RASPADSKAYA
OAO RASPADSKAYA

Russian Coal Company OAO Raspadskaya

Investor Presentation

November – December 2011

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Presenting Team

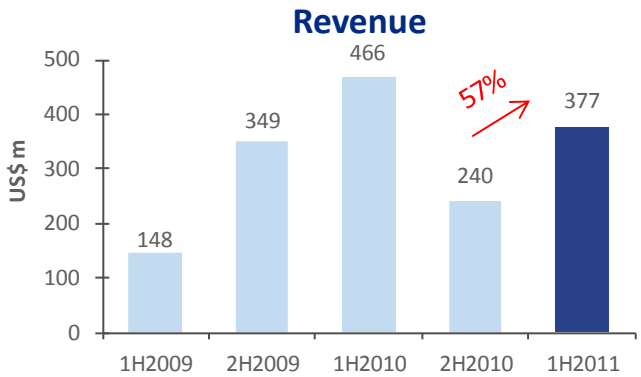
Gennady Kozovoy

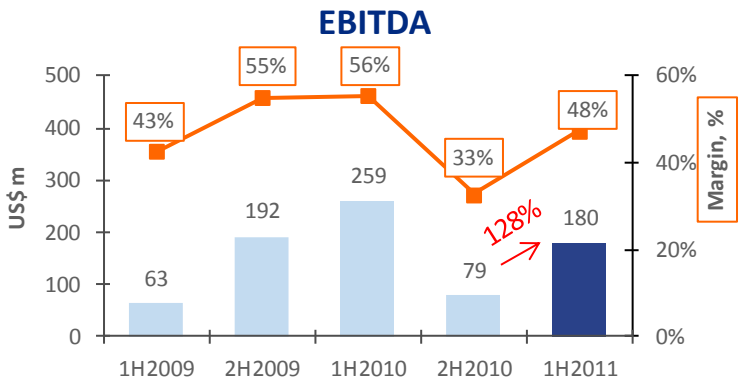
- CEO of ZAO Raspadskaya Coal Company since 2003
- CEO of ZAO Raspadskaya in 1993-2003
- Chairman of the Supervisory Board of ZAO Raspadskaya in 1991-1993
- Joined the Company in 1978

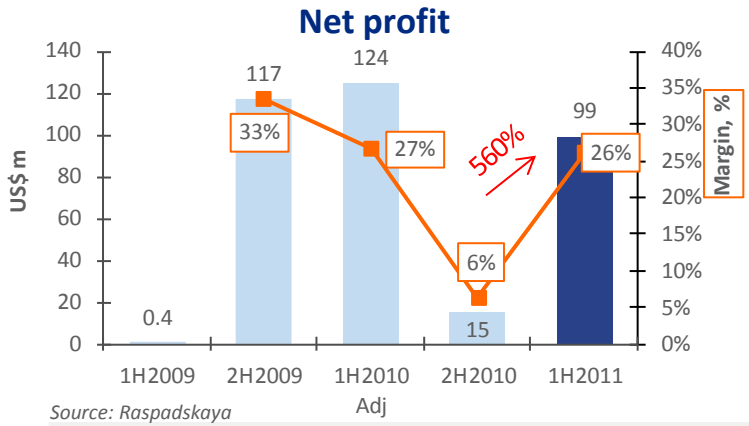
Alexander Andreev

- Deputy CEO for Strategic Planning of ZAO Raspadskaya Coal Company since 2005
- Head of Business Development, Head of Raw Materials, Vice President at Evraz Group from 1999 to 2005
- Joined the Company in 2005

Financial Highlights (from 1H2011 Financials)







Source: Raspadskaya

Highlights, US$m *(unless stated otherwise)*	1H2011	1H2010	*Change, %*
Revenue	377	466	*-19%*
EBITDA[(1)]	180	259	*-31%*
Margin, %	*48%*	*56%*	
EBIT	118	204	*-42%*
Margin, %	*31%*	*44%*	
Net Profit	99	229	*-57%*
Adjusted Net Profit[(2)]	99	124	*-20%*

