

Regulatory Announcement

Company Hambledon Mining PLC
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HAMBLEDON MINING PLC

Preliminary Results

Hambledon Mining Plc ("Hambledon", the "Group" or the "Company"), an AIM-listed mining and exploration company developing precious metal deposits in Kazakhstan, announces its unaudited Preliminary Results for the year ended 31 December 2004.

Highlights:

- > Joined AIM in June 2004 raising £2.5m
- > Successful drilling programme showing greater open-pit resources
- > Open-pit project approved on a stand-alone basis
- > Open pit optimisation studies have identified three mineable ore zones allowing a 6-year open pit project life (approximately 600,000 tonnes per annum with around 30,000 oz per year gold production); operating costs of approximately US\$250 per ounce
- > Construction planned to commence 2005; production mid-2006
- > Initial production to be around 30,000 oz per annum rising to around 100,000 oz when underground ore is treated
- > Tserkovka tender won, adding over 700,000 ounces of Soviet P1 (Prognosticated) and C2 resource
- > £5m fundraising (before expenses) April 2005

Nicholas Bridgen, Chief Executive of Hambledon Mining Plc, commented:

"AIM has seen many new mining entrants in the last 18 months. I am delighted that Hambledon has either delivered or exceeded the commitments that we made on our entry to the market.

The open pit mine provides an efficient, viable and rapid route to production. Efficient because it allows us to establish a treatment plant for the open pit which can then be used for the underground mine. Viable because we can largely finance it out of the proceeds of our recent fundraising. Rapid in that it should allow us to be in production and generate cash flow in 2006; allowing us to plan and develop the underground mine and to explore Tserkovka simultaneously.

We look forward to continuing to deliver in 2006 and to propelling the Group into the ranks of profitable gold producers".

7 June 2005

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About Hambledon Mining Plc

Hambledon Mining Plc is an AIM listed mining and exploration company developing precious metal deposits in Kazakhstan. It holds the rights to the Sekisovskoye gold and silver deposit, on which the feasibility study is at an advanced stage, and has won the tender for the adjacent Tserkovka deposit and exploration areas. Construction of a treatment plant is scheduled to commence in the second half of 2005, with start-up from open pit mining expected in mid 2006. The feasibility study into the development of the larger underground resources is continuing.

CHAIRMAN'S STATEMENT

Review

Hambledon has had a busy and exciting year. We completed the pre-feasibility study on the Sekisovskoye project in May 2004. In June 2004 the Group was reorganised under Hambledon Mining Plc and listed on the Alternative Investment Market ("AIM") of the London Stock Exchange, raising £2.5 million before flotation costs to fund the ongoing needs of the business and to complete the feasibility study.

Subsequent positive results from this ongoing feasibility study and a successful drilling programme culminated in the board's decision to approve the stand-alone open pit project which has proven far more substantial than envisaged at the time of the Company's flotation. In April 2005 we raised a further £5 million (before expenses) to allow us to finalise the open-pit element and further develop the overall project.

In November 2004, we won a tender for the Tserkovka licence area, which is adjacent to our original Sekisovskoye licence. The new area, which will increase the title area from around one square kilometre to some thirty square kilometres, contains four areas of gold mineralisation known as Tserkovka, Feodulikha, Area 4 and Area 5. These areas were discovered in Soviet times and an initial evaluation of the data concludes that noteworthy gold mineralisation will be focal points for exploration drilling targets. Some of these areas contain breccia types similar to those at Sekisovskoye, suggesting that these are similar in nature and perhaps with a similar magnitude. In total, the new region has added some 740,000 ounces to our current resource statement but these were based on only a limited amount of drilling and we believe that there is good potential to increase the resource significantly.

Project Developments

Already, the current year is proving to be equally eventful. The immediate task is to complete the regulatory approval steps required in Kazakhstan to put the Sekisovskoye open-pit into production whilst we finalise the open-pit feasibility study. These regulatory steps go beyond those normally required in Western countries and represent a significant hurdle. Although we have an excellent local team and are confident that the required submissions will be made in good time, there is some uncertainty as to the speed with which the regulatory authorities can process the applications and there is a possibility of some time slippage outside our control. If the necessary approvals are received on schedule, we expect to be able to start construction in late 2005, with start-up of production towards the end of the first half of 2006.

