



KEFI Minerals plc

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

AGM Statement

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, announces that at today's Annual General Meeting (the "AGM") Harry Anagnostaras-Adams, Chairman, will make the following statement. In addition, Mr Anagnostaras-Adams, along with Wayne Nicoletto, Chief Operating Officer, and Fabio Granitzio, Group Exploration Manager, will give a presentation on the progress of the Company. The presentation contains no material new information and will be made available on the Company's website (www.kefi-minerals.com) from later today.

KEFI Minerals is poised to trigger its transformation from a pure exploration to a production company. The progress on the ground at the Tulu Kapi Gold Project over the past year in Ethiopia has been excellent. The project economics are better today than at the time of the last Annual General Meeting. Tulu Kapi is a robust and attractive project: with all-in costs estimated at US\$746/oz, which would put the project in the lowest cost quartile of gold producers globally.

On the financing side, we responded to the volatility in the capital markets in the second half of 2015 by further trimming project costs, installing fixed price construction contracting, simplifying the finance plan and strengthening the syndicate of backers. We are fortunate that the gold price has since recovered to above our base case assumption of US\$1,250/oz. The project now requires initial capital of approximately US\$130 million compared with the inherited plans for more than double that amount. The foundation of risk management for the finance plan is that all scheduled commitments are met even if the spot price of gold drops to US\$900/oz. At US\$1,250/oz gold, all debt is projected to be repaid in the first two years of production. As foreshadowed, we laid out in the Annual Report the finance plan and today seek shareholders' approval of the relevant finance planning aspects which are outside the Board's authority.

The finance plan is now founded on conventional project finance debt and equity – and there is no requirement for gold streaming nor gold for price hedging. The syndicate of financial backers is first-tier and includes project lead-contractor Ausdrill/African Mining Services on the mining side and Lycopodium on the processing side. Our project partner is the Government of Ethiopia, which has committed to a US\$20 million project equity investment, and we have simplified the planned debt to now finalising agreements with just two reputable African banking organisations for a US\$85 million senior secured debt with a proposed average interest rate in the order of 8% and tenors of up to 7 years. Some of these parties also sit alongside our parent company shareholders, notably Odey Funds Management and the Board of Directors. We all remain focused on agreeing the detailed documentation in the coming quarter for drawdown and construction to commence in the last quarter of this year. Formalities this week included that the draft detailed project shareholders' agreement was submitted for review by the Prime Minister's Committee for fast tracking this project; also that the Development Bank of Ethiopia, the planned senior secured lender with the longer loan tenor, completed its detailed project assessment recommending approval and stipulating conditions precedent to drawdown which are conventional and as expected. At today's meeting, we seek shareholder approval to issue up to 1,040,332,898 ordinary shares as part of this finance plan.

Operationally and organisationally, we have come a long way during the past twelve months. We have refined the project plans from the Definitive Feasibility Study signed off in mid-2015 to the point where they can be signed off during the coming quarter for operational implementation. We have also assembled a strong development team, community performance team and finance team, each of which now stands next to our already-strong exploration team.

We have an exciting twelve months ahead of us and I would now like to summarise the major forthcoming milestones. In the coming quarter we plan to finalise regulatory and all other approvals of the detailed documentation for project contracting and financing, and to start installing the production operations team. A fortunate side-effect of tough capital markets is the availability of first-class personnel, contractors and specialist advisers. We will, undoubtedly, be well-served by the teams being assembled under our Chief Operating Officer, Wayne Nicoletto.

Also during the coming quarter, the Government is scheduled to start implementing the community resettlement programme. The KEFI team stands ready to support and facilitate when the formal trigger is given by the Government, scheduled for September 2016.

To sum up, at Tulu Kapi we have successfully overhauled the project, assembled a first-class development team, assembled a first-tier syndicate of financial backers and are now poised to trigger the development over the remainder of 2016.

Turning to our other activities, on the exploration side, we have had a relatively low-key year as our time and resources have been focused on the development of Tulu Kapi. Having said that, the team under Jeff Rayner has been preparing an aggressive set of targets for the year ahead both in Ethiopia and Saudi Arabia. In Ethiopia, our first exploration priority is satellite deposits within trucking distance of Tulu Kapi so as to unfold the operational sequence to complement the planned open pit operation. We have both open pit and underground targets.

