ENRC Finance Limited

(Registered number: 6050675)

Financial Statements for the year ended 31 December 2011

ENRC Finance Limited

Contents

ENRC Finance Limited

Directors' Report for the year ended 31 December 2011

The Directors present their annual report and the audited financial statements of ENRC Finance Limited (the "Company") for the year ended 31 December 2011

Business review and principal activities

The principal activity of the Company is to act as the treasury company for Eurasian Natural Resources Corporation PLC ('ENRC PLC') and its subsidiaries (the 'Group') It also holds an investment in a subsidiary company of the Group The Directors do not anticipate any significant changes to the Company's principal activities in the future

The results of the Company show a profit of US$693 million (2010 loss of US$21 million) The Company has shareholders' funds of US$386 million as at 31 December 2011 (2010 US$953 million)

Share capital

At 31 December 2011 and 2010, the Company's authorised and issued share capital is US$3 million consisting of 250,000,000 shares of US$0 01 par value each

Key performance indicators

Given the nature of the Company's business, the Directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business

Principal risks, uncertainties and financial risk management

From the perspective of the Company, the principal risks, uncertainties and financial risk management are integrated with the principal risks of the Group and are not managed separately For ENRC PLC, these are discussed in the Group's annual report which does not form part of this report

Directors

The Directors of the Company who were in office during the year and up to the date of signing the financial statements were

Felix Vulis
Zaure Zaurbekova
James Cochrane
Beat Ehrensberger

Dividends

An interim dividend of US$750 million was paid on 19 December 2011 Dividends paid on 30 June 2011, in respect of the year ended 31 December 2010, amounted to US$500 million

Qualifying third party indemnity provisions

The Company has entered into deeds of indemnity for the benefit of each Director of the Company in respect of liabilities to which they may become liable in their capacity as Director of the Company These indemnities are qualifying third party indemnity provisions within the meaning given to that term by Section 234 of the Companies Act 2006 These indemnity provisions remain in force at the time this report is approved

Going concern

Notwithstanding the fact that the Company has net current liabilities, the Directors have prepared the financial statements on the going concern basis The Directors have received confirmation from ENRC PLC, the Company's ultimate parent undertaking, of its intention to financially support the Company such that the Company can meet its obligations as they fall due for a period of at least twelve months from the date of the Directors' approval of these financial statements

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law, the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditors

Each of the Directors in office at the date of approval of this report confirms that

1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
2) the Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditor is aware of the information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 (1) to (4) of the Companies Act 2006

Independent auditors

The auditors, PricewaterhouseCoopers LLP Have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

On behalf of the board

Beat Ehrensberger
Director
ENRC Finance Limited
16 St James's Street
London
United Kingdom
SW1A 1ER

Date 30 MAY 2012

ENRC Finance Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ENRC FINANCE LIMITED

We have audited the financial statements of ENRC Finance Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors' Responsibilities set out on page 3, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the Directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 December 2011 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Charles Joseland (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

Date 30 May 2012

ENRC Finance Limited

Profit and Loss Account for the year ended 31 December 2011

In millions of US$	Notes	2011	Year ended 2010
Continuing operations			
Administrative expenses	3	**(5)**	(2)
Loss on ordinary activities before interest and taxation		**(5)**	(2)
Dividend income from ENRC N V		**750**	4
Net interest payable and other charges	5	**(52)**	(21)
Profit/(loss) on ordinary activities before taxation		**693**	(19)
Taxation	6	**-**	(2)
Profit/(loss) for the financial year		**693**	(21)

There is no difference between the result as reported and its historical cost equivalent

Statement of Total Recognised Gains and Losses for the year ended 31 December 2011

In millions of US$	Note	2011	Year ended 2010
Profit/(loss) for the financial year		**693**	(21)
Unrealised fair value (loss)/gain on available for sale investments	16	**(10)**	8
Total recognised gains/(losses) relating to the financial year		**683**	(13)

