

Russian Coal Company OAO Raspadskaya



Sberbank/Troika Dialog "Russia: Inside Track"

One-on-One Conference, London

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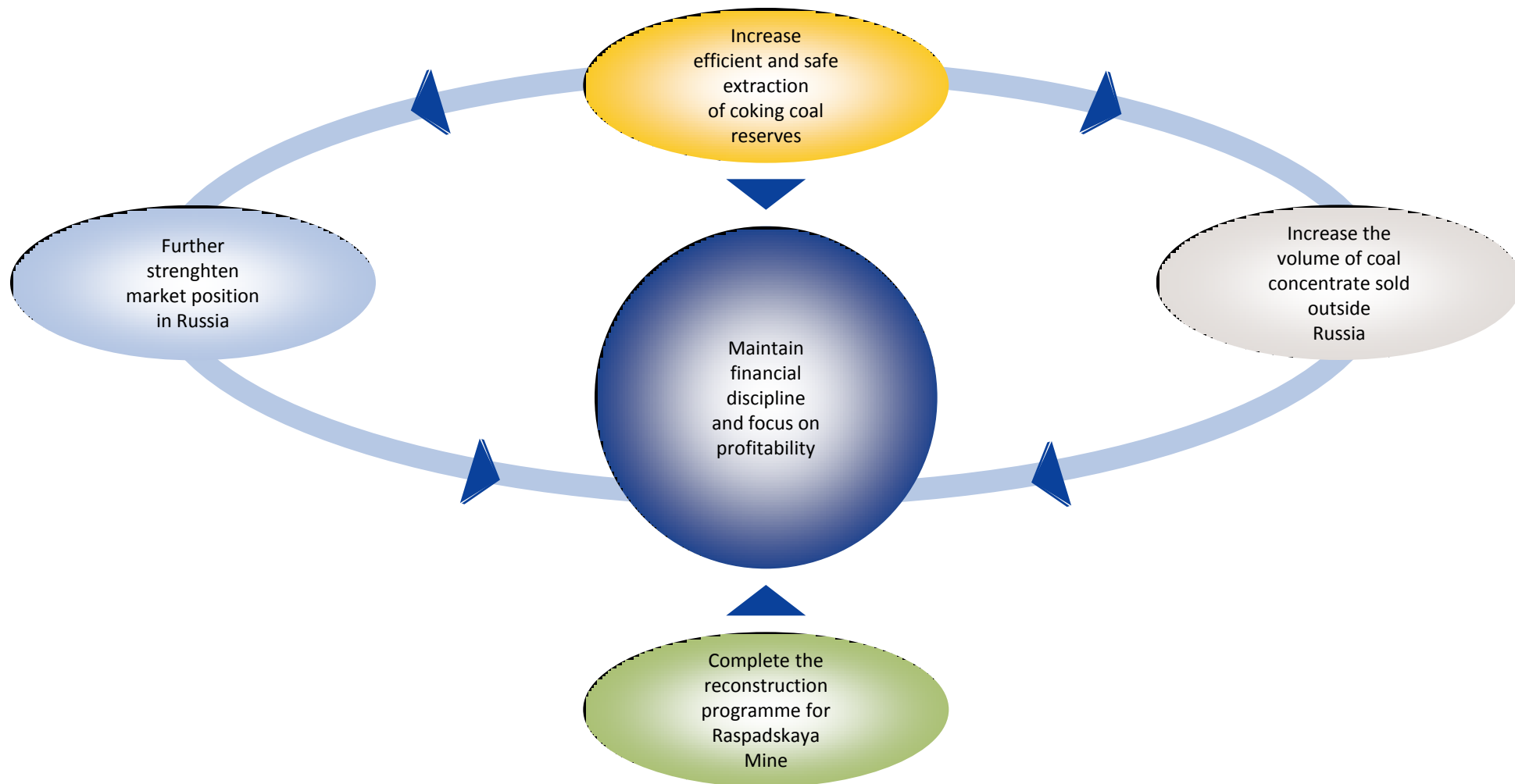
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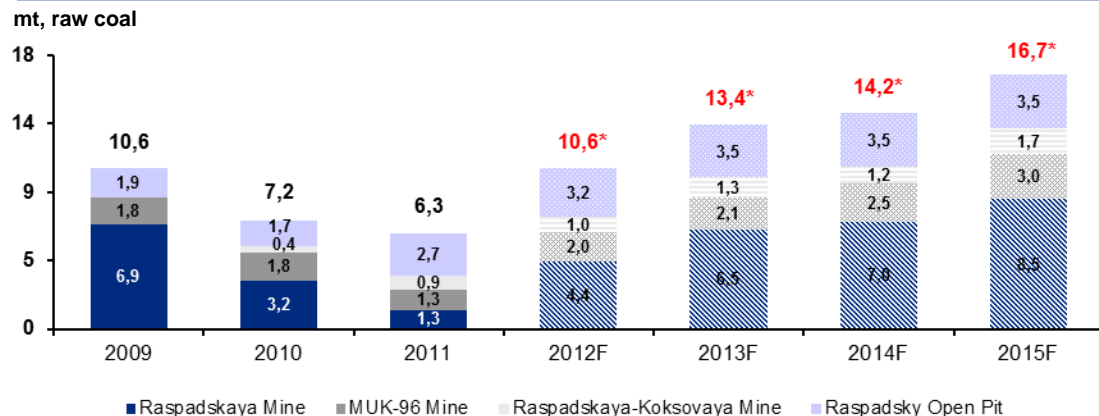
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Raspadskaya's strategic goal is to achieve value accretive growth as a leading coking coal producer in Russia, while maintaining profitability and a strong financial position

