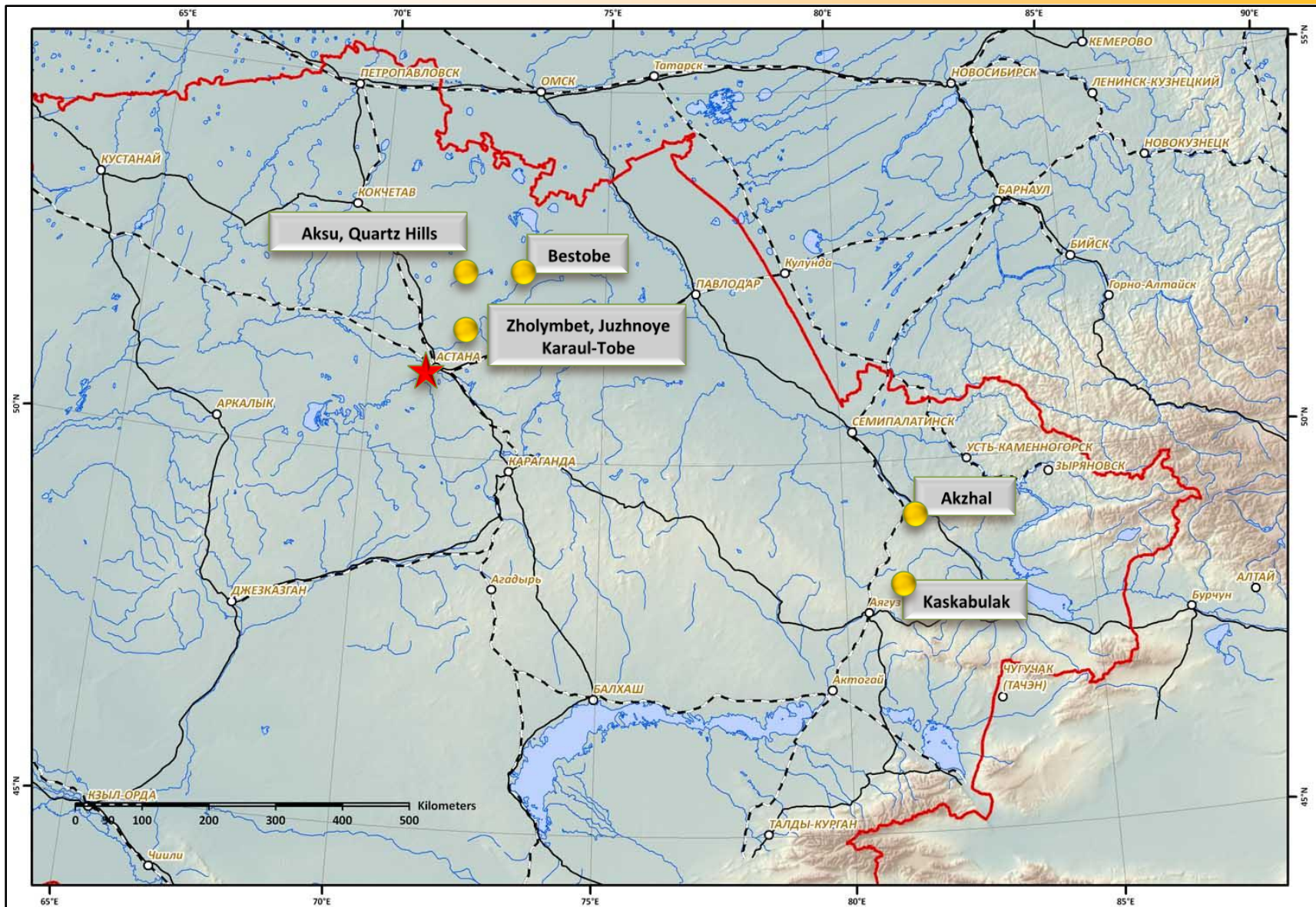


# **JSC MMC Kazakhaltyn: Key directions of the development**

- ✓ JSC MMC Kazakhaltyn is one of the oldest hard rock gold mining enterprises of Kazakhstan. Since its creation in 1929 318,8 tonnes of gold have been mined at the company's key deposits: Bestobe, Zholymbet, Aksu and Quartz Hills.
- ✓ The company holds and controls 7 subsoil use contracts in Republic of Kazakhstan:
  1. Contract # 145 for mining at Aksu, Bestobe, Zholymbet and Quartz Hills.
  2. Contract # 761 for exploration and mining of technogenic mineral formations (flotation tailings) at the Bestobe deposit.
  3. Contract # 762 for exploration and mining of technogenic mineral formations (flotation tailings) at the Aksu deposit.
  4. Contract # 917 for exploration and mining of technogenic mineral formations (flotation tailings) at the Zholymbet deposit.
  5. Contract # 2527 for exploration at the Juzhnoye Karaul-Tobe deposit.
  6. Contract # 2526 for exploration at the Kaskabulak deposit.
  7. Contract # 77 for mining at the Akzhal deposit.
- ✓ In August 2009 Polyus bought the controlling stake of the company's shares
- ✓ In 2009 72.8 k ounces of gold were produced on the company's deposits.
- ✓ The company has a high potential of reserves increase



