

OAO Raspadskaya – FY2010 IFRS Financial Results and 1Q2011 Preliminary Operating Results



Investor Presentation

13 April 2011



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Key Highlights, US\$m (unless stated otherwise)	2010	2009	Change, %
Coal Concentrate Sales Volume, kt ⁽¹⁾	5,613	7,734	-27%
Revenue	706	497	+42%
EBITDA⁽²⁾	338	255	+33%
Margin, %	48%	51%	
EBIT	227	180	+26%
Margin, %	32%	36%	
Net Profit	244	117	+109%
Adjusted Net Profit⁽³⁾	139	117	+19%

Source: Raspadsкая

(1) Coal concentrate sales volume contains raw coal sales volume restated in tonnes of coal concentrate at output ratio of 76.9% and 73.4% for 2010 and 2009, respectively

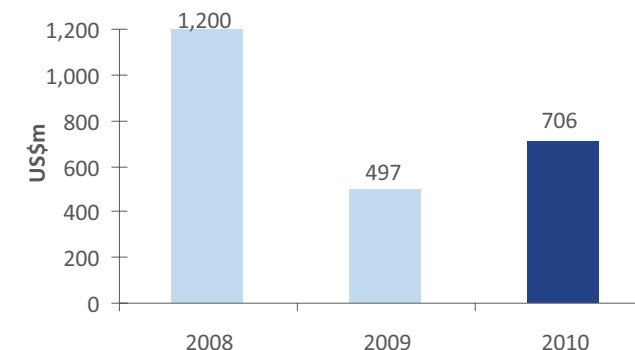
(2) EBITDA represents profit for the period before foreign exchange gains/(losses), change in bad debt allowance, depreciation, depletion and amortization, dividend income, interest income and expense, capitalized interest and income tax expense, extraordinary gain/loss

(3) Adjusted Net Profit represents Net Profit less US\$105m, which represent the excess of the provisional fair value of identifiable net assets of ZAO Koksovaya over the fair value of transferred consideration, recognized in the statement of comprehensive income in accordance with IFRS

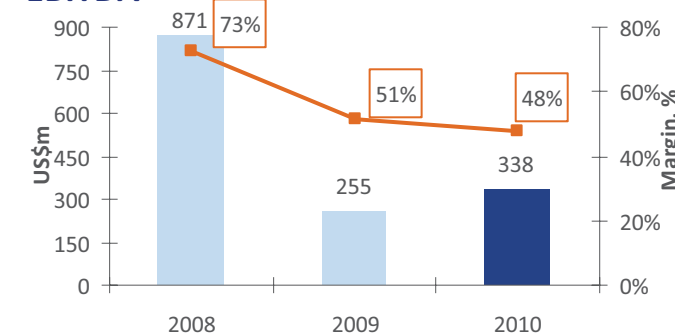
Company's performance in 2010 was significantly affected by the following factors:

- Accident at Raspadsкая mine in May 2010
- Increase of sales price of coal concentrate YoY
- Purchase of ZAO "Koksovaya" mine from Evraz in April 2010 – the enterprise that produces coking coal of K and KO grades

