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FOR IMMEDIATE RELEASE

## OJSC "Kuzbasskaya Toplivnaya Company" FOURTH QUARTER and FULL YEAR 2011 OPERATIONAL RESULTS

Kemerovo, Russian Federation - OJSC "Kuzbasskaya Toplivnaya Company" (RTS/MICEX: "KBTk"), one of the fastest-growing thermal coal producers in Russia, is pleased to announce its operational results for the fourth quarter and twelve months ended 31 December 2011.

### Quarterly Operational Results<sup>1</sup>

	Q4 2011	Q3 2011	Change	Q4 2010	Change <sup>2</sup>
<b>Coal production, (mln tonnes) incl.:</b>	<b>2.57</b>	<b>2.44</b>	<b>5.3%</b>	<b>2.24</b>	<b>14.6%</b>
<i>Sorted coal</i>	<i>1.51</i>	<i>1.50</i>	<i>0.7%</i>	<i>1.16</i>	<i>30.1%</i>
<i>Enriched coal</i>	<i>0.19</i>	<i>0.20</i>	<i>-6.7%</i>	<i>0.18</i>	<i>5.7%</i>
<b>Sales volume<sup>3</sup> (mln tonnes), incl.:</b>	<b>3.34</b>	<b>2.81</b>	<b>18.9%</b>	<b>2.75</b>	<b>21.5%</b>
<i>Export sales volume</i>	<i>1.77</i>	<i>1.61</i>	<i>9.6%</i>	<i>1.11</i>	<i>59.3%</i>
<i>Domestic sales volume</i>	<i>1.57</i>	<i>1.20</i>	<i>31.4%</i>	<i>1.64</i>	<i>-4.1%</i>
<i>Own coal</i>	<i>2.60</i>	<i>2.34</i>	<i>11.0%</i>	<i>1.86</i>	<i>39.2%</i>
<i>Coal re-sale</i>	<i>0.74</i>	<i>0.47</i>	<i>58.0%</i>	<i>0.88</i>	<i>-15.9%</i>
<b>Average selling price, RUR/ton<sup>4</sup></b>	<b>1,285</b>	<b>1,229</b>	<b>4.5%</b>		
Average export price, RUB/tonne	1,367	1,191	14.8%		
Average domestic price, RUB/tonne	1,192	1,280	-6.9%		

During Q4 2011 the Company produced 2.57 mln tonnes of coal, which exceeded Q3 volume by 5.3% (2.44 mln tonnes). At the same time coal production has grown up 14.6% compared to Q4 2010 (2.24 mln tonnes), The Company kept production volumes at a high level due to significant growth in demand for coal in Russia and globally caused by the onset of winter and the start of the heating season in many countries in the Northern hemisphere.

<sup>1</sup> The Company's business is affected by seasonality of thermal coal demand in Russia and globally. This means its quarterly operational results can be subject to significant fluctuations. Historically, the Company has been producing more coal in Q3 and Q4 than in Q1 and Q2 of each year. However, the Company does not guarantee that this trend will continue in the future.

<sup>2</sup> Change rates in Q4 2011 to Q4 2010.

<sup>3</sup> Sales of the group of companies, subject to the resale of coal purchased from third parties on an "Ex Works" basis

<sup>4</sup> Excluding railway tariffs and VAT

Enriching plant "Kaskad", which produces export quality coal, continued work at 100% capacity. The volume of quarterly production of enriched coal slightly decreased to 186 thousand tonnes (Q3 2011: 199 thousand tonnes), due to the scheduled factory maintenance service during the winter period.

In the Q4 2011 the volume of coal sorted by coal-crushing and screening units remained at the Q3 level and amounted 1.51 mln tonnes, up 30.1% higher than Q4 2010 (1.16 mln tonnes). This coal is directed at meeting the needs of consumers via our retail network in Western Siberia.

The volume of coal sales in Q4 2011 increased by 18.9% to 3.34 mln tonnes (Q3 2011: 2.81 mln tonnes). The Company sold 2.60 mln tonnes of own coal and 741 thousand tonnes of coal purchased from third-parties on an "Ex Works" basis, of which the Company processed 152 thousand tonnes of coal.

