

9 September 2015

KEFI Minerals plc
(“KEFI” or the “Company”)

UPDATE ON TULU KAPI GOLD PROJECT FINANCING
PEAK FUNDING REQUIREMENT REDUCED
APPROVED FUNDING PLAN FOR EQUITY CAPITAL FOR DEVELOPMENT
TO BE RAISED AT PROJECT LEVEL

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 that the Board of KEFI has approved the development funding plan for Tulu Kapi Gold Project, which includes equity capital for development to be raised at project level, rather than at the London-listed PLC level, to minimise value dilution for Company shareholders. In addition the approved plan has reduced the estimated peak funding requirement.

KEFI’s discussions with the shortlisted construction contractors, including further opportunities for value-engineering, has yielded potential reductions in the peak funding requirement from the US\$130 million estimated in the 2015 Definitive Feasibility Study (“2015 DFS”) to US\$120 million as had previously been foreshadowed. This is despite the planned gold production being increased to an average of c. 100,000 oz per annum, as announced on 7 September 2015.

Debt-style funding facilities may be up to US\$100 million via a senior secured syndicate arrangement. A portion of these facilities is likely to have a tenor greater than the eight years proposed by conventional project finance banks, which is considered prudent due to volatility in markets generally.

Planned contractor and financier commitment levels have been incorporated into estimated project cash flows. The remaining equity investment to develop Tulu Kapi is estimated to be c. US\$20 million (in addition to the equity of US\$65 million invested in the past). KEFI plans to source this capital as minority equity investment in the project subsidiary, to be priced at a valuation based on Tulu Kapi’s Net Present Value, which is c. US\$90 million at current gold prices. The Company is in advanced discussions with several interested parties, including the Government of Ethiopia.

Formalisation of this funding plan, which requires multi-party agreement of detailed documentation with the mine contractor, construction contractor, financiers and the Government of Ethiopia, is scheduled for Q4 2015. KEFI and the Government have already formalised many of the principal terms within the detailed Mining Agreement executed in April 2015, which reflected the key outcomes of the preliminary negotiations to that point with contractors and financiers.

Harry Anagnostaras-Adams, Executive Chairman of KEFI, commented: “KEFI has, in the two years since acquiring Tulu Kapi, overhauled all project development plans and permitted the development of Tulu Kapi. Significantly, project development funding has been more than halved to US\$120 million. KEFI is continuing to move forward according to the plan as agreed with the Government of Ethiopia and as laid out in the past to our shareholders. We look forward to updating shareholders upon the finalisation of funding and the commencement of construction by year end.”

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

BACKGROUND

Capital Expenditure

Extensive drilling and evaluation work has been undertaken on Tulu Kapi with approximately US\$65 million having been invested to date, mostly by a previous owner of the asset. This work culminated in the recently-released 2015 DFS. The full 2015 DFS is available at:

http://www.kefi-minerals.com/files/files/2015_TK_DFS_Complete_Final_Web.pdf.

The capital expenditure required to develop Tulu Kapi, based on an owner mining approach, is estimated to total US\$176 million. However, KEFI plans to take a contract mining approach, which reduced the estimated capital expenditure to US\$141 million as noted in the 2015 DFS. Taking into account timing of payments and the initial six months of operating cash flow, the peak funding requirement was estimated to be US\$130 million.

Peak Funding Requirement

The discussions with the construction contractors, along with some concurrent value-engineering, has yielded the following potential reductions in the peak funding requirement estimated in the 2015 DFS:

| | US\$ million (approximate) | |
|---|---------------------------------------|---|
| Peak funding requirement for a 1.2Mtpa processing plant | 130 | Per 2015 DFS, assuming contract mining |
| Less: savings identified during the bidding process | 10 | Net savings after capital required to expand processing plant |
| Peak funding requirement for a 1.5Mtpa processing plant | 120 | Being refined with contractors |

The combined effect of these items is that KEFI has reduced the estimated peak capital requirement to c. US\$120 million.

Debt-Style Funding

KEFI is considering two alternatives for debt-style funding: commercial bank debt or a mixture of commercial bank debt and a development bank or gold streaming facility

The term for a conventional commercial project finance loan would be up to eight years, including two years for construction and commissioning. The term would be longer for that portion arranged as a

development bank loan or a gold-stream facility. A “gold-stream facility” would allocate to the lender a percentage of gold production at a fixed gold price in exchange for an advance payment to fund construction.

Minority Equity Investment in the Project Subsidiary

The project subsidiary is wholly-owned by KEFI Minerals plc and the Government of Ethiopia is entitled to a 5% free carry. Several parties are considering an equity investment of US\$20-25 million in the project subsidiary.

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.

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

- Formalisation of project contracting, senior secured financing and equity funding
- Full development funding and commencement of construction

In addition, during 2015 KEFI anticipates that through its joint venture company in Saudi Arabia, Gold & Minerals Ltd (“G&M”), it will commence drilling at new licence Hawiah and assemble a Mining Licence Application for its discovery at Jibal Qutman in Saudi Arabia

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 was then completed and the Company is now refining contractual terms for project construction and operation. Latest estimates for annual gold production are c. 100,000 oz pa for a 10-year period and for All-in Sustaining Costs (including operating, sustaining capital and closure) are c. US\$760/oz (excluding initial investment). Tulu Kapi’s Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05 million ounces.

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-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 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.

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.