



Investor Presentation

January 2011



POLYMETAL

## Cautionary statements

This presentation includes forward-looking statements. This is not an offer to sell, or an invitation of an offer to purchase, securities in any jurisdiction. These forward-looking statements include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The words “believe,” “expect,” “anticipate,” “intends,” “estimate,” “forecast,” “project,” “will,” “may,” “should” and similar expressions identify forward-looking statements. Forward-looking statements include statements regarding: strategies, outlook and growth prospects; future plans and potential for future growth; liquidity, capital resources and capital expenditures; growth in demand for products; economic outlook and industry trends; developments of markets; the impact of regulatory initiatives; and the strength of competitors.

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# Key Facts

<b>2010 Production</b>	
Gold eq. <sup>1</sup>	753 Koz (+25% Y-o-Y)
<b>2010 Revenue</b>	
US\$ 922m (+66% Y-o-Y)	
<b>1H 2010 Co-product Cash Costs (Gold equivalent)</b>	
US\$ 541/oz (+22% Y-o-Y)	
<b>1H 2010 Adjusted EBITDA</b>	
US\$ 187m (+112% Y-o-Y)	
<b>2P Reserves (JORC)<sup>1</sup></b>	
Gold eq. <sup>1</sup>	17.1 Moz at 4.5 g/t
<b>Capital Structure</b>	
Market cap	US\$ 6.8 bn <sup>2</sup> (361 million shares)
Net debt <sup>3</sup>	US\$ 616m



**5 Operating Mines**

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

<sup>2</sup> LSE price as of January 18, 2010. Market cap is calculated without accounting for treasury shares held by Polymetal's subsidiaries (c. 37.95 million). Total ordinary shares account for 399.4 million.

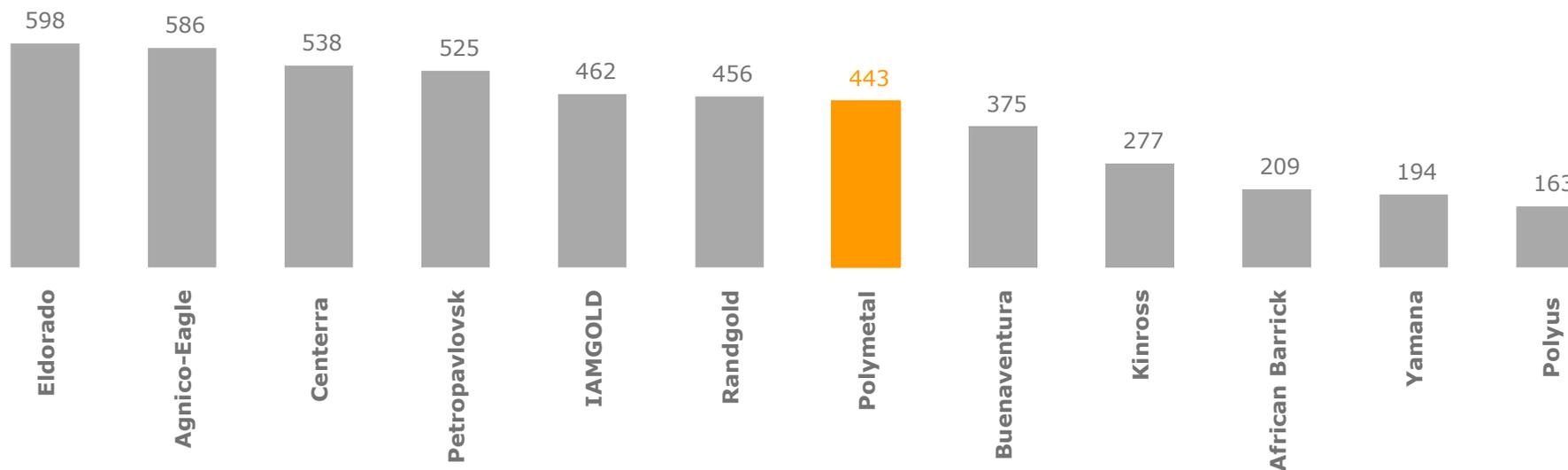
<sup>3</sup> As of June 30, 2010.

