Polyus Gold

Consolidated interim financial statements for the six months ended 30 June 2006 (unaudited)

INDEX

EXCHANGE RATES – RUSSIAN ROUBLE

	30 June 2006	30 June 2005	31 December 2005
Period-end rates			
1 US dollar	27.0789	28.6721	28.7825
1 Euro	33.9759	34.5241	34.1850
Average rates for the period			
1 US dollar	27.6799	27.9595	28.2864
1 Euro	33.9950	36.0352	35.3865

STATEMENT OF MANAGEMENT'S RESPONSIBILITIES FOR THE PREPARATION AND APPROVAL OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2006

The following statement, which should be read in conjunction with independent auditors' responsibilities stated in the independent auditors' review report set out on page 2, is made with a view to distinguishing the respective responsibilities of management and those of the independent auditors in relation to the consolidated interim financial statements of Open Joint Stock Company "Polyus Gold" and its subsidiaries (the "Group").

Management is responsible for the preparation of the consolidated interim financial statements that present fairly the financial position of the Group at 30 June 2006, the results of its operations, cash flows and changes in shareholders' equity for the six months then ended, in accordance with International Financial Reporting Standards ("IFRS").

In preparing the consolidated interim financial statements, management is responsible for:

- Selecting suitable accounting principles and applying them consistently;
- Making judgements and estimates that are reasonable and prudent;
- Stating whether IFRS have been followed, subject to any material departures disclosed and explained in the consolidated interim financial statements; and
- Preparing the consolidated interim financial statements on a going concern basis, unless it is inappropriate to presume that the Group will continue in business for the foreseeable future.

Management is also responsible for:

- Designing, implementing and maintaining an effective and sound system of internal controls, throughout the Group;
- Maintaining statutory accounting records in compliance with legislation and accounting standards of the Russian Federation;
- Taking such steps as are reasonably available to them to safeguard the assets of the Group; and
- Detecting and preventing fraud and other irregularities.

The consolidated interim financial statements for the six months ended 30 June 2006 were approved on 25 September 2006 by:

Ivanov E. I.
General Director

Steschenko D. A.
Chief Accountant

Moscow
25 September 2006

Deloitte.

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INDEPENDENT AUDITORS' REVIEW REPORT

To shareholders of Open Joint Stock Company "Polyus Gold":

We have reviewed the accompanying consolidated interim financial statements for the six months ended 30 June 2006 of Open Joint Stock Company "Polyus Gold" (the "Company") and its subsidiaries (collectively, the "Group"), set out on pages 3-38. Management is responsible for the preparation and fair presentation of these consolidated interim financial statements in accordance with International Financial Reporting Standards. Our responsibility is to issue a report on these consolidated interim financial statements based on our review.

We conducted our review in accordance with International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated interim financial statements consists of making inquiries, primarily of Group's personnel responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying consolidated interim financial statements do not present fairly, in all material respects, the financial position of the Group at 30 June 2006, and the results of its operations, its cash flows and changes in shareholders' equity for the six months then ended, in accordance with International Financial Reporting Standards.

As discussed in note 1, the Company was incorporated in March 2006 as a result of a spin-off by Open Joint Stock Company "Mining and Metallurgical Company "Norilsk Nickel" of its gold mining business. In connection with the spin-off, all of the shares of Closed Joint Stock Company "Gold Mining Company Polus" were contributed into the Company. Assets, liabilities and results of operations of the Company are presented in the accompanying consolidated interim financial statements as if the change in reporting entity had occurred from the beginning of the earliest period presented.

Deloitte & Touche

Deloitte & Touche
Moscow
25 September 2006

CONSOLIDATED INCOME STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)
(in thousands of US Dollars)

	Notes	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Sales		**297,331**	**169,377**	**473,184**
Cost of sales	4	(165,690)	(91,247)	(269,025)
Gross profit		**131,641**	**78,130**	**204,159**
Selling, general and administrative expenses	8	(35,429)	(21,342)	(60,149)
Other net operating expenses	9	(3,301)	(2,458)	(24,989)
Operating profit		**92,911**	**54,330**	**119,021**
Finance costs	10	(2,873)	(1,613)	(3,586)
Net income from investments	11	976,513	18,025	51,749
Other non-operating expenses	12	(2,837)	(2,730)	(3,830)
Profit before taxation		**1,063,714**	**68,012**	**163,354**
Taxation	13	(32,380)	(19,597)	(50,929)
Profit for the period		**1,031,334**	**48,415**	**112,425**
Attributable to:				
Shareholders of the parent company		1,035,125	45,714	112,881
Minority interest		(3,791)	2,701	(456)
		1,031,334	**48,415**	**112,425**
Basic and diluted earnings per share (US cents)	14	**10**	**-**	**-**

POLYUS GOLD

CONSOLIDATED BALANCE SHEET
AT 30 JUNE 2006 (UNAUDITED)
(in thousands of US Dollars)

	Notes	30 June 2006	30 June 2005	31 December 2005
ASSETS				
Non-current assets		**1,246,597**	**1,809,855**	**1,134,763**
Property, plant and equipment	15	1,072,821	591,474	1,007,720
Capital construction-in-progress	16	156,964	88,998	106,963
Investments in securities and other financial assets	17	816	1,120,087	4,070
Long-term portion of reimbursable value added tax		15,996	9,296	16,010
Current assets		**3,135,202**	**825,983**	**2,480,353**
Inventories	18	144,706	91,417	123,616
Advances to suppliers and other receivables	19	43,357	22,615	25,409
Other current assets	20	101,611	76,505	72,664
Investments in securities and other financial assets	17	1,229,496	619,284	2,230,256
Cash and cash equivalents	21	1,616,032	16,162	28,408
Total assets		**4,381,799**	**2,635,838**	**3,615,116**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital and reserves		**3,892,999**	**2,448,586**	**3,138,195**
Share capital	22	7,040	5	5
Additional paid-in-capital	23	2,287,886	1,818,630	1,811,654
Investment revaluation reserve		-	176,719	816,709
Retained earnings		1,569,699	414,955	480,195
Equity attributable to shareholders of the parent company		**3,864,625**	**2,410,309**	**3,108,563**
Minority interest	24	**28,374**	**38,277**	**29,632**
Non-current liabilities		**248,097**	**132,225**	**238,018**
Deferred tax liabilities	25	177,591	119,543	171,919
Environmental obligations	26	66,634	10,556	60,828
Obligations under finance lease	27	3,113	-	4,025
Other long-term liabilities		759	2,126	1,246
Current liabilities		**240,703**	**55,027**	**238,903**
Current portion of obligations under finance lease	27	2,611	-	2,844
Contingent consideration for acquisition of subsidiaries	32	140,000	-	140,000
Short-term borrowings	28	12,341	5,207	23,243
Trade and other payables	29	69,252	36,840	49,643
Taxes payable	30	16,499	12,980	23,173
Total shareholders' equity and liabilities		**4,381,799**	**2,635,838**	**3,615,116**

CONSOLIDATED CASH FLOW STATEMENT
FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)
(in thousands of US Dollars)

	Notes	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Operating activities				
Cash flows from operations	31	81,509	4,239	99,587
Interest paid		(3,395)	(4,912)	(2,438)
Income tax paid		(42,855)	(13,183)	(45,600)
Net cash inflow/(outflow) from operating activities		**35,259**	**(13,856)**	**51,549**
Investing activities				
Acquisition of subsidiaries, net of cash acquired, and increase of ownership in subsidiaries	32	-	(30,000)	(152,929)
Proceeds from disposal of subsidiary, net of cash disposed of		-	(107)	(107)
Purchase of property, plant and equipment		(83,223)	(63,525)	(145,972)
Proceeds from sale of property, plant and equipment		3,318	985	2,876
Purchase of shares of Gold Fields Ltd.		-	(944,940)	(944,940)
Proceeds from sale of shares of Gold Fields Ltd.		1,925,402	-	-
Dividends received		6,197	-	6,062
Purchase of promissory notes and other financial assets		(1,142,077)	(404,420)	(613,452)
Proceeds from sale of promissory notes and other financial assets		475,610	177,894	541,517
Net cash inflow/(outflow) from investing activities		**1,185,227**	**(1,264,113)**	**(1,306,945)**
Financing activities				
Proceeds from short-term borrowings		56,046	3,284	5,041
Repayments of short-term borrowings		(56,066)	(28,396)	(32,617)
Repayments of finance lease obligations		(1,543)	-	(2,234)
Proceeds from issue of shares of CJSC “Polus”		-	1,299,745	1,299,745
Repayments of promissory notes		(10,838)	(89)	(89)
Cash contribution by Norilsk Nickel in connection with the spin-off		360,197	-	-
Net cash inflow from financing activities		**347,796**	**1,274,544**	**1,269,846**
Effect of translation to presentation currency		19,342	6,572	943
Net increase in cash and cash equivalents		**1,587,624**	**3,147**	**15,393**
Cash and cash equivalents at beginning of the period		**28,408**	**13,015**	**13,015**
Cash and cash equivalents at end of the period	21	**1,616,032**	**16,162**	**28,408**

