6 June 2013

HAMBLEDON MINING PLC

("Hambledon", the "Group" or the "Company")

Final results

Hambledon (AIM:HMB), the gold mining, exploration and development group, today announces its final audited results for the year ended 31 December 2012.

(All references to "$" are to the United States dollar, "c" to the United States cent and "ounces" are to troy ounces)

FINANCIAL

- Revenue increased to $38.9 million (2011: $33.3 million)
- Loss before taxation from continuing operations of $1.8 million (2011: loss of $1.2 million) before the following exceptional items:
  - Tailings dam provision $10.3 million, (2011: $7.8 million)
  - Provision against long term stock pile $5.7 million (2011: $1.6 million)
  - Provision against amounts due in relation to Akmola investment of $3.6 million (2011: $nil)
- Fundraise of $11.7 million (net of expenses), announced 1 February 2012, through the placing of ordinary shares, raising approximately $9.06 million (gross) and $3.0 million (gross) equity investment from European Bank for Reconstruction and Development ("EBRD")
- Cash of $2.6 million (2011: $1.8 million) at year end

OPERATIONS AND DEVELOPMENT

- 7.8 per cent. increase in gold production in 2012. Ore mined increased to 654,000t from 591,152t in 2011; gold poured 22,470 Oz, (2011: 20,851); gold grade 1.34g/t, (2011: 1.19g/t).
- Successful partial offer by African Resources (investment consortium) in October of 2012 and complete overhaul of the senior management team of the Company.
- Comprehensive review of operations and strategy with a view to transforming Hambledon into a world class gold mining company and enhancing the return to shareholders.
- Completed 22,000m of exploration drilling in 2012. The drilling programme continues with additional drilling focused on the deeper ore bodies and reaching depths of over 20m level. The entire drilling programme was increased from 25,000m to 38,000m. Management is encouraged by early drilling results and is targeting a considerable increase in underground gold resources following completion of the drilling program in 2013.
- Tailings dam remedial works completed in 2012. A further penalty of $9.4 million has been imposed by the courts in Kazakhstan and is currently being appealed by the Company.

- Underground mining which ceased in October 2012 is due to recommence in 2013, and preparation works are currently taking place.

- Notice was given by the vendors of the Akmola Gold Deposit of their withdrawal from the contract as initially agreed for the sale in 2010. Hambledon is in discussions with the vendors for the return of monies advanced by Hambledon and have initially agreed the return of $2 million from a total of $3.6 million invested by the Company.

Aidar Assaubayev, Chief Executive of Hambledon Mining plc commented:

"With the completion of the refurbishment works in relation to the tailings dam the Company is now able to re-focus and move forward. A comprehensive review of operations is being conducted in order to increase operational efficiencies and to finalise plans towards developing its core asset, the underground mine."

Notice of AGM

The annual general meeting of the Company will be held at the offices of Clearly Gottlieb Steen & Hamilton LLP at 55 Basinghall Street, London, EC2V 5EH, United Kingdom on Friday 28 June, 2013 at 2.00 p.m. The annual report of the Company for the year ended 31 December 2012 will be posted to shareholders today and made available on the Company's website in due course.

A copy of this announcement will be available on the Company's website: www.hambledon-mining.com.

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Chief Executive's review

Operational review 2012

It has been challenging year for your Company. Following the setback with the leak in Tailings Dam 3 in late 2011, the Company was negatively impacted operationally and financially. A significant amount of time and capital were devoted to mitigation and rehabilitation measures after the tailings dam accident. The Company has continued to concentrate on the development of open pit operations but the underground mine development was temporarily halted in October 2012.

