



Polyus Gold International
James Nieuwenhuys, COO

Denver Gold Forum
September 2011



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Company Overview & Strategy

H1 2011 Results

Update on Growth Projects



Well defined growth strategy and track record

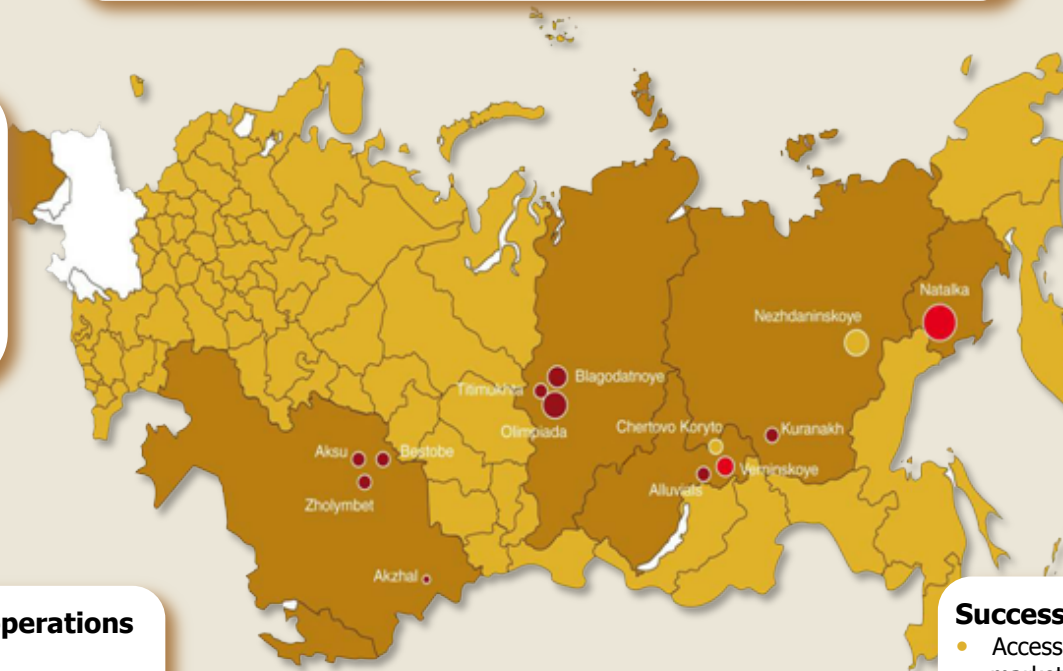
- Production growth from 1.215 moz in 2006 to 1.4-1.5 moz in 2011 (guidance)
- Near term focus on low cost expansion projects
- Capex: USD 800 mln in 2011
- Targeted production of ~ 2.8 m oz by 2015 and ~ 4.4 m oz by 2020²

Market leading gold producer

- Largest gold producer in CIS (1.4 moz 2010)
- Largest UK-listed primary gold producer by market cap (USD 10.6 bn)
- LSE listed GDR: PLGL LI

Strong management and board

- Highly experienced international management team
- Newly established high profile, majority independent Board of Directors, compliant with UK Corporate Governance Code



Significant reserve base and operations

- 80.7m oz. of JORC 2P reserves (4th largest in the world)
- 8 producing mines in Russia and Kazakhstan¹
- 2 mines under construction

Successfully attained London listing

- Access to one of the world's largest capital markets
- Commenced preparation for move to premium listing

Robust financial position

- Strong margins
- Hedge free
- Commitment to conservative financial policy

(1) Includes KazakhGold production assets – subject to potential asset disposal to AltynGroup as part of the RAPA

(2) Forecast excludes production levels from current KazakhGold assets

Market cap as per 15 September 2011



Olimpiada mine

2 BIOX plants
Capacity 8 MTPA
Krasnoyarsk region
2010 production: 584 k oz
2011 H1 production: 248 k oz



Titimukhta mine

RIP cyanide leaching plant
Capacity 2.2 MTPA
Krasnoyarsk region
2010 production: 100 k oz
2011 H1 production: 44 k oz



Kuranakh mine

RIP cyanide leaching plant +
heap leaching
Capacity 3.6 MTPA
Yakutia region
2010 production: 120 k oz
2011 H1 production: 55 k oz



Blagodatnoye mine

CIP cyanide leaching plant
Capacity 6.0 MTPA
Krasnoyarsk region
2010 production: 249 k oz
2011 H1 production: 152 k oz



KazakhGold¹

4 producing mines
CIP and flotation plants + heap
leaching
Mill capacity ~1 MTPA
Kazakhstan
2010 production: 110 k oz
2011 H1 production: 57 k oz



Alluvial operations

Washing machines and
draglines + sluice enrichment
Capacity up to 10 mln m³
Irkutsk region
2010 production: 197 k oz
2011 H1 production: 45 k oz

(1) Includes KazakhGold production assets – subject to planned asset disposal to AltynGroup as part of the RAPA



