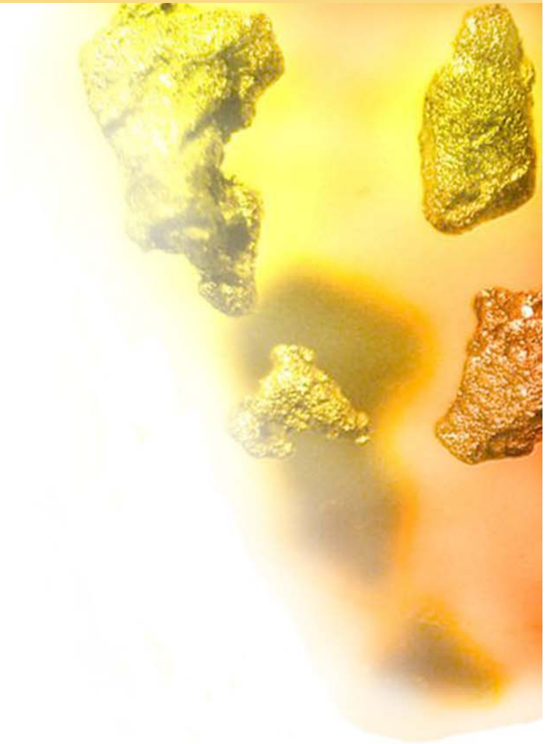
Polyus Gold



IFRS results for the year ended 31 December 2010

Cautionary Statements

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Key facts of 2010 financials

- **43%** YoY increase in **gold sales revenue** on the back of:
  - 28% growth of the average realized gold price, which exceeded the average p.m. gold fixing price by 19 USD/oz;
  - 11% increase in sales volumes (1,377 k oz in 2010 vs. 1,238 k oz in 2009);
- TCC increased to USD 554/oz, cash operating costs increased by 46% :
  - Commissioning of the **Blagodatnoye mine**, which led to additional labour, materials and power costs;
  - Rapidly growing **commodities prices** and as a result an increase in costs for consumables;
  - Consolidation of **KazakhGold financial results** for FY2010;
  - Increase of **mining tax** charges in line with the sales revenue growth;
  - Material **RUB appreciation** (2010 average RUB/USD rate – 30.37, 2009 – 31.72).

Summary of performance results (related to financial statements)

USD'000	2010	2009[1]	Change, %
Gold sales	**1 711 298**	**1 199 088**	**42.7**
Other sales	37 506	26 136	43.5
Cost of gold sales	**(895 555)**	**(573 501)**	**56.2**
Cost of other sales	(33 424)	(25 541)	30.9
Gross profit, including:	**819 825**	**626 182**	**30.9**
Gross profit on gold sales	**815 743**	**625 587**	**30.4**
Gross profit on gold sales margin	**47.7%**	**52.2%**	**-**
SGA	(194 549)	(155 012)	25.5
Profit/(loss) before tax	481 337	295 445	62.9
Pretax margin	**27.5%**	**24.1%**	**14.1**
Income tax expense	(124 840)	(108 810)	14.7
Net profit for the year	**356 497**	**186 635**	**91.0**
Net profit/(loss) attributable to shareholders of the parent company	332 169	184 578	80.0
Minority interest	24 328	2 057	-
Net profit margin	**20.4%**	**15.2%**	**-**
Earnings/(loss) per share	185	103	79.6

(1) The comparative information for the year ended 31 December 2009 reflects adjustments made in connection with the completion of provisional accounting. Refer to Note 4 of consolidated financial statements for the year ended 31 December 2010.

Summary of performance results (related to non-GAAP measures)

USD'000	2010	2009 (1)	Change, %
Operating profit (2)	547 000	436 950	25.2
Operating profit margin	31.3 %	35.7 %	–
EBITDA (3)	716 655	548 624	30.6
EBITDA margin	41.0 %	44.8 %	–

(1) The comparative information for the year ended 31 December 2009 reflects adjustments made in connection with the completion of provisional accounting. Refer to Note 4 of consolidated financial statements for the year ended 31 December 2010.

