



# POLYMETAL

*BMO Capital Markets*  
*2008 Metals and Mining Conference*

*Vitaly Nesis, CEO*  
*February 24-27, 2008*






## Cautionary statements

This presentation includes forward-looking statements. 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.

The forward-looking statements in this presentation are based upon various assumptions, many of which are based, in turn, upon further assumptions, including, without limitation, management’s examination of historical operating trends, data contained in our records and other data available from third parties. Although the Company believes that these assumptions were reasonable when made, these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond its control, and the Company may not achieve or accomplish these expectations, beliefs or projections. Neither the Company, nor any of its agents, employees or advisors intend or have any duty or obligation to supplement, amend, update or revise any of the forward-looking statements contained in this presentation.



# Polymetal represents an excellent opportunity to invest in a mid-tier company with top quality assets

## 2007 Production

▲ 15.9Moz of silver and 242Koz of gold

## 2007E Cash Costs (1)

▲ 7.3 US\$/oz of silver and 378 US\$/oz of gold

## Ownership Structure

▲ 72% Nafta Moskva and affiliated companies  
▲ 3% Directors and Employees  
▲ 25% Free Float

## Market Cap (2)

▲ US\$2.7bn; 315 million shares

## Listing

▲ LSE  
▲ MICEX  
▲ RTS

## Net Debt (3)

▲ US\$ 210mln

## Hedge Free

▲ Starting from January 2008

(1) Co-product

(2) At the price of closing on Feb 22, 2008

(3) As of Dec 31, 2007, unaudited

# Clear understanding of our competitive advantages ensures focused execution of our strategy



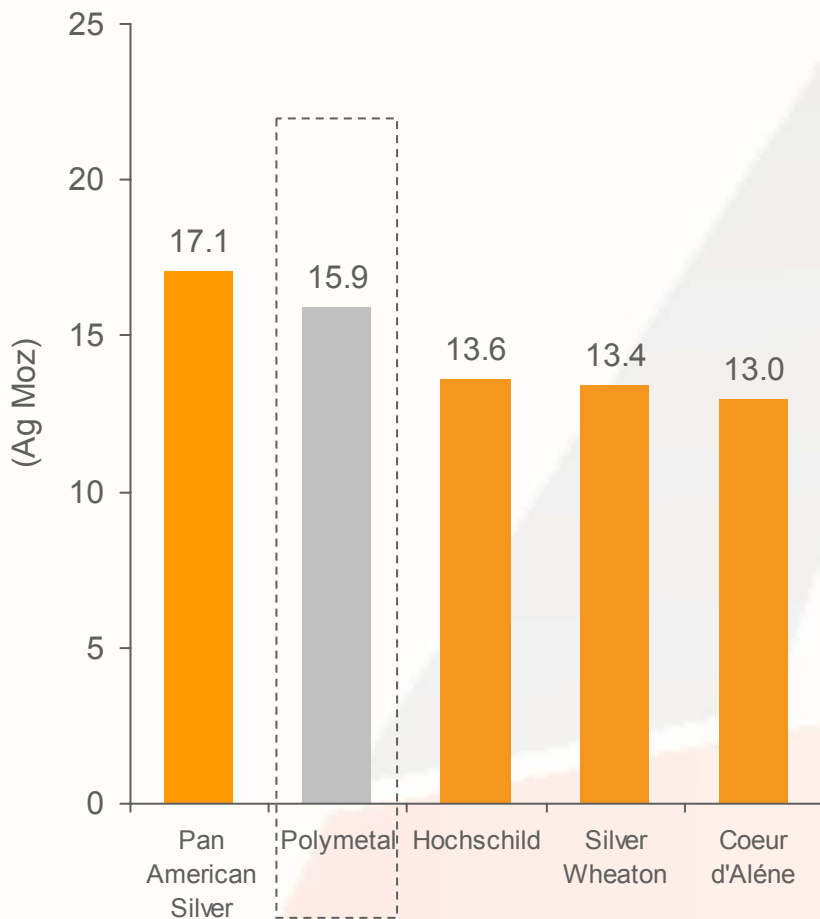
- ▲ Number 2 primary silver producer globally and number 3 gold producer in Russia
- ▲ High quality portfolio of 4 operating mines: long life, low cost
- ▲ Proven development and operational track record
- ▲ Technical know-how and dedicated in-house engineering expertise
- ▲ Strong portfolio of growth projects



