



POLYMETAL

Dukat

Analyst / Investor Trip

Magadan Region, Russia

September 3-6, 2007





Dukat Location – Magadan Region, Russia

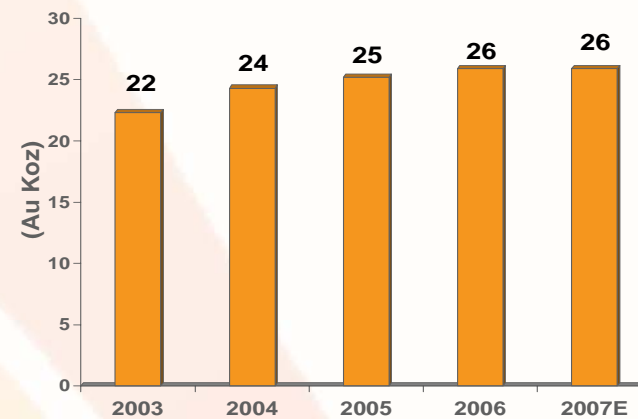
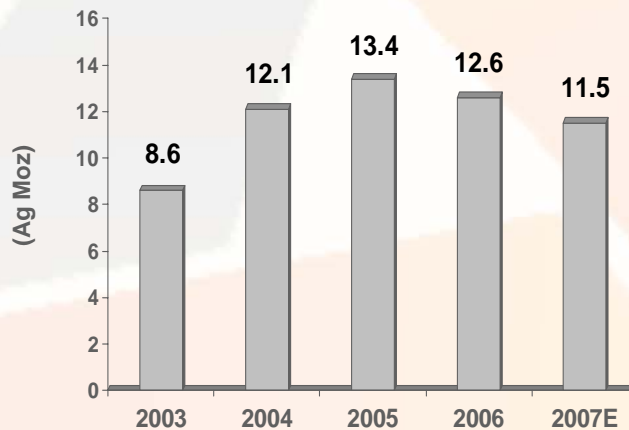


Overview

Dukat
100% owned by Polymetal

- ▲ Discovered in 1967
- ▲ Third largest silver mine in the world by production
- ▲ Excess of 20 years mine life
- ▲ Expansion potential:
 - mill expansion from 950 Kpta to 1.5 Mtpa
 - reserves growth potential
- ▲ 2006 co-product total cash costs – 4.8 \$/oz Ag¹
- ▲ 2006 by-product total cash costs – 3.9 \$/oz Ag¹

Dukat Production



(1) Dukat and Lunnoye costs are calculated jointly as they are managed as a single business entity

Dukat Deposit Timeline

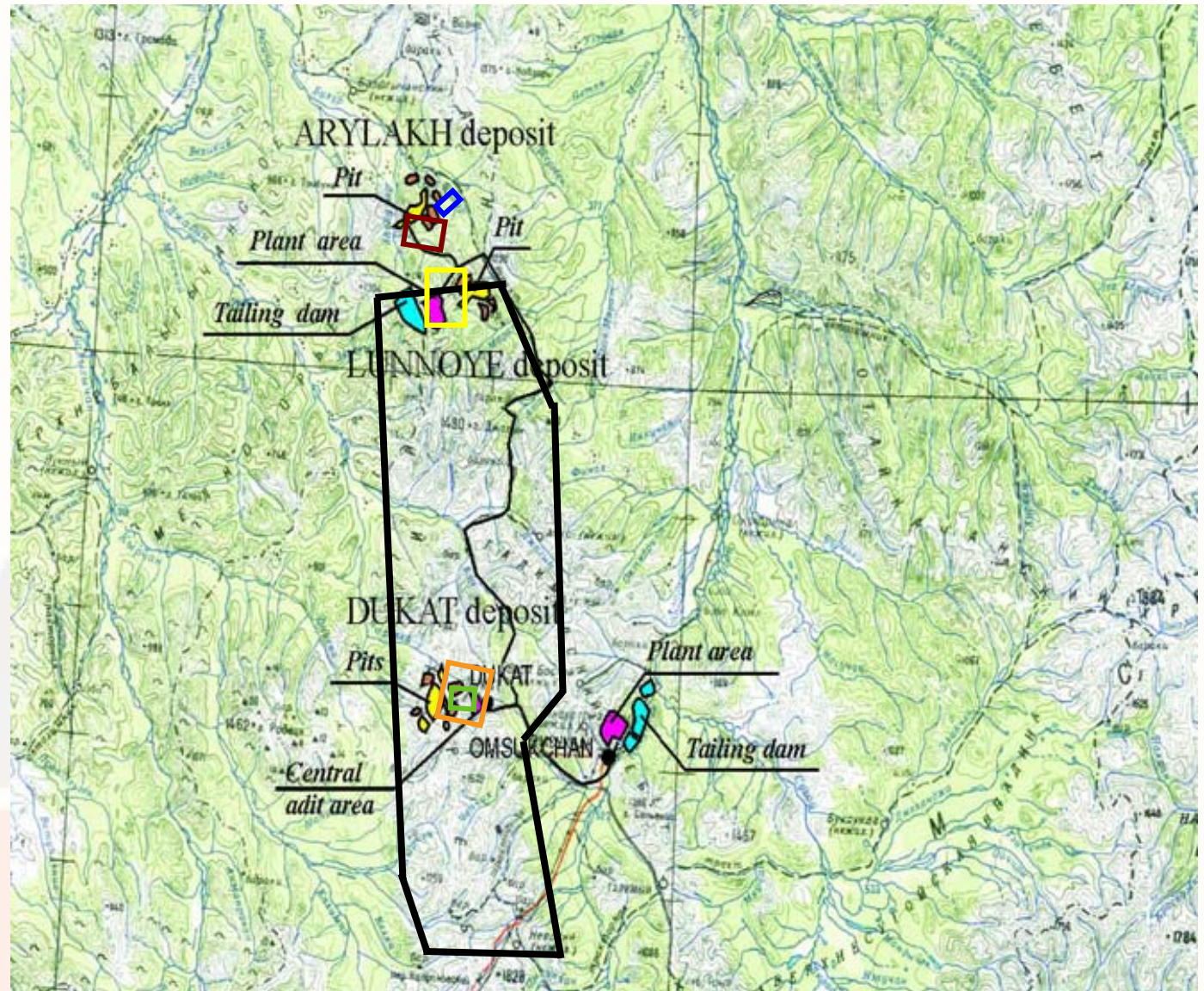
1967 1971–77 1977–1995 2000 2002 2004 2006–2007 2008–

- ▶ **Discovery**
- ▶ **Exploration:** 203,3 km of drilling, 63,4 km of underground development
- ▶ **Start-up,** maximum capacity of 400 Ktpa achieved
- ▶ **Production** stops in 1995
- ▶ **Acquisition** by Polymetal
- ▶ **Re-launch** of the mine and the processing plant
- ▶ **Project** capacity 750 Ktpa
- ▶ **New tailings** impoundment
- ▶ **Flash** flotation circuit
- ▶ **New SAG** mill
- ▶ **Centralized** underground railway haulage
- ▶ **Capacity** 950 Ktpa
- ▶ **New ball mill**
- ▶ **New flotation** section
- ▶ **New** filtering/drying sections
- ▶ **Capacity** 1,500 Ktpa



License Areas

- Dukat prospective area
- Dukat ore field
- Dukat deposit
- Lunnoye deposit
- Arylakh deposit
- Arylakh area



JORC Compliant Reserves and Resources as of Dec 31, 2006

	Tonnage (Kt)	Grade		Content	
		Au (g/t)	Ag (g/t)	Au (Koz)	Ag (Koz)
Proved					
Dukat	12,554	1.1	561.1	424	226,488
Lunnoye + Arylakh	1,586	1.4	424.3	70	21,634
Probable					
Dukat	5,831	1.2	503.1	218	94,329
Lunnoye + Arylakh	2,895	1.4	376.2	131	35,014
Total Ore Reserves	22,866	1.1	513.4	843	377,465
Mineral Resources Measured					
Dukat	13,178	1.2	658.8	523	279,025
Lunnoye + Arylakh	1,493	1.9	516.1	89	24,773
Indicated					
Dukat	6,221	1.3	577.9	264	115,581
Lunnoye + Arylakh	2,794	1.7	505.3	153	45,388
Total Measured + Indicated	23,686	1.4	610.3	1,029	464,767
Inferred					
Dukat	16	1.0	437.5	1	229
Lunnoye + Arylakh	823	1.1	557.6	28	14,753
Total Mineral Resources	24,525	1.3	608.4	1,058	479,749