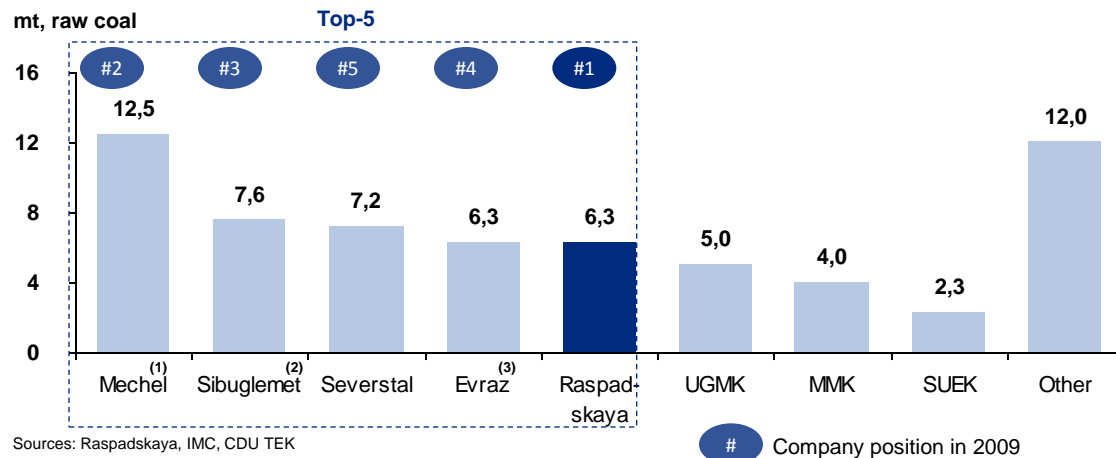
Raspadskaya Production Capacities



Source: IMC

Notes:
* The Company is intend to review and announce new production guidance in a frame of conference call on Raspadskaya's 1H2012 Financial Results

Major Coking Coal Producers in Russia in 2011



Sources: Raspadskaya, IMC, CDU TEK

Notes:
(1) Includes production on Southern Kuzbass and Yakutugol
(2) Includes production on Mezhdurechie open pit and Polosukhinskaya, Bolshevik and Antonovskaya mines (based on CDU TEK)
(3) Not accounting for 40% stake in Raspadskaya

Key Highlights

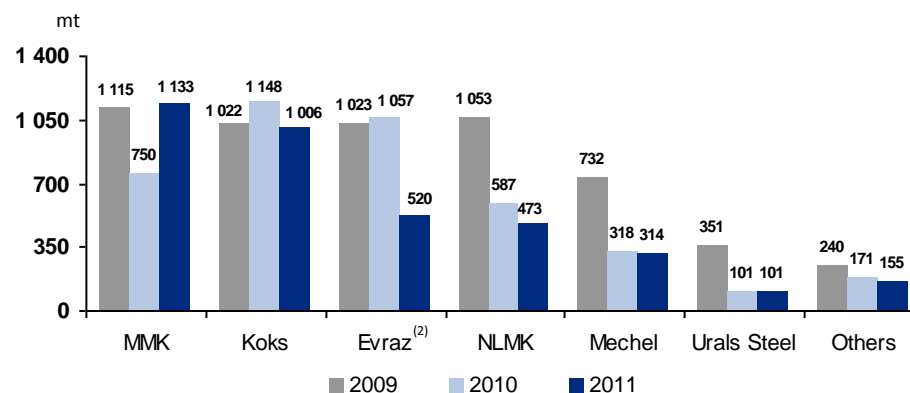
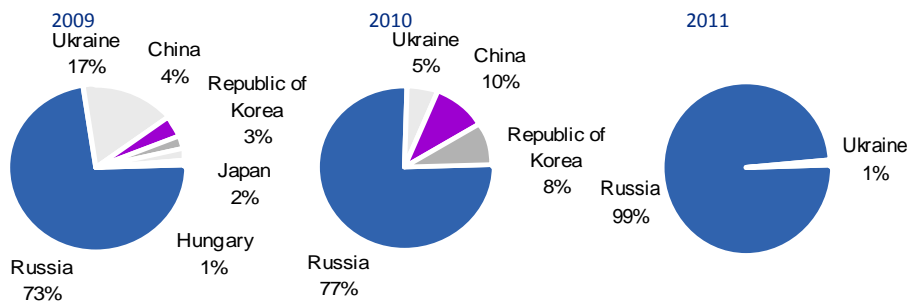
- The Company continues restoration works on Raspadskaya Mine. In December 2011 the Company recommenced coal extraction at face 4-9-21 bis, in October 2011 – at face 4-7-25. New face 4-9-23 with industrial reserves of 2 537 thousand tonnes of coal was put into operation at the beginning of May 2012. Since launch of a new face 4-9-23 the production at Raspadskaya mine more than doubled by June and amounted to 260 thousand tonnes.
- Since the end of the last year, the price trend declining on the domestic market has led to a decrease in sales prices by ca. 30%.
- In general, the unstable demand for coking coal in Russia started to be the main negative factor limiting production and sales volumes in 2012, which tern greatly affect the fulfillment of sales plans, the increase of the stockpile and the overall financial condition of the Company.
- The Company is intend to review and announce new production guidance in a frame of conference call on Raspadskaya's 1H2012 Financial Results

