RASPADSKAYA

RASPADSKAYA OJSC

Company Overview and 2006 Trading Results

Moscow, 18 January 2007

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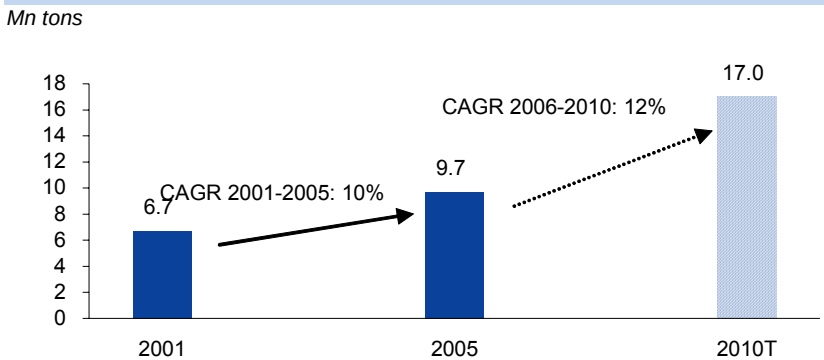
World Class Asset Base

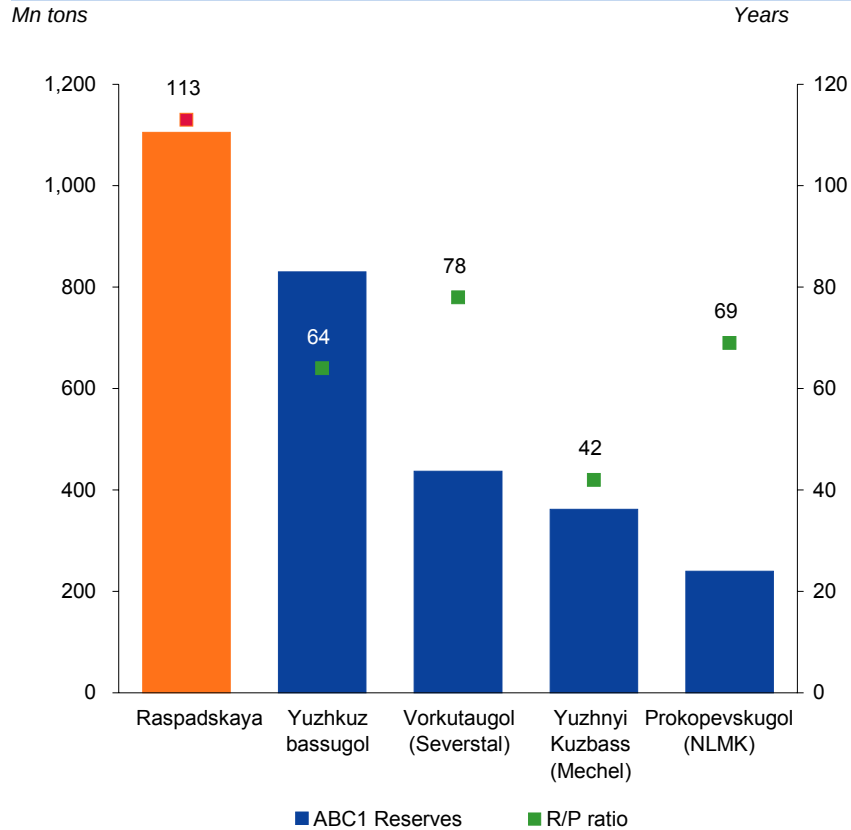
- Proved and probable reserves amount to 782 mn tons and total resources to 1.46 bn tons as of 30 June 2006
- Favorable mining and geological conditions
  - Forceful continuous seams (from 1.5 to 5 m) with flat dip <10°
  - Seam gas content within optimal working range
- Increase in the reserve base through acquisition of licenses in Kemerovo region

