

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the Transaction, the contents of this document, or as to the action you should take, you are recommended to seek your own independent advice immediately from your stockbroker, bank, solicitor, accountant, fund manager or other appropriate independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent professional adviser in the relevant jurisdiction.

If you sell, have sold or otherwise transferred all of your Shares you should send this document and the accompanying documents as soon as possible to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or the transferee. However, the distribution of this document and/or any accompanying documents into certain jurisdictions other than the United Kingdom may be restricted by law. Therefore, persons into whose possession this document and any accompanying documents come should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. If you have sold only part of your holding of Shares you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.



EVRAZ PLC

(Incorporated in England and Wales with registered number 07784342)

CIRCULAR

relating to

**recommended proposals for the disposal of
Joint Stock Company EVRAZ Nakhodka Trade Sea Port**

and

Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Senior Independent Non-Executive Director of EVRAZ plc (the “Company”) which is set out in Part I: “Letter from the Senior Independent Non-Executive Director of the Company” of this document in which the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the General Meeting.

Notice of the General Meeting, which is to be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ on 23 May 2017, is set out on pages 29 to 32 of this document. The General Meeting will start at 10 a.m.

The Transaction is subject to, and conditional upon, the approval of Independent Shareholders at the General Meeting.

The action to be taken by Shareholders in respect of the General Meeting is set out on pages 29 to 32 of this document. Whether or not you intend to be present at the General Meeting, please complete and sign the Form of Proxy accompanying this document, in accordance with the instructions printed on it, and return it to the Company’s Registrars, Computershare Investor Services PLC (“**Computershare**”), as soon as possible, and in any event so as to be received by Computershare at The Pavilions, Bridgwater Road, Bristol BS13 8AE no later than 10 a.m. on 19 May 2017.

The completion and return of a Form of Proxy will not preclude you from attending and voting in person at the General Meeting if you wish to do so and are so entitled.

This document is a circular relating to the Transaction which has been prepared in accordance with the Listing Rules. This document has been approved by the Financial Conduct Authority (the “FCA”).

Morgan Stanley & Co. International plc (“**Morgan Stanley**”), which is authorised by the Prudential Regulation Authority (the “PRA”) and regulated by the FCA and the PRA in the United Kingdom, is acting as sponsor and joint financial adviser to EVRAZ plc and no one else in connection with the Transaction. In connection with such matters, Morgan Stanley, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to anyone other than EVRAZ plc for providing the protections afforded to clients of Morgan Stanley nor for providing advice in connection with the Transaction, the contents of this document or any matter referred to herein.

Merrill Lynch International (“**BofA Merrill Lynch**”), which is authorised by the PRA and regulated by the FCA and the PRA in the United Kingdom, is acting as joint financial adviser to EVRAZ plc in relation to the Transaction and nobody else (whether or not a recipient of this document) as a client in relation to the Transaction and will not be responsible to anyone other than EVRAZ plc for providing the protections afforded to the clients of BofA Merrill Lynch or for providing advice in relation to the Transaction or any other matter referred to in this document.

Apart from the responsibilities and liabilities, if any, which may be imposed upon Morgan Stanley or BofA Merrill Lynch by the FSMA or the regulatory regime established thereunder, Morgan Stanley and BofA Merrill Lynch do not accept any responsibility whatsoever or make any representation or warranty, express or implied, concerning the contents of this document, including its accuracy, completeness or verification, or concerning any other statement made or purported to be made by them, or on their behalf, in connection with the Company and the Transaction, and nothing in this document is, or shall be relied upon as a promise or representation in this respect, whether as to the past or future. Morgan Stanley and BofA Merrill Lynch accordingly disclaim, to the fullest extent permitted by law, all and any responsibility and liability whether arising in tort, contract or otherwise (save as referred to herein) which either of them might otherwise have in respect of this document or any such statement.

Any reproduction or distribution of this document, in whole or in part, and any disclosure of its contents or use of any information contained in this document for any purpose other than considering the Transaction is prohibited.

The contents of this document should not be construed as legal, business or tax advice. Each Shareholder should consult his, her or its own legal adviser, financial adviser or tax adviser for legal, financial or tax advice.

Overseas Shareholders may be affected by the laws of other jurisdictions in relation to the distribution of this document or the Transaction. Persons who are not resident in the United Kingdom and into whose possession this document comes should inform themselves about and observe any applicable restrictions and legal, exchange control or regulatory requirements in relation to the Transaction and the distribution of this document. Any failure to comply with such restrictions or requirements may constitute a violation of the securities laws of any such jurisdiction.

Dated: 3 May 2017

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This document (including the information incorporated by reference into this document) includes forward-looking statements. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believe”, “anticipate”, “expect”, “intend”, “aim”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events, trends or intentions. These forward-looking statements include all matters that are not current or historical facts. In particular, any statements regarding the Group’s strategy, future financial position and other future events or prospects are forward-looking statements.

Shareholders should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the control of the Company. By their nature, forward-looking statements involve risks and uncertainties because such statements relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not indicative of future performance and the actual results of operations and financial condition of the Group, and the development of the industry in which the Group operates, may differ materially from those made in or suggested by the forward-looking statements contained in this document. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that the Company, or persons acting on its behalf, may issue.

These forward-looking statements are not intended to provide any representations, assurances or guarantees as to future events or results. To the extent required by the Listing Rules, the Prospectus Rules, the Market Abuse Regulation, the Disclosure Guidance and Transparency Rules and other applicable regulation, the Company will update or revise the information in this document. Otherwise, the Company undertakes no obligation to update or revise any forward-looking statements or other information, and will not publicly release any revisions it may make to any forward-looking statements or other information that may result from events or circumstances arising after the date of this document.

Other than as expressly stated, no statement in this document (including any information incorporated by reference into this document) is intended to constitute a profit forecast or profit estimate for any period, nor should any statement be interpreted to mean that earnings or earnings per share will necessarily be greater or lesser than those for the relevant preceding financial periods for the Company.

PRESENTATION OF FINANCIAL INFORMATION

References to “\$”, “USD”, “US\$”, “U.S. dollars” and “dollars” are to the lawful currency of the United States of America. References to “RUB”, “Rouble” and “rouble” are to the lawful currency of the Russian Federation.

The Group’s functional currency varies, depending on the subsidiary. However, the consolidated financial statements are reported in U.S. dollars.

Unless otherwise indicated, financial information in this Circular has been prepared in accordance with International Financial Reporting Standards, as adopted by the EU.

Percentages in tables may have been rounded and accordingly may not add up to 100 per cent. Certain financial data have been rounded, and, as a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

References to a time of day are to London time. These dates are provided by way of indicative guidance and are subject to change. If any of the below times and/or dates change, the Company will give adequate notice by issuing an announcement through a Regulatory Information Service.

Event	Time and/or Date
Announcement of the Transaction	3 May 2017
Publication of and posting of this document, the Notice of General Meeting and the Form of Proxy.....	3 May 2017
Latest time and date for receipt of Forms of Proxy or CREST Proxy Instructions for the General Meeting	10 a.m. on 19 May 2017 ⁽¹⁾
Voting record time in respect of the General Meeting.....	6 p.m. on 19 May 2017 ⁽²⁾
General Meeting	23 May 2017
Expected date of completion of the Transaction (subject to approval) ...	15 June 2017
Long-Stop Date	30 August 2017

- (1) It is requested that Forms of Proxy for the General Meeting are returned before 10 a.m. on 19 May 2017 or, if the General Meeting is adjourned, no later than 48 hours before the time and date set for the holding of the adjourned meeting.
- (2) If the General Meeting is adjourned, the voting record time for the relevant adjourned meeting will be at 6 p.m. on the day which is 48 hours before the date of the adjourned meeting.

ACTION TO BE TAKEN

The General Meeting will be held on 23 May 2017 at 10 a.m. at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ.

Please check that you have received a Form of Proxy for use in respect of the General Meeting with this document.

If you have not received a Form of Proxy, please contact the Company's Registrars on the helpline telephone number indicated below.

TO VOTE ON THE TRANSACTION:

Whether or not you intend to attend the General Meeting, please complete and sign the Form of Proxy and return it to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE as soon as possible, but, in any event, to be received no later than 10 a.m. on 19 May 2017. This will enable your vote(s) to be counted at the General Meeting in the event of your absence. If the Form of Proxy is not returned by 10 a.m. on 19 May 2017 it will be invalid.

