



# POLYMETAL

## Denver Gold Forum

*Vitaly Nesis, CEO*  
*September 25, 2007*





## Cautionary statements

This presentation includes forward-looking statements. These forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “may,” “should” and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for products; economic outlook and industry trends; developments of markets; the impact of regulatory initiatives; and the strength of competitors.

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# Polymetal represents an excellent opportunity to invest in a mid-tier company with top quality assets

**Reserves (P+P) <sup>(1)</sup>**

▲ 417Moz of silver and 3.7Moz of gold

**2006 Production**

▲ 17.3Moz of silver and 256Koz of gold

**2006 Cash Costs <sup>(2)</sup>**

▲ 4.7 US\$/oz silver and 290 US\$/oz of gold

**Market Cap <sup>(3)</sup>**

▲ US\$2.0bn

**Net Debt <sup>(4)</sup>**

▲ US\$151mln

**Hedge Free**

▲ Starting from January 2008

(1) JORC compliant as of Dec 31, 2006 calculated based on US\$450/oz of gold and US\$7/oz of silver

(2) Co-product

(3) As of Sep 21, 2007

(4) As of Jun 30, 2007

# Clear understanding of our competitive advantages ensures focused execution of our strategy



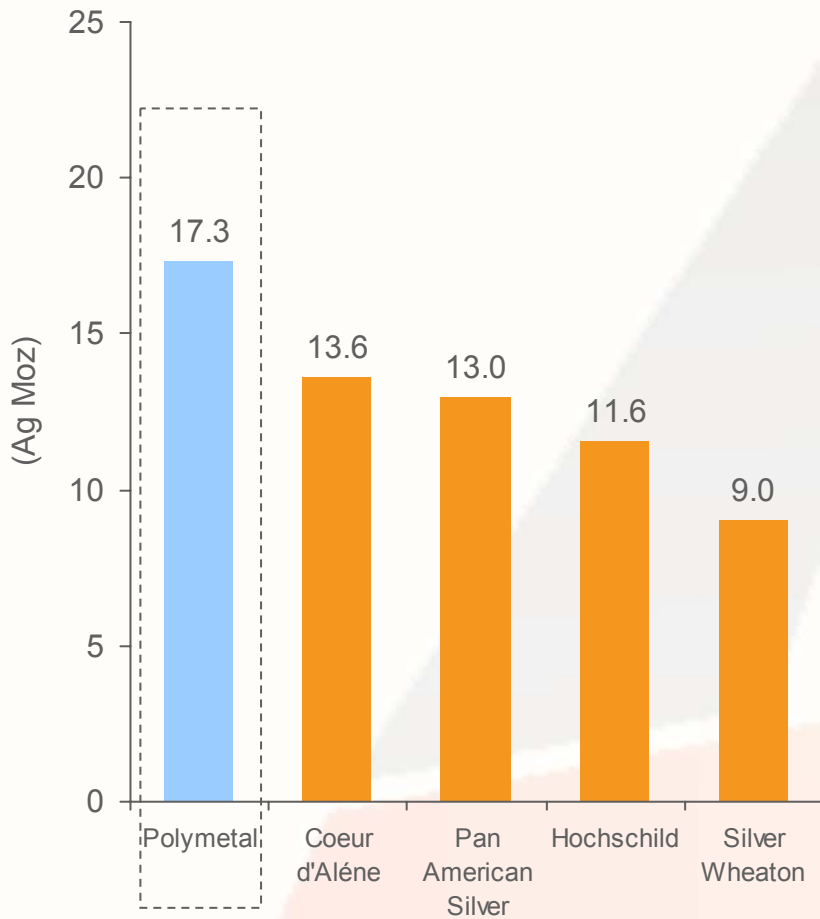
- ▲ Number 1 primary silver producer globally and number 3 gold producer in Russia
- ▲ High quality portfolio of 4 operating mines: long life, low cost
- ▲ Proven development and operational track record
- ▲ Technical know-how and dedicated in-house engineering expertise
- ▲ Strong portfolio of growth projects



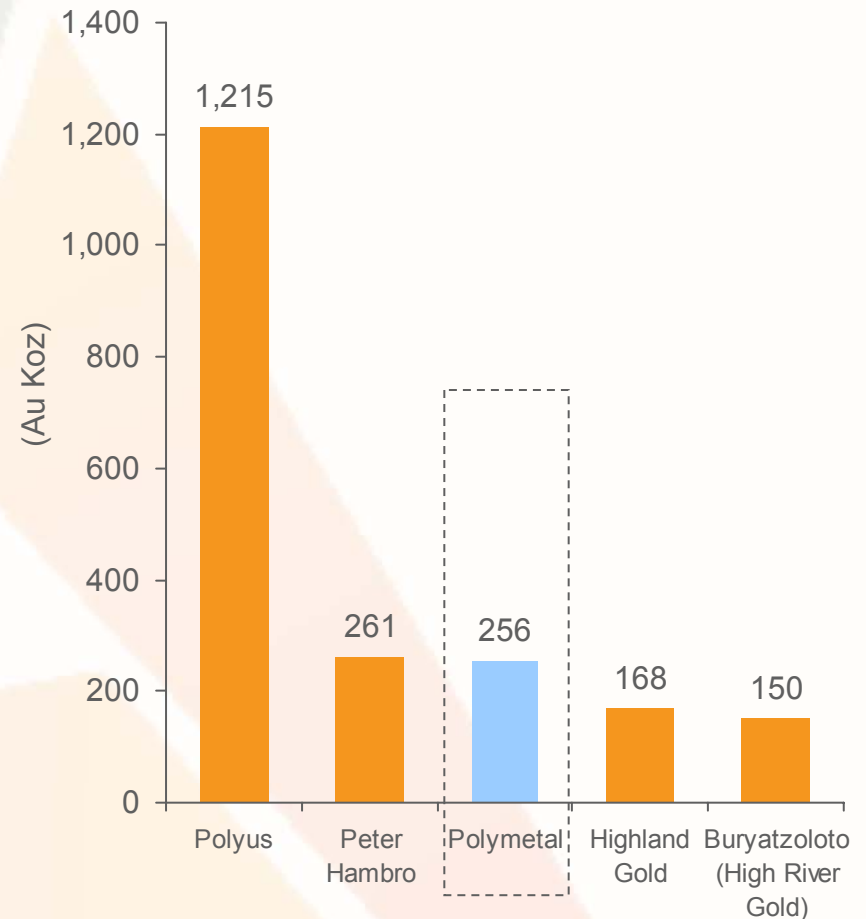


# Polymetal is one of the leaders in the global silver and Russian gold industries

## 2006 Global Primary Silver Producers



## 2006 Russian Gold Producers



Source: GFMS, Union of Russian Gold Producers, Polymetal

# Polymetal owns a portfolio of long-life and high-grade mines

## Voro

**Production<sup>(1)</sup>:** 102Koz Au  
**Reserves<sup>(2)</sup>:** 2Moz Au @ 2.8 g/t  
**Cash costs<sup>(3)</sup>:** US\$311/oz of Au

## Lunnoye

**Production:** 2.6Moz Ag and 21Koz Au  
**Reserves:** 57Moz Ag @ 393 g/t  
**Cash costs:** US\$4.8/oz of Ag

## Dukat

**Production:** 12.6Moz Ag and 25Koz Au  
**Reserves:** 321Moz Ag @ 543 g/t  
**Cash costs:** US\$4.8/oz of Ag



-  Headquarters
-  Production
-  Exploration

(1) Production numbers at all operations are given for 2006  
 (2) Reserves numbers at all operations are: JORC compliant, audited by SRK, as of Dec 31, 2006  
 (3) Cash costs at all operations: co product, 2006; Dukat and Lunnoye are calculated jointly

## Khakanja

**Production:** 108Koz Au and 2Moz Ag  
**Reserves:** 1Moz Au @ 5.6 g/t  
 36Moz Ag @ 212 g/t  
**Cash costs:** US\$216/oz of Au



# Polymetal is well positioned to capitalize on Russian gold opportunities

## Russia's advantages for gold/silver miner

- ▲ Large and highly underexplored territory
- ▲ Stable political regime
- ▲ Rules of the game are clearly formulated: licensing and permitting procedures are predictable
- ▲ Sparsely populated with environmental issues relatively less acute

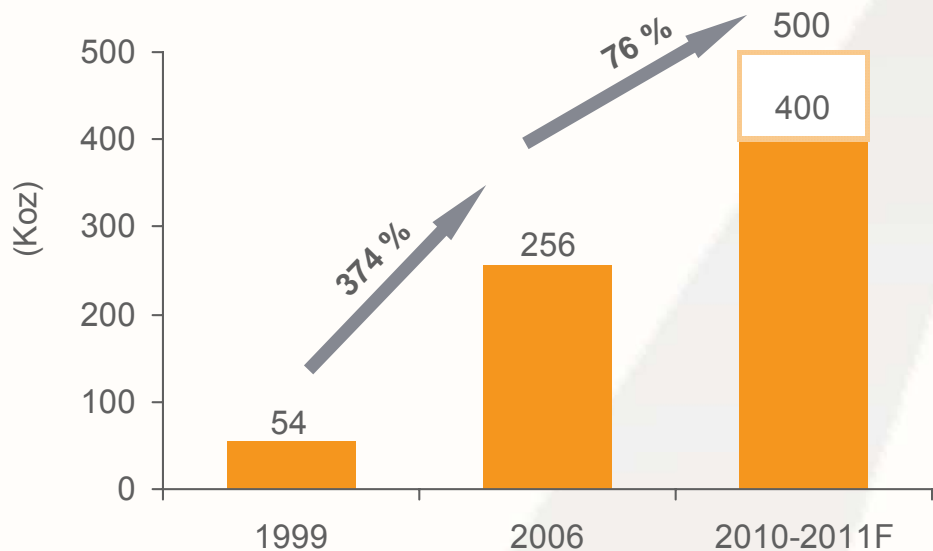
## Our position vis-à-vis Russia-specific risks

