



Mining & Coal Washing

Facility

Yuzhkuzbassugol (Russia)



Production facilities | Yuzhkuzbassugol has five coking coal mines in Novokuznetsk, in the Kemerevo region of Russia. They produce hard and semi-hard coking coal (Zh, GZh and KS grades), which is processed into high-quality concentrate (classified as HCC grade internationally). Most of this is produced in the new Yerunakovskaya-8 mine.

Yuzhkuzbassugol has two coal washing plants, which produce customised coking coal blends and pulverised coal injection (PCI) coal. The Kuznetskaya washing plant produces high-quality HCC concentrate for the domestic market. The Abashevskaya washing plant produces a wide variety of products whose quality matches specific customers' needs.

Ownership: 100%
Employees: 7,594 people

Capacity

Mine: 10.2 mt per year
P&P reserves: 413.7 mt

Output by mines in 2015, mt

Yesaulskaya	Underground	Zh	1.54
Ossinikovskaya	Underground	Zh	1.29
Yerunakovskaya-8	Underground	GZh	2.23
Uskovskaya	Underground	GZh	2.29
Alardinskaya	Underground	KS	2.91
Total			10.23

Raspadskaya (Russia)



Production facilities | Raspadskaya has three operational underground coking coal mines and one open-pit mine in Mezhdurechensk, in the Kemerevo region of Russia. This complex includes the Raspadskaya mine, Russia's largest. The operations produce hard coking coal (K grade), semi-hard coking coal (GZh grade) and semi-soft coking coal (GZhO grade). The coal from Raspadskaya is exported to premium markets, as is the coal from the Raspadsky open pit, whose output is flexible and can be easily adjusted according to market conditions.

Raspadskaya's coal washing plant is one of the most modern in Russia. Maintenance costs are low and it can process high volumes with low human resources. If necessary, the plant can increase the volume of coal washed easily. It began third-party washing in 2014.

Ownership: 81.95%
Employees: 6,596 people

Capacity

Mine: 10.4 mt per year
P&P reserves: 1,332.8 mt

Output by mines in 2015, mt

Raspadskaya	Underground	GZh	5.50
Razrez Raspadsky	Open pit	GZh/GZhO	3.50
MUK-96 (Put on care & maintenance in 2015)	Underground	GZhO	0.35
Raspadskaya-Koksovaya	Underground	K	1.00
Total			10.35

Mezhegey (Russia)



Production facilities | Mezhegey is a greenfield project in the Tyva region of Russia. The surface infrastructure was commissioned in December 2015. Mezhegey will have one underground mine, which will start production in 2016.

Ownership: 60.02%
Employees: 413 people

Capacity

Mine: 2.0 mt per year (planned)

Output by mines in 2015, kt

Mezhegeugol	Underground	Zh	242
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KEY DEVELOPMENTS 2015

Yuzhkuzbassugol

Mining

- Mining of Zh-grade increased by 0.4 million tonnes year-on-year in 2015
- Mining of GZh-grade decreased by 1 million tonnes year-on-year in 2015 due to delays in the schedule of longwall movements, but is expected to rise in 2016
- Mining of KS-grade was up 0.2 million tonnes year-on-year in 2015
- Output at all other mines rose due to productivity improvements

Production efficiency improvements

- Output per face grew by 3% year-on-year
- Longwall move times accelerated by 5%, reducing downtime
- Development work accelerated by 5%

Raspadsкая

Mining

- The Raspadsкая mine produced 5 million tonnes in 2015
- The Raspadsкая-Koksovaya mine began production of K-grade coal

Production efficiency improvements

- The Raspadsky open pit produced up to 380 thousand tonnes per month in the fourth quarter
- Development work accelerated by 60% by transferring high-performance development teams from mine-recovery and repair arching work

Mezhegey

- Preparations to launch the mine are 90% complete
- The mine has used highly productive modern equipment to deliver the best development rate in the Group, achieving a maximum of 22 metres per day and 350 metres per month

R&D REVIEW

Based on its experience at the new Mezhegey mine, the Group intends to introduce modern tunneling equipment and increase the rate of development work at the Raspadsкая and Yerunakovskaya mines.

OUTLOOK

EVRAZ expects to produce up to 20.6 million tonnes of raw coking coal in 2016. It will also work on reducing the ash content of its coal.



CONSTRUCTION OF THE NEW
MEZHEGEYUGOL MINE

EVRAZ has been developing the Ulug-Khemsoye coal deposit since 2012. As part of this, it is building a new state-of-the-art mine, Mezhegeyugol, located far from any developed infrastructure or towns. This mine has few interesting features: it has an indoor distribution unit and is capable of handling up to 16 MW and a ventilation shaft, part of which runs at an angle to the mine entrance shaft of up to 50 degrees. Due to be commissioned in 2016.

KEY PROJECTS

MEZHEGEY

Construction completed, start of longwall mining

Status: **In process**

CAPEX **IRR**
US\$176 million **14%**

RASPADSKAYA-KOKSOVAYA (K-GRADE)

Launch of production of K-grade

Status: **In process**

CAPEX **IRR**
US\$28 million **62%**

PROGRAMME OF WATER PROTECTION MEASURES¹

Minimising the risks of penalties for discharge of pollutants above the norm (settlement agreement with Rosprirodnadzor)

Status: **Completed**

CAPEX **IRR**
US\$15.2 million **n/a**

¹At the Uskovskaya and Raspadsкая-Koksovaya mines and also the Abashevskaya, Alardinskaya and Osinnikovskaya mines and the Abashevskaya washing plant.