

Hambledon Mining
("Hambledon" or the "Company")
Strategic Review of the Underground Mining Operation

Hambledon Mining plc ("Hambledon Mining" or "Company") (AIM: HMB), the Kazakhstan gold mining and development company, announces that it has recently reviewed the development of the underground mine at Sekisovskoye.

The Company has recently started work on test bulk mining and the results so far of this mining programme have shown that bulk mining is practicable and planned grades are close to actual grades mined. However, further development of the underground mine requires the construction of substantial infrastructure. At the same time other capital expenditures, together with the fines recently paid in respect of the failure of the tailings dam in Q1, 2012, impose a considerable funding burden on the Company. Furthermore, the regulatory process for developing the underground mine is bureaucratic and convoluted, with recent changes to this process requiring significant additional technical studies and submission of plans which will be based on the final results of the initial on-going bulk mining test programme.

For these reasons, the Company has decided that instead of continuing the mining of the ore zones whilst concurrently progressing the next stage of feasibility study, underground production should be paused following extraction of the currently accessible zones. The on-going programme of geological investigation by diamond drilling will continue so that the geological knowledge of the underground mine is continuously developed and the future development of underground mining optimised. It is envisaged that underground mining will resume in H2 2013.

In the meantime, the Company intends to build up its cash resources by deferring the proposed underground capital expenditure programme. The cash generation from the ongoing open pit operations is expected to increase markedly in 2013 as a result of the scheduled reduction of the stripping ratio of waste to ore, the completion of the remedial works to tailings dam 3 and the ability to dump waste rock from the main pit into the depleted North pit, reducing the average waste haulage distance from around 5km to 500 metres.

This more cautious approach to the mine development will ensure that the business builds up its capital from internally generated cash flow from continuing mining operations, has sufficient time to optimise the underground development and ensure full compliance with the Kazakhstan administrative approval processes for underground mining.

The Company has revised its forecast for gold production in Q4 2012 and hence its overall 2012 forecast is reduced to 21,000oz Au. This figure takes into consideration the reduction in underground mining volumes and the restraint on gold production caused by the tailings dam remediation works.

The Company continues to expect to complete the acquisition of Akmola Gold as soon as the waiver of the government pre-emption right is received and the cash component of the acquisition cost is being retained in readiness.

Enquiries:

HAMBLEDON MINING:

Telephone +44 (0)207 233 1462

Charles Zorab

FAIRFAX I.S. PLC (NOMAD AND BROKER):

Telephone +44 (0)207 598 5368

Ewan Leggat/Katy Birkin

TAVISTOCK COMMUNICATIONS:

Telephone +44 (0)207 920 3150

Ed Portman/Jos Simson