POLYUS GOLD

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2006 (UNAUDITED)
(in thousands of US Dollars)

	Share capital	Additional paid-in-capital	Investment revaluation reserve	Retained earnings	Equity attributable to shareholders of the parent company	Minority interest	Total
Balance at 31 December 2004	**3**	**559,562**	**-**	**375,849**	**935,414**	**43,970**	**979,384**
Profit for the period	-	-	-	45,714	**45,714**	2,701	**48,415**
Issue of additional shares of CJSC "Polus"	2	1,299,743	-	-	**1,299,745**	-	**1,299,745**
Net decrease in minority interest due to increase of Group's share in subsidiaries	-	-	-	7,389	**7,389**	(7,389)	**-**
Minority interest in subsidiaries acquired	-	-	-	-	**-**	(92)	**(92)**
Increase in fair value of available-for-sale investments, net of deferred tax	-	-	176,719	-	**176,719**	-	**176,719**
Effect of translation to presentation currency	-	(40,675)	-	(13,997)	**(54,672)**	(913)	**(55,585)**
Balance at 30 June 2005	**5**	**1,818,630**	**176,719**	**414,955**	**2,410,309**	**38,277**	**2,448,586**
Profit for the period	-	-	-	67,167	**67,167**	(3,157)	**64,010**
Minority interest in subsidiaries acquired	-	-	-	-	**-**	(5,298)	**(5,298)**
Increase in fair value of available-for-sale investments, net of deferred tax	-	-	639,990	-	**639,990**	-	**639,990**
Effect of translation to presentation currency	-	(6,976)	-	(1,927)	**(8,903)**	(190)	**(9,093)**
Balance at 31 December 2005	**5**	**1,811,654**	**816,709**	**480,195**	**3,108,563**	**29,632**	**3,138,195**
Profit for the period	-	-	-	1,035,125	**1,035,125**	(3,791)	**1,031,334**
Recognised gain on available-for-sale investments sold during the period	-	-	(839,534)	-	**(839,534)**	-	**(839,534)**
Issue of shares of OJSC "Polyus Gold"	6,866	353,331	-	-	**360,197**	-	**360,197**
Increase in minority interest due to increase of share capital in a subsidiary	-	-	-	(753)	**(753)**	753	**-**
Effect of translation to presentation currency	169	122,901	22,825	55,132	**201,027**	1,780	**202,807**
Balance at 30 June 2006	**7,040**	**2,287,886**	**-**	**1,569,699**	**3,864,625**	**28,374**	**3,892,999**

1. GENERAL

Organisation

Open Joint Stock Company "Polyus Gold" (the "Company") was incorporated in Moscow, Russian Federation, on 17 March 2006. The Company was formed as a result of a spin-off by OJSC "Mining and Metallurgical Company "Norilsk Nickel" ("Norilsk Nickel") of its gold mining business comprising Closed Joint Stock Company "Gold Mining Company Polus" (CJSC "Polus") and its subsidiaries. In connection with the spin-off Norilsk Nickel contributed into the Company 100% of CJSC "Polus" shares and cash in the amount of USD 360,197 thousand.

The principal activities of the Company and its subsidiaries (the "Group") are the extraction, refining and sale of gold. Mining and processing facilities of the Group are located in Krasnoyarsk and Irkutsk regions and Sakha Republic of the Russian Federation. The Group also performs research and exploration works, primarily at Natalka field located in Magadan region. Further details regarding the nature of the business and structure of the Group are presented in note 38.

The shareholding structure of the Group as at 30 June 2006 was as follows:

Shareholders	Number of shares	% held
CJSC "ING Bank Evrazia" (nominal)	82,699,447	43.38%
Dimosenco Holdings Co. Limited	24,123,671	12.65%
Pharanco Holdings Co. Limited	24,123,671	12.65%
CJSC "Holding Company "Invest"	12,146,657	6.37%
AKB "Rosbank" (nominal)	11,952,559	6.27%
NP "National Deposit Centre" (nominal)	6,779,087	3.56%
CJSC "Deposit Cliring Company" (nominal)	6,223,554	3.26%
CJSC "UBS Nominiz" (nominal)	4,412,979	2.31%
Other	18,166,122	9.55%
	190,627,747	**100.00%**

The ultimate controlling shareholders of the Group are Mr. Vladimir Potanin and Mr. Mikhail Prokhorov.

Basis of presentation

The consolidated interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards ("IFRS"). IFRS include standards and interpretations approved by International Accounting Standards Board ("IASB"), including International Accounting Standards ("IAS") and interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

The entities of the Group maintain their accounting records in accordance with the laws, accounting and reporting regulations of the jurisdiction, in which they are incorporated and registered.
The accounting principles and financial reporting procedures in these jurisdictions may differ substantially from those generally accepted under IFRS. Accordingly, such financial statements have been adjusted to ensure that the consolidated interim financial statements are presented in accordance with IFRS.

These consolidated interim financial statements of the Group are prepared on the historical cost basis, except for:

- fair value of subsidiaries acquired, in accordance with IFRS 3 “Business Combinations”, which is more fully described in note 2 (a);
- mark-to-market valuation of by-products, in accordance with IAS 2 “Inventories”, which is more fully described in note 2 (h); and
- mark-to-market valuation of financial instruments, in accordance with IAS 39 “Financial Instruments: Recognition and Measurement”, which is more fully described in note 2 (i).

Accounting for change in reporting entity

The spin-off of Norilsk Nickel’s gold mining business, which involved the contribution of all of CJSC “Polus” shares into the newly created Company, was accounted for in the consolidated interim financial statements as a change in reporting entity. Assets, liabilities and results of operations of the Company were presented in the consolidated interim financial statements as if the change in reporting entity had occurred from beginning of the earliest period presented.

The following principles were used in the preparation of the consolidated interim financial statements:

- property, plant and equipment of the Company were recorded at the carrying values as in the consolidated financial statements of Norilsk Nickel prior to the spin-off, including mineral rights recognised on acquisition of CJSC “Polus” and its subsidiaries;
- at 31 December and 30 June 2005, share capital represented share capital of CJSC “Polus”;
- additional paid-in-capital comprised share premium of CJSC “Polus” from the date of incorporation till 17 March 2006; increase in shareholders’ equity on recognition of mineral rights arose on the acquisition of CJSC “Polus” and its subsidiaries by Norilsk Nickel; and additional cash contribution by Norilsk Nickel into the Company in connection with the spin-off transaction;
- comparative figures in respect of all financial statements’ elements, that were not affected by the accounting principles described above, were recorded at the same values as in the consolidated financial statements of Norilsk Nickel for the respective periods.

New accounting pronouncements

The following new or revised standards and interpretations issued by the IASB and IFRIC have been issued at the date of authorisation of the Group’s consolidated interim financial statements, that are mandatory for adoption in the annual accounting periods beginning on or after 1 January 2006:

- IAS 1 Amendment “Capital Disclosures”
- IAS 19 Amendment “Employee Benefits”
- IAS 21 Amendment “The Effects of Changes in Foreign Exchange Rates - Net Investment in a Foreign Operation”
- IAS 39 and IFRS 4 Amendment “Financial Guarantee Contracts”
- IAS 39 Amendments “Cash Flow Hedge Accounting of Forecast Intragroup Transactions” and “The Fair Value Option”
- IFRS 1 Amendment “Requirements of IFRS 6 to Comparative Information”
- IFRS 6 “Exploration for and Evaluation of Mineral Resources”
- IFRS 7 “Financial Instruments: Disclosures”
- IFRIC 4 “Determining whether an Arrangement Contains a Lease”

- IFRIC 5 “Rights to Interest Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds”
- IFRIC 7 “Applying the Restatement Approach under IAS 29 “Financial Reporting in Hyperinflationary Economies”
- IFRIC 8 “Scope of IFRS 2”
- IFRIC 9 “Reassessment of Embedded Derivatives”
- IFRIC 10 “Interim Financial Reporting and Impairment"

The impact of adoption of these standards and interpretations in preparation of the consolidated annual financial statements for the year ending 31 December 2006 and in future periods is currently being assessed by management, however no material effect on the Group’s accounting policies is anticipated.

2. SIGNIFICANT ACCOUNTING POLICIES

The Group’s significant accounting policies are set out below:

(a) Basis of consolidation

Subsidiaries

The consolidated financial statements of the Group incorporate financial statements of the Company and its subsidiaries, from the date that control effectively commenced until the date that control effectively ceased. Control is achieved where the Company has power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The assets and liabilities of all subsidiaries are measured at their fair values at the date of acquisition. The interest of minority shareholders is stated at the minority’s share of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the minority interest in excess of the minority interest are allocated against the interest of the parent company.