(2) Operating profit is calculated as Gross profit, less Selling, general and administrative expenses, research and exploration expenses and other expenses, net

(3) Refer to the Management report for calculation of EBITDA

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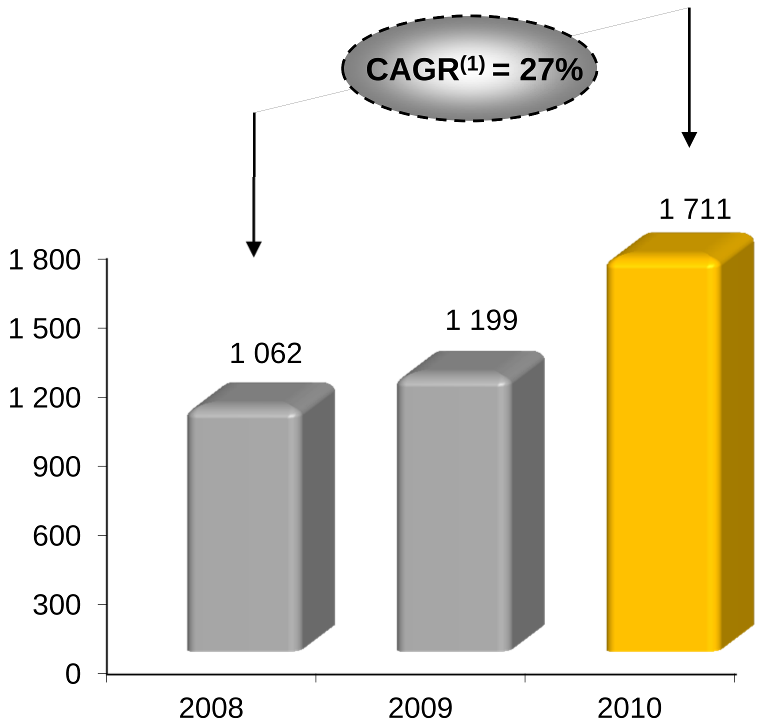
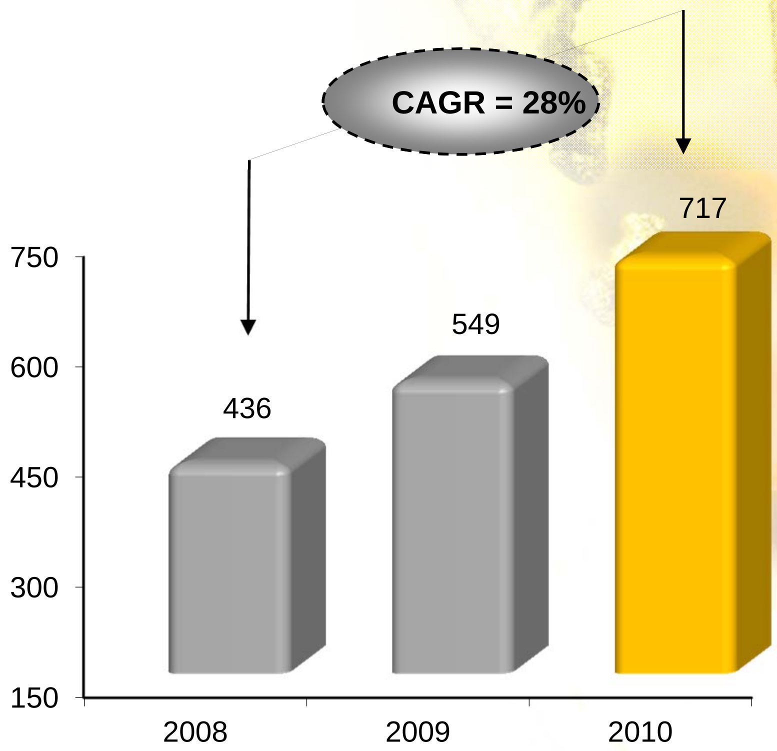
Revenue and EBITDA dynamics