ENRC Finance Limited

Balance Sheet as at 31 December 2011

In millions of US$	Notes	2011	As at 31 December 2010
Fixed assets			
Investment	8	**2,500**	2,500
Amounts owed by group companies	9	**70**	-
Intangible assets		**1**	1
Total fixed assets		**2,571**	2,501
Current assets			
Amounts owed by group companies	9	**2,484**	1,718
Accrued interest receivable		**135**	69
Restricted cash		**-**	11
Available for sale investments		**10**	20
Other debtors		**1**	3
Cash at bank	10	**65**	862
Total current assets		**2,695**	2,683
Creditors – amounts falling due within one year			
Amounts owed to group companies	11	**(4,497)**	(4,056)
Accrued interest payable		**(214)**	(138)
Bank loans	12	**(55)**	(4)
Total creditors – amounts falling due within one year		**(4,766)**	(4,198)
Net current liabilities		**(2,071)**	(1,515)
Total assets less current liabilities		**500**	986
Creditors- amounts falling due after more than one year			
Bank loans	12	**(92)**	(33)
Deferred income	13	**(22)**	-
Total creditors - amounts falling due after more than one year		**(114)**	(33)
Net assets		**386**	953
Capital and reserves			
Called up share capital	14	**3**	3
Fair value reserve	15	**(5)**	5
Other reserves	15	**-**	798
Profit and loss account	15	**388**	147
Total shareholders' funds	15	**386**	953

The financial statements on pages 5 to 13 were approved by the Board of Directors on 30 MAY 2012 and were signed on its behalf by

Beat Ehrensberger
Director

ENRC Finance Limited Registered number 6050675

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2011

1 **Principal Accounting Policies**

a) **Basis of accounting**

These financial statements are for the year ended 31 December 2011

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The Directors have reviewed the Company's existing accounting policies and consider that they are consistent with last year The principal accounting policies are set out below

The Company is a wholly owned subsidiary of ENRC PLC and is included in the consolidated financial statements of ENRC PLC which are publicly available Consequently, the Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements Therefore, these financial statements include financial information about the Company as an individual undertaking rather than as a group

The functional and presentational currency of the Company is US dollars At 31 December 2011, the exchange rate was £1 = US$1 5418 (2010 £1 = US$1 5477) and the average rate for the period was £1 = US$1 5620 (2010 £1 = US$1 5451)

b) **Investments**

Investments in subsidiary undertakings are stated in the balance sheet at cost less provisions for impairment Investments are tested for impairment when events or changes in circumstances indicate that the carrying amount of the investment may not be recoverable An impairment loss is recognised to the extent that the carrying amount of the investment exceeds the higher of net realisable value and the discounted future earnings from the investment

c) **Intangible assets**

Intangible assets are stated at historic cost less provisions for amortisation Acquired intangible assets are amortised over the estimated useful lives on a straight-line basis

d) **Financial assets and liabilities**

Amounts owed by group companies which are interest and non-interest bearing, are initially recorded at fair value and subsequently remeasured at amortised cost using the effective interest method

Amounts owed to group companies and bank loans, which are interest bearing, are initially recorded at fair value, net of transaction costs incurred, and subsequently remeasured at amortised cost using the effective interest method

Finance income and expenses are accounted for on an accrual basis using the effective interest method

Available for sale investments are measured at fair value Gains or losses arising from changes in fair value are recognised directly in the fair value reserve (equity), until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss recognised in the fair value reserve is included in the profit and loss account for the year Where an impairment loss previously recognised in the profit and loss account for an equity investment classified as available for sale reverses, this reversal is not recognised through the profit and loss account but through the fair value reserve

Cash at bank comprises deposits repayable on demand

e) **Foreign currencies**

Transactions denominated in currencies other than US dollars are translated at the rate of exchange ruling on the date of the transaction Monetary assets and liabilities denominated in currencies other than US dollars are translated using the rate of exchange ruling at the balance sheet date Exchange differences are charged or credited to the profit and loss account in the year in which they arise

f) **Taxation including deferred tax**

Current tax in respect of the taxable profit or loss for a period is provided using the tax rates that have been enacted or substantively enacted by the balance sheet date

