



We know the worth of gold

Polyus Gold

IFRS financial statements
for the 6 months ended 30 June 2009

Moscow, September 25, 2009

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- Increase in the weighted-average **gold selling price** by 2.4% in 1H2009;
- Fluctuations at **global commodities, foreign exchange** and **stock markets**;
- Significant **RUB depreciation** compared to 1H2008 (1H2009 closing rate – 31.29, FY2008 closing rate – 29.38; 1H2009 average rate – 33.07, 1H2008 average rate – 23.94);
- Substantial reduction in **production** volumes:
 - Significant amounts of gold produced, but not refined in the reporting period (40 k oz);
 - Completed switch to processing of sulfide ores, which have a lower grade, compared to the oxide ores;
 - Mill-2 was closed to perform regular maintenance works.



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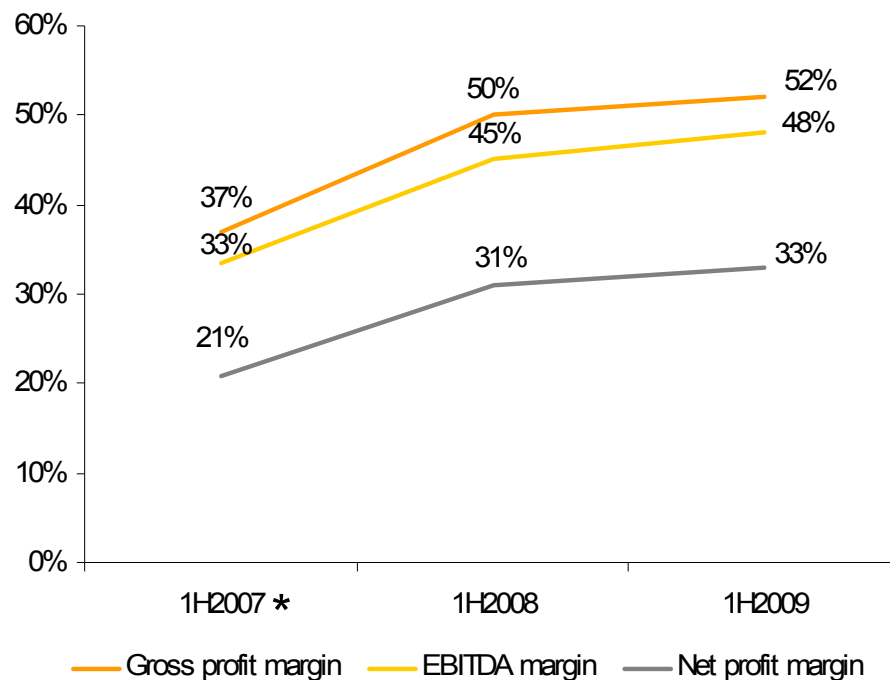
Summary of performance results

USD'000	1H2009	1H2008
Gold sales	441,686	505,730
Other sales	10,273	13,179
Cost of gold sales	(209,358)	(243,644)
Cost of other sales	(9,248)	(13,230)
Gross profit, including:	233,353	262,035
Gross profit on gold sales	232,328	262,086
Gross profit margin	52%	50%
Selling, general and administrative expenses	(45,542)	(64,954)
Profit before income tax	191,297	213,050
Pretax margin	42%	41%
Income tax expense	(41,284)	(52,163)
Profit for the period	150,013	160,887
Profit for the period attributable to shareholders of the parent company	150,310	161,199
Net loss attributable to minority interest	(297)	(312)
Net profit margin	33%	31%
Earnings per share	0.84	0.90
Non-GAAP financial measures		
Operating profit*	176,178	190,048
Operating profit margin	39%	37%
EBITDA**	218,003	235,057
EBITDA margin	48%	45%

