formally settled are summarised in more detail above.

Transactions with the Republic of Kazakhstan

In addition to conducting transactions with entities controlled by the Founders, the Group conducted transactions with entities controlled by the Republic of Kazakhstan. The principal activities were as follows:

- Provision of railway repair services through Remput LLP and Company Zhol zhondeushi LLP;
- Supply of electricity through EEC; and
- Payment of operating costs, including appropriate taxes.

The related party transactions with government departments and agencies of the Republic of Kazakhstan are set out below:

	Year ended 31 December			Six months ended 30 June 2007
	2004	2005	2006	
	In millions of US\$			
Revenue from the provision of services	16	115	173	60
Revenue from the sale of goods	18	14	5	2

The Group did not have any non-standard or privileged transactions with entities controlled by the Republic of Kazakhstan.