Deferred tax is recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except where it is otherwise prescribed by the financial reporting standards Deferred tax liabilities are generally recognised in respect of all timing differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available from which the future reversal of the underlying timing differences can be deducted Deferred tax is measured using the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date Deferred tax is recognised on an undiscounted basis

Current and deferred tax are recognised in the profit and loss account for the period except to the extent that it is attributable to a gain or a loss recognised directly in the statement of total recognised gains and losses, in which case tax attributable to that gain or loss is also recognised directly in the statement of total recognised gains and losses

g) **Dividends**

Dividends payable are recognised as a liability and deducted from equity at the balance sheet date only if they have been approved before or on the balance sheet date Dividends are disclosed when they have been proposed before the balance sheet date or when declared after the balance sheet date but before the financial statements are authorised for issue

2 Cash flow statement, related party and financial instruments disclosures

The Company is a wholly-owned subsidiary of ENRC PLC and is included in the consolidated financial statements of ENRC PLC, which are publicly available Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Revised 1996) and presenting financial instruments disclosures under the terms of FRS 29

In accordance with exemptions under FRS 8 'Related party disclosures', the Company has not disclosed transactions with entities that are wholly owned subsidiaries or investees of the ENRC PLC Group

3 Administrative expenses

The administrative expenses include recharges from ENRC Management (UK) Ltd

The fee for the statutory financial statements audit of the Company for 2011 is US$23 thousand (2010 US$23 thousand) This fee has been borne by a fellow group company and subsequently recharged to the Company

4 Directors' emoluments and employee costs

The Directors are employed by another group company and are remunerated by that company in respect of their services as group employees They received no emoluments in 2011 and 2010 from the Company in respect of qualifying services for ENRC Finance Limited There were no employees employed by the Company during the year (2010 nil)

Notes to the Financial Statements for the year ended 31 December 2011

5 Net interest payable and other charges

In millions of US$	2011	2010
Finance income		
Interest income – group companies	73	67
Interest income – joint venture partner	-	3
Interest income – banks	1	1
Other finance income	2	-
	76	71
Finance expense		
Interest expense – group companies	(121)	(82)
Interest expense – banks	(2)	(1)
Other finance cost	(12)	(4)
	(135)	(87)
Net foreign exchange gains/(losses)	7	(5)
Net interest payable and other charges	(52)	(21)

6 Taxation

In millions of US$	2011	2010
Reconciliation of current tax charge		
Profit/(loss) on ordinary activities before taxation	693	(19)
Notional tax on profit/(loss) on ordinary activities at the applicable rate of UK corporation tax of 26 5% in 2011 (2010 28%)	(184)	5
Effects of		
Expenses not deductible for tax purposes	(1)	(3)
Non-taxable income	199	4
Group relief for nil payment	-	(3)
Unrecognised losses carried forward	(14)	(3)
Withholding tax on overseas income	-	(2)
Tax on profit/(loss) on ordinary activities	-	-
Withholding tax on overseas income	-	(2)

The tax assessed for the year is lower (2010 lower) than the standard rate of corporation tax in the UK of 26 5% (2010 28%)

As at 31 December 2011, the Company had not recognised deferred tax assets in respect of tax losses of US$48 million (2010 US$34 million) and other deductible timing differences of $2 million (2010 Nil) on the basis of insufficient evidence of taxable profits being available against which the deferred tax asset may be utilised The unrecognised deferred tax asset will be recognised in periods in which losses are utilised against taxable profits

The main UK corporation tax rate was reduced from 28% to 26% with effect from 1 April 2011 A further reduction to 25% with effect from 1 April 2012 was enacted on 19 July 2011 On the basis the Company does not have any recognised deferred tax assets or liabilities at the balance sheet date, no remeasurement of these balances is necessary