Key Highlights

- Raspadskaya has a diversified customer base in Russia, supplying coking coal to almost all steel majors, on the basis of long-term framework contracts with prices reviewed on a quarterly basis and volumes – on a quarterly/annual basis
- In Mid 2011 Raspadskaya extended long-term contracts most of which with expiration up to 2014-2016
- Raspadskaya coal is well-known to customers in the Asia-Pacific region and Eastern Europe
 - The Company commenced sales to Ukraine in October 2011 and resumed sales to Asia in Mid – April 2012
 - In the mid year export share amounted to more than a quarter of all sales
 - Current plans envision increasing sales outside of Russia to approximately 30–35% of the Company’s total sales in the future
 - In 2nd and 3rd quarter Raspadskaya promotes its brand through direct conversation and coking coal testing and shipping to Asian countries such as Taiwan, Korea, Vietnam, Japan, China

Raspadskaya Sales Structure by Destination

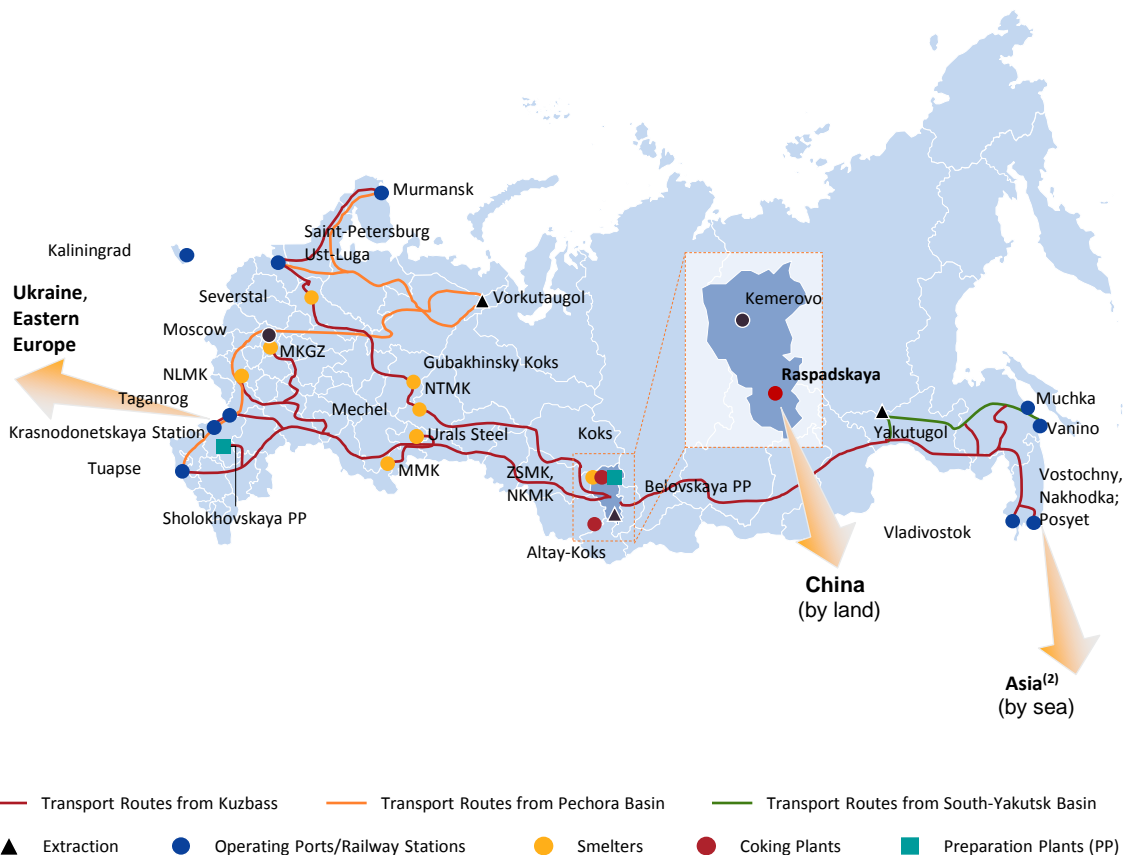
Balanced Domestic Sales Structure: Coking Coal Concentrate Sales Volumes



Notes:
 (1) Potential demand from key Russian customers (based on long-term contracts)
 (2) Not including shipments to Ukrainian Evraz's steel mills

Geographic Location of Many Russian Coal assets and Transportation Routes in Russia

Key matters



- For long-term development of coal and metallurgical industries it is necessary to consider all negative impacts of the crisis periods and to find optimum balance between domestic and export sales by the efforts of producers on export directions and government support (railway transportation and tariffs, development of port facilities, interstate agreements etc.).

