

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. PART II OF THIS DOCUMENT COMPRISES AN EXPLANATORY STATEMENT IN COMPLIANCE WITH ARTICLE 126 OF THE COMPANIES (JERSEY) LAW. If you are in any doubt as to the contents of this document or what action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the FSMA or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

If you sell or otherwise transfer or have sold or otherwise transferred all of your Polyus Gold Securities or any beneficial interest therein, you should immediately forward this document and the accompanying documents (including the Forms of Proxy or the Voting Instruction Form, as applicable, and Forms of Share Delivery Instruction or Forms of Election and Delivery Instruction, as applicable) to the purchaser or transferee, or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, these documents should not be forwarded or transmitted (in whole or in part) in, into or from any jurisdiction in which such act would constitute a violation of the relevant laws of such jurisdiction. If you sell or otherwise transfer or you have sold or otherwise transferred only part of your holding of, or beneficial interest in, Polyus Gold Securities, you should retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document and/or the accompanying documents in or into jurisdictions other than the United Kingdom, the United States and Jersey may be restricted by law and therefore this document and/or the accompanying documents may not be distributed or published in any jurisdiction except in compliance with any applicable laws and regulations. Persons into whose possession this document and/or the accompanying documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

POLYUS GOLD INTERNATIONAL LIMITED

Recommended Proposals to establish

Polyus Gold plc

as the holding company of the Polyus Gold Group

by means of a Scheme of Arrangement

under Article 125 of the Companies (Jersey) Law 1991

and

Notices of Court Meeting and Scheme General Meeting

Polyus Gold Securityholders should read the whole of this document. Capitalised terms in this document have the meanings ascribed to them in the section of this document headed “Definitions” in Part V. References to times are to London time unless otherwise stated.

Your attention is drawn to the letter from the Chairman of Polyus Gold in Part I of this document, which contains the unanimous recommendation of the Board that you vote in favour of the Scheme at the Court Meeting and the Resolutions to be proposed at the Scheme General Meeting. A letter from J.P. Morgan Cazenove explaining the Scheme, which constitutes an Explanatory Statement in compliance with Article 126 of the Companies (Jersey) Law, appears in Part II of this document.

Meetings to consider the Proposals contained in this document will be held on 28 October 2011. The Court Meeting will start at 2.00 p.m. on 28 October 2011 and the Scheme General Meeting at 2.15 p.m. (or as soon thereafter as the Court Meeting concludes or is adjourned). Notices of the Court Meeting and the Scheme General Meeting, each of which will be held at 88 Wood Street, London EC2V 7RS, are set out in Part VI of this document.

The action to be taken by Polyus Gold Securityholders in respect of the Meetings is set out in paragraph 11 of Part II of this document.

Polyus Gold Shareholders will find enclosed with this document a yellow Form of Proxy for use in connection with the Court Meeting and a green Form of Proxy for use in connection with the Scheme General Meeting. Whether or not a Polyus Gold Shareholder intends to be present at the Meetings in person, they should complete and sign both of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to Polyus Gold's Registrars, Computershare, at Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES as soon as possible and, in any event, so as to be received by 2.00 p.m. on 26 October 2011 with respect to the yellow Form of Proxy and 2.15 p.m. on 26 October 2011 with respect to the green Form of Proxy. Forms of Proxy returned by fax will not be accepted. If the yellow Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or to Polyus Gold's Registrars, Computershare, prior to the start of the Court Meeting. However, in the case of the Scheme General Meeting, unless the green Form of Proxy for use in connection with the Scheme General Meeting is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of the relevant Form of Proxy will not prevent a Polyus Gold Shareholder from attending and voting in person at the Court Meeting or the Scheme General Meeting, or any adjournment thereof, if they so wish and are so entitled.

Polyus Gold GDR Holders who do not wish to attend and vote in person should complete (i) in the case of Polyus Gold GDR Holders holding Polyus Gold GDRs in the clearance systems, the voting instruction sent to them by the relevant clearance system and (ii) in the case of Polyus Gold GDR Holders holding Polyus Gold GDRs outside the clearance systems, a white Voting Instruction Form for use in connection with the Court Meeting and the Scheme General Meeting in relation to the Polyus Gold Shares represented by their Polyus Gold GDRs as soon as possible and, in any event, so as to be received by the Depositary no later than 5.00 p.m. (New York time) on 21 October 2011. Polyus Gold GDR Holders holding Polyus Gold GDRs in the clearance systems must return the voting instruction via the relevant clearance system and Polyus Gold GDR Holders holding Polyus Gold GDRs outside the clearance systems must return the white Voting Instruction Form to the Depositary at the following address: Proxy Tabulator for Polyus Gold International Limited, P.O. Box 8016, CARY, NC 27512-9903. Polyus Gold GDR Holders who hold Polyus Gold GDRs indirectly must rely on the procedures of their bank, broker or financial institution through which they hold their Polyus Gold GDRs.

Subject to the terms and conditions of the Deposit Agreement and the Voting Instruction Form, Polyus Gold GDR Holders may vote on the resolutions and participate directly in the Court Meeting and the Scheme General Meeting by surrendering their Polyus Gold GDRs and receiving delivery of the underlying Polyus Gold Shares. If Polyus Gold GDR Holders wish to vote in their own right at the Court Meeting and Scheme General Meeting and participate directly in the Court Meeting and the Scheme General Meeting, they must ensure that they are registered on the Polyus Gold share register as a Polyus Gold Shareholder by 6.00 p.m. on 26 October 2011. If Polyus Gold GDR Holders wish to surrender their Polyus Gold GDRs and receive delivery of underlying Polyus Gold Shares, they must deliver their Polyus Gold GDRs for cancellation to the Depositary's Corporate Trust account at DTC, number 2504, and pay the surrender fee stipulated in the Deposit Agreement (USD 0.05 per Polyus Gold GDR), plus all applicable taxes and governmental charges. Polyus Gold GDR Holders should contact their broker for additional information about the applicable deadline for surrendering their Polyus Gold GDRs and payment of the surrender fee. Polyus Gold GDR Holders may also contact the Polyus Gold Securityholder helpline, as referred to below, with any questions.

It is currently expected that New Polyus Gold will set up a Level I American Depositary Shares programme for New Polyus Gold, with the American Depositary Shares (“**New Polyus Gold ADSs**”) trading only on the US over-the-counter (“**OTC**”) market. The establishment of the New Polyus Gold ADS programme will require the registration of the New Polyus Gold ADSs with the SEC, and there is no guarantee that the New Polyus Gold ADS programme will be established. Each New Polyus Gold ADS will represent one New Polyus Gold Share. *The New Polyus Gold ADSs will not be listed on any securities exchange and the proposed New Polyus Gold ADS programme will be subject to a cap of 4.99 per cent. of the aggregate number of New Polyus Gold Shares in issue reduced by the number of New Polyus Gold Shares held by the Depositary pending their distribution or sale and which are not represented by New Polyus Gold ADSs* (the “**Maximum Number of New Polyus Gold ADSs**”).

Upon effectiveness of the Scheme and surrender of its Polyus Gold GDRs, each Polyus Gold GDR Holder will become entitled to receive New Polyus Gold Shares or New Polyus Gold ADSs, as it may elect by completing and delivering a Form of Election and Delivery Instruction. A Polyus Gold GDR Holder who holds Polyus Gold GDRs on the Scheme Record Date and whose Form of Election and Delivery Instruction is not received by BNY Mellon Shareowner Services by 5.00 p.m. (New York time) on 4 November 2011 will be deemed to have elected to receive its New Polyus Gold Shares (a “**Deemed Election**”) in the form of: (i) New Polyus Gold ADSs in its DTC account, subject to the establishment and availability of the New Polyus Gold ADS programme, if such Polyus Gold GDR Holder holds its Polyus Gold GDRs through DTC (“**DTC GDR Holder**”); (ii) New Polyus Gold Shares in its Euroclear or Clearstream account, if such Polyus Gold GDR Holder holds its Polyus Gold GDRs through a participant in Euroclear or Clearstream (“**Euroclear/Clearstream GDR Holder**”); or (iii) certificated New Polyus Gold Shares, if such Polyus Gold GDR Holder holds its Polyus Gold GDRs in certificated form (“**Direct GDR Holder**”). DTC GDR Holders who wish to receive New Polyus Gold Shares should ensure that they complete the Form of Election and Delivery Instruction by the required time. Upon the submission of a Form of Election and Delivery Instruction by a holder of Polyus Gold GDRs, such holder’s Polyus Gold GDRs will become blocked in the relevant electronic clearance system where the GDRs are held and will not be available for sale or transfer. Subject to the registration of the New Polyus Gold ADSs with the SEC, the New Polyus Gold ADSs will be distributed (i) first, to those DTC GDR Holders who, upon surrender of their Polyus Gold GDRs, do not deliver their Form of Election and Delivery Instructions (the “**ADS-Electing DTC Holders**”), and (ii) secondly, subject to availability of the New Polyus Gold ADSs, the remaining New Polyus Gold ADSs will be distributed to Euroclear/Clearstream GDR Holders and Direct GDR Holders, who completed a Form of Election and Delivery Instruction in order to elect to receive New Polyus Gold ADSs (the “**Requesting GDR Holders**” and together with the ADS-Electing DTC Holders, the “**Electing GDR Holders**”). If the number of New Polyus Gold ADSs to be distributed to Electing GDR Holders exceeds the Maximum Number of New Polyus Gold ADSs, then (i) first, the New Polyus Gold ADSs will be distributed to the ADS-Electing DTC Holders, and, should the number of such New Polyus Gold ADSs exceed the Maximum Number of New Polyus Gold ADSs, the ADS-Electing DTC Holders will receive the New Polyus Gold ADSs on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares, subject to surrendering their Polyus Gold GDRs and providing relevant delivery instructions, and (ii) secondly, the remaining New Polyus Gold ADSs, if any, will be distributed to the Requesting GDR Holders on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares. If no valid delivery instructions are received by the Depositary from the DTC GDR Holders in the four months following the date on which the Polyus Gold GDR facility is terminated, which is expected to be the same date as the Scheme Effective Date, then the Depositary may sell any remaining New Polyus Gold Shares that it holds on behalf of such DTC GDR Holders by public or private sale and such DTC GDR Holders will be entitled to receive their proportionate share of the net proceeds of any such sale, after deduction of expenses and applicable taxes, upon surrender of their Polyus Gold GDRs. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme. There is no guarantee as to the price at which the Depositary will be able

to sell such New Polyus Gold Shares in the market. After such a sale, the Depositary will hold the net proceeds it received from the sale, as well as any other cash it is holding under the Deposit Agreement for the *pro rata* benefit of the DTC GDR Holders that have not surrendered their Polyus Gold GDRs. The Depositary will not invest the money and will have no liability for interest.

Stamp duty reserve tax (“SDRT”) may be payable at the rate of 1.5 per cent. of the value of the Polyus Gold GDRs that are surrendered for delivery of New Polyus Gold ADSs, which may be refundable in the event of a successful outcome of the litigation referred to in paragraph 15 of Part III of this document. SDRT liability, if any, will be borne by the Polyus Gold GDR Holders to whom the New Polyus Gold ADSs are issued and must be paid as a condition of receiving New Polyus Gold ADSs.

Important note for DTC GDR Holders: As the New Polyus Gold ADS programme is limited to the Maximum Number of New Polyus Gold ADSs, if you are a DTC Holder and are contemplating not completing a Form of Election and Delivery Instruction because you would like to receive New Polyus Gold ADSs, you are strongly advised to complete the Form of Election and Delivery Instruction with your CREST account details or provide delivery details for the New Polyus Gold Shares. If it is not possible to distribute to you the number of New Polyus Gold ADSs that you would be entitled to receive because the Maximum Number of New Polyus Gold ADSs has been reached and New Polyus Gold Shares will have to be delivered to you, the Depositary, in the absence of CREST account details or other delivery details in a completed Form of Election and Delivery Instruction, will not be able to deliver the New Polyus Gold Shares to you. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme.

If you are an ADS-Electing DTC Holder and receive New Polyus Gold ADSs upon the Scheme becoming effective, you should note that if you subsequently wish to convert your New Polyus Gold ADSs into New Polyus Gold Shares, you will be required to pay a cancellation fee of USD 0.05 per Polyus Gold ADS to the depositary for the New Polyus Gold ADS programme.

If Polyus Gold Shareholders have any questions about this document, the Court Meeting, the Scheme General Meeting or the Proposals or are in any doubt as to how to complete the Forms of Proxy or Forms of Share Delivery Instruction or wish to receive an additional copy of any of these documents, they should call the Polyus Gold Securityholder helpline between 9.00 a.m. and 5.00 p.m. (London time) Monday to Friday (except UK public holidays) on 0870 873 5845 (from within the UK) or +44 870 873 5845 (from outside the UK). Calls will be charged at a standard rate from a BT landline. Calls to the Polyus Gold Securityholder helpline from outside the UK will be charged at international rates. Other telephone provider costs may vary. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Proposals. You will need to contact an independent financial or legal adviser for such advice. If Polyus Gold GDR Holders have any questions about this document, the Voting Instruction Form or the Form of Election and Delivery Instruction, they should call the Polyus Gold Securityholder helpline at BNY Mellon Shareowner Services between 9.00 a.m. and 6.00 p.m. (New York time) Monday to Friday (except bank holidays) on 1-866-300-4353 (from within the US, Canada or Puerto Rico) or 1-201-680-6921 (from outside the US). Calls to the Polyus Gold Securityholder helpline from outside the US will be charged at international rates, other telephone provider costs may vary. Please note that the helpline cannot provide financial, legal or tax advice.

It is intended that an application be made to the UK Listing Authority for all of the New Polyus Gold Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the New Polyus Gold Shares to be admitted to trading on the London Stock Exchange’s main market for listed securities. If the Scheme proceeds as presently envisaged, it is expected that dealings in Polyus Gold Shares and Polyus Gold GDRs will continue until close of business on 4 November 2011 and that Admission will become effective, and that dealings in the New Polyus Gold Shares on the London Stock Exchange’s main market for listed securities will commence, at 8.00 a.m. on or about 9 November 2011. The making of such applications remains subject to the completion of a number of preparatory steps that Polyus Gold is currently progressing, as

well as the Directors' ongoing assessment of the suitability of stock market conditions, and consequently the above timings are given for indicative purposes only. If Admission and dealings in New Polyus Gold Shares on the London Stock Exchange are significantly delayed, then Polyus Gold will make an announcement to this effect, which may include details of how the postponement may affect the delivery instructions given in the Form of Election and Delivery Instruction.

No person has been authorised to give any information or make any representations other than those contained in this document and, if given or made, such information or representations must not be relied upon as having been so authorised. The contents of this document are not to be construed as legal, business or tax advice. Each prospective investor should consult his own independent legal, financial or tax adviser for legal, financial or tax advice.

J.P. Morgan Cazenove, which is authorised and regulated in the UK by the Financial Services Authority, is acting exclusively for Polyus Gold and New Polyus Gold and no one else in connection with the Proposals and will not regard any other person (whether or not a recipient of this document) as its client in relation to the Proposals and will not be responsible to anyone (whether or not a recipient of this document) other than Polyus Gold and New Polyus Gold for providing the protections afforded to clients of J.P. Morgan Cazenove or for providing advice in connection with the Proposals or any transaction matter or arrangement referred to herein. Apart from the responsibilities and liabilities, if any, which may be imposed on J.P. Morgan Cazenove by the FSMA or by the regulatory regime established thereunder, J.P. Morgan Cazenove accepts no responsibility whatsoever for the contents of this document, including its accuracy or completeness or for any other statement made or purported to be made by it, or on its behalf, in connection with Polyus Gold, New Polyus Gold or the Proposals. J.P. Morgan Cazenove accordingly disclaims all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this document or any such statement.

THIS DOCUMENT IS NOT A PROSPECTUS BUT A SHAREHOLDER CIRCULAR AND DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY ANY SECURITY. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED, SUBSCRIBED FOR, PURCHASED, EXCHANGED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

Securities may not be offered or sold in the United States unless they are registered under the US Securities Act or are exempt from such registration. The New Polyus Gold Shares will not be, and are not required to be, registered with the SEC under the US Securities Act, and will be issued in reliance upon the exemption from registration provided by Section 3(a)(10) thereof. **Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Polyus Gold Shares or passed on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.**

The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no prospectus in relation to Admission has been, or will be, lodged with, or registered by The Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to Admission. Accordingly, subject to certain exceptions, the New Polyus Gold Shares may not, directly or indirectly, be offered or sold within Canada, Australia or Japan or offered or sold to a resident of Canada, Australia or Japan.

INFORMATION FOR UNITED STATES SHAREHOLDERS

In the United States, this document is being furnished to Polyus Gold Securityholders solely to explain the Proposals and describe the action recommended to be taken by Polyus Gold Securityholders in relation to the Court Meeting and the Scheme General Meeting. This document is personal to each Polyus Gold Securityholder and does not constitute an offer to any person or to the public generally to subscribe for or otherwise acquire New Polyus Gold Shares or New Polyus Gold ADSs. This document is not an offer of securities for sale in the

United States. The New Polyus Gold Shares to be issued to Polyus Gold Securityholders in connection with the Scheme will not be registered with the SEC under the US Securities Act, and will be issued in reliance upon the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) thereof. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Polyus Gold Shares issued pursuant to the Scheme, Polyus Gold will advise the Jersey Court that it will rely on the Section 3(a)(10) exemption based on the Jersey Court's sanctioning of the Scheme, which will be relied upon by Polyus Gold as an approval of the Scheme following a hearing on its fairness to Polyus Gold Shareholders at which hearing all such Polyus Gold Shareholders (as well as Polyus Gold GDR Holders) will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme by the Jersey Court and with respect to which notification has been or will be given to all such Polyus Gold Securityholders.

The New Polyus Gold Shares have not been and will not be registered on a United States securities exchange or quoted on any inter-dealer quotation system in the United States. Polyus Gold expects that New Polyus Gold will not intend to take any action to facilitate a market in New Polyus Gold Shares in the United States and consequently Polyus Gold believes that it is unlikely that an active trading market in the United States will develop for the New Polyus Gold Shares.

The New Polyus Gold Shares will not be registered under the securities laws of any state of the United States, and will be issued in the United States pursuant to the Scheme in reliance on available exemptions from such state law registration requirements.

The New Polyus Gold Shares issued pursuant to the Scheme relate to shares of a company incorporated in England and Wales and are to be issued by way of a scheme of arrangement provided for under the laws of Jersey. The Scheme is subject to the disclosure requirements and practices applicable in Jersey to schemes of arrangement, which differ from the disclosure and other requirements of US securities laws.

US Shareholders should note that no appraisal or similar rights of dissenting shareholders will apply in connection with the Scheme as none are required as a matter of Jersey law.

Enforceability of judgments

Polyus Gold is a public limited company incorporated under the laws of Jersey and New Polyus Gold is a public limited company incorporated under the laws of England and Wales. Substantially all of the directors of New Polyus Gold and Polyus Gold are citizens or residents of countries other than the United States. Substantially all of the assets of such persons and substantially all of the assets of the Polyus Gold Group are located outside the United States. As a result, it may not be possible to effect service of process within the United States upon such persons or New Polyus Gold and/or Polyus Gold, or to enforce against them judgments of US courts, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States. There is substantial doubt as to the enforceability in the United Kingdom and Jersey in original actions or in actions for enforcement of judgments of US courts, based on the civil liability provisions of US federal securities laws.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR

CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE EXCHANGE, INCLUDING THE MERITS AND RISKS INVOLVED. THESE SECURITIES HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE.

Cautionary note regarding forward-looking statements

This document includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “annualised”, “goal”, “target”, “aim”, “may”, “will”, “would”, “could” or “should” or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and they include statements regarding the intentions, beliefs or current expectations of the Directors, New Polyus Gold or the Polyus Gold Group concerning, amongst other things, the results of operations, expectations in respect of the Proposals, financial condition, liquidity, prospects, growth, strategies and dividend policy of the Polyus Gold Group and the industries and markets in which it operates.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Polyus Gold Group’s ability to control or predict. Forward-looking statements are not guarantees of future performance. The Polyus Gold Group’s actual results of operations, financial condition, liquidity, dividend policy and the development of the industries and markets in which it operates may differ materially from the impression created by the forward-looking statements contained in this document. In addition, even if the results of operations, financial condition, liquidity and dividend policy of the Polyus Gold Group, and the development of the industries and markets in which it operates, are consistent with the forward-looking statements contained in this document, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include those discussed in this document and in the Exchange Offer Prospectus, particularly in the section of the Exchange Offer Prospectus entitled “Risk Factors” (all such factors, and cautionary statements with respect thereto, collectively, the “**Cautionary Statements**”). All subsequent written and oral forward-looking statements attributable to the Polyus Gold Group or persons acting on behalf of the Polyus Gold Group are expressly qualified in their entirety by such Cautionary Statements.

Except as required by the Listing Rules, the Disclosure and Transparency Rules, the Prospectus Rules, the London Stock Exchange or otherwise required by law or regulation, Polyus Gold expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in Polyus Gold expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Your attention is drawn to the risks relating to the Proposals and the New Polyus Gold Shares set out in paragraph 10 of Part III of this document.

You are advised to read this document in its entirety for a further discussion of the factors that could affect the Proposals and the New Polyus Gold Shares. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

The New Polyus Gold Prospectus, relating to New Polyus Gold and Admission, will be made available in electronic form on the Polyus Gold Group's website at www.polyusgold.com following approval by the FSA (currently not expected before 31 October 2011), and may be inspected at the offices of Polyus Gold's solicitors, Debevoise & Plimpton LLP, at Tower 42, Old Broad Street, London EC2N 1HQ United Kingdom, and at the registered office of Polyus Gold at Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until Admission. Copies may also be obtained free of charge, by writing to the registered office of Polyus Gold (2nd floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES), to the registered office of New Polyus Gold (88 Wood Street, London EC2V 7RS) or to Polyus Gold's Registrars, Computershare, at their offices at Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES. The New Polyus Gold Prospectus will not be available prior to the Court Meeting or the Scheme General Meeting. **You will not be required to take any action in relation to the New Polyus Gold Prospectus as this Scheme Document contains all material information necessary to evaluate the Scheme.**

Rounding

Some financial and other numerical information in this document has been rounded and, as a result, the numerical figures shown as totals in this document may vary slightly from the exact arithmetic aggregation of the figures that precede them.

No profit forecast

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per share for the current or future financial years would necessarily match or exceed the historical published earnings per share.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

The Directors intend that applications will be made to the UK Listing Authority for all of the New Polyus Gold Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the New Polyus Gold Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. However the making of such applications remains subject to a number of other preparatory steps that the Company is currently progressing, as well as the Directors' ongoing assessment of the suitability of stockmarket conditions, and consequently the expected timetable for Admission below is given for indicative purposes only and is subject to alteration and/or delay. A further announcement will be made in the event of any change to the indicative timetable for Admission. The Directors will not take the necessary steps to enable the Scheme to become effective unless Polyus Gold has received the Strategic Law Approvals (as defined in paragraph 3.1 of Part II), and the formal processes have been put in place to de-list the Polyus Gold GDRs and to admit the New Polyus Gold Shares to the premium listing segment of the Official List.

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| 3 October 2011 | GDR Voting Record Date |
| 5.00 p.m. (New York time) on 19 October 2011 | Latest time for receipt by Depositary of notice from Polyus Gold GDR Holders of intention to withdraw from the Polyus Gold GDR programme in order to be able to vote and attend in person at the Court Meeting and the Scheme General Meeting |
| 5.00 p.m. (New York time) on 21 October 2011 | Latest time for receipt by Depositary of the voting instructions lodged through the relevant clearance systems and the white Voting Instruction Form from Polyus Gold GDR Holders for the Court Meeting and the Scheme General Meeting |
| 2.00 p.m. (London time) on 26 October 2011 | Latest time for receipt by Polyus Gold's Registrars of yellow Form of Proxy from Polyus Gold Shareholders for the Court Meeting ⁽¹⁾ |
| 2.15 p.m. (London time) on 26 October 2011 | Latest time for receipt by Polyus Gold's Registrars of green Form of Proxy from Polyus Gold Shareholders for the Scheme General Meeting ⁽¹⁾ |
| 6.00 p.m. (London time) on 26 October 2011 | Scheme Voting Record Time for Polyus Gold Shareholders for the Court Meeting and the Scheme General Meeting ⁽²⁾ |
| 2.00 p.m. (London time) on 28 October 2011 | Court Meeting |
| 2.15 p.m. (London time) on 28 October 2011 | Scheme General Meeting ⁽³⁾ |
| On or about 31 October 2011 | Expected date of publication of the New Polyus Gold Prospectus ⁽⁴⁾ |
| 9.00 a.m. (London time) on 3 November 2011 | Court Hearing to sanction the Scheme and confirm the Polyus Gold Reduction of Capital ⁽⁵⁾ |
| 6.00 p.m. (London time) on 4 November 2011 | Latest time for receipt by Polyus Gold's Registrars of Form of Share Delivery Instruction from Polyus Gold Shareholders |
| 6.00 p.m. (London time) on 4 November 2011 | Scheme Record Time and suspension of trading in Polyus Gold GDRs |

| | |
|--|---|
| 5.00 p.m. (New York time) on 4 November 2011 | Latest time for receipt by BNY Mellon Shareowner Services of the Form of Election and Delivery Instruction from Polyus Gold GDR Holders in order to receive New Polyus Gold Shares or New Polyus Gold ADSs |
| On or about 9 November 2011 | Scheme Effective Date and de-listing of Polyus Gold GDRs from the Official List and London Stock Exchange, Admission and commencement of dealings in New Polyus Gold Shares on the London Stock Exchange ⁽⁴⁾ |
| On or about 9 November 2011 | Crediting of New Polyus Gold Shares in uncertificated form to CREST accounts |
| 23 November 2011 | High Court hearing to sanction the New Polyus Gold Reduction of Capital |
| 24 November 2011 | New Polyus Gold Reduction of Capital becomes effective |
| 5 December 2011 | Despatch of share certificates in respect of New Polyus Gold Shares in certificated form |

Unless otherwise stated, all references to times in this document are to London time. The times and dates given are based on the Directors' current expectations and may be subject to change. These times and dates are indicative only and will depend, amongst other things, on the date on which the Jersey Court sanctions the Scheme and the date on which the New Polyus Gold Prospectus is approved, as well as the date on which the High Court approves the New Polyus Gold Reduction of Capital. In particular, certain court dates are subject to confirmation by the Jersey Court. If the scheduled date of the Court Hearing is changed, Polyus Gold will give adequate notice of the change by issuing an announcement through an RIS. Any changes to other times or dates indicated above may, in Polyus Gold's discretion, be notified in the same manner. Any Polyus Gold Shareholder or Polyus Gold GDR Holder may appear at the Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme by the Jersey Court or make representations to the Jersey Court in relation to the Scheme. Any change to the date of the Court Hearing will be announced through an RIS and will be available on the Polyus Gold Group's website at www.polyusgold.com.

Notes:

- 1 Yellow Forms of Proxy for the Court Meeting not returned by this time may be handed to the Chairman of the Court Meeting or to Polyus Gold's Registrars prior to the start of the Court Meeting. To be valid, green Forms of Proxy for the Scheme General Meeting must be lodged by 2.15 p.m. on 26 October 2011. Polyus Gold GDR Holders who have withdrawn from the GDR programme in order to be able to attend in person the Court Meeting and the Scheme General Meeting should use these Forms of Proxy should they intend to appoint a person to attend the Meetings as their proxy.
- 2 If either the Court Meeting or the Scheme General Meeting is adjourned, the voting record time for the adjourned meeting will be 6.00 p.m. on the date falling two days before the adjourned meeting.
- 3 To commence at the time fixed or as soon thereafter as the Court Meeting concludes or is adjourned.
- 4 The expected date of publication of the New Polyus Gold Prospectus and the expected date of Admission are target dates only and in each case subject to the approval of the UK Listing Authority.
- 5 For further details of the date and location of the Court Hearing, Polyus Gold Shareholders may consult the Polyus Gold Group's website at www.polyusgold.com.

SUMMARY

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the contents of this document or what action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser who, if you are taking advice in the United Kingdom, is authorised pursuant to the FSMA, or from another appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom.

This document tells you about:

- (a) the proposals for a reorganisation of the Polyus Gold Group which, if approved, will result in Polyus Gold Shareholders exchanging their Polyus Gold Shares held at the Scheme Record Time for shares in New Polyus Gold (a new company incorporated in England and Wales and which is United Kingdom tax resident on the basis of one New Polyus Gold Share for each Polyus Gold Share, with New Polyus Gold becoming the holding company of the Polyus Gold Group, and the arrangements for Polyus Gold GDR Holders to receive New Polyus Gold Shares or New Polyus Gold ADSs for the Polyus Gold Shares represented by the Polyus Gold GDRs held by them (subject to any applicable taxes and governmental charges payable to the Depositary pursuant to the Deposit Agreement); and
- (b) the proposal that, pursuant to the New Polyus Gold Reduction of Capital, after the Scheme has become effective, New Polyus Gold will decrease the nominal value of each New Polyus Gold Share from £1.00 to £0.50. This will create a reserve of distributable profits that will be available to New Polyus Gold to be distributed as dividends or applied towards any other lawful purpose (as more fully explained in Question 5 below).

Here is what you need to do now:

- Read this summary.
- Read the Chairman's letter set out in Part I of this document. This explains what is happening and why your Board recommends that you should vote in favour of the Proposals.
- Read the remainder of this document.
- If you have any further queries, please call the Polyus Gold Securityholder helpline, the number of which is below.

Polyus Gold Securityholders should read the whole of this document and not just rely on this summary. This summary should not be regarded as a substitute for reading the whole document.

SECURITYHOLDER HELPLINE TELEPHONE NUMBER:

0870 873 5845

(+ 44 870 873 5845 if calling from outside the UK)

Monday to Friday 9.00 a.m. to 5.00 p.m. (London time)

Calls will be charged at a standard rate from a BT landline

Charges from mobiles or other operators may vary

Calls from outside the UK will be charged at international rates

For legal reasons, this helpline will only be able to provide practical information and will not provide advice on the merits of the Proposals or Admission or give any financial, legal or taxation advice. You will need to contact an independent financial or legal adviser for such advice.

1. WHY IS POLYUS GOLD PROPOSING THE SCHEME?

On 19 September 2011, the Company announced that it had commenced preparations for a move to the premium listing segment of the Official List. The Directors intend that applications will be made to the UK Listing Authority for all of the New Polyus Gold Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the New Polyus Gold Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. However the making of such applications remains subject to a number of other preparatory steps that the Company is currently progressing, as well as the Directors' ongoing assessment of the suitability of stockmarket conditions, and consequently the expected timetable for Admission is given for indicative purposes only and is subject to alteration and/or delay. A further announcement will be made in the event of any change to the indicative timetable for Admission. The Directors will not take the necessary steps to enable the Scheme to become effective unless Polyus Gold has received the Strategic Law Approvals and the formal processes have been put in place to de-list the Polyus Gold GDRs and to admit the New Polyus Gold Shares to the premium listing segment of the Official List.

