Q2 and 6M 2011 Financial Results Presentation

August 24, 2011

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Presenters

Eduard Alekseenko

First Deputy Chief Executive Officer

Anton Rumyantsev

Investor Relations Manager

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KTK

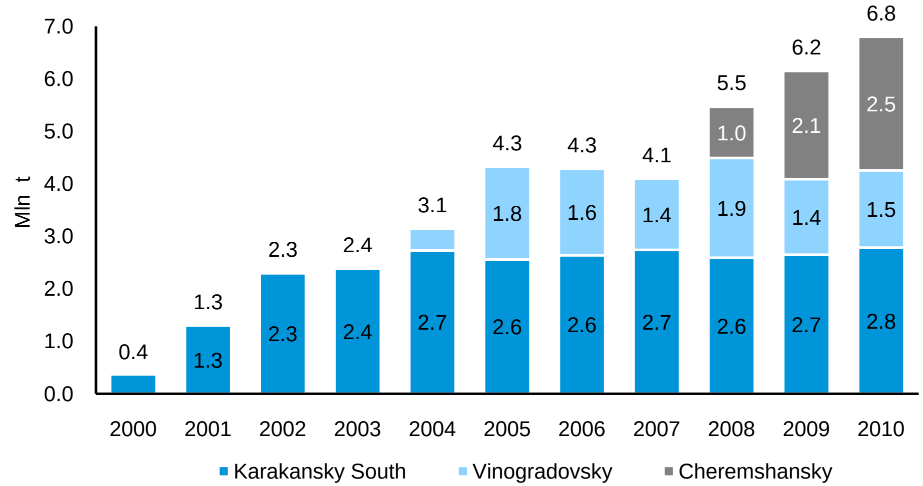
Section I

Business Review

I.KTK at a glance

- One of the fastest-growing thermal coal producers in Russia.
- One of major suppliers of coal in Western Siberia.
- In 2010 the Company became 7th largest coal producer in Russia.[(1)]
- Since its establishment in 2000, the Company has launched 3 open-pit mines and developed an extensive production and distribution infrastructure:
  - ▲ 6.80 mln t of thermal coal produced in 2010;
  - ▲ 100% high-quality grade "D" thermal coal under Russian classification;
  - ▲ 402 mln t of coal resources and 185 mln t of proven and probable reserves[(2)];
  - ▲ Structural capacity[(3)] of 11 mln t;
  - ▲ Developed railway network and facilities;
  - ▲ Enrichment plant with 2 mln t input capacity.
- Utilization of modern and high-performance equipment fleet supporting efficient low-cost production - US$17 per t of coal VS US$26 per t average in Russia.[(4)]
- Diversified sales capabilities balanced between domestic market (4.8 mln t sold in 2010) and export markets (3.7 mln t).
- One of the largest retail coal distribution networks in Western Siberia.
- Employing about 4,000 people.
- KTK shares are quoted on RTS and MICEX (ticker: KBTK).
- 66% of share capital is owned by the management (I. Prokudin - 50%, V. Danilov – 16%), free-float – 34%.

Coal production history with open-pit mine breakdown



Source: Company

Key operating and financial indicators[(1)]

US$ Mln	2008	2009	2010
Coal sales (mln t)	7.5	7.4	8.5
incl. purchased coal	2.3	1.4	2.2
Revenue	344	336	466
% of growth	*128%*	*-2%*	*39%*
EBITDA[(2)]	87	69	70
% margin	*25%*	*20%*	*15%*
Net Income	44	21	27
% margin	*13%*	*6%*	*6%*

Source: audited IFRS FS for 2009-2010 in which all amounts are presented in RUR, Company

(1) - In the table US$ are converted from RUR using average Central Bank of the Russian Federation exchange rates for each year (2008: 24.86 RUR/US$; 2009: 31.72 RUR/US$; 2010: 30.38 RUR/US$)

(2) - EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

(1) - Metal Expert, January 2011

(2) - Run-of-mine coal, JORC classification;

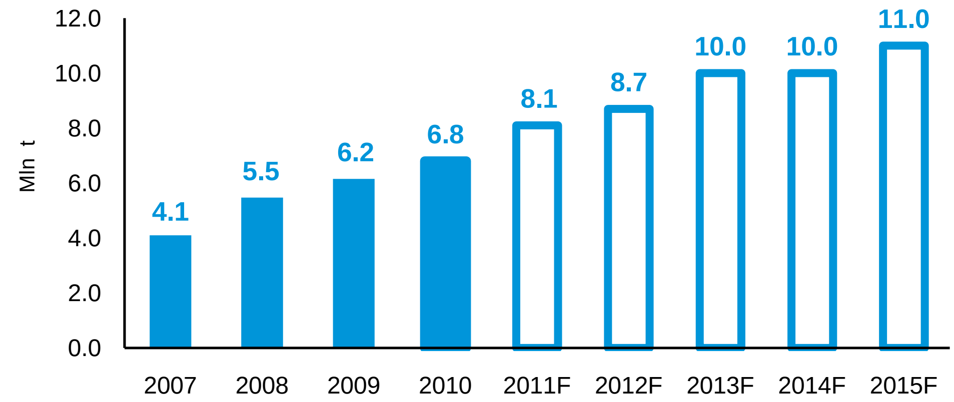
(3) - Here and further through the presentation structural capacity means the maximum production capacity that the Company believes could be achieved (taking into account projected stoppages for planned repair and maintenance) in an annual period if the Company were able to process all the coal that could be mined using the Company's existing mine facilities after acquisition of certain mining and transportation equipment in accordance with its current capital expenditure program

(4) - AME Mineral Economics, Thermal Coal Cost Report 2010, for KTK – Company

I. KTK Production Growth Prospects

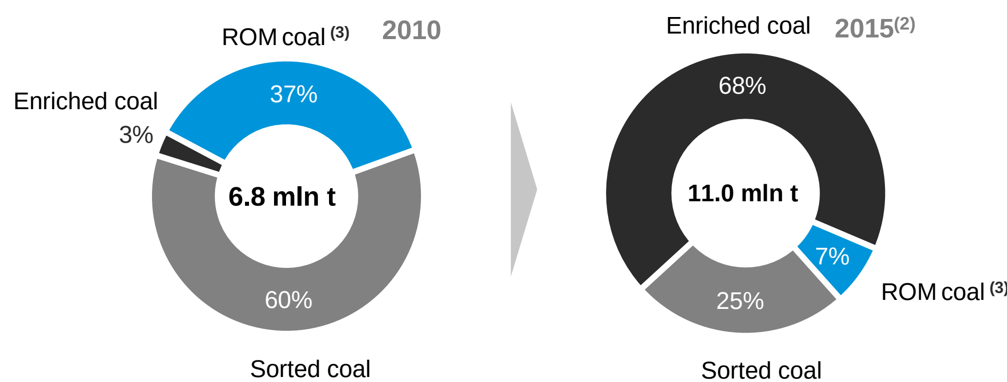
- The Company has established most of the infrastructure required to sustain production at the level of the structural capacity[1] of the existing mining facilities – 11 mln t per year
  - Modern high-performance mining and transportation equipment (Komatsu, P&H and BelAZ);
  - 100% of coal transported to the Russian Railway network by the Company's own railway company (70 km of railroads, 6 railway stations, 12 mln t p.a. capacity);
  - Own repair and maintenance services;
  - Own power infrastructure.
- In August 2010 the Company has commissioned it's first coal enrichment plant with 2 mln t annual capacity. Furthermore, in the period of 2012-2013, the Company plans to commission another 2 coal enrichment facilities that will increase the total installed annual capacity to 10.1 mln t.
- Enrichment facilities will allow the Company to enhance its ability to provide quality products to its clients, reduce operational losses, expand its export capabilities and enter into new and perspective markets

Historical production volume and attainment of structural capacity[1]



