

**H**ISTORICAL accounts show that mining has existed in Turkey for around 8,000 years. However, despite the country's significant mineral potential, it remains under-explored, particularly with modern exploration techniques. The situation is changing as the country sits at an economic crossroads between east and west.

Chromite is Turkey's largest metal product, representing 9% of the world's chromium output. Gold, base metal and bauxite are the next commodities of importance to the economy, while Turkey provides 23% of the world's boron supply and host 60% of the world's boron reserves.

The country also has large lignite deposits in Afsin Elbistan, and a large steel industry, which imports coking coal from the US, Russia, Australia and South Africa. The iron and steel industries themselves are focused on the export market.

Today Turkey is one of the fastest-growing economies in the Organisation for Economic Cooperation and Development, with annual GDP growth of around 5% during each of the past three years. This growth is predicted to remain steady at 4-5.5% during 2008 and 2009.

Commenting, Stratex International plc's CEO, Bob Foster, said: "There is a vibrancy and urgency about Turkey and its peoples – the economy has undergone a massive u-turn in the past ten years and the evidence is there to be seen with major road-building and construction programmes across the country, and a highly able young workforce emerging from its many excellent universities."

Mr Foster notes that Stratex's exploration programme in Turkey has been "greatly aided by the superb road  
*Continued on page 19*

# Good prospects for Turkey

BY VICTORIA GRIMA

After years of military coups and boom-bust economic cycles, Turkey has enjoyed a favourable six years of respected leadership and economic normalisation

*Kefi Minerals' Artvin project with alteration zone in centre*

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**TÜV GERT**

**STRATEX: WHY TURKEY?**

Stratex International plc's initial entry into Turkey was in large part prompted by the forging of a strategic alliance with Vancouver-based Teck Cominco Ltd. As a founder shareholder in Stratex in late 2004, Teck Cominco contributed a substantial licence block, Muratdagi, into which Stratex had an earn-in option based on exploration expenditure.



Commencing field-based exploration in April 2005, Stratex identified a number of new opportunities and now holds some 1,630km<sup>2</sup> under licence, including three properties (Altintepe, Inlice, Karaağaç) currently hosting a total gold resource of approximately 841,000oz, and a portfolio of new discoveries and targets that will be the focus of a substantial drilling campaign in the coming months.

**PROSPECTS**

Stratex's early identification of the Inlice gold prospect with outcropping silica ledges assaying up to 11g/t gold led rapidly to recognition of the surrounding 60km x 40km Konya Volcanic Belt as an important gold exploration play hosting numerous large areas of hydrothermal alteration and exhibiting anomalous gold values. Confirming the high prospectivity of the volcanic belt, Teck Cominco's Turkish subsidiary TCAM signed an option to earn-in to 51% of the belt, excluding Inlice, by expenditure of US\$3 million.

Early expenditure on drilling has confirmed the Doğanbey prospect as a gold-bearing porphyry system with 274m averaging 0.13g/t gold within an alteration zone peripheral to a porphyry centre. Completion of a 9,000 line km airborne magnetic survey and stream sediment survey over the whole belt and soil geochemistry surveys over selected areas has led to early identification of porphyry-style stockwork mineralisation assaying up to 1.27g/t gold at the Karaçören prospect. Numerous other areas of widespread and intensive alteration still remain to be investigated in detail.

A recent visit by a team of Stratex geologists to major mines in the Maricunga district of Chile (40Moz gold endowment and at least four deposits of over 5Moz) confirmed the many similarities in terms of scale, alteration and geology with the Konya belt. This has reinforced Stratex's belief that there is excellent potential for a significant discovery in its Konya licence area.

Recognising the potential of the Miocene-age volcanic belts (15-5My) in Turkey, Stratex has since made another four new discoveries in central Turkey (Karapınar, Altunhisar, Oksut and Hasancelebi). Hasancelebi and Oksut are high-sulphidation systems with multiple gold-bearing silica ledges and considerable potential. The silica ledges at Hasancelebi extend over a distance of at least 4,000m and early work has identified gold grades exceeding 1g/t. Oksut comprises at least two silica ledges extending more than 1,000m within a strongly altered zone of 3,200m x 3,000m. Gold values up to 1.6g/t and one ledge assaying 0.93g/t gold over a width of 25m were returned during initial exploration work. Drilling of these two prospects will be fast-tracked during 2008, while further exploration is undertaken at Altunhisar and Karapınar.

