

7 June 2016

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

**LYCOPODIUM APPOINTED PREFERRED EPC CONTRACTOR  
FOR PROCESS PLANT CONSTRUCTION AND START-UP OPERATIONAL SUPPORT**

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, announces that the previously preferred Engineering, Procurement and Construction ("EPC") contractor has been replaced with market-leader Lycopodium Ltd resulting in better proposed financial terms and an unchanged timetable.

Mr Harry Anagnostaras-Adams, Executive Chairman, said: "The Board is always mindful of costs and continues to look for every opportunity to de-risk the Tulu Kapi project whilst keeping the project on track. We are fortunate that Lycopodium's proposal not only makes the financial terms better but they have committed to adhere to the current timetable. They have an excellent track record in building gold plants in Africa and their appointment is welcomed by the other syndicate members."

Lycopodium is the clear market leader for taking this project to the next stage, with a track record of success in building gold plants in many African countries for over 20 years, and also in its home country, Australia, and elsewhere. Its terms of engagement as the preferred EPC contractor are reflected within KEFI's most recently reported cost estimates for construction of the processing facilities (see announcement of 2 June 2016). Lycopodium has started work, within the previously-outlined project timetable, and is on track for construction to start Q4-16.

It is KEFI's and Lycopodium's intention that Lycopodium become a shareholder in the Company alongside Ausdrill Ltd, which is the mining contractor through its subsidiary African Mining Services. Subject to full legal documentation and completion of the finance syndication, both of these major project contractors would then stand with significant shareholdings in KEFI of under 10% each. Lycopodium has granted KEFI the discretion to pay for the first US\$2.5 million of its programme of works in KEFI shares, at market price.

**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, Alex Walker, Jonathan Evans +44 20 7936 5200

**Beaufort Securities Ltd (Joint Broker)**

Elliot Hance +44 20 7382 8300

**Luther Pendragon Ltd (Financial PR)**

Harry Chathli, Claire Norbury, Ana Ribeiro +44 20 7618 9100

Further information can be viewed on KEFI's website at [www.kefi-minerals.com](http://www.kefi-minerals.com)

## **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 generates cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

### **KEFI Minerals in Ethiopia**

The Tulu Kapi gold project in Western Ethiopia is being rapidly progressed towards development, with the Mining Licence 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. 100,000oz pa for a 10-year period and All-in Sustaining Costs (including operating, sustaining capital and closure) of approximately US\$724/oz to US\$752/oz at a gold price range of US\$1,000/oz to US\$1,400/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05Moz. The eight core production years of the open pit are estimated to yield an average of 115,000oz pa.

All aspects of the Tulu Kapi (open pit) gold project have been reported in compliance with the JORC Code (2012) and subjected to reviews by appropriate independent experts. These plans now also reflect the agreed construction and operating terms with project contractors, and have been independently reviewed by experts appointed for the project finance syndicate.

A Preliminary Economic Assessment has been published that indicates the economic attractiveness of mining the underground deposit adjacent to the Tulu Kapi open pit, after the start-up of the open pit and after positive cash flows have begun to repay project debts.

At a gold price of US\$1,250/oz, the projected cash flows indicate a cash build-up in the first three production years of US\$173 million, which would be sufficient to repay all project debts, fund the development of the underground mine and commence paying dividends to shareholders.

### **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 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 23 EL applications that cover an area of approximately 1,303km<sup>2</sup>. 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.