

RNS Number : 8950J
OAO Severstal
10 December 2008

Press release

SEVERSTAL CLOSES DEAL TO INVEST IN A CONTROLLING STAKE IN AN IRON ORE DEPOSIT IN WESTERN AFRICA

Moscow, December 10, 2008. OAO Severstal («Severstal»), one of the world's leading metals and mining companies, announced today that its Severstal Resources mining division has closed the transaction to purchase up to a 61.5% stake in African Iron Ore Group Ltd («AIOG») which owns, through subsidiaries, the exploration rights for an iron ore deposit in the Putu Range area, Liberia (Western Africa).

All of the agreement's conditions, including approval of the TSX Venture Exchange, completion of satisfactory due diligence by Severstal Resources and extension of the exploration license had been completed.

The purchase will be effected through Severstal's indirect wholly-owned Dutch subsidiary, Lybica Holding B.V.

Severstal will pay US\$37.5 million for a 61.5 % stake in AIOG. Of this, Severstal will pay US\$ 22.5 million for the purchase of a 45% stake from Mano River Resources Inc. and from its other shareholders. US\$ 15 million will be used for the purchase of an additional AIOG share issuing.

In light of Severstal Resources' majority interest, AIOG will be re-named Severstal Liberia Iron Ore Ltd.

The money raised by AIOG through subscription will be spent on financing of exploration work and feasibility study for an iron ore deposit in the Putu Range area.

In addition, as announced in May 2008, Severstal has acquired a 6.29% stake in Mano River Resources Inc. together with share warrants exercisable within a period of 18 months. If exercised in full, the warrants will be converted into shares which, together with a stake already held by Severstal, will give Severstal approximately 11.8% of the share capital of Mano River Resources Inc.

According to preliminary data, it is estimated that the Putu Range deposit contains more than 500 million tons of iron ore. This number may substantially increase as a result of a detailed exploration exercise which is planned by Severstal Resources.

Mano River Resources Inc. is a junior mining company listed on the TSX Venture Exchange (MNO) and on AIM in London (MANA). It is engaged in the acquisition, exploration and development of iron ore, gold and diamond properties located in Liberia, Sierra Leone and Guinea.

Roman Deniskin, Severstal Resources CEO, said: "The development of the Putu Range iron ore project is a significant step in the dynamic development of our mining business. From this new region we will supply production to the European and North American markets".

OAO Severstal is an international metals and mining company with a listing on the Russian Trading System and the London Stock Exchange. Incorporated in 1993, the company focuses on high value added and unique niche products and has a successful track record of acquiring and integrating high-quality assets in North America and Europe. Severstal owns mining assets in Russia and in North America, thus securing its supplies of raw materials. In 2007, Severstal produced 17.5 million tons of steel. Revenues were \$15.2 billion and EBITDA was \$3.7 billion. EPS was \$1.92.

Severstal Resources manages all Severstal's mining assets: two iron ore mining complexes (Karelsky Okatysh and Olcon), one coking coal complex (Vorkutaugol) in northwest Russia, one coking coal complex in USA (PBS Coals) as well as gold mining assets in Russia and Kazakhstan. In

2007 Severstal's Mining division produced 5.8 million tonnes of coal concentrate, 1.8 million tonnes of coking coal, 1.8 million tonnes of steam coal, 10.0 million tonnes of iron ore pellets and 4.7 million tonnes of iron ore concentrate (excluding PBS Coal production).

Contacts
OAO Severstal
Dmitry Druzhinin, Investor Relations
+7 495 926 7766

Severstal Resources
Ekaterina Kapralova, Director of Communications
+7 495 9810910 ext 6833
+7 985 7620027

ey.kapralova@severstalresurs.ru

Forward Looking Statements:

This communication may contain projections and other forward-looking statements regarding future events or the future financial performance of OAO Severstal (Severstal). Forward looking statements are identified by terms such as "expect," "believe," "anticipate," "estimate," "intend," "will," "could," "may" or "might", the negative of such terms, or other similar expressions. Severstal wishes to caution you that these statements are only predictions and that actual events or results may differ materially. Severstal does not intend to update these statements to reflect events and circumstances occurring after the date hereof or to reflect the occurrence of unanticipated events. Factors that could cause the actual results to differ materially from those contained in projections or forward-looking statements of Severstal may include, among others, general economic conditions in the markets in which Severstal operates, the competitive environment in, and risks associated with operating in, such markets, market change in the steel and mining industries, as well as many other risks affecting Severstal and its operations.

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