

**Auditing Commission's Opinion
following examination of the 2016 annual financial statements
of Mechel PAO**

Moscow

May 18, 2017.

Information on the Company:

Full name: Mechel, Public Joint Stock Company (hereinafter referred to as "the Company").

Short name: Mechel PAO.

Located at (legal address): 1 Krasnoarmeyskaya St., Moscow, 125167 Russian Federation.

Primary State Registration Number: 1037703012896, TIN: 7703370008.

The Company does not have any subsidiaries registered in the Russian Federation and other countries.

As of 31.12.2016, the Company has Representation Offices in the following countries: South Korea, Japan.

The Company's sole executive body is the Chief Executive Officer.

Information on the composition of the Audit Commission selected by General Shareholders' Meeting held on June 30, 2016:

1. Zykova Natalia Sergeevna;
2. Kapralov Aleksandr Nikolaevich.
3. Bolkhovskih Irina Victorovna;

The audit was performed by Audit Commission of the Company in accordance with:

Federal Law On Joint-Stock Companies No. 208-ФЗ dd. December 26, 1995;

Federal Law On Accounting No. 402-ФЗ dd. December 06, 2011;

Order of Minfin RF on the Approval of Book Keeping and Accounts in the Russian Federation No. 34Н dd. July 29, 1998;

Order of Minfin RF on the Accounting Forms to be used by Companies No. 66Н dd. July 02, 2010;

Book Accounting Provisions (standards);

The Company Charter;

The Company Audit Commission Provision;

Other legislative acts and internal regulations of the Company.

Audit purpose:

- Assurance engagement to confirm the reliability in all material respects of the information presented in the annual accounting statements (hereinafter referred to as "Statements");
- Compliance assurance engagement to make sure the Company business and financial operations comply with the applicable legislation.

Reliability in all material respects means the level of accuracy of the data contained in the Statements making it possible for the readers to make correct conclusions in respect of the results of the Company business activities and its financial and property status and make grounded decisions based on such conclusions.

Audited Items:

Annual Accounting Statements;

Annual Statement;

Compliance of the Company business and financial activities with active legislation and internal regulations.

Analytical part:

We have audited the Statements for the period from January 01, 2016 to December 31, 2016 enclosed with the Opinion hereto within the Company business and financial activities for 2016 and for the period from January 01, 2017 to March 31, 2017 within assessments of the events through the reporting date.

The Statements were generated in accordance with the applicable laws and accounting standards of the Russian Federation.

The audit engagement was performed by Audit Commission to get an assurance that the statements for 2016 do not contain any material misstatements.

The audit was planned to be performed on a sample basis and included the analysis of the evidences proving the role and the disclosure of the information on the Company business and financial activities presented in the Statements, the assessment of the methods and principles of book accounting, the rules of Statements preparation, defining of material accounting estimates.

Compliance of the Company business and financial activities with active legislation and internal regulations was estimated within the audit check.

A number of business and financial transactions of the Company were analyzed within the audit in terms of their compliance with the legislation just to get sufficient and reasonable assurance that the Statements are free from any material misstatements.

The audit revealed no violations of the procedure of accounting, no misstatements in accounting statements, no incompliance with the legislation and regulations that might significantly influence the reliability of the accounting statements and the annual statement of the Company.

In our opinion the audit performed produces sufficient evidence for us to express our opinion on the reliability of the Company statements.

Final part:

In our opinion, the accounting (financial) statements present fairly, in all material respects, the financial position of the Company as of 2016 in accordance with the Reporting Standards of the Russian Federation.

Special Opinion:

The Audit Commission does not have any special opinion that differs from the one stated in the final part of the Opinion hereto.

This Opinion is an official document allowed to be released prepared for shareholders, investors and other interested parties.

Auditing Commission