



*We know the worth of gold*

# **NATALKA : WORLD'S NUMBER 3 GOLD DEPOSIT DISCOVERED BY POLYUS GOLD**

**Evgueni Ivanov, CEO**

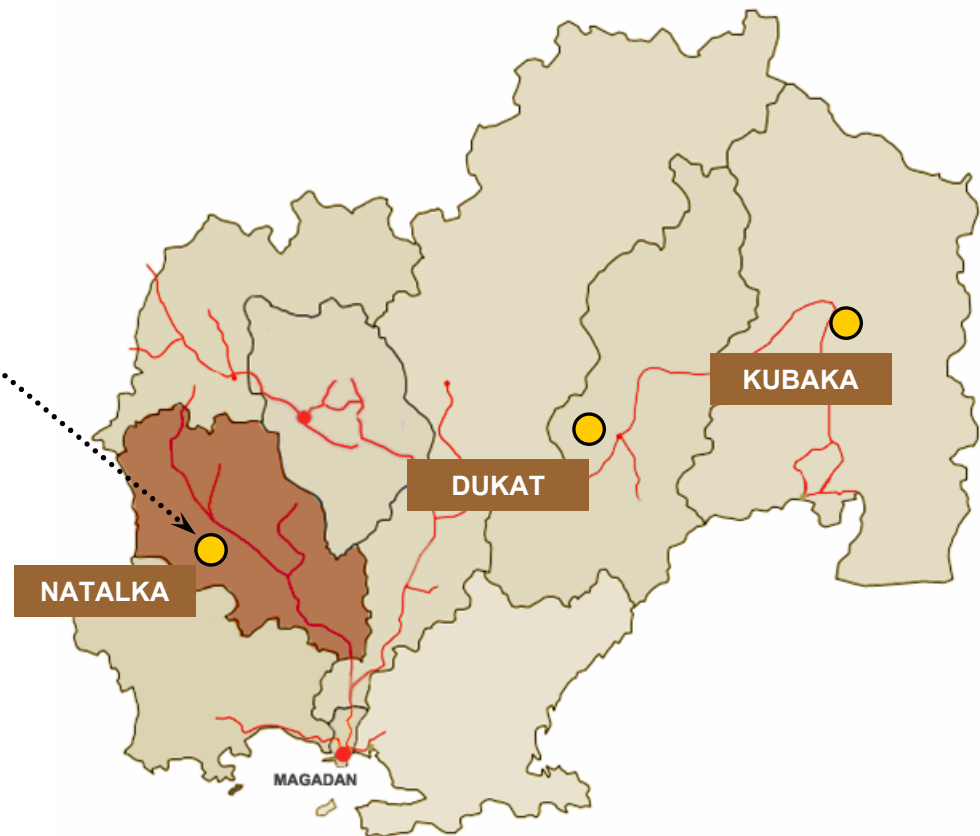
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# NATALKA: LOCATION



Located in Omchak river basin some 450 km north from Magadan, capital of Magadan region.



