

16 December 2013

Hambledon Mining plc
("Hambledon" or the "Company")

Conversion of Convertible Loan Notes and COO Appointment

Hambledon Mining plc (AIM: HMB), the gold mining and development company, has today issued 583,648,617 new ordinary shares of 0.1 pence each (the "New Ordinary Shares") to African Resources Limited ("African Resources") following the full conversion of the unsecured convertible loan notes of £17.25 million (plus accrued interest) issued to African Resources as part of the Karasuyskoye Ore Fields transaction (as announced on 4 October 2013) (the "Convertible Loan Notes") (the "Conversion").

The Convertible Loan Notes were issued with a five year term, bore interest at a rate equal to three months LIBOR plus seven per cent. (which accrued daily and was payable on redemption or, in shares, on conversion) and were convertible at a conversion price of 3 pence per share. Accordingly, upon full conversion of the Convertible Loan Notes, 583,648,617 New Ordinary Shares were issued by the Company to African Resources to satisfy the outstanding principle amount of £17.25 million and accrued interest (until midnight on 15 December 2013) of £259,459. The conversion price of 3 pence per share equates to a premium of 31.9 per cent. to the closing price of 2.275 pence on 13 December 2013.

African Resources' decision to fully convert was based upon, *inter alia*, discussions with various stakeholders, including the EBRD and investors generally. Shareholder approval was granted at the general meeting of the Company held on 23 October 2013 to permit the issue of the maximum number of new ordinary shares required to satisfy full conversion.

Following the issue of the New Ordinary Shares, African Resources is interested in 1,081,903,593 ordinary shares in the Company, representing approximately 69.2 per cent. of the Company's enlarged issued share capital. The New Ordinary Shares will rank *pari passu* in all respects with the existing ordinary shares and it is expected that admission to trading on AIM will occur at 8.00 a.m. on 20 December 2013. Following admission, the total number of voting rights in the Company's will be 1,563,370,130.

Update on the Karasuyskoye Ore Fields

The Convertible Loan Notes were issued to fund the acquisition of certain historical geological information pertaining to the Karasuyskoye Ore Fields, which are located adjacent to the Company's current operations in Kazakhstan, from Hydrogeology LLP ("Hydrogeology") (the "Acquisition"). The Karasuyskoye Ore Fields are an advanced exploration project covering an area of approximately 198 km². Exploration drilling and testing by Hydrogeology, which has been reviewed by Hambledon's technical team, indicates estimated resources of approximately 9 million ounces of gold and in excess of 16 million ounces of silver.

Following completion of the Acquisition, the Company has used the information to apply for requisite mining licenses covering the Karasuyskoye Ore Fields, from the Ministry of Industry and New Technologies ("MINT") and is currently awaiting approval. Assuming this approval is forthcoming, and following the completion of limited additional verification work, the Company expects to engage Venmyn Deloitte to complete an independent JORC-compliant competent person's report on the Karasuyskoye Ore Fields. Further updates on the Karasuyskoye Ore Fields will be provided as appropriate.

UK Takeover Code Considerations

As a result of changes in the definition of companies to which the UK Takeover Code (the “City Code”) applies, the Company became subject to the City Code with effect from 30 September 2013.

Under Rule 9 of the City Code, where any person acquires, whether by a single transaction or a series of transactions over a period of time, interests in securities which (taken together with securities in which persons acting in concert with him are interested) carry 30 per cent. or more of the voting rights of a company which is subject to the City Code, that person is normally required by the Panel on Takeovers and Mergers (the “Panel”) to make a general offer to the shareholders of that company to acquire their shares. If any person, together with persons acting in concert with him, is interested in shares which in the aggregate carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, that person is normally required by the Panel to make a general offer to the shareholders of that company to acquire their shares.

