

23 September 2013

HAMBLEDON MINING PLC
(‘Hambledon’ or the ‘Company’)

Interim Results for the six months ended 30 June 2013

Hambledon Mining Plc, the AIM quoted gold mining and development group, announces its unaudited results for the six months to 30 June 2013.

Highlights in the period:

- 18 per cent increase in gold production. The Sekisovskoye mine produced 12,673 ounces of gold in the first half of 2013 (10,710 ounces in the first half of 2012)
- Average gold grade milled 1.45 grammes per tonne (2012; 1.30 grammes per tonne) . Total ore milled was 329,104 tonnes compared with 325,236 tonnes in the prior year.
- Gold recovery rate at the processing plant improved to 82.8 per cent (2012; 78.6 per cent)
- The underground mine at Sekisovskoye became operational in mid-June 2013 – a key milestone in the Company’s development.
 - 690 maiden gold ounces were produced during the period at average grade of 4.04 grammes per tonne
 - Underground mining continues to accelerate according to plan and within budget, with 1,187 ounces of gold produced from the underground mine in August at an average grade of 4 grammes per tonne
- 16 per cent reduction in cash cost to US\$1,055 per ounce including royalty payments (2012; US\$1,262 per ounce)
- Revenue of US\$20 million (2012; US\$18.2 million), reflecting increased production and decline in the selling price of gold
- Successful appeal to the Supreme Court of Kazakhstan, which issued a direction to the lower courts in August 2013 to re-examine the level of fines in relation to the Tailings Dam 3 incident. The Board is optimistic about the outcome and is awaiting the final decision of the courts
- Repayment terms for the return of US\$2 million agreed with the vendors of Akmola Gold during the period and the Company expects to recover funds in December 2013

Aidar Assaubayev, CEO of Hambledon Mining, said:

“Following the restart of the underground mine we look forward to accelerating gold production for the rest of the year and beyond. It is our expectation that the cash cost of production will decline steadily between now and 2015, when the open pit operation ceases. Thereafter, our cash cost will reflect the cost of mining only high grade underground ore.”

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CHIEF EXECUTIVE'S REVIEW

Review of 2013 to date

The Company's main focus in the first half of 2013 was the restart of operations at the Sekisovskoye underground mine which had been suspended by previous management in October 2012. The mine became operational in mid-June 2013 – a key milestone in the Company's development - and had an average mined gold grade of over 4 grammes per tonne. The new management was able to start underground mining on time and within budget. The underground mining commenced at an initial rate of approximately 5,000 tonnes of ore per month. The 690 maiden ounces of gold were produced in June at a grade of 4.04 grammes per tonne.

Underground mining continues to accelerate according to plan and within budget, with 1,187 ounces of gold produced from the underground mine in August at an average grade of 4 grammes per tonne.

The Company is currently refining its mining plans to further optimize existing operations at Sekisovskoye. In order to optimise the development of the underground mine, the Company is working with a subcontractor to increase the speed at which waste rock is removed to expedite access to the ore body. Additional improvements have been made to the processing plant, including the installation and commissioning of the 7th CIL (Carbon in Leach) tank, which should positively affect gold recovery rate.

Outlook

Following the restart of the underground mine we look forward to accelerating gold production for the rest of the year and beyond. Although the increase in production will be impacted by the planned waste rock removal works to enable access to ore bodies, we expect a significant increase in gold production Driven by both the increasing quantities of ore mined underground and the higher underground gold grades,.

The anticipated overall increase in production will be accompanied by a reduction in the cash cost of production, as has already been demonstrated in the current period. As the proportion of the rich underground ore continues to increase compared to the ore from the open pit, the Company should continue to experience a significant reduction in the cash cost of operations. It is our expectation that the cash cost of production will decline steadily between now and 2015, when the open pit operation ceases. Thereafter, our cash cost will reflect the cost of mining only high grade underground ore.

While the Akmola acquisition has been abandoned, we continue to look at means, both organic and inorganic, to increase our resource base.