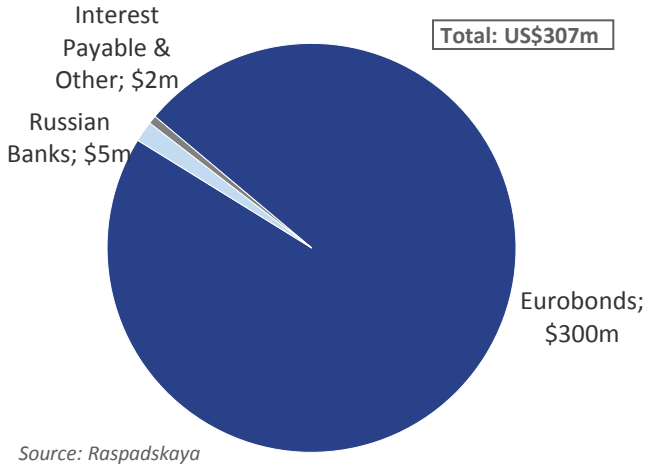
Source: Raspadskaya

(1) 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

(2) 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

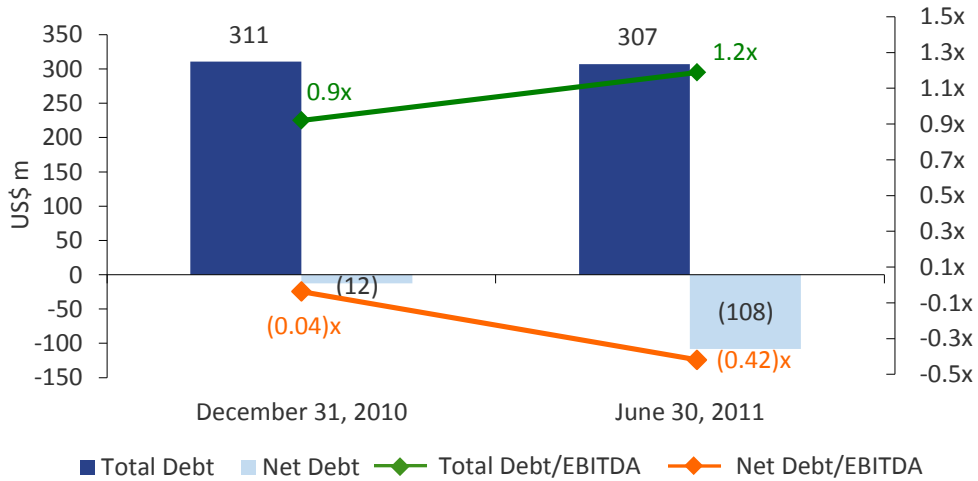
Financing Policy and Debt Breakdown

Debt Breakdown as of 30 June 2011



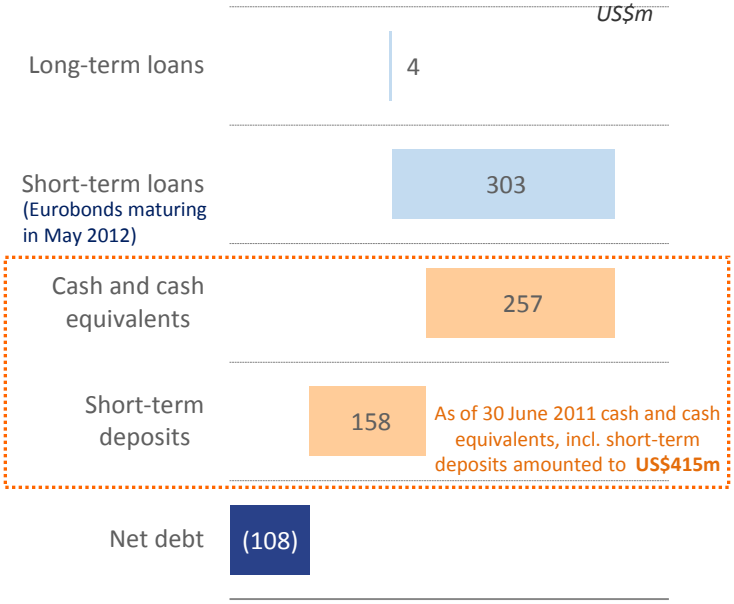
Source: Raspadskaya

Total Debt and Net Debt (or Net Cash)



