PETER HAMBRO MINING PLC

INTERIM REPORT FOR THE PERIOD ENDED 30 JUNE 2008

HIGHLIGHTS

Peter Hambro Mining Plc ("PHM", the "Company" or the "Group") is pleased to present the results for the six months ended 30 June 2008 (the "Period").

Financial Highlights US$000's	Six months to 30 June 2008 (Unaudited)	Six months to 30 June 2007 (Unaudited)	% Variance	Year ended 31 December 2007 (Audited)
Group Revenue	146,390	93,128	57%	226,397
Revenue from gold mining operations, including silver sales	107, 804	70,366	53%	168,538
Underlying EBITDA*	59,541	43,977	35%	96,462
Underlying operating profit from gold mining operations**	58,127	41,195	41%	90,719
Dividend per Ordinary Share (pence)	7.5	N/A	N/A	N/A
Operating Highlights				
Total attributable gold production ('000 oz)***	147.0	134.3	9%	297.3
Pokrovskiy Mine gold production ('000 oz)	127.8	116.8	9%	237.1
Group average gold price received (US$/oz)	901	652	38%	668
Pokrovskiy Mine Total Cash Cost (GIS US$/oz)	214.7	167.9	28%	193
Pokrovskiy Mine Total Production Cost (GIS US$/oz)	306.6	249.9	23%	258.2

* Underlying EBITDA is earnings before fair value changes, financial income, financial expenses, taxation, depreciation and amortisation and adjusted for significant, non-recurring items included in the results for the Period.

** Underlying operating profit from gold mining operations is operating profit from gold mining operations including the share of results of joint ventures and before fair value changes in derivatives, adjusted for significant, non-recurring items included in the results from gold mining operations for the Period.

*** Total attributable gold production, in this table and elsewhere in this report, is comprised of 100% of production from the Group's subsidiaries, and the relevant share of production in joint ventures and other investments. PHM's direct and indirect interest in Pokrovskiy Rudnik and any interest held by Pokrovskiy Rudnik, is 98.61%.

UNAUDITED RESULTS

- Unaudited results for the Period for PHM compared to the equivalent period of 2007:

Highlights:

Financials

- The Group's total revenue of US$146.4 million for the Period was a 57% increase on US$93.1 million for the same period of the previous year. The Group's average realised gold sales price of US$901/oz during the Period was 38% higher than the US$652/oz achieved for the first six months of 2007. This, together with a c.10% increase in the quantity of gold sold, yielded revenue from gold mining operations of US$107.4 million, up 53% in comparison with revenues of US$70.4 million in the first six months of 2007;

- Underlying EBITDA was up by 35% to US$59.5 million. The Group's underlying profit from gold mining operations increased by 41% to US$58.1 million, compared to US$41.2 million for the first six months of 2007. This was achieved against a background of inflationary pressures with the Group experiencing increases in labour costs, energy costs and the cost of materials;

- In June 2008, a PHM-led syndicate made a US$80 million strategic investment by way of an exchangeable loan to Rusoro Mining Limited ("Rusoro"), a TSX Venture Exchange listed gold producer and exploration company in Venezuela. PHM contributed US$20 million as part of the syndicate; and

- The Group paid a maiden final dividend in August 2008 in respect of the year ended 31 December 2007 equivalent to c.£6 million, and approved an interim dividend of 7.5 pence per share (net) on 17 September 2008.

Operations

- Total attributable gold production of c.147,000 oz for the Period, was up by c.9% compared to c.134,300 oz in the first six months of 2007. Total attributable gold production, as stated in this report, is comprised of 100% of production from the Group's subsidiaries, and the relevant share of production in joint ventures and other investments. The Company's direct and indirect interest in Pokrovskiy Rudnik and any interest held by Pokrovskiy Rudnik is 98.61%;

- Gold production from the Pokrovskiy Mine for the Period was c.127,800 oz, up by c.9% compared to c.116,800 oz in the first six months of 2007;

- Pokrovskiy Mine GIS total cash costs for the Period increased by c.28% compared to the six months ended 30 June 2007, due principally to higher wage, energy and materials costs. Pokrovskiy Mine's GIS total cash costs of US$215/oz are less than half the industry average of US$454/oz;
- Start-up works at Pioneer were finalised during the first half of 2008 yielding 3,600 oz of gold. Production at the Pioneer processing facility is currently expected to yield 72,000 oz of gold from the commencement of production in late April 2008 to 31 December 2008;

- Attributable production at Omchak Joint Venture of c.8,400 oz of gold for the Period was 26% down from c.11,400 oz in the first half of 2007 due to the depletion of reserves at Nelkobazoloto underground mining operations;

- Attributable production from the Group`s alluvial operations for the Period was c.4,800 oz, a 23% increase on the same period in 2007; and

- The Directors believe that the Group is currently on track to meet its 350,000–400,000 oz production target for 2008.

Estimates of attributable reserves and resources in accordance with the JORC Code (2004) prepared by Wardell Armstrong International Ltd ("WAI"):

WAI has reviewed the mineral resources and ore reserves estimated in accordance with the guidelines of the JORC Code (2004) for the Pokrovskiy and Pioneer deposits and has produced a new set of estimates for the Malomir deposit as of 1 August 2008.

- Total measured plus indicated resources at Pokrovskiy, Pioneer and Malomir of c.107 million tonnes of ore containing c.4.4 million oz of measured and indicated gold resources;
- Includes total of c.3.6 million oz of proven and probable reserves;
- Additional total c.4.5 million oz of inferred resources.

Pokrovskiy

- Proven and probable reserves in the existing Pokrovskiy pit and the Pokrovka-3 pit of 370koz gold (5.6Mt of ore) included within 472koz gold of measured plus indicated resources (8.4Mt of ore);
- These figures do not include the significant additional potential resources in the adjacent Pokrovka-2 area and Pokrovskiy's stockpiles;
- There is good correlation between Pokrovskiy reserves and resources as estimated using Micromine, with JORC classification, and for the same area using Russian methods and the Russian classification system (inclusive of JORC inferred resources and Russian P1 resources, respectively), with similar total estimated gold contents of 1.02 million oz and 1.05 million oz respectively.

Pioneer

- Proven and probable reserves defined at Pioneer, including the Andreevskaya zone, are 1,154koz gold (27.5Mt of ore) of measured plus indicated resources of 1,404koz gold (34.1Mt of ore). There is substantial expansion potential, with 41.7Mt of ore containing a further 1,320koz gold in inferred category resources, and active exploration continuing on Andreevskaya and other ore zones.

Malomir

- The Malomir data in particular shows a substantial increases on previously published mineral resources and ore reserves, with proven plus probable reserves of 50.8Mt of ore containing 2,057koz gold, within a total measured plus indicated resource of 64.4Mt of ore containing 2,495koz gold; and
- There is significant scope for enlargement of these figures as signified by a further 2,645koz (87.5Mt of ore) in inferred category resources. Not included in these figures are further potential resources in the adjacent Ozhidaemoye and Quartzite deposits which are still being delineated.

Malomir Project Update

- Malomir reserve estimates completed for submission by the end of 2008 to Russian state authorities, and detailed mine planning/scheduling work started;

- Six months delay, with production now expected to commence in the first half of 2010 due principally to the late arrival of the SAG mill from the Group's supplier and the necessity to undertake further exploration of the prospective Quartzite zone; and
- Enriched areas were identified at Quarzite and Ozidaemoye satellite deposits with maximum recorded gold grades up to 300 – 500 g/t for 1m thickness.

Board Membership changes

- Anna-Karolina Subczynska-Samberger (Karolina Subczynska) joins as an Executive Director with responsibility for the Group's legal services.
- Philip William Leatham (Philip Leatham), a founding director and latterly a Non-Executive Director, has decided that, for health reasons, he will resign from this role; his resignation will take place with effect from 30 September 2008.

CHAIRMAN'S STATEMENT

Dear Shareholder,

In the first half of 2008, usually the colder and thus the less productive of our two half-years, the Group has increased its gold production, achieved higher prices for its gold and continued to develop its portfolio. It is gratifying that the underlying operating profit of the Group's gold mining operations has shown a 41% increase to US$58.1 million for the Period. This increase is a testament to the strength inherent in its core business.

It is also reassuring that this increase in underlying operating profit from gold mining operations was achieved in spite of substantial rises in input costs. The Group remains an industry low cost producer with the Pokrovskiy Mine's GIS total cash costs of US$214.7/oz comparing favorably to the US$453.5/oz which is the global industry average.

These relatively low GIS total cash costs at the Pokrovskiy Mine were achieved in spite of labour costs increasing by 32%, diesel by 41%, electricity by 14% and chemical reagents and consumables by 20% during the first six months of 2008 compared to the first six months of 2007. Royalties payable on the Group's revenues from gold mining operations also increased by 35% because of the increased selling price for gold. These producer price increases are Russian Rouble denominated and are substantially higher than general Russian inflation but typical for the gold mining industry this year. The strengthening of the Russian Rouble against the US Dollar by 4% during the first six months of 2008 also added additional pressure on the Group's costs which are reported in US Dollars. Unfortunately, at the moment, there are no signs of these cost increases abating. The Group's cost cutting programme which was successfully implemented in 2005 is being modified to take account of the changing circumstances.

