The Russian Direct Investment Fund is a $10 billion fund established to make equity investments primarily in the Russian economy.

RDIF was created in 2011 under the leadership of the President and Prime Minister of Russia to co-invest alongside top global investors, acting as a catalyst for direct investment in Russia. RDIF together with its co-investors invested and committed over $7 billion for this purpose, of which RDIF alone invested $1.3 billion and over $6 billion came from the leading international co-investment partners.

RDIF also attracted over $15 billion of foreign capital into the Russian economy through long-term strategic partnerships.
KEY DEVELOPMENT TRENDS IN THE GLOBAL COAL MARKET
1.1 CHANGES IN THE STRUCTURE OF GLOBAL ENERGY CONSUMPTION

Over the past 10 years global coal consumption has grown by almost 50% (As a point of reference, gas consumption has grown by 30%). Nowadays, coal accounts for about 30% of global power consumption, while oil and gas accounts for over half.

Experts from the International Energy Agency (IEA) predict a change in the structure of energy demand due to the commencement of large scale shale gas production in the USA and the decrease of coal consumption in Europe and the USA.

By 2035 coal demand will decrease from 28% to 24%, oil demand – from 32% to 27%, while demand for gas will increase from 21% to 25%.

The rapid growth of coal production and consumption (from 3.5 bln to 7.2 bln tonnes) during the first decade of the 21st century took place mainly due to the input of countries in the Asia-Pacific Region.
FORECASTED CHANGES IN GLOBAL ENERGY CONSUMPTION OF KEY RESOURCES

<table>
<thead>
<tr>
<th>Year</th>
<th>Coal</th>
<th>Oil</th>
<th>Gas</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>28%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2035</td>
<td>24%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>32%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2035</td>
<td>27%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>21%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2035</td>
<td>25%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

% - share in global energy consumption

Source: International Energy Agency
Russia is planning a significant increase in coal exports to the East (China, South Korea, Japan and other countries in the Asia-Pacific Region), as well as moving its coal mining facilities towards the east of the country.

By 2030, the ratio of Eastern/Western Russian coal exports will change dramatically.

According to current plans, coal exports to the East will increase from 32 mln tonnes to 120 mln tonnes.

Coal production volumes in East Siberia will increase from 25.8% of total production to 32%, while the Far East’s production will account for 15.2%, rising from its current 9.7%.

Source: Programme for the development of the coal industry up to 2030
<table>
<thead>
<tr>
<th>Year</th>
<th>Asia-Pacific Region</th>
<th>Atlantic market</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2011</td>
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<td></td>
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<tr>
<td>2012</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Ministry of Energy of the Russian Federation
There are several factors contributing to the rapid drop in prices in the global market:

- Decrease in gas prices in the US market due to shale gas development and a move from thermal power stations to natural gas power stations. This led to a significant increase in supply of the comparatively cheap American coal to foreign markets, including the European market.

- A decrease in coal export prices from South African exporters influenced by the decrease in fuel price in Western European and Australian markets and the depreciation of South African currency against the US dollar.

- Decline in demand for coal feedstock from steel companies due to lower production volumes.

Source: International Energy Agency
1.6 LEADING COAL PRODUCERS AND TOP 5 GLOBAL COAL COMPANIES
2013, mln tonnes

3. Peabody Energy 251.7
5. Arch Coal 139.6

2. Coal India 462

1. Shenhua Group 496
4. China Coal Energy 156.6

Source: World Coal Association, Reuters, company data
THE COAL INDUSTRY IN RUSSIA
Russia possesses an impressive coal resource base, ranking as the second largest in the world by volume of reserves after the USA.

Russia’s subsoil contains 1/3 of the world resources and 1/5 of known coal reserves.

Proven coal reserves in Russia exceed 4 trn tonnes, including about 200 bln tonnes of probable reserves.

Probable reserves of P1 category amount to 462.7 bln tonnes.

At the current rate of coal production (about 300 mln tonnes/year) the life expectancy of Russia’s proven coal reserves stands at over 400 years.

**Country rating by known coal reserves, %**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>USA</td>
<td>26.6%</td>
</tr>
<tr>
<td>2</td>
<td>Russia</td>
<td>17.6%</td>
</tr>
<tr>
<td>3</td>
<td>China</td>
<td>12.8%</td>
</tr>
<tr>
<td>4</td>
<td>Australia</td>
<td>8.5%</td>
</tr>
<tr>
<td>5</td>
<td>India</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

% - share of global coal reserves
Source: World Coal Association

**Russia’s subsoil contains 1/3 of the world coal resources**

Source: Mineral IA Center
Russia’s share of global coal production

6.3%

1. China
2. USA
3. India
4. Australia
5. Indonesia
6. Russia

Coal production, mln tonnes

258.4
354.9
352.1
380

2000 2012 2013 2020 (F)*

* Forecast according to the Coal Industry Development Strategy up to 2030
Source: Ministry of Energy of the Russian Federation
Total Russian coal supply in 2013 amounted to 321,930 thousand tonnes (102.4% of 2012 volumes).