Since the successful partial tender offer by African Resources (investment consortium) in October 2012, there has been a complete overhaul of the senior management team of the Company, including the appointment of a new chief executive and a new chief financial officer. Under this new leadership, the Company has embarked on a comprehensive review of its operations and strategy with a view to transforming itself into a world class gold mining company and enhancing the return to shareholders. Key elements of this operating and strategic review are:

- Preparation of revised mining plans and optimisation of existing operations as well planning for organic and, potentially, inorganic growth
- Design and implementation of initiatives leading to cost rationalisation and greater operational efficiency, including reduction of corporate overheads in the UK
- Resolution of legacy issues

The Company expects to complete this review in the near term and will provide a comprehensive update to shareholders at that time. Nonetheless, many of the benefits have already materialised and are reflected in the Group operating results.

Mineral resources

The Group is undertaking an extensive drilling program which is still ongoing. Following very encouraging drilling results, the drilling program has been accelerated and an additional 8,950 metres were drilled in Q1 2013, in total 30,650 metres have been drilled. As part of the overall review the resource model is currently in the process of being updated from the drilling resource obtained. At the date of this report there is currently no update to the information as provided in the 2011 annual report.

Sekisovskoye operations

The Sekisovskoye mine has benefited substantially from the continued investment in mineral processing plant and equipment, and the refurbishment of mining machinery. This was complemented by additional investment in maintenance tools and workshop equipment. The Company completed the installation of a new secondary cone crusher, which will enhance the ability of the crushing circuit to cope with the harsh winter climate in Kazakhstan.

Mining activities were focused on the main pit throughout the year, which was the primary source of material for the processing plant. Additionally, 44,462t of ore from the underground mine was processed as a result of test mining. The Company completed the removal of excess remnant waste from the North pit in preparation for mining in 2013.

Despite a lower total amount of ore milled during the year, the processing plant produced 22,470 ounces of gold compared to 20,851 ounces in 2011. This 7.8 per cent. annual increase in gold production was driven by higher gold grade and normalisation of the recovery rate, which resulted from the optimisation of the processing flow, and other efficiency measures implemented by the new management team towards the end of the year. The processing plant recovery rate was 83.7 per cent. in the fourth quarter and averaged 80.4 per cent. for 2012.

The operational statistics for 2012 were as follows:

Mining

		2012	**2011**
Ore mined	t	654,643	594,152*
Gold grade	g/t	1.34	1.19
Silver grade	g/t	2.39	2.20
Contained gold	Oz	28,262	22,638
Contained silver	Oz	50,384	41,512
Waste mined	t	2,766,119	3,921,715

Mineral processing

		2012	2011
Crushing	t	625,227	748,485*
Milling	t	628,731	744,416
Gold grade	g/t	1.37	1.09
Silver grade	g/t	1.93	1.86
Contained gold	Oz	27,803	26,084
Contained silver	Oz	39,045	44,634
Gold recovery	per cent.	80.4	81.2
Silver recovery	per cent.	69.7	83.7
Gold poured	Oz	22,470	20,851
Silver poured	Oz	27,198	36,946

* **The difference between mined ore tonnage and the mineral crushed tonnage was material taken from the low grade stockpile and third party ore treatment.**

Mining activity – open pit

The mining activities in 2012 were helped by improvements to the maintenance regime and completion of the removal of the excess remnant waste in the open pit. In addition, improved survey control, changes to the methods in blasting the rock to improve fragmentation, and improved road surfaces with purchase of a new grader, all led to a more efficient operation.

The effectiveness of the mining fleet was essential, as this machinery was used continuously from April to October to remove the underlying foundations of Tailings Dam 3. Once this was completed, the mining machinery was used to haul specially crushed and screened material into the dam, in order to rebuild the foundations. These operations went without a single lost time accident, a credit to the team and the site management. We are pleased that, in terms of mined material, 2012 surpassed the previous year's figure.

In addition to the normal mining operations and the work associated specifically with Tailings Dam 3, work continued on completing tailings dam 4, which is now ready for lining works which will start in the spring of 2013. For these operations we have adopted an integrated waste management philosophy, and some waste from the open pit was used to construct the long term embankments for the final dam which will have an estimated capacity of 17 years, lasting from 2015 onwards. The plan is to complete all tailings dams by 2015 so that at the point when the open pit mine ceases production, all civil engineering infrastructure tasks onsite will be complete.

