



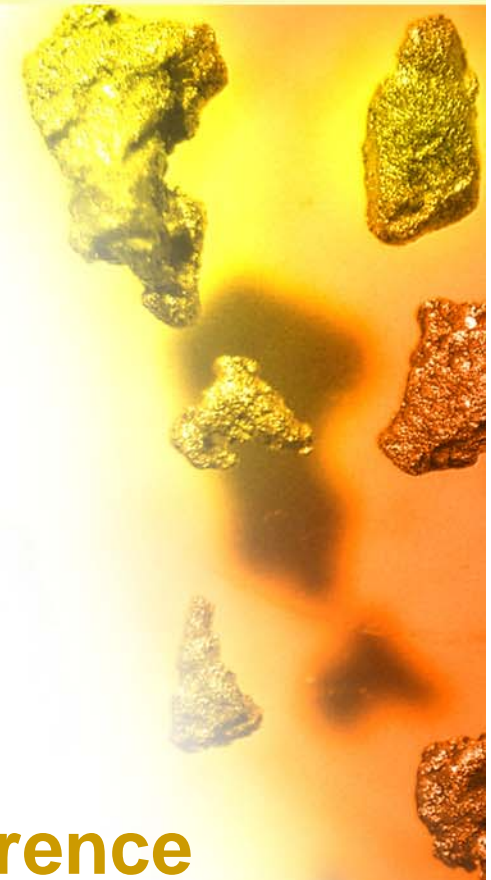
POLYUS

We know the worth of gold

Polyus Gold

13th Annual Renaissance Capital Conference

St. Petersburg, June 4, 2009





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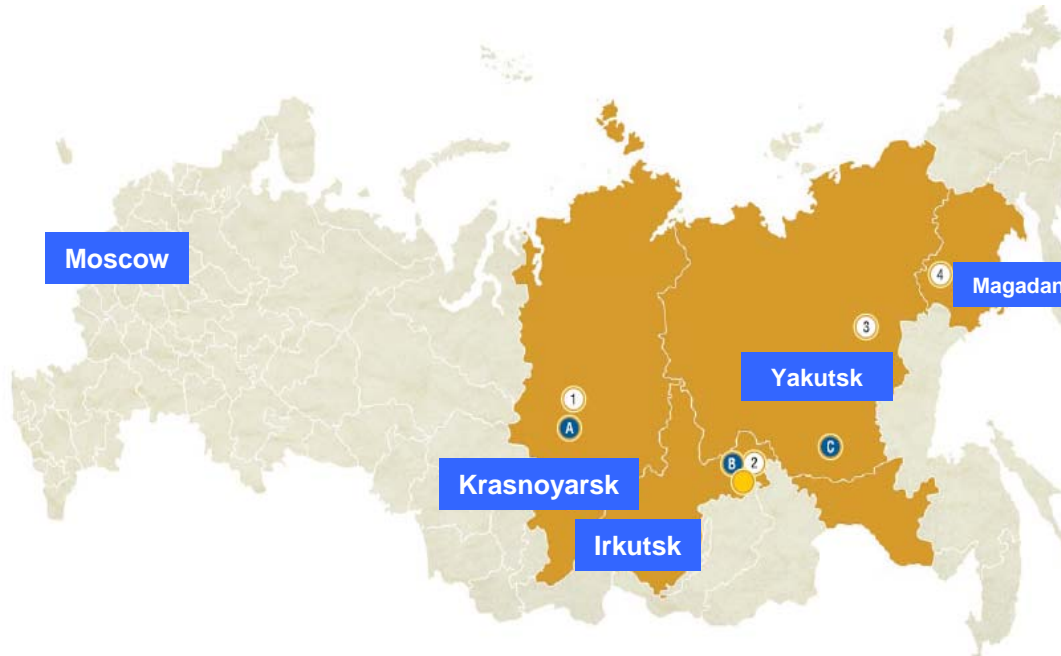


Projects update



Overview: key operations

6 OUT OF RUSSIA'S 10
LARGEST GOLD DEPOSITS
(01/01/2009)



#	Deposit	Owner	Grade	Res. m oz
1	Sukhoi Log	State owned	2.1	62.8
2	Natalka	Polyus Gold	1.1	40.8
3	Nezhdaninskoye	Polyus Gold	3.9	15.0
4	Olimpiada	Polyus Gold	3.8	13.0
5	Blagodatnoye	Polyus Gold	2.3	9.9
6	Mayskoye	Polymetal	10.9	7.7
7	Kyutchus	Polyus Gold	9.8	4.4
8	Pioneer	PHM	1.4	3.8
9	Kupol	Kinross	14.9	3.3
10	Kuranakh	Polyus Gold	1.6	1.6

- Hard-rock operations
- Green/brownfield projects
- Alluvial operations

- 1- Blagodatnoye project
- 2- Chertovo koryto project
- 3- Nezhdaninskoye project
- 4- Natalka project

- A - Olimpiada mine
- B - Zapadnoe mine
- C - Kuranakh mine



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2008 financials: the major factors influencing 2008 financial results

- Increase in the weighted-average **gold selling price** by 23.6% in 2008;
- Deterioration of **global macroeconomic and financial conditions**;
- Considerable **RUB/USD exchange rate** movements and significant RUB depreciation in the second half of the year (2007 closing rate – 24.55, 2008 closing rate – 29.38);
- Growing **commodities prices** and as a result an increase of materials, units and fuel expenses. Average prices for oil increased 36.1% and steel – 43.3%;
- **Impairment** of investments in securities.