(1) The estimates for ore reserves (Proved and Probable) presented above are based on the following economic cut-off grades (in situ): 205-235 g/t Ag equivalent for open-pit and 290 g/t Ag equivalent for underground operations

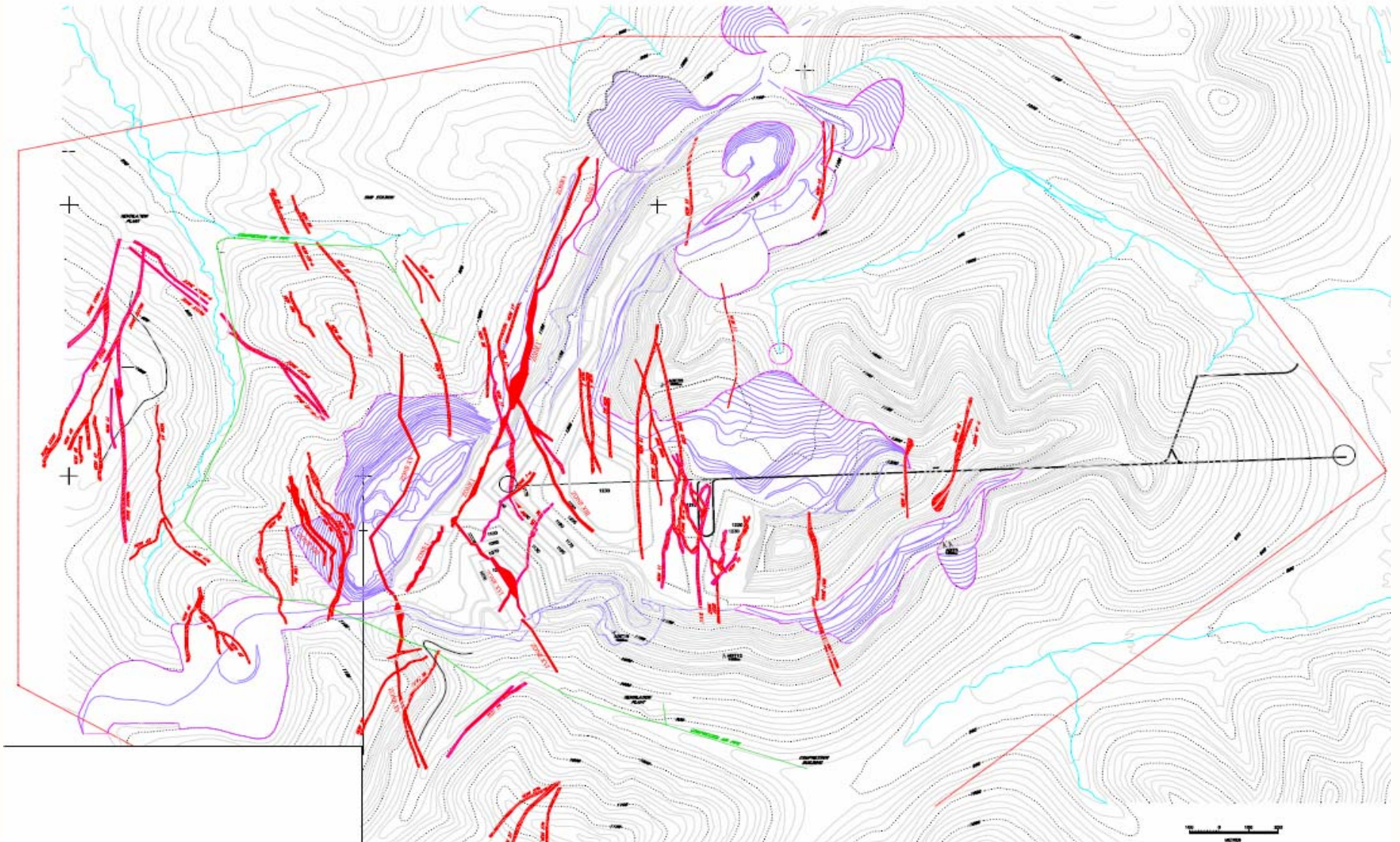
(2) The Company's ore reserves are based on a gold price of U.S.\$ 450/oz and a silver price of U.S.\$ 7.00/oz; mineral resources are based on a gold price of U.S.\$ 550/oz and a silver price of US\$ 8.00/oz

(3) Measured and indicated mineral resources are stated inclusive of ore reserves but with no allowance for ore loss or dilution

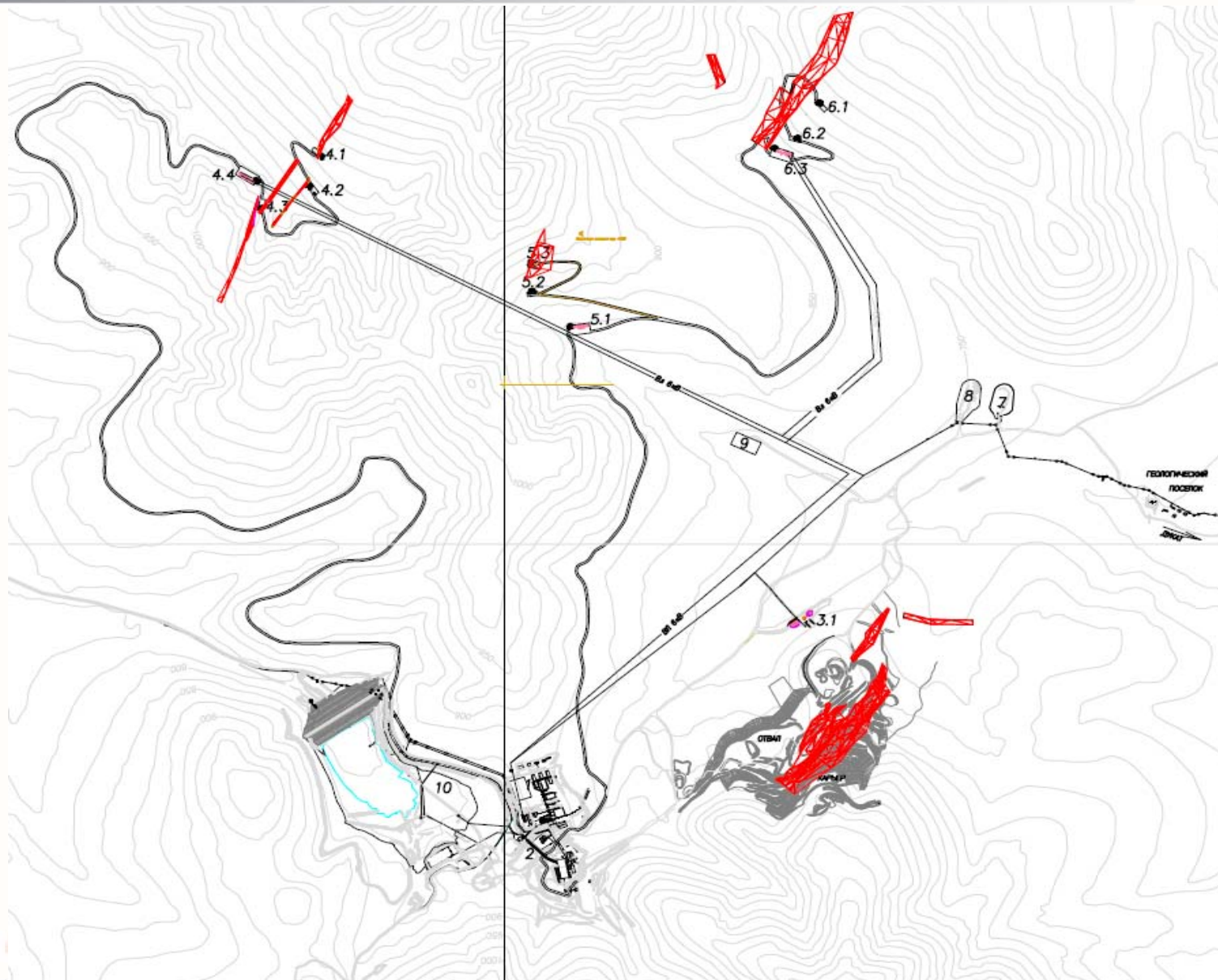
(4) Inferred mineral resources are stated exclusive of reserves and measured and indicated mineral resources