The financial statements of subsidiaries are prepared for the same reporting period as those of the Company; where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used by them into line with those of the Group.

All intra-group balances, transactions and any unrealised profits or losses arising from intra-group transactions are eliminated on consolidation.

Associates

An associate is an entity over which the Group exercises significant influence, but not control, through participation in financing and operating policy decisions, in which it normally owns between 20% and 50% of the voting equity. Associates are equity accounted for from the date significant influence commenced until the date that significant influence effectively ceased, except when the investment is classified as held for sale.

The results of associates are equity accounted for based on their most recent financial statements. Any losses of associates are recorded in the consolidated financial statements until the investment in such associates is reduced to zero. Thereafter losses are only accounted for to the extent that the Group is committed to providing financial support to such associates.

The carrying value of investments in associates represents the cost of each investment, including goodwill, the share of post-acquisition retained earnings and any other movements in reserves.

The carrying value of investments in associates is reviewed on a regular basis and if any impairment in value has occurred, it is written down in the period in which such circumstances are identified.

Unrealised gains and losses resulting from transactions with associates are eliminated to the extent of the Group's interest in these associates.

Accounting for acquisitions

Where an investment in a subsidiary or an associate is made, any excess of the purchase consideration over the fair value of the identifiable assets, liabilities, contingent liabilities and attributable ore reserves at the date of acquisition is recognised as goodwill. Goodwill which represents ore resources is amortised on a systematic basis to recognise the depletion of the resources over the life of mine.

Goodwill in respect of non-mining subsidiaries is disclosed as a goodwill, and goodwill relating to associates is included within the carrying value of the investments in associates.

Goodwill is reviewed for impairment at least annually and if an impairment has occurred, it is recognised in the income statement in the period during which the circumstances are identified and is not subsequently reversed.

On disposal of a subsidiary or an associate the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Where an investment in a subsidiary or an associate is made, any excess of the Group's share in the fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised in the consolidated income statement immediately.

(b) Functional and presentation currency

The functional currency of the Company and all subsidiaries, which reflects the economic substance of their operations, is the Russian Rouble ("RUR").

The presentation currency of the consolidated financial statements of the Group is the United States of America Dollar ("USD" or "US Dollar"). Using USD as a presentation currency is a common practice for global gold mining companies. In addition, USD is a more relevant presentation currency for international users of the consolidated financial statements of the Group.

The translation from RUR (functional currency) into USD (presentation currency) is made using exchange rates as quoted by the Central Bank of the Russian Federation, as follows:

- all assets and liabilities, both monetary and non-monetary, and all items included in shareholders' equity, other than profit for the reporting period, are translated at closing exchange rates at the dates of each balance sheet presented;
- all income and expenses in each income statement are translated at the average exchange rates for the periods presented; and
- all resulting exchange differences are included in shareholders' equity.

The RUR is not a freely convertible currency outside the Russian Federation and, accordingly, any translation of RUR denominated assets and liabilities into USD for the purpose of these consolidated financial statements does not imply that the Group could or will in the future realise or settle in USD the translated values of these assets and liabilities.

(c) Foreign currency transactions and balances

Transactions in foreign currencies are recorded at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to RUR at the exchange rate at the balance sheet date. Non-monetary items carried at historical cost are translated at the exchange rate prevailing on the date of the transaction. Non-monetary items carried at fair value are translated at the exchange rate prevailing on the date on which the most recent fair value was determined. Exchange differences arising from changes in exchange rates are recognised in the income statement.

(d) Property, plant and equipment

Property, plant and equipment are classified into the following categories:

- buildings, structures and utilities;
- machinery, equipment and transport;
- exploration and evaluation assets;
- mineral rights; and
- other assets.

Buildings, structures, utilities, machinery, equipment and transport

Buildings, structures, utilities, machinery, equipment and transport consist of mining and non-mining assets.

Mining assets are amortised on a straight-line basis over the life of mines of 7 to 20 years, which is based on estimated proven and probable ore reserves.

Amortisation of mining assets is charged from the date when a new mine reaches commercial production and is included in the cost of production.

Non-mining assets are stated at cost less accumulated depreciation. Depreciation is provided on a straight-line basis over the economic useful lives of such assets at the following annual rates:

• buildings, structures, plant and equipment	2% to 10%
• transport	9% to 25%
• other assets	10% to 20%

Exploration and evaluation assets

Exploration and evaluation expenditures are capitalised when it is expected that they will be recouped by future exploitation, sale, or when the exploration and evaluation activities have not reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves.

Exploration and evaluation assets are transferred to mining property, plant and equipment when a mine, related to an area of interest, reaches commercial production quantities.

Mineral rights, mineral resources and ore reserves

Mineral rights, mineral resources and ore reserves are recorded as assets when acquired as part of a business combination and are then amortised on a straight-line basis using the life of mine method based on estimated proven and probable ore reserves. Mineral resources and ore reserves are estimated in accordance with the JORC code or using the Russian Resource Reporting Code for alluvial gold reserves.

Estimated proven and probable ore reserves reflect the economically recoverable quantities which can be legally recovered in the future from known mineral deposits.

Leased assets

Leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Assets subject to finance leases are capitalised as property, plant and equipment at the lower of fair value or present value of future minimum lease payments at the date of acquisition, with the related lease obligation recognised at the same value. Capitalised leased assets are depreciated over the lesser of their estimated useful lives, or the term of the lease.

Finance lease payments are allocated using the effective interest rate method, between the lease finance cost, which is included in interest paid, and the capital repayment, which reduces the related lease obligation to the lessor.

(e) Capital construction-in-progress

Capital construction-in-progress comprises costs directly related to mine development, construction of buildings, infrastructure, processing plant, machinery and equipment. Cost also includes finance charges capitalised during the development and construction periods where such costs are financed by borrowings. Amortisation or depreciation of these assets commences when the assets are placed into commercial production.

Mine development costs

Mine development costs are recorded as capital construction-in-progress and transferred to mining property, plant and equipment when a new mine reaches commercial production quantities.

Mine development costs include expenditure incurred in:

- acquiring mineral rights and exploration licenses;
- developing new mining operations.

(f) Impairment

An impairment review of tangible and intangible assets is carried out when there is an indication that those assets have suffered an impairment loss by comparing the carrying amount of the assets to their respective recoverable amount. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. The impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the original carrying amount that would have been determined had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

(g) Deferred expenditures

Certain Group's production facilities are located in regions with specific weather conditions. Consequently, surface (alluvial) mining operations are subject to seasonality and gold at these locations is only mined during certain months of the year. Costs incurred in preparation for future seasons are deferred. Such expenditures include stripping and excavation costs and mine specific administration costs, and are recognised on the balance sheet within other current assets.

(h) Inventories

Refined gold

Gold is measured at the lower of net production cost on the weighted average basis and net realisable value. The net cost of production per unit of gold is determined by dividing total production cost, less net revenue from sales of by-products and valuation of by-product inventories on hand, by the saleable mine output of gold.

Production costs include on-mine and concentrating costs, smelting, treatment and refining costs, other cash costs and amortisation and depreciation of operating assets.

By-products, i.e. silver and other minor metals, are measured at net realisable value, through a mark-to-market valuation.

Work-in-process

Work-in-process is valued at the net unit cost of production based on the percentage of completion method.

Stores and materials

Stores and materials consist of consumable stores and are valued at the weighted average cost less provision for obsolete items.

(i) Financial instruments

Financial instruments recognised on the Group's balance sheet mainly include investments, advances to suppliers and other receivables, cash and cash equivalents, trade and other payables and borrowings. Financial instruments are initially measured at fair value, when the Group has become a party to the contractual arrangement of the instrument. The subsequent measurement of financial instruments is dealt with below.

A financial instrument or a portion of a financial instrument is derecognised, when the Group loses its contractual rights or extinguishes the obligation associated with such an instrument. On derecognition of a financial asset, the difference between the proceeds received or receivable and the carrying amount of the asset is included in the income statement. On derecognition of a financial liability the difference between the carrying amount of the liability extinguished or transferred to another party and the amount paid is included in the income statement.

Investments

Investments are classified into the following categories:

- held-to-maturity;
- at fair value through profit and loss; and
- available-for-sale.

Investments with fixed or determinable payments and fixed maturity, which the Group has the positive intent and ability to hold to maturity, other than loans and receivables originated by the Group, are classified as held-to-maturity investments. Held-to-maturity investments are carried at amortised cost less any allowance for impairment. Amortisation of the discount or premium on the acquisition of a held-to-maturity investment is recognised in interest income over the term of the investment. Held-to-maturity investments are included in non-current assets, unless they mature within twelve months of the balance sheet date.