Gold sales revenue, USD million



EBITDA, USD million



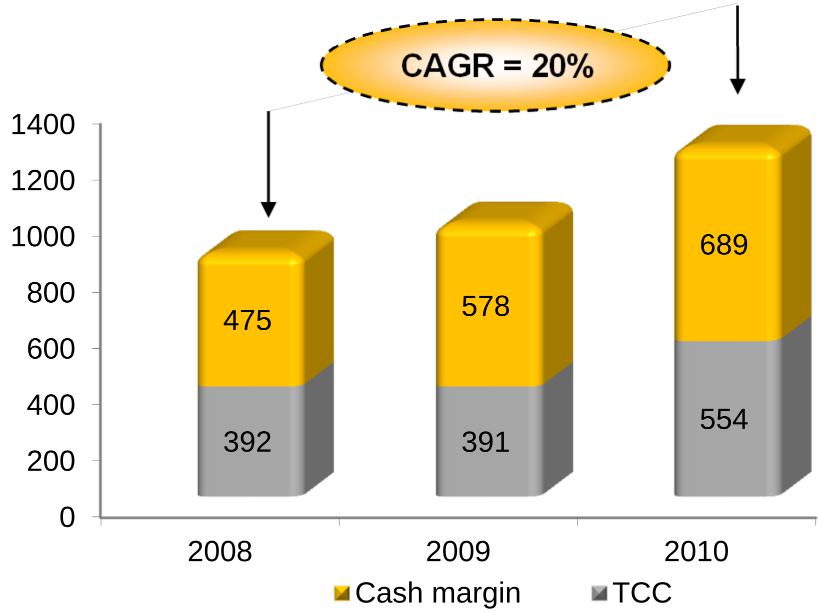
- Higher realized gold prices and increased sales volumes resulted in a 43% y-o-y growth in sales revenue;
- 2-year CAGR amounted to 27%.

- EBITDA showed a 31% YoY growth, with a 2-year CAGR of 28%.

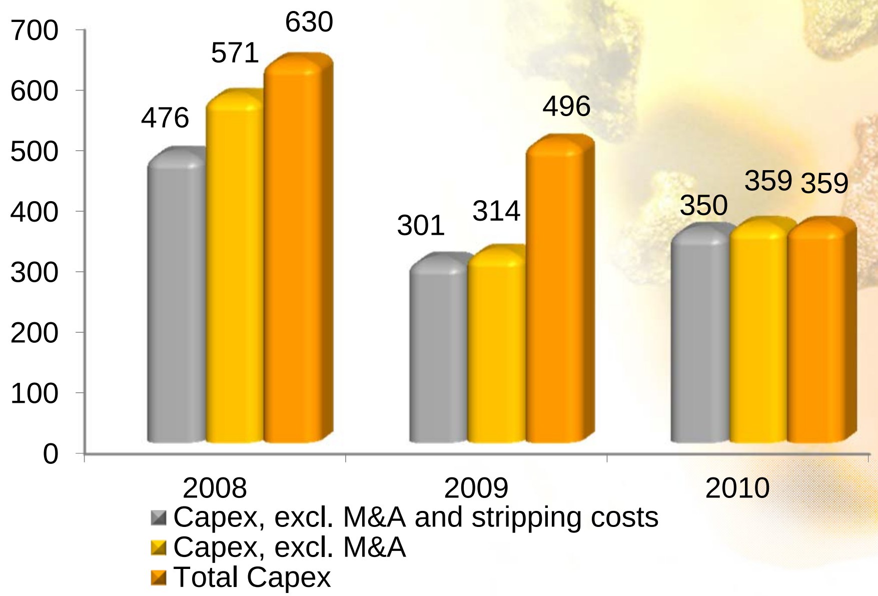
(1) CAGR – Compound annual growth rate, calculated based on figures in USD000’s derived from the consolidated financial statements for the year ended 31 December 2010, and the Management report for 2010.

Operating and capital expenditure

Polyus Group TCC and cash margin, USD/oz



CapEx, USD million



- Expanding cash margin due to gold selling price outpacing growth of cash costs;
- Increase in TCC to USD554/oz mainly driven by:
  - Increased consumables and spares requirements at Olimpiada and Blagodatnoye,
  - Consolidation of KazakhGold Group's operating expenses for FY10;
  - Higher labour costs;
  - Appreciation of the RUB.

- CapEx of USD 359 mln to support:
  - Construction of Blagodatnoye and Verninskoye;
  - Modernisation of production facilities at Olimpiada;
  - Upgrading and renovation of operating assets in Kazakhstan, etc.

