Raspadskaya – Russia's Leader in Coking Coal

Investor Presentation

Merrill Lynch – Russia Metals & Mining Trip

Siberia, Mezhdurechensk, 29th July 2008

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Raspadskaya – Key Facts and Figures

- Coal production – 100% coking coal
  (semi-hard coking coal under international classification)
- JORC reserves — 782 million tonnes[(1)], resources — 1,461 million tonnes
- Long reserve life of over 55 years based on 2007 production of 13.6 mt

- Average number of employees – c. 7 500
- Production per underground underground mining employee – over 20,000 tppy (2007)

- 3 production sites and own transportation, shift sinking and servicing infrastructure
  - → 2 mines (5 longwall faces)
  - → 1 open-pit
  - → 1 mine under construction

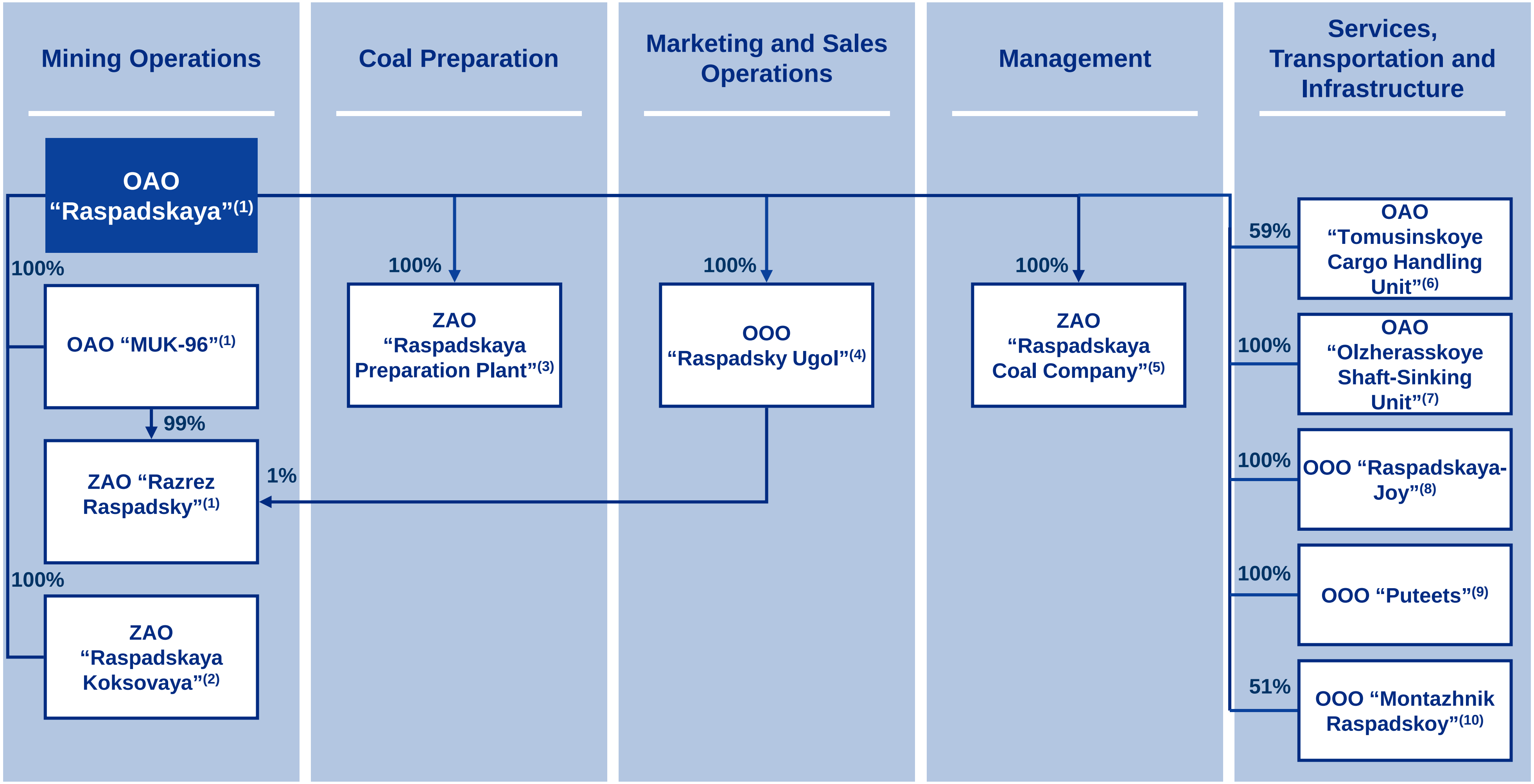
- Russian metallurgical and coking chemical plants accounts for c. 74 % of sales in 2007

2007 Sales	US$784 million	+67% Y-o-Y
2007 EBITDA	US$491 million	+89% Y-o-Y
2007 EBITDA margin	63%	+8% Y-o-Y

Notes:

(1) Proved and probable for semi-hard and hard coking coal, calculated on the international basis, IMC report as of 30 June 2006, of which 24,17 mt produced by 30 June 2008

Integrated Mining Platform Ensures Optimization of Business Operations



Note:

(1) Production of raw coal

(2) Production of raw coal (currently under construction)

(3) Preparation of raw coal

(4) Negotiates and executes coal supply contracts

(5) General management

(6) Coal transportation

(7) Construction of underground mine openings and creating vertical mine shafts, as of 25 June 2008 – the shares repurchase until 100% voting shares in accordance with the Federal Law "On Joint Stock companies"

(8) Preparation of new longwall faces for operations

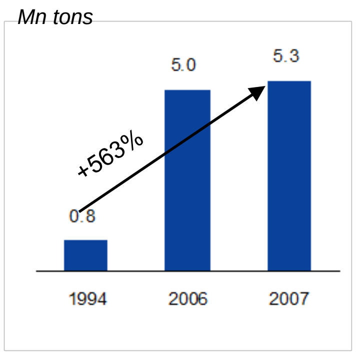
(9) Construction and maintenance of our railway facilities, as of 12 May 2008 – in the stage of restructurization

(10) Production of roof bolting, metal lattice and other spare parts for our mining operations

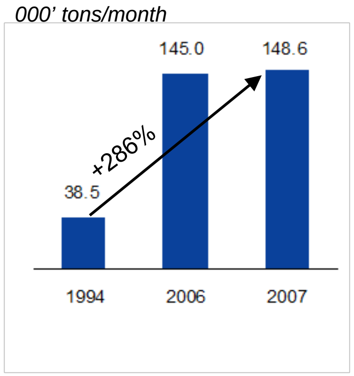
Successful Track Record of Management Achievements Increasing Productivity

- Optimal and highly efficient operations in 1994–2007 as evidenced by main Raspadskaya Mine example
  - Triple reduction in the number of longwall faces
  - 6-fold increase in extraction pillar reserves
  - Nearly 4-fold growth in face load
  - More than 4-fold increase in labor productivity rates
- Care for personnel and business sustainability
  - Enhanced labor safety as proven by 4-fold reduction in work related injuries
  - No strike record

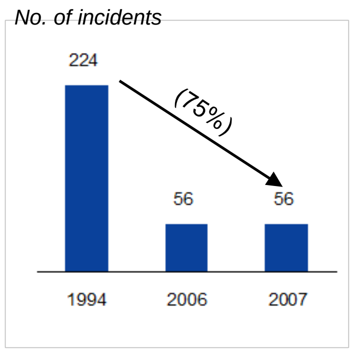
Extraction pillar reserves



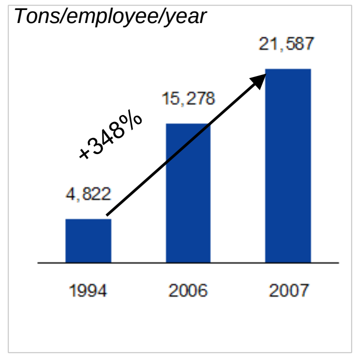
Face load



Injuries



Labor productivity



Note: Data only for Raspadskaya Mine for comparison consistency

Source: Raspadskaya

Raspadskaya – Key Investment Highlights

Russian leading coking coal producer	■ Largest high quality coking coal reserves in Russia ■ One of the largest producers of coking coal in Russia ■ Top-five producer of coking coal in the world in 2007
Efficiency	■ Low cash cost of concentrate production ■ Labor productivity on par with global peers ■ Compact integrated operating complex employing modern highly-productive equipment
Professional management	■ Optimal and highly efficient production ■ Continued focus on safety procedures ■ Experienced management – proved by efficient operation track record
Strong financial performance	■ Profit before income taxes of US$329m or 42% of Sales ■ Growth in EBITDA margin to 63% in 2007 from 55% in 2006 ■ Net profit up to US$240m in 2007 from US$112m in 2006
Growth potential	■ Targeted production volume is 17m tonnes of coking coal (semi-hard and hard coking coal) ■ Growth of market share in Ukraine and Eastern Europe ■ Access to rapidly growing Asian markets ■ Potential to increase reserves and resources
Sound financial policies	■ Effective Net Debt / EBITDA of 0,5x in 2007 while maximum allowable Net Debt / EBITDA is 3x ■ Dividend payout ratio not less than 25% of IFRS Net income

Corporate Governance and Board of Directors

Board of Directors

Alexander Vagin
Chairman

Gennady Kozovoy
CEO

Ilya Lifshits
Management Representative

Alexander Abramov
Representative of Evraz Group S.A.