# Location of the Company's assets



**Akmola region: Aksu, Quartz Hills, Bestobe, Zholymbet and Juzhnoye Karaul-Tobe**  
**East Kazakhstan region: Akzhal and Kaskabulak**

## Exploration:

- 1) implementation of the investment program in the amount of USD 30,5 mln, aimed at increasing of reserves (148.7 km to be drilled);
- 2) JORC reserves to reach at least 8 m oz by end of 2010; and at least 10 m oz by end of 2011;

## Production:

- 1) in 2010 the output to be 4.1 tonnes of gold in product;
- 2) implementation of the investment program in the amount of USD 35.4 mln, including the most important events:
  - 1) construction of the crushing complex at Zholymbet mine;
  - 2) upgrading of heap leaching at Aksu mine;
  - 3) assembling of mill # 8 at Bestobe mine.



## **Elaboration of company development strategy**

At present, several development models are worked out which differ in implementation time and rate of increase in production volume and reserves in company balance. It is to be noted that, a multiple principle of production increase was taken as a basis for all models.

After a thorough analysis these models are to be submitted to the Board of Directors which will take the decision to approve the company development strategy.



The following principal directions of development taken as a basis for all projects of development model need a separate mentioning:

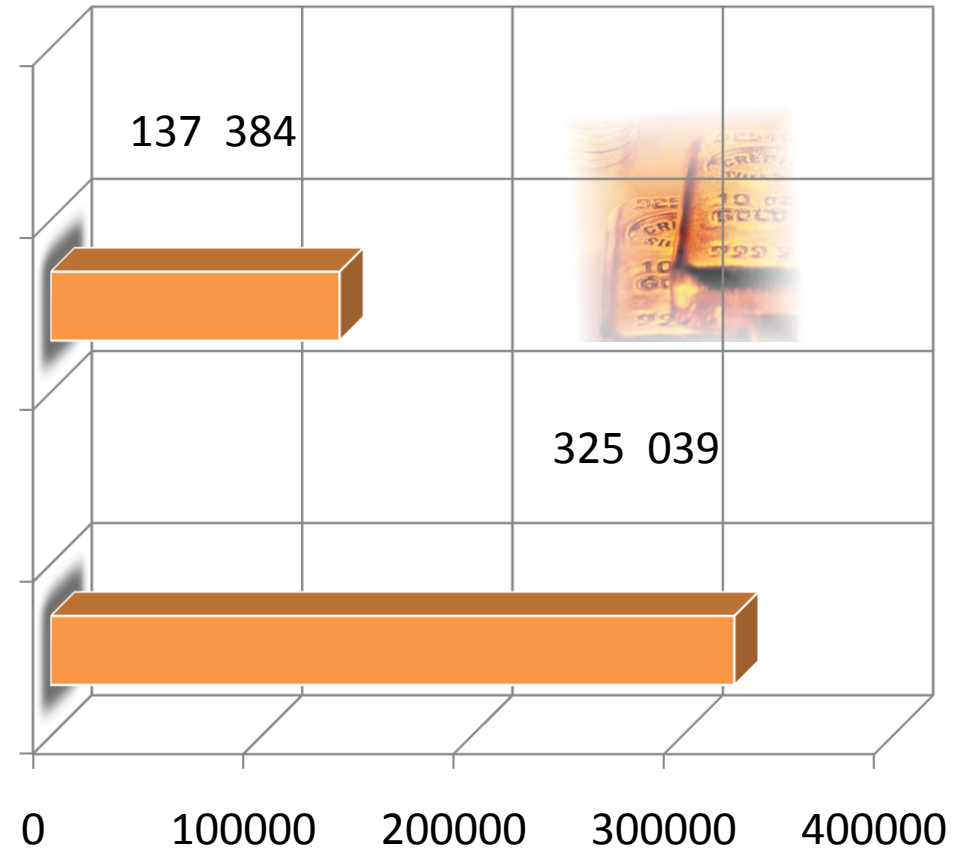
## **In exploration area:**

- ✓ Exploration works on all deposits with possible increase of reserves both for open pit and underground mining.
- ✓ Increase of underground ore mining involving mining of zone type deposits with perspective increase in production volume and reduce in production costs.
- ✓ Reserves mining for open pit to the depth of 100-150 m from surface with perspective of mining up to 300m.
- ✓ Applying of technogenic mineral formations in mining of reserves. (flotation tailings)