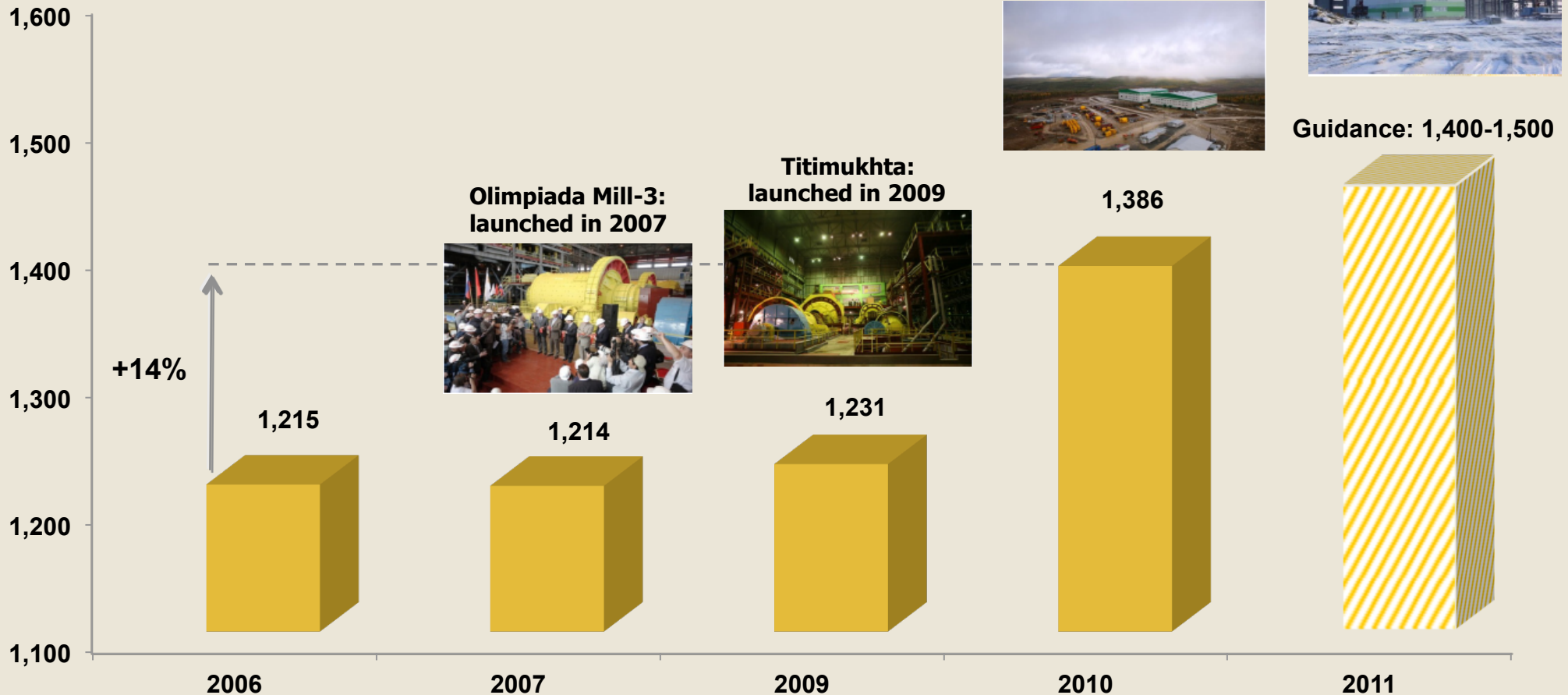
Gold production growth

Consistent delivery on key development projects

Strong growth and project execution since going public in 2006

- 3 large-scale mining projects launched
- Gold production has increased by 14%

Gold Production ('000 troy ounces)

