



POLYMETAL

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Vitaly Nesis, CEO





POLYMETAL

Company Overview



Key Investment Highlights

Dynamic, experienced management team and highly skilled employees

Unique exposure to silver and gold

Technical know-how and dedicated in-house engineering expertise



POLYMETAL

Proven development and operational track record – successful greenfield projects

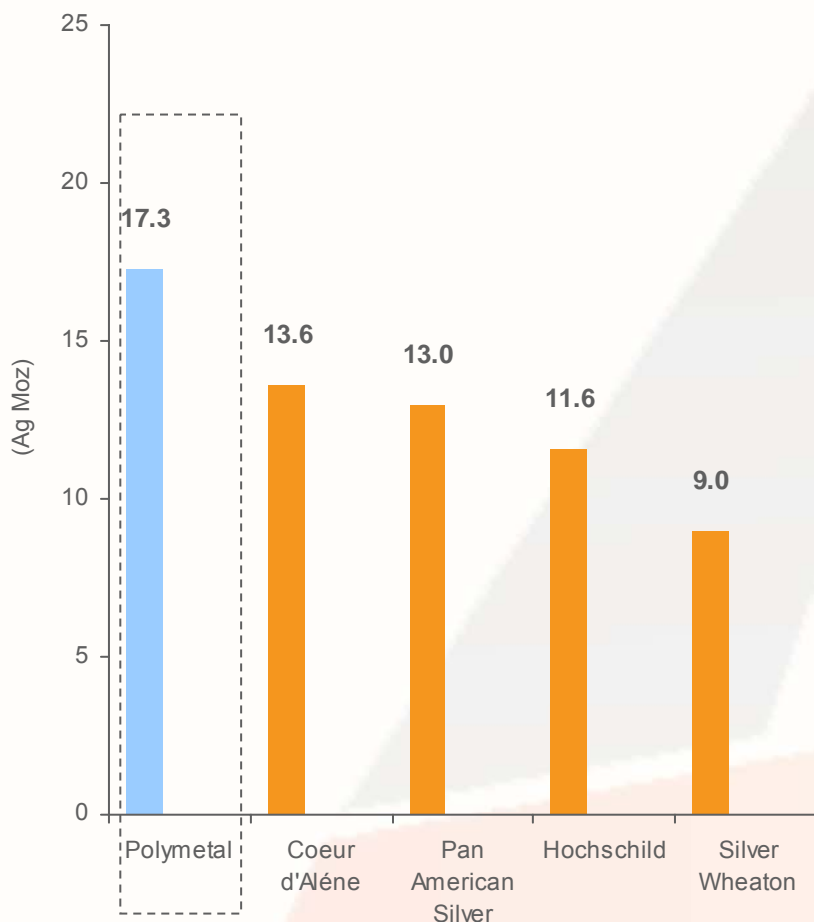
Attractive growth project pipeline

Exceptional high mine portfolio: high quality, long life, low cost

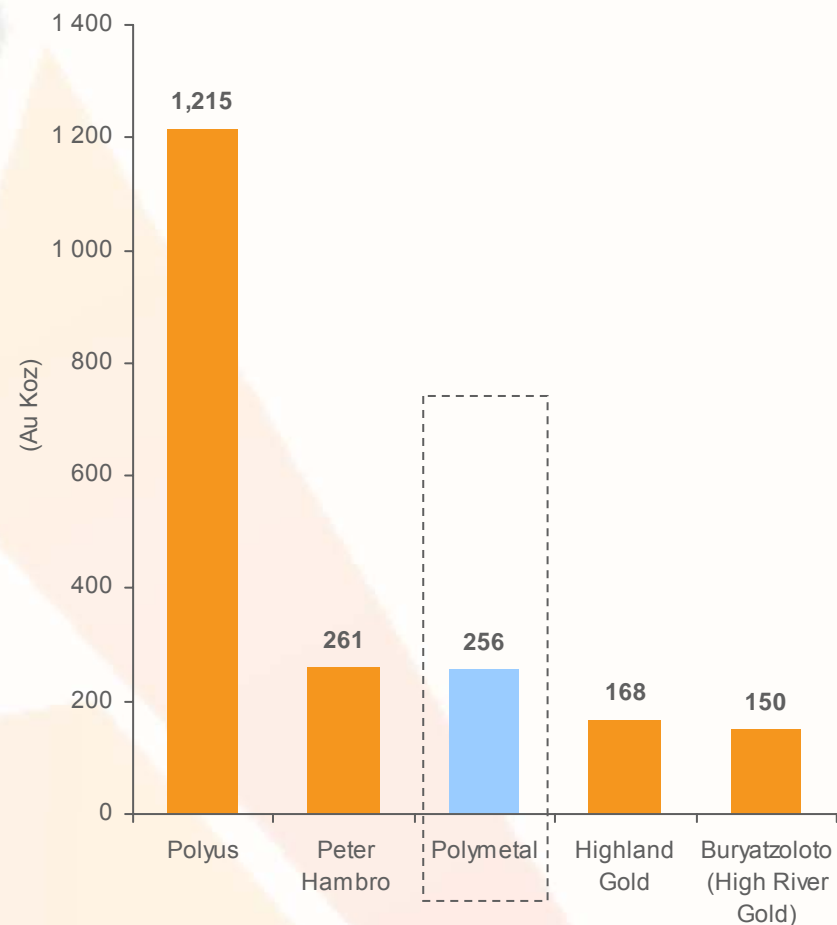
Leading Precious Metals Producer



2006 Global Primary Silver Producers