Source: Company

Targeted production composition



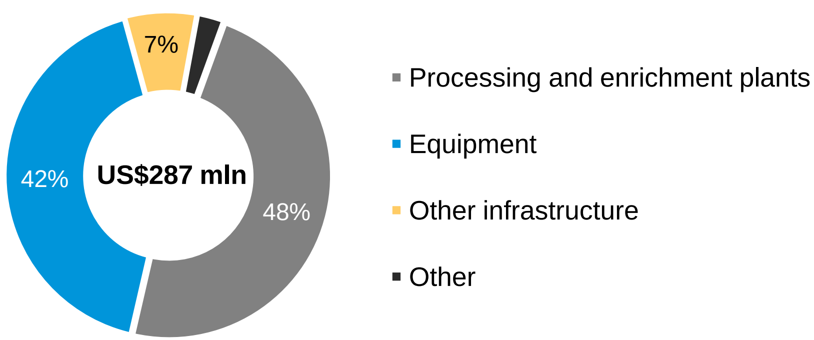
Source: Company

(1) - subject to production on 3 current open-pit mines

(2) - subject to the attainment of the structural capacity by 2015 and CAPEX plan

(3) - Run-of-mine coal, ready for sale upon extraction without any processing

Company's investment program[2], 2010-2015



Source: Company

(1) - subject to the attainment of the structural capacity by 2015 and CAPEX plan

(2) - net of VAT, converted to RUR at 30 RUR/US$ exchange rate

KTK

Section II

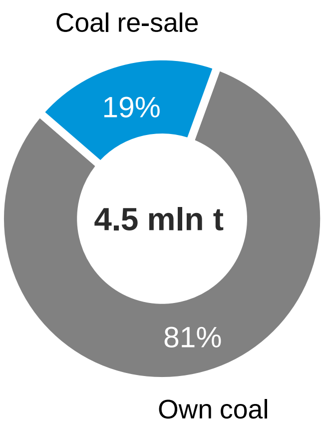
Operational Highlights

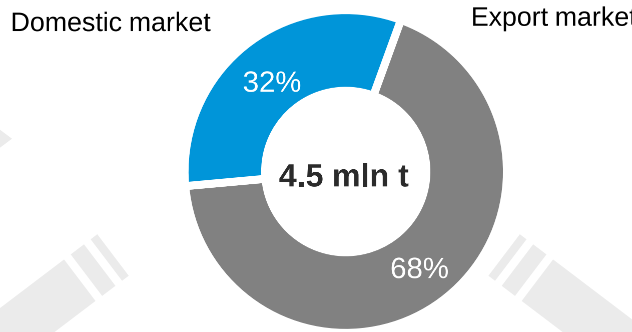
II. Operational highlights

Moderate increase in coal extraction QOQ, and strong growth YOY	• In Q2 2011 the Company produced 1.91 mln tonnes of coal, having creasing production volume by 4% QOQ (Q1 2011: 1.83 mln tonnes). • The volume of 6M 2011 coal production increased by 37% YOY to 3.73 mln tonnes (6M 2010: 2.72 mln tonnes).
Sorted and enriched coal volumes healthy growth QOQ and YOY	• The volume of coal sorting increased by 16% QOQ to 1.36 mln tonnes (Q1 2011: 1.17 mln tonnes). • Duding 6M 2011 the volume of coal sorting increased by 42% YOY to 2.54 mln tonnes (6M 2010: 1.78 mln tonnes). • The volume of enriched coal production increased by 24% QOQ and reached 194 thousand tonnes (Q1 2011: 157 th. tonnes). During 6M 2011 the volume of "Kaskad" enrichment plant production composed 351 th. tonnes.
Seasonal QOQ decrease in coal sales volume, but growth in average realised price	• The volume of coal sales in Q2 2011 decreased by 14% QOQ to 2.08 mln tonnes (Q1 2011: 2.43 mln tonnes). 6M 2011 coal sales increased by 28% YOY to 4.51 mln tonnes (6M 2010: 3.52 mln tonnes). • In Q2 2011 the average price(1) of coal increased by 6% QOQ to US$ 42 per tonne (Q1 2011: US$ 40 per tonne). In 6M 2011 the average price(1) amounted to US$ 41 per tonne, exceeding the level of 6M 2010 by 35% (US$ 30 per tonne).
Stripping ratio QOQ increase, but flat YOY	• The quarterly average stripping ratio increased by 8% QOQ to 8.7x (Q1 2011: 8.0x). 6M 2011 figure slightly increased by 1% YOY to 8.4 (6M 2010: 8.3x) • Q2 exploded rock volume increased by 2% QOQ to 7.3 mln cbm. (Q1 2011: 7.2 mln cbm.). 6M 2011 volume increased by 5% YOY to 14.5 (6M 2010: 13.8 mln cbm.) • The average quarterly stripping transportation distance extended by 9% QOQ to 2.8 km. (Q1 2011: 2.6 km.), but 6M 2011 distance decreased by 2% YOY to 2.7 (6M 2010: 2.8 km.)

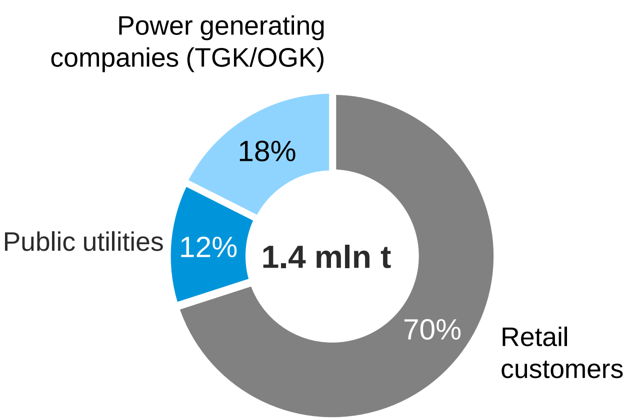
(1) - hereinafter prices shown net of VAT and railroad costs; RUR are converted to US$ using average Central Bank of the Russian Federation exchange rates for each period (Q1 2011: 29.16 RUR/US$; Q2 2011: 28.01 RUR/US$; 6M 2010: 30.06 RUR/US$; 6M 2011: 28.56 RUR/US$)

