

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about 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.

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**EVRAZ PLC**

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

**CIRCULAR**

**relating to**

**recommended proposal to provide a guarantee of the obligations of its wholly owned subsidiary EVRAZ Mezhdurechensk under certain management contracts**

**and**

**Notice of General Meeting**

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

Your attention is also drawn to the risk factors set out in Part II: “Risk Factors” of this document. Notice of the General Meeting, which is to be held at Chelsea Football Club, Stamford Bridge, Fulham Road, London, SW6 1HS on 19 June 2018, is set out on pages 22 to 25 of this document. The General Meeting will start at 9.30 a.m.

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

The action to be taken by Shareholders in respect of the General Meeting is set out on pages 22 to 25 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 9.30 a.m. on 15 June 2018.

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 not a prospectus, but a shareholder circular, and does not constitute or form part of any offer or invitation to purchase, acquire, subscribe for, sell, dispose of or issue, or offer to sell, dispose of, issue, purchase, acquire or subscribe for, any security. This document is a circular relating to the Proposed Guarantee which has been prepared in accordance with the Listing Rules. This document has been approved by the Financial Conduct Authority (the “FCA”).

The information provided in this circular is provided solely in compliance with the Listing Rules for the purposes of enabling shareholders to consider the Resolution. 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 to EVRAZ plc and no one else in connection with the Proposed Guarantee. 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 Proposed Guarantee, the contents of this document or any matter referred to herein.

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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. 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: 29 May 2018

## 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.

Shareholders should note that the contents of the paragraphs relating to forward-looking statements are not intended to qualify the statements made as to the sufficiency of working capital in paragraph 10 of Part IV: “*Additional Information*” of this document.

## PRESENTATION OF FINANCIAL INFORMATION AND EXCHANGE RATES

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.

An exchange rate of US\$ 1.00 to RUB 61.41 has been used, unless otherwise stated in this Circular (based on the official exchange rate set by the Central Bank of Russia on 25 May 2018 (being the latest practicable date prior to the publication of this Circular (the “**Latest Practicable Date**”))).

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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.*

<b>Event</b>	<b>Time and/or Date</b>
Date on which the Management Contracts were executed .....	29 December 2017
Publication of and posting of this document, the Notice of General Meeting and the Form of Proxy.....	29 May 2018
Latest time and date for receipt of Forms of Proxy or CREST Proxy Instructions for the General Meeting <sup>(1)</sup> .....	9.30 a.m. on 15 June 2018
General Meeting .....	9.30 a.m. on 19 June 2018
Announcement of the results of the General Meeting .....	19 June 2018
Expected date of execution of the Proposed Guarantee .....	19 June 2018

(1) It is requested that Forms of Proxy for the General Meeting are returned before 9.30 a.m. on 15 June 2018 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.

## **ACTION TO BE TAKEN**

The General Meeting will be held on 19 June 2018 at 9.30 a.m. at Chelsea Football Club, Stamford Bridge, Fulham Road, London, SW6 1HS.

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 9.30 a.m. on 15 June 2018.**

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 9.30 a.m. on 15 June 2018 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 22 to 25 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 Proposed Guarantee.**

## DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

<b>Directors</b>	<b>Function</b>
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	Non-Executive Director
Deborah Gudgeon	Non-Executive Director
Alexander Izosimov	Non-Executive Director
<b>Company Secretary</b>	<b>Registered Office</b>
Prism Cosec Limited	5th Floor
	6 St Andrew Street
	London EC4A 3AE

### **Sponsor**

Morgan Stanley & Co. International plc  
25 Cabot Square  
London E14 4QA

### **Legal Adviser**

Morrison & Foerster (UK) LLP  
City Point  
One Ropemaker Street  
London EC2Y 9AW

### **Registrar**

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

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## PART I: LETTER FROM THE CHAIRMAN



### EVRAZ PLC

**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

29 May 2018

Dear Shareholder

#### **RECOMMENDED PROPOSAL FOR A GUARANTEE OF THE OBLIGATIONS OF EVRAZ MEZHDURECHENSK, AN INDIRECT WHOLLY OWNED SUBSIDIARY OF THE COMPANY**

#### **NOTICE OF GENERAL MEETING**

##### **1. Introduction**

On 29 December 2017, the Company's indirect wholly owned subsidiary, EVRAZ Mezhdurechensk, entered into management contracts (the "**Management Contracts**") with nine companies owned by Sibuglemet involved in mining, processing and trading coal (the "**Counterparties**"). The Management Contracts require the Company and its indirect subsidiary, JSC EVRAZ ZSMK, to enter into a RUB 30 billion (approximately US\$ 488.5 million based on the US\$/RUB exchange rate as at the Latest Practicable Date) joint guarantee of EVRAZ Mezhdurechensk's obligations under the Management Contracts (the "**Proposed Guarantee**"). Further details of the Proposed Guarantee are set out in paragraph 3 of this letter and in Part III: "*Summary of the Principal Terms of the Management Contracts and Proposed Guarantee*" of this document.

Further information on Sibuglemet and the background to and reasons for the Proposed Guarantee are set out in paragraph 2 "*Background to and reasons for the Proposed Guarantee*" below.

Due to its size, the Proposed Guarantee constitutes a "class 1 transaction" for the Company under the Listing Rules and therefore the Proposed Guarantee requires Shareholders' approval. This approval will be sought at the General Meeting of the Company to be held at 9.30 a.m. on 19 June 2018 at Chelsea Football Club, Stamford Bridge, Fulham Road, London, SW6 1HS.

Notice of the General Meeting is set out on pages 22 to 25 of this document. The Resolution being proposed seeks approval of the terms of the Proposed Guarantee. A summary of the action you should take is set out on page (vi) of this document and in paragraph 8 (*Action to be taken*) of this letter.

The purpose of this document is to:

- explain the background to and reasons for the Proposed Guarantee;
- provide you with information on the Management Contracts and Proposed Guarantee;
- explain why the Board considers that the Proposed Guarantee is 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 has unanimously agreed to recommend the Proposed Guarantee and the 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 as at the record date for the General Meeting.

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 V: “*Definitions*” of this document.

## **2. Background to and reasons for the Proposed Guarantee**

In December 2015, the Company’s indirect wholly owned subsidiary, EVRAZ Mezhdurechensk, entered into nine separate management contracts (the “**2015 Management Contracts**”) with the Counterparties.

Sibuglemet is a producer of coking coal and operator of coal refineries in the Kemerovo region in south-western Siberia. Its business operations include mines, open pit mines, enrichment plants/refineries and companies engaging in the purchase and sales of raw materials. LLC Sibuglemet Group is the holding company of the Counterparties whose operations comprise:

- the “Bolshevik” coking coal mine in the Novokuznetsk region which is operated by JSC Mine “Bolshevik”;
- the “Antonovskaya” mine which is operated by JSC Mine “Antonovskaya”. The town of Chistogorsk is on the mine’s western border and the settlements of Esaulovka and Bolshevik are close to the mine’s southern border;
- the “Mezhdurechenskiy” open-pit mine which is near to the city of Mezhdurechensk and is operated by JSC Mezhdurechie;
- the open coking coal pit mines operated by the JSC CC Southern which include the “Bergovoy” open pit mine near the city of Mezhedurechensk. JSC CC Southern also has exploratory and mining licences for other fields, including: “Mrasskiy 2”, “Mrasskiy” and “Mrasskiy Glubokiy” in the Kemerovo region;
- the Antonovskaya Enrichment Plant which is located in Novokuznetsk region close to Chistogorsk and operated by JSC Antonovskaya Concentrating Mill;
- the Mezhdurechenskaya Enrichment Plant, which is in the city of Mezhdurechensk and operated by JSC RP “Mezhdurechenskaya”; and
- the trading company JSC Sibuglemet-M, whose main operation is the selling of coal in Russia.