If you hold your Shares in uncertificated form (that is, in CREST), you may vote using the CREST voting service in accordance with the procedures set out in the CREST Manual (please also refer to the notes for the notice convening the General Meeting set out on pages 30 to 32 of this document and the notes to the Form of Proxy).

The completion and return of the Form of Proxy will not prevent you from attending and voting in person at the General Meeting should you wish to do so.

Helpline

If you have any questions relating to this document, the General Meeting or the completion and return of the Form of Proxy, please write to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE or contact them by telephone on +44 (0)370 873 5848.

Please note that Computershare cannot provide any financial, legal or tax advice on the merits of the Transaction.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	Function
Alexander Abramov	Chairman
Alexander Frolov	Chief Executive Officer
Sir Michael Peat	Senior Independent Non-Executive Director
Eugene Shvidler	Non-Executive Director
Eugene Tenenbaum	Non-Executive Director
Karl Gruber	Independent Non-Executive Director
Deborah Gudgeon	Independent Non-Executive Director
Alexander Izosimov	Independent Non-Executive Director

Company Secretary
Prism Cosec Limited

Registered Office
5th Floor
6 St Andrew Street
London EC4A 3AE

Sponsor and Joint Financial Adviser
Morgan Stanley & Co. International plc
25 Cabot Square
London E14 4QA

Joint Financial Adviser
Merrill Lynch International
2 King Edward Street
London EC1A 1HQ

Legal Adviser
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ

Registrar
Computershare Investor Services PLC
The Pavilions
Bridgwater Road
Bristol BS13 8AE
United Kingdom

**PART I: LETTER FROM THE SENIOR INDEPENDENT
NON-EXECUTIVE DIRECTOR OF THE COMPANY**

EVRAZ PLC



(Incorporated and registered in England and Wales with registered number 07784342)

Directors:

Alexander Abramov
Alexander Frolov
Sir Michael Peat
Eugene Shvidler
Eugene Tenenbaum
Karl Gruber
Deborah Gudgeon
Alexander Izosimov

Registered Office:

5th Floor
6 St Andrew Street
London EC4A 3AE

3 May 2017

Dear Shareholder

**RECOMMENDED PROPOSALS FOR THE DISPOSAL OF THE SHARE CAPITAL OF
JOINT STOCK COMPANY EVRAZ NAKHODKA TRADE SEA PORT (“NTSP”)
TO LANEBROOK LIMITED**

1. Introduction

On 3 May 2017, the Company announced that it had agreed to dispose of the share capital of NTSP to Lanebrook Limited (the “**Buyer**” or “**Lanebrook**”). The Consideration of US\$354.4 million comprises US\$339.7 million in cash for the purchase of the shares of NTSP (the “**Purchase Price**”) with the remainder comprising dividends and the repayment of debt net of working capital adjustments (the “**Consideration**”).

Further information on the reasons behind and background to the Transaction is set out in paragraph 2 “*Background to and reasons for the Transaction*” below.

Due to its size, the Transaction constitutes a Class 2 transaction for the Company under the Listing Rules and, as the Buyer is a related party under the Listing Rules, the Transaction also constitutes a related party transaction for the Company under the Listing Rules. Therefore, the Transaction is subject to the approval of Independent Shareholders.

Accordingly, a General Meeting at which Independent Shareholders will be asked to approve the Transaction, as more fully set out in the Notice of General Meeting contained in this document, is being convened at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ on 23 May 2017.

The purpose of this document is to:

- provide you with information on the Transaction;
- explain the background to and reasons for the Transaction;
- explain why the Board (acting through the Independent Directors) unanimously considers the Transaction to be in the best interests of Shareholders as a whole; and
- recommend that you vote in favour of the Resolution to be proposed at the General Meeting.

The Board (acting through the Independent Directors) has unanimously agreed to recommend the Transaction and the Independent Directors that hold shares intend to vote in favour of the Resolution at the General Meeting in respect of their own shares to which they are legally and

beneficially entitled (representing approximately 0.01 per cent. of the total issued share capital of the Company as at 28 April 2017 (being the latest practicable date prior to the publication of this document)) (the “**Latest Practicable Date**”).

Shareholders should read the whole of this document and not rely solely on the summarised information set out in this letter. You will find definitions for capitalised terms used in this letter and the rest of this document in Part IV: “*Definitions*”.

2. Background to and reasons for the Transaction

NTSP was founded on 17 June 1947 and is one of the largest stevedoring companies in the Far East of Russia operating from the Nakhodka Trade Sea Port. The Seller acquired 91 per cent. of NTSP’s share capital in 2003, with the remainder acquired in 2007. At that time, NTSP was considered to be a strategic acquisition as there was limited developed logistics infrastructure in the Far East of Russia which the Company could use to export its products to market. Since then NTSP’s stevedoring capacities have been used primarily for the transshipment of coking coal and metals, the majority of which have been the Company’s own products as well as third-party cargo.

The Board conducts strategic reviews of the Company’s business on a regular basis to explore ways to maximise shareholder value and optimise the Company’s capital structure. One result of such a strategic review was the decision in 2012 to sell the Company’s Russian railcar operating subsidiary, EvrazTrans, to Russian freight rail operator NefteTransService for circa US\$300 million and concurrently sign a long-term off-take service contract with NefteTransService in line with the Company’s strategy of divesting non-core assets.

The sale of NTSP and entry into the Transshipment Agreement (as defined below) is viewed as a continuation of the Company’s strategy to focus on its core businesses. In the medium-term, the volume of stevedoring capacity and the number of operators in the Far East of Russia is expected to increase, such that NTSP is no longer considered to be of strategic importance for the future transshipment of the Group’s products. The disposal will enable the Company to further optimise its asset portfolio, strengthen its financial position and further focus on its core business areas by divesting of a non-core asset.

The Board (acting through the Independent Directors) believes that the Transaction is attractive for the following reasons:

- it will generate US\$295 million of net proceeds (after deductions of applicable taxes, transaction fees and other related costs) which principally will be applied to reduce the outstanding indebtedness of the Company, thereby improving its overall financial position by reducing leverage;
- it continues the strategy of non-core asset disposals aimed at strengthening the Company’s financial position and focusing on core business activities, which, in the Board’s view, will lead to shareholder value maximisation over time;
- the level of consideration payable by the Buyer is attractive and is comparable with the best bids the Company received from independent third party bidders and allows the Company to realise NTSP’s value today; and
- the Transaction removes the medium-term risks to the Company of owning a stevedoring company including: the market risks associated with the potential over-supply of stevedoring capacities in the Far East as a result of new projects being implemented over the next several years, as announced by various industry players; the costs of ensuring compliance with environmental requirements; and the exposure to potential capital expenditure costs to upgrade NTSP’s equipment.

The Transaction is akin to a sale and leaseback in that it allows the Company to dispose of a non-core asset whilst the Transshipment Agreement (as defined below), pursuant to which the Company has agreed to make annual minimum payments to the Buyer, secures for the Company the continuity of stevedoring services provided by NTSP to the Group and the necessary coal and metals transshipment capacity for the next five years.

3. Summary of the principal terms and conditions of the Transaction

The Seller has agreed to sell the entire issued share capital of NTSP to the Buyer for consideration of US\$354.4 million, on the terms set out in the sale and purchase agreement entered into on 3 May 2017 between the Seller, the Company and the Buyer (the “**Sale and Purchase Agreement**”) as summarised in paragraph 1.3 of Part II: “*Summary of Principal Terms and Conditions of the Transaction Agreements*” of this document. Completion is expected to occur by 15 June 2017 and is conditional upon the approval of Independent Shareholders at the General Meeting by way of an ordinary resolution.

In connection with the Transaction, the Group (through East Metals AG, which is a wholly owned indirect subsidiary of the Company) and NTSP also entered into a transshipment agreement on 3 May 2017 (the “**Transshipment Agreement**”) pursuant to which the Group agreed to supply and NTSP agreed to tranship cargo of coal and metals in specified volumes at Nakhodka Trade Sea Port for five years on the terms set out in the Transshipment Agreement.

