

TURKEY While legends and historical records indicate that mining has been occurring in Turkey for over 8,000 years, and despite the country's significant geological potential, little modern exploration for gold has been undertaken. The country is geologically complex, and remains geothermally and tectonically active today, dominated by the broadening and intensification of magmatic and tectonic activity associated with a continuation of the Tethyan metallogenic belt from Eastern Europe into Asia Minor. In the last few years, perhaps spurred by the introduction of a new mining law in 2004, exploration by foreign companies has picked up and there are a number of epithermal gold and porphyry copper deposit projects now being developed. This Special Focus examines the state of foreign investment in Turkey's gold mining industry.



Gold Projects map in Turkey (map courtesy of Kefu Minerals)

Kefi Minerals (AIM: KEFI) Kefi Minerals was established in October 2006 to manage the exploration interests of AIM-listed EMED's assets in Turkey (and Bulgaria). Kefi Minerals itself commenced trading on AIM in December 2006 following the successful placing of 46.7 million shares at 3p to raise £1.4 million. Kefi's projects are situated within the Eastern Pontides volcanic province of northeastern Turkey, which forms part of the Tethyan metallogenic province with numerous historically mined deposits and mines now being developed. The company's Artvin project encompasses fifteen exploration licences covering an area of 253 km² within geologically favourable Cretaceous volcanic rocks that are known to host a number of significant VMS base metal and smaller vein style base metal and gold deposits. The project area appears prospective for large-scale bulk tonnage style deposits, as well as potential for epithermal gold style mineralisation. The area has not, however, been historically explored for

gold. A number of significant VMS base metal gold mines and deposits occur within a range of 50 to 100 km along strike from the Artvin project, such as Cayeli (20 Mt at 4.2% copper, 6.5% zinc, 0.8 g/t gold and 44 g/t silver); Murgul (80 Mt at 1.1% copper); and Cerateppe (3.0 Mt at 5.1% copper). The company's Gumushane project, meanwhile, comprises four exploration licences within a geologically favourable Jurassic volcanic-sedimentary sequence. Kefi has evidence of gold anomalies identified by stream geochemical surveys and zones of extensive hydrothermal alteration, as well as coincident areas of interest identified from ASTER data interpretation.

Turkey's Mining Laws In 2004/5, Turkey amended its Mining Law of 1985 creating a much more positive environment for exploration and mining. Like most countries, precious metal rights below surface are held by the State and companies wishing to explore have to secure an Exploration Licence (EL), which is granted for three years but can be extended for two years thereafter.

According to Kefi Minerals, the EL application is transparent and non corruptible and, if successful, tenure is secure.

Importantly only companies established under Turkish laws specifically for mining purposes are entitled to hold mining rights and thus foreign companies have to follow the route of establishing a local subsidiary. If exploration is successful and the holder wishes to progress to a development stage, then application is made, before the end of the exploration licence period, for a concession to mine. The Mine Concession can be granted for a period between ten to sixty years. Upon termination, expiration or abandonment of a mineral licence, all assets are transferred to the State and the licence area will be automatically opened to new activities. Under these conditions, the General Directorate of Mining Affairs announces the availability of previously held land parcels for tender. The tender process is conducted in closed confidence and the award of the tender is based on the highest offer