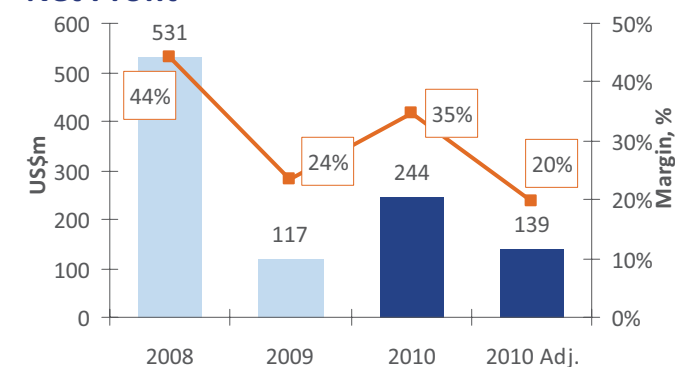
Revenue



EBITDA

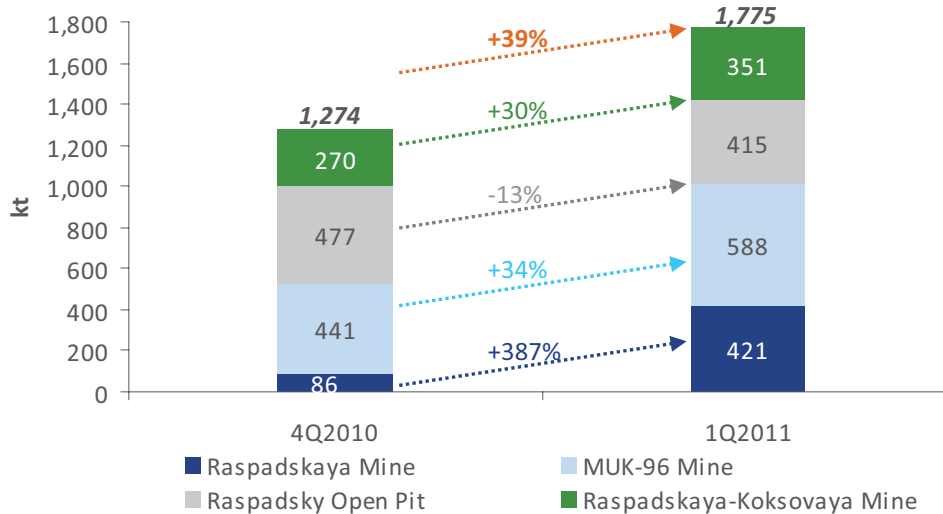


Net Profit



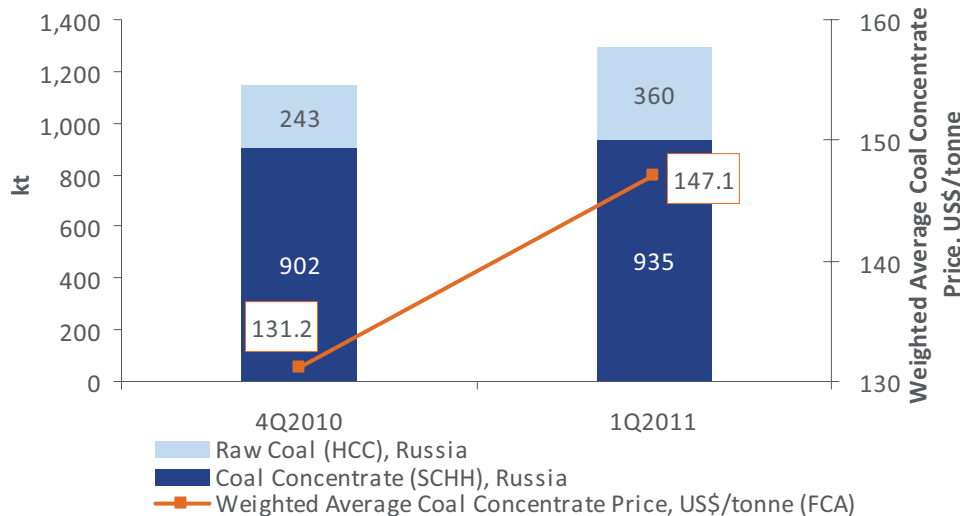
Source: Raspadsкая

Coal Production Volume



Source: Raspadskaya

Coal Sales Volume



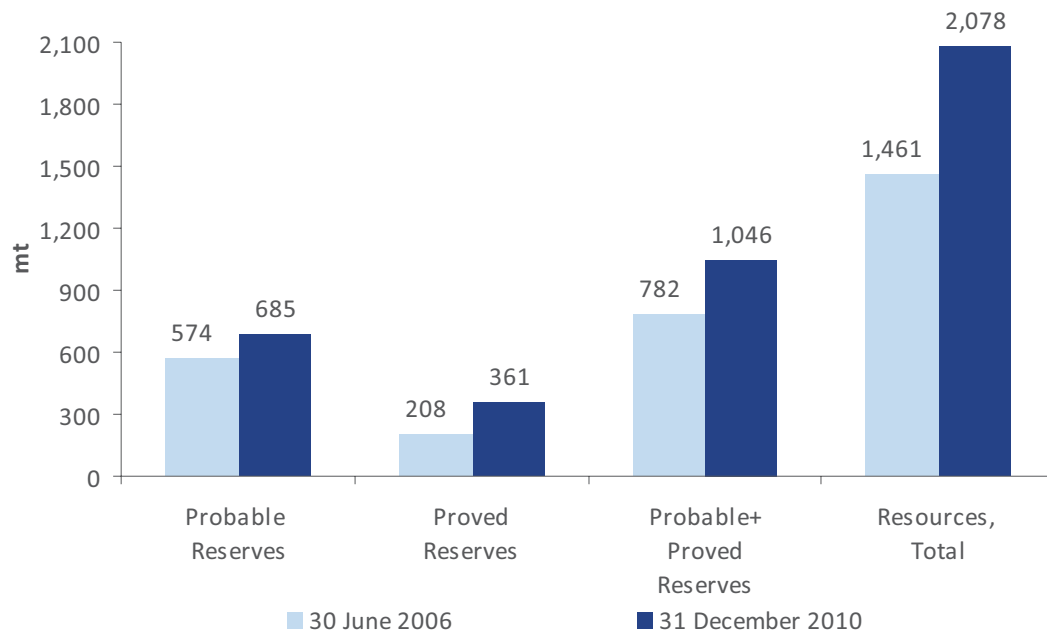
Source: Raspadskaya

- In 1Q2011, raw coal production volume increased by 39% QoQ mainly as a result of the re-opening of the first face after the accident at Raspadskaya Mine as well as growth of production volume at the Company's other mines.
- In 1Q2011, production volume at Raspadskaya Mine amounted to 421 kt, almost 100 kt more than earlier planned production volume of 320 kt.
- In 1Q2011, the 13% QoQ decrease of production volume at Raspadsky Open Pit was driven by the suspension of mining operations as a result of low temperatures in January-February 2011.
- In 1Q2011, hard coking coal production increased by 30% QoQ.
- In 1Q2011, coal concentrate sales volume of semi-hard coking coal grades increased by 4% QoQ and amounted to 935 kt.
- In 1Q2011, raw coal sales volume of hard coking coal grades surged by almost 50% QoQ and amounted to 360 kt.
- In 1Q2011, weighted average price of coal concentrate on FCA Mezhdurechensk basis increased by 12% QoQ to US\$147.1/tonne (increase by 7% in RUB terms to RUB 4,307/tonne).
- In January 2011, contract price of coal concentrate on FCA Mezhdurechensk basis remained at the level of 4Q2010 of US\$137.1/tonne¹ (RUB4,125/tonne). In February-March 2011, contract price rose by 9.1% in RUB terms and amounted to US\$156.0/tonne² (RUB4,500/tonne). Actual price was calculated as per quality characteristics of supplied coal products.
- The Company continues to sell its hard coking coal in a raw state. The price for this coal product is determined by conversion of coal concentrate price for this coal grade into the price for raw coal. The premium for quality of hard coking coal relative to semi-hard coking coal amounts to around 12%.

¹ Average US\$/RUB exchange rate for January 2011 amounted to RUB30.0855.

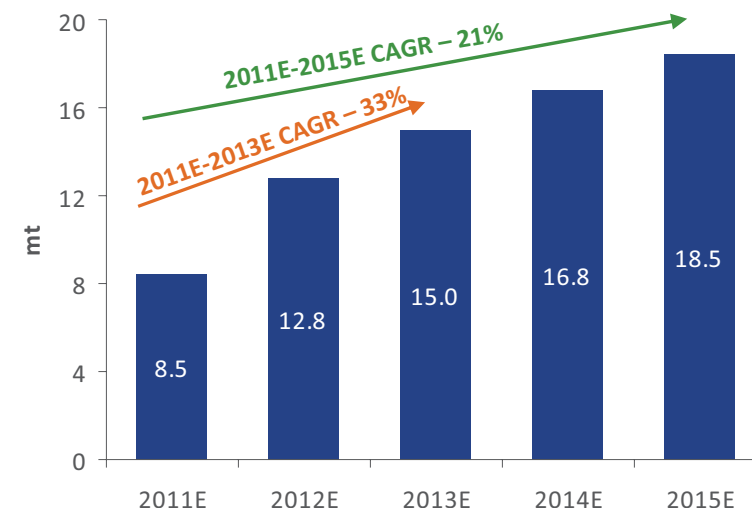
² Average US\$/RUB exchange rate for February-March 2011 amounted to RUB28.8412

JORC Resources and Reserves as of 31 December 2010



Source: IMC, Raspadsкая

Production Growth Outlook



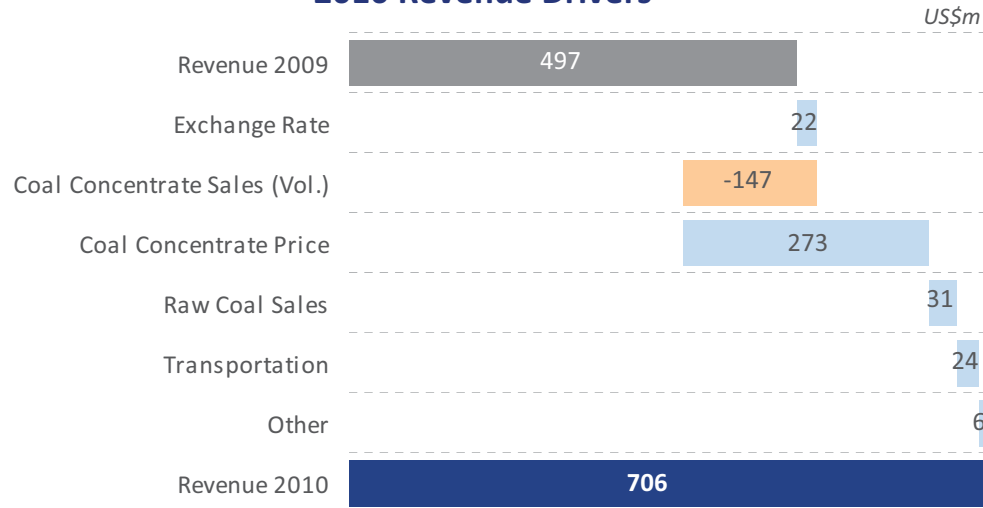
JORC Resources and Reserves by Enterprise

Enterprise	Reserves, mt			Resources, mt
	Probable	Proved	Probable+ Proved	
Raspadsкая Mine	426	191	617	1,258
MUK-96 Mine	111	57	168	305
Raspadsky Open Pit	73	60	133	139
Raspadsкая-Koksovaya Mine *	75	53	128	376
Total:	685	361	1,046	2,078