Production Growth



Source: Raspadskaya, IMC

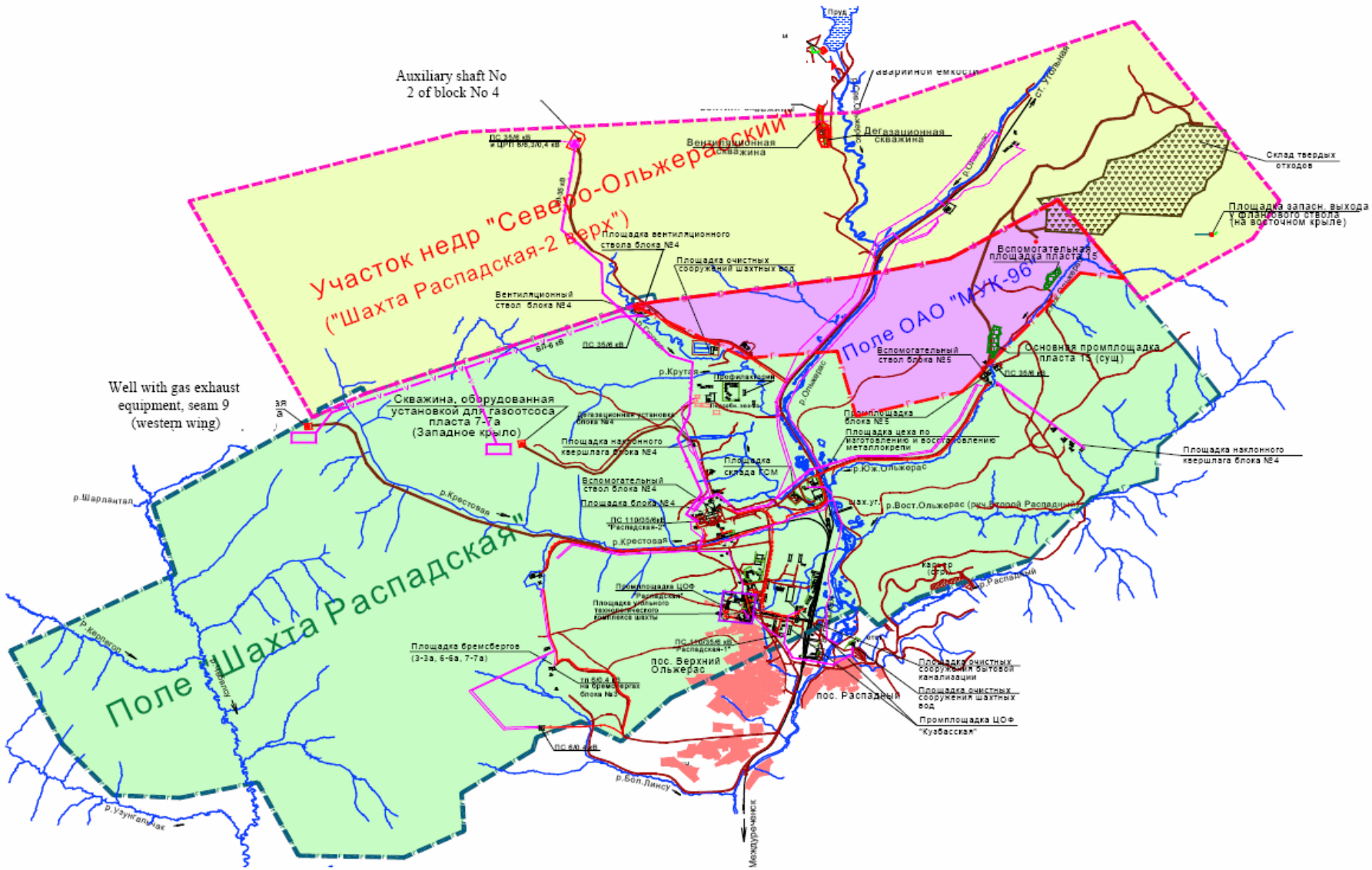
ABC1 Reserves and R/P Ratio (2005)



Source: Raspadskaya, companies' data, Rosinformugol

High quality of reserves allows to use highly productive equipment and achieve high recovery rates