Aidar Assaubayev
CEO

Sekisovskoye operations **Mining Activity**

Mining operations in the first half of 2013 performed well and ahead of schedule. The mining activities continued to be focused on the open pit operation with 374,448 tonnes of ore mined during the period, which was the primary source of material for the processing plant. Following the restart of the underground mine in June 2013, 5,200 tonnes of the high grade underground ore was mined during the reporting period. The processing plant feed experienced improvement in the gold grade to 1.43 grammes per tonne due to deepening of the open pit and the start of the underground mining. The stripping ratio in the open pit improved to 2.9:1 compared with 4:1 in the first half of 2012.

All open pit waste is trucked to the Tailings Dam 4 construction area where it is used as its foundation. The construction work on Tailings Dam 4 is expected to be completed by October 2013, at which stage it will be ready for lining works which are expected to start in Spring 2014. The Company has adopted an integrated waste management philosophy in the project whereas waste from the open pit was used to construct the long term embankments for the final Tailings Dam 5, which is expected to have capacity for some 17 years from 2015 onwards. The plan is to complete all tailings dams by 2015 so that when the open pit mine ceases at this point all civil engineering infrastructure tasks onsite will be complete.

The Sekisovskoye mine has benefited substantially from the continued investment in equipment and the refurbishment of mining machinery. In particular, operation of the crushing plant was stabilized following the installation of the oversize rock removal facility at the jaw crusher and replacement of the cone crusher. These measures significantly reduced down time, increased throughput capacity, overall efficiency, and reliability of the crushing plant.

The increase in gold grade, the decrease in stripping ratio and the efficiency measures focused on operational improvement have together resulted in a significant decrease in the cash cost per ounce of gold produced during the period. Our cash cost of production improved from US\$1,262 per ounce in the first half of 2012 to US\$1,055 per ounce in the first half of 2013.

Management continues to focus stringently on further cost savings.

The operational statistics for six months of 2013 were as follows:

		2013	2012	2012
		6 Months June 2013	6 Months June 2012	12 Months December 2012
Milling	t	329,104	325,236	628,731
Gold grade	g/t	1.45	1.30	1.37
Contained gold	oz	15,312	13,628	27,803
Gold recovery	%	82.77	78.60	80.40
Gold poured	oz	12,673	10,710	22,470
Silver poured	oz	15,524	11,885	27,198

Mineral processing plant

Gold recovery rate at the processing plant improved to 82.8 per cent in the period from 78.6 per cent in 2012. This was driven by efficiency and optimization measures as well as slightly higher gold grade in the plant feed. We anticipate further improvement in the gold recovery rate following the installation and commissioning of the 7th CIL tank in August 2013. Following recommencement of underground mining, 5,016 tonnes of ore were processed at the plant and tests undertaken, before 30 June 2013, to ascertain the optimal mix and recovery rates of the underground ore. In a test using solely underground ore, with a gold content of 4.04 grammes per tonne, as the source of material for the plant, the achieved gold recovery rate was 91.3 per cent. In a test with a 50:50 ratio of underground ore and open pit ore, with an overall gold content of 2.1 grammes per tonne, the achieved recovery rate was 82.7 per cent.

These recovery rates are a positive indicator for the future productivity of the plant, when the source material consists of only underground ore, which is forecast to be the case from mid-2015, when the production life of the open pit comes to an end. It has been determined that the most efficient gold recovery is achieved when the underground and open pit ores are processed separately. As of August 2013, the blended recovery rate at the processing plant was running at approximately 84 per cent.

The process plant improvement programme continued, as set out in the 2012 Annual Report, with substantial works undertaken in 2013 including new high capacity tailings and recycled water pumps, new heat-exchange elusion units and a second elusion column, and a new 7th CIL tank installed in August 2013. The major investment in the mineral processing circuit is based around the expansion of the CIL circuit with an additional tank which should allow increased gold recovery.

Underground mine

The new management team is committed to the development of the underground mine and work was restarted in January 2013. Following a strategic review, a new mining plan for the underground mine has been prepared. A significant amount of pre-production work on multiple underground levels was completed during the period, including the construction of underground tunnels, underground monitoring stations, a dewatering facility at the +327mrl and the explosive storage facility at +390mrl.