During the half year we expensed c.US$7 million on a number of non-recurring items which, together with the net non-cash fair value changes in the Group's gold exchangeable bonds and exchangeable loan to Rusoro has lowered its reported earnings by US$10 million. It is gratifying that the Group remains strongly profitable despite the impact of these items on earnings.

Progress at the newly inaugurated Pioneer operation started more slowly than we had hoped but we still expect Pioneer to achieve its forecast production for the year of 72,000 ounces.

A further anticipated delay to the start of production at Malomir is disappointing. This is caused in part by a delay in receiving milling equipment from our supplier and in part by the assessment of possible changes to the production schedules dependent on exploration of newly discovered enriched areas at the Quartzite zone. It is now expected that production will start in the first half of 2010.

The Group expects that mining operations at the Novogodnee Monto and Petropavlovskoye deposits will commence towards the end of 2009. At present we anticipate selling the first aggregates in late 2009.

The Group is monitoring the progress and implementation of new legislation on strategic assets in order to determine what steps will be required to be taken and what effect it may have on the current and/or future operations of the Group.

The Group's investment as part of the syndicate of lenders to Rusoro gives it a foot-hold to participate in the development of Venezuela's gold industry.

I am pleased that Karolina Subczynska has agreed to join our Board as an Executive Director responsible for legal services but I will be saddened to lose the wise counsel of Philip Leatham, who was a founding director of the Group in 1994 and has decided, for health reasons to resign.

In the turmoil that today surrounds the world's financial system there is serenity at the heart of the Group, secure in the knowledge that its reserves and resources of gold – in my view the ultimate reserve asset – have, in the case of the Pokrovskiy, Pioneer and Malomir deposits, been confirmed to JORC classification standard by WAI as well as by our own geologists.

Based on this knowledge and on the proven success of our team in producing profitable gold I remain confident that we can continue to develop the assets of the Group whilst weathering the financial storms we may encounter.

Peter Hambro

Executive Chairman

GROUP OPERATIONS REPORT

Pokrovskiy Mine

The main contributor to the Group's success in the first half of 2008 was the 9% increase in gold extraction from the Pokrovskiy Mine compared to the same reporting period in 2007. The mine produced c.127,800 oz of gold in the first six months of 2008 up from to c.116,800 oz in the same period of 2007.

This increase was made possible by the efficient mining plan and the stable work of the plant. It was also achieved despite mining works being undertaken at deeper horizons than in the same period in 2007, an increase in material moved due to large volumes of advanced stripping works, a more technologically challenging type of material being processed through the mill and a temporary drop in recovery rates at the plant, which was due to the introduction of new centrifugal concentrators to the grinding circuits.

Mining Operations

Planned advance stripping works were carried out according to the mining plan using geological computer models of the deposit (Micromine). The capacity of the intermediate blending ore stockpile was increased further to 200,000 tonnes which allowed for an optimal ore mixture to be sent to the resin in pulp plant. The commissioning of a new drilling rig (model Atlas Copco DML) with a higher productivity and drilling diameter than the Group's previous rigs allowed for a reduction of total costs of mining works, in spite of increased explosive works.

Six open pit dumper trucks with a capacity of 45 tonnes were brought into service in January 2008. These allowed mining works to be carried out in accordance with the mining plan to increase the stripping rate.

		Six months to 30 June		
	Units	2008	2007	Var. %
Mining				
Total Material Moved	'000 m^3	2,899	2,458	18%
Ore mined	'000 t	1,059	1,197	(12)%
Average grade	g/t	3.2	3.6	(11)%
Gold content	'000 oz	107.5	136.8	(21)%

Processing Operations

Resin in Pulp Plant

During the first half of 2008 work at the mill was stable. 837,000 tonnes of ore were treated through the mill in the first half of the year, which is broadly in line with the 863,000 tonnes milled during the same period in 2007.

Recovery rates for the Period temporarily fell to 86.7% (from 91.0% during the first six months of 2007). It is expected that after the introduction, in the Period, of the centrifugal concentrators to the grinding circuits (which enables refractory material to be extracted for subsequent processing by intensive cyanidation), the recovery rates should improve. The introduction of these concentrators delayed concentrate processing by 6 to 8 weeks.

Heap Leach
As a result of the increased daily productivity of the heap-leach complex, 16% more ore was stacked on the heap leach pads compared to the same period in 2007 (410,000 tonnes of ore in comparison with 354,000 tonnes of ore). This, together with a long winter, led to irrigation of the heap leach pads starting later than usual, meaning that extraction during the Period was lower than during the first six months of 2007. It is anticipated that more gold will be recovered in the second half of 2008 than during the second half of the previous year.

Pokrovskiy Mine Processing Operations

		Six months to 30 June		
	Units	2008	2007	Variance %
Resin in pulp plant				
Ore from pit	‘000 t	632	352	80%
Average grade	g/t	4.3	4.4	(2%)
Ore from stockpile	‘000 t	125	511	(76%)
Average grade	g/t	3.6	4.4	(18%)
Pioneer Ore (technological sample)	‘000 t	81	-	n/a
Grade	g/t	15.8	-	n/a
Total milled	‘000 t	837	863	(3%)
Average grade	g/t	5.3	4.4	20%
Gold content	‘000 oz	142.4	122.7	16%
Recovery rate	%	86.7	91.0	(5%)
Gold recovered	oz `000	123.5	111.7	11%
Heap Leach				
Ore stacked	‘000 t	410	354	16%
Average grade	g/t	0.8	0.8	-
Gold content	‘000 oz	11	10	10%
Recovery rate	%	38.6	53.6	(28%)
Gold recovered	‘000 oz	4.3	5.1	(16%)
Total gold recovered	**‘000 oz**	**127.8**	**116.8**	**9%**

Gold Institute Standard Operating Cost Analysis

The Group reports and breaks down the Pokrovskiy Mine's operating costs according to the internationally recognised Gold Institute Standard ("GIS"). This is in line with industry best practice.

The Pokrovskiy Mine GIS cost analysis is as follows:

	Six months to 30 June 2008 US$/oz	Six months to 30 June 2007 US$/oz	Variance %	Year ended 31 December 2007 US$/oz
Direct mining expenses	101.0	71.3	42%	107.4
Refinery and transportation cost	7.6	6.3	21%	6.8
By-product credits	(3.2)	-	N/A	(2.3)
Other	43.2	38.2	13%	30.9
Cash operating costs	**148.6**	**115.8**	**28%**	**142.8**
Royalties	57.8	42.8	35%	39.9
Production taxes	8.3	9.3	(11%)	10.3
Total cash costs	**214.7**	**167.9**	**28%**	**193.0**
Non-cash movement in stock	36.7	30.0	22%	23.2
Depreciation/Amortisation	55.2	52.0	6%	42.0
Total production costs	**306.6**	**249.9**	**23%**	**258.2**

For the six months ended 30 June 2008, GIS total production costs for the Pokrovskiy Mine increased by US$56.7 per ounce or by 23% from US$249.9 per ounce for the six months ended 30 June 2007, to US$306.6 per ounce for the six months ended 30 June 2008. This increase was relatively modest, considering the Group experienced a 32% increase in wages and salaries, a 20% increase in chemical reagents and consumables, a 41% increase in diesel fuel and a 14% rise in electricity prices.

Royalties increased by 35%, in line with the increase in the average realised gold price, meaning that total cash costs for the Period increased. Non-cash movement in stock has increased due to material treated in the current Period but mined in the previous years.

Pioneer Mine

Work at Pioneer during the first half of the year continued with the ramping up of the recently commissioned plant and its further expansion.

The Group believes that Pioneer is on-track to meet its production target of 72,000 oz for the year, despite initial start up problems delaying the commencement of heap leach operations by 4 weeks. In July and August, Pioneer was ramping up in line with the mining and processing schedule in accordance with the mine plan for 2008.

The second phase of mine development continued, including work on the construction of the production facilities (including the crushing/grinding plant and sorption circuits). These works also included the enlargement of the leach pad areas, expansion of the tailings storage and completion of infrastructure development. Contracts have been entered into for delivery of all the main mineral processing and mining equipment for the whole Pioneer development. A delivery of four CAT 777F 90-tonne capacity pit trucks is expected by the end of the year.

Mining Operations

Mining works during the Period concentrated on providing access to the ore planned to be treated through the Pioneer mill during the first phase of the plant's development and further preparation of the deposit for the second and third phases of the development of the processing complex. These works were in line with the Group's mining plan.

The table below sets out a summary of mining operations:

		Six months to 30 June		
	Units	2008	2007	Variance %
Mining				
Total Material Moved	'000 m^3	1,258	666	89%
Ore mined	'000 t	174	38	>100%
Average grade	g/t	9.5	1.8	>100%
Gold content	'000 oz	52.8	2.2	>100%

Processing Operations

During the first half of 2008 efforts at Pioneer were concentrated on the ramping up of the new plant and securing its satisfactory operation. A total of 88,000 tonnes of material were processed through the mill during the Period, yielding 3,600 oz of gold.

A 50% recovery rate from the heap leach operations was achieved during the first half of the year. However, further irrigation of the heap leach pads means that the budgeted 73% recovery rate is expected to be achieved by the end of the year.

