

Raspadskaya – Russia’s Leader in Coking Coal

Presentation for investors



September 2008

Moscow - London

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Presenter

Title



Gennady Kozovoy

CEO and Managing Shareholder



Oleg Kharitonov

CFO



Alexander Andreev

Deputy General Director, Strategic Planning and Investor Relations

Russian leading coking coal producer

- Largest high quality coking coal reserves in Russia
- One of the largest producer of coking coal in Russia (13.6 mt in 2007 and 5.1 mt in 1H 2008)
- Top-five producer of coking coal in the world in 2007

Efficiency

- Relative low cash cost of coal concentrate production in comparison with main coal companies in the world
- Labor productivity are 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

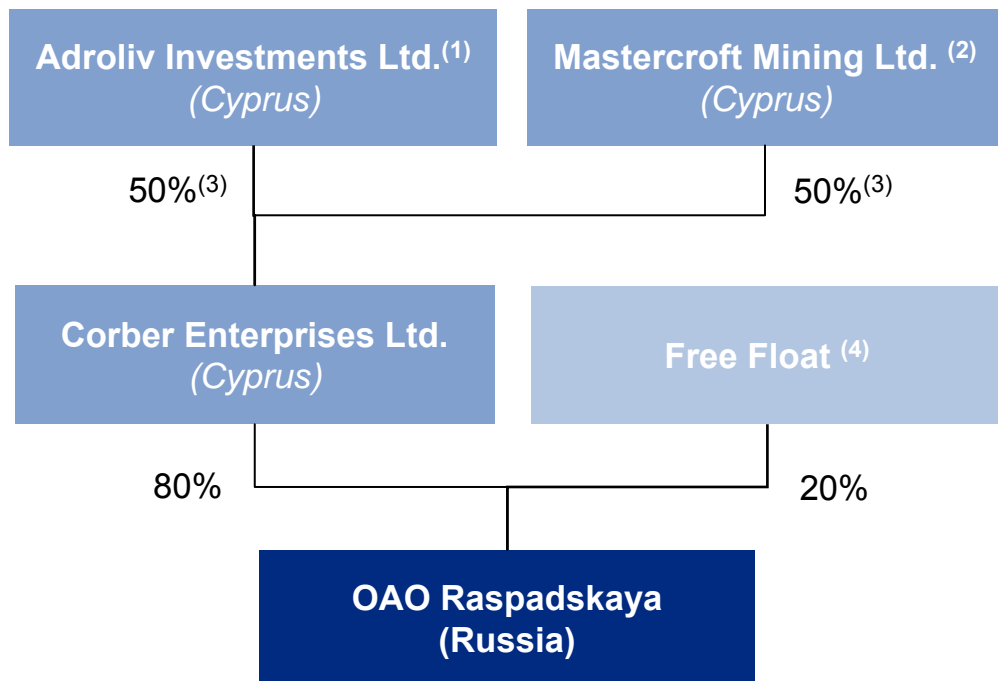
- EBITDA up from \$200m in 2007 to \$434m in 1H 2008
- EBITDA margin up from 63% in 2007 to 72% in 1H 2008
- Net profit up from \$240m in 2007 to \$262m in 1H 2008
- Net profit margin up from 31% in 2007 to 43% in 1H 2008

Growth potential

- Potential production volume is 17m tonnes of coking coal
- Growth of market share in Ukraine and Eastern Europe
- Possibility of access to rapidly growing Asian markets
- Potential to increase reserves and resources

Sound financial policies

- Effective Net Debt / EBITDA of 0,4x in 1H 2008 while maximum allowable Net Debt / EBITDA is 3x
- Dividend payout ratio not less than 25% of IFRS Net profit, dividend payout for 2007 - 68%. Interim dividend in 2008 will account about 70% of 1H 2008 IFRS Net profit



Notes:

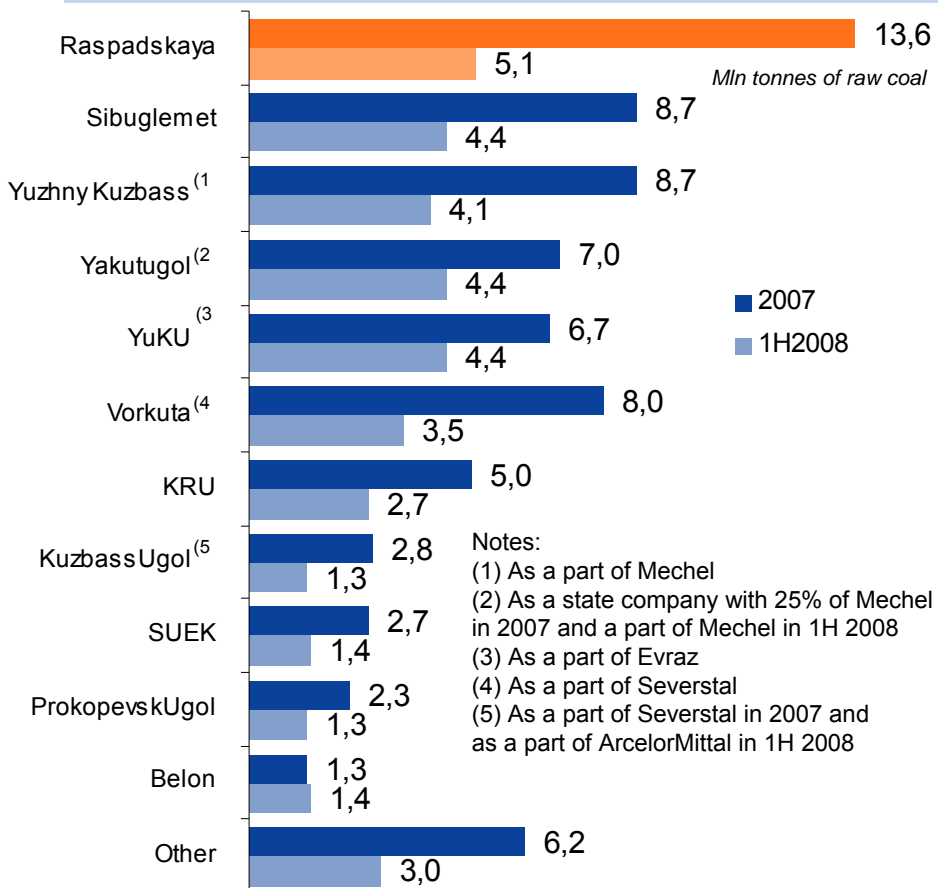
- (1) Adroliv Investments Ltd. is beneficially owned by G. Kozovoy and A. Vagin
- (2) Mastercroft Mining Ltd. is beneficially owned by Evraz Group S.A.
- (3) % of voting shares
- (4) Include 18% placed during IPO in Nov. 2006 and 2% owned by employees, former employees and their families

Source: Raspadskaya

- Shareholders' agreement at ownership company Corber provides for the following:
 - Unanimous adoption of resolutions on major strategic issues
 - Adroliv appoints CEO and deputy CEO
- Corporate governance executed in accordance to western best practice 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% in 2007 and 20% in 1H 2008 of Raspadskaya's total sales volumes
 - Raspadskaya accounted for 18.5% in 2007 and 15% in 1H 2008 of total coal concentrate supplies to Evraz Group in 2007 (for 32% and 30% of by the Urals plant NTMK, for 29% and 19% of by the Siberian plant NKMK)