Existing Infrastructure Supporting Coal Exports from Russia ⁽¹⁾

Port/Place of Shipment	Distance	Annual Throughput
Vostochny (KRU)	5,900 km	16 mt
Nakhodka (Evraz)	5,900 km	2.7 mt
Muchka (SUEK)	5,250 km	12 mt
Posyet (Mechel)	5,900 km	3.6 mt
Vanino (State)	5,250 km	9.3 mt
China Rail Crossing	3,600 km	10 mt

Total

c. 54 mt

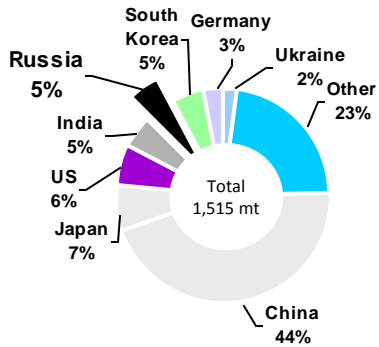
Notes:

(1) Annual throughput is based on 2010 data

(2) Including Japan, Republic of Korea and China

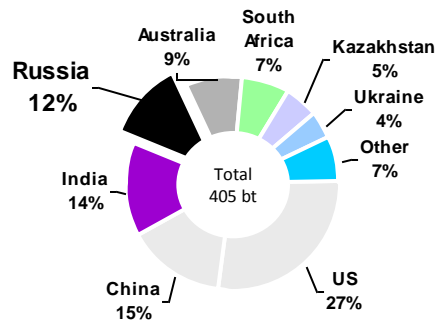
Russia is one of the Largest Steel Producers Globally with Significant Coal Reserve Base

Global Crude Steel Production



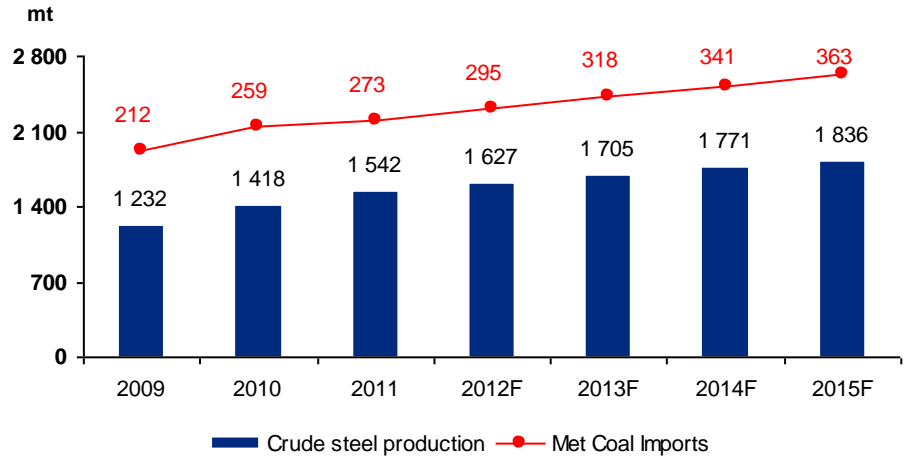
Source: Wood Mackenzie (January 2012)

World Reserves of Hard Coal (Anthracite and Bituminous Coal)



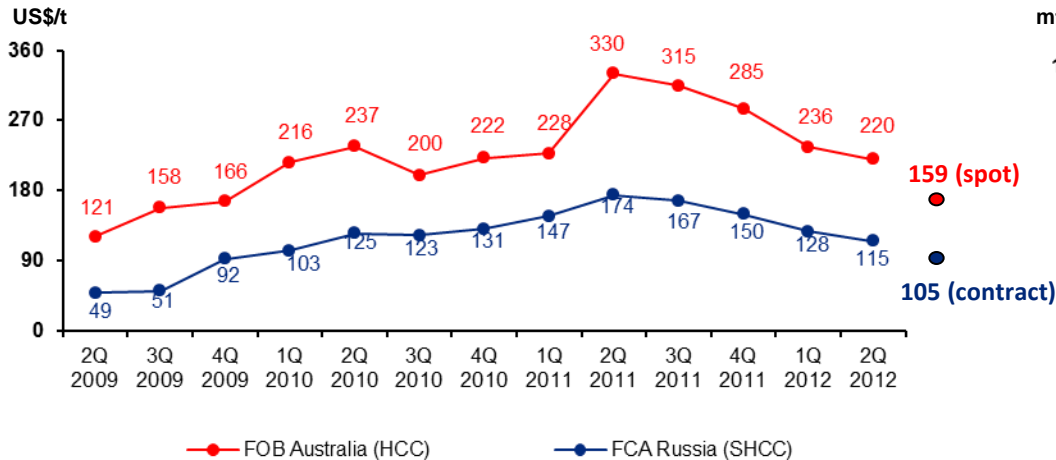
Source: BP Statistical Review of World Energy (June 2011)

