23 March 2011

Eurasian Natural Resources Corporation PLC

Announcement of 2010 Preliminary Results

Financial Highlights for 2010

- Strong financial performance in the year, as a result of record production volumes and the recovery in the markets for our products.
- Revenue up 72% to US$6,605 million. Like-for-like revenue up 62%.
- Cost of sales up 46% to US$2,847 million, as a result of increased volumes and rising costs, as well as the inclusion of the Other Non-ferrous Division. Like-for-like costs rose 28%.
- Underlying EBITDA up 118%, to US$3,194 million; Underlying EBITDA margin of 48%.
- Earnings per share up 110%, to US 170 cents; including a one-off gain of US$298 million related to the BMBV acquisition and expensed acquisition-related costs of US$73 million.
- An effective tax rate of 26.2%, including the impact of the above items.
- Final dividend of US 18.0 cents per share; US 30.5 cents for the full year. Payout ratio of 18%.
- Strong balance sheet maintained, with gross available funds of US$1,672 million; borrowings of US$1,632 million.

Business Highlights for 2010

- Production of the Group's principal commodities, high carbon ferrochrome, iron ore, alumina, aluminium and coal all at record levels.
- Progress on cost control initiatives and productivity gains, partially off-setting cost pressures.
- Completion of Phase 2 of the aluminium smelter in May; construction of the new 440 ktpa high carbon ferrochrome plant at Aktobe underway.
- Further acquisitions completed to enhance the Group's asset portfolio: additional copper and cobalt assets in the DRC and Zambia; and expansion of the iron ore asset base in Brazil.

Outlook for 2011

- Capex programme increased to an estimated US$11.1 billion, with new amounts planned for Other Non-ferrous, Energy and Logistics Divisions.
- In 2011 capex spend of approximately US$2.5 billion; further increase in financing requirements.
- Strong growth in the developing economies expected to continue to underpin strong demand and pricing.
- Production expected to be maintained at effectively full available capacity.
- Cost growth to continue, in line with the industry experience, reflecting materials, labour, transportation and depreciation and finance expenses.

"The Group's strong performance in 2010 was built on the solid foundations of the businesses in Kazakhstan which delivered record production in the year. China's economic growth and our strategic location remained key, while we also saw recovery in our traditional markets. Maintaining and exploiting our advantaged cost position is also critical. We remain positive on the Group's prospects for 2011, although the control of costs growth and the development of our assets in Africa will be important issues for management, as will be the continued near-term risk of commodity market volatility. We made further progress with our growth strategy by establishing the foundations for growing businesses in Africa and Brazil, with major benefits to be realised in the years ahead."

Felix J Vulis, Chief Executive Officer

Eurasian Natural Resources Corporation PLC

Announcement of 2010 Full Year Results (Unaudited)

Summary Group Financial Information (Unaudited):

In millions of US$	2010	2009	2010 vs. 2009 +/-	2010 vs. 2009 %
Revenue	**6,605**	3,831	2,774	*72.4%*
Cost of sales	**(2,847)**	(1,947)	(900)	*46.2%*
Gross profit	**3,758**	1,884	1,874	*99.5%*
Operating profit	**2,710**	1,374	1,336	*97.2%*
Profit before income tax	**2,977**	1,439	1,538	*106.9%*
Income tax expense	**(780)**	(377)	(403)	*106.9%*
Effective tax rate %	***26.2%***	*26.2%*		
Profit for the year	**2,197**	1,062	1,135	*106.9%*
Profit attributable to equity holders of the Company	**2,185**	1,045	1,140	*109.1%*
Earnings per share - basic and diluted (US cents)	**170**	81	89	*109.9%*
Final dividend per share (US cents)	**18.0**	6.0	12.0	*200.0%*
Total dividend per share (US cents)	**30.5**	12.0	18.5	*154.2%*
Total depreciation, amortisation and impairment	**(411)**	(298)	(113)	*37.9%*
Gain arising related to acquisition of joint venture	**298**	-	298	-
Foreign exchange gain resulting from devaluation of Kazakhstani tenge within operating profit	**-**	210	(210)	*(100.0%)*
Acquisition related costs[(1)]	**(73)**	-	(73)	-
Total costs[(2)]	**(3,895)**	(2,457)	(1,438)	*58.5%*
Underlying EBITDA[(3)]	**3,194**	1,462	1,732	*118.5%*
Underlying EBITDA margin %[(4)]	***48.4%***	*38.2%*		
Net cash generated from operations	**2,303**	1,209	1,094	*90.5%*
Capital expenditure	**1,187**	1,147	40	*3.5%*
Gross available funds[(5)]	**1,672**	1,021	651	*63.8%*
Net (debt)/cash[(6)]	**(37)**	402	(439)	*(109.2%)*

[1] Following the adoption of IFRS3 (Revised) acquisition related costs are now expensed.
[2] Total costs: Cost of sales; distribution costs; general and administrative expenses; and other operating expenses offset by other operating income.
[3] Underlying EBITDA: Profit before finance income, finance cost, income tax expense, depreciation, amortisation and impairment, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint ventures and associates, gain arising related to acquisition of joint venture, acquisition related costs and the impact of the devaluation of the Kazakhstani tenge in 2009.
[4] Underlying EBITDA margin: Underlying EBITDA as a percentage of revenue.
[5] 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.
[6] Net (debt)/cash: 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 2010 and 31 December 2009:

In millions of US$ (unless stated otherwise)	Ferroalloys	Iron ore	Alumina and Aluminium	Other Non-ferrous	Energy	Logistics	Corporate	Intra Group Eliminations	Total
Segment revenue									
2010	**2,996**	**1,876**	**926**	**412**	**542**	**352**	**6**	**(505)**	**6,605**
2009	1,874	1,093	565	41	402	171	-	(315)	3,831
Segment operating profit/(loss)									
2010	**1,293**	**1,045**	**178**	**7**	**262**	**54**	**(129)**	-	**2,710**
2009	781	453	5	-	179	24	(68)	-	1,374
Segment operating profit margin									
2010	***43.2%***	***55.7%***	***19.2%***	***1.7%***	***48.3%***	***15.3%***	***n/a***	**-**	***41.0%***
2009	*41.7%*	*41.4%*	*0.9%*	*0.0%*	*44.5%*	*14.0%*	*n/a*	-	*35.9%*
Underlying EBITDA									
2010	**1,403**	**1,133**	**267**	**60**	**308**	**75**	***(52)***	**-**	**3,194**
2009	707	485	78	5	213	40	*(66)*	**-**	1,462
Underlying EBITDA margin									
2010	***46.8%***	***60.4%***	***28.8%***	***14.6%***	***56.8%***	***21.3%***	***n/a***	**-**	***48.4%***
2009	*37.7%*	*44.4%*	*13.8%*	*12.2%*	*53.0%*	*23.4%*	*n/a*	**-**	*38.2%*
% of Group revenue excluding inter-segmental revenues									
2010	***45.2%***	***28.4%***	***13.7%***	***6.2%***	***3.0%***	***3.3%***	***0.2%***	**-**	***100.0%***
2009	*48.8%*	*28.5%*	*14.7%*	*1.1%*	*5.1%*	*1.8%*	*n/a*	-	*100.0%*
% of Group underlying EBITDA									
2010	***43.9%***	***35.5%***	***8.4%***	***1.9%***	***9.6%***	***2.3%***	***(1.6%)***	**-**	***100.0%***
2009	*48.3%*	*33.2%*	***5.3%***	*0.3%*	*14.6%*	*2.7%*	*(4.4%)*	-	*100.0%*

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The information set out in this announcement relates to the twelve months ended 31 December 2010 and, unless otherwise stated, is compared to the corresponding period of 2009, the twelve months ended 31 December 2009. The Chief Executive Officer's Outlook statement includes an update for the period since 31 December 2010. 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 2010 and are prepared in 2010 or early 2011.

Eurasian Natural Resources Corporation PLC ('ENRC') will announce its 2010 Preliminary Results on Wednesday, 23 March 2011. 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 2010 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

2010 was another successful year for ENRC. We continued to execute our growth and diversification strategy, including significant acquisitions in Africa and Brazil. Our operations in Kazakhstan continued to perform strongly throughout the year with record levels of production and capacity utilisation which, along with improved markets and management's cost control measures, resulted in an increase in earnings per share of 110%.

The strength and focus of our management team has been critical for the implementation of our strategic plans. Kazakhstan has provided a stable platform on which to build the Group's wider ambitions, supported by the country's proximity to our main markets of Russia and China, its wealth of mineral resources and by the efforts of our employees. Our disciplined approach to acquisitions enabled us to make progress towards becoming a more diversified mining group. We believe that by extending our portfolio of commodities and products we are strengthening our business model.

The Group made significant progress in its diversification strategy during 2010, with material additions to the Group's scope in both central Africa and Brazil. These transactions hold considerable value potential, and balance the opportunities they offer with the demands that are placed on internal resources and the complexity of realising integration synergies. We place considerable emphasis on thorough financial and legal due diligence and risk assessment in order to ensure the optimal return for shareholders over the life of the projects.

We continued to invest in training and development and this helps ensure that our workforce is better able to meet the challenge of integrating and developing our suite of assets. The commitment of our employees, in Kazakhstan and elsewhere, was instrumental in enabling us to take advantage of improving global economic conditions to deliver good results. On behalf of the Board, I offer thanks to all our employees.

The continued extension of health and safety initiatives throughout the Group remained a key focus. Although we have seen a reduction in the number of fatalities, seven people lost their lives at work during 2010. Every fatality is investigated so that lessons are learned for the future. Our view remains that all fatalities can be avoided and are unacceptable.

Two new appointments were made to the Board in 2010. In January we announced the appointment of Professor Doctor Dieter Ameling as an independent non-executive Director and in August, Mr Jim Cochrane, already the Group's Head of Sales and Marketing, joined the Board and was promoted to Group Chief Commercial Officer.

In February 2011, Mr Felix J Vulis, our Chief Executive Officer, decided to step down for personal reasons. The Board fully understands his decision and is grateful for his commitment to serve until a new Chief Executive Officer is appointed in order to ensure a smooth management transition.

We are pleased to recommend to shareholders a final dividend of US 18.0 cents per ordinary share to be paid on 15 June 2011 to all shareholders on the register on 1 April 2011 making the full year dividend US 30.5 cents. Our dividend policy remains unchanged. Payment of the final dividend is subject to shareholder approval at the Annual General Meeting which will be held on Wednesday, 8 June 2011.

We believe that the global economic outlook is still improving and expect that 2011 will offer further opportunities for the Group to build on the success of 2010.

Dr Johannes Sittard
Chairman

CHIEF EXECUTIVE OFFICER'S STATEMENT

In 2010 the Group delivered a strong operating and financial performance, with production volumes at record levels. This performance was built on the robust core businesses of the Group in Kazakhstan, as well as the continued strength of the Chinese economy, the growth evident in emerging markets generally and greater stability in the developed economies.

The Group also continued to make significant strategic progress during the year. In Kazakhstan we focused on plans to enhance our existing asset base and increase investment in capacity. In May, Phase 2 of the aluminium smelter commenced operations on time and on budget. The progress that we have made in recent and ongoing capex projects – for example, the Aktobe ferroalloys expansion, Phase 2 of the aluminium smelter and the increasing power generation capacity – gives us continued confidence in the Group's prospects.

In addition, we continued to grow through acquisitions, notably expanding our presence in copper, cobalt and iron ore. Acquisitions during the year have enhanced our assets in Africa - primarily in the Democratic Republic of the Congo ('DRC'). We are undertaking an extensive exploration programme to scale up the level of resources and to prove the reserves base. Whilst we remain in the initial stages of the development of the DRC assets, the exploration programme has given us greater confidence in the scale of our ambitions. 2010 has also seen us complete the initial phase of integration of Central African Mining & Exploration Company Plc ('CAMEC') into the Group.

We made an investment in Northam Platinum to give us strategic optionality in a commodity which we believe has very good prospects. With this acquisition, along with our copper and cobalt assets, along with the potential coal and platinum projects, we expect Africa to be a more important geography in the future of the Group.

2010 also saw the Group enhance its presence in iron ore, with acquisitions in Brazil. The Group's Brazilian assets are all projects around the development of the Brazilian Government's East-West rail link to open up the Bahia region to economic development. These projects will provide the Group with entry to the world's 1 billion tonne seaborne iron ore trade and will enable us to offer products to new customers in the Asia-Pacific, Americas, Europe and Middle East regions. With the additional capacity offered by Brazil, along with the expansion in Kazakhstan, we have positioned the Group to emerge later in the decade as a leading global iron ore player and, as a result, this will shift the balance of our business.

The Group's management extends its thanks to all of its employees for their continued efforts in 2010 and for their loyalty and commitment.

In February of this year I made the decision to step down from the Group for personal reasons. I am pleased to have been associated with the Group for so many years, through the development of the business, with its emergence as a public company and to have had the opportunity to lead its expansion as Chief Executive Officer over the last two years.

2010 PRODUCTION PERFORMANCE

In 2010 the Group achieved a record production performance, reflecting effective full available capacity of the Group's principal Kazakhstani businesses throughout 2010. Management's success was built on leveraging of low cost production, the Group's location and the retained workforce, in addition to a rebuild of sales volumes, notably for ferroalloys, in traditional markets as well as into China.

- Ferroalloys: ore extraction amounted to a record 4.82 mt, whilst total gross ferrochrome production was 1.44 mt, of which 1.31 mt was high-carbon ferrochrome; total gross ferroalloys production rose to 1.86 mt. Through 2010 the Division's Kazakhstan operations were running at effectively full available capacity and exceeded the record volumes of 2007. Production recovered at Serov and Tuoli to effective full capacity at the end of 2010.
- Iron Ore: ore extraction amounted to some 43.61 mt, ahead of the prior high of 40.22 mt in 2007. Saleable product amounted to 8.94 mt of concentrate and 8.02 mt of pellet.

- Alumina and Aluminium: bauxite extraction reached a record 5.31 mt, exceeding the previous high in 2008. Alumina volumes rose to 1.64 mt as part of the expansion in alumina capacity. Aluminium production was at its full capacity run rate (250 ktpa) from May and totalled 227 kt for the year.
- Other Non-ferrous: total production of copper cathode and sludge was 20.27 kt whilst that of cobalt contained reached 9.65 kt in both metal and concentrate, in line with the plan.
- Energy: coal extraction reached a record 20.10 mt, exceeding the previous high of 2009. Power generation reached 13,711 GWh, again a new high, and reflected efforts to maximize available capacity in order to meet the Group's growing internal power requirements and to take advantage of the new electricity price regime. Internal power consumption reached 73.9% of total production.

2010 FINANCIAL PERFORMANCE

The Group's strong financial performance in 2010 was underpinned by a rapid response to the market's recovering appetite for commodities, its strategic location and its low cost position. These factors were partially offset by increased costs in relation to the build out of the Other Non-ferrous Division.

For the Group, margins rose as like-for-like revenue growth of 62% outstripped the increase in like-for-like total costs of 28%. Total revenue rose 72% to US$6,605 million, due to both higher prices and significantly higher sales volumes, including new sales of aluminium and copper and cobalt. Total costs growth reflected both higher volumes and rising unit costs, which was a feature for the industry as well as the Group in 2010, and the inclusion of the Other Non-ferrous Division. Underlying EBITDA rose 118% to US$3,194 million, with the Underlying EBITDA margin increasing to 48%. Earnings per share was ahead 110% to US 170 cents, including a one-off gain arising in relation to the accounting for the Brazilian acquisition (Bahia Minerals BV ('BMBV')) in September 2010 of US$298 million and acquisition related costs in general and administrative expenses of US$73 million. The Group's effective tax rate for the year is 26.2%, which included the impact of these two items.

The Group saw a substantial increase in operating cash flow during the year, rising to US$2,303 million (2009: US$1,209 million). At the year end the Group maintained a strong balance sheet position, with net debt of US$37 million, having secured additional funding from international banks, export credit agencies, the Chinese Development Bank and the Kazakhstan Sovereign Wealth Fund 'Samruk-Kazyna'.

HEALTH & SAFETY

Health and safety remains a key priority for the Group. In 2010 we undertook a number of major initiatives to raise engagement and compliance with health and safety standards. This was in response to the challenging environment of 2009 and our efforts to improve performance across the Group. We continued with the implementation of our safety management system, with improved reporting and with a rollout of our new Safety Culture Improvement Project across our businesses in Kazakhstan and Russia. The project will enable us to build an integrated organisational structure, provide managerial leadership and establish effective safety procedures and performance standards. We introduced new communications tools and an improved incentive system for line managers, raising the priority of health and safety, and undertook behavioural audits across all of the Divisions. A special site visit was conducted to the African operations and we developed a safety management system integration plan. Corporate safety standards and reporting procedures are being applied to all operations in Africa.

For the Group the number of fatalities in 2010 was 7 (2009: 12), with 3 out of 8 of the principal operations in Kazakhstan and Russia avoiding any fatalities in both 2010 and 2009. All deaths are regrettable to us and we express our condolences to the families involved. The number of work-related injuries (excluding the Other Non-ferrous Division) for 2010 was 45 (2009: 64). The Lost Time Injury Frequency Rate ('LTIFR') (excluding the Other Non-ferrous Division) was 0.41 (2009: 0.68) per one million hours worked. The Other Non-ferrous Division had zero fatalities, 52 injury cases and an LTIFR of 2.88. In 2011 the Group will integrate the reporting of health and safety statistics of the Other Non-ferrous Division into those of the Group as a whole. The Group remains focused on improving its delivery of health and safety based on the adoption, in 2008, of an aspiration of 'zero injuries'.

CAPITAL EXPENDITURE

For 2010 capital expenditure amounted to US$1,187 million (2009: US$1,147 million), approximately US$300 million below our initial expectations, due to the timing of certain investments and management's decision to revise the planned development and defer expenditure on a number of projects in Africa. Management prioritised a review of the assets of the Other Non-Ferrous Division to provide a better basis for determining the optimal capital expenditure for the development of the businesses.

