

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised pursuant to the Financial Services and Markets Act 2000 as amended (or, if you are outside the United Kingdom, a person otherwise duly qualified in your jurisdiction) who specialises in advising on the acquisition of shares and other securities.**

If you have sold or transferred all your Ordinary Shares, please pass this document, together with the accompanying Form of Proxy, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee. If you have sold or transferred only part of your holding of Ordinary Shares you should retain this document.

This document should be read in its entirety and, in particular, your attention is drawn to the section headed "Risk Factors" in Part 2 of this document. Your attention is also drawn to the letter from the Chairman, in Part 1 of this document, recommending you vote in favour of the Resolutions to be proposed at the General Meeting.

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# **KEFI Minerals plc**

*(Registered in England and Wales with company number 05976748)*

Placing of 225,000,000 new Ordinary Shares at 2p per share

Acquisition of Interest in Tulu Kapi

Authority to allot shares and disapply pre-emption rights

Notice of General Meeting

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Notice convening a General Meeting of the Company to be held at the offices of Moore Stephens, Level 6, 460 Church Street, Parramatta, New South Wales, Australia on 27 December 2013 at 10.30 a.m. (AEDT) is set out at the end of this document. Shareholders will also find enclosed with this document a Form of Proxy. To be valid, the Form of Proxy must be signed and returned in accordance with the instructions printed thereon so as to be received by the Company's registrars, Share Registrars Limited, at Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL as soon as possible but in any event not later than 10.30 a.m. on 23 December 2013. Shareholders who hold their shares in uncertificated form may use the CREST electronic proxy appointment service. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message must be properly authenticated and completed and contain the information required for such instructions as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent, Shares Registrars (CREST ID: 7RA36) by 10.30 a.m. on 23 December 2013. The completion and posting of a Form of Proxy or the appointment of a proxy through CREST will not preclude Shareholders from attending and voting in person at the General Meeting should they wish to do so.

Copies of this document will be available free of charge during normal business hours on weekdays (excluding Saturday, Sunday and public holidays) from the date hereof until the date of the General Meeting from the Company's registered office. Copies will also be available from the Company's website at [www.kefi-minerals.com](http://www.kefi-minerals.com).

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Despatch of this document	11 December 2013
Latest time and date for receipt of Form of Proxy or CREST Proxy Instruction	10.30 a.m. on 23 December 2013
General Meeting	10.30 a.m. (AEDT) on 27 December 2013
Admission of Consideration Shares and Placing Shares to trading on AIM	8.00 a.m. on 30 December 2013

## PLACING STATISTICS

Placing Price	2 pence
Number of Ordinary Shares in issue at the date of this document	521,589,054
Number of Placing Shares	225,000,000
Maximum number of Consideration Shares to be issued pursuant to the Acquisition	116,666,667
Maximum number of Ordinary Shares in issue immediately following Admission	863,255,721
Percentage of the Enlarged Share Capital represented by the Placing Shares	26.1 per cent.
Estimated cash proceeds of the Placing receivable by the Company (net of expenses)	£3.9 million
Approximate market capitalisation of the Company at Admission at the Placing Price	£17.3 million

## FOREIGN EXCHANGE RATES

BIRR:GBP	31.77:1
BIRR:USD	19.35:1
USD:GBP	1.64:1

Note: Unless otherwise specified, references in this document to time are to Greenwich Mean Time.

## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“\$”	means US dollars
“Acquisition”	the acquisition by the Company of 75% of the issued share capital of the Target pursuant to the Share Purchase Agreement
“Admission”	admission of the Consideration Shares and the Placing Shares to trading on AIM becoming effective in accordance with Rule 6 of the AIM Rules
“AEDT”	Australian Eastern Daylight Time
“AIM Rules”	the AIM Rules for Companies published by London Stock Exchange plc from time to time
“ANS”	Arabian-Nubian Shield
“ARTAR”	Abdul Rahman Saad Al-Rashid & Sons Company Limited
“Birr”	unit of currency in Ethiopia
“Board” or “Directors”	the directors of the Company whose names are set out on page 9 of this document
“CCSS”	the CREST Courier and Sorting Service established by Euroclear to facilitate, amongst other things, the deposit and withdrawal of securities
“Companies Act”	the UK Companies Act 2006 (as amended)
“Company” and “KEFI Minerals”	KEFI Minerals plc (incorporated and registered in England and Wales with registered number 05976748) whose registered office is at 27-28 Eastcastle Street, London, W1W 8DH
“Completion”	completion of the Acquisition and the Placing
“Consideration Shares”	the 116,666,667 Ordinary Shares to be issued to Nyota Bermuda pursuant to the Acquisition, subject to adjustment as described below
“CREST”	the computerised settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares securities in uncertificated form
“CREST Manual”	the rules governing the operation of CREST
“CREST member”	a person who has been admitted to Euroclear as a system-member (as defined in the CREST Regulations)
“CREST Proxy Instruction”	the CREST message used for a proxy appointment or institution made using the CREST services
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any variation thereof
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member