Mineral processing plant

The process plant improvement programme continued, as set out in last year's annual report, with substantial works undertaken in 2012, including construction of a lime storage building and a dust suppression system around the grinding mills, the purchase of new screens for the tertiary crushing circuit, the purchase of two new tertiary crushers, and the purchase of new screens for the carbon-in-leach (CIL) carbon circuit. The major investment in the mineral processing circuit is based around the expansion of the CIL circuit with an additional tank which will allow increased gold recovery.

In 2012 as the operations moved more fully into the underground phase, the process plant was further developed to meet the specification of the underground ores. The ongoing improvement process includes:

- replacement of the entire air injection system into the CIL tanks, with new air jets sourced from a Canadian vendor;

- expansion of the mineral process plant instrumentation, which is needed to control the plant chemistry;

- purchase of a new cyclone tower with revised specification to deal with finer grinding;

- purchase of devices to monitor the density of the ores after the grinding process;

- preparatory works for the installation of a second thickener, designed to provide counter current cyanide recovery and increase the density of the material being sent to the effluent impoundment facilities;

- replacement of the main secondary cone crusher and associated screens to allow finer crushing and grinding of the metalliferous ores;

- a new high capacity tailings and recycled water pumps have been installed, achieving a more stable sorption process, improving recovery rate; and

- a new heat exchange elusion units and a second elusion column were installed, ensuring a stable temperature and a 20%-25% reduction of the elution time, thus reducing operating expense and improving gold and silver recovery rates.

Underground mine

The development of the underground mine to the point of operation was completed successfully in the fourth quarter of 2011. Mining and extraction of ore in 2012 was from six mining levels and deepening of the main transport decline continued as planned. The decline has connected with the existing 320mrl and the connection zone has been refurbished to allow for effective through-mine ventilation, dewatering and safe working below the main 320mrl.

The underground mining works in 2012 were carried out by a contractor, with the diamond drilling carried out by the Company's staff. The works associated with the underground mine are summarised as follows:

- Development of six main mining extraction levels, (358mrl to 305mrl), allowing trial mining of selective and bulk mining techniques to be carried out successfully and delineation of over 100,000t of extractable ore once the underground operation restarts.

- Completion of approximately 22,000 metres of the 25,000 metre diamond drill programme from the 320mrl exploration drift and the transport decline.

- The Company continued the diamond drilling program in accordance with the strategic plan. Following very encouraging drilling results, the new management accelerated the drilling program and an additional 8,950 metres were drilled during Q1 2013. In total, 30,650 metres have been drilled as of 31 March 2013. The drilling program continues with additional drilling focused on the deeper ore bodies reaching to the +20 metre level. The entire drilling program was increased from 25,000 metres to 38,000 metres. Management are encouraged by early drilling results and are targeting a considerable increase in underground gold resources following completion of the drilling program in 2013.

- Completion of approximately 5,400 metres (2011: 1,900 metres) of tunnels for the transport decline, with attendant electrical infrastructure, explosive magazines, ventilation raises, pump station and ventilation machinery.

- Mining and extraction of approximately 3,750 tonnes per month of ore from November 2011 to October 2012, at which point the underground operation was suspended by the Company's previous management. Capital spending on the underground mine was stopped and the mining contractor ceased underground operations and left the site in October 2012.

- The new management are committed to the development of the underground mine and work was restarted in January 2013. Following the strategic review by the new management team, a new mining plan for the underground mine has been prepared and the following was completed during Q1 2013:

    - Construction of the decline access to the underground deposit is in progress;
    - Pre-production commenced and 180 metres of multiple underground tunnels mined during Q1 2013 enabling access to mining zones for ore bodies #11 and #3;
    - Design for underground monitoring station completed and design for the development of new underground levels is in progress;
    - Additional dewatering facility built at the +327mrl level allowing the start of drilling and mining at levels +295mrl, +285mrl, and +275mrl;
    - New explosives storage facility built at +390mrl level; and
    - Tender conducted and underground mining works subcontractor selected.