Stratex is earning into TCAM's Altintepe prospect in the north-eastern part of the country via a 5,000m drilling programme. Recognising Altintepe to be a complex telescoped system of high-sulphidation and intermediate-sulphidation mineralisation, Stratex's drill campaign has focused on initial delineation of easily-treatable near-surface oxide material. A series of oxide gold intersections in the Kayatepe Zone has been announced. This zone lies outside the existing NI 43-101 resource of 311,544oz gold and, as a result, the company is confident that the resource will be significantly increased.

While focusing primarily on the Miocene volcanic belts, Stratex has continued to evaluate other geological settings, resulting in drilling of the 4,000m Muratdere porphyry system in western Turkey. The best intersection to date from four holes was 285m from surface assaying 0.30% Cu, 0.13g/t Au and 0.013% Mo.

The results of this first-stage drilling campaign are being evaluated with a view to further drilling.

*Stratex's Kayatepe project*




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## FAST FACTS

<b>Population:</b>	70.6 million
<b>Area:</b>	783,562km <sup>2</sup>
<b>Population growth rate:</b>	1.04%
<b>Ethnic groups:</b>	Turkish 80%, Kurdish 20%
<b>Religions:</b>	Muslim 99.8% (mostly Sunni), other 0.2%
<b>Languages:</b>	Turkish (official), Kurdish, Dimli (or Zaza), Azeri, Kabardian
<b>GDP:</b>	US\$482 billion
<b>GDP by sector:</b>	Services: 59.3%; industry: 30.8%; agriculture 8.9%

Continued from page 17

networks in even the most remote areas, the first-rate communications systems with cell phone coverage reaching to every corner of the country, and the availability of a skilled workforce.

"The country has a long and proud history of mining and this sector is re-emerging strongly. The recent exploration successes and bringing on-stream of such major discoveries as Eldorado Gold Corp's Kisladag gold mine are a testament to the very favourable mining legislation and what we regard as the enormous metallogenic endowment of the country. The potential for future major discoveries of precious and base metal deposits remains very high and, in my opinion, there are few better countries in the world for a company like Stratex to be exploring."

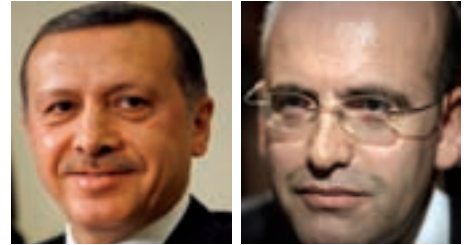
New mining legislation, passed in 2002 and amended in June 2004, has provided an investor-friendly environment with reduced bureaucracy. A number of large projects in Turkey have stalled for legal

reasons – administrative courts have rejected environmental impact assessments (EIA), and mining issues related to forestry and cyanide are still unclear.

The General Directorate of Mining Affairs, a unit of the Ministry of Energy and Natural Resources, is the authorised body that regulates mining activities and issues licences. The term of an exploration licence is three years, with the possibility of a two-year extension for some minerals. Before the exploration licence expires, the holder must apply for an operation licence, the term for which must not be fewer than five years and not more than 60 years. An operations permit is required to start production activities, limited to the duration of the operating licence. At least one mining engineer with a minimum of five years' experience must be employed to act as technical supervisor during mine extraction activities. A permanent technical supervisor is required if the operation employs more than 15 people underground. Only companies established under Turkish laws specifically for mining purposes are entitled to hold mining rights and thus foreign companies have to establish a local subsidiary.

Royalty rates for sand and gravel, precious metals and gemstones are 4%, and for decorative stones, salt, energy metal and industrial minerals the rates are 2%. There are no limits on repatriation of profits in hard currency or gold and no import duty for new mining and processing equipment, nor are there limits or tax on exported mineral products.

Legislation exempting the production of gold in Turkey from value-added tax was passed alongside the amendments to the mining law in 2004, making Turkey consistent and competitive with other countries in its treatment of VAT.



Recep Tayyip Erdogan, Turkey's prime minister (left); Mehmet Simsek, Turkey's economy minister (right)

As a result, the cost of mine construction and production of precious metals has been reduced: for example, the capital cost for Eldorado Gold's Kisladag project fell by US\$10.7 million while its cash operating cost decreased by US\$23 to US\$165/oz.

## GEOPOLITICS

Turkey has several large state-owned conglomerates that are vertically integrated. Moreover, they are somewhat successful among the realms of state-owned mines. Privatisation, with varying amounts of interest being shown in different sectors, has become possible only in the past two years.

To improve efficiency (one of the most important elements for the initiation of privatisation measures), most of the country's small mines (estimates range around 3,000) have been closed. Other major drivers for privatisation include the creation of industrial infrastructure, with the aim of making the Turkish economy more responsive to market forces, thereby improving industrial efficiency and the economic growth rate.