“DMMR”	the Deputy Ministry for Mineral Resources of Saudi Arabia
“Enlarged Group”	following Completion, the Company and its subsidiary companies, including the Target
“Enlarged Share Capital”	the Ordinary Shares in issue on Admission, as enlarged by the Placing Shares and the Consideration Shares
“Euroclear”	Euroclear UK & Ireland Limited, the operator of CREST
“Form of Proxy”	the form of proxy for use at the General Meeting, which is enclosed with this document
“Fox-Davies”	Fox-Davies Capital Limited (registered in England and Wales with registered number 04258441) whose registered office is at 1 Tudor Street, London, EC4Y 0AH
“G&M”	the Gold & Minerals joint venture pursuant to the JV Agreement
“General Meeting” and “GM”	the general meeting of the Company to be held at the offices of Moore Stephens, Level 6, 460 Church Street, Parramatta, New South Wales, Australia on 27 December 2013 at 10.30 a.m. (AEDT), notice of which is set out at the end of this document
“Jibal Qutman”	the Jibal Qutman licence, located in the central southern region of the Arabian-Nubian Shield
“JV Agreement”	means the joint venture agreement between KEFI Minerals and ARTAR, dated 27 May 2009, relating to the operation of G&M
“Management”	means the Board and senior management of KEFI Minerals
“Nyota”	Nyota Minerals Limited (registered in Australia with ABN 98 060 938 552) whose registered office is at Suite 2, Havelock Street, West Perth, Western Australia 6005, Australia
“Nyota Bermuda”	Nyota Minerals (Bermuda) Limited (registered in Bermuda with registered number 20306) whose registered office is c/o Euroba Management Limited, 73 Front Street, PO Box 370, Bermuda HMBX
“Ordinary Shares”	the ordinary shares of 1 penny each in the share capital of the Company
“Placing”	the conditional placing of the Placing Shares at the Placing Price pursuant to the Placing Agreement
“Placing Agreement”	the conditional agreement dated 10 December 2013 between the Company and Fox-Davies relating to the Placing
“Placing Price”	2 pence per Placing Share
“Placing Shares”	the 225,000,000 new Ordinary Shares to be issued in connection with the Placing
“Proposals”	the Placing and the Acquisition
“Resolutions”	the resolutions contained in the notice of General Meeting, which is set out at the end of this document

“Share Purchase Agreement”	means the conditional share purchase agreement dated 10 December 2013 between the Company, Nyota and Nyota Bermuda in respect of the Acquisition
“Share Registrars”	a trading name of Share Registrars Limited
“Shareholders”	holders of Ordinary Shares
“Shareholders’ Agreement”	means the shareholders’ agreement relating to the Target to be entered into between the Target, Nyota Bermuda, Kefi Minerals and Nyota at Completion
“Target”	Nyota Minerals (Ethiopia) Limited (registered in England and Wales with, registered number 03479599), a wholly owned subsidiary of Nyota and the holder of the Tulu Kapi EL
“Tulu Kapi” or “TK”	the Tulu Kapi-Ankore Exploration Licence (Licence No. 127/97 –128/97) as originally issued by the Ethiopian Mining Ministry of Mines on 27 May 2005 and subsequently renewed
“VAT”	value added tax
“VWAP”	the volume-weighted average price of an Ordinary Share as derived from the AIM Appendix to the Daily Official List of London Stock Exchange plc

## GLOSSARY OF TECHNICAL TERMS

“Au”	chemical symbol for gold
“CIL”	carbon-in-leach
“DFS”	Definitive Feasibility Study
“EL”	Exploration Licence
“ELA”	Exploration Licence Application
“feasibility study”	feasibility study of a deposit in which all geological, engineering, operating, economic and other relevant factors are considered in sufficient detail that it could reasonably serve as the basis for a final decision by a financial institution to finance the development of the deposit for mineral production
“g/t”	grams per tonne
“Indicated Resource”	an “Indicated Mineral Resource” is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed (JORC Code, 2004)
“Inferred Resource”	an “Inferred Mineral Resource” is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability (JORC Code, 2004)
“JORC”	the Joint Ore Reserves Committee (of the Australasian Institute of Mining and Metallurgy, Australian Institute of Geoscientists and Minerals Council of Australia) and the Australasian Joint Ore Reserves Committee, being the publishers of the JORC Code for reporting exploration results, mineral reserves and ore reserves
“kg”	kilogram
“km”	kilometre
“kV”	kilovolt
“m”	metre
“Measured Resource”	a “Measured Mineral Resource” is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity (JORC Code, 2004)

