

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 interim results for the six months to 30 June 2009 which are expected to be issued on 27 August 2009.

Highlights

Production Update:

- Total first half attributable gold production¹ of c.222,600oz, up 54% on the same period last year. Historically, production during the first half of the year is lower than the second half due to more significant contribution from alluvial and heap-leach operations in the second half. Production in H2 2009 will be additionally boosted by the commissioning of the second processing line at Pioneer;
- Pioneer deposit’s first half gold production of 118,100oz² (compared with 38,800oz² in H1 2008) reinforces the Group’s confidence in delivering its full year production target of approximately 500,000oz;
- Pioneer deposit’s expansion works remain on track with the second mill expected to ramp up to full capacity in September 2009;
- Pokrovskiy deposit’s first half gold production was 91,700oz² (compared with 92,100oz in H1 2008), in line with the Group’s forecasts;
- PHM’s joint ventures and alluvial operations contributed a further c.12,800oz (compared with c.13,700oz in H1 2008) to total production for the first half;
- The Group sold 210,000oz of gold in H1 2009 (versus 118,800oz in H1 2008). Joint ventures do not form part of the Group’s gold revenues and are therefore excluded from the gold revenue numbers.



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Gold Price and Costs

- Unit costs at the Pokrovskiy and Pioneer deposits for the first half of the year were in line with the Group's internal forecasts for the first six months of the year;
- Average realised gold sales price of US\$917/oz, up c.2% on the same period last year;

Exploration and Development

- Malomir project on track for commissioning in the second half of 2010;
- Kuranakh's Olekma iron ore processing plant on track for commissioning at the end of 2009;
- Group exploration activities have produced promising results in the first half which are expected to be published in detail with the Group's interim results on the 27 August 2009.

¹Total 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%.

²In H1 2009, some of the gold from Pioneer deposit was processed through Pokrovskiy mill. Pioneer gold processed through Pokrovskiy mill is included in the Pioneer deposit figures. Figures for H1 2008 are restated accordingly.

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

"The increase in gold production during the first half of 54% compared to the same period a year ago is in itself very pleasing and gives us considerable confidence about our production growth plans at Pioneer and Malomir.

"We have remained resolute in our efforts to manage costs and guard our position as a low cost producer and I am pleased to report a solid performance in this respect. In our iron ore business, the Olekma processing plant is on track for commissioning at the end of 2009 and we are pleased to see some signs of recovery in the iron ore market."

Table 1: Total Attributable Gold Production

Summary Production	<i>6 months to 30 June</i>		
	2009	2008	Var. %
Mine	<i>'000oz</i>	<i>'000oz</i>	
Pokrovskiy deposit ³	91,700	92,100	(0.4%)
Pioneer deposit ³	118,100	38,800	204.4%
JV and Alluvials	12,800	13,700	(6.6%)
Total	222,600	144,600	53.9%

³In H1 2009, some of the gold from Pioneer deposit was processed through Pokrovskiy mill. Pioneer gold processed through Pokrovskiy mill is included in the Pioneer deposit figures. Figures for H1 2008 are restated accordingly.

Pokrovskiy deposit

All of the Pokrovskiy deposit's operations performed in line with expectations in the first half, yielding 91,700oz of gold (excluding Pioneer ore processed via the Pokrovskiy mill). This figure is in line with the corresponding period in 2008 and the Company's plan. In the first half of 2009, part of the mining fleet from the Pokrovskiy mine was relocated to Pioneer to meet increasing volumes there.

Recovery rates at the RIP plant in the first half were slightly lower due to the significant proportion of primary material in the blend for the mill. Some of the decrease in ore (-24% versus H1 2008) stacked at heap leach pads was due to unfavourable weather conditions in May and June.

Table 2: Pokrovskiy Mining and Processing Operations

Pokrovskiy Mining Operations				
		<i>6 months to 30 June</i>		
	<i>Units</i>	2009	2008	Var. %
Mining				
Total Material Moved	<i>'000 m³</i>	2, 641	2,899	(8.9%)
Ore mined	<i>t '000</i>	972	1,059	(8.2%)
Average grade	<i>g/t</i>	2.8	3.2	(12.5%)
Gold content	<i>oz '000</i>	87.5	107.5	(18.6%)
Pokrovskiy Processing Operations				
		<i>6 months to 30 June</i>		

