



GOLD MINING COMPANY POLYUS

**Mr. Eugene Ivanov
President and Chief Executive Officer**

**PDAC Discussion
Canadian Mining in Russia and Central Asia**

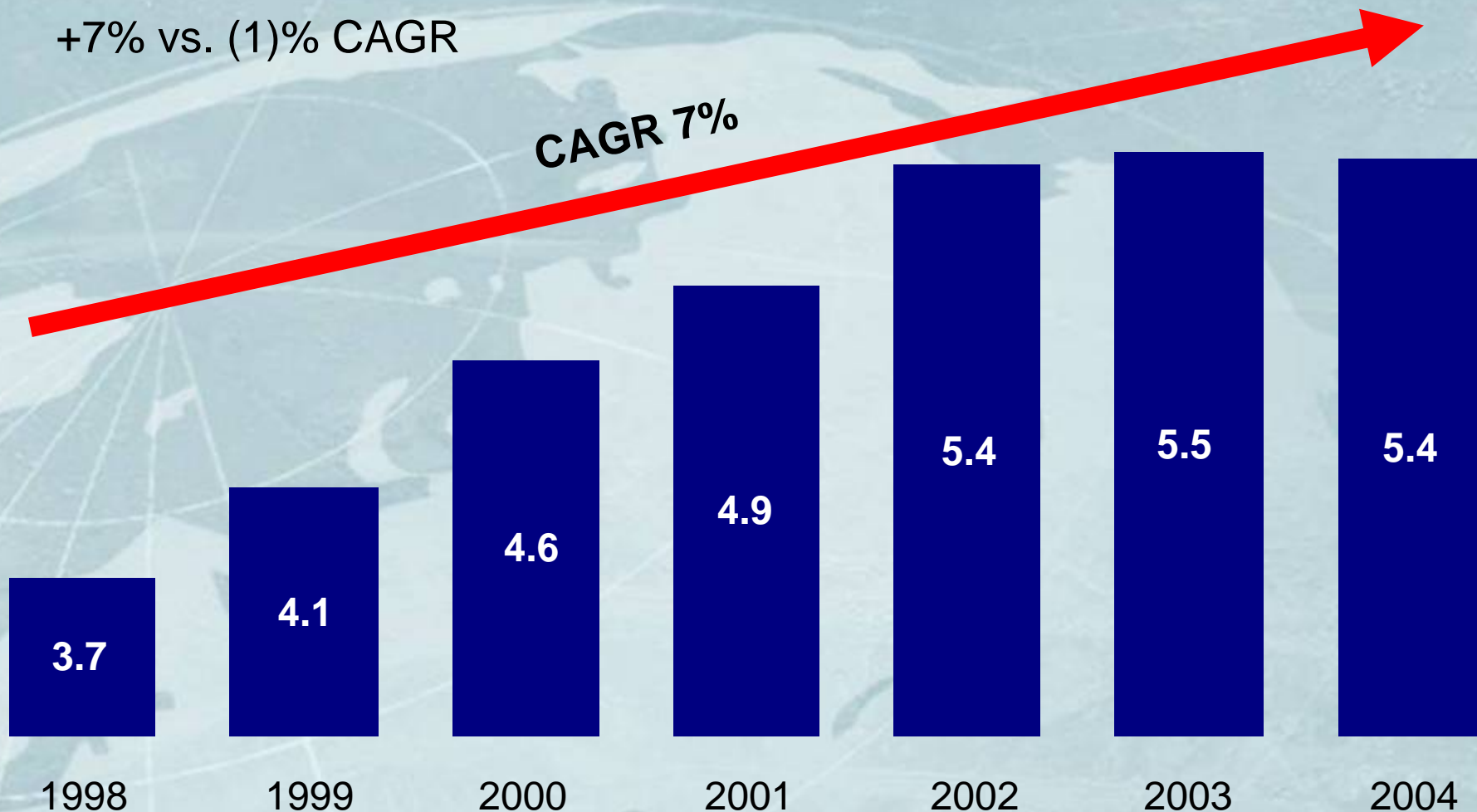
COMPANY AT A GLANCE

- ✓ Unparalleled exposure to Russian gold
- ✓ World class reserve base
 - ⇒ 18.9 mln oz reserves plus an additional 38.3 mln oz resources
- ✓ 3 operating mines and 9 development / exploration projects:
 - ⇒ presence in 4 regions, employing 9 800 people
 - ⇒ 2004 production – 1 087 k oz
 - ⇒ 2004 est. total cash costs – US\$175 per oz
 - ⇒ 2004 est. EBITDA – US\$199 mln
- ✓ Financial strength
- ✓ Focus on explosive growth with low total cash cost profile
- ✓ Goal of becoming a TOP-5 Global Producer by 2010

WHY RUSSIA?

- ✓ Growing Russian gold production outpaces rest of the world
+7% vs. (1)% CAGR

CAGR 7%

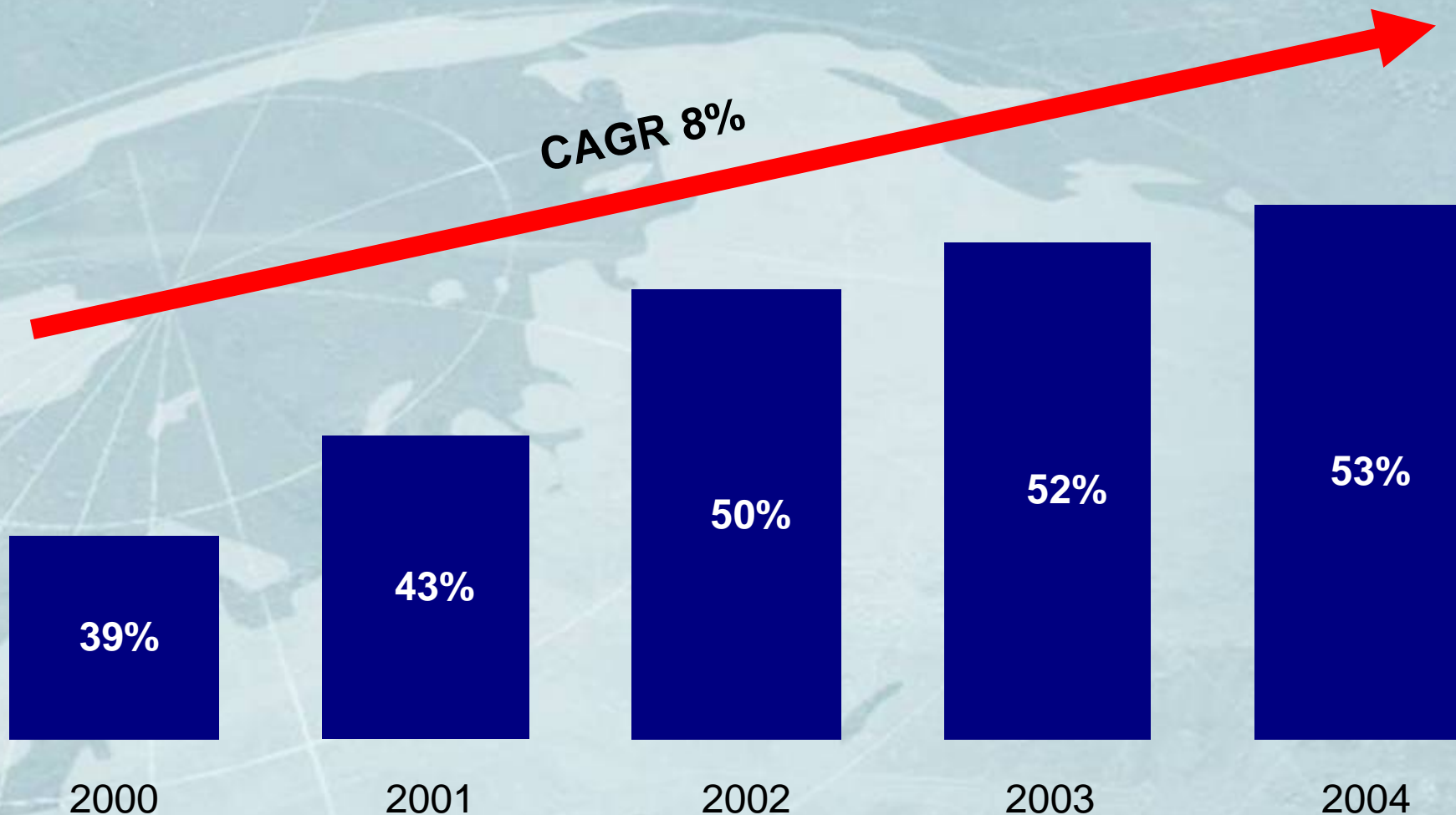


■ mln oz

Source: Russian Union of Gold Miners, GFMS

WHY RUSSIA?