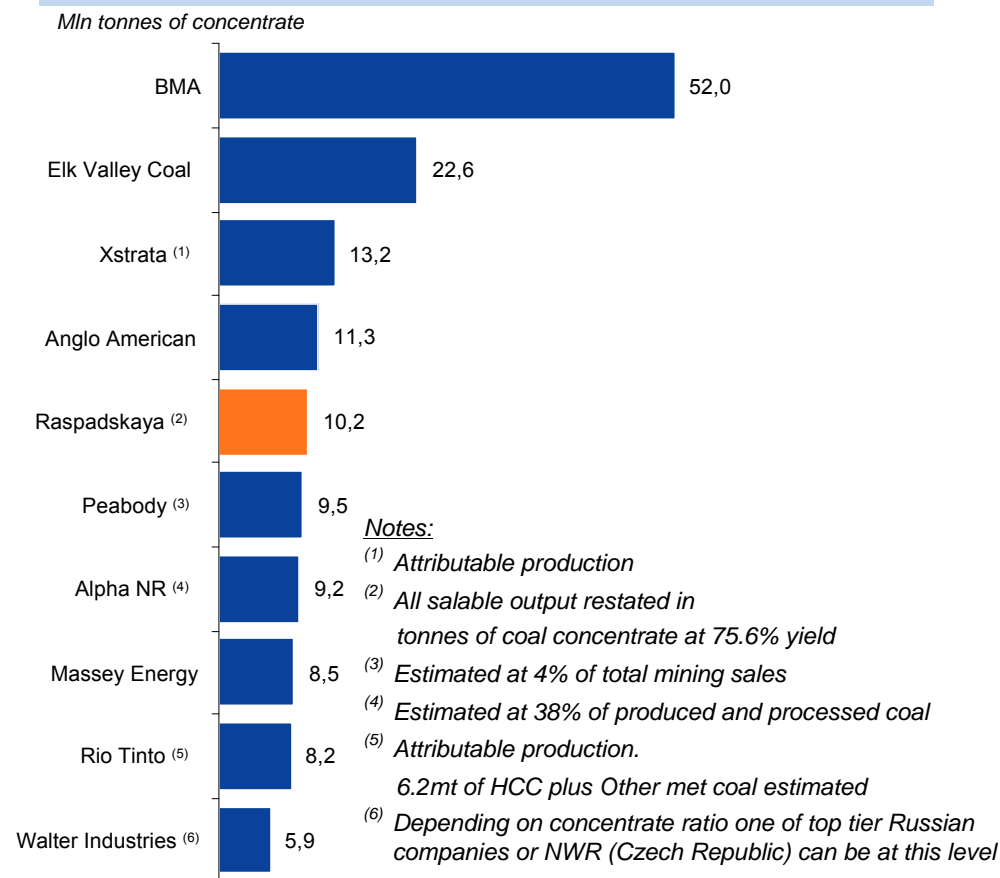
■ Leading coking coal producer in Russia and among top five globally by volume in 2007

Largest Russian companies producing coking coal (2007 and 1H2008)



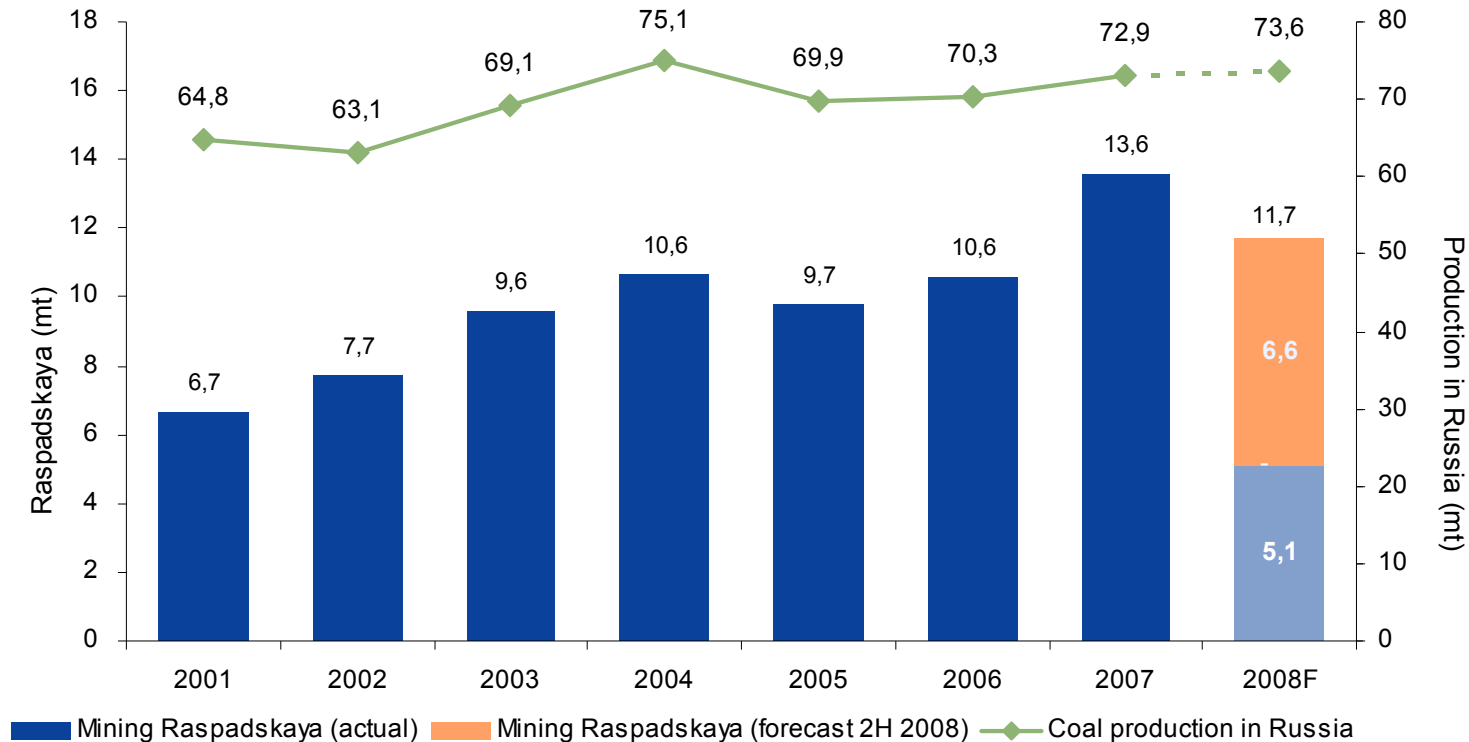
Source: CDU TEK form UDP-3.10

Largest companies producing coking coal concentrate globally (2007)