In March 2012, a further reduction in the applicable rate of corporation tax to 24% with effect from 1 April 2012 was substantively enacted, and further reductions in the applicable corporation tax rate to 23% with effect from 1 April 2013 and to 22% with effect from 1 April 2014 were announced These changes have not been enacted or substantively enacted at the balance sheet date

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Notes to the Financial Statements for the year ended 31 December 2011

7 **Dividends**

	2011	2011	2010	2010
	US cents per share	In millions of US$	US cents per share	In millions of US$
Equity – Ordinary				
Final dividends paid (2010)	200	**500**	-	-
Interim dividends paid (2011)	300	**750**	-	-
Total dividends		**1,250**		-

8 **Investment**

In millions of US$	2011	At 31 December 2010
Cost and net book value		
ENRC NV	**2,500**	2,500
Total investment	**2,500**	2,500

The directors believe that the carrying value of the investment is supported by its underlying net assets

The Company holds 6 million ordinary shares representing 100% of the issued share capital of ENRC NV ENRC NV is a group company incorporated in the Netherlands whose principal activity is financing and holding of investments in subsidiary companies of the Group

9 **Amounts owed by group companies**

In millions of US$	2011	At 31 December 2010
ENRC Africa 1 Limited	**1,655**	1,331
ENRC NV	**813**	325
TNC Kazchrome JSC	**70**	-
ENRC Management (UK) Limited	**13**	60
Kazakhstan Aluminium Smelter JSC	**3**	2
Total amounts owed by group companies	**2,554**	1,718
The amounts owed by group companies are repayable		
Due within one year	**2,484**	1,718
Due in more than one year	**70**	-
Total amounts owed by group companies	**2,554**	1,718

The amount due from ENRC Africa 1 Limited bears interest at LIBOR plus 4 200% and is repayable by 1 November 2012

The amount due from ENRC NV bears interest at LIBOR plus 2 181% and is repayable on demand

The amount due from TNC Kazchrome JSC bears interest at LIBOR plus 1 900% and is repayable in eighteen semi-annual instalments commencing in January 2013

The amount due from Kazakhstan Aluminium Smelter JSC in 2010 related to payments made to third parties in relation to supply of equipment It was interest free and was repaid in January 2012

The amount due from ENRC Management (UK) Limited relates to cash advances for working capital requirements It is interest free and repayable on demand

The interest rate margins can be changed quarterly by agreement of the parties

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2011

10 Cash at Bank

In millions of US$	2011	At 31 December 2010
Deposits repayable on demand	**65**	862

Deposits are held in highly liquid short-term investments and are repayable on demand

11 Amounts owed to group companies

In millions of US$	2011	At 31 December 2010
ENRC PLC	**3,416**	2,855
ENRC Marketing AG	**514**	782
SSGPO JSC	**430**	220
TNC Kazchrome JSC	**100**	70
ENRC Leasing BV	**21**	49
MEK Transsystema LLP	**10**	-
ASEK Reinsurance AG	**5**	-
ENRC Management (UK) Limited	**1**	-
Eurasian Energy Corporation JSC	**-**	50
ENRC Marketing Africa AG	**-**	15
Zhairemsky GOK JSC	**-**	15
Total amounts owed to group companies	**4,497**	4,056
The amounts owed to group companies are repayable		
Due within one year	**4,497**	4,056
Total amounts owed to group companies	**4,497**	4,056

The amount due to ENRC PLC bears interest at LIBOR plus 2 056% and is repayable on demand

The amount due to ENRC Marketing AG bears interest at LIBOR plus 4 466% and is repayable on demand

The amount due to SSGPO JSC bears interest at LIBOR plus 3 500% and was repaid in March and April 2012

The amount due to TNC Kazchrome JSC bore interest at LIBOR plus 3 500% and was repaid in February 2012

The amount due to ENRC Leasing BV bears interest at LIBOR plus 0 706% and is repayable by June 2012

The amount due to MEK Transsystema LLP bore interest at LIBOR plus 3 500% and was repaid in March 2012

The amount due to ASEK Reinsurance AG bears interest at a variable deposit rate and is repayable by December 2012