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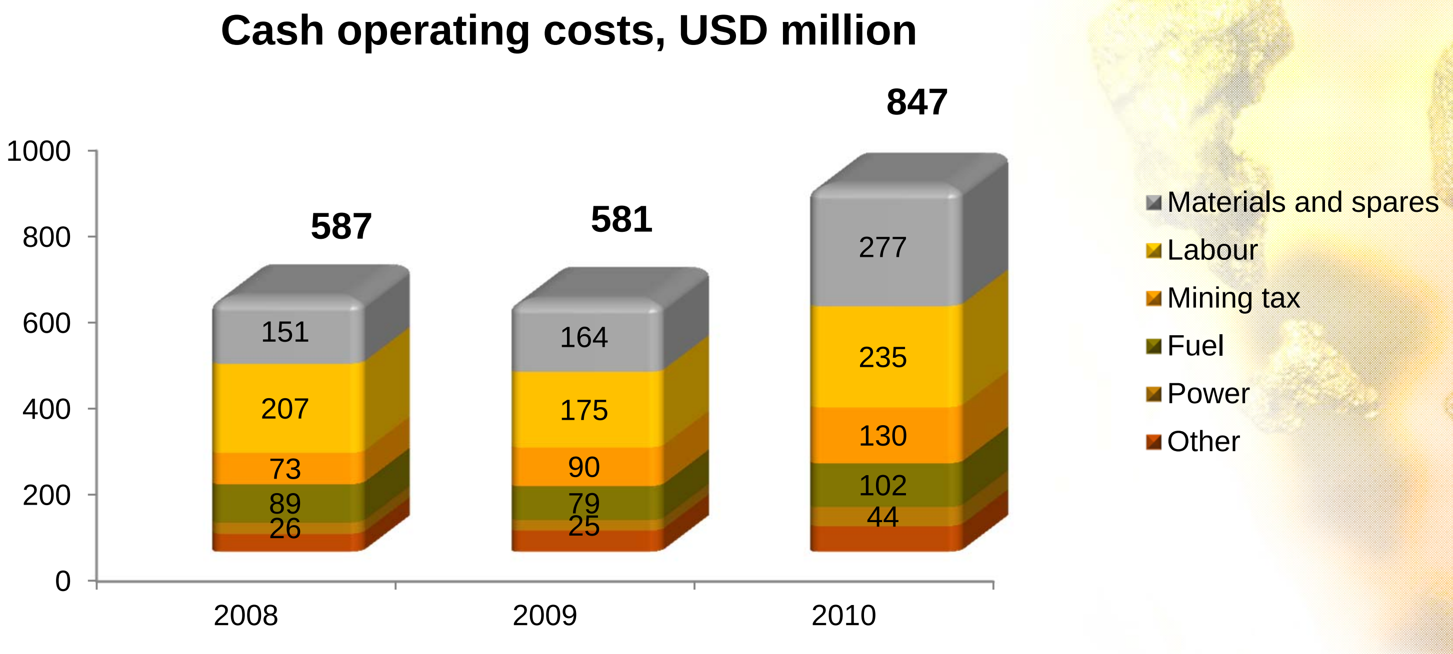
Cash operating costs breakdown



Materials and spares:

- Commissioning of the Blagodatnoye mine;
- Ramp-up of the Titimukhta capacities;
- Technical issues at the Olimpiada mine;
- Growth of purchase prices for materials and components;
- Consolidation of FY10 purchases by KazakhGold;
- The RUB appreciation.

Fuel:

- Higher fuel purchase prices in line with the global trend of oil price growth;
- Increased oil products consumption following launch of Blagodatnoye, and
- Addition of KazakhGold Group's fuel costs for FY10.

Labour expenses:

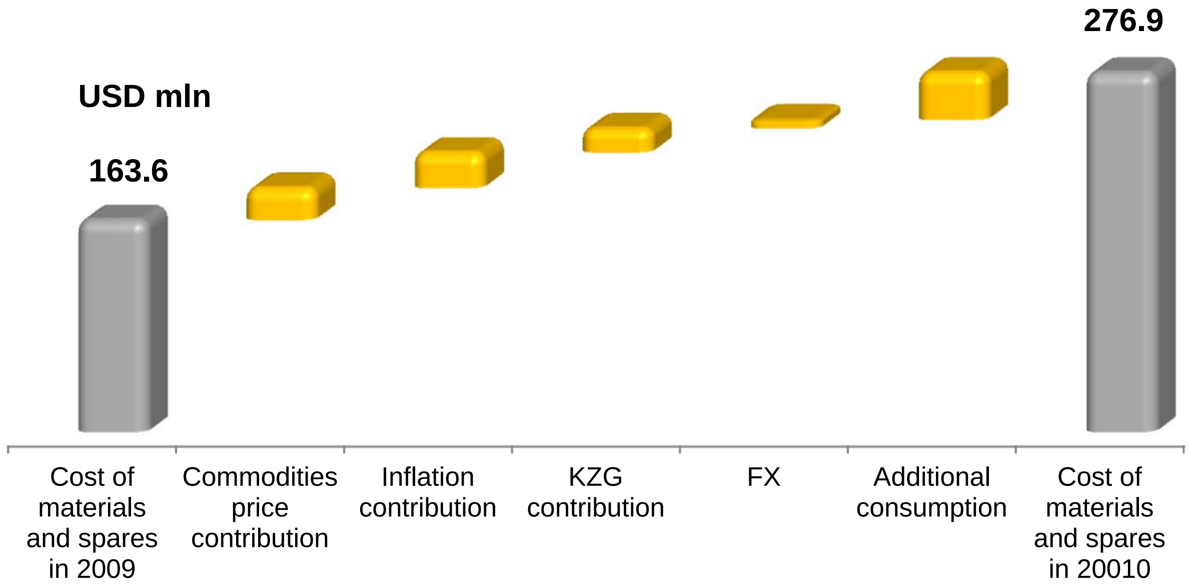
- An increase in the number of personnel;
- Planned 10-12% indexation of salaries;
- Additional compensation to Irkutsk alluvial business unit's employees;
- Accrual of employee benefit obligation;
- Increase in social insurance contributions;
- Appreciation of the RUB relative to the USD.