2006 Russian Gold Producers



Source: GFMS, Union of Russian Gold Producers, Company

Silver As A Precious Metal



Correlation Between Silver and Gold

$R^2 = 82.4\%$

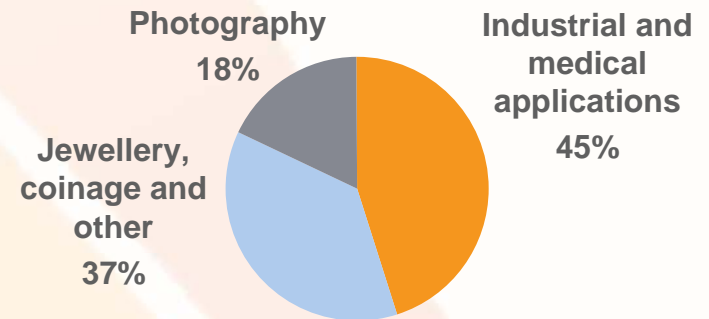


Silver prices driven by jewellery demand
Silver prices move in tight correlation with gold

Silver Demand

- ▲ Increased industrial demand
 - New silver application in biocides
 - Growing demand in electronics applications
- ▲ Photography remains key silver use
 - Increasing demand for film from developing countries
 - Rapid growth in high-end applications
- ▲ Sustained growth in silver jewellery demand from East Asia (particularly India)