The amount due to ENRC Management (UK) Limited relates to management recharges and was settled in January 2012

The amount due to Eurasian Energy Corporation JSC bore interest at LIBOR plus 3 500% and was repaid in March 2011

The amount due to ENRC Marketing Africa AG bore interest at LIBOR plus 0 706% and was repaid in September 2011

The amount due to Zhairemsky GOK JSC bore interest at LIBOR plus 3 500% and was repaid in January 2011

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2011

12 Bank loans

In millions of US$	At 31 December 2011	2010
Bank loans	**147**	37

The amounts owed for Bank loans are repayable as follows		
Due within one year	**55**	4
Due in more than one year but not more than two years	**10**	4
Due in more than two years but not more than five years	**31**	14
Due in more than five years	**51**	15
Total bank loans	**147**	37

On 16 February 2010, the Company entered into an export credit facility agreement for the amount of €48 million The unsecured loan is a 10 year facility and is repayable in semi-annual instalments commencing in February 2012 The loan bears interest at EURIBOR plus 1 500% Credit insurance supporting the facility has been obtained

On 7 February 2011, the Company entered into a second export credit facility agreement for the amount of €185 million The unsecured loan is an 11 year facility and is repayable in semi-annual instalments commencing in January 2013 The loan bears interest at EURIBOR plus 1 200% Credit insurance supporting the facility has been obtained

On 18 March 2011, the Company entered into an unsecured senior US$500 million revolving credit facility The loan bears interest at LIBOR plus 2 250% The drawn balance of US$50 million was repaid in January 2012

13 Deferred income

Deferred income comprises an upfront credit insurance premium on the export credit facility (see note 12) that is repayable by TNC Kazchrome JSC, and will be recognised over the term of that loan (see note 9)

14 Called up share capital

In millions of US$	At 31 December 2011	2010
Allotted and fully paid		
250,000,000 shares of US$0 01 each	**3**	3

15 Reconciliation of reserves and movement in shareholders' funds

In millions of US$	Called up share capital	Fair value reserve	Other reserves	Profit and loss account	Total shareholders' funds
At 31 December 2009	3	(3)	798	168	966
Loss for the financial year	-	-	-	(21)	(21)
Unrealised fair value gain on available for sale investments	-	8	-	-	8
At 31 December 2010	**3**	**5**	**798**	**147**	**953**
Profit for the financial year	-	-	-	**693**	**693**
Dividends paid	-	-	**(798)**	**(452)**	**(1,250)**
Unrealised fair value loss on available for sale investments	-	**(10)**	-	-	**(10)**
At 31 December 2011	**3**	**(5)**	**-**	**388**	**386**

Other reserves comprise the difference between the initial share capital and the reduced value resulting from the reduction in par value of the shares, net of dividends paid

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2011

16 Guarantees and commitments

As at 31 December 2011 and 31 December 2010, the Company provided guarantees to third party contractors, in relation to the supply of equipment to Kazakhstan Aluminium Smelter JSC, a group company, amounting to a total of €13 million

As at 31 December 2011 and 31 December 2010, the Company provided guarantees to third party contractors, in relation to the supply of consulting services provided to ENRC Business & Technology Services LLP, a group company, amounting to a total of US$8 million

17. Ultimate parent company

The Company's ultimate parent company and controlling party is ENRC PLC which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of ENRC PLC consolidated financial statements are available from its registered office at 16 St James's Street, London, United Kingdom, SW1A 1ER

18 Events after the balance sheet date

On 1 February 2012, the Company entered into a further loan facility with ENRC PLC which bears interest at LIBOR plus 6 3% On 28 February 2012, the Company has drawn down US$500 million on this facility

On 16 February 2012, the Company signed the refinancing of the US$500 million revolving credit facility The amount of the facility was reduced to US$467 million and has been arranged on a club deal basis with Credit Agricole acting as the coordinating bank This is a two year facility and bears an interest rate of LIBOR plus 2 5%