

28 July 2014

KEFI Minerals Plc
(“KEFI” or the “Company”)

QUARTERLY OPERATIONAL UPDATE

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and Democratic Republic of Ethiopia, is pleased to provide its second quarter operational update. The update encompasses the activities of two joint venture companies managed by KEFI Minerals – KEFI Minerals (Ethiopia) Limited in Ethiopia and Gold & Minerals Llc Limited (“G&M”) in the Kingdom of Saudi Arabia – for the period 1 April 2014 to 30 June 2014.

Jeff Rayner, Managing Director of KEFI Minerals, commented:

“This has been the most productive quarter in the history of the Company where tangible progress has been achieved in our projects in both Ethiopia and Saudi Arabia. We strengthened our Board with the appointment of Norman Ling, former UK ambassador to Ethiopia, and we raised over £2 million to ensure that we can continue to support the rapid development of our projects.

“Operationally, the selective mining approach we deployed at Tulu Kapi at the beginning of the year has had the effect of significantly lowering capital requirements making the project a more attractive investment and financially-viable proposition. As a result, for Tulu Kapi, we are on track to complete the DFS documentation required to organise the project finance and re-activate the mining licence. In Jibal Qutman, results from recent drilling extend the known mineralisation and we expect to submit the Mining Licence application by year end.”

HIGHLIGHTS

Democratic Republic Of Ethiopia

Tulu Kapi gold project, Western Ethiopia

- On 14 May 2014 the Company reported its overhaul of the development and production plan for Tulu Kapi, to focus on selective mining, and the increase in life-of-mine production as compared with what had been assumed at the time of the acquisition
- Tulu Kapi exploration licence was renewed on 17 June 2014, along with two of the adjacent licences
- Appointed independent consultants to complete the Definitive Feasibility Study (“DFS”) in two stages: first, the documentation required to reactivate the Mining Licence application (“MLA”), and, secondly, the documentation required for the banking syndicate
- Increased targeted open pit mine production compared with KEFI’s pre-acquisition December 2013 estimate following the Company’s scoping level review in May 2014. The

Tulu Kapi mineral resource stands at 2.05Moz (24.1Mt at 2.64g/t Au), with 90% being classified in the Indicated category

Kingdom of Saudi Arabia

Jibal Qutman project, Western Saudi Arabia

- Results of drilling carried out during the quarter are positive as reported on 14 July 2014. Mineralisation remains open in three of the five adjacent pits included in the mineral resource
- Whilst the focus remains to expand mineral resources at Jibal Qutman, G&M is also working on refining documentation for triggering the MLA

Corporate

- Executed agreement with vendor of Tulu Kapi for KEFI to acquire the remaining 25% of the project on terms which represent <\$5/oz of gold resources (JORC certified). Closing of the transaction is due by 31 August 2014 and remains conditional upon the vendor distributing in-specie to its shareholders all the shares it will then hold in KEFI
- Closed private placing of ordinary shares raising gross £2.125 million cash for the acquisition of the remaining 25% of Tulu Kapi and the funding of 100% of costs to reactivate the MLA by the end of 2014
- Norman Ling, former British Ambassador to Ethiopia, joined the Board as a Non-Executive Director
- Appointed Endeavour Financial, a private independent merchant banking company specialising in the global natural resources sector, as financial adviser with initial focus on the assembly of the Tulu Kapi project finance banking syndicate and agreement of indicative terms between the banks, the Ethiopian authorities and the Company

OUTLOOK FOR H2 2014

Tulu Kapi project

Milestones for the remainder of 2014 are expected to include the following:

- Towards reactivation of the MLA:
 - Independent verification of mineral resources
 - Independent verification of revised Mine Plan
 - Independent verification of estimates for capex, opex and closure
 - Closure of acquisition of the remaining 25% of Tulu Kapi
 - Independent verification of ore reserves
 - Assembly of bank syndicate and agreement of indicative terms sheet for project finance
- Towards finalisation of project financing:
 - Expand the detail of the revised plans to the level required by the syndicate banks

Jibal Qutman

The recently completed technical studies identified the preferred option for project development, including mine access, mining method, processing method and infrastructure requirements. Expenditure has now been curtailed pending the outcome of discussions with the Company's partner and the regulatory authorities, who are currently reviewing their policies for the minerals sector with a view to encouraging exploration whilst ensuring appropriate local benefits. The

Directors of KEFI believe that, given the Company's approach of strong local ownership – through its joint venture company, G&M, which is 60% owned by local partner ARTAR – for its operations in Saudi Arabia, KEFI is well-positioned to avoid any potentially negative impact resulting from a change in policy. G&M is one of very few explorer/developers to have been recently granted permission to implement programs in the country, and it is committed for the long term. The Company will update the market in due course with the outcome of the policy review.

OTHER LICENCES

In Ethiopia, there are five licences adjacent to Tulu Kapi. There are some encouraging historical results and further fieldwork has commenced under KEFI.

In Saudi Arabia, there are two granted licences other than Jibal Qutman and 26 exploration licence applications on behalf of G&M by local lead-partner ARTAR.

Enquiries

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References in this announcement to exploration results and mineral resources 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.

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

NOTES TO EDITOR

KEFI Minerals Plc

KEFI is now positioned as an operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 2.25Moz AU 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, recoument of development costs and, when appropriate, dividends to shareholders.

KEFI in Ethiopia

KEFI Minerals has conditionally acquired the remaining 25% to have 100% ownership of the 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.

At the end of 2013, the Ethiopian Government improved the fiscal regime applying to the gold sector, and Tulu Kapi in particular. This included lowering the income tax rate for mining (to 25% from 35%); settling of repayment schedule for inherited VAT liability (over three years rather than up-front); the removal of VAT on future exploration drilling expenditure; lowering royalty on gold mining (to 7% from 8%); accelerating the depreciation of historical and future capital expenditure (over four years); and clarifying the workings of the Government's 5% free-carried interest so that it does not impede conventional project financing terms.

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.