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2008 financials: summary of performance results (related to financial statements)

USD'000	2008	2007 (restated*)	2006 (restated)	2008 compared to 2007, %
Gold sales	1,062,331	849,023	734,559	25.1
Other sales	24,987	18,096	18,127	38.1
Cost of gold sales	(558,118)	(449,216)	(426,527)	24.2
Cost of other sales	(25,061)	(25,866)	(18,816)	(3.1)
Gross profit, including:	504,139	392,037	307,343	28.6
Gross profit on gold sales	504,213	399,807	308,032	26.1
Gross profit margin	46%	45%	41%	—
Selling, general and administrative expenses	(134,960)	(261,776)	(79,678)	(48.4)
Profit before tax	122,471	177,107	1,228,391	(30.8)
Pretax margin	11%	20%	163%	—
Income tax expense	(62,110)	(85,299)	(73,080)	(27.2)
Net profit for the year	60,361	91,808	1,155,311	(34.3)
Net profit attributable to shareholders of the parent company	51,507	85,809	1,155,725	(40.0)
Minority interest	8,854	5,999	(414)	47.6
Net profit margin	6%	11%	154%	—
Earnings per share	0.29	0.49	0.75	(40.8)

* In 2008, management of the Group changed its accounting policy for stripping costs. Under the new accounting policy, expenditure for stripping costs incurred during the production phase to remove waste ore is deferred and charged to cost of gold sales on the basis of the average life-of-mine stripping ratio. The cost of excess stripping is capitalised as deferred stripping costs. Management believes that deferring stripping costs incurred during the production stage of its open-pit operations will better reflect the matching of the costs against the related economic benefits.



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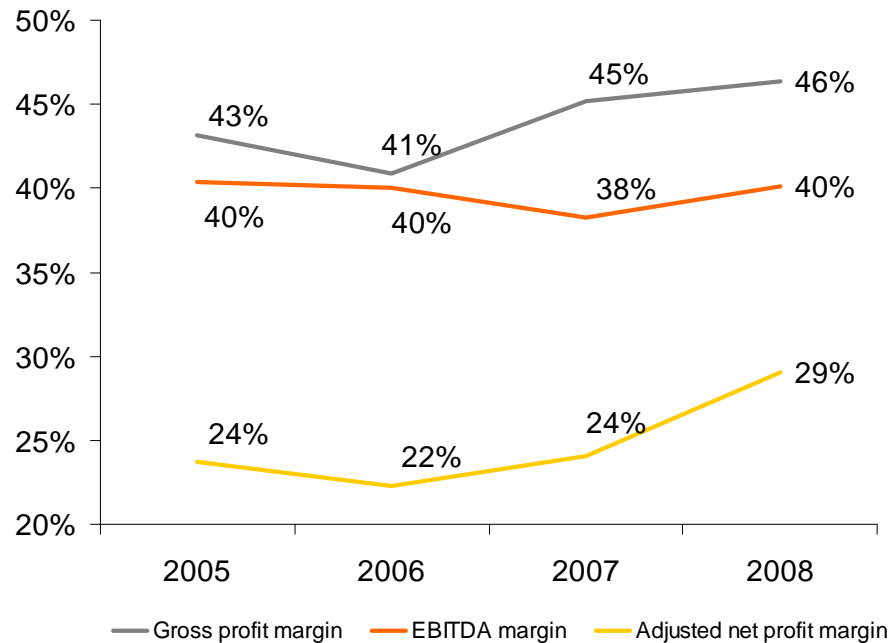
2008 financials: summary of performance results (related to non-GAAP measures)

USD'000	2008	2007 (restated)	2006 (restated)	2008 compared to 2007, %
Operating profit *	347,164	113,715	208,077	205.3
Operating profit margin	32%	13%	28%	143.5
Adjusted net profit**	316,204	208,459	168,029	51.7
Adjusted net profit margin	29%	24%	22%	21.0
EBITDA **	436,470	331,154	300,686	31.8
EBITDA margin	40%	38%	40%	5.1

* Operating profit is calculated as Gross profit, less Selling, general and administrative expenses, research and exploration expenses and other expenses, net

** Refer to Management report for calculation of EBITDA and adjusted net profit

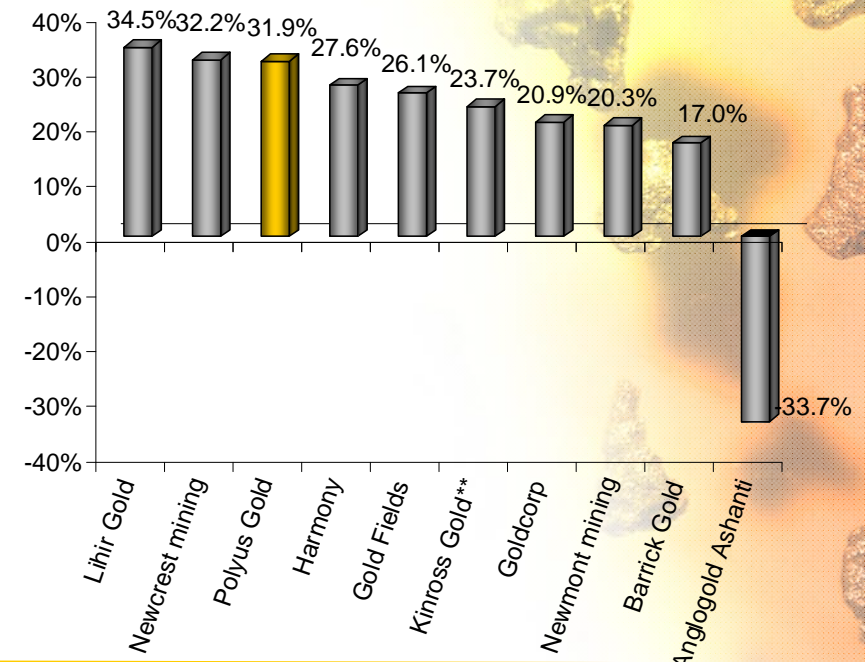
Polyus Gold key margins*, %



- Positive dynamics in gold selling prices since 2004 on the one hand, and relatively low level of production costs on the other, lead to gradual improvement in profitability indicators.

* For calculation of adjusted net profit refer to Management report.