Source: IMC, Raspadsкая

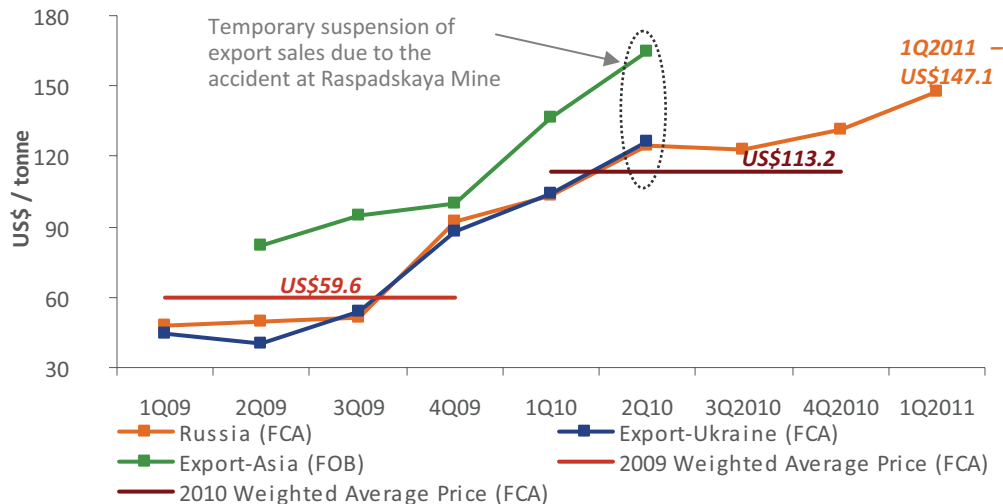
- In April 2011, IMC Montan (International Economic and Energy Consulting) evaluated the Company's coking coal reserves and resources in accordance with the requirements of the JORC Code as of 31 December 2010.
- Since 30 June 2006 (the date of previous evaluation) till 31 December 2010 the Company acquired the following mining licenses: Raspadsky IX-XI, Raspadsкая-3, Raspadsкая-4, Mine Field #2 (Koksovaya). Total **coking coal resources** amounted to **681mt**.
- In the period from 1 July 2006 to 31 December 2010 the Company extracted **46.2mt of coking coal**.

2010 Revenue Drivers



Source: Raspads kaya

Raspads kaya Coking Coal Price Dynamics



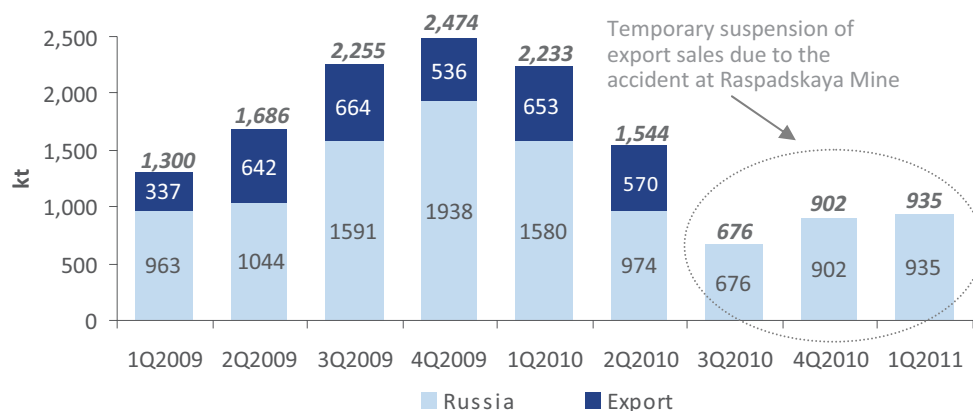
Source: RASPADSKAYA

- In 2010, despite a decrease of coal products sales volume by 27% YoY resulting from the accident at RASPADSKAYA Mine, the Revenue grew by 42% YoY mainly due to the increase of coking coal concentrate sales price both on domestic and international markets.
- The Company's weighted average price of coking coal concentrate on FCA Mezhdurechensk basis increased from a fairly low level of US\$59.6/tonne in 2009 to US\$113.2/tonne in 2010.

- In 1Q2011, weighted average price of coal concentrate on FCA Mezhdurechensk basis increased by 12% QoQ to US\$147.1/tonne (increase by 7% in RUB terms to RUB 4,307/tonne).
- At the beginning of April 2011, the Company completed 2Q2011 price settlements. Coal concentrate contract price for semi-hard coal grades on FCA Mezhdurechensk basis amounted to US\$172.9/tonne¹ (RUB4,930/tonne).

¹ US\$/RUB exchange rate as of 1 April 2011 of RUB28.5162.

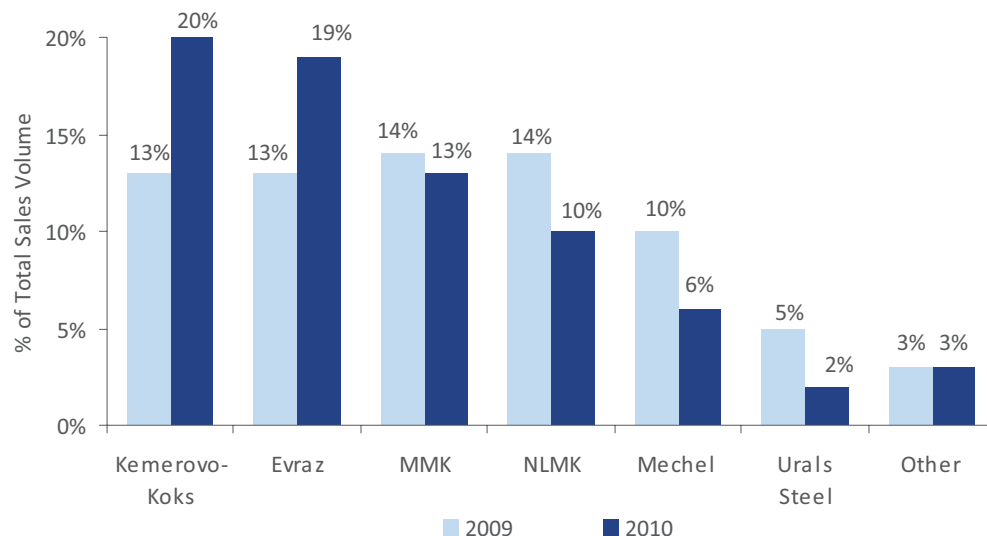
Raspadskaya Coal Concentrate Sales



Source: Raspadskaya

- The Company temporarily suspended export sales due to the accident at Raspadskaya Mine in May 2010.
- Increase of sales volume of coal concentrate in 4Q2010 by 33% compared to 3Q2010 and by 4% in 1Q2011 compared to 4Q2010 was mainly associated with the commencement of the first re-opened face after the accident at Raspadskaya Mine as well as with growth of production volume at other Company's mines.
- The Company sells hard coking coal in a raw state. In 1Q2011, raw coal sales volume of hard coking coal grades surged by almost 50% QoQ and amounted to 360 kt.
- Raspadskaya continues to operate in frames of long-term contracts with the key Russian consumers (negotiating supply volume and sales price on a quarterly basis) and in 2011, the Company initiated their extension.

