

Raspadskaya – Russia’s Leader in Coking Coal

Investor presentation



July 2009

London – Moscow - Mezhdurechensk

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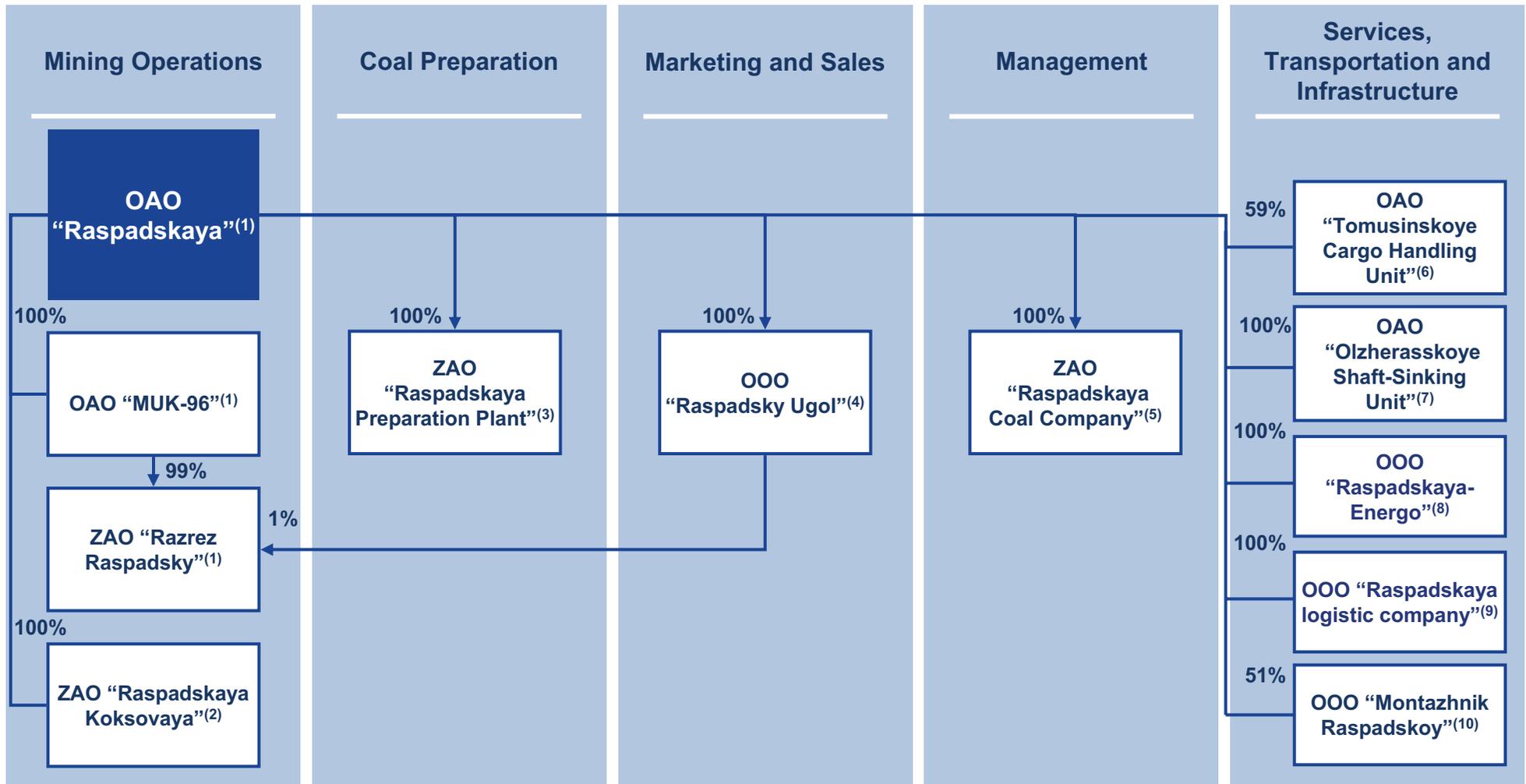
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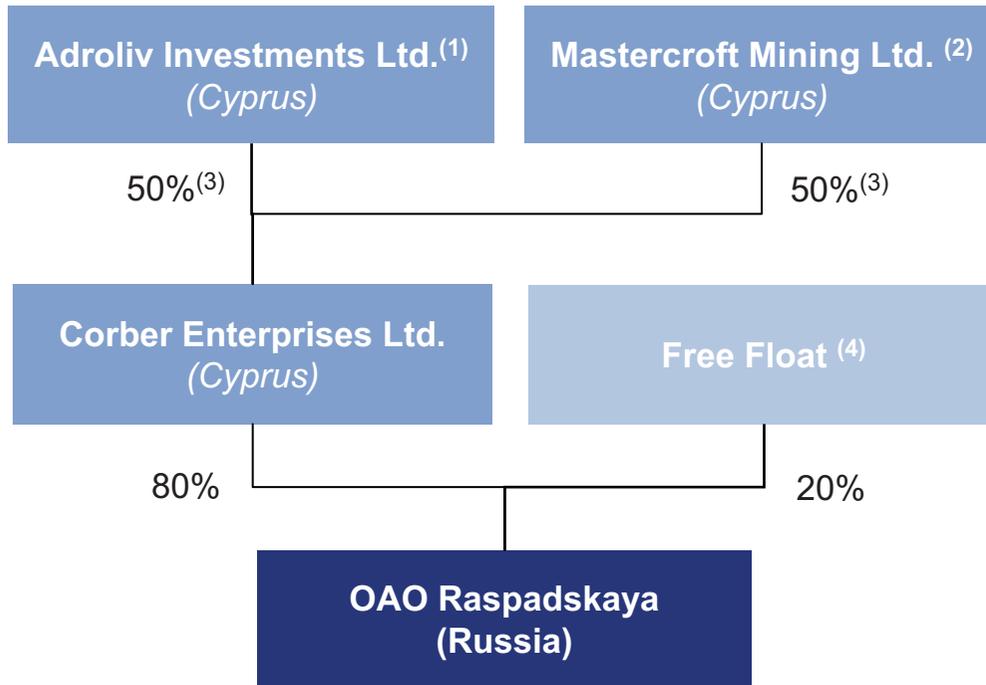
- Raspadskaya' General Shareholders' Meeting - on 2nd June
- Adam Smith Conferencethe 4th Annual CIS Coal Summit – on 17th June
- Fitch affirms Raspadskaya at 'B+'; Outlook stable – on 22nd June
- UBS Metals&Mining trip for Raspadskaya' assets in Siberia – on 25th June
- Deutsche bank Metals&Mining day – on 2nd July
- Raspadskaya reports operating results for 2Q and 1H 2009 – on 14th July
- Raspadskaya' NDR with UniCredit' assistance – on 22nd -23rd July
- Morgan Stanley Coal day – on 24th July
- Government – industrial meeting in Magnitogorsk – on 24th July
- Bank of America – Merrill Lynch Metals&Mining trip for Raspadskaya' assets in Siberia – on 28th July

