

New investment projects in

Siberia and Far East

Niigata, November 18, 2008



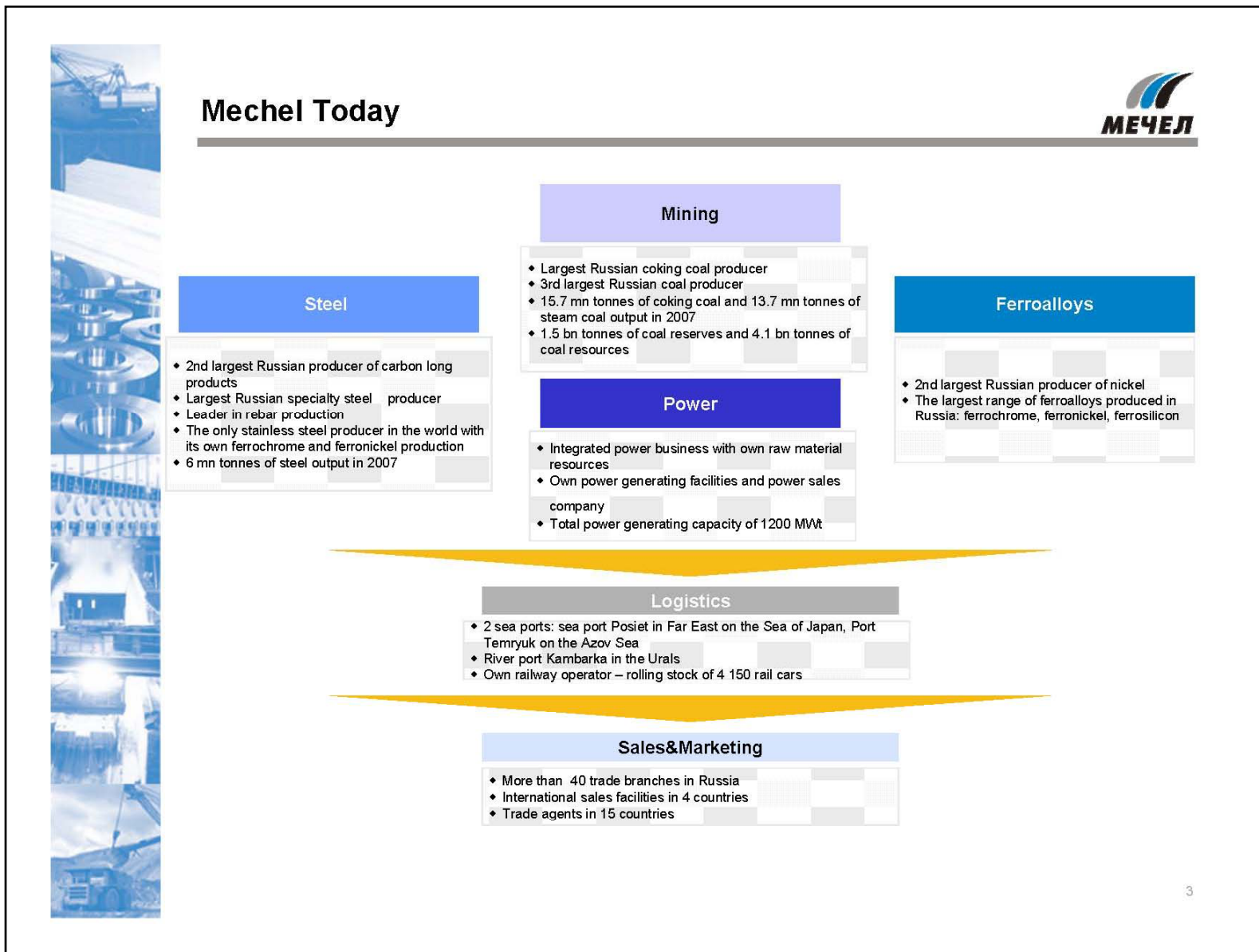