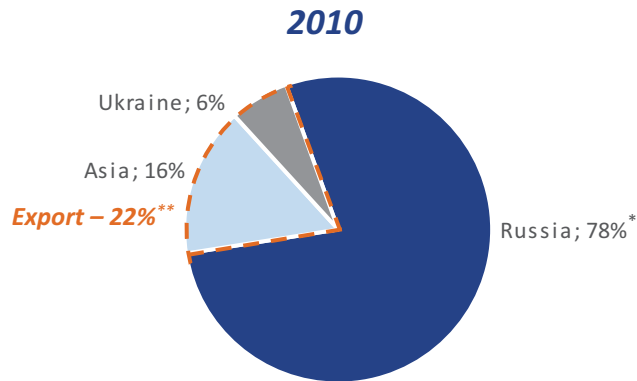
Major Russian Consumers of Raspadskaya Coal Concentrate



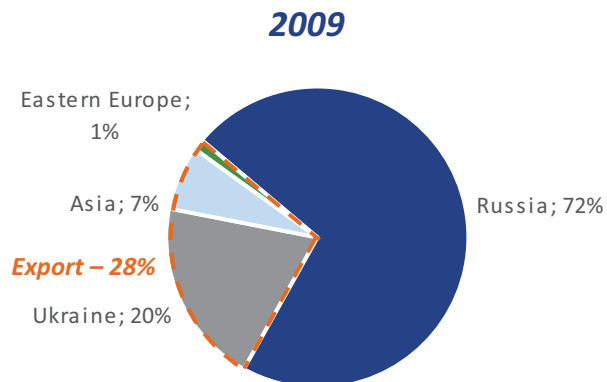
Source: Raspadskaya

- In 2010, share of sales volume to Raspadskaya's major Russian customers (Evraz, MMK, NLMK) remained almost flat YoY and amounted to 42% of total sales volume (41% in 2009).
- Before May 2010, the Company diversified its Russian client base. In particular, Raspadskaya supplied considerable volumes to such medium-consuming companies as Kemerovo-Koks, Mechel and Urals Steel (managing company Metalloinvest).
- In 2010, sales volume to Kemerovo-Koks increased by 12% YoY, thus making the company the largest Russian customer of Raspadskaya.
- After the accident at Raspadskaya Mine the Company concentrated on sales to Russian customers only – currently there are sales to eight Russian plants.

Raspadskaya Sales Geography



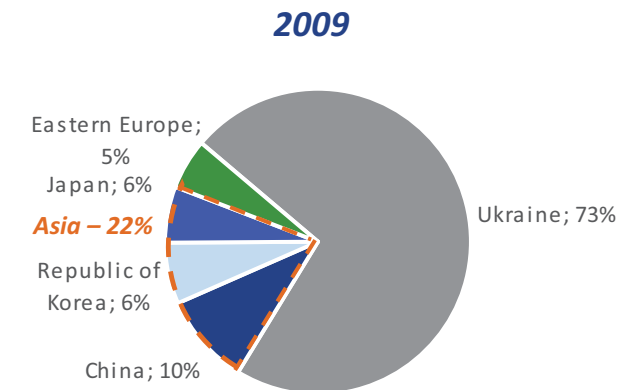
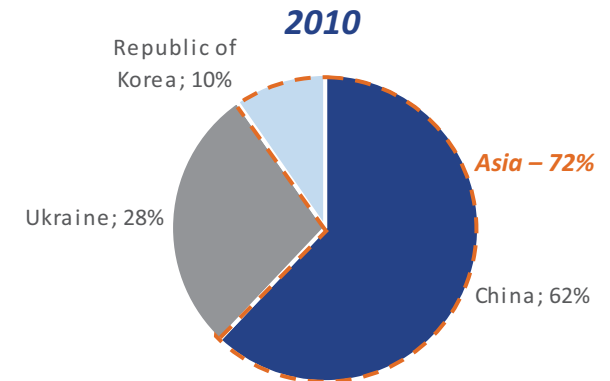
*Including raw coal sales on the domestic market restated in coal concentrate (5% of total sales volume)
**Temporary suspension of export sales due to the accident at Raspadskaya Mine in May 2010



Source: Raspadskaya

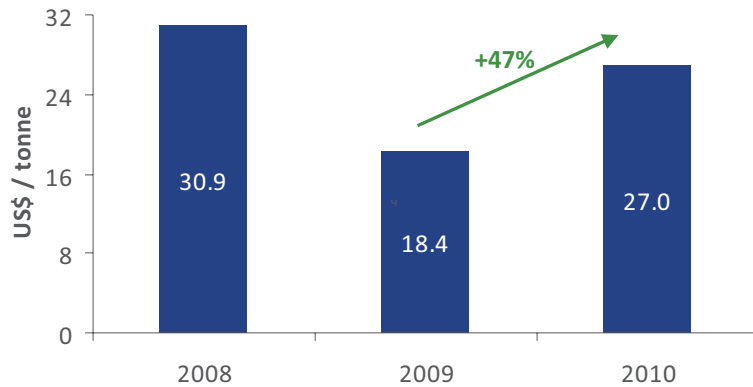
- Before May 2010, the Company diversified and expanded its export sales.
- The most important feature of the diversification was the move toward the Asian export market. Sales volume to Asian customers amounted to 72% and 22% of total export sales in 2010 and 2009 respectively.
- The Company intends to return to the Asian market because of its large growth potential and established relations with clients.
- In the medium-term, the Company expects to export not less than 35% of its total sales volume.
- A slowdown in the Ukrainian metallurgical industry was partially responsible for a 78% decrease in sales volume to the country.
- Starting May 2010, the Company started selling raw coal of K, KO grades (hard coking coal) extracted by Koksovaya mine which accounts for a sharp increase in the sales volume of raw coal.
- After the accident at Raspadskaya Mine in May 2010 the Company temporarily suspended export sales. As production volume increases the Company intends to supply customers on the domestic and international market.

Raspadskaya Export Sales



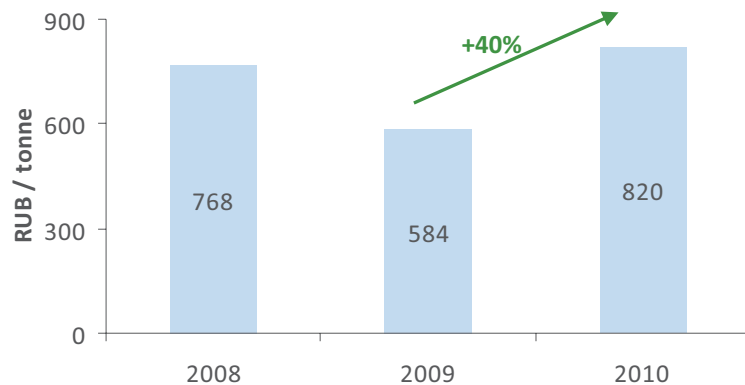
Source: Raspadskaya

**Cash Cost of Coal Concentrate Production,
US\$/tonne**



Source: Raspadskaya

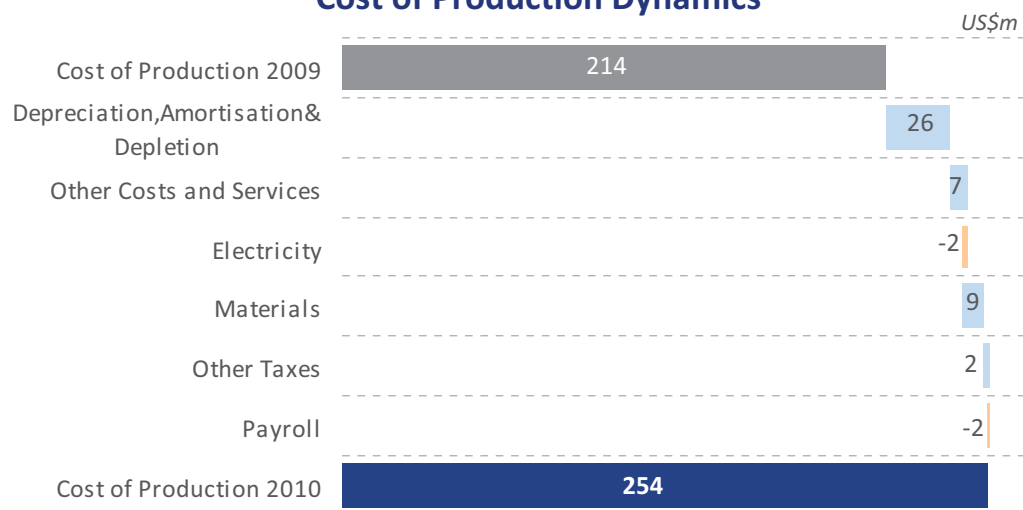
**Cash Cost of Coal Concentrate Production,
RUB/tonne**