Silver Uses



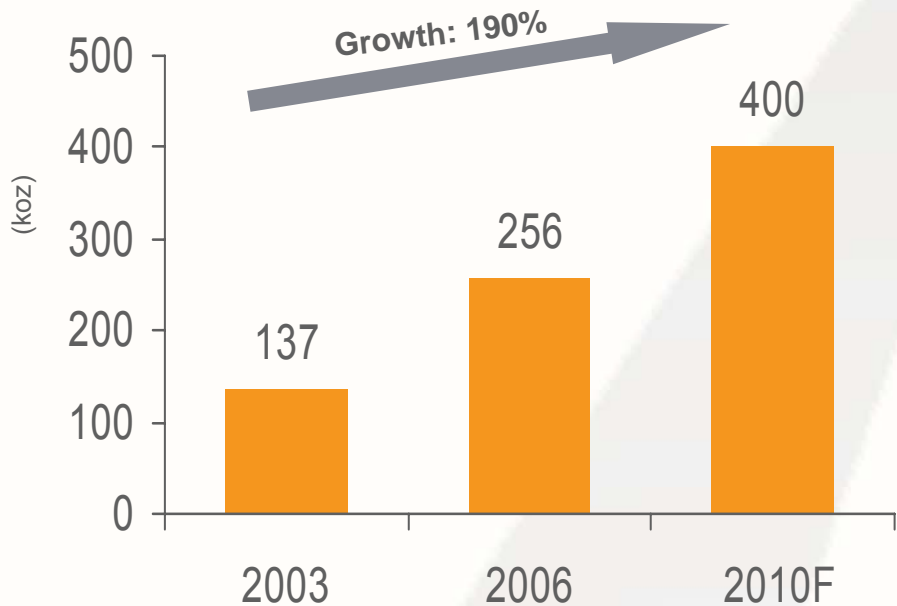
Innovative new uses for silver

Source: GFMS Silver Survey, Bloomberg

Proven Development and Operational Track Record and Solid Growth Potential

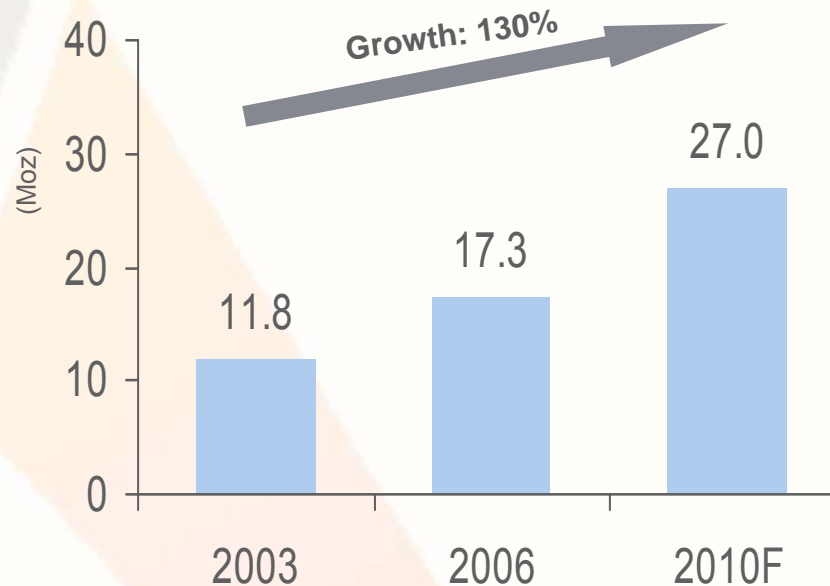


Gold Production, koz



▲ 4 mines launched 1999-2003

Silver Production, Moz



▲ 2 major expansions and 1 new mine by 2010F

Exceptional Mine Portfolio with JORC compliant Reserves & Resources...

Reserves (P+P)⁽¹⁾

- ▲ 416.0 Moz of silver with average grade of 258.9 g/t
- ▲ 3.7 Moz of gold with average grade of 2.3 g/t

Resources (M+I)⁽¹⁾

- ▲ 522.2 Moz of silver with average grade of 302.8 g/t
- ▲ 4.3 Moz of gold with average grade of 2.5 g/t

Long mine life

- ▲ 12-20 years mine life based on current ore reserves



(1) As of December 31, 2006
 Measured and Indicated mineral resources are stated inclusive of ore reserves
 Ore reserves are based on a Au price of \$450/oz, Ag—\$7.0/oz
 Mineral resources are based on a Au price of \$550/oz, Ag—\$8.0/oz

...With Low Cash Costs And Long Mine Life



Dukat

- ▲ World's 3rd largest silver producing mine
- ▲ 2006 silver production of 12.6 Moz
- ▲ 321 Moz of silver reserves⁽¹⁾
- ▲ Mine life of >20 years
- ▲ By-product cash costs – 3.93 \$US/oz Ag



Khakanja

- ▲ 2006 production of 108 koz of gold and 2.0 Moz of silver
- ▲ 1 Moz of gold reserves, 37 Moz of silver⁽¹⁾
- ▲ Mine life of 12 years at Khakanja, 3 years at Yurievskoye from 2013
- ▲ By-product cash costs – 80.1 \$US/oz. Au



Lunnoye and Arylakh

- ▲ World Top-20 silver mine by production
- ▲ 2006 silver production of 2.6 Moz
- ▲ 57 Moz of silver reserves⁽¹⁾
- ▲ Mine life of 16 years
- ▲ By-product cash costs – 3.93 \$US/oz. Ag



Voro

- ▲ 2006 gold production of 102 koz
- ▲ 2 Moz of gold reserves⁽¹⁾ 3 Moz of silver
- ▲ Mine life of 17 years, including sulphide stockpile processing
- ▲ By-product cash costs – 308.9 \$US/oz. Au