Following the tender and appointment of the subcontractor, the underground mine at Sekisovskoye became operational in mid-June 2013 – a key milestone in the Company's development. Notwithstanding the delays and problems experienced last year, the new management team was able to start underground mining on time and within budget. The underground mining works were carried out by a subcontractor, with diamond drilling carried out by the Company's staff, with over 900 metres of tunneling mined since contractor arrived on site.

Underground mining commenced at an initial rate of approximately 5,000 tonnes of ore per month. The 690 maiden ounces of gold were produced in June at a grade of 4.0 grammes per tonne. Underground mining continues to accelerate according to plan and within budget with 1,187 ounces of gold produced from the underground mine in August 2013, at an average gold grade of 4 grammes per tonne.

We expect significant increase in the deliveries of the underground ore to the processing plant over the coming quarters. While ramp up of production will not progress on a straight line basis due to the scheduled waste rock removal works to enable access to ore bodies, we expect significant increase in gold production from underground mine in the future. This anticipated increase in production will be accompanied by reduction in the cash cost, as has already been demonstrated in the current period. As the proportion of the rich underground ore in the plant feed continues to increase compared to the ore from the open pit, the Company should continue to experience significant reduction in the cash cost of production until the open pit ceases operations in 2015. Thereafter, our cash cost will only reflect the cost of mining high grade underground ore.

Tailings Dam 3

All repair works at the Tailings Dam 3 ("TD3") have been completed. All required permits were obtained in December 2012. TD3 was commissioned in January 2013 and is operating in accordance with its design parameters.

The Supreme Court of Kazakhstan (the "Supreme Court") has overturned the decisions made by the Appeal Board of the Regional Economics Court of East Kazakhstan ("RECEC") on 24 January 2013, and the earlier decision of the Regional Economics Court of East Kazakhstan on 23 October 2012, which resulted in fines of approximately US\$9.4million being levied on the Company as a result of a minor breach of a tailings dam (the "Additional Fines"). In its decision, the Supreme Court held that as a matter of Kazakh law the imposition of monetary damages for environmental violations must take into account remediation measures and that no damages should be imposed where adequate remediation measures were being implemented by the defendants. The Supreme Court also noted that no account had been taken of Hambleton's remediation efforts by the lower courts. The Supreme Court ordered an expeditious review of the case be conducted by the Appeal Board of the RECEC (the "Appeal Board"). The Appeal Board is required to consider anew whether monetary damages, if any, should be levied taking into account the principles articulated by the Supreme Court and, in particular, the remediation that has been agreed with the relevant environmental bodies and implemented by the Company following the accident.

Hambleton has to date paid a fine of US\$3.9million levied on the Company by the court investigator following the accident. In light of the Supreme Court's decision and the extensive remediation measures, the Board expects that any additional fines that may be imposed by the Appeal Board are unlikely to be material.

Akmola Gold

Repayment terms for the return of US\$2 million have been agreed with the vendors of Akmola Gold and the Company expects to recover funds in December 2013. The Company continues to examine a number of acquisitions and other inorganic growth opportunities. These are at very early stages and, at the present, the principal focus remains improvement and growth in the current operations.

Strategic Planning

The open pit operation at Sekisovskoye is designed to operate until the second quarter of 2015. The current mining fleet will then be used to carry out certain mine rehabilitation tasks in line with the open pit mine closure plan. The Group's business strategy is to develop additional gold based mineral projects in Kazakhstan utilizing, where possible, the existing open pit mining machinery, and a number of acquisition targets are currently under consideration.

The Management and the Board firmly believe that the real value of the Sekisovskoye deposit is in the underground resources that the Company continues to develop. The work program for the underground mine has been approved, mining subcontractor selected, and the mining commenced in June 2013.

The Management and the Board are very optimistic about the potential of the underground mine due to high gold grade, which is several times higher than that mined from the open pit. The development of the underground mine will enable the Company to create significant value for shareholders by leveraging existing infrastructure as ore with higher gold grade is delivered to the same processing plant.

We believe that combination of rising production and falling costs is a rare quality among gold mining companies and it favorably sets Hambleton Mining apart from its peers.