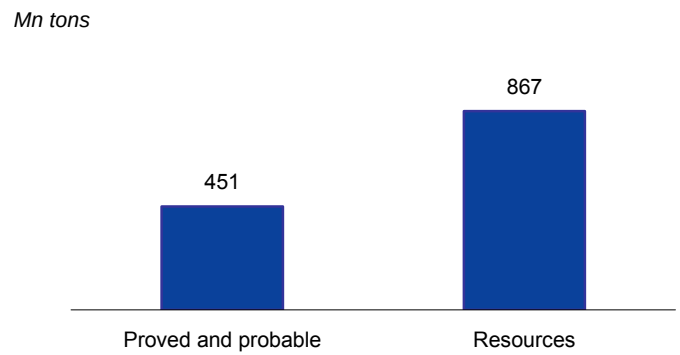
Company's License Area



Raspadskaya Mine

- Company's largest coal mine (nearly 70% of total production in 2006)
  - Russia's largest underground mine
- Underground mine - 4 longwall faces
- Grades GZh and Zh

Reserves and Resources

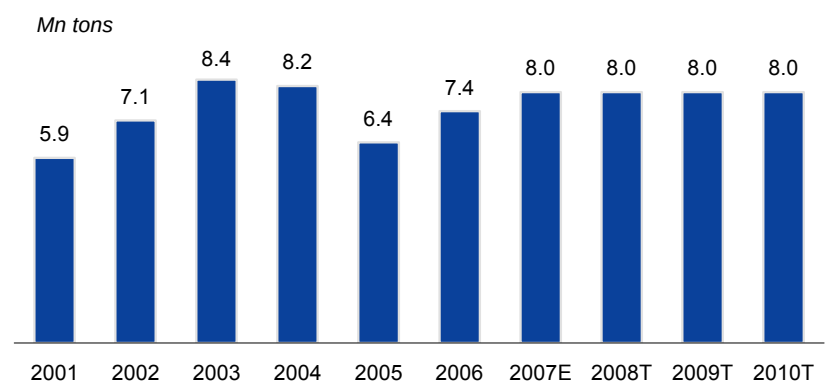


Source: IMC report

Licenses

Licence holder	Licence area	Date issued	Expiration date	Mining method
Raspadskaya	Raspadsky black coal deposit	16 September 2004	1 March 2014	Underground and open-pit
Raspadskaya	Raspadskaya Mine-2 of the Raspadsky black coal deposit	14 November 2003	15 November 2023	Underground

Production

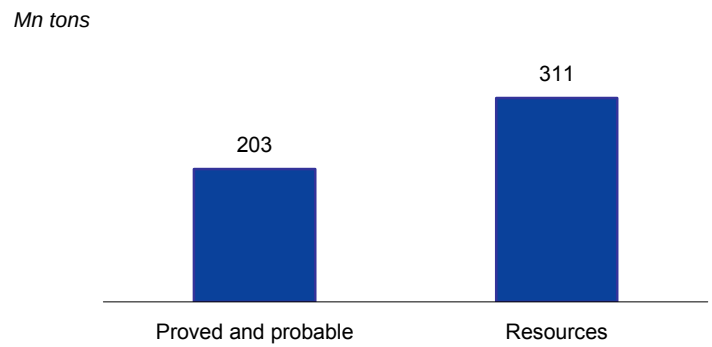


Source: Raspadskaya, IMC report (with respect to target figures)

MUK-96 Mine

- Underground mine - one longwall face
- The lowest cash cost among Raspadskaya production units
- Grade GZhO

Reserves and Resources

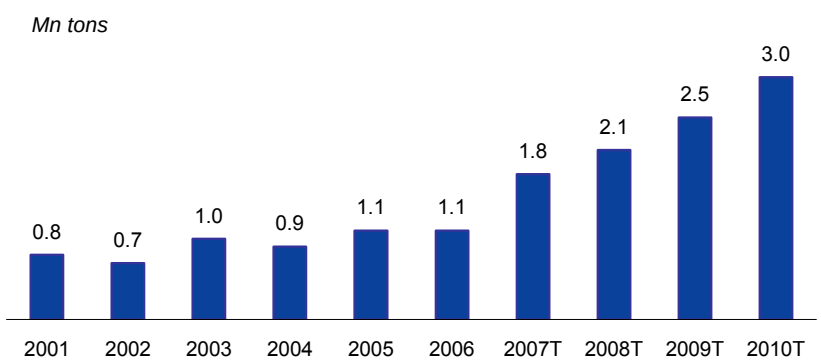


Source: IMC report

Licenses

Licence holder	Licence area	Date issued	Expiration date	Mining method
MUK-96	Gorny area of the Raspadsky black coal deposit	17 January 2000	1 December 2019	Underground and open-pit
MUK-96	North Olzherassky area of the Raspadsky black coal deposit	21 March 2005	20 March 2025	Underground and open-pit