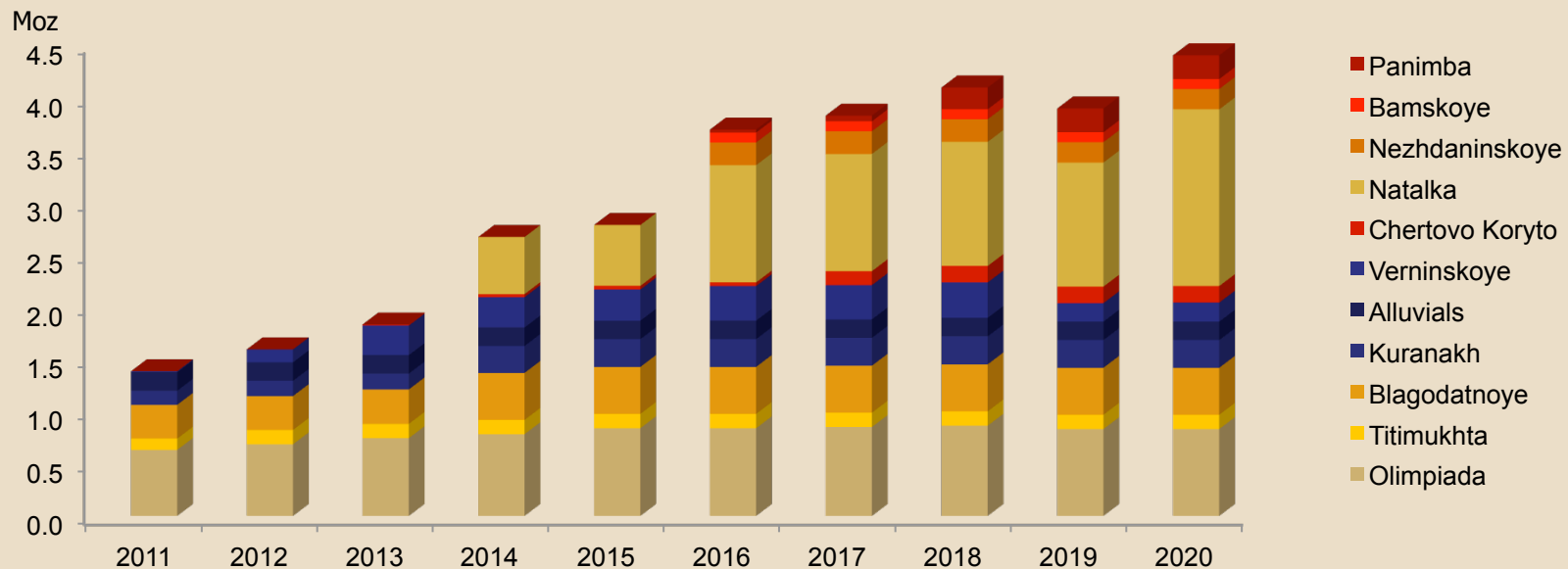


(1) 2011 production levels based on company guidance, H1 2011 production levels: 611 k oz

- **Efficient execution of expansion projects**
- **Construction and launch of new growth projects**
- **Commitment to operational excellence and HS&E responsibilities**
- **Maintain highest standards of Corporate Governance**

Key objective – double production by 2015

Polyus Group production pipeline, 2011 – 2020



- The new development strategy aims at gold production of ~ 2.8 moz by 2015 and ~ 4.4 moz by 2020.⁽¹⁾
- This will require USD 8.7 bln⁽¹⁾ of investments in 2011 – 2020, including USD 4.7 bln until 2015

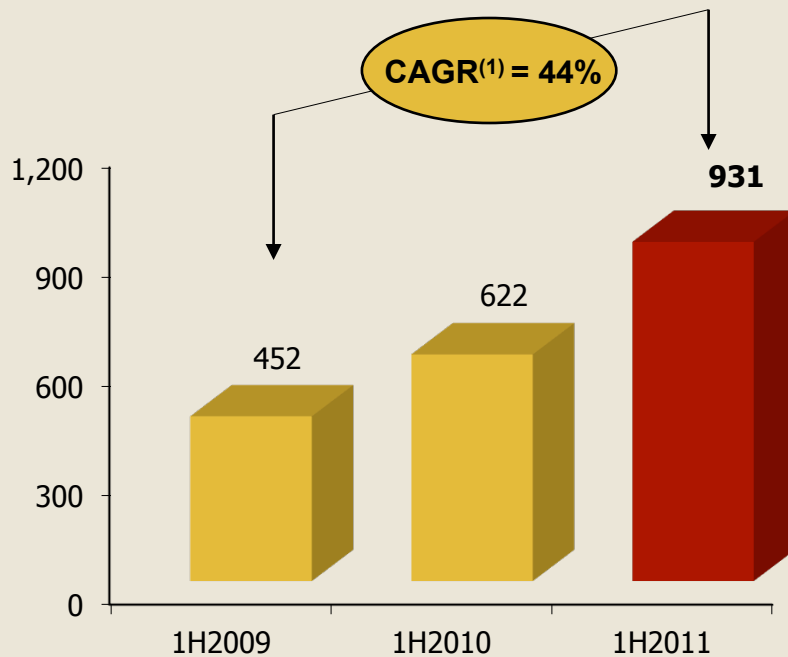
(1) Consolidated Polyus Group production and investments, excl. operating mines in Kazakhstan.