Global Crude Steel and Hot Metal Production and Met Coal Imports Outlook



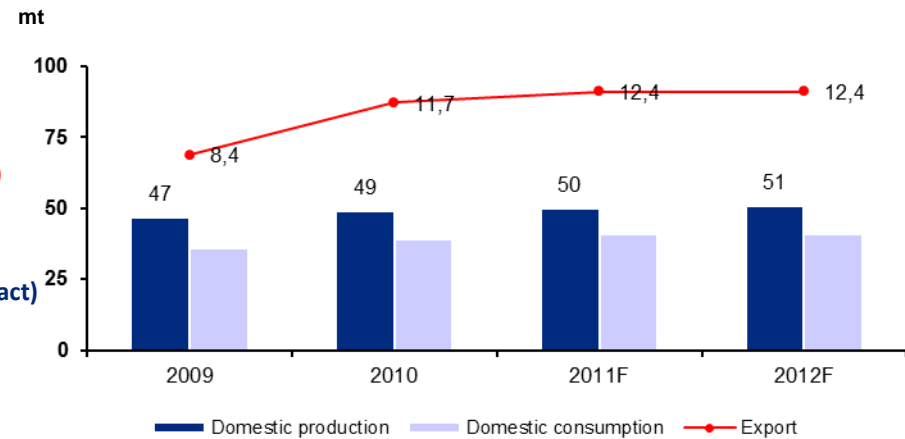
Source: Wood Mackenzie (January 2012)

Historical Coking Coal Prices



Source: Raspadksya, Wood Mackenzie, CRU

Russian Coking Coal Concentrate Market Forecast



Sources: Argus, CDU Tek, Metcoal.ru, Metal-Kurier

Appendices



1	One of the largest coking coal companies in Russia in terms of reserves and production	<ul style="list-style-type: none"> ■ Raspadskaya is one of the largest public companies in Russia in terms of coking coal reserves <ul style="list-style-type: none"> – Raspadskaya has over 1.3 bt⁽¹⁾ of high quality coking coal reserves sufficient for over 90 years of production by the Company – Proven track record of continuous reserve base expansion (added c. 533 mt of high quality coking coal reserves since 2006) ■ One of the leading companies in Russia in terms of raw coking coal production: #1 in 2009 and #5⁽²⁾ in 2011 (due to ongoing Raspadskaya Mine restoration)
2	Fully integrated operations based on the modern equipment	<ul style="list-style-type: none"> ■ Fully integrated operations (mine, preparation, infrastructure) across a single complex ■ Significant investments in sophisticated mining production facilities over the last 3 years (c. US\$ 435 mln), implying lower CAPEX requirements in the future ■ Operates the largest in Russia preparation plant (actual production capacity of 15 mt per annum)
3	Strong customer relationships along with an attractive location	<ul style="list-style-type: none"> ■ Diversified domestic customer base comprising leading steel producers in Russia <ul style="list-style-type: none"> – Long-term contracts with key clients in-place ■ Established relationships with potential clients in Asia and Ukraine allowing for significant export sales ■ Located in Kemerovo region, Russia, the Company is attractively positioned to serve both domestic and international customers <ul style="list-style-type: none"> – Well-established transport links to key domestic customers – Sufficient capacity (both rail and port) for shipments to Ukraine and Asian markets
4	Strong financial performance	<ul style="list-style-type: none"> ■ Consistently high EBITDA margins in spite of challenging environment: 2009 – 51%, 2010 – 48% and 2011 – 44% ■ Conservative financial policy: total debt position of US\$ 305 mln and net debt position of US\$ 45 mln as of 31 December 2011 <ul style="list-style-type: none"> – Total Debt/EBITDA 2011 of 0.9x and Net Debt/EBITDA 2011 of 0.1x
5	Experienced senior management team with proven track record	<ul style="list-style-type: none"> ■ CEO, Mr. Kozovoy, began working at Raspadskaya Mine in 1978, and the Chairman of BoD, Mr. Vagin, joined Raspadskaya in 1983 ■ Evraz Group and Raspadskaya's senior management together own 100% of Corber Enterprises, which in turn owns 80% of Raspadskaya; the remaining is free-float (pre-buyback) <ul style="list-style-type: none"> – Existing shareholder structure ensures the alignment of interests between managers and shareholders

Performance Overview

US\$ mln ⁽³⁾	2009	2010	2011
Coking coal production (mt)	10.6	7.2	6.3
Coal concentrate production (mt) ⁽⁴⁾	7.7	5.6	4.4
Revenue	497	706	726
Adjusted EBITDA ⁽⁵⁾	255	338	320
<i>Margin</i>	51%	48%	44%
Net Income ⁽⁶⁾	117	140	136
<i>Margin</i>	24%	20%	19%
Capex	153	138	144
Net Debt	122	(12)	45

Source: Raspadskaya

Notes:

(1) IMC report (JORC-compliant) as of 31 December 2011

(2) CDU TEK. Based on the analysis of ownership of Russian coking coal producers (in 2011 Raspadskaya was #4 by coking coal production among Russian coking coal companies and #5 among coking coal producing holdings)

