

**HAMBLEDON MINING PLC**  
**(AIM:HMB)**

**Final Results**

(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 results for the year ended 31 December 2007.

**Highlights**

- Processing plant started in December 2007
- Throughput now reaching design level of 850,000 tonnes per year
- First gold exported and sold on 13 May 2008
- 1,283 ounces of gold and 2,450 ounces of silver produced since start up
- Underground mining study completed
- Ognevka purchase completed in May 2007
- Ognevka refurbishment completed in November 2007
- Ognevka pegmatite tailings study underway

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

*"Taken as a whole, it was a good year. We've made the original Sekisovskoye mine fully operational and overcome the inevitable teething problems of a new plant. It is now reaching the design level of 850,000 tonnes per annum and the refurbished Ognevka facility potentially adds a very exciting second source of added value."*

*"We look forward to strong cash flows in the remainder of 2008."*

**Note to editors**

Hambledon Mining plc is an AIM-listed gold mining and exploration company, which is operating the Sekisovskoye gold mine and the Ognevka processing plant, both of which are close to Ust Kamenogorsk in East Kazakhstan.

At Sekisovskoye, the Company is mining from an open pit and has constructed an 850,000 tonnes per year treatment plant. Production from the open pit will average over 40,000 ounces per annum. As soon as steady production has been achieved, the Company plans to develop the much larger underground resource that is expected to lead to a combined production rate of around 100,000 ounces per year.

Hambledon Mining plc

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When in full production, the Ognevka processing plant will produce concentrates containing gold, silver, copper, iron and coke from the re-treatment of zinc smelter residues. It owns a potentially significant resource of pegmatite tailings containing feldspar, lithium and other metals.

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## **Chairman's statement**

I am pleased to announce our financial results for the twelve months to 31 December 2007.

### ***Review of 2007 and 2008 to date***

The Company accomplished much in 2007. At Sekisovskoye, mining operations continued smoothly throughout the year and the processing plant was completed in December after many delays, caused principally by late equipment deliveries.

Cost inflation in the mining industry has been rampant, but it is useful to take stock of the fact that our Company has put in place a modern, 850,000 tonnes per year process plant for a total price of less than \$25 million and an all-up cost for the entire mining and processing facility, including all expenditure since the Company's flotation in June 2004, of just \$40 million. This has been possible because the Sekisovskoye deposit contains ore that is ecologically benign, easy to mine and treat, and is situated in a location requiring the minimum of spending on infrastructure. All these virtues should pay dividends in terms of low operating costs and high metallurgical recoveries in the years to come.

After overcoming some minor commissioning issues, there was an accident in February 2008 that resulted in the fatality of an employee. Naturally, the Company's first concern was with the family concerned and to make sure that no such accident could happen again. To this end, we engaged safety consultants to review the whole plant and we redesigned and rebuilt the damaged part. The Company used the period of closure for further training of staff and to rectify the various bottlenecks highlighted in the first two months of operation. As a result, the restart of the plant has gone smoothly and we have incremented the rate of throughput successively to the point where we are now starting to operate at the design rate.

The opportunity to purchase TOO Ognevka from its main creditor in bankruptcy arose at the start of the year and required a quick decision. It was the view of the Directors that the potential opportunities were extremely exciting and the very low entry-cost meant the risk was minimal. Currently, we are experiencing some difficulties in treating the remaining on-site clinkers but test-work carried out before and during our ownership period indicates that these should be resolvable. In addition, the opportunities to convert the plant to treat pegmatite tailings, or re-open the pegmatite mine, are potentially of enormous value.

### ***Outlook***

2008 promises to be as productive as 2007. The main thrust at Sekisovskoye is to maintain the existing operations on a secure and stable footing and to complete the study of, and start, the underground mining operations.

At Ognevka, the short term target is to resolve the operating problems with the current clinker line, while continuing to study the possibility of treating the Company-owned pegmatite tailings to recover lithium and other metals. Preliminary discussions with the Government authorities are underway to examine the potential of accessing the government-owned pegmatite tailings which are beneath Ognevka's, and the underground mine which is situated below the Ognevka factory.

### ***Directors***

In January 2008 Randall Pyper resigned as technical director, having been with the Company since 2003. Randall oversaw the development of the project from its inception through to the start of production. He has left to further his business in Perth, where he will be able to live with his growing family, and will continue his association with Hambledon as a consultant. I am very

pleased to welcome to the board Mr. Neil Stevenson, previously Operations Manager, who has over 20 years of experience in open pit and underground mine management, bringing skills that will be vital in optimising the ongoing operations.