### Expected reserves increase following the results of exploration works in 2010.

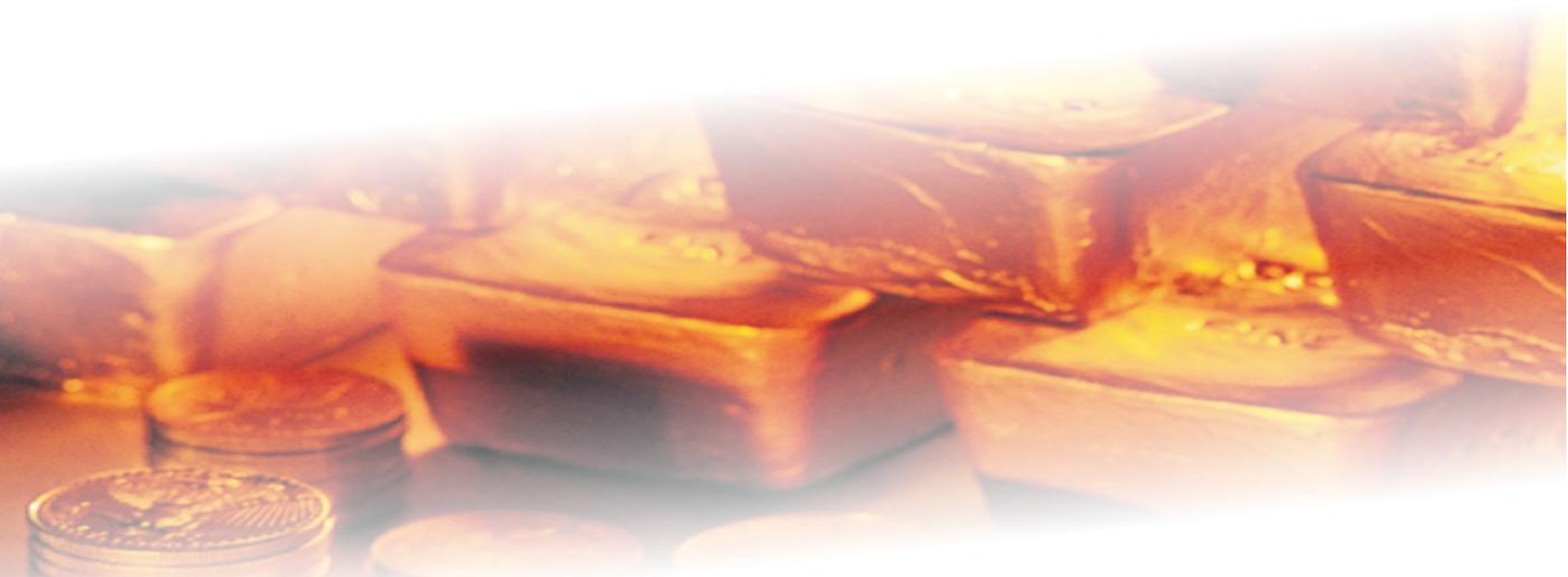
Reserves in company balance as of 01.01.2009 Au, kg



Expected reserves as of 01.01.2011 Au, kg

## Plans for 2010-2015 in production area:

- ✓ Upgrading of operating plants and productive capacities.
- ✓ Launch of new capacities for underground and open pit mining.
- ✓ Construction of heap leaching facilities.
- ✓ Construction of new plants.



One of the principal directions of company activity is development of social partnership:

- ✓ On January 28, 2010 “MMC Kazakhaltyn” JSC and Akimat of Akmola region signed a Memorandum on Mutual Cooperation;
- ✓ On March 02, 2010 “MMC Kazakhaltyn” JSC approved the Collective Agreement for 2010-2012 on a labor collective conference;
- ✓ Company maintains financing of development of design and estimate documentation for reconstruction of water supply system in Bestobe village;
- ✓ Patronage over Stepnogorsk Mine Technical College.



Implementation of strategic development plans of the Company is connected with significant financial expenses. In 2010 company plans effecting of investment expenses in the amount of USD 65.9 mln. During the period of implementation (depending on approved development model) the investments for “MMC kazakhaltyn” JSC will be approximately USD 600 mln.

In accordance with initial scheme of the transaction to acquire 50.1% of KazakhGold Group Limited, at present additional share issue in the amount of USD 100 mln is being completed. The main shareholder - Polyus Gold is ready to allot this amount for repurchase of whole additional share issue.

This operation is aimed to ensure the starting of projects implementation provided by the development strategy.



Following the results of implementation of exploration program the significant growth of mineral resources base and investments for new plants is expected.

As a part of Polyus Group the Company will be among the largest world gold ore enterprises in terms of reserves and production volume.

Implementation of signed documents in social partnership area will ensure improvement of social welfare of employees and prove the high status of social responsibility of joint Company.



**Thank you for your attention!**