



2010 Denver Gold Forum

19 – 22 September



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# Polymetal — Key Facts

<b>1H 2010 Production</b>		
Gold	209	Koz (+57% Y-o-Y)
Silver	9.6	Moz (+13% Y-o-Y)
Gold eq. <sup>1</sup>	0.4	Moz (+37% Y-o-Y)
<b>Revenue</b>		
1H 2010	US\$ 424m (+93% Y-o-Y)	
<b>2009 Co-product Cash Costs (Gold equivalent)</b>		
US\$ 479/oz (flat Y-o-Y)		
<b>2009 Adjusted EBITDA</b>		
US\$ 242m (+49% Y-o-Y)		
<b>2P Reserves (JORC)<sup>1</sup></b>		
Gold eq. <sup>1</sup>	17.1	Moz at 4.5 g/t
<b>Capital Structure</b>		
Market cap	US\$ 4.8bn <sup>2</sup> (358 million shares)	
Net debt <sup>3</sup>	US\$ 569m	

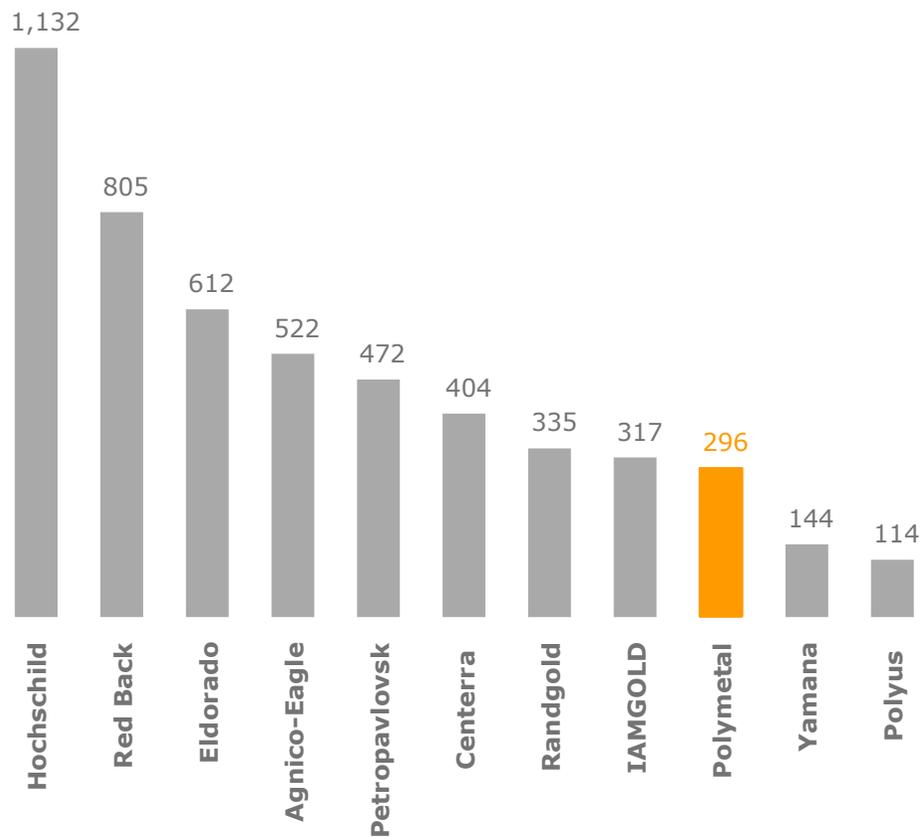
<sup>1</sup> Using 1:60 Ag/Au and 5:1 Cu/Au conversion ratios

<sup>2</sup> LSE price as of September 1, 2010. Market cap is calculated without accounting for treasury shares held by Polymetal's subsidiaries (c. 41million). Total ordinary shares account for 399.4 million.

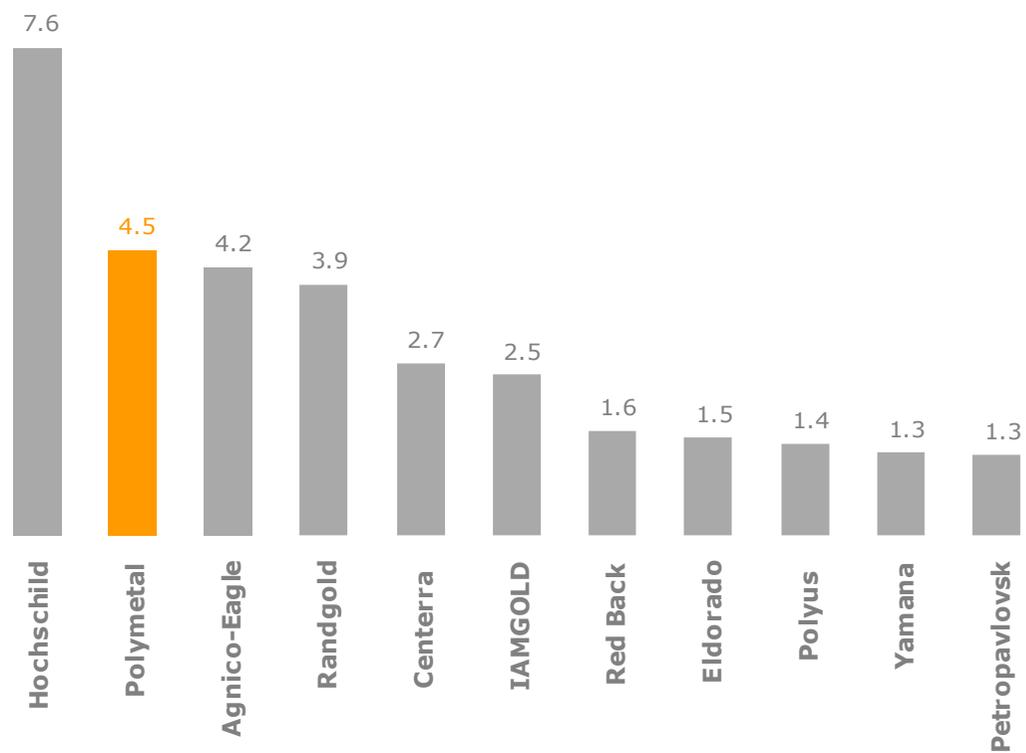
<sup>3</sup> As of December 31, 2009

# Cheap, high-grade reserve ounces

EV/oz Reserves



Average reserve gold eq. grade



Using 1:60 Ag/Au and 5:1 Cu/Au conversion ratios  
Based on JORC reserves. Actual as of August 27, 2010