The main driver of sales growth were deliveries to Russia, which during the quarter increased by 31.4% due to seasonal peak in demand for coal and reached 1.57 mln tonnes (Q3 2011: 1.2 mln tonnes). Export sales rose by 9.6% to 1.77 mln tonnes compared to 1.61 mln tonnes in Q3. It should be noted a substantial increase in export sales compared with the Q4 2010, which amounted to 59.3% (Q3 2010: 1.11 mln tonnes).

In Q4 2011 the general average coal price net of VAT and railroad tariffs increased by 4.5% to RUB 1,285 per tonne (Q3 2011: RUB 1,229 per tonne). The average domestic price reached RUB 1,192 per tonne down 6.9% quarter-on-quarter (Q3 2011: RUB 1,280 per tonne). The export price continued to increase and reached RUB 1,367 per tonne, being 14.8% higher than the price in Q3 – RUB 1,191 per tonne.

#### Year To Date Operational Results

	12M 2011	12M 2010	Change
<b>Coal production, (mln tonnes) incl.:</b>	<b>8.74</b>	<b>6.80</b>	<b>28.4%</b>
<i>Sorted coal</i>	5.56	4.10	35.4%
<i>Enriched coal</i>	0.74	0.20	267.4%
<b>Sales volume<sup>5</sup> (mln tonnes), incl.:</b>	<b>10.66</b>	<b>8.54</b>	<b>24.8%</b>
<i>Export</i>	6.45	3.75	72.0%
<i>Domestic sales</i>	4.21	4.79	-12.1%
<i>Own coal</i>	8.58	6.38	34.4%
<i>Coal re-sale</i>	2.08	2.16	-3.7%
<b>Average selling price, RUR/tonnes<sup>6</sup></b>	<b>1,228</b>	<b>977</b>	<b>25.6%</b>
Average export price, RUB/tonne	1,237	1,021	21.2%
Average domestic price, RUB/tonne	1,213	943	28.6%

In 2011 the Company increased total coal production volume by 28.4% year-on-year to 8.74 mln tonnes (2010: 6.8 mln tonnes), having accomplished its annual production plan. During the year management has implemented a strategy of increasing the share of high added value products in

<sup>5</sup> Sales of the group of companies, subject to the resale of coal purchased from third parties on an "Ex Works" basis

<sup>6</sup> Excluding railway tariffs and VAT

total sales structure. In 2011 the volume of coal sorted by coal-crushing and screening units increased by 35.4% to 5.56 mln tonnes (2010: 4.1 mln tonnes). During 2011 the coal enrichment plant "Kaskad" worked on full designed capacity and produced 736 thousand tonnes coal of export quality. As a result the volume of processed products of coal by the Company increased from 63.3% to 2010 to 72.0% in 2011.

During 2011 coal sales volume increased by 24.8% year-on-year and reached 10.66 mln tonnes (2010: 8.54 mln tonnes). The pick-up in sales was driven by export volumes, which increased by 72.0% year-on-year to 6.45 mln tonnes (2010: 3.75 mln tonnes). Thus, the proportion of export sales increased to 61.4% in 2011. The domestic sales volume decreased by 12.1% to 4.21 mln tonnes (2010: 4.79 mln tonnes).

8.58 mln tonnes of own-produced coal were sold and 2.08 mln tonnes of coal were purchased from third parties on "Ex works" basis, of which the Company processed 578 thousand tonnes of coal.

Following the results of 2011 the Company's largest export markets remained Eastern European countries (54.7% of export volume) and Asia-Pacific region (45.3% of export volume). Export deliveries to customers in Eastern Europe grew in 2011 by 65.6% year-to-year, reaching a level of 3.53 mln tonnes (2010: 2.13 mln tonnes). Deliveries in the Asian-Pacific region grew by 80.2% year-to-year and amounted to 2.92 mln tonnes of coal (2010: 1.62 mln tonnes).

During 2011 the average price of coal increased by 25.6% year-on-year to RUB 1,228 per tonne net of VAT and railroad tariffs (2010: RUB 977 per tonne). The average export price reached RUB 1,237 per tonne, exceeding 2010 price by 21.2% (RUB 1,021 per tonne). This growth is due to restoration of global demand for coal. The average domestic price increased by 23.6% year-on-year from RUB 943 to RUB 1,213 per tonne. The major reason was the increased share of sorted coal sales.

