Aricom plc

("Aricom" or "the Company" or "the Group")

Interim Report for the six months to 30 June 2008

Aricom plc (LSE:ORE, OREW), the Anglo-Russian developer of mineral resources, issues these interim financial results for the six months to 30 June 2008 ("the Period") further to the interim management statement released in May.

Highlights of the interim financial results and progress during and following the Period include:

- First sales of iron ore pre-concentrate from Kuranakh shipped in June 2008
- Net assets at end of the Period increased to US$1.2 billion (31 December 2007: US$1.1 billion)
- Cash and cash equivalents and short-term investments at end of Period of US$392 million (31 December 2007: US$498 million)
- Reduced loss for the Period of US$2.5 million (for six months to 30 June 2007: loss of US$5.3 million)
- Increase in ownership in Garinskoye project to 99.58% and analysis of optimised project study
- Appointment of Tony Redman as an independent Non-Executive Director
- Acquisition of options to purchase Garinskoye Flanks and Kostenginskoye licences
- Construction of Kuranakh project scheduled to be completed in Q2 2009
- Commencement of debt financing process for K&S and Garinskoye development and appointment of financial adviser
- Progress on infrastructure projects: bridge and port

Pavel Maslovskiy, Chairman, said:

"I am delighted to report that Aricom has continued its strong performance in the first half of 2008 and has reached another milestone in the progress of the Group from developer to revenue producer. In June, we completed our first sales from Kuranakh proving a critical stage in the Group's evolution. All the team at Kuranakh can be immensely proud of what has been achieved to date and I look forward to the official opening of the mine in the second half of the year after the expected commencement of regular shipments in September.

The achievements at Kuranakh stand us in good stead for the development of our larger projects, K&S and Garinskoye, both of which continued their good progress in the first half of the year. We are due to deliver project studies in the second half of the year which I am confident will re-emphasise the robustness of both investment propositions and provide us with a strong platform for our approach to the debt markets. These studies will benefit from the optimisation programme that foresees both K&S and Garinskoye ore being beneficiated at a plant at K&S. In that regard, in May 2008 we announced the appointment of a leading international investment bank to act as financial adviser for the funding for further development of both projects and we have had positive initial discussions with a number of banks.

Our acquisition programme continued in the first half of 2008 with the purchase of options to acquire the Garinskoye Flanks and Kostenginskoye licences. Both these projects are in areas the Group knows well and will be an exciting expansion to the portfolio, virtually doubling our attributable reserves and resources. Aricom is now in the enviable position of having both a near term and a long term organic growth pipeline.

I believe that Aricom remains in an excellent position to capitalise on the continuing strong fundamentals for its business. Iron ore markets remain strong, particularly with the recent settlement of contract prices at record levels and with the pig iron price also rising to unprecedented levels."

CONFERENCE CALL

A conference call to discuss the announcement will be hosted by Aricom, on Wednesday 6 August 2008 at 11:00 UK time.

Details to access the conference call are as follows:

– Dial-in number in the UK will be: **020 3140 9064** and internationally will be **+44 20 3140 9064**

– Participant PIN code in both cases: **176444#**

In advance of this call, participants should find the results presentation on Aricom's website from 10:00 UK time.

Project Update

KURANAKH PROJECT – Titanomagnetite Deposit nearing Commissioning Stage

H1 2008 Highlights

- **First sales of iron ore concentrate**

- **Crushing and screening plant at pre-commissioning phase**

Background: OOO Olekminsky Rudnik ("Olekma"), a 100% owned subsidiary of Aricom, holds the licence for the exploration and exploitation of the Kuranakh ilmenite and titanomagnetite deposit in the north west of the Amur Region.

The licence covers an area of 85 square kilometres and was explored extensively both during the Soviet era and subsequently by Aricom.

Eight individual ore zones were identified within the licence area along a strike length of five kilometres and over a width of 1.5 kilometres. Two ore zones, Ore Zone 1 and Ore Zone 3, are scheduled for mining by open-pit methods, as they are currently believed to host the highest grades and lowest stripping ratios. According to the feasibility study these two ore zones support a mine life of 15 years. However the Directors believe that with further successful exploration this period could be extended as the other six ore zones may be exploited.

2008 Construction Progress:

First Shipment
On 19 June 2008, Aricom announced that it had completed the first product sales from Kuranakh. The shipped product was an iron ore pre-concentrate that was mined and processed from the Kuranakh deposit. This was an initial sale from previously stockpiled material and was delivered from the Group's loading yard at the Olekma railway station, proving Aricom's ability to deliver to market. It is expected that regular monthly shipments will commence in September 2008.

Crushing and Screening Site
The construction works at the crushing and screening site are approaching completion following delays earlier in the year due to bad weather and equipment supply issues. In January / February the works were stopped for a period due to extremely low temperatures and in March high winds delayed the erection of building panels.

The current status of the works is as follows:

- The administration and maintenance building is complete and operational and was used for storing equipment and machines during winter.

- The foundations and metal cladding for all of the other buildings are complete.

- Primary crusher – the 32 tonne bridge crane, the jaw crusher and the feeder have all been installed; the foundation for the hopper platform is being constructed; and installation of the conveyor to the primary stockpile is in progress. The cable ducts are being installed ready for automation.

- Secondary crusher – the installation of the roof and wall panels and the bridge crane is complete; the cone crushers have been installed.

- Foundation works for the coarse and fine ore stockpiles and conveyor galleries are almost complete.

- All of the boiler equipment has been delivered to the site and is being installed. The heating plant is expected to be ready by the end of August 2008.

Mining works
Good progress has been made with the stripping works in the Saikta open pit during the Period. Horizons 740-770 have been mined using two EKG shovels, seven Volvo articulated trucks, one Atlas Copco L8 drill, an ANFO truck and T35 bulldozers.

25,728 linear metres of blast holes had been drilled by the end of June. A surveyed total of 350,700 cubic metres of overburden had been moved by the end of June. The first ore body was exposed at the 745 horizon. The overburden material is being moved to the dumps or used to build the haulroads in and around the site.

Operational data (January – June 2008)

	Unit	2008						
		January	February	March	April	May	June	Total
Total drilled	**l.m.**	**4,081**	**2,252**	**3,715**	**4,764**	**6,999**	**3,916**	**25,728**
Total blasted	**000 m^3**	**20.7**	**0.0**	**91.0**	**43.4**	**94.2**	**38.8**	**288.1**
Waste stripping works: horizons								
770	000 m^3	5.5	8.3	2.3	28.6	41.4	4.6	90.7
760	000 m^3	7.3	42.9	20.9	26.7	0.0	15.1	112.9
750	000 m^3	0.0	0.0	0.0	27.3	31.0	19.4	77.7
745	000 m^3	0.0	0.0	0.0	0.0	0.0	10.8	10.8
740	000 m^3	0.0	0.0	0.0	0.0	8.7	14.4	23.1
Total waste	**000 m^3**	**12.8**	**51.2**	**23.2**	**82.6**	**81.1**	**64.3**	**315.2**
Trenching works	**000 m^3**	**0.0**	**0.0**	**1.8**	**2.4**	**9.4**	**21.9**	**35.5**
Total mined	**000 m^3**	**12.8**	**51.2**	**25.0**	**85.0**	**90.5**	**86.2**	**350.7**

Mining Equipment
The erection of the five EKG5A electric rope shovels is proceeding on schedule. Two out of five shovels are working at the open pit. The third shovel has been assembled and is waiting to be relocated to the open pit when the second drill rig arrives. The fourth shovel is being assembled and the fifth one has been delivered to the site. 15 Volvo articulated trucks were delivered and started work at the site after Volvo representatives had conducted training for operators and mechanics. The ANFO truck has been commissioned and permitted and started work at the open pit in May.

Process Plant Site
Although delayed due to bad weather during the winter, some equipment delays and some significant optimisation changes to the initial design, construction works have continued during the first half of 2008. Construction and commissioning is now expected to be completed during the second quarter of 2009.

Preparation of foundation blocks for the process plant is nearly complete with three drills working at the site. Installation of the metal framework for the building has begun with the new 63 tonne crane. Aricom's contractor, LLC Kapstroy ("Kapstroy"), intends to complete the installation of the building framework and enclose all of the facilities with wall and roof panels before the start of winter. Thus, it will be possible to continue works on the foundations for the equipment and installation of the equipment in winter.

Accommodation Camp
By the end of June, the canteen, administration building, bath and laundry complex and two accommodation blocks were complete and ready for occupation. Construction of the third accommodation block and transitional galleries between levels is ongoing. The heating and water treatment systems are operational. The foundations are being prepared for two further accommodation blocks, the site laboratory and a shop.

Tailings Facility
The works on the tailings dam are complete except for a section of the dam wall which needs to be constructed.

Kuranakh Bridge
The bridge over the River Kuranakh between the Kuranakh mine and the Olekma plant has been constructed and reinforced. The rated capacity of the bridge has been tested by the Khabarovsk bridge specialist laboratory.

Fuel Facility and Explosives Storage
The tank farm and pumping and piping are complete and operational. The explosives storage is complete, licensed and operational.

Rail Connection
The works on the electric power line along the railway spur line are ongoing and close to completion. The assembly of the rail tracks and attachments to the mainline have commenced. The estimated completion date for the railway spur line is the end of September 2008.

Human Resources
A major activity has been the recruitment campaign for all levels of management and operators. The human resources department made visits to various training institutes in the Amur and other regions as well as conducting an extensive advertising campaign both in the Russian Far East and major university cities. Aricom has also commenced a full graduate training programme.

