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

FIRST QUARTER 2016 OPERATIONAL UPDATE

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 its quarterly operational update for the period from 1 January to 31 March 2016. The update encompasses the activities of KEFI Minerals (Ethiopia) Ltd ("KME") in Ethiopia and Gold & Minerals Ltd ("G&M") in Saudi Arabia.

Tulu Kapi Gold Project ("Project"), Ethiopia
(Wholly-owned by KEFI; Government entitled to 5% free carried interest)

Financing:

Since acquiring Tulu Kapi in December 2013, KEFI has reduced the planned capital expenditure (including working capital) from c. US\$289 million to US\$120 million by expanding the resource base and introducing semi-selective mine plans via contract mining. Over the same period, KEFI's estimate of total capital requirement has remained at c. US\$145 million, after adding financing costs and cost-overrun facilities to the capital expenditure. Highlights of the quarter include:

- Project finance syndication continues towards formal approval from the finance syndicate and shareholders being obtained in Q2-16. This will be followed by financial settlement in Q3-16, subject to the satisfaction of typical conditions precedent including full inter-creditor arrangements being approved by the National Bank of Ethiopia.
- Procurement and detailed engineering conducted with the EPC contractor has kept the project on track for construction of the process plant to start in Q4-16. Mine contractor mobilisation is not required until 2017 as there is negligible waste pre-stripping required to start mining ore. Production commissioning remains scheduled for H2-17.
- All syndicate members are progressing their respective internal processes along the following lines:
 - US\$65 million aggregate of senior secured debt from two banks and an export credit agency, with average tenor of 6 years;
 - US\$15 million cost-overrun facilities and 100,000oz hedge facility (from Ore Reserves of 1 million oz) from a specialist metals financier; and
 - US\$40 million product-linked gold finance from specialist gold financier.
- Approximately US\$25 million of the equity investment component is planned to have been invested prior to financial settlement of the project finance syndicate at the end of Q3-16 (comprising US\$5 million by KEFI of funds already raised and US\$20 million by the Government of Ethiopia), in addition to the US\$50 million invested prior to 2016.
- The Directors of KEFI aim to present the syndicate-approved financing plan to shareholders for their approval at the Company's Annual General Meeting, which is expected to be held in June 2016. The Board of Directors will seek the delegated authority to refine final details of the syndicated financing in light of finalised project procurement and the gold price prevailing at financial settlement.

Project:

- Project front end engineering and design ("FEED") was delivered in February 2016, which KEFI has been refining with the contractor. Detailed engineering and procurement has commenced.

- KEFI's expanded Social Performance Team is focusing on the implementation of livelihood restoration plans for the community members to be resettled.
- Project and financial metrics are currently estimated to be:
 - Annual gold production of c. 115,000oz pa for the core eight years of open pit production
 - All-in Sustaining Costs of approximately US\$742/oz
 - Project after tax NPV (8%) of US\$155 million at a gold price US\$1,250/oz (US\$127 million geared), which has significantly improved since KEFI's acquisition of the project

Expansion potential – underground mining:

- During the quarter, KEFI completed a Preliminary Economic Assessment (“PEA”) of Tulu Kapi's underground mining potential, below the currently planned open pit, which indicates that:
 - Underground mine development is economically justified based on the current underground Mineral Resources which remain open in several directions.
 - Combined production from the open pit and underground mine would approximate 150,000oz pa.
 - The underground mine adds an estimated US\$44 million to the Project's after-tax NPV (8%) at a gold price of US\$1,250/oz, increasing combined NPV to c. US\$200 million (£140 million) for 100% of the Project
 - Underground mine development would normally be expected to commence after repayment of development finance is well advanced during the first three years of open-pit operations.
- Further gold production increases are targeted through significant expansion of proposed exploration activity in the vicinity of the planned Tulu Kapi ore processing facility.

Gold & Minerals Ltd Joint Venture, Saudi Arabia
(40%-owned by the Company with KEFI as operator)

Jibal Qutman

- Following completion of the infill drilling program in late 2015, work focuses on updating the Mineral Resources and revising the Preliminary Economic Assessment.
- The Mining Licence Application is being discussed with regulators. Subject to full feasibility studies and regulatory approvals, the Company intends to start a heap leach operation that can be expanded in a modular fashion if anticipated exploration success is achieved. The equity capital requirements for the heap leach operation will be less than US\$5 million for KEFI's 40% share, based on a capital expenditure of under US\$40 million and approximately 75% being provided by project finance.

Hawiah

- 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.

Corporate

- During the quarter, KEFI raised £1.75 million (c. US\$2.5 million) through the placing of new ordinary shares at 0.35p per share (the “Placing”) to provide working capital pending initial drawdown of Tulu Kapi project finance.
- Participation in the Placing by institutional and industry shareholders reinforces their support for the Tulu Kapi development plan.
- Shareholdings of Odey Asset Management (UK investment group), Ausdrill (Australian/African mining contractor) and KEFI's Board of Directors aggregate to c. 40% ownership of KEFI on a fully-diluted basis following the Placing.

- At a gold price of US\$1,250/oz, the projected cash flows indicate a cash build-up in the first three production years at Tulu Kapi of US\$135 million, which would be sufficient to repay all project debts and commence the payment of dividends to shareholders as well as to fund the development of the underground mine at Tulu Kapi, the start-up of the initial heap leach operation at Jibal Qutman and the exploration programs within the Arabian-Nubian Shield.

Webinar

Mr Anagnostaras-Adams, KEFI's Executive Chairman, will be hosting a live webinar at 10am BST on Thursday 14 April 2016, via <http://webcasting.brrmedia.co.uk/broadcast/5707bb9dc95e0de72337ff40>. Listeners are encouraged to submit questions by clicking on the link at the foot of the page or by emailing questions@brrmedia.co.uk. The webinar will subsequently be available on the Company's website at <http://www.kefi-minerals.com/news/videos>.

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

"We are pleased to announce another quarter of solid progress made by the Company, in particular with the Tulu Kapi project where we have made significant advances towards becoming a gold producer. Despite the tough mining capital markets, we successfully completed a placing with continued support from our key shareholders. Projected cash flows are robust, with the first three years of open pit production targeted to repay all debts, commence the payment of dividends and fund growth in the highly prospective Arabian-Nubian Shield. We look forward to soon finalising the Project's integrated syndication package and proceeding with development."

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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 include:

- 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. 100,000oz 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 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. 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\$135 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 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.