Financial

Sekisovskoye poured 12,673 ounces of gold (30 June 2012:10,710 ounces) in 2013. Due to timings in the shipping and selling of the gold poured to the refiner, a total of 12,964 ounces (30 June 2012: 10,532 ounces) were sold in 2012 at an average price of US\$1,530 per ounce (30 June 2012: US\$1,656 per ounce). There were no other material items of revenue.

The cash cost of production, excluding depreciation and provisions, was US\$1,055 per ounce (30 June 2012: US\$1,262 per ounce). The decrease in the cost of production is a reflection of the cost savings that were implemented by the new management team, and also a reflection of the efficiency measures implemented to increase the gold recovery rate.

Administration costs in the six months to 30 June 2013 in total amounted US\$6.2m (30 June 2012: US\$3.4m).

Corporate administration costs in the period were US\$1.3m (30 June 2012: US\$1.5m). These were director and other staff salaries, professional fees and the cost of maintaining the Group's quote on the AIM Market, including investor relations. The Company's cost cutting measures will ensure that for the full year the corporate costs are significantly below the total costs incurred in the year ended 31 December 2012 of US\$3.0m (which excluded provisions).

Administrative costs in the overseas subsidiaries amounted to US\$4.9m (30 June 2012: US\$1.8m). Due to restructuring, re-negotiation of contracts and the resolution of legacy issues additional costs have been incurred in the subsidiaries during this period. These include further costs incurred in the repair and restoration of the tailings dam, however in relation to these costs the Company has taken the prudent approach not to release the provision until the matter is finally resolved. In 2012 a provision was made in the financial statements of US\$10.4million, in relation to the Tailings Dam 3 leak which occurred in 2011. This represents a provision of US\$9.4 million in relation to potential fines, and estimated costs to complete remediation works of US\$1 million. The outcome and timing of any court determination is uncertain. The directors have therefore retained the full provision in the financial statements.

The capital expenditure was US\$3.7million in 2013 (30 June 2012: US\$12.5 million). The main item of capital expenditure was the development of the underground mine.

Hambleton Mining Plc

Consolidated Income Statement Six months ended 30 June 2013

	Six months to 30-Jun-2013 (unaudited) US\$000	Six months to 30-Jun-2012 (unaudited) US\$000	Year ended 31 December 2012 (audited) US\$000
Continuing operations			
Revenue	20,014	18,195	38,913
Cost of sales	15,877	16,957	33,643
Impairment of stock	-	-	5,638
Gross profit/(loss)	4,137	1,238	(368)
Administrative expenses	(6,223)	(3,352)	(6,340)
Impairment- Akmola investment	-	-	(3,553)
Tailings dam leak	-	-	(10,261)
Operating Loss	(2,086)	(2,114)	(20,522)
Finance Income	1	10	244
Other (losses)/gains	192	88	(240)
Finance Expense	(365)	(141)	(885)
Loss before taxation	(2,258)	(2,157)	(21,403)

Taxation charge	(79)	(69)	(740)
Loss from continuing operations attributable to equity shareholders	(2,337)	(2,226)	(22,143)
(Loss)/profit per ordinary share			
Continuing operations			
Basic	(0.24)c	(0.25)c	(2.36)c
Diluted	(0.24)c	(0.25)c	(2.36)c

Consolidated Statement of Comprehensive Income Six months ended 30 June 2013

	Six months to 30 June 2013 (unaudited)	Six months to 30 June 2012 (unaudited)	Year ended 31 December 2012 (audited)
	US\$000	US\$000	US\$000
Loss for the period	(2,337)	(2,226)	(22,143)
Currency translation differences on foreign currency net investments	(1,001)	480	(1,257)
Total comprehensive loss for the year attributable to equity shareholders of the partner	(3,338)	(1,746)	(23,400)

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Consolidated Statement of Financial Position Six months ended 30 June 2013

	30-Jun-2013 (unaudited) US\$000	30-Jun-2012 (unaudited) US\$000	31-Dec-2012 (audited) US\$000
Non-current assets			
Property, plant and equipment	42,052	34,130	40,814
Inventories	-	4,881	-
Trade and other receivables	485	-	421
Deferred tax asset	344	978	556
Restricted cash	306	333	384
	43,187	40,322	42,175
Current assets			
Inventories	10,449	11,898	13,379
Trade and other receivables	11,798	9,738	4,288
Cash and cash equivalents	1,264	10,586	2,504
	23,511	32,222	20,171
Total assets	66,698	72,544	62,346

