

AIM: KEFI

30th May 2013

Maiden JORC Compliant Resource Jibal Qutman Prospect

KEFI Minerals, an AIM-quoted gold and copper exploration company, through its 40% owned Gold & Minerals JV Company (G&M), is pleased to announce its maiden JORC compliant resource, at the Jibal Qutman prospect in Saudi Arabia.

Highlights

- An Inferred Resource of 10.3Mt at 0.94g/t Au for 313,000 oz Au has been calculated at a 0.2g/t Au cut-off and 20g/t Au top-cut, which can potentially be economically mined in a shallow open cut to a depth of maximum 50-70m.
- The second phase RC drilling programme is on-going with mineralisation remaining open along strike at the Main, South and West Zones.
- The bulk of the additional Resource is from the West Zone, with no additional drilling in the Main Zone and only 14 RC holes drilled into the South Zone since the preliminary non-JORC estimate of 90,000oz Au was announced in January 2013.

Mr Jeffrey Rayner, KEFI Mineral's Managing Director, said:

"2012 was an exciting and very busy year for KEFI Minerals. We have implemented cost and time efficient exploration resulting in rapid progress to announcing an initial maiden JORC Resource and the prospect of our first mining operation at Jibal Qutman. We expect continuing exploration work to delineate further new discoveries and additional resources."

Exploration Details

The maiden Inferred Resource at Jibal Qutman has been calculated from drill and trench sampling results received up to mid-May 2013. This data set is comprised of 50 diamond drill holes (4,569m), 42 RC drill holes (3,669m) and 116 trenches (7,302m). Drilling has been carried out on 50m x 25m and 50m x 40m spacings to nominally 100m depths. Trenches have been excavated at 50m and 25m spaced sections.

The gold mineralisation is comprised of 2 main styles:

- i) A massive 1-6m wide quartz vein (Main Zone) with higher grade (2-8g/t Au) gold mineralisation and
- ii) A broader, flat lying 10-50m wide shear zone with discrete quartz veins, iron-oxide and, or sulphide filled fractures and gold grades are in the range 0.5-1.5g/t (West and South Zones).

The resource estimate has been confined to maximum depths of 50m to 70m below surface and an approximate overall strip ratio of less than 5:1 (waste:ore) can be calculated in 3 rudimentary "pit shells" to the base of the mineralised blocks.

Table of Inferred Resources at Jibal Qutman

Zone	tonnes	g/t Au	oz Au
West Zone	7,267,882	0.89	207,988
South Zone	1,966,454	0.81	51,216
Main Zone	1,070,000	1.55	53,328
Total	10,304,336	0.94	312,532

Detailed logging of drill cores and RC chips has been performed in conjunction with petrological studies from consultant Prof Paul Ashley, in Australia, resulting in a good understanding of geological and structural controls on the mineralisation.

Preliminary metallurgical test work shows 50-90% gold recovery in the oxide and sulphide mineralisation and more indicative test work is currently being carried out in an external laboratory in Perth, Australia. Carbonaceous shale containing "preg-robbing" graphite, resulting in very low gold recoveries, is located on parts of the footwall contact of the mineralisation in the West and South Zones. Less than 5% of the resource in the West Zone and <10% of the South Zone Resource is in contact with this graphitic unit. Further metallurgical test-work to maximise gold recovery in graphitic units is planned. However, should it be an issue, this contact zone can be controlled by selective mining techniques.

Quality assurance and control (QAQC) has been applied during all forms of sampling with submission of geochemical standards and cross checks of sample pulps from the primary laboratory with a second accredited laboratory.

G&M has purchased its own survey equipment and employs an in-house surveyor. Survey control of topography is underway, with survey points every 1-3m on 25m spaced lines; about 40% of the drilled area completed.

Although the current resource is modest and grades are averaging around 1g/t Au, the project economics are encouraging due to the low costs of operating in Saudi Arabia.