178 mln tonnes of coal was supplied to the domestic market (95.35%).

The development of the coal industry in Russia currently hinges on export.

Export volume over the past 5 years has increased from 40.6 mln tonnes to 141 mln tonnes.

The West Siberian economic region remains the Russia’s main coal exporter accounting for 85.5 % of total Russian coal exports (84.3% if you include the Kuznetsk Basin).

Source: Russian Ministry of Energy
DYNAMICS OF RUSSIAN COAL SUPPLY,
2008-2013, %

Source: Russian Ministry of Energy
In 2013, domestic consumption totaled 178.9 mln tonnes (55.6% of Russian coal production).

Most of the coal supplied to the domestic market – 88 mln tonnes in 2013 – is used by the power sector. An analysis of coal supplied to Russian power plants indicated a trend showing an increase in brown coal consumption at thermal power plants.

In 2013 40.9 mln tonnes of coal was supplied for domestic coking needs, while 27.8 mln tonnes was supplied to households and to the agricultural sector in Russia.
Russia currently ranks 3rd in the world for coal export volume. As of year-end 2013, Russia accounts for about 12% of total global coal export volume.

According to data supplied by RZD, Russian coal exports in 2013 amounted to 141.1 mln tonnes (107% of 2012 volumes), including 20.6 mln tonnes of coking coal (a 160.7% increase from the previous year).

Countries outside the former Soviet Union are the main target markets for Russian coal exports. Recently, China replaced Russia’s traditional markets (Cyprus, Eastern Europe) and now comprises about 15% of Russia’s export. Exports in this market have significant growth potential.

58.3 mln tonnes of coal have been supplied to countries in the Asia-Pacific region.

**Russian coal exports by major importing countries, 2013**

- United Kingdom 10%
- Ukraine 9%
- Poland 7%
- Latvia 2%
- Finland 2%

% - of total Russian exports

Source: Federal Customs Service
2013

ERUNAKOVSKAYA-8 MINE

(Kemerovo Region, Yuzhkuzbassugol) launched in February 2013. Coking coal Ж and coking coal ГЖ reserves at the mine amount to 300 mln tonnes. The mine will reach a capacity of 2.5 mln tonnes of coal per year in 2014. 1.2 mln tonnes of coal was produced in 2013.

BUTOVSAYA MINE

(Kemerovo Region, Koks-Mining) launched in July 2013. Reserves at the mine amount to 45 mln tonnes, which is enough for 30 years of operations. The design capacity of the mine is 1.5 mln tonnes of coking coal per year. 500,000 tonnes were produced in 2013.

SECOND BLOCK OF THE KIROV MINE COAL PREPARATION PLANT

(Kemerovo Region, UEK) launched in October 2013. Production capacity for processing Г coal is 6 mln tonnes per year.
2014

**KARAGAILINSKOYE MINE MANAGEMENT**

(Kemerovo Region, Zarechnaya Coal Company). Coal reserves amount to 35.6 mln tons (including backup block with reserves of up to 60 mln tonnes). Production capacity is 2.0 mln tonnes per year.

**KARAGAILINSKAYA ENRICHMENT FACTORY**

(Kemerovo Region, Zarechnaya Coal Company). Enrichment of Ж type coal. Production capacity of 2.5 mln tonnes of coal per year with the possibility to increase production to 3-3.5 mln tonnes.

**KIZAYSKIY SECTION**

(Kemerovo Region, Kizayskiy Section LLC). Production capacity – 4.5 mln tonnes per year.

**SADINSKAYA ENRICHMENT PLANT**

(Rostov Region, Yuzhanaya Coal Company). Production capacity of 3.5 mln tonnes per year.

**TAIBINSKY SECTION**

(Kemerovo Region, Invest-Uglesbit). Reserves of coking and thermal coal amount to over 48 mln tonnes. First stage production capacity is 1 mln tonnes, will be increased to 1.8 mln tonnes of coal per year.
LEADING COAL COMPANIES
3.1 LARGEST COAL COMPANIES

Main basins developed by largest coal companies:

1. Gorlovsk basin
   Novosibirsk Region
2. Kuznetsk
   Kemerovo Region
3. Kansk-Achinsk
   Krasnoyarsk Krai, Kemerovo Region, Irkutsk Region
4. Minusinsk basin
   Republic of Khakassia
5. Yuzhno-Yakutsk basin
   Republic of Sakha (Yakutia)
6. Bureinsk basin
   Khabarovsk Krai
7. Razdolnensk basin
   Primorskiy krai

