

OAO Raspadskaya – Russia’s Leader in Coking Coal



Investor Presentation
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Moscow – London



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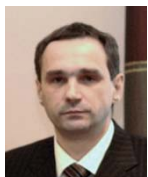
Name

Position



Oleg Kharitonov

Chief Financial Officer



Alexander Andreev

Deputy General Director for Strategic Planning

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 32,7m tonnes produced as of 30 June 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)

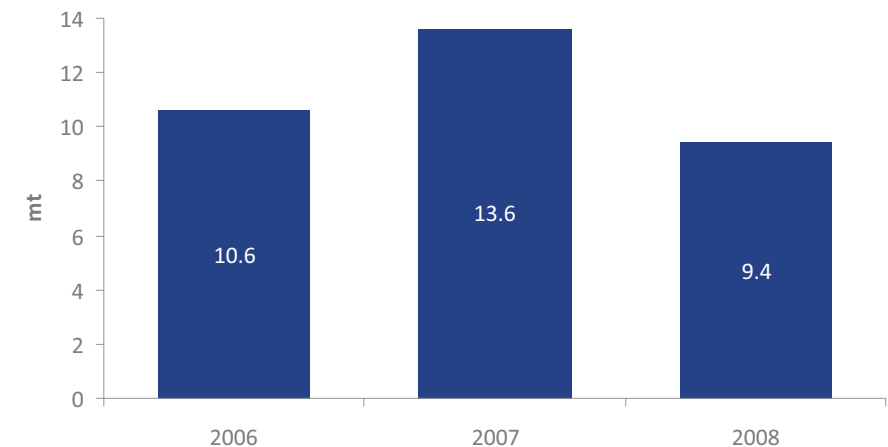
Key Financials, US\$m (unless stated)	2006	2007	2008
Revenue	469	784	1 200
Growth, %	n.a.	+67%	+53%
EBITDA	259	470	868
Margin, %	55%	60%	72%
Net Profit	112	240	531
Margin, %	24%	31%	44%
Total Debt ⁽¹⁾	360	347	351
Net Debt	310	265	165
Net Debt/EBITDA	1,2x	0,6x	0,2x

(1) Including US\$300m Eurobonds with maturity in May 2012

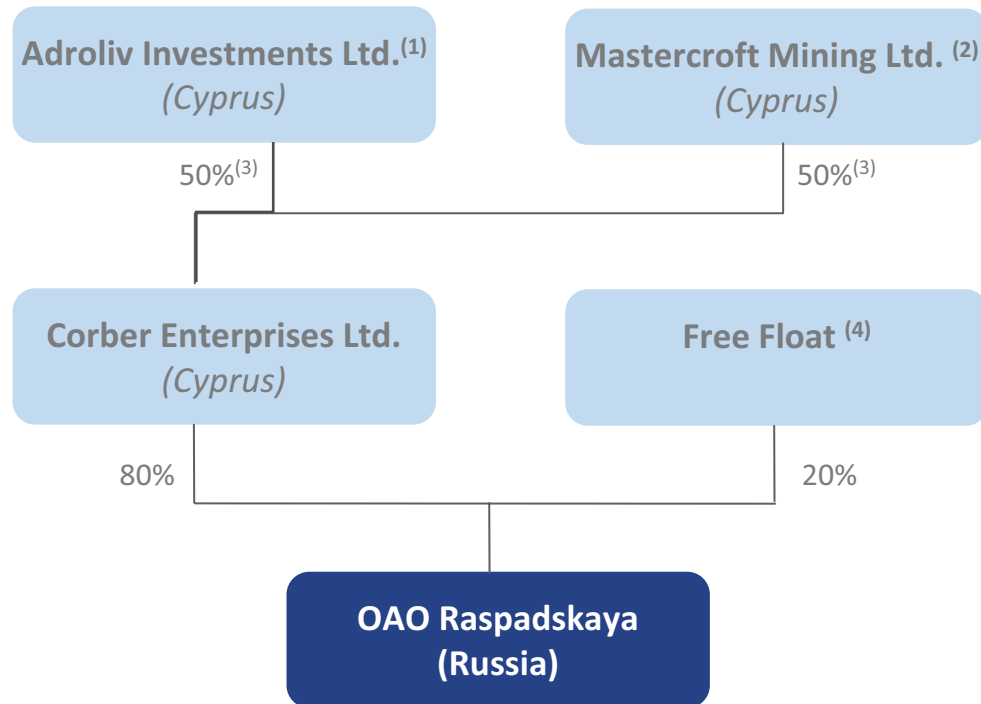
Note: 1H2009 IFRS Financial Results released on 25 September 2009

Source: Raspadskaya

Raw Coal Production



Source: Raspadskaya



(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 Rospadskaya

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 and 1H2009 accounted for 16.3%, 18%, 22% and 14% of Rospadskaya total sales volumes, respectively (only for Russian plants)
 - the share of Rospadskaya supply volumes in total coal concentrate purchase volumes of Evraz Group accounted for 19%, 14% and 29% in 2007, 2008 and 1H2009, respectively (for Russian plants)



(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

Key Highlights, US\$m (unless stated otherwise)	1H2009	1H2008	1H2009/1H2008	
			+/-	%
Coal Concentrate Sales Volumes*, kt	3,005	4,236	(1,231)	(29)%
Revenue	148	607	(459)	(76)%
EBITDA**	63	424	(361)	(85)%
Margin, %	43%	70%		
EBIT	19	358	(377)	(95)%
Margin, %	13%	59%		
Net Profit / (Loss)	(11)	262	(273)	n.a.
Margin, %	n.a.	43%		

Note: 1H2009 IFRS Financial Results released on 25 September 2009

Source: Raspadskaya

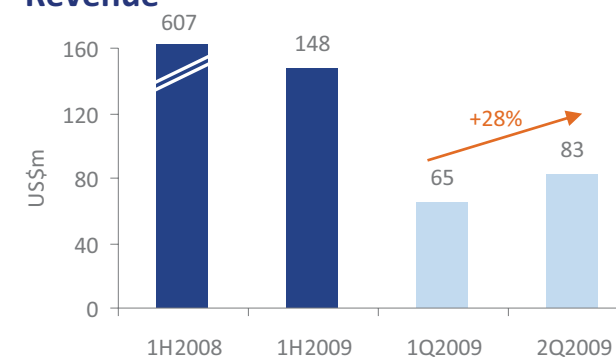
Company's performance is significantly affected by the following factors:

- 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

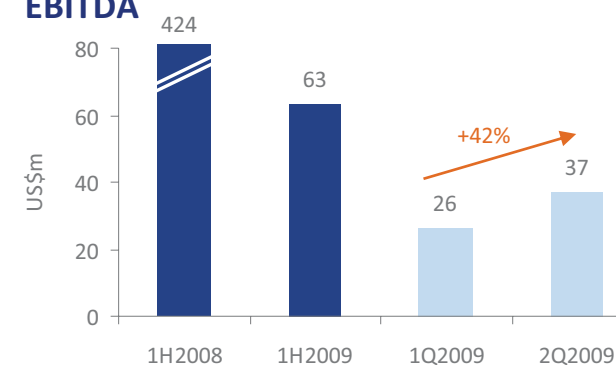
* Coal concentrate sales volumes contain raw coal sales volumes restated in tonnes of coal concentrate at output ratio of 73.3% and 77.9% for the six-month periods ended 30 June 2009 and 2008, respectively