II. 6M 2011 Coal sales breakdown

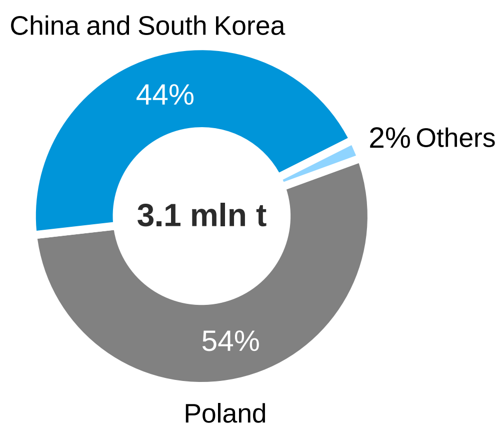


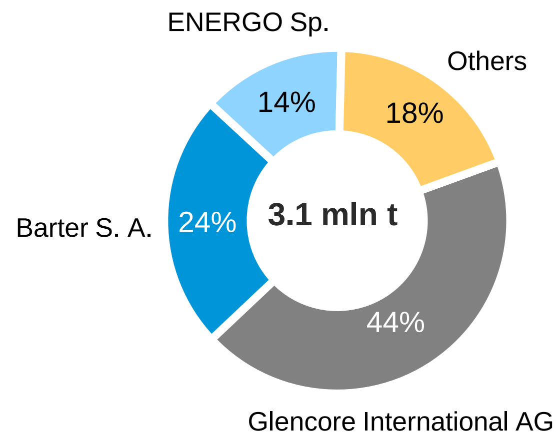


Domestic market



Export

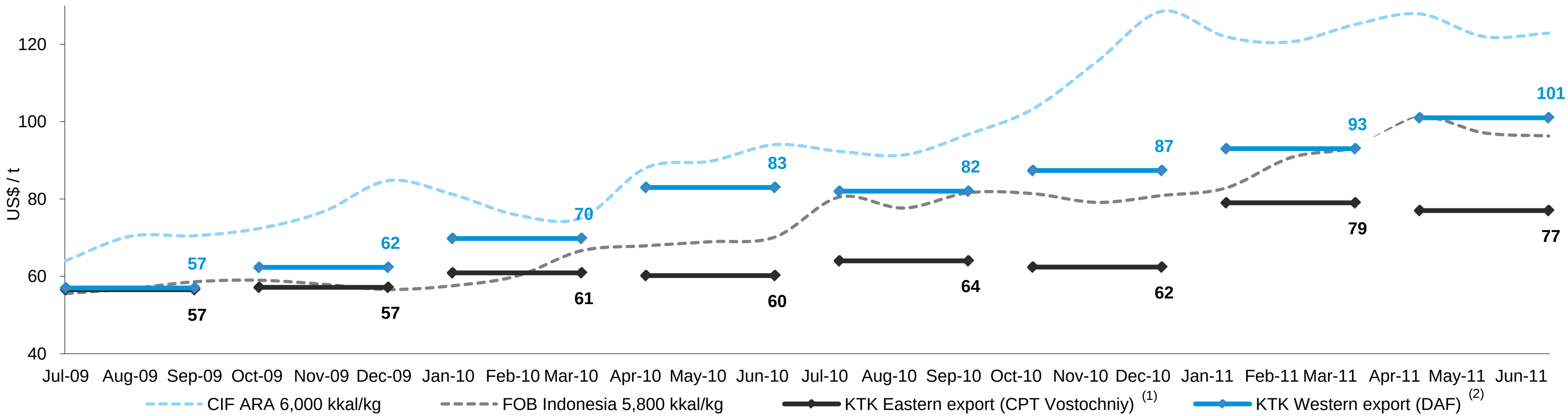




Source: Company

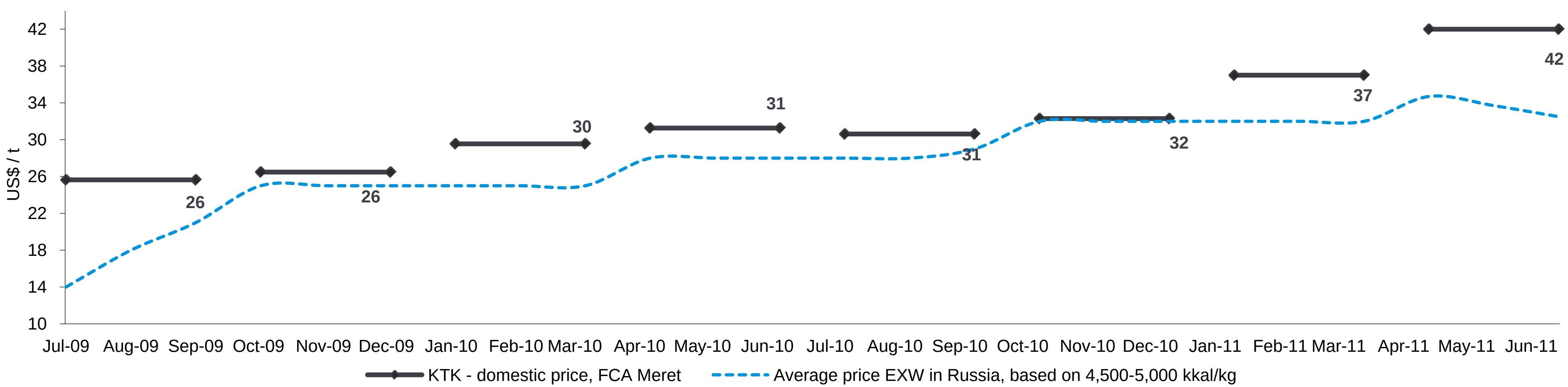
II. Average realised prices VS benchmarks

KTK realized export prices vs. international FOB and CIF benchmarks, US$/t



Source: Company, Argus for FOB Indonesia and CIF ARA

KTK FCA prices vs. Russian EXW benchmark, $US/t

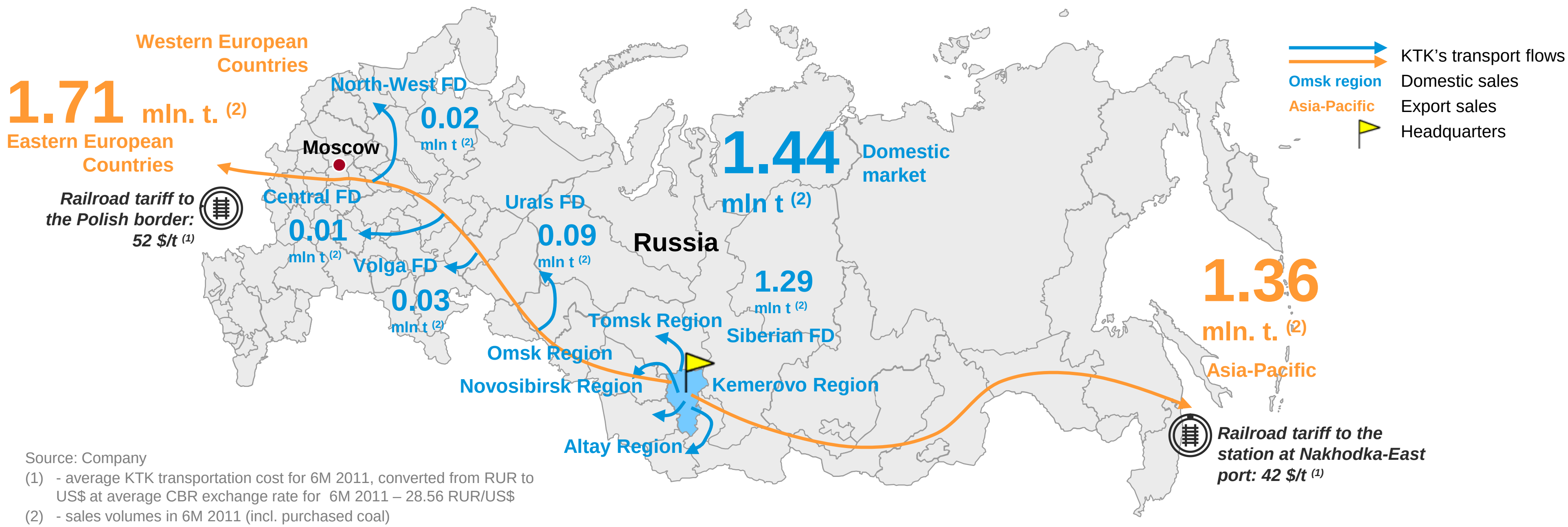


Source: Company, Metal Expert for average EXW prices in Russia

(1) - Average KTK realized Eastern shipments price CPT Vostochniy

(2) - Average KTK realized quarterly Western shipments price DAF, excluding shipments to Ukraine

II. Distribution map

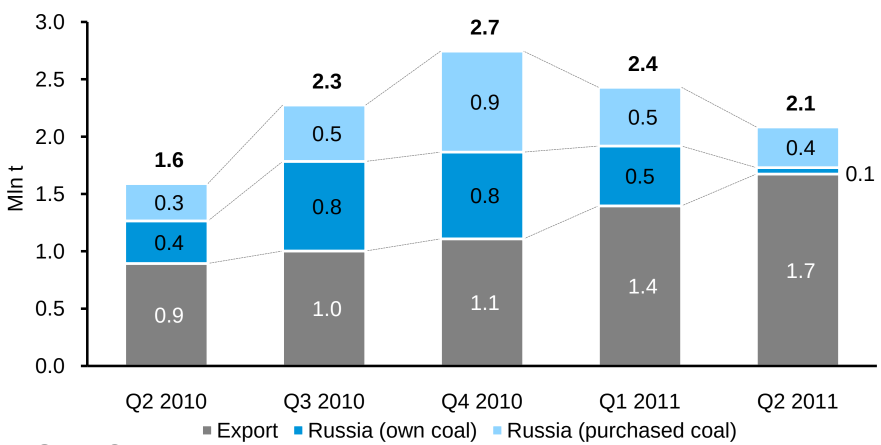


Source: Company

(1) - average KTK transportation cost for 6M 2011, converted from RUR to US$ at average CBR exchange rate for 6M 2011 – 28.56 RUR/US$