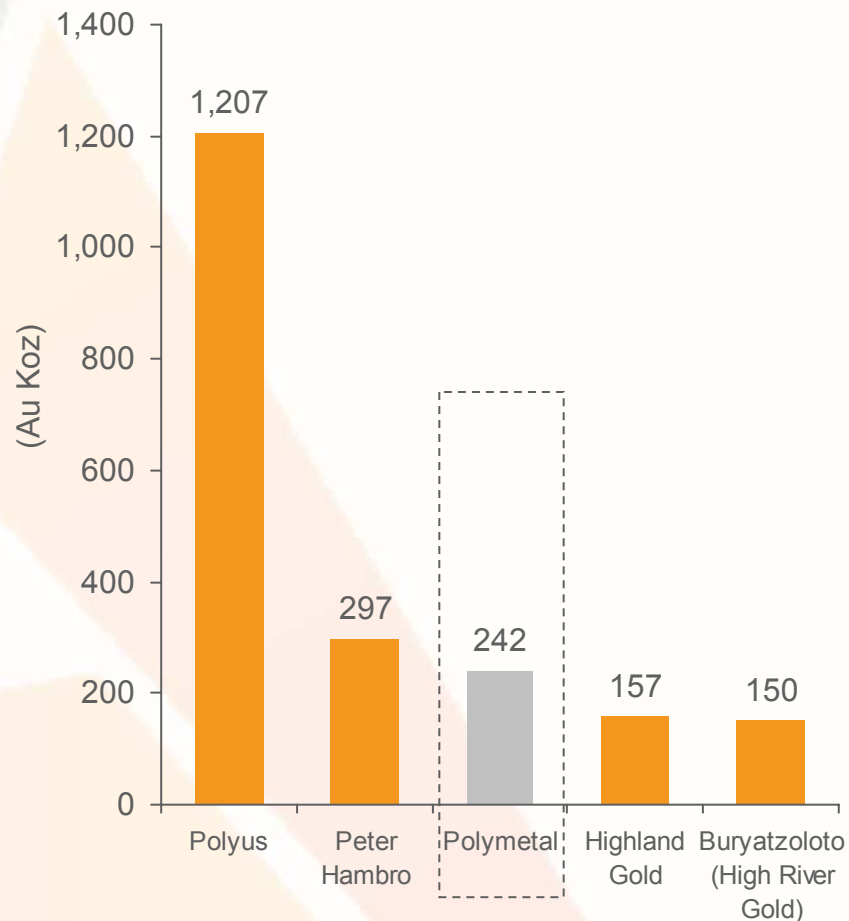


# Polymetal is one of the leaders in the global silver and Russian gold industries

## 2007 Global Primary Silver Producers



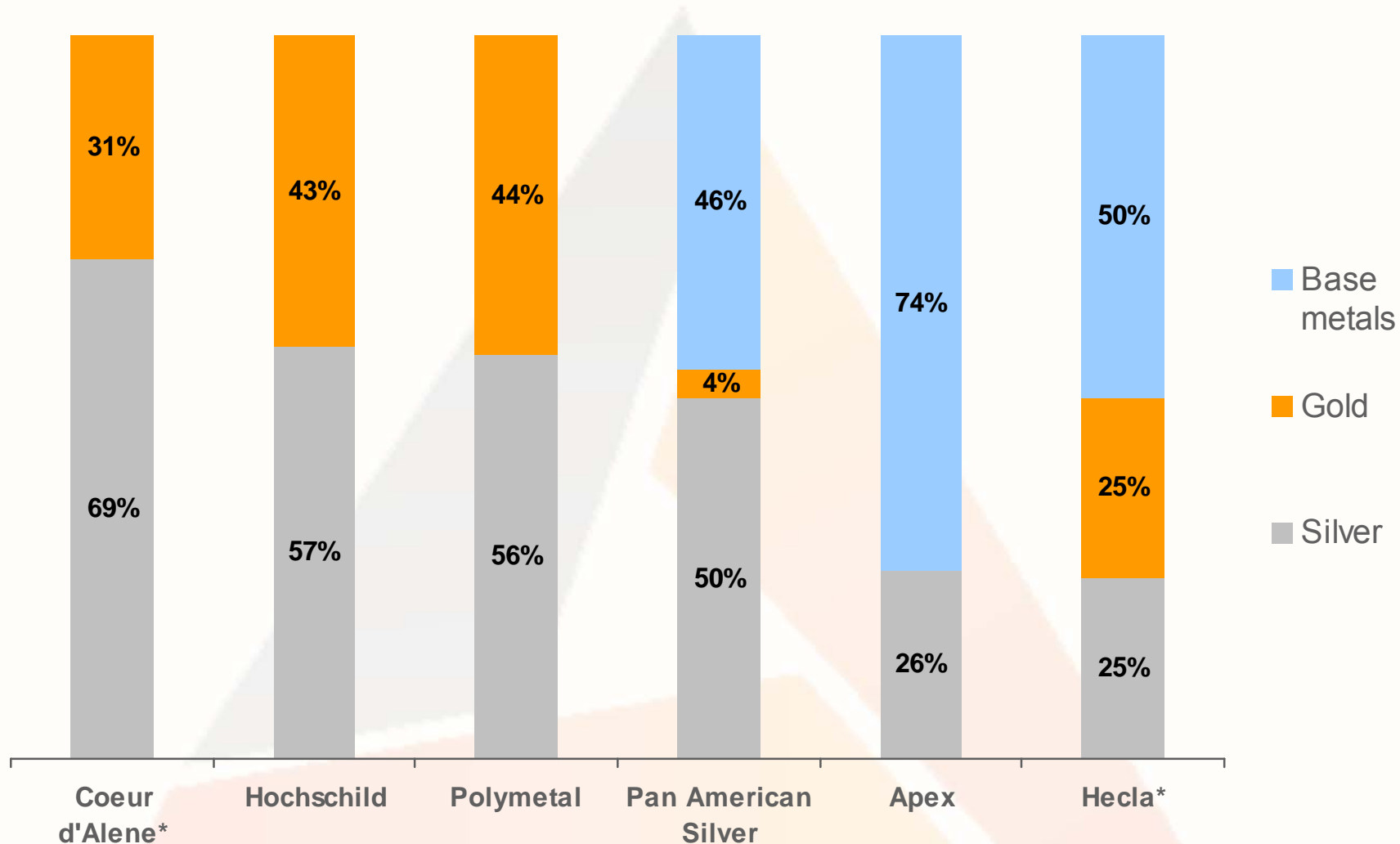
## 2007 Russian Gold Producers



Source: Companies' reports and guidance, Polymetal



# Dollar denominated production split of selected silver producers, 2007E



Source: Companies' data; dollar denominated numbers received by multiplying production numbers by 2007 average metals prices  
Notes: \* Production numbers taken for 9M 2007 as full year data is not yet available

# Polymetal is well positioned to capitalize on Russian gold opportunities

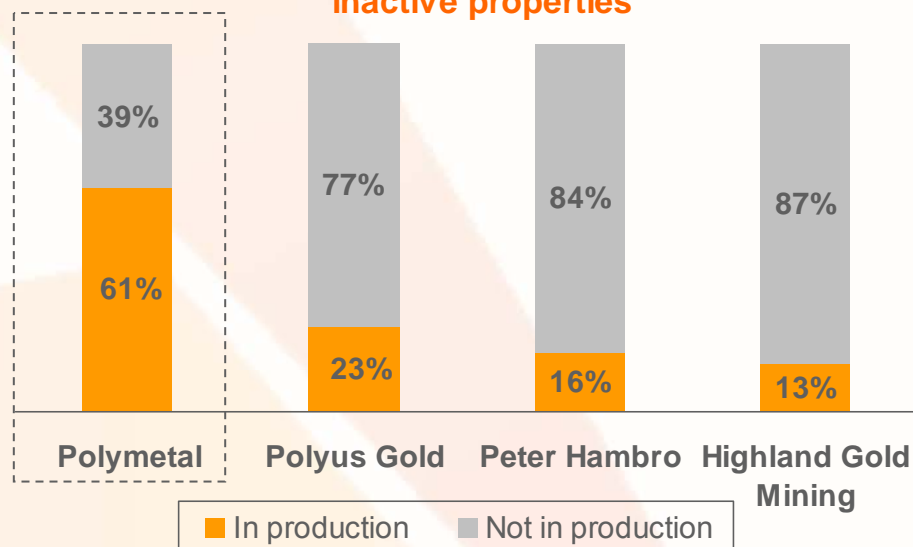
## Russia's advantages for gold/silver miner

- ▲ Large and highly underexplored territory
- ▲ Taxation, licensing, and permitting procedures are clearly formulated and predictable
- ▲ Sparsely populated with environmental issues relatively less acute