Source: Raspadskaya

Net Debt/Net Cash Reconciliation as of 30 June 2011

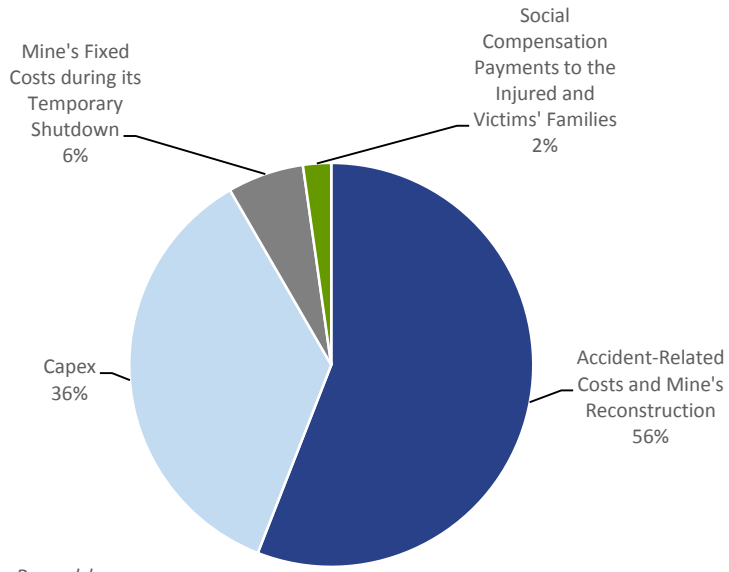


Source: Raspadskaya

- The Company maintains a stable financial position and continues to use its positive operating cash flow to implement investment programs, service debt, and pay dividends
- Fully aware of its dependence on coking coal prices and coal sales volumes, the Company maintains a conservative financing policy
- Company's main debt is US$300m 7.5% Eurobonds due in May 2012
- As of November 2011, the Company complied with all debt covenants stipulated in Eurobonds' Loan Agreement. The Company believes it will be in compliance with all such covenants in the future
- One of the Eurobonds' covenants is Net Debt Coverage (Net Debt/EBITDA 12M), which should not exceed 3.0x. As of June 30, 2011, Net Debt Coverage stood at (0.4x)
- The other covenant is the ratio of Total Debt/EBITDA 12M, which should not be more than 3.0x. As of June 30, 2011, this ratio was 1.2x
- On 25 August 2011, the Extraordinary General Meeting decided to distribute interim dividends for 1H2011 in the amount of RUB3,904m (US$135m or RUB5 per share)

Cost of Raspadskaya Mine's Reconstruction and Cash Cost

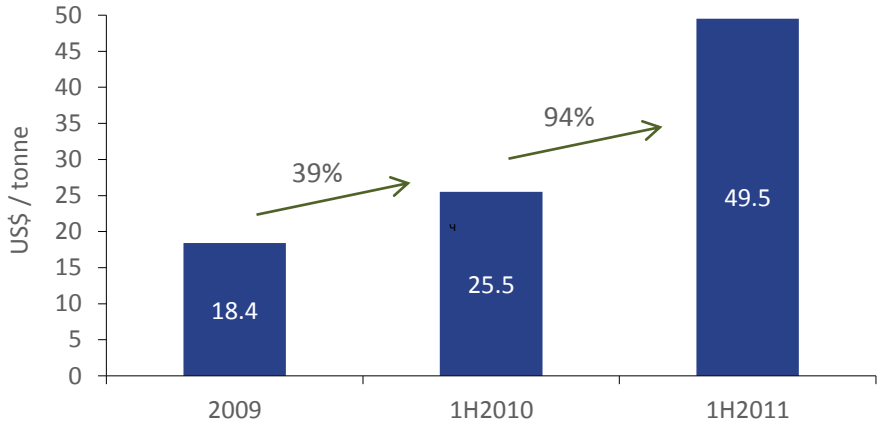
Accident-Related Expenditures and Cost of Reconstruction of Raspadskaya Mine (US$280m total)



Source: Raspadskaya

- The total cost of reconstruction of Raspadskaya Mine should come to approx. US$280m over 2010-2012