Integrated Mining Platform Ensures Optimization of Business Operations



(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



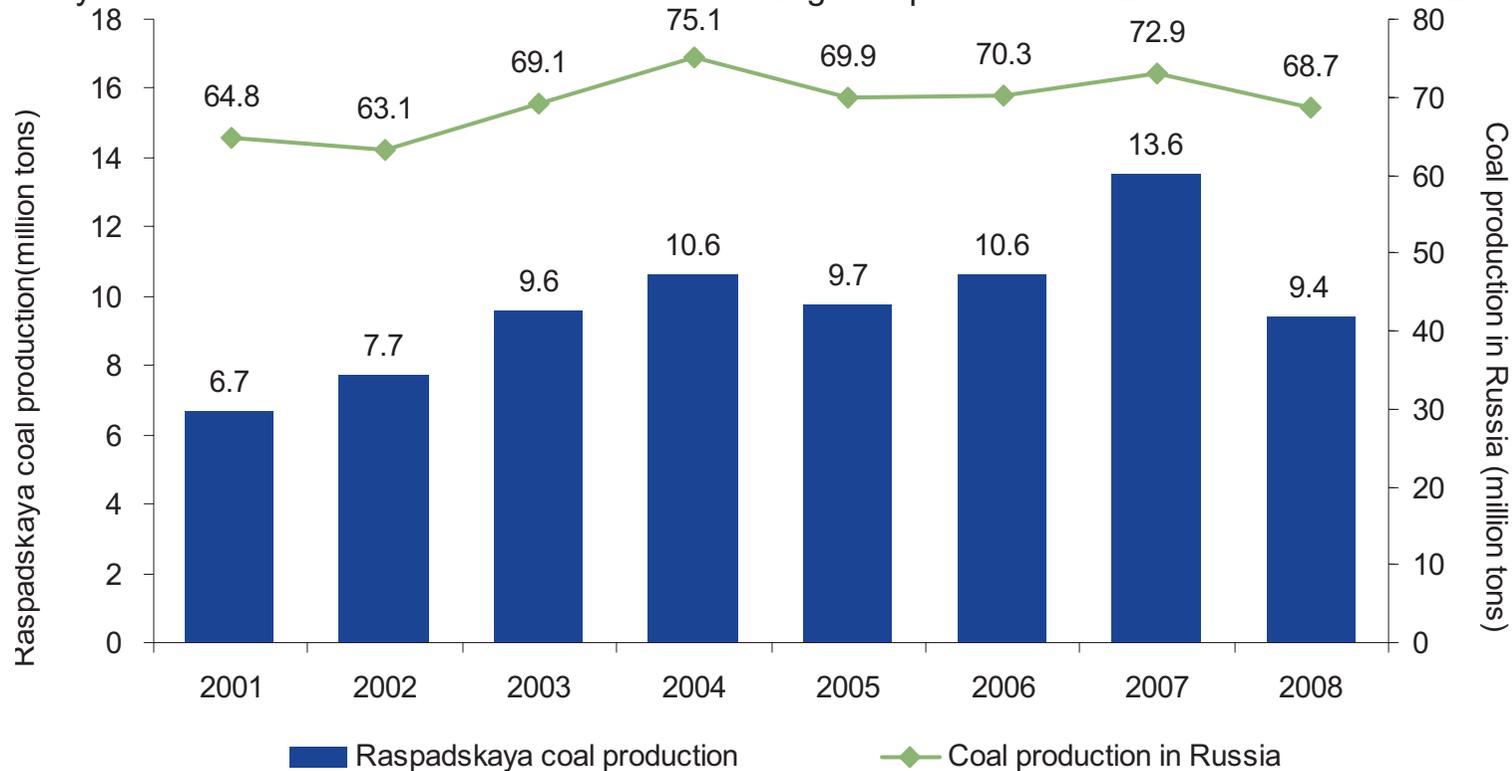
Notes:

- (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
- (4) Include 18% placed during IPO in Nov. 2006 and 2% owned by employees, former employees and their families

Source: OAO Raspadskaya

- 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 production sales volumes to Evraz Group in 2007, 2008, 1Q2009 and June 2009 accounted for 16,3%, 18%, 22% and 5% of Raspadskaya total sales volume, respectively (only for Russian plants)
 - the share of Raspadskaya supply volumes in total coal concentrate purchase volume of Evraz Group accounted for 19%, 14%, 12,6% and 7% in 2007, 2008, 1Q2009 and June 2009, respectively for Russian plants and for 20% and 63% in 1Q2009 and June 2009 respectively for Ukrainian plants

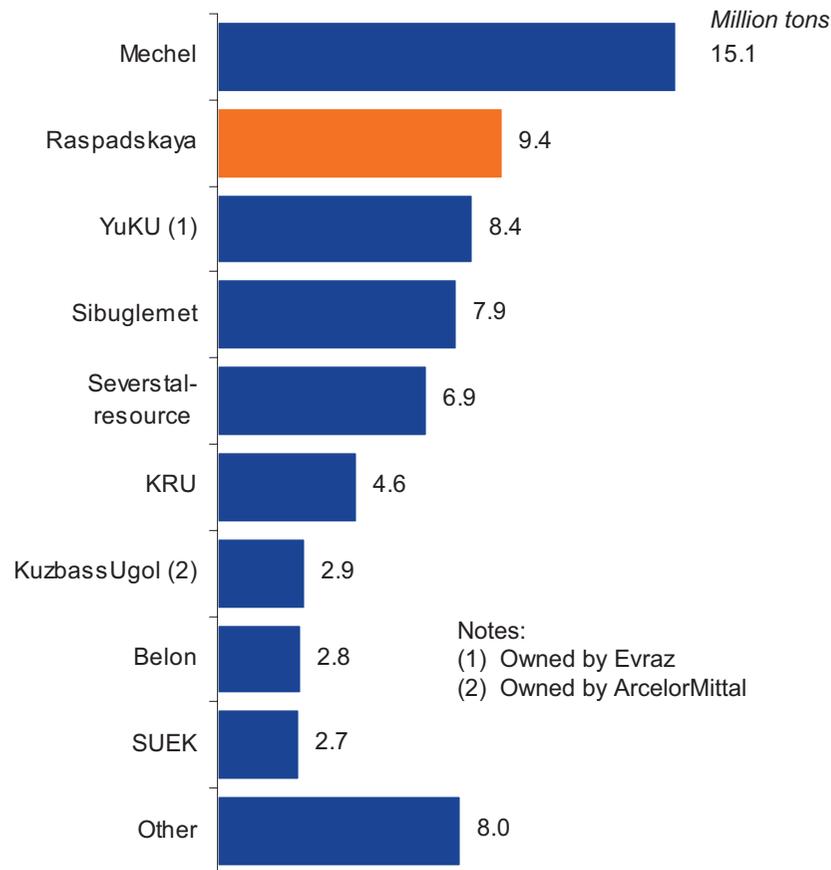
- JORC resources of 1,461 Mt, reserves of 782 Mt, including 32.6 Mt already extracted as of 31 June 2009 (reserve life of over 50 years)
- Industrial production slowdowns since 4Q2008 has resulted in 6% reduction of Russian production volumes vs 2007, for 5m2009 Russian coal production accounted for 21,4 Mt and declines by 30,2% vs 5m2008, forecast for full 2009 less than 2008 by 19%.
- Rospadskaya coal production declines in 2008 vs the 2007 level was impacted by delayed operation of working faces in 1H2008 caused by delays in equipment delivery dates and falling demand for coal in 4Q2008
- Rospadskaya accounted for 14% of the total Russian coking coal production in 2008 and 16% for 5m2009