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## Mining Consulting Team is looking for investors and mining companies to start projects in Turkey

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**Strategic partnerships**

Forty-five years after Turkey's first bid for EU membership, the government is still working towards bringing economic and legislative practice in line with EU requirements. As a pivotal player in the growing market for energy futures, this might be an appropriate time for Turkey to enter the EU fold. EU gas reserves are forecast to meet less than 20% of demand by 2030. Providing a conduit for gas pipelines outside of Gazprom's developments is where Turkey wields strategic clout.

An alternative route to bring gas from Central Asia's largely untapped fields to Europe runs straight through Turkey, an option that has been on the table for over a decade. In July 2007, Turkey began importing Caspian gas (243 billion bbl potential and 10 billion bbl proven reserves of oil, 463Tcf potential and 170Tcf proven reserves of gas) from Azerbaijan via the South Caucasus pipeline, followed by transmission of Azeri gas from Turkey to Greece. Plans to extend this network to Italy and central Europe via the 3,300km Nabucco pipeline could materialise around 2011. Nabucco would transport gas from Iran, Iraq, Azerbaijan, Turkmenistan and Kazakhstan across Europe.

In retaliation, Gazprom has plans to build a rival line from Russia to Bulgaria in a joint venture with the Italian integrated energy company Eni.

Public sentiment in Turkey towards EU membership has been described as 'ambivalent'; it is not much better when it comes to a free market economy. Indeed, a recent poll by the *Economist* showed Turkey has usurped France in its aversion to a free market, with only 34% of those polled in favour of the system. Taken in context,

China, Germany, Britain and Brazil also signalled their opposition, though the poll indicated that supporters within these countries are showing a growing enthusiasm for tighter market regulation.

Turkey's political climate can be described as 'heated' at the moment. The Islamist ruling party and its secular establishment are battling a lawsuit to close down the Justice and Development Party (AKP) and ban 71 of its leaders from politics; Turkish courts have shut down four Islamic political parties since 1970, arguing those parties promoted anti-secular activities. The current argument from the establishment appears to be that the AKP uses democracy to reach its goal, which is installing Sharia in Turkey (an accusation denied by the AKP's leaders) and largely hinges on an AKP proposal to lift a ban on the wearing of headscarves at universities. Critics say the secular establishment are attempting a 'judicial coup' to oust the current prime minister, Recep Tayyip Erdogan.

These political pressures led to serious falls on the stock market and in the value of the lira. The EU's enlargement commissioner, Olli Rehn, has said that it is "difficult to see that this lawsuit respects the democratic principles of a normal European society". Such political tensions threaten to affect the AKP's pro-EU constitutional reforms, and therefore Turkey's acceptance into EU membership. Analysts have warned that should the courts decide that the AKP has acted in an 'anti-secular' way, more investors will be deterred, which could lead to central banks raising interest rates, which already stand at 15.25%.

Another significant factor in the country's political instability has been related to military action against Turkish militants based in northern Iraq. The government



Overland conveyor feed end at the Kisladag property

received domestic criticism from opposition parties while pressure internationally was on Turkey to withdraw quickly. Since coming to power the AKP government has introduced several reforms to reduce the power of the military. For example, the presence of army generals on the National Security Council has been reduced and a civilian appointed, and military representatives have been withdrawn from certain media positions in accordance with EU council requirements.

According to analysts, military leaders believe that EU membership will provide potential to resolve domestic challenges such as Kurdish separatism, Islamism and chronic economic vulnerabilities, and the external problems with Greece and Cyprus.



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### Economic outlook

Foreign direct investment (FDI) increased 9.8% to US\$21.87 billion in 2007 (net capital inflow was US\$18.42 billion), with 3,051 foreign capital companies and branches being established during the year. FDI so far this year has slowed dramatically. Data from the Central Bank of Turkey indicated FDI in the January-February period of 2007 amounted to US\$7.4 billion, while it decreased to US\$1.6 billion in the same period of 2008. Mining and quarrying accounted for US\$457 million of this amount in the first two months of 2008.

FDI was only US\$622 million in 2002. This figure surged from US\$745 million in 2003 to US\$1.3 billion in 2004 and then US\$8.5 billion in 2005. Global liquidity played a major role in this dramatic growth, with Middle Eastern investments featuring heavily. However, most of the credit must go to the AKP which has supported investor-friendly policies via continued disinflation and the continuance of the former Finance Minister Kemal Dervis' shrewd fiscal and monetary policies.

Withholding tax on equity capital gains for foreigners was scrapped in 2006. Productivity in many sectors has improved, largely due to mergers and the input of foreign expertise via privatisation drives. While the volume of foreign investments may dent Turkish pride, it has undoubtedly brought far-reaching stability, without which an investment climate could not have been established.