Source: Raspadskaya

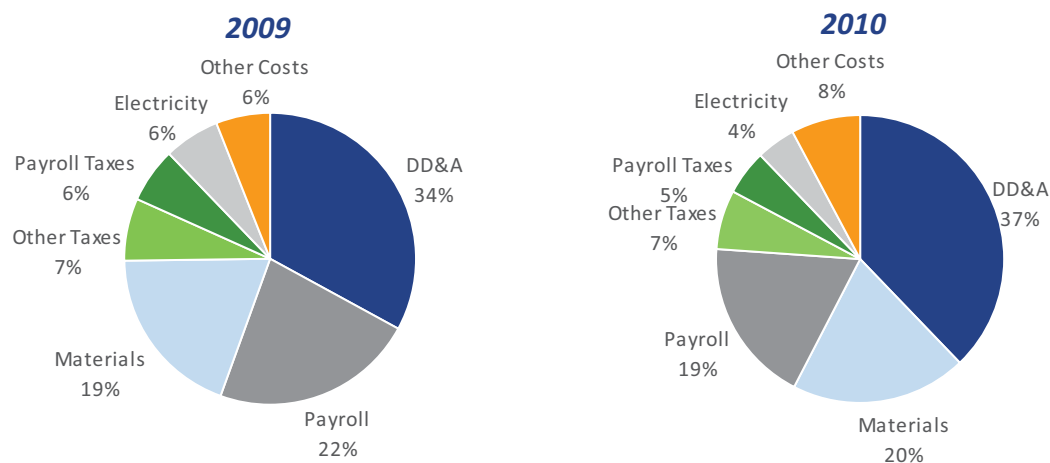
- In 2010, decrease in production volume had a double-edged effect on cash costs of production – it drove cash cost of coal concentrate production down, and cash cost per tonne of coal concentrate production – up.
- For the entire 2010, cash cost per tonne of coal concentrate increased YoY due to the following factors:
 - production volume decrease by 32% YoY as a result of the accident at Raspadskaya Mine in May 2010;
 - strengthening of RUB against US\$ by 4.3%;
 - growth of cost inflation;
 - growth of real wages.
- In 2011, cash cost per tonne of coal concentrate is expected to increase YoY as a result of the following factors:
 - recovery in the prime cost structure of fixed costs due to the start of production at Raspadskaya Mine, as in 2010 these fixed costs were attributed to other operating expenses;
 - increase of the effective rate of insurance premiums accrued to payroll;
 - inflation of costs.
- Starting 2012, the Company expects a decrease of cash cost due to production growth.

Cost of Production Dynamics



Source: Raspadsкая

Cost of Production Breakdown



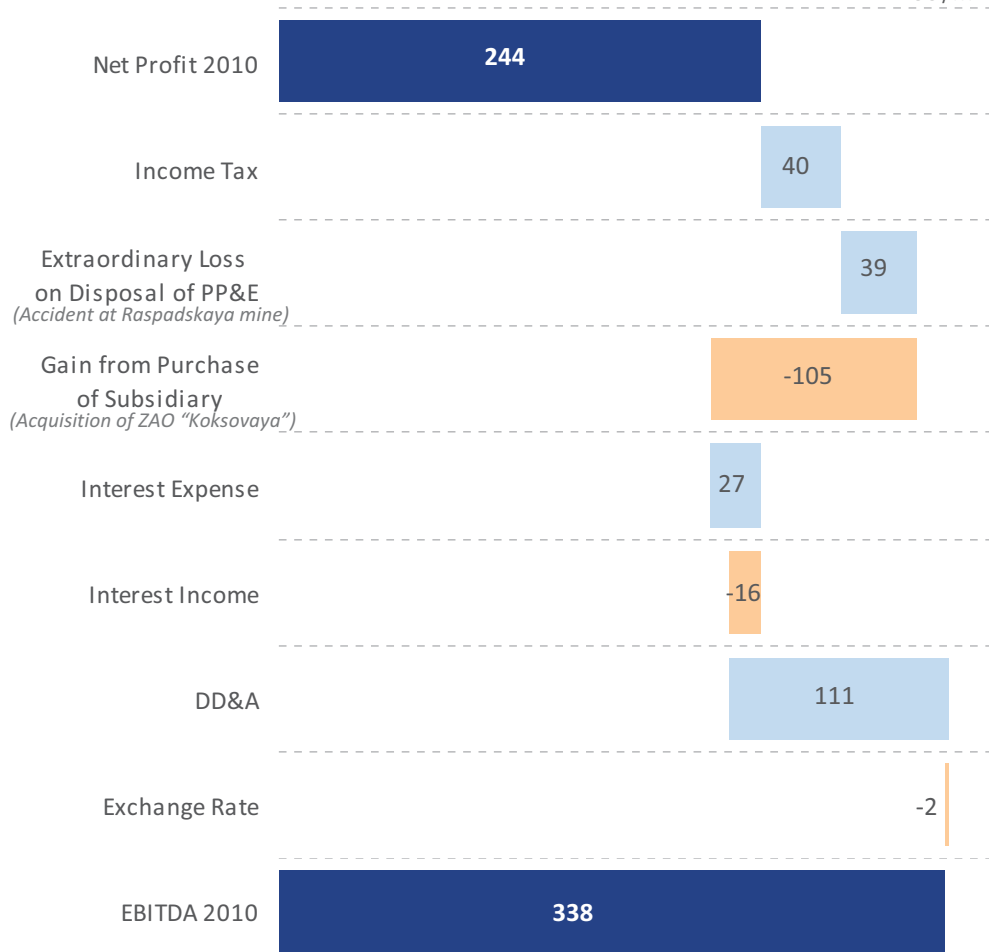
Source: Raspadsкая

In 2010, increase in cost of coal concentrate production amounted to 19% YoY (US\$40.8m) that was mainly driven by the following:

- Depreciation, depletion and amortization increased by 36% (US\$25.7 m) mainly because of:
 - review and changes in useful lives of some fixed assets;
 - acquisition of Koksovaya Mine.
- Increase in other costs by 58% YoY (US\$7.3m) was driven by:
 - growth of blast operations as a results of the increase of stripping works at Raspadsky Open Pit by 23%;
 - repairs of mining equipment of MUK-96 Mine;
 - repairs of property and mining equipment of Koksovaya Mine.
- Electricity costs decreased by 11% YoY (US\$1.4m) as a results of reduction in production volume.
- Increase in materials costs by 22% YoY (US\$8.9m) was mainly driven by the growth in:
 - stripping works;
 - repairs of mining equipment.
- Increase in other taxes by 11% YoY (US\$1.6m) was associated with the growth of land lease payments.
- Growth of payroll taxes by 1% (US\$0.2m) reflected an increase in the effective interest rate from 24% to 25%.
- Decrease in payroll costs by 3% YoY (US\$1.6m) was associated with the increase of the average RUB/US\$ exchange rate by 4%.