(1) Reserves according to SRK report as of December 31, 2006

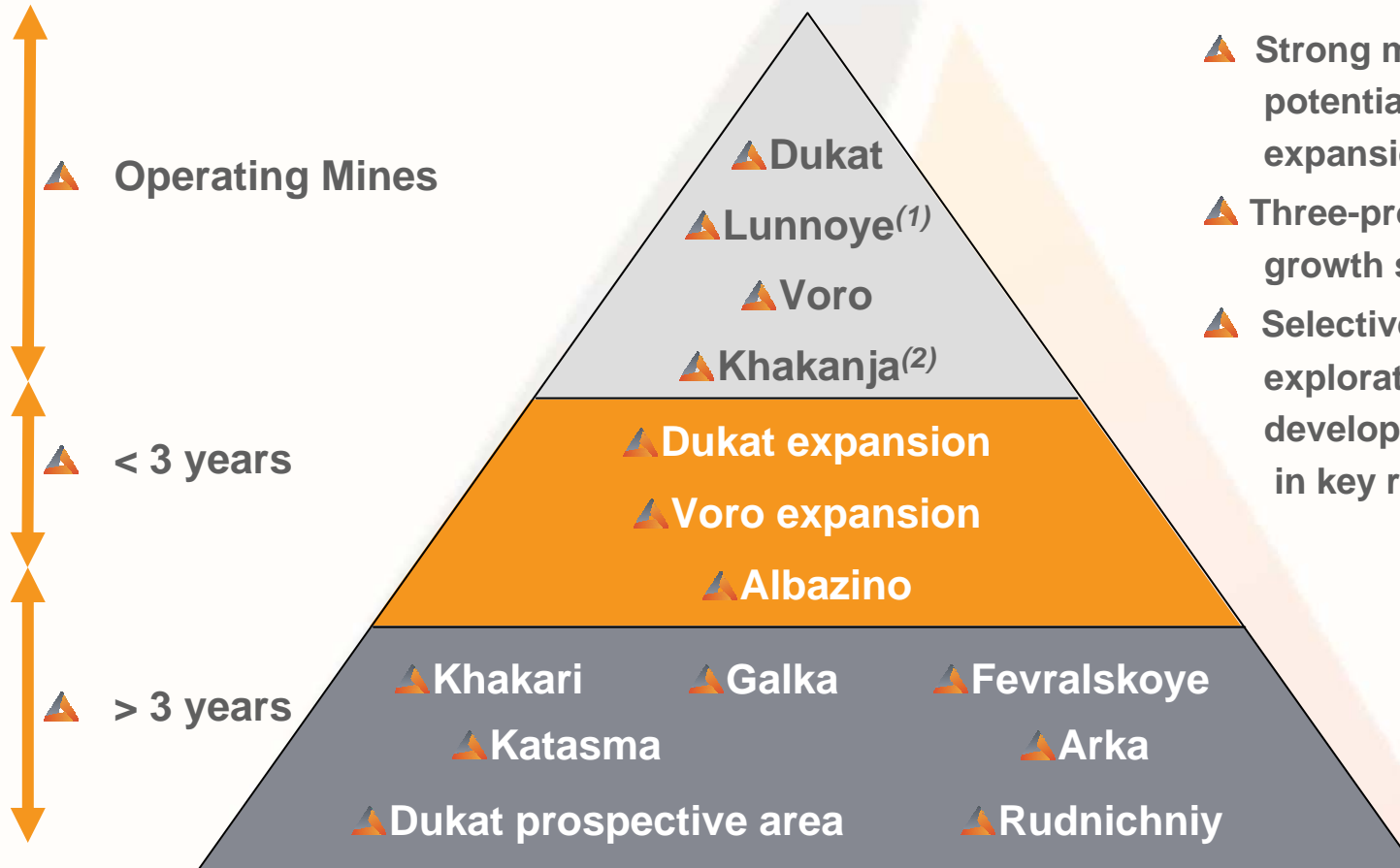
(2) Dukat and Lunnoye costs calculated jointly as managed as a single business entity

Attractive Growth Project Pipeline



Current Projects and pipeline Evolution

Comments



- ▲ Strong medium term growth potential [Dukat and Voro expansion + Albazino]
- ▲ Three-pronged exploration growth strategy
- ▲ Selective acquisition of new exploration licences and development projects in key regions

(1) Including Arylakh
 (2) Including Yurievskoye

Strong Medium-Term Growth

Dukat Flanks

- ▲ Increased mill capacity of 1.5 mln tpa to be commissioned in late 2008
- ▲ Announcement of JORC-compliant reserves expected 4Q 2007
- ▲ Silver production increase by 50% by 2010
- ▲ Total capex of \$50m (\$20 already spent, incl.\$18m for exploration)

Voro Expansion

- ▲ Production capacity increase up to 900-940 Tpa to be completed in late 2008
- ▲ Gold production to increase by 25%
- ▲ Total capex of \$12-15m

