

PRESS INFORMATION

27 September 2006

HAMBLEDON MINING PLC

Interim results and resource estimate update

(All references to “£” are to the British Pound and “ounces” are to troy ounces)

Hambledon Mining plc (“Hambledon” or the “Group” or the “Company”), the AIM-listed mining and exploration company developing precious metal deposits in Kazakhstan, announces its interim results for the six months ended 30 June 2006.

Highlights

- £10.4 million raised in March.
- 42 per cent expansion in planned process plant capacity to 850,000 tonnes per year.
- General Resource Estimate approved by Kazakh authorities in April.
- Mining operations commenced in June with own mining fleet.
- JORC resource estimate increased to 2.6 million ounces (88 per cent higher than the beginning of the period).
- Mine plan now shows an initial mining reserve estimate of 226,700 ounces of mainly open pittable ore.
- Work on the underground mine plan is continuing and significant reserve increases are expected as detailed design progresses.
- 162 staff now employed.
- Construction of process plant underway.

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

“In reviewing the half year, we are very pleased with what has been achieved, with good progress on all fronts. The JORC resource has almost doubled and as a result we are building a bigger process plant and have decided that it is more cost effective to operate our own mining fleet. The approval of the General Resource Estimate, which is the essential precursor of all other detailed approvals, was obtained and we are well on the way to recruiting our full complement of staff”

“Since the end of the half year, we have completed the open pit mine plan and a plan for the development of the westerly Orebody 11 from underground and can now announce initial mining reserves of 226,700 ounces.”

Note to editors

Hambledon Mining plc is an AIM-listed mining and exploration company which is mining an open pit and stockpiling ore in readiness for completion of an 850,000 tonnes per year treatment plant at its Sekisovskoye gold deposit in East Kazakhstan. After the start of processing, the Company will start to develop the much larger underground resources.

Production from the open pit will average over 40,000 ounces per annum for five years, but total annual output will rise to around 100,000 ounces as the higher grade underground ore is added to the feed. The Group also holds the rights to and is exploring the adjacent Tserkovka licence territory which includes several areas of interest including the Tserkovka deposit itself. The Company has also been notified that it is to be awarded the nearby Glinka and Krugliachka areas. Any ore from these additional areas will be treated in an expanded plant at Sekisovskoye.

Enquiries

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Chairman's statement

I am pleased to announce our financial results for the six months to 30 June 2006.

Consistent progress has been achieved throughout the period. The increased size of the resource indicated that the pit would have a much longer life and that accordingly a much larger design capacity would be beneficial. To this end, the Group raised £10m (after expenses) in March 2006 to fund the construction of an 850,000 tonnes per year plant, 42 per cent larger than previously planned, and the purchase of our own mining fleet, which is now operating.

In March 2006, the Group concluded a 4,000 metre drilling programme from the existing 440 level adit. The purpose of the programme was to drill into the open pit area to define further the geological model and resolve previous uncertainty. Significant new mineralisation was intercepted and additional data on existing ore zones was obtained. These have enabled us to produce a much more robust model. Comparison of the new data with old Soviet data has enabled us to statistically demonstrate that Soviet data consistently underestimated grade by around 19 per cent. Despite this, the current resource estimate has not been adjusted and, to the extent that it is based on Soviet data, a significant uplift in actual mined grades is likely in practice. Furthermore, approximately 15 per cent (over 6 per cent within the planned open pit) of the drilled gold intercepts have not been incorporated into the new model due to our limited understanding of the geological structure in those areas. This can be expected to produce more ore when actual mining commences, with a commensurate drop in the stripping ratio.

In general, the new data indicated higher grades, but the effect was compensated by a more tightly defined modelling style that has resulted in lower overall tonnages. The overall gold content is therefore little changed in the indicated category, and the inferred category has been slightly reduced. Nevertheless, the Directors are pleased with the result, which means that the same number of ounces can be produced by processing fewer tonnes. There is also a reasonable expectation that the results of actual mining will be significantly better than those predicted by the model.

In April 2006, the Kazakhstan authorities approved our General Resource Estimate, a fundamental step in the approval process, which has enabled us to begin mining, acquire the necessary land use rights and all the other detailed approvals required to put the mine and process plant into operation.

