

16 May 2016

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

**GOVERNMENT OF ETHIOPIA TO INVEST US\$20M IN TULU KAPI GOLD PROJECT**

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 report that, further to the Company's announcement of 11 November 2015, it has received formal confirmation from the Government of Ethiopia of its commitment to invest US\$20 million for equity in the Tulu Kapi Gold Project (the "Project"). This investment will provide the Government of Ethiopia with an equity interest in KEFI Minerals (Ethiopia) Ltd ("KME"), a wholly-owned subsidiary of KEFI Minerals plc that owns and operates the Project, of approximately 20% based on the projected enlarged paid-up share capital of KME (c. 25% including the Government's pre-existing 5% free carried-interest).

Monies invested by the Government will be used to fund the roads, power and certain other associated infrastructure required by the Project.

The investment commitment by the Government implies a Project value of approximately US\$100 million at its current stage of development and reflects the estimated aggregate of equity capital which will have been invested into KME. As reported on 8 March 2016, at a typical consensus gold price of US\$1,250/oz, Project NPV for the open-pit project and anticipated underground project is c. US\$200 million, once fully funded and based on the unleveraged after tax cash flows discounted at 8%.

Mr Harry Anagnostaras-Adams, Executive Chairman, said: "KEFI is delighted to have received this confirmation from the Government of Ethiopia of its commitment to invest US\$20 million in the Tulu Kapi Gold Project. This represents an important step towards formalising the finance syndicate, which remains on track for settlement in Q3-16, and we are honoured that the Government is choosing to partner with KEFI. We look forward to reporting further progress as we continue to advance towards commencing construction of the processing plant in Q4-16 and production commissioning from Q4-17."

**ENQUIRIES**

**KEFI Minerals plc**

Harry Anagnostaras-Adams (Executive Chairman) +357 99457843  
John Leach (Finance Director) +357 99208130

**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, Ana Ribeiro +44 20 7618 9100

Further information can be viewed on KEFI's website at [www.kefi-minerals.com](http://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 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 1,484km<sup>2</sup>. 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.