In addition, we have already started the exploration of the new Tserkovka area and will commence an initial programme of core drilling shortly. The new prospects are all within a five kilometre distance from the proposed Sekisovskoye treatment plant and we envisage that, after exploration, the same plant will be expanded to treat any mineable ore arising from this source.

Initial gold production from the open pit is likely to be some 30,000 ounces per year. Whilst the relevant aspects of the feasibility study have not yet been completed, we envisage that annual production will expand to around 100,000 ounces as higher grade ore from underground is substituted over the following two years. Thereafter, we will be looking for production to be further expanded from the new prospects, although this will, of course, depend upon the results of the ongoing exploration work.

The current year is proving to be another year of achievement for Hambledon - the extensive drilling programme is underway, construction is about to start, and all the work being carried out continues to highlight the quality of our resources. We have made very real progress since the flotation and we hope that our shareholders share our excitement about the future prospects for our company.

REVIEW OF PROJECTS

Sekisovskoye

Summary

- The full feasibility study initiated in 2004 is now nearing completion. We have employed a mix of local and western engineering groups that have maintained western standards while ensuring rapid processing of submissions by Kazakhstani authorities.
- Additional drilling in the 2003 and 2004 seasons was mainly focused on due diligence, metallurgical samples, open pit geotechnics, continuity and sterilisation, with only minor drilling for orebody in-fill and extensions. Nevertheless, it has resulted in an increased open pit ore resource which has demonstrated the viability of the open pit project on a stand-alone basis.
- The discovery of previously-unidentified "dilation zones" from closely-spaced drilling suggests that a significantly larger quantity of gold will be mined than the current resource statement suggests.
- The geotechnical evaluation has confirmed that the orebodies occur in highly competent rock allowing steep mine bench and pit walls, thus reducing the overall stripping ratio significantly. We expect this will carry through to good mining conditions in underground mine development.
- Recent metallurgical testing in Kazakhstan as well as in Australia has confirmed high gold recoveries (92-95%) with simple gravity and carbon-in-pulp leaching technology.
- Environmental testwork conducted in Kyrgyzstan and Australia has verified the non-acidic nature of the ore and waste rock.
- Open pit optimisation studies have identified three mineable ore zones allowing a six-year open pit project life (600,000 tonnes per annum with around 30,000 oz per year gold production) and operating costs of approximately US\$250 per ounce. This offers an excellent starter project prior to development of the higher grade underground mine.

Introduction

The Sekisovskoye deposit was selected for further development for a number of reasons. The deposit had undergone substantial development during Soviet times and had significant Soviet classified resources. The main ore zones outcrop in a low hill, providing easy initial access, but gold-bearing mineralisation continues to a depth of at least 950 metres. The ore is free-milling and therefore simple to treat via carbon-in-pulp cyanidation technology with gravity recovery of coarse gold. It has a low sulphide content with no arsenic or other deleterious elements, giving relatively few environmental concerns.

In addition, the project site is located near Sekisovka village which is only some 40 km from the major regional city of Ust Kamenogorsk (capital of East Kazakhstan Oblast) on a well-maintained sealed road. Ust Kamenogorsk has an international airport as well as connections to both major highway and rail links (including the Trans-Siberian Railway). Several high voltage power lines run through the area, providing cheap electricity due in part to generation from hydroelectric schemes. Sekisovka village has telephone and internet services while the area in general is home to several major mining enterprises, ensuring a supply of experienced and relatively low-cost labour.

The exploration and mining rights are held by TOO Sekisovskoye (a 100% owned subsidiary) under a licence and sub-soil use contract which expire in July 2020 but which can be extended.

The costs of building the treatment plant and starting open-pit production are projected to be low as a result of the proximity to infrastructure, the outcropping nature of the ore, the simple treatment methodology required for gold recovery, and the sourcing of plant, engineering and equipment either locally or from the former Soviet Union.

Overall, the capital costs are estimated at approximately £5.5 million (approximately US\$10 million). Based on the preliminary studies and new data to hand, production costs are expected to range from around US\$250 per ounce from the initial open pit, to about US\$175 per ounce when wholly underground ore is treated. Financing for the plant construction will come from the recent equity issue, supplemented by loans from local banking institutions.

Feasibility Study

The feasibility study currently underway was predicated on preliminary studies of milling and mining methods conducted in 2003 as well as geological models prepared by Computer Resource Services (based in Almaty and the UK). Initially a 500,000 tonnes per annum mining/treatment rate was envisaged but this has been increased to 600,000 tonnes per annum. The initial annual gold production (including silver equivalent) will be around 30,000 oz based on an open pit mill feed grading from 1.6 g/t of gold at a stripping ratio of less than 1.5 to 1. When higher grade underground ore is mined, annual production is expected to rise to around 100,000 ounces from the same process plant.

