Acquisition of Raspadskaya

4 October 2012
Located in the Kemerovo region

Production facilities:

- 8 underground mines:
  - Abasheevskaya (coking coal)
  - Alardinskaya (coking coal)
  - Yesaulskaya (coking coal)
  - Ossinikovskaya (coking coal)
  - Uskovskaya (coking coal)
  - Yerunakovskaya VIII (coking coal, under construction)
  - Gramoteinskaya (steam coal)
  - Kusheyakovskaya (steam coal)

- Coal processing facilities*:
  - Abasheevskaya coal preparation plant
  - Kuznetskaya coal preparation plant

Total proved and probable reserves (IMC, 31/12/2011): 632 million tonnes

In 2011, Yuzhkuzbassugol:

- Extracted 6.3 mt raw coking coal and 3.0 mt raw steam coal
- Produced 6.5 mt coking coal concentrate and 0.9 mt steam coal concentrate

* Zapsib coal preparation plant is part of EVRAZ ZSMK,
Raspadskaya

- Located in the Kemerovo region
- Production facilities:
  - Three underground coking coal mines:
    - Raspadskaya
    - MUK-96
    - Raspadskaya Koksovaya
  - Open-pit coking coal mine Razrez Raspadsky
  - Raspadskaya coal concentrate preparation plant
- Total proved and probable coking coal reserves (IMC, 31/12/2011): 1,314 million tonnes
- In 2011, Raspadskaya extracted 6.3 mt of raw coking coal and produced 3.8 mt of coking coal concentrate
Acquisition: Terms and conditions

- EVRAZ purchases a further 50% interest in Corber Enterprises Limited, a company which holds a 82% interest in Raspadskaya, from Adroliv Investments Limited

- Remaining 18% of Raspadskaya shares will remain listed on the Russian Stock Exchange, MICEX-RTS

- EVRAZ
  - (i) will issue 132.7 million new shares (9.9% of the existing issued share capital of EVRAZ)
  - (ii) will issue 33.9 million new warrants (2.53% of the existing issued share capital of EVRAZ), and
  - (iii) will pay an amount, in cash, of USD$1,949.80 for each of 103,600 ordinary Corber shares, payable in four equal instalments in Q1, Q2, Q3 2013 and Q1 2014.
  - The warrant exercise period will be at any time between 12 months and 15 months after completion of the acquisition. Upon exercise of the Warrants, it is expected that the Sellers would own 11.06% of EVRAZ.

- The completion of the Acquisition is expected to occur in Q4 2012 subject to customary regulatory approvals and other conditions
Rationale and synergies

☐ Raspadskaya is a key supplier of coal to EVRAZ

☐ EVRAZ is Raspadskaya’s largest customer

☐ EVRAZ has a clear understanding of the strengths and potential of Raspadskaya's business through
  - holding an equity interest in Raspadskaya, and
  - representation in Raspadskaya’s Board,

☐ EVRAZ is best positioned to benefit from acquiring a controlling interest in Raspadskaya
  - Operational synergies to EVRAZ, e.g. optimal use of different coal grades in the combined portfolio, are expected
  - EVRAZ will become the largest producer of coking coal in Russia
## Calculation of net leverage

<table>
<thead>
<tr>
<th>Company</th>
<th>Net debt as of 30 June 2012</th>
<th>LTM EBITDA</th>
<th>Net leverage ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>EVRAZ</td>
<td>6,070</td>
<td>2,447</td>
<td>2.48</td>
</tr>
<tr>
<td>Corber</td>
<td>330</td>
<td>235</td>
<td>1.40</td>
</tr>
<tr>
<td>Combined entity*</td>
<td>6,400</td>
<td>2,682</td>
<td>2.39</td>
</tr>
</tbody>
</table>

* Pro forma