Further details of the Transaction Agreements, which set out the principal terms of the Transaction, are set out in Part II: “*Summary of Principal Terms and Conditions of the Transaction Agreements*” of this document.

4. Information on the NTSP Business

NTSP is one of the largest stevedoring companies in the Far East of Russia operating from the Nakhodka Trade Sea Port which is located on the eastern section of Peter the Great Gulf, in Nakhodka Bay. The port is connected to all points of the Eurasian continent by rail, assisting in both directions in the flow of goods between Asia and Europe. NTSP was founded on 17 June 1947 and the Seller acquired 91 per cent. of its share capital in 2003, with the remainder acquired in 2007.

The port has a daily capacity to unload up to 500 rail wagons containing various cargoes and has warehouse capacity of 260,000 square metres. The port has 15 bulk berths and one auxiliary berth for the port’s own tugboats with a total berth length of 3.5km. All berths are universal and can receive ships with drafts of up to 11m, with lengths of up to 230m, and with widths of up to 32m. The port has the ability to moor 15 vessels simultaneously, and can handle more than 400 large ships annually. In 2016, the port handled approximately 10 million tons of cargo.

The port’s main customers are the Group and Sibuglemet. For the year ended 31 December 2016, the Group accounted for approximately 66 per cent. and Sibuglemet accounted for approximately 22 per cent. of the port’s total throughput.

As at 31 December 2016, NTSP had gross assets of US\$50.3 million.

The table below sets out selected historical financial information for NTSP for the years ended 31 December 2015 and 2016, which has been extracted from the unaudited accounts of NTSP.

	Year ended 31 December 2015	Year ended 31 December 2016
	<i>(unaudited)</i> <i>US\$’000</i>	
Revenue.....	98,315	95,040
EBITDA ⁽¹⁾	58,542	56,039
Profit for the period.....	54,161	44,532

(1) For a reconciliation of EBITDA to profit for the period please see paragraph 10 of Part III: “*Additional Information*”.

5. Information on the Buyer and the related party transaction

In 2016, the Company engaged BofA Merrill Lynch as financial adviser to assist it in disposing of NTSP through a competitive auction process. A number of third party bids were received, however none of the bids with the highest price offered were considered by the Company to be as competitive as the Buyer’s bid when evaluated taking into account the proposed commercial terms, the appropriateness of the counterparty (including whether they are a competitor of the Company) and the certainty of completion. The consideration offered by the Buyer was comparable with the consideration offered in the highest bids the Company received. Moreover,

the Buyer offered to enter into a transshipment agreement on the same terms as other bidders in respect of tariffs and term. In addition, the Transshipment Agreement agreed with the Buyer provides the Company with the possibility of extending its duration by a further five years beyond its initial five-year term should it be in the Company's best interests to do so.

The Buyer, Lanebrook Limited, is a limited liability company which was incorporated under the laws of Cyprus on 16 March 2006. Its beneficial owners are Roman Abramovich, Alexander Abramov, Alexander Frolov and Eugene Shvidler.

The Buyer, as at the Latest Practicable Date, controlled 63.79 per cent. of the ordinary shares of the Company and accordingly is considered a "related party" under the Listing Rules. In addition, Alexander Abramov, Alexander Frolov and Eugene Shvidler (together, the "**Related Party Directors**") are directors of the Company and shareholders of the Buyer, through which they are the ultimate beneficial holders of, respectively, 21.38 per cent., 10.68 per cent. and 3.09 per cent. of the ordinary shares in the Company as at the Latest Practicable Date.

Accordingly, the Transaction has been classified as a related party transaction under the Listing Rules and is subject to, and conditional upon, amongst other things, the approval of Independent Shareholders at the General Meeting. The Transaction has also been classified as a Class 2 transaction under the Listing Rules on account of its size.

Pursuant to the relationship agreement entered into between the Company and Lanebrook (as amended and restated in December 2014) (the "**Relationship Agreement**"), the entry into any material new agreement between (i) the Company or any subsidiary undertaking of the Company, and (ii) Lanebrook or any subsidiary undertaking of Lanebrook, must be approved and authorised at a duly convened meeting of, or in writing by a majority of, a committee comprising the non-executive directors of the Company whom the Board considered to be independent in accordance the UK Corporate Governance Code. Eugene Tenenbaum, who was appointed to the Board pursuant to the Relationship Agreement, is not considered, in the context of the foregoing provision of the UK Corporate Governance Code, to be independent and so has not taken part in the Board's consideration of this matter.

Under the Listing Rules, the Buyer, the Related Party Directors and their respective associates are not permitted to vote at the General Meeting in relation to the Transaction. Accordingly, the Buyer and the Related Party Directors will not vote on the Resolution and the Buyer and the Related Party Directors have undertaken to take all reasonable steps to ensure that their associates do not vote on the Resolution.

6. Use of proceeds and financial effects of the Transaction

In connection with the Transaction, the Group is expected to receive net proceeds (after deductions of applicable taxes, transaction fees and other related costs) of circa US\$295 million.

It is the Group's intention principally to apply the net proceeds from the Transaction to reduce net debt and leverage.

As at 31 December 2016, the Group had net debt (comprising total debt less cash and liquid short-term financial assets, including those related to disposals classified as held for sale) of US\$4,802 million, EBITDA for the year ended 31 December 2016 was US\$1,592 million, and the Group's net debt to EBITDA ratio was 3.1x.

7. Risk factors

The Independent Directors believe that the following are the principal risks in relation to the Transaction:

- the Seller (and pursuant to the Guarantee (as defined below), the Company) may be liable to the Buyer in respect of any breach of the warranties, indemnities or undertakings in the Sale and Purchase Agreement. Any liability of the Seller or the Company to the Buyer to make a payment arising from a successful claim by the Buyer under any warranty, indemnity or undertaking could have the effect of reducing the consideration received for NTSP which could have an adverse effect on the Group's financial condition;
- the Transshipment Agreement requires the Group to deliver a minimum amount of coal or metals at pre-set tariffs for a term of five years. See paragraph 2 of Part II: "*Summary of the Principal Terms and Conditions of the Transaction Agreements*" for a summary of its terms. If the Group were unable to deliver the minimum volumes required under the

contract in circumstances where it is not able to avail itself of the protections provided therein (such as the force majeure clause) and the Group were unable to acquire sufficient third party coal or metals to meet any such shortfall, it would be required to pay tariffs for the volume of any such shortfall notwithstanding that it would not be using the contracted for capacity;

- while the tariffs in the Transshipment Agreement are currently in line with market pricing for transshipment services, over the term of the Transshipment Agreement, the market price for transshipment may fall as a result of market or other factors including, for example, increased stevedoring capacity becoming available in the Russian Far East. As such, there is a risk that the fixed tariffs payable by the Group under the Transshipment Agreement may be higher than the market price for these services which may adversely affect the Group's margins or price competitiveness which could in turn have an adverse effect on the Group's financial condition. Conversely, if there were no increase in capacity in the Russian Far East or an excess of demand or other reasons at the expiry of the term of the Transshipment Agreement, the prevailing market tariffs at that time may be materially higher than the costs the Group would have incurred had it retained ownership of and continued to invest in Nakhodka Trade Sea Port; and
- notwithstanding the contractual protection afforded to the Seller through the Transshipment Agreement, were the Buyer to fail to manage and operate Nakhodka Trade Sea Port with the degree of skill, diligence, and prudence that would reasonably and ordinarily be expected of skilled and experienced transporters of coal and metals operating in Russia and elsewhere, the Group may suffer reputational damage. If, for example, goods are not regularly transported to end customers in satisfactory condition or in a timely manner, the Group may suffer losses that are difficult to quantify and so not easily recoverable pursuant to the Transshipment Agreement. This could in turn have an adverse effect on the Group's financial condition.

8. Proposals to be voted on at the General Meeting

The Company is required to hold the General Meeting in order to consider and approve the Transaction. At the General Meeting, Independent Shareholders will be asked to consider and, if thought fit, pass the Resolution, which approves the Transaction, on the terms set out in the Transaction Agreements, for the purposes of the Listing Rules. Completion will not take place unless the Resolution is passed.

Please see the Notice of General Meeting set out on pages 29 to 32 of this document for the full text of the Resolution.