Investments at fair value through profit and loss include investments held for trading and investments designated upon initial recognition as at fair value through profit and loss.

All other investments, other than loans and receivables, are classified as available-for-sale.

Investments at fair value through profit and loss and investments available-for-sale are subsequently measured at fair value by reference to their quoted market price at the balance sheet date, without any deduction for transaction costs that may be incurred on sale or other disposal. Gain or loss arising from a change in the fair value of investments at fair value through profit and loss are recognised in the income statement for the period. Gain or loss arising from a change in the fair value of investments available-for-sale is recognised directly in equity through the statement of changes in shareholders' equity, until such investments are derecognised, at which time the cumulative gain or loss previously recognised in equity shall be recognised in the income statement.

When a decline in fair value of an available-for-sale investment has been recognised directly in equity and there is objective evidence that investment is impaired, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in the income statement even though the investment has not been derecognised.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are recorded at management's estimate of fair value.

Advances to suppliers and other receivables

Advances to suppliers and other receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts, calculated as the difference between the carrying amount of receivables and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition, are recognised in the income statement when there is objective evidence the receivables are impaired.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, cash deposits and highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Borrowings

Loans and borrowings are initially measured at proceeds received, net of direct transaction costs. Subsequently, loans and borrowing are measured at amortised cost, which is calculated by taking into account any discount or premium on settlement. Finance charges, including premiums payable on settlement or redemption, are accounted for on an accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(j) Interest on borrowings

Interest on borrowings relating to major qualifying capital projects under construction are capitalised during the construction period in which they are incurred. Once a qualifying capital project has been fully commissioned, the associated borrowing costs are expensed in the income statement as and when incurred.

Other interest is expensed in the income statement as and when incurred.

(k) Provisions

Provisions are recognised when the Group has legal or constructive obligations, as a result of a past event for which it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be reliably estimated.

(l) Employee benefit obligations

Remuneration to employees in respect of services rendered during a reporting period are recognised as an expense in that reporting period.

The Group contributes to the Pension fund of the Russian Federation on behalf of all its employees. These contributions are recognised in the income statement as incurred.

(m) Taxation

Income tax on the profit or loss for the period comprises current and deferred taxation.

Current tax is the tax payable on the taxable income in the period, using tax rates enacted or substantively enacted at the balance sheet date, and includes any adjustment to tax payable in respect of previous periods.

Deferred taxation is accounted for using the balance sheet liability method in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used in the computation of taxable income.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority and the Group intends to settle its tax assets and liabilities on a net basis.

Deferred taxation is calculated at rates that are expected to apply to the period when the asset is realised or the liability is settled. It is charged or credited to the income statement, except when it relates to items credited or charged directly to equity, in which case deferred taxation is also dealt with in equity.

(n) Revenue recognition

Revenue consists of the sale of refined gold and is recognised when the risks and rewards of ownership are transferred to the buyer. Gold sales revenue represents the net invoiced value for gold supplied to customers. Revenues from the sale of by-products are netted off against production costs.

(o) Operating leases

The lease of assets under which all the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised in the income statement in the period in which they are due in accordance with lease terms.

(p) Dividends declared

Dividends and related taxation thereon are recognised as a liability in the period in which they have been declared and become legally payable.

Retained earnings legally distributable by the Company are based on the amounts available for distribution in accordance with the applicable legislation and as reflected in the statutory financial statements of the individual entities of the Group. These amounts may differ significantly from the amounts calculated on the basis of IFRS.

(q) Segmental information

The Group predominantly operates in a single business segment, being mining and refining of gold. The Group's production facilities are based in the Russian Federation. Therefore, business activities are subject to the same risks and returns, and are addressed in the consolidated financial statements as one reportable segment.

(r) Environmental obligations

Environmental obligations include decommissioning and land restoration costs.

Future decommissioning costs, discounted to net present value, are capitalised and corresponding decommissioning obligations raised as soon as the constructive obligation to incur such costs arises and the future decommissioning cost can be reliably estimated. Decommissioning assets are amortised on a straight-line basis over the life of mine. The unwinding of the decommissioning obligation is included in the income statement. Decommissioning obligations are periodically reviewed in light of current laws and regulations, and adjustments made as necessary.

Provision for land restoration, representing the cost of restoring land damaged after the commencement of commercial production, is estimated at the net present value of the expenditures expected to settle the obligation. Increases in provision are charged to the income statement as a cost of production. The unwinding of restoration costs are expensed over the life of mine.

Ongoing restoration costs are expensed when incurred.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In the process of applying accounting policies, the Group makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgements which are based on historical experience, current and expected economic conditions, and all other available information. Due to the inherent uncertainty in making those estimates and assumptions, actual results reported in future periods could differ from those estimates.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

Held-to-maturity investments

The Group follows IAS 39 "Financial Instruments: Recognition and Measurement" guidance on classifying promissory notes with fixed or determinable payments and fixed maturity as held-to-maturity. This classification requires significant judgement. In making this judgement, management evaluates its intention and ability to hold these promissory notes to maturity.

If the Group fails to keep these promissory notes to maturity other than for the specific circumstances explained in IAS 39, it will be required to reclassify the whole class as available-for-sale. The investments would therefore be measured at fair value, and not amortised cost.

Useful economic lives of property, plant and equipment

Management assesses the useful economic lives of property, plant and equipment considering current technical condition of assets, the volume of remaining recoverable ore reserves or the remaining mining lease period and potential changes in technology and demand.

Exploration and evaluation assets

Management's judgement is involved in the determination of whether the expenditures which are capitalised as exploration and evaluation assets will be recouped by future exploitation or sale. Determining this, management estimates the possibility of finding recoverable ore reserves related to a particular area of interest unless evaluation activities have reached a stage that permits a reasonable assessment of the existence of commercially recoverable ore reserves.

Impairment of assets

The Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash-generating unit. Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate cash-generating units, and also in estimating the timing and value of underlying cash flows within the value in use calculation. Subsequent changes to the cash-generating unit allocation or to the timing of cash flows could impact the carrying value of the respective assets.

Initial accounting for acquisition of subsidiaries

The initial accounting for acquisition of subsidiaries involves determining the fair values to be assigned to the identifiable assets, liabilities and contingent liabilities of the acquired companies and the cost of acquisition. When initial accounting can be determined only provisionally by the end of the period in which acquisition is effected, the Group accounts for the acquisition using provisional values. Significant management's judgements and estimates are involved in determining the provisional values of assets, liabilities and contingent liabilities of the acquired companies. Adjustments to those provisional values as a result of completing the initial accounting for acquisitions in the following accounting periods might be material.

Taxation

Judgements are required in determining current income tax liabilities. The Group recognises liabilities for taxes based on estimates of whether additional taxes will be due. Where the final outcome of various tax matters is different from the amounts that were initially recorded, such differences will impact income tax and deferred tax provisions in the period in which such determination is made.

Environmental obligations

The Group's mining and exploration activities are subject to various environmental laws and regulations. The Group recognises management's best estimate for asset retirement obligations in the period in which they are incurred. Actual costs incurred in future periods could differ materially from the estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates and discount rates could affect the carrying amount of this provision.

Contingencies

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgement and estimates of the outcome of future events.

(in thousands of US Dollars)

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005

4. COST OF SALES

Cash operating costs	142,623	83,262	232,597
On-mine costs (refer to note 5)	79,321	49,026	154,996
Smelting and concentrating costs (refer to note 6)	43,590	21,143	44,792
Refining costs	1,498	1,132	3,114
Tax on mining	18,214	11,961	29,695
Amortisation and depreciation of operating assets (refer to note 7)	34,665	20,169	45,224
Change in provision for land restoration (refer to note 26)	250	191	2,088
Increase in metal inventories	(11,848)	(12,375)	(10,884)
Total	**165,690**	**91,247**	**269,025**

5. ON-MINE COSTS

Consumables and spares	41,418	24,598	73,718
Labour	27,169	20,246	58,049
Utilities	3,919	3,535	14,090
Sundry on-mine costs	6,815	647	9,139
Total (refer to note 4)	**79,321**	**49,026**	**154,996**

6. SMELTING AND CONCENTRATING COSTS

Consumables and spares	24,313	15,593	34,325
Labour	9,576	5,017	9,432
Utilities	6,837	309	398
Sundry smelting and concentrating costs	2,864	224	637
Total (refer to note 4)	**43,590**	**21,143**	**44,792**

7. AMORTISATION AND DEPRECIATION OF OPERATING ASSETS

Mining	24,694	12,573	32,492
Smelting and concentrating	9,971	7,596	12,732
Total (refer to note 4)	**34,665**	**20,169**	**45,224**

