



# POLYMETAL

*BMO Capital Markets*  
*2009 Metals & Mining Conference*

*Vitaly Nesis, CEO*  
*February 2009*





## 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

**2008 Production**

**GOLD 285 Koz (+17% Y-o-Y)**  
**SILVER 17.2 Moz (+8% Y-o-Y)**

**1H 08 Cash Costs<sup>(1)</sup>**

**GOLD 405 US\$/oz**  
**SILVER 7.6 US\$/oz**

**1H 08 Adj EBITDA**

**US\$ 121 million**

**FY 08 Revenues<sup>(2)</sup>**

**US\$ 500 million**

**2P Reserves (JORC)<sup>(3)</sup>**

**GOLD 5.7 Moz**  
**SILVER 414 Moz**

**Capital Structure**

**NET DEBT US\$ 315 million<sup>(4)</sup>**  
**MARKET CAP US\$ 1.9 billion<sup>(5)</sup> (315m shares)**

**100 % Hedge Free**

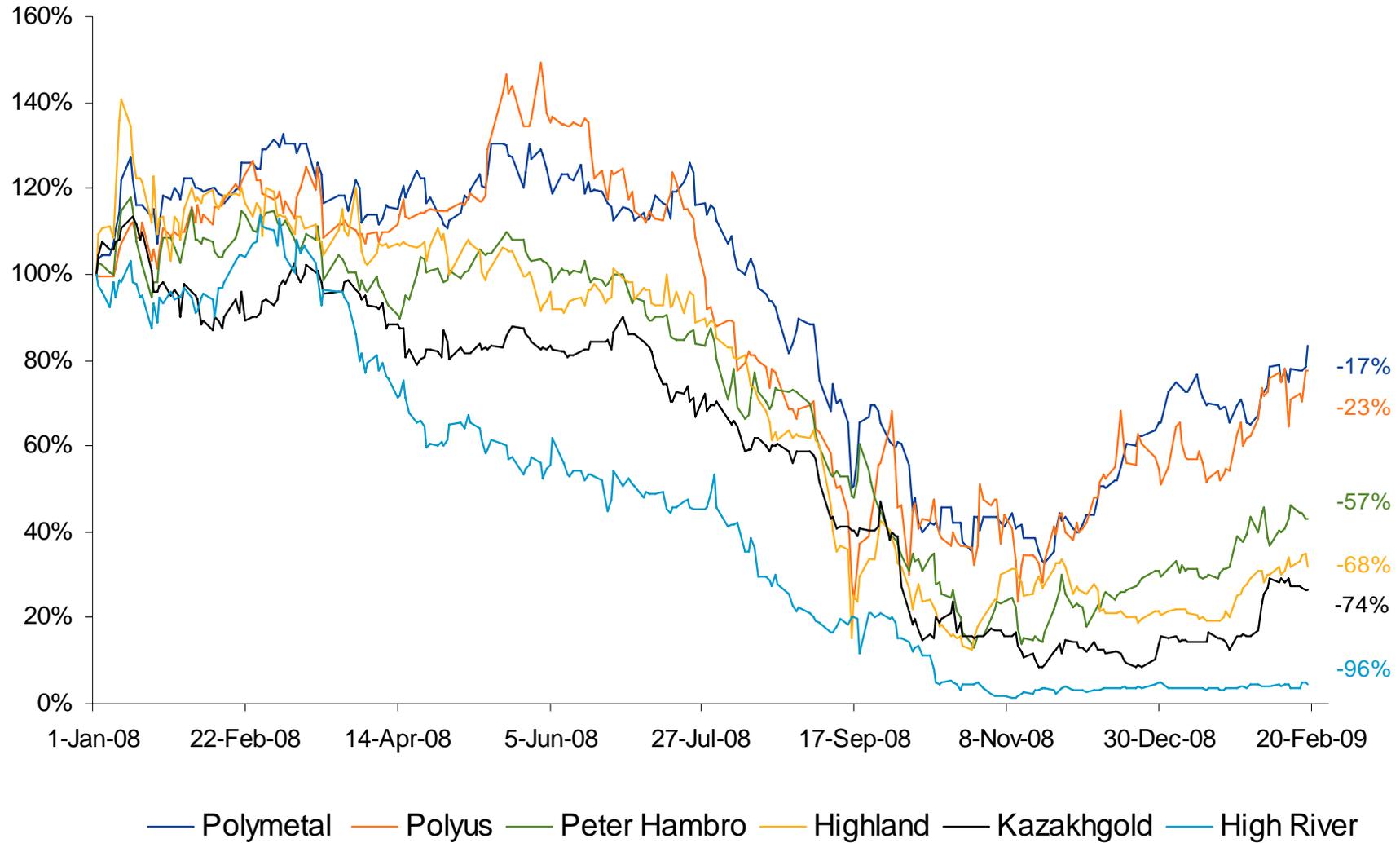
**STRATEGIC NO-HEDGING POLICY**



(1) Co-product  
(2) Unaudited  
(3) As of Jan 1, 2008 plus further updates  
(4) As of Dec 31, 2008, unaudited; (5) At the LSE closing price as of Feb 20, 2009



