



We know the worth of gold

POLYUS GOLD: SUCCESSFUL EXPLORATION STRATEGY DISCOVERING RUSSIA'S LARGEST GOLD DEPOSITS

**EVGUENI IVANOV,
CEO**

DISCLAIMER

- The information contained herein has been prepared using information available to Polyus Group at the time of preparation of the presentation. External or other factors may have impacted on the business of Polyus Group and the content of this presentation, since its preparation. In addition all relevant information about Polyus Group may not be included in this presentation. No representation or warranty, expressed or implied, is made as to the accuracy, completeness or reliability of the information.
- Any forward looking information herein has been prepared on the basis of a number of assumptions which may prove to be incorrect. Forward looking statements, by the nature, involve risk and uncertainty and Polyus Group cautions that actual results may differ materially from those expressed or implied in such statements.
- Nothing herein should be construed as either an offer to sell or a solicitation of an offer to buy or sell securities in any jurisdiction.

POLYUS GOLD: OVERVIEW

- **Russia's largest gold miner – 23% market share by production output**
- **Shares listed on RTS, MICEX; ADRs listed in London on LSE (main board) and traded on the OTC market in the US**
- **Market cap as of February 2007 – over \$9 billion**
- **Operations in five major gold mining regions of Russia**
- **Outstanding mineral resources base:**
 - **96 m oz of balance reserves (Russian B+C1+C2)**
 - **50.8 m oz of Proved & Probable reserves (JORC)**
- **Production in 2006 – 37.8 tonnes/ 1.2 million ounces**
- **Estimated 2006 financials:**
 - **Revenues US\$ 739 million**
 - **EBITDA over US\$ 300 million**
 - **Operating profit - over US\$ 200 million**

THE LARGEST EXPLORATION PORTFOLIO IN RUSSIA

20 greenfield/ brownfield projects in 5 leading gold mining regions of Russia

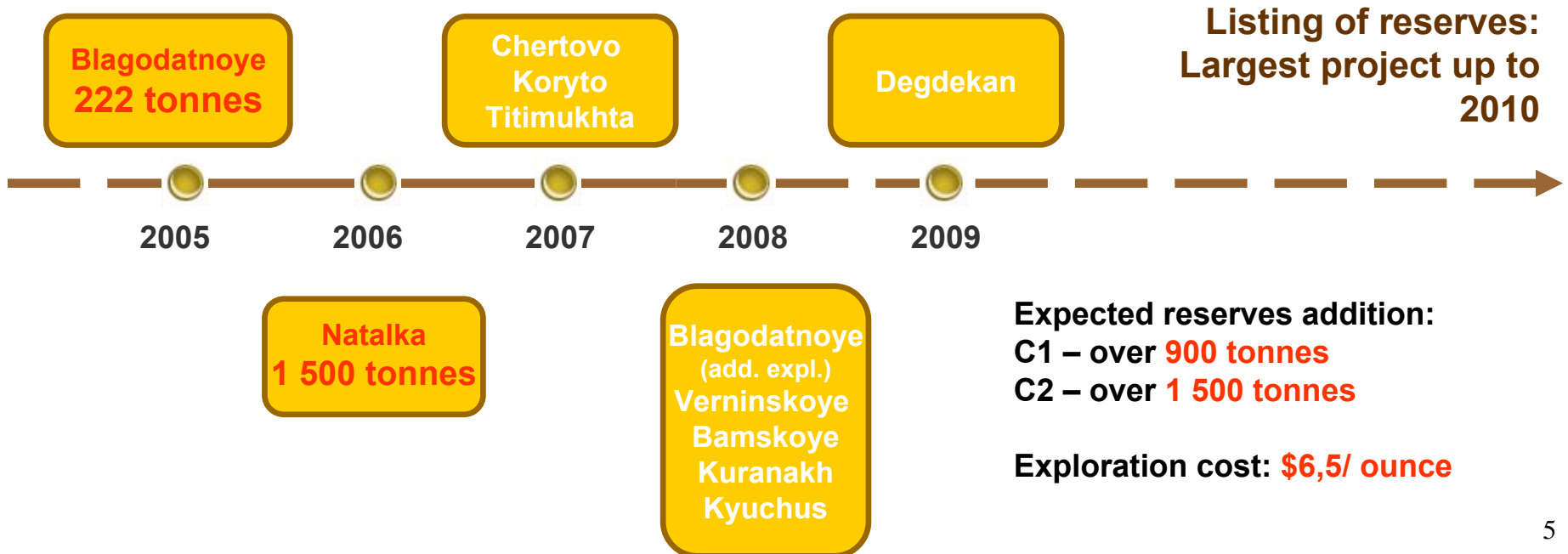
	Prospecting	Exploration
Krasnoyarsk Region	Olimpiada Panimba Zyryanovskii Razdolinskii Quartz Mountain	Titimukhta Blagodatnoye
Magadan Region	Degdekan Vostochnaya	Natalka
Irkutsk Region	Mukodek	Chertovo Koryto Verninskoye
Yakutia	Pinigin	Nezhdaninskoye Kyuchus Kuranakh
Amur Region	Nevachanskaya Apsakanskaya	Bamskoye