- ▲ Russian company → less sensitive to resource nationalism
- ▲ Majority of reserves/resources come from operating mines
- ▲ All reserves/resources are JORC-compliant and audited by reputable independent consultants (SRK, Snowden)
- ▲ Multiple operations

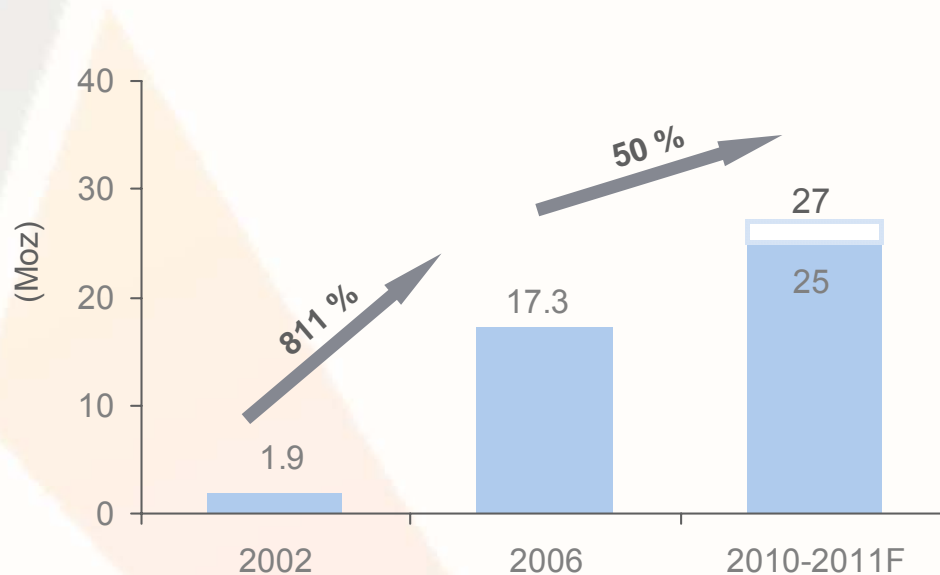


# Proven development and operational track record is the best testimony of our ability to deliver growth

## Gold Production, Koz



## Silver Production, Moz

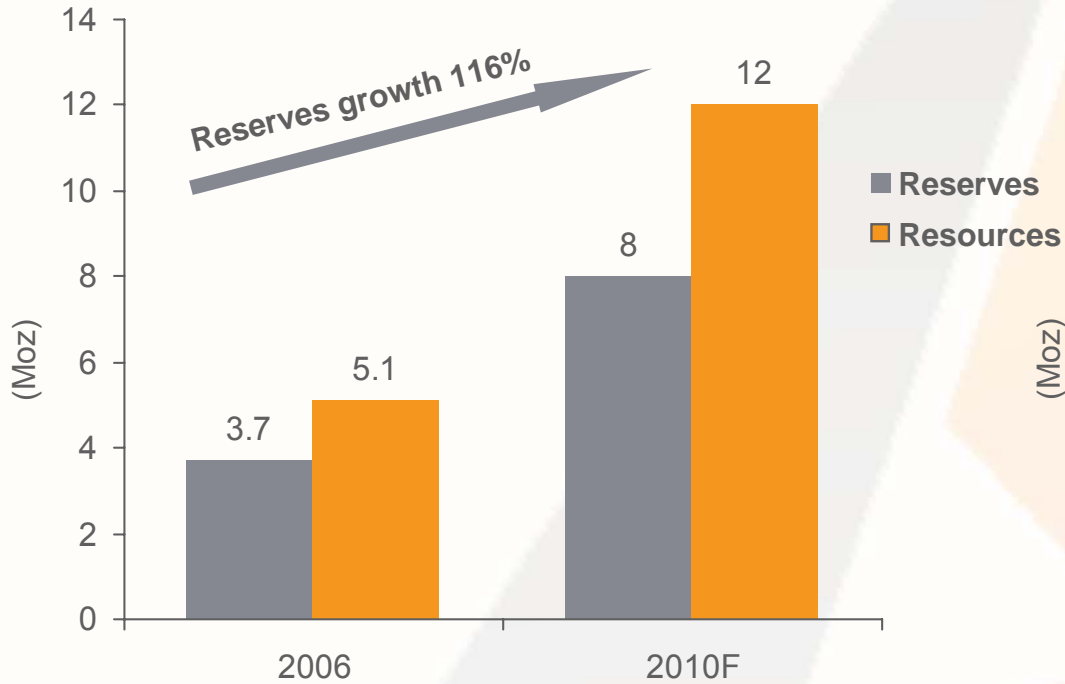


**4 mines (3 greenfield and 1 brownfield) commissioned in 1999-2003**  
**2 major expansions and 1 new mine with new production starting by 2010**