Mining tax:

- Higher average gold selling price;
- Enhanced production volumes.

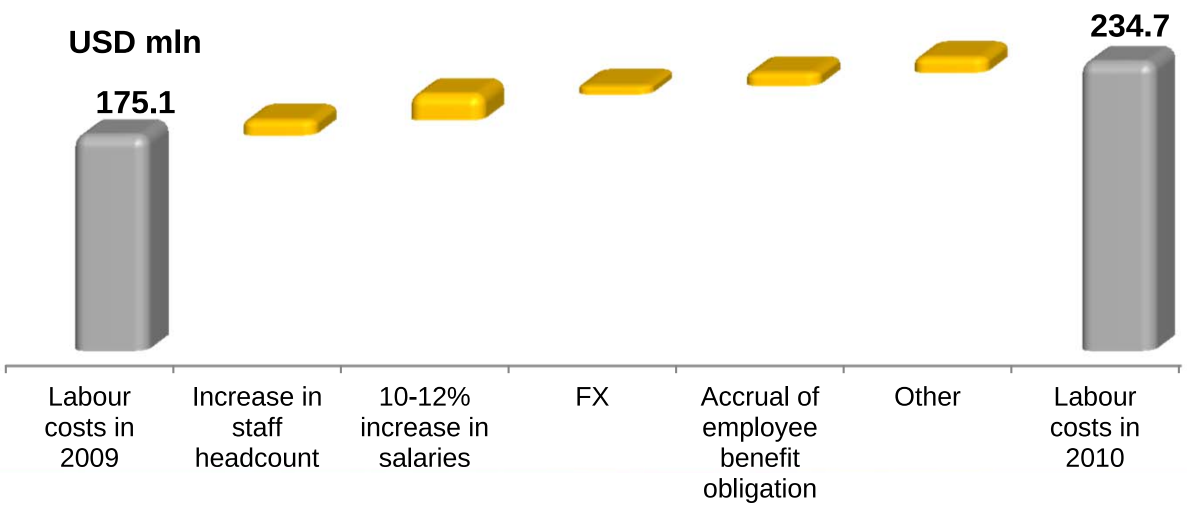
Operating costs growth analysis[(1)]

Cost of materials and spares



According to Company's estimates, 49% of materials and spares cost growth relates to macroeconomic factors (commodities price increase, inflation, FOREX) and the rest is attributable mainly to enhancement of gold production (Blagodatnoye mine and Kazakhstan business unit).

Labour costs



Based on Company's estimates, over 60% of labour cost growth relates to macroeconomic or external factors (obvious salaries increase following inflation, increased social insurance contributions + FOREX).