# Share Price Performance: 18.01.2010–18.01.2011

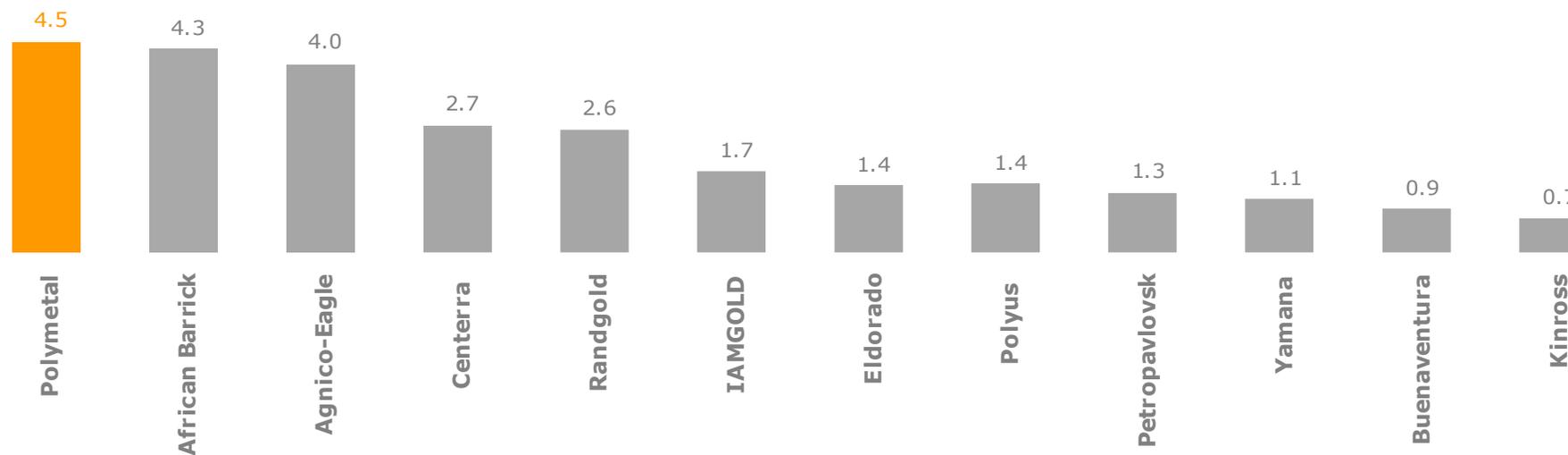


# High-Grade Reserve Ounces at a Reasonable Price

## EV/oz Reserves



## Average reserve gold eq. grade

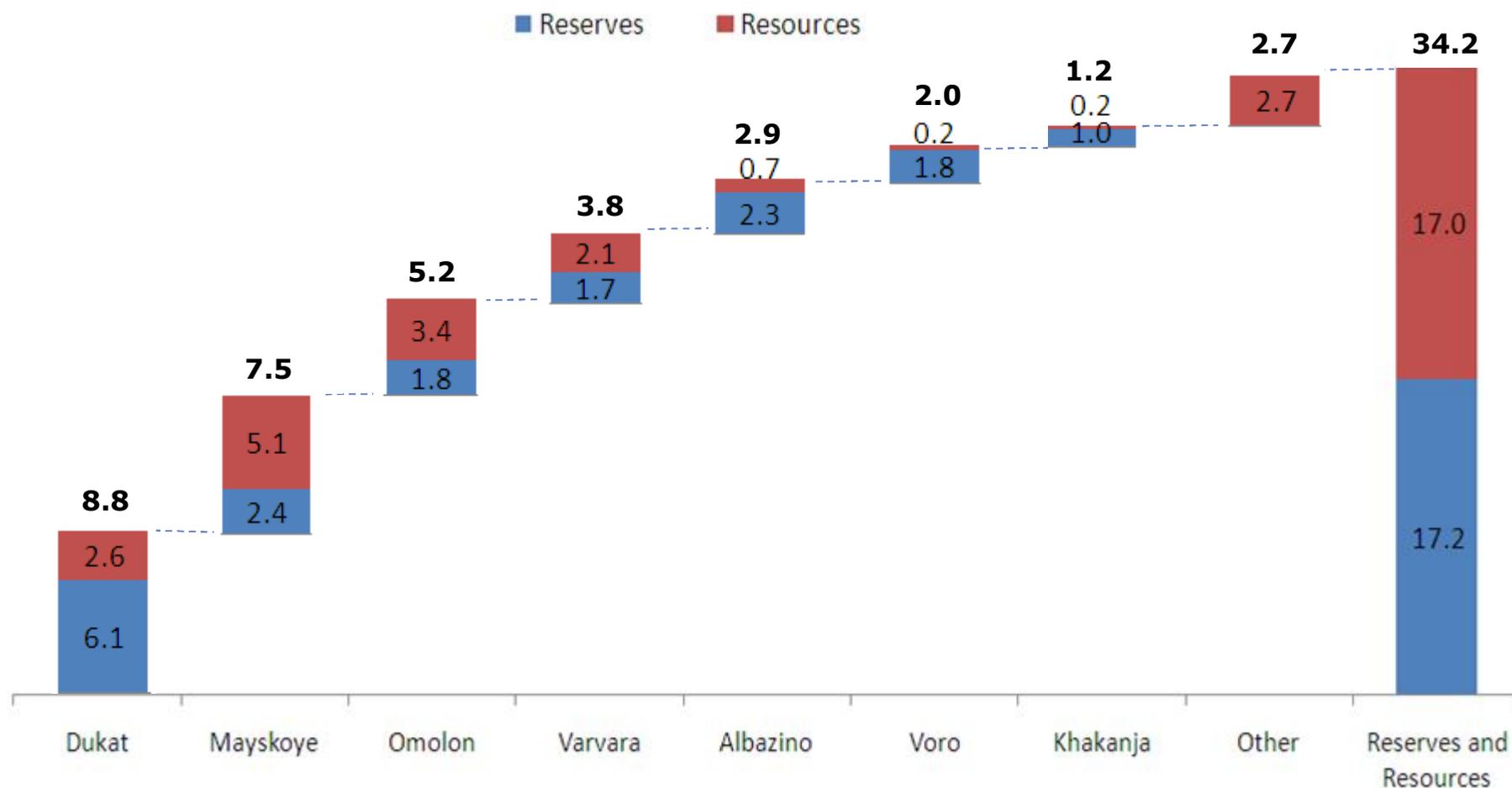


Using 1:60 Ag/Au and 5:1 Cu/Au conversion ratios  
Based on JORC reserves. Actual as of January 17, 2011

