

Iberian Pours Resources into Assisting Armenian Communities

By Pamela J. Karg

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Voluntary re-location of existing tailings farther from a river. Implementation of new employee safety and site management standards. Donations to schools, a nurse's station and the forestry department. These steps by an Armenian gold producer seem small to some people.

"Vy, that's just a little out of their pockets, if they really have gold," said one farmer living in northern Syunik Marz.

However, people directly benefiting from the acquisition, upgrade and re-opening of gold mines along the marz' southern region see it differently. They realize Australian-owned Iberian Resources Ltd. hasn't recovered its first ounce of gold, yet the company is already changing lives. For example, consider what happened after a recent community disaster.

"The Meghri region has poor land, lots of rocks and big mountains. Any flower or tree is important because we have such poor land," said Surik Hovhannisyan through a translator. He's head of the region's forestry department. In August, he saw 40 hectares of forestland go up in flames. Without access to ground or air equipment, he watched the fire climb the mountainside. Not content to watch, Iberian staff left their jobs with shovels in hand to scramble up the opposite valley wall to try to minimise the devastation.

"The men climbed the mountain and they stopped the fire," Mr Hovhannisyan said. "Now we talked to Iberian and in the coming months, they will help us plant new trees."

Trees are considered almost sacred in Armenia since an especially harsh winter after the break-up of the Soviet Union saw massive deforestation so people could heat their homes. Iberian understands the national consciousness and offered to help replant the trees destroyed in the fire.



Argam Mughdusyan, an Iberian deputy director whose duties include working with local officials and the community, as well as various national ministries, also points to Iberian's other donations. The company gave 16 computers to two local schools and funds to operate several kindergartens attended by 140 children, thus reducing the financial burden on parents, some of whom are Iberian employees. Iberian has given stethoscopes, blood pressure cuffs, basic pharmaceuticals and snake bite antidotes to a local nurse's station.

"The wives of two Australian employees help in the kindergartens also, and our geologists and engineers are talking to students or giving them small tours so they can see what we're doing here. Iberian is making a positive difference in my nation," Mr Mughdusyan added.

Deputy Director Mughdusyan

Iberian's Managing Director Matthew Wood of Perth, Australia, expects this level of commitment, involvement and professionalism throughout his company.

"We want to make sure that everything is run in a professional manner," Mr Wood said.

After Iberian purchased the Lichkvaz Gold Project, it shut down a processing plant to upgrade safety measures and production efficiencies, he explained during one of his periodic trips to the small country bordering Georgia, Azerbaijan, Turkey and Iran. Likewise, Iberian shut down 25 kilometres of underground operations for the same reasons while also taking steps to reduce the mine's above-ground environmental

impact. Two projects include shoring up ore stockpiles at an existing site that drops directly into the Meghri River while also preparing a new site farther from the river. At the same time, the company is taking steps to preserve a generations-old mosque that happens to be situated adjacent to the relocation site.

“The stockpiles were in the wrong place, so we’re fixing them,” Mr Wood said. Meanwhile, the Armenian environmental ministry regularly monitors water quality both before and after the tailings. To date, it has not alerted Iberian to any water problems post-tailings.

Iberian’s gold project is comprised of two deposits located approximately five kilometres apart and just off the only highway that winds through the mountainous Armenian marz to Iran. The larger Lichkvaz-Tey deposit and the smaller Terterasar deposit together contain a JORC-compliant resource of 8.86mt at 3.78gpt gold, 23.9gpt silver and 0.31percent copper for about 1.4Moz gold equivalent. Both deposits contain high-grade, high-sulphidation epithermal vein-type mineralisation. Ore from the Terterasar deposit is being mined and stockpiled, with a head grade of over 10g/t gold. The Lichkvaz-Tey mine is being refurbished to improve employee safety while also giving the company access to the main ore body estimated at approximately 8g/t gold.

Australian Dennis Bosenberg oversees that part of Iberian’s US\$10 million investment that includes improvements to processing plant efficiencies. He expects the first phase to be completed by November. With its new Knelson Concentrator, Mr Bosenberg said the plant could initially process at a rate of approximately 60,000 ounces per annum. The company could increase production towards 150,000 ounces per annum later. The plant will include a gold room, the first at this mine site since mineral explorations were conducted over 20 years ago.

Changing the operation has its challenges, Mr Bosenberg admitted.

First, there’s a language barrier. Local miners prefer Armenian to Russian. Mr Bosenberg comes to his first overseas assignment without knowing a second foreign language other than that of a modernised Australian mining industry he acquired from 25 years in the business.



Renovations being made to the processing plant.

“In Australia, you’d talk back and forth and know what you’re saying. People here have mining experience. But we all rely on interpreters and then you interpret what the interpreter is saying while trying to understand each other’s cultures and temperaments,” he explained.

The long-time local mining experience presents a second challenge. Because Armenia has lacked substantial private industrial investments since gaining independence in 1991, little new technology has been introduced and people hesitate embracing what they don’t know. Mr Bosenberg offers the example of an angle grinder. It sat on a warehouse shelf for two months until he needed it himself. After seeing it operate and better understanding its use, the Armenians cannot put it down.

“These are highly educated people and literacy in Armenia is higher than in the UK, for example, but they just haven’t had the

One of the newly renovated adits.



exposure to some of the new technology out there. Once they grasp it, then they use it, no problem. So we're confident we'll be able to achieve what we want through the new equipment we're installing in the processing plant," he explained.

The third challenge both Mr Wood and Mr Bosenberg mention is "tidying things up a bit." This involves the stockpiles, relocating fuel and maintenance stations, as well as general appearance.

"Everyone is very good about recycling construction materials. No question. But disposal of trash, oil, plastic bottles – these are all problems because, once they're collected, there's no place to put them," Mr Bosenberg said. So Iberian is trying to solve a general waste disposal problem.

"We're not saying we're able to improve everything," added managing director Mr Wood. "But we're trying really hard. We've already made a considerable investment and we're considering another US\$40 to \$50 million investment. Those are huge investments for a small company and we're not going to jeopardize them over simple things."

The investments also mean jobs in a rural area, where Armenian government statistics show unemployment runs an average 40 percent. In addition to the corporate donations in the community, the mayors of two nearby villages see first-hand what Iberian means to the local economy.

Lehvaz village Mayor Sasoon Zakaryan owns a small food and basic supplies shop. Business has picked up as new miners rent homes and buy his goods. He can "feel the spirit of the people improving."

In Vardanadzor village, Mayor Albert Beglaryan said unemployment ran 85 percent among those still living there and most have had to rely on subsistence farming to feed their families. But people who had previously left to find jobs elsewhere are moving back to work for Iberian or the related services it needs locally.

"I feel Iberian is breathing new life in this marz before it is even pouring any gold," the mayor said.



Just one of the views of the beautiful mountains of southern Syunik marz in Armenia.

Pamela J. Karg is American journalist, writer and photographer living in Armenia.