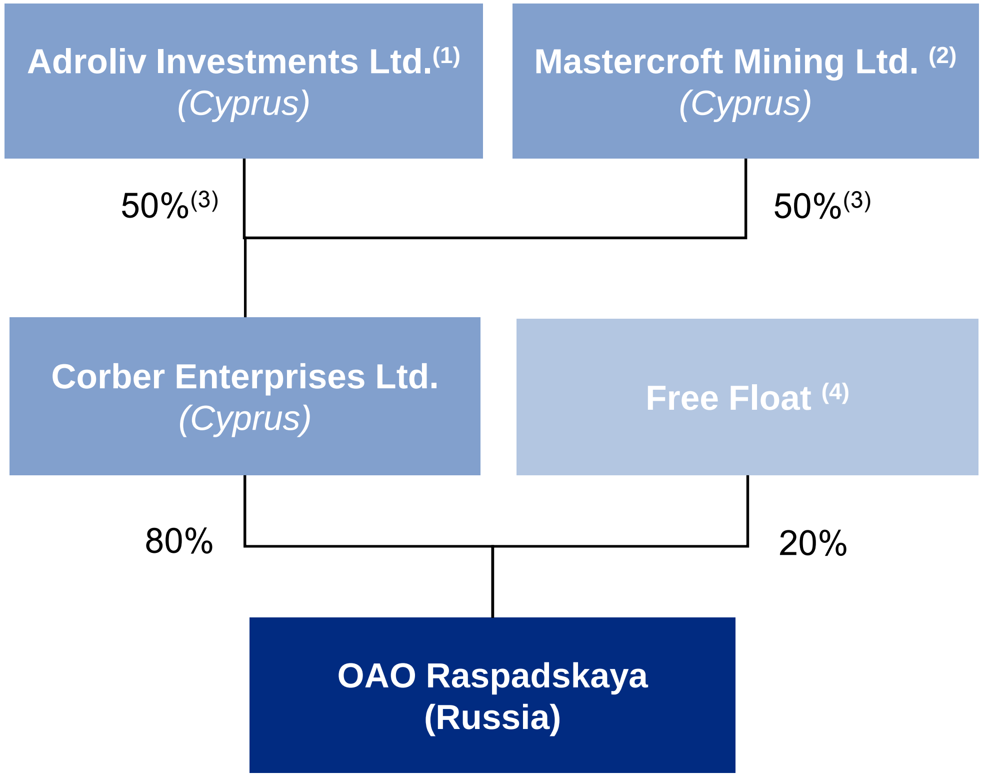
Geoffrey Townsend
Independent Director
Audit committee Chairman

Alexander Frolov
Representative of Evraz Group S.A.

Christian Schaffalitzky
Independent Director

- Sound corporate governance at Raspadskaya
  - Transparent ownership and shareholding structure
  - Full disclosure of corporate information in accordance with the Russian legislation
  - Transactions with related parties effected at arm's length basis
  - Audited IFRS financials since 2003 (Ernst & Young)
- Transition to global corporate governance standards
  - Audit of coal reserves in accordance with JORC Code by IMC Montan as of 30 June 2006
  - Board of Directors' Audit committee
  - Two independent directors present on the Board
  - Internal Control Committee being formed
  - General shareholders meeting on June 2, 2008 re-elected Board of Directors members nominated

Transparent Ownership Structure and Strategic Relations with Evraz



Notes:

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

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

(3) % of voting shares

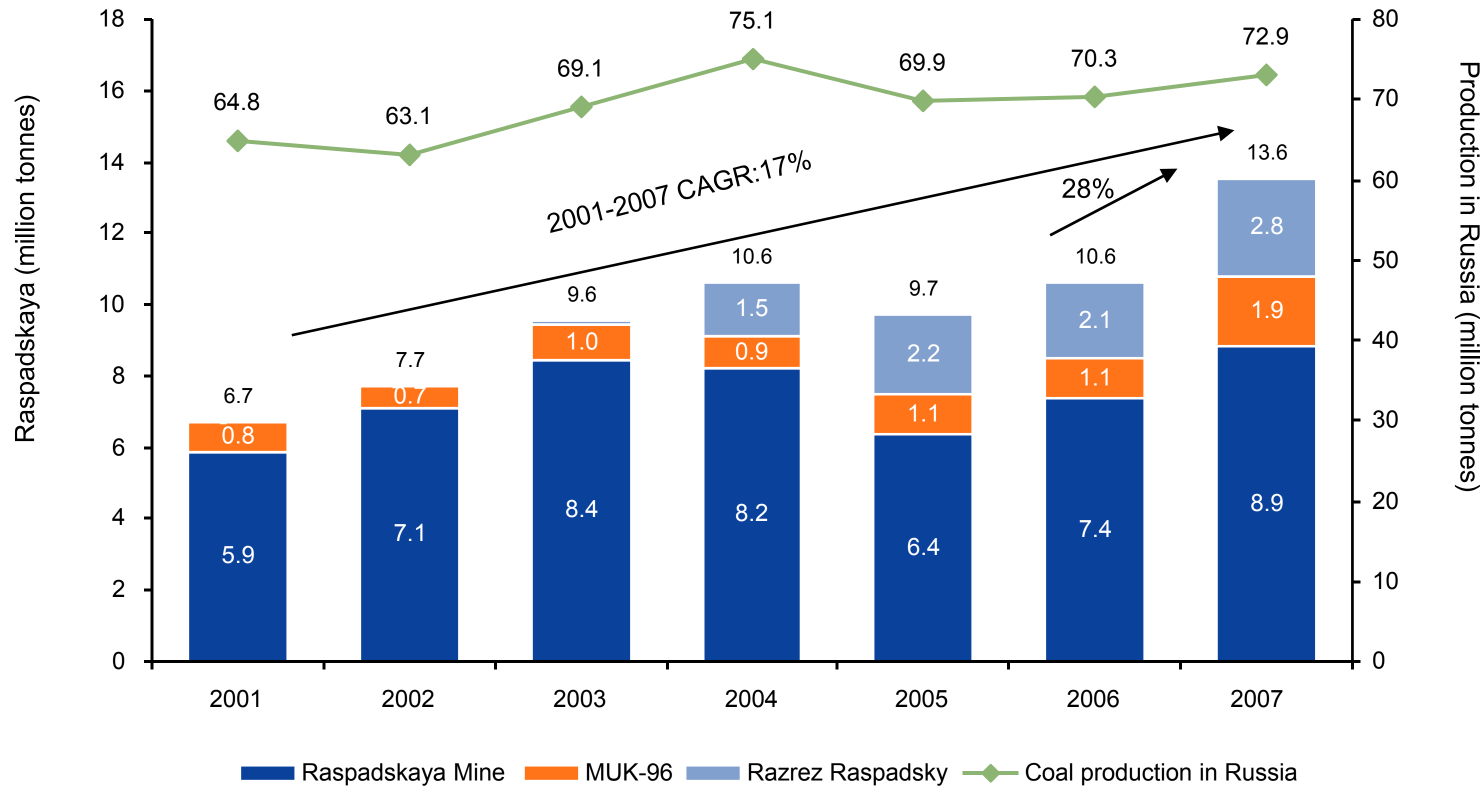
(4) Include 18% placed during IPO in Nov. 2006 and 2% owned by employees, former employees and their families

Source: Raspadskaya

- Shareholders' agreement at ownership company Corber provides for the following:
  - Unanimous adoption of resolutions on major strategic issues
  - Adroliv appoints CEO and First Deputy CEO of Raspadskaya
- Corporate governance executed in accordance to best international standards
- Long-term partnership with Evraz
  - Transactions effected at arm's length basis
  - Long-term 5-year supply contract for the period of 2007-2011 for Russian plants and supply to new plants in Ukraine from 1Q 2008
  - Evraz Group accounted for 16.3% of Raspadskaya's total sales volumes in 2007
  - Raspadskaya accounted for 18.5% of total coal concentrate supplies to Evraz Group in 2007 (for 32% of by the Urals plant NTMK, for 29% of by the Siberian plant NKMK)

High-quality Reserves and Strong Production

- Favourable mining and geological conditions: Forceful continuous seams (1.5 to 5 m) with flat dip <10º allows for use of productive equipment allowing for efficient mining
- Coal output CAGR at Raspadskaya in 2001-2006 was 12.5% in comparison with Russia's CAGR of just 2%
- 27.7% growth of production at Raspadskaya in 2007 vs. 3.5 % of Russian coal industry
- Raspadskaya's share of total coking coal output in Russia has grown from 10% in 2001 to 14 -19% (15% in 2006, 19% in 2007, 14% in 1H 2008)