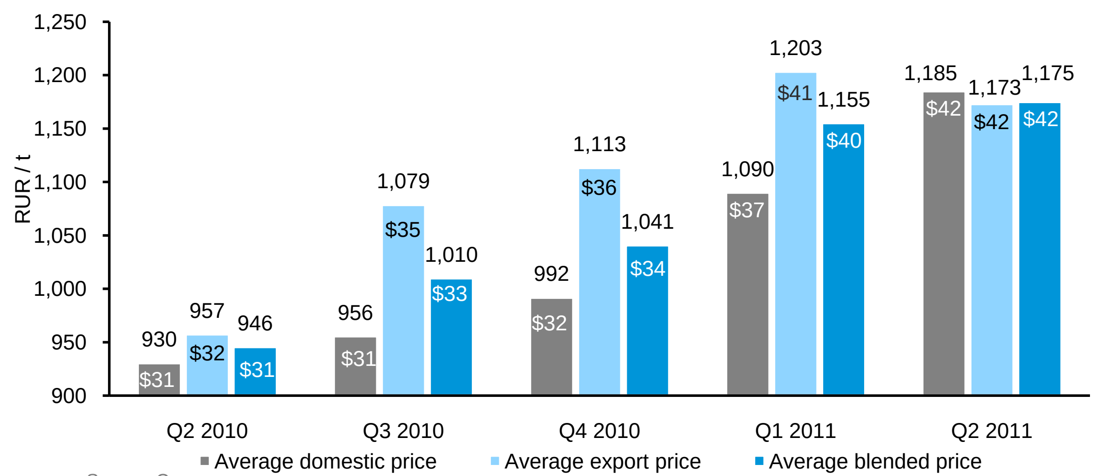
(2) - sales volumes in 6M 2011 (incl. purchased coal)

Quarterly coal sales breakdown by market



Source: Company

Average quarterly domestic and export prices comparison (1)



Source: Company

(1) - prices are net of VAT and railroad tariffs; domestic prices include costs associated with retail distribution network; prices are converted to US$ using average Central Bank of the Russian Federation exchange rates for each quarter (Q2 2010: 30.24 RUR/US$; Q3 2010: 30.62 RUR/US$; Q4 2010: 30.72 RUR/US$; Q1 2011: 29.16 RUR/US; Q2 2011: 28.01 RUR/US$)

KTK

Section III

Financial Performance

III. Financial Highlights

Q2 Revenue - RUR 4,937 mln -6% QoQ 6M Revenue - RUR 10,182 mln 80% YoY

US$ 176 mln[(1)] *US$ 356 mln*

Due to the seasonal decrease in coal sales volumes on the domestic market quarterly revenue decreased by 6% to RUR 4,937 mln, (Q1 2011: RUR 5,245 mln). 6M revenue amounted to RUR 10,182 mln, a growth of 80% YOY (6M 2010: RUR 5,651 mln).

Q2 EBITDA – RUR 525 mln -45% QoQ 6M EBITDA – RUR 1,473 mln 173% YoY

US$ 19 mln *US$ 51mln*

The decline in revenue combined with an increase in cost of sales due to an increase in Q2 stripping ratio resulted in a quarterly EBITDA decrease of 45% to RUR 525 mln (Q1 2011: RUR 948 mln). 6M 2011 EBITDA increased by 173% to RUR 1,473 mln (6M 2010: RUR 540 mln).

Q2 Net Profit – RUR 200 mln -66% QoQ 6M Net Profit – RUR 793 mln VS RUR 4 mln in 6M 2010

US$ 7 mln *US$ 27 mln*

Q2 net profit decreased by 26% QoQ and amounted to RUR 200 mln (Q1 2011: RUR 593 mln). During 6M 2011 the Company earned RUR 793 mln of net profit compared to RUR 4 mln for 6M 2010.

Net Debt - RUR 2,012 mln 26% QoQ -23% YoY

US$ 72 mln[(2)]

Net debt as at 30 June 2011 amounted to RUR 2,012 mln, having increased by 26% from its level on 31 March 2011 (RUR 1,600 mln). Compared to the same indicator last year Net Debt decreased by 23% (30 June 2010: RUR 2,613 mln). During the quarter the Net debt to EBITDA ratio remained stable at 0.7.

Source: unaudited 3M 2011 IFRS FS

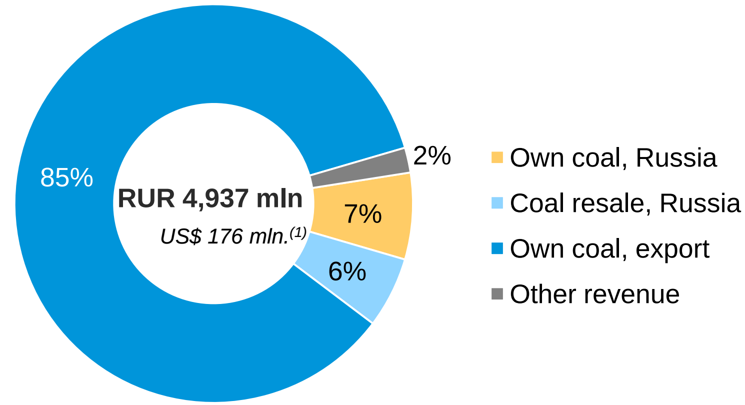
(1) - Hereinafter figures were converted to USD using average Central Bank of the Russian Federation exchange rates for Q2 2011 - 28.01 RUR/US$ and for 6M 2011 - 28.56 RUR/US$
(2) - Figures were converted to USD using Central Bank of the Russian Federation exchange rates as at 30.06.2011 28.08 RUR/US$

