



52-wk Range: 3.88-7.88p

Market Cap (M): £26.5

12 month target £0.13

EV (M): £24.8

Mining

Further ore purchases

Summary

Hambleton Mining is an emerging gold producer, with its gold mine located in Kazakhstan. It has also acquired a plant to recycle zinc smelter residues, to produce a variety of products including gold, copper and silver. Both operations commenced production in late 2007, but the recycling of zinc smelter slags has been shut down since early 2008



Key Metrics

Shares Outstanding (M): 516.1
 Current Price (GBP): 5.13p
 Fully Diluted Shares (M): 519.3

Event

Hambleton has announced that it has concluded a second purchase of gold bearing ore from TOO Odak.

Comment

The second purchase is for a further 10,000t and is expected to be closer to the 4.5g/t than the first shipment. It is due for delivery at the end of May and its processing is expected to be split over June and July.

In our modelling we had already assumed a second shipment of 10,000t of ore. However, we had assumed that it was all processed in the September quarter. Treating half of the shipment in the June quarter has made very little difference to our model.

Treatment of the initially contracted 10,000 tonnes will be completed by the end of May 2010. Although it is too early to give complete figures, Hambleton is pleased with the outcome so far. The grade of the ore in the initial part-shipments was below the 4.5 g/t expected, with payments adjusted according to the contracted scale. More recent shipments have been close to the expected level.

The Board believes that Hambleton is well placed to be able to conclude further tonnage contracts in the future. We have no further purchases modelled, so any such future purchases would have an impact on the model.

Recommendation

We have adjusted the model accordingly, and there is no change to our target price of £0.13/share. The Hold recommendation is maintained.

Contact

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FYE Dec	2008	2009	2010E	2011E	2012E
Revenue (£M):	5.6	12.9	19.3	49.0	51.9
EBITDA (£M):	-5.5	3.1	3.3	31.6	35.9
NPAT (inc significant items):	-7.6	0.0	0.7	18.4	20.5
EPS (GBP):	-1.6	0.0	0.1	3.6	4.0
Cash Flow/Share (GBP):	-1.2	0.5	0.7	4.9	5.3
Gold Price (US\$/oz):	872.6	973.7	1146.8	1250.0	1100.0
Production per '000 shares:	0.02	0.04	0.05	0.12	0.15
Reserves per '000 shares:	0.87	0.75	0.71	0.59	0.44

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Peter Rose

Peter Rose has 20 years experience in equities as a resources analyst, most recently having spent 11 years with Deutsche Bank in Australia. Prior to this he spent three years with Prudential Bache and five years with James Capel. Peter's industry experience includes 16 years as a metallurgist, three years with De Beers in South Africa and eight years in the uranium industry, five of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Mining & Metallurgy and a chartered engineer.

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Research disclosure as of 20 May 2010

Company Name	Disclosure
Hambledon Mining (HMB)	7

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Company	Ticker	Recommendation	Date	Target Price	Last Price
Mining					
African Barrick Gold	ABG LN Equity	SELL	27.04.10	£4.26	£5.68
Angel Mining	ANGM LN Equity	BUY	03.03.10	£0.16	£0.06
Antofagasta	ANTO LN Equity	HOLD	06.05.10	£9.90	£8.49
Atlantic Coal	ATC LN equity	BUY	21.01.10	£0.025	£0.006
Discovery Metals	DME LN Equity	BUY	09.04.10	£0.65	£0.42
EMED Mining	EMED LN Equity	BUY	12.04.10	£0.62	£0.10
Exco Resources	EXS AU Equity	BUY	09.04.10	A\$0.67	A\$0.24
Gippsland Limited	GIP LN Equity	BUY	06.10.09	£0.02	NA
Hambledon Mining	HMB LN Equity	HOLD	20.05.10	£0.13	£0.05
Highland Gold	HGM LN Equity	BUY	05.05.10	£1.46	£1.30
Hochschild Mining	HOC LN Equity	HOLD	21.04.10	£3.11	£2.65
KEFI Minerals	KEFI LN Equity	Spec. BUY	06.10.09	NA	£0.01
Kryso Resources	KYS LN Equity	BUY	21.04.10	£0.14	£0.11
Lydian International	LYD CN Equity	BUY	18.03.10	C\$1.22	C\$1.15
Minera IRL	MIRL LN Equity	BUY	14.05.10	£0.94	£0.69
Oxus Gold	OXS LN Equity	BUY	21.04.10	£0.30	£0.08
Stratex International	STI LN Equity	BUY	03.03.10	£0.07	£0.04

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