21 March 2012

Eurasian Natural Resources Corporation PLC

Announcement of 2011 Preliminary Results

Financial Highlights for 2011

- Solid financial performance despite the challenging economic environment.
- Revenue up 17% to US$7,705 million.
- Cost of sales up 24% to US$3,517 million, as a result of rising unit costs across the Group and increased volumes in the Other Non-ferrous and Alumina and Aluminium Divisions.
- Underlying EBITDA up 7% to US$3,413 million; Underlying EBITDA margin of 44%.
- Earnings per share down 10% to US 153 cents due to the one-off gain of US$298 million in 2010. Excluding this one-off gain, EPS would show a 5% increase.
- Final dividend of US 11 cents per share; US 27 cents for the full year. Payout ratio maintained at 18%.
- Gross available funds of US$658 million; borrowings of US$1,594 million. US$3.7 billion of additional facilities obtained since start of 2011.

Business Highlights for 2011

- Strong cash flow generation from assets in Kazakhstan; record sales volumes of high-carbon ferrochrome; Alumina and Aluminium and Energy Divisions produced at full available capacity.
- Cost control and productivity enhancing initiatives kept unit costs for key products in line with expectations.
- Record capital expenditure of US$1.9 billion; focus on development of key strategic projects, notably the new Aktobe ferroalloys plant, power unit 2 at EEC and the expansion of logistics capacity.
- Good progress in Africa: significant increases in both copper and cobalt production; agreement reached with First Quantum Minerals (‘FQM’) and announced in January 2012 to acquire its DRC assets and settle all disputes.

Outlook for 2012

- Record capital expenditure of US$2.7 billion planned for 2012; total project spend of US$10.9 billion.
- Production expected to be at full available capacity across all Divisions; increased copper volumes expected.
- Volatile market environment and pricing uncertainty to persist, but competitive advantage of low-cost position in Kazakhstan to be maintained.
- Industry cost pressures to continue, reflecting materials, labour, logistics and finance expenses. Social spend to be maintained at approximately 2011 levels.

“2011 has been a year of considerable progress for ENRC. While delivering a sound operational and financial performance, the on-going development of assets across our portfolio has been a key focus of management. There is significant opportunity contained in our world-class international assets, and after having reached an agreement with First Quantum Minerals in early 2012 we are well positioned to become one of the world’s major copper producers.

While working towards the fulfilment of this potential, we have not taken our focus from the strengths of our core portfolio in Kazakhstan. We achieved record sales volumes of high-carbon ferrochrome in 2011 and have continued investment across our Divisions to support future growth.

The market remains volatile, but we expect sustained good demand for our products and for ENRC to deliver a strong operational performance in 2012. Our low-cost production base coupled with diverse world-class assets leaves the Group well-placed going forward.”

Felix J Vulis, Chief Executive Officer

Eurasian Natural Resources Corporation PLC

Announcement of 2011 Full Year Results (Unaudited)

Summary Group Financial Information (Unaudited):

In millions of US$	**2011**	2010	2011 vs. 2010 +/-	2011 vs. 2010 %
Revenue	**7,705**	6,605	1,100	*16.7%*
Cost of sales	**(3,517)**	(2,847)	(670)	*23.5%*
Gross profit	**4,188**	3,758	430	*11.4%*
Operating profit	**2,876**	2,710	166	*6.1%*
Profit before income tax	**2,755**	2,977	(222)	*(7.5)%*
Income tax expense	**(769)**	(780)	11	*(1.4)%*
Effective tax rate %	***27.9%***	*26.2%*		
Profit for the year	**1,986**	2,197	(211)	*(9.6)%*
Profit attributable to equity holders of the Company	**1,974**	2,185	(211)	*(9.7)%*
Earnings per share - basic and diluted (US cents)	**153**	170	(17)	*(10.0)%*
Final dividend per share (US cents)	**11.0**	18.0		
Total dividend per share (US cents)	**27.0**	30.5		
Total depreciation, amortisation and impairment	**(539)**	(411)	(128)	*31.1%*
Gain arising related to acquisition of joint venture	**-**	298	(298)	*(100.0)%*
Acquisition related credit/(costs)	**2**	(73)	75	*(102.7)%*
Total costs[1]	**(4,829)**	(3,895)	(934)	*24.0%*
Underlying EBITDA[2]	**3,413**	3,194	219	*6.9%*
Underlying EBITDA margin %[3]	***44.3%***	*48.4%*		
Net cash generated from operations	**2,143**	2,303	(160)	*(6.9)%*
Capital expenditure	**1,921**	1,187	734	*61.8%*
Gross available funds [4]	**658**	1,672	(1,014)	*(60.6)%*
Net debt [5]	**(972)**	(35)	(937)	*2,677.1%*

[1] Total costs: Cost of sales; distribution costs; general and administrative expenses; exploration costs and other operating expenses offset by other operating income.

[2] Underlying EBITDA: Profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment, share of profit or loss of joint ventures and associates, gain arising related to acquisition of joint venture and acquisition related credit/costs.

[3] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.

[4] Gross available funds: Cash and cash equivalents plus term deposits and other financial assets and less investments in unquoted options, non-current available-for-sale financial assets and other restricted financial assets.

[5] Net debt: Cash and cash equivalents less current and non-current borrowings.

RESULTS OF OPERATIONS (Unaudited)

The following table sets out selected financial information of the Group's operations for the twelve months ended 31 December 2011 and 31 December 2010:

In millions of US$ (unless stated otherwise)	Ferroalloys	Iron ore	Alumina and Aluminium	Other Non-ferrous[1]	Energy	Logistics[1]	Corporate	Intra Group Eliminations	Total
Segment revenue									
2011	**3,084**	**2,452**	**1,145**	**657**	**618**	**342**	**11**	**(604)**	**7,705**
2010	2,996	1,876	926	482	542	263	6	(486)	6,605
Segment operating profit/(loss)									
2011	**1,040**	**1,404**	**234**	**(40)**	**299**	**63**	**(124)**	**-**	**2,876**
2010	1,293	1,045	178	9	262	52	(129)	-	2,710
Segment operating profit/(loss) margin									
2011	***33.7%***	***57.3%***	***20.4%***	***(6.1)%***	***48.4%***	***18.4%***	***n/a***	**-**	***37.3%***
2010	*43.2%*	*55.7%*	*19.2%*	*1.9%*	*48.3%*	*19.8%*	*n/a*	-	*41.0%*
Underlying EBITDA									
2011	**1,169**	**1,505**	**332**	**74**	**360**	**95**	**(122)**	**-**	**3,413**
2010	1,403	1,133	267	67	308	68	(52)	-	3,194
Underlying EBITDA margin									
2011	***37.9%***	***61.4%***	***29.0%***	***11.3%***	***58.3%***	***27.8%***	***n/a***	**-**	***44.3%***
2010	*46.8%*	*60.4%*	*28.8%*	*13.9%*	*56.8%*	*25.9%*	*n/a*	-	*48.4%*
% of Group revenue excluding inter-segmental revenues									
2011	***39.9%***	***31.8%***	***14.6%***	***8.5%***	***3.2%***	***1.9%***	***0.1%***	**-**	***100.0%***
2010	*45.2%*	*28.4%*	*13.7%*	*7.3%*	*3.0%*	*2.2%*	*0.2%*	-	*100.0%*
% of Group underlying EBITDA									
2011	***34.2%***	***44.1%***	***9.7%***	***2.2%***	***10.5%***	***2.8%***	***(3.5)%***	**-**	***100.0%***
2010	*43.9%*	*35.5%*	*8.4%*	*2.1%*	*9.6%*	*2.1%*	*(1.6)%*	-	*100.0%*

[1] The management of the SABOT logistics business was transferred during 2011 to the Other Non-ferrous Division from the Logistics Division resulting in a restatement to 2010.

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The information set out in this announcement relates to the twelve months ended 31 December 2011 and, unless otherwise stated, is compared to the corresponding period of 2010, the twelve months ended 31 December 2010. The Chief Executive Officer's Outlook statement includes an update for the period since 31 December 2011. Where applicable in the document all references to 't' are to metric tonnes, to 'kt' are to thousand metric tonnes, and 'mt' to million metric tonnes unless otherwise stated. Unless stated otherwise, statements relating to market data contained in this announcement are based on external sources, for example research institutes and industry bodies, including: Bloomberg, CRU, Datastream, Fairfax IS, Heinz H Pariser, the IMF, CISA, Metals Bulletin, Tex Report, NBS, Beijing Axis Analysis and others, and are derived from actual and/or estimated data relating to 2011 and are prepared in 2011 or early 2012.

Eurasian Natural Resources Corporation PLC ('ENRC') will announce its 2011 Preliminary Results on Wednesday, 21 March 2012. There will be a presentation to investors and analysts, commencing at 09.30 (London time) in the Auditorium at Deutsche Bank, 75 London Wall, London, EC2N 2DB, United Kingdom. There will be a simultaneous webcast and audiocast on the ENRC website (www.enrc.com).

Forward-looking statements
This announcement includes statements that are, or may be deemed to be, 'forward-looking statements'. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms 'believes', 'estimates', 'plans', 'projects', 'anticipates', 'expects', 'intends', 'may', 'will', or 'should' or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. 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. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. 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. A number of factors could cause results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations, changes in business strategy, political and economic uncertainty. Subject to the requirements of the Prospectus Rules, the Disclosure and Transparency Rules and the Listing Rules or any applicable law or regulation, the Group expressly disclaims any obligation or undertaking publicly to review or confirm analysts expectations or estimates or to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any changes in the Group's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in this announcement should be construed as a profit forecast. The forward looking statements contained in this document speak only as at the date of this document.

Listing Rules
This 2011 Preliminary Results Announcement has been prepared to meet the requirements of the Listing Rules of the United Kingdom's Financial Services Authority ('FSA') to provide additional information to shareholders and should not be relied on for any other purpose or by any other party.

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CHAIRMAN'S STATEMENT

It gives me great pleasure to be addressing you for the first time as Chairman of your company, at what is a time of significant opportunity for ENRC. I have been an Independent Director of ENRC since the IPO in 2007.

The Board appointed me as Chairman following the resignation of Dr Johannes Sittard in early February 2012. I would like to take this opportunity to thank him, on behalf of the Board, for his extensive and lasting contribution to the company, first as a CEO and then as Chairman. Your Company greatly benefited from his commitment, vision and clear strategic perspective. We wish him all the best in his future endeavours.

Against a turbulent economic backdrop and a volatile commodity pricing environment, ENRC performed solidly, owing to the underlying strengths of the Group, notably the quality of its tier one assets in Kazakhstan. These world-class assets remain the bedrock on which our expansion programme is based. Following significant acquisitions in preceding years, management focus in 2011 was very much on the development of assets in order to unlock value for our shareholders.

Progress in the development of our assets in Africa has reinforced the Group's confident view on the future of our business in the region. We are well positioned in Africa to progress our projects and increase production. Notably we have finalised the acquisition of some high quality copper assets in the DRC and completed a legal settlement with First Quantum. Through our assets in the DRC we are set to become a significant global copper producer over the next five years. The suite of our African assets in other commodities represents a solid platform for the company's future growth.

In line with international best practice, we have improved our reporting on fatalities to provide additional information to reflect on-site non-work related fatality cases, which includes contractors. We are rolling out best practice safety initiatives across the Group. We will continue to do all we can to improve the safety of our operations with the aim of achieving a zero-fatality result on a long-term basis.

ENRC is committed to fulfilling the highest standards of corporate responsibility and governance. We made significant important steps this year, notably completing our corporate governance review in September 2011. This established a stronger Board structure in line with UK corporate governance best practice, with a composition and expertise that will best support the Group through the next phase of its growth. However, this is not an area in which we can stand still. We have continued to review Board composition, mindful of the need to progressively refresh the Board, with a view to affording it with talented and dedicated directors exhibiting, amongst other qualifications, domain knowledge, long experience of best-in-class corporate governance practices, as well as corporate finance and strategy. It is our intention that the ENRC Board, representing your interests, maintains a clear value-focused strategy and exercises pronounced duty of care and oversight over the execution of such strategy by your management team. I will lead this effort and I will be in a position to report back to you on our progress in the not too distant future.

We are also continuing to ensure that our internal compliance controls are robust and we now have dedicated regional heads of compliance in Kazakhstan, Africa and Brazil. We will issue our first comprehensive Sustainability Report in 2012 detailing all of our activities in this area.

During 2011 we saw the departure of Mr Eduard Utepov, Mr Abdraman Yedilbayev, Sir Richard Sykes and Mr Ken Olisa. I thank them all for their commitment to the Company and for the contribution they have made. We also welcomed Mr Terence Wilkinson to the Board. Mr Wilkinson has a strong mining background with particular experience in Africa and, as an independent non-executive director, is already providing a strong contribution.

We are pleased to recommend to shareholders a final dividend of US 11 cents per ordinary share to be paid on 21 June 2012 to all shareholders on the register on 30 March 2012.

In my role as Chairman I will lead the Group's strategy which will be focused in 2012 on the development of our assets and unlocking their value. We anticipate a consistently strong operational performance across our diversified range of commodities in 2012 and, while the market remains volatile and the pricing environment uncertain, we have a compelling mix of a low-cost production base coupled with diverse world-class assets which leaves the Group well-placed going forward.

CHIEF EXECUTIVE OFFICER'S STATEMENT

ENRC has delivered a solid operational and financial performance in 2011. The competitive advantage of our low-cost operations has underpinned our growth as a leading natural resources group, allowing us to continue our commodity-led expansion strategy, through the diversification of our asset base and the development of our product portfolio.

The continued successful development of our strategic projects and expanding asset base has been a core focus for management in 2011. In Kazakhstan we have made good progress with our new Aktobe ferroalloys plant, with first production expected on schedule in the second half of 2013. We foresee that the highest demand growth in the industry over the next five years will come from speciality steels and foundries which require high quality high carbon ferrochrome. Due to the planned production growth in our Ferroalloys Division ENRC will be well-positioned to meet this increased demand.

In order to further enhance our integrated model and maintain our advantageous cost curve position within the region, progress has continued in the Energy Division with the completion of construction of a 325MW power unit at Aksu in Kazakhstan. Work has also begun on the reconstruction of an additional 325MW power unit. With rising transport costs in the CIS region we have made every effort to increase our self-sufficiency within the Logistics Division, acquiring an additional 2,517 wagons and 1,215 containers in 2011.

In the African copperbelt we have been focused on the development and consolidation of our world-class assets and we have seen significant increases in both copper and cobalt production in 2011.

A considerable amount of resource was spent in 2011 on resolving the dispute with First Quantum Minerals Ltd. ('FQM') regarding the licence for the Kolwezi Tailings project. The agreement reached with FQM in January 2012 and finalised in March has put a period of uncertainty behind us and allowed us to acquire FQM's processing plants at both Kolwezi and Frontier. We are now well-positioned to meet our strategic goal of becoming a significant global copper producer over the next five years. In Mozambique the feasibility study for Licence 871 in the Tete Province is set to complete in H1 2012. This is a substantial long-term growth opportunity, with the potential to strengthen our position in the energy sector and allow us to diversify into the coal export market.

Our operations in Brazil provide us with the opportunity to become one of the leading global iron ore players, providing us with entry to the seaborne iron ore market. During 2011 we have built a considerable presence in the region, with a 175-strong team of employees based in Salvador, Ilheus, Belo Horizonte, Caetite, Aritagua and Salinas. The location of the port has been moved to Aritagua so as to minimise its environmental impact and the focus in the latter part of 2011 was on resubmitting our application for the port Preliminary Licence. We are currently awaiting feedback on our submission.

In 2011 we initiated a major programme to better understand and improve the quality of our key Non-financial Performance Indicators and we have engaged PricewaterhouseCoopers LLP to provide assurance on selected indicators. Work is underway to present our first standalone Sustainable Development Report in 2012. Developing our non-financial reporting is a long-term undertaking and our intention is to deliver high quality data in line with global reporting practices and standards.

In October 2011 we announced our intention to exercise the Group's option to acquire the outstanding shares in Shubarkol Komir JSC ('Shubarkol') for a purchase price of US$600 million. The General Meeting to vote on this related-party transaction was subsequently adjourned in November. After considerable engagement with shareholders, we plan to reconvene a General Meeting for 2 April 2012 to vote on the acquisition. ENRC firmly believes that the acquisition of this high quality asset will

enhance our position as one of Kazakhstan's leading coal producers and further our strategic aims in the region.

We are determined to deliver value to all of our shareholders. To this end, we will continue to look at all aspects of our business, including expansions, joint ventures and spin-offs.

On behalf of the Group's management I would like to take this opportunity to thank our employees for their hard work and efforts.

2011 PRODUCTION PERFORMANCE

The Group's key divisions, Ferroalloys and Iron Ore, were impacted during the year by unscheduled equipment repairs, while production at the Alumina and Aluminium and Energy Divisions reflected full available capacity. Copper and cobalt production at the Other Non-ferrous Division showed strong growth against the prior year, in line with our expansion plans for these assets.

- Ferroalloys: ore extraction amounted to 4.59 mt (2010: 4.82 mt), whilst gross ferrochrome production was 1.37 mt (2010: 1.39 mt), of which 1.23 mt (2010: 1.26 mt) was high-carbon ferrochrome; total gross ferroalloys production was 1.77mt (2010: 1.80 mt). The modest reduction in production related to two separate fires at Aktobe, the emergency stoppage of furnace 63 at Aksu and the suspension of production at Tuoli due to market conditions. ENRC plans to divest of its share of Tuoli in 2012. All other operations have returned to effective full capacity.
- Iron Ore: ore extraction amounted to 43.21 mt (2010: 43.61 mt). Saleable concentrate production was 8.46 mt (2010: 8.94 mt) and saleable pellet production was 7.65 mt (2010: 8.02 mt). Production was impacted primarily by temporary technical problems with the pelletisers, which are now back at effective full capacity.
- Alumina and Aluminium: bauxite extraction reached a record 5.50 mt (2010: 5.31 mt). Production of both alumina and aluminium were also at record levels of 1.67 mt (2010: 1.64 mt) and 249 kt (2010: 227 kt) respectively.
- Other Non-ferrous: total copper contained production was 29.61 kt (2010: 20.27 kt), whilst that of cobalt reached 11.42 kt (2010: 9.65 kt).

