



KOLMAR

COAL MINING COMPANY

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QUOTED SPEECH

Our company sets a perfect example that, despite all economic challenges, Russian business still has points of growth.

Kolmar is delivering its projects in the Neryungri District of the Republic of Sakha (Yakutia). Today, the development of the Far East is one of the priorities of the state, and we are glad to contribute heavily to the regional economy. Kolmar was founded in 2004 and has become a strategic enterprise for South Yakutia. The balance reserves of Kolmar exceed 1 Bln tons of coal, the majority of which is represented by premium quality coking coals.

The investment projects, undertaken by Kolmar, play a key part in the development of the Far East region as a whole. The opening of Inaglinskaya-1 coal preparation plant on

May 31, 2016 became an important milestone in the company's development. It helped the company to go to the global coal market and resume its strategic partnership with Japan and other countries of the Asian-Pacific region.

State instruments of financial aid are tried and tested on the basis of Kolmar operations. Specifically, a public and private partnership scheme is already working for the construction of GOK Inaglinskiy. A railway line and a high voltage power transmission line with a substation have been built with the funds allocated from the state budget.

We feel our responsibility to the country and the region. The company fully adheres to the business principles of social responsibility. We are implementing welfare pro-

grams for our employees and their children. We are investing into the development of city infrastructure, promoting the advancement of youth and sports. In partnership with state institutes, the company is realizing professional training and skills improvement programs for our employees.

S.E. Tsvilev

BACKGROUND

Kolmar was founded in 2004 and is a large group uniting industrial companies for the production and processing of coking coals located in the Neryungri District of the Republic of Sakha (Yakutia). The balance reserves of Kolmar exceed 1 Bt of coal, the majority of which is represented by premium quality coking coals.



2005

2005 – CJSC Yakutskie Ugli – New Technologies obtained a license for coal mining at the Central, and, in 2007, at the Northern area of the Chulmakan deposit eastern part.

2006

2006 – As part of the Yakutian coal mining enterprises privatization, the company acquired LLC Erel, a joint venture of the Sakha Republic and the Republic of Korea, mining coal by open-pit method.

2007

2007 – Acquisition of Denisovskaya mine, the main owner of which was EVRAZ Group.

2009

2009 – Active development of Kolmar Group. The first phase of Denisovskaya mine was put into operation; a strategy was developed for the development of all Kolmar operations with GOK Inaglinskiy and GOK Denisovskiy as separate projects.

2011

2011 – The open-pit reserves at the area of LLC SP Erel had been completely developed and SP Erel left Kolmar Group. – There were major additions to the coal reserves of GOK Inaglinskiy – in 2012, the company secured a license for the development of the Western part of Chulmakan deposit, and this license is the largest by the balance reserves of all categories [B+C1+C2] in all license portfolio of Kolmar Group.

2015

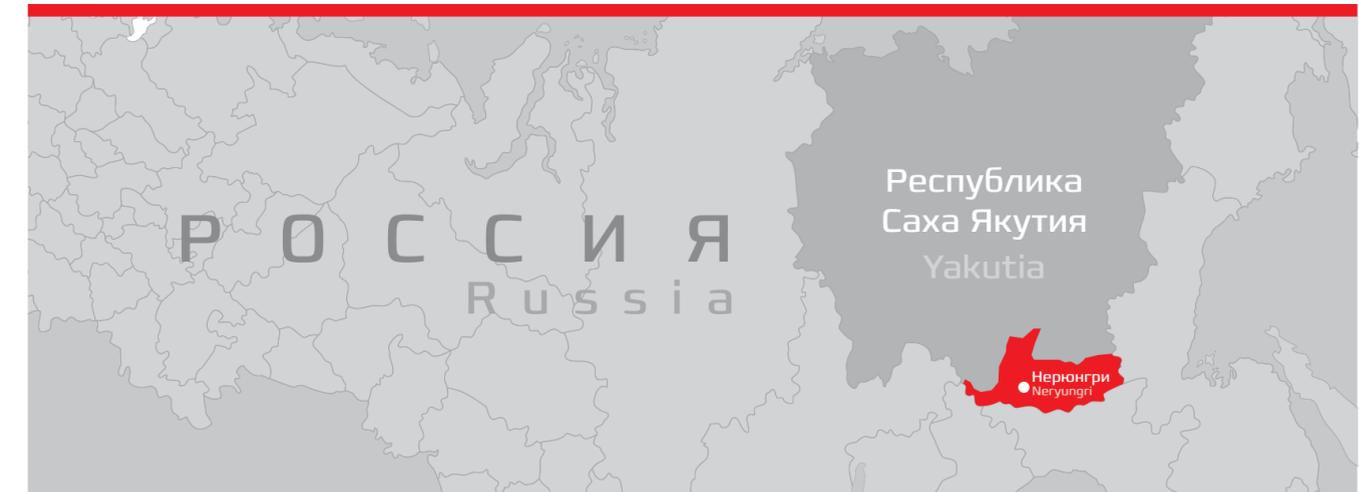
2015 – The second phase of Denisovskaya mine was commissioned and Inaglinskiy open-pit coal mine was built within the license area in the Western part of Chulmakan deposit. A railway line was built from Chulbass Station to GOK Inaglinskiy.