# Polymetal: Asset portfolio



# Reserve and Resource Base (Au eq. Moz)



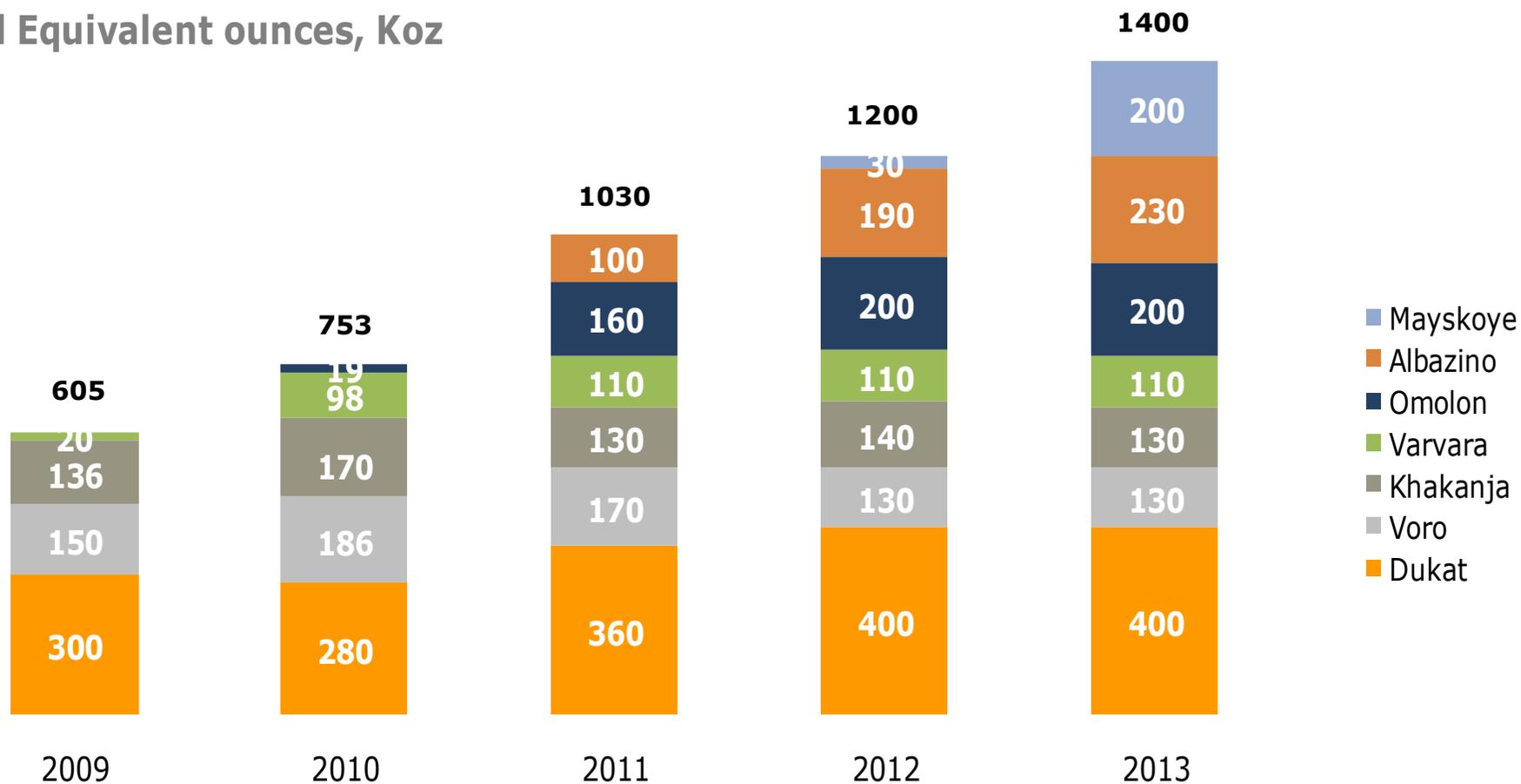
<b>Average Reserve grade</b>	<b>9.0</b>	<b>9.6</b>	<b>4.3</b>	<b>1.4</b>	<b>4.1</b>	<b>2.9</b>	<b>9.2</b>	<b>-</b>	<b>4.5</b>
<b>Average Resource grade</b>	<b>8.7</b>	<b>9.3</b>	<b>4.6</b>	<b>1.3</b>	<b>4.3</b>	<b>3.1</b>	<b>8.9</b>	<b>2.4*</b>	<b>4.0</b>
<b>LOM, years</b>	<b>13</b>	<b>13</b>	<b>13</b>	<b>8</b>	<b>13</b>	<b>15/6</b>	<b>6</b>		<b>13</b>

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

\* Other includes Galka, Avlayakan-Kirankan project, pro-forma resources for Svetloye

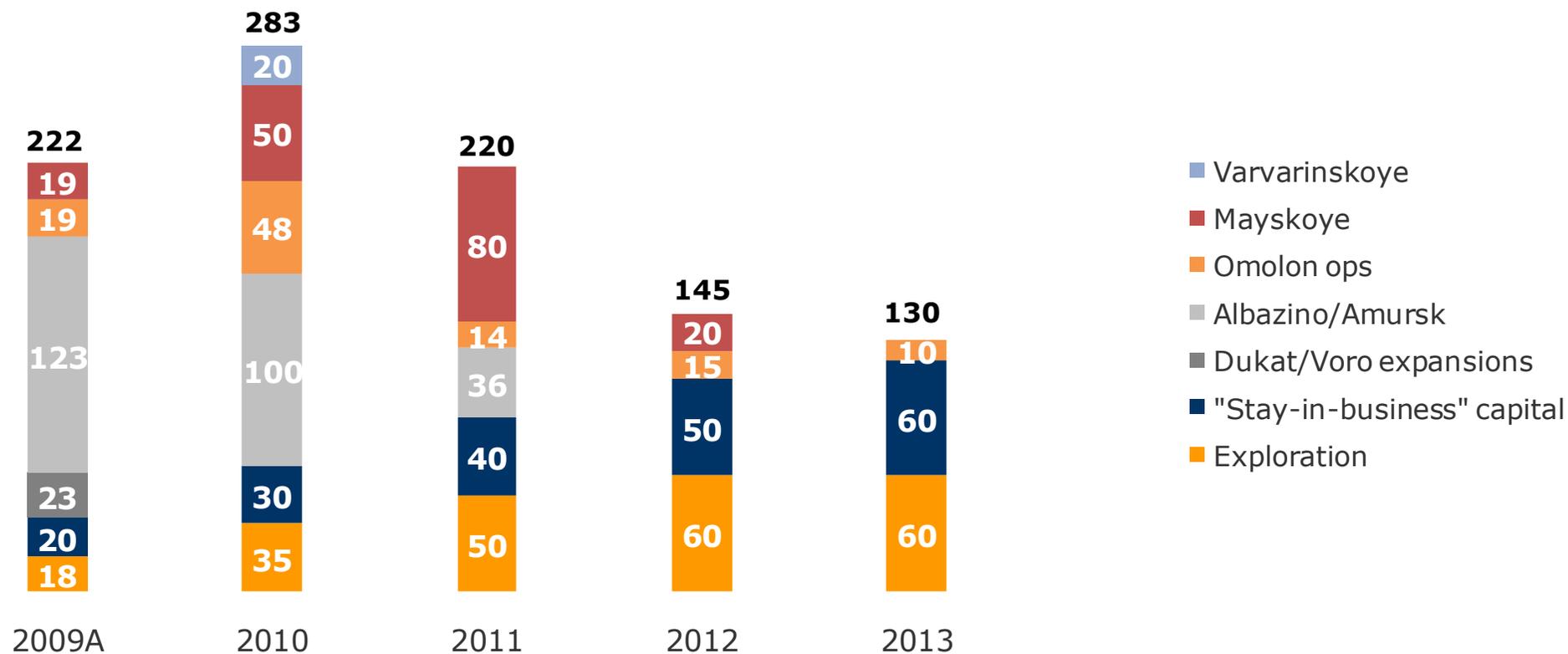
# Compelling Growth Profile

Gold Equivalent ounces, Koz



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

# Capital Expenditure, US\$ million



# Operations

# Company Performance: Income Statement Highlights

US\$ m	1H 2010	1H 2009	Change, %
<b>Revenue</b>	<b>422</b>	<b>220</b>	<b>+92%</b>
Cost of sales	217	112	+93%
Gross profit	204	107	+91%
Operating Income	144	69	+109%
<b>Adjusted EBITDA</b>	<b>187</b>	<b>88</b>	<b>+112%</b>
<b>Net income</b>	<b>95</b>	<b>19</b>	<b>+399%</b>
EPS	0.26	0.06	+333%
Cash flow from operating activities	121	88	+38%
<b>2010 FY sales highlights</b>			
Gold sold	441 Koz	309 Koz	+43%
Silver sold	17.9 Moz	16.5 Moz	+9%
Copper sold	4 kt	1 kt	-