# Polymetal: Asset portfolio

## Voro

**Production:** 150 Koz Au  
**Reserves:** 1.8 Moz Au @ 2.8 g/t  
**Cash costs FY09:** US\$381/oz of Au

## Dukat

**Production:** 300 Koz Au eq.  
**Reserves:** 6.1 Moz Au eq. @ 9 g/t  
**Cash costs FY09:** US\$537/oz of Au eq.

## Mayskoye

**Reserves:** 2.4 Moz Au @ 9.6 g/t  
**Resources:** 7.5 Moz Au @ 9.3 g/t

## Omolon

**Reserves:** 1.9 Moz Au eq. @ 4.3 g/t  
**Kubaka plant started up in August 2010**

## Khakanja

**Production:** 136 Koz Au eq.  
**Reserves:** 0.96 Moz Au eq. @ 9.5 g/t  
**Cash costs FY09:** US\$463/oz of Au eq.

## Amursk POX hub

**Processing capacity:** 250ktpa of concentrate

## Albazino

**Reserves:** 2.3 Moz Au @ 4.1 g/t  
**Resources:** 3 Moz Au @ 4.3 g/t



● Production  
 ● Development

## Varvarinskoye

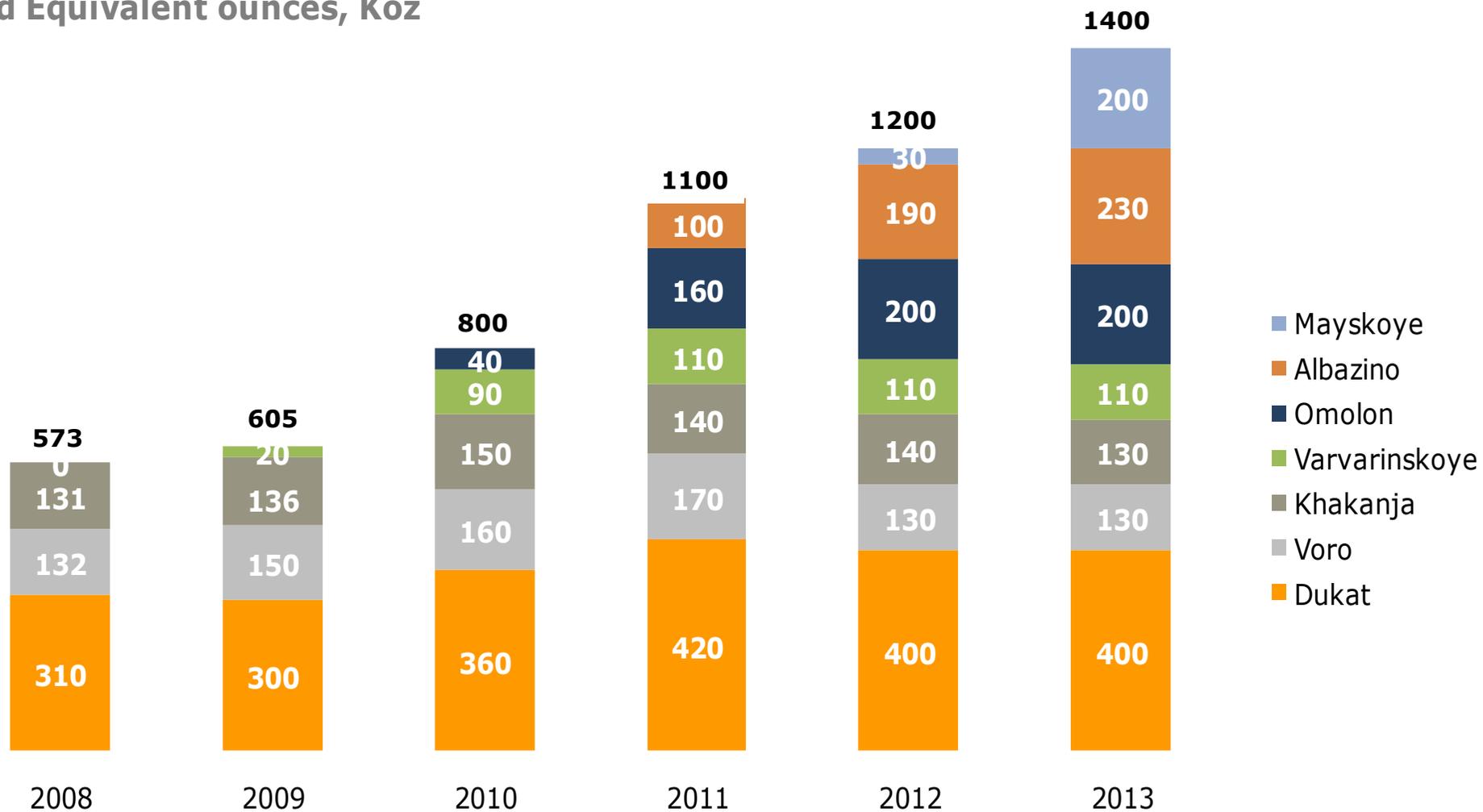
**Reserves:** 1.3 Moz Au @ 1.1 g/t  
 151m lb Cu @ 0.7%

Production numbers are given for the full year 2009

Reserves and resources are as of August 2010

# Compelling Growth Profile

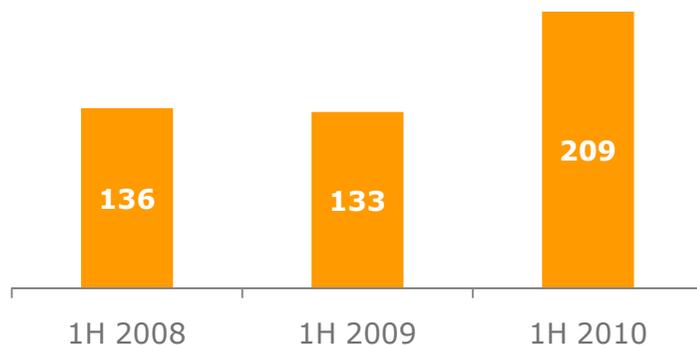
Gold Equivalent ounces, Koz



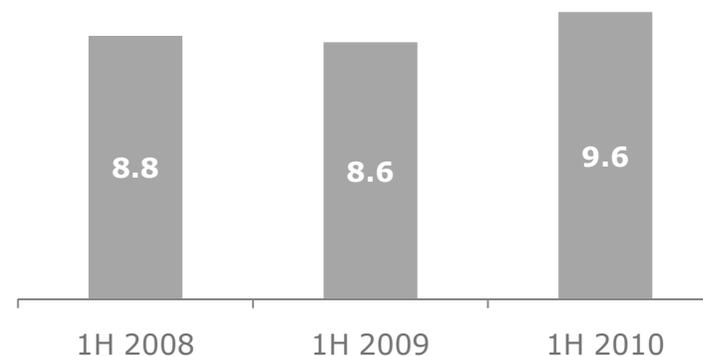
Using 1:60 Ag/Au and 5:1 Cu/Au conversion ratios

# 1H 2010 Highlights

Gold (Koz)



Silver (Moz)



- **209 Koz of gold** was produced (+57% Y-on-Y)
- Increased throughputs and grades at Voro and Dukat
- Significantly higher grades at Voro and Khakanja
- Production contribution by Varvara is 37 Koz

- **9.6 Moz of silver** was produced (+13% Y-on-Y)
- Increased throughput at Dukat
- Significantly higher grades and recoveries at Khakanja