2016

2016 – Inaglinskaya-1 coal preparation plant was put into operation as part of Kolmar’s long-term development strategy. A power transmission line and substation of GOK Inaglinskiy were built.



REGION OF PRESENCE



Kolmar operations are located in the Far Eastern Federal District in the Neryungri Region of the Republic of Sakha (Yakutia). The company holds coal mining licenses within the ancient geological formation – Aldano-Chulman Plateau, in which the South Yakutia coal basin is located.

The official data published by the Federal Agency for Subsoil Use of the Russian Federation suggest that the region has 25 separate coal deposits with 24-37 coal beds, the average thickness of which ranges from 2 to 6 meters.

The thickness of the beds developed by Kolmar operations varies from 1.8 to 6 meters, the stratification depth is 140–200 meters.

An important feature of South Yakutia coals is extremely low methane content, which is beneficial to production safety.

The geographical location of South Yakutia gives a strategic superiority to Kolmar operations. Developed infrastructure in the region, good transport access and proximity to the federal highways, railway lines and sea ports allow optimum logistical schemes to be developed both for the internal market and export trade. The population of the regional center, Neryungri city, amounts to more than 50,000 people. There are two power plants in the region – Chulman Power Plant and Neryungri State District Power Plant. There is an airport in Chulman settlement

capable of receiving large-tonnage and jumbo jets. Transport access is via Amur-Yakutskaya Highway. The railway connects Kolmar operations with the Baikal-Amur and Trans-Siberian Mainline.

The transport terminal in Muchke Bay allows coal to be shipped by sea to the Asian-Pacific region countries.

HISTORICAL PRESENCE OF SOUTH YAKUTIA

The Republic of Sakha (Yakutia) occupies the fifth part of the Russian territory, and is a unique region in terms of the diversity, quantity and quality of subsoil resources.

The greater portion of the explored reserves is located in South Yakutia, which makes it – judging by the current mining volumes of mineral resources and their explored and predicted potential – one of the most important raw material regions not only in the Republic, but of the Far Eastern Federal District as whole. Mineral raw resources mined in the region demonstrate great diversity. These are coking coals, noble, ferrous and non-ferrous metals, chemical, mining-engineering raw material, radioactive materials and many other things.

Coal

There are over 25 officially registered deposits in South Yakutia. The most cost-effective and commercially important deposits are located in the Aldano-Chulman and Elgin industrial and mining cluster with the balance sheet reserves amounting to ca. 7.4 Bln. tons of coking coals.

Gold

The main gold reserves are concentrated in the Central Aldan, Upper Timpton, Upper Tokkin, Nuyamo-Algomina industrial and mining clusters. Potential estimation of the gold reserves explored in the region is in excess of 304.1 billion rubles.

Apatites

The largest Seligdar apatite deposit is located in the Seligdar industrial and mining cluster. The balance sheet reserves of this deposit amount to: apatite – 1.4 Bln. tons, fluorine – 1.2 Bln. tons. The deposit also contains rare earth metals.

Iron ores

The main concentration place of iron ores is the Aldan iron ore province with a potential of 18.9 Bt. There are 14 deposits on the balance sheet. The most prospective deposits are Dyosovskoye and Tayozhnoye.

Non-metallic minerals

Non-metallic minerals in Yakutia are represented by raw cement, gypsum, building stone, gemstones, zeolites, stone salt, apatites, graphite, and vermiculite.

Fresh water

There are 29 officially registered fresh water aquifers in Yakutia. 14 aquifers are used for water supply purposes. The greater portion of the reserves is concentrated in South Yakutia.

Mineral water

There are four registered aquifers of drinking mineral water and one aquifer of mineral water for external application in Yakutia. Two therapeutic mud deposits have been explored.

Uranium

Uranium deposits are located in South Yakutia and are represented by the Elkon group of deposits, being the largest deposit in Russia in terms of reserves.

CORPORATE STRUCTURE



LLC Managing Company Kolmar

The company exercises the functions of the sole executive body of Kolmar Group [corporate director]: responsible for management, general coordination of the activities of all group operations, accumulates a significant portion of administrative and managerial functions.