Admission of the New Polyus Gold Shares to the premium listing segment of the Official List is expected to enhance the trading liquidity and attractiveness of the New Polyus Gold Shares. The Directors believe that a key element of improving the liquidity and attractiveness is to secure inclusion in the FTSE UK Index Series following the premium listing.

The FTSE UK Index Series gives investors a clear and independent benchmarking of stocks, sectors and the market as a whole and creates the basis for portfolio trading by both active and passive investors. Institutional investors such as fund managers, who are often prohibited from investing in non-FTSE All Share companies by their investment mandates, offer retail funds which explicitly benchmark the FTSE 100, FTSE 250, FTSE SmallCap and FTSE All-Share indices and a significant amount of the investment made in these retail funds is held in tracker funds that are obliged to purchase exposure to the constituents of those indices. Accordingly, the Directors believe that inclusion of New Polyus Gold in the FTSE UK Index Series should lead to a broader investor base and greater liquidity in the New Polyus Gold Shares.

Under the FTSE Ground Rules, a company that is not incorporated in the UK must meet certain conditions in order to be considered eligible for inclusion in the FTSE UK Index Series. One of these conditions is that the company must have a free float (as determined by the FTSE Ground Rules) of not less than 50 per cent. The free float of Polyus Gold is currently less than 50 per cent. Accordingly, in order to be eligible for FTSE indexation it will be necessary to establish a UK incorporated company as the ultimate holding company of the Polyus Gold Group and its shares to be admitted to the premium listing segment of the Official List. New Polyus Gold has, therefore, been incorporated in England and Wales and will become the parent company of the Polyus Gold Group on the date that the Scheme becomes effective. The Directors believe that after completion of the Scheme and Admission, the proposed new parent company, New Polyus Gold, will be considered eligible for inclusion in the FTSE UK Index Series.

2. WHY IS POLYUS GOLD USING A SCHEME OF ARRANGEMENT?

The Scheme is a formal procedure under the Companies (Jersey) Law which is used to carry out corporate reorganisations. The Scheme requires the approval of Polyus Gold Shareholders and the Jersey Court. If the relevant approvals are obtained, all Polyus Gold Shareholders will be bound by the Scheme regardless of whether or how they voted.

3. WHAT WILL I END UP WITH AFTER THE SCHEME COMES INTO EFFECT?

If the Scheme becomes effective, holders of Polyus Gold Shares will be entitled to receive one New Polyus Gold Share in place of each Polyus Gold Share held at the Scheme Record Time, which is expected to be at 6.00 p.m. on 4 November 2011. In addition, it is proposed that the Polyus Gold GDR programme will be terminated and the Polyus Gold GDRs will be de-listed from the Official List and the London Stock Exchange upon the Scheme Effective Date. The Depositary for the Polyus Gold GDRs is the holder of all the Polyus Gold Shares represented by Polyus Gold GDRs. As holder of those Polyus Gold Shares, the Depositary will receive one New Polyus Gold Share for every Polyus Gold Share held at the Scheme Record Time. The register of members of New Polyus Gold will be updated to reflect the new shareholding on the Scheme Effective Date.

It is currently expected that New Polyus Gold will set up the New Polyus Gold ADS programme with the New Polyus Gold ADSs trading only on the US OTC market. The establishment of the New Polyus Gold ADS programme will require the registration of the New Polyus Gold ADSs with the SEC, and there is no guarantee that the New Polyus Gold ADS programme will be established. Each New Polyus Gold ADS will represent one New Polyus Gold Share. *The New Polyus Gold ADSs will not be listed on any securities exchange and the proposed New Polyus Gold ADS programme will be subject to the Maximum Number of New Polyus Gold ADSs.*

Upon effectiveness of the Scheme and surrender of its Polyus Gold GDRs, each Polyus Gold GDR Holder will become entitled to receive New Polyus Gold Shares or New Polyus Gold ADSs, as it may elect by completing and delivering a Form of Election and Delivery Instruction. A Polyus Gold GDR Holder who holds Polyus Gold GDRs on the Scheme Record Date and whose Form of Election and Delivery Instruction is not received by BNY Mellon Shareowner Services by 5.00 p.m. (New York time) on 4 November 2011 will be deemed to have made a Deemed Election to receive its New Polyus Gold Shares in the form of: (i) New Polyus Gold ADSs in its DTC account, subject to the establishment and availability of the New Polyus Gold ADS programme, if such Polyus Gold GDR Holder is a DTC GDR Holder; (ii) New Polyus Gold Shares in its Euroclear or Clearstream account, if such Polyus Gold GDR Holder is a Euroclear/Clearstream GDR Holder; or (iii) certificated New Polyus Gold Shares, if such Polyus Gold GDR Holder is a Direct GDR Holder. DTC GDR Holders who wish to receive New Polyus Gold Shares should ensure that they complete the Form of Election and Delivery Instruction by the required time. Upon the submission of a Form of Election and Delivery Instruction by a holder of Polyus Gold GDRs, such holder's Polyus Gold GDRs will become blocked in the relevant electronic clearance system where the GDRs are held and will not be available for sale or transfer. Subject to the registration of the New Polyus Gold ADSs with the SEC, the New Polyus Gold ADSs will be distributed (i) first, to the ADS-Electing DTC Holders, and (ii) secondly, subject to availability of the New Polyus Gold ADSs, the remaining New Polyus Gold ADSs will be distributed to the Requesting GDR Holders. If the number of New Polyus Gold ADSs to be distributed to Electing GDR Holders exceeds the Maximum Number of New Polyus Gold ADSs, then (i) first, the New Polyus Gold ADSs will be distributed to the ADS-Electing DTC Holders, and, should the number of such New Polyus Gold ADSs exceed the Maximum Number of New Polyus Gold ADSs, the ADS-Electing DTC Holders will receive the New Polyus Gold ADSs on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares, subject to surrendering their Polyus Gold GDRs and providing relevant delivery instructions, and (ii) secondly, the remaining New Polyus Gold ADSs, if any, will be distributed to the Requesting GDR Holders on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares. If no valid delivery instructions are received by the Depositary from the DTC GDR Holders

in the four months following the date on which the Polyus Gold GDR facility is terminated, which is expected to be the same date as the Scheme Effective Date, then the Depositary may sell any remaining New Polyus Gold Shares that it holds on behalf of such DTC GDR Holders by public or private sale and such DTC GDR Holders will be entitled to receive their proportionate share of the net proceeds of any such sale, after deduction of expenses and applicable taxes, upon surrender of their Polyus Gold GDRs. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme. There is no guarantee as to the price at which the Depositary will be able to sell such New Polyus Gold Shares in the market. After such a sale, the Depositary will hold the net proceeds it received from the sale, as well as any other cash it is holding under the Deposit Agreement, for the *pro rata* benefit of the DTC GDR Holders that have not surrendered their Polyus Gold GDRs. The Depositary will not invest the money and will have no liability for interest.

SDRT may be payable at the rate of 1.5 per cent. of the value of the Polyus Gold GDRs that are surrendered for delivery of New Polyus Gold ADSs, which may be refundable in the event of a successful outcome of the litigation referred to in paragraph 15 of Part III of this document. SDRT liability, if any, will be borne by the Polyus Gold GDR Holders to whom the New Polyus Gold ADSs are issued and must be paid as a condition of receiving New Polyus Gold ADSs.

Important note for DTC GDR Holders: As the New Polyus Gold ADS programme is limited to the Maximum Number of New Polyus Gold ADSs, if you are a DTC Holder and are contemplating not completing a Form of Election and Delivery Instruction because you would like to receive New Polyus Gold ADSs, you are strongly advised to complete the Form of Election and Delivery Instruction with your CREST account details or provide delivery details for the New Polyus Gold Shares. If it is not possible to distribute to you the number of New Polyus Gold ADSs that you would be entitled to receive because the Maximum Number of New Polyus Gold ADSs has been reached and New Polyus Gold Shares will have to be delivered to you, the Depositary, in the absence of CREST account details or other delivery details in a completed Form of Election and Delivery Instruction, will not be able to deliver the New Polyus Gold Shares to you. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme.

If you are an ADS-Electing DTC Holder and receive New Polyus Gold ADSs upon the Scheme becoming effective, you should note that if you subsequently wish to convert your New Polyus Gold ADSs into New Polyus Gold Shares, you will be required to pay a cancellation fee of USD 0.05 per New Polyus Gold ADS to the depositary for the New Polyus Gold ADS programme.

In order to facilitate the New Polyus Gold Reduction of Capital, the New Polyus Gold Shares you will receive will have a nominal value of £1.00 each, while the Polyus Gold Shares have a nominal value of £0.0001 each. However, on the New Polyus Gold Reduction of Capital becoming effective (which is expected to be shortly after the Scheme Effective Date), the nominal value of the New Polyus Gold Shares will be reduced to £0.50. These changes in nominal value are of a technical nature and do not affect the value of your shareholding.

4. DO I HAVE TO PAY ANYTHING UNDER THE SCHEME?

All New Polyus Gold Shares arising as a result of the Scheme are being issued to Polyus Gold Shareholders in return for their existing Polyus Gold Shares, with no additional payment required. Polyus Gold GDR Holders will be required to pay to the Depositary any applicable taxes and governmental charges pursuant to the Deposit Agreement in order to receive the New Polyus Gold Shares or New Polyus Gold ADSs issued in exchange for the Polyus Gold Shares represented by their Polyus Gold GDRs. SDRT will be payable at the rate of 1.5 per cent. of the value of the Polyus Gold GDRs that are surrendered for delivery of New Polyus Gold ADSs, which may be refundable in the event of a successful outcome of the litigation referred to in paragraph 15 of Part III of this document. Any SDRT liability will be borne by the Polyus Gold GDR Holders to whom the New Polyus Gold ADSs are issued and must be paid as a condition of receiving New Polyus Gold ADSs.

5. WHAT IS THE NEW POLYUS GOLD REDUCTION OF CAPITAL AND WHY IS IT PROPOSED?

It is proposed that New Polyus Gold will undertake the New Polyus Gold Reduction of Capital shortly after the Scheme Effective Date.

Pursuant to the New Polyus Gold Reduction of Capital, it is proposed that, after the Scheme has become effective, New Polyus Gold will decrease the nominal value of each New Polyus Gold Share from £1.00 to £0.50. This will create a reserve of distributable profits that will be available to New Polyus Gold to be distributed as dividends or applied towards any other lawful purpose. The reduction in the nominal value of the New Polyus Gold Shares pursuant to the New Polyus Gold Reduction of Capital is of a technical nature and does not affect the market value of the New Polyus Gold Shares.

The necessary shareholder resolution required by the Companies Act for New Polyus Gold to implement the New Polyus Gold Reduction of Capital was passed by the then current shareholder of New Polyus Gold on 29 September 2011, on the basis that it is conditional upon the Scheme becoming effective. Confirmatory approval relating to the New Polyus Gold Reduction of Capital is being sought from Polyus Gold Shareholders as one of the Resolutions to be proposed at the Scheme General Meeting (and the Scheme is conditional upon, among other matters, the passing of such Resolution). The New Polyus Gold Reduction of Capital will also require the confirmation of the High Court.

Subject to the Scheme becoming effective on or about 9 November 2011, the New Polyus Gold Reduction of Capital is expected to become effective on 24 November 2011.

6. WHAT WILL THE SHARE CAPITAL OF POLYUS GOLD BE FOLLOWING THE SCHEME TAKING EFFECT?

Under the Scheme, all of the existing Polyus Gold Shares will be cancelled by way of the Polyus Gold Reduction of Capital. The reserve arising from the Polyus Gold Reduction of Capital will be used in paying up the same number of new shares to be issued to New Polyus Gold so as to ensure that New Polyus Gold is the sole shareholder of Polyus Gold following the Scheme becoming effective.

7. WHY AM I BEING SENT THIS DOCUMENT?

The Scheme requires Polyus Gold Shareholders to vote on certain matters at both the Court Meeting and the Scheme General Meeting. This document contains information to assist Polyus Gold Shareholders in their voting decision for both the Court Meeting and the Scheme General Meeting. Polyus Gold GDR Holders who do not wish to attend and vote in person should complete (i) in the case of Polyus Gold GDR Holders holding Polyus Gold GDRs in the clearance systems, the voting instruction sent to them by the relevant clearance system and (ii) in the case of Polyus Gold GDR Holders holding Polyus Gold GDRs outside the clearance systems, a white Voting Instruction Form for use in connection with the Court Meeting and the Scheme General Meeting in relation to the Polyus Gold Shares represented by their Polyus Gold GDRs as soon as possible and, in any event, so as to be received by the Depositary no later than 5.00 p.m. (New York time) on 21 October 2011. Polyus Gold GDR Holders holding Polyus Gold GDRs in the clearance systems must return the voting instruction via the relevant clearance system and Polyus Gold GDR Holders holding Polyus Gold GDRs outside the clearance systems must return the white Voting Instruction Form to the Depositary at the following address: Proxy Tabulator for Polyus Gold International Limited, P.O. Box 8016, CARY, NC 27512-9903. If you hold Polyus Gold GDRs indirectly you must rely on the procedures of your bank, broker or financial institution through which you hold your Polyus Gold GDRs. Polyus Gold GDR Holders may also vote in their own right on the Resolutions and participate directly in the Court Meeting and the Scheme General Meeting by surrendering their Polyus Gold GDRs and receiving delivery of the underlying Polyus Gold Shares, subject to a surrender fee of USD 0.05 per Polyus Gold GDR as set out in the Deposit Agreement plus any applicable taxes and governmental charges. See question 10 below.

8. WILL THERE BE CHANGES TO APPLICABLE COMPANY AND TAX LAW AS A RESULT OF THE SCHEME BECOMING EFFECTIVE?

Polyus Gold is incorporated under, and subject to, the laws of Jersey and New Polyus Gold is incorporated under, and subject to, the laws of England and Wales. A summary of the significant differences between (a) English and Jersey company law is set out in paragraph 11 of Part III of this document; and (b) the Polyus Gold Articles and the New Polyus Gold Articles is set out in paragraph 13 of Part III of this document. A summary guide to certain applicable aspects of tax in the UK, is set out in paragraph 15 of Part III of this document.

As a Jersey company with Polyus Gold GDRs admitted to the standard listing segment of the Official List, Polyus Gold is not subject to the UK Corporate Governance Code. Upon completion of the Proposals and Admission, New Polyus Gold intends to comply with the UK Corporate Governance Code, confirming the Polyus Gold Group's commitment to high standards of corporate governance. Polyus Gold is currently subject to the UK City Code on Takeovers and Mergers and, upon the Scheme becoming effective, the UK City Code on Takeovers and Mergers will apply to New Polyus Gold.

9. IS THERE A PROSPECTUS RELATING TO THE NEW POLYUS GOLD SHARES THAT I AM BEING ISSUED?

The New Polyus Gold Prospectus, relating to New Polyus Gold and Admission, will (together with this document, the Forms of Proxy, the Forms of Share Delivery Instruction, Voting Instruction Form and Forms of Election and Delivery Information) be made available in electronic form on the Polyus Gold Group's website at www.polyusgold.com following approval by the FSA (currently not expected before 31 October 2011), and may be inspected at the offices of Polyus Gold's solicitors, Debevoise & Plimpton LLP, at Tower 42, Old Broad Street, London EC2N 1HQ United Kingdom, and at the registered office of Polyus Gold at Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until Admission. Copies may also be obtained free of charge, by writing to the registered office of Polyus Gold (2nd floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES), to the registered office of New Polyus Gold (88 Wood Street, London EC2V 7RS) or to Polyus Gold's Registrars, Computershare, at their offices at Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES. The New Polyus Gold Prospectus will not be available prior to the Court Meeting or Scheme General Meeting. **You will not be required to take any action in relation to the New Polyus Gold Prospectus as this Scheme Document contains all material information necessary to evaluate the Scheme.**

10. WHY ARE THERE TWO MEETINGS AND DO I NEED TO ATTEND BOTH?

The two Polyus Gold Shareholder meetings, being the Court Meeting and the subsequent Scheme General Meeting, are being called for different purposes and will both be held on 28 October 2011 at the same venue, one directly after the other.

The sole purpose of the Court Meeting is to seek Polyus Gold Shareholders' approval of the Scheme. In order for the Scheme to be approved, a majority in number representing 75 per cent. of the voting rights attached to the shares held by Polyus Gold Shareholders voting (in person or by proxy) will need to support the Scheme.

The subsequent Scheme General Meeting, which will be held immediately after the Court Meeting, is being called to enable Polyus Gold Shareholders to approve various matters in connection with the Scheme and the New Polyus Gold Reduction of Capital, each as briefly described in Part I of this document.

If you hold Polyus Gold Shares, you are entitled and encouraged to attend the Meetings. If you do not attend, you are still entitled to vote at the Meetings by appointing a proxy. See question 11 below.

If you hold Polyus Gold GDRs, you are strongly encouraged to complete, sign and return your Voting Instruction Form – see question 11 below. Polyus Gold GDR Holders who hold Polyus Gold GDRs indirectly must rely on

the procedures of their bank, broker or financial institution through which they hold their Polyus Gold GDRs. Polyus Gold GDR Holders may also vote on the Resolutions in their own right and participate directly in the Court Meeting and the Scheme General Meeting by surrendering their Polyus Gold GDRs and receiving delivery of the underlying Polyus Gold Shares. If Polyus Gold GDR Holders wish to vote in their own right at the Court Meeting and Scheme General Meeting and participate directly in the Court Meeting and the Scheme General Meeting, they must ensure that they are registered on the Polyus Gold share register as a Polyus Gold Shareholder by 6.00 p.m. on 26 October 2011. If Polyus Gold GDR Holders wish to surrender their Polyus Gold GDRs and receive delivery of underlying Polyus Gold Shares, they must deliver their Polyus Gold GDRs for cancellation to the Depositary's Corporate Trust account at DTC, number 2504, and pay the surrender fee stipulated in the Deposit Agreement (USD 0.05 per Polyus Gold GDR), plus all applicable taxes and governmental charges. Polyus Gold GDR Holders should contact their broker for additional information about the applicable deadline for surrendering their Polyus Gold GDRs and payment of the surrender fee and any applicable taxes and governmental charges. Polyus Gold GDR Holders may also contact the Polyus Gold Securityholder helpline with any questions.

11. DO I NEED TO VOTE?

It is important that as many Polyus Gold Shareholders as possible (including Polyus Gold Shares held in the form of Polyus Gold GDRs) cast their votes (whether in person or by proxy). This applies to both the Court Meeting and the Scheme General Meeting. **In particular, it is important that as many votes as possible are cast at the Court Meeting so as to demonstrate to the Jersey Court that there is a fair representation of Polyus Gold Shareholder opinion.**

Polyus Gold Shareholders who do not wish, or who are unable, to attend the Court Meeting and/or the Scheme General Meeting, may appoint someone (known as a *proxy*) to act on their behalf and vote at the Court Meeting and/or the Scheme General Meeting. Polyus Gold Shareholders may appoint their proxy by completing the yellow Form of Proxy (in relation to the Court Meeting) and the green Form of Proxy (in relation to the Scheme General Meeting) and returning them in accordance with the instructions set out in paragraph 5 of Part I of this document and on the relevant Form of Proxy.

Polyus Gold Shareholders who later change their mind and decide to attend the Meetings in person having returned the Forms of Proxy, will not be precluded from doing so.

Polyus Gold Shareholders are strongly encouraged to complete, sign and return their Forms of Proxy.

Polyus Gold GDR Holders who do not wish to attend and vote in person should complete (i) in the case of Polyus Gold GDR Holders holding Polyus Gold GDRs in the clearance systems, the voting instruction sent to them by the relevant clearance system and (ii) in the case of Polyus Gold GDR Holders holding Polyus Gold GDRs outside the clearance systems, a white Voting Instruction Form for use in connection with the Court Meeting and the Scheme General Meeting in relation to the Polyus Gold Shares represented by their Polyus Gold GDRs as soon as possible and, in any event, so as to be received by the Depositary no later than 5.00 p.m. (New York time) on 21 October 2011. Polyus Gold GDR Holders holding Polyus Gold GDRs in the clearance systems must return the voting instruction via the relevant clearance system and Polyus Gold GDR Holders holding Polyus Gold GDRs outside the clearance systems must return the white Voting Instruction Form to the Depositary at the following address: Proxy Tabulator for Polyus Gold International Limited, P.O. Box 8016, CARY, NC 27512-9903. Polyus Gold GDR Holders who hold Polyus Gold GDRs indirectly must rely on the procedures of their bank, broker or financial institution through which they hold their Polyus Gold GDRs. Polyus Gold GDR Holders may vote on the Resolutions and participate directly in the Court Meeting and the Scheme General Meeting by surrendering their Polyus Gold GDRs and receiving delivery of the underlying Polyus Gold Shares. If Polyus Gold GDR Holders wish to vote in their own right at the Court Meeting and Scheme General Meeting and participate directly in the Court Meeting and the Scheme General Meeting, they must ensure that they are registered on the Polyus Gold share register as a Polyus Gold Shareholder by 6.00 p.m. on 26 October 2011. If Polyus Gold GDR Holders wish to surrender their Polyus Gold GDRs and receive delivery of underlying Polyus

Gold Shares, they must deliver their Polyus Gold GDRs for cancellation to the Depositary's Corporate Trust account at DTC, number 2504, and pay the surrender fee stipulated in the Deposit Agreement (USD 0.05 per Polyus Gold GDR), plus all applicable taxes and governmental charges. Polyus Gold GDR Holders should contact their broker for additional information about the applicable deadline for surrendering their Polyus Gold GDRs and payment of the surrender fee. Polyus Gold GDR Holders may also contact the Polyus Gold Securityholder helpline, as referred to below, with any questions.

Polyus Gold GDR Holders are strongly encouraged to complete, sign and return their Voting Instruction Form.

12. WHEN IS THE COURT HEARING AND MAY I ATTEND?

Under the Companies (Jersey) Law, the Scheme requires the sanction of the Jersey Court and the confirmation by the Jersey Court of the associated Polyus Gold Reduction of Capital. This will be done in one Court Hearing, which is expected to be held on 3 November 2011 at Royal Court House, Royal Square, St. Helier, Jersey JE1 1JG. All Polyus Gold Shareholders and Polyus Gold GDR Holders are entitled to attend the Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme by the Jersey Court or make representations to the Jersey Court in relation to the Scheme. Any change to the date of the Court Hearing will be announced by RIS and will be available on the Polyus Gold Group's website at www.polyusgold.com.

13. WHAT ABOUT FUTURE DIVIDENDS?

The Board of Polyus Gold is currently formulating a dividend policy for Polyus Gold and, upon Admission, for New Polyus Gold.

14. WHAT DO I DO WITH MY OLD SHARE CERTIFICATES?

When the Scheme becomes effective, holdings of Polyus Gold Shares will be replaced by an equivalent holding of New Polyus Gold Shares. **Thus, all certificates for Polyus Gold Shares held in certificated form will cease to be valid. Upon receipt of their share certificates for New Polyus Gold Shares, Polyus Gold Shareholders should destroy their share certificates for Polyus Gold Shares.**

15. WHEN WILL POLYUS GOLD SHAREHOLDERS RECEIVE THEIR SHARE CERTIFICATES FOR THEIR NEW POLYUS GOLD SHARES?

It is currently proposed that share certificates for New Polyus Gold Shares will be despatched, by post, to Polyus Gold Shareholders on or about 5 December 2011 unless the Polyus Gold Shareholder has completed and returned to Polyus Gold's Registrars, Computershare, a Form of Share Delivery Instruction with their CREST account details by no later than 6.00 p.m. on 4 November 2011. Polyus Gold Shareholders who have returned a Form of Share Delivery Instruction with valid CREST account details will have the New Polyus Gold Shares credited to their account on or about 9 November 2011.

16. HOW WILL POLYUS GOLD GDR HOLDERS RECEIVE THEIR NEW POLYUS GOLD SHARES?

Polyus Gold is currently in the process of setting up the New Polyus Gold ADS programme with the New Polyus Gold ADSs trading only on the US OTC market. The establishment of the New Polyus Gold ADS programme will require the registration of the New Polyus Gold ADSs with the SEC, and there is no guarantee that the New Polyus Gold ADS programme will be established. Each New Polyus Gold ADS will represent one New Polyus Gold Share. *The New Polyus Gold ADSs will not be listed on any securities exchange and the proposed New Polyus Gold ADS programme will be subject to the Maximum Number of New Polyus Gold ADSs.*

Upon effectiveness of the Scheme and surrender of its Polyus Gold GDRs, each Polyus Gold GDR Holder will become entitled to receive New Polyus Gold Shares or New Polyus Gold ADSs, as it may elect by completing

and delivering a Form of Election and Delivery Instruction. A Polyus Gold GDR Holder who holds Polyus Gold GDRs on the Scheme Effective Date and whose Form of Election and Delivery Instruction is not received by BNY Mellon Shareowner Services by 5.00 p.m. (New York time) on 4 November 2011 will be deemed to have made a Deemed Election to receive its New Polyus Gold Shares in the form of: (i) New Polyus Gold ADSs in its DTC account, subject to the establishment and availability of the New Polyus Gold ADS programme, if such Polyus Gold GDR Holder is a DTC GDR Holder; (ii) New Polyus Gold Shares in its Euroclear or Clearstream account, if such Polyus Gold GDR Holder is a Euroclear/Clearstream GDR Holder; or (iii) certificated New Polyus Gold Shares, if such Polyus Gold GDR Holder is a Direct GDR Holder. DTC GDR Holders who wish to receive New Polyus Gold Shares should ensure that they complete the Form of Election and Delivery Instruction by the required time. Upon the submission of a Form of Election and Delivery Instruction by a holder of Polyus Gold GDRs, such holder's Polyus Gold GDRs will become blocked in the relevant electronic clearance system where the GDRs are held and will not be available for sale or transfer. Subject to the registration of the New Polyus Gold ADSs with the SEC, the New Polyus Gold ADSs will be distributed (i) first, to the ADS-Electing DTC Holders, and (ii) secondly, subject to availability in the New Polyus Gold ADSs, the remaining New Polyus Gold ADSs will be distributed to the Requesting GDR Holders. If the number of New Polyus Gold ADSs to be distributed to Electing GDR Holders exceeds the Maximum Number of New Polyus Gold ADSs, then (i) first, the New Polyus Gold ADSs will be distributed to the ADS-Electing DTC Holders, and, should the number of such New Polyus Gold ADSs exceed the Maximum Number of New Polyus Gold ADSs, the ADS-Electing DTC Holders will receive the New Polyus Gold ADSs on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares, subject to surrendering their Polyus Gold GDRs and providing relevant delivery instructions, and (ii) secondly, the remaining New Polyus Gold ADSs, if any, will be distributed to the Requesting GDR Holders on a *pro-rata* basis according to the number of ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares. If no valid delivery instructions are received by the Depositary from the DTC GDR Holders in the four months following the date on which the Polyus Gold GDR facility is terminated, which is expected to be the same date as the Scheme Effective Date, then the Depositary may sell any remaining New Polyus Gold Shares that it holds on behalf of such DTC GDR Holders by public or private sale and such DTC GDR Holders will be entitled to receive their proportionate share of the net proceeds of any such sale, after deduction of expenses and applicable taxes, upon surrender of their Polyus Gold GDRs. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme. There is no guarantee as to the price at which the Depositary will be able to sell such New Polyus Gold Shares in the market. After such a sale, the Depositary will hold the net proceeds it received on the sale, as well as any other cash it is holding under the Deposit Agreement, for the *pro rata* benefit of the DTC GDR Holders that have not surrendered their Polyus Gold GDRs. The Depositary will not invest the money and will have no liability for interest.

SDRT may be payable at the rate of 1.5 per cent. of the value of the Polyus Gold GDRs that are surrendered for delivery of New Polyus Gold ADSs, which may be refundable in the event of a successful outcome of the litigation referred to in paragraph 15 of Part III of this document. SDRT liability, if any, will be borne by the Polyus Gold GDR Holders to whom the New Polyus Gold ADSs are issued and must be paid as a condition of receiving New Polyus Gold ADSs.

Important note for DTC GDR Holders: As the New Polyus Gold ADS programme is limited to the Maximum Number of New Polyus Gold ADSs, if you are a DTC Holder and are contemplating not completing a Form of Election and Delivery Instruction because you would like to receive New Polyus Gold ADSs, you are strongly advised to complete the Form of Election and Delivery Instruction with your CREST account details or provide delivery details for the New Polyus Gold Shares. If it is not possible to distribute to you the number of New Polyus Gold ADSs that you would be entitled to receive because the Maximum Number of New Polyus Gold ADSs has been reached and New Polyus Gold Shares will have to be delivered to you, the Depositary, in the absence of CREST account details or other delivery details in a

completed Form of Election and Delivery Instruction, will not be able to deliver the New Polyus Gold Shares to you. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme.

If you are an ADS-Electing DTC Holder and receive New Polyus Gold ADSs upon the Scheme becoming effective, you should note that if you subsequently wish to convert your New Polyus Gold ADSs into New Polyus Gold Shares, you will be required to pay a cancellation fee of USD 0.05 per New Polyus Gold ADS to the depositary for the New Polyus Gold ADS programme.

17. WILL I HAVE TO PAY ANY TAX AS A RESULT OF THE SCHEME?

Details of the UK and Jersey tax treatment of Polyus Gold Securityholders arising under the Scheme are set out in Part III of this document. If you are in any doubt about your tax position, you should consult a professional adviser.

18. DO I NEED TO TAKE FURTHER ACTION?

It is important that Polyus Gold Shareholders vote at the Court Meeting and the Scheme General Meeting. Polyus Gold Shareholders are strongly encouraged to complete, sign and return their Forms of Proxy as soon as possible – see question 11 above and the instructions set out in paragraph 5 of Part I of this document and on the relevant Form of Proxy.

Polyus Gold GDR Holders who do not wish to attend and vote in person should complete, sign and return their Voting Instruction Form – see question 11 above and the instructions set out in paragraph 5 of Part I of this document. Polyus Gold GDR Holders who hold Polyus Gold GDRs indirectly must rely on the procedures of their bank, broker or financial institution through which they hold their Polyus Gold GDRs. Polyus Gold GDR Holders may vote on the resolutions and participate directly in the Court Meeting and the Scheme General Meeting by surrendering their Polyus Gold GDRs and receiving delivery of the underlying Polyus Gold Shares – see question 11 above and the instructions set out in paragraph 5 of Part I of this document. To be able to so vote and participate directly, Polyus Gold GDR Holders must ensure that they are registered on the Polyus Gold share register as a Polyus Gold Shareholder by 6.00 p.m. on 26 October 2011.

19. WHAT IF I STILL HAVE QUESTIONS?

If you have read this document and still have questions, please call the Polyus Gold Securityholder helpline, further details of which are included at the beginning of this summary.