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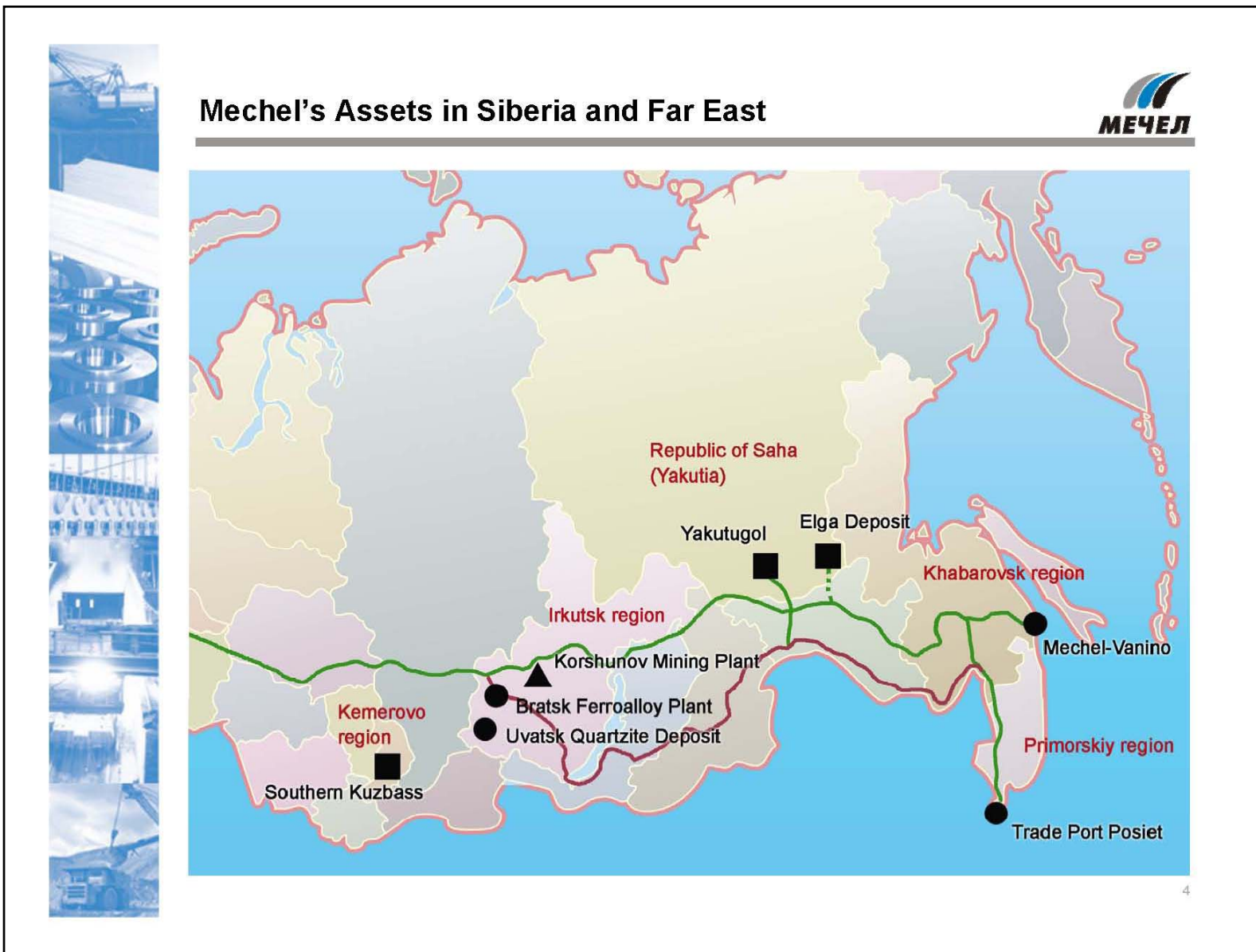


