

AIM: KEFI

6 March 2014

KEFI Minerals Plc

(“KEFI” or the “Company”)

SAUDI ARABIAN EXPLORATION AND DEVELOPMENT UPDATE

UPGRADED JORC RESOURCE AT JIBAL QUTMAN PROJECT

KEFI Minerals, the AIM-quoted gold and copper exploration and development company with projects in the Kingdom of Saudi Arabia and Ethiopia, is pleased to announce a further update from the Jibal Qutman Project in Saudi Arabia. KEFI Minerals is the operator for the project under the Company’s 40%-owned Gold & Minerals Joint Venture (“G&M”).

HIGHLIGHTS

- A JORC-compliant total resource of **495,194oz Au (16.7Mt at 0.92g/t Au)** has now been calculated, a re-validation and an increase over the previously reported total resource of 480,000oz Au, with a material reclassification from the “Inferred” category to the “Indicated”.
- The Indicated Resource now stands at 14.4Mt at 0.94g/t Au for 435,000oz Au (from 383,000oz Au at 0.87g/t Au) and 2.3Mt at 0.81g/t Au in the Inferred category for 60,000 oz Au.
- Importantly, on-going drilling continues to expand the zone of mineralisation on three deposits at Jibal Qutman with best RC drill results of 17m at 1.92g/t Au (including 7m at 3.53g/t Au), 16m at 1.24g/t Au (including 6m at 2.35g/t), 18m at 1.07g/t Au and 7m at 1.33g/t Au.
- An independent verification of G&M's resource model was performed by AMC Consultants Pty Ltd. The total tonnes and grade were confirmed using the same resource criteria applied by G&M to the Jibal Qutman deposits, which reaffirms the basis of resource estimation as well the calculations thereof.
- The Pre-feasibility Study at Jibal Qutman is on schedule to be completed by the end of March 2014 for review and discussion with the regulatory authorities in respect of the intended application for a Mining Licence.

Jeff Rayner, Managing Director of KEFI Minerals, commented:

“We are delighted with the results of the upgraded JORC resource estimation at the Jibal Qutman Project and an Independent Consultant's confirmation of the tonnes and grade of the prospect. In essence, we are now reporting more ounces from fewer tonnes at a higher grade, with higher levels of confidence from within an expanding zone of mineralisation. Open pit optimisation studies are also producing encouraging results and we are on schedule to complete the PFS this quarter.

“In Ethiopia, we are in the process of completing a new JORC Resource estimate at Tulu Kapi, which is being similarly independently reviewed, and an appropriate update will be issued to shareholders later in this quarter. We very much look forward to reporting on the progress from our projects in both Saudi Arabia and Ethiopia and continue to be excited about the year ahead.”

JIBAL QUTMAN PROJECT

Resource Update

A digital resource model for the Jibal Qutman project has been calculated using Surpac and Datamine mining software packages. All sample results generated for the project from inception to 27 January 2014 were used in calculating the latest resource model but there remains a back log of over 1,300 samples in the laboratory awaiting final assay.

Geological interpretation and construction of ore body wireframe modelling was carried out in Surpac constraining mineralised intercepts at a 0.2g/t Au grade boundary. Block model construction, variography, geostatistics studies and grade estimation was carried out in Datamine. An ordinary kriged and an inverse distance to the power of 2 (ID2) check estimate was carried out. Final tonnes and grade is reported on the kriged estimate from Datamine.

The resource classification for the Jibal Qutman deposit is categorised in accordance with the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves [JORC Code (2012)].

The updated Resource is now 16.7Mt at 0.92g/t Au for 495,000oz Au:

- 14.4Mt at 0.94g/t Au for 435,000oz Au in the Indicated category and
- 2.3Mt at 0.81g/t Au in the Inferred Category for 60,000oz Au.