**George Eccles**

9 June 2008

## **Review of Operations**

### **SEKISOVSKOYE**

#### **Mining Operations**

##### ***Open pit***

Mining operations at the Sekisovskoye open pit progressed well during 2007. The principal focus of operations for 2007 was to provide construction material for the completion of the processing plant and tailings storage facilities and to provide a stockpile of ore to allow the commencement of processing activities.

To this end 1.27 million cubic metres of material was excavated for land clearance and construction purposes and a total of 165,000 tonnes of ore at a grade of 1.6 grams per tonne was mined and deposited at the crushing plant stockpile area.

The construction of the stage 1 tailings storage facility was completed with the plastic lining installed in October. Construction of the stage 2 tailings storage facility was commenced with the floor excavation completed and the rock wall core completed to the 478 metre level. The final level of this facility is planned to be 480 metres to be completed in mid-2008 with the plastic lining installed after the final clay lining compaction is completed. As part of the tailings dam construction, monitoring and water sample bores were drilled around the perimeter of the walls to allow environmental monitoring to be undertaken.

Our experience of the cost of building the tailings facilities during 2007 showed that the price rates of civil contractors were very high. Since construction of tailings dams is scheduled to be ongoing for the next three years, the Company acquired its own construction fleet, consisting of two scrapers, two 15 tonne road trucks and a second front end loader. This equipment arrived toward the end of 2007 and has already generated significant cost savings for the Company.

Analysis of the mining operations at Sekisovskoye continues to show that the costs associated with the operation of the mining fleet are lower than projected. Kazakhstan has generally not experienced as high costs of diesel fuel as in many parts of the world.

The Company temporarily suspended mining operations after the processing plant shut-down in February 2008 since at that time there was already a sufficiently large stockpile of ore on the crusher storage pad and stripping operations were sufficiently advanced. The mine recommenced operations in May 2008 when the mining fleet had been augmented with the addition of a second Atlas Copco L7 blasthole drilling rig.

##### ***Underground Project***

In late 2007, we undertook a study of the underground project with assistance from AMC Consultants, Perth, which contributed the conceptual mine design, infrastructure requirements and equipment selection. The aim of the study was to develop an appropriate mining scenario for the Sekisovskoye underground project, undertake geotechnical investigations, produce a detailed mine design, develop a mine schedule, specify appropriate mining equipment and carry out a financial analysis of the mine.

The study showed that it was feasible to develop an underground operation with an annual mining rate of up to 500,000 tonnes per annum using bulk mining techniques.

The study included a review of the total resource model for potential underground extraction, including areas above the 250 metre level, but outside the open pit design. In order to reduce the

complexity of the study, only 34 of the larger gold zones were selected for detailed analysis and the results showed that these zones could be profitably mined under the proposed mine design. The remaining zones will be planned for as the mine progresses. The mine design was derived from only the part of the resource that has been modeled in detail, which makes up a total of 3.3 million tonnes of both indicated and inferred resource at an in-situ grade of 5.2 grams per tonne. Some six million tonnes of inferred resource that has not been modeled in detail, together with the remaining smaller indicated and inferred zones, were ignored for the purpose of the study. The results can be expected to improve considerably in the light of further study and when further drilling has been carried out to upgrade our knowledge of the inferred resource.

Based on the small part of the overall resource as described above, the mine plan indicates that 2.9 million tonnes are extractable from underground at an average, diluted grade of 4.7 grams per tonne, giving 433,371 contained ounces. Exploration carried out in the open pit zones by the Company has consistently shown grades of around 20 per cent. higher than previous Soviet era drilling had indicated and, if the same ratio is experienced underground where the Company has not yet carried out any drilling, the diluted grade can be expected to rise to some 5.6 grams per tonne.

The total cost of mining, processing and administration was estimated to be some \$64 per tonne, though this is based only partly on the lower costs of operating in Kazakhstan compared with Australia. The total cash investment, including working capital was estimated as US\$22 million for the immediate development of the whole underground project. The Company is working on a development schedule that will proceed in stages to suit the approvals system operating in Kazakhstan and will use more local, former Soviet Union and Chinese equipment. The likely up-front investment for the first stage, including working capital, will be just US\$3 million, which will be financed by local borrowing and internally generated resources.