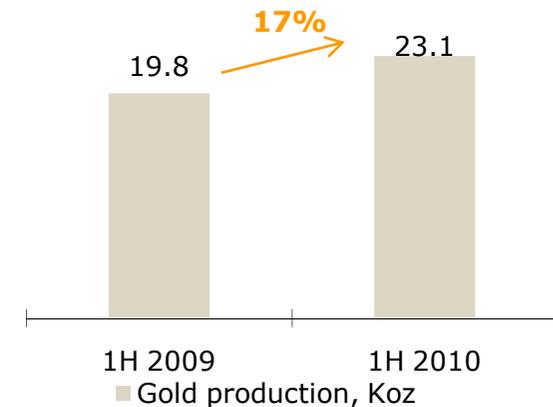
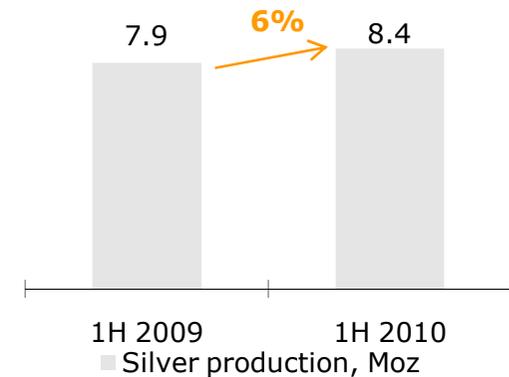
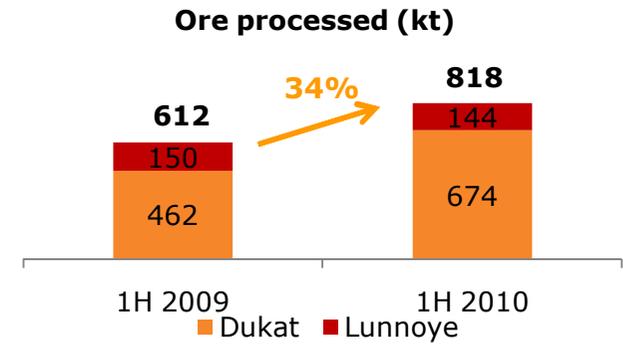
Operations

# Dukat

**Remaining LOM:** Dukat – 13 years  
 Lunnoye/Arylakh – 13 years  
 Goltsovoye – 12 years

## 1H 2010 highlights

- Expanded Dukat plant reached the design capacity of 1.5 Mtpa in May
- Gold and silver production up 17% and 6% respectively due to the increased throughput at Dukat
- Gravity circuit which will be used for processing of lead-rich ore from Goltsovoye to improve recoveries to be commissioned in Q4 2010
- Underground development at Goltsovoye is accelerating, with mining of first ore from stopes to commence on time in Q4 2010



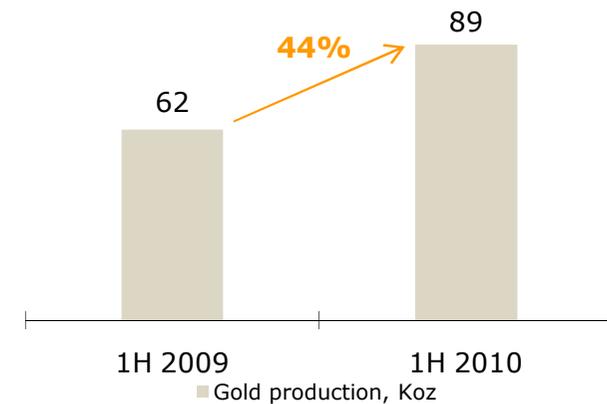
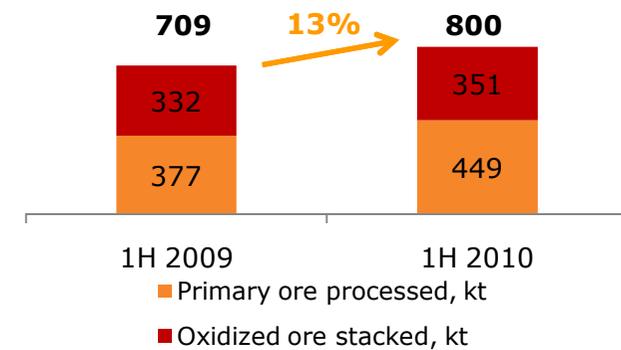
# Voro

**Remaining LOM:** oxide ore – 6 years  
primary ore – 15 years



## 1H 2010 highlights

- Expanded CIP plant operating at full capacity whereas both grades and recoveries are improving
- Higher-grade ore from satellite Degtyarskoye processed during the second quarter
- Half-yearly gold production jumped 44% Y-on-Y
  - From primary ore (CIP plant) – by 50%
  - From oxidized ore (heap leach) – by 18%

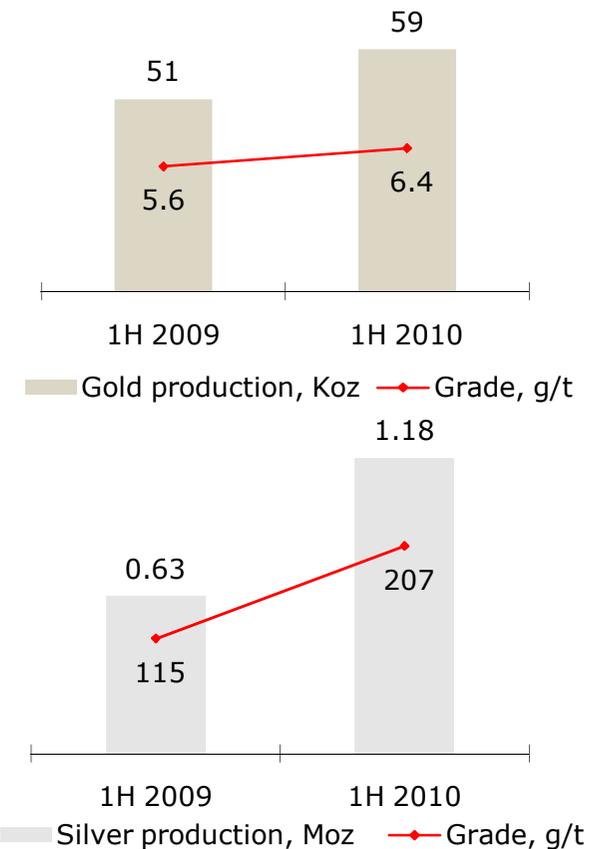


# Khakanja

Remaining LOM: 6 years

## 1H 2010 highlights

- Gold production was up by 16%
- Silver production almost doubled Y-on-Y due to significant increases in processed silver grades
- Although open-pit mining at satellite Yurievskoye has been completed in the first quarter, high-grade ore is still being processed at the Khakanja plant.
- A go-ahead decision was made to start underground mining at Yurievskoye. The expected LOM is 18 months, during which it is planned to mine 100 Kt of ore grading at 8 g/t gold.
- Viability of underground mining at Khakanja to be determined in Q4 2010



