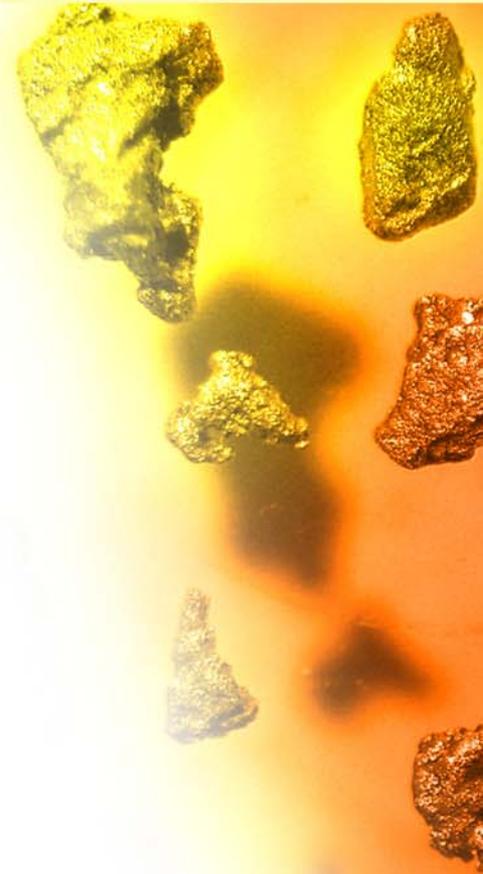


Polyus Gold

Deutsche Bank 6th Annual BRICS
Metals & Mining Conference
London, 9-10 November, 2009



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Polyus Gold key facts and operations, ex KazakhGold

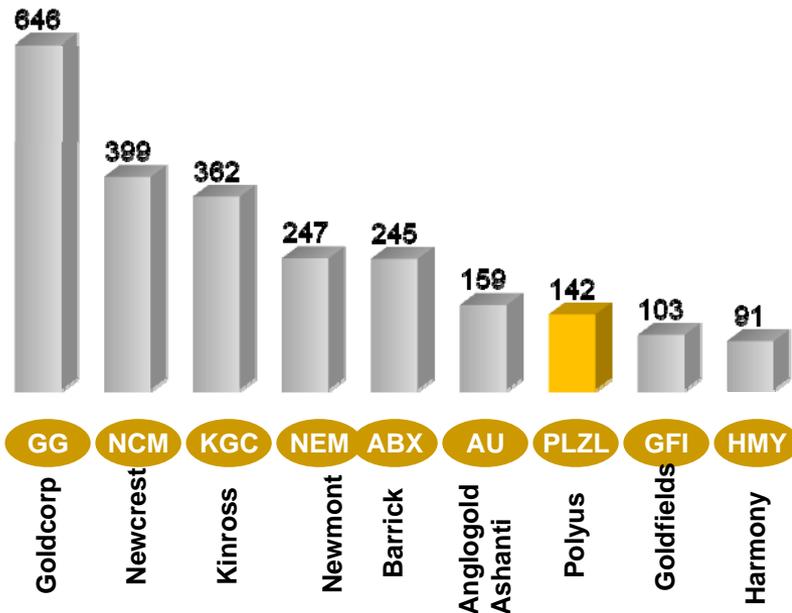
	2008	1H2009
■ Gold sales, \$M	1,062	442
■ Gold production, M OZ	1.2	0.4
■ TCC, \$/OZ	392	361
■ EBITDA, \$M	436	218
■ EBITDA margin, %	41	48
■ JORC 2P, M OZ	74.1	74.1
■ Hedge free, Debt free		



World's champion in long-term 2P growth

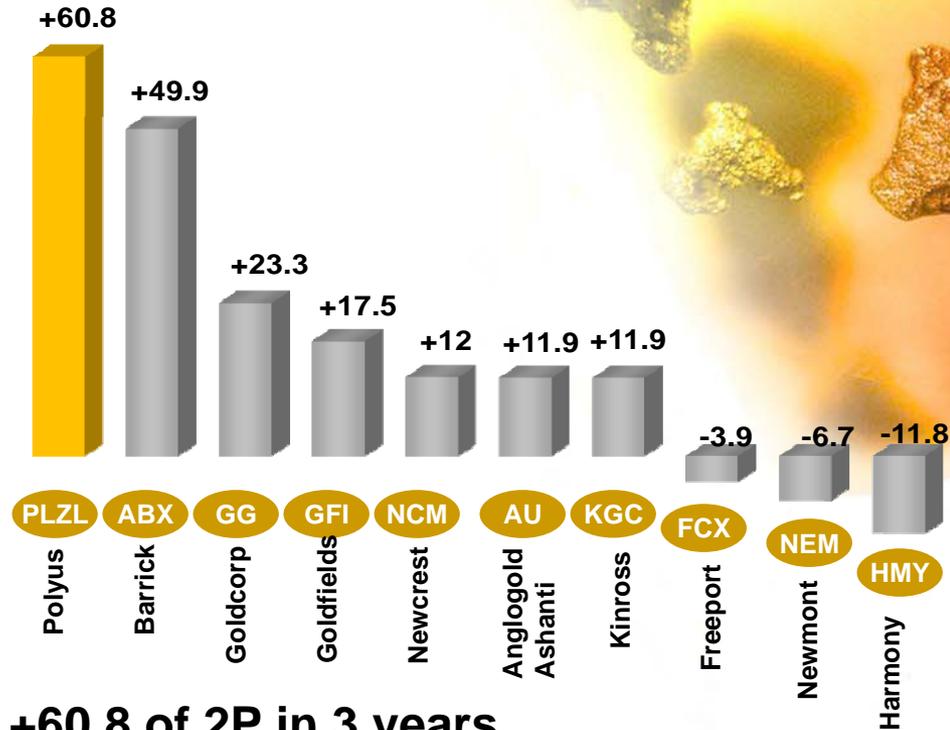
- 1 share of Polyus = 0.39 oz of gold
- Every **US\$1000** of investments in Polyus = **8.7 oz = US\$9 000**

