

TOCHTAR GOLD MINE

KAZAKHSTAN



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SUMMARY

Tochtar Gold Mine is located in Jitigara district in Kostanay Region, north-western part of Kazakhstan. The mining license holder is Tochtar Mining Company LLP. Central Asia Metals Ltd. (CAML) holds 75% share in Tochtar Mining Company LLP through its operating subsidiary, Sary Kazna LLP. CAML is registered at the following address: 4-5 Park Place, SW1A 1LP, United Kingdom, Registration No. OS 30905. The remaining 25% share in Tochtar Mining Company LLP is distributed as follows: 10% share held by legal Kazakhstani entity, 10% share held by a Kazakhstani individual, and 5% held by another individual. The license for gold mining is issued by the Government of the Republic of Kazakhstan to Tochtar Mining Company LLP to the year 2020 with possible further extension.



Geographical position of Tochtar Gold Mine, North Kazakhstan

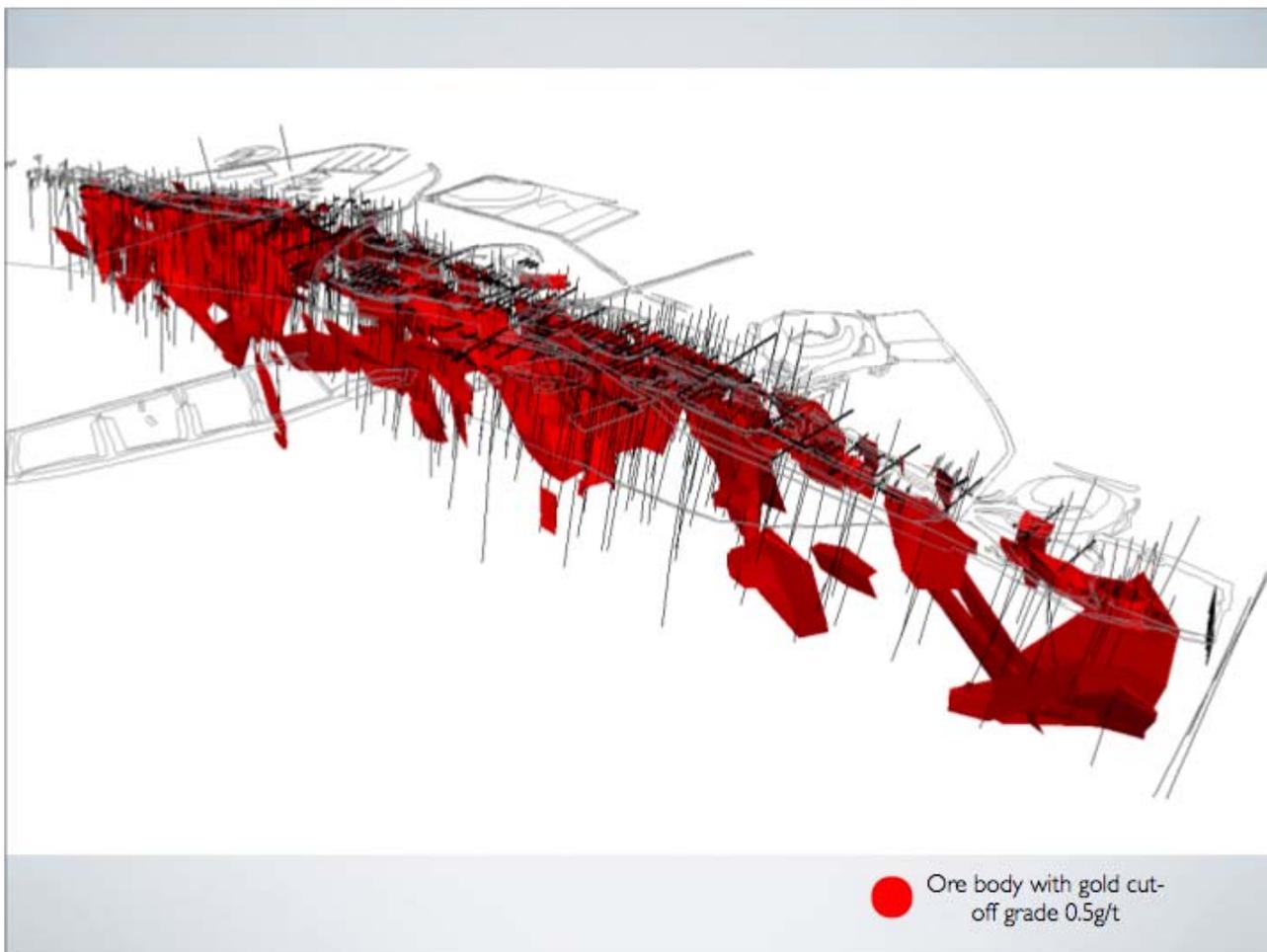
Jettigara district is a part of the Ural gold belt and hosts 18 known gold deposits. The reserves are concentrated in refractory deposits, with the oxidation zone developed to the depth of 30m.