(in thousands of US Dollars)

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
8. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES			
Salaries	20,966	13,038	33,183
Taxes other than mining and income taxes	3,815	2,116	4,685
Depreciation	1,893	1,027	2,370
Research and development	1,663	133	1,886
Professional services	1,171	1,080	3,563
Rent expenses	869	502	1,710
Bank charges	848	-	973
Repair and maintenance	440	644	3,133
Other	3,764	2,802	8,646
Total	**35,429**	**21,342**	**60,149**
9. OTHER NET OPERATING EXPENSES			
Change in provision for impairment of advances to suppliers and other receivables	2,422	346	954
Change in provision for impairment of value added tax recoverable	2,247	-	1,340
Loss on disposal of property, plant and equipment and assets under construction	1,033	1,112	4,848
Net operating loss/(profit) from non-mining activities	328	(506)	2,050
Change in provision for impairment of property, plant and equipment and assets under construction	(2,528)	-	11,613
Cost of liquidation of obsolete equipment	-	775	2,421
Tax fines and penalties	-	-	1,872
Other	(201)	731	(109)
Total	**3,301**	**2,458**	**24,989**
10. FINANCE COSTS			
Interest on borrowings	1,202	1,380	2,744
Unwinding of discount on decommissioning obligations (refer to note 26)	1,671	233	842
Total	**2,873**	**1,613**	**3,586**

(in thousands of US Dollars)

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005

11. NET INCOME FROM INVESTMENTS

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Gain on disposal of investments and other financial assets	991,710	-	2,607
Income accrued on deposits	37,973	-	4,731
Interest income on promissory notes	9,775	17,279	38,652
Dividends received	6,197	-	6,062
Loss on revaluation of bank deposits denominated in foreign currency	(69,713)	-	(263)
Share of post-acquisition losses of associates	(20)	(39)	(40)
Other	591	785	-
Total	**976,513**	**18,025**	**51,749**

Gain on disposal of investments and other financial assets includes gain on sale of investment in Gold Field Ltd. in the amount of USD 980,462 thousand.

12. OTHER NON-OPERATING EXPENSES

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Maintenance of social infrastructure	855	1,060	406
Donations	862	426	1,199
Other	1,120	1,244	2,225
Total	**2,837**	**2,730**	**3,830**

13. TAXATION

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Current taxation	36,842	24,462	60,425
Deferred taxation (refer to note 25)	(4,462)	(4,865)	(9,496)
Total	**32,380**	**19,597**	**50,929**

The corporate income tax rates in the countries where the Group has a taxable presence are as follows:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Russian Federation	24%	24%	24%
British Virgin Islands	0%	n/a	0%
Cyprus	0%	n/a	n/a

(in thousands of US Dollars)

A reconciliation of theoretical income tax, calculated at the rate effective in the Russian Federation, location of the Group's production entities, to the amount of actual income tax expense recorded in the income statement is as follows:

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Profit before taxation	**1,063,714**	**68,012**	**163,354**
Theoretical income tax at 24%	255,291	16,323	39,205
Impact of specific tax rates	(233,217)	-	(1,383)
Tax effect of non-deductible expenses and other permanent differences	7,007	1,164	7,447
Taxable losses of subsidiaries not carried forward	3,299	2,110	5,660
Income tax expense	**32,380**	**19,597**	**50,929**

14. EARNINGS PER SHARE

The calculation of basic and diluted earnings per share is based on the following:

Profit attributable to shareholders of the parent company for the period from 17 March to 30 June 2006	19,986	n/a	n/a
Weighted average number of ordinary shares in issue from 17 March to 30 June 2006	190,627,747	n/a	n/a
Basic and diluted earnings per share (US cents)	**10**	**n/a**	**n/a**

Earnings per share were calculated based on the profit attributable to shareholders of the parent company for the period subsequent to the incorporation of the Company, and the weighted average number of ordinary shares in issue during that period. Such earnings per share amount may not be comparable to earnings per share amounts determined in future reporting periods.

(in thousands of US Dollars)

15. PROPERTY, PLANT AND EQUIPMENT

	Buildings, structures and utilities	Machinery, equipment and transport	Exploration and evaluation assets	Mineral rights	Other	Total
Cost						
Balance at 31 December 2004	**194,343**	**227,465**	**13,987**	**206,799**	**4,143**	**646,737**
Additions	-	13,204	13,462	-	737	**27,403**
Acquired on acquisition of subsidiaries (refer to note 32)	2,466	187	-	52,021	14	**54,688**
Transfers from capital construction-in-progress (refer to note 16)	5,031	-	-	-	-	**5,031**
Disposals	(289)	(2,075)	-	-	(130)	**(2,494)**
Disposed on disposal of subsidiary	(23)	(9,534)	-	(5,681)	(87)	**(15,325)**
Effect of translation to presentation currency	(6,381)	(7,374)	(783)	(7,506)	(145)	**(22,189)**
Balance at 30 June 2005	**195,147**	**221,873**	**26,666**	**245,633**	**4,532**	**693,851**
Additions	-	31,556	19,001	-	1,400	**51,957**
Acquired on acquisition of subsidiaries (refer to note 32)	55,939	37,137	-	275,384	1,031	**369,491**
Transfers from capital construction-in-progress (refer to note 16)	15,087	-	-	-	-	**15,087**
Disposals	(714)	(2,267)	-	-	(603)	**(3,584)**
Decommissioning asset raised (refer to note 26)	17,570	9,063	-	-	-	**26,633**
Provision for impairment	(5,572)	-	-	(687)	-	**(6,259)**
Effect of translation to presentation currency	(1,491)	(1,579)	(279)	(3,441)	(39)	**(6,829)**
Balance at 31 December 2005	**275,966**	**295,783**	**45,388**	**516,889**	**6,321**	**1,140,347**
Additions	863	19,684	17,587	-	719	**38,853**
Transfers from capital construction-in-progress (refer to note 16)	6,143	-	-	-	-	**6,143**
Disposals	(1,492)	(997)	-	-	(1,629)	**(4,118)**
Effect of translation to presentation currency	17,484	19,023	3,246	32,519	377	**72,649**
Balance at 30 June 2006	**298,964**	**333,493**	**66,221**	**549,408**	**5,788**	**1,253,874**

(in thousands of US Dollars)

	Buildings, structures and utilities	Machinery, equipment and transport	Exploration and evaluation of assets	Mineral rights	Other	Total
Accumulated amortisation and depreciation						
Balance at 31 December 2004	**(31,200)**	**(37,761)**	**-**	**(14,494)**	**(432)**	**(83,887)**
Amortisation and depreciation charge	(5,882)	(13,575)	-	(5,131)	(270)	**(24,858)**
Eliminated on disposals	1	391	-	-	5	**397**
Disposed on disposal of subsidiary	-	2,008	-	710	15	**2,733**
Effect of translation to presentation currency	1,148	1,493	-	576	21	**3,238**
Balance at 30 June 2005	**(35,933)**	**(47,444)**	**-**	**(18,339)**	**(661)**	**(102,377)**
Amortisation and depreciation charge	(7,591)	(16,527)	-	(6,770)	(380)	**(31,268)**
Eliminated on disposals	59	279	-	-	32	**370**
Effect of translation to presentation currency	265	186	-	187	10	**648**
Balance at 31 December 2005	**(43,200)**	**(63,506)**	**-**	**(24,922)**	**(999)**	**(132,627)**
Amortisation and depreciation charge	(9,756)	(20,422)	-	(9,076)	(460)	**(39,714)**
Eliminated on disposals	190	301	-	-	11	**502**
Effect of translation to presentation currency	(2,930)	(4,442)	-	(1,769)	(73)	**(9,214)**
Balance at 30 June 2006	**(55,696)**	**(88,069)**	**-**	**(35,767)**	**(1,521)**	**(181,053)**
Net book value						
30 June 2005	**159,214**	**174,429**	**26,666**	**227,294**	**3,871**	**591,474**
31 December 2005	**232,766**	**232,277**	**45,388**	**491,967**	**5,322**	**1,007,720**
30 June 2006	**243,268**	**245,424**	**66,221**	**513,641**	**4,267**	**1,072,821**

At 30 June 2006 the carrying amount of the Group's machinery and equipment included USD 7,106 thousand (30 June 2005: nil; 31 December 2005: USD 3,697 thousand) in respect of assets held under finance leases (refer to note 27).

