

[Home](#) » Encouraging early progress at Selib North Project, Saudi Arabia

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The recognition of a gold bearing shear zone and quartz veins at inaugural Saudi Arabian Licence

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KEFI Minerals, an AIM-quoted gold and copper exploration company is pleased to provide a progress report on the Selib North Exploration Licence ("Selib North") in the Kingdom of Saudi Arabia ("KSA"). The early results provide encouragement that more carefully targeted exploration work is warranted.

KSA has in recent years taken a number of steps to encourage development of its minerals sector, including revisions to policy and regulation. KEFI Minerals was an early mover into KSA in forming a strategic alliance with leading construction and investment group ARTAR, with whom the Company has established the Gold & Minerals Joint Venture ("G&M"). G&M, operated by KEFI Minerals, has been for three years prospecting and assembling a carefully selected portfolio of applications for exploration licences. KEFI Minerals is pleased that its early field work for G&M helps to demonstrate the value to KSA of its new policies and of teams which combine international and local technical specialists.

HIGHLIGHTS

- completed first phase mapping, ASTER satellite imagery processing, and soil and rock chip sampling;
- confirmed gold mineralisation associated with extensive eluvial workings; and
- identified 10 areas of iron oxide, carbonate and silica ASTER satellite remote sensing anomalies, leading to newly identified mineralised structures, including high grade gold, up to 28.3 ppm in shear zones and 14.3 ppm Au in quartz veins. Three of these target zones have already been followed up with field investigation in the current phase of field work.

The Selib North EL is located in between the ancient mine workings at both the Selib prospect to the south and the Fawarah prospect to the north. Previous BRGM (mid 1980's) sampling at the Selib Prospect, reported up to 17 ppm Au in ancient eluvial dumps and large widths (in excess of 40m) of 0.5 ppm Au and up to 6 ppm Au were intersected in shallow RC drilling at Fawarah.

The style of mineralisation in the Selib North area is thought to be in mylonitic and listwaenite altered shear zones and in quartz veins.

The anomalous zones are up to 5km in strike length and coincident with shear and fault zones.

Reconnaissance field mapping of ASTER anomaly 3 at 1:10,000 scale has led to the identification of a new gossanous shear zone in the eastern part of the licence area. The mylonitic shear zone is approximately 20m wide and iron oxide box-works are developed after sulphides in the shear zone. Initial limited rock chip sampling in November returned up to 28.3 ppm Au, results from multi-element analyses are pending. This is a new discovery, there are no historic workings in the area and it has not been previously sampled by the BRGM. The mylonitic gold zone can be traced for at least 4km in satellite imagery, follow up mapping and soil sampling is underway.

Follow up reconnaissance mapping of ASTER anomaly 1 in the south east of the Selib North licence has led to the new discovery of gold bearing quartz veins. Preliminary rock chip sampling returned best results of 14.3 ppm Au and 5.84 ppm Au in veins over 1m in width. Visible gold is present in the veins, which can be traced for 60m before shallow sand cover. The host structure is visible in satellite imagery for over 2km strike. Follow up mapping and sampling is currently underway.

New veins 1km east of the main eluvial workings at Selib North have returned 5.98 ppm Au and 1.26 ppm Au from reconnaissance rock chip sampling. No previous work or historic mining has been documented in this region. The structure is visible over a 4km strike length in a north south direction.

Soil sampling to the south of the Fawarah mine workings at the northern limit of the Selib North EL has returned over 20 ppb Au soil anomalies in the eastern side of the grid. The soil grid is currently being extended 1.5 km along strike to the south east to test the extent of the gold in soils.

Follow up sampling on all of the targets, including the remaining 7 ASTER anomalies is underway. Pending future results, trenching and shallow RC drilling may be planned.

Mr Jeffrey Rayner, KEFI Minerals' Managing Director, said:

"We are pleased with the initial results from our early-stage programme of field exploration in the Selib North Licence in Saudi Arabia. Our work has led to the observation of new high grade gold bearing veins and mylonitic shear zones. But much work remains to be done to establish if these zones of mineralisation are potentially economic.

"We are fully focused on further growing our presence in the Kingdom of Saudi Arabia and these encouraging results for gold potential in the area. Careful exploration is certainly warranted at the Selib North EL and, in that respect, it provides a good example of the merit of the patient and focused efforts of KSA, G&M and KEFI Minerals itself."

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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 (BSc.Hons). Mr Rayner is a geologist and has more than 20 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.

Further information on KEFI Minerals is available at www.kefi-minerals.com and the Company's AIM code is "KEFI".

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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
- Hikyirin and Hikyirin South

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Overview
Announcements
Annual Reports
Financial Reports
Presentations
Video/Multimedia
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AIM Rule 26
Capital Structure
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