

19 January 2015**KEFI Minerals plc
("KEFI" or the "Company")****FOURTH QUARTER 2014 OPERATIONAL UPDATE**

KEFI Minerals (AIM: KEFI), an emerging gold miner with projects in the Kingdom of Saudi Arabia and Democratic Republic of Ethiopia, is pleased to provide its fourth quarter operational update for the period from 1 October to 31 December 2014 as well as post-period events.

HIGHLIGHTS***Tulu Kapi gold project, Ethiopia***

(Wholly-owned by KEFI; Government entitled to 5% free carried interest)

- Mining Licence Application ("MLA") reactivated – following receipt of requisite independent verifications – and remains on-track for approval in Q1 2015
- Successfully overhauled project plans:
 - Updated JORC compliant Mineral Resource and Ore Reserve reporting of total Probable Ore Reserves of 12.9Mt at 2.41 g/t Au for 1.002 Moz Au
 - All-in-Costs estimated at \$844/oz – well below global industry averages
- Received headline indicative terms for project finance from several financial institutions, which are now being progressed by financial advisers

Gold & Minerals Ltd Joint Venture ("G&M"), Saudi Arabia

(40%-owned by the Company with KEFI as operator)

- Increased Inferred Mineral Resource at Jibal Qutman, as a result of continued exploration, to 22.0Mt at 0.90 g/t Au for 633,461 contained gold ounces at a cut-off grade of 0.2 g/t Au
- Expanded resources include a significant portion of material that is expected to be amenable to heap leach processing – with potential for lowering capital requirements and speeding up development timetable
- Granted second major Exploration Licence in December 2014 in Saudi Arabia at Hawiah (the "Hawiah EL"), covering an area of 95km², and commenced testing large exposed zone of mineralisation

Corporate

- Raised £4.9 million in equity via a three-stage fund raise:
 - Directors of KEFI and certain existing shareholders participated in the first two-stages of placing of a total of £1.9 million at placing price of 1p
 - New proposed strategic investor, Goldfields Resources Fund, a new sub-fund of Perth Global Funds plc, conditionally committed £3 million at a price range of 1.3p-2.0p, expected to close by 27 February 2015

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

“This has been a transformational period for KEFI with progress achieved across both of our key projects as well as with new exploration targets. Most significantly, we reactivated the MLA for Tulu Kapi and continue to work closely with the Ethiopian Government for its grant in the current quarter. At the same time, we were delighted to welcome the Goldfields Resources Fund as a proposed new strategic investor and are also thankful for the continued support from existing shareholders, particularly with our successful fund raise. As a result, we remain on track for gold production in 2017 and generating significant value for shareholders. We look forward to updating shareholders with our progress throughout 2015 and beyond.”

OPERATIONAL REVIEW

Tulu Kapi gold project, Western Ethiopia

This has been an historic period for the Tulu Kapi gold project where the Company focused on receiving the requisite independent verifications of project plans and headline indicative financing terms to enable the reactivation of the MLA on 6 October 2014, which had been suspended in mid-2013 by the previous owner of the asset. The Ethiopian Minister for Mines, Hon. Tolassa Shagi Moti, has confirmed to the Company the Government’s intention to expedite the processing of the MLA with a view to community resettlement commencing in the first half of 2015.

The independent verifications include:

- updated JORC 2012 compliant Mineral Resource reporting of total Indicated and Inferred Resource of 23.7Mt at 2.51 g/t Au for 1.9 Moz Au;
- open pit Mine Plan for targeted production of 86,000oz Au per annum for 10.5 years from mining and processing 1.2Mtpa at 2.4 g/t Au;
- updated JORC compliant Ore Reserve reporting of total Probable Ore Reserves of 12.9Mt at 2.41 g/t Au for 1.002 Moz Au; and
- cost estimates for the open pit, including total estimated operating costs at \$626/oz and All-in-Costs at \$844/oz including capex, opex, closure and royalties – well below global industry averages.

KEFI has received received headline indicative terms for debt-based project financing of c.\$100m from several financial institutions, all of which are familiar with the project and have already undertaken initial due diligence. The finance plan is to fund all pre-development obligations and activities with equity capital, and that the investment required for development in the second half of 2015 will be optimised in mid-2015 and mostly financed by project-related debt. The Company’s financial advisers are now liaising closely with Ethiopian Government and banking authorities to facilitate project finance arrangements. In addition, the Company is exploring value engineering initiatives to enhance project economics and further reduce capital requirements.