Project highlights in 2010 included:

- Ferroalloys – we signed supply agreements for capital equipment and machinery, as well as engineering, procurement and construction contracts. We are now progressing with the construction of four furnaces with 440 ktpa gross capacity at Aktobe.
- Iron Ore – the completion in June of a metal casting plant and ongoing feasibility studies for the expansion of iron ore extraction and the development of new high quality concentrate, high quality pellet and Hot Briquetted Iron ('HBI') capacity.
- Alumina and Aluminium - the completion of the 125 ktpa Phase 2 of the aluminium smelter in early May, the ongoing expansion of alumina production to 1.7 mtpa in 2011 and the initiation of construction of a 136 ktpa anode plant.
- Energy – the commissioning of the new overburden stripping equipment in June; and
- Other Non-ferrous - the commissioning of Phase 1 of the cobalt SX/EW plant, which started to produce its first copper.

At the start of 2011 management re-evaluated planned capital expenditure. The Group has added the purchase of wagons and trucks in the Logistics Division, re-assessed investments in the Other Non-ferrous Division which were increased to US$810 million and made additional changes to the Energy Division spend. We have also included the projected spend on the BML Project and MIBA. As a result, 'Execution' and 'Planning and Design' (both formerly 'In Progress') and 'Pre-feasibility' (formerly 'Under Review') capital expenditure totals US$11.1 billion.

Capital expenditure is expected to amount to about US$2.5 billion in 2011 (excluding BML), as we accelerate a number of the Group's key growth initiatives, in particular spend on the Aktobe smelter and in the Iron Ore, Other Non-ferrous and Logistic Divisions. 2011 includes US$0.6 billion for sustaining capital expenditure.

ACQUISITIONS

In 2010, the Group accelerated its growth strategy in our targeted commodities, The underlying aim is to build a portfolio of tier 1 assets, which are large scale and scalable, having extended mine lives and with the potential to be towards the lower end of the cost curve. Our recent activity has focused on Africa, which has an outstanding mineral resource base, where we have established an operational platform for copper and cobalt, and in Brazil, where we are looking to build a presence in the seaborne iron ore market and aspire to emerge as a major player. The Group's acquisition's strategy is unchanged and remains interested in its major core products, ferrochrome and iron ore, but will also consider looking at opportunities to enhance our recently acquired copper, cobalt and platinum assets, as well as the potential of thermal coal.

In April-May 2010 the Group completed the US$300 million acquisition of Enya Holdings BV ('Enya') which holds a 90% interest in Chambishi, a Zambian copper and cobalt producer. In May the Group purchased a 12.2% interest in Northam Platinum, a major platinum producer in South Africa and subsequent purchases increased the holding to 14.35%; the total consideration paid was US$345 million. In June the Group completed the US$75 million purchase of the outstanding 50% of the issued share capital of SMKK. SMKK has exploration permit assets contiguous to the Group's existing operations in the DRC. The acquisition of the outstanding 50% of SMKK allows the Group to reinforce its resource and production capacity in the DRC. In August the Group purchased 50.5% of Camrose Resources Limited and its subsidiaries ('Camrose') for US$175 million. The primary assets of the Camrose joint venture are high quality copper and cobalt exploitation licences located in the DRC.

In September the Group completed the purchase of the outstanding 50% of the 'BML Project', an iron ore resource in Brazil, for a net cash consideration of US$670 million. In October the Group announced the purchase of MIBA and subscribed for 51% of MPB for up to US$304 million. MIBA and MPB own iron ore licences in Brazil proximate to the East-West rail link and the BML Project.

In January 2011 the Group announced the extension of a call option originally granted in February 2009 in conjunction with the acquisition of a 25% interest in Shubarkol, one of Kazakhstan's largest thermal coal producers. The call option gives ENRC 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 has been granted for nil consideration, extends the expiry date of the call option to 31 January 2012.

RISK

Through 2010 the Executive management and the Board had a regular dialogue with shareholders. These discussions included corporate governance and the business acquisition processes, as well as the perceived level of risk ascribed to ENRC. The Group is cognisant of shareholders' views. We are aware that some of the jurisdictions in which the Group operates pose particular and often heightened reputational issues that need to be managed appropriately. The Group continues to be open for dialogue with shareholders, and other stakeholders, to represent its position and resolve any such issues.

On 3 December 2010, Congo Mineral Developments Limited ('CMD'), a subsidiary of First Quantum Minerals Limited ('FQM'), served a claim for an estimated US$2 billion on four subsidiaries ('Highwinds Group') of Camrose Resources Limited, a joint venture company in which the Group holds 50.5% of the share capital, in relation to the Kolwezi tailings project. The Highwinds Group has applied to strike out the claim.

In 2010, the Group continued to enhance its approach to risk management and established a Group-wide Compliance function. The Group is continuing with the recruitment of additional high calibre individuals and the further development of policies, processes and procedures, in particular to support the acquisition and integration process, are underway.

INDUSTRY OVERVIEW

The stainless steel industry saw a significant recovery in 2010, with production for the year estimated at about 31.3 mt, up 21% from 25.9 mt in 2009. China remained both the largest and fastest growing producer of stainless steel with an estimated 11.4 mt in 2010, accounting for some 36% of total production. The speed of the recovery in global stainless steel volumes, coupled with low stockpiles at the beginning of 2010, tightened the ferrochrome market considerably and, as a result, the European benchmark price rose US 35 cents per pound (to US$1.36) in Q2 2010. The subsequent increase in ferroalloys production and a global slowdown in stainless steel output, created an oversupply going into H2 2010, which resulted in the benchmark falling US 6 cents in Q3 and, into Q1 2011, a further US 5 cents (to US$1.25). This has broadly followed the pattern of the spot price of ferrochrome in China, increasingly an industry bellwether. For the industry, capacity utilisation in 2010 amounted to 84.5%. Looking forward to 2011 pricing will depend to a large extent on Chinese demand, however, it will also be constrained by the still material spare capacity of the ferrochrome industry and the ability of China to increase production to meet domestic demand. Longer term, higher costs, particularly in South Africa, should support prices at higher levels, while supply constraints, also in South Africa, could provide further upside.

For iron ore, the improvement in the Russian steel industry in 2010 enabled us to sell higher volumes to our principal customer, Magnitogorsk Iron and Steel Works ('MMK'), however, this was limited by the iron ore surplus that continued in Russia. Sales to MMK amounted to approximately 10.6 mt. Sales to China, which doubled in 2009 versus 2008, made up some of the shortfall in volumes to MMK, and remained broadly steady in 2010 at 5.6 mt. There were some additional sales to Arcelor

Mittal in Kazakhstan. The greatest opportunity for us to develop sales in the future is the ongoing industrialisation of our traditional markets in North West China, along with the access that will be offered by the new China Gateway rail link due to be fully operational in 2012. The market for higher value added products is another opportunity for the Group, hence the project to build HBI capacity. A. Platts-based pricing formula has been agreed with MMK and will be valid until the end of 2012. Overall we expect China's continued increase in steel production and its strong demand for iron ore to keep the market tight and support strong pricing in the medium term.

OUTLOOK

The longer term outlook for the Group's main commodities and its main markets of China, other Asia Pacific countries and Russia, remains very positive as these commodity intensive economies continue to grow. GDP growth in China appears well supported at the level of 7%-9% per annum, while the prospect for robust growth remains for emerging markets more generally. Furthermore, supply constraints, underpinned by a range of different factors, continue to affect our main commodities and support prices in the short-term. Positive signs are also emerging in the United States and some European economies. Nonetheless there are some risks for the immediate future as China seeks to control and redirect its growth, with ongoing uncertainties in certain European economies and as Governments around the world seek to rein back on the stimulus packages introduced in response to the recent financial crisis and ameliorate inflationary pressures. Together these increase the likelihood of near term volatility in both the prices and growth trajectories of our commodities. Nonetheless, we remain confident of robust demand continuing for our products.

In 2011 the Group will continue to seek to maximise its production potential. However, notwithstanding some limited upside in ferroalloys, iron ore and alumina and aluminium, as well as the continued building of copper and cobalt production, the capacity growth of the Group will be limited until its large capital expenditure projects start coming on line in 2013.

2011 will require the Group to maintain an intense focus on costs. Cost inflation is affecting the whole industry, but we will continue to focus on efficiency improvement initiatives. Costs growth is across materials, transportation, fuel and other inputs, as well as logistics costs, and all are expected to show significant growth in 2011; Kazakhstan labour costs will rise in line with inflation. We also expect some limited appreciation of the Kazakhstani tenge ('KZT') against the US dollar during the course of 2011 and are working with an average exchange rate forecast in the range of KZT142 to KZT144. The further development of our African assets will also be a factor impacting costs in 2011.

The Group's strategy remains focused on growing long-life, scalable and low production cost assets to deliver value for our shareholders. Following the acquisitions of last year to develop the Group's commodities and geographic asset base, management will be focused in 2011 on proving the new assets, firming up development plans and implementing the capital expenditure programme. Capex will require a strong management focus and in 2011 we will expect to deliver progress on the Aktobe ferroalloys programme, our iron ore investments, and in copper and cobalt in Africa. We are ready to initiate progress in Brazil as soon as the port licence is approved. We will not forego the potential of further acquisitions as an important route for further growth, particularly those filling out our portfolio and in line with our strategy.

With our strong balance sheet, the scalable asset base, the low cost potential of our asset suite and strategic locations, we are well positioned to enhance shareholder value over the longer term.

Felix J Vulis
Chief Executive Officer

CHIEF FINANCIAL OFFICER'S REVIEW

2010 has been a year of strategic progress for the Group, continuing to integrate acquisitions, while maintaining our organic growth programme. The Group has numerous and significant growth projects ahead of it, which will require further substantial investment. The combination of strong operational cash generation, our robust balance sheet and our ability to attract a broad range of funding providers gives us confidence that we are able to source the substantial funding necessary to meet our growth objectives. The Group's cash balance at 31 December 2010 of US$1,595 million (2009: US$830 million) and a recently signed unsecured senior US$500 million corporate revolving credit facility gives us further confidence in our liquidity position.

The Group produced strong financial results in 2010 with all of the Divisions showing growth in revenue and Underlying EBITDA. Increased revenue was driven by both higher production and prices in all of our principal businesses. Despite increased costs the Group's Underlying EBITDA improved 118.5% to US$3,194 million (2009: US$1,462 million), with an improved margin of 48.4% (2009: 38.2%).

In relation to business combination transactions entered into during the year there have been two impacts on the results of the Group that arise from changes in IFRS requirements. Acquisition related costs of US$73 million have been expensed and, as detailed below, a gain related to the acquisition of control of BMBV of US$298 million. These amounts are excluded from Underlying EBITDA. As a result of the strong financial performance and these items, the Group's basic and diluted earnings per share increased to US 170 cents per share (2009: US 81 cents per share).

Summary income statement	Years ended 31 December		2010 vs 2009
In millions of US$	**2010**	2009	
Revenue	**6,605**	3,831	*72.4%*
Cost of sales	**(2,847)**	(1,947)	*46.2%*
Gross profit	**3,758**	1,884	*99.5%*
Gross margin %	***56.9%***	*49.2%*	-
Distribution costs	**(485)**	(366)	*32.5%*
General and administrative expenses	**(555)**	(359)	*54.6%*
Net other operating (expense)/income	**(8)**	215	*(103.7)%*
Operating profit	**2,710**	1,374	*97.2%*
Operating profit margin %	***41.0%***	*35.9%*	-
Net finance costs	**(44)**	(34)	*29.4%*
Gain arising related to the acquisition of BMBV	**298**	-	*n/a*
Share of profit of joint ventures and associates	**13**	31	*(58.1)%*
Profit before income tax	**2,977**	1,439	*106.9%*
Income tax expense	**(780)**	(377)	*106.9%*
Profit for the year	**2,197**	1,062	*106.9%*
Depreciation, amortisation and impairment	**(411)**	(298)	*37.9%*
Devaluation of Kazakhstani tenge	**-**	210	-
Acquisition related costs	**(73)**	-	-
Underlying EBITDA	**3,194**	1,462	*118.5%*
Underlying EBITDA margin %	***48.4%***	*38.2%*	-
Earnings per share – basic and diluted (US cents)	**170**	81	*109.9%*

Revenue
In 2010 the Group achieved a record level of high-carbon ferrochrome and iron ore sales volumes. In addition, iron ore prices reached record levels during the year. Revenue increased 72.4%, or US$2,774 million, to US$6,605 million (2009: US$3,831 million), which reflected the continued recovery of commodity prices and market demand. Of this increase in revenue, US$1,812 million, or 65.3%, was due to higher prices, US$591 million (21.3%) due to higher sales volumes, and US$371 million (13.4%) due to the inclusion of the Other Non-ferrous Division. The Ferroalloys Division accounted for 45.2% of Group revenue, the Iron Ore Division 28.4% and the Alumina and Aluminium Division 13.7%.

Gross margin
The gross margin improved significantly during the year to 56.9% (2009: 49.2%). This was due to significant increases in the selling price achieved for our products, partially offset by increased raw materials costs and taxes, such as Mineral Extraction Tax ('MET'). Total MET for the year was US$278 million (2009: US$166 million). The Group mitigated some of these cost increases by improvements in labour productivity rates and improved efficiency in certain raw materials and electricity consumption rates. The Group's focus will remain on cost control as the pressures on our production unit costs are likely to be sustained.

Distribution costs
The increase in distribution costs was primarily due to a US$81 million rise in transportation costs, as a result of higher sales volumes and an increase in Kazakhstani railway tariffs of approximately 14%. Agency and commission fees and other distribution costs increased US$13 million and US$25 million respectively. The Other Non-ferrous Division added US$13 million to the total increase in distribution costs.

General and administrative costs
The most significant changes in general and administrative expenses were non tax deductible costs of US$73 million in respect of acquisition related costs which, under the revised IFRS 3 'Business combinations', can no longer be capitalised for the year ended 31 December 2010. There was no requirement to restate the prior year in this respect.

In addition, staff costs increased US$45 million, of which US$20 million related to the Other Non-ferrous Division. The Other Non-ferrous Division added further costs of US$29 million to the increased total of general and administrative expenses.

Other operating (expenses)/income
In 2009 the Group recorded a one-off foreign exchange gain of US$210 million, resulting from the devaluation of the Kazakhstani tenge against the US dollar. There were no similar exchange related items arising in 2010.

Gain related to the acquisition of BMBV
Included within the income statement for the year is a one-off non-taxable gain resulting from the acquisition of BMBV of US$298 million. This gain arose as a result of the requirement under IFRS to fair value the Group's existing interest in the business at the date of acquisition and to report any gain or loss in the income statement.

Net finance costs
The finance income and costs for 2009 included a one-off foreign exchange gain of US$104 million and a loss of US$75 million respectively, resulting from the devaluation of the Kazakhstani tenge against the US dollar. There were no similar exchange related items arising in 2010.

Share of profits from Joint Ventures and Associates
The net share of profits of joint ventures and associates amounted to US$13 million (2009: US$31 million). This includes a US$11 million profit contribution from the Group's 25% interest in Shubarkol, US$4 million from the BMBV joint venture (for the period before it became a subsidiary, with effect from 21 September 2010) and a US$2 million loss from Camrose.

Taxation
In November 2010, the Republic of Kazakhstan extended indefinitely the applicable 20% rate of Corporate Income Tax and the current applicable rates of MET.

The Group's income tax expense for the year ended 31 December 2010 was US$780 million (2009: US$377 million), an Effective Tax Rate ('ETR') of 26.2% (2009: 26.2%).

The ETR included: the impact of the US$298 million fair value gain on acquisition of Bahia Minerals BV reducing the rate by 2 percentage points; US$73 million of non tax-deductible acquisition costs which increased the rate by 0.5 percentage points; and the revaluation of deferred tax balances due to changes in the applicable Corporate Income Tax rate in Kazakhstan which resulted in a deferred tax charge of US$48 million, increasing the ETR by 1.6 percentage points.

The Group's ETR remains sensitive to market conditions and high commodity prices. The Group's income tax expense of US$780 million included a US$148 million Excess Profits Tax ('EPT') charge, accounting for an increase in the ETR for the year of 5 percentage points.

During the year the Group suffered US$26 million of withholding taxes, mainly relating to the repatriation of dividends from Kazakhstan which added 0.9 percentage points to the ETR.

Exchange rates
In 2010 the average Kazakhstani tenge to US dollar exchange rate was 147.36 (2009: 147.50).

BALANCE SHEET

The Group's net book value of property, plant and equipment at 31 December 2010 was US$8,186 million (2009: US$5,480 million), an increase of 49.4%. Goodwill at 31 December 2010 totalled US$1,368 million (2009: US$579 million), an increase of 136.3%.

The Group made a number of acquisitions during the year. The result of these acquisitions has been significant increases in property, plant and equipment including mineral rights from the acquisition of BMBV and of MIBA and MPB and the Chambishi smelter (which was acquired through the acquisition of Enya Holdings BV).

Goodwill arose on the acquisition of Chambishi primarily because of the strong strategic location of the assets within the copper and cobalt belt of Zambia. Chambishi is well placed to take advantage of the potential growth in the copper and cobalt mining activity within the region. The acquisition complements the Group's strategy of expansion in the copper and cobalt business. Goodwill arose from the other acquisitions primarily as a result of the recognition of deferred tax under IFRS.

In addition, the Group also completed the measurement period following the acquisition of the CAMEC group of businesses in 2009. The result of the finalisation of this work 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 of the preliminary announcement. There was no material impact on the income statement for 2009 or 2010 on the completion of this exercise.

A detailed analysis of additions in the year arising from the Group's capital expenditure projects is set out in the Capital Expenditure section of this report.

The Group also acquired a 14.35% interest in Northam Platinum Limited, which is held within other financial assets.

Deferred tax liabilities increased to US$1,176 million (2009 US$455 million) as a result of the acquisitions detailed above and the requirement under IFRS to recognise a deferred tax liability in respect of fair value adjustments.

A summary of the Group's borrowings is set out in note 17 of this announcement with further commentary in the Funding and Liquidity section of this review.

The Group's return on capital employed was 28.3% (2009: 13.8%). The calculation of return on capital employed is set out in note 18 of this announcement.