**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

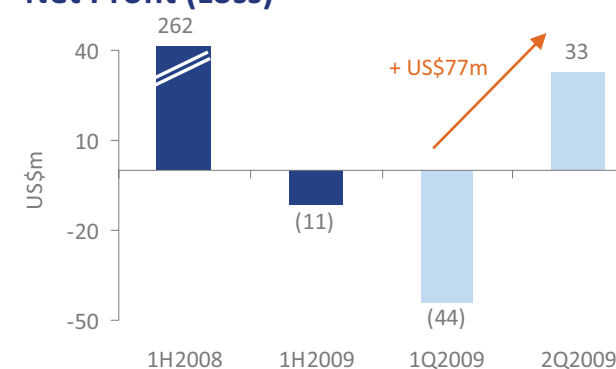
Revenue



EBITDA

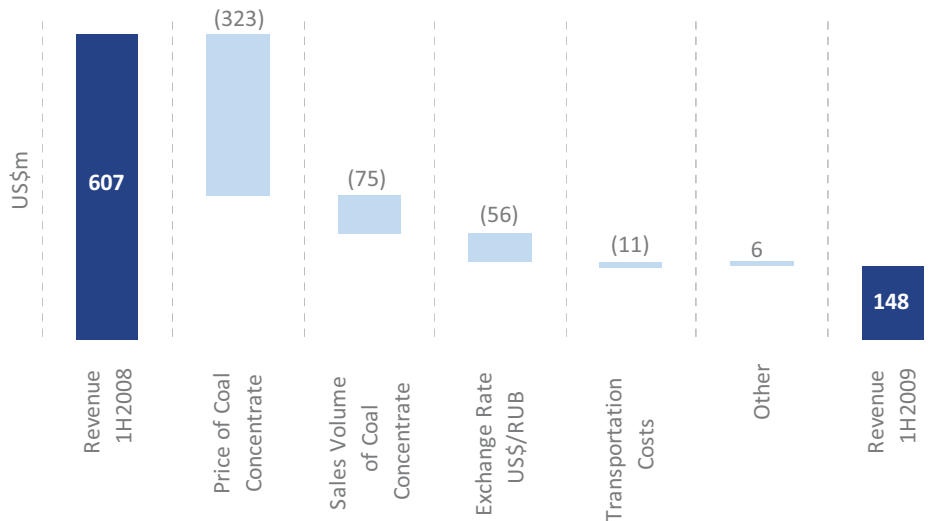


Net Profit (Loss)



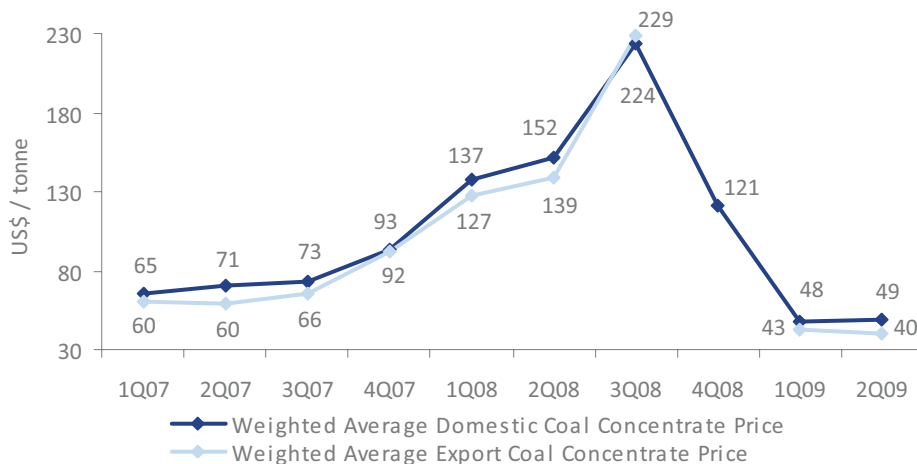
Source: Raspadskaya

1H2009 Revenue Drivers



Source: Raspadskaya

Raspadskaya Coking Coal Price Dynamics (FCA Mezhdurechensk)

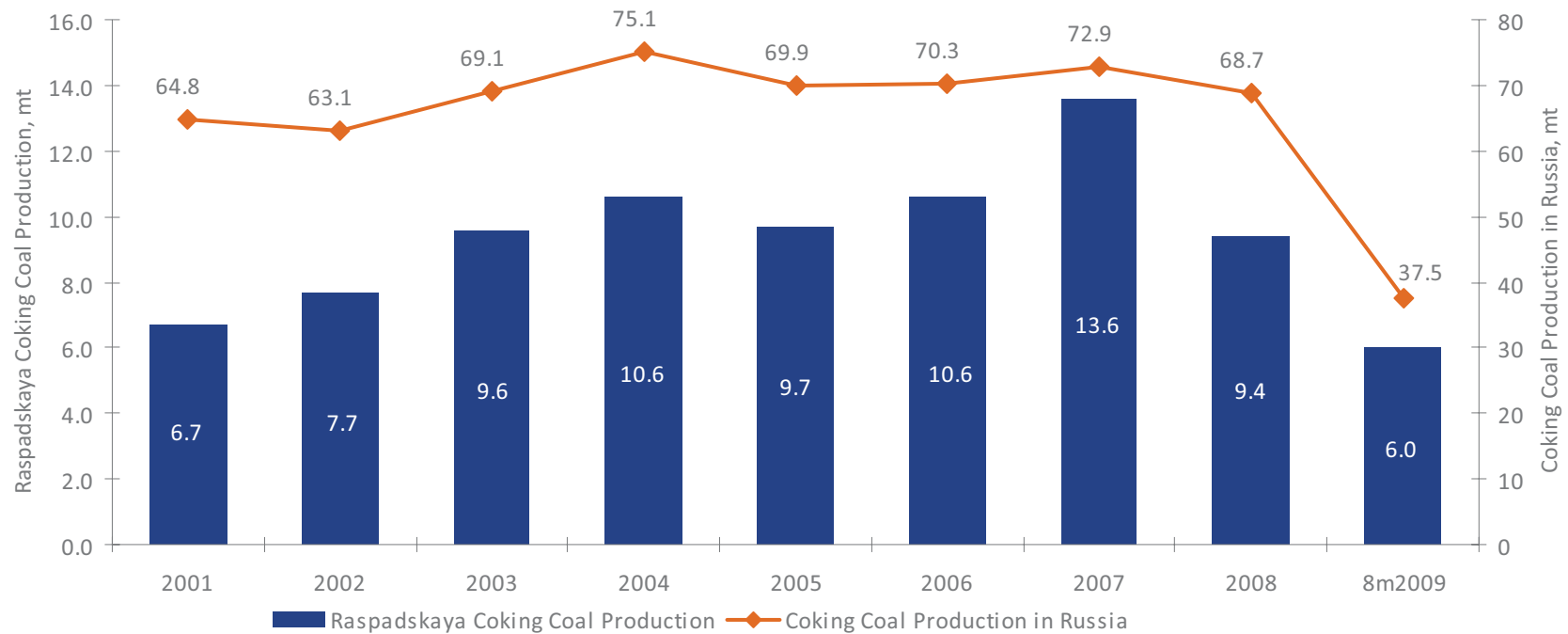


Source: Raspadskaya

- 1H2009 revenue dropped by 76% YoY mainly as a result of the decrease in sales volumes and coal concentrate price
- 1H2009 revenue fall was also affected by the increase of RUB/US\$ weighted average exchange rate in 1H2009 by 38% YoY
- 2Q2009 revenue increased by 28% QoQ as a result of domestic and export sales volumes growth

- In 4Q2008, coking coal prices dropped as a result of decreasing global demand for metallurgical products
- During 1H2009, coal concentrate sales prices remained rather flat
- Starting 2009, the Company operates in frames of long-term contracts with the major Russian customers and negotiates the volumes and prices on a quarterly basis depending on the market conditions