FINANCIAL PERFORMANCE

The Group continued to deliver a solid financial performance in 2011 in a challenging economic environment. Revenue rose 16.7% and Underlying EBITDA was up 6.9% reflecting higher sales volumes at the Other Non-ferrous and Alumina and Aluminium Divisions and higher commodity prices. However profitability was reduced due to increased cost pressures. The Group was able to maintain its low cost position compared to our peers despite increasing inflationary pressures on our input costs, primarily raw materials, energy and labour. Excluding the impact of the one-off gain arising on the acquisition of a joint venture in 2010, EPS increased by 4.6%. Basic EPS fell to 153 cents per share (2010: 170 cents per share) as a result of this gain in 2010. A more detailed discussion of the financial performance is contained in the Chief Financial Officer's review.

SAFETY

The total number of work-related injuries, including fatalities, to employees in 2011 was 63 (2010: no comparable data). The Group Lost Time Injury Frequency Rate ('LTIFR') for 2011 was 0.49 (0.45 in Kazakhstan and Russia; 0.72 in Africa). A Group LTIFR rate was not calculated in 2010 as numbers across the Group were not prepared on a comparable basis. As with fatalities, our LTIFR reporting currently adopts Kazakhstan classifications across the Group and reflects cultural conditions in Kazakhstan. This leads to a lower number of reported LTI cases compared to international practice. This remains an area of focus through our work with DuPont looking at safety culture and behaviours.

We have improved our reporting to provide additional information to reflect on-site non-work related fatalities, which includes contractors for 2011. This is a key step towards adoption of international best practice reporting on fatalities. We will continue to take steps to align our classification process to international standards. The on-site work and non-work related fatalities numbered 13 in 2011 (2010: no comparable information available). There were 6 work-related fatalities in 2011 (5 in Kazakhstan and Russia; 1 in Africa), while in 2010 there were 7 fatalities all in Kazakhstan and Russia. Every fatality is unacceptable to us and we express our condolences to the families involved. Our safety programmes will continue to focus on understanding causes and eliminating fatalities.

CAPITAL EXPENDITURE

In 2011 we made considerable progress with our capital expenditure programme, with record capital expenditure of US$1.9 billion (2010: US$1.2 billion), further developing our pipeline of high quality projects which underpin the Group's growth strategy. Strategic reviews and project re-evaluations have nevertheless resulted in some delays in the realisation of capital expenditure projects in the Other Non-ferrous and Iron Ore Divisions.

2011 was a successful year in which we completed the expansion of alumina production, the commissioning of Power Unit 2 - a 325MW turbine at Aksu and continued the expansion of our railway fleet. Key projects across the Group's Divisions include the following:

- Ferroalloys: progression with the new Aktobe ferroalloys plant
- Iron ore: development of mine expansion projects
- Alumina and Aluminium: commissioning of the alumina expansion and on-going construction of the anode plant
- Other Non-ferrous: further development and review of the copper expansion strategy
- Energy: commissioning of Power Unit 2 and reconstruction of Power Unit 6 at Aksu
- Logistics: railway fleet expansion in Kazakhstan

In 2012, capital expenditure is expected to amount to approximately US$2.7 billion of which US$0.8 billion relates to sustaining capital expenditure. The Group's total capital expenditure programme for its expansionary projects is US$10.9 billion.

ACQUISITIONS

In July 2011 the Group completed the acquisition of 100% of the ordinary shares of Dezita Investments Limited ('Dezita') for a total consideration of US$195 million. Dezita owns Exploitation Permit Number PE 1284 in the DRC, a potentially significant copper and cobalt resource. This asset is immediately adjacent to and contiguous with the permits held by the Group's Camrose joint venture and its purchase is consistent with the Group's strategy of consolidating resources in areas proximate to existing Group operations in the region.

In December 2011 ENRC completed the acquisition of Rubio Holdings Limited, which indirectly holds 74% of Amari Manganese (Pty) Ltd ('Amari'), for a total consideration of US$295 million. Amari's key asset is the Kongoni Manganese Project in the Kalahari Manganese Field in South Africa. This acquisition further strengthens our position in a commodity which we believe has very attractive long-term fundamentals.

In January 2012 the Group announced that it had reached a settlement with FQM to acquire its residual assets and settle all claims in relation to its DRC operations for a total consideration of US$1.25 billion. This deal subsequently completed in March 2012.

RISK AND COMPLIANCE

Through 2011 Senior Management and the Board have had a regular dialogue on key risks relating to the Company's strategic objectives. We know that some of the jurisdictions in which the Group operates pose particular and often heightened risks that need to be managed appropriately. We are open for dialogue with shareholders and other stakeholders to communicate our position openly and effectively.

The Group continues to enhance its approach to risk management and internal controls, and is committed to the further development of policies, processes and procedures.

The Group is acutely aware of its obligations regarding compliance with all applicable laws and regulations, as well as our corporate value for fair dealing. We now have 14 compliance officers across our operations. We have completed the first stage of ethics training, delivered online by an independent, internationally-recognised ethics training provider, and have trained hundreds of senior managers face-to-face. ENRC has also launched a whistleblowing hotline, independently administered by the same ethics training provider, which operates 24 hours a day, 365 days a year, in five languages. We have a robust investigations policy and we are now able to effectively and thoroughly investigate whistleblowing reports and other issues and take appropriate corrective action.

OUTLOOK

Although the volatility in global markets persists in 2012, particularly concerning the sovereign debt crisis in Europe, we remain confident in the outlook for our diversified mix of commodities due to sustained growth in emerging markets. Our operations are expected to perform at full available capacity in 2012 to meet this demand, with increased copper production in the Other Non-ferrous Division as we continue to grow volumes in the DRC. We expect that inflationary cost pressures will be evident across the Group again in 2012 but we will make every effort to continue to focus on cost saving initiatives to ensure that our relative low-cost position and competitive advantage is maintained.

Felix J Vulis
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

The Group produced robust results for the year with Revenue and Underlying EBITDA showing solid growth despite challenging market conditions, rising by 16.7% and 6.9% respectively. Commodity prices have generally been favourable which has been a key driver of revenue growth. However our cost inputs have been under strong pressure resulting in some decline in margins.

Of the increase in our total operating costs, 36% resulted from macro-economic factors, primarily inflation and to a lesser extent the strengthening of the Kazakhstani tenge and the Russian rouble and MET growth (influenced by higher commodity prices). In order to mitigate these factors the Group has continued with a number of cost saving initiatives and optimisation programmes resulting in production process improvements, reduction of some consumption rates and increased fuel efficiency.

In addition, 28% of total operating cost increases (including depreciation) were driven by the expansion of our operations and exploration in the Other Non-ferrous Division. We also continued to support our local communities through social investment which has added a total of 10% to the Group's total operating cost increases (including a US$98 million payment to the Nazarbayev Fund in Kazakhstan to support the development of university education in the country).

The Group has continued its growth programme with its significant organic capital expenditure plans and these programmes will continue to be key projects for the Group in 2012 and beyond. Set out later in this review is a summary of our expenditure in the year and the total expected future cost of our capital expenditure projects.

In addition, the Group made two acquisitions during the year and subsequent to the balance sheet date completed the transaction with FQM as detailed in the Chief Executive's statement. We also intend to exercise our call option over Shubarkol and have reconvened a General Meeting to seek shareholder approval for this acquisition.

To ensure the Group has access to sufficient funding to finance the capital expenditure and acquisitions referred to above, we have secured additional liquidity from a number of sources. Three bank facilities were entered into during 2011 providing committed funding of US$1.7 billion. At the end of the year US$1.6 billion of this remained undrawn. Since the year-end we have signed an additional committed funding facility for a further US$2 billion. The existing US$3 billion Euro Medium Term Note programme signed in 2010 has not been utilised, although we continue to consider the programme as an integral part of our future funding strategy. Although the funding environment is a challenging one at present, with the Group's credit rating having recently been downgraded by both Standard & Poor's and Moody's, lenders' confidence in the underlying strength of ENRC is reflected in the Group's ability to raise US$3.7 billion of facilities since the beginning of 2011.

INCOME STATEMENT

Revenue

Revenue increased 16.7% in the year to US$7,705 million (2010: US$6,605 million), which reflected higher commodity prices for all of our key products (iron ore and coal prices reaching all-time highs) and stable market demand. US$948 million (86.2%) of revenue growth was attributable to higher prices, US$115 million (10.5%) due to higher sales volumes and US$37 million (3.4%) reflected an increase in sales of other goods and services. The Ferroalloys Division accounted for 39.9% of the Group's third party revenue, the Iron Ore Division 31.8% and the Alumina and Aluminium Division 14.6%.

Gross margin

Gross margin declined slightly during the year to 54.4% (2010: 56.9%) as strong inflationary pressures pushed up purchase prices for materials and services and also resulted in increased labour costs and electricity tariffs. Increased depreciation and amortisation and MET also had a negative influence on the Group's cost of sales. In order to manage the impact of these cost increases the Group continued to maintain strict cost control and introduced a number of cost saving programmes and productivity initiatives, resulting in unit costs growth for key products being in line with our expectations for the year.

Distribution costs

The increase in distribution costs was primarily due to a US$15 million rise in transportation costs as a result of increases in railway tariffs and longer delivery routes to more distant customers.

General and administrative costs

The most significant change in general and administrative expenses was an increase in sponsorship and social investment costs of US$93 million mainly as a result of the support to the Nazarbayev Fund. In addition we incurred increases to staff costs of US$37 million.

Exploration expenses

Exploration costs increased by US$57 million primarily relating to the Other Non-Ferrous division.

Net other operating expenses

Net other operating expenses increased US$14 million primarily as a result of foreign exchange losses.

Net finance costs

Net finance costs increased US$79 million as a result of increased interest expenses and foreign exchange losses. The increase in our interest expense was due to our increased levels of debt throughout the year.

Share of profits of Joint Ventures and Associates

The net share of profits of joint ventures and associates amounted to US$2 million (2010: US$13 million). This includes a US$14 million profit contribution from the Group's interest in Shubarkol, and losses of US$8 millon and US$4 million from our interests in Camrose Resources and Taurus Gold respectively mainly as a result of exploration and similar expenses in these early stage investments.

Taxation

The Group's income tax expense for the year ended 31 December 2011 was US$769 million (2010: US$780 million), an Effective Tax Rate ('ETR') of 27.9% (2010: 26.2%). The main drivers behind the ETR being higher than the 20% corporate income tax rate in the Republic of Kazakhstan, where the majority of the Group's operations are located, included Excess Profits Tax charges in Kazakhstan, which increased the ETR by 3.8 percentage points, and withholding taxes, mainly relating to the repatriation of dividends from Kazakhstan, which added 1.6 percentage points.

In future periods as the Group starts to develop its greenfield projects, we would expect the Group's ETR to increase as compared with its current level. This is mainly due to the significant expenditure which will be undertaken in jurisdictions where revenues are not yet being generated. The Group's ETR also remains sensitive to prices and market conditions.

BALANCE SHEET

The Group's net book value of property, plant and equipment at 31 December 2011 was US$9,891 million (2010 as restated: US$8,146 million), an increase of 21.4%. Goodwill and other intangibles at 31 December 2011 totalled US$1,410 million (2010: US$1,371 million), an increase of 2.8%.

An analysis of additions in the year arising from the Group's capital expenditure projects in 2011 is set out in the capital expenditure section below.

The Group also purchased Dezita (Copper/Cobalt) for US$195 million and Rubio (Manganese) for US$295 million during the year. The result of these transactions is an increase in property, plant and equipment (primarily mineral rights). Goodwill arose in respect of the Rubio transaction primarily as a result of the recognition of deferred tax under IFRS.

Subsequent to the year end the Group completed the acquisition of FQM's residual claims and assets in respect of the Kolwezi Tailings project, the Frontier and Lonshi mines and related exploration interests, all located in the Katanga Province of the DRC, for total consideration of US$1.25 billion. Further detail can be found in the Chief Executive's statement and note 19 of the preliminary announcement.

During the year, the Group completed the measurement period analysis of the businesses acquired in 2010, the result of which is the reallocation of certain assets and liabilities and a restatement, as required under IFRS, of the comparative balance sheet position. These results are further detailed in note 6 to the financial statements.

A summary of the Group's borrowings is set out in note 16 to the preliminary announcement with further commentary in the Funding and Liquidity section of this review.

The Group's return on capital employed was 23.2% (2010: 28.4%). The calculation of return on capital employed is set out in note 17 to the preliminary announcement. The decrease reflects the growth in capital employed and the increased percentage of early stage exploration projects.

CASHFLOW

Net cash generated from operating activities
The Group generated US$2,143 million from operating activities (2010: US$2,303 million). Working capital requirements increased during the year by US$410 million (US$300 million) primarily as a result of increases in inventories due to lower demand from Magnitogorsk Iron and Steel Works OJSC ('MMK') in Q4 2011, transport limitations in Kazakhstan and increases to raw material costs and also increases in trade receivables due to revised letters of credit payment terms with several of our ferroalloys customers in China.

Net cash used for investing activities
During the year the Group utilised a total of US$2,656 million for investing activities (2010: US$2,368 million). The primary use of these funds was for the acquisition of property, plant and equipment (2011: US$2,121 million, 2010: US$1,245 million) including the Dezita for US$195 million. In addition the Group utilised funds of US$281 million (2010: US$701 million) for the acquisition of subsidiaries, primarily in respect of Rubio (US$36 million), the final payment of US$120 million for the acquisition of MIBA and MPB as detailed in note 6 and a returnable deposit in relation to the 2012 FQM acquisition of US$125 million.

Net cash flow used for financing activities
The Group used cash resources of US$448 million (2010: US$826 million inflow) in its financing activities during the year ended 31 December 2011. This comprised: US$100 million drawn from unsecured term loan facilities, US$54 million drawn from various export credit facilities, less repayment of borrowings of US$154 million and cash outflows for dividends of US$448 million (2010: US$ 248 million).

FUNDING AND LIQUIDITY

During the year the Group did not utilise the US$3 billion Euro Medium Term Note programme signed in 2010 and as at 31 December 2011 there were no issues under the programme. The programme is still considered to be an integral part of the Group's future funding strategy.

The Group secured additional liquidity during the year with the signing of three bank facilities: an unsecured term loan facility for US$1 billion with Russian Commercial Bank (Cyprus) Limited (part of the VTB group), an unsecured senior US$500 million revolving credit facility supported by a group of international banks and an export credit facility in the amount of EUR-185 million (as detailed in note 16).

At the end of 2011 and 2010, the average maturity of outstanding debt was more than five years, and net gearing at 31 December 2011 was 8.2% (2010: 0.4%) (as detailed in note 17).

Since the year end, the Group has continued to raise additional facilities to support the continuing growth of the business (as detailed in note 19). On 1 February 2012, the Group entered into an unsecured five year US$2 billion facility with Sberbank of Russia which is available in quarterly tranches of $500 million during the first year of the agreement. On 16 February 2012, the Group signed an amendment to the existing revolving credit facility reducing the amount to US$467 million but extending the maturity until 2014.

CAPITAL EXPENDITURE

2011 Capital Expenditure

In 2011, the Group's capital expenditure amounted to US$1,921million (2010: US$1,187 million), an increase of US$734 million, or 62%.

The geographic split of capital expenditure in 2011 was Kazakhstan US$1,563 million, Africa US$238 million, Brazil US$82 million and Other US$38 million.

Capital Expenditure

In millions of US$	**2011**	2010
Expansionary	**1,414**	830
Sustaining	**507**	357
Total	**1,921**	1,187

Capital Expenditure Projects

The estimated cost of the Group's main capital expenditure projects totals US$10.9 billion which is comprised of projects at execution, planning and design and pre-feasibility stages.

The Group classifies its projects under four categories:

- Execution: full approval by the Board; ordering of equipment and construction in progress;
- Planning and Design: initial approval by the Board for feasibility studies;
- Pre-feasibility: projects at the stage of pre-feasibility study that have not been approved by the Board;
- Deferred: previously identified projects that have been put on hold.

Capital Expenditure Projects

In millions of US$	Current estimated cost	Division	Date of commissioning
Execution			
New Aktobe Ferroalloys Plant [1] - 440 ktpa	750	Ferroalloys	2013
Mine expansion	825	Iron Ore	2030
- *Phase 1*	*370*	*Iron Ore*	*2014*
- *Phase 2*	*455*	*Iron Ore*	*2014-2030*
Concentrator expansion – 7 mtpa high grade concentrate	455	Iron Ore	2014
Pelletiser - 5 mtpa	555	Iron Ore	2014
HBI Plant - 1.8 mtpa	675	Iron Ore	2014
Anode production plant	240	Alumina and Aluminium	2012
Expansion of copper (oxide) production	150	Other Non-ferrous	2013
Chambishi copper plant (LME grade A)	80	Other Non-ferrous	2012
Reconstruction of power unit 6 – 325 MW	265	Energy	2013
Railway fleet expansion	210	Logistics	2013
Total - Execution	**4,205**		
Planning & Design			
Pedra de Ferro (BMSA)	2,100	Iron Ore	2015
Expansion of copper (sulphide) production	465	Other Non-ferrous	2013
Total – Planning & Design	**2,565**		
Pre-feasibility			
Construction of 2 x 600 MW power units	1,260	Energy	TBD
Mine expansion - 5 mtpa coal	230	Energy	TBD
Mineracao Minas Bahia SA (MIBA)	2,600	Iron Ore	TBD
Mineracao Peixe Bravo SA (MPB)	TBD	Iron Ore	TBD
Total - Pre-feasibility	**4,090**		
Deferred			
Expansion of ferroalloys smelting capacity (Aksu) – 460 ktpa	540	Ferroalloys	TBD

[1] Previously as Expansion/replacement of ferroalloy smelting capacity (Aktobe) - 440 ktpa.