PART I

LETTER FROM THE CHAIRMAN

Registered Office:
Queensway House
Hilgrove Street
St. Helier
Jersey
JE1 1ES

6 October 2011

To the holders of Polyus Gold Securities

Dear Securityholder,

Recommended Proposals in respect of the introduction of a new holding company and related matters

1. Introduction

Polyus Gold today announced its intention to put in place a new parent company for the Polyus Gold Group, New Polyus Gold, being a company incorporated in England and Wales that will be tax-resident in the UK, and confirmed that preparations are underway to seek the Admission of the New Polyus Gold Shares to the premium listing segment of the Official List. It is intended that this corporate re-organisation will be implemented by means of a scheme of arrangement under Article 125 of the Companies (Jersey) Law.

If the Scheme is approved and becomes effective, it will result in Polyus Gold Shareholders holding New Polyus Gold Shares in place of their existing Polyus Gold Shares and in Polyus Gold becoming a subsidiary of New Polyus Gold.

If the Scheme is implemented, Polyus Gold Shareholders at the Scheme Record Time (expected to be 6.00 p.m. on 4 November 2011) will receive, in exchange for their Polyus Gold Shares, New Polyus Gold Shares on the following basis:

| | |
|-----------------------------------|----------------------------------|
| for each Polyus Gold Share | one New Polyus Gold Share |
|-----------------------------------|----------------------------------|

In addition, conditional on the Scheme becoming effective and being implemented, the Polyus Gold GDR programme will be terminated and the Polyus Gold GDRs will be de-listed from the Official List and the London Stock Exchange. Upon such termination, each Polyus Gold GDR Holder will become entitled to receive New Polyus Gold Shares or New Polyus Gold ADSs, as it may elect by completing and delivering a Form of Election and Delivery Instruction, on the following basis:

| | |
|---------------------------------|----------------------------------|
| for each Polyus Gold GDR | one New Polyus Gold Share |
|---------------------------------|----------------------------------|

or

| | |
|---------------------------------|--------------------------------|
| for each Polyus Gold GDR | one New Polyus Gold ADS |
|---------------------------------|--------------------------------|

With effect from the Scheme Effective Date, the rights attaching to the New Polyus Gold Shares will be substantially the same as those attaching to the corresponding Polyus Gold Shares, and the rights attaching to the New Polyus Gold ADSs will be substantially the same as those attaching to the corresponding Polyus Gold GDRs. Upon the implementation of the Scheme, a New Polyus Gold Shareholder will have the same

proportionate interest in the profits, net assets and dividends of the Polyus Gold Group as he currently has as a Polyus Gold Shareholder.

The purpose of this document is to explain the Scheme and why the Board considers it to be on fair and reasonable terms and in the best interests of Polyus Gold and its securityholders as a whole. The Board is recommending that you vote in favour of the Proposals. **A summary of the action recommended to be taken is set out in paragraph 5 of Part I of this document and on the Forms of Proxy, with respect to Polyus Gold Shareholders, and Voting Instruction Form, with respect to Polyus Gold GDR Holders, accompanying this document.**

2. Background to and reasons for the Proposals

On 19 September 2011, the Company announced that it had commenced preparation for a move to the premium listing segment of the Official List. The Directors intend that an application will be made to the UK Listing Authority for all of the New Polyus Gold Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the New Polyus Gold Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. However the making of such applications remains subject to a number of other preparatory steps that the Company is currently progressing, as well as the Directors' ongoing assessment of the suitability of stockmarket conditions, and consequently the expected timetable for Admission below is given for indicative purposes only and is subject to alteration and/or delay. A further announcement will be made in the event of any change to the indicative timetable for Admission. The Directors will not take the necessary steps to enable the Scheme to become effective unless Polyus Gold has received the Strategic Law Approvals and the formal processes have been put in place to de-list the Polyus Gold GDRs and to admit the New Polyus Gold Shares to the premium listing segment of the Official List.

Admission of the New Polyus Gold Shares to the premium listing segment of the Official List is expected to enhance the trading liquidity and attractiveness of the New Polyus Gold Shares. Upon Admission, New Polyus Gold intends to comply with the UK Corporate Governance Code, confirming the Polyus Gold Group's commitment to high standards of corporate governance. The Directors believe that a key element of improving the liquidity and attractiveness is to secure inclusion in the FTSE UK Index Series following the premium listing.

The FTSE UK Index Series gives investors a clear and independent benchmarking of stocks, sectors and the market as a whole and creates the basis for portfolio trading by both active and passive investors. Institutional investors such as fund managers, who are often prohibited from investing in non-FTSE All Share companies by their investment mandates, offer retail funds which explicitly benchmark the FTSE 100, FTSE 250, FTSE SmallCap and FTSE All-Share indices and a significant amount of the investment made in these retail funds is held in tracker funds that are obliged to purchase exposure to the constituents of those indices. Accordingly, the Directors believe that the inclusion of New Polyus Gold in the FTSE UK Index Series should lead to a broader investor base and greater liquidity in the New Polyus Gold Shares.

Under the FTSE Ground Rules, a company that is not incorporated in the UK must meet certain conditions in order to be considered eligible for inclusion in the FTSE UK Index Series. One of these conditions is that the company must have a free float (as determined by the FTSE Ground Rules) of not less than 50 per cent. The free float of Polyus Gold is currently less than 50 per cent. Accordingly, in order to be eligible for FTSE indexation it will be necessary to establish a UK incorporated company as the ultimate holding company of the Polyus Gold Group and its shares to be admitted to the premium listing segment of the Official List. New Polyus Gold has, therefore, been incorporated in England and Wales and will become the parent company of the Polyus Gold Group on the Scheme Effective Date. The Directors believe that after completion of the Scheme and Admission, the proposed new parent company, New Polyus Gold, will be considered eligible for inclusion in the FTSE UK Index Series.

3. Impact of the Proposals

3.1 *Business and operations*

New Polyus Gold will have the same business and operations immediately after the Scheme Effective Date as Polyus Gold has before the Scheme Effective Date.

The Proposals will not result in any changes in the day-to-day operations of the business of the Polyus Gold Group or its strategy or in any change to its accounting policies.

3.2 *Company law and taxation*

A summary of the significant differences between (a) English and Jersey company law is set out in paragraph 11 of Part III of this document; and (b) the Polyus Gold Articles and the New Polyus Gold Articles is set out in paragraph 13 of Part III of this document. A summary guide to certain applicable aspects of tax in the UK and Jersey is set out in paragraph 15 of Part III of this document.

3.3 *Corporate governance and Board of Directors*

The Proposals are not expected to have any adverse impact on Polyus Gold Securityholders as a whole. It is anticipated that New Polyus Gold will have the same board as Polyus Gold on the Scheme Effective Date. In addition, as a company incorporated in England and Wales with shares admitted to the premium listing segment of the Official List, New Polyus Gold intends to comply with the UK Corporate Governance Code.

The Executive Director, Evgueni Ivanov, is expected to enter into a new service agreement with New Polyus Gold, the terms of which have not yet been concluded, which will be subject to the approval of the Remuneration Committee. Each of the Non-Executive Directors is expected to enter into a letter of appointment with New Polyus Gold, the terms of which (including the expiry date) will be substantially the same as the terms of his letter of appointment with Polyus Gold. The total amounts payable to the Non-Executive Directors will not be varied as a result of the Scheme.

Further details on the effects of the Proposals on the Directors are set out in paragraphs 5, 6, 7 and 8 of Part II of this document.

3.4 *Premium listing*

Preparations are underway for an application to be made to the UK Listing Authority for all of the New Polyus Gold Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the New Polyus Gold Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. Upon Admission, New Polyus Gold's compliance with, among other things, the following Listing Rules will become mandatory:

- the Listing Principles set out in Chapter 7 of the Listing Rules;
- Chapter 8 of the Listing Rules regarding the appointment of a sponsor to guide New Polyus Gold in understanding and meeting its responsibilities under the Listing Rules in connection with certain matters;
- Chapter 10 of the Listing Rules relating to significant transactions, which requires consent from New Polyus Gold's shareholders for certain transactions;
- Chapter 11 of the Listing Rules regarding related party transactions;
- Chapter 12 of the Listing Rules regarding purchases by New Polyus Gold of its shares; and
- Chapter 13 of the Listing Rules regarding the form and content of circulars to be sent to New Polyus Gold's shareholders.

Polyus Gold (as a Jersey company with global depositary receipts listed on the standard segment of the Official List) is not subject to the UK Corporate Governance Code. Upon completion of the Proposals and Admission, New Polyus Gold intends to comply with the UK Corporate Governance Code, confirming the Polyus Gold Group's commitment to high standards of corporate governance.

If the Scheme proceeds as presently envisaged, the Polyus Gold GDRs will be de-listed from the Official List and the London Stock Exchange with effect from 9 November 2011. It is expected that Admission will become effective and that dealings in the New Polyus Gold Shares on the London Stock Exchange's main market for listed securities will commence at 8.00 a.m. on or about 9 November 2011. If Admission and dealings in New Polyus Gold Shares on the London Stock Exchange are significantly delayed, then Polyus Gold will make an announcement to this effect, which may include details of how the postponement may affect the delivery instructions given in the Form of Election and Delivery Instruction.

3.5 *Dividends and the New Polyus Gold Reduction of Capital*

Subject to the Companies Act, New Polyus Gold in general meeting may, by ordinary resolution, declare dividends in accordance with the respective rights of the members and may fix the time for payment of such dividends, provided that no dividend shall be payable in excess of the amount recommended by the Directors and no dividend shall be declared in excess of amounts standing to the credit of New Polyus Gold's profit and loss account from time to time. Subject to the Companies Act, the Directors may also pay such interim dividends as appear to them to be justified by the financial position of New Polyus Gold, also provided that no such interim dividend may exceed the amount standing to the credit of New Polyus Gold's profit and loss account.

The Board of Directors of Polyus Gold is currently formulating a dividend policy for Polyus Gold and, upon Admission, for New Polyus Gold.

The Directors expect that New Polyus Gold will undertake the New Polyus Gold Reduction of Capital shortly after the Scheme Effective Date which will create a reserve of distributable profits in New Polyus Gold. Further information about the New Polyus Gold Reduction of Capital, including the reason that it is being undertaken, is set out in paragraph 5 of Part II of this document.

4. Taxation

Your attention is drawn to paragraph 15 of Part III of this document for further information about the taxation consequences of the Scheme.

The summary information on taxation in this document is intended as a guide only and holders of Polyus Gold Securities who are in any doubt about their tax position, or who are resident for tax purposes outside the UK are strongly advised to contact an appropriate professional, independent adviser immediately.

5. Action to be taken

The Scheme is conditional upon a number of matters which are set out in full in the explanatory letter from J.P. Morgan Cazenove contained in Part II of this document, including approval of the Scheme by the Polyus Gold Shareholders at the Court Meeting and of the Resolutions at the Scheme General Meeting. Full particulars of the Court Meeting and the Scheme General Meeting are also contained in Part II of this document, including the action to be taken by Polyus Gold Securityholders.

In order that the Jersey Court can be satisfied that the votes cast on the Scheme fairly represent the views of Polyus Gold Shareholders, it is important that as many votes as possible are cast at the Court Meeting. Polyus Gold Shareholders are therefore urged to attend the Court Meeting in person or by proxy. Separate Forms of Proxy for use at the Court Meeting and the Scheme General Meeting are enclosed. Whether or not you propose to attend in person at the Meeting in question, you are encouraged to

complete, sign and return the Forms of Proxy, as explained in paragraph 11 of the explanatory letter from J.P. Morgan Cazenove contained in Part II of this document.

Polyus Gold GDR Holders are encouraged to instruct the Depositary to vote the Polyus Gold Shares underlying their Polyus Gold GDRs by completing and signing the Voting Instruction Form and returning it as explained in paragraph 11 of the explanatory letter from J.P. Morgan Cazenove contained in Part II of this document.

If Polyus Gold Shareholders have any questions about this document, the Court Meeting, the Scheme General Meeting or the Proposals in general, or are in any doubt as to how to complete the Forms of Proxy or Forms of Share Delivery Instruction or wish to receive an additional copy of any of these documents, they should call the Polyus Gold Securityholder helpline between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0870 873 5845 (from within the UK) or +44 870 873 5845 (from outside the UK). Calls will be charged at a standard rate from a BT landline. Calls to the Polyus Gold Securityholder helpline from outside the UK will be charged at international rates. Other telephone provider costs may vary. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Proposals. You will need to contact an independent financial or legal adviser for such advice. If Polyus Gold GDR Holders have any questions about this document, the Voting Instruction Form or the Form of Election and Delivery Instruction, they should call the Polyus Gold Securityholder helpline at BNY Mellon Shareowner Services between 9.00 a.m. and 6.00 p.m. (New York time) Monday to Friday (except bank holidays) on 1-866-300-4353 (from within the US, Canada or Puerto Rico) or 1-201-680-6921 (from outside the US). Calls to the Polyus Gold Securityholder helpline from outside the US will be charged at international rates, other telephone provider costs may vary. Please note that the helpline cannot provide financial, legal or tax advice.

6. Overseas Shareholders

If you are a citizen, resident or national of a jurisdiction outside the United Kingdom or Jersey, your attention is drawn to paragraph 9 of Part II of this document for further details concerning the Scheme.

7. Recommendation

The Board considers the Proposals and their terms to be fair and reasonable and in the best interests of Polyus Gold and holders of Polyus Gold Shares (including holders of Polyus Gold Shares in the form of Polyus Gold GDRs) as a whole. Accordingly, the Board unanimously recommends holders of Polyus Gold Securities to vote in favour of the Scheme at the Court Meeting and to vote in favour of all of the Resolutions proposed at the Scheme General Meeting.

The Directors urge Polyus Gold Shareholders to complete, sign and return the enclosed Forms of Proxy as soon as possible and, in any event, by no later than 2.00 p.m. on 26 October 2011 with respect to the yellow Form of Proxy and 2.15 p.m. on 26 October 2011 with respect to the green Form of Proxy, and Polyus Gold GDR Holders to complete, sign and return their Voting Instruction Form by no later than 5.00 p.m. (New York time) on 21 October 2011.

Yours faithfully,

Robert Buchan
Chairman

PART II

EXPLANATION OF THE SCHEME AND ITS EFFECTS

(EXPLANATORY STATEMENT IN COMPLIANCE WITH ARTICLE 126 OF THE COMPANIES (JERSEY) LAW 1991)

J.P. Morgan Securities Ltd.
125 London Wall
London EC2Y 5AJ

6 October 2011

To the holders of Polyus Gold Securities

Dear Securityholder,

Recommended Proposals in respect of the introduction of a new holding company and related matters

1. Introduction

Polyus Gold today announced its intention to put in place a new parent company for the Polyus Gold Group, New Polyus Gold, being a company incorporated in England and Wales that will be tax-resident in the United Kingdom. It is intended that this corporate re-organisation will be implemented by means of a scheme of arrangement under Article 125 of the Companies (Jersey) Law.

The Directors intend that an application will be made to the UK Listing Authority for all of the New Polyus Gold Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the New Polyus Gold Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. However the making of such applications remains subject to a number of other preparatory steps that the Company is currently progressing, as well as the Directors' ongoing assessment of the suitability of stockmarket conditions, and consequently the expected timetable for Admission below is given for indicative purposes only and is subject to alteration and/or delay. A further announcement will be made in the event of any change to the indicative timetable for Admission. The Directors will not take the necessary steps to enable the Scheme to become effective unless Polyus Gold has received the Strategic Law Approvals and the formal processes have been put in place to de-list the Polyus Gold GDRs and to admit the New Polyus Gold Shares to the premium listing segment of the Official List.

The Scheme will require the approval of Polyus Gold Shareholders at the Court Meeting and the passing of the Resolutions at a separate general meeting of Polyus Gold Shareholders, as explained under "Meetings and consents for implementation of the Proposals" in paragraph 11 of this Part.

Your attention is drawn to the letter from the Chairman of Polyus Gold set out in Part I of this document, which forms part of this Explanatory Statement. That letter contains, *inter alia*, the unanimous recommendation by the Directors to Polyus Gold Securityholders to vote in favour of the Scheme at the Court Meeting and to vote in favour of the Resolutions at the Scheme General Meeting.

The Chairman's letter also states that the Directors consider the Proposals and their terms to be fair and reasonable and in the best interests of Polyus Gold and Polyus Gold Shareholders (including holders of Polyus Gold Shares in the form of Polyus Gold GDRs) as a whole.

We have been authorised by the Directors to write to you to set out the terms of the Scheme and to provide you with other relevant information. Statements made in this letter which refer to the background to the recommendation of the Directors reflect the views of the Directors.

A description of the action recommended to be taken by Polyus Gold Securityholders in relation to the Court Meeting and the Scheme General Meeting is set out in paragraph 15 of this Part. The full text of the Scheme is set out in Part IV. The full text of the resolutions to be proposed at the Court Meeting and the Scheme General Meeting is set out in Part VI.

It is expected that, if the conditions to the Scheme have been satisfied, the Scheme will become effective and the Polyus Gold GDRs will be de-listed, with trading in the New Polyus Gold Shares on the London Stock Exchange's main market for listed securities commencing on or about 9 November 2011.

2. Summary of the Proposals

2.1 *The Scheme*

The principal steps involved in the Scheme are as follows:

(i) *Cancellation of Scheme Shares*

Under the Scheme, all the Scheme Shares will be cancelled on the Scheme Effective Date (which is expected to be on or about 9 November 2011), and new shares in Polyus Gold will be issued to New Polyus Gold as described in paragraph (ii) below.

If the Scheme becomes effective, Polyus Gold Shareholders at the Scheme Record Time (expected to be 6.00 p.m. on 4 November 2011) will receive, in exchange for their Polyus Gold Shares, New Polyus Gold Shares on the following basis:

for each Polyus Gold Share one New Polyus Gold Share

In addition, conditional on the Scheme becoming effective and being implemented, the Polyus Gold GDR programme will be terminated and the Polyus Gold GDRs will be de-listed from the Official List and the London Stock Exchange. Upon such termination, each Polyus Gold GDR Holder will become entitled to receive New Polyus Gold Shares or New Polyus Gold ADSs, as it may elect by completing and delivering a Form of Election and Delivery Instruction, on the following basis:

for each Polyus Gold GDR one New Polyus Gold Share

or

for each Polyus Gold GDR one New Polyus Gold ADS

With effect from the Scheme Effective Date, the rights attaching to the New Polyus Gold Shares will be substantially the same as those attaching to the corresponding Polyus Gold Shares, and the rights attaching to the New Polyus Gold ADSs will be substantially the same as those attaching to the corresponding Polyus Gold GDRs. Upon the implementation of the Scheme, a New Polyus Gold Shareholder will have the same proportionate interest in the profits, net assets and dividends of the Polyus Gold Group as he currently has as a Polyus Gold Shareholder.

In order to facilitate the New Polyus Gold Reduction of Capital, the New Polyus Gold Shares issued under the Scheme will have a nominal value of £1.00 each, while the Polyus Gold Shares have a nominal value of £0.0001 each. However, on the New Polyus Gold Reduction of Capital becoming effective (which is expected to be shortly after the Scheme Effective Date), the nominal value of the New Polyus Gold Shares will be reduced to £0.50. These changes in nominal value are of a technical nature and do not affect the value of your shareholding.

(ii) *Establishing New Polyus Gold as the new holding company of the Polyus Gold Group*

Following the cancellation of the Scheme Shares as described in paragraph (i) above, the credit arising in the books of Polyus Gold as a result of the cancellation will be applied in paying up in full new shares in Polyus Gold such that the aggregate nominal value of those shares equals the aggregate nominal value of the Scheme Shares cancelled. The new shares in Polyus Gold will be issued to New Polyus Gold which will, as a result, become the holding company of Polyus Gold and the Polyus Gold Group.

(iii) *Amendments to Polyus Gold's Articles of Association*

It is possible, although not currently envisaged, that further Polyus Gold Shares may be issued after the Share Voting Record Time, which could mean that they are not classified as Scheme Shares and would therefore be outside the scope of the Scheme. In addition, Polyus Gold Shares may be issued after the Scheme Record Time, which would also put them outside the scope of the Scheme. It is therefore proposed that the Polyus Gold Articles be amended in such a way as to ensure that (a) any Polyus Gold Shares which are issued before the Scheme Record Time are issued subject to the terms of the Scheme and the holders of such Polyus Gold Shares will be bound by the Scheme accordingly; and (b) any Polyus Gold Shares which are issued after the Scheme Record Time will be immediately transferred to New Polyus Gold in exchange for the issue or transfer to the relevant holder of one New Polyus Gold Share for every Polyus Gold Security so transferred. Furthermore, it is proposed that the Polyus Gold Articles be amended in such a way as to provide that if any Polyus Gold Shares are issued to any person within (b) above following any re-organisation or material alteration of the share capital of either Polyus Gold or New Polyus Gold after the Scheme Effective Date, the number of New Polyus Gold Shares to be issued or transferred to that person will be adjusted in an appropriate manner as determined by Polyus Gold's auditors.

These measures will avoid any person other than New Polyus Gold holding any Polyus Gold Shares and will further ensure that Polyus Gold will remain a wholly-owned subsidiary of New Polyus Gold despite the issue of further Polyus Gold Shares after the Scheme becomes effective.

2.2 *The New Polyus Gold Reduction of Capital*

The New Polyus Gold Reduction of Capital will create a reserve of distributable profits in New Polyus Gold that will be available to be distributed as dividends or applied towards any other lawful purpose. The Directors expect that New Polyus Gold will undertake the New Polyus Gold Reduction of Capital shortly after the Scheme Effective Date. The necessary shareholder resolution required by the Companies Act for New Polyus Gold to implement the New Polyus Gold Reduction of Capital was passed on 29 September 2011 by the current shareholder of New Polyus Gold, on the basis that it is conditional upon the Scheme becoming effective. Confirmatory approval relating to the New Polyus Gold Reduction of Capital is being sought from Polyus Gold Shareholders as one of the Resolutions to be proposed at the Scheme General Meeting (and the Scheme is conditional, among other matters, upon the passing of such Resolution). The New Polyus Gold Reduction of Capital will also require the confirmation of the High Court.

Subject to the Scheme becoming effective on or about 9 November 2011, the New Polyus Gold Reduction of Capital is expected to become effective on 24 November 2011.

3. **Conditions to implementation of the Proposals**

3.1 *The Scheme*

The Directors intend that applications will be made to the UK Listing Authority for all of the New Polyus Gold Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the New Polyus Gold Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. However the making of such applications remains subject

to a number of other preparatory steps that the Company is currently progressing, as well as the Directors' ongoing assessment of the suitability of stockmarket conditions, and consequently the expected timetable for Admission below is given for indicative purposes only and is subject to alteration and/or delay. A further announcement will be made in the event of any change to the indicative timetable for Admission. The Directors will not take the necessary steps to enable the Scheme to become effective unless Polyus Gold has received approval the Strategic Law Approvals and the formal processes have been put in place to de-list the Polyus Gold GDRs and to admit the New Polyus Gold Shares to the premium listing segment of the Official List.

The implementation of the Scheme is conditional upon:

- (A) the approval of the Scheme by a majority in number, representing at least 75 per cent. in voting rights, of the Polyus Gold Shareholders present and voting, either in person or by proxy, at the Court Meeting (or at any adjournment of such meeting);
- (B) the passing of the Resolutions set out in the notice of the Scheme General Meeting to approve the Scheme and various matters in connection with the Scheme, including (a) the cancellation of the Scheme Shares, (b) the issue and allotment of the New Shares, (c) changes to the Polyus Gold Articles summarised in 2.1(iii) above, and (d) the New Polyus Gold Reduction of Capital, at the Scheme General Meeting (or any adjournment of such meeting);
- (C) the sanction of the Scheme by the Jersey Court and the confirmation by the Jersey Court of the Polyus Gold Reduction of Capital; and
- (D) a copy of the Court Order having been delivered to the Jersey Registrar of Companies for registration and having been duly registered by him.

The Court Hearing (at which it is proposed that the Jersey Court sanction the Scheme) is expected to be held on or around 3 November 2011. Polyus Gold Shareholders who wish to support or oppose the Scheme will have the right to appear in person, or be represented by counsel, at the Court Hearing. The Court Hearing will be held at Royal Court House, Royal Square, St. Helier, Jersey JE1 1JG. Any Polyus Gold Shareholder and Polyus Gold GDR Holder may appear at the Court Hearing in person or through counsel to support or oppose approval by the Jersey Court of the Scheme or make representations to the Jersey Court in relation to the Scheme. Any change to the date of the Court Hearing will be announced by RIS and will be available on the Polyus Gold Group's website at www.polyusgold.com.

In addition, the Directors will not take the necessary steps to enable the Scheme to become effective unless, at the relevant time, the following conditions have been satisfied (or, where permitted, waived):

- (A) approval of the acquisition by New Polyus Gold of 100 per cent. of the Polyus Gold Shares by the Government Commission on Monitoring Foreign Investment in the Russian Federation confirmed by a written approval from FAS in accordance with the Federal Law of the Russian Federation No. 57-FZ "On Procedures for Foreign Investments in Companies of Strategic Significance for National Defence and Security" dated 29 April 2008, and by FAS in accordance with the Federal Law of the Russian Federation No. 135-FZ dated 26 July 2006 "On Protection of Competition" (as amended) (the "**Strategic Law Approvals**");
- (B) the formal processes having been put in place to de-list the Polyus Gold GDRs and to admit (subject to the allotment of the New Polyus Gold Shares and the satisfaction of conditions (A) to (D) above, save to the extent such conditions are already satisfied) the New Polyus Gold Shares to be issued in connection with the Scheme to the premium listing segment of the Official List; and
- (C) the London Stock Exchange having agreed to admit the New Polyus Gold Shares to be issued in connection with the Scheme to trading on its main market for listed securities and its agreement not being withdrawn prior to the Scheme Effective Date.

If the Scheme is sanctioned by the Jersey Court and the other conditions to the Scheme are satisfied or waived, the Scheme is expected to become effective on or about 9 November 2011, and dealings in the New Polyus Gold Shares to be issued pursuant to the Scheme are expected to commence on or about 9 November 2011.

If the Scheme has not become effective by 30 June 2012 (or such later date as Polyus Gold and New Polyus Gold may agree and the Jersey Court may permit), it will lapse, in which event the Scheme will not proceed, Polyus Gold Shareholders will remain shareholders, and Polyus Gold GDR Holders will remain GDR holders, of Polyus Gold and the Polyus Gold GDRs will continue to be listed on the standard listing segment of the Official List and admitted to trading on the London Stock Exchange's main market for listed securities.

The Scheme contains a provision for Polyus Gold and New Polyus Gold jointly to consent, on behalf of all persons concerned, to any modification of, or addition to the Scheme, or to any condition that the Jersey Court may think fit to approve or impose. Polyus Gold has been advised by its legal advisers that the Jersey Court would be unlikely to approve or impose any modification of, or addition or condition to, the Scheme which might be material to the interests of Polyus Gold Shareholders unless Polyus Gold Shareholders were informed of any such modification, addition or condition. It will be a matter for the Jersey Court to decide, in its discretion, whether or not further meetings of Polyus Gold Shareholders should be held. If the Jersey Court does approve or impose a modification of, or addition or condition to, the Scheme which, in the opinion of the Directors, is such as to require the consent of the Polyus Gold Shareholders, the Directors will not take the necessary steps to enable the Scheme to become effective unless and until such consent is obtained.

3.2 *The New Polyus Gold Reduction of Capital*

The necessary shareholder resolution required by the Companies Act to implement the New Polyus Gold Reduction of Capital was passed on 29 September 2011 prior by the current shareholder of New Polyus Gold, on the basis that it is conditional upon the Scheme becoming effective. Confirmatory approval relating to the New Polyus Gold Reduction of Capital is being sought from Polyus Gold Shareholders as one of the Resolutions to be proposed at the Scheme General Meeting (and the Scheme is conditional, among other matters, upon the passing of such Resolution). The New Polyus Gold Reduction of Capital will also require the confirmation of the High Court.

3.3 *General*

The full text of the Scheme and of the Resolutions to be proposed at the Court Meeting and the Scheme General Meeting are set out in Parts IV and VI, respectively, of this document.

4. Effect of the Scheme

The effect of implementation of the Scheme will be as follows:

- (A) instead of having its share capital owned by Polyus Gold Shareholders, Polyus Gold will become a subsidiary of New Polyus Gold and it is intended that Polyus Gold will be re-registered as a private company shortly following the Scheme Effective Date;
- (B) instead of owning a given number of Polyus Gold Shares, each Polyus Gold Shareholder will own the same number of New Polyus Gold Shares, the Polyus Gold GDR programme will be terminated and, upon such termination, Polyus Gold GDR Holders will be entitled to receive (subject to the payment of any applicable taxes and governmental charges to the Depositary) New Polyus Gold Shares or New Polyus Gold ADSs, as they may elect by completing and delivering Forms of Election and Delivery Instruction, in respect of their Polyus Gold GDRs;

- (C) New Polyus Gold, a company incorporated in England and Wales and which is UK tax resident, will be the holding company of the Polyus Gold Group; and
- (D) instead of the Polyus Gold GDRs being admitted to the standard listing segment of the Official List, the New Polyus Gold Shares will be admitted to the premium listing segment of the Official List.

Immediately following the Scheme becoming effective, New Polyus Gold will own no assets other than the share capital of Polyus Gold and nominal cash balances.

Immediately following the Scheme becoming effective, the holder of the New Polyus Gold Subscriber Share will gift such share to a nominee of New Polyus Gold, following which such share will be cancelled. This is to ensure that the number of New Polyus Gold Shares in issue following the Scheme is exactly the same as the number of Polyus Gold Shares in issue immediately prior to the Scheme becoming effective.

5. The New Polyus Gold Reduction of Capital

The Directors expect that New Polyus Gold will undertake the New Polyus Gold Reduction of Capital shortly after the Scheme Effective Date.

Pursuant to the New Polyus Gold Reduction of Capital, it is proposed that, after the Scheme has become effective, New Polyus Gold will decrease the nominal value of each New Polyus Gold Share from £1.00 to £0.50. This will create a reserve of distributable profits that will be available to New Polyus Gold to be distributed as dividends or applied towards any other lawful purpose. The reduction in the nominal value of the Polyus Gold Shares pursuant to the New Polyus Gold Reduction of Capital is of a technical nature and does not affect the market value of the New Polyus Gold Shares.

The necessary shareholder resolution required by the Companies Act for New Polyus Gold to implement the New Polyus Gold Reduction of Capital was passed on 29 September 2011 by the then current shareholder of New Polyus Gold, on the basis that it would be conditional upon the Scheme becoming effective. Confirmatory approval relating to the New Polyus Gold Reduction of Capital is being sought from Polyus Gold Shareholders as one of the Resolutions to be proposed at the Scheme General Meeting (and the Scheme is conditional, among other matters, upon the passing of such Resolution). The New Polyus Gold Reduction of Capital will also require the confirmation of the High Court.

Subject to the Scheme becoming effective on or about 9 November 2011, the New Polyus Gold Reduction of Capital is expected to become effective on 24 November 2011.

6. Taxation

Your attention is drawn to paragraph 15 of Part II for further information about the taxation consequences of the Scheme and the New Polyus Gold Reduction of Capital.