Pursuant to the terms of the 2015 Management Contracts, EVRAZ Mezhdurechensk agreed to manage and operate the mines, open pit mines, enrichment plants and coal trading companies on behalf of the Counterparties by agreeing to perform all of the functions typically carried out by the chief executive officer including, *inter alia*, all the decisions required to carry out the day-to-day operation of the Counterparties, their investment activity and procurement activities (the “**Management Services**”). The 2015 Management Contracts did not require EVRAZ Mezhdurechensk’s obligations to be guaranteed by any other entity.

The Management Services include the day-to-day operation of the Counterparties which mean that EVRAZ Mezhedurechensk is able, among other things, to control the sales of coking coal that the Counterparties produce. The Directors believe that this presents a significant benefit to the Group as it enables the Group to readily access additional raw materials and supplies of coking coal on commercial terms. During the financial year ended 31 December 2017, the Group purchased approximately 14.9 per cent. of the coking coal produced by the Counterparties, enabling the Group to maintain its supply of certain grades of coal.

In August 2017 a competitive tender process (the “**Tender**”) in relation to the future provision of the Management Services was commenced by one of the Counterparties, JSC Mezhdurechie. The Tender allowed participants to propose to provide the Management Services either directly through operating companies or indirectly, through a dedicated subsidiary. It also provided that, if a subsidiary without substantial assets were to be used to provide the Management Services, a parent company guarantee, based on a pre-agreed form, would be required.

As EVRAZ Mezhdurechensk already had a relationship with Sibuglemet and each of the Counterparties, and had been successfully providing the Management Services since 2015, the Company decided that, rather than entering into the Management Contracts itself (and so avoiding the need for a guarantee), it was more appropriate to utilise the existing expertise and relationships that EVRAZ Mezhdurechensk had developed with the Counterparties. Therefore, the Company

decided that EVRAZ Mezhdurechensk should participate in the Tender and, if successful, continue to provide the Management Services.

After winning the Tender, EVRAZ Mezhdurechensk entered into the Management Contracts with the Counterparties on 29 December 2017 and agreed to provide the Management Services. In accordance with the terms of the Tender, because EVRAZ Mezhdurechensk is a subsidiary without substantial assets, the Management Contracts include a requirement for the Company and JSC EVRAZ ZSMK to provide a guarantee of EVRAZ Mezhdurechensk's obligations under the Management Contracts. As the Proposed Guarantee was not entered into by 28 April 2018, the Counterparties have right to terminate the Management Contracts without having to give EVRAZ Mezhdurechensk 30 days' notice.

If the Management Contracts are not terminated by the Counterparties at such time and as the Proposed Guarantee will not be entered into by 28 May 2018, EVRAZ Mezhdurechensk will incur financial penalties of RUB 1 million per day (approximately US\$ 16,000 based on the US\$/RUB exchange rate as at the Latest Practicable Date) under each Management Contract from 29 May 2018 until the earlier of: (a) such time when the Proposed Guarantee is provided or (b) the date as of which the Management Contracts are terminated.

As the Proposed Guarantee will not be provided by 28 May 2018, EVRAZ Mezhdurechensk will incur penalties from 29 May 2018 up to and until the date of the General Meeting. The financial penalties that EVRAZ Mezhdurechensk will incur from 29 May 2018 until the date of the General Meeting will equal RUB 198 million (approximately US\$ 3.2 million based on the US\$/RUB exchange rate as at the Latest Practicable Date). This is calculated by multiplying the penalty by the number of Management Contracts and the number of days from 29 May 2018 when penalties start to accrue up to, and including, the date of the General Meeting (9 x RUB 1 million x 22 days). In addition, if the Resolution is not passed at the General Meeting, the Company will procure that EVRAZ Mezhdurechensk exercises its right to terminate each of the Management Contracts by giving 180 days' notice and further financial penalties accrued up to the date of termination will be payable by EVRAZ Mezhdurechensk. The maximum additional financial penalties payable by EVRAZ Mezhdurechensk under the Management Contracts in such circumstances would be RUB 1,620 million (approximately US\$ 26.4 million based on US\$/RUB exchange rate as at the Latest Practicable Date). This maximum additional financial penalty is calculated by multiplying the penalty by the number of Management Contracts and the maximum notice period under the Management Contracts (9 x RUB 1 million x 180 days). The maximum aggregate financial penalties payable by EVRAZ Mezhdurechensk in the event of termination of the Management Contracts would therefore be RUB 1,818 million (approximately US\$ 29.6 million based on US\$/RUB exchange rate as at the Latest Practicable Date).

### **3. Summary of the principal terms and conditions of the Proposed Guarantee**

The Management Contracts require EVRAZ Mezhdurechensk to pay certain amounts to the Counterparties by way of liquidated damages if EVRAZ Mezhedurechensk is in breach of certain provisions of the Management Contracts. Liquidated damages may arise under the Management Contracts, and so result in a call under the Proposed Guarantee, if, *inter alia*, EVRAZ Mezhdurechensk:

- intentionally acts without having obtained a prior written consent from the relevant Counterparty's board of directors with regard to certain transactions, including: in relation to treasury shares, the issue of shares, bonds or other securities of any Counterparty or any of their respective subsidiaries, as well as taking decisions at shareholders' meetings of the subsidiary companies (including decisions to change management authorities) or changing the powers of the directors of such subsidiary companies;
- intentionally enters into transactions or performs any other acts on behalf of the Counterparty after receiving a notification of the termination of the Management Contract by the Counterparty; or
- fails to comply with certain business practices and contractual duties (including an obligation to avoid conflicts of interest; to comply with statutory requirements; decisions to open or close the Counterparty's bank accounts or to provide the Proposed Guarantee).

If EVRAZ Mezhedurechensk is in breach of the obligations that give rise to a claim for liquidated damages, the Counterparties will not have to prove any loss in order to make a call under the Proposed Guarantee. Further, the Guarantors will not have any contractual rights to challenge the

validity or quantum of any claim for liquidated damages under the Proposed Guarantee. Subject to the Guarantors' limitation of liability, the Counterparties can also claim losses in addition to the liquidated damages payable in respect of a breach of some of the obligations listed above if the amount of liquidated damages proves to be insufficient.

The purpose of the Proposed Guarantee is to secure the obligation of EVRAZ Mezhdurechensk to pay the liquidated damages if it is required to do so in accordance with the Management Contracts. The Proposed Guarantee also extends to other losses that the Counterparties may suffer as a result of EVRAZ Mezhdurechensk being in breach of the Management Contracts.

Further details of the potential liabilities arising under the Management Contracts and the circumstances in which they can be terminated are set out in Part III: "*Summary of the Principal Terms of the Management Contracts and Proposed Guarantee*" of this document.

The obligations of the Guarantors under the Proposed Guarantee are joint and several and are capped at RUB 30 billion (approximately US\$ 488.5 million as at the Latest Practicable Date). The cap was set by Sibuglemet as part of the tender process. The Proposed Guarantee is irrevocable and will be effective from the date of its execution until the date falling three years after the expiry of the last of the Management Contracts.

Further details of the potential liabilities arising under the Management Contracts and the Proposed Guarantee are set out in Part III: "*Summary of the Principal Terms of the Management Contracts and Proposed Guarantee*" of this document.

The Board believes that the Proposed Guarantee is in the best interests of the Company and Shareholders as a whole for the following reasons:

- the Proposed Guarantee and ongoing performance of the Management Services supports the overall strategy of the Group:
  - it creates mutual synergies for Sibuglemet and the Group;
  - it helps to stabilise the coal mix at the Group's steelmaking plants;
  - it provides the Group with more flexibility for its customers, enabling it to sell a wider range of coal grades;
  - it creates logistical synergies and allows the Group to optimise the use of coal washing capacities and facilitate sharing of operational best practices across multiple production facilities; and
  - it will establish a deeper partnership with Sibuglemet and allow the Group to explore new strategic options in relation to the coal assets of Sibuglemet, with the aim of increasing the security of supply of all coal grades required for its operations;
- performing the Management Services provides the Group with ready access to the raw materials and coking coal necessary for it to stabilise its steel production in line with the Group's growth strategy;
- the management fees payable under each of the Management Contracts and the bonus element payable on conclusion of the Management Contracts will, if paid, increase the Group's earnings (the management fees are described in the following paragraph 4 of this letter and in Part III: "*Summary of the Principal Terms of the Management Contracts and Proposed Guarantee*");
- the potential liabilities arising under the Management Contracts which are subject to the Proposed Guarantee are within the control of EVRAZ Mezhdurechensk which has existing expertise and has been providing the Management Services to the Counterparties since 2015. Accordingly, EVRAZ Mezhdurechensk has already demonstrated its ability to manage the Counterparties and their underlying assets effectively and the Directors have no reason to believe that EVRAZ Mezhdurechensk would engage in any activity in breach of the Management Contracts. In addition, the Group has a sound control environment and appropriate corporate governance and board policies in place which it continues to review and enhance. These policies and procedures include preventative and detective activities, periodic risk assessment and other procedures which are designed to protect the Group's assets. These procedures and policies are observed by EVRAZ Mezhdurechensk.