The district has improved gravel and paved roads that provide access to Jettigara railway station. Tochtar mine is located 4km off the Kamysty - Jettigara highway. The nearest regional airport is located in Kostanay, which accommodates and maintains large cargo and passenger aircrafts. Power supply is carried out via 500kV Irikla-Jettigara power line, 200kV Troitsk-Jettigara power line and a 10kV power line connected to Tochtar Mine.

Total JORC compliant gold reserves of Tochtar deposit are estimated as 711.5 thousand oz. Mineable gold reserves (7.2 mln tonnes @ 3.2 g/t) are based on the results of core drilling (316 drill holes), shallow pitting, and trenching. The deposit was explored below the mine workings to the depth of 500m by core drilling. Continuity and distribution of mineralization was explored by drifts from the vertical mine shaft constructed by the previous owner from reinforced concrete. The morphology, mode of occurrence, and type of mineralization in between the mine workings were explored by underground horizontal drill holes.

The C1+C2 gold reserves of 13.5 tonnes were approved by the Kazakhstan Committee of Mineral Reserves (GKZ) in 2006. JORC compliant reserve estimation was carried out using MICROMINE software. The reserves were calculated based on the 3D block model of the deposit. Wardell Armstrong International carried out technical audit of the project in 2006.

The 2008 exploration work will most likely expand Tochtar reserves to 1M+ oz (30+ tonnes) of gold (inferred). The Micromine block modeling is in progress and it will be most likely completed by mid March.



3D model of wireframe mineralized lenses with gold cut-off grade 0.5 g/t

Tochtar is a medium size gold deposit. The main gold bearing minerals are pyrite and arsenopyrite. Currently, oxide ores of the deposit are being mined with further heap leaching. So far the pilot production of oxide ore is 182,000 tonnes graded 1.23 g/t or 225kg of gold. A continuation of the mineralized zone both in northern and southern direction is confirmed by core drilling. We have also received a comparison study of underground vs open-pit mining of sulfide reserves commissioned by our German mining

engineering consultants, they think the UG mining is better, especially when the shaft to 140m depth is in the very good shape. Interpretation of the new oxide exploration data is in progress.

It is planned to mine sulfide ores both by open pit and underground methods. Underground mining design is carried out by International Mining Consultants – Montan Consulting Ltd, Germany. The processing technology for sulfide ore has been developed by Eastern R&D Institute of Non-Ferrous Metals, Ust'-Kamenogorsk, Kazakhstan in cooperation with Bateman Engineering Inc. (South Africa), and Intec/Outotec Engineering (Australia/Finland). The Bateman's process shows 77% recovery, and Intec/Outotec technology is reaching a higher value of 82% recovery. Selling flotation concentrate (62 grams/tonn) to the BIOX processing plant at Suzdal Gold Mine in Kazakhstan is considered as an interim solution for the period of the processing plant construction. The BIOX plant has already processed the Tochtar flotation concentrate and indicated willingness to buy future production.

CAML expects that Tochtar processing plant will reach the annual capacity of 350,000 t/year (2006 block model) for underground mining. The regional infrastructure is well developed and includes a power line, roads, office, laboratory, and new camp facilities.

Since 2006, CAML has carried out a significant amount of geological, geochemical, and geophysical surveys within the license area. Exploration increased the reserves of Tochtar Gold Mine, and the database is continuously updated.

Mining and exploration activities within Tochtar deposit are carried out in accordance with safety requirements and environmental regulations. All accounting of CAML companies for the year 2007 was audited by PricewaterhouseCoopers and received a positive evaluation.

The mine infrastructure was reconstructed in 2006-2008 (access and site roads, evaporation pond, power supply line). The mine site is equipped with the modern living quarters, offices and auxiliary facilities. The assays laboratory is located in a stationary building. The mine has satellite, cellular, and radio communication facilities. A hydrometallurgical plant with capacity of 90m³/hr was purchased and installed in 2006, and the first four heap leach pads were put into operation.

The Tochtar Gold Mine is using contract mining and its own mining fleet that belongs to the parent company Sary Kazna. The mining fleet consists of DOOSAN SOLAR-420 hydraulic backhoe excavators with 1.68 m³ bucket capacity and HYUNDAI-305 with 1.2 m³ bucket capacity. The excavated ore and overburden is transported with KrAZ-6510 and KamAZ-55111 tippers with carrying capacity of 15-20 t. Dump operations are carried out with DRESSTA-TD-20M and T-130 bulldozers. Heap leach pads are loaded with DRESSTA-534E and LK-50 loaders and DRESSTA-TD-20M and T-130 bulldozers.

Tochtar Mining Company has a complete staff of qualified miners and geologists and has all the required permitting documents and licenses to carry out geological exploration and mining activities. The current work shift includes 48 employees that are working on 20 days on, 10 days off schedule.