## Our position vis-à-vis Russia-specific risks

- ▲ Outstanding construction/commissioning track record: 4 mines commissioned in 1999-2003
- ▲ Majority of reserves/resources come from operating mines
- ▲ All reserves/resources are JORC-compliant and audited by reputable independent consultants (SRK, Snowden)
- ▲ Multiple operations

Split of resources in Russia: producing vs inactive properties



Source: Companies' resource statements in accordance with the 2004 JORC Code (M+I+J) as at 01 Jan 2007 adjusted for 2007 updates

# Polymetal owns a portfolio of long-life and high-grade mines

**Voro**

**Production<sup>(1)</sup>:** 117Koz Au  
**Reserves<sup>(2)</sup>:** 2Moz Au @ 2.8 g/t  
**Cash costs<sup>(3)</sup>:** US\$403/oz of Au

**Albazino**

**Resource:** 2.2Moz Au @ 5.3 g/t

**Dukat & Lunnoye**

**Production:** 14.1 Moz Ag and 42.6Koz Au  
**Reserves:** 378Moz Ag @ 513 g/t  
 803Koz Au @ 1.2 g/t  
**Cash costs:** US\$7.3/oz of Ag



**Veduga (50%)**

**Resource:** 2.8Moz Au @ 5.3 g/t

**Khakanja**

**Production:** 83Koz Au and 1.7Moz Ag  
**Reserves:** 1Moz Au @ 5.6 g/t  
 36Moz Ag @ 212 g/t  
**Cash costs:** US\$364/oz of Au

-  Headquarters
-  Production
-  Exploration/Development

(1) Production numbers at all operations are given for 2007  
 (2) Reserves numbers at all operations are: JORC compliant, audited by SRK, as of Dec 31, 2006  
 (3) Cash costs at all operations: co product, 2007E; Dukat and Lunnoye are calculated jointly

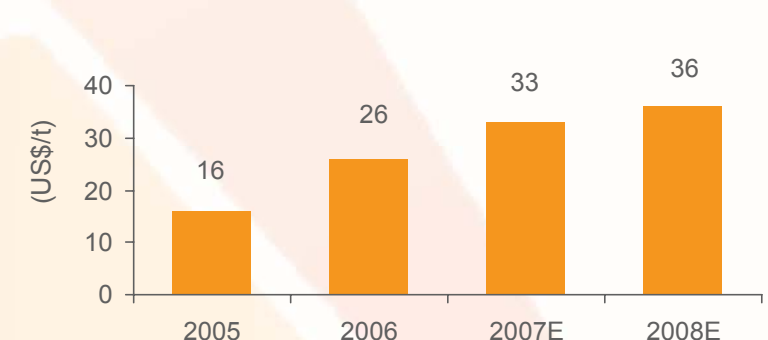
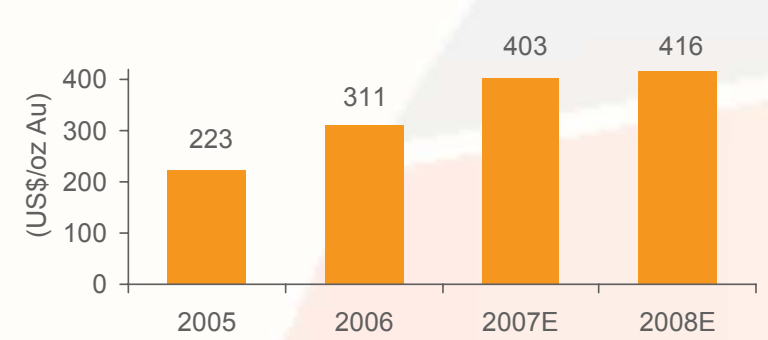
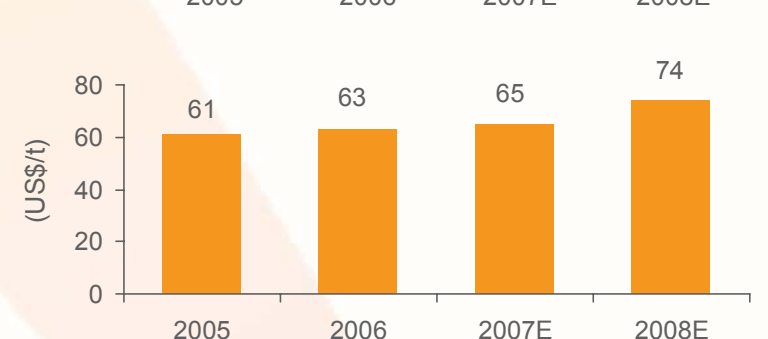
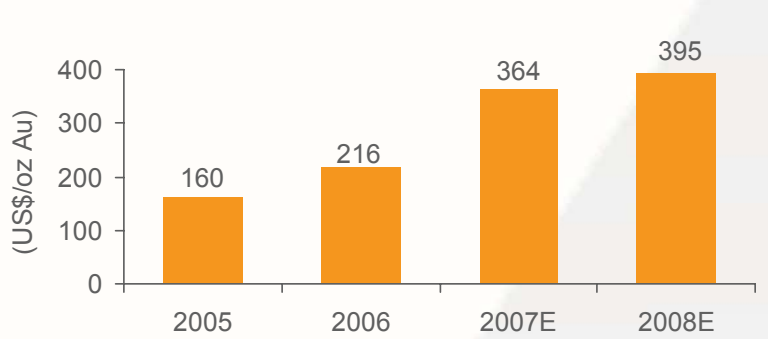
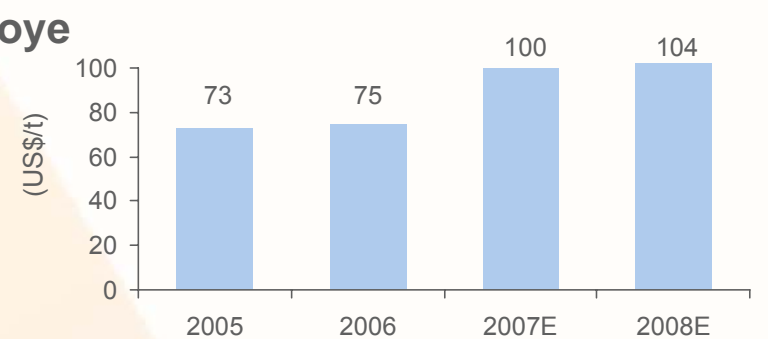
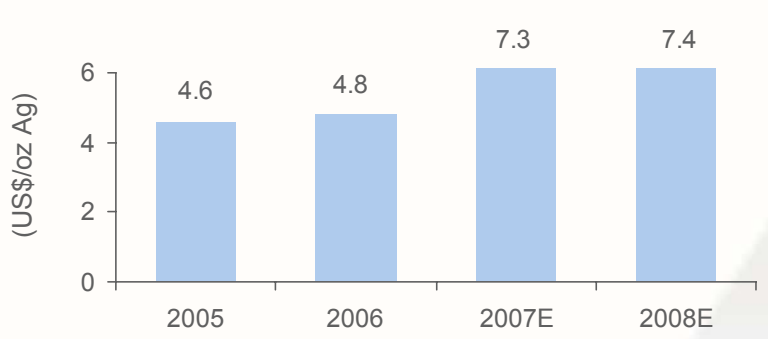