In June 2006, we announced that a further consequence of the winter underground drilling programme had been increased confidence in the previously quoted Soviet prognosticated category of resource at Sekisovskoye, to the extent that our independent geologist had been able to reclassify it as JORC compliant inferred resource. This resulted in an increase of our JORC resource to 2.6 million ounces. A further 740,000 ounces of Soviet category resource remains outside the JORC basis, pending the receipt of sufficient further information to enable an updated analysis to be carried out.

Chairman's statement (continued)

In June 2006, mining operations began; a significant milestone in our development. Initially, the mine fleet was being used for site preparation for the process plant, ore dumps and tailings facilities. Mining is now concentrated on pre-stripping waste from the open pit so that it can be used for construction of roads, the tailings dam walls and developing access to the main orebodies. A night shift has recently commenced work in order to stockpile ore for the start of the process facilities.

We are pleased to announce a mining reserve based on mine plans for both open pit and underground. The planned open pit contains 4.2 million tonnes of ore at an average grade of 1.6 grams per tonne. The stripping ratio will be 4.7:1. As said above, the outturn is expected to improve significantly in practice as a result of the underestimation of grade by Soviet drilling and the large quantity of drill intercepts that have not been included in the model.

The scale of the open pit has been reduced because of the relative benefits of mining some of the near-surface ore from underground. In particular, we have decided that a major ore body lying to the west of the main deposit is better mined from underground, and that it is better to restrain open pit mining to the 340 level (approximately 100 metres depth) so that access to the existing underground development and shaft can be maintained. In the absence of such considerations, computerised open pit optimisation studies have shown that a much larger open pit would have been economically minable.

As a part of the process of applying for approval of the General Resource Estimate by the Kazakh authorities, work was carried out on the development of an underground mine plan. This work concentrated on access development strategies and general infrastructure development. A high level of design detail was carried out on Orebody 11 that would otherwise have been mined in a separate open pit to the west of the main pit. This area was chosen for detailed design as it can be accessed during the life of the open pit. This design work has allowed the indicated resource in this area to be classified as a probable reserve. While the level of design in other areas is not yet sufficient to classify the resources as reserves it is anticipated that this will be achieved as further detailed work is carried out. The initial underground mining reserve in Orebody 11 is 82,000 tonnes, at a grade of 5.1 grams per tonne, yielding 13,400 ounces of gold.

Progress on the construction of the process plant has continued apace. The crushing plant has been delivered and is now expected to be in operation around November 2006. Site preparation and the foundations for the process equipment are now largely complete. The latest estimate of the completion date of the process plant is within the first half of 2007.

George Eccles

27 September 2006

Resource and reserve estimates

Resource estimate

This mineral resource estimate of the 100% owned Sekisovskoye deposit has been prepared under the JORC Code and is an update to the resource as reported in June 2006. Resources include reserves.

Location	Resource Category	Tonnes (millions)	Au g/t	Contained Metal Au oz *	Ag g/t	Contained Metal Ag oz *	Au g/t Cut-off
Open pit area	Indicated	9.55	1.8	552,671	3.0	921,119	0.5
	Inferred (b)	6.06	1.8	350,700	2.0	389,667	
Underground	Indicated	2.21	5.1	362,371	6.2	440,529	2.0
	Inferred (b)	7.16	5.2	1,197,036	7.1	1,634,415	
Marginal underground (a)	Indicated	3.40	0.7	76,519	1.4	153,037	0.5
	Inferred	0.96	0.6	18,519	1.2	37,038	
Totals	Indicated	15.16	2.0	991,561	3.1	1,514,685	
	Inferred	14.18	3.4	1,566,255	4.5	2,061,120	
Total	Indicated & Inferred	29.34	2.7	2,557,816	3.8	3,575,805	

*Troy oz = 31.10348 grams

(a) underground low grade material associated with high grade gold zones.

(b) includes resources that have been defined beyond the current limits of the grade model. Note: "Inferred" resources cannot be used for ore reserves until they have been upgraded.

The re-modeling of the open pit area, above the 250m level, has resulted in a slight increase in contained gold for the higher "indicated" category, but the lower "inferred" resource shows an 11 per cent drop in contained gold for the Sekisovskoye deposit as a whole, with higher grades but lower tonnage. The total net reduction in estimated contained gold is 6.7 per cent. Results from the recently completed underground drilling programme have provided a better understanding of the gold distribution, and this has resulted in a resource model that we believe will better reflect the actual geometry and continuity of mineralisation.

