



# KEFI Minerals

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## Jeff Rayner, MD of Kefi Minerals, Audio Interview Transcript

Hello, this is Harry Norman for Proactive Investors and welcome to another Proactive Audio Interview. Today I am talking with Jeff Rayner, Managing Director of Kefi Minerals, listed on the AIM Market Mining Sector, stock ticker KEFI. <http://www.kefi-minerals.com>.

**So Jeff, thank you very much for joining us for this interview from a car park in Saudi Arabia.**

Thank you Harry, it's my pleasure.

**Kefi Minerals recently surprised investors by announcing a joint venture with a Saudi company to explore the Arabian shield for gold and base metals. What convinced you to do this Jeff?**

Well Harry, Saudi Arabia has always been on my target since I've been in Europe – and that has been over 10 years now. Saudi Arabia has a rich history of mining that goes back 3,000 years, and it was the place of the original King Solomon's mines. And the King Solomon mine was rediscovered in 1932, and is actually in operation today. It's a country which has the geology of Precambrian terrain. Anywhere in the world a geologist would recognise that Precambrian rocks are prolific producers of gold, and for many years now majors and juniors have tried to enter the Saudi Arabian scene for mining; but it's only been in 2005 that the government actually started to reform some of its foreign investment laws here in Saudi to make it easier to open up many industries, not only the mining industry.

In the last 12 months or so there's been a really concerted push by the government to advertise and expand the mining industry; and the state owned group called Marven did an IPO last year and IPO'd 50% of the company and raised 2.4 billion dollars. The state mining company Marven has also relinquished a lot of ground that they have held, so they've made efforts now to open the country to foreign investment; and we're in the right place at the right time.

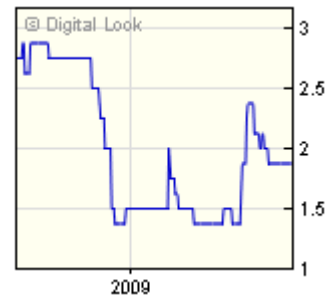
Last year we got a phone call from a very powerful Saudi group involved in construction, and they're approximately in the top 5 or 10 construction companies here in Saudi Arabia. They don't have any technical expertise in mining but they source technical partners and they contacted Kefi. And it was rather fortunate that the two of us [said], they contacted us through research of our management and our technical staff through the Internet, and saw a bunch of Australians working in Turkey and approached us, and the moment was just opportune for us as well.

So you've got a country with the right geology and just opening up their mining industry, which has laid dormant really for over a thousand years. The last serious mining being carried out here 1000 to 3000 years ago.

**Price:** 1.88p

**Market Cap:** £4.42m

### 1 Year Share Price Graph



### Share Information

**Code:** KEFI

**Listing:** LSE

52 week	High	Low
	2.88	1.38

**Sector:** Gold Mining

**Website:** [www.kefi-minerals.com/site](http://www.kefi-minerals.com/site)

### Company Synopsis:

*KEFI Minerals owns exploration licences in Turkey and Bulgaria as well as an extensive database containing information about numerous prospective sites in the region, providing a pipeline of exploration targets. Since listing Kefi has focused on identifying projects that have the potential to contain large gold deposits.*

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## **Jeff, how do you know where to go to prospect for gold and base metals in Saudi Arabia?**

Well the geology here is Precambrian; and myself and our exploration manager - an Australian - we've both worked in the Precambrian terrains in Australia. The geology is very similar. Plus there are other similarities with geology elsewhere other in the world that we see in Turkey, Europe and this leads us to use our knowledge base and target the areas that are potentially mineralised.

Plus the Saudi government in the period in the 1980s-1990s commissioned the United States Geological Survey and the French equivalent to do a mineral inventory of the country, and they've documented over 5,000 historic workings. And those workings were little mines, little shows and prospects, as I've said before, mined from 1000 years ago to 3000 years ago. Now there's a database that exists on that. We've built layers of information with geological maps, geophysical maps, metallogenic maps and reports.

And we've backed it up with fieldwork over the last ten months and we've now got a very good idea, very rapidly, to select the areas for pegging licences here in Saudi Arabia. So it's a combination of experience, utilising the available data and we've made a very usable data set out of that and we've then been able to target areas. In a very short time we'll have 8 to 10 licences in application and we've got more that will be lodged to the mine department shortly.