# Dukat

- 1.8Mt of ore will be processed at the Dukat and Lunnoye plants in 2011 (17% y-o-y expected growth) coming from:
  - Underground mine – 1Mt
  - Open pit – 0.2Mt
  - Ramping up Goltsovoye u/g mine - 0.1Mt
  - Stockpiles – 0.2Mt
  - Lunnoye and Arylakh – 0.3Mt
- Lower grades and recoveries as material comes from the metallurgically challenging Dukat ore zones and the stockpiles
- Measures to improve grades and recoveries:
  - launch of gravity circuit at the Dukat plant (now commissioning)
  - introduction of Goltsovoye ore to the feed.
  - replacement of the old Russian-made flotation cells with the new ones (produced by Outotek) and full automation of flotation, thickening, and filtering sections. To be completed in Q2 2011



Dukat/Lunnoye/Arylakh	2010 FY	2009 FY
Waste mined (kt)	4,726	4,625
Ore mined (kt)	1,378	1,478
Open pit	431	618
Underground	947	861
Ore processed (kt)	1,534	1,273
Gold head grade (g/t)	1.0	1.2
Silver head grade (g/t)	377	476
Gold recovery	74.7%	82.0%
Silver recovery	75.1%	80.4%
Gold produced (Koz)	37.9	39.1
Silver produced (Moz)	14.5	15.6
	<b>1H 2010</b>	<b>2009 FY</b>
Total cash costs / silver sold (\$/oz)	9.1	8.1
Total cash costs/ tonne milled (\$/t)	109	112
Capital expenditure (US\$ m)	18.4	31.6

# Voro

- Stable, long-life cash generator
- +22% y-o-y gold production growth
- Additional new feed will come from the Company-owned Fevralskoye deposit starting Q2 2011
- Studies are under way to determine appropriate targeted investments to ensure the stability of high throughput and to improve recoveries
- Brownfield exploration targeting additional high-grade ore sources in the region



<b>Voro/ Degtyarskoye</b>	<b>2010 FY</b>	<b>2009 FY</b>
Waste mined (kt)	11,031	11,235
Ore mined, open pit (kt)	1,230	818
Oxidized	288	43
Primary	942	775
Ore stacked (kt), heap leach	1,024	938
Gold head grade (g/t), heap leach	1.6	1.7
Ore processed (kt), CIP	907	796
Gold head grade (g/t), CIP	6.1	6.0
Gold recovery, heap leach	72.50%	65.30%
Gold recovery, CIP	79.80%	79.20%
Gold produced (Koz)	183	150
	<b>1H 2010</b>	<b>2009 FY</b>
Total cash costs/ gold sold (\$/oz)	376	381
Total cash costs/ tonne milled (\$/t)	41	34
Capital expenditure (US\$ mm)	6.6	9.7

# Khakanja

- Record growth for both gold and silver production (+18% and 54% accordingly)
- Additional feed will come from underground mines at Khakanja and Yurievskoye (2012) and newly acquired Avlayakan open pit deposit (Q3 2011)
- U/g reserves at Khakanja are estimated at c. 250 Koz @ 11.7 g/t of gold eq. Development will start in Q4 2011  
Annual ore mined will be 120 Ktpa.
- Preliminary estimation of u/g reserves at Yurievskoye is c.50Koz of gold @ 7.4 g/t. Development commenced in October.
- Avlayakan reserves are estimated at 281 koz @ 17 g/t of gold eq.  
Waste stripping started in December



<b>Khakanja/ Yurievskoye/ Avlayakan</b>	<b>2010 FY</b>	<b>2009 FY</b>
Waste mined (kt)	10,139	8,749
Ore mined (kt)	482	654
Ore processed (kt)	622	610
Gold head grade (g/t)	6.6	5.8
Silver head grade (g/t)	205	139
Gold recovery	94.9%	94.1%
Silver recovery	63.1%	61.1%
Gold produced (Koz)	127	108
Silver produced (Moz)	2.6	1.7
	<b><u>1H 2010</u></b>	<b><u>2009 FY</u></b>
Total cash costs/ ounces sold (\$/oz)	526	463
Total cash costs/ tonne milled (\$/t)	138	95
Capital expenditure (US\$ mm)	0.3	3.5

# Varvara

- Steady operational improvements with annual production of gold setting a record
- Leaching of flotation tails was fully discontinued in mid-July. This reduced gold recovery in the high grade copper feed, but allowed to significantly cut operating costs and improve overall cash generation and profitability
- Net US\$10 million was generated from operations in Q4 2010
- Further improvement is expected in the first half of 2011 with the arrival of new mining equipment on site and acceleration of step-out drilling at pit margins.



	<b>2010</b>
Waste mined (kt)	21,955
Ore mined - open pit (kt)	3,411
Ore processed (kt), HGCF	793
Gold head grade (g/t)	1.1
Copper head grade (%)	0.71%
Gold recovery, HGCF	54.6%
Copper recovery, HGCF	81.8%
Ore processed (kt), LGCF	2,283
Gold head grade (g/t), LGCF	1.1
Gold recovery, LGCF	77.2%
Gold produced (Koz)	78.3
Copper produced (t)	4,003
	<b>1H 2010</b>
Total cash costs/ gold eq. sold (\$/oz)	747
Total cash costs/ tonne milled (\$/t)	21
Capital expenditure (US\$ m)	4.9

