

## Raspadskaya reports preliminary operating results for Q2 and H1 2014

**Moscow, 15 July 2014** – OAO Raspadskaya (MICEX-RTS: RASP) (“Raspadskaya” or “the Company”) announces its preliminary operating results for Q2 and H1 2014:

		Q2 2014	Q1 2014	Q2 2014/ Q1 2014	H1 2014	H1 2013	H1 2014/ H1 2013
				± %			± %
<b>Total raw coal production</b>	<i>kt</i>	<b>2,569</b>	<b>1,857</b>	<b>38%</b>	<b>4,427</b>	<b>3,961</b>	<b>12%</b>
<b>Sales</b>							
Concentrate - Russia	<i>kt</i>	780	618	26%	1,398	1,617	-14%
Concentrate - export	<i>kt</i>	877	458	91%	1,335	1,106	21%
<b>Total sales of concentrate</b>	<i>kt</i>	<b>1,657</b>	<b>1,076</b>	<b>54%</b>	<b>2,733</b>	<b>2,722</b>	<b>0%</b>
<b>Total sales of raw coal<sup>1</sup></b>	<i>kt</i>	<b>334</b>	<b>261</b>	<b>28%</b>	<b>594</b>	<b>287</b>	<b>107%</b>
<b>Weighted average price of concentrate<sup>2</sup></b> (FCA Mezhdurechensk)	<i>RUB/t</i>	<b>2,053</b>	<b>2,476</b>	<b>-17%</b>	<b>2,220</b>	<b>2,577</b>	<b>-14%</b>
<b>Exchange rate</b>	<i>RUB/USD</i>	35.00	34.96		34.98	31.02	

<sup>1</sup> Hard coking coal

<sup>2</sup> The prices for Q2 and H1 2014 are preliminary and may immaterially differ from the final ones

### Q2 2014 Highlights:

- In Q2 2014, overall raw coal production amounted to 2.6 million tonnes, a 38% increase compared to Q1 2014, primarily driven by increased production at Raspadskaya mine’s longwall 4-9-23, launch of longwall 5-15-24(1) at the MUK-96 mine and shift to planned production volumes at the Razrez Raspadsky open-pit.
- In June 2014, longwall 5a-10-18 was put into operation in line with the programme aimed at increasing production at the Raspadskaya underground mine. The reserves of GZh coal grade in the face amount to 428 kt. The Raspadskaya underground mine currently operates on three longwalls, with the fourth longwall to be launched in August 2014.
- In Q2 2014, sales volumes of coking coal concentrate increased to 1.7 mt, or by 54% compared to Q1 2014 mainly due to higher production at the Raspadskaya mine’s coal-faces and a respective decrease in ash content in the coal mined. As a result, the concentrate yield increased to 70%.
- In Q2 2014, domestic sales of coking coal concentrate increased to 780 kt, or by 26% compared to the previous quarter, mainly due to the increase in shipments to large Russian metallurgical enterprises.
- In Q2 2014, the exports of coal concentrate amounted to 877 kt, or 53% of total

sales, compared to 43% and 458 kt in Q1 2014. 89% of the export sales were to the Asia-Pacific region and 11% to Ukraine. The growth in export coal concentrate was attributable to increased shipments to the Asia-Pacific region.

- Sales volumes of raw coal grew by 28% vs. Q1 2014 as more raw coal was shipped to Yuzhkusbassugol's washing plants for production of multi-component concentrate blends from Yuzhkusbassugol's and Rospadskaya's coals.
- In Q2 2014, the weighted average selling price of coal concentrate decreased by 17% in Rouble terms due to challenging coal market conditions worldwide which were caused by a decrease in coking coal consumption in China. In the Russian market coking coal prices were stable and remained at the level of Q4 2013.

### **H1 2014 Highlights:**

- In H1 2014, overall raw coal production amounted to 4.4 mt, which is 12% higher than in H1 2013 mainly due to the launch of the three new longwalls at the Rospadskaya mine.
- Sales volumes of coking coal concentrate remained flat compared to H1 2013 and amounted to 2.7 mt. The lack of growth in coking coal concentrate sales in H1 2014 is attributable to the increase in the share of raw coal in the sales and lower concentrate yield because of high ash content in the coal mined. In Q2 2014, it was offset by the increase in the share of production from the longwall faces.
- The domestic sales of coking coal concentrate decreased by 14% compared to H1 2013 and amounted to 1.4 mt, mainly due to an increase in export sales.
- The exports of coal concentrate in H1 2014 amounted to 1.3 mt, or 49% of total sales, out of which 86% were shipments to the Asia-Pacific region and 14% to Ukraine. The growth in export coal concentrate was due to increased sales to the Asia-Pacific region.
- Raw coal sales volumes increased to 594 kt, or by 107% compared to H1 2013 due to increased shipments to EVRAZ's assets.
- In H1 2014, the weighted average selling price of coal concentrate decreased by 14% in Rouble terms due to challenging global coal market conditions.

In H2 2014, raw coal production is expected to increase as the Rospadskaya mine will put into operation the fourth longwall and also due to the production increase at the Razrez Rospadsky open-pit and the Rospadskaya-Koksovaya mine. In addition, the ash content in the coal mined will reduce due to the increase in the share of production from the longwall faces, which should positively affect the coal concentrate output.

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### **About the Company**

Raspadskaya is a compact integrated coal mining and enrichment complex located in the Kemerovo region of Russia. The company comprises three underground mines, one open-pit operation, a coal preparation plant, as well as a coal transportation network and a number of integrated infrastructure companies. Raspadskaya is a subsidiary of a vertically integrated steel, mining and vanadium company EVRAZ.

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