# Cost structure and dynamics proves our ability to control unit costs in challenging environment

**Total Cash Cost per ounce (co-product)**

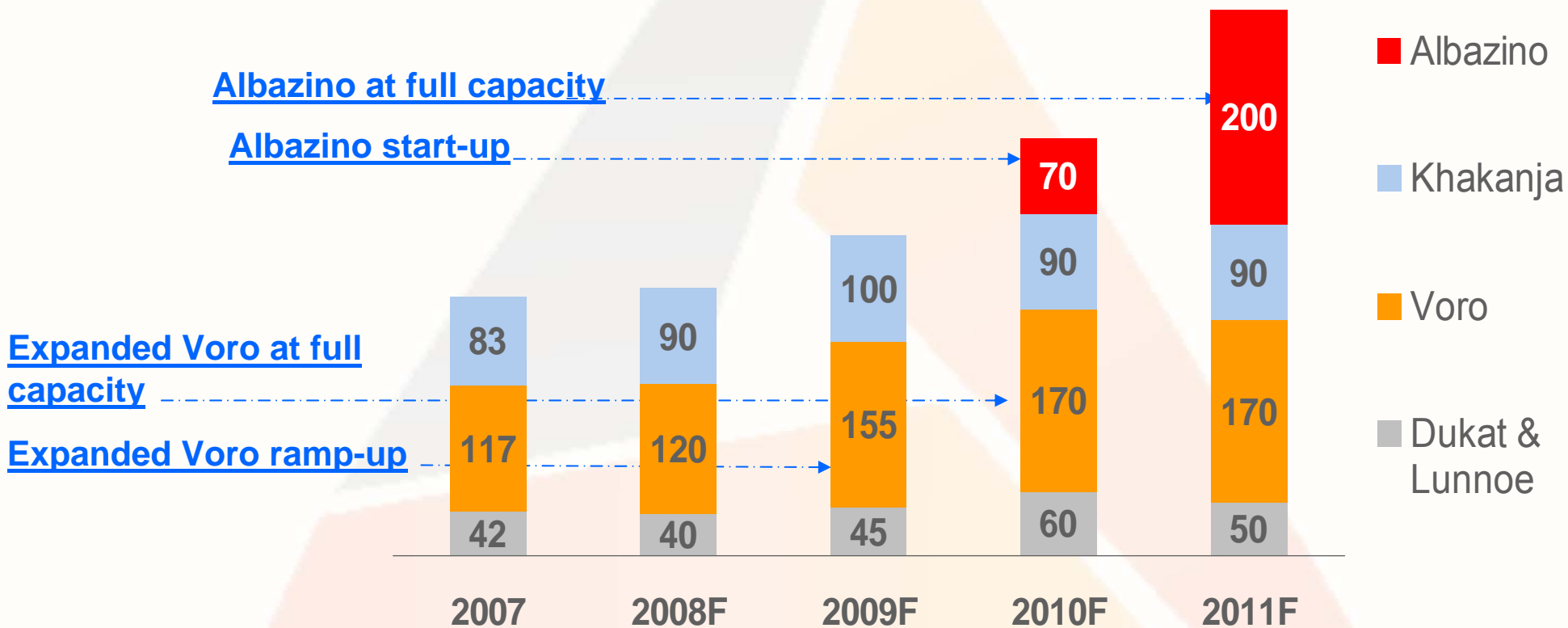
**Total Cash Cost per tonne milled**



# Proven development and operational track record is the best testimony of our ability to deliver growth

## Gold Production (Koz) – 111% Growth by 2011

2007	2008F	2009F	2010F	2011F
242	250	300	390	510

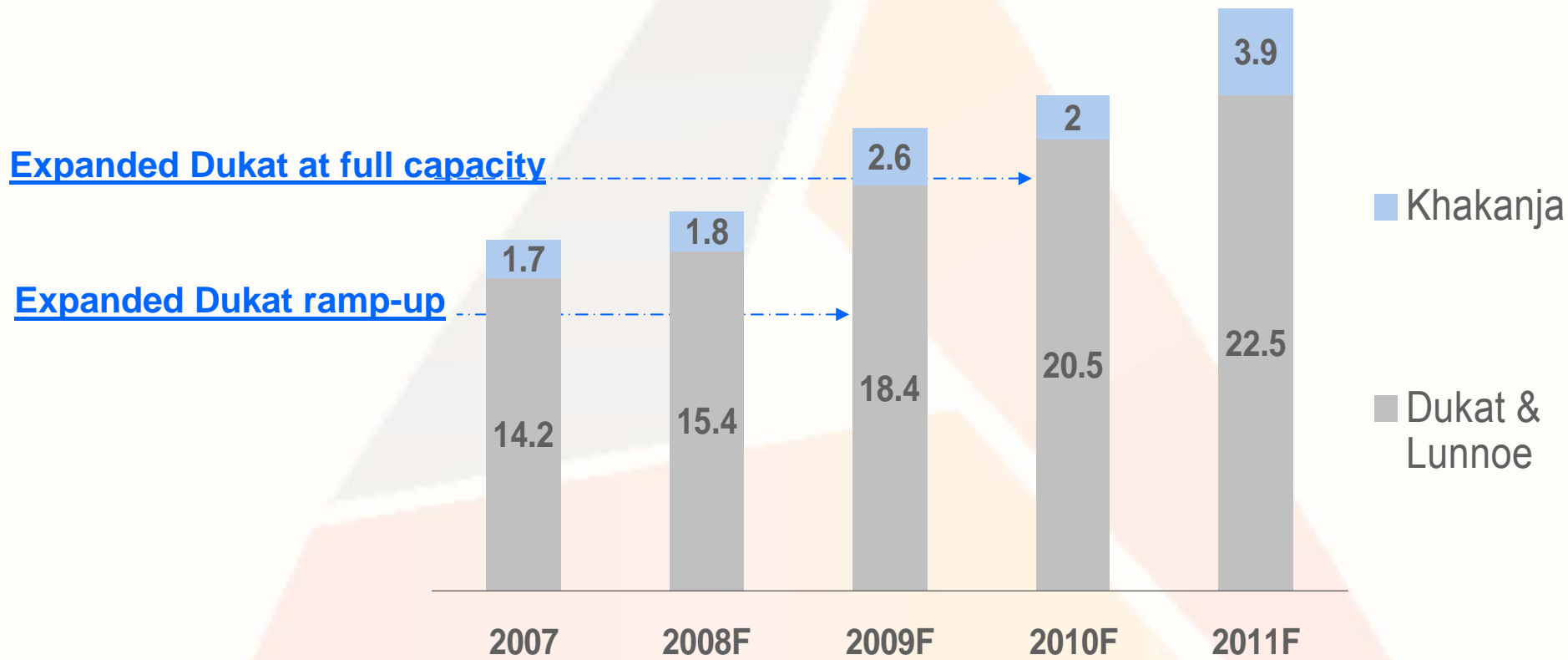




# Proven development and operational track record is the best testimony of our ability to deliver growth

## Silver Production (Moz) – 64% Growth by 2011

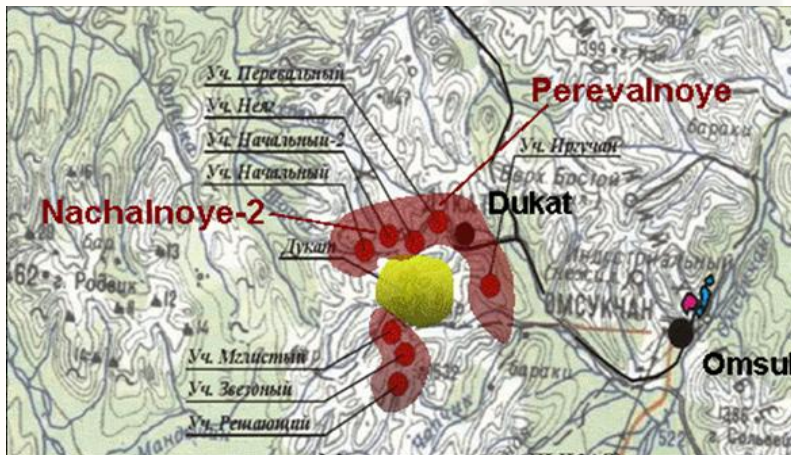
2007	2008F	2009F	2010F	2011F
15.9	17.2	21.0	22.5	26.0



# Dukat expansion

## Dukat flanks are underexplored and have great resource potential

- ▲ 8 targets identified, 3 drilled in 2006-2007
- ▲ JORC-compliant resource at Nachalnoye-2: 430Kt at 339 g/t for 4.7Moz of silver
