

14 November 2012 ASX Symbol - CVR

Company Update

Central Asia Resources Ltd would like to inform shareholders that the Board has resolved to temporarily suspend operations at its Dalabai gold mine in Kazakhstan.

The recent quarterly figures reported a fall in gold production reflecting the decrease in gold produced by the initial Pad One. Once stacking had been completed, the company envisaged the commissioning of Pad Number Two in early November which would have resulted in increased gold production contributing to a positive cash flow. A number of recent equipment failures have delayed the stacking of ore on Pad Two. As a consequence of these delays, irrigation of the Pad Two under current schedules would have to commence in the winter months which is technically unfeasible. Circumstances therefore force a temporary shutdown of operations at Dalabai. It is expected production will resume in the northern hemisphere spring 2013, subject to financing.

The temporary suspension of operations at the Dalabai gold mine over winter will allow the now well understood and necessary improvements to the processing plant, looking to deal with both the mercury and copper deposition issues, building up a critical spare parts inventory. and further streamlining of the organizational structure.

Central Asia Resources Ltd and Millstar Holdings SA are pleased to report they have reached an in-principle agreement to extend the Millstar loan (approximately 3 Million AUD) until June 30th 2014, subject to a number of conditions that need to be settled. In accordance with ASX rules the renegotiation will be subject to shareholder approval.

The company had managed to reach its preliminary targets and generate sufficient cash to construct Pad Two from its internal resources. Cash costs of approximately AUD \$1,000 per ounce were achieved despite only one pad being in operation and this demonstrates Dalabai's intrinsic profitability. The Company planned to simultaneously operate both pads to optimize results and was targeting ongoing operations with associated target cash costs of AUD\$700 dollars per ounce.

The company is in discussion with parties to finance the resumption of production and will inform the market of progress as soon as it is available.

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