The Kuranakh project now has a total staff of 283 of which 230 are working directly at Kuranakh and a further 37 support staff are based at Aricom's Tynda office. There are a further 16 support staff in the Blagoveschensk regional office.

H2 2008 Programme

During the second half of 2008, construction will continue at the process plant site while the crushing and screening plant is expected to commence regular shipments in September. Aricom intends to sell this pre-concentrate to local steel manufacturers until such time as the main process plant is fully operational. Regular shipments of this pre-concentrate will begin shortly with a number of trains, each carrying approximately 3,000 tonnes, leaving regularly from the Group's new railway facilities at Olekma. Due to the ongoing construction at Olekma, ilmenite production is not expected to commence until the second quarter of 2009. However, Aricom currently expects the Kuranakh mine to produce a minimum of approximately 200,000 tonnes of ore in 2008. We expect to produce a minimum of approximately 100,000 tonnes of titanomagnetite pre-concentrate this year.

K&S PROJECT – Magnetite Iron Ore Deposit at Advanced Development Stage

H1 2008 Highlights

- **Completion of all geotechnical works at Kimkanskoye**

- **Good progress on confirmation drilling at Sutarskoye**

Background: Aricom indirectly owns 100% of LLC Kimkano-Sutarskiy Gorno-Obogatitelniy Kombinat ("KS GOK") which holds the licences to develop the K&S iron ore deposits. The licences over the two deposits were granted to KS GOK in February 2006 and have a term of 20 years, which is extendable with the consent of the licensing authority. The K&S deposits are situated within the south Malo-Khingansky metallogenic belt of the Jewish Autonomous Region ("EAO") of the Khabarovsk territory and are located at a distance of four kilometres to the west and 17 kilometres to the south respectively from Izvestkovaya railroad station on the Trans-Siberian Railway. The proximity to the Trans-Siberian Railway provides significant logistical advantages, which enhances the commercial attractiveness of the site. The Sutarskoye deposit is situated approximately 10 kilometres south of the Kimkanskoye deposit.

Kimkanskoye Licence: The licence covers an area of 22.4 square kilometres. The deposit is divided into seven ore zones of which the most important is the Central Zone. The ore, which is 80% magnetite and 20% haematite, has an average grade of 35.7% Fe. The magnetite can be recovered by conventional magnetic separation.

Sutarskoye licence: The licence covers an area of 27 square kilometres. The deposit is divided into three ore zones of which the main zone is the South Zone, which lies on either side of the Sutara river. The ore is mainly magnetite with some silicate magnetite with an average grade of 32.7% Fe.

H1 2008 Progress

Exploration
Geological exploration works were completed at Kimkanskoye and continued at Sutara by Aricom's contractor. By the end of June 2008, approximately 9,984 linear metres of drilling and 39,019 cubic metres of trenches were completed using a total of five exploration borehole drills. To accelerate the completion of the works, a subcontracted drilling company was retained. In order to continue the drilling works in the summer season, access roads have been built to the deposit.

Volumes of exploration works (January-June 2008)

		January	February	March	April	May	June	Total
Drills working	Units	5	6	6	5	4	4	
Drilling	l.m.	1,127	1,472	1,584	1,790	1,440	2,569	9,984
Trenching	m^3	6,441	2,486	6,000	13,945	8,847	1,300	39,019

Hydrogeological

At Kimkanskoye, hydrogeological exploration is approaching completion. Six hydrogeological boreholes have been drilled, lined and capped ready for pumping. A report was prepared and submitted for confirmation during April. In May, GKZ confirmed water reserves of 5,000 cubic metres per day. Test pumping of underground aquifers was completed in May and, subject to final analysis, Aricom believes that the water has all of the qualities of potable water. The hydrological works at the Kimkanskoye River and hydrological exploration works at Sutara are ongoing.

Geotechnical

Geotechnical exploration is complete in the area of the accommodation camp and the process plant. In April 2008, the geotechnical exploration in the area of the tailings management facility was completed. Results of this geotechnical work are being analysed and will be consolidated into the combined K&S and Garinskoye feasibility study. At Kimkanskoye, a local drilling company is testing the overburden stripping material to determine whether it can be used for construction purposes.

Designers

In February, a contract was signed with a Russian engineering company to prepare a preliminary design for the process plant. The work on the combined feasibility study for processing K&S and Garinskoye ores is ongoing. The contract has been signed with a St Petersburg company to develop a block model of the Kimkanskoye deposit which will generate JORC reserves and resources for both K&S and Garinskoye.

IFC Visit

Representatives of the International Finance Corporation ("IFC") visited the project site in February, and met with the representatives of regional and local authorities who reiterated their complete support for both the K&S and Bridge projects. The meeting also discussed the issues of new workplaces, attracting employees and environmental issues.

Public Consultations

Public consultations on the development were organised by the EAO government, the Obluchensky District administration and Aricom and were conducted on 25 June 2008. The issues discussed included the social and environmental impacts of the project, regional infrastructure development, new employment opportunities and the effect on local fisheries. Participants unanimously supported the construction of the mining and metallurgical complex in the area.

H2 2008 Programme

Aricom has commissioned a feasibility study for the combined processing of K&S and Garinskoye ores in a central process plant to be located at K&S. The feasibility study is being carried out by Peter Hambro Mining Engineering ("PHME") and is expected to be completed by the end of August 2008.

In the third quarter of 2008, the design of infrastructural facilities is expected to be completed by PHME and construction will begin. Aricom currently anticipates that geological, hydrogeological and geotechnical exploration will be complete, on schedule, by the end of 2008 and that the Kimkanskoye deposit will commence operations in 2010 and reach full production in 2011. Production at Sutarskoye should commence in 2013, in accordance with the provisions of the licence.

Procurement and construction

Aricom has begun a large-scale procurement compaign and is planning to complete it by the end of 2008. The negotiations are ongoing with equipment manufacturers to supply K&S and Garinskoye projects with crushers, screens, ball mills, magnetic separators, and specialised vehicles. Aricom is also reviewing the possible use of a conveyor to transport pre-concentrate.

Negotiations are also ongoing with a number of potential construction contractors for the mining, processing and infrastructure requirements. Aricom will consider further potential contractors and equipment suppliers on a case–by-case basis. It is intended that one of contractors will construct some of the temporary facilities required for the project before being considered for further major contracts.

GARINSKOYE – Magnetite Iron Ore Deposit at Advanced Development Stage

H1 2008 Highlights

- **Completion of initial exploration drilling**
- **Mineable reserve of approximately 220mt at a grade of 38%**

Background: Following a tender process, the licence was issued to LLC Amurmining (subsequently renamed to LLC Garinskiy Mining and Metallurgical Complex ("Garinskiy" or "GGMK") on 27 December 2006 and re-issued to Garinskiy on 19 June 2007 by Rosnedra. Under the licence, Garinskoye has the exclusive right to extract iron ores within the licenced territory.

Aricom indirectly holds 99.58% of Garinskiy. The supporting documentation provided as part of the tender estimated that the deposit contained iron ore reserves and resources of 388.8 million tonnes in the Russian categories A, B, and C with an average grade of 41.3% and 2,590 million tonnes of Russian categories P1 and P2 contained in the flanks. Of the A, B and C1 categories, 39% (82.5 million tonnes) were defined as 'rich ore' and contained an average grade in excess of 50% Fe of which 67.7 million tonnes had an average grade of 55.7%. Fe. The 12 square kilometres licence area is situated in the Mazanovsky District in the Amur Region, 150 kilometres north east of Svobodny.

H1 2008 Progress:

Exploration

The programme of exploration drilling is ongoing. Confirmation and geotechnical drilling was ongoing throughout the winter months of 2007/2008 but had to stop in April due to unfavourable weather conditions. In the first quarter of 2008, 3,453 metres of geotechnical drilling was completed. The study of the pit wall stability began in March and is being performed by a St. Petersburg based company. This will continue during the next drilling season.

Design

Giproruda is completing the pre-feasibility study for Garinskoye. This study contains the major technical and economic indicators for the project. A key development of this study is the optimisation of the production and capital programme. This optimisation foresees the combined processing of K&S and Gainskoye ores at a larger K&S plant.

Environmental

A contract has been signed with a local contractor specialising in environmental studies to prepare the OVOS (environmental impact study) for the Garinskoye project. The preliminary OVOS, based on a search into environmental baseline conditions, will be finished in October and the results of this research will be incorporated into the final report to be issued in 2009.

Recruitment, Training and the Community

An evaluation programme has been developed to select local high school students who will receive an Aricom scholarship to study at Russian Far East universities. Aricom will guarantee the students employment at the end of their study period. Primary selection interviews took place in March and a number of students were selected to participate in the programme starting in September 2008.

H2 2008 Programme

In the second half of 2008, the combined K&S and Garinskoye feasibility study will be completed by PHME. It will be based upon geological block modelling completed by Russian and UK consultants and the pre-feasibility study for Garinskoye completed by Giproruda.

Procurement and Construction

Aricom has begun a large-scale procurement compaign and is planning to complete it by the end of 2008. The negotiations are ongoing with equipment manufacturers to supply K&S and Garinskoye projects with crushers, screens, ball mills, magnetic separators, and specialised vehicles. Aricom is also reviewing the possible use of a conveyor to transport pre-concentrate.