Source: Companies' data

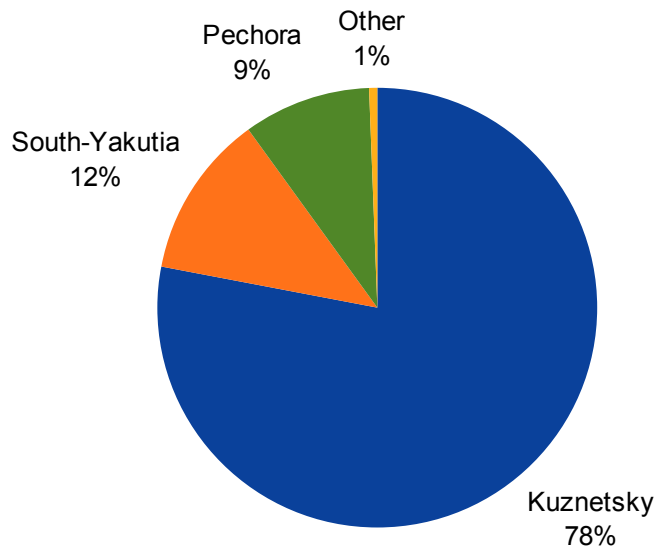
- Favourable mining and geological conditions: forceful continuous seams (1.5 to 5 m) with flat dip <math><10^\circ</math> allows for use of productive equipment allowing for efficient mining
- Coal output CAGR at Raspadskaya in 2001-2007 was 13.1% in comparison with Russia's CAGR of just 2.2%
- Raspadskaya's share of total coking coal output in Russia has grown from 10% in 2001 to 19% in 2007 (15% in 2006, 19% in 2007, 14% in 1H 2008)



Source: Rosinformugol, Raspadskaya

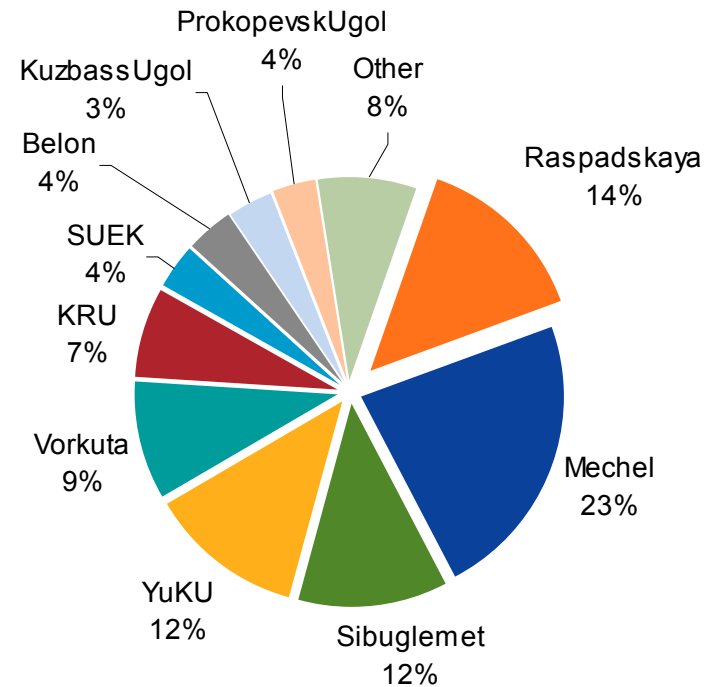
- Russia has 2nd largest coal reserves globally and Kuznetsk basin accounts for ca. 80% of total Russian coking coal output
- Top-five coking coal producers have 70-75% of the market

Russian coking coal production, by location (1H 2008)



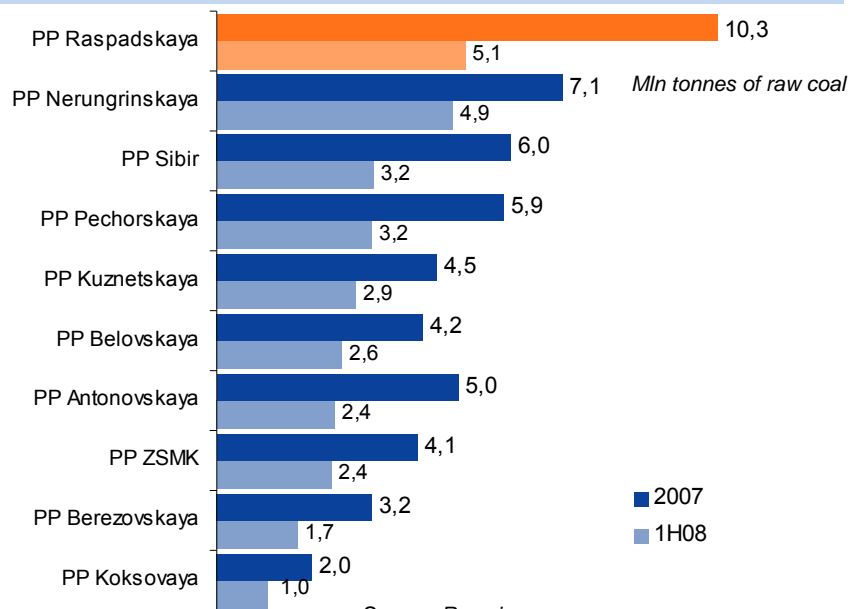
Source: Rosinformugol

Russian coking coal production, by companies (1H 2008)



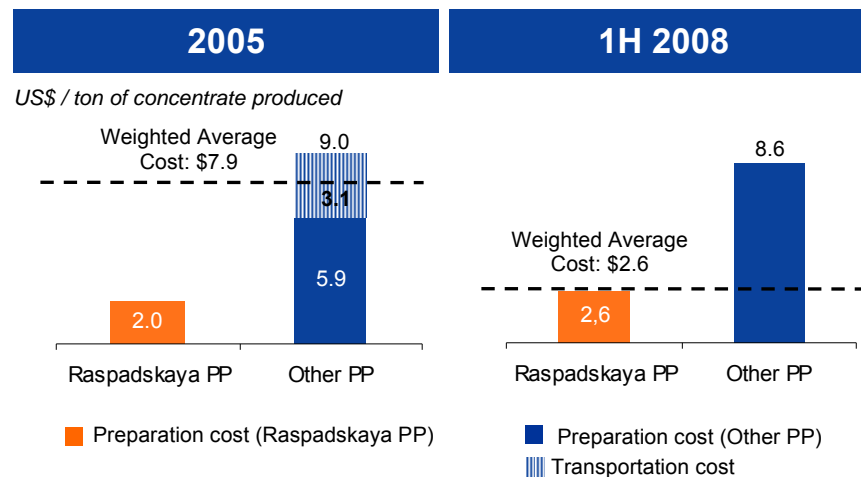
- Built in 2 years, launched in 4Q 2005
- The biggest preparation plant in Russia and one of the biggest globally
- Current project capacity at 7.5 mtpa of raw coal which allowed to process 10.3mt of raw coal in 2007
 - potential to expand project capacity to 15mtpa of raw coal after the launch of Stage 2 in 3Q 08
- Weighted average coal preparation costs of concentrate decreased from \$7.9/t in 2005 to \$2.6/t in 1H 2008
- The share of coal prepared by third parties decreased from 14% in 2007 to 1% in 1H 2008
- Increased share of coal concentrate in total sales
- New environmentally friendly technology implemented: closed-loop water-slurry circuit

Russian preparation facilities by plants (1H 2008)



Source: Rasmin

Preparation Costs



Source: Raspadskaya

- Marketing strategy towards long-term and mid-term supply contracts with the key customers
- Raspadskaia adds 5 new clients in 1H 2008 – 3 Ukrainian plants of Evraz, an Ukrainian plant of ArcelorMittal Kryvyi Rig and a Russian plant of Ural Steel
- Russia accounts for 70 to 80% of Raspadskaia’s total sales by volume (80% in 2006, 74% in 2007, 73% in 1H 2008) because of
 - ✓ convenient railway infrastructure, preserving quality of products,
 - ✓ positive market dynamics ensuring good prices for end products,
 - ✓ 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 and 56.5% in 1H 2008
- Raspadskaia’s market position in Ukraine is historically strong and Ukraine is considered to be the most important export market ⁽⁴⁾
- Sales for ArcelorMittal was accounted 6.8% of total sales in 2007 (for Romanian plant) and 6.7% in 1H 2008 (for Romanian and Ukrainian plants)