Market capitalization/2P, US\$/oz



One of the cheapest in terms of 2P

2005- 2009 2P additions, m oz**

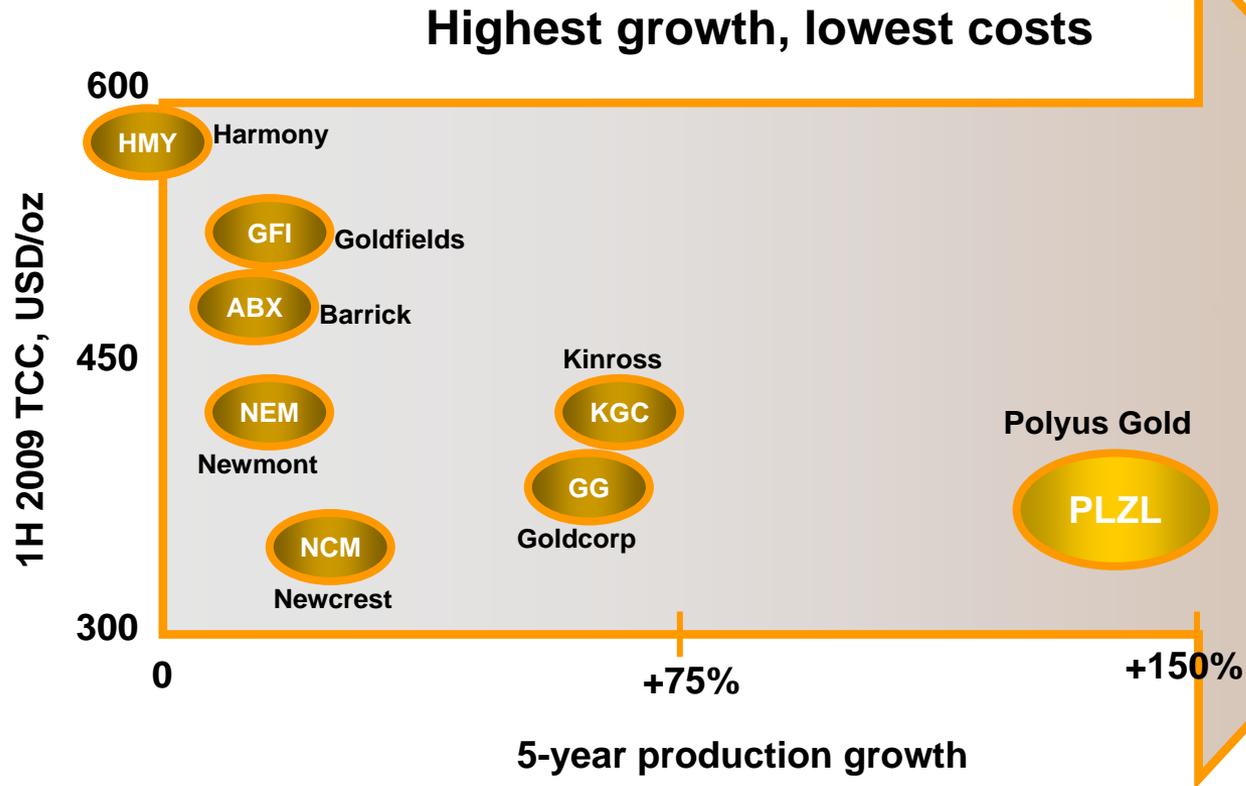


- +60.8 of 2P in 3 years
- Finding cost: < \$1 per ounce
- Potential to grow: over 30 licenses*** to give additional ounces of 2P reserves