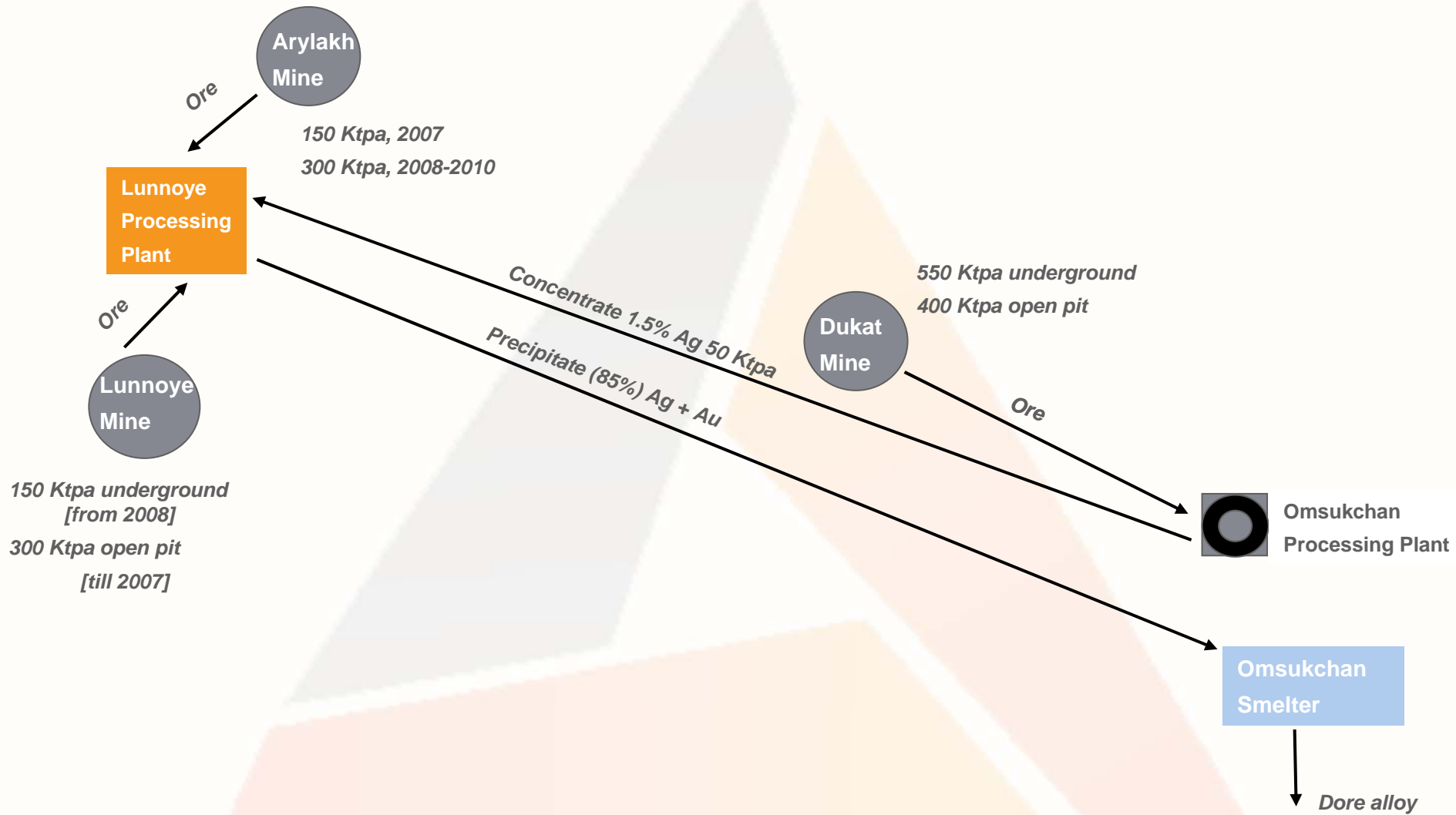
The Dukat Deposit



The Lunnoye Deposit



Flow Chart

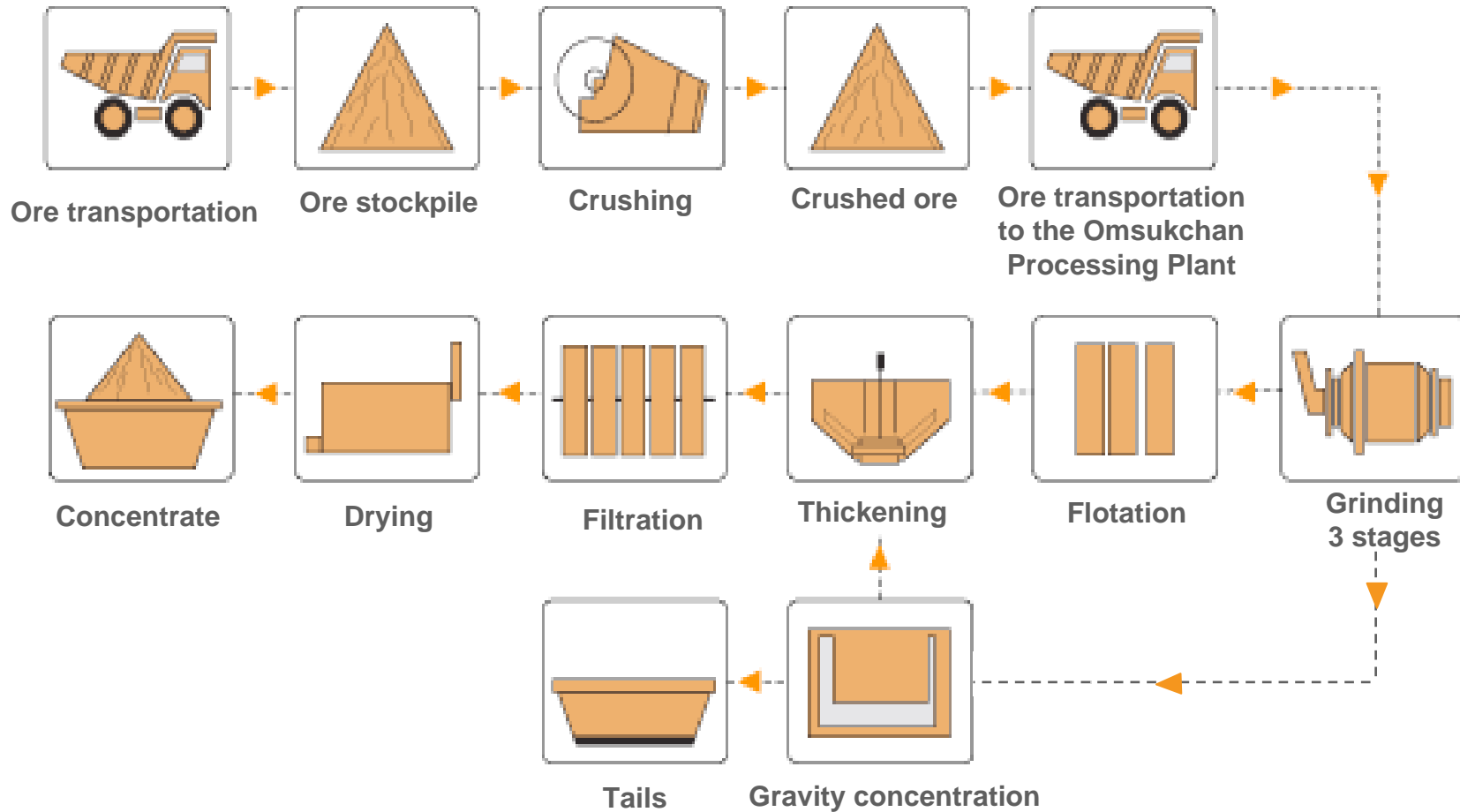


Production Statistics: Mining

Dukat	2005	2006	2007E
Ore mined underground (Kt)	462	487	550
Ag av. head grade (g/t)	721	755	581
Au av. head grade (g/t)	1.4	1.5	1.2
Ore mined open pit (Kt)	383	415	400
Ag av. head grade (g/t)	454	283	310
Au av. head grade (g/t)	1.1	0.6	1.0
Total ore mined (Kt)	845	901	950
Ag av. head grade (g/t)	603	558	467
Au av. head grade (g/t)	1.2	1.2	1.1
Waste stripping (Mt)	2.1	2.0	3.7

