

07/04/2008 **Central Asia Gold looking to acquire in Siberia, MD says**
mergermarket

Story Central Asia Gold (CAG), the listed Swedish mining company focused on gold production, is planning acquisitions in Siberia, managing director and board member Torbjorn Ranta said.

The MD said CAG is looking for companies that are already producing, ideally in Eastern Siberia where CAG's mines are located in order to minimize travel time. Ranta added that mines that are not actively producing, but close to production stage, could also be considered.

The company is valued at USD 100m. CAG could acquire companies with a similar market cap, but is more likely to buy companies around half its size. Previous acquisitions have normally cost USD 5m - USD 15m.

CAG is in talks with several undisclosed companies at the moment.

The Russian gold market is fragmented and Rantas speculated that the market will soon see consolidation. This is one reason why acquisitions are important to CAG. There are around 500 gold production companies in Russia, where CAG is the 24th largest. CAG aims to grow from a junior to a medium-sized gold mining company, Rantas said.

Acquisitions will be financed through a combination of equity and debt, though it will likely depend mostly on debt. CAG is also interested in approaches from investment banks.

CAG is one out of around ten gold companies listed on the NGM Growth Markets equity list. The MD said it officially has 650,000 ounces in reserves and produced 34,500 ounces in 2007. Ranta hoped to double the reserves within the next two years.

CAG has 5,000 shareholders, though five to six people own 50%. 25% of the equity is based in Norway, 20% in Russia and the rest mainly in Sweden. The company has 1,200 staff. According to CAG's homepage, institutional shareholders include Spencer Energy and Landa.

Rantas encouraged foreign investors to invest in Russian gold, stressing that, due to its small size, Russia's gold market is not politically sensitive. The gold industry is only 2% the size of Russia's oil-sector, he explained.

The MD also noted some interest in other forms of partnership.

Source mergermarket

Value GBP 50m (company valued at)

Stake Value N/A