EBITDA Reconciliation

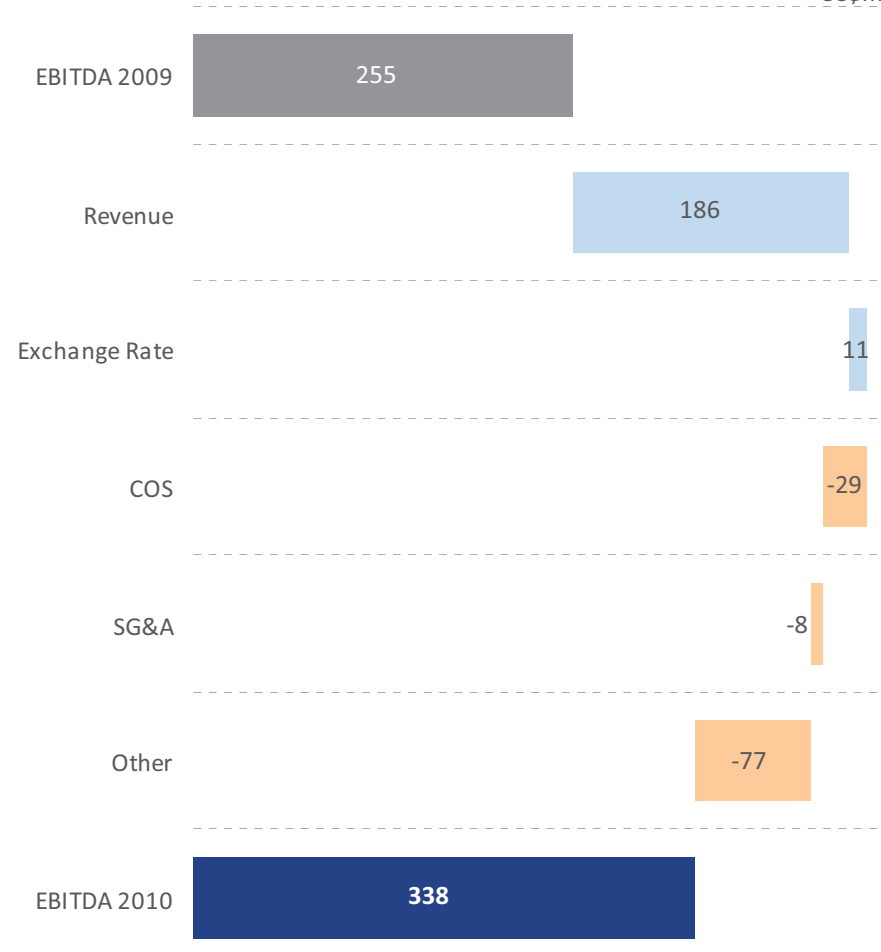
US\$m



Source: Raspadskaya

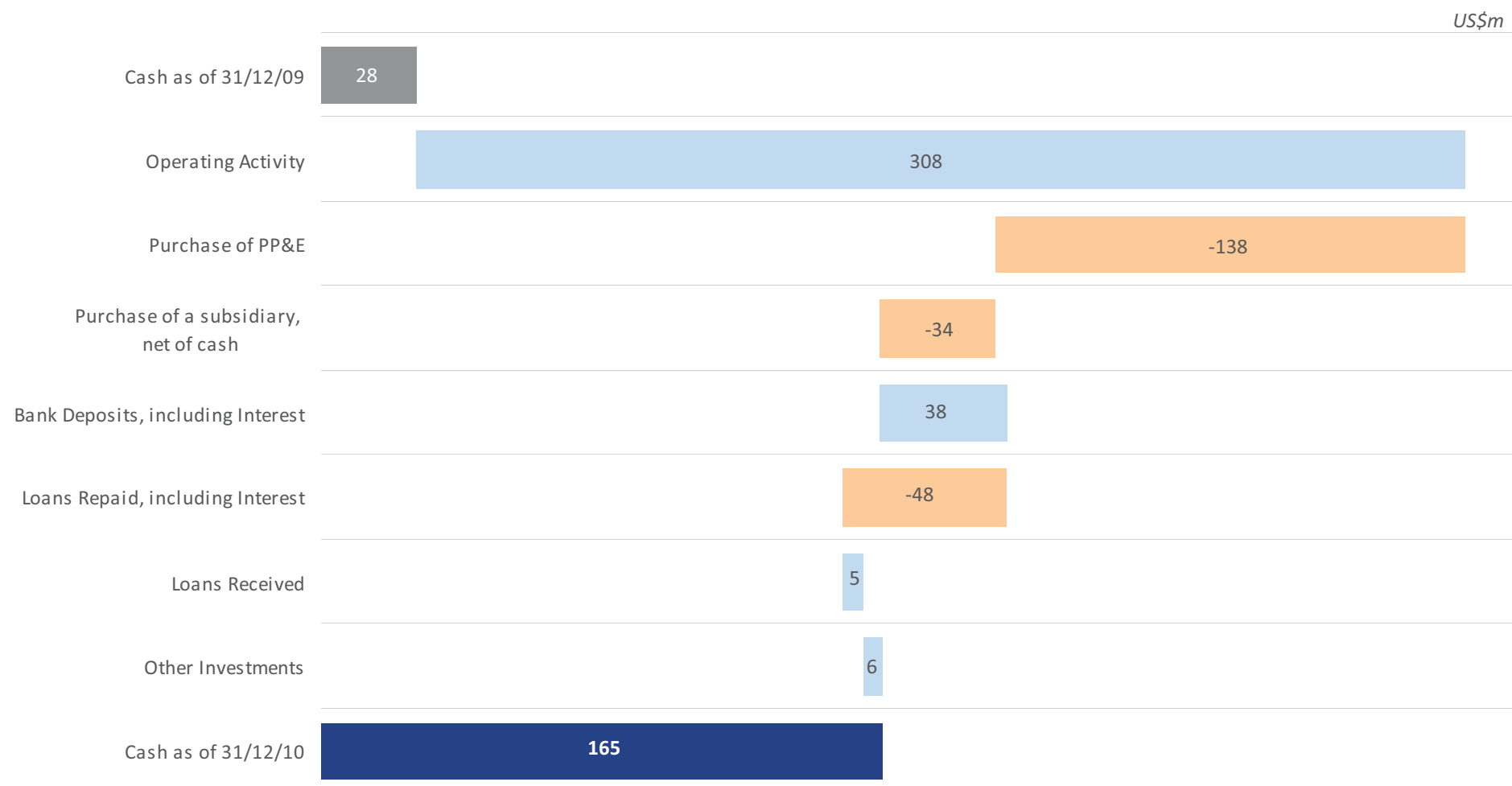
2010 EBITDA Drivers

US\$m



Source: Raspadskaya

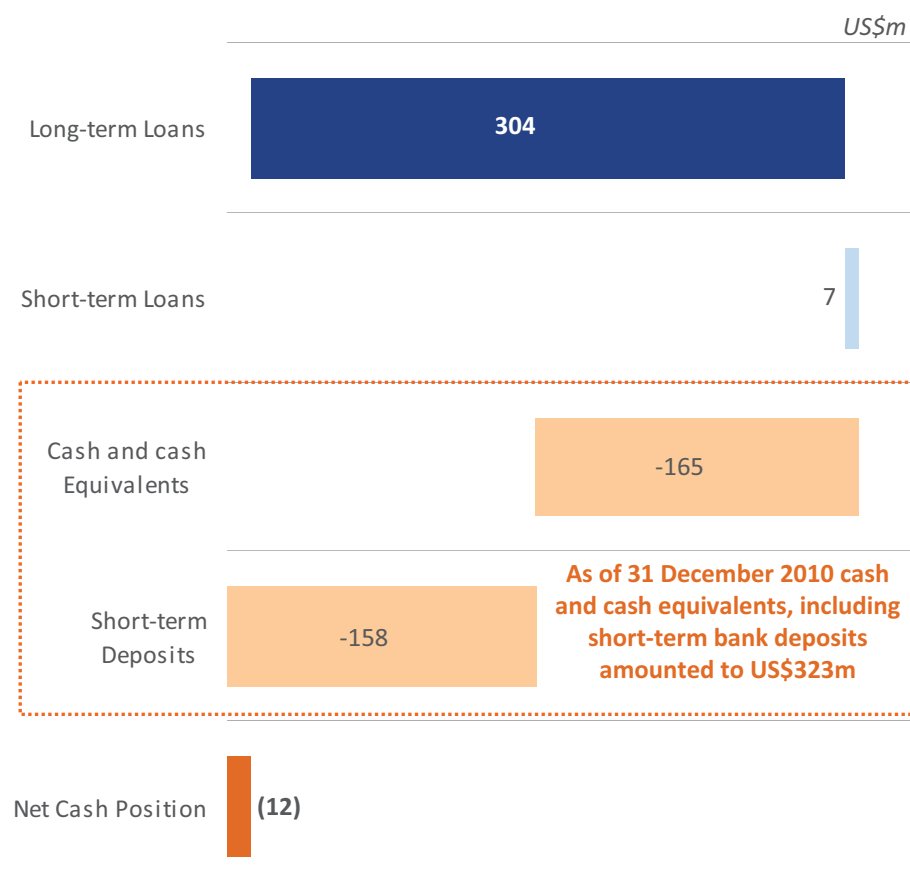
■ **2010 EBITDA margin amounted to 48%**