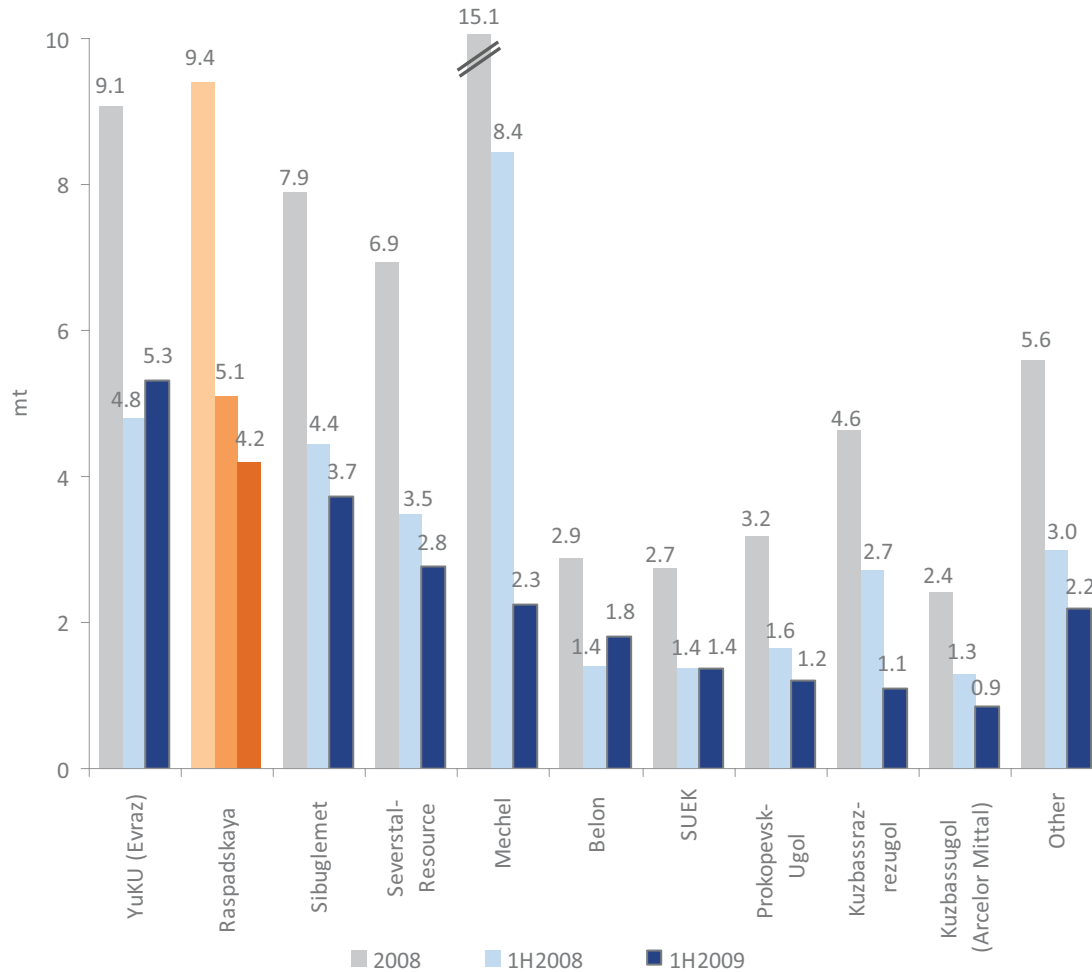
- JORC reserves – 781.5m tonnes*, including 32.7mt already extracted as of 30 June 2009. Reserves-to-production ratio amounts to more than 50 years of production
- Industrial production slowdown since 4Q2008 has resulted in 6% reduction of Russian production volumes in 2008 vs. 2007, for 8m2009 Russian coal production declined by 24% YoY
- Raspadskaya accounted for 14% and 16% of total Russian coking coal production in 2008 and 8m2009 respectively



*IMC Report as of 30 June 2006

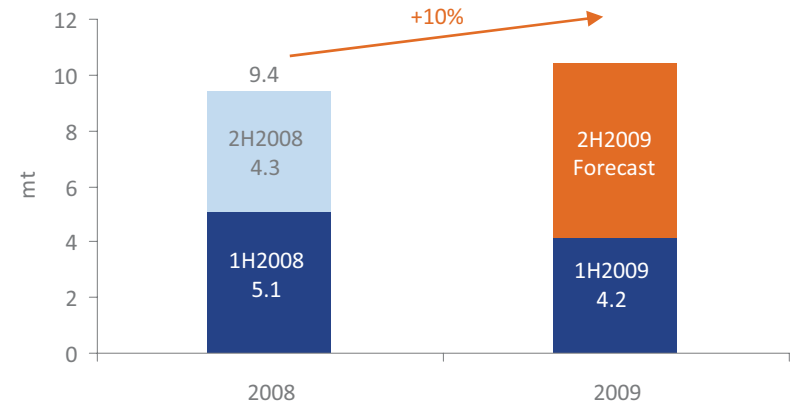
Source: Raspadskaya, Rosinformugol, UDP-3.10 TsDU-TEK

Russian Coking Coal Production in 1H2008 and 1H2009



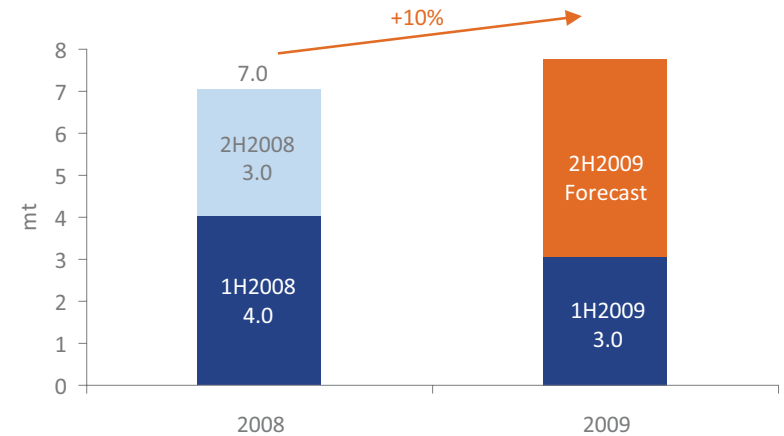
Source: Raspadskaya, UDP-3.10 TsDU-TEK, companies data