# Varvarinskoye

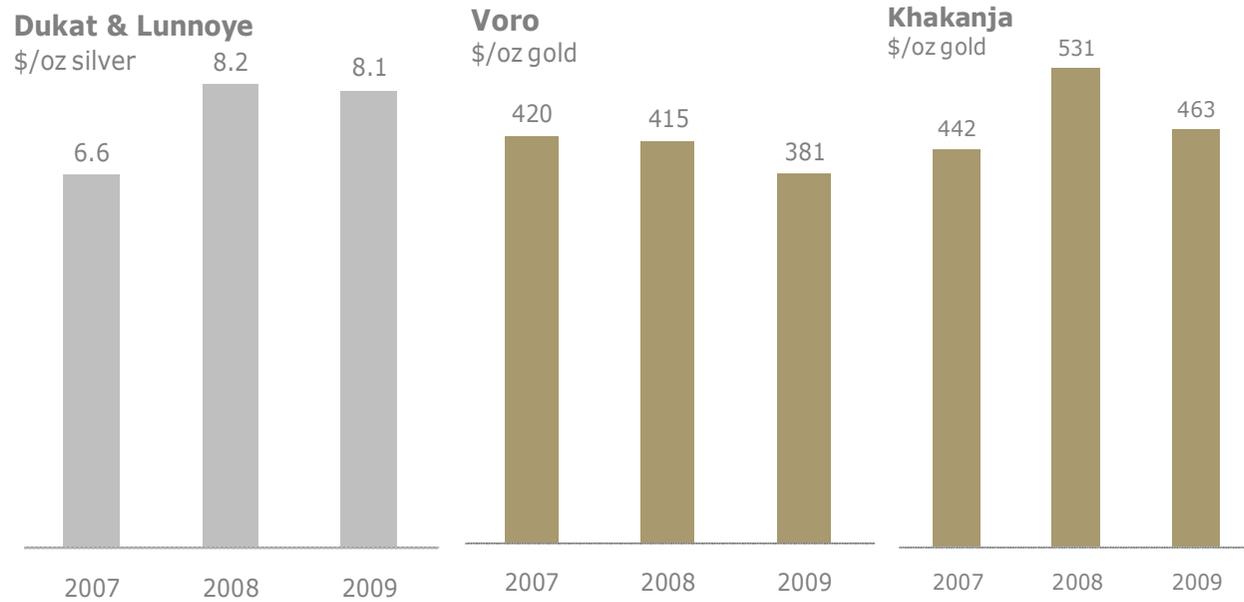
	<u>Key figures in 1H 2010</u>
Ore mined, kt	1,622
Ore processed, kt	1357
<b>Gold produced, Koz</b>	<b>37.3</b>
<b>Copper produced, kt</b>	<b>1.9</b>



## 1H 2010 highlights

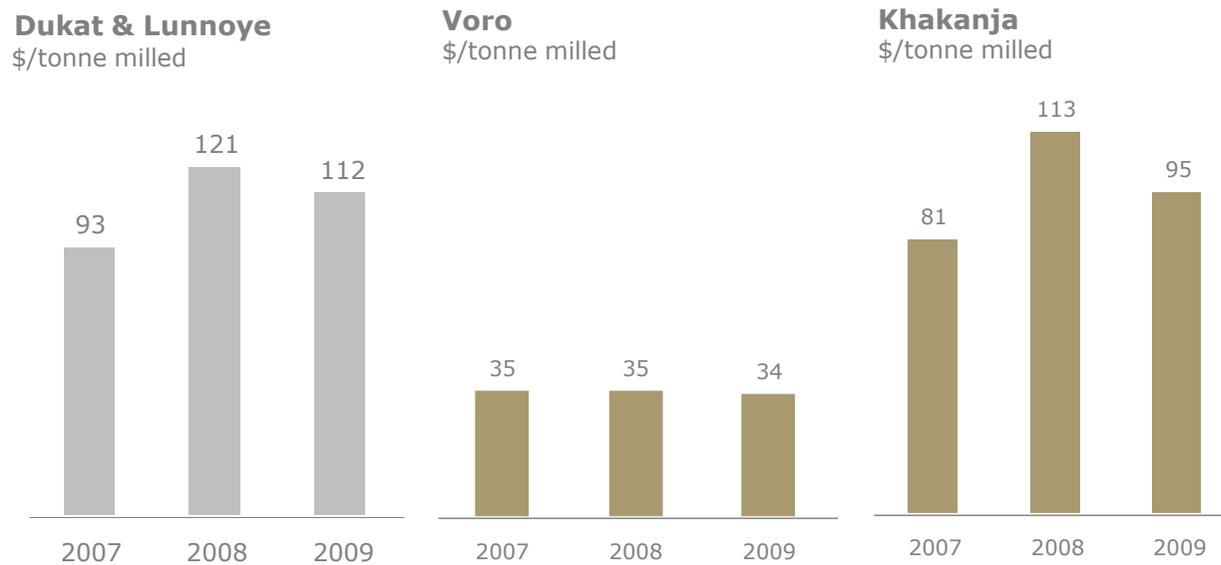
- Performance is steadily improving with ore grade continuing to be the major driver
- Mining turn-around program is largely completed:
  - Strengthened grade control resulted in dilution reduction to 15-20% compared with 35-45% in Q4 2009. Gold grade is steadily improving as a result
  - Blasting and mining fleet maintenance contracts were successfully renegotiated
  - Improvements in blasting and mining fleet management allowed increasing stripping and accessing new areas in the mine
- On the processing side, the focus is on throughput and recovery improvement:
  - At flotation circuit the recoveries of both gold and copper to concentrate reached historical maximums in the second quarter this year
  - Further improvements are expected in 2H 2010
- Targeted investment in additional mining fleet and cost containment expected to start bearing fruit in the second half of 2010

# Cash costs (Gold Institute Standard)



Major drivers

- Grade



- Oil price
- RUR/USD exchange rate

# Development projects

# Polymetal's Strategy: Processing Hubs

- Financial capital and human capital synergies
- Risk mitigation
- Flexibility and long life
- Management concentration on a limited number of projects



*Creating centralized processing facilities for the treatment of materials from different sources*

# Amursk POX Hub

- Large amount of refractory ore bodies in the Far East Russia
- Absence of processing capacity for refractory ores in the region
- Energy and labor are very expensive in remote areas