CASHFLOW

The following table provides a summarised cash flow statement for the years ended 31 December 2010 and 31 December 2009:

In millions of US$	Years ended 31 December **2010**	2009
Net cash generated from operating activities	**2,303**	1,209
Net cash used for investing activities	**(2,368)**	(2,105)
Net cash generated from/(used for) financing activities	**826**	(644)
Net changes in cash and cash equivalents	**761**	(1,540)
Cash and cash equivalents at beginning of year	**830**	2,493
Exchange gain/(loss) on cash and cash equivalents	**4**	(123)
Cash and cash equivalents at end of year	**1,595**	830

Net cash generated from operating activities
The Group generated cash of US$2,303 million (2009: US$1,209 million) from operating activities, an increase of US$1,094 million.

Increased commodity prices and a recovery in demand were the main drivers of the rise in gross profit and increased cash inflows in 2010 versus 2009. Working capital increases totalled US$305 million.

Net cash used for investing activities
Net cash used in investing activities reflected the Group's on going growth strategy. Purchase of property, plant and equipment totalled US$1,245 million. Payments made in respect of the acquisitions of subsidiaries and joint ventures totalled US$764 million. Further detail regarding these acquisitions can be found in note 6 and note 15 to the Preliminary Results announcement.

Net cash flow generated from/(used for) financing activities
The Group generated cash resources of US$826 million from its financing activities during the year ended 31 December 2010. This was primarily; a US$400 million loan borrowed from the Development Bank of Kazakhstan under a 15 year facility agreement; a structured trade finance facility for US$500m based on the iron ore offtake contract with MMK; US$500 million borrowed from JSC Sovereign Wealth Fund 'Samruk-Kazyna' under a 10 year facility agreement; net of repayment of borrowings of US$360 million and cash outflows for dividends of US$238 million.

FUNDING AND LIQUIDITY

During the year the Group continued to diversify its sources of funding and signed a US$3 billion Euro Medium Term Note ('EMTN') programme which is a key element of our funding strategy to ensure that the Group has flexibility to meet the commitments of its significant capital expenditure programmes. This programme will be used to take advantage of opportunistic funding in the capital markets. As at 31 December, there were no issues under the programme.

The Group continued to raise debt in its traditional markets and expanded the range of lenders to include the JSC Sovereign Wealth Fund 'Samruk-Kazyna' and the Development Bank of Kazakhstan.

On 18 March 2011, the Group signed an unsecured senior US$500 million Revolving Credit Facility which will significantly enhance the Group's headroom and provide liquidity to the Group's business operations. Part of the Group's strategy is to forge strong relationships with key banking partners to support the growth of the business.

The average maturity date on outstanding debt facilities is currently greater than five years. Net gearing at year end was 0.4% (2009: (5.5)%). The calculation of gearing can be found in note 18.

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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, Russia and China. 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.

Iron Ore Division

The Iron Ore Division consists of the Sokolov-Sarbai Mining Production Association ('SSGPO') in the Republic of Kazakhstan, as well as Bahia Minerals BV ('BMBV'), Mineração Minas Bahia SA ('MIBA') and a 51% interest in Mineração Peixe Bravo SA ('MPB') in Brazil. SSGPO produces and sells iron ore concentrate and pellets primarily to steel producers. On the basis of 2010 data SSGPO is believed to be a material exporter of iron ore and in the lowest quarter of the cost curve. The Iron Ore Division's operations in Kazakhstan include iron ore mines, crushing, beneficiation and pelletising plants and a thermal power station. BMBV is focused on the development of a high-quality iron ore deposit in the Caetite region in the State of Bahia, while MIBA and MPB are 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 2010 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. The smelter allows the Alumina and Aluminium Division to process its own alumina into aluminium and Phase 2 of the smelter, with a total annual capacity of 250 kt, came online in May 2010.

Energy Division

The Energy Division is one of the largest electricity providers in the Republic of Kazakhstan, accounting for approximately 16.6% of the country's recorded electricity production in 2010 (2009: 17.2%). 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 22.6% in 2010 (2009: 23.5%). The Energy Division provides a cost-effective energy supply to the Group's principal Kazakhstani operating divisions, with internal consumption of 73.9% (2009: 60.8%) of energy produced, 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 DRC, where it mines copper and cobalt and processes the ore through Boss Mining Sprl, 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, include interests in five copper and cobalt exploitation licences situated in the DRC. The Chambishi smelter, acquired in February 2010 and located in Zambia, processes material mined in the DRC. 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.

Logistics Division

The Logistics Division provides transportation and logistics services to the Group's principal Kazakhstani and African operating Divisions, as well as to third parties. The Division's operations include freight forwarding, wagon repair services and railway construction and repair services. 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. The Group's African logistics business, SABOT, operates in Central and Southern Africa and was purchased as part of the CAMEC acquisition. SABOT was transferred into the Logistics Division, from the Other Non-ferrous Division, in H2 2010.

OPERATING AND FINANCIAL REVIEW

Ferroalloys Division

Key Facts		Years ended 31 December 2010	2009	% Change
Third-party Sales Volumes				
High-carbon ferrochrome	‘000t	**1,115**	971	*14.8%*
Medium-carbon ferrochrome	‘000t	**46**	30	*53.3%*
Low-carbon ferrochrome	‘000t	**84**	64	*31.3%*
Ferrosilicochrome	‘000t	**60**	39	*53.8%*
Ferrosilicomanganese	‘000t	**177**	167	*6.0%*
Ferrosilicon	‘000t	**47**	35	*34.3%*
Total Ferroalloys	‘000t	**1,529**	1,306	*17.1%*
Chrome ore	‘000t	**642**	591	*8.6%*
Manganese concentrate	‘000t	**612**	572	*7.0%*
Iron-manganese concentrate	‘000t	**74**	72	*2.8%*
Production Volumes				
Chrome ore	‘000t	**3,574**	3,398	*5.2%*
Manganese ore concentrate	‘000t	**996**	904	*10.2%*
Ferroalloys total	‘000t	**1,855**	1,446	*28.3%*
High-carbon ferrochrome	‘000t	**1,306**	1,073	*21.7%*
Prices				
Ferroalloys	US$/t	**1,713**	1,252	*36.8%*
Chrome ore	US$/t	**321**	214	*50.0%*
Manganese concentrate	US$/t	**197**	142	*38.7%*
Iron-manganese concentrate	US$/t	**43**	27	*59.3%*
Unit Costs(1)				
Ferroalloys	US$/t	**816**	644	*26.7%*
Chrome ore	US$/t	**44**	32	*37.5%*
Manganese concentrate	US$/t	**105**	101	*4.0%*
Iron-manganese concentrate	US$/t	**14**	17	*(17.6)%*

(1) Unit costs: Cost of sales divided by sales volumes.

Analysis of third-party revenue by destination:

	2010	2009
Western Europe	***21.3%***	*20.7%*
Japan	***19.7%***	*12.8%*
China	***19.5%***	*29.3%*
Russia	***18.5%***	*17.3%*
South Korea and the Far East	***8.7%***	*7.7%*
North America	***8.1%***	*7.9%*
Rest of the world	***4.2%***	*4.3%*

Production
In 2010, the Ferroalloys Division produced: 3,574 kt of saleable chrome ore (2009: 3,398 kt); 996 kt of saleable manganese ore concentrate (2009: 904 kt); and 1,855 kt of ferroalloys (2009: 1,446 kt), including 1,306 kt (2009: 1,073 kt) of its primary product, high-carbon ferrochrome. In 2010 272 kt (2009: 226 kt) of ferroalloys were consumed internally. For the year ended 31 December 2010, the Ferroalloys Division had revenue of US$2,996 million (2009: US$1,874 million), which represented 45.4% (2009: 48.9%) of the Group's consolidated revenue.

Sales and Pricing
After a late 2009 slowdown, a result of de-stocking, 2010 saw a strong start as stock holders replenished inventory and global economic optimism improved. In Q1 2010, stainless steel production rose to its highest ever quarterly level of almost 8 million tonnes. This was driven by increased production from emerging economies, notably China and India, whilst developed economies continued to struggle to get back to pre-crisis levels. With increased demand for engineering and alloy steels, in addition to stainless steel, and with scrap availability in Q1 2010 remaining limited due to adverse weather conditions, the supply of ferrochrome tightened. The price outlook during this period was also supported by the South African rand strengthening against the US dollar and the almost 25% increase in electricity costs imposed by Eskom, South Africa's power provider, impacting the country's industrial production cost base.

This then resulted in a 35 cent increase in the benchmark price for Q2 2010 to US$1.36 per pound of chrome, taking chrome prices back above levels last seen in Q1 2008. The market responded to these strong fundamentals with additional production, creating oversupply going into the traditionally quieter period of Q3 2010 as steel producers reduced their own production after a record breaking H1. As a result the benchmark declined to US$1.30 in Q3 2010. The re-emergence of global economic uncertainties, reflecting European sovereign debt concerns and Chinese monetary policy tightening raised questions over the sustainability of the growth in these economies. This caused the price of ferrochrome to remain stable for the remainder of the year accompanying weaker global steel production.

Demand for medium- and low-carbon ferrochrome (refined products) improved progressively during H1 2010 as the outlook in the engineering, alloy and specialty steel sectors improved, with prices increasing by between US$0.10 and US$0.15 per pound against the start of the period. As with the stainless steel sector, the weaker fundamentals in H2 2010 impacted these other sectors as steel production declined and the market was impacted by excess capacity. Chrome ore demand similarly increased, particularly in China, with prices rising strongly on the back of good demand from alloy converters and chemical producers. Demand for both these products remained strong but weakened marginally in line with the H2 2010 slowdown as weaker sentiment in China caused a decline in ferrochrome prices.

Prices for manganese alloys, which are primarily used in the production of carbon steel for the construction and automotive sectors, also improved, with silico-manganese attaining levels in excess of US$1,500 per tonne during Q2 2010. This improvement also led to a progressive upward trend for manganese ore, in terms of both demand and price, as converters bought increased volumes to cover alloy demand from the steel sector. Prices as with the aforementioned products declined in H2 on the back of the weaker market sentiment.

Ferroalloys Division

In millions of US$	Years ended 31 December **2010**	2009	% Change
Revenue	**2,996**	1,874	*59.9%*
Third parties	**2,988**	1,871	*59.7%*
Intersegment	**8**	3	*166.7%*
Cost of sales	**(1,270)**	(934)	*36.0%*
Gross profit	**1,726**	940	*83.6%*
Gross margin %	***57.6%***	*50.2%*	
Distribution costs	**(271)**	(185)	*46.5%*
General and administrative expenses	**(154)**	(141)	*9.2%*
Net other operating (expense)/income	**(8)**	167	*(104.8)%*
Operating profit	**1,293**	781	*65.6%*
Operating profit margin %	***43.2%***	*41.7%*	
Depreciation, amortisation and impairment	**(110)**	(90)	*22.2%*
Devaluation of Kazakhstani tenge	**-**	164	*n/a*
Underlying EBITDA	**1,403**	707	*98.4%*
Underlying EBITDA margin %	***46.8%***	*37.7%*	

Results for the year
The Ferroalloys Division remained the largest contributor to the Group's Underlying EBITDA. The Division contributed US$1,403 million, or 43.9%, of the Group's Underlying EBITDA in 2010 (2009: US$707 million; 48.3%); the increase was US$696 million, or 40.2% of the growth in the Group's Underlying EBITDA.

In 2010 the Division's performance benefitted significantly from a strong recovery in both prices and volumes. All of the Division's products increased sales volumes and prices year-on-year and ferroalloys sales were at their highest level in the Group's history. Total ferroalloys and chrome ore sales volumes increased 17.1% and 8.6% respectively. High-carbon ferrochrome volumes increased 14.8% versus 2009, while other ferrochrome products experienced more substantial growth rates against comparable 2009 levels, of up to 50%. Ferroalloys Division revenue increased US$1,122 million, or 59.9%, of which US$751 million (66.9%) was due to higher commodity prices and US$362 million (32.3%) reflected higher sales volumes. High-carbon ferrochrome sales contributed US$710 million (US$550 million due to higher prices and US$160 million due to higher sales volumes), or 63.3%, of the increase in the Division's revenue. The shift of sales towards Western European and Japanese markets, which were more favourable in terms of prices, and proportionally away from China, also positively impacted revenue.

A US$208 million increase in cost of sales resulted from increased sales volumes and US$106 million from an increase in cash costs per unit. Depreciation and amortisation increased cost of sales by US$20 million. In total, MET of US$172 million (2009: US$113 million) led to a US$59 million, increase in cost of sales. Unit cost of sales for ferroalloys was 26.7% above that of 2009 due to higher MET, which followed from an increase in the chrome ore price due to prices of certain input materials and electricity.

A US$86 million increase in distribution costs was mainly attributable to higher sales volumes and increased railway tariffs, resulting in an increase in transportation costs. In addition, more products were shipped to the Group's traditional and more distant markets of North America, Japan and Western Europe, instead of China.

General and administrative expenses increased US$13 million, largely due to higher staff costs.

Net other operating expense amounted to US$8 million, principally due to foreign exchange losses. For 2009 net other operating income reflected the one-off effect of the Kazakhstani tenge devaluation against the US dollar.

Iron Ore Division

Key Facts		Years ended 31 December 2010	2009	% Change
Third-party Sales Volumes				
Iron ore concentrate	‘000t	**8,583**	8,857	*(3.1)%*
Iron ore pellet	‘000t	**8,031**	6,203	*29.5%*
Production				
Iron ore mined	‘000t	**43,614**	36,604	*19.2%*
Iron ore primary concentrate produced	‘000t	**17,702**	15,197	*16.5%*
Prices				
Iron ore concentrate	US$/t	**98**	64	*53.1%*
Iron ore pellet	US$/t	**125**	79	*58.2%*
Unit Costs(1)				
Iron ore concentrate	US$/t	**29**	24	*20.8%*
Iron ore pellet	US$/t	**39**	34	*14.7%*

(1) Unit costs: Cost of sales divided by sales volumes.

Production
In 2010, the Iron Ore Division mined a record 43,614 kt of iron ore (2009: 36,604 kt). This was processed into 17,702 kt of primary iron ore concentrate (2009: 15,197 kt), of which 8,583 kt (2009: 8,857 kt) was sold with the balance used to produce 8,017 kt (2009: 6,182 kt) of pellet. For the year ended 31 December 2010, the Iron Ore Division had revenue of US$1,876 million (2009: US$1,093 million), which represented 28.4% (2009: 28.5%) of the Group's consolidated revenue.

Sales and Pricing
There were two major developments in the iron ore market in 2010. There was a dramatic recovery in prices, whilst the traditional benchmark system of pricing was replaced by a more spot oriented methodology based on Platts published iron ore prices. During H2 2010, while the Platts system was under development, sales to MMK in Russia, the Group's principal iron ore customer, were made on the basis of a quarterly negotiated price.

An agreement has now been reached with MMK to use a formula based on the Platts published price to govern the long term contract. This formula will be valid from Q2 2011 until the end of 2012.

Sales to China, the Group's other major customer base, were also made on a quarterly negotiated basis. In 2010 sales volumes to China were slightly lower than that for 2009, approximately 5.6 mt (2009: 6.3 mt).

Overall, our product mix also improved, with 48% of iron ore sales being pellet compared to only 41% in 2009.

In the medium term, we expect high prices to be maintained as demand for iron ore continues to grow and new production struggles to keep pace with demand.

Iron Ore Division

Summary income statement

In millions of US$	Years ended 31 December **2010**	2009	% Change
Revenue	**1,876**	1,093	*71.6%*
Third parties	**1,875**	1,093	*71.5%*
Intersegment	**1**	-	*n/a*
Cost of sales	**(591)**	(486)	*21.6%*
Gross profit	**1,285**	607	*111.7%*
Gross margin %	***68.5%***	*55.5%*	
Distribution costs	**(157)**	(151)	*4.0%*
General and administrative expenses	**(71)**	(50)	*42.0%*
Net other operating (expense)/income	**(12)**	47	*(125.5)%*
Operating profit	**1,045**	453	*130.7%*
Operating profit margin %	***55.7%***	41.4%	
Depreciation, amortisation and impairment	**(88)**	(79)	*11.4%*
Devaluation of Kazakhstani tenge	**-**	47	*n/a*
Underlying EBITDA	**1,133**	485	*133.6%*
Underlying EBITDA margin %	***60.4%***	44.4%	

Results for the year
The Iron Ore Division had the highest Underlying EBITDA margin of 60.4% in 2010, an improvement from 44.4% in 2009. The Division contributed US$1,133 million, or 35.5%, to the Group's Underlying EBITDA (2009: US$485 million; 33.2%).

In 2010 the Iron Ore Division experienced record levels of sales volumes and prices. In 2010, volumes were 9.5% higher than 2009 and 15.3% higher than 2008, with prices 58.6% and 9.9% higher respectively. In addition, higher priced iron ore pellet represented 48.3% of the sales mix, a marked improvement from the previous year (2009: 41.2%).

During the year revenue rose US$783 million, or 71.6%. US$659 million of this was attributable to increased sales prices and US$124 million due to higher volumes. Higher priced pellet contributed US$518 million of the Division's revenue growth (US$371 million due to higher prices and US$147 million due to higher sales volumes). The rise in concentrate prices increased the Division's revenue by US$289 million, offset by a US$16 million decrease due to lower sales volumes.

A US$47 million, increase in cost of sales resulted from increased sales volumes and US$48 million, from the increase in cash costs per unit. Depreciation and amortisation increased cost of sales US$10 million. In total, MET of US$93 million (2009: US$43 million) led to a US$50 million increase in cost of sales. The unit cost of sales for iron ore was 20.0% higher than in 2009, due to higher MET, which resulted from higher prices and increased mined volumes as well as enhanced prices of input materials, gas and electricity and higher wage rates.

A US$6 million increase in distribution costs resulted from higher sales volumes and railway tariffs. This increase was partially offset by almost twice as much product being shipped to Russia, which has lower tariffs in comparison with rail transportation to China.

General and administrative expenses rose US$21 million, including an US$11 million increase in staff costs.