(in thousands of US Dollars)

	30 June 2006	30 June 2005	31 December 2005

16. CAPITAL CONSTRUCTION-IN-PROGRESS

	30 June 2006	30 June 2005	31 December 2005
Balance at beginning of the period	**106,963**	**62,425**	**62,425**
Additions	49,207	34,396	68,380
Acquired on acquisition of subsidiaries	-	436	7,165
Transfers to property, plant and equipment (refer to note 15)	(6,143)	(5,031)	(20,118)
Disposals	(735)	(447)	(2,413)
Disposed on disposal of subsidiary	-	(42)	(42)
Provision for impairment	-	-	(5,354)
Effect of translation to presentation currency	7,672	(2,739)	(3,080)
Balance at end of the period	**156,964**	**88,998**	**106,963**

Provision for impairment at 31 December 2005 related to assets under construction of OJSC "Lenzoloto".

17. INVESTMENTS IN SECURITIES AND OTHER FINANCIAL ASSETS

	30 June 2006	30 June 2005	31 December 2005
Non-current			
Equity investments available-for-sale	-	1,119,385	3,339
Loans advanced	427	349	347
Other	389	353	384
Total non-current	**816**	**1,120,087**	**4,070**
Current			
Bank deposits	936,131	-	6,997
Investment deposit in Rosbank	108,527	-	172,984
Promissory notes receivable	100,917	619,196	314,189
Investments in listed companies held for trading	61,234	-	-
Loans advanced	22,687	-	-
Equity investments available-for-sale	-	-	1,735,987
Other	-	88	99
Total current	**1,229,496**	**619,284**	**2,230,256**

Included in equity investments available-for-sale was an investment in shares of Gold Fields Ltd. (South Africa) which was acquired from Norilsk Nickel in May 2005 for USD 944,940 thousand. At 30 June and 31 December 2005 fair value of this investment amounted to USD 1,117,609 thousand and USD 1,735,987 thousand, respectively. In March 2006, it was sold to third parties for a cash consideration of USD 1,925,402 thousand.

Bank deposits bear interest of 5.18% to 7.25% per annum and mature between 27 September 2006 and 19 January 2007.

(in thousands of US Dollars)

Investment deposit in Rosbank (the "Bank"), a related party, primarily represented promissory notes purchased and held by the Bank on behalf of the Group. The principal amount of this deposit of USD 81,059 thousand is guaranteed by the Bank. Accrued income is added to the principal amount of deposit.

Promissory notes were purchased from related parties and bear interest from 6% to 10.4% per annum.

	30 June 2006	30 June 2005	31 December 2005
18. INVENTORIES			
Refined gold at net production cost	1,167	5,691	1,306
Work-in-process at production cost	44,719	20,054	30,470
Total metal inventories	**45,886**	**25,745**	**31,776**
Stores and materials at cost	99,411	67,012	92,472
Less: Provision for obsolescence	(591)	(1,340)	(632)
Total	**144,706**	**91,417**	**123,616**
19. ADVANCES TO SUPPLIERS AND OTHER RECEIVABLES			
Advances to suppliers	32,128	15,903	17,077
Other receivables from non-mining activities	21,910	14,500	16,047
	54,038	**30,403**	**33,124**
Less: Provision for impairment of advances to suppliers and other receivables	(10,681)	(7,788)	(7,715)
Total	**43,357**	**22,615**	**25,409**
20. OTHER CURRENT ASSETS			
Reimbursable value added tax	71,475	41,812	57,281
Deferred expenditures	26,355	28,573	11,683
Income tax prepaid	2,951	4,818	1,434
Other taxes prepaid	830	1,302	2,266
Total	**101,611**	**76,505**	**72,664**

Deferred expenditures mostly comprise stripping and excavation costs, general production and specific administration costs associated with the preparation for the seasonal alluvial mining activities.

(in thousands of US Dollars)

21. CASH AND CASH EQUIVALENTS

		30 June 2006	30 June 2005	31 December 2005
Bank deposits		1,380,385	-	5,681
Current bank accounts	- RUR	234,678	10,732	18,376
	- foreign currency	618	563	3,849
Other cash and cash equivalents		351	4,867	502
Total		**1,616,032**	**16,162**	**28,408**

Bank deposits mostly represent deposits in third party banks bearing interest at rates varying between 4.0% and 6.5% per annum with maturity in three months or less.

22. SHARE CAPITAL

At 30 June 2006, authorised, issued and fully paid share capital of the Company comprised 190,627,747 ordinary shares at par value of RUR 1.

At 31 December and 30 June 2005, issued and fully paid share capital of CJSC "Polus", consisted of 299 ordinary shares at par value of RUR 400, and 120 preference shares at par value of RUR 100. All of the ordinary and preference shares of CJSC "Polus" were owned by Norilsk Nickel.

23. ADDITIONAL PAID-IN-CAPITAL

At 30 June 2006, additional paid-in-capital of the Company comprised the share premium of CJSC "Polus", accumulated from the date of incorporation till 17 March 2006, additional capital in respect of mineral rights recognised on acquisition of CJSC "Polus" and its subsidiaries by Norilsk Nickel, and cash contributed by Norilsk Nickel in connection with the spin-off transaction in excess of nominal value of the Company's shares.

(in thousands of US Dollars)

24. MINORITY INTEREST

	30 June 2006	30 June 2005	31 December 2005
Balance at beginning of the period	**29,632**	**43,970**	**43,970**
Minority interest in subsidiaries acquired (refer to note 32)	-	(92)	(5,390)
Minority interest in net (loss)/profit of subsidiaries for the period	(3,791)	2,701	(456)
Net changes in minority interest due to increase of Group's share in subsidiaries	753	(7,389)	(7,389)
Effect of translation to presentation currency	1,780	(913)	(1,103)
Balance at end of the period	**28,374**	**38,277**	**29,632**

25. DEFERRED TAX LIABILITIES

The movement in the Group's deferred taxation position for the periods was as follows:

	30 June 2006	30 June 2005	31 December 2005
Net liability at beginning of the period	**171,919**	**100,096**	**100,096**
Recognised in the income statement for the period (refer to note 13)	(4,462)	(4,865)	(9,496)
Change in deferred tax liabilities arising on revaluation of available-for-sale investments	(573)	16,921	551
Change in deferred tax liabilities due to acquisition of subsidiaries (refer to note 32)	-	12,475	86,363
Change in deferred tax liabilities due to disposal of subsidiary	-	(1,193)	(1,193)
Effect of translation to presentation currency	10,707	(3,891)	(4,402)
Net liability at end of the period	**177,591**	**119,543**	**171,919**

Deferred taxation is attributable to the temporary differences that exist between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The tax effects of temporary differences that give rise to deferred taxation are presented below:

	30 June 2006	30 June 2005	31 December 2005
Property, plant and equipment	181,047	107,463	175,160
Investment valuation	-	16,501	551
Inventory valuation	277	1,061	122
Accrued operating expenses	(1,131)	(3,664)	(2,304)
Valuation of receivables	(2,602)	(1,818)	(1,610)
Total	**177,591**	**119,543**	**171,919**

(in thousands of US Dollars)

26. ENVIRONMENTAL OBLIGATIONS

Decommissioning obligations

	30 June 2006	30 June 2005	31 December 2005
Balance at beginning of the period	**53,072**	**7,851**	**7,851**
Acquired on acquisition of subsidiaries	-	-	18,232
Obligations raised (refer to note 15)	-	-	26,633
Unwinding of discount on decommissioning obligations (refer to note 10)	1,671	233	842
Effect of translation to presentation currency	3,392	(258)	(486)
Balance at end of the period	**58,135**	**7,826**	**53,072**

Provision for land restoration

	30 June 2006	30 June 2005	31 December 2005
Balance at beginning of the period	**7,756**	**2,629**	**2,629**
Acquired on acquisition of subsidiaries	-	-	3,170
Charge to income statement (refer to note 4)	250	191	2,088
Effect of translation to presentation currency	493	(90)	(131)
Balance at end of the period	**8,499**	**2,730**	**7,756**
Total environmental obligations	**66,634**	**10,556**	**60,828**

27. OBLIGATIONS UNDER FINANCE LEASE

	Minimum lease payments			Present value of minimum lease payments		
	30 June 2006	**30 June 2005**	**31 December 2005**	**30 June 2006**	**30 June 2005**	**31 December 2005**
Amounts payable under finance lease:	**6,434**	**-**	**7,930**	**5,724**	**-**	**6,869**
Within one year (shown under current liabilities)	3,130	-	3,279	2,611	-	2,844
In the second to fifth year inclusive (shown under non-current liabilities)	3,304	-	4,651	3,113	-	4,025
Less: Future finance charges	(710)	-	(1,061)	-	-	-
Present value of lease obligations	**5,724**	**-**	**6,869**	**5,724**	**-**	**6,869**

The fair value of lease obligations is estimated by discounting the future contractual cash flows using the market interest rates available to the Group for other borrowings. Assets subject to finance leases are included in property, plant and equipment and in construction-in-progress.