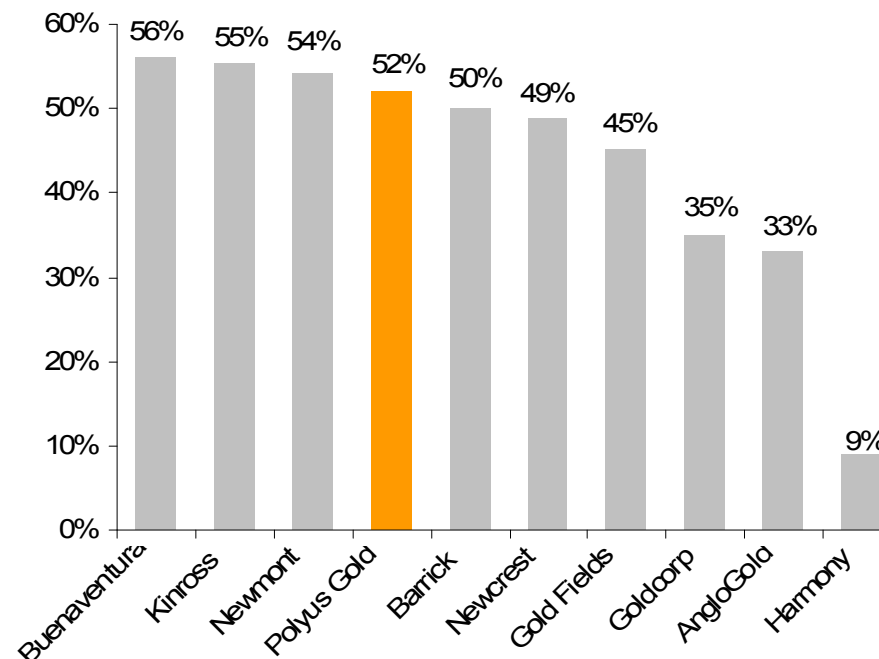
* Operating profit is calculated as Gross profit, less Selling, general and administrative expenses, research and exploration expenses and other expenses, net.

** Refer to Management report for calculation of EBITDA.

Polyus Gold key margins, %



Peer comparison – gross margin, %

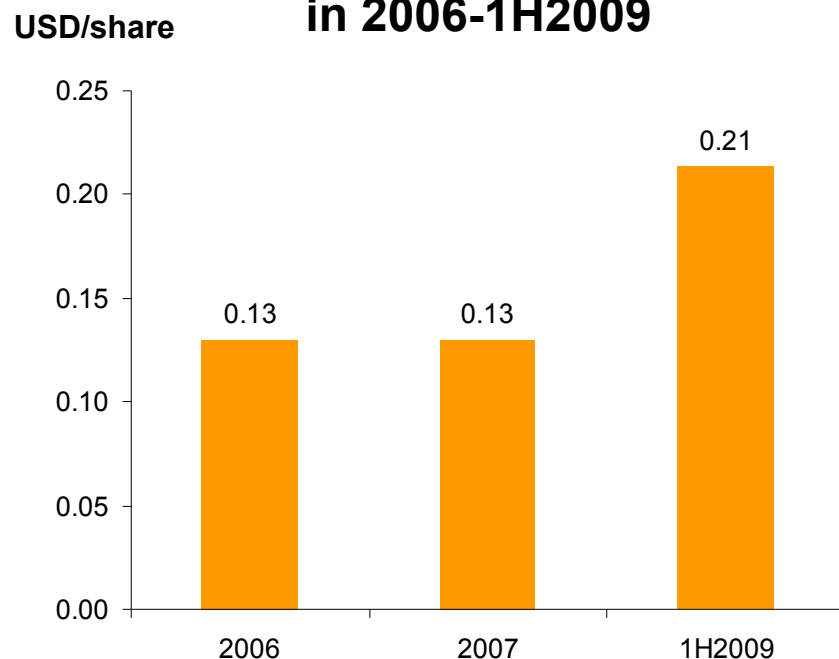


- Increasing gold selling prices combined with relatively low level of production costs lead to consistent improvement in profitability indicators.

- Among global leaders in terms of gross margin.