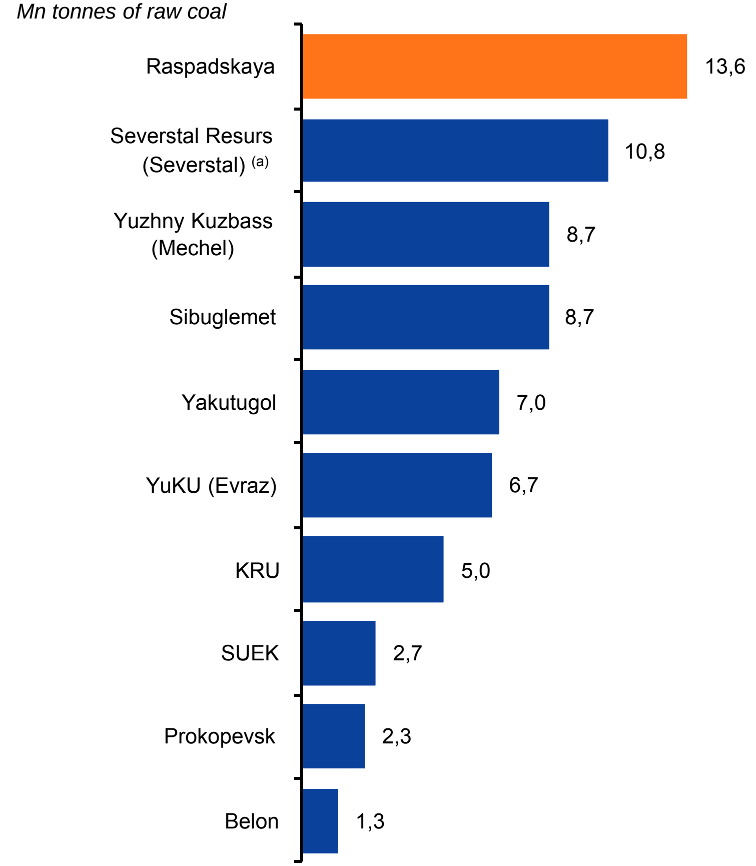


Source: Rosinformugol, Raspadskaya

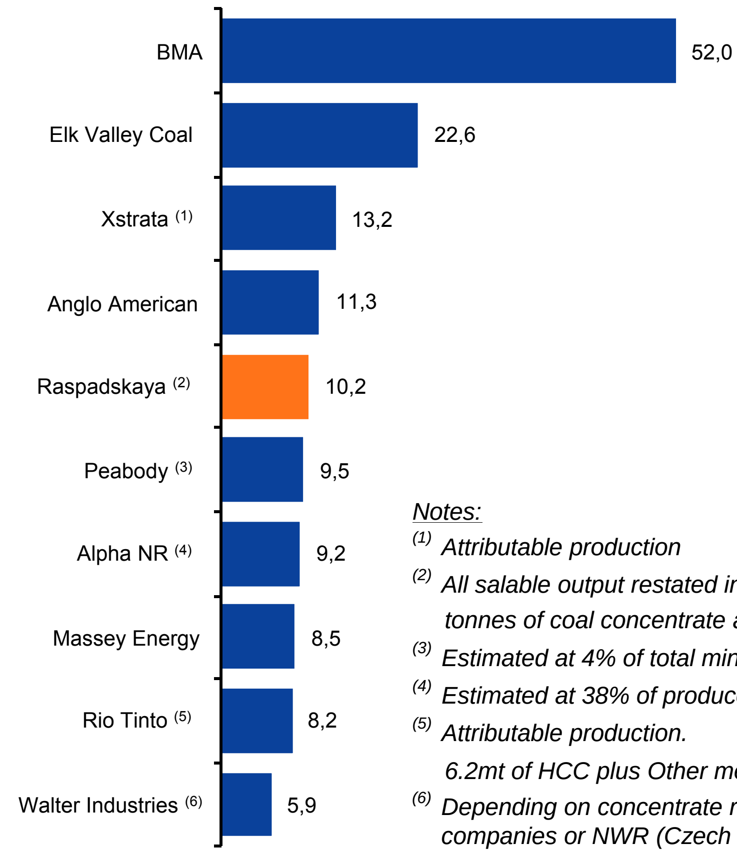
Leading Producer of Coking Coal

- Leading coking coal producer in Russia in 2007 and 1H 2008 and among top five globally by volume in 2007

Largest Russian coking coal producers (2007)



Largest companies producing coking coal concentrate globally (2007)



Notes:

(1) Attributable production

(2) All salable output restated in tonnes of coal concentrate at 75.6% yield

(3) Estimated at 4% of total mining sales

(4) Estimated at 38% of produced and processed coal

(5) Attributable production. 6.2mt of HCC plus Other met coal estimated

(6) Depending on concentrate ratio one of top tier Russian companies or NWR (Czech Republic) can be at this level

Source: Companies' data

Notes:

(a) Severstal Resurs: included Vorkutaugol and Kuzbassugol. In 1Q2008 Kuzbassugol sold to ArcelorMittal

Source: CDU TEK form UDP-3.10

Russian Coking Coal Landscape

- Top 5 coking coal producers have a.70% of the market.
- Steel makers’ track record in coking coal remains mixed:

☑ Mechel bought remaining 75% of Yakut-Ugol

☑ Evraz acquired remaining 50% in Yuzhkuzbassugol

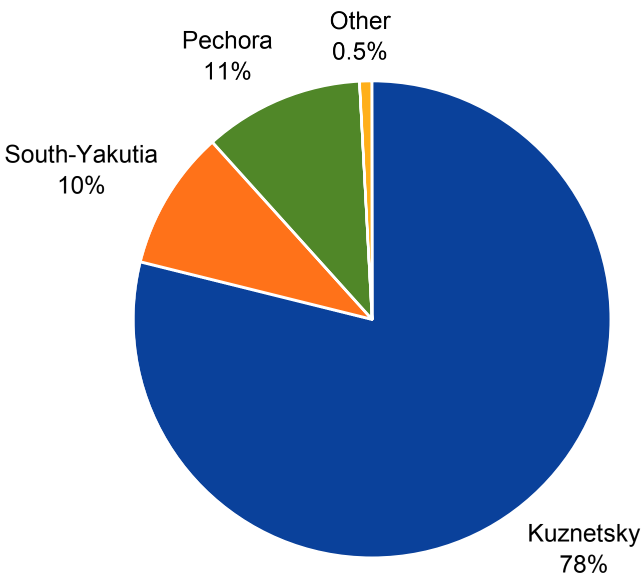
☑ MMK bought 41.3% stake in Belon according to its shareholder’ option

☒ Kuzbass-Ugol sold by Severstal

☒ Prokopyevsk-Ugol sold by NLMK

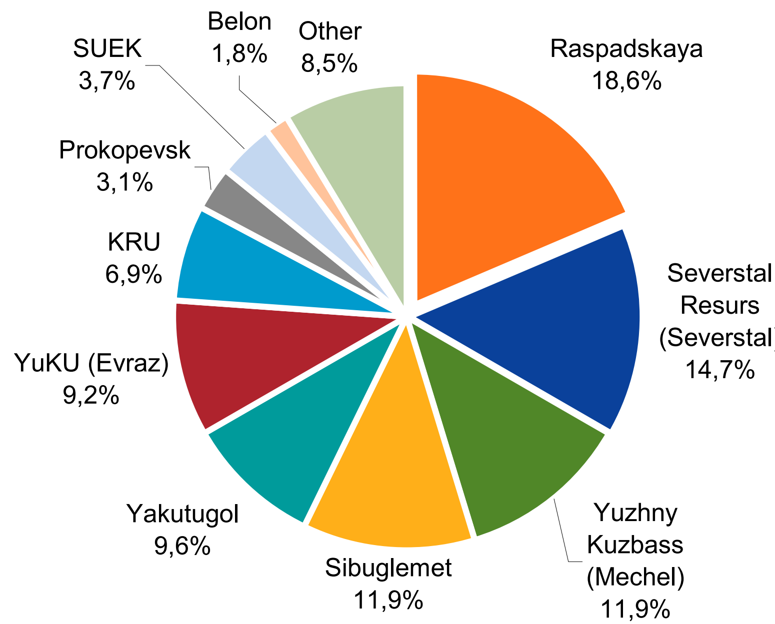
☒ Neryungri-Ugol (Denisovskaya mine) sold by Evraz Group

Russian coking coal production, by location (2007)



Source: Rosinformugol

Russian coking coal production, by company (2007)



