

Siberian gold punt pays off

MORE than 25,000km separate Ballarat and Nezhdaninskoye, but the Siberian outpost is a raving cry for a group of football followers in the one-time gold city.

Nearly three years ago, more than 120 supporters of the now-merged East Ballarat Football Club took a punt on an old local boy, Kevin Foo, and the small Irish-listed company he had just taken on, Celtic Resources.

Having made some cash for themselves and the club on another Foo company, Bakyrchik Gold, they got together a syndicate and cobbled together nearly \$1 million to help resuscitate Celtic and get its Nezhdaninskoye gold mine back into production.

So far, it has proven a good investment; allocated at 2 Irish pence (A4c), their Celtic shares last traded on the Irish Stock Exchange's junior Exploration Securities Market at €0.24 (A40.2c), down from a high of €0.26 in January, and the company's market worth has risen to nearly €39 million (\$A65 million).

Celtic has since raised another \$US11 million (\$A21.2 million) from private investors and is negotiating \$US13.5 million of project finance from London's Standard Bank.

But Mr Foo, a Ballarat School of Mines graduate, hasn't forgotten the supporters' helping hands.

"It got us going, that was literally our seed capital," Celtic's managing director said.

Celtic, which is also a part-owner of a gold mine in Kazakhstan, still has a long way to go, given management aims for it to be trading in London at the equivalent of €1.6 within three years.



Resources

by Sean Smith

The group is seeking to list this year in London, via the junior Alternative Investment Market, which will make it easier to attract the backing of institutional investors.

However, Russia is still a no-go zone for many investors who were burnt when the Soviet Union was opened up to outside investment in the early 1990s.

Mr Foo, who owns nearly 14 per cent of Celtic, insists the risks are diminishing, citing the country's rising economic growth rates, tax reforms, including the abolition of the export gold tax, and reduced red tape.

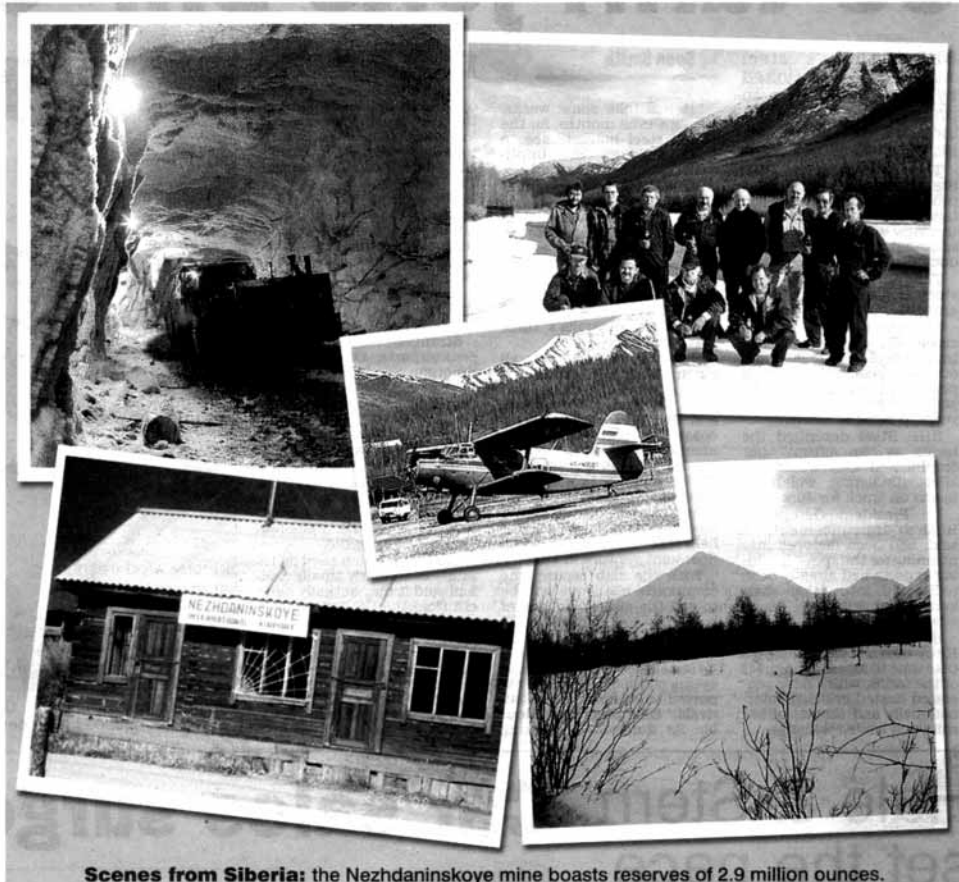
"Russia is making leaps and bounds," he said. "The old days of the mafia and gangsters are diminishing."

Nezhdaninskoye, 50 per cent owned and run by Celtic, was developed at a cost of \$US300 million in the mid-1970s along with a satellite town for 4000.

Almost 110km of underground development was completed before it was forced to close in 1997 by a combination of weak gold prices, poor recovery rates and the struggling Russian economy.

Celtic restarted the mine, which boasts reserves of 2.9 million ounces, last year and poured its first gold two weeks ago.

It aims to use Standard's project finance to refurbish the processing plant and supplement the mining fleet with the aim of lifting annual production to 155,000 ounces at a cash cost of \$US160 an ounce by next year, rising to 300,000 ounces by 2005.



Scenes from Siberia: the Nezhdaninskoye mine boasts reserves of 2.9 million ounces.