Albazino

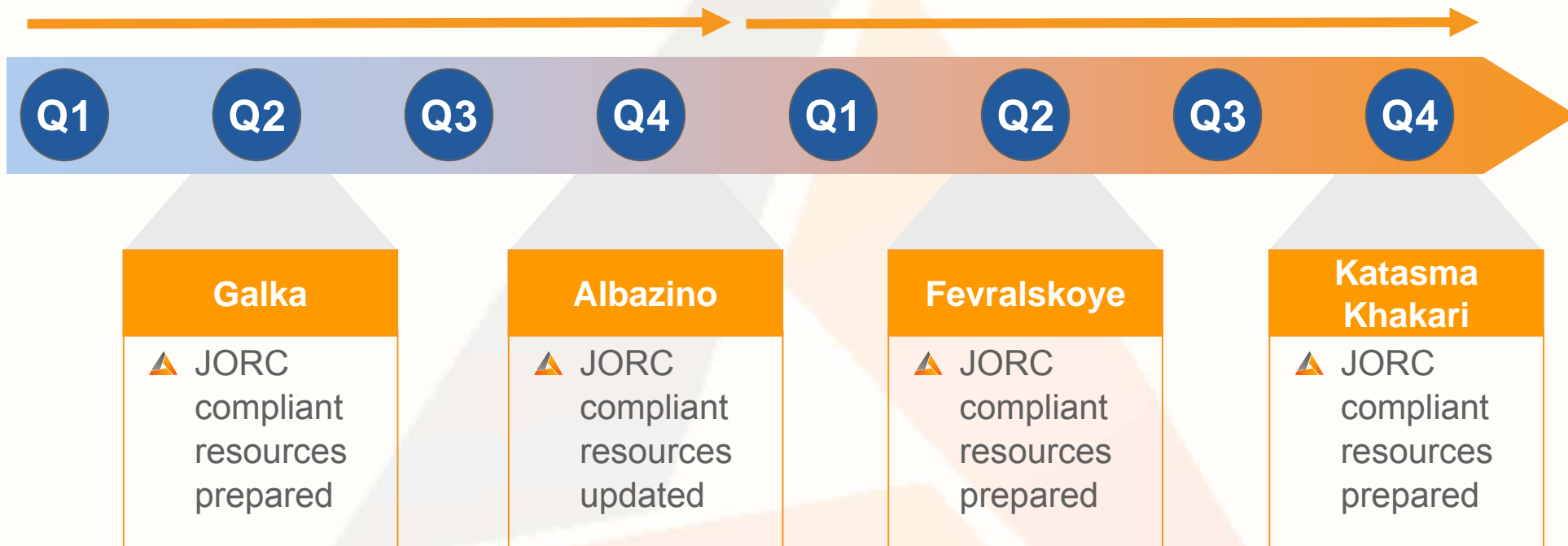
- ▲ 6.6 million tons of ore (1,098 koz of gold resources (JORC compliant))
- ▲ Internal scoping studies suggest 200-250 th. oz. of gold product per year
- ▲ Feasibility study planned for 2008
- ▲ Active drilling campaign to increase resource base (4 drill rigs currently on site)
- ▲ Total capex of \$150-\$200m

Significant Ongoing Exploration Activities



2007

2008



Exploration aimed at building a JORC compliant mineral resource base

Building Value Through Strategic Alliances



▲ Proposed 50/50 Strategic Alliance between AngloGold Ashanti and Polymetal

▲ Advantages for Polymetal

- Technical knowledge exchange [grass roots exploration techniques + refractory ore processing]
- Raising Polymetal's international profile
- Access to Veduga⁽¹⁾ with 2.8 Moz of JORC compliant gold resources⁽²⁾

▲ Retain flexibility in current operating regions



- Joint exploration areas
- Independent exploration areas, subject to right of first refusal for any member of the alliance

(1) To be contributed to the strategic alliance by AngloGold Ashanti along with Bogunay

(2) Source: AngloGold Ashanti

Benefiting from Leading In-House Engineering Expertise



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
- ▲ Experience with diverse technologies
- ▲ Applying state-of-the art design instruments

- ▲ Control over mine design quality
– on time project delivery
- ▲ Collaborative decision-making
– reliable and cost-efficient solutions
- ▲ Access to in-house engineers
– tackle projects in parallel





Experienced Management Team and Highly Skilled Employees

- ▲ **Corporate culture fostering initiative and team work**
- ▲ **Low staff turnover**
- ▲ **Cooperation with leading Russian mining universities**
- ▲ **Broad-based employee stock option program**
 - 1.7% of the Company's shares granted by controlling shareholder at nominal price
 - more than 250 employees participate