Under JORC rules only Indicated Resources may be converted into Probable Reserves. As the majority of the Sekisovskoye Underground reserve is classified as Inferred it cannot be converted into a Reserve until the degree of geological knowledge is increased. Underground infill drilling programmes have been planned to target more remote areas of the underground deposit, to facilitate the upgrading of the Inferred resources for mine design appraisal and hence additions to the JORC reserve inventory.

Work has commenced on the development of the required documentation to be presented to the Kazakhstan regulatory authorities for approval to commence underground mining. This will require our team of planning engineers and geologists to take the current design and convert it into a format acceptable to the local authorities. It is expected that mine development will commence with the construction of a surface decline from within the existing open pit to intersect the old exploration level at an elevation of 120 metres below surface. Discussions have commenced with suppliers to source the required underground equipment to start development of the surface decline.

The processing plant at Sekisovskoye can treat around 850,000 tonnes of ore per year. Output from underground will be limited to some 500,000 tonnes per year, while the remaining plant capacity will be filled with ore mined from open pit. On the basis of the expected uplift in grades, combined (underground and open pit) gold production will be over 100,000 ounces per year. Opportunities exist for the expansion of the plant by the addition of a further leach tank (for which provision was made within the existing building) and additional milling capacity.

### **Processing operations**

The construction of the Altai Ken-Bayitu processing facility at Sekisovskoye continued during the entire 2007 calendar year and was completed in mid December 2007. The start-up of the processing facility was delayed by a number of factors but principally by a ten month holdup in the delivery of the ball mills from the manufacturer in Russia. These were finally installed in mid

October. On start-up, problems were experienced with high temperatures in the mill bearings resulting in the cessation of operations while the bearing surfaces were skimmed.

Processing operations were carried out during January and early February 2008 until an accident occurred in mid February when the eluate boiler in the gold recovery circuit suffered catastrophic failure resulting in the fatality of the operator. The process plant was immediately shut down while investigations and repairs were carried out and was re-opened in April 2008. During the shut down, the Company instituted a thorough safety examination of the process facilities by teams from Altai Ken-Bayitu and external safety consultants to identify any other potential problems. No other significant problems emerged but all recommendations have been implemented and modifications were made to the gold recovery circuit such that on completion of the reconstruction the process plant was fully operational. The Company also carried out additional training of the processing plant operators in operational and safety procedures during the shut down period.

The processing plant was restarted in late April 2008 after the installation and commissioning of a new boiler and heat exchanger. Initially, throughput was affected by the effect of spring rains on the clay-like material that had been mined from near-surface ore-zones. This material would not flow easily through the conveyor systems and tended to clog the sizing screens of the crushing plant. The onset of dryer weather has largely overcome this problem, though the crush size is still higher than planned, leaving more work to be done at the milling stage. The problem will disappear completely as the mine depth increases after the first few months. Throughput has been progressively increased to determine the ability of the plant to handle the ore production at each level and has recently been operated for periods at the full design production rate equivalent to 850,000 tonnes per annum. Production of gold and silver has been affected by the initial slower running of the plant and by the build up in gold inventory in circuit, principally consisting of gold absorbed on to the carbon in the leach tanks during recovery. To date, 1,283 ounces of gold and 2,450 ounces of silver have been poured. Including allowance for in-process inventory, this has amounted to a metallurgical recovery of 76 per cent. More recently, recoveries have been above 80 per cent. and, in the last few days, the Falcon gravity concentrator has been commissioned which is likely to raise the metallurgical recovery of gold and silver to the design level of some 92 per cent.

## **OGNEVKA**

The processing facility at Ognevka had originally been constructed to treat ore mined from an underground tantalum, niobium, lithium, beryllium and feldspar mine located below the processing facility. This mine and processing facility operated for approximately 30 years until the late 1990s when, as a result of the collapse of the Soviet Union, the downstream processing facilities treating the Ognevka concentrate were shut down, resulting in the closure of the Ognevka facility. In 2002 the plant was converted to the retreatment of waste clinker material from zinc smelters that contain high values of copper, gold and silver as well as extractable quantities of carbon and iron ore.

After the completion of the legal acquisition process in May 2007, the initial plan was to refurbish the factory and retreat some 150,000 tonnes of old clinker tailings from the Company's own tailings facility which had been partially processed during 2002 and 2003. Test work previously undertaken on this material indicated that economic quantities of concentrate could be extracted. During the six months that this re-processing would take, various options for the future development of the operation would be analysed and a development plan formulated.

