



KEFI Minerals plc

27-28 Eastcastle Street
London W1W 8DH
United Kingdom

Tel: +90 232 381 9431
Fax: +90 232 381 9071
Email: info@kefi-minerals.com

22 March 2016

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

CONDITIONAL PLACING TO RAISE £1.75 MILLION

Highlights

- **Placing raising £1.75 million (c. US\$2.5 million) gross to progress Tulu Kapi gold project ("Project")**
- **Cornerstone institutional and industry shareholders reinforce support for development plan**

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 that it has conditionally raised approximately £1.75 million (approximately US\$2.5 million), before expenses, through the issue of 499,359,791 new Ordinary Shares of 0.1p each ("Placing Shares") at a price of 0.35p per share (the "Placing Price") by way of a placing through Brandon Hill Capital Limited ("Brandon Hill"), together with a subscription direct with the Company by Ausdrill International Pty Limited ("Ausdrill").

The Placing serves to provide working capital pending initial drawdown of project finance, which is expected to be presented to shareholders for approval in June 2016. It also demonstrates commitment by cornerstone investors, complementing the strong specialist finance syndicate being assembled for the development of the Project.

The aggregate shareholdings of KEFI's cornerstone shareholders UK investment group, Odey Asset Management and Australia/African mining contractor Ausdrill, together with the holding of the Board of Directors, amounts to approximately 40% ownership of KEFI on a fully-diluted basis. At the project level, it is anticipated that the Government of Ethiopia will make a significant investment in the Ethiopian project company and ARTAR, a prominent local conglomerate, in the Kingdom of Saudi Arabia holds a significant stake in the Saudi Arabian project company.

Background to the Placing

The Placing proceeds are budgeted to cover further expenditures pending initial drawdown of project finance and to cater for activities across the Company, principally development preparations for Tulu Kapi in Ethiopia and notably the project financing, but also refinement of the mining licence application for Jibal Qutman in Saudi Arabia, exploration activities and corporate costs.

The Placing

The Company has conditionally raised approximately £1.75 million (approximately US\$2.5 million), before expenses, through the issue of 499,359,791 new Ordinary Shares at a price of 0.35p per share by way of placing of 400,153,442 Placing Shares through Brandon Hill and the subscription of 99,206,349 Placing Shares by Ausdrill.

The Placing is conditional, amongst other things, on the admission of the Placing Shares to trading on the AIM Market of the London Stock Exchange ("Admission") by 8.00 a.m. on 29 March 2016 (or such

later time and/or date as Brandon Hill and the Company may agree, being not later than 8.00 a.m. on 5 April 2016).

Application has been made to the London Stock Exchange and it is expected that Admission will become effective and that dealings will commence in the Placing Shares on 29 March 2016.

The Company has given certain customary warranties and indemnities to Brandon Hill and Ausdrill respectively in relation to the Placing and other matters relating to the Company and its affairs. The Company has also granted to Brandon Hill warrants to subscribe for 24,967,989 Ordinary Shares at the Placing Price (being equal to 5 per cent of the Placing Shares). Such warrants will be exercisable for a period of three years following Admission.

The Placing Shares will be allotted and credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or after the date on which they are issued.

Significant Shareholder Participation

Major shareholder, Odey Asset Management LLP ("Odey"), has subscribed for 129,833,546 Placing Shares in the Placing. Following the Placing, Odey will hold 812,987,907 Ordinary Shares, representing 26 per cent of the Company's enlarged issued share capital. In addition, significant shareholder, Ausdrill has subscribed for 99,206,349 Placing Shares in the Placing. Following Admission, Ausdrill will hold 228,279,349 Ordinary Shares representing 7.3 per cent of the Company's enlarged issued share capital.

As Odey currently holds over 10 per cent of the Company's issued Ordinary Share capital, its participation in the Placing is deemed to be a related party transaction under the AIM Rules for Companies. The directors of KEFI consider, having consulted with its nominated adviser SP Angel Corporate Finance LLP, that the terms of Odey's participation in the Placing are fair and reasonable insofar as KEFI's shareholders are concerned.

Total Voting Rights

Following Admission, the total issued share capital of the Company will consist of 3,120,998,693 Ordinary Shares each with voting rights. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of voting rights in the Company is 3,120,998,693 and this figure may be used by shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

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

"We are delighted to have such firm support from our cornerstone investors. The fundraising today puts the Company on a firm financial footing ahead of the initial draw down of the project finance.

"The current global gold price has already provided a significant boost to the project's NPV, which at the price of US\$1,250/oz and using a discount rate of 8% stands at US\$155 million post tax. Furthermore, on current estimates, for every US\$100/oz increase in the gold price, there is an increase of US\$45 million to the project valuation – highlighting the significant upside still available to shareholders given a current market capitalisation of approximately US\$16 million post this financing.

"Accordingly, the Board remains very positive on the outlook for the Company as we advance towards becoming an operating company by the end of 2017."

ENQUIRIES

KEFI Minerals plc

Harry Anagnostaras-Adams (Executive Chairman) +357 99457843

SP Angel Corporate Finance LLP (Nominated Adviser)

Ewan Leggat, Jeff Keating +44 20 3470 0470

Brandon Hill Capital Ltd (Joint Broker)

Oliver Stansfield, Alex Walker, Jonathan Evans +44 20 7936 5200

Beaufort Securities Ltd (Joint Broker)

Elliot Hance +44 20 7382 8300

Luther Pendragon Ltd (Financial PR)

Harry Chathli, Claire Norbury, Oliver Hibberd +44 20 7618 9100

Further information can be viewed on KEFI's website at 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.

Milestones planned for H1-2016:

- Formal appointment of development funding syndicate for Tulu Kapi gold project
- Shareholder approval of finance plan for Tulu Kapi gold project
- Mining Licence Application for Jibal Qutman gold project in Saudi Arabia

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. 100,000 oz 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 respectively 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.

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 which indicates the economic attractiveness of developing 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\$135 million, which would be sufficient to repay all project debts, fund the development of the underground mine and pay 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 24 EL 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.