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Altan Rio sees potential in Mongolia



ALTAN RIO MINERALS

Geologist David Bond exploring Altan Rio Minerals' Chandman-Yol copper-gold project in western Mongolia.

BY MATTHEW KEEVIL

VANCOUVER — Having assembled a collection of greenfield copper-gold prospects in Mongolia's western frontier, Vancouver-based explorer **Altan Rio Minerals** (AMO-V) is aiming to take the next step forward with a US\$2-million drilling campaign in 2012.

Though the company listed publicly in January, as a private company Altan had already spent US\$6 million in its 3,800-sq.-km Mongolian land package since establishing it in 2006.

Much of Altan's management comes from the brain trust of Australian gold-silver producer **Troy Resources** (TRY-T).

"We're one of the few groups that really worked things along privately

for a while," explains president and CEO Evan Jones in an interview at Altan's Vancouver offices. "It started when I stepped out of Troy and we teamed up with Kelly Cluer, our head geologist. The founders put in the initial capital, and we basically backed Kelly to put a portfolio of properties together in Mongolia."

Cluer, Altan's director of exploration, worked extensively with **Cameco** (CCO-T, CCJ-N) prior to the company's US\$872-million divestiture of its precious metal assets in 2009. Cluer continued working with **Centerra Gold** (CG-T) following its spin-off from Cameco, and spearheaded advanced exploration and feasibility work at Centerra's Boroo gold mine 110

km northwest of Ulaanbaatar.

Kelly ran exploration for Centerra for ten years in Mongolia before he started with Altan, Jones explains. "It was his team that found Gatsuert, which is a 2-million-oz. gold deposit 50 km from Boroo."

Altan's flagship asset is the Chandman-Yol copper-gold porphyry in Western Mongolia's Altai mountain range.

Altan Rio owns 100% of four tenements that compose the Yol zone, as well as 100% of five tenements that make up the Chandman zone, subject to a 2.5% net smelter return royalty with Mohammed Al Fayed's **Gallant Minerals**.

Geophysical work to date has identified a 60-km-long strike at Chandman,

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The camp at Altan Rio Minerals' Chandman-Yol copper-gold project in Mongolia.

with the most advanced target being the KY porphyry intrusion complex. Altan released some drill results from its 2011 program in March, with holes at KY intersecting elevated metal values, including 0.5% copper and 0.5 gram per tonne gold from 1- to 3-metre core samples. Hole 27 cut 1 metre grading 28 grams gold at a depth of 206 metres.

But four of the five holes aimed at KY's deeper induced-polarization targets failed to reach required depths.

"Last year unfortunately, the drilling operators let us down and couldn't get to the depth we wanted," Jones comments. "We'll be using different contractors this year. It wasn't all bad. In drilling down towards these features we got lots of smoke and noise — not the main zones, so no big runs or anything — so we have some geochemistry to go along with the geophysics. In essence, we upgraded the targets for this coming field season."

Altan is targeting a potential sulphide shell in the KY intrusion. Assay results



Altan Rio Minerals CEO Evan Jones.

to date have shown gold-copper values increasing with depth, so the company remains optimistic.

Geophysical profiling also identified the Ovoot target at Chandman-Yol, which lies northeast of the KY

zone. Altan completed soil-grid surveys and sampling on the site last year, which returned grab samples such as 2% copper.

"We found this 3-km-long feature at Ovoot we think might very well be driven by the same intrusion, which is a compelling structural setting," Jones says. "It's become a first-order target for us now."

Altan anticipates spending US\$1.7 million on drilling at Chandman-Yol this year, with a targeting the depth anomalies at KY, as well as testing the new geophysical targets at Ovoot.

Altan's second major project is its wholly owned, 71-sq.-km Khavchuu gold property 10 km west of Centerra's Boroo mill complex. Surface sampling identified gold and arsenic anomalies coincident with geophysical anomalies.

"We kept an eye on this project since Kelly was with Centerra," Jones explains. "The underlying land ownership changed, and we happened to pick it up. He believes it's the best untested gold

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target in the district. Our drilling is the first ever undertaken on the property.”

The company is completing a six-hole, 1,800-metre inaugural drill program at Khavchuu, with results expected soon.

Altan has 45.5 million shares outstanding following a US\$1-million qualifying transaction with **Macqua-**

rie Capital. Altan’s founders — including Troy company-builder John L.C. Jones — own 40% of its outstanding shares, with institutional investors in London also on board.

The company is looking to raise US\$2 million to US\$3 million this year to get active.

“I think we’ll get great support from our original shareholders, and we would like to increase our exposure to Canadian markets and get them more involved in the story,” Jones comments. “Mongolia is vastly under-explored and proven to host world-class deposits.”