



GEPROMINING

TAKING A PROFESSIONAL APPROACH



TAKING A PROFESSIONAL APPROACH

Vice president for strategy and business development, Sergei Nossoff, discusses how a combination of international mining expertise and on-the-ground experience has created an enviable track record of delivering significant cash flows from its assets

WRITTEN BY: **WILL DAYNES**
RESEARCH BY: **ROBERT HODGSON**



It has long been known that the ground beneath Eastern Europe is home to an abundance of natural resources, yet the difficulty posed by its terrain, amongst other challenges, has left a large part of this region unexplored. Those companies that have managed to establish long-term operations in this part of the world, however, have quickly found themselves reaping the rewards of what Eastern Europe has to offer.

Founded in 2001 as Stanton Equities Corporation, GeoProMining is an international, diversified metals resource holding company with three operating assets in the resource-rich countries of Russia and Armenia. Over the last 11 years, the company has built up a track record of growth through the successful restructuring and development of acquired assets. Today its key operating units, GPM Gold, its Agarak Copper-Molybdenum Mine Complex and its Sarylakh Surma and Zvezda mines, are responsible for producing significant quantities of gold, copper, antimony, silver and molybdenum.

“Our business history,” explains vice president for strategy and business development, Sergei Nossoff, “began with the acquisition of Georgian assets, Madneuli JSC and Quartzite, in 2005. In the two years before embarking on a programme of regional consolidation, we took these gold and copper assets and achieved a fourfold increase in production levels, making both operations profitable.”

It was this success that saw the company turn its attentions to Armenia, where it acquired the owner of the Zod gold mine and Ararat gold extraction plant, Sterlite



New equipment at GeoProMining's Zod mine in Armenia will provide for expanded exploration of the field



GPM activities in Russia

Gold, which would become GPM Gold. With explored resources of five million ounces, the Zod mine stands as one of the largest gold deposits in the region.

Late 2007 brought with it the acquisition of the Agarak complex, while it was in March 2008 that the company acquired its Russian antimony deposits. “Since early 2008,” Nossoff continues, “we have focused our efforts on integrating all of our assets into one group, thus creating a very successful enterprise. Our strong asset management capabilities have ensured that we remain economically self-sufficient, generating healthy cash flows from our operations, and we look forward to building on that in the future.”

In many ways, GeoProMining was founded to take advantage of a niche in the market and that was to capture several prospective deposits and mining operations in the Commonwealth of Independent States (CIS) region and enhance those operations, increasing cash flows and shareholder value.

“Typically,” Nossoff states, “when we acquire assets they tend to be in a slightly troubled state, either because of previous poor management, a lack of economic resources or other mitigating factors. What we do is invest significant capital, paying off existing debts and establishing capital expenditure

programmes. In both of our Russian antimony mines our first task was to clear all paths and access points that had become flooded before anything else could occur. From there we carried out all the necessary assessments before re-launching operations. Such was our effectiveness in doing so that by the end of the first year production volumes had increased almost six fold from where they were previously.”

“SINCE EARLY 2008, WE HAVE FOCUSED OUR EFFORTS ON INTEGRATING ALL OF OUR ASSETS INTO ONE GROUP, THUS CREATING A VERY SUCCESSFUL ENTERPRISE”

One thing that GeoProMining takes just as seriously as being able to increase the value of an asset, is its commitment to sustainability. By considering itself to be a long-term investor in the regions in which it has a presence, the company seeks to secure sustainable development in the interests of its employees, local communities and governments.

“Our social responsibility programme is called Resources for Good,” Nossoff says, “and it covers various important aspects of our relationships with key stakeholders. This includes taking care of each and every one of our employees, minimising our impact on the

2001

The year the company was founded.

environment and supporting local communities. These are areas that we recognise as being important components of the successful and sustainable development of our business.”

GeoProMining is very much an organically integrated group and as such its primary strategy going forward is to grow organically via the success of its operational assets. That however is not to say that further acquisitions sometime in the future won’t happen. “If you look closely enough,” Nossoff says, “you will see that the market today is awash with opportunities so it is natural that at some point we will look into acquiring other sources of



Leaching tanks at the Ararat gold recovery plant in Armenia

income that possess the right economics and geographic properties that can increase our business.”

As Nossoff goes on to say, GeoProMining has every intention of becoming a much larger player within the international mining community, however its current focus is on maintaining a solid operational performance across its operations. “As a business we do not subscribe to the idea of trading licenses

for assets or being the type of company to identify a deposit and simply sell it on to the highest bidder. What we do is take a project, manage it and build it up into a viable, commercial success. That is what we feel we do better than most.”

A proactive player in the marketplace, with a proven ability to integrate operations in different countries, GeoProMining is aware that its ability to grow also rests on its ability

to move further afield into new markets, or simply going deeper into Russia.

“One of the other things we have going for us,” Nossoff concludes, “is that we have a strong, international workforce. The level of experience that these individuals possess allows them to move between operations easily, which in itself brings a united culture to our group, creating extra productivity and effectiveness. This is just one of a number

of strengths that sets GeoProMining apart from other companies, strengths that show that we have a number of different ways to develop our operations and ultimately our shareholder value.” **BE**

For more information about GeoProMining visit:
www.geopromining.com



GEPROMINING

5th floor, 5 Petrovka str.
Moscow, 107031
Russia

T +7 (495) 232 6120
www.geopromining.com

Produced by:

ACHIEVING BUSINESS EXCELLENCE ONLINE

BE Business Excellence

www.bus-ex.com