RASPADSKAYA
OAO RASPADSKAYA

OAO Raspadskaya
1H 2012 IFRS Financial Results

Investor Presentation

21 September 2012

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Major events in 2012

1st quarter

- Approval of the long-term program of the development of the coal mining industry for the period up to 2030 by the Government of Russia
- Increase of Raspadskaya' exports to Ukraine and start of negotiations on exports to Asia
- Audit of coking coal reserves in accordance with JORC Code
- Development of a 3rd face at Raspadskaya mine
- Introduction of 2 electricity supply lines and 3 electricity substations MRSK to insure electricity supply of the Company mines and Mezhdurechensk city

2nd-3rd quarters

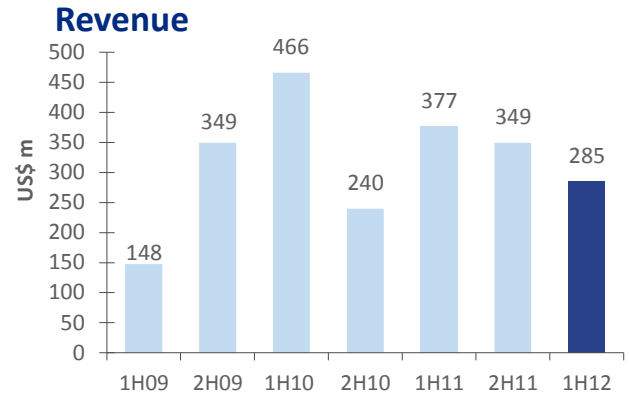
- Issue of 5 year 7.75% Eurobonds in the amount of US$400m under Reg S/144A and repayment of the debut Eurobond issue in May 2012
- Recommencement of operations at the 3rd face at Raspadskaya mine
- Recommencement Raspadskaya ' exports to China and South Korea
- Finalization of share buyback
- Government meeting on development of the coal mining industry
- At the ground complex of Raspadskaya mine, all the facilities at Glukhaya complex have been constructed and equipment has been set
- 65 year jubilee of the Russian Miner's day
- Alexander Novak, Minister of Energy of Russia, visited Raspadskaya mine
- Opening of a chapel commemorating deceased miners of Raspadskaya

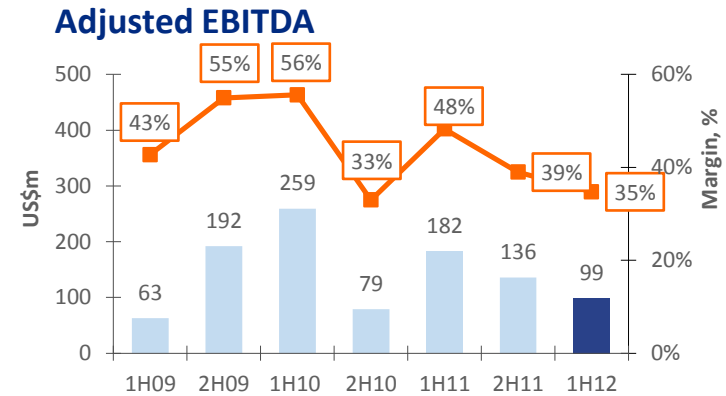
1H 2012 Key Highlights

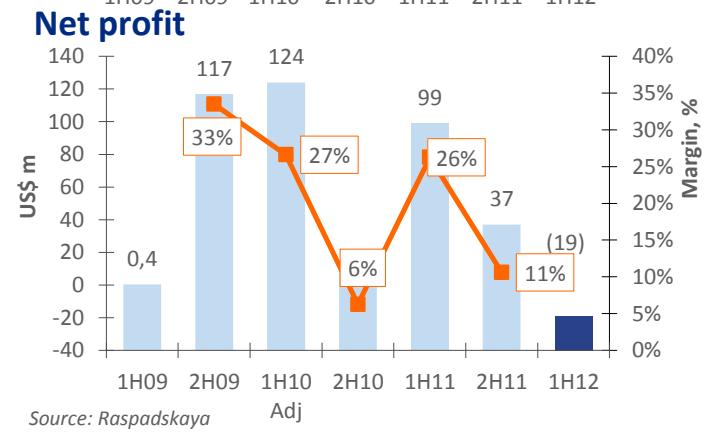
Key Highlights, US$m *(unless stated otherwise)*	1H2012	1H2011	*Change, %*	2H2011
Coal concentrate and raw coal sales volume, kt	2 332	2 447	*-5%*	2 240
Revenue	285	377	*-24%*	349
Adjusted EBITDA	99	182	*-46%*	136
Margin, %	*35%*	*48%*		*39%*
Net profit/(loss)	(19)	99		37

Source: Raspadskaya

- Declining sales volumes and price fall on all regional markets led to decrease in revenue by US$92m YoY.
- Foreign exchange loss of US$31m had a significant impact on making a net loss of US$19m in 1H2012.



