

17 August 2015

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

**CONTRACTING AND FINANCING ON SCHEDULE
TULU KAPI GOLD PROJECT. ETHIOPIA**

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 report progress on schedule for the appointment of the principal contractors for the Tulu Kapi Gold Project.

Recent milestones include the following:

- The recently overhauled Definitive Feasibility Study ("2015 DFS") has been reviewed by the Independent Technical Consultants ("ITC") to the short-listed senior secured financiers, their advice taken into account and the report signed off by KEFI Directors.
- Short-listed candidates for the Mining Contractor and for the Plant Construction Engineering, Procurement and Construction Management ("EPCM") Contractor have submitted their bids. KEFI's contracting team is now refining and confirming the contracting terms and selecting the preferred contractors.
- Based on the 2015 DFS adjusted for contract-mining (but not yet refined for final bid terms), cash flow projections indicate All-in Sustaining Costs of \$779/oz - the lowest quartile of gold producers globally. The Net Present Value of the project at the start of construction is \$120 million and at the start of production in 2017 is \$180 million (£80 million and £120 million respectively, assuming \$1,250/oz long term gold price, mainly debt-style funding and discounting projected after tax cash flows at 8%).
- The project planning team has now moved its focus onto finalising contractor terms and also onto opportunities to further reduce peak capital requirements from the 2015 DFS estimate of \$130 million. We expect to reduce it to below \$120 million depending on final contracting terms agreed with preferred contractors, detailed engineering, procurement of plant and the extent, if any, of Government funding of infrastructure to be constructed within the public domain. KEFI will keep shareholders informed as material steps are concluded in finalising the capital requirements.
- KEFI's project finance advisory team is now engaging with short-listed financiers to optimise the funding mix and terms between the financiers, the contractors and the Ethiopian Government. To ensure robust planning in the short-term market environment, financing scenarios are being stress-tested at gold spot prices down to \$850/oz. KEFI's confidence as regards project economics vis a vis the future gold price is also reinforced by the gold price outlook in Ethiopia Brr ("ETB"), which has increased from ETB16,800/oz five years ago to 22,600/oz at present.
- The full 2015 DFS will be uploaded to the Company's website www.kefi-minerals.com, as will a presentation summarising KEFI's options to finance the development of Tulu Kapi.

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

"KEFI is moving forward according to the plan as agreed with the Government of Ethiopia and as laid in the past out to our shareholders.

“We appreciate the considered and punctual responses received from short-listed project contractors, will soon make our selections thereof and then move onto optimising the financing structure with the preferred contractors, the Government of Ethiopia and, of course, the short-listed financiers.”

ENQUIRIES

KEFI Minerals plc

Harry Anagnostaras-Adams (Executive Chairman) +357 99457843

SP Angel Corporate Finance LLP (Nominated Adviser)

Ewan Leggat, Katy Birkin +44 20 3470 0470

Brandon Hill Capital Ltd (Joint Broker)

Oliver Stansfield, Alex Walker, Jonathan Evans +44 207 936 5200

Beaufort Securities Ltd (Joint Broker)

Elliot Hance +44 20 7382 8300

Luther Pendragon Ltd (Financial PR)

Harry Chathli, Claire Norbury, Oliver Hibberd +44 207 618 9100

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

EXPLANATORY COMMENTS ON 2015 DFS

The Tulu Kapi 2015 DFS is based on a conventional open-pit mining operation and a 1.2Mtpa carbon-in-leach (“CIL”) processing plant, with gold recoveries averaging 91.5%.

The review of the 2015 DFS by the Independent Technical Consultants to the financiers resulted in relatively minor adjustments to the numbers published in KEFI’s announcement dated 24 June 2015.

Utilising semi-selective mining techniques, it is planned to process ore mined above 0.9g/t gold and stockpile ore mined between 0.5g/t gold and 0.9g/t gold. Based on this mining approach, the following key mining and financial parameters for Tulu Kapi were estimated in the 2015 DFS:

	Initial 10 Years (excluding low-grade stock)	13-year LOM (including low-grade stock)
Waste:ore ratio	9.9:1.0	7.4:1.0
Total ore processed	12.0Mt	15.4Mt
Average head grade	2.5g/t gold	2.1g/t gold
Total gold production	888,000 ounces	961,000 ounces
Cash Operating Costs	US\$645/oz	US\$653/oz
All-in Sustaining Costs	US\$755/oz	US\$779/oz
All-in Costs (including initial capex)	US\$892/oz	US\$906/oz

The table below provides the key components of initial capital costs and is based on contract mining and building an all-new processing plant. The estimated peak funding requirement is US\$129.6 million.

