



8<sup>th</sup> June 2011

The Board of Directors  
ENRC  
16 St James's Street  
London

Dear colleagues

Given today's seismic events I thought that I would write to you with a valedictory analysis of my position.

When Sir David Cooksey invited me to join the board of ENRC prior to our IPO I accepted enthusiastically.

My enthusiasm was rooted in a belief that for the City to retain its leadership position in the world's capital markets we must do everything possible to make the UK's particular approach to liquidity and governance attractive to companies from abroad.

Selfishly I also relished the opportunity to learn about an exciting industry and an intriguing country – Kazakhstan.

From the very beginning it became apparent that the journey on which the company was embarked was not going to be a smooth one. Although the founding shareholders had signed Representation Agreements committing them to support an independent board it soon became obvious that the original owners' informal historical links with Directors and senior management meant that their influence would be ever present.

This is not necessarily a problem – there are many listed companies whose boards include major shareholders and where the tension between being a private company and a public company is significant. In our case however, it has become more and more apparent that the founders' influence was less transparent than is ideal; manifesting itself, for example, in the Chairman frequently playing the part of founders' messenger – not always accurately – rather than as leader of an independent board.

Unhelpful though this was, it could have been managed had we been well-led and effective.

Unfortunately we weren't. As you know I have been increasingly vocal about my concerns over how our progressive dysfunctionality, exacerbated by malign and inaccurate leaks from within, have contributed to a catastrophic decline in our share price relative to the FTSE 350 mining index.

Irritatingly, this "governance discount" has been attributed in the media to a fundamental disagreement about our African strategy and in particular, the decision to enter into the joint venture in the DRC. Not only is this wholly wrong, I consider the rigorous due diligence process

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through which we went in order to acquire those assets to be an instance of corporate governance at its best.

Unfortunately, it was an all too rare example and late last year I tendered my resignation from the board on the grounds that my concerns were falling on deaf ears and that my presence was therefore adding no value.

As a result, and at his request, I met with Mr Chodiev who asked me to stay and gave his assurance that the founders supported my recommendation that an external review of board performance be carried out. Based on his assurances that the board would be allowed to conduct the review and to deal with its consequences without interference I agreed not to resign.

Our chronic failure to meet the governance standards expected of a FTSE 100 company was eventually laid bare by the ICSA board performance review. That report called for urgent actions, not a single one of which has been adopted in the weeks since its receipt.

Though later than I would have liked, we did agreed that we would commence the process of board reconstruction at today's meeting and two of the founders wrote confirming that they would not take any action to disrupt the present board composition so that changes could be effected in an orderly manner. I had been looking forward, finally, to working with the Senior Independent Director and others to tackle the many fundamental issues highlighted by ICSA.

From my perspective, the first decision that we would have needed to take would have been to determine which governance model we wished to adopt.

In my various discussions with Mr Machkevich and Mr Chodiev I explained my view that for companies such as ENRC, there are only two, mutually exclusive governance models – either the founding shareholders should take a big step back and let the board of ENRC govern the company independently, or they should take a big step forward and play a hands on role in the strategic and operational detail of the business which they created.

Neither is the right answer per se, but a hybrid is definitely the wrong one. If ENRC is to change the commitments that we made at IPO and to adopt the second option – ie become a private company with a public listing – it must be done openly. The FSA needs to be consulted, the Representation Agreements need to be renegotiated and the many relationships between the Directors and the founders need to be entirely transparent and the market needs to be informed.

Whilst not really doubting the outcome, I had rather hoped that we would determine privately which option was preferred by the principal shareholders - the founders, Kazakhmys and the Kazakhstan government – and then effect an orderly restructuring of the board to achieve the consensus. As you know I had no interest in remaining once the change was effected if it were the second option and was happy to step down as part of that orderly process.

My dismissal alongside that of Sir Richard is a rather more brutal way of signalling the principal shareholders' decision to the market than I had in mind – more Soviet than City – made more so because it was in absolute contravention of the assurances given last week.

But it is at least unequivocal; and settles any debate on the matter of which alternative they prefer!

A choice which ends my 3+ years of tenure as a director during which I hope you feel I have been able to make a contribution to the early stages of our journey from private to public.

Letter to: ENRC Board of Directors  
From: Ken Olisa

Date: 8<sup>th</sup> July 2011  
Page: 3

I wish all of my erstwhile colleagues the very best of luck in solving the puzzle of delivering benefits to all shareholders in a private company which has a public listing.

Finally I would like to pay tribute to our hard working support staff who have managed cheerfully to keep the board processes running smoothly throughout a period which must have tested their nerve and understanding almost to destruction.

Yours sincerely

A handwritten signature in dark ink that reads "Ken". The signature is written in a cursive style and is followed by a long, diagonal slash that extends to the right and slightly downwards.

Ken Olisa OBE