Further details of the Management Contracts and the Proposed Guarantee are set out in Part III: "*Summary of the Principal Terms of the Management Contracts and Proposed Guarantee*" of this document.

#### **4. Financial effects of the Proposed Guarantee**

EVRAZ Mezhdurechensk receives a management fee under each Management Contract which comprises a fixed and a variable element.

The fixed element of the fee is payable quarterly in arrears and the amount of the fixed fee for 2018 is set out in each Management Contract. In subsequent years, this amount is adjusted annually for inflation on a compound basis, in accordance with the inflation index published annually by Rosstat, the Russian Federal State Service of Statistics.

The variable element of the management fee is determined annually depending on the underlying Counterparty's performance, by reference to each Counterparty's EBITDA, as a proportion of the consolidated EBITDA, and consolidated key performance indicators ("KPIs") of Sibuglemt. The KPIs applicable to each Management Contract for the year ending 31 December 2018 have been agreed and approved by the board of directors of JSC Mezhdurechie and are dependent on the: (i) actual performance; (ii) cash cost of the marketable products; (iii) volume of coal sales; (iv) spillovers of coal reserves; and (v) EBITDA of JSC Mezhdurechie and its subsidiaries. For subsequent years the KPIs will be set out in JSC Mezhdurechie's annual budget.

It is anticipated that for the year ending 31 December 2018 the Management Contracts will generate a fixed fee of approximately RUB 320 million (approximately US\$ 5.2 million based on the US\$/RUB exchange rate as at the Latest Practicable Date) and a variable fee of approximately RUB 200 million (approximately US\$ 3.3 million based on the US\$/RUB exchange rate as at the Latest Practicable Date) which depends on coal prices, EBITDA and free cash flow of the Counterparties, and is payable in full, if all the KPIs are satisfied.

The Management Contract with JSC Mezhdurechie also includes a long term bonus arrangement which is based on the performance of JSC Mezhdurechie and its subsidiaries (namely the Counterparties) during the full term of the Management Contracts and is calculated pursuant to a formula taking into account the annual increase of EBITDA of the Counterparties over the full term of the Management Contracts. The long term bonus will not be payable if the Management Contract with JSC Mezhdurechie is terminated by EVRAZ Mezhdurechensk or by JSC Mezhdurechie because of a breach of the Management Contract by the other party. If payable in full, the Directors believe that the long term bonus payable by JSC Mezhdurechie may be in excess of approximately RUB 769 million (approximately US\$ 12.5 million based on the US\$/RUB exchange rate as at the Latest Practicable Date).

In addition, performance of the Management Contracts and the Proposed Guarantee does not require any capital investment by the Group and EVRAZ Mezhdurechensk will provide the Management Services relying on its existing expertise.

#### **5. Current trading and trends**

The Company published its financial results for the year ended 31 December 2017 on 1 March 2018. On 26 April 2018, the Company released its trading update for the first quarter of 2018. The trading update shows that the Group's sales of steel, coal, iron ore and vanadium products have declined for several reasons. The results were driven by logistics limitations in the view of severe weather conditions in Russia in January and February, technical condition of blast furnaces, unusually high sales of raw coking coal in the fourth quarter of 2017, restocking of pellets, and reduced oxide availability. In the second quarter of 2018, the Company anticipates an increase in pig iron production, crude steel output is expected to be slightly higher than in the first quarter of 2018, flat-rolled and tubular product volumes are expected to experience a slight increase in volume, construction products and rail are expected to remain strong, while raw coal production is expected to slightly decrease.

Looking ahead to the remainder of 2018, Chinese steel demand is expected to dampen but the Directors believe that steel reforms and 'heating season' cuts will result in finished steel exports from the country remaining at significantly lower volumes compared to recent history, boosting steel production and metallurgical coal demand in other parts of the world. However, seaborne supply is forecast to grow during 2018, driven by Australia and Mozambique. This is likely to put some pressure on prices and result in overall prices falling from their current high levels.

To highlight the current bullish sentiment in the global metallurgical coal market, there have been recent announcements from the sector on potential large-scale expansion plans. Nonetheless, on the whole, there is a lack of new projects in the pipeline and the depletion of a number of mines will reduce operational capacity in the medium-term. At the same time, seaborne demand is forecast to

increase, primarily driven by India. Therefore the Directors believe that the seaborne metallurgical coal market will tighten in the early-2020s.

In early March 2018 the U.S. announced new tariffs which introduced a 25 per cent. tariff on steel and a 10 per cent. tariff on aluminum (the “**Section 232 tariffs**”). Currently, the Section 232 tariffs do not apply to imports to the U.S. from Argentina, Australia, Brazil, Canada, the European Union, Mexico, and South Korea.

The short-term impact of the Section 232 tariffs was positive for U.S. steel prices, which have significantly risen in response. However, the full effect of the Section 232 tariffs on the steel and aluminum industry is unclear as other countries have begun imposing retaliation measures. The Chinese government has already announced that it is raising tariff duties on 128 products imported from the United States into China and the European Commission has initiated a safeguard investigation into imports of 26 categories of steel products apart from semi-finished products in order to prevent an increase in steel imports. Such trade limitations create an overall short-term turbulence for the industry and raise concerns about further trade-related initiatives during the rest of the year.

On 6 April 2018, the US Treasury Department’s Office of Foreign Assets Control (“**OFAC**”) added more than 30 individuals and entities to the OFAC’s list of Special Designated Nationals (“**SDN list**”). This has led to increased volatility of the financial markets. It has also resulted in the re-pricing of Russian risks and negatively impacted equity and debt capital markets for issuers that have significant portion of their assets in Russia. For example, the Eurobond yields have increased by roughly 110 basis points since 6 April 2018, indicating a potential increase of the cost of capital for the Company in the future. The Russian Rouble has depreciated against the USD by approximately 6.2 per cent. and EUR by approximately 2.0 per cent. respectively since 6 April 2018, which is likely to be positive for financial results of the Group as significant portion of revenues are USD denominated while significant portion of costs are rouble based. No other material changes have materialised so far. However, it is difficult at this moment to properly evaluate all the potential effects on the Russian market in general and the Company in particular.

## **6. Risk factors**

A discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolution are set out in Part II: “*Risk Factors*” of this document.

## **7. Proposal to be voted on at the General Meeting**

Because of its size, the Proposed Guarantee constitutes a “class 1 transaction” for the Company under the Listing Rules, and the Company is required to hold the General Meeting in order to consider and approve the Proposed Guarantee. At the General Meeting, Shareholders will be asked to consider and, if thought fit, pass the Resolution, which approves the Proposed Guarantee, for the purposes of the Listing Rules. The Company will not enter into the Proposed Guarantee unless the Resolution is passed.

Please see the Notice of General Meeting set out on pages 22 to 25 of this document for the full text of the Resolution.

Voting on the Resolution will be on a poll.

## **8. 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 9.30 a.m. on 15 June 2018. Completion and return of a Form of Proxy will not preclude you from attending that meeting and voting in person if you so wish.**

## **9. Further information**

The expected timetable of principal events for the General Meeting is set out on page (v) 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.