“Mineral Resource”	a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories (JORC Code, 2004)
“Moz”	millions of ounces
“Mt”	millions of tonnes
“mtpa”	millions of tonnes per annum
“NPV”	net present value
“Ore Reserve”	the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves (JORC Code, 2004)
“oz”	troy ounce
“p.a.”	per annum
“PFS”	Preliminary Feasibility Study
“Probable Revenue”	the estimated quantity and grade of that part of an Indicated Resource for which the economic viability has been demonstrated by adequate information engineering, operating and legal factors, at a confidence level that will allow positive decisions on major expenditures
“ROM”	run of mine (ore)



## PART 1

### LETTER FROM THE CHAIRMAN

#### KEFI Minerals plc

(Registered in England and Wales No. 05976748)

*Directors:*

Harry Anagnostaras-Adams (*Non-executive Chairman*)  
Professor Ian Rutherford Plimer (*Non-executive Deputy Chairman*)  
Jeffrey Guy Rayner (*Managing Director*)  
John Edward Leach (*Finance Director*)

*Registered Office:*

27-28 Eastcastle Street  
London  
W1W 8DH

11 December 2013

Dear Shareholder,

**Placing of new Ordinary Shares  
Acquisition of Interest in Tulu Kapi  
Notice of General Meeting to grant authority to allot shares  
and disapply pre-emption rights**

#### **Introduction**

I am writing to you to give notice of a General Meeting of the Company to be held at the offices of Moore Stephens, Level 6, 460 Church Street, Parramatta, New South Wales, Australia on 27 December 2013 at 10.30 a.m. (AEDT), formal notice of which is set out at the end of this document.

It was announced today that the Company had conditionally raised £4.5 million (before expenses) through the placing of 225,000,000 new Ordinary Shares at 2 pence per share. In addition, it was announced that the Company had entered into a conditional agreement to acquire 75% of the issued share capital of Nyota Minerals (Ethiopia) Limited, the owner of the exploration licence for the Tulu Kapi deposit and proximal exploration licences in Western Ethiopia. The Placing and the Acquisition are conditional, *inter alia*, on the passing of the Resolutions to be proposed at the General Meeting.

The purpose of this document is to explain the background to and reasons for the Proposals, to summarise the terms of the Acquisition and to convene the General Meeting.

#### **Background to the Acquisition**

KEFI Minerals has identified a gold opportunity in the Arabian-Nubian Shield (“ANS”) of Western Ethiopia, the Tulu Kapi gold deposit, currently owned by Nyota Minerals Limited (“Nyota”). KEFI Minerals has agreed to acquire 75% of the issued share capital of Nyota Minerals (Ethiopia) Limited (the “Target”), a wholly owned subsidiary of Nyota and the holder of the Tulu Kapi exploration licence and surrounding ELs with Nyota retaining a participating 25% interest. The consideration comprises up to 116,666,667 new Ordinary Shares (the “Consideration Shares”) (issued at a previously agreed value of 3 pence per Ordinary Share and subject to adjustment as described below) and a cash payment of £1 million (circa \$1.6 million). The Consideration Shares are being issued in addition to the Placing Shares and the cash payment will be funded by the proceeds of the Placing.

#### **Information on Tulu Kapi**

Tulu Kapi was first mined in the 1930s and a DFS was completed in December 2012, which produced a Probable Reserve of 17Mt at 1.82g/t Au (1.0Moz Au) based on an JORC-compliant Inferred and Indicated Resource estimate of 25Mt at 2.34g/t Au (1.9Moz Au). This DFS was based on the work performed to date, which comprised over 120,000m of drilling and an aggregate expenditure of over \$50 million.

KEFI Minerals has devised an alternative approach which the Directors believe will reduce the anticipated capital and operating expenditure, which should allow for a lower start-up risk and a higher overall return. Working in partnership with Nyota, KEFI Minerals believes a limited programme of RC drilling, surface sampling and metallurgical test work and additional verification of the refined engineering estimate in 2014 will be sufficient to refine a DFS for planned development in 2015 based on a production plan of approximately 85,000 oz. Au. p.a. Management's preliminary estimates of the Tulu Kapi project indicate attractive operating costs of circa \$500 oz.