H1 2011 Results

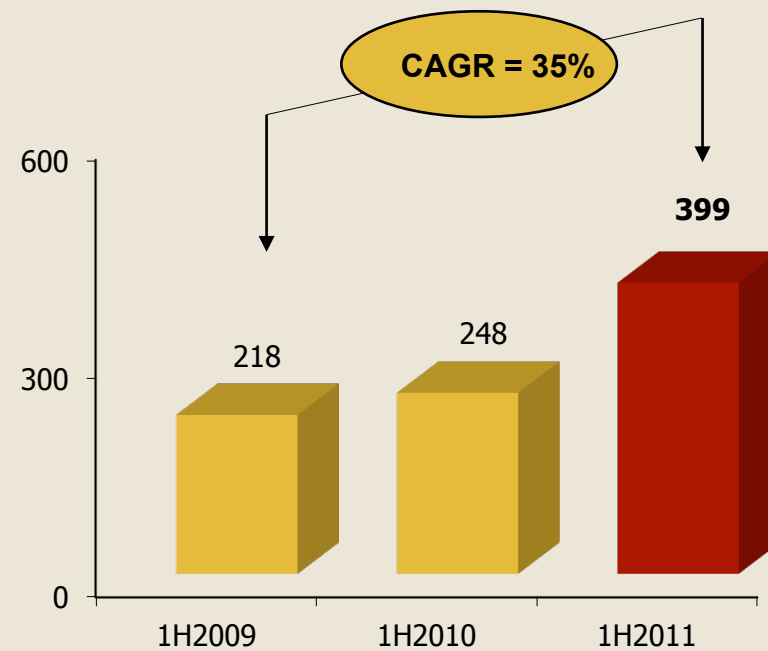
- **48%** YoY increase in **gold sales revenue** to USD 902 million:
 - The weighted-average gold selling price was USD 1,433.3 per troy ounce, up 24%;
 - 20% increase in sales volumes (629 k oz in 1H2011 vs. 524 k oz in 1H2010);
- **TCC** increased to **USD 617/oz**:
 - Rapidly growing commodities prices and as a result an increase in costs for consumables;
 - Increase in mining tax charges on the back of gold price growth;
 - Increased labour costs mainly as a result of indexation of salaries to inflation;
 - Increase in power and fuel consumption and costs;
 - Material RUB appreciation (1H2011 average RUB/USD rate – 28.62, 1H2010 – 30.07).
- **EBITDA** grew by **61%** to USD 399 million;
- **Net cash position** increased to USD 348 million, up 114%.

Sales revenue, USD million



- Higher realized gold prices and increased sales volumes resulted in a 48% y-o-y growth in sales revenue;
- 2-year CAGR amounted to 44%.

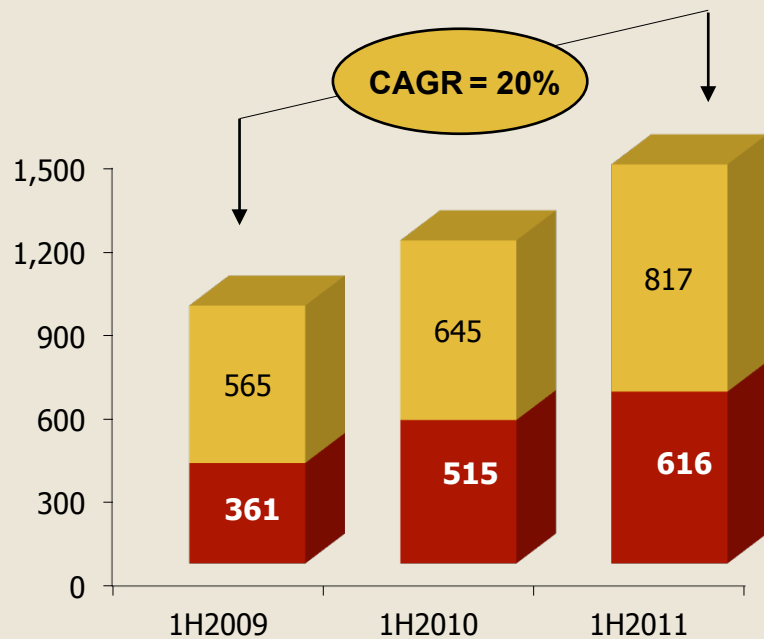
EBITDA, USD million



- EBITDA showed a 61% YoY growth, with a 2-year CAGR of 35%.

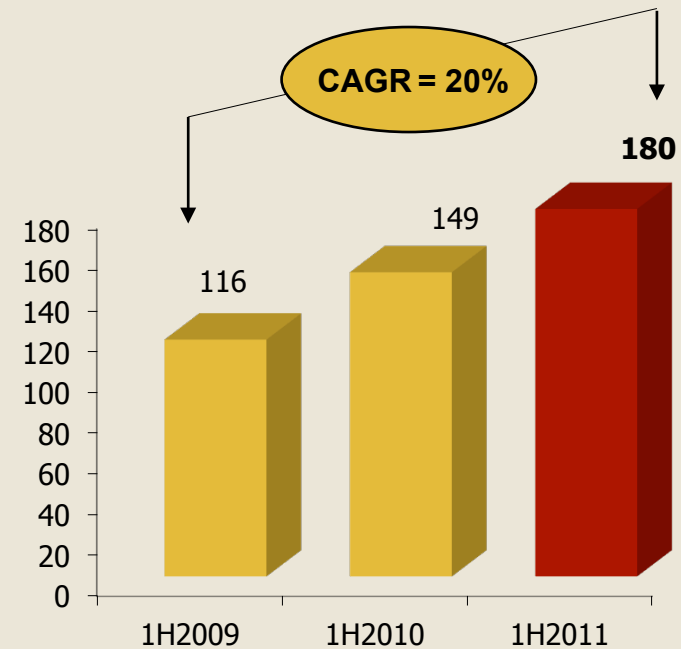
(1) CAGR – Compound annual growth rate.