III. Financial highlights. Revenue

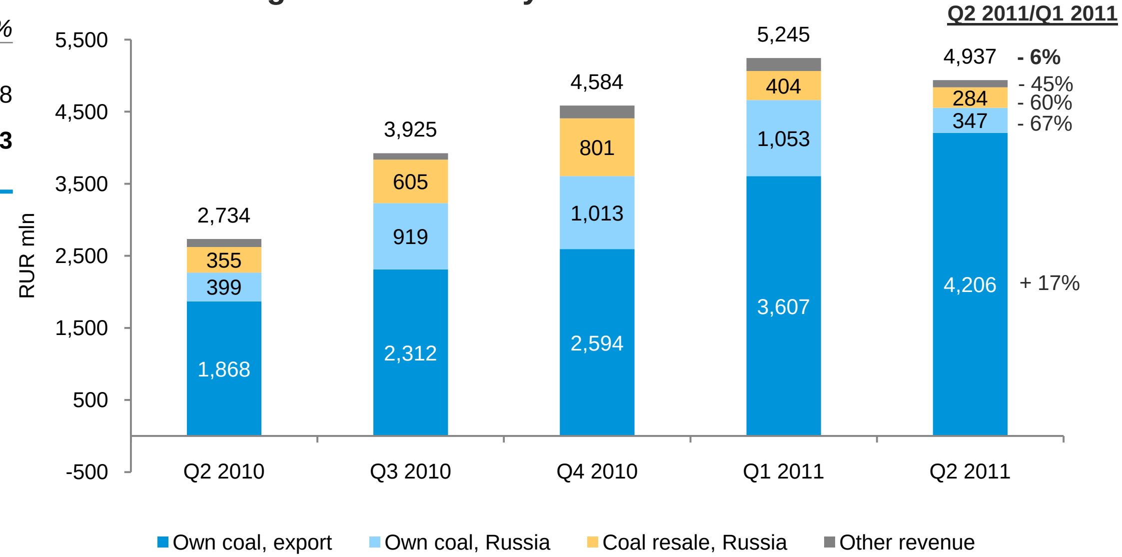
Key financial indicators

RUR mln.	Q2 2011	Q1 2011	6M 2011	6M 2010
Revenue	**4,937**	**5,245**	**10,182**	**5,651**
Growth rate	*-6%*		*80%*	
Cost of sales	(4,284)	(4,135)	(8,419)	(4,817)
Gross profit	653	1,110	1,763	834
Gross profit margin	*13%*	*21%*	*17%*	*15%*
SG&A and other expenses	(369)	(402)	(771)	(627)
EBITDA[2]	**525**	**948**	**1,473**	**540**
EBITDA margin	*11%*	*18%*	*14%*	*10%*
Operating profit (EBIT)	284	708	992	207
Operating margin	*6%*	*13%*	*10%*	*4%*
Net income	**200**	**593**	**793**	**4**
Net income margin	*4%*	*11%*	*8%*	*0%*
Gross debt	2,228	2,067	2,228	2,868
Net debt	**2,012**	**1,600**	**2,012**	**2,613**

Q2 2011 Revenue breakdown by segments



Segment revenue dynamics[3]



Source: hereinafter unaudited 3M, 6M, 9M 2010 IFRS FS; audited Full Year 2010 IFRS FS; unaudited 3M, 6M 2011 IFRS FS

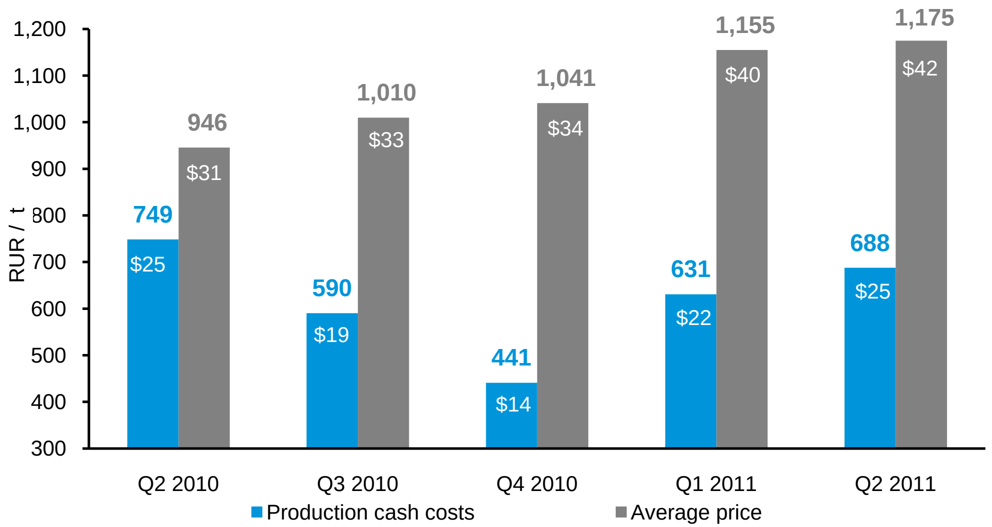
(1) - Figures were converted to USD using average Central Bank of the Russian Federation exchange rates for Q2 2011 28.01 RUR/US$

(2) - EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

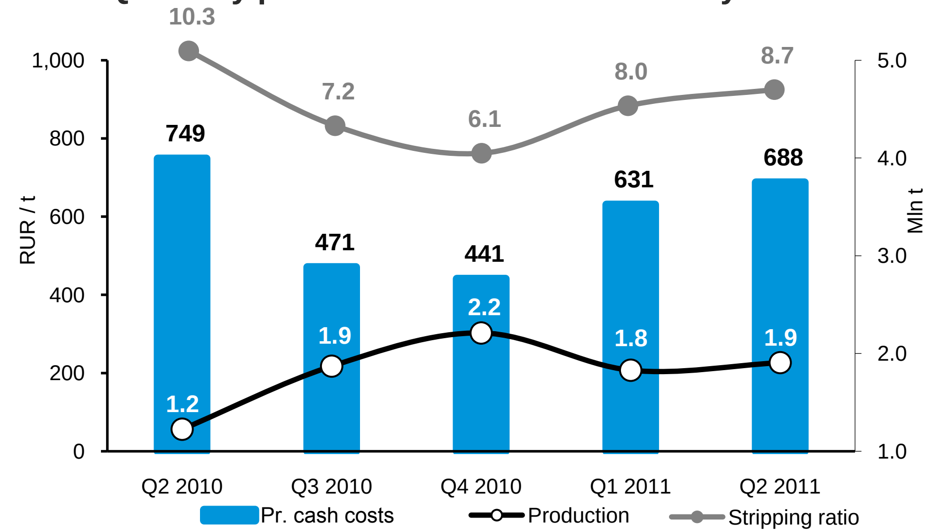
(3) - Management has reconsidered the approach on inclusion in «Resale of coal purchased» segment volumes of the coal bought from neighboring enterprises on EX-works terms and delivered to coal storages on the Company's open pit mines for processing and sorting. The cost of such coal purchase is included in production costs and revenue from its sale is distributed between "Domestic sales of coal produced" and "Export sales of coal produced" segment. Volumes of such coal amounted to: Q1 2011: 0.22 mln t Q2 2011: 0.17 mln t

III. Financial highlights. Production cash costs

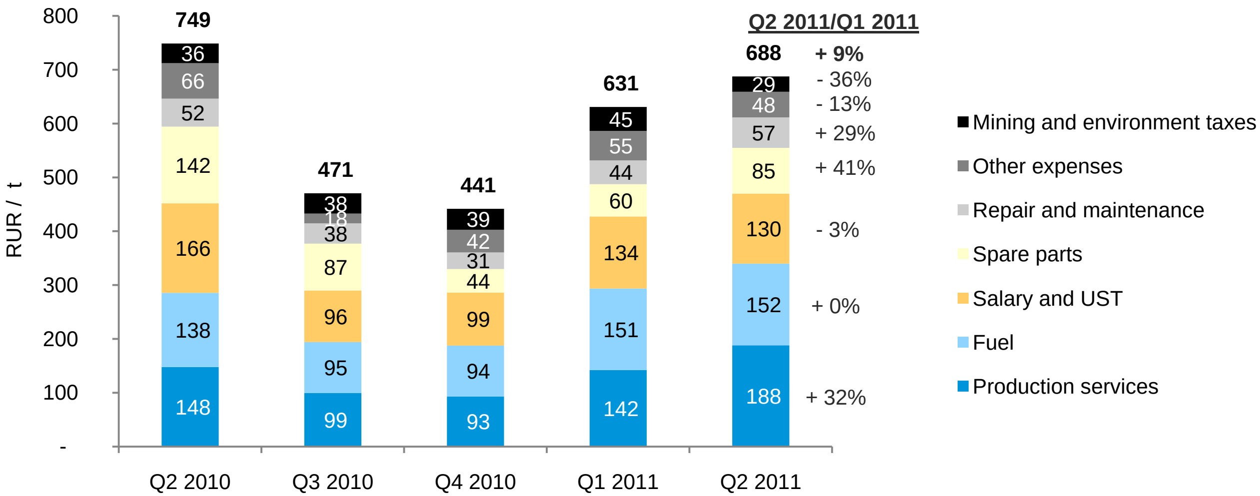
Average realized price and production cash cost per 1 t of coal (1)



