ENRC Finance Limited

(Registered Number 6050675)

Financial Statements for the year ended 31 December 2009

Contents

ENRC Finance Limited

Directors' Report for the year ended 31 December 2009

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2009

Business review and principal activities

The principal activities of the Company are acting as the treasury company for Eurasian Natural Resources Corporation PLC ("ENRC PLC") and its subsidiaries (the "Group") and holding investments in subsidiary companies of the Group

The results of the Company show a profit of US$462 million (2008 loss of $152 million) The Company has shareholders' funds of US$966 million as at 31 December 2009 (2008 US$1,199 million)

Share capital

At 31 December 2009 and 2008, the Company's authorised and issued share capital is US$2 5 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 and uncertainties and financial risk management

From the perspective of the Company, the principal risks and uncertainties 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 served during the year were

Felix Vulis - appointed 20 August 2009
Zaure Zaurbekova – appointed 30 September 2009
Jim Cochrane
Beat Ehrensberger
Dr Johannes Sittard – resigned 20 August 2009
Miguel Perry – resigned 30 June 2009

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 accounts 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 accounts

Statement of Directors' Responsibilities

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

ENRC Finance Limited

Directors' Report for the year ended 31 December 2009

Company law requires the Directors to prepare financial statements for each financial year Under that law, the Directors have elected to prepare 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 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 auditors are unaware, and
2) the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are 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

Auditors

The auditors are deemed to be reappointed under section 487(2) of the Companies Act 2006

By order of the Board

Zaure Zaurbekova
ENRC Finance Limited
16 St James's Street
London SW1A 1ER

05 May 2010

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 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Total Recognised Gains and Losses, 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 Directors' Responsibilities Statement set out on pages 2-3, 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 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

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 2009 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
05 May 2010

ENRC Finance Limited

Profit and Loss Account for the year ended 31 December 2009

In millions of US$	Notes	2009	Year ended 2008
Continuing operations			
Turnover		-	-
Administrative expenses	3	**(29)**	(55)
Loss on ordinary activities before interest and taxation		**(29)**	(55)
Dividend income		**512**	-
Net interest payable and other charges	5	**(19)**	(94)
Profit/(loss) on ordinary activities before taxation		**464**	(149)
Withholding tax on overseas income	6	**(2)**	(3)
Retained profit /(loss) for the financial year		**462**	(152)

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

ENRC Finance Limited

Balance Sheet as at 31 December 2009

In millions of US$	Notes	2009	As at 31 December 2008
Fixed assets			
Investments	8	**2,500**	2,500
Amounts owed by group companies	9	**338**	275
Amounts owed by joint ventures and joint venture partners	10	**40**	24
Held to maturity financial assets	11	**50**	-
Restricted cash	12	**11**	-
Intangible assets		**1**	1
Total fixed assets		**2,940**	2,800
Current assets			
Amounts owed by group companies	9	**1,218**	157
Accrued interest receivable		**14**	12
Value added tax receivable		**2**	-
Other investments	13	**12**	26
Cash at bank	14	**38**	1,557
Total current assets		**1,284**	1,752
Creditors – amounts falling due within one year			
Amounts owed to group companies	15	**(3,187)**	(3,338)
Accrued interest payable		**(71)**	(15)
Total creditors – amounts falling due within one year		**(3,258)**	(3,353)
Net current liabilities		**(1,974)**	(1,601)
Total assets less current liabilities		**966**	1,199
Capital and reserves			
Called up share capital	16	**3**	3
Fair value reserve	17	**(3)**	(8)
Other reserves	17	**798**	1,498
Profit and loss account	17	**168**	(294)
Total capital employed		**966**	1,199

The financial statements on pages 5 to 14 were approved by the Board of Directors on 05 May 2010 and were signed on its behalf by

Zaure Zaurbekova

ENRC Finance Limited

Statement of Total Recognised Gains and Losses for the year ended 31 December 2009

In millions of US$	Note	2009	Year ended 2008
Profit/(loss) for the year		**462**	(152)
Unrealised fair value gain/(loss) in available for sale investments	17	**5**	(8)
Total recognised profit/(loss) for the year		**467**	(160)

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2009

1 **Principal Accounting Policies**

a) **Basis of accounting**

These financial statements are for the year ended 31 December 2009

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom 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 accounts Therefore, these accounts 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 2009, the exchange rate was £1 = US$1 6139 (2008 £1 = US$1 450) and the average rate for the period was £1 = US$1 5664 (2008 £1 = US$1 855)

The Company has made certain presentational changes to improve comparability of its results These changes, which have been applied retrospectively are listed below

Foreign exchange differences are now reported as part of net interest payable and other charges instead of administrative expenses In 2009, this was a net gain of $16 million (2008 net loss of $29 million)

b) **Going Concern**

Notwithstanding the fact that the Company has net current liabilities, the Directors have prepared the accounts 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 accounts

c) **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 cannot be recovered either by selling the investment or by the discounted future earnings from the investment

d) **Intangible assets**

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

e) **Financial assets and liabilities**

Amounts owed by group companies and related parties, which are interest and non-interest bearing, are initially recorded at fair value and subsequently remeasured at amortised cost using the effective interest method Finance income is accounted for on an accrual basis using the effective interest method

