

Let's hear it for Kyrgyzstan

Robin Bromby | *October 08, 2009*

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EVIDENCE is mounting that Australian investors should be taking a more relaxed attitude to political risk when it comes to mining projects in some developing countries.

OK, it's probably a good idea to be leery of any junior that wants to go into Yemen, Sierra Leone or Sudan. But we have seen in recent years the respectability mantle fall not just on Botswana - held out for many years as a shining exception to the usual African story - but on large chunks of west and southern Africa.

Even Niger, which has just been named bottom place-getter (lower than Afghanistan, would you believe?) in the United Nations Development Programme rankings of living standards, is now seen as a place where mining companies can go with reasonably low levels of fear.

Central Asia is turning around, too.

In this regard, this week it has been one small step for Kentor Gold, one giant leap for Kyrgyzstan.

The government in Bishkek has declined to take up its pre-emptive right to acquire the Andash copper-gold project, clearing the way for the Australian junior to finalise its purchase of an 80 per cent stake in the deposit.

This shows that the Kyrgyz government is well aware of the need to show the world that foreign companies can go to work there with the assurance that they get to keep what they find or buy - a far cry from some parts of the world (e.g. Venezuela and Ecuador).

While Kyrgyzstan came in a very low 120th on that UNDP survey, it is emerging as a resources player to be reckoned with; after all, the early stages of the Soviet Union's nuclear arms program was reliant on uranium from this country, then a so-called autonomous republic within what Ronald Reagan called "the evil empire".

In stark contrast with its pre-1990 existence, Kyrgyzstan is now host to a large US air force base at Manas, a critical staging point in the war in Afghanistan

It has plenty of uranium left, along with base and precious metals. Canadian miner Centerra Gold, for example operates the Kumtor mine there, which last year produced 556,000oz of gold.