Lunnoye	2005	2006	2007E
Ore mined (Kt)	233	327	390
Ag av. head grade (g/t)	382	335	395
Au av. head grade (g/t)	2.9	2.5	1.7
Waste stripping (Mt)	1.6	2.3	3.3
Underground development (m)	0	298	2,172

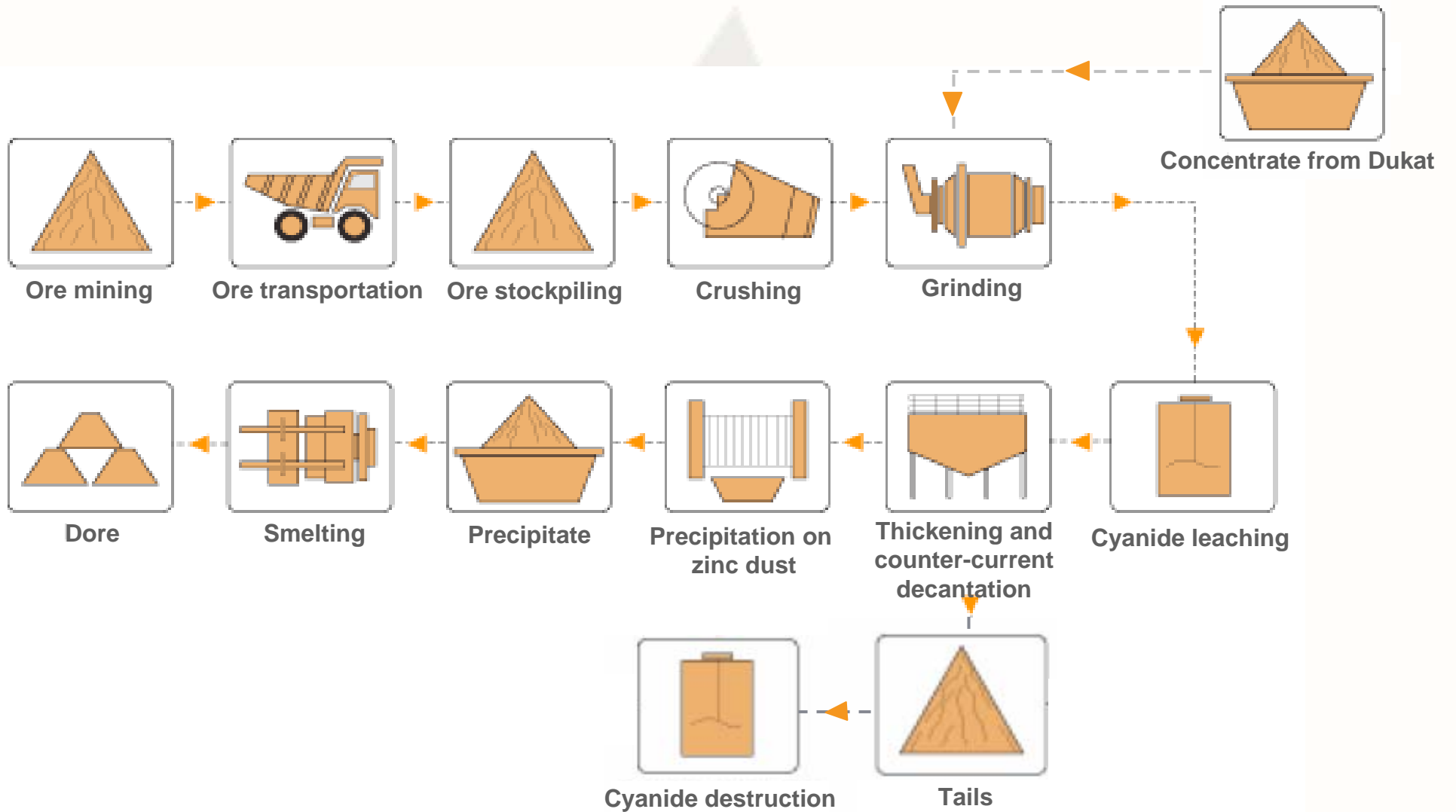
Flow sheet: Dukat



Production Statistics: Flotation

Omsukchan processing plant	2005	2006	2007E
Ore milled (Kt)	867	863	925
Au av. head grades (g/t)	1.3	1.2	1.1
Ag av. head grades (g/t)	603	558	467
Recovery to concentrate, Au	83.6%	86.6%	85.9%
Recovery to concentrate, Ag	84.5%	87.0%	86.4%
Concentrate produced (t)	25,464	21,077	27,750
Au in concentrate (kg)	899	901	874
Ag in concentrate (t)	443	420	373

Flow Sheet: Lunnoye



Production Statistics: Cyanidation and Smelting

Lunnoye processing plant → Omsukchan Smelter	2005	2006	2007E
Ore milled (Kt)	257	283	321
Au av. head grade (g/t)	2.9	2.5	1.9
Ag av. head grade (g/t)	382	335	441
Recovery in cyanidation, Au	91.3%	94.3%	92.1%
Recovery in cyanidation, Ag	95.1%	90.4%	93.1%
Au in Dore (t)	1.51	1.46	1.37
Au in Dore (Koz)	48.5	46.9	44.0
Ag in Dore (t)	506	471	476
Ag in Dore (Moz)	16.3	13.4	15.3

Dukat Expansion Highlights

- ▲ Introduction of the new fully automatic control system in Q2 2007
- ▲ Building a new tailing storage facility to be commissioned in October 2007
- ▲ Commissioning a new SAG mill in Q4 2007
- ▲ Commissioning a new ball mill in Q2 2008
- ▲ Commissioning the second flotation line comprising both flash and conventional flotation in Q4 2008
- ▲ Increased labor productivity and lower unit costs
- ▲ Increased capacity of 1.5 Mtpa of ore
- ▲ Improved recovery on the ore-to-concentrate stage
- ▲ Silver production to increase by 50% by 2010-2011
- ▲ Total CAPEX of \$50m (\$20m already spent), including \$18m for exploration