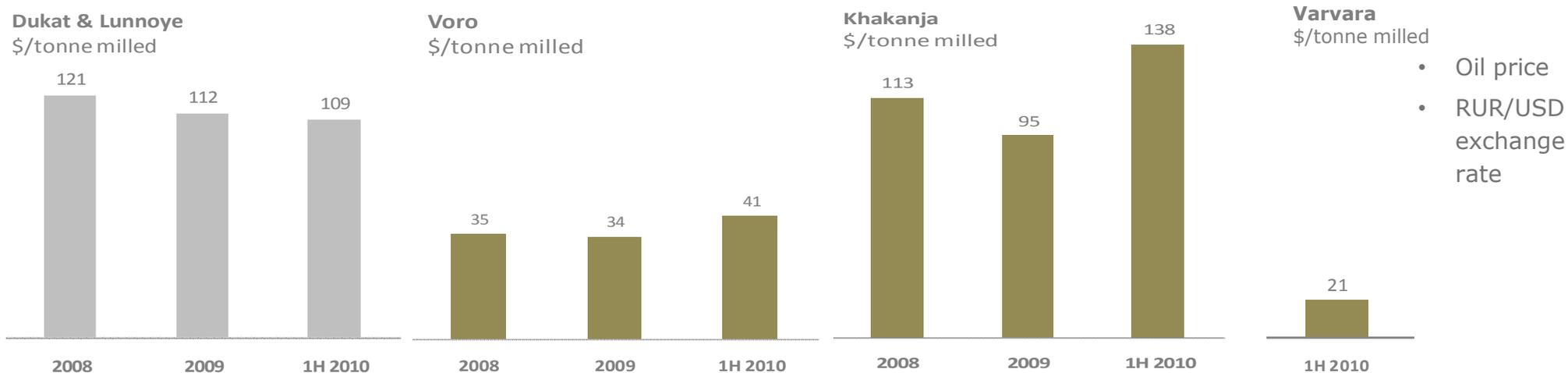
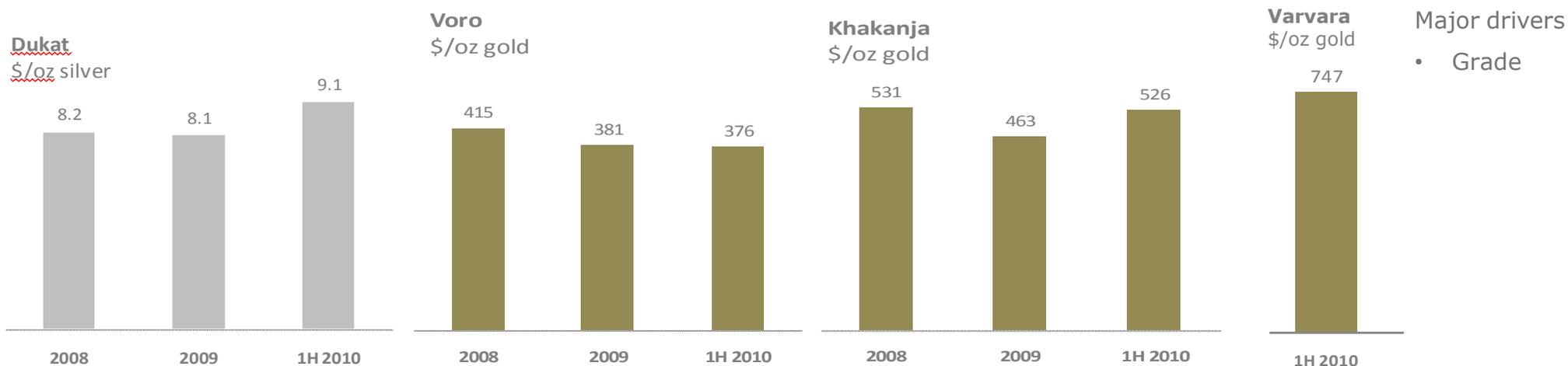
# Omolon

- Recently started long-term operation with the processing center at the Kubaka plant
- CIP circuit successfully achieved its design parameters and the mill upgrade is in full swing (Merrill Crowe, expansion of leaching progresses on schedule; start-up is expected in August 2011)
- Grade processed is expected to improve as Birkachan pit gains access to higher-grade ore
- Transportation of the high-grade Sopka ore mined in 2009 and 2010 to Kubaka is expected to commence in February while its processing at the plant is scheduled for 2H 2011
- Heap leach production suffered from low temperatures throughout the year; this situation is planned to be improved in 2011 after the commissioning of coal-fired boilerhouse to warm up the solutions returned to the heap



<b>Birkachan/Sopka Kwartsevaya</b>	<b>2010 FY</b>	<b>2009 FY</b>
Waste mined (kt)	5,064	579
Ore mined, open pit (kt)	680	92
Low-grade (HL)	484	11
High-grade (Mill)	195	80
Ore stacked (kt), heap leach	459	639
Gold head grade (g/t), heap leach	1.6	1.9
Ore processed (kt), Kubaka mill	223	796
Gold head grade (g/t), Kubaka mill	2.2	6.0
Gold recovery, heap leach	24.90%	2.50%
Gold recovery, CIP	90.70%	-
Gold produced (Koz)	18.3	0.9

# Cash costs (Gold Institute Standard Co-product)



■ Gold ■ Silver

# Development projects

# Amursk POX Hub

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



- Processing refractory concentrates from across the Russian Far East
- Amursk location:
  - Cheap power ( 4 ¢/kWh)
  - Skilled & stable workforce
  - Excellent transportation infrastructure (rail, auto, river)



# Amursk POX Facility

- Capex US\$ 120 million
- Concentrate processing capacity 250 ktpa
- Sulfide sulfur processing capacity 26 ktpa
- Opex 60-80\$/t of conc  
(depending on sulfur grade)

## Highlights:

- All equipment is on site with the autoclave and most of high-pressure circuit installed.
- Structural steel framework for the plant is in place
- Autoclave lining and installation of CIL and auxiliary equipment will commence in Q1 2011
- On track to start commissioning in August 2011 and pour gold in Q3 2011



# Albazino

- 1.5 Mtpa open pit mine and on-site flotation concentrator for a capital cost of US\$186 million
- 17.4 Mt of ore @ 4.1 g/t for 2.3 Moz contained

## Highlights

- Mining works have achieved design parameters with first 278kt of ore @ 3.7 g/t mined confirming existing tonnage and gold grade estimates.
- The concentrator is currently in the commissioning mode to be fully started in Q1 2011
- The remaining site infrastructure (repair shop, administrative building, and permanent lab) is expected to be commissioned in Q3 2011