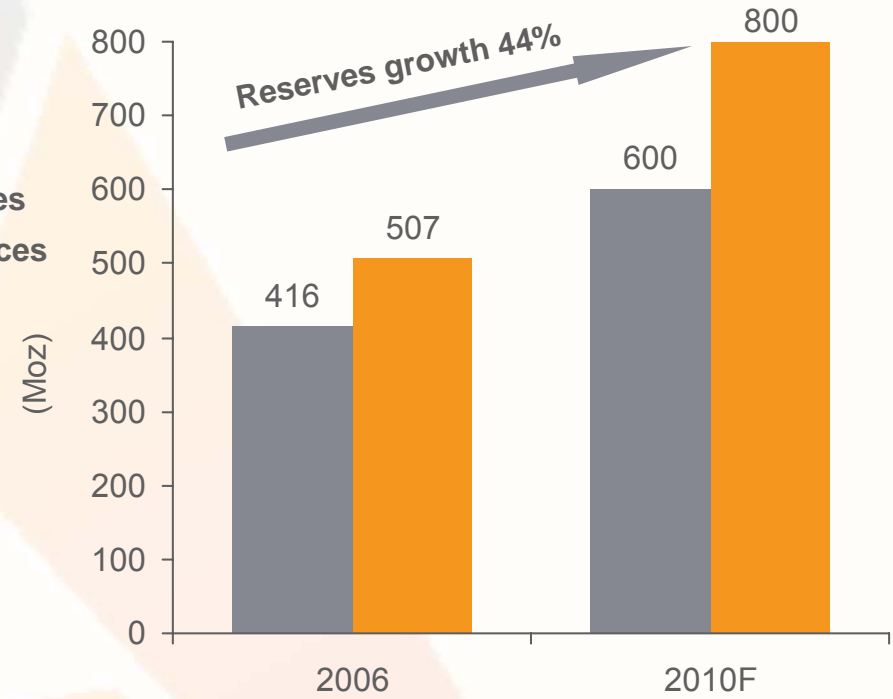


# Reserve base is set to grow as a result of focused exploration

## Gold Reserves and Resources, Moz

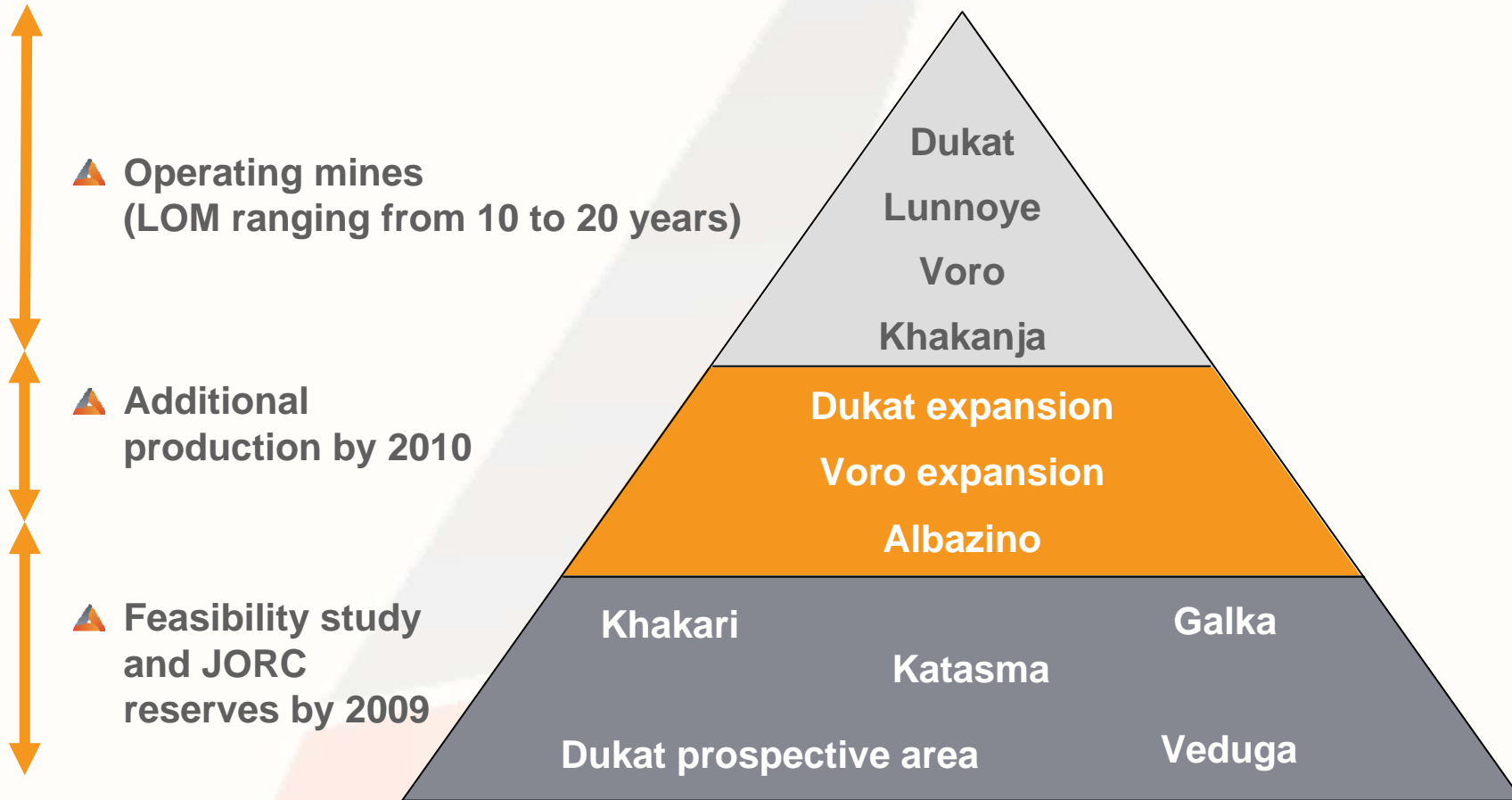


## Silver Reserves and Resources, Moz



**Targeted all-in discovery costs of reserves at less than US\$ 10 per ounce of Au**

# Our project pipeline is clearly defined for both medium-term and long-term run



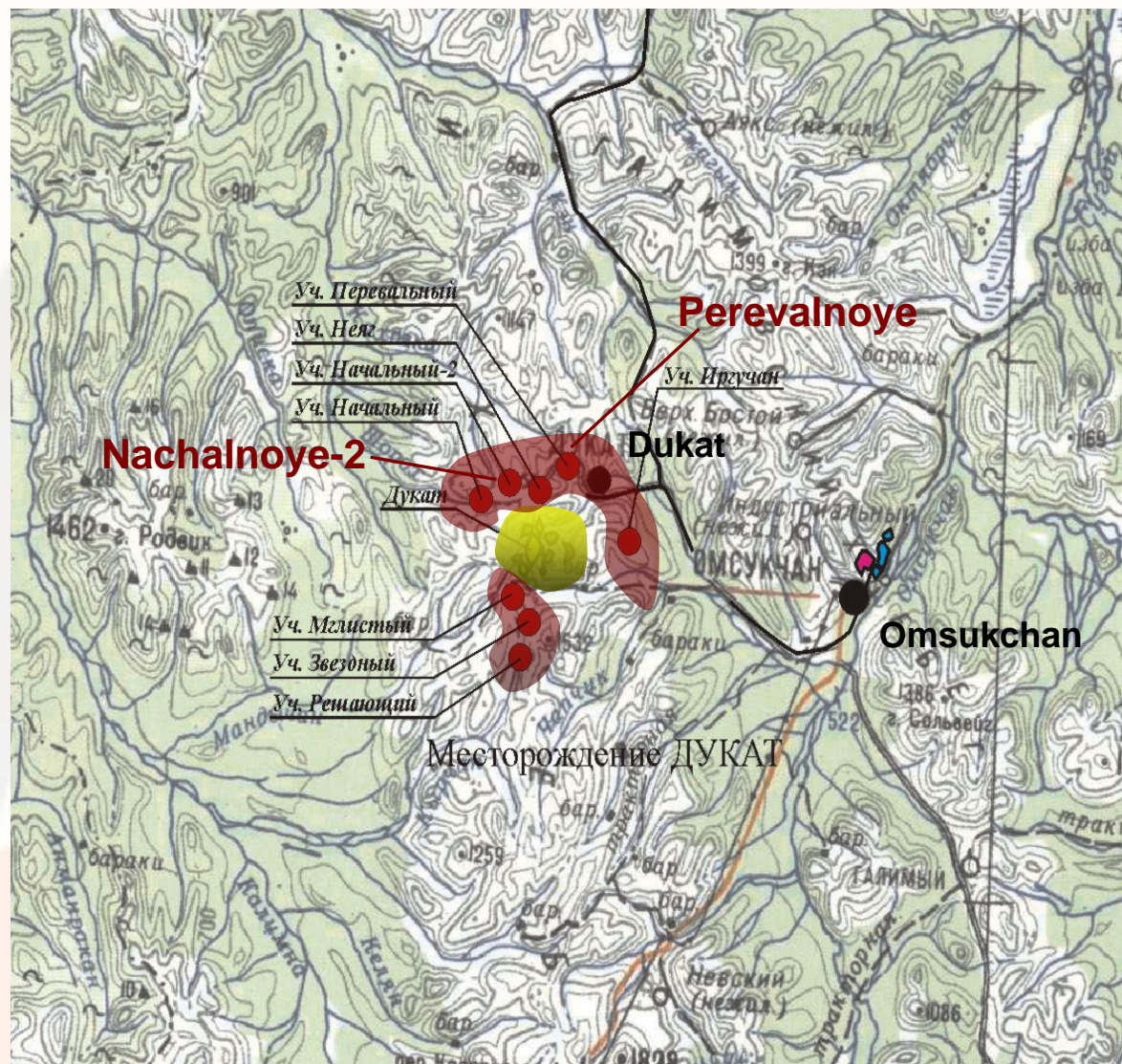


# Dukat flanks are underexplored and have great resource potential

- ▲ 7 targets identified, 3 drilled in 2007
- ▲ Announcement of JORC-compliant reserves at Nachalnoye-2 is expected in November 2007
- ▲ Resource potential is conservatively estimated at 250Moz of silver

 The Dukat deposit

 Dukat flanks



# Perevalnoye has the potential to increase the size of Dukat reserve by 50%

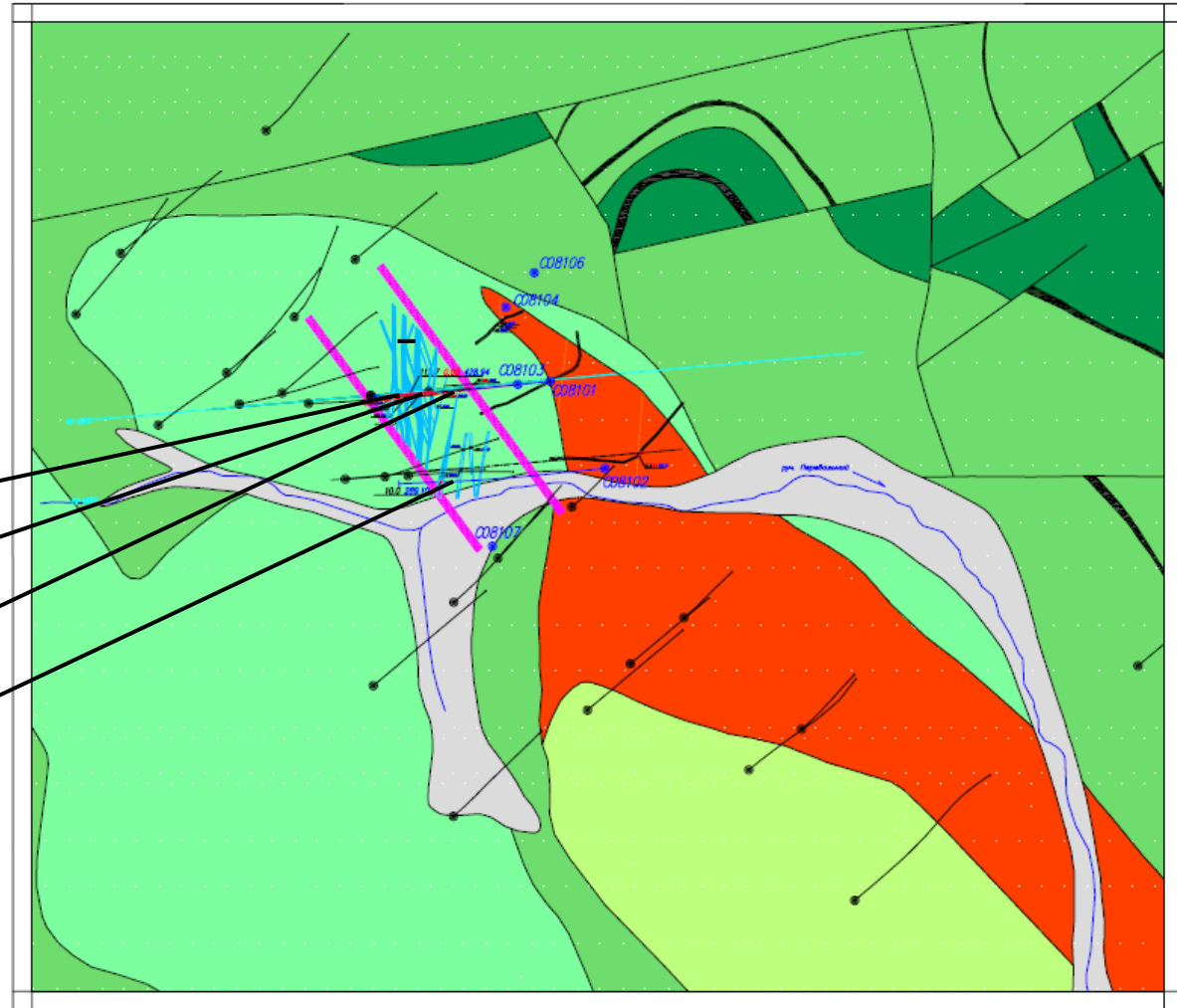
- ▲ Large structurally controlled mineralization with potential strike length of 5 km
- ▲ JORC-compliant reserve audit is expected in Q4 2008
- ▲ Resource potential of up to 150Moz of silver at 400-600 g/t