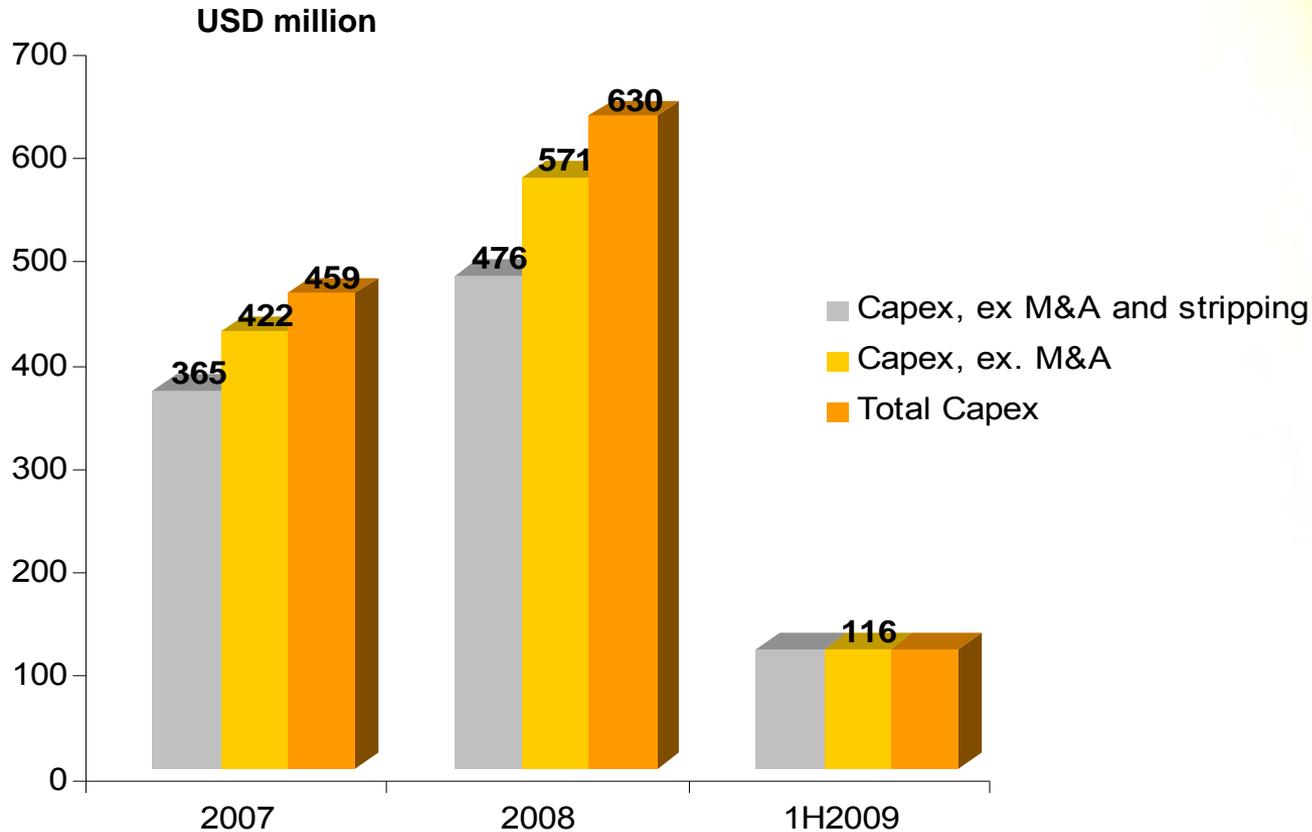
*Sources: U.S. Geological Survey, GFMS

**Sources: companies' web-sites

***Including KazakhGold



The company invested almost USD 1 billion in development and construction since 2007



Now Polyus is the fastest growing gold miner who benefits from previous intensive investments



Since the company's inception in 2006

2 large-scale mining projects launched. . .