The Resolution at the General Meeting will be voted on a poll.

9. Action to be taken

You will find enclosed a Form of Proxy for use at the General Meeting. Whether or not you intend to be present at that meeting, you are requested to complete the Form of Proxy (in accordance with the instructions printed thereon) and return it to the Company's registrars, Computershare Investor Services PLC at The Pavilions, Bridgwater Road, Bristol, BS99 6ZY as soon as possible and, in any event, so as to arrive by 10 a.m. on 19 May 2017. Completion and return of a Form of Proxy will not preclude you from attending that meeting and voting in person if you so wish.

10. Further information

The expected timetable of principal events for the Transaction is set out on page 5 of this document. Please note that the information contained in this letter is not a substitute for reading the remainder of this document and the information incorporated by reference.

11. Recommendation

The Board, which has been so advised by Morgan Stanley, acting in its capacity as sponsor, considers that the terms of the Transaction are fair and reasonable as far as the Shareholders are concerned. In giving its advice, Morgan Stanley has taken account of the Board's commercial assessment of the Transaction. The Board considers the Transaction to be in the best interests of Shareholders as a whole. Accordingly, the Board recommends that the

Independent Shareholders vote in favour of the Resolution, as each of the Directors (save for the Related Party Directors) intends to do in respect of their own entire legal and beneficial holdings.

As required by the Listing Rules and the Companies Act, for the purposes of the statement by the Board that the Transaction is fair and reasonable as far as Shareholders are concerned, only the Independent Directors have taken part in the Board's consideration of the matter.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Sir Michael Peat". The signature is written in a cursive style with a long horizontal stroke extending to the right.

.....
Sir Michael Peat
Senior Independent Non-Executive Director

PART II: SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE TRANSACTION AGREEMENTS

1. Sale and Purchase Agreement

1.1 *Sale and purchase*

On 3 May 2017, the Seller and the Buyer entered into the Sale and Purchase Agreement. Completion is expected to occur by 15 June 2017 following the approval of Independent Shareholders at the General Meeting by way of an ordinary resolution.

1.2 *Conditions precedent*

Completion under the Sale and Purchase Agreement is conditional upon:

- an ordinary resolution of the Independent Shareholders of the Company approving the Transaction having been passed at a general meeting of the Company;
- the execution of the Transshipment Agreement;
- the execution of a facility agreement (the “**Facility Agreement**”) and provision of financing in the amount of US\$220 million under the facility agreement by Russian Agricultural Bank or any other bank (the “**Bank**”) to the Buyer;
- the execution of a mortgage agreement between NTSP and the Bank in relation to NTSP’s immovable property;
- the grant of a pledge by NTSP to the Bank over its movable property;
- the grant of a pledge by NTSP to the Bank over NTSP’s rights under the Transshipment Agreement;
- the opening of a securities account with the depository of the Bank by the Buyer;
- the transfer of shares in NTSP from the Seller’s account with the current NTSP registrar to the Seller’s securities account with the depository of the Bank;
- the provision by the Buyer to the Seller of consents and personal information on candidates to be appointed to the sole executive body and as members of the board of directors of NTSP;
- the termination of the authority of the sole executive body and members of the board of directors of NTSP and the appointment of candidates proposed by the Buyer;
- the opening of a bank account with the Bank by the Seller; and
- repayment by the Seller or NTSP of all outstanding indebtedness under the Loan Agreement (as defined below),

(together, the “**Conditions**”). The Sale and Purchase Agreement shall terminate if the Conditions have not been satisfied by 30 August 2017 (the “**Long-Stop Date**”).

1.3 *Consideration*

The Consideration is expected to be paid on or before 15 June 2017 subject to fulfilment of the Conditions.

The Consideration of US\$354.4 million comprises:

- the Purchase Price (which includes an amount of US\$4.4 million, representing 50 per cent. of NTSP’s predicted net profit of the second quarter of 2017. The forecast is based on the unaudited results of NTSP for the quarter ended 31 March 2017); plus
- payments to the Seller of permitted dividends for the two quarters ended 31 March 2017 (of US\$20.8 million); plus
- the repayment of net debt (of US\$5.9 million); less
- the difference between working capital and normalised working capital (of US\$12 million).

1.4 *Pre-Completion conduct*

From the signing date of the Sale and Purchase Agreement, the Seller shall abstain (and cause NTSP to abstain) from taking the following actions without obtaining the Buyer’s prior written consent:

- changing or deviating from NTSP’s ordinary course of business;

- disposing of or encumbering any NTSP assets and/or property in an amount exceeding US\$500,000 or entering into loans or promissory notes or other financial instruments in excess of US\$50,000 (save for the security agreements with the Bank and payments made under the loan agreement No. IOKY/HMTII-01 between OJSC “Obyedinennaya Ugolnaya Kompaniya “Yuzhkuzbassugol” (as lender) and NTSP (as borrower) dated 15 November 2016 (the “**Loan Agreement**”) in accordance with the provisions specified below;
- incurring any NTSP financial indebtedness (save for a loan not exceeding US\$10 million to pay a dividend) or increasing the amount of financial indebtedness under the Loan Agreement to an amount exceeding US\$15 million;
- amending any employment agreement or service agreement to the extent that such amendment would create an obligation for NTSP to pay remuneration of (i) an amount exceeding US\$50,000 to any person, or (ii) an amount exceeding US\$500,000 to multiple persons;
- terminating or modifying (i) the Loan Agreement, to the extent such modification would lead to an increase of NTSP’s indebtedness (save for repayment or any other payment made under the Loan Agreement), (ii) the agreement between NTSP and Russian Railways Logistics JSC dated 1 January 2016 (the “**Financial Contract**”), or (iii) the Transshipment Agreement;
- disposing of or encumbering any NTSP shares;
- declaring, distributing and/or paying dividends in any form whatsoever, with the exception of dividends payable to the Seller in accordance with paragraph 1.3 above; and
- amending NTSP’s charter.

1.5 *Warranties and indemnities*

The Seller and the Buyer have given warranties relating to, amongst other things, title (in the case of the Seller), capacity, authority and solvency (together, the “**Fundamental Warranties**”). The Seller has also given customary business warranties in respect of NTSP which relate to, amongst other things, freehold and leasehold property, title to material movable property, material agreements, compliance with competition law and the absence of material litigation. The warranties will be deemed to be repeated immediately prior to the date of Completion.

The Sale and Purchase Agreement also includes indemnities in respect of the Fundamental Warranties, real estate litigation, tax matters, claims from antimonopoly authorities relating to breaches of antimonopoly law, save for breaches arising from the Transshipment Agreement or the Guarantee (as defined below) (the “**Antimonopoly Indemnity**”) and claims in respect of a breach by NTSP of its obligation to construct waste treatment facilities or obtain a positive state environmental audit (the “**Environmental Indemnities**”).

1.6 *Limitations on liability*

The Sale and Purchase Agreement includes limitations on the Seller’s liability in respect of claims by the Buyer under the warranties and other provisions of the Sale and Purchase Agreement which are customary for a transaction of this nature.

The Seller’s liability in respect of claims by the Buyer under the warranties and other provisions of the Sale and Purchase Agreement is subject to the following limitations:

- an aggregate cap of 100 per cent. of the Purchase Price in respect of claims relating to capacity, share title, financials, ordinary course of business from 31 March 2017, net debt, working capital, taxes and real estate;
- an aggregate cap of 50 per cent. of the Purchase Price in relation to breaches of other warranties not listed above; and
- US\$28 million in relation to recovery of the loss of profit of NTSP in case of claims under the real estate indemnities, Antimonopoly Indemnities and Environmental Indemnities, save for claims related to compensation of the loss of profit of NTSP.

The Seller’s aggregate liability in respect of claims by the Buyer shall be limited to 100 per cent. of the Purchase Price, except in the following circumstances:

- where a lower threshold is established for the liability under the claims as specified above; and

- where the claims relate to the loss of title to the shares, to which the amount of liability shall equal the Purchase Price, interest accrued by the Bank and court expenses.

The Seller shall not be liable in respect of any claim with a value of less than US\$50,000 and, when aggregated with the amount(s) of any other claim made under the Sale and Purchase Agreement, any claims with an aggregate value of less than US\$500,000.