Peer comparison, operating margin, %

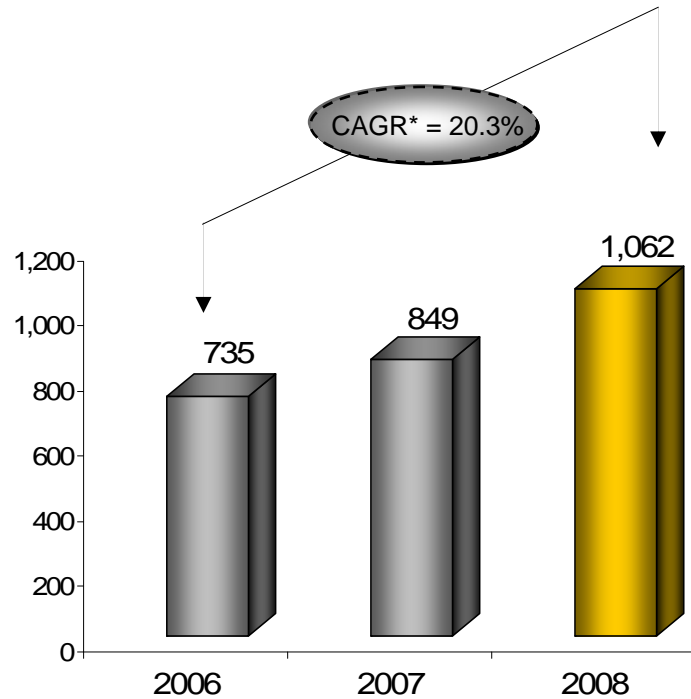


- Among global leaders in terms of operating margin.

** Kinross operating profit is adjusted for goodwill impairment charges.

2008 financials: revenue and EBITDA are on historical high levels

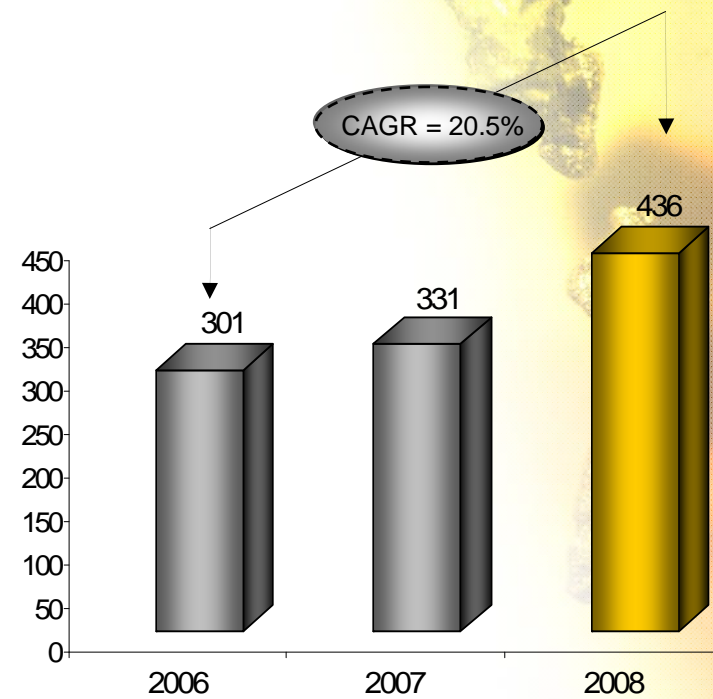
Sales revenue, USD million



- Thanks to non-hedging sales policy, the gold price growth was fully reflected in Group's revenues, that showed a 25% YoY increase;
- 2-year CAGR amounted to 20.3%