- ▲ JORC-compliant resource audit at Prevalnoye is expected in Q4 2008



- The Dukat deposit
- Dukat flanks

## Expanded Dukat processing plant will enjoy improved operational and cost efficiencies

- ▲ Throughput increase from 0.9 to 1.5Mtpa
- ▲ Average head grade 450 g/t
- ▲ 70% of the project complete (tailings facility, sand flotation commissioned, SAG mill erected)
- ▲ On track to be commissioned in Q4 2008

# Voro expansion

## Re-optimizing of the Voro pit adds 0.5Moz of gold reserves

- ▲ Gold price assumption increased from US\$450/oz to US\$550/oz
- ▲ Depth of the pit to be increased by 60 meters
- ▲ Pit limits change by 30m west, 140m north, and 50m east

## Expanded Voro CIP plant will add 30-50Koz of gold per annum

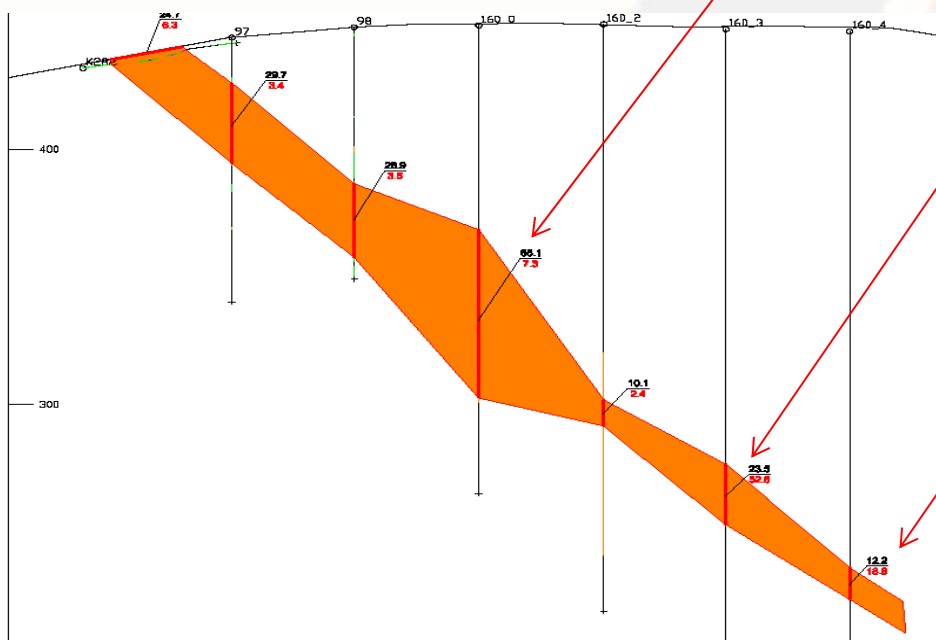
- ▲ Throughput increase from 0.45 to 0.95Mtpa
- ▲ 60% of the project complete
- ▲ On track to be commissioned in Q4 2008



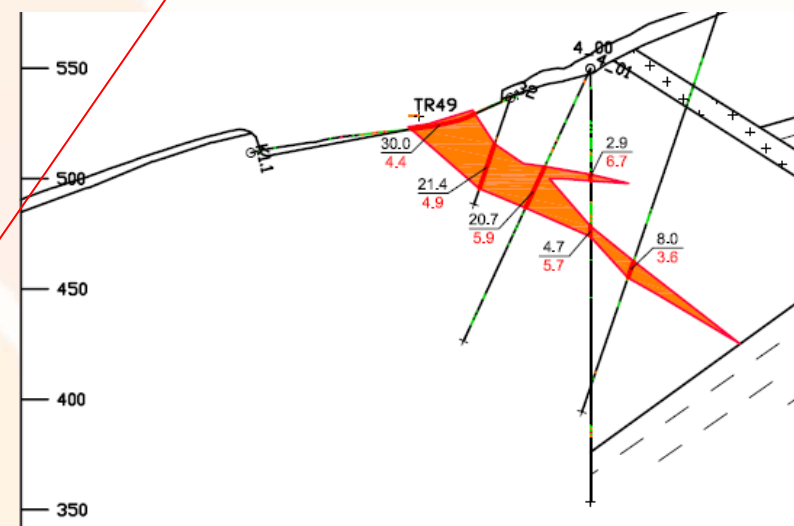
# Albazino resource is sufficient to justify beginning of construction