## Polymetal vs. Russian gold producers: relative share price performance, Jan-2008-YTD





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



Production

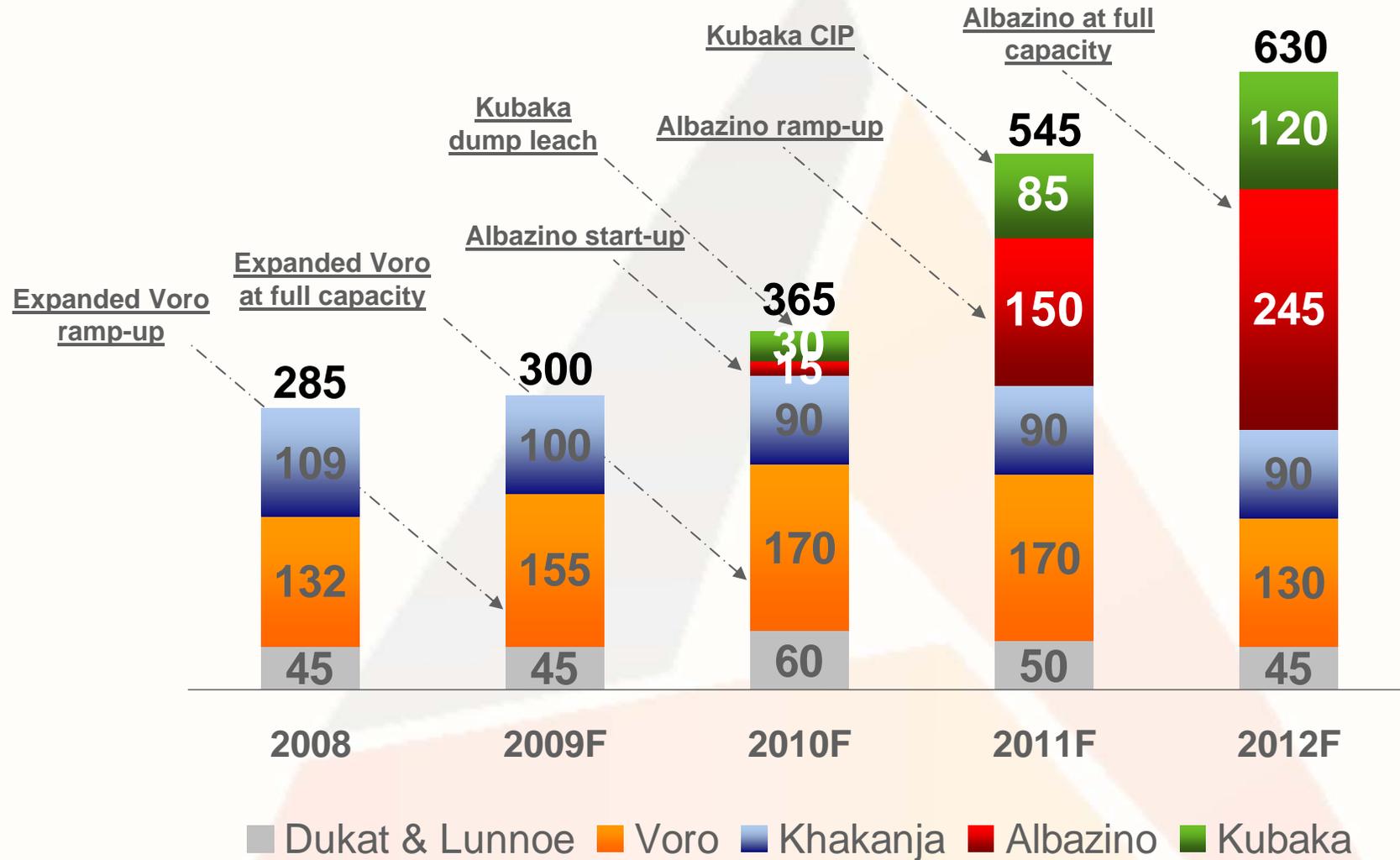
Development



(1) Production numbers at all operations are given for Dec 2008  
 (2) Reserves numbers at all operations are: JORC compliant, as of 1 Jan, 2008  
 (3) Cash costs at all operations: co product, 1H2008; Dukat and Lunnoye are calculated jointly



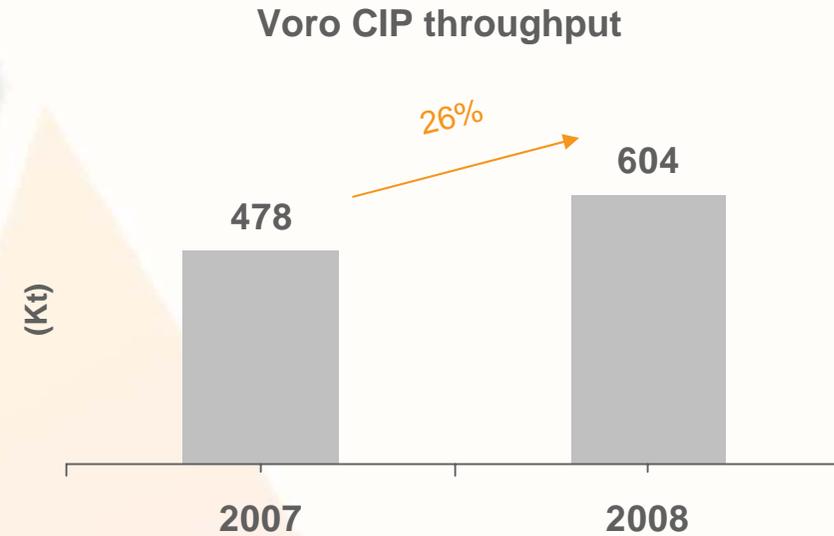
# Gold production schedule, Koz





# Voro CIP plant expansion project update

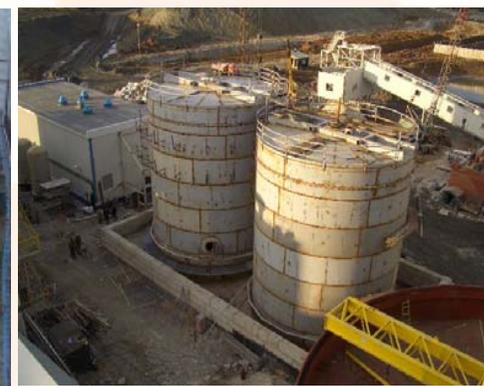
- ▲ 100% mechanical completion achieved
- ▲ Commissioning started in January 2009
- ▲ Throughput increase to 0.95 Mtpa



