

OAO Raspadskaya – Russia’s Leader in Coking Coal



Investor Presentation

February 2010

Moscow



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Key Facts

- OAO «Raspadskaya» founded in 1973 and located in Kemerovo Region of Russian Federation
- Compact integrated coal mining and enrichment platform:
 - 2 mines;
 - 1 open pit;
 - 1 mine under construction;
 - preparation plant;
 - 5 service and infrastructure units, sales&marketing company as well as management company
- Coal production –100% coking coal
- One of the largest Russian coking coal producers
- One of the ten largest global mining companies by coking coal sales
- JORC reserves – 781.5m tonnes, including 46.3m tonnes produced as of 31 December 2009. Reserves-to-production ratio amounts to more than 50 years of production
- Beneficiary shareholder – Corber Enterprises Ltd. (80%), that is owned by Raspadskaya management and Evraz Group on a parity basis
- Company’s ordinary shares are listed on RTS and MICEX since November 2006. Free float – 20%
- Company’s Eurobonds are listed on LSE since May 2007

Strategy and Latest Developments

- Efficient subsoil management and use of production potential
- Long-term relations with strategic clients is a priority
- Increase of export sales volumes, including Asia
- Clients base diversification (including sales to middle-volume consumers)
- The largest preparation plant in Russia with production capacity 15mt of raw coal per year. Start-up: 1st stage – in 2005, 2nd stage – in 2008
- Construction of Raspadskaya-Koksovaya mine with a potential production of scarce coal grades «K» and «KO» (hard-coking coal in international classification)

Source: Raspadskaya

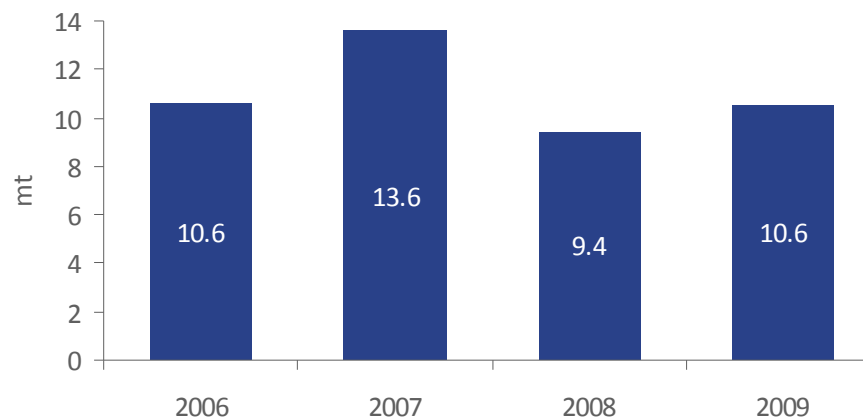
Financial Highlights (IFRS)

Key Financials, US\$m (unless stated)	2006	2007	2008
Revenue	469	784	1 200
Growth, %	n.a.	+67%	+53%
EBITDA	259	470	868
Margin, %	55%	60%	72%
Net Profit	112	240	531
Margin, %	24%	31%	44%
Total Debt ⁽¹⁾	360	347	351
Net Debt	310	265	165
Net Debt/EBITDA	1,2x	0,6x	0,2x

(1) Including US\$300m Eurobonds with maturity in May 2012
 Note 1: 1H2009 IFRS Financial Results released on 25 September 2009
 Note 2: FY2009 IFRS Financial Results will be announced in the mid of April 2010

