

PETER HAMBRO MINING PLC

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Trading Update

Peter Hambro Mining Plc (“PHM” or the “Group”) issues this trading statement as an update and in advance of its results for the six months to 30 June 2008 (“the Period”). A full results announcement for the Period is expected to be issued on 22 September 2008.

Highlights:

- Production:
 - PHM total attributable production of c.147,000 oz of gold is 9% up from c.134,300 oz in the same period of 2007;
 - Pokrovskiy Mine production of c.127,800 oz of gold for the Period is 9% up from c.116,800 oz on the same period for 2007;
 - Pioneer production of 3,600 oz of gold was achieved despite the anticipated myriad start-up issues. These have been overcome and the new mine and processing facility is still expected to produce its forecast 72,000 oz of gold in the full year 2008;
 - Omchak Joint Venture attributable production of c.8,400 oz of gold for the Period;
 - Attributable production from the Group’s alluvial operations totalled c.4,800 oz which is a 23% increase on the same period in 2007;
 - The Directors believe that the Group is currently on track to meet its 350,000 – 400,000 oz production target for 2008;
- Unit costs at Pokrovskiy were in line with the Group’s internal forecast for the first six months of the year;
- The average realised gold sales price was US\$901/oz up c.35% on the same period last year;
- Wardell Armstrong International (“WAI”) has been working on the Mineral Expert’s Report required for the Group’s anticipated move to the Main Board. This is



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expected to be completed in the fourth quarter of 2008 and will form part of the prospectus;

- The Group's exploration activities on its large portfolio of exploration and development properties are producing promising results which are intended to be published in detail with the Group's half-year results on 22 September 2008;
- In January 2008 General the Lord Guthrie of Craigiebank GCB LVO OBE DL was appointed as a Director of the Company. Lord Guthrie is also a Director of NM Rothschild & Sons Limited, Colt Defence LLC (USA), Sciens International Fund of Hedge Funds and an independent member of the House of Lords;
- In June 2008, a PHM-led syndicate made a US\$80 million strategic investment in Rusoro Mining Limited ("Rusoro"), a TSX Venture Exchange listed gold producer and exploration company in Venezuela. PHM contributed US\$20 million to the syndicate. Exchange of PHM's US\$20 million loan into shares would give the Group approximately 4% of the partially diluted shares in Rusoro, 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 that country's gold assets.

Commenting on the announcement, Peter Hambro, Executive Chairman, said:

"We have continued to make progress in the first six months of the year, staying on track with planned production growth and, just as importantly, remaining vigilant on our operating costs which remain in line with our forecasts.

As with the commissioning of any new operation Pioneer experienced its share of teething problems; but these were fewer than those at the start up of Pokrovskiy and have been resolved, for which the engineers should be congratulated. The first phase is currently working at design capacity and we are still expecting to produce 72,000 oz of gold in 2008. With Pioneer getting into its stride we are now fully a two mine operation. This second success increases our confidence in our approach to the development of future mines.

Beyond the pure production, we continue to work towards gaining admission to the Main Board of the London Stock Exchange towards the end of 2008 and are very happy with our strategic investment in Rusoro.

Operations Report

Pokrovskiy Mine

Pokrovskiy Mine is continuing the success achieved in 2007 producing 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. The increase was achieved against the background of mining works moving to deeper horizons, an increase in material moved due to large volumes of advanced stripping works, a more technologically challenging type of material processed through the mill and a temporary drop

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in recovery rates at the plant due to the introduction of new centrifugal concentrators to the grinding circuits at the plant. The increase in production was made possible due to the efficient mining plan, the stable work of the plant.

Unit operating costs increases were kept in line with Russian inflation.

Mining operations

Planned advance stripping works were carried out according to the mining plan. Use of the intermediate ore blending stockpile, introduced at the mine three years ago, has allowed for an optimal ore mixture to be sent to the Resin-in-pulp Plant.