Olimpiada Mill-3: launched in 2007



Titimukhta: launched in 2009

**5.7 MTPA
added**

. . . 2 large-scale mining projects at advanced construction stage



Blagodatnoye: to be launched in 2010

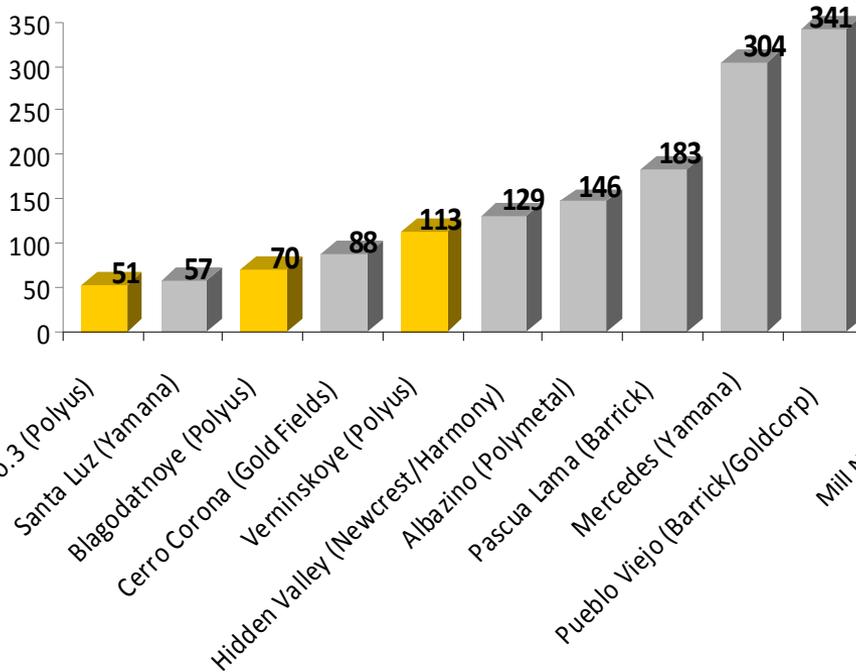


Verninskoye: to be launched in 2011

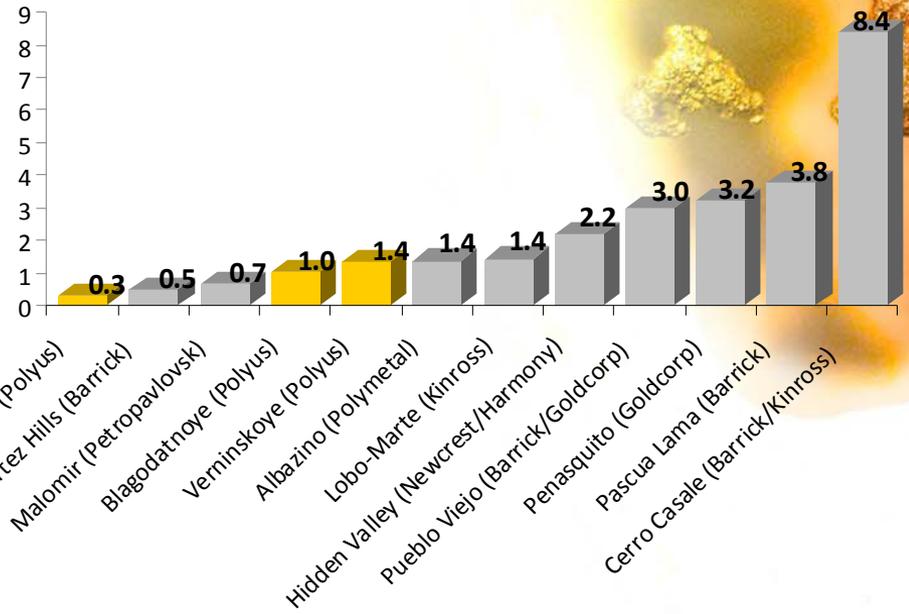
**8.2 MTPA
to be
added**

Current throughput of Russian peers: Polymetal – 3.4 mtpa,
Petropavlovsk – 3.3 mtpa

Capex/designed mill capacity, USD/tpa*



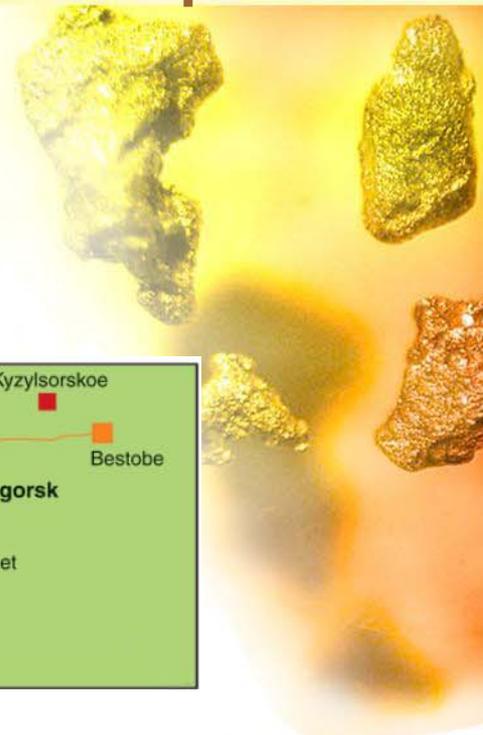
Capex/projected annual gold production, USD thousand/oz*



Polyus's costs of new mine construction are among the lowest on the list of upcoming development projects in the global gold industry.

*Source: Companies' web-sites.

Recent developments: KazakhGold acquisition



KZG key facts

- One of the largest gold producers in CIS;
- LSE-listed and Jersey-registered entity;
- 3 key mines: 300 k oz of gold produced over 2 years;
- 60 m oz of resources (Russian classification);
- Well-developed infrastructure.



Recent developments: KazakhGold acquisition

Partial offer completed

- 50.1% acquired for \$256M(\$191M cash+0.9%PLZL shares), when MCap of KazakhGold at the beginning of 2008 was USD 1.5 bln.
- Complex and novel transaction;
- Offer value decreased three times since the start of negotiations.

Deal favorable conditions

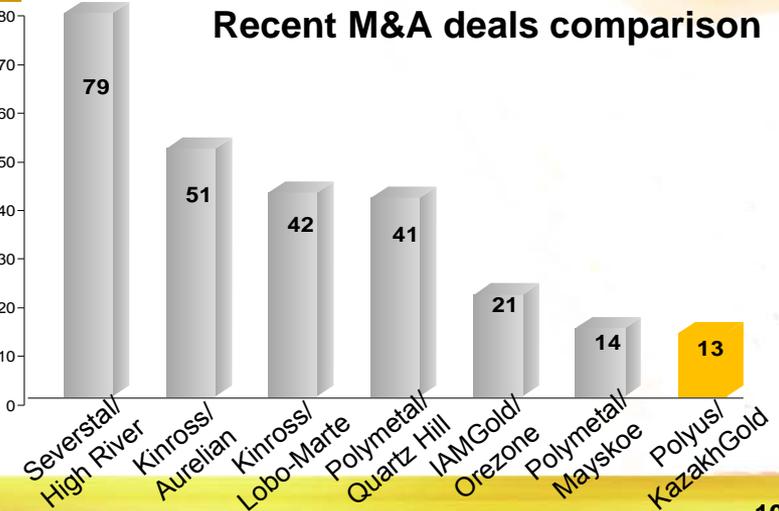
- \$13 per oz of resources;
- Attractive pricing.