The base plan for the period after the current on-site clinkers have been treated would be to continue the treatment of new clinker material sourced from either within Kazakhstan or alternatively from the Southern Russian region. The Kazakhstan Government owns approximately 1.7 million tonnes of this material and discussions for its acquisition have been initiated.

An alternative or, perhaps, additional plan currently being investigated is to retreat the significant quantity of tailings of pegmatite material which were produced until the late 1990's. During this time a total of over 10 million tonnes of ore was processed to extract tantalum and niobium. There currently exists approximately 9.7 million tonnes of tailings in the storage facility containing potentially economic quantities of lithium, beryllium and feldspar. Ognevka owns 1.65 million tonnes of these tailings and the remainder is owned by the Government, since it was produced before Ognevka was privatized in 1992. A drilling programme was carried out in late 2007 to collect samples of this material for assay and a bulk sample of material was sent to the OOO Avid metallurgical laboratory in the Ukraine to determine the feasibility of obtaining an economically viable concentrate. Further samples have been sent to Betachem in South Africa for mineralogical analysis using a scanning electron microscope.

The mine that was operated to supply ore to the treatment plant contains an additional 5.3 million tonnes of ore in the approved Soviet B and C1 resource categories as well as an additional 2.6 million tonnes of material in the C2 category. No economic evaluation of this material has been carried out as yet. Ognevka does not have the mining rights to this mine, though it is the owner of certain infrastructure associated with it. Owing to the Company's ownership of this infrastructure and its proximity to the Ognevka processing facility, the Company may seek to acquire these rights with a view to reopening the mine.

During 2007 repair work was undertaken in the processing plant to allow the facility to be restarted. This work involved the replacement of some antiquated equipment as well as refurbishment of existing equipment. A fleet of two small front end loaders and eight Chinese road haulage trucks was purchased to transport clinkers to the process plant.

The processing facility was restarted in early December. Currently, the operation is experiencing lower than anticipated metallurgical recoveries and output grades. However, recent operating results have shown some improvement and steps are being taken that are likely to improve the results further still. Additional test work is being undertaken to find out why the initial test work results are not being replicated in practice and whether the current difficulties are applicable to all clinker feeds or simply a result of the physical properties of the on-site clinkers.

Work in the remainder of 2008 will determine whether the clinker treatment problems can be resolved, whether it will be more profitable to return the plant to the treatment of pegmatite tailings or ores, or whether to carry on both operations simultaneously.

## **EXPLORATION**

Exploration activity was carried out at both Sekisovskoye and Tserkovka during 2007. All drilling was carried out using the Company's Diamec 252 diamond drill rig in its converted surface format.

The drilling at Sekisovskoye targeted four areas. Infill drilling of number 2 orebody below the floor of the north pit, infill drilling of number 10.9 orebody, determination of the lateral extent of the breccia zone and follow-up drilling of zone 14 located to the north of the mining area. This drilling programme involved the drilling of 30 holes for a total of 2,494 metres of drilling with 2,411 core sections assayed. We have defined limits of ore zones within the breccia as well as confirming the continuity of the number 2 orebody.

The Tserkovka drilling programme focussed on the northern flank of number 1 orebody. A total of 37 holes ranging from 17 metres to 236 metres in depth were drilled giving a total of 2,206 metres with 2,165 core samples assayed. The drilling results from Tserkovka were disappointing without significant continuous zones identified. The limited resource identified at Tserkovka will now be assessed for extraction but the total expected mined ounces will not be significant.

The local authorities have become increasingly helpful to us in the identification of smaller known areas of mineralization from archive material. Two such areas of interest have been identified and work is being carried out on these to evaluate the existing information and formulate appropriate exploration strategies. In order to increase our capability in undertaking the assessment of such prospects, the Company is considering the purchase of a reverse circulation drill rig.

In line with government requirements the exploration leases in the Sekisovskoye region were reduced by 30 per cent. from 29.8 square kilometres to 20.9 kilometres.