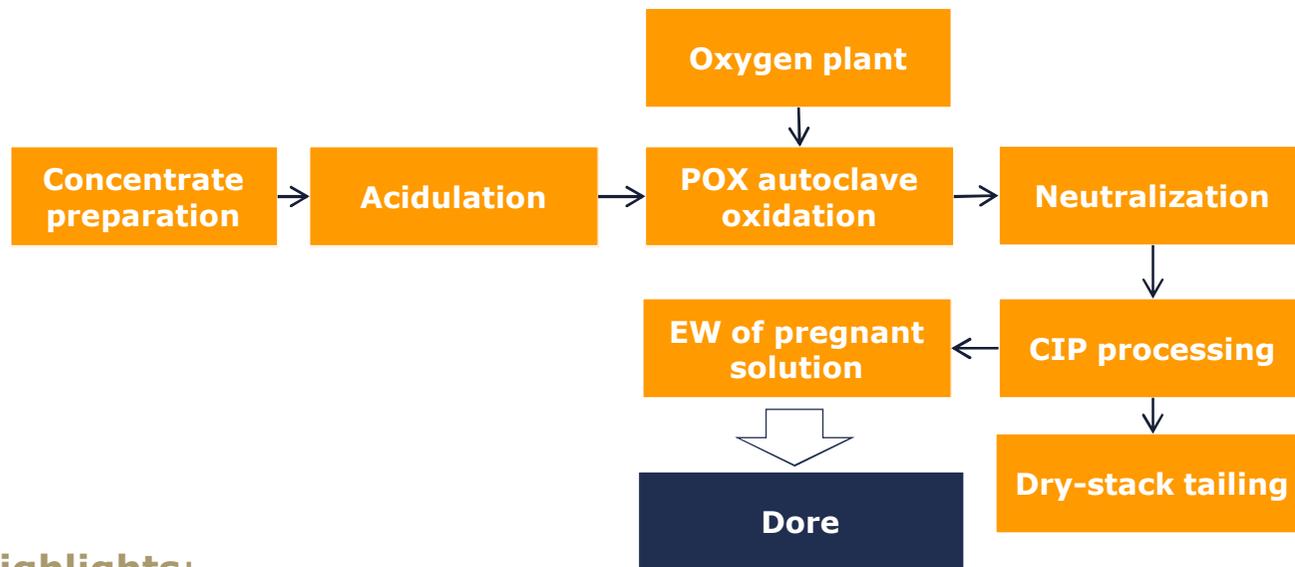


- Processing refractory concentrates from across the Russian Far East
- Amursk location:
  - Cheap power
  - Skilled & stable workforce
  - Excellent transportation infrastructure



# Amursk POX Facility

- Capex US\$ 110 million
- Concentrate processing capacity 250 ktpa
- Sulfide sulfur processing capacity 26 ktpa
- Opex 60-80\$/ t of concentrate (depending on sulfur grade)



## Highlights:

- All major equipment was contracted, autoclave to be shipped from Shanghai in September
- The majority of earthworks were completed with foundation works in full swing
- Construction of 35Kw power line, gas and water supply pipelines completed
- On track to start commissioning in June 2011 and pour gold in Q3 2011

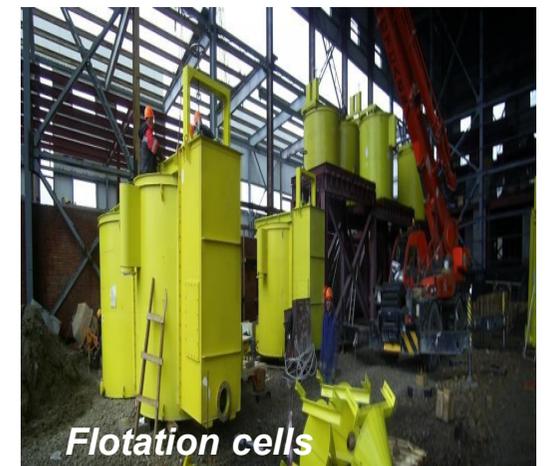


# Albazino

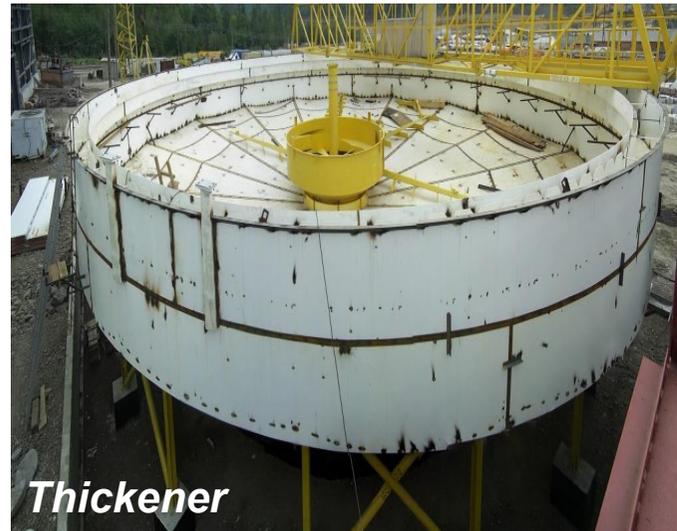
- 1.5 Mtpa open pit mine and on-site flotation concentrator for a capital cost of US\$160 million
- 17.4 Mt of ore @ 4.1 g/t for 2.3 Moz contained

## Highlights

- All site infrastructure commissioned:
  - Accommodation camp
  - Tailings dam with diversion ditch
  - Diesel-powered genset station
  - Water boreholes with associated pipelines
- Mill construction and equipment installation 95% complete
- On track to start up in November 2010



# Albazino – construction is in progress



# Mayskoye

- 850ktpa underground mine and on-site flotation concentrator for a capital cost of ca US\$ 170 million. To be commissioned in Q1 2012
- First gold pour in Q4 2012
- Full mining and processing capacity to be reached by 2013

## Reserves and Resources

	Tonnes (Mt)	Au grade (g/t)	Au (Moz)
<b>2P</b>	7.9	9.6	2.4
<b>MI&amp;I</b>	25.0	9.3	7.5

## Highlights

- Construction commenced in May 2010:
  - Underground development is in progress. First stopes expected to be ready for production by the end of 2010
  - Water reservoir and tailings impoundment construction is in progress
  - Foundation works for the flotation concentrator commenced
  - Steel frames have been already delivered and would be installed in the winter of 2010/2011
- The FS and Reserve statement released in August 2010 confirming 13 years of mine life



# Omolon Regional Processing Hub

**Birkachan, Sopka Kwartsevaya, Oroch, Tsokol and Dalniy** deposits around **the Kubaka CIP plant**

- Capex US\$ 105 million
- Cash costs (estimated) US\$ 400-450/oz at the Mill  
US\$ 550-600/oz at the Heap leach

- A number of small to medium size high-grade deposits in the Northeast Magadan region
- Numerous highly prospective epithermal Au-Ag ore occurrences in the region
- Existing 850 Ktpa Kubaka plant

- Truck high-grade ore to the mill
- Heap leach low-grade ore on mine sites



# Omolon Regional Processing Hub - Highlights

## Kubaka plant

- The Kubaka CIP plant was relaunched in August and currently is processing historically low-grade stockpiles at 1.9g/t of gold
- New high-grade ore processing is planned to commence in October 2010
- Mill upgrade (Merrill Crowe, expansion of leaching progresses on schedule; start-up is expected in August 2011)