CIP plant



Thickener



Leaching tanks

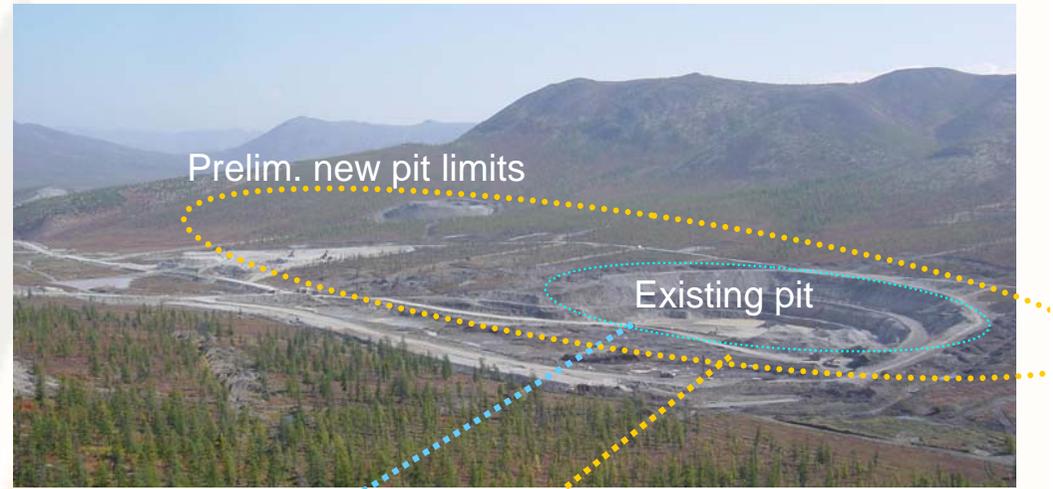


Filter presses



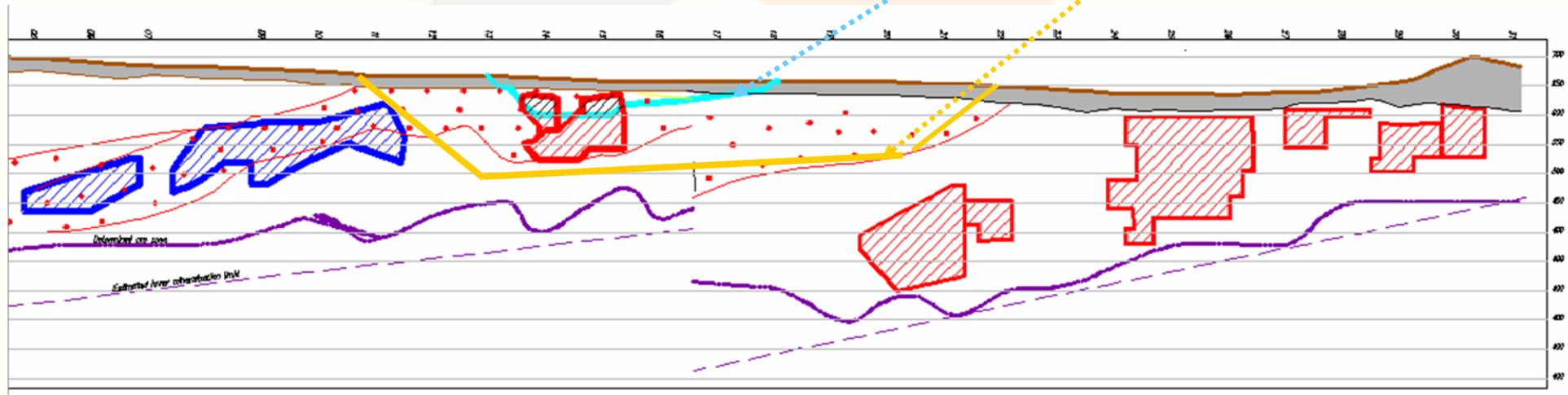
# Kubaka project update

Birkachan pit



## RESOURCE ESTIMATE (JORC)

- ▲ Birkachan 1,378 Koz Au (17.5Mt @ 2.4 g/t)
- ▲ Oroch 310 Koz Au eq (1.9Mt @ 3.3 g/t Au and 167 g/t Ag )
- ▲ Reserve estimate and FS expected in Q4 2009



- Determined limit of mineralization
- - - Estimated lower limit of mineralization
- ▨ High-grade ore bodies
- ▨ Low-grade ore bodies
- ⋯ Stockwork



## Kubaka project update

### EXPLORATION

- ▲ In 2008 exploration program at Birkachan has been completed with 11,440 meters drilled
- ▲ 26,000 meters of diamond and RC drilling mostly concentrated on Birkachan flanks and Oroch is planned for 2009

### DEVELOPMENT

- ▲ 2-3 Mtpa dump leach potential
- ▲ Large-scale bulk testing of ROM ore dump leach will be conducted in summer 2009
- ▲ 850 Ktpa CIP plant is in excellent condition, restart expected in Q3 2010

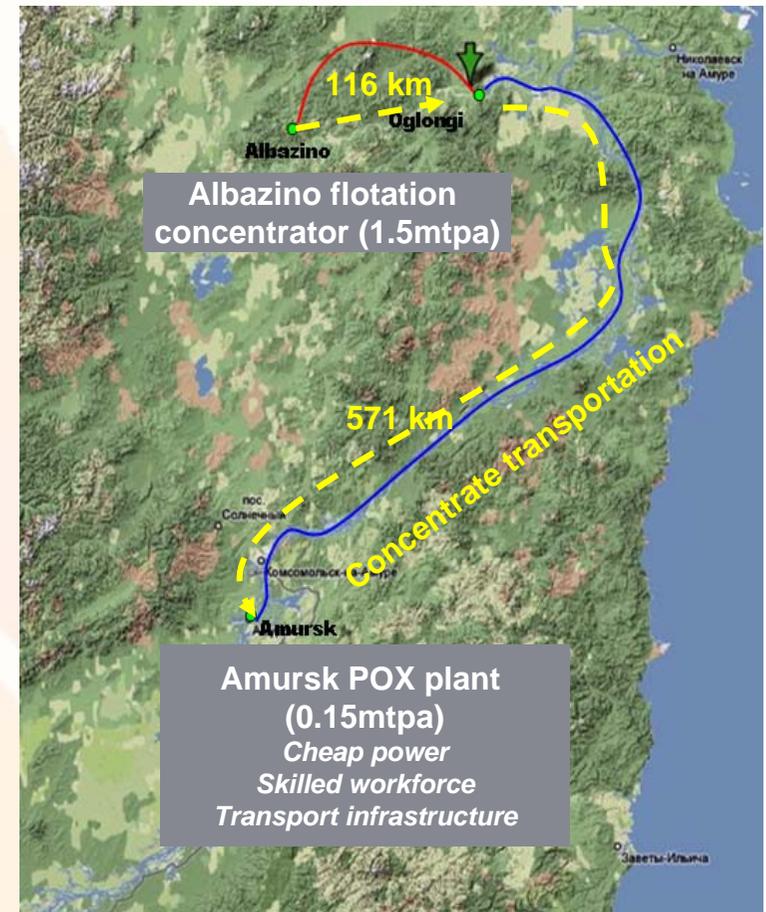


## Albazino-Amursk: Current Status

Amursk will be the first gold POX facility in Russia and a potential hub for processing refractory concentrates from across the Far East

- ▲ JORC Gold Resources: 3 Moz (22 Mt @ 4.2 g/t)
- ▲ JORC Gold Reserves: 2.1Moz (15 Mt @ 4.3 g/t)
- ▲ 12 years LOM, production of 255Koz in 2012
- ▲ US\$ 219 million CAPEX
- ▲ To be commissioned in 4Q2010
- ▲ Full flexibility to allow rapid incorporation of additional feed sources
- ▲ Construction started in November 2008, on schedule
- ▲ All major mining and processing equipment contracted