✓ Hard rock gold production is a driving force

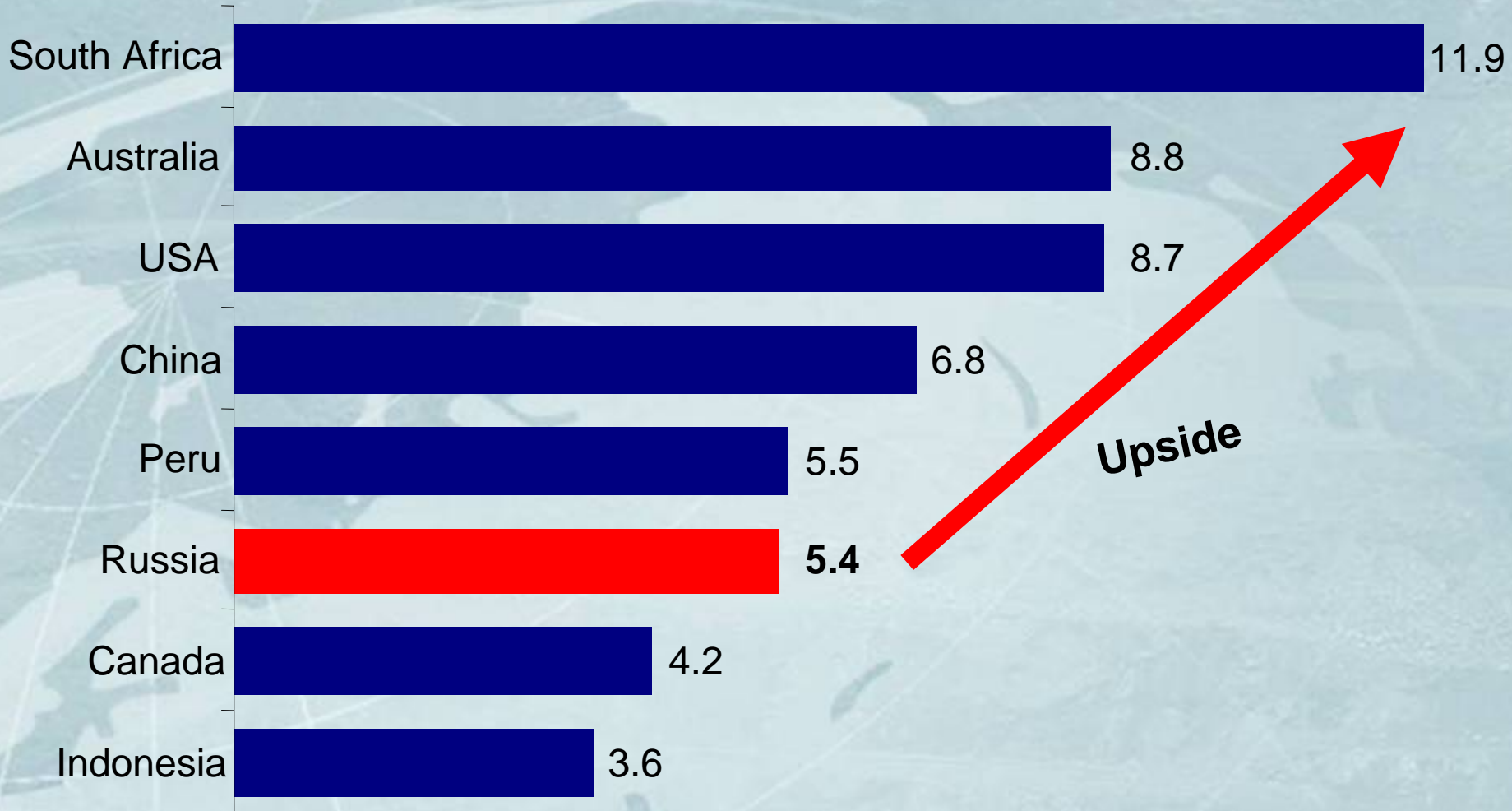


■ Share of hard rock gold in total production

Source: Troika Dialog

WHY RUSSIA?

✓ Sixth place in world gold output sets the stage for upside

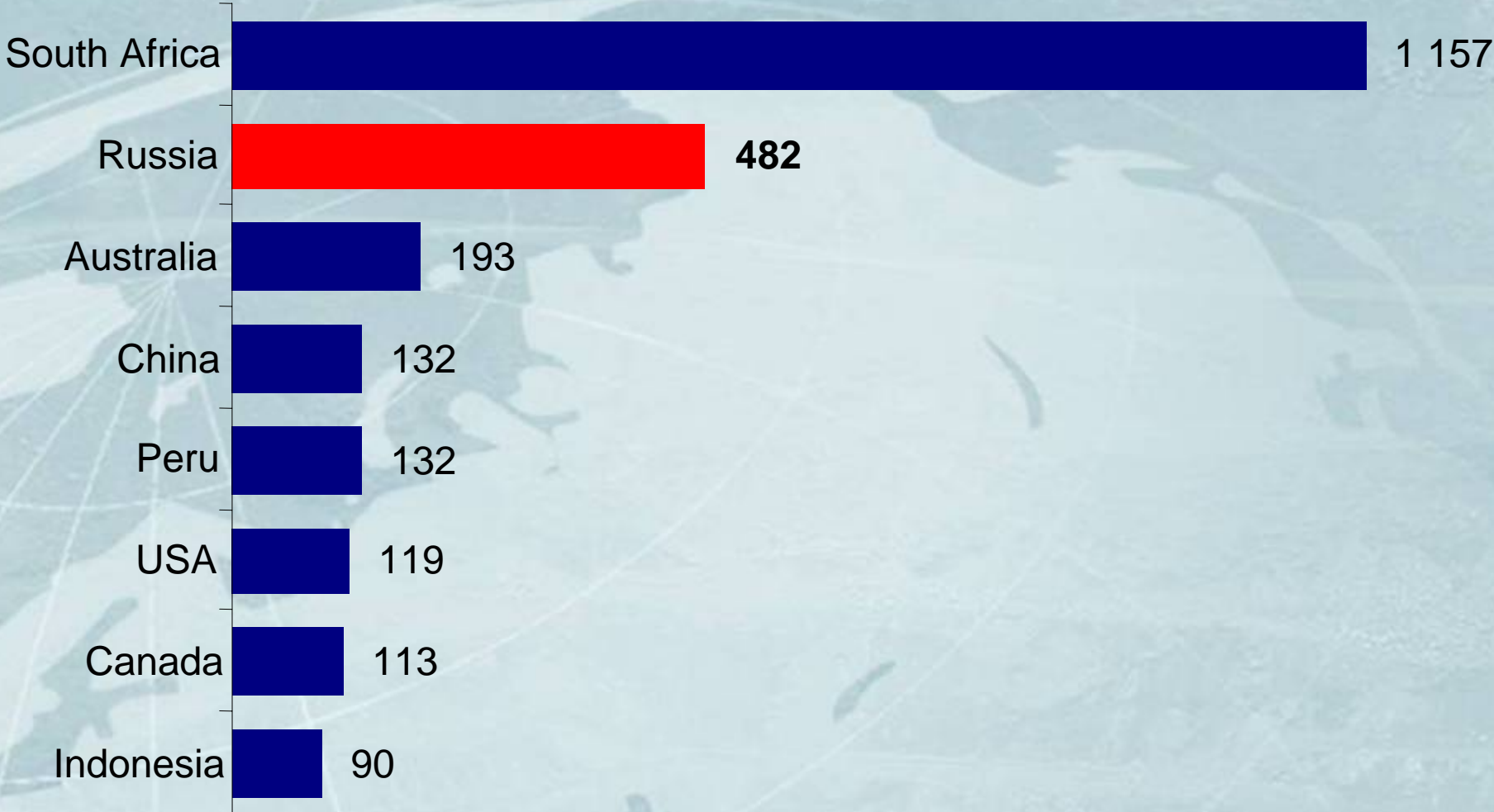


■ Gold production, mln oz

Source: Russian Union of Gold Miners, GFMS, Troika Dialog

WHY RUSSIA?

