



KEFI Minerals plc

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

UPDATE ON TULU KAPI GOLD PROJECT MINING AGREEMENT

KEFI Minerals plc (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, notes the media reports in Ethiopia and confirms that the official signing of a Mining Agreement ("MA") with the Ministry of Mines of the Democratic Republic of Ethiopia for the Company's Tulu Kapi project in Ethiopia is expected to take place in Addis Ababa at 4pm local time (2pm BST) today. The Ethiopian Minister for Mines, Hon. Tolassa Shagi Moti, and Harry Anagnostaras-Adams, Executive Chairman of KEFI Minerals, will be signing the agreement under the official seal of the Government of the Democratic Republic of Ethiopia.

Under the MA, the Company will be granted a Mining Licence valid for a period of 20 years, which fully permits the development and operation of the Tulu Kapi gold project.

The MA has been approved by the Ethiopian Council of Ministers and sets out the agreed basis for all aspects of development, including the method of development, the development funding plan, the production operation to extract all ore reserves along with any extension thereof and the fiscal arrangements with the Government.

Following the official signing of the MA, the Mining Licence will be deemed as being awarded to KEFI Minerals (Ethiopia) Limited ("KME"), a wholly-owned subsidiary of the Company and the manager and operator of the project. It covers an area of 7 km² in the Oromia National Regional State, Western Wellega Zone, Genji Woreda, Tulu Kapi locality (Kapi Guracho and Bikiltu Ankore Kebele) and is in accordance with the project plans as submitted by KEFI including the Social Impact and Environmental Assessment, the Development and Production Work Program and the Community Resettlement Action Plan.

The Company will apply for ancillary licences and authorisations, including transport and power authorisations, as and when required from provincial and other instrumentalities.

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 2 Moz (95% of Tulu Kapi's 1.9 Moz and 40% of Jibal Qutman's 0.6 Moz) 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 refined and verified mine plan
- Independently verified capex, opex & closure costs
- Independently verified 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 100% ownership of the Tulu Kapi 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 23 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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