In addition, for the warranties in relation to material real estate and litigation, breaches of the Financial Contract, obligations not reflected in the balance sheet and employment matters, where the amount of claims exceeds US\$500,000 (“**Material Warranties**”), it was agreed that:

- the amount of each claim arising due to violations of Material Warranties (in monetary terms) must exceed US\$50,000; and
- the aggregate amount of claims arising due to violations of Material Warranties (in monetary terms) must exceed US\$500,000.

The following limitations shall apply to claims made in respect of warranties and representations under the Sale and Purchase Agreement:

- five years in respect of claims relating to title to shares and capacity;
- four years in respect of taxes and claims relating to the Antimonopoly Indemnity or the Environmental Indemnities;
- one year in respect of claims under real estate indemnities, the Antimonopoly Indemnity and the Environmental Indemnities relating to the recovery of the loss of profit of NTSP; and
- two years in respect of any other warranty.

1.7 **Termination**

The Sale and Purchase Agreement shall terminate if the Conditions have not been satisfied by 30 August 2017.

The Buyer may terminate the Sale and Purchase Agreement prior to the date of Completion in the following circumstances:

- breach of the Fundamental Warranties;
- a material breach of any other warranty (leading to the Seller incurring losses in excess of US\$10 million);
- discovery of information or facts in a disclosure letter under the Sale and Purchase Agreement or additional disclosure letter which may cause a material adverse change event to occur; or
- non-performance of any of the Seller’s obligations described in paragraph 1.4 above or transfer of shares.

In the event the Buyer elects to terminate the Sale and Purchase Agreement, the Seller shall compensate the Buyer for any losses incurred in connection with the performance of the Sale and Purchase Agreement, including any accrued interest on the amount received from the Bank.

The Seller may terminate the Sale and Purchase Agreement prior to the date of Completion in the following circumstances:

- non-payment of the Purchase Price; or
- failure by the Buyer to submit the acceptance order in relation to NTSP’s shares.

Up until and including the date of Completion, the Seller may terminate the Sale and Purchase Agreement by written notice to the Buyer if the Buyer fails to discharge its obligations relating to the acceptance of shares.

Prior to the transfer of shares to the Buyer, either party may terminate the Sale and Purchase Agreement in the event that any of the following circumstances occur:

- a material adverse change event; or
- the Transaction is inconsistent with or prohibited under any decision made by a governmental authority or any court or arbitral tribunal that is binding on the Seller, the Buyer or NTSP.

1.8 *Governing law*

The Sale and Purchase Agreement is governed by the laws of the Russian Federation and the International Commercial Arbitration Court at the Russian Federation Chamber of Commerce and Industry will have exclusive jurisdiction to settle any dispute arising from or connected with it.

2. **Transshipment Agreement**

The Group (through East Metals AG, which is a wholly owned indirect subsidiary of the Company) and NTSP entered into the Transshipment Agreement on 3 May 2017 pursuant to which the Group agreed to supply and NTSP agreed to tranship cargo of coal and metals in specified volumes at Nakhodka Trade Sea Port for five years on the terms set out therein. The Company has the possibility of extending the duration of the Transshipment Agreement by a further five years beyond its initial five-year term should it be in the Company's best interests to do so. The Transshipment Agreement commences 15 business days after the completion of the sale of shares under the Sale and Purchase Agreement, or such date as the parties agree.

2.1 *Minimum transshipment volumes*

The minimum yearly volume (the "**Minimum Volume**") for each type of cargo to be shipped through Nakhodka Trade Sea Port by the Group is set out below:

Cargo	Volume, million tons p.a.				
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
Coal	3.6	3.6	3.6	3.6	3.6
Metals	3.6	2.0	2.0	2.0	2.0
Total volume	7.2	5.6	5.6	5.6	5.6

The Group shall use all reasonable endeavours to deliver the minimum monthly volume of each product, being the Minimum Volume for the relevant year divided by twelve (the "**Minimum Monthly Volume**") (subject to possible adjustments with respect to the first month of the Transshipment Agreement). For any product, the Group may, at its discretion and upon written notice to NTSP not less than 45 days prior to the relevant scheduled delivery date, supply up to 50,000 tons per month above or below the Minimum Monthly Volume for any month, in which case the Minimum Monthly Volume for that month, the minimum quarterly volume for the relevant quarter, being the Minimum Volume for the relevant year divided by four (the "**Minimum Quarterly Volume**") and the Minimum Volume for the relevant year will be increased or decreased accordingly, provided that:

- (i) the Minimum Quarterly Volume for any quarter shall not be increased or decreased by more than 50,000 tons; and
- (ii) the Minimum Volume for any year shall not be increased or decreased by more than 200,000 tons.

If at the end of any relevant year (other than year five or the final year of any further term) (i) the actual volume of a product delivered by the Group is less than the Minimum Volume for that year and (ii) the size of such shortfall is less than the size of the previous whole cargo in respect of that product loaded on to a vessel in accordance with the Transshipment Agreement, the Group may elect to reduce the Minimum Volume for that year by the amount of the relevant shortfall, in which case the Minimum Volume for the next year shall be increased by the amount of such shortfall.

2.2 *Tariffs*

The coal transshipment tariff and the metals transshipment tariff shall be subject to inflation by an amount of two per cent. per annum, commencing in 2018.

The initial tariffs are set out in the table below (together with an indication of the current rates charged by NTSP for transshipment services):

Cargo type	Current transshipment rate, US\$/ton	Contract transshipment rate, US\$/ton	Technical accumulation (storage) term, days	Overtime storage rate, US\$/ton/day
The median rate for metals	N/A	9.1	45	0.20
Cast iron	6.13	6.13	45	0.20
Swabs, blooms	8.2	8.2	45	0.20
Wire rod.....	10.2	10.2	45	0.20
Billet (max. 12 m).....	9.2	9.2	45	0.20
Rebar	9.2	9.2	45	0.20
Beam, angle, channel, sections	10.2	10.2	45	0.20
Rails.....	23.2	23.5	45	0.20
Pit prop.....	10.2	10.2	45	0.20
Coal	N/A	10.5	30	0.20
Coke.....	10.5	10.5	30	0.20
Coke cleansed from foreign materials	12.5	12.5	30	0.20
Coal	11	10.5	30	0.20

If a change in applicable Russian law or regulations or any governmental authority responsible for tariff regulation in the Russian Federation requires the tariffs to be reduced (such event a “**Mandatory Tariff Reduction**”), the Group and NTSP shall enter into good faith negotiations to agree amendments to the Transshipment Agreement that would leave the parties in materially the same economic position.

The Group currently expects to make transshipment payments under the Transshipment Agreement of approximately US\$70 million to US\$75 million per year.

2.3 *Payment and compensation*

If the Group fails to supply the Minimum Volume for any product for any given year, the Group shall pay to NTSP an adjustment amount, being an amount equal to the volume shortfall multiplied by the tariff for the relevant product in the relevant year (the “**Adjustment Amount**”). The Group may give notice to NTSP and substitute an undersupplied Minimum Volume of coal with metals, and *vice versa*, in which case no Adjustment Amount will be payable with respect to such substituted volume. NTSP may refuse such substitution if this would have a material adverse effect on the operations or efficiency of the port facilities. The Group may give notice to NTSP that it is unable to, acting reasonably, meet its Minimum Volume obligations and expects there to be a shortfall between the actual volume delivered and the Minimum Volume obligation (the “**Expected Shortfall**”). In such circumstances, the Group may propose a third party to utilise the port services in respect of some or all of the Expected Shortfall and if such third party enters into an agreement with NTSP, then rather than paying an Adjustment Amount the Group shall pay compensation in respect of the Expected Shortfall by deducting amounts actually paid to NTSP by such third party from the amount that would have been payable by the Group with respect to the Expected Shortfall. The Group shall not be liable to pay an Adjustment Amount for any shortfall resulting from any NTSP breach or omission by NTSP.

2.4 *Exclusivity*

The Transshipment Agreement has not been entered into on an exclusive basis and, subject to its obligations under the Transshipment Agreement, the Group shall be entitled to source the same or similar transshipment services from any third party.