Cash Cost of Coal Concentrate Production, US$/tonne

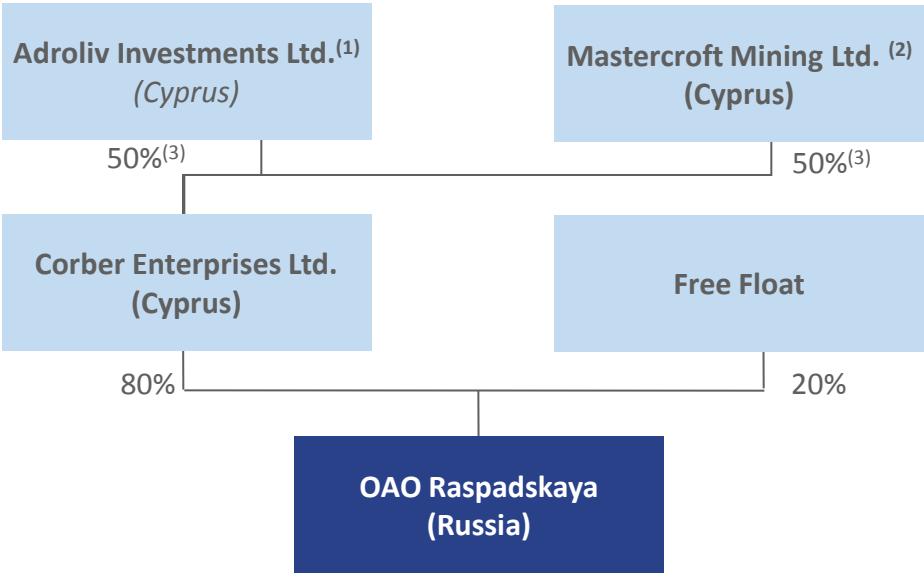


Source: Raspadskaya

- The increase in 1H2011 cash cost was mainly due to the production decline as a result of the accident at Raspadskaya mine and the maintenance of high relative fixed cost
- As production grows with new faces the Company expects that the cash cost will come down
- With the coal industry trend of rising underground mining costs, Raspadskaya remains competitive in terms of its cash cost versus the Russian semi-coking coal producers (on the FCA basis) and global producers (on the FOB basis)

Share Buy-Back Terms*

Current Shareholder Structure



(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 total voting shares

Source: Raspadskaya

- The Board of Directors of the Company believes that the current relatively low share price does not reflect the fundamental value of the Company; hence, there is an opportunity to carry out a share buy-back now
- The Board of Directors of the Company has approved the buy back of Company's ordinary shares of up to 10% of Company's capital (up to 78,079,980 shares), or up to US$390.4m (assuming an exchange rate of RUB30 per US$)
- The shares will be bought back at RUB150 (approx. US$5) per share; the value was determined taking into account shares' market price between May 14, 2011 and November 14, 2011
- In case the total number of shares submitted for buy-back exceeds the maximum number of shares the Company is allowed to purchase (78,079,980 shares), the shares will be purchased on a pro rata basis

Share Buy-Back Procedures and Timeline

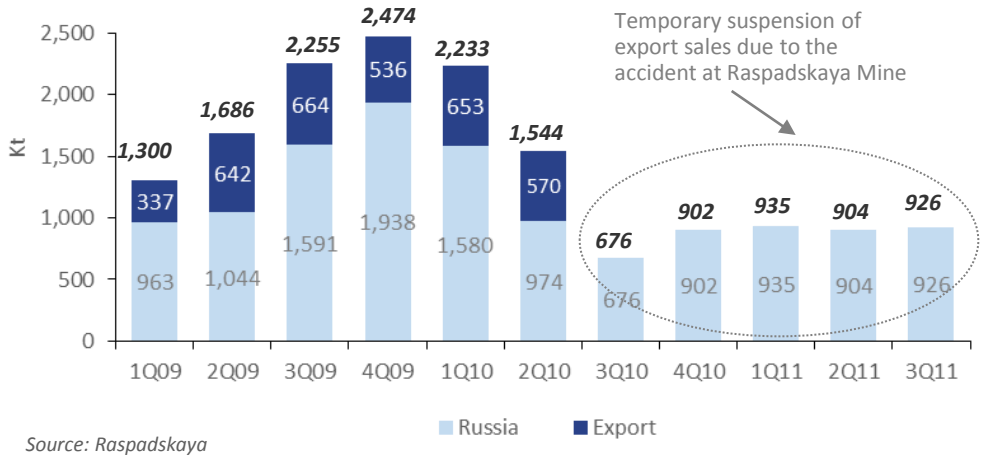
	2011	2012			
	December	January	February	March	April
1. Shareholders submitting applications for buy-back	Dec. 19 - Jan. 31				
2. Execution of purchase contracts, registration of purchased shares			Feb. 1 - Mar. 31		
3. Cash payments for shares bought back				Mar. 1 - Apr. 30**	

