

29 February 2016

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

**TULU KAPI GOLD PROJECT ON TRACK
FOR DEVELOPMENT FINANCING MID-2016 AND PRODUCTION END-2017**

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 provide the following progress report for its Tulu Kapi Gold Project in Ethiopia ("Tulu Kapi"), which remains on track for financing mid-2016 and production end-2017.

Operational Progress:

- FEED (Front-End Engineering and Design) has been delivered on schedule, this month, by the Engineering, Procurement and Construction contractor (via a fixed-price, lump-sum arrangement).
- KEFI's expanded Social Performance Team has refined the plans for livelihood restoration of community members to be resettled and for the community development foundation. The Company now also plans to build an airstrip, which will provide advantages operationally for KEFI and for the community.
- KEFI has significantly expanded the proposed exploration activity to occur in the vicinity of the planned Tulu Kapi ore processing facility, with the aim of increasing production and extending project life by expanding Ore Reserves.

Finance Plan and Syndication:

- Capital estimate remains at c. US\$120 million (including working capital) and c. US\$130 million after adding transaction, financing and insurance costs.
- All targeted syndicate members are engaging along the foreshadowed lines as follows:
 - US\$60 million senior secured debt with average tenor of 6 years
 - US\$30 million equity, either already invested or to be invested for project level equity
 - The balance of capital requirements to be sourced from product-linked gold finance plus a 100,000oz hedge facility (from Ore Reserves of 1Moz) and cost-overrun facilities
 - Final specifics will need to cater for the gold price prevailing in mid-2016, which is presently higher than what was prevailing when the syndicate's plan was first designed
- KEFI has advised all planned financiers of their preferred status and role within the base case financing syndicate. However, whilst due diligence continues, alternative proposals will remain under consideration. Formal syndicate commitment is scheduled for mid-2016 and debt drawdown towards the end of 2016.
- Stress testing of the financial projections re-affirm robust cash flows for coverage of all planned commitments. The focus is now on refinement and independent review of cost-overrun facilities designed to complement the proposed terms of engagement with the project contractors.
- The project equity contributions are to be made prior to debt drawdown towards the end of 2016:

- More than US\$60 million of equity capital will have been invested before debt drawdown from the financing syndicate, including more than US\$5 million of the start-up capital estimate of US\$130 million that will have been spent during 2016.
- Legal documentation is being prepared with the Government of Ethiopia for a proposed US\$20 million project equity investment.
- KEFI maintains dialogue with parties interested in equity investment at the project level as well as with the Company's major shareholders.
- Directors intend to present the finalised plan to shareholders for approval at the Company's Annual General Meeting, which is expected to be held in June.

John Leach, Finance Director of KEFI Minerals, commented:

“We are pleased that we remain on track to complete financing in mid-2016, which will be transformational for the Company, and commence production at the end of 2017. The assembly of an international financing syndicate always requires intense activity, which is especially challenging in the prevailing weak capital market conditions for the mining sector. It is, therefore, gratifying that we continue to progress with the syndicate that we had targeted from the outset – all leaders in their field. This is a testament to the excellent work completed by our team and contractors, which has transformed Tulu Kapi into a robust project, and also to the commitment demonstrated by the Government of Ethiopia to the development of the mining sector – commencing with Tulu Kapi as the first international-financed mine development project. As such, the fundamentals of the project remain strong, and we look forward to generating value for all shareholders and other stakeholders.”

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 the 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 c. US\$130 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\$729/oz to US\$757/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.