- ▲ 2.2 Moz of JORC-compliant gold resource at 5.3 g/t
- ▲ 3 Moz of JORC-compliant gold resource targeted by the end of 2008
- ▲ Three out of five identified ore zones not drilled yet
- ▲ Scoping studies suggest annual production of 200Koz of gold, CAPEX of c.US\$200m
- ▲ Latest intersections at Anfisa: 65m at 7.3 g/t, 24m at 52.3 g/t, 12m at 18.8 g/t

Anfisa cross-section 160



Olga cross-section 4



# Albazino is our key medium-term growth project

## Albazino ●

- ▲ Concentrator facility
- ▲ Ore throughput 1.5Mtpa
- ▲ Concentrate output 110Ktpa



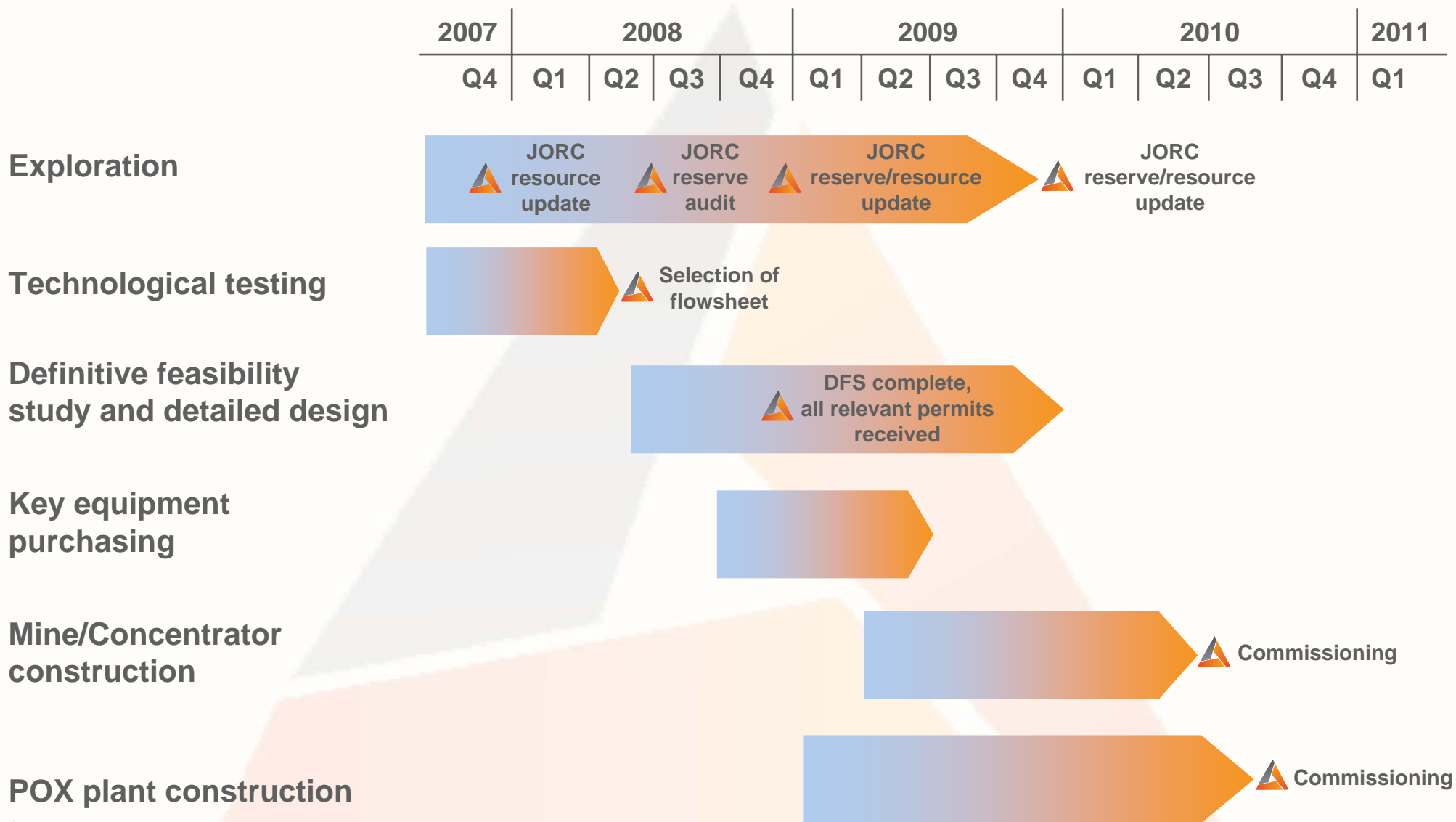
- ▲ Concentrate river-barging 400km to Amursk

## Amursk ●

- ▲ POX facility capable of processing various refractory gold containing concentrates
- ▲ Centralized location with sufficient transport and energy infrastructure
- ▲ Coal and gas power plant with 260Mw capacity
- ▲ Population of 47,000 of which 7,000 unemployed



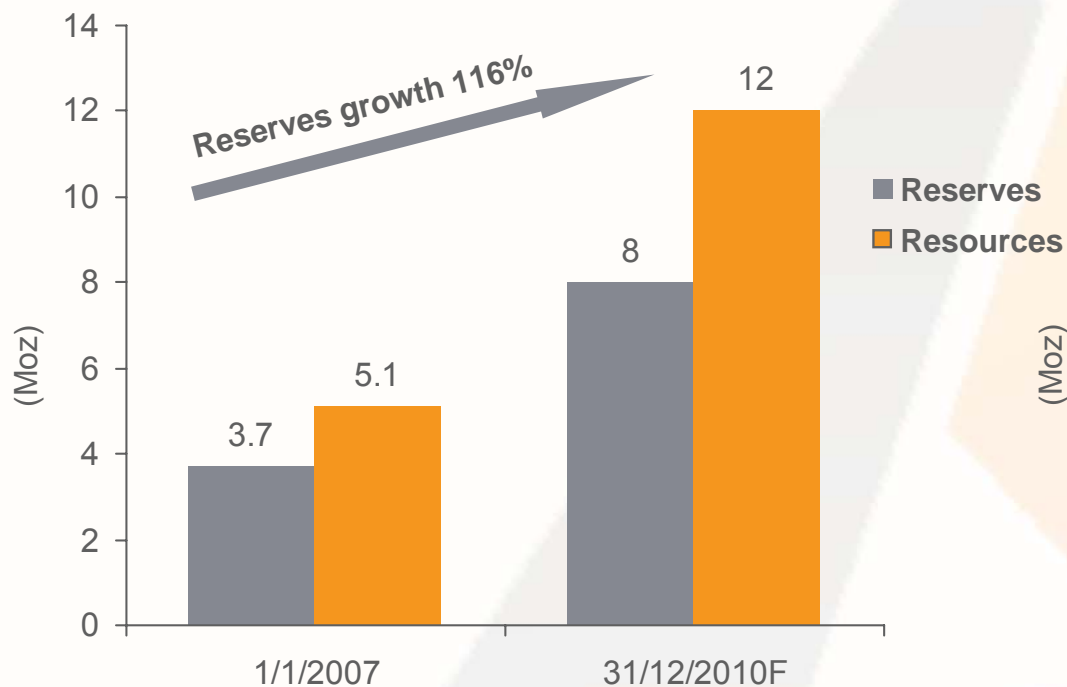
# We are on track to pour first gold in Q4 2010