Turkey allied itself with the International Monetary Fund stabilisation programme in 1999 and currently finds itself in the favourable position of not needing to sign a repeat accord when the current one expires in

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**"While the volume of foreign investments may dent Turkish pride, it has brought far-reaching stability"**

### GEOLOGY

Turkey lies at the easternmost end of the Alpine orogenic belt, part of the Alpine-Himalayan orogenic system that extends from Europe to Asia. Complex tectonic activity (subduction, collision and rifting) gave rise to widespread metamorphism and magmatic activity, with associated mineralisation forming the Tethyan Eurasian Metallogenic Belt.

Crystalline basement rocks are represented by numerous metamorphic massifs – Bitlis in the south-east, Kirsehir in central Turkey, Menderes in western Turkey and Istranca and Kazdag (on the Biga Peninsula) in the north-west. Some massifs comprise high-grade metamorphic cores of gneiss, migmatite and amphibolite, with younger formations consisting mainly of schists and marbles.

Mesozoic rocks cover large areas of the country and are represented mainly by limestones, volcanics, flysch and ophiolites. Cenozoic rocks are also extensive and comprise mainly thick, shallow-water sedimentary successions and Tertiary volcanics. They host a variety of minerals, including world-class borate deposits.

Intrusive rocks are extensive in north-west, central and north-east Turkey, being either pre-Middle Jurassic or Late Cretaceous to Late Miocene in age, and mostly granite, granodiorite or syenite in composition.

Porphyry deposits are associated with the later granitoids, most notably within the Anatolides, at Kisladag in western Turkey and at Copler in eastern Turkey.

Subaerial to marine volcanic rocks associated with island-arc and continental-arc sequences cover 20% of Turkey's land area, ranging in age from Upper Cretaceous to Quaternary, but mostly post-Oligocene and mainly calc-alkaline andesites and dacites. In the Pontides in north-eastern Turkey (part of a large island-arc system), the Black Sea Volcanic Province extends east for over 500km into Georgia and hosts important massive sulphide deposits such as Çayeli and gold-rich Cerattepe.

Calc-alkaline volcanics associated with continental arc volcanism are favourable hosts for epithermal gold deposits, prospective regions being northeast Turkey (eg Mastra in the Eastern Pontides) and western Turkey, where the Ovacik deposit is currently being exploited. Low-sulphidation vein-type deposits and high-sulphidation systems, generally characterised by ledges of massive silica, are important gold exploration targets.

Both low-sulphidation (eg Ovacik and Efemçukuru) and high-sulphidation (eg Agi Dagi and Kirazli) deposits have been discovered in the Biga Peninsula-Izmir region of western Turkey whereas high-sulphidation mineralization appears to be more common in central Anatolia.

*Condensed from Mining Journal's Turkey supplement*

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<b>Total</b>	<b>1,598,117 ozs</b>	<b>730,890 ozs</b>

Deposits open for expansion

Ongoing drill programs at Tac and  
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## FOCUS

**“Turkey  
has seen  
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exploration  
over the  
past five  
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primarily  
from  
Canadian  
juniors”**

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May. Turkey is expected to negotiate more favourable IMF co-operation, which bodes well for investor confidence.

Current account deficits of around 7.5% (and growing) remain one of the country's biggest problems. Another is the performance of the stock market, which has fallen dramatically this year. However, short-term interests rates and a strong currency have encouraged foreign borrowing. The lira rose more than 20% against the US dollar last year but has fallen almost 12% against a weakening dollar, and 19% against the euro so far during 2008.

### EXPLORATION AND DEVELOPMENT

Turkey is best known for the production of industrial minerals, in which it has been prolific. However, it is the country's gold and base metals that are generating the bulk of exploration interest. Turkey, like many other central European countries, has experienced a boom in exploration over the past five years, primarily from Canadian juniors. This had led to a substantial number

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### EUROPEAN NICKEL: INNOVATING SUSTAINABLE MINING

The old tensions between the extractive industries and the communities in which they operate has again come to the fore of the commodities sector.

Although most mining companies recognise the need for a 'social licence' to operate, and there are now clearer guidelines and regulations to direct companies, most wait until they have reached the production cycle before seriously considering their long-term corporate sustainability.

European Nickel is breaking this traditional mould by publishing its first sustainability review, despite having yet to commence full-scale mining, and is one of the few AIM-listed mining companies to do so. The review details the company's approach to health, safety, community relations and the environment, and covers activities at its projects in Turkey, the Philippines and Albania for fiscal year 2007. The report attempts to reflect global best practice on such reporting and aims to give information that is material, accurate and easily understood.