Raspadskaya Coking Coal Production



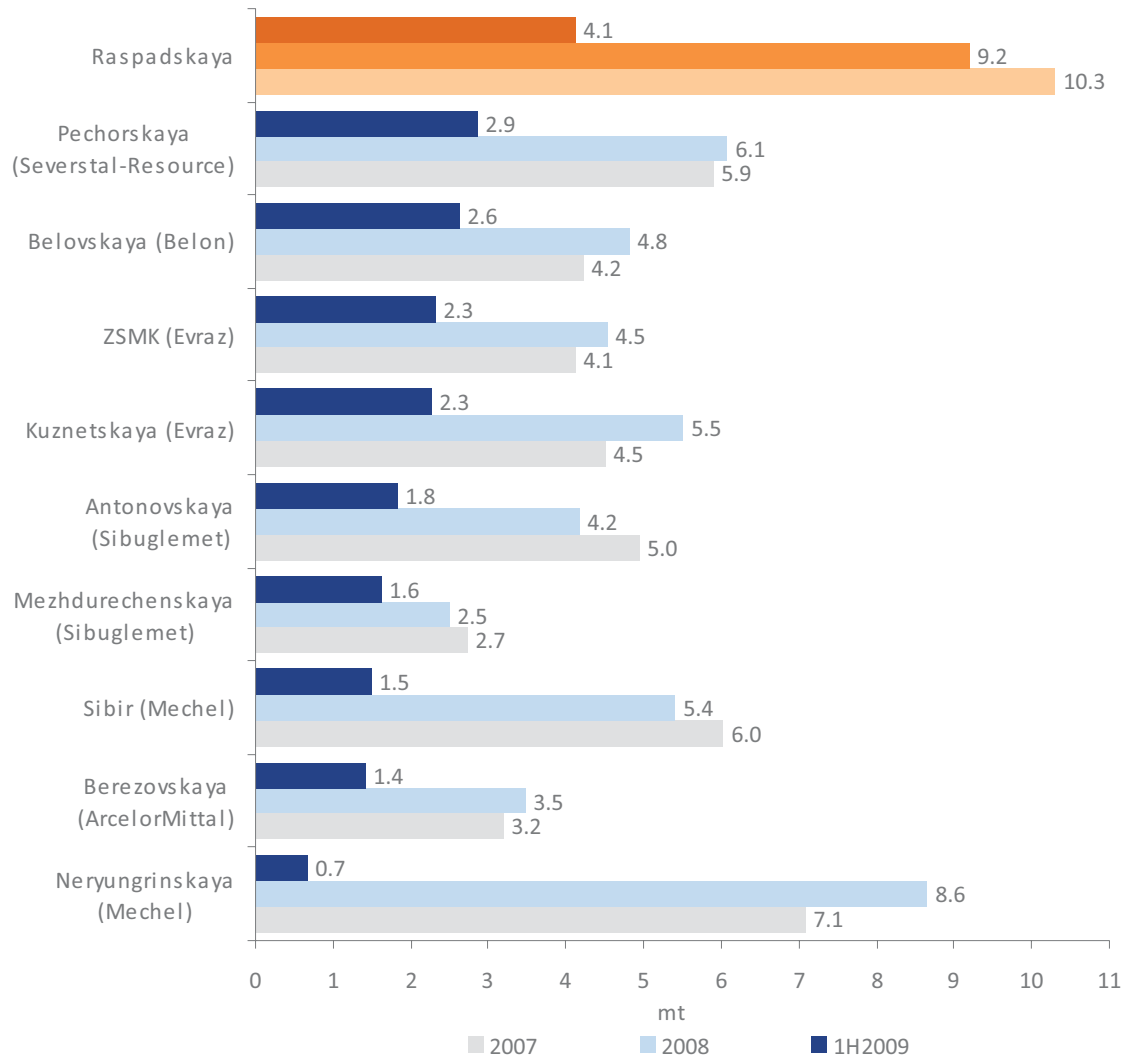
Source: Raspadskaya

Raspadskaya Coal Concentrate Production



Source: Raspadskaya

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

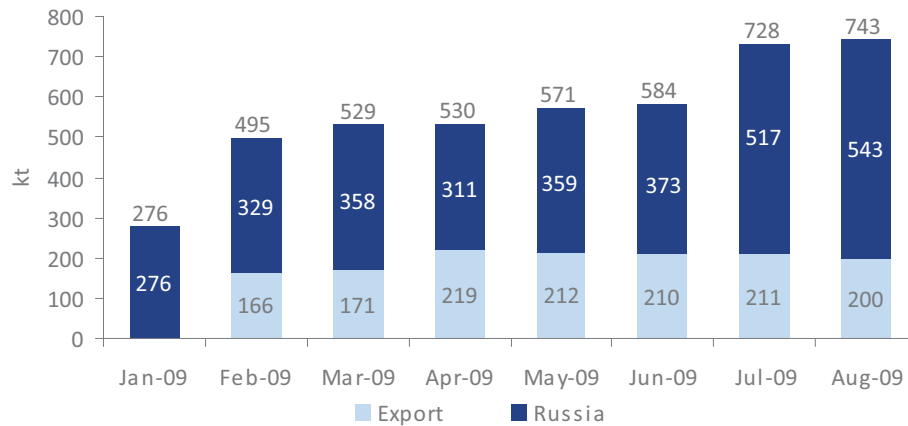


Source: Rasmin

Key Facts

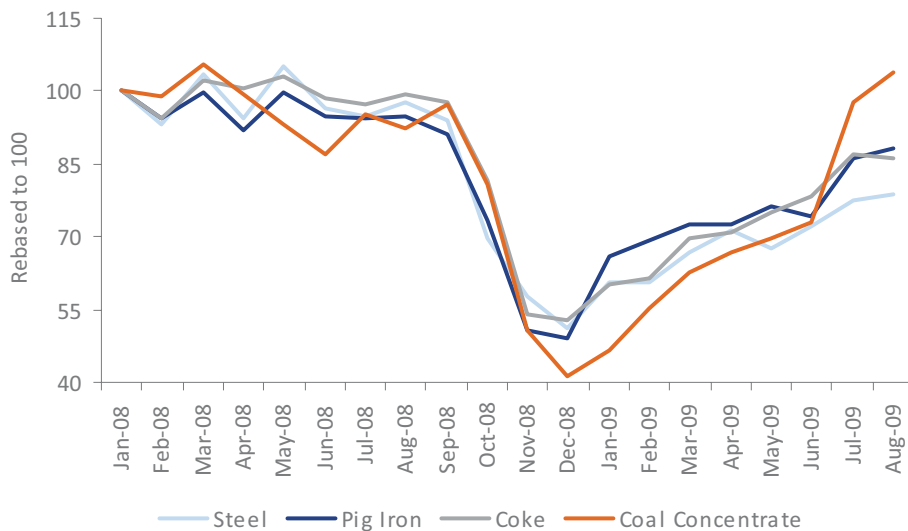
- Built in 2 years, 1st stage launched in 4Q2005, 2nd stage – in 2008
- Today Raspadsкая Preparation Plant is the largest in Russia and one of the largest globally
- Nameplate capacity of the 1st stage at 7.5mt per year, that enabled to prepare 10.3mt and 9.2mt in 2007 and 2008 respectively
- Current production capacity – up to 15.0mt per year
- 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 Raspadsкая 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

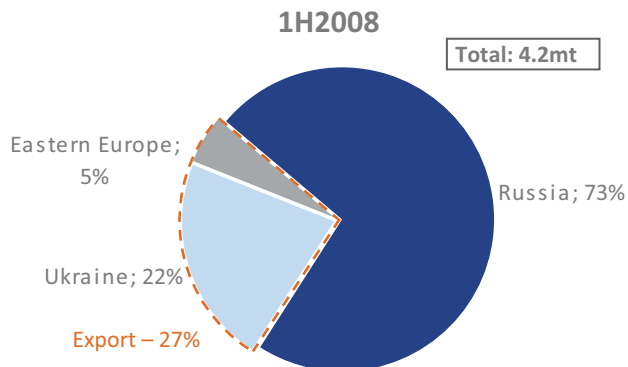
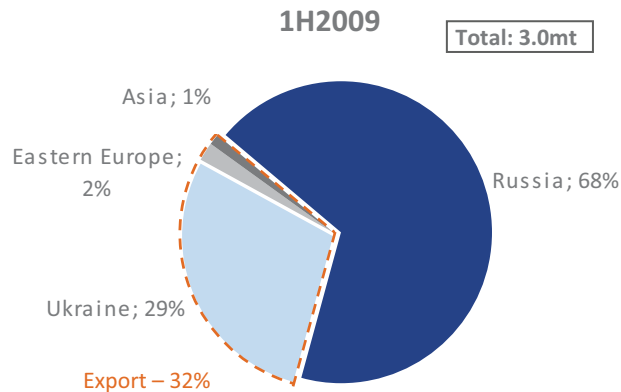
Raw Materials Production in Russia