Source: Rospadskaya, Rosinformugol, CDU TEK

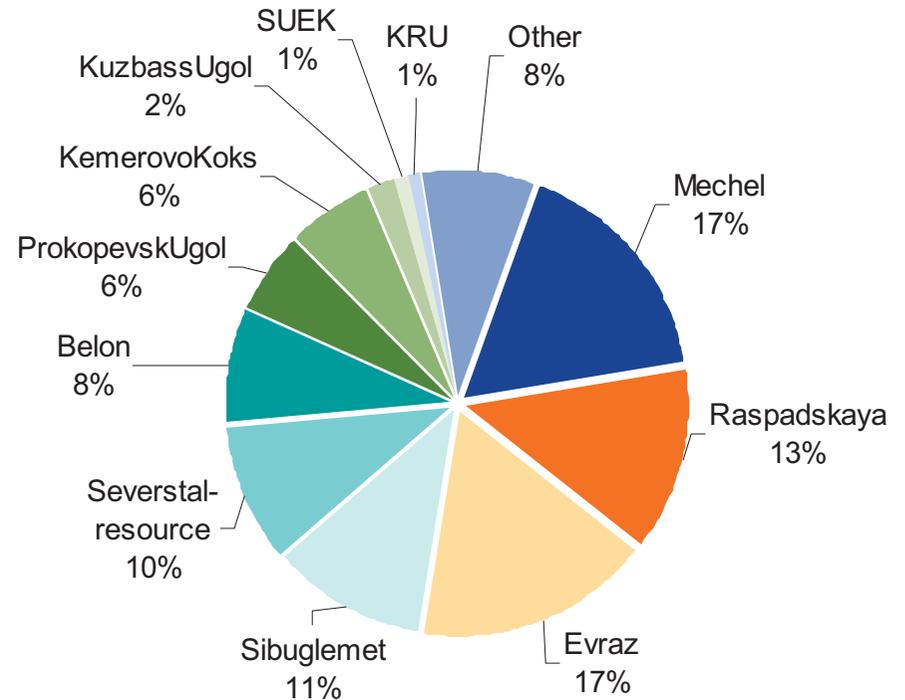
- Rospadskaya holds strong positions as one of the leaders of the Russian coking coal market in terms of production and sales volumes (during last years, 1Q and 2Q 2009)
- Rospadskaya produced in 1H 2009 4,147 Mt of raw coal or (21%) vs 2H 2008 and sold 2,986 Mt of coal concentrate or 0% vs 2H 2008

Major Russian coking coal producers (2008)



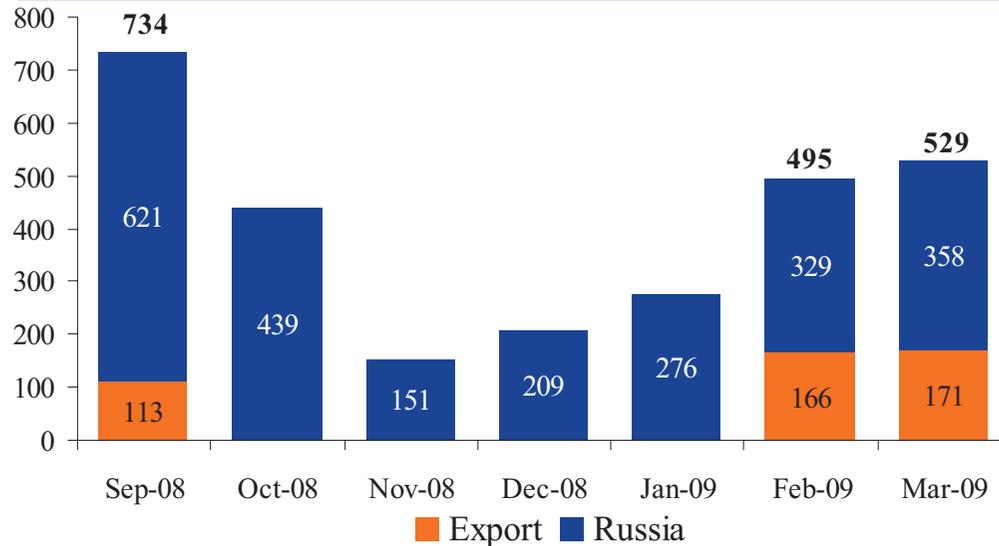
Source: CDU TEK

Major Russian coal concentrate suppliers (2008)

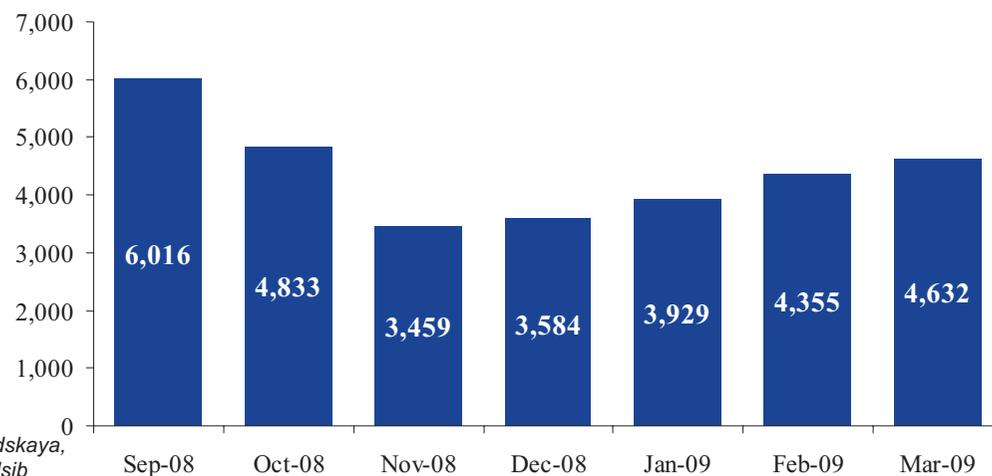


Source: Rosinformugol, Rasmin

Raspadskaya coal concentrate sales volumes (kt)



Steel production volumes in Russia (kt)



Source:
OAO Raspadskaya,
Rosstat, Uralsib

- Cyclical fluctuations in the steel industry constantly affecting the sales of coking coal

- Having reached its peak in mid-2008, starting 4Q2008 the demand for coking coal in Russia began to decline under the influence of the global economy crisis as well as a decrease in the demand for coke and steel.

- Sales to Ukraine ceased in 4Q2008 as a result of industrial downturn in Ukraine; however, sales to Ukraine recommenced in February 2009.

- The demand has bottomed in November and December 2008, when Raspadskaya operated at 21-29% of pre-crisis capacity

- Compared to the pre-crisis period, in February 2009 Raspadskaya operated at 65%, since March 2009 – at more than 70% and in 2Q2009 – at 80% capacity by sales volumes which allowed to stabilize the work of the Company

- Sales in 1Q2009 grew by 63% compared to 4Q2008 and in 2Q2009 grew by 30% compared to 1Q2009. Total sales in June 2009 were 584 kt with 374 kt for Russian market and 210 kt for export

- The Company focuses on long-term relations with the key customers. In the frames of the long-term relationships the Company works in 2009 with all its Russian consumers under contracts, which set quarter prices and sales volumes and so it can adjust prices when the situation in the industry improves.
- Russian market
 - Large metallurgical holdings MMK, EvrazGroup⁽²⁾ and NLMK⁽³⁾ accounted for 65% of total sales by volume in 2008 (56% in 2007), 51% in 1Q 2009, 43% in 2Q 2009 and 25% in June 2009
 - With that, in 2008 and 2009 we continued to diversify our client base. In 4Q2008 and in 1Q and 2Q of 2009 the decrease in sales volumes to our large customers was partially compensated by increase in sales to middle-volume Russian consumers, including Kemerovo-Koks, Mechel, Urals Steel (37% of total sales in June 2009)
- Export markets
 - Historically strong positions in Ukraine
 - Coal concentrate export share in 2008 amounted to 20%, in 1Q2009 to 26%, in 2Q 38-40%.

