

Kefi Resources*

Turkey has attracted yet another mining junior which hopes to discover the next one million ounce gold deposit. Kefi Resources*, a spin off from AIM-listed EMED Mining, seeks to raise £1.5 million at 3p, valuing the company at £2.7 million. EMED has exploration assets in Cyprus, Slovakia, Georgia, Bulgaria and Turkey. The Turkish and Bulgarian assets (which are the least developed) have been injected into Kefi with the

target of finding gold and copper. A listing on AIM is expected in December. Bruce Rowan provided seed capital and holds 24% pre-fundraising having bought in at 1p.

Kefi has two licences in Turkey. It has access to the Artvin District, on the border of Turkey and Georgia, which has similarities to the Madneuli district, host to major base and precious metals mines. Artvin contains 15 distinct tenements and is less than 50 kilometres away from the large mine at Ceratiepe. The block contains many small, old copper, zinc and lead mines which are of no interest to Kefi but do show the potential of the area. The second district is in Gumushane, which was identified after a low detection geochemistry study conducted a few years ago.

In Bulgaria, the company has undertaken early stage exploration at Lehovo. Its licence lies on the Greek border and yielded base metals and molybdenum for explorers in the 1970s and 1990s. Exploration work yielded gold shows of up to 17 g/t although only over 0.7 metres. Over the next twelve months the company will undertake surface trenching, while initial rock chip samples have been sent to Australia for testing and the results are due before Christmas. If the samples justify it, a 3,000 metre diamond drilling campaign will take place in 2007. Kefi will open offices in Ankora and will use a local management team to supervise operations in Bulgaria. The strength of the proposal lies with Kefi's database acquired from New Guinea Gold. The database contains 100 potential targets which represent the work conducted by Ian Plimer, Gavin Thomas and John Nethery, otherwise known

as the Plethery team. With no indicated or inferred resource estimates to boast of, Kefi believes that it can discover a million ounce gold deposit. It is encouraged by results from early stage players like Ariana Resources and Stratex Exploration.

Turkey is gaining reputation as a promising country for exploration. The last 15 years have been dominated by large players like Rio Tinto and Teck Cominco. More recently a number of mining companies have chosen Turkey over other regions. The licencing system in Turkey is favourable for junior explorers. Bulgaria also has its advantages. It is relatively cheap and is expected to join the EU next year. The management expects to add to its acreage within Turkey and to undertake extensive field work in both countries during 2007 to identify targets for drilling. Should it discover anything of note, EMED will have the first option to farm into that prospect.

With no resource estimates, the management is the most important asset of this company. A team capable of spotting the right targets, developing and drilling, bringing a project into production and with proven track record is an attractive combination. CEO Jeff Rayner, masterminded EMED's recent drilling successes in Slovakia. Rayner is a geologist and brings extensive experience of the mining sector to the board, having explored in Europe for the last eight years. He intends to relocate to Ankora to look after the operations of Kefi.

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Meanwhile, Ian Plimer as non executive chairman is an internationally reputable geologist, while John Leach as finance director is experienced in managing resource companies. The shares are expected to start trading on 21st December. The placing will give Kefi enough cash to last 18 months. If we strip out this cash, the management, acreage and database is valued on the market at just £1.5 million. Pre-IPO, EMED owns 71%, Starvest owns 24% and the management owns the remaining 5%. The exploration prospects are a gamble but on the plus side Rowan is likely to promote his investment and Rayner heads a strong management team.