TBD – To be determined

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DIVISIONAL OVERVIEW

Ferroalloys Division

The Ferroalloys Division primarily produces and sells ferrochrome, as well as other ferroalloys, for use as alloying products in the production of steel, whilst manganese and chrome ore are sold to third-party producers of ferroalloys as well as the chemical industry. ENRC is the largest ferrochrome producer in the world by chrome content and the lowest cost producer of high-carbon ferrochrome. The Ferroalloys Division is vertically integrated, having its own chrome ore and manganese ore mines feeding its ferroalloy production in Kazakhstan and Russia. In addition to its own ore, the Division also benefits from competitively priced electricity supplied by the Energy Division, as well as having a gas-fired power station at its Aktobe plant. ENRC plans to fully divest of its shares in Tuoli, its Chinese ferroalloy plant, during 2012.

Iron Ore Division

The Iron Ore Division consists of producing assets in the Republic of Kazakhstan and exploration and development assets in Brazil. In Kazakhstan the Iron Ore Division produces and sells iron ore concentrate and pellets primarily to steel producers and on the basis of full year 2011 data, is a material exporter of iron ore and in the lowest quartile of the global cost curve. Kazakhstan-based operations include iron ore mines, crushing, beneficiation and pelletising plants and a thermal power station. In Brazil, the Division is focused on the development of a high-quality iron ore deposit in the Caetite region in the State of Bahia, as well as two early stage exploration projects, both located in the State of Minas Gerais.

Alumina and Aluminium Division

The Alumina and Aluminium Division produces and sells alumina to aluminium producers, and also produces and sells the Group's own aluminium. ENRC believes, based on full year 2011 data, that the Alumina and Aluminium Division is the world's ninth largest supplier of traded alumina by volume and is at the lower end of the global industry cost curve for alumina and aluminium. The Alumina and Aluminium Division's vertically integrated operations include: bauxite mines, a limestone mine, an alumina refinery, an aluminium smelter and a power station.

Energy Division

The Energy Division is one of the largest electricity providers in the Republic of Kazakhstan, accounting for approximately 16.3% of the country's recorded electricity production in 2011 (2010: 16.6%). Taking into account all of the energy generation facilities of ENRC, including SSGPO, the alumina refinery (Aluminium of Kazakhstan ('AOK')) and the Aktobe ferroalloys smelter ('Kazchrome'), the Group's share of Kazakhstan's energy supply was 22.5% in 2011 (2010: 22.6%). The Energy Division provides a cost-effective energy supply to the Group's other principal Kazakhstani operating divisions, with internal consumption of 71.5% (2010: 73.9%) of the electricity produced in 2011, as well as producing a surplus for sales to third parties in Kazakhstan.

Other Non-ferrous Division

The Other Non-ferrous Division operates principally in the Democratic Republic of the Congo ('DRC'), where it mines copper and cobalt and processes the ore through Boss Mining Sprl ('Boss'), a subsidiary of ENRC, with the State-owned La Générale des Carrières et des Mines ('Gécamines') as a minority (30%) partner. ENRC also owns 50.5% of Camrose Resources Limited, whose primary assets, held through its subsidiaries, includes interests in five copper and cobalt exploitation licences situated in the DRC. In Q1 2012, ENRC acquired additional processing capacity at Kolwezi and at the Frontier mine. The Chambishi smelter, acquired in April 2010 and located in Zambia, processes material mined in the DRC at Boss. The Other Non-ferrous Division's copper and cobalt operations include open cast mines, crushing, beneficiation, concentrator plants and an electro-winning facility in the DRC and the Chambishi copper and cobalt smelter in Zambia. In addition, the Other Non-ferrous Division includes a number of development prospects: Mozambique – coal; Mali – bauxite; Zimbabwe

– platinum; and South Africa – fluorspar, coal and manganese. The Group's African logistics and trucking business, SABOT, operates in Central and Southern Africa.

Logistics Division

The Logistics Division provides transportation and logistics services to the Group's principal Kazakhstani operating Divisions, as well as to third parties. The Division's operations include freight forwarding, wagon repair services, railway construction and repair services and trucking. The availability of these services within the Group mitigates many of the risks associated with the supply of raw materials and delivery of products to customers. In addition, the Division operates a railway transfer and reloading terminal on the Kazakhstan/China border, facilitating the Group's access to the Chinese market.

OPERATING AND FINANCIAL REVIEW

Ferroalloys Division

Key Facts		Years ended 31 December 2011	2010 (restated)	% Change
Third-party Sales Volumes				
High-carbon ferrochrome	'000t	**1,118**	1,115	*0.3%*
Medium-carbon ferrochrome	'000t	**49**	46	*6.5%*
Low-carbon ferrochrome	'000t	**86**	84	*2.4%*
Ferrosilicochrome	'000t	**71**	60	*18.3%*
Ferrosilicomanganese	'000t	**173**	177	*(2.3)%*
Ferrosilicon	'000t	**45**	47	*(4.3)%*
Total Ferroalloys	'000t	**1,542**	1,529	*0.9%*
Chrome ore	'000t	**568**	642	*(11.5)%*
Manganese concentrate	'000t	**652**	612	*6.5%*
Iron-manganese concentrate	'000t	**82**	74	*10.8%*
Production Volumes				
Chrome ore	'000t	**3,567**	3,574	*(0.2)%*
Manganese ore concentrate	'000t	**1,009**	996	*1.3%*
Ferroalloys total gross [2]	'000t	**1,766**	1,803	*(2.1)%*
Ferroalloys total net	'000t	**1,541**	1,587	*(2.9)%*
High-carbon ferrochrome gross [2]	'000t	**1,226**	1,258	*(2.5)%*
High-carbon ferrochrome net	'000t	**1,114**	1,143	*(2.5)%*
Prices				
Ferroalloys	US$/t	**1,770**	1,713	*3.3%*
Chrome ore	US$/t	**335**	321	*4.4%*
Manganese concentrate	US$/t	**171**	197	*(13.2)%*
Iron-manganese concentrate	US$/t	**50**	43	*16.3%*
Unit Costs [1]				
Ferroalloys	US$/t	**955**	816	*17.0%*
Chrome ore	US$/t	**59**	44	*34.1%*
Manganese concentrate	US$/t	**115**	105	*9.5%*
Iron-manganese concentrate	US$/t	**7**	14	*(50.0)%*

[1] Unit costs: Cost of sales divided by sales volumes.
[2] Ferroalloys production analysis has been revised to exclude foundry ferrochrome metal from production volumes, with 2010 volumes restated.

Analysis of third-party revenue by destination:

	2011	2010
Asia Pacific	***45.4%***	*47.9%*
Europe and Middle East	***23.4%***	*21.3%*
Eurasia	***21.4%***	*21.9%*
Rest of the World	***9.8%***	*8.9%*

Production
In 2011, the Ferroalloys Division produced: 3,567 kt of saleable chrome ore (2010: 3,574 kt); 1,009 kt of saleable manganese ore concentrate (2010: 996 kt); and 1,766 kt of ferroalloys (2010: 1,803 kt), including 1,226 kt (2010: 1,258 kt) of its primary product, high-carbon ferrochrome. In 2011 226 kt (2010: 216 kt) of ferroalloys were consumed internally.

Sales and Pricing
Excess capacity at the end of 2010 resulted in a US 5 cent drop in the European ferrochrome benchmark price in Q1 2011, to US$1.25 per pound of chrome. However, the better than expected demand in the first quarter from all steel segments and as a result a reduction in stocks as well as continued cost pressures in the Republic of South Africa led to a US 10 cent increase in Q2 2011. Key market features going into Q3 2011 included concerns over nickel pricing, excess stainless capacity in China and the sovereign debt crisis in Europe. These features in conjunction with strong ferrochrome production levels globally meant that prices going into the traditionally weaker third quarter declined by US 15 cents, to US$1.20 per pound of chrome. With no positive signs of recovery at the end of Q3, prices remained unchanged for Q4 2011. Ferrochrome market conditions continued to weaken through the fourth quarter in line with the weakening of the global economy.

In H1 2011, the demand for medium- and low-carbon ferrochrome increased due to associated strong demand in the engineering, alloy and specialty steel sectors, with prices increasing by between US 30 to 40 cents per pound of chrome. In H2 the demand slowed and prices correspondingly declined as the general economic mood became increasingly negative over the Eurozone crisis. By the end of the year prices had decreased by approximately US 30 cents from their peak in April-May.

The price of chrome ore showed a 13% increase during H1 2011, reflecting improvements in the ferrochrome market. However during H2 2011 these gains were relinquished as demand slowed. China is the largest consumer of chrome ore and through H2 there was a large build-up of stock at Chinese ports as the fall in demand resulted in the price of chrome ore declining almost 35% from its peak earlier in the year.

The year began with high stock levels of manganese alloys and ores and despite an initial encouraging start, prices soon declined as carbon steel production was slower than expected in China and margins at western steel mills came under pressure. The decline in ore prices due to high stock levels fed through to subsequent lower pricing for manganese alloys as the year progressed.

In 2011, the geographical mix of sales saw marked declines to China, South Korea and the Far East compared to last year. These were offset by a marked increase in the proportion of sales to Japan and a more modest increase in the share of sales to western markets. Sales to all other regions were broadly similar to the previous year.

Ferroalloys Division

Summary income statement

In millions of US$	Years ended 31 December **2011**	2010	% Change
Revenue	**3,084**	2,996	*2.9%*
Third parties	**3,069**	2,988	*2.7%*
Intersegment	**15**	8	*87.5%*
Cost of sales	**(1,517)**	(1,270)	*19.4%*
Gross profit	**1,567**	1,726	*(9.2)%*
Gross margin %	***50.8%***	*57.6%*	
Distribution costs	**(306)**	(271)	*12.9%*
General and administrative expenses	**(213)**	(153)	*39.2%*
Exploration costs	**(1)**	(1)	*0.0%*
Net other operating expense	**(7)**	(8)	*(12.5)%*
Operating profit	**1,040**	1,293	*(19.6)%*
Operating profit margin %	***33.7%***	*43.2%*	
Depreciation, amortisation and impairment	**(129)**	(110)	*17.3%*
Underlying EBITDA	**1,169**	1,403	*(16.7)%*
Underlying EBITDA margin %	***37.9%***	*46.8%*	

Results for the year
The Ferroalloys Division contributed US$1,169 million, or 34.2%, of the Group's Underlying EBITDA in 2011 (2010: US$1,403 million; 43.9%); a decrease of US$234 million as the Division faced both considerable inflationary pressure and challenging market conditions.

The Ferroalloys Division achieved another record level of ferroalloys sales of 1,542kt, improving previous year sales by 0.9%, which compensated for weaker sales of chrome ore (11.5% down year-on-year). High-carbon ferrochrome volumes increased 0.3%, whilst other ferrochrome products experienced more substantial growth rates against 2010 levels.

Total revenue for the Division increased US$88 million (2.9%), of which US$71 million was due to higher commodity prices, US$13 million reflected higher sales volumes and US$4 million was added from increased sales of goods and services to other Group Divisions. High-carbon ferrochrome sales contributed US$45 million (US$32 million due to higher prices and US$13 million due to higher sales volumes), or 51.1%, of the increase in the Division's revenue. A continuing shift of sales towards Western European, Japanese and North American markets, which were more favourable in terms of prices, also positively impacted revenue.

The decline in gross margin was due to the cost pressures being experienced with unit cost of sales for ferroalloys 17% above that of 2010.

A US$247 million increase in cost of sales comprised a US$245 million increase in unit cost of sales and US$2 million cost growth from higher sales volumes. The main factors affecting the unit cost of sales growth were higher input material prices, particularly for reductants and fuel along with increased electricity tariffs and wage rates.

Within these increases in cost of sales depreciation and amortisation increased by US$10 million. MET totalled US$173 million (2010: US$172 million) for the year.

The US$35 million increase in distribution costs was mainly attributable to increased transportation costs as a result of increased railway tariffs and the higher volumes of sales to more distant customers such as North America, Japan and Western Europe, instead of China.

General and administrative expenses increased US$60 million primarily as a result of additional social investments (primarily in respect of the Group's contributions to the Nazarbayev fund), depreciation and amortisation and staff costs.

Capital Expenditure
The construction of the New Aktobe Ferroalloy Plant is the key investment project within the Ferroalloys Division, which underpins the Group's growth strategy in ferroalloys. Four Direct Current (DC) furnaces with capacity of 440 ktpa are being built. In 2011 the project progressed significantly, with the completion of the pits and foundations for all four furnaces, the installation of air pipes for all of the furnaces and the construction of the furnace covers. The commissioning date and total cost of this project remain unchanged at H2 2013 and US$750 million respectively.

Iron Ore Division

Key Facts		Years ended 31 December **2011**	2010	% Change
Third-party Sales Volumes				
Iron ore concentrate	'000t	**8,241**	8,583	*(4.0)%*
Iron ore pellet	'000t	**7,626**	8,031	*(5.0)%*
Production				
Iron ore mined	'000t	**43,212**	43,614	*(0.9)%*
Iron ore primary concentrate produced	'000t	**17,636**	17,702	*(0.4)%*
Prices				
Iron ore concentrate	US$/t	**135**	98	*37.8%*
Iron ore pellet	US$/t	**171**	125	*36.8%*
Unit Costs [1]				
Iron ore concentrate	US$/t	**33**	29	*13.8%*
Iron ore pellet	US$/t	**47**	39	*20.5%*

[1] Unit costs: Cost of sales divided by sales volumes.

Analysis of third-party revenue by destination:

	2011	2010
China	29.5%	38.4%
Kazakhstan	5.4%	4.6%
Russia	65.1%	57.0%

Production
In 2011, the Iron Ore Division mined 43,212 kt of iron ore (2010: 43,614 kt). This was processed into 17,636 kt of primary iron ore concentrate (2010: 17,702 kt), with saleable concentrate production of 8,459 kt (2010: 8,937 kt). The balance was used to produce 7,648 kt (2010: 8,017 kt) of pellet.

Sales and Pricing
Although the annual total crude steel production during 2011 increased by 6.8% compared to 2010, global steel production declined in H2 2011. During H2 2011 the industry capacity utilisation rate fell below 80% (H1 2011: 82%). Spot iron ore prices fell dramatically during September and October 2011, decreasing approximately 35% and subsequently hovering in a narrow range of US$130-140 per dry metric tonne through to the year-end. Any slowdown in steel production generally has the additional effect of reducing the demand for pellet relative to concentrate, as a focus on throughput is replaced by an emphasis on low cost raw materials. This trend has been evident in the CIS since the end of Q2 2011.

In 2011 The Magnitogorsk Iron and Steel Works OJSC ('MMK') accounted for 63.4% (2010: 63.6%) of the Iron Ore Division's revenue and 10.1 million tonnes of saleable product. The MMK contractual price was determined based on Platts publications on a quarterly basis from February 2011 up to December 2011. In December 2011 the quarterly pricing mechanism was reviewed to reflect monthly conditions and a 15% discount is to be applied for 2012 against the formula used in 2011. In Q4 2011, 421 kt of iron ore concentrate was sold to Mechel and Evraz after MMK sharply decreased demand from September 2011.

Iron Ore Division

Summary income statement

In millions of US$	Years ended 31 December **2011**	2010	% Change
Revenue	**2,452**	1,876	*30.7%*
Third parties	**2,449**	1,875	*30.6%*
Intersegment	**3**	1	*200.0%*
Cost of sales	**(669)**	(591)	*13.2%*
Gross profit	**1,783**	1,285	*38.8%*
Gross margin %	***72.7%***	*68.5%*	
Distribution costs	**(184)**	(157)	*17.2%*
General and administrative expenses	**(182)**	(70)	*160.0%*
Exploration costs	**(6)**	(1)	*500.0%*
Net other operating expense	**(7)**	(12)	*(41.7)%*
Operating profit	**1,404**	1,045	*34.4%*
Operating profit margin %	***57.3%***	*55.7%*	
Depreciation, amortisation and impairment	**(101)**	(88)	*14.8%*
Underlying EBITDA	**1,505**	1,133	*32.8%*
Underlying EBITDA margin %	***61.4%***	*60.4%*	

Results for the year

In 2011, the Iron Ore Division contributed 44.1%, or US$1,505 million (2010: US$1,133 million; 35.5%) of the Group's Underlying EBITDA. Underlying EBITDA margin also continued to improve reaching 61.4% (2010: 60.4%).

Revenue rose by US$576 million, or 30.7%, primarily as a result of high prices for iron ore which reached an all-time high in the first half of the year. Selling prices increased 37% compared to 2010 giving additional revenue of US$655 million. By contrast, weaker sales volumes reduced the Iron Ore Division's total revenue by US$84 million. The 4.4% decline in volumes sold reflected decreased sales to Chinese customers and the lower demand from MMK. The sales mix did not change significantly with higher priced iron ore pellet representing 48.1% of the total iron ore sales (2010: 48.3%), contributing US$299 million to the Division's revenue growth (US$349 million received owing to favourable prices was partially offset by US$50 million decrease as a result of lower sales volumes). An increase in concentrate prices added US$303 million to the Division's revenue, offset by a US$34 million decrease due to decline in sales volumes.

The Division's gross margin increased to 72.7% (2010: 68.5%) underpinned by the strong selling price performance although the Division also experienced pressure on unit costs which increased 18.4% compared to 2010.

A US$101 million increase in cost of sales resulted from higher unit cost of sales, which was partially offset by a US$23 million decrease in costs resulted from lower sales volumes. The unit cost of sales growth was in line with our expectations resulting from higher prices of input materials, fuel, electricity, higher wage rates and higher MET.

Depreciation and amortisation increased cost of sales by US$12 million. In total, a higher MET of US$114 million (2010: US$93 million) was incurred in the year resulting from higher realised prices.