JSC Mining and Coal Preparation Complex Inaglinskiy (JSC GOK Inaglinskiy)

Develops the reserves of Chulmakan stone coal deposit [Central, Eastern, Northern and Western areas] within the boundaries of the allotted licenses.

GOK Inaglinskiy includes:

- Inaglinskiy open-pit coal mine with the production capacity of 2 Mta [in operation]
- Inaglinskaya-1 mine with the production capacity of 4 Mta [under construction]
- Inaglinskaya-2 mine with the production capacity of 8 Mta [under design]
- Inaglinskaya-1 coal preparation plant with the production capacity of 2 Mta [in operation]
- Inaglinskaya-2 coal preparation plant with the production capacity of 4 Mta [under construction]
- Inaglinskaya-3 coal preparation plant with the production capacity of 8 Mta [under design]

JSC Mining and Coal Preparation Complex Denisovskiy (JSC GOK Denisovskiy)

Develops the reserves of Denisovskiy stone coal deposits [Central and Eastern part] within the license areas.

GOK Denisovskiy includes:

- Denisovskaya Central mine with the production capacity of 2 Mta [in operation]
- Denisovskaya Eastern mine with the production capacity of 4 Mta [under design]
- Denisovskiy open-pit coal mine with the production capacity of 0.9 Mta [in operation]
- Denisovskaya coal preparation plant with the production capacity of 6 Mta [under construction]

LLC Kolmar – Open-Pit Operations (LLC Kolmar OGR)

Is an operation of Kolmar Group developing coal reserves using open-pit mining. The core business of the company is rendering services to Kolmar Group operations for drill and blast, stripping and mining operations using open-pit machinery.

LLC Kolmar – Sales and Logistics

The company works with Russian partners, participates in public tenders for the procurement of coal for the needs of local power plants in the region, and provides full logistical support during coal sales on the Russian market.

LLC Neryungrugol

A company of Kolmar Group specializing in building underground and surface facilities as part of the mining complex. The company has all necessary licenses, permits and approvals and is a member of self-regulated organizations. Today, Neryungrugol is a leading mine-building company in the region.

KSL AG (Kolmar sales and logistic)

The company is registered in Zug [Switzerland], deals with marketing, logistics and coal sales on behalf of Kolmar Group as well as trading of third party coals in export markets.

KEY PERFORMANCE INDICATORS

Key performance indicators

Indicator/Project	Denisovskiy	Inaglinskiy
Project lifetime	2016-2035	2016-2035
Annual average production	6 Mt	6 Mt
Annual average volume of sales (coking concentrate)	3,7 Mt	4 Mt
Key assets (commissioning)	1. Denisovskaya Eastern mine 2. Denisovskaya coal preparation plant 3. Podrucheyny open-pit coal mine	1. Inaglinskiy open-pit coal mine (commissioned) 2. Inaglinskaya -1 coal preparation plant (commissioned) 3. Inaglinskaya mine 4. Inaglinskaya-2 coal preparation plant
Investment phase completion	3Q 2017	3Q 2017
EBITDA [2016-2035]	208 991 mln rubles [\$3215 mln]	118 087 mln rubles [\$1815 mln]
Investment phase CAPEX	12 898 mln rubles [\$198 mln]	12 109 mln rubles [\$186 mln]
FCF [2016-2035]	114 344 mln rubles [\$1759 mln]	73 858 mln rubles [\$1136 mln]
NPV [12%]	30 618 mln rubles [\$471 mln]	25 808 mln rubles [\$397 mln]
IRR	41,46%	49,53%
Project Pay Back period (undiscounted)	~ 3 years	~ 3 years

Kolmar licenses

Area	Balance sheet reserves	Area	Balance sheet reserves
Denisovskiy	62.1 Mt	Inaglinskiy Eastern	19.3 Mt
Denisovskiy Eastern	174.1 Mt	Inaglinskiy Northern	50.1 Mt
Central	71.3 Mt	Inaglinskiy Western	648.3 Mt

The total balance sheet reserves of Kolmar are equal to

1.026 Bln. tons of coal



EXTENSIVE SUPPORT



Ministry for the development of the Russian Far East
Special subsidies (power transmission lines to Inaglinskiy project)



JSC Russian Railways
Reconstruction of the Baikal-Amur Mainline and Trans-Siberian Railway, Agreement on guaranteed freight railway transportations



Ministry of Railways of the Russian Federation
Design and construction of a railway spur and a railway station at Inaglinskiy project (special subsidies)
Reconstruction of the Baikal-Amur Mainline and Trans-Siberian Railway



Government of the Republic of Sakha (Yakutia)
Development of local infrastructure and tax privileges



Ministry of Energy of the Russian Federation
Design and construction of a high-voltage power transmission line and a substation at Inaglinskiy project



Government of the Khabarovsk Region
Support for Kolmar's terminal construction project



Foundation for the development of the Far East and Baikal Region
Project financing



PJSC RAO Energy Systems of the East
Long-term agreement on coal supplies to regional power plants

DEVELOPMENT STRATEGY: «6+», «12+», «20+»

«6+»

ROM coal mining:
4 Mta
Volume of washed coal:
1.2 Mta

«12+»

ROM coal mining:
12 Mta
Volume of washed coal:
8 Mta

«20+»

ROM coal mining:
20 Mta
Volume of washed coal:
14.4 Mta

The development strategy of Kolmar group includes three stages: «6+», «12+», «20+».