	<i>Units</i>	2009	2008	Var.%
Resin in Pulp Plant				
Ore from pit	<i>t `000</i>	572	632	(9.5%)
Average grade	<i>g/t</i>	3.9	4.3	(9.3%)
Ore from stockpile	<i>t `000</i>	263	125	110.4%
Average grade	<i>g/t</i>	3.9	3.6	8.3%
Pioneer Ore	<i>t `000</i>	35	81	(56.8%)
Grade	<i>g/t</i>	10.0	15.8	(36.7%)
Total milled	<i>t `000</i>	870	837	3.9%
Average grade	<i>g/t</i>	4.2	5.3	(20.8%)
Gold content	<i>oz `000</i>	116.2	142.4	(18.4%)
Recovery rate	<i>%</i>	83.9%	86.7%	(3.2%)
Gold recovered	<i>oz `000</i>	97.5	123.5	(21.1%)
Heap Leach				
Ore stacked	<i>t `000</i>	311	410	(24.1%)
Average grade	<i>g/t</i>	0.8	0.8	-
Gold content	<i>oz `000</i>	8	11	(27.3%)
Recovery rate	<i>%</i>	44.0%	39.0%	12.8%
Gold recovered	<i>oz `000</i>	3.6	4.3	(16.3%)
Total				
Gold recovered	<i>oz `000</i>	101.1	127.8	(20.9%)
<i>including</i>				
Pokrovskiy	<i>oz `000</i>	91.7	92.1	(0.4%)
Pioneer	<i>oz `000</i>	9.4	35.7	(73.7%)

Pioneer deposit

During the first half, mining volumes were increased almost threefold compared with the same period in 2008 in order to provide uninterrupted feed for the current increased capacity rate of the Pioneer mill and to prepare for the mill's further expansion in the second half of

2009. Consequently, the mining fleet was also expanded with additional excavators, bulldozers and 90 tonne pit trucks.

The new plant performed consistently and in line with its internal design parameters.

The Andreevskaya deposit continued to produce high grade material throughout the first half of the year and thus the decision was taken to process all ore through the sorption plant without using the heap-leach operations in order to optimise gold recoveries.

Table 3: Pioneer Mining and Processing Operations

Pioneer Mining Operations		<i>6 months to 30 June</i>		
	<i>Units</i>	2009	2008	Var. %
Total Material Moved	<i>`000 m³</i>	3,503	1,258	178.5%
Ore Mined	<i>`000 t</i>	399	174	129.3%
Grade	<i>g/t</i>	10.1	9.5	6.3%
Gold	<i>`000 oz</i>	129.0	52.8	144.3%
Pioneer Processing Operations⁴				
		<i>6 months to 30 June</i>		
	<i>Units</i>	2009	2008	Var.%
Ore from pit	<i>t`000</i>	60	-	-
Average grade	<i>g/t</i>	3.7	-	-
Ore from stockpile	<i>t`000</i>	261	88	196.6%
Average grade	<i>g/t</i>	13.1	2.5	424.0%
Total milled	<i>t`000</i>	321	88	264.8%
Average grade	<i>g/t</i>	11.3	2.5	352.0%
Gold content	<i>oz`000</i>	116.6	7.1	1,542.3%
Recovery rate	<i>%</i>	93.2%	43.7%	113.3%
Gold recovered	<i>oz`000</i>	108.7	3.1	3,406.5%

⁴Does not include material processed by the Pokrovskiy mill

Pioneer development

During the first half, the second mill and associated equipment were installed and testing of mills and pumps has commenced.

Construction of all facilities required by the increased capacity of the mine (accommodation, canteen, office buildings and workshops) has also been completed.

Alluvial Production

The Group's alluvial mining operations, OAO ZDP Koboldo, ZAO Amur Dore and OOO Elga, produced c.5,400 oz of gold in the first half of the year, which was a c.13% increase on the same period in 2008. Extensive exploration was carried out at seven new sites with potential to add to current gold reserves.

Joint Ventures

Omchak Joint Venture

Omchak produced c.14,000oz of gold in the first half of 2008, in line with expectations. PHM's attributable share of production was c.7,000oz .

Omchak also carried out exploration at three projects in the Chita Region in accordance with approved plans and licence conditions.

Amur Region Joint Ventures

In the first half of 2009, OOO Odolgo JV (formerly the Rudnoye JV) produced c.900oz with PHM having a 50% share.

Project update

Malomir

The rapid development of the Malomir project continued in the first half of 2009. The project's powerlines and all main internal roads were completed with construction of other support facilities also progressing according to plan. The sites for the plant and tailings dam have been prepared and construction of the main plant area has started

A new mining fleet has been delivered and in August 2009, advanced stripping will commence at the Quarzitovoye deposit. Further deliveries are due by October and with contracts already signed, it is expected that all remaining equipment will be delivered to the site between November 2009 and March 2010.

Kuranakh

Construction has continued at the Olekma process plant site. The concrete foundation plinths are complete and the majority of the larger equipment has been installed including the ball mills, thickeners and driers. All of the remaining equipment necessary for completion of the plant has been delivered to the site and the heating plant, currently under construction, will be operational by winter. The plant is on schedule for commissioning in the second half.

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:

The Dial-in number in the UK will be: **0800 953 0937**

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

Elsewhere, the Dial-in number will be: **+44 (0)1452 569 103**

The Conference ID in all cases will be: **20217449**

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