* CAGR – Compound annual growth rate

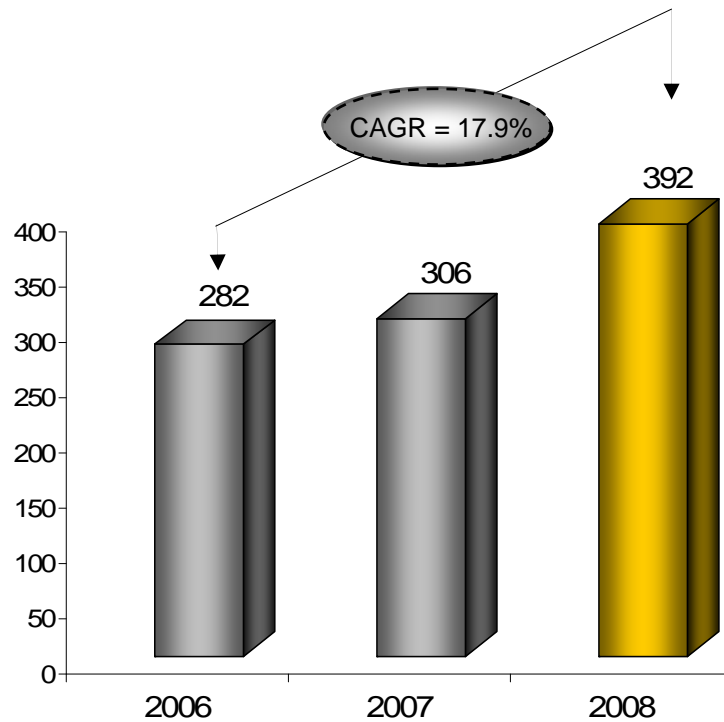
EBITDA, USD million



- EBITDA showed a 32% YoY growth, with a 2-year CAGR of 20.5%

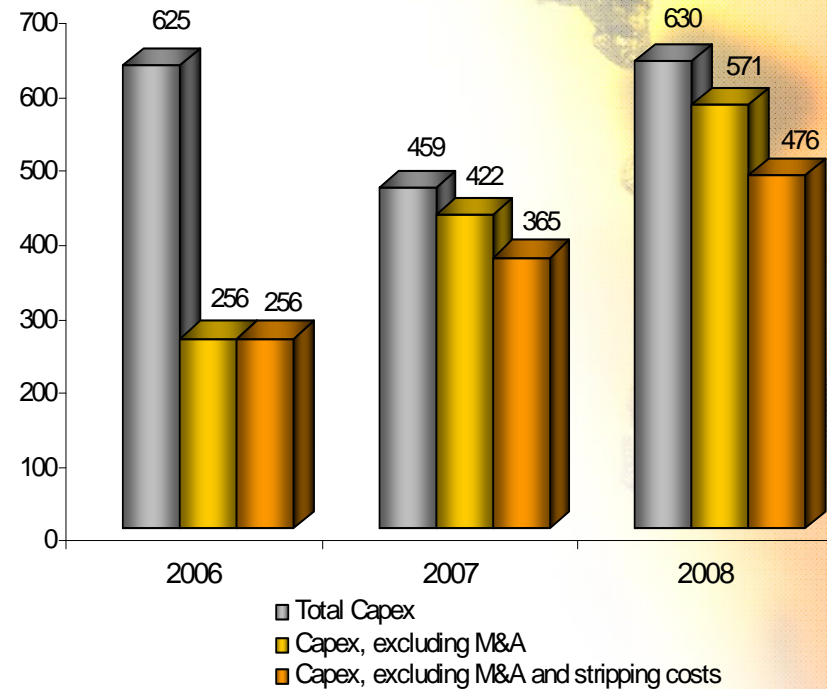
2008 financials: Reasonable growth of expenses

TCC, USD/oz



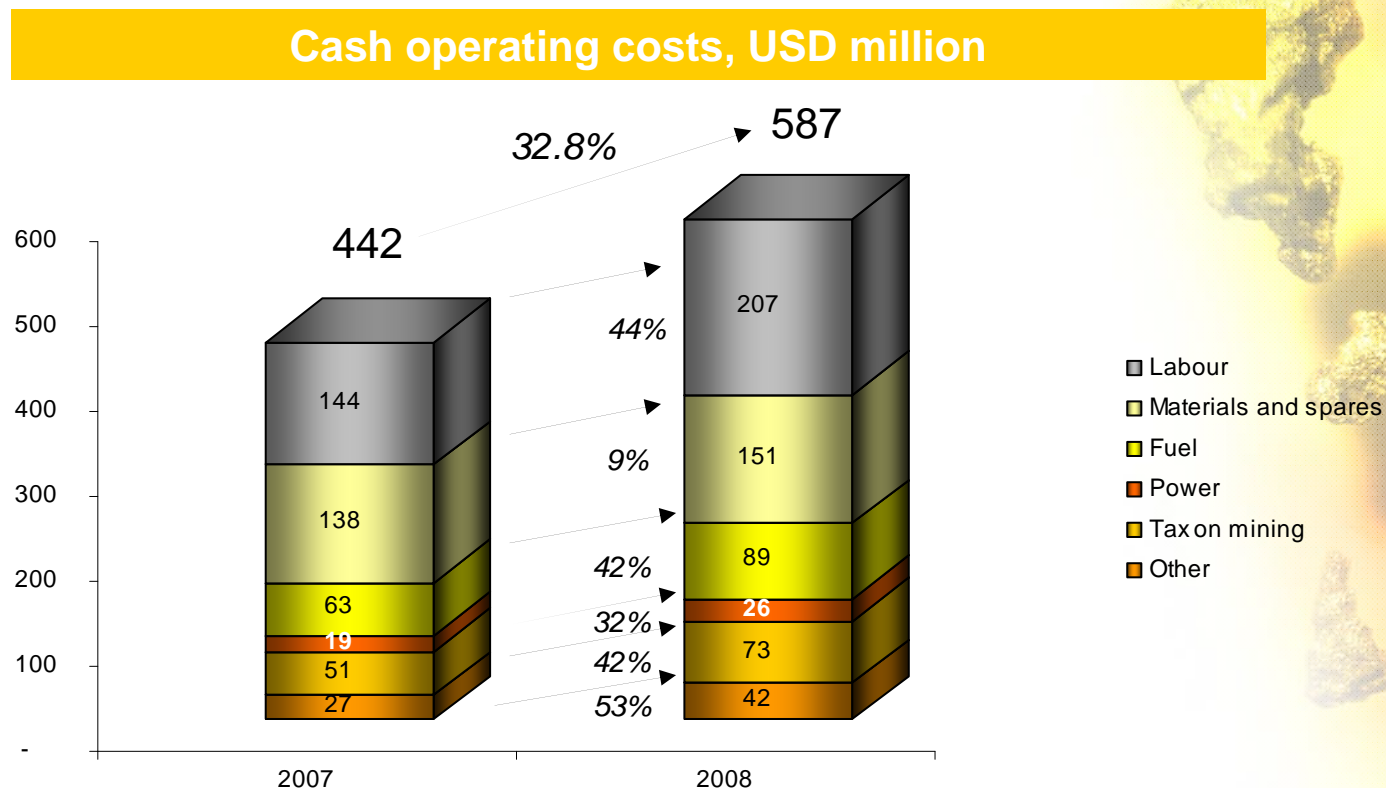
- TCC were retained at a level of 392 USD/oz;
- A 17.9% 2-year CAGR is competitive amid the growing cost pressure in the industry

Capex, USD million



- Significant capital expenditure to support extensive capacity growth

2008 financials: cash operating costs breakdown

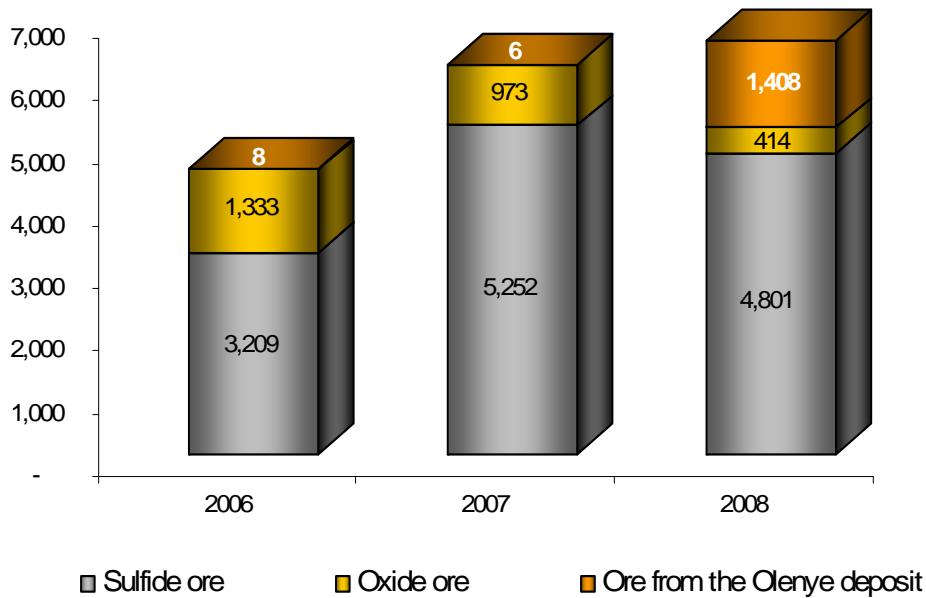


Main contributors to the growth of costs:

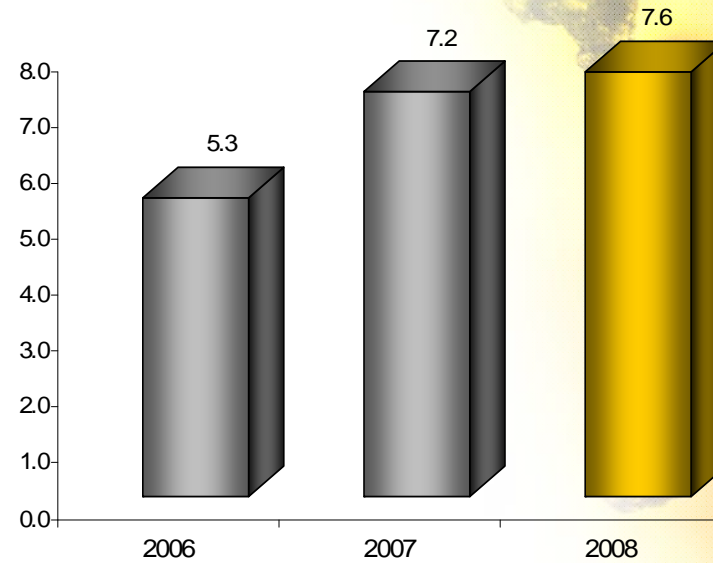
- **Labour expenses.** The 44% increase mainly comes from the Krasnoyarsk business unit, where a bonus for successful achievement of operational targets was accrued;
- **Materials and spares.** The increase in ore processing coupled with the growth of prices on materials and spares consumed, lead to a 9% increase in the costs of materials and spares;
- **Fuel.** The cost of fuel grew 42% due to increase in prices;
- **Tax on mining.** The 42% increase is related to the gold price growth.

TCC growth analysis: example of Olimpiada mine

Ore processed, k tonnes

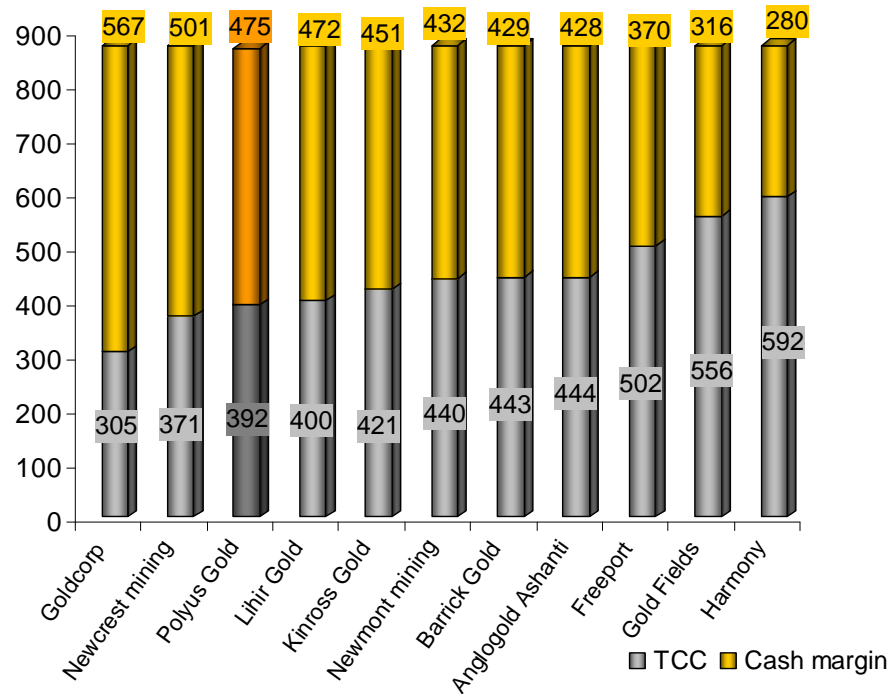


Tonnes of ore required to produce 1 oz of gold

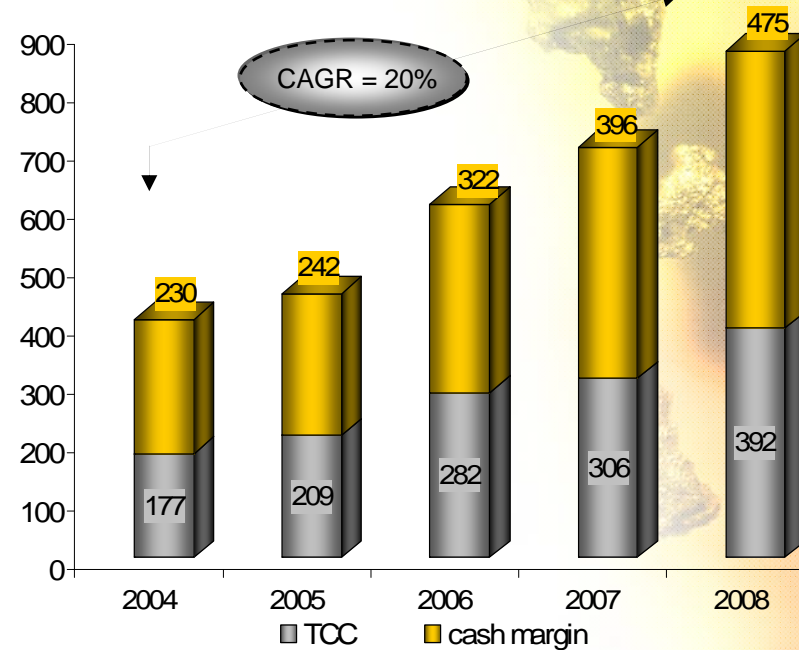


As a result of Olimpiada mine transition to the processing of sulfide ores and ores from the Olenye deposit, the volume of ore required for production of 1 oz of gold is increasing.