Key parameters have been identified for each of the stages; the most important of which is the mining and production volume of coal concentrate. In order to achieve its target indicators, Kolmar puts into operation new facilities and builds new mining coal preparation complexes.

Stage «6+» is expected to complete in 2016. As part of this stage, Inaglinskaya-1 coal preparation plant and Inaglinskiy open-pit coal mine will be put into operation.

The second stage, «12+», will be completed by 3Q 2017. By this time, GOK Inaglinskiy will comprise an open-pit, underground mine and two coal preparation plants. Denisovskaya Eastern mine, with the production capacity of 4 Mta, and a coal preparation plant with the production capacity of 6 Mta of coal will be built at GOK Denisovskiy.

The third stage, «20+», will be implemented at GOK Inaglinskiy, which has license coal reserves in excess of 670 Mt. Another mine and Inaglinskaya-3 coal preparation plant will be built in 2017 – 2018.

Implementation of this strategy will allow Kolmar to increase the total volume of coal mined and processed to 20 Mt across all its operations, which will help Kolmar become one of the five largest coal-mining companies in Russia by 2019.

Development strategy of the company

	«6+»	«12+»	«20+»
	May 2016	3Q 2017	4Q 2010
Inaglinskiy project	Mta	Mta	Mta
ROM coal production	2.0	6.0	14.0
Volume of washed coal	1.2	4.4	8.8
Mid-coal yield	0.5	0.5	0.5
Denisovskiy project	Mta	Mta	Mta
ROM coal production	2.0	6.0	6.0
Volume of washed coal	0	3.6	3.6
Mid-coal yield	0.5	0.5	0.5

COAL MINING METHODS



Coal mining by open-pit and underground method. The company pioneered unique mining technologies in Russia.

Denisovskaya Central mine is the only mine in Russia using room-and-pillar mining. Kolmar has been the first company in Russia to receive permission to use this method at a depth below 200 meters.

This technology offers new opportunities for mining coal at deposits where, due to geological conditions, other mining methods are not applicable.



The second mine, Denisovskaya-Eastern, will become another unique project. It will be located in the license area adjacent to the Central mine area.

The mines will be interconnected, and the new mine will use the existing infrastructure. Even the exit of Denisovskaya-Eastern to the surface will be provided from the Central mine.

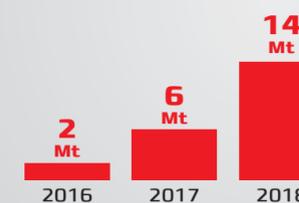
Denisovskaya Eastern mine will use stoping method (longwall mining).

The prime cost of production using mechanized longwall equipment is twice less than with the room-and-pillar method. This technology will significantly reduce the costs associated with the production of run-of-mine coal and will minimize coal losses during mining.



GOK INAGLINSKIY

Volume of ROM coal of GOK Inaglinskiy



Qualitative indicators of washed coal

Total moisture	Max. 9%
Ash content	Max. 10%
Volatite yield	Approx. 30%
Yield	42000 ddp/m
Calorific value	7700 Kcal/kg
HGI/FSI	90/8.5
Thickness of plastic layer	Approx. 30 mm
Mass fraction of sulphur	Max. 0.4%
Mass fraction of phosphorous	0.005
Nitrogen content	1.5

Inaglinskiy project is the priority development project of the Far East of Russia [Decree of the president of the Russian Federation N° 484-p dated 03/23/2015].