Source: Raspadskaya

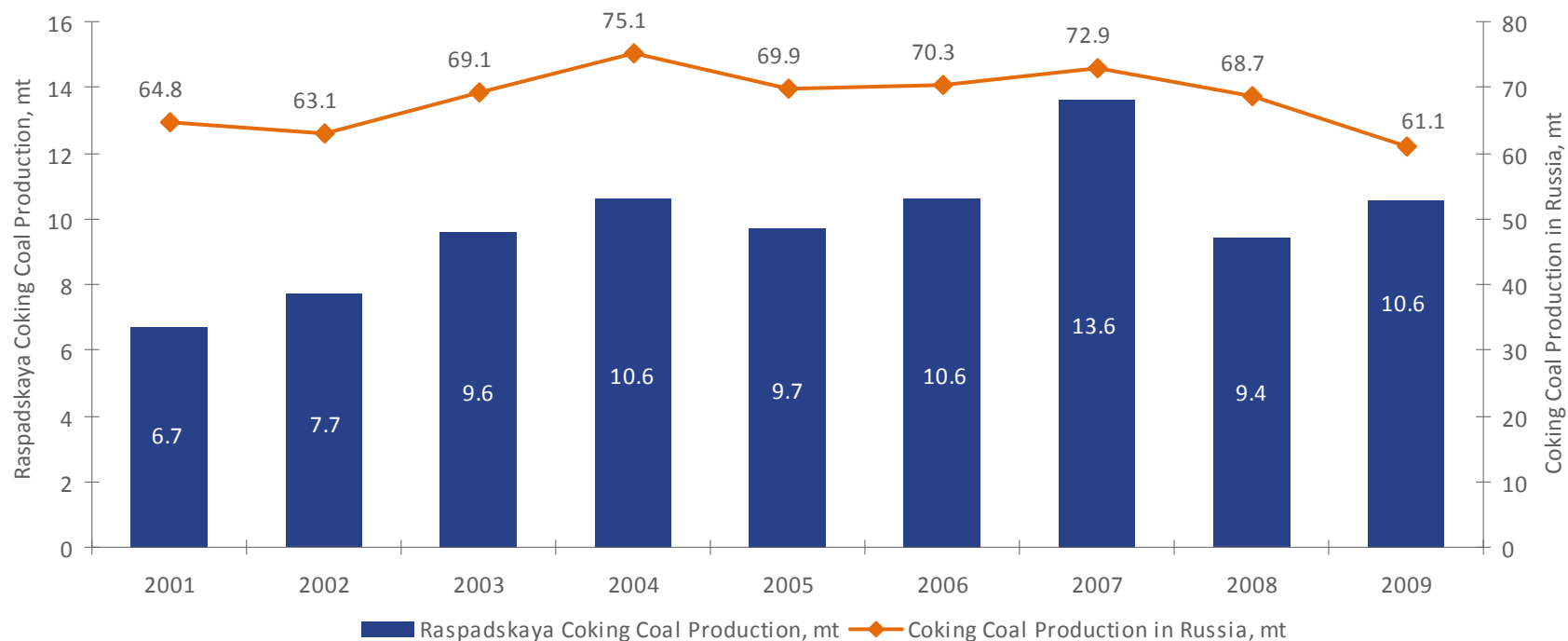
Raw Coal Production



Note: FY2009 production results were announced on 14 January 2010

Source: Raspadskaya

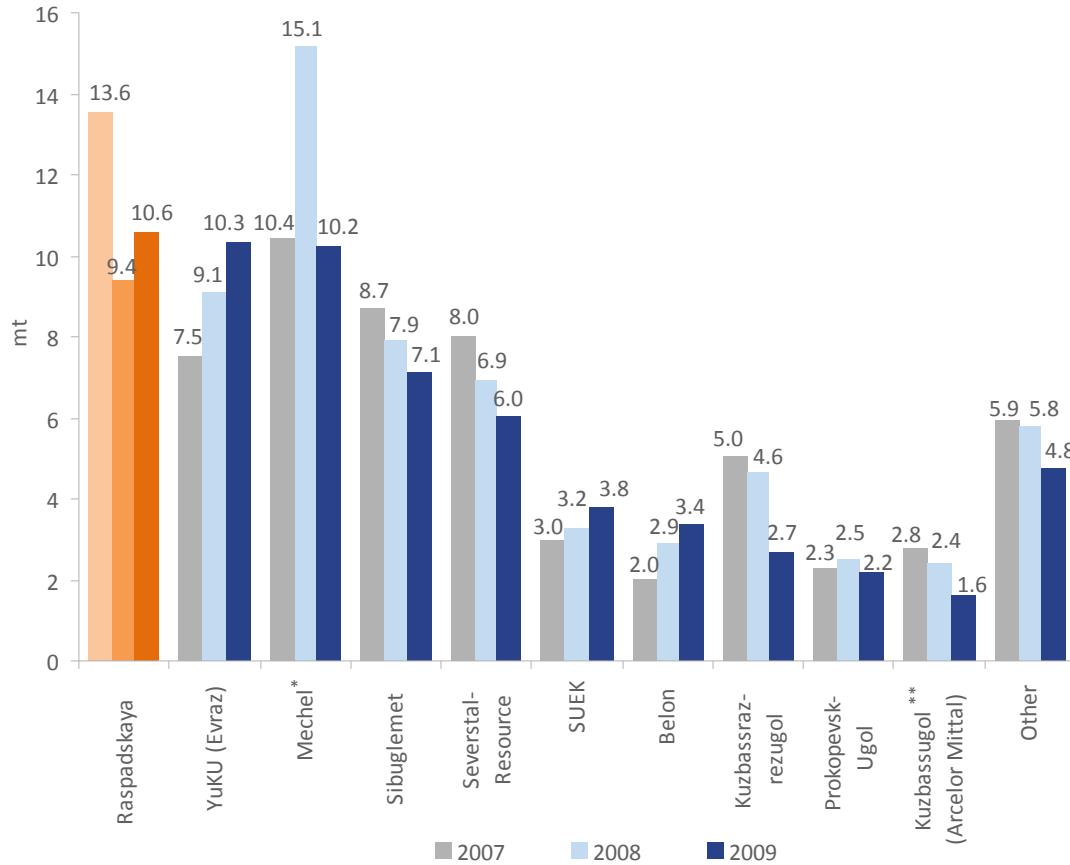
- JORC reserves – 781.5m tonnes*, including 46.3mt already extracted as of 31 December 2009. Reserves-to-production ratio amounts to more than 50 years of production
- In Autumn 2009 Raspadskaya bought two additional sites “Raspadsky-3” and “Raspadsky-4” with overall coal resources of about 400mt according to Russian classification; the sites are located next to other Raspadskaya assets
- Russian industrial production slowdown since 4Q2008 has resulted in 6% reduction of Russian production volumes in 2008 vs. 2007, in 2009 Russian coal production declined by 11% YoY
- Raspadskaya accounted for 17% and 14% of total Russian coking coal production in 2009 and 2008 respectively



*IMC Report as of 30 June 2006. The amount doesn't include licenses not audited according to international standards with coal resources of about 520mt: license “Raspadsky IX-XI” – coal resources of about 118mt; license “Raspadsky-4” – coal resources of about 102mt; license “Raspadsky-3” – coal resources of about 300mt

Source: Raspadskaya, Rosinformugol, UDP-3.10 TsDU-TEK

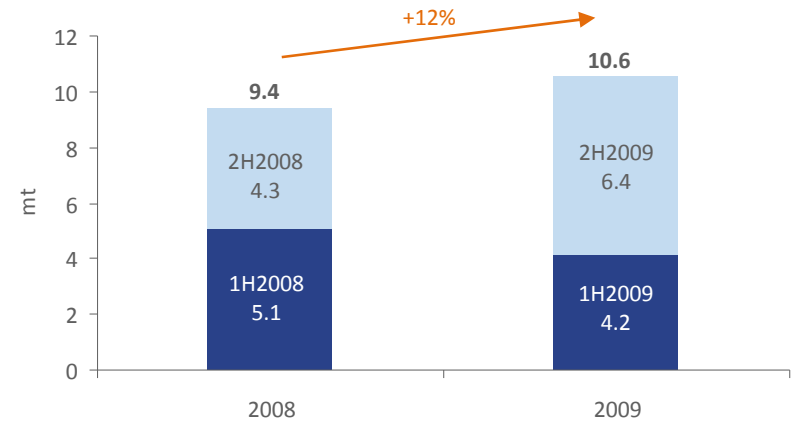
Russian Coking Coal Production



* Coking coal production volumes for 2009 include full consolidation of Mechel Bluestone (USA) operations (starting 2Q2009)
**In April 2008 Severstal sold the Company to Arcelor Mittal