Pioneer Mine Processing Operations

	Units	Six months to 30 June 2008
Ore from pit	'000 t	88
Average grade	g/t	2.5
Ore from stockpile	'000 t	3
Average grade	g/t	2.8
Total milled	'000 t	91
Average grade	g/t	2.5
Gold content	'000 oz	7.4
Recovery rate	%	48.9%
Gold recovered	**'000 oz**	**3.6**

Pioneer Mine's Production Costs

As the Pioneer Mine is currently in the ramp-up phase, with limited production of 3,600 oz and sold product of 640 oz for the six months ended 30 June 2008, cash costs incurred from the commencement of production in late April 2008 to 30 June 2008 are not a meaningful indicator of the expected future performance of the Pioneer Mine for the balance of the year ended 31 December 2008 or thereafter.

Malomir Deposit

During the first half of 2008, work at the Malomir deposit concentrated on preparing the main part of the deposit for exploitation, with a whole scope of works required for preparation of a feasibility study being carried out. A pre-feasibility study, including a preliminary open pit design, has been completed by the Group and it is expected to be submitted to Russian State Mineral Resources/Ore Reserves Authority ("GKZ") by the end of 2008.

Construction of the main part of the general infrastructure is scheduled for the second half of 2008. The construction of an electric line to Malomir has been commenced and it is expected that the electric line and substation at Malomir will be commissioned in the first quarter of 2009. A six month delay of commissioning of the mine is expected principally due to the late delivery of the SAG mill from the Group's supplier and the necessity to explore newly discovered enriched areas at the Quartzite satellite deposit. It is hoped that the presence of such enriched areas can significantly improve the economics of the deposit.

Explorations work to date has identified ore bodies of up to 500 m at average gold grades of 1.87-2.18g/t. Enriched areas characterised by both increased thickness and higher grades. Six such areas have already been explored with grades varying between 6 g/t and 50 g/t and thickness between 11.2 m and 68.8 m. Maximum recorded gold grades are up to 300-500 g/t for 1 m thickness. Visible gold can be found in these areas.

Alluvial Production Operations

About 4,800 oz of gold were produced at the Group's alluvial mining operations (OAO ZDP Koboldo, ZAO Amur Dore and OOO Elga) during the first half of 2008, representing a 23% increase on the figure for the first six months of 2007. In addition, extensive exploration works were carried out at seven new sites.

Joint Ventures

Omchak Joint Venture

Gold production for the first six months of 2008 from the Omchak Joint Venture amounted to c.16,900 oz. Of this amount c.8,450 oz (50%) are attributable to the Group, in accordance with its 50% share in Omchak. This figure was in line with the Group's internal budget for the Period. Preparation works for the 2008 production season were carried out at Omchak's subsidiaries, OOO Zeyazoloto and OOO Noviye Tekhnologii during the first six months of 2008. These works included stripping works, the assembly of washing equipment, the delivery of fuels and lubricants, plus technical repairs. In accordance with approved plans and licence conditions, Omchak also carried out geological exploration works at three projects in the Chita Region.

Rudnoye Joint Venture

In the first half of 2008, the Rudnoye Joint Venture produced c.900 oz of which 50% is attributable to the Group.

Summary of Mineral Resources and Ore Reserves estimated in accordance with the guidelines of the JORC Code (2004) prepared by WAI

WAI has reviewed the mineral resources and ore reserves estimated in accordance with the guidelines of the JORC Code (2004) for the Pokrovskiy and Pioneer deposits and has produced a new set of estimates for the Malomir deposit.

Cut-off-grades used for mineral resource estimation were 0.4g/t Au (oxide and sulphide) at Pokrovskiy; 0.4g/t Au (oxide) and 0.6g/t Au (sulphide) at Pioneer; 0.4g/t Au (oxide and sulphide) at Andreevskaya and 0.6g/t Au (sulphides only) at Malomir (based on a gold price of US$650/oz).

- At Pokrovskiy, continued exploration has yielded current proven and probable reserves in the existing Pokrovskiy pit and the Pokrovka-3 pit of 370koz gold (5.6Mt of ore) included within 472koz gold of measured plus indicated resources (8.4Mt of ore). These figures do not include the very significant additional potential resources in the adjacent Pokrovka-2 area - the fanglomerates and underlying hard-rock mineralisation - for which mineral resource estimates are yet to be produced.
- Proven and probable reserves defined at Pioneer, including the Andreevskaya zone, are 1,154koz gold (27.5Mt of ore) of measured plus indicated resources of 1,404koz gold (34.1Mt of ore). As at Malomir, there is substantial expansion potential, with 41.7Mt of ore containing a further 1,320koz gold in inferred category resources, and active exploration continuing on Andreevskaya and other ore zones.
- The Malomir data in particular show substantial increases on previously published mineral resources and ore reserves, with proven plus probable reserves of 50.8Mt of ore containing 2,057koz gold, within a total measured plus indicated resource of 64.4Mt of ore containing 2,495koz gold. There is significant potential scope for enlargement of these figures as signified by a further 2,645koz (87.5Mt of ore) in inferred category resources. This increase reflects the large amount of detailed exploration work completed during the past year on the Malomir deposit itself. Not included in these figures are further potential resources in the adjacent Ozhidaemoye and Quartzite deposits which are still being delineated.

A summary of these mineral resources and ore reserves is given in Table 1 below.

Table 1: Summary of Mineral Resources and Ore Reserves estimates for Pokrovskiy, Pioneer, and Malomir Estimated in accordance with the guidelines of the JORC Code (2004)[1]					
	Category	Tonnage (kt)	Grade (g/t Au)	Metal (kg Au)	Metal (koz Au)
Resources	*Measured*	28,239	1.42	40,005	1,285
	Indicated	78,618	1.22	95,999	3,087
	Measured+Indicated	106,856	1.27	136,004	4,372
	Inferred	142,179	0.98	139,686	4,492
Reserves*	Proven+Probable	83,900	1.33	111,400	3,582
** Reserves included within the Measured and Indicated resources only*					

[1] All statements of reserves and resources set out in this Summary are calculated on the basis of 100% ownership. Pokrovskiy, Pioneer and Malomir are 98.61% attributable to PHM.

Pokrovskiy resources as estimated using Micromine, with JORC classification, and for the same area using Russian methods and the Russian classification system (inclusive of JORC inferred resources and Russian P1 resources, respectively), with similar total estimated gold contents of 1.018 million oz and 1.05 million oz respectively. Both figures exclude stockpiles and also exclude any resources in Pokrovka-2 and other satellite deposits. The Russian resource figures of 2.295 million oz as published in the annual report for 2007 include 1.138 million ounces of gold in high-grade stockpiles (182koz), low-grade stockpiles (92koz), low-grade material in RIP tailings (96koz), inner flanks deposits, principally the Pokrovka-2 fanglomerates and associated hard-rock ore bodies (553koz), and additional resources in the mine area but not within the area of the Micromine model (215koz). There was also 107 koz of depletion in reserves due to production between January and June 2008, not allowed for in the annual report figures referred to above.

Exploration

During the first half of 2008, the Group's exploration team concentrated their efforts on preparing the Group's most advanced projects for exploitation. Work on the Group's other projects was advanced in accordance with the Group's exploration plans. A total of 348,600m³ of trenching and 105,642m of drilling was carried out by the Group during the first six months of 2008.

NPGF Regis, the Group's in-house exploration consultancy, finalised the construction of a metallurgical test plant during the first half of 2008. It is expected that this plant will be commissioned in December 2008.

Significant developments during the report Period include:

Pioneer

- The Bakhmut zone extension is confirmed and a new ore column has been discovered in two drill hole intersections (10.7m averaging 10.56g/t and 7.7m averaging 4.91g/t) with other ore zones adjacent. At least four zones intersected over a 140m width.

- The Andreevskaya zone has been followed to the north-east for over 4km towards the expected intersection with Yuzhnaya zone where another ore column is anticipated. Positive results have been obtained;
- Within the Andreevskaya pilot open-pit, detailed evaluation is being carried out by assaying blast-hole cuttings. These samples have yielded surprisingly high gold grades in some instances over 1000 g/t. The zone of high grades is narrow but continuous. In places, the ore zone as identified by blast-hole and channel sampling is unbounded;
- At the junction of Andreevskaya and Prikontaktovaya ore zones, mineralised crush zones have also been identified. Gold grades up to 16.84g/t have been found within individual intervals.
- The Andreevskaya zone has also been followed to the south-west where its extension has been explored to a total length of 620m, through drill holes and trenches. Separate ore bodies, sometimes with high gold grades (up to 36.9g/t), have been discovered and exploration of this area is scheduled to continue into the second half of the year;
- Nikolaevskaya – a new prospective zone to the south of Andreevskaya has been identified with a number of thin zones of crushing and silicification, with up to 1-2 g/t gold, and has been followed in trenches and drill holes.

Pokrovskiy satellite deposits

Pokrovskiy inner satellite deposits

During the first half of 2008 exploration works were carried out at 6 sites within the Pokrovskiy inner satellite deposits. The most prospective area was Pokrovka-2.

- Exploration at Pokrovka-2 has identified a number of resource blocks which have been evaluated, and has delineated the deposit on east, south, and west sides. It remains unbounded to the north;
- In the Pokrovka-2 block, exploration of low-grade reserves is in its final stage, and work is concentrated on delineation of previously identified ore bodies and infill drilling to a 40m x 40m grid;
- In several of the trenches and holes, the presence of gold-enriched areas in the fanglomerates was established; this could improve the processing economics, by eliminating the need for pre-washing of some of the ore;
- A feasibility study with calculation of reserves and resources for this area is scheduled to be submitted to GKZ in the first quarter of 2009.