### Khabarovsk Region

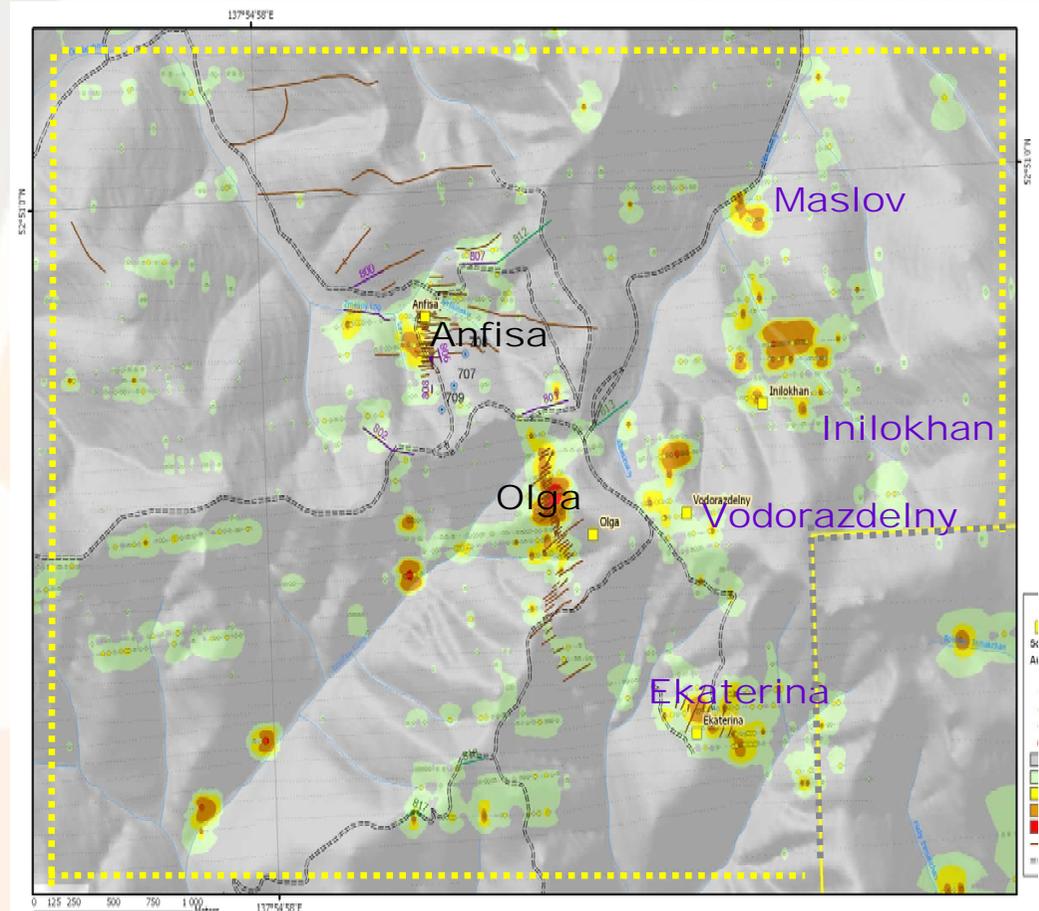




## Albazino-Amursk: Outlook

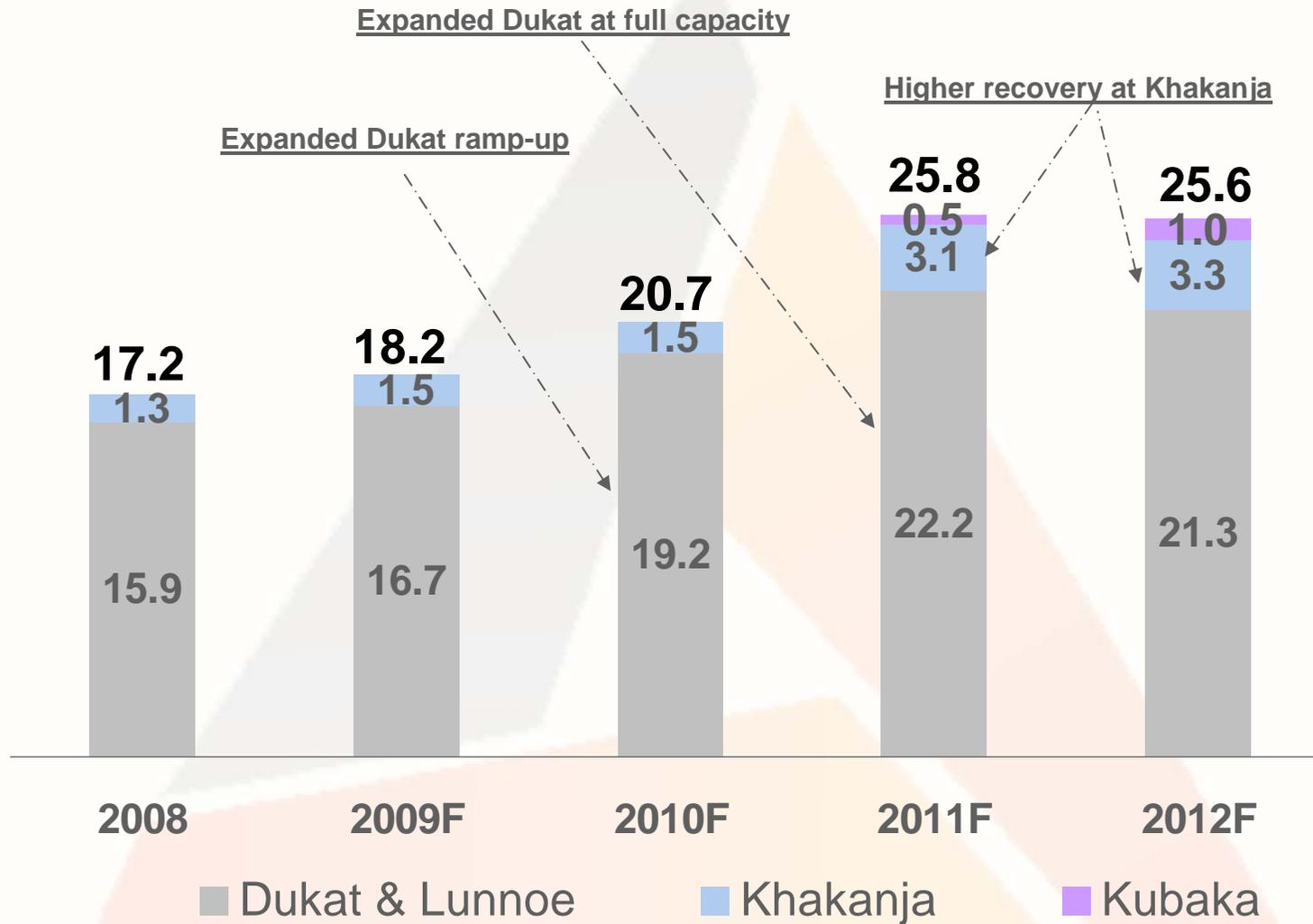
- ▲ Only 2 out of 6 known ore zones on the 84 square kilometers license area drilled
- ▲ 26,000 meters of diamond drilling and 41,000 cubic meters of trenching planned for 2009
- ▲ Efforts will be concentrated on tracing Olga ore zone to the south and establishing initial resource estimates for Ekaterina and Inilokhan ore zones
- ▲ 5-6 Moz resource targeted by 2011
- ▲ Updated reserve estimate and feasibility study are planned for Q2 2009