Flotation concentrator and ore preparation complex



Flotation section



Mine camp

# Albazino – in the commissioning mode to be fully started in Q1 2011



Filter presses



Ore preparation section - conveyer



Mill section – 2<sup>nd</sup> stage  
Cyclone separator



Grinding facility



Reagents section

# Mayskoye

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

## Reserves and Resources

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

## Highlights

- Construction commenced in May 2010:
  - Underground development is in full swing. Extensive in-fill drilling consistently confirms existing reserve estimates in terms of grade and thickness of main ore bodies
  - Concentrator construction is in progress according to the schedule with foundations 60% complete and structural steel works having commenced in November 2010
  - Mill installation is planned for Q2 2011 with the majority of other equipment to arrive in Q3 2011 during the summer navigation period



**Metal constructions for the flotation concentrator**

# Omolon Regional Processing Hub

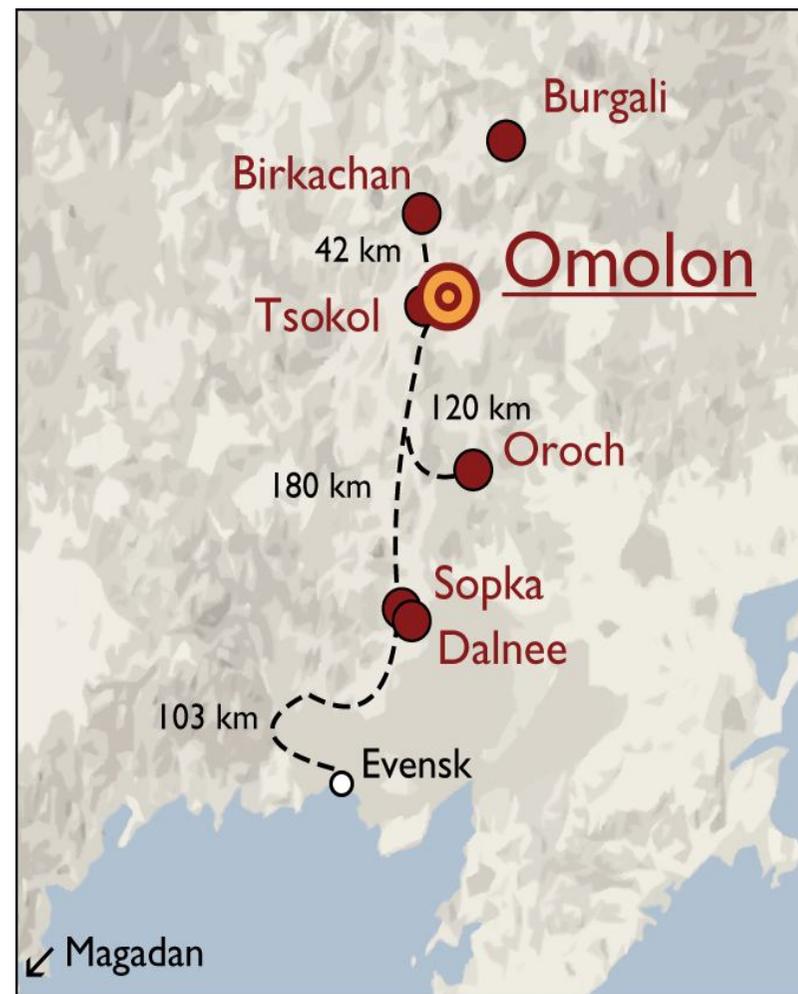
**Birkachan, Sopka Kwartsevaya (already operating)  
Oroch, Tsokol and Dalniy deposits around the Kubaka CIP  
plant**

**US\$105 million Capex**

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

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

	Tonnage, Mt	Au grade, g/t	Ag grade, g/t	Au content, Koz	Ag content, Moz
<b>Reserves</b>					
Birkachan	12.1	2.7	10.4	1,043	4.0
Sopka	1.4	12.0	260	547	11.6
<b>Resources (excl. Reserves)</b>					
Birkachan	14.0	2.2	10.9	993	4.9
Sopka	1.8	4.7	156	273	9.0
Oroch	1.9	3.2	167	201	10.3
Tsokol	1.3	8.1	13.1	337	0.5
Dalniy	0.8	5.9	152	152	3.9