Amounts owed to group companies, 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

Available for sale investments (included in other investments) are measured at fair value Gains or losses arising from changes in fair value are recognised directly in 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 period Impairment losses recognised in the profit and loss account for equity investments classified as available for sale are not subsequently reversed through the profit and loss account

Cash at bank comprises of cash at bank and deposits repayable on demand

f) **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

g) **Taxation including deferred tax**

Full provision is made for deferred taxation on all timing differences that have arisen but not reversed at the balance sheet date, except that deferred tax assets are only recognised to the extent that it is more likely than not that they will be recovered Deferred tax is recognised on an undiscounted basis

h) **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) and presenting financial instruments disclosures under the terms of FRS 29

The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the ENRC PLC Group or investees of the ENRC PLC Group

3 Administrative expenses

In millions of US$	**2009**	2008
Management fees	**27**	47
Irrecoverable VAT	**2**	7
Bank charges	**-**	1
Total administrative expenses	**29**	55

The management fees represent recharges from ENRC Management (UK) Ltd for the head office cost of ENRC PLC

The fee for the statutory accounts audit of the Company for 2009 is £15,000 (2008 £15,000) 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 from the Company in respect of qualifying services There were no employees employed by the Company during the year

5 Net interest payable and other charges

In millions of US$	2009	2008
Finance income		
Interest income – group companies	30	42
Interest income – joint ventures and joint venture partners	1	7
Interest income – banks	7	61
	38	110
Finance expense		
Interest expense – group companies	(73)	(175)
	(73)	(175)
Net foreign exchange gains/(losses)	16	(29)
Net interest payable and other charges	(19)	(94)

6 Taxation on profit on ordinary activities

In millions of US$	2009	2008
Reconciliation of current tax charge		
Profit/(loss) on ordinary activities before taxation	464	(149)
Notional tax on profit/(loss) on ordinary activities at the standard tax rate of 28% in 2009 (2008 28 5%)	(130)	42
Effects of		
Expenses not deductible for tax purposes	(4)	(1)
Non-taxable income	117	-
Group relief for nil payment	(6)	(1)
Unrecognised losses carried forward	(4)	(40)
Withholding tax on overseas income	(2)	(3)
Relief for overseas taxes suffered	27	-
Tax on profit on ordinary activities	-	-
Withholding tax on overseas income	(2)	(3)

Tax legislation in the UK may impose additional tax liabilities due to the low rate of tax in certain jurisdictions in which the Group operates Management believes they will be successful in defending any challenge from these tax authorities and therefore no provision for potential liabilities is required

The Company has unrecognised deferred tax assets in respect of deductible temporary differences of US$66 million for the year ended 31 December 2009 (2008 US$57 million)

7 Dividends

In millions of US$	2009	2008
Equity – Ordinary		
Dividend paid US$0 28 per share	700	-
Total dividends	700	-

8 Investments

In millions of US$	At 31 December 2009	2008
Cost and net book value		
ENRC NV	**2,500**	2,500
ENRC Credit LLP	**-**	-
ENRC Africa 1 Limited	**-**	-
Total Investments	**2,500**	2,500

ENRC NV is a group company incorporated in the Netherlands

In September 2008, the Company acquired 0 0011% of the share capital of ENRC Credit LLP, a group company incorporated in Kazakhstan

In September 2009, the Company acquired 100% of the issued share capital of ENRC Africa 1 Limited, a group company incorporated in the United Kingdom

9. Amounts owed by group companies

In millions of US$	At 31 December 2009	2008
ENRC Africa 1 Limited	**1,016**	-
Eurasian Energy Corporation JSC	**212**	135
Aluminium of Kazakhstan	**207**	182
ENRC Management (UK) Limited	**55**	15
ENRC NV	**39**	75
Kazakhstan Aluminium Smelter	**21**	-
ENRC Marketing LLC	**6**	-
Industrial Metals LLC	**-**	25
Total amounts owed by group companies	**1,556**	432
The amounts owed by group companies are repayable		
Due within one year	**1,218**	157
Due in more than one year	**338**	275
Total amounts owed by group companies	**1,556**	432

The amount due from ENRC Africa 1 Limited includes US$985 million loan relating to the acquisition of Camec PLC This bears interest at LIBOR plus 4 20% and is repayable by 15 September 2010 The amount due also includes US$31 million loan for working capital requirements which bears interest at LIBOR plus 4 20% and is repayable by 1 November 2010

The amount due from Eurasian Energy Corporation JSC ('EEC') relates to the investment agreement entered into in 2008 with ENRC PLC and EEC (refer to note 18) The loan bears interest at LIBOR plus 4 20% and is repayable by instalments to August 2018

The amount due from Aluminium of Kazakhstan bears interest at LIBOR plus 4 20% and is repayable by instalments to June 2013