Net other operating expense was US$12 million. For 2009 net other operating income reflected the one-off effect of the Kazakhstani tenge devaluation against the US dollar.

The Alumina and Aluminium Division

Key Facts		Years ended 31 December **2010**	2009	% Change
Third-party Sales Volumes				
Alumina	‘000t	**1,188**	1,359	*(12.6)%*
Aluminium	‘000t	**222**	125	*77.6%*
Production				
Bauxite mined	‘000t	**5,310**	5,130	*3.5%*
Alumina produced	‘000t	**1,640**	1,608	*2.0%*
Aluminium produced	‘000t	**227**	127	*78.7%*
Prices				
Alumina	US$/t	**326**	232	*40.5%*
Aluminium	US$/t	**2,178**	1,605	*35.7%*
Unit Costs(1)				
Alumina	US$/t	**236**	197	*19.8%*
Aluminium	US$/t	**1,660**	1,335	*24.3%*

(1) Unit costs: Cost of sales divided by sales volumes.

Production
In 2010, the Alumina and Aluminium Division mined 5,310 kt of bauxite (2009: 5,130 kt) and produced 1,640 kt of alumina (2009: 1,608 kt) and 227 kt (2009: 127 kt) of aluminium. For the twelve months ended 31 December 2010, the Alumina and Aluminium Division had revenue of US$926 million (2009: US$565 million), representing 14.0% (2009: 14.7%) of the Group's consolidated revenue.

Sales and Pricing
London Metal Exchange ('LME') aluminium prices were volatile during the year with a peak of US$2,461 per tonne recorded on 31 December 2010 and a low of US$1,829 per tonne in early June. Consumption of primary aluminium in 2010 was driven by a strong rebound in orders for semi-finished aluminium products in its key markets, mainly transportation, building and construction. In 2010 aluminium premiums, an indicator of the metal's physical availability rose significantly across the world. This was primarily driven by high levels of aluminium inventory being tied up in financing deals and thus unavailable for immediate consumption.

In 2010 the Group shipped 1,176 kt (2009: 1,352 kt) of alumina to United Company RUSAL ('RUSAL') under a long-term supply contract to supply a minimum of 1.2 mtpa. The contract expires at the end of 2016. The pricing under this contract is linked as a percentage of the LME price of primary aluminium. In 2010 RUSAL, the Division's largest single customer, accounted for 42.3% (2009: 55.6%) 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 or 'KAS'). On 1 May 2010, KAS started up its Phase 2 production line, increasing total Aluminium production capacity to 250 ktpa.

The Group shipped 222 kt (2009: 125 kt) of primary aluminium in 2010, of which 50 kt (2009: 31 kt) was delivered to customers located in Russia. Sales of the remainder of the aluminium were by way of a distribution agreement with Glencore International, which represented 39.8% (2009: 26.8%) of the Division's revenue in 2010. The LME spot price serves as the basis for the pricing of all of our aluminium contracts. The Division's average sales price for aluminium in 2010 was US$2,178 per tonne (2009: US$1,605 per tonne).

Alumina and Aluminium Division

Summary income statement

In millions of US$	Years ended 31 December **2010**	2009	% Change
Revenue	**926**	565	*63.9%*
Third parties	**906**	563	*60.9%*
Intersegment	**20**	2	*900.0%*
Cost of sales	**(648)**	(484)	*33.9%*
Gross profit	**278**	81	*243.2%*
Gross margin %	***30.0%***	*14.3%*	
Distribution costs	**(52)**	(36)	*44.4%*
General and administrative expenses	**(45)**	(37)	*21.6%*
Net other operating expense	**(3)**	(3)	*0.0%*
Operating profit/loss	**178**	5	*3460.0%*
Operating profit margin %	***19.2%***	*0.9%*	
Depreciation, amortisation and impairment	**(89)**	(65)	*36.9%*
Devaluation of Kazakhstani tenge	**-**	(8)	*n/a*
Underlying EBITDA	**267**	78	*242.3%*
Underlying EBITDA margin %	***28.8%***	*13.8%*	

Results for the year
The Alumina and Aluminium Division delivered excellent results in 2010. The Division had third-party revenue of US$906 million, 60.9% higher than 2009. The Division contributed US$267 million, or 8.4%, to the Group's Underlying EBITDA (2009: US$78 million; 5.3%).

Third-party revenue increased US$343 million, due to the significant increase in the LME aluminium price, as well as higher sales volumes. Higher prices increased revenue US$227 million whilst additional aluminium sales volumes contributed US$156 million. The latter led to a decline in alumina third-party sales volumes, reducing revenue by US$40 million. Increased aluminium production resulted from the smelter operating at its full capacity commencing in Q2 2010; aluminium sales volumes were 77.6% higher than in 2009.

Higher sales increased the cost of sales US$113 million. Higher unit cash costs increased cost of sales US$26 million, whilst depreciation and amortisation rose US$25 million. Unit cost of sales for alumina was up 19.8%, to US$236 per tonne and for aluminium 24.3% to US$1,660 per tonne, mainly due to higher prices of certain input materials, such as anodes and mazut, as well as increased depreciation.

Distribution costs grew US$16 million, or 44.4%, to US$52 million (2009: US$36 million), mainly reflecting higher sales volumes and, consequently, increased transportation costs.

General and administrative expenses increased US$8 million, or 21.6%, to US$45 million (2009: US$37 million), due to higher wage rates.

Other Non-ferrous Division

Key Facts		Year ended 31 December 2010	From November 2009	% Change
Third-party Sales Volumes				
Saleable copper cathode and sludge	'000t	**19.7**	2.8	*603.6%*
Saleable cobalt contained	'000t	**9.4**	1.2	*683.3%*
Production				
Saleable copper cathode and sludge	'000t	**20.3**	2.8	*625.0%*
Saleable cobalt contained	'000t	**9.6**	1.3	*638.5%*
Prices				
Saleable copper cathode and sludge	US$/t	**6,727**	6,521	*3.2%*
Saleable cobalt contained	US$/t	**31,666**	25,119	*26.1%*
Unit Costs(1)				
Saleable copper cathode and sludge	US$/t	**5,126**	4,600	*11.4%*
Saleable cobalt contained	US$/t	**23,336**	20,587	*13.4%*

(1) Unit costs: Cost of sales divided by sales volumes.

Overview
ENRC acquired Central African Mining and Exploration Company Plc ('CAMEC') on 9 November 2009, the first in a number of steps aimed at establishing and building a presence as a major copper and cobalt producer. This was followed by the acquisition of Chambishi Metals ('Chambishi'), located in Zambia in April 2010; the acquisition of the remaining 50% of Societe Miniere de Kabolela et de Kipese Sprl ('SMKK') in June 2010; Congo Cobalt Corporation Sprl ('CCC'), a DRC based mining contracting company, effective 1 July 2010; and, lastly, the formation of the Camrose joint venture, through the acquisition of a 50.5% interest in Camrose Resources Limited, in August 2010.

Integration commenced focusing on exploration, resource delineation, mine planning, operational efficiency, processing methodologies and recoveries.

Exploration
During 2010, an extensive drilling programme was undertaken, totalling 103,200 metres with assaying, to confirm and increase the confidence levels of the previously delineated historic and inferred resources of Boss Mining ('Boss') and SMKK. The results of this programme are being compiled and will be completed in Q1 2011 to form the basis for the Proven and Probable mining reserve statements. Drilling on Camrose's Comide Property at Mashitu and Safwe North deposits commenced in November 2010, with the intent of increasing the confidence levels in the two deposits in preparation for an accelerated mining and processing plan. Two drills are currently operating on this property. This concession is being explored to provide additional oxide copper material for the Luita processing facility.

Mining
A more formal mine planning system was implemented aimed at optimizing the metal extraction and introducing good mining practices over the life of mine. Mining of the Disele South pit was terminated during the year as it reached the end of its economic life. This was replaced with ore mined from SMKK's Kabolela North deposit, which commenced in September. A total of 2.5 mt of ore was mined during the year from Mukondo, Disele and Kabolela North, with an average stripping ratio of 13.6:1 (Waste to Ore).

Production: Copper
The review of operational efficiencies and increased focus on heap leach resulted in an increase in production to effective full capacity in the DRC. Record production of 20.3 kt copper was achieved, compared to the 2.8 kt from date of acquisition to 31 December 2009, with overall recovery at 58.8%. This represented a 105.1% increase in production volumes over the 2009 calendar year (being 9.9 kt for the equivalent 12-month period, including the period prior to acquisition by ENRC).

Production: Cobalt
Production of cobalt contained grew throughout the first three quarters, peaking in October 2010. A total of 9.6 kt cobalt contained was produced during the year. Boss produced 8.3 kt of cobalt concentrate, compared to 6.7 kt in the 2009 calendar year (1.2 kt of which were included in ENRC's results).

The leaching, purification and electro winning process at Chambishi was restarted and ramped up to achieve record monthly production of 437 t cobalt metal in October. Total production at Chambishi amounted to 3.3 kt of cobalt metal.

Sales and Pricing: Copper
The copper price was extremely volatile during 2010 as the market grappled with a number of economic concerns. During 2010 the LME cash-sellers price ranged from US$6,091 to US$9,740 per tonne, setting a new record high at the year end.

Contracts are negotiated annually or on a quarterly basis, fixing a premium or discount alongside the period of which a reference exchange price (such as the LME) is used. The LME warehouses hold the largest available source of copper stock. During 2010 this stock trended downwards, reducing by over one third until the last two months of the year when it increased slightly as record prices increased physical deliveries.

Sales and Pricing: Cobalt
In the past prices and volumes for cobalt concentrate were negotiated on an annual basis, however, more recently it became advantageous to negotiate terms over shorter periods or on a spot basis. Agreements are predominantly based on a formula linked to Metal Bulletin's cobalt metal quotations and in most cases the seller is also paid for copper content.

The cobalt metal price stood at US$19.75 per pound at the start of January 2010, with the price rising through January. It reached its highest level of the year, US$21.75 per pound, in late January. This was largely supported by speculative buying from China in advance of the introduction of cobalt metal on the LME pricing platform. After reaching its peak in January, the cobalt metal price declined through to the end of March to US$17.25 per pound. The cobalt price experienced a subsequent period of volatility over the next five months, eventually settling at a price of US$16.25 per pound in mid-August. There was a rally in the cobalt market in Q3 2010 and the price rose to US$19.25 per pound in late September. There was a subsequent correction in the price as it fell back to US$16.25 per pound by the year end. The average Metal Bulletin 2010 cobalt price was US$17.93 per pound.

Mozambique Coal
An exploration programme on the company's coal licences on the North Shore of Cahora Bassa commenced during the year. A new camp was established with the associated building of facilities required to service such a remote site. Progress was made in mapping and surveying the licenses. Drilling commenced but was affected by delays in commissioning the contractors as well as inclement weather. As a direct result of this drilling activity our in-house inferred resource estimate (non-JORC compliant) was increased by 1.35 billion tonnes.

A feasibility study has been commissioned on Licence 871. This licence has a JORC compliant resource of 1.03 billion tonnes. The feasibility study is targeted to be completed during 2011.

Other Non-ferrous Division

Summary income statement

In millions of US$	Year ended 31 December **2010**	From November 2009 Restated
Revenue	**412**	41
Third parties	**412**	41
Inter-segment	**-**	-
Cost of sales	**(317)**	(28)
Gross profit	**95**	13
Gross margin	***23.1%***	*31.7%*
Distribution costs	**(15)**	(2)
General and administrative expenses	**(68)**	(8)
Net other operating expense	**(5)**	(3)
Operating profit	**7**	**-**
Operating profit margin %	***1.7%***	-
Depreciation, amortisation and impairment	**(53)**	(5)
Underlying EBITDA	**60**	5
Underlying EBITDA margin	***14.6%***	*12.2%*

The Other Non-ferrous Division existed with effect from November 2009 following the completion of the acquisition of CAMEC Plc and was included for only 2 months of 2009.

Results for 2009 have been restated to reflect the transfer of the SABOT business to the Logistics Division as detailed in note 4, which was effected in H2 2010.

Results for the year

The Other Non-ferrous Division contributed US$60 million, or 1.9%, to the Group's Underlying EBITDA. In 2010, the primary revenue and Underlying EBITDA generating businesses of the Division were the copper and cobalt operations in the DRC and Zambia.

Higher cobalt and copper sales volumes contributed respectively US$245 million and US$114 million to the Division's revenue. The results were impacted by the favourable pricing of both cobalt and copper.

Cost of sales was adversely impacted by the US$25 million amortisation of acquired mineral rights. Unit costs of cobalt and copper have and are expected to continue to improve through the increase in production achieving economies of scale, cost synergies achieved by integrating the acquired businesses as well as improving operational efficiencies.

The Division's exploration costs, which are part of general and administrative expenses, totalled US$16 million for 2010. The exploration programme focused on the Division's coal, platinum and fluorite deposits as well as greenfield cobalt and copper areas of interest.

Energy Division

Key Facts		Years ended 31 December 2010	2009	% Change
Third-party Sales Volumes				
Third-party coal	‘000t	**6,964**	7,280	*(4.3)%*
Third-party electrical energy	GWh	**2,565**	4,309	*(40.5)%*
Consumption				
Coal consumed in the production of electricty	‘000t	**8,630**	8,338	*3.5%*
Electricity produced and consumed for own use	GWh	**1,023**	980	*4.4%*
Production				
Coal	‘000t	**20,102**	20,059	*0.2%*
Electricity	GWh	**13,711**	13,478	*1.7%*
Prices				
Coal	US$/t	**17**	15	*13.3%*
Electricity	US$/MWh	**32**	20	*60.0%*
Unit Costs[(1)]				
Coal	US$/t	**4.5**	3.5	*28.6%*
Electricity	US$/MWh	**10.4**	9.0	*15.6%*

(1) Unit costs: Cost of sales divided by sales volumes.

Production
In 2010 the Energy Division produced 13,711 GWh (2009: 13,478 GWh), of which 73.9% (2009: 60.8%) was used internally within the Group. The share of internal consumption increased, due to the start up of Phase 2 of the aluminium smelter and significantly increased demand from the Ferroalloys and Iron Ore Divisions. Coal production was broadly flat at 20,102 kt (2009: 20,059 kt). In addition to sales of surplus electricity, the Energy Division also sold 6,964 kt of coal to third parties (2009: 7,280 kt), which represented 34.6% of total coal mined (2009: 36.3%), reflecting reduced demand due to lower economic activity.

Sales and Pricing - Coal
Strong demand from the industrial and power sectors impacted coal output in the Republic of Kazakhstan, which increased 12% in 2010. The Energy Division's total sales of coal to third parties nevertheless fell 4.3% in 2010, due to growth in the Group's internal consumption. In the Republic of Kazakhstan, ENRC sold 3.0 million tonnes of coal to third parties (2009: 3.0 million tonnes) at an average sales price of KZT934 (US$6.34) per tonne (2009: KZT850 (US$5.76) per tonne), an increase of 9.9% in local currency terms. Russian utilities increased their 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. However, the Energy Division sold 3.9 million tonnes of coal to Russia (2009: 4.3 million tonnes), reflecting its own increased consumption.

Sales and Pricing – Electricity
Improvements in economic conditions and industrial demand saw electricity demand recover in 2010. Total electricity consumption in Kazakhstan grew 7.4% to 83.8 billion kWh; electricity generation increased 4.9% to 82.3 billion kWh. Energy Division sales of electricity to third parties fell 40.5% in 2010 due to increased internal consumption by the Group. The average sales price to third parties in local currency increased 58.5% to KZT4.67 (US 3.17 cents) per kWh (2009: KZT2.95 (US 2.00 cents) per kWh. The Government of Kazakhstan has imposed caps on annual price increases for domestic sales until 2015.

Energy Division

Summary income statement

In millions of US$	Years ended 31 December 2010	2009	% Change
Revenue	**542**	402	*34.8%*
Third parties	**200**	196	*2.0%*
Intersegment	**342**	206	*66.0%*
Cost of sales	**(191)**	(152)	*25.7%*
Gross profit	**351**	250	*40.4%*
Gross margin %	***64.8%***	*62.2%*	
Distribution costs	**(58)**	(52)	*11.5%*
General and administrative expenses	**(32)**	(20)	*60.0%*
Net other operating income	**1**	1	*n/a*
Operating profit	**262**	179	*46.4%*
Operating profit margin %	***48.3%***	*44.5%*	
Depreciation, amortisation and impairment	**(46)**	(41)	*12.2%*
Devaluation of Kazakhstani tenge	**-**	7	*n/a*
Underlying EBITDA	**308**	213	*44.6%*
Underlying EBITDA margin %	***56.8%***	*53.0%*	

Results for the year
The results of the Energy Division were significantly impacted by higher sales prices, especially for electricity, which were in line with the State regulated annual price cap increases in the Republic of Kazakhstan. The Division contributed US$308 million, or 9.6%, to Group's Underlying EBITDA (2009: US$213 million; 14.6%).

The Energy Division's third party revenue increased US$4 million, or 2.0%, to US$200 million (2009: US$196 million). Higher prices increased total revenue by US$46 million, whilst lower electricity sales volumes reduced revenue by US$42 million. The Division's sales to other Group entities increased US$136 million, or 66.0%, to US$342 million (2009: US$206 million), resulting from the ramp up in production in other Divisions, including the launch of Phase 2 of the aluminium smelter.

Cost of sales increased US$39 million, or 25.7%, to US$191 million (2009: US$152 million) mainly due to a rise in materials costs and an increase resulting from higher taxes, as well as higher ecological payments, health and safety expenses and training costs.

Distribution costs increased US$6 million, or 11.5%, to US$58 million (2009: US$52 million), due to increased transportation costs.

General and administrative expenses increased US$12 million, or 60.0%, to US$32 million (2009: US$20 million), principally due to additional sponsorship during the year.

