



Kazak plant deal boosts Central

While Kazakhstan endured a public relations nightmare after Sacha Baron Cohen brought his Borat character to the world, for Central Asia Resources Ltd the former Soviet satellite could just be the place where dreams come true.

The Perth-based junior is consolidating plans to bring two gold projects – with a combined mine life of at least nine years – in south-east Kazakhstan into production within the next three years.

The first of those projects, Dalabai/Bizhe, could well see concrete poured before the end of the year after Central Asia signed an MOU with Steelstruct Engineering Group to build and commission a 500,000 tpa heap leach facility at the project.

The deal is something of a coup for Central Asia, not least because it relieves the company of having to find up-front funding.

Steelstruct will fund, build and commission the plant, which will be then be owned and operated by a majority Central Asia-owned JV company.

While Steelstruct will fund the plant, Central Asia will fund the operations of the plant, which will process ore from Dalabai and possibly other sources, most notably nearby Central Asia prospect Bizhe.

Both partners' investment will be repaid out of operating cash-flow during the estimated two year mine life of Dalabai.

Managing director Jason Stirbinskis said the deal with Steelstruct was a major step forward in the company's plans for both Dalabai and its priority target Altyntas.

"It is a great deal for us. Steelstruct usually deals at the bigger end of the market, with all of the corresponding expectations of quality and it is rare for small juniors to get this sort of opportunity.

"With the Steelstruct opportunity we will be getting really good equipment, at a fixed price, and they will finance it initially with payback from production.

"It is an extremely good opportunity for us and a creative solution to suit the times."

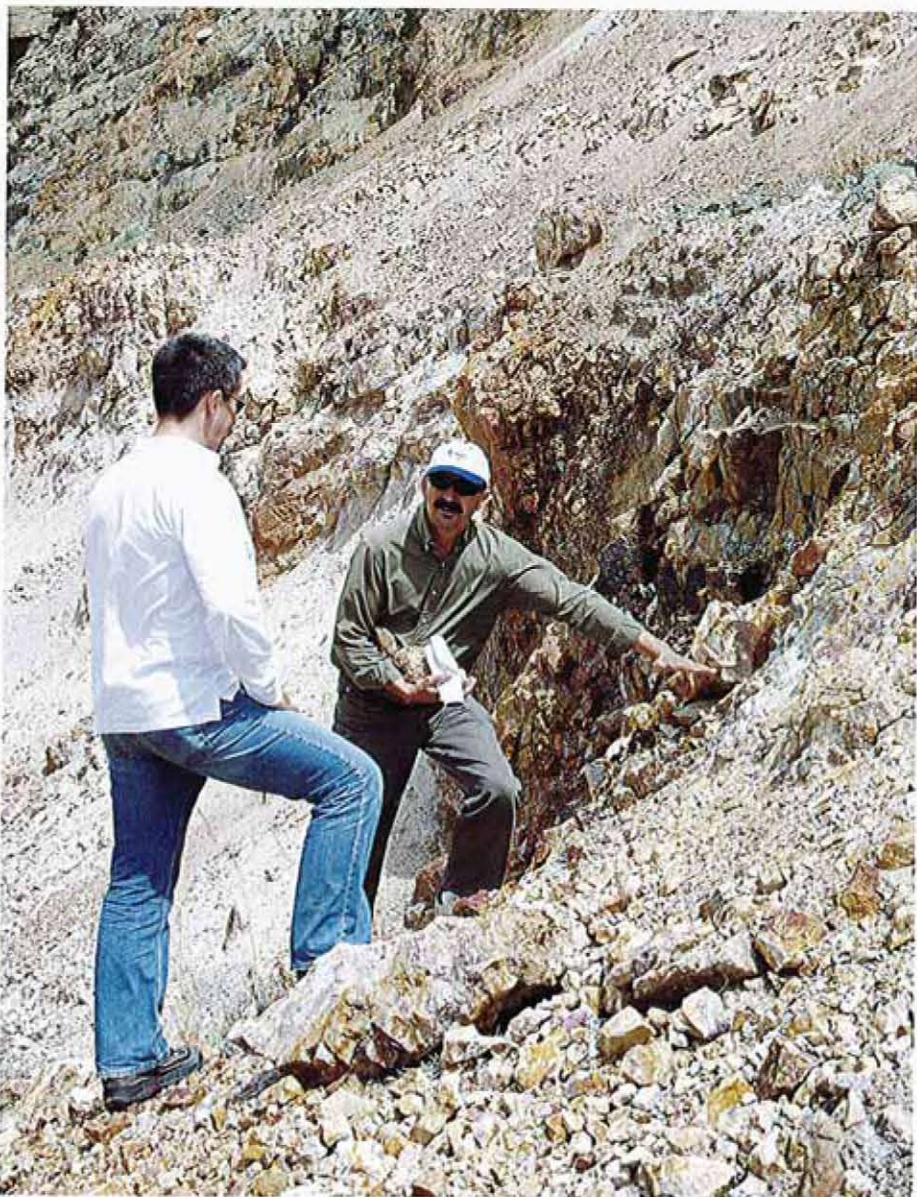
Importantly, the plant, which Central Asia will own outright, will be a perfect fit for operations at the 500,000oz Altyntas project, which Central Asia is planning to have in production by 2012, around about the time the Dalabai operation will be drawing to a close.

"What we are putting in place at Dalabai is a 1 mtpa front end and a 500,000 tpa back end.

"A 1 mtpa crushing circuit is more than likely what we will need at Altyntas. We have a two year life of mine at Dalabai, then we pick up and move the plant to Altyntas, thereby reducing the capital outlay in starting up there and if we need to upgrade the back end we can easily do that."

Stirbinskis said that although Dalabai would be a good start for Central Asia it was the entre to the Altyntas main course.

"Altyntas is much more interesting – there is



Jason Stirbinskis and Central Asia Resources chief geologist Waldemar Mueller inspect the old pit wall at Dalabai

about 500,000oz already at 2.27 g/t and it is all at open pit depths of about 150m or less.

"We know essentially we have got enough there already to have a viable project and we have only explored about 25% of the Altyntas tenement area and the mineralisation is open at depth so those figures are likely to go north."

As Central Asia gears up for production at Dalabai next year and Altyntas down the track, it has also decided to off-load three of its other Kazhak prospects – Kepken, Kengir and Uenke Bulak, which between them boast resources of more than 580,000oz gold and 1.9 moz silver.

Stirbinskis said that with \$4.5 million cash at hand, the company was not in a position where it had to sell to raise cash, but was simply looking to prioritise its assets.

"We are looking at a couple of years mine

life at Dalabai/Bizhe and based on current resources at Altyntas we already have at least seven years mine life there, so it will be some years before we can get to Kepken, Kengir and Uenke Bulak.

"They will be on the market, but there is no urgency to it, we just believe they might have greater present value to somebody else."

The company plans to spend \$2 million at Altyntas next year on drilling and other exploration. Stirbinskis said it hoped to complete feasibility in 2010, funding and development in 2011 and start production in 2012.

Mining at Dalabai, which already has a camp, roads, water and power infrastructure in place, is hoped to begin in March with first gold pour by the middle of 2010.

– Jason Alexander