Dukat Plant Expansion – Stages I, II

■ **Stage I**

□ **Stage-II**

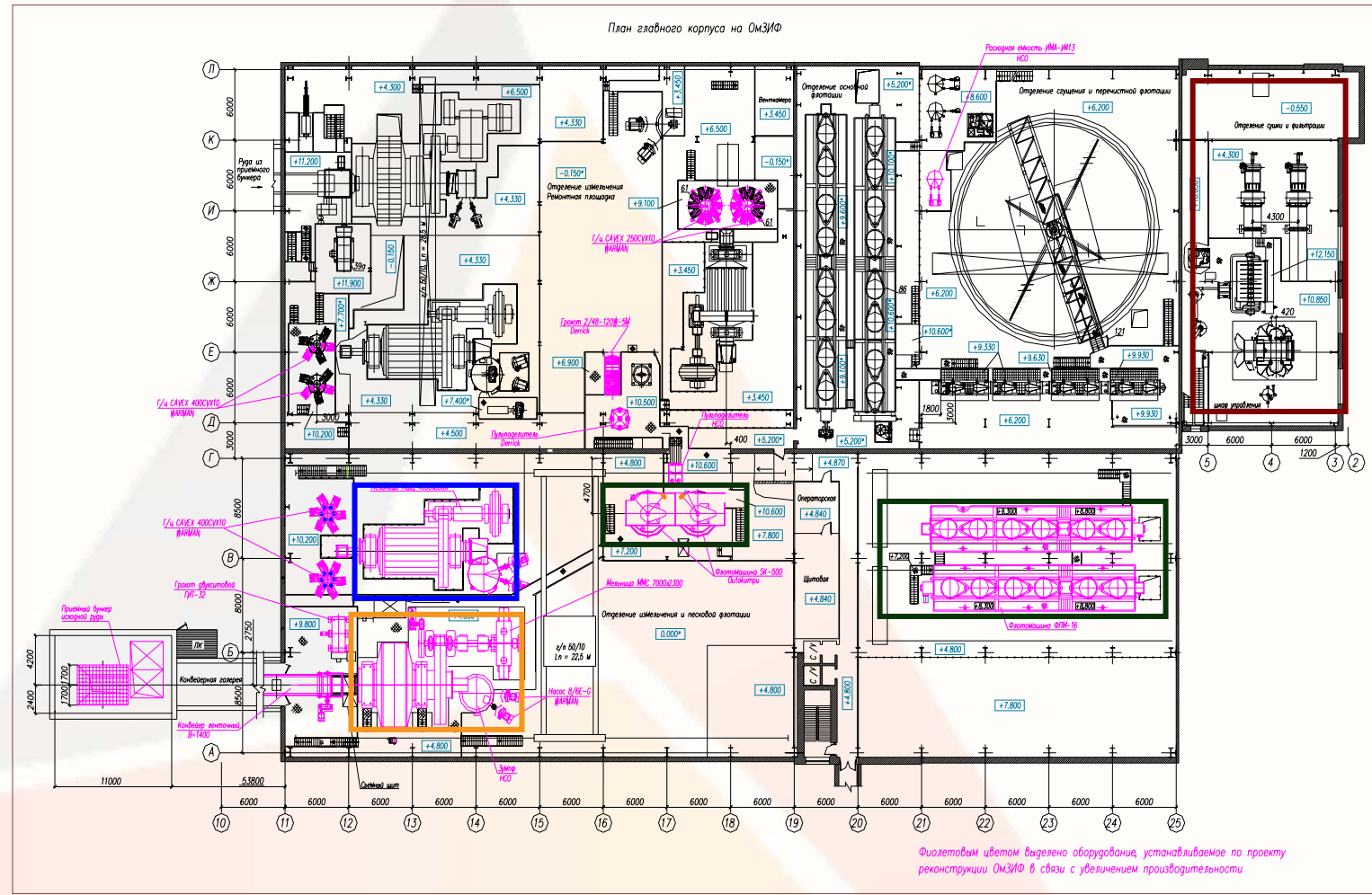
■ **Ball Mill**

■ **SAG Mill**

■ **Flotation Circuit**

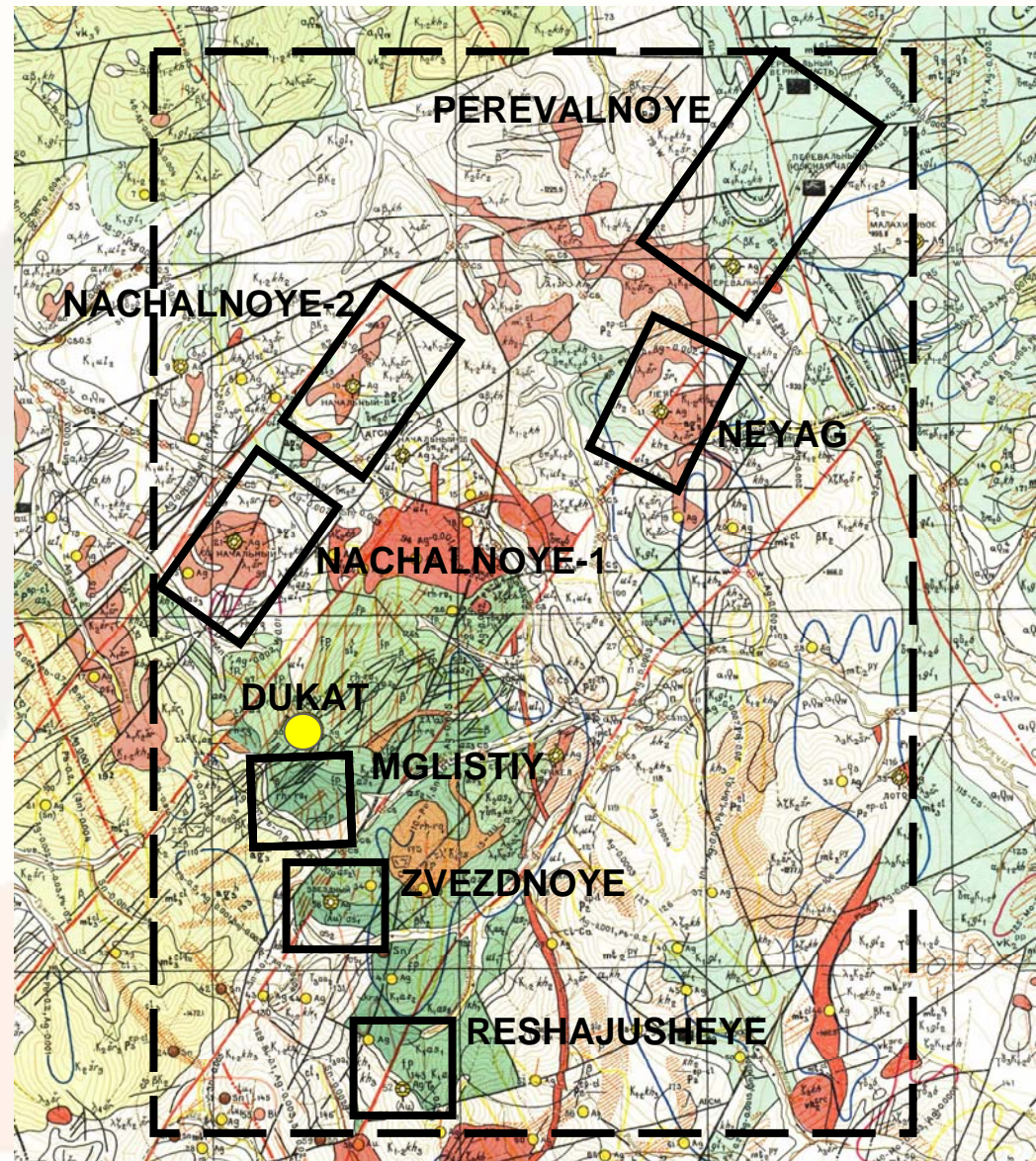
■ **Concentrate**

■ **Drying**

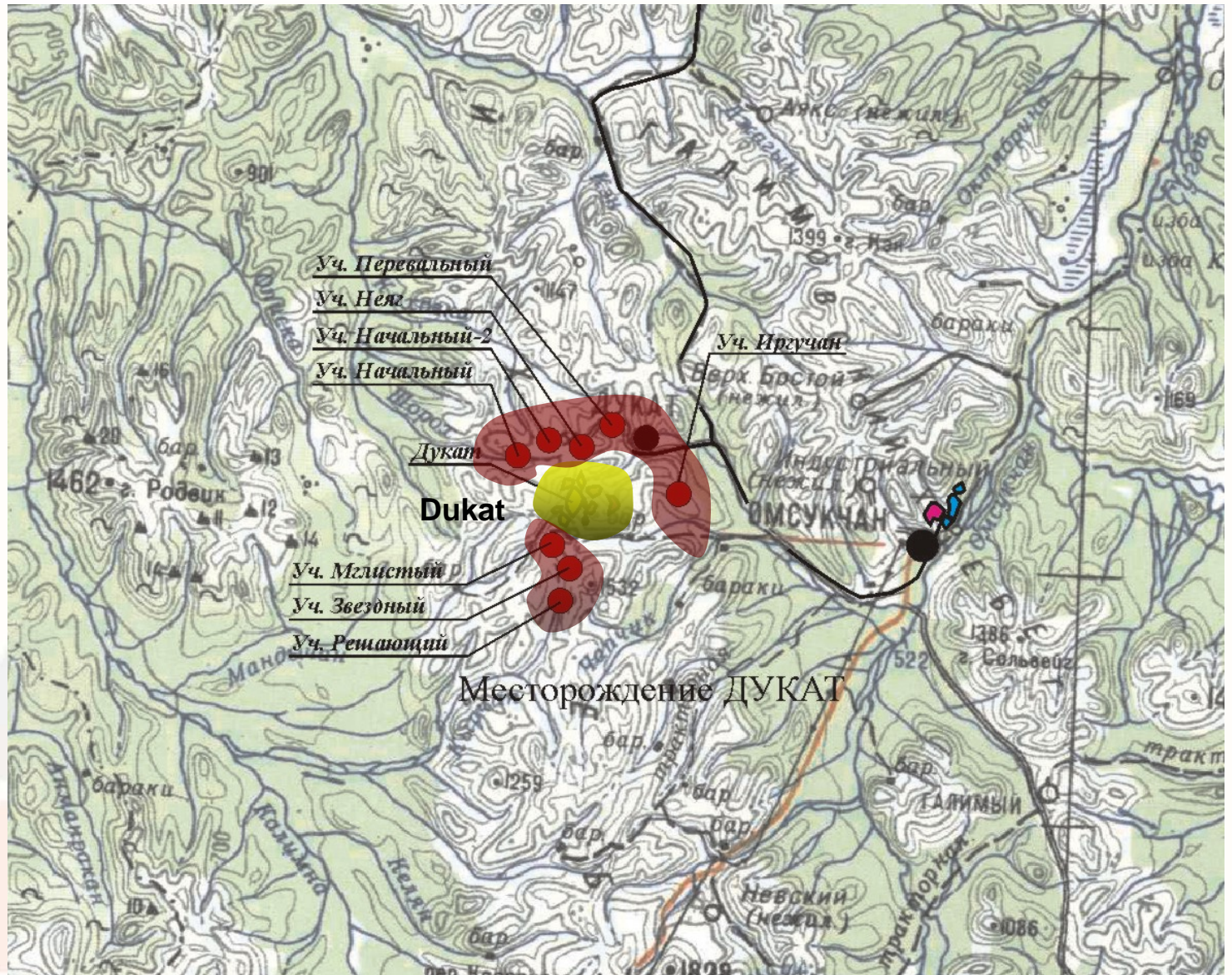


Dukat Flanks

- ▲ Resource potential estimated at 250 Moz of silver
- ▲ 7 targets identified, 3 – drilled in 2007