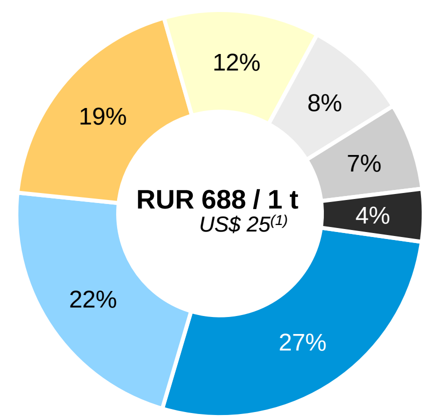
Quarterly production cash costs volatility



Dynamics of production cash costs per 1 t of coal produced



Production cash costs breakdown, Q2 2011 (1)

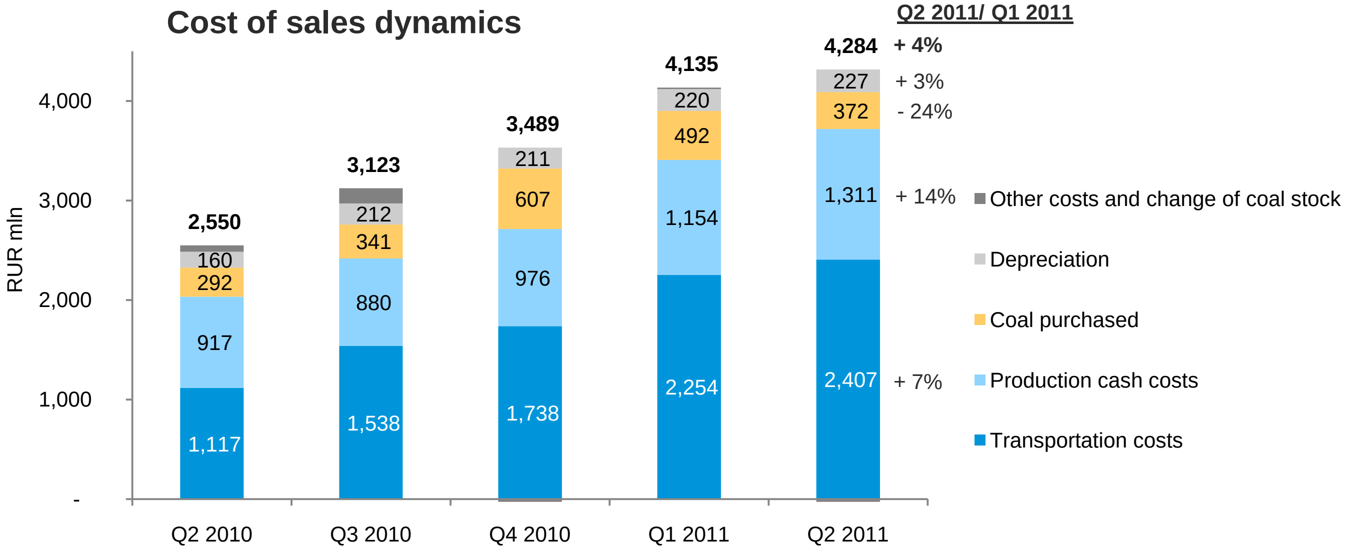


Source: Company, cash costs extracted from unaudited 3M-6M 2011, 3M-9M 2010 IFRS FS, audited 12M 2010 IFRS FS

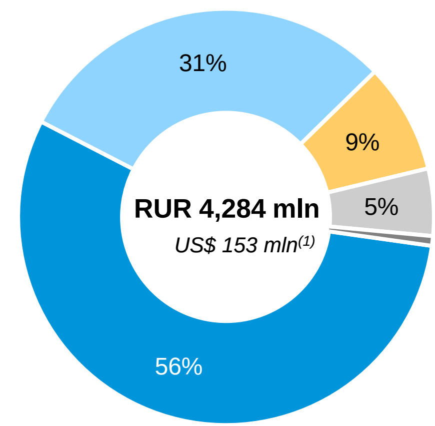
(1) - prices are net of VAT and railroad tariffs; domestic prices include costs associated with retail distribution network; prices are converted to US$ using average Central Bank of the Russian Federation exchange rates for each quarter (Q1 2010: 29.85 RUR/US$; Q2 2010: 30.24 RUR/US$; Q3 2010: 30.62 RUR/US$; Q4 2010: 30.72 RUR/US$; Q1 2011: 29.16 RUR/US$)

III. Financial highlights. Cost of sales and EBITDA

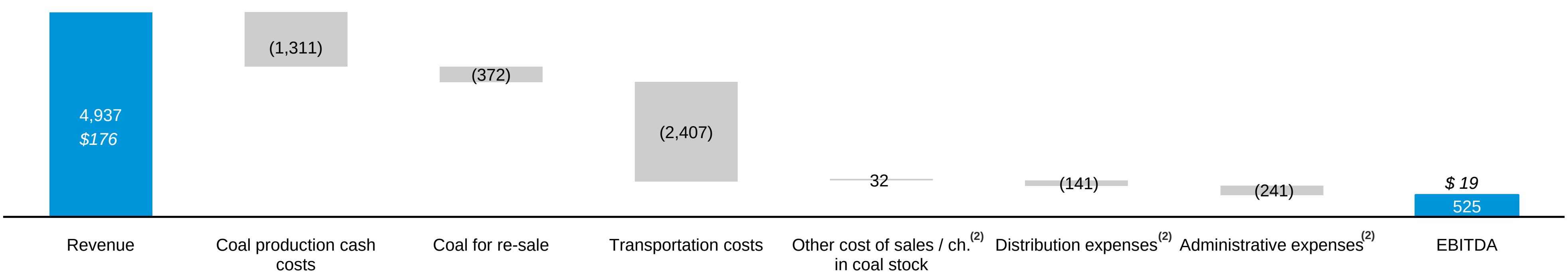
Cost of sales dynamics



Q2 2011 Cost of sales breakdown



Q2 2011 EBITDA calculation, RUR mln[(1)]



Source: unaudited 3M-6M 2011, 3M-9M 2010 IFRS FS, audited 12M 2010 IFRS FS

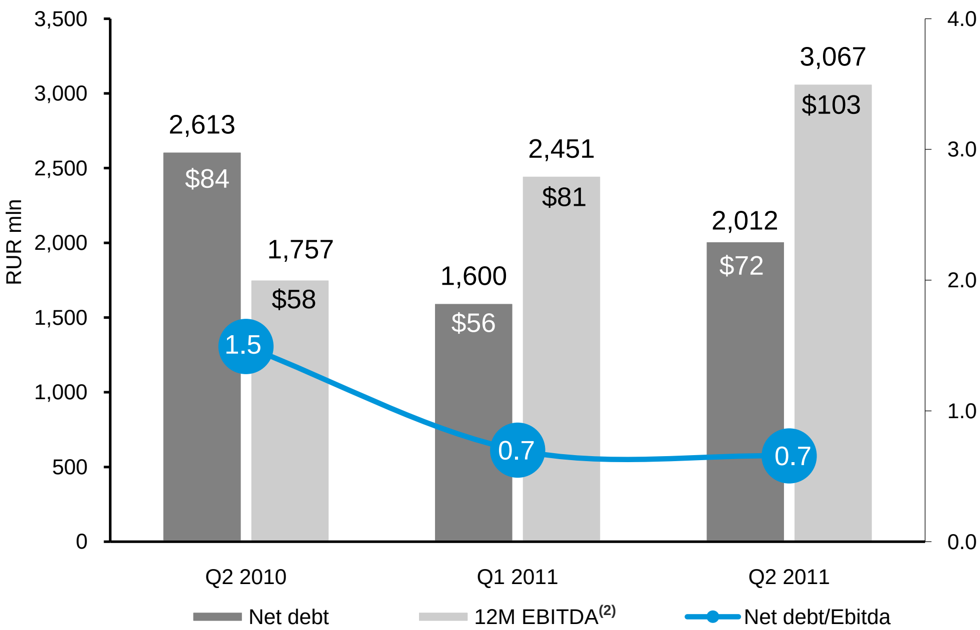
(1) - US$ figures were converted using average Central Bank of the Russian Federation exchange rates for Q2 2011 28.01 RUR/US$