The geotechnical research and work on receiving approvals for the construction of the access roads and other infrastructure commenced in July. Construction of the road is expected to commence in Q4 2008. Early stage discussions are ongoing with a number of potential construction contractors for the mining, processing and infrastructure requirements. Aricom will consider further potential contractors and equipment suppliers on a case-by-case basis. It is intended that one of contractors will commence construction of the access road to Garinskoye before being considered for further major contracts.

BOLSHOI SEYM PROJECT–Titanomagnetite Exploration Deposit

H1 2008 Highlights

- **Good progress with exploration drilling campaign.**

Background: The Group has a 49% stake in LLC Uralmining ("Uralmining"), a Russian company holding the licence to develop the Bolshoi Seym deposit. The other 51% is owned by Managing Company Intergeo LLC ("Intergeo"), a company related to the Oneksim investment group, a large Russian private investment company.

The Bolshoi Seym deposit is located in the Tyndinskii region, 27 kilometres from the Yukatala station (on the Baikal Amur Railway ("BAM")) and 40 kilometres to the south east of Olekma where Aricom is constructing its Kuranakh project process plant. The Directors believe it represents a possible natural extension to Aricom's activities in this area.

The licence covers an area of 26 square kilometres. The licence was granted to Uralmining in November 2005 and has a term of 25 years which may be extended, with the consent of the licensing authority.

H1 2008 Progress:

Infrastructure
18 kilometres of access road have been built from the BAM to the site. An existing, old road from the accommodation camp to the deposit has been reconstructed over a length of 4 kilometres. In addition 1.5 kilometres of new roads have been built within the site. In Olekma, 40 kilometres to the north, the sample preparation and storage complex has been completed and equipped.

Exploration
The drilling operations have been conducted on a pattern 200 metres long by 100 metres wide. 49 inclined boreholes have been drilled in nine cross-sections. Most of the drilling operations were concentrated in the eastern ore zone. One cross-section intersected ore bodies of the western ore zone. Geophysical logging is ongoing in all of the boreholes. The drilling indicated ore bodies with a thickness of between ten to thirty metres. The ore bodies were explored to a depth of 400 metres.

Up to the end of June 2008, the following have been accomplished:

- 20,092 metres of drilling has been completed;
- 10,133 core samples have been taken;
- 5,000 cubic metres of trenching (nine trenches) has been completed;
- Two hydrogeological boreholes have been completed with 400 metres of drilling.

Geological and Environmental studies
As a part of environmental research, 46 samples of soil and four samples of water were taken in an area of 26 square kilometres and sent to a specialised laboratory in Blagoveschensk.

Recultivation plans were developed as part of the process for receiving approvals from the Russian Department of Land Use.

GARINSKOYE FLANKS AND KOSTENGINSKOYE

The exploration design programmes are under development for both Garinskoye Flanks and Kostenginskoye. Preliminary site surveying took place at Kostenginskoye but only initial site works were undertaken at Garinskoye Flanks.

GIPRORUDA

H1 2008 Highlights

- **Completion of the Garinskoye pre-feasibility study**

Background: Based in St. Petersburg and employing 159 people, Giproruda is one of Russia's most respected mining design institutes specialising in the analysis and design of open pit and underground mining projects. Giproruda has considerable experience in the design of open pits and underground mines in extreme mining, geological and climatic conditions. Aricom holds a 70.3% interest in Giproruda.

Iron ore is a key area of specialisation for the institute. This will be of specific benefit in the analysis and design of a number of Aricom's future and existing development projects. Giproruda will continue its work programme for other customers and estimates that it currently has a 60% market share in the project design services sector in the Russian mining sphere.

H1 2008 Progress:

During the first half of 2008, amongst its various projects, Giproruda conducted studies on:

- The Garinskoye pre-feasibility study (as described above);

- A Far East Russian oil and gas project for a third party;
- A gold project for a third party;
- A coal project – Aricom has a requirement for coal to use in heating plants, the metallisation process and potential power generation.

Unaudited results for H1 2008, including intra-group transactions are shown below:

Description	Unit	H1 2008
Engineering design studies income	US$m	5.6
Office rental/service income	US$m	0.6
Average number of staff		156
Total salaries	US$m	3.0
Average monthly salary/person	US$ 000	3.2
Engineering design income/person	US$ 000	36.1
Total cost of design works and rental services	US$m	3.2
Profit from design works and rental services	US$m	3.1

H2 2008 Programme

Giproruda will continue with the studies commissioned earlier in the year.

TITANIUM SPONGE PLANT – Downstream Chinese Joint Venture

H1 2008 Highlights

- **Completion of preliminary design of processing plant and equipment**
- **Start of preparation works at project site in Jiamusi**

Background: In June 2006, Aluminium Corporation of China ("Chinalco"), the largest nonferrous metal company in China, signed a Memorandum of Understanding ("MOU") with Aricom for the design and development of a titanium sponge production plant in China.

In May 2007, Aricom and Chinalco signed a Heads of Agreement setting out the general conditions of a proposed joint venture. In December 2007, a comprehensive feasibility study was completed by Shenyang Aluminium and Magnesium Institute ("SAMI"), a wholly owned subsidiary of Chinalco.

The intention is to source 100% of the ilmenite feedstock for the plant from Aricom's Kuranakh mine. Whilst Aricom is a mining company, this step downstream into the titanium metal process represents a move to try and capture the higher margins available in the processing of the ilmenite. The proposed joint venture would utilise Aricom's capital, production of ilmenite, expertise in titanium resources and technology together with Chinalco's capital, technologies, local power base and proficiency in engineering design/construction and metal production. Chinalco has committed to off-take 100% of the plant's titanium sponge production for the first 15 years.

H1 2008 Progress:

Project approval by the Chinese authorities
Aricom and Chinalco commissioned China Aluminum International Engineering Corporation Limited ("Chalieco"), a subsidiary of Chinalco, to prepare application reports and other documents required for the project approval by the Chinese authorities.

In July 2008, approvals from the Ministry of Environmental Protection and the Ministry for Land and Resources were obtained. The application to the China National Development and Reform Committee has been submitted, with approval expected in early August 2008. This will be followed by the signing of the joint venture contract and the commencement of construction in Jiamusi.

Engineering and preparatory works at site
In April 2008, the contract to conduct geological and seismic surveys at the construction area (including test drilling and results analysis) was awarded to a Chinese company from Xi'an. These works are necessary for the project approval and design.

In April, the Jiamusi Municipal Government began preparation of the area for construction, including demolition of the old industrial estate at the site and the resettlement of the nearby villagers. The site was fully cleared by the end of July 2008.

Design

The preliminary design of the processing plant and equipment was completed by the State Titanium and Design Institute of Ukraine (STI) in June 2008. Full preliminary design of the whole project, including infrastructure and other equipment, is expected to be completed by SAMI by the end of September 2008.

The initial groundwork is expected to commence in late August, with full-scale construction works commencing thereafter, subject to successfully obtaining the approvals set out above and the registration of the joint venture.

INFRASTRUCTURE: BRIDGE "NIZHNELENINSKOYE – TONGJIANG"

H1 2008 Highlights

- **Bridge location specified**
- **Consolidated Intergovernmental Agreement waiting for final approval with Russian Government**

Background: Aricom intends to participate in the construction of a bridge over the Amur River. The site is close to the Russian town of Nizhneleninskoye and the Chinese town of Tongjiang. The river at this location has an approximate width of one kilometre and a maximum depth of between approximately five to six metres. The Russian railway network has a connection to the town of Nizhneleninskoye from the Trans-Siberian Railway station at the capital of the EAO, Birobidjan. This connects the network to Nizhneleninskoye where there is an established crossing point of the river/border. This crossing is served by a natural ice bridge for approximately three months of the year and a ferry for the remainder of the year.

As a result of the work by the Government of the EAO, the Ministry of Transport of Russia, the Ministry for Economic Development of Russia, the Ministry of the Regional Development of Russia and Aricom, the construction of the railway bridge and the refurbishment of the Birobidjan-Leninsk railway branch are included in the federal special programme 'Economic and Social development of the Far East and Transbaikal before the year of 2013'. The project is also included in the 'Draft of the Strategy of development of railway transport in Russia before 2030'.

H1 2008 Progress:

The location of the bridge and its overall design have been finalised. The Russian and Chinese parties have selected the contractors who have conducted a wide range of geodetic, geological and hydrological tests at the project site.

Working meetings were conducted between Russian and Chinese design companies both in Blagoveschensk and in Tongjiang during which:

- The order of design works was determined;
- The major parameters of the bridge were agreed;
- The plan of future cooperation was specified.

A local design company has started preparation for the topographic surveying of the bridge's site and further construction and infrastructural design. The St.Petersburg Bridge Institute is working on the technical requirements for bridge construction. At the regional level, the process of receiving approval for the land allotment for the bridge site is ongoing with the Leninsk Regional Administration of the EAO.

In February, Aricom participated in the 5th Economic Forum and Investment Exhibition in Krasnoyarsk where in-depth information about the project was presented. In May, the project was presented at the International Exhibition, "Russian Transport – 2008" held in Sochi.

In the first half of 2008, the major activity was directed towards obtaining approvals for the consolidated text of the Intergovernmental Agreement. This will include the procedure for operation of the border crossing for people, materials and transport involved in the construction, maintenance and operation of the bridge. By June 2008, approvals were received from almost all of the Russian Ministries except for the Ministry of Regional Development. The agreement is also undergoing an approval procedure in China.