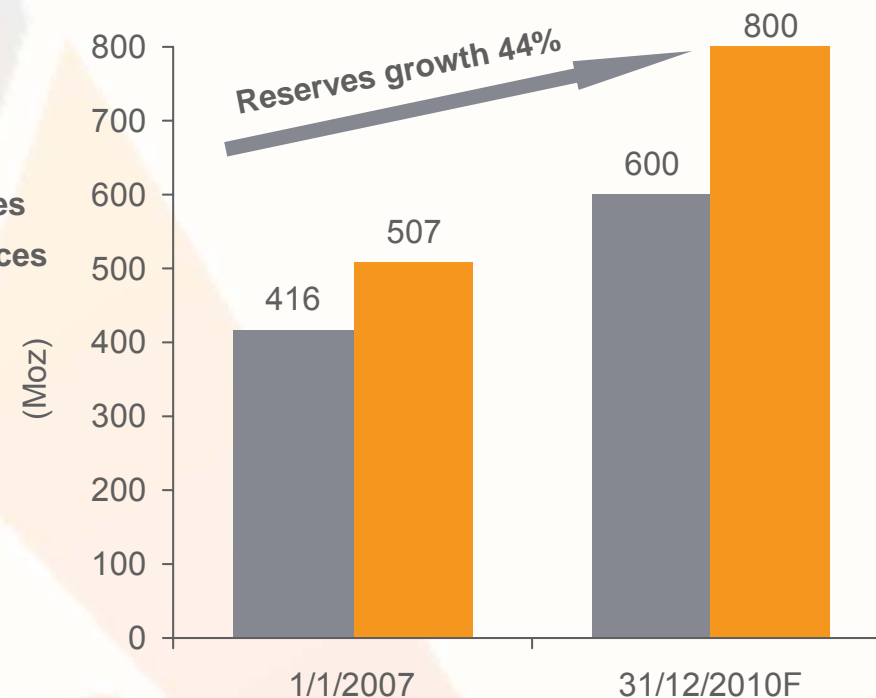


# Reserve base is set to grow as a result of focused exploration

## Gold Reserves and Resources



## Silver Reserves and Resources



**Targeted all-in discovery costs of reserves at less than US\$ 15 per ounce of Au equivalent**

# Growth beyond 2010: pipeline of our projects is clearly defined

Property	Region	Description / Status	Next Steps / Target
Galka	Sverdlovsk	<ul style="list-style-type: none"> <li>▲ Gold-silver-zinc mineralization</li> <li>▲ 26km from Voro</li> <li>▲ 1.5Moz of gold equivalent resource</li> </ul>	<ul style="list-style-type: none"> <li>▲ 2008 – 16,000m of diamond drilling, JORC-compliant resource update</li> <li>▲ 2009 – feasibility study</li> </ul>
Veduga (50%)	Krasnoyarsk	<ul style="list-style-type: none"> <li>▲ JV with AngloGold Ashanti</li> <li>▲ 2.8Moz of mostly open-pittable gold resource</li> </ul>	<ul style="list-style-type: none"> <li>▲ 2008 – resource expansion</li> <li>▲ 2009 – feasibility study and development plan</li> <li>▲ 2010 – start of construction</li> </ul>
Dukat Silver Belt	Magadan	<ul style="list-style-type: none"> <li>▲ One of the largest primary silver provinces in Eurasia</li> <li>▲ Exploration license covering 2,420 sq. km around Dukat and Lunnoye</li> </ul>	<ul style="list-style-type: none"> <li>▲ 2008 – 20,000m of diamond drilling</li> <li>▲ 2009 – feasibility study</li> </ul>
Kubaka	Magadan	<ul style="list-style-type: none"> <li>▲ Acquired for US\$16m in January 2008</li> <li>▲ Fully operational processing plant and remote location infrastructure</li> <li>▲ Produced 3 Moz of Gold in 1995-2006</li> </ul>	<ul style="list-style-type: none"> <li>▲ 2008 – identify priority targets</li> <li>▲ 2009 – JORC resource</li> <li>▲ 2010 – feasibility study</li> <li>▲ 2011 – re-start of the plant</li> </ul>

## Kubaka is an exciting development-stage asset in one of Polymetal's key regions

- ▲ Full mine infrastructure
- ▲ Processing plant of 850 Ktpa capacity
- ▲ 4 mining licenses in the surrounding area
- ▲ 100% acquired for US\$15.8 million



- ▲ Gold resource estimate (JORC indicated, not confirmed by external audit)
  - Birkachan high grade ore: 355Koz (711Kt @ 15.5 g/t)
  - Birkachan low grade ore: 605Koz (7,458Kt @ 2.5 g/t)
  - Oroch: 151Koz (809Kt @ 5.8 g/t)
- ▲ Resource audit in compliance with the 2004 JORC Code is planned for Q1 2009

# In-house engineering expertise provides a key competitive advantage

*Polymetal has one of the largest in-house engineering operations in the Russian mining industry employing more than 100 highly skilled engineers*

- ▲ Full engineering cycle from scoping through flow sheet development to working drawings
- ▲ Experience with diverse technologies
- ▲ Applying state-of-the art design instruments

- ▲ Control over mine design quality
- ▲ Collaborative decision-making yielding reliable and cost-efficient solutions
- ▲ Access to in-house engineers post commissioning