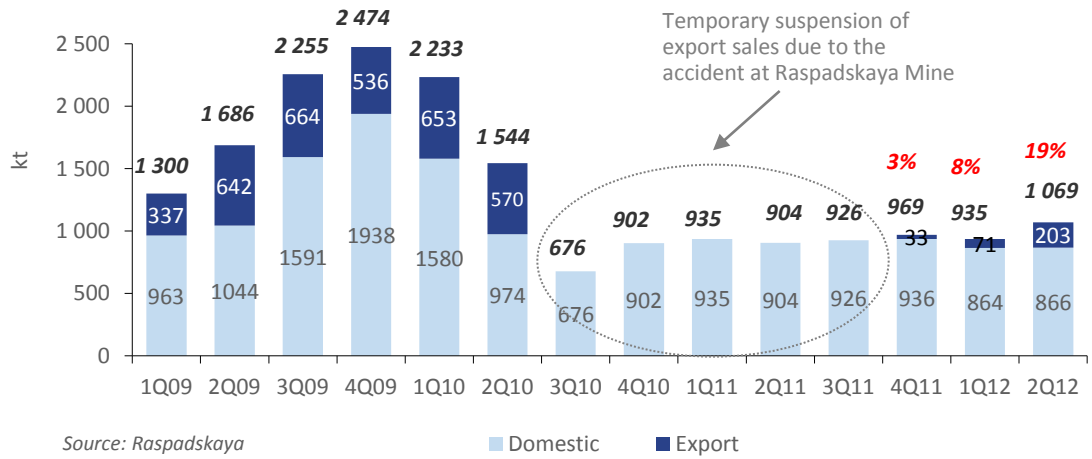




Source: Raspadskaya

Coal Products Sales

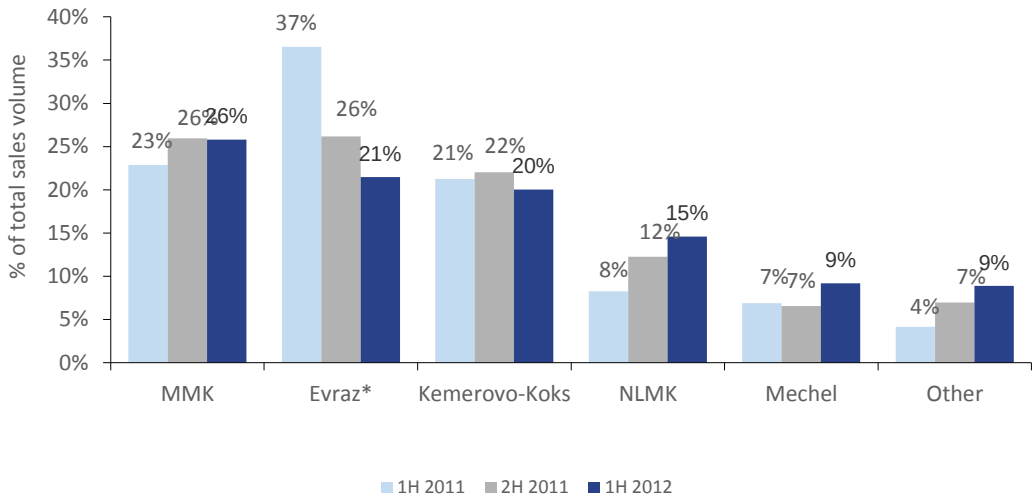
Coal concentrate sales



Source: Raspadskaya

- After phase by phase restoration of Raspadskaya Mine the current production capacities exceeds domestic demand
- In 2Q2012 coal concentrate sales volumes increased by 14% mainly because the Company more actively exported in all regional markets. In several months export share reached 27%.

Major Russian consumers of Raspadskaya coal products



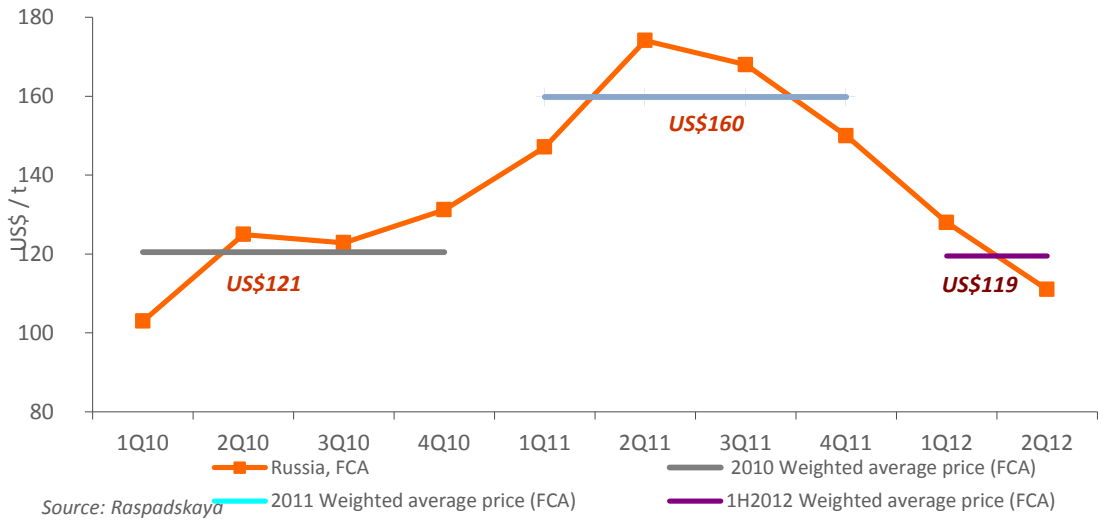
* *including raw coal sales to Evraz*

- Certain decline in sales to Evraz Group on the domestic market was partially offset by shipments to its Ukraine facilities. Evraz's total share in the sales of 1H2012 totaled 25%. .