The previous model was based upon a more "open" delineation of the mineralisation, whereby larger tonnages and lower grade material were modeled, resulting in higher tonnages of "inferred" resource. This new model is much tighter with less low grade mineralisation, resulting in lower tonnages but higher grades. A total of 244 separate gold zones were delineated, indicating the complexity of this deposit. In practice, open pit mining is likely to encounter additional sources of gold. Drill-hole samples above the 0.5 grams per tonne cut-off level, but not in the model, imply that over 6 per cent of additional contained gold should be found within the planned pit.

Resource and reserve estimates (continued)

Resource estimate (continued)

In addition, resources in our new licence areas of Tserkovka, Feodulikha and Areas 4 & 5 contain former Soviet-based resources of C2 and P1 which are estimated to contain 740,000 ounces of gold. It is expected that some of these resources can be re-classified under the JORC Code after assessment of exploration drilling results.

Reserve estimate

This ore reserve estimate of the Sekisovskoye deposit has been prepared under the JORC Code.

Location	Reserve Category	Tonnes (million)	Contained		Contained		Au g/t Cut-off
			Au g/t	Metal Au oz	Ag g/t	Metal Ag oz	
Open pit area	Probable	4.19	1.6	213,352	2.6	346,665	0.5
Underground	Probable	0.83	5.1	13,384	7.4	19,615	0.2
Total				226,736		366,280	

*Troy oz = 31.10348 grams

The Sekisovskoye open pit ore reserve model is based on the ordinary kriging of the mineral resource model using a 0.5 grams per tonne cut-off, taking into consideration the expected dilution and losses. Whittle optimisations resulted in a pit shell containing 7.25 million tonnes of ore representing a conversion of 76 per cent of the indicated resource to probable reserve in this area. However, development of this pit shell would have resulted in the loss of the existing underground infrastructure and made the process of bringing the underground operation into production much more difficult and on a much longer timeframe. It has therefore been decided to leave the existing 320 level intact and access this level from a decline developed from outside the pit limit. This will allow the western ore bodies to be mined from underground concurrently with the open pit and other ore zones below the pit bottom at the 340 level, which might otherwise have been included in the open pit mine plan, to be mined from underground.

The resultant reserve estimate is calculated by applying mining costs, mining dilution (4 per cent) and recoveries (97.5 per cent) to that portion of the Indicated Resource falling entirely within the optimised open pit design. The area of this open pit reserve is contained within the mineral resource as reported above.

Resource and reserve estimates (continued)

Reserve estimate (continued)

The Sekisovskoye underground ore reserve has been determined from the mine design work carried out as a part of the approval of the General Resource Estimate by the Kazakh authorities using a 2.0 gram per tonne cut-off. The General Resource Estimate covered both the open pit resource and underground resource. Mine designs were therefore required for both the open pit and the underground areas. The underground design was carried out in detail on the resources from Elevation 340 up and in less detail in the lower areas. The design on some of the orebodies, notably Orebody 11, included stope design down to detailed stope blast ring design. This level of design and financial analysis has allowed for the ore tonnages in these orebodies to be classified as a probable reserve. It is anticipated that as further detailed design and financial evaluation is carried out on the indicated resources in these areas then these too will be convertible to reserves.

The underground reserve estimate is calculated by applying mining costs, mining dilution (8 per cent) and recoveries (96 per cent) to that portion of the Indicated Resource falling entirely within the stope design. The area of this underground reserve is contained within the underground mineral resource as reported above.

Glossary of technical terms used

Grade	The tenor or concentration by weight of a metal in a mineral deposit or ore
Indicated Resource	A category of Mineral Resource of higher confidence than an Inferred Resource, the estimation of which is prescribed by the JORC Code. This is the minimum level of resource classification required for Ore Reserve estimation under the JORC Code.
Inferred Resource	A category of Mineral Resource the estimation of which is prescribed by the JORC Code. Inferred Resources cannot be used as a basis for Ore Reserve estimation.
JORC Code	Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee). See www.jorc.org/main.php
Kriging	A class of methods of estimating mathematically the distribution of a metal in three dimensions within the earth, together with the confidence of the estimate
Mineral Resource	An estimated tonnage and grade of mineralisation in the ground determined as prescribed by the JORC Code
Ore Reserve	That part of a Mineral Resource which can be demonstrated to be worked profitably when all modifying factors are taken into account.
Tonne	A metric tonne of 1000 kilograms

Qualified Person

These resource and reserve estimates have been prepared by Roger Rhodes BSc, MSc, MIMMM, independent geological consultant with Computer Resource Services. He has over 35 years of relevant experience and is a qualified person for the purpose of reporting resources under the JORC Code and the AIM rules.

