

# Petropavlovsk Cuts Gold Output Targets

By [The Moscow Times](#)

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Miner Petropavlovsk said Thursday that it cut its gold production target for the year by less than expected, helping outweigh disappointing first-half results.

It cut its gold output guidance to 636,500 to 670,000 ounces for the year from the previous range of 670,000 to 760,000 ounces.

Many analysts had already factored in lower production, pushing the shares down 11 percent since the group announced first-half output of 166,300 ounces in July.

"Whilst disappointing, we believe fears over a miss and an even worse production downgrade have been priced in the run-up to results," said Liberum Capital, adding that it expected a material improvement in the second half.

Petropavlovsk, which commissioned the Malomir mine and plant on Wednesday, said the main risks involved maintaining the success at Malomir and ramping up its Pioneer mine.

"We wanted to give ourselves a little leeway," chairman Peter Hambro said. "There is still a good chance that we will hit the top one, but if it goes wrong, it shouldn't be by more than 5 percent."

The company swung to a net loss of \$55 million, compared with a consensus loss of about \$22 million, from a net profit of \$75 million as it continues its expansion.

First-half production was hit by a two-month delay in the delivery of two large diggers at Pioneer. These excavators are expected to arrive shortly, with one coming within the next couple of weeks, Hambro said.

Lower grades also had an impact.

"The grades are not expected to improve much until September-October," Hambro said. "That's when we start to hit the really high grades."

The miner, which is considering a Hong Kong listing for its iron-ore assets, said everything was going according to plan.

The Hong Kong stock exchange said Aug. 13 that the head of its listing division was stepping down, and named her successor.

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