A US$27 million increase in distribution costs resulted from higher railway tariffs. This increase was partially offset by proportionally more products being shipped to Russia and Kazakhstan, which had lower tariffs in comparison with rail transportation to China.

General and administrative expenses increased by US$112 million, including increases of US$73 million in social investments (primarily in respect of the Group's contributions to the Nazarbayev fund), US$15 million in staff costs and US$11 million in professional services (primarily relating to the BMSA project).

Capital Expenditure
The expansion strategy of the Iron Ore Division in Kazakhstan includes an increase in ore mining volumes, as well as expanding the product portfolio with three new products: high quality concentrate, high quality pellets and hot briquetted iron ('HBI'). This will increase total saleable volumes to approximately 23 mtpa.

- Mine expansion: work has commenced to secure the required ore feed for the expansionary projects. The estimated cost is US$825 million of which 45% will be spent by the end of 2014. The remaining amount will be spent by 2030 in order to support our growth strategy;

- Concentrator expansion - 7 mtpa high grade concentrate: In 2011 we completed certain preparation works including the laying of foundations, the ore supply tunnel, the "diaphragm wall" and framing installation;

- Pelletiser expansion: the addition of 5 mtpa of high quality pellet. Performance specifications have been reviewed and an engineering study will commence shortly;

- HBI Plant: development of 1.8 mtpa of HBI. The plant site has been prepared and is ready for civil works to commence;

- BMSA: In order to enter the seaborne iron ore market, ENRC is currently developing the BMSA project in Brazil. The Installation Licence for the mine has been granted by the Instituto do Meio Ambiente ('IMA'), which will allow ENRC to begin construction of the iron ore mine and beneficiation plant at Caetite. This will have a target production of 19.5 mtpa. The Preliminary Licence for the port has been delayed, owing to a change in proposed location from Ponta da Tulha to Aritagua due to environmental reasons. The Preliminary Licence will outline the environmental constraints for the receipt of the Installation Licence at the port. Upon receipt of the Installation Licence, we will then proceed with the construction of the port, with receipt of the port Operational Licence from the Environmental agency and first operation expected in 2015.

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Alumina and Aluminium Division

Key Facts		Years ended 31 December **2011**	2010	% Change
Third-party Sales Volumes				
Alumina	'000t	**1,185**	1,188	*(0.3)%*
Aluminium	'000t	**251**	222	*13.1%*
Production				
Bauxite mined	'000t	**5,495**	5,310	*3.5%*
Alumina produced	'000t	**1,670**	1,640	*1.8%*
Aluminium produced	'000t	**249**	227	*9.7%*
Prices				
Alumina	US$/t	**366**	326	*12.3%*
Aluminium	US$/t	**2,577**	2,178	*18.3%*
Unit Costs [1]				
Alumina	US$/t	**290**	236	*22.9%*
Aluminium	US$/t	**1,714**	1,660	*3.3%*

[1] Unit costs: Cost of sales divided by sales volumes.

Production
In 2011, the Alumina and Aluminium Division mined 5,495 kt of bauxite (2010: 5,310 kt) and produced 1,670 kt of alumina (2010: 1,640 kt) and 249 kt (2010: 227 kt) of aluminium.

Sales and Pricing
The London Metal Exchange ('LME') aluminium price drives pricing of the Group's alumina and aluminium. The LME aluminium price in 2011 showed high volatility with a prevailing downward trend for most of the year except for Q1. A high of US$2,772 per tonne was recorded in late April 2011 and a low of US$1,945 per tonne in late December. Primary aluminium is used to make aluminium semi-finished products, like sheet and plate, extrusions, forgings, and castings. Demand for these products was strong in all key applications - transportation, packaging, building and construction - and across all geographical markets, in the first half of 2011. The second half of the year showed a marked slowdown in demand, particularly in Russia, an important market for the Group's aluminium.

In 2011 the Group delivered 1,170 kt (2010: 1,176 kt) of alumina to United Company RUSAL ('RUSAL') under a long-term contract with a minimum delivery volume of 1,164 ktpa. This contract expires at the end of 2016. The pricing under this contract is linked as a percentage to the LME price of primary aluminium. In 2011 RUSAL, the Division's single largest customer, accounted for 38.1% (2010: 42.3%) of the Division's sales revenue. The balance of the alumina production is consumed by the Group in its own aluminium smelter, Kazakhstan Aluminium Smelter ('KAS').

In 2011 the Group shipped 251 kt (2010: 222 kt) of primary aluminium. The 13.1% increase in volumes reflects KAS in 2011 having produced at 100% of its design capacity for the first full calendar year. Deliveries to Russia in 2011 accounted for 104 kt (2010: 50 kt) of the total aluminium sales volume. The remainder of the aluminium was sold to Glencore, by way of a distribution agreement, to customers in Asia and Europe, which represented 28.7% (2010: 39.8%) of the Division's revenue in 2011.

Alumina and Aluminium Division

Summary income statement

In millions of US$	Years ended 31 December **2011**	2010	% Change
Revenue	**1,145**	926	*23.7%*
Third parties	**1,122**	906	*23.8%*
Intersegment	**23**	20	*15.0%*
Cost of sales	**(798)**	(648)	*23.1%*
Gross profit	**347**	278	*24.8%*
Gross margin %	***30.3%***	*30.0%*	
Distribution costs	**(55)**	(52)	*5.8%*
General and administrative expenses	**(52)**	(44)	*18.2%*
Exploration costs	**-**	(1)	*(100.0)%*
Net other operating expense	**(6)**	(3)	*100.0%*
Operating profit	**234**	178	*31.5%*
Operating profit margin %	***20.4%***	*19.2%*	
Depreciation, amortisation and impairment	**(98)**	(89)	*10.1%*
Underlying EBITDA	**332**	267	*24.3%*
Underlying EBITDA margin %	***29.0%***	*28.8%*	

Results for the year

The Alumina and Aluminium Division continued to deliver strong results benefiting from favourable prices and additional aluminium sales. The Division contributed US$332 million, or 9.7%, to the Group's Underlying EBITDA (2010: US$267 million; 8.4%).

The Division's revenue increased US$219 million or 23.7% compared to 2010. Higher prices increased revenue by US$153 million whilst additional aluminium sales volumes contributed US$64 million and sales of other goods and services added US$2 million.

The Division's gross margin was stable although this was influenced by higher revenue off-set by alumina unit costs increasing by 22.9%.

Cost of sales increased US$150 million with the rise in unit costs amounting to US$109 million and higher sales volumes adding US$41 million. Unit cost of sales increases were mainly due to higher prices of certain input materials such as fuel, coal and soda ash, as well as increased depreciation, wage rates and electricity tariffs.

Depreciation and amortisation added US$9 million to these cost increases. MET totalled US$15 million (2010: US$13 million).

Distribution costs increased US$3 million, or 5.8%, to US$55 million (2010: US$52 million), mainly reflecting higher sales volumes.

General and administrative expenses increased 18.2% to US$52 million (2010: US$44 million) primarily due to higher staff costs.

Capital Expenditure

The expansion of alumina production project was commissioned in July 2011.

Completion of a 136 ktpa anode plant will allow ENRC to produce high quality anodes, reduce our dependence on third party suppliers and provide sufficient volumes for the Group's increased aluminium production capacity. In 2011 the framing for the anode smelting case and the kiln lining were both completed. Start up and adjustment works have begun at the supporting facilities. The commissioning date and total estimated cost are both unchanged at H2 2012 and US$240 million respectively.

Other Non-Ferrous Division

Key Facts		Year ended 31 December **2011**	2010 (restated)	% Change
Third-party Sales Volumes				
Total saleable copper contained	'000t	**26.9**	19.7	*36.5%*
Copper as a by-product	*'000t*	***2.8***	*2.5*	*12.0%*
Total saleable cobalt contained	'000t	**11.2**	9.4	*19.1%*
Cobalt as a by-product	*'000t*	***6.2***	*6.3*	*(1.6)%*
Production [1]				
Saleable copper contained	'000t	**29.6**	20.3	*45.8%*
Saleable cobalt contained	'000t	**11.4**	9.6	*18.8%*
Prices [2]				
Saleable copper contained	US$/t	**8,460**	6,839	*23.7%*
Saleable cobalt contained	US$/t	**34,514**	37,786	*(8.7)%*
Unit Costs [2]				
Copper with cobalt by-product credit	US$/t	**5,123**	25	20,392.0%
Cobalt with copper by-product credit	US$/t	**31,262**	36,729	(14.9)%

[1] Production numbers for saleable copper and cobalt refers to tonnes of contained metal. Contained metal consists of total units, whether in metal form or metal units contained in concentrate and sludge, net of internal consumption.

[2] Prices and unit cost for 2010 were restated in order to reflect the revised methodology of unit cost as detailed below:

- Prices do not include by-products in order to reflect the revised methodology of unit cost.
- The methodology for calculation of unit costs for copper and cobalt was revised with a view to standardising reporting across the diversified range of production units of the Other Non-ferrous Division and to apply market best practice to benchmark the Group's performance versus its peers. Unit cost of copper: Cost of sales for copper less cobalt concentrate by-product credits at Luita divided by copper metal sales volumes. Unit cost of cobalt: Cost of sales for cobalt metal less copper by-product credits at Chambishi divided by cobalt metal sales volumes.

Overview
Integration of ENRC's copperbelt assets continues to be focused on exploration, resource delineation, mine planning, operational efficiency, processing methodologies and recoveries. Emphasis has currently been placed on expanding copper production capacity through the Boss Mining copper oxide expansion project and the development of the Camrose Mashitu operation.

Exploration
In the DRC, the extensive drilling programme continued through 2011 with the completion of an additional 136,130 metres, (2010: 103,200 metres). Since the acquisition of CAMEC Plc drilling at Boss Mining has totalled 239,330 metres. The Boss Mining technical team is currently analysing this data. In conjunction with our joint venture partner, the drilling programme continued at Camrose in 2011, with 28,340 metres completed on the Mashitu deposits and 3,760 metres completed on the Kii and Kalukundi deposits. Camrose aims to define Probable Reserves during 2012 to accelerate development of these assets.

In South Africa, there are two separate exploration programmes underway focusing on manganese and fluorspar. The Kongoni Manganese Project is located in the Kalahari Manganese Field ('KMF') and comprises primarily the mineral rights to Kongoni 311, which were acquired in December 2011 (acquisition of Rubio Holdings Limited). The KMF has historical total Indicated and Inferred Resources amounting to 147 mt at 35.7% Mn and 5.9% Fe. Further exploration is in progress, with the objective of completing a bankable feasibility study in H2 2012. The fluorspar project is situated in the North West province of South Africa and was acquired as part of CAMEC Plc in 2009. The current drilling programme is focussed on proving the substantial shallow open cast resources to indicated category.

Drilling in Mozambique on the Group's coal licences on the north shore of Cahora Bassa (Licences 869 and 870) commenced during the year. Material coal was discovered in minable blocks on these licences and a JORC-compliant statement will be completed in Q2 2012. The feasibility study on Project Estima (Licence 871) is due for completion Q2 2012.

Mining
Copper was sourced mainly from Kabolela North mine at an average strip ratio of 3.2 bank cubic metres ('BCM') of waste per tonne of ore, while Mukondo Mountain continued to supply cobalt ore at a strip ratio of 10 BCM of waste per tonne of ore. A total of 1.06 million tonnes of cobalt ore was mined from Mukondo while copper from Kabolela North amounted to 1.45 million tonnes with the balance sourced from Mukondo. During 2011 pre stripping commenced at Kabolela South for mining in 2012.

Production: Copper
Production volumes increased by 48.7% at Boss Mining's heap leach operations, compared with 2010, due to higher capacity from additional heaps as well as additional electrowinning capacity from three extra tankhouses. The sixth tankhouse was commissioned in December 2011. Lower copper mining volumes were offset by an increased mining grade of 3.0% (2010: 2.3%).

Production: Cobalt
At Boss Mining, cobalt production increased during 2011 due to a higher mined grade of 1.39% (2010: 1.29%). Cobalt concentrate produced at Boss Mining increased by 9% against the comparable period. Cobalt volumes at Chambishi increased by 49%, however 2010 reflected only 9 months of full production.

Sales and Pricing: Copper
Despite price declines over the course of 2011, the average full year price for copper as traded on the LME was the best on record and 17% higher than in 2010. This was due to concerns regarding copper supply, causing a strong price rally in H1 2011. After spending most of the first nine months of 2011 trading within a US$9,000 to US$10,000 per tonne range, the LME copper price collapsed in October to a low of US$6,635 per tonne, as a result of the debt crisis in Europe, destocking and credit tightening in China and a faltering US economic recovery. The copper price recovered in late 2011, rebounding to end the year at US$7,554 per tonne.

Contracts are typically negotiated annually, fixing a premium, discount or 'Refining Charge' (for varying quality and delivery locations) alongside the period of which the LME price is fixed. During H1 2011 premiums for higher grade copper and discounts for lower grades were well below 2011 annual contract terms due to a slowdown in physical spot purchases given the record price levels. During Q3 and in particular Q4, low consumer stocks and lower LME prices attracted buyers back to the market. Coupled with reduced scrap availability and major mine-supply disruption, premiums increased notably and Refining Charges to treat lower grade cathode reduced significantly.

Sales and Pricing: Cobalt
The cobalt metal price stood at US$17.75 per pound at the start of 2011, peaking at US$18.30 per pound in early March 2011 and reaching a low of US$13.45 per pound at the close of December 2011. The average for the year was US$16.00 per pound. The decrease in price in 2011 was mainly due to oversupply of material and slowing demand from China.

Other Non-ferrous Division

Summary income statement

In millions of US$	Years ended 31 December **2011**	2010 (restated) [1]	% Change
Revenue	**657**	482	*36.3%*
Third parties	**657**	482	*36.3%*
Intersegment	**-**	-	*n/a*
Cost of sales	**(546)**	(385)	*41.8%*
Gross profit	**111**	97	*14.4%*
Gross margin %	***16.9%***	*20.1%*	
Distribution costs	**(14)**	(7)	*100.0%*
General and administrative expenses	**(79)**	(62)	*27.4%*
Exploration costs	**(70)**	(17)	*311.8%*
Net other operating income/(expense)	**12**	(2)	*(700.0)%*
Operating profit	**(40)**	9	*(544.4)%*
Operating profit margin %	***(6.1)%***	*1.9%*	
Depreciation, amortisation and impairment	**(114)**	(58)	*96.6%*
Underlying EBITDA	**74**	67	*10.4%*
Underlying EBITDA margin %	***11.3%***	*13.9%*	

[1] The management of the SABOT logistics business was transferred during 2011 to the Other Non-ferrous Division from the Logistics Division resulting in a restatement to 2010.

Results for the year

The Other Non-ferrous Division contributed US$74 million, or 2.2%, to the Group's Underlying EBITDA (2010: US$67 million; 2.1%). In 2011, the primary revenue and Underlying EBITDA generating businesses of the Division continued to be the copper and cobalt operations in the DRC and Zambia.

The Division's revenue increased by US$175 million which was mainly attributable to higher cobalt and copper sales volumes contributing US$68 million and US$62 million respectively with favourable metal prices contributing a further US$30 million. Sales of other goods and services contributed (primarily SABOT's transport services) an additional US$15 million.

The Divisions gross margin percentage fell to 16.9% from 20.1% primarily as a result of increased cost of sales. The increase in cost of sales was predominately due to the increase in production volumes and higher non-cash depreciation and amortisation charges of US$55 million of which $25 million is attributable to mineral rights.

Although the overall unit cost of copper increased to $5,123/t (2010:$25/t), the unit cost (excluding depreciation, amortisation and by-product credits) decreased by $593/t in 2011. The increase in the overall copper unit cost was attributable to an increase in non-cash cost of $1,043/t coupled with a significant decrease in cobalt concentrate by-product credit on a per tonne basis. Cobalt unit costs decreased by $5,467/t due to the division achieving economies of scale and improving operational efficiencies at the Chambishi plant. Unit cost (excluding depreciation, amortisation and by-product credits) decreased by $5,631/t.

Distribution costs increased primarily as a consequence of the higher sales volumes.

General and administrative expenses increased US$17 million, or 27.4%, to US$79 million (US$62 million in 2010). This increase is primarily due to the provision for the impairment of trade receivables (US$11million) and increases in staff costs as a result of recruiting additional technical professionals to strengthen the management team of the rapidly expanding business.

The increase in exploration cost of US$54 million is a result of the division focusing on the delineation of greenfield copper and cobalt deposits to increase current resources. Exploration activities also continued in the Division's coal and fluorite deposits.

Net other operating income increased to US$12 million primarily relating to gains arising from the lower than provisioned settlement of a legal dispute at Chambishi and the transfer of exploration interest to the Taurus joint venture.

The results for 2010 have been restated to reflect the transfer of the SABOT business from the Logistics Division as detailed in note 4.

Capital Expenditure

In order to fully utilise synergies arising from the late 2011 and 2012 acquisitions in Africa, the Group is undertaking a review of its growth strategy for the Other Non-ferrous Division. As this continues, the Group may consider a number of necessary amendments to the previously announced investment programme.

- Expansion of copper (oxide) production: Phases 1 and 2 of the expansion project have been completed. Leaching and electrowinning capacity has increased at Luita with the addition of five heap leach pads and three new tankhouses, increasing production to 40 ktpa of copper. The total current project cost is estimated at US$150 million, a reduction from the US$280 million previously reported due to the removal of the acid plant from the project scope (US$60 million); the reduction of the Luita Expansion Phase 1 scope, with five heap leach pads planned instead of ten and three tankhouses planned instead of five (reduced throughput); and the exclusion of new crusher circuit (not required due to the reduced throughput). A further phase to increase capacity up to approximately 50 ktpa is currently being assessed.

- Expansion of copper (sulphide) production: The construction of a 70 ktpa contained copper sulphide/oxide flotation concentrate plant (30 ktpa sulphide and 40 ktpa oxide) is being considered at an estimated cost of US$465 million with anticipated completion in 2013.