## **You have a joint venture for your first discovery in Turkey – the Artvin prospect. Would you bring us up to speed with what's happening at Artvin?**

Sure. In the very short time since a joint venture was inked in October last year, we very quickly drilled five holes for 1600 metres on existing tracks in hilly terrain before the winter snows set in. And we managed to complete that drilling right before Christmas. The results came back in February; they indicated a broad mineralised system and we had sporadic intervals of gold and large intervals of 30 or 40 metres of low grade zinc and lead. And whilst we didn't hit the ore body in the first five holes, our joint venture partner and us are significantly encouraged that it's a big hydro-thermal system and because we only drilled on the existing tracks we didn't actually get to test our geophysical anomalies. Which are outstanding anomalies which need to be tested.

At the moment we are doing mapping and sampling over other areas of the Artvin project area in order to generate further drill targets. So later this year when we continue drilling and organically discovering, we have the drill rig there and if there are other targets we can actually move them on to drill test. So that's where we are at the moment, things are moving forward and we'll be drilling in the second half of this year.

## **What's happening at Kefi's Bakir Tepe prospect back in south western Turkey Jeff?**

Yes, Bakir Tepe is a copper gold prospect. It's what we call a volcanic massive sulphide deposit and what we've got is a bulls eye target defined by geophysics and they are surface samples of high grade gold up to 8 grams gold and 12 percent copper. And these samples are interpreted to be the edges of the massive sulphide system which lies further to the north underneath the hill, and we propose to drill test there also in the second half of this year. We've been approached by a number of companies to joint venture into that project and we're considering those joint venture proposals right now.

## **What's the story with your Yatik prospect in Western Turkey, Jeff?**

Well Harry, that's actually in a very similar situation. The Yatik prospect is a quartz strain that lies in a structural corridor where 40 kilometres away we have an operating gold mine that has produced one million ounces. And then half way between that mine and our prospect is a new discovery which we believe is really to be approached two million ounces at the moment. The company that's found it doesn't have any reporting requirements, it's not a listed company. However we believe that over 80 drill holes have been drilled and it's a very significant discovery and our Yatik prospect is the next deposit in the same structural corridor only 20 kilometres away. And it's got very encouraging gold grades and we plan to also drill that in the second half of this year. And at the same time we've been approached by three companies over the possibilities to joint venture and we're considering a joint venture on that.



## What is Kefi Minerals' financial situation Jeff?

Well you know things have been tight for junior companies in the last 12 years – some have fallen over. Kefi Minerals has not only been able to conserve its cash but we've been able to actually move forward. And we've done that in Turkey by forming a joint venture with a large Canadian company that I've been and we've been talking about who are funding our exploration. And we've been able to conserve cash and generate a completely new country play in Saudi Arabia and we've got some exciting things that will happen there. We've just completed a placing three weeks ago. We were approached by institutions, we didn't go out to actually make the placing, and we raised £450,000 and including cash left over we're probably sitting - without checking the bank account - round about £650,000 -£700,000. Which will last well and truly over the next 12 months.

## What can investors expect from Kefi Minerals over the next 12 to 18 months?

Well it's going to be a really exciting time for Kefi. In Turkey we will drill at least one prospect and possibly two others. In the second half we aim to drill all three. And there will be new flows from that drilling and other exploration works which will be run concurrent with that. So each of those targets – Bakir Tepe, Artvin and Yatik - have the potential to realise a million ounce gold deposit or gold equivalent deposit with respect to the copper deposit. So we hope to strike it lucky in our drilling there and hopefully we will be able to release some good news.

In Saudi Arabia we're in infancy here. We're picking out new project areas, we're building up a very strong portfolio of gold and copper projects, we've already got ten licences in that location. All of those licences having old workings on them. Some of them have actually got results from previous work, some good results from drilling and surface sampling done by the French.

## Is Kefi's proprietary database for Turkey still proving useful for the company?

Yes we are still building on that database. On a weekly basis we upgrade it with all available information that we're collecting ourselves, and what's in the public domain. There's no information that's collated by the government, no reports lodged on an annual basis. So therefore there's no information bank, so we cannot say enough about our database. It's probably worth its weight in gold.

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