

Raspadskaya Announces Preliminary Operational Results For Q2 2017 and H1 2017

Moscow, 26 July 2017 – PAO Raspadskaya (MICEX: RASP; “Raspadskaya” or the “Company”) today announces its preliminary operational results for Q2 2017 and H1 2017.

| | | Q2 2017 | Q1 2017 | Q2 2017/ Q1 2017 change | Q2 2016 | Q2 2017/ Q2 2016 change | H1 2017 | H1 2016 | H1 2017/ H1 2016 change |
|----------------------------------------------------------|----------|---------|---------|-------------------------------|---------|-------------------------------|---------|---------|-------------------------------|
| Total raw coal production | kt | 3,071 | 2,886 | 6% | 2,627 | 17% | 5,957 | 4,883 | 22% |
| Sales | | | | | | | | | |
| Concentrate – Russia | kt | 555 | 678 | -18% | 622 | -11% | 1,233 | 1,220 | 1% |
| Concentrate – export | kt | 1,118 | 1,018 | 10% | 967 | 16% | 2,137 | 1,893 | 13% |
| Total sales of concentrate | kt | 1,673 | 1,696 | -1% | 1,589 | 5% | 3,370 | 3,113 | 8% |
| Total sales of raw coal¹ | kt | 273 | 92 | 198% | 60 | 352% | 364 | 128 | 186% |
| Weighted average price of concentrate² | RUB/t | 5,024 | 7,294 | -31% | 3,053 | 65% | 6,167 | 3,129 | 97% |
| Exchange rate | RUB/US\$ | 57.15 | 58.83 | | 65.89 | | 57.99 | 70.26 | |

¹ Hard coking coal

² FCA Mezhdurechensk; prices for Q2 2017 and H1 2017 are preliminary and may differ immaterially from final ones

Q2 2017 highlights

As a part of the Company’s development plans open-pit mining of the deficit OS (semi-hard) coking coal grade began at the site of the Raspadskaya-Koksovaya mine in Q2 2017. First tonnes of this coal were sent to EVRAZ’ steelmaking units where they received a positive quality assessment. Increased production of OS-grade coking coal will play a key role in the Company’s development as it pursues its strategic priority of improving the product mix.

Razrez Raspadsky met its production target despite some of its equipment having been diverted to launch OS-grade coking coal production at the site of the Raspadskaya-Koksovaya mine.

Stable output from the Raspadskaya mine’s three longwalls (up 18% quarter-on-quarter) allowed the Company to produce a total of 3.1 million tonnes (up 6% quarter-on-quarter) of raw coal in Q2 2017.

At the request from clients, part of the concentrate sold on the domestic market in the reporting period came from EVRAZ’ coal washing plants at Yuzhkuzbassugol in a mix with EVRAZ’ concentrate, which led to changes in the structure of the Company’s product shipments: concentrate sales decreased by 18% quarter-on-quarter, while raw coal sales rose by 198% quarter-on-quarter.

Concentrate export sales increased by 10% quarter-on-quarter as a result of the Company’s efforts to maximise shipments.

Coal product sale prices were down quarter-on-quarter, in line with global benchmarks but were still up in year-on-year terms.

H1 2017 highlights

In H1 2017, the Company produced a total of 6.0 million tonnes of raw coal (a 22% year-on-year increase). Output grew thanks to stable production at the Rospadskaya mine's three longwalls (up 970 thousand tonnes year-on-year) and the Rospadskaya-Koksovaya mine (up 64 thousand tonnes year-on-year).

Concentrate sales increased by 8% year-on-year to 3.4 million tonnes. The main growth drivers were higher overall raw coal production coupled with the Company's efforts to maximise export shipments.

Raw coal sales rose by 186% year-on-year due to increased shipments to EVRAZ companies.

The share of coal concentrate exports in the sales structure was 63% in H1 2017 (2.1 million tonnes), of which 86% was shipped to the Asia-Pacific region and 14% to Europe. The rise in coal concentrate exports was caused by increased sales to the premium Asia-Pacific markets, as well as spot shipments to China.

In H1 2017, the weighted-average coal concentrate sale price on the domestic market was up 97% year-on-year and the export price was up 60% year-on-year amid rising global benchmarks in Q4 2016 and Q1 2017.

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About the Company

Rospadskaya is an integrated group of coal mining and enrichment facilities located in the Kemerovo region of Russia. It comprises three underground mines, one open-pit operation, a coal preparation plant, and several coal transportation and production infrastructure enterprises. Rospadskaya is a subsidiary of EVRAZ, a major vertically integrated metals and mining company.

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