P1 resources, bn tonnes:
- 0-1
- 1-10
- 10-100
- >100
### 3.2 STRUCTURE OF THE COAL INDUSTRY IN RUSSIA: MAIN PRODUCERS

#### SUEK OJSC
- Tugnuisky Open Pit OJSC
- Chitaugol LLC
- Kharanorsky Open Pit OJSC
- Izykhsky Open Pit OJSC
- Vostochno-Beysky Open Pit LLC
- SUEK-Khakassia LLC
- Uralugol OJSC
- Primorskugol OJSC
- SUEK-Krasnoyarsk OJSC
- SUEK-Kuzbass OJSC

#### SDS-COAL HOLDING COMPANY OJSC
- Chernigovets CJSC
- Salek CJSC
- Prokopyevskugol OJSC

#### RUSSIAN COAL OJSC
- Russian Coal-Kuzbass LLC
- Stepnoy Open Pit Coal Company LLC
- Amursky Ugol LLC

#### EVRAZ GROUP S.A.
- Yuzhkuzbassugol United Coal Company OJSC

#### MECHEL OJSC
- Yakututugol Holding Company OJSC
- Yuzhny Kuzbass OJSC

#### ZARECHNAYA COAL COMPANY
- Zarechnaya Mine OJSC
- Alekseevskaya Mine OJSC

#### SIBUGLEMET HOLDING OJSC
- Mezhdurechye OJSC
- Polosukhinskaya Mine OJSC
- Antonovskaya Mine CJSC
- Bolshevik Mine OJSC
- Yuzhnaya Coal Company OJSC

#### KUZBASH FUEL COMPANY OJSC

#### SEVERSTAL
- Vorkutaugol OJSC
- Vorgashorskaya Mine-2 CJSC

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**Coal mining companies**

**Coal power companies**

**Steel companies**
NOTES

Sources: Mineral Information and Analytical Center, Russian Ministry of Energy, World Coal Association, Company data.
RDIF PRESENTS

INVEST IN RUSSIA PLATFORM

WHY RUSSIA?

“Russia is one of the largest countries in Zone Europe, Middle East, North Africa and a big contributor to its results. We believe in Russia’s long-term potential and will continue to develop business here, the country, where we first came more than 140 years ago.”

Luis Cantarell
Executive Vice President Nestlé S.A
Head of Zone Europe, Middle East, North Africa

DID YOU KNOW?

Russia is the 6th largest economy in the world.
GDP purchasing power parity, $1 trillion

SAY YES TO KALUGA REGION

Regional Profile

Kaluga Region

Total area: 14,319 sq km
Population: 1,036,000

Major cities:
Kaluga (population: 347,144)

Minsk (population: 106,023)

Kaluga Region: General Information

Kaluga

They Choose Russia

Project Database

Smart City Kazan
New urban space project in Kazan

Site Selection Tools

The Best Way to Find
Search Available Properties

Investment Announcement

Find information about publicly announced investment in Russia regions

View all

View map

INVEST IN RUSSIA

INVEST IN RUSSIA
WHY RUSSIA

Key facts about the Russian economy. Russia’s global ranking in different areas.

WHERE TO INVEST

COMPARE REGIONS
Every region talks about their pro-business investment climate. We gather evidence on the actual state of affairs.

SECTORS
Gain access to the partners’ reports, guides and other materials about key industries.

REGION PROFILES
Say YES to your success in Russia. Our team of regional professionals provide you with the expertise and up-to-date information you need in order to make an informed investment decision with regards to any specific region.

Get a historical perspective on top international companies which have made specific regions in Russia their home and see their profiles.

TOP RUSSIA

Use this link to learn more about the largest Russian companies.

OUR PARTNERS

Stay connected with investment promotion agencies and government authorities in any region in Russia.

KNOWLEDGE HUB & NEWS

Browse our library of Investment News and Research, companies’ case studies, guides, industry reports and comments from investment professionals and the business community around the world.

INVESTMENT TOOLS

THEY CHOOSE RUSSIA
Success stories of foreign investors from multiple Russian regions. Track inward strategic investment across Russia.

PROJECT DATABASE
The Project Database is the central storehouse of information on regional projects, verified by the Russian Direct Investment Fund professionals.

SITE SELECTION TOOLS
The best way to find the best properties (greenfield and brownfield).

The easy-to-use property search tool allows you to find a specific site by entering Size, Other Features and Location Filters. Compare selected properties side-by-side, download individual property sheets and see your results in a basic or detailed list view, or on a map.

INVESTMENT ANNOUNCEMENT

Find information about publicly announced investments within Russian regions.