- ▲ Announcement of JORC-compliant reserves on Nachalnoye-2 expected in November 2007



Dukat Ore Field



 The Dukat Deposit

 Dukat Flanks

Dukat Prospective Area

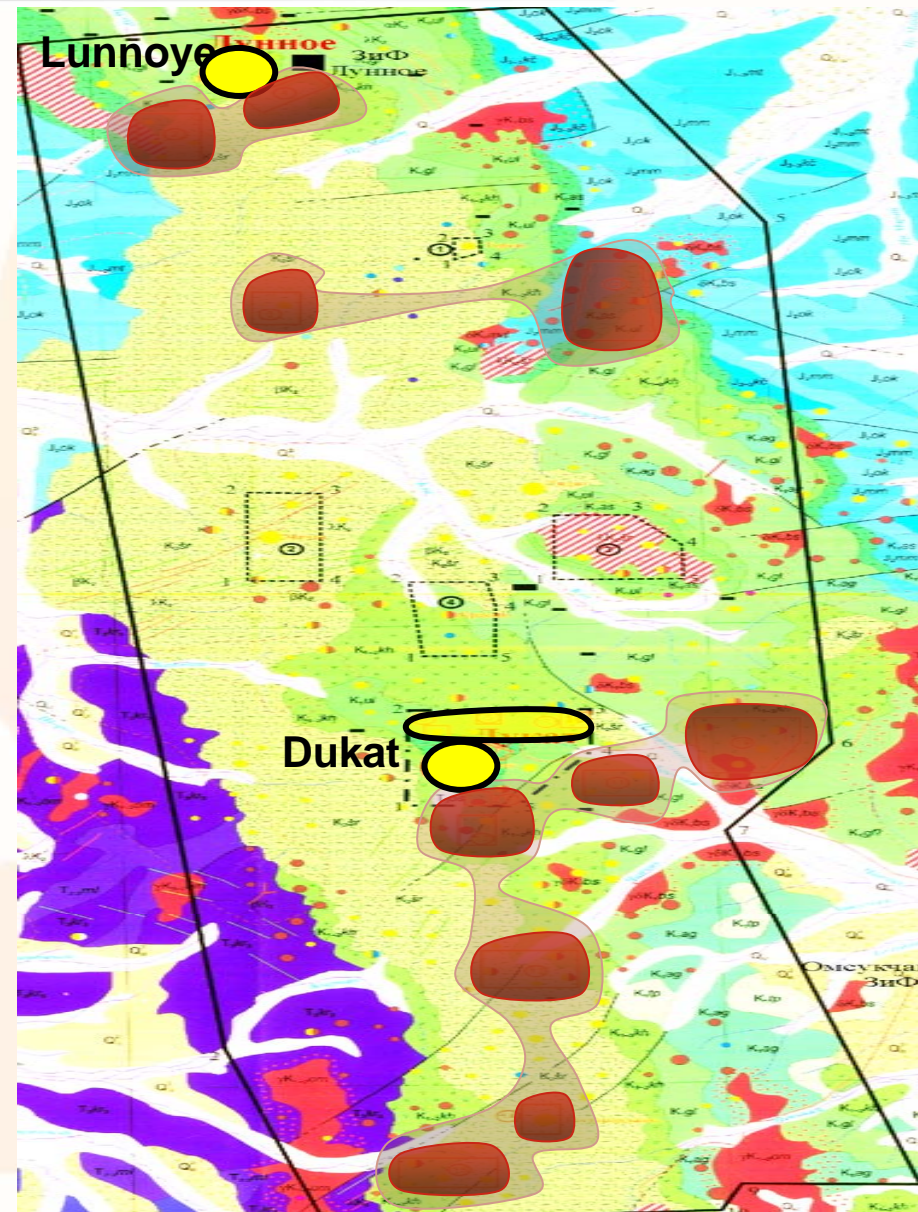
▲ ~ 300 Moz of silver equivalent resources (C1+P1+P2)

▲ Total area: 2,420 sq. km

▲ Multiple ore occurrences and known under-explored ore deposits

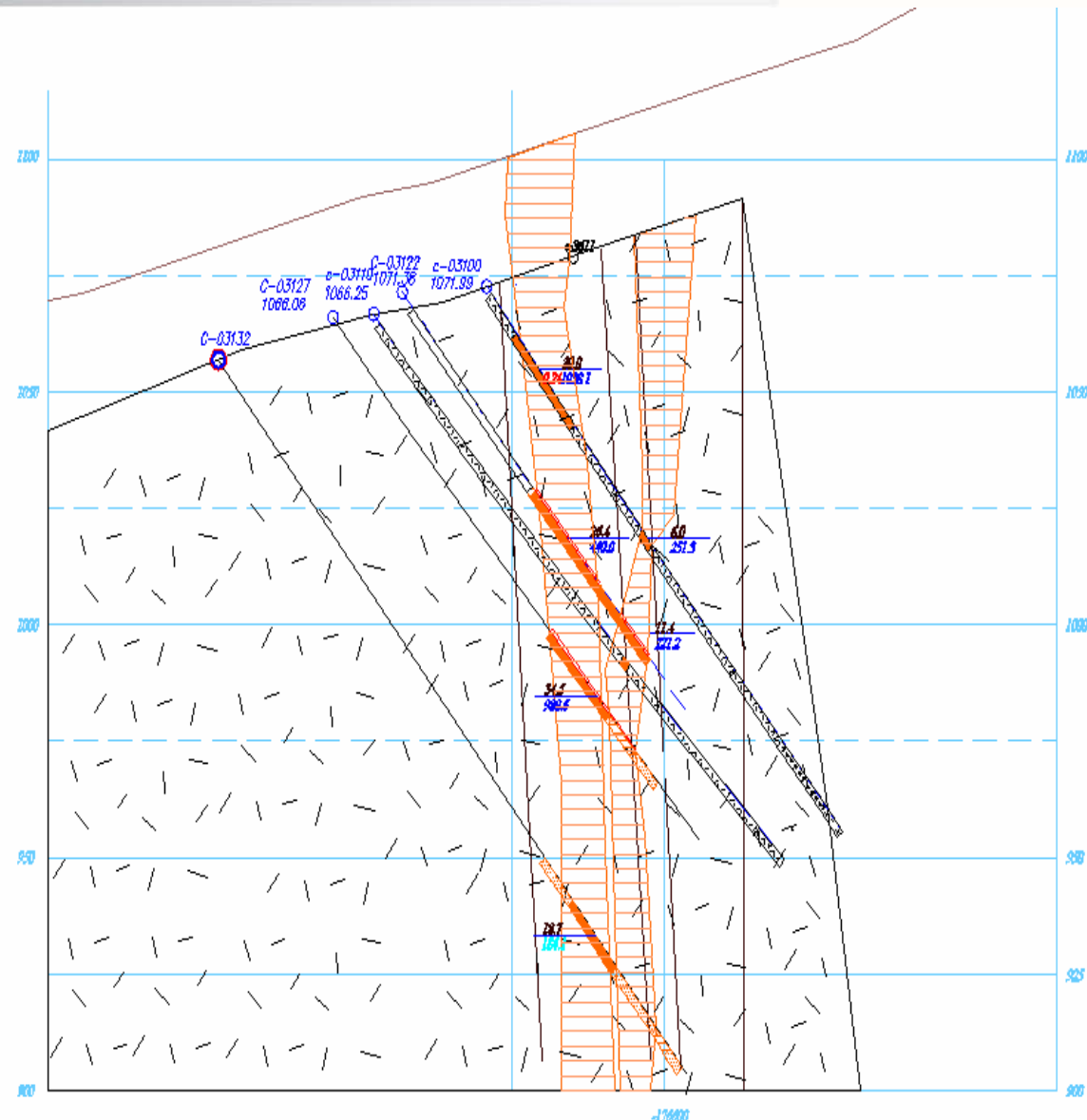
▲ Targeting a feasibility study for a new mine by Q4 2009