Logistics Division

Key Facts		Years ended 31 December 2010	2009	% Change
Sales Volumes				
Third-party freight forwarding	‘000t	**6,460**	5,950	*8.6%*
Railway line repairs	km	**359**	198	*81.3%*
Prices				
Freight forwarding	US$/t	**0.73**	0.84	*(13.1)%*
Railway line repairs	‘000US$/km	**195**	176	*10.8%*
Unit Costs(1)				
Freight forwarding	‘000US$/km	**0.32**	0.26	*23.1%*
Railway line repairs	‘000US$/km	**175**	161	*8.7%*

(1)Unit costs: Cost of sales divided by sales volumes.

Sales and pricing

For the year ended 31 December 2010, the Logistics Division transported 61,104 kt of goods (2009: 58,181 kt), of which 89.4% (2009: 89.8%) was intra-Group. Increased transportation volumes for the year reflected a recovery in production in the key commodities; iron ore, chrome ore and ferroalloys.

Logistics Division

Summary income statement

In millions of US$	Years ended 31 December **2010**	2009 Restated	% Change
Revenue	**352**	171	*105.8%*
Third parties	**218**	67	*225.4%*
Intersegment	**134**	104	*28.8%*
Cost of sales	**(260)**	(120)	*116.7%*
Gross profit	**92**	51	*80.4%*
Gross margin %	***26.1%***	29.8%	
General and administrative expenses	**(35)**	(25)	*40.0%*
Net other operating expense	**(3)**	(2)	*50.0%*
Operating profit	**54**	24	*125.0%*
Operating profit margin %	***15.3%***	14.0%	
Depreciation, amortisation and impairment	**(21)**	(16)	*31.3%*
Devaluation of Kazakhstani tenge	**-**	-	
Underlying EBITDA	**75**	40	*87.5%*
Underlying EBITDA margin %	***21.3%***	23.4%	

Results for the year
The results for 2009 have been restated to reflect the transfer of the SABOT business to Logistics as detailed in note 4.

The results of the Logistics Division reflected higher sales volumes. The Division contributed US$75 million, or 2.3%, to the Group's Underlying EBITDA (2009: US$40 million, 2.7%). The inclusion of the Zimbabwean-based transportation business, SABOT, which supports copper and cobalt sales, added US$6 million to the Division's EBITDA.

The Division's third-party revenue increased US$151 million, or 225.4%, to US$218 million (2009: US$67 million). This was primarily due to US$66 million of revenue from participation as a contractor in the China Gateway project; US$40 million of additional revenue from increased repairs of railway track and US$71 million of revenue from inclusion of SABOT.

Sales to other Group Divisions increased US$30 million, or 28.8%, to US$134 million (2009: US$104 million).

Cost of sales increased US$140 million, or 116.7%, to US$260 million (2009: US$120 million) driven by the same factors which led to the increase in third-party revenue.

CAPITAL EXPENDITURE

In 2010, the Group's capital expenditure amounted to US$1,187 million (2009: US$1,147 million), excluding changes in capitalised asset retirement cost estimates and borrowing costs. For the full year 2010, total capital expenditure was lower than planned US$1.5 billion. This reduction reflected a revision of the expansion strategy in the Other Non-ferrous Division and project updates in the Ferroalloy, Iron Ore and Alumina and Aluminium Divisions.

Capital expenditure is designated as either 'expansionary' or 'sustaining'.

'Expansionary' capital expenditure refers to investments made to drive future growth through increasing production capacities, and may include the construction or purchase of property, plant and equipment or the upgrade or expansion of existing facilities.

'Sustaining' capital expenditure refers to investments designed to keep existing operations running at their current levels and may include major cyclical capital repairs or the replacement of existing property, plant and equipment.

The table below shows the Group's capital expenditure in 2010:

Capital Expenditure

	Years ended 31 December	
In millions of US$	**2010**	2009
Expansionary	**830**	833
Sustaining	**357**	314
Total	**1,187**	1,147

The Group's major projects are detailed in the tables on the following page. The Group anticipates that securing the necessary financing is a requirement for delivering its capital expenditure programme.

The Group reclassified its projects under four categories, with its 'In Progress' projects split between 'Execution' and 'Planning and Design'.

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

Capital Expenditure Projects

In millions of US$	Current estimated cost	Division	Planned date of commissioning[1]
Execution stage			
Expansion/replacement of ferroalloy smelting capacity (Aktobe)[2] - 440 ktpa	750	Ferroalloys	2013
Mine expansion	720	Iron Ore	2015
Anode production plant	240	Alumina and Aluminium	2012
Alumina production expansion - up to 1.7 mtpa	305	Alumina and Aluminium	2011
Construction of power unit 2 - 325 MW	250	Energy	2011
Reconstruction of power unit 6 – 325 MW	265	Energy	2013
Expansion of copper (oxide) production[3]	280	Other Non-ferrous	2013
Oxide cobalt SX/EW plant	30	Other Non-ferrous	2011
Chambishi copper plant (LME grade A)	80	Other Non-ferrous	2012
Exploration	50	Other Non-ferrous	2011
Purchase of open-top wagon	140	Logistics	2011
Purchase of railway containers and platform cars	90	Logistics	2011
Planning & Design stage			
Concentrator expansion - 7 mtpa high grade concentrate	440	Iron Ore	2014
Pelletiser - 3 mtpa	270	Iron Ore	2014
HBI Plant - 1.8 mtpa	650	Iron Ore	2014
Pedra de Ferro (‘BML’)	2,100	Iron Ore	2013
Expansion of copper (sulphide) production	370	Other Non-ferrous	2013
Pre-feasibility stage			
Construction of 2 x 600 MW power units	1,260	Energy	TBD
Mine expansion - 5 mtpa coal	230	Energy	TBD
Mineração Minas Bahia (‘MIBA’)	2,600	Iron Ore	TBD
Mineração Peixe Bravo SA (‘MPB’)	TBD	Iron Ore	TBD
Deferred projects			
Expansion of ferroalloys smelting capacity (Aksu) - 460 ktpa	540	Ferroalloys	TBD

(1) Completion of construction.
(2) Approximately 270 ktpa of ferroalloy smelting capacity may be retired after the new capacity is operational.
(3) Previously, this project and the following one were shown as one project at US$190 million estimated cost.

The Group’s capital expenditure programme totals US$11.1 billion, comprised of expansionary projects which are in ‘Execution’, ‘Planning and Design’ and ‘Pre-feasibility’ stages and allocated by Divisions as follows:

Capital Expenditure Programme

In millions of US$	Current estimated cost
Ferroalloys	750
Iron Ore	6,780
Alumina and Aluminium	545
Other Non-ferrous	810
Energy	2,005
Logistics	230
Total	**11,120**

The major contributors to the increase in the Group’s capital expenditure programme as compared to the 2010 are greenfield projects in Africa and Brazil.

For the full year 2011, total capital expenditure is expected to be approximately US$2.5 billion, including expansionary capital expenditure of around US$1.9 billion and sustaining capital expenditure of around US$0.6 billion.

Ferroalloys

The investment programme of the Ferroalloys Division includes the construction of four new Direct Current (‘DC’) furnaces at the Aktobe plant with 440 ktpa of capacity. The feasibility study for the project was completed some time ago and the plant is currently under construction, whilst the Environmental Impact Assessment Programme that was developed received favourable review from the Ministry of Environment of the Republic of Kazakhstan. Supply agreements for capital equipment and machinery, as well as engineering, procurement and construction contracts have been signed. The total project cost is approximately US$750 million, with completion planned for 2013.

Iron Ore

After favourable feasibility studies and the overall improved conditions in the steel industry, the Iron Ore Division is working on the following projects:

- Expansion of the ore base including the enlargement and reconstruction of deposits at Kachar and Rudny sites as well as the development of a new deposit at Sorsk. The commissioning date has been postponed to 2015 to reflect recent updates of the mining expansion strategy. The estimated expenditure for the mine expansion is US$720 million.
- The construction of a high quality concentrate plant with total capacity of 7 mtpa by 2014 at an estimated total cost US$440 million. High quality concentrate will be used as raw material for production of high quality pellet and for direct sales to customers. In 2010, preparation works took place and project documentation has been submitted to the Government authority. We are awaiting permission for the first stage of construction works.
- The construction of a 3 mtpa high quality pelletiser plant and an HBI plant with a capacity of 1.8 mtpa by 2014. The total project cost is estimated to be US$920 million.

These projects will allow the Division to expand its product base, offering three new products - high quality concentrate, high quality pellet and HBI - increasing total saleable output to approximately 23 mtpa by 2015.

In addition, at the end of 2010 the Iron Ore Division was expanded by inclusion of Bahia Mineração’s (‘BAMIN’) which operates the Pedra de Ferro Project (‘the BML Project’), at a current estimated total capital expenditure programme of about US$2.1 billion.

In 2010 the project was at the planning stage, awaiting the environmental licenses required to commence construction. BAMIN has already obtained the Installation License for the Mine from IMA, giving the company permission to start the construction of the iron ore mine and beneficiation plant at Caetité, with potential annual capacity of 19.5 mt of concentrate. BAMIN is awaiting the issue of the Preliminary License regarding the Port Terminal by IBAMA, which if granted, will approve the location and design of the project. Operations are expected to start in 2013.

Alumina and Aluminium Division
The main projects for the Division are:

- The construction of a 136 ktpa anode plant, which is in execution and due for completion in 2012, at a total estimated cost US$240 million. The plant's planned capacity was reduced from 150 ktpa and the completion date was delayed from 2011 due to updates in the engineering data. This plant will allow the Group to be independent of third-party suppliers and will provide sufficient anodes for the increased Phase 2 aluminium production capacity.
- Expansion of alumina production to 1.7 mtpa to support the expanded aluminium production capacity of the Group. This investment will allow the Division to maintain existing sales to customers and provide sufficient alumina for internal consumption.

Other Non-ferrous Division
The US$810 million capital expenditure programme of the Division has been revised and updated from previous estimates and consists principally of a number of expansion projects that are planned over the next five years to significantly increase capacity. The following projects were approved:

- Expansion of copper (oxide) production. Phases 1 and 2 of the expansion project to increase leaching and electro-winning capacity of the Luita plant to 50 ktpa of copper has commenced. The total current project cost is estimated at US$280 million. The project cost increased some US$130 million against the previously estimated cost reflecting a tank leach upgrade and inclusion of an acid plant construction at Luita. A further phase to increase capacity up to 70 ktpa is currently at the planning and design stage.
- Oxide cobalt SX/EW plant. Construction of the cobalt solvent extraction and electro-winning (SX/EW) plant was completed and Phase 1 has been commissioned. Phase 2 is scheduled to be commissioned during the Q2 2011. The cobalt SX/EW plant has a planned capacity of 3 ktpa of cobalt metal and 4.4 ktpa of copper grade A cathode equivalent derived as a by-product. The total estimated cost of the project decreased US$7 million to US$30 million mainly due to change of the initial expansion strategy.
- Expansion of copper (sulphide) production. A 90 ktpa contained copper sulphide/oxide concentrate plant (60 ktpa sulphide and 30 ktpa oxide) was estimated at a cost of US$370 million, which is higher than the previous estimate due to construction of a new concentrator at Kakanda, which will start in Q2 2011.
- Chambishi copper SX/EW plant. Construction of a new SX/EW plant at Chambishi commenced at a total projected cost of US$80 million, a slight decrease from the previously announced US$85 million. It is scheduled to be completed in 2012 increasing capacity to 55 ktpa and raising the metal grade to grade A equivalent.
- Estimated exploration cost of US$50 million, related to the exploration programme at Boss Mining. The decrease from the previous reported US$115 million was due to the reclassification of total exploration cost between expensed and capitalised. Expenditure in respect of greenfield sites is expensed until the completion of a feasibility study, after which time expenditure is capitalised. Brownfield exploration costs are capitalised.

Energy Division
The main projects for the Division are:

- Construction of a new power unit 2 at Aksu, with an investment of approximately US$250 million. An increase in the project cost of US$20 million reflects updates in detailed engineering data. The main construction works took place during the year with planned completion in early 2011;
- Reconstruction of power unit 6 at Aksu, upgrading its capacity to 325 MW, at an estimated cost of US$265 million, is planned to be completed at the beginning of 2013. An increase in the project cost of some US$35 million, reflects updates in the engineering data. It is intended to achieve savings on fuel consumption, whilst environmental emissions will be reduced by the implementation of up-to-date filters; and
- Construction of two 600 MW power units and a 5 mtpa coal mine expansion are Under Review.

Logistics Division
In 2010, 150 open-top wagons, 285 containers and 3 platforms were acquired and received, while further 450 open-top wagons ordered in 2010 are expected to be delivered in Q1 2011.

In 2011, to fulfill the requirements of the railway fleet, the Division is planning to purchase an additional 2,600 open-top wagons, 1,000 railway containers, and 600 platform wagons.

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CONSOLIDATED INCOME STATEMENT (Unaudited)

In millions of US$ (unless stated otherwise)	Note	Years ended 31 December **2010**	2009
Revenue		**6,605**	3,831
Cost of sales	7	**(2,847)**	(1,947)
Gross profit		**3,758**	1,884
Distribution costs	8	**(485)**	(366)
General and administrative expenses	9	**(555)**	(359)
Net other operating (expense)/income		**(8)**	215
Operating profit		**2,710**	1,374
Finance income	10	**57**	191
Finance cost	11	**(101)**	(157)
Gain arising related to acquisition of joint venture	6	**298**	-
Share of profit of joint ventures and associates		**13**	31
Profit before income tax		**2,977**	1,439
Income tax expense	12	**(780)**	(377)
Profit for the year		**2,197**	1,062
Profit attributable to:			
Equity holders of the Company		**2,185**	1,045
Non-controlling interests		**12**	17
Earnings per share – basic and diluted (US cents)	13	**170**	81

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

In millions of US$	Years ended 31 December **2010**	2009
Profit for the year	**2,197**	1,062
Other comprehensive income:		
Fair value gain on available-for-sale financial assets, net of tax	**9**	6
Cash flow hedges, net of tax	**-**	21
Currency translation differences	**95**	(1,241)
Total comprehensive income/(expense) for the year	**2,301**	(152)
Total comprehensive income/(expense) attributable to:		
Equity holders of the Company	**2,289**	(147)
Non-controlling interests	**12**	(5)
	2,301	(152)

CONSOLIDATED BALANCE SHEET (Unaudited)

In millions of US$	Note	As at 31 December 2010	2009 Restated
Assets			
Non-current assets			
Property, plant and equipment	14	**8,186**	5,480
Goodwill and intangible assets		**1,368**	579
Investments in joint ventures and associates	15	**393**	615
Other financial assets	16	**390**	65
Loans receivable		**98**	158
Deferred tax assets		**41**	43
Other non-current assets		**275**	187
Total non-current assets		**10,751**	7,127
Current assets			
Assets classified as held for sale		**101**	6
Inventories		**862**	607
Trade and other receivables		**968**	959
Other financial assets		**23**	50
Loans receivable		**18**	37
Cash and cash equivalents		**1,595**	830
Total current assets		**3,567**	2,489
Total assets		**14,318**	9,616
Equity			
Share capital and share premium		**3,257**	3,257
Reserves		**6,515**	4,456
Attributable to equity holders of the Company		**9,772**	7,713
Non-controlling interests		**261**	266
Total equity		**10,033**	7,979
Liabilities			
Non-current liabilities			
Borrowings	17	**1,406**	68
Deferred tax liabilities		**1,176**	455
Asset retirement obligations		**92**	108
Employee benefit obligations		**41**	46
Other non-current liabilities		**57**	4
Total non-current liabilities		**2,772**	681
Current liabilities			
Liabilities classified as held for sale		**46**	-
Borrowings	17	**226**	360
Trade and other payables		**939**	432
Current income tax liability		**193**	74
Other taxes payable		**109**	90
Total current liabilities		**1,513**	956
Total liabilities		**4,285**	1,637
Total liabilities and equity		**14,318**	9,616

CONSOLIDATED CASH FLOW STATEMENT (Unaudited)

In millions of US$	Note	Years ended 31 December 2010	2009
Cash flow from operating activities			
Profit before income tax for the year		**2,977**	1,439
Adjustments for:			
Depreciation, amortisation and impairment		**411**	298
Loss on disposal of property, plant and equipment		**1**	2
Gain arising related to acquisition of joint venture		**(298)**	-
Share of profit from joint ventures and associates	15	**(13)**	(31)
Share based payments		**8**	10
Net finance cost		**45**	3
Net foreign exchange loss/(gain)		**13**	(78)
		3,144	1,643
Changes in inventories		**(233)**	53
Changes in trade and other receivables		**(114)**	(7)
Changes in trade and other payables		**42**	(122)
Changes in asset retirement obligations		**(9)**	3
Changes in employee benefit obligations		**(10)**	12
Changes in other taxes payable		**24**	47
Cash generated from operating activities		**2,844**	1,629
Interest paid		**(27)**	(8)
Interest received		**38**	52
Income tax paid		**(552)**	(464)
Net cash generated from operating activities		**2,303**	1,209
Cash flow from investing activities			
Purchase of property, plant and equipment		**(1,245)**	(912)
Proceeds from sales of property, plant and equipment		**38**	17
Purchase of intangible assets		**(12)**	(4)
Acquisition of subsidiaries, net of cash acquired	6	**(701)**	(936)
Purchase of joint ventures and associates	15	**(63)**	(198)
Purchase of non-controlling interests		**(9)**	(10)
Purchase of financial assets available-for-sale		**(353)**	(35)
Purchase of financial assets held to maturity		**-**	(46)
Sale of financial assets held to maturity		**50**	-
Sale of financial assets at fair value through profit or loss		**-**	62
Cash deposited as guarantee		**-**	(11)
Loans and deposits granted to related parties		**(143)**	(138)
Loans and deposits granted		**(69)**	(65)
Proceeds from repayment of loans and deposits by related parties		**95**	3
Proceeds from repayment of loans and deposits		**37**	168
Dividends received		**7**	-
Net cash used for investing activities		**(2,368)**	(2,105)
Cash flow from financing activities			
Borrowings - proceeds		**542**	41
Borrowings - repayments		**(360)**	(351)
Borrowings related party - proceeds		**892**	-
Dividends paid to equity holders of the Company		**(238)**	(322)
Dividends paid to non-controlling interests		**(10)**	(12)
Net cash generated from/(used for) financing activities		**826**	(644)
Net changes in cash and cash equivalents		**761**	(1,540)
Cash and cash equivalents at beginning of year		**830**	2,493
Foreign exchange gain/(loss) on cash and cash equivalents		**4**	(123)
Cash and cash equivalents at end of year	`	**1,595**	830

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

In millions of US$	Share capital	Share premium	Retained earnings	Translation reserve[1]	Hedge 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 2009	**258**	**2,999**	**4,587**	**357**	**(21)**	**(8)**	**8,172**	126	**8,298**
Profit for the year	-	-	1,045	-	-	-	1,045	17	1,062
Other comprehensive expense	-	-	-	(1,219)	21	6	(1,192)	(22)	(1,214)
Total comprehensive expense	**-**	**-**	**1,045**	**(1,219)**	**21**	**6**	**(147)**	**(5)**	**(152)**
Dividends	-	-	(322)	-	-	-	(322)	(16)	(338)
Share-based payments	-	-	10	-	-	-	10	-	10
Other changes in non-controlling interests[2]	-	-	-	-	-	-	-	186	186
Balance as at 31 December 2009 as previously reported	**258**	**2,999**	**5,320**	**(862)**	**-**	**(2)**	**7,713**	**291**	**8,004**
Restatement (note 6)	-	-	-	-	-	-	-	(25)	(25)
Balance as at 31 December 2009 as restated	**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	-	-	-	95	-	9	104	-	104
Total comprehensive income	**-**	**-**	**2,185**	**95**	**-**	**9**	**2,289**	**12**	**2,301**
Dividends	-	-	(238)	-	-	-	(238)	(9)	(247)
Share-based payments	-	-	8	-	-	-	8	-	8
Other changes in non-controlling interests[2]	-	-	-	-	-	-	-	(8)	(8)
Balance as at 31 December 2010	**258**	**2,999**	**7,275**	**(767)**	-	**7**	**9,772**	261	**10,033**

[1] The significant decrease in the translation reserve in 2009 is a result of the devaluation of the Kazakhstani tenge against the US dollar in 2009.
[2] Includes the buy out of non-controlling interests in Serov in 2009 and in CAMEC in 2010. Also includes the recognition of non-controlling interests arising on the acquisition of CAMEC in 2009, and Enya and MPB in 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

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 2010 comprised the Company and its subsidiaries (the ‘Group’) and the Group’s interest in joint ventures and associates.

