Polymetal is a vertically integrated company engaged in precious metals mining.

- Management company
- Operating subsidiaries
- Engineering company
- Holding company

- Holds 15 licenses for prospecting operations and development of precious metals deposits;
- 4 producing mines;
- 7 exploration regions (1100 km²);
- 4 200 employees in Russia

Company with the best development dynamics in the industry

Headquarters in Saint-Petersburg
Mission & Strategy

- Expansion of resource base
  - growth of mineral resource base, geological exploration program;
  - increase of productive capacity of mining projects, increase of precious metals mining;

- Increase in productive efficiency
  - complete cycle of the deposits development from geology studies to production including engineering, construction and operation;
  - reduction of operating costs;
  - Increase in company capitalization

- Improvement of corporate governance
  - integration into a single management and information system;
  - up-to-date management and technological solutions;
  - international financial, legal and technical audit;
  - HR potential increase at every level of the company;
  - responsible interaction with environment, heath & safety program

Creation of the leading mining company in Russia with the best corporate governance and effective production
8 operations from “green field” stage
Corporate Structure

ICT Group

100%

Polymetal Management

Polymetal

Polymetal Engineering

Management

Production

Exploration

Design

Northern Urals Gold

Magadan Silver
- Dukat (2017)

Silver Territory
- Lunnoye (2016), Arilakh (2016)

Okhotsk Mining and Geological Company

Kuril Mining and Geological Company

Zun Khada
- Reftinskaya /Fevralskoe (2018)
Assets - Geographical Distribution

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Region</th>
<th>License</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dukat</td>
<td>Magadan Region</td>
<td>2017</td>
</tr>
<tr>
<td>Lunnoye</td>
<td>Magadan Region</td>
<td>2016</td>
</tr>
<tr>
<td>Vorontsovskoye</td>
<td>Sverdlovsk region</td>
<td>2018</td>
</tr>
<tr>
<td>Khakanjinskoye</td>
<td>Khabarovsk territory</td>
<td>2014</td>
</tr>
<tr>
<td>Mysovskaya field</td>
<td>Sverdlovsk region</td>
<td>2004</td>
</tr>
<tr>
<td>Reftinskaya zone</td>
<td>Sverdlovsk region</td>
<td>2018</td>
</tr>
<tr>
<td>Arylakh</td>
<td>Magadan Region</td>
<td>2016</td>
</tr>
<tr>
<td>Yurievskoye</td>
<td>Khabarovsk territory</td>
<td>2014</td>
</tr>
<tr>
<td>Barun-Holba</td>
<td>Republic of Buryatya</td>
<td>2008</td>
</tr>
<tr>
<td>Haranurskaya field</td>
<td>Republic of Buryatya</td>
<td>2006</td>
</tr>
<tr>
<td>Prasolovkoye</td>
<td>Sahalin region</td>
<td>2017</td>
</tr>
<tr>
<td>Northern-Kunashir field</td>
<td>Sahalin region</td>
<td>2004</td>
</tr>
</tbody>
</table>

Working in traditional gold & silver mining regions
### Reserves Profile

**01/01/05**

<table>
<thead>
<tr>
<th>Deposit</th>
<th>Category</th>
<th>Ore (mln. oz.)</th>
<th>Gold (th.oz.)</th>
<th>Silver (M.oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vorontsovskoye</td>
<td>C1+C2</td>
<td>255</td>
<td>1752</td>
<td>2</td>
</tr>
<tr>
<td>Dukat</td>
<td>C1+C2</td>
<td>990</td>
<td>954</td>
<td>464</td>
</tr>
<tr>
<td>Khakanjinskoye *</td>
<td>C1+C2</td>
<td>249</td>
<td>1765</td>
<td>70</td>
</tr>
<tr>
<td>Lunnoye **</td>
<td>C1+C2</td>
<td>280</td>
<td>480</td>
<td>121</td>
</tr>
<tr>
<td>Other projects in development</td>
<td>C1+C2</td>
<td>16</td>
<td>300</td>
<td>0,5</td>
</tr>
<tr>
<td>Polymetal total</td>
<td>C1+C2</td>
<td>1790</td>
<td>5251</td>
<td>657,5</td>
</tr>
</tbody>
</table>

* including Yurievskoye deposit ** including Arylakh deposit

### Au & Ag Reserves

- Company with the largest Ag reserves in Russia
- Annual growth of reserves
- High quality and safety of mineral resource base
- Enough reserves for the next 25 years of production