## **RISKS, UNCERTAINTIES AND PERFORMANCE INDICATORS**

The main risks and uncertainties facing the Sekisovskoye and Ognevka operations include the following:

- The risk of production being affected by failures of vital equipment
- The risk of failing to mine the tonnes and grades of ore predicted by the geological model (Sekisovskoye only)
- The risk of failing to obtain the metallurgical recoveries predicted by testwork
- The risk of operating costs being significantly different from those predicted
- The risk of operations being affected by events outside the control of the company such as major infrastructure failures or political upheaval
- Metal prices

At Sekisovskoye some of these risks are diminishing as experience of operations is starting to verify predicted results, but steady state operating over a reasonable period of time will be required before costs and output can be reliably estimated.

The main performance indicators which will be needed to monitor the performance of the operations are:

- Tonnes and grade of ore mined (Sekisovskoye only)
- Tonnes processed
- Metallurgical recovery
- Gold and silver (Sekisovskoye) or other concentrates (Ognevka) produced
- Cost per unit of production
- Safety of the Company's employees

At Ognevka the performance of the plant has not yet reached the predicted levels and steps are being taken to improve the operating results. It is not yet possible to be confident of the outcome of those steps or of the eventual results. Testwork is continuing into the feasibility of treating the pegmatite tailings located in the Company's tailings storage facility and this may result in a change of the Company's business plan.

At both Sekisovskoye and Ognevka the Company is monitoring the environmental impact of its operations in compliance with an agreed monitoring programme. Employee safety is of paramount concern to the Group and Mr Neil Stevenson has been appointed as director in charge of Safety and will report to the board on safety matters on a regular basis.

## MINERAL RESOURCES

### Resource statement

This mineral resource estimate for the Sekisovskoye deposit has been prepared under the JORC Code and is unchanged since the update reported in September 2006.

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	
<b>Total</b>	<b>Indicated &amp; Inferred</b>	<b>29.34</b>	<b>2.7</b>	<b>2,557,816</b>	<b>3.8</b>	<b>3,575,805</b>	

\*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 last updating of the resource estimate, announced in September 2006, was based upon the analysis of the Diamec drilling results from the underground 441metre level and the remodelling at that time was confined to the open pit area at +250 metre elevation. This overall model update contained 244 separate gold zones indicating the complexity of the gold distributions above the 0.5g/t Au cut-off level. This complexity was also exhibited by the occurrence of additional gold intersections that could not be modelled because of limited continuity problems and which could be expected to add an additional 6 per cent. of contained gold within the planned open pit.

Current ongoing assessment of the open pit mine grade control sampling continue to confirm the overall spatial distribution style of the mineralised zones, as delineated in the resource model. It also confirms that gold distributions can be quite complex locally and, as expected, additional mineralised intersections have been encountered, though at the moment it is too early in the development of the pit to quantify the magnitude trend level in contained gold.

Results so far from the exploration of the Tserkovka licence area have been discouraging, but it is quite possible that some of the declared Soviet-based resources totalling 740,000 ounces of gold in the C2 and P1 categories could be categorised under the JORC Code after additional target results and assessment.

## Reserve estimate

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

Location	Reserve Category	Tonnes (million)	Au g/t	Contained		Au g/t Cut-off
				Metal Au oz	Metal Ag g/t	
Open pit area	Probable	4.19	1.6	213,352	2.6	0.5
Underground	Probable	0.83	5.1	13,384	7.4	2.0
<b>Total</b>				<b>226,736</b>		<b>366,280</b>

\*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.

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 <a href="http://www.jorc.org/main.php">www.jorc.org/main.php</a>
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.

**Group income statement**  
**Year ended 31 December 2007**

	<b>Note</b>	<b>2007</b> <b>£000</b>	<b>2006</b> <b>£000</b>
Administrative expenses		(4,150)	(774)
Other operating expenses:			
Impairment of intangible assets		(227)	-
<b>Operating loss</b>		<b>(4,377)</b>	<b>(774)</b>
Investment revenues		222	282
Other gains and losses		(42)	(165)
Finance costs		(186)	(23)
<b>Loss on ordinary activities</b>		<b>(4,383)</b>	<b>(680)</b>
<b>Income tax expense</b>		<b>-</b>	<b>-</b>
<b>Loss on ordinary activities attributable to equity shareholders</b>		<b>(4,383)</b>	<b>(680)</b>
<b>Loss per ordinary share</b>			
<b>Basic</b>	4	(1.04)p	(0.19)p
<b>Diluted</b>	4	(1.04)p	(0.19)p

All results are derived from continuing activities.

