



**Polyus Gold International  
H1 2011 Results Presentation  
September 2011**



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- **48%** YoY increase in **gold sales revenue** to USD 902 million:
  - The weighted-average gold selling price was USD 1,433.3 per troy ounce, up 24%;
  - 20% increase in sales volumes (629 k oz in 1H2011 vs. 524 k oz in 1H2010);
- **TCC** increased to **USD 616/oz**:
  - Rapidly growing commodities prices and as a result an increase in costs for consumables;
  - Increase in mining tax charges on the back of gold price growth;
  - Increased labour costs mainly as a result of indexation of salaries to inflation;
  - Increase of power consumption and costs;
  - Material RUB appreciation (1H2011 average RUB/USD rate – 28.62, 1H2010 – 30.07).
- **EBITDA** grew by **61%** to USD 399 million;
- **Net cash position** increased to USD 348 million, up 114%.

## Summary of performance results (related to financial statements)

USD'000	1H2011	1H2010	Change, %
<b>Gold sales</b>	<b>901,752</b>	<b>607,567</b>	<b>48.4</b>
Other sales	29,007	14,879	95.0
Cost of gold sales	(478,053)	(345,219)	38.5
Cost of other sales	(23,223)	(14,368)	61.6
<b>Gross profit, including</b>	<b>429,483</b>	<b>262,859</b>	<b>63.4</b>
<b>Gross profit on gold sales</b>	<b>423,699</b>	<b>262,348</b>	<b>61.5</b>
<b>Gross profit margin</b>	<b>46.1%</b>	<b>42.2%</b>	-
Selling, general and administrative expenses	(93,462)	(75,709)	23.4
Impairment loss	(48,625)	(4,002)	-
<b>Profit before income tax</b>	<b>267,200</b>	<b>141,247</b>	<b>89.2</b>
<b>Pre-tax margin</b>	<b>28.7%</b>	<b>22.7%</b>	-
Income tax expense	(60,400)	(36,625)	64.9
<b>Profit for the period</b>	<b>206,800</b>	<b>104,622</b>	<b>97.7</b>
Net profit/(loss) attributable to non-controlling interests	17,953	(11,757)	-
<b>Net profit attributable to shareholders of the parent company</b>	<b>188,847</b>	<b>116,379</b>	<b>62.3</b>
<b>Net profit margin</b>	<b>22.2%</b>	<b>16.8%</b>	-
<b>Earnings per share – basic and diluted (US Cents)</b>	<b>8</b>	<b>6</b>	<b>33.3</b>

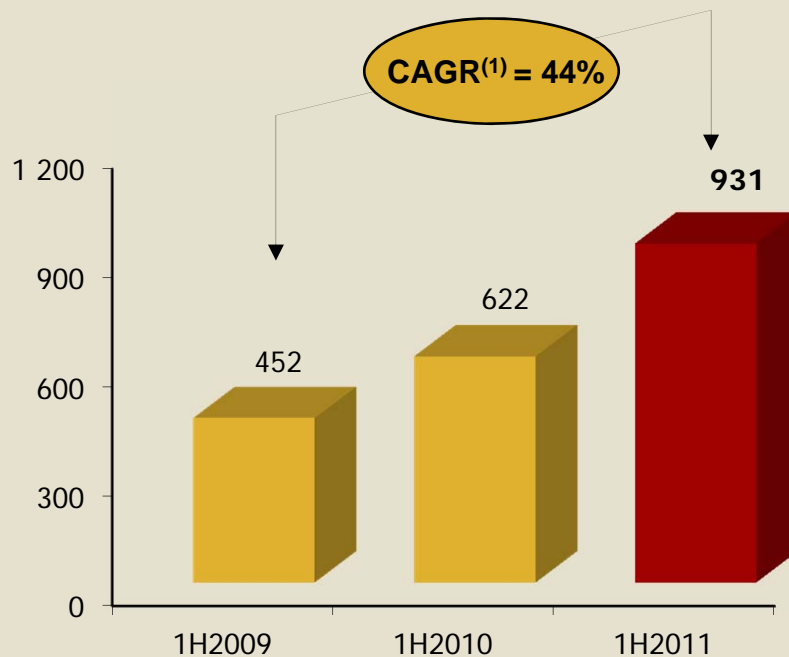
## Summary of performance results (related to non-GAAP measures)