Consolidated profit and loss account

For the six months ended 30 June 2006

	Note	Six months to 30 June 2006 (unaudited) £000s	Six months to 30 June 2005 (unaudited) restated £000s	Year ended 31 December 2005 (audited) restated £000s
Administrative expenses	2	(395)	(358)	(846)
Operating loss		(395)	(358)	(846)
Net interest and similar items	3	354	55	249
Loss on ordinary activities before and after taxation retained for the financial period	6	(41)	(303)	(597)
Loss per ordinary share:				
- Basic	5	(0.01)p	(0.13)p	(0.24)p
- Diluted	5	(0.01)p	(0.13)p	(0.24)p

Consolidated balance sheet

As at 30 June 2006

	30 June 2006 (unaudited)	30 June 2005 (unaudited) restated	31 December 2005 (audited) restated
Note	£000s	£000s	£000s
Fixed assets			
Intangible assets	61	-	52
Tangible assets	5,571	988	3,060
	<u>5,632</u>	<u>988</u>	<u>3,112</u>
Current assets			
Stock	30	-	-
Debtors	2,059	107	213
Cash at bank and in hand	9,753	5,418	4,021
	<u>11,842</u>	<u>5,525</u>	<u>4,234</u>
Creditors: amounts falling due within one year	(643)	(450)	(444)
Net current assets	<u>11,199</u>	<u>5,075</u>	<u>3,790</u>
Provisions for liabilities and charges	(1,118)	-	(1,127)
Net assets	<u>15,713</u>	<u>6,063</u>	<u>5,775</u>
Capital and reserves			
Called up equity share capital	366	262	262
Share premium account	16,690	6,813	6,820
Merger reserve	(148)	(148)	(148)
Other reserves	6 (1,195)	(864)	(1,159)
Equity shareholders' funds	<u>15,713</u>	<u>6,063</u>	<u>5,775</u>

Consolidated cash flow statement

For the six months ended 30 June 2006

	Six months to 30 June 2006 (unaudited) £000s	Six months to 30 June 2005 (unaudited) restated £000s	Year ended 31 December 2005 (audited) restated £000s
Net cash outflow from continuing operating activities	(2,038)	(400)	(889)
Returns on investments and servicing of finance			
Interest received	153	61	150
Interest paid	(12)	(12)	(21)
Miscellaneous non-operating income	-	-	17
	141	49	146
Capital expenditure and financial investment			
Payments to acquire intangible fixed assets	(5)	-	(988)
Payments to acquire tangible fixed assets	(2,340)	(300)	(277)
	(2,345)	(300)	(1,265)
Net cash outflow before financing	(4,242)	(651)	(2,008)
Financing			
Issue of ordinary share capital (net of share issue expenses)	9,974	4,806	4,813
Share issue expenses relating to previous period	-	-	(47)
	9,974	4,806	4,766
Increase in net cash in the period	5,732	4,155	2,758

Consolidated statement of total recognised gains and losses

For the six months ended 30 June 2006

	Six months to 30 June 2006 (unaudited) £000s	Six months to 30 June 2006 (unaudited) restated £000s	Year ended 31 December 2005 (audited) restated £000s
Loss for the financial period	(41)	(303)	(597)
Share based payment	13	-	10
Currency translation differences on foreign currency net investments	(8)	11	-
Total recognised losses relating to the financial period	(36)	(292)	(587)

Reconciliation of movements in equity shareholders' funds

For the six months ended 30 June 2006

	Six months to 30 June 2006 (unaudited) £000s	Six months to 30 June 2005 (unaudited) restated £000s	Year ended 31 December 2005 (audited) restated £000s
Total recognised losses	(36)	(292)	(587)
New capital subscribed (net of costs)	9,974	4,806	4,813
Net increase in equity shareholders' funds	9,938	4,514	4,226
Equity shareholders' funds - opening balance	5,775	1,549	1,549
Equity shareholders' funds - closing balance	15,713	6,063	5,775

Notes to the interim consolidated financial statements

1 Presentation of financial information and accounting policies

These interim consolidated financial statements are for the six months ended 30 June 2006 and are unaudited. The information for the year ended 31 December 2005 does not constitute statutory accounts as defined in Section 240 of the Companies Act 1985.