UKRAINE

	RASPADSKAYA			EVRAZ GROUP			NLMK			UKRAINE		
	2006	2007	1H2008	2006	2007	1H2008	2006	2007	1H2008	2006	2007	1H2008
Steel Production Volume, mn tonnes	12,4	13,2	7,0	14,4	14,1	7,3	9,1	9,0	4,8	40,9	42,8	22,3
Raspadskaia Sales, mn tonnes	2,13	2,18	1,02	1,32	1,65	0,61	1,00	1,50	0,76	1,17	1,47	0,95
as a % of Total	27%	21%	24%	17%	16%	15%	13%	15%	18%	15%	14%	22%
Share of RASP in overall consumption of concentrate / in Russian exports to Ukraine	30%	30%	26%	13%	19%	13%	10%	15%	14%	18%	23%	29%

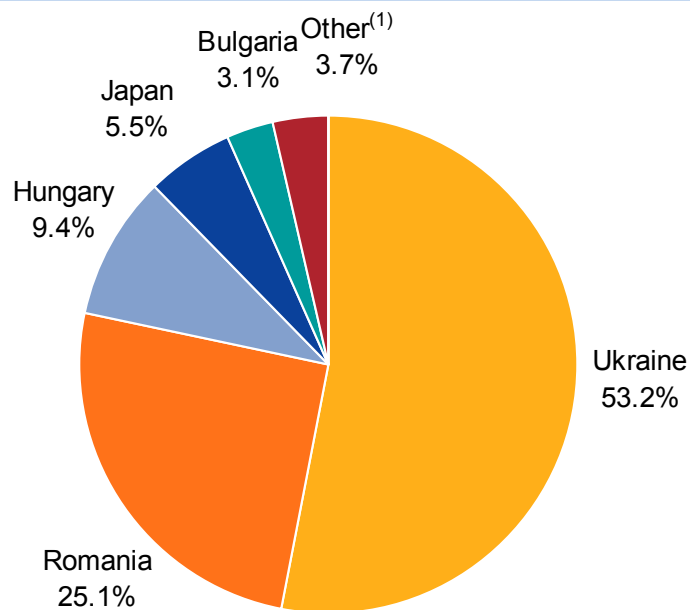
Notes:

- 1) Rounded and calculated for the coal concentrate, raw coal sales restated into concentrate
- 2) Sales to Evraz Group in 2006, 2007 include supplies to NTMK, ZapSib and NKMK, in 1H 2008 to NTMK and NKMK
- 3) Sales to NLMK in 2006, 2007 and 1H 2008 include also supplies to Altai-Koks
- 4) Sales to Ukraine in 2006-2007 don't include Evraz and ArcelorMittal assets in Ukraine

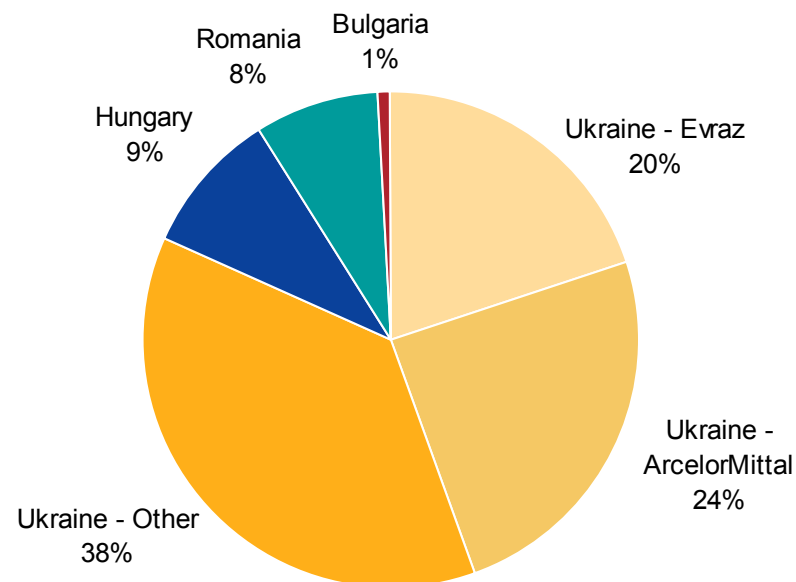
Source: Raspadskaia, Companies' data, Rasmin, Metal-Courier

- Significantly more diversified export sales since 2007
- Sales to Ukraine to the following clients: Alchevski, Avdeevski and Yasinovski coke-chemical plants, Zaporozhkoks, Makeevkoks

Structure of concentrate export sales by geography (2007)



Structure of concentrate export sales by geography (1H 2008)



Sales to Ukraine amount 82%

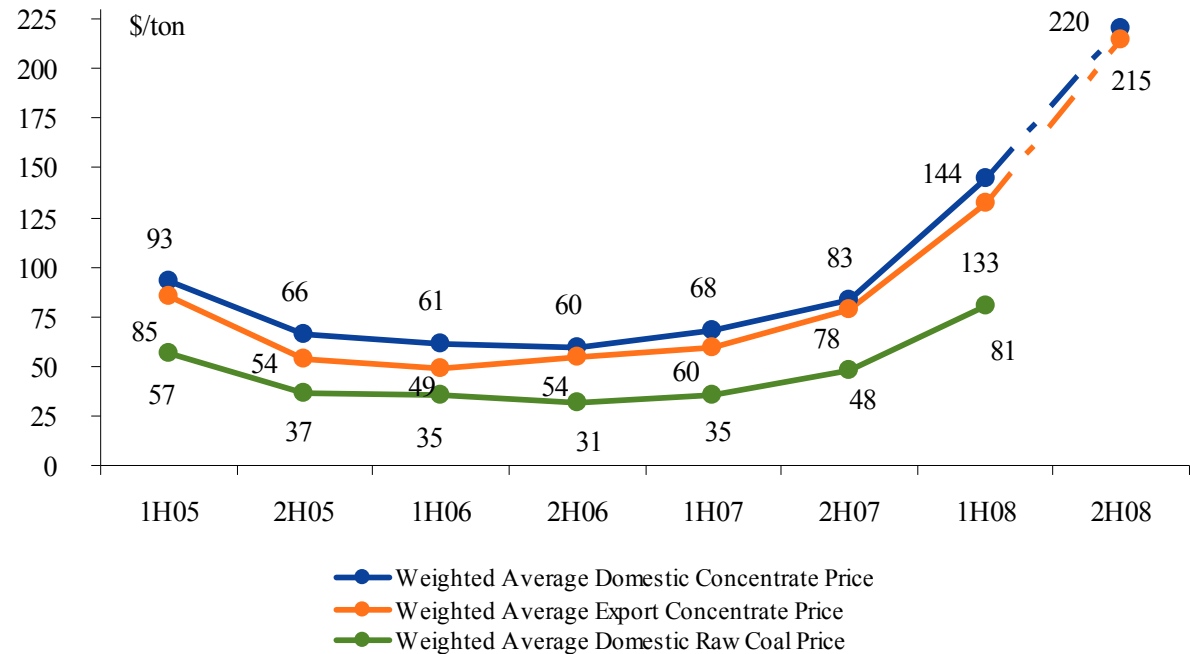
Source: Raspadskaya

Notes:

(1) Other sales are attributable to Slovakia, Korea and China which account for 1.6%, 1.1% and 1.0% of total export sales

Coking Coal Price Performance Rospadskaya (FCA)

- Increase in international steel prices has positively impacted Russian export and domestic steel prices
- Steel spot prices in February-August have put the risk of 2008 on upside and provided support to stronger coal prices
- Russian coal prices – while supported by rising prices 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



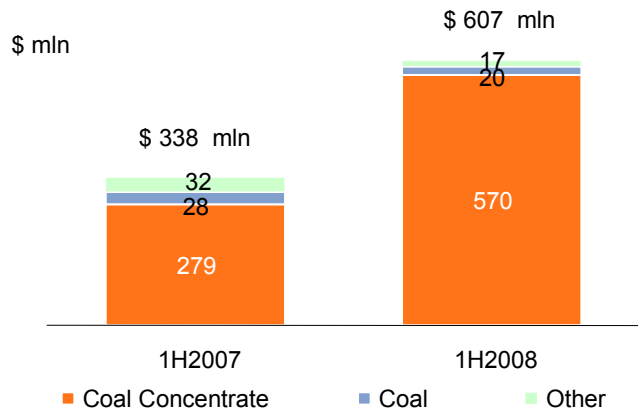
Source: Rospadskaya

- 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)
- Contract prices of SHCC in Russia were ca. US\$150 per tonne (FCA Mezhdurechensk, Siberia) in 1H 2008, from 1st July 2008 at 5 500 RUB or US\$230 per tonne (FCA Mezhdurechensk, Siberia), from 1st September 2008 – 5 300 RUB or US\$210 per tonne (FCA Mezhdurechensk, Siberia)

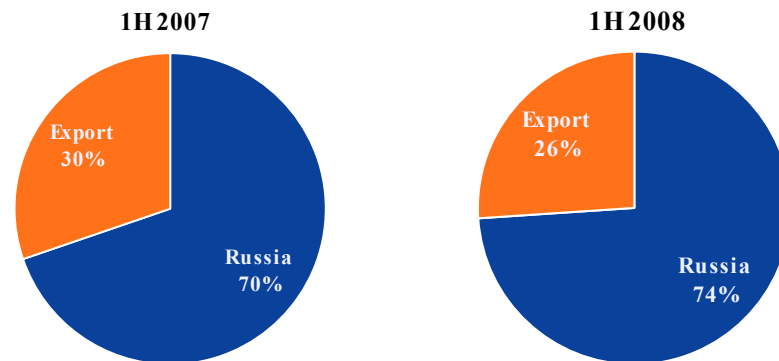
	2007	1П 2007	1П 2008
Revenue	784	339	607
<i>Growth, %</i>	66%	n/a	79%
EBITDA	491	200	434
<i>Margin, %</i>	63%	59%	72%
EBIT	355	138	368
<i>Margin, %</i>	45%	41%	61%
Net Income	240	92	262
<i>Margin, %</i>	31%	27%	43%
Balance sheet			
Total assets	1 726	1 581	1 938
Total debt	347	356	327
Net debt	265	290	171
Shareholders' equity	1 064	903	1 255

- High financial performance achieved in 1H 2008 as a result of price growth for coal concentrate by 117% in comparison with 1H 2007

Revenue structure, by products

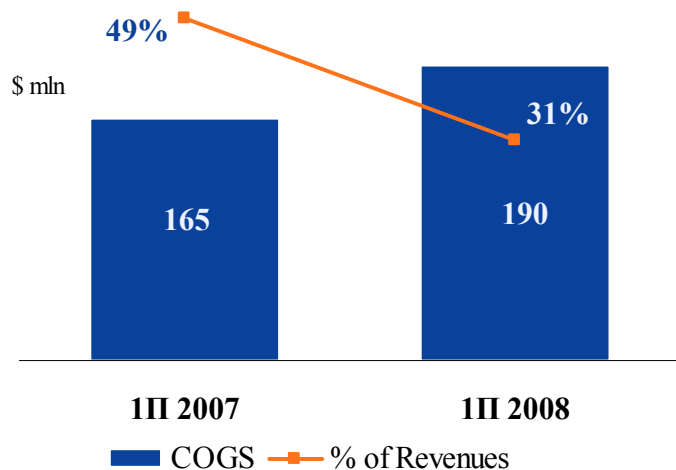


Sale of goods structure, by geography (raw coal and concentrate)



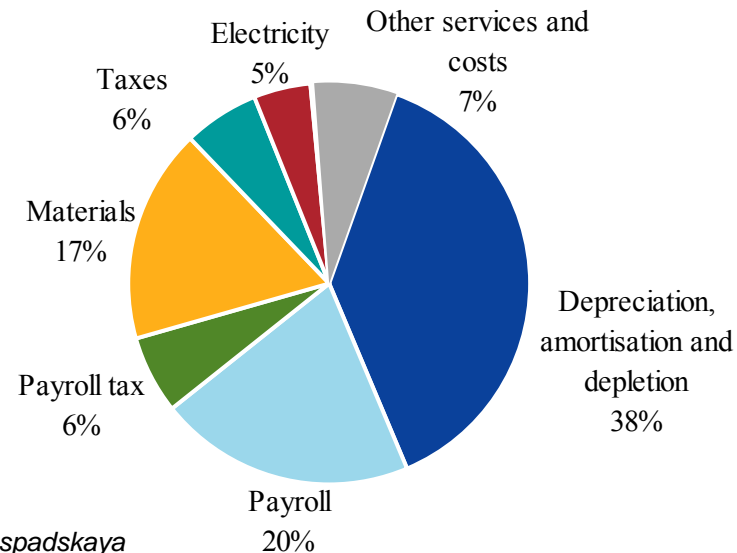
Note: Excluding railway tariff

Cost dynamics



Source: Raspadskaya

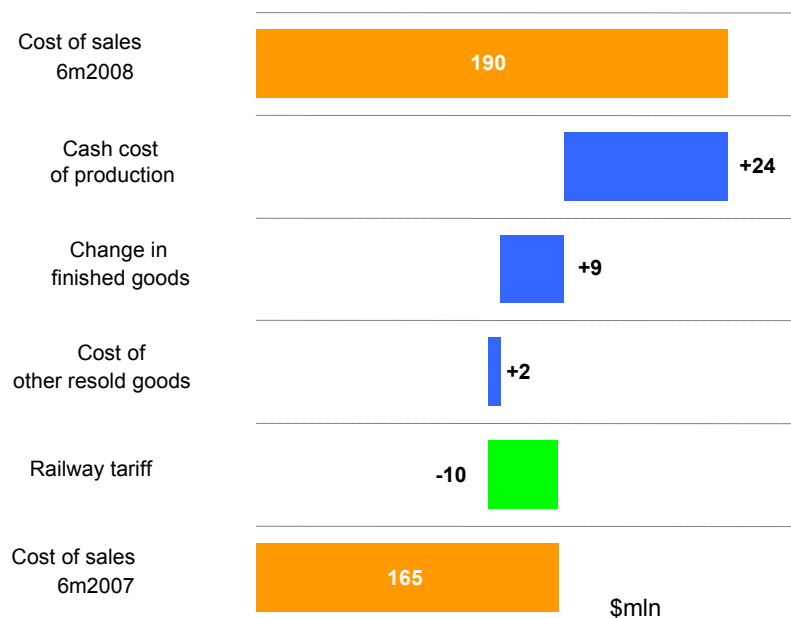
Cost of sales structure (1H 2008)