Integration underway

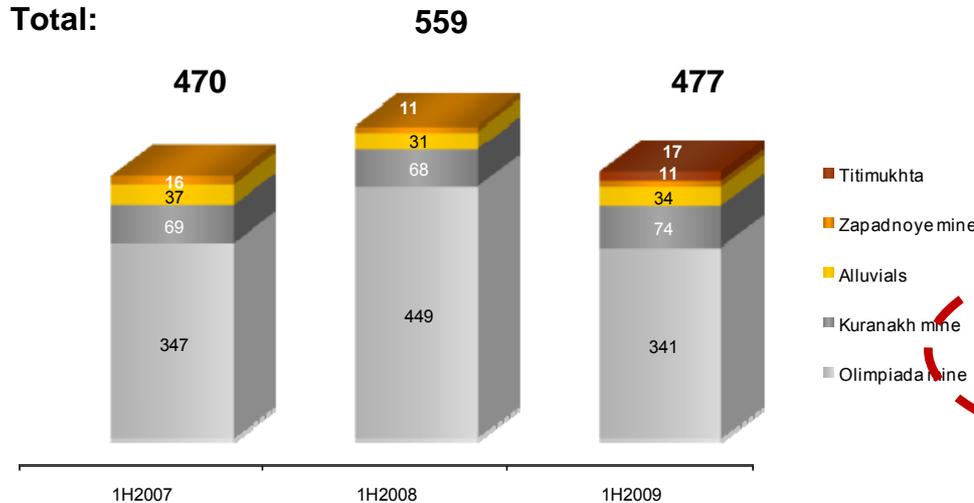
- New Board composition and new management team;
- New strategy to be announced in Feb 2010;
- First steps to be to restore output to the level of over 200 k oz and then expand it through an increase in open-pit mining and via construction.

Item	Comments
Sales	↑ KZG produced 300k oz in the recent 2 years
Labour	↓ Relatively cheap labour in Kazakhstan
Power	↓ Cascade of HP-station in proximity to the mines
Mining tax	↓ Relatively low mining tax rate in Kazakhstan (5% vs 6% in Russia)
Corporate tax	↓ Relatively low corporate tax rate (15% in Kazakhstan vs 20% in Russia)
Debt	Debt obtained at a competitive annual interest rate – 9.375%
Fuel	↓ Cheaper oil products and coal in Kazakhstan vs Russia

\$/oz of resources



Gold production, k oz



1H2009 production amounted to **477 k oz**

The Group confirms the FY2009 production target at 1.3 m oz

The major factors influencing 1H2009 operating results:

Olimpiada mine:

- 40 k oz of Dore gold (the metal before refining) were delivered to the refining plant, but were not refined in the reporting period;
- Completed switch to processing of sulfide ores, which have a lower grade, compared to the oxide ores;
- Mill-2 was closed to perform regular maintenance works.
- Processing of stock-piled ore (with different qualities compared to the ore from the pit)

Alluvials:

- Increase in volumes of sands washed.

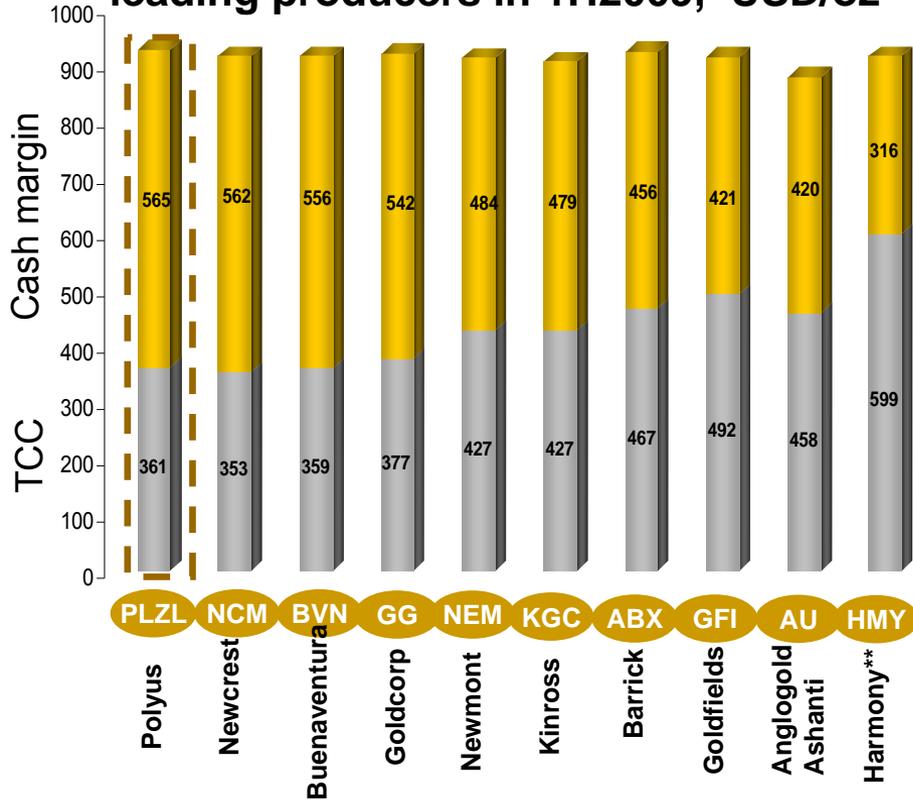
Zapadnoye mine:

- Maintained the stable level of production compared to 1H2008.