The summary information on taxation in this document is intended as a guide only and holders of Polyus Gold Securities who are in any doubt about their tax position, or who are resident for tax purposes outside the UK, are strongly advised to contact an appropriate professional, independent adviser immediately.

7. Articles of association of New Polyus Gold

A summary of the New Polyus Gold Articles is set out in paragraph 12 of Part III of this document, and a summary of the key differences between the New Polyus Gold Articles and the Polyus Gold Articles is set out in paragraph 13 of Part III of this document. A description of the principal differences between English and Jersey company law is set out in paragraph 11 of Part III of this document.

8. Directors' and other interests

On the Scheme Effective Date, the boards of Polyus Gold and New Polyus Gold will be the same. It is intended that the Executive Director, Evgueni Ivanov, will be employed by New Polyus Gold with effect from the Scheme Effective Date, pursuant to a service agreement to be entered into between him and New Polyus Gold (the terms of which will be subject to the approval of the Remuneration Committee). Each Non-Executive Director is expected to enter into a letter of appointment with New Polyus Gold, the terms of which (including the expiry date) are substantially the same as the terms of his appointment with Polyus Gold. The Non-Executive Directors' appointments as directors of Polyus Gold are expected to continue for a period following the Scheme Effective Date, although, from the Scheme Effective Date, they will receive their fees from New Polyus Gold rather than from Polyus Gold. The total fees payable to each of the Non-Executive Directors will not be varied as a result of the Scheme.

As at 29 September 2011 (being the last practicable date prior to the publication of this document) the Directors had no interests in the existing share capital of Polyus Gold.

Polyus Gold Shareholders are referred to the matters described in paragraphs 11 and 13 of Part III of this document in relation to the effect on Directors arising from the differences between the New Polyus Gold Articles and the Polyus Gold Articles and the fact that Polyus Gold is incorporated in England and Wales and governed by the Companies Act and to paragraph 6 of Part III of this document in relation to Directors' employment contracts and letters of appointments.

9. Overseas Shareholders

The implications of the Scheme for, and the distribution of this document to, Overseas Shareholders may be affected by the laws of the relevant jurisdictions. Overseas Shareholders should inform themselves about and observe all applicable legal requirements.

It is the responsibility of any person into whose possession this document comes to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection with the Scheme and the distribution of this document and/or the accompanying documents, including the obtaining of any governmental, exchange control or other consents which may be required and/or compliance with other necessary formalities which are required to be observed and the payment of any issue, transfer or other taxes or levies due in such jurisdiction.

If, in respect of any Overseas Shareholder, New Polyus Gold is advised that the allotment and issue of New Polyus Gold Shares would or might infringe the laws of any jurisdiction outside Jersey, the United Kingdom or the United States, or would or might require New Polyus Gold to obtain any governmental or other consent or effect any registration, filing or other formality, Polyus Gold may determine that the New Polyus Gold Shares shall be issued to that Overseas Shareholder and sold on his behalf, with the net proceeds of sale being remitted to the Overseas Shareholder at the Overseas Shareholder's risk. Alternatively, Polyus Gold may determine that no New Polyus Gold Shares shall be allotted and issued to such Overseas Shareholder, but instead those New Polyus Gold Shares shall be allotted and issued to a nominee appointed by New Polyus Gold as trustee for such Overseas Shareholder, on terms that they shall be sold on behalf of such Overseas Shareholder as soon as reasonably practicable after the Scheme becomes effective, with the net proceeds of sale being remitted to the Overseas Shareholder concerned at the risk of such Overseas Shareholder.

Overseas Shareholders should consult their own legal, financial and tax advisers with respect to the legal, financial and tax consequences of the Scheme in their particular circumstances.

THIS DOCUMENT DOES NOT CONSTITUTE AN INVITATION OR OFFER TO SELL OR THE SOLICITATION OF AN INVITATION OR OFFER TO BUY ANY SECURITY. NONE OF THE SECURITIES REFERRED TO IN THIS DOCUMENT SHALL BE SOLD, ISSUED, SUBSCRIBED FOR, PURCHASED, EXCHANGED OR TRANSFERRED IN ANY JURISDICTION IN CONTRAVENTION OF APPLICABLE LAW.

The New Polyus Gold Shares to be issued to Polyus Gold Shareholders in connection with the Scheme have not been, and will not be, registered under the US Securities Act, and will be issued in reliance upon the exemption

from the registration requirements of the US Securities Act provided by Section 3(a)(10) of that Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Polyus Gold Shares issued pursuant to the Scheme, Polyus Gold and New Polyus Gold will advise the Jersey Court that they will rely on the Section 3(a)(10) exemption based on the Jersey Court's sanctioning of the Scheme, which will be relied upon by Polyus Gold as an approval of the Scheme following a hearing on its fairness to Polyus Gold Shareholders at which hearing all such Polyus Gold Shareholders and Polyus Gold GDR Holders will be entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such shareholders.

The New Polyus Gold Shares have not been and will not be registered on a United States securities exchange or quoted on any inter-dealer quotation system in the United States. Polyus Gold expects that New Polyus Gold will not intend to take any action to facilitate a market in New Polyus Gold Shares in the United States and consequently Polyus Gold believes that it is unlikely that an active trading market in the United States will develop for the New Polyus Gold Shares.

New Polyus Gold Shares issued to Polyus Gold Shareholders or to holders of Polyus Gold GDRs who are neither affiliates for purposes of the US Securities Act, of Polyus Gold or New Polyus Gold prior to the Scheme Effective Date nor affiliates of New Polyus Gold after the Scheme Effective Date, may be resold without restriction under the US Securities Act. Affiliates of Polyus Gold and New Polyus Gold will be subject to timing, manner of sale and volume restrictions under Rule 145(d) of the US Securities Act on resales of New Polyus Gold Shares received in connection with the Scheme. Whether a person is an affiliate of a company for purposes of the US Securities Act depends on the circumstances but affiliates can include certain officers, directors and significant shareholders. Persons who believe they may be affiliates of Polyus Gold or New Polyus Gold should consult their own legal advisers prior to any sale of securities received in the Scheme.

The New Polyus Gold Shares have not been and will not be registered under the securities laws of any state of the United States, and will be issued pursuant to the Scheme in reliance on available exemptions from such state law registration requirements.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved of the Scheme or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

Polyus Gold Securityholders who are citizens or residents of the United States should consult their own legal, financial and tax advisers with respect to the legal, financial and tax consequences of the Scheme and their particular circumstances.

10. Listing, dealings, share certificates and settlement

Applications will be made to the UK Listing Authority for all of the New Polyus Gold Shares to be admitted to the premium listing segment of the Official List and to the London Stock Exchange for all of the New Polyus Shares to be admitted to trading on the London Stock Exchange's main market for listed securities.

If the Scheme proceeds as presently envisaged, Polyus Gold intends to seek the de-listing of the Polyus Gold GDRs from the standard listing segment of the Official List with effect from 9 November 2011. The last day of trading in Polyus Gold GDRs is expected to be Friday 4 November 2011.

It is expected that the New Polyus Gold Shares will be issued, Admission will become effective and dealings in the New Polyus Gold Shares will commence at 8.00 a.m. on or about 9 November 2011. It is expected that the listing of the Polyus Gold GDRs will be de-listed and cancelled at the same time. If Admission and dealings in New Polyus Gold Shares on the London Stock Exchange are significantly delayed, then Polyus Gold will make an announcement to this effect, which may include details of how the postponement may affect the delivery instructions given in the Form of Election and Delivery Instruction.

These dates may be deferred if it is necessary to adjourn any meeting required to approve the arrangements described in this document. In the event of a delay, the application for the Polyus Gold GDRs to be de-listed will be deferred, so that the listing will not be cancelled until immediately before the Scheme becomes effective.

With effect from (and including) the Scheme Effective Date, all share certificates representing the Polyus Gold Shares will cease to be valid and binding in respect of such holdings and should be destroyed.

It is currently proposed that share certificates for New Polyus Gold Shares will be despatched, by post, to Polyus Gold Shareholders on or about 5 December 2011 (at the risk of the Polyus Gold Shareholder entitled thereto) unless the Polyus Gold Shareholder has completed and returned to Polyus Gold's Registrars, Computershare, a Form of Share Delivery Instruction with their valid CREST account details by no later than 6.00 p.m. on 4 November 2011. If the CREST account details are invalid or incomplete, a share certificate will be despatched by post in relation to the New Polyus Gold Shares.

It is currently expected that New Polyus Gold will set up the New Polyus Gold ADS programme with the New Polyus Gold ADSs trading only on the US OTC market. The establishment of the New Polyus Gold ADS programme will require the registration of the New Polyus Gold ADSs with the SEC, and there is no guarantee that the New Polyus Gold ADS programme will be established. Each New Polyus Gold ADS will represent one New Polyus Gold Share. *The New Polyus Gold ADSs will not be listed on any securities exchange and the proposed New Polyus Gold ADS programme will be subject to the Maximum Number of New Polyus Gold ADSs.*

Upon effectiveness of the Scheme and surrender of its Polyus Gold GDRs, each Polyus Gold GDR Holder will become entitled to receive New Polyus Gold Shares or New Polyus Gold ADSs, as it may elect by completing and delivering a Form of Election and Delivery Instruction. A Polyus Gold GDR Holder who holds Polyus Gold GDRs on the Scheme Record Date and whose Form of Election and Delivery Instruction is not received by BNY Mellon Shareowner Services by 5.00 p.m. (New York time) on 4 November 2011 will be deemed to have made a Deemed Election to receive its New Polyus Gold Shares in the form of: (i) New Polyus Gold ADSs in its DTC account, subject to the establishment and availability of the New Polyus Gold ADS programme, if such Polyus Gold GDR Holder is a DTC GDR Holder; (ii) New Polyus Gold Shares in its Euroclear or Clearstream account, if such Polyus Gold GDR Holder is a Euroclear/Clearstream GDR Holder; or (iii) certificated New Polyus Gold Shares, if such Polyus Gold GDR Holder is a Direct GDR Holder. DTC GDR Holders who wish to receive New Polyus Gold Shares should ensure that they complete the Form of Election and Delivery Instruction by the required time. Upon the submission of a Form of Election and Delivery Instruction by a holder of Polyus Gold GDRs, such holder's Polyus Gold GDRs will become blocked in the relevant electronic clearance system where the GDRs are held and will not be available for sale or transfer. Subject to the registration of the New Polyus Gold ADSs with the SEC, the New Polyus Gold ADSs will be distributed (i) first, to the ADS-Electing DTC Holders, and (ii) secondly, subject to availability of the New Polyus Gold ADSs, the remaining New Polyus Gold ADSs will be distributed to the Requesting GDR Holders. If the number of New Polyus Gold ADSs to be distributed to Electing GDR Holders exceeds the Maximum Number of New Polyus Gold ADSs, then (i) first, the New Polyus Gold ADSs will be distributed to the ADS-Electing DTC Holders, and, should the number of such New Polyus Gold ADSs exceed the Maximum Number of New Polyus Gold ADSs, the ADS-Electing DTC Holders will receive the New Polyus Gold ADSs on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares, subject to surrendering their Polyus Gold GDRs and providing relevant delivery instructions, and (ii) secondly, the remaining New Polyus Gold ADSs, if any, will be distributed to the Requesting GDR Holders on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares.

If no valid delivery instructions are received by the Depositary from the DTC GDR Holders in the four months following the date on which the Polyus Gold GDR facility is terminated, which is expected to be the same date

as the Scheme Effective Date, then the Depositary may sell any remaining New Polyus Gold Shares that it holds on behalf of such DTC GDR Holders by public or private sale and such DTC GDR Holders will be entitled to receive their proportionate share of the net proceeds of any such sale, after deduction of expenses and applicable taxes, upon surrender of their Polyus Gold GDRs. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme. There is no guarantee as to the price at which the Depositary will be able to sell such New Polyus Shares in the market. After such a sale, the Depositary will hold the net proceeds it received from the sale, as well as any other cash it is holding under the Deposit Agreement for the *pro rata* benefit of the DTC GDR Holders that have not surrendered their Polyus Gold GDRs. The Depositary will not invest the money and will have no liability for interest.

SDRT may be payable at the rate of 1.5 per cent. of the value of the Polyus Gold GDRs that are surrendered for delivery of New Polyus Gold ADSs, which may be refundable in the event of a successful outcome of the litigation referred to in paragraph 15 of Part III of this document. SDRT liability, if any, will be borne by the Polyus Gold GDR Holders to whom the New Polyus Gold ADSs are issued and must be paid as a condition of receiving New Polyus Gold ADSs.

Important note for DTC GDR Holders: As the New Polyus Gold ADS programme is limited to the Maximum Number of New Polyus Gold ADSs, if you are a DTC Holder and are contemplating not completing a Form of Election and Delivery Instruction because you would like to receive New Polyus Gold ADSs, you are strongly advised to complete the Form of Election and Delivery Instruction with your CREST account details or provide delivery details for the New Polyus Gold Shares. If it is not possible to distribute to you the number of New Polyus Gold ADSs that you would be entitled to receive because the Maximum Number of New Polyus Gold ADSs has been reached and New Polyus Gold Shares will have to be delivered to you, the Depositary, in the absence of CREST account details or other delivery details in a completed Form of Election and Delivery Instruction, will not be able to deliver the New Polyus Gold Shares to you. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme.

If you are an ADS-Electing DTC Holder and receive New Polyus Gold ADSs upon the Scheme becoming effective, you should note that if you subsequently wish to convert your New Polyus Gold ADSs into New Polyus Gold Shares, you will be required to pay a cancellation fee of USD 0.05 per New Polyus Gold ADS to the depositary for the New Polyus Gold ADS programme.

Polyus Gold GDR Holders will receive their New Polyus Gold Shares or New Polyus Gold ADSs on or about:

- (i) 9 November 2011, for Polyus Gold GDR Holders who elected or are deemed to have elected to receive New Polyus Gold ADSs;
- (ii) 9 November 2011, for Euroclear/Clearstream GDR Holders who elected or are deemed to have elected to receive New Polyus Gold Shares;
- (iii) 9 November 2011, for DTC GDR Holders who elected or are deemed to have elected to receive New Polyus Gold Shares and provided the delivery instructions to the Depositary by 5.00 p.m. (New York time) on 4 November 2011;
- (iv) 5 December 2011, for Polyus Gold GDR Holders who elected or are deemed to have elected to receive New Polyus Gold Shares in certificated form or in uncertificated form on the register of New Polyus Gold and provided the delivery instructions to the Depositary by 5.00 p.m. (New York time) on 4 November 2011.

All electronic and hard copy documents sent to, by, from or on behalf of Polyus Gold Shareholders or Polyus Gold GDR Holders will be sent entirely at their own risk. Neither Polyus Gold nor its appointed agents are

responsible for any loss or damage suffered in acting on the information provided by, or on behalf of, Polyus Gold Shareholders or Polyus Gold GDR Holders.

11. Meetings and consents for implementation of the Proposals

The Scheme will require the approval of the Polyus Gold Shareholders at the Court Meeting, convened pursuant to an order of the Jersey Court, and the passing by Polyus Gold Shareholders of the Resolutions set out in the notice of the Scheme General Meeting. Both of the Meetings have been convened for 28 October 2011. The Scheme also requires the sanction of the Jersey Court.

New Polyus Gold has agreed to appear by Counsel at the Court Hearing and to undertake to be bound by the Scheme.

The necessary shareholder resolution required by the Companies Act to implement the New Polyus Gold Reduction of Capital was passed on 29 September 2011 by the current shareholder of New Polyus Gold, on the basis that it is conditional upon the Scheme becoming effective. Confirmatory approval relating to the New Polyus Gold Reduction of Capital is being sought from Polyus Gold Shareholders as one of the Resolutions to be proposed at the Scheme General Meeting (and the Scheme is conditional, among other matters, upon the passing of such Resolution). The New Polyus Gold Reduction of Capital also requires the confirmation of the High Court.

Notices of the Court Meeting and the Scheme General Meeting are contained in Part VI of this document. Entitlement to attend and vote at these Meetings and the number of votes which may be cast thereat will be determined by reference to the register of members of Polyus Gold at the Scheme Voting Record Time. All Polyus Gold Shareholders whose names appear on the register of members of Polyus Gold at the Scheme Voting Record Time will be entitled to attend and speak and vote at the relevant Meeting in respect of the number of Polyus Gold Shares registered in their name at that time.

(A) Court Meeting

The Court Meeting has been convened for 2.00 p.m. on 28 October 2011 pursuant to an order of the Jersey Court. At the Court Meeting, or at any adjournment thereof, the Polyus Gold Shareholders will consider and, if thought fit, approve the Scheme.

In order that the Jersey Court can be satisfied that the votes cast constitute a fair representation of the views of the Polyus Gold Shareholders, it is important that as many votes as possible are cast at the Court Meeting. Polyus Gold Securityholders are therefore urged to take the action referred to in paragraph 15 of this Part.

It is also particularly important for you to be aware that if the Scheme becomes effective, it will be binding on all Scheme Shareholders (and the implications for all Polyus Gold GDR Holders will be the same) irrespective of whether they attended the Court Meeting and irrespective of the manner in which they voted.

(B) The Scheme General Meeting

The Scheme General Meeting has been convened for 2.15 p.m. on 28 October 2011 (or as soon thereafter as the Court Meeting has been concluded or adjourned). At the Scheme General Meeting or at any adjournment thereof, Polyus Gold Shareholders will consider and, if thought fit, pass the Resolutions set out in the notice of the Scheme General Meeting contained in Part VI of this document.

Special Resolutions

The special resolutions set out in the notice of the Scheme General Meeting are proposed in order to approve:

- (i) the Scheme;
- (ii) the Polyus Gold Reduction of Capital;
- (iii) an increase in the share capital of Polyus Gold to its former amount by the creation of the New Shares to be issued to New Polyus Gold in accordance with the Scheme;
- (iv) amendments to the Polyus Gold Articles to ensure that the holders of any Polyus Gold Shares issued before the Scheme Record Time are bound by the Scheme and that any Polyus Gold Shares issued after the Scheme Record Time are transferred to Polyus Gold in consideration for the issue or transfer of New Polyus Gold Shares on a one-for-one basis;
- (v) the New Polyus Gold Reduction of Capital; and
- (vi) authority for the off-market purchase by the Company of up to 201,805,817 Polyus Gold Shares from Jenington (being Jenington's holding of Polyus Gold Shares).

Ordinary Resolution

The ordinary resolution set out in the notice of the Scheme General Meeting is proposed in order to approve the contract for the off-market purchase by Polyus Gold of up to 201,805,817 Polyus Gold Shares from Jenington (being Jenington's holding of Polyus Gold Shares).

The majority required for the passing of the special resolutions is not less than two-thirds of the votes cast (in person or by proxy) at the Scheme General Meeting. Voting on the special resolutions will be by poll and not on a show of hands. The majority required for the passing of an ordinary resolution is a simple majority of the votes cast (in person or by proxy) at the Scheme General Meeting. Voting on the ordinary resolution will be by poll and not on a show of hands.

(C) *Proxy Forms for Polyus Gold Shareholders*

Polyus Gold Shareholders will find enclosed with this document a yellow Form of Proxy for use in connection with the Court Meeting and a green Form of Proxy for use in connection with the Scheme General Meeting. Polyus Gold Shareholders, whether or not they intend to be present at the Meetings in person, should complete and sign both of the enclosed Forms of Proxy in accordance with the instructions printed on them and return them to Polyus Gold's Registrars, Computershare, at Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES as soon as possible and, in any event, so as to be received by 2.00 p.m. on 26 October 2011 with respect to the yellow Form of Proxy and 2.15 p.m. on 26 October 2011 with respect to the green Form of Proxy. Forms of Proxy returned by fax will not be accepted. If the yellow Form of Proxy for the Court Meeting is not returned by the above time, it may be handed to the Chairman of the Court Meeting or to Polyus Gold's Registrars, Computershare, prior to the start of the Court Meeting. However, in the case of the Scheme General Meeting, unless the green Form of Proxy for use in connection with the Scheme General Meeting is returned by the time mentioned in the instructions printed on it, it will be invalid. The completion and return of the relevant Form of Proxy will not prevent a Polyus Gold Shareholder from attending and voting in person at the Court Meeting or the Scheme General Meeting, or any adjournment thereof, if they so wish and are so entitled.

Forms of Proxy for use in connection with the Court Meeting and the Scheme General Meeting are also available in electronic form on the Polyus Gold Group's website at www.polyusgold.com.

(D) ***Voting Instruction Form for Polyus Gold GDR Holders***

Polyus Gold GDR Holders holding Polyus Gold GDRs in the clearance systems will receive through the relevant clearance systems the voting instruction. Polyus Gold GDR Holders who hold certificated Polyus Gold GDRs will find enclosed with this document a white Voting Instruction Form for use in connection with the Court Meeting and the Scheme General Meeting. By submitting the Voting Instruction Form via the relevant clearance system or the Voting Instruction Form enclosed hereto, Polyus Gold GDR Holders will instruct the Depositary, as provided in the Deposit Agreement, to vote the Polyus Gold Shares underlying the Polyus Gold GDRs held by the relevant Polyus Gold GDR Holders on the GDR Voting Record Date in accordance with the voting instructions set forth in the Voting Instruction Form. Polyus Gold GDR Holders should complete and sign the enclosed Voting Instruction Form in accordance with the instructions printed on it and return it as soon as possible and by no later than 5.00 p.m. (New York time) on 21 October 2011.

Polyus Gold GDR Holders may vote on the Resolutions and participate directly in the Court Meeting and the Scheme General Meeting by surrendering their Polyus Gold GDRs and receiving delivery of the underlying Polyus Gold Shares. If Polyus Gold GDR Holders wish to vote in their own right at the Court Meeting and Scheme General Meeting and participate directly in the Court Meeting and the Scheme General Meeting, they must ensure that they are registered on the Polyus Gold share register as a Polyus Gold Shareholder by 6.00 p.m. on 26 October 2011. If Polyus Gold GDR Holders wish to surrender their Polyus Gold GDRs and receive delivery of underlying Polyus Gold Shares, they must deliver their Polyus Gold GDRs for cancellation to the Depositary's Corporate Trust account at DTC, number 2504, and pay the surrender fee stipulated in the Deposit Agreement (USD 0.05 per Polyus Gold GDR), plus all applicable taxes and governmental charges. Polyus Gold GDR Holders should contact their broker for additional information about the applicable deadline for surrendering their Polyus Gold GDRs and payment of the surrender fee. Polyus Gold GDR Holders may also contact the Polyus Gold Securityholder helpline, as referred to below, with any questions.

Voting Instruction Forms for use in connection with the Court Meeting and the Scheme General Meeting are also available in electronic form on the Polyus Gold Group's website at www.polyusgold.com.

(E) ***Sanction of the Scheme by the Jersey Court and confirmation of the Polyus Gold Reduction of Capital***

Under the Companies (Jersey) Law, the Scheme requires the sanction of the Jersey Court and the confirmation by the Jersey Court of the associated Polyus Gold Reduction of Capital. This will be done in one Court Hearing, which is expected to be held on 3 November 2011 at Royal Court House, Royal Square, St. Helier, Jersey JE1 1JG. All Polyus Gold Shareholders (and Polyus Gold GDR Holders) are entitled to attend the Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme.

The Scheme will become effective as soon as the Court Order has been duly delivered to the Jersey Registrar of Companies for registration and has been duly registered by him. This is expected to occur on or about 9 November 2011.

If the Scheme becomes effective, it will be binding on all Polyus Gold Shareholders, including those who do not vote to approve the Scheme and those who vote against the Scheme at the Court Meeting and/or at the Scheme General Meeting and including any holder of Polyus Gold Shares held in the form of Polyus Gold GDRs.

Unless the Scheme becomes effective by no later than 30 June 2012, or such later date imposed by the Jersey Court and/or agreed by Polyus Gold and New Polyus Gold, the Scheme will not become effective at all.

On the Scheme Effective Date, share certificates in respect of Polyus Gold Shares will cease to be valid and should be destroyed.

(F) ***Confirmation of the New Polyus Gold Reduction of Capital***

Under the Companies Act, the New Polyus Gold Reduction of Capital requires the confirmation of the High Court. This will be done in a hearing at the High Court, which is expected to be held on 23 November 2011. The New Polyus Gold Reduction of Capital will become effective as soon as an office copy of the court order sanctioning the New Polyus Gold Reduction of Capital has been registered by the UK Registrar of Companies. This is expected to occur on or about 24 November 2011.

12. Authorities relating to New Polyus Gold's share capital

On 29 September 2011, the holder of the New Polyus Gold Subscriber Share passed certain resolutions in order to, among other matters, authorise New Polyus Gold to carry out the actions required of it in relation to the Proposals, including approval of:

- (A) the allotment of the New Polyus Gold Shares to the Polyus Gold Shareholders, on the Scheme becoming effective;
- (B) the New Polyus Gold Reduction of Capital; and
- (C) the other matters described in paragraph 3.3 of Part III of this document.

Paragraph 3.3 of Part III of this document contains additional information on the authorities relating to New Polyus Gold's share capital which have been or will be granted.

13. New Polyus Gold Prospectus

The New Polyus Gold Prospectus, relating to New Polyus Gold and Admission, will be made available in electronic form on the Polyus Gold Group's website at www.polyusgold.com following approval by the FSA (currently not expected before 31 October 2011), and may be inspected at the offices of Polyus Gold's solicitors, Debevoise & Plimpton LLP, at Tower 42, Old Broad Street, London EC2N 1HQ United Kingdom, and at the registered office of Polyus Gold at Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until Admission. Copies may also be obtained free of charge, by writing to the registered office of Polyus Gold (2nd floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES), to the registered office of New Polyus Gold (88 Wood Street, London EC2V 7RS) or to Polyus Gold's Registrars, Computershare, at their offices at Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES. The New Polyus Gold Prospectus will not be available prior to the Court Meeting or the Scheme General Meeting. **You will not be required to take any action in relation to the New Polyus Gold Prospectus.**

14. Further information

You should read the whole of this document. Your attention is drawn, in particular, to the summary set out at the front of this document, to the letter from your Chairman in Part I, to the Scheme set out in Part IV, to the notices of the Meetings in Part VI and to the additional information set out in Part III.

Copies of:

- (A) the Polyus Gold Articles in their present form;
- (B) the New Polyus Gold Articles;
- (C) the consent letter referred to in paragraph 18 of Part III of this document;
- (D) the New Polyus Gold Prospectus (from the date of its publication, currently not expected to be before 31 October 2011);

- (E) the draft letter contract referred to in resolution 4 of the Resolutions; and
- (F) this document,

can be inspected at the London offices of Polyus Gold's solicitors, Debevoise & Plimpton LLP, at Tower 42, 25 Old Broad Street, London EC2N 1HQ and at the registered office of Polyus Gold at Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES during normal business hours on any day (Saturdays, Sundays and public holidays excepted) until close of business on the Scheme Effective Date and (other than the document referred to at (D) above) will also be available for inspection for 15 minutes before and during the Court Meeting and the Scheme General Meeting. This document is also available in electronic form on the Polyus Gold Group's website at www.polyusgold.com.

15. Action to be taken

Polyus Gold Shareholders will find enclosed with this document:

- (A) a yellow Form of Proxy for use in relation to the Court Meeting;
- (B) a green Form of Proxy for use in relation to the Scheme General Meeting; and
- (C) a Form of Share Delivery Instruction in respect of New Polyus Gold Shares to be issued on the Scheme becoming effective.

It is important that, for the Court Meeting in particular, as many votes as possible are cast so that the Jersey Court may be satisfied that there is a fair and reasonable representation of Polyus Gold Shareholder opinion. Whether or not you plan to attend the Meetings in person, you are strongly encouraged to sign and return your Forms of Proxy, as soon as possible and in any event so as to be received by Polyus Gold's Registrars, Computershare, at their address Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES:

- (i) in the case of the yellow Forms of Proxy for the Court Meeting, by 2.00 p.m. on 26 October 2011; and
- (ii) in the case of the green Forms of Proxy for the Scheme General Meeting, by 2.15 p.m. on 26 October 2011,

(or, in the case of an adjourned meeting to be held more than 48 hours after the time fixed for holding the original meeting, not less than 24 hours prior to the time and date set for the adjourned meeting).

Forms of Proxy for use in connection with the Court Meeting and the Scheme General Meeting and Forms of Share Delivery Instruction in respect of New Polyus Gold Shares to be issued on the Scheme becoming effective are available in electronic form on the Polyus Gold Group's website at www.polyusgold.com.

Polyus Gold GDR Holders will find enclosed with this document:

- (A) a white Voting Instruction Form for use in relation to the Court Meeting and the Scheme General Meeting; and
- (B) a Form of Election and Delivery Instruction to be completed by those Polyus Gold GDR Holders who wish to elect a form of delivery different from their Deemed Election. **Important note for DTC GDR Holders: As the New Polyus Gold ADS programme is limited to the Maximum Number of New Polyus Gold ADSs, if you are a DTC Holder and are contemplating not completing a Form of Election and Delivery Instruction because you would like to receive New Polyus Gold ADSs, you are strongly advised to complete the Form of Election and Delivery Instruction with your CREST account details or provide delivery details for the New Polyus Gold Shares. If it is not possible to distribute to you the number of New Polyus Gold ADSs that you would be entitled to receive because the Maximum Number of New Polyus Gold ADSs has been reached and New Polyus Gold Shares**

will have to be delivered to you, the Depositary, in the absence of CREST account details or other delivery details in a completed Form of Election and Delivery Instruction, will not be able to deliver the New Polyus Gold Shares to you. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme.

If you are an ADS-Electing DTC Holder and receive New Polyus Gold ADSs upon the Scheme becoming effective, you should note that if you subsequently wish to convert your New Polyus Gold ADSs into New Polyus Gold Shares, you will be required to pay a cancellation fee of USD 0.05 per New Polyus Gold ADS to the depositary for the New Polyus Gold ADS programme.