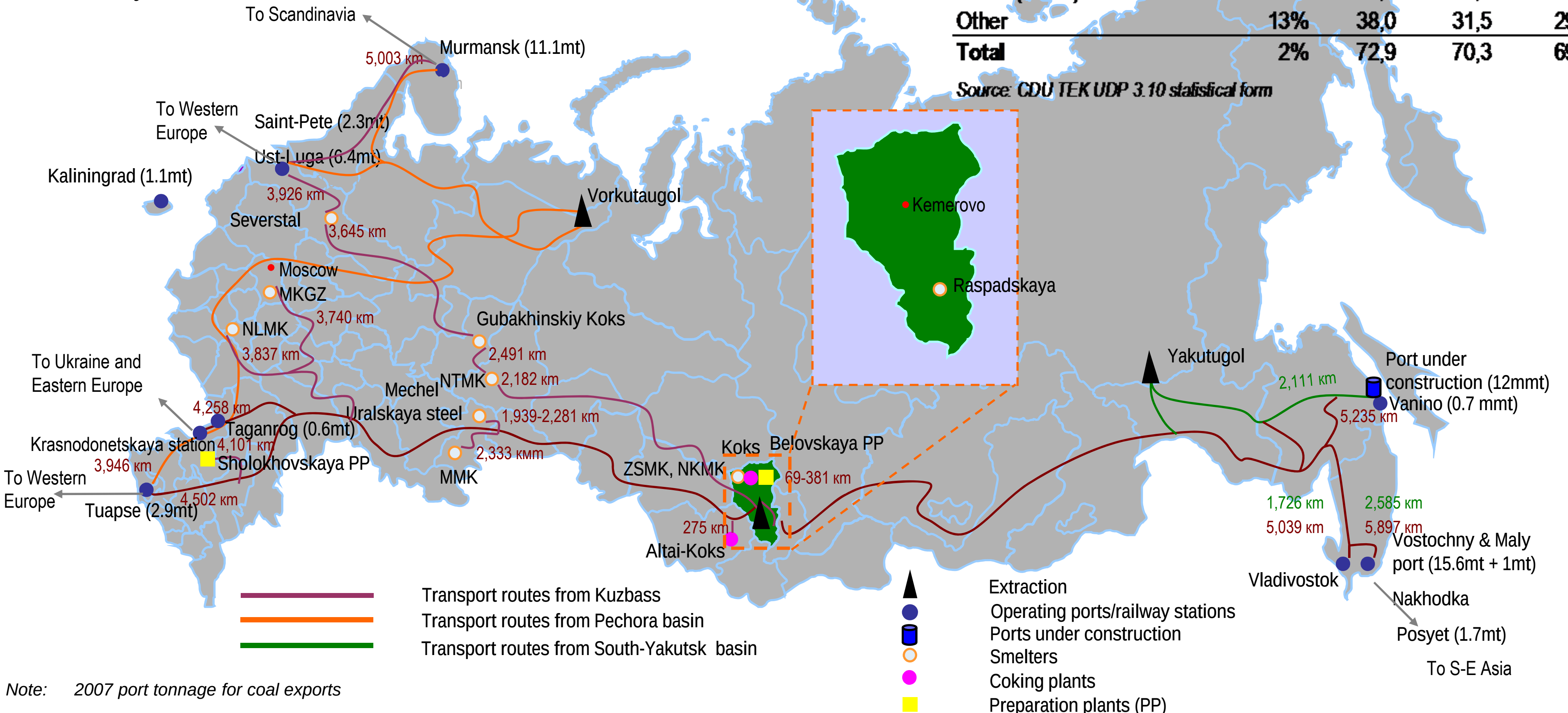
Source: Rosinformugol

Russian Coking Coal Landscape (cont'd)

- Russia has 3nd largest coking coal reserves globally (after US and China) and Kuznetsk basin accounts for ca. 80% of total Russian coking coal output
- Raspadskaya relies on railways rather than on sea-borne transportation (98% vs. 2% of sales by volume in 2007)
- Supplies are mostly on FCA terms, i.e. customers absorb railway tariff

Largest Russian coking coal producers	'05-'07 % CAGR	Production, mtpa 2007	2006	2005
Raspadskaya	18%	13,6	10,6	9,7
Yakutugol	18%	7,0	5,4	5,0
Severstal Resurs (Severstal)	4%	10,8	10,2	10,0
Sibuglement	3%	8,7	8,2	8,3
Yuzhnyi Kuzbass (Mechel)	0%	8,7	9,7	8,7
YuKU (Evraz)	-28%	6,7	10,7	13,0
Other	13%	38,0	31,5	29,9
Total	**2%**	**72,9**	**70,3**	**69,9**

Source: CDU TEK UDP 3.10 statistical form



Note: 2007 port tonnage for coal exports

Source: Raspadskaya, System «Railway tariff», Argus Russian Coal, The McCloskey Group

Strong, Long-Standing Relations and Diversified Customer Base

- Russia accounts for 70 to 80% of Raspadskaya's total sales by volume (80% in 2006, 74% in 2007, 70% in 1Q 2008) because of
  - ✓ convenient railway infrastructure, preserving quality of products, positive market dynamics ensuring good prices for end products and long-term historical relationships with key customers
- 6 major Russian steel and coking chemical plants controlled by MMK, Evraz Group(2) and NLMK(3) accounted together for 53% of our sales by volume in 2007
- Raspadskaya's market position in Ukraine is historically strong and Ukraine is considered to be the most important export market (4)
- ArcelorMittal's Romanian plant was the largest non-CIS customer with 6.8% of total sales in 2007.

  In 1Q 2008, Raspadskaya started supplies to ArcelorMittal plant in Ukraine (Kryvyi Rig)
- Asia (5) accounted for 2% of total sales in 2007
- Marketing strategy towards long-term and mid-term supply contracts with the key customers

	MMK			EVRAZ GROUP			NLMK			UKRAINE		
	2005	2006	2007	2005	2006	2007	2005	2006	2007	2005	2006	2007
Steel Production Volume, mn tonnes	11.4	12.4	13.2	13.9	14.4	14.1	8.5	9.1	9.0	39.3	40.9	42.8
Raspadskaya Sales, mn tonnes	1.59	2.13	2.18	1.81	1.32	1.65	0.37	1.00	1.50	1.49	1.17	1.47
as a % of Total	23%	27%	21%	28%	17%	16%	4%	13%	15%	21%	15%	14%
Share of RASP in overall consumption of concentrate / in Russian exports to Ukraine	21%	30%	30%	19%	13%	19%	6%	10%	15%	24%	18%	23%

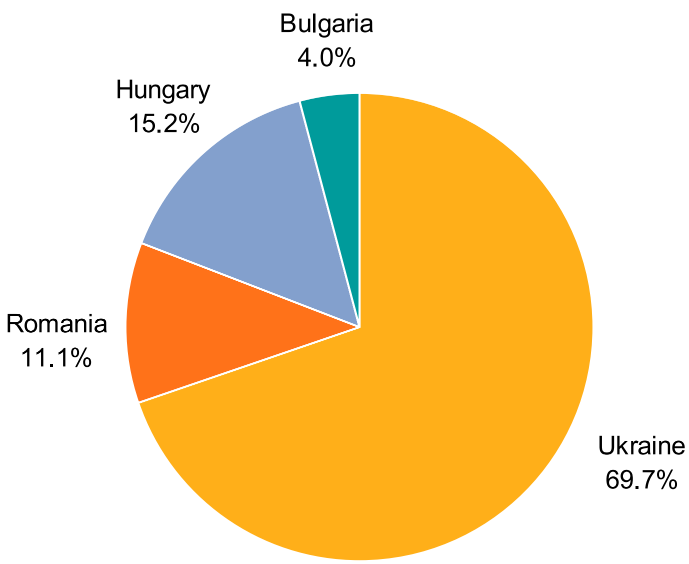
Notes:
1) Rounded and calculated for the coal concentrate, raw coal sales restated into concentrate
2) Sales to Evraz Group in 2006 and 2007 include supplies to NTMK, ZapSib and NKMK
3) Sales to NLMK in 2006 and 2007 include supplies to Altai-Koks
4) Sales to Ukraine in 2005-2007 don't include Evraz and ArselorMittal assets in Ukraine
5) Sales to Asia include Japan, South Korea and China

Source: Raspadskaya, Companies' data, Rasmin, Metal-Kurier

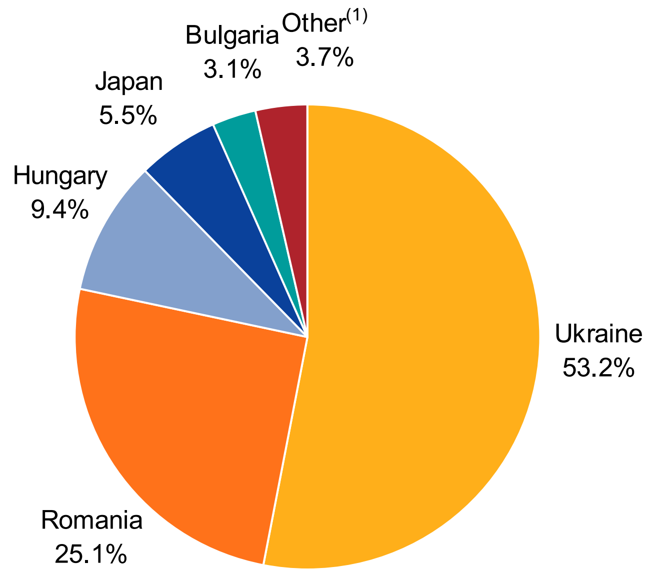
Structure of Raspadskaya Export

- Significantly more diversified export sales in 2007 and in 1H 2008
- Sales to Ukraine to the following clients: Alchevski, Avdeevski and Yasinovski coke-chemical plants, Zaporozhkoks, Makeevkoks, etc. (2)

Structure of concentrate export sales by geography (2006)



Structure of concentrate export sales by geography (2007)