We anticipate that local mining contractors will carry out the open pit mining using standard open-cut drill and blast techniques. Since the ore outcrops, there will be no pre-strip required to access mill feed. Run-of-mine ore will be delivered to a pad or directly fed to a 200 tonnes per hour ("tph") crushing plant. Crushed ore will be milled at an average rate of 75 tph with cyclone underflow directed to a gravity concentration circuit. Cyclone overflow will be directed to a carbon-in-pulp circuit with a minimum of six stages and 30 hours of total retention. After gold recovery, the mill tailings will be thickened and detoxified before pumping to a surface tailings storage facility. Tailings return water will be recycled such that the overall project will be a "zero discharge" facility. Gold recoveries of 92 to 95% are expected, based on previous and current testwork, with relatively low cyanide and lime usages (0.4 to 0.7 kg/t and 1.2 kg/t respectively).

Once the open-pit is in production, we will initiate development of the higher grade underground ore almost immediately. The Soviet exploration developments included an adit level and a shaft to another level 120 metres below surface. We envisage that further underground drilling will be conducted from these levels and trial underground mining will provide some higher grade ore as mill feed at an early stage. In any event, we consider that it is important to begin development of the underground resources as quickly as possible so that higher grade underground ore can be substituted for the lower grade open-pit ore. Based on the current mine development plan, we expect annual gold production from underground mining to reach up to 100,000 oz (gold equivalent) with an overall project life exceeding 10 years. It is likely that the plant will later be expanded to treat the remaining open pit ore plus ore from any successful development of Tserkovka or other exploration targets.

We intend to construct the milling facilities so that they can be easily expanded to cope with the additional open pit or underground resources that we expect to identify from the other known deposits on the Sekisovskoye and adjoining Tserkovka leases.

Drilling

During the 2004 drill season 40 diamond drill-holes totalling 3,984 metres and 52 sterilisation holes totalling 1,140 metres were completed at the Sekisovskoye Project site.

The goals of the 2004 drilling were several:

- To expand knowledge of the rock geotechnical characteristics for mine design;
- To obtain core samples for physical testing (mining and milling) and for the metallurgical testing programmes;
- To verify the continuity of gold mineralisation using a pattern of closely spaced drillholes over an area of 40 x 40 metres;
- To provide in-fill drill data and identify potential orebody extensions for initial open pit operations; and
- Plant and tailings area sterilisation.

The results of this drilling included:

1. The open pit geotechnical studies show that slope angles can be increased to 55+ degrees, thus improving stripping ratios;
2. The continuity drilling demonstrates that the former Soviet modeling approach did not always adequately represent the geometry and spatial grade distributions and that unexpected large dilation zones, containing high grades and tonnages, can be expected during open pit operations; and
3. Infill drilling results reveal that significant additional zones of gold mineralisation can be expected and that continuity extensions of these zones beyond the delineated known limits of the deposit will add to the resource.

Geology

The main focus of activities over the period has involved the collation, assessment and updating of the geological and assay databases from the recent drilling programmes for the Sekisovskoye deposit. This resulted in a new resource modeling approach that better reflects our understanding of the spatial gold grade distributions and geometry within the breccia pipe. Final adjustments to the new open pit model are nearing completion.

Under the direction of our Project Director, Baurzhan Yerkeyev, we have significantly increased our technical staff by retaining five experienced geologists and four support staff. Roger Rhodes of Computer Resource Services (UK) has been retained to assist in drilling programme development and assessment of results. We have continued to expand the Group's capabilities for on-going exploration and mine operations in order to meet both our short-term and long-term goals.

Mining Engineering

Western consultants as well as local mining personnel have been involved in developing mining concepts for use in open pit and underground mining. The board decided in March to proceed with an open pit mining project based on the favourable results of the 2004 drilling. Several options for development of the underground resource are currently under consideration.

We have already recruited an open pit mine design engineer while near-term plans require the hiring of a senior expatriate mining engineer and a local underground mining specialist. Detailed planning for underground mining will be undertaken when the new in-house team has had time to make a detailed examination of the various options.