(2) - Net of depreciation and amortization

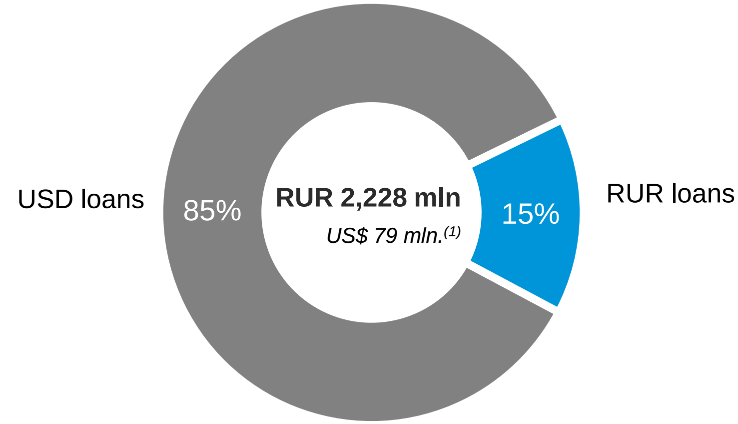
III. Financial highlights. Indebtedness

- In Q2 total debt of the Company increased by 8% to RUR 2,228 mln due to attraction of additional short-term loans for working capital financing.
- The level of net debt increased by 26% to RUR 2,012 mln, but Net debt to EBITDA ratio remained at 0.7.
- Interest expense increased by15% to RUR 45 mln (Q1 2010: RUR 39 mln.)
- The average interest rate decreased to 5.8% p.a.

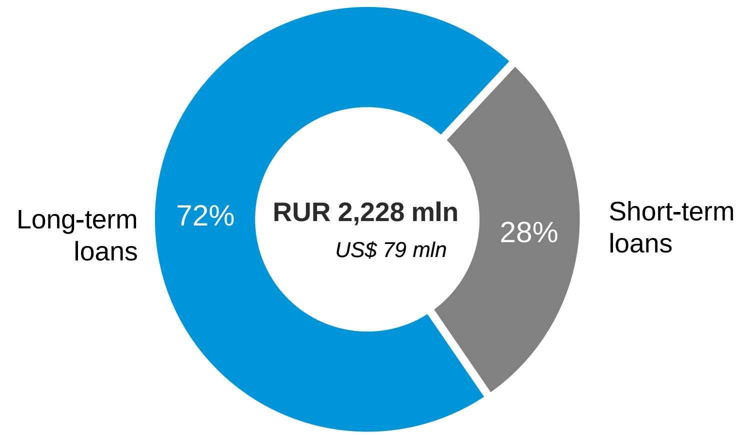
Net Debt to EBITDA[(1)]



Debt structure by currency as of 30 June 2011



Debt maturity structure



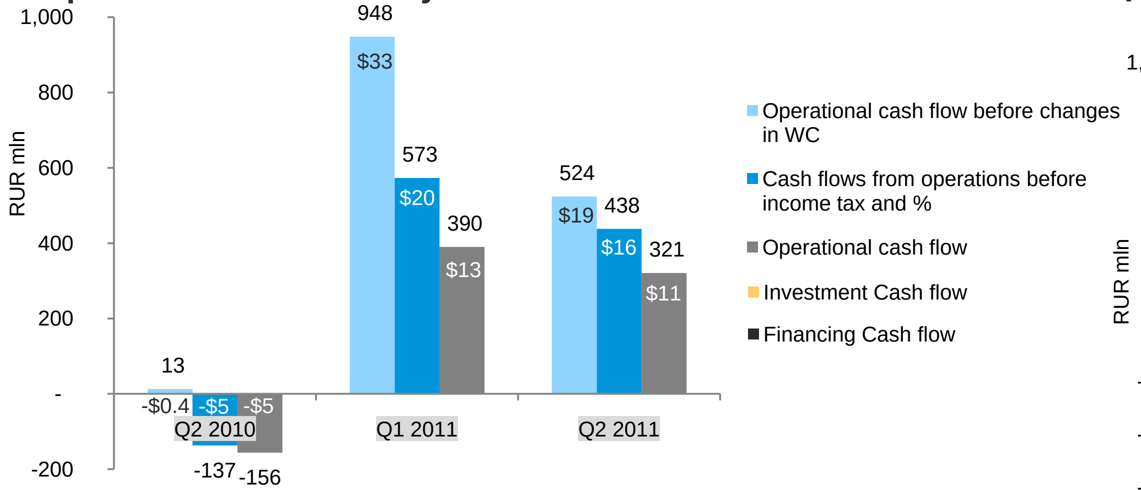
Source: unaudited 3M-6M 2010, audited 12M 2010 IFRS FS, unaudited 3M-6M 2011 FS

(1) - US$ net debt figures are converted using Central Bank of the Russian Federation exchange rates for the end of each quarter (Q2 2010: 31.20 RUR/USD; Q1 2011: 28.43 RUR/USD; Q2 2011: 28.08 RUR/USD), US$ 12m EBITDA debt figures are converted using average Central Bank of the Russian Federation exchange rates for 12M prior to the end of each quarter (Q2 2010: 30.30 RUR/USD; Q1 2011: 30.22 RUR/USD; Q2 2011: 30.48 RUR/USD)

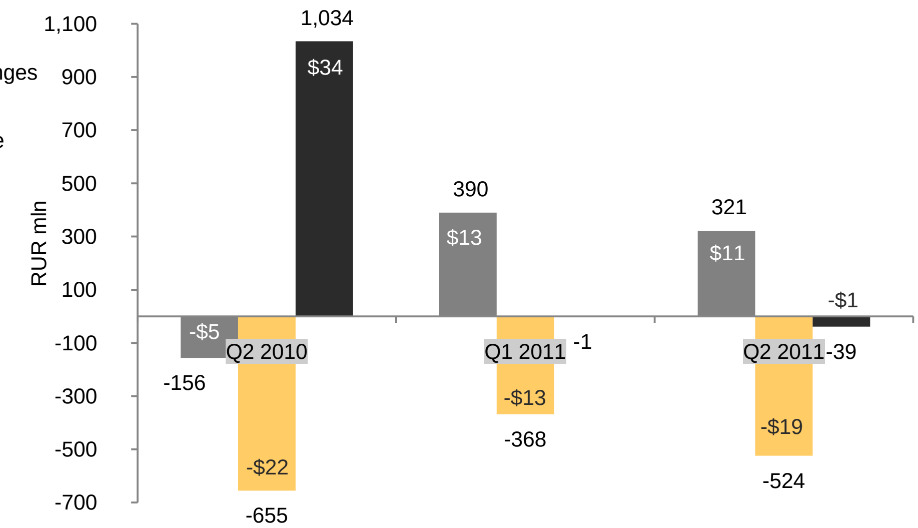
(2) - For the purpose of Q1 2011 ratio calculation the aggregate of EBITDA for Q1 2011 and Q2-Q4 2010 was used. For the purpose of Q2 2011 ratio calculation the aggregate of EBITDA for Q1-Q2 2011 and Q3-Q4 2010 was used. For the purpose of 6M 2010 ratio calculation the aggregate of EBITDA for Q1-Q2 2010 and Q3-Q4 2009 was used.