2.5 *Early termination by the Group*

The Group may, at its discretion, request (i) a decrease of any Minimum Volume commitment (in which case it shall not be liable to pay an Adjustment Amount) or (ii) termination of the Transshipment Agreement as a result of any “**Group Termination Event**”, which shall include:

- (i) material coal contamination caused by a breach of NTSP’s obligations or its gross negligence (coal contamination will be “material” where it directly causes East Metals AG or any other member of the Group which is a mining and steel production entity to be exposed to a loss of customer contracts, or customer contracts that have required shipment from an alternative port, as a result of customers refusing to accept a product shipped through the port due to such contamination and the revenue value of such customer

contracts over their life equals at least 20 per cent. of East Metals AG's payment obligations with respect to the Minimum Volume for the year in which the contamination arose);

- (ii) a material breach by NTSP of its obligations to provide transshipment services in respect of more than 20 per cent. of the Minimum Volume for any year; and
- (iii) repeated and material coal mixing or unacceptable storage conditions at the port for coal or metals caused by a material breach of NTSP's obligations or its gross negligence (coal mixing will be "material" where it directly causes East Metals AG or any other member of the Group which is a mining and steel production entity to be exposed to loss of customer contracts, or customer contracts that have required shipment from an alternative port, as a result of customers refusing to accept a product shipped through the port due to such contamination and the revenue value of such customer contracts over their life equals at least 20 per cent. of East Metals AG's payment obligations with respect to the Minimum Volume for the year in which the mixing arose).

East Metals AG's right to terminate the Transshipment Agreement pursuant to paragraphs 2.5(i) and (iii) above is conditional upon its receipt of:

- (i) a written notice from a customer of its refusal to accept a product shipped through the port due to the occurrence of a "Group Termination Event"; or
- (ii) a notice from a customer terminating a supply agreement with East Metals AG due to its failure to perform under that agreement, such failure having been caused by a "Group Termination Event".

The "Group Termination Events", the occurrence of which shall be determined by an independent expert, are subject to certain qualifications and exceptions.

If an independent expert determines that a "Group Termination Event" has occurred, the Group may elect to decrease the Minimum Volume for each year, in which case:

- (i) any such decrease shall be equal to:
 - (A) in respect of the "Group Termination Events" set out in paragraphs 2.5(i) and (iii) above, the amount of product that is unavailable for transshipment due to the customer restrictions set out above that are directly caused by NTSP breaching any of its obligations under the Transshipment Agreement; and
 - (B) in respect of the "Group Termination Event" set out in paragraph 2.5(ii) above, the amount of any product that was not transhipped by NTSP; and
- (ii) no Adjustment Amount shall be payable with respect to any reduction in the Minimum Volume.

2.6 **Early termination by NTSP**

NTSP may unilaterally terminate the Transshipment Agreement as a result of any "Target Termination Event", which shall include:

- (i) breach by the Group of its payment obligations (exceeding 50 per cent. of each provisional invoice relating to each shipment) for six consecutive months; and
- (ii) failure by the Group to supply more than 20 per cent. of the annual Minimum Volume or pay any Adjustment Amount for more than 90 days from the date such Adjustment Amount became due.

2.7 **Renewal of contract**

Five months prior to the expiration of the initial five-year term, NTSP may submit a written offer to East Metals AG to renew the Transshipment Agreement. If the Group does not accept such renewal offer within 30 days following delivery of the offer, the Group may not commence negotiations or enter into a transshipping agreement with a third party where the terms of such agreement are more beneficial for the third party or less beneficial for the Group than the terms of the renewal offer, but is otherwise free to enter into a third party agreement.

2.8 **Guarantee**

The Company entered into a guarantee in favour of NTSP on 3 May 2017 (the "Guarantee") pursuant to which it guaranteed the obligations of East Metals AG under the Transshipment Agreement. If the Group and NTSP fail to agree on amendments to the Transshipment

Agreement as a result of any Mandatory Tariff Reduction, the Company shall pay to NTSP on an indemnity basis the difference between the tariffs payable prior to the Mandatory Tariff Reduction and the tariffs payable following the Mandatory Tariff Reduction for the remainder of the term of the Transshipment Agreement.

2.9 *Change of control*

Each party must notify the other at least 28 days before a proposed change of control event takes effect. The occurrence of a change of control event shall not entitle either party to terminate the Transshipment Agreement prior to the expiration of its five-year term. The Guarantee shall remain in effect following the occurrence of a change of control event until a replacement parent guarantee is procured from an entity with sufficient financial capability to secure the obligations of East Metals AG.

2.10 *Force majeure*

The Transshipment Agreement contains a list of customary force majeure events that shall relieve a defaulting party from liability.

2.11 *Governing law*

The Transshipment Agreement is governed by the laws of England and Wales. The seat, or legal place, of arbitration shall be London, the United Kingdom.

PART III: ADDITIONAL INFORMATION

1. Company Details

The Company was incorporated and registered in England and Wales on 23 September 2011 as a public company limited by shares with registered number 07784342 and with the name Project Savannah plc. The Company's name was changed to EVRAZ plc on 13 October 2011.

The registered office and head office of the Company is at 5th Floor, 6 St Andrew Street, London, EC4A 3AE. The telephone number of the Company's registered office and head office is +44 (0) 207 832 8990.

The principal legislation under which the Company operates is the Companies Act and regulations thereunder. The Company operates in conformity with its constitution.

2. Directors

The Directors and their principal functions are as follows:

Directors	Function
Alexander Abramov	Chairman
Alexander Frolov	Chief Executive Officer
Sir Michael Peat	Senior Independent Non-Executive Director
Eugene Shvidler	Non-Executive Director
Eugene Tenenbaum	Non-Executive Director
Karl Gruber	Independent Non-Executive Director
Deborah Gudgeon	Independent Non-Executive Director
Alexander Izosimov	Independent Non-Executive Director

3. Related Party Directors' shareholdings and share options

(a) *Related Party Directors' shareholdings*

As at the Latest Practicable Date, the interests of the Related Party Directors and persons connected with them within the meaning of section 252 of the Companies Act in the issued share capital of the Company (all of which, unless otherwise stated, are beneficial) that have been notified by each Related Party Director to the Company pursuant to the Disclosure Guidance and Transparency Rules are as follows:

Director	Number of Shares	Percentage of issued share capital of the Company
Alexander Abramov	303,541,958	21.38
Alexander Frolov	151,573,018	10.68
Eugene Shvidler.....	43,805,030	3.09

(b) *Related Party Directors' share options*

As at the Latest Practicable Date, no options to acquire Shares had been granted to Related Party Directors.

4. Major shareholders

As at the Latest Practicable Date, and so far as is known to the Company by virtue of the notifications made to it pursuant to the Disclosure Guidance and Transparency Rules, the name of each person who is interested in three per cent. or more of the Company's share capital (in each case, except for Mr. Gennady Kozovoy, held indirectly), and the amount of such person's interest, is as follows:

Shareholder	Number of Shares	Percentage of issued share capital of the Company
Roman Abramovich ⁽¹⁾	440,528,063	31.03
Alexander Abramov ⁽¹⁾	303,541,958	21.38
Alexander Frolov ⁽¹⁾	151,573,018	10.68
Gennady Kozovoy	83,751,827	5.90
Alexander Vagin	82,887,014	5.84
Eugene Shvidler ⁽¹⁾	43,805,030	3.09

(1) Indirect holding, primarily through Lanebrook Limited (which holds a total of 905,487,416 Shares, representing 63.79 per cent. of the issued share capital of the Company)

5. Related Party Directors' service contracts

The current terms and conditions relating to the employment of the Related Party Directors, including the remuneration payable to the Related Party Directors, are set out in the Directors' Remuneration Report on pages 120 to 129 of the 2016 Annual Report and Accounts, which are hereby incorporated by reference into this document.

6. Key individuals

The following individuals are deemed by the Company to be key to the operation of the NTSP Business:

Name of individual	Position
Vyacheslav Saraev	Chief Executive Officer
Tatyana Kamysheyeva	Finance and Economics Director
Sergey Pronin	Commercial Director

7. Other related party transactions with the Related Parties

From 1 January 2014 up to and including the Latest Practicable Date, the Company has not entered into any material transaction with the Buyer, the Related Party Directors or any of their respective associates save as disclosed in note 16 to the 2016 Annual Report and Accounts.