Pokrovskiy outer satellite deposits

Of the four sites within the Pokrovskiy outer satellite deposits, currently the most prospective appears to be Zheltunak, where there is the potential for a near-surface ore body of significant size, with sub-horizontal orientation.

- Exploration during the Period at Zheltunak was carried out by six trenches to confirm the results from mapping drill holes;
- A significant ore zone was discovered in February 2008. It is exposed near the crossing point of two trenches, with a 7m intersection at 2.8g/t gold, and lies immediately below a horizontal thrust plane.

Malomir

During the first half of 2008, exploration works at Malomir were concentrated mainly on infill drilling to 20m x 20m in delineation blocks to satisfy the requirements of the Russian state authorities. Metallurgical studies for the purposes of the Russian feasibility study were accomplished with 11 small mineralogical-metallurgical samples taken.

- 24 confirmation holes were drilled in order to evaluate the reliability of the core sampling from the Malomir deposit and it was established that there are no systematic differences in the mineralisation parameters between the exploration and the control drill holes;
- In the Quartzite area, gold ore zones have been evaluated through trenching and drilling on an 80m x 40m grid. The most continuous ore bodies have been evaluated to category C2 using the Russian Classification System. The length of these ore bodies reaches 500m with average gold grades at 1.87 - 2.18 g/t;
- Gold enrichment areas were discovered at the Quartzite deposit. Six ore intersections have been identified with gold grades from 6.36g/t over a visible thickness of 68.8m up to 50.76g/t over 11.2m thickness. The maximum gold grades in separate samples reach 300-500g/t over 1m. In such places visible free gold at 0.5-0.8 mm size has been noticed;
- A pre-feasibility report is to be submitted to GKZ by the end of the year 2008 and work by PHM Engineering on pit design commenced in September;
- The metallurgical sampling programme has been completed.

Albyn

- The zone of mineralisation has been traced in trenches for 4.5 km at spacings of 80 - 320m. Down dip, the zone has been explored in 187 drill holes to 500m depth. The ore zone remains open in all directions;
- Gold is distributed irregularly. The gold grade in channel samples is up to 12.4 g/t and in trench sections it is up to 4.2 g/t with thickness of ore intersections is up to 12m. In core samples, the maximum gold grade reported is 18.4g/t. In drill hole intervals, grades are up to 7.4g/t over a maximum thickness of 15m;
- A sample processing and assaying method has been developed to provide reliable figures for resource estimation;
- Further detailed exploration is needed to clarify the geological structure and ore controls.

Tokur

- The report on the completed reserves estimation for the mineralised zone of the Glavniy Fault, Tokur deposit, was prepared and submitted for approval during the Period. It is currently undergoing technical audit in the Khabarovsk branch of GKZ. The following operational estimates were submitted for approval: balance reserves in category C2 using the Russian Classification System for open pit mining: 1,750,500 t ore containing 3,118 kg (100 koz) gold.

Saguro-Semertakskiy

This is a new licence area near Tokur in the north east of Amur region and lying in two areas west and east of the Selemdja river, previously the location of the underground Sagur mine working high-grade gold in quartz veins. It is now considered highly prospective for metasomatite-hosted gold, of a type and scale similar to Malomir or Albyn.

- The quartz veins, dipping NE at 45 degrees, are 0.3 to 3.2m thick and reported to contain gold up to 40 - 60g/t grades up to a maximum of 2,700g/t, associated with arsenopyrite, pyrrhotite, and scheelite;
- A preliminary estimate of resources is 17.5 tonnes of gold contained in the smaller eastern (Sagur) part of the licence alone;
- A number of further prospects have also been identified in the larger western area of the licence. A granite intrusion in this area is crossed by a N-S mineralised crush zone. There are also two convergent crush zones trending east-west across the area, and trenching is planned to explore these;
- The licence area includes also placer deposits which are to be exploited by the Company.

Rudnoye Joint Venture

Exploration works were undertaken during the Period at Solovievskiy (including the Kirovskoye deposit) hard-rock gold area. The Solovievskiy licence includes the separate Kirovskiy, Glebovskiy, and Nagiminskiy blocks.

- Intensive exploration around the Kirovskoye deposit indicates high grade gold within silicified and sulphidised rocks in three separate zones around the known quartz vein systems. The Kirovskoye gold ore deposit remains a very positive target because of the combination of high grades with stockworks and multiple vein structures;
- From data received so far, significant intersections have already been identified, including 25m averaging 4.6g/t (including 4m at 41g/t). In the next trench, a corresponding interval has been identified with 15m at 11.9g/t average grade;
- Altogether a total of six ore intervals have been found so far. The structure has been followed for 2.5 km in geophysical data;
- Glebovskiy block geochemical survey results have now been received from this area over a rectangular block 2km wide and 3km N-S, and indicate some strong anomalies.

Other Amur Assets

During the Period works have been carried out on the other Amur region projects, highlights of which are presented below:

- Adamikha - a single trench intersection of 3m at 19.6g/t gold in the Galenitoviy area has been found. The scale of this mineralisation is currently being estimated. Gold grades are up to 5.8g/t;
- Gar-II trench had intersected zones of silicified rock with gold grade up to 1.19g/t on an outcrop thickness of 8m. On the watershed of rivers Gar-II trenching had exposed a series of ore cross-sections with gold grades from 0.35g/t to 3.21g/t possibly forming a north-south trending ore zone. The rich gold placers in the Gar-II valley are currently being exploited by the Group.
- At Shaman-2, 11 lines of mapping drill holes have been completed, to intersect secondary gold dispersion aureoles. In cores from these holes, gold grades up to 1.08g/t have been noted; trenching has intersected thin quartz-sulphide bodies with gold grades of up to 2-3g/t;
- Burinda (within the Taldan licence): the mineralisation itself is concentrated in quartz veins and silicified andesite which forms zones up to 40m thick, dipping south-eastwards at 60-70 degrees. The maximum depth of gold mineralisation established from drilling is 220 m. The mineralised zone remains unbounded. Ore bodies within the zone are up to 20m thick and up to 100m long. Gold distribution is irregular, and gold grades in samples vary from 0.6g/t to 35.4g/t. There are two trench intersections of 11.5m at 0.85g/t Au, and 4.8m at 2.08g/t Au. One new hole C-205, near the south end of the deposit, confirms predecessor drill hole data with intersections of 14m at 1.86g/t and 7.8m at 1.54g/t, but the grades are not considered to be of economic interest;

- Topazovskoye (within the Taldan licence): new lines of shallow mapping holes have been drilled across these aureoles and have identified quartz veinlet zones with two intersections in particular: 6m at 2.7g/t and 1m at 1.55g/t, 23m apart along an old trench line;
- Oldoiskiy site: weak silver and copper anomalies have been identified, confined to the outcrop of a granite massif in the western part of the Ulyagir block.

Yamal

- A Petropavlovskoye report is currently being in prepared for submission to GKZ/TKZ in first quarter 2009. There will also be included in this report a section on the aggregates reserves (similar to those of Novogodnee Monto), as well as sections on hydrogeological and geotechnical investigations;
- Additional blocks within the Toupugol-Khanmeishorskaya area have potential to add to the Novogodnee Monto and Petropavlovskoye ore resources;
- The Group expects that mining operations at the Novogodnee Monto and Petropavlovskoye deposits will commence towards the end of 2009. The Group anticipates selling the first aggregates in late 2009.

Buryatia

On 19 April 2006, the Group acquired a licence for the prospective Talikitskaya area in Buryat Republic as a result of an auction dated 11 April 2006.

Preliminary geophysical and geochemical surveys have identified two areas of interest in the Talikitskaya area:

- Talikit zone. Initial trenching has indicated the presence of mineralisation. The presence of beresitised zones has been confirmed, though their gold content is low. In 6 holes, over a width of 60m, a mineralised interval has been identified, mostly with low grades, but with one hole finding 22.6g/t gold.

- Zoltny zone. This is an area to the south-east of Talikit. Based on the size and quality of mineralisation, it is believed to be a better prospect than Talikit. It contains quartz veins with pyrite and chalcopyrite, and associated silicification.

In both the Talikit and Zoltny areas, exploration is limited by access to the area, which is difficult. According to figures prepared in accordance with GKZ, resources in the two areas together are forecast to be approximately 60 tonnes of contained gold.

Chemical laboratories

The Group's chemical laboratories were working at full capacity throughout the first six months of 2008.

Rusoro

In June 2008, a PHM-led syndicate made a US$80 million strategic investment in Rusoro by way of an exchangeable loan. PHM contributed US$20 million of the loan, which is exchangeable into Rusoro shares, to the syndicate.

Based on the issued shares of Rusoro at the time of investment, the exchange of PHM`s US$20 million loan into shares would give the Group approximately 4% of the partially diluted shares in Rusoro (being the aggregate of the common shares in issue at the time of investment plus the shares to be issued on exercise of the exchange right by PHM in respect of its loan participation, but excluding any shares that PHM could receive pursuant to the option agreement entered into with other syndicate members), and full exercise of the option agreement would give the Group 14% of the partially diluted shares in Rusoro (being calculated on the same basis as above, but allowing for full exercise of the option agreement and full exchange of the loan). Rusoro has subsequently announced its acquisition of Hecla Mining Company`s Venezuelan assets and the fact that it has been chosen as the Venezuelan government`s partner of choice for the development of Venezuela`s gold assets.