**NATALKA** - Large Precious metals deposits

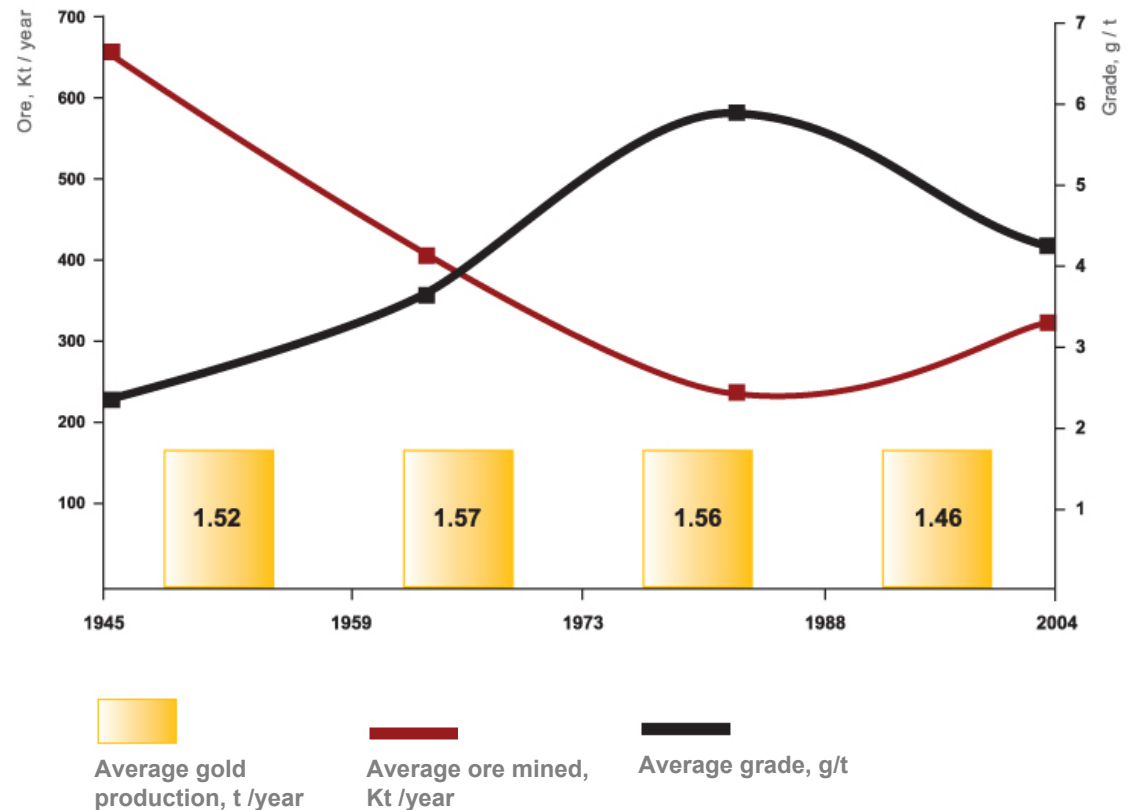
# NATALKA: HIGHLIGHTS OF THE PREVIOUS OPERATIONS

Deposit was originally discovered in 1944.

Gold production started off in 1945 as an underground mine. 93.2 t (3 mln oz) of gold and 24.2 mln t of ore produced in 1945-2004.

Some 500 km of underground workings mined out down to the level of 600 m.

Production of gold was not economically viable.



# NATALKA: POLYUS VISION

## Acquisition rationale:

- unique exploration opportunities;
- high possibility of substantial increase of reserves;
- new vision of Natalka as a large scale open pit mine.

**2003:** 38% stake in Matrosov Mine (the license holder) acquired through the open auction from the Government for US\$34.5 mln.

**2004-2006:** 93.3% block consolidated.

Remaining reserves evaluated at 245 t (7.9 mln oz) of gold at 4.1 g/t.



**Production shut down in 2004 to make way for a large scale exploration effort.**



# NATALKA AREA AND PIT OUTLINE



# NATALKA EXPLORATION PLAN

## **2004-2006 exploration programme targets:**

- 116 600 m diamond drilling
- 120 900 cubic meters of trenches
- 48 720 samples

**7 high performance drilling rigs were acquired**

**New lab installed on the site**

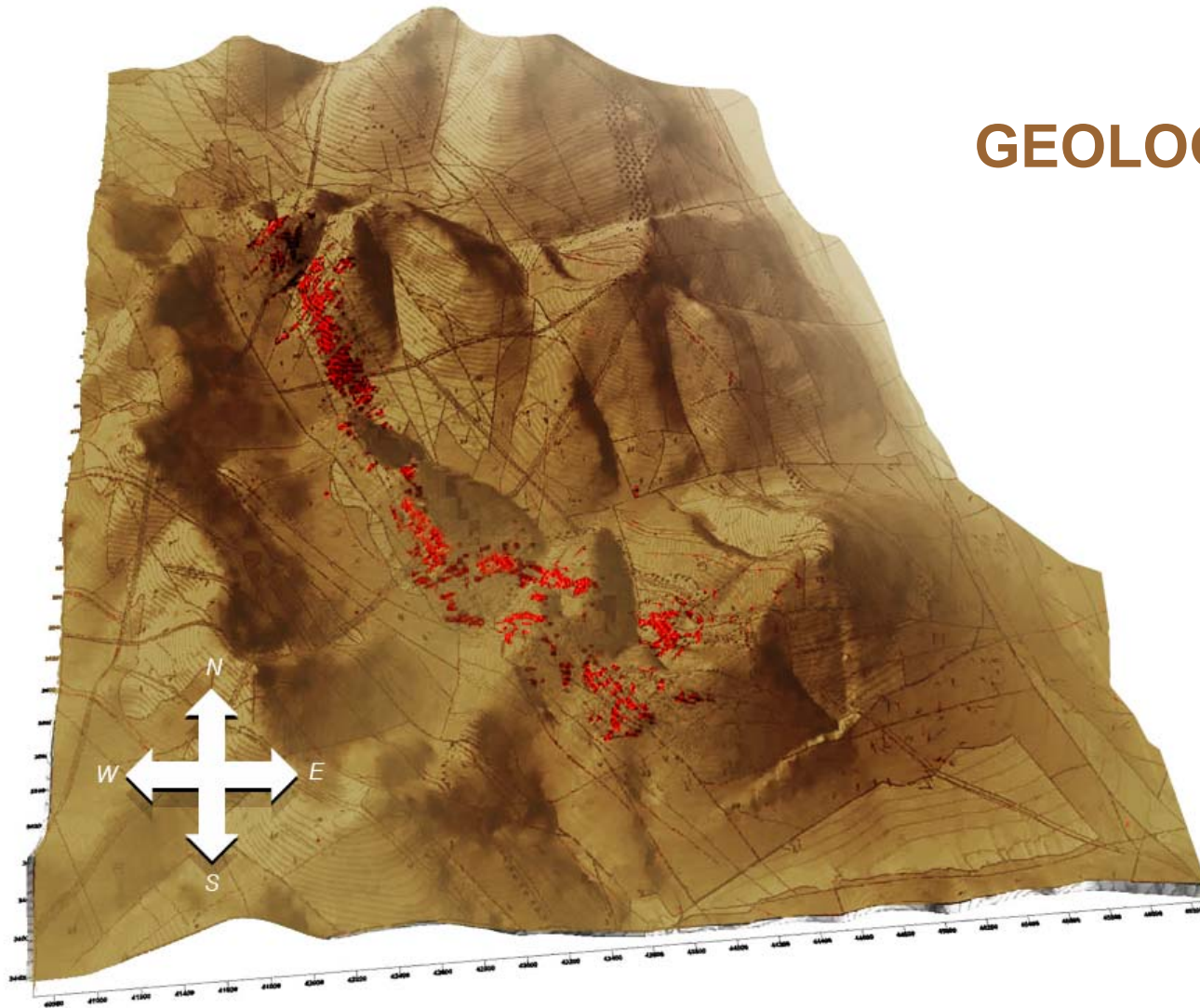
**New team of 300 professionals was employed**