Geotechnical Issues

A study was completed on the open-pit geotechnical issues based on laboratory testing of samples obtained in the 2004 drilling programme. The results have indicated that steep bench and pit walls can be used. These steep pit angles have contributed significantly to a reduction in the projected strip ratio required for open pit mining. The study also indicates that overall underground mining conditions related to rock characteristics will be favourable.

Site Survey

In 2004 we conducted a detailed survey of the exploration licence area which was employed in the drilling programme and in rationalising previous drill results from Soviet times. We also conducted a survey of the 441 level adit and previous trial mining workings.

State-of-the-art survey equipment has been purchased to meet our on-going requirements for exploration, site construction activities and mining.

Hydrogeology

Extensive hydrogeological investigations were conducted in Soviet times to support exploration and mining activities. This database has been collected, collated and summarised in a new report for use in on-going studies. With a small verification programme, the previous database is considered sufficient for use in mining licence submissions. Additional work is underway regarding groundwater mapping in the tailings dam area, determination of available water supply sources, updating requirements for dewatering of underground workings, and other water-related issues.

Processing & Infrastructure

Metallurgical samples obtained from the 2004 drilling programme and additional underground channel samples were submitted to the Vnitsvetmet Institute metallurgical facilities in Ust Kamenogorsk, East Kazakhstan, for development of the process flowsheet. The results supported previous testing programmes that identified gravity recovery followed by cyanide leaching of gravity tailings as the most effective flowsheet for gold and silver recovery. Recoveries in the range of 92 to 94% gold and around 70% silver were achieved at a cyanide consumption of 0.4 kg/t.

Core samples were also sent to the AMMTEC facilities in Perth. Physical testing is now complete and optimisation of the gravity and leach circuits is underway. Additional characterisation of the ores, including tailings behaviour, will be generated for use in process and tailings storage facility design (TSF).

A preliminary assessment of TSF requirements was prepared by Australian Tailings Consultants (Melbourne). On-going site investigations are underway, including additional sterilisation drilling, soils assessments, hydrogeology in the area and geotechnical investigations for determination of construction requirements for mill facilities, sedimentation dams and waste stockpiles.

Several options are available regarding high voltage power supply to the project site. A recently-completed study of the most likely options is being reviewed and negotiations will be initiated within the next few weeks.

Water supply for construction and milling will be supplied for the most part by mine dewatering and existing bores. The hydrogeological investigations will finalise water supply issues within the next drilling season.

Ecology

We carried out a baseline environmental study using local specialists in conjunction with Wardell-Armstrong International (UK) to ensure that western

environmental and social standards are met. We are currently augmenting baseline data through continuing soil and water sampling, weather data collection, etc. Community and stakeholder liaisons have been initiated.

Representative samples of waste and low grade ore have been tested for acid rock drainage characterisation. The results show that the acid generating potential is very low to negligible. This is in line with the quartz-carbonate, low sulphide mineralogy of the deposit.

Tserkovka Prospect

T00 Sekisovskoye won the tender for Tserkovka in November 2004 and is now finalising the Subsoil Use Agreement with the Government. A highly prospective area, 39 sq km in size, Tserkovka is adjacent to and surrounds the 100%-owned Sekisovskoye licence. The area was developed in Soviet times and contains four known areas of mineralisation. Soviet era reports refer to 740,000 oz of gold, mostly in the Soviet P1 (Prognosticated) resource category with a little C2. Planning for a 4,000 metre drilling programme is currently underway following site surveying and a review of existing Soviet drill data.

Exploration sampling data covering the Tserkovka and three other prospective areas in the region have been received and are being compiled into a comprehensive database. Assessment of the sampling results from the former Soviet drill logs and plans show positive targets for further exploration.

