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The Manager
Market Announcements
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FLINDERS MINES LIMITED (FMS) SCHEME IMPLEMENTATION AGREEMENT UPDATE

Magnitogorsk Iron and Steel Works OJSC (MMK) has made the following press release regarding the Scheme Implementation Agreement it signed with Flinders Mines Limited (Flinders) dated 25 November 2011:

***“OJSC Magnitogorsk Iron and Steel Works (MMK, the Company) announces that the Arbitration Court of Chelyabinsk Region at its preliminary hearing today (regarding the legal action brought by MMK’s minority shareholder Elena Egorova challenging the legitimacy of the MMK Board of Directors’ resolutions with respect to the acquisition of 100 percent stake in Flinders Mines Limited) has ruled to schedule the Court’s hearing on the merits for May 24, 2012.*”**

MMK once again states that the Company considers the minority shareholder’s action as illegitimate and deserving no legal satisfaction. MMK will continue to use all lawful means in its possession to protect its corporate interests and to lift the injunction relief order earlier imposed by the court.

MMK also reports that according to the ruling by the Appellate Court Number 18 (city of Chelyabinsk) dated April 24, 2012, the official appeal filed by MMK to discharge the injunction relief order (issued by the Arbitration Court of Chelyabinsk Region on March 30, 2012) will be heard in court on May 30, 2012.”

Flinders will continue to keep its shareholders informed regarding these developments.



Gary Sutherland
Managing Director