The preliminary financial information for the year ended 31 December 2010 and 31 December 2009 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 2010. 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 2009 were approved by the Board of Directors on 12 April 2010 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 consolidated financial statements to further improve the comparability of its results, comparative figures have been changed accordingly. This occurred in respect of the segment reporting as detailed in note 4 and property, plant and equipment as detailed in note 14. The Group have also completed the measurement period in respect of the acquisition of Central African Mining & Exploration Plc (‘CAMEC’) which has resulted in the restatement of the balance sheet at 31 December 2009 as detailed in note 6.

2. ACCOUNTING POLICIES

Except as described below, the accounting policies applied are consistent with those described in the annual financial statements for the year ended 31 December 2009.

The Group has adopted the following new standards, amendments to standards or interpretations, which are mandatory and relevant to the Group for the first time for the financial year beginning 1 January 2010:

Accounting for business combinations
The Group has adopted IFRS 3 (revised), ‘Business combinations’, and consequential amendments to IAS 27, ‘Consolidated and separate financial statements’, IAS 28, ‘Investments in associates’, and IAS 31, ‘Interests in joint ventures’, which are effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 July 2009.

The revised standard continues to apply the acquisition method to business combinations but with some significant changes compared with IFRS 3. In accordance with the revised standard, the Group elects on a transaction-by-transaction basis, to measure non-controlling interests (previously minority interests) at the value of their proportion of identifiable assets and liabilities or at full fair value. The first approach results in measurement of goodwill little different from previous IFRS 3; the second approach records goodwill on the non-controlling interest as well as on the acquired controlling interest. ‘Negative goodwill’ or ‘bargain purchase gain’ is recognised immediately in profit and loss.

2. ACCOUNTING POLICIES (CONTINUED)

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in conjunction with a business combination, are expensed as incurred.

In accordance with the amendments to IAS 27, the effects of all transactions with non-controlling interests are recorded in equity if there is no change in control, and these transactions no longer result in goodwill or gains and losses. When control is lost, any remaining interest in the entity is re-measured to fair value, and a gain or loss is recognised in the income statement. Also, total comprehensive income is attributed to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

Other New Pronouncements

The new standards, amendments to standards and interpretations below do not have significant impact on the Group's financial position or performance.

IFRS 2 (Amendment)	IFRS 2 'Share-based Payments' - group cash-settled share based payment transactions
IAS 39 (Amendment)	IAS 39 'Financial instruments: Recognition and Measurement' - eligible hedged items (effective with retrospective application)
IAS 39 and IFRIC 9 (Amendment)	IAS 39 'Financial instruments: Recognition and Measurement' - embedded derivatives
IFRIC 17	IFRIC 17 - 'Distribution of Non-cash Assets to Owners'
IFRIC 19	IFRIC 19 'Extinguishing Financial Liabilities with Equity Instruments'

In addition, the Group has also adopted various Improvements to International Financial Reporting Standards (issued in April 2009; amendments to IAS 38, International Financial Reporting Interpretations Committee (IFRIC) 9 and IFRIC 1 which are effective for annual periods beginning on or after 1 July 2009; amendments to IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17 and IAS 36, which are effective for annual periods beginning on or after 1 January 2010).

3. ESTIMATES

The preparation of this consolidated financial information for the year ended 31 December 2010 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated financial information for the year ended 31 December 2010, 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 consolidated financial statements as at and for the year ended 31 December 2009 except as described below:

The Group exercises judgement in measuring and recognising the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities (see note 19 to the Preliminary Results announcement). Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

4. SEGMENT INFORMATION

The identified operating and reportable segments of the Group are the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2009. The following acquisitions have been added to the Group's segments during 2010.

Company	Segment
Enya Holdings BV ('Enya') and Chambishi Metals Plc ('Chambishi')	Other Non-ferrous
Comit Resources FZE ('Comit')	Other Non-ferrous
Société Minière de Kabolela et Kipese Sprl ('SMKK')	Other Non-ferrous
Congo Cobalt Corporation Sprl ('CCC')	Other Non-ferrous
Bahia Minerals BV ('BMBV') and Bahia Mineracao Ltda ('BML')	Iron Ore
Mineracao Minas Bahia SA ('MIBA')	Iron Ore
Mineracao Peixe Bravo SA ('MPB')	Iron Ore

During the year, management of the SABOT logistics business, acquired with CAMEC, was transferred from the Other Non-ferrous Division to the Logistics Division and as a result there has been a change in the segment classification of that business for the year. The prior year has been restated in this respect.

2010 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	2,988	1,875	906	412	200	218	6	-	6,605
Inter-segment revenue	8	1	20	-	342	134	-	(505)	-
Segment revenue	**2,996**	**1,876**	**926**	**412**	**542**	**352**	**6**	**(505)**	**6,605**
Segment operating profit/(loss)	**1,293**	**1,045**	**178**	**7**	**262**	**54**	**(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)	(53)	(46)	(21)	(4)	-	**(411)**
Underlying EBITDA (refer note 18)	1,403	1,133	267	60	308	75	(52)	-	**3,194**
Capital expenditure	254	319	261	101	192	21	39	**-**	**1,187**
Average number of employees	**24,667**	**18,319**	**13,844**	**5,907**	**6,814**	**4,150**	**397**	**-**	**74,098**

4. SEGMENT INFORMATION (CONTINUED)

2009 Segment information In millions of US$ (as restated)	Ferroalloys Division	Iron Ore Division	Alumina and Aluminium Division	Other Non-ferrous Division	Energy Division	Logistics Division	Corporate	Intra Group Eliminations	Total
Revenue	1,871	1,093	563	41	196	67	-	-	3,831
Inter-segment revenue	3	-	2	-	206	104	-	(315)	-
Segment revenue	1,874	1,093	565	41	402	171	-	(315)	3,831
Segment operating profit/(loss)	781	453	5	-	179	24	(68)	-	1,374
Finance income									191
Finance cost									(157)
Share of profit of joint ventures and associates									31
Profit before income tax									1,439
Income tax expense									(377)
Profit for the year									1,062
Depreciation, amortisation and impairment	(90)	(79)	(65)	(5)	(41)	(16)	(2)	-	(298)
Underlying EBITDA (refer note 18)	707	485	78	5	213	40	(66)	-	1,462
Capital expenditure	248	225	356	6	281	24	7	-	1,147
Average number of employees	23,892	17,652	14,115	3,558	6,589	4,250	266	-	70,322

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

During the years ended 31 December 2010 and 31 December 2009, the Group entered into the following transactions in the ordinary course of business with related parties:

In millions of US$	Founder Shareholders[1]		The Republic of Kazakhstan		Joint ventures		Associates		Other		Total	
	2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Revenue from sale of goods	**20**	5	**4**	3	**-**	-	**-**	-	**2**	-	**26**	8
Revenue from the provision of services	**3**	1	**140**	45	**-**	-	**-**	-	**-**	-	**143**	46
Purchases of goods	**(55)**	(25)	**-**	-	**-**	-	**(38)**	(19)	**-**	-	**(93)**	(44)
Purchases of services	**(78)**	(65)	**-**	-	**-**	-	**-**	-	**(7)**	-	**(85)**	(65)
Finance income	**14**	8	**-**	-	**3**	4	**-**	-	**-**	-	**17**	12
Finance cost	**(6)**	(2)	**(10)**	-	**(17)**	(23)	**-**	-	**-**	-	**(33)**	(25)
Purchase of property, plant and equipment[2]	**9**	4	**-**	-	**-**	-	**-**	-	**-**	-	**9**	4

[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.

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

The outstanding balances with related parties as at 31 December 2010 and 31 December 2009 are as follows:

	Founder Shareholders[1]				The Republic of Kazakhstan		Joint ventures		Associates		Other		Total	
	Eurasian Bank		Other											
In millions of US$	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009	**2010**	2009
Non-current assets														
Loans receivable	**-**	-	**-**	3	**-**	-	**89**	60	**4**	-	**3**	-	**96**	63
Other financial assets[2]	**11**	4	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**11**	4
Other non-current assets[5]	**15**	8	**24**	-	**-**	-	**-**	-	**-**	-	**-**	-	**39**	8
Current assets														
Trade and other receivables[3]	**26**	123	**18**	36	**-**	-	**-**	-	**-**	-	**-**	-	**44**	159
Cash and cash equivalents	**208**	135	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**208**	135
Loans receivable[4]	**-**	-	**3**	2	**-**	-	**-**	-	**3**	-	**-**	-	**6**	2
Other receivables/ financial assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**10**	10	**10**	10
Non-current liabilities														
Borrowings	**-**	-	**-**	-	**884**	-	**-**	-	**-**	-	**73**	-	**957**	-
Current liabilities														
Borrowings	**-**	1	**5**	-	**16**	-	**-**	-	**-**	-	**50**	-	**71**	1
Trade and other payables	**-**	-	**10**	14	**-**	-	**-**	-	**-**	-	**2**	-	**12**	14

[1] Includes all entities under the control of the Founder Shareholders.
[2] Other financial assets with Eurasian Bank JSC includes term deposits of US$11 million (2009: US$4 million) for the retirement of assets in accordance with the requirements of contracts on subsurface use.
[3] Trade and other receivables with Eurasian Bank JSC include letters of credit of US$8 million (2009: US$14 million) and term deposits of US$18 million (2009: US$109 million).
[4] Net of provisions for impairment of nil (2009: nil).
[5] Other non-current assets with Founder shareholders of US$24 million relates to payments on account for property, plant and equipment (2009:US$nil).

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

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 Mashkevitch. 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 2010 (2009: 43.8%). For the years ended 31 December 2010 and 31 December 2009, 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.

Republic of Kazakhstan

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. Refer note 17 for further detail.

Acquisitions

Acquisitions – business combinations

In April 2010 the Group acquired Enya Holdings BV and Comit Resources FZE from International Mineral Resources BV ('IMR'), a company controlled by the Founder Shareholders. Refer note 6 for further detail.

During 2009, the Group acquired control ASEK Reinsurance AG and ENRC PMZ LLP from entities controlled by the Founder Shareholders.

Acquisitions – joint ventures and associates

During 2009, the Group acquired a 25% interest in Shubarkol Komir JSC, from a company controlled by the Founder Shareholders. In January 2011 an extension to the call option was granted. Refer note 15 and note 20 for further detail.

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 Yedilbayev, one of the Group's non-executive Directors, to acquire a 70% interest in Masalskoe GOK LLP. Masalskoe is a company with the rights for exploration and production of iron ore of the Masalskoe deposit in the Republic of Kazakhstan.

Consideration paid for the option was used by Masalskoe to finance its exploration works. Under the terms of the agreement the price to be payable on the exercise of the call option was US$100 million.

Acquisitions - property, plant and equipment

During 2010, the Group acquired railway wagons for cash consideration of US$9 million from a company controlled by the Founder Shareholders.

During 2009, the Group acquired buildings and land in Petropavlovsk, the Republic of Kazakhstan for cash consideration of US$4 million from a company controlled by the Founder Shareholders.

5. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (CONTINUED)

Debt to equity swap
In January 2010, the Group converted a US$27 million loan to Bahia Minerals BV ('BMBV') into an equity investment in BMBV.

Guarantees
During 2010, as part of the 50.5% acquisition of the issued share capital of Camrose, the Group provided a guarantee to secure repayment of US$155 million outstanding debt by Cerida Global Limited ('Cerida') (the Group's joint venture partner in Camrose), which is owned by the Gertler Family Trust. Refer note 15 for further detail.

During 2010, the Group provided guarantees to secure repayment of US$7 million by a subsidiary of Shubarkol Komir JSC, the Group's associate, of outstanding debts.

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, by repaying committed loans previously undertaken by Camrose, funding working capital, commencing feasibility studies, as well as mine planning and development. As at 31 December 2010 Camrose had drawn down US$81 million of the facility.

6. BUSINESS COMBINATIONS

Enya Holdings BV and Comit Resources FZE
On 6 April 2010, the Group acquired 100% of Enya Holdings BV ('Enya') which holds a 90% interest in Chambishi Metals Plc ('Chambishi'), a Zambian copper and cobalt producer and also acquired a 100% of Comit Resources FZE ('Comit'), a Dubai-based marketing and sales company that historically has handled Chambishi's copper and cobalt sales. The gross cash consideration for the transaction amounted to US$300 million. The acquisition of Enya and Comit was effectively completed and control obtained by the Group in April 2010.

The fair values of the identifiable assets and liabilities of Enya and Comit as at the date of acquisition were provisionally estimated as follows:

In millions of US$	Carrying values at acquisition date	Provisional fair value adjustments	Provisional fair values at acquisition date
Property, plant and equipment	178	(31)	**147**
Loans receivable	10	-	**10**
Inventories	41	(10)	**31**
Trade and other receivables	5	-	**5**
Total assets	234	(41)	**193**
Deferred tax liabilities	(37)	(1)	**(38)**
Asset retirement obligations	(4)	1	**(3)**
Borrowings	(2)	-	**(2)**
Trade and other payables	(38)	-	**(38)**
Total liabilities	(81)	-	**(81)**
Net assets	153	(41)	**112**
Non-controlling interests[1]			**(1)**
Goodwill			**185**
Net attributable assets			**296**
Consideration:			
Purchase consideration settled in cash			**300**
Cash and cash equivalents acquired			**(4)**
Net cash outflow on acquisition			**296**

[1] Includes non-controlling interests of a subsidiary not wholly owned by Enya.

Goodwill arises on the acquisition of Chambishi primarily because of the strong strategic location of the assets within the copper and cobalt belt of Zambia. Chambishi is well placed to take advantage of the potential growth in the copper and cobalt mining activity within the region. The acquisition complements the Group's strategy of expansion in the copper and cobalt business. None of the recognised goodwill is expected to be deductible for income tax purposes.

Acquisition costs of US$4 million have been expensed and included in general and administrative expenses in the income statement. Trade and other receivables balances at acquisition date included gross contractual amounts due of US$2 million, none of which was expected to be uncollectible at the acquisition date. The loans receivable balances at acquisition date comprised gross contractual amounts due of US$12 million, none of which was expected to be uncollectible at the acquisition date. The Group has chosen to recognise the non-controlling interests for this acquisition based on their proportionate share of the identifiable net assets of the acquiree.

The acquired businesses contributed revenue of US$132 million and loss after income tax of US$8 million from the date of acquisition to 31 December 2010. If the acquisition had taken place at the beginning of the year, the impact to the Group's revenue would have been an additional US$28 million, whilst the impact to profit after income tax would have been an additional loss of US$9 million.

6. BUSINESS COMBINATIONS (CONTINUED)

Bahia Minerals BV ('BMBV')
On 21 September 2010 the Group completed the purchase of the outstanding 50% of the common shares of Bahia Minerals BV ('BMBV') (commonly referred to as the 'BML Project') from Ardila Investments NV ('Ardila'), a subsidiary of Zamin BM NV, being the shares of BMBV which ENRC did not already own. BMBV is the sole shareholder of two Brazilian companies, Bahia Mineracao Limitada ('BML') and Eire Mineracao Limitada ('EML'). BML and EML are the only assets within BMBV, in the Caetite region in the State of Bahia in Brazil.

The 50% interest in BMBV was acquired for a net cash consideration of US$670million (before discounting), after assuming net debt of approximately US$65 million. A payment of US$167.5 million (the 'Initial Consideration') was made at completion, from existing cash resources. The remaining US$502.5 million (the 'Deferred Consideration') is payable in two instalments, of US$167.5 million and US$335 million respectively which are subject to the satisfaction of certain conditions. Following the completion of the acquisition the Group owns 100% of BMBV.