**Group statement of recognised income and expense**  
**Year ended 31 December 2007**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
Currency translation differences on foreign currency net investments	(15)	(1,107)
Net loss recognised directly in equity	(15)	(1,107)
Loss for the year	(4,383)	(680)
<b>Total recognised expense for the year attributable to equity shareholders</b>	<b>(4,398)</b>	<b>(1,787)</b>

**Group balance sheet  
31 December 2007**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
<b>Non-current assets</b>		
Intangible assets	-	152
Property, plant and equipment	17,424	10,416
	<u>17,424</u>	<u>10,568</u>
<b>Current assets</b>		
Inventories	2,395	201
Other current assets	822	165
Cash and cash equivalents	3,176	4,352
	<u>6,393</u>	<u>4,718</u>
<b>Total assets</b>	<u>23,817</u>	<u>15,286</u>
<b>Current liabilities</b>		
Trade and other payables	(723)	(503)
Provisions	(117)	(117)
	<u>(840)</u>	<u>(620)</u>
<b>Net current assets</b>	<u>5,553</u>	<u>4,098</u>
<b>Non-current liabilities</b>		
Trade and other payables	(453)	-
Provisions	(774)	(672)
	<u>(1,227)</u>	<u>(672)</u>
<b>Total liabilities</b>	<u>(2,067)</u>	<u>(1,292)</u>
<b>Net assets</b>	<u>21,750</u>	<u>13,994</u>
<b>Equity</b>		
Called - up share capital	448	366
Share premium account	28,707	16,690
Merger reserve	(148)	(148)
Accumulated losses	(7,257)	(2,914)
<b>Total equity</b>	<u>21,750</u>	<u>13,994</u>

**Group cash flow statement**  
**Year ended 31 December 2007**

	<b>2007</b>	<b>2006</b>
	<b>£000</b>	<b>£000</b>
<b>Net cash outflow from continuing operating activities</b>	<u>(5,387)</u>	<u>(1,311)</u>
<b>Cash flows from investing activities</b>		
Interest received	222	280
Purchase of intangible exploration assets	(75)	(100)
Purchase of property, plant and equipment	<u>(7,705)</u>	<u>(8,791)</u>
<b>Net cash used in investing activities</b>	<u>(7,558)</u>	<u>(8,611)</u>
<b>Cash flows financing activities</b>		
Proceeds from issue of share capital	12,099	9,974
Interest paid	(18)	(24)
Repayment of related party loan	<u>(290)</u>	<u>-</u>
<b>Net cash inflow from financing activities</b>	<u>11,791</u>	<u>9,950</u>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<u>(1,154)</u>	<u>28</u>
<b>Cash and cash equivalents at beginning of the year</b>	4,352	4,021
Effect of foreign exchange rate changes	(22)	303
<b>Cash and cash equivalents at end of the year</b>	<u><u>3,176</u></u>	<u><u>4,352</u></u>

## Notes

### 1 **General information**

Hambledon Mining plc (the "Company") is a company incorporated in England and Wales. The address of the registered office is Daws House, 33-35 Daws Lane, London, NW7 4SD. The principal activities and place of business of the Company and its subsidiaries ("the Group") are set out in the Chairman's Statement and the Review of Operations above.

### 2 **Basis of preparation**

#### **Transition to International Financial Reporting Standards ("IFRS")**

The annual financial statements have been prepared for the first time in accordance with IFRS adopted for use in the European Union and therefore comply with Article 4 of the EU IAS Regulation and with those parts of the Companies Act 1985 that are applicable to companies reporting under IFRS. The Group has applied all accounting standards and interpretations issued by the International Accounting Standards Board and International Financial Reporting Interpretations Committee relevant to its operations and effective for accounting periods beginning on 1 January 2006. Accounting standards and interpretations in issue at the date of authorisation of the financial statements but not yet effective are not expected to have a material impact on the financial statements of the Group.

In accordance with IFRS 1 – "First-time Adoption of International Reporting Standards" the date of transition of the Company to IFRS is 1 January 2006. The only difference which arises other than presentation between applicable IFRS and applicable United Kingdom Generally Accepted Accounting Principles ("UK GAAP") under which Hambledon Mining plc financial statements were prepared up to 31 December 2005 relates to the basis of calculation of deferred tax. The difference in the calculation does not have a material impact on the Group financial statements and consequently no IFRS and UK GAAP reconciliation is presented.