**Mineral Resource Base for over 25 years of operating**
## Production profile

### Ore mined (th. tons)
- 2003: 1,764
- 2004: 2,673
- 2005E: 2,726

### Ore milled (th. tons)
- 2003: 1,677
- 2004: 2,141
- 2005E: 2,800

### Au production (th. oz.)
- 2003: 136
- 2004: 212
- 2005E: 315

### Ag production (M. oz.)
- 2003: 11.8
- 2004: 17.3
- 2005E: 19.2

- Forecasted growth of mining volumes in 2005 - 25%
- Ratio of mined Au and Ag makes 50/50 in monetary equivalent

**E-commerce estimations**

### Au production

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (th. oz.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>27</td>
</tr>
<tr>
<td>2001</td>
<td>84</td>
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<tr>
<td>2002</td>
<td>132</td>
</tr>
<tr>
<td>2003</td>
<td>136</td>
</tr>
<tr>
<td>2004</td>
<td>212</td>
</tr>
<tr>
<td>2005E</td>
<td>315</td>
</tr>
</tbody>
</table>

### Ag production

<table>
<thead>
<tr>
<th>Year</th>
<th>Production (M. oz.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>0.1</td>
</tr>
<tr>
<td>2001</td>
<td>0.1</td>
</tr>
<tr>
<td>2002</td>
<td>2</td>
</tr>
<tr>
<td>2003</td>
<td>12</td>
</tr>
<tr>
<td>2004</td>
<td>17</td>
</tr>
<tr>
<td>2005E</td>
<td>19</td>
</tr>
</tbody>
</table>

### Note
- 4 major operations at project capacity in 2005

*All figures for 2004*
2004 Key Financials

- Capital expenditures - 37 mln. $US
- Cash operating costs - 229 $US/oz.
- Total production costs - 270 $US/oz.
- Licenses for direct export of Au и Ag
- Long-term (5 years) 105 mln. $US syndicated loan (arrangers - SBL & HVB)
- Expected Credit Link Notes (CLN) 70 $US mln. issue.

Cash Operating Costs (Au eq.)

Cash costs less than world average

* All figures for 2004
Key principles – vertical integration

• integration of all subsidiaries into a single management system
• integration into a single information and financial system

ICT Group

Polymetal

Polymetal Management

Polymetal Engineering

Producing companies

Exploration companies

Highly efficient and transparent management system
Key principles - dynamism

- thorough use of geological data to solve any issue at any levels of the company activities: from design to operation;
- multi-path calculations of mining operations development and obtaining optimal strategic solutions of the highest economic effect;
- ore quality automatic control and management system

Dynamic approach to the reserves in terms of economic efficiency
### Key Competences

#### Exploration
- Strong geologist team with relevant experience
- Database
- Presence in key gold-producing regions

#### Engineering
- Full-in-house Engineering capacity with 130 engineers

#### Procurement & Construction
- Deep knowledge of Russian specifics
- Extensive experience in remote locations with different logistics

#### Start-up
- Dedicated start-up team
- Knowledge sharing among operations

#### Operations
- Vertical integration
- Effective budgeting system
- Strong management team

### Challenges

<table>
<thead>
<tr>
<th>Key Competences</th>
<th>Challenges</th>
<th>Achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exploration</td>
<td>Exploration</td>
<td>Start-up</td>
</tr>
<tr>
<td>Engineering</td>
<td>Use of original in-house technologies</td>
<td>Engineering</td>
</tr>
<tr>
<td>Procurement &amp; Construction</td>
<td>Lack transport and business infrastructure</td>
<td>Procurement &amp; Construction</td>
</tr>
<tr>
<td>Start-up</td>
<td>Diversified technologies, qualified staff on sites</td>
<td>Start-up</td>
</tr>
<tr>
<td>Operations</td>
<td>Inflation &amp; Rouble appreciation</td>
<td>Operations</td>
</tr>
<tr>
<td></td>
<td>Lack of qualified personnel</td>
<td></td>
</tr>
</tbody>
</table>

### Achievements

- Yearly growth of reserves
- Models verification in actual operating
- 8 processing plants designed and successfully operating with different technological patterns
- Low CapEx (Vorontsovskoye, Dukat)
- Quick commissioning (Vorontsovskoye)
- 7 green field & brown field successfully launches
- Quick commissioning (Vorontsovskoye)
- Low cash cost
- Meeting production targets

**Excellent experience in all project development stages**
Key principles - analytical control

- budget planning (economical model based on production).
- planning of KPI and KFI for all technological stages: from rock-mass mining to bullion production.
- prompt budget adjustments according to market conditions