(1) Management accounting figures

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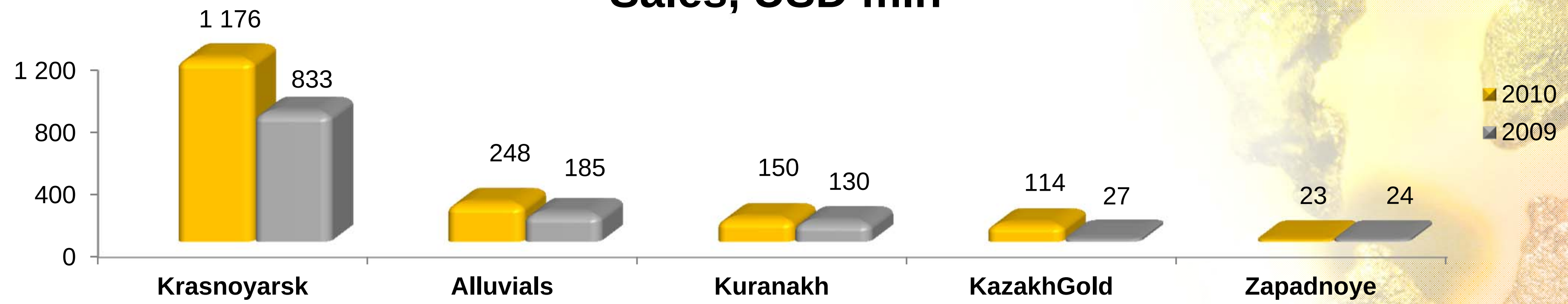
Sales and TCC: breakdown by business unit

Sales, USD mln



41% increase:
- Blagodatnoe launch
- Titimukhta works at full capacity
- Gold price increase

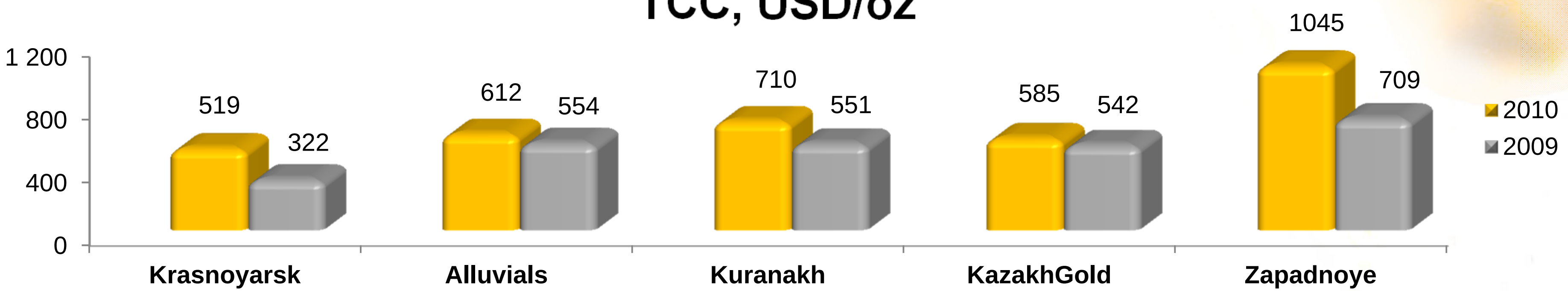
34% increase:
- Production increase
- Gold price increase

15% increase:
- Gold price increase

322% increase:
- FY consolidation
- Production increase
- Gold price increase

4% decrease:
- Production decrease

TCC, USD/oz



61% increase:
- Technical issues at Olimpiada
- Blagodatnoe ramp-up
- Lower grades at Titimukhta
- Mining tax increase

10% increase:
- Salaries increase
- Fuel costs increase
- Mining tax increase

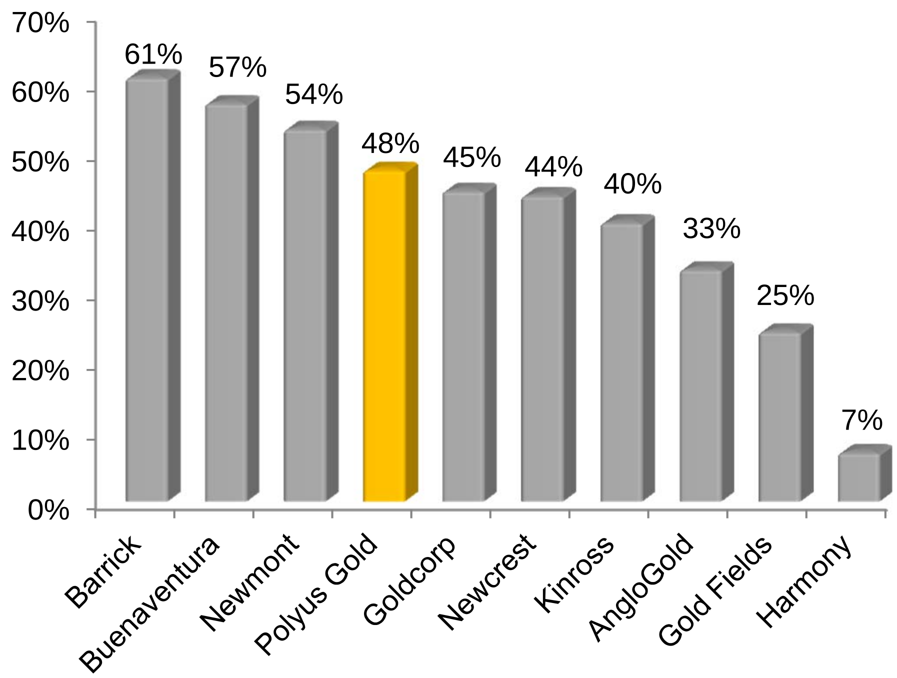
29% increase:
- Transportation costs increase
- Growth in costs for materials
- Mining tax increase