* - The Company does not make any recommendations to the ordinary shareholders with regard to whether they should submit applications for buy-back or refrain from doing so

** - In any case within 30 days of shares registration in Company's register

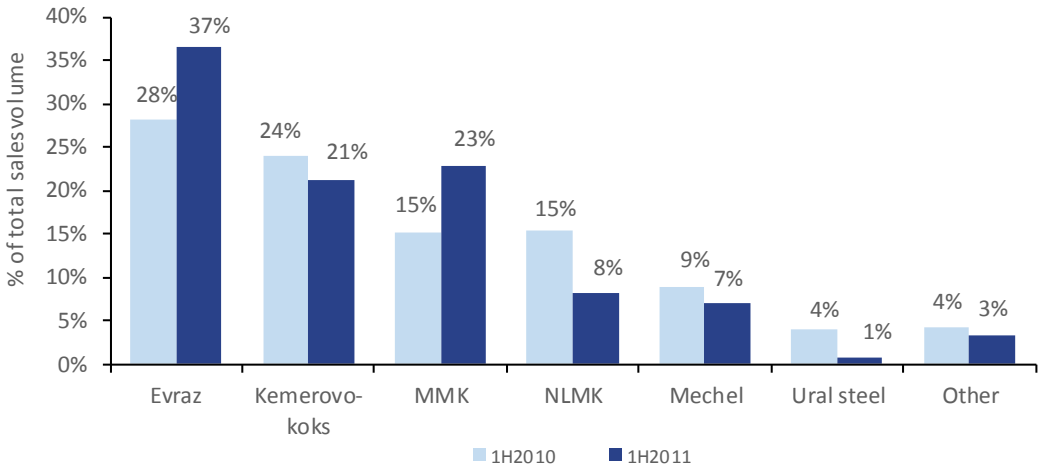
Sales Policy

Coal concentrate sales



Source: Raspadskaya

Major Russian Consumers of Raspadskaya Coal Concentrate



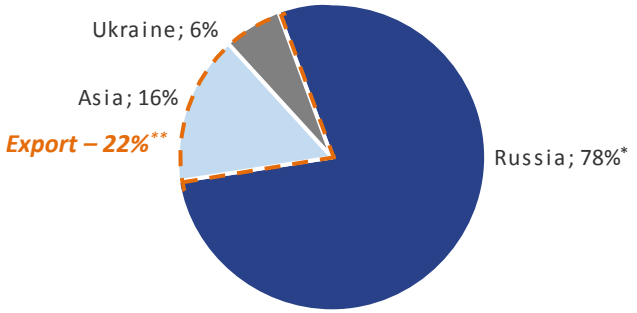
Source: Raspadskaya

- Raspadskaya produced 4,669 Kt of raw coal during the first nine months of 2011
- The Company sold 2,766 Kt of semi-hard coal concentrate during the first three quarters of 2011
- Over the same period raw hard coking coal sales amounted to 802 Kt
- Raspadskaya has now fully regained its customer base in Russia
- The Company sells its coal products to Russian steel and coke plants mainly under long term contracts
- From October 2011 Raspadskaya has restarted export sales
- The Company holds talks with many foreign (non-Russian) consumers of its coal products, some of whom are Company's former customers. Raspadskaya intends to supply its products to several regional markets, taking into account changing market situation

Concentrate Sales Geography

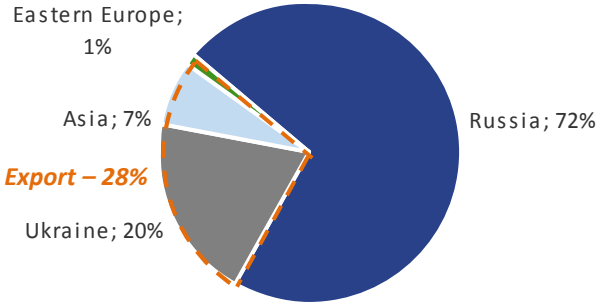
Raspadskaya Sales Geography

2010



* - Including raw coal sales recalculated in coal concentrate equivalent (5% of total sales volume)
** - Temporary suspension of export sales due to the accident at Raspadskaya Mine in May 2010