Kuranakh mine:

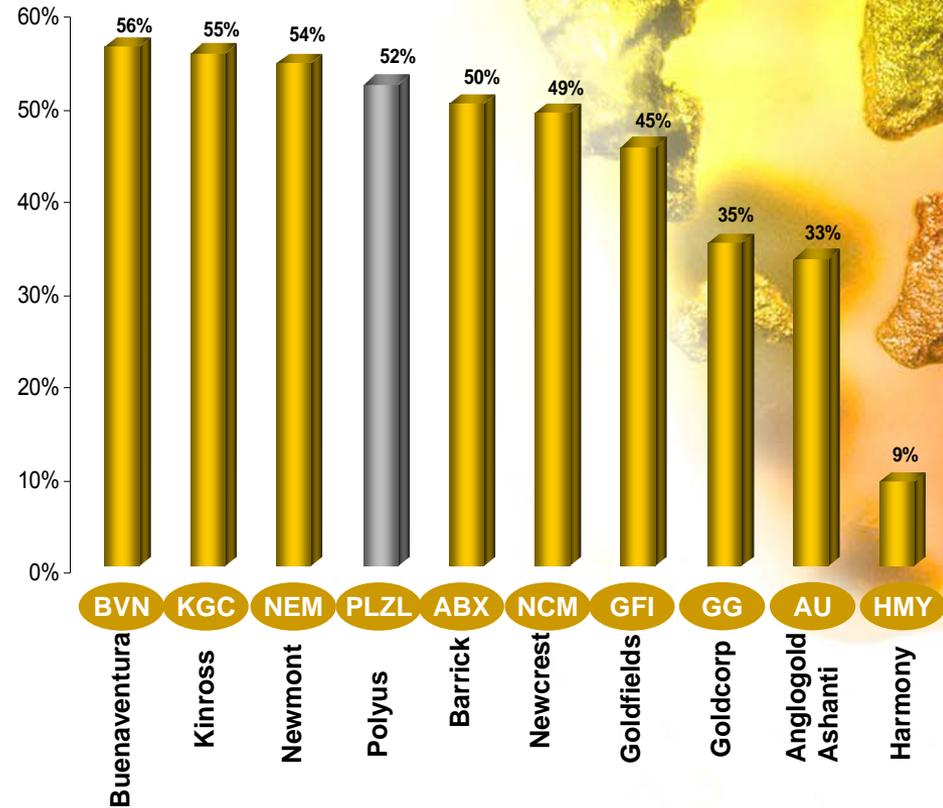
- Increase in gold grade of ore processed (up to 1.52 g/t).

TCC and cash margin* of world's leading producers in 1H2009, USD/oz



- The largest cash margin in the industry;
- Ranking 3rd among the global gold miners in terms of TCC

Peer comparison – gross margin, %



- Among global leaders in terms of gross margin;
- 1H09 margins: EBITDA – 48%, Pretax – 42%, Operating – 39%, and Net – 33%
- SGA – USD 45.5 mln: a 30% y-o-y decrease

* Calculated using the companies' average gold selling prices in 1H2009.

** Calculated using the average London PM fixing price of USD915/oz.

Condensed statement of financial position at 30 June 2009 (unaudited)

USD'000	30 June 2009	31 Dec 2008
ASSETS		
Non-current assets	1,965,080	1,990,817
Current assets, including	1,181,692	1,088,045
<i>Cash and cash equivalents</i>	441,367	↑ 398,826
<i>Investments in securities and other financial assets</i>	291,092	↑ 285,236
TOTAL ASSETS	3,146,772	3,078,862
EQUITY AND LIABILITIES		
EQUITY	2,814,540	↑ 2,794,541
LIABILITIES	332,232	284,321
Non-current liabilities	193,512	182,623
<i>Long-term borrowings</i>	0	~ 0
Current liabilities	138,720	101,698
<i>Short-term borrowings</i>	0	~ 0
TOTAL EQUITY AND LIABILITIES	3,146,772	3,078,862

Strong cash position, crucial in the current conditions on the global financial market

Highlights of the feasibility study:

Mine life	2009 – 2021
P&P reserves	2.2 m oz at 3.3 g/t
Mill capacity	2.2 mtpa
Recovery	88%
Average annual gold production	170 k oz
Capex (ex VAT)	US\$ 98.7 million
Average TCC	260 US\$/oz

Facts:

- 9 km from the Olimpiada mine;
- Nov 2007 – the feasibility study approved by the BoD;
- July 2008 – JORC reserves audit completed;
- January 2009 – permitting completed;
- The Titimukhta’s ores are processed at former Mill-1 after its reconstruction with new crushing complex and expanded capacity.