Zero-based budgeting
(bottom-up approach)

- Geological model
- Mining & processing plan
- Equipment use plan
- Non-monetary budget of material, HR, taxes etc.
- Monetary budget of operational costs
- Quarterly statements (plan-fact)

For all technological stages

Company with effective budgeting system
Key principles - technological innovation

- complete deposit development cycle: from prospecting to operation
- highly-qualified staff
- in-house engineering company – a leader on the market of fundamental and operational design of ore deposits
- use of original in-house technological solutions

Original In-House Technological Solutions

- combined processing of floatation concentrate (Dukat deposit) and ore (Lunnoye deposit) at the gold-recovery plant of the Lunnoye deposit to increase recovery rate
- half-dry storage of tailings – dehydrated cake (Vorontsovskoye deposit)
- 2-layered piling of leaching heaps (Vorontsovskoye deposit)
- roll-table mills (Khakanjinskoye deposit) sharp drop in specific metal amount in equipment under logistics and engineering-geological conditions of the building sites
- cooling of concentrate to enable loading and transportation in soft containers (Dukat deposit)
Corporate Governance

- International Geological Audit SRK Consulting
- Legal Due Diligence Clifford Chance
- Financial audit PriceWaterhouseCoopers
- Risk-Management
- Ecological Audit according to the World Bank Standards
- Environment protection Program
- Health and Safety Program

Improvement of corporate governance
Dukat

- **Deposit**: Dukat
- **License**: 2017
- **Geology**: vein zones, veins of quartz-sulphid, quartz-chlorite-adular and quartz-rhodonite composition
- **Mining**: open-pit and underground operations (sublevel open stopping)
- **Processing**: floatation flow-sheet
- **Mill capacity**: 750,000 - 1,000,000 t.p.a.
- **Personnel**: 1030
- **Mine life**: > 25 years mine life
- **Region**: traditional gold & silver mining region
- **Community**: key support for regional community

<table>
<thead>
<tr>
<th>Reserves (C1+C2)</th>
<th>Au, th.oz.</th>
<th>Ag, M.oz.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>954</td>
<td>464</td>
</tr>
</tbody>
</table>

3rd largest world silver deposit by reserves

*All figures for 2004*
## Dukat

### Table: Recovery and Production Statistics

<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore Mined (t.)</td>
<td>603</td>
<td>840</td>
<td>850</td>
</tr>
<tr>
<td>Ore Milled (t.)</td>
<td>548</td>
<td>765</td>
<td>850</td>
</tr>
<tr>
<td>Ag av. head grade (g./t.)</td>
<td>782</td>
<td>606</td>
<td>585</td>
</tr>
<tr>
<td>Recovery rate, Ag (%)</td>
<td>66%</td>
<td>79%</td>
<td>82%</td>
</tr>
<tr>
<td>Recovered Au (th.oz.)</td>
<td>22</td>
<td>24</td>
<td>25</td>
</tr>
<tr>
<td>Recovered Ag (mln.oz.)</td>
<td>9</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Cash costs ($US/oz Au eq.)</td>
<td>330</td>
<td>177</td>
<td>186</td>
</tr>
<tr>
<td>CapEx ($US mln.)</td>
<td>9,0</td>
<td>8,2</td>
<td>2,9</td>
</tr>
</tbody>
</table>

### Timeline:
- 1967: Discovery of Dukat
- 1971-77: Dukat acquisition
- 2000: Launch of mine & mill complex
- 2001: Mill modernization
- 2004: Mill expansion
- 2005P: Launch of II stage
- 2006-07P: Exploration at Dukat

4th world largest deposit by Ag production in the world

* All figures for 2004
Lunnoye

- **Deposit**: Lunnoye
- **License**: 2016
- **Geology**: vein zones and veins of quartz-carbonate and rhodonite composition
- **Mining**: open-pit; underground operations since 2007
- **Processing**: cyanide leaching
- **Mill capacity**: 300 t.p.a.
- **Personal**: 740
- **Mine life**: > 15 years mine life
- **Region**: traditional gold & silver mining region
- **Community**: key support for regional community

<table>
<thead>
<tr>
<th></th>
<th>Au, th.oz.</th>
<th>Ag, mln.oz.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves (C1+C2)</td>
<td>480</td>
<td>121</td>
</tr>
<tr>
<td>Resources (P1+P2)</td>
<td>47</td>
<td>16</td>
</tr>
</tbody>
</table>