The company's most advanced project is at Çaldağ in western Turkey where it has been testing its innovative, low-cost heap-leach process, which has significant environmental and economic advantages over the other conventional methods of treating nickel laterite, such as high-pressure acid leach and ferronickel smelting.

The step from just being involved in socially responsible projects that benefit the community to actually reporting the work a company is doing, and being prepared to be scrutinised and held accountable for those projects, marks a dramatic step change in a company's development. Simon Purkiss, managing director of European Nickel, explains: "As a growing company we understand the importance of an ethical and responsible approach to mining. The approach and procedures that we establish now will help to ensure that our growth is sustainable and that we provide long-term benefits to all of our stakeholders – shareholders, employees and local communities alike.

"This sustainability review has helped us to improve the reporting on our impacts and helps us to assess the success of our approaches to environmental and social issues. We hope that it will provide an effective basis for our stakeholders to measure our performance."

The company is committed to adopting other best practices in relation to mining and sustainability. It is working towards implementation of mining sector-specific initiatives such as the ICMM Principles for Sustainable Development and the Voluntary Principles on Security and Human Rights, as well as standards that apply to business generally, such as the UN Global Compact.

Mr Purkiss explains: "Given the current lack of clarity in aspects of the Turkish mining law and regulations, we believe that our participation in these initiatives helps us to raise our approach above what differing interpreters may say is required. We also hope that it will help to demonstrate to local stakeholders our commitment to high standards of corporate behaviour, as well as set a benchmark for other local businesses to be measured by and aspire to."

He concludes: "It is always our aim that, at the end of operations, we will have left a local community where the standard of living has been improved by our presence in a sustainable way and where the minerals have been extracted in an environmentally responsible manner."

*Contributed by European Nickel plc*

# Ariana : the Turkish gold company

**THE first AIM-listed and Turkish managed gold exploration and development company to operate in Turkey.**

Ariana Resources aims to explore for and develop new gold mines in Turkey. Through a unique combination of in-country understanding and international expertise, the company is continuing to add value to its principal projects via dedicated exploration, in addition to making new acquisitions within its core project area. While focused primarily on western Turkey, the company has recently concluded a Joint Venture agreement with European Goldfields to explore north-eastern Turkey.

## RECENT NEWS

- Private placing to European Goldfields for £0.9 million
- Joint Venture with European Goldfields
- Agreement with Odyssey Resources to purchase the Tavşan project
- Positive resource drilling: Arzu South Vein, Kiziltepe
- Positive follow-up drilling results: Banu Vein, Kiziltepe
- Placing raises ~ £1 million
- Excellent metallurgical results: Kiziltepe
- Ardala Cu-Au porphyry project acquired

## WAVE PROJECT AREA

Ariana has concentrated its efforts within the Western Anatolian Volcanic and Extensional (WAVE) Province in western Turkey. The province hosts three operating gold mines (total reserves of about 7 Moz Au) and remains highly prospective for the discovery of further epithermal and porphyry-related deposits.

Ariana is developing two core projects within the WAVE Project Area, Sındirgi and Tavşan, in addition to exploring several subsidiary projects. The company is targeting the development of one or more of its core projects as environmentally friendly small-footprint mines in the coming years. With this objective in mind, the company recently purchased its own diamond drill rig to ensure year round drilling capability.

Ariana is targeting an aggregate resource of 1Moz of gold within the WAVE Project Area, by building on its resource base via exploration and by making further acquisitions. Following the purchase of the Tavşan Project the Company will hold the largest aggregate resource in the region outside of existing gold mining operations.

## SINDIRGI PROJECT

Ariana's flagship asset is the 100%-owned Sındirgi gold project located in Balıkesir Province, western Turkey, located approximately 130km northeast of Izmir and 100km east of the Ovacik gold mine. Sındirgi was acquired in early 2005 from Newmont for US\$400,000, with a royalty of up to 2.5% NSR on future gold production payable to Franco-Nevada Corporation.

The project hosts over 45 km of gold-silver bearing quartz veins, of which only a small proportion have been drill-tested to date. Ariana holds five prospect areas under licence: Kiziltepe, Kepez, Umurlar, Karakavak and

Kizilcukur. These prospects are situated along a highly significant regional trend of epithermal gold mineralisation, known as the Sındirgi Gold Corridor.

The Kiziltepe prospect contains 20km of outcropping low-sulphidation gold-silver bearing epithermal quartz veins, which are hosted by dacitic volcanic units of Miocene age. The veins occur in an area covering 3 x 1km. Individual veins are exposed at surface for 750m in strike length and are between 1 and 14m wide. Seven of these vein systems were drilled during the 2007-2008 field season, amounting to just over 6,000m of RC and diamond drilling. Current high grade resources (>8 g/t Au equivalent) at the prospect stand at 135,000 ounces gold equivalent and a further resource estimate by SRK Consulting is expected shortly.