USD'000	1H2011	1H2010	Change, %
<b>Operating profit<sup>(1)</sup></b>	<b>279,631</b>	<b>169,230</b>	<b>65.2</b>
<b>Operating profit margin</b>	<b>30.0%</b>	<b>27.2%</b>	<b>–</b>
<b>EBITDA<sup>(2)</sup></b>	<b>398,644</b>	<b>247,582</b>	<b>61.0</b>
<b>EBITDA margin</b>	<b>42.8%</b>	<b>39.8%</b>	<b>–</b>

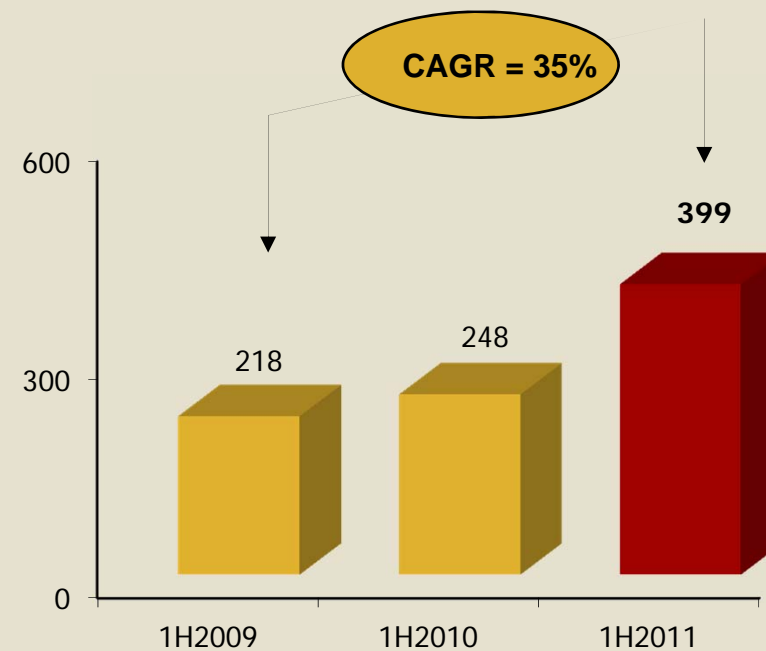
(1) Operating profit is calculated as Gross profit, less Selling, general and administrative expenses, Research expenses, Impairment loss and Other expenses, net.

(2) For details of EBITDA calculation refer to the Press-release on financial results for the 6 months ended 30 June 2011.

## Sales revenue, USD million



## EBITDA, USD million

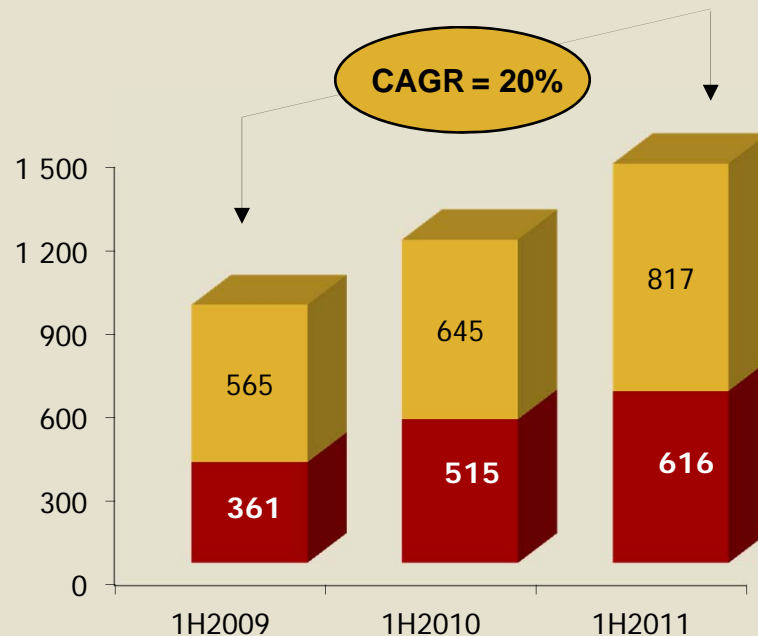


- Higher realized gold prices and increased sales volumes resulted in a 48% y-o-y growth in sales revenue;
- 2-year CAGR amounted to 44%.