Tailings Dam 3

Remedial work on Tailings Dam 3 was a significant work stream in 2012, with constant supervision of engineers, specialised contractors and a dedicated and disciplined engineering methodology, which allowed the completion of the repair work and full refurbishment in October 2012. The facility has been commissioned and is now in use. The repairs to the impoundment were carried out to the highest engineering standards, in full compliance with the EBRD and to the satisfaction of the UK design engineers.

The Company is engaged in active dialogue with all the principal interested parties, including the Ministry of Environment and various local authorities regarding the environmental claims arising out of the October 2011 spillage at Tailings Dam 3, to ensure that its activities are consistent with not only law but also environmental best practices in Kazakhstan. Significant progress has been made in mitigating the concerns raised by various regulatory and local authorities and the Company has prepared and submitted a completely revamped environmental study to the Kazakh authorities and courts. While no assurance can be given, management is optimistic that a final resolution of the ongoing environmental litigation that is acceptable to all parties will be achieved in the near future.

Acquisitions

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.

Akmola Gold

The vendors of the Akmola Gold deposit have given the Company notice of termination in relation to the original contract. At the date of this report the Company is in discussion with the vendor, and to date, has agreed the return of $2 million from a total of $3.6 million invested by the Company.

To reflect the uncertainty of the ongoing discussions and negotiations a full provision has been made of the amount due as of 31 December 2012.

Strategic planning

The open pit operation at Sekisovskoye is designed to operate until Q2 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 utilising, where possible, the existing open pit mining machinery. A number of projects are currently under consideration and have been identified which will enable this strategy to be executed.

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, the mining subcontractor has been selected, and mining is scheduled to commence this summer.

The Management and the Board are very optimistic about the potential of the underground mine due to the high gold grade, which is materially 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.

With the recommencement of underground mining operations in Q2 2013 and steady production from the open pit we anticipate an increase in gold production in 2013. Moreover, we expect this production be delivered at significantly lower cash cost as underground operations continue to accelerate. We anticipate improvement in cash cost over the coming years as underground mine is developed and the open pit ends its operations in Q1 2015. We believe that combination of rising gold production and declining costs is a rare quality among gold mining companies and it favourably sets Hambledon apart from peers.

Financial

Sekisovskoye poured 22,470 (2011: 20,851) ounces of gold in 2012. Due to timings in the shipping and selling of the gold poured, to the refiner, a total of 24,800 (2011: 20,855) ounces were sold in 2012 at an average price of $1,563 (2011: $1,587) per ounce. There were no other material items of revenue.

The cash cost of production, excluding depreciation and provisions, was $1,172 (2011: $1,065) per ounce. The cost of production (including depreciation and royalty payments) was $1,584 (2011: $1,417) per ounce. The increase in the cost of production in 2012 compared to 2011 was principally due to a provision against ore stockpiles of $5.7 million (2011: $1.6 million) due to production costs being higher than the net realisable value of the gold contained within the ore. Adjusted for the provision, the cost of production is $1,353 per ounce. As explained, efficiency measures have been implemented to control costs and to increase the gold recovery rate.

Administration costs in 2012, excluding the provisions for the tailings dam leak and Akmola Gold investment, amount to $6.1 million (2011: $5.9 million). Corporate administration costs in 2012 were $5.2 million (2011: $3.2 million). These comprise director and other staff salaries, professional fees and the cost of maintaining the Group's quotation on the AIM Market including investor relations. They also included $0.9 million (2011:$0.9 million) of consultancy for management support of the Sekisovskoye operation. A provision has been made against the amounts advanced to Akmola Gold.

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:

1. During the year, two of the Group's subsidiary companies entered into a loan agreement for an amount of $10,000,000 with the EBRD. Under the terms of the loan the Group is required to comply with a number of financial and non-financial covenants. As at 31 December 2012, the Group was in breach of its debt to equity covenant and application for a waiver has been made. Although at the date of this report, no waiver has been received, the Directors are in advanced negotiations with the Bank and are confident that the required waiver will be obtained. 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 Ioan to be either due and payable on demand, or payable without any further notice.