(3) Unless stated otherwise

(4) Coal concentrate sales volumes include raw coal volumes converted to tonnes of coal concentrate using the conversion ratio of 73.2% for 2011, 76.9% for 2010, 73.4% for 2009

(5) Represents profit for the year before foreign exchange gains or losses, change in bad debt allowance, depreciation, depletion and amortization, dividend income, interest income and expense, gain from a bargain purchase of subsidiary, extraordinary loss on disposal of property, plant and equipment and income tax expense

(6) Excluding US\$ 104.735 mln gain from a bargain purchase of subsidiary (in 2010)

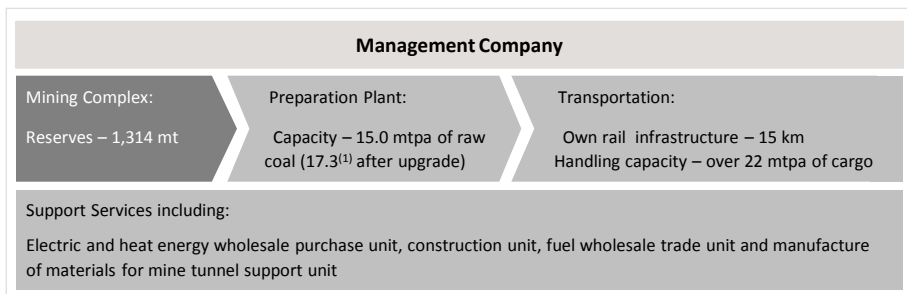
Geographic Location of Integrated Mining Complex and Transportation Routes in Russia



Source: Raspadskaya

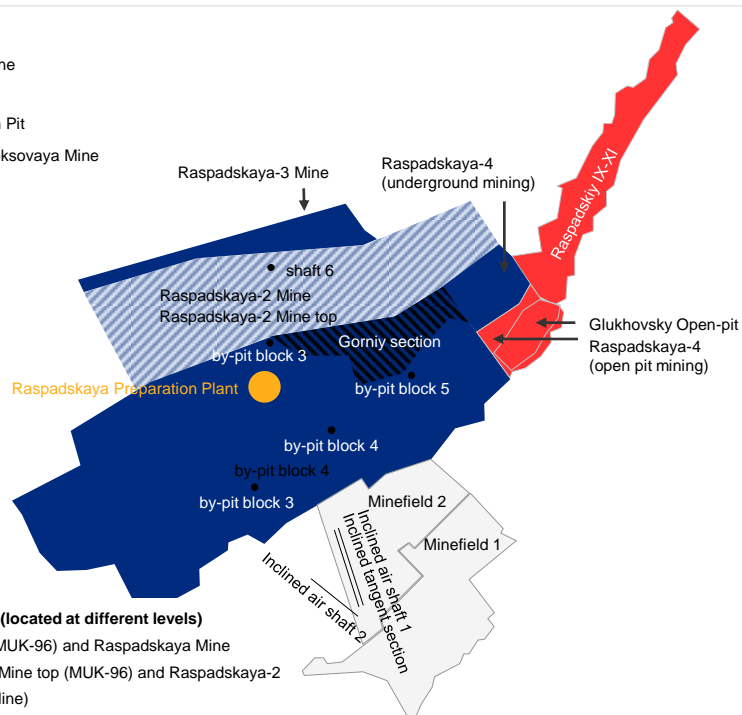


Integrated Mining Complex



Mining Complex:

- Rospadskaya Mine
- MUK-96
- Rospadsky Open Pit
- Rospadskaya-Koksovaya Mine



Crossing Sections (located at different levels)

- Gorniy section (MUK-96) and Rospadskaya Mine
- Rospadskaya-2 Mine top (MUK-96) and Rospadskaya-2 (Rospadskaya Mine)

Note:

(1) Rospadskaya management expectation, confirmed by IMC

Sources: Rospadskaya, IMC

Key Highlights

- Rospadskaya is one of the few large Russian coal mining companies that have integrated business operations located at a single production complex
- The Company's mine and production facilities include 3 underground mines, one open-pit mine and a coal concentrate preparation plant (all located in the area of the town of Mezhdurechensk, Kemerovo region of Russia)
- Rospadskaya operates the largest in Russia modern coking coal preparation plant
 - Overall c. US\$ 90 mln invested in its construction (2004-2009)
 - Technology allows for adjustable coal concentrate output parameters
 - Integrated quality control laboratory
- Rospadskaya benefits from its own coal and coal concentrate transportation network, connecting the Company's production complex to the federal railway network at the Mezhdurechensk railway station
- In addition such functions as sales and marketing, shaft sinking, supply of ancillary equipment, construction and others are managed by the Company
- Rospadskaya's integrated structure enables management to effectively control and monitor the entire value chain
- Over 2009–2011 the Company has invested c. US\$ 435 mln into sophisticated production facilities
 - Enables the reduction of operating costs and increases the efficiency of coal production