PIPE-LINE OF SUCCESSFUL PROJECTS ...

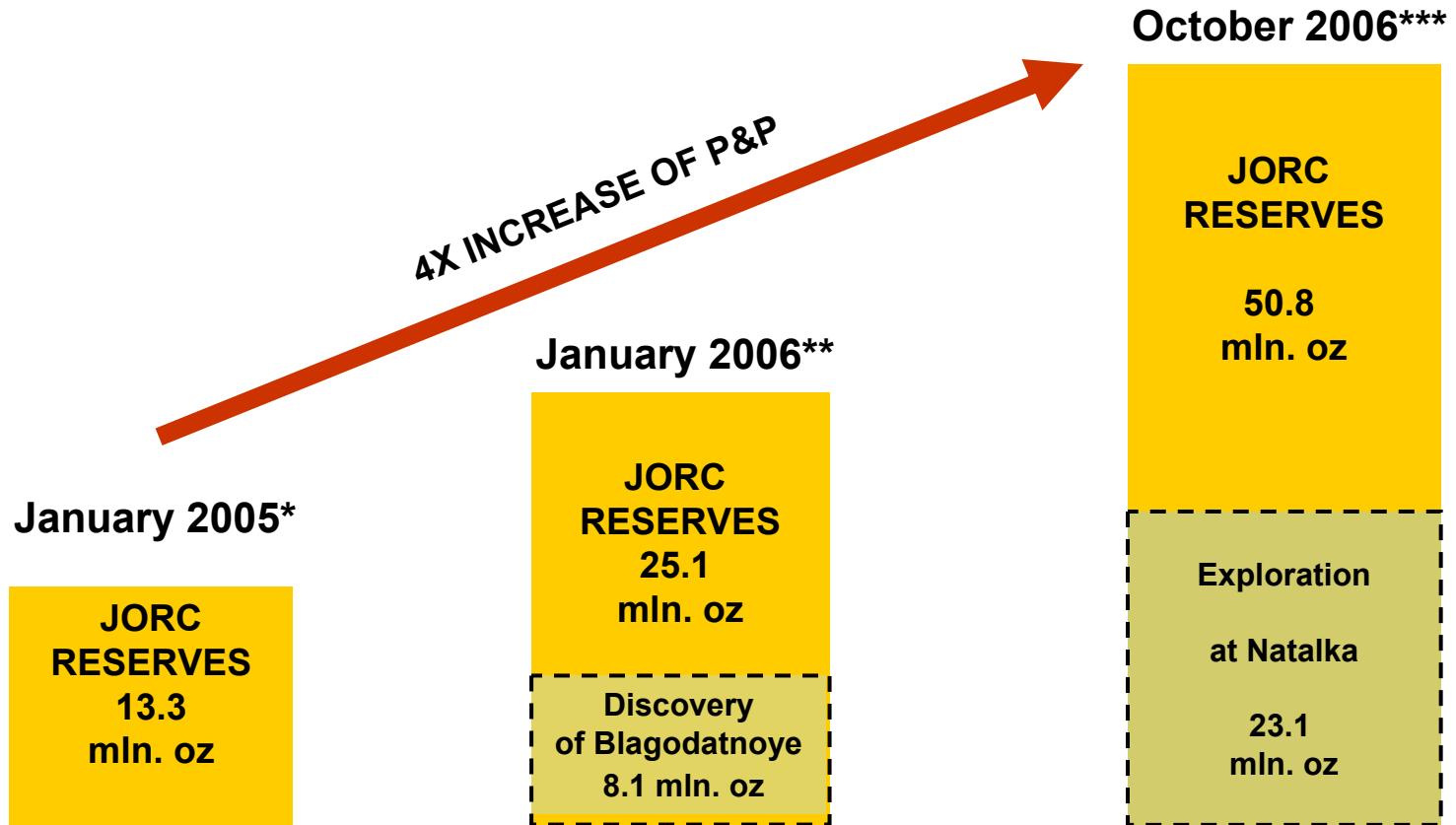
- **2005:** Listing with the State Reserves Committee of Blagodatnoye reserves. First large-scale exploration project in Russia in last 15 years. Replenished Krasnoyarsk Region's gold mined by Polyus in 25 years
- **2006:** Listing with the State Reserves Committee of Nataлка reserves. Discovering Russia's largest and World # 3 gold deposit
- **2006:** Exploration programme till 2010 approved

Diamond drilling – over 1200 km

Investments into the acquisition of equipment and construction – over \$55 mln.