				 EVRAZ GROUP						UKRAINE		
	2006	2007	2008	2006	2007	2008	2006	2007	2008	2006	2007	2008
Steel Production Volume, mn tonnes	12.4	13.2	11.9	14.4	14.1	13.1	9.1	9.0	8.5	40.9	42.8	37.3
Raspadskaya Sales, mn tonnes	2.13	2.18	1.67	1.32	1.66	1.33	1.00	1.50	1.26	1.17	1.47	1.32
as a % of total sales	27%	21%	23%	17%	16%	18%	13%	15%	17%	15%	14%	18%
Share of Raspadskaya in overall consumption of concentrate / in Russian exports to Ukraine	30%	30%	25%	13%	19%	14%	10%	15%	13%	18%	23%	29%

(1) Rounded and calculated for the coal concentrate, raw coal sales restated into concentrate with the output share of 76,3%

(2) Sales to Evraz Group in 2006, 2007 include supplies to NTMK, ZapSib and NKMK, in 2008 to NTMK and NKMK, in 2009 to NTMK

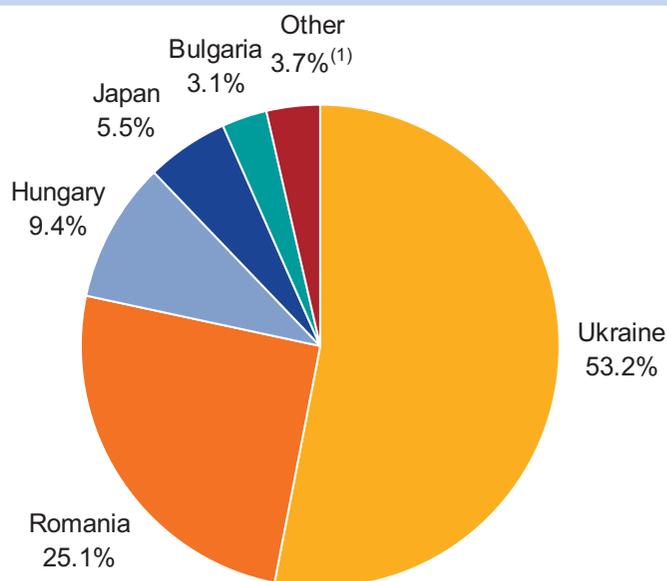
(3) Sales to NLMK in 2006- 2008 include supplies to Altai-Koks

(4) Sales to Ukraine in 2006-2007 don't include Evraz and ArselorMittal

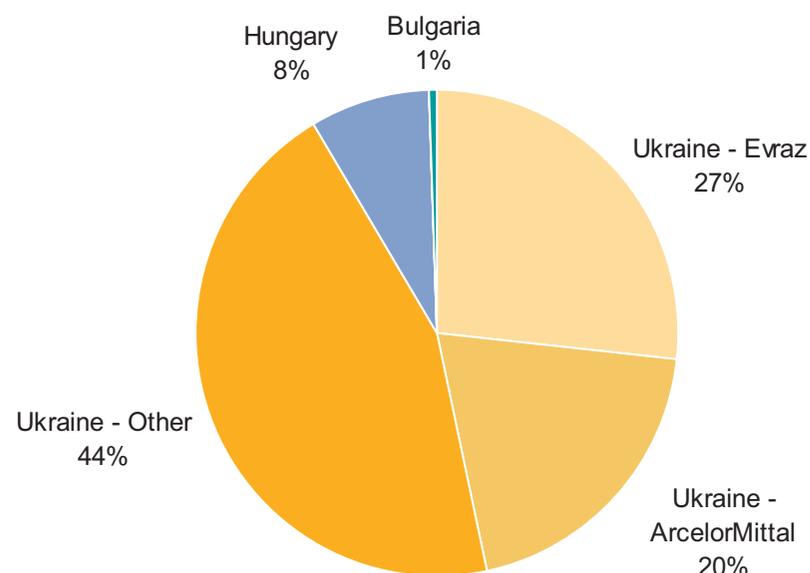
Source: OAO Raspadskaya, Companies' data, Rasmin, Metal-Courier

- In 2007, 2008, 1Q 2009 and in June 2009 Ukraine accounted for 57, 85%, 92% and 85% respectively of our export sales volumes and 30% of total sales in June 2009. Since 1H2008 Raspadskaya acquired new Ukrainian customers including three coke plants of Evraz. The share of coal production sales volumes to Ukrainian plants of Evraz accounted for 42%, 47% and 48% of Raspadskaya total export sales volume in 1Q2009, 2Q 2009 and June 2009 respectively
- In 2008, Raspadskaya didn't sell to Asia because of the strong demand in Russia and Ukraine. In 2009, Raspadskaya plans to increase its supply for demand of Asian steel makers and already has started to carry out contracts with large metallurgical companies JFE Holding (Japan) and POSCO (Republic of Korea), has started to sign contracts for the Chinese market via international trade companies.

Concentrate export sales by geography (2007)



Concentrate export sales by geography (2008)



