

30 December 2015

**KEFI Minerals plc**  
**(“KEFI” or the “Company”)**

**FOURTH QUARTER 2015 OPERATIONAL UPDATE**

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, is pleased to provide its quarterly operational update for the period from 1 October to date. The update encompasses the activities of KEFI Minerals (Ethiopia) Ltd (“KME”) in Ethiopia and Gold & Minerals Ltd (“G&M”) in Saudi Arabia.

**Tulu Kapi Gold Project, Ethiopia**

*(Wholly-owned by KEFI; Government entitled to 5% free carried interest)*

*Financing:*

- Schedule remains on track for project finance syndicate documentation and inter-creditor arrangements to be assembled and approved by syndicate and National Bank of Ethiopia for full drawdown by mid-2016.
- **December:**
  - Preferred banks selected and their mandates are being finalised and processed for formal approval.
  - Finance plan refined to protect project and all its undertakings against fluctuations in gold price.
- **November:** Government of Ethiopia confirmed its intention to invest equity capital of US\$15-20 million.
- **October:** Estimated costs finalised along with appointment of industry-leading contractors for mining and for construction and start-up of process plant.

*Project:*

- Production start remains scheduled for 2017.
- Project contractors commenced preparations, which continue on schedule with FEED (front end engineering and design) due to complete in February 2016, followed by detailed engineering and procurement and then major construction.
- Government continues to prepare affected households for resettlement to their selected new host lands. Planning includes schooling, health facilities, access roads, water as well as improved housing and livelihood restoration. KEFI supports these efforts as appropriate under international standards.
- **December:**
  - Appointed project management team.
  - Independent technical consultants completed satisfactory review of subsequent refinements to 2015 Definitive Feasibility Study published by KEFI in August 2015.
  - Estimated economics include:
    - Gold production at 980,000oz over first 8 years with an average of 115,000oz per year.
    - At gold price ranging from current spot of US\$1,080/oz to analysts’ consensus of US\$1,250/oz:
      - All-in Sustaining Costs is c. US\$730-741/oz, ranking the project in the lowest cost quartile globally for gold producers.
      - Project NPV is US\$92-161 million and increases to US\$121-197 million at commencement of production in 2017 – based on the net after tax cash flows to equity from the Tulu Kapi open pit only (after adjusting for debt and streaming and the servicing thereof) at 8% discount rate.
      - Free cash flow is US\$25-37 million per annum – based on average cash available for equity holders, after servicing commitments including debt and gold stream.

**Gold & Minerals Ltd Joint Venture (“G&M”), Saudi Arabia  
(40%-owned by the Company with KEFI as operator)**

*Jibal Qutman*

- Completed preparation of Mining Licence Application and supporting technical studies, which is being translated into Arabic for submission.
- Infill drilling program completed along with further metallurgical testing. Update of Mineral Resources will be issued after review processes completed for compliance with JORC Code (2012).

*Hawiah*

- Community consultation meeting planned for early Q1 2016, as prelude to commencing drilling.

**Corporate**

- £2.6 million (US\$4 million) placing of ordinary shares completed after approval by shareholders at General Meeting on 11 December 2015.

**Harry Anagnostaras-Adams, Executive Chairman of KEFI Minerals, commented:**

**“This has been another active quarter for KEFI, which rounds off a very successful year. At our fully-permitted Tulu Kapi gold project, we have assembled a first-class syndicate of backers for our robust project, which remains scheduled to start production in 2017.**

**“In Saudi Arabia, we have completed the Mining Licence Application for the Jibal Qutman gold project, which is scheduled to commence development in 2017 and fund an ambitious growth agenda in an under-explored province.**

**“As a result, we finished the year in a strong position and eagerly look forward to reporting further progress in 2016.”**

**Webinar**

Mr Anagnostaras-Adams, KEFI’s Executive Chairman, will be hosting a live webinar at 10am GMT on 14 January 2016, which can be viewed via <http://webcasting.brrmedia.co.uk/broadcast/141135>. Listeners are encouraged to submit questions by clicking on the link at the foot of the page or by emailing [uk@brrmedia.com](mailto:uk@brrmedia.com). The webinar will subsequently be available on the Company’s website at <http://www.kefi-minerals.com/news/videos>.

**ENQUIRIES**

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## NOTES TO EDITOR

### KEFI Minerals plc

KEFI is the operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 1.93Moz (100% of Tulu Kapi's 1.72Moz and 40% of Jibal Qutman's 0.73Moz) gold Mineral Resources (JORC 2012) plus significant resource growth potential. KEFI targets that production at these projects generate cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

### KEFI Minerals in Ethiopia

Since the acquisition by KEFI in December 2013 of 75% (subsequently increased to 100%) of the Tulu Kapi Gold Project ("Tulu Kapi"), the Company has overhauled the project plans:

- Expanded the Indicated Resource by 50%; completely and successfully overhauled the development and operating plan; completed several independent cycles of due diligence on the optimised plans; received full permitting for development and operation; signed a bilateral agreement with the Government of Ethiopia setting out the fiscal regime for life of mine; and installed the project construction management team, project contractors and the lead bank.
- In August 2015, KEFI published the 2015 Definitive Feasibility Study setting out capital requirements at US\$176 million on an owner-operated basis, reduced from US\$289 million estimate of the previous owner.
- Subsequent refinements and the terms of appointment of the project contractors in October 2015 reduced this to a funding requirement of US\$129 million, which has since been the focus of the financing syndicate with a view to striking an appropriate balance between risk-mitigation and equity dilution.
- Tulu Kapi's annual gold production and All-in Sustaining Costs are estimated at c. 115,000oz pa and c. US\$724/oz to US\$752/oz at a gold price range of US\$1,000/oz to US\$1,400/oz, placing it in the most competitive quartile when measured against existing gold producers globally.
- The project now has soundly-based robust economics and significant growth potential beyond the existing Ore Reserves estimate of 15.4Mt at 2.12g/t gold, containing 1.05Moz.
- KEFI is in the midst of assembling the development financing for Tulu Kapi.

### KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed G&M in Saudi Arabia with local Saudi partner Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"), to explore for gold and associated metals in the Arabian-Nubian Shield. KEFI has a 40% interest in G&M and is the operating partner. To date, G&M has conducted preliminary regional reconnaissance and has had five exploration licences ("ELs") granted, including Jibal Qutman and the more recently granted Hawiah EL that contains over 6km strike length of outcropping gossans developed on altered and mineralised rocks with all the hallmarks of a copper-gold-zinc VHMS deposit.

At Jibal Qutman, G&M's flagship project, Mineral Resources are estimated to total 28.4Mt at 0.80g/t gold for 733,045 contained ounces. The shallow oxide portion of this resource is being evaluated as a low capital expenditure heap-leach mine development.

ARTAR, on behalf of G&M, holds 24 EL applications that cover an area of approximately 1,484km<sup>2</sup>. ELs are renewable for up to three years and bestow the exclusive right to explore and to obtain a 30-year exploitation (mining) lease within the area.

The Kingdom of Saudi Arabia has instituted policies to encourage minerals exploration and development, and KEFI Minerals supports this priority by serving as the technical partner within G&M. ARTAR also serves this government policy as the major partner in G&M, which is one of the early movers in the modern resurgence of the Kingdom's minerals sector.

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