## **10. Recommendation**

The Board considers the Proposed Guarantee is in the best interests of Shareholders as a whole. Accordingly, the Board recommends that Shareholders vote in favour of the Resolution, as each of the Directors intends to do in respect of their own entire legal and beneficial holdings as at the record date for the General Meeting.

Yours faithfully,



**Alexander Abramov**  
Chairman

## PART II: RISK FACTORS

*Prior to making any decision to vote in favour of the Resolution, Shareholders should carefully consider all the information contained in this document and the documents incorporated by reference herein, including, in particular, the specific risks and uncertainties described below. The risks and uncertainties set out below are those which the Directors believe are the material risks relating to the Management Contracts and the Proposed Guarantee, material new risks to the Group as a result of the Management Contracts and the Proposed Guarantee or existing material risks to the Group which will be impacted by the Management Contracts and the Proposed Guarantee. If any, or a combination, of these risks actually materialise, the business operations, financial condition and prospects of the Group could be materially and adversely affected. The risks and uncertainties described below are not intended to be exhaustive and are not the only ones that face the Group. The information given is as at the date of this document and, except as required by the FCA, the London Stock Exchange, the Listing Rules and DTRs (and/or any regulatory requirements) or applicable law, will not be updated. Additional risks and uncertainties not currently known to the Directors or that they currently deem immaterial, may also have an adverse effect on the business, financial condition, results of operations and prospects of the Group. If this occurs, the price of Shares may decline and Shareholders could lose all or part of their investment.*

### **1. Risks associated with the Management Contracts and the Proposed Guarantee**

#### **1.1 Liquidated Damages may arise under the Management Contracts and result in the Proposed Guarantee being called.**

Under the terms of the Proposed Guarantee, the Guarantors may be liable to pay claims for liquidated damages in respect of breaches of certain obligations of EVRAZ Mezhdurechensk under the Management Contracts. The amount of liquidated damages payable under the Management Contracts vary depending on the type of a breach as follows: (a) a percentage of the transaction/operation in question (ranging from 5 per cent. to 100 per cent. of the transaction/operation amount); (b) a fixed amount payable per breach (ranging from RUB 10 million to RUB 30 billion); or (c) a variable amount relating to EVRAZ Mezhdurechensk failing to provide the Proposed Guarantee, calculated at a daily rate of RUB 1 million with respect to each Management Contract, effective from 29 May 2018. Under the Proposed Guarantee, liability of the Guarantors is joint and several and the amount of the Proposed Guarantee is capped at RUB 30 billion (approximately US\$ 488.5 million based on the US\$/RUB exchange rate as at the Latest Practicable Date). Any liability of the Guarantors to make a payment for liquidated damages under the Proposed Guarantee or arising from a successful claim for damages under the Proposed Guarantee could have a material adverse effect on the Group's business, financial condition, results of operations and result in reputational damage to the Group.

#### **1.2 The Counterparties do not have to prove loss in court in order to make a call under the Proposed Guarantee.**

If EVRAZ Mezhdurechensk is in breach of the obligations giving rise to a claim for liquidated damages under the Management Contracts, the Counterparties will not have to prove a loss in order to make a call under the Proposed Guarantee. Further, the Guarantors will not have any contractual rights to challenge the validity or quantum of any claim for damages under the Proposed Guarantee. Any liability of the Guarantors to make a payment for liquidated damages under the Proposed Guarantee or arising from a successful claim for damages under the Proposed Guarantee could have a material adverse effect on the Group's business, financial condition, results of operations and result in reputational damage to the Group.

#### **1.3 The Group may not be able to realise the perceived benefit of the Management Contracts and Proposed Guarantee if the Resolution is not passed at the General Meeting.**

The Proposed Guarantee is conditional, *inter alia*, on the passing of the Resolution at the General Meeting. As the Proposed Guarantee was not entered into by 28 April 2018, the Counterparties may terminate the Management Contracts immediately; if such termination occurs the Group will be unable to realise the benefits of the Management Contracts. Any such termination would also result in the loss of the management fee and corresponding loss of revenue to the Group. Termination of the Management Contracts could also result in

reputational damage to the Group and may have a negative impact on the Group's relationship with Sibuglemet, which may affect its ability to explore new strategic options in relation to the coal assets of Sibuglemet.

A financial penalty will accrue from 29 May 2018 under each of the Management Contracts of RUB 1 million per day (approximately US\$ 16,000 per day based on the US\$/RUB exchange rate at the Latest Practicable Date). The amount of the financial penalty from 29 May 2018 up to, and including, the date of the General Meeting is RUB 198 million (approximately US\$ 3.2 million based on the US\$/RUB exchange rate as at the Latest Practicable Date). In addition, if the Resolution is not passed at the General Meeting, the Company will procure that notice to terminate the Management Contracts is served immediately, such notice being effective 180 days later. In such circumstances, the maximum additional financial penalty payable by EVRAZ Mezhzdurechensk under the Management Contracts will be RUB 1,620 million (approximately US\$ 26.4 million based on US\$/RUB exchange rate as at the Latest Practicable Date). The maximum aggregate financial penalties payable in the event of termination would be RUB 1,818 million (approximately US\$ 29.6 million based on US\$/RUB exchange rate as at the Latest Practicable Date).

#### **1.4 Management fees payable under the Management Contracts.**

The variable element of the management fee is determined annually depending on the underlying Counterparty's performance, by reference to each Counterparty's EBITDA, as a proportion of the consolidated EBITDA, and consolidated KPIs of Sibuglemet. The KPIs applicable to each Management Contract have been agreed for the year ending 31 December 2018 and have been approved by the board of directors of JSC Mezhzdurechie. For subsequent years the KPIs will be set out in JSC Mezhzdurechie's annual budget. There can be no guarantee as to the future performance of the Counterparties, nor that the amounts that the Company anticipates as variable management fees will be paid. Similarly, there can be no guarantee that the criteria for payment of the long term bonus set in the Management Contract with JSC Mezhzdurechie will be met. The long term bonus will not be payable if the Management Contract with JSC Mezhzdurechie is terminated by EVRAZ Mezhzdurechensk or by JSC Mezhzdurechie because of a breach of the Management Contract by the other party.

## **2. Risks relating to the Group's operations**

### **2.1 The rise in tensions between Russia and the EU and U.S. and the expansion of sanctions may have a material adverse effect on both the Counterparties' and the Group's business, results of operations and financial condition.**

The sanctions imposed to date have had an adverse effect on the Russian economy causing extensive capital outflows from Russia and impairing the ability of Russian companies targeted by so-called sectoral sanctions to access international capital markets and impairing the ability of Russian companies generally to import certain equipment and technology. The governments of the U.S. and certain EU member states, as well as certain EU officials, have indicated that they may consider additional sanctions against Russia.

As some of the Group's and the Counterparties' assets are located in Russia, if sectoral sanctions were to be expanded to companies in the metals and mining sector, then the Company and/or any or all of its subsidiaries, could be restricted from accessing Western capital markets and/or acquiring certain U.S. or EU manufactured equipment, which could cause difficulties in the implementation of investment projects and securing supplies of imported equipment. In addition, the Company and Group entities registered in the EU and U.S., as well as any employees, officers or directors of the Group who are EU or U.S. persons, are required to comply with applicable EU and U.S. sanctions and may not conduct or facilitate business in violation of such sanctions. Non-compliance with applicable sanctions could result in civil and criminal liability, imposition of substantial fines, breaches of contractual undertakings, negative publicity and reputational damage.

In August 2017, the Countering America's Adversaries Through Sanctions Act ("CAATSA") became law in the U.S. CAATSA contains a number of provisions in respect of sanctions on the Russian economy and provides for the possibility of imposition of secondary sanctions on non-US persons that (a) materially violate, attempt to violate, conspire to violate, or cause a violation of the U.S. sanctions regime with respect to Russia and Ukraine; or (b) facilitate "significant transaction(s)", including deceptive or structured transactions, for or on behalf of (i)

any person subject to sanctions imposed by the U.S. with respect to Russia, or (ii) any child, spouse, parent, or sibling of such sanctioned person. In addition to the above, CAATSA provides for the possibility of imposition of sanctions on state-owned entities operating in the railway or metals and mining sector of the Russian economy. OFAC has broad authority to interpret and enforce U.S. sanctions.