The Resource categories of the individual zones are tabled below:

	Zone	Volume	Tonnes	Au	grams	oz
Indicated	Main	818,517	2,169,070	0.99	2,147,079	69,030
	West	2,464,811	6,531,750	0.89	5,791,088	186,188
	South	1,103,739	2,924,909	0.79	2,303,940	74,073
	3KHill	999,732	2,649,290	1.19	3,149,592	101,262
	4K Hill	53,143	140,828	1.06	148,827	4,785
	Total	5,439,942	14,415,847	0.94	13,540,526	435,338
Inferred	Main	210,249	557,159	0.78	433,099	13,924

	West	209,801	555,973	0.85	474,128	15,244
	South	182,054	482,443	0.60	290,377	9,336
	3KHill	254,866	675,395	0.94	636,893	20,477
	4K Hill	11,067	29,328	0.93	27,226	875

Total	868,037	2,300,299	0.81	1,861,722	59,856
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Grand Total	6,307,979	16,716,145	0.92	15,402,248	495,194
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This compares with the last resource update on 28 November 2013 totalling 7.7Mt at 0.84g/t Au for 484,000oz Au and comprised of:

- 13.6Mt at 0.87g/t Au for 383,000oz Au of Indicated Resource, and
- 4Mt at 0.74g/t Au for 97,500oz Au of Inferred Resource.

The drill results incorporated into the new Mineral Resource were mainly from infill drilling at the West, Main, South and 3K Hill Zones. These results allowed confirmation of the general size and shape of the mineralisation and resulted in the upgrade of 52,000oz of previously Inferred Resource at a slightly higher grade with fewer tonnes, to an Indicated Resource category.

Mineralisation has been intersected in wide spaced RC drill holes up to 300m to the south of 3K Hill. This area is masked by a thin cover of sand (1m thick) and there is potential for the mineralised structure to continue southwards for 2km towards the Main and West Zones.

Encouraging assay results are to hand from limited RC drilling at the 4K Hill prospect.

AMC Independent Resource Review

AMC Consultants Pty Ltd (AMC) was contracted to verify G&M's updated Jibal Qutman Mineral Resource model for estimated tonnes and grade and to review various aspects of the Mineral Resource estimation method. It is important to note that AMC was not contracted to sign off as the Competent Person (CP). CP sign off would require a more comprehensive and lengthy review of all sampling, assay and geostatistical procedures which G&M will commit to in an independent review at a later date, when all known economic mineralisation is closed off and a final resource model completed.

AMC has completed this review and submitted a draft report that confirmed the tonnes and grade of the G&M resource model, reported at a 0.2g/t Au cut-off.

AMC's review was based on data provided by G&M, including, drill hole database, geological interpretation, wireframes for the mineralised interpretation, natural topography interpretation, bulk density data, assay composites, variography and block models. AMC has not undertaken an assessment of data collection and QA/QC monitoring procedures.

AMC is currently conducting "an open pit optimisation" study, and capex and opex estimation for mining costs at Jibal Qutman. The economic gold cut-off selected for the pit optimisation study is 0.3g/t Au.

AMC reported the G&M Mineral Resource at a 0.5g/t Au cut off as follows:

Category	Tonnes (t)	Grade (g/t Au)	Contained metal Au oz
Indicated	10,052,045	1.18	381,740
Inferred	1,974,541	0.87	55,477
Total	12,026,585	1.13	437,188

G&M considers this estimate to be a positive result, showing that the Jibal Qutman mineralisation is robust, with 88% of the total resource at a 0.2g/t Au cut off grade reporting to within a higher economic cut off of 0.5g/t Au.

AMC commented:

- While the interpretation of the mineralisation is generally reasonable, the interpretation should be revised to finesse the extent of the mineralisation and to ensure use of an appropriate lower cut-off grade and mineralisation boundary;
- The global bulk density of 2.65t/m³ assigned to the block model may be considered conservative when compared with the average bulk density values measured on 40 G&M core samples. AMC suggests integrating the measurements done up to now with more measurements to refine the model;
- 1m compositing, used by G&M was considered appropriate, and therefore used by AMC in its review.

Among AMC recommendations:

- The mineralisation interpretation should be updated to incorporate new drilling upon receipt of logging information and assays results, and the model of oxidation state should be included;
- In order to demonstrate grade continuity and increase the confidence in the mineral resource, further drilling should be undertaken in areas of broader spaced data. G&M note that AMC is in agreement with G&M's in-house estimate of volume and grade, as estimated using G&M's parameters, which was the main goal of the scope of work. G&M notes also that the bulk density model is conservative. The adoption of AMC's suggestions, to be fulfilled during the DFS stage in due course, together with the results of the additional drilling in progress, will help to improve the Mineral Resource model and understanding of the deposit at Jibal Qutman.