The financial information for the year ended 31 December 2005 has been extracted from the statutory accounts of Hambledon Mining plc ("the Group") for that year. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditors' report on those accounts was unqualified and did not contain any statement under Section 237 of the Companies Act 1985.

The interim financial information has been prepared in accordance with all relevant financial reporting standards. The accounting bases and policies are applied on a basis consistent with those set out in notes 1 and 2 in the Annual Report and Accounts for the Group for the year ended 31 December 2005. From 1 January 2006 the Group has adopted Financial Reporting Standard 20, "Share-based Payment" as set out in note 2.

2 Change in accounting policy and comparatives for share based payment.

The Group has adopted Financial Reporting Standard 20 ("FRS 20"), "Share-based Payment" which is effective for accounting periods commencing on or after 1 January 2006. Prior to the adoption of FRS 20, the Group did not recognise any charge or credit in its profit and loss account in respect of any grant of equity instrument. The Group had not granted any equity instruments prior to 7 November 2002, and therefore FRS 20 has been applied to all grants of equity instruments that had not vested as of 1 January 2006.

The Group issues equity-settled share based payments in the form of share options to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest.

Fair value is estimated by an independent third party using a proprietary binomial probability valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations.

The new accounting policy for share based payment has been adopted retrospectively and the comparative profit and loss accounts for the six months ended 30 June 2005 and year ended 31 December 2005 have been restated. This change in accounting policy has resulted in an increase in administrative expenses and accordingly the loss on ordinary activities for the six months ended 30 June, 2005 and 2006 of £nil and £13,000 respectively and for the year ended 31 December 2005 of £10,000

Any profit and loss charge in a period in respect of share-based payments is credited to the Group's other reserves. The change in accounting policy has therefore had no effect on the consolidated balance sheets of the Group at 30 June, and 31 December, 2005. A revised statement of the movements in other reserves is shown in note 6

3 Net interest and similar items

	Six months to 30 June 2006 (unaudited) £000s	Six months to 30 June 2005 (unaudited) restated £000s	Year ended 31 December 2005 (audited) restated £000s
Interest payable to related party	(12)	(12)	(25)
Foreign exchange gain	213	6	107
Miscellaneous income: non-operating	-	-	17
Bank interest receivable	153	61	150
	<u>354</u>	<u>55</u>	<u>249</u>

4 Dividend

The directors do not recommend the payment of a dividend.

5 Basic and diluted loss per share

The calculation of basic and diluted earnings per share is based on the retained loss for the financial period (for the comparative periods – as restated).

The weighted average number of ordinary shares for calculating the basic loss per share and diluted loss per share after adjusting for the effects of all dilutive potential ordinary shares are as follows:

	Six months to 30 June 2006 (unaudited)	Six months to 30 June 2005 (unaudited)	Year ended 31 December 2005 (audited)
Basic	314,265,328	231,187,980	246,854,369
Diluted	<u>317,430,012</u>	<u>232,885,051</u>	<u>249,308,944</u>

6 Other reserves

	Six months to 30 June 2006 (unaudited) £000s	Six months to 30 June 2005 (unaudited) restated £000s	Year ended 31 December 2005 (audited) restated £000s
Start of period	(1,159)	(572)	(572)
Share based payment	13	-	10
Currency translation differences on foreign currency net investments	(8)	11	-
Retained loss for the period	(41)	(303)	(597)
End of period	<u>(1,195)</u>	<u>(864)</u>	<u>(1,159)</u>

7 Approval of interim financial statements

The interim report for the six months to 30 June 2006 was approved by the Directors on 27 September 2006.

Company Information

Directors

George William O'Neale Eccles
Non-Executive Chairman

Nicholas John Bridgen
Chief Executive

Randall Alan Pyper
Technical Director

Alzan Aytimbetovich Shomaev
Non-Executive Director

Christopher James Thomas
Non-Executive Director

Company Secretary

William Roy Morgan B. Sc. ACA

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