Polyus Group TCC and cash margin, USD/oz



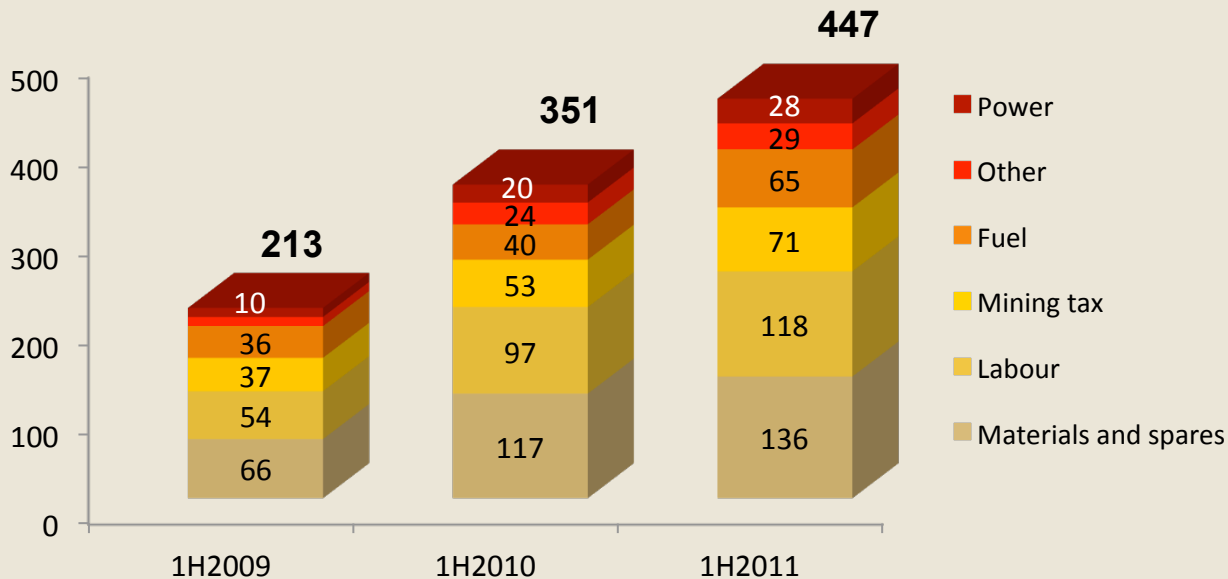
- Expanding cash margin due to gold selling price outpacing growth of cash costs;
- Increase in TCC to USD617/oz mainly driven by:
 - Higher costs for consumables and spares due to increased material requirements and rapid growth of prices for underlying commodities,
 - Increased mining tax charges;
 - Higher labour costs;
 - Increased power costs;
 - Appreciation of the RUB.

CapEx, USD million



- CapEx of USD 180 mln to support:
 - Construction of Blagodatnoye and Verninskoye;
 - Modernisation of production facilities at Olimpiada;
 - Upgrading and renovation of operating assets in Kazakhstan, etc.

Cash operating costs, USD million



Materials and spares:

- Growth of purchase prices for materials and components;
- Ramp-up of Blagodatnoye to full capacity;
- Enhancement of ore processing at Olimpiada, Titimukhta and Kazakhstan mines;
- Increased volumes of sands washing and repair works at alluvial enterprises;
- The RUB appreciation.

Fuel:

- Increase of prices for diesel fuel, gasoline, and coal in line with the global trend;
- Increased mining operations at Blagodatnoye and Titimukhta;
- intensified operation of the coal power plants,
- Early commencement of mining works at alluvials;
- Exchange rate factor.

Power:

- Full-scale operation of Blagodatnoye;
- Increase of power consumption at the Yakutia and Kazakhstan mines;
- Increase in electricity tariffs and exchange rate factor.

Labour expenses:

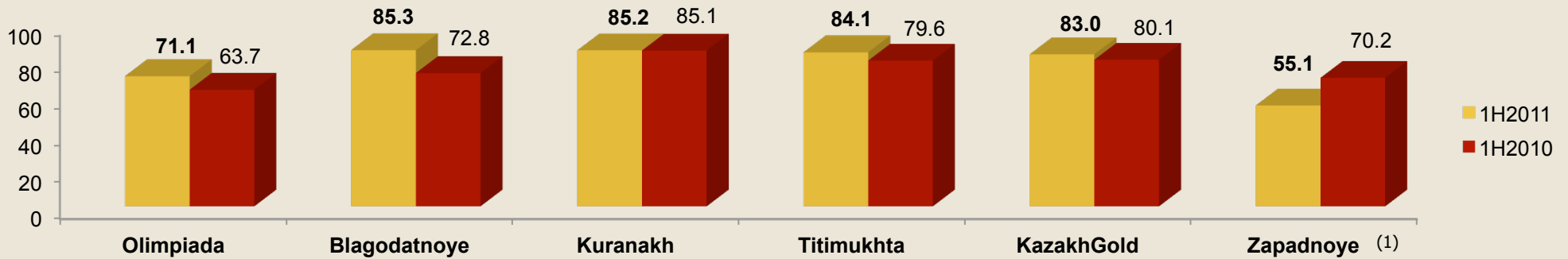
- An increase in the number of personnel at the Krasnoyarsk business unit due to ramp up of Blagodatnoye and Kazakhstan business unit;
- Planned indexation of salaries;
- Appreciation of the RUB relative to the USD;
- Additional payroll costs at the Irkutsk alluvial business unit due to early commencement of mining season.