112.7m at 430 g/t Ag

15.5m at 845 g/t Ag

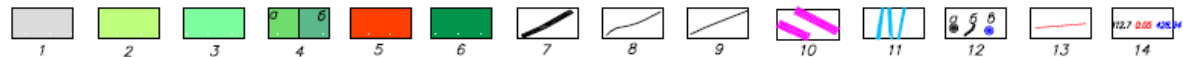
7.6m at 1,142 g/t Ag

10m at 289 g/t Ag



Масштаб 1:2000

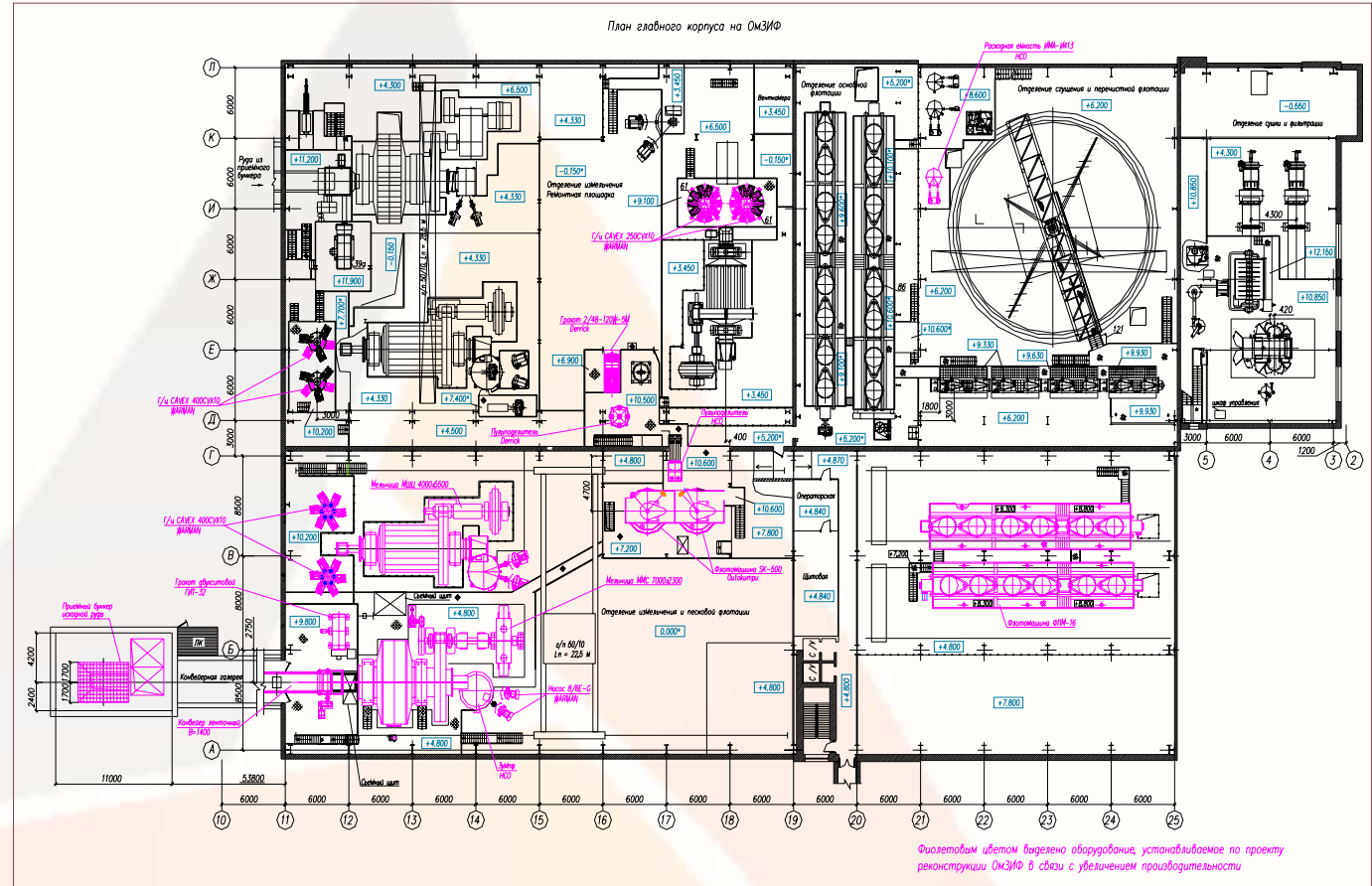
УСЛОВНЫЕ ОБОЗНАЧЕНИЯ



1. Рельеф четвертичных отложений. 2. Временное микромylonитов. 3. Мелкозернистые сланцы и песчаники - а) и рудиты - б). 4. Палеозойские сланцы и песчаники - а) и рудиты - б). 5. Палеозойские субвулканические рудиты (небаритов). 6. Гранито-диоритовые диориты. 7. Плотные кварцевые кварцы. 8. Гасколенские кварцы. 9. Разрывные нарушения. 10. Предположимое положение зоны серебряной арденитизации. 11. Предположимое положение зоны проксионит-баритовой сульфидизации с промышленной серебряной минерализацией. 12. Границы скважинных проб - а) и кобы - б) преципитационной (TRBS); скважинные пробные Дукатом ГИТ ОАО "ПОЛИМЕТАЛ" в 2007г. - б). 13. Другие интервалы бурения по результатам пробного анализа керновых проб. 14. Параметры рудных пересечений: мощность в метрах, содержание золота и серебра в г/т (арт).