# Exploration Strategy

## Target New Mine parameters

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



## Target Discovery parameters

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

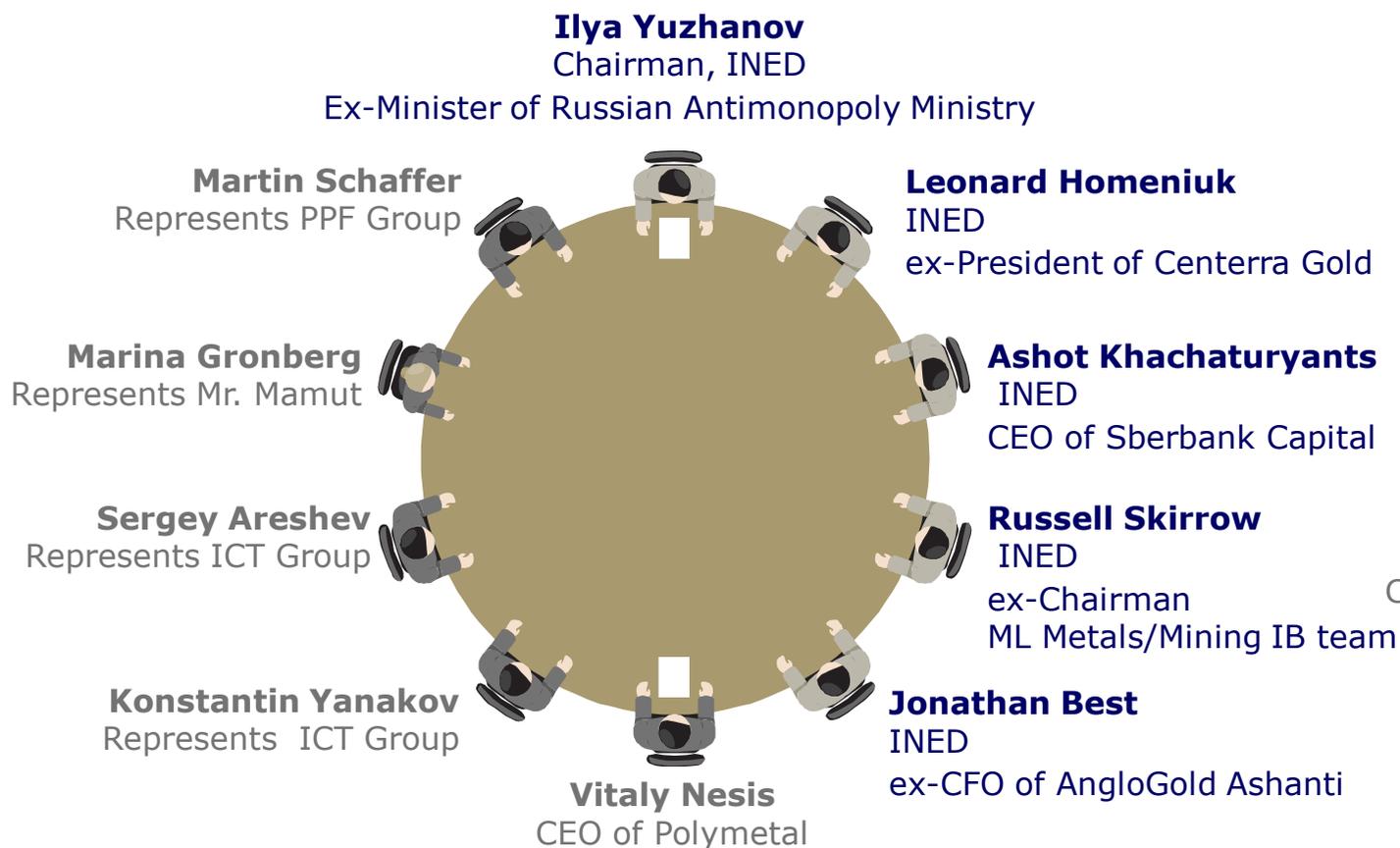
# Polymetal— Investment Thesis

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

# Appendixes

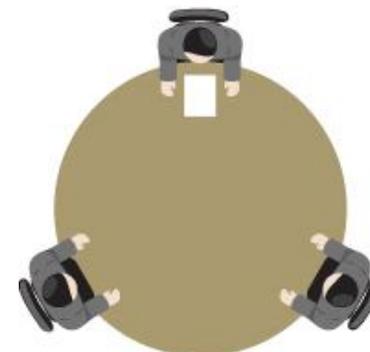
# Governance structure

## Board of Directors

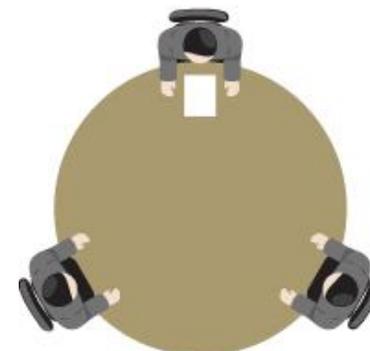


## Committees

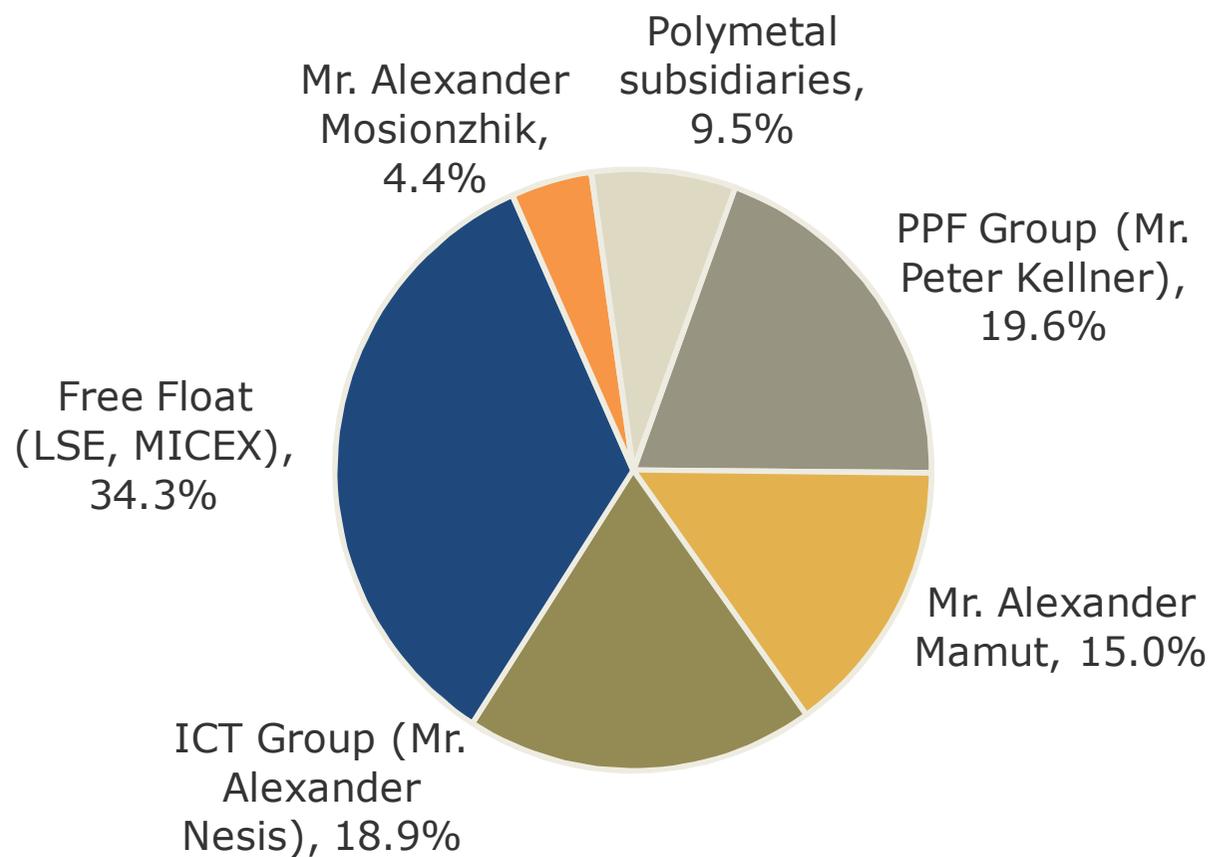
**Audit Committee**  
Chaired by Jonathan Best  
3 members