- EBITDA showed a 61% YoY growth, with a 2-year CAGR of 35%.

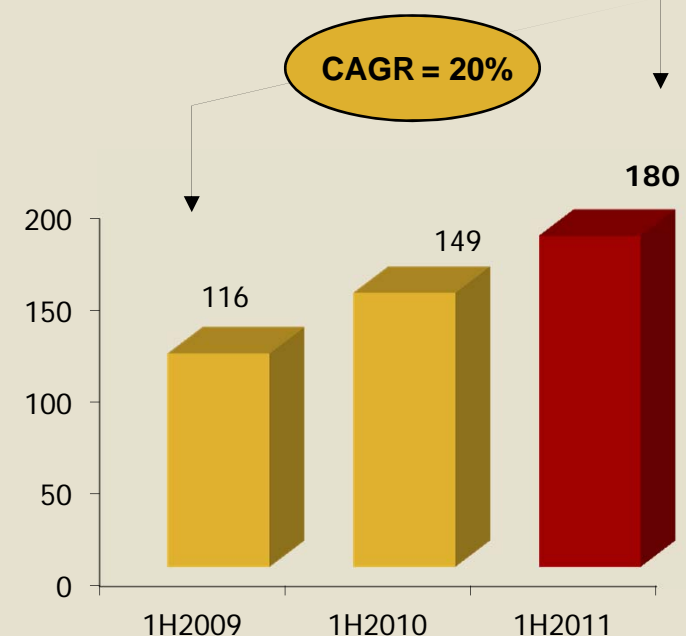
(1) CAGR – Compound annual growth rate.

## Polyus Group TCC and cash margin, USD/oz



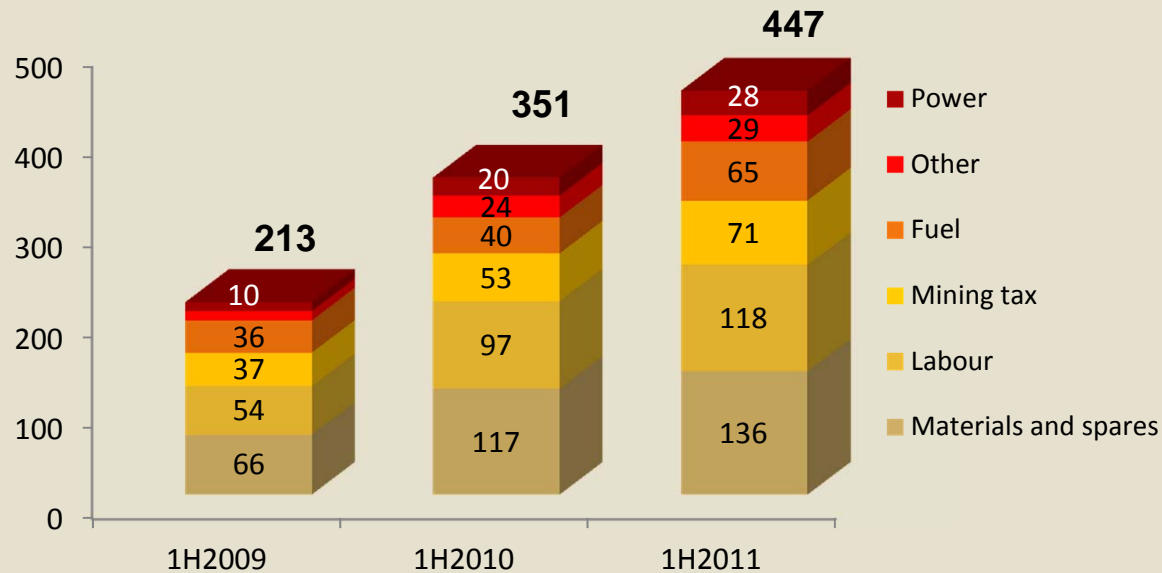
- Expanding cash margin due to gold selling price outpacing growth of cash costs;
- Increase in TCC to USD617/oz mainly driven by:
  - Higher costs for consumables and spares due to increased material requirements and rapid growth of prices for underlying commodities,
  - Increased mining tax charges;
  - Higher labour costs;
  - Increased power costs;
  - Appreciation of the RUB.

