

Regulatory Announcement

Company Hambledon Mining PLC
TIDM HMB
Headline Open Pit Project To Go Ahead
Released 07:00 09-Mar-05
Number 4978J

RNS Number:4978J
Hambledon Mining PLC
09 March 2005

HAMBLEDON MINING PLC Open pit project to go ahead

Hambledon Mining Plc, an AIM-listed mining and exploration company developing precious metal deposits in Kazakhstan, announces that, on the basis of the excellent results of the fast-tracked feasibility study of the open pit area, it has been decided to progress this part of the project. The open pit area accounts for approximately 7% of the estimated 2.8 million ounces of resources of the Sekisovskoye/Tserkovka complex. The feasibility study into the development of the much larger underground mine and exploration of the adjacent Tserkovka licence area is continuing and a further announcement regarding developments is expected to be made in June 2005.

Highlights

- Total open pit resources 183,000 ounces, 83% up on flotation figure, June 2004
- Grade 1.6 grammes per tonne, 13% higher than June 2004
- 3.6 million tonnes, 63% higher than June 2004
- Waste to ore ratio very low at 1.2:1
- Indications that grade may be up to 20% higher
- Mining rate of 600,000 tonnes per year (20% increase on initial plans)
- 95% metallurgical recovery
- Annual output 30-35,000 ounces from open pit, rising to up to 110,000 ounces when underground ore is substituted
- Open pit mine life - six years
- Commencing spring 2006

Nicholas Bridgen, Chief Executive of Hambledon Mining plc commented:

"We are delighted with the progress the Company has made since flotation last June. The initial open pit phase of the project has proved much more encouraging than we originally anticipated. With a breakeven of \$245 per an ounce, it is an extremely attractive project in its own right, but literally only scratches the surface of the potential reserves within the whole complex."

"Fast-tracking this profitable, low-risk project will provide near-term cash-flow to assist in the development of the more significant underground project at Sekisovskoye, itself a precursor to the development of a much larger area."

9th March 2005

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The full geological report will be available on the Company web site on Thursday 10th March 2005.

Project Development

Open pit project

Two significant factors we have identified have resulted in a change in the approach to the development of the deposit. Previously, it was believed that the open pit and underground ores from Sekisovskoye would be developed simultaneously, with the open pit material being only a short-term stopgap whilst the underground ore was developed. Since then, the Company has announced, in November 2004, the acquisition of the 29 square kilometre area surrounding Sekisovskoye known as Tserkovka which contained several significant extensions of the Sekisovskoye mineralisation. In January, the Company announced its 2004 drilling results which were excellent and led to a plan to fast-track the development of the open pit project on a stand-alone basis.

This is not only a profitable, low risk, way of starting the project, but also allows the Company to take the time to develop a coordinated plan for the whole Sekisovskoye/Tserkovka complex whilst benefiting from the cash flow and experience that open pit production will bring.

Whilst the feasibility study is not yet fully complete, sufficient information is now to hand for the Company to reach the conclusion that the open pit project should go ahead. The remaining work will further refine the design parameters of the project but is unlikely to result in any significant change in the design concept, nor diminish its extremely robust economic viability. In order to maintain the "fast tracked" approach to this part of the Project, the Company will now start the process of obtaining government approvals, land purchase and, in the summer we will commence the initial building construction so that work can then progress during winter.

A new geological model is being created which incorporates the 2004 drill results and which also has greater sensitivity to low grade ore that was ignored in previous Soviet models. This low grade ore lowers the average ore grade, but is a good contributor to profits and minimises the waste to ore ratio.

The western boundary of the site is marked by the river Sekisovka. Though it may prove possible to re-route this river, the conservative view has been taken that this will be a permanent restraint, limiting the westward extensions of the deposit to underground mining only. Nevertheless, the 2004 drilling programme, together with the results of the remodelling of the open pit area discussed above, have resulted in the identification of three main open pits, the western-most of which was not included in previous plans.

Various scenarios have been examined with a view to both optimising net present value and producing a mine plan that is robust against fluctuating gold prices. Though net present value is optimised at a much larger size, the chosen scenario sacrifices only nominal value for a greater profit per tonne, so that in the event of falling gold prices, profits are still maintained at a reasonable level. The chosen scenario has a break-even gold price of only \$245 per ounce.

The selected scenario envisages the mining of 3.6 million tonnes of ore over six years. As modelled, this will result in production of over 30,000 ounces (gold equivalent) per year. Considerable evidence exists to suggest that the sample grades resulting from Soviet era surface drilling were underestimated by around 20%. The current model is only partially derived from such underestimated samples but, nevertheless, the Directors believe that production is likely to be significantly higher.

The average ore grade within the pit is 1.6 grammes per tonne. Because of the way in which the new geological model is compiled, this grade is already diluted with internal waste, so no further dilution factor is needed to derive the anticipated mined grade. Similarly, no additional mining losses are anticipated. The waste to ore ratio will be very low at 1.2:1. Overall contract mining costs for ore and waste have been quoted by an independent contractor at less than \$2.00 per tonne, giving a mined cost per tonne of ore of approximately \$4 per tonne. Further negotiation, or competitive quotes, may reduce this figure further.

Geotechnical

As previously announced, geotechnical drilling has indicated very good rock stability. This has led to the use of steep open pit walls and will minimise underground stability problems.

Hydrogeology

An assessment of available hydrogeological data has indicated that sufficient data is already available for design and permitting purposes for underground mining. Additional investigations required for environmental permitting of the proposed plant site and tailings dam are scheduled for early spring 2005.

Mining Engineering

Initial open pit designs have been carried out by in-house mining engineers and geologists. GeoMine Solutions of Johannesburg will complete the full feasibility study.

SRK Consulting of Johannesburg has been appointed for the underground mine study as well as the transition between open pit and underground.

Treatment plant

A considerable amount of metallurgical test-work was carried out in Soviet times, and further bulk samples have now been tested at the Vniitsvietmiet institute in Ust Kamenogorsk. Results from low, medium and high grade samples have confirmed that the proposed treatment methods are appropriate and the recovery from all grades is consistent with previous predictions of 95% recovery. A complete physical and metallurgical testing programme has recently begun at Ammtec in Australia on core samples from the recent drilling programme. This programme will define all the design parameters for the milling, gravity, leaching and neutralisation circuits.

The results to hand show that the initial gravity stage separation will extract up to 40% of the gold, with the remainder coming from a conventional leach plant. This plant uses established technology and is considered low in technological risk. The treatment plant will be capable of treating not only ore from the open pit, but also underground ore as it becomes available. Whilst the open pit life is currently estimated at six years, it is possible that underground ore or other ore from the newly acquired territories will be substituted sooner, leading to an increase in production to up to 110,000 ounces per year from the same plant.

Environmental

The ecological baseline study has been accepted by the authorities and the environmental firm AsiaEcoLink has begun the next phase of the environmental assessment.

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 to the adjacent Tserkovka deposit and exploration areas.

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