Current liabilities

Current tax payable		-	(332)
Trade and other payables	(11,903)	(6,088)	(3,762)
Other financial liabilities	(229)	(282)	(229)
Provisions	(10,714)	(2,883)	(10,774)
Borrowings	(10,000)	-	(10,065)
	(32,846)	(9,253)	(25,162)
Net Current (liabilities)/assets	(9,335)	22,969	(4,991)
Non-current liabilities			
Other financial liabilities	(1,322)	(1,388)	(1,333)
Provisions	(6,566)	(1,460)	(6,549)
Borrowings	-	(9,610)	-
	(7,888)	(12,458)	(7,882)
Total Liabilities	(40,734)	(21,711)	(33,044)
Net assets	25,964	50,833	29,302
Equity			
Called-up share capital	1,684	1,684	1,684
Share premium	88,245	87,587	88,245
Warrant reserve	-	488	-
Merger reserve	(282)	(282)	(282)
Other reserves	-	582	-
Currency translation reserve	(9,079)	(6,341)	(8,078)
Accumulated loss	(54,604)	(32,885)	(52,267)
Total equity	25,964	50,833	29,302

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Consolidated Statement of Changes in Equity Six months ended 30 June 2013

	Share capital US\$000	Share premium US\$000	Merger reserve US\$000	Other reserves US\$000	Currency translation reserve US\$000	Accumulated losses US\$000	Total US\$000
1 January 2013	1,684	88,245	(282)	-	(8,078)	(52,267)	29,302
Retained loss for the period	-	-	-	-	-	(2,337)	(2,337)
Currency translation differences arising on translation of foreign operations	-	-	-	-	(1,001)	-	(1,001)
Total comprehensive loss - 30 June 2013	1,684	88,245	(282)	-	(8,078)	(54,604)	25,964
At 1 January 2012	1,310	76,914	(282)	535	(6,821)	(30,659)	40,997
Retained loss for the period	-	-	-	-	-	(2,226)	(2,226)
Currency translation differences arising on translation of foreign operations	-	-	-	-	480	-	480
Total comprehensive loss	1,310	76,914	(282)	535	(6,341)	(32,885)	39,251
Share based payment	-	-	-	535	-	-	535
Lapsed share options	-	-	-	-	-	-	-
Share issued (note 26)	374	11,204	-	-	-	-	11,578
issue costs	-	(531)	-	-	-	-	(531)
30 June 2012	1,684	87,587	(282)	1,070	(6,341)	(32,885)	50,833

At 1 January 2012	1,310	76,914	(282)	535	(6,821)	(30,659)	40,997
Retained loss for the period	-	-	-	-	-	(22,143)	(22,143)
Currency translation differences arising on translation of foreign operations	-	-	-	-	(1,257)	-	(1,257)
Total comprehensive loss	-	-	-	-	(1,257)	(22,143)	(23,400)
Lapsed share options	-	-	-	(535)	-	535	-
Share issued (note 26)	374	11,862	-	-	-	-	12,236
Issue costs	-	(531)	-	-	-	-	(531)
At 31 December 2012 (Audited)	1,684	88,245	(282)	-	(8,078)	(52,267)	29,302

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Consolidated Cash Flow Statement Six months ended 30 June 2013

	Six months to 30-Jun-2013 (unaudited) US\$000	Six months to 30-Jun-2012 (unaudited) US\$000	Year ended 31-Dec-2012 (audited) US\$000
Net cash inflow/(outflow) from operating activities	2,845	(6,557)	(9,941)
Investing activities			
Interest received	-	10	31
Proceeds on disposals of property, plant and equipment	29	50	416
Purchase of property, plant and equipment	(3,720)	(4,836)	(10,447)
Prepayment for non-current assets	(65)	-	(22)
Akmola Gold advances and prepayment fees	-	(228)	(656)
Proceeds from Ognevka and liquidation	-	(53)	1,500
Restricted cash	(78)	(94)	(145)
Net cash used in investing activities	(3,834)	(5,151)	(9,323)
Financing activities			
Proceeds on issue of shares	-	11,533	11,705
Drawdown of bank loans	-	10,000	10,065
Interest paid	(362)	-	(765)
Repayment of bank loans	-	(1,000)	(1,000)
Net cash flow from financing activities	(362)	20,533	20,005
(Decrease)/increase in cash and cash equivalents	(1,351)	8,825	741
Cash and cash equivalents at the beginning of the year	2,504	1,763	1,763
Effect of foreign exchange rate movements	111	(2)	-
Cash and cash equivalents at the end of the period	1,264	10,586	2,504