Production

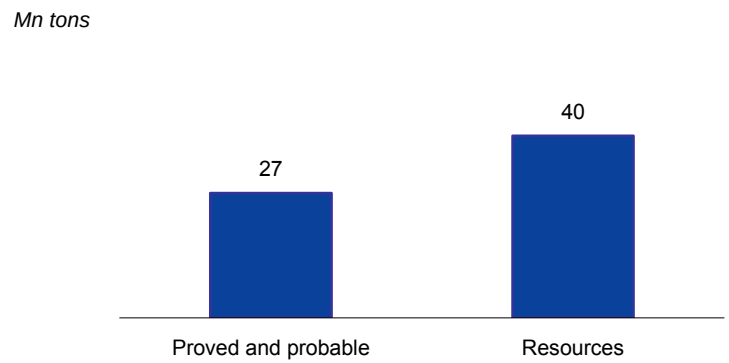


Source: Raspadskaya, IMC report (with respect to target figures)

Razrez Raspadsky Open-Pit

- Open-pit area
- First mine in Russia to apply the advanced unmanned method of coal recovery utilizing the DSDS manufactured by SHM
- A new license at site Raspadsky IX-XI for 118 mn tons of B+C1 purchased on 2 November 2006
- Grades GZh, GZhO and Zh

Reserves and Resources

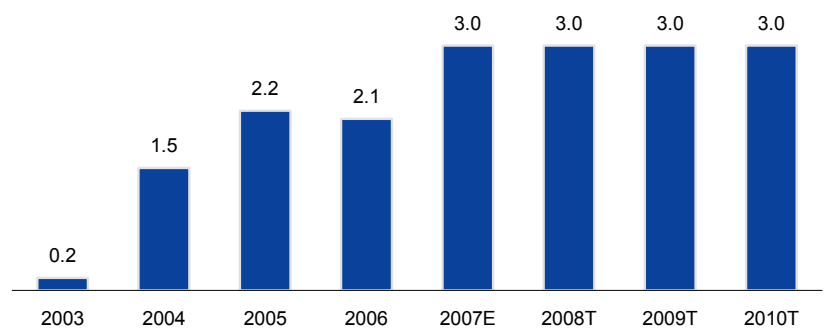


Source: IMC report

Licenses

Licence holder	Licence area	Date issued	Expiration date	Mining method
Razrez Raspadsky	Glukhovsky open-pit mine of the Raspadsky black coal deposit	17 January 2006	20 December 2025	Underground and open-pit

Production



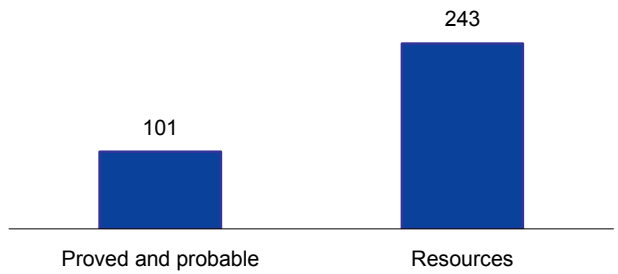
Source: Raspadskaya, IMC report (with respect to target figures)

Raspadskaya Koksovaya Mine

- Reserves (proved and probable) – 101 mn tons according to JORC
  - Resources to be further reclassified as reserves
  - Hard coking coal ("K" and "KO" grades)
- Coal production targeted to commence in 2008, increasing to 3 mn tons pa
  - Situated at the production site of Raspadskaya (logistic costs optimization)
- Improved quality of coal concentrate meeting growing furnace feed quality requirements of Russian customers
- Opportunities of concentrate exports to Asia Pacific countries