2009

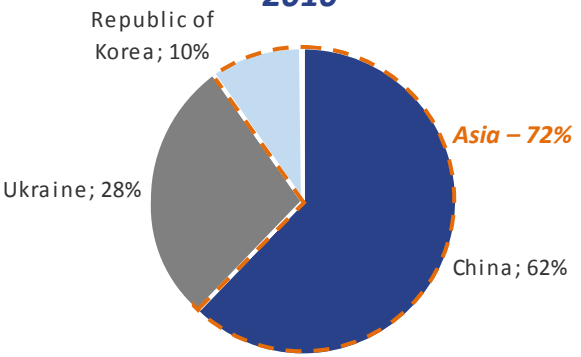


Source: Raspadskaya

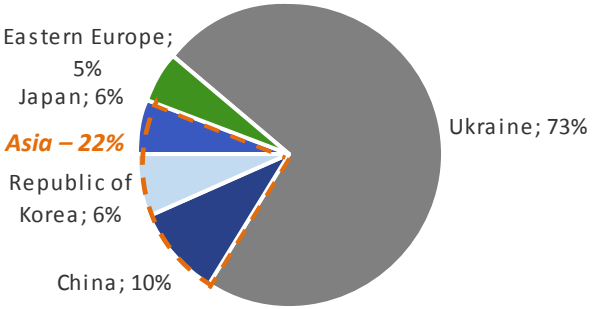
- Before May 2010 the Company has been diversifying and expanding its export sales
- The key feature of the diversification was the move toward the Asian export market. Sales volume to the Asian customers was 72% and 22% of total export sales in 2010 and 2009, respectively
- In the medium-term the Company generally plans to export no less than 35% of its total sales volume, taking into account changing market situation