III. Cash Flow and Working Capital

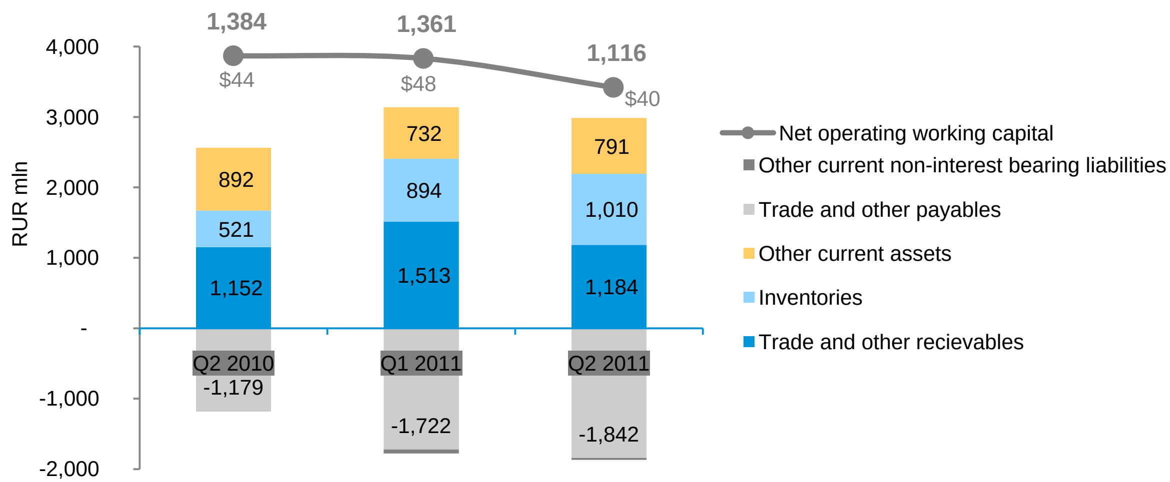
Operational Cash Flow Dynamics[1]



Operational, Investment, Financial Cash Flow Dynamics[1]



Operational Working Capital[2]



Source: unaudited 3M-6M 2010, audited 12M 2010 IFRS FS, unaudited 3M-6M 2011 FS

(1) - US$ figures in the table are converted to using average Central Bank of the Russian Federation exchange rates for each quarter (Q2 2010: 30.24 RUR/US$; Q1 2011: 29.16 RUR/US$; Q1 2011: 28.01 RUR/US$)

(2) - US$ figures in the table are converted using Central Bank of the Russian Federation exchange rates for the end of each quarter (Q2 2010: 31.20 RUR/US$; Q1 2011: 28.43 RUR/US$; Q2 2011: 28.08 RUR/US$)

IV. Q3 2011 Outlook

Quarterly Production - ↑ QoQ 25-27% ↑ YoY 28-30%

Due to the increase in trading activity on the Russian thermal coal market, which starts in the end of summer, the Company has already increased coal production and sale volumes on the domestic market. According to management's forecast, the general growth in production may be in the range of 25-27% quarter-on-quarter and 28-30% year-on-year.

Production cash costs - ↓ QoQ and ↑ YoY

The Company expects that the growth of production will be followed by a decrease in production cash costs per 1 tonne of coal, which is expected to have peaked in Q2 2011.

Quarterly EBITDA - ↑ QoQ ↑ YoY

Based on the expected decrease in stripping ratio and reduction in production cash costs, management of the Company expects a quarter-on-quarter and year-on-year increase in Q3 EBITDA.

Appendix

Unaudited IFRS Financial Statements for 6M 2011

Appendix. Income Statement 6M 2011

RUR mln	6M 2011	6M 2010
Revenue	10,182	5,651
Cost of sales	(8,419)	(4,817)
Gross profit	1,763	834
Gross profit margin	*17%*	*15%*
Distribution expenses	(296)	(258)
Administrative expenses	(479)	(404)
Other income and expenses, net	4	35
Operating profit	992	207
Operating profit margin	*10%*	*4%*
Finance income	157	6
Finance costs	(121)	(206)
Income of associates	(5)	
Profit / (loss) before income tax	1,023	7
Income tax expense	(230)	(3)
Profit / (loss) for the year	793	4
Profit / (loss) for the year margin	*8%*	*0%*
EBITDA (1)	1,473	540
EBITDA margin	*14%*	*10%*

(1) - EBITDA for each period is defined as results from operating activities, adjusted for amortization and depreciation, impairment loss and loss on disposal of property, plant and equipment

Appendix. Balance Sheet as at 30 June 2011

RUR mln	30.06.2011	31.03.2011	30.06.2010
ASSETS			
Non-current assets			
Property, plant and equipment	9,202	8,876	8,083
Goodwill and intangible assets	14	14	14
Investments in equity accounted investees	18	15	3
Other investments	10	10	37
Long-term receivables	-	-	7
Deferred tax assets	36	31	17
Total non-current assets	**9,280**	**8,946**	**8,161**
Current assets			
Inventories	1,010	894	521
Other invetsments	38	32	28
Income tax receivable	17	8	36
Trade and other receivables	1,184	1,513	1,152
Prepayments and deferred expenses	520	224	573
Cash and cash equivalents	216	467	255
Total current assets	**2,985**	**3,139**	**2,565**
TOTAL ASSETS	**12,265**	**12,085**	**10,726**

RUR mln	30.06.2011	31.03.2011	30.06.2010
EQUITY AND LIABILITIES			
Equity			
Share capital	20	20	20
Retained earnings	4,501	4,578	3,189
Additional paid-in capital	2,829	2,829	2,830
Total attributable to equity holders of the company	**7,350**	**7,427**	**6,039**
Minority interest	(3)	6	21
Total equity	**7,347**	**7,433**	**6,060**
Non-current liabilities			
Loans and borrowings	1,894	1,921	2,331
Net assets attributable to minority participants in LLC entities	50	62	51
Provisions	275	270	247
Retirement benefit liability	15	15	-
Deferred tax liabilities	481	461	319
Total non-current liabilities	**2,715**	**2,729**	**2,948**
Current liabilities			
Loans and borrowings	334	146	537
Trade and other payables	1,842	1,722	1,179
Retirement benefit liability	4	4	-
Income tax payable	23	52	2
Total current liabilities	**2,203**	**1,923**	**1,718**
Total liabilities	**4,918**	**4,652**	**4,666**
TOTAL EQUITY AND LIABILITIES	**12,265**	**12,085**	**10,726**

Appendix. Cash Flow Statement 6M 2011

RUR mln	6M 2011	6M 2010
OPERATING ACTIVITIES		
Profit / (loss) for the period	793	4
Adjustments for:		
Depreciation and amortisation	485	368
(Income)/loss on disposal of property, plant and equipment	(4)	(34)
Income of associates	5	-
Net finance expense	(36)	200
Income tax expense	229	3
Operating result before changes in working capital and provisions	1,472	541
Change in inventories	(251)	(116)
Change in trade and other receivables	(115)	46
Change in prepayments for current assets	(80)	(343)
Change in trade and other payables	(15)	6
Cash flows from operations before income tax and interest paid	**1,011**	**134**
Income taxes and penalties paid	(226)	(39)
Interest paid	(74)	(92)
Cash flows from operating activities	**711**	**3**

RUR mln	6M 2011	6M 2010
INVESTING ACTIVITIES		
Proceeds from disposal of property, plant and equipment	4	3
Loans issued	(720)	(79)
Proceeds from loans issued including interest received	726	92
Acquisition of property, plant and equipment	(887)	(1,347)
Acquisition of equity accounted investees	(15)	-
Acquisition of minority interests	-	(7)
Cash flows used in investing activities	**(892)**	**(1,338)**
FINANCING ACTIVITIES		
Proceeds from borrowings	4,255	4,090
Repayment of borrowings	(4,066)	(5,155)
Proceeds from share issue, net of issue costs		2,822
Dividends paid	(229)	(253)
Cash flows from financing activities	**(40)**	**1,504**
Net (decrease) / increase in cash and cash equivalents	**(221)**	**169**

(1) - US$ figures are converted from RUR using year end Central Bank of the Russian Federation exchange rates (2008: 29.38 RUR/US$; 2009: 30.24 RUR/US$; 2010: 30.48 RUR/US$)