✓ World's second largest reserve base

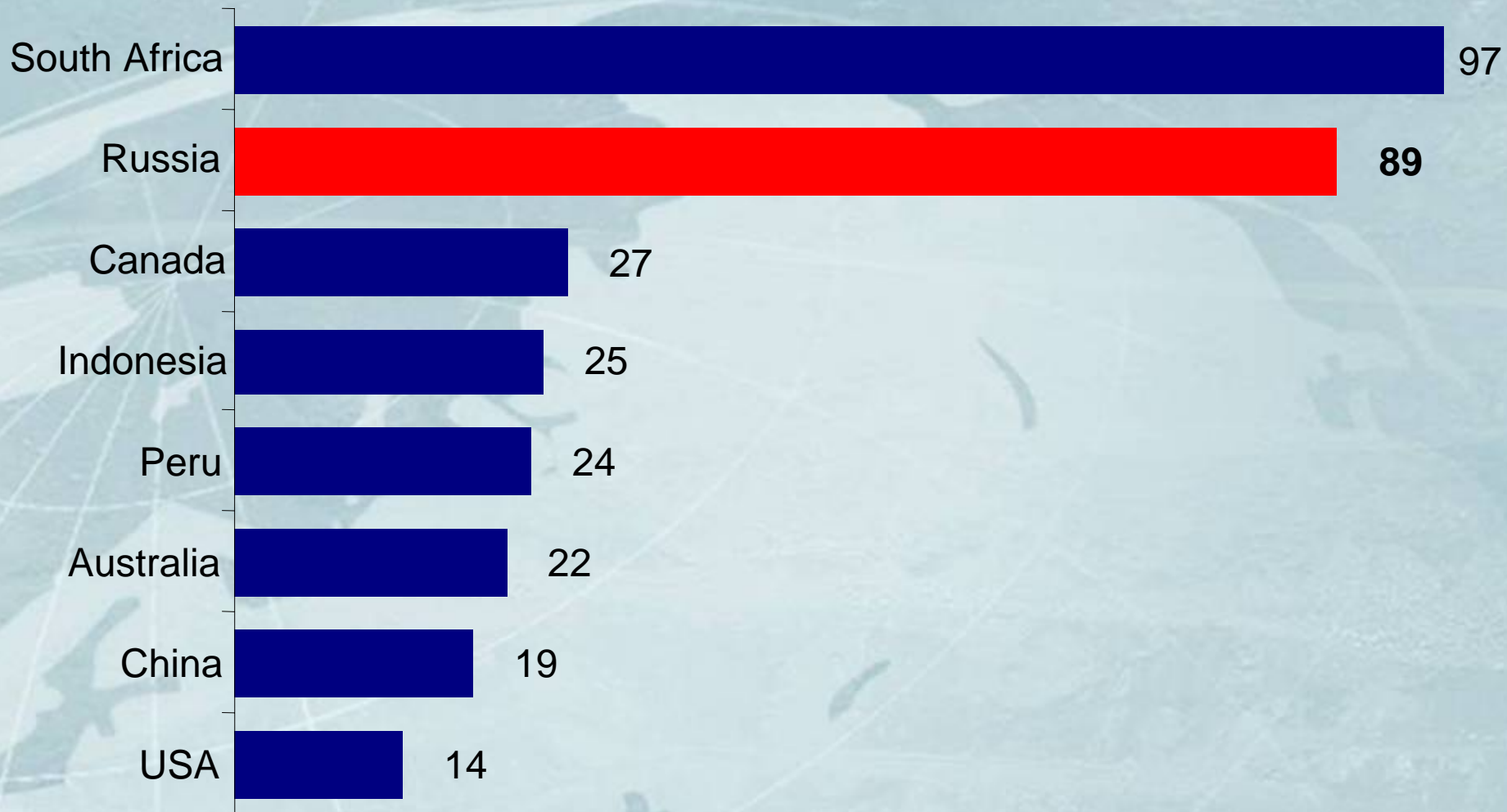


■ Reserve base, mln oz

Source: GFMS, U.S. Geological Survey

WHY RUSSIA?

✓ Reserve base remains significantly underdeveloped

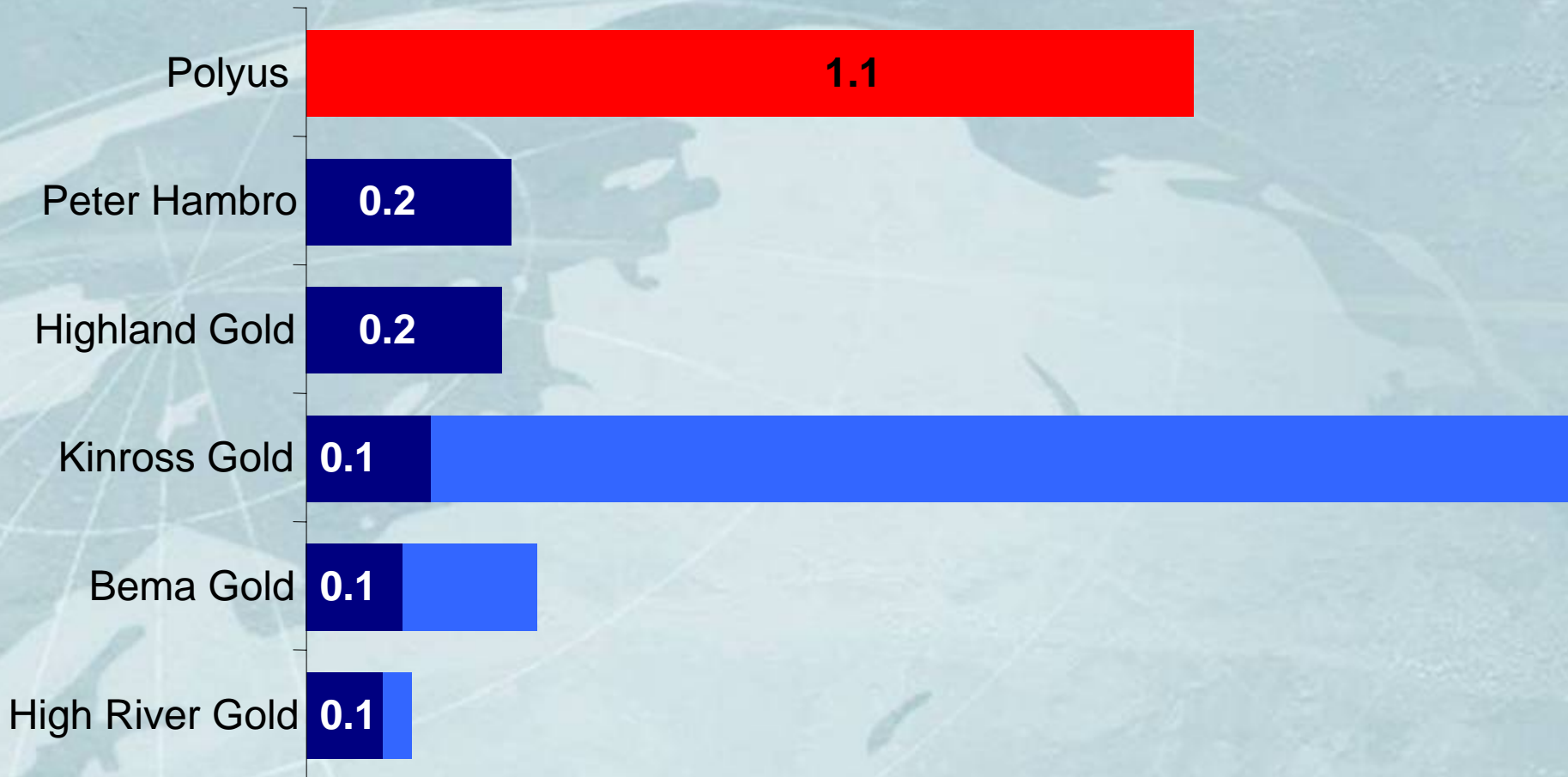


■ Mine life, years

Source: GFMS, U.S. Geological Survey

HERE COMES POLYUS!