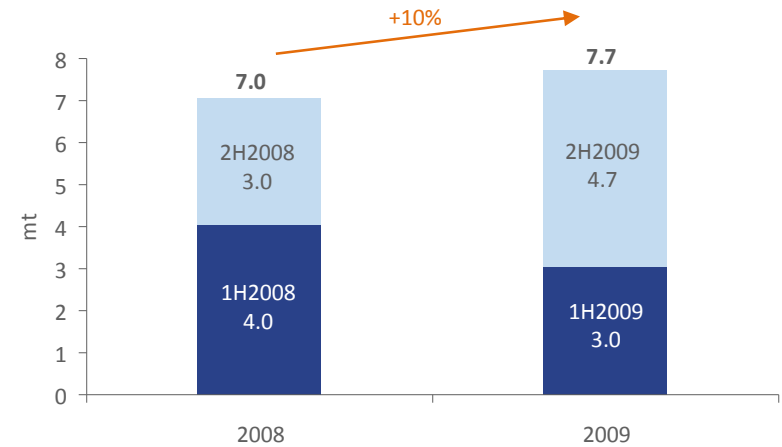
Source: Raspadskaya, UDP-3.10 TsDU-TEK, companies data

Raspadskaya Coking Coal Production



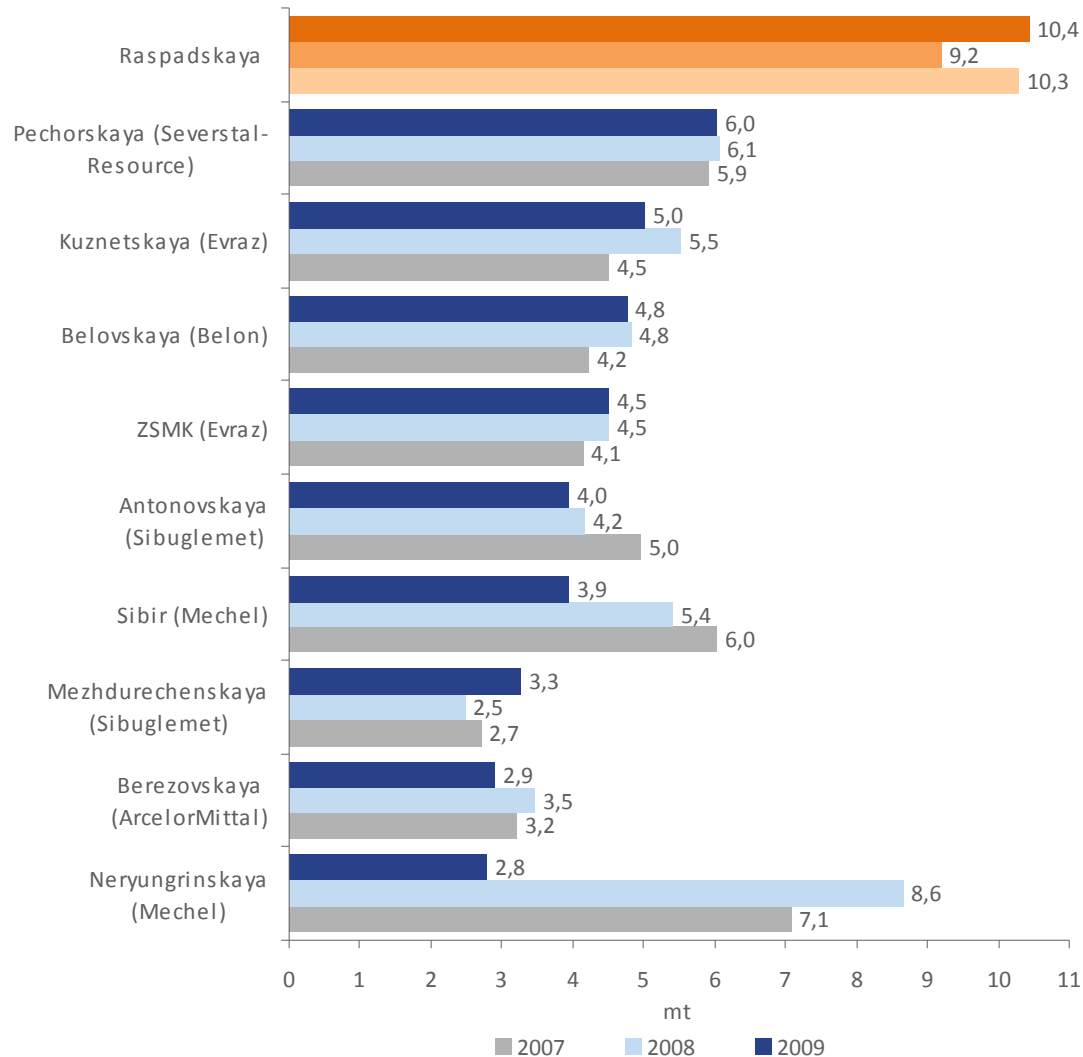
Source: Raspadskaya

Raspadskaya Coal Concentrate Production



Source: Raspadskaya

Russia's Largest Preparation Plant by Volumes of Raw Coal Preparation

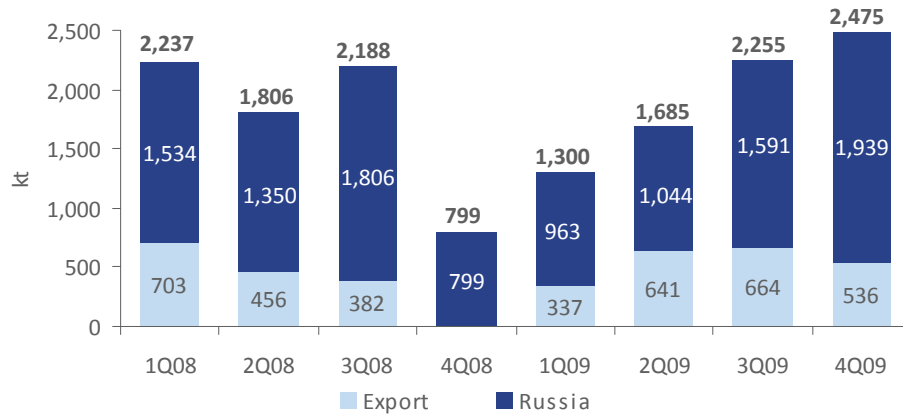


Source: Rasmin

Key Facts

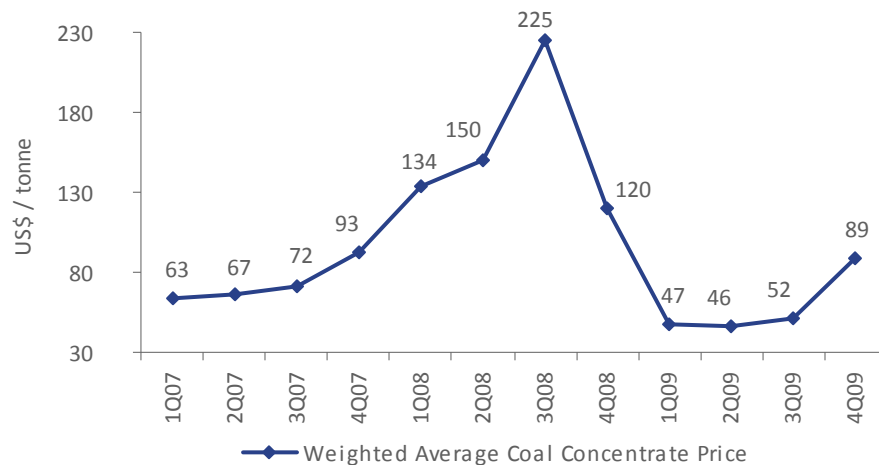
- Today Raspadskaya Preparation Plant is the largest in Russia and one of the largest globally with current production capacity up to 15.0mt per year
- Built in 2 years, 1st stage launched in 4Q2005, 2nd stage – in 2008
- High production capacity enabled to enrich 10.4mt in 2009, 9.2mt in 2008 and 10.3 in 2007 in raw coal base
- Weighted average coal preparation costs of concentrate decreased from US\$7.9/tonne in 2005 to US\$1.6/tonne in 1H2009
- 100% of coal is prepared on Raspadskaya preparation plant that enables to decrease weighted average coal preparation costs of concentrate and avoid extra transportation costs
- Possibility to use non in-house facilities for raw coal preparation in case of raw coal production increase of more than 15mt per year with minimal transportation costs

Raspadskaya Coal Concentrate Sales



Source: Raspadskaya

Raspadskaya Coking Coal Price Dynamics (FCA Mezhdurechensk)

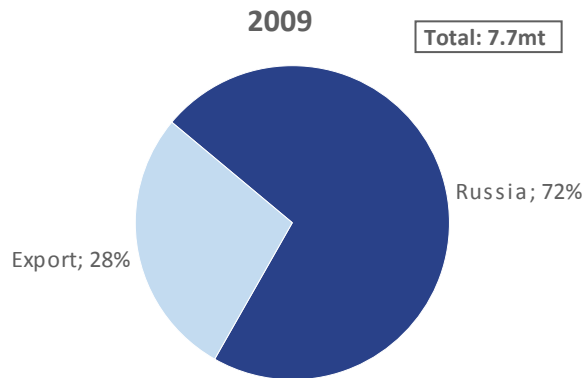


Source: Raspadskaya

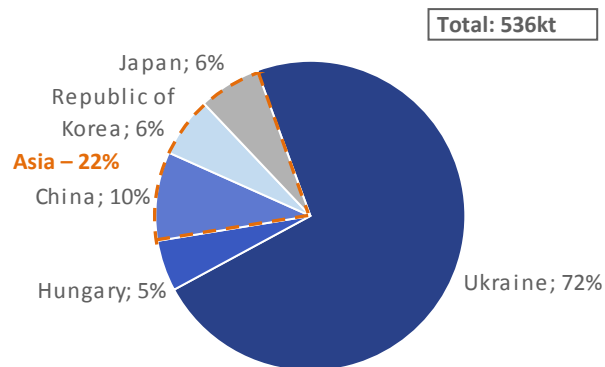
- In 2009, the Company's management achieved its production objectives
- In 4Q2009 and FY2009, coal concentrate sales volumes increased by 10% compared to 3Q2009 and 2008, respectively
- During 2Q and 3Q2009, sales volumes of coal concentrate amounted to more than 100% of the pre-crisis level (3Q2008)
- In 4Q2009, the weighted average price of coal concentrate increased QoQ, mainly due to the Russian sales, which amounted to 78% of total sales volumes
- In 4Q2009, Raspadskaya was working with the utilization level at around 800kt of coking coal sales per month
- In 2010, Raspadskaya expects to increase its coal concentrate sales volumes by 10-15%, that considers gradual post-crisis metals production recovery and monthly coking coal sales volumes not less than 710-750kt
- Taking into account industrial situation and coking coal demand/supply balance coal prices for 2010 are expected to increase on the Russian market. Price level is being negotiated between suppliers and customers since February 2010