It is currently expected that New Polyus Gold will set up the New Polyus Gold ADS programme with the New Polyus Gold ADSs trading only on the US OTC market. The establishment of the New Polyus Gold ADS programme will require the registration of the New Polyus Gold ADSs with the SEC, and there is no guarantee that the New Polyus Gold ADS programme will be established. Each New Polyus Gold ADS will represent one New Polyus Gold Share. *The New Polyus Gold ADSs will not be listed on any securities exchange and the proposed New Polyus Gold ADS programme will be subject to the Maximum Number of New Polyus Gold ADSs.*

Upon effectiveness of the Scheme and surrender of its Polyus Gold GDRs, each Polyus Gold GDR Holder will become entitled to receive New Polyus Gold Shares or New Polyus Gold ADSs, as it may elect by completing and delivering a Form of Election and Delivery Instruction. A Polyus Gold GDR Holder who holds Polyus Gold GDRs on the Scheme Record Date and whose Form of Election and Delivery Instruction is not received by BNY Mellon Shareowner Services by 5.00 p.m. (New York time) on 4 November 2011 will be deemed to have made a Deemed Election to receive its New Polyus Gold Shares in the form of: (i) New Polyus Gold ADSs in its DTC account, subject to the establishment and availability of the New Polyus Gold ADS programme, if such Polyus Gold GDR Holder is a DTC GDR Holder; (ii) New Polyus Gold Shares in its Euroclear or Clearstream account, if such Polyus Gold GDR Holder is a Euroclear/Clearstream GDR Holder; or (iii) certificated New Polyus Gold Shares, if such Polyus Gold GDR Holder is a Direct GDR Holder. DTC GDR Holders who wish to receive New Polyus Gold Shares should ensure that they complete the Form of Election and Delivery Instruction by the required time. Upon the submission of a Form of Election and Delivery Instruction by a holder of Polyus Gold GDRs, such holder's Polyus Gold GDRs will become blocked in the relevant electronic clearance system where the GDRs are held and will not be available for sale or transfer. Subject to the registration of the New Polyus Gold ADSs with the SEC, the New Polyus Gold ADSs will be distributed (i) firstly, to the ADS-Electing DTC Holders, and (ii) secondly, subject to availability in the New Polyus Gold ADSs, the remaining New Polyus Gold ADSs will be distributed to the Requesting GDR Holders. If the number of New Polyus Gold ADSs to be distributed to Electing GDR Holders exceeds the Maximum Number of New Polyus Gold ADSs, then (i) firstly, the New Polyus Gold ADSs will be distributed to the ADS-Electing DTC Holders, and, should the number of such New Polyus Gold ADSs exceed the Maximum Number of New Polyus Gold ADSs, the ADS-Electing DTC Holders will receive the New Polyus Gold ADSs on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares, subject to surrendering their Polyus Gold GDRs and providing relevant delivery instructions, and (ii) secondly, the remaining New Polyus Gold ADSs, if any, will be distributed to the Requesting GDR Holders on a *pro-rata* basis according to the number of New Polyus Gold ADSs they would be entitled to receive and they will retain any unexchanged Polyus Gold GDRs and will subsequently receive their remaining entitlements in the form of New Polyus Gold Shares.

If no valid delivery instructions are received by the Depositary from the DTC GDR Holders in the four months following the date on which the Polyus Gold GDR facility is terminated, which is expected to be the same date as the Scheme Effective Date, then the Depositary may sell any remaining New Polyus Gold Shares that it holds on behalf of such DTC GDR Holders by public or private sale and such DTC GDR Holders will be entitled to receive their proportionate share of the net proceeds of any such sale, after deduction of expenses and applicable

taxes, upon surrender of their Polyus Gold GDRs. The Depositary will not distribute dividend payments on such New Polyus Gold Shares it holds and you will not be able to exercise voting rights with respect to such New Polyus Gold Shares after the termination of the Polyus Gold GDR programme. There is no guarantee as to the price at which the Depositary will be able to sell such New Polyus Shares in the market. After such a sale, the Depositary will hold the net proceeds it received from the sale, as well as any other cash it is holding under the Deposit Agreement for the *pro rata* benefit of the DTC GDR Holders that have not surrendered their Polyus Gold GDRs. The Depositary will not invest the money and will have no liability for interest.

SDRT may be payable at the rate of 1.5 per cent. of the value of the Polyus Gold GDRs that are surrendered for delivery of New Polyus Gold ADSs, which may be refundable in the event of a successful outcome of the litigation referred to in paragraph 15 of Part III of this document. SDRT liability, if any, will be borne by the Polyus Gold GDR Holders to whom the New Polyus Gold ADSs are issued and must be paid as a condition of receiving New Polyus Gold ADSs.

Voting Instruction Forms for use in connection with the Court Meeting and the Scheme General Meeting and Forms of Election and Delivery Instruction are available in electronic form on the Polyus Gold Group's website at www.polyusgold.com.

Yours faithfully,

J.P. Morgan Securities Ltd.

PART III

ADDITIONAL INFORMATION

1. Responsibility

The Directors, whose names appear in paragraph 4 of this Part, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Information on Polyus Gold

Polyus Gold is a public limited company incorporated in, and operating under the legislation of, Jersey. Its registered office is Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES.

3. Information on New Polyus Gold

3.1 *Status and registered office*

New Polyus Gold was incorporated and registered in England and Wales on 15 July 2011 under the Companies Act as a public company limited by shares under the name “Polyus Gold plc” and with registered number 07706746.

New Polyus Gold’s registered office is at 88 Wood Street, London EC2V 7RS.

3.2 *Share capital*

On incorporation, the issued share capital of New Polyus Gold was:

- (i) the New Polyus Gold Subscriber Share, being one ordinary share of £1.00 allotted and issued fully paid up for cash to Mr. Evgueni Ivanov; and
- (ii) the Redeemable Deferred Shares, being 50,000 redeemable deferred shares of £1.00 allotted and issued fully paid up to Mr. Evgueni Ivanov (pursuant to an undertaking to pay New Polyus Gold on demand).

The purpose of the issue of the Redeemable Deferred Shares was to enable New Polyus Gold to satisfy the minimum share capital requirement for the company to be incorporated as a public company under the Companies Act. Following completion of the Scheme, the Redeemable Deferred Shares may (subject to the Companies Act) be redeemed by New Polyus Gold or the holder thereof by notice to the other and upon any such redemption the Redeemable Deferred Shares will be cancelled and New Polyus Gold will pay to the holder thereof the amount actually paid up on such Redeemable Deferred Shares at the date of redemption and cancellation. New Polyus Gold intends to redeem the Redeemable Deferred Shares as soon as reasonably practicable after the Scheme has become effective.

Resolutions were passed on 29 September 2011 by the shareholder of New Polyus Gold at that time as described in paragraph 3.3 of Part III of this document.

At the date of this document, the issued share capital of New Polyus Gold is, and immediately prior to the Scheme becoming effective will be, as follows:

| <i>Class of share</i> | <i>Number</i> | <i>Amount</i> |
|-------------------------------|---------------|---------------|
| Ordinary shares of £1.00 each | 1 | £1 |
| Redeemable Deferred Shares | 50,000 | £50,000 |

Under the Scheme, New Polyus Gold will issue New Polyus Gold Shares, credited as fully paid, to Polyus Gold Shareholders on the basis of one New Polyus Gold Share for each Polyus Gold Share held.

In addition, conditional on the Scheme becoming effective and being implemented, the Polyus Gold GDR programme will be terminated and the Polyus Gold GDRs will be de-listed from the Official List and the London Stock Exchange. Upon such termination, each Polyus Gold GDR Holder will become entitled to receive New Polyus Gold Shares or New Polyus Gold ADSs, as it may elect by completing and delivering a Form of Election and Delivery Instruction, on the following basis:

for each Polyus Gold GDR one New Polyus Gold Share

or

for each Polyus Gold GDR one New Polyus Gold ADS

Immediately following the Scheme becoming effective, the holder of the New Polyus Gold Subscriber Share will gift such share to a nominee of New Polyus Gold, following which such share will be cancelled. This is to ensure that the number of New Polyus Gold Shares in issue following the Scheme is exactly the same as the number of Polyus Gold Shares in issue immediately prior to the Scheme becoming effective.

Accordingly, on the Scheme becoming effective and prior to the New Polyus Gold Reduction of Capital becoming effective, the issued share capital of New Polyus Gold will be as follows:

| <i>Class of share</i> | <i>Number</i> | <i>Amount</i> |
|----------------------------|---------------|----------------|
| Redeemable Deferred Shares | 50,000 | £50,000 |
| Ordinary Shares of £1.00 | 3,032,149,962 | £3,032,149,962 |

3.3 *Authorities*

Pursuant to resolutions passed on 29 September 2011 by the current shareholder of New Polyus Gold (such authorities being conditional upon the Scheme becoming effective):

- (A) Deloitte LLP were appointed auditors to New Polyus Gold to hold office until the conclusion of the next general meeting at which accounts are laid and the Directors will be authorised to determine the remuneration of the auditors;
- (B) the Directors are authorised under section 551 of the Companies Act to allot New Polyus Gold Shares in connection with the Scheme;
- (C) in addition to and without prejudice to other authorities granted, the Directors are authorised under section 551 of the Companies Act to allot New Polyus Gold Shares (including treasury shares) or grant rights to subscribe for, or convert any security into New Polyus Gold Shares:
 - (a) up to an aggregate nominal value of £505,358,327, assuming the New Polyus Gold Reduction of Capital becomes effective, which is equal to approximately one third (33.33 per cent.) of the Fully Diluted Share Capital; and
 - (b) up to a further aggregate nominal amount of £505,358,327, assuming the New Polyus Gold Reduction of Capital becomes effective, which, in aggregate, is equal to approximately two thirds (66.66 per cent.) of the Fully Diluted Share Capital in connection with a pre-emptive offer to existing shareholders by way of a rights issue.

This authority will expire (unless otherwise renewed, varied or revoked by New Polyus Gold in a general meeting) at the end of the next annual general meeting of New Polyus Gold after the date on which the resolution was passed.

The authority is in accordance with revised guidelines on share allotments issued by the Association of British Insurers following a report of the Rights Issue Review Group. Based upon these guidelines, the cap on the annual allotment authority under section 551 of the Companies Act has been increased from one third to two thirds of issued share capital but the amount of any authority above one third has to be applied only to fully pre-emptive rights issues.

- (D) the Directors were granted authority to issue equity securities of New Polyus Gold for cash without the application of pre-emption rights pursuant to sections 570 and 573 of the Companies Act. Other than in connection with a rights, scrip dividend, or other similar issue, the authority contained in this resolution was limited to a maximum nominal amount of £75,803,750, assuming the New Polyus Gold Reduction of Capital becomes effective, which represents approximately 5 per cent. of the Fully Diluted Share Capital. This authority will expire (unless otherwise renewed, varied or revoked by New Polyus Gold in a general meeting) at the end of the next annual general meeting of New Polyus Gold after the date on which the resolution was passed.

The granting of this authority is considered appropriate in order to retain maximum flexibility to take advantage of business opportunities as they arise. The Directors are expected to confirm their intention to follow the provisions of the Preemption Group's Statement of Principles regarding cumulative usage of authorities within a three year rolling period. The Principles provide that companies should not issue shares for cash representing more than 7.5 per cent. of the company's issued share capital in any three year rolling period, other than to existing shareholders, without prior consultation with shareholders.

- (E) the Directors are permitted to incur expenditure of up to USD225,000 in aggregate to (a) make political donations to political parties and/or independent election candidates, (b) make political donations to political organisations other than political parties, and (c) incur political expenditure, in each case including any such expenditure by a subsidiary company, without unintentionally breaching the provisions of the Companies Act, which defines political organisations and political donations in a broad manner. This authority will last until the end of the next annual general meeting of New Polyus Gold after the date on which the resolution was passed. New Polyus Gold will continue Polyus Gold's policy of not giving any cash contributions to any political party.
- (F) New Polyus Gold is permitted to call general meetings on 14 days notice. Although New Polyus Gold is permitted under the New Polyus Gold Articles to call a general meeting of shareholders on 14 clear days' notice, except for annual general meetings, which must always be called on 21 clear days' notice, the Companies (Shareholders' Rights) Regulations 2009 (which were implemented in the UK on 3 August 2009), require that the minimum notice period for listed company general meetings be 21 days, but with an ability for companies to reduce this period back to 14 days (other than for annual general meetings) provided (a) the company offers facilities for shareholders to vote by electronic means, and (b) that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days. The approval sought, will be effective until the conclusion of New Polyus Gold's next annual general meeting after the date on which the resolution is passed, when it is intended that the approval be renewed; and
- (G) the New Polyus Gold Reduction of Capital was approved.

3.4 ***Corporate governance***

Upon the Scheme becoming effective (a) New Polyus Gold intends to comply with the UK Corporate Governance Code; and (b) the audit committee, the nominations committee, the remuneration committee, the risk committee and the health, safety and environment committee established by the Board shall be established with the same membership and terms of reference by the New Polyus Gold Board.

4. Directors and New Polyus Gold Directors

4.1 *The Directors of Polyus Gold and their functions are as follows:*

| | |
|-------------------------|------------------------------------|
| Robert Buchan | Chairman |
| Evgueni Ivanov | Executive Director |
| Dmitry Razumov | Non-Executive Director |
| Alexander Mosionzhik | Non-Executive Director |
| Anna Kolonchina | Non-Executive Director |
| The Earl of Clanwilliam | Independent Non-Executive Director |
| Kobus Moolman | Independent Non-Executive Director |
| Bruce Buck | Independent Non-Executive Director |
| Adrian Coates | Independent Non-Executive Director |

4.2 The business address of each of the Directors of Polyus Gold is 88 Wood Street, London EC2V 7RS.

4.3 The current New Polyus Gold Directors (appointed on 15 July 2011) are Evgueni Ivanov, Adrian Coates and Dmitry Ivanov.

4.4 The individuals listed above as directors of Polyus Gold who are not already directors of New Polyus Gold are expected to be appointed as New Polyus Gold Directors prior to the Court Meeting, with the same functions as they hold in relation to Polyus Gold. On the same date, Dmitry Ivanov is expected to resign as a director of New Polyus Gold.

4.5 The business address of each of the New Polyus Gold Directors is (or, in the case of those individuals to be appointed New Polyus Gold Directors, will be) 88 Wood Street, London EC2V 7RS.

4.6 Brief biographical details of the Directors are set out below:

Mr. Robert Buchan, *Independent Non-Executive Director and Chairman*

- From 1993 to 2002 – Chairman of Kinross Gold Corp.
- From 1993 to 2005 – Chief Executive Officer of Kinross Gold Corp.
- From 2005 to 2007 – Executive Chairman of Quest Capital Corp (now Sprott Resource Lending Corp).
- From 2007 to 2009 – Chairman of Extract Resources Ltd.
- From 2008 to 2009 – Member of the Board of Directors of OJSC Polyus Gold.
- Since 2007 – Executive Chairman of Allied Nevada Corporation.
- Since 2008 – Chairman of the Board of Elgin Mining Inc. (formerly, Phoenix Coal Inc.), and, since 2010, Chief Executive Officer and President.

In 1969 Mr. Buchan received a Degree in Mining Engineering from Herriot-Watt University in Edinburgh and in 1971 a Masters of Science degree in Mineral Economics from Queen's University in Kingston, Ontario.

Mr. Alexander I. Mosionzhik, *Non-Executive Director*

- From 1999 to 2006 – First deputy of the CEO, and then later CEO, of Nafta Moskva.
- From 2006 – Chairman of the Board of Nafta Moskva.

- From May 2009 – Member of the Board of Directors and Deputy Chairman of the Board of Directors of OJSC Polyus Gold.
- From September 2010 – OJSC Uralkali, member of the Board of Directors.
- From June 2009 to 2010 – OJSC PIK Group, member of the Board of Directors.
- From June 2010 – member of the Board of Directors of OJSC International Financial Club.

In 1983 Mr. Mosionzhik graduated from Tula Technical Institute with a degree in Applied Mathematics and has a Ph.D. in Technical Sciences.

Mr. Dmitry Razumov, *Non-Executive Director*

- From 1997 to 1998 – lawyer practising with Clifford Chance and Deputy Head of the Investment Banking Unit at Renaissance Capital.
- From 1999 to 2003 – Founder and Managing Director of LV Finance, an independent company which specialised in corporate finance advisory and venture capital, mainly in the telecommunications industry and founder and Member of the Board of Directors of Sonic Duo (third GSM operator in Moscow) and Megafon (the first pan-Russian GSM operator).
- From 2001 to 2005 – Deputy General Director of OJSC GMK Norilsk Nickel and member of the Board of Norimet, a UK subsidiary of OJSC GMK Norilsk Nickel.
- From 2007 – Chief Executive Officer of Onexim Group.

Mr. Adrian J.G. Coates, *Independent Non-Executive Director*

- From 1996 to 1998 – Managing Director, Metals and Mining, at UBS Investment Bank.
- From 1998 to 2008 – Global Sector Head, Resources and Energy, at HSBC.
- From 2008 – Director of Regal Petroleum plc and Director of A&P Coates Management Limited.
- From March 2010 – Member of the Board and Chairman of the Audit Committee of the Company.

Mr. Coates has a MA degree in Economics from Cambridge University and a MBA from the London Business School.

The Earl of Clanwilliam, *Independent Non-Executive Director*

The Earl of Clanwilliam held or continues to hold, as applicable, the following other posts:

- From 2000 to 2004 – non-executive Chairman of the Board of Directors of Cleveland Bridge UK Ltd.
- From 2005 to date – Director and Advisory Member of the Ukrainian British City Club.
- From 2007 to date – Chairman of Eurasia Drilling Company.
- From 2011 to date – Director of Touchstone Gold Limited.
- From 2006 – Member of the Board of Directors of OJSC Polyus Gold.

The Earl of Clanwilliam attended Eton College, UK, where he studied English and History of Arts until 1979 and subsequently graduated from the Royal Military Academy, Sandhurst in 1980.

Mr. Evgueni I. Ivanov, *Executive Director*

Mr. Ivanov has been a member of Polyus Gold's Board of Directors, Chairman of the Board and Chief Executive Officer of Polyus Gold (formerly KazakhGold Group Limited) since August 2009. Mr. Ivanov has held the following other posts:

- From 2003 to 2007 – Member of the Board of Directors of ROSBANK.
- Since 2004 – Member of the Board of Directors of CJSC Polyus, from 2004 to 2007 and from February 2008 to October 2008, President of CJSC Polyus and, from 28 December 2007 to 10 February 2008 and from October 2008 to December 2010, General Director of CJSC Polyus.
- From 2005 to September 2007 and from June 2008 to June 2010, Member of the Board of Directors of OJSC Matrosov Mine, since June 2010 – Chairman of the Board of Directors.
- Since 2005 – Member and Chairman of the Board of Directors of OJSC Lenzoloto.
- From 2005 to 2007 – Member of the Board of Directors of OJSC Aldanzoloto GRK.
- From 2005 to 2008 – Chairman of the Board of Directors of OJSC YMC.
- From 2005 to 2007 – Member of the Board of Directors of OJSC SVMC.
- From 2005 to 2008 – Vice-Chairman of the Board of Directors of ROSBANK (Switzerland) S.A.
- Since 2006 – Chairman of the Board of Directors of CJSC ZDK Lenzoloto.
- From 2006 to 2007 and from October 2008 to December 2010 – General Director and member of the Board of Directors of OJSC Polyus Gold.
- From 2006 Member of the Board of Directors of OJSC Polyus Gold.
- From 2007 to 2009 – General Director and Member of the Board of Directors of OJSC Polyus Exploration.
- From 2008 to July 2010 – Chairman of the Board of Directors of East Yakutia Development Corporation and from July 2010 – Member of the Board of Directors of East Yakutia Development Corporation.
- From 2008 to September 2011 – Member of the Board of Directors of LLC LZRK (from June 2011 – CJSC LZRK).

Mr. Ivanov graduated from the State Finance Academy in International Economic Relations.

Mr. Bruce Buck, *Independent Non-Executive Director*

Mr. Buck has practised law in Europe for more than 25 years and specialises in financing transactions as well as mergers and acquisitions. He currently holds the following posts:

- Managing Partner for Europe of international law firm Skadden Arps Slate Meagher & Flom LLP.
- Chairman of Chelsea FC plc and its operating subsidiary Chelsea Football Club Limited.
- Audit Committee member of the FA Premier League – the top tier football league in England.
- Trustee and member of the Audit Committee of Orbis UK – a charity devoted to eradicating curable blindness in the developing world.

Mr. Buck is a graduate of Columbia University School of Law in New York, and a registered foreign lawyer in England and Wales.

Mr. Kobus Moolman, *Independent Non-Executive Director*

Mr. Moolman is a qualified Chartered Accountant with more than 35 years' experience with international accounting and auditing firms.

- From 1981 to 2002 – employed by Ernst & Young in South Africa where he became Senior Audit Partner.
- From 2002 to 2008 – Senior Audit Partner and Leader of the Mining Industry Group in Russia at Deloitte & Touche CIS.
- From 2009 to 2010 – Audit and IFRS technical partner for the GCC Region for BDO in the Kingdom of Bahrain.
- Since 2010, he has been Chief Audit Executive for the Saudi Arabian Mining Company – Ma'aden.

Ms. Anna A. Kolonchina, *Non-Executive Director*

- From 2001 to 2008 – Director of Deutsche Bank AG, London.
- From March 2009 to November 2008 – Managing Director of Wainbridge Limited.
- From November 2008 until 2010 – Vice-President for Economics and Finance at OJSC PIK Group.
- Since 2010 – Managing Director of Nafta Moskva.
- Ms. Kolonchina has been a member of the Board of Directors of OJSC Polyus Gold since May 2010.
- Since September 2010 – member of the Board of directors of OJSC Uralkaliy.
- Since June 2010 – member of the Board of Directors of OJSC International Financial Club.
- Since May 2010 – member of the Board of Directors, OJSC PIK Group.

Ms. Kolonchina has a degree in economics from the State Academy of Finance.

5. Directors' interests

- 5.1 On 29 September 2011 (being the latest practicable date prior to the publication of this document), the Directors have no beneficial interests in Polyus Gold Shares.
- 5.2 Save for the fact that Evgueni Ivanov is at the date of this document the holder of the Redeemable Deferred Shares and the New Polyus Gold Subscriber Share as referred to in paragraph 3.2 of this Part, no Director (nor any person connected with a Director) (a) has any interests (beneficial or non-beneficial) in the share capital of Polyus Gold or New Polyus Gold; or (b) holds, or will hold immediately following the Scheme becoming effective, any interest in any other securities of the Polyus Gold Group. If any Director acquires any interests in the share capital of Polyus Gold prior to the Scheme becoming effective, such Polyus Gold Shares will be treated for the purposes of the Scheme in the same manner as other Scheme Shares.

6. Directors' employment contracts and letters of appointment

6.1 *Executive Director*

It is expected that the Executive Director will enter into a new service agreement with New Polyus Gold setting out his specific terms of engagement, the terms of which have not yet been concluded, which will be subject to the approval of the Remuneration Committee.

6.2 *Non-Executive Directors*

All Non-Executive Directors have agreed to enter into letters of appointment with Polyus Gold which set out their specific terms of engagement, certain details of which are set out in paragraph 7.2 of this Part III. Each Non-Executive Director is expected to enter into a letter of appointment with New Polyus Gold with effect from the Scheme Effective Date, which will be on substantially the same terms as their existing letters of appointment with Polyus Gold.

The Non-Executive Directors' appointments as directors of New Polyus Gold are expected to continue for a period following the Scheme becoming effective, although, from the Scheme Effective Date, they will receive their fees from New Polyus Gold rather than from Polyus Gold. The total fees that may be paid to each of the Non-Executive Directors will not be varied as a result of the Scheme.

7. **Directors' remuneration**

7.1 *Executive Director Existing Pay*

It is expected that the Executive Director, Evgueni Ivanov, will enter into a new service agreement with New Polyus Gold upon terms to be approved by the Remuneration Committee. The Executive Director is currently employed by a subsidiary of Polyus Gold and receives remuneration of USD 837,600 equivalent per annum.

7.2 *Non-Executive Directors*

The Chairman of Polyus Gold, Robert Buchan, receives a fee of USD 250,000 per annum.

The Independent Non-Executive Directors of Polyus Gold are entitled to receive a fee of USD 200,000 per annum.

8. **Directors' interests in transactions**

No Director of Polyus Gold has or has had any interest in any transactions which are or were unusual in their nature or conditions or are or were significant to the business of Polyus Gold or any members of the Polyus Gold Group and which were effected by Polyus Gold or any member of the Polyus Gold Group during the current or immediately preceding financial year and which remain in any respect outstanding or unperformed.

The following potential conflicts of interest arise for certain of the Directors:

- Mr. Dmitry Razumov is Chief Executive Officer of the Onexim Group (a major shareholder of Polyus Gold).
- Mr. Alexander I. Mosionzhik is Chairman of the Board of Nafta Moskva (a major shareholder of Polyus Gold).
- Ms. Anna A. Kolonchina is Managing Director of Nafta Moskva (a major shareholder of Polyus Gold).

9. Interests of major Polyus Gold Securityholders

9.1 *Interests of major securityholders*

On 29 September 2011 (being the latest practicable date prior to the publication of this document), the approximate holdings of Polyus Gold Securities are as follows:

| | <i>Polyus Gold Shares</i> | <i>Polyus Gold GDRs</i> | <i>Polyus Gold Securities (%)</i> |
|-----------|-------------------------------|-----------------------------|---------------------------------------|
| Nafta | – | 1,219,680,676 | 40.22% |
| Onexim | 817,033,654 | 353,394,366 | 38.60% |
| Jenington | 201,805,817 | 25,153,897 | 7.49% |

Nafta is a group of privately-owned companies, including Wandle Holdings Limited, the beneficial owner of which is Mr. Suleiman Kerimov. Onexim is a group of privately-owned companies, including Coverico Holdings Co. Limited and Bristaco Holdings Co. Limited, the beneficial owner of which is Mr. Mikhail Prokhorov. Certain of the Polyus Gold GDRs held by Nafta are subject to repurchase agreements, under which Nafta retains the voting rights attributable to the respective Polyus Gold GDRs sold under the repurchase agreements, or that are subject to pledge.

In the Exchange Offer Prospectus it was noted that in accordance with Jersey law, Jenington is prohibited from exercising the voting rights in respect of the shares it holds in the Company. Accordingly it will not vote at the Court Meeting and the Scheme General Meeting. It was also noted that Jenington is expected to dispose of its Polyus Gold Shares in the short to medium term. A number of options are under consideration, with such disposal expected to have been completed prior to the Scheme Effective Date. In accordance with English law, Jenington is prohibited from acquiring any New Polyus Gold Shares under the Scheme. As part of the Resolutions it is proposed that resolutions be passed enabling Polyus Gold to carry out an off-market purchase by Polyus Gold of up to 201,805,817 Polyus Gold Shares from Jenington if the Directors consider such a purchase to be appropriate, as one of the options to avoid Jenington acquiring any New Polyus Gold Shares under the Scheme.

- 9.2 On the Scheme Effective Date, the approximate holdings of New Polyus Gold Shares are expected to be as follows:

| | <i>New Polyus Gold Shares (%)</i> |
|--------|-----------------------------------|
| Nafta | 40.22% |
| Onexim | 38.60% |

- 9.3 Nafta and Onexim have confirmed to the Company that they are acting in concert with each other for the purposes of the Scheme and Admission. Accordingly, the Scheme is not expected to give rise to a change of control for the purposes of the UK City Code on Takeovers and Mergers.

10. Risks relating to the Proposals and the New Polyus Gold Shares

There are risks that the Proposals will not be implemented on a timely basis or at all

Implementation of the Proposals is conditional upon, among other things, approval of the Scheme at the Court Meeting, approval of the Scheme at the Scheme General Meeting, approval of the New Polyus Gold Prospectus and sanction of the Scheme by the Jersey Court. There are risks that the conditions to the Proposals may not be satisfied on a timely basis or at all. If such conditions are not satisfied, or, where applicable, waived, the Proposals will not be implemented and the benefits expected to result from the Proposals will not be achieved.

The Scheme may be subject to restrictions under Kazakh laws

Under the Kazakh Subsoil Law, transactions in Polyus Gold Shares may be subject to prior approval and the pre-emptive right of the state of Kazakhstan if Polyus Gold's principal activity was deemed to be connected with

subsoil use in the Republic of Kazakhstan. Since the value of the Kazakhstan assets represents not more than 6 per cent. of the aggregate value of the Polyus Gold Group's assets and the amount of reserves represents about 4 per cent. of the Polyus Gold Group's reserves, Polyus Gold believes that neither its principal activity nor the principal activity of New Polyus Gold should be deemed connected with subsoil use in the Republic of Kazakhstan. Since there is no clear definition of the concept of "principal activity" under Kazakh law, however, there can be no assurance that the authorities in Kazakhstan would not take a different view and determine that Polyus Gold's or New Polyus Gold's principal activity is connected with subsoil use in Kazakhstan. In the event of such determination, the Kazakh authorities could challenge the issuance of Polyus Gold Shares to New Polyus Gold and the issuance of New Polyus Gold Shares to Polyus Gold Shareholders, assert its rights to the Polyus Gold Group's Kazakh assets, terminate the existing agreements for subsoil use in Kazakhstan, and require that certain future transactions with the Polyus Gold Group's assets remain subject to Kazakh law. Polyus Gold has been advised by Jersey counsel that, provided this matter is fairly disclosed to the Jersey Court, there should not be any legal basis under Jersey law for a successful challenge in Jersey to the effectiveness of the Scheme once it has been sanctioned by the Jersey Court.

An active or liquid market for the New Polyus Gold Shares may not develop, and the price of the New Polyus Gold Shares may be highly volatile

Although depositary receipts representing Polyus Gold Shares have been admitted to trading on the London Stock Exchange, there has been no prior market for the New Polyus Gold Shares. An active public market may not develop or be sustained following Admission. The liquidity of a securities market is often a function of the volume of the securities that are publicly held by unrelated parties. If a liquid trading market for the New Polyus Gold Shares does not develop, the price of the New Polyus Gold Shares may become more volatile and it may be more difficult to complete a buy or sell order for the New Polyus Gold Shares.

New Polyus Gold Shareholders outside the United Kingdom may not be able to exercise their pre-emptive rights

In the case of an allotment of New Polyus Gold Shares for cash, the New Polyus Gold Shareholders are entitled to pre-emptive rights unless waived in certain circumstances as stated in the New Polyus Gold Articles. If New Polyus Gold allots New Polyus Gold Shares for cash in the future and pre-emptive rights are not waived, New Polyus Gold Shareholders outside the United Kingdom may not be able to exercise their pre-emptive rights for the New Polyus Gold Shares unless New Polyus Gold decides to comply with applicable local laws and regulations. New Polyus Gold cannot assure the New Polyus Gold Shareholders outside the United Kingdom, including in the United States, that steps will be taken to enable them to exercise their pre-emptive rights, or to permit them to receive any proceeds or other amounts relating to their pre-emptive rights.

If New Polyus Gold does not receive confirmation of its planned reduction of capital, its distributable reserves would be affected

The Board expects that New Polyus Gold will undertake a court-approved reduction of capital shortly after the Scheme Effective Date. The New Polyus Gold Reduction of Capital will create a reserve of distributable profits in New Polyus Gold, available to be distributed by New Polyus Gold as dividends or applied towards any other lawful purpose. The New Polyus Gold Reduction of Capital will require the confirmation of the High Court of England and Wales, without which the New Polyus Gold Reduction of Capital will not become effective, in which case New Polyus Gold will have a substantially lower level of reserves which may impact its ability to pay dividends.

11. Summary of significant differences between English and Jersey company law

There are a number of differences between the Companies (Jersey) Law and the Companies Act. Certain of these are currently reflected in the Polyus Gold Articles, which contain provisions to enshrine certain rights that are

not conferred by the Companies (Jersey) Law but which shareholders in a company listed on the London Stock Exchange would normally expect to have.