In Saudi Arabia, via our Gold & Minerals joint venture company ("G&M") with 60%-partner Abdulrahman Saad Al Rashid and Sons Company Limited ("ARTAR"), we have been focusing on our near-term development proposition at Jibal Qutman where the Mineral Resources currently stand at 28.4Mt at 0.80 g/t Au for 733,045 ounces of gold. This KEFI discovery has shaped up to be a viable cash flow producer with a low-capex requirement and with a capacity to generate the net cash flows for financing, in due course, the prospecting of our very large pipeline of exploration licence applications. We await clearance from the regulator to submit a Mining Licence for potential development after Tulu Kapi starts up in Ethiopia. At Hawiah, we have identified a huge target for precious and base metals based on the surface-sampling of a six-kilometre long gossan (oxidised mineralisation exposed on the surface) and the results of the geophysical surveys of the ground beneath the gossan. Drilling of large copper-gold-zinc targets will commence after local community engagement has confirmed that G&M has secured long-term access to Hawiah and other prospective ground in the region on agreed terms. The Saudi venture is a strategic long-term priority and we are confident of having established an early-entrant position in what will emerge as a world-class minerals province.

The Board is comfortable with the balance of anticipated short-term performance in Ethiopia with the longer-term organic growth in both Ethiopia and Saudi Arabia. It is a well-balanced portfolio which we can see has the potential to spawn several operations within five years.

Now I would like to say a few words about the tremendous efforts of our team and some of the stakeholders who have made these advances possible.

In Saudi Arabia, our partner, ARTAR, has been fundamental to the success of G&M in gaining licences to explore, where other parties have failed. Our shared vision for G&M is to open up a vast minerals province with an abundance of walk-up drill targets that deserve modern exploration. It is a long-term mission, but it is a rare opportunity and it has been made possible by ARTAR.

Our exploration team is second to none in the Arabian Nubian Shield and is the reason KEFI was invited into G&M – and is the reason we are able to make such rapid progress upon the grant of an exploration licence.

In Ethiopia, it remains impossible to exaggerate the determination of the Ethiopian Government and its instrumentalities. They have been supportive throughout. Equally, the quality and depth of support from our project contractors and bankers is just as palpable and significant.

We have many changes ahead on our pathway to becoming a cash flow producer. We are on track with the teams we have built and the changes and expansion we have planned for the next chapter.

I would like to close with some comments on our overall progress.

Before the acquisition of the Tulu Kapi Gold Project on 30 December 2013, KEFI's Mineral Resources stood at 17.7Mt at 0.84g/t Au for 480,000 ounces of gold and it had no Ore Reserves. KEFI had an excellent exploration team but no assets that could produce cash flows within the short term and no operational capability. Today KEFI has total attributable Mineral Resources in Ethiopia and Saudi Arabia of 2.01Moz, Ore Reserves of 15.4Mt at 2.12g/t Au for 1.05Moz, a development, community and finance team, and a finance syndicate. During construction, we will install the planned operational team to select, train and supervise the operators to be employed by KEFI and the project contractors.

We expect to be producing cash flows in 2018 which are projected at US\$173 million over the first three years, assuming a gold price of US\$1,250/oz. That is expected to be more than enough to repay all debt, develop the next mine at Tulu Kapi and the first mine in Saudi Arabia as well as to start paying dividends. Throughout this transformation, KEFI is committed to maintaining tight cost-control. As an illustration, our corporate office today costs only c. US\$300,000 annually. This is unusual and I say this because it reflects the strength of our small team and, more particularly, that all operational management and review structures are based at project sites.

We deeply appreciate the ongoing support of our shareholders, communities and other key stakeholders as we enter another exciting, and crucial, stage for KEFI.

ENQUIRIES

KEFI Minerals plc

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Further information can be viewed on KEFI's website at www.kefi-minerals.com

COMPETENT PERSON STATEMENT

KEFI Minerals reports in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2012").

The information in this announcement that relates to exploration results, Mineral Resources and Ore Reserves is based on information compiled by Mr Jeffrey Rayner. He is the Exploration Director of KEFI Minerals and a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Rayner is a geologist with sufficient relevant experience for Group reporting to qualify as a Competent Person as defined in the JORC Code 2012. Mr Rayner consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The Mineral Resources and Ore Reserves in this report have been previously released as follows:

Date of Release	Project	Subject	Competent Persons
22 April 2015	Tulu Kapi	Probable Ore Reserves	Frank Blanchfield Sergio Di Giovanni
4 February 2015	Tulu Kapi	Mineral Resource	Simon Cleghorn Lynn Olssen
6 May 2015	Jibal Qutman	Mineral Resource	Jeffrey Rayner

KEFI confirms that it is not aware of any new information or data that materially affects the information in the above releases and that all material assumptions and technical parameters, underpinning the estimates continue to apply and have not materially changed. KEFI confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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 2.01Moz (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 rapidly progressed towards development, with the Mining Licence granted in April 2015.

KEFI's Definitive Feasibility Study was then completed and 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) of approximately US\$724/oz to US\$752/oz at a gold price range of US\$1,000/oz to US\$1,400/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05Moz. The eight core 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.

At a gold price of US\$1,250/oz, the projected cash flows indicate a cash build-up in the first three production years of US\$173 million, which would be sufficient to repay all project debts, fund the development of the underground mine and commence paying dividends to shareholders.

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 23 EL applications that cover an area of approximately 1,303km². 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.