# Expanded Dukat processing plant will enjoy improved operational and cost efficiencies

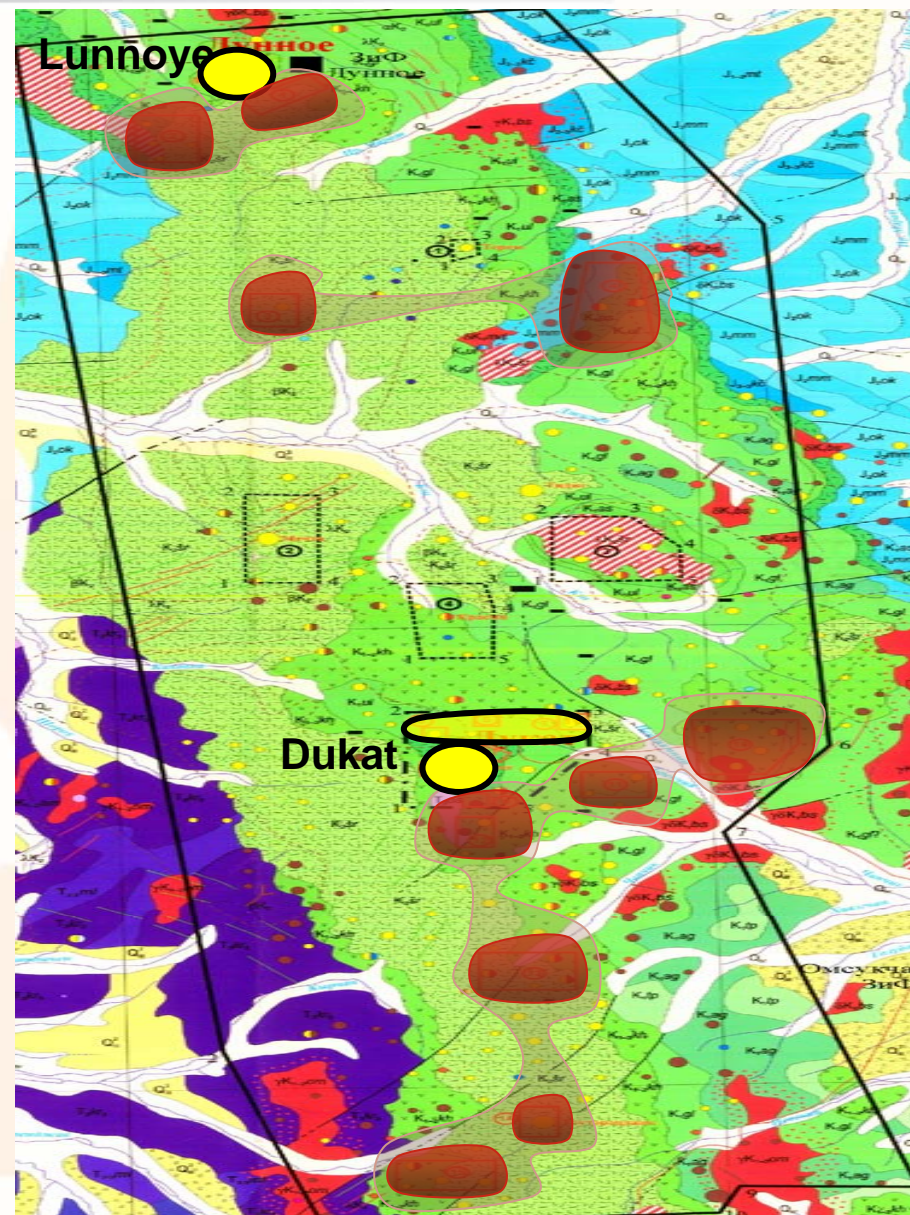
- ▲ Increased mill capacity of 1.5 Mtpa to be commissioned in late 2008
- ▲ Silver production to increase by 50% by 2010
- ▲ Increased labor productivity and lower unit costs
- ▲ Improved flotation recovery
- ▲ Total CAPEX of US\$50m (US\$20m already spent), including US\$18m for exploration



# Dukat Silver Belt represents the largest primary silver province in Eurasia

- ▲ Total area: 2,420 square km
- ▲ Multiple ore occurrences and known underexplored ore deposits
- ▲ ~ 300 Moz of silver equivalent resources (C1+P1+P2)
- ▲ Targeting a feasibility study for a new mine by Q4 2009

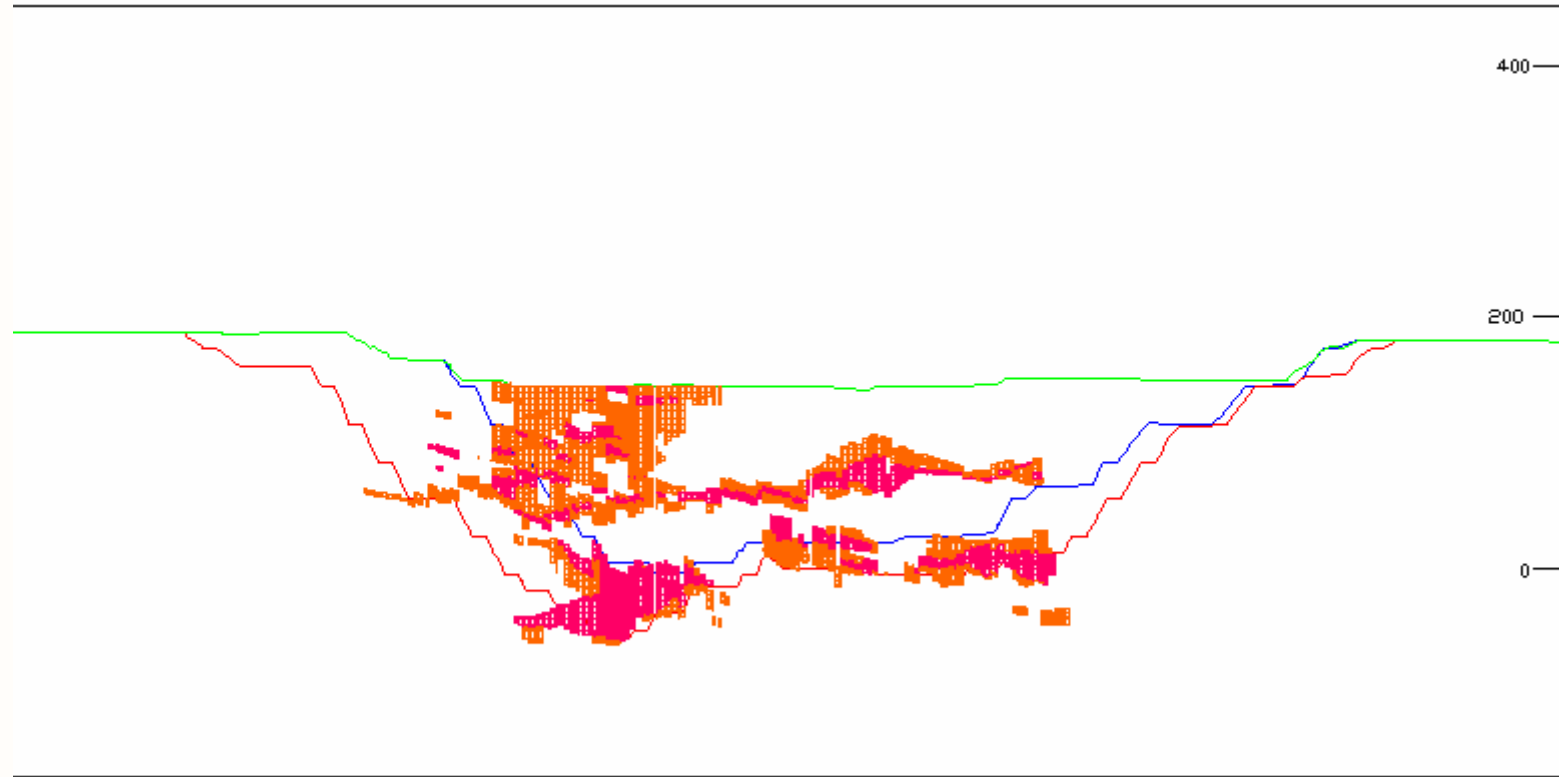
 Exploration target areas



# Re-optimizing of the Voro pit yields additional 0.5Moz of gold reserves

▲ Depth of the pit to be increased by 60 meters

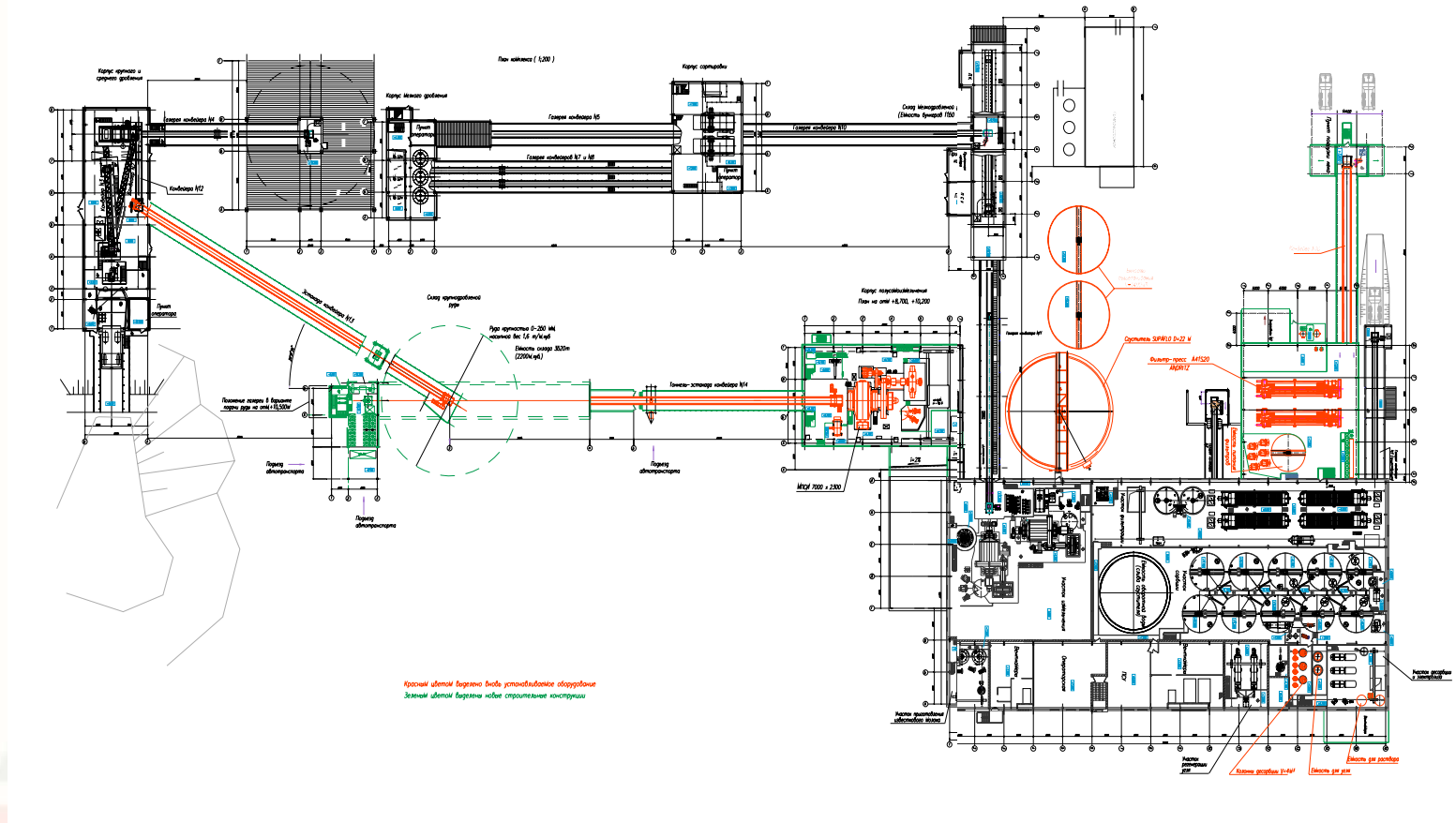
▲ Pit limits to change by 30m west, 140m north, and 50m east



