
Growing in Kazakhstan

We do kick rocks occasionally: Yeates

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Central Asia Resources Ltd's clear enthusiasm for Kazakhstan shown at the Asia Downunder Conference was reinforced just days later when it announced the acquisition of more assets in the country.

An agreement to secure a 90% interest in the 8sq km Dalabai gold-silver prospect, from which production stopped in 2000 because of the low gold price, adds greater momentum to the Australian company's plan to develop smaller projects for cash flow to fund production at its larger Altyn-Tas prospects.

Held in a 90/10 joint venture with Kazakhstan's Golden Eagle Investments, Altyn-Tas contains two focus prospects in Altyntas and Kepken, as well as what is believed to be a copper-gold porphyry at Kengir.

Having brought all three to maiden inferred resource status this year, the assets were granted commercial discovery status by the Government in September.

"This means we are no longer an explorer, we are a mining company, in terms of the way Kazakhstan views us," managing director Jason Stirbinskis told delegates.

Since those initial resource estimates were released in March, extension drilling has continued intensively at both Altyntas and Kepken. Infill drilling is to follow in 2009, with a concurrent BFS meanwhile determining which of the two prospects should be developed first.

The Altyntas project has an inferred resource of 5.4mt @ 1.65 g/t gold for 287,000oz from near-surface drilling. It remains open in all directions and at depth.

"We've only covered about 25% of the area of interest and it's consistently producing great results for us."

Just north of it is Kepken, where the 297,000oz gold resource is derived from lower grade ore than Altyntas but with bigger widths. The least advanced prospect in the project is Kengir where gold mineralisation is expressed at surface but Central Asia thinks that could be just the beginning of the story.


Jason Stirbinskis

Stirbinskis said the gold found at Kengir was interpreted as being possibly the gold cap of a copper-gold porphyry system.

Geophysics to test for copper mineralisation were completed in September so the company should have a better idea soon of whether Kengir would be a gold feedstock source for one of the two bigger Altyn-Tas prospects, or whether it was something more.

He said the next time Central Asia went to the market it would be to get the funds to develop a mine. It was targeting 2010/11 for development and first production. The proximity of the state-owned 7 moz Akbakai gold mine 12km away adds further rationale to the development case for Altyn-Tas.

"(Akbakai) is nearing the end of its life at the moment which creates some opportunities for us, they'd be reasonably keen to toll mill I'm sure because they're not running at capacity. Should they close down we (will) have the infrastructure sitting there and a skilled workforce there."

The acquisition of Dalabai, 150km north of Kazakhstan's largest city Almaty, at the same time as acquiring a 90% stake in Kazakhstan company Altynsai-Geo Ltd is further proof Central Asia is committed to making its fortune in the land-locked nation.

Stirbinskis said the potential was fantastic as Kazakhstan continued its campaign to triple its GDP by 2015 by attracting foreign investment, but having local partners was very important to succeed.

"They have a thorough system of contracts, licensing and permitting requirements. It's all very logical but it is thorough and they love bureaucracy so you really need to know what you're doing. Getting it wrong means everything slows down."

He said the evidence of foreign investment grew every time he visited Kazakhstan and the legislators and policy-makers were trying to keep pace with the rapid growth.

"They're a young country and they're still refining their processes. But you're starting to see more improvements. It's a rapidly developing country and there are lots of opportunities there.

"In terms of mineral potential, Kazakhstan's like the Western Australian Goldfields in the 1960s. The difference is that we're exploring that with 21st Century technology."

Andrew Pascoe