Source: Metal Expert, RasMin

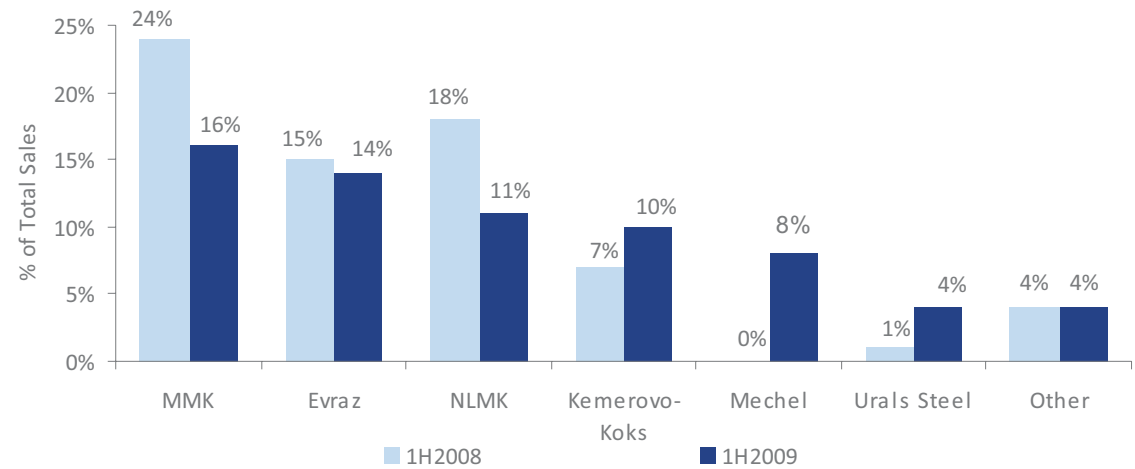
- In 1H2009, coal concentrate sales volumes declined by 29% YoY
- 1Q2009 coal concentrate sales volumes increased by 63% compared to 4Q2008. In 2Q2009 sales growth amounted to 30% QoQ due to the gradual metallurgical production recovery, rising demand for coking coal and Raspadskaya active export strategy
- In 2Q2009, sales volumes of coal concentrate amounted to 80% of the pre-crisis level (3Q2008)
- In August-September 2008, sales volumes of coal concentrate were 736kt and 734kt respectively. In July-August 2009, sales volumes accounted for 728kt and 743kt respectively, that proves the pre-crisis sales volumes recovery

Raspadskaya Sales Geography Breakdown



Source: Raspadskaya

Major Russian Consumers of Raspadskaya Coal Concentrate



Source: Raspadskaya

- In 2Q2009, sales volumes of coal concentrate rose by 30% QoQ as a result of industrial markets recovery and rising demand for Raspadskaya coal products
- In 1H2009, share of sales volumes to the major Russian customers (MMK, Evraz, NLMK) decreased to 41% of Raspadskaya total sales volumes from 57% in 1H2008. This was partially compensated by the increase of sales share to medium-sized Russian consumers from 12% of total coal concentrate sales volumes in 1H2008 to 26% in 1H2009
- In 1H2009, share of export coal concentrate sales volumes rose to 32% of total sales volumes compared to 27% in 1H2008
- In 1H2009, export sales share to Ukraine increased from 22% of total sales volumes in 1H2008 to 29% due to the renewal of shipments to this market since February 2009 after 4 months of suspension
- Since 2009 the Company started to implement the strategy on export sales diversification on the base of a partial shift to Asian markets
- In 1H2009, Raspadskaya signed contracts with large metallurgical holdings such as JFE Holding (Japan), POSCO (Republic of Korea) and started shipments to the Chinese market
- The Company plans to strengthen relationships with Asian clients in frames of the mid-term sales strategy on the increase of export sales share in total coal products sales volumes

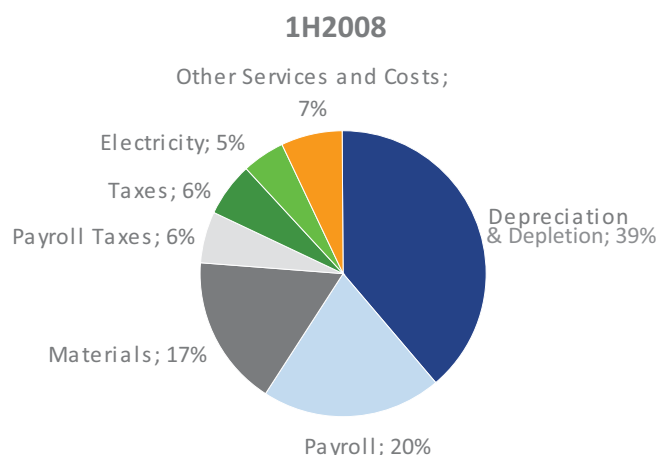
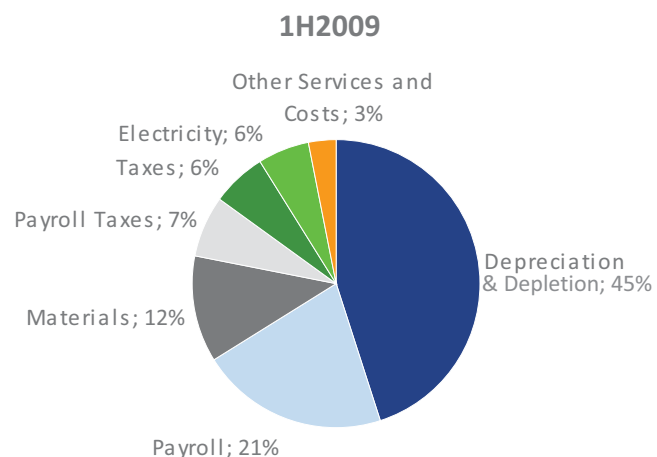
- Russia has 2nd largest coal reserves globally and Kuznetsk coal basin accounted for 79% and 75% of total Russian coking coal output in 2008 and 8m2009 respectively
- Sales in Russia are mostly on FCA terms (i.e. customers absorb railway tariff). Sea-born transportation export to Asia requires FOB competitive 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

Cost of Production Breakdown



Source: Raspadskaya

Dynamics of Coal Concentrate Cost of Production

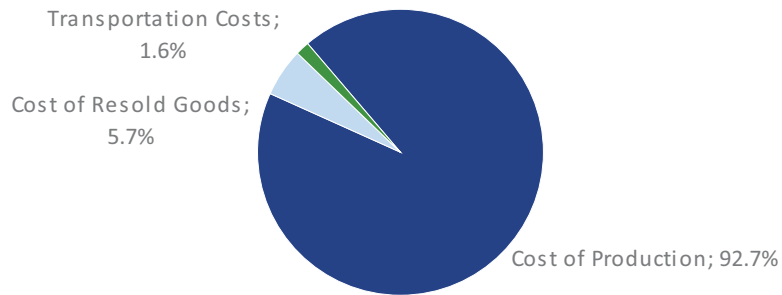
	1H2008	1H2009	Change, %
Cost of Production			
US\$m	169	92	(45)%
RUBm	4,049	3,054	(25)%
Cash Cost of Production per Tonne			
US\$	26.4	16.6	(37)%
RUB	632	549	(13)%