Exploration and Infill Drilling

Positive results have been returned from the ongoing exploration RC drilling campaign at Jibal Qutman, expanding the mineralisation in four drilled zones: Main Zone, 3K Hill, 4K Hill and the SSE extension of the South Zone. The following table summarises grade and length of mineralised intervals:

Hole	From m	To m	Interval m	Au g/t	Zone
JQRC220	30	33	3	2.04	S. Zone extension
	34	49	15	0.64	
JQRC221	82	85	3	1.73	M. Zone
	95	98	3	4.15	
JQRC223	63	67	4	2.45	M.Zone
JQRC229	11	28	17	1.92	3K Hill
Including	14	21	7	3.53	
JQRC230	83	93	10	1.78	3K Hill

JQRC237	6	22	16	1.24	3K Hill
Including	6	12	6	2.35	
JQRC238	27	33	6	2.18	3K Hill
JQRC240	98	120	22	1.15	3K Hill
including	109	112	3	2.87	
JQRC242	8	23	15	1.08	4K Hill
including	20	23	3	4.04	
JQRC241	33	36	3	1.14	S. Zone extension
JQRC243	21	39	18	1.07	S. Zone extension
	54	56	2	1.01	
	70	72	2	1.90	
JQRC245	36	43	7	1.33	4K Hill
JQRC246	33	39	6	1.15	4K Hill
	41	46	5	1.11	

Drilling in the south zone has shown that mineralisation extends, hidden under a thin scree cover, for more than 200m to the SSE, and is still open. Hole JQRC220 returned 3m at 2.04g/t Au, and 15m at 0.64g/t Au at shallow depths; JQRC241 returned 3m 1.14g/t Au, and JQRC243 returned multiple mineralised intervals as 18m at 1.07g/t Au, 2m at 1.01g/t Au and 2m at 1.90g/t Au. The mineralised intervals in drill holes shows the same features typical of the South Zone, and are in continuity, even if offset to the East, with the main portion of the South Zone.

At 4K Hill a total of 19 additional RC shallow holes were drilled on a 50x50 grid. Drilling allowed to visually recognise mineralisation at shallow depth in more than 10 holes, extending the alteration halo for 150 m to the south. Results for three RC holes were received from previous announcement, some of them showing multiple mineralised intervals. Results confirm the interpretation of a set of east dipping mineralised quartz/stockwork bodies, with hole JQRC242 returning 15m at 1.08g/t Au (including 3m at 4.04g/t Au), JQRC245 returning 7m at 1.33g/t Au, JQRC246 returning 6m at 1.15g/t Au and 5m at 1.11g/t Au. All mineralised intervals are at shallow depths. Drilling has been temporarily halted at 4K Hill pending receipt of all results.

A significant backlog in assay turnaround, with more than 1,300 RC drill results awaited, is unfortunately causing significant delay in updating the resource estimation.

Enquiries

KEFI Minerals Plc

Jeffrey Rayner +90 533 928 1913

Fox-Davies Capital

Simon Leathers +44 203 463 5022

Bishopsgate Communications

Nick Rome/Anna Michniewicz +44 207 107 1890

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

Further information on KEFI is available at www.kefi-minerals.com

KEFI Minerals in the Kingdom of Saudi Arabia



In 2009, KEFI formed the Gold and Minerals Joint Venture (“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. To date, the G&M has conducted preliminary regional reconnaissance and lodged 23 Exploration Licence Applications (ELAs), of which 4 have been granted.

The ELAs were initially applied for and granted to ARTAR. Incorporation of G&M has been completed and any granted Licences will be transferred into G&M in due course.

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.

KEFI in Ethiopia

KEFI Minerals has acquired 75% of Tulu Kapi licence in western Ethiopia and intends to refine the development plan for the project, aimed at reducing the previously planned capital and operating expenditure. Early research has yielded encouraging results and was summarised in recent announcements in respect of the Tulu Kapi acquisition transaction.

The Company is now positioned as an operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 1.6Moz of JORC-compliant mineral resource plus significant resource growth potential. By 2017, the aggregate estimated production at these projects attributable to KEFI Minerals could exceed 80Kozpa Au, generating cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

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