- Chambishi copper plant (LME grade A): Construction of a new solvent extraction and electrowinning (SX/EW) plant at Chambishi is scheduled to be completed in 2012 and will increase capacity to 55 ktpa from the existing 24 ktpa of grade B copper cathode. The project entails installing two new copper solvent extraction circuits as well as modifying and upgrading the existing electrowinning tankhouse to produce grade A copper cathode product. The total projected cost is US$80 million.

- Oxide cobalt SX/EW plant: Construction of the cobalt SX/EW plant was partially completed and Phase 1 (copper solvent extraction) has been commissioned. Phase 2 was suspended pending a review of the economic viability of the project.

Energy Division

Key Facts		Years ended 31 December 2011	2010	% Change
Third-party Sales Volumes				
Third-party coal	'000t	**6,260**	6,964	*(10.1)%*
Third-party electrical energy	GWh	**2,942**	2,565	*14.7%*
Consumption				
Coal consumed in the production of electricty	'000t	**8,599**	8,630	*(0.4)%*
Electricity produced and consumed for own use	GWh	**1,049**	1,023	*2.5%*
Production				
Coal	'000t	**20,110**	20,102	-
Electricity	GWh	**13,993**	13,711	*2.1%*
Prices				
Coal	US$/t	**22**	17	*29.4%*
Electricity	US$/MWh	**38**	32	*18.8%*
Unit Costs[1]				
Coal	US$/t	**5.6**	4.5	*24.4%*
Electricity	US$/MWh	**12.6**	10.4	*21.2%*

[1] Unit costs: Cost of sales divided by sales volumes.

Production
In 2011, the Energy Division produced 13,993 GWh (2010: 13,711 GWh), of which 71.5% (2010: 73.9%) was used by other Divisions internally within the Group. Coal extraction was broadly flat at 20,110 kt (2010: 20,102 kt). In addition to sales of surplus electricity, the Energy Division also sold 6,260 kt of coal to third parties (2010: 6,964 kt), which represented 31.1% of total coal mined (2010: 34.6%).

Sales and Pricing: Coal
Strong demand from the industrial and power sectors resulted in coal output in Kazakhstan increasing 4.5% in 2011. The Energy Division's total sales of coal to third parties nevertheless fell 10.1% in 2011, due to growth in the Group's internal consumption. In Kazakhstan, ENRC sold 2.1 million tonnes of coal to third parties (2010: 3.0 million tonnes), at an average sales price of KZT1,155 (US$7.9) per tonne (2010: KZT934 (US$6.3) per tonne), an increase of 23.7% in local currency terms. The 0.9 million tonne reduction in coal sales reflected the decision to divert some coal sales to higher margin Russian customers. Russian utilities increased their steam coal imports from Kazakhstan, which was prompted by a rise in electricity generation in Russia in response to the improving economy and a rise in industrial demand. The Energy Division sold 4.2 million tonnes of coal to Russia (2010: 3.9 million tonnes) at an average sales price of US$28.4 per tonne (2010: US$24.9 per tonne).

Sales and Pricing: Electricity
Total electricity generation in Kazakhstan grew 3.7% to 85.8 billion kWh (2010: 82.7 billion kWh). Energy Division sales of electricity to third parties increased 14.7% in 2011. The average sales price to third parties in local currency increased 19.9% to KZT5.6 (US 3.82 cents) per kWh (2010: KZT4.67 (US 3.17 cents) per kWh. This increase was in line with the State regulated tariff price cap increase set in Kazakhstan.

Energy Division

Summary income statement

In millions of US$	Years ended 31 December **2011**	2010	% Change
Revenue	**618**	542	*14.0%*
Third parties	**248**	200	*24.0%*
Intersegment	**370**	342	*8.2%*
Cost of sales	**(229)**	(191)	*19.9%*
Gross profit	**389**	351	*10.8%*
Gross margin %	***62.9%***	*64.8%*	
Distribution costs	**(67)**	(58)	*15.5%*
General and administrative expenses	**(25)**	(32)	*(21.9)%*
Net other operating income	**2**	1	*100.0%*
Operating profit	**299**	262	*14.1%*
Operating profit margin %	***48.4%***	*48.3%*	
Depreciation, amortisation and impairment	**(61)**	(46)	*32.6%*
Underlying EBITDA	**360**	308	*16.9%*
Underlying EBITDA margin %	***58.3%***	*56.8%*	

Results for the year
The results of the Energy Division were significantly affected by higher sales prices, including electricity which were in line with the State regulated annual price cap increases in Kazakhstan. The Division contributed US$360 million, or 10.5%, to the Group's Underlying EBITDA (2010: US$308 million; 9.6%).

The Energy Division's third party revenue increased 24.0% to US$248 million (2010: US$200 million) reflecting a shift towards third party sales of electricity as a result of reduced demand from the Ferroalloys and the Iron Ore Divisions. Higher prices increased total revenue by US$35 million and higher sales volumes by US$13 million. The Division's sales to other Group entities increased US$28 million, or 8.2%, to US$370 million (2010: US$342 million), as a result of increased electricity consumption for aluminium production (the launch of Phase 2 of the aluminium smelter) and increased demand for coal from the Alumina and Aluminium, Iron Ore and Ferroalloys Divisions.

The Division's gross margin fell to 62.9% from 64.8% primarily as a result of increased unit costs.

Cost of sales increased 19.9%, to US$229 million (2010: US$191 million) driven by increased sales volumes of electricity (US$2 million), depreciation and amortisation (US$15 million) and higher unit costs of sales added US$21 million. The main factors leading to the increase in depreciation were the commissioning of Power Unit 2 at Aksu and the replacement of equipment.

The unit cost increase was affected by a rise in purchase prices for materials and spare parts, particularly for explosives and fuel along with higher material consumption at coal mining operations due to increased stripping volumes. In addition, increased wage rates and higher ecological payments also affected the unit cost of sales growth.

Distribution costs increased 15.5% to US$67 million (2010: US$58 million), due to increases in transportation tariffs and more volumes of coal were shipped to more distant Russian customers (compared to Kazakhstan customers).

General and administrative expenses reduced US$7 million, or 21.9%, to US$25 million (2010: US$32 million), principally due to lower sponsorship and donations during the year.

Capital Expenditure
The new Power Unit 2 at Aksu, with a capacity of 325 MW, was commissioned in June 2011.

In April 2011 Power Unit 6 was taken offline for reconstruction and in H2 2011 the power unit was completely disassembled. Foundation works for the turbine have been completed and construction and installation works are advancing due to the early delivery of equipment. The commissioning date for this project remains unchanged and it is expected to be delivered in 2013 at a total estimated cost of US$265 million.

Logistics Division

Key Facts		Years ended 31 December **2011**	2010	% Change
Transportation[1]				
Total tonnage transported by rail	'000t	**61,765**	61,104	*1.1%*
Sales Volumes				
Third-party freight forwarding [2]	'000t	**8,837**	6,460	*36.8%*
Railway line repairs	km	**247**	359	*(31.2)%*
Prices				
Freight forwarding [2]	US$/t	**0.69**	0.73	*(5.5)%*
Railway line repairs	'000US$/km	**223**	195	*14.4%*
Unit Costs [3]				
Freight forwarding [2]	'000US$/km	**0.22**	0.32	*(31.3)%*
Railway line repairs	'000US$/km	**217**	175	*24.0%*

[1]Data includes all internal and third-party rail transportation.
[2]Data applies to Transsystema only.
[3]Unit costs: Cost of sales divided by sales volumes.

Summary income statement

In millions of US$	Years ended 31 December **2011**	2010[1]	% Change
Revenue	**342**	263	*30.0%*
Third parties	**149**	148	*0.7%*
Intersegment	**193**	115	*67.8%*
Cost of sales	**(228)**	(184)	*23.9%*
Gross profit	**114**	79	*44.3%*
Gross margin %	***33.3%***	*30.0%*	
General and administrative expenses	**(47)**	(25)	*88.0%*
Net other operating expense	**(4)**	(2)	*100.0%*
Operating profit	**63**	52	*21.2%*
Operating profit margin %	***18.4%***	*19.8%*	
Depreciation, amortisation and impairment	**(32)**	(16)	*(100.0)%*
Underlying EBITDA	**95**	68	*39.7%*
Underlying EBITDA margin %	***27.8%***	*25.9%*	

[1] The management of the SABOT logistics business was transferred during 2011 to the Other Non-ferrous Division from the Logistics Division resulting in a restatement to 2010.

Results for the year
The Division contributed US$95 million, or 2.8%, to the Group's Underlying EBITDA in 2011 (2010: US$68 million, 2.1%).

The Division's third party revenue increased slightly to US$149 million, or 0.7%, (2010: US$148 million). Sales to other Group Divisions increased US$78 million, or 67.8%, to US$193 million (2010: US$115 million) due to providing wagons rented from third parties to transport ferroalloys and aluminium.

Cost of sales increased US$44 million, or 23.9%, to US$228 million (2010: US$184 million) mainly driven by increased costs of wagon rental due to a shortage of availability.

General and administrative expenses went up 88.0% to US$47 million (2010: US$25 million), principally due to an expense relating to the valuation at fair value less cost to sell of assets held for sale.

The results for 2010 have been restated to reflect the transfer of the SABOT business to the Other Non-ferrous Division as detailed in note 4.

Capital Expenditure
The Logistics Division plans to expand its railway fleet to improve the self-sufficiency of the Group in the transport of its own materials. ENRC's railway fleet has expanded significantly in 2011, with the purchase of 2,517 wagons and 1,215 containers. In 2012 it is envisaged that the Group will purchase approximately 2,330 additional wagons.

CONSOLIDATED INCOME STATEMENT (Unaudited)

In millions of US$ (unless stated otherwise)	Note	Years ended 31 December 2011	2010
Revenue		**7,705**	6,605
Cost of sales	7	**(3,517)**	(2,847)
Gross profit		**4,188**	3,758
Distribution costs	8	**(501)**	(485)
General and administrative expenses	9	**(716)**	(539)
Exploration costs		**(77)**	(20)
Net other operating expense		**(18)**	(4)
Operating profit		**2,876**	2,710
Finance income	10	**61**	57
Finance cost	11	**(184)**	(101)
Gain arising related to acquisition of joint venture	6	**-**	298
Share of profit of joint ventures and associates	15	**2**	13
Profit before income tax		**2,755**	2,977
Income tax expense	12	**(769)**	(780)
Profit for the year		**1,986**	2,197
Profit attributable to:			
Equity holders of the Company		**1,974**	2,185
Non-controlling interests		**12**	12
Earnings per share – basic and diluted (US cents)	13	**153**	170

The above Consolidated Income Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

In millions of US$	Years ended 31 December 2011	2010 (As restated)
Profit for the year	**1,986**	2,197
Other comprehensive (expense)/income:		
Fair value (loss)/gain on available-for-sale financial assets, net of tax	**(174)**	9
Currency translation differences	**(223)**	72
Total comprehensive income for the year	**1,589**	2,278
Total comprehensive income attributable to:		
Equity holders of the Company	**1,577**	2,266
Non-controlling interests	**12**	12
	1,589	2,278

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED BALANCE SHEET (Unaudited)

In millions of US$	Note	2011	As at 31 December 2010 (As restated)
Assets			
Non-current assets			
Property, plant and equipment	14	**9,891**	8,146
Goodwill and intangible assets		**1,410**	1,371
Investments in joint ventures and associates	15	**389**	393
Other financial assets		**207**	390
Loans receivable		**225**	108
Deferred tax assets		**49**	41
Other non-current assets		**349**	275
Total non-current assets		**12,520**	10,724
Current assets			
Assets classified as held for sale		**75**	101
Inventories		**1,027**	862
Trade and other receivables		**1,259**	968
Other financial assets		**11**	23
Loans receivable		**2**	8
Cash and cash equivalents		**622**	1,595
Total current assets		**2,996**	3,557
Total assets		**15,516**	14,281
Equity			
Share capital and share premium		**3,257**	3,257
Reserves		**7,643**	6,492
Attributable to equity holders of the Company		**10,900**	9,749
Non-controlling interests		**336**	260
Total equity		**11,236**	10,009
Liabilities			
Non-current liabilities			
Borrowings	16	**1,234**	1,404
Deferred tax liabilities		**1,277**	1,156
Asset retirement obligations		**124**	92
Employee benefit obligations		**53**	41
Other non-current liabilities		**15**	25
Total non-current liabilities		**2,703**	2,718
Current liabilities			
Liabilities classified as held for sale		**25**	46
Borrowings	16	**360**	226
Trade and other payables		**980**	963
Current income tax liability		**130**	210
Other taxes payable		**82**	109
Total current liabilities		**1,577**	1,554
Total liabilities		**4,280**	4,272
Total liabilities and equity		**15,516**	14,281

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENT (Unaudited)

In millions of US$	Note	Years ended 31 December 2011	2010
Cash flow from operating activities			
Profit before income tax for the year		**2,755**	2,977
Adjustments for:			
Depreciation, amortisation and impairment		**539**	411
Loss on disposal of property, plant and equipment		**5**	1
Gain arising related to acquisition of joint venture		**-**	(298)
Share of profit from joint ventures and associates	15	**(2)**	(13)
Share based payments		**8**	8
Impairment loss in trade receivables		**26**	-
Net finance cost		**123**	45
Net foreign exchange loss		**-**	13
		3,454	3,144
Changes in inventories		**(182)**	(233)
Changes in trade and other receivables		**(190)**	(114)
Changes in trade and other payables		**20**	42
Changes in asset retirement obligations		**(31)**	(9)
Changes in employee benefit obligations		**(2)**	(10)
Changes in other taxes payable		**(25)**	24
Cash generated from operating activities		**3,044**	2,844
Interest and other similar expenses paid		**(105)**	(27)
Interest received		**21**	38
Income tax paid		**(817)**	(552)
Net cash generated from operating activities		**2,143**	2,303
Cash flow from investing activities			
Purchase of property, plant and equipment		**(2,121)**	(1,245)
Proceeds from sales of property, plant and equipment		**27**	38
Purchase of intangible assets		**(13)**	(12)
Acquisition of subsidiaries, net of cash acquired		**(281)**	(701)
Purchase of joint ventures and associates		**(55)**	(63)
Purchase of non-controlling interests		**-**	(9)
Purchase of financial assets available-for-sale		**(25)**	(353)
Sale of financial assets held to maturity		**-**	50
Proceeds from cash deposited as guarantee		**11**	-
Loans and deposits granted		**(285)**	(212)
Proceeds from repayment of loans and deposits		**73**	132
Dividends received		**13**	7
Net cash used for investing activities		**(2,656)**	(2,368)
Cash flow from financing activities			
Borrowings - proceeds		**154**	1,434
Borrowings - repayments		**(154)**	(360)
Dividends paid to equity holders of the Company		**(434)**	(238)
Dividends paid to non-controlling interests		**(14)**	(10)
Net cash (used for)/generated from financing activities		**(448)**	826
Net changes in cash and cash equivalents		**(961)**	761
Cash and cash equivalents at beginning of year		**1,595**	830
Foreign exchange (loss)/gain on cash and cash equivalents		**(12)**	4
Cash and cash equivalents at end of year		**622**	1,595

The above Consolidated Cash Flow Statement should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

In millions of US$	Share capital	Share premium	Retained earnings	Translation reserve	Revaluation reserve of financial assets available-for-sale	Total	Non-controlling interests	Total equity
	Attributable to equity holders of the Company							
Balance as at 1 January 2010	**258**	**2,999**	**5,320**	**(862)**	**(2)**	**7,713**	**266**	**7,979**
Profit for the year	-	-	2,185	-	-	2,185	12	2,197
Other comprehensive income as restated	-	-	-	72	9	81	-	81
Total comprehensive income as restated	**-**	**-**	**2,185**	**72**	**9**	**2,266**	**12**	**2,278**
Dividends	-	-	(238)	-	-	(238)	(9)	(247)
Share-based payments	-	-	8	-	-	8	-	8
Other changes in non-controlling interests as restated (note 6)[1]	-	-	-	-	-	-	(9)	(9)
Balance as at 31 December 2010 as restated (note 6)	**258**	**2,999**	**7,275**	**(790)**	**7**	**9,749**	**260**	**10,009**
Profit for the year	-	-	1,974	-	-	1,974	12	1,986
Other comprehensive expense	-	-	-	(223)	(174)	(397)	-	(397)
Total comprehensive income/(expense)	**-**	**-**	**1,974**	**(223)**	**(174)**	**1,577**	**12**	**1,589**
Dividends	-	-	(434)	-	-	(434)	(16)	(450)
Share-based payments	-	-	8	-	-	8	-	8
Other changes in non-controlling interests[1]	-	-	-	-	-	-	80	80
Balance as at 31 December 2011	**258**	**2,999**	**8,823**	**(1,013)**	**(167)**	**10,900**	**336**	**11,236**

[1] Includes the buy out of non-controlling interests in CAMEC in 2010 and the recognition of non-controlling interests arising on the acquisition of Enya in 2010. Also includes the recognition of non-controlling interests arising on the acquisition of Rubio Holdings and the recognition of non-controlling interests arising on the Rudnensky Cement Plant.

The Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

1. BASIS OF PREPARATION

Eurasian Natural Resources Corporation PLC (the 'Company') was incorporated and registered under the laws of England and Wales on 8 December 2006. The address of the Company's registered office and domicile is 16 St. James's Street, London, SW1A 1ER, United Kingdom. The consolidated financial information as at and for the year ended 31 December 2011 comprised the Company and its subsidiaries (the 'Group') and the Group's interest in joint ventures and associates.

The preliminary financial information as at and for the years ended 31 December 2011 and 31 December 2010 included in this report is unaudited and does not have the status of statutory accounts within the meaning of Section 434 of the Companies Act 2006. This preliminary announcement does not constitute the Group's full financial statements for the year ended 31 December 2011. The preliminary financial information is based on accounts which are subject to audit, Board approval and filing with the Registrar of Companies.