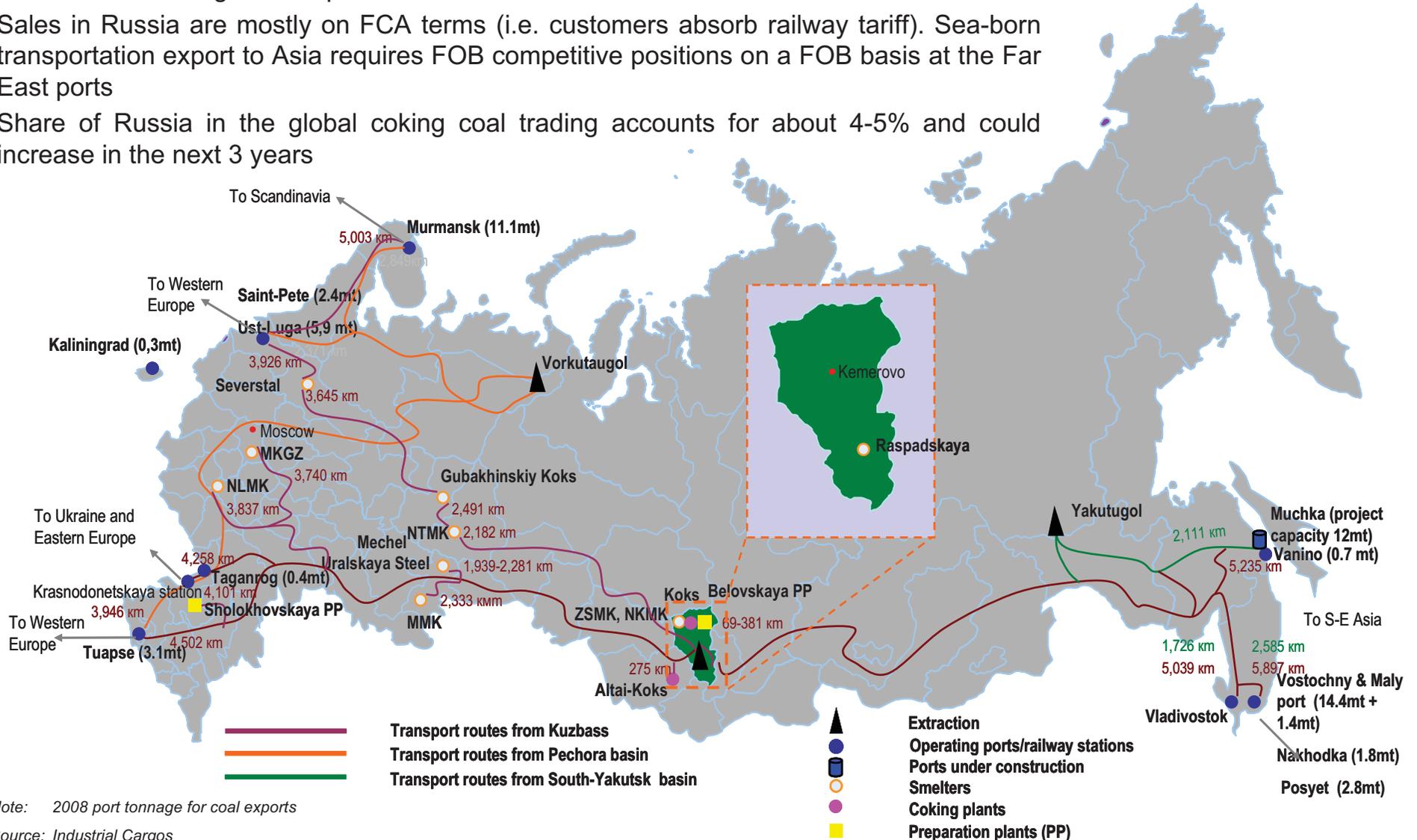
Sales to Ukraine amounted to 85%

Notes:

(1) Other sales are attributable to Slovakia, Korea and China which account for 1.6%, 1.1% and 1.0% of total export sales

Source: Raspadskaya

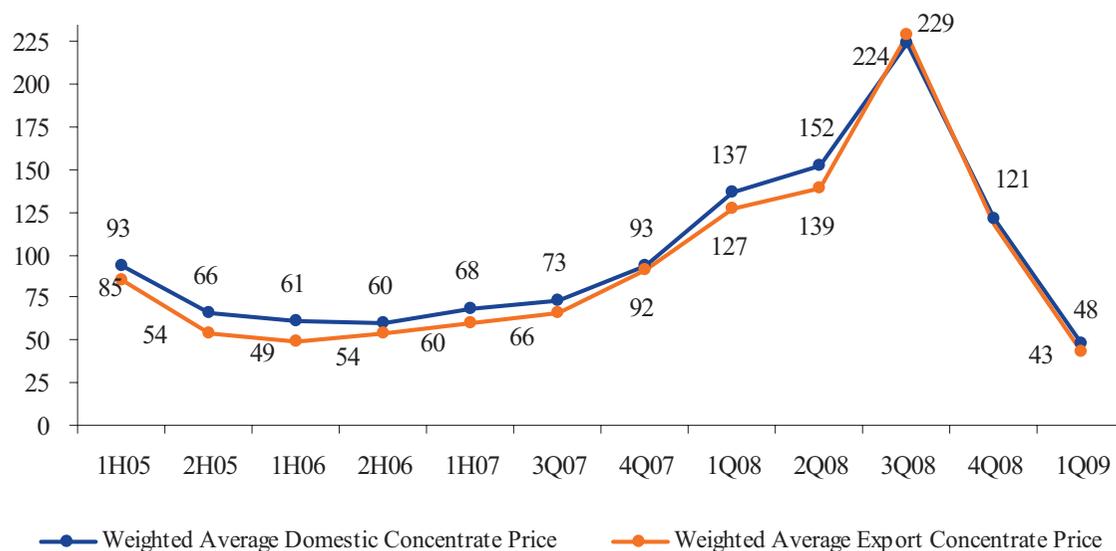
- Russia has 2nd largest coal reserves globally and Kuznetsk coal basin accounts for 80% of total Russian coking coal output
- Sales in Russia are mostly on FCA terms (i.e. customers absorb railway tariff). Sea-born transportation export to Asia requires FOB competitive positions on a FOB basis at the Far East ports
- Share of Russia in the global coking coal trading accounts for about 4-5% and could increase in the next 3 years



Note: 2008 port tonnage for coal exports

Source: Industrial Cargos

Coking Coal Price Dynamics OAO Rospadskaya (FCA Mezhdurechensk)



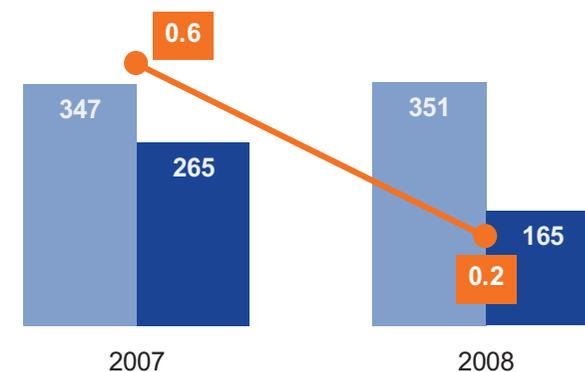
Source: OAO Rospadskaya

Notes: exchange rate for 1Q 2009 RUB/US \$33.93

- In 9m2008, the major driving force of the increase in coking coal prices was the strong demand for metallurgical and coal products on the domestic and global markets
- In 1Q2008, one year contracts were signed with large consumers in which the prices might be changed if the market situation changed
- Starting 3Q2008, Rospadskaya negotiated an increase in its coal prices with customers
- Starting 4Q2008 coking coal prices have decreased as a result of the decrease in global demand for metal production in Russia and globally
- Weighted average sales price in 2008 was ca. US\$165, in 2Q2009 – ca. US\$46 per tonne (FCA Mezhdurechensk)

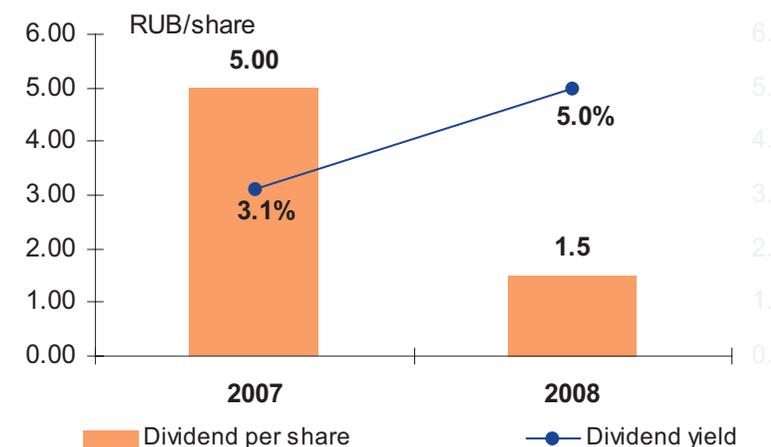
- Key elements of the Company's internal financial policy are:
 - ✓ Dividend policy adopted by the Board in December 2008 is based on dividend payments not more than 25% of IFRS net income subject to future cash flows and investments
 - ✓ Use of credit lines granted by banks or cash balance for working capital purposes
- Eurobond's Covenant is Net Debt / EBITDA of 3.0x
- Total dividend declared in 2007-2008 amounted to approx. US\$204 million
- dividends accounted for 68% of IFRS net income in 2007 and 8% in 2008
- ✓ On 12 November 2008 the Company's Board decided to propose a moderate level of dividend that desire to recognize the Company's successful performance for 9M 2008 and at the same time protect the its financial stability in the challenging market environment
- ✓ On 14 April 2009 the Company's Board has made a decision to recommend to the General Shareholders' Meeting not to pay final dividends for 2008 and on 2nd June the GSM adopted the recommendations
- ✓ Net debt as of 31 December 2008 was US\$165 million vs US\$265 million as of 31 December 2007
- ✓ Recognising the importance of such factors as coking coal prices, coal sales volumes and associated risks, Raspadskaya pursues conservative financial policy aimed at the recovery of losses related to price/sales volatility

