



PETROPAVLOVSK

PRESS RELEASE

Production Report for Q3 2009 and Interim Management Statement

Petropavlovsk PLC (“PPK” or the “Company”) today issues its interim management statement for the period from 1 July 2009 to date, in accordance with the UK Listing Authority’s Disclosure and Transparency Rules.

Highlights

Gold production Report for Q3 2009

	Attributable Production*			
	Q3 2009	Q3 2008	9 months to 30 Sep 2009	9 months to 30 Sep 2008
Amur Region	‘000oz	‘000oz	‘000oz	‘000oz
Pokrovskiy deposit	57,300	52,200	149,000	144,300
Pioneer deposit**	34,400	38,500	152,500	77,300
Alluvials (including Tokur)	10,800	13,800	16,200	18,700
Joint ventures				
Odolgo	1,000	1,800	1,500	2,200
Omchak	20,100	18,000	27,000	26,400
TOTAL	123,600	124,300	346,200	268,900

* Total attributable gold production, as stated throughout this document, is comprised of 100% of production from the Group’s subsidiaries and the relevant share of production from joint ventures. The Company’s direct and indirect interest in Pokrovskiy Rudnik (and any interest held by Pokrovskiy Rudnik) is 98.61%.

**During the nine month period ended 30 September 2009, some of the ore from Pioneer deposit was processed through Pokrovskiy mill, yielding production of 9,500oz. Pioneer gold processed through Pokrovskiy mill is included in the Pioneer deposit figures. Figures for the comparative period are restated accordingly.

Production Update:

- The Group’s total attributable gold production for the nine months ended 30 September 2009 increased by 29% compared to the same period in 2008 mainly due to the significant increase in production at the Pioneer mine;
- Pokrovskiy and Pioneer mines’ combined year-to-date gold production increased by 36% to 301,500oz compared to the same period in 2008;

- The second production line at Pioneer was successfully commissioned in September at 135,000 tonnes per month of ore (107% of design capacity);
- Combined throughput at Pioneer mills (>180,000 tonnes per month of ore) producing circa 35,000oz per month supports the full year production target;
- The Group's joint ventures and alluvial operations contributed a further 44,700oz year-to-date (compared to 47,300oz in the same period of 2008) in line with the Group's forecast;
- Cash operating costs for the nine months were in line with the Group's forecast;
- The Group remains confident in delivering its full year overall target of 500,000oz of gold.

Exploration and Development

- The expected commissioning of Pioneer's 3rd line has advanced from August 2010 to March 2010, and will provide an additional capacity of 135,000 tonnes per month of ore;
- The Malomir project is on track for commissioning in the second half of 2010;
- The infrastructure programme at Albyn has commenced. Production is scheduled to begin at the end of 2011;
- A new metallurgical testing plant in Blagoveschensk has been commissioned which is an important step in the Group's development programme.

Corporate update

- On 2 September 2009, the Company announced a Tender Offer and Consent Solicitation for the remaining US\$53m 7% Gold Equivalent Exchangeable Bonds due 2012. The transaction was completed on 1 October 2009;
- On 23 September 2009, following the Extraordinary General Meeting held on 14 September 2009 and registration by Companies House, the Company's name was changed from Peter Hambro Mining plc to Petropavlovsk PLC;
- On 6 October 2009, the Company announced that it had signed a Memorandum of Understanding with Leader, the largest asset management company in Russia, regarding the creation of a Russian closed unit investment fund;
- On 13 October 2009, the Company announced that it had signed a binding cooperation agreement with Xuan Yuan Industrial Development Co. Ltd ("XY-Group"), which forms the basis for the joint development of the K&S iron ore project. The cooperation agreement envisages that, subject to the relevant transaction documentation being finalised, XY-Group will provide at least 70% of the project finance for the construction of the 3.2mtpa stage 1 of the plant. This stage is expected to incur US\$375m of capital expenditure.

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

“The successful commissioning of the second stage of the processing plant at Pioneer and the fact that it has now achieved 107% of its design capacity is a powerful demonstration of the abilities of our design and construction teams. It is remarkable that this was successfully commissioned in only 10 months.

During our visit to China to coincide with Prime Minister Putin’s attendance at the Russo Chinese Economic Forum we agreed with the equipment suppliers that the completion of Stage 3 of the Pioneer processing circuit should be advanced to March 2010 from August 2010 thereby enabling us to expand current capacity of the Pioneer mine.

The success at Pioneer is a strong signal that the plans at Malomir and Albyn can be achieved. In the meantime I am pleased to reaffirm our 500,000oz target for 2009 gold production.

Also I am very pleased with the recent signing of the cooperation agreement with the XY Group which is a significant step forward in the development of the Group’s major iron ore business.”

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:

The Dial-in number in the UK will be: **0800 694 0257**

The Dial-in number in Russia will be: **8108 002 097 2044**

The Dial-in number in the USA will be: **1866 966 9439**

Elsewhere, the Dial-in number will be: **0044 1452 555 566**

The Conference ID in all cases will be: **35494664**

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Pokrovskiy Mine

Work in the period continued to focus on mining primary ore in the south of the pit. The grade of ore mined during the 3rd quarter 2009 was 2.4g/t in line with the mining schedule with head grades through the mill (including stockpile depletion) of 4.1g/t. Due to technological improvements, recovery rates during the third quarter rose to 86%, compared to 84% in the second quarter of 2009. Pokrovskiy's impressive results were achieved in spite of the pit moving to lower levels and the absence of the blending of high grade ores from Pioneer which was halted after Q1 2009.