● Exploration target areas



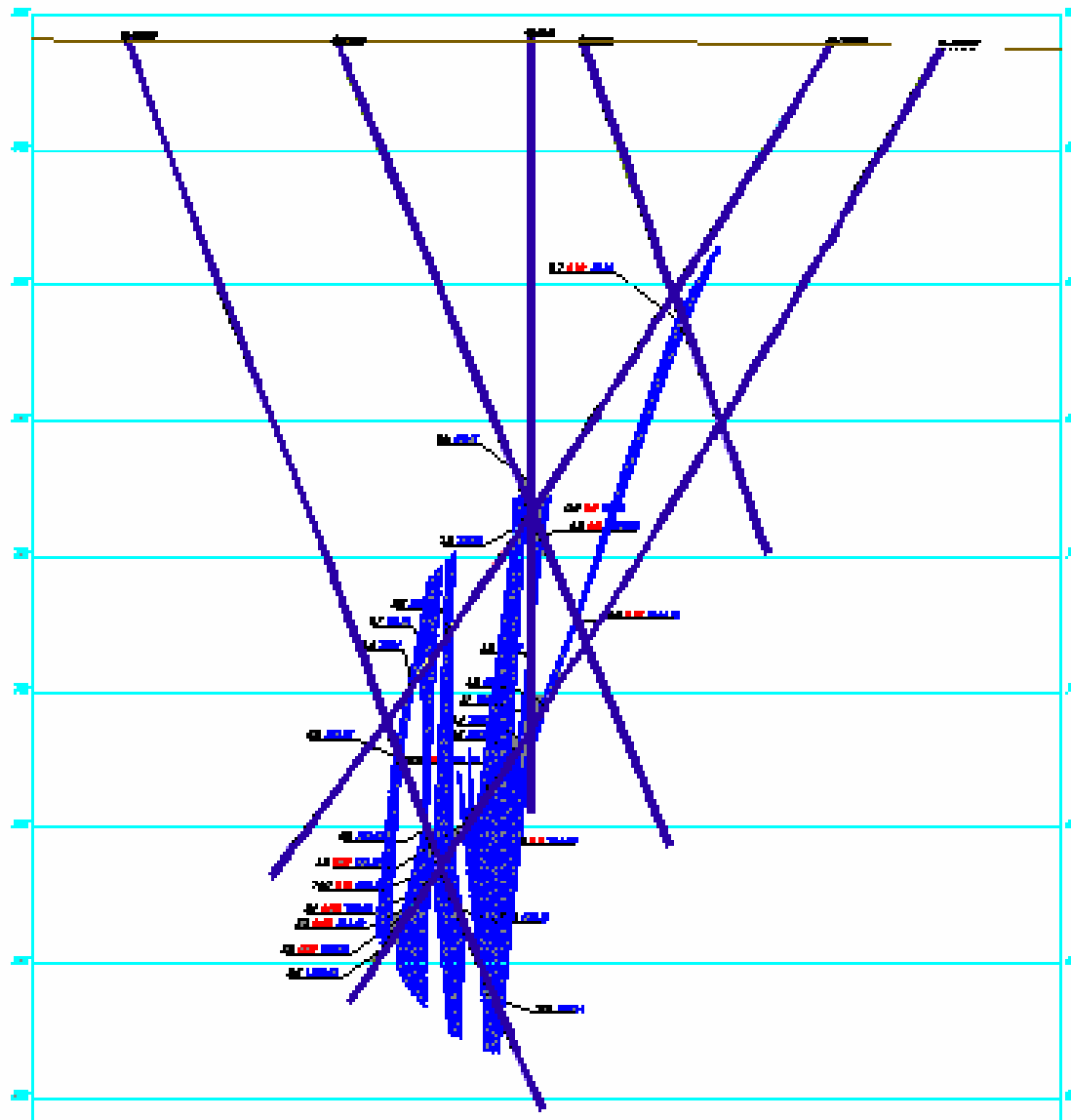
Nachalnoye-2

- ▲ As of September 1st 2007 diamond drilling amounted to 6,226 meters
- ▲ Fully prepared for JORC-compliant reserve audit in Q4 2007
- ▲ Fully open-pittable C1 category reserves of ~10Moz at silver grade of 250-350 g/t
- ▲ Reserves are sufficient to provide feed to the expanded processing plant for 2–3 years



Perevalnoye

- ▲ As of August 1st 2007 drilling amounted to 4,539 meters
- ▲ 5,000 meters are planned to be drilled in 2007
- ▲ JORC-compliant reserve audit expected in 2008
- ▲ Resource potential of 20-30 Moz of silver at 400 – 600 g/t



Economic Statistics

Dukat and Lunnoye¹

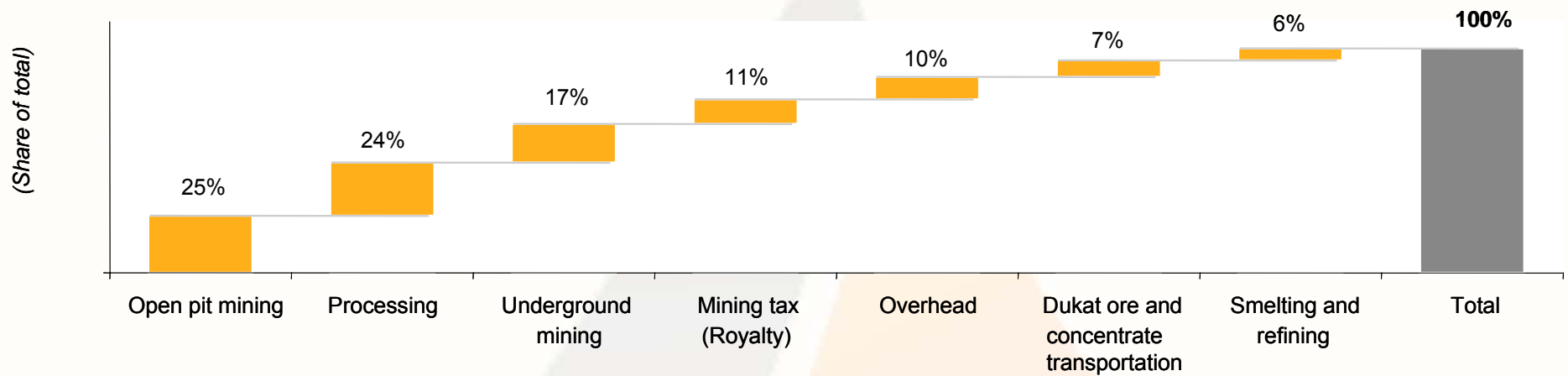
US\$mIn	2004	2005	2006
Total operating costs	51.3	77.6	74.2
Mining tax	6.4	8.1	8.8
Other taxes	3	3.4	2.8
Total cash costs	60.7	89.1	85.8
Total cash costs (\$/oz Ag) ⁽²⁾	3.1	4.6	4.8
Total cash costs per ton milled	59.5	73.3	74.8