Several of these veins contain mineralisation which is potentially open-pittable and the Company envisages establishing several small pits across the prospect. A scoping study is being undertaken by Wardrop Engineering to evaluate several different mining and processing scenarios.

## TAVŞAN PROJECT

The Tavşan Project lies 75km northeast of the Sındirgi Project. The project is due to be acquired from Odyssey Resources, for US\$500,000 and 3,000,000 Ariana shares at 5p per share. On production, a scaled royalty of up to 2% NSR is payable to Teck Cominco.

The Tavşan project contains three distinct gold prospects: Tavşan, Evciler and Çaldibi. A total of 8km of gold mineralised jasperoid has been identified in outcrop on the project. At the Tavşan prospect, 4km of outcropping mineralisation is located along a low-angle thrust fault separating underlying Jurassic limestone from overlying Late Cretaceous ophiolitic rocks. The prospect covers an area of 4 x 4km.

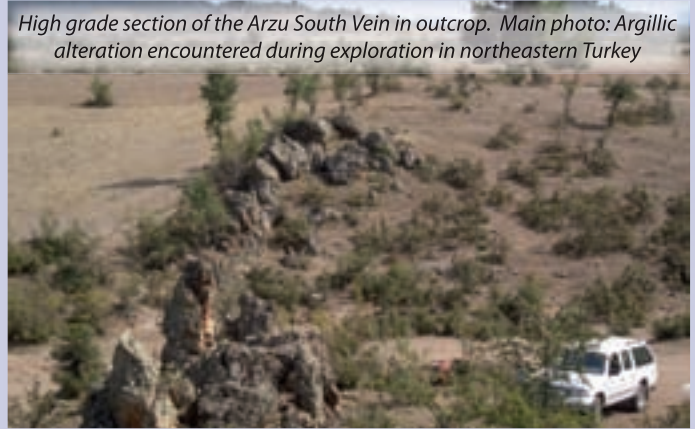
Individual segments of jasperoid are exposed at surface for 500m and are up to 20m thick. A 43-101 compliant resource stands at 130,000 oz of gold and there is further scope for resource additions.

As the jasperoid is typically gently dipping and exposed on surface, much of the mineralisation is potentially open-pittable. The Company envisages establishing a linked series of shallow pits across the prospect. A scoping study will be pursued in 2008 to re-evaluate the resource, undertake additional heap-leach testwork and to define a potential mine and plant design.

## JOINT VENTURE

Ariana has entered a Joint Venture (JV) with European Goldfields (AIM: EGU) to explore and develop 16 properties in north-eastern Turkey (AOI). The JV will focus

High grade section of the Arzu South Vein in outcrop. Main photo: Argillic alteration encountered during exploration in northeastern Turkey



initially on the Ardala copper-gold porphyry project in the province of Artvin. European Goldfields is funding all exploration on these initial properties and any future properties located within the AOI.

Ariana will own 49% of the JV until a feasibility study is concluded, at which time European Goldfields' interest will increase to 80% on current licences in the JV or 90% on new areas generated by the JV. A period of joint funding will then continue to develop the relevant project, with Ariana adopting a 1.5% NSR if it is diluted to below 5%. Any project with a JORC-compliant resource of less than 0.5Moz Au (or equivalent) will be assigned back to Ariana and European Goldfields will adopt a 1.5% NSR.



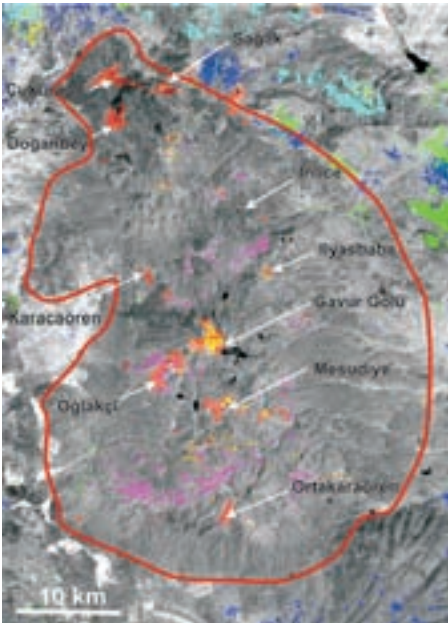
## AT A GLANCE

Shares traded on AIM and PLUS market (AIM: AAU)  
**Market capitalisation:** £3.7 million (April 22, 2008)  
**Current resources:** ~ 270,000 oz of gold equivalent (including Tavşan)  
**Working capital:** ~ £1 million (from June)  
**Shares issued:** 71.3 million  
**Directors:** Kerim Sener (MD), Michael Spriggs, Michael Etheridge, Michael de Villiers, David Reading (being appointed)  
**Management ownership:** 6.8%  
**Major shareholders:** Starvest plc (23.1%), European Goldfields (to hold 20.0%), Paul & Nick Curtis (7.6%)  
**Brokers:** Loeb Aron & Co. Ltd, City Capital Corporation Limited  
**Nominated Adviser:** Beaumont Cornish Limited

