

31 July 2011

## QUARTERLY ACTIVITIES REPORT

### Quarter ended 30 June 2011

During the Quarter Central Asia Resources (ASX: CVR) has continued to focus on its goal of becoming a gold producer from Q4 2011, with development at its Dalabai Project continuing on schedule.

#### Highlights

- ◆ Global JORC resources increased to 1.285 million ounces of gold
- ◆ Pre-strip mining commenced at Dalabai, mining rate targets exceeded
- ◆ Equipment including crusher, adsorption circuit, loader and crane delivered
- ◆ Heap leach pad earthworks, plant earthworks and foundations completed
- ◆ Processing plant construction begins
- ◆ First 100,000 man-hours completed at Dalabai with no lost time injuries (LTI's)

#### Dalabai

The Dalabai project is being developed to mine and process 20,000 ounces per year of gold and 140,000 ounces per year of silver, for 2.5 years. Continued exploration is expected to significantly extend the life of mine.



*Processing plant construction at Dalabai*

Significant milestones in the quarter included:

- ◆ The State Committee for Mineral Reserves of the Republic of Kazakhstan approved pilot mining of 145,000 tonnes of ore
- ◆ Work continued on schedule for full mining approvals
- ◆ The crushers were constructed, inspected and transported from China
- ◆ Implementation of IT and communications started after completion of design
- ◆ Accommodation units were added to the camp
- ◆ Heap leach pad was prepared and geomembrane delivered
- ◆ First shipments of adsorption circuit delivered
- ◆ Processing plant construction contract was awarded

In June, Central Asia Resources announced an increase in its global JORC Resource to 1.285 million ounces. Total Indicated and Inferred Resources for Dalabai increased 28% to 3.98Mt at 0.97g/t gold (0.2g/t cut-off) for 124,000 ounces of gold.

A significant shallow, high-grade portion of the resource was defined, which using a cut-off grade of 2g/t gold gives 419,000t at 4.23g/t for 57,000 ounces.

More than 80% of the Resource is in the Indicated Category – 2.85Mt at 1.06g/t gold for 97,000 ounces. The remainder is in the Inferred Category – 1.13Mt at 0.74g/t gold for 27,000 ounces of gold.

A global cut-off of 0.2g/t was used in line with the current heap leach development plan for Dalabai which, based on the previously announced Resource, proposed a mine plan of approximately 20,000 ounces per annum for a total 54,000 ounces mined over 2 ½ years. This substantial increase in Resources will potentially provide a significant increase in the planned ounces produced and the subsequent mine life at Dalabai.

### **Management**

During the June 2011 quarter, Central Asia Resources appointed Duncan Greenaway as its exploration manager.

Mr Greenaway has more than 35 years of wide-ranging, international experience in exploration, mining and contract drilling throughout Australasia, southern Africa and Eastern Europe. His experience includes 22 years in gold exploration and production.

CVR also appointed Michelle Kong as its chief financial officer.

Ms Kong has more than 10 years of experience in finance and accounting, working for large accounting firms and multi-national companies listed on the Australian, Canadian and London stock exchanges. She was group financial manager for Mirabela Nickel and previously worked for Norilsk Nickel.

### **Corporate**

The Company raised \$12,500,000 through the issue of 357,142,852 shares at \$0.035, to fund the development of Dalabai and exploration of its prospects. It also issued 86,413,763 options exercisable at 3.5c on or before 19/5/2014 to employees, and as payments in relation to the capital raising and loans received.



*Pre-stripping zone 4*



*Leach pad lining partially laid*



*Cone and jaw crushers on site*



*Laying leach pad lining*



*Directors visit to Dalabai*



## GOLD PROJECTS IN KAZAKHSTAN

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### ***Dalabai***

Status: In development of 0.5Mtpa heap leach project  
Resource: 3.98Mt at 0.97g/t for 124,000 oz gold (Table 2)  
Schedule: Mining Q3 2011, production Q4 2011  
Project: 20,000 oz gold, 140,000 oz silver per annum, 2.5 years  
Significant exploration upside  
US\$10.7 million capex, cash costs US\$545/ounce  
Net cashflow (2.5 years, undiscounted) US\$37.7M

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### ***Altyntas***

Status: Preparing for development in 2012  
Resource: 16.5Mt at 1.14 g/t for 598,000 oz gold (Table 2)  
Schedule: Test work, exploration and evaluation in 2011  
Project: Potential heap leach and/ or CIL processing  
CIL production estimated 65,000 oz per annum, 7 years  
Target resource 1 – 1.2 million ounces  
Development funding from Dalabai cashflow

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### ***Bizhe***

Status: Early exploration  
Schedule: Exploration and evaluation 2011  
Project: Potential feed for Dalabai heap leach, 18km away

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### ***Kepken***

Resource: 11.0 Mt at 1.16 g/t for 438,000 oz gold (Table 2)  
Project: Potential feed for Altyntas heap leach, exploration upside

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### ***Kengir***

Resource: 2.62 Mt at 1.4 g/t for 125,000 oz gold (Table 2)  
Project: Less than 50kms from Altyntas, potential for gold and copper

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ASX Code CVR

ASX ANNOUNCEMENT

Prospect	Local Subsidiary	CVR Ownership	Total Ounces	CVR Portion	Metal
Altyntas	Altyn-Tas LLP	95%	598,000	568,100	Gold
Kepken	Altyn-Tas LLP	95%	438,000	416,100	Gold
Kengir	Altyn-Tas LLP	95%	127,000	118,750	Gold
Dalabai	Onzhas Ltd	90%	124,000	111,600	Gold
Bizhe	Altynsai-Geo Ltd	90%	Greenfield		

**Table 1: Prospect and Company Inventory**
**Table 2: Summary of Mineral Resource Estimates Reported according to JORC Category and Deposit**

Deposit	Indicated Category			Inferred Category			Total		
	Tonnes Mt	Grade g/t	Ounces	Tonnes Mt	Grade g/t	Ounces	Tonnes Mt	Grade g/t	Ounces
Altyntas	4.67	0.98	147,000	9.25	1.52	451,000	13.92	1.34	598,000
Kepken	8.01	1.03	264,000	5.75	0.94	174,000	13.76	0.99	438,000
Kengir	1.44	1.30	56,000	1.48	1.4	69,000	2.92	1.35	125,000
Dalabai	2.85	1.06	97,000	1.13	0.74	27,000	3.98	0.97	124,000
<b>Total</b>	<b>16.97</b>	<b>1.04</b>	<b>564,000</b>	<b>17.61</b>	<b>1.27</b>	<b>721,000</b>	<b>34.58</b>	<b>1.16</b>	<b>1,285,000</b>

Altyntas, Kepken and Dalabai are reported at a gold cut-off grade of 0.2g/t gold.

Kengir is reported at a gold cut-off grade of 0.5g/t gold.

The information in this report that relates to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Duncan Greenaway who is employed by Central Asia Resources Limited. Mr Greenaway is a Member of The Australasian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources'. Mr Greenaway consents to the inclusion in the report of the matters based on information in the form and context in which it appears.

Statements regarding Central Asia Resources' plans with respect to its mineral properties are forward-looking statements. There can be no assurance that Central Asia Resources' plans for development of its mineral properties will proceed as currently expected. There can also be no assurance that Central Asia Resources' will be able to confirm the presence of additional mineral deposits, that any mineralisation will prove to be economic or that a mine will successfully be developed on any of Central Asia Resources' mineral properties.

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