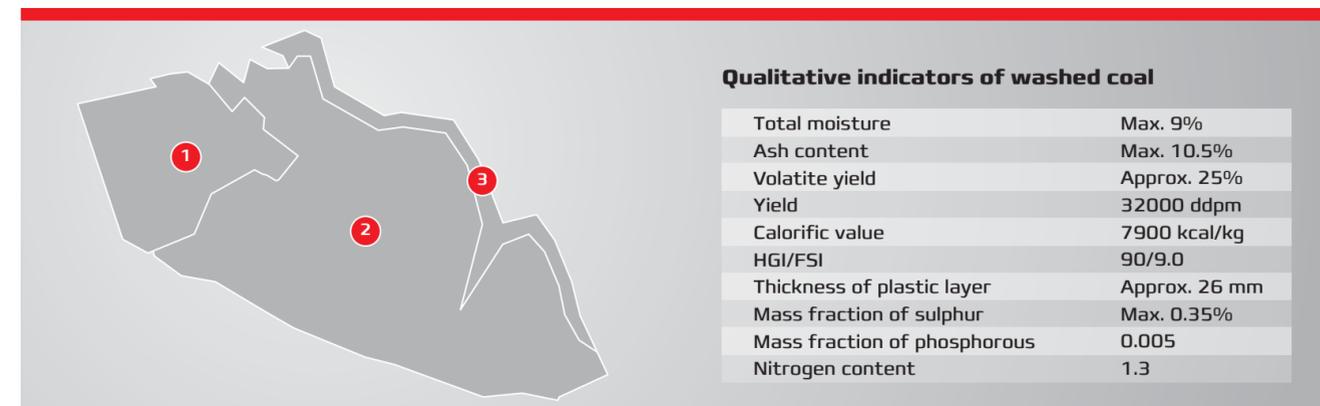
GOK Inaglinskiy includes:

- 1 **Inaglinskaya-1 mine** (under construction)
71.3 Mt of coal reserves for underground mining
- 2 **Inaglinskaya-2 mine** (under design)
648.3 Mt of coal reserves for open-pit and underground mining
- 3 **Inaglinskiy open-pit coal mine** Open-pit area (in operation)

JSC Mining and Coal Preparation Complex Inaglinskiy develops the reserves of Chulmakan stone coal deposit (Central, Eastern, Northern, and Western areas) within the boundaries of the allotted licenses. Construction of an open pit in the northern part of the Western area commenced in 3Q 2014. At present, the open pit produces 2 Mta. Inaglinskiy open pit is the first facility of GOK Inaglinskiy and provides raw material to Inaglinskaya-1 coal preparation plant.



GOK DENISOVSKIY



JSC Mining and Coal Preparation Complex Denisovskiy (JSC GOK Denisovskiy).
Develops the reserves of Denisovskiy stone coal deposits (Central and Eastern part) within the license areas.

GOK Denisovskiy includes:

- 1 Denisovskaya mine** (operational)
32.1 Mt of coal reserves for underground mining
- 3 Denisovskiy open pit** (operational)
- 2 Denisovskaya Eastern mine** (under construction)
4 Mta of coal
- 2 3 Denisovskiy Eastern area**
174.1 Mt of coal reserves for open-pit and underground mining

Today, Kolmar is the leader among Russian companies in terms of room-and-pillar mining efficiency, which is applied at Denisovskaya mine (GOK Denisovskiy). Room-and-pillar method was not used at deposit below 200 meters in Russia; Kolmar is the first company to obtain permission to use this technique and has applied this method for mining coal at deeper deposits. In order to master this technology, several production crews underwent training at the best mines in the world – including mines in Australia, Germany, the USA and South Africa.

Today Kolmar is mining coal at an industrial scale with three sets of room-and-pillar mining equipment and ensures the production volume over 2 Mta



SALES MARKET: DOMESTIC MARKET



Kolmar Group supplies power coals for the power stations of the grid of RAO UES of the East, Far East Generating Company, South Yakutia and Primorski Krai as well as for the housing and public utilities and industrial facilities in Yakutia.

Coking and coking fat coals have traditionally been of high value for the metallurgical enterprises of Russia. Kolmar is one of the leading coal suppliers to the coal preparation plants of Kuzbass for further use at the by-product coke plants and metallurgical enterprises of Russia.

Coal supplies to the internal market is increasing annually, thus, they will amount to ca. 1.5 mln tons in 2016.

In May 2016, Kolmar completed the construction of its own coal preparation plant in Neryungri. The production capacity of the plant is 2 Mta of coal.

The strategical target of the company is full transition to producing and selling coking coals in the form of concentrates.