- Tserkovka is situated 5.5km NW along strike from the Sekisovskoye deposit and here a number of gold zones have been intersected from surface, underground and drillhole sampling. A total of 91 exploration drillholes (1978 and 1982) to a maximum depth of 400m were drilled along cross sections, of which 70 were drilled for in situ rock type determinations. Potentially auriferous breccia rocks, similar to the gold breccia zones at Sekisovskoye, were intersected along a strike length of 400m and reported to contain sulphides. Additional exploration work, via a 450m long adit, showed high grade gold mineralisation from channel sampling such as 13.6 g/t over a length of 5.2m and 8.6 g/t over a length of 15.0m. Other encouraging results included channel samples of 8.1 g/t over 10m and 11.7 g/t over 6.6m. Continuity of this gold mineralisation to surface was confirmed from surface trench sampling, with a maximum gold grade of 159 g/t across a 1.3m wide zone.
- Area 4 is situated 1 km NNE of Sekisovskoye and numerous lithology holes were drilled to bedrock for rock type determinations. Some low grade gold was intersected at a granite/diorite contact, but no potentially auriferous-type breccia has been reported in this area so far. At present, Area 4 will have a relatively low exploration priority.
- Area 5 is centred 800m SE along strike from Sekisovskoye and appears be potentially more attractive as an exploration target than Area 4. Here, well-developed breccias, up to 200m wide, were interpreted on the geological sections. Exploration diamond drill holes reached a maximum depth of 530m and one hole intersected a 1m gold zone grading 6.8 g/t within a breccia zone. It should be noted that in this Area 5, unreliable spectral analysis was first used to assess the presence of gold and, if positive, fire assay would be used to accurately determine the gold content of the core samples. This indicates that gold mineralisation may have been missed and, with the presence of wide breccia zones along strike from Sekisovskoye, this area has very good potential.
- Feodulikha is situated 3.5 km west of Sekisovskoye. At the moment only very limited data have been received and this includes a geological section with 2 drillholes and a plan showing a projected 250m long mineralised zone with trench sample data. Only minor gold grades have been seen to date, but plans show other additional holes for which drill logs are required before a proper assessment of this area's potential can be concluded.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	Year ended 31 Dec 2004 Unaudited £000's	Year ended 31 Dec 2003 Unaudited £000's
Administrative expenses:			
- exceptional expenditures		(96)	(69)
- other administrative expenses		(331)	(96)
OPERATING LOSS		----- (427)	----- (165)
Net interest and similar charges		(11)	(22)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION AND TRANSFERRED TO RESERVES		----- (438)	----- (187)
RETAINED LOSS FOR THE FINANCIAL YEAR		=====	=====
Loss per ordinary share (UK pence per share)	3	(0.22)	(0.09)
Diluted loss per share (UK pence per share)	3	(0.22)	(0.09)

All results are derived from ongoing activities.

CONSOLIDATED BALANCE SHEET

	As at 31 Dec 2004 Unaudited £000's	As at 31 Dec 2003 Unaudited £000's
FIXED ASSETS:		
Intangible assets	672	238
Tangible assets	19	1
	-----	-----
	691	239
	-----	-----
CURRENT ASSETS:		
Debtors	13	11
Cash at bank and in hand	1,263	14
	-----	-----
	1,276	25
	-----	-----
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	(418)	(394)
	-----	-----
NET CURRENT ASSETS / (LIABILITIES)	858	(369)
	-----	-----
NET ASSETS / (LIABILITIES)	1,549	(130)
	=====	=====
CAPITAL AND RESERVES:		
Called up equity share capital	200	-
Share premium account	2,069	-
Merger reserve	(148)	-
Profit and loss account	(572)	(130)
	-----	-----
EQUITY SHAREHOLDERS' FUNDS	1,549	(130)
	=====	=====

CONSOLIDATED CASH FLOW STATEMENT

	Year ended 31 Dec 2004 Unaudited £000's	Year ended 31 Dec 2003 Unaudited £000's
Net cash(outflow)/inflow from continuing operating activities	(428)	119
Returns on investments and servicing of finance		
Interest received	27	-
Interest paid	(16)	(18)
	11	(18)
Capital expenditure and financial investment		
Purchase of fixed assets	(453)	(54)
Net cash outflow	(870)	47
Financing		
Issue of ordinary share capital (net of share issue expenses)	2,119	-
Increase in net cash in the period	1,249	47

Analysis and reconciliation of net (debt) / funds (unaudited)

	As at 31 Dec 2003	Cashflow	Exchange Movements	As at 31 Dec 2004
Cash at bank and in hand	14	1,239	11	1,263
Debt due within one year	(340)	53	13	(273)
Net (debt) / funds	(335)	1,292	24	835