Net debt



■ Total debt ■ Net debt — Net debt/EBITDA

Dividend yield



Market price on MICEX:
31.12.2007 - 160,06 RUB
31.12.2008 - 30,12 RUB

Source: MICEX, Raspadskaya

Financial and economic policy

- Cost control toughening, reduction of fixed costs share, keeping production and coal sales costs at competitive level
- Maintain optimal balance between investments in production maintenance and perspective industrial development
- Maintain high liquidity and optimal capital structure
- Control over payables and receivables

Sales policy

- Priority to long-term relations with strategic customers
- Diversification of client base
- Maintain optimal balance between domestic and export sales
- Focus on export share increase in the short-term
- 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
- Keeping historically high share of supply to Ukraine
- Expansion of export geography due to customers in Europe and especially in Asia, main international coal sales market
- For 2H 2009, the Company targets the following objectives on sales:
 - to increase domestic sales volumes as a result of stable relationships with customers and already received orders for extra shipments of coal concentrate;
 - to organize all the logistical chains for shipments to Asia;
 - for the total sales volume of 2009, to come near to those of 2008

Production policy

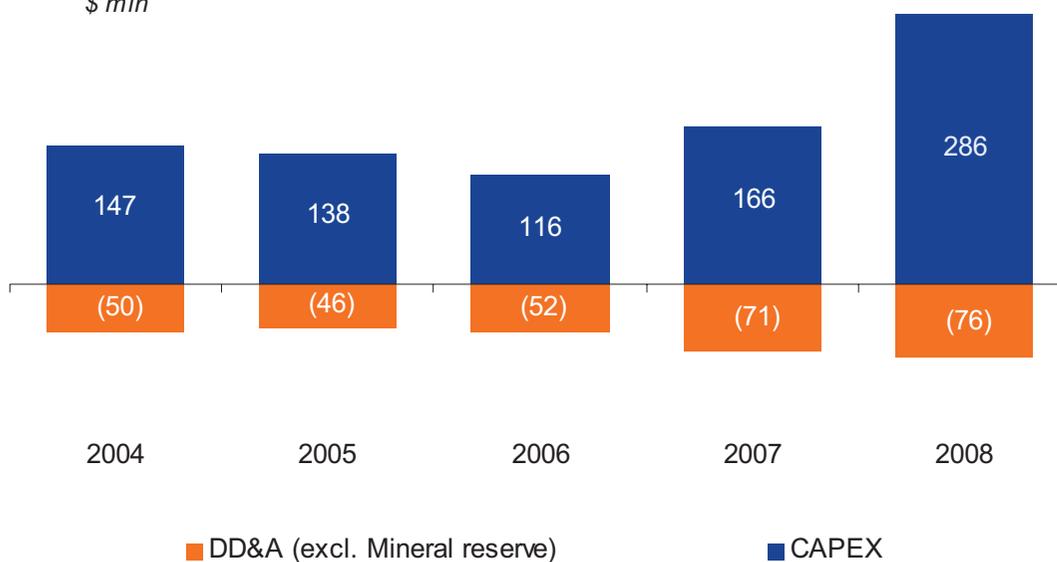
- Maintain production capabilities and increase output under favorable market conditions
- Extension of coal grades assortment in the medium-term
- Guaranteed support of output plans by licenses, preparation, sinking and transportation facilities

Appendix



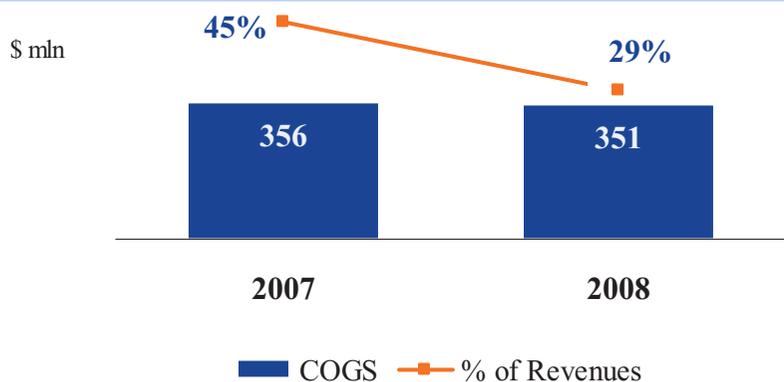
2004-2008 Capex

\$ mln

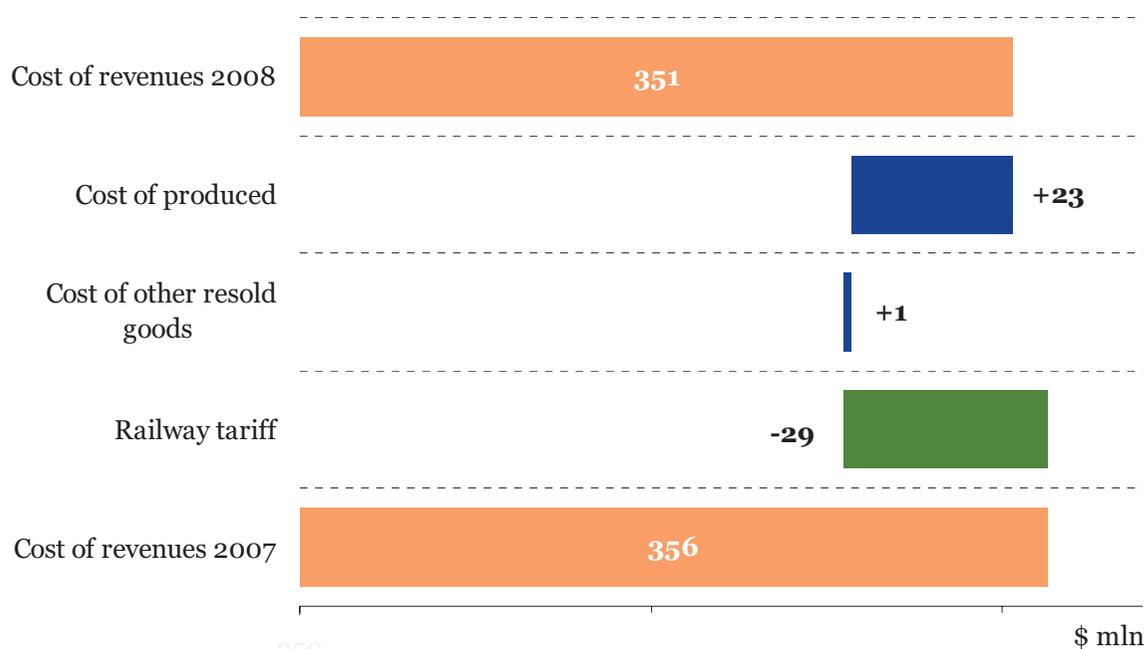


- In 2008, total capex amounted to US\$286 million, of which:
 - ✓ US\$219 million was invested in the modernization and reconstruction of the existing facilities, 89% higher than in 2007
 - ✓ over US\$60 million invested in the construction of Raspadskaya Koksovaya mine (high-quality hard coking coal reserves)
 - ✓ over US\$6 million invested in the completion of stage 2 of Raspadskaya preparation plant