Hambledon Mining Plc

Notes to the consolidated financial information
Six months ended 30 June 2013

1. Basis of preparation

The consolidated interim financial information has been prepared using policies based on International Financial Reporting Standards (IFRS and IFRIC interpretations) issued by the International Accounting Standards Board ("IASB") as adopted for use in the EU.

The consolidated interim financial information have been prepared using the accounting policies which will be applied in the Group's financial statements for the year ended 31 December 2013. The consolidated interim financial information for the period 1 January 2013 to 30 June 2013 is unaudited and incorporates unaudited comparative figures for the interim 1 January 2012 to 30 June 2012 and the audited financial information for the year to 31 December 2012. It does not include all disclosures that would otherwise be required in a complete set of financial statements and should be read in conjunction with the 2012 Annual Report.

The same accounting policies, presentation and methods of computation are followed in the consolidated financial information as were applied in the Group's latest annual audited financial statements except that in the current financial year, the Group has adopted a number of revised Standards and Interpretations. However, none of these has had a material impact on the Group's reporting.

In addition, the IASB has issued a number of IFRS and IFRIC amendments or interpretations since the last annual report was published. It is not expected that any of these have a material impact on the Group.

Going Concern

The Group's operations are cash generative and the current cash position is sufficient to cover ongoing operating and administrative expenditure for the next 12 months.

In their assessment of going concern the directors have considered the following matters:

During the year to December 2012, two of the Group's subsidiary companies entered into a loan agreement for an amount of US\$10,000,000 with the European Bank for Reconstruction and Development (EBRD). Under the terms of the loan the Group was required to comply with a number of financial and non-financial covenants. As at 30 June 2013, the Group was in breach of its debt to equity covenant. Although at the date of this report, no waiver has been received, the Directors are in negotiations with the Bank. In the event of a waiver not being obtained, the EBRD may, at its option, by notice to the borrowers, declare all or any portion, of the principal and accrued interest on the loan to be either due and payable on demand, or payable without any further notice.

The Group is currently awaiting a review by the Appeals Board of the Regional Economics Court of East Kazakhstan in relation to whether the fines as initially levied at US\$9.4m in relation to the tailings dam incident are payable or should be reduced to a lower figure.

The Appeal Board is required to consider anew whether monetary damages, if any, should be levied taking into account the principles articulated by the Supreme Court and, in particular, the remediation that has been agreed with the relevant environmental bodies and implemented by the Company following the accident.

The directors are confident that the Group will be able to raise additional funds to repay the loan and / or the fine should the need arise and to cover planned capital expenditure and therefore have adopted the going concern basis in the preparation of these financial statements.

However, at the date of approval of these financial statements, the Group does not have committed facilities in place. There is no guarantee that the Group will be able to raise the required funds to allow it to realise its assets and discharge its liabilities in the normal course of business. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was not able to continue as a going concern.

2. Loss per ordinary share

The calculation of basic and diluted earnings per share from continuing and discontinued operations is based upon the retained (loss)/ profit for the financial period.

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 relating to share operations are as follows:

	Six months to 30 June 2013	Six months to 30 June 2012	Year ended 31 December 2012
	(unaudited)	(unaudited)	(audited)
Basic and diluted	<u>979,721,513</u>	<u>898,221,596</u>	<u>687,365,165</u>

3. Events after the balance sheet date

There were no significant transactions after the reporting date.

4. Approval of interim group financial statements

The interim group financial statements for the six months to 30 June 2013 were approved by the directors on September 20, 2013.

5. Availability of accounts

Copies of this interim financial information will be available on the Company's website.