- On the global market coal prices are expected to change starting April 2010 and global coal contracts system might change from long-term contracts to quarterly contracts
- Current coking coal spot prices amount to US\$180-220 FOB Australia for HCC mainly due to strong demand from China (import of 3.5-4.0mt per month)*

* Source: Macquarie

Raspadskaya Sales Geography Breakdown



Raspadskaya Export Sales Geography Breakdown in 4Q2009



Source: Raspadskaya

- In 4Q2009, total sales volumes of coal concentrate rose by 10% QoQ as a result of industrial markets recovery and rising demand for Raspadskaya coal products
- In 2009, share of export coal concentrate sales volumes amounted to 28% of total sales volumes compared to 22% in 2008. During 2Q and 3Q2009, export sales share was even higher but was compensated by sales to growing demand from Russian customers
- In 2009, export sales share to Ukraine decreased from 91% of total export sales volumes in 2008 to 72% due to successful implementation of sales diversification strategy. Major Ukrainian customers such as Industrial Union of Donbass, Evraz, Metinvest, Arcelor Mittal resumed their purchases
- Since 1Q2009, the Company solved all logistic issues and started its shift to Asian markets. In 4Q2009 export sales share to Asian consumers amounted to 22% of total export sales
- For all 2009, export share to Asian clients amounted to 18% of total export sales volumes compared to the absence of Asian shippings in 2008
- In 2009, Raspadskaya signed delivery contracts for large metallurgical holdings such as POSCO (Republic of Korea), JFE Holding (Japan), ThyssenKrupp (assets in China) and used strong demand for coking coal from China
- In 4Q2009, sales share on the key for Raspadskaya domestic market amounted to 72% of total sales volumes as a result of Russian steel and coke production recovery
- Raspadskaya is secured with coal concentrate orders for 2010 taking into account overall demand from all region markets
- In 2010, the Company will continue to focus on keeping its status as a reliable coal concentrate supplier for the Russian customers and at the same time maintaining high export share to Ukraine and Asia, among other things by using its well-established relationships with Far Eastern ports