COGS dynamics

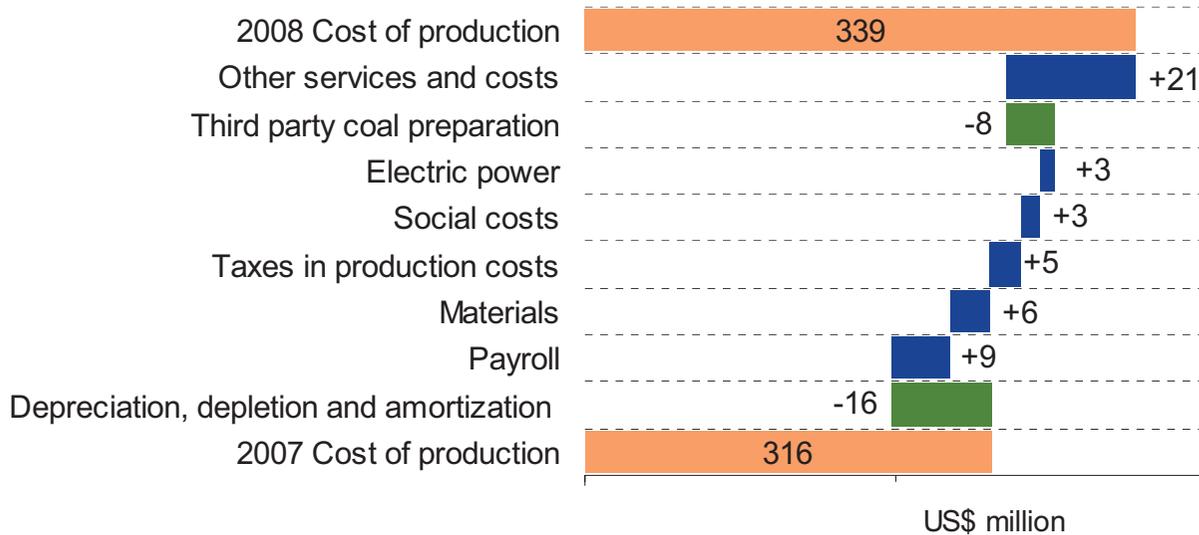


COGS drivers

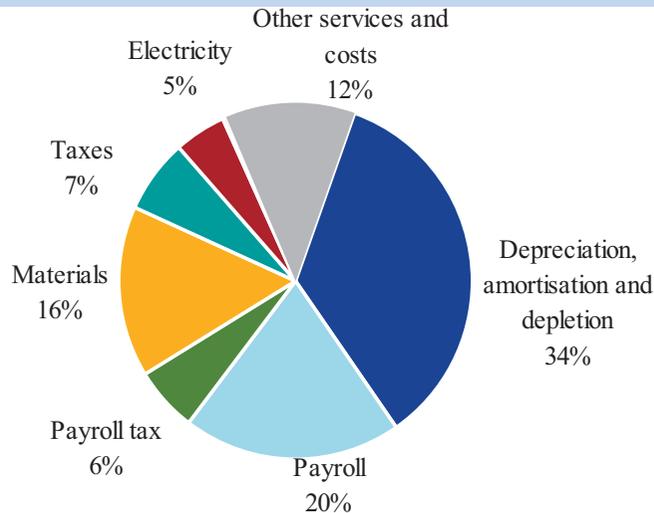


- COGS decrease of 2% in 2008 vs 2007 driven by:
 - ✓ 20% drop of coal concentrate sales from 8,795 kt to 7,030 kt
 - ✓ railway tariff reduction by 71%
- In 4Q2008 COGS fell by 28% from US\$93 million to US\$67 million
- Share of COGS in total revenue decreased from 45% in 2007 to 29% in 2008

Cost of production – drivers

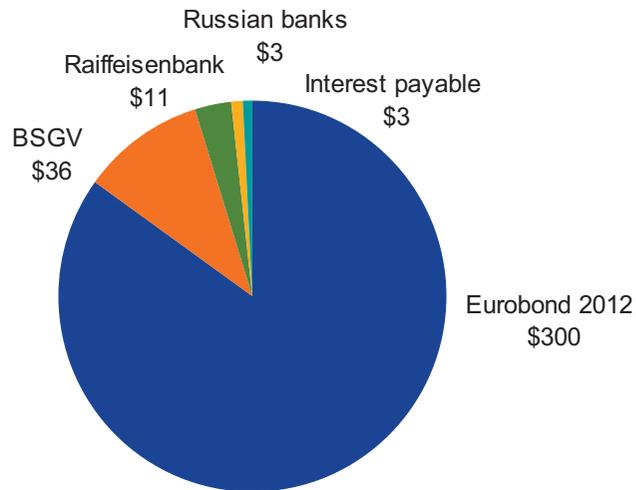


Cost of production – breakdown (2008)



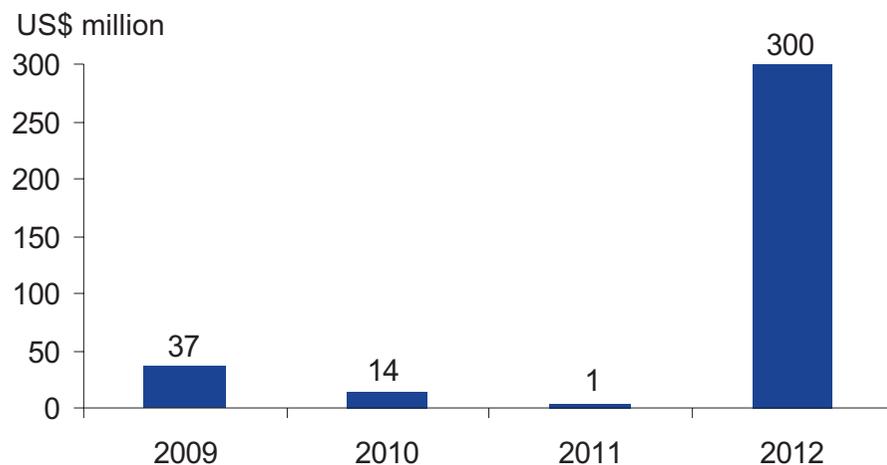
- Cost of production increase of 7%
- Cost of coal preparation decrease of 27%
- Growth of cost per tonne of coal concentrate from US\$18.1/t in 2007 to US\$30.9/t in 2008 was driven by 7% raw coal production cost increase, 31% drop in coal mining volumes and appreciating US dollar