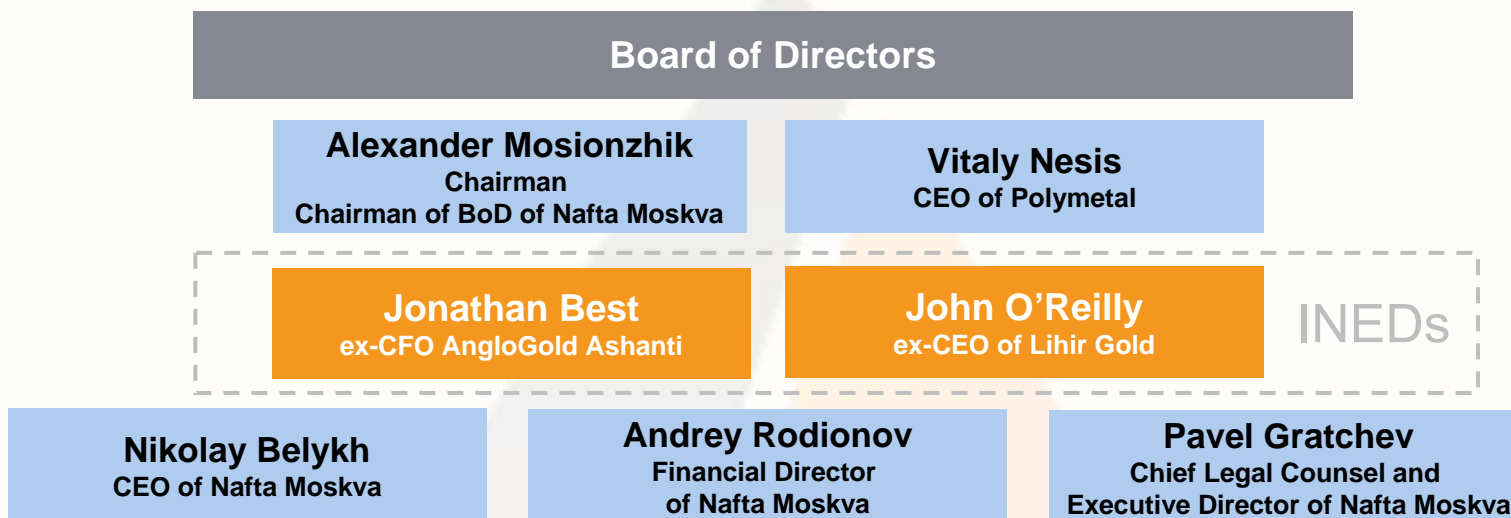


# Our management team consists of both industry veterans and young western-educated professionals

- ▲ Corporate culture fosters initiative and team work
- ▲ We cooperate with leading Russian mining schools
- ▲ Broad-based employee stock option program
  - more than 300 employees participate
  - non-dilutive: 5.5mln of Polymetal's shares granted by the controlling shareholder
  - vests in equal thirds starting February 2008
  - exercise price of 1 rouble (US\$0.04)
  - total alignment with shareholders' interests: to increase value, not volatility



# Two independent directors provide strategic guidance based on years of relevant experience



## COMMITTEES


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

**Remuneration and Nomination Committee**  
*Chaired by John O'Reilly*  
(3 members)

*Implementing best practice corporate governance standards*



# Adherence to Global Standards in HSE practices and social responsibility is a key priority for Polymetal



**▲ Firm commitment to a sound environmental policy**  
— 2006 external audit confirmed company met World Bank environmental management guidelines

**▲ Continued focus on upgrading safety procedures**  
— In 2006 SRK Consulting audited and certified the company's health and safety practices

**▲ Active involvement in local communities**  
— Cooperating with local and regional authorities to implement long-term social infrastructure investment projects

# Balanced strategy for future growth



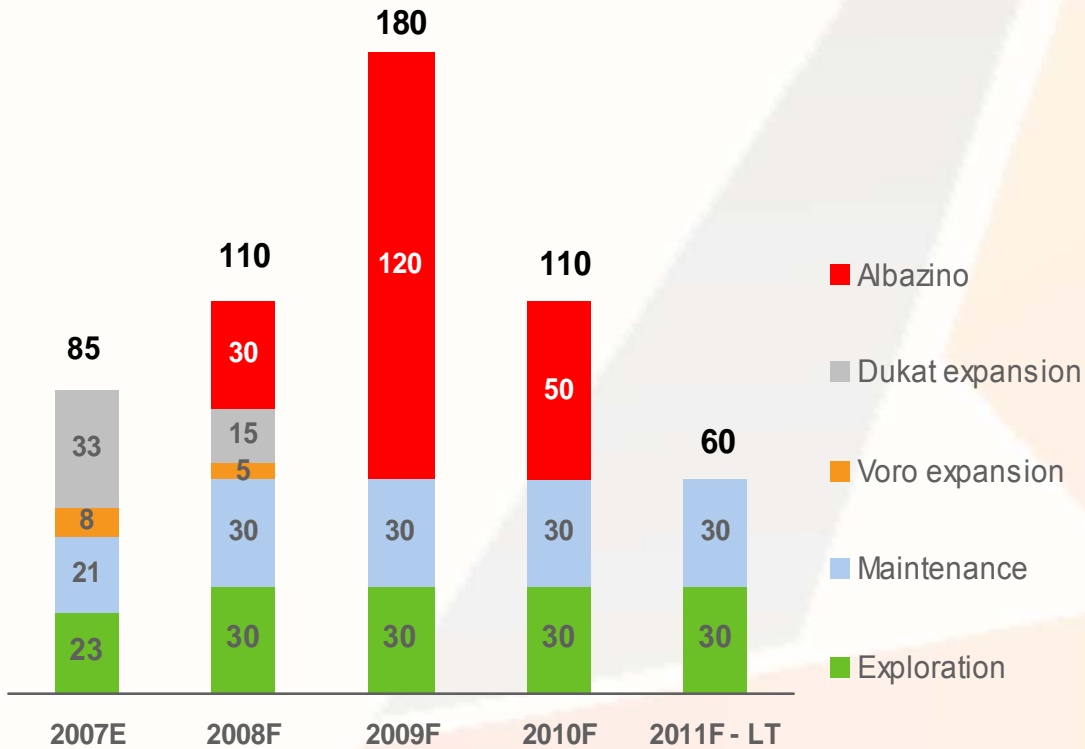
- ▲ **Maintain profitability while increasing production at current operations**
- ▲ **Focused exploration yielding significant reserve and resource increases**
- ▲ **Commission Albazino in 2010 and restart Kubaka in 2011**
- ▲ **Continue to invest in and develop human capital**





# Addendum: CAPEX schedule

## CAPEX (US\$m)



Road to Yurievskoe



SAG mill at Dukat