Source: Raspadskaya

Coal Concentrate Price

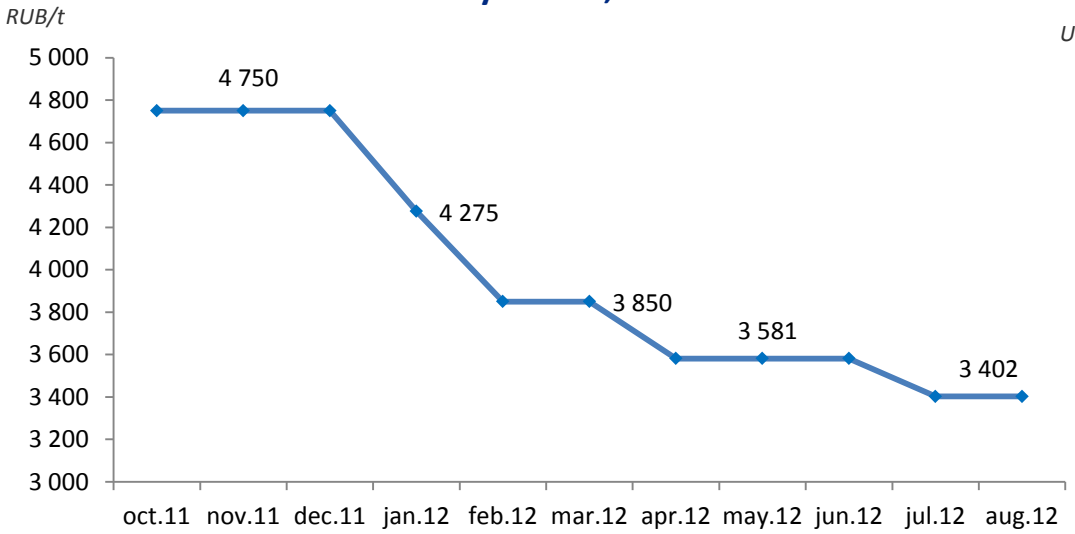
Raspadskaya coking coal price dynamics (SHCC)



Source: Raspadskaya

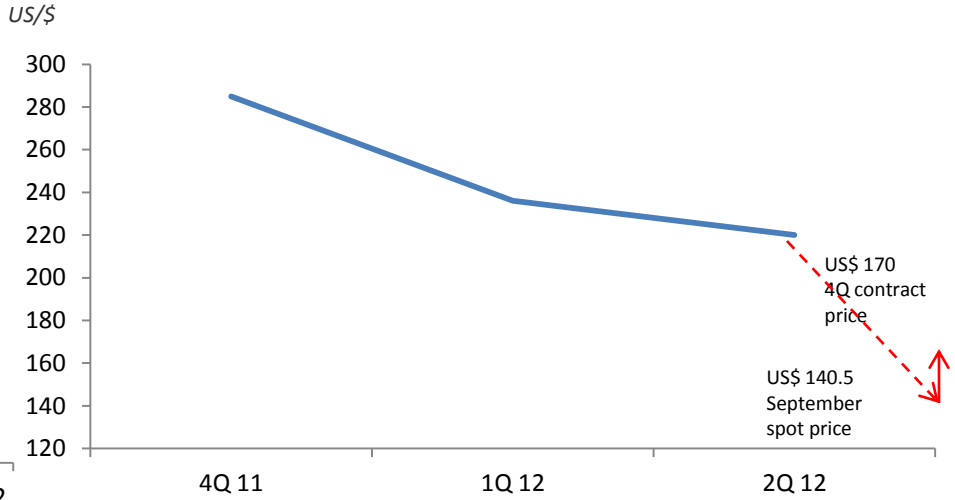
- In 1H2012, the average selling price of semi-hard coking coal concentrate amounted to US$119/tonne on FCA Mezhdurechensk basis compared to US$160/tonne in 1H2011
- In July – August the average selling price of semi-hard coking coal concentrate amounted to US$103/tonne on FCA Mezhdurechensk basis