In April 2018, pursuant to Executive Orders codified by CAATSA, the U.S. designated 7 Russian businessmen, 12 companies they own or control, 17 senior Russian government officials, and a state-owned Russian weapons trading company and its subsidiary, a Russian bank, as SDNs. U.S. persons (1) are required to block all property and interests in property of such SDNs and (2) may not deal with such SDNs directly or indirectly. Non-US persons are at risk of the secondary sanctions described above in relation to their dealings with such SDNs. The companies designated as SDNs include major industrial companies in the power, energy, machinery and aluminium sectors. Persons operating in the railway or metals and mining sector of the Russian economy who have not been sanctioned yet could potentially be designated either as subject to sectoral sanctions under CAATSA or SDNs in the future. However, OFAC has clarified that when deciding on whether to impose sectoral sanctions on any state-owned entity operating in the railway or metals and mining sector of the Russian economy under CAATSA, the U.S. government considers it “important” to maintain “unity with partners on sanctions implemented with respect to the Russian Federation.” Taken together the provisions of CAATSA and actions taken pursuant to, and in connection with, CAATSA are likely to have a significant effect on the Russian economy. Further measures taken pursuant to, or in connection with, CAATSA are likely to have a similar effect.

The Group is adopting measures designed to ensure compliance with the extraterritorial effect of the U.S. sanctions regime in respect of Russia. However, there can be no assurances that activities of the Company and/or other Group entities would not potentially result in violation of the U.S. sanctions regime in respect of Russia, including the facilitation of “significant transactions” for or on behalf of sanctioned persons. In particular, certain transactions for the provision of goods and/or services to sanctioned persons may be interpreted by OFAC as “significant transactions”. While some of the Russian entities within the Group maintain contracts with Russian sanctioned persons, the Group has taken practical steps to limit and monitor the risk that such contracts could be considered as “significant transactions”, including by limiting the end-use of its products to purely civilian end-uses. The Group continues to evaluate the implementation of additional measures that could further reduce the sanctions risks.

Independently of the activities referred to above, any further escalation in the current political situation could lead to the Company and/or Group entities being designated as SDNs. Additionally, if shareholders of the Company owning directly or indirectly 50 per cent. or more in the aggregate of the Company are designated as SDNs, the Company will be treated as if the Company were itself an SDN. In either case, this could have a material adverse effect on the Group’s business, financial condition, results of operations and future prospects, and might lead to the suspension of the Company’s shares from trading on the London Stock Exchange.

Should either the EU or U.S. expand the existing sanctions in respect of current or future customers, suppliers or other counterparties of the Group (including by way of further measures taken pursuant to, or in connection with CAATSA), such expansion could disrupt business with important customers, suppliers and other counterparties. For example, in connection with the Management Contracts, Vnesheconombank (“VEB”), which is a creditor of SibugleMET, is currently the target of sectoral sanctions and, whilst the Directors have been advised that the performance of the Management Contracts will not breach any existing sanctions, there can be no assurance that any changes to existing sanctions or the introduction of new sanctions will not give rise to difficulties in relation to the ability of the Company to achieve the same results under the Management Contracts as currently contemplated. Any further EU or U.S. sanctions may have a material adverse effect on the Russian economy and the Counterparties’ and Group’s business, financial condition, results of operations and future prospects.

Furthermore, any further escalation in the current political situation could result in lack of confidence among international investors in the region’s economic stability and in Russian investments generally. Such a lack of confidence could result in reduced liquidity, trading volatility and significant declines in the price of listed securities of companies with significant operations in Russia.

Any of the foregoing may have a material adverse effect on the Russian economy and the Counterparties' and Group's business, financial condition, results of operations and future prospects.

**2.2 Environmental, health and safety regulations, standards and expectations evolve over time and additional or stricter rules and regulations may significantly increase the Group's cost of compliance.**

The operations of the Counterparties and those of the Group, like other mining companies, are subject to all of the hazards and risk typically associated with the exploration, development and production of natural resources, any of which could result in production shortfalls, damage to persons, property or the environment.

In particular, mining operations, involve potential environmental consequences, including generation of pollutants and storage and disposal of wastes and other hazardous materials. Both the Counterparties and the Group's operations generate significant amounts of pollutants and waste, some of which are hazardous, such as sulphur oxide, sulphuric acid, organic compounds and multi-component sludges containing heavy metals (chrome, copper, nickel and zinc). The discharge, storage and disposal of such hazardous waste are subject to environmental regulations, including some that require the clean-up of contamination and reclamation. Pollution risks and related clean-up costs are often impossible to assess. In addition, there is a risk that the government in Russia may introduce new environmental legislation or regulations in order to have their environmental codes and regulations match the more stringent codes and regulations of Western European or North American countries.

The Counterparties and the Group are also subject to health and safety laws, regulations and standards, including workplace health and safety requirements. Compliance with these environmental, health and safety laws and regulations necessitates a commitment of significant financial resources. These laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from environmental, health and safety incidents and other impacts of the Counterparties or the Group's past and current operations, and could lead to the imposition of substantial fines, penalties, other civil or criminal sanctions, the curtailment or cessation of operations, orders to pay compensation, orders to remedy the effects of violations and/or orders to take preventative steps against possible future violations. The imposition of any such fines, penalties, sanctions, cessation of operations or orders may have a material adverse effect on the Group's business, financial condition, results of operations and result in reputational damage to the Group.

**2.3 Any change in the price or supply of raw materials, including coking coal, may cause the Group's financial results to vary, which could have a material adverse effect on its results of operations.**

The Group requires substantial amounts of raw materials in the steel production process, in particular coking coal and iron ore. Although the Group is a vertically integrated business, with the potential to supply most of its subsidiaries with its iron ore and coal requirements from its mining reserves, the Group still buys significant amounts of raw materials from third parties, including the Counterparties, due to price, location and grade considerations. The price and/or availability of such raw materials may be negatively affected by a number of factors largely beyond the Group's control, including increases in demand for such materials, interruptions in production by suppliers, supplier allocation to other purchasers and transportation costs. In addition, the Group's operations require substantial amounts of other raw materials and energy, including various types of limestone, alloys, refractories, oxygen, fuel, electricity and gas, the price and availability of which are also subject to market conditions. The Group may not be able to adjust its prices to recover the costs of increases in the prices of such raw materials. Any significant change in the prices or supply of these raw materials, including those supplied by the Counterparties, could have a material adverse effect on the Group's business, financial condition, results of operations and future prospects.

## PART III: SUMMARY OF THE PRINCIPAL TERMS OF THE MANAGEMENT CONTRACTS AND PROPOSED GUARANTEE

### 1. Management Contracts

#### 1.1 Term

EVRAZ Mezhdurechensk has entered into a separate Management Contract with each Counterparty, all of which are dated 29 December 2017. The Management Contracts became effective on 1 January 2018 (the “**Commencement Date**”) and are in place for an initial term of five years from the Commencement Date (the “**Initial Term**”). The term of each Management Contract will automatically extend for a further period of five years unless either party has given notice of its intention to terminate (as more particularly described at paragraph 1.5 of this Part III below) not later than 180 days prior to the expiry of such Management Contract.

Each Management Contract requires the Guarantors to provide the Proposed Guarantee by 28 April 2018. Failure to do so allows the Counterparties to terminate the Management Contracts without having to give EVRAZ Mezhdurechensk 30 days’ notice. If the Management Contracts are not terminated by the Counterparties at such time and the Proposed Guarantee is not provided by 28 May 2018, EVRAZ Mezhdurechensk will incur a financial penalty of RUB 1 million (approximately US\$ 16,000 based on the US\$/RUB exchange rate as at the Latest Practicable Date) per day per Management Contract until the earlier of: (a) such time when the Proposed Guarantee is provided or (b) the date at which the Management Contracts are terminated.