Statutory accounts for the year ended 31 December 2010 were approved by the Board of Directors on 18 April 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

This preliminary financial information has been prepared in accordance with International Financial Reporting Standards ('IFRS'), as adopted by the European Union ('EU'), the Listing Rules of the United Kingdom's ('UK's') Financial Services Authority ('FSA'), the Companies Act 2006 applicable to companies reporting under IFRS and Article 4 of the EU IAS Regulation.

Where the Group has changed the presentational format of these preliminary consolidated financial statements to further improve the comparability of its results, comparative figures have been changed accordingly. This occurred in respect of the presentation of the mineral rights in property, plant and equipment as detailed in note 14. As detailed in note 6, the Group has also revised and/or completed the measurement period adjustments in respect of a number of acquisitions which has resulted in the restatements of the following: consolidated balance sheet as at 31 December 2010 and the consolidated statement of changes in equity for the year ended 31 December 2010. As a result of a significant increase in the Group's exploration costs, the Group now separately analyses these expenses in the Consolidated Income Statement. Additionally, costs amounting to US$4 million classified as an Other operating expense in 2010 have been reclassified to Exploration costs in the 2010 comparative.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those described in the Group's Annual Report and Accounts for the year ended 31 December 2010.

The Group has adopted the following new standard and amendments to standards, which are mandatory and relevant to the Group for the first time for the financial year beginning 1 January 2011:

IAS 1, 'Financial statement presentation' (amendment)	IAS 1 'Financial statement presentation' - analysis of other comprehensive income is now required for each component of equity, either in the statement of changes in equity or in the notes to the preliminary announcement.
IAS 24, 'Related party disclosure' (revised)	IAS 24 'Related party disclosure' amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities. Further detail is set out in note 5 to the preliminary announcement.
IFRS 7, 'Financial instruments' (amendment)	IFRS 7 'Financial instruments' emphasises the interaction between quantitative and qualitative disclosure about the nature and extent of risks associated with financial instruments.

The new standards and amendments to standards do not have significant impact on the Group's financial position or performance as they only impact presentation and disclosures.

3. ESTIMATES

The preparation of this consolidated financial information for the year ended 31 December 2011 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, and income and expense. Actual results may differ from these estimates.

In preparing this consolidated financial information for the year ended 31 December 2011, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Group's Annual Report and Accounts as at and for the year ended 31 December 2010.

4. SEGMENT INFORMATION

The identified operating and reportable segments of the Group are the same as those that applied to the Group's Annual Report and Accounts for the year ended 31 December 2010 with the exception noted below.

The management of the SABOT logistics business was transferred during 2011 to the Other Non-ferrous Division from the Logistics Division. As a result of this transfer the segment classification of the SABOT business changed, which has resulted in a restatement of the information for the year ended 31 December 2010.

The Group acquired Dezita Investments and Rubio Holdings which are now included within the Other Non-ferrous reportable segment.

2011 Segment information In millions of US$	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	Total
Revenue	3,069	2,449	1,122	657	248	149	11	-	7,705
Inter-segment revenue	15	3	23	-	370	193	-	(604)	-
Segment revenue	**3,084**	**2,452**	**1,145**	**657**	**618**	**342**	**11**	**(604)**	**7,705**
Segment operating profit/(loss)	**1,040**	**1,404**	**234**	**(40)**	**299**	**63**	**(124)**	**-**	**2,876**
Finance income									61
Finance cost									(184)
Share of profit of joint ventures and associates									2
Profit before income tax									**2,755**
Income tax expense									(769)
Profit for the year									**1,986**
Depreciation, amortisation and impairment	(129)	(101)	(98)	(114)	(61)	(32)	(4)	**-**	**(539)**
Underlying EBITDA (note 17)	1,169	1,505	332	74	360	95	(122)	**-**	**3,413**
Capital expenditure	403	436	254	238	323	252	15	**-**	**1,921**
Segment assets	3,114	4,135	2,111	3,252	1,135	474	444	(139)	**14,526**
Unallocated assets[1]									**990**
Total assets									**15,516**
Average number of employees	**25,229**	**19,331**	**14,457**	**8,219**	**6,836**	**2,970**	**399**	**-**	**77,441**

[1] Includes unallocated assets not attributable to operating segments. Such unallocated assets include investments in joint ventures and associates, unallocated term deposits, deferred and current income tax assets, other financial assets and loans receivable.

4. SEGMENT INFORMATION (CONTINUED)

2010 Segment information In millions of US$ As restated	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division[1]	Energy Division	Logistics Division[1]	Corporate	Intra Group Eliminations	Total
Revenue	2,988	1,875	906	482	200	148	6	-	6,605
Inter-segment revenue	8	1	20	-	342	115	-	(486)	-
Segment revenue	2,996	1,876	926	482	542	263	6	(486)	6,605
Segment operating profit/(loss)	1,293	1,045	178	9	262	52	(129)	-	2,710
Finance income									57
Finance cost									(101)
Gain arising related to acquisition of joint venture									298
Share of profit of joint ventures and associates									13
Profit before income tax									2,977
Income tax expense									(780)
Profit for the year									2,197
Depreciation, amortisation and impairment	(110)	(88)	(89)	(58)	(46)	(16)	(4)	-	(411)
Underlying EBITDA (note 17)	1,403	1,133	267	67	308	68	(52)	-	3,194
Capital expenditure	254	319	261	108	192	14	39	-	1,187
Segment assets[2]	2,754	4,027	2,017	2,156	929	285	1,103	(30)	13,241
Unallocated assets[3]									1,040
Total assets									14,281
Average number of employees	24,667	18,319	13,844	7,519	6,814	2,538	397	-	74,098

[1] The management of the SABOT logistics business was transferred during 2011 to the Other Non-ferrous Division from the Logistics Division resulting in a restatement to 2010.

[2] 2010 segment assets have been restated for measurement period adjustments as disclosed in note 6.

[3] Includes unallocated assets not attributable to operating segments. Such unallocated assets include investments in joint ventures and associates, unallocated term deposits, deferred and current income tax assets, other financial assets and loans receivable.

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

As detailed in note 2, the Group has adopted IAS 24 (amended). This standard changes the requirements in respect of the disclosure of transactions with government and government-related entities. Therefore, disclosure previously included in the tables below has been replaced with the disclosure set out later in this note.

During the years ended 31 December 2011 and 31 December 2010, the Group entered into the following transactions in the ordinary course of business with related parties:

	Founder Shareholders[1]		Joint ventures		Associates		Other [3]		Total	
In millions of US$	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Revenue from sale of goods	**6**	20	**-**	-	**-**	-	**1**	2	**7**	22
Revenue from the provision of services	**3**	3	**2**	-	**-**	-	**-**	-	**5**	3
Purchases of goods	**(42)**	(55)	**-**	-	**(44)**	(38)	**-**	-	**(86)**	(93)
Purchases of services and other income/ (expense)	**(83)**	(78)	**1**	-	**(1)**	-	**(10)**	-	**(93)**	(78)
Finance income	**18**	14	**11**	3	**-**	-	**-**	-	**29**	17
Finance cost	**(10)**	(6)	**(2)**	(17)	**-**	-	**-**	-	**(12)**	(23)
Purchase of property, plant and equipment[2]	**(48)**	(9)	**-**	-	**-**	-	**-**	-	**(48)**	(9)

[1] Includes all entities under the control of the Founder Shareholders.
[2] Refer to the acquisition of property, plant and equipment section within this note.
[3] Other includes Kazakhmys PLC and Masalskoe GOK LLP. Refer to the acquisition – options section for further details regarding Masalskoe GOK LLP.

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The outstanding balances with related parties as at 31 December 2011 and 31 December 2010 are as follows:

	Founder Shareholders[1]				Joint ventures		Associates		Other [5]		Total	
	Eurasian Bank		Other									
In millions of US$	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010	**2011**	2010
Non-current assets												
Loans receivable	**-**	-		-	**199**	89	**-**	4	**-**	-	**199**	93
Other financial assets[2]	**16**	11	**-**	-	**-**	-	**-**	-	**-**	-	**16**	11
Other non-current assets[3]	**3**	15	**2**	24	**-**	-	**-**	-	**-**	-	**5**	39
Current assets												
Trade and other receivables[4]	**36**	26	**17**	18	**8**	-	**4**	-	**-**	10	**65**	54
Cash and cash equivalents	**175**	208	**-**	-	**-**	-	**-**	-	**-**	-	**175**	208
Loans receivable (net of impairment)	**-**	-	**-**	3	**-**	-	**-**	3	**-**	-	**-**	6
Non-current liabilities												
Borrowings	**-**	-	**-**	-	**-**	-	**-**	-	**-**	73	**-**	73
Current liabilities												
Borrowings	**-**	-	**-**	5	**3**	-	**-**	-	**75**	50	**78**	55
Trade and other payables	**-**	-	**8**	10	**2**	-	**2**	-	**-**	-	**12**	10

[1] Includes all entities under the control of the Founder Shareholders.
[2] Other financial assets held with Eurasian Bank JSC includes term deposits of US$16 million (2010: US$11 million) for the retirement of assets in accordance with the requirements of contracts on subsurface use.
[3] Other non-current assets with Founder shareholders of US$2 million relates to payments on account for property, plant and equipment (2010: US$24 million).
[4] Trade and other receivables with Eurasian Bank JSC include letters of credit of US$14 million (2010: US$8 million) and term deposits of US$22 million (2010: US$18 million).
[5] Other includes Cerida Global Limited (Group's joint venture partner) and in 2010 Masalskoe GOK LLP. Refer to acquisition – options and loan commitments sections within the note for further details.

Founder Shareholders

The Group was formed from a collection of entities jointly controlled by the three Founder Shareholders, Mr Patokh Chodiev, Mr Alijan Ibragimov and Mr Alexander Machkevitch. The Founder Shareholders continue to be major shareholders of the Company and collectively own, including shares held through trusts and other entities, 43.8% of the Company as at 31 December 2011 (2010: 43.8%). For the years ended 31 December 2011 and 31 December 2010, the Group undertook significant related party transactions with entities controlled by the Founder Shareholders. All transactions with related parties over US$1 million had to be and were approved by the Company's Board.

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Revenues from the sales of goods to entities controlled by the Founder Shareholders were recognised in the following operating segments:

	Years ended 31 December	
In millions of US$	**2011**	2010
Revenue from the sale of goods		
Energy	**6**	9
Other Non-ferrous	**-**	11
Total	**6**	20

The purchase of goods and services from entities controlled by the Founder Shareholders included the following transactions:

	Years ended 31 December	
In millions of US$	**2011**	2010
Purchases of goods		
Purchases of raw materials	**(42)**	(55)
Total	**(42)**	(55)
Purchase of services and other income/(expense)		
Insurance	**(39)**	(35)
Security services	**(13)**	(16)
Rental expenses	**(8)**	(7)
Repairs and maintenance	**(8)**	(9)
Bank charges	**(4)**	(4)
Other	**(11)**	(7)
Total	**(83)**	(78)

Eurasian Bank JSC

Eurasian Bank JSC is a company controlled by the Founder Shareholders. Term deposits held at Eurasian Bank JSC have an effective interest rate for the year ended 31 December 2011 of 2.8% (2010: 5.1%). Cash and cash equivalents held at Eurasian Bank JSC bear an interest rate of 2.3% (2010: 3.6%).

There were no restrictions on the balance of US$175 million (2010: US$208 million) in cash and cash equivalents at 31 December 2011.

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Shubarkol Call Option Extension

On 31 January 2011, the Group announced the extension of a call option (the ‘Call Option’) originally granted in conjunction with the acquisition of a 25% interest in Shubarkol Komir JSC (‘Shubarkol’) in February 2009 (the ‘Call Option Extension’). The Call Option gives the Group the right to acquire the outstanding 75% of the ordinary shares of Shubarkol for a consideration of some US$600 million. The Call Option Extension, which was granted for nil consideration, extended the expiry date of the Call Option by up to 12 months, to 31 January 2012. All other significant terms of the Call Option were unchanged. Shubarkol, one of Kazakhstan’s largest thermal coal producers, is majority owned by Eurasian Industrial Company JSC (‘EIC’), a private company beneficially wholly owned by the Founder Shareholders of the Group.

In October 2011 the Group announced its intention to exercise this option as described in note 19.

Transactions with Government

Government of the Republic of Kazakhstan related entities

The Government of the Republic of Kazakhstan and related entities are related parties of the Group as a result of the Government’s shareholding in the Group. The Group has a number of transactions with the Government of the Republic of Kazakhstan and related entities. The nature of these transactions is typically as follows:

- Railroad construction and repair services provided to the Government – revenue US$134 million for the year ended 31 December 2011 (31 December 2010: US$140 million);
- Social investment and donations (including donations for the year ended 31 December 2011 totalling US$98 million (31 December 2010: US$ nil) to the Nazarbayev Fund);
- National railway services received from Kazakhstan Temir Zholy US$106 million for the year ended 31 December 2011 (31 December 2010: US$94 million);
- Supply and transportation of fuel and oil associated gas through KazTransGaz amounted to US$48 million (31 December 2010: US$46 million);
- Services received in relation to transportation of electricity and energy through Kazakhstan Electricity Grid Operating Company KEGOC – costs US$32 million for the year ended 31 December 2011 (31 December 2010: US$26 million); and
- Taxation and similar payments (including royalties and MET).

In 2010, the Group entered into loan agreements with Development Bank of Kazakhstan and JSC Sovereign Wealth Fund ‘Samruk-Kazyna’, entities controlled by the Republic of Kazakhstan as follows:

Development Bank of Kazakhstan Facility

On 15 April 2010, the Group announced that it had entered into a loan agreement for the amount of US$400 million with the Development Bank of Kazakhstan. The facility is provided by the Development Bank of Kazakhstan using financing from the State-run Export-Import Bank of China. The facility is for a 15-year period, bears an interest rate of 4% and is fully drawn as at 31 December 2011. The loan is secured by a corporate guarantee issued by ENRC PLC and a pledge over 51% of the shares of Kazakhstan Aluminium Smelter JSC (‘KAS’). Interest charged to the income statement amounted to US$16 million for the year ended 31 December 2011 (31 December 2010: US$10 million). The balance payable on the balance sheet amounted to US$400 million for the year ended 31 December 2011 (31 December 2010: US$400 million).

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

JSC Wealth Fund 'Samruk-Kazyna'

On 30 November 2010, the Group entered into a US$500 million facility with the JSC Wealth Fund 'Samruk-Kazyna'. The facility has an applicable interest rate of 7.5% per annum and is repayable in 10 years by bullet repayment. No security has been pledged as part of the agreement and it is fully drawn down as at 31 December 2011. Interest charged to the income statement amounted to US$38 million for the year ended 31 December 2011 (31 December 2010: US$ nil). The balance payable on the balance sheet amounted to US$511 million (including accrued interest) as at 31 December 2011 (31 December 2010: US$500 million).

Government of the Democratic Republic of Congo ('DRC') related entities

The Group has a number of transactions with the Government of the DRC and related entities. Gècamines, the representative entity of the Government of the DRC, holds 30% interest in the Group's subsidiary Boss Mining. The nature of these transactions is typically as follows:

- Taxation and similar payments (including royalties); and
- Electricity received from Societe Nationale d'Electricite amounted to US$7 million for the year ended 31 December 2011 (2010: US$5 million).

Acquisitions

Acquisitions – options

On 8 January 2009 the Group purchased an option for a cash consideration of US$10 million, from a company controlled by Mr Abdraman Yedibayev, who served as one of the Group's non-executive Directors until 8 June 2011, to acquire 70% interest in Masalskoe GOK LLP. Masalskoe is a company with rights for exploration and production of iron ore of the Masalskoe deposit in the Republic of Kazakhstan. The Group has provided in full for this option and the impairment loss is included within general and administrative expenses, note 9.

Acquisitions – promissory notes

In August 2010, as part of the acquisition of the 50.5% interest in Camrose, the Group issued promissory notes to Cerida Global Limited (Group's joint venture partner) totalling US$125 million. As at 31 December 2011, the carrying value of the promissory notes outstanding was US$75 million (2010: US$123 million) (refer to note 16 for further details).

Acquisitions - property, plant and equipment

During 2011, the Group acquired railway wagons for cash consideration of US$48 million (31 December 2010: US$9 million) from a company controlled by the Founder Shareholders.

Loan commitments

During 2010, the Group provided a US$400 million shareholder loan facility to Camrose, as part of the acquisition of 50.5% of the issued share capital of Camrose. The facility has been made available to Camrose for the purpose of satisfying existing payment obligations, for repaying committed loans previously undertaken by Camrose, funding working capital, commencing feasibility studies, as well as mine planning and development. As at 31 December 2011 the outstanding balance receivable on this facility amounted to US$193 million (2010: US$81 million).

6. BUSINESS COMBINATIONS

Acquisition of Rubio Holdings Limited ('Rubio')

On 30 December 2011, the Group acquired 100% of the ordinary shares of Rubio Holdings Limited ('Rubio') from Erste Resources SA ('Erste'), which indirectly holds 74% of Amari Manganese (Pty) Ltd S.A. The total consideration for the acquisition was US$295 million. This is comprised of the following:

- An initial payment of US$36 million which was made in December 2011;
- The assignment of US$144 million of loans which were previously receivable by the Group from the parent company of Erste, Project Mining and Development SA; and
- Deferred consideration of US$115 million which is payable contingent on the successful completion of a bankable feasibility study.

The main asset of Amari Manganese is the Kongoni Manganese project in the Kalahari Manganese Field of South Africa.