Albazino license area





## Silver production schedule, Moz



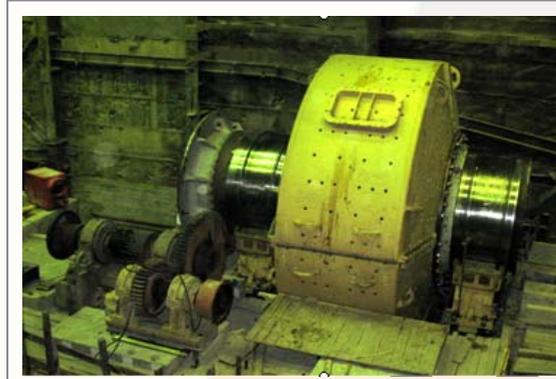
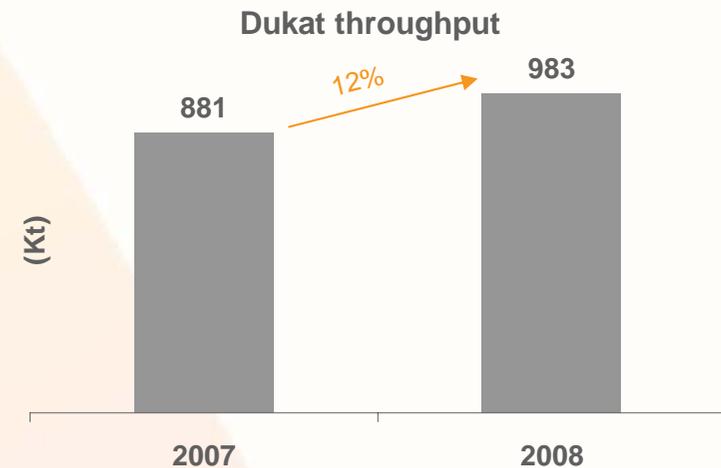


## Dukat project update

Expanded from 0.9 to 1.5Mtpa Dukat processing plant will enjoy improved operational and cost efficiencies

- ▲ Commissioning delayed due to continuing weakness in silver price
  - Full mechanical completion of the expanded processing plant in Q1 2009
  - Ramping up Dukat expansion with the high-grade Goltsovoe ore in 2010-2011

- ▲ Perevalnoye resource update in Q3 2009



New SAG mill



Expanded crusher



Centralized railway haulage



## Goltsovoe: deal closed in January 2009

Purchase price: US\$ 11 million in cash and 7.5 million of Polymetal shares

### Outlook

- ▲ Unique location in close proximity to established processing facilities: 84 km from the Dukat plant

### JORC Resources (Feb 2007)

- ▲ M&I 47.2 Moz (1.5Mt @ 993 g/t)
- ▲ Inferred 21.8 Moz (0.8Mt @ 738 g/t)

### 2P Reserves (unaudited, Polymetal estimate)

40.6 Moz (1.6 Mt @ 796 g/t)

### Mining

- ▲ Narrow-vein mechanized underground mine
- ▲ 150kt capacity, 12 years LOM
- ▲ To be commissioned in Q2 2010

### Impact

- ▲ Improve cost position of Dukat operation
- ▲ High silver grades and low costs diminish economic risks