Gold Price/Treasury

The Group`s average realised gold price for the Period was US$901/oz, up 38% against US$652/oz during the first six months of 2007 (US$668/oz during the year ended 31 December 2007). The Russian Rouble strengthened against the US Dollar by 4% during the period and was RuR23.46/US$ at 30 June 2008 (31 December 2007 - RuR24.55/US$, 30 June 2007 - RuR25.82/US$).

The Group has a policy of no long-term gold forward sales or hedging.

Conference Call

There will be a conference call today (22 September 2008) to discuss the announcement at 14:00 (GMT).

Details to access the conference call are as follows:

The Dial-in number is +44 (0) 1452 555 566 and the conference ID is 65096156#.

Replay will be available after the call has finished for seven days on:

Encore Replay Access Number: **65096156#**
UK Free Call Dial In: **0800 953 1533**
International Dial in: **+44 (0) 1452 55 00 00**

Enquiries:

Peter Hambro Mining Plc	+44 (0) 20 7201 8900
Alya Samokhvalova/Rachel Tuft	
	+44 (0) 20 7155 2828
JPMorgan Cazenove Limited	
Ian Hannam / Patrick Magee	
Merlin	+44 (0) 20 7653 6620
David Simonson / Tom Randell / Anastasia Ivanova	

This release has been reviewed by Dr. Stephen Henley, who is an independent geological advisor to the Board of Directors of Peter Hambro Mining Plc. Dr. Henley is qualified to act in the capacity of a Competent Person for the purposes of this statement. Dr. Stephen Henley holds a PhD in Geology (University of Nottingham, 1970). He is a Fellow of the Geological Society, a Fellow of the Institution of Materials, Minerals and Mining, and a Chartered Engineer. He is also a Charter Member of the International Association for Mathematical Geology. He is Vice-chairman of the Pan-European Reserves & Resources Reporting Committee (PERC) and Secretary of the CRIRSCO-GKZ working group on harmonisation of Russian and international mineral reserves reporting systems. He has been employed in exploration, mining, academic and geological consultancy posts since 1970 and has participated in Competent Person studies on a wide variety of different minerals and types of deposit.

In this interim report we present financial items such as "cash operating costs", "total cash costs" and "total production costs" that have been determined using industry standards as per the Gold Institute and are not measures under International Financial Reporting Standards. An investor should not consider these items in isolation or as alternatives to any measure of financial performance presented in accordance with IFRS either in this document or in any document incorporated by reference herein.

While the Gold Institute has provided definitions for the calculation of "cash operating cost", "total cash cost" and "total production cost", the application and precise definitions included herein may vary significantly from those of other gold mining companies, and as such may not necessarily provide a basis for comparison with other gold mining companies. However, the Group believes that total cash cost and total production cost in total by mine and per ounce by mine are useful indicators to investors and management of a mine's performance because they provide a useful indication of a mine's profitability, efficiency and cash flows. They also show the trend in costs as the mine matures over time and on a consistent basis. These costs can also be used as a benchmark of performance to allow for comparison against other mines of other gold mining companies.

Forward-looking statements

This release may include 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", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this release and include, but are not limited to, statements regarding the Group's intentions, beliefs or current expectations concerning, among other things, the Group's results of operations, financial position, liquidity, prospects, growth, strategies and expectations of the industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. Forward-looking statements are not guarantees of future performance and the development of the markets and the industry in which the Group operates may differ materially from those described in, or suggested by, any forward-looking statements contained in this release. In addition, even if the development of the markets and the industry in which the Group operates are consistent with the forward-looking statements contained in this release, those developments may not be indicative of developments in subsequent periods. A number of factors could cause developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, general economic and business conditions, industry trends, competition, commodity prices, changes in law or regulation, currency fluctuations (including the US dollar and Rouble), the Group's ability to recover its reserves or develop new reserves, changes in its business strategy, political and economic uncertainty. Save as required by the AIM Rules, the Company is under no obligation to update the information contained in this release.

Independent Review Report
Peter Hambro Mining Plc

Introduction

We have been engaged by the Company to review the condensed consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2008 which comprises the condensed consolidated income statement, condensed consolidated statement of changes in equity, condensed consolidated balance sheet, condensed consolidated cash flow statement, and related notes. We have read the other information contained in the half-yearly financial report which and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated financial statements.

This report is made solely to the Company in accordance with the terms of our engagement. Our work has been undertaken so that we might state to the Company those matters we are required to state to them in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, or for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the requirements of the AIM Rules.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs as adopted by the European Union. The condensed financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, ‘‘Interim Financial Reporting,’’ as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed consolidated financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, ‘‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’’ issued by the Auditing Practices Board for use in the United Kingdom.

A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated financial statements in the half-yearly financial report for the six months ended 30 June 2008 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the AIM Rules.

MOORE STEPHENS LLP
Registered Auditors
Chartered Accountants
St. Paul’s House,
Warwick Lane
London, EC4M 7BP
21 September 2008

PETER HAMBRO MINING PLC
Condensed Consolidated Income Statement

	Note	Six months to 30 June 2008 US$'000	Six months to 30 June 2007 US$'000	Year ended 31 December 2007 US$'000
Group revenue	4	**146,390**	**93,128**	**226,397**
Net operating expenses		(102,169)	(56,073)	(144,962)
		44,221	**37,055**	**81,435**
Fair value change on derivatives	15	(10,036)	-	(12,100)
Share of results of joint ventures	5	(2,182)	(767)	(1,821)
Operating profit		**32,003**	**36,288**	**67,514**
Financial income		4,788	1,641	3,776
Financial expenses	7	(15,680)	(6,104)	(16,105)
Profit before taxation		**21,111**	**31,825**	**55,185**
Taxation	6	**(6,331)**	**(9,953)**	**(15,560)**
Profit for the period		**14,780**	**21,872**	**39,625**
Attributable to:				
- equity holders of the Company		14,367	21,444	38,667
- minority interests		413	428	958
Earnings per share (basic and diluted)	19	**US$0.177**	**US$0.264**	**US$0.476**

The accompanying notes are an integral part of this Condensed Consolidated Income Statement.

PETER HAMBRO MINING PLC
Condensed Consolidated Balance Sheet

	Note	At 30 June 2008 U$'000	At 30 June 2007 US$'000	At 31 December 2007 US$'000
Assets				
Non-current assets		**589,618**	**408,080**	**474,348**
Goodwill		21,739	16,291	15,818
Intangible assets	8	200,243	145,604	170,782
Property, plant and equipment	9	302,060	217,936	257,801
Interests in joint ventures		6,529	9,659	8,635
Other investments		960	965	960
Inventories	10	20,012	13,435	11,620
Trade and other receivables	11	18,433	4,190	5,344
Derivative financial instruments	15	9,970	-	-
Deferred tax assets		9,672	-	3,388
Current Assets		**253,266**	**127,402**	**278,927**
Inventories	10	65,231	38,317	40,468
Trade and other receivables	11	105,208	52,806	60,017
Securities held for trading		-	10,207	-
Cash and cash equivalents	12	82,827	26,072	178,442
Total assets		**842,884**	**535,482**	**753,275**
Liabilities				
Current liabilities		(122,261)	**(50,317)**	**(66,405)**
Trade and other payables	13	(68,616)	(32,713)	(33,382)
Current income tax liabilities		(3,093)	(2,054)	(1,888)
Borrowings	14	(50,552)	(15,550)	(31,135)
Net Current Assets		**131,005**	**77,085**	**212,522**
Total Assets less Current Liabilities		**720,623**	**485,165**	**686,870**
Non-current liabilities		**(375,061)**	**(159,519)**	**(344,014)**
Borrowings	14	(310,601)	(135,245)	(292,100)
Derivative financial instruments	15	(42,300)	-	(30,634)
Deferred tax liabilities		(20,520)	(22,707)	(19,677)
Other provisions		(1,640)	(1,567)	(1,603)
Net Assets		**345,562**	**325,646**	**342,856**
Equity				
Share capital		1,311	1,311	1,311
Share premium		35,082	35,082	35,082
Other reserves		176,722	176,722	176,722
Equity reserve on bonds		1,583	1,583	1,583
Retained earnings		124,501	104,985	122,208
Equity attributable to the Company's shareholders		**339,199**	**319,683**	**336,906**
Minority interests		6,363	5,963	5,950
Total equity		**345,562**	**325,646**	**342,856**

The accompanying notes are an integral part of this Condensed Consolidated Balance Sheet.

These condensed consolidated financial statements were approved by the Directors on 21 September 2008.