#### 1.2 Services to be provided under the Management Contracts

Under the Management Contracts, EVRAZ Mezhdurechensk will perform on behalf of the Counterparties all of the functions typically carried out by the chief executive officer, including, *inter alia*, all the decisions required to carry out the day-to-day operation of the Counterparties, their investment activity and procurement activities. In providing these services, EVRAZ Mezhdurechensk has duties to promote the success of the Counterparties (while avoiding conflicts of interest) and to act within the scope of the constitutional documents of each Counterparty and its internal policies and procedures and to act in compliance with all applicable laws.

#### 1.3 Management fee

The fees payable to EVRAZ Mezhdurechensk by the Counterparties comprise a fixed element and a variable element.

The fixed element of the management fee is payable quarterly in arrears. While the amount of fixed fee for 2018 is set out in each Management Contract, in subsequent years this amount is annually adjusted for inflation on a compound basis, based on the inflation index published by Rosstat, the Russian Federal State Service of Statistics.

The variable element of the management fee is determined annually depending on the underlying Counterparty’s performance, by reference to each Counterparty’s EBITDA as a proportion of the consolidated EBITDA, and consolidated KPIs of Sibuglemt. The KPIs applicable to each Management Contract for the year ending 31 December 2018 have been agreed and approved by the board of directors of JSC Mezhdurechie and are dependent on the: (i) actual performance; (ii) cash cost of the marketable products; (iii) volume of coal sales; (iv) spillovers of coal reserves; and (v) EBITDA of JSC Mezhdurechie and its subsidiaries. For subsequent years the KPIs will be set out in JSC Mezhdurechie’s annual budget.

It is anticipated that for the year ending 31 December 2018 the Management Contracts will generate a fixed fee of approximately RUB 320 million (approximately US\$ 5.2 million based on the US\$/RUB exchange rate as at the Latest Practicable Date) and a variable fee of approximately RUB 200 million (approximately US\$ 3.3 million based on the US\$/RUB exchange rate as at the Latest Practicable Date) which depends on coal prices, EBITDA and free cash flow of the Counterparties, and is payable in full, if all the KPIs are satisfied.

The Management Contract with JSC Mezhdurechie also includes a long term bonus arrangement which is based on the performance of JSC Mezhdurechie and its subsidiaries (namely the Counterparties) during the full term of the Management Contracts and is calculated pursuant to a formula taking into account the annual increase of EBITDA of the Counterparties over the full term of the Management Contracts. The long term bonus will not be payable if the

Management Contract with JSC Mezhdurechie is terminated by EVRAZ Mezhdurechensk or by JSC Mezhdurechie because of a breach of the Management Contract by the other party. If payable in full, the Directors believe that the long term bonus payable by JSC Mezhdurechie may be approximately RUB 769 million (approximately US\$ 12.5 million based on the US\$/RUB exchange rate as at the Latest Practicable Date).

#### 1.4 *Liquidated damages*

Each of the Management Contracts contains specific obligations of EVRAZ Mezhdurechensk. In the event of a breach of certain of these obligations, the Counterparties are able to bring a claim for liquidated damages. These include the obligations:

- (a) not to enter into certain transactions or do certain acts without obtaining a written consent of the board of directors of the Counterparty, including any transactions or acts in relation to treasury shares, the issue of shares, bonds or other securities of any Counterparty or any of their respective subsidiaries, as well as taking decisions at shareholders' meetings of the subsidiary companies (including decisions to change management authorities) or changing the powers of the directors of such subsidiary companies;
- (b) not to enter into transactions or perform any other acts on behalf of the Counterparty after receiving a notification of the termination of the Management Contract by the Counterparty; and
- (c) to comply with certain business practices and contractual duties (including, an obligation to avoid conflicts of interest, to comply with statutory disclosure requirements, decisions to open or close the Counterparty's bank accounts or to provide the Proposed Guarantee).

The liquidated damages vary depending on the type of a breach and are quantified as: (a) a percentage of the transaction/operation in question (ranging from 5 per cent. to 100 per cent. of the transaction/operation amount); (b) a fixed amount payable per breach (ranging from RUB 10 million to RUB 30 billion); or (c) a variable amount relating to EVRAZ Mezhdurechensk failing to provide the Proposed Guarantee, calculated at a daily rate of RUB 1 million with respect to each Management Contract, effective from 29 May 2018.

Subject to the Guarantors' limitation of liability, the Counterparties can also claim losses in addition to the liquidated damages payable in respect of a breach of some of the obligations listed above if the amount of liquidated damages proves to be insufficient.

If a breach would enable a Counterparty to claim under several liquidated damages provisions, the Counterparty is only permitted to bring a claim under one of these provisions. If the actual losses suffered by the Counterparty exceed the relevant liquidated damages amount, the relevant Counterparty is entitled to recover the full amount of the actual loss suffered.

#### 1.5 *Termination*

EVRAZ Mezhdurechensk may terminate any of the Management Contracts by giving the relevant Counterparty 180 calendar days' written notice.

Each Counterparty is entitled to terminate the respective Management Contract by giving at least 30 calendar days' written notice. In addition, each Counterparty may terminate the respective Management Contract immediately if:

- (a) there is a change of control of the final beneficiary of the Management Company;
- (b) EVRAZ Mezhdurechensk fails to provide the Proposed Guarantee;
- (c) EVRAZ Mezhdurechensk, without obtaining prior written consent of the board of directors of the relevant Counterparty:
  - (i) enters into transactions relating to the shares or issue of bonds and other securities by any Counterparty or any of its subsidiaries;
  - (ii) enters into transactions in connection with the treasury shares of any Counterparty or any of its subsidiaries;
  - (iii) takes any decisions at shareholders' meetings of any of the subsidiaries (including decisions to remove or appoint any members of the board of directors of the subsidiaries);
- (d) bankruptcy proceedings are commenced against either EVRAZ Mezhdurechensk or its controlling person under a court judgment;

- (e) the Guarantors fail to meet their obligations under the Proposed Guarantee;
- (f) the Proposed Guarantee terminates as a result of a liquidation or reorganization of the guarantors;
- (g) EVRAZ Mezhdurechensk fails to issue irrevocable powers of attorney, in the names of the chairman and the financial controller of each Counterparty, within 10 working days of the issue of the Proposed Guarantee, to enable them to bring claims under the Proposed Guarantee; or
- (h) any Management Contract is terminated as a result of any other Management Contract being terminated for any of the reasons set out in paragraphs 1.5(a)-(g) above.

On termination, the parties must enter into a settlement reconciliation report within 30 business days, pursuant to which each party confirms that it has no material claims against the other. The relevant fixed fee and the variable fee become payable *pro rata* within 10 business days after entering into the settlement reconciliation report.

Either party can terminate the Management Contracts so that they do not automatically continue for an additional five year period by providing notice not later than 180 days prior to the expiry of the Initial Term of such Management Contract.

#### 1.6 *Governing law*

Each of the Management Contracts is governed by Russian law and subject to the exclusive jurisdiction of the International Commercial Arbitration Court at the Russian Federation Chamber of Commerce and Industry.

## **2. Proposed Guarantee**

### 2.1 *Term*

The Proposed Guarantee is irrevocable and will be effective from the date on which it is executed by the Guarantors until the end of the period of three years following the expiry of the last of the Management Contracts, with the three year term being a commercial requirement of Sibuglemt. If EVRAZ Mezhdurechensk is in breach of the obligations that give rise to a claim for liquidated damages, the Counterparties will not have to prove a loss in order to make a call under the Proposed Guarantee.

### 2.2 *Guaranteed obligations*

The Proposed Guarantee covers claims for liquidated damages described in paragraph 1.4 of this Part III in the event of a breach of the obligations that give rise to a claim for liquidated damages the Counterparties will not have to prove any loss in order to make a claim for liquidated damages and/or make a call under the Proposed Guarantee. The Proposed Guarantee also covers any other claims for damages that are successfully brought for losses suffered by the Counterparties as a result of other breaches of the Management Contracts by EVRAZ Mezhdurechensk, however, the Counterparties will be required to prove their loss in order to succeed with such a damages claim. The Guarantee does not include any right of set-off.