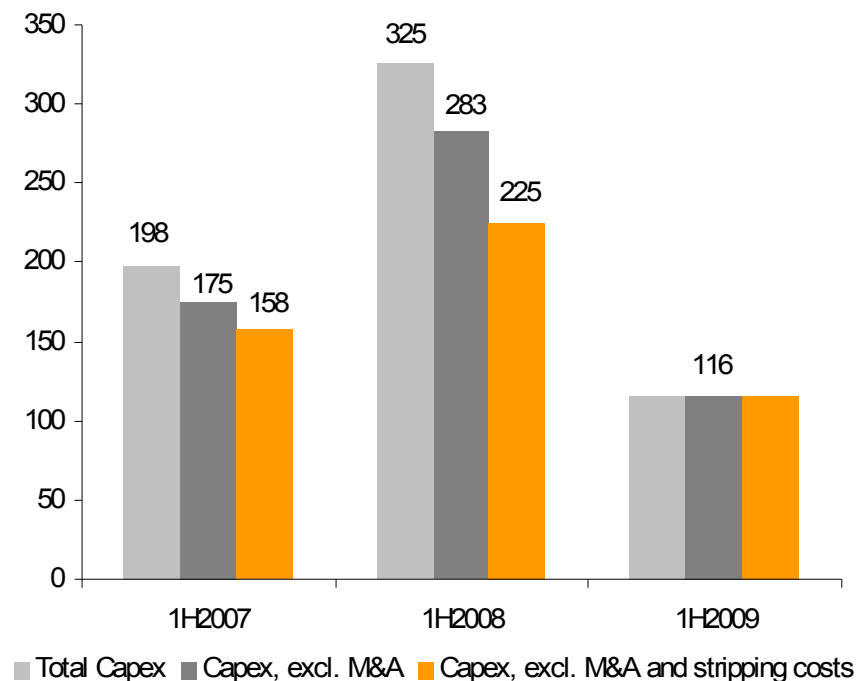
* Net profit for the six months ended 30 June 2007 was adjusted for the cost of the share option plan.