8. Material contracts

Pursuant to management contracts entered into in December 2015 between the Group and certain entities of the Sibuglemet group (the "Management Contracts"), the Group agreed to exercise the authority of the sole executive body for such Sibuglemet companies in exchange for a management fee paid by the Sibuglemet companies. The Management Contracts may be repudiated at any time at the discretion of the Sibuglemet companies' shareholders. Currently, a portion of the coal produced by Sibuglemet is shipped through Nakhodka Trade Sea Port such that Sibuglemet is the second largest customer of the port. This transshipment arrangement is not part of the Transshipment Agreement entered into between the Group and Nakhodka Trade Sea Port.

The Sale and Purchase Agreement, the Transshipment Agreement and the Management Contracts are the only contracts (not being contracts entered into in the ordinary course of business) which have been entered into by the Company or a member of the Group within the two years immediately preceding the date of this document and which are, or may be, material to Shareholders to make a properly informed decision on how to vote on the Resolution.

A description of principal terms and conditions of the Transaction Agreements is set out in Part II: “*Summary of the Principal Terms and Conditions of the Transaction Agreements*” of this document.

9. No significant change in the financial or trading position

There has been no significant change in the financial or trading position of the Group since 31 December 2016, the date to which the last financial information was prepared.

10. Non-IFRS measures and EBITDA reconciliation

This document includes certain financial measures that are not defined by IFRS. These measures, which are used by the management of the Group to assess the financial performance of the Group and NTSP, include EBITDA and net debt. These measures are used by management of the Group to assess the financial performance of the Group and NTSP.

A reconciliation of Group EBITDA to profit/loss for the period is incorporated by reference from the 2016 Annual Report and Accounts as set out in paragraph 12 of this Part III: “*Additional Information*”.

NTSP defines EBITDA as profit/loss for the period before interest income, interest expense, gain/loss on the sale of other investments, other non-operating gain/loss, income tax expense, forex loss, depreciation and amortisation, social expenses and exceptional items. The following table provides a reconciliation of NTSP EBITDA to profit for the periods indicated:

	Year ended 31 December 2015	Year ended 31 December 2016
	<i>(unaudited)</i>	
	<i>US\$'000</i>	
Profit for the period	54,161	44,532
Interest income	(2,655)	(2,148)
Interest expense	102	92
Gain or loss on sale of other investments	—	(5)
Other non-operating gain or loss	—	70
Income tax expense	7,386	11,239
Operating profit	58,994	53,980
Add back/(Less):		
Forex (gain)/loss	(4,131)	133
(Gain)/Loss on disposal of PPE	(113)	228
Impairment of Assets	(25)	—
Depreciation expense	3,596	1,601
Social expense	221	97
EBITDA	58,542	56,039

The Group defines net debt as total debt less cash and liquid short-term financial assets, including those related to disposals classified as held for sale. Total debt represents the nominal value of loans and borrowings plus unpaid interest, finance lease liabilities, loans of assets classified as held for sale, and the nominal effect of cross-currency swaps on principal of rouble-denominated notes.

The following table provides a reconciliation of Group net debt to long-term loans for the periods indicated:

	Year ended 31 December 2015	Year ended 31 December 2016
	<i>(unaudited)</i>	
	<i>US\$'000</i>	
Long-term loans	5,850	5,502
Short-term loans and current portion of long-term loans.....	497	392
Add back: Unamortised debt issue costs and fair value adjustment to liabilities assumed in business combination	47	43
Nominal effect of cross-currency swaps on principal of rouble		
Denominated notes	325	19
Finance lease liabilities, including current portion	5	5
Total debt	6,724	5,961
Short-term bank deposits.....	—	—
Cash and cash equivalents	(1,375)	(1,157)
Cash of assets classified as held for sale	—	(2)
Collateral under swaps		
Short-term bank deposits.....	—	—
Net debt	5,349	4,802

11. Consents

Morgan Stanley & Co. International plc has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which the name appears.

Merrill Lynch International has given and has not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which the name appears.

12. Checklist of information incorporated by reference

The table below sets out the various sections of such documents which are incorporated by reference into this document so as to provide the information required under the Listing Rules. No part of the 2016 Annual Report and Accounts is incorporated by reference herein except as expressly stated below:

Information incorporated by reference	This document	Page number
Terms and conditions relating to the appointment of the Related Party Directors are set out in the Directors' Remuneration Report on pages 120 to 129 of the 2016 Annual Report and Accounts	Part III	22
Information on related party transactions in note 16 on pages 201 and 202 of the 2016 Annual Report and Accounts	Part III	22
EBITDA reconciliation in note 3 on pages 175 and 176 of the 2016 Annual Report and Accounts	Part III	23

Where only parts of a document are being incorporated by reference in this document, the parts of the document which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in this document.

13. Documents available for inspection

Copies of the following documents will be available for inspection, during usual business hours on any Business Day at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ, from the date of this document up to and including the date of the General Meeting:

- (a) the memorandum and Articles;
- (b) the 2016 Annual Report and Accounts;
- (c) the Transaction Agreements;
- (d) the written consents referred to in paragraph 11 of this Part III: “*Additional Information*” of this document; and
- (e) this document.

PART IV: DEFINITIONS

The following definitions apply throughout this document unless the context otherwise requires:

“2016 Annual Report and Accounts”	the annual report and accounts of the Company for the year ended 31 December 2016
“Articles”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Business Day”	a day (other than a Saturday, Sunday, public or bank holiday) on which banks are generally open for business in London
“Buyer”	Lanebrook Limited which was incorporated under the laws of Cyprus on 16 March 2006 with registered number HE173839, whose registered office is at 3 Themistocles Dervis Street Julia House Nicosia, 1066 Cyprus
“Company”	EVRAZ plc, a public limited company incorporated in England and Wales with registered number 07784342, whose registered office is at 5th Floor, 6 St Andrew Street, London EC4A 3AE
“The Company’s Registrars” or “Computershare”	Computershare Investor Services PLC, whose registered office is at The Pavilions, Bridgwater Road, Bristol BS13 8AE
“Companies Act”	the UK Companies Act 2006 as amended from time to time
“Completion”	completion of the Transaction
“Conditions”	the conditions precedent to completion under the Sale and Purchase Agreement as summarised on page 14 of this document
“Consideration”	the Purchase Price (which includes an amount representing 50 per cent. of NTSP’s predicted net profit based on the results of the second quarter of 2017 of equal to US\$4.4 million); plus payments to the Seller of permitted dividends for the two quarters ending 31 March 2017 between signing and Completion (of US\$20.8 million); plus the repayment of net debt (of US\$5.9 million); less the difference between working capital and normalised working capital (of US\$12 million).
“CREST”	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear is the operator
“CREST Manual”	the manual, as amended from time to time, produced by Euroclear describing the CREST system and supplied by Euroclear to users and participants thereof
“CREST Proxy Instruction”	a properly authenticated CREST message appointing and instructing a proxy to attend and vote in place of a Shareholder at the General Meeting and containing the information required to be contained in the CREST Manual
“Director”	a director of the Company
“Disclosure Guidance and Transparency Rules”	the disclosure guidance and transparency rules made by the FCA under section 73A of FSMA
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“FCA”	the UK Financial Conduct Authority
“FCA Handbook”	the FCA’s handbook of rules and guidance, as amended from time to time
“Form of Proxy”	the form of proxy for use at the General Meeting which accompanies this document
“FSMA”	the Financial Services and Markets Act 2000