Raspadskaya Export Sales

2010



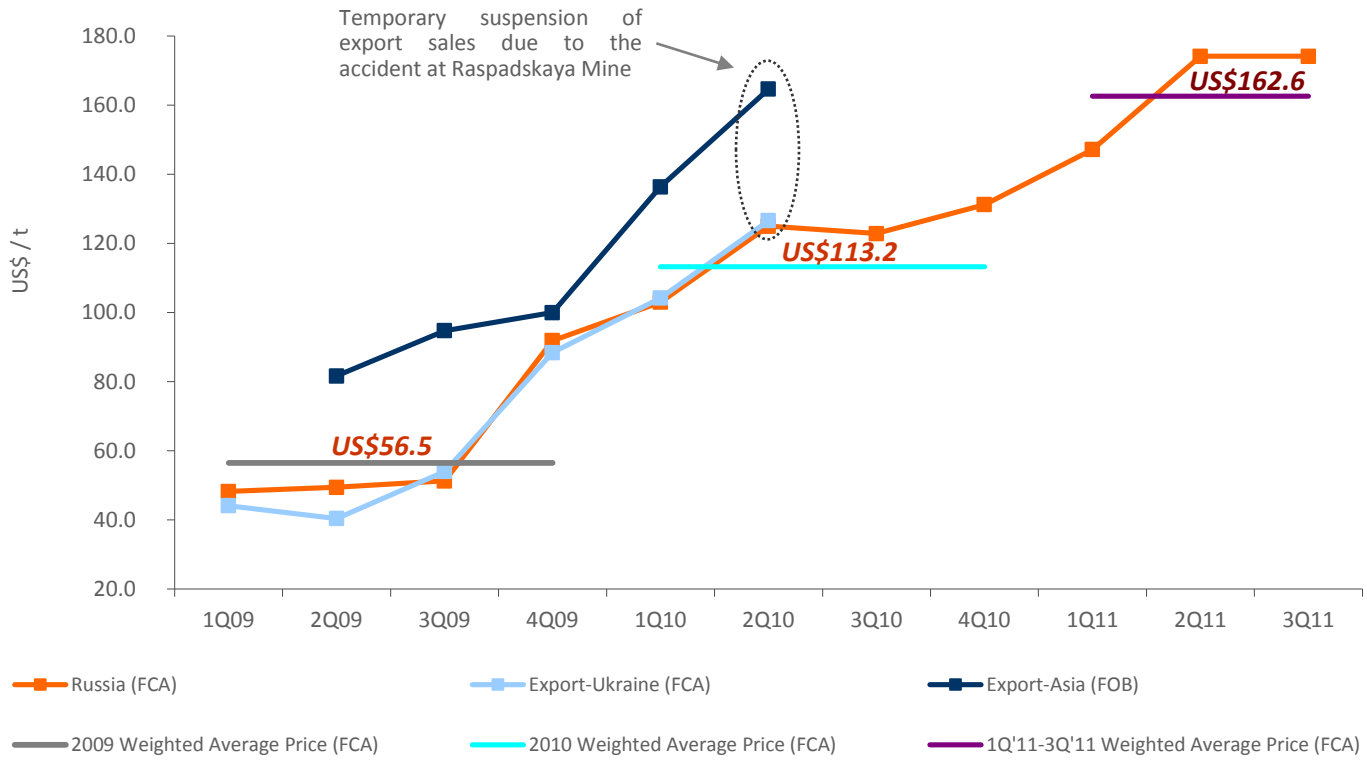
2009



Source: Raspadskaya

Pricing Policy

Raspadskaya Coking Coal Price Dynamics (SHCC)



Source: Raspadskaya

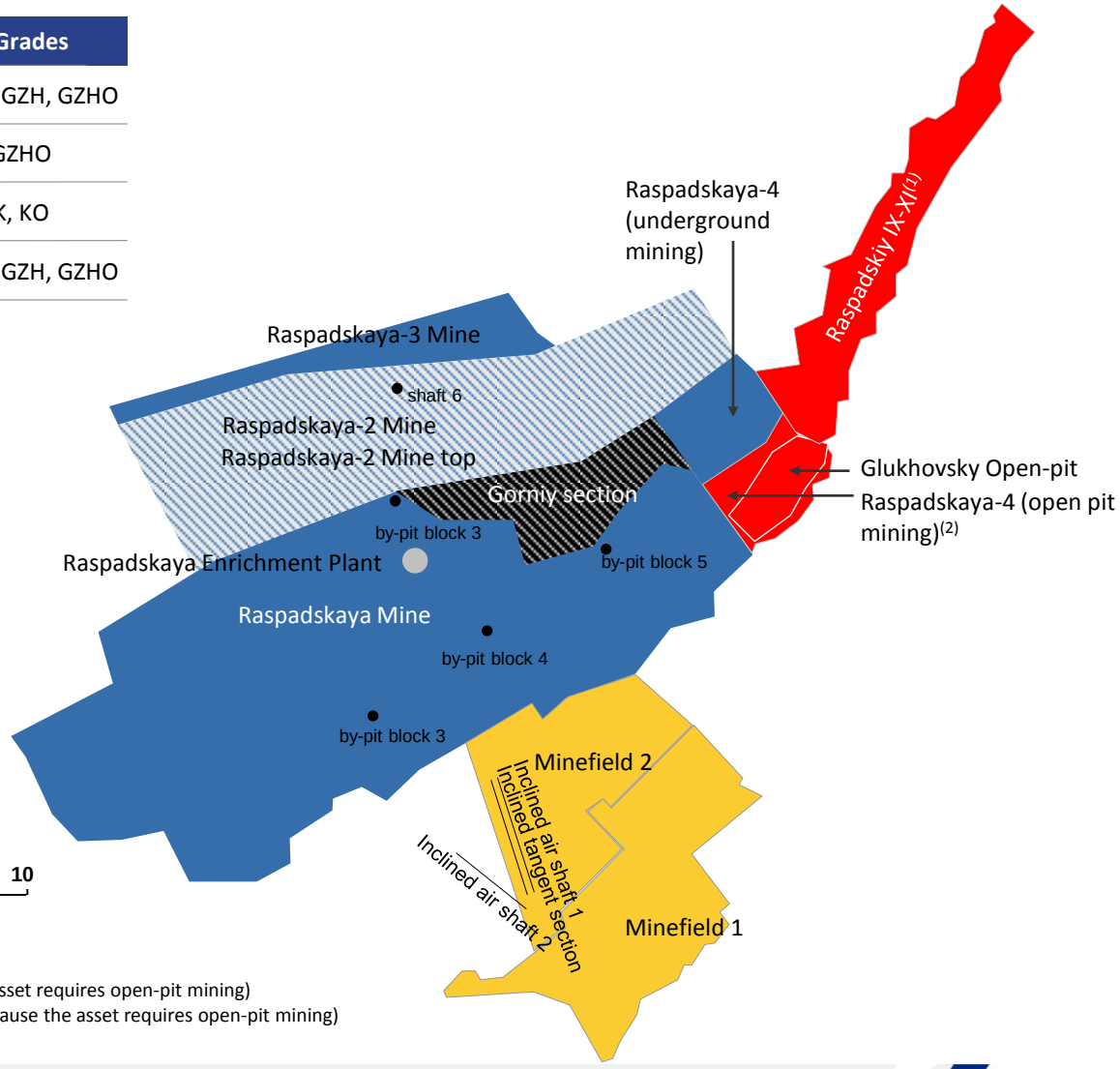
- Since October 2011 domestic contract prices have remained roughly in line with 3Q prices and amounted to approx. US$151* per tonne of coal concentrate on FCA Mezhdurechensk basis
- The price for the majority of the contracted volumes has been fixed until January 31st, 2012