Mining tax:

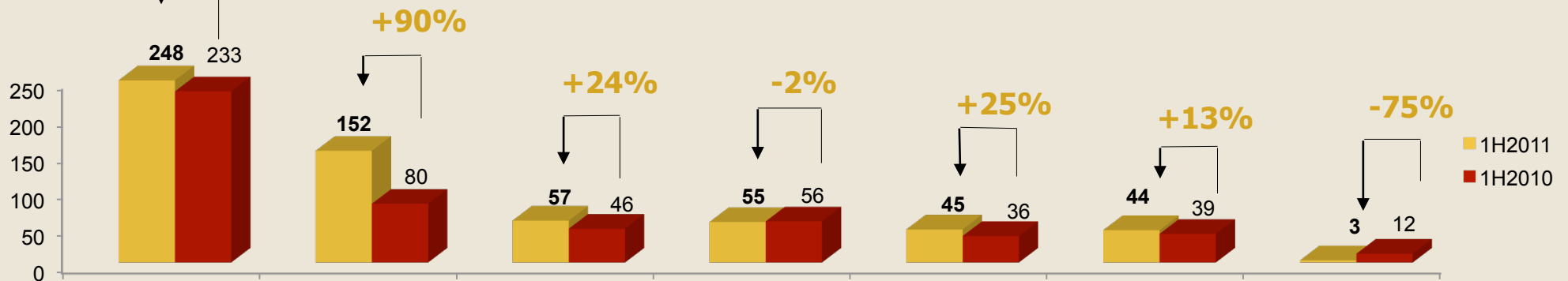
- Higher average gold selling price;
- Enhanced production volumes.

Rising recovery rates and gold output of 611 koz, 21% higher than H1 2010

Recovery rate, %



Gold output, koz



- Olimpiada**
- Improvement of recovery (reached 73.7% in June)
 - 14% increase in ore processing volumes.

- Blagodatnoye**
- Designed processing capacity achieved
 - Recovery reached target level
 - Increase of average gold grade.

- KazakhGold**
- Modernization program at all of the mines;
 - Increased recovery;
 - Higher grades at Bestobe and Zholymbet.

- Kuranakh**
- Gold output maintained at H1 2010 levels.

- Alluvials**
- Mining works started ahead of schedule.

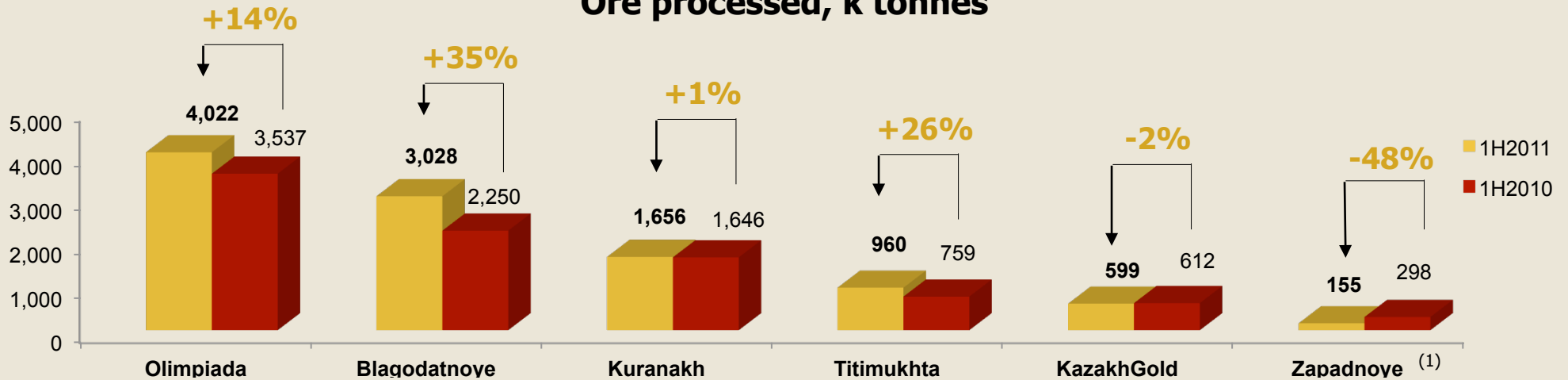
- Titimukhta**
- Enhanced ore processing volumes;
 - Improvement of recovery.

- Zapadnoye (1)**
- Depletion of reserves within the current pit outline.

