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**13 October 2015**

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

**TULU KAPI GOLD PROJECT UPDATE  
APPOINTMENT OF PREFERRED PLANT CONTRACTOR**

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 announce the appointment of Sedgman Limited ([www.sedgman.com](http://www.sedgman.com)) as the preferred contractor for Plant Construction & Start-up for its Tulu Kapi Gold Project in Ethiopia.

**Preferred Plant Construction and Start-Up Contractor**

Sedgman is an industry specialist, based in Australia, with strong African operations and a successful track record. The principal terms and consequences of this appointment are set out below, which are subject to full detailed documentation.

Scope of work under the proposed contractual arrangements will cover:

- detailed equipment specification and procurement – with a Front End Engineering Design ("FEED") stage to commence this quarter;
- construction to occur under a fixed-price lump sum contract (Engineering, Procurement and Construction);
- start-up management;
- estimated cost of c. US\$63 million for 1.5-1.7 million tonnes per annum depending on ore-type from year to year to be refined during the FEED stage; and
- performance guarantees:
  - to remain in place until the end the first year of production; and
  - to ensure successful start-up before the final contractual retention sums are paid by KEFI.

This compares favourably with the previous estimate, in the Definitive Feasibility Study ("2015 DFS"), of a total cost of US\$61 million for a 1.2 million tonne per annum plant. The 2015 DFS also did not anticipate a fixed-price lump sum contract for construction with performance guarantees.

**Project Economics and Next Steps**

Based on the proposal from Sedgman, expected production in the first five years has been increased to an average of 105,000oz per annum.

The consequence of the planned project contractors' arrangements is that KEFI's peak funding requirement remains at c. US\$120 million (plus provisions for cost-overruns and finance charges). The planned sources of funds remain unchanged, being a combination of debt and gold streaming finance of US\$100 million together with project-level equity of \$20 million from the Government of Ethiopia.

The Company anticipates the next steps for the project to comprise the following:

- commence the "FEED stage" of plant planning, involving detailed engineering and procurements;

- procurement planning will allow potential involvement of the Government export credit agencies of Australia and South Africa, to help minimise financing costs and risks;
- appoint the contractor for Mine Establishment and Operation;
- update the debt-financiers' independent technical experts for debt-providers' formal credit approvals;
- complete legal documentation for approval by all syndicate members, including Government of Ethiopia; and
- during 2016, KEFI will initiate drill-out of potential satellite deposits to identify any opportunities to further expand production. KEFI has already revised its plans to lift production from the initially contemplated c. 80,000oz per annum to c. 105,000oz per annum.

**Wayne Nicoletto, Chief Operating Officer of KEFI Minerals, commented:** “The intense competition during the contract tendering process, culminating in today’s appointment of Sedgman as preferred contactor for the plant, demonstrates the industry’s recognition of the potential of Tulu Kapi and of its successful overhaul by KEFI.”

**Harry Anagnostaras-Adams, Executive Chairman of KEFI Minerals, added:** “The project has robust economics and the support of major industry players. Our finance team can now move on to finalising the financing package and syndicate for Government approval, and progress towards the construction phase.”

## ENQUIRIES

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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 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;
- Formalised development funding and commencement of site activities.

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. 100,000oz 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 1,484km<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.