TCC and cash margin* of world's leading producers in 2008, USD/oz



Polyus Gold TCC and cash margin in 2004-2008, USD/oz



- Remaining a low-cost producer globally and one of the leaders in terms of cash margin.

- Growing gold price coupled with efficient cost control resulted in a 20% 4-year CAGR of the cash margin.

* Calculated using the average London PM fixing price of 872 USD/oz



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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\$390.2 m
Average TCC	244 US\$/oz

Dated October 2008. Main building and hydrometallurgical workshop



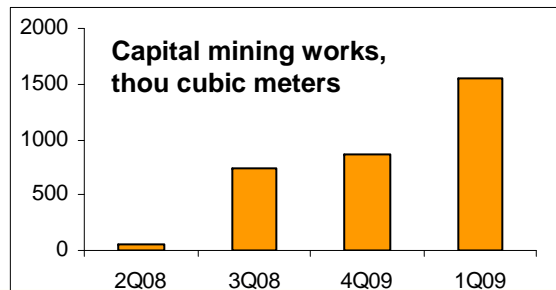
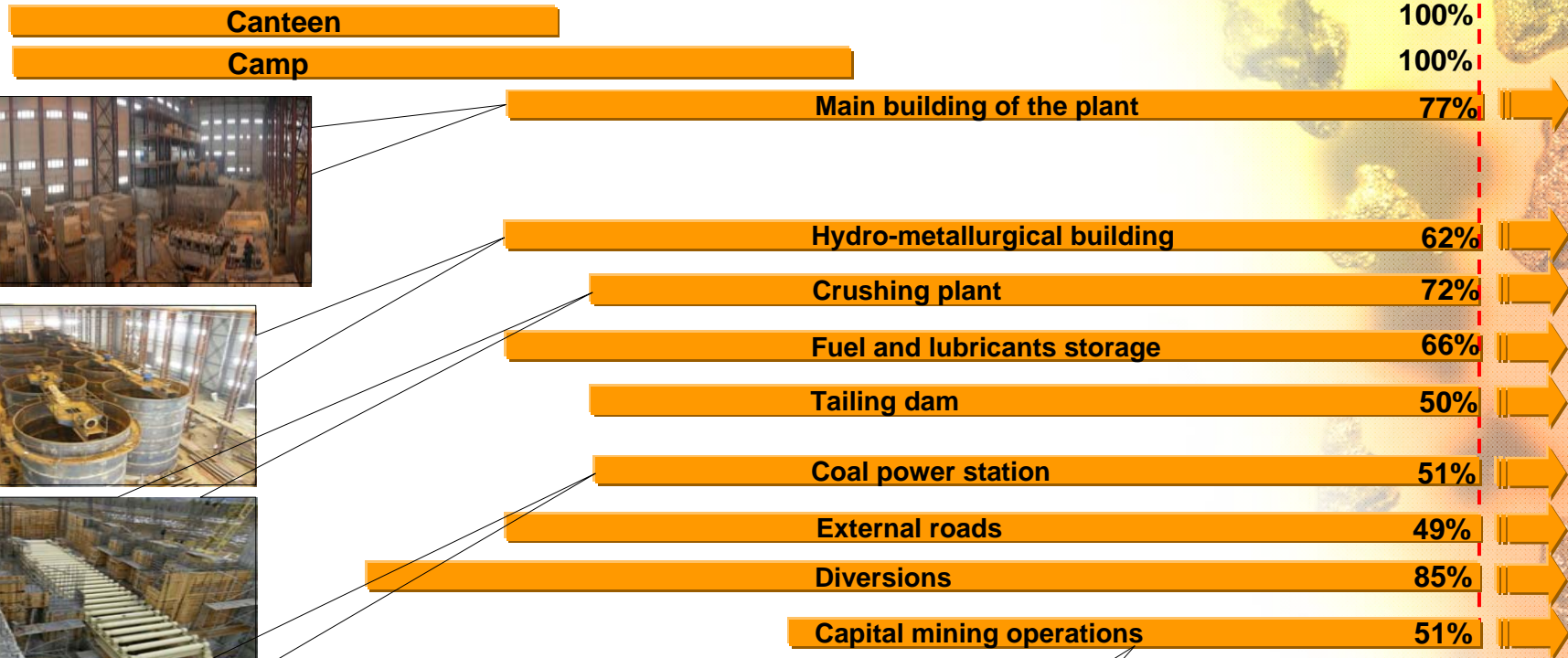
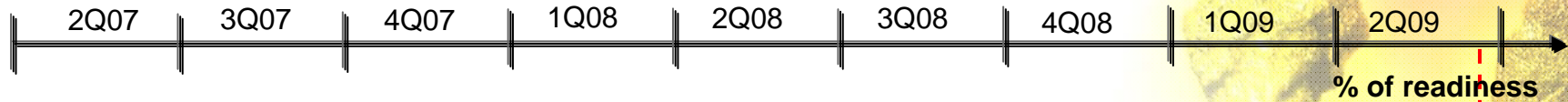
1Q2009 CAPEX update

- Mill construction in progress (main building, crushing plant, hydro-metallurgical workshop, thickening workshop, weigh house, chemicals storage, fuel and lubricants storage);
- Site for tailings dam and drainage facilities prepared;
- Garage-repair shop construction underway;
- Mining and transport equipment supply in progress;
- Camp for 987 workers and canteen for 200 people: construction completed;
- Coal power plant is under construction (in-house coal open pit hedges electricity price growth in the Krasnoyarsk region);
- Water pipe laying;
- Power grid and roads constructed;
- 30% of budgeted investments drawn (equipment received and assembled) @ 1/04/09.