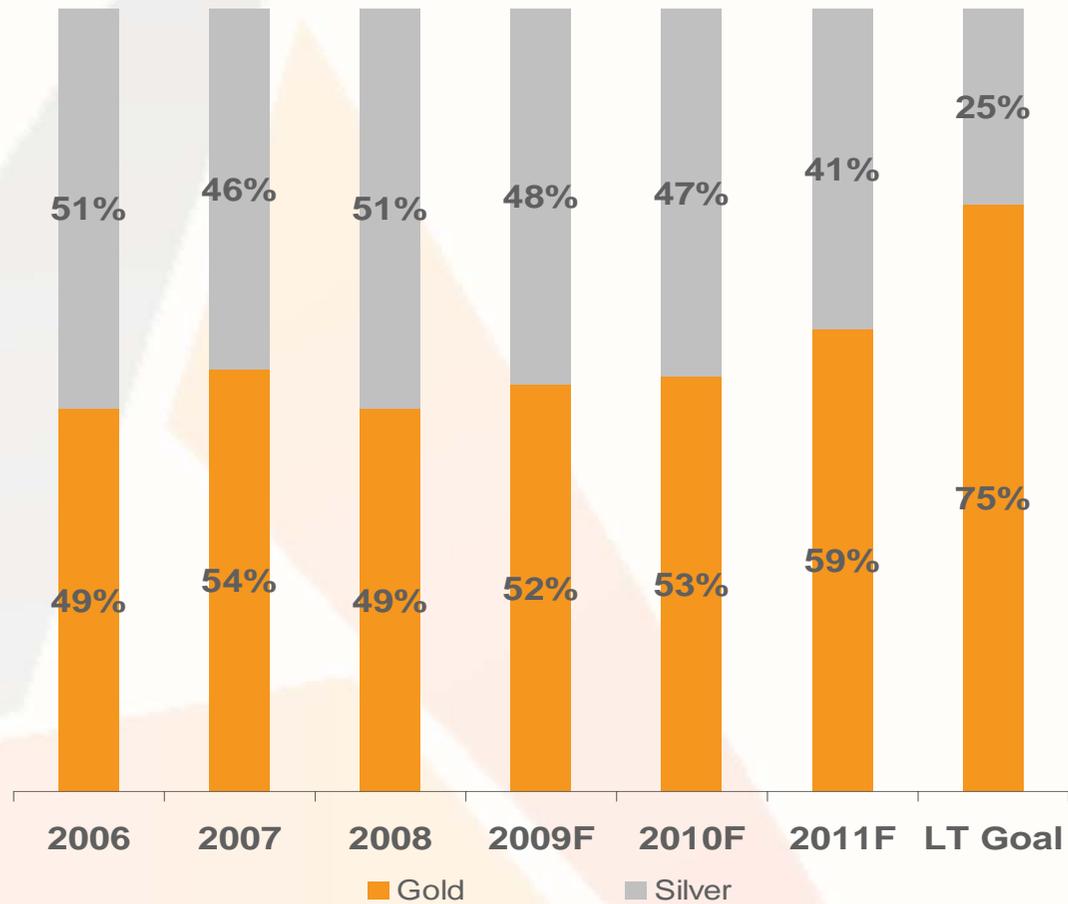


# Moving Towards Gold: a Strategic Direction

## Revenue split\*

▲ Scarcity of silver assets

▲ Appeal of gold to investors



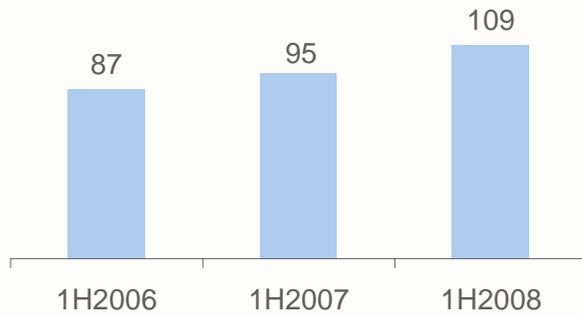
\* 68 Au/Ag conversion rate being an average for 2006-2008



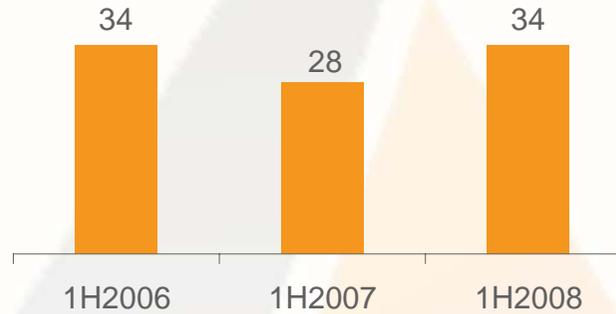
# Cash costs

## Per tonne milled

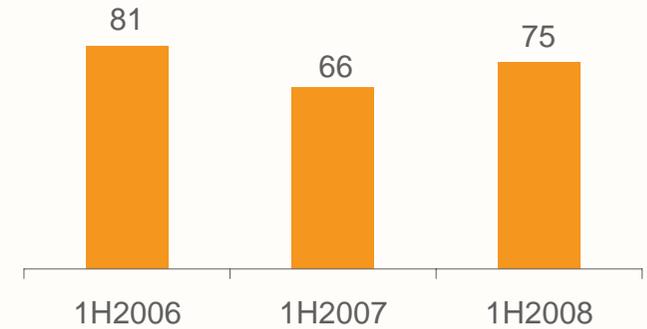
Dukat & Lunnoe, \$/tonne milled



Voro, \$/tonne milled

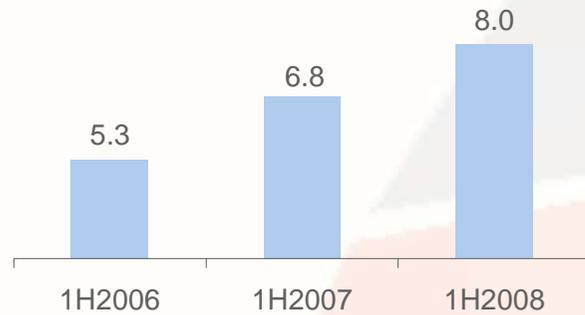


Khakanja, \$/oz tonne milled

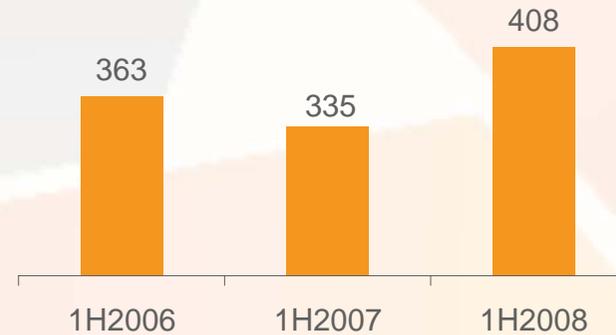


## Per ounce

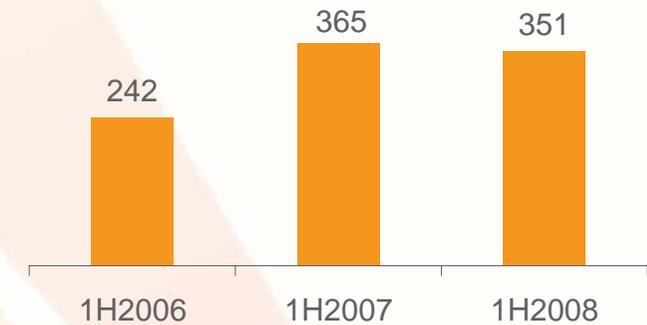
Dukat & Lunnoe, \$/oz silver eq.



Voro, \$/oz gold eq.



Khakanja, \$/oz gold eq.





