

AUDITOR'S OPINION

**for the Shareholders of Mechel Public Joint Stock Company
on accounting and financial statements of Mechel PAO
For the period from 1 January till 31 December, 2016**

Moscow 2017

AUDITOR'S OPINION

for the Shareholders of Mechel Public Joint Stock Company

Audited entity

Full name - Mechel Public Joint Stock Company (hereinafter – the Company).

Short name –Mechel PAO.

State registration number: 1037703012896.

Location: 1 Krasnoarmeyskaya St., Moscow, 125993.

Auditor

Name – Energy Consulting CJSC

State registration number: 1047717034640.

Location: house 53 bld. 5, Dubininskaya St., Moscow, 115054, Russia.

Member of Self-regulatory organization of auditors Association “Sodruzhestvo” (SRO AAS), primary registration number: 11606069294.

We have audited the attached accounting and financial statements of the Company that consist of the Balance Sheet as of December 31, 2016, Profit and Loss Statement as of 2016, annexes both to the Balance Sheet and to the Profit and Loss Statement (Statement of Changes in Equity for 2016 and Cash-flow Statement for 2016), and other annexes to the Balance Sheet and Profit and Loss Statement (explanations) for 2016.

Responsibility of the Audited entity for the accounting and financial statements

The management of the Company is responsible for drawing up and reliability of the specified accounting and financial statements in accordance with the accounting standards of the Russian Federation as well as for the system of internal control necessary for drawing up the accounting and financial statements containing no material misstatement as a result of bad faith or mistakes.

Responsibility of the Auditor

We are responsible for expressing opinions on the reliability of the accounting and financial statements based on our audit. We conducted our audit in accordance with the federal standards of auditing activity of the Russian Federation. These standards require that we observe the applicable ethical norms and that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

The audit involved performing the auditing procedures to obtain audit evidence confirming the figures in the financial statements and disclosure of the information they contain. The choice of audit procedures is a subject of our judgement which is based on the assessment of the risk of material misstatement, either as a result of unfair actions or errors. In the course of this risk assessment, we examined the internal control system, which provides drawing up and reliability of the accounting and financial statements, in order to select the auditing procedures that correspond to the conditions of the task, rather than for the purpose of expressing our opinion on the effectiveness of the internal control system.

The audit also included the assessment of appropriateness of the accounting policy used and validity of estimates made by the management of the audited entity, as well as evaluating the financial statements as a whole.

We believe that the sufficient appropriate audit evidence obtained during the audit provides a reasonable basis for expressing our opinion on reliability of these financial statements.

Opinion

In our opinion, the financial statements reflect reliably in all material respects the financial position of Mechel PAO as of December 31, 2016, the results of its financial and economic activities and the cash flow in 2016 in accordance with the standards of financial statements followed in the Russian Federation.

March 09, 2017

General Director
Energy Consulting CJSC

/Seal of Energy Consulting CJSC/

Salamatina V.V.

<Signature>