In January 2008 six open pit dumper trucks with a capacity of 45 tonnes were brought into service. These allowed mining works to be carried out in accordance with the mining plan which provides for increased levels of advanced stripping.

Pokrovskiy Rudnik Mining Operations

		<i>6 months to 30 June</i>			
		<i>Units</i>	2008	2007	Var. %
Mining					
Total Material Moved	`000 m ³		2,899	2,458	18%
Ore mined	t `000		1,059	1,197	(12)%
Average grade	g/t		3.2	3.6	(11)%
Gold content	oz `000		107.5	136.8	(21)%

Processing operations – Resin-in-pulp Plant

837,000 tonnes of ore were treated through the mill in the first half of the year, which is in line with the 863,000 tonnes milled during the same period in 2007. Due to the introduction of the centrifugal concentrators to the grinding circuits, for extraction from the process of cyanidation refractory material for subsequent processing by intensive cyanidation, recovery rates temporarily fell to 86.7% from 91.0% in the first half of 2007. The introduction of these concentrators delayed concentrate processing by 6 to 8 weeks. However, recoveries in the second half of the year are expected to be in line with the previous year. The recovery rate for June 2008 was 90.4%.

Heap Leach

During the Period 16% more ore was stacked on the heap leach pads compared to the same period last year as a result of the increased daily productivity of the heap-leach complex. Because of a late spring the irrigation of the heap-leach pads started later this year which negatively affected the quantity of extraction. However full year production is currently

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expected to exceed 2007 production due to an increase in the material treated through this process.

Pokrovskiy Mine Processing Operations

		<i>6 months to 30 June</i>		
	<i>Units</i>	2008	2007	Var. %
Resin-in-pulp Plant				
Ore from pit	<i>t `000</i>	632	352	80%
Average grade	<i>g/t</i>	4.3	4.4	(2%)
Ore from stockpile	<i>t `000</i>	125	511	(76%)
Average grade	<i>g/t</i>	3.6	4.4	(18%)
Pioneer Ore (technological sample)	<i>t `000</i>	81	-	n/a
Grade	<i>g/t</i>	15.8	-	n/a
Total milled	<i>t `000</i>	837	863	(3%)
Average grade	<i>g/t</i>	5.3	4.4	20%
Gold content	<i>oz `000</i>	142.4	122.7	16%
Recovery rate	<i>%</i>	86.7%	91.0%	(5%)
Gold recovered	<i>oz `000</i>	123.5	111.7	11%
Heap Leach				
Ore stacked	<i>t `000</i>	410	354	16%
Average grade	<i>g/t</i>	0.8	0.8	-
Gold content	<i>oz `000</i>	11	10	10%
Recovery rate	<i>%</i>	38.6%	53.6%	(28%)
Gold recovered	<i>oz `000</i>	4.3	5.1	(16%)
Total				
Gold recovered	<i>oz `000</i>	127.8	116.8	9%

Table showing the breakdown of gold production at Pokrovskiy Mine Resin-in-pulp Plant by month for the six months to 30 June 2008 compared to 2007

Month	2008 '000oz	2007 '000oz
January	17.74	19.93
February	19.86	16.42
March	21.69	17.90
April	19,64	20.02
May	23.45	21.54
June	25.41	21.04
Total	127.79	116.81

Pioneer Mine

During the first half of 2008 at the Pioneer Mine work continued on the ramping up of the recently commissioned plant and on its further expansion. Initial start up problems delayed the commencement of heap leach operations by 4 weeks, however from May the plant started to work at its design capacity and it is expected that the production target of 72,000 oz for 2008 will be achieved. 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.

Mining operations

During the Period, the mining works at Pioneer were in line with the Group`s mining plan. .These works are aimed at 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.

The table below sets out a summary of mining operations:

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Mining	<i>Units</i>	2008	2007	<i>Var. %</i>
Pioneer Deposit				
Total Material Moved	'000 m ³	1,258	666	89%
Ore Mined	'000 t	174	38	>100%
Grade	g/t	9.5	1.8	>100%
Gold	'000 oz	52.8	2.2	>100%

Processing operations

At Pioneer, in the first half of 2008, efforts were concentrated on the ramping up of the new plant and securing its satisfactory operation. In total 88,000 tonnes of material was processed through the mill yielding gold production of 3,600 oz.