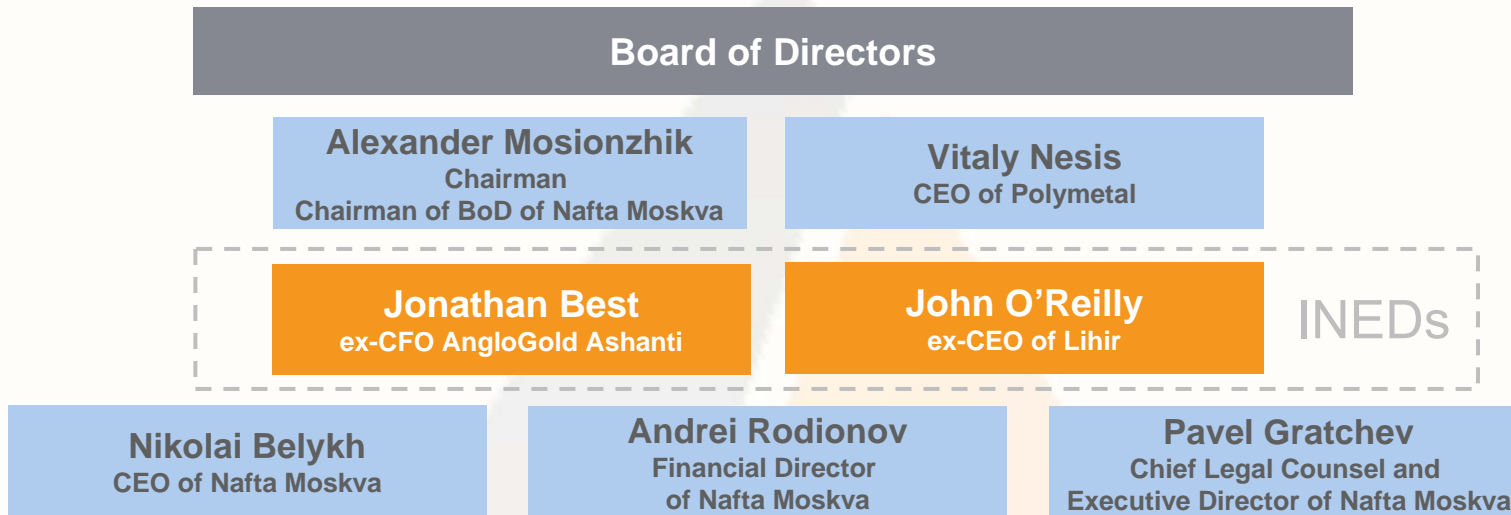


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Corporate Governance and Citizenship



Corporate Governance



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

HSE Practices and Social Responsibility

- ▲ 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



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Financial Highlights



Income Statement Summary

(US\$m)	2004	2005	2006
Revenues, of which	204.5	239.0	315.6
Silver	117.7	136.5	161.1
Gold	86.0	100.5	153.8
Cost of sales	(92.9)	(137.9)	(171.3)
<i>as % of revenues</i>	<i>45%</i>	<i>58%</i>	<i>54%</i>
Operating income	89.0	67.3	94.8
<i>Operating margin, %</i>	<i>44%</i>	<i>28%</i>	<i>30%</i>
Income from continuing operations	27.7	14.7	59.2
Net income	72.4	17.6	59.2
Adjusted EBITDA	93.5	78.3	134.7
<i>Adjusted EBITDA margin, %</i>	<i>46%</i>	<i>33%</i>	<i>43%</i>

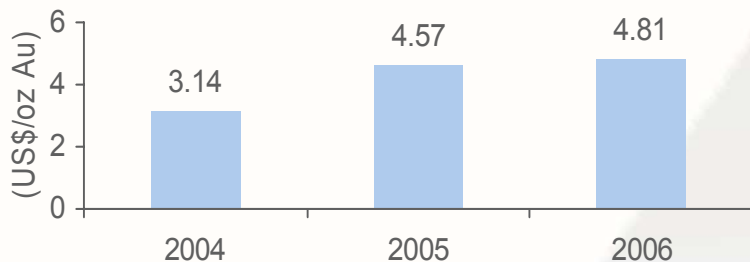
Source: Audited financial statements for the years ending December 31, 2005, 2004 and preliminary no audited financial statements for the year ending December, 2006.