... PROVED BY INTERNATIONAL AUDIT



* As audited by SRK Consulting in 2006

** As audited by SRK Consulting and Micon International in 2006

*** Estimated by Micon International in July - October 2006 as part of the preparation of Independent Expert's Report on Polyus' assets

NATALKA: SUCCESSFUL COMPLETION OF THE LARGE SCALE EXPLORATION PROJECT



- Located in Magadan region, underground mine since 1945
- 2003: the license holder acquired from the Government for US\$34.5 million
- 2004: production shut down to make a way to a large scale exploration effort
- 2004-2006: exploration programme carried out:

Drilling grid - 200x100/50 m

Diamond drilling - 118 900 m

Underground workings - 3 808 m

Trenches - 654 500 cubic m

Samples - 49 855

Total project budget amounted to US\$100 million (including exploration budget of US\$65 million)

Total exploration costs amounted to US\$3.2 per ounce. 7

NATALKA AREA AND PIT OUTLINE



NATALKA DISCOVERY: RUSSIA'S LARGEST ...

- **Large scale exploration programme resulted in listing with GKZ Rosnedra (State Commission on Reserves Evaluation)*, of 1500 tonnes (48 mln oz) of balance reserves (Russian classification).**

- **January 2007 GKZ listed reserves and scoping study:**

Grade	1.7 g/t
Balance reserves in pit outline B+C1+C2	1500.8 t / 48 mln oz
Balance reserves in pit outline B+C1	1282.9 t / 41.2 mln oz
Off balance reserves B+C1+C2	335.3 t / 11 mln oz

Cut off grade	0.4 g/t
Mine life	about 30 years
Mill capacity	40 mtpa of ore
Recovery	ca. 87%
Average annual production	over 1 mln oz
CapEx	ca. US\$1.5 billion
TCC	ca. US\$270/oz

* - GKZ Rosnedra is a governmental body responsible for the state expertise of mineral resources and listing of reserves. State listing of reserves is a legal pre-requisite for further development and mining of the deposit; it also means that the scoping study (TEO condicii) of the deposit was considered viable by GKZ Rosnedra.

... AND WORLD'S #3 GOLD DEPOSIT

#	Deposit / Group of Deposits	Country	Owner	P&P Reserves		By-product / Co-product	Status
				Grade, g/t	Gold, mln oz		
1	Grasberg	Indonesia	Freeport-McMoran	0,9	83,5	Copper	In production
2	Murantau	Uzbekistan	Navoy GMK	2,5	48,2		In production
3	Natalka*	Russia	Polyus Gold	1,7	41,2		Not in production
4	Nevada Operations	USA	Newmont Mining	1,5	33,3		In production
5	South Deep	SAR	Gold Fields	7,7	29,3		In production
6	Sukhoi Log*	Russia	State owned	2,8	26,0		Not in production
7	Cerro Casale	SAR	Barrick Gold / Bema Gold	0,7	22,9	Copper	Not in production
8	Lihir Island	PNG	Lihir Gold	3,5	21,0		In production
9	Pascua-Lama	Chile	Barrick Gold	1,4	18,3	Silver	Not in production
10	Telfer	Australia	Newcrest Mining	1,3	17,0	Copper	In production

* On the premise that 100% of Russian balance B + C1 are transferred into P&P Reserves

NATALKA: NEXT STAGES OF THE PROJECT

Development of Pre-Feasibility (PFS) and Feasibility (FS) studies:

- **Pre-Feasibility, Feb 2007 – 1H 2007**
- **Feasibility, 2H 2007 – 1H 2008**

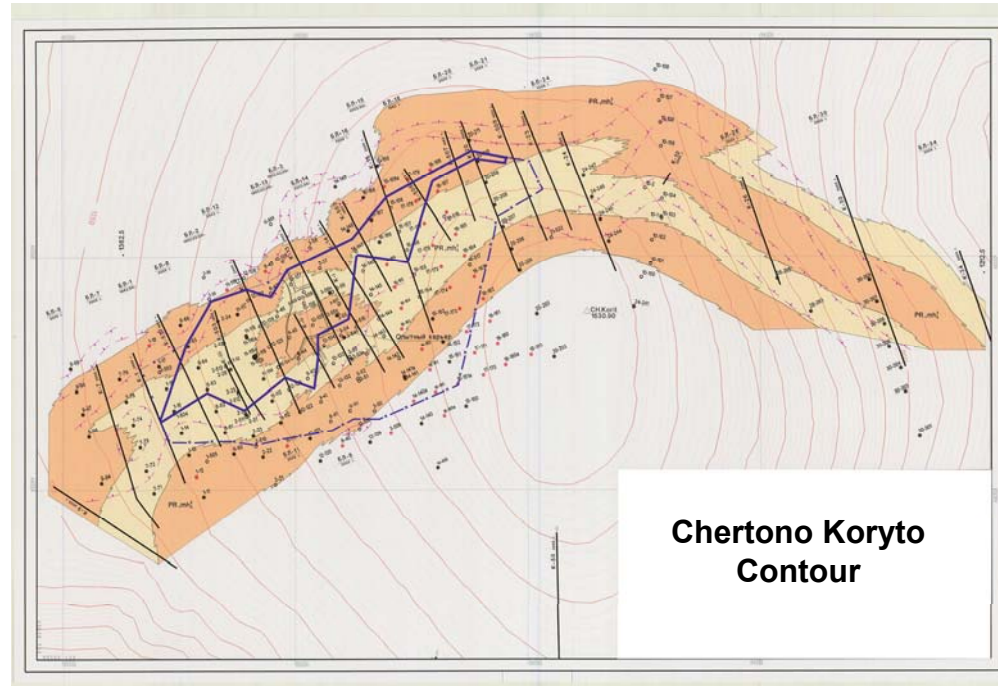
International tender on the development of PFS and FS was hold, consortium of the experienced contractors was tendered

New audit of reserves to be carried by summer 2007:

- Our experience tells that Russian B+C1 are fully convertible into international P&P if 100% of B+C1 and 25% of C2 are proved as P&P, Nataalka reserves would increase 1.9 up to 40.1 million oz
- Polyus Gold' total P&P reserves may increase up to 67.8 million oz to bring up the Company's reserves world's 3rd after Barrick Gold and Newmont Mining

CHERTOVO KORYTO: NEW DISCOVERY IN IRKUTSK REGION

- The license holder acquired in 2004 for \$35 mln.
- Balance Reserves as at 1.01.07 (Russian C2 category) - 4.4 tonnes
- Exploration programme started in 2005, the total budget - \$7.5 m.
- Ore body identified; operating reserves – 53 – 113 tonnes at the average grade – 1.62- 3.32 g/t.
- Contractor to prepare the scoping study chosen
- The scoping study and calculation of reserves to be submitted to the State Reserves Committee in **Q3 2007**
- Estimated exploration cost (for C1) - \$3.7per oz



Preliminary estimations:

Mill launch by 2012
Annual production – 4 tonnes of gold
CapEx - over \$170 m

RUSSIA'S LARGEST GOLD DEPOSITS

Rank	Deposit	Owner	Grade, g/t	Reserves, m oz*
1	Natalka	Polyus Gold	1,7	48
2	Sukhoi Log	State owned	2,7	33
3	Nezhdaninskoye	Polyus Gold	5	15
4	Olimpiada	Polyus Gold	3,9	12
5	Blagodatnoe	Polyus Gold	2,4	7
6	Mayskoe	Highland Gold	16,3	4
7	Kyutchus	Polyus Gold	9,8	4
8	Kupol	Bema Gold	16,9	3,8
9	Kuranakh	Polyus Gold	1,7	3,5
10	Pioner	Peter Hambro Mining	1,4	3

* Russian B+C1+C2

POLYUS GOLD: UNIQUE TRACK RECORD IN THE RUSSIAN EXPLORATION

- **Discovering large hard gold deposits on the territory of the RF**
- **Efficient exploration (low costs):**
 - **Blagodatnoye – \$0.8 per oz**
 - **Natalka – \$3.2 per oz**
 - **Chertovo Koryto – \$3.7 per oz**
- **Large-scale geological parties (experienced people, state-of-the-art equipment, know-how)**
- **Best exploration portfolio in Russian industry**
- **Outstanding exploration programme results – 4x increase of P&P within 2 years**