

PETER HAMBRO MINING PLC

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12th May 2004

Peter Hambro Mining PLC proposes to raise a minimum of ?40m (\$71m) by the issue of 10 million new shares pursuant to a placing underwritten at ?4.00 per share by Canaccord and HSBC

Peter Hambro Mining PLC ("PHM") has agreed with Canaccord Capital (Europe) Limited ("Canaccord") and HSBC Bank plc ("HSBC") (collectively "the Underwriters") that it will issue a total of 10 million new ordinary shares to places to be procured by the Underwriters. The subscription price may be higher, but not lower, than ?4.00 per share. Details of the price at which the shares are placed will be announced as soon as possible. It is further agreed that, in the event that the Underwriters do not procure places for any or all of these shares, the Underwriters will subscribe as principals for any unplaced shares at ?4.00 per share.

The placing is conditional upon shareholder approval at an Extraordinary General Meeting ("EGM") to be held on or around 7 June 2004 and for which the notice will shortly be sent to Shareholders. Peter Hambro and Pavel Maslovsky, together with companies associated with them (the "Hambro and Maslovsky Associates"); have irrevocably undertaken to vote their aggregate 47.5% shareholding in favour of the resolution to be put to the EGM.

The placing is also subject to the new shares being admitted to trading on AIM, which is expected to take place on or around 9 June 2004.

The purpose of the placing is to:

- provide an equity component for the project finance that the Company is seeking for further development of its Pokrovskiy and Pioneer deposits, for which total capital expenditure is currently estimated to aggregate \$150m
- fund the acquisition of additional gold mining assets in Russia's Far East, and repay the balance of the HVB loan which has been used to fund recent acquisitions
- enable further development of the Company's recently acquired mining assets, including Tokur, Voroshilovskoye and Malomir.



Registered Office: 11 Grosvenor Place, Belgravia, London, SW1X 7HH

Registered in England Number 4343841

Member of the **PETER HAMBRO MINING** group of companies

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The Hambro and Maslovsky Associates have agreed with the underwriters that they will not, for a period of 180 days following the placing, sell any PHM shares without the prior consent of the Underwriters, which may not unreasonably be withheld.

No existing shares are being sold as part of the placing.

Commenting on the transaction, Peter Hambro, Executive Chairman of Peter Hambro Mining said:

"Our Company has grown from a speculative start-up operation into a substantial mining company and it has two of the three elements needed to allow it to join the team of one million ounce per year producers; namely gold in the ground and management. The third requirement - cash - would have been principally provided, as it has in the past, from internally generated cash-flows and bank borrowings. However, the Company thought it appropriate to speed up the development process by accepting the offer from Canaccord and HSBC for the equity fund raising.

Accordingly, the proceeds from the fundraising will assist the Company to bring its most advanced assets into production as soon as possible. In particular the newly identified P1 and P2 resources at Pokrovskiy and the Pioneer deposit are immediate targets for development."

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HSBC and Canaccord, each of which is regulated by The Financial Services Authority, are acting solely for the Company in relation to the Placing. Neither HSBC nor Canaccord is acting for, or responsible to, any person other than the Company for providing the protections afforded to customers of HSBC or Canaccord.

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