

15 December 2014

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

EXPLORATION UPDATE ON JIBAL QUTMAN PROJECT IN SAUDI ARABIA

**CIRCA 30% INCREASE ON PREVIOUSLY REPORTED RESOURCE
EXPANSION OF MINERALISED ZONE IDENTIFIES POTENTIAL HEAP LEACH MINE WITH LOWER CAPEX**

KEFI Minerals (AIM: KEFI), an emerging gold miner with projects in the Kingdom of Saudi Arabia and Democratic Republic of Ethiopia, is pleased to announce that, as a result of ongoing exploration, the total Mineral Resource at Jibal Qutman is approximately 30% greater than previous estimates. Additionally, this exploration has identified that a significant portion of the material is expected to be amenable to heap leach gold operation that would result in capex savings and quicker development. KEFI Minerals is the operator for the project under the Company's 40%-owned Gold & Minerals Joint Venture ("G&M").

HIGHLIGHTS

- **On-going drilling and trenching continues to expand the zone of mineralisation on two of the drilled deposits and has 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) has been updated and upgraded via 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 22.0 Mt at 0.90 g/t Au for 633,461 contained gold ounces compared with 16.7 Mt 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.**
- **The expansion of Mineral Resource notably includes a significant portion of material that is expected to be amenable to heap leach processing. Accordingly, the Company is focusing on the possibility of an open cut heap leach operation as a means of lowering capital requirements, speeding up the potential development timetable and the possibility that any similar open pit discoveries in the district could be added as modular developments.**
- **Four additional exploration licence applications (ELAs) have been submitted for around Jibal Qutman due to the now established prospectivity for shallow, small open pitable deposits.**

Jeff Rayner, Exploration Director of KEFI Minerals, commented:

"We are delighted with the 30% increase in Mineral Resource at Jibal Qutman. It is also exciting to discover that a significant portion of material may be suitable for open cut heap leach gold operation. This means that we could advance this project faster and at lower costs. This has encouraged us such that we have submitted four additional exploration licence applications, which opens up the possibility of modular expansion should the rate and style of discovery continue.

"During the coming six months, we aim to establish the feasibility of the Jibal Qutman heap leach project with an enlarged JORC Compliant Mineral Resource."

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

References in this announcement to exploration results, resources, interpretations and prospects 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 reviewed and consented to the inclusion of the material in the form and context in which it appears.

Background: Exploration and Infill Drilling

Positive results have been returned from the ongoing exploration drilling (reverse circulation or "RC" drilling) and trenching campaigns at Jibal Qutman, expanding the known mineralisation to the southeast extension of the South Zone ("SZSE") and along strike at the 4K Hill prospect. Scout drilling and trenching led to the discovery of four new prospects; Pyrite Hill, Old Pit, Red Hill and Silica Hill. The following tables summarises best results:

Hole	From m	To m	Interval m		g/t	Zone
JQRC358	97	109	12.0	@	1.64	SZSE
JQRC363	40	46	6.0	@	0.96	4K
	39	55	16.0	@	0.67	
	69	74	5.0	@	0.90	
JQRC366	107	110	3.0	@	2.44	4K
JQRC369	16	25	9.0	@	0.79	3KHill
	28	32	4.0	@	1.32	
JQRC373	3	7	4.0	@	8.83	SZSE
JQRC374	10	15	5.0	@	1.11	SZSE
	18	20	2.0	@	1.09	
JQRC375	5	8	3.0	@	0.98	Py Hill
JQRC371	23	29	6.0	@	1.78	Red Hill
	33	36	3.0	@	1.38	
	37	45	8.0	@	1.28	
	108	115	7.0	@	1.03	
	117	119	2.0	@	1.33	
JQRC376	32	36	4.0	@	1.31	Silica Hill

Trench and Channels	From m	To m	Interval m		g/t	Zone
JQT168WE	2	20	18.0	@	3.98	Red Hill
Including	15	18	3.0	@	21.96	
JQT246	122	147	25.0	@	0.80	4K Hill
including	138	145	7.0	@	1.59	
JQT268	48	53	5.0	@	1.94	Red Hill
JQT270	23	37	14.0	@	0.80	Old Pit
including	28	35	7.0	@	1.05	
JQC002	17	21	4.0	@	1.86	Red Hill
	25	36	11.0	@	1.37	
including			1.0	@	10.85	
JQC006	17	21	4.0	@	0.99	Red Hill
including			2.0	@	1.45	

At Red Hill, follow up trench sampling identified gold mineralisation related to quartz vein stockwork hosted in carbonate-silica altered serpentinite ("Listwaenites"), exposed along the eastern flank of a 600m long NS trending ridge. Best trench results include 18m at 3.98 g/t Au and 5m at 1.94 g/t Au. Only one RC hole has been drilled to date at Red Hill, returning multiple intercepts including 6m at 1.78 g/t Au, 3m at 1.38 g/t Au, 8m at 1.28 g/t Au, 7m at 1.03 g/t Au and 2m at 1.33 g/t Au. Results for a set of seven, 100m spaced, channels performed across the top of the ridge further extends the mineralisation to the 75m to the west with best results of 11m at 1.36 and 2m at 1.45 g/t Au. Further trenching and RC drilling are in progress in the area.

Structural interpretation led to the discovery of the Old Pit and Pyrite Hill prospects. Both prospects are poorly exposed and continue along strike under thin sand cover. At Old Pit, trenching has exposed ancient workings, trench sampling returning 14m at 0.7 g/t Au (including 7 m at 1.05 g/t Au). Preliminary RC drilling at Pyrite Hill returned 3m at 0.98 g/t Au.