The average lease term is 3.5 years. The average effective borrowing rate is 12%. All leases are on a fixed repayment basis and denominated in USD. The Group's obligations under finance leases are secured by the lessor's title to the leased assets. The fair value of the Group's lease obligations approximates their carrying amount.

(in thousands of US Dollars)

28. SHORT-TERM BORROWINGS

	30 June 2006	30 June 2005	31 December 2005
USD-denominated loans and borrowings	9,457	-	9,457
RUR-denominated loans and borrowings	1,533	5,207	2,142
RUR-denominated promissory notes	1,351	-	11,644
Total	**12,341**	**5,207**	**23,243**

All short-term borrowings are unsecured.
The interest rates vary as follows:

	30 June 2006	30 June 2005	31 December 2005
USD-denominated loans and borrowings	8-16.5%	-	8-16.5%
RUR-denominated loans and borrowings	5.1-15.5%	10.4-17%	14-15.5%
RUR-denominated promissory notes	10.8%	-	14%

29. TRADE AND OTHER PAYABLES

	30 June 2006	30 June 2005	31 December 2005
Wages and salaries	19,217	14,015	5,192
Trade accounts payable	14,906	10,278	15,854
Accrued annual leave	12,295	7,977	9,907
Interest payable	4,927	113	6,745
Payables for production equipment	2,500	2,291	372
Other creditors	15,407	2,166	11,573
Total	**69,252**	**36,840**	**49,643**

30. TAXES PAYABLE

	30 June 2006	30 June 2005	31 December 2005
Value added tax	4,531	4,801	5,212
Tax on mining	3,562	2,487	3,185
Social taxes	3,181	2,299	3,116
Income tax	1,412	228	8,283
Property tax	1,105	771	872
Provision for fines and penalties	-	172	171
Other taxes	2,708	2,222	2,334
Total	**16,499**	**12,980**	**23,173**

Amount recognised in the income statement in respect of contribution to the Pension fund of the Russian Federation for the six months ended 30 June 2006 was USD 10,770 thousand (30 June 2005: USD 7,270 thousand, 31 December 2005: USD 14,871 thousand).

(in thousands of US Dollars)

31. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH FLOWS FROM OPERATIONS

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Profit before taxation	**1,063,714**	**68,012**	**163,354**
Adjustments for:			
Amortisation and depreciation	39,714	24,858	56,126
Interest on borrowings	1,202	1,380	2,744
Loss on disposal of property, plant and equipment and assets under construction	1,033	1,112	4,848
Change in provision for impairment of advances to suppliers and other receivables	2,422	346	954
Change in provision for land restoration	250	191	2,088
Unwinding of discount on decommissioning obligations	1,671	233	842
Change in provision for obsolete inventory	(79)	806	80
Gain on disposal of subsidiary	-	(844)	(844)
Change in provision for impairment of property, plant and equipment and assets under construction	(2,528)	-	11,613
Change in provision for impairment of value added tax recoverable	2,247	-	1,340
Interest income on promissory notes	(9,775)	(17,279)	(38,652)
Income accrued on deposits	(37,973)	-	(4,731)
Dividends accrued	(6,197)	-	(6,062)
Loss on revaluation of bank deposits denominated in foreign currency	69,713	-	263
Gain on disposal of investments and other financial assets	(991,710)	-	(2,607)
Other	20	39	(322)
Operating profit before working capital changes	**133,724**	**78,854**	**191,034**
Increase in inventories	(12,945)	(26,957)	(44,302)
Increase in advances to suppliers and other receivables	(18,021)	(11,491)	(4,361)
Increase in other current assets, excluding income tax prepaid	(23,697)	(26,449)	(29,592)
Increase/(decrease) in trade and other payables	6,339	5,078	(6,881)
Decrease in taxes payable, excluding income tax	(3,891)	(14,796)	(6,311)
Cash flows from operations	**81,509**	**4,239**	**99,587**

(in thousands of US Dollars)

32. ACQUISITION OF SUBSIDIARIES

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Net assets acquired			
Property, plant and equipment (refer to note 15)	-	54,688	424,179
Capital construction-in-progress (refer to note 16)	-	436	7,165
Other current assets	-	243	33,432
Loans and borrowings	-	(1,922)	(29,835)
Trade and other payables	-	(2,125)	(51,646)
Deferred taxation (refer to note 25)	-	(12,475)	(86,363)
Net assets at the date of acquisition	-	**38,845**	**296,932**
Minority interest (refer to note 24)	-	92	5,390
Group's share of net assets acquired	-	**38,937**	**302,322**
Less: Carrying value of investment in subsidiary before acquiring control	-	(8,856)	(8,856)
Total consideration	-	**30,081**	**293,466**
Contingent consideration (refer to comments below)	-	-	(140,000)
Satisfied by cash	-	(30,081)	(153,466)
Net cash outflow arising on acquisition:			
Cash consideration	-	(30,081)	(153,466)
Cash and cash equivalents acquired	-	81	537
Net cash outflow on acquisition of subsidiaries	-	**(30,000)**	**(152,929)**

Acquisition of Yakut gold mining assets

In September 2005, 99.2% of issued ordinary shares of OJSC "Aldanzoloto GRK", 50.0% of the issued ordinary shares of OJSC "South-Verkhoyansk Mining Company" and 100.0% of the issued ordinary shares of OJSC "Yakut Mining Company" (collectively "Yakut gold mining assets") were acquired by the Group for an estimated consideration of USD 255,000 thousand, of which USD 115,000 thousand was satisfied by cash.

The remaining part of the estimated consideration amounting to USD 140,000 thousand was contingent upon the negotiation with the seller of the financial terms of the acquisition and analysis the financial results of acquired entities at the acquisition date. At 30 June 2006, the amount was not finalised (refer to note 38).

Acquisition of Yakut gold mining companies was accounted for using the purchase method of accounting under IFRS 3 "Business Combinations". The fair values of assets and liabilities of the acquired companies at the date of acquisition were determined provisionally. The initial accounting will be completed and adjustments to provisional values made in the Group's consolidated financial statements for the year ending 31 December 2006.

(in thousands of US Dollars)

	Six months ended 30 June 2006	Six months ended 30 June 2005	Year ended 31 December 2005
Other acquisitions			
OJSC “Sibzolotorazvedka”	-	100.00%	100.00%
OJSC “Pervenets”	-	74.00%	74.00%
OJSC “Lenzoloto”	-	-	11.20%
OJSC “Matrosov Mine”	4.90%	30.30%	30.30%
OJSC “Aldanzoloto GRK”	-	-	99.20%
OJSC “South-Verkhoyansk Mining Company”	-	-	50.00%
OJSC “Yakut Mining Company”	-	-	100.00%

(in thousands of US Dollars)

33. RELATED PARTIES

Related parties are considered to include shareholders, associates, entities under common ownership and control with the Group and key management personnel. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, purchase and service transactions with related parties. Material transactions with related parties not dealt with elsewhere in the consolidated interim financial statements were as follows:

	Sale of goods	Purchase of goods and services	Interest received/ paid	Promissory notes receivable	Trade receivables	Cash deposits	Short-term investments	Trade payables	Lease liability
Six months ended 30 June 2006									
By CJSC "Polus"	-	-	-	-	-	81,537	-	-	-
By other subsidiaries of the Group	209,943	18,957	9,914	100,915	8,609	25,064	132,098	343	-
Total	**209,943**	**18,957**	**9,914**	**100,915**	**8,609**	**106,601**	**132,098**	**343**	**-**
Six months ended 30 June 2005									
By CJSC "Polus"	105,818	10,113	17,229	606,825	725	10,039	-	-	944,940
By other subsidiaries of the Group	21,662	-	(1,028)	12,371	-	4,342	4,047	885	-
Total	**127,480**	**10,113**	**16,201**	**619,196**	**725**	**14,381**	**4,047**	**885**	**944,940**
Year ended 31 December 2005									
By CJSC "Polus"	145,185	31,427	42,235	310,484	449	15,804	172,984	1,769	-
By other subsidiaries of the Group	101,311	-	(477)	3,696	525	10,955	-	6,028	6,869
Total	**246,496**	**31,427**	**41,758**	**314,180**	**974**	**26,759**	**172,984**	**7,797**	**6,869**

Compensation of key management personnel

The remuneration of key management personnel of the Group for the six months ended 30 June 2006 amounted to USD 2,569 thousand (30 June 2005: USD 3,394 thousand; 31 December 2005: USD 8,782 thousand).

34. CONTINGENCIES

Insurance

The Group does not have full coverage for its mining, processing and transportation facilities, for business interruption, or for third party liabilities in respect of property or environmental damage arising from accidents on the Group's property or relating to the Group's operations. However, management of the Group believes that the existing level of insurance coverage addresses all major risks that could have a material effect of the Group's operations and financial position.