The Guarantors' obligations under the Proposed Guarantee are joint and several and are capped at RUB 30 billion (approximately US\$ 488.5 million based on the US\$/RUB exchange rate as at the Latest Practicable Date).

The Guarantors' obligations under the Proposed Guarantee terminate:

- when the total amount paid by the Guarantors under the Proposed Guarantee reaches RUB 30 billion (approximately US\$ 488.5 million based on the US\$/RUB exchange rate as at the Latest Practicable Date);
- at the end of the term for which the Guarantee was issued (see paragraph 2.1 of this Part III for further information on the term of the Proposed Guarantee);
- if all the Counterparties waive their rights under the Proposed Guarantee in whole or in part (in the latter case, the Guarantors' obligations with respect to such obligation cease *pro rata*); or
- by written agreement between the Guarantors and each of the Counterparties.

### 2.3 *Governing law*

The Proposed Guarantee is governed by Russian law and is subject to the exclusive jurisdiction of the Arbitration Court of the City of Moscow.

## PART IV: ADDITIONAL INFORMATION

### 1. Responsibility

The Company and the Directors, whose names and functions are set out in paragraph 3 of this Part IV, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

### 2. 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.

### 3. 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	Non-Executive Director
Deborah Gudgeon	Non-Executive Director
Alexander Izosimov	Non-Executive Director

### 4. Directors' shareholdings and share options

#### (a) Directors' shareholding

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

Director	Number of Shares	Percentage of voting share capital of the Company
Alexander Abramov.....	301,960,323	20.92
Alexander Frolov.....	150,783,385	10.45
Eugene Shvidler.....	43,805,030	3.03
Alexander Izosimov.....	80,000	0.01

#### (b) Directors' share options

No options to acquire shares have been granted to the Directors since 1 January 2018.

## 5. 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 voting share capital of the Company
Roman Abramovich <sup>(1)</sup> .....	440,528,063	30.52
Alexander Abramov <sup>(1)</sup> .....	301,960,323	20.92
Alexander Frolov <sup>(1)</sup> .....	150,783,385	10.45
Gennady Kozovoy .....	83,751,827	5.80
Alexander Vagin .....	82,887,014	5.74
Eugene Shvidler <sup>(1)</sup> .....	43,805,030	3.03

(1) Indirect holding, primarily through Lanebrook Limited (which holds a total of 905,487,416 Shares, representing 62.74 per cent. of the issued share capital of the Company)

## 6. Directors' service contracts

The current terms and conditions relating to the employment of the Directors, including the remuneration payable to the Directors, are set out in the "Directors' Remuneration Report" on pages 128 to 135 of the 2017 Annual Report and Accounts, which are hereby incorporated by reference into this document.

## 7. Related party transactions

7.1 Details of related party transactions entered into by the Company during the period commencing on 1 January 2015 up to 31 December 2017 are set out in note 16 of the 2015 Annual Report and Accounts, note 16 of the 2016 Annual Report and Accounts and note 16 of the 2017 Annual Report and Accounts, each of which has been published before the date of this document. Save for those transactions, and as set out below, the Company has not entered into any related party transactions during the period commencing on 1 January 2015 up to and including the Latest Practicable Date.

7.2 In April 2013, the Company acquired a 51 per cent. interest in CJSC MMC Timir ("Timir"), from AK ALROSA PAO ("ALROSA"). In May 2010 and February 2011, Timir entered into two loan agreements with ALROSA for RUB 284 million and RUB 2,008 million respectively (the "Loan Agreements").

On 5 March 2018, Timir executed documents to amend the Loan Agreements with ALROSA which extended the term of each of the Loan Agreements to 25 December 2019 and reduced the interest rate applicable on the amounts outstanding on the Loan Agreements from 0.5 per cent. to 0 per cent. All other terms of the Loan Agreements remain unchanged. Due to the Company's substantial shareholding in Timir the amendment of the Loan Agreements constitutes a smaller related party transaction for the purposes of Chapter 11 of the Listing Rules.

## 8. Material contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by the Company during the two years preceding the date of this document and are or may be material or contain any provision under which any member of the Group has an obligation or entitlement which is material as at the date of this document.

8.1 The Sale and Purchase Agreement which is summarised in Part II: "Summary of the Principal Terms and Conditions of the Transaction Agreements" of the 2017 Circular.

8.2 The Transshipment Agreement which is summarised in Part II: "Summary of the Principal Terms and Conditions of the Transaction Agreements" of the 2017 Circular.

- 8.3 The NTSP Guarantee which is summarised in Part II: “*Summary of the Principal Terms and Conditions of the Transaction Agreements*” of the 2017 Circular.
- 8.4 On 1 March 2018 Fegilton Limited, a wholly owned subsidiary of the Company, entered into a sale and purchase agreement with Senalior Investments Limited (“**Senalior**”) pursuant to which it agreed to sell its entire share in Drampisco Limited, a holding company of EVRAZ DMZ (“**EDMZ**”) for approximately US\$ 106 million, adjustable for an amount of actual working capital and net financial debt of EDMZ and for fair value of the issued guarantees (the “**EDMZ Sale Agreement**”).
- Under the terms of the EDMZ Sale Agreement, the consideration is payable in installments. An initial sum of US\$ 25 million is payable within five business days of execution of the agreement, with the remainder payable not later than 15 December 2018.
- 8.5 The Management Contracts which are summarised in Part III: “*Summary of the Principal Terms of the Management Contracts and Proposed Guarantee*” of this document.
- 8.6 The Proposed Guarantee which is summarised in Part III: “*Summary of the Principal Terms of the Management Contracts and Proposed Guarantee*” of this document.
- 8.7 On 29 May 2018, the Company and Morgan Stanley & Co. International plc (the “**Sponsor**”) entered into a sponsor’s agreement, pursuant to which the Company appointed Morgan Stanley & Co. International plc as sponsor in connection with the publication of the Circular (the “**Sponsor’s Agreement**”). Under the terms of the Sponsor’s Agreement, the Company has agreed to provide the Sponsor with certain customary indemnities, undertakings, representations and warranties. The indemnities provided by the Company indemnify the Sponsor and its associates against, *inter alia*, claims made against them or losses incurred by them in connection with the arrangements contemplated by the Circular and other relevant documents, subject to certain exceptions.

**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 2017, the date to which the Company’s audited financial results for the year to 31 December 2017 were prepared.

**10. Working Capital**

The Company is of the opinion that, having regard to available bank and other facilities available to the Group, the Group has sufficient working capital available for its present requirements, that is, for at least the 12 months following the date of this document.

**11. Litigation**

There are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Company is aware) which may have or have had during the 12 months preceding the date of this document a significant effect on the Company and/or the Group’s financial position or profitability.

**12. 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.

### 13. Checklist of information incorporated by reference

13.1 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 2015 Annual Report and Accounts, the 2016 Annual Report and Accounts, the 2017 Annual Report and Accounts or the 2017 Circular is incorporated by reference herein except as expressly stated below:

<b>Information incorporated by reference</b>	<b>This document</b>	<b>Page number(s)</b>
Terms and conditions relating to the appointment of the Directors are set out in the Directors' Remuneration Report on pages 128 to 135 of the 2017 Annual Report and Accounts	paragraph 6 of Part IV	16
Information on related party transactions in note 16 on pages 206 to 207 of the 2015 Annual Report and Accounts	paragraph 7 of Part IV	16
Information on related party transactions in note 16 on pages 201 to 202 of the 2016 Annual Report and Accounts	paragraph 7 of Part IV	16
Information on related party transactions in note 16 on pages 208 to 210 of the 2017 Annual Report and Accounts	paragraph 7 of Part IV	16
Information on the related party transaction involving the disposal of the Nakhodka Trade Sea Port transaction in note 12 on pages 204 to 207 of the 2017 Annual Report and Accounts	paragraph 8 of Part IV	16, 17
The 2017 Circular	paragraph 8 of Part IV	16, 17

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.

13.2 The information referred to in paragraph 13.1 of Part IV "*Additional Information*" of this document can be accessed by Shareholders at <http://www.evraz.com/investors>.