Source: Raspadskaya

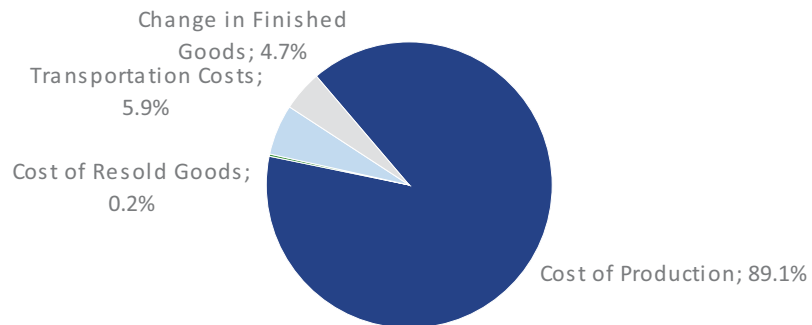
- In 1H2008, production cash cost per tonne of coal concentrate dropped by 37% (in US\$ terms) YoY mainly due to the following factors:
 - Increase of the average RUB/US\$ exchange rate in 1H2009 by 38% YoY
 - Reduction in underground development, overburden removal and major repairs
 - Materials prices decrease
- In 1H2009, production cash cost per tonne of raw coal dropped by 41% YoY to US\$10.9/ tonne
- In 1H2009, preparation cash cost of raw coal fell by 40% YoY to US\$1.2/tonne
- Until the end 2009 costs for underground development and overburden removal, personnel costs and capital repairs are supposed to slightly increase as a result of production and sales growth. At the same time the Company does not expect production cash cost per tonne of coal concentrate to rise significantly

Cost of Sales Breakdown

1H2009

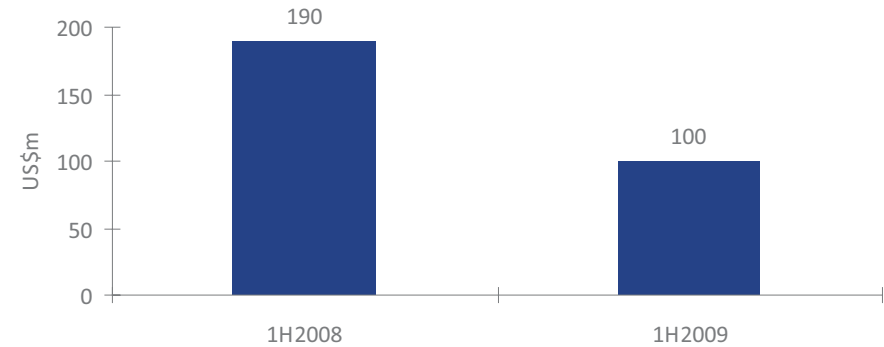


1H2008



Source: Raspadsкая

Cost of Sales Dynamics

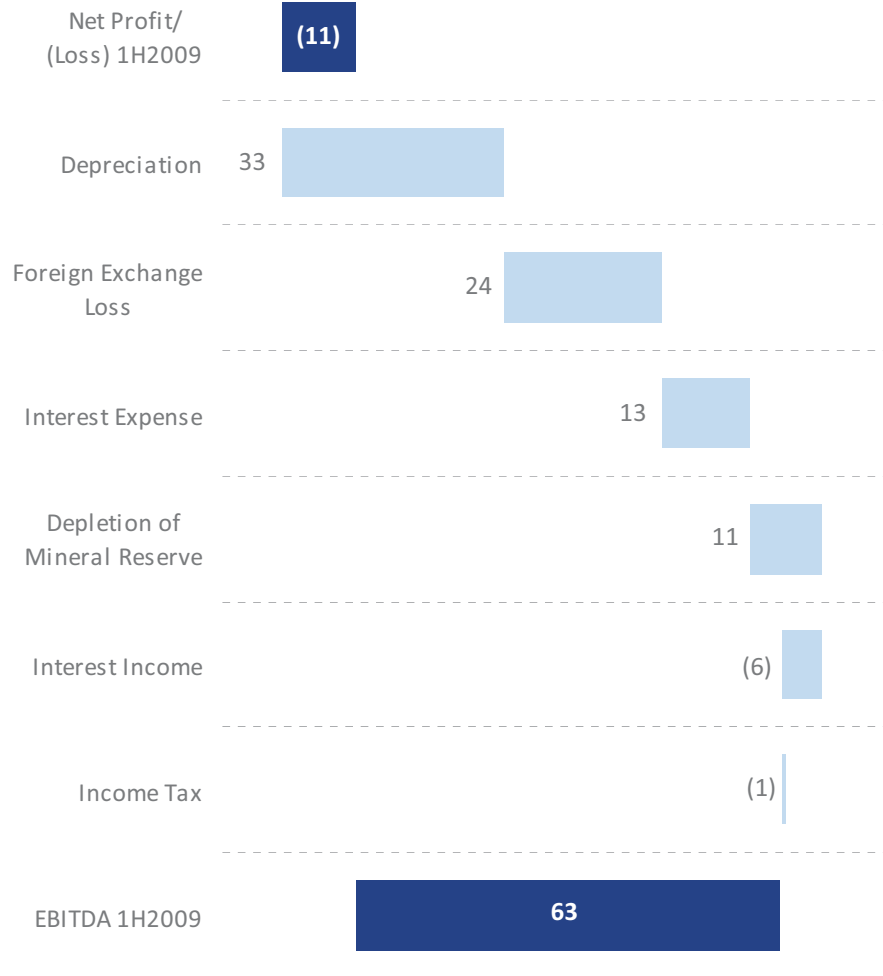


Source: Raspadsкая

- In 1H2009, cost of production share in total revenue increased from 31% in 1H2008 to 67% due to 76% revenue drop in 1H2009 compared to 1H2008
- In 1H2009, cost of sales decrease by 47% YoY was mainly driven by the following factors:
 - Decline in cost of production in 1H2009 by 45% YoY
 - Decrease in transportation costs in 1H2009 by 86% YoY