**In 2004 exploration budget of US\$ 65 million was approved**





# NATALKA GEOLOGICAL MAP



Surface drilling and  
sampling layout



# NATALKA EXPLORATION PROGRAM

## Exploration programme carried out in 2004-2006:

- Drilling grid - 200x100/50 m
- Diamond drilling - 118 900 m
- Underground workings - 3 808 m
- Trenches - 654 500 cubic m
- Samples - 49 855

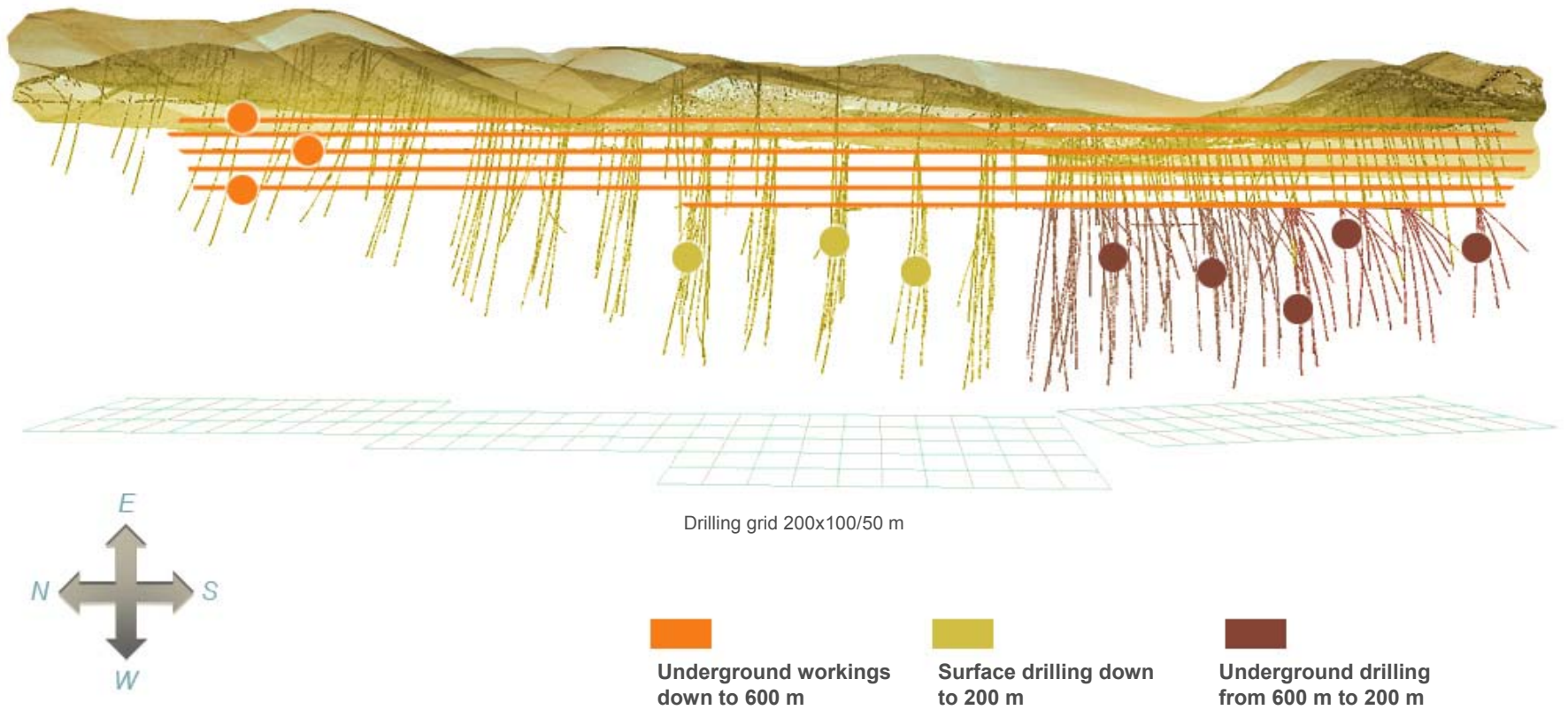
Datamine® model assembled, independent audit was carried out in 2005, 2006