✓ Undisputable leader of Russian gold mining since 2001



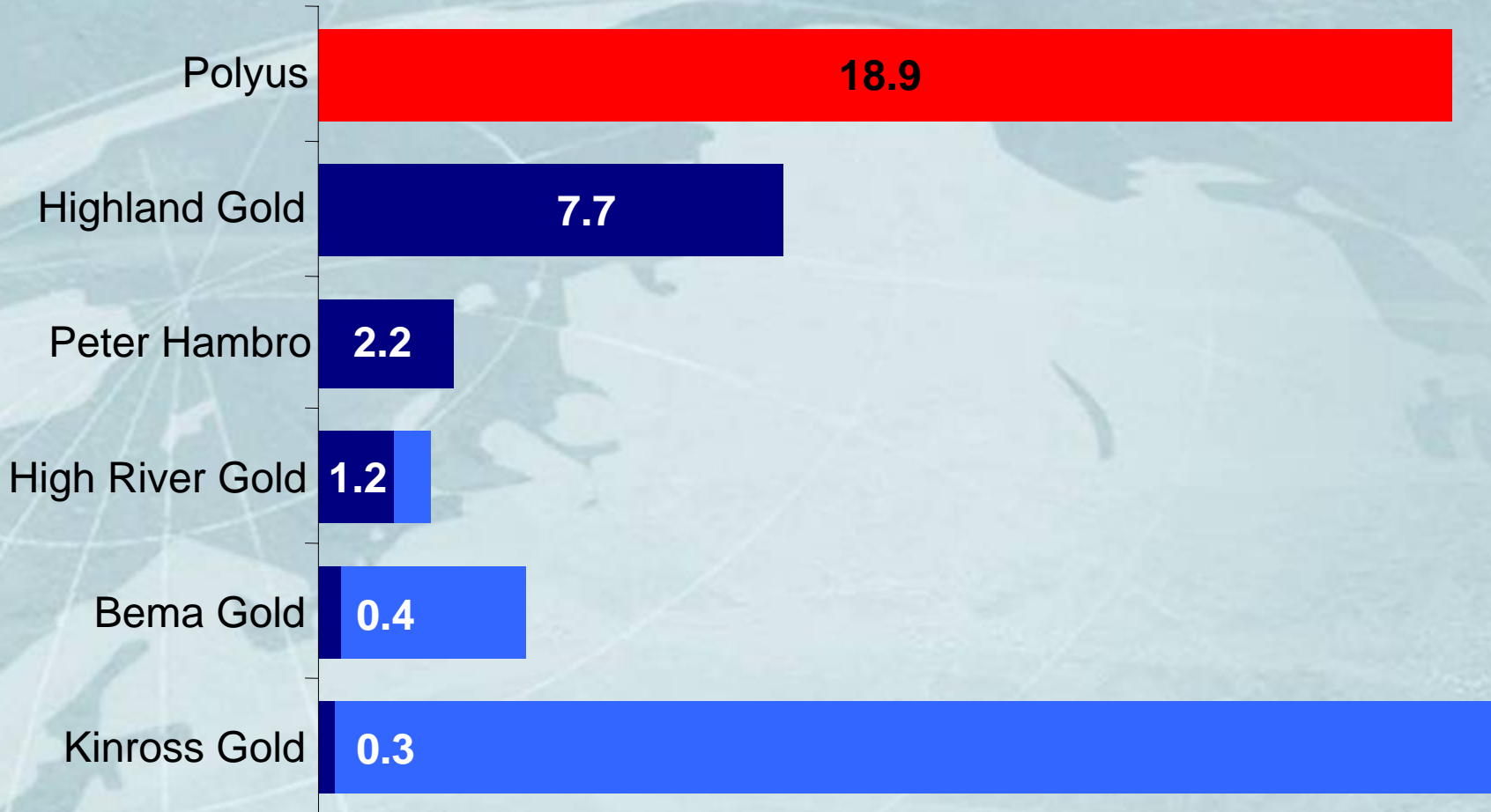
■ 2004 production in Russia, mln oz

■ 2004 production in the rest of the world, mln oz

Source: Company reports, BMO Nesbitt Burns, Troika Dialog

HERE COMES POLYUS!

✓ World class reserve base



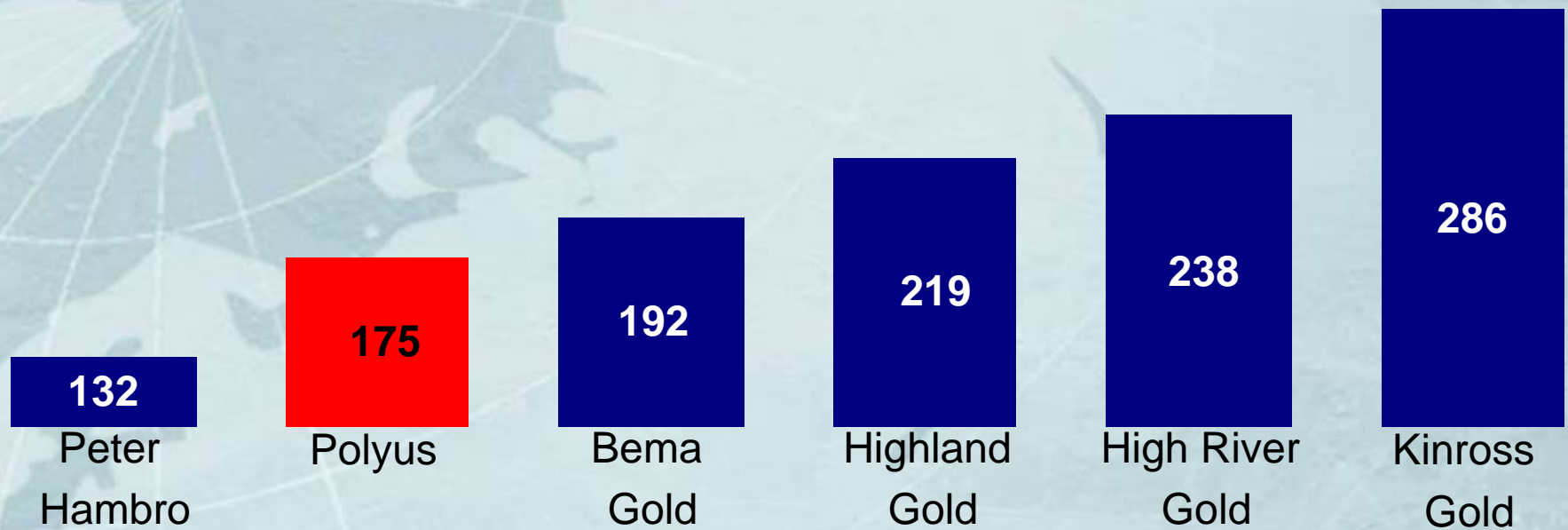
■ 2003 - 2004 reserves in Russia, mln oz

■ 2003 - 2004 reserves in the rest of the world, mln oz

Source: Company reports

HERE COMES POLYUS!