Peter C P Hambro
Director

PETER HAMBRO MINING PLC
Condensed Consolidated Cash Flow Statement

	Note	Six months to 30 June 2008 US$000	Six months to 30 June 2007 US$000	Year to 31 December 2007 US$000
Cash flows (used in)/from operating activities				
Cash generated from operations	16(a)	(1,633)	19,932	62,933
Interest received		4,810	1,643	3,963
Interest paid		(10,255)	(5,045)	(11,113)
Income tax paid		(7,181)	(5,965)	(15,675)
Net cash (used in)/from operating activities		**(14,259)**	**10,565**	**40,108**
Cash flows from investing activities				
Acquisitions of subsidiaries net of cash acquired	21	(5,634)	-	-
Acquisition of minority interests		-	(9,176)	(9,257)
Acquisition of assets		-	20	34
Purchase of property, plant and equipment and intangible assets		(53,093)	(28,439)	(76,314)
Proceeds from disposal of property, plant and equipment		398	211	1,558
Exploration and evaluation expenditure		(32,123)	(20,241)	(48,426)
Proceeds from disposal of securities held for trading		-	3,792	14,353
Amounts loaned to other parties		(31,577)	(2,761)	(5,194)
Repayment of amounts loaned to other parties		2,922	571	447
Acquisition of other investments		-	(21)	-
Net cash used in investing activities		**(119,107)**	**(56,044)**	**(122,799)**
Cash flows from financing activities				
Repayments of borrowings		109,647	(28,756)	(66,601)
Proceeds from borrowings		(74,600)	37,263	262,411
Capital element of finance leases		(35)	(56)	(281)
Dividends paid to minority interests		**-**	**-**	(26)
Net cash from financing activities		**35,012**	**8,451**	**195,503**
Net (decrease)/increase in cash and cash equivalents in the period		**(98,354)**	**(37,028)**	**112,812**
Effect of exchange rates on cash and cash equivalents		2,739	634	3,164
Cash and cash equivalents at beginning of period	12	178,442	62,466	62,466
Cash and cash equivalents at end of period	12	**82,827**	**26,072**	**178,442**

The accompanying notes are an integral part of this Condensed Consolidated Cash Flow Statement.

PETER HAMBRO MINING PLC
Condensed Consolidated Statement of Changes in Equity

	Capital	Share premium	Other reserves	Equity reserve on bonds	Retained earnings	Total	Minority interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2007	1,311	35,082	176,722	1,583	83,541	**298,239**	**11,815**	**310,054**
Recognised income and expenses	-	-	-	-	21,444	**21,444**	428	**21,872**
Additional acquisition of subsidiary undertakings	-	-	-	-	-	-	(6,280)	**(6,280)**
Balance at 30 June 2007	**1,311**	**35,082**	**176,722**	**1,583**	**104,985**	**319,683**	**5,963**	**325,646**
Recognised income and expenses	-	-	-	-	17,223	**17,223**	530	**17,753**
Additional acquisition of subsidiary undertakings	-	-	-	-	-	-	(543)	**(543)**
Balance at 31 December 2007	**1,311**	**35,082**	**176,722**	**1,583**	**122,208**	**336,906**	**5,950**	**342,856**
Recognised income and expenses	-	-	-	-	14,367	**14,367**	413	**14,780**
Dividends payable (note 18)					(12,074)	**(12,074)**	-	**(12,074)**
Balance at 30 June 2008	**1,311**	**35,082**	**176,722**	**1,583**	**124,501**	**339,199**	**6,363**	**345,562**

The accompanying notes are an integral part of this Condensed Consolidated Statement of Changes in Equity.

Notes to the Condensed Consolidated Financial Statements for the period ended 30 June 2008

1. General information

The condensed consolidated financial statements are for the six month period ended 30 June 2008. The condensed consolidated financial statements are unaudited.

The information for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. This information was derived from the statutory accounts for the year ended 31 December 2007, a copy of which has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain a statement under section 237(2) or (3) of the Companies Act 1985.

2. Basis of preparation

The condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. The condensed consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

Accounting policies

The accounting policies applied are consistent with those applied in the financial statements for the year ended 31 December 2007.

Comparatives

Certain comparatives for the six month period ended 30 June 2007 and 31 December 2007 have been re-classified, to ensure comparability with the classifications adopted in the interim financial statements for the six month period ended 30 June 2008. On the balance sheet, trade and other receivables amounting to US$4,190,000 at 30 June 2007 and US$5,344,000 at 31 December 2007, have been re-classified from current assets to non-current assets. Short-term borrowings amounting to US$15,550,000 have been re-classified from payables to short-term borrowings at 30 June 2007. For the income statement, other income previously classified as financial income has been re-classified and included within net operating expenses, whilst charges previously included within net operating expenses have been re-classified to financial expenses.

3. Foreign currency rates

The rates of exchange used to translate balances from other currencies into US Dollars were as follows (currency per US Dollar):

	30 June 2008	30 June 2007	31 December 2007
GB Pounds Sterling	0.50	0.50	0.50
Russian Rouble	23.46	25.82	24.55

4. Segmental information

Business segments

For management purposes, the Group is organised into four operating divisions – gold mining, construction and other services, exploration and evaluation and corporate. These divisions are the basis on which the Group reports its primary segment information. Segment information about these businesses is presented below.

Six months ended 30 June 2008 and 30 June 2007

	Gold mining		Construction and other services		Exploration and evaluation		Corporate		Consolidated	
	Six months ended		Six months ended		Six months ended		Six months ended		Six months ended	
	30 June 2008	30 June 2007	30 June 2008	30 June 2007	30 June 2008	30 June 2007	30 June 2008	30 June 2007	30 June 2008	30 June 2007
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue										
Gold sales	107,428	70,366	-	-	-	-	-	-	107,428	70,366
Silver sales	376	-	-	-	-	-	-	-	376	-
Other external sales	-	-	35,482	21,440	2,374	751	730	571	38,586	22,762
Inter-segment sales	-	-	22,888	7,736	16,236	8,047	6,012	3,935	45,136	19,718
Subtotal	107,804	70,366	58,370	29,176	18,610	8,798	6,742	4,506	191,526	112,846
(Less: inter-segment sales)	-	-	(22,888)	(7,736)	(16,236)	(8,047)	(6,012)	(3,935)	(45,136)	(19,718)
Total Group revenue	**107,804**	**70,366**	**35,482**	**21,440**	**2,374**	**751**	**730**	**571**	**146,390**	**93,128**
Expenses										
Net operating expenses excluding expenses below	40,184	17,561	30,644	17,044	3,472	1,653	16,568	8,860	90,868	45,118
Inter-segment expenses	1,149	-	20,424	6,001	16,376	7,748	-	-	37,949	13,749
Royalties	6,848	4,699	-	-	-	-	-	-	6,848	4,699
Depreciation and amortisation	7,642	6,163	1,305	921	1,238	459	138	127	10,323	7,670
Subtotal	55,823	28,423	52,373	23,966	21,086	9,860	16,706	8,987	145,988	71,236
(Less: inter-segment expenses)	(1,149)		(20,424)	(6,001)	(16,376)	(7,748)	-		(37,949)	(13,749)
Total Group expenses	**54,674**	**28,423**	**31,949**	**17,965**	**4,710**	**2,112**	**16,706**	**8,987**	**108,039**	**57,487**
Segment result	**53,130**	**41,943**	**3,533**	**3,475**	**(2,336)**	**(1,361)**	**(15,976)**	**(8,416)**	**38,351**	**35,641**
Exchange gain									7,232	1,887
Unallocated income/(expenses)									(1,362)	(473)
Fair value change in derivatives									(10,036)	-
Share of results in joint ventures									(2,182)	(767)
Operating profit after share of results of joint ventures									32,003	36,288
Financial income									4,788	1,641
Financial expenses									(15,680)	(6,104)
Taxation									(6,331)	(9,953)
Profit for the period									**14,780**	**21,872**

Notes to the Condensed Consolidated Financial Statements
for the period ended 30 June 2008

Six months ended 30 June 2008 and year ended 31 December 2007

	Gold mining		Construction and other services		Exploration and evaluation		Corporate		Consolidated	
	Six months ended 30 June 2008	Year ended 31 December 2007	Six months ended 30 June 2008	Year ended 31 December 2007	Six months ended 30 June 2008	Year ended 31 December 2007	Six months ended 30 June 2008	Year ended 31 December 2007	Six months ended 30 June 2008	Year ended 31 December 2007
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue										
Gold sales	107,428	167,921	-	-	-	-	-	-	107,428	167,921
Silver sales	376	617	-	-	-	-	-	-	376	617
Other external sales	-	-	35,482	52,540	2,374	4,020	730	1,299	38,586	57,859
Inter-segment sales	-	-	22,888	25,748	16,236	21,929	6,012	8,868	45,136	56,545
Subtotal	107,804	168,538	58,370	78,288	18,610	25,949	6,742	10,167	191,526	282,942
(Less: inter-segment sales)	-	-	(22,888)	(25,748)	(16,236)	(21,929)	(6,012)	(8,868)	(45,136)	(56,545)
Total Group revenue	**107,804**	**168,538**	**35,482**	**52,540**	**2,374**	**4,020**	**730**	**1,299**	**146,390**	**226,397**
Expenses										
Net operating expenses excluding expenses below	40,184	57,112	30,644	46,440	3,472	3,506	16,568	19,518	90,868	126,576
Inter-segment expenses	1,149	-	20,424	19,995	16,376	19,803	-	-	37,949	39,798
Royalties	6,848	9,637	-	-	-	-	-	-	6,848	9,637
Depreciation	7,642	11,153	1,305	2,206	1,238	1,323	138	262	10,323	14,944
Subtotal	55,823	77,902	52,373	68,641	21,086	24,632	16,706	19,780	145,988	**190,955**
(Less: inter-segment expenses)	(1,149)	-	(20,424)	(19,995)	(16,376)	(19,803)	-	-	(37,949)	(39,798)
Total Group expenses	**54,674**	**77,902**	**31,949**	**48,646**	**4,710**	**4,829**	**16,706**	**19,780**	**108,039**	**151,157**
Segment result	**53,130**	**90,636**	**3,533**	**3,894**	**(2,336)**	**(809)**	**(15,976)**	**(18,481)**	**38,351**	**75,240**
Exchange gain									7,232	**6,961**
Unallocated expenses									(1,361)	**(766)**
Fair value change in derivatives									(10,037)	**(12,100)**
Share of results in joint ventures									(2,182)	**(1,821)**
Operating profit after share of results of joint ventures									32,003	**67,514**
Financial income									4,788	**3,776**
Financial expenses									(15,680)	**(16,105)**
Taxation									(6,331)	**(15,560)**
Profit for the period									**14,780**	**39,625**