## Total budget 2004-2006 up to US\$100 million:

- Exploration programme of US\$65 million
- Shut down and liquidation of the existing mill and metallurgical facilities
- Relocation of the old mining team
- Mercury waists clean up
- New exploration licenses acquired – Vostochnaya, Degdekan, Tchay-Yurja



# NATALKA EXPLORATION DRILLING



# NATALKA: STATE LISTING OF RESERVES

**Fall 2006 – exploration results are filed with GKZ Rosnedra\* (State Commission on Reserves Evaluation), including:**

- Scoping study prepared by VNIPI (leading Russian engineering institution with proved industry expertise and vast experience in scoping projects e.g. Muruntau etc.)
- geological model and historical exploration data

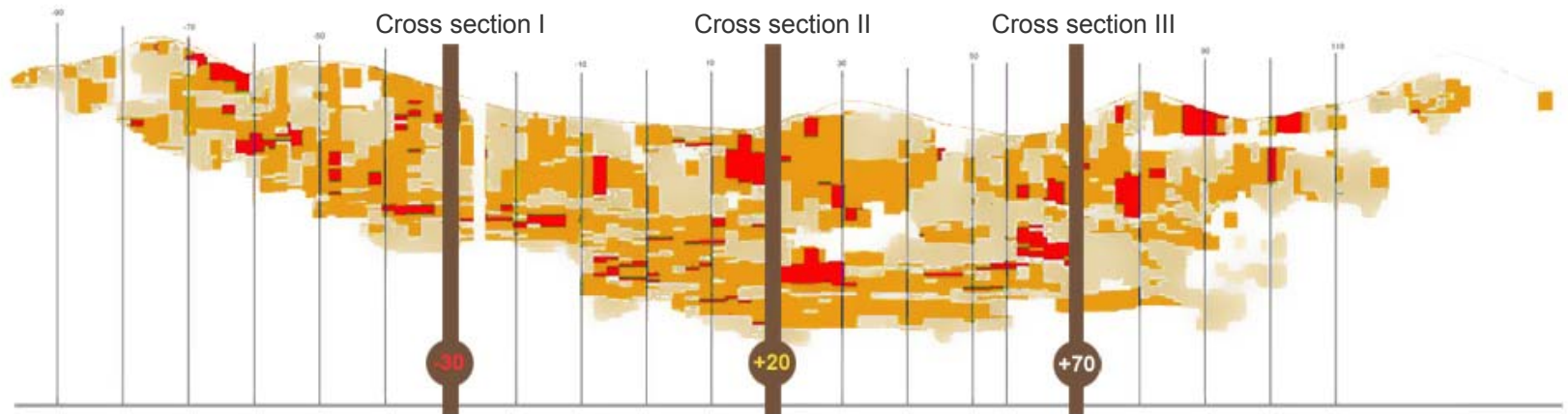
**GKZ listed reserves as of January 2007:**

<b>Grade</b>	<b>1.7 g/t</b>
<b>Balance reserves in pit outline B+C1+C2</b>	<b>1500.8 t / 48 mln oz</b>
Balance reserves in pit outline B+C1	1282.9 t / 41.2 mln oz
<b>Off balance reserves B+C1+C2</b>	<b>335.3 t / 11 mln oz</b>

\* - GKZ Rosnedra is a governmental body responsible for the state expertise of mineral resources and listing of reserves. State listing of reserves is a legal pre-requisite for further development and mining of the deposit; it also means that the scoping study (TEO condicii) of the deposit was considered viable by GKZ Rosnedra.