Dividends payments in 2006-1H2009

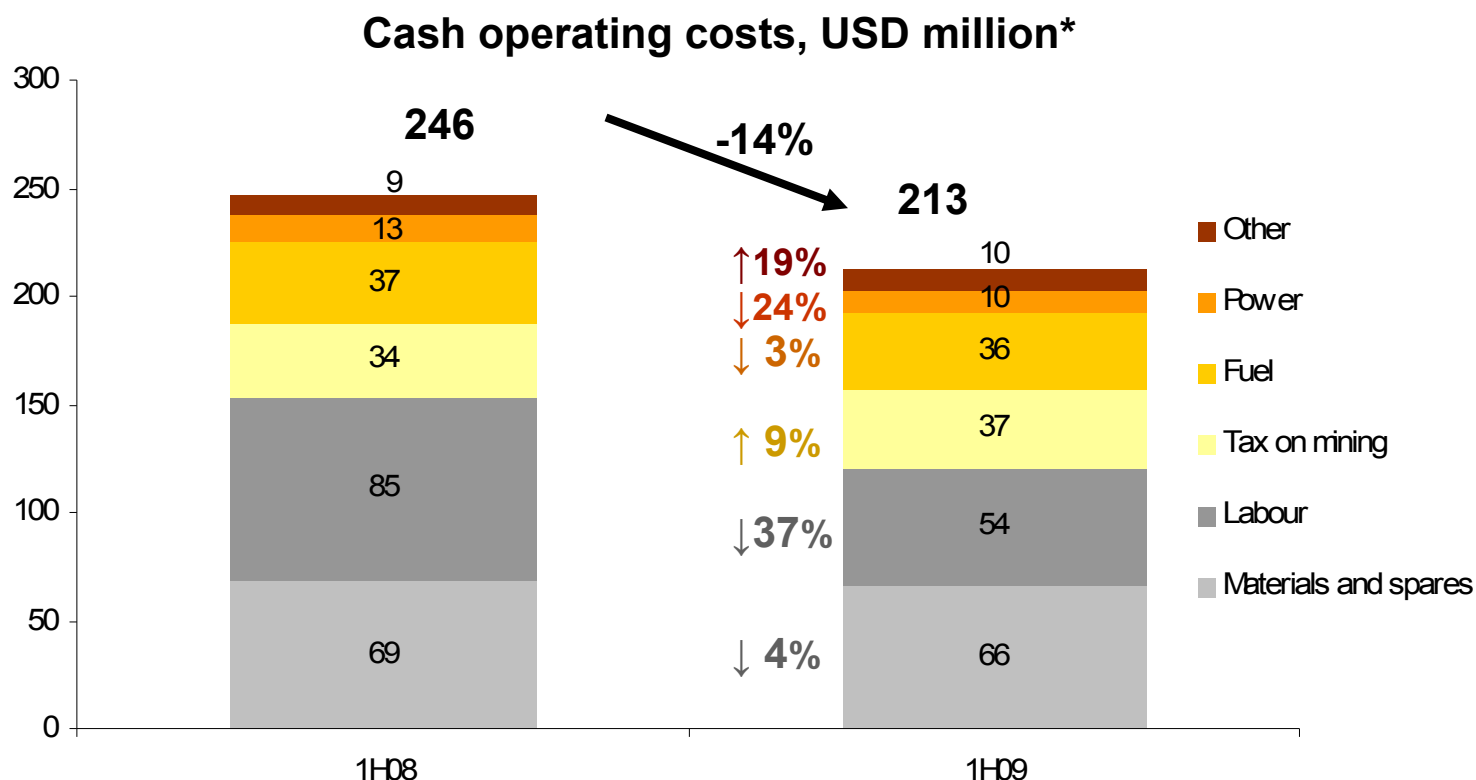


- Growing dividend payments, in spite of deteriorating global financial conditions

Capex, USD million



- Planned reduction in Capex program as the Group's development projects approach their readiness :
 - **Titimukhta project launched;**
 - **Blagodatnoye – 50-100% readiness of main objects.**
- Reduced research and exploration works.

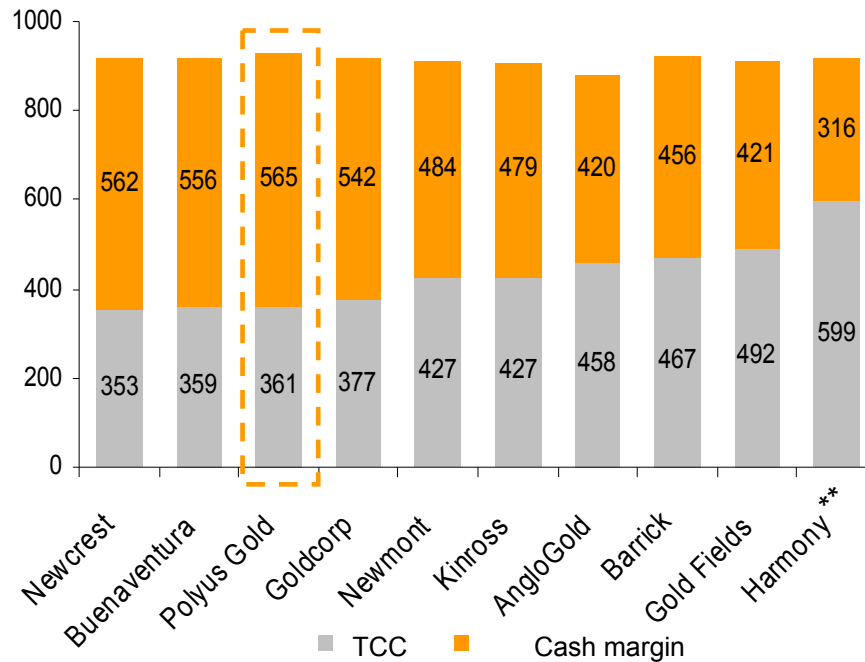


Main components:

- **Materials and spares.** These costs were impacted mainly by the depreciation of the national currency, and decline in prices of underlying commodities.
- **Labour expenses** decreased mostly due to the exchange rate factor, and reduction in the number of the Group's employees within planned restructuring of staff at some mines (Yakutia and Irkutsk hard rock business units).
- **Fuel.** Expenses on fuel decreased as a result of the material RUR depreciation against the USD.
- **Tax on mining.** The 9% increase is related to the gold price growth, significant amounts of gold produced, but not refined in the reporting period, and metal remaining in the production wastes.