- Actual mining works as of Jan 01, 2007
- Pit limit at the end of the life-of-mine (initial project)
- Pit limit at the end of the life-of-mine (new project)
- Primary balance ore
- Primary off-balance ore

# Voro CIP plant expansion will double annual primary ore throughput

- ▲ Production capacity increase to 940 Ktpa to be completed by late 2008
- ▲ Gold production to increase by 25-30%
- ▲ Total CAPEX of US\$14m





# Albazino is Polymetal's key medium-term growth project

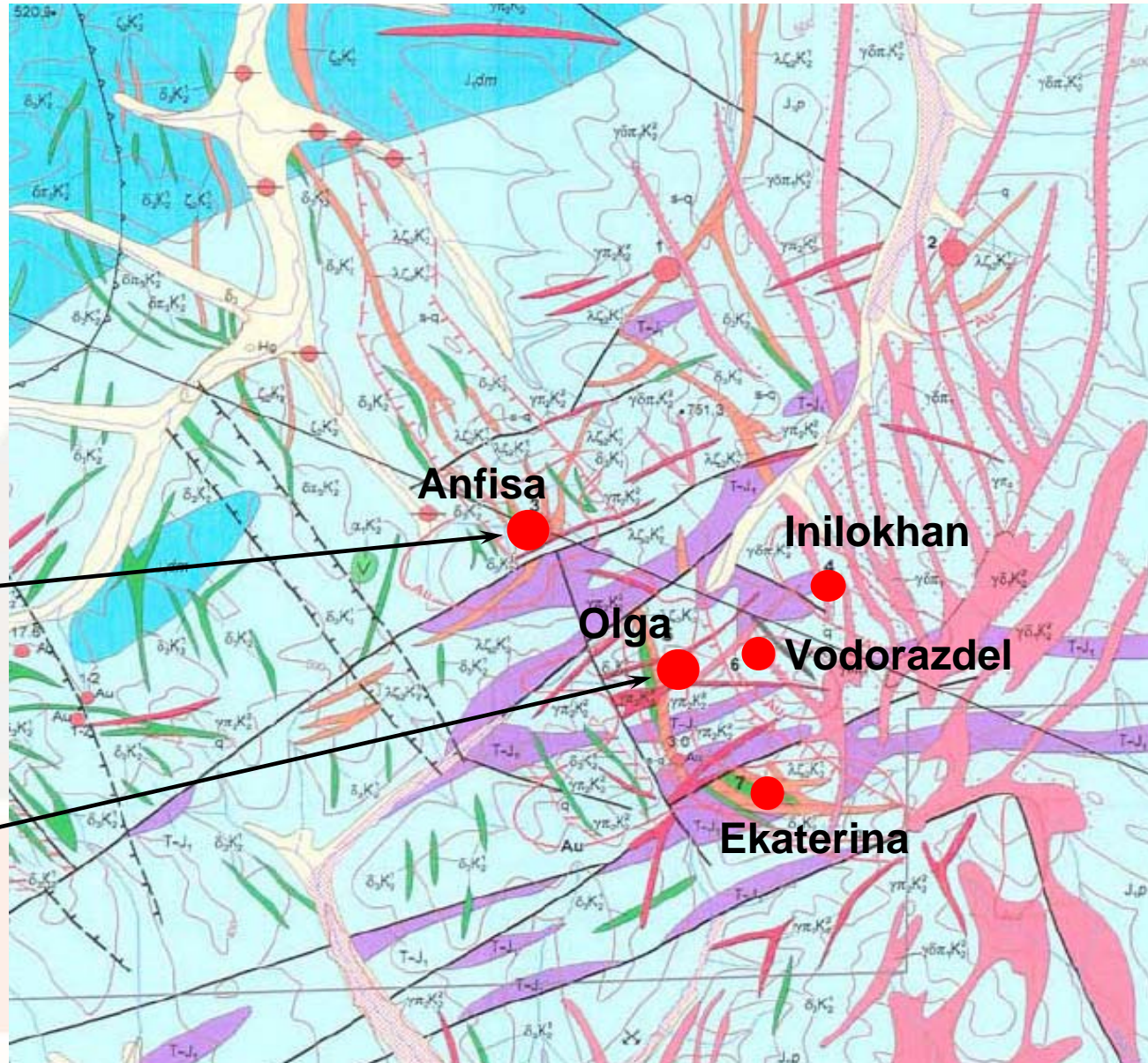
- ▲ 1.1 Moz of JORC compliant gold resources at 5.2 g/t
- ▲ 2 Moz JORC resources expected by year-end 2007
- ▲ 3 Moz JORC resource targeted by year-end 2008
- ▲ Internal scoping studies suggest annual production of 200-250 Koz of gold
- ▲ Total CAPEX of US\$150-200m