## Birkachan

- Birkachan Feasibility Study was released in August 2010 and confirmed 1Moz of gold 2P reserves at an average grade of 2.7g/t and 2Moz of gold resources at an average grade of 2.4g/t
- Heap leaching on-site started in June 2010 and will reach a 1.3 Mtpa design capacity by 2012

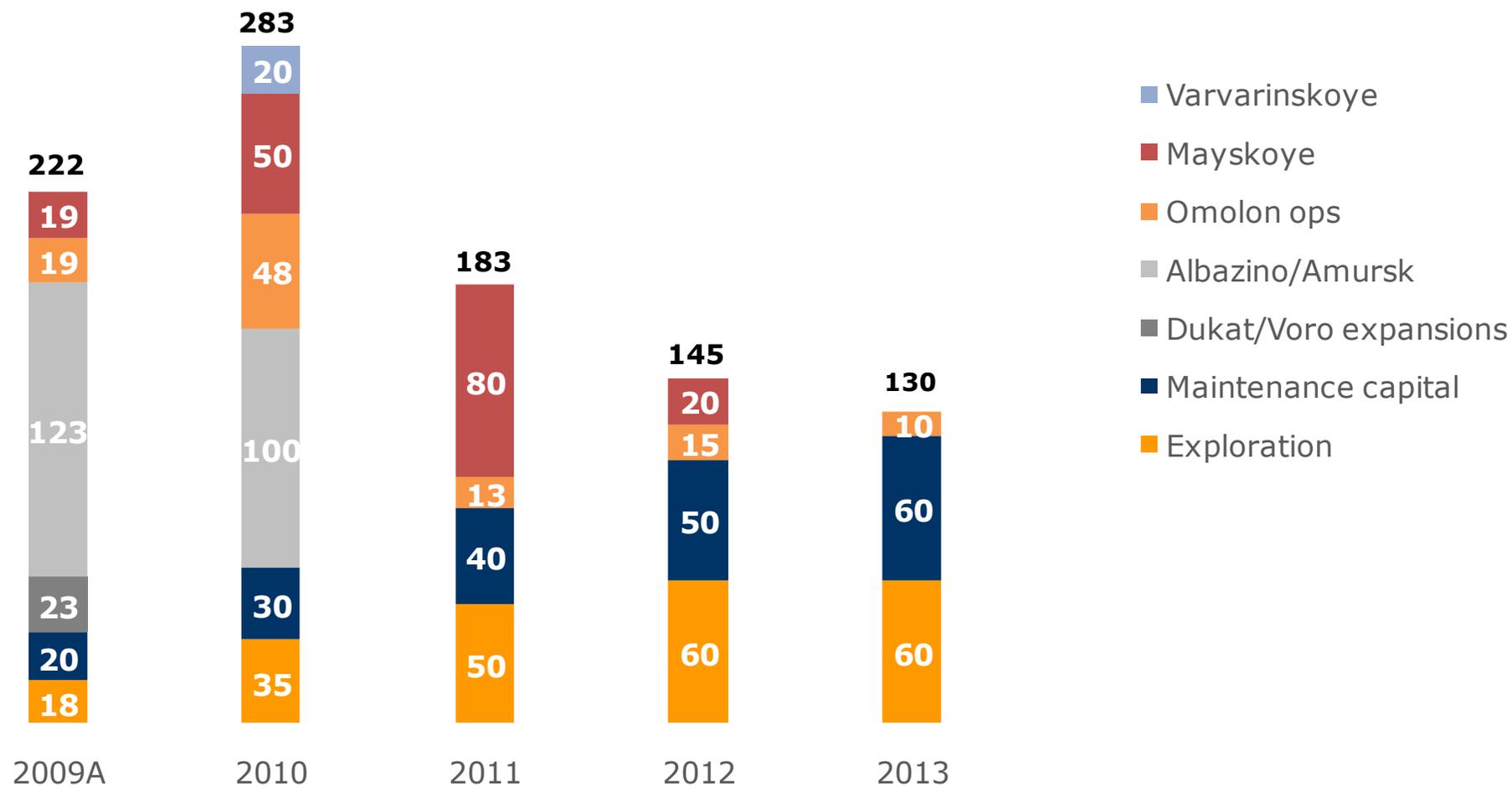


## Sopka

- 1.4 Mt of ore at 16.4g/t for 0.7 Moz of gold eq. contained
- Ore mining at Sopka is in progress
- Ore is being stockpiled, to be trucked by winter road and processed starting in 2H 2011



# Capital Expenditure, US\$ million



# Exploration Strategy

## Target New Mine parameters

- Open-pit
- 15-year mine life
- At least 0.3 Moz per year for at least 10 years
- Mill grade
  - Heap leach > 1.5 g/t
  - Mill with grid power > 2.0 g/t
  - Mill with no grid power > 3.0 g/t



## Target Discovery parameters

- 5 Moz of Reserves
- 7 Moz of Resources
- Resource statements for 2 new discoveries out by 4Q 2012