The differences between the Companies (Jersey) Law and the Companies Act include (without limitation) the following:

- (A) the Companies Act confers statutory pre-emption rights on shareholders relating to new share issues for cash, whereas under the Companies (Jersey) Law no such rights exist;
- (B) under English law the directors of a company require the sanction of the shareholders by ordinary resolution to issue and allot shares, whereas no such restriction is imposed by the Companies (Jersey) Law;
- (C) English law does not allow for partly paid shares to be allotted by a public company unless they are paid up to at least one quarter of their nominal value and the whole of any premium is paid up;
- (D) under English law a special resolution requires a three-fourths majority, whereas under Jersey law the threshold can be set (in the company's articles) at any threshold so long as it is at least a two-thirds majority (the Polyus Gold Articles provide for a two-thirds majority);
- (E) the concept of authorised share capital no longer exists under English law, whereas any increase in the authorised share capital of a company requires a special resolution (two-thirds majority) under Jersey law;
- (F) the circumstances in which the Companies Act permits an English company to indemnify its directors in respect of liabilities incurred by the directors in carrying out their duties are limited, albeit in a slightly different manner to Jersey companies. There is also a general prohibition on the granting of loans by a company to its directors or their connected persons without shareholder approval (subject to limited exceptions), which does not apply under Jersey law;
- (G) under English law, a payment by a company for loss of office to a director (or a person connected with a director) of a company or its holding company must be approved by a resolution of shareholders, whereas Jersey law does not require that shareholders approve compensation payments made to directors for loss of office;
- (H) proxies are entitled to speak and vote on a show of hands under English law; whereas this is not permitted under Jersey law unless the articles of association of a public company provide otherwise (as is the case in respect of the Polyus Gold Articles). English law also allows the appointment of more than one corporate representative by a member in respect of the same shareholding, which Jersey law does not permit;
- (I) the Companies Act requires the directors of an English company to disclose to the company their beneficial ownership of any shares in the company, which is not required under Jersey law;
- (J) the Companies Act grants the directors of an English company a statutory power to request information concerning the beneficial ownership of shares, which Jersey law does not;
- (K) under the Companies Act, shareholders representing at least 5 per cent. of the paid up voting capital of a company may requisition a meeting of shareholders, whereas under the Companies (Jersey) Law this right may be exercised by shareholders holding not less than one-tenth of the total voting rights of the shareholders of the company;
- (L) the Companies Act confers on members the right to an independent scrutiny of a poll taken, or to be taken, at a general meeting. It also confers rights on members to require a company to circulate resolutions proposed to be moved by members at the next annual general meeting, or to circulate explanatory statements relating to any matter regarding a proposed resolution at a general meeting, and rights for a

nominee holder of shares to have information rights granted to the underlying beneficial owner of the share;

- (M) there are restrictions on donations by a company to political organisations under English law, whereas there are no such restrictions under Jersey law;
- (N) under the Companies (Jersey) Law, at a meeting of shareholders, a poll may be demanded in respect of any question by: (i) no fewer than five shareholders having the right to vote on the question; or (ii) a shareholder or shareholders representing not less than one-tenth of the total voting rights of all shareholders having the right to vote on the question, whereas, in addition, under the Companies Act, a shareholder or shareholders representing 10 per cent. of the total sum paid up on all shares giving the right to vote may also demand a poll;
- (O) under the Companies Act, it is easier for shareholders to bring a derivative claim against a company than is the case under Jersey law. However, Jersey law includes a provision relating to protection of shareholders against unfair prejudice that is equivalent to the Companies Act provision and Jersey has (subject to certain exceptions) a broadly similar position under customary law to the common law position under English law;
- (P) there are a number of statutory mechanisms that may affect English companies in insolvency or financial difficulties. The key mechanisms are administration, administrative receivership, company voluntary arrangements and schemes of arrangement, which are summarised as follows: (a) administration is a procedure under the Insolvency Act 1986 where a company may be rescued or reorganised or its assets realised under the protection of a statutory moratorium. The company is put into administration and an administrator is appointed either by a court or pursuant to an alternative out-of-court route into administration for the company, its directors or holders of qualifying floating charges; (b) administrative receivership is not an insolvency proceeding in the strict sense but rather a remedy for a secured creditor to allow for the realisation of company assets subject to security; and (c) a company voluntary arrangement involves the company and its creditors coming to some sort of agreement, which is implemented and supervised by an insolvency practitioner. It is used to avoid or to supplement other types of insolvency procedures. It may be used in conjunction with administration where a moratorium gives the company breathing space to agree to any proposals with creditors; and (d) a scheme of arrangement involves a compromise or other arrangement with creditors (or any class of creditors) or members (or any class of members) being made under Part 26 of the Companies Act, which is binding if the appropriate majorities of each class of creditors/members agree. Unlike a company voluntary arrangement, a scheme of arrangement must be sanctioned by the court. When sanctioned by the relevant majority of creditors/members and the court, the scheme will bind all members and creditors concerned regardless of whether they had notice. In respect of Jersey companies, the Companies (Jersey) Law provides for schemes of arrangement and the process is equivalent to the process under Part 26 of the Companies Act described above. There are no Jersey statutory procedures applicable directly to a Jersey company of the nature described in sub-paragraphs (a) to (c) above. The primary procedures for addressing insolvency of a Jersey company are winding up and *désastre*, described in paragraph (Q) below;
- (Q) the general procedure for the dissolution and winding up of an English company is known as liquidation. Liquidation is the procedure under which the assets of the company are realised and distributed to creditors in the order provided for in the Insolvency Act 1986. There are two modes of winding up: compulsory liquidation following a court order and voluntary liquidation following a resolution of shareholders. At the end of the liquidation the company will be dissolved. There is no freeze on the enforcement of security but there is a stay on the commencement or continuation of proceedings against the company without the leave of the court. Under Jersey law, the two principal procedures for dissolving a Jersey company are winding up and *désastre*. The concept of a winding up is broadly similar to that under English law, except that under Jersey law, a winding up may not be commenced by a creditor of a

Jersey company. If the company is solvent the winding up will generally be a summary winding up. In certain circumstances, a winding up may also be commenced on 'just and equitable' grounds whether the company is solvent or insolvent. If the company is insolvent, the winding up will be a creditors' winding up. A creditor wishing to dissolve a Jersey company would need to seek to have the company's property declared *en désastre* by a Jersey court. If the company's property is declared *en désastre*, all of the powers and property of the company (whether present or future and whether situated in Jersey or elsewhere) are vested in the Viscount (an officer of the court). The role of the Viscount is similar to that of a liquidator. The Viscount's principal duty is to act for the benefit of the company's creditors. He is not under an obligation to call any creditors' meetings, although he may do so;

- (R) under the Companies (Jersey) Law, a Jersey company may make a distribution from any source (other than its nominal capital account and capital redemption reserve). Accordingly, a distribution can be made from a share premium account and/or from a profit and loss account, even where a company has accumulated losses. A Jersey company is therefore permitted to make distributions to shareholders without reference to distributable reserves. Instead, pursuant to the Companies (Jersey) Law the directors approving the distribution must give the appropriate solvency statement. Under the Companies Act, before a company can lawfully make a distribution, it must ensure that it has sufficient distributable reserves (accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made). In addition, a public company can only make a distribution:
 - (i) if, at the time that the distribution is made, the amount of its net assets (that is, the total excess of assets over liabilities) is not less than the total of its called up share capital and undistributable reserves (being (a) share premium account, (b) capital redemption reserve, (c) the amount by which unrealised, uncapped profits exceed its unrealised losses not written off and (d) any other reserve that the company is prohibited from distributing either by statute or by its constitutional documents); and
 - (ii) if, and to the extent that, the distribution itself, at the time that it is made, does not reduce the amount of the net assets to less than that total;
- (S) an English limited company may purchase its own shares only pursuant to the applicable statutory procedures under the Companies Act. The procedures that apply will depend on whether the company is a public company, whether its shares are traded on certain markets, whether the purchase is occurring on or off market and whether the purchase is to be funded out of distributable reserves or out of capital. In all cases, the purchase by a company of its own shares requires the consent of its shareholders (by ordinary resolution in the case of on market purchases and by special resolution in all other cases). In respect of Jersey companies, the position is broadly equivalent, but a Jersey company has greater flexibility in certain circumstances (for example it may make on-market purchases funded from its capital accounts whereas a UK company cannot); and
- (T) subject to some exceptions, an English public company may not give financial assistance for the purpose of the acquisition of its shares or those of a parent company, and an English private company is prohibited from giving financial assistance for the purpose of the acquisition of shares of a public parent company. The prohibition is extended to cover any financial assistance given to reduce or discharge any liability incurred by the company or any third party for the purpose of the acquisition. In respect of Jersey companies, there are no restrictions on the giving of financial assistance.

This list is intended to be illustrative only and does not purport to be exhaustive or to constitute legal advice. Any Polyus Gold Securityholder wishing to obtain further information regarding his rights as a New Polyus Gold Shareholder under English law should consult his English legal advisers.

12. Summary of the New Polyus Gold Articles

Copies of the Polyus Gold Articles and the draft New Polyus Gold Articles are available for inspection as described in paragraph 14 of Part II.

The New Polyus Gold Articles will include provisions to the following effect:

12.1 *Share rights*

Subject to the provisions of the Companies Act, and without prejudice to any rights attached to any existing shares or class of shares, any share may be issued with such rights or restrictions as New Polyus Gold may by ordinary resolution determine or, subject to and in default of such determination, as the Board shall determine.

Subject to the provisions of the Companies Act and without prejudice to any rights attached to any existing shares or class of shares, the Board may issue shares which are to be redeemed or are liable to be redeemed at the option of New Polyus Gold or the holder. Subject to the New Polyus Gold Articles and to the Companies Act, all shares for the time being in the capital of New Polyus Gold are at the disposal of the Board.

12.2 *Voting rights*

Subject to any rights or restrictions attached to any shares, on a show of hands every member who is present in person shall have one vote and every proxy present who has been duly appointed by one or more members entitled to vote shall have one vote. On a poll every member present in person or by proxy shall have one vote for every share of which he is the holder.

No member shall be entitled to vote at any general meeting unless all moneys presently payable by him in respect of shares in New Polyus Gold have been paid.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to New Polyus Gold the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the Board may, in its absolute discretion at any time thereafter by notice to such member direct that, in respect of the shares in relation to which the default occurred, the member shall not be entitled to attend or vote either personally or by proxy at a general meeting or at a separate meeting of the holders of that class of shares or on a poll.

12.3 *Dividends and other distributions*

Subject to the provisions of the Companies Act, New Polyus Gold may by ordinary resolution declare dividends in accordance with the respective rights of the members, but no dividend shall exceed the amount recommended by the Board. Except as otherwise provided by the rights attached to shares, all dividends shall be declared and paid according to the amounts paid up on the shares on which the dividend is paid, but no amount paid on a share in advance of calls shall be treated for these purposes as paid on the share.

Subject to the provisions of the Companies Act, the Board may pay interim dividends if it appears to the Board that they are justified by the profits of New Polyus Gold available for distribution.

The Board may also pay, at intervals determined by it, any dividend at a fixed rate if it appears to the Board that the profits available for distribution justify the payment. If the Board acts in good faith it shall not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a share shall bear interest against New Polyus Gold unless otherwise provided by the rights attached to the share.

If at any time the Board is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to New Polyus Gold the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, then the board may, in its absolute discretion at any time thereafter serve a direction notice on such member and withhold payment from such member of any dividend otherwise payable, if the relevant shares represent at least a 0.25 per cent. interest in the New Polyus Gold shares or any class thereof.

Except as otherwise provided by the rights and restrictions attached to any class of shares, all dividends will be declared and paid according to the amounts paid-up on the shares during any portion of the period in respect of which the dividend is paid.

The Board may, if authorised by an ordinary resolution of New Polyus Gold, offer any holder of shares the right to elect to receive shares by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board) of any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board so resolves, be forfeited and cease to remain owing by New Polyus Gold.

A liquidator may, with the sanction of a special resolution and any other sanction required by the Insolvency Act 1986, divide among the members *in specie* the whole or any part of the assets of New Polyus Gold and may, for that purpose, value any assets and determine how the division shall be carried out as between the members or different classes of members, but no member shall be compelled to accept any asset on which there is a liability.

12.4 ***Variation of rights***

Rights attached to any class of shares may be varied or abrogated with the written consent of the holders of three-quarters in nominal value of the issued shares of the class (excluding any shares of that class held as treasury shares), or the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class.

12.5 ***Lien and forfeiture***

New Polyus Gold shall have a first and paramount lien on every share (not being a fully paid share) for all moneys payable to New Polyus Gold (whether presently or not) in respect of that share. New Polyus Gold may sell any share on which it has a lien if a sum in respect of which the lien exists is presently payable and is not paid within 14 clear days after notice has been sent to the holder of the share demanding payment and stating that if the notice is not complied with the share may be sold.

The Board may from time to time make calls on the members in respect of any moneys unpaid on their shares. Each member shall (subject to receiving at least 14 clear days' notice) pay to New Polyus Gold the amount called on his shares. If a call or any instalment of a call remains unpaid in whole or in part after it has become due and payable, the Board may give the person from whom it is due not less than 14 clear days' notice requiring payment of the amount unpaid together with any interest which may have accrued and any costs, charges and expenses incurred by New Polyus Gold by reason of such non-payment. The notice shall name the place where payment is to be made and shall state that if the notice is not complied with the shares in respect of which the call was made will be liable to be forfeited.

12.6 *Transfer of shares*

A member may transfer all or any of his certificated shares by an instrument of transfer in any usual form or in any other form which the Board may approve. An instrument of transfer shall be signed by or on behalf of the transferor and, unless the share is fully paid, by or on behalf of the transferee. An instrument of transfer need not be under seal.

The Board may, in its absolute discretion, refuse to register the transfer of a certificated share which is not a fully paid share, provided that the refusal does not prevent dealings in shares in New Polyus Gold from taking place on an open and proper basis. The Board may also refuse to register the transfer of a certificated share unless the instrument of transfer:

- (a) is lodged, duly stamped (if stampable), at the office or at another place appointed by the Board accompanied by the certificate for the share to which it relates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer;
- (b) is in respect of one class of share only; and
- (c) is in favour of not more than four transferees.

The Board may refuse to register the transfer of shares in New Polyus Gold if, at any time, it is satisfied that any member, or any other person appearing to be interested in shares held by such member, has been duly served with a notice under section 793 of the Companies Act and is in default for the prescribed period in supplying to New Polyus Gold the information thereby required, or, in purported compliance with such a notice, has made a statement which is false or inadequate in a material particular, if the relevant shares represent at least a 0.25 per cent. interest in the New Polyus Gold shares or any class thereof, unless:

- (a) the member is not himself in default as regards supplying the information requested and the transfer when presented for registration is accompanied by a certificate by the member in such form as the board may in its absolute discretion require to the effect that after due and careful enquiry the member is satisfied that no person in default as regards supplying such information is interested in any of the shares the subject of the transfer;
- (b) the transfer is an approved transfer (as defined in the New Polyus Gold Articles); or
- (c) the transfer of the shares is required to be registered by the CREST Regulations.

If the Board refuses to register a transfer of a share in certificated form, it shall send the transferee notice of its refusal within two months after the date on which the instrument of transfer was lodged with New Polyus Gold.

No fee shall be charged for the registration of any instrument of transfer or other document relating to or affecting the title to a share.

Subject to the provisions of the CREST Regulations, the Board may permit the holding of shares in any class of shares in uncertificated form and the transfer of title to shares in that class by means of a relevant system and may determine that any class of shares shall cease to be a participating security.

12.7 *General meetings*

The Board shall convene and New Polyus Gold shall hold general meetings as annual general meetings in accordance with the requirements of the Companies Act. The Board may call general meetings whenever and at such times and places as it shall determine.

12.8 *Directors*

(a) *Appointment of Directors*

Unless otherwise determined by ordinary resolution, the number of Directors shall be not less than two but shall not be subject to any maximum in number. Directors may be appointed by ordinary resolution or by the Board. A Director appointed by the Board shall hold office only until the next following annual general meeting and if not re-appointed at such annual general meeting shall vacate office at its conclusion.

(b) *No share qualification*

A Director shall not be required to hold any shares in the capital of New Polyus Gold by way of qualification.

(c) *Retirement of Directors by rotation*

At every annual general meeting one-third of the Directors who are subject to retirement by rotation or, if their number is not three or a multiple of three, the nearest number below one-third shall retire from office. But, if any Director has at the start of the annual general meeting been in office for three years or more since his last appointment or re-appointment, he shall retire at that annual general meeting. The Directors to retire by rotation shall be first, those who wish to retire and not be re-appointed to office, and second, those who have been longest in office since their last appointment or re-appointment or in the case of those who were appointed or re-appointed on the same day, will be (unless they otherwise agree) determined by lot. The Directors to retire on each occasion (both as to number and identity) shall be determined by the composition of the Board at the date of the notice convening the annual general meeting. No Director shall be required to retire or be relieved from retiring or be retired by reason of any change in the number or identity of the Directors after the date of the notice but before the close of the meeting. A retiring Director shall be eligible for re-election.

(d) *Remuneration of Directors*

The emoluments of any Director holding executive office for his services as such shall be determined by the Board, and may be of any description.

The ordinary remuneration of the Directors who do not hold executive office for their services (excluding amounts payable under any other provision of the New Polyus Gold Articles) shall not exceed in aggregate £5 million per annum or such higher amount as New Polyus Gold may from time to time by ordinary resolution determine. Subject thereto, each such Director shall be paid a fee for their services (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board. In addition, any Director who does not hold executive office and who performs special services which in the opinion of the Board are outside the scope of the ordinary duties of a Director may be paid such extra remuneration as the Board may determine.

In addition to any remuneration to which the Directors are entitled under the New Polyus Gold Articles, they may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board or committees of the Board, general meetings or separate meetings of the holders of any class of shares or of debentures of New Polyus Gold or otherwise in connection with the discharge of their duties.

The Board may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of New Polyus Gold or any of its

subsidiary undertakings or any body corporate associated with, or any business acquired by, any of them, and for any member of his family or any person who is or was dependent on him.

(e) *Permitted interests of Directors*

Subject to the provisions of the Companies Act, and provided that he has disclosed to the Board the nature and extent of any interest of his, a Director notwithstanding his office:

- (i) may be a party to, or otherwise interested in, any transaction or arrangement with New Polyus Gold or in which New Polyus Gold is otherwise interested;
- (ii) may act by himself or his firm in a professional capacity for New Polyus Gold (otherwise than as auditor), and he or his firm shall be entitled to remuneration for professional services as if he were not a Director;
- (iii) may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate in which New Polyus Gold is interested as a shareholder or otherwise or with which he has such a relationship at the request or direction of New Polyus Gold; and
- (iv) shall not, by reason of his office, be accountable to New Polyus Gold for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate.

(f) *Restrictions on voting*

A Director shall not vote, or count towards the quorum, on any resolution of the Board concerning a matter in which he has an interest which (together with any interest of any person connected with him) can reasonably be regarded as likely to give rise to a conflict with the interests of New Polyus Gold, but these prohibitions shall not apply to:

- (i) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of, or for the benefit of, New Polyus Gold or any of its subsidiary undertakings;
- (ii) the giving of a guarantee, security or indemnity in respect of a debt or obligation of New Polyus Gold or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;
- (iii) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of New Polyus Gold or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (iv) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, ordinary shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the Companies Act) representing one per cent. or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to members of the relevant body corporate (any such interest being deemed for the purpose of this article to be likely to give rise to a conflict with the interests of New Polyus Gold in all circumstances);

- (v) a contract, arrangement, transaction or proposal for the benefit of employees of New Polyus Gold or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees to whom the arrangement relates; and
 - (vi) a contract, arrangement, transaction or proposal concerning any insurance which New Polyus Gold is empowered to purchase or maintain for, or for the benefit of, any Directors or for persons who include Directors.
- (g) *Borrowing powers*
- The Board may exercise all the powers of New Polyus Gold to borrow money, to guarantee, to indemnify, to mortgage or charge its undertaking, property, assets (present and future) and uncalled capital, and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of New Polyus Gold or of any third party.

12.9 *Indemnity of officers*

Subject to the provisions of the Companies Act but without prejudice to any indemnity to which the person concerned may otherwise be entitled, every Director or other officer of New Polyus Gold (other than any person engaged by New Polyus Gold as auditor) shall be indemnified out of the assets of New Polyus Gold against any liability incurred by him for negligence, default, breach of duty or breach of trust in relation to the affairs of New Polyus Gold.

Subject to the provisions of the Companies Act, New Polyus Gold may provide a director, former director or secretary of New Polyus Gold with funds to meet expenditure incurred by him in defending any proceedings, or investigation by a regulatory authority, in connection with any negligence, default, breach of duty or breach of trust by him in relation to New Polyus Gold or do anything to avoid him incurring such expenditure.

13. **Key differences between Polyus Gold Articles and New Polyus Gold Articles**

Due to differences in legal requirements and current practice, the New Polyus Gold Articles will be different from the Polyus Gold Articles. An overview of the key regulations of the New Polyus Gold Articles that will be materially different to the corresponding regulations of the Polyus Gold Articles is set out below. The discussion below is a general summary. It does not cover all matters that may be of importance to a particular shareholder. Polyus Gold Securityholders should rely on their own analysis and are urged to seek independent advice in respect of the consequence of participation in the Scheme. It should be noted that many of the differences between the New Polyus Gold Articles and the Polyus Gold Articles are of a minor or technical nature, or relate to the differences between the law applying to Jersey companies and the law applying to English companies as summarised at paragraph 11 above, and have not therefore been included in the summary below.

- (A) *Shareholder meetings.* The regulations in the New Polyus Gold Articles in respect of convening and voting at shareholder meetings are, in general, comparable with the corresponding regulations in the Polyus Gold Articles. Some procedural differences exist by reason of the requirements of the Companies Act and of current market practice.
- (B) *Number of directors.* The New Polyus Gold Articles provide that the minimum number of directors of New Polyus Gold shall be two (while the Polyus Gold Articles provide that the minimum number of directors shall be four).
- (C) *Directors' remuneration.* The New Polyus Gold Articles provide that:
 - (i) the ordinary remuneration of the directors who do not hold executive office for their services shall not exceed in aggregate £5 million per annum or such higher amount as New Polyus Gold may

from time to time by ordinary resolution determine (while the Polyus Gold Articles had no such limit); and

- (ii) any appointment, agreement or arrangement relating to the remuneration of the directors who hold executive office for their services may be made on such terms, including without limitation terms as to remuneration, as the board of New Polyus Gold determines.

14. Further information for Polyus Gold Securityholders outside the United Kingdom

If you are a citizen, resident or national of a jurisdiction outside of the United Kingdom, your attention is drawn to paragraph 9 of Part II of this document for further details concerning the Scheme.

For information on UK and Jersey taxation, as well as certain tax disclosures for US Holders, your attention is drawn to paragraph 15 of this Part III. **The summary information is intended as a guide only and holders of Polyus Gold Securities who are in any doubt about their tax position, or who are resident for tax purposes outside, the UK, are strongly advised to contact an appropriate professional, independent adviser immediately.**

Certain US securities law considerations

The New Polyus Gold Shares will not be, and are not required to be, registered with the SEC under the US Securities Act and will be issued pursuant to the Scheme in reliance on the exemption from the registration requirements of the US Securities Act provided by Section 3(a)(10) of that Act. For the purpose of qualifying for the Section 3(a)(10) exemption with respect to the New Polyus Gold Shares issued pursuant to the Scheme, Polyus Gold will advise the Jersey Court that it will rely on the Section 3(a)(10) exemption based on the Jersey Court's sanctioning of the Scheme, which will be relied upon by Polyus Gold as an approval of the Scheme following a hearing on its fairness to Polyus Gold Shareholders at which hearing all such Polyus Gold Shareholders (as well as Polyus Gold GDR Holders) may attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been or will be given to all such shareholders.

New Polyus Gold Shares issued to Polyus Gold Shareholders or to Polyus Gold GDR Holders or New Polyus Gold ADSs issued to Polyus Gold GDR Holders who are neither affiliates for purposes of the US Securities Act, of Polyus Gold or New Polyus Gold prior to the Scheme Effective Date nor affiliates of New Polyus Gold after the Scheme Effective Date may be resold without restriction under the US Securities Act. Affiliates of Polyus Gold and New Polyus Gold will be subject to timing, manner of sale and volume restrictions under Rule 145(d) of the US Securities Act on resales of New Polyus Gold Shares received in connection with the Scheme. Whether a person is an affiliate of a company for purposes of the US Securities Act depends on the circumstances but affiliates can include certain officers, directors and significant shareholders. Persons who believe they may be affiliates of Polyus Gold or New Polyus Gold should consult their own legal advisers prior to any sale of securities received pursuant to the Scheme.

The New Polyus Gold Shares will not be registered under the securities laws of any state of the United States, and will be issued pursuant to the Scheme in reliance on available exemptions from such state law registration requirements or the pre-emption of such requirements by the US Securities Act.

Neither the SEC nor any other US federal or state securities commission or regulatory authority has approved or disapproved the New Polyus Gold Shares or passed on the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

The New Polyus Gold Shares issued pursuant to the Scheme relate to shares of an English company and are to be issued by way of a scheme of arrangement provided for under the laws of Jersey. The Scheme is subject to the disclosure requirements and practices applicable in Jersey to schemes of arrangement, which differ from the disclosure and other requirements of US securities laws.

US Shareholders should note that no appraisal or similar rights of dissenting shareholders will apply in connection with the Scheme as none are required as a matter of Jersey law.

15. Taxation

The following section is a summary guide only to certain aspects of tax in the UK and Jersey. This is not a complete analysis of the potential tax effects of the Proposals nor will it relate to the specific tax position of New Polyus Gold Shareholders outside the UK. This summary does not purport to be a legal opinion. Polyus Gold Securityholders are advised to consult their own tax advisers as to the effects of the Proposals in relevant jurisdictions.

This summary assumes the Proposals (including but not limited to the New Polyus Gold Reduction of Capital) have been effected in full and that New Polyus Gold will be treated as tax resident solely in the UK. Polyus Gold Securityholders should note that the New Polyus Gold Reduction of Capital requires the sanction of the High Court, which sanction is expected to be sought on 23 November 2011.

15.1 *UK taxation*

The following summary is intended as a general guide only and relates only to certain limited aspects of UK tax consequences of the Scheme for Polyus Gold Shareholders and of holding and disposing of New Polyus Gold Shares. It is based on current UK legislation and what is understood to be the current practice of HM Revenue & Customs as at the date of this document, both of which may change, possibly with retroactive effect. Except insofar as express reference is made otherwise, the summary applies only to Polyus Gold Shareholders who are resident and, if individuals, ordinarily resident (save where the position of persons who are not UK domiciled is specifically addressed) and domiciled in the UK for taxation purposes, who hold their Polyus Gold Shares and New Polyus Gold Shares as an investment (other than under an individual savings account), who are the absolute beneficial owners of their Polyus Gold Shares and their New Polyus Gold Shares and any dividends paid on them, who have not (and are not deemed to have) acquired their Polyus Gold Shares and their New Polyus Gold Shares by virtue of an office or employment (whether current, historic or prospective) and are not officers or employees of any member of the Polyus Gold Group. In addition, these comments may not apply to certain classes of New Polyus Gold Shareholders such as dealers in securities, collective investment schemes and insurance companies.

If you are in any doubt about your tax position, you should consult your own professional adviser without delay.

UK tax consequences of the Scheme

A UK resident Shareholder who does not hold (either alone or together with connected persons) more than 5 per cent. of, or of any class of, shares in or debentures of Polyus Gold should not be treated as having made a disposal or part disposal of his Polyus Gold Shares for the purposes of UK taxation of chargeable gains on the implementation of the Scheme. Instead any chargeable gain or allowable loss which would otherwise have arisen on a disposal of such holder's Polyus Gold Shares should be "rolled over" into his New Polyus Gold Shares. The New Polyus Gold Shares issued to such a holder should be treated as the same asset and as having been acquired at the same time and for the same consideration as the Polyus Gold Shares from which they derived.

A Polyus Gold Shareholder who holds (alone, or together with connected persons) more than 5 per cent. of, or of any class of, shares in or debentures of Polyus Gold should not be treated as having made a disposal or part disposal of their Polyus Gold Shares for the purposes of UK taxation of chargeable gains on the implementation of the Scheme and should be able to "roll over" any chargeable gain or allowable loss into his New Polyus Gold Shares as described above provided that the Scheme (i) is effected for *bona fide* commercial reasons; and (ii) does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is avoidance of a liability to capital gains tax or corporation tax. If

these conditions are not met, then such a Polyus Gold Shareholder who is resident or, in the case of an individual, ordinarily resident, in the UK will be treated, on receiving New Polyus Gold Shares as consideration for the cancellation of his Polyus Gold Shares, as having made a disposal of his Polyus Gold Shares which may, depending on individual circumstances, give rise to a chargeable gain or allowable loss for the purposes of UK taxation of chargeable gains. Clearance has not been sought from HM Revenue & Customs under section 138 TCGA 1992 to confirm that HM Revenue & Customs regard the Scheme as being effected for *bona fide* commercial reasons and that the Scheme does not form part of a scheme or arrangements of which the main purpose, or one of the main purposes, is avoidance of a liability to capital gains tax or corporation tax.

The tax position of UK resident Polyus Gold GDR Holders will be as set out above for UK resident Polyus Gold Shareholders unless the market value of Polyus Gold GDRs exceeds the market value of Polyus Gold Shares at the date of disposal. In that case, a UK resident Polyus Gold GDR Holder may be treated as having realised a chargeable gain. This is due to the fact that for UK tax purposes the holder of a depositary receipt is regarded as owning two assets – the beneficial interest in the underlying share and the depositary receipt itself. The provisions of sections 135 – 138 TCGA 1992 referred to above only apply to the former.

New Polyus Gold Reduction of Capital

For the purposes of UK taxation of chargeable gains, the New Polyus Gold Reduction of Capital (which will be effected by decreasing the nominal value of each New Polyus Gold Share) should not constitute a disposal, nor should it affect the base cost of a New Polyus Gold Shareholder's holding of New Polyus Gold Shares.

UK stamp duty and stamp duty reserve tax (SDRT) consequences of the Scheme

No stamp duty or SDRT will be payable by Shareholders as a result of the cancellation of Polyus Gold Shares and issue of New Polyus Gold Shares under the Scheme provided, in the case of the issue of New Polyus Gold Shares, the shares are not issued into depositary receipt or clearance service arrangements (see further the discussion on page 67).

UK taxation consequences of disposing of New Polyus Gold Shares in the future

A disposal or deemed disposal of New Polyus Gold Shares by a New Polyus Gold Shareholder who is (at any time in the relevant UK tax year) resident or, in the case of an individual, ordinarily resident in the UK for tax purposes may, depending upon the New Polyus Gold Shareholder's circumstances and subject to any available exemption or relief (such as the annual exempt amount for individuals and indexation for corporate shareholders), give rise to a chargeable gain or an allowable loss for the purposes of UK taxation of capital gains.

A chargeable gain received by an individual New Polyus Gold Shareholder will be taxable at 28 per cent. if an individual's total taxable income and other gains received in the tax year falls above the threshold for higher rate income tax. In other cases, a chargeable gain may be taxed at 18 per cent. or at a combination of 18 per cent. and 28 per cent. tax rates.