2. Group is currently awaiting the decision of the Supreme Court of Kazakhstan in relation to a whether a further fine of $9.4 million in relation to the tailings dam incident will be payable. The court may uphold the fine as set by a lower court or reduce the liability it nil. The directors are confident of a positive outcome.

3. Recent volatility in the price of gold raises concerns that, should the price of gold continue to decline, the Group may have to re-evaluate the pace of development of the underground mine in order to maintain a sufficient working capital position, as well considering additional funding in order to finance its ongoing operations.

   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 the 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 realize 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

Consolidated income statement

Year ended 31 December 2012

	Notes	**2012**	**2011**
		$000	**$000**
Continuing operations			
Revenue	**3**	38,913	33,325
Cost of sales		(33,643)	(28,258)
Impairment of stock		(5,638)	(1,634)
Gross (loss)/profit		(368)	3,433
Administrative expenses		(6,340)	(5,886)
Impairment – Akmola investment		(3,553)	-

Tailings dam leak	4	(10,261)	(7,757)
Operating loss		(20,522)	(10,210)
Finance income		244	25
Foreign exchange loss		(240)	(77)
Finance expense		(885)	(317)
Loss before taxation		(21,403)	(10,579)
Taxation benefit / (charge)	5	(740)	1,157
Loss from continuing operations		(22,143)	(9,422)
Discontinued operations			
Profit for the year	6	_	1,500
Loss attributable to equity shareholders		(22,143)	(7,922)
Loss per ordinary share			
Continuing operations			
Basic	7	(2.36)c	(1.37)c
Diluted	7	(2.36)c	(1.37)c
From continuing and discontinued operations			
Basic	7	(2.36)c	(1.15)c
Diluted	7	(2.36)c	(1.15)c

Consolidated statement of comprehensive income
Year ended 31 December 2012

	2012 $000	**2011 $000**
Loss for the year	(22,143)	(7,922)
Currency translation differences on foreign currency net investments	(1,257)	98
Total comprehensive (loss) / profit for the year attributable to equity shareholders	(23,400)	(7,824)

Consolidated statement of financial position
31 December 2012

	2012	2011
	$000	$000
Non-current assets		
Property, plant and equipment	40,814	31,793
Inventories	-	4,177
Other receivables	421	399
Deferred tax asset	556	978
Restricted cash	384	239
	42,175	37,586
Current assets		
Inventories	13,379	11,061
Trade and other receivables	4,288	8,404
Cash and cash equivalents	2,504	1,763
	20,171	21,228
Total assets	62,346	58,814
Current liabilities		
Current tax payable	(332)	(313)
Trade and other payables	(3,762)	(5,994)
Other financial liabilities	(229)	(282)
Provisions	(10,774)	(7,640)
Borrowings	(10,065)	(1,000)
	(25,162)	(14,916)
Net current assets	(4,915)	6,312
Non-current liabilities		
Trade and other payables	-	-
Other financial liabilities	(1,333)	(1,501)
Deferred taxation	-	-
Provisions	(6,549)	(1,400)
	(7,882)	(2,901)
Total liabilities	(33,044)	(17,817)
Net assets	29.302	40,997
Equity		
Called – up share capital	1,684	1,310
Share premium	88,245	76,914
Merger reserve	(282)	(282)
Other reserves	-	535
Currency translation reserve	(8,078)	(6,821)
Accumulated losses	(52,267)	(30,659)
Total equity	**29,302**	**40,997**

