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### **Trading update for H1 2007**

OJSC Polyus Gold (RTS, MICEX and LSE – PLZL), Russia's leading gold producer, today released the preliminary production results for H1 2007. During the first six months of 2007 Polyus Gold produced 14.6 tonnes (470 k oz) of refined gold compared to 15.5 tonnes (502 k oz) during the same period last year. The year-on-year decrease is due to pre-scheduled reduction in gold production at Olimpiada mine in Krasnoyarsk region relating to the preparation for a new mill launch there (Mill-3). The decline in reported production is also a result of the fact that some volumes of gold produced by the Olimpiada mine, i.e. 0.498 tonnes (16 k oz) were not refined by the end of the period under review.

The Group's sales volumes for the period amounted to 14.6 tonnes (470 k oz) compared to 15.7 tonnes (504 k oz) for the same period last year. The average gold sales price for the period increased to \$659.7 per oz compared to \$593.7 per oz in H1 2006.

Commenting of the Group's H1 2007 production results General Director of Polyus Gold Pavel Skitovich noted: "We are satisfied with the Group's performance in the period under review. The achieved results give us grounds to confirm our previously-stated production target of 1.2 million ounces of refined gold for the full year 2007. Excellent results were shown by alluvial operations where production targets were exceeded substantially".

During the period under review Polyus Gold's production units mined 5 667 k tonnes of ore, compared to 6 497 k tonnes in H1 2006. Ore processed in H1 2007 amounted to 4 614 k tonnes compared to 4 050 k tonnes last year.

During the first six months of 2007 the Group continued its large-scale exploration activities in all areas of Polyus Gold's operations. The volume of drilling works amounted to 185.7km, which is a three-fold year-on-year increase, compared to 56.1km drilled in H1 2006.

## H1 2007 Operating Highlights

	H1 2007	H1 2006	FY 2006
<b>Ore mining (in '000 tonnes or as noted)</b>			
<b>Olimpiada mine</b>			
Mining of ore			
<i>Oxidized ore</i>	834	869	1 646
<i>Sulfide ore</i>	2 290	3 481	6 389
	<b>3 124</b>	<b>4 350</b>	<b>8 035</b>
Average gold grade (g/tonne)			
<i>Oxidized</i>	14.1	14.1	14.3
<i>Sulfide</i>	5.4	3.6	4.3
<b>Kuranakh mine</b>			
Mining of ore	<b>2 151</b>	<b>1 763</b>	<b>3 847</b>
Average gold grade (g/tonne)	1.4	1.5	1.5
<b>Zapadnoye mine</b>			
Mining of ore	<b>392</b>	<b>384</b>	803
Average gold grade (g/tonne)	2	1.9	2
<b>Total ore mined</b>	<b>5 667</b>	<b>6 497</b>	<b>12 685</b>
<b>Ore processing (in '000 tonnes or as noted)</b>			
<b>Olimpiada mine</b>			
Processing of ore			
<i>Oxidized ore</i>	741	754	1 511
<i>Sulfide ore</i>	1 731	1 403	3 046
	<b>2 472</b>	<b>2 157</b>	<b>4 557</b>
Average gold grade (g/tonne)			
<i>Oxidized</i>	9.5	12.1	12.1
<i>Sulfide</i>	3.4	3.53	3.57
Recovery (%)			
<i>Oxidized</i>	95.5	96.7	96.9
<i>Sulfide</i>	82.2	82.1	82.1
<b>Kuranakh mine</b>			
Ore processed at the mill	<b>1 858</b>	<b>1 678</b>	<b>3 737</b>
Average gold grade (g/tonne)	1.4	1.6	1.5
Recovery (%)	86.4	86.5	86.5
<b>Zapadnoye mine</b>			
Ore processed	<b>284</b>	<b>215</b>	<b>522</b>
Average gold grade (g/tonne)	2.3	2.4	2.4
Recovery (%)	73	67	76.5
<b>Total ore processed</b>	<b>4 614</b>	<b>4 050</b>	<b>8 816</b>
<b>Alluvial deposits</b>			
Sands washed (million cubic meters)	2.5	2.4	<b>9.4</b>
Average gold grade (g/ m <sup>3</sup> )	0.6	0.5	0.6
<b>Gold production (k oz)</b>			
<b>Olimpiada mine</b>	<b>347</b>	<b>392</b>	<b>854</b>
<b>Kuranakh mine</b>	<b>69</b>	<b>71</b>	<b>156</b>
<b>Zapadny mine</b>	<b>16</b>	<b>13</b>	<b>32</b>
<b>Alluvials</b>	<b>37</b>	<b>26</b>	<b>172</b>

Note: 1 – The total gold production of the Group include insignificant volumes of the metal obtained as a result of waste clean-up at non-operational Nezhdaninskoye Mine.

### **Olimpiada mine (Krasnoyarsk region)**

Gold output at Polyus Gold's key production unit, Olimpiada Mine amounted to 10.8 tonnes (347 k oz) in H1 2007, compared to 12.2 tonnes (392 k oz) for the same period last year. This planned reduction of gold production volumes at Olimpiada Mine was the result of a continued depletion of oxide ore reserves and lower grades.

In the period under review the Company's key production development project was completed. A new ore processing plant (Mill-3) at Olimpiada Mine was launched. The largest sulfide ore processing plant in Russia with a capacity of 5 million tonnes of ore per year was commissioned in July this year. Mill-3 launch is expected to boost the volume of sulfide ore processing at Olimpiada in H2 2007.

### **Kuranakh mine (Yakutia)**

Kuranakh mine in the Sakha Republic (Yakutia) produced 2.1 tonnes (69 k oz) of refined gold in the first six months of 2007, compared to 2.2 tonnes (71 k oz) for the same period last year. This insignificant reduction in production was caused by lower grades in the ore mined. Mill upgrades completed in the beginning of 2007 will help to reach the mine's production targets set for the year 2007.

### **Zapadnoye mine (Irkutsk region)**

Gold production at Zapadnoye Mine in H1 2007 amounted to 0.5 tonnes (16 k oz), compared to 0.4 tonnes (13 k oz) in the same period last year. The continued increase in Zapadnoye mine production is a result of on-going efforts to upgrade mining and processing techniques there.

### **Alluvials (Irkutsk region)**

Gold production at alluvial deposits in Irkutsk region in the first six months of 2007 amounted to 1.1 tonnes (37 k oz) of gold compared to 0.8 tonnes (26 k oz) in the same period last year. This substantial growth in gold production is a result of the recent programme aimed at streamlining the organizational and production structure of the alluvial operations, new appointments, as well as higher gold grades of the sands.