Estimated iron ore resources at the Putu iron ore deposit increased to 4.4 billion tonnes

OAO Severstal (“Severstal”, “the Company”), one of the world’s leading vertically integrated steel and steel-related mining companies, announces that an independent resource report has increased its estimates of iron ore resources at the Putu iron ore deposit in Liberia, Africa to up to 4.4 billion tonnes within the optimized pit shell, with an average 34% iron grade. This represents a marked increase from one year ago when an independent report estimated Putu to have iron ore resources of up to 3.2 million tonnes. Severstal indirectly holds a 100% interest in Putu Iron Ore Mining Ltd (PIOM).

The estimates come from a SAMREC Code* compliant report issued by independent engineers SRK Consulting.

Vadim Larin, Chief Executive Officer of the Severstal Resources division, commented: “Further development of the Putu project supports the Severstal’s strategic goals and will continue to be conducted in line with the strictest corporate governance and corporate social responsibility standards. We have recently finalized the pre-feasibility study report and have presented it to the Government of Liberia. As announced previously, the definitive feasibility study is to be prepared by the end of the first quarter of 2014.”

The Putu iron ore project is a 13km long iron rich ridge, located only 130km inland from the shoreline of Eastern Liberia. In February 2011 an independent mineral resource report estimated 2.4 billion tonnes of iron ore at 34% total Fe for the project. In June 2011 the resource estimate was increased to 3.2 billion tonnes of iron ore. A Mineral Development Agreement detailing the fiscal and legal terms for the development and mining of the Putu iron ore deposit was granted and ratified by the Government of Liberia on 9th September 2010. The Agreement term is for a period of 25 years and this can be extended further in line with the life of mine. Severstal held a 61.5% interest in the project from 2008 until April, 2012, when the company - through its subsidiary Lybica Holdings B.V. - acquired the remaining 38.5% interest from its partner in the project, Afferro Mining Inc.
* South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves

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