Reserves and Resources

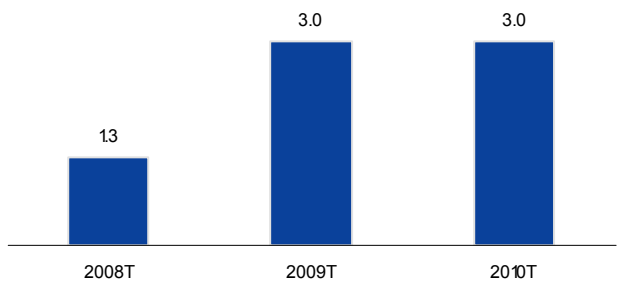
Mn tons



Source: IMC report

Production

Mn tons



Source: IMC report

Licenses

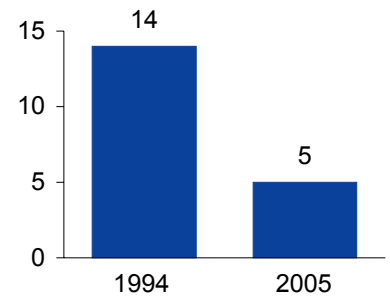
Licence holder	Licence area	Date issued	Expiration date	Mining method
Raspadskaya Koksovaya	Mine No. 2 Field area of the Olzherassky black coal deposit	17 June 2003	1 July 2057	Underground

Operational Efficiency and Sustainability

- Highly efficient operations
  - 64% reduction in the number of longwall faces during the period from 1994 through 2005
  - 275% growth in face load during 1994 through 2005

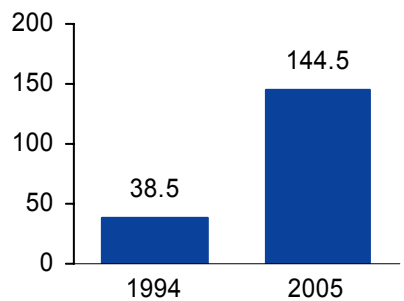
- Care for personnel and business sustainability
  - Enhanced labour safety and 80% reduction in work related injuries at Raspadskaya Mine since 1994
  - 215% increase in labour productivity rates on Raspadskaya Mine over 1994-2005
  - No strikes in the last 15 years

Number of Faces



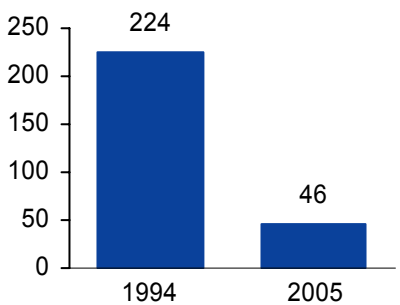
Face Load

000' tons/month



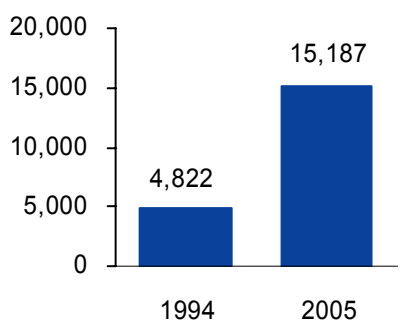
Injuries

No. of accidents



Labour Productivity

Tons/employee/year



Source: Raspadskaya

Proven ability to deliver operational excellence

Application of Modern Equipment

- $362mn invested in total in 2004-2006, among other into the state-of-the-art mining equipment from Joy Global Inc, Voest-Alpine and DBT
- Enhanced efficiency of coal production and significant reduction in personnel involved in the mining operations

- Russia's pioneer application of the advanced unmanned method of coal recovery utilising the deep seam development system
- State of the art equipment manufactured by Superior Highwall Miners, USA
- Only four workers are required to operate the system in the open-pit area