Contract Price for SHCC dynamics, FCA Mezhdurechensk



Source: Raspadskaya

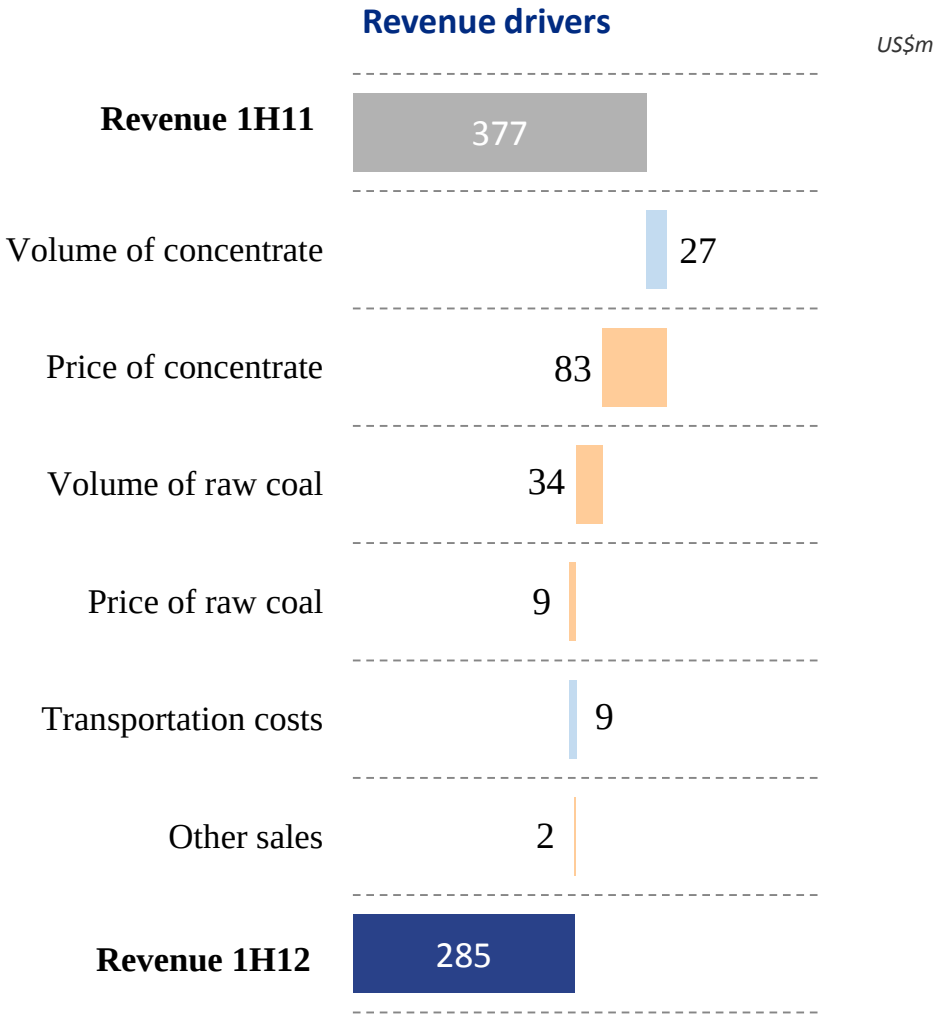
Hard Coking Coal price dynamics, FOB Australia