Commissioning in time and on budget
April 2009 – mining started
1H2009 – 17 k oz produced

Highlights of the feasibility study:

Mine life	2010 – 2031
P&P reserves	9.9 m oz at 2.3 g/t*
Mill capacity	6 mtpa
Recovery	88.6%
Average annual gold production	412 k oz
Capex (ex VAT)	US\$ 419 million
Average TCC	244 US\$/oz



1H2009 CAPEX update:

- Mill construction in progress;
- Site for tailings dam and diversion facilities prepared;
- Mining and transport equipment supply in progress;
- Camp and canteen construction completed;
- Coal power plant is under construction;
- Water pipe laying;
- Power grid and roads constructed;
- Percentage of readiness of different objects varies from 50 to 100%;
- 43% of budgeted investments drawn @ 1/07/09.
- Permitting completed as of Sept 01,2009

Commissioning in time (2H2010)

Highlights of the feasibility study:

Mine life	2011 – 2025
P&P reserves (exploration underway)	1.7 m oz at 3.0 g/t
Mill capacity	2.2 mtpa
Recovery	86.9 %
Average annual gold production	183 k oz
Capex (ex VAT)	US\$ 249 million
Average TCC	281 US\$/oz

1H2009 CAPEX update:

- Mining started;
- Camp and canteen construction completed;
- Works on main building and crushing plant in progress;
- Core mining and transport equipment acquired;
- Road construction began;
- Tailings facilities preparation in progress;
- 25% of budgeted investments drawn @ 1/07/09.



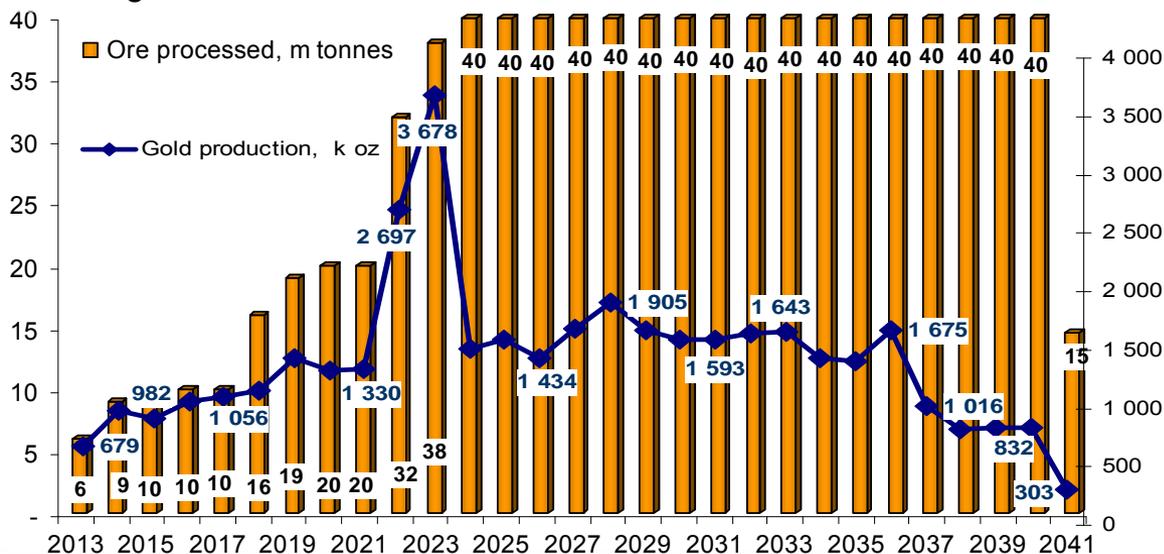
Projects update: Nataalka New development plan

In Feb 2009 the amended plan of Nataalka development prepared by Polyus team, approved by the BoD in Mar 2009.

Mine life	2013 – 2041
P&P reserves	40.8 m oz at 1.13 g/t
Mill capacity	10 mtpa (2013-2017), 20 mtpa (2017-2021) and 40 mtpa (2022-2041)
Recovery	85 %
Av. annual gold production	1400 k oz
Capex (ex VAT)	US\$1.1 bln (1 st stage) + US\$1.1 bln (2 nd and 3 rd stages)

Average TCC

340 US\$/oz



Rationale for the staged development:

- Insufficient power generating facilities;
- Insufficient power transportation facilities;
- High cost of borrowing due to credit crunch.