(1) Adjusted for minority interest and foreign exchange gain or loss

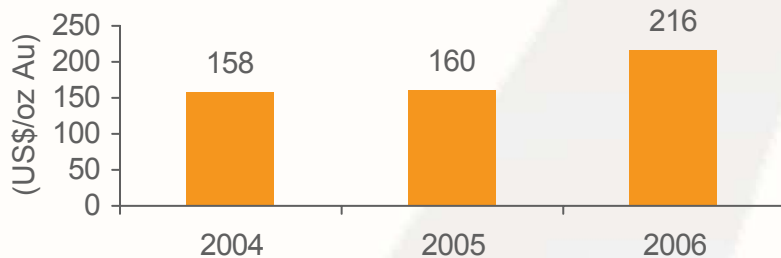
Cost Structure and Dynamics

Cash Cost Dynamics⁽¹⁾

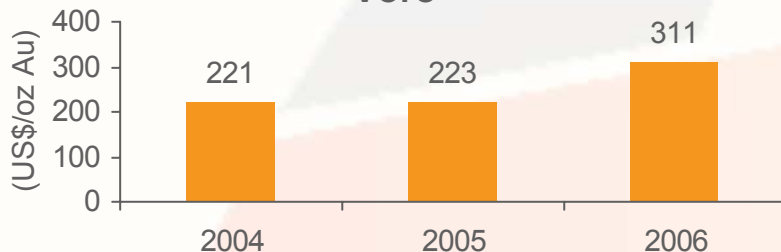
Dukat and Lunnoye



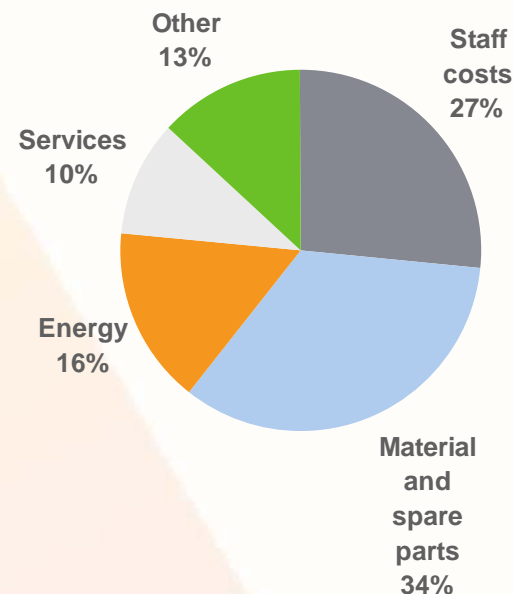
Khakanja



Voro



Operating Cost Structure, 2006



Working to control costs:

- ▲ Staff cost management – automation, outsourcing and productivity-based incentive pay
- ▲ Energy saving measures

⁽¹⁾ On co-product basis

Source: Audited financial statements for the years ending December 31, 2005, 2004 and preliminary no audited financial statements for the year ending December, 2006.

Balanced Strategy For Future Growth

Maintain profitability while increasing production at current operations

Selectively acquire new exploration licences and development projects

Leverage the Company's outstanding human resource assets and continue to develop human capital



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Continue to commission new mines and develop exploration projects