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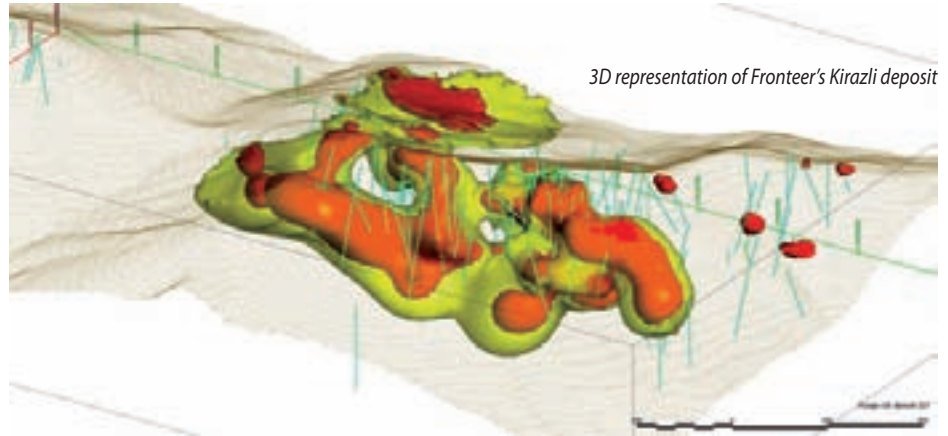
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Map of Stratex's Konya property

Continued from page 22 of projects moving towards the feasibility stage, albeit with a few legal hitches.

Inmet Mining Corp received an injunction against further development at the US\$87 million Cerattepe copper project in March, which lies about 100km south-east of the company's Çayeli operation. The Cerattepe property is located about 5km from Artvin in north-



3D representation of Fronteer's Kirazli deposit

eastern Turkey and about 200km from the Çayeli mine; production is planned to start next year.

Anatolia Minerals Development Ltd has recently resubmitted an EIA for the proposed development of oxide mineralisation at its Çöpler gold-silver project. The project had been due to begin construction during the first half of 2007.

The EIA has included detailed engineering design in response to additional requirements from Turkey's regulatory agency. If it receives approval and related permits, Anatolia believes construction (estimated to take 18 months) could start in the June quarter.

Anatolia has also increased the estimated cost for the oxide project at Çöpler to US\$201-226 million (60-80% higher than the initial estimate made in 2006). The company attributed the increase to the larger size of the project compared with the original design (50%

of the increase), cost escalation across the industry (about 35%) and the inherent inaccuracy of the original feasibility study (about 15%). The initial design of Çöpler had forecast gold production of 160,000oz/y and silver output of 230,000oz/y over 8.5 years, but the new project design is expected to produce 176,000oz of gold annually over ten years, and nearly 1Moz during the first four years.

Anatolia recently released a scoping study for development of sulphide gold resources beneath the open-pit project with proven oxide reserves of 12.6Mt (2.76g/t Au and 8.65g/t Ag) for mill-feed and 19.9Mt (1.09g/t Au and 2.97g/t Ag) for heap leaching. Probable reserves are 5.6Mt and 14.3Mt respectively.

In March, Stratex reported the discovery of gold mineralisation at the Karacaören prospect on its Konya project in Turkey, discovered after follow-up work on

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 SETTING AN EXAMPLE TO THE WORLD**

**Koza Gold Company**



Two lines of crushers at Eldorado Gold Corp's Kisladag site

stream-sediment anomaly clusters. This is the second zone of porphyry-style gold mineralisation on the Konya property. The company has also reported positive drill results from its Altintepe gold project in north-eastern Turkey: the best hole, ST-KT-DD-1, intercepted 120.8m at 2.35g/t, including 45.2m at 4.36g/t.

Also in March, Mediterranean Resources Ltd announced resource estimates for its 100%-owned Tac and Corak gold projects. This was based on two mineralised zones – the Copper Creek-ugur thrust zone and the Karsibayir zone. The Tac resource estimate stands at 20.4Mt (1.63g/t Au and 0.13% Cu) indicated and 2.3Mt inferred, while the Corak resource estimate has 9.7Mt indicated at 1.3g/t Au, 2.10g/t Ag and 0.50% Zn, with 11.3Mt inferred.