Key Highlights

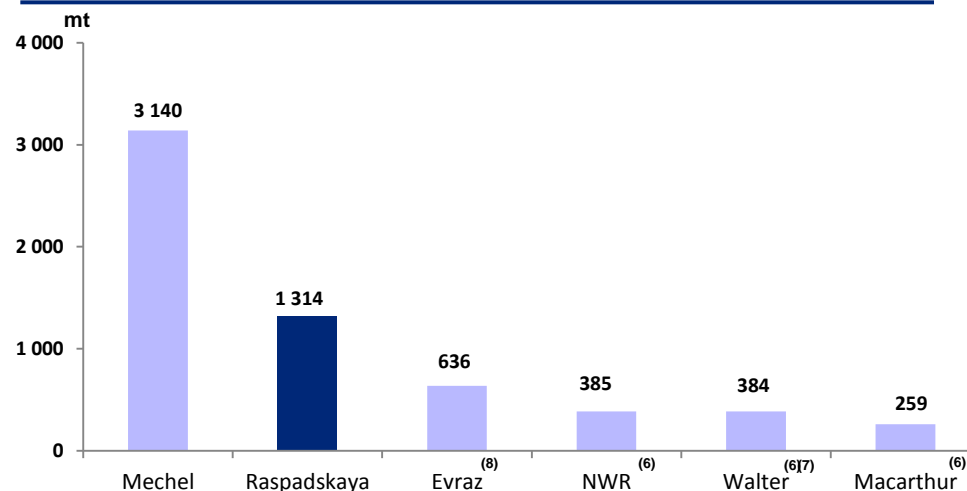
- Russia is the 4th largest country by hard coal ⁽¹⁾ reserves ⁽²⁾
- Kuzbass is Russia’s largest coal field, with over 70% of reserves and 80% of production.
- Total coking coal production in 1H2012 in Kuzbass is equal 25.6 mln tonnes
- Raspadskaya has proved and probable coking coal reserves of 1,314 mt, coking coal measured resources of 1,809 mt and coking coal inferred resources of 262 mt
- Continuous reserve base expansion
 - Since 2006⁽³⁾ reserves have grown by c. 532.6 mt (+68.2%)
- In March 2012 Razrez Rapsadsky obtained a right to develop a “Road” coal field of the Rapsadskoye bituminous coal deposit that has C1 reserves of 5.6 mt
- The Company’s reserves were confirmed by IMC’s audit as of 31 December 2011 according to JORC standard

JORC Resources and Reserves by Enterprise as of 31 December 2011

mt	Reserves			Resources				
	Proved	Probable	Total	Δ ⁽³⁾ , %	Measured	Indicated	Total	Δ ⁽³⁾ , %
Raspadskaya Mine	185	676	862	91%	1,137	n/a	1,137	31%
MUK-96 Mine	61	136	197	-3%	302	n/a	302	-3%
Raspadskaya – Koksovaya Mine	55	82	136	35%	233	n/a	233	-4%
Rapsadsky Open Pit	83	37	120	340%	137	n/a	137	245%
Total Rapsadskaya	383	931	1,314	68%	1,809 ⁽⁵⁾	n/a	1,809	24%

Sources: Rapsadskaya, IMC

Rapsadskaya Benchmarking Against Selected Coking Coal Producers (Reserves)