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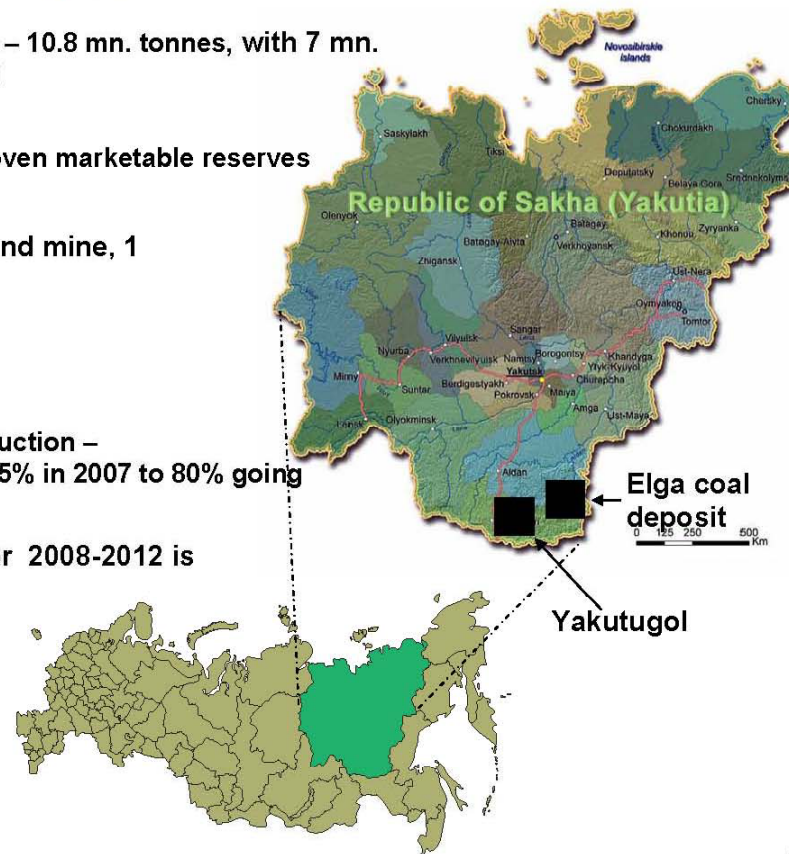