Steel Production in Russia, kt

Producer	2009	2008	% change 09/08
MMK	9,652	11,945	-19.2%
Severstal	9,550	11,061	-13.7%
NLMK	8,516	8,511	0.1%
ZSMK (Evraz)	5,997	6,565	-8.7%
NTMK (Evraz)	3,896	5,190	-24.9%
Mechel	4,624	4,830	-4.3%
Metalloinvest	3,276	3,265	0.3%
OEMK (Urals Steel)	3,244	3,047	6.5%
NKMK (Evraz)	1,397	1,323	5.6%
NSMMZ	1,726	19,283	-91.0%
Total	51,878	75,020	-30.8%

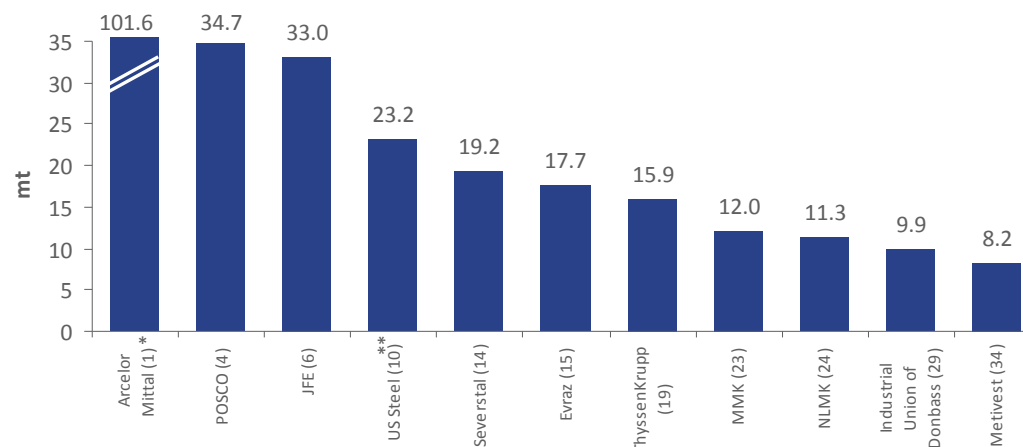
Source: MetalExpert

Steel Production in Ukraine, kt

Producer	2009	% change 09/08
Arcelor Mittal Kryviy Rih	5,056	-19%
Ilyich	4,267	-24%
Azovsteel	4,653	-16%
Alchevsky MP	3,639	-17%
Zaporizhstal	3,284	-17%
Dneprovsky MP	3,455	4%
Enakievsky MP	2,382	-13%
Makeevsky MP	-	-100%
Petrovskogo DMZ	964	-11%
Donetsk MP	521	-40%
Donetsk EMZ	530	-49%
Interpipe	313	-52%
Dneprospetsstal	258	-46%
Elektrostal	418	114%
Total	29,740	-20%