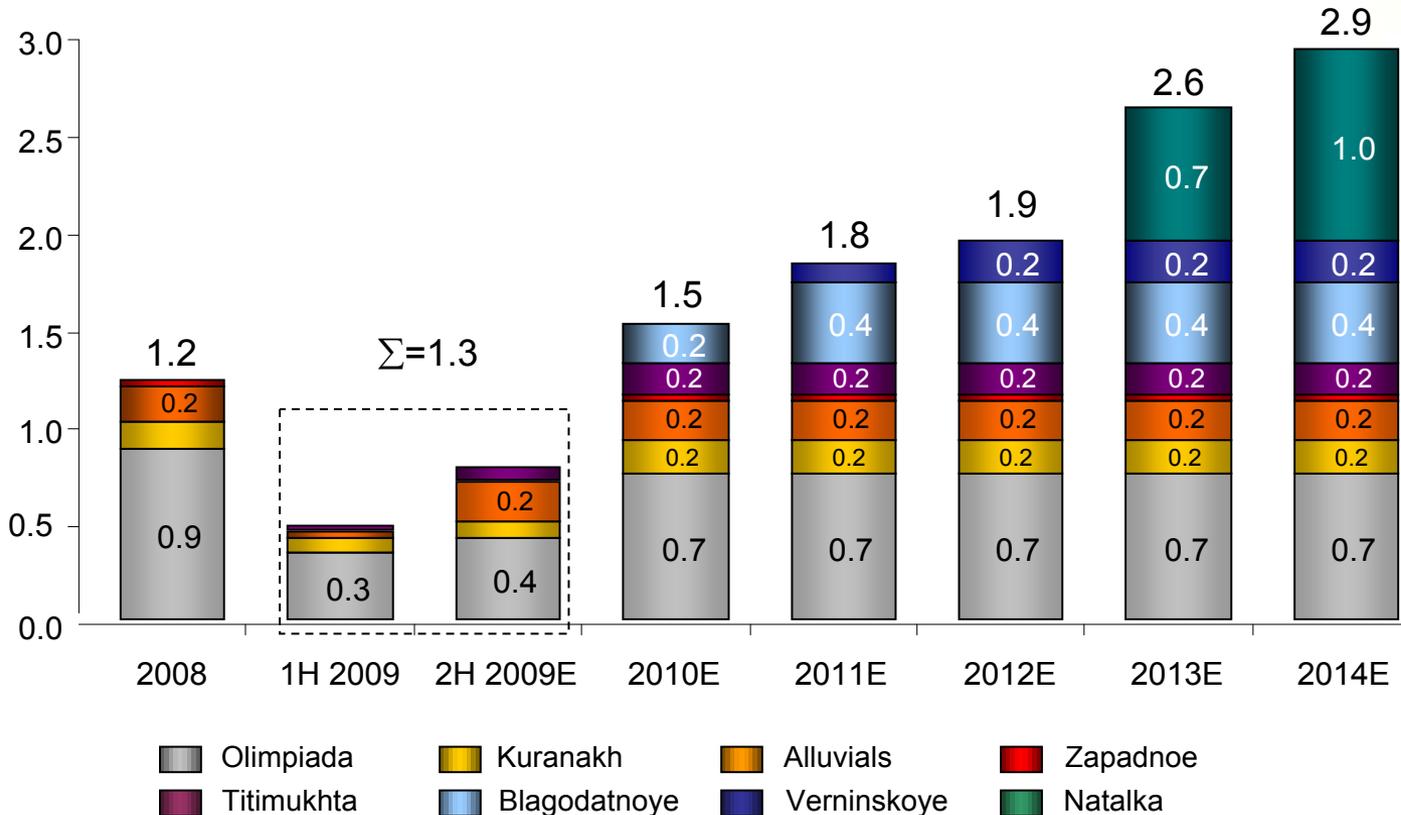
The plan will work on the following grades:
 in 2013-2017 - 3.15 to 3.85 g/t
 in 2018-2023 - 2.35 – 3.32 g/t
 in 2024-2036 – 1.34 – 1.76 g/t

Project status:
 Feasibility study and construction plans preparation to be completed by end of 2009.
 Permitting to be completed by end of 1H2010

Approximately 140% output increase is expected to come from existing and approved development projects



FURTHER UPSIDE POTENTIAL:
 + Nezhdaninskoye,
 + Chertovo Koryto,
 + Bamskoe,
 + Panimba,
 + Razdolinskoe/
 Poputnenskoe.





PROJECT

STATUS

- | | | |
|---|---|---|
|  | ● Commissioning of Mill-3 at Olimpiada | <input checked="" type="checkbox"/> Done |
|  | ● Commissioning of Titimukhta | <input checked="" type="checkbox"/> Done |
|  | ● Expansion to CIS | <input checked="" type="checkbox"/> Done |
|  | ● Construction of Blagodatnoye | <input checked="" type="checkbox"/> Near completion |
|  | ● Construction of Verninskoye | <input type="checkbox"/> Underway |
|  | ● Construction of Natalka | <input type="checkbox"/> FS underway |

- Successful completion of **KazakhGold** acquisition:
 - Polyus Gold becoming an international mining company with FSU focus;
 - Attractive deal conditions and excellent growth potential;
 - Strong and experienced new management appointed at KZG;

- Strong operational and financial results;
 - Increasing production and stable profitability level;
 - Hedge free - Debt free
 - Outstanding growth of the 2P reserves.

- Polyus met previously announced capacity expansion targets:
 - **Titimukhta**: successful launch in 1H2009;
 - **Blagodatnoye**: 50-100% readiness of all the facilities;
 - Re-launch of **Verninskoye** development project;
 - Development plan for **Natalka** approved by the Board;

- Favorable market conditions: strong gold price and devaluation of national currency.



International company

Growth leader

Strong margins

Low costs

No debt

No hedge

Favorable market



**No 1 in Russia
and
one of the best
positioned
gold miners
globally**