Source: Raspadskaya

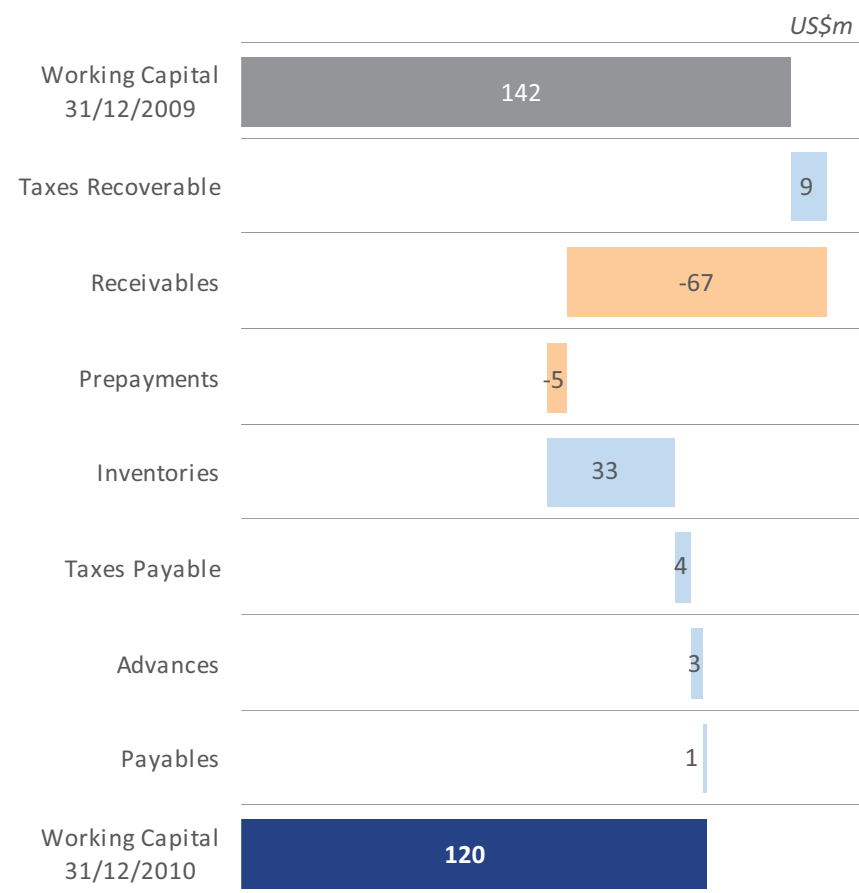
As of 31 December 2010 cash and cash equivalents, including short-term bank deposits amounted to US\$323m

Net Debt Reconciliation

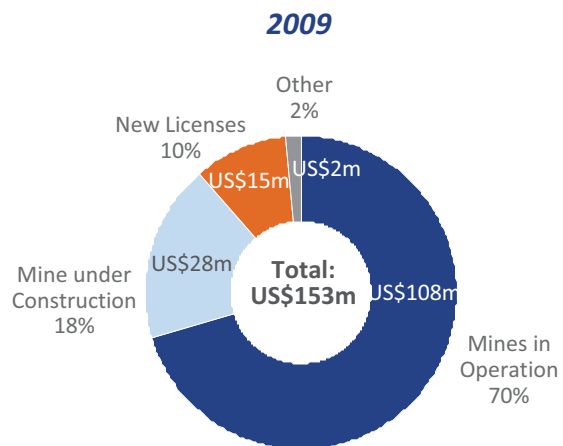
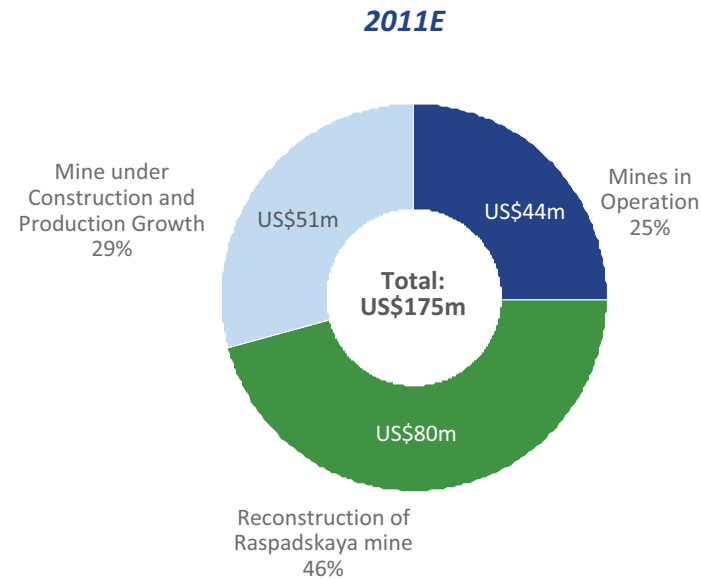
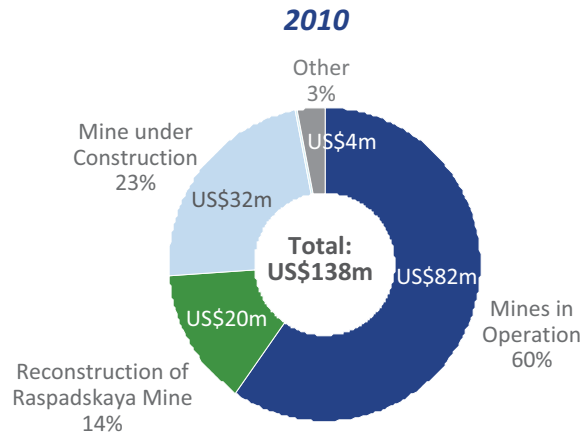