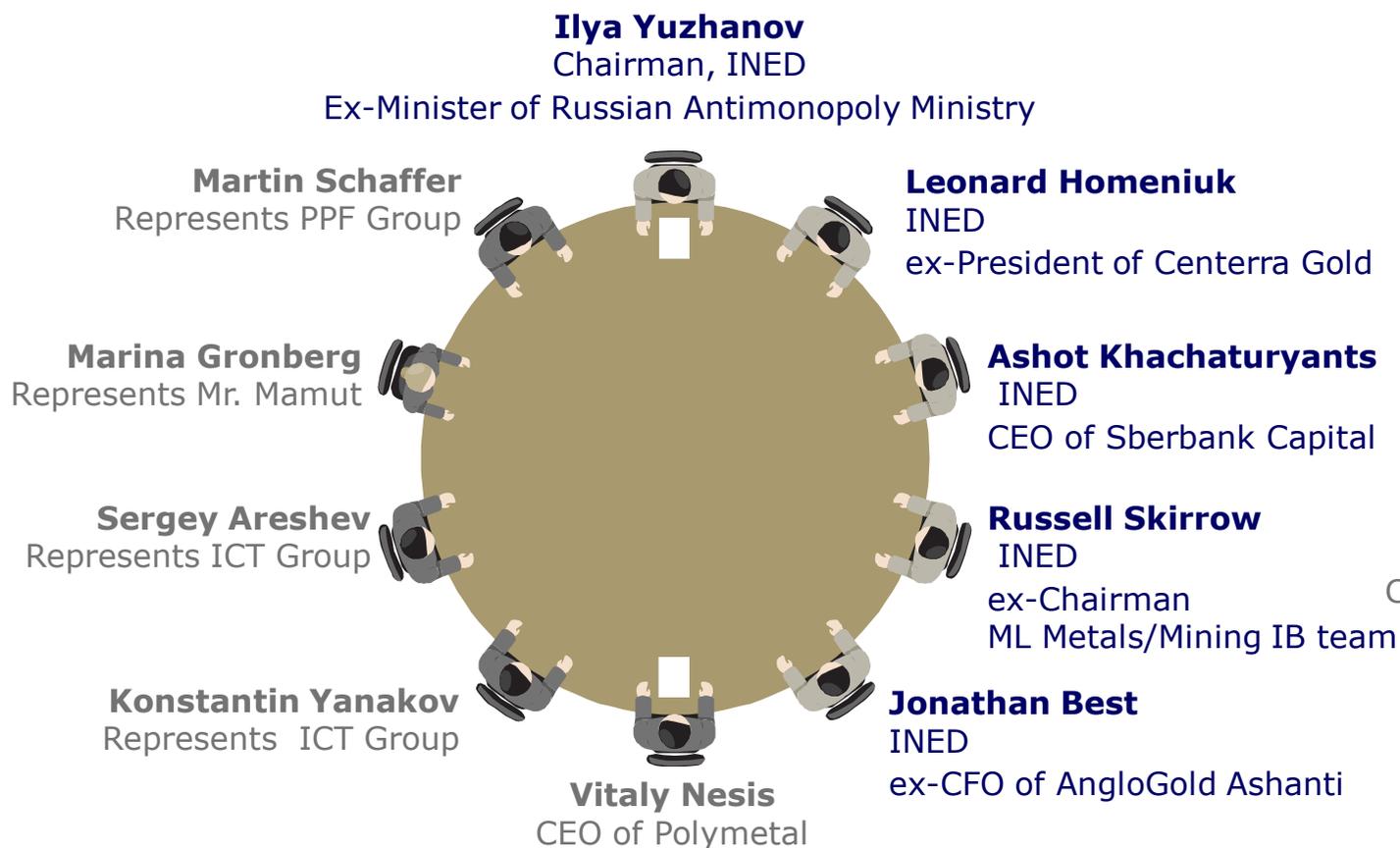
# Polymetal— Investment Thesis

- Quality assets with strong cash flows from operations
- Proven development and operational track record
- Unique strategy focused on processing hubs
- Strong production growth
- Strong corporate governance
- Professional and motivated workforce

# Appendixes

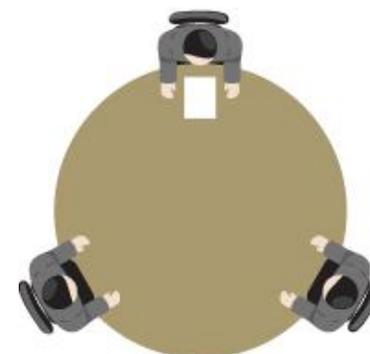
# Governance structure

## Board of Directors

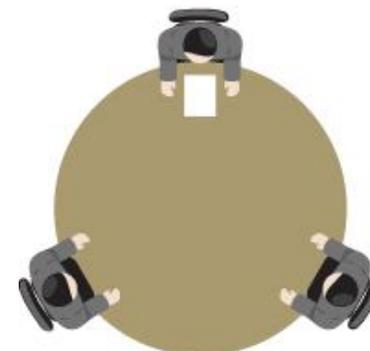


## Committees

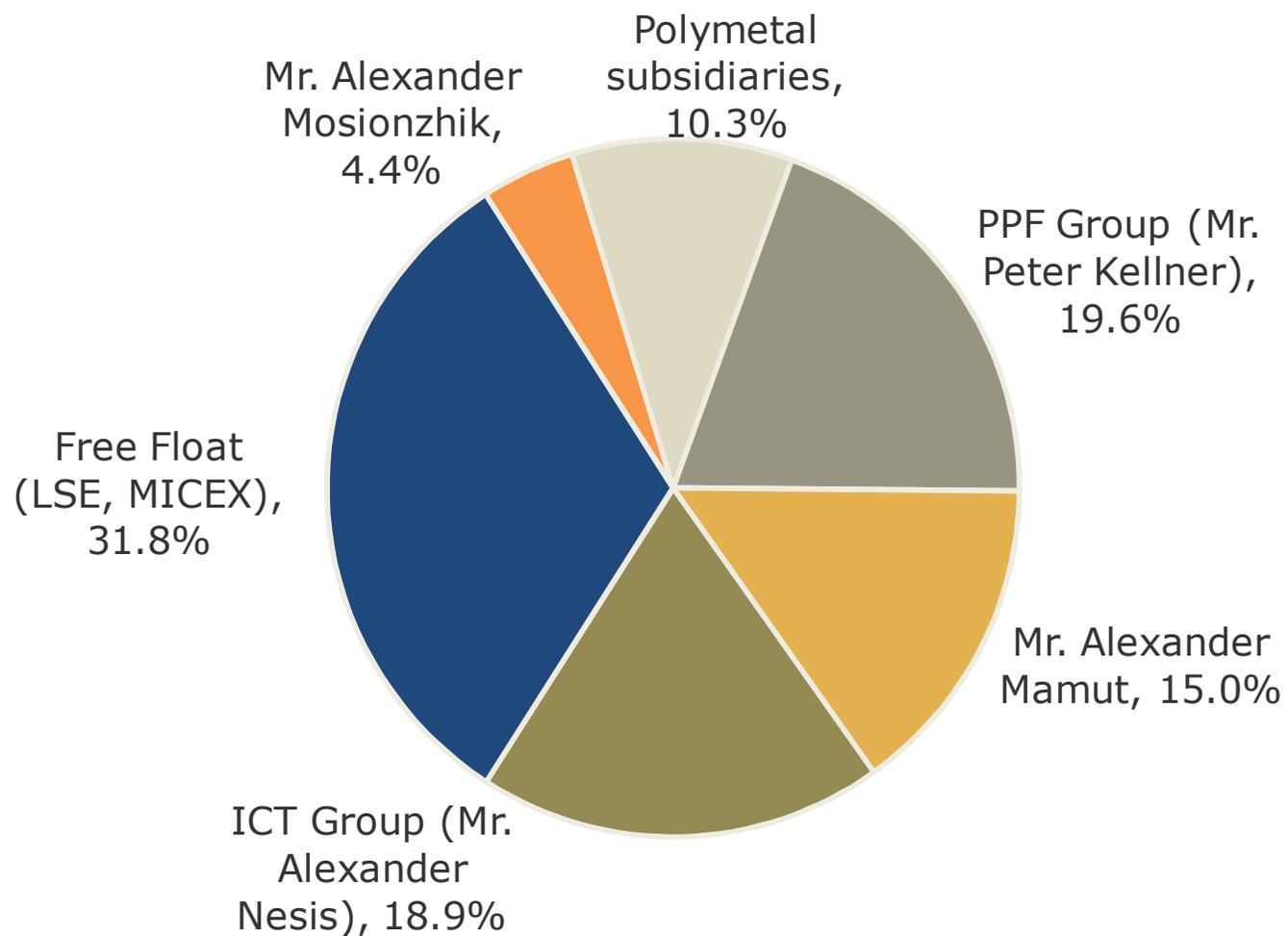
**Audit Committee**  
Chaired by Jonathan Best  
3 members