Source: Raspadskaya

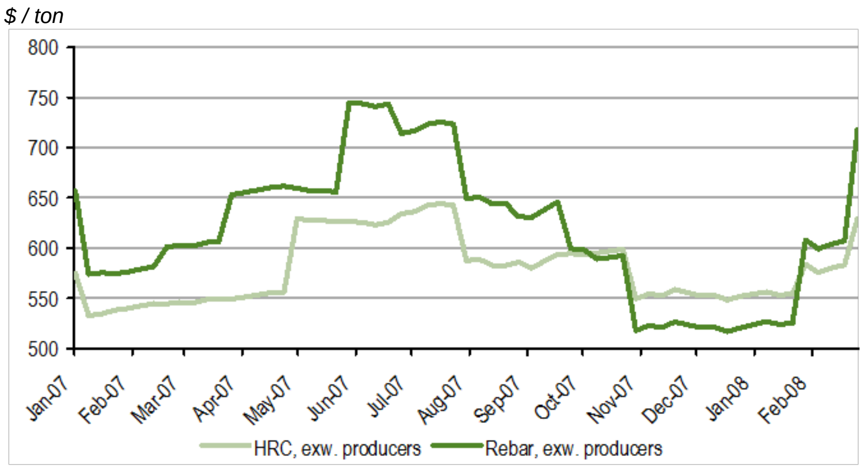
Notes:

(1) *Other sales are attributable to Slovakia, Korea and China which account for 0.48%, 0.36% and 0.3% of total export sales*

(2) Sales to Ukraine in 2005-2007 don't include Evraz and ArselorMittal assets in Ukraine

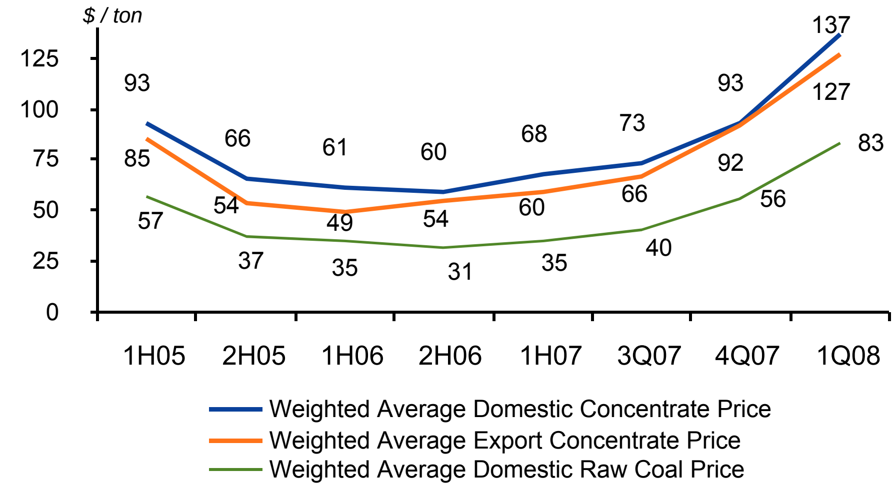
Outlook for the Russian Coking Coal Sector

Russian Steel Producers Ex-Works Prices



Source: Metal Expert

Coking Coal Price Performance Raspadskaya (FCA)

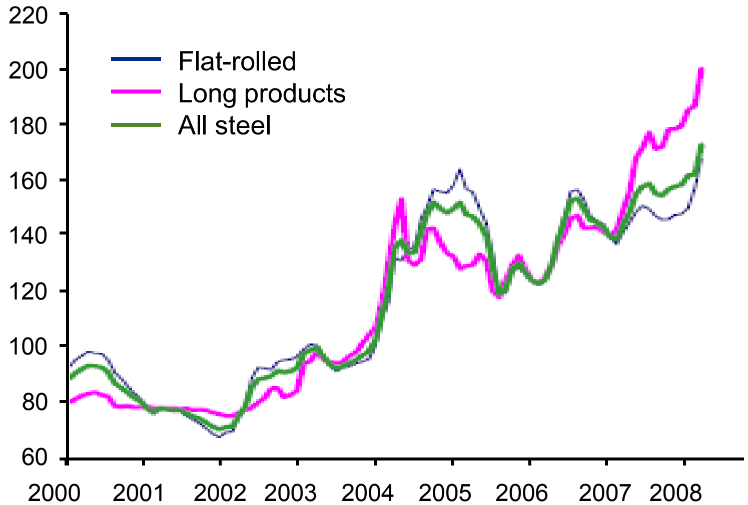


Source: Raspadskaya

- Increase in international steel prices has positively impacted Russian export and domestic steel prices
- Steel spot prices in February-June have put the risk of 2008 on upside and provide support to stronger coal prices
- Russian coal prices – while supported by rising price of global seaborne export – remain primarily a function of domestic supply/demand balance which points at a continued supply tightness in the short- to mid-term
- Contract prices of SHCC in Russia were ca. US$150 per tonne (FCA Mezhdurechensk, Siberia) in 1H 2008, from 1st July 2008 at US$235 per tonne (FCA Mezhdurechensk, Siberia)
- Weighted average contract prices of SHCC for all sales were ca. US$141 per tonne (FCA Mezhdurechensk, Siberia) in 1H 2008, from 1st July 2008 at US$220 per tonne (FCA Mezhdurechensk, Siberia)

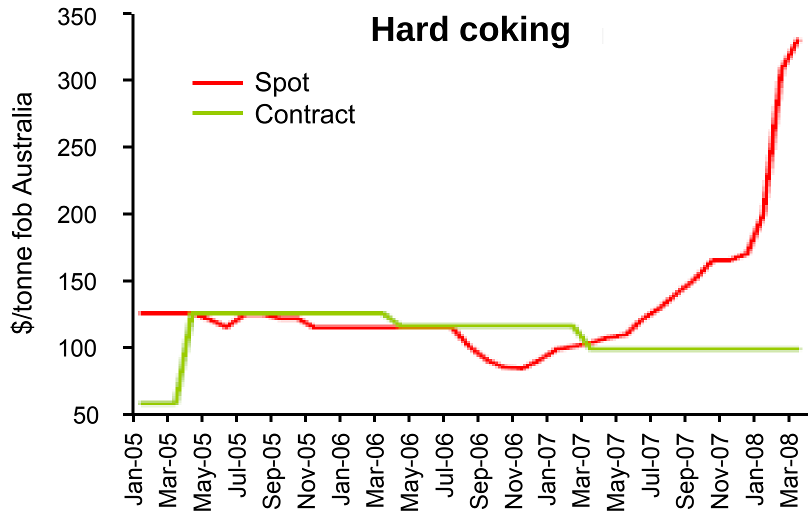
Global Steel and Coking Coal

CRU Monthly Index of Global Price to February



Source: CRU, February 2008

Spot vs. Contract Prices for Hard Coking Coal



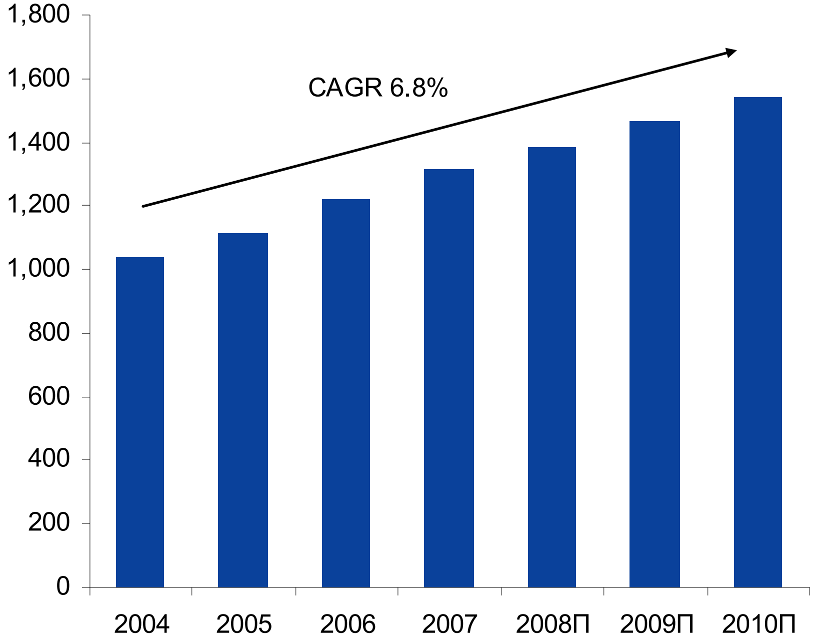
Source: GlobalCoal, CRU, Tex, Macquarie Research, February 2008

- Demand for coking coal driven mainly by the blast furnace steel production – almost 70% of the global steel
  - Steel producers have been so far successfully rising prices thus passing on high iron ore and coking coal costs to end-customers
  - Severe coking coal supply-side problems out of Australia (infrastructure, floods) coincided with continuingly strong steel demand outlook and supply expected more tight in 2008 than in 2007
- Spot HCC prices were in March-April $300-330/t FOB Australia and $270-280/t FOB USA. HCC consensus contract price expectations were in the range of US$200-250/t FOB Australia but in April contract price increase to $300/t FOB Australia for main Japanese and Korean steel companies (POSCO, JFE Holding, Nippon Steel) and $305/t FOB Australia for ArcelorMittal.
- Spot prices for HCC at $350/t FOB Australia