Source: Rospadskaya

Changes in Working Capital

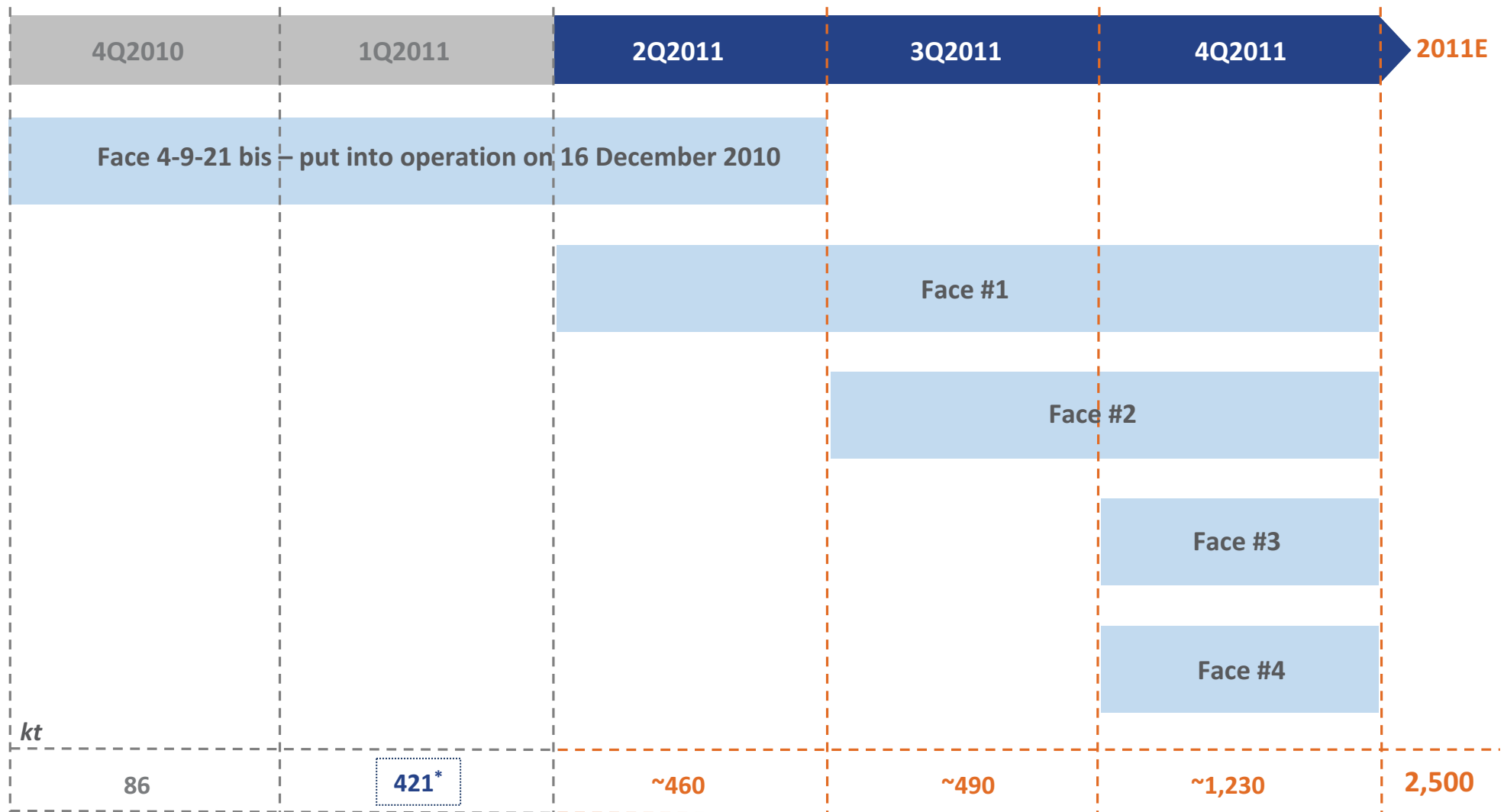


Source: Rospadskaya



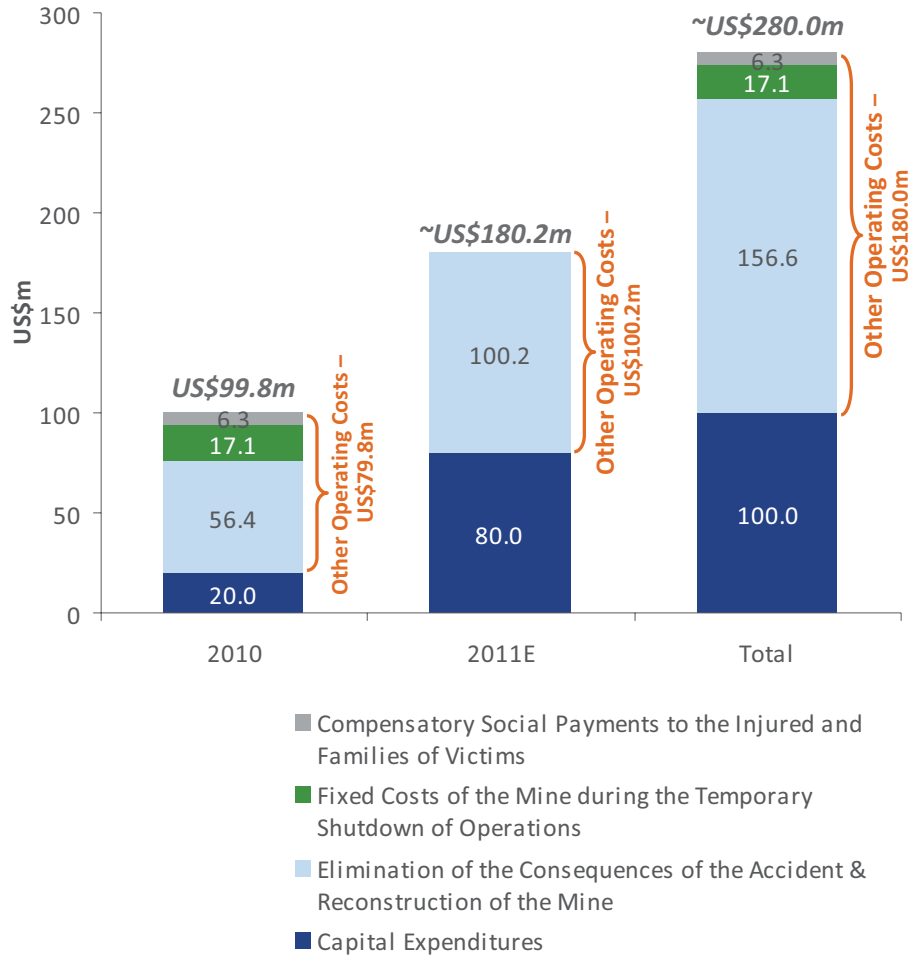
- In 2010, capital expenditures decreased mainly due to the growth of RUB/US\$ exchange rate by 4% YoY and lower expenditures on acquisition of mining licenses compared to 2009.
- In 2010, decrease in capital expenditures for mines in operations by 24% YoY was driven by the start of funding of Rospadskaya Mine reconstruction in the amount of US\$20.0m.

Source: Rospadskaya



* In 1Q2011, the excess of the actual production volume of 421 kt over the previously planned volume of 320 kt amounted to around 100 kt. Total production volume of the Mine for 2Q-4Q2011 and full 2010 is currently remaining unchanged.

Costs of Elimination of the Consequences of the Accident and Raspadskaya Mine Reconstruction, 2010-2011E



Source: Raspadskaya

- According to preliminary estimates, total costs of reconstruction of Raspadskaya Mine will amount to about US\$280m.
- Total costs include:
 - operating expenses;
 - capital investments.
- Compensatory social payments mainly represent one-off payments to the families of the victims (average annual salary, 3x the average monthly salary as well as RUB1m in accordance with the agreement with the Kemerovo region Administration) and to each dependent family member of the dead (average annual salary for the last three years).
- Costs of elimination of the consequences of the accident and reconstruction of the Mine represent the works of the rescue team, fire extinguishing and pumping out the water, reconstruction of mining and development faces, ventilation system, degassing and electricity, drilling works.
- Fixed costs of the Mine at the time of its temporary shutdown represent works associated with maintaining the enterprise in operating condition: works of additional sections, sterilisation of mine workings and repairs of property, plant and equipment, assembly and surveying works.
- Capital expenditures represent purchase of mining equipment and capital mining works.

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