**Remuneration and Nomination Committee**  
Chaired by Leonard Homeniuk  
3 members

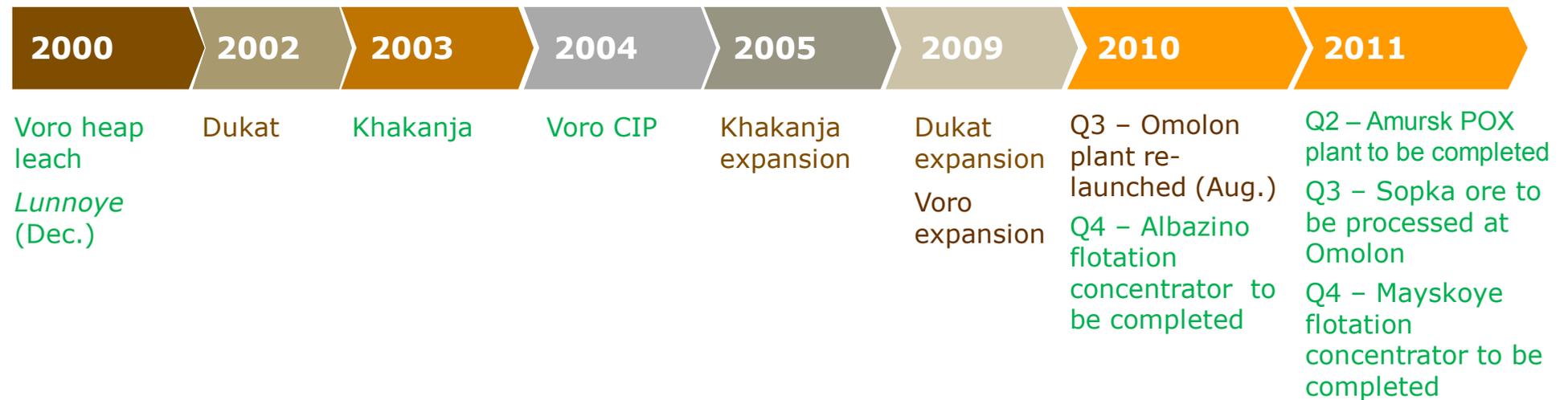


# Ownership structure



# Track Record and the Pipeline

- Outstanding track record in commissioning new mines
- All engineering and construction is being developed by in-house by Polymetal Engineering
- In-house engineering expertise provides a key competitive advantage



Greenfield projects  
Brownfield projects

## 2009 M&A activity: 4 deals closed

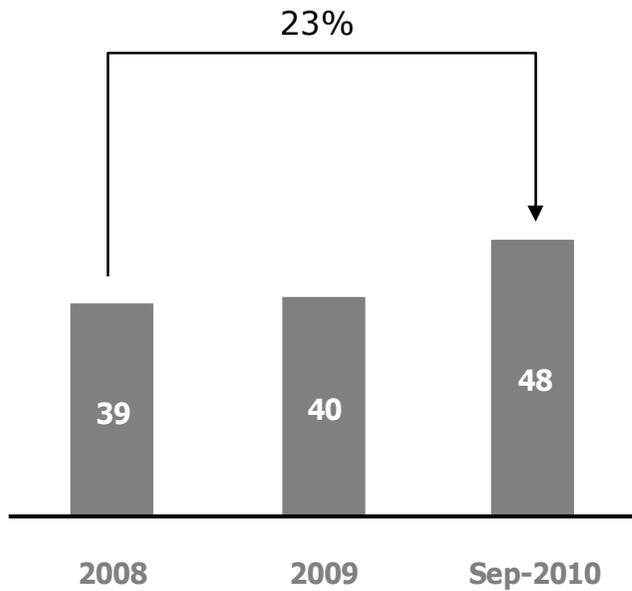
Acquisition	Resource, Moz (Au eq.)	Full EV, US\$m	US\$/ oz resource	Strategic Rationale
Goltsovoye	1.1	47	45	Bolt-on to Dukat
Sopka	1.4	95	67	Bolt-on to Omolon
Mayskoye	7.5	166	22	World-class deposit; strategic fit with Albazino
Varvarinskoye	3.8	258*	68	Immediate cash flows and entry into Kazakhstan
<b>Total/ Average</b>	<b>13.8</b>	<b>566</b>	<b>41</b>	

Using 1:60 Ag/Au and 5:1 Cu/Au conversion ratios

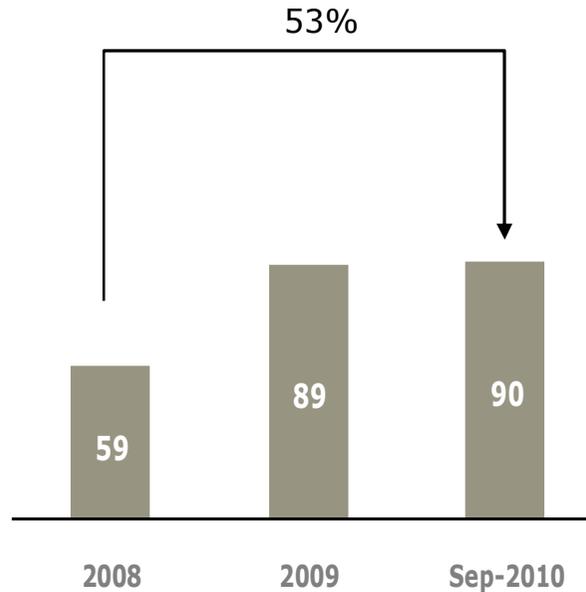
\*With limited (US\$90m) recourse to Polymetal

# Per share metrics demonstrate substantial shareholder value creation

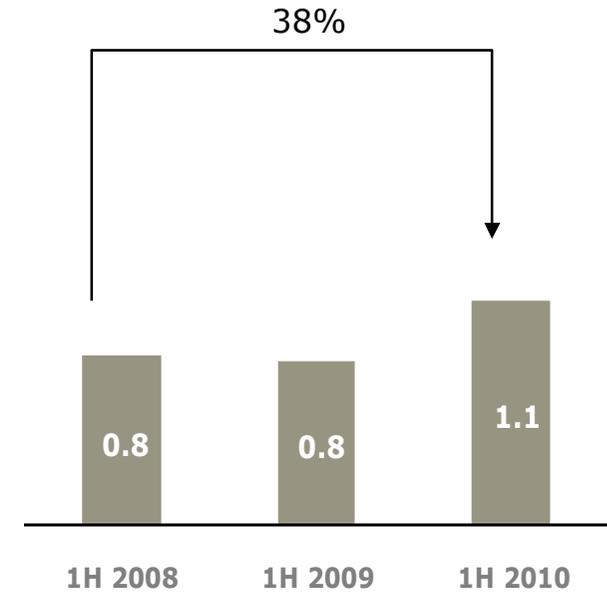
Reserves (Au eq.), koz/share



Resources (Au eq.), koz/share



Production (Au eq.), koz/share



Using 1:60 Ag/Au and 5:1 Cu/Au conversion ratios  
2009 calculated based on 358 million shares.

# Share Price Performance: 01.09.2009–01.09.2010