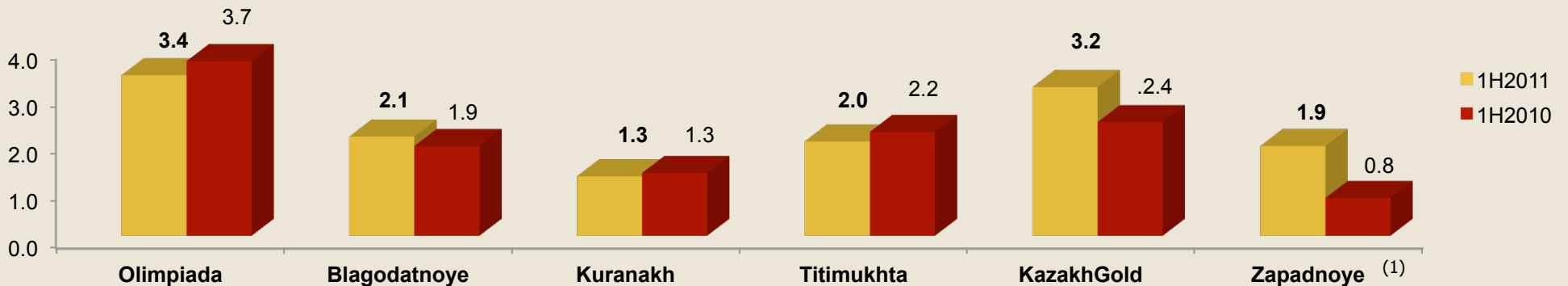
(1) Depleted as of today

Increasing ore output while maintaining grade levels

Ore processed, k tonnes



Average gold grade in ore processed, g/tonne



(1) Depleted as of today

Update on Growth Projects



Optimization of production process at Olimpiada

- **Challenge:** following the transition to the deep-level sulfide ores, the BIONORD® technology showed high sensitivity to the change in the composition of ore – time was required to adopt the technology to the new type of feed.
- **Solution:** In September 2009 an 11 step program was developed aimed at increasing the gold recovery efficiency.
- **Status:** As of beginning of 2011, 8 measures out of 11 have been implemented. The designed processing capacity at Mill-2 and Mill-3 (8 MTPA) was achieved in April 2010.
- In 2011, upon completion of the programme, a 5-6% increase in recovery is expected.

■ Before 2015:

- Target by 2013: achieve gold recovery of 80%+ as a result of the implementation of modernization program aimed at raising the processing efficiency of the plant.

■ After 2015:

- Results of exploration works carried out in 2009 – 2011 indicate that a significant increase of Olimpiada gold reserves may be achieved. The possible ways of mining include a) integration of currently operational Vostochny and Zapadny pits into a single big pit to optimize mining works or b) gradual introduction of underground mining from 2018.
- This will allow to maintain gold output at the level of 800 koz per annum and extend the life of the mine.



Titimukhta

- Under the current mine plan Titimukhta deposit will be mined until 2021. Installation of Knelson concentrators by the end of 2011 is expected to help achieve throughout recovery of 86.2%. Proposed increase of Mill-1 capacity to 2.4 mtpa by 2012 will increase annual gold output and reduce operating costs.
- Estimated capital expenditures are USD 22 mln.
- After depletion of the Titimukhta's ores in 2021 Mill-1 will be modified for the needs of processing of Olimpiada deep horizon ores.

Mine life	2009 - 2021
Reserves	2.2 moz
Mill capacity	2009 – 2011: 2.2 mtpa from 2012: 2.4 mtpa
Grade	2.0 g/t
Recovery	86%
Average Au production⁽¹⁾	135 koz pa
Estimated Capex⁽²⁾	USD 61 mln

(1) In 2012 – 2020
(2) LOM

Mill-1 of Olimpiada mine



Mining works at Titimukhta pit



Blagodatnoye mine



Mine life	2010 - 2028
Reserves	9.9 moz
Mill capacity	2010-2013: 6 mtpa from 2014: 8 mtpa
Grade	2.0 g/t
Recovery	87%
Average Au production⁽¹⁾	450 koz pa
Estimated Capex⁽²⁾	USD 650 mln

(1) In 2014 – 2027

(2) LOM

- P&P reserves of 9.9 moz were listed on the state balance in 2009. Current mill processing capacity is 6 mtpa.
- Having been launched in July 2010, the mill has already achieved the design capacity and gold recovery is approaching the target level.
- Successful operation of the Blagodatnoye mine and increased reserves of the deposit allow to increase the mining and processing capacity of the mine to 8 mtpa from 2014. This will be realized through introduction of an additional processing line.
- Gold output will increase from current levels to 450 koz from 2014.
- Capital expenditures to support Blagodatnoye expansion are estimated at USD 164 mln, additional purchases of mining fleet will require further investments of USD 82 mln.

