Raspadskaya Announces Preliminary Operational Results for Q2 and H1 2016

Moscow, 21 July 2016 – OAO Raspadskaya (MICEX-RTS: RASP; "Raspadskaya" or the "Company") today announces its preliminary operational results for Q2 and H2 2016.

		Q2 2016	Q1 2016	Q2 2016 / Q1 2016 ± %	Q2 2015	Q2 2016 / Q2 2015 ± %	H1 2016	H1 2015	H1 2016 / H1 2015 ± %
Total raw coal production	**kt**	**2,627**	**2,256**	**16%**	**2,270**	**16%**	**4,883**	**5,072**	**-4%**
Sales									
Concentrate - Russia	kt	622	598	**4%**	897	**-31%**	1,220	1,643	**-26%**
Concentrate - export	kt	967	925	**5%**	713	**36%**	1,893	1,692	**12%**
Total sales of concentrate	**kt**	**1,589**	**1,523**	**4%**	**1,610**	**-1%**	**3,113**	**3,335**	**-7%**
Total sales of raw coal[1]	**kt**	**60**	**67**	**-10%**	**214**	**-72%**	**128**	**294**	**-57%**
Weighted average price of concentrate[2]	**RUB/t**	**3,053**	**3,208**	**-5%**	**3,108**	**-2%**	**3,129**	**3,167**	**-1%**
Exchange rate	**RUB/USD**	65.89	74.63		52.65		70.26	57.40	

[1] Hard coking coal

[2] FCA Mezhdurechensk; the prices for Q2 and H1 2016 are preliminary and may differ immaterially from the final ones

Q2 2016 highlights

- In Q2 2016, raw coal production totalled 2.6 million tonnes, up 16% quarter-on-quarter, driven mainly by greater output at Razrez Raspadsky (up 25% quarter-on-quarter) and the Raspadskaya mine (up 14% quarter-on-quarter).
- In Q2 2016, sales of coking coal concentrate equalled 1.6 million tonnes, up 4% quarter-on-quarter.
- Domestic sales of concentrate amounted to 622 thousand tonnes, up 4% quarter-on-quarter, as shipments to major Russian metals producers rose.
- Concentrate exports reached 967 thousand tonnes, up 5% quarter-on-quarter, mainly due to greater sales on the premium markets of Japan and South Korea. The share of exports in concentrate sales remained unchanged at 61%.
- The weighted average selling price of concentrate in ruble terms fell by 5% quarter-on-quarter overall, increasing by 3% quarter-on-quarter on the domestic market and decreasing by 12% quarter-on-quarter for exports due to the ruble appreciation. The overall decline was partly offset by a rise in global prices for coking coal.

H1 2016 highlights

- In H1 2016, raw coal production totalled 4.9 million tonnes, down 4% quarter-on-quarter, due to some operations being suspended:
  - the high-cost MUK-96 mine, as part of a cost-saving drive in Q2 2015;
  - field no. 1 at Raspadskaya-Koksovaya, after carbon monoxide was detected in Q3 2015.
- In H1 2016, raw coal production of the assets in operation (the Raspadskaya mine, Razrez Raspadsky and field no. 2 at Raspadskaya-Koksovaya) rose by 15% year-on-year.
- Field no. 2 at Raspadskaya-Koksovaya continues to develop its mining of premium K-grade coal.
- In H1 2016, sales of coking coal concentrate equalled 3.1 million tonnes, up 7% year-on-year, caused largely by the overall fall in raw coal production.
- Domestic sales of concentrate amounted to 1.2 million tonnes, down 26% year-on-year, driven mainly by:
  - a halt in KO-grade coal production due to the suspension of operations at field no. 1 at Raspadskaya-Koksovaya;
  - an increase in the share of consumption of own coal from captive suppliers by major Russian metals producers.
- The resulting additional concentrate volumes were redirected to other domestic clients and premium markets in Southeast Asia (Japan and South Korea).
- Exports accounted for 1.9 million tonnes, or 62%, of the Company's overall concentrate sales in H1 2016. Of this, 85% went to the Asia-Pacific region and 15% to Europe. The rise in concentrate exports was due to increased sales on premium markets in the Asia-Pacific region.
- In H1 2016, raw coal sales totalled 128 thousand tonnes, down 51% year-on-year, due to the suspension of operations at field no. 1 at Raspadskaya-Koksovaya and MUK-96, whose coal was partly sold raw.
- In H1 2016, the weighted average selling price of concentrate in ruble terms increased by 7% year-on-year on the domestic market and decreased by 2% year-on-year for exports, due to the a halt in KO-grade coal production from field no. 1 at Raspadskaya-Koksovaya. Overall, the weighted average selling price of concentrate fell by 1% year-on-year in ruble terms.

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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 steel, mining and vanadium company.

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