

14 May 2014

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

INCREASED TARGETED OPEN PIT MINE PRODUCTION AT TULU KAPI

POST-ACQUISITION DUE DILIGENCE INDICATES REDUCED RISK AND IMPROVED RETURNS

- **Acquisition premise substantiated as:**
 - **Targeted open pit mine production increased to 1.2Moz, compared with KEFI's pre-acquisition December 2013 estimate of 0.8Moz**
 - **All-in costs still estimated at circa \$700/oz (includes all capex, opex and closure)**
- **These interim conclusions flow from KEFI's scoping level review with its advisers**
- **This indicates reduced risk and improved returns, and KEFI is now able to refine the project parameters for revision this year of the inherited Definitive Feasibility Study ("DFS")**

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 a scoping level review of the Tulu Kapi project, acquired on 30 December 2013, indicates potential for further improvement in the economic performance of the project.

A revised Tulu Kapi mine plan has been developed, which reflects KEFI's selective mining approach. At this stage, it relies on data inherited from the previous owner combined with KEFI's revised development strategy. The KEFI mine plan will be further refined, within the scheduled 2014 DFS, after completion of KEFI's current programme of drilling and trenching. It will then be integrated into a refined DFS that will take into account KEFI's metallurgical testing, engineering, cost verification and economic optimisation.

Presented below is a comparison of KEFI's new estimate with the Company's previous estimate at the time of the acquisition in December 2013, and also with the 2012 DFS:

	KEFI post-acquisition scoping May-14	KEFI pre-acquisition preliminary Dec-13	NYOTA DFS Dec-12
Gold Produced	1,209Koz	831Koz	924Koz
Maximum Ore Processed Annually	1.2Mtpa	1.2Mtpa	2Mtpa
Total Ore Tonnes	17Mt	12Mt	17Mt
All-in Costs (all cases owner-mining)	~\$700/oz	~\$700/oz	~\$900/oz

Notes:

- KEFI has identified but has yet to take into account the further potential from exploitation of approximately 200,000 higher grade ounces in Indicated Resource below the depth of the open pit.
- It is premature to break down the latest scoping level statistics any further.

Jeff Rayner, Managing Director of KEFI Minerals, commented:

“We are delighted with the sustained progress at Tulu Kapi. This increase in targeted open pit mine production further validates our strategy in acquiring the project five months ago.

“As we continue to refine the selective mining techniques, we expect to report further improvements during the following months and to reactivate the Mining Licence Application by the end of 2014. As a result, we remain confident of fulfilling our commitments to the Ethiopian Government that production will commence in 2016.”

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Further information on KEFI Minerals is available at www.kefi-minerals.com

References in this announcement to exploration results and potential have been approved for release by Mr. Jeffrey Rayner. Mr Rayner is a geologist and has more than 25 years' relevant experience in the field of activity concerned. He is a Member of the Australasian Institute of Mining and Metallurgy (AusIMM) and has consented to the inclusion of the material in the form and context in which it appears.

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KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed the Gold and Minerals Joint Venture Company (“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. To date, the G&M has conducted preliminary regional reconnaissance and lodged 30 Exploration Licence Applications (ELAs), of which four have been granted. Two of the granted ELs were relinquished in May 2014.

The ELAs were initially applied for and granted to ARTAR. Incorporation of G&M has been completed and any granted Licences will be transferred into G&M in due course.

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.

KEFI in Ethiopia

KEFI Minerals has acquired 75% of Tulu Kapi licence in western Ethiopia and intends to refine the development plan for the project, aimed at reducing the previously planned capital and operating expenditure. Early research has yielded encouraging results and was summarised in recent announcements in respect of the Tulu Kapi acquisition transaction.

The Company is now positioned as an operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 1.7Moz of JORC-compliant mineral resource plus significant resource growth potential. By 2017, the aggregate estimated production at these projects attributable to KEFI Minerals could exceed 80koz pa Au, generating cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.