The company performed an internal scoping study on the initial non-JORC estimate of 90,000oz Au which was announced in January 2013, using local labour, power and mining costs. The results of which suggested that a "minimum pilot" deposit size, amenable to gold extraction by heap leach, of 80,000oz to 100,000oz at 1.2g/t to 1.3g/t Au would have a cash operating cost of \$640/oz Au at a gold price of \$1,500 per oz, require an estimated \$12-14 million of capital expenditure and generate a cash operating profit of \$80 million over a 4 year mine life.

Exploration and development costs are low by industry standards, for example energy costs- €0.14c per litre petrol and €0.08c per litre diesel, labour costs are also low.

Although Jibal Qutman is located in the middle of the desert, Infrastructure is surprisingly good. The Jibal Qutman prospect is located 94km in a straight line from the city of Bisha, which has twice daily Saudi Airlines flights to Jeddah and Riyadh. The project is accessed by 80km of dual lane asphalt road and 40km east over flat desert sands. Mobile phone signal is available within 20km of the licence area.

Forward Programme

The second phase RC drill programme is on-going and a second drill contractor is due on site at the end of June. The G&M JV is also in negotiations to purchase its own multi-purpose drill rig to boost drilling capacity on its projects. The aim will be to define the limits of the Main, West and South Zones and to subsequently infill RC drill at 25m x 20m where required. This work will be completed in Q3 2013.

G&M plans to complete a pre-feasibility study by the end of Q4 2013/Q1 2014 and subsequently apply for a mining licence for the G&M JV.

Reconnaissance sampling and mapping has resulted in new discoveries of gold-bearing quartz vein structures in other parts of the Jibal Qutman Licence, the most promising being up to 17g/t Au in a sand covered area 3km north of the drilled prospects, where flat veins similar to the West Zone are mapped over 200m of strike.

Systematic trenching and RC drilling will be designed to test the economic significance of these additional targets.

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References in this announcement to exploration results and mineral resources have been approved for release by Mr Jeffrey Rayner (BSc.Hons). 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.

KEFI Minerals' Strategic Plan in the Kingdom of Saudi Arabia

In 2009, KEFI Minerals formed the Gold and Minerals Joint Venture ("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. KEFI owns 40% and is the operator of the Joint Venture. To date, the G&M has conducted preliminary regional reconnaissance and has currently lodged 21 Exploration Licence Applications (ELAs), of which 4 have been granted.

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.

Glossary

Carbonaceous	A rock containing native carbon. The component derived from organic carbon can cause preg-robbing of gold from cyanide in solution;
Graphite	A mineral form of native carbon, it is soft, grey black in colour and conducts electricity. It forms as a result of metamorphic processes which transforms organic carbon into other forms of carbon, for example into coal-lignite-anthracite and graphite;
Petrology	Is the branch of geology that studies the origin, composition, distribution and structure of rocks. Petrology utilizes the classical fields of mineralogy, petrography, optical mineralogy, and chemical analyses to describe the composition and texture of rocks;
Footwall	The top of the rock stratum underlying a vein or bed of ore. An area on the lower, or underside of a geological boundary or contact, usually a fault;
Preg-robbing	Is the term used to describe the loss of gold by the re-adsorption of dissolved gold cyanide onto carbonaceous ore components. Robbing of gold from the pregnant liquor (i.e. the gold cyanide solution) can be a significant cause of low gold recovery in conventional carbon-in-pulp processes;
RC drilling	Reverse Circulation drilling. Percussion drilling method. Reverse circulation is achieved by blowing air down the rods, the differential pressure creating air lift of the water and cuttings up the "inner tube", which is inside each rod. The drill cuttings travel around the inside of the cyclone until they fall through an opening at the bottom and are collected in a sample bag;
Strip Ratio	The ratio of the amount of waste material in tonnes, that has to be mined in order to mine one tonne of ore grade material in an open cast mine.