European Nickel plc has faced delays over the forestry permit for its Çaldag nickel-laterite project since January 2007. The permit would allow the company to cut down 100,000 trees to make way for equipment. Çaldag is anticipated to produce 20,400t/y of nickel and 1,200t/y of cobalt in a mixed-hydroxide product.

Fronteer Development Group's Agi Dagi and Kirazli properties have a combined NI 43-101 resource of 1.7Moz of gold equivalent (measured and indicated) and a further 1.7Moz inferred. A third project, Haliliga, has significant potential, and all three projects are connected along the same 30km mineral belt, served by reasonably good infrastructure.

Teck Cominco's Turkish subsidiary Arama ve Madencilik Sanayi Ticaret AS (TCAM) has earned a 60% interest in these three key projects and is solely funding a US\$3 million exploration programme at Haliliga this year. A planned US\$1 million exploration programme, including 2,500m of drilling, operated by TCAM, will test additional targets at Agi Dagi and Kirazli.

Eurasia Minerals Inc is exploring the Akarca prospect in north-west Turkey and the Aktunur prospect in the Eastern Pontides mineral belt. Nunisco Resources Ltd is

Diamond drill rig at Kefi Minerals' Derinin Tepe project



mapping and sampling and following up positive drill results in the same belt.

EMED Mining subsidiary Kefi Minerals Inc (through its Turkish subsidiary Dogu Akdeniz Mineralleri Ltd) is also exploring in the Eastern Pontides at the Artvin and Gumushane properties; Karalar in central Turkey; and at Derinin Tepe, Muratdag, Meyvali and Yatik in western Turkey.

Aldridge Minerals Inc's main project is the Yenipazar deposit, a volcanogenic massive sulphide, with a currently determined strike-length of 1,700m, on average about 150m wide and 35-40m thick, located at depths between 35m and 190m. High-temperature metamorphism led to the growth of larger sulphide grains, potentially facilitating metallurgical extraction. Aldridge acquired a number of licences with nickel-bearing laterites in western Turkey, and is currently implementing a drill programme.

Ariana Resources plc has been active in Turkey for some time, and while focused primarily on western Turkey, has recently concluded a joint venture agreement with European Goldfields to explore north-eastern Turkey (see p23). The company is developing the Sindirgi and Tavşan gold projects in western Turkey (the latter in an agreement with Odyssey Resources Ltd), and holds a large exploration portfolio.

The Western Anatolian Volcanic and Extensional (WAVE) province in western Turkey hosts three operating gold mines (with total gold reserves of about 7Moz), and Ariana believes that WAVE remains highly prospective for the discovery of further epithermal and porphyry-related deposits.

Eldorado Gold Corp is developing the Efemçukuru project, which incorporates an underground mine with an expected mine-life of over nine years. Mine throughput is 3.8Mt with 86.5% metallurgical recovery. Average annual production is expected to be 112,400oz at a cash operating cost of US\$227/oz based on an initial capital expenditures of US\$104.2million.

### GOLD PRODUCTION

Gold is very much a 'currency' in Turkey. The country is the world's fourth-biggest market for gold jewellery, the third-largest manufacturing centre and the second-biggest exporter, according to the World Gold Council. It is the largest fabricator of gold coins in the world, using 57t (1.8Moz) of fine gold in 2006, according to GFMS Ltd.

Turkey produced 5,500kg of gold in 2006 and this figure is estimated to have risen slightly for 2007. The country has an estimated gold resource of over 500t (17.6Moz) in nine major deposits with 6,500t in the reserve category.

Turkish gold imports increased nearly 40t last year to nearly 231t, worth US\$5.7 billion (at an average US\$700/oz). This represents a 20% increase over 2006 and is the largest recorded annual gain in gold imports to Turkey since the Istanbul Gold Exchange began keeping track of the data in 1995.

Turkey's first modern gold mine, at Ovacik in eastern Turkey, poured its first gold in May 2001 after more than ten years of exploration, construction and environmental permitting by Normandy Mining and its predecessors. The operation was 100%-owned by Newmont Mining, which relinquished its ownership some years ago. Ovacik is now wholly-owned by Turkish company Koza Altin.

Eldorado recently resumed production (which began in 2006) at its Kisladag gold mine in Turkey. This followed a six-month shutdown during a dispute with an environmental group. Gold output from the mine is expected to reach 190,000oz at a cash cost of some US\$222/oz of gold. The mine, which produced about 135,000oz of gold last year, has an estimated 13-year life.

## TSX-ANO



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