

Regulatory Announcement

Company	Hambledon Mining PLC
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Hambledon Mining PLC
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PRESS INFORMATION

29th January 2007

HAMBLEDON MINING PLC

US\$16m Placing, two Acquisitions

Update on Sekisovskoye

(All references to "£" are to the British Pound, "\$" are to United States dollars 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, is pleased to announce it has raised a total of \$16 million (after expenses) by way of a placing ("the Placing") of new ordinary shares of 0.1 pence in the Company ("Ordinary Shares") to fund two acquisitions and associated planned developments, and to provide working capital for the Group. The Company also confirms that its Sekisovskoye project remains on schedule with production expected to start in mid-2007.

Highlights

- Acquired "TOO Ogniyovka", owner of the Ogniyovka treatment plant
- Entering final negotiations to acquire a Kazakh company which holds the rights to gold deposits estimated to contain 600,000 ounces of gold
- Raised \$16 million from a placing of the Company's shares to finance the acquisitions and the associated planned developments

Sekisovskoye update

- Mining operations continuing over winter at planned rate
- All foundations and major plinths completed
- Erection of leach tanks commenced
- Tertiary mill installed
- Notification of readiness for shipment of first primary mill received
- Jaw crusher being installed, retaining wall, feed bin and vibrating feeder completed
- Store building completed
- Boiler received on site
- Start of commissioning of process plant on schedule for the second quarter 2007

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

"At Sekisovskoye, mining and construction of the process plant are proceeding well. We are on budget and on schedule. We expect commissioning to start in the second quarter of this year.

The two acquisitions mark a significant stepping up of the scale of our operations. They not only add additional resources to our growing existing deposits but, more importantly, provide near term cash flow and are capable of multiplying our free cash flow several times over. This will increase profitability and will provide us with a stronger financial base".

Placing

The Company has raised a total of \$16 million (after expenses) by way of the Placing to new and existing investors of 57,022,000 new Ordinary Shares at an issue price of 15p per Ordinary Share.

The capital raised will provide the Company with funds to finance the acquisition of Ogniovka and of a second Kazakh company with gold deposits, as well as associated planned developments and working capital for the Group.

Esterel Trust, a discretionary trust of which George Eccles, the Chairman of Hambledon, is a potential beneficiary, acquired 33,000 ordinary shares pursuant to the Placing and, accordingly, Mr Eccles is now interested in 144,750 ordinary shares representing 0.003 per cent. of the issued ordinary share capital of the Company.

Application has been made for the admission of the new Ordinary Shares to trading on AIM and dealings are expected to commence on 31 January 2007.

Ogniovka processing facility

We are pleased to announce the acquisition of TOO Ogniovka, owner of the Ogniovka processing facility.

The processing facility is configured to treat up to 350,000 tonnes per year of the copper, gold and silver-containing residues (slag) from zinc smelters. By-product concentrates of iron ore and coke will also be produced. The first stages of a significant expansion of the facility have already been completed by the previous owners, including an extension of the mill building, construction of the ore handling system and mill-feed storage bins.

Maximum production from the existing facility will depend on the content of the slags treated. Typically, these may contain from 1.5% to 2.2% copper, 1 to 4 grammes per tonne of gold and around 150 grammes per tonne of silver. Metallurgical recoveries will be lower than those typical from the treatment of primary ores but nevertheless are expected to lead to a highly profitable operation.

Contracts for the procurement of slag and for the sale of the main concentrate are in place.

The processing facility has been closed for over two years and TOO Ogniovka is currently undergoing a process of rehabilitation under court protection from creditors which currently total some \$3.8 million. Hambledon will acquire the debts of the principal creditor, with a nominal value of \$2.7 million, for a cash payment of \$1.7m, and will then have the right to buy TOO Ogniovka itself for approximately \$8,000. Of the remaining debts, \$0.3m must be paid in cash immediately. Under the rehabilitation plan submitted, which

is expected to be approved, the remainder will be paid over the following three years out of earnings.

The process facility, though old, is in good condition. The Company plans to recommission the existing facilities and is likely to complete the planned expansion.

Acquisition of gold company

Negotiations are currently being finalised for the acquisition of a company which holds the rights to two deposits with resources approved by the Kazakstan authorities totalling some 600,000 ounces. Further details will be published upon completion and signature of the acquisition agreement.

The Directors consider that the acquisition, which has been agreed in principle by all parties, is highly likely to be completed. In the event that it is not, the funds allocated to this will be used to accelerate the development of underground mining at Sekisovskoye, further exploration, and for other corporate purposes.

On completion, the acquisitions announced today are expected to enhance and diversify the Company's portfolio, thereby providing a firm base for the Company's future growth.

Sekisovskoye update

Mining operations have recommenced after a brief shut down over the Christmas / New Year period. Excavation activities continue to operate at planned rates with excellent results being obtained from the local blasting contractor. Currently, waste material being mined is being used for the construction of the tailings dam and the completion of the ore stockpile pad. Ore mining is being deferred until March for direct placement on the stockpile.

Orders for the final two BelAZ dump trucks and second bulldozer have been placed which will complete the entire planned mining fleet for the life of the open pit.

Maintenance agreements with Atlas Copco and Hitachi have been put in place to ensure that the initial high equipment availabilities are maintained and the training of the Sekisovskoye maintenance team is enhanced.

Construction of the process plant continued through the Christmas and New Year period. Erection of the main CIL leach tanks commenced in early January.

All steelwork and sandwich panelling for the process plant building has been received and is either stored on site or in Ust-Kamenogorsk. Erection of the building commenced in mid January.

Manufacture of the two main 1.2 megawatt ball mills is complete with dispatch of the primary mill scheduled for before the end of January and the second in mid February. The mill plinths for the primary and secondary mills have been completed. The mechanical installation of the tertiary mill is already complete.

Installation of the crushing circuit is progressing with the completion of the retaining wall, installation of the feed bin and vibrating feeder. The jaw crusher is ready for installation. All crushing and conveying foundation work is complete and all conveyor frames and belts have been received and are currently stored on site.

All foundation work for the boiler house has been completed and the modular boiler has been received. Technicians from the Russian manufacturer are expected onsite in late January to supervise the installation and commissioning.

Construction of the site store building is now complete.

The electrical substation site is complete. The main 16MW transformer has been delivered to site and the installation of the power line is nearing completion. All small 6kV/440V transformers have been received and are awaiting installation. The 500kVA back-up generator has also been delivered.

Overall, the process plant construction is on schedule for start-up in Quarter 2, 2007 and the Directors are very pleased with the progress made to date.

Exploration drilling was temporarily stopped for the holiday period and recommenced in mid January.

Enquiries

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Note to Editors'

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

Production from the open pit will average over 40,000 ounces per annum for five years, though this is expected to rise to around 100,000 ounces when the higher grade underground ore is added to the feed. The Company also holds the rights to and is exploring the adjacent Tserkovka licence territory which includes several areas of interest including the Tserkovka deposit itself.

Ends

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

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