✓ Attractive low total cash costs among Russian producers



■ 2004 total cash costs, US\$ per oz

Source: Company reports, BMO Nesbitt Burns

LOCATION OF THE ASSETS

HQ,
Moscow



Olimpiada,
Krasnoyarsk

Natalka,
Magadan

Alluvials and
Zapadnoe,
Irkutsk

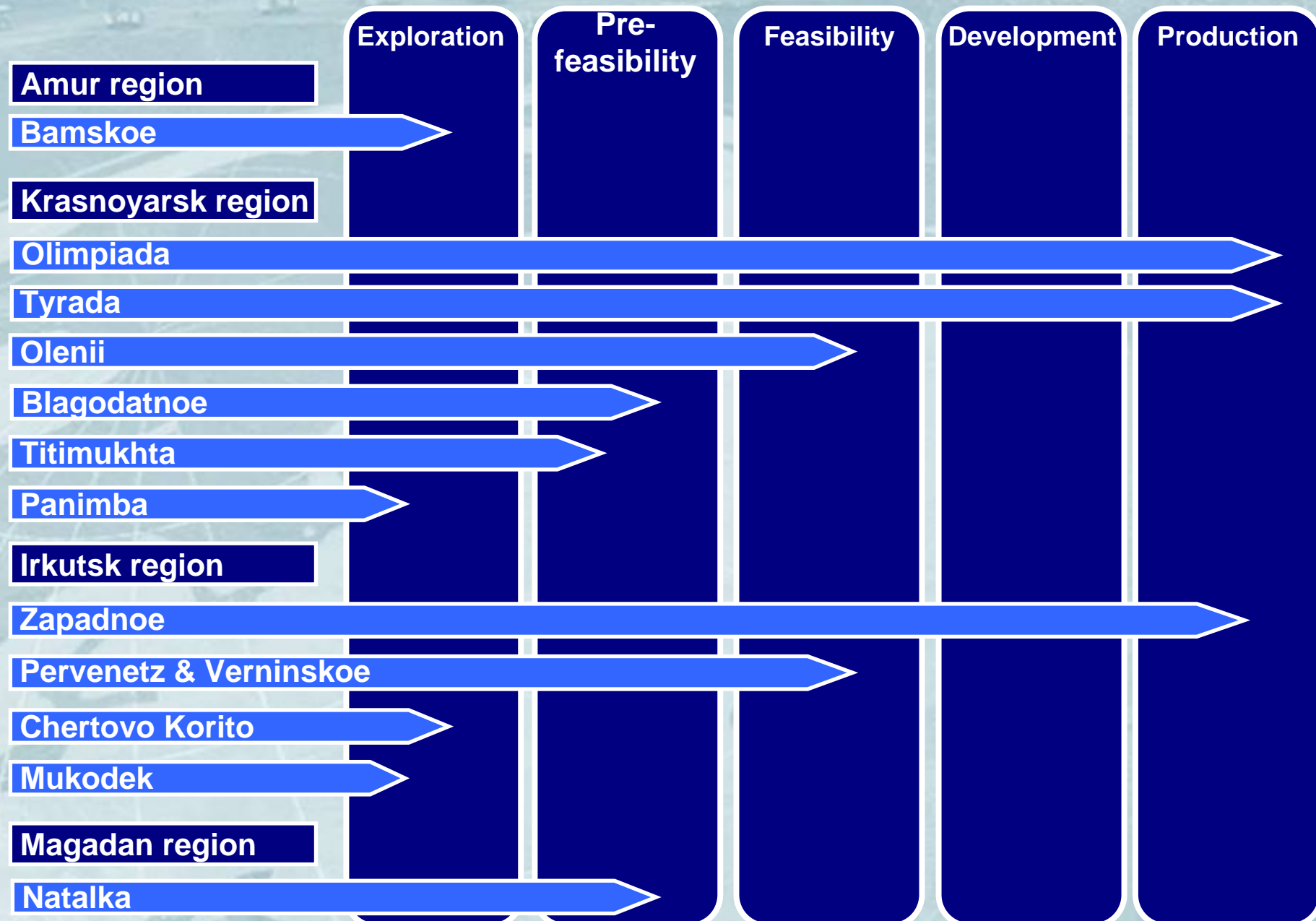
Bamskoe,
Amur

CORPORATE HISTORY



- ✓ October 2002 – MMC Norilsk Nickel (NN) acquired 100% of Polyus for US\$226 mln
- ✓ August 2003 – NN acquired 45% of Matrosov Mine for US\$36 mln
- ✓ September 2003 – NN acquired 50.5% of Lenzoloto for US\$174 mln
- ✓ April 2004 – Polyus acquired Matrosov Mine and Lenzoloto from NN and became a stand-alone gold unit of NN

ASSET PORTFOLIO



KRASNOYARSK – OLIMPIADA



- ✓ Olimpiada reserves at 10.8 mln oz at 4.3 g/t are augmented by satellites – Tyrada and Olenii deposits
- ✓ Olimpiada open pit capacity is 1.7 mtpa of oxide ore and 2.3 mtpa of sulphide ore
- ✓ 2 processing facilities are in place:
 - ⇒ plant #1 with 1.5 mtpa capacity to treat oxide ores – resin in pulp
 - ⇒ plant #2 with 3.0 mtpa capacity to treat sulphide ores – flotation, biooxidation (the only world usage in permafrost region), and resin in pulp
 - ⇒ plant #3 with 5.0 mtpa capacity to treat sulphide ore will be in place by mid 2007
- ✓ Pre-feasibility study of Blagodatnoe with 5.8 mln oz of resources will be ready by 2006

KRASNOYARSK – PRODUCTION

- ✓ Gradual increase in total cash costs due to depletion of oxide ore and a shift to sulphide ore



■ Production, k oz ● Total cash costs, US\$ per oz

IRKUTSK – HARD ROCK GOLD



- ✓ Consolidates hard rock gold mining companies and owns key infrastructure

- ✓ Zapadnoe mine with 0.4 mln oz in reserves at 3.3 g/t will proceed from pilot run mode to industrial production by 2006

 - ⇒ Capacity of 0.8 mtpa of Sukhoi Log-type ore



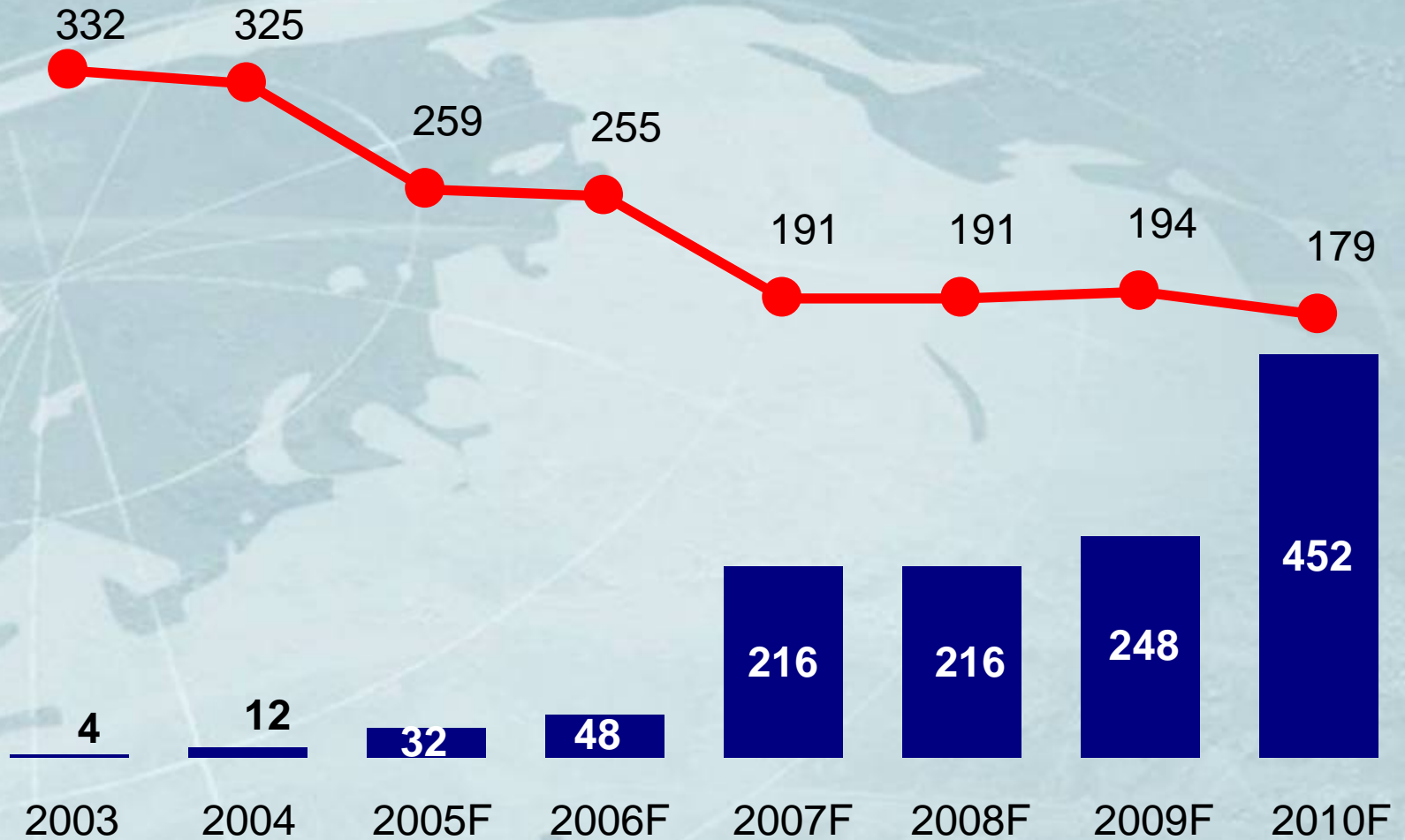
- ✓ Acquired Pervenetz and Verninskoe brownfield projects with 1 mln oz in reserves at 3.1 g/t

 - ⇒ Estimated production start-up by mid 2007

- ✓ Acquired mid stage exploration project Chertovo Korito with 3.7 mln oz in resources at 2.3 g/t and exploration area Mukodek

IRKUTSK – HARD ROCK GOLD PRODUCTION

✓ Strong growth with new projects coming into production in 2007



■ Production, k oz ● Total cash costs, US\$ per oz

IRKUTSK – ALLUVIALS



✓ Lenzoloto – 2nd largest Russian gold company on a stand-alone basis

✓ 9 Lenzoloto subsidiaries operate 48 placer deposits and develop / explore another 74 deposits