EBITDA Reconciliation

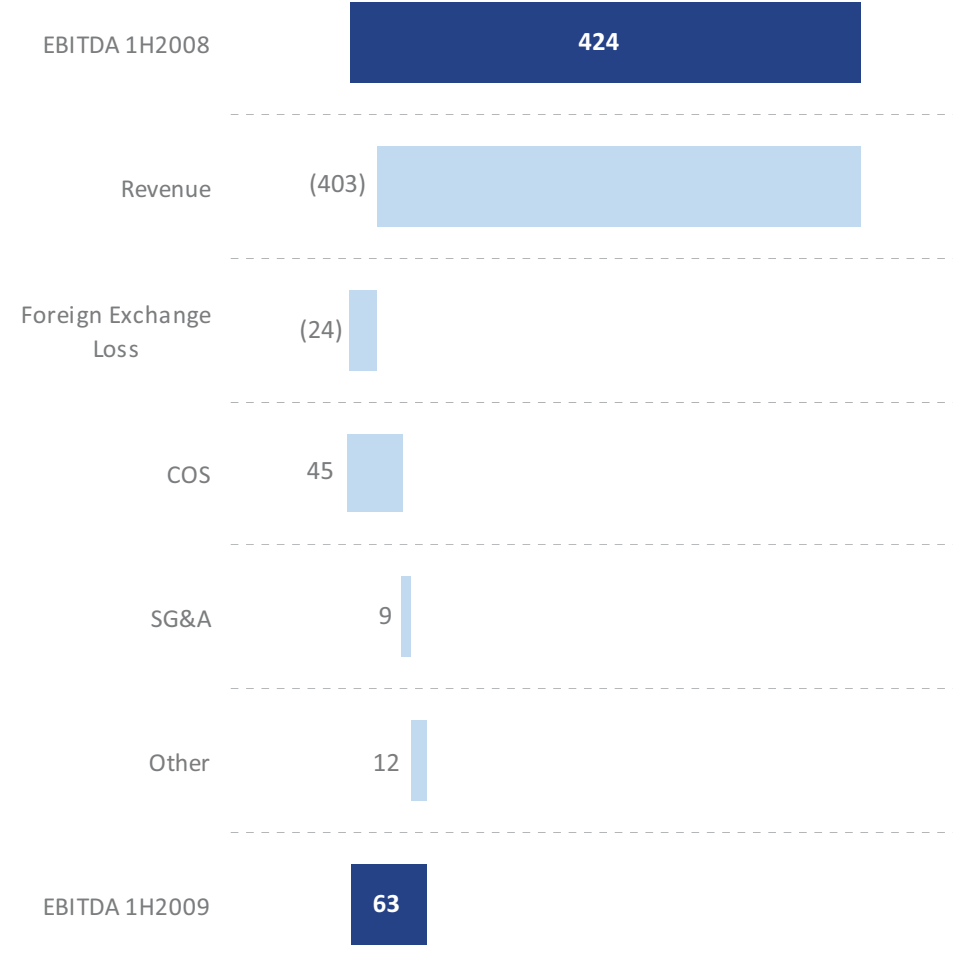
US\$m



Source: Rospadskaya

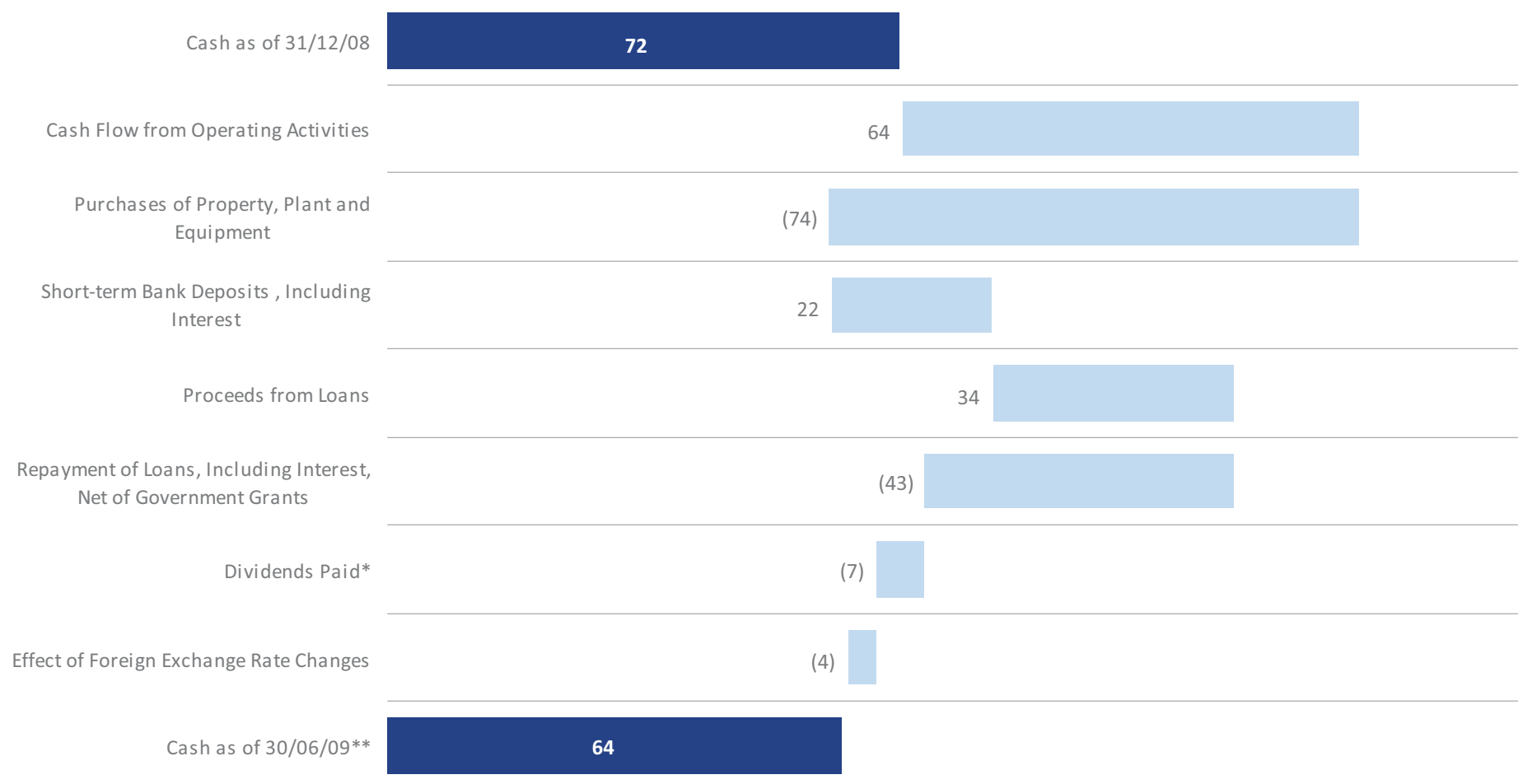
1H 2009 EBITDA Drivers

US\$m



Source: Rospadskaya

US\$m

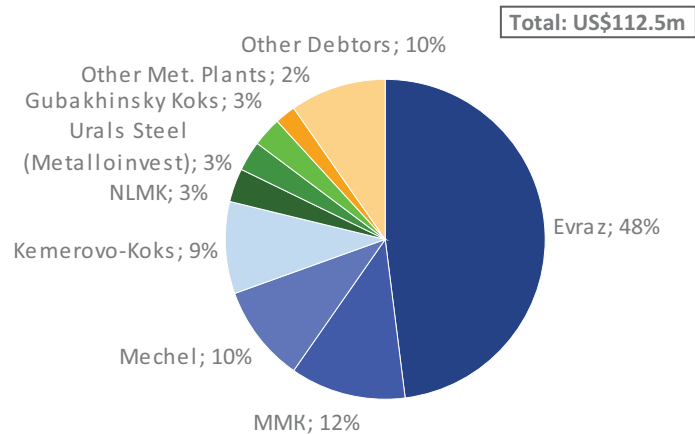


*Interim 2008 dividends brought forward

** Short-term bank deposits as of 30 June 2009 amounted to US\$86.7m

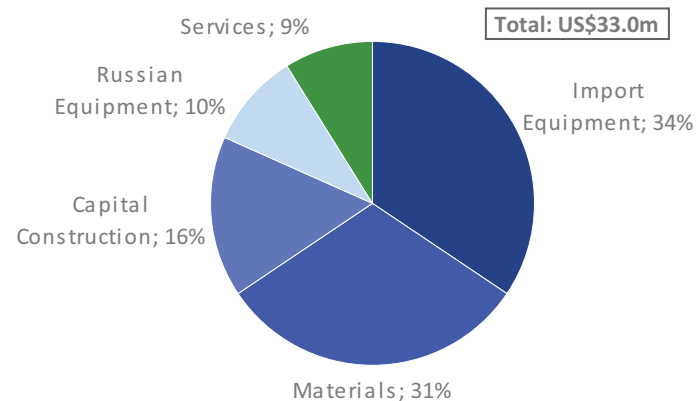
Source: Raspads kaya

Receivables Breakdown as of 30 June 2009



Source: Raspadskaya

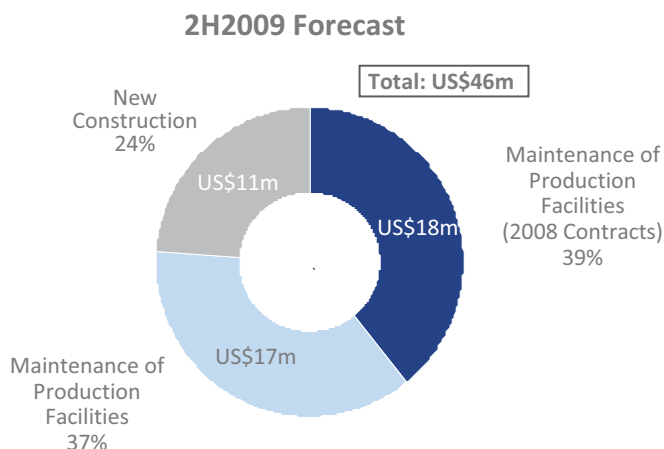
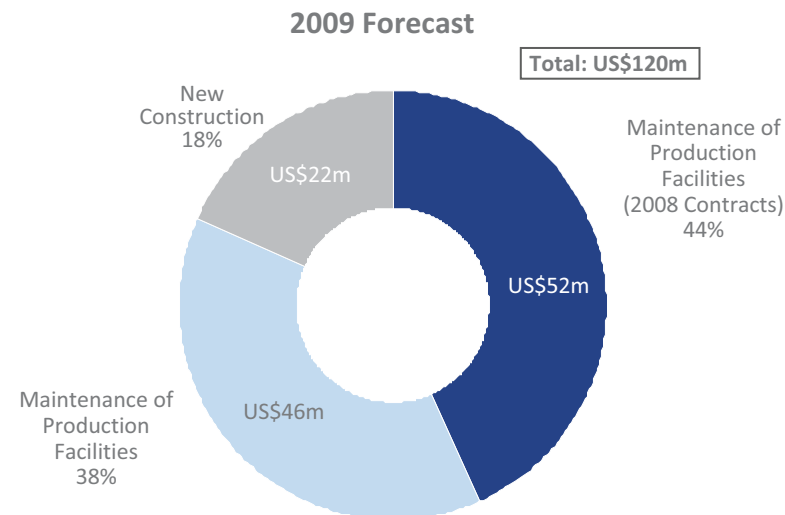
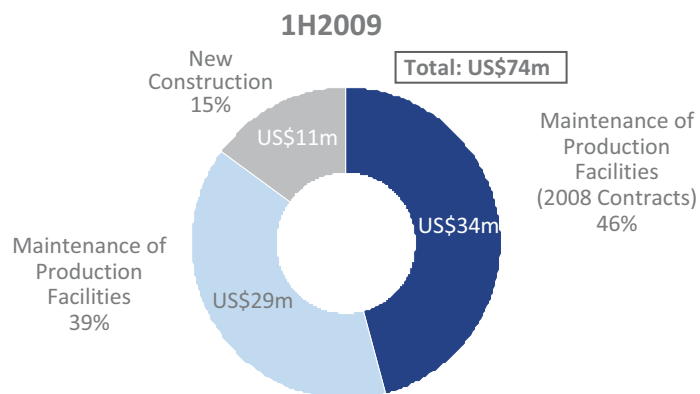
Trade Payables Breakdown as of 30 June 2009



Source: Raspadskaya

- Receivables as of 30 June 2009 amounted to US\$112.5m including sum for consumers of coal products (metallurgical and coke-chemical plants) of US\$102.5m, that is US\$16.3m less compared to 31 December 2008
- Trade payables are represented by payables to suppliers for import equipment, materials and to contractors for capital construction. As of 30 June 2009 payables amounted to US\$33.0m, that is US\$0.8m less compared to 31 December 2008
- In December 2008, and beginning 2009 the Company agreed with the main suppliers on payment by installments. Raspadskaya estimates legal risks to be minimal

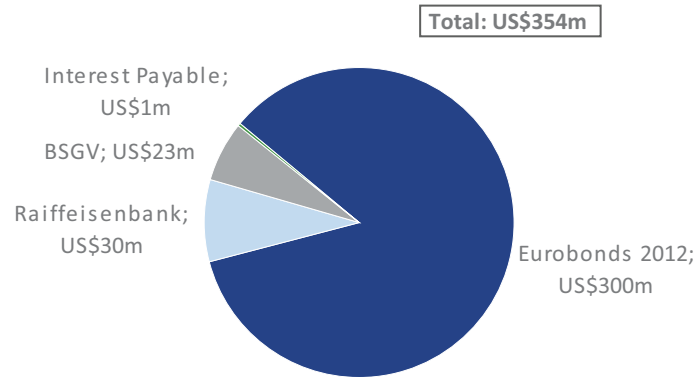
Breakdown of Capital Expenditures Financing in 1H2009



- In 1H2009, total amount of the capital expenditures financing program accounted for US\$74m, including:
 - US\$63m for reconstruction and development of the current production, that is 53% less compared to 1H2008;
 - More than US\$11m for Raspadskaya-Koksovaya mine construction (high quality coking coal reserves)