New Polyus Gold Shareholders who are not resident or ordinarily resident in the UK will not generally be subject to UK taxation of capital gains on the disposal or deemed disposal of New Polyus Gold Shares unless they are carrying on a trade, profession or vocation in the UK through a branch or agency (or, in the case of a corporate New Polyus Gold Shareholder, a permanent establishment) in connection with which the New Polyus Gold Shares are used, held or acquired.

An individual New Polyus Gold Shareholder who has been resident or ordinarily resident in the UK for at least four out of the previous seven tax years and has ceased to be resident or ordinarily resident for tax purposes in the UK for a period of less than five tax years and disposes of all or part of his New Polyus

Gold Shares during that period of non-residence may be liable to capital gains tax on his return to the UK, subject to any available exemptions or reliefs.

UK taxation of dividends paid on the New Polyus Gold Shares

New Polyus Gold is not required to withhold UK tax when paying a dividend. Liability to tax on dividends will depend upon the individual circumstances of a New Polyus Gold Shareholder.

An individual New Polyus Gold Shareholder who is resident for tax purposes in the UK and who receives a dividend from New Polyus Gold will generally be entitled to a tax credit equal to one-ninth of the amount of the dividend received, which is equivalent to ten per cent. of the aggregate of the dividend received and the tax credit (the *gross dividend*), and will be subject to income tax on the gross dividend. An individual UK resident New Polyus Gold Shareholder who is subject to income tax at the basic rate will be liable to tax on the gross dividend at the rate of ten per cent., so that the tax credit will satisfy the income tax liability of such a New Polyus Gold Shareholder in full. Where the tax credit exceeds the New Polyus Gold Shareholder's tax liability the holder cannot claim repayment of the tax credit from HM Revenue & Customs.

An individual UK resident New Polyus Gold Shareholder who is subject to income tax at the higher rate will be liable to income tax on the gross dividend at the rate of 32.5 per cent. to the extent that such sum, when treated as the top slice of that New Polyus Gold Shareholder's income, falls above the threshold for higher rate income tax. Because tax is charged on the gross dividend, any tax credit lowers the effective rates of tax in respect of the dividend. After taking into account the ten per cent. tax credit, a higher rate taxpayer will therefore be liable to additional income tax of 22.5 per cent. of the gross dividend, equal to 25 per cent. of the net dividend. To illustrate with an example, if the cash dividend were of £90 it would carry a tax credit of 10 per cent. giving a gross dividend of £100. A higher rate taxpayer would be liable to (additional) tax at 22.5 per cent. (32.5 per cent. less the 10 per cent. credit) \times £100, or £22.50.

If and to the extent that the gross dividend received by a UK resident individual New Polyus Gold Shareholder falls above the threshold for additional rate income tax (currently £150,000), that individual will be subject to tax on the gross dividend at the "dividend additional rate", currently 42.5 per cent. The tax credit lowers the effective rates of tax in respect of the dividend and has the effect that the New Polyus Gold Shareholder will have to account for tax equal to 32.5 per cent. of the gross dividend, or 36.1 per cent. of the net dividend, to the extent that the gross dividend falls above the threshold for the additional rate. So, for example, a cash dividend of £180 will carry a tax credit of £20 and the UK income tax payable on the gross dividend of £200 by an individual New Polyus Gold Shareholder who is subject to income tax at the dividend additional rate will be 42.5 per cent. Of £200, namely £85, less the tax credit of £20, leaving a net tax charge of £65.

It is likely that most dividends paid on the New Polyus Gold Shares to UK resident corporate New Polyus Gold Shareholders would fall within one or more of the classes of dividend qualifying for exemption from corporation tax but it should be noted that the exemptions are not comprehensive and are also subject to anti-avoidance rules. New Polyus Gold Shareholders within the charge to corporation tax should consult their own professional advisers.

UK resident New Polyus Gold Shareholders who are not liable to UK tax on dividends, including pension funds and charities, are not entitled to claim repayment of the tax credit.

New Polyus Gold Shareholders who are resident outside the UK for tax purposes will not generally be able to claim repayment of any part of the tax credit attaching to dividends received from New Polyus Gold, although this will depend on the existence and terms of any double taxation convention between the UK and the country in which such holder is resident. A New Polyus Gold Shareholder resident outside the UK may also be subject to taxation on dividend income under local law.

The statements contained under the heading “UK taxation of dividends paid on the New Polyus Gold Shares” reflect the Company’s understanding of the correct interpretation of current UK tax law. However there is currently some doubt as to whether HM Revenue & Customs agrees with this interpretation in relation to certain distributions made following a reduction of capital. In such cases there is a risk that HM Revenue & Customs may seek to argue, in relation to New Polyus Gold Shareholders within the charge to UK income tax, that such a distribution should not be taxed under the rules for income distributions, but is instead within the charge to tax on chargeable gains. In light of this, New Polyus Gold Shareholders are advised to consult their own professional advisers in relation to the implication of distributions from New Polyus Gold.

Transactions in securities

In certain circumstances HM Revenue & Customs may apply the provisions of Part 15 Corporation Tax Act 2010 in relation to corporation tax payers and those found in Chapter 1 of Part 13 Income Tax Act 2007 in relation to income tax payers where they have reason to believe generally that a person obtains a tax advantage in consequence of a “transaction in securities”. The rules are not expected to be applicable in relation to the Proposals. Clearance has not been sought from HM Revenue & Customs that they will not invoke the terms of Part 15 Corporation Tax Act 2010 or Chapter 1 of Part 13 Income Tax Act 2007.

UK stamp duty and SDRT on transfers of New Polyus Gold Shares

Transfers of New Polyus Gold Shares following implementation of the Proposals

Stamp duty at the rate of 0.5 per cent. (rounded up to the next multiple of £5) of the amount or value of the consideration given is generally payable on an instrument transferring New Polyus Gold Shares. An exemption from stamp duty is available on an instrument transferring New Polyus Gold Shares where the amount or value of the consideration is £1,000 or less, and it is certified on the instrument that the transaction effected by the instrument does not form part of a larger transaction or series of transactions for which the aggregate consideration exceeds £1,000. A charge to SDRT will also arise on an unconditional agreement to transfer New Polyus Gold Shares (at the rate of 0.5 per cent. of the amount or value of the consideration payable). However, if within six years of the date of the agreement becoming unconditional an instrument of transfer is executed pursuant to the agreement, and stamp duty is duly paid on that instrument, any SDRT already paid will be refunded (with interest where the tax paid is £25 or more) provided that a claim for payment is made, and any outstanding liability to SDRT will be cancelled. The liability to pay stamp duty or SDRT is generally satisfied by the purchaser or transferee.

New Polyus Gold Shares held through CREST

Paperless transfers of New Polyus Gold Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration. CREST is obliged to collect SDRT on relevant transactions settled within the system. Under the CREST system, no stamp duty or SDRT will arise on a transfer of New Polyus Gold Shares into the system unless such a transfer is made for a consideration in money or money’s worth, in which case a liability to SDRT (usually at a rate of 0.5 per cent.) will arise.

New Polyus Gold Shares held through Clearance Systems or Depositary Receipt Arrangements

Under UK law where New Polyus Gold Shares are issued (including under the Scheme) or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at the higher rate of 1.5 per cent. of the amount or value of the consideration payable or, in certain circumstances, the value of the New Polyus Gold Shares (rounded up to the next multiple of £5 in the case of stamp duty or, in the case of an issue to such persons, the issue price of the New Polyus Gold Shares). This liability for stamp duty or SDRT will strictly be accountable

by the depositary or clearance service operator or their nominee, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt scheme. Transfers within the clearance service, and transfers of depositary receipts, are then generally made free of SDRT or stamp duty. Clearance services may opt, provided certain conditions are satisfied, for the normal 0.5 per cent. rate of stamp duty or SDRT to apply to transactions within the clearance system instead of the 1.5 per cent. charge generally applying to an issue or transfer of shares into the clearance service and the exemption from the 0.5 per cent. stamp duty and SDRT charge on transfers of shares within the system.

Following a recent European Court of Justice judgment, HM Revenue & Customs have confirmed that they will no longer seek to apply the 1.5 per cent. SDRT charge on an issue of shares into a clearance service or depositary receipt arrangement within the EU, on the basis that the charge is not compatible with EU law. However, the judgment may have broader application than HM Revenue & Customs currently accept and consequential litigation is ongoing. **Accordingly specific professional advice should be sought before paying the 1.5 per cent. SDRT or stamp duty charge in any circumstances.**

The statements in the paragraphs under the heading “UK stamp duty and SDRT on transfers of New Polyus Gold Shares” apply to any holders of New Polyus Gold Shares irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to agreements made by, among others, intermediaries such as market makers, brokers and dealers. Certain categories of person, including intermediaries, may, although not primarily liable for SDRT, be required to notify and account for it under the Stamp Duty Reserve Tax Regulations 1986.

UK Situs Assets

Remittance basis

The New Polyus Gold Shares will be assets which are situated in the UK for the purposes of UK taxation of chargeable gains and income tax and therefore the remittance basis of taxation will not be applicable in the case of New Polyus Gold Shareholders who are UK resident individuals but are not domiciled in the UK.

Inheritance Tax

The New Polyus Gold Shares will be assets situated in the UK for the purposes of UK inheritance tax. A gift of such assets by, or the death of, an individual holder of such assets may (subject to certain exemptions and reliefs) give rise to a liability to UK inheritance tax even if the holder is neither domiciled in the UK nor deemed to be domiciled there. For inheritance tax purposes, a transfer of assets at less than full market value may be treated as a gift and particular rules apply to gifts where the donor reserves or retains some benefit.

Special rules also apply to close companies and to trustees of settlements who hold New Polyus Gold Shares, which generally could bring them within the charge to inheritance tax. New Polyus Gold Shareholders should consult an appropriate tax adviser if they own shares in New Polyus Gold via a close company or a trust and want to understand the UK tax implications for them.

15.2 Jersey taxation

Based on Jersey taxation law as it is understood to apply at the date of this document to holders of Polyus Gold Securities (other than holders of Polyus Gold Securities who are residents of Jersey), no taxation or stamp duty will be payable in Jersey by holders of Polyus Gold Securities as a result of the cancellation of the Scheme Shares or the implementation of the Scheme.

This summary does not constitute legal or tax advice. Polyus Gold Securityholders should consult their professional advisers on the implications of the Scheme under the laws of the jurisdiction(s) in which they

may be liable to taxation. Polyus Gold Securityholders should also be aware that tax laws, rules and practice and their interpretation may change.

16. Relationship Agreements

It is expected that prior to Admission New Polyus Gold will enter into Relationship Agreements with each of Onexim and Nafta as shareholders of New Polyus Gold with substantial shareholdings following the Scheme Effective Date. The principal purpose of these Relationship Agreements will be to ensure that New Polyus Gold is capable of carrying on business independently of Onexim and Nafta, respectively.

17. Senior Notes

If the Scheme becomes effective it will constitute a change of control for the purposes of Polyus Gold's Senior Notes. Pursuant to the terms and conditions of the Senior Notes, upon the occurrence of a change of control Polyus Gold must notify each registered holder of the Senior Notes that a change of control has occurred and that each such registered holder shall have the right to require Polyus Gold to repurchase all or any part of the Senior Notes held by them at a purchase price in cash equal to 101 per cent. of the principal amount of the Senior Notes plus any accrued and unpaid interest, and premium, if any, to the date of repurchase. The notice must set out the expected date of repurchase by Polyus Gold, which must be no earlier than 30 days and no later than 60 days after the date of the notice.

18. Consent

J.P. Morgan Cazenove has given and not withdrawn its written consent to the inclusion of references to its name in this document in the form and context in which they appear.

19. Costs and expenses regarding issue of documentation

All costs and expenses relating to the issue of this document and to the preparation and implementation of the Proposals will be borne by the Polyus Gold Group.

PART IV

SCHEME OF ARRANGEMENT

(under Article 125 of the Companies (Jersey) Law 1991)

IN THE ROYAL COURT OF JERSEY

IN THE MATTER OF POLYUS GOLD INTERNATIONAL LIMITED

and

IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991

SCHEME OF ARRANGEMENT

(under Article 125 of the Companies (Jersey) Law 1991)

BETWEEN

POLYUS GOLD INTERNATIONAL LIMITED

AND

THE HOLDERS OF SCHEME SHARES

(as hereinafter defined)

Preliminary

- (A) In this scheme of arrangement, references to Clauses are references to clauses of this scheme of arrangement and the following expressions shall, unless inconsistent with the subject or context, bear the following meanings:

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| Business Day | any day other than a Saturday or Sunday on which banks in Jersey are open for business; |
| certificated or in certificated form | a share which is not in uncertificated form (that is, not in CREST); |
| Companies (Jersey) Law | the Companies (Jersey) Law 1991 (as amended); |
| Court Hearing | the hearing by the Jersey Court of the representation to sanction the Scheme under Article 125 of the Companies (Jersey) Law and to confirm the Polyus Gold Reduction of Capital under Article 61 of the Companies (Jersey) Law, at which the Court Order will be sought; |
| Court Meeting | the meeting of Polyus Gold Shareholders to be convened by an order of the Jersey Court pursuant to Article 125 of the Companies (Jersey) Law, to be held at 88 Wood Street, London EC2V 7RS at 2.00 p.m. on 28 October 2011 to consider and, if thought fit, approve the Scheme, including any adjournment thereof; |
| Court Order | the order of the Jersey Court sanctioning the Scheme under Article 125 of the Companies (Jersey) Law and confirming the Polyus Gold Reduction of Capital under Article 63 of the Companies (Jersey) Law together with the approved minute attached thereto and relating to the Polyus Gold Reduction of Capital; |

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| CREST | the computerised system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations; |
| CREST Regulations | the Uncertificated Securities Regulations 2001(SI 2001 No. 3755) or the Companies (Uncertificated Securities) (Jersey) Order 1999 (as applicable) in each case, as from time to time amended; |
| Depository | The Bank of New York Mellon; |
| Deposit Agreement | the Level I Deposit Agreement, dated as of 1 July 2010, between the Depository, Polyus Gold and owners and holders of GDRs; |
| Effective | the Scheme having become effective in accordance with its terms, which is expected to occur on or about 9 November 2011; |
| Euroclear | Euroclear UK & Ireland Limited, the operator of CREST (formerly known as CRESTCo Limited); |
| GDRs | the Level I Global Depositary Shares, each representing one Polyus Gold Share; |
| holder | a registered holder, including any person entitled by transmission; |
| Jersey | the Bailiwick of Jersey; |
| Jersey Court | the Royal Court of Jersey; |
| members | members of Polyus Gold on the register of members at any relevant date; |
| New Polyus Gold | Polyus Gold plc, a public company limited by shares incorporated in England and Wales (registered number 07706746); whose registered office is at 88 Wood Street, London EC2V 7RS; |
| New Polyus Gold Group | (i) prior to the Scheme Effective Time, New Polyus Gold; and (ii) after the Scheme Effective Time, New Polyus Gold and its subsidiaries; |
| New Polyus Gold Shareholder | a holder of New Polyus Gold Shares from time to time; |
| New Polyus Gold Shares | ordinary shares of £1.00 each in the capital of New Polyus Gold that entitle the holders to vote at general meetings of New Polyus Gold on all, or substantially all, matters; |
| New Polyus Gold Subscriber Share | the ordinary share of £1.00 in the capital of New Polyus Gold (being a New Polyus Gold Share) in issue at the date of this Scheme; |
| New Shares | ordinary shares of £0.0001 each in the capital of Polyus Gold to be issued to New Polyus Gold on the Scheme becoming Effective; |
| Overseas Shareholder | a Scheme Shareholder who is a citizen, resident or national of any jurisdiction outside Jersey or the United Kingdom; |
| Polyus Gold | Polyus Gold International Limited, a company incorporated in Jersey (registered number 91264), whose registered office is at Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES; |

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| Polyus Gold Group | (i) prior to the Scheme Effective Time, Polyus Gold and its subsidiaries; and (ii) after the Scheme Effective Time, the New Polyus Gold Group; |
| Polyus Gold Reduction of Capital | the reduction of Polyus Gold's share capital associated with the cancellation and extinguishment of the Polyus Gold Shares provided for by this Scheme under Article 61 of the Companies (Jersey) Law; |
| Polyus Gold Shareholder | a holder of Polyus Gold Shares from time to time; |
| Polyus Gold Shares | ordinary shares of £0.0001 each in the capital of Polyus Gold; |
| £, pence or sterling | the lawful currency of the United Kingdom; |
| Redeemable Deferred Shares | the 50,000 redeemable deferred shares of £1.00 each in the capital of New Polyus Gold; |
| Registrar of Companies | the Registrar of Companies in Jersey; |
| Scheme | this scheme of arrangement in its present form, or with any modification thereof, or addition thereto, or condition, approved or imposed by the Jersey Court and agreed to by Polyus Gold and New Polyus Gold; |
| Scheme Document | the circular dated 6 October 2011 sent by Polyus Gold to the Polyus Gold Shareholders, of which this Scheme forms a part; |
| Scheme Effective Date | the date on which the Scheme becomes Effective in accordance with its terms; |
| Scheme Effective Time | the time at which the Scheme becomes Effective on the Scheme Effective Date; |
| Scheme General Meeting | the general meeting of Polyus Gold to be held at 88 Wood Street, London EC2V 7RS at 2.15 p.m. on 28 October 2011 (or as soon as possible after the conclusion or adjournment of the Court Meeting), and any adjournment thereof; |
| Scheme Record Time | 6.00 p.m. (London time) on the Business Day immediately prior to the Scheme Effective Date; |
| Scheme Shareholder | a holder of Scheme Shares; |
| Scheme Shares | the Polyus Gold Shares; (i) in issue at the date of this Scheme; (ii) (if any) issued after the date of this Scheme and prior to the Scheme Voting Record Time; and (iii) (if any) issued at or after the Scheme Voting Record Time and at or prior to the Scheme Record Time either on terms that the original or any subsequent holder thereof shall be bound by the Scheme or in respect of which the holder thereof shall have agreed in writing to be bound by the Scheme; |

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| Scheme Voting Record Time | 6.00 p.m. (London time) on 26 October 2011 or, if the Court Meeting or Scheme General Meeting is adjourned, 6.00 p.m. (London time) on the day which is two days before the date of such adjourned meeting; |
| uncertificated or in uncertificated form | recorded on the relevant register as in uncertificated form, being held in uncertificated form in CREST and title to which by virtue of the CREST Regulations may be transferred by means of CREST; and |
| United Kingdom or UK | the United Kingdom of Great Britain and Northern Ireland. |

- (B) The issued share capital of Polyus Gold as at the date of this Scheme consists of 3,032,149,962 ordinary shares of £0.0001 each. As at the date of this Scheme, 2,002,710,952 Polyus Gold Shares are registered in the name of the Depositary, which holds such Polyus Gold Shares pursuant to the Deposit Agreement and has issued GDRs to Polyus Gold GDR Holders representing such Polyus Gold Shares.
- (C) New Polyus Gold was incorporated in England and Wales as a public company limited by shares on 15 July 2011 with registered number 07706746 under the name Polyus Gold plc. The issued share capital of New Polyus Gold at the date of this Scheme consists of one New Polyus Gold Subscriber Share and 50,000 Redeemable Deferred Shares. Immediately following the Scheme becoming Effective, the holder of the New Polyus Gold Subscriber Share will gift such share to a nominee of New Polyus Gold, following which such share will be cancelled.
- (D) New Polyus Gold has agreed to appear by Counsel at the Court Hearing to sanction this Scheme and to undertake to the Jersey Court to be bound by this Scheme and to execute and do or procure to be executed and done all such documents, acts and things as may be necessary or desirable to be executed or done by it for the purpose of giving effect to this Scheme.

The Scheme

1. Cancellation of the Scheme Shares

- (a) At the Scheme Effective Time, the issued share capital of Polyus Gold shall be reduced by cancelling and extinguishing all of the Scheme Shares.
- (b) Subject to and forthwith upon the said Polyus Gold Reduction of Capital taking effect: (i) the authorised share capital of Polyus Gold shall be increased to its former amount by the creation of such number of New Shares as shall be equal to the aggregate number of Scheme Shares cancelled pursuant to clause 1(a); (ii) Polyus Gold shall apply and capitalise the reserve arising in its books of account as a result of the Polyus Gold Reduction of Capital in paying up in full at par such number of New Shares as have an aggregate nominal value equal to the Scheme Shares cancelled in accordance with Clause 1(a) of this Scheme and shall allot and issue the same, credited as fully paid, to New Polyus Gold and/or its nominee(s) and the authorised and issued share capital of Polyus Gold shall thereby be restored to its former amount.

2. New Polyus Gold Shares

- (a) In consideration of the cancellation of the Scheme Shares and the allotment and issue of the New Shares to New Polyus Gold and/or its nominee(s) pursuant to Clause 1, New Polyus Gold shall (subject to, and in accordance with, the remaining provisions in this Scheme), at the Scheme Effective Time, allot and issue (credited as fully paid) New Polyus Gold Shares to the Scheme Shareholders (and/or nominees thereof) on the following basis:

one New Polyus Gold Share for each Polyus Gold Share held at the Scheme Record Time.

- (b) The provisions of Clause 2(a) shall be subject to any prohibition or condition imposed by law. Without prejudice to the generality of the foregoing, if, in respect of any Overseas Shareholder, New Polyus Gold is advised that the allotment and issue of New Polyus Gold Shares pursuant to this Clause would or might infringe the laws of any jurisdiction outside Jersey or the United Kingdom or would or might require New Polyus Gold to obtain any governmental or other consent or effect any registration, filing or other formality, then New Polyus Gold may in its sole discretion determine that:
 - (i) such New Polyus Gold Shares shall be sold, in which event the New Polyus Gold Shares shall be issued to such Overseas Shareholder and New Polyus Gold shall appoint a person to act pursuant to this sub-clause 2(b)(i) and such person shall be authorised on behalf of such Overseas Shareholder to procure that any shares in respect of which New Polyus Gold has made such a determination shall, as soon as practicable following the Scheme Effective Date, be sold at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Overseas Shareholder in accordance with the provisions of Clause 3. To give effect to any such sale, the person so appointed shall be authorised on behalf of such holder to execute and deliver a form of transfer and to give instructions and do all such things which he may consider necessary or expedient in connection with such sale. None of Polyus Gold, New Polyus Gold, any appointee referred to in this sub-clause (2)(b)(i) or any broker or agent of any of them shall have any liability (save in the case of fraud) for any loss arising as a result of the timing or terms of any such sale; or
 - (ii) such New Polyus Gold Shares shall not be allotted and issued to such Overseas Shareholder under this Clause, but shall instead be allotted to a nominee appointed by New Polyus Gold, as trustee for such Overseas Shareholder, on terms that they shall, as soon as reasonably practicable following the Scheme Effective Date, be sold on behalf of such Overseas Shareholder at the best price which can reasonably be obtained at the time of sale and the net proceeds of such sale shall (after the deduction of all expenses and commissions, including any amount in respect of value added tax payable thereon) be paid to such Overseas Shareholder in accordance with the provisions of Clause 3. None of Polyus Gold, New Polyus Gold, any nominee referred to in this sub-clause (2)(b)(ii) or any broker or agent of any of them shall have any liability (save in the case of fraud) for any loss arising as a result of the timing or terms of any such sale.

3. Certificates and payment

- (a) Not later than 30 Business Days after the Scheme Effective Date, New Polyus Gold shall send share certificates by post to the allottees of the allotted and issued New Polyus Gold Shares which it is required to allot and issue to give effect to this Scheme and which are to be issued in certificated form.
- (b) Not later than 30 Business Days after the Scheme Effective Date, Polyus Gold shall arrange for the delivery to New Polyus Gold of certificates in respect of its holding of New Shares.
- (c) Not later than 30 Business Days following the sale of any relevant New Polyus Gold Shares pursuant to Clause 2(b), New Polyus Gold shall procure that the nominee or appointee, as the case may be, shall account for the cash payable by despatching to the persons respectively entitled thereto, cheques or warrants by post or by any direct, bank or other funds transfer or, in the case of an uncertificated share, by the relevant system. None of Polyus Gold, New Polyus Gold, any nominee or appointee referred to in this Scheme or any broker or agent of any of them shall have any liability (save in the case of fraud) for any loss arising as a result of the timing or terms of any sale of New Polyus Gold Shares.
- (d) All certificates required to be sent by New Polyus Gold pursuant to Clause 3(a) and all cheques or warrants required to be sent pursuant to Clause 3(c) shall be sent by post in pre-paid envelopes addressed to the persons respectively entitled thereto at their respective addresses appearing in the register of

members of Polyus Gold at the Scheme Record Time (or, in the case of joint holders, to the address of that one of the joint holders whose name stands first in the register in respect of the joint holding) or in accordance with any special instructions regarding communications received at the registered office of Polyus Gold prior to the Scheme Record Time.

- (e) None of Polyus Gold, New Polyus Gold or any person appointed to act under sub-clause 2(b)(i) or any nominee referred to in sub-clause 2(b)(ii) or any agent of any of them shall be responsible for any loss or delay in transmission of certificates sent, or payments made, in accordance with this Clause.
- (f) The preceding sub-clauses of this Clause shall take effect subject to any prohibition or condition imposed by law.
- (g) All cheques shall be made payable to the relevant Scheme Shareholder or, in the case of joint holders, to all such holders of the Scheme Shares concerned in sterling drawn on a UK clearing bank and the encashment of any such cheque shall be a complete discharge of New Polyus Gold for the moneys represented thereby. The transfer of funds by the bank instructed to make such transfer or through the relevant system shall be a complete discharge of New Polyus Gold for the moneys represented thereby.

4. Certificates representing Scheme Shares

On the Scheme Effective Date, share certificates in respect of Polyus Gold Shares will cease to be valid and should be destroyed.

5. Mandates

Each mandate in force and duly notified to Polyus Gold at the Scheme Record Time relating to the payment of dividends on Scheme Shares and each instruction relating to Scheme Shares then in force as to notices and other communications from Polyus Gold shall, unless and until varied or revoked, be deemed, from and including the Scheme Effective Date, to be a valid and effective mandate or instruction to New Polyus Gold in relation to the corresponding New Polyus Gold Shares to be allotted and issued pursuant to this Scheme.

6. Scheme Effective Date

- (a) The Scheme shall become Effective as soon as the Court Order has been duly delivered to the Registrar of Companies for registration and registered by him.
- (b) Unless the Scheme shall have become Effective on or before midnight on 30 June 2012 or such later date, if any, as Polyus Gold and New Polyus Gold may agree and the Jersey Court may allow, this Scheme shall never become Effective.

7. Modification

Polyus Gold and New Polyus Gold may jointly consent on behalf of all persons concerned to any modification of, or addition to, the Scheme or to any condition which the Jersey Court may think fit to approve or impose.

8. Governing Law

This Scheme is governed by Jersey law and is subject to the jurisdiction of the Courts of Jersey.