Ore loading at Kuranakh mine



Mine life	until 2028
Reserves	1.6 moz
Mill capacity	Mill from 2012: 4 mtpa HL from 2014: 4 mtpa
Grade	Mill: 1.6 g/t, HL: 0.7 g/t
Recovery	Mill: 86%, HL: 60%
Average Au production⁽¹⁾	260 koz pa
Estimated Capex⁽²⁾	USD 468 mln

(1) In 2014 – 2021

(2) LOM

- By 2014 the capacity of ore mining is to increase to 8 mtpa. Ore to be processed at the existing mill (4 mtpa at 86% recovery) and heap leaching facility (4 mtpa at the expected 60% recovery). The ore to be separated by grade and by clay (to be processed at the plant) and coarse fractions (to be processed at the HL).
- This will result in additional 70 koz of gold production per year at the mill and 60 koz of gold production at HL, and associated reduction in per unit cost of mining, transportation and processing.
- Investments in the mine expansion are estimated at USD 207 (including HL). Additional purchases of mining fleet will require further USD 96 mln in 2012 – 2015.
- The decision on the mine expansion to be taken during 2011.

Verninskoye

- Commissioning of the Verninskoye mine is scheduled for 4Q 2011. 1.5 m tonnes of ore to be processed in 2012.
- In Feb 2011, Polyus increased P&P reserves to 5.8 moz. Current mineral base of the deposit allows for the expansion of mill processing capacity from 2.2 to 3.6 mtpa by 2013.
- Preliminarily estimated capex for the mine expansion amount to USD 271 mln. This includes investments into construction of a 16 MW coal power plant in Bodaibo and improvement of power grid in the region to ensure sufficient supply of power to the mine.
- The project will be submitted to the Board in September 2011. If approved, additional gold output will amount to 100–110 koz per annum.
- The project documentation is ready and the construction team and necessary equipment are on site.
- Fine tuning of expansion processing concept is under way.

Mine life	2011 - 2027
Reserves	5.8 moz
Mill capacity	2011-2012: 2.2 mtpa from 2013: 3.6 mtpa
Grade	2.7 g/t
Recovery	86%
Average Au production⁽¹⁾	260 koz pa
Estimated Capex⁽²⁾	USD 698 mln

(1) In 2013 – 2027

(2) LOM

Ore pretreatment, hydrometallurgical workshops



Verninskoye mills



Storage for fuels and lubricants



Camp residential buildings and auxiliary facilities



Crushing complex



The project development proceeding in-line with the parameters set out by the Board in Dec 10.

Natalka development plan

Stage 1 (1) 2014-2016 (construction approved)

Capacity: 10 mtpa
Grade: in 2014-2021: 2.1 g/t; LOM: 1.96 g/t
Recovery: 85%
Average Au production: 0.5 moz pa
Capex: USD 1.1 bln

Stage 2 (2) 2016-2020

Capacity: 20 mtpa
Grade: In 2014-2018: 2.1 g/t, LOM: 1.96 g/t
Average Au production: 1.0 moz pa

Stage 3 2020-2039

Capacity: 40 mtpa
Grade: In 2014-2019: 2.1 g/t, LOM: 1.60 g/t
Average Au production: 1.5 moz pa

Natalka pilot plant



Project update 2011:

- Polyus plans to spend USD 1.2 bln on the development of the 1st stage of Natalka
- Agreement with MagadanEnergo signed to join the power grids for the supply of the 1st stage plant. 110 kV overhead line replacement and grid reconstruction started
- Pre-mining grade control drilling under way
- Reconstruction of the tailings dam completed
- Tender for the crushing and grinding equipment supplier completed, contracting in progress

(1) Stage 1 data provided the BoD decides not to go ahead with stage 2
(2) Stages 1&2 data for 2014-2043 provided the BoD decides not to go ahead with stage 3

- **Bamskoye – an early stage development project (Amur region):**
 - The deposit may be mined by an open pit, followed by underground mining.
 - Estimated Capex – USD 232 mln. Commissioning of a 1 mtpa mill with an average annual gold production of ~100 koz is possible by 2016.

- **Nezhdaninskoye (Republic of Sakha (Yakutia)):**
 - Refractory sulfide ores of the deposit with high content of arsenic to be mined by an underground adit.
 - 1 mtpa BIOX[®] plant to be launched in 2016. Estimated Capex – USD 580 mln.
 - Mining of high-grade ore in the first years of operation will allow to produce ~ 200 koz of gold per annum.

- **Poputninskoye + Panimba – a mid-stage development project to expand Krasnoyarsk cluster:**
 - The proximity of these 2 deposits to each other and similar quality of refractory sulfide ores allow to treat them through a single processing unit.
 - A HL facility is planned to process oxidized ores in 2016–2017 with gold output of ~40 koz pa. Simultaneously, POX technology will be tested for sulfide ores of the deposits.
 - In the event that positive results are achieved, launch of a 2.5 mtpa POX plant is planned for 2018. Estimated Capex – USD 462 mln. Gold output is expected to reach 220 koz pa in 2019.

- **Chertovo Koryto (Irkutsk region):**
 - HL production to be tested in 2011–2012.
 - In case positive results are achieved, a 700 ktpa pilot HL facility will be constructed to process approximately 6 tonnes of gold reserves.
 - In 2013 the Group plans to develop a feasibility study for a 2.5 mtpa plant. Estimated Capex – USD 426 mln. Should the plant be constructed electric power to be supplied by an in-house coal power plant or externally through the planned power grids.
 - Production target of 160 koz of gold per year.