SEA TERMINAL IN THE SOVETSKAYA GAVAN GULF

H1 2008 Highlights

- **Sovetskaya Gavan was granted status of Special Seaport Economic Zone**

- **Active interest from potential clients**

Background: In order to reduce transport costs and to improve the number of logistical options for the Group's mining projects, Aricom is studying the viability of the design and construction of an iron ore transhipment terminal in Russia's Far East. The terminal would provide facilities for the unloading of incoming railway carriages, temporary storage of ore, and loading ore onto sea transport for further shipment to the global seaborne market.

The new terminal is expected to be constructed in the area of the existing Sovetskaya Gavan Sea Port situated in the Sovetsko-Gavanski Municipal District of Khabarovsk Krai. Located at the terminus of the BAM, Sovetskaya Gavan was proposed as the location of the new port in view of its proximity to Aricom's mining projects, convenient access to the BAM, and favourable hydrologic and meteorological conditions.

The project is supported by the Russian Federal Government and the Khabarovsk Krai local government, both of whom have included it in their long term development plans for the region. In addition, it is also part of the Russian railway authorities' development plans. Given the small scale of existing industrial enterprises in the Sovetsko-Gavanski Municipal District, the terminal may become a landmark enterprise in the area.

The Group leased a plot of land of 100 hectares on Maria Cape in Sovetskaya Gavan Bay for design and exploration works. Competitive selection of the contractor for the design and exploration works is being carried out.

H1 2008 Progress:

Following a successful tender procedure and approvals of all the relevant ministries, the land has been granted the status of a Special Economic Zone and Aricom is currently applying for the status of a resident of this zone.

Corporate Update

ACQUISITIONS

Completion of Garinskoye acquisition

In February 2008, Aricom completed the acquisition of a further 29.36% of the company holding the Garinskoye licence bringing the Group's interest in the project to 99.58%.

Garinskoye Flanks and Kostenginskoye

In March 2008, the Group announced that it had acquired options to purchase two further licences which would provide significant natural expansion potential to the existing K&S and Garinskoye projects. The licences comprise the Garinskoye Flanks licence, which covers an area of 3,530 square kilometres immediately surrounding Aricom's Garinskoye licence, and the Kostenginskoye licence, which covers an area located c.24 square kilometres to the south of Aricom's K&S project. Assuming the options are exercised, the two licences will virtually double Aricom's attributable reserves and resources from 1,442 million tonnes to 2,687 million tonnes.

HEALTH, SAFETY AND THE ENVIRONMENT

The Health Safety and Environmental (HSE) activities of the Group continue to be reviewed by the HSE Committee of the Board of Directors. The Committee has appointed Wardell Armstrong International (WAI) as independent HSE auditors. WAI will carry out twice yearly site inspections and report directly to the Committee. The first inspection of the Kuranakh and K&S sites was completed in early June.

The Committee instigated an accident reporting procedure in January. Accidents of any category are reported to a designated individual who then informs others according to the designated line of communication and category of the accident, as laid out in the procedure.

A further review of HSE and community related matters was conducted by the IFC in February. This visit resulted in an amended action plan in order to ensure that Aricom continues to meet IFC Performance Standards wherever practical.

The amended action plan covers:

- Public Consultation and Disclosure (completed);
- Labour and training policies (completed);
- List of all Aricom environmental permits and approvals received to date (completed);
- Site specific HSE monitoring plans (completed for Kuranakh);
- Environmental Health Safety Management System (ongoing);
- HSE Management Plan (ongoing);
- Environmental Response Plan (ongoing);
- Community Development Strategy (ongoing).

In June, K&S held a preliminary public consultation in order to brief the local representatives of the administration and members of the communities on the development of the project.

No environmental concerns arose during the first half of 2008 and there were no accidents involving Aricom employees. However, Aricom regrets that two employees of its construction contractor, Kapstroy, died in a fire at the accommodation quarters.

BOARD OF DIRECTORS

Aricom is pleased to announce the appointment of Mr Tony Redman as an independent Non-Executive Director of Aricom plc with effect from 1 January 2009.

Mr Redman, 59, has worked at Anglo American since 1970. In 1979 he moved to the Anglo Coal division, where he was appointed Managing Director in 1996 and Chairman in 2002. In 2005, he became Group Technical Director of Anglo American plc. He is also a Non-Executive Director of Anglo Platinum Limited, listed on the Johannesburg Stock Exchange and a Director of Anglo American South Africa Limited. He is currently a member of Anglo American's Executive Committee, the Investment Committee and the Safety and Sustainable Development Committee. He will retire from Anglo American at the end of this year. It is expected that Mr Redman will be invited to join all of the committees of the Board and will play a particular role in providing counsel on all technical and operational matters.

Sir Rudolph Agnew, who has served the Board as Special Advisor since Aricom's formation in 2003, has informed the Board that he will retire at the end of this calendar year.

RISKS AND UNCERTAINTIES

The exploration for and development of natural resources is a speculative activity that involves a high degree of risk. The Directors believe that the principal risks and uncertainties detailed on pages 55-61 of the annual report for the year ended 31 December 2007 remain unchanged. These risks and uncertainties material for the remaining six months of the financial year are summarised below:

- Geology and reserves risks – the Group's operations will be subject to all of the hazards and risks normally encountered in the exploration and evaluation of mineral deposits and metals exploration in particular;
- Implementation of new projects – the implementation of the Group's projects depends on agreements with third parties and governments' consents. There is no certainty that these will be achieved;
- The Titanium Sponge project may not proceed;
- The Group's mineral licences may be challenged, which may prevent or severely curtail the Group's exploitation of the affected mineral deposits;
- The Group's exploration, development and production licences may be suspended or revoked prior to their expiration;
- The Group may not be able to finance the Group's planned capital expenditures;
- The estimation of reserves and resources is subject to significant uncertainties and the estimates may be subject to restatement;
- Currency risk – the Group's results could be adversely affected by changes in the exchange rates between the currencies in which it operates;
- Environmental regulations;
- Operational considerations – a failure or delay in completion of operational goals on time and within budget may impact the Group's business, operations and financial performance;
- Lack of infrastructure may adversely affect the Group's ability to develop its resources;
- Labour – the Group faces the risk of increased liabilities in case of accidents and the risk that it will be unable to recruit required personnel for its operations;
- Uninsured risks – due to a number of reasons the Group is exposed to uninsured risks from operations. As a result it could incur material losses;
- Project development risks – a failure of management to manage effectively the Group's growth and development could have an adverse effect on the Group's business, operations and financial performance;
- Dependence on key personnel – the loss of one or more key personnel could have an adverse effect on the Group;
- Litigation – legal proceedings may arise from time to time in the course of the Company's business;
- Risks relating to the jurisdictions in which the Group operates;
- Risks relating to the Aricom securities, including liquidity and investment risks.

If any of these risks and uncertainties, together with possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Company's business, actually occur, the Company's business, financial position or operating results could be materially and adversely affected. It should be noted that this list is not exhaustive and that certain other risk factors may apply.

Financial Review

INTRODUCTION

The financial highlights presented in these unaudited interim accounts cover the six months to 30 June 2008.

PROJECT FINANCE

In May 2008, the Group appointed Morgan Stanley as financial adviser for the funding of construction and development of the K&S and Garinskoye projects. The Morgan Stanley team is mandated to provide advice on financing from a variety of possible sources including traditional project finance, access to debt capital markets, equipment and/or technology partner finance and the possibility for the involvement of a long term strategic project partner.

Morgan Stanley's debt advisory team is aiding Aricom with the conclusion of the project studies on K&S and Garinskoye so that the studies will be defined as 'Bankable Feasibility Studies'. Morgan Stanley is also aiding with the appointment of and negotiations with potential EPC contractors, offtakers and other independent consultants associated with the development of the projects. It is intended that a full information memorandum will be delivered to various banking groups during September 2008 with a request for indicative offers for providing a credit facility to meet Aricom's budget requirements. On the basis of the current forecast, the Group has sufficient cash resources for at least a further twelve months.

REVENUES

The Group recognised revenue from operations of US$4.2 million during the Period (period to 30 June 2007:nil), comprising US$4 million of revenue generated from its engineering services company, Giproruda, and the first sales of iron ore pre-concentrate of US$0.2 million.

In June 2008 the Group completed the first sales from its Kuranakh deposit. The shipped product amounted to approximately 4,000 tonnes of an iron ore pre-concentrate from previously stockpiled material.

RESULTS OF OPERATIONS

The Group made a loss before tax for the six months to 30 June 2008 of US$1.0 million, compared to a loss for the equivalent period in 2007 of US$ 8.1 million.

Administration expenses have increased as expected, from US$6.1 million to US$16.5 million primarily due to an increase in salary costs, other consultancy costs, rent and general overheads in connection with the expansion of the Group's activities.

In addition, in the corresponding period in 2007, there were no expenses in relation to the Long-Term Incentive Plan ("LTIP"), that was introduced in November 2007 and Giproruda's administrative expenses, which were consolidated from July 2007. During the six months to 30 June 2008 the aforementioned expenses were US$1.6 million each.

INVESTMENT REVENUES

Income from investments and cash balances has increased from US$3.8 million in the first half of 2007 to US$14.0 million in the first half of 2008, due to the amount of cash available for earning interest following the share placings in June 2007 and positive foreign exchange difference on deposits held in Russian Rouble denominated funds.

FINANCE COSTS

Finance costs decreased from US$5.8 million in the first half of 2007 to US$0.3 million in the first half of 2008. This is primarily due to the adverse impact of foreign exchange differences on the Group's US$ funds in 2007.

