

3 February 2016

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

**TULU KAPI GOLD PROJECT ON TRACK TO COMMENCE PRODUCTION IN 2017
FOLLOWING SELECTION OF PREFERRED BANKS FOR PROJECT FINANCING**

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 the Company has selected its preferred senior secured lenders ("Lenders") for its Tulu Kapi Gold Project in Ethiopia ("Tulu Kapi").

The Lenders, a leading African Mining Bank and a leading African Development Bank, have indicated their non-binding terms for the project finance for Tulu Kapi, which include the following key features:

- Senior secured project loans of US\$60 million, with average tenor of six years;
- Security to be on a first-ranking basis, shared pari passu;
- Gold hedging of 100,000oz (out of total Ore Reserves of 1 million oz);
- Normal conditions precedent, pricing and covenants for facilities of this nature; and
- The balance of capital requirements be sourced from product-linked gold finance and equity capital.

The Directors of KEFI confirm that the project contracting arrangements reported in October 2015, combined with the most recent project cost estimates, aggregate to approximately US\$120 million (excluding financing costs and cost overrun facilities).

Following the completion of the selection of the Lenders, the Company's focus is to:

- Complete FEED ("Front-end Engineering & Design") of fixed-price construction contract as soon as possible;
- Agree insurance and other transaction costs and cost overrun facility;
- Complete agreement, in principle, of product-linked finance terms and formal approvals of all financing syndicate members;
- Obtain approval of legal documentation by National Bank of Ethiopia;
- Determine final piece of equity capital to be provided at project level; and
- Complete syndicate by June 2016.

John Leach, Finance Director of KEFI Minerals, commented:

"KEFI's successful overhaul of Tulu Kapi has rendered it a robust project. The selection of the preferred banks, the backing of the Government of Ethiopia as project partner and the quality of the emerging syndicate of stakeholders serves to reinforce the Board's confidence as we move towards commencing production in 2017."

Enquiries

KEFI Minerals plc

Harry Anagnostaras-Adams (Executive Chairman) +357 99457843
John Leach (Finance Director) +357 99208130

SP Angel Corporate Finance LLP (Nominated Adviser)

Ewan Leggat, Jeff Keating +44 20 3470 0470

Brandon Hill Capital Ltd (Joint Broker)

Oliver Stansfield, Jonathan Evans

+44 20 3463 5000

Beaufort Securities Ltd (Joint Broker)

Elliot Hance

+44 20 7382 8300

Luther Pendragon Ltd (Financial PR)

Harry Chathli, Claire Norbury, Oli Hibberd

+44 207 618 9100

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 1.93Moz (100% of Tulu Kapi's 1.72Moz and 40% of Jibal Qutman's 0.73Moz) gold 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 Minerals in Ethiopia

Since the acquisition by KEFI in December 2013 of 75% (subsequently increased to 100%) of the Tulu Kapi Gold Project ("Tulu Kapi"), the Company has overhauled the project plans:

- Expanded the Indicated Resource by 50%; completely and successfully overhauled the development and operating plan; completed several independent cycles of due diligence on the optimised plans; received full permitting for development and operation; signed a bilateral agreement with the Government of Ethiopia setting out the fiscal regime for life of mine; and installed the project construction management team, project contractors and the lead bank.
- In August 2015, KEFI published the 2015 Definitive Feasibility Study setting out capital requirements at US\$176 million on an owner-operated basis, reduced from US\$289 million estimate of the previous owner.
- Subsequent refinements and the terms of appointment of the project contractors in October 2015 reduced this to a funding requirement of US\$129 million, which has since been the focus of the financing syndicate with a view to striking an appropriate balance between risk-mitigation and equity dilution.
- Tulu Kapi's annual gold production and All-in Sustaining Costs are estimated at c. 115,000oz pa and c. US\$728/oz to US\$755/oz at a gold price range of US\$1,000/oz to US\$1,400/oz, placing it in the most competitive quartile when measured against existing gold producers globally.
- The project now has soundly-based robust economics and significant growth potential beyond the existing Ore Reserves estimate of 15.4Mt at 2.12g/t gold, containing 1.05Moz.
- KEFI is in the midst of assembling the development financing for Tulu Kapi.

KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed Gold & Minerals Ltd ("G&M") in Saudi Arabia with local Saudi partner Abdul Rahman Saad Al-Rashid & Sons Company Ltd ("ARTAR"), to explore for gold and associated metals in the Arabian-Nubian Shield. KEFI has a 40% interest in G&M and is the operating partner. To date, G&M has conducted preliminary regional reconnaissance and has had five exploration licences ("ELs") granted, including Jibal Qutman and the more recently granted Hawiah EL that contains over 6km strike length of outcropping gossans developed on altered and mineralised rocks with all the hallmarks of a copper-gold-zinc VHMS deposit.

At Jibal Qutman, G&M's flagship project, Mineral Resources are estimated to total 28.4Mt at 0.80g/t gold for 733,045 contained ounces. The shallow oxide portion of this resource is being evaluated as a low capital expenditure heap-leach mine development.

ARTAR, on behalf of G&M, holds 24 EL applications 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.

Saudi Arabia has 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.