8% increase:
- Salaries increase
- Growth in costs for materials
- Mining tax increase

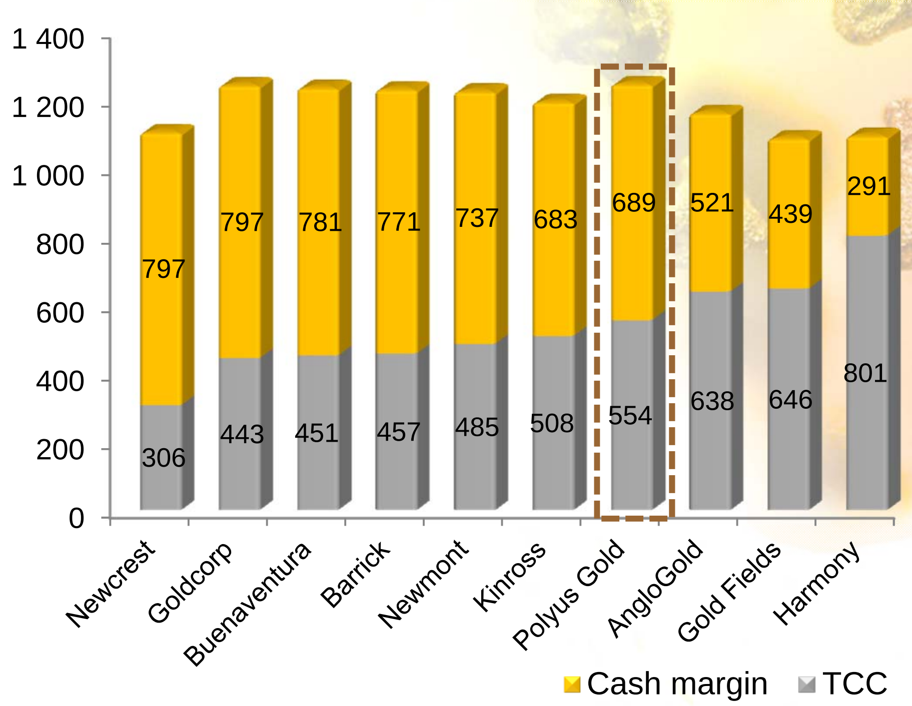
47% increase:
- Decrease in physical sales of gold by 20%
- Depletion of reserves

Profitability, cash margin and TCC: peer comparison

Gross margin of world's leading producers in 2010, %(1)



Cash margins and TCCs, USD/oz(2)



- Polyus Group maintains a competitive level of profitability among the global gold industry peers.

- Maintaining solid position in the gold mining sector in terms of cash margin.

(1) Gross profit on gold sales margin.
Source: companies' web-sites.

(2) Calculated based on the companies' reported selling prices for 2010.
Source: companies' web-sites.

Conclusion

- Sales increased by 43% to USD 1.7 billion due to growing gold selling price and enhanced sales volumes;
- EBITDA increased by 31% to USD 717 million;
- TCC increased to USD554/oz, following the increase of cash operating costs by 46%:
    - Ramp-up period at the Blagodatnoye mine;
    - Increased labour costs;
    - Consolidation of KazakhGold Group's operating expenses;
    - Appreciation of the RUB relative to the USD.
- Fully unhedged;
- Cash positive with USD 504 million of cash, cash equivalents and ST investments;
- One of the highest payout ratios in the industry based on 2010 recommended dividends - 0.40.