TAX

A current tax charge of US$3.8 million for the Period (six months to 30 June 2007: US$0.9million credit) has been recognised mainly relating to investment revenues earned during the Period, incremental UK tax on overseas profits and the operating profit generated by Giproruda.

A deferred tax credit of US$2.3 million (six months to 30 June 2007: US$1.8 million) has been recognised mainly reflecting the recognition of a deferred tax asset in respect of expenses at Olekma deferred for tax purposes.

FINANCIAL POSITION

The Group's balance sheet at 30 June 2008 and comparatives at 30 June 2007 and 31 December 2007 are summarised in the table below:

	As at 30 June 2008 US$'000	As at 30 June 2007 US$'000	As at 31 December 2007 US$'000
Non-current assets	**776,736**	475,815	569,768
Current assets	**443,959**	631,247	594,681
Total assets	**1,220,695**	1,107,062	1,164,449
Current liabilities	**(22,217)**	(13,632)	(13,174)
Non-current liabilities	**(10,711)**	(240)	(8,879)
Total liabilities	**(32,928)**	(13,872)	(22,053)
Net assets	**1,187,767**	1,093,190	1,142,396

Compared to the position at 31 December 2007, net assets increased by US$45.4 million to US$1.2 billion, relating mainly to an increase in property, plant and equipment of US$39.4 million following the issue of consideration shares as part of the acquisition of a further 29.36% interest in the Garinskoye project.

A loan of US$65 million issued to Olis Constructions Ltd ("Olis") during 2007 was included in the current assets balance at 31 December 2007. The loan was settled in February 2008 as an offset against the purchase consideration payable to Olis for the acquisition of a further 29.26% interest in the Garinskoye project.

ACQUISITION OF ASSETS

The Group completed the acquisition of a further 29.36% interest in the Garinskoye project from Olis and PBO Handelsges M.B.H ("PBOH") during the Period.

In addition, the Group acquired options to purchase the Kostenginskoye and Garinskoye flanks licences.

These acquisitions are detailed in note 13 to the condensed set of the Financial Statements.

PROPERTY, PLANT AND EQUIPMENT

A further US$48.6 million was invested in property, plant and equipment during the Period mainly related to the construction at Kuranakh. Following the completion of an acquisition of a further 29.36% interest in Garinskoye, approximately US$111 million was allocated to Mining Properties and Leases.

CASH AND CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

Cash and cash equivalents and short-term investments decreased by US$106.7 million to US$391.8 million, which is mainly due to the acquisition of options to purchase two further licences, namely Kostenginskoye and Garinskoye flanks and investment in property, plant and equipment.

The Group has a large cash balance which is carefully managed to reduce exposure to any one financial institution or to foreign exchange fluctuations. It is held substantially with blue chip institutions in order to minimise credit risk. The Group holds deposits in USD, GB Pounds and Russian Roubles, as appropriate, so as to hedge against currency exposure.

INTERIM RESULTS

As detailed in the annual report for the year ended 31 December 2007, management determined that the functional currency of Aricom plc changed from USD to GB pounds in the first half of 2007. To reflect this change, the interim results for the six months to 30 June 2007 have been restated. Consequently, the restated loss for the six months to 30 June 2007 is US$4.5 million higher than previously reported due to the increase in exchange losses reflected in the income statement. There is no change in results for the year ended 31 December 2007 or the net assets at that date.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 16 to the condensed set of the Financial Statements.

EVENTS AFTER BALANCE SHEET DATE

Events after the balance sheet date are set out in note 17 to the condensed set of the Financial Statements.

Brian Egan
Chief Financial Officer
5 August 2008

Responsibility statement

We confirm that to the best of our knowledge:

(a) The condensed set of financial statements has been prepared in accordance with IAS 34 "Interim financial reporting";

(b) The interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

(c) The interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

By order of the Board

Jay Hambro
Chief Executive Officer

Brian Egan
Chief Financial Officer

Independent Review Report to Aricom plc

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months to 30 June 2008 which comprises the condensed consolidated income statement, the condensed consolidated balance sheet, the condensed consolidated statement of recognised income and expense, the condensed consolidated cash flow statement and related notes 1 to 17. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements 2410 issued by the Auditing Practices Board. 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, 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 Disclosure and Transparency Rules of the United Kingdom Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union. The condensed set of 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 set of 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 inquiries, 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 set of Financial Statements in the half-yearly financial report for the six months to 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 Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte & Touche LLP
Chartered Accountants and Registered Auditor
5 August 2008
London, UK

Condensed Consolidated Income Statement

	Note	2008 Six months to 30 June US$'000	2007 Six months to 30 June US$'000	2007 Year ended 31 December US$'000
Revenue	4	**4,164**	–	4,938
Cost of sales		**(1,993)**	–	(3,153)
Gross profit		**2,171**	–	1,785
Distribution costs		**(99)**	–	–
Administrative expenses		**(16,484)**	(6,107)	(24,937)
Other operating income		**109**	25	475
Share of results of associates		**(322)**	44	(59)
Operating loss		**(14,625)**	(6,038)	(22,736)
Investment revenue		**13,998**	3,783	21,453
Finance costs		**(343)**	(5,843)	(602)
Loss before tax		**(970)**	(8,098)	(1,885)
Tax (charge)/credit	5	**(1,514)**	2,766	1,996
(Loss)/Profit for the period		**(2,484)**	(5,332)	111
Attributable to:				
Equity holders of the parent		**(2,706)**	(4,559)	1,040
Minority interest		**222**	(773)	(929)
		(2,484)	(5,332)	111
Earnings per share				
Basic	6	**US$ (0.00)**	US$ (0.00)	US$0.00
Diluted	6	**US$ (0.00)**	US$ (0.00)	US$0.00

The notes on pages 21 to 30 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Statement of Recognised Income and Expense

	2008 Six months to 30 June US$'000	2007 Six months to 30 June restated US$'000	2007 Year ended 31 December US$'000
Exchange differences on translation of foreign operations	**(102)**	9	2,168
Equity element of deferred tax arising on share options	**(24)**	–	199
Net (expense)/income recognised directly in equity	**(126)**	9	2,367
(Loss)/profit for the period	**(2,484)**	(5,332)	111
Total recognised income and expense for the period	**(2,610)**	(5,323)	2,478
Attributable to:			
Equity holders of the parent	**(3,027)**	(4,550)	3,208
Minority interests	**417**	(773)	(730)
	(2,610)	(5,323)	2,478

The notes on pages 21 to 30 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet

	Note	As at 30 June 2008 US$'000	As at 30 June 2007 restated US$'000	As at 31 December 2007 US$'000
Non-current assets				
Goodwill		**58**	58	58
Other intangible assets		**835**	–	427
Property, plant and equipment	7	**720,095**	462,005	561,438
Investment in associates		**2,532**	8,201	2,854
Financial asset investments		**–**	2,981	–
Deferred tax asset		**7,771**	2,463	4,879
Other non-current assets	8	**45,445**	107	112
		776,736	475,815	569,768
Current assets				
Inventories		**4,353**	628	2,015
Trade and other receivables		**47,823**	14,005	29,077
Loan receivable from a related party		**–**	–	65,111
Short-term investments		**–**	40,580	91,791
Cash and cash equivalents	9	**391,783**	529,521	406,687
Derivative financial instruments		**–**	18,437	–
Other financial assets		**–**	28,076	–
		443,959	631,247	594,681
Total assets		**1,220,695**	1,107,062	1,164,449
Current liabilities				
Trade and other payables		**(18,494)**	(13,632)	(12,728)
Current tax liabilities		**(3,723)**	–	(446)
		(22,217)	(13,632)	(13,174)
Net current assets		**421,742**	617,615	581,507

The notes on pages 21 to 30 form an integral part of this condensed consolidated interim financial information.

Condensed Consolidated Balance Sheet
(continued)

	Note	As at 30 June 2008 US$'000	As at 30 June 2007 restated US$'000	As at 31 December 2007 US$'000
Non-current liabilities				
Deferred tax liability		**(5,766)**	(240)	(5,014)
Other non-current liabilities		**(2,425)**	–	(1,571)
Long-term provisions	10	**(2,520)**	–	(2,294)
		(10,711)	(240)	(8,879)
Total liabilities		**(32,928)**	(13,872)	(22,053)
Net assets		**1,187,767**	1,093,190	1,142,396
Equity				
Share capital	11	**2,204**	1,774	2,147
Share premium account	12	**1,170,126**	917,197	1,130,638
Own shares	12	**(20,256)**	–	(20,256)
Share option reserve	12	**10,615**	10,387	10,378
Translation reserve	12	**1,672**	6,104	1,969
Other reserves	12	**29,600**	9	9,900
Retained loss	12	**(10,952)**	(25,836)	(8,307)
Equity attributable to equity holders of the parent		**1,183,009**	909,635	1,126,469
Minority interest		**4,758**	183,555	15,927
Total equity		**1,187,767**	1,093,190	1,142,396

The notes on pages 21 to 30 form an integral part of this condensed consolidated interim financial information.

These financial statements were approved by the Board of Directors on 5 August 2008.