Consolidated statement of changes in equity

Year ended 31 December 2012

	Share capital	Share premium	Merge reserve	Other reserve	Currency translation reserve	Accumulated losses	Total
	$000	$000	$000	$000	$000	$000	$000
1 January 2011	946	63,429	(282)	570	(6,919)	(22,978)	34,766
Retained loss for the year	–	–	–	–	–	(7,922)	(7,922)
Currency translation differences arising on translation of	–	–	–	–	98	–	98
Total comprehensive	**–**	**–**	**–**	**–**	**98**	**(7,922)**	**(7,824)**
Share based payment	–	–	–	206	–	–	206
Lapsed share options	–	–	–	(241)	–	241	–
Shares issued	364	14,214	–	–	–	–	14,578
Issue costs	–	(729)	–	–	–	–	(729)
31 December 2011	**1,310**	**76,914**	**(282)**	**535**	**(6,821)**	**(30,659)**	**40,997**
1 January 2012	1,310	76,914	(282)	535	(6,821)	(30,659)	40,997
Retained loss for the year	–	–	–	–	–	(22,143)	(22,143)
Currency translation differences arising on translation of foreign operations	–	–	–	–	(1,257)	-	(1,257)
Total comprehensive	**–**	**–**	**–**	**–**	**(1,257)**	**(22,143)**	**(23,400)**
Lapsed share options	–	–	–	(535)	–	535	–
Shares issued	374	11,862	–	–	–	–	12,236
Issue costs	–	(531)	–	–	–	–	(531)
31 December 2012	**1,684**	**88,245**	**(282)**	**–**	**(8,078)**	**(52,267)**	**29,302**

Consolidated statement of cashflows

Year ended 31 December 2012

	2012 $000	2011 $000
Net cash (outflow)/inflow from operating activities	(9,941)	2,868
Investing activities		
Interest received	31	25
Proceeds on disposal of property, plant and	416	18
Purchase of property, plant and equipment	(10,447)	(13,426)
Prepayment for non-current assets	(22)	(399)
Akmola Gold advances and prepayment of fees	(656)	(2,914)
Proceeds from Ognevka liquidation	1,500	-
Restricted cash	(145)	(78)
Net cash used in investing activities	(9,323)	(16,774)
Financing activities		
Proceeds on issue of shares	11,705	13,849

Drawdown of bank loans	10,065	1,000
Interest paid	(765)	(139)
Repayment of bank loans	(1,000)	–
Net cash inflow from financing activities	20,005	14,710
Increase in cash and cash equivalents	741	804
Cash and cash equivalents at beginning of the year	1,763	959
Cash and cash equivalents at end of the year	2,504	1,763

Notes

1 General information

Hambledon is a company incorporated in England and Wales. The address of the registered office is 28 Eccleston Square, London, SW1V 1NZ. The principal activities and place of business of the Company and its subsidiaries ("the Group") are set out in the Chief Executive's review above.

2 Basis of preparation of financial information

The financial information set out above, which was approved by the Board on 5 June 2013, has been compiled in accordance with International Financial Reporting Standards ("IFRS"), but does not contain sufficient information to comply with IFRS. The Company expects to distribute its full financial statements that comply with IFRS in June 2013.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2012 but is extracted from those accounts. The Company's statutory accounts for the year ended 31 December 2012 will be filed with the Registrar of Companies following the Company's annual general meeting. The independent auditors' report on those accounts was unqualified, but did draw attention to a matter by way of emphasis without qualifying those accounts, it did not contain any statement under section 498(2) or (3) of the Companies Act 2006.

The financial statements have been prepared under the historical cost convention. The accounting policies are consistent with those adopted and disclosed in the Group's annual financial statements for the year ended 31 December 2012.

The principal accounting policies adopted in the preparation of the financial information in this announcement are set out in the Company's full financial statements for the period ended 31 December 2012.

Copies of the Company's audited statutory accounts for the period ended 31 December 2012 will be available at the company's website at www.hambledon-mining.com promptly after the release of this preliminary announcement. A printed version of the Company's audited statutory accounts will be dispatched to shareholders today.

3 Revenue

An analysis of the Group's revenue is as follows:

Continuing operations	**2012** **$000**	**2011** **$000**
Sale of goods	38,913	33,325

Included in revenues from sale of goods are revenues of $38,769,000 (2011:$33,255,000) which arose from sales to the Group's largest customer.