Dated: 6 October 2011

PART V

DEFINITIONS

The following definitions apply throughout this document (except in those parts of this document containing the Scheme of Arrangement, which contain separate definitions) unless the context requires otherwise:

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| “Admission” | admission of the New Polyus Gold Shares to the premium listing segment of the Official List in accordance with the Listing Rules and the admission of the New Polyus Gold Shares to trading on the London Stock Exchange’s main market for listed securities in accordance with the Standards, to be further described in the New Polyus Gold Prospectus and expected to occur on or about 9 November 2011; |
| “ADS-Electing DTC Holders” | DTC GDR Holders who, upon surrender of their Polyus Gold GDRs, do not deliver their Form of Election and Delivery Instruction; |
| “Associate” | has the meaning given to it in the Listing Rules; |
| “Board” | the board of directors of Polyus Gold or the board of directors of New Polyus Gold, as the context so requires; |
| “Business Day” | any day other than a Saturday or Sunday on which banks in London and Jersey are open for normal business; |
| “certificated” or “in certificated form” | in relation to a share or other security, which is not in uncertificated form (that is, not in CREST); |
| “Companies Act” or “CA” | the UK Companies Act 2006 (as amended); |
| “Companies (Jersey) Law” | the Companies (Jersey) Law 1991 (as amended); |
| “Computershare” | Computershare Investor Services (Jersey) Limited of 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES; |
| “Corporate Trust account” | The Bank of New York Mellon’s corporate trust account at DTC, number 2504; |
| “Court Hearing” | the hearing by the Jersey Court of the representation to sanction the Scheme under Article 125 of the Companies (Jersey) Law and to confirm the Polyus Gold Reduction of Capital under Article 61 of the Companies (Jersey) Law, at which hearing the Court Order will be sought; |
| “Court Meeting” | the meeting of holders of Scheme Shares to be held at 88 Wood Street, London EC2V 7RS, at 2.00 p.m. on 28 October 2011, convened pursuant to an order of the Jersey Court pursuant to Article 125 of the Companies (Jersey) Law for the purposes of considering and, if thought fit, approving the Scheme, notice of which is set out in Part VI of this document, and any adjournment thereof; |
| “Court Order” | the order of the Jersey Court sanctioning the Scheme under Article 125 of the Companies (Jersey) Law and confirming the Polyus Gold Reduction of Capital under Article 63 of the Jersey (Company) Law |

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| | together with the approved minute attached thereto and relating to the Polyus Gold Reduction of Capital; |
| “CREST” | the computerised system for the paperless settlement of sales and purchases of securities and the holding of uncertificated securities operated by Euroclear UK & Ireland Limited in accordance with the CREST Regulations; |
| “CREST Manual” | the CREST manual referred to in agreements entered into by Euroclear; |
| “CREST Regulations” | the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) or the Companies (Uncertificated Securities) (Jersey) Order 1999 (as applicable), in each case, as from time to time amended; |
| “Deemed Election” | an election of form of delivery of New Polyus Gold securities that will be deemed to have been made by Polyus Gold GDR Holders whose Form of Election and Delivery Instruction are not received by BNY Mellon Shareowner Services by 5.00 p.m. (New York time) on 4 November 2011, which is (i) New Polyus Gold ADSs in DTC accounts for DTC GDR Holders; (ii) New Polyus Gold Shares in Euroclear or Clearstream accounts for Euroclear/Clearstream GDR Holders; or (iii) certificated New Polyus Gold Shares for Direct GDR Holders; |
| “Depositary” | The Bank of New York Mellon as depositary for Polyus Gold’s Level I GDR programme; |
| “Deposit Agreement” | the Level I Deposit Agreement, dated as of 1 July 2010, between the Depositary, Polyus Gold and owners and holders of Level I GDRs; |
| “Directors” or “Board” | the director(s) of Polyus Gold, as set out in paragraph 4 of Part III of this document, or the directors of New Polyus Gold from time to time, as the context may require; |
| “Direct GDR Holder” | Polyus Gold GDR Holder who holds its Polyus Gold GDRs in certificated form; |
| “Disclosure and Transparency Rules” | the rules relating to the disclosure of information made under Section 73A of FSMA, as amended from time to time; |
| “DTC” | The Depositary Trust Company; |
| “DTC GDR Holder” | Polyus Gold GDR Holder who holds its Polyus Gold GDRs through DTC; |
| “Electing GDR Holders” | ADS-Electing DTC Holders and Requesting GDR Holders; |
| “Euroclear” | Euroclear Bank N.V./S.A., as operator of the Euroclear system; |
| “Euroclear/Clearstream GDR Holder” | Polyus Gold GDR Holder who holds its Polyus Gold GDRs through a participant in Euroclear or Clearstream; |
| “Exchange Offer Prospectus” | the prospectus published by Polyus Gold on 24 June 2011 in connection with an exchange offer made to security holders of OJSC Polyus Gold; |

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| “Explanatory Statement” | this document and, in particular, Part II of this document, which has been prepared in accordance with Article 126 of the Companies (Jersey) Law; |
| “Executive Director” | Evgueni Ivanov; |
| “FAS” | Federal Antimonopoly Service of the Russian Federation; |
| “Forms of Election and Delivery Instruction” | the forms sent to Polyus Gold GDR Holders by the Depositary for use in connection with the election and delivery of New Polyus Gold Shares or New Polyus Gold ADSs to Polyus Gold GDR Holders; |
| “Forms of Proxy” | the yellow form of proxy sent to Polyus Gold Shareholders for use in connection with the Court Meeting and the green form of proxy sent to Polyus Gold Shareholders for use in connection with the Scheme General Meeting, which accompany this document, and each a “Form of Proxy”; |
| “Forms of Share Delivery Instruction” | the forms sent to Polyus Gold Shareholders by Polyus Gold’s Registrar for use in connection with the crediting of New Polyus Gold Shares in CREST; |
| “FSA” or “Financial Services Authority” | the Financial Services Authority of the UK in its capacity as the competent authority under Part VI of FSMA and in the exercise of its functions in respect of admission to the Official List otherwise than in accordance with Part VI of FSMA; |
| “FSMA” | the Financial Services and Markets Act 2000, as amended; |
| “FTSE” | FTSE International Limited; |
| “FTSE Ground Rules” | FTSE Ground Rules for the Management of the UK Series of the FTSE UK Index Series; |
| “Fully Diluted Share Capital” | £1,516,074,981, assuming the Polyus Gold Reduction of Capital becomes effective. This amount represents the nominal value of the maximum number of Polyus Gold Shares that would be in issue assuming 3,032,149,962 Polyus Gold Shares in issue immediately following the Scheme Effective Date; |
| “GDR Voting Record Date” | the date on which Polyus Gold GDR Holders holding Polyus Gold GDRs will be entitled to vote at the Meetings; |
| “High Court” | the High Court of England and Wales; |
| “holder” | a registered holder, including any person entitled by transmission; |
| “Jenington” | Jenington International Inc., incorporated in the British Virgin Islands with Company Number 394918; |
| “Jersey” | the Bailiwick of Jersey; |
| “Jersey Court” | the Royal Court of Jersey; |
| “J.P. Morgan Cazenove” | J.P. Morgan Securities Ltd. (which conducts its UK investment banking activities as J.P. Morgan Cazenove); |

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| “Listing Rules” | the listing rules made by the UK Listing Authority under section 73A of FSMA, as amended from time to time; |
| “London Stock Exchange” | London Stock Exchange plc (or any successor body thereto); |
| “Maximum Number of New Polyus Gold ADSs” | the cap on the New Polyus Gold ADS programme being 4.99 per cent. of the aggregate number of ordinary shares issued by New Polyus Gold reduced by the number of New Polyus Shares held by the Depositary pending their distribution or sale and which are not represented by New Polyus ADSs; |
| “Meetings” | the Court Meeting and the Scheme General Meeting, and “Meeting” shall be construed accordingly; |
| “members” | members of Polyus Gold on the register of members at any relevant date, and “member” shall be construed accordingly; |
| “Model Code” | the Model Code on directors’ dealings in securities set out in Listing Rule 9, Annex 1 R; |
| “Nafta” | a privately-owned group of portfolio investment companies under the beneficial ownership of Mr. Suleiman Kerimov, including Nafta Moskva (Cyprus) Limited and Wandle Holdings; |
| “New Polyus Gold” | Polyus Gold plc, a public company limited by shares incorporated in England and Wales under the Companies Act with registered number 07706746; |
| “New Polyus Gold ADSs” | the Level I American Depositary Shares each representing one New Polyus Gold Share; |
| “New Polyus Gold Articles” | the articles of association of New Polyus Gold to be adopted prior to the Scheme Effective Date; |
| “New Polyus Gold Director(s)” | the director(s) of New Polyus Gold from time to time; |
| “New Polyus Gold Group” | (i) prior to the Scheme Effective Time, New Polyus Gold; and (ii) after the Scheme Effective Time, New Polyus Gold and its subsidiaries; |
| “New Polyus Gold Prospectus” | the prospectus relating to New Polyus Gold and Admission to be prepared in accordance with the Prospectus Rules and expected to be published on or around 31 October 2011; |
| “New Polyus Gold Reduction of Capital” | the proposed reduction of capital of New Polyus Gold, after the Scheme becomes effective, under the Companies Act, pursuant to which the nominal value of each of the New Polyus Gold Shares is proposed to be reduced from £1.00 to £0.50; |
| “New Polyus Gold Shareholder” | a holder of New Polyus Gold Shares from time to time; |
| “New Polyus Gold Shares” | ordinary shares of £1.00 each (such nominal value to be reduced to £0.50 pursuant to the New Polyus Gold Reduction of Capital) in the share capital of New Polyus Gold that entitle the holders to vote at |

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| | general meetings of New Polyus Gold on all, or substantially all, matters; |
| “New Polyus Gold Subscriber Share” | the one ordinary share of £1.00 in New Polyus Gold in issue at the date of this document; |
| “New Shares” | the ordinary shares in Polyus Gold of £0.0001 each to be issued to New Polyus Gold on the Scheme becoming effective; |
| “Non-Executive Directors” | Robert Buchan, Alexander Mossionzhik, Dmitry Razumov, Adrian Coates, the Earl of Clanwilliam, Bruce Buck, Kobus Moolman and Anna Kolonchina; |
| “Official List” | the Official List of the UK Listing Authority; |
| “Onexim” | a privately-owned group of companies under the beneficial ownership of Mr. Mikhail Prokhorov, including Onexim Holdings Limited, which is the shareholder and beneficial owner of Coverico Holdings Co. Limited and Bristaco Holdings Co Limited; |
| “OTC” | over-the-counter; |
| “Overseas Shareholders” | Polyus Gold Shareholders who are resident in, ordinarily resident in, or citizens or nationals of, jurisdictions outside the United Kingdom or Jersey; |
| “Polyus Gold” or the “Company” | Polyus Gold International Limited, a public limited company incorporated in Jersey under the Companies (Jersey) Law with registered number 91264; |
| “Polyus Gold Articles” | the articles of association of Polyus Gold from time to time; |
| “Polyus Gold GDRs” | the Level I Global Depositary Shares each representing one Polyus Gold Share; |
| “Polyus Gold GDR Holder” | a holder of Polyus Gold GDRs from time to time; |
| “Polyus Gold Group” | Polyus Gold and its subsidiaries; |
| “Polyus Gold Reduction of Capital” | the reduction of Polyus Gold’s share capital associated with the cancellation and extinguishment of the Polyus Gold Shares provided for by Clause 1(a) of the Scheme and under Article 61 of the Companies (Jersey) Law; |
| “Polyus Gold Securities” | Polyus Gold Shares and/or Polyus Gold GDRs; |
| “Polyus Gold Securityholder” | Polyus Gold Shareholders and/or Polyus Gold GDR Holders; |
| “Polyus Gold Shareholder” | a holder of Polyus Gold Shares from time to time; |
| “Polyus Gold Shares” | ordinary shares of £0.0001 each in the capital of Polyus Gold that entitle the holders to vote at general meetings of Polyus Gold on all, or substantially all, matters; |
| “Polyus Gold’s Registrar” | Computershare Investor Services (Jersey) Limited of Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES; |

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| “£”, “pence” or “sterling” | the lawful currency of the United Kingdom; |
| “Proposals” | collectively, the Scheme (including the Polyus Gold Reduction of Capital) and the New Polyus Gold Reduction of Capital; |
| “Prospectus Rules” | the Prospectus Rules published by the FSA under Section 73A of FSMA, as amended from time to time; |
| “Redeemable Deferred Shares” | the 50,000 redeemable deferred shares of £1.00 each in the capital of New Polyus Gold; |
| “Registrar of Companies” | the Registrar of Companies in Jersey or England and Wales (as appropriate); |
| “Relationship Agreements” | the relationship agreements between Onexim, Nafta and New Polyus Gold, referred to in paragraph 16 of Part III of this document; |
| “relevant system” | has the meaning given to it in the Uncertificated Securities Regulation 2001; |
| “Remuneration Committee” | the Remuneration and Nomination Committee of Polyus Gold or, following the Scheme becoming effective, the Remuneration Committee of New Polyus Gold; |
| “Requesting GDR Holders” | Euroclear/Clearstream GDR Holders and Direct GDR Holders who completed a Form of Election and Delivery Instruction in order to elect to receive New Polyus Gold ADSs; |
| “Resolutions” | the special resolutions and ordinary resolution which are set out in Part VI of this document, to be proposed to be passed at the Scheme General Meeting in connection with, <i>inter alia</i> , the implementation of the Scheme, the Polyus Gold Reduction of Capital, certain amendments to be made to the Polyus Gold Articles, the purchase by Polyus Gold of Polyus Gold Shares held by Jenington and the New Polyus Gold Reduction of Capital; |
| “RIS” | an information service that is approved by the FSA and on the FSA’s list of Registered Information Services; |
| “Scheme” | the scheme of arrangement under Article 125 of the Companies (Jersey) Law between Polyus Gold and the holders of Scheme Shares including any modification, addition or condition approved by the Jersey Court, details of which are set out in this document; |
| “Scheme Document” | this circular dated 6 October 2011 relating to the Scheme sent by Polyus Gold to Polyus Gold Shareholders and made available by the Depositary to Polyus Gold GDR Holders; |
| “Scheme Effective Date” | the date on which this Scheme becomes effective in accordance with its terms, expected to be on or about 9 November 2011; |
| “Scheme Effective Time” | the time at which this Scheme becomes effective on the Scheme Effective Date; |
| “Scheme General Meeting” | the general meeting of Polyus Gold, notice of which is set out in Part VI of this document, to be held at 88 Wood Street, London EC2V 7RS at |

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| | 2.15 p.m. on 28 October 2011 (or as soon as possible after the conclusion or adjournment of the Court Meeting); and any adjournment of that meeting; |
| “Scheme Record Date” | the record date set by the Depositary in connection with the distribution of New Polyus Gold Shares, which is currently expected to be on 4 November 2011; |
| “Scheme Record Time” | 6.00 p.m. (London time) on the Business Day immediately preceding the Scheme Effective Date; |
| “Scheme Shareholder” | a holder of Scheme Shares; |
| “Scheme Shares” | all Polyus Gold Shares: <ul style="list-style-type: none"> (i) in issue at the date of this document; (ii) (if any) issued after the date of this document and prior to the Scheme Voting Record Time; and (iii) (if any) issued at or after the Scheme Voting Record Time and at or prior to the Scheme Record Time either on terms that the original or any subsequent holder thereof shall be bound by the Scheme or in respect of which the holder thereof shall have agreed in writing to be bound by the Scheme; |
| “Scheme Voting Record Time” | 6.00 p.m. (London time) on 26 October 2011 or, if the Court Meeting or Scheme General Meeting is adjourned, 6.00 p.m. (London time) on the day which is two days before the date of such adjourned meeting; |
| “SDRT” | stamp duty reserve tax; |
| “SEC” | the US Securities and Exchange Commission; |
| “Senior Notes” | the \$200 million 9.375 per cent. senior notes of Polyus Gold, due 2013; |
| “Shareholder” | a Polyus Gold Shareholder or a New Polyus Gold Shareholder, as the context requires; |
| “Standards” | the current edition of the Admission and Disclosure Standards produced by the London Stock Exchange; |
| “Strategic Law Approvals” | approval of the acquisition by New Polyus Gold of 100 per cent. of the Polyus Gold Shares by the Government Commission on Monitoring Foreign Investment in the Russian Federation confirmed by a written approval from FAS in accordance with the Federal Law of the Russian Federation No. 57-FZ “On Procedures for Foreign Investments in Companies of Strategic Significance for National Defence and Security” dated 29 April 2008, and by FAS in accordance with the Federal Law of the Russian Federation No. 135-FZ dated 26 July 2006 “On Protection of Competition” (as amended) |
| “Subsidiary” | has the meaning given in the Companies Act; |
| “UK” or “United Kingdom” | the United Kingdom of Great Britain and Northern Ireland; |

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| “UK Corporate Governance Code” | the UK Corporate Governance Code published in June 2010 by the Financial Reporting Counsel; |
| “UK Listing Authority” | the FSA in its capacity as the competent authority for listing in the UK pursuant to Part VI of FSMA; |
| “uncertificated” or “in uncertificated form” | in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST; |
| “US”, “USA” or “United States” | the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia; |
| “US\$”, “USD” or “US dollar” | the lawful currency of the United States; |
| “US Exchange Act” | US Securities Exchange Act of 1934, as amended; |
| “US Holder” | a beneficial owner of Polyus Gold Shares or a holder of Polyus Gold GDRs representing Polyus Gold Shares, that will exchange its Polyus Gold Shares for New Polyus Gold Shares in the Scheme and that for US federal income tax purposes is (a) a US citizen or individual resident of the United States; (b) a corporation or other business entity treated as a corporation created or organised under the laws of the United States or its political subdivisions; (c) a trust subject to the control of a US person and the primary supervision of a US court; or (d) an estate the income of which is subject to US federal income tax without regard to its source; |
| “US Securities Act” | the US Securities Act of 1933, as amended; |
| “US Shareholders” | Polyus Gold Shareholders (including holders of Polyus Gold GDRs) with registered addresses in the United States; and |
| “Voting Instruction Form” | the white form of voting instruction for use by Polyus Gold GDR Holders in connection with the Court Meeting and the Scheme General Meeting, which accompanies this document. |

PART VI

NOTICES OF MEETINGS

NOTICE OF COURT MEETING

IN THE ROYAL COURT OF JERSEY
DEPUTY BAILIFF BAILHACHE

No. 404 of 2011

IN THE MATTER OF POLYUS GOLD INTERNATIONAL LIMITED

and

IN THE MATTER OF THE COMPANIES (JERSEY) LAW 1991

NOTICE IS HEREBY GIVEN that by an Order dated 5 October 2011 made in the above matters the Jersey Court has directed a meeting (the *Court Meeting*) to be convened of the holders of ordinary shares of £0.0001 each (hereinafter called the *Polyus Gold Shares*) in the capital of Polyus Gold International Limited (registered in Jersey with registered number 91264) (hereinafter called *Polyus Gold*) for the purpose of considering and, if thought fit, approving (with or without modification) a scheme of arrangement (the *Scheme of Arrangement*) proposed to be made between Polyus Gold and the holders of Polyus Gold Shares expressed to be subject to that Scheme of Arrangement and that such meeting will be held at 88 Wood Street, London, EC2V 7RS at 2.00 p.m. on 28 October 2011 (London time), at which place and time all the holders of Polyus Gold Shares are requested to attend.

A copy of the said Scheme of Arrangement and a copy of the explanatory statement required to be furnished pursuant to Article 126 of the Companies (Jersey) Law 1991 (the *Explanatory Statement*) are incorporated in the document of which this notice forms part.

If you have any questions about this document, the Court Meeting, the Scheme General Meeting (as defined in the Scheme of Arrangement) or the proposals in relation to the Scheme of Arrangement and related actions referred to in the Explanatory Statement or are in any doubt as to how to complete the Forms of Proxy (as defined in the Scheme of Arrangement), please call the Polyus Gold Securityholder helpline between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0870 873 5845 (from within the UK) or +44 870 873 5845 (from outside the UK). Calls will be charged at a standard rate from a BT landline. Calls to the Polyus Gold Securityholder helpline from outside the UK will be charged at international rates. Other telephone provider costs may vary. Please note that calls may be monitored or recorded and the helpline cannot provide financial advice or advice on the merits of the Scheme of Arrangement. You will need to contact an independent financial or legal adviser for such advice.

Scheme Shareholders (as defined in the said Scheme of Arrangement) entitled to attend and vote at the Court Meeting may vote in person at the Court Meeting or they may appoint another person, whether a member of the Company or not, as their proxy to attend and vote in their stead.

A yellow Form of Proxy for use at the Court Meeting is enclosed with this notice. Completion of the yellow Form of Proxy will not prevent a Scheme Shareholder from attending and voting at the Court Meeting (or any adjournment thereof) in person, if he wishes to do so.

It is requested that the yellow Form of Proxy (together with any power of attorney or other authority under which it is signed, or a notarially certified copy of such power or authority) be lodged with Polyus Gold's Registrars, Computershare, no later than 2.00 p.m. on 26 October 2011 (or, if the meeting is adjourned for more than 48 hours, by not later than 24 hours before the time of the adjourned meeting) but, if forms are not so lodged, they may be handed to Polyus Gold's Registrars, Computershare, or the Chairman at the Court Meeting. Forms of

Proxy returned by fax will not be accepted. For your convenience, the Form of Proxy is pre-paid (no stamp required if posted within the UK) and addressed to Polyus Gold's Registrars, Computershare. No envelope is necessary but if you wish you may use an envelope and address it to Polyus Gold's Registrars, Computershare, at Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES.

In the case of joint holders of a share, the vote of the senior holder who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holder(s) and for this purpose seniority will be determined by the order in which the names stand in the register of members of Polyus Gold in respect of the joint holding.

To be entitled to attend and vote at the Court Meeting (and for the purpose of the determination by Polyus Gold of the votes they may cast), Scheme Shareholders (as defined in the Scheme of Arrangement) must be registered in the register of members at the Scheme Voting Record Time (as defined in the Scheme of Arrangement). Changes to entries on the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting. Changes to entries in the relevant register of members after 6.00 p.m. (London time) on 26 October 2011 or, in the event that the Court Meeting is adjourned, less than 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the Court Meeting.

Under the Companies (Jersey) Law, a body corporate may only appoint one corporate representative. A shareholder which is a body corporate that wishes to allocate its votes to more than one person should use the proxy arrangements.

By the said Order, the Jersey Court has appointed Robert Buchan or, failing him, Adrian Coates, or failing him, any one of Bruce Buck, Alexander Mosionzhik, Dmitry Razumov, the Earl of Clanwilliam, Evgueni Ivanov, Kobus Moolman or Anna A. Kolonchina, each of whom is a director of Polyus Gold, be directed to be appointed Chairman of the Court Meeting, who shall thereafter report the result thereof to the Jersey Court.

The said Scheme of Arrangement will be subject to the subsequent sanction of the Jersey Court.

Mourant Ozannes
22 Grenville Street
St. Helier
Jersey JE4 8PX
Channel Islands

Solicitors and Advocates for the Company in relation to Jersey law

Dated 6 October 2011

POLYUS GOLD INTERNATIONAL LIMITED

(REGISTERED IN JERSEY REGISTERED NO: 91264)

NOTICE OF SCHEME GENERAL MEETING

NOTICE IS HEREBY GIVEN that a general meeting of Polyus Gold International Limited (“**Polyus Gold**” or the “**Company**”) will be held at 88 Wood Street, London, EC2V 7RS at 2.15 p.m. on 28 October 2011 (or as soon thereafter as the Court Meeting (as defined in the document of which this notice forms part) convened for 2.00 p.m. on the same day and at the same place shall have been concluded or been adjourned) for the purpose of considering and, if thought fit, passing the following resolutions as special resolutions, in the case of resolutions 1 to 3, and as an ordinary resolution in the case of resolution 4:

SPECIAL RESOLUTIONS

1. **THAT**, subject to and conditional upon the passing of resolution 2 below, for the purpose of giving effect to the scheme of arrangement dated 6 October 2011 between Polyus Gold and the holders of the Scheme Shares (as defined in the said scheme), a print of which has been produced to this meeting and for the purposes of identification signed by the Chairman hereof, in its original form or subject to such modification, addition or condition agreed between Polyus Gold and Polyus Gold plc (registered in England and Wales with registered number 07706746) (“**New Polyus Gold**”) and approved or imposed by the Jersey Court (the “**Scheme**”):
 - (a) the Scheme be approved and the directors of Polyus Gold be authorised to take all such action as they may consider necessary or appropriate for carrying the Scheme into effect;
 - (b) the share capital of Polyus Gold be reduced by cancelling and extinguishing all of the Scheme Shares (as defined in the Scheme);
 - (c) subject to and conditional upon the reduction of capital referred to in paragraph 1(b) above taking effect and notwithstanding anything to the contrary in the articles of association of Polyus Gold (the “**Articles of Association**”):
 - (i) the authorised share capital of the Company be increased to its former amount by the creation of such number of ordinary shares of £0.0001 each in the capital of the Company (the “**New Shares**”) as is equal to the aggregate number of Scheme Shares cancelled pursuant to paragraph 1(b) of this resolution; and
 - (ii) the reserve arising in the books of account of Polyus Gold as a result of the reduction of share capital referred to in paragraph 1(b) above be capitalised and applied in paying up in full at par such number of New Shares as have an aggregate nominal value equal to the Scheme Shares cancelled in accordance with paragraph 1(b) above and such New Shares shall be allotted and issued, credited as fully paid, to New Polyus Gold and/or New Polyus Gold’s nominee(s) in accordance with the Scheme;
 - (d) with effect from the passing of this resolution, the Articles of Association be hereby amended by the adoption and inclusion of the following new Article and related definitions:

37. SHARES NOT OTHERWISE SUBJECT TO THE SCHEME

- (1) *In this Article only, references to the “Scheme” are references to the scheme of arrangement between the Company and its members dated 6 October 2011 under Article 125 of the Law, in its original form or with or subject to any modification, addition or condition approved or imposed by the Jersey Court and (save as defined in this Article) expressions defined in the Scheme shall have the same meaning in this Article.*
- (2) *Notwithstanding any other provisions in these Articles, if any Polyus Gold Shares are allotted and issued to any person (a “New Member”) other than New Polyus Gold and/or its nominee or nominees after the*

time at which this Article becomes effective and before the Scheme Record Time, such Polyus Gold Shares shall be allotted and issued subject to the terms of the Scheme and shall be Scheme Shares for the purposes thereof and the New Member, and any subsequent holder other than New Polyus Gold and/or its nominee or nominees, shall be bound by the terms of the Scheme.

- (3) If any Polyus Gold Shares are allotted and issued to a New Member after the Scheme Record Time, they will immediately be transferred to New Polyus Gold and/or its nominee or nominees in consideration of and conditional on the issue or transfer to the New Member of one New Polyus Gold Share for every one Polyus Gold Share so transferred. The New Polyus Gold Shares issued or transferred pursuant to this Article 37 to the New Member will be credited as fully paid and will rank equally in all respects with the New Polyus Gold Shares in issue at the time and be subject to the memorandum and articles of association of New Polyus Gold.*
- (4) The number of New Polyus Gold Shares to be issued or transferred to the New Member under this Article 37 may be adjusted by the directors of the Company in such manner as the Company's auditors may determine on any reorganisation or material alteration of the share capital of either the Company or of New Polyus Gold or any other return of value to holders of New Polyus Gold Shares, provided always that any fractions of New Polyus Gold Shares shall be disregarded and shall be aggregated and sold for the benefit of New Polyus Gold.*
- (5) In order to give effect to any such transfer required by this Article 37, the Company may appoint any person to execute and deliver a form of transfer on behalf of the New Member in favour of New Polyus Gold and/or its nominee or nominees and to agree for and on behalf of the New Member to become a member of New Polyus Gold. Pending the registration of New Polyus Gold as holder of any share to be transferred pursuant to this Article 37, New Polyus Gold shall be empowered to appoint a person nominated by the directors of the Company to act as attorney on behalf of any holder of such share in accordance with such directions as New Polyus Gold may give in relation to any dealings with or disposal of such share (or any interest therein), exercising any rights attached thereto or receiving any distribution or other benefit accruing or payable in respect thereof and any holder of such share shall exercise all rights attached thereto in accordance with the directions of New Polyus Gold but not otherwise.*
- (6) If the Scheme shall not have become effective by the date specified in paragraph 6(b) of the Scheme, this Article 37 shall cease to be of any effect from that date.*
- 2. **THAT**, subject to and conditional upon (i) the Scheme becoming effective in accordance with its terms; and (ii) the New Polyus Gold Shares (as defined in the Scheme) required to be allotted and issued in accordance with the Scheme having been allotted and issued, the proposed reduction in the capital of New Polyus Gold by the reduction of the nominal value of the New Polyus Gold Shares from £1.00 to £0.50 be and is hereby approved.
- 3. **THAT**, if and to the extent that the directors of the Company consider such a purchase to be appropriate, the purchase by the Company of up to 201,805,817 ordinary shares of £0.0001 each ("**Ordinary Shares**") in the Company from Jenington International Inc. at the following purchase price be and is hereby approved.

In relation to such a purchase, the minimum price, exclusive of expenses, which may be paid for an Ordinary Share is £0.0001 and the maximum price, exclusive of any expenses, which may be paid for an Ordinary Share shall be an amount equal to the closing price of the Level I Global Depositary Shares each representing one Polyus Gold Share, taken from the London Stock Exchange Daily Official List, on the last day on which the Level I Global Depositary Shares are traded which immediately precedes the day on which such Ordinary Shares are to be purchased.

ORDINARY RESOLUTION

4. **THAT**, subject to and conditional upon the passing of resolution 3 above, the terms of the draft letter contract between the Company and Jenington International Inc. tabled to the meeting pursuant to which the Company agrees to purchase Ordinary Shares from Jenington International Inc., be and are hereby approved.

Registered Office:

Queensway House
Hilgrove Street
St. Helier
Jersey
JE1 1ES

By Order of the Board
Computershare Company
Secretarial Services
(Jersey) Limited

6 October 2011

Notes:

All defined terms are as defined in the document of which this notice forms part, unless otherwise stated.

1. A Polyus Gold Securityholder entitled to attend and vote at this meeting is entitled to appoint a proxy to attend and, on a poll, vote instead of him. A proxy need not also be a member of the Company. If more than one valid proxy form is delivered to the Company in respect of the same shares for use at the meeting, the form executed last will be treated as the only valid appointment. The return of a completed proxy form, will not prevent a member attending the meeting and voting in person if he wishes to do so. Voting on all resolutions at the meeting will be by way of a poll rather than a show of hands. Procedural resolutions at the meeting may be taken on a show of hands.
2. A green Form of Proxy is enclosed, which shareholders are invited to complete and return. To be valid, the green Form of Proxy (together with any power of attorney or authority, if any, under which it is signed or a notarially certified copy of such authority) must be received by Polyus Gold's Registrars, Computershare, at Computershare Investor Services (Jersey) Limited, 2nd Floor Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES by 2.15 p.m. on 26 October 2011 (or 48 hours preceding the date and time for any adjourned meeting). Forms of Proxy returned by fax will not be accepted.
3. A white Voting Instruction Form is enclosed, which Polyus Gold GDR Holders are invited to complete and return, for use in connection with this meeting in relation to the Polyus Gold Shares represented by their Polyus Gold GDRs. To be valid, the white Voting Instruction Form must be received by the Depositary no later than 5.00 p.m. (New York time) on 21 October 2011. Polyus Gold GDR Holders who hold Polyus Gold GDRs indirectly must rely on the procedures of their bank, broker or financial institution through which they hold their Polyus Gold GDRs.
4. Subject to the terms and conditions of the Deposit Agreement and the Voting Instruction Form, Polyus Gold GDR Holders may vote on the resolutions and participate directly in this meeting by surrendering their Polyus Gold GDRs and receiving delivery of the underlying Polyus Gold Shares. If Polyus Gold GDR Holders wish to vote in their own right at this meeting and participate directly in the meeting, they must ensure that they are registered on the Polyus Gold share register as a Polyus Gold Shareholder by 6.00 p.m. on 26 October 2011 as set out in paragraph 5 below. If Polyus Gold GDR Holders wish to surrender their Polyus Gold GDRs and receive delivery of underlying Polyus Gold Shares, they must deliver their Polyus Gold GDRs for cancellation to the Depositary's Corporate Trust account at DTC, number 2504, and pay the surrender fee stipulated in the Deposit Agreement (USD 0.05 per Polyus Gold GDR), plus all applicable taxes and governmental charges. Polyus Gold GDR Holders should contact their broker for additional information about the applicable deadline for surrendering their Polyus Gold GDRs and payment of the surrender fee. Polyus Gold GDR Holders may also contact the Polyus Gold Securityholder helpline between 9.00 a.m. and 5.00 p.m. Monday to Friday (except UK public holidays) on 0870 873 5845 (from within the UK) or +44 870 873 5845 (from outside the UK). Calls will be charged at a standard rate from a BT landline. Calls to the Polyus Gold Securityholder helpline from outside the UK will be charged at international rates. Other telephone provider costs may vary. Please note that calls may be monitored or recorded and the helpline cannot provide financial advice or advice on the merits of the Scheme of Arrangement. You will need to contact an independent financial or legal adviser for such advice.
5. The Company, pursuant to Article 14(2) of the articles of association of the Company, specifies that only those shareholders registered in the register of members of the Company as at 6.00 p.m. on 26 October 2011 (or in the case of adjournment, as at 6.00 p.m. on the date two days preceding the date of the adjourned meeting) shall be entitled to attend and vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after such time will be disregarded in determining the right of any person to attend and/or vote at the meeting.
6. Under the Companies (Jersey) Law 1991, a body corporate may only appoint one corporate representative. A shareholder which is a body corporate that wishes to allocate its votes to more than one person should use the proxy arrangements.

7. As at 29 September 2011 (being the last practicable date prior to the publication of the document of which this notice forms part) the Company's issued share capital consisted of 3,032,149,962 ordinary shares of £0.0001 each carrying one vote. 201,805,817 ordinary shares of £0.0001 each are held by Jenington which is not entitled to vote on any of the resolutions.
8. In the case of joint shareholders, the vote of the first named in the register of members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.
9. The "Vote Withheld" option is provided to enable you to abstain on the specified resolution. However, it should be noted that a "Vote Withheld" is not a vote in law and will not be counted in the calculation of the proportion of votes "For" and "Against" the specified resolution.
10. All Polyus Gold Shareholders and their proxies will have the opportunity to ask questions at the meeting. When invited by the chairman of the meeting, if you wish to ask a question, please wait for a Company representative to bring you a microphone. It would be helpful if you could state your name before you ask your question. Questions may not be answered at the meeting if they are deemed not to be in the interests of the Company, would involve the disclosure of confidential information, or would not be to the good order of the meeting. The chairman may also nominate a Company representative to answer a specific question after the meeting or refer the response to the Polyus Gold Group's website at www.polyusgold.com.