# ORE BODY LATERAL SECTION AND ORE GRADES



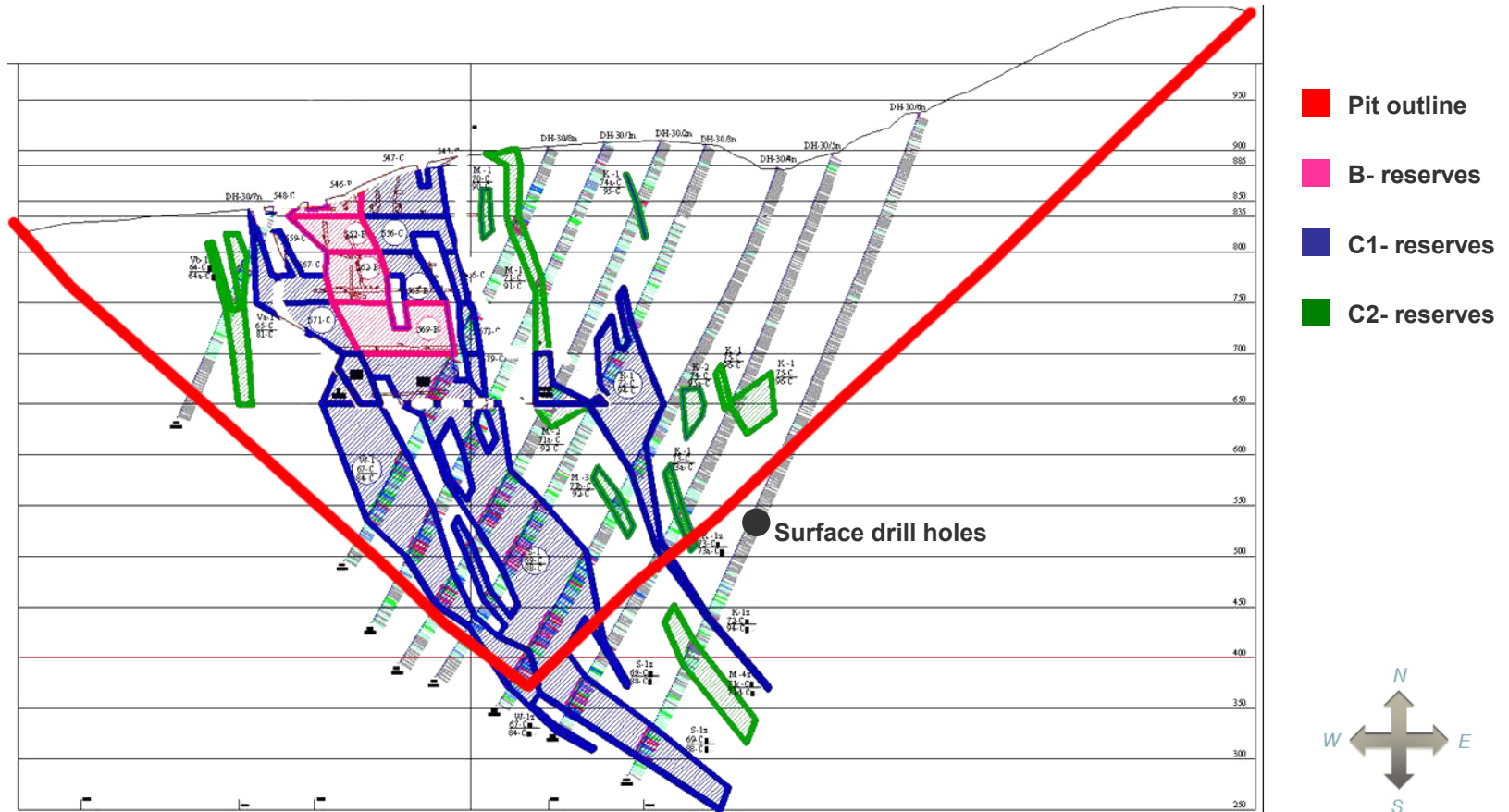
0.4-1.0 g/t

1.0-2.5 g/t

above 2.5 g/t

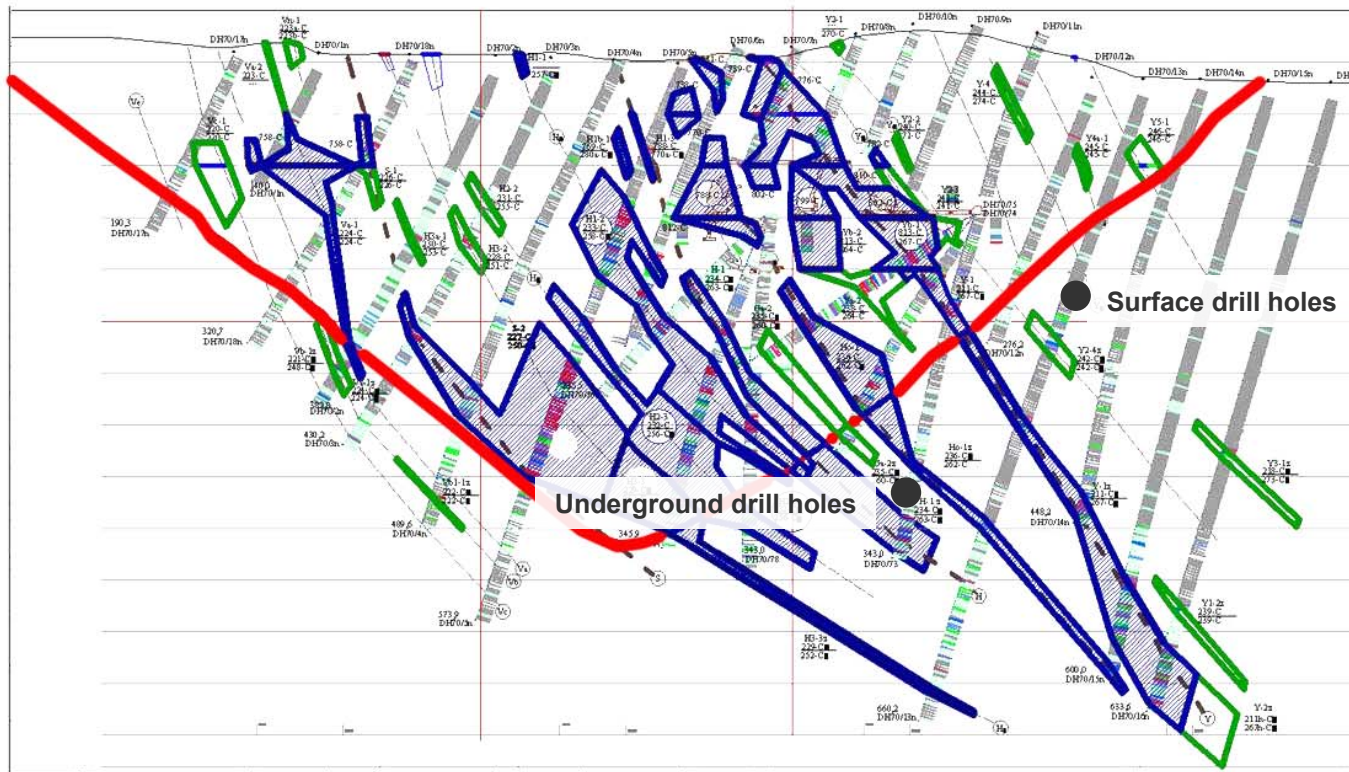





# ORE BODY CROSS SECTION I

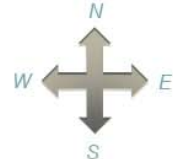




# ORE BODY CROSS SECTION III



-  Pit outline
-  C1- reserves
-  C2- reserves



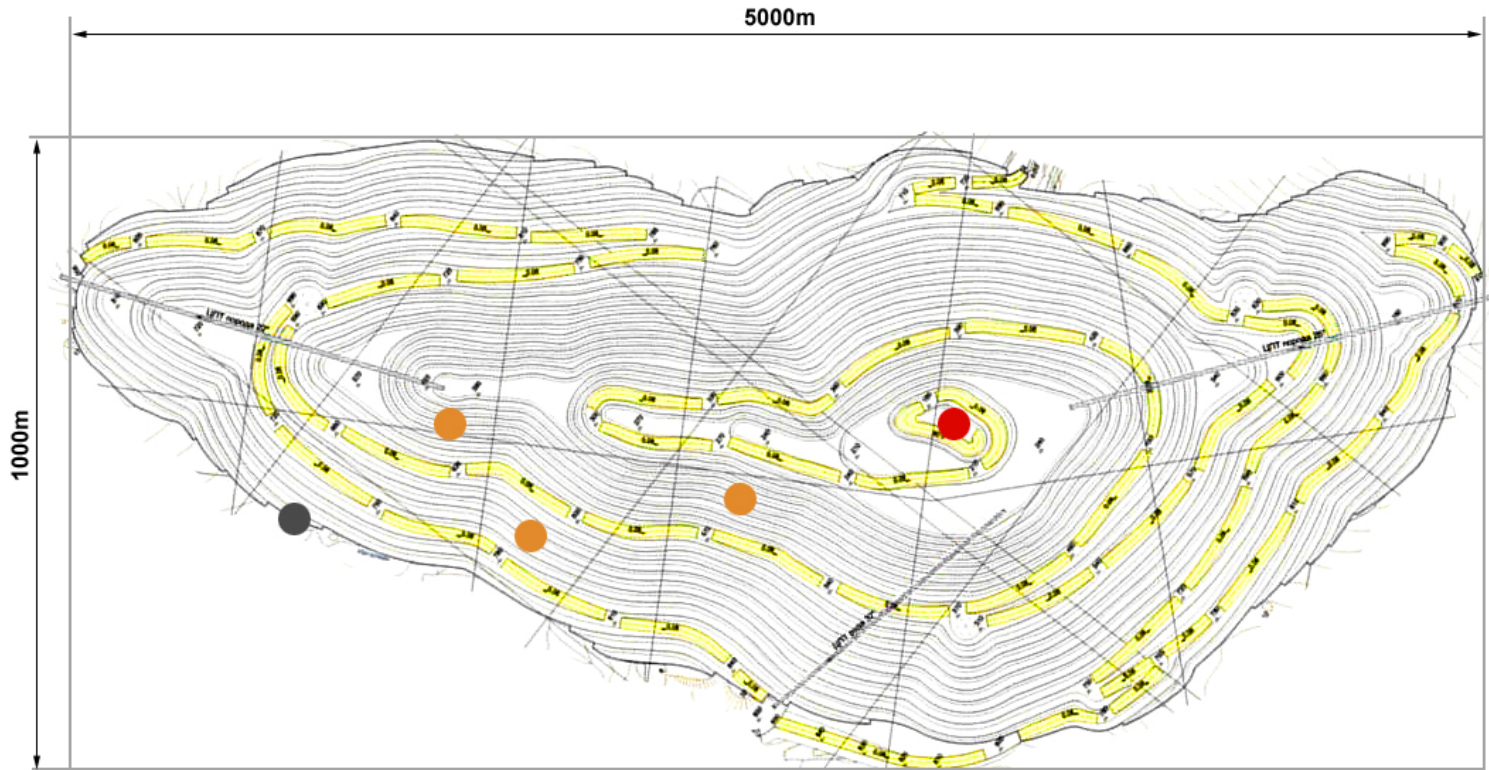
