

20 April 2015**KEFI Minerals plc
("KEFI" or the "Company")****UPDATE ON PROJECT FINANCING AND DFS FOR TULU KAPI**

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 announce the accomplishment of milestones towards the completion of an updated Definitive Feasibility Study ("2015 DFS") to the standards required by mining project financiers:

Independent review of Mine Plan and project costs

- Independent verification of the Mine Plan and associated costs by Snowden Mining Industry Consultants Pty Limited ("Snowden") after taking into account:
 - Updated Mineral Resources based on better delineation of individual ore lodes (see KEFI's announcement of 4 February 2015)
 - Detailed mine design which incorporated further geotechnical studies
 - Semi-selective mining techniques and associated planning factors such as mine dilution and ore losses
 - An operating philosophy based on owner-mining and all-new plant
- The Mine Plan is now settled at:
 - For initial 11 years, 12.0Mt ore mined at 1.2Mtpa at a head grade of 2.5 g/t and waste:ore ratio of c. 9.9:1, as compared with the most recently reported estimate of 13.0Mt ore mined at 1.2Mtpa at a head grade of 2.4 g/t and a waste:ore ratio of circa 10.1:1
 - For an additional 2 years, to process low-grade stocks built up during the open-pit mining operation to increase total gold production
 - Total ore mined of 15.4Mt at 1.2Mtpa at a head grade of 2.1 g/t and a reduced overall waste:ore ratio of c. 7.5:1
 - Total gold recovery now planned at approximately 960,000 ounces over 13 years compared with the previously planned 925,000 over 11 years
- Project cost reviews (operating and capital) have been updated to reflect the updated Mine Plan and will be further refined as part of the 2015 DFS, after completing the final bidding by preferred mining contractors and the value-engineering on process plants.
- Estimated operating costs on an owner-operator basis are US\$634/oz excluding royalty and US\$721/oz including royalty. All-in Costs are US\$906/oz including initial investment and US\$768/oz excluding initial investment.
- The independent review of the Mine Plan and project costs was conducted by Snowden with input from the Company's other specialist advisers Cube Consulting (grade control), Geoff Davidson (detailed mine planning), Senet (processing), Golders (environmental and social) and Epoch (tailings management).

Milestones for completion of 2015 DFS

The next scheduled milestones for completion of the 2015 DFS by mid-2015 include the following:

- Publication of updated Ore Reserves
- Arrangement of final bids by short-listed mining contractors
- Finalisation of value-engineering to reduce the cost of process plant, including due diligence on available existing processing plants
- Review of the 2015 DFS by the project financiers' independent technical expert

Project Development Finance

The planned development expenditure for Tulu Kapi has been reduced from the previous project owner's estimate of c. US\$289 million to KEFI's estimate of c. US\$143 million, which is independently reviewed and based on KEFI's semi-selective mining approach, assuming owner-mining and a new plant. The estimate has been further reduced by KEFI to c. US\$120 million based on initial bids received from mining contractors and by assuming that savings in the order of 10% on an all-new plant are achieved through the value-engineering process. These savings are supported by the market prices for existing plants on offer for sale. The amount of US\$120 million includes a contingency provision for plant construction costs and also for a working capital buffer for cost-overflow.

The development funding plan for Tulu Kapi is for KEFI to draw down, in H2 2015, on a combination of secured finance and equity finance. This is expected to comprise c. US\$100 million of senior secured finance and c. US\$20 million equity at parent or project level from project contractors and/or investment institutions.

KEFI's project finance adviser and arranger is Endeavour Financial, and the Independent Technical Experts for the project financiers have been selected and are being mobilised.

An Investor Update presentation has been uploaded to the Company's website: www.kefi-minerals.com

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

“Following the signing of the Mining Agreement last week, and the sign-off of the Mine Plan today, KEFI is now focusing on completing the DFS in this quarter as scheduled. We are also in the process of selecting our preferred mining contractors and value-engineering the process plant, which should allow us to finalise the full development funding in Q3 2015 for major works to commence, on schedule, in Q4 2015. KEFI would like to thank our experienced team for ensuring that we have progressed according to the plan that we set out at the time of the acquisition of Tulu Kapi in December 2013, which represents a great achievement.”

Enquiries

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COMPETENT PERSONS' STATEMENTS

The information in this announcement that relates to input data used for the Mineral Resources is based on, and fairly represents, information and supporting documentation – the compilation of which was overseen by Simon Cleghorn, Resource Manager and a full-time employee of KEFI and a Member of The Australasian Institute of Mining and Metallurgy. Simon Cleghorn has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Simon Cleghorn consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

The information in this announcement that relates to the interpretation, estimation, classification and reporting of the Mineral Resources is based on, and fairly represents, information and supporting documentation – the compilation of which was reviewed by Lynn Olssen who is a Member of The

Australasian Institute of Mining and Metallurgy and a full-time employee of Snowden. Lynn Olssen has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Lynn Olssen consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the announcement dated 4 February 2015 (the "Announcement") and, in the case estimates of Mineral Resources or Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the Announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the Announcement.

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 2Moz (95% of Tulu Kapi's 1.9Moz and 40% of Jibal Qutman's 0.6Moz) Au Mineral Resources (JORC 2012) plus significant resource growth potential. KEFI is targeting for production at these projects to generate cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

Expected milestones for the remainder of 2015 at Tulu Kapi include:

- Independently verified update to Ore Reserves
- Independently updated Definitive Feasibility Study for banking purposes
- Formalisation of bank syndicate, agreement of final terms for project finance
- Full development funding and commencement of construction

In addition, during 2015 KEFI anticipates submitting a Mining Licence Application for Jibal Qutman in Saudi Arabia through its joint venture company, Gold & Minerals Ltd ("G&M").

KEFI in Ethiopia

KEFI has 95% ownership of the Tulu Kapi Mining Licence in western Ethiopia and is at an advanced stage in refining the development plan for the project, aimed at reducing the previously planned capital and operating expenditure. Detailed research has yielded encouraging results and has been summarised in recent Company announcements.

At the end of 2013, the Ethiopian Government improved the fiscal regime applying to the gold sector, and Tulu Kapi in particular. This included lowering the income tax rate for mining (to 25% from 35%); settling of repayment schedule for inherited VAT liability (over three years rather than up-front); the removal of VAT on future exploration drilling expenditure; lowering royalty on gold mining (to 7% from 8%); accelerating the depreciation of historical and future capital expenditure (over four years); and clarifying the workings of the Government's 5% free-carried interest so that it does not impede conventional project financing terms.

KEFI 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 Shield. KEFI has a 40% interest in the G&M and is the operating partner. To date, the G&M has conducted preliminary regional reconnaissance and has had five Exploration Licences ("EL") granted, including Jibal Qutman and the recently granted Hawiah Exploration Licence that contains over 5km² of outcropping gossans developed on VMS altered and mineralised rocks.

G&M holds 24 Exploration Licence Applications that cover an area of approximately 1,484km². 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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