Commissioning in time (2H2010)
and on budget

* Data according to the Reserves Audit completed by Micon Int. Co Ltd. In November 2008.

Projects update: Blagodatnoye Readiness of the objects



Projects update: Titimukhta

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 m
Average TCC	260 US\$/oz

1Q2009 CAPEX update:

- Mill-1 reconstruction completed;
- Crushing complex construction in progress;
- Mining began (**2008**: total rock moved – 2,849 thousand m³; ore mined – 211 k t; **1Q2009**: total rock moved – 1,362 thousand m³; ore mined – 318 k t).
- Power grid constructed;
- Road to Olimpiada constructed;
- Equipment delivering underway;
- Camp for 285 workers under construction;
- 54% of budgeted investments drawn (equipment received and assembled) @ 1/04/09.

Commissioning is expected ahead of schedule (1H2009) and on budget

Dated April 2009. Ore mining at Titimukhta



Dated November 2008. Mill-1 reconstruction



Highlights of the feasibility study:

Mine life	2010 - 2024
P&P reserves (additional exploration underway)	1.7 m oz at 3.0 g/t
Mill project capacity	2.2 mtpa
Average annual gold production	218 k oz
Estimated Capex (as of April 2009)	US\$249 m
Average TCC	253 US\$/oz

1Q2009 CAPEX update:

- Mining started;
- Camp and accommodation facilities constructions underway;
- Core mining and transport equipment acquired;
- Plant equipment ordering underway;
- Boiler-house assembling in progress;
- Road construction began;
- Tailings facilities preparation in progress;
- 25% of budgeted investments drawn (equipment received and assembled) @ 1/04/09.

Mill construction suspended by 6 months. Mining and preparation works under way.



Dated January 09. Main building and camp at Verninskoye



In February 2009 the following amended plan of development of Nataalka was prepared by Polyus team and approved by the BoD in March 2009.

The new plan implies 3 stages of capacity increase:

- The Company plans to construct **10 mtpa** plant in 2013 with a projected gold output of 675-1060 k oz per annum.
- **20 mtpa** capacity plant to be constructed in 2017-2021 with 1.1-1.4 m oz output.
- Further increase up to **40 mtpa** planned for 2022-41. Annual production – up to 1.6 m oz.

Expected LOM annual production – 1.4 m oz of gold.

Required Capex: USD 1.1 bln for the 1st stage + USD 1.1 bln for the 2nd and 3rd stages which will be covered from the operating cash flow of the Nataalka project.

Macroeconomics: 700 USD/oz, 32 RUR/USD, 0% inflation, 15% discount rate

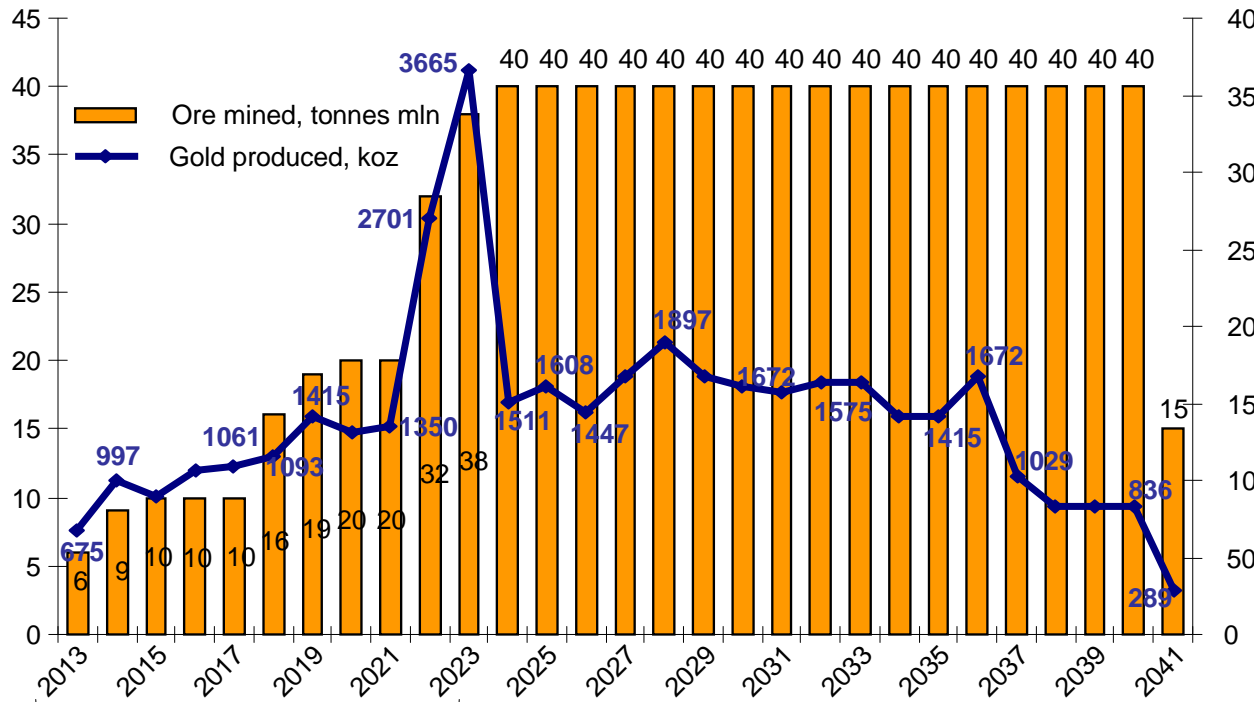
The stepwise plan of the Nataalka project development was accepted due to the following conditions:

- Insufficient power generating facilities in the Magadan region;
- Insufficient power transportation facilities;
- Deterioration of the global financial conditions. Financial markets are difficult for financing large-scale projects.