Source: Platts, McCloskey, MerrilLynch

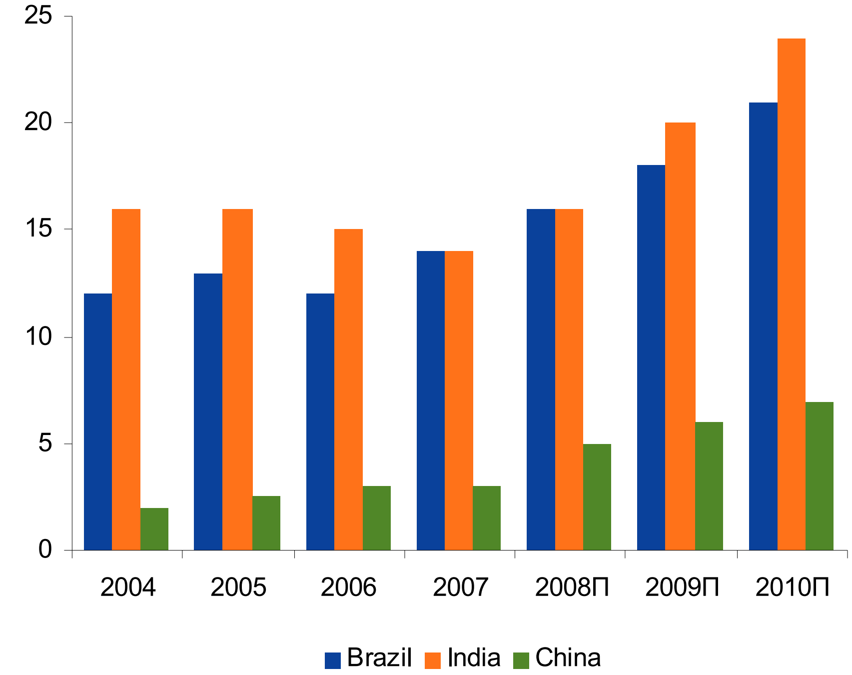
Global steel production outlook

Global crude steel production, mln tonnes



Source: AME, McCloskey's, UBS estimates

Steel net import by developing countries, mln tonnes



Source: AME, McCloskey's, UBS estimates

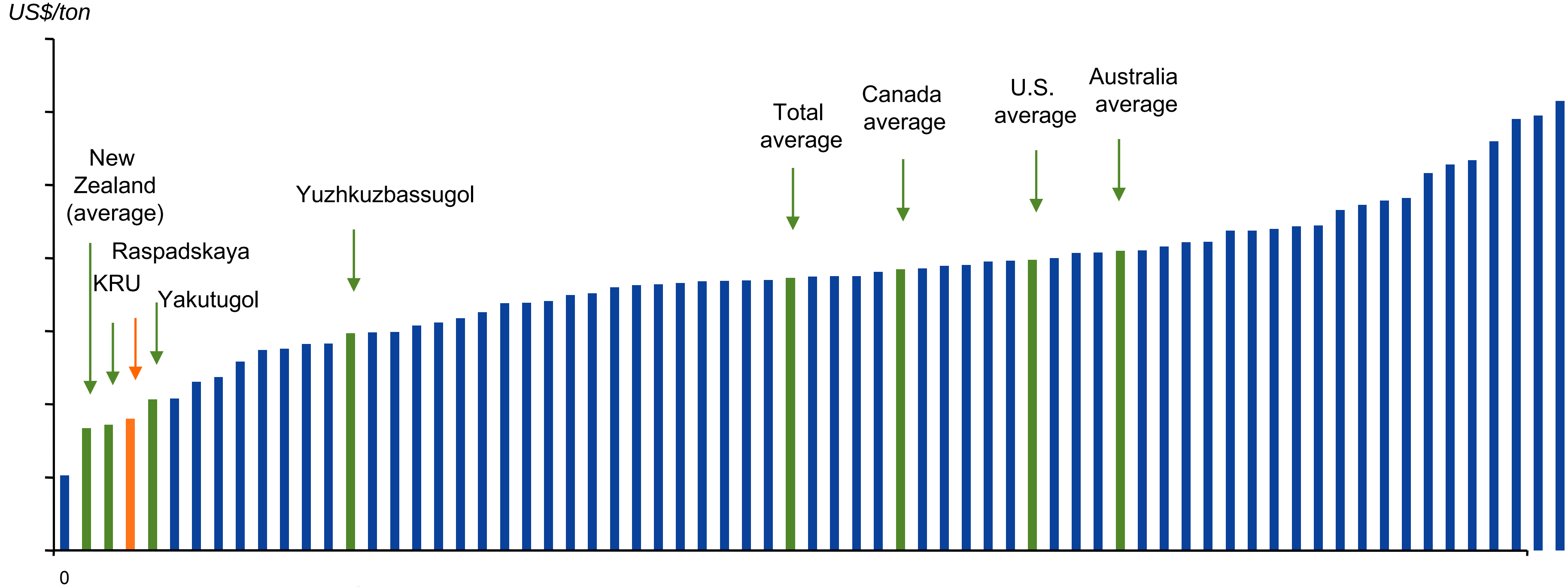
- Strong steel production globally, but particularly in India and Brazil are the key long-term drivers for the coking coal industry
- Share of India, Brazil and China in the global seaborne coking coal demand is expected to increase from 8% in 2001 to 32% in 2011(1)

Note: UBS estimates

Best-in-Class Cash Costs

- Coal cash cost (before preparation) for Russian surface mining is US$20-25/t and for Russian underground mining is US$25-60/t in 2007
- Raspadskaya coal concentrate cash cost is US$18.8/t in 2006 and $18.1/t in 2007
- Costs in 1H 2008 are under the pressure of materials (steel, cement, fuel)

Concentrate cash costs by the largest global companies' mines, ex-works (2) in 2006



Source: AME Mineral Economics, Rosinformugol

Note:

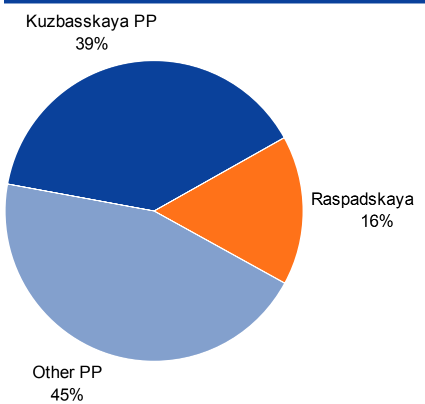
(1) Concentrate cash costs, including mine labour, other onsite and royalty, but excluding freight and port loading.
66 mines owned by the following companies: Westfarmers Limited, BHP Billiton, Mitsui, Mitsubishi Development, Anglo American, Peabody Energy, Xstrata,Sumitomo Corporation, Consol Energy, Walter Industries, Teck Cominco, Fording, Massey Energy, Kuzbassrazrezugol, Raspadskaya, Yakutugol, Yuzhkuzbassugol and others.

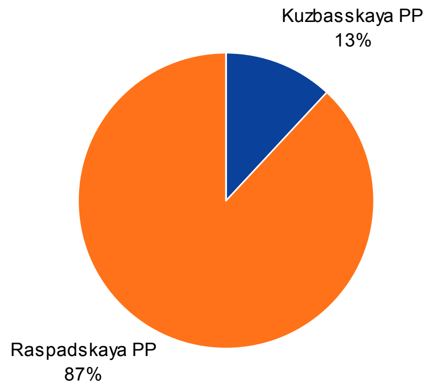
Modern Preparation Plant Drives Growth of Sales and Profitability

- Built in 2 years, launched in 4Q 2005
- Project capacity at 7.5 mtpa of raw coal which allowed to process 10.3mt of raw coal in 2007
  - potential to expand project capacity to 14 -14.5 -15.0 mtpa of raw coal after the launch of Stage 2 (project capacity at 3.5 mtpa of raw coal, built in 2Q08 and plans to put in operation from 3Q08)
  - preparation of 11.8mt of raw coal is planned for 2008 providing 8.9mt of coal concentrate
- Elimination of third-party concentrate preparation (45% and 4% in 2005 and 2006 respectively) leading to further cost gains (no transportation cost)
- Weighted average coal preparation costs of concentrate decreased from $7.9/t in 2005 to $2.9/t in 2006 and to 2.9/t in 2007
- New environmentally friendly technology implemented: closed-loop water-slurry circuit

Breakdown of Raspadskaya coal preparation, by plants

2005	2007



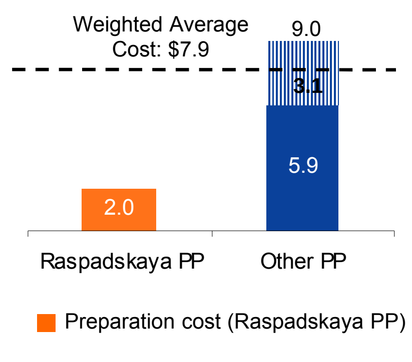


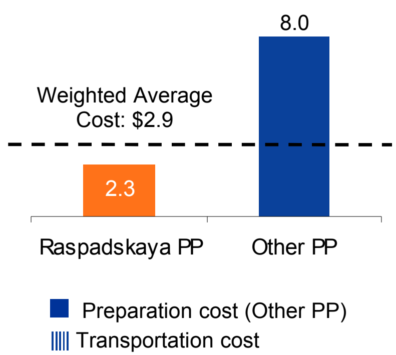
Source: Raspadskaya

Preparation Costs

2005	2007

US$ / ton of concentrate produced





Source: Raspadskaya

Financial Statements – Key Highlights

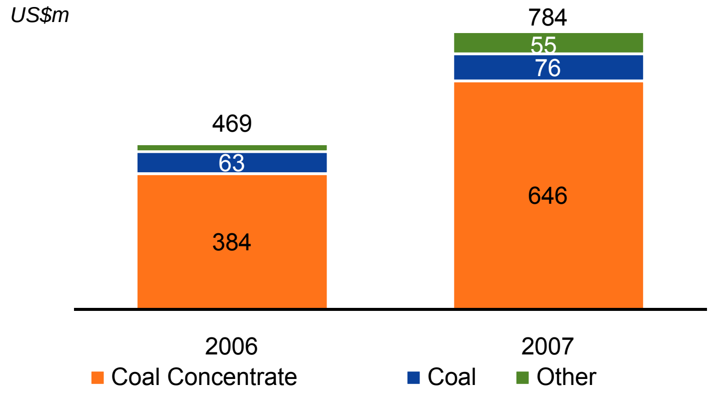
	(US$m) 2006[1]	(US$m) 2007[2]
Revenue	469	784
Growth, %	*NM*	*66%*
EBITDA	259	491
Margin, %	*55%*	*63%*
EBIT	167	355
Margin, %	*36%*	*45%*
Net Income	112	240
Margin, %	*24%*	*31%*
Balance sheet		
Total assets	1 502	1 726
Total debt	360	347
Net debt	310	265
Shareholders' equity	854	1 064

