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Placing

04 February 2011

The Company confirms today that it has conditionally raised £1,300,000 (before expenses) by way of a placing, by Fox Davies Capital Limited ("Fox Davies") and WHI Stockbrokers Limited ("WHI Stockbrokers"), of the issue of 26,000,000 ordinary shares ("Placing Shares") at a price of 5p per ordinary share (the "Placing").

The Placing is conditional, inter alia, on shareholder approval of certain resolutions to be proposed at a General Meeting of the Company and admission of the Placing Shares to trading on AIM ("Admission").

Notice of General Meeting

The Company will today dispatch a notice to all shareholders to convene a General Meeting of the Company at 11am on 21 February 2011 at the offices of Field Fisher Waterhouse LLP, 35 Vine Street, London EC3N 2PX (the "GM") to consider, and if thought fit, pass resolutions to, inter alia, authorise the directors to issue the Placing Shares (the "Resolutions").

This notice will also be available from the Company's website: www.kefi-minerals.com.

Reasons for the Placing

The funds raised in the Placing will be used to progress the exploration programmes that the Company is currently working on in Turkey and especially in the Kingdom of Saudi Arabia where it is targeting gold (and copper equivalent) discoveries in excess of one million ounces and also in preparing for the funding of new opportunities which the Company is currently assessing in Turkey and in Saudi Arabia.

In Saudi Arabia, KEFI has lodged a total of 21 Exploration Licence Applications ("ELAs") covering an area of approximately 2,100km². The Company awaits the granting of its first licence and has made significant progress in the permitting of its remaining ELAs. The Deputy Ministry for Mineral Resources of Saudi Arabia (the "DMMR") has to date completed site visits at seven of the 21 ELAs, with a further three visits scheduled in February 2011.

A recent, minor change to the requirements in the Exploration Technical Report, which accompanies the submission of each licence application, has resulted in a delay in the granting of the Company's first licence. Further to the announcement made on Friday 28 January 2010, the Company is expecting to formally receive a notice in the next week advising them of the required modifications and intends to lodge the modified Technical Report shortly. The Board will update shareholders once the modified report has been lodged.

Once the changes to the report have been approved by the relevant department, the Company understands that there will be no need for any other further approvals and the licence will be issued by the DMMR. Though there are no guarantees on timing, the Company has been advised that this procedure may be finalised in a matter of weeks and the Board will provide a further update at the time of the GM.

The Company expects to be progressing work on the ground immediately upon granting of the first licence and funds raised pursuant to the Placing will be used to quickly progress exploration on the licence, commence geophysical surveys, identify drill targets and commence drilling programmes.

The Company expects to update shareholders with respect to the assay results at the completion of each drill programme.

Placing Shares

Application has been made to London Stock Exchange plc for the Placing Shares to be admitted to trading on AIM and it is expected that, subject to the passing of the Resolutions at the General Meeting, Admission will become effective and that dealings will commence in the Placing Shares on 22 February 2011.

Warrants

In connection with the Placing the Company has granted, conditional on Admission, warrants to each of Fox Davies and WHI Stockbrokers to subscribe for up to 780,000 Ordinary Shares at 5p per share, representing three per cent. of the total number of Placing Shares. Fox Davies has been granted with warrants over 495,000 Ordinary Shares and WHI Stockbrokers has been granted with warrants over 285,000 Ordinary Shares. Such warrants will be exercisable for five years following Admission.

Enquiries:

KEFI Minerals Plc.
Jeffrey Rayner +90 533 928 19 13

W.H. Ireland Ltd.
Katy Mitchell +44 161 832 2174

Fox Davis Capital Limited
Simon Leathers +44 207 562 3395

Bishopsgate Communications
Michael Kinirons +44 207 562 3395

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