Natalka: New projected mine plan

Projected operational data: 2013-2041 Ore mining and gold production

Tonnes, mln



K oz

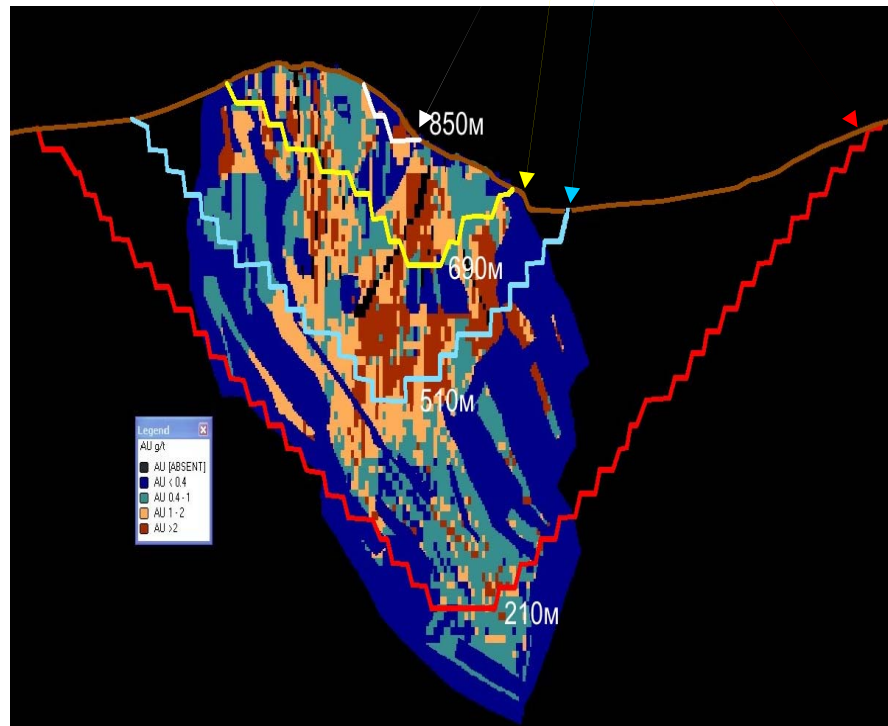
The chosen scenario 10-20-40 million tonnes can be profitable in tough economic conditions thanks to 2 factors:
 optimal mining plan;
 flexible cut off grade control;

The plan will work on the following grades:
 in 2013-2017 - average grade in ore mined will vary from 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

In 2013-2023 Polyus also will stockpile 185 mln tonnes of low-grade ore of 1.07-0.86 g/t, which to be transferred to “ready-to-processing” ore since 2024 and will go to the processing starting from 2036

Natalka project update: Mining parameters

Block model with pit edges at 1, 5, 11 and 24 year of mine



#	Parameter		
1	Length	m	4 500
2	Width	m	1 500
3	Depth	m	650
4	Ore reserves in pit outline	t.mln	884.6
5	Rock in pit outline	t.mln	2 173
6	Average gold grade	g/t	1.70
7	Gold in the ore	t	1504.1
8	Average stripping ratio	t/t	2.46
9	Working bench height	m	10
10	Maximal bench height	m	30
11	Ramp width	m	35
12	Ramp fall	%	8
13	Minimum width of operating platform	m	40

The pit parameters are based on a standard industry practice. The ramps are to provide two-way traffic. The ramps width will be 35 m with an 8% fall. The pit slopes restrictions are based on VNIMI (Research Institute of Mining Geomechanics and Mine Survey) studies and range from 36 degrees in the North-West to 46 degrees in the South-East. The maximal bench height will be 30 meters.



- Existing power grids
- Projected power grids

However, power supply to stage 1 of the project can be provided by the existing power facilities of the Magadan region, if the existing power lines and substations of MagadanEnergo are extended (construction of Omchak substation and cable replacement required). The investments are estimated at RUR 1.3 – 1.5 billion. The above scheme of power supplies to stage 1 was approved on the governmental level. Financing is to be provided by Polyus Gold.

- **Natalka** project power consumption equal to 267 MWt/h in 2013-2017, 532 MWt/h in 2018-2023 and 978 MWt/h in 2024-2041.
- The existing power generating capacities (**Kolymenskaya HPS of 900MWt, Arkagalinskaya condensing plant of 224 MWt and Magadan heat station of 96 MWt**) are not sufficient to meet the requirements of stages 2 and 3 of the project, and the existing grid is not able to meet the requirements of all three stages of the project. The existing generating capacities are capable of covering the needs of state 1.
- On the governmental level the following scheme of power systems development was approved:
 - 220 KWt power line from Ust-Omchug to Omchak,
 - 220 KWt power line from Omchak to Berelekh,
 - 220 KWt power line from Berelekh to Yagodnoe,
 - 220 KWt power line from outdoor switchgear (ODS) at Ust-Srednekanskaya hydro power station to ODS at Kolymenskaya hydro power station, substation Omchak;
 - reconstruction of a 220 KWt cell at Ust-Omchug substation, Berelekh substation and Yagodnoe substation
- According to the project prepared by the Institute of the regional policies, the investments are estimated at 13 billion rub. It is planned that the Investment fund of the RF is to finance the construction. The launch is expected in 2013-2014.
- Ust-Srednekanskaya HPS to be launched by plan in 2016 with projected capacity of 550 MWt.

Natalka project update: Natalka's new gold

On **May,7** the first gold bullion was produced at the Pilot Plant operating at the Natalka gold deposit.



A consortium of leading international engineering consultants is currently working on the feasibility study development.

On **April, 30** Polyus Gold and PeterGORProject signed a contract on elaboration of project documentation in accordance with legislation of the Russian Federation, including:

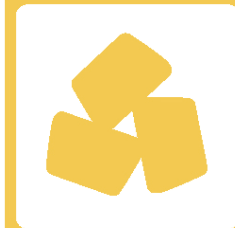
- Design estimates;
- Projects of siting and infrastructure objects;
- Industrial safety declaration;
- Environmental impact estimates;
- Maximum permissible discharge, etc.

PeterGORproject is a leading engineering company based in St.Petersburg with vast experience in designing of mining complexes with both open-pit and underground mining methods.



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