The Group also secured an option to purchase 100% of the outstanding shares of Block V Limited and Caera Minerals Limited, which together own Greystone Mineracao do Brasil Limitada ('Greystone'), from Zamin. The Group paid US$50 million for grant of this option as an advance against its exercise price. The advance was to be offset either against the exercise price (should the Group exercise the option), or otherwise against the Deferred Consideration for BMBV (should the Group not exercise the option). The Group elected not to exercise the option and as a consequence the payment was offset against the Deferred Consideration. Subsequently, the Group also made a payment of US$83.75 million against the Deferred Consideration upon achievement of certain logistical infrastructure approvals.

The fair values of the identifiable assets and liabilities of BMBV as at the date of acquisition were provisionally estimated as follows:

In millions of US$	Carrying values at acquisition date	Provisional fair value adjustments	Provisional fair values at acquisition date
Property, plant and equipment	85	1,340	**1,425**
Intangible assets	7	(7)	**-**
Other financial (non-current) assets	25	-	**25**
Total assets	117	1,333	**1,450**
Deferred tax liabilities	-	(453)	**(453)**
Trade and other payables	(103)	-	**(103)**
Total liabilities	(103)	(453)	**(556)**
Net assets	14	880	**894**
Goodwill			**453**
Net attributable assets			**1,347**

Consideration:	
Purchase consideration settled in cash (including option)	**218**
Cash and cash equivalents acquired	**(50)**
Net cash outflow on acquisition	**168**
Fair value of Deferred Consideration at acquisition date	**449**
Debt due from vendor assumed	**65**
Gain related to recognition of initial 50% interest at fair value	**298**
Carrying value of initial 50% interest at acquisition date	**367**
Total consideration	**1,347**

6. BUSINESS COMBINATIONS (CONTINUED)

The fair value adjustments are to recognise mineral rights acquired and deferred taxation arising thereon.

The gain of US$298 million arising on recognition of the Group’s existing interest in BMBV at fair value is recognised in the income statement.

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 deferred consideration has been discounted to its fair value on initial recognition of this liability.

Acquisition costs of US$1 million have been expensed and included in general and administrative expenses in the income statement.

The acquired businesses contributed revenue of US$nil and loss after income tax of US$19 million from the date of acquisition to 31 December 2010. If the acquisition had taken place at the beginning of the year, the impact to the Group’s revenue would have been an additional US$nil, whilst the impact to profit after income tax would have been an additional profit of US$4 million.

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

In October 2010, the Group announced the purchase of 100% of the outstanding common shares of MIBA. The cash consideration is payable in instalments, and shares of MIBA are transferred to the Group against each instalment. During 2010 the Group paid US$100 million, and received 42.4% of MIBA. The remainder is payable in two instalments, of US$48 million in April 2011 and October 2011 and a final instalment of approximately US$47 million in April 2012 (together ‘Deferred consideration’).

In addition, the Group subscribed for new common shares representing 51% of the enlarged share capital of Mineração Peixe Bravo SA ('MPB'). The Group also holds a 3 year option, from 20 October 2010, to purchase the remaining 49% of MPB from its shareholders for US$50 million.

The combined acquisitions (the 'Transaction') and related deals have a total cash consideration of up to US$304 million, which includes US$54 million payable to Steel do Brasil Participações SA ('Steel do Brasil'). The total consideration comprises US$250 million payable to the shareholders of MIBA - a group of individuals primarily composed of the Couri family (together, the 'Sellers') - and to MPB.

6. BUSINESS COMBINATIONS (CONTINUED)

Both MIBA and MPB have been accounted for as subsidiaries. MPB has been treated as a subsidiary because, under IFRS, the Group is considered to have control through the right to acquire the remaining shares and the terms of the shareholders' agreement. Although the Group currently holds less than 50% of MIBA it considers it has control on the basis of the shareholders agreement and its obligation to acquire the remaining shares in the business.

In addition, up to US$54 million is payable to Steel do Brasil. Steel do Brasil previously entered into agreements to acquire 100% of the outstanding common shares of MIBA and 50% of the outstanding common shares of MPB. Steel do Brasil had agreed to allow the Sellers to negotiate an independent agreement with the Group and, if successful, conclude the transaction with the Group. Any amounts payable to Steel do Brasil are treated as acquisition costs and immediately expensed.

The fair values of the identifiable assets and liabilities of MIBA and MPB as at the date of acquisition were provisionally estimated as follows:

In millions of US$	Carrying values at acquisition date	Provisional fair value adjustments	Provisional fair values at acquisition date
Property, plant and equipment	-	242	**242**
Deferred tax liabilities	-	(82)	**(82)**
Net assets	-	160	**160**
Non-controlling interests			**-**
Goodwill			**82**
Net attributable assets			**242**
Consideration:			
Purchase consideration settled in cash			**100**
Net cash outflow on acquisition			**100**
Fair value of Deferred Consideration at date of acquisition			**142**
Total consideration			**242**

The fair value adjustments are to recognise mineral rights acquired and deferred taxation arising thereon. 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 fair value adjustments and non-controlling interests (which are not currently material) are provisional at 31 December 2010.

Acquisition costs of US$62 million have been expensed and included in general and administrative expenses in the income statement.

The Group has chosen to recognise the non-controlling interests for this acquisition based on their proportionate share of the identifiable net assets of the acquiree.

The acquired businesses contributed revenue of US$nil and profit after income tax of US$nil from the date of acquisition to 31 December 2010. If the acquisition had taken place at the beginning of the year, the impact to the Group's revenue would have been an additional US$nil, whilst the impact to profit after income tax would have been US$nil.

6. BUSINESS COMBINATIONS (CONTINUED)

Société Minière de Kabolela et Kipese Sprl

A 50% interest in Société Minière de Kabolela et Kipese Sprl ('SMKK') was acquired on 9 November 2009 as part of the CAMEC acquisition. SMKK is the title holder of some exploration permit assets contiguous to the Group's existing operations in the DRC. At 31 December 2009, the provisional carrying value of the Group's investment in SMKK was US$75 million. This investment was accounted for as an associate using the 'equity method'. In 2009 the Group acquired an option, for a cash consideration of US$25 million, to purchase the outstanding 50% of the issued share capital of SMKK by acquiring the entire issued share capital of Emerald Star Enterprises Limited ('ESEL'), (an entity controlled by the Gertler family trust), the owner of the outstanding 50% of SMKK. The Group exercised this option and the acquisition of ESEL was effectively completed and control obtained by the Group in June 2010. The total cash consideration in respect of the outstanding SMKK shares, inclusive of the US$25 million option, amounted to US$75 million.

The fair values of the identifiable assets and liabilities of SMKK and ESEL as at the date of acquisition were provisionally estimated as follows:

In millions of US$	Provisional fair values at acquisition date
Property, plant and equipment	**155**
Total assets	**155**
Deferred tax liabilities	**(47)**
Asset retirement obligations	**(3)**
Trade and other payables	**(1)**
Total liabilities	**(51)**
Net assets	**104**
Goodwill	**46**
Net attributable assets	**150**
Consideration:	
Purchase consideration settled in cash	**50**
Fair value of exercised option at acquisition date	**25**
Fair value of initial 50% interest at acquisition date	**75**
Total consideration	**150**

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.

There were no significant acquisition costs incurred in relation to the acquisition of the remaining 50% interest.

The acquired businesses contributed US$nil revenue and profit after income tax from the date of acquisition to 31 December 2010. If the acquisition had taken place at the beginning of the year, the impact to the Group's revenue and profit after income tax would have been US$nil.

Congo Cobalt Corporation Sprl

With effect from 1 July 2010 the Group acquired, Congo Cobalt Corporation Sprl ('CCC'), a legal entity registered in the DRC that provides mining contracting services to Boss Mining Sprl (part of the CAMEC group of companies). Consideration of US$4.5 million (US$3 million net of cash acquired) was paid.

6. BUSINESS COMBINATIONS (CONTINUED)

Central African Mining & Exploration Company Plc
On 18 September 2009, the Group made a £0.20 per share cash offer for all outstanding shares in Central African Mining & Exploration Company Plc ('CAMEC'), at which time the Group held 28.73% of CAMEC and accounted for the investment as an associate using the 'equity method'. On 9 November 2009, upon the offer becoming unconditional following the receipt of acceptances in respect of 88.28% of CAMEC's share capital, the Group obtained control of CAMEC. As at 31 December 2009 the Group held 96.05% of CAMEC's share capital for a total cash consideration of US$931 million.

CAMEC, which was previously listed on the United Kingdom's Alternative Investment Market ('AIM'), was an Africa-focused emerging mining company with operations centred around copper and cobalt mining and exploration, trucking and logistics, coal, bauxite and fluorspar exploration as well as platinum prospects.

The fair values of the identifiable asset and liabilities of CAMEC as at the date of acquisition were provisionally estimated and disclosed in the 2009 Annual Report and Accounts of ENRC. The Group has now completed the measurement of the fair values of assets and liabilities acquired with CAMEC. The table below sets out the movements from the provisional fair values detailed in the 2009 Annual Report and Accounts and the final fair values at acquisition date.

These adjustments have been recorded as a prior year restatement of the Balance Sheet of the Group at 31 December 2009. There is no consequential impact to the Income Statement for the year ended 31 December 2009.

In millions of US$	Provisional fair values at acquisition date	Final fair value adjustments	Final fair values at acquisition date
Property, plant and equipment	1,150	10	**1,160**
Investments in associates	75	-	**75**
Loans receivable (current and non-current)	54	20	**74**
Deferred tax assets	32	-	**32**
Inventories	23	-	**23**
Trade and other receivables	21	-	**21**
Other financial assets	2	-	**2**
Total assets	1,357	30	**1,387**
Deferred tax liabilities	(307)	2	**(305)**
Asset retirement obligations	(1)	-	**(1)**
Employee benefit obligations	(2)	-	**(2)**
Borrowings	(4)	-	**(4)**
Trade and other payables	(112)	(15)	**(127)**
Current income tax liability	(21)	(11)	**(32)**
Total liabilities	(447)	(24)	**(471)**
Net assets	910	6	**916**
Non-controlling interests	(193)	25	**(168)**
Goodwill	200	(31)	**169**
Net attributable assets	917	**-**	**917**
Consideration:			
Purchase consideration settled in cash	931	-	**931**
Cash and cash equivalents acquired	(14)	-	**(14)**
Net cash outflow on acquisition	917	**-**	**917**

The goodwill balance is primarily the result of the requirement to recognise a deferred tax liability on the acquired mineral rights (within property, plant and equipment). This deferred tax liability is recognised within the carrying values at the acquisition date with an additional amount included within the fair value adjustments.

6. BUSINESS COMBINATIONS (CONTINUED)

The adjustments made to restate the balance sheet relate primarily to the final measurement of mineral rights acquired and other adjustments relating to loan receivables, trade payables and current income tax payable which were required when the Group completed its review of the acquired balance sheet

Acquisition costs of US$6 million were expensed in the 31 December 2010 income statement.

In addition, the Group completed a partial buyout of non-controlling interests in CAMEC for a cash consideration of US$9 million. As a result, the Group's interest in CAMEC increased to 96.88% of CAMEC's issued share capital. The Group recognised a decrease in non-controlling interests of US$9 million, and no impact on retained earnings.

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 undertaking a detailed review to determine 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 2010	2009
Materials and components used	**(1,237)**	(735)
Staff costs	**(528)**	(370)
Depreciation, amortisation and impairment	**(398)**	(288)
Mineral extraction tax, royalties and other taxes	**(360)**	(195)
Realised loss on the cash flow hedges	**-**	(61)
Changes in inventories of finished goods and work-in-progress	**138**	(51)
Other	**(462)**	(247)
Total cost of sales	**(2,847)**	(1,947)

8. DISTRIBUTION COSTS

In millions of US$	Years ended 31 December 2010	2009
Transportation costs	**(383)**	(302)
Other	**(102)**	(64)
Total distribution costs	**(485)**	(366)

9. GENERAL AND ADMINISTRATIVE EXPENSES

In millions of US$	Years ended 31 December 2010	2009
Staff costs	**(196)**	(151)
Professional and other services	**(118)**	(39)
Sponsorship and donations	**(63)**	(37)
Depreciation, amortisation and impairment	**(13)**	(10)
Other	**(165)**	(122)
Total general and administrative expenses	**(555)**	(359)

10. FINANCE INCOME

In millions of US$	Years ended 31 December 2010	2009
Foreign exchange gains	**15**	125
Interest income	**28**	58
Gain on disposal of financial assets at fair value through profit or loss	**-**	8
Dividends	**6**	-
Other	**8**	-
Total finance income	**57**	191

11. FINANCE COST

In millions of US$	Years ended 31 December 2010	2009
Foreign exchange losses	**(14)**	(88)
Fair value loss on origination of loans granted	**(17)**	(23)
Interest expense	**(28)**	(16)
Unwinding of discount on long term provisions	**(7)**	(9)
Amortisation of financial instruments discount	**(13)**	(5)
Fair value loss on financial assets at fair value through profit or loss	**-**	(2)
Other	**(22)**	(16)
	(101)	(159)
Less capitalised borrowing costs	**-**	2
Total finance cost	**(101)**	(157)

12. INCOME TAXES

Income tax expense comprises the following:

In millions of US$	Years ended 31 December 2010	2009
Current tax		
Corporate income tax – current period	**(662)**	(322)
Corporate income tax – prior periods	**11**	9
Withholding taxes	**(26)**	(51)
Total current tax	**(677)**	(364)
Deferred tax		
Deferred income tax – current period	**(55)**	(9)
Deferred income tax – prior periods	**-**	12
Deferred income tax – effect of changes in tax legislation	**(48)**	(16)
Total deferred tax	**(103)**	(13)
Total income tax expense	**(780)**	(377)

The Effective Tax Rate ('ETR') for the year of 26.2% (2009: 26.2%) was higher than the applicable Corporate Income Tax ('CIT') rate of 20% in Kazakhstan. The main factors affecting the ETR for the year were: Excess Profits Tax, which increased the ETR by 5 percentage points; the one-off fair value gain on acquisition of Bahia Minerals BV, which decreased the ETR by 2 percentage points; and a revaluation of deferred tax balances due to changes in the applicable CIT rate in Kazakhstan, which increased the ETR by 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

The following reflects the income and adjusted share data used in the earnings per share computations:

In millions of US$ (unless stated otherwise)	Years ended 31 December 2010	2009
Profit for the year attributable to equity holders of the Company	**2,185**	1,045
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	**-**	1,950,925
Weighted average number of ordinary shares for diluted earnings per share	**1,287,750,000**	1,289,700,925
Basic and diluted earnings per share (US cents)	**170**	81

14. PROPERTY, PLANT AND EQUIPMENT

In millions of US$	Freehold land	Buildings and mining assets	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2010 as previously reported	**44**	**2,581**	**2,385**	**713**	**1,126**	**6,849**
Restatement (note 6)	-	28	(10)	(8)	-	10
Cost at 1 January 2010 restated	**44**	**2,609**	**2,375**	**705**	**1,126**	**6,859**
Additions	-	43	114	75	943	1,175
Additions on business acquisitions	9	1,752	144	5	91	2,001
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	21	16	4	12	54
At 31 December 2010	**54**	**4,589**	**2,950**	**833**	**1,485**	**9,911**
Accumulated depreciation at 1 January 2010	**-**	**(367)**	**(737)**	**(275)**	**-**	**(1,379)**
Disposals	-	5	21	17	-	43
Depreciation charge	-	(107)	(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	**-**	**(462)**	**(934)**	**(329)**	**-**	**(1,725)**
Carrying value at 31 December 2010	**54**	**4,127**	**2,016**	**504**	**1,485**	**8,186**

In millions of US$	Freehold land	Buildings and mining assets	Plant and equipment	Vehicles	Assets under construction	Total
Cost at 1 January 2009	47	1,698	2,235	713	945	5,638
Additions	1	6	45	17	1,041	1,110
Additions on business acquisitions	5	930	146	49	40	1,170
Change in asset retirement costs	-	26	8	-	-	34
Transfers	-	248	378	79	(705)	-
Transfer to assets classified as held for sale	-	-	-	-	(7)	(7)
Disposals	-	(22)	(9)	(11)	(11)	(53)
Exchange differences	(9)	(305)	(418)	(134)	(177)	(1,043)
At 31 December 2009	44	2,581	2,385	713	1,126	6,849
Accumulated depreciation at 1 January 2009	-	(366)	(714)	(276)	-	(1,356)
Disposals	-	4	19	10	-	33
Depreciation charge	-	(75)	(177)	(62)	-	(314)
Exchange differences	-	70	135	53	-	258
At 31 December 2009	-	(367)	(737)	(275)	-	(1,379)
Carrying value at 31 December 2009 (as previously reported)	44	2,214	1,648	438	1,126	5,470
Carrying value at 31 December 2009 (as restated)	44	2,242	1,638	430	1,126	5,480

14. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Prepayments for property, plant and equipment and related services as at 31 December 2010 totalled US$237 million (31 December 2009: US$147 million). The Group's capital expenditure commitments as at 31 December 2010 amounted to US$312 million (31 December 2009: US$268 million).

As at 1 January 2009, transmission facilities, with a net book value of US$220 million, have been reclassified from 'plant and equipment' to 'buildings and mining assets' to reflect their technical specifications more appropriately. There has been no change in useful economic lives of the reclassified assets.

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

As at 31 December 2010 and 31 December 2009, investments in joint ventures and associates consisted of the following:

				31 December 2010		31 December 2009	
Investee	Associate/Joint venture	Country of Incorporation	Principal activities	**Carrying value, millions of US$**	**Ownership**	Carrying value, millions of US$	Ownership
Shubarkol Komir JSC	Associate	Kazakhstan	Semi-coke/ thermal coal production	**210**	**25.0%**	204	25.0%
Earth Centre Investments (Pty) Limited[1]	Associate	Namibia	Property investment	**-**	**50.0%**	-	50.0%
Société Minière de Kabolela et Kipese Sprl ('SMKK')[2]	Associate	Democratic Republic of Congo	Mineral exploration	**-**	**-**	75	50.0%
Camrose Resources Limited	Joint venture	British Virgin Islands	Development of copper and cobalt deposits	**178**	**50.5%**	-	-
Taurus Gold Limited	Joint venture	British Virgin Islands	Development of gold deposits	**5**	**38.6%**	-	-
Bahia Minerals BV ('BMBV')[2]	Joint venture	Netherlands	Development of iron ore deposit	**-**	**-**	336	50.0%
Total				**393**		615	

[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 2010 in order to report on a consistent basis with the Group's reporting date.
[2] The Group's interest in these entities increased during the year and they are now accounted for as subsidiaries.