4 Tailings Dam 3 leak

A Provision was set up in order to provide for the cost associated with the Tailings Dam 3 leak and an update is provided below.

The directors estimated that the total cost of the repair to the tailings dam, payment of fines and penalties, repair of damage caused to the environment and social obligations agreed with local authorities as a result of the leak was $7,757,000 in 2011, of which $375,000 was paid in 2011 and $5,565,000 was paid in 2012.

	Provision b/f **$000**	**Paid in 2012** **$000**	**Change in Provision**	**Currency Translation**	**Provision c/Fwd**
Repair of tailings dam	2,337	(2,911)	861	(10)	277
Fines and penalties	3,892	(3,668)	9,400	(224)	9,400
Damage to environment	101	(70)	–	(2)	29
Social obligations	1,052	(259)	–	(28)	765
	7,382	**(6,908)**	**10,261**	**(264)**	**10,471**

The Company has paid the $3.9 million fines and penalties and completed all the measures on environment rehabilitation to make good the local environment. The Company has also completed the majority of the community and social works as agreed with the Court. The Company committed to the development of improved waste handling facilities to prevent reoccurrence of the tailings dam incident, the costs of which were already included in its infrastructure development plan.

Recent developments

On 30 May 2012, the Supreme Court of the Republic of Kazakhstan cancelled the decision of the Court and sent the case to be reviewed in the same Court by a different member of the judiciary. It was proposed that this new court hearing would enable the Company to continue its appeal against the Claim and for the Company to obtain partial repayment of the penalties paid.

On 16 August 2012, the Court restated the Claim of an estimated $9.4 million, (KZT 1,429,000,000) as correct. This new resolution ignored the statements of the third-party legal and scientific reviewers who demonstrated that the environment had been remediated with the approval and to the satisfaction of the Environmental Department of East Kazakhstan and that the evidence used by the Court was technically incorrect.

The level of fines is now subject to review by the higher courts of Kazakhstan.

The Directors are confident that the fines will be cancelled. However, full provision has been made in the financial statements given that the matter is not yet resolved.

5 Taxation

	2012	**2011**
	$000	**$000**
Current taxation	332	313
Deferred taxation	408	(1,470)
Total taxation charge/(benefit)	740	(1,157)

The current taxation charge for the year ended 31 December 2012 arose in one of the Group's subsidiaries in Kazakhstan.

6 Dividends

The Directors do not recommend a dividend for the year (2011: nil) and the loss for the year has been added to accumulated losses.

7 Loss per ordinary share

The calculation of basic and diluted earnings per share from continuing operations is based upon the retained loss from continuing operations for the financial year of $22,143,000 (2011: loss of $9,422,000).The profit from discontinued operations in the year was $Nil (2011: $1,500,000).

The weighted average number of ordinary shares for calculating the basic loss (2011: loss) per share and diluted loss (2011: loss) per share after adjusting for the effects of all dilutive potential ordinary shares relating to share options are as follows:

	2012	2011
Basic and diluted	938,491,844	687,365,165

As the Group was loss making in 2012, the impact of Share options was anti-dilutive.

8 *Post reporting date events*

Acquisition of Akmola Gold LLP

During the year the vendors of the Akmola Gold deposit have given the Company notice of termination as prescribed by Article 11 of the agreement signed between the parties on 27 May 2011. On 25 April 2013 the Company came to an agreement with Vendors to accept an amount of $2 million in settlement of the outstanding amounts due from the vendors. The amount is repayable to the Company by 31 December 2013. However to reflect the uncertain outcome and the possibility that funds will not be recovered, a provision of the amount advanced and expenses incurred to date of $3.6 million has been recognised in the current year.

9 Notice of annual general meeting

The annual general meeting of the Company will be held at the offices of Cleary Gottlieb Steen & Hamilton LLP, City Place House, 55 Basinghall Street, London EC2V 5EH, United Kingdom on Friday 28 June 2013 at 2.00 p.m.