* Totals may not add due to the rounding error.

TCC and cash margin* of world's leading producers in 1H2009, USD/oz

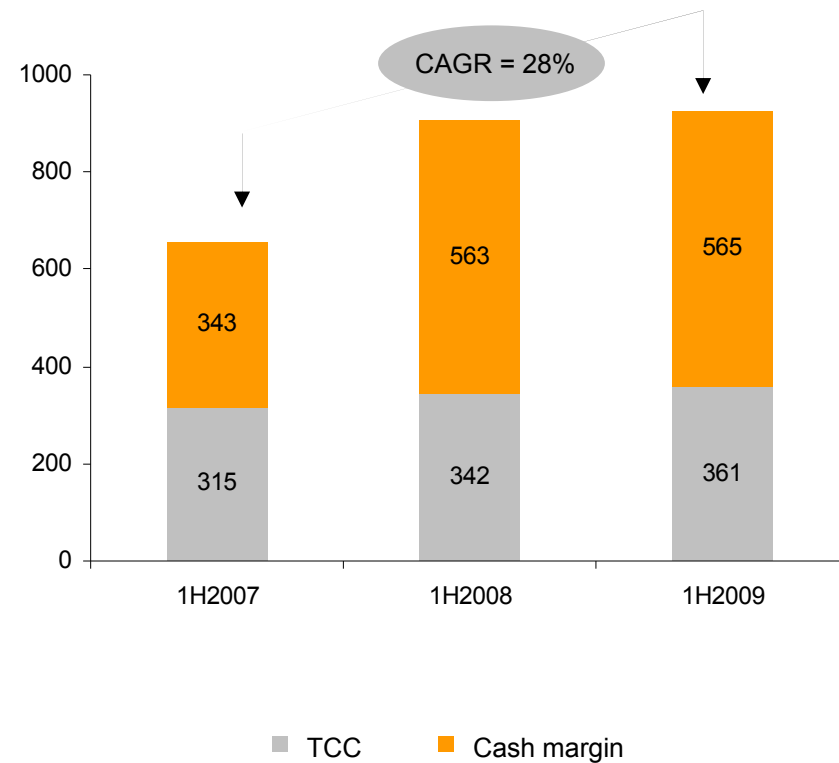


- Ranking 3rd among the global gold miners in terms of TCC;
- Largest cash margin in the industry.

* Calculated using the companies' average gold selling prices in 1H2009. Source: Companies' web-sites.

** Calculated using the average London PM fixing price of USD915/oz.

Polyus Gold TCC and cash margin in 1H2007-1H2009, USD/oz



- Growing gold price combined with efficient cost control resulted in a 28% 2-year CAGR of cash margin.

Condensed statement of financial position at 30 June 2009 (unaudited)

USD'000	30 June 2009	31 Dec 2008
ASSETS		
Non-current assets	1,965,080	1,990,817
Current assets, including	1,181,692	1,088,045
<i>Cash and cash equivalents</i>	441,367	398,826
<i>Investments in securities and other financial assets</i>	291,092	285,236
TOTAL ASSETS	3,146,772	3,078,862
EQUITY AND LIABILITIES		
EQUITY	2,814,540	2,794,541
LIABILITIES	332,232	284,321
Non-current liabilities	193,512	182,623
<i>Long-term borrowings</i>	0	0
Current liabilities	138,720	101,698
<i>Short-term borrowings</i>	0	0
TOTAL EQUITY AND LIABILITIES	3,146,772	3,078,862

- Strong cash position crucial in the current conditions on the global financial market