(1) Dukat and Lunnoye costs are calculated jointly as they are managed as a single business entity

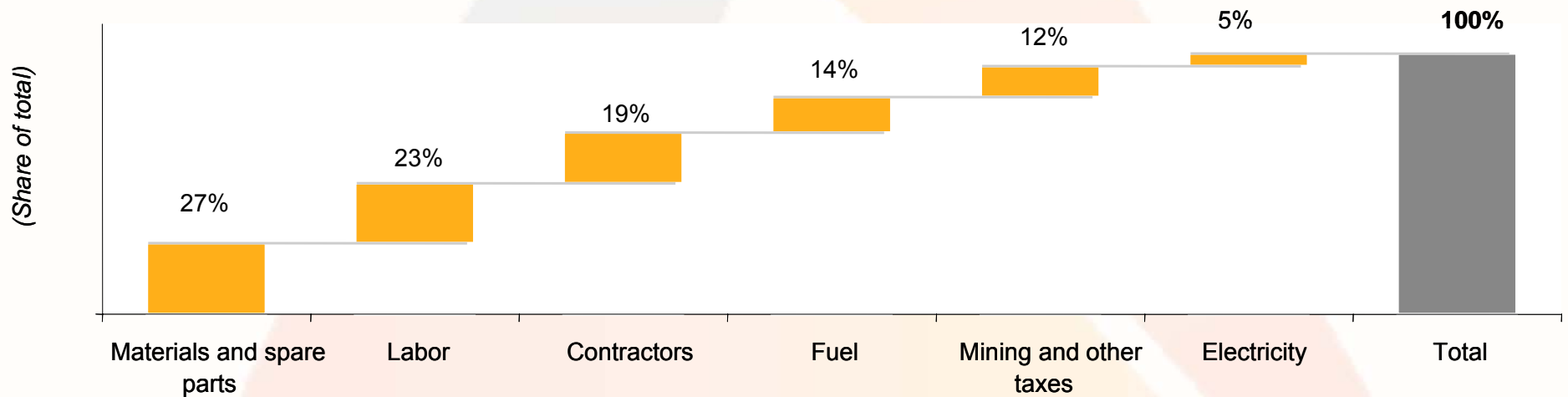
(2) Co-product basis

Dukat and Lunnoye Cash Operating Costs

Cost structure by operations, 2006



Cost structure by items, 2006



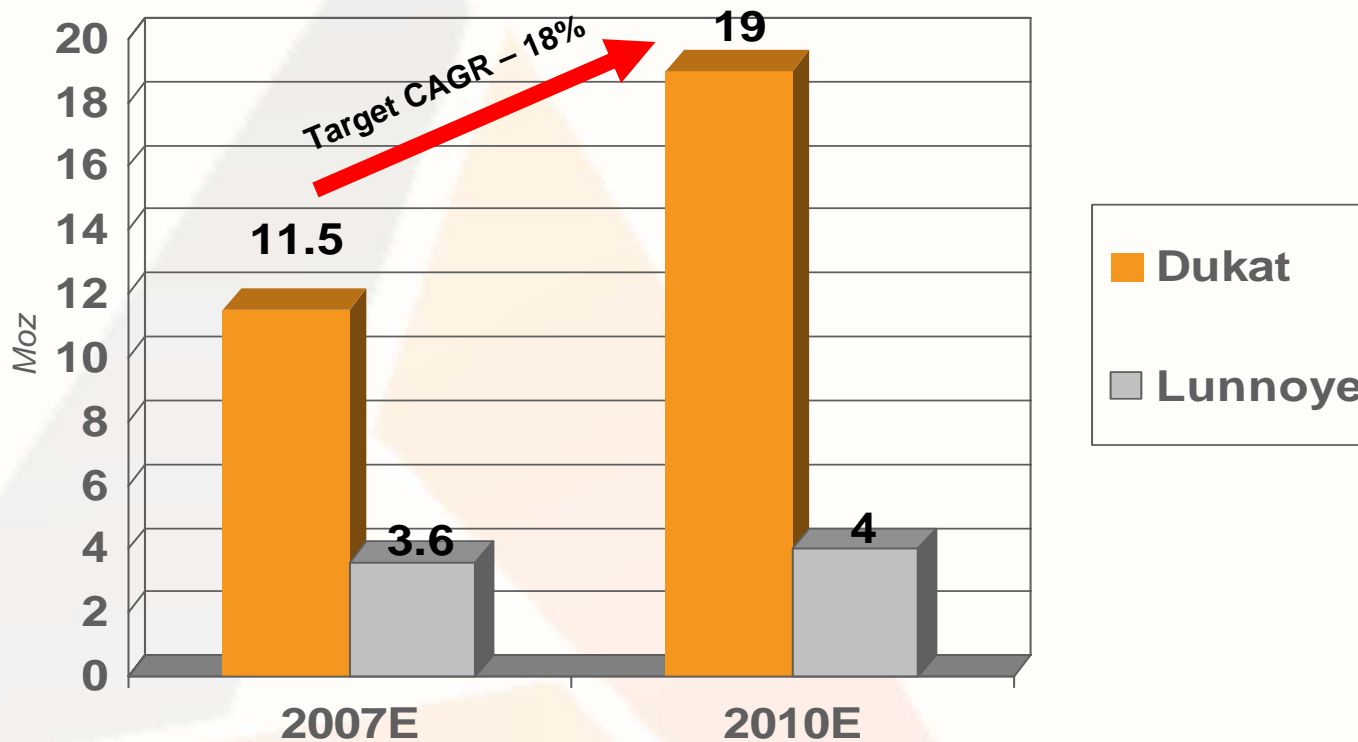
Dukat Expansion: Processing Plant CAPEX

Item	Capital Expenditures (US\$ thousand)
Reconstruction of the main building (construction works)	1,723
Additional technological equipment for the main building	6,560
grinding and flash flotation	2,675
gravitation	564
flotation	2,315
filtration and concentrate drying	729
Assembling of the main building	1,189
Compressor station (capacity expansion)	589
Concentrate uploading station	348
Reconstruction of the ore preparation complex	1,059
Boiler-house	1,582
Concentrate warehouse and project examination	44
Others and contingencies (10% ⁽¹⁾)	1,309
Total	14,403

Note: ⁽¹⁾ the project is at the DFS stage; construction, assembly jobs and equipment

Dukat and Lunnoye Production Forecast

Production Ag¹:



(1) Does not take into account potential for new mines in the prospective area

Management Team



Viktor Demeshik
Managing Director
Dukat and Lunnoye
Age: 48
Experience: 25 years



Yuriy Didenko
VP Production
Lunnoye
Age: 48
Experience: 31 years



Anatoly Stakheev
VP Production
Dukat
Age: 34
Experience: 17 years



Alexandr Simon
Site Manager
Lunnoye
Age: 32
Experience: 14 years



Dmitriy Venatovskiy
VP Development
Dukat and Lunnoye
Age: 33
Experience: 13 years



Vyacheslav Kozyrev
VP Technical Services
Dukat
Age: 55
Experience: 34 years



Vladimir Albul
Mine Manager
Dukat
Age: 56
Experience: 34 years



Arkadiy Prodanov
Plant Manager
Lunnoye
Age: 33
Experience: 7 years



Gennadiy Kachaev
Plant Manager
Dukat
Age: 56
Experience: 34 years



Viktor Ivanov
Chief Geologist
Dukat
Age: 58
Experience: 39 years



Vyacheslav Zaitsev
Chief Geologist
Dukat Exploration Company
Age: 57
Experience: 34 years