Further, when any person individually, or a group of persons acting in concert, already holds shares which carry more than 50 per cent. of the voting rights of a company which is subject to the City Code, that person, or for so long as the group of persons presumed to be acting in concert continue to be treated as acting in concert, may accordingly increase their aggregate shareholding without incurring an obligation under Rule 9 of the City Code to make a general offer to the minority shareholders of that company to acquire their shares. However, individual members of the concert party will not be able to increase their percentage holdings through or between a Rule 9 threshold without the consent of the Panel.

As a result of the recommended cash only partial offer pursuant to which African Resources offered to acquire up to 60 per cent. of the existing and to be issued shares of the Company (when aggregated with the Company shares already held by African Resources and by persons acting in concert with African Resources) (the “Partial Offer”) which was declared unconditional on 23 November 2012, a concert party (as defined in the partial offer document dated 2 November 2012) came into existence comprising African Resources and Blackwill Trade Limited (together the “Concert Party”). African Resources is a company incorporated in the British Virgin Islands and is associated with Aidar Assaubayev, the Company’s Chief Executive Officer and an Executive Director of the Company. Blackwill Trade Limited is a company incorporated in New Zealand and is connected with African Resources.

African Resources and Blackwill Trade Limited are considered to be persons acting in concert for the purposes of the City Code in relation to the Company. Following the Partial Offer, African Resources and Blackwill Trade Limited held 498,254,976 and 88,448,936 ordinary shares respectively representing approximately 50.9 per cent. and 9.0 per cent. respectively, and 59.9 per cent. in aggregate, of the share capital of the Company at that time.

Following the issue of the New Ordinary Shares to African Resources as a result of the Conversion, African Resources and Blackwill Trade Limited now hold 1,081,903,593 and 88,448,936 ordinary shares in the Company respectively representing approximately 69.2 per cent and 5.7 per cent respectively, and 74.9 per cent in aggregate, of the enlarged share capital of the Company.

As a result of the size of its holding in the Company, the Concert Party will have the ability to exert a significant degree of control over the future conduct of the Company. Shareholders should be aware that the members of the Concert Party already hold shares carrying more than 50 per cent of the Company’s voting rights and for so long as they continue to be treated as acting in concert may accordingly increase their aggregate shareholding without incurring an obligation under Rule 9 of the City Code to make a general offer to all Shareholders, although individual members of the Concert Party will not be able to increase their percentage holdings through or between a Rule 9 threshold without the consent of the Panel.

Corporate Governance

On 23 October 2013, the Company announced the appointment of Kanat Assaubayev as Hambledon's Chairman. His reputation and network of contacts in Kazakhstan is viewed as a key driver in the Company's future growth. Significantly, the Company also announced the appointment of two independent non-executive directors, a demonstration of the Board's commitment to its corporate governance obligations. Further, the Company, together with its advisers, is reviewing the existing relationship agreement entered into on 2 November 2012 between African Resources and the Company in order to ensure the agreement continues to reinforce corporate governance best practice procedures, particularly with regards to minority shareholder protections.

Chief Operating Officer Appointment

The Company is also pleased to announce the appointment of Maxim Strelnikov as Chief Operating Officer of Hambledon. Mr. Strelnikov will be responsible for bringing the underground mine into production and will be in charge of operations at the mine thereafter. Mr. Strelnikov has significant experience in the industry having most recently worked at Satpayevsk Titanium Mines Limited as General Director of Mining and Processing and prior to that, Director of Mining Department at Kazakhstan Design and Engineering Center.

Total Voting Rights

The Company has no ordinary shares held in treasury and therefore the aforementioned figure of 1,563,370,130 ordinary shares may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

Ashar Qureshi, Non-Executive Director of Hambledon Mining, commented:

"The Conversion at 3 pence, which is a 31.9 per cent. premium to the most recent closing price of Hambledon's shares, represents African Resources' commitment to Hambledon and its belief in the underlying value within the business. African Resources has made clear to the Board that it will facilitate future liquidity in the Company's shares."

Enquiries

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