Jay Hambro
Chief Executive Officer

Brian Egan
Chief Financial Officer

Condensed Consolidated Cash Flow Statement

	Note	2008 Six months to 30 June US$'000	2007 Six months to 30 June restated US$'000	2007 Year ended 31 December US$'000
Net cash used in operating activities	14	**(18,627)**	(7,501)	(12,866)
Investing activities				
Interest received		**10,262**	3,404	16,505
Income received on derivative financial instrument		**–**	230	637
Proceeds on disposal of short-term investments		**103,710**	–	10,770
Proceeds on disposal of property, plant and equipment		**16**	–	6
Purchases of property, plant and equipment		**(54,945)**	(21,355)	(76,656)
Acquisition of options to purchase Kostenginskoye and Garinskoye Flanks		**(45,000)**	–	–
Acquisition of subsidiaries net of cash acquired		**–**	–	(6,348)
Acquisition of an associate		**–**	(8,148)	
Acquisition of a minority interest		**–**	(11,000)	(11,237)
Purchase of short-term investments		**(11,966)**	(40,423)	(99,346)
Loan to Lapwing		**–**	(27,600)	(27,600)
Cash acquired upon acquisition of interest in Lapwing		**–**	–	427
Purchases of option to acquire interest in Lapwing		**–**	–	(19,700)
Loan advanced to Olis		**–**	–	(65,000)
Repayment of the remainder of a loan issued to Olis after completion of the acquisition of their 29.26% interest in Lapwing (excluding interest)		**1,950**	–	–
Loan advanced to associate		**(2,948)**	–	(4,217)
Other loans issued		**–**	(729)	–
Net cash from/(used in) investing activities		**1,079**	(105,621)	(281,759)
Financing activities				
Debt arrangement costs		**(46)**	–	(557)
Proceeds on issue of shares		**120**	574,937	639,462
Listing costs		**–**	–	(3,951)
Share issue costs		**–**	(22,506)	(24,916)
Net cash from financing activities		**74**	552,431	610,038
Net (decrease)/increase in cash and cash equivalents		**(17,474)**	439,309	315,413
Cash and cash equivalents at beginning of period		**406,687**	89,668	89,668
Effect of foreign exchange rate changes		**2,570**	544	1,606
Cash and cash equivalents at end of period		**391,783**	529,521	406,687

The notes on pages 21 to 30 form an integral part of this condensed consolidated interim financial information.

Notes to the condensed set of financial statements

1 General information

Aricom plc is a company incorporated in Great Britain under the Companies Act 1985. The address of the registered office is 10-11 Grosvenor place, London SW1X 7HH.

This condensed consolidated interim financial information was approved for issue on 5 August 2008.

The information for the year ended 31 December 2007 does not constitute statutory accounts as defined in section 240 of the Companies Act 1985. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was not qualified and did not include reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 237 (2) or (3) of the Companies Act 1985.

As detailed in the Annual report for the year ended 31 December 2007, management concluded that the functional currency of Aricom plc changed from USD to GB pounds in the first half of 2007. To reflect this change the interim results for the six months to June 2007 have been restated. The USD continues to be the presentational currency of the Group.

2 Accounting policies

The annual financial statements of Aricom plc for the year ended 31 December 2007 were prepared in accordance with IFRSs as adopted by the European Union.

The condensed set of Financial Statements included in this half-yearly financial report has been prepared using accounting policies consistent with International Financial Reporting Standards and in accordance with IAS 34 'Interim Financial Reporting', as adopted by the European Union.

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

3 Foreign currency rates

The US Dollar rates of exchange applicable to the year are as follows:

	2008 Six months to 30 June		2007 Six months to 30 June		2007 Year ended 31 December	
	Closing	**Average**	**Closing**	**Average**	**Closing**	**Average**
GB Pounds: Russian rouble	46.61	46.74	51.74	51.40	49.01	51.04
Russian rouble: US$	23.46	23.94	25.82	26.08	24.55	25.58
US$: GB pounds	1.99	1.97	2.01	1.97	1.98	1.98

The presentation of figures in US Dollars should not be construed as meaning that underlying amounts can or will be settled in dollars.

4 Segmental information

For management purposes, during the Period, the Group was organised into three operating divisions – mine development, engineering services and corporate. These divisions are the basis on which the Group reports its primary segment information.

Principal activities are as follows:

- Mine development – the development of the Group's mines in Russia;
- Engineering services – activities conducted by the Group's subsidiary, Giproruda. This entity was acquired during 2007 and was accounted for as an associate between 8 June 2007 and 12 July 2007, following which the Group obtained control of this investment, from which point it was accounted for as a subsidiary;
- Corporate – the head office activities of the Group.

Notes to the condensed set of financial statements (continued)

4 Segmental information (continued)

Segment information about these businesses is presented below.

Six months to 30 June 2008	Mine development US$'000	Engineering services US$'000	Corporate US$'000	Eliminations US$'000	Consolidated US$'000
Revenue					
External sales	178	3,986	–	–	4,164
Intra-group sales	–	1,641	–	(1,641)	–
Total revenue	178	5,627	–	(1,641)	4,164
Result					
Operating profit/(loss)	(7,939)	1,447	(7,186)	(625)	(14,303)
Share of associate's loss	(322)	–	–	–	(322)
Segment result	(8,261)	1,447	(7,186)	(625)	(14,625)
Investment revenues					13,998
Finance costs					(343)
Loss before tax					(970)
Tax charge					(1,514)
Tax expense on associate's profit					–
Loss after tax					(2,484)

Six months to 30 June 2007 (restated)	Mine development US$'000	Engineering services US$'000	Corporate US$'000	Eliminations US$'000	Consolidated US$'000
Revenue					
External sales	–	–	–	–	–
Intra-group sales	–	–	–	–	–
Total revenue	–	–	–	–	–
Result					
Operating (loss)/profit	(2,992)	–	(3,090)	–	(6,082)
Share of associate's (loss)/profit	–	54	–	–	54
Segment result	(2,992)	54	(3,090)		(6,028)
Investment revenues					3,783
Finance costs					(5,843)
Loss before tax					(8,088)
Tax credit					2,766
Tax expense on associate's profit					(10)
Loss after tax					(5,332)

Notes to the condensed set of financial statements
(continued)

4 Segmental information (continued)

Year ended 31 December 2007	Mine development US$'000	Engineering services US$'000	Corporate US$'000	Eliminations US$'000	Consolidated US$'000
Revenue					
External sales	–	4,938	–	–	4,938
Intra-group sales	–	360	–	(360)	–
Total revenue	–	5,298	–	(360)	4,938
Result					
Operating (loss)/profit	(9,775)	1,271	(13,969)	(204)	(22,677)
Share of associate's (loss)/profit	(127)	100	–	–	(27)
Segment result	(9,902)	1,371	(13,969)	(204)	(22,704)
Investment revenues					21,453
Finance costs					(602)
Loss before tax					(1,853)
Tax credit					1,996
Tax expense on associate's profit					(32)
Profit after tax					111

5 Tax

	2008 Six months to 30 June US$'000	2007 Six months to 30 June restated US$'000	2007 Year ended 31 December US$'000
Current tax (expense)/credit	**(3,793)**	930	(637)
Deferred tax credit	**2,279**	1,836	2,633
Tax (expense)/credit for the period	**(1,514)**	2,766	1,996

A current tax charge for the six months to 30 June 2008 has been recognised mainly relating to investment revenues earned during the Period.

6 (Loss)/earnings per ordinary share

The calculation of the basic and diluted (loss)/earnings per ordinary share is based on the following data:

(Loss)/earnings	2008 Six months to 30 June US$'000	2007 Six months to 30 June restated US$'000	2007 Year ended 31 December US$'000
(Loss)/profit for the purposes of basic and diluted (loss)/earnings per ordinary share being net (loss)/profit attributable to equity holders of the parent	**(2,706)**	(4,559)	1,040
Number of shares	**Number '000**	**Number '000**	**Number '000**
Weighted average number of ordinary shares for the purpose of (loss)/earnings per ordinary share	**1,124,302**	542,917	791,263
Effect of dilutive potential ordinary shares	**–**	–	12,447
Weighted average number of ordinary shares for the purpose of diluted (loss)/earnings per ordinary share	**1,124,302**	542,917	803,710
	US$	**US$**	**US$**
Basic (loss)/earnings per ordinary share	**(0.00)**	(0.00)	0.00
Diluted (loss)/earnings per ordinary share	**(0.00)**	(0.00)	0.00

Basic and diluted EPS are the same at 30 June 2008 and 30 June 2007 because the Group has made a loss for the six month periods then ended. As at 31 December 2007 the Group had 21,176,372 potentially dilutive options over ordinary shares and 133,000,000 warrants.

Notes to the condensed set of financial statements (continued)

7 Property, plant and equipment

	Land and buildings US$'000	Fixtures and equipment US$'000	Plant and machinery US$'000	Mining properties and leases US$'000	Assets under construction US$'000	Total US$'000
Cost						
At 1 January 2008	16,769	3,269	5,405	446,534	90,941	562,918
Additions	590	5,496	7,246	2	35,284	48,618
Acquisition of minority interest	–	–	–	110,707	–	110,707
Disposals	–	(28)	(151)	–	–	(179)
Write-off of fixed assets	–	–	–	–	(156)	(156)
Transfers	–	46	4,032	–	(4,078)	–
Foreign currency exchange difference	570	7	3	(10)	(27)	543
At 30 June 2008	17,929	8,790	16,535	557,233	121,964	722,451
Accumulated Depreciation						
At 1 January 2008	(232)	(330)	(918)	–	–	(1,480)
Charge for the period	(170)	(240)	(502)	–	–	(912)
Eliminated on disposals		12	42	–	–	54
Foreign currency exchange difference	(11)	(6)	(1)	–	–	(18)
At 30 June 2008	(413)	(564)	(1,379)	–	–	(2,356)
Carrying amount						
At 30 June 2008	17,516	8,226	15,156	557,233	121,964	720,095
At 1 January 2008	16,537	2,939	4,487	446,534	90,941	561,438

At 30 June 2008 US$1,507,000 (30 June 2007: US$1,979,000; 31 December 2007: US$ 1,507,000) cumulative capitalised interest and borrowing costs were included within assets under construction in the above table. The effective rate of interest capitalised in 2008 was nil% (2007: nil %). Depreciation of US$455,000 (30 June 2007: US$177,000; 31 December 2007: US$390,000) relating to assets used in the construction of the Olekma plant was capitalised in the Period.