Source: Raspadskaya, Platts

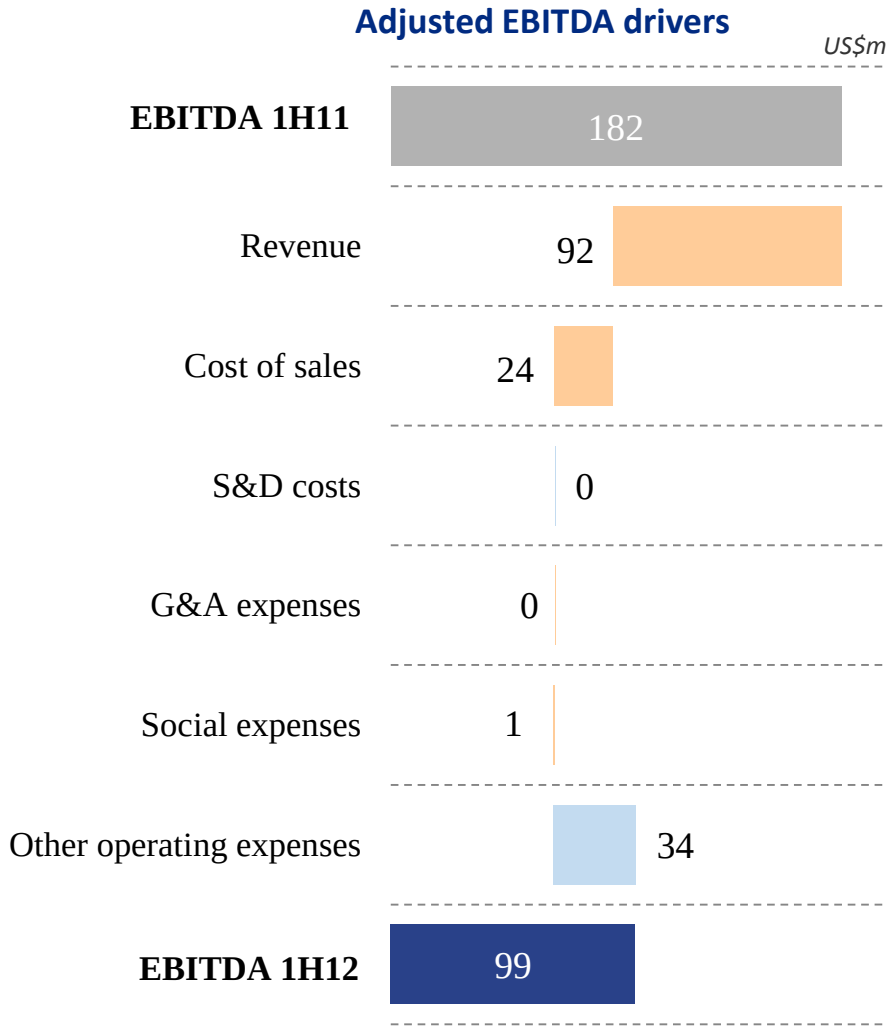
Revenue and Adjusted EBITDA drivers

Revenue drivers



Source: Raspadskaya

Adjusted EBITDA drivers

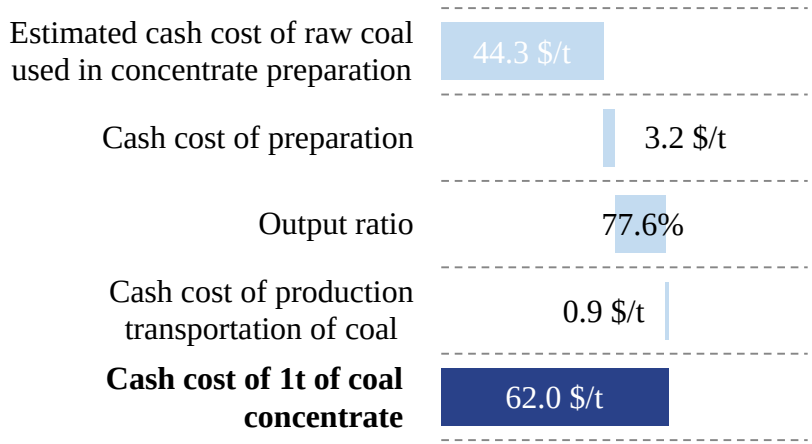


Source: Raspadskaya

- The main factor which impacts on Adjusted EBITDA decline was a decline in Revenue in 1H2012.
- The decline in Revenue from sales of coal products was due to a declining sales volumes taking into account the unstable demand from the steel and coke plants and decreased production volumes, and price fall on all regional markets.

Cost of Production

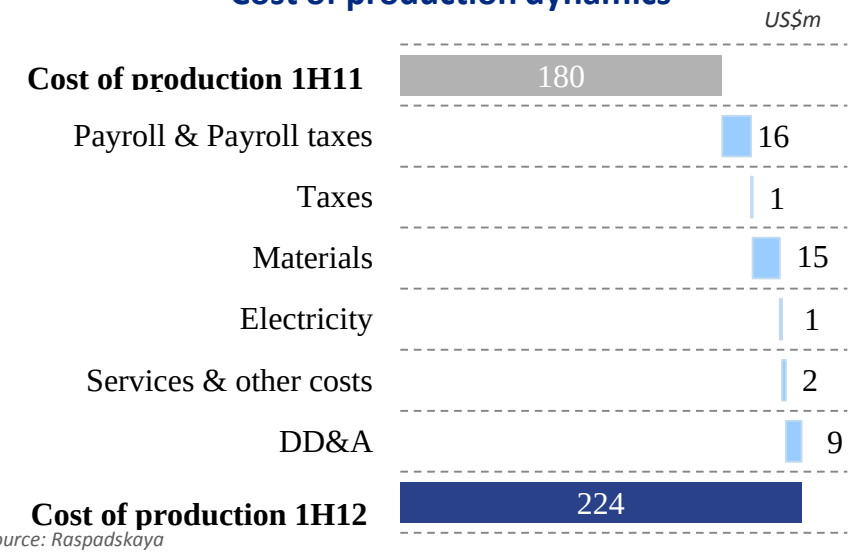
Cash cost of 1t concentrate in 1H2012



Source: Raspadskaya

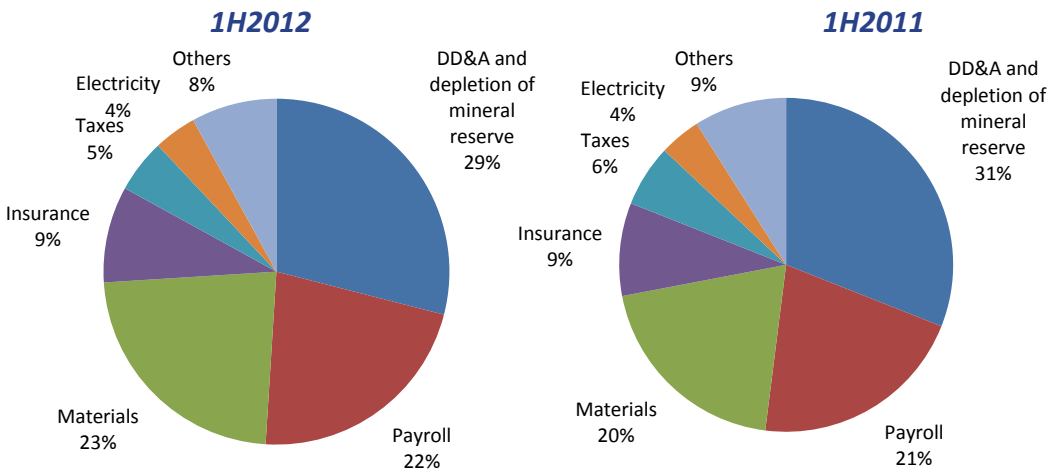
- 1H2012, cash cost of coal extraction increased mainly because of an increase in expenses included in production costs and associated with the disposing of the accident and reconstruction of Raspadskaya mine. The expenses increased because the main stage of disposing of the accident and reconstruction of Raspadskaya mine was completed. In addition, the volume of development at the mine also increased.
- If sales and production volumes had reached the planned levels, cash cost of 1 t of concentrate would have been no less than 30% lower than the actual one in 1H2012.
- As production and sales volumes increase, following, among other things, entering new markets, the Company expects that the ruble-denominated cost of production of 1t of coal concentrate will decrease.