“General Meeting”	the general meeting of EVRAZ plc to be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London E14 5JJ at 10 a.m. on 23 May 2017 (and any adjournment thereof) for the purposes of considering and, if thought fit, approving the Resolution
“Group”	the Company and its subsidiaries and subsidiary undertakings from time to time
“Guarantee”	the guarantee entered into by the Company in favour of NTSP on 3 May 2017
“Independent Directors”	Sir Michael Peat, Karl Gruber, Deborah Gudgeon and Alexander Izosimov
“Independent Shareholder”	a holder of Shares who is not the Buyer or a Related Party Director or one of their respective associates
“Latest Practicable Date”	28 April 2017
“Listing Rules”	the listing rules made by the FCA under section 73A of FSMA
“Long-Stop Date”	30 August 2017
“Market Abuse Regulation”	the Market Abuse Regulation (2014/596/EU)
“Notice of General Meeting”	the notice of the General Meeting contained in this document
“NTSP”	Joint Stock Company EVRAZ Nakhodka Trade Sea Port
“NTSP Business”	the business carried on by NTSP of providing cargo stevedoring at Nakhodka Trade Sea Port
“Official List”	the official list of the FCA
“Overseas Shareholder”	a Shareholder who is a citizen, resident or national of any jurisdiction outside the United Kingdom
“Prospectus Rules”	the rules for the purposes of Part IV FSMA in relation to the offers of securities to the public and the admission of securities to trading on a regulated market
“Purchase Price”	the purchase price for the shares of NTSP of US\$339.7 million forming part of the Consideration.
“Regulatory Information Service” ...	a regulatory information service as defined in the FCA Handbook
“Related Party Directors”	Alexander Abramov, Alexander Frolov and Eugene Shvidler
“Resolution”	the ordinary resolution to be proposed at the General Meeting (and set out in the Notice of General Meeting)
“Sale and Purchase Agreement”	the sale and purchase agreement dated 3 May 2017 entered into between the Seller and the Buyer governing the terms and conditions of the Transaction
“Seller”	OOO SIBMETINVEST, which is a 100 per cent. indirectly owned subsidiary of the Company
“Shareholder”	a holder of Shares
“Shares”	ordinary shares of US\$1 each in the capital of the Company
“Transaction Agreements”	the Sale and Purchase Agreement, the Transshipment Agreement and the Guarantee
“Transaction”	the proposed disposal of the entire issued share capital of NTSP by the Seller
“Transshipment Agreement”	the Transshipment Agreement entered into on 3 May 2017 between East Metals AG, which is a wholly owned indirect subsidiary of the Company, and NTSP
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland

“US” or “United States” the United States of America (including all of the states of the United States and the District of Columbia), its possessions and territories and all areas subject to its jurisdiction

For the purpose of this document, **“subsidiary”**, **“subsidiary undertaking”** and **“undertaking”** have the meanings given by the Companies Act.

All times referred to are London time unless otherwise stated.

All references to legislation in this document are to the legislation of England and Wales unless the contrary is indicated. Any reference to any provision of any legislation shall include any amendment, modification, re-enactment or extension thereof.

Words importing the singular shall include the plural and *vice versa*, and words importing the masculine gender shall include the feminine or neutral gender.

Dated: 3 May 2017

EVRAZ PLC

*(Incorporated and registered in England and Wales
with registered number 07784342)*

NOTICE OF GENERAL MEETING

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of EVRAZ plc (the “**Company**”) will be held at the offices of Clifford Chance LLP, 10 Upper Bank Street, London, E14 5JJ at 10 a.m. on 23 May 2017 for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as an ordinary resolution.

Ordinary resolution – Approval of Transaction

THAT the Transaction, on the terms set out in the Transaction Agreements (both terms as defined in the circular to shareholders dated 3 May 2017 (the “**Circular**”), be and is hereby approved and the Independent Directors (as defined in the Circular) or any duly authorised committee of the Board be and are hereby authorised to waive, amend, vary or extend non-material terms of the Transaction Agreements (as defined in the Circular) and to do all things as they may consider in their sole discretion to be necessary or desirable to implement and give effect to, or otherwise in connection with, the Transaction and any matters incidental to the Transaction.

By order of the board

Prism Cosec Limited
Company Secretary

EVRAZ plc
5th Floor,
6 St Andrew Street,
London, EC4A 3AE

3 May 2017

Notes:

1. Proxy appointment

A member is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at the General Meeting. A proxy need not be a shareholder of the Company. A shareholder may appoint more than one proxy in relation to the General Meeting **provided that** each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder.

A form of proxy is enclosed. The appointment of a proxy will not prevent a member from subsequently attending and voting at the meeting in person.

To appoint a proxy, the form of proxy and any power of attorney or other authority under which it is executed (or a duly certified copy of any such power or authority), must be either (a) sent to the Company's Registrars, Computershare Investor Services PLC, at The Pavilions, Bridgwater Road, Bristol BS13 8AE, or (b) the proxy appointment must be lodged using the CREST Proxy Voting Service in accordance with Note 7 below, or (c) the proxy appointment must be registered electronically on the website at www.investorcentre.co.uk/eproxy so as to be received no later than 10 a.m. on 19 May 2017.

2. Joint shareholders

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and for this purpose seniority shall be determined by the order in which the names appear in the register or members in respect of the share.

3. Nominated persons

The right to appoint a proxy does not apply to persons whose shares are held on their behalf by another person and who have been nominated to receive communications from the Company in accordance with Section 146 of the Companies Act 2006 ("**nominated persons**"). Nominated persons may have a right under an agreement with the member who holds the shares on their behalf to be appointed (or to have someone else appointed) as a proxy. Alternatively, if nominated persons do not have such a right, or do not wish to exercise it, they may have a right under such an agreement to give instructions to the person holding the shares as to the exercise of voting rights.

4. Information about shares and voting

Holders of ordinary shares are entitled to attend and vote at general meetings of the Company. The total number of issued ordinary shares (exclusive of treasury shares) in the Company on 28 April 2017, which is the latest practicable date before the publication of this document, is 1,419,512,128 carrying one vote each on a poll.

Therefore, the total number of votes exercisable as at 28 April 2017 is 1,419,512,128.

5. Right to attend and vote

Entitlement to attend and vote at the meeting, and the number of votes which may be cast at the meeting, will be determined by reference to the Company's register of members at 6 p.m. on 19 May 2017 or, if the meeting is adjourned, 48 hours before the time fixed for the adjourned meeting (as the case may be). In each case, changes to the register of members after such time will be disregarded.

6. Venue arrangements

Members should note that the doors to the General Meeting will be open for registration at 9 a.m.

Mobile phones may not be used in the meeting hall, and cameras, tape or video recorders are not allowed in the meeting hall.

7. **CREST members**

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the meeting (and any adjournment of the meeting) by following the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members (and those CREST members who have appointed a voting service provider) should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message (a “**CREST Proxy Instruction**”) must be properly authenticated in accordance with Euroclear’s specifications and must contain the information required for such instructions, as described in the CREST Manual (available via www.euroclear.com/CREST). The message (regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy) must, in order to be valid, be transmitted so as to be received by Computershare Investor Services PLC (ID 3RA50) by the latest time for receipt of proxy appointments specified in Note 1 above. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to a proxy appointed through CREST should be communicated to him by other means.

CREST members (and, where applicable, their CREST sponsors or voting service providers) should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members (and, where applicable, their CREST sponsors or voting service providers) are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

8. **Corporate representatives**

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member **provided that** they do not do so in relation to the same shares.

9. **Questions**

Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

10. **Audit concerns**

Under section 527 of the Companies Act 2006, a shareholder or shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company’s accounts (including the auditor’s report and the conduct of the audit) that are to be laid before the meeting; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholder or shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the

statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the General Meeting includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

11. Use of electronic address

Members may not use any electronic address provided in either this notice of meeting or any related documents (including the enclosed form of proxy) to communicate with the Company for any purposes other than those expressly stated.

12. Communication

Except as provided above, shareholders who have general queries about the General Meeting should either call the registrar's helpline on +44 (0)370 873 5848; or write to the Registrar, Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS13 8AE. No other methods of communication will be accepted.

13. Inspection of documents

The following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the registered office of the Company from the date of this document until the time of the General Meeting and at the General Meeting venue itself for at least 15 minutes prior to the start of the General Meeting until the end of the General Meeting:

- (a) the memorandum and articles;
- (b) the annual report and accounts of the Company for the financial year ended 31 December 2016;
- (c) the written consents of Morgan Stanley & Co. International plc for the inclusion in the Circular of references to its name in the form and context in which the name appears and Merrill Lynch International for the inclusion in the Circular of references to its name in the form and context in which the name appears;
- (d) the Transaction Agreements (as defined in the Circular); and
- (e) the Circular.

14. Copy of this Notice

A copy of this Notice and other information required by section 311A of the Companies Act 2006 can be found at www.evraz.com.