# NATALKA: OPEN PIT PROJECT

## Highlights of the approved scoping study


Cut off grade	<b>0.4 g/t</b>
Pit wall bench	<b>15 m</b>
Pit walls (NE, SW)	<b>38-40, 32-40</b>
Pit length (SE – NW)	<b>5 000 m</b>
Pit width (NW – SE)	<b>1 000 m</b>
Pit depth (average)	<b>600 m</b>
Pit bottom level	<b>150 m</b>
Strip ratio	<b>1.09 m<sup>3</sup>/t or 2.9 t/t</b>
Ore loss/dilution	<b>ca. 3%/ca. 9%</b>
ROM ore	<b>1,015 Mt, grade of 1.58 g/t, 52,557 k oz of gold contained</b>
Mine life	<b>about 30 years</b>
Mill capacity	<b>40 mtpa of ore</b>
Recovery	<b>ca. 87%</b>
Average annual production	<b>over 1 mln oz</b>




# NATALKA: PIT PLAN 150m



 In pit roads

 Pit benches,  
15 m

 Pit bottom,  
at 150 m

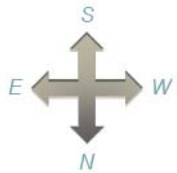
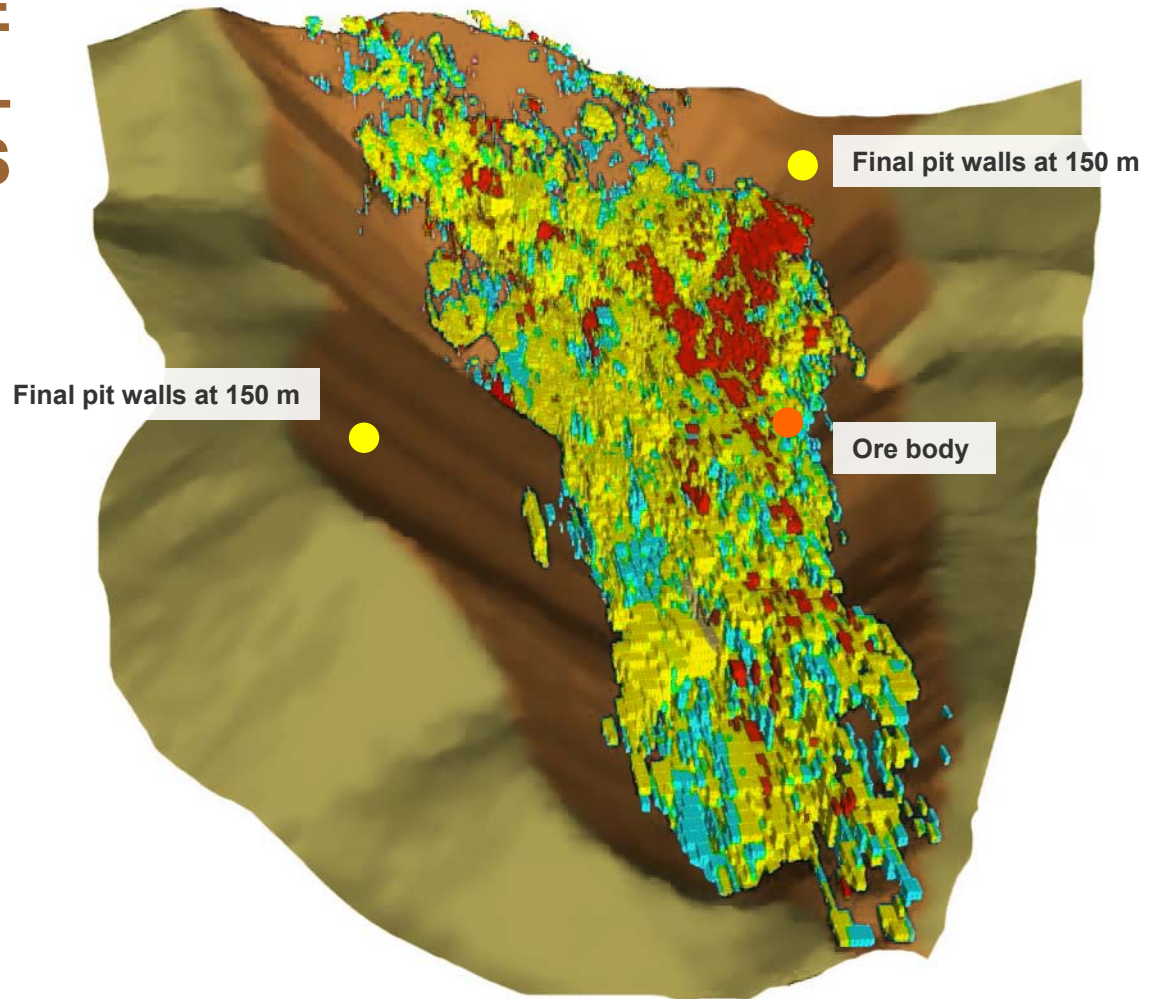
 Pit outline at  
0.4 g/t cut off

