

FORMER HR HEAD FOR ENRC SUED BY COMPANY

Eurasian Natural Resources Corp. (ENRC) has sued its former head of human resources for dishonestly issuing himself a raise worth \$154,500. The company produces metals in Kazakhstan and the former human resources director is that of Andrew Baggarnie, who used to work as a banker with Morgan Stanley. The counterclaim was filed against Baggarnie last month by ENRC, according to court documents. It is a counterclaim because Baggarnie filed a lawsuit against ENRC for wrongful termination back in November. He claims that he is owed close to 310,000 pounds in back pay and bonuses. ENRC said the following in its court papers, which were filed on December 22, which claim the company wants 74,000 pounds returned: "Baggarnie is an individual who appears to operate on the basis that wrongdoing on the part of a senior executive is acceptable so long as he can get away with it." Those pounds were not properly approved by Chief Executive Officer Felix Vulis. There were conflicts between the board and shareholders of ENRC last year, which had to conduct a three-month review of its corporate governance. The company recently agreed to acquire First Quantum Minerals Ltd.'s assets in the Democratic Republic of Congo for \$1.25 billion. This ended a legal battle between the two firms over the Kolwezi copper project. "The allegations of misconduct and dishonesty as set out in ENRC's counterclaim are vigorously resisted," Baggarnie's lawyer James Cox said in a statement. In February of last year, Vulis resigned, only to be appointed as CEO just seven months later after a management review. The review occurred because shareholders voted against rehiring independent directors Richard Sykes and Kenneth Olisa in the month of June. The three founders of ENRC, Alexander Machkevitch, Alijan Ibragimov and Patokh Chodiev, hold 14.6 percent of the firm. The company produces ferroalloys, iron ore, power and aluminum in Kazakhstan. "Mr. Baggarnie's claims are unfounded and ENRC is vigorously defending its position," the company said in a statement. In its counterclaim, ENRC (based in London) said that Baggarnie was told to issue a review of executive pay back in November of 2010 and he appointed management consultants to aid in the task. Baggarnie reportedly told the consultants that he was making 300,000 pounds in salary despite knowing that it was only 200,000 pounds. ENRC said that when Vulis confronted Baggarnie about the lie, Baggarnie hid his earlier dishonesty. Vulis did not read a service agreement about the increased pay for Baggarnie but he did sign it. He did not read it because "he trusted the claimant not to act dishonestly." Baggarnie claims that Vulis and the remuneration committee for ENRC had approved his salary. He also says that he was fired without notice in April of 2011 when, according to court documents "was telephoned by Mr. Vulis and accused of cutting himself a check for 70,000 pounds and receiving a 200,000 pound bonus."

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