Jibal Qutman project, Western Saudi Arabia

At Jibal Qutman, on-going drilling and trenching continued to expand the zone of mineralisation on two of the drilled deposits and led to the discovery of new mineralised areas. Best drill results include 12m at 1.64 g/t Au and 4m at 8.83 g/t Au, and best trench results of 18m at 3.98 g/t Au (including 3m at 21.96 g/t Au) and 5m at 1.94 g/t Au.

The March 2014 Mineral Resource (JORC Compliant) was updated and upgraded via the introduction of data from subsequent exploration activities carried out up to November 2014. The additional resource is at an Inferred Resource category, but is not yet JORC compliant. The total Mineral Resource is now estimated at 22.0Mt at 0.90 g/t Au for 633,461 contained gold ounces compared with 16.7Mt at 0.92 g/t Au for 495,194 contained gold ounces previously, both at a cut-off grade of 0.2 g/t Au.

Notably, the expansion of Mineral Resource includes a significant portion of material that is expected to be amenable to heap leach processing. As a result, the Company is focusing on the possibility of an open cut heap leach operation at Jibal Qutman as a means of lowering capital requirements and speeding up the potential development timetable, and the possibility that any similar open pit discoveries in the district could be added as modular developments.

Other Licences

The Company reached an important milestone during the period with the granting of the Hawiah EL to KEFI's partner, Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"), on behalf of G&M (60% owned by ARTAR). The 95km² Hawiah EL was one of the higher priority Exploration Licence Applications being processed for ARTAR on behalf of G&M. The unusually large structure exposed at surface at Hawiah is considered by KEFI as analogous to large copper-gold-zinc Volcanogenic Hosted Massive Sulphide ("VHMS") deposits in the Arabian Nubian Shield that also have well-preserved, mature oxidised zones enriched in gold at surface. During the period exploration commenced with an initial focus on a large exposed VHMS target, with testing of a 4km long gold mineralised gossan (surface-exposed iron-rich oxidized portion of the VHMS mineralisation).

In Ethiopia, the Company continued its exploration programme with surface-sampling of the surrounding exploration licences to Tulu Kapi.

Corporate

During the period, the Company conditionally raised gross £4.9 million cash, through a placing of ordinary shares, to fund the works prior to drawdown of development funding for Tulu Kapi. This included Directors of KEFI and certain existing shareholders participating through a three-stage placing of £1.9 million at a placing price of 1p; and a new planned strategic investor, Goldfields Resources Fund, a new sub-fund of Perth Global Funds plc, which committed to invest £3 million at a price range of 1.3p - 2.0p to hold 15.7% of the enlarged share capital of the Company (based on a placing price of 1.3 pence) at the third stage. These shares will be issued at the greater of 1.3p and the VWAP for the 20 trading days immediately prior to the date of allotment, subject to a maximum of 2p per share. The transaction is scheduled to close by 27 February 2015 and will be Goldfields Resources Fund's maiden investment.

The first tranche of the placing (£0.8 million) completed on 2 December 2014 and 80,000,000 new ordinary shares were admitted to trading on AIM on that date. Following the passing of the resolutions at the General Meeting held on 15 December 2014, the second tranche of the placing (£1.1 million) completed, and 110,000,000 new ordinary Shares were admitted to trading on AIM, on 16 December 2014.

The third tranche of the placing is conditional upon, amongst other things, authorisation of Goldfields Resources Fund by the Central Bank of Ireland (which Perth Partners advises has been received); on Perth Global Funds plc having received cleared funds in an amount of not less than £5

million from investors into the Goldfields Resources Fund (which Perth Partners advises is being arranged); and on there being no legal or regulatory provision applicable to the Goldfields Resources Fund (in respect of which the Company is advised that Perth Partners is not aware of any impediment), to Perth Global Funds plc or to Perth Partners LLP which prohibits any of those parties subscribing for new ordinary shares and the admission of the new ordinary shares to trading on AIM becoming effective on or before 8.00 a.m. on 27 February 2015 (or such later date as Fox-Davies Capital Ltd and the Company may agree being not later than 8.00 a.m. on 15 March 2015).