Litigation

Unresolved tax litigation at 30 June 2006 amounted to approximately USD 18,540 thousand. Management has assessed the unfavourable outcome of such litigation as possible.

In addition, the Group has a large number of small claims and litigation relating to sales and purchases of goods and services from suppliers. Management believes that none of these claims, individually or in aggregate, will have a material adverse impact on the Group.

Taxation contingencies in the Russian Federation

The taxation system in the Russian Federation is at a relatively early stage of development, and is characterised by numerous taxes, frequent changes and inconsistent enforcement at federal, regional and local levels.

The government of the Russian Federation has commenced a revision of the Russian tax system and passed certain laws implementing tax reform. The new laws reduce the number of taxes and overall tax burden on businesses and simplify tax legislation. However, these new tax laws continue to rely heavily on the interpretation of local tax officials and fail to address many existing problems. Many issues associated with practical implication of new legislation are unclear and complicate the Group's tax planning and related business decisions.

In terms of Russian tax legislation, authorities have a period of up to six periods to re-open tax declarations for further inspection. Changes in the tax system that may be applied retrospectively by authorities could affect the Group's previously submitted and assessed tax declarations.

While management believes that it has adequately provided for tax liabilities based on its interpretation of current and previous legislation, the risk remains that tax authorities in the Russian Federation could take differing positions with regard to interpretive issues. This uncertainty may expose the Group to additional taxation, fines and penalties that could be significant.

Management has assessed possible tax risks at 30 June 2006 to be approximately USD 2,621 thousand.

Environmental matters

The Group is subject to extensive federal, local environmental controls and regulations in the regions in which it operates. The Group's operations involve the discharge of materials and contaminants into the environment, disturbance of land that could potentially impact on flora and fauna, and give rise to other environmental concerns.

The Group's management believes that its mining and production technologies are in compliance with the existing environmental legislation of the Russian Federation. However, environmental laws and regulations continue to evolve. The Group is unable to predict the timing or extent to which those laws and regulations may change. Such change, if it occurs, may require that the Group modernise technology to meet more stringent standards.

The Group is obliged in terms of various laws, mining licenses and 'use of mineral rights' agreements to decommission mine facilities on cessation of its mining operations and to restore and rehabilitate the environment. Management of the Group regularly reassesses environmental obligations for its operations. Estimations are based on management's understanding of the current legal requirements and the terms of the license agreements. Should the requirements of applicable environmental legislation change or be clarified, the Group may incur additional environmental obligations.

Russian Federation risk

As an emerging market, the Russian Federation does not possess a fully developed business and regulatory infrastructure including stable banking and judicial systems, which would generally exist in a more mature market economy. The economy of the Russian Federation is characterised by a currency that is not freely convertible outside the country, currency controls, low liquidity levels for debt and equity markets and continuing inflation. As a result operations in the Russian Federation involve risks that are not typically associated with those in more developed markets.

Stability and success of Russian economy depends on the effectiveness of the government economic policies and the continued development of the legal and political systems.

35. RISK MANAGEMENT ACTIVITIES

In the normal course of its operations, the Group is exposed to commodity price, currency, liquidity, interest rate and credit risks. The Group has implemented a risk management structure and has adopted a series of risk management and control procedures to facilitate the measurement, evaluation and control of these exposures and related risk management activities.

Commodity price risk

Commodity price risk is the risk that the Group's current or future earnings will be adversely impacted by changes in the market price of gold.

The Group does not enter into any hedging contracts or use other financial instruments to offset its commodity price risk.

Currency risk

Currency risk is the risk that the financial results of the Group will be adversely impacted by changes in exchange rates to which the Group is exposed.

The majority of the Group's revenues are denominated in USD, whereas the majority of the Group's expenditures are denominated in RUR, accordingly, operating profits may be adversely impacted by appreciation of RUR against USD.

The Group does not use derivative financial statements to offset its currency risk.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to settle all liabilities when they fall due.

The Group's liquidity position is carefully monitored and managed. The Group makes use of a detailed budgeting and cash forecasting process to ensure that it has adequate cash available to meet its payment obligations.

Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Group.

The Group does not enter into interest rate swap arrangements to manage its interest rate risk.

Credit risk

Credit risk is the risk that a counterparty may default or not meet its obligations to the Group on a timely basis, leading to financial loss to the Group.

Although the Group sells a significant portion of its gold production to a related party and has the only one other customer, the Group is not economically dependant on these customers because of the high level of liquidity in the gold commodity market in the Russian Federation. Payment terms with the Group's customers are such that credit risk is minimal.

36. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value for each class of financial instruments:

Listed investments in securities are carried at their market values, whereas unlisted investments are carried at management's valuation.

Advances to suppliers and other receivables, other current assets, cash and cash equivalents and trade and other payables are recorded at their carrying values which approximate the fair values of these instruments as a result of their short-term duration.

Interest rates on borrowings are market related. Consequently the carrying values of these financial instruments approximate their fair values.

The fair value of lease obligations is estimated by discounting the future contractual cash flows using the market interest rates available to the Group in relation to other borrowings.

The fair values of financial instruments are estimates and do not necessarily reflect the cash amount had these instruments been liquidated at the date of valuation.

37. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

Finalisation of the terms of acquisition of Yakut gold mining assets

In July 2006, the Group finalised the financial terms of agreement outlining the final settlement for acquisition of OJSC "Aldanzoloto GRK", OJSC "South-Verkhoyansk Mining Company" and OJSC "Yakut Mining Company". According to the agreement, the total amount of consideration outstanding at 25 July 2006 was determined to be USD 137,650 thousand (refer to note 32).

(in thousands of US Dollars)

38. INVESTMENTS IN SIGNIFICANT SUBSIDIARIES

			Shares held		Effective % held[1]	
Subsidiaries	**Country of incorporation**	**Nature of business**	**30 June 2006**	**31 December 2005**	**30 June 2006**	**31 December 2005**
CJSC “Gold Mining Company Polus”	Russian Federation	Mining	419	-	100.0	-
OJSC “Aldanzoloto GRK”	Russian Federation	Mining	88,021,708,092	88,021,708,092	99.2	99.2
OJSC “Lenzoloto”	Russian Federation	Market agent	1,014,535	931,035	68.2	68.2
LLC “Lenskaya Zolotorudnaya Company”	Russian Federation	Market agent	-	-	100.0	100.0
CJSC “ZDK Lenzoloto”[2]	Russian Federation	Mining	432,431,903	-	68.2	-
CJSC “Lensib”	Russian Federation	Mining	610	610	41.6	41.6
CJSC “Svetliy”	Russian Federation	Mining	840	840	57.3	57.3
CJSC “Marakan”	Russian Federation	Mining	840	840	57.3	57.3
CJSC “Nadezhdinskoe”	Russian Federation	Mining	840	840	57.3	57.3
CJSC “Dalnaya Taiga”	Russian Federation	Mining	820	820	55.9	55.9
CJSC “Sevzoto”	Russian Federation	Mining	650	650	44.3	44.3
CJSC “Charazoto”	Russian Federation	Mining	640	640	43.6	43.6
CJSC “GRK Sukhoy Log”	Russian Federation	Mining	540	100	100.0	100.0
OJSC “Matrosov Mine”	Russian Federation	Mining (development stage)	424,617	232,747	93.3	88.4
CJSC “Tonoda”	Russian Federation	Mining (development stage)	12,100	9,100	100.0	100.0
OJSC “Pervenets”	Russian Federation	Mining (development stage)	100	100	100.0	100.0
OJSC “South-Verkhoyansk Mining Company”	Russian Federation	Mining (development stage)	250,000	250,000	50.0	50.0
OJSC “Yakut Mining Company”	Russian Federation	Mining (development stage)	735,000	735,000	100.0	100.0
CJSC “Vitimenergo”	Russian Federation	Electricity production	225,764	355,679	100.0	100.0
CJSC “Mamakanskaya GES”	Russian Federation	Electricity production	128,915	-	100.0	-
CJSC “Vitimenergosbyt”	Russian Federation	Electricity sales	1,000	-	100.0	-
LLC “Vitimservice”	Russian Federation	Procurement services	-	-	100.0	100.0
LLC “Lenrem”	Russian Federation	Repair services	-	-	68.2	68.2
LLC “LZDT”	Russian Federation	Transportation	-	-	100.0	100.0
LLC “Lengeo”	Russian Federation	Geological research	-	-	100.0	100.0
OJSC “Sibzolotorazvedka”	Russian Federation	Geological research	1,497	1,500	100.0	100.0
Jenington International Inc.	British Virgin Islands	Market agent	1,000,000	1,000,000	100.0	100.0
Polyus Investments Ltd. [2]	Cyprus	Market agent	-	-	100.0	-

[1] Effective % held by the Company, including holdings by other subsidiaries of the Group.
[2] Founded by the Group in 2006.