Yakutugol (Republic of Sakha (Yakutia))



Russia's biggest coking coal exporter

- Overall coal output in 2007 – 10.8 mn. tonnes, with 7 mn. tonnes being coking coal
- 186.5 million tonnes of proven marketable reserves
- 2 open pits, 1 underground mine, 1 washing plant
- About 8,500 employees
- Focus on coking coal production – It's output will grow from 65% in 2007 to 80% going forward
- Total CAPEX program for 2008-2012 is about \$192 mn.





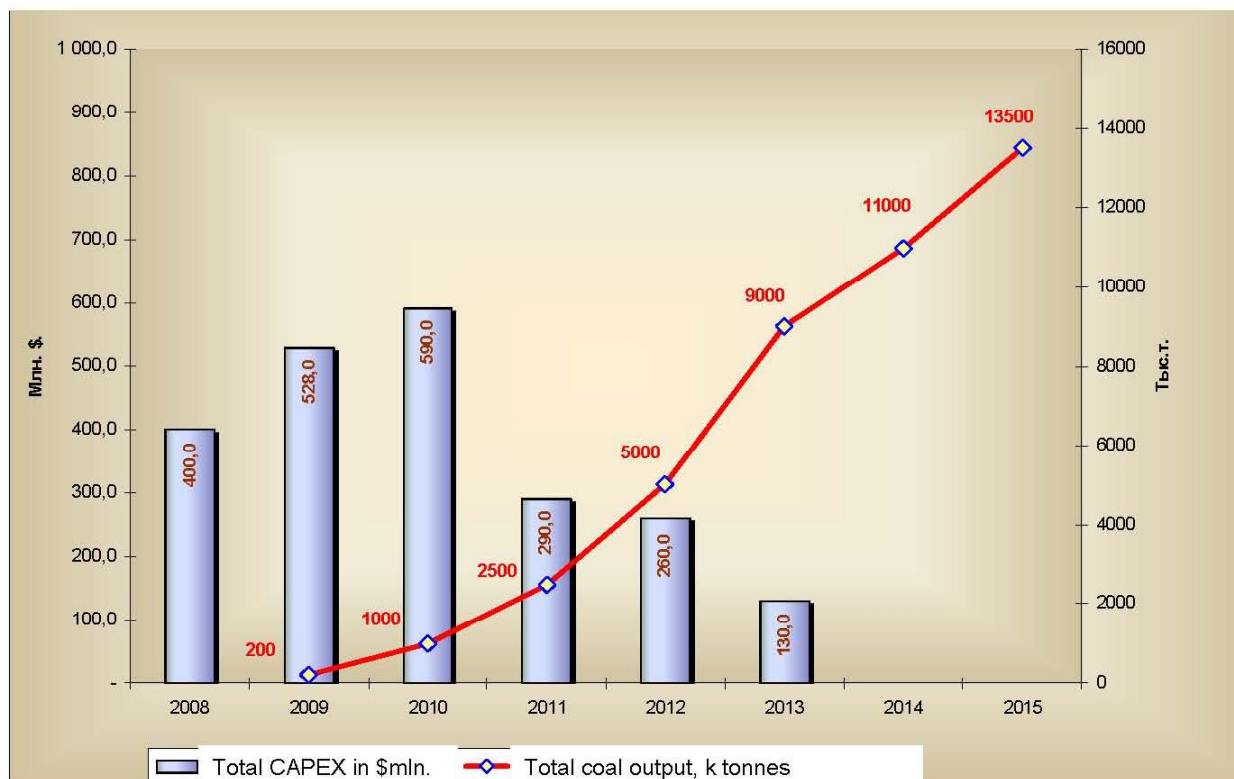
Elga Coal Deposit (Republic of Sakha (Yakutia))



- Distance of 320 km from Baikal-Amurskaya railroad
- Total coal reserves and resources of 2.1 billion (grade 2G)
- Open pit mine with projected capacity of 30 mn. tonnes per year
- Production:
 - coking coal concentrate
 - steam coal concentrate
 - raw steam coal



Elga coal mine development project

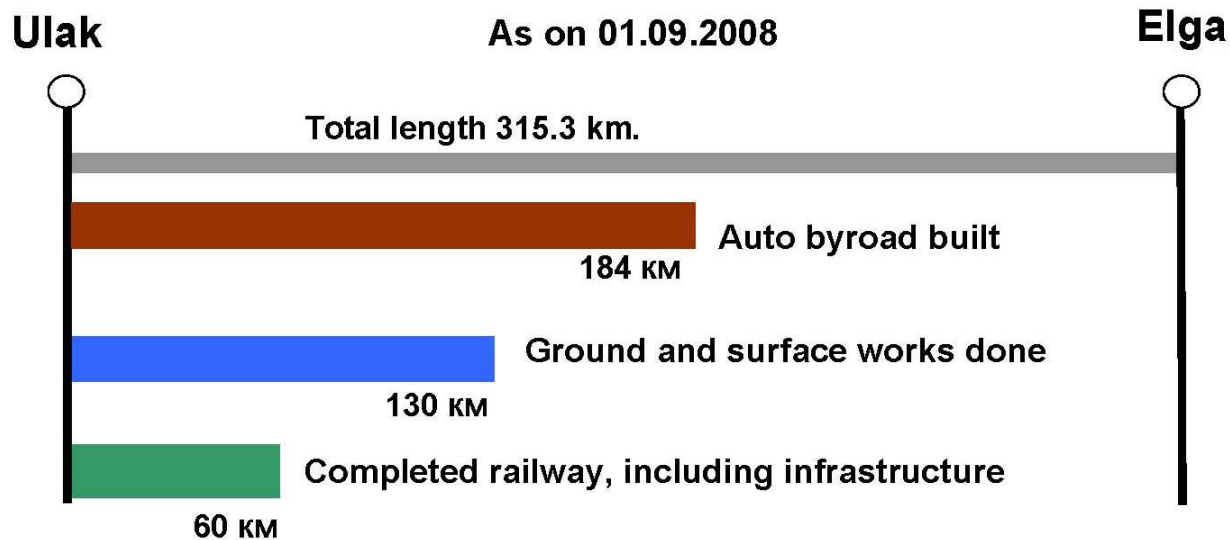




Ulak-Elga Railroad Construction



Own railway line, which was started in early 2008 from BAM to Elga coal deposit, will allow Mechel to ship coal right from the production start.