Pokrovskiy Mining and Processing Operations

Pokrovskiy Mining Operations					
	<i>Units</i>	Q3 2009	Q3 2008	9 months to 30 Sep 2009	9 months to 30 Sep 2008
Total Material Moved	<i>m³ '000</i>	1,468	1,387	4,109	4,286
Ore mined	<i>t '000</i>	628	548	1,600	1,607
Average grade	<i>g/t</i>	2.4	3.2	2.7	3.2
Gold content	<i>oz '000</i>	49	56	137	164
Pokrovskiy Processing Operations					
	<i>Units</i>	Q3 2009	Q3 2008	9 months to 30 Sep 2009	9 months to 30 Sep 2008
Resin in Pulp Plant					
Ore from pit	<i>t '000</i>	256	328	828	960
Average grade	<i>g/t</i>	5.0	4.4	4.3	4.3
Ore from stockpile	<i>t '000</i>	189	61	452	186
Average grade	<i>g/t</i>	2.8	3.0	3.4	3.4
Pioneer Ore	<i>t '000</i>	-	41	35	122
Grade	<i>g/t</i>	-	18.4	10.0	16.7
Total milled	<i>t '000</i>	445	431	1,315	1,268
Average grade	<i>g/t</i>	4.1	5.5	4.1	5.4
Gold content	<i>oz '000</i>	59	76	175	219
Recovery rate	<i>%</i>	86.3	86.2	84.7	86.5
Gold recovered	<i>oz '000</i>	50.7	65.9	148.2	189.4
Heap Leach					
Ore stacked	<i>t '000</i>	365	371	676	781
Average grade	<i>g/t</i>	0.9	0.8	0.9	0.8
Gold content	<i>oz '000</i>	11	10	19	21
Recovery rate	<i>%</i>	60.2	70.6	53.4	54.0
Gold recovered	<i>oz '000</i>	6.6	7.1	10.3	11.4
Total					
Gold recovered	<i>oz '000</i>	57.3	73.0	158.5	200.8
<i>including</i>					

Pokrovskiy	<i>oz '000</i>	57.3	52.2	149.0	144.3
Pioneer	<i>oz '000</i>	0	20.8	9.5	56.5

Pioneer mine

During the third quarter, the Pioneer mine increased production by 94% to 34,400 oz compared to 17,700 oz in the same period in 2008, in part due to the steady performance of the plant's first line and also the commissioning of the second line which subsequently was ramped up to reach full capacity by the end of September. This was achieved in spite of plant maintenance, the processing of lower head grades through the first mill (due to scheduled advanced stripping works at the Andreevskaya ore body) and the decision to leave the first gold produced by the second production line in the circuit for stripping in the 4th quarter. Intensive mining at Andreevskaya during the third quarter and the successful commissioning of the second line has resulted in the project now operating at in excess of design capacity according to schedule. The combined throughput at the Pioneer mills (>180,000 tonnes per month of ore) producing circa 35,000oz per month fully supports the full year production target.

Pioneer Mining and Processing Operations

Pioneer Mining Operations					
	<i>Units</i>	Q3 2009	Q3 2008	9 months to 30 Sept 2009	9 months to 30 Sept 2008
Total Material Moved	<i>m³ '000</i>	2,617	749	6,120	2,007
Ore Mined	<i>t '000</i>	414	100	813	274
Grade	<i>g/t</i>	3.1	13.8	6.5	11.0
Gold	<i>oz '000</i>	42	44	171	97
Pioneer Processing Operations					
	<i>Units</i>	Q3 2009	Q3 2008	9 months to 30 Sept 2009	9 months to 30 Sept 2008
Resin in Pulp Plant					
Ore from pit***	<i>t '000</i>	191	276	452	364
Average grade	<i>g/t</i>	6.8	4.1	10.4	3.7
Ore from stockpile***	<i>t '000</i>	-	-	60	-
Average grade	<i>g/t</i>	-	-	3.7	-
Total milled	<i>t '000</i>	191	276	512	364
Average grade	<i>g/t</i>	6.8	4.1	9.6	3.7
Gold content	<i>oz '000</i>	42	36	158	43
Recovery rate	<i>%</i>	82.3	49.1	90.3	48.3
Gold Recovered	<i>oz '000</i>	34.4	17.7	143.0	20.8

***In the H1 2009 Trading Update ore from pit should be read as ore from stockpile and ore from stockpile should be read as ore from pit.

Alluvial Production and Joint Ventures

The Company's joint ventures and alluvial operations contributed a further 44,700oz year-to-date (compared to 47,300oz in the same period of 2008) in line with the Group's forecast.

Development

Pilot plant

The Company has completed a US\$12 million state-of-the-art pilot plant in Blagoveschensk capable of testing all aspects of gold and iron ore preparation and treatment, including a pilot scale autoclave. Commissioning of this metallurgical testing plant will significantly facilitate development of various beneficiation processes for the Group's development projects.

Pioneer

Earlier than scheduled delivery of the heavy equipment from China and completion of the required buildings allows for a five month improvement in the commissioning schedule of Stage 3 from August to March 2010. It is hoped that this will enable the Group to take greater advantage of the present high gold prices.

Malomir

Construction at Malomir continued during the third quarter with significant progress being made with site clearance, accommodation camp construction and at the process plant substation. The mining fleet for Stage 1 has been delivered and is currently in operation whilst all remaining equipment deliveries are scheduled for the winter months between November 2009 and March 2010. The Stage 1 process plant is currently on track to be operational during the second half of 2010.

Kuranakh

At the Kuranakh project, construction has continued at the Olekma beneficiation plant site. It is expected that construction should be completed by the end of the year.

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 Listing and Disclosure and Transparency Rules, the Company is under no obligation to update the information contained in this release.