## CapEx, USD million



- CapEx of USD 180 mln to support:
  - Construction of Blagodatnoye and Verninskoye;
  - Modernisation of production facilities at Olimpiada;
  - Upgrading and renovation of operating assets in Kazakhstan, etc.

## Cash operating costs, USD million



### Materials and spares:

- Growth of purchase prices for materials and components;
- Ramp-up of Blagodatnoye to full capacity;
- Enhancement of ore processing at Olimpiada, Titimukhta and Kazakhstan mines;
- Increased volumes of sands washing and repair works at alluvial enterprises;
- The RUB appreciation.

### Fuel:

- Increase of prices for diesel fuel, gasoline, and coal in line with the global trend;
- Increased mining operations at Blagodatnoye and Titimukhta;
- intensified operation of the coal power plants,
- Early commencement of mining works at alluvials;
- Exchange rate factor.

### Power:

- Full-scale operation of Blagodatnoye;
- Increase of power consumption at the Yakutia and Kazakhstan mines;
- Increase in electricity tariffs and exchange rate factor.

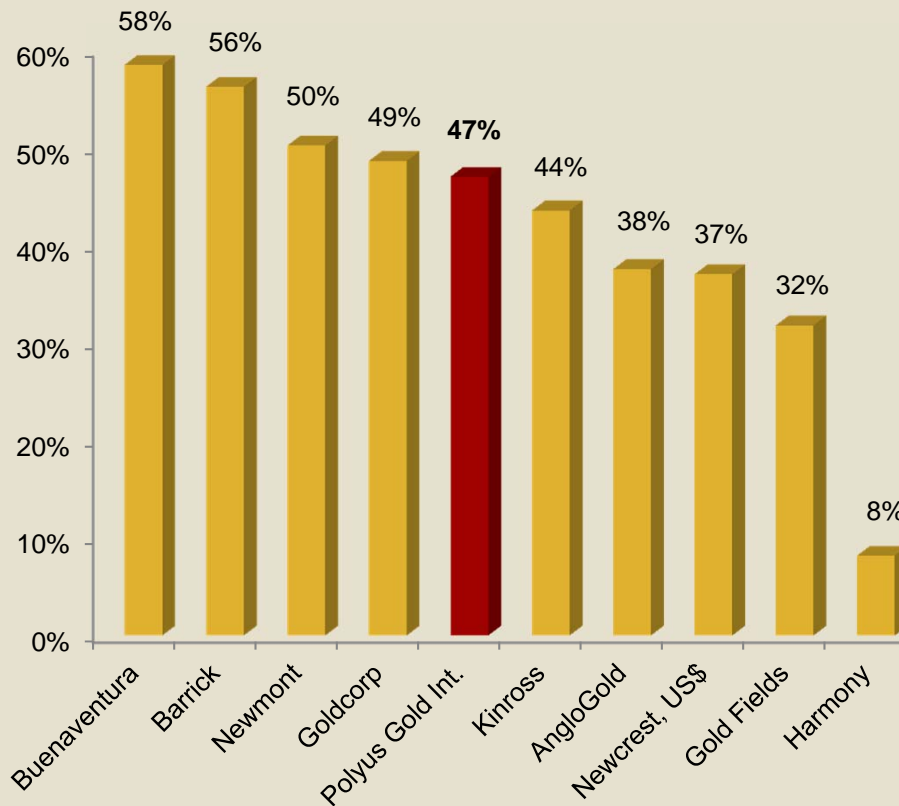
### Labour expenses:

- An increase in the number of personnel at the Krasnoyarsk business unit due to ramp up of Blagodatnoye and Kazakhstan business unit;
- Planned indexation of salaries;
- Appreciation of the RUB relative to the USD;
- Additional payroll costs at the Irkutsk alluvial business unit due to early commencement of mining season.

