

Metinvest secures long-term coal supplies in Ukraine

Metinvest, the vertically integrated steel and mining group of companies, is pleased to announce that it has secured additional long-term supply of high-grade coking coal by investing in production cooperation and acquiring up to 24.99% of some coking coal assets in Ukraine. This is in line with the Group's strategic priority of improving its self-sufficiency in coking coal to strengthen its vertical integration.

The assets include several extraction, enrichment and sale entities, the most significant of which is Pokrovske Colliery and Svyato-Varvarinskaya Enrichment Plant, which together form the largest coking coal extraction and production business in Ukraine. They are located on the border of the Dnipro and Donetsk regions, close to Metinvest enterprises. The assets are registered in accordance with Ukrainian law and none is located in the non-controlled territories of Ukraine. Total consideration for this stake is approximately US\$190 million.

Sale products mostly consist of high-quality K-grade coal (hard coking coal, most of whose quality characteristics are in line with the Platts requirements for the Premium Low Vol HCC benchmark), which is used in coke production. As at 31 December 2017, the long-life proven and probable coal reserves amounted to 81 million tonnes, as calculated according to JORC methodology as at 1 January 2013 and adjusted for production in 2013-17. In 2017, raw coal extraction was 4.3 million tonnes, while coking coal concentrate production was 2.6 million tonnes.

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