Currently the mill is working in line with its design capacity and at the planned processing volumes for gold extraction. New technology for the separation of sand and slime fractions has proved to be successful and a new type of resin tested at the plant worked well. The use of this new type of resin eliminates usage of thiourea in the gold desorption process which is expected to allow additional savings on production costs. The recovery rate of approximately 50% achieved in the first half year from the heap leach operations is expected to increase to budgeted levels of 73% by the end of the year with the further irrigation of the heap leach pads.

Pioneer Mine Processing Operations

6 months to 30 June

	<i>Units</i>	2008
Ore from pit	<i>t `000</i>	88
Average grade	<i>g/t</i>	2.5
Ore from stockpile	<i>t `000</i>	3
Average grade	<i>g/t</i>	2.8
Total milled	<i>t `000</i>	91
Average grade	<i>g/t</i>	2.5
Gold content	<i>oz `000</i>	7.4

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Recovery rate	%	48.9%
Gold recovered	oz `000	3.6

Exploration works

During the first half of the year further exploration work continued within the following ore zones, Andreevskaya (central section and north-east flank), Prikontaktovaya, and to a lesser extent Nikolaevskaya.

In total, 7,148 trench and core samples have been assayed. A metallurgical sample weighing 230 kg has been sent to Irgiredmet (in Irkutsk) for testing.

Within the central section of the Andreevskaya ore zone, infill drilling to a 30 x 50-30 m grid has been undertaken, to estimate reserves at Russian category C1. Altogether 19 holes were drilled.

At the junction of the Andreevskaya and Prikontaktovaya ore zones, 8 trenches at intervals of 160 - 80 m have been dug. Within individual intervals gold grades up to 16.84g/t have been found. The south-west flank of the Andreevskaya ore zone has been explored on a total length of 620 m, through drill holes and trenches, in places on a 60 x 30 m grid. Separate ore bodies have been discovered here, some with high gold grades (up to 36.9g/t). Exploration of this area is planned to continue in the second half of 2008.

Core sample assays have confirmed the extension of the Bakhmut zone to the Ulunga river, and further on the left bank of the Ulunga. Ore body parameters are generally similar to those in the central part of the ore zone, with gold grade of 1.2 - 1.8g/t over 5 - 15m thickness, depending heavily upon the selected cut-off limits.

Malomir

During the first half of the year, exploration works were carried out both at the main and satellite deposits of the Malomir licence area. In total 32,784m of drilling and 79,097m³ of trenching was completed at the deposit during the Period in a course of geological exploration works. 20,859 core and 4,769 trench samples were analysed. 11 technological samples were tested.

Works on the main part of the deposit were concentrated on preparation of the deposit for exploitation with the whole scope of works required for preparation of a feasibility study being carried out.

Exploration works at the satellite Quartzite and Ozhidaemoye deposits yielded promising results. The Quartzite deposit was explored by a 80 x 40 m grid of trenches and drill holes. Two ore bodies were explored in accordance with the requirements for Russian category C2. The length of these ore bodies is up to 500 m at average gold grades of 1.87-2.18g/t. Enriched areas were identified within these ore bodies which are characterised by both increased thickness and grades. Six such areas have already been explored with grades varying between 6.36g/t and 50.76g/t and thickness between 11.2 m and 68.8 m. Maximum registered gold grades are up to 300-500g/t for 1 m thickness. Very often visible gold is found at such enriched areas.

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Alluvial Production Operations

The Group's alluvial mining operations, OAO ZDP Koboldo, ZAO Amur Dore and OOO Elga, produced c.4,800 oz of gold in the first half-year, which was a 23% increase from the same period in 2007. Extensive exploration works were carried out at seven new sites to produce gold reserves for further exploitation of these sites.