Further drilling and trenching are planned for both areas.

Background: Resource Update

In March 2014, the Company reported a JORC Compliant Resource of 495,194 oz and the resource model was independently verified. The additional resources reported here have been performed internally and are not as yet to JORC reporting compliance, but will be brought to this standard in due course.

The additional resources are classified as Inferred and have been derived from the SZSE and 4K Hill deposits. Mineralisation style is similar to the other Jibal Qutman deposits.

The total JORC and non-JORC Mineral Resource is now 22.0 Mt at 0.90 g/t Au for 633,461 ounces contained gold. At SZSE, 41 shallow RC drill holes were drilled on a 50m x 50m grid over a 650m x 200m area. Mineralisation remains open on all drill sections to the east (down dip direction) and along strike towards the north.

At 4K Hill, 30 shallow RC holes were drilled predominantly on a 50m x 50m grid over a 400m x 100m area and on a contiguous parallel structure (150m x 150m area). Mineralisation is open down dip to the east on all drill sections and also to the north, south and east on the parallel structure.

Geological interpretation and construction of orebody solids constraining mineralised intercepts at a 0.2 g/t grade boundary was carried out in Surpac, block model construction, variography, geostatistics studies and grade estimation was carried out in Datamine. An ordinary kriged and inverse power 2 grade estimate was carried out and final tonnes and grade reported on the kriged estimate from Datamine.

	Zone	Tonnes	Au	ozs
March 2014 Indicated JORC	Main	2,169,070	0.99	69,030
	West	6,531,750	0.89	186,188
	South	2,924,909	0.79	74,073
	3KHill	2,649,290	1.19	101,262
	4K Hill	140,828	1.06	4,785
	Total	14,415,847	0.94	435,338
March 2014 Inferred JORC	Main	557,159	0.78	13,924
	West	555,973	0.85	15,244
	South	482,443	0.6	9,336
	3KHill	675,395	0.94	20,477
	4K Hill	29,328	0.93	875
	Total	2,300,299	0.81	59,856
	Total inferred + indicated	16,716,145	0.92	495,194
November 2014 Inferred Non-JORC	4K Hill	1906949	0.66	34653
	SZSE	3412335	0.94	103614
	Grand total	22,035,429	0.90	633,461

Background: Heap Leach Tests

In January 2013, the Company reported an initial scoping study on the potential for a heap leach operation at Jibal Qutman and subsequently switched the focus over to a cyanide-in-leach ("CIL") approach so as to treat both principal ore types, oxides and sulphides, and due to the presence of organic carbon in parts of the sulphides which significantly reduce gold extraction in a heap leach (HL) approach.

In January 2014, the Company reported high gold recoveries in excess of 90% obtained from initial metallurgical testing (coarse bottle roll tests) from the upper zones of the oxidised mineralisation. Because of this, and the apparent fast leach kinetics of the ore, an additional metallurgical testing program was undertaken to evaluate the amenability of the near-surface oxidised ore to heap leaching.

Following the coarse bottle rolls carried out at ALS, Perth, column leach tests were subsequently carried out at a crush size of minus 12.5 mm on two samples, for leach cycles of 30 days and 35 days, respectively. TR1 returned 83.6% and TR3 returned 75.7% gold recovery. Cyanide consumption was modest and ranged from 2.87 kg/t to 3.83 kg/t. Agglomeration tests indicate that agglomeration would not be required.

In addition to the CIL tests, high gold recoveries (80-90%) were obtained from some pulverised (70 micron) by direct cyanide leach on drill core samples in the sulphide zone. Re-logging of the core showed that these zones contain stringer quartz veins and no carbon and can be a source of lower recovery, HL ore. This quartz stringer zone is estimated to contain 1.5 Mt at 1.0 g/t Au.

This HL scoping study can now be updated to incorporate the initial column leach test work, the current updated oxide resource (7 Mt at 0.95 g/t Au) and cost findings obtained during the completion of a technical study for a CIL operation at Jibal Qutman.

Results of this preliminary internal study show that a 1.5 Mt pa HL operation, using a \$1200 gold price on assumed recoverable mineral resource of 7 Mt of oxide (assuming 80% Au recovery) and 1.5 Mt sulphides (assuming 65% Au recovery) would significantly reduce the previously indicated All-in-Costs of \$1,000/oz, which had been based on a CIL approach, largely by halving (or better) the contemplated initial capex. Combined with the potential for development loans for up to 75% of capex requirements, it may be possible for KEFI to fund its share of the equity portion with under \$5M in equity or other forms of finance.

The Company believes there is excellent potential to discover significant additional oxide resources within the Jibal Qutman Licence and surrounding ELAs.

Additional HL test work is planned from drill core samples in oxide at 0-40m depths and from the stringer quartz vein zones and HL testwork results are expected in Q1 2015.

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.

A Definitive Feasibility Study is evaluating construction of a 1.2 Mtpa processing plant with estimated annual gold production 86,000 oz at total operating costs of \$626/ounce. The planning parameters for the DFS have already been independently confirmed. The Company's milestones for 2015 include licencing, resettlement of affected households, arranging project finance in mid-2015 for major works to commence in the final quarter of 2015 and production commissioning 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 Minerals in the Kingdom of Saudi Arabia

KEFI Minerals has a 40% interest in the G&M and is the operating partner. G&M holds 2 ELs other than Hawiah and 23 ELAs that cover an area of approximately 1,484km². EL's 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 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.