SALES MARKET: EXPORT

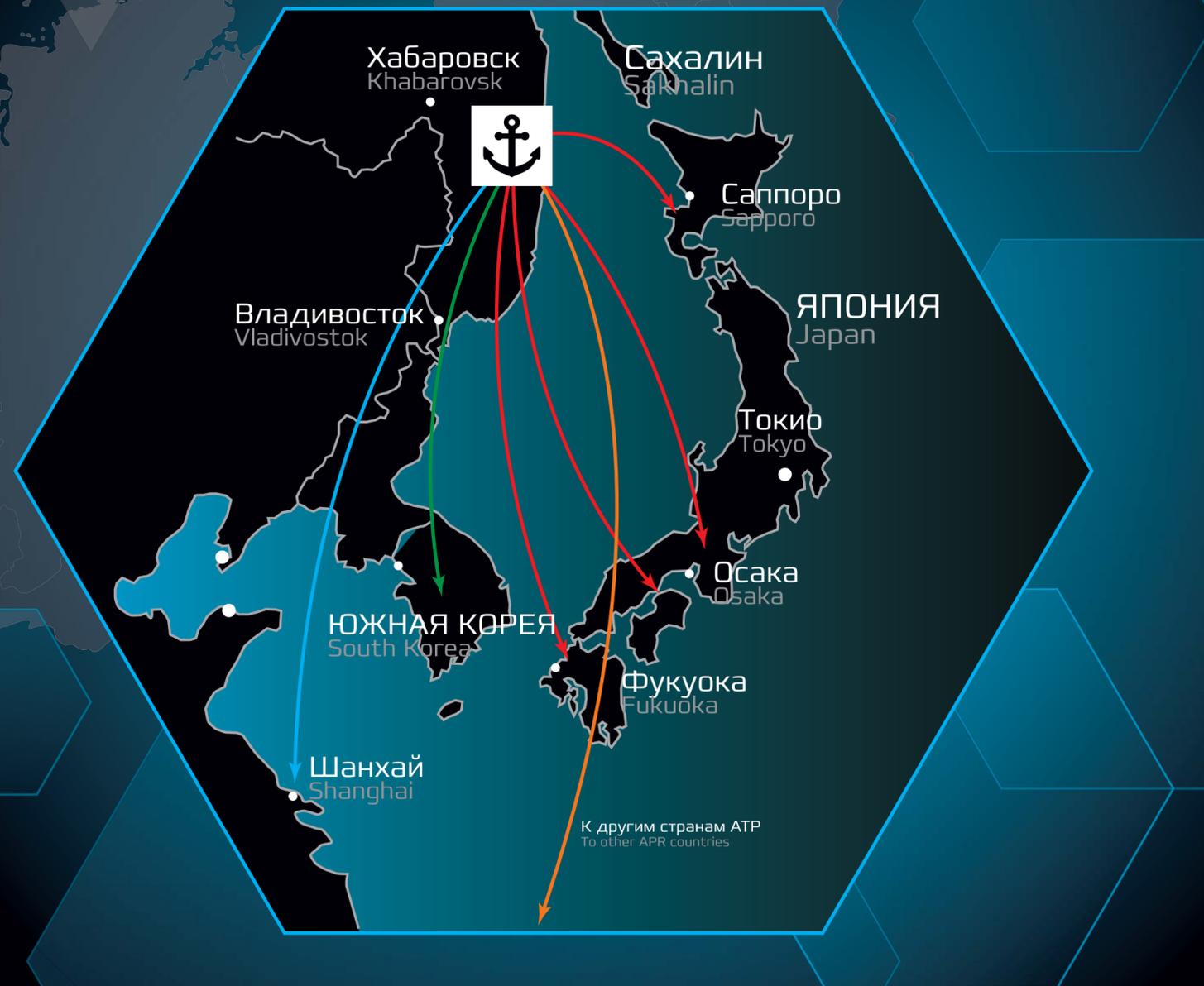


Kolmar Group exports the following types of coal: coking coal – GOK Denisovskiy; fat coal and gas fat coal – GOK Inaglinskiy; as well as power low-caking coals.

One of the objectives of Kolmar Group is establishing a global trading company which will ultimately optimize interaction with end consumers and enter the market with compre-

hensive solutions, fully covering the needs of each and every buyer for imported coal.

COOPERATION WITH THE ASIAN-PACIFIC REGION



Kolmar's focus is on the Asian-Pacific Region countries, primarily Japan and Korea. Kolmar exports medium volatile coking fat coals according to the Russian classification.

In May 2016, Kolmar accessed the international market of high-volatile coking fat coal concentrates with high vitrinite content.

The design capacity of Inaglinskaya-1 coal preparation plant is 2 Mta with potential to increase throughput up to 2.5 Mta.

Kolmar owns a coal handling terminal in the new universal port in Muchke Bay, Vanino District, which allows building optimum logistic routes to the Asian-Pacific Region countries.

Port	Distance	Delivery period
Sakata, Japan	610 miles	in 1.5 days
Niigata, Japan	673 miles	in 1.5 days
Shanghai, China	1440 miles	in 3 days
Dalian, China	1166 miles	in 2.5 days
Pusan, South Korea	994 miles	in 2.3 days

LOGISTICS AND INFRASTRUCTURE



Kolmar's strategic superiority is the geographical location of its mining enterprises. We are located in direct proximity to the ports of the Far East, which gives us a direct exit to transport streams with the countries of the Asian-Pacific Region and at an accessible distance from the Chinese border, which is the major stone coal consumer in the global market. The proximity of railways makes the logistics of our products much easier to the metallurgical and by-product coke plants of the Far East and Urals.