No assets were held under finance leases either at 30 June 2008, 31 December 2007 or 30 June 2007.

There are no restrictions on title and no property, plant and equipment has been pledged as security.

At 30 June 2008 the Group had entered into contractual commitments for the acquisition of property, plant and equipment amounting to US$55,904,000 (as at 31 December 2007: US$36,749,000).

8 Other non-current assets

Other non-current assets include US$45 million paid during the Period to acquire options to purchase the Kostenginskoye and Garinskoye Flanks licences as detailed in note 13.

9 Cash and cash equivalents

Cash and cash equivalents comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less and short-term highly liquid investments in money market funds. The carrying amount of these assets approximates their fair value.

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Bank accounts and deposits	**182,952**	121,153	84,248
Money market funds	**208,831**	408,368	288,044
Money market portfolio	–	–	34,395
	391,783	529,521	406,687

Investments in money market funds are held for the purposes of diversification of risk. Accordingly, as these funds are available on demand and have an insignificant risk of change in value they are classified as cash equivalents.

Notes to the condensed set of financial statements
(continued)

10 Long-term provisions

	30 June 2008 US$'000	30 June 2007 US$'000	31 December 2007 US$'000
Balance at the beginning of the period	**2,294**	–	–
Provision recognised in the period	**–**	–	2,294
Unwinding of discount	**118**	–	–
Exchange difference	**108**	–	–
	2,520	–	2,294

The long-term provision recognised relates to mine closure, site and environmental restoration costs for Kuranakh, based on estimates provided by external consultants in 2007, which form part of the Technical Economic Model for Kuranakh. The expected timing of the cash outflows in respect of the provision is on the closure of mining operations. The provision recognised is for the present value of such costs.

11 Share Capital

	Six months to 30 June 2008		Six months to 30 June 2007		Year ended 31 December 2007	
	No of Shares '000	US$'000	No of shares '000	US$'000	No of shares '000	US$'000
Authorised:						
Ordinary shares of £0.001 each	**2,000,000**		2,000,000		2,000,000	
Allotted, called up and fully paid:						
At the beginning of the period	**1,119,070**	**2,147**	453,611	816	453,611	816
Issued during the period	**28,919**	**57**	481,926	958	665,459	1,331
	1,147,989	**2,204**	935,537	1,774	1,119,070	2,147

Details of the ordinary shares in issue at the commencement of the Period, ordinary shares issued during the Period, and ordinary shares in issue at the Period-end are given in the table below.

Date	Description	Price, £	No of shares
1 January 2008	Number of ordinary shares in issue at the commencement of the period		1,119,069,960
5 February 2008	Issue of ordinary shares to PBO Handelges M.B.H	0.6875	252,900
18 February 2008	Issue of ordinary shares to Olis Constructions Ltd	0.705	28,265,903
5 March 2008	Exercise of share options granted to Peter Howes on 31 December 2003	0.15	400,000
30 June 2008	**Number of ordinary shares in issue at the end of the period**		**1,147,988,763**

The Company has one class of ordinary share which carry no right to fixed income.

Notes to the condensed set of financial statements
(continued)

12 Reconciliation of changes in equity

	Share capital US$'000	Share premium account US$'000	Treasury shares US$'000	Retained loss US$'000	Share option reserve US$'000	Translation reserves US$'000	Other reserves US$'000	Minority interests US$'000	Total equity US$'000
Balance at 1 January 2008	2,147	1,130,638	(20,256)	(8,307)	10,378	1,969	9,900	15,927	1,142,396
Loss for the period	–	–	–	(2,706)	–	–	–	222	(2,484)
Exchange differences on translation of foreign operations	–	–	–	–	–	(297)	–	195	(102)
Deferred tax arising on share options	–	–		–	(24)	–	–		(24)
Ordinary shares issued	56	39,369	–	–	–	–	–	–	39,425
Exercise of share option by P. Howes	1	119		61	(61)	–	–	–	120
Acquisition of 29.26% minority interest in Garinskoye	–	–	–	–	–	–	19,700	(11,586)	8,114
Share-based payments	–	–	–	–	322	–	–	–	322
Balance at 30 June 2008	2,204	1,170,126	(20,256)	(10,952)	10,615	1,672	29,600	4,758	1,187,767

13 Acquisitions

Acquisition of minority shareholder's interest in Lapwing

On 17 January 2008, Aricom agreed to acquire the 0.1% ownership interest in Lapwing Limited ("Lapwing"), the holding company that owns Garinskiy, which in turn holds the Garinskoye licence, from PBO Handelsges M.B.H. ("PBOH"), one of the minority shareholders. Consideration for the acquisition of this minority interest was the issue by Aricom of 8.43 ordinary shares for every 1 Lapwing share held by PBOH, resulting in the issue of 252,900 ordinary shares on 5 February 2008 when the market value was £0.6875 per ordinary share. The total purchase consideration for the acquisition of this minority interest was US$0.3 million.

The transaction was completed on 5 February 2008, when the cost of net assets acquired other than the licence was $0.04 million. The excess of the purchase consideration over this amount of $0.3m was allocated to Mining Properties and Leases in accordance with the Group's accounting policy for acquiring minority interests in controlled assets.

Acquisition of 29.26% minority interest in Lapwing and settlement of amounts owed by Olis

On 15 February 2008, shareholder approval was obtained for the acquisition of Olis's 29.26% interest in the issued share capital of Lapwing. The acquisition was completed on 15 February 2008, resulting in an increase in the 70.22% interest in the project held by Aricom UK at 31 December 2007 to 99.58%, including the 0.1% interest acquired on 5 February 2008 detailed above.

The total consideration comprised the issue of 28,265,903 ordinary shares at a market value of £0.705 per share on 15 February 2008 (the "Consideration shares"), the cash consideration comprising the net proceeds of the placing of 42,750,000 ordinary shares completed by the Company on 18 December 2007, less an agreed allocation of costs incurred in respect of this placing and the option premium of $19.7 million paid in March 2007.

Including acquisition costs, the total purchase consideration for the acquisition of this minority interest was US$122.1 million.

On 19 December 2007, the Group entered into a loan agreement with Olis, lending an amount of US$65 million. The loan bore interest at a rate of 5.2% per annum, and was repayable at the earlier of the date of completion of the proposed acquisition by Aricom from Olis of shares in Lapwing, and the maturity date of the loan, being 30 June 2008.

The loan and respective interest was settled against the purchase consideration for the acquisition of Olis' 29.26% ownership interest in Lapwing.

Notes to the condensed set of financial statements (continued)

13 Acquisitions (continued)

A summary of the total consideration and settlement of the loan outstanding is set out in the table below:

	US$'000
Option premium paid in March 2007	19,700
Issue of the Consideration shares*	39,084
Cash proceeds from the placing shares	64,221
Agreed allocation of costs associated with the placing	(1,052)
	63,169
Total consideration payable to Olis	**121,953**
Directly attributable legal costs	154
Total consideration	**122,107**
Cash consideration payable	**63,169**
The loan and respective interest outstanding on 15/02/08	(65,543)
Residual amount payable by Olis to Aricom on 15/02/08**	**(2,374)**

* At market value opening position and exchange rate at 15/02/2008.

** Including interest of US$0.1million charged in 2007 and US$0.4 million charged in 2008.

On 18 March 2008 Olis made a payment of US$2.4 million to settle the residual loan balance outstanding plus related accrued interest.

The transaction completed on 15 February 2008 when the cost of the net assets acquired, other than the licence, was US$11.2 million.The excess of the purchase consideration over this amount was US$110.9 million which was allocated to Mining Properties and Leases in accordance with the Group's accounting policy for acquiring minority interests in controlled assets.

Acquisition of options to acquire Kostenginskoye and Garinskoye Flanks licences

On 25 March 2008 the Group entered into two option agreements enabling it, subject to all conditions precedent being met, to exercise options to purchase the entire share capital of Rumier Holdings Ltd and Guiner Enterprises Ltd, both of which are Cypriot registered companies (together "the Cypriot Companies").

The Cypriot Companies hold 100% investments in LLC Optima and LLC Ekvador respectively, both of which are Russian registered companies (together "the Russian Companies").

The Russian Companies hold licences for the right to mine the Kostenginskoye and Garinskoye Flanks deposits respectively.

The sellers of the Cypriot Companies are Myrtle Corporate Ltd and Ardoryna Commercial Ltd ("the Sellers") which own 51% and 49% respectively of the share capital of the Cypriot Companies.

The Group paid a total non refundable option premium of an aggregate of US$45 million cash to the Sellers to acquire the options. These options are exercisable on finalisation of all conditions precedent as described in the respective option agreements, one of which is the receipt of an approval from the Federal Anti-Monopoly Service of the Russian Federation. As detailed in Note 17, the approval was received on 24 July 2008 and the Group expects to exercise the options in August 2008.

The combined consideration upon exercise of the options amounts to 21,875,000 ordinary shares in the Company (10,937,500 for each option agreement).