Currently about 800 equipment units engaged and 1800 workers. With intensification of construction amount of people and equipment will increase.



Uniqueness of the Elga deposit development plan



- ▶ One of the world's largest deposits of high-quality coking coal in demand by domestic and foreign metallurgical industry is being developed
- ▶ A large project of private railroad construction will be completed within a short period of time
- ▶ Town of Neryungri habitability is preserved after Neryungri open-pit reserves are mined out
- ▶ Baikal-Amur Railroad is loaded, providing efficiency of its operation
- ▶ Securing of coking coal export deliveries and developing of sea ports used for export of products that can occupy 10-30% share of Asia-Pacific region market



Trade Port Posiet (Primorsky Region)



- **Cargo handling capacity of 3 mn. tonnes per year**
- **Warehouse capacity – 140 thousand tonnes**
- **About 350 employees**
- **Planned capacity increase to 7-9 mn. tonnes per year**
- **Port modernization to handle Panamax ships (up to 60 000 tonnes deadweight)**
- **Total CAPEX program for 2008-2012 -- \$120 mn.**



Trade Port Posiet



Coal Terminal in Vanino Port (Khabarovsk region)

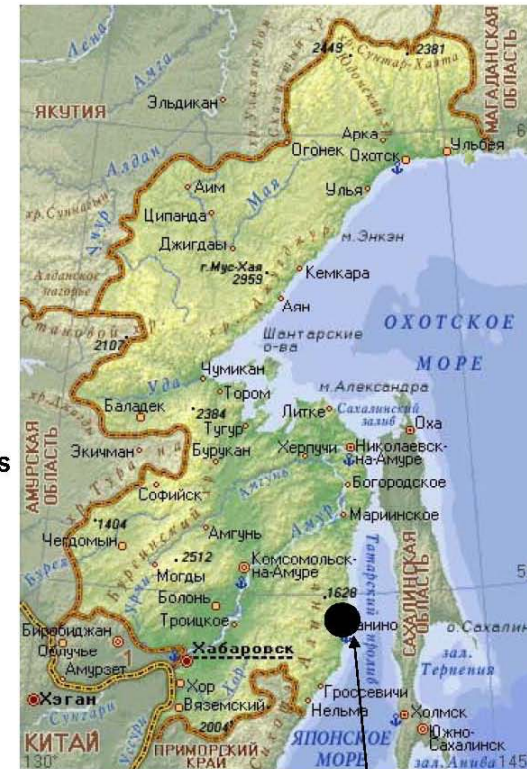


Construction of coal terminal in Vanino port is done within the framework of Elga deposit development

Terminal with throughput capacity of 25 mn tonnes per year will be located in the northern part of Muchke bay near Toki cape

Program for project development provides for: project engineering in 2009, construction and commissioning of the first stage in 2010-11

Coal terminal construction CAPEX is estimated at the level of \$460 mn



Mechel-Vanino Coal Terminal



Conclusion



- ▶ **Mechel operates in 5 regions of Siberia and Far East:**
 - Kemerovo Region, - Irkutsk Region, - Republic of Sakha (Yakutia), - Primorskiy Region, - Khabarovsk Region
- ▶ **Total number of employees at Mechel's enterprises in the region is about 25.5 thousand people**
- ▶ **Mechel starts development of 3 new mineral deposits**
- ▶ **Mechel realizes 3 transport infrastructure building and reconstruction projects: Uyak-Elga Railroad, Mechel-Vanino Coal Terminal, Trading Port Posiet modernization**
- ▶ **Total investments into Siberia and Far East region in 2008-2012 will exceed \$3,3 bn.**



Thank you

