



52-wk Range: 3.88-7.88p  
12 month target £0.18

Market Cap (M): £38.1  
EV (M): £36.4

## Mining

## JQ: Production the best yet

### 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): 7.38p  
Fully Diluted Shares (M): 519.3

### Event

Hambleton has announced its June quarter production figures. During the quarter the company processed 213.03kt of ore grading 1.27g/t gold and produced 7,088oz of gold and 14,909oz of silver.

### Comment

This was an excellent quarter for Hambleton. Not only was it the highest quarterly gold and silver production ever, but it was also the best quarter for mill throughput. However, the figures above do include the purchased Beskempir ore. We understand that approximately 11kt of purchased ore was processed in the quarter with a grade of 4.3g/t and that Hambleton paid 48% of the contained gold price for the ore. Similarly, we anticipate that 8kt of similar grade ore will be processed in the September quarter.

The only anomaly occurred in May, when higher head grades, 1.38g/t were accompanied by lower recoveries, 78.8%. We can only postulate that since this was the month with the highest tonnage, that there was not enough residence time in the leach circuit to extract all the gold or the gravity circuit was not working.

However, there is one disappointing factor. If one strips out the purchased ore, the grade of Hambleton's own ore treated was only 1.1g/t, well below the reserve grade for the open pittable ore, which is 1.6g/t.

Work has commenced on the upgrades to the crushing circuit, including enclosure of crushers, screens and conveyors in order to improve the performance of the crushing facility for next winter.

Good progress was made on the development of the underground mine. The refurbishment of the shaft has progressed to the 345 level, leaving a further 25 metres to be completed this month. The underground drilling program is scheduled to commence in August 2010. Earthworks on the portal for the decline were completed and the local mining contractor has commenced the concrete work. Excavation work on the development of the decline itself is expected to commence towards the end of July 2010. Contracts for the purchase of a fleet of equipment to allow Hambleton to undertake the stoping operations are currently being finalized.

### Recommendation

We have adjusted the model accordingly, and the target price is unchanged at £0.18/share. The Buy rating is maintained.

### Contact

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FYE Dec	2008	2009	2010E	2011E	2012E
Revenue (£M):	5.6	12.8	20.5	58.6	77.6
EBITDA (£M):	-5.5	3.1	3.4	39.2	59.5
NPAT (inc significant items):	-7.6	0.0	0.6	23.3	36.7
EPS (GBP):	-1.6	0.0	0.1	4.5	7.1
Cash Flow/Share (GBP):	-1.2	0.5	0.7	6.1	8.8
Gold Price (US\$/oz):	872.6	973.7	1217.0	1400.0	1520.0
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 09 July 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	HOLD	05.07.10	£6.16	£5.94
Angel Mining	ANGM LN Equity	BUY	03.03.10	£0.16	£0.06
Antofagasta	ANTO LN Equity	BUY	28.05.10	£10.33	£8.47
Atlantic Coal	ATC LN equity	BUY	21.01.10	£0.025	£0.004
Discovery Metals	DME LN Equity	BUY	07.07.10	£0.90	£0.36
EMED Mining	EMED LN Equity	BUY	05.07.10	£0.34	£0.08
Exco Resources	EXS AU Equity	BUY	05.07.10	A\$0.77	A\$0.25
Gippsland Limited	GIP LN Equity	BUY	06.10.09	£0.02	NA
Hambledon Mining	HMB LN Equity	BUY	09.07.10	£0.18	£0.07
Highland Gold	HGM LN Equity	BUY	05.07.10	£1.71	£1.20
Hochschild Mining	HOC LN Equity	BUY	05.07.10	£3.68	£3.16
KEFI Minerals	KEFI LN Equity	Spec. BUY	06.10.09	NA	£0.01
Kryso Resources	KYS LN Equity	BUY	21.04.10	£0.14	£0.14
Lydian International	LYD CN Equity	BUY	05.07.10	C\$1.5	C\$1.25
Minera IRL	MIRL LN Equity	BUY	05.07.10	£1.28	£0.57
Oxus Gold	OXS LN Equity	BUY	21.04.10	£0.30	£0.07
Randgold Resources	RRS LN equity	BUY	05.07.10	£74.65	£62.20
Stratex International	STI LN Equity	BUY	03.03.10	£0.07	£0.03

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