Leadership in Russia in the application of state of the art equipment

2006 Trading Results

2006 TRADING UPDATE		2005	2006	± % to 2005	Jan-June 2006	July-Dec 2006	± %
ROM							
Raspadskaya Mine	' 000 t	6,395	7,368	15%	3,446	3,922	14%
Razrez Raspadsky	' 000 t	2,211	2,104	-5%	1,056	1,048	-1%
MUK-96	' 000 t	1,111	1,141	3%	633	507	-20%
ROM total	**' 000 t**	**9,716**	**10,612**	**9%**	**5,135**	**5,478**	**7%**
SALES							
Concentrate - Domestic	' 000 t	4,706	5,125	9%	2,681	2,444	-9%
Concentrate - Export	' 000 t	925	1,423	54%	494	929	88%
Total sales of concentrate	**' 000 t**	**5,631**	**6,548**	**16%**	**3,176**	**3,373**	**6%**
Raw coal - Domestic	' 000 t	842	1,694	101%	620	1,075	73%
Raw coal - Export	' 000 t	1,106	250	-77%	30	219	624%
Total sales of raw coal	**' 000 t**	**1,948**	**1,944**	**0%**	**650**	**1,294**	**99%**
Weighted-average prices *							
Concentrate - Domestic	US$ / t	79.9	60.3	-25%	60.9	59.5	-2%
Concentrate - Export	US$ / t	65.2	52.2	-20%	49.2	54.3	10%
Weighted-average price of concentrate	**US$ / t**	**77.5**	**58.6**	**-24%**	**59.1**	**58.1**	**-2%**
Raw coal - Domestic	US$ / t	48.8	32.7	-33%	35.1	31.5	-10%
Raw coal - Export	US$ / t	44.7	32.6	-27%	32.7	33.1	1%
Weighted-average price of raw coal	**US$ / t**	**46.5**	**32.7**	**-30%**	**35.0**	**31.7**	**-9%**

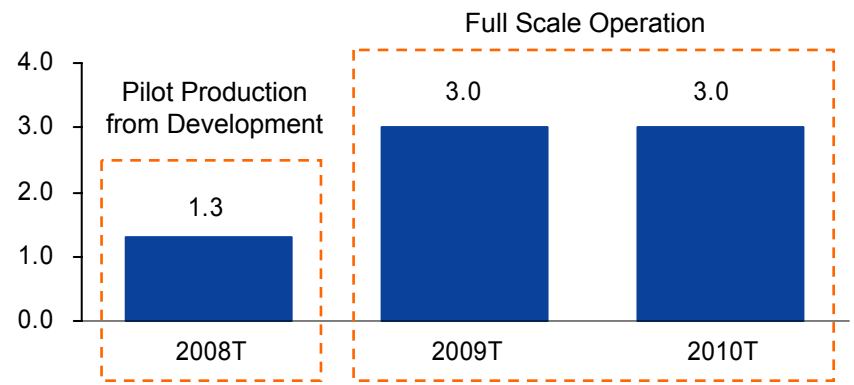
* *FCA Mezhdurechensk*

Note: Results in accordance with the Russian accounting standards may differ from the IFRS results.

Raspadskaya Koksovaya

- Coal production expected to commence in 2008, full scale annual production of 3mn tons expected in 2009
- Expected to provide over 40% of target growth in production between 2006 and 2010
- High quality blend for domestic and export market - scarcely available hard coking coal (K and KO grades)
- Current share of hard coking coal in Q1 2006 supply on the Russian market is 28% vs. 40% in model composition(1)
- Location within core production area – logistic costs optimisation

Production



Source: IMC

(1) According to Rosinformugol

Modern Preparation Plant

- Built in 2 years, launched in Q4 2005
- Current nameplate capacity at 7.5 mtpa
  - expand to 10.5 mtpa after the planned launch in 2008 of Stage 2 (under construction)
- In-process flexibility
  - Bespoke coal concentrate output parameters
  - Integrated quality control laboratory
- Increased share of coal concentrate in total sales
- New environmentally friendly technology implemented: closed-loop water-slurry circuit