The financial statements have been prepared using accounting policies which were published on the Company's web site, [www.Hambledon-mining.com](http://www.Hambledon-mining.com) on 9 June 2008 which are consistent with all applicable IFRS Standards and with those parts of the Companies Act 1985 applicable to companies reporting under IFRS. For these purposes, IFRS comprises the standards issued by the International Accounting Standards Board and interpretations issued by the International Financial Reporting Interpretations Committee that have been endorsed by the European Union.

The financial statements have been prepared using accounting policies which have been applied consistently throughout the year and the preceding year.

#### **Financial information**

The financial information set out above (which was approved by the Board on 6 June 2008) has been compiled in accordance with IFRS, but does not contain sufficient information to comply with IFRS. That financial information does not constitute the Company's statutory accounts for the year ended 31 December 2007 for the purpose of Section 240 of the Companies Act 1985 which comply with IFRS, but is extracted from those accounts. The Company's statutory accounts for the year ended 31 December 2007 will be filed with the Registrar of Companies following the Annual General Meeting. The independent auditors' report on those accounts was unqualified and did not contain any statement under Section 237(2) or (3) of the Companies Act 1985. The Company's statutory accounts for the year ended 31 December 2006 have been filed with the Registrar of Companies. The independent auditors' report on those accounts was unqualified and did not contain any statement under Section 237(2) or (3) of the Companies Act 1985.

The financial statements have been prepared under the historical cost convention

**3 Dividend**

The directors do not recommend the payment of a dividend (2006 – nil).

**4 Basic and diluted loss per share**

The calculation of basic and diluted earnings per share is based on the retained loss for the financial year.

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:

	2007	2006
Basic and diluted	422,403,465	348,884,506

**5 Acquisition of TOO Ognevka**

In January 2007, the Group acquired 100 per cent. of TOO Ognevka (“Ognevka”). Ognevka owns a processing facility in East Kazakhstan to treat up to 350,000 tonnes per year of copper, gold and silver containing residues (slag) from zinc smelters. The facility had been closed and the company had not traded for two years and Ognevka was undergoing a process of rehabilitation under court protection from its creditors which had a total debt outstanding of £1.9 million. The Group acquired the debt of the principal creditor with a nominal value of £1.4 million for a cash payment of £0.9 million and then acquired 100 per cent. of the share capital of Ognevka for a nominal amount. This transaction is outside the scope of “IFRS 3 – Business Combinations” and has been accounted for by allocating the purchase consideration by reference to the fair values of the assets acquired of £886,000 as follows:

	Book value £000	Fair value £000
<b>Net assets acquired:</b>		
Freehold land and buildings	92	1,282
Property, plant and equipment	254	221
Inventories	303	17
Trade and other receivables	15	14
Cash and cash equivalents	1	1
Trade and other payables	(140)	(649)
	525	886
<b>Satisfied by:</b>		
Purchase of loan from principal creditor		885
Purchase of share capital		1
Cash consideration		886

**6 Post balance sheet event**

On 21 May 2008 a placing of 21,269,615 new ordinary shares at 13p per share raised £2.8 million before expenses of £0.2 million. These funds will be used for the development of the Sekisovskoye and Ognevka projects. Mr N J Bridgen and Mr C Thomas, both directors of Hambledon Mining plc, subscribed for 384,616 and 153,846 shares respectively.

## **Company Information**

<b><i>Directors</i></b>	George William O’Neale Eccles <i>Non-Executive Chairman</i>
	Nicholas John Bridgen <i>Chief Executive</i>
	Neil Stevenson <i>Technical Director</i>
	Christopher James Thomas <i>Non-Executive Director</i>
	Baurzhan Yerkeyev <i>Executive Director</i>
<b><i>Secretary</i></b>	William Roy Morgan B. Sc. ACA
<b><i>Registered Office</i></b>	Daws House 33-35 Daws Lane London NW7 4SD
<b><i>Web</i></b>	<a href="http://www.hambledon-mining.com">www.hambledon-mining.com</a>
<b><i>Kazakhstan Office</i></b>	4 <sup>th</sup> floor 83 Protozanova Street Ust Kamenigorsk Kazakhstan Telephone: +7 (0) 72331 27928 Fax: +7 (0) 72331 27933
<b><i>Nominated Advisor and Broker</i></b>	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
<b><i>Registrars</i></b>	Neville Registrars 18 Laurel Lane Halesowen West Midlands B63 3DA.