Source: MetalExpert

Raspadskaya Clients are among Leading Companies by Volumes of Steel Production



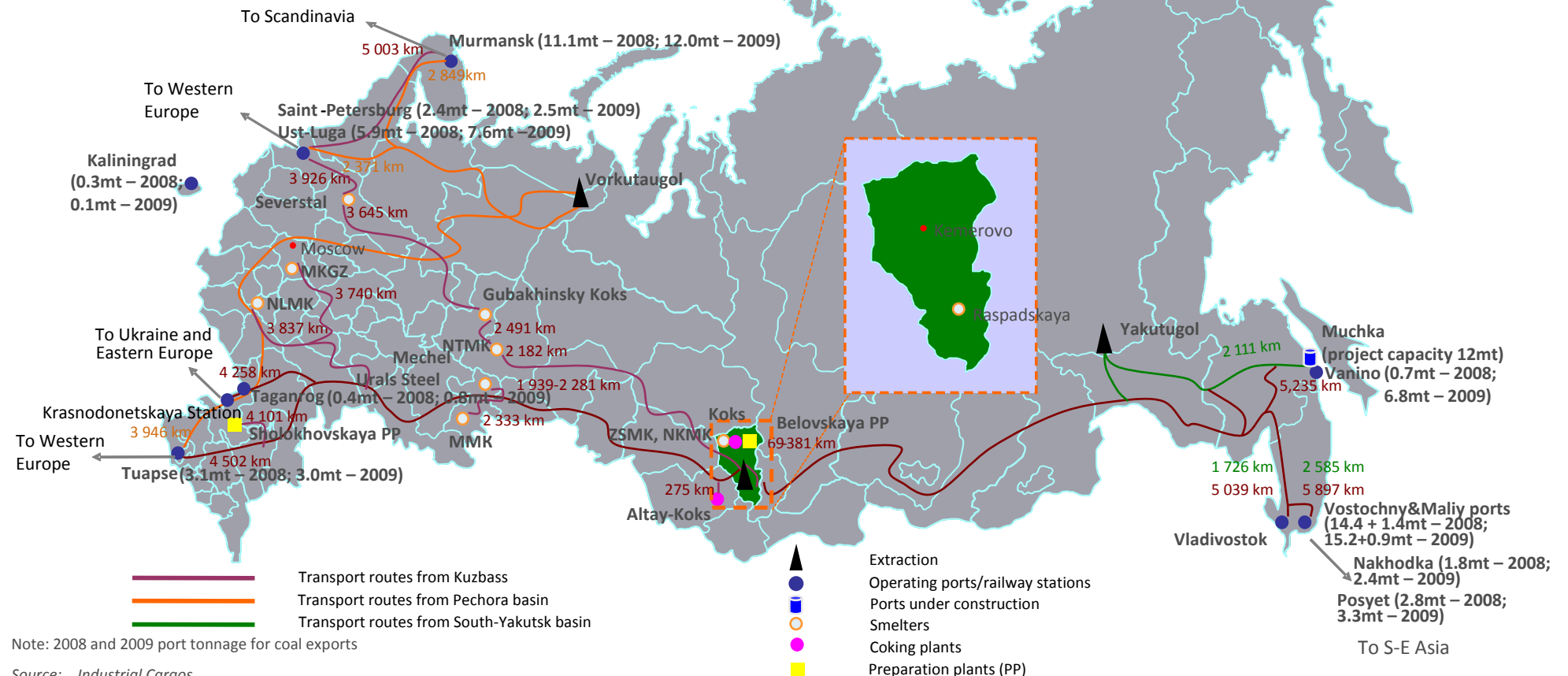
* Assets in Ukraine and Romania

** Assets in Bulgaria

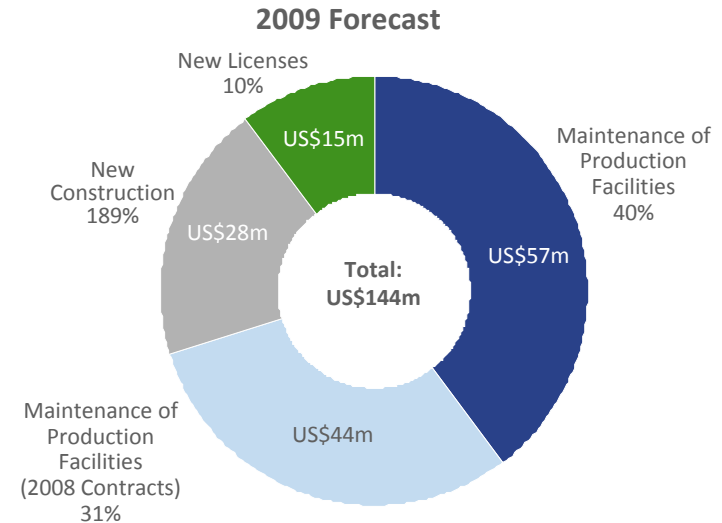
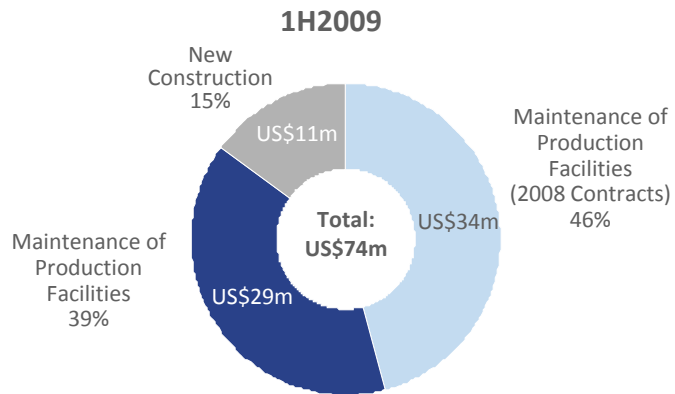
Source: World Steel Association, 2008

- In 2009, steel production volumes in Russia and Ukraine decreased by 31% and 20% YoY respectively, that proves further steel production upside potential
- The biggest global metallurgical companies as well as almost all Russian coke producers and about a half of coke producers in Ukraine currently are among Raspadskaya clients
- Demand decrease from major clients allowed medium-sized customers to establish long-term relationships with the Company
- Partial shift of metallurgical and coke-chemical producers to export (India, China, the Mediterranean) allowed Raspadskaya to get additional demand on its coking coal
- Contracts length (currently for a quarter) is defined mainly by customers offers, including the situation at their sales markets (coke, pig iron, steel products etc.)
- In whole, Russian coal industry is ready to work in frames of long-term contracts taking into account production facilities recovery, demand/supply balance and appropriate pricing
- In frames of its medium term strategic program on client base and sales markets diversification Raspadskaya plans to maintain the following balance:
 - 10-12 clients in Russia;
 - 10-12 clients in Eastern Europe, including Ukraine;
 - 5-10 customers in Asia (Japan, S.Korea, China)

- Russia has 2nd largest coal reserves globally and Kuznetsk coal basin accounted for 68% and 79% of total Russian coking coal output in 2009 and 2008 respectively
- Share of Russia in the global coking coal trading accounts for about 4-5% and could increase in the next 3 years
- Sales in Russia are mostly on FCA terms (i.e. customers absorb railway tariff). Sea-born transportation export to Asia requires FOB competitive positions on a FOB basis at the Far East ports



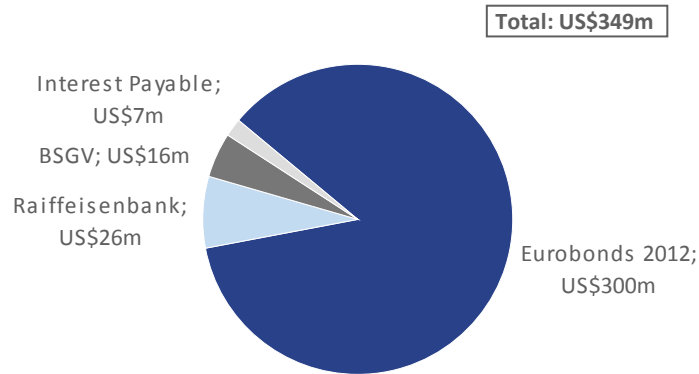
Breakdown of Capital Expenditures Financing in 1H2009



Source: Raspadskaya

- Audited CAPEX numbers for 2009 will be released in mid April 2010 with the audited FY2009 IFRS financial results
- The largest share of financing of capital expenditures was represented by the contracts signed in 2008
- Main Company's industrial development directions for 2010 are connected with coal grades diversification (HCC, SHCC), new resources development, electric lines provision, ecological programs that should be financed from the Company's cash flow
- The Company intends to make investments in frames of its investment budget for its industrial projects. Investments size will depend on sales volumes and price level that will become clear by April 2010
- The Company started updating its mid-term production and financial parameters. It will be based mainly on the licenses, plans for exploration works, current production potential and expected market conditions