- High financial performance achieved as a result of:
  - ✓ 28% increase of production
  - ✓ Price growth for coal concentrate and raw coal by 25% and 27%
  - ✓ Decrease of unit costs by 4%

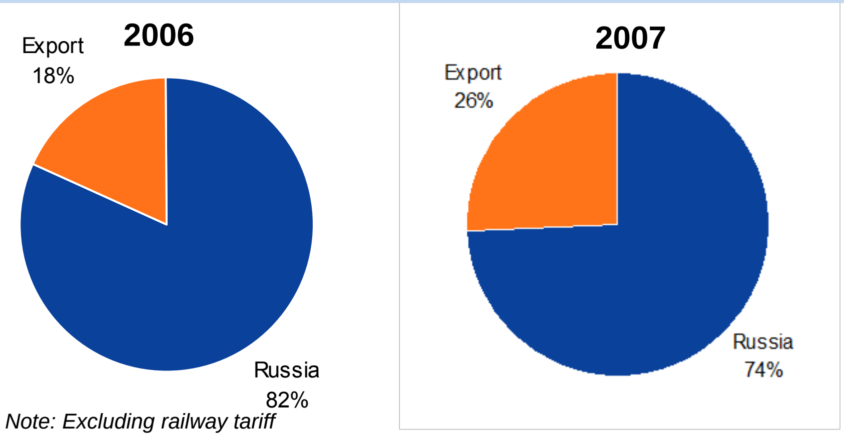
Note:
(1) Pro-forma financials data. Include financial results of MUK-96 and Razrez Raspadsky (mining companies) as if they were purchased on 1 Jan. 2006
(2) Consolidated financials

Revenue and Cost Structure

Revenue structure, by product

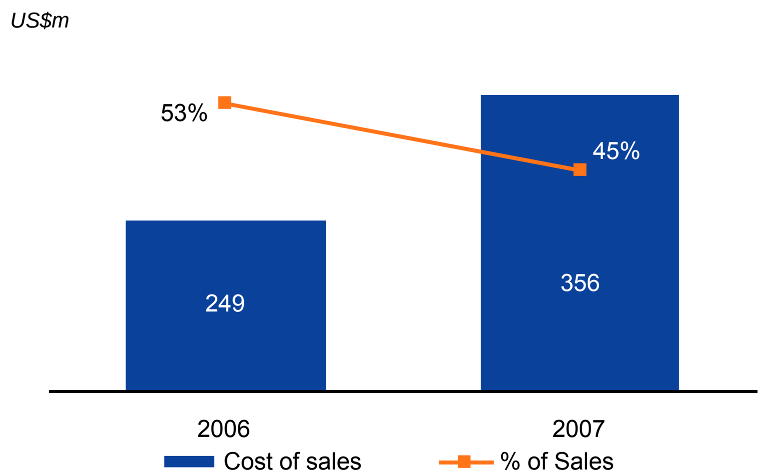


Sale of goods structure, by geography (raw coal and concentrate)



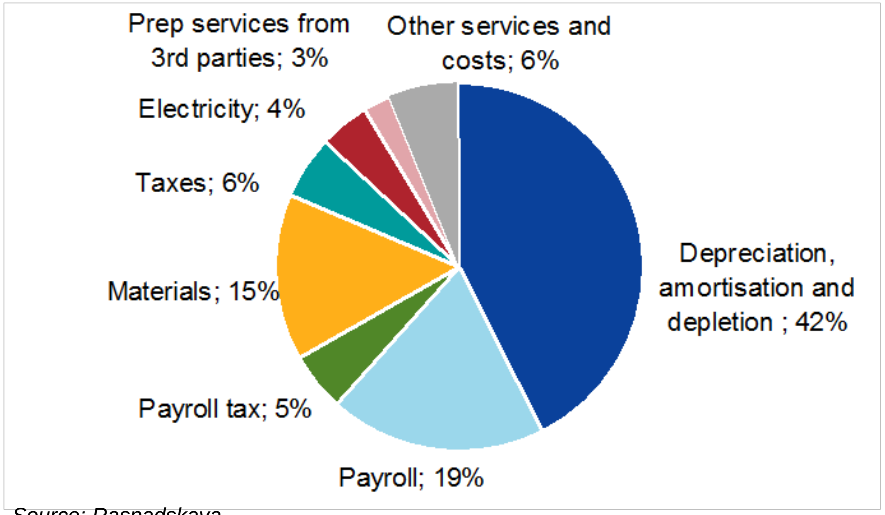
Note: Excluding railway tariff

Cost dynamics



Source: Raspadskaya

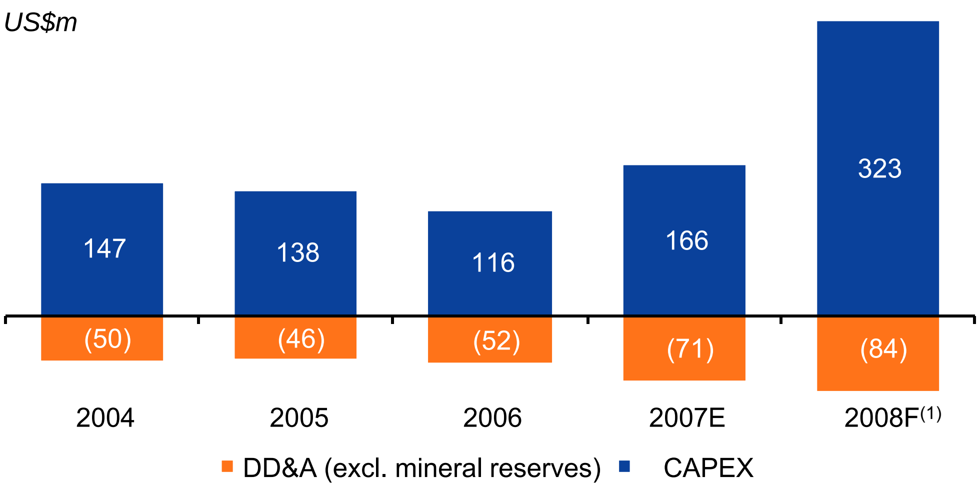
Cost of sales structure (2007)



Source: Raspadskaya

Investments

CAPEX 2004-2008



- Main investment expenditures in 2007 were associated with the main mine (Raspadskaya) – US$70m, mine under construction (Raspadskaya Koksovaya) – US$26m, and Raspadskaya preparation plant – US$24m

Note:
(1) RUR / USD exchange rate of 24.5

Source: Raspadskaya

- Total 2008 capex programme amounts to US$323m, of which
  - ✓ Ca. 55% will be allocated for technical modernization at Raspadskaya Mine
    - – Purchase of highly productive mechanized mining complexes DBT (currently named BUCYRUS), JOY, MKT-7
    - – Expected benefits include minimization of mining waste, decrease in capital maintenance, increased productivity
  - ✓ Ca. 25% will be allocated for mine under construction (Raspadskaya Koksovaya, having hard-coking coal reserves)
  - ✓ Ca. 4% will be allocated for Raspadskaya Preparation Plant (Stage II to be launched at the end of 2Q08 with additional capacity of 3 million tonnes of raw coal per year)
- The Company is reviewing its mid-term business development program which is formed based on licenses, geological conditions, exploration and production works, balance between underground/surface operations and SHCC/HCC grades, production potential and market conditions

Loans and Borrowings

US$m	**2006**	**2007**
7,50% per notes due 2012	-	300
Natexis Banques Populaires	300	-
Russian banks	49	44
Russian Finance Ministry	1	0
BSGV	2	3
Interest payable	1	3
Unrecoverable cost of debt issue	(1)	(2)
	352	**347**

- In May 2007 Raspadskaya issued Eurobonds for the total amount of US$300.0 million to refinance US$300.0 million bridge loan from Natexis Banques Populairies. The Eurobonds were issued for 5 years and mature in May 2012 with fixed coupon of 7.5 per cent per annum
- In 2007 average annual interest rate for short-term debt was 8.2% in RUR terms, 8.7% in € terms and 8.1% in $ terms. Average interest rate for long-term debt was 9.9% in RUR terms and 7.1% in € terms

