

Raspadskaya Announces Preliminary Operational Results for Q4 and FY 2016

Moscow, 26 January 2017 – PAO Raspadskaya (MICEX: RASP; “Raspadskaya” or the “Company”) today announces its preliminary operational results for Q4 and FY 2016.

		Q4 2016	Q3 2016	Q4 2016 / Q3 2016 ± %	Q4 2015	Q4 2016 / Q4 2015 ± %	2016	2015	2016 / 2015 ± %
Total raw coal production	kt	3,198	2,431	32%	2,553	25%	10,512	10,352	2%
Sales									
Concentrate - Russia	kt	748	602	24%	450	66%	2,569	2,812	-9%
Concentrate - export	kt	890	841	6%	951	-6%	3,624	3,633	0%
Total sales of concentrate	kt	1,637	1,443	13%	1,401	17%	6,193	6,446	-4%
Total sales of raw coal¹	kt	13	103	-87%	211	-94%	243	993	76%
Weighted average price of concentrate²	RUB/t	6,359	3,119	104%	2,718	134%	3,980	2,950	35%
Exchange rate	RUB/US\$	63.07	64.62		65.94		67.05	60.94	

¹ Hard coking coal

² FCA Mezhdurechensk; the prices for Q4 and FY 2016 are preliminary and may differ immaterially from the final ones

Commenting on the results, Sergey Stepanov, CEO of Raspadskaya Coal Company, said:

“The Company delivered successful results in 2016 for two main reasons. First, in the second half of the year, conditions on the coking coal market improved. Second, against this backdrop, we produced 10 million tonnes of raw coal for the third year in a row. Our main production assets, the Raspadskaya mine and Razrez Raspadsky, are operating reliably and stably. The Raspadskaya mine beat last year’s output, a record among peers in Russia, by 3%, producing 5.6 million tonnes. Razrez Raspadsky increased output by 25% year-on-year to 4.4 million tonnes. This again highlights both the vast potential of our assets and our ability to be flexible when managing output volumes, which is important during market volatility.”

Q4 2016 highlights

Amid greater demand for coal, the Company boosted raw coal production to 3.2 million tonnes in Q4 2016, up 32% quarter-on-quarter. Notably:

- the Raspadskaya mine averaged output of 640 thousand tonnes a month;
- Raspadskaya-Koksovaya reached production of 60 thousand tonnes a month from room-and-pillar mining, its maximum production level;
- Razrez Raspadsky maintained production at the Q3 2016 level of 390 thousand tonnes a month, its maximum capacity at present.

Sales of coking coal concentrate rose by 13% quarter-on-quarter to 1.6 million tonnes, driven by both domestic and export sales. Exports accounted for 46% of overall concentrate sales (up from 42% in Q3 2016). In addition, the overall improvement in coal market conditions caused a shortage of railcars in the region, which affected shipment volumes.

Domestic sales of coking coal concentrate rose by 24% quarter-on-quarter to 748 thousand tonnes. This was due to shipments being restored to one of the main metals and mining enterprises, as it redirected some own production for export.

Raw coal sales totalled 13 thousand tonnes, down 87% quarter-on-quarter. This was due to a decline in oxidised coal shipments, as the Company focused more on coal concentrate sales given the improving market conditions.

The weighted average selling price of coal concentrate rose on both the export and domestic markets, as world coking coal prices increased.

FY 2016 highlights

In 2016, the Company's raw coal production totalled 10.5 million tonnes, up 2% year-on-year, despite operations being suspended at the MUK-96 mine and field no. 1, which produces KO-grade coal, at Raspadskaya-Koksovaya in the second half of 2015.

Sales of coking coal concentrate equalled 6.2 million tonnes, down just 4% year-on-year, despite a shortage of railcars in the region in Q4 2016, which restricted shipments.

Domestic sales of coal concentrate amounted to 2.6 million tonnes, down 9% year-on-year, driven mainly by the suspension of operations at field no. 1 at Raspadskaya-Koksovaya (all KO-grade coal from this field is sold domestically and in Ukraine).

Exports accounted for 3.6 million tonnes, or 58%, of the Company's overall concentrate sales in 2016. Of this, 91% went to the Asia-Pacific region and 9% to Europe.

Raw coal sales totalled 243 thousand tonnes, down 76% year-on-year, due to a decline in oxidised coal shipments, as the Company focused more on coal concentrate sales given the improving market conditions.

The weighted average selling price of coal concentrate rose on both the export and domestic markets, as world coking coal prices increased.

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About the Company

Raspadskaya 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. Raspadskaya is a subsidiary of EVRAZ, a major vertically integrated metals and mining company.

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For more information, visit www.raspadskaya.ru or contact:

Media relations:

London: +44 207 832 8998 Moscow: +7 495 937 6871

media@evraz.com

Investor relations:

London: +44 207 832 8990 Moscow: +7 495 232 1370

ir@evraz.com

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