

Raspadskaya reports preliminary operating results for Q3 and 9 months 2014

Moscow, 15 October 2014 – OAO Raspadskaya (MICEX-RTS: RASP) (“Raspadskaya” or “the Company”) announces its preliminary operating results for Q3 and the first nine months of 2014:

		Q3 2014	Q2 2014	Q3 2014/ Q2 2014	Q3 2013	Q3 2014/ Q3 2013	9m 2014	9m 2013	9m 2014/ 9m 2013	± %
Total raw coal production	<i>kt</i>	2,459	2,569	(4)%	2,008	22%	6,885	5,969		15%
Sales										
Concentrate - Russia	<i>kt</i>	708	780	(9)%	786	(10)%	2,106	2,403		(12)%
Concentrate - export	<i>kt</i>	819	877	(7)%	578	44%	2,154	1,684		28%
Total sales of concentrate	<i>kt</i>	1,527	1,657	(8)%	1,364	13%	4,260	4,086		4%
Total sales of raw coal¹	<i>kt</i>	226	334	(32)%	193	10%	821	480		71%
Weighted average price of concentrate²	<i>RUB / t</i>	1,962	2,048	(4)%	2,178	(10)%	2,125	2,444		(13)%
(FCA Mezhdurechensk)										
Exchange rate	<i>RUB/USD</i>	36.19	34.99		32.80		35.39	31.62		

¹ Hard coking coal

² The prices for Q3 and 9m 2014 are preliminary and may immaterially differ from the final ones

Q3 2014 Highlights:

- In Q3 2014, overall raw coal production increased by 22% compared to Q3 2013, and amounted to 2.5 million tonnes, primarily due to launch of new longwalls at the Raspadskaya underground mine. In Q2 2014 the production volume was 4% higher compared to Q3 2014 due to successful implementation of the plan to increase the production at Raspadskaya mine’s 4-9-23 longwall. The production at 4-9-23 longwall was carried out with high efficiency.
- In September 2014, longwall 5a-7-28bis was put into operation at the Raspadskaya mine. Commercial coal reserves in the longwall amount to 2.7 million tonnes. In the first stage of the mine development project average monthly output is expected at 150 kt. The Raspadskaya mine currently operates at three longwalls due to longwall move at the depleted face 4-9-23. The priority for the Raspadskaya team is to launch longwall 4-9-25 by the end of the year.
- In Q3 2014, sales volumes of coking coal concentrate increased by 13% compared to Q3 2013 and amounted to 1.5 mt. The increase was due to higher production volumes, as well as the Company's entry into new markets in the Asia-Pacific region. Sales volumes of coking coal concentrate decreased by 8%, compared to Q2 2014

due to a decrease in raw coal production.

- In Q3 2014, domestic sales of coking coal concentrate decreased to 708 kt, or by 10% compared to the Q3 2013, mainly due lower shipments to MMK which increased coal mining at its own mines and reduced purchases on the market. The released volume was reallocated to premium markets of South-East Asia (Japan, Korea).
- In Q3 2014, exports of coal concentrate amounted to 819 kt, or 54% of total sales, compared to 42% and 578 kt respectively in Q3 2013. The significant increase (+44%) in export sales was due to increased shipments to the Asia-Pacific region. In Q3 2014, 85% of the export sales were to the Asia-Pacific region and 15% to Europe. The 7% reduction in export sales, compared to Q2 2014 was mainly due to lower preparation of coking coal concentrate.
- Sales volumes of raw coal increased by 10%, compared to Q3 2013 due to increased shipments to EVRAZ's assets. The 32% decrease compared to Q2 2014 was due to the fact that part of the KO coal grade volumes were sold to EVRAZ's plants in the form of concentrate and not as raw coal as in previous periods.
- In Q3 2014, the weighted average selling price of coal concentrate in rouble terms decreased by 10% compared to Q3 2013 and by 4% compared to Q2 2014 due to challenging coal market conditions worldwide – there was a decrease of quarterly quotes and spot prices in export markets. However, there was a deficit of Zh and GZh coal grades in the Russian market which resulted in a slight price increase for these grades.

9m 2014 Highlights:

- In 9m 2014, overall raw coal production amounted to 6.9 mt, 15% higher than in 9m 2013, mostly due to the launch of the three new longwalls at the Raspadskaya mine.
- Sales volumes of coking coal concentrate increased by 4% compared to 9m 2013 and amounted to 4.3 mt. The increase was mainly driven by increased raw coal production and subsequent increase in production and sales of coal concentrate.
- The domestic sales of coking coal concentrate decreased by 12% compared to 9m 2013 and amounted to 2.1 mt, mainly due to an increase in export sales.
- The exports of coal concentrate in 9m 2014 amounted to 2.2 mt, or 51% of total sales, out of which 86% were shipments to the Asia-Pacific region and 14% to Europe. The growth in export sales of coal concentrate was a result of increased sales to the Asia-Pacific region.
- Sales of raw coal grew to 821 kt, or by 71% compared to 9m 2013 due to increased shipments to EVRAZ's assets.
- In 9m 2014, the weighted average selling price of coal concentrate decreased in rouble terms by 13% due to challenging global coal market conditions.

Sergey Stepanov, General Director of Raspadskaya Coal Company said:

In Q4 2014, raw coal production is expected to increase as the Raspadskaya mine will put into operation the 4-9-25 longwall. The Company plans to produce more than 10 mt of raw coal in 2014. I am pleased to note that the Company managed to reach the breakeven point in September due to the launch of the new longwalls at the Raspadskaya underground mine.

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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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