Joint Ventures

Omchak Joint Venture

Omchak produced c.16,900 oz of gold in the first half of 2008 which is in accordance with the internal budget for the Period. PHM's attributable share of production was c.8,450 oz as it has a 50% interest in Omchak.

During the Period, Omchak's subsidiaries, OOO Zeyazoloto and OOO Noviye Tekhnologii carried out and completed the necessary preparation works for the 2008 production season including the delivery of fuels and lubricants, technical repair works, stripping works and the assembly of washing apparatus. Omchak also carried out geological exploration works at three projects in the Chita Region in accordance with approved plans and licence conditions.

Amur Region Joint Ventures

In the first half of 2008 OAO Solovevskiy Priisk produced c.14,000 oz of which 14% is attributable to PHM and JV OOO Odolgo (formerly JV Rudnoye) produced 900 oz of which 50% is attributable to the Group.

Exploration and Development Report

During the first half of 2008, the Group's internal exploration company, OOO "NPGF Regis", and the Group's main exploration subcontractor, GRK Dalgeologiya, concentrated their efforts on the most advanced development projects. Work on other projects nevertheless progressed within the framework of the exploration plans and licence agreements. During the Period, the Group carried out 857,000m³ of trenching and 91,695m of drilling which is in line with the Group's exploration plan.

Yamal

In the first part of 2008, exploration works continued at the Toupogol-Khanmeishorskiy area. The initial exploration results at the Rudnye Gorki site were promising and it is planned that evaluation of this site will be finalised by the end of 2008.

Petropavlovskoye

In the first half of 2008 all data for preparation of a feasibility study was submitted to ZNIGRI – a Russian engineering designing company. Two representative metallurgical samples were sent to Irgiredmet to define the technological process for future operations. The prospective areas of Anomalniy, Sypougilskiy and Zapadnoye continued to be explored.

During the Period 10,270 m of drilling was accomplished.

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Rusoro

In June 2008, a PHM-led syndicate made a US\$80 million strategic investment in Rusoro, a TSX Venture Exchange listed gold producer and exploration company in Venezuela. PHM contributed US\$20 million to the syndicate. The investment was made through the issue of a 2 year senior secured exchangeable loan with a 10% coupon, exchangeable into Rusoro shares at C\$1.25. PHM also holds a call option on the shares underlying the other syndicate members` portion of the loan at C\$2.20.

The exchange of the Group`s US\$20 million loan into shares would give the Group approximately 4% of the partially diluted shares in Rusoro, and full exercise of the option agreement would give the Group an interest of approximately 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. PHM and the other syndicate members have the right to participate pro-rata in any future equity or equity linked capital raising.

Gold Price/Treasury

The Group`s average realised gold price for the period was US\$901/oz up 35% against US\$668/oz in 2007 (US\$652/oz during the first six months of 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.

June Site Visit

From 13 to 16 June 2008 a number of institutional analysts made a site visit to the Pokrovskiy, Pioneer and Malomir operations. For the first time the site visit included a trip to the Albyn deposit. The Group also met a local representative of Rosprirodnadzor and was able to discuss with her recent developments in the Russian subsoil legislation. They also attended a geological workshop.

The visit to Pioneer demonstrated the excellent progress in the mine`s development and the visitors were able to view the operation of the first line of the processing plant and the intensive work being undertaken towards further expansion of the mine.

Conference Call

There will be a conference call today to discuss the announcement at 14:00 (London time).

Details to access the conference call are as follows:

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The Dial-in number in the UK will be: 0800 694 0257 and internationally will be: +44 (0) 1452 555 566 with the conference ID in both cases: 56591439.

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

Encore Replay Access Number: **56591439#**

International Dial in: **+44 (0) 1452 55 00 00**

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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 has been employed in exploration, mining, academic and geological consultancy posts since 1970 and has participated in Competent Person studies on a variety of different minerals and types of deposit, including gold, polymetallic and chromite projects.