	US\$ millions
Mining Pre-strip	10.6
Processing	72.3
Infrastructure	17.8
Tailings Storage Facility (TSF)	8.2
Indirects (EPCM, etc)	10.8
Relocation / Resettlement	7.8
Owners Cost	7.6
Sub-total Initial Capital Costs	135.1
Initial 6 Months Operating Cashflow	-11.6
Working Capital	6.1
Peak Funding Requirement	129.6

The above the mining pre-strip costs and infrastructure construction costs are inclusive of a targeted US\$10 million contribution from the mining contractor. Contingency provisions aggregate to approximately 10%.

The contract-mining financial metrics tabulated below are stated on an after-tax basis:

	Unleveraged	Leveraged
IRR	27%	37%
NPV (0%)	US\$262M	US\$238M
NPV at start construction 2015 (8% real discount rate)	US\$125M	US\$120M
NPV at start production 2017 (8% real discount rate)	US\$266M	US\$180M
Payback	2.5 years	4.0 years
Average Operating cash flow before depreciation, financing charges and tax (first ten years)	US\$45M p.a.	US\$44M p.a.

The above scenarios are at a US\$1,250/ounce gold price and assume contract mining and building an all-new processing plant. The leveraged scenario is based on the targeted US\$100 million of secured debt-based finance.

The sensitivity of the after-tax NPV (at an 8% real discount rate) to key parameters is tabulated below:

	-10% (US\$M)	Base Case (US\$M)	+10% (US\$M)
Gold Price	71	125	178
Capital Expenditure	135	125	114
Operating Costs	155	125	94

An updated Tulu Kapi Ore Reserve estimate totaling 15.4 million tonnes at 2.12g/t gold, containing 1.05 million ounces was released in April 2015.

JORC (2012) Reserve category	Cut-off (g/t Au)	Tonnes (million)	Gold (g/t)	Ounces (million)
Probable - High grade	0.90	12.0	2.52	0.98
Probable - Low grade	0.50 - 0.90	3.3	0.73	0.08
Total		15.4	2.12	1.05

Note: Mineral Resources are inclusive of Ore Reserves. All numbers are reported to three significant figures. Small discrepancies may occur due to the effects of rounding.

Further information on this Ore Reserve is available in the KEFI announcement dated 22 April 2015.

This Ore Reserve estimate is based on the Indicated Resource above 1,400m RL and reflects KEFI's envisaged semi-selective mining strategy that will utilise an elevated cut-off grade. Ore at a cut-off of between 0.50g/t and 0.90g/t gold is planned to be stockpiled and then processed in the final three years of the project, resulting in a project life of 13 years for the 2015 DFS.

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) 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.

Expected milestones for the remainder of 2015 at Tulu Kapi include:

- Formalisation of senior secured financing, agreement of final terms for project finance
- Full development funding and commencement of construction

In addition, during 2015 KEFI anticipates submitting a Mining Licence Application for Jibal Qutman in Saudi Arabia through its joint venture company, Gold & Minerals Ltd ("G&M").

KEFI Minerals in Ethiopia

The Tulu Kapi gold project in Western Ethiopia is being rapidly progressed towards development with the Mining Licence being granted in April 2015.

KEFI's Definitive Feasibility Study evaluated an open-pit mining operation and construction of a 1.2Mtpa processing plant at Tulu Kapi. Estimated annual gold production is 80-90,000oz per annum and All-in Sustaining Costs (including operating, sustaining capital and closure) are c. US\$779/oz (excluding initial investment). The Company's milestones for this year include arranging project finance in Q3 2015 and major works to commence in Q4 2015, with a view to commissioning at the end of 2016.

KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed 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 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 ("EL") granted, including Jibal Qutman and the recently granted Hawiah exploration licence that contains over 6km strike length of outcropping gossans developed on VMS altered and mineralised rocks.

At Jibal Qutman, G&M's flagship project, the total Indicated and Inferred category Mineral Resources, JORC (2012) compliant, are now estimated at 28.4Mt at 0.80g/t Au for 733,045

contained gold ounces compared with 22.0Mt at 0.90g/t Au for 633,461 contained gold ounces previously estimated in March 2014, both at a cut-off grade of 0.2g/t Au.

ARTAR, on behalf of G&M, holds 24 exploration licence 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.

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.