Coal concentrate output ratio, %

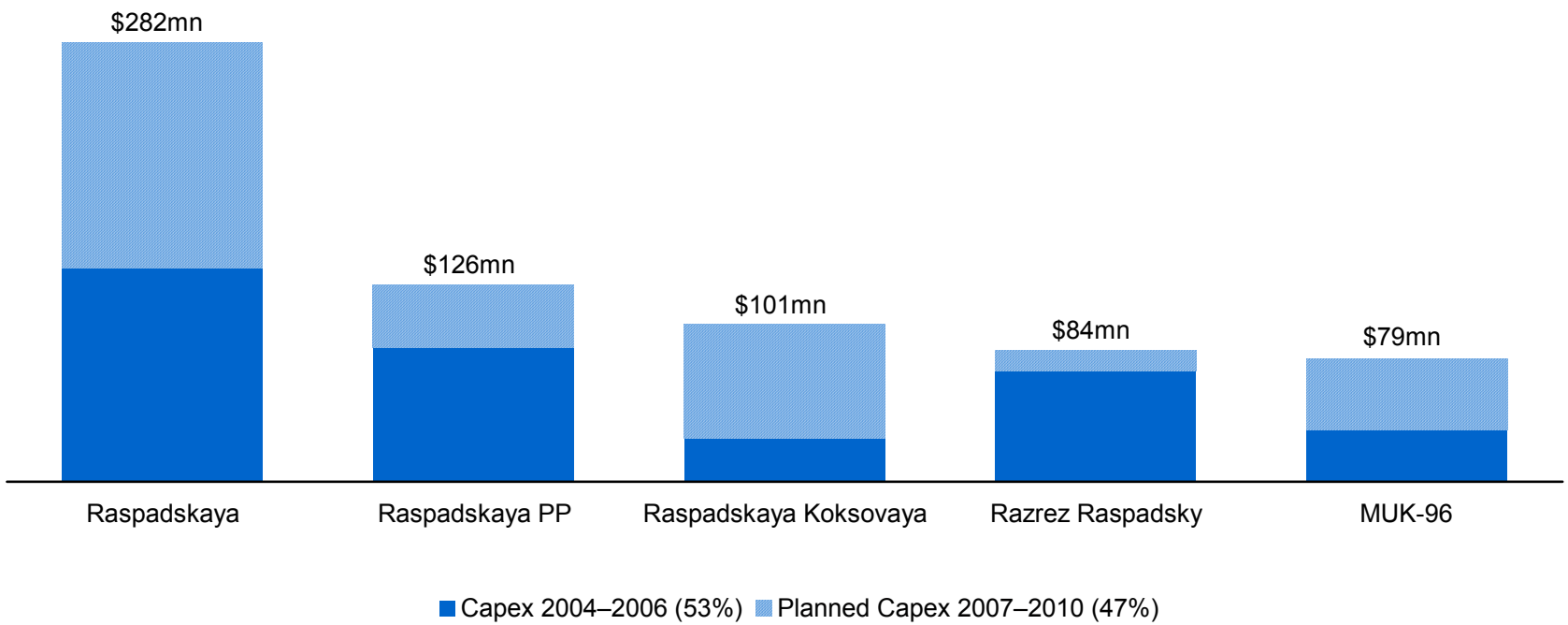
Coal ash content	18	19	20	21	22	23	24	25	26
Output at concentrate ash content of 9.0%	85.0	84.0	83.0	81.0	80.0	78.5	77.0	75.0	73.0
Output at concentrate ash content of 8.5%	83.9	82.9	81.9	80.4	78.9	77.4	75.9	73.9	71.9
Output at concentrate ash content of 8.0%	82.6	81.6	80.6	79.1	77.6	76.1	74.6	72.6	70.6

Source: Raspadskaya

Investment Strategy 2007-2010

- Upgrade of Raspadskaya production capacity
- Construction of Raspadskaya Koksovaya to acquire valuable K and KO coal grades (hard coking coal)
- Expansion of MUK-96's production facility to capitalise on the lowest cash costs advantage within the group
- Expansion of Raspadskaya's Preparation Plant's nameplate capacity from 7.5 mtpa to 10.5 mtpa

Capital Investment Programme for 2004-2010



Source: Raspadskaya estimates
Note: Other investments are expected to be US$17mn for the period of 2004-2010, of which US$7mn already invested

Raspadskaya at a Glance

Russian leading coking coal producer

- Largest high quality coking coal reserves in Russia
- Second largest producer of coking coal in Russia (2006)
- One of the 10 largest producers of coking coal in the world

Efficiency

- Low cash cost of concentrate production in the bottom quarter of the global cash cost curve
- Labor productivity rate is at the level of world standards
- Compact integrated operating complex

Professional management

- Experienced management – proved by efficient operation track record
- Continued focus on safety procedures (health, safety & environment)

Growth potential

- Target production volume growth in 2006-2010 at 12% CAGR
- Strengthening of Raspadskaya positions in domestic markets through completion of investment projects
- Growth of market share in Ukraine and Eastern Europe and access to rapidly growing markets of South East Asia

THANK YOU

For further information please visit

www.raspadskaya.com or www.raspadskaya.ru

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