Internal logistics

Goods are shipped by road and by rail. Shipment by car not only allows us to provide raw material for the regional combined heat and power plants in a quick and expeditious manner, but also enables us to provide employment for local and engaged carriers.

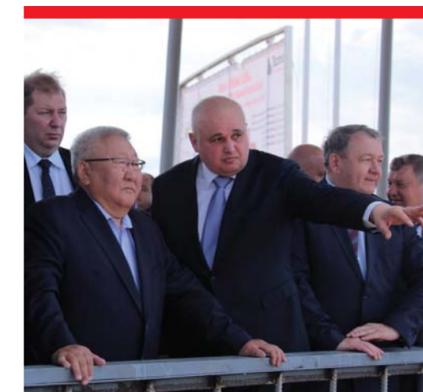
- Rail transportation accounts for the greater part of the traffic flow of our products.
- Far East Generating Company – annual contracts to supply coal to the generating companies of Yakutia and the Far East.
- Kuzbass – rail shipment of our unique coal with a unique set of properties and characteristics to coal preparation plants.
- Providing of local CHPPs with raw material in a quick and expeditious manner.

Export logistics



The main export streams will be realized by sea. At the present moment, Kolmar has concluded contracts with the main ports and terminals.

COAL PREPARATION PLANT



Inaglinskaya-1 coal preparation plant was commissioned in May 2016. The production capacity of the plant is 2 Mta of coal with extension potential. The company takes special pride in the technologically advanced equipment of the plant. Russian equipment accounts for 85% of the plant.

The design solutions of the plant are developed so that the plant can be upgraded as new standards and technologies emerge. Even today, designers and civil engineers have solutions to increase the capacity of the new plant, which will be retrofitted to operate in fully closed cycle conditions.

The staff numbers 120 people. Our personnel have undergone special training to work at the plant. Practical training has been provided for key personnel at the best world plants.

Kolmar started construction of Inaglinskaya-2 coal preparation plant and designed Inaglinskaya-3 coal preparation plant. The design capacity of each of the plants is equal to 6 Mta of coal. Commissioning is scheduled for 3Q 2017. Once additional capacities have been launched, the company will be able to transition to producing and selling coking coals in the form of concentrate.

«We are convinced that despite all economic challenges and crises, there always exist points of growth. We not only want to develop our enterprise, but set an example for everyone that they can and must grow. The more points of growth that exist, the faster our economy will recover from the crisis».

S.E. Tsivilev

COAL CHEMICAL LABORATORY



On September 26, 2013, the coal chemical laboratory obtained certificate №198 on the condition of the measurements and the laboratory.

The coal chemical laboratory of LLC Kolmar was set up in 2013. In July the same year, the coal chemical laboratory started research to determine coal qualitative characteristics on new upgraded equipment.

Laboratory research is carried out in strict compliance with the interstate standards, which govern analysis and testing procedures.

The principal qualitative characteristics of the coal are regulated by:

- humidity – GOST 52911 «Solid fossil fuel. Total moisture determination methods.» and GOST 11014 «Brown, stone coals, antracite and shale coal. Express methods of moisture determination»;
- ash content – GOST 11022 «Solid fossil fuel. Ash content determination method»;
- volatile yield – GOST 6382 «Solid fossil fuel. Volatile matter determination methods»;
- total sulphur content – GOST 11022 «Solid fossil fuel. Total sulphur determination. Eshka method»;
- calorific value – GOST 147 [ISO 1928-76] «Solid fossil fuel. Determination of higher calorific value and calculation of lower calorific value»;
- plastimetry indicators – GOST 1186 «Stone coals. Determination method for plastometric indicators».

Moreover, the laboratory carries out petrographic studies of different coal brands and the products of their mixture based on the developed program on the photometer created by CJSC Izhitza. Such studies are not carried out in any of the city laboratories.

CONSTRUCTION OF A COAL HANDLING TERMINAL AT THE SEA PORT OF VANINO, MUCHKE BAY



State support measures

State support measures	Comments
Federal special purpose programme Development of the transport system of Russia [2010-2020]	Financing 1100 mln rubles
Federal special purpose programme State Border of Russia [2012-2020]	Financing 130 mln rubles
Subsidy from the federal budget [Ministry of the Development of the East]	Subsidies 3277 mln rubles
Invested funds	The investor will provide project financing in the amount of 4 bln rubles

EMPLOYMENT, TRAINING, DEVELOPMENT

CORPORATE SOCIAL RESPONSIBILITY



Kolmar is implementing a number of programs aimed at training skilled production and management staff. Personnel undergo practical training at the best companies of the world to work at the innovative enterprises of the company. Personnel is trained when there is a demand for skilled professionals in core and special purpose directions. The training base (training center) of LLC Managing Company Kolmar and managed entities is the State Autonomous Professional Education Establishment of the Republic of Sakha [Yakutia] South Yakutia College of Technology.