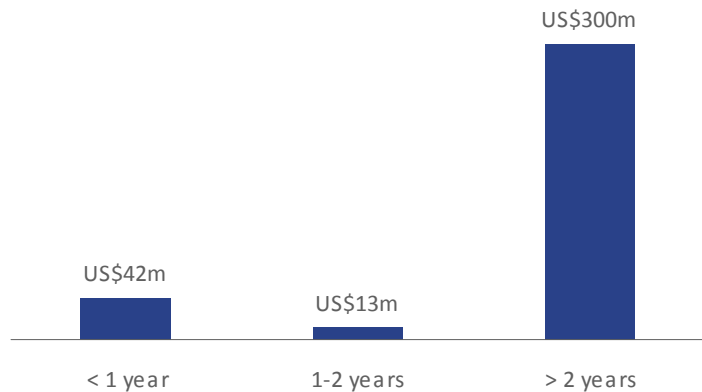
Debt Breakdown as of 30 September 2009*



Source: Raspadskaya

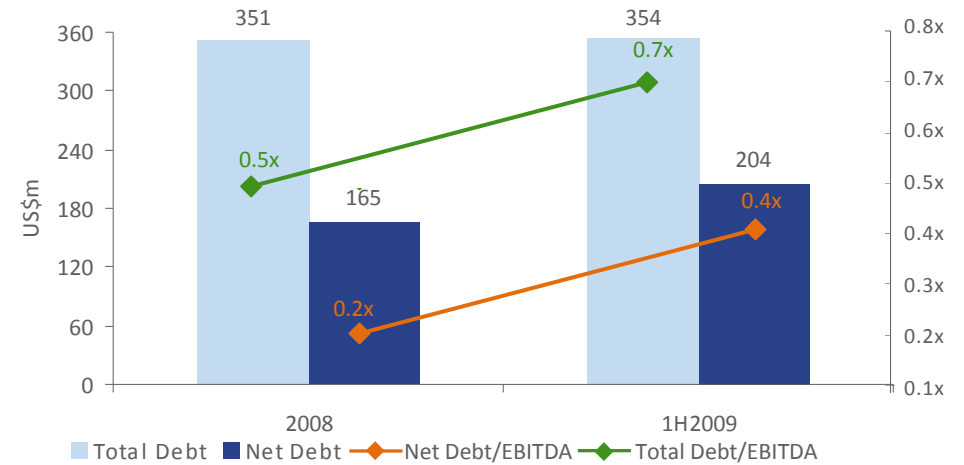
*Audited debt numbers will be released in mid April 2010 with the audited FY2009 IFRS financial results

Debt Repayment Schedule



Source: Raspadskaya

Total and Net Debt



Source: Raspadskaya

- Taking into account dependence on coking coal prices the Company follows a conservative financial policy
- The Company believes that none of the Eurobond covenants will be infringed in the foreseeable future
- One of the covenants stipulated in the Loan Agreement on the Eurobonds is the ratio of Consolidated Net Indebtedness* to 12-month Consolidated EBITDA, that may not exceed 3:1. In 1H2009 this ratio amounted to 0.4x
- Another covenant is the ratio of Consolidated Debt to 12-month Consolidated EBITDA, that may not exceed 3:1. In 1H2009 this ratio amounted to 0.7x
- On 13 February 2009, Moody's downgraded to B1 the existing Ba3 rating of Raspadskaya, Stable outlook, as well as national rating from Aa3.ru to A1.ru
- On 22 June 2009, Fitch Ratings affirmed Raspadskaya's Long-term foreign currency Issuer Default Rating (IDR) at B+ and National Long-term rating at A(rus). The Outlooks on both ratings are Stable. Simultaneously, Fitch affirmed Raspadskaya's senior unsecured rating at B+ and Short-term IDR at B

*Net Debt includes cash and cash equivalents of US\$63.5m and short-term bank deposits of US\$86.7m as of 30 June 2009

<p>Financial and Economic Policy</p>	<ul style="list-style-type: none"> ▪ Cost control toughening, reduction of fixed costs share, keeping production and coal sales costs at competitive level for all regional markets ▪ Maintain optimal balance between CAPEX and production volumes, investments in production maintenance and perspective industrial development ▪ Maintain high liquidity and optimal capital structure and conservative financial policy in general ▪ Control over payables and receivables
<p>Production Policy</p>	<ul style="list-style-type: none"> ▪ Maintain production capabilities and increase output under favourable market conditions ▪ Guaranteed support of output plans by licenses, preparation, sinking and transportation facilities ▪ Extension of coal grades assortment in the medium-term ▪ Possible selective bolt-on acquisitions in accordance with strict production due diligence, mining conditions and further business growth potential criteria
<p>Sales Policy</p>	<ul style="list-style-type: none"> ▪ Priority to long-term relations with strategic customers ▪ Diversification of client base ▪ Maintain optimal balance between domestic and export sales ▪ Keeping historically high share of Russian export sales to Ukraine ▪ Expansion of export geography due to customers in Europe and especially in Asia, main international coal sales market ▪ Focus on export share increase in the short-term period ▪ Improve contract relations with clients ▪ Strengthen competitive positions due to modern production and infrastructure, stability of supply and quality of production ▪ Constant attention to transportation and production reloading
<p>Shareholder and Investor Relations, Social Responsibility</p>	<ul style="list-style-type: none"> ▪ Policy of building long-term relations with existing and potential shareholders, continue to pursue the policy of disclosure of material information, perfection of corporate governance procedures ▪ Constant attention to staff health protection, safety discipline and environmental protection ▪ Retention of highly qualified personnel while keeping the number of employees at optimal level ▪ Realization of social-economic partnership agreements with regional authorities and industrial labour unions

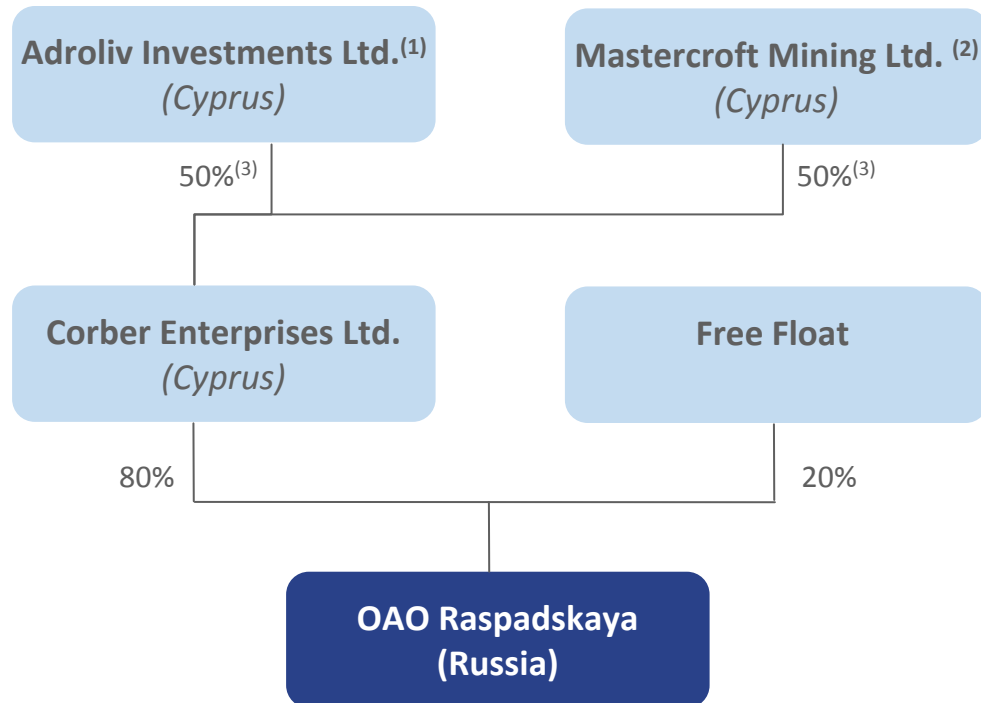
Period	Event	Location
14th January	4Q2009 and full 2009 preliminary operating results announcement	Moscow, Mezhdurechensk
January-February 2010	Mid-term strategic program update	Mezhdurechensk
3rd-5th February	Troika Dialog Russia Investment Forum	Moscow
Week starting 8th February	Signing of agreement with Kemerovo administration about social-economic cooperation	Kemerovo
18th-19th February	Adam Smith Conference - CIS Metals Summit	Moscow
End of February	Site visit for sell-side analysts - TBC	Mezhdurechensk
10th-12th April	Industrial Conference - CIS Coal	Ukraine
mid April	FY2009 IFRS Financial Results	Moscow, Mezhdurechensk