Notes to the Condensed Consolidated Financial Statements
for the period ended 30 June 2008

5. Share of results of joint ventures

	Joint venture Omchak	Joint venture Rudnoye	Total	Total	Total
	30 June 2008 US$'000	30 June 2008 US$'000	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
PHM share					
Sales revenue	5,597	81	5,678	6,116	25,906
Net operating expenses	(7,178)	(926)	(8,104)	(7,058)	(26,961)
Operating loss	(1,581)	(845)	(2,426)	(942)	(1,055)
Financial income	114	94	208	66	273
Financial expenses	(551)	(13)	(564)	(277)	(616)
Loss on ordinary activities before taxation	(2,018)	(764)	(2,782)	(1,153)	(1,398)
Taxation	658	11	669	487	(435)
Loss for the period	(1,360)	(753)	(2,113)	(666)	(1,833)
Attributable to:					
- equity holders of the Company	**(1,429)**	**(753)**	**(2,182)**	**(767)**	**(1,821)**
- minority interests	69	-	**69**	101	(12)

6. Taxation on profit on ordinary activities

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Current tax			
UK corporation tax (29%)*	801	509	1,354
Russia tax (24%)	11,464	8,481	19,661
	12,265	8,990	21,015
Deferred tax			
Reversal and origination of timing differences	(5,934)	963	(5,455)
Total tax charge	**6,331**	**9,953**	**15,560**

* The corporation tax rate in the United Kingdom changed from 30%, to 28% effective 1 April 2008.

7. Financial expenses

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Commission and interest in respect of sale and lease back transaction	5	35	53
Bank loan interest	1,253	321	1,134
Convertible bonds interest charge	5,496	5,493	10,993
Exchangeable bonds interest charge	8,293	-	3,286
Other loan interest and charges	596	219	567
Unwinding of discount on environmental obligation	37	36	72
	15,680	**6,104**	**16,105**

8. Intangible assets

	Malomir	Albyn	Tokur	Yamal deposits	Others*	30 June 2008	30 June 2007	31 December 2007
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at the beginning of the period	25,483	3,385	58,437	48,641	34,836	**170,782**	155,266	155,266
Additions as a result of acquisition of a subsidiary	-	-	-	-	-	**-**	805	805
Additions	9,191	2,453	351	7,497	13,194	**32,686**	20,105	47,231
Impairment for the period	-	-	-	-	(3,197)	**(3,197)**	-	(1,759)
Transfer to mine development costs	-	-	-	-	(28)	**(28)**	(30,572)	(30,756)
Reallocation	-	-	2,677	-	(2,677)	**-**	-	-
Disposals	**-**	**-**	**-**	**-**	**-**	**-**	-	(5)
Balance at the end of the period	**34,674**	**5,838**	**61,465**	**56,138**	**42,128**	**200,243**	145,604	170,782

*Amounts included in the "Others" category of intangible assets represent amounts capitalised in respect of a number of projects in the Amur and Buryatia regions.

9. Property, plant and equipment

	Mine development costs	Mining assets	Non-mining assets	Capital construction in progress	30 June 2008	30 June 2007	31 December 2007
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost							
Balance at the beginning of the period	66,281	152,039	80,221	13,046	**311,587**	204,722	204,722
Additions	20,460	12,420	9,176	11,389	**53,445**	29,790	78,422
Transfers from intangible assets	28	-	-	-	**28**	30,572	30,756
Transfers from capital construction in progress	-	930	2,826	(3,756)	**-**	-	-
Reallocation	377	(16,314)	16,314	(377)	**-**	-	-
Transfer from mine development costs	(73,205)	73,205	-	-	**-**	-	-
Assets acquired through business acquisitions (note 21)	-	2,281	1,536	153	**3,970**	-	-
Disposals	-	(2,155)	(850)	-	**(3,005)**	(685)	(2,313)
Balance at the end of the period	**13,941**	**222,406**	**109,223**	**20,455**	**366,025**	264,399	311,587
Depreciation and impairment							
Balance at the beginning of the period	-	42,401	11,385	-	**53,786**	38,792	38,792
Charge for the period	-	5,975	4,790	-	**10,765**	8,017	15,665
Impairment of assets	-	-	-	171	**171**	-	-
Reallocation		(98)	98	-	**-**	-	-
Disposals	-	(526)	(231)	-	**(757)**	(346)	(671)
Balance at the end of the period	**-**	**47,752**	**16,042**	**171**	**63,965**	46,463	53,786
Net book value at the end of the period	**13,941**	**174,654**	**93,181**	**20,284**	**302,060**	217,936	257,801

Property, plant and equipment with a carrying value of US$26 million (30 June 2007: US$7.9 million and 31 December 2007: US$11.4 million) have been pledged to secure borrowings of the Group.

10. Inventories

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Current			
Stores and spares	35,113	20,410	20,768
Work in progress	23,767	14,201	19,594
Bullion in process	6,351	3,706	106
Total current inventories	65,231	38,317	40,468
Non-current			
Work in progress	20,012	13,435	11,620
Total non-current inventories	20,012	13,435	11,620
Total inventories	**85,243**	**51,752**	**52,088**

11. Trade and other receivables

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Current			
Trade receivables	5,322	2,125	1,032
Advances to contractors	50,693	16,852	14,278
VAT recoverable	23,303	16,713	20,290
Advances paid on commission contracts	1,153	7,957	10,446
Other debtors	16,248	7,722	11,619
Interest accrued	300	700	160
Loan to Omchak joint venture	2,770	-	407
Loans issued	5,419	737	1,785
	105,208	**52,806**	**60,017**
Non-current			
Loan to Rudnoye joint venture	6,231	4,190	5,344
Exchangeable Loan (a)	12,202	**-**	**-**
	18,433	**4,190**	**5,344**

(a) On 10 June 2008, the Company participated in a US$80 million senior secured exchangeable loan (the "Exchangeable Loan") to Venezuela Holdings (BVI) Limited, a wholly owned subsidiary of Rusoro Mining Limited ("Rusoro"). The Company subscribed for US$20 million of the Exchangeable Loan and the remainder of the funds were provided by other parties (the "Lenders"). The Exchangable Loan carries an interest rate of 10% per-annum payable semi-annually in arrears and is exchangeable into Rusoro shares at C$1.25 (the "Rusoro Embedded Derivative"). The loan component is measured at amortised cost, whilst the Rusoro Embedded Derivative is separately fair valued (see note 15).

12. Cash and cash equivalents

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Cash at bank and in hand	22,573	12,861	85,707
Short-term bank deposits	19,940	11,475	41,243
Promissory notes and other liquid investments	40,314	1,736	51,492
	82,827	**26,072**	**178,442**

13. Trade and other payables

	30 June	30 June	31 December

	2008	2007	2007
	US$'000	US$'000	US$'000
Trade payables	10,895	7,084	6,477
Deferred income	15,450	6,387	7,912
Advances received on commission contracts	1,194	7,297	4,692
Other payables	29,003	11,945	14,301
Dividends payable (note 18)	12,074	-	-
	68,616	**32,713**	**33,382**

14. Borrowings

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Borrowings at amortised cost			
Convertible bonds	140,145	139,124	139,637
Exchangeable bonds	160,855	-	158,863
Bank loans	60,153	11,411	24,700
Finance lease liability	-	260	35
	361,153	**150,795**	**323,235**
Amount due for settlement within 12 months	50,552	15,550	31,135
Amount due for settlement after 12 months	310,601	135,245	292,100
	361,153	**150,795**	**323,235**

15. Derivative financial instruments

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Derivative financial assets – Rusoro Embedded Derivative (a)			
Fair value of the Rusoro Embedded Derivative at the beginning of the period	6,560	-	-
Fair value change	1,000	-	-
	7,560	**-**	**-**
Derivative financial assets – Rusoro Call Option (a)			
Fair value of the Call Option at the beginning of the period	1,780	-	-
Fair value change	630	-	-
	2,410	**-**	**-**
Total derivative financial assets	**9,970**	**-**	**-**
Derivative financial liabilities – Exchangeable Bonds Embedded Derivatives			
Fair value of Gold Exchangeable Bonds Embedded Derivatives at inception (October 2007) and the beginning of period	(30,634)	-	(18,534)
Fair value change	(11,666)	-	(12,100)
Total derivative financial liabilities	**(42,300)**	**-**	**(30,634)**

(a) The derivative financial assets recognised at 30 June 2008 relate to the Rusoro Embedded Derivative within the Exchangeable Loan and the Call Option. Details of both are as follows:

Rusoro Embedded Derivative: The Exchangeable Loan issued to Rusoro on 10 June 2008 is exchangeable into Rusoro common shares at C$1.25, at any time from the 30th day after the Drawdown Date of the loan up to six days prior to the Repayment Date or up to the prepayment date in accordance with the loan agreement.