Management is satisfied with the Q4 and full year 2011 operational results and would like to thank all employees and partners of KTK for their efforts and contribution to sustainable development of the Company in 2011.

The Company plans to release its audited full year 2011 IFRS statements on April, 4 2012. A conference-call to discuss the financial results will be held the same day at 5 PM Moscow time (1 PM London time, 9 AM New-York time). Conference call details will be issued separately.

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### *Company Overview*

OJSC Kuzbasskaya Toplivnaya Company ("KTK" or the "Company") is one of the fastest-growing thermal coal producers in Russia. In terms of 2011 production volume<sup>7</sup>, it was ranked 7<sup>th</sup> among the largest thermal coal producers in the country. In the eleven years since its establishment, the Company has commissioned and launched three open-pit mines and an enrichment plant, achieving annual production volume of 8.74 mln tonnes of coal in 2011. The Company expects to continue to grow its production volume, in particular, following the launch of the Cheremshansky mine in 2008 and ongoing investments into its high performance modern mining technology, aimed at achieving the aggregate structural capacity<sup>8</sup> of existing mines of 11 mln tonnes of coal per year.

The Company's JORC coal resources totalled 402 mln tonnes of ROM coal as of January 1, 2011 and proven and probable reserves amounted to 185 mln tonnes of ROM coal, recoverable during the period of 2011-2030. In December 2011 the Company won an auction for the right to use subsurface of "Bryansk 1" coal deposit with reserves of 250.2 mln tonnes of coal in the C2 category. The surface mine is located in close proximity to existing infrastructure and production assets.

The Company produces exclusively thermal coal, classified as grade "D" under the Russian classification system, with a naturally low sulphur and phosphorus content, as well as a relatively high calorific value.

The Company conducts mining operations at three open-pit mines, located in the Kuzbass area, Russia's largest coal producing region. The Company's mining operations are supported by an extensive production and logistics infrastructure, including its own railway network and facilities, which enable the Company to transport 100% of produced coal from the open-pit mines to the main railway hub at the long-distance railway network, operated by the Russian Railways. Furthermore, as the Company's mines are compactly located within 5 km from each other, a number of operations are conducted centrally, thereby minimising overhead costs and expenses.

In 2011, the Company's total coal sales amounted to 10.66 mln tonnes of coal, of which 8.58 mln tonnes were produced by the Company and 2.08 mln tonnes were retailed after purchasing from other coal producers. The Company maintains a diversified sales structure balanced between export and domestic sales: in 2011 about 38.6% of total sales were sold to domestic consumers and approximately 61.4% exported, primarily to Eastern Europe and the Asia-Pacific region.

The Company's strong regional presence is supported by an extensive retail distribution network, located throughout the Kemerovo, Novosibirsk, Omsk and Altay regions of Western Siberia. As of 01 January 2012, the Company's distribution network included 67 owned and operated points of sale and delivered 3.18 mln tonnes of coal in 2011, positioning KTK as one of the principal suppliers of

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<sup>7</sup> Metal Expert, January 2012

<sup>8</sup> The maximum production capacity that the Company believes could be achieved (taking into account projected stoppages for planned repair and maintenance) in an annual period if the Company were able to process all the coal that could be mined using the Company's existing mine facilities after acquisition of certain mining equipment and construction of three processing/enrichment facilities in accordance with its current capital expenditure program

coal to retail customers in Western Siberia.

*FY 2010 Financial Highlights*

- Revenue increased by 33% to RUB 14,160 mln (2009: RUB 10,658 mln)
- EBITDA<sup>9</sup> – RUB 2,134 mln (2009: RUB 2,178 mln)
- EBITDA margin – 15% (2009: 20%)
- Net income – RUB 823 mln (2009: RUB 663 mln)
- Net income margin – 6% (2009: 6%)

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<sup>9</sup> EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment. EBITDA is not a measurement of the Company's operating performance under IFRS and should not be considered as an alternative to net income, operating income or any other performance measures derived in accordance with IFRS or as an alternative to cash flow from operating activities or as a measure of the Company's liquidity.