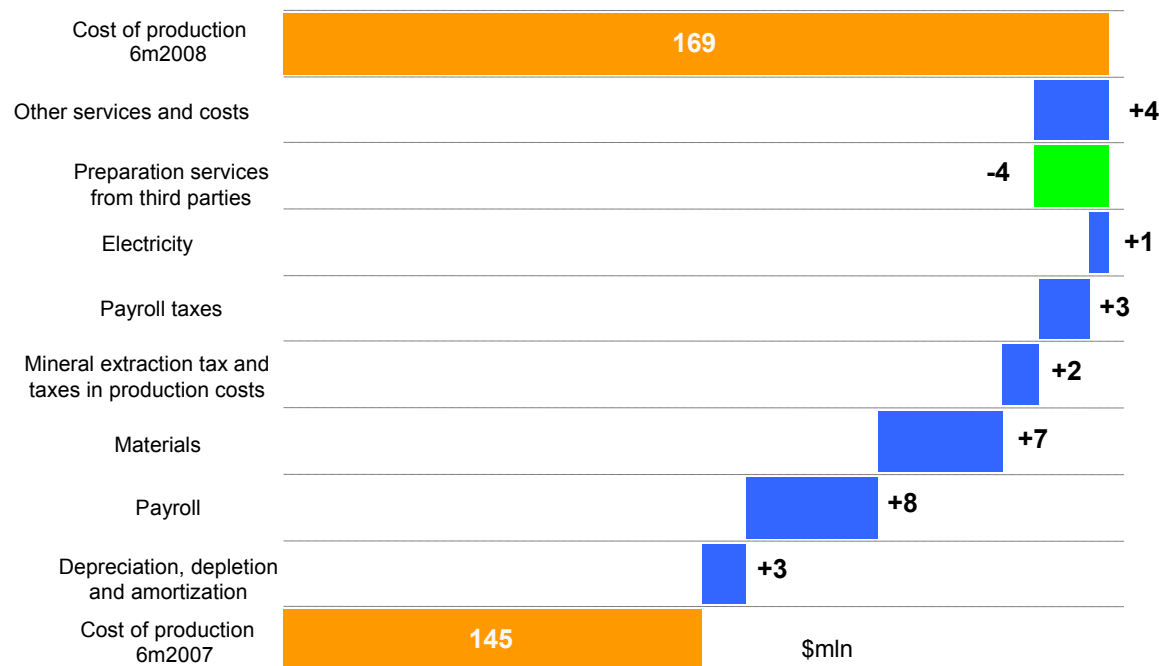
Source: Raspadskaya

- Cost of sales increased by 15%
- Cash cost of production increased by 26%
- Cash cost of preparation decreased by 14%

Change in cost of sales



Change in cost of production



- The increase in our total cash cost of raw coal production and the decrease in production volume as well as the US dollar depreciation had an effect on increase in production costs per tonne of concentrate from 17,2 \$/t in 1H 2007 to 26,4\$/t in 1H 2008

Financial Guidance

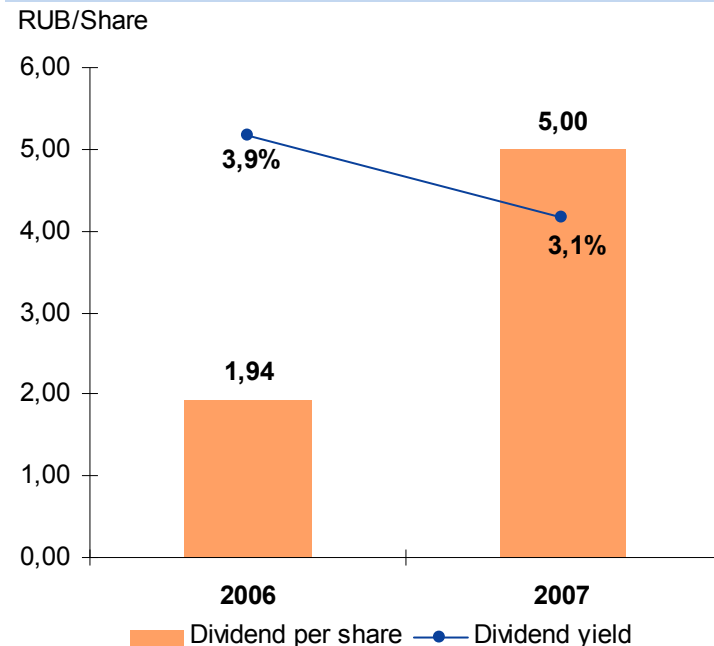
- Company's internal financial guidance is as follows:
 - ✓ Net Debt/EBITDA of 1.5x (on a standalone basis)
 - ✓ Board of Directors approved target dividend payout ratio of at least 25% of IFRS net income, subject to future cash flows and investments
 - ✓ Maintain bank facilities or cash balance to cover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

Financial Results

- Total dividend payments for 2006-2007 amounted to US\$218m
- ✓ Dividend payout ratio amounted 58% of IFRS Net profit for 2006 and 68% - for 2007
- ✓ The Board of Directors on 18th September 2008 decided to recommend an improvement of interim dividends for 2008 as 6.0 RUB per share, which will amount about \$187m or 71% of IFRS Net profit in 1H 2008
- Net debt as of 30 Jun 2008 is \$171m compared with \$265m as of 31 Dec 2007

- ✓ In 2008 pricing environment remains exceptionally strong 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

Dividend yield



Market price on MICEX:
 31.12.2006 - 50,05 RUB
 31.12.2007 - 160,06 RUB
 Source: MICEX, Raspadskaya

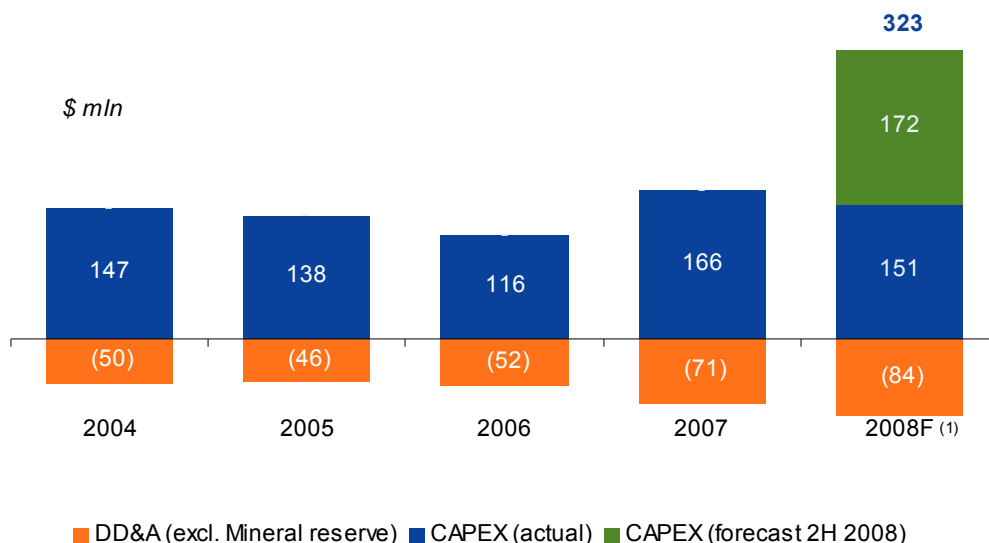
US\$ mn	6 months	
	2008	2007
7.50 per cent notes due 2012	300	300
Russian banks	26	44
BSGV	1	3
Interest payable	2	3
Unamortised debt issue costs	(2)	(2)
Total Debt	327	347