Cost of production dynamics



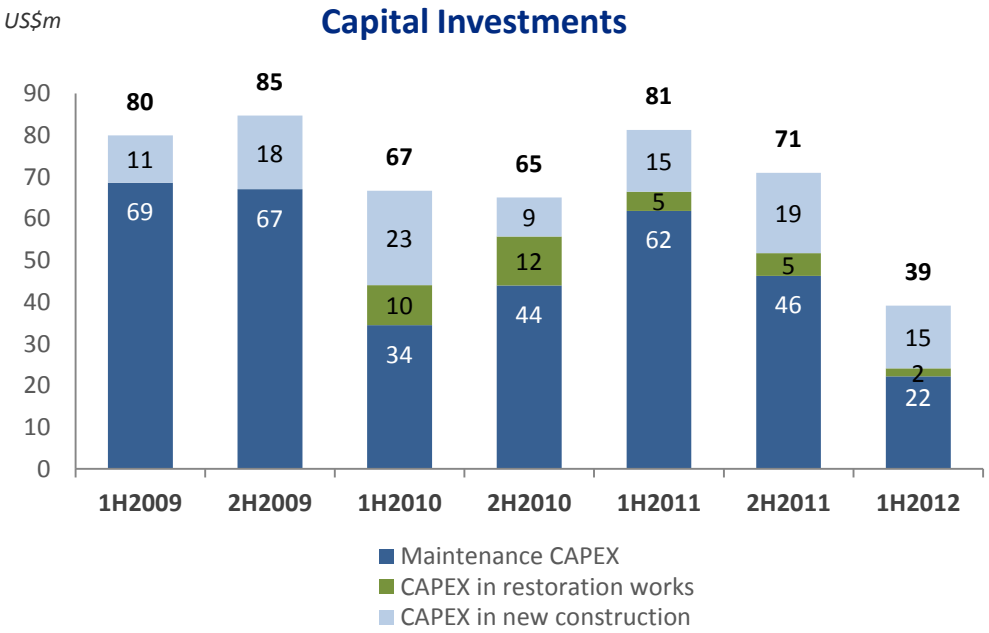
Source: Raspadskaya

Cost of production breakdown



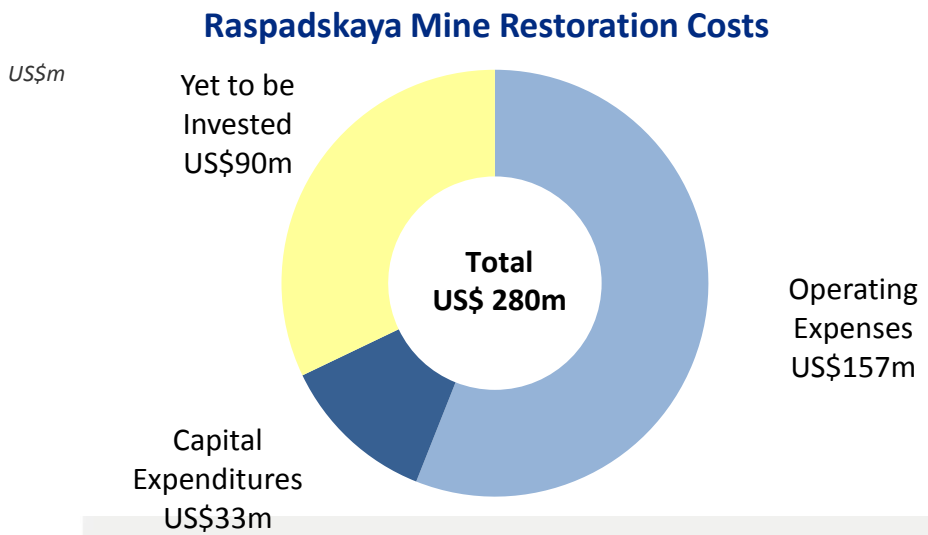
Source: Raspadskaya

CAPEX and Restoration Costs



Source: Raspadskaya

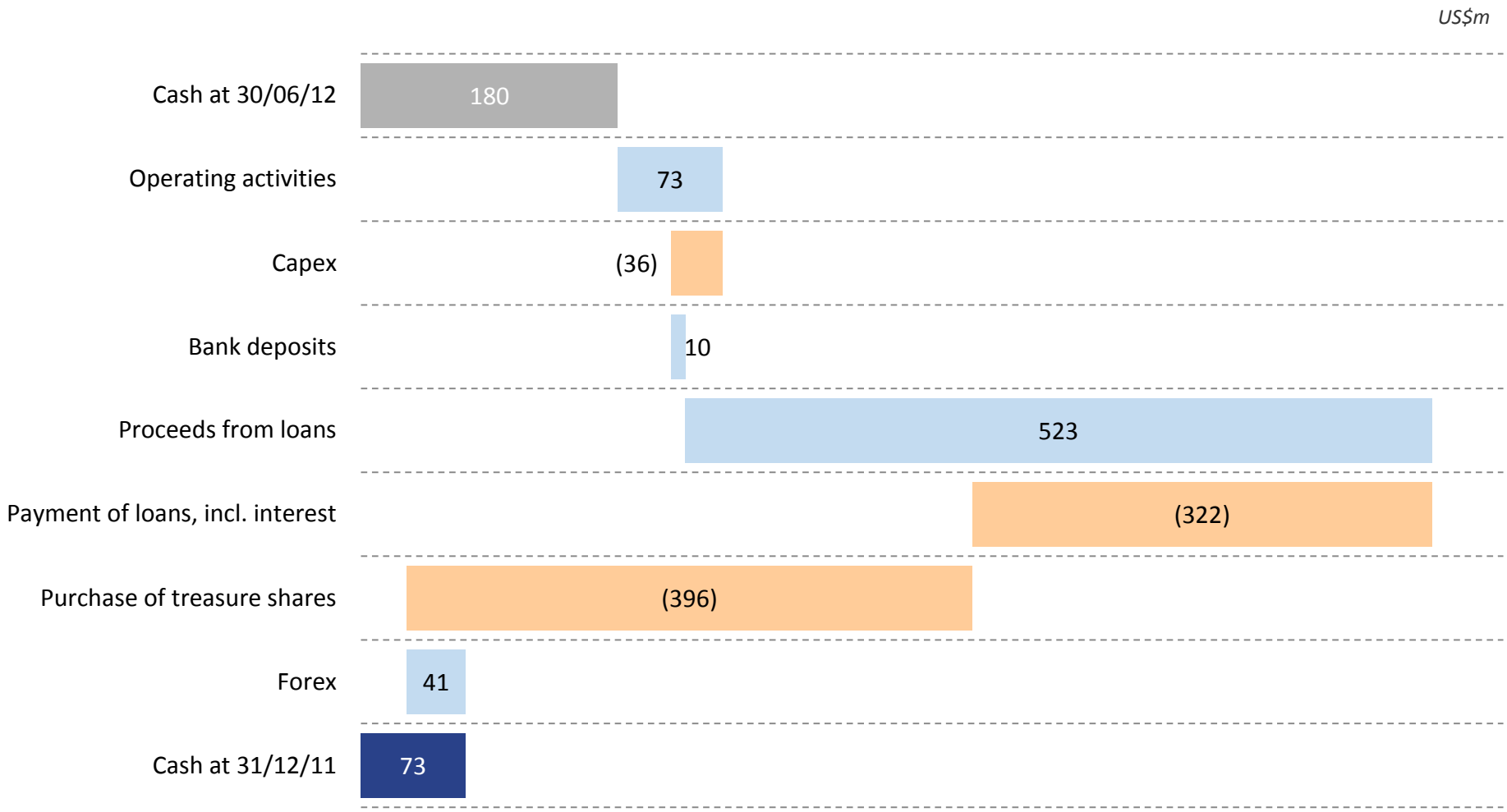
- The key factor which impacts on reduction CAPEX in 1H2012 was the reduction of the investments in the maintenance of production facilities according to the reduced production program.



Source: Raspadskaya

- As at 30 June 2012 Restoration Costs totaled US$ 190m according to the current budget, the Company believes that will not exceed US$280m in total.
- Operating expenses consist of compensatory social payments; works done by VGSCh associated with operational plans to dispose of the accident; fire extinguishing and pumping the water out; reconstruction of shear and preparation faces, systems of ventilation, degassing and electricity supply; project works and repairs.
- CAPEX mainly consists of acquisition of mining equipment and construction, including mine development.