* - Assuming a RUB/US$ exchange rate of 31.4

APPENDIX

Location of Producing Assets

Company	Reserves, mt	Grades
Raspadskaya Mine	617.6	ZH, GZH, GZHO
MUK-96 Mine	167.8	GZHO
Raspadskaya-Koksovaya Mine	128.6	K, KO
Raspadsky Open Pit	132.5	ZH, GZH, GZHO



Crossing sections (located at different levels)

- Gorniy section (MUK-96) and Raspadskaya Mine
- Raspadskaya-2 Mine top (MUK-96) and Raspadskaya-2 (Raspadskaya Mine)

0 1 2 3 4 5 6 7 8 9 10

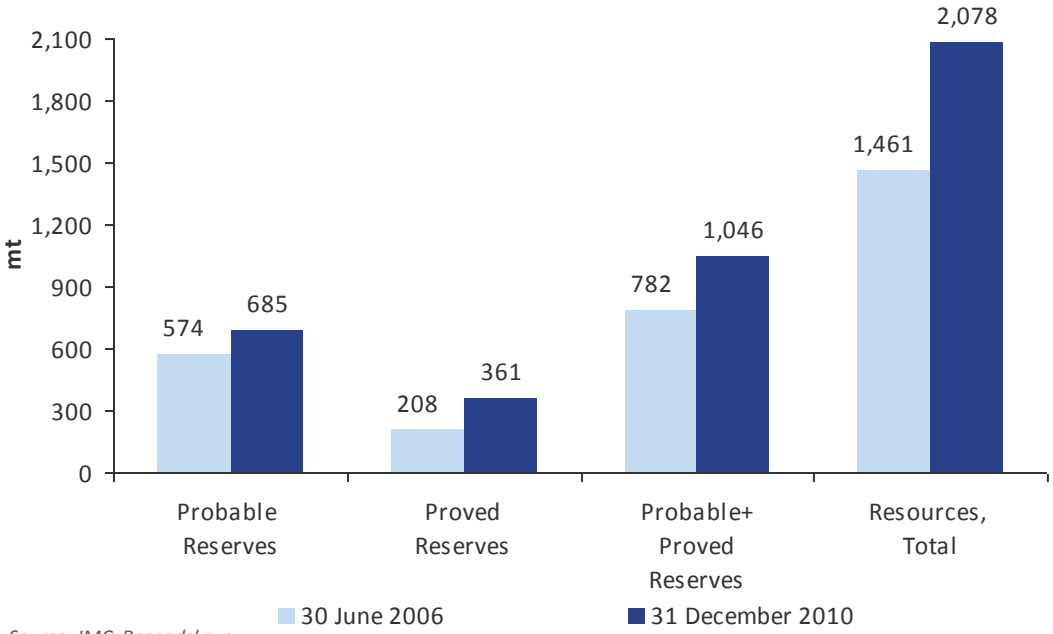
10 km

Notes:
(1) License owned by MUK-96 (developed by Raspadsky Open Pit, because the asset requires open-pit mining)
(2) License owned by Raspadskaya Mine (developed by Raspadsky Open Pit, because the asset requires open-pit mining)

Source: Raspadskaya

Resources and Reserves

JORC Resources and Reserves as of 31 December, 2010



Source: IMC, Raspadskaya

JORC Resources and Reserves by Enterprise

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

Source: IMC, Raspadskaya

- 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 has acquired four mining licenses: Raspadsky IX-XI, Raspadskaya-3, Raspadskaya-4, and Mine Field #2 (Koksovaya)

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