## Profiting from rouble devaluation

### Higher Rouble gold price vs. falling fuel and steel prices\*

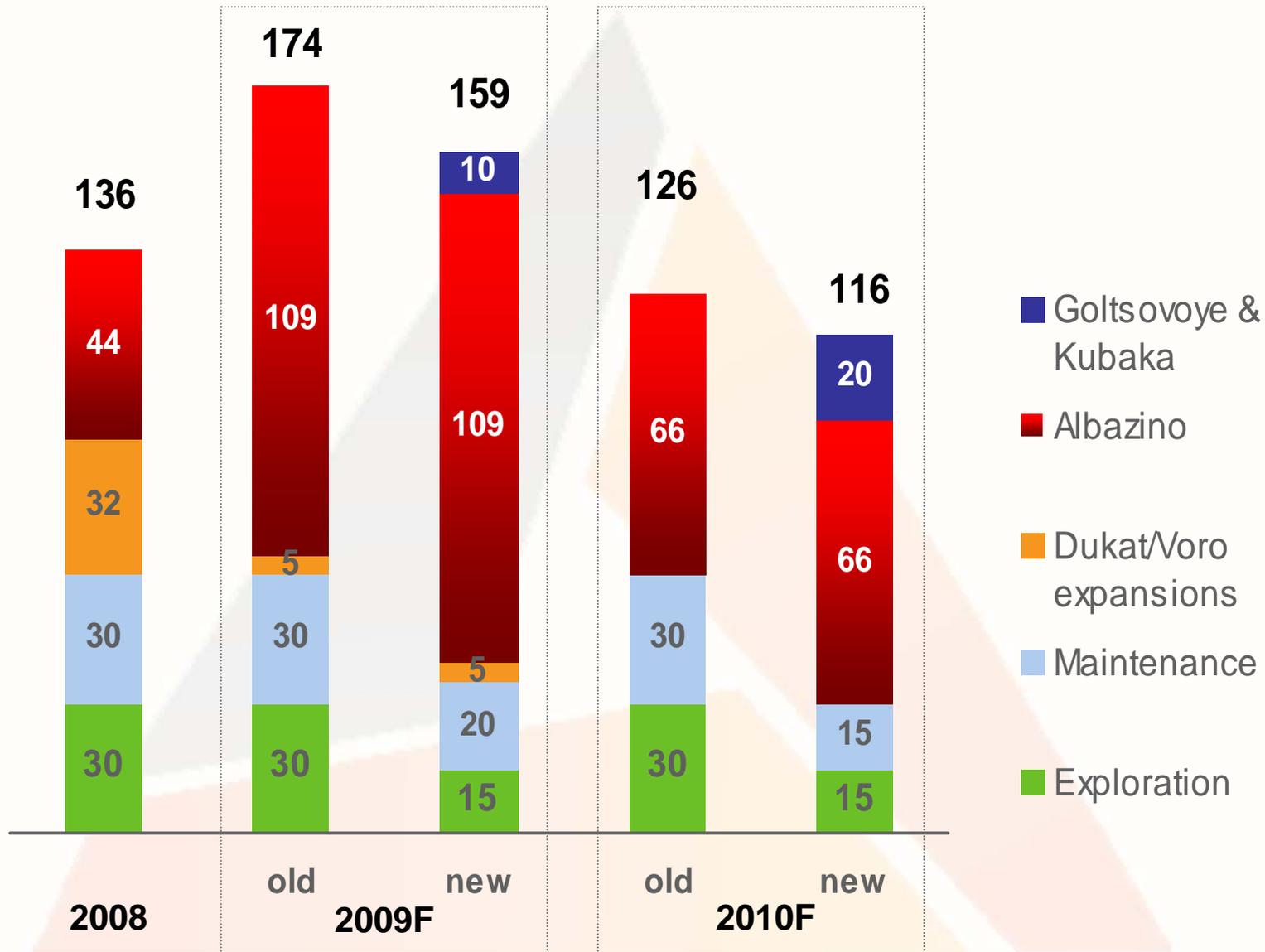
▲ Steep fall in operating cost in dollar terms (c. 35% rouble devaluation Aug 2008-YTD)



\*Source: Official USD/RUB exchange rate; prices quoted to Polymetal by suppliers