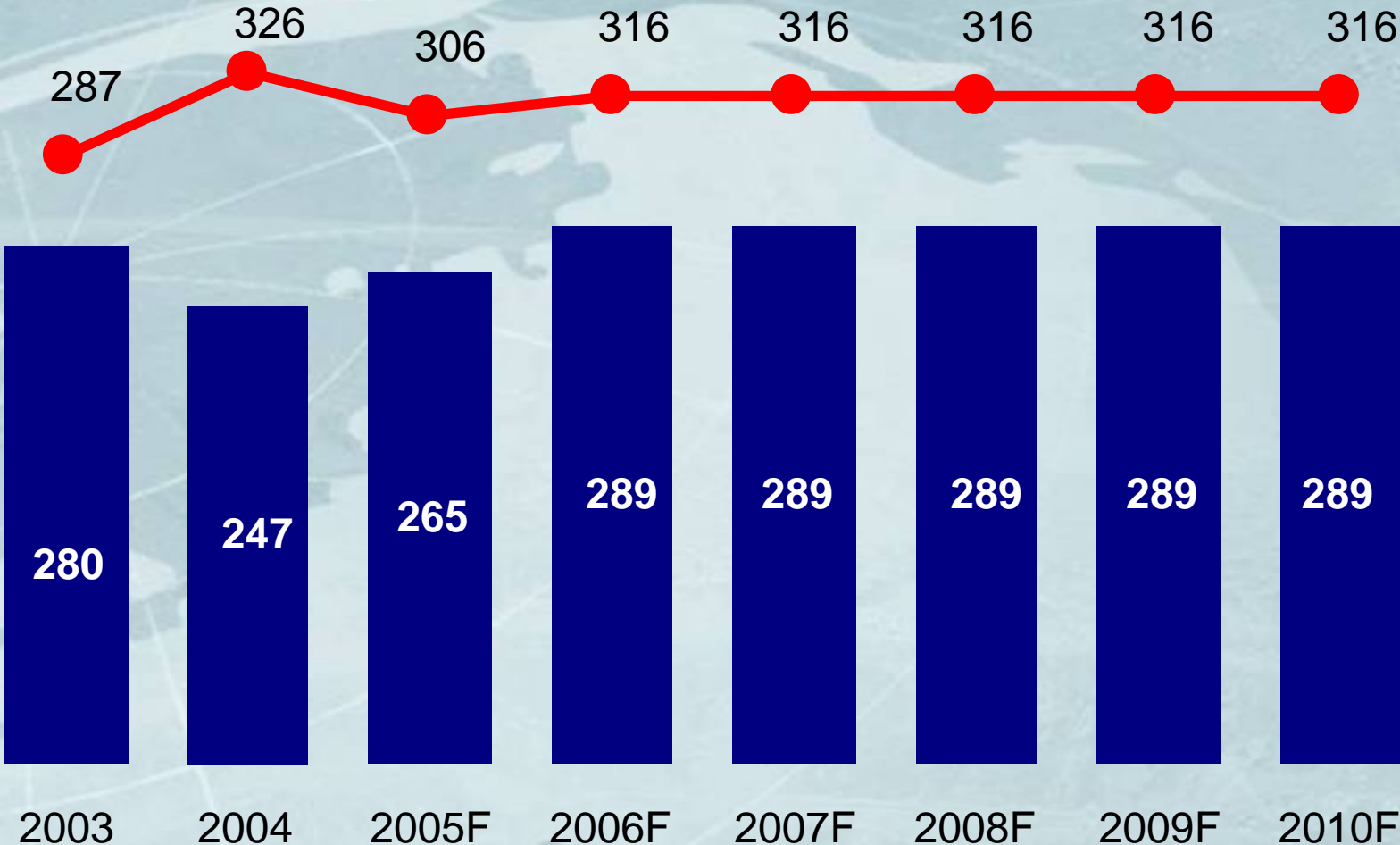


✓ Alluvial reserves stand at 2.2 mln oz
⇒ Estimated mine life > 15 years

✓ Three alluvial gold mining methods:
⇒ open pit separate production
⇒ dredging production – 10 dredges
⇒ underground production

IRKUTSK – ALLUVIALS PRODUCTION

✓ Stable production and total cash cost profile



■ Production, k oz ● Total cash costs, US\$ per oz

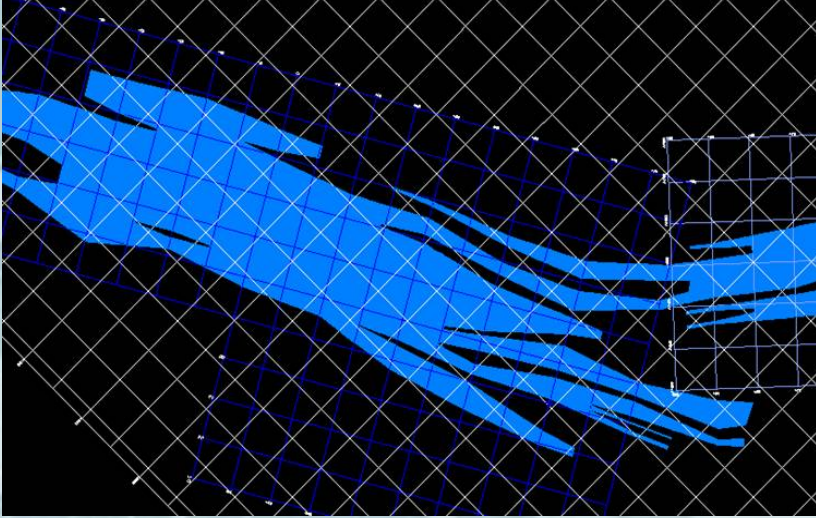
MAGADAN – NATALKA



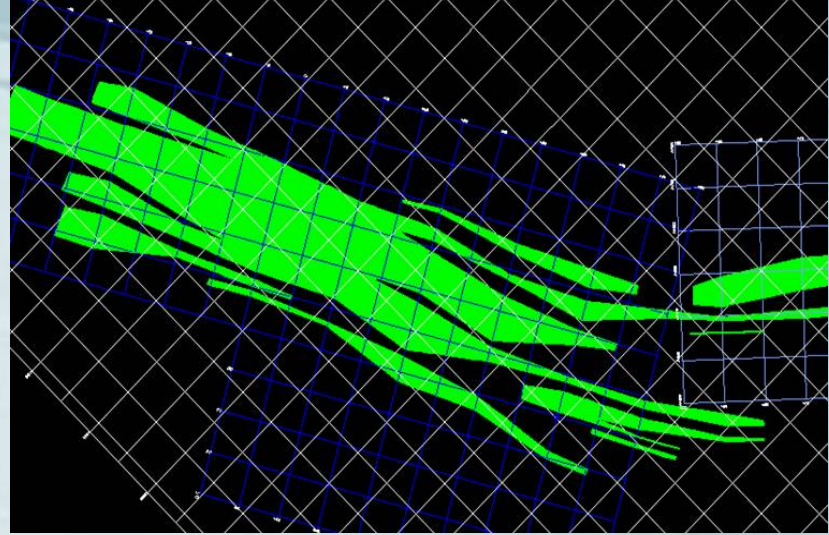
- ✓ Nataka deposit with 4.0 mln oz in reserves at 4.2 g/t will transform into 18.1 in reserves at 2.0 g/t by 2007
- ✓ 2005 – 2007 exploration budget of US\$65 mln
⇒ 108 km of diamond drilling, 20 km already completed
- ✓ Pre-feasibility study will chose between 23 or 30 mtpa processing plant, employing either gravitation / CIL or gravitation / flotation / CIL, recovery is 75% / 80%
- ✓ Est. development capex of US\$600 – 800 mln
- ✓ Annual production of up to 1.4 mln oz at total cash costs of approx. US\$200 per oz