## Recent intersections

32m at 10.6 g/t Au  
24m at 9.6 g/t Au  
19m at 12.3 g/t Au

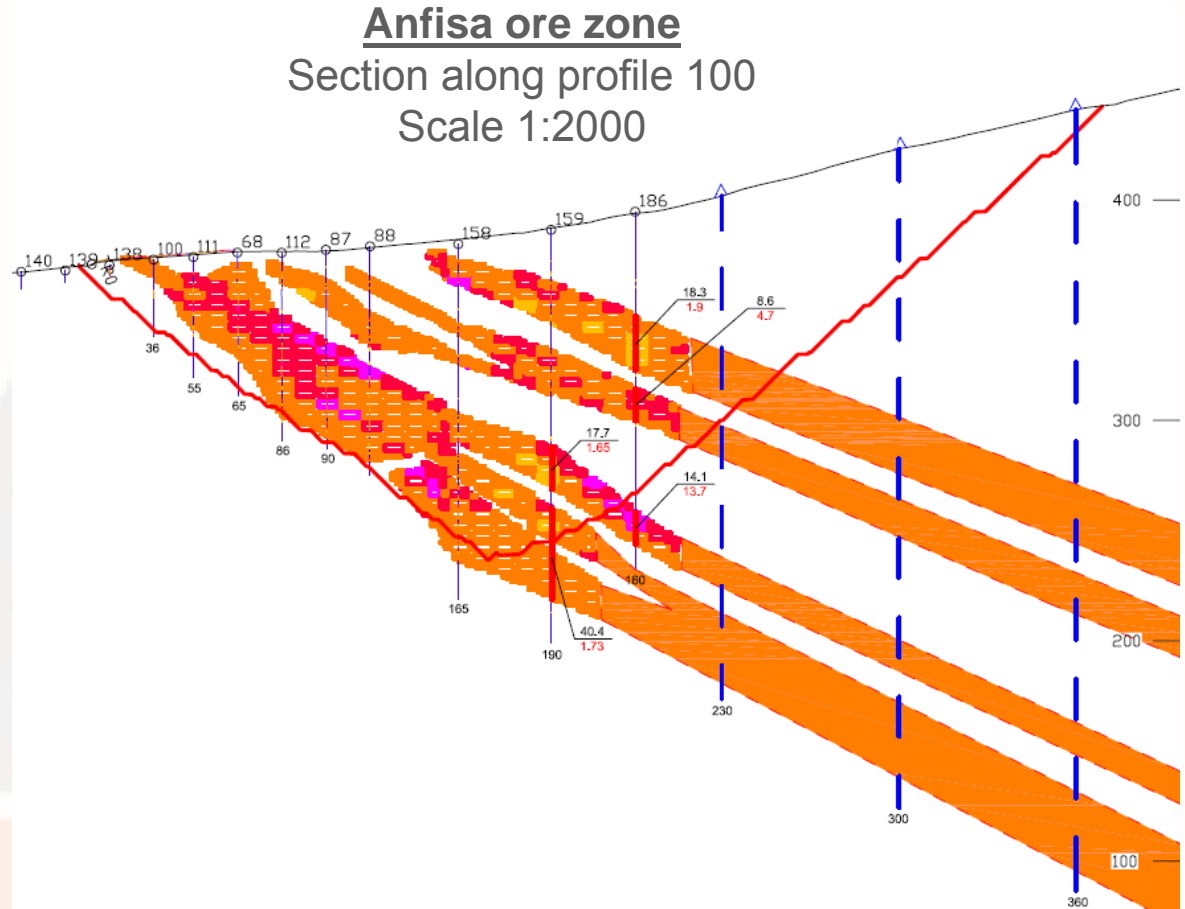
## Recent intersections

21m at 5.8 g/t Au  
16m at 7.3 g/t Au

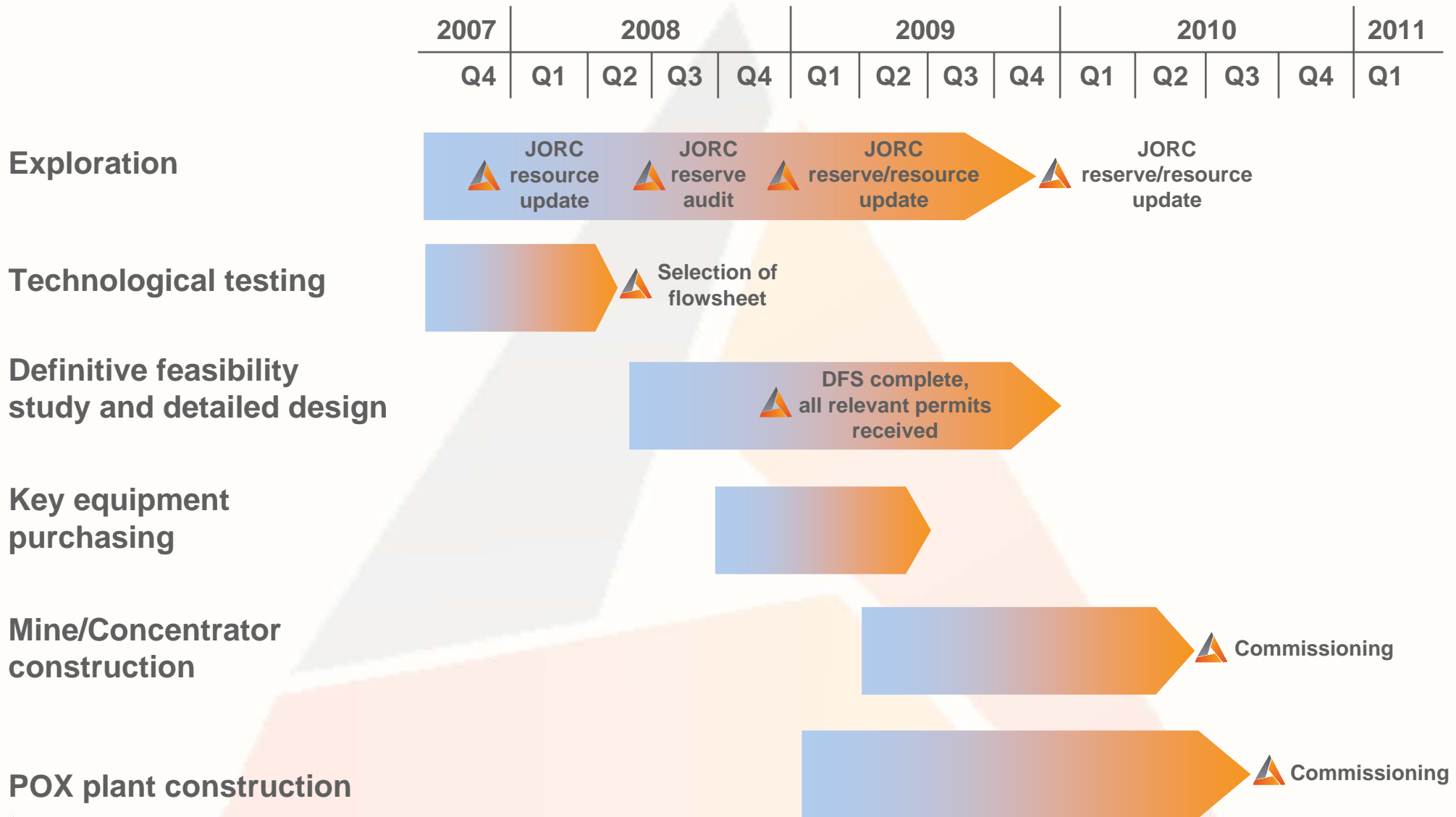


# Anfisa's recent intersections indicate both higher thicknesses and grade with depth increase

- ▲ ~8 km already drilled
- ▲ 45km to be drilled by the end of 2008
- ▲ Mineralization at other ore zones similar to Anfisa
- ▲ So far resource base is fully open-pittable

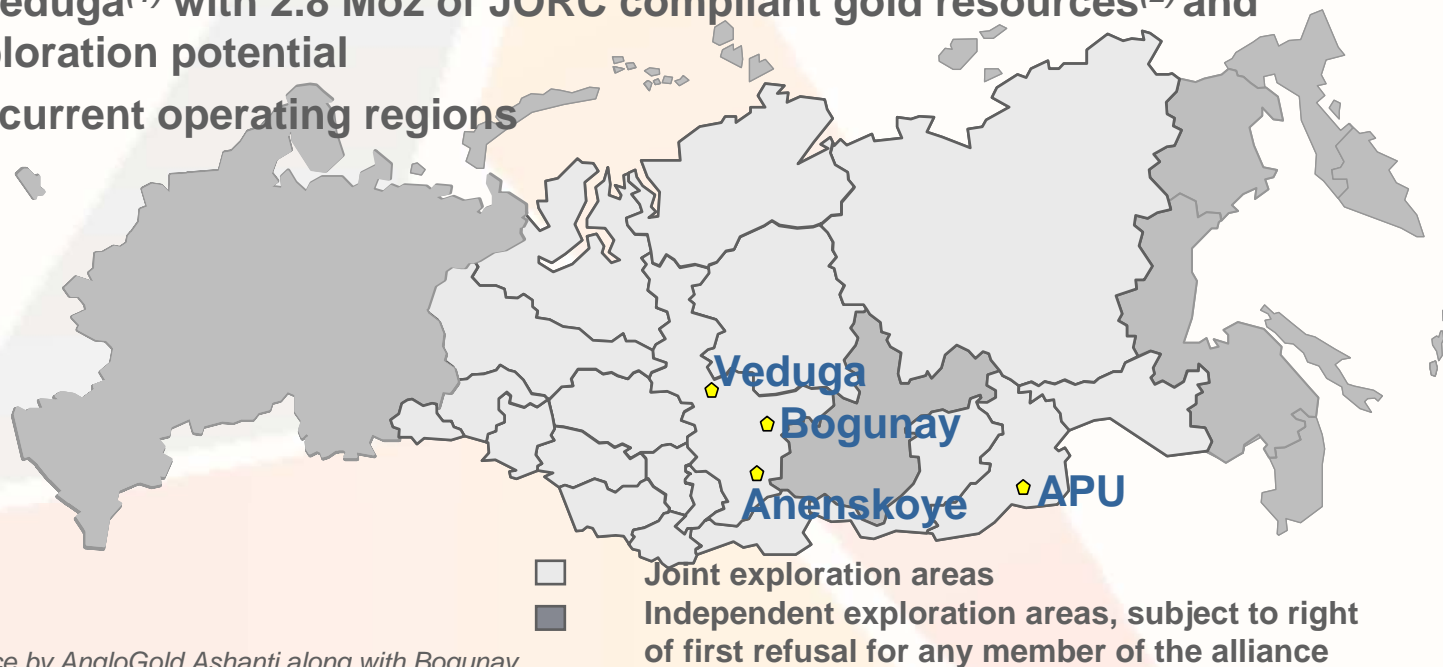


# We are on track to pour first gold in Q4 2010



# Strategic Alliance with AngloGold Ashanti (Taiga Gold) is an important aspect of our strategy

- ▲ 50/50 JV between AngloGold Ashanti and Polymetal to become fully operational in October 2007
- ▲ Advantages for Polymetal
  - Technical knowledge exchange (grass roots exploration techniques + refractory ore processing)
  - Raising Polymetal's international profile
  - 50% stake in Veduga<sup>(1)</sup> with 2.8 Moz of JORC compliant gold resources<sup>(2)</sup> and significant exploration potential
- ▲ Retain flexibility in current operating regions