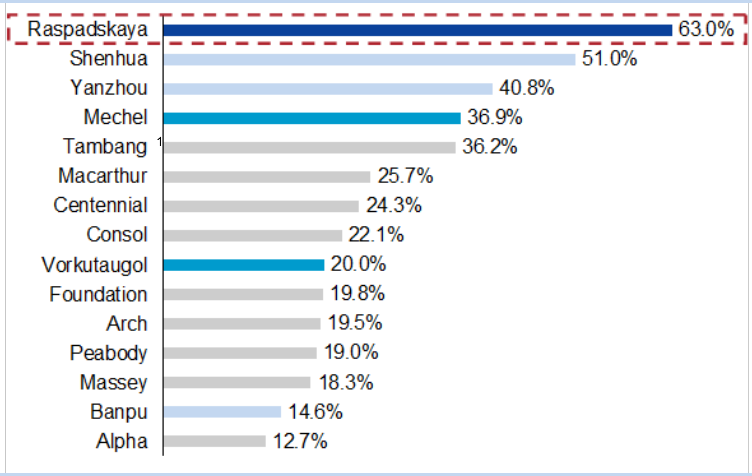
US$m	**2006**	**2007**
Less than 1 year	324	39
1 to 2 years	29	10
2 to 5 years	-	300
Unrecoverable cost of debt issue	(1)	(2)
	352	**347**

US$m	**2006**	**2007**
RUR	49	35
USD	303	305
Euro	2	9
Unrecoverable cost of debt issue	(1)	(2)
	352	**347**

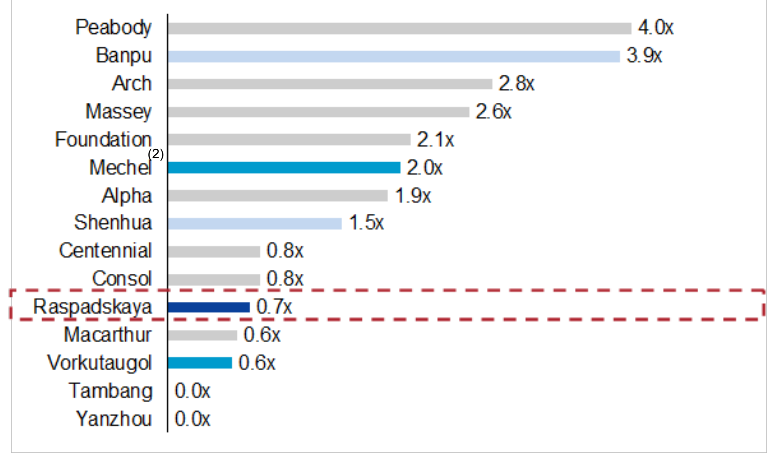
Source: Raspadskaya

High Profitability and Low Leverage

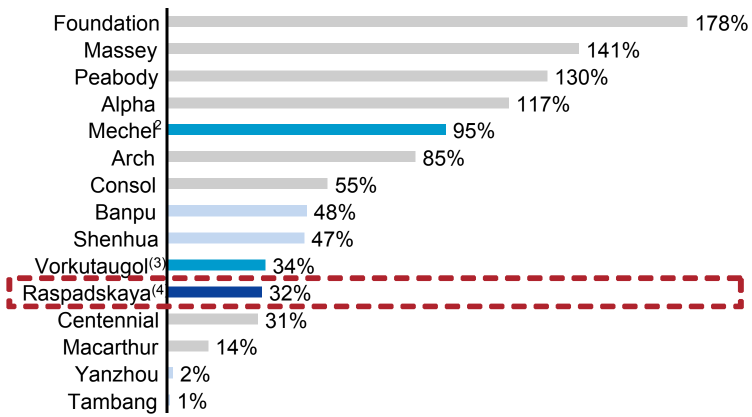
EBITDA Margin 2007 (%)



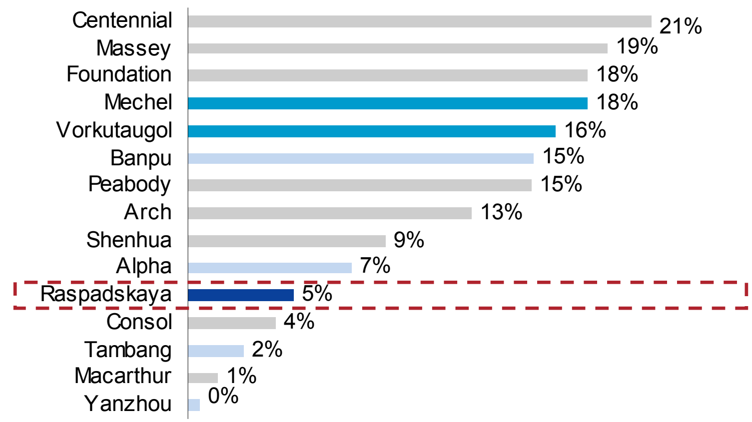
Total Debt / EBITDA 2007 (x)



Total Debt / Equity 2007 (%)



Total Debt / Market Capitalization(5) (%)



Emerging markets | Russian Coal Companies | Developed markets

Note:

(1) 9M2007 EBITDA margin for mining business only

(2) Ratios for consolidated company

(3) Part of Severstal Resurs

(4) Total debt of $347.9m and shareholders equity of $1,064m

(5) Market capitalization as of June 2008

Source: Bloomberg, UBS estimates, brokers' notes

Financial Guidance and Policy and 2007 Results

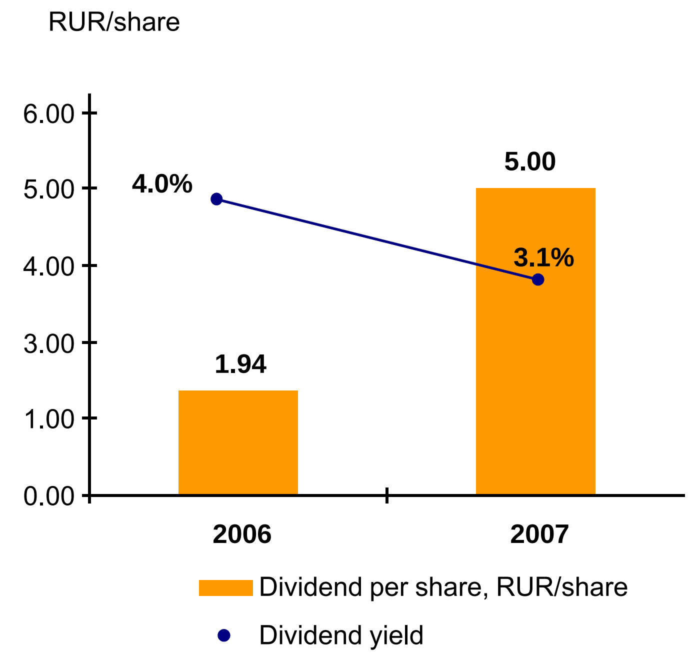
Financial Guidance

- Company's internal financial guidance is as follows:
  - ✓ Net Debt/EBITDA of 1.5x
  - ✓ Board of Directors approved target dividend payout ratio of at least 25% of IFRS net income, subject to future cash flows and investments
  - ✓ Maintain bank facilities or cash balance to cover working capital needs

2007 Financial Results

- Total dividend payments in 2006-2007 amounted to US$208m, for 2006 is US$56m, for 2007 is $152m
- Dividend payout ratio for 2007 is 64% of IRFS net income, for 2006 is 50%
- On June 2, 2008 Annual Shareholders Meeting to approve dividend payout of RUR 3.75 per share for 2007 (will paid off till August 2, 2008). Total dividends for 2007 including 2007 interim dividends will be RUR 5.00 per share
- Net debt as of 31 Dec 2007 is US$265m compared with US$310m as of 31 Dec 2006

Dividend yield



☑ On the upside, 27.7% volume growth achieved in 2007 and pricing environment remains exceptionally strong, both factors providing Raspadskaya with a significant advantage in an operationally leveraged business

☒ As downside risk, Raspadskaya recognizes its exposure to volatile coking coal prices and intends to pursue a conservative financial policy to compensate for price volatility

Strategy of the Leading Russian Coking Coal Producer

Increase scale	■ Grow production volumes for semi-hard and hard coking coal grades ■ Grow reserves through new licenses and resource reclassification ■ Selective bolt-on acquisitions in accordance to mining conditions and further business growth potential criteria
Strengthen market position	■ Secure long and mid-term contracts with existing and prospective customers ■ Continue to be a supplier of choice in Russia through reliability and product consistency ■ Increase market share in Ukraine and Eastern Europe, enter Asian markets ■ Use comfortable market situation and price environment during nearest years
Maintain financial discipline	■ Maintain cost efficiency ■ Focus on high rate of return projects ■ Adhere to prudent capital structure ■ Consistently pay dividends to shareholders
Corporate governance and social responsibility	■ Maintain strong corporate governance standards ■ Continue to pursue the policy of transparent disclosure of material information ■ Policies of building long-term investor relations with existing and potential shareholders ■ Recruit and train highly qualified staff ■ Keep focus on sustainability (health, safety and environment)

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