- The largest share of financing of capital expenditures was represented by the contracts signed in 2008
- The Company plans to specify its mid-term business development program in frames of the budget process for 2010. The program will be formed on the base of licenses, plans for exploration works, current production potential and expected market conditions

Source: Raspadskaya

Debt Breakdown as of 30 June 2009



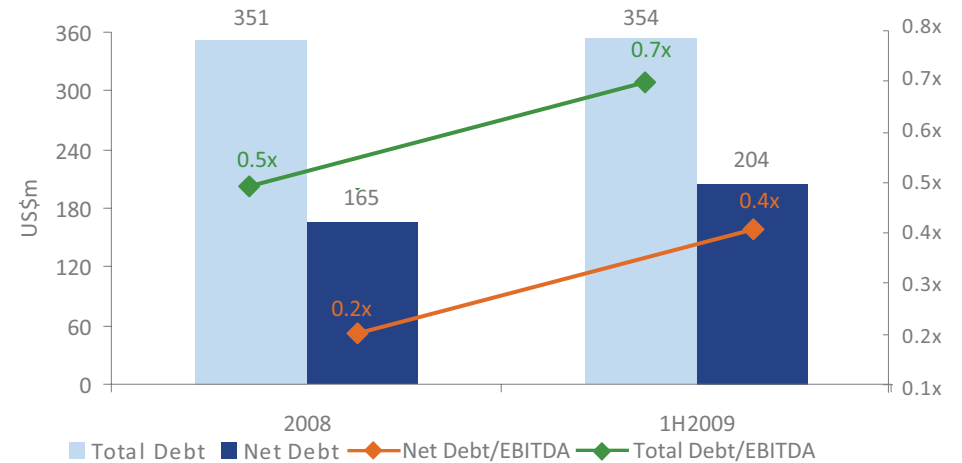
Source: Raspadskaya

Debt Repayment Schedule



Source: Raspadskaya

Total and Net Debt



Source: Raspadskaya

- The main debt is represented by Eurobonds for US\$300m with maturity in May 2012 and 7.5% coupon
- Debt as of 30 June 2009 comprised by 92% of US\$ and by 8% - of Euro
- 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
- The Company believes that none of the covenants will be infringed in the foreseeable future
- Taking into account dependence on coking coal prices the Company follows a conservative financial policy

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

<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 ▪ Maintain optimal balance between investments in production maintenance and perspective industrial development ▪ Maintain high liquidity and optimal capital structure ▪ Control over payables and receivables
<p>Production Policy</p>	<ul style="list-style-type: none"> ▪ 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
<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 ▪ 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 ▪ 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
<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 agreement with regional authorities

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