(1) Production of raw coal
 (2) Production of raw coal (currently under construction)
 (3) Preparation of raw coal
 (4) Executing coal supply contracts on behalf of the Company
 (5) General management

(6) Coal transportation
 (7) Construction of underground mine openings and creating vertical mine shafts
 (8) Electric and heat energy wholesale trade
 (9) Fuel wholesale trade
 (10) Production of roof bolting, metal lattice and other spare parts for mining operations





(1) Adroliv Investments Ltd. is beneficially owned by G. Kozovoy and A. Vagin

(2) Mastercroft Mining Ltd. is beneficially owned by Evraz Group S.A.

(3) % of total voting shares

Long-term partnership with Evraz Group is based on:

- Shareholders' relations:
 - since 1990-s – minority participation of Evraz
 - since 2004 – parity ownership
 - shareholders' agreement at Corber provides for the unanimous adoption of resolutions on major strategic issues and execution of operational governance by Adroliv' beneficiaries
- Business relations:
 - transactions are on an arm length basis
 - supply contract for Russian plants valid until end of 2011, shipments to Ukrainian plants began in 2008
 - the share of coal concentrate sales volumes to Evraz Group in 2009, 2008 and 2007 accounted for 13%, 22% and 18% of Raspadskaya total sales volumes, respectively (only for Russian plants)
 - the share of Raspadskaya supply volumes in total coal concentrate purchase volumes of Evraz Group accounted for 17%, 14% and 19% in 2009, 2008 and 2007, respectively (for Russian plants)

Source: OAO Raspadskaya

Key Highlights, US\$m (unless stated otherwise)	1H2009	1H2008	1H2009/1H2008	
			+/-	%
Revenue	148	607	(459)	(76)%
EBITDA*	63	424	(361)	(85)%
Margin, %	43%	70%		
EBIT	19	358	(377)	(95)%
Margin, %	13%	45%		
Net Profit / (Loss)	(11)	262	(273)	n.a.
Margin, %	n.a.	43%		

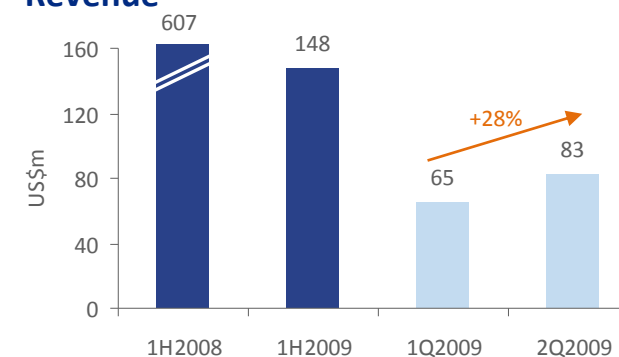
Note 1: 1H2009 IFRS Financial Results released on 25 September 2009
 Note 2: FY2009 IFRS Financial Results will be announced in the mid of April 2010
 Source: Raspadskaya

Company's performance was significantly affected by the following factors:

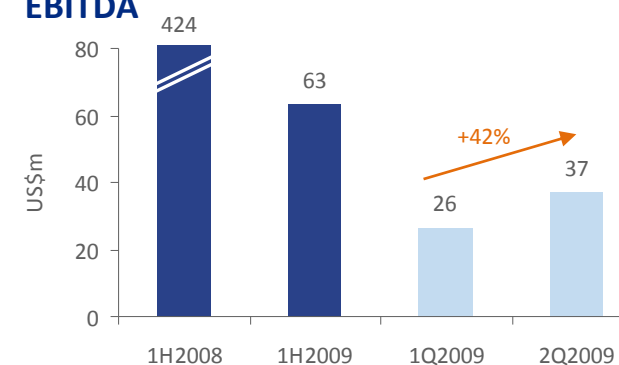
- Decrease in prices and sales volumes of coal concentrate in 1H2009
- Increase of the weighted average RUB/US\$ exchange rate by 38% in 1H2009 compared to 1H2008
- Foreign exchange loss of US\$23.6m

*EBITDA represents profit for the period before foreign exchange gains/(losses), gain/(loss) on net monetary position, depreciation, depletion and amortization, dividend income, interest income and expense, capitalized interest and income tax expense

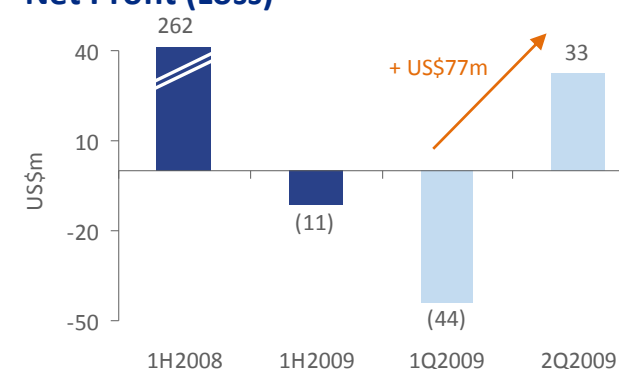
Revenue



EBITDA



Net Profit (Loss)



Source: Raspadskaya

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