The provisional fair values of the identifiable assets and liabilities of Rubio as at the date of acquisition are set out below:

In millions of US$	Provisional fair values at acquisition date
Property, plant and equipment (mineral rights)	**399**
Total assets	**399**
Deferred tax liabilities	**(112)**
Other liabilities	**(3)**
Total liabilities	**(115)**
Net assets	**284**
Non-controlling interests	**(75)**
Goodwill	**86**
Net attributable assets	**295**
Consideration:	
Purchase consideration settled in cash	**36**
Loan Assignment	**144**
Fair value of Deferred Consideration at date of acquisition	**115**
Total consideration	**295**

The goodwill recognised on acquisition is the result of the requirement to recognise a deferred tax liability on the acquired mineral rights (within Property, plant and equipment). None of the recognised goodwill is expected to be deductible for income tax purposes. The accounting treatment to recognise this transaction as a business combination is provisional.

In May 2011 the Group acquired a 25% interest in Project Mining and Development SA (parent company of Erste) for the value of US$25 million. On 30 December 2011 Project Mining and Development repurchased these shares for US$25 million, which was received in January 2012.

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatement of consolidated balance sheets

The fair values of the identifiable assets and liabilities of certain acquisitions as at the date of acquisition were provisionally estimated and disclosed in the Group's Annual Report and Accounts for the year ended 31 December 2010. The Group has now completed or updated the measurement of these fair values and made final adjustments. The following tables set out the adjustments to the provisional fair values previously reported and the final fair values at acquisition date.

These adjustments have been recorded as a prior period restatement of the consolidated balance sheet of the Group at 31 December 2010. There is no impact to the consolidated income statement for the year ended 31 December 2010.

Further detail regarding the individual restatements is set out later in this note.

		Measurement period adjustments					
In millions of US$	As previously reported at 31 December 2010	Enya and Comit	SMKK	CCC	BMBV	MIBA and MPB	**As restated at 31 December 2010**
Property, plant and equipment	8,186	6	(3)	3	(23)	(23)	**8,146**
Goodwill and intangible assets	1,368	9	(1)	11	(8)	(8)	**1,371**
Loans receivable	116	-	-	-	-	-	**116**
Other assets	4,648	-	-	-	-	-	**4,648**
Total assets	14,318	15	(4)	14	(31)	(31)	**14,281**
Share capital and share premium	3,257	-	-	-	-	-	**3,257**
Reserves	6,515	-	-	-	(23)	-	**6,492**
Attributable to equity holders of the Company	9,772	-	-	-	(23)	-	**9,749**
Non-controlling interests	261	(1)	-	-	-	-	**260**
Total equity	10,033	(1)	-	-	(23)	-	**10,009**
Borrowings	1,632	-	(2)	-	-	-	**1,630**
Deferred tax liabilities	1,176	(3)	(1)	-	(8)	(8)	**1,156**
Trade and other payables	939	-	(2)	3	-	23	**963**
Current income tax liability	193	5	1	11	-	-	**210**
Other non-current liabilities	57	14	-	-	-	(46)	**25**
Other liabilities	288	-	-	-	-	-	**288**
Total liabilities	4,285	16	(4)	14	(8)	(31)	**4,272**
Total liabilities and equity	14,318	15	(4)	14	(31)	(31)	**14,281**

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatements due to measurement period adjustments

Enya Holdings BV ('Enya') and Comit Resources FZE ('Comit')

On 6 April 2010, the Group acquired 100% of Enya which holds a 90% interest in Chambishi Metals Plc ('Chambishi'), a Zambian copper and cobalt producer, and also acquired 100% of Comit, a Dubai-based marketing and sales company. Full details regarding the acquisition can be found in the Group's Annual Report and Accounts for the year ended 31 December 2010.

	Provisional fair values at acquisition date as reported at 31 December 2010	Fair Value Adjustments	**Final fair values at date of acquisition**
Property, plant and equipment	147	6	**153**
Inventories	31	-	**31**
Loans receivable	10	-	**10**
Trade and other receivables	5	-	**5**
Total assets	193	6	**199**
Deferred tax liabilities	(36)	3	**(33)**
Trade and other payables	(39)	-	**(39)**
Asset retirement obligations	(3)	-	**(3)**
Borrowings	(2)	-	**(2)**
Current income tax liability	(2)	(5)	**(7)**
Other non-current liabilities	1	(14)	**(13)**
Total liabilities	(81)	(16)	**(97)**
Net assets	112	(10)	**102**
Non-controlling interests	(1)	1	**-**
Goodwill	185	9	**194**
Net attributable assets	296	-	**296**
Consideration:			
Purchase consideration settled in cash	300	-	**300**
Cash and cash equivalents acquired	(4)	-	**(4)**
Net cash outflow on acquisition	296	-	**296**

The final fair value adjustments relate primarily to the final measurement of property, plant and equipment acquired and other adjustments to current income tax liability and other non-current liabilities which were required when the Group completed its review of the acquired balance sheet.

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatements due to measurement period adjustments (continued)

Bahia Minerals BV ('BMBV' or the BMSA Project)

On 21 September 2010 the Group completed the purchase of the outstanding 50% of the common shares of Bahia Minerals BV (formerly the BML Project now referred to as the BMSA project). Full details regarding the acquisition can be found in the Group's Annual Report and Accounts for the year ended 31 December 2010.

In millions of US$	Provisional fair values at acquisition date as reported at 31 December 2010	Fair value adjustments	**Final fair values at acquisition date**
Property, plant and equipment	1,425	(23)	**1,402**
Other non-current financial assets	25	-	**25**
Total assets	1,450	(23)	**1,427**
Deferred tax liabilities	(453)	8	**(445)**
Trade and other payables	(103)	19	**(84)**
Total liabilities	(556)	27	**(529)**
Net assets	894	4	**898**
Goodwill	453	(8)	**445**
Net attributable assets	1,347	(4)	**1,343**
Consideration:			
Purchase consideration settled in cash (including option)	218	-	**218**
Cash and cash equivalents acquired	(50)	(4)	**(54)**
Net cash outflow on acquisition	168	(4)	**164**
Fair value of Deferred Consideration at date of acquisition	449	-	**449**
Debt due from vendor assumed	65	-	**65**
Gain related to recognition of initial 50% interest at fair value	298	-	**298**
Carrying value of initial 50% interest at date of acquisition	367	-	**367**
Total consideration	1,347	(4)	**1,343**

The final fair value adjustments relate primarily to the final measurement of property, plant and equipment acquired, cash and cash equivalents acquired, and other adjustments to deferred tax liabilities and trade and other payables, which were required when the Group completed its review of the acquired balance sheet.

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatements due to measurement period adjustments (continued)

Mineração Minas Bahia SA ('MIBA') and Mineração Peixe Bravo ('MPB')

On 18 October 2010 the Group announced the acquisition of 100% of Mineração Minas Bahia SA and of 51% of Mineração Peixe Bravo SA. The total payments in respect of the acquisition were US$304 million which included:

- US$250 million payable to the shareholders of MIBA and MPB; and
- Up to US$54 million payable to Steel do Brasil Participações SA ('Steel do Brasil').

Of the US$304 million payments, a total of US$60 million (including all amounts paid to Steel do Brasil) was expensed as acquisition-related costs in the Group's Annual Report and Accounts for the year ended 31 December 2010 as it did not form part of the acquisition consideration under IFRS. In addition the Group held a 3-year option to purchase the remaining 49% of MPB from its shareholders for a further US$50 million.

At 31 December 2010 amounts totalling US$144 million (undiscounted) remained payable to the vendors and the option for US$50 million was not exercised. As a result of further review of the assets acquired, the Group agreed with the vendors of MIBA and MPB that the consideration would be revised. This revision included the option for the remaining 49% of MPB. On 3 August 2011 the Group paid US$120 million as a full and final settlement of all outstanding amounts to acquire 100% of the interests in MIBA and MPB. This payment represents a reduction in the total potential consideration of US$74 million (including the original option of US$50 million for the remaining interest in MPB).

Full details regarding the acquisition can be found in the Group's Annual Report and Accounts for the year ended 31 December 2010.The impact of this change in the consideration has been recorded as a prior year restatement of the consolidated balance sheet of the Group as at 31 December 2010. There is no impact to the consolidated income statement for the year ended 31 December 2010.

The table below sets out the adjustments to the provisional fair values previously reported and the revised fair values at acquisition date:

In millions of US$	Provisional fair values at acquisition date as previously reported at 31 December 2010	Fair value adjustments	**Final fair values at acquisition date**
Property, plant and equipment	242	(23)	**219**
Deferred tax liabilities	(82)	8	**(74)**
Net assets	160	(15)	**145**
Non-controlling interests	-	-	**-**
Goodwill	82	(8)	**74**
Net attributable assets	242	(23)	**219**
Consideration:			
Purchase consideration settled in cash	100	-	**100**
Net cash outflow on acquisition	100	-	**100**
Fair value of Deferred Consideration at date of acquisition (discounted)	142	(23)	**119**
Total consideration	242	(23)	**219**

6. BUSINESS COMBINATIONS (CONTINUED)

Prior period acquisitions – restatements due to measurement period adjustments (continued)

Société Minière de Kabolela et Kipese Sprl ('SMKK')
SMKK is the title holder of some exploration permit assets contiguous to the Group's existing operations in the DRC. Full details regarding the acquisition can be found in the Group's Annual Report and Accounts for the year ended 31 December 2010.

The Group has finalised its review of the assets and liabilities acquired in respect of SMKK and made adjustments to certain liabilities acquired with consequential adjustments to mineral rights, goodwill and deferred tax. These adjustments have been recorded as a prior period restatement of the consolidated balance sheet of the Group at 31 December 2010. There is no impact to the consolidated income statement for the year ended 31 December 2010.

Congo Cobalt Corporation Sprl ('CCC')
With effect from 1 July 2010 the Group acquired CCC, a legal entity registered in the DRC that provides mining contracting services to Boss Mining Sprl and SMKK. Following the fair value finalisation of the entity's assets and liabilities, goodwill of US$11 million has been recognised in respect of this acquisition arising from adjustments to trade and other payables, current income tax liability and property, plant and equipment.

Fair value estimates
The provisional values of assets and liabilities recognised on acquisition are their estimated fair values at the date of acquisition. Accounting standards permit up to 12 months for provisional acquisition accounting to be finalised following the acquisition date if any subsequent information provides better evidence of the item's fair value at the date of acquisition.

For all business combinations, the Group either undertook or is in the process of finalising its review of the fair value of assets and liabilities recognised at the date of acquisition. Such reviews may include engaging third party advisors to determine the fair values of the cash-generating units of the entities acquired.

7. COST OF SALES

In millions of US$	Years ended 31 December 2011	2010
Materials and components used	**(1,504)**	(1,237)
Staff costs	**(604)**	(528)
Depreciation, amortisation and impairment	**(498)**	(398)
Mineral extraction taxes, royalties and other taxes	**(399)**	(360)
Power and energy	**(201)**	(156)
Changes in inventories of finished goods and work-in-progress	**91**	138
Other	**(402)**	(306)
Total cost of sales	**(3,517)**	(2,847)

8. DISTRIBUTION COSTS

In millions of US$	Years ended 31 December 2011	2010
Transportation costs	**(398)**	(383)
Agency and commission fees	**(24)**	(26)
Taxes and duties	**(14)**	(13)
Other	**(65)**	(63)
Total distribution costs	**(501)**	(485)

9. GENERAL AND ADMINISTRATIVE EXPENSES

In millions of US$	Years ended 31 December 2011	2010
Staff costs	**(233)**	(196)
Sponsorship and donations	**(156)**	(63)
Professional and other services	**(92)**	(118)
Depreciation, amortisation and impairment	**(41)**	(13)
Taxes other than on income	**(36)**	(32)
Other	**(158)**	(117)
Total general and administrative expenses	**(716)**	(539)

10. FINANCE INCOME

In millions of US$	Years ended 31 December 2011	2010
Interest income	**37**	28
Foreign exchange gains	**9**	15
Dividends	**1**	6
Other	**14**	8
Total finance income	**61**	57

11. FINANCE COSTS

In millions of US$	Years ended 31 December 2011	2010
Interest expense on borrowings	**(77)**	(28)
Foreign exchange losses	**(39)**	(14)
Unwinding of discount on long term provisions	**(10)**	(7)
Amortisation of financial instruments discount	**(9)**	(13)
Fair value loss on origination of loans granted	**-**	(17)
Other	**(49)**	(22)
Total finance cost	**(184)**	(101)

12. INCOME TAXES

Income tax expense comprises the following:

In millions of US$	Years ended 31 December **2011**	2010
Current tax		
Corporate income tax – current period	**(634)**	(662)
Corporate income tax – prior periods	**(36)**	11
Withholding taxes	**(46)**	(26)
Total current tax	**(716)**	(677)
Deferred tax		
Deferred income tax – current period	**(54)**	(55)
Deferred income tax – prior periods	**1**	-
Deferred income tax – effect of changes in tax legislation	**-**	(48)
Total deferred tax	**(53)**	(103)
Total income tax expense	**(769)**	(780)

The Effective Tax Rate ('ETR') for the year of 27.9% (2010: 26.2%) was higher than the applicable Corporate Income Tax ('CIT') rate of 20% in Kazakhstan. The main factors affecting the ETR for the period included Excess Profits Tax charges in Kazakhstan, which increased the ETR by 3.8 percentage points, and withholding taxes, mainly relating to the repatriation of dividends from Kazakhstan, which added 1.6 percentage points. The applicable rate of 20% refers to the CIT rate in Kazakhstan, where the majority of the Group's operations are located.

13. EARNINGS PER SHARE

In millions of US$ (unless stated otherwise)	Years ended 31 December **2011**	2010
Profit for the year attributable to equity holders of the Company	**1,974**	2,185
Number of shares		
Weighted average number of ordinary shares in issue for basic earnings per share	**1,287,750,000**	1,287,750,000
Adjusted for:		
Potential share based awards under Long-term Incentive Plan	**-**	-
Weighted average number of ordinary shares for diluted earnings per share	**1,287,750,000**	1,287,750,000
Basic and diluted earnings per share (US cents)	**153**	170

14. PROPERTY, PLANT AND EQUIPMENT

In millions of US$	Freehold land	Buildings and mining assets	Mineral rights	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2011 as previously reported	**54**	**4,589**	**-**	**2,950**	**833**	**1,485**	**9,911**
Restatement	-	(2,719)	2,669	10	-	-	(40)
Cost at 1 January 2011 as restated	**54**	**1,870**	**2,669**	**2,960**	**833**	**1,485**	**9,871**
Additions	2	39	25	172	103	1,566	1,907
Additions relating to acquisition of assets[1]	-	-	195	-	-	-	195
Additions on business combinations	-	-	399	-	-	-	399
Change in asset retirement costs	-	31	-	-	-	-	31
Transfers	-	227	7	608	202	(1,044)	-
Transfer to assets classified as held for sale	-	1	-	(6)	(1)	(6)	(12)
Disposals	-	(5)	-	(53)	(16)	(23)	(97)
Exchange differences	(1)	(10)	(157)	(22)	(8)	(28)	(226)
At 31 December 2011	**55**	**2,153**	**3,138**	**3,659**	**1,113**	**1,950**	**12,068**
Accumulated depreciation at 1 January 2011 as previously reported	**-**	**(462)**	**-**	**(934)**	**(329)**	**-**	**(1,725)**
Restatement	-	28	(28)	-	-	-	-
Accumulated depreciation at 1 January 2011 as restated	**-**	**(434)**	**(28)**	**(934)**	**(329)**	**-**	**(1,725)**
Disposals	-	3	-	47	15	-	65
Depreciation charge	-	(100)	(48)	(305)	(84)	-	(537)
Transfer to assets classified as held for sale	-	-	-	3	1	-	4
Exchange differences	-	3	1	8	4	-	16
At 31 December 2011	**-**	**(528)**	**(75)**	**(1,181)**	**(393)**	**-**	**(2,177)**
Carrying value at 31 December 2011	**55**	**1,625**	**3,063**	**2,478**	**720**	**1,950**	**9,891**

[1]Included within additions of mineral rights is the Group's US$195 million payment to acquire 100% of the ordinary shares of Dezita Investments Limited which owns Exploitation Permit Number PE 1284 in the Democratic Republic of Congo.

Additions to assets under construction included no capitalised borrowing costs (2010:nil). The average capitalisation rate was nil for the year ended 31 December 2011 (2010: nil).

During the year, there was no impairment charge with respect to property, plant and equipment (2010: nil).

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

In millions of US$	Note	Freehold land	Buildings and mining assets	Mineral rights	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2010 as previously reported		44	2,609	-	2,375	705	1,126	6,859
Restatement		-	(960)	960	-	-	-	-
Cost at 1 January 2010 as restated		44	1,649	960	2,375	705	1,126	6,859
Additions		-	43	-	114	75	943	1,175
Additions on business combinations as restated	6	9	8	1,694	154	5	91	1,961
Change in asset retirement costs		-	(14)	-	(6)	-	2	(18)
Transfers		-	214	-	383	74	(671)	-
Transfer to assets classified as held for sale		-	(15)	-	(49)	(8)	(6)	(78)
Disposals		-	(21)	-	(27)	(22)	(12)	(82)
Exchange differences		1	6	15	16	4	12	54
At 31 December 2010 as restated		54	1,870	2,669	2,960	833	1,485	9,871
Accumulated depreciation at 1 January 2010 as previously reported		-	(367)	-	(737)	(275)	-	(1,379)
Restatement		-	5	(5)	-	-	-	-
Accumulated depreciation at 1 January 2010 as restated		-	(362)	(5)	(737)	(275)	-	(1,379)
Disposals		-	5	-	21	17	-	43
Depreciation charge		-	(84)	(23)	(242)	(75)	-	(424)
Transfer to assets classified as held for sale		-	9	-	29	5	-	43
Exchange differences		-	(2)	-	(5)	(1)	-	(8)
At 31 December 2010		-	(434)	(28)	(934)	(329)	-	(1,725)
Carrying value at 31 December 2010 (as previously reported)		54	4,127	-	2,016	504	1,485	8,186
Carrying value at 31 December 2010 (as restated)		54	1,436	2,641	2,026	504	1,485	8,146

As at 31 December 2009, mineral rights, with a net book value of US$955 million, have been reclassified from ‘buildings and mining assets’ to ‘mineral rights’ to reflect their technical specifications more appropriately. In addition measurement period adjustments have been made during the year ended 31 December 2010 as detailed in note 6.