MAGADAN – NATALKA – OREBODY

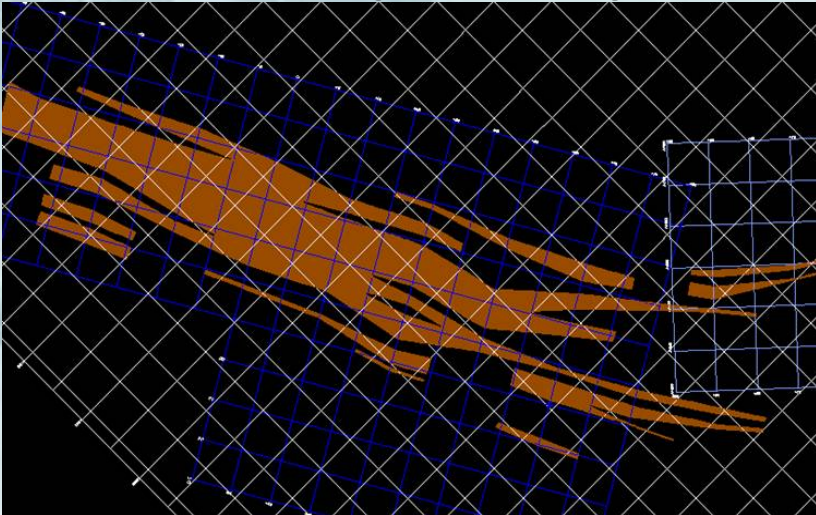
Plan under 0.4 g/t cut-off grade



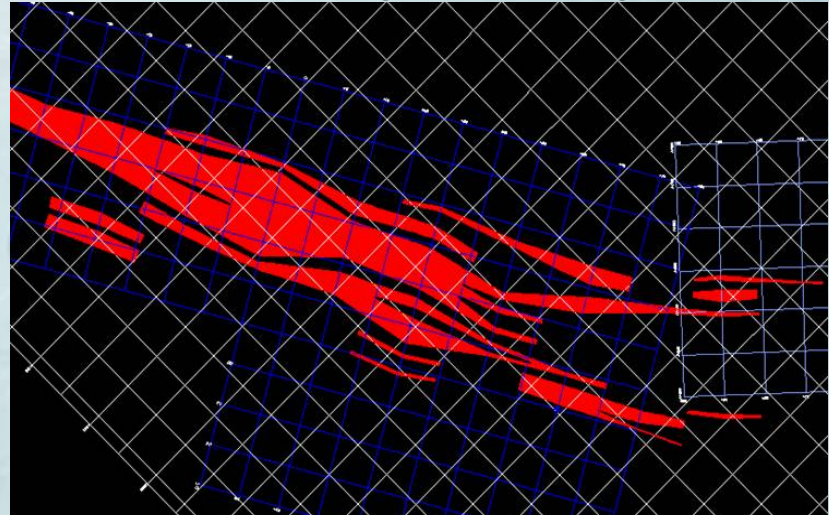
Plan under 0.6 g/t cut-off grade



Plan under 0.8 g/t cut-off grade



Plan under 1.0 g/t cut-off grade



2004 CORPORATE RESULTS

- ✓ Corporate center set up as a strategic architect
- ✓ Raised US\$500 mln of equity capital
- ✓ Financial statements for 2003 prepared in accordance with IAS
- ✓ Stakes in Lenzoloto and Matrosov Mine consolidated
- ✓ Hard rock gold company set up in Irkutsk region
- ✓ Chertovo Korito deposit and Panimba exploration area acquired
- ✓ Direct export contracts prepared for signing

2004 SUSTAINABLE DEVELOPMENT



- ✓ Focus to improve labor and life conditions of 9 800 employees and their families:
 - ⇒ constructed canteen for 200 people and almost completed construction of dormitory for 1 000 people
 - ⇒ relocated and improved life conditions of former 200 employees of Matrosov Mine



- ✓ 2004 most significant charity programs:
 - ⇒ repair of a local kindergarten and a school, new medical equipment for a local hospital in Krasnoyarsk region
- ✓ 2nd largest taxpayer in Krasnoyarsk region and among TOP-10 taxpayers in Irkutsk and Magadan regions
 - ⇒ 2004 tax payments of US\$123 mln
 - ⇒ federal taxes – US\$32 mln, region taxes – US\$47 mln, local taxes – US\$30 mln, and MediCare & Social Security – US\$14 mln
 - ⇒ environment taxes – US\$2 mln

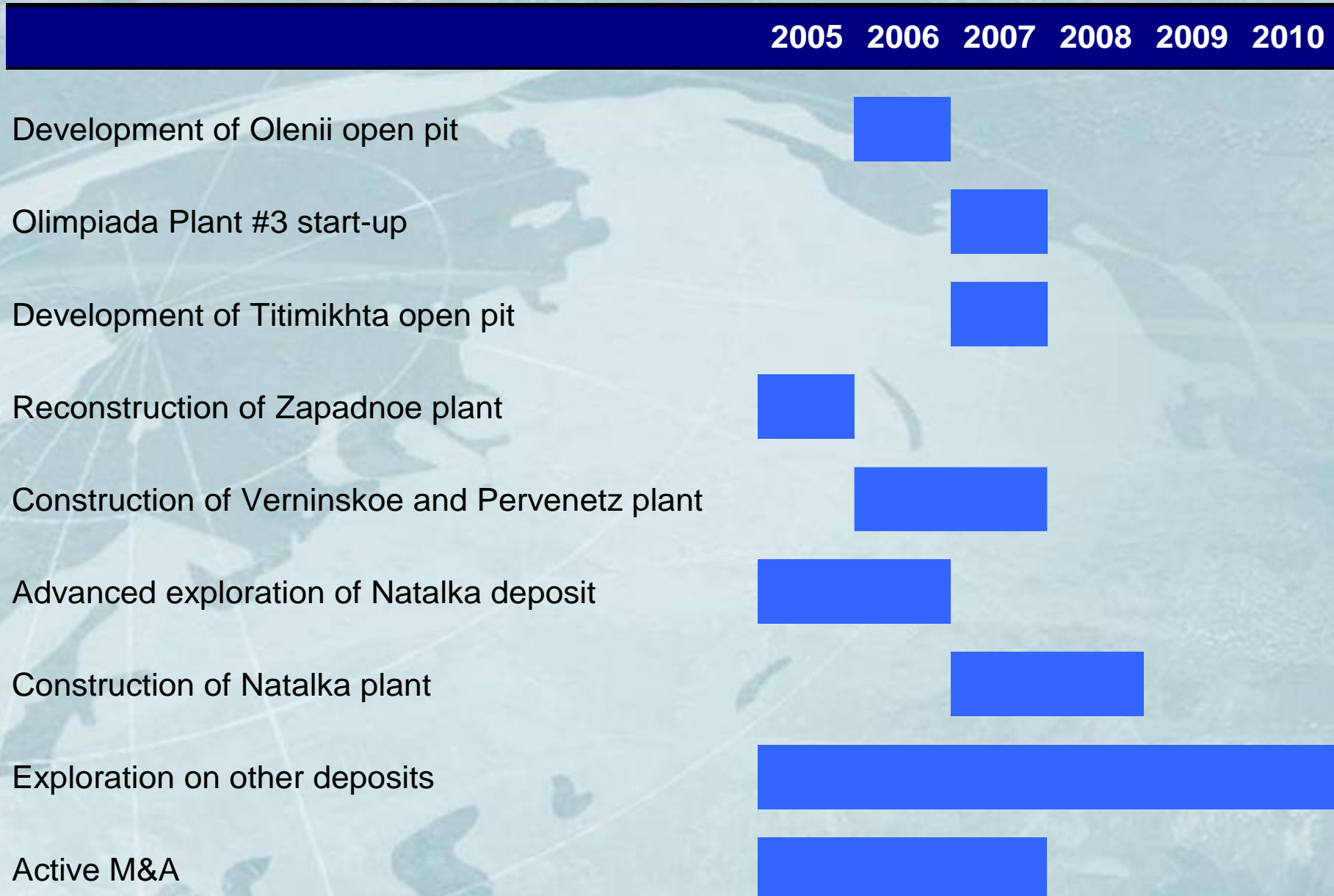
2004 FINANCIAL RESULTS (ESTIMATED)

- ✓ Gold sold – 1.1 mln oz
- ✓ Realized gold price – US\$407 per oz
- ✓ Sales – US\$446 mln
- ✓ EBITDA – US\$199 mln
- ✓ Cash Flow from Operations – US\$113 mln
- ✓ Net Income – US\$154 mln
- ✓ Ending cash balance – US\$370 mln