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

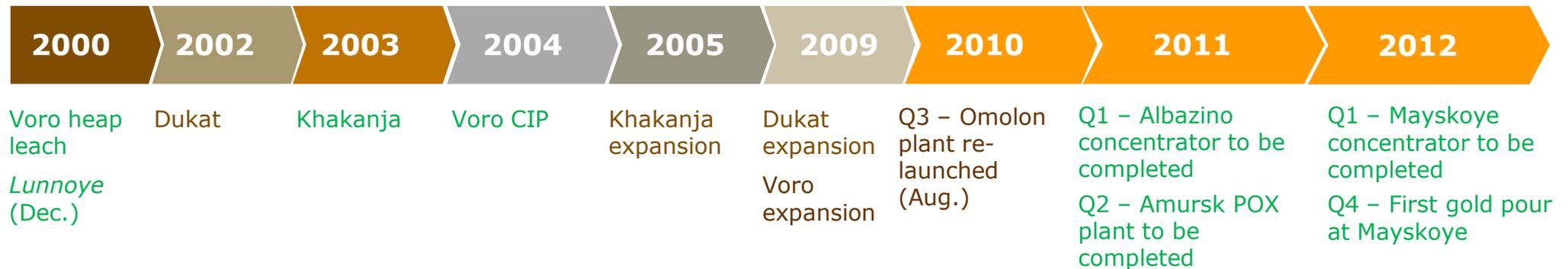


# Ownership structure



# Track Record and the Pipeline

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



Greenfield projects  
Brownfield projects

## 2009-2010 M&A activity: 6 deals closed

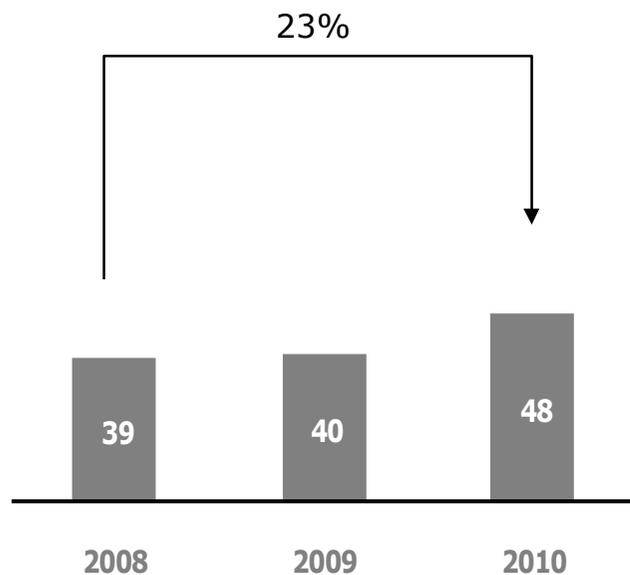
Acquisition	Resource, Moz (Au eq.)	Full EV, US\$m	US\$/ oz resource	Strategic Rationale
<b>Goltsovoye</b>	1.1	47	45	Bolt-on to Dukat
<b>Sopka</b>	1.4	95	67	Bolt-on to Omolon
<b>Mayskoye</b>	7.5	166	22	World-class deposit; strategic fit with Albazino
<b>Varvarinskoye</b>	3.8	258*	68	Immediate cash flows and entry into Kazakhstan
<b>Avlayakan and Kirankan</b>	0.5	65	142	Immediate cash flows Bolt-on to Khakanja
<b>Svetloye</b>	1.4	9	7	Bolt-on to Khakanja
<b>Total/ Average</b>	<b>15.7</b>	<b>640</b>	<b>41</b>	

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

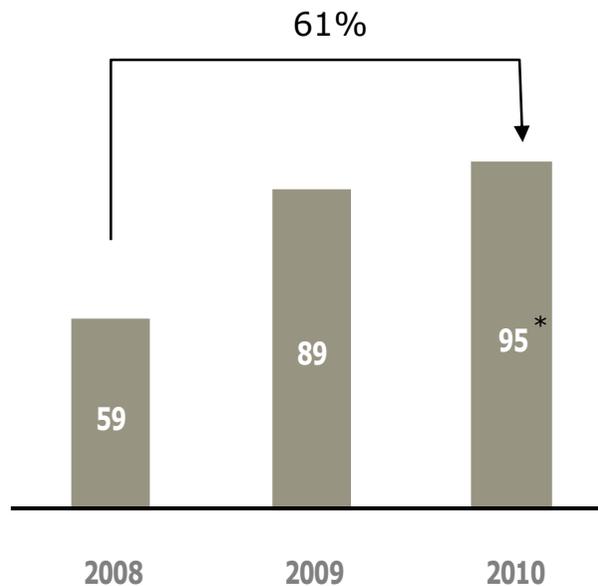
\*With limited (US\$90m) recourse to Polymetal

# Per share metrics demonstrate substantial shareholder value creation

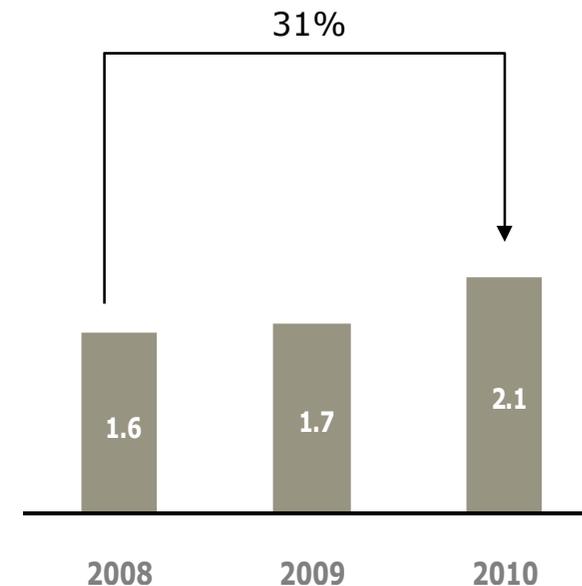
Reserves (Au eq.), koz/share



Resources (Au eq.), koz/share



Production (Au eq.), koz/share



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

2009 calculated based on 358 million shares.

2010 calculated based on 361 million shares.

\* Pro Forma for Svetloye and Avlayakan project

# Polymetal's Strategy: Processing Hubs

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



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