Notes to the condensed set of financial statements
(continued)

14 Notes to the cash flow statement

(a) Reconciliation of operating loss to net cash outflow from operating activities

	Six months to 30 June 2008 US$'000	Six months to 30 June 2007 US$'000	Year ended 31 December 2007 US$'000
Operating loss	**(14,625)**	(6,038)	(22,736)
Adjustments for:			
Depreciation of property, plant and equipment	**912**	267	859
Depreciation capitalised	**(455)**	(177)	(390)
Loss on disposal of fixed assets	**173**	28	134
Loss on disposal of short-term investments	**210**	–	–
Share option and LTIP expense	**1,851**	280	1,086
Share of associates' loss/(profit)	**322**	(44)	59
Other non-cash adjustments	**–**	898	6
Listing costs	**–**	–	3,951
Operating cash flows before movements in working capital	**(11,612)**	(4,786)	(17,031)
(Increase) in inventories	**(2,338)**	(448)	(1,811)
(Increase)/decrease in receivables	**(8,093)**	(1,180)	14,785
Increase/(decrease) in payables	**4,047**	(1,084)	(8,619)
Cash used in operations before interest and tax	**(17,996)**	(7,498)	(12,676)
Income tax paid	**(631)**	(3)	(190)
Net cash used in operating activities	**(18,627)**	(7,501)	(12,866)

(b) Major non-cash transactions

In February 2008 Aricom plc issued 28,518,803 ordinary shares as part of the consideration to acquire a further 29.36% of interest in the Garinskoye project. These ordinary shares were valued at US$39.4 million using the opening market value of a share and the exchange rate at the transaction date.

The loan and interest receivable from Olis amounted to US$65.5 million at the transaction date and was offset against the cash part of consideration payable by Aricom as part of the acquisition from Olis of a further 29.26% of interest in Garinskoye project.

An option premium of US$19.7 million was paid in March 2007 to Olis to acquire its interest in the Garinskoye project and was included in total consideration at the transaction date.

Further details on these transactions are set out in Note 13.

15 Contingent liabilities

The Group does not have contingent liabilities as at 30 June 2008. At 31 December 2007, the Group was involved in two related legal proceedings. Both of these proceedings were concluded in the Group's favour.

16 Related party transactions

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and its other related parties are disclosed below. All of the arrangements were carried out at arm's length and have been reviewed by independent members of the Board.

During the Period, Group companies entered into the following transactions with related parties who are not members of the Group:

Related parties

Peter Hambro Mining plc and its subsidiaries are considered to be related parties due to Mr Peter Hambro, Mr Jay Hambro and Dr Pavel Maslovskiy's shareholdings and directorships in those companies and in Aricom plc.

Mr Peter Hambro is a Director and the beneficial owner of Peter Hambro Limited.

LLC Expobank and OJSC Asian-Pacific Bank (former LLC Amurpromstroybank) are considered related parties as Mr Peter Hambro and Dr Pavel Maslovskiy have an interest in these companies.

Notes to the condensed set of financial statements
(continued)

16 Related party transactions (continued)

Olis is considered to be a related party due its ownership interest in Lapwing, a subsidiary of the Group. Up to 15 February 2008 Olis held a 29.26% ownership interest in Lapwing.

A subsidiary of CJSC PhosAgro ("PhosAgro") , namely Apatit OJSC ("Apatit") is considered to be a related party due to PhosAgro's minority interest and significant influence in Giproruda.

Acquisition from Olis of minority interest in Lapwing

As detailed in note 13 above on 15 February 2008, shareholder approval was obtained and the acquisition of Olis' 29.26% interest in the issued share capital of Lapwing was completed. The total consideration amounted to US$122.1 million, of which US$102.3 million was settled in 2008.

Loan to Olis

On 19 December 2007, the Group entered into a loan agreement with Olis, lending an amount of US$65 million. The loan bore interest at a rate of 5.2% per annum, and was repayable at the earlier of the date of completion of the proposed acquisition by the Company from Olis of shares in Lapwing pursuant to a share purchase agreement dated 13 December 2007, and the maturity date of the loan, being 30 June 2008.

The acquisition was completed on 15 February 2008 and US$ 65.5million of loan and respective interest was settled against the purchase consideration for the acquisition of Olis' 29.26% ownership interest in Lapwing.

The residual loan balance and respective interest of $2.4 million was paid by Olis to the Group on 18 March 2008. Total interest charged to Olis and recognised in the income statement during the Period was $443,000.

Contracts with Kapstroy

Kapstroy is a subsidiary of Peter Hambro Mining plc and is therefore considered a related party.

Olekma has signed agreements with Kapstroy for the construction of the mine and the processing plant at Kuranakh. The amount payable under these contracts during the Period was US$13,877,000 (period to 30 June 2007: US$11,912,000). The amount owed to Kapstroy by Olekma at 30 June 2008 under these contracts was US$3,837,000 (31 December 2007: US$1,960,000).

In addition, advances to Kapstroy for materials and property, plant and equipment amounted to US$3,965,000 (31 December 2007: US$5,020,000).

During the Period, Olekma also sold some materials and goods and rented some equipment to Kapstroy in relation to the construction project for US$1,107,000 (period to 30 June 2007: US$860,000). The amount owed by Kapstroy to Olekma for these transactions at 30 June 2008 was US$1,025,000 (31 December 2007: US$114,000).

Banking arrangements with LLC Expobank and OJSC Asian-Pacific Bank

The Group has bank accounts with LLC Expobank and OJSC Asian-Pacific Bank.

The bank balances at 30 June 2008 and 30 June 2007 are set out below:

	2008 As at 30 June US$'000	2007 As at 30 June US$'000	2007 As at 31 December US$'000
LLC Expobank	**40,921**	8,613	39,892
OJSC Asian-Pacific Bank	**11,704**	629	11,078

During the Period, the Group earned interest on the balances held on accounts with the above banks of US$2,242,000 (period to 30 June 2007: US$716,000).

The bank charges incurred with LLC Expobank and OJSC Asian-Pacific Bank during the six months to 30 June 2008 were US$61,000 (period to 30 June 2007: US$71,000).

At 30 June 2008, 30 June 2007 and 31 December 2007 there were no loans outstanding from LLC Expobank and OJSC Asian-Pacific Bank.

Notes to the condensed set of financial statements
(continued)

16 Related party transactions (continued)

In July 2008, Barclays Bank plc acquired 100% of LLC Expobank and so no longer is a related party.

Trading transactions

In addition to the transactions described above there were transactions entered into (set out below) that related to the day to day operation of the business:

	Income			Purchases		
	Six months to 30 June 2008 US$'000	Six months to 30 June 2007 US$'000	Year ended 31 December 2007 US$'000	Six months to 30 June 2008 US$'000	Six months to 30 June 2007 US$'000	Year ended 31 December 2007 US$'000
Peter Hambro Mining plc and its subsidiaries						
Peter Hambro Mining plc	**32**	10	14	**280**	149	441
OJSC Irgiredmet	**–**	–	–	**302**	60	61
CJSC MC Peter Hambro Mining	**–**	–	–	**476**	569	986
LLC NPGF Regis	**7**	–	7	**598**	67	308
LLC Obereg CHOP	**1**	–	–	**138**	69	165
CJSC Peter Hambro Mining Engineering	**14**	1	2	**2,817**	1,236	2,712
PHM SNG	**–**	–	5	**–**	–	–
CJSC Pokrovskiy Rudnik	**27**	–	80	**150**	88	197
CJSC Malomyrskiy Rudnik	**16**	–	–	**–**	–	–
LLC Tokurskiy Rudnik	**56**	–	–	**–**	–	–
Other related parties						
Peter Hambro Limited	**–**	10	10	**198**	215	481
Apatit OJSC	**1,062**	–	831	**–**	–	–
Odolgo	**29**	–	23	**44**	–	–

	Amounts owed by related parties			Amounts owed to related parties		
	As at to 30 June 2008 US$'000	As at to 30 June 2007 US$'000	As at December 2007 US$'000	As at 30 June 2008 US$'000	As at 30 June 2007 US$'000	As at 31 December 2007 US$'000
Peter Hambro Mining plc and its subsidiaries						
Peter Hambro Mining plc	**–**	–	–	**128**	115	8
CJSC MC Peter Hambro Mining	**50**	–	–	**1,419**	571	1,441
LLC NPGF Regis	**3**	–	2	**61**	–	–
LLC Obereg CHOP	**55**	–	–	**–**	20	–
CJSC Peter Hambro Mining Engineering	**74**	–	1	**253**	–	18
PHM SNG	**–**	–	2	**–**	–	–
CJSC Pokrovskiy Rudnik	**136**	–	99	**345**	174	179
CJSC Malomyrskiy Rudnik	**20**	–	–	**–**	–	–
LLC Tokurskiy Rudnik	**67**	–	–	**–**	–	–
Other related parties						
Peter Hambro Limited	**–**	–	–	**128**	215	20
Apatit OJSC	**372**	–	381	**–**	–	–
Odolgo	**11**	–	–	**1**	–	–

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

17 Events after the balance sheet date

Kostenginskoye and Garinskoye Flanks

On 24 July 2008, approval was received from the Federal Anti-Monopoly Service of the Russian Federation for the Group to exercise options to purchase the Cypriot Companies holding Russian Companies which hold the licences for the Kostenginskoye and Garinskoye Flanks deposits. The Group expects to exercise the options and complete the transaction in August 2008.