OUTLOOK

KEFI is focused on certain key targets for 2015:

- Tulu Kapi: licensing, community resettlement, team building, further value-enhancement projects, financing, tendering and procurement, and commencing construction
- Jibal Qutman: exploring heap leach feasibility, triggering DFS and licensing
- Advancing exploration programs in Saudi Arabia and Ethiopia to expand the targeted intrinsic value of KEFI as a whole

Further information can be viewed on KEFI's website at www.kefi-minerals.com

KEFI Minerals plc

Harry Anagnostaras-Adams (Executive Chairman)	+357 99457843
Jeffrey Rayner (Exploration Director)	+90 533 928 1913

SP Angel Corporate Finance LLP (Nominated Adviser)

Ewan Leggat, Katy Birkin	+44 20 3470 0470
--------------------------	------------------

Fox-Davies Capital Ltd (Joint Broker)

Oliver Stansfield, Jonathan Evans	+44 207 936 5200
-----------------------------------	------------------

finnCap Ltd (Joint Broker)

Joanna Weaving, Christopher Raggett	+44 207 220 0500
-------------------------------------	------------------

Luther Pendragon (Financial PR)

Harry Chathli, Claire Norbury	+44 207 618 9100
-------------------------------	------------------

COMPETENT PERSONS' STATEMENTS

Ore Reserves

Tulu Kapi

The information in this announcement that relates to Tulu Kapi Ore Reserves is based on information reviewed or work undertaken by Mr Frank Blanchfield, FAusIMM and a full time employee of Snowden Mining Industry Consultants Pty Ltd. Mr Frank Blanchfield has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the preparation of mining studies to qualify as a competent person as defined by the JORC Code (2012).

The scientific and technical information in this report that relates to process metallurgy is based on information reviewed by Mr Sergio Di Giovanni, who is a full-time employee (Project Development Manager) of KEFI Minerals plc. Mr Sergio Di Giovanni is a member of the Australasian Institute of Mining and Metallurgy. Mr Sergio Di Giovanni has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined by the JORC Code (2012).

Mr Sergio Di Giovanni consents to the inclusion in the announcement of the matters related to the metallurgy, in the form and context in which it appears. Mr Blanchfield consents to the inclusion in this report of the matters based on information provided by Snowden and in the form and context in which it appears.

Mineral Resources

Tulu Kapi

The information in this announcement that relates to input data used for the Mineral Resources of Tulu Kapi is based on, and fairly represents, information and supporting documentation – the compilation of which was overseen by Simon Cleghorn, Resource Manager and a full-time employee of KEFI and a Member of The Australasian Institute of Mining and Metallurgy. Simon Cleghorn has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Simon Cleghorn consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The information in this announcement that relates to the interpretation, estimation, classification and reporting of the Mineral Resources of Tulu Kapi is based on, and fairly represents, information and supporting documentation – the compilation of which was reviewed by Lynn Olssen who is a Member of The Australasian Institute of Mining and Metallurgy and a full-time employee of Snowden Mining Industry Consultants Pty Ltd. Lynn Olssen has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which she is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Lynn Olssen consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Jibal Qutman

The March 2014 resources estimate was overseen by Simon Cleghorn, Resource Manager, a full-time employee of KEFI and a Member of The Australasian Institute of Mining and Metallurgy. Jeff Rayner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the ‘Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Simon Cleghorn consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The November 2014 resources update for Jibal Qutman which is not JORC Compliant was overseen by My Jeff Rayner, Exploration Director, a full-time employee of KEFI and a Member of The Australasian Institute of Mining and Metallurgy. Jeff Rayner has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is

undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Jeff Rayner consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

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 2.0Moz (100% of Tulu Kapi's 1.9Moz and 40% of Jibal Qutman's 0.5Moz) Au Mineral Resources (JORC 2012) plus significant resource growth potential. KEFI targets that production at these projects generate cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

KEFI in Ethiopia

The Tulu Kapi gold project in Western Ethiopia is being rapidly progressed towards development. In October 2014, KEFI Minerals reactivated the Mining Licence Application and assembled indicative project finance terms.

The project's planning parameters have been overhauled by KEFI and independently confirmed. A Definitive Feasibility Study is now refining these plans for construction of a 1.2Mtpa processing plant with estimated annual gold production of 86,000 oz at total operating costs of \$626/ounce. Value-engineering studies are also in train to investigate scenarios for further optimisation.

The Company's milestones for Tulu Kapi in 2015 include licencing, resettlement of affected households, arranging project finance in mid-2015 for major works to commence in the final quarter of 2015, which will enable production commissioning to start at the end of 2016.

The Company has received strong support from the Ethiopian authorities, who have confirmed their intention to expedite the processing of the MLA and issue approvals in early 2015.

KEFI in the Kingdom of Saudi Arabia

KEFI has a 40% interest in the G&M and is the operating partner. G&M holds two ELs other than Hawiah and 23 ELAs 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.

In 2009, KEFI formed G&M, with Saudi partner ARTAR, to explore for gold and associated metals in the Arabian Shield. To date, G&M has conducted preliminary regional reconnaissance and had five ELs granted. Three have been relinquished after initial testing.

The Kingdom of Saudi Arabia has instituted policies to encourage minerals exploration and development and KEFI 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.