- The main debt of Raspadskaya is Eurobonds \$300m. The date of issue - May 2007, fixed coupon - 7.5 per cent per annum
- Other debts – credits from Russian banks for financing investments
- In 2007 average annual interest rate for short-term debt was 7.6% in € terms and 8.7% in \$ terms. Average interest rate for long-term debt was 8.0% in RUR terms, 7.5% in \$ terms and 6.7% in € terms

US\$ mn	6 months	
	2008	2007
Less than one year	26	39
Between one year and two years	3	10
Between two years and five years	300	300
Unamortised debt issue costs	(2)	(2)
Total Debt	327	347

	6 months	
	2008	2007
Roubles, mn	23	35
US dollars, mn	305	305
Euro, mn	1	9
Unamortised debt issue costs, US\$ mn	(2)	(2)
Total Debt	327	347

CAPEX 2004-2008



- 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

- Total 2008 capex programme amounts to US\$323m, of which:
 - ✓ Ca. 55% will be allocated for technical modernization at Rospadskaya 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 (Rospadskaya Koksovaya, having hard-coking coal reserves)
 - ✓ Ca. 4% will be allocated for Rospadskaya Preparation Plant (Stage 2 of Ppreparation Plant launched in 3Q 08 with additional project – 3.5mtpa of raw coal)
- Main investment expenditures in 1H 2008 were amounted to \$151m associated with the core mine (Rospadskaya) – \$82m, mine MUK-96 - \$82m, open-mine Rospadsky – \$15m and under construction (Rospadskaya Koksovaya) – \$27m

Notes

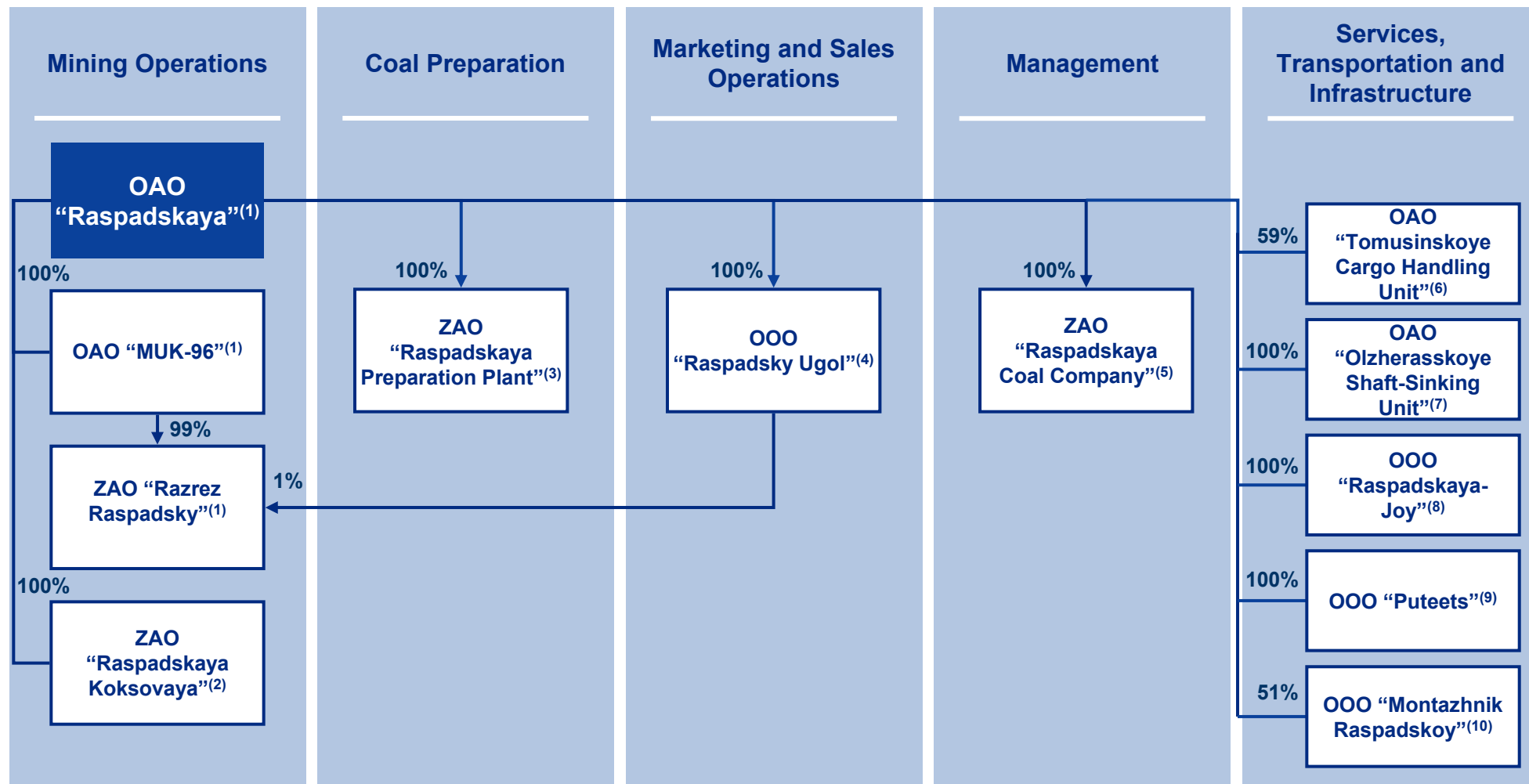
(1) RUR / USD exchange rate of 24.5

Source: Rospadskaya

<p>Increase scale</p>	<ul style="list-style-type: none"> ■ 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
<p>Strengthen market position</p>	<ul style="list-style-type: none"> ■ 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
<p>Maintain financial discipline</p>	<ul style="list-style-type: none"> ■ Maintain cost efficiency ■ Focus on high rate of return projects ■ Adhere to prudent capital structure ■ Consistently pay dividends to shareholders
<p>Corporate governance and social responsibility</p>	<ul style="list-style-type: none"> ■ 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)