# NATALKA: OPEN PIT PROJECT

## Highlights of the approved scoping study

CapEx	<b>ca. US\$1.5 billion</b>
OpEx	<b>ca. US\$270 per oz</b>
IRR	<b>22%</b>
Payback period	<b>8.5 years</b>

# NATALKA ORE BODY AND FINAL PIT WALLS



## NATALKA: WORLD'S #3 GOLD DEPOSIT

#	Deposit / Group of Deposits	Country	Owner	P&P Reserves		By-product / Co-product	Status
				Grade, g/t	Gold, mln oz		
1	Grasberg	Indonesia	Freeport-McMoran	0,9	83,5	Copper	In production
2	Muruntau	Uzbekistan	Navoy GMK	2,5	48,2		In production
3	Natalka*	Russia	Polyus Gold	1,7	41,2		Not in production
4	Nevada Operations	USA	Newmont Mining	1,5	33,3		In production
5	South Deep	SAR	Gold Fields	7,7	29,3		In production
6	Sukhoi Log*	Russia	State owned	2,8	26,0		Not in production
7	Cerro Casale	SAR	Barrick Gold / Bema Gold	0,7	22,9	Copper	Not in production
8	Lihir Island	PNG	Lihir Gold	3,5	21,0		In production
9	Pascua-Lama	Chile	Barrick Gold	1,4	18,3	Silver	Not in production
10	Telfer	Australia	Newcrest Mining	1,3	17,0	Copper	In production

\* On the premise that 100% of Russian balance B + C1 are transferred into P&P Reserves

In 2006 Micon's audit of reserves of Polyus Gold (in course of the Independent Expert's Report preparation) proved Natalka's P&P at 21.5 mln oz.

**Total exploration costs amounted to US\$3.2 per ounce.**



## NATALKA: RUSSIA'S #1 GOLD DEPOSIT

#	Deposit / Group of deposits	Owner	Russian B+C1+C2 reserves	
			Grade, g/t	Gold, mln oz
1	Natalka	Polyus Gold	1,7	48,00
2	Sukhoi Log	State owned	2,7	33,10
3	Nezhdaninskoe	Polyus Gold	5	15,34
4	Olimpiada	Polyus Gold	3,9	12,14
5	Blagodatnoe	Polyus Gold	2,4	7,15
6	Mayskoe	Highland Gold	16,3	4,38
7	Kyutchus	Polyus Gold	9,8	4,36
8	Kupol	Bema Gold	16,9	3,86
9	Kuranakh	Polyus Gold	1,7	3,50
10	Pioner	Peter Hambro Mining	1,4	3,09

**Polyus Gold's total Russian B+C1+C2 balance reserves (as listed by GKZ Rosnedra) amount to 3 000 t or 96.5 mln oz.**

# NATALKA: NEXT STAGES OF THE PROJECT

## **Development of Pre-Feasibility (PFS) and Feasibility (FS) studies:**

- **Pre-Feasibility, Feb 2007 – 1H 2007**
- **Feasibility, 2H 2007 – 1H 2008**

International tender on the development of PFS and FS was hold, consortium of the experienced contractors was tendered

Pilot plant to test the technology is scheduled for launch by 1H 2008

## **New audit of reserves to be carried out in Spring 2007:**

- Our experience tells that Russian B+C1 are fully convertible into international P&P if 100% of B+C1 and 25% of C2 are proved as P&P, Natalka reserves would increase 1.9 up to 40.1 million oz
- Polyus Gold' total P&P reserves may increase up to 67.8 million oz to rank the Company's reserves as world's 3rd after Barrick Gold and Newmont Mining