*Includes Arrilakh deposit

Huge further exploration potential

*All figures for 2004*
### Lunnoye

#### Key Data Points:

<table>
<thead>
<tr>
<th>Metric</th>
<th>2003</th>
<th>2004</th>
<th>2005E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore Mined (th.t.)</td>
<td>322</td>
<td>304</td>
<td>277</td>
</tr>
<tr>
<td>Ore Milled (th.t.)</td>
<td>246</td>
<td>257</td>
<td>300</td>
</tr>
<tr>
<td>Au av. head grade (g./t.)</td>
<td>3.2</td>
<td>3.7</td>
<td>3.1</td>
</tr>
<tr>
<td>Ag av. head grade (g./t.)</td>
<td>453</td>
<td>484</td>
<td>431</td>
</tr>
<tr>
<td>Recovery rate, Au</td>
<td>83%</td>
<td>92%</td>
<td>93%</td>
</tr>
<tr>
<td>Recovery rate, Ag</td>
<td>82%</td>
<td>92%</td>
<td>92%</td>
</tr>
<tr>
<td>Recovered Au (th.oz.)</td>
<td>17</td>
<td>31</td>
<td>28</td>
</tr>
<tr>
<td>Recovered Ag (mln.oz.)</td>
<td>3</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Cash costs ($US/oz Au eq.)</td>
<td>448</td>
<td>332</td>
<td>245</td>
</tr>
<tr>
<td>CapEx ($US mln.)</td>
<td>3.1</td>
<td>7.5</td>
<td>1.2</td>
</tr>
</tbody>
</table>

#### Timeline:

- **1987**: Discovery of Lunnoye
- **1988-95**: Exploration at Lunnoye
- **1999**: Construction started (green field)
- **2001**: Co-processing of Lunnoye & Dukat ores
- **2003**: Active exploration
- **2004-05P**: Start operations at Arylakh
- **2006P**: Underground operations at Lynnoye
- **2007P**: Top-10 largest world silver deposits by Ag production

*All figures for 2004*
Vorontsovskoye

- Deposit: Vorontsovskoye
- License: 2018
- Geology: oxidized (loose) ores; primary gold sulphide vein impregnated ores
- Mining: open-pit operations
- Processing: heap leaching, carbon in the pulp
- Mill capacity:
  - oxidized ore - 900 000 t.p.a.,
  - primary ore - 600 000 t.p.a.
- Personnel: 980
- Mine life: > 12 years mine life
- Region: largest deposit in Sverdlovsk region

<table>
<thead>
<tr>
<th>Reserves (C1+C2)</th>
<th>Au, th.oz</th>
<th>Ag, mln. oz</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 752</td>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Operation with two types of ore-processing technologies

* All figures for 2004
Vorontsovskoye

Launch of the II stage in 2004 - 12 years mine life  * All figures for 2004
Khakanjinskoye

- Deposit: Yurievskoye
- License: 2014
- Geology: quartz gold and silver ores with manganese
- Mining: open pit, underground operations since 2009
- Processing: cyanide leaching
- Mill capacity: 500 000 t.p.a.
- Personnel: 980
- Region: traditional gold mining region
- Community: key support for the local community

<table>
<thead>
<tr>
<th></th>
<th>Au, th.oz.</th>
<th>Ag, mln.oz.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reserves (C1+C2)</td>
<td>1 765</td>
<td>70</td>
</tr>
<tr>
<td>Resources (P1 + P2)</td>
<td>373</td>
<td>18</td>
</tr>
</tbody>
</table>

* Including Yurievskoye deposit

Low cost operation

* All figures for 2004
<table>
<thead>
<tr>
<th></th>
<th>2003</th>
<th>2004</th>
<th>2005E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore Milled (th.t.)</td>
<td>63</td>
<td>617</td>
<td>622</td>
</tr>
<tr>
<td>Ore Milled (th.t.)</td>
<td>32</td>
<td>213</td>
<td>400</td>
</tr>
<tr>
<td>Au av. head grade (g./t.)</td>
<td>11</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>Ag av. head grade (g./t.)</td>
<td>367</td>
<td>424</td>
<td>434</td>
</tr>
<tr>
<td>Recovery rate, Au</td>
<td>69%</td>
<td>93</td>
<td>93%</td>
</tr>
<tr>
<td>Recovery rate, Ag</td>
<td>87%</td>
<td>49</td>
<td>50%</td>
</tr>
<tr>
<td>Recovered Au (th.oz.)</td>
<td>-</td>
<td>79</td>
<td>140</td>
</tr>
<tr>
<td>Recovered Ag (mln.oz.)</td>
<td>-</td>
<td>1,5</td>
<td>2,8</td>
</tr>
<tr>
<td>Cash costs ($US/oz Au eq.)</td>
<td>-</td>
<td>272</td>
<td>166</td>
</tr>
<tr>
<td>CapEx ($US mln.)</td>
<td>18,2</td>
<td>12,0</td>
<td>3,0</td>
</tr>
</tbody>
</table>