## CAPEX schedule revised following the financial crisis and new projects



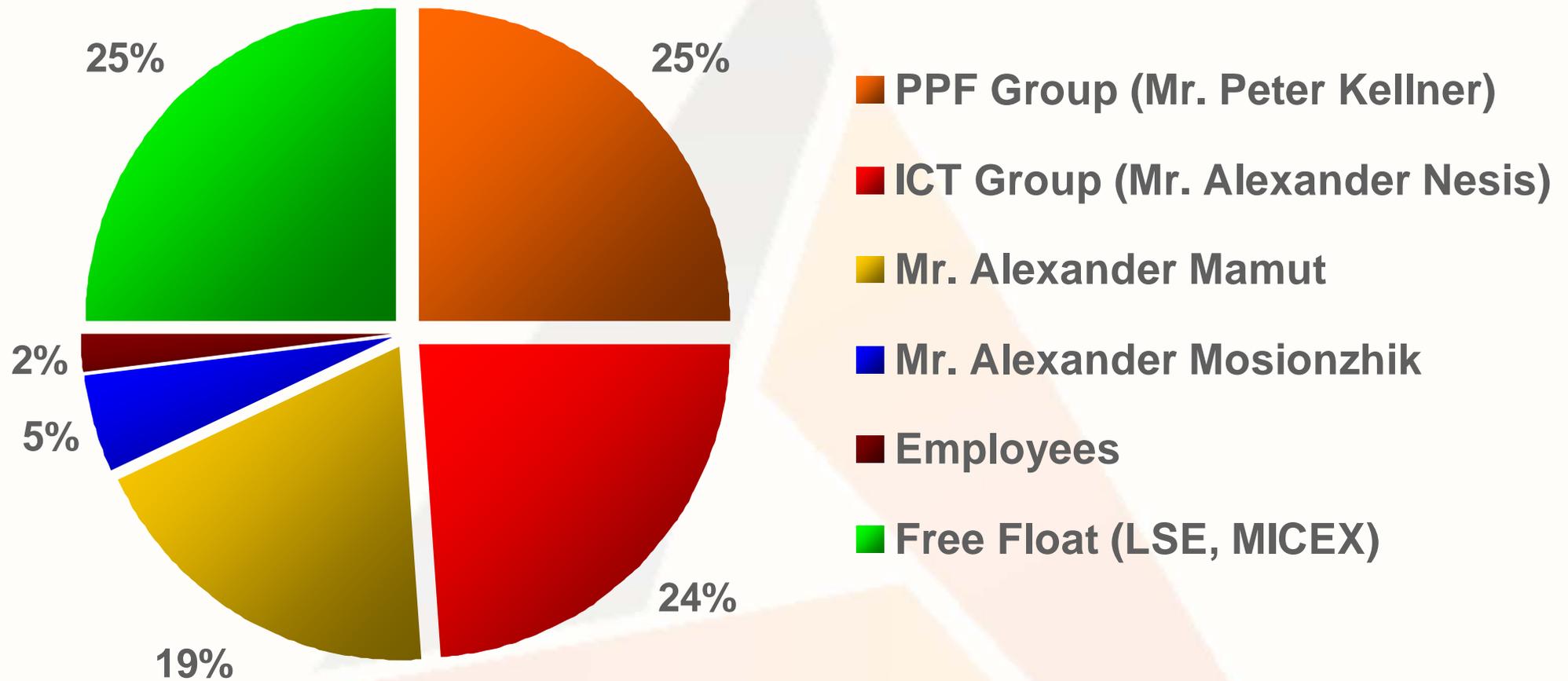


## Company debt level

- ▲ Current net debt approximately US\$300 million – all short-term, but easy to refinance trade finance facilities mostly with large Russian banks (VTB, Gazprombank, NOMOS, UniCredit Russia)
- ▲ 50% denominated in US dollars, 50% - in roubles
- ▲ Weighted average annual interest rates:
  - ▲ 6.1% in US\$
  - ▲ 17.7% in roubles
- ▲ Additional US\$ 60 million debt capacity (undrawn facility)
- ▲ 1.6 Debt/EBITDA leverage in 2008



## Ownership structure: Polymetal is no longer a company controlled by a single entity



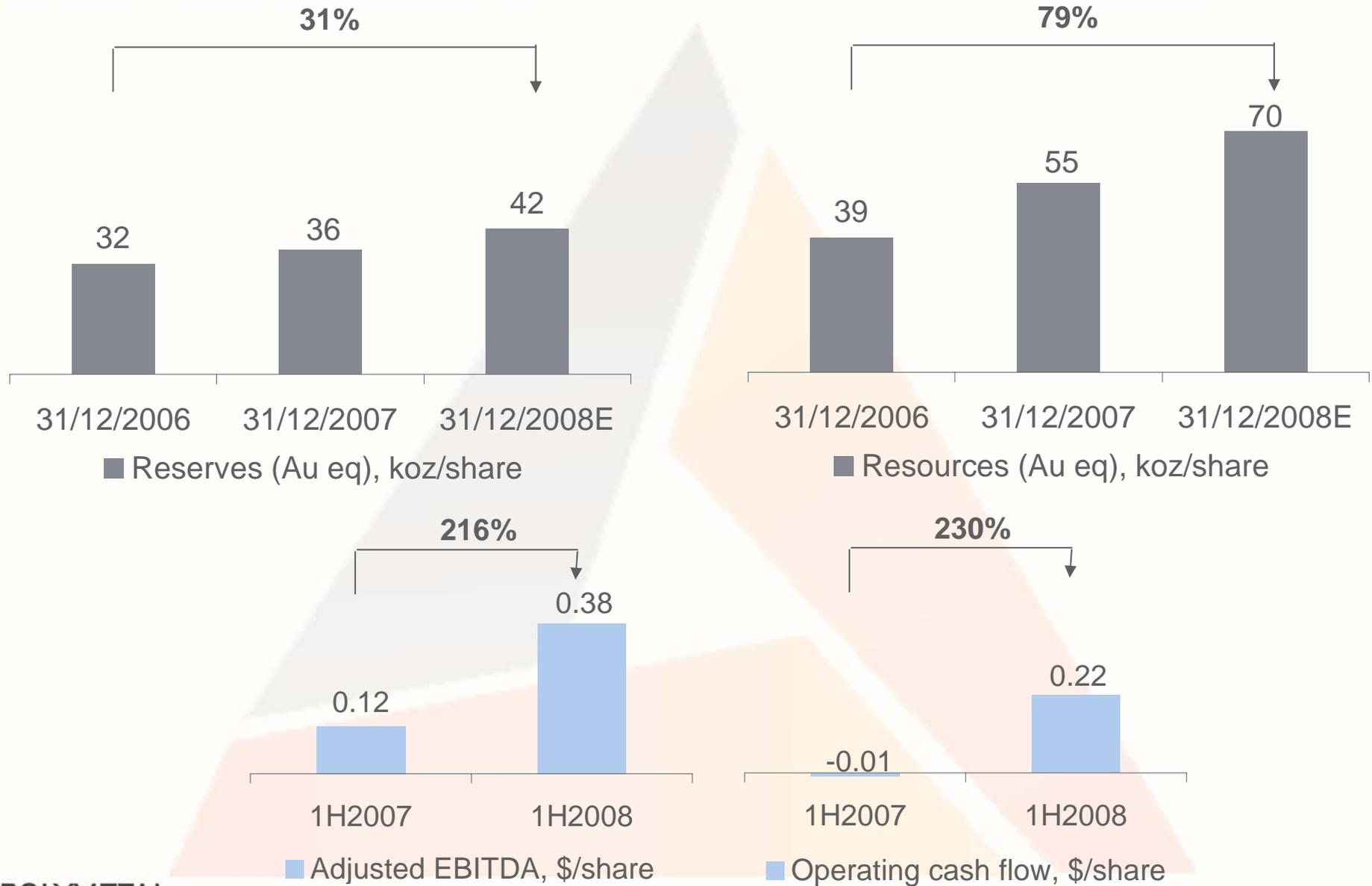


## Board composition: ensuring best corporate governance standards

- |                           |   |                         |
|---------------------------|---|-------------------------|
| ▲ Ilya Yuzhanov, chairman | ex-Minister of Russian Antimonopoly Service | } I<br>N<br>E<br>D<br>S |
| ▲ John O'Reily            | ex-CEO of Lihir Gold                        |                         |
| ▲ Jonathan Best           | ex-CFO of AngloGold Ashanti                 |                         |
| ▲ Russell Skirrow         | ex-Chairman of ML Metals and Mining IB team |                         |
| ▲ Vitaly Nesis            | CEO of Polymetal                            |                         |
| ▲ Martin Schaffer         | represents PPF Group                        |                         |
| ▲ Konstantin Yanakov      | } represent ICT Group                       |                         |
| ▲ Sergey Areshev          |   |                         |
| ▲ Marina Gronberg         | represents Mr. Mamut                        |                         |



## Per share metrics demonstrate substantial shareholder value creation





## Why Polymetal?

- ▲ High quality management and in-house engineering expertise
- ▲ Proven development and operational track record
- ▲ Long-life assets with transparent reserve quality
- ▲ Robust and focused project pipeline
- ▲ Unique and clearly defined strategy

Goltsovoye



Kubaka site

