



Session: Bulk Materials Handling
Tuesday, September 23
8 – 10a.m.
Room N255, Las Vegas Convention Center, Upper Concourse

Title: Elga – Massive Coal Handling Project – Mine to Port

Presenter: Dave Morris, Vice President, International Business Development,
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Abstract:

The Elga coal development project represents a major exercise in integrated coal handling. Elga, controlled by Mechel Steel, is a 2.0 billion ton resource of high quality thermal and coking coal located in the Sakha Republic in eastern Russia. Mining conditions are favorable with low stripping ratios and seams located above drainage. The remote location, adverse weather conditions, relatively low coal prices and extensive infrastructure requirements delayed development of this world class project. The expectation of sustained higher coal prices is allowing this world class project to move forward.

In February 2008 Mechel announced it had let a contract to construct the 315 km rail line connecting to the project with existing underutilized Baikal-Amur rail line (BAM). This is one of the largest new rail lines to be constructed in Russia in recent times and is routed through the rugged Stanavoy mountain range. The line will require surprisingly few tunnels but many bridges. The parallel access road is to be completed to the mine site by the end of 2008 and the line will be completed in 2010. Russian Railways will also upgrade the existing BAM rail line to efficiently handle the new tonnage.

Coal handling and preparation facilities at the mine are designed to process 30 million metric tons per year of run-of-mine coal. This includes both high fluidity metallurgical grade product as well as several brands of high quality extremely low sulfur thermal grade. Middlings will be sold to regional power plants and/or will be consumed on site for a combined heating and power plant.

Given its relative proximity to the Pacific Rim markets and lack of existing port capacity on the Russian east coast, the project requires a new port. This car thawing, coal storage and ship loading facility will be constructed at Muchka Bay near the Port of Vanino. This new port is located near SUEK's new 12 Mtpy capacity port scheduled to be operational in late 2008