Cash Flow

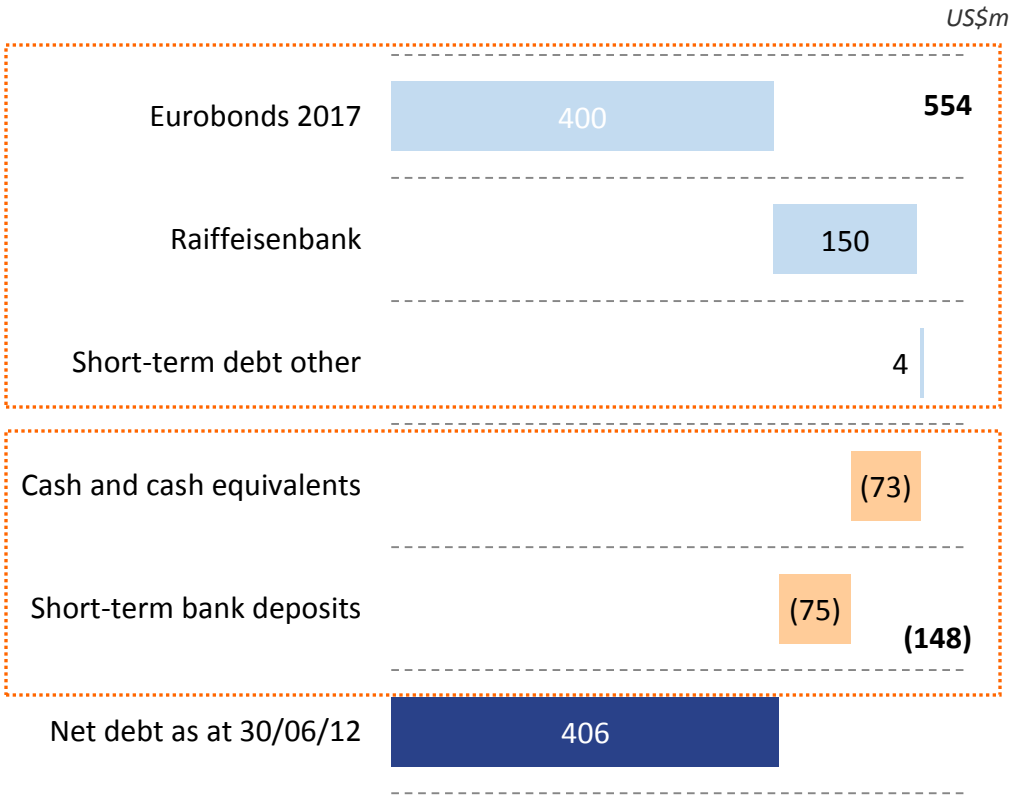


Source: Raspadskaya

- In 1H2012 the Company finalized the share buyback. US$396m was settled under the agreements with shareholders
- As at 30 June 2012, cash and cash equivalents, and short-term bank deposits totaled US$148m

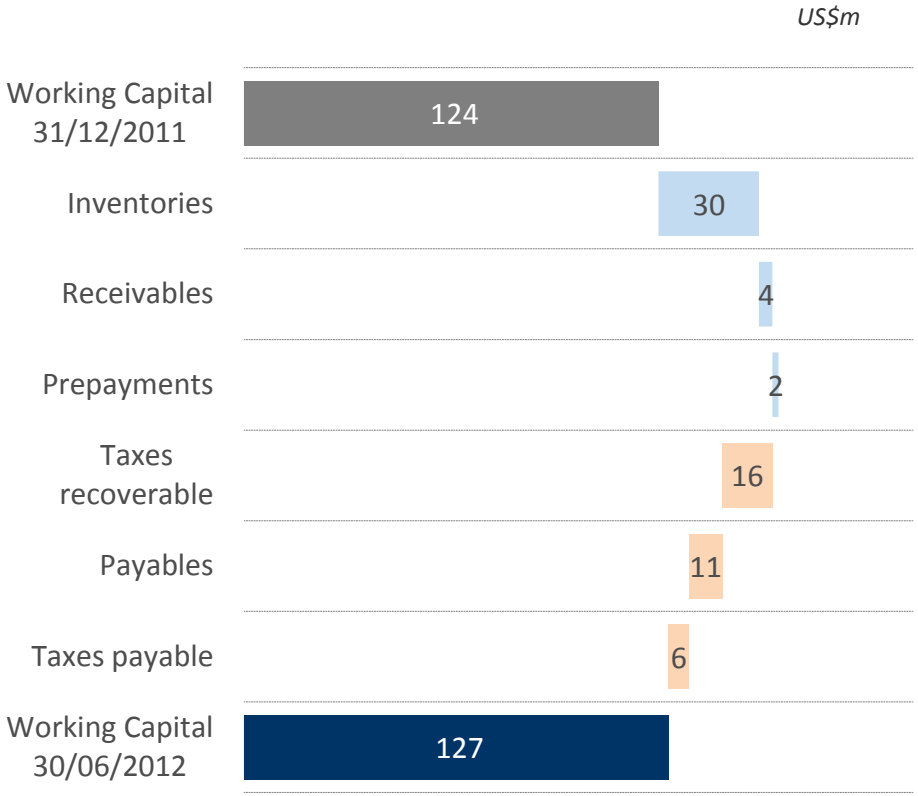
Financial Position

Net debt Reconciliation



Source: Raspadskaya

Changes in Working capital



Source: Raspadskaya

- In February 2012 the Company signed a loan agreement with Raiffeisenbank for US$150m maturing on 7th February 2014.
- In April 2012 the Company issued five-year Eurobond in the amount of US$400m to refinance Eurobond in the amount of US$300m expired in May 2012. The rest of US$100m served corporate purposes.

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