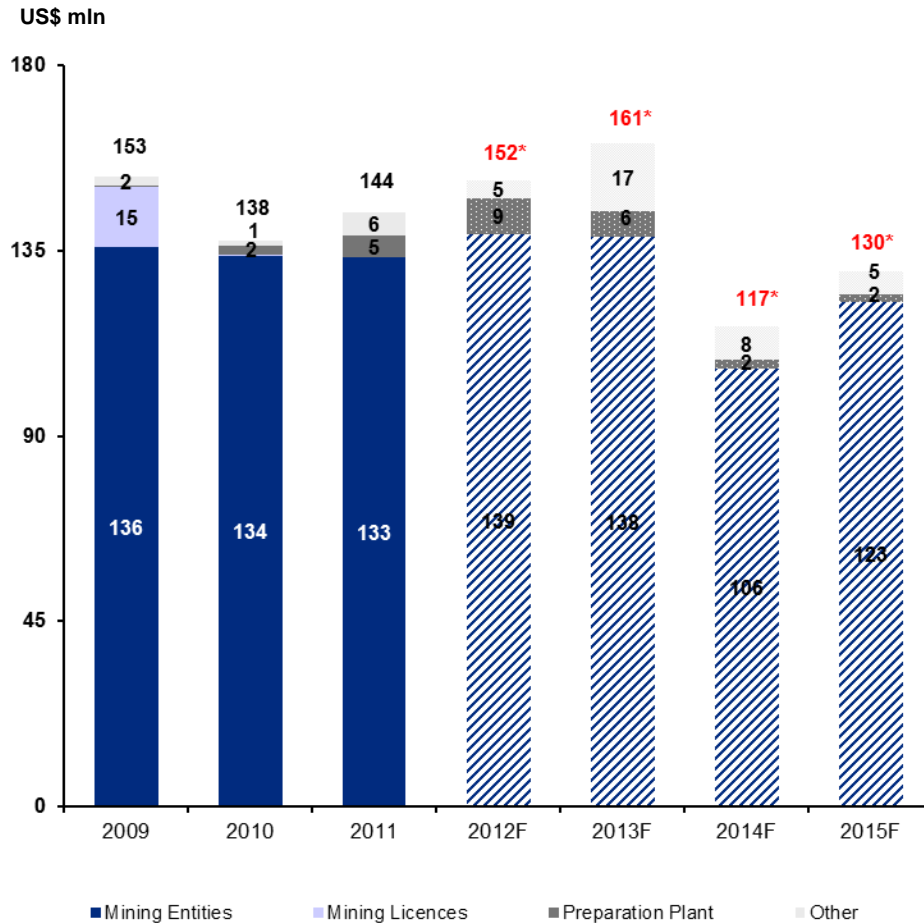


Sources: Rapsadskaya, Mechel, NWR, Walter Energy, Macarthur, Evraz

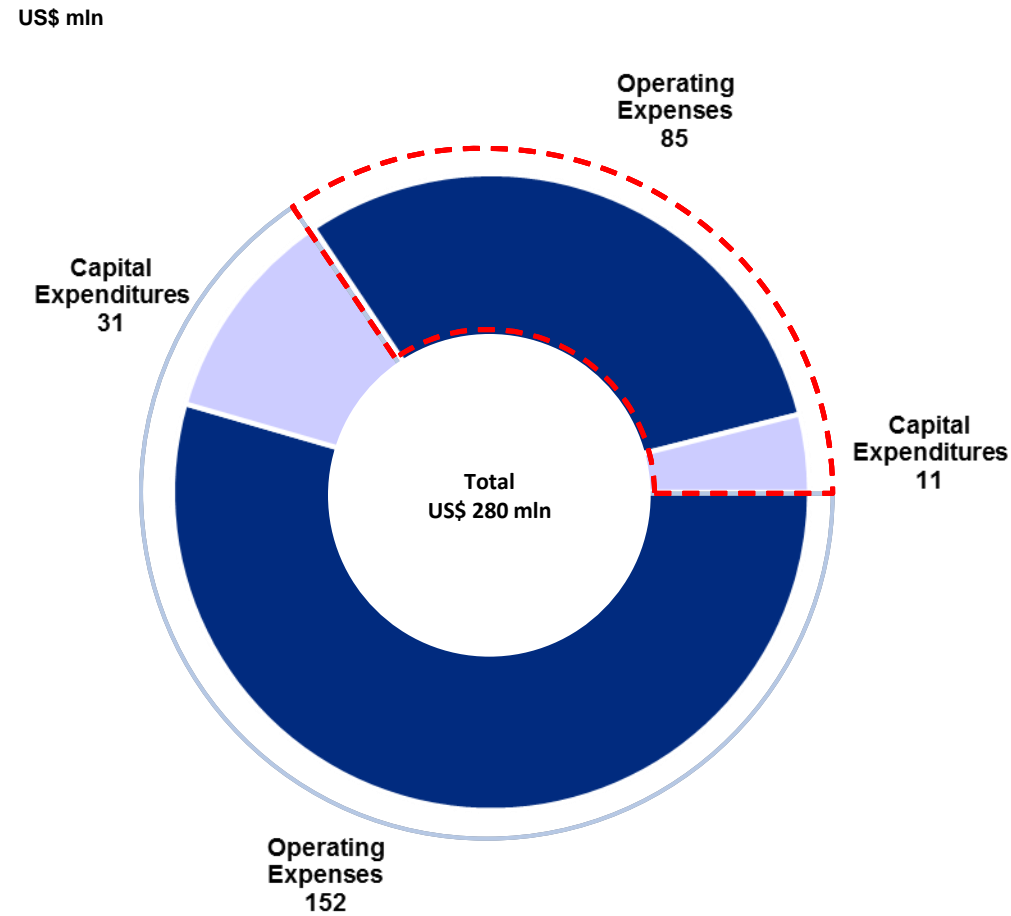
Notes:

- (1) Anthracite and bituminous coals – mostly coking coals
- (2) Based on BP Statistical Review of World Energy (June 2011)
- (3) Based on IMC report published in 2006
- (4) IMC report (JORC-compliant) as of 31 December 2011
- (5) In addition to the classified reserves and resources there are inferred resources at each of the mines, totaling 262 mt, which could be upgraded to classified resources with appropriate exploration and supporting economic mine plans
- (6) Assumes 100% of disclosed reserves are metallurgical
- (7) Pro-forma acquisition of Western Coal. Assumes 100% of Western Coal’s reserves are metallurgical
- (8) Yuzhkuzbassugol proved and probable reserves

Capital Expenditures Overview



Raspadskaya Mine Restoration Costs



Notes:
* The Company is intend to review Capex program in a frame of Budgeting process taking into account the influence of market conditions and implement correlation between production level and capital investments



Alexander Andreev

Deputy General Director
for Strategic Planning

Olga Katalina

Head of Investor Relations

Tel.: +7 (499) 147 15 17

E-mail: ir@raspadskaya.ru

www.raspadskaya.com