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES AND RECONCILIATION OF
MOVEMENTS IN SHAREHOLDERS' FUNDS

	Year ended 31 Dec 2004 Unaudited £000's	Year ended 31 Dec 2003 Unaudited £000's
Statement of total recognised gains and losses		
Profit (loss) for the financial year	(438)	(187)
Foreign exchange loss arising on retranslation of subsidiary entities' opening balances	(2)	-
Foreign exchange loss arising from reorganisation	(2)	-
	-----	-----
Total recognised gains and losses since 31 December 2003	(442)	(187)
	-----	-----
Reconciliation of movements in Group shareholders' funds		
Total recognised gains and losses	(442)	(187)
New share capital subscribed	200	-
New share premium subscribed	2,450	-
Issue costs offset against share premium	(381)	-
Merger reserve	(148)	-
Net change in shareholders' funds	1,679	(187)
Opening shareholders' funds on 1 January 2004	(130)	57
Closing shareholders' funds	1,549	(130)
	=====	=====

NOTES TO PRELIMINARY RESULTS

1. Statutory accounts

The financial information presented does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985 as amended. The results have been extracted from the accounts of the Company for the year ended 31 December 2004.

The financial information contained herein has been prepared on the basis of the accounting policies to be set out in the accounts for the year ended 31 December 2004. The financial information has been prepared on the going concern basis.

The Company's Annual Report and audited accounts will be sent to shareholders and delivered to the Registrar of Companies in due course. This report will contain complete notes to the accounts.

2. BASIS OF PREPARATION

Hambleton was incorporated on 18 February 2004 and its Ordinary Shares were listed on the Alternative Investment Market on 10 June 2004 (the "Listing"). Hambleton acquired the Hambleton Mining Company Limited ("HMC") Group shortly before listing.

Prior to the Listing, the HMC Group comprised HMC, a company incorporated and resident in the British Virgin Islands, and its subsidiary TOO Gornorudnoe Predpriatie Sekisovskoye ("TOO Sekisovskoye"), a company incorporated and resident in Kazakhstan.

After the Group reconstruction on 3 June 2004, HMC became a 100% owned subsidiary of Hambleton Mining Plc., with its underlying investment in TOO Sekisovskoye remaining unchanged.

The directors believe that the preparation of the financial statements on the basis that the Group had existed throughout the two-year period beginning 1 January 2003 is the most meaningful way to reflect the operation of the Group. Hambleton's combination with the HMC Group has been accounted for as a group reconstruction under the provisions of FRS 6 ("Mergers and Acquisitions") and is presented as if the Company had been the holding company of the HMC Group for each year presented.

As the Company was only incorporated on 18 February 2004, the Company Balance Sheet is presented at 31 December 2004 only and no comparatives are presented.

The consolidated financial information for the Group has been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

This year, for the first time, the financial statements are presented in UK pounds. The move results from the growing preponderance of Sterling in the make-up of the Group's costs following the reconstruction referred to above and the Company's listing on AIM. Almost none of the Group's costs is dollar based and the continuing use of US dollars as the Group's reporting currency would have lead to the reporting of significant but illusory exchange differences. Sterling is now regarded as the Company's functional currency.

3. EARNINGS PER ORDINARY SHARE

	31 Dec 2004 Unaudited £000's	31 Dec 2003 Unaudited £000's
Loss for the period	(438)	(187)
Weighted average number of ordinary shares	199,765,328 -----	199,765,328 -----
Loss per ordinary share (UK pence per share)	(0.22)	(0.09)
Diluted loss per share (UK pence per share)	(0.22)	(0.09)

It has been assumed that the number of Ordinary Shares in issue immediately after Listing (being 199,765,328) had been in issue from 1 January 2003. The directors believe that this provides a more meaningful comparison of the Group's ongoing business than would have been the case if the shares had only been included from the date of issue.

4. Post Balance Sheet items

Acquisition of Tserkovka, Feodulikha, Areas 4 & 5

In November 2004, the Company's wholly owned subsidiary TOO Sekisovskoye was notified that it had won the tender for the exploration and mining rights to the area known as Tserkovka and surrounding territory, amounting to some 29 square kilometres. The Company is now formalising a Subsoil Use Contract. The associated Minimum Work Programme has been approved by the Ministry of Energy and Mineral Resources.

This Minimum Work Programme will commit TOO Sekisovskoye to spend US\$178,700 (£93,267) in 2005, US\$143,800 (£75,052) in 2006 and US\$12,500 (£6,524) in 2007 on the exploration and development of this area.

Issue of shares

In March 2005, the Company issued 62,500,000 ordinary shares (with a nominal value of 0.1 pence each) at 8 pence per share, raising £5 million, before costs, to provide the Company with additional funds to continue the development of its projects.

5. Dividends

The Directors are not proposing that a dividend payment be made.

This information is provided by RNS
The company news service from the London Stock Exchange

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