Debt structure as of 31-Dec-08



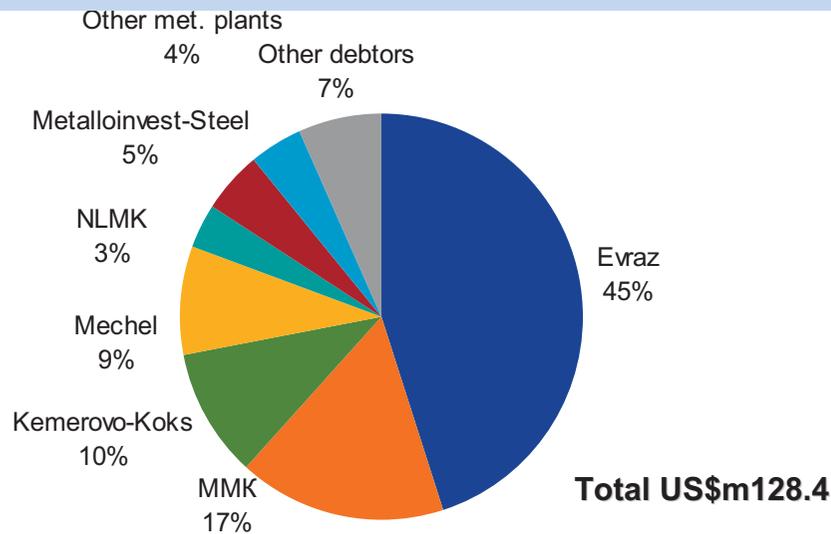
Note: Debt converted into US\$

Repayment schedule

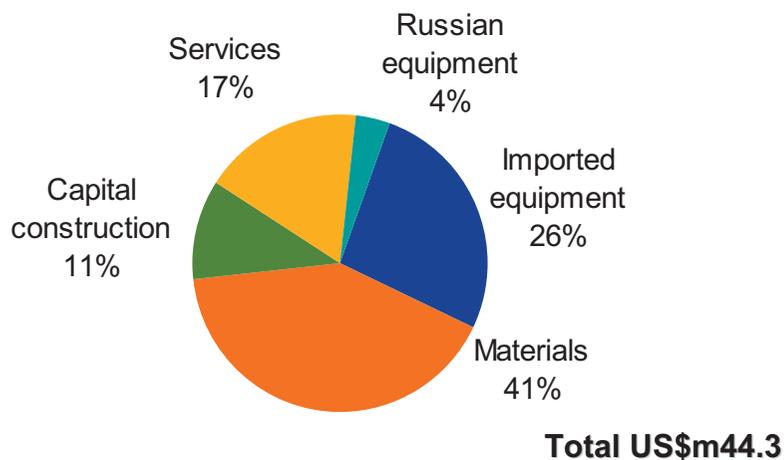


- Total debt amounted to US\$347 million as of 31 December 2007 and US\$351 million as of 31 December 2008
- Major part of Raspadskaya's debt accounts for US\$300 million bond issue due in May 2012 with fixed coupon of 7.5%
- The remaining part of the Company's debt constitutes loans from established Russian and foreign banks attracted to finance new investments
- The banks don't currently raise interest rates, not do they call for early loan repayment
- In 2008, average annual interest rates were
 - ✓ 7.2% (€) and 8.7% (US\$) for short-term loans
 - ✓ 8.0 (RUB), 7.3% (US\$) и 6.3% (€) for long-term loans
- The Company isn't planning to increase in its debt position in 2009

Receivables structure as of 31-Dec-08



Payables structure as of 31-Dec-08

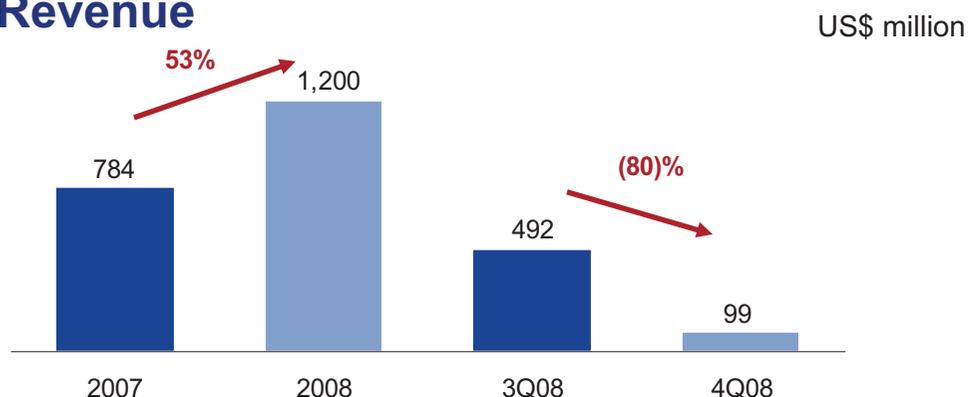


- As of 31 December 2008 receivables from metallurgical and coke plants were US\$128.4 million; as of 31 March 2009 they decreased by 13%
- Receivables/payables structure has not changed significantly since 31 December 2008
- The Company's payables are mainly accounted for by debt to suppliers of materials and imported equipment and to contractors with respect to capital construction projects; as of 31 December 2008 the amount of payables was US\$44.3 million
- Key equipment suppliers:
 - Joy Mining Machinery
 - Bucyrus DBT Europe GmbH
 - United Industrial Company MK
 - Anzheromash
 - Sibselmash
 - Vostochnaya Tekhnika
- In December 2008 – early 2009 the Company reached an agreement with its suppliers on the extension of the payment terms
- The Company regards potential litigation risks as minimal

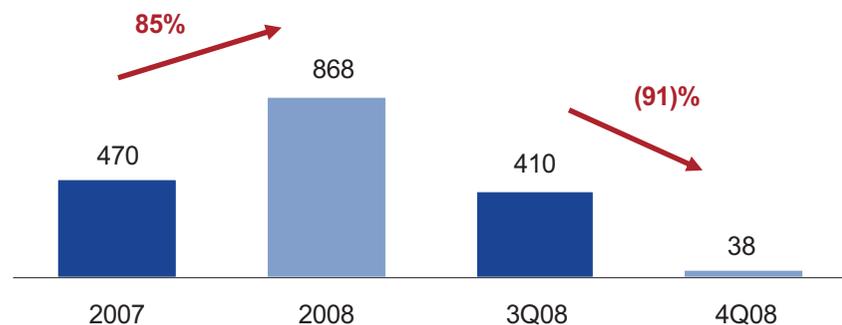
US\$ million	2008	2007	± 2008/2007	± % 2008/2007
Revenue	1,200	784	416	53%
<i>Growth, %</i>	53%	66%	(13)%	
EBITDA	868	470	398	85%
<i>Margin, %</i>	72%	60%	12%	
EBIT	685	355	330	93%
<i>Margin, %</i>	57%	45%	12%	
Net Income	531	240	291	121%
<i>Margin, %</i>	44%	31%	14%	
Balance sheet				
Total assets	1,761	1,726	35	2%
Total debt	351	347	4	1%
Net debt	165	265	(100)	(38)%
Shareholders' equity	1,179	1,064	115	11%
Cash flow statement				
Cash flow from operating activities	585	328	257	78%
Cash flow from investment activities	(405)	(160)	(245)	153%
Cash flow from financing activities	(176)	(139)	(37)	26%

- High financial performance in 2008 was achieved due to the company's efficient operations, industrial investments and growing weighted average price for coal concentrate

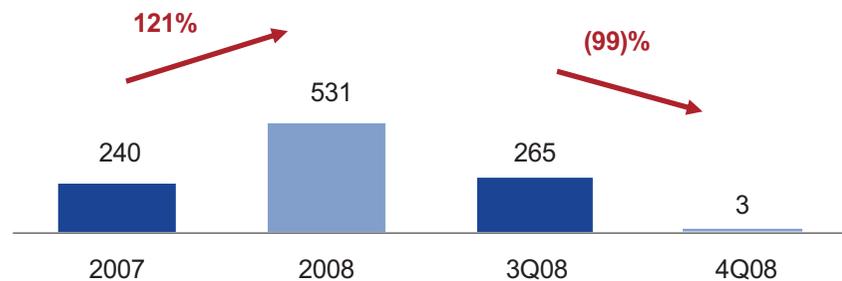
Revenue



EBITDA



Net income



- In 2008, revenue growth was 53% compared to 2007
- ✓ with 80% decrease in sales in 4Q2008 vs 3Q2008
- ✓ no coal export sales were effected in 4Q2008

- In 2008, coal concentrate weighted average price grew by 124% y-o-y
- ✓ while it decreased by 40% in 4Q2008 vs 3Q2008

- In 2008 coal concentrate sales dropped 20% compared to 2007
- ✓ with 63% fall in 4Q2008 vs 3Q2008

- 2008 EBITDA growth of 85% vs 2007

- Net profit increased by 121% in 2008 vs 2007

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