2005 OUTLOOK

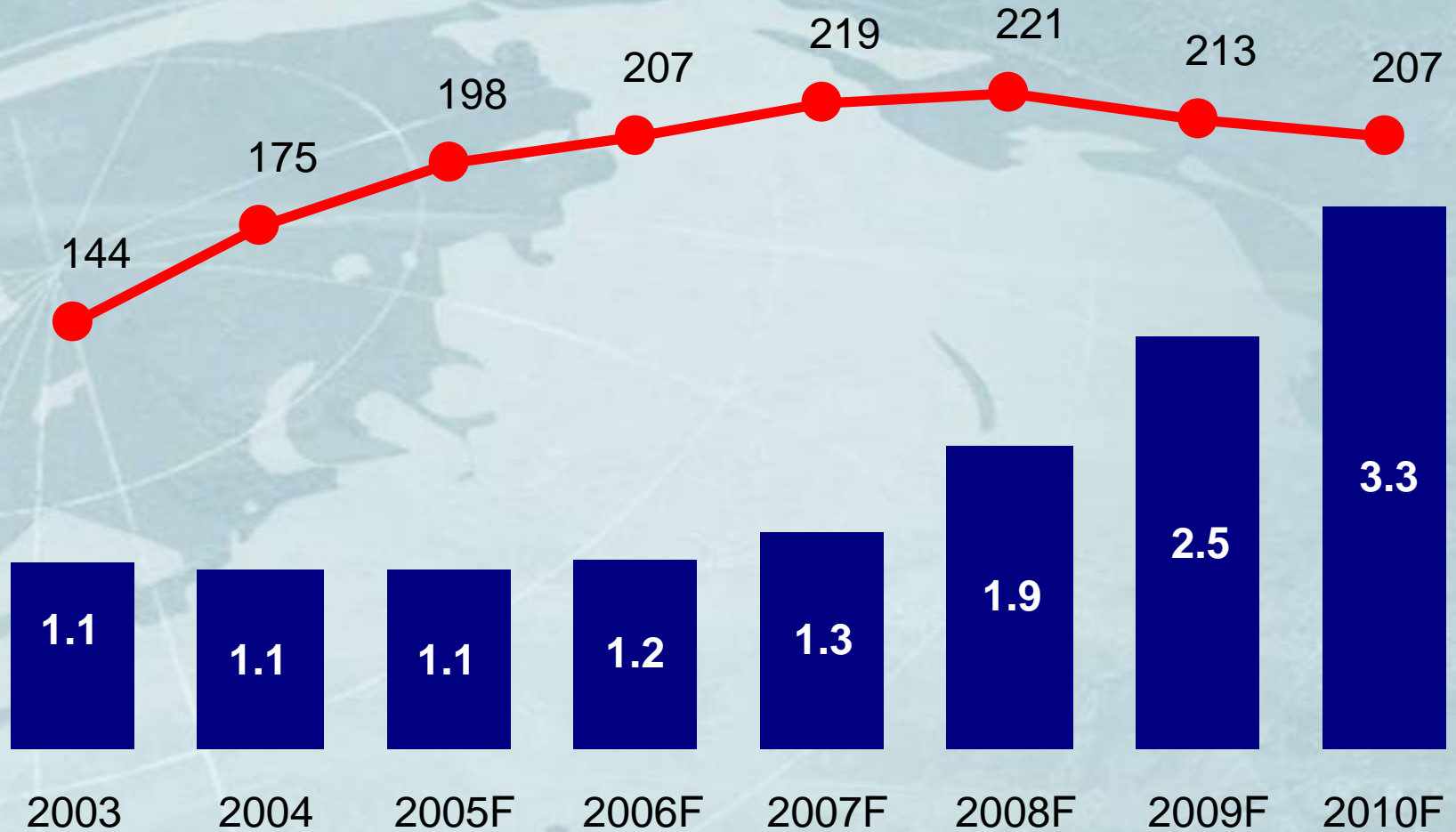
- ✓ Planned production of 1 093 k oz
- ✓ Total cash costs – US\$199 per oz
- ✓ Further ownership consolidation in subsidiaries
- ✓ International independent audit of Olimpiada, Blagodatnoe, Titimukhta, Zapadnoe and Natalka deposits in accordance with JORC by SRK Consulting
- ✓ Advanced exploration activities to increase reserve base by 2.9 mln oz
- ✓ Additional equity funding to finance Natalka exploration

2005 – 2010 ACTION PLAN



STRONG ORGANIC GROWTH PROFILE...

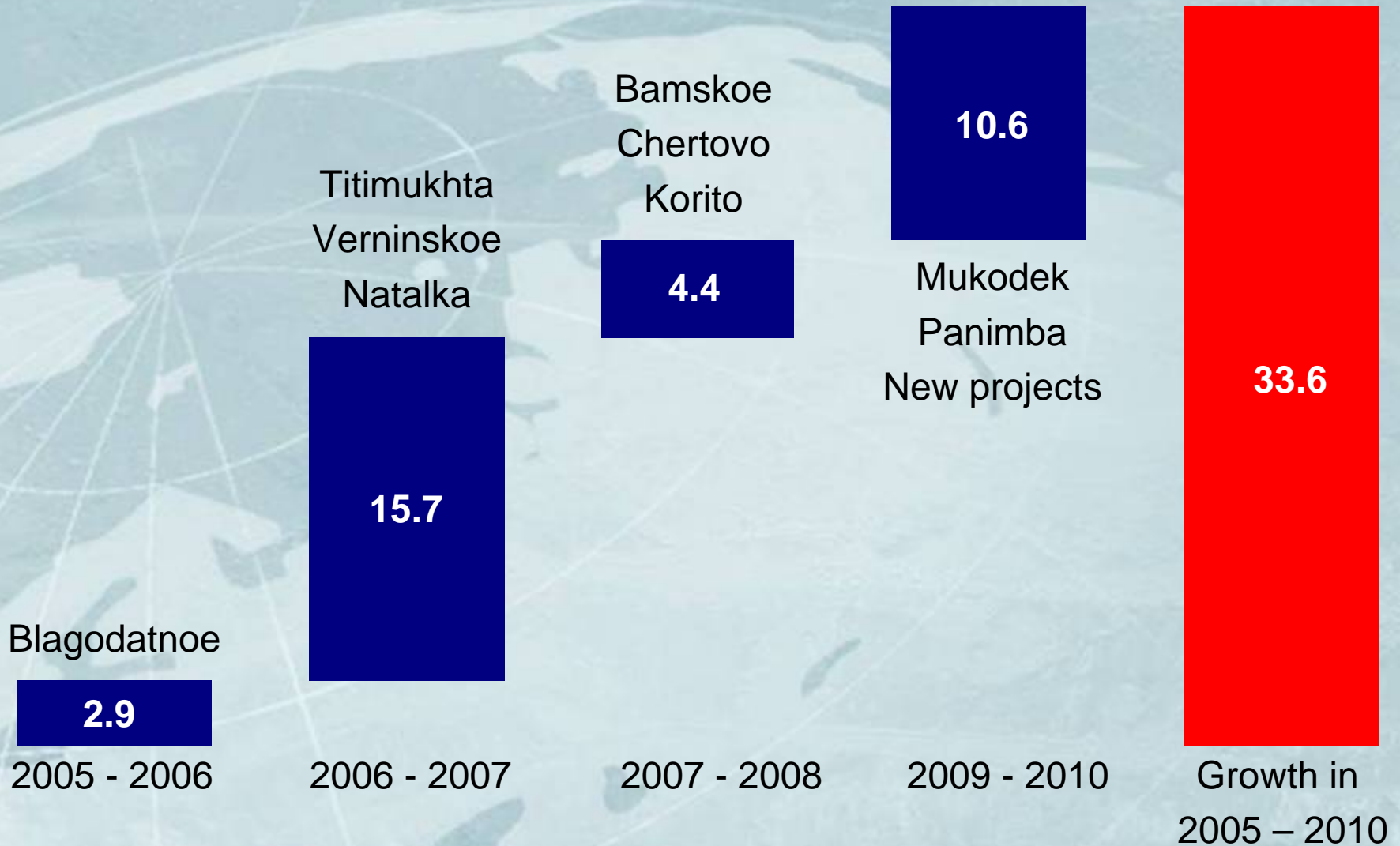
✓ Explosive growth with stable low total cash costs



■ Production, k oz ● Total cash costs, US\$ per oz

... COUPLED BY ADVANCED EXPLORATION...

✓ 2005 – 2010 est. additions to reserves, mln oz



Source: Polyus estimates, without production depletion

... AND MAGNIFIED BY ACTIVE M&A

- ✓ September 2004 – acquired Panimba exploration area for US\$76,700 with 1.6 mln oz of resources
- ✓ December 2004 – acquired Chertovo Korito deposit for US\$35.1 mln with 3.7 mln oz of resources
- ✓ January 2005 – acquired Mukodek exploration area for US\$205,000 with 579 k oz of resources
- ✓ February 2005 – acquired 74% of Pervenetz for US\$27.8 mln with licenses for Verninskoe and Pervenetz deposits containing 1.0 mln oz reserves and 1.7 mln oz resources
- ✓ February 2005 – acquired Bamskoe deposit for US\$900,000 containing .4 mln oz reserves and 2.4 mln oz resources
- ✓ 2005 – 2007 – will spend up to US\$600 mln to acquire and develop Russian mineral base

SOLID CASE FOR POLYUS

- ✓ Unparalleled exposure to Russian gold industry
- ✓ Key position of a leading Russian gold miner to capitalize on growth potential of Russian gold
- ✓ Existing assets with superior growth profile
- ✓ Solid cash flows
- ✓ Strong cash balance and debt-free balance sheet
- ✓ No hedging policy
- ✓ As for how to join TOP-5 please stay tuned