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

As at 31 December 2011 and 31 December 2010, investments in joint ventures and associates consisted of the following:

In millions of US$ (unless stated otherwise)				**31 December 2011**		31 December 2010	
Investee	Associate/Joint venture	Country of Incorporation	Principal activities	**Carrying value**	**Ownership**	Carrying value	Ownership
Shubarkol Komir JSC	Associate	Kazakhstan	Semi-coke/ thermal coal production	**213**	**25.0%**	210	25.0%
Earth Centre Investments (Pty) Limited[1]	Associate	Namibia	Property investment	**-**	**50.0%**	-	50.0%
Camrose Resources Limited	Joint venture	British Virgin Islands	Development of copper and cobalt deposits	**168**	**50.5%**	178	50.5%
Taurus Gold Limited	Joint venture	British Virgin Islands	Development of gold deposits	**8**	**34.8%**	5	38.6%
Total				**389**		393	

[1] The financial reporting date of Earth Centre Investments (Pty) Limited is 31 March. Whilst this is different to the Group's reporting date, financial information was obtained at 31 December in order to report on a consistent basis with the Group's reporting date.
[2] The reductions in the percentage ownership of Taurus Gold Limited arises because of share issues in which the Group did not fully participated.

Movements in the carrying value of the investments in associates are set out in the following table:

In millions of US$	**2011**	2010
Carrying value at 1 January	**210**	279
Dividends	**(9)**	(6)
Share of profit of associates	**14**	11
Acquisition of SMKK	**-**	(75)
Exchange differences	**(2)**	1
At 31 December	**213**	210

Movements in the carrying value of the investments in joint ventures are set out in the following table:

In millions of US$	Note	**2011**	2010
Carrying value at 1 January		**183**	336
Acquisitions of Camrose Resources Limited		**-**	185
Acquisition of additional investment in Taurus Gold		**7**	-
Adjustments of acquisition costs		**(2)**	-
Debt to equity swap		**-**	27
Share of (loss)/profit of joint ventures		**(12)**	2
Acquisition of BMBV	6	**-**	(367)
At 31 December		**176**	183

16. BORROWINGS

In millions of US$	Note	2011	2010 (As restated)
		As at 31 December	
Non-current			
Bank borrowings		**325**	432
Term borrowings		**2**	1
Bonds		**14**	14
Non-current borrowings – third party		**341**	447
Bank borrowings		**393**	384
Term borrowings		**500**	500
Promissory notes		**-**	73
Non-current borrowings – related party	5	**893**	957
Total non-current borrowings		**1,234**	1,404
Current			
Bank borrowings		**263**	152
Term borrowings		**1**	3
Current borrowings – third party		**264**	155
Bank borrowings		**7**	16
Term borrowings		**14**	5
Promissory notes		**75**	50
Current borrowings – related party	5	**96**	71
Total current borrowings		**360**	226
Total borrowings		**1,594**	1,630

Russian Commercial Bank (Cyprus) Limited (part of the VTB Group)
On 30 September 2011, the Group entered into a US$1,000 million loan agreement with Russian Commercial Bank (Cyprus) Limited (part of the VTB group). The loan has an applicable interest rate of 6.1% per annum and is repayable initially in 3 years by bullet repayment with a 2 year term-out option. No security has been pledged as part of the agreement and US$40 million of the facility was outstanding at 31 December 2011 (US$50 million drawdown less transaction fees amounting to US$10 million).

Revolving Credit Facility
On 18 March 2011, the Group entered into a US$500 million revolving credit facility with a group of international banks. The facility has an applicable interest rate of LIBOR plus 2.25% per annum. At 31 December 2011 US$50 million of the facility was drawn down.

Export Credit Facility
On 7 February 2011, the Group entered into an ECA Facility agreement for the amount of €185 million. The agreement has an 11 year draw-down facility and bears an interest rate of six month EURIBOR plus 1.2% per annum. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility. At 31 December 2011, US$43 million of the facility was outstanding (US$65 million drawdown less transaction fees amounting to US$22 million).

16. BORROWINGS (CONTINUED)

JSC Wealth Fund 'Samruk Kazyna'

On 30 November 2010, the Group entered into a US$500 million facility with the JSC Wealth Fund 'Samruk Kazyna'. The facility has an applicable interest rate of 7.5% per annum and is repayable in 10 years by bullet repayment. No security has been pledged as part of the agreement and it is fully drawn down as at 31 December 2011 (2010: fully drawn down).

Structured Trade Finance Facility

On 5 October 2010, the Group entered into a US$500 million Structured Trade Finance Facility with a group of international lenders. The facility has an applicable interest rate of one month LIBOR plus 3.37% and is repayable over 3 years. As at 31 December 2011 US$367 million of the facility was outstanding (2010: US$500 million).

The facility is secured principally against trade receivables from the Magnitogorsk Iron and Steel Works OJSC ('MMK'), the associated trade receivable balance as at 31 December 2011 was US$35 million (2010: US$62 million).

Promissory notes

In August 2010, as part of its acquisition of the 50.5% interest in Camrose, the Group issued promissory notes at nominal value totalling US$125 million which matured between 9 months and 24 months from the date of issue. As at 31 December 2011, the carrying value of the promissory notes outstanding was US$75 million (2010: US$123 million).

Development Bank of Kazakhstan Facility

On 15 April 2010, the Group announced that it had entered into a loan agreement for the amount of US$400 million with the Development Bank of Kazakhstan. The facility was provided by the Development Bank of Kazakhstan using financing from the State-run Export-Import Bank of China. The facility is for a 15 year period, bears an interest rate of 4% and is fully drawn as at 31 December 2011 (2010: fully drawn down). The loan is secured by a corporate guarantee issued by ENRC PLC and a pledge over 51% of shares of Kazakhstan Aluminium Smelter JSC.

Export Credit Facilities

On 16 February 2010, the Group entered into an ECA facility agreement for the amount of €47.5 million. The facility is a 10 year draw-down facility and bears an interest rate of six month EURIBOR plus 1.5% per annum. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility. The facility will be used to finance some of the Group's planned capital expenditure. As at 31 December 2011 US$54 million of the facility was drawn down (2010: US$37 million).

On 30 November 2007, the Group entered into an unsecured €32.5 million Export Credit facility (ECA facility). The facility has an applicable interest rate of six month EURIBOR plus 0.5% per annum and matures on 20 February 2020. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility. The purpose of the facility is to finance an export contract with Takraf GmbH. As at 31 December 2011 US$31 million of the facility was outstanding (2010: US$36 million).

Euro Medium Term Notes

On 13 May 2010, the Group established a Euro Medium Term Note ('EMTN') programme for US$3 billion. Subject to relevant laws and regulations notes can be issued in a variety of forms and for a range of maturity periods. Proceeds from any issues under the programme may be used for the Group's capital expenditure programme, potential future acquisitions and for general corporate purposes. There were no issues outstanding under the programme as at 31 December 2011 or 31 December 2010.

17. RECONCILIATION OF NON-GAAP MEASURES

1. Underlying EBIT, EBITDA and EBITDA margin

In millions of US$ (unless stated otherwise)	Note	Year ended 31 December 2011	2010
Profit for the year		**1,986**	2,197
Adjustments for:			
Finance cost		**184**	101
Income tax expense		**769**	780
Transaction (credit)/costs expensed under IFRS 3(R)		**(2)**	73
Share of profit of joint ventures and associates[1]		**(2)**	(13)
Finance income		**(61)**	(57)
Gain arising related to the acquisition of BMBV	6	**-**	(298)
Underlying EBIT		**2,874**	2,783
Add back:			
Depreciation, amortisation and impairment		**539**	411
Underlying EBITDA[2]		**3,413**	3,194
Divide by:			
Revenue		**7,705**	6,605
Underlying EBITDA Margin[3]		***44.3%***	*48.4%*

[1] Joint ventures and associates for 2010 and 2011 include BML (joint venture) from 19 May 2009 to 21 September 2010, Shubarkol (associate) from 16 February 2009, Earth Centre Investments (Pty) (associate) from 9 November 2009, SMKK (associate) from 9 November 2009 until 22 June 2010, Camrose (joint venture) from 20 August 2010 and Taurus (joint venture) from 14 December 2010.
[2] Underlying EBITDA: Profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment, share of profit or loss of joint ventures and associates, gain arising related to acquisition of joint venture and acquisition related costs now expensed under IFRS 3 (Revised).
[3] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.

2. Return on capital employed

In millions of US$ (unless stated otherwise)	Year ended 31 December 2011	2010 (As restated)
Underlying EBIT	**2,874**	2,783
Divide by:		
Capital employed weighted average[1]		
Borrowings	**1,597**	905
Equity including non-controlling interests	**10,798**	8,911
Total capital employed weighted average	**12,395**	9,816
Return on capital employed	***23.2%***	*28.4%*

[1] The capital employed used in this calculation is a three point average based on the opening and closing balance sheet for each year plus the half year interim balance sheet.

17. RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

3. Gearing

In millions of US$ (unless stated otherwise)	Year ended 31 December 2011	 2010 (As restated)
Net debt	**972**	35
Divide by:		
Net debt	**972**	35
Equity attributable to equity holders of the company	**10,900**	9,749
	11,872	9,784
Gearing	***8.2%***	*0.4%*

4. Gross available funds, net available funds and net debt

In millions of US$	Year ended 31 December 2011	 2010 (As restated)
Gross available funds		
Cash and cash equivalents	**622**	1,595
Term deposits (included in trade and other receivables)	**25**	54
Other financial assets	**218**	413
Less:		
Investment in quoted equity shares (non-current)	**(191)**	(354)
Investment in unquoted options	**-**	(25)
Other restricted financial assets	**(16)**	(11)
Total gross available funds	**658**	1,672
Borrowings – current	**(360)**	(226)
Borrowings – non-current	**(1,234)**	(1,404)
Total net available funds	**(936)**	42
Net cash		
Cash and cash equivalents	**622**	1,595
Borrowings – current	**(360)**	(226)
Borrowings – non-current	**(1,234)**	(1,404)
Total net debt	**(972)**	(35)

17. RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

5. Analysis of movements in net debt

In US$ millions	2011	2010
Opening net (debt)/cash at 1 January	**(35)**	402
(Decrease)/increase in cash during the period	**(961)**	761
Cash inflow from borrowing proceeds	**(154)**	(1,434)
Cash outflow from debt repayment	**154**	360
Promissory notes repaid for Camrose acquisition (within investing activities)	**50**	-
Change in net debt resulting from cash flows	**(911)**	(313)
Foreign exchange gain on borrowings	**3**	5
Foreign exchange (loss)/gain on cash and cash equivalents	**(12)**	4
Foreign exchange movements	**(9)**	9
Promissory notes issued for Camrose acquisition	**-**	(123)
Net interest accrued	**(17)**	(13)
Other movements	**-**	3
Other non-cash movements	**(17)**	(133)
Net debt at 31 December	**(972)**	(35)

18. CONTINGENCIES

Taxation

At the end of 2009, the Kazakhstan tax authorities issued a transfer pricing assessment of US$126 million on SSGPO in respect of the year ended 31 December 2004. The Group's management have appealed against the assessment, with no provision against additional tax considered to be necessary. The Kazakhstan tax authorities are currently considering the Group's appeal against the assessment. As at 31 December 2011, the position remained unchanged.

19. EVENTS AFTER BALANCE SHEET DATE

Shubarkol Call Option Extension
In October 2011 the Group announced its intention to exercise the option to acquire the outstanding shares in Shubarkol Komir JSC for a purchase price of US$600 million. The General Meeting to vote on this related party transaction was subsequently adjourned in November. The Group will today post an updated Circular and Notice of Adjourned General Meeting to shareholders to seek approval for this acquisition at a reconvened General Meeting on 02 April 2012.

First Quantum Minerals Limited
The Group announced on 2 March 2012 that it has completed acquisition of First Quantum Minerals Limited's ('FQM') residual claims and assets in respect of the Kolwezi Tailings project, the Frontier and Lonshi mines and related exploration interests, all located in the Katanga Province of the Democratic Republic of Congo ('DRC'), and settled all legal matters relating to these interests for total consideration of US$1.25 billion (a returnable deposit was paid in relation to the acquisition on 30 November 2011 of US$125 million).

The total consideration comprises US$750 million which was paid on closing, together with a deferred consideration of US$500 million in the form of a 3-year promissory note with an interest coupon of 3% which is payable annually in arrears.

In connection with the transaction, FQM, ENRC and the DRC Government have also resolved all disputes relating to the companies being sold, and their assets and operations in the DRC, and have released one another in respect of all claims and judgements relating to the foregoing or to any other matter arising in the DRC on or before the date of closing.

Funding arrangements
On 1 February 2012, the Group entered into a credit facility agreement with Sberbank of Russia for US$2 billion. The facility has an applicable interest rate of LIBOR plus 6.3% and is repayable in 5 years. The facility is available as follows; 25% of the facility is available on 1 February 2012; 50% after 3 months; 75% after 6 months and 100% after 9 months. The facility will be used for general corporate purposes.

On 16 February 2012, the Group signed the refinancing of the US$500 million revolving credit facility. The amount of the facility was reduced to US$467 million and has been arranged on a club deal basis with Credit Agricole acting as the coordinating bank. This is a two year facility and bears an interest rate of LIBOR plus 2.5%.

Tuoli
On 10 January 2012, the Group entered into an agreement with Hebei Taihang Jiye Mineral Resources Co. Ltd. (Hebei Taihang) which will result in the transfer of its shares in Xinjiang Tuoli Taihang Ferro-Alloy Co. (Tuoli) for consideration of US$1 subject to the satisfactory receipt of outstanding trade receivables. The investment represents 50% of the issued capital of Tuoli. The balance of this capital is already held by Hebei Taihang. The first payment under this agreement was received on 15 March 2012 and operational control transferred to Hebei Taihang at this date.

2011 Final Dividend
For 2011 the Board has recommended a final dividend of US 11.0 cents per share, amounting to US$142 million, to be paid on 13 June 2012 to shareholders on the register at the close of business on 30 March 2012.

SHAREHOLDER INFORMATION

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Website: www.enrc.com

Registered in England and Wales
Company number: 06023510

Listing

The principal trading market for Eurasian Natural Resources Corporation PLC Ordinary Shares is the London Stock Exchange ('LSE'). The shares are also listed on the Kazakhstan Stock Exchange ('KASE').

Major interests in shares

As at 20 March 2012, the Company had been advised, in accordance with the Disclosure and Transparency Rules of the UK's FSA, of the following notifiable interests (whether directly or indirectly held) in its voting rights:

	Number of voting rights	%	Nature of Holding
Kazakhmys Eurasia BV	334,824,860	26.00	Indirect
Mr Patokh Chodiev [1]	154,052,625	11.97	Indirect
Mr Alijan Ibragimov [2]	113,836,250	8.83	Indirect
Mr Alexander Machkevitch	187,836,250	14.59	Indirect
The State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan	150,047,116	11.65	Direct

1 Mr Chodiev's total holdings amount to 187,836,250 shares (14.59%) and he has transferred a total of 33,783,625 shares to entities where he is the beneficial owner. The entities are managed by amongst others, certain members of Mr. Chodiev's family. A TR1 has been received in respect of the shares notified above.

2 Mr Ibragimov's total holdings amount to 187,836,250 shares (14.59%), however, some are held on a discretionary basis by a fund management vehicle owned and operated by, amongst others, Mr Ibragimov's family. A TR1 has been received in respect of the shares notified above.

Exchange rates

The following table sets out, for the periods indicated, the relevant year-end and average exchange rates of the Kazakhstani tenge ('KZT') to the US dollar ('US$'), as applied in the preparation of the Group's consolidated financial information for the relevant periods and expressed in KZT per US$.

	Rate	
Period	Year end	Average
Year ended 31 December 2011	**148.40**	**146.62**
Year ended 31 December 2010	147.50	147.36
Year ended 31 December 2009	148.46	147.50

Results timetable

Wednesday, 28 March 2012	Ex-dividend date
Friday, 30 March 2012	Final dividend record date
Thursday, 10 May 2012	May 2012 Interim Management Statement and Q1 2012 Production Report
Tuesday, 12 June 2012	Annual General Meeting
Thursday, 21 June 2012	Final dividend payment date
Wednesday, 1 August 2012	Q2 2012 Production Report
Wednesday, 15 August 2012	2012 Half-year Results Announcement
Thursday, 8 November 2012	November 2012 Interim Management Statement and Q3 2012 Production Report
Wednesday, 6 February 2013	Q4 2012 Production Report
Wednesday, 20 March 2013	2012 Preliminary Results Announcement

All future dates are provisional and subject to change.

Dividends on ordinary shares

On 6 October 2011 the Company paid an interim dividend for the half year ended 30 June 2011 of US 16 cents per ordinary share.

The Directors of the Board recommend a final dividend for the year ended 31 December 2011 of US 11.0 cents per ordinary share in the Company, to be paid on 21 June 2012 to all registered shareholders on the Register of Members at the close of business on 30 March 2012.

As the Group's financial results are reported in US dollars, the dividend will be declared and paid in US dollars. Registered shareholders may elect to receive their dividend in pounds sterling instead. This payment will be based on an exchange rate of US$1.5893/£1 (being the rate published in the London *Financial Times* on 20 March 2012, the business day prior to announcement of the Group's Preliminary Results for the year ended 31 December 2011).

Shareholders may change their currency election forms at any time by submitting a currency election form to the Company's Registrars, Computershare Investor Services Plc. However, in order to elect for the 2011 final dividend payment, the form must have been lodged with the Registrars by the close of business on the day preceding the dividend announcement. For the dividend payable on the 21 June 2012, this means that the currency election form should have been received by the Registrars by the close of business on 20 March 2012. Any shareholders wishing to change their currency election in the future, should contact the Company's Registrar in advance of the dividend announcement date.