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

The amount due from Kazakhstan Aluminium Smelter bears interest at LIBOR plus 4 20% and is repayable by 1 October 2012

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2009

The amount due from ENRC Marketing LLC bears interest at LIBOR plus 4 20% and is repayable by 30 June 2010

The amount due from Industrial Metals LLC in December 2008 bore interest at LIBOR plus 2 81% and was repaid in March 2009

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

10 Amounts owed by joint ventures and joint venture partners

In millions of US$	At 31 December 2009	2008
Ardilla Investments NV	**40**	12
Bahia Minerals BV	**-**	12
Total amounts owed by joint ventures and joint venture partners	**40**	24

The amounts owed by joint ventures and joint venture partners are repayable as follows		
Due within one year	**-**	-
Due in more than one year	**40**	24
Total amounts owed by joint ventures and joint venture partners	**40**	24

The amount due from Ardilla Investments NV (a joint venture partner of another group company) bears interest at LIBOR plus 4 5% and is repayable by August 2011 The total amount of interest income recognised in 2009 relating to Ardilla Investments NV is $1 2 million (2008 $0 3 million)

The amount due from Bahia Minerals B V (a joint venture of another group company) in December 2008 was assigned to ENRC NV during 2009

11 Held to maturity financial assets

Held to maturity financial assets represent a medium term note which will mature on 31 January 2011

12 Restricted cash

The restricted cash represents a deposit and pledge agreement executed by the Company to provide local banking funding to Xinjiang Tuoli Taihang Ferro-Alloy Co , a group company

13 Other investments

In millions of US$	At 31 December 2009	2008
Available for sale investments	**12**	6
Bank guarantees	**-**	20
Total other investments	**12**	26

The available for sale investment represents the fair value of the Company's investment in a publicly traded company The fair value is calculated by reference to the market value of the equity shares held with the company The total amount of unrealised fair value gain recognised in the revaluation reserve at 31 December 2009 is US$5 million (2008 fair value loss of US$8 million)

The bank guarantees represent cash collateral placed by the Company on behalf of ENRC NV Upon maturity of the bank guarantees, these were reinvested in cash and cash equivalents

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2009

14 Cash at bank

In millions of US$	At 31 December 2009	2008
Deposits repayable on demand	**38**	1,557
Cash at bank	**-**	-
Total cash at bank	**38**	1,557

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

15 Amounts owed to group companies

In millions of US$	At 31 December 2009	2008
ENRC PLC	2,652	2,299
ENRC Marketing AG	362	1,039
Kazchrome	100	-
DDK AG	42	-
ENRC Management (UK) Limited	31	-
Total amounts owed to group companies	**3,187**	3,338

The amounts owed to group companies are repayable		
Due within one year	**3,187**	3,338
Due in more than one year	**-**	-
Total amounts owed to group companies	**3,187**	3,338

The amounts due to ENRC PLC and ENRC Marketing AG bear interest at LIBOR plus 2 056% and are repayable on demand

The amount due to Kazchrome bears interest at LIBOR plus 3 500% and was repaid on 26 January 2010

The amount due to DDK AG bears interest at LIBOR plus 0 706% and is payable on demand

The amount due to ENRC Management (UK) Limited relates to management recharges

16 Called up share capital

In millions of US$	At 31 December 2009	2008
Authorised, allotted and issued		
250,000,000 shares of US$0 01 each	**3**	3

ENRC Finance Limited

Notes to the Financial Statements for the year ended 31 December 2009

17 Reserves

In millions of US$	Notes	Fair value reserve	Other reserves	Profit and loss account
At 31 December 2007		-	1,498	(142)
Loss for the year		-	-	(152)
Unrealised fair value loss on available for sale investments	13	(8)	-	-
At 31 December 2008		(8)	1,498	(294)
Profit for the year		-	-	462
Unrealised fair value gain on available for sale investments	13	5	-	-
Dividends paid		-	(700)	-
At 31 December 2009		(3)	798	168

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

18 Guarantees and commitments

In October 2008, the Company also provided guarantees to third party contractors, in relation to the supply of equipment to Kazakhstan Aluminium Smelter, another group company, amounting to a total of EUR13 million

In September 2007, ENRC PLC, parent company, entered into a financing agreement with EEC to finance the expansion of its production capacity, including that of its operating divisions, amounting to a total of US$309 million until 2011 In April 2008, the Company entered into an agreement with ENRC PLC and EEC, whereby the Company undertook obligations to carry out on behalf of ENRC PLC, its financing commitments to EEC

19 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 that company's consolidated financial statements are available from its registered office at 16 St James's Street, London SW1A 1ER

20 Events after the balance sheet date

The Company has paid ENRC PLC on 27 January 2010 an amount of $90 million as partial settlement of its loan payable to the Company

On 16 February 2010, the Company entered into an export credit facility agreement for the amount of €47 6 million The facility is a 10 year draw-down facility and bears an interest rate of six-month EURIBOR plus 1 5% 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