



How many gold prospects in Turkey?

By Harry Norman

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This high quality prospecting reconnaissance database has given KEFI a head start in Turkey

The answer to the question "Exactly how many gold projects in Turkey has KEFI Minerals got?" is "Err, quite a few." Or, if you just want numbers: "Six projects with twenty-three exploration licences between them". Not bad for a company with a market capitalisation of just under £4 million! "How does KEFI do it?" Well I'm glad you asked...

KEFI Minerals was spun out of EMED Mining (AIM: EMED) about a year ago. EMED's brief is to focus on Europe, the Mediterranean and the metallogenic belt that winds through Turkey to the Middle East. EMED acquired a proprietary database of about a hundred prospective locations in Turkey. This database was compiled by a team which included Professor Ian Plimer (now a director of KEFI Minerals) and it gives its owner an advantage in Turkey because it consists of high quality prospecting reconnaissance data. It remains private because there is no national public exploration archiving system in Turkey. So, we are talking about twenty-two paper reports, forty-four maps, several thousand digital files, forty-three digital reports, thirty-nine digital maps and other data that is now owned exclusively by KEFI Minerals. So when the Turkish government puts prospects out for tender, KEFI already has a shopping list to hand.



Above: Drilling at Derinin Tepe



It comes as no surprise that KEFI and EMED Mining share a board member, Harry Anagnostaras-Adams, and EMED owns 34% of KEFI's shares. A further 18% of KEFI's shares are held by Starvest, a fledgling company incubator started by Bruce Rowan – often referred to as "ubiquitous" on the London mining finance scene. The commitment of EMED and Starvest partly explains how KEFI can proceed so confidently with its wide-ranging exploration and development strategy; Turkey is big and KEFI owns prospects in east, west, and central Turkey. Harry Anagnostaras-Adams is in the loop, and is involved in defining the milestones that help build EMED's and Starvest's confidence, and thus their interest in the share issues that fund KEFI's exploration. KEFI's directors and management, and families, own about 9% of the company's equity.

So a major part of KEFI's strategy consists of chomping selectively through this database in pursuit of its corporate objectives. Viz, discover gold and copper deposits in Turkey and Bulgaria, equivalent in value to, at least, one million ounces of gold and develop them into profitable mines. Turkey and Bulgaria are good addresses to look for minerals as they sit on a highly prospective metallogenic belt which hosts a number of world-class gold and copper deposits. These deposits were created by the African and European tectonic plates, which have ground away at each other over the last one hundred and thirty million years or so.

Turkey has a long history of mining and hosts some world-class deposits that are being exploited commercially. Turkey recently revised its mining law and now has a more enabling attitude to mineral exploration and mining prevails. Within the last seven years or so, fifteen foreign mining companies, including Rio Tinto Group and Teck Cominco, have become active in Turkey. Tenure is secure, exploration licences are granted for a maximum of five years, and they can be converted to operating licences which can run for up to sixty years. Three major mines have been permitted promptly in the last few years and there are more in the pipeline. Following EMED's commitment to local involvement, KEFI aims to build a Turkish shareholder base. KEFI also encourages Turkish prospectors and miners to contact them with enquiries and proposals, and aims to respond to them promptly and fairly. KEFI also employs local staff and labour to help with exploration on the ground.

Professor Ian Plimer predicted the location of several epithermal gold deposits in Greece and Turkey. He is a director of ASX listed CBH Resources Ltd (ASX: CBH) which has grown its market capitalisation from \$A2 million to \$A700 million. So it is a rational bet that his proprietary database of prospective locations in Turkey is likely to be worth its weight in gold. Jeff Rayner, KEFI's Managing Director, is a geologist who led the exploration team that discovered the Monte Ollasteddu gold deposit in Sardinia, estimated to contain 3.5 million ounces of gold. He also managed EMED's early exploration projects in Eastern Europe, which resulted in the discovery of the Biely Vrch gold porphyry, currently estimated to contain about 1.2 million ounces of gold.

In the Western Anatolia, surface exploration at Derinin Tepe identified gold-silver mineralisation in low-sulphidation epithermal quartz veins, over a strike length exceeding two kilometres. Historic workings were exposed by trenching, and channel-chip sampling and grab sampling assays showed up to 152g/t gold and 1,320g/t silver from exposed veins. A nine-hole shallow drilling programme at Derinin Tepe was completed in mid-2007. The first three drill holes intersected backfill from ancient workings where quartz veins used to be. In a way this was good news because ancient mining techniques needed high grade gold in quartz veins in order to be economic, and this situation implies a high probability that there are plenty more high-grade gold quartz veins to be found below the relatively shallow levels that the ancients mined. The remaining six drill holes all intersected epithermal quartz veins and quartz-vein stock work zones. Highlights from this programme were 3.6m of 3.35 grams per tonne (g/t) gold and 90g/t silver from 38m below surface, and 1.0m of 3.27 g/t gold and 327g/t silver.

At the Artvin Project in northeastern Turkey, KEFI has found an extensive area of hydrothermal alteration, and encouragingly, more remains of historical workings. In early September, the company announced a gold discovery at the Yanikli Prospect. Reconnaissance trenching returned 12m at 5.0g/t gold within a broader zone containing 37m at 1.8g/t gold along a strike length of a kilometre or more. In November, KEFI reported that it had found up to 2.4g/t gold and 13.4g/t silver in soil and rock chip samples, and had outlined zones of polymetallic vein-style mineralisation within a 1.75km by 1.50km area at the Yanikli Prospect. The company has also identified fifteen new targets covering 253 square kilometres to receive up front and personal reconnaissance attention in the future.



Above: The Artvin Project

Meanwhile, at the Gumushane project in eastern Turkey, areas of extensive hydrothermal alteration have been identified through interpretation of Aster satellite data. At Karalar, in Central Anatolia, highly anomalous gold in stream sediments have been identified in an area of historic base metal mining. In western Anatolia, the Muratdag project has been found to be prospective for Carlin-style epithermal gold mineralisation and Meyvali, in Western Anatolia, is prospective for epithermal and skarn related mineralisation.

Derinin Tepe, Artvin, Gumushane, Karalar, Muratdag and Meyvali – that's six projects! So what's the plan? "A mine containing a million ounces of gold or gold equivalent."...and the timescale? If all goes well, in twelve months time, the race will be on to drill out and prove the first project for mine development as well as continuing to develop a pipeline of further credible projects. Using "back of an envelope" type calculations, the earliest that KEFI could be commissioning a mine is mid 2012. Now, I realise that it may seem a bit hasty to be talking about mine commissioning at this stage, but KEFI's board is packed with Aussies, and Aussies like to get into production just as soon as they can.

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