### Mining tax:

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

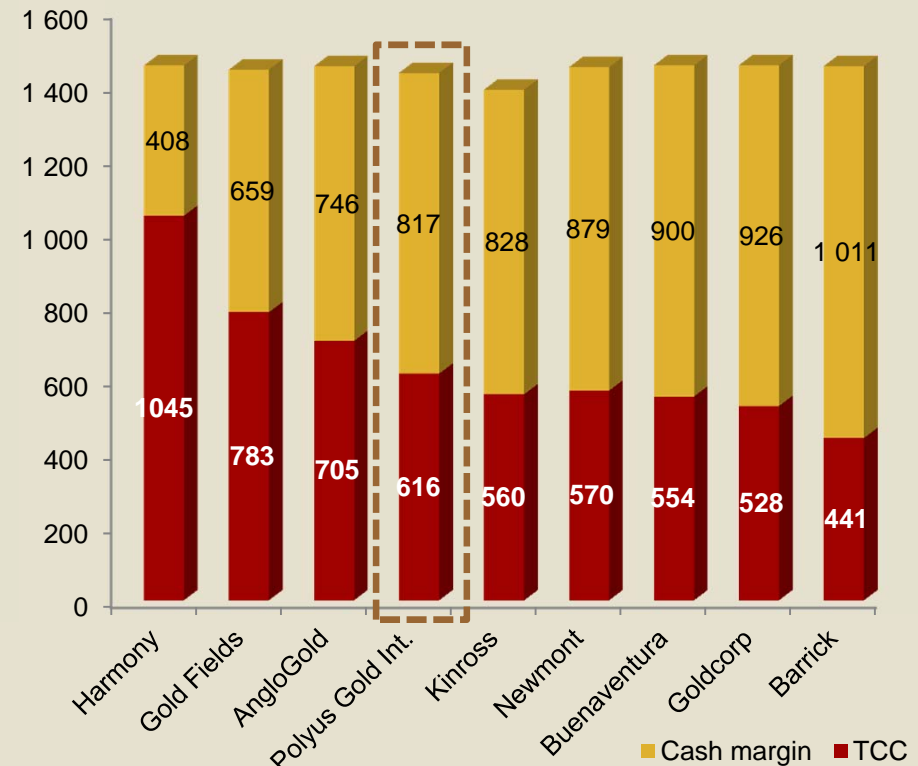
### Gross margin of world's leading producers in 2010, %(<sup>1</sup>)



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

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

### Cash margins and TCCs, USD/oz(<sup>2</sup>)



- Maintaining solid position in the gold mining universe in terms of cash margin
- PGIL and Harmony the only pure-gold producers showing TCC net of by-products

(2) Calculated based on the companies' reported selling prices for 1H2011. Source: companies' web-sites.

- Gold sales volumes increased by 20% to 629 thousand ounces;
- Revenue from gold sales increased by 48% to USD 902 million due to growing gold selling price and enhanced sales volumes, which resulted in improvement of profitability;
- EBITDA increased by 61% to USD 399 million;
- TCC increased to USD616/oz, affected mainly by material costs growth, an increase in mining tax charges on the back of gold price growth as well as increased labour costs and power consumption;
- Capital expenditures increased 15% to USD 170 million to support expansion projects and modernization of operating mines;
- Cash positive with USD 636 million of cash, cash equivalents and ST investments, net cash position of USD 348 million;
- Fully unhedged;
- One of the highest dividend payout ratios in the industry.