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Update on licence applications in Saudi Arabia

28th January 2011

The Company is pleased to provide an update of the status of its Exploration Licence Applications ("ELAs"), in the Kingdom of Saudi Arabia.

KEFI Minerals and JV Partner Abdul Rahman Saad Al-Rashid and Sons ("ARTAR") have lodged a total of 21 ELAs in Saudi Arabia that cover an area of approximately 2,100km².

The ELAs continue to advance through the approval process despite a number of minor delays. The delays are predominantly due to a number of national holidays in Saudi Arabia in the last quarter of 2010 and are also due to a recent Government request for minor changes to KEFI's Exploration Technical Report. The Technical Report outlines the proposed five year work programme on each ELA submission. The Company cannot address these changes until a formal request has been received from the relevant department but the directors understand that once the changes are made and approved the Licence will be issued.

KEFI Minerals has continued to prepare for the remaining ELAs to be granted and expects to be progressing exploration on the ground immediately upon granting of the first licence.

Jeff Rayner, Managing Director of KEFI Minerals, commented:

"Our primary target in Saudi Arabia is the discovery and development of +1 million ounce gold and copper equivalent deposits in the under-explored Precambrian Arabian Shield."

"We now have a number of licence applications at an advanced stage of the approvals process and are optimistic we will be able to commence field work soon."

"Our exploration team is very keen to commence work in Saudi Arabia and quickly progress these exciting prospects to being drilled."

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Background to the ELAs and Minerals Exploration in Saudi Arabia

Saudi Arabia is a country with a long history of mining that dates back over 5,000 years and is now set for resurgence under modernised mining laws that encourage investment.

The ELAs lodged by KEFI Minerals are prospective for volcanic massive sulphide copper-gold deposits, shear related quartz-gold veins and porphyry copper-gold deposits. All of the ELAs contain historic workings for gold and/or copper, some contain visible gold in quartz veins and some have been subjected to limited drilling by the United States Geological Survey ("USGS") and the Bureau de Recherches Géologiques et Minières ("BRGM"). Encouraging gold mineralisation has been intercepted in a number of drill holes and trenches in these ELAs.

When the relevant licences are granted, KEFI Minerals will then publicly release an overview of these historical results and our field reconnaissance exploration activities will commence on these licences as soon as the statutory permitting process has been finalised.

Generative studies continue to be carried out, the Arabian Shield is vast and many prospective areas are open for pegging. Reconnaissance fieldwork is being progressively undertaken to assess these opportunities and further applications for Exploration Licences will be made where warranted.

The Saudi Arabian Deputy Ministry for Mineral Resources ("DMMR") commenced gold exploration in the 1970s, following a rise in value of the metal. The USGS and BRGM were commissioned to document and evaluate the mineral occurrences over a 25 to 30 year period from the 1970s to mid-1990s. Over 5,000 historic mines and occurrences were documented. Limited work was carried out on each prospect and up to 1994; only 51 of these prospects were drill tested.

The general tempo of exploration activity in Saudi Arabia has progressively increased following the new Saudi Mining Investment Code coming into effect in 2005.

Some of the key aspects of the new Mining Investment Code, which are attracting investment in the exploration and mining industry in Saudi Arabia, are:

- > 20% corporate tax rate;
- > no mineral royalties;
- > all commodities are available to all groups, including 100% foreign owned companies;
- > security of tenure through all stages of exploration and development;
- > no restrictions on foreign exchange

- > no restrictions on repatriation of capital and profits;
- > accelerated depreciation; and
- > exemption from import duties on capital items imported for mining projects.

Exploration Licences (up to 100km²) are issued for five years and renewable for a further five years, with Mining Licences (up to 50km²) issued for up to 50 years.

Major gold deposits in the Arabian Shield of Saudi Arabia include Saudi Arabian Mining Company's ("Ma'aden") Mahd adh Dhahab Mine (>6 million ounces) and Al Amar Mine (>1 million ounces), and Ma'aden's recent greenfields discoveries, which total more than 8 million ounces.

About KEFI Minerals

KEFI Minerals commenced trading on AIM in December 2006 and was formed with the aim of creating shareholder value through the discovery and exploitation of gold and copper deposits.

In the **Kingdom of Saudi Arabia**, KEFI Minerals has a minerals exploration joint venture (Gold & Minerals LLC "G&M") with leading Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI Minerals is the operating partner with a 40% interest and the joint venture's primary target is the discovery and development of a >1 million ounce gold deposit in the under-explored Precambrian Shield in Saudi Arabia.

In **Turkey**, KEFI Minerals currently has the following exploration projects:

1. At Derinin Tepe in the Western Anatolia Region, low-sulphidation epithermal quartz veins have been identified with gold and silver mineralisation.
2. At Artvin, in north-eastern Turkey, extensive hydrothermal alteration and gold and base metal mineralisation have been recognised in the project area, as well as historical workings indicating potential for economic mineralisation.
3. Bakir Tepe, in south-western Turkey, is prospective for VHMS polymetallic deposits. High-grade gold and copper crop out on the peripheries of a shallowly buried geophysical chargeability anomaly.
4. At Gumushane in eastern Turkey, areas of extensive hydrothermal alteration have been recognised in the project area, as well as coincident areas of interest identified through interpretation of Aster data.
5. Hasancelebi, in central Turkey, is prospective for high-sulphidation epithermal gold mineralisation and Iron-Oxide Copper-Gold ("IOCG") mineralisation.
6. Muratdag, in the Western Anatolia Region, is prospective for Carlin-style epithermal gold mineralisation.

KEFI Minerals' Board of Directors is comprised of Mr. Harry Anagnostaras-Adams (Chairman), Mr. Jeffrey Rayner (Managing Director), Professor Ian Plimer (Deputy Chairman) and John Leach (Finance Director).

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

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