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

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

In millions of US$	Note	2010	As at 31 December 2009
Carrying value at 1 January		**279**	-
Acquisitions (a)		**-**	198
Acquisition of outstanding interests in joint venture and associate (b)		**-**	75
Dividends		**(6)**	-
Share of profit of associates		**11**	6
Acquisition of SMKK	6	**(75)**	-
Exchange differences		**1**	-
At 31 December		**210**	279

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

In millions of US$	Note	2010	As at 31 December 2009
Carrying value at 1 January		**336**	313
Acquisitions (a)		**185**	-
Debt to equity swap (c)		**27**	-
Share of profit of joint ventures		**2**	25
Acquisition of BMBV	6	**(367)**	-
Exchange differences		**-**	(2)
At 31 December		**183**	336

(a) Acquisitions

Camrose Resources Limited ('Camrose')

In August 2010, the Group purchased 50.5% of the issued share capital of Camrose and formed the Camrose joint venture. The interest in Camrose was purchased from Cerida, Silvertide Global Limited and Zanette Limited, which are owned by the Gertler Family Trust. Camrose's primary assets, held through its subsidiaries, are high quality copper and cobalt exploitation licences located in the DRC. The consideration for the acquisition was US$175 million. The Group paid US$50 million in cash and issued promissory notes totalling US$125 million which mature between 9 months and 24 months. As part of the acquisition, the Group provided Camrose with a US$400 million shareholder loan facility. The loan has been made available to Camrose for the purposes of satisfying existing payment obligations on the part of the Highwind Group (as defined below), repaying committed loans previously undertaken by Camrose, funding working capital, commencing feasibility studies, as well as mine planning and development. The Group also provided a guarantee to secure repayment of US$155 million by Cerida of outstanding debt. Camrose, through its subsidiaries, primarily holds interests in five copper and cobalt exploitation licences situated in the DRC by way of:

- 45,400,000 common shares of Africo Resources Limited ('Africo'), representing approximately 64% of the issued share capital of Africo, which is listed on the Toronto Stock Exchange. Africo owns a 75% interest in the exploitation licence for the Kalukundi property in the Kolwezi District of Katanga Province in the southeast of the DRC. The remaining 25% is owned by Gécamines;

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

- a 56% indirect interest in La Congolaise de Mines et de Développement (Comide Sprl) ('Comide') of which Gécamines holds a 25% interest in Comide. Comide holds the exploitation licences for Kii, Mashitu and Pangalume, which are contiguous to Africo's Kalukundi property; and

- the entire share capital of Highwind Properties Limited, Pareas Limited, Interim Holdings Limited and Blue Narcissus Limited (together, the 'Highwind Group'). Under the terms of a joint venture agreement dated 7 January 2010, between the Highwind Group, the DRC Government, Gécamines and Simco Sprl, an entity associated with Gécamines. The Highwind Group holds a 70% interest in Treatment of Kingamyambo Tailings Company ('Metalkol') which owns the tailings exploitation licence (PER 652) covering the Kolwezi Tailings Site (otherwise known as the Kingamyambo Musonoi Tailings, otherwise known as Kolwezi Mine Tailings ('KMT')), a license site located in the Kolwezi District of Katanga Province in the southeast of the DRC. Development of the site is subject to feasibility studies being completed. Metalkol has not acquired any infrastructure or equipment at the Kolwezi Tailings Site.

The acquisition is complementary to the Group's existing operations in the DRC. The assets held by Camrose and its subsidiaries are contiguous to the Group's existing assets held in the DRC. These proximate homogenous ore bodies have the potential to share power allocation and logistics capacity, with the ability to reduce mining costs through the optimisation of mining methods and enhanced scale of processing facilities.

The Group has a 50.5% interest in Camrose and exercises day-to-day operational control. This is accounted for as a joint venture due to certain reserved matters in the shareholders agreement governing this relationship.

The Highwinds Group are co-defendants in an action filed by Congo Mineral Developments Limited. Further detail can be found in note 19.

Shubarkol Komir Joint Stock Company ('Shubarkol')
On 16 February 2009 the Group acquired a 25% interest in Shubarkol, a major semi-coke and thermal coal producer incorporated in Kazakhstan, for a cash consideration of US$200 million.

Shubarkol is majority owned by Eurasian Finance-Industrial Company JSC ('EFIC'), a company controlled by the Founder Shareholders.

In connection with the acquisition, the Group has entered into an off-take agreement with Shubarkol, secured a seat on Shubarkol's Board and entered into a shareholders agreement with EFIC. In addition the Group has a right of first refusal, combined with a call option, over all or part of the remaining shares in Shubarkol held by EFIC. The call option is exercisable at the Group's discretion at any time until 31 January 2011 which, if exercised will be subject to required regulatory approvals having been obtained and is expected to be subject to the approval of the Group's shareholders. The price payable on any exercise of the call option is the aggregate value of the shares to be transferred, assuming Shubarkol has a total value of US$800 million on a fully diluted basis, less any net debt at the time of the transfer.

The call option is subject to the approvals noted above and the Republic of Kazakhstan has the pre-emptive right to purchase the subsurface user rights. As a result, it is not readily exercisable or convertible, therefore the possession of the call option does not contribute to control over Shubarkol. Consequently, the Group has accounted for Shubarkol as an associate.

On 31 January 2011, the Group announced the extension of the call option for nil consideration by up to 12 months, to 31 January 2012. All other significant terms of the call option remained unchanged as detailed in note 20.

15. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (CONTINUED)

(b) Acquisitions through business combinations

Société Minière de Kabolela et Kipese Sprl ('SMKK') and Earth Centre Investments (Pty) Limited were acquired on 9 November 2009 as part of the CAMEC acquisition. While the Group legally held a 50% interest in SMKK and Earth Centre Investments (Pty) Limited, both investments were deemed associates as the Group could only influence, rather than control, the decision-making processes of both entities.

In June 2010, the Group acquired the remaining 50% of SMKK. Refer note 6 for further detail.

(c) Debt to equity swap

In January 2010, the Group converted a US$27 million loan to the Bahia Minerals BV ('BMBV') into an equity investment in BMBV with no increase in the Group's percentage interest.

In September 2010, the Group acquired the remaining 50% of BMBV. Refer note 6 for further detail.

16. OTHER FINANCIAL ASSETS

Northam Platinum Limited

Non-current investments in quoted equity shares comprise the Group's 14.35% interest in Northam Platinum Limited ('Northam'), a major South African platinum producer. The purchase consideration paid was US$345 million plus total transaction costs of US$8 million. During 2010, a US$1 million gain has been recognised in other comprehensive income in respect of this investment.

This investment is being held as an available for sale non-current asset as it is intended to be held for longer than one year and is considered to be strategic in nature.

17. BORROWINGS

In millions of US$	Note	As at 31 December 2010	2009
Non-current			
Bank borrowings		**432**	52
Term borrowings		**3**	3
Bonds		**14**	13
Non-current borrowings – third party		**449**	68
Bank borrowings		**384**	-
Term borrowings		**500**	-
Promissory notes		**73**	-
Non-current borrowings – related party	5	**957**	-
Total non-current borrowings		**1,406**	68
Current			
Bank borrowings		**152**	351
Term borrowings		**3**	8
Other financial liabilities		**-**	1
Current borrowings – third party		**155**	360
Bank borrowings		**16**	-
Term borrowings		**5**	-
Promissory notes		**50**	-
Current borrowings – related party	5	**71**	-
Total current borrowings		**226**	360
Total borrowings		**1,632**	428

Structured Trade Finance Facility
On 15 December 2006, the Group entered into a US$1,000 million Structured Trade Finance facility. By a Supplemental Agreement dated 12 April 2007, the facility was increased to US$1,480 million.

The facility was repaid on schedule and as at 31 December 2010 the outstanding balance was nil (2009: US$342 million).

Export Credit Facility
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 EURIBOR plus 0.5% per annum and matures on 20 February 2020.

The purpose of the facility is to finance an export contract with Takraf GmbH. As at 31 December 2010 US$36 million of the facility was drawn down (2009: US$44 million).

On 16 February 2010, the Group entered into a second 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 2010 US$37 million of the facility was drawn down.

17. BORROWINGS (CONTINUED)

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 2010. The loan is secured by a corporate guarantee issued by ENRC Plc and a pledge over 51% of shares of Kazakhstan Aluminium Smelter JSC.

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 2010.

Structured Trade 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 2010 US$500 million of the facility was drawn down.

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 2010 was US$62 million.

JSC Sovereign Wealth Fund 'Samruk-Kazyna'

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

Promissory Notes

On 20 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 mature between 9 months and 24 months from the date of issue. As at 31 December 2010, the carrying value of the promissory notes outstanding was US$123 million.

Undrawn Loan Commitments

As at 31 December 2010 the Group had no unused credit facilities (2009: nil).

18. RECONCILIATION OF NON-GAAP MEASURES

1. Underlying EBIT, EBITDA and EBITDA margin

In millions of US$ (unless stated otherwise)	Years ended 31 December 2010	2009
Profit for the year	**2,197**	1,062
Adjustments for:		
Finance cost	**101**	157
Income tax expense	**780**	377
Acquisitions related costs	**73**	-
Share of profit of joint ventures and associates[1]	**(13)**	(31)
Finance income	**(57)**	(191)
Gain arising related to the acquisition of BMBV (note 6)	**(298)**	
Foreign exchange gain resulting from devaluation of Kazakhstani tenge	**-**	(210)
Underlying EBIT	**2,783**	1,164
Add back:		
Depreciation, amortisation and impairment	**411**	298
Underlying EBITDA[2]	**3,194**	1,462
Divide by:		
Revenue	**6,605**	3,831
Underlying EBITDA Margin[3]	**48.4%**	38.2%

[1]Joint ventures and associates for 2009 and 2010 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, net gains and losses on derivatives not qualifying for hedge accounting, share of profit or loss of joint ventures and associates, gain arising related to acquisition of joint venture, acquisition related costs and the impact of the devaluation of the Kazakhstani tenge in 2009.

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

2. Return on capital employed

In millions of US$ (unless stated otherwise)	Years ended 31 December 2010	2009 Restated
Underlying EBIT	**2,783**	1,164
Divide by:		
Capital employed weighted average[1]		
Borrowings	**906**	580
Equity including non-controlling interests	**8,931**	7,839
Total capital employed weighted average	**9,837**	8,419
Return on capital employed	***28.3%***	*13.8%*

[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.

3. Gearing

In millions of US$ (unless stated otherwise)	Year ended 31 December 2010	2009
Net debt / (cash)	**37**	(402)
Divide by:		
Net debt / (cash)	**37**	(402)
Equity attributable to shareholders	**9,772**	7,713
	9,809	7,311
Gearing	***0.4%***	*(5.5%)*

18. RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

4. Like-for-like reconciliation

In millions of US$	Year ended 31 December 2010	2009	2010 vs. 2009 US$ million	%
Like-for-like revenue				
Revenue	**6,605**	3,831	2,774	*72.4%*
Less:				
Other Non-ferrous Division revenue[1]	**(412)**	(41)		
African logistics entity	**(71)**	(14)		
Other entities acquired during 2010 and 2009	**(5)**	-		
Like-for-like revenue	**6,117**	3,776	2,341	*62.0%*

In millions of US$	2010	2009	US$ million	%
Like-for-like cost of sales				
Cost of sales	**2,847**	1,947	900	*46.2%*
Less:				
Other Non-ferrous Division cost of sales[1]	**(317)**	(39)		
African logistics entity	**(79)**	(1)		
Other entities acquired during 2010 and 2009	**(3)**	-		
Like-for-like cost of sales	**2,448**	1,907	541	*28.4%*

In millions of US$	2010	2009	US$ million	%
Like-for-like total costs				
Total costs				
Cost of sales	**2,847**	1,947		
Distribution costs	**485**	366		
General and administrative expenses	**555**	359		
Net other operating expense/(income)	**8**	(215)		
Total costs	**3,895**	2,457	1,438	*58.5%*
Less:				
Foreign exchange gain resulting from devaluation of Kazakhstani tenge	**-**	210		
Acquisitions related costs	**(73)**	-		
Other Non-ferrous Division total costs[1]	**(405)**	(41)		
African logistics entity	**(88)**	(14)		
Other entities acquired during 2010 and 2009	**(20)**	-		
Like-for-like total costs	**3,309**	2,612	697	*26.7%*

[1] Other non-ferrous division amounts comprise CAMEC (in 2009 and 2010), Chambishi, Comit Resources FZE and SMKK (in 2010). Please refer to note 6 of acquisitions during 2009 and 2010.

18. RECONCILIATION OF NON-GAAP MEASURES (CONTINUED)

5. Gross available funds, net available funds and net cash

In millions of US$	Year ended 31 December 2010	2009
Gross available funds		
Cash and cash equivalents	**1,595**	830
Term deposits (included in trade and other receivables)	**54**	126
Other financial assets	**413**	115
Less:		
Investment in quoted equity shares (non-current)	**(354)**	-
Investment in unquoted options	**(25)**	(35)
Other restricted financial assets	**(11)**	(15)
Total gross available funds	**1,672**	1,021
Borrowings – current	**(226)**	(360)
Borrowings – non-current	**(1,406)**	(68)
Total net available funds	**40**	593
Net cash		
Cash and cash equivalents	**1,595**	830
Borrowings – current	**(226)**	(360)
Borrowings – non-current	**(1,406)**	(68)
Total net (debt)/cash	**(37)**	402

19. CONTINGENCIES

Pending litigation

The Highwinds Group, subsidiaries of ENRC's Camrose joint venture, are co-defendants in an action filed on 13 September 2010 in the Eastern Caribbean Supreme Court of the British Virgin Islands by Congo Mineral Developments Limited ('CMD'), a subsidiary of First Quantum Minerals Limited ('FQM'), in relation to the Highwinds Group's interest in the tailings exploitation licence (PER 652) covering the Kolwezi Tailings Site. The claim was served on the Highwinds Group on 3 December 2010. The total amount claimed by Congo Mineral Developments Limited is an estimated US$2 billion. The Highwinds Group has applied for summary judgment and/or strike out of the claim. The process of the application for summary judgment and/or strike out, including any appeals, could take over 2 years to complete. We consider that the application for summary judgment and/or strike out has good prospects of success. However, should the Highwinds Group ultimately be unsuccessful in obtaining summary judgment or having the claim struck out, the Highwinds Group intends to defend its position vigorously.

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 are confident that the company was fully compliant with the transfer pricing legislation prevailing at the time, have appealed against the assessment and are defending the adopted filing position. No provision against additional tax is considered necessary. The Kazakhstan tax authorities are currently considering the Group's appeal against the assessment.

20. EVENTS AFTER THE BALANCE SHEET DATE

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 has been granted for nil consideration, extends the expiry date of the Call Option by up to 12 months, to 31 January 2012. All other significant terms of the Call Option are 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.

Funding arrangements

On 7 February 2011, the Group entered into an export credit facility agreement for the amount of €185 million. The facility is a 11 year draw-down facility and bears an interest rate of six-month EURIBOR plus a margin of 1.2%. Euler Hermes Kreditversicherungs AG has provided credit insurance to support the facility. The facility will be used to finance some of the Group's capital expenditure programme.

On 18 March 2011, the Group signed an unsecured senior US$500 million revolving credit facility which will significantly enhance the Group's headroom and provide significant liquidity to the Group's business operations.

2010 Final Dividend

For 2010 the Board has recommended a final dividend of US 18.0 cents per share, amounting to US$232 million, to be paid on 15 June 2011 to shareholders on the register at the close of business on 1 April 2011.

SHAREHOLDER INFORMATION

Registered Offices

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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 22 March 2011, 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	%
Kazakhmys Plc together with Kazakhmys Eurasia BV	334,824,860	26.00
Mr Patokh Chodiev(1)	154,052,625	11.97
Mr Alijan Ibragimov(2)	113,836,250	8.83
Mr Alexander Mashkevitch	187,836,250	14.59
The State Property and Privatisation Committee of the Ministry of Finance of the Republic of Kazakhstan	150,047,116	11.65

(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	
	Year end	Average
Year ended 31 December 2010	**147.50**	**147.36**
Year ended 31 December 2009	148.46	147.50
Year ended 31 December 2008	120.77	120.30

Results timetable

Wednesday, 30 March 2011	Ex-dividend date
Friday, 1 April 2011	Final dividend record date
Thursday, 12 May 2011	May 2011 Interim Management Statement and Q1 2011 Production Report
Wednesday, 8 June 2011	Annual General Meeting
Wednesday, 15 June 2011	Final dividend payment date
Wednesday, 3 August 2011	Q2 2011 Production Report
Wednesday, 17 August 2011	2011 Half-year Results Announcement
Thursday, 10 November 2011	November 2011 Interim Management Statement and Q3 2011 Production Report
Wednesday, 1 February 2012	Q4 2011 Production Report
Wednesday, 21 March 2012	2011 Preliminary Results Announcement

All future dates are provisional and subject to change.

Dividends on ordinary shares
On 7 October 2010 the Company paid an interim dividend for the half year ended 30 June 2010 of US 12.5 cents per ordinary share.

The Directors of the Board recommend a final dividend for the year ended 31 December 2010 of US 18.0 cents per ordinary share in the Company, to be paid on Wednesday, 15 June 2011 to all registered shareholders on the Register of Members at the close of business on Friday, 1 April 2011.

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$1.6276/£1 (being the rate published in the London *Financial Times* on 22 March 2011, the business day prior to announcement of the Group's Preliminary Results for the year ended 31 December 2010).

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 2010 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 15 June 2011, this means that the currency election form should have been received by the Registrars by the close of business on Tuesday, 22 March 2011. Any shareholders wishing to change their currency election in the future, should contact the Company's Registrar in advance of the dividend announcement date.