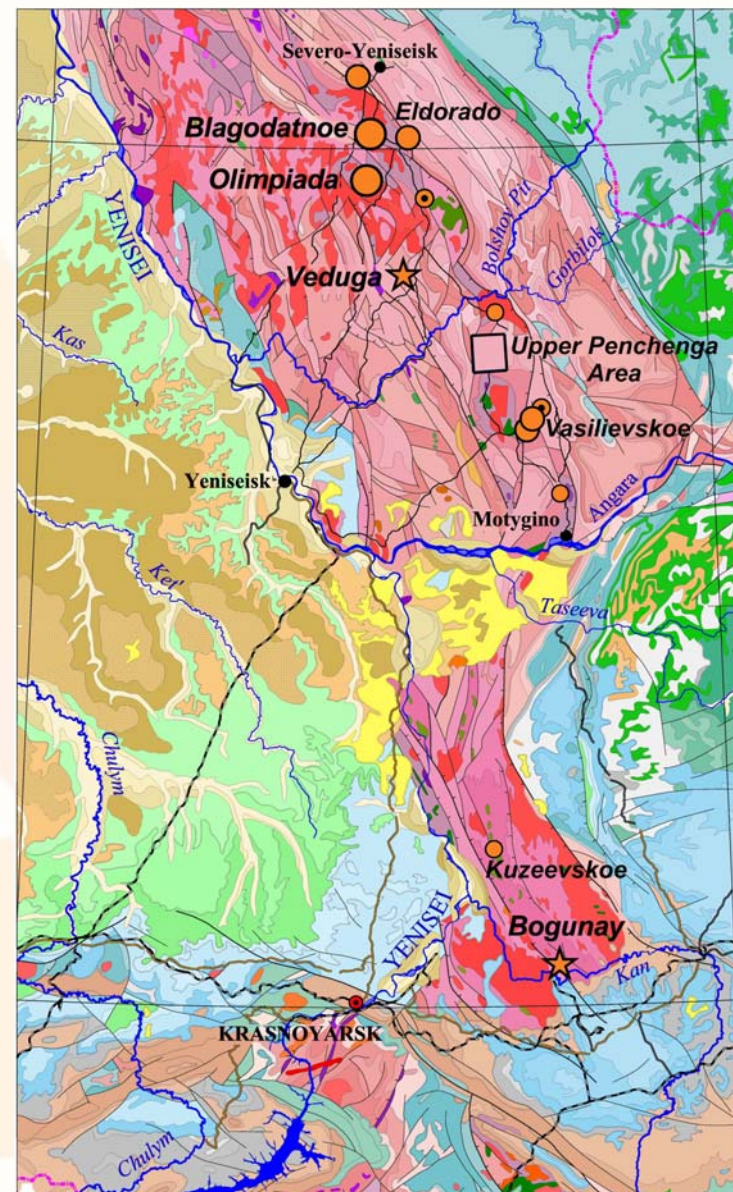


(1) Contributed to the strategic alliance by AngloGold Ashanti along with Bogunay

(2) Source: AngloGold Ashanti

# Veduga is a large deposit strategically located in the most prolific gold belt in Russia

- ▲ Feb 2007 JORC-compliant mineral resource: 2.8Moz (16.2Mt at 5.3 g/t)
- ▲ Exploration field work ongoing to expand resource base and increase confidence level of existing resource
- ▲ June 2007 licence amendments:
  - Development plan by Jan 1, 2009
  - Construction start by Jan 1, 2010
  - Production by Dec 31, 2013



# In-house engineering expertise provides a key competitive advantage

*Polymetal has one of the largest in-house engineering operations in the Russian mining industry employing more than 100 highly skilled engineers*

- ▲ Full engineering cycle from scoping through flow sheet development to working drawings
- ▲ Experience with diverse technologies
- ▲ Applying state-of-the art design instruments

- ▲ Control over mine design quality
- ▲ Collaborative decision-making yielding reliable and cost-efficient solutions
- ▲ Access to in-house engineers post commissioning



# Our management team consists of both industry veterans and young western-educated professionals

- ▲ Corporate culture fosters initiative and team work
- ▲ We cooperate with leading Russian mining schools
- ▲ Broad-based employee stock option program
  - 1.76% of the Polymetal's shares are granted by the controlling shareholder at nominal price
  - more than 250 employees participate



# Two independent directors provide strategic guidance based on years of relevant experience



## COMMITTEES

**Audit Committee**  
*Chaired by Jonathan Best*  
(3 members)

**Remuneration and Nomination Committee**  
*Chaired by John O'Reilly*  
(3 members)

*Implementing best practice corporate governance standards*





# Adherence to Global Standards in HSE practices and social responsibility is a key priority for Polymetal

▲ **Firm commitment to a sound environmental policy**  
— 2006 external audit confirmed company met World Bank environmental management guidelines

▲ **Continued focus on upgrading safety procedures**  
— In 2006 SRK Consulting audited and certified the company's health and safety practices

▲ **Active involvement in local communities**  
— Cooperating with local and regional authorities to implement long-term social infrastructure investment projects

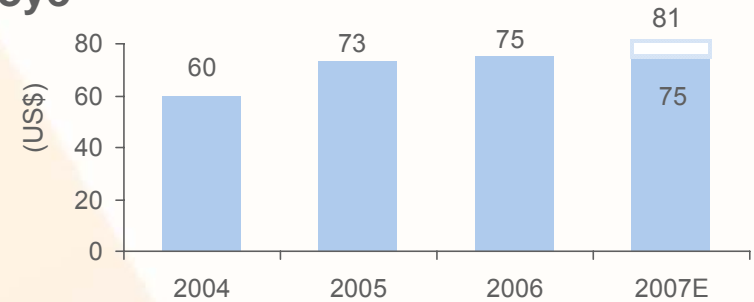
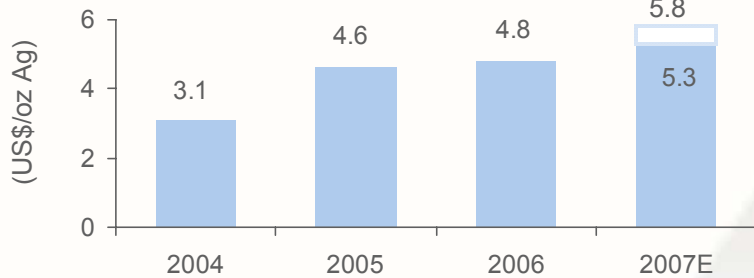


# Cost structure and dynamics proves our ability to control unit costs in challenging environment

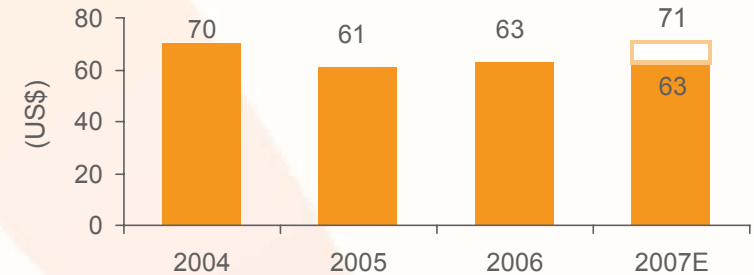
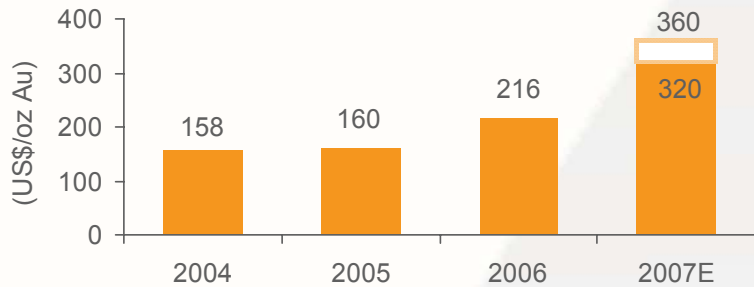
## Cash Costs Dynamics (co-product)

## Total Cash Costs per tonne milled

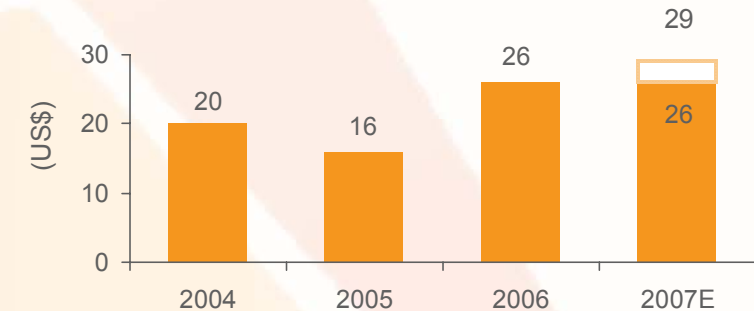
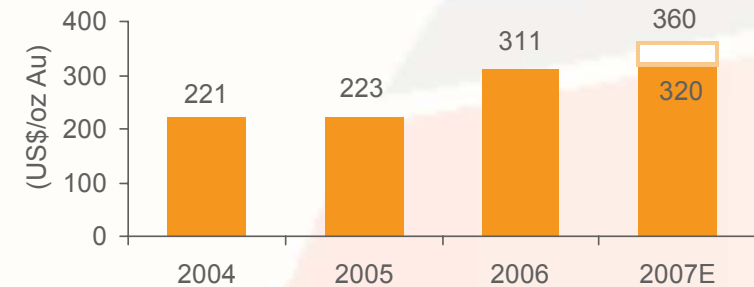
### Dukat and Lunnoye



### Khakanja



### Voro



# Balanced strategy for future growth



- ▲ **Maintain profitability while increasing production at current operations**
- ▲ **Focused exploration yielding significant reserve and resource increases**
- ▲ **Commission Albazino in 2010**
- ▲ **Maximise benefits from our strategic alliance with AngloGold Ashanti**
- ▲ **Leverage Polymetal's outstanding human resource assets and continue to develop human capital**