Call Option: On 10 June 2008, the Company entered into an option agreement with the other Lenders, the "Call Option", separate from the Exchangeable Loan, giving the Company the right to acquire from the other Lenders, at a price of C$2.20 per share, the Rusoro common shares which such other Lenders may receive upon exchange of their portion of the Exchangeable Loan. The Call Option may be exercised from the Drawdown Date to 3 June 2010 however may be shortened in the event that the Lenders exchange their portion of the Exchangeable Loan or if prepayment takes place.

The fair value of the Rusoro Embedded Derivative, the Call Option and the Gold Exchangeable Bonds Embedded Derivatives are determined using appropriate valuation techniques based on market data.

16. Notes to the cash flow statement

(a) Reconciliation of profit before tax to operating cash flow

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Profit before tax	21,111	31,825	55,185
Adjusted for:			
Financial income	(4,788)	(1,641)	(3,776)
Financial expenses	15,680	6,104	16,105
Share of results in joint ventures	2,182	767	1,821
Depreciation	10,323	7,670	14,944
Loss/(gain) on disposals of property, plant and equipment	1,850	(34)	84
Loss on disposal of business	-	53	61
Exchange differences in respect of investment activity	(32)	(75)	(91)
Exchange differences in respect of cash and cash equivalents	(2,739)	(634)	(3,164)
Net fair value change on gold equivalent exchangeable bonds	11,666	-	12,100
Net fair value change on Rusoro Embedded Derivative and Call Option	(1,630)		
Impairment of intangible asset	3,197	-	1,759
Impairment of property, plant and equipment	171	-	-
Write-down of inventories to net realisable value	1,961	-	-
Amortisation charge included in the cost of inventories	9	(128)	(769)
Other non-cash items	394	34	80
Operating profit before working capital changes	**59,355**	**43,941**	**94,339**
Increase in trade and other receivables	(40,946)	(10,237)	(19,049)
Increase in inventories	(33,593)	(15,397)	(15,036)
Increase in trade and other payables	13,551	1,625	2,679
Net cash (outflow)/ inflow from operating activities	**(1,633)**	**19,932**	**62,933**

(b) Major non cash transactions

During the six month periods ended 30 June 2008 and 30 June 2007, amounts of US$3,879,000 and US$1,937,000 respectively were offset against Corporation Tax. During the year ended 31 December 2007, US$4,418,000 was offset against Corporation Tax.

Notes to the Condensed Consolidated Financial Statements for the period ended 30 June 2008

17. Analysis of net debt

	At 1 January 2008 US$'000	Cash Flow US$'000	Exchange movement US$'000	Other non-cash changes US$'000	**At 30 June 2008 US$'000**
Cash and cash equivalents	178,442	(98,354)	2,739	-	**82,827**
Debt due within one year	(31,135)	(12,612)	(406)	(6,399)	**(50,552)**
Debt due after one year	(320,000)	(16,000)	-	-	**(336,000)**
Less equity component of convertible bond	1,583	-	-	-	**1,583**
Less embedded derivative component of exchangeable bond at inception and deferred costs	23,658	-	-	(1,993)	**21,665**
Embedded derivative liability	(30,634)	-	-	(11,666)	**(42,300)**
Convertible bond issue costs capitalised	2,659	-	-	(508)	**2,151**
Net debt	**(175,427)**	**(126,966)**	**2,333**	**(20,566)**	**(320,626)**

18. Dividends

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Amounts recognised as distributions to equity holders in the period:			
Final dividend for the year ended 31 December 2007 of 7.5 pence per share (2006: nil)	12,074	-	-

19. Earnings per ordinary share

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Profit for the period US$'000	14,367	21,444	38,667
Weighted average number of ordinary shares	81,155,052	81,155,052	81,155,052
Earnings per ordinary share	**US$0.177**	**US$0.264**	**US$0.476**

The Group has issued convertible bonds which could potentially dilute basic earnings per Ordinary Share in the future but were not included in the calculation of diluted earnings per share because they are anti-dilutive as at 30 June 2008, 30 June 2007 and 31 December 2007.

20. Related parties

The Group had the following related party transactions during the year, (VAT is included where applicable):

		Six months ended 30 June 2008		Six months ended 30 June 2007		Year ended 31 December 2007	
Related party	Description	Movement for the year	Amount due from/(to)	Movement for the year	Amount due from/(to)	Movement for the year	Amount due from/(to)
Peter Hambro Ltd	Management and rent and rates charges	**(89)**	**(96)**	**378**	**38**	**(337)**	**83**
Aricom Plc and subsidiaries	Rent of assets	-	-	-	-	19	-
Aricom Plc and subsidiaries	Purchases by Kapstroi	1,113	(1,025)	860	(537)	1,687	(114)
Aricom Plc and subsidiaries	Other Purchases	148	(920)	-	-	3	-
Aricom Plc and subsidiaries	Purchase of property, plant and equipment	-	-	-	-	81	(99)
Aricom Plc and subsidiaries	London expenses recharged	173	126	446	114	506	9
Aricom Plc and subsidiaries	Geological work	601	61	728	293	309	-
Aricom Plc and subsidiaries	Project and engineering services	2,307	253	449	(1,066)	2,627	(120)
Aricom Plc and subsidiaries	Sale of assets	-	-	-	-	1	-
Aricom Plc and subsidiaries	Other services	402	434	148	201	1,633	1,492
Aricom Plc and subsidiaries	Construction services by Kapstroi	14,490	(239)	11,167	(3,248)	24,763	(2,532)
Aricom Plc and subsidiaries	Commissions contracts by Irgiredmet	81	310	2	(86)	42	(41)
Total Aricom Plc		**19,315**	**(1,000)**	**13,800**	**(4,329)**	**31,671**	**(1,405)**
Expobank	Sales of gold and silver	19,056	-	43,488	-	62,596	-
Expobank	Sales of gold through metallic account	15,322	-	31,495	-	485	-
Expobank	Purchase of gold to sell through metallic account	(15,267)	-	(31,134)	-	(59)	-
Expobank	Operating expenses	128	-	-	-	(74)	-
Expobank	Sales/(Purchase) of bonds	-	-	(3,798)	-	3,991	-
Expobank	Current accounts	-	9,270	-	4,471	-	4,536
Expobank	Deposit accounts	-	-	-	3,765	-	23,267
Expobank	Promissory notes	18,937	18,937	(12)	-	18,773	18,785
Total Expobank		**38,176**	**28,207**	**40,039**	**8,236**	**85,712**	**46,588**
Asian-Pacific Bank	Current accounts	-	1,571	-	790	-	314
Asian-Pacific Bank	Promissory notes	10,705	17,080	2,505	6,375	7,400	16,280
Total Asian-Pacific Bank		**10,705**	**18,651**	**2,505**	**7,165**	**7,400**	**16,594**
Russian Forestry Services Ltd	London expenses recharged	**20**	**20**	**-**	**-**	**-**	**-**
Quenington Services Ltd	Accounting services	**(2)**	**-**	**(3)**	**-**	**(6)**	**-**

For the six month period ended 30 June 2008, OOO Expobank ("Expobank") was considered a related party due to Peter Hambro and Pavel Maslovskiy's interests in Expobank. Expobank ceased to be related parties in July 2008 once the deal for the sale of the interests in Expobank was finalised.

21. Acquisitions

(a) Acquisition of OAO PRP Stancii

On 28 May 2008 a subsidiary of the Group, OAO Pokrovskiy Rudnik, acquired 100% of OAO PRP Stancii, a company which provides construction services and capital repairs. Consideration for the acquisition was cash consideration of US$7,150,000.

At the date of acquisition, the book values of the assets and liabilities acquired approximated their fair values. Goodwill of US$5,429,000 has been recognised in connection with this acquisition. Set out in the table below is a summary of the assets and liabilities acquired:

	US$'000
Property, plant and equipment	1,549
Cash and cash equivalents	3,373
Inventories	1,474
Trade and other receivables	1,528
Trade and other payables	(6,184)
Deferred tax liability	(19)
Net assets	1,721
Consideration	
Cash	7,150
Goodwill	5,429
Net cash outflow arising on the acquisition	
Cash consideration	7,150
Cash and cash equivalents acquired	(3,373)
	3,777

(b) Acquisition of Elga

On 31 January 2008 a subsidiary of the Group, Peter Hambro Mining (Cyprus) Limited, acquired 100% of Elga, a gold exploration and production company will alluvial operations. Consideration for the acquisition was cash consideration of US$1,903,000. At the date of acquisition, a fair value adjustment of US$2.1 million was made, to recognise the fair value of the licence acquired, and an associated deferred tax liability of US$492,000 was recognised.

Set out in the table below is a summary of the assets and liabilities acquired:

	Book values US$'000	Fair value adjustments US$'000	Fair value at date of acquisition US$'000
Property, plant and equipment	373	2,048	2,421
Cash and cash equivalents	46	-	46
Inventories	58	-	58
Trade and other receivables	446	-	446
Trade and other payables	(1,086)	-	(1,086)
Deferred tax asset/(liability)	18	(492)	(474)
Net assets acquired	(145)	1,556	1,411
Consideration			
Cash			1,903
Goodwill			492
Net cash outflow arising on the acquisition			
Cash consideration			1,903
Cash and cash equivalents acquired			(46)
			1,857

22. Subsequent events

On 17 September 2008 the Board approved an interim dividend of 7.5 pence per Ordinary Share, payable in October 2008.