**Operation with huge growth potential**

*All figures for 2004*
Exploration and prospecting

- **Dukat** extensive geological exploration at flanks and local area
- **Lunnoye** under-explored ore zones; deep layers
- **Khakanjinskoye** deep layers, deposit flanks
- **Vorontsovskoye** deposit flanks, local area
- **Other** geological exploration at protective areas in various regions of Russia

Company with high yearly growth of reserves
Polymetal at the market

Top Russian gold producers in 2004

- Polus: 58.3%
- Polymetal: 9.4%
- Amur: 2.4%
- HGM: 0.07%
- Buryatzoloto (HRG): n/a
- Aldanzoloto: 25.3%
- Pokrovskiy (PHM): -6.4%

* (%) y-o-y 2004/2003

Source: Association of the Russian gold producers

Top-10 world silver producers in 2004E (mln. oz).

<table>
<thead>
<tr>
<th>Company</th>
<th>Ag (mln. oz.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>BHP Billiton</td>
<td>44.9</td>
</tr>
<tr>
<td>Industrias Peñoles</td>
<td>44.4</td>
</tr>
<tr>
<td>KGHM Polska Miedz</td>
<td>42.8</td>
</tr>
<tr>
<td>Kazakhmys</td>
<td>21.0</td>
</tr>
<tr>
<td>Barrick Gold</td>
<td>18.7</td>
</tr>
<tr>
<td>Grupo Mexico</td>
<td>17.7</td>
</tr>
<tr>
<td><strong>Polymetal</strong></td>
<td><strong>17.3</strong></td>
</tr>
<tr>
<td>Rio Tinto</td>
<td>17.2</td>
</tr>
<tr>
<td>Coeur d'Alene Mines</td>
<td>13.3</td>
</tr>
<tr>
<td>Noranda</td>
<td>13.2</td>
</tr>
</tbody>
</table>

Source: GFMS, WSI

2nd largest Russian gold producing company, 7th largest world silver producing company - best dynamics
Management

Vitaly N. Nesis, Polymetal CEO
In 1997 graduated from Yale University (USA). Till 1999 was the analyst in Merrill Lynch (USA), in 1999-2000 – worked at McKinsey&Company office in Moscow. In 2000-2001 handled strategic development of UAZ JSC, being a Director for Strategic Development, then was the CEO of Vostsibugol. In 2003 became Polymetal CEO.

Igor V. Venatovsky, first Deputy CEO
Since 1971 Mr. Venatovsky has been working in Krasnokholmsk geology association as an engineer and was promoted to the position of CEO later; in 1995 joined Polymetal, being one of its founders. Since 2000 he has been working as the first Deputy CEO.

Sergey A. Cherkashin, Chief Financial Officer
In 1994-1995 Mr. Cherkashin held a position of a consultant for AT Kearney consulting company, in 1995-99 he worked as a deputy CFO at Timashevsk dairy factory. In 1999-2000 Mr. Cherkashin held the position of a sales director at Ulianovsk car-factory (UAZ). In 2001-2003 he worked as a deputy CEO for development at Volgograd dairy factory. Before his appointment in Polymetal Mr. Cherkashin held a position of the head of the agricultural machine-building department at Interpipe corporation (Ukraine).

Vladimir T. Ryabukhin, Deputy CEO for Mineral Resources
Mr. Ryabukhin graduated from the Tomsk Polytechnical Institute with a certification in prospecting and exploration at radioactive ore deposits. He was the chief geologist at the Krasnokholmsky production and geological corporation and Nevskgeologiya geological enterprise. He was also the first to discover the Koschek and Djantuar uranium deposits in the Kyzylkum province of Uzbekistan. Ph.D. in geology.

Alexander A. Zarya, Deputy CEO for General Issues
In 1991-1994 was the CEO of Quartz JSC (St-Petersburg), Since 1995 was involved into organization Polymetal first gold mining projects. Has worked in Polymetal since its foundation.
Contacts

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fax: (812) 376-6520
E-mail: info@polymetal.ru
Telex: 812155 GRANA RU

Moscow
119180, 1st Golutvinsky pereulok, 1
Tel: (095) 937-31-53
Fax: (095) 937-31-57

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