In April 2014, a three-party agreement was signed between the Ministry of Professional Education, Training and Staff Deployment of the Republic of Sakha [Yakutia], LLC Managing Company Kolmar and the State Autonomous Professional Education Establishment of the Republic of Sakha [Yakutia] South Yakutia College of Technology, on cooperation in the field of training professionals with secondary vocational education, skilled workers, including under accelerated professional training programs for workers (clerks) and career guidance.

In August 2015, an agreement was signed to create a professional education cluster, aimed to train highly skilled certified professionals with providing practical training at Kolmar Group. This event was supported by the Chamber of Trade and Commerce of the Republic of Sakha [Yakutia].

An agreement was signed between LLC Managing Company Kolmar and FGAOU VPO North-Eastern Federal University, named after M.K. Amosov on cooperation in the field of training specialists with higher and secondary professional education and career guidance.



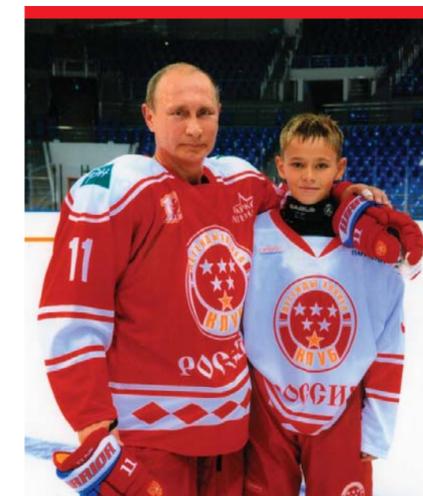
Kolmar is a socially responsible business: are committed to meeting the highest standards of labor conditions for its employees. We adhere to the most rigorous production safety requirements. Kolmar employees are provided with an extended social package. The company subsidizes holidays of the employees' kids. Our employees are provided with regular training, including practical training in international companies.

Social benefits:

- we pay all travel expenses to and from holiday destinations for our employees and members of their families;
- we pay for vouchers of our employees and their children;
- we arrange holidays for children (organization of groups and payment for children's holidays in children's recreation camps);
- welfare assistance to our employees (related to newborn children, marriage, anniversaries, need for medical treatment, etc.);
- non-recurrent allowance for the length of employment in the coal industry;
- compensation of housing rent (for non-residents);
- travel to work and back (for non-residents);
- financial incentives on Miner's Day;
- recommendation for giving awards of various levels (including federal awards).



SPORTS SUPPORT



Kolmar is actively promoting sports and sports achievements. The company provided financing for the reconstruction of the ice arena in Neryungri with a new artificial ice coating. The amount of financing exceeded 60 mln rubles.

Vladimir Mikhailov, who works as an operator of the boiler equipment at an enterprise of Kolmar Group, could take part in Russia's Kettlebell Lifting Tournament with financial support from the company. The



management of the company supports the athlete, which successfully defends the honor not only of the company, but Yakutia as a whole.

The ice hockey team of LLC Managing Company Kolmar won the Neryungri Open Championship among the enterprises of the district in 2014.

As part of the social partnership between LLC Managing Company Kolmar and MOU Gimnasium №1, in association with the Ministry of



Professional Education, a sports ground with artificial coating was built for the pupils of the gymnasium. Material assistance to the gymnasium exceeded 1 mln rubles.

Shortly before the All-Russian Final Competition Golden Puck among athletes born in 2003 and 2004, the company provided financial aid to the Energy Olympic Reserve School (Yakutia). Sports equipment was purchased and travel expenses of young athletes were covered.



ENVIRONMENTAL PROTECTION

Kolmar regards environmental protection as an integral part of its business. The company contributes to the sustainable development of Russia by adhering to environmental laws, sound management of natural wealth, and continual improvement of environmental practices.

The priorities of the environmental policy of the Company are as follows:

- sustainable reduction of discharges of waste waters to bodies of water;
- phased reduction of emissions to atmosphere;
- establishment of waste dump site to reduce man-made impacts on environment.

In order to implement the environmental policies, in 2013-2014, the company commissioned independent experts from BRANAN to carry out an environmental audit of all licence areas, which resulted in a plan of ecological and social measures to manage and reduce the impact of ongoing projects on the social and ecological environment of the region.

Specifically, these efforts allowed two of our ongoing projects to receive a positive conclusion from the federal ecological expertise.

Approximately 800 mln rubles are expected to be committed for the construction and innovation of treatment facilities.



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