

2 May 2017

**KEFI Minerals plc
("KEFI" or the "Company")**

UPDATE ON LEGAL PROCEEDINGS

Court ruling reduces KEFI's potential liability from US\$12M to US\$600K

Acceptance from Federal Supreme Court to hear KEFI's case for further reductions

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, is pleased to provide an update on legal proceedings regarding an inherited claim for damages (the "Claim") and particularly that a ruling by the Federal Supreme Court of Ethiopia (the "Court") has drastically reduced KEFI's potential legacy liabilities.

As previously announced and reported in the Company's statutory accounts, a claim for damages of US\$12,000,000 (approximately ETB240 million) had been lodged against KEFI in 2014. The claim was based on the impact of exploration field activities conducted between 1998 and 2006, a period which pre-dated KEFI's involvement in the Tulu Kapi project. These exploration activities comprised the construction of drill pads and access tracks. No objections had been made until 2014 when certain parties from outside the Tulu Kapi district raised this matter and initiated court action. Those parties have since been removed by the Court rulings from the list of plaintiffs.

The Oromia Regional Supreme Court last week rejected 95% of these claims as having no basis in fact or law and reduced KEFI's potential liability to US\$600,000. Moreover, KEFI has appealed to the Federal Supreme Court with regards to the remaining US\$600,000 on the basis that it remains firmly of the belief, on legal advice and as previously reported, that it has no contingent or actual liability, having already settled any obligations when the matter was originally closed by both the regulators and the land occupiers. The Federal Supreme Court last week officially admitted KEFI's appeal after due review, and the case is expected to be heard within the next two years.

KEFI's Executive Chairman, Mr Harry Anagnostaras-Adams, said:

"It is pleasing that the legacy issues we inherited on acquisition of Tulu Kapi are being dealt with as one would expect. This applied to the inherited Reverse VAT tax liability KEFI had paid and has now begun to be reimbursed – and is now also applicable to the inherited exposure to any rehabilitation liabilities, which are also being laid to rest satisfactorily."

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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Further information can be viewed on www.kefi-minerals.com

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 generates cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

KEFI Minerals in Ethiopia

The Tulu Kapi gold project in western Ethiopia is being progressed towards development, following a grant of a Mining Licence in April 2015.

Following completion of KEFI's Definitive Feasibility Study for Tulu Kapi, the Company is now refining contractual terms for project construction and operation. Latest estimates for annual gold production are c. 100,000oz pa for a 10-year period and All-in Sustaining Costs (including operating, sustaining capital and closure but not including leasing and other financing charges) of <US\$800/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05Moz. The first eight production years of the open pit are estimated to yield an average of 115,000oz pa.

All aspects of the Tulu Kapi (open pit) gold project have been reported in compliance with the JORC Code (2012) and subjected to reviews by appropriate independent experts. These plans now also reflect the agreed construction and operating terms with project contractors, and have been independently reviewed by experts appointed for the project finance syndicate.

A Preliminary Economic Assessment has been published that indicates the economic attractiveness of mining the underground deposit adjacent to the Tulu Kapi open pit, after the start-up of the open pit and after positive cash flows have begun to repay project debts.

The projected cash flows indicate that the net cash build-up (after servicing financing) in the first three production years is US\$31 million to US\$216 million within the 5 year gold price range of US\$1,050/oz to US\$1,750/oz.

KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed G&M in Saudi Arabia with local Saudi partner, Abdul Rahman Saad AlRashid & 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 over 20 EL applications. 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, and is further overhauling, 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.