Appendix



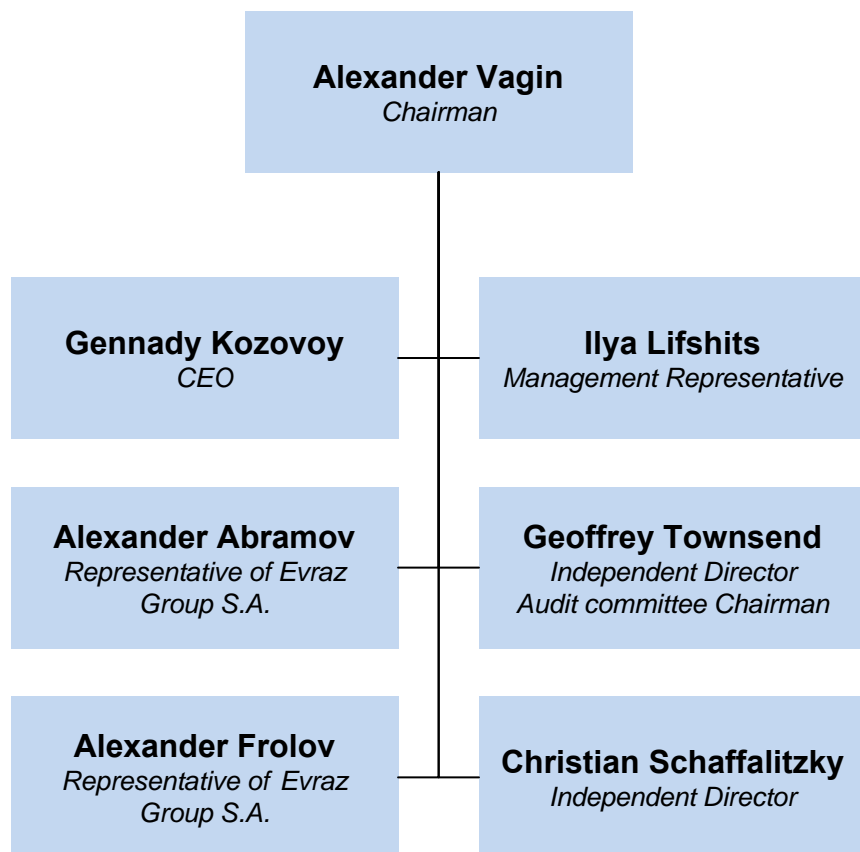


Note:

- (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
- (8) Preparation of new longwall faces for operations
- (9) Construction and maintenance of our railway facilities, in the stage of restructurization
- (10) Production of roof bolting, metal lattice and other spare parts for our mining operations

Board of Directors



- 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

Offering Summary

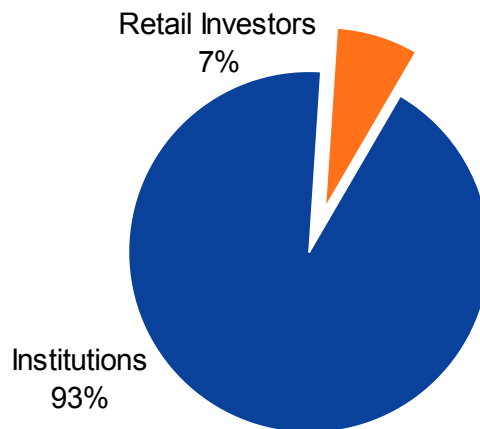
Pricing Date	November 2006
Size	\$317 million
Offer Price	\$2.25/share
Price Range	\$2.00 – \$2.50
No. of Shares Offered	140.8 million
Primary / Secondary	100% secondary
% Shares Offered (Free Float post IPO)	18% (20%)
Implied Market Cap at issue price	\$1,760 million
Joint Bookrunners	Morgan Stanley Deutsche Bank Credit Suisse

Transaction Highlights

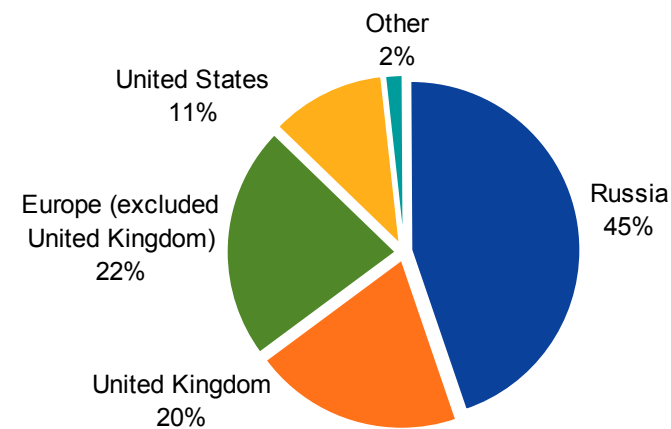
- First Russian coal IPO and the only public pure play coking coal producer globally
- Implied EV/EBITDA of 5.9x (2007) and 5.7x (2008) represent a premium to peers of 9% and 16%, respectively. '07 P/E represents a 10% discount to peers and '08 P/E a 7% premium ⁽¹⁾
- Secondary shares offered by Corber Enterprises, a controlling shareholder jointly owned 50/50 by Raspadskaya management and Evraz Group
- Difficult market environment characterized by a coal price weakness and adverse effect from a parallel Severstal offering
- Book to be over 2 times oversubscribed

Analysis of Demand ⁽²⁾

Investor Type



Geography of Investor Base



Notes:

(1) Comparable companies include: Alpha Natural Resources, Macarthur Coal, Gloucester Coal and Massey Energy as of 9 Nov. 2006

(2) 2Q 2008

Offering Summary

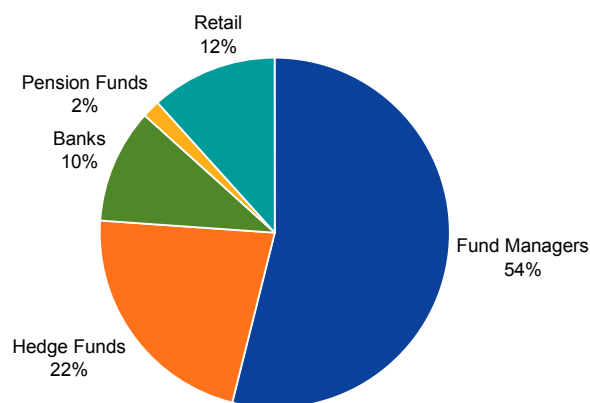
Issuer	Raspadskaya Securities Ltd (Ireland)
Borrower	OJSC Raspadskaya
Ratings	Moody's Ba3 / Fitch B+ (current)
Format	Reg S
Amount	US\$ 300 million
Maturity	May 2012 (5 years)
Redemption option	NA
Re-offer Yield / Price	7.50% / 100%
Spread to mid-swaps at issue	245 bps
Use of Proceeds	100% refinancing of the existing short-term debt
Listing	London Stock Exchange
JLMs and Bookrunners	Citigroup, UBS
Spread to mid-swaps / Yield (September 2008)	656 bps / 10.14%

Transaction Highlights

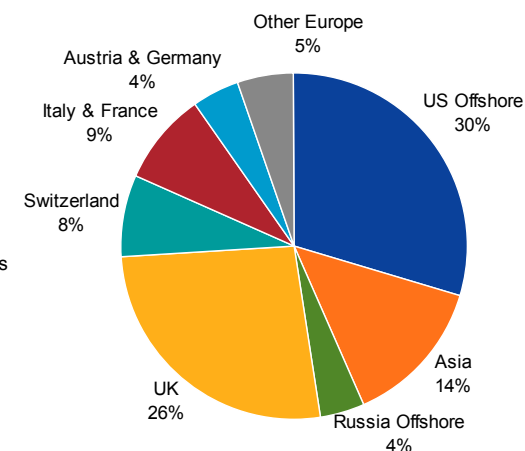
- A debut issue for the Russian coal industry and for Raspadskaya in May 2007
- Despite competing Emerging Markets supply, the book was 5 times oversubscribed
- Initial price guidance was “mid-swaps + 275bps area” (7.75% yield equivalent), while final price range was set at coupon of 7.5-7.6% at par
- Proceeds from the bond issue are applied 100% towards refinancing existing short-term debt, thus company's leverage is not increased

Analysis of Demand (1)

Investor Type



Geography of Investor Base



Note:
(1) As of issue date

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