13.3 Information that is itself incorporated by reference or referred to or cross-referred to in the documents listed in paragraph 13.1 of Part IV "*Additional Information*" of this document is not incorporated by reference into this document. Save as set out in paragraph 13.1 of Part IV "*Additional Information*" of this document, no other sections of these documents are incorporated by reference into this document.

### 14. 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 Morrison & Foerster (UK) LLP, City Point, One Ropemaker Street, London EC2Y 9AW, from the date of this document up to and including the date of the General Meeting:

- (a) the memorandum and Articles;
- (b) the 2017 Annual Report and Accounts;
- (c) the Management Contracts;
- (d) the Proposed Guarantee;
- (e) the written consent referred to in paragraph 12 of this Part IV: "*Additional Information*" of this document; and
- (f) this document.

## PART V: DEFINITIONS

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

“2015 Annual Report and Accounts”	the annual report and accounts of the Company for the year ended 31 December 2015
“2016 Annual Report and Accounts”	the annual report and accounts of the Company for the year ended 31 December 2016
“2017 Annual Report and Accounts”	the annual report and accounts of the Company for the year ended 31 December 2017
“2017 Circular”	the circular to Shareholders published by the Company on 3 May 2017 in relation to the disposal of NTSP
“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
“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 Registrar’s” 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
“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
“Counterparties”	the counterparts to the Management Contracts, being: (i) LLC Holding Sibuglemet; (ii) JSC Sibuglemet; (iii) JSC Sibuglemet-M; (iv) JSC Mine “Bolshevik”; (v) JSC Mine “Antonovskaya”; (vi) JSC CC Southern; (vii) JSC RP “Mezhdurechenskaya”; (viii) JSC Antonovskaya Concentrating Mill; and (ix) JSC Mezhdurechie
“Director”	a director of the Company
“Disclosure Guidance and Transparency Rules” or “DTR”	the disclosure guidance and transparency rules made by the FCA under section 73A of FSMA
“EBITDA”	earnings before interest, tax, depreciation and amortisation
“EDMZ”	EVRAZ DMZ
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“EVRAZ Mezhdurechensk”	MC EVRAZ Mezhdurechensk LLC, a company incorporated in Russia, which is a 100 per cent. indirectly owned subsidiary of the Company
“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

<b>“General Meeting”</b>	the general meeting of EVRAZ plc to be held at Chelsea Football Club, Stamford Bridge, Fulham Road, London, SW6 1HS at 9.30 a.m. on 19 June 2018 (and any adjournment thereof) for the purposes of considering and, if thought fit, approving the Resolution
<b>“Group”</b>	the Company and its subsidiaries and subsidiary undertakings from time to time
<b>“Guarantors”</b>	the Company and JSC EVRAZ ZSMK
<b>“JSC EVRAZ ZSMK”</b>	Joint Stock Company “EVRAZ Consolidated West-Siberian Metallurgical Plant”, a company incorporated in Russia which is a 100 per cent. indirectly owned subsidiary of the Company
<b>“Latest Practicable Date”</b>	25 May 2018
<b>“Listing Rules”</b>	the listing rules made by the FCA under section 73A of FSMA
<b>“London Stock Exchange”</b>	the London Stock Exchange plc
<b>“Management Contracts”</b>	the conditional management contracts, details of which are set out in paragraph 1 of Part III: “ <i>Summary of the Principal Terms of the Management Contracts and Proposed Guarantee</i> ” of this document
<b>“Management Services”</b>	the management services provided under the 2015 Management Contracts and the Management Contracts
<b>“Market Abuse Regulation”</b>	the Market Abuse Regulation (2014/596/EU)
<b>“Notice of General Meeting”</b>	the notice of the General Meeting contained in this document
<b>“NTSP”</b>	joint stock company EVRAZ Nakhodka Trade Sea Port
<b>“NTSP Guarantee”</b>	the guarantee entered into on 3 May 2017 in favour of NTSP, details of which are set out in Part II: “ <i>Summary of the Principal Terms and Conditions of the Transaction Agreements</i> ” of the 2017 Circular and incorporated by reference at paragraph 13 of Part IV: “ <i>Additional Information</i> ” of this document
<b>“Overseas Shareholder”</b>	a Shareholder who is a citizen, resident or national of any jurisdiction outside the United Kingdom
<b>“Proposed Guarantee”</b>	the proposed guarantee to be entered into by the Company and JSC EVRAZ ZSMK for the benefit of each of the Counterparties, details of which are set out in paragraph 2 of Part III: “ <i>Summary of the Principal Terms of the Management Contracts and Proposed Guarantee</i> ” of this document
<b>“Prospectus Rules”</b>	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
<b>“Regulatory Information Service”</b>	a regulatory information service as defined in the FCA Handbook
<b>“Resolution”</b>	the ordinary resolution to be proposed at the General Meeting (and set out in the Notice of General Meeting)
<b>“Rosstat”</b>	the Russian Federal State Service of Statistics
<b>“Sale and Purchase Agreement”</b>	the sale and purchase agreement dated 3 May 2017 between Lanebrook Limited and OOO SIBMETINVEST details of which are set out in set out in Part II: “ <i>Summary of the Principal Terms of the Transaction Agreements</i> ” of the 2017 Circular and incorporated by reference at paragraph 13 of Part IV: “ <i>Additional Information</i> ” of this document
<b>“Shareholder”</b>	a holder of Shares
<b>“Shares”</b>	ordinary shares of US\$ 1 each in the capital of the Company
<b>“Sibuglemet”</b>	LLC Sibuglemet Group and its subsidiaries and subsidiary undertakings from time to time
<b>“Sponsor”</b>	Morgan Stanley & Co. International plc

“Sponsor’s Agreement”	the Sponsor’s agreement dated 29 May 2018 between the Company and the Sponsor details of which are set out in paragraph 8.7 of Part IV: “ <i>Additional Information</i> ” of this document
“Tender”	the competitive tender process for the provision of the Management Services commenced by JSC Mezhdurechie, one of the Counterparties and part of Sibuglemet in August 2017
“Transshipment Agreement”	the Transshipment Agreement dated 3 May 2017 between East Metals AG, which is a wholly owned indirect subsidiary of the Company, and NTSP details of which are set out in Part II: “ <i>Summary of the Principal Terms and Conditions of the Transaction Agreements</i> ” of the 2017 Circular and incorporated by reference at paragraph 13 of Part IV: “ <i>Additional Information</i> ” of this document
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland
“U.S.” 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: 29 May 2018

# 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 Chelsea Football Club, Stamford Bridge, Fulham Road, London, SW6 1HS at 9.30 a.m. on 19 June 2018 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 Proposed Guarantee**

**THAT** the Proposed Guarantee, on the terms described in the Circular to Shareholders dated 29 May 2018 (the “**Circular**”), of which this forms part, be and is hereby approved and that the Directors or any duly authorised committee of the Board be and are hereby authorised to: (a) waive, amend, vary or extend non-material terms of the Proposed Guarantee (as defined in the Circular); and (b) 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 Proposed Guarantee and any matters incidental to the Proposed Guarantee.

**By order of the board**  
Prism Cosec Limited  
Company Secretary

**EVRAZ plc**  
5<sup>th</sup> Floor  
6 St Andrew Street  
London EC4A 3AE

29 May 2018

## 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 under 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](http://www.investorcentre.co.uk/eproxy) so as to be received no later than 9.30 a.m. on 15 June 2018.

### 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 25 May 2018, which is the latest practicable date before the publication of this document, is 1,443,350,819 carrying one vote each on a poll.

Therefore, the total number of votes exercisable as at 25 May 2018 is 1,443,350,819.

### 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 15 June 2018 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

Member should note that the doors to the General Meeting will be open for registration at 9.00 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](http://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 message. 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 to 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 2017 Annual Report and Accounts;
- (c) the written consent 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;
- (d) the Management Contracts (as defined in the Circular);
- (e) the Proposed Guarantee (as defined in the Circular); and
- (f) 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](http://www.evraz.com).