Maximise benefits from proposed strategic alliance with AngloGold Ashanti



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Appendix



Income Statement

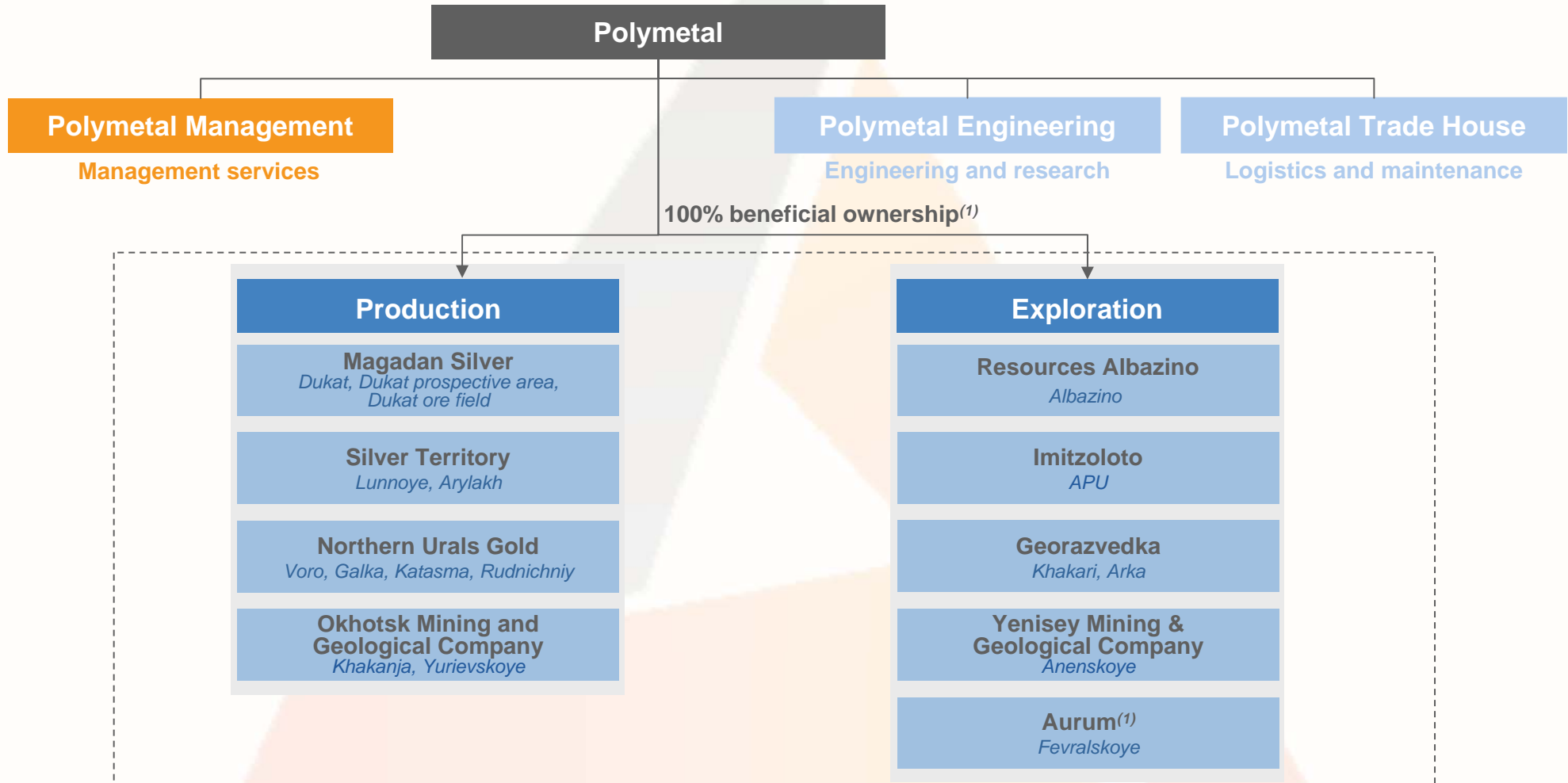
(US\$m)	2004	2005	2006
Revenues	204.5	239.0	315.6
Growth rate, %	121%	17%	32%
Cost of sales	(92.9)	(137.9)	(171.3)
Exploration expenses			
SG&A	(15.5)	(22.4)	(28.4)
Other expenses, net	(7.1)	(11.4)	(15.9)
Operating income	89.0	67.3	94.8
Interest expense	(29.2)	(24.9)	(25.3)
Capital lease finance costs	(5.5)	(4.0)	(2.6)
Gain on partial disposal of interest in a subsidiary	–	–	–
Exchange gains (losses), net	8.7	(6.8)	26.8
Income from continuing operations before income tax and minority interest	62.9	31.6	93.7
Income tax (expense) benefit	(17.8)	(9.0)	(28.2)
Income from continuing operations before minority interest	45.1	22.6	65.5
Minority interest	(17.4)	(7.9)	(6.3)
Income from continuing operations	27.7	14.7	59.2
Income (loss) on discontinued operations	44.7	2.9	-
Net income	72.4	17.6	59.2
EBITDA⁽¹⁾	93.5	78.3	155.2
<i>EBITDA⁽¹⁾ margin, %</i>	<i>46%</i>	<i>33%</i>	<i>49%</i>

(1) Adjusted EBITDA is adjusted for minority interest and foreign exchange gain or loss

Source: Audited financial statements for the years ending December 31, 2005, 2004 and preliminary not audited financial statements for the year ending December, 2006.

Corporate Structure

- ▲ Integrated management structure with unified information and financial systems
- ▲ Decentralised day-to-day operational management at production sites, allowing for increased efficiency



(1) Except for 85% stake in Aurum (Fevralskoye)