

HOME | ABOUT US | PROJECTS | NEWS | INVESTOR INFO | CONTACT US

[Home](#) » [Exclusivity over Tiouit Mine and and Tailings retreatment projects in Morocco](#)

## Exclusivity over Tiouit Mine and and Tailings retreatment projects in Morocco

26 July 2011

- Agreement entered into giving KEFI Minerals a period of exclusivity over the Tiouit Gold-Copper Mine (the "Tiouit Mine") and associated tailings retreatment project.
- A non-JORC compliant report, dated February 2011, estimates the three tailings dams contain a total of 285,000m<sup>3</sup> (or approximately 460,000 tonnes) at 3 to 4g/t gold and 20 to 30g/t silver. Significant potential remains in the remnant ore in the underground mine.

KEFI Minerals, the AIM-quoted gold and copper exploration company, announces that it has been granted a period of exclusivity to carry out due diligence investigations in order to assess whether to enter into a joint venture to develop the projects at the Tiouit Mine.

The period of exclusivity was acquired by KEFI Minerals for \$250,000 from the Moroccan company, Roche Invest SARL, ("Roche") and permits both parties to evaluate and determine if they wish to proceed to form a joint venture in order to develop either or both projects. The Agreement sets the framework for a strategic alliance between the two companies to evaluate additional mining opportunities in Morocco and the African region.

Gold mineralisation was first discovered at Tiouit in 1946. Mining operations were carried out intermittently from 1950 to 1964. Approximately 1 million tonnes of ore have been mined historically at Tiouit with an average recovered grade of 7.9g/t gold, 67g/t silver and 0.45% copper. Approximately 720,000 tonnes of tailings were generated by previous mining operations and stored in a number of discrete "dry stacked" tailings dams at surface.

A non-JORC compliant Technical Report on Tiouit was completed in February 2011 by "Solumines" of Canada. Solumines estimated from a total station topographic survey, with one reading per metre, that three of the tailings dams contain a total of 285,000m<sup>3</sup> (or, at a bulk density of 1.6, approximately 460,000 tonnes). Sampling by Solumines from 0 to 1m depths and from four drill holes confirmed previous sampling (by CRM, URSTM and Met Chem - see below) results of 3 to 4g/t gold and 20 to 30g/t silver in these three tailings dams. Metallurgical testwork performed by three independent laboratories show up to 86% gold recovery from the tailings by regrinding and cyanide-in-leach or cyanide-in-pulp processing. This work was carried out by "CRM"- Centre de Recherches Minérales, Canada in 1989; "Met-Chem", Canada in 1998; "URSTM"- Université du Quebec en Abitibi-Temiscamingue in 2008.

The remainder of the tailings are buried beneath shallow waste cover or under the dilapidated processing plant infrastructure. A significant portion of the buried tailings may also be accessed for retreatment.

Significant potential remains in the remnant ore and in unmined veins in the underground mine. Narrow-vein mining techniques employed in the past resulted in excessive dilution of mined grades. The veins range from 0.5m to 6m in thickness, with the average mined thickness about 1.5m to 2.0m. This dilution, coupled with poor metallurgical recoveries for gold from flotation of copper minerals, resulted in many unmined panels which are economic at current metal prices and improved selective mining techniques.

### Exclusivity Period

KEFI Minerals has acquired exclusivity for a period of five months to:

- conduct a Definitive Feasibility Study to evaluate the retreatment of gold and silver contained in previous mine tailings; and
- to initiate a Pre-Feasibility Study on re-starting the underground mining operations at the Tiouit Mine.

Depending upon the outcome of the feasibility studies, KEFI Minerals will decide whether or not to proceed to enter into a joint venture with Roche in connection with the processing of the mine tailings and/or recommencing underground mining operations at the Tiouit Mine.

The expectation is that Tiouit would be the initial project between the parties as part of a broader strategic alliance in the African region and each party has undertaken to seek to work together on Moroccan opportunities on a collaborative basis.

### Exploration Potential

The Tiouit Mine is located in the Eastern Anti-Atlas Mountains of Morocco and the mineralisation is hosted in a series of flat lying quartz veins within granitic rocks of Precambrian age.

Numerous high-grade gold veins which extend up to 800m along strike have been intersected by shallow surface and underground drilling at the Tiouit Mine which have not been followed up or fully evaluated. Numerous vein systems have also been mapped and rock chip sampled in surface trenches, many of which report high gold grades and have not been drill tested.

### KEFI Minerals' Managing Director, Jeff Rayner, commented:

"The Tiouit Mine represents an excellent opportunity for KEFI Minerals to quickly become a gold producer. Operations may be targeted to commence with the reprocessing of "low risk" gold tailings at a relatively low capital cost, with the net proceeds of that project being utilised for the development of the high-grade gold, silver and copper ore from the underground mine.

"The exploration potential of the Tiouit licences is also considered to indicate significant upside near the mine as well as the mine corridor.

"Our strategic alliance with Roche will enable KEFI Minerals to evaluate further advanced exploration and mining opportunities in Morocco and the African region".

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### Competent Person Statement

References in this announcement to exploration results and potential have been approved for release by Mr Jeffrey Rayner. Mr Rayner is a geologist and has more than 25 years' relevant experience in the field of activity concerned. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has consented to the inclusion of the material in the form and context in which it appears.

### About Roche Invest SARL

Roche Invest SARL is owned by a private group which is involved in a number of service and industrial projects including in the past downstream processing of perlite in Morocco.

Roche Invest acquired the five Mining Permits that covered the Tiouit mine and the rights to treat the tailings stored at surface in 1998. The Mining Permits have reverted to Research Permits due to cessation of mining activity and are valid to 2013, where they can be renewed for a further four years or converted to Mining Licences, and are subject to a 1.5% net smelter return from metals produced and sold from future production.

### About KEFI Minerals

KEFI Minerals commenced trading on AIM in December 2006 and was formed with the aim of creating shareholder value through the discovery and exploitation of gold and copper deposits.

In the Kingdom of Saudi Arabia, KEFI Minerals has a minerals exploration joint venture with leading Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI Minerals is the operating partner with a 40% interest and the joint venture's primary target is the discovery and development of a >1 million ounce gold deposit in the under-explored Precambrian Shield in Saudi Arabia.

In Turkey, KEFI Minerals continues to explore its current portfolio of properties prospective for copper and gold deposits as well as evaluating further opportunities.

KEFI Minerals' Board of Directors is comprised of Mr. Harry Anagnostaras-Adams (Chairman), Mr. Jeffrey Rayner (Managing Director), Professor Ian Plimer (Deputy Chairman) and John Leach (Finance Director).

Further information on KEFI Minerals is available at [www.kefi-minerals.com](http://www.kefi-minerals.com) and the Company's AIM code is "KEFI".

#### ABOUT US

Strategy  
Board of Directors  
Senior Management  
Corporate Governance  
Company History

#### PROJECTS

Overview  
**Saudi Arabia**

- Jibal Qutman EL
- Selib North
- Country Info

#### Ethiopia

- Tulu Kapi Overview
- Tulu Kapi Resources & Reserves
- Tulu Kapi DFS

#### Photo Galleries

- Tulu Kapi
- Jibal Qutman EL
- Selib North
- Hikyrin and Hikyrin South

#### NEWS

Overview  
Announcements  
Annual Reports  
Financial Reports  
Presentations  
Video/Multimedia  
Media Articles  
Subscribe to Updates

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Overview  
AIM Rule 26  
Capital Structure  
Subscribe to updates

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