### **Summary of the Acquisition terms**

As announced earlier today, the Company has entered into the Share Purchase Agreement pursuant to which it has conditionally agreed to acquire 75% of the issued share capital of the Target.

The principal terms of the Acquisition, as set out in the Share Purchase Agreement, are as follows:

- KEFI Minerals will acquire 75% of the issued share capital of the Target. The consideration will be satisfied as to £1 million in cash and the issue of up to 116,666,667 Ordinary Shares at an agreed price of 3 pence per share.
- The number of Consideration Shares to be issued to Nyota Bermuda – the vendor of the shares in the Target – (or, at the option of Nyota Bermuda, another member of its group) will be reduced by an amount equivalent to any sums due to KEFI Minerals under the secured loan facility referred to below.
- Completion of the Acquisition is conditional on, inter alia; the satisfaction or waiver of the following conditions on or before 13 January 2014 (or such later date as the parties may agree): (i) Shareholders approving the Resolutions; (ii) Admission; and (iii) KEFI Minerals being satisfied in its absolute discretion of the formalization of an agreement with the Ethiopian Ministry of Finance on payment of the Target's reverse VAT liability and such liability not exceeding 105 million Birr (approximately £3.31 million).
- Each of KEFI Minerals and Nyota Bermuda has given the other certain customary warranties. In addition, Nyota Bermuda has indemnified KEFI Minerals and the target in respect of certain matters.
- Nyota has agreed to guarantee the obligations of Nyota Bermuda under the Share Purchase Agreement.
- Nyota Bermuda has undertaken not to dispose of any interest in the Consideration Shares for six months following Admission, subject to certain limited exceptions or with the prior written consent of KEFI Minerals and has further undertaken for 12 months following Admission only to dispose of such shares on an orderly market basis.

**Your attention is drawn to the risk factors in Part 2 of this document which highlight some of the key risks associated with the Acquisition and an investment in the Ordinary Shares.**

Following completion of the Acquisition, the relationship between KEFI Minerals and Nyota, as respective 75:25 joint venture partners in the Target, will be governed by the terms of a shareholders' agreement, the principal terms of which are as follows:

- KEFI Minerals will be the manager of the Target and senior KEFI management will be based at the field offices.
- Nyota's 25 per cent. beneficial interest in the Target remains undiluted by further investment made by KEFI Minerals until a revised JORC-compliant resource estimate for Tulu Kapi has been approved. KEFI Minerals currently anticipates publishing these revised estimates in Q1 2014.
- Nyota will guarantee the obligations of Nyota Bermuda under this agreement.
- The agreement contains provisions for the approval of work programmes and budgets, together with the manner of funding the Target's operations.
- The agreement contains standard provisions concerning the transfer and issue of further shares together with certain reserved matters requiring the approval of both parties.

In connection with the Proposals, KEFI Minerals has also provided a subsidiary of Nyota with a £360,000 (circa \$590,000) secured loan facility. As noted above, any amounts due to KEFI Minerals under this facility on completion of the Acquisition will reduce the number of Consideration Shares to be issued to Nyota Bermuda using the agreed price of 3p per Ordinary Share. The loan is repayable on the earlier of completion of the Acquisition or 31 August 2014. Interest accrues on the loan at a rate of 10 per cent. per annum.

### **Background to and reasons for the Placing**

KEFI Minerals is raising £4.5 million (before expenses) to: (i) satisfy the cash element of the Acquisition consideration; (ii) complete additional work at Tulu Kapi and refine the DFS prior to development in 2015; (iii) complete the PFS for Jibal Qutman in Saudi Arabia in 2014; (iv) ensure there are sufficient funds available to meet KEFI Minerals' share of the Target's VAT obligations to the Ethiopian Government in 2014, and (v) contribute toward KEFI Minerals' ongoing corporate costs including the arrangement of project finance facilities for the planned gold mine developments.

### **The Enlarged Group**

Following Completion, the Enlarged Group will be positioned as an operator of two gold development projects within the Arabian-Nubian Shield: Tulu Kapi in Ethiopia and Jibal Qutman in Saudi Arabia. The Directors believe that both of these projects have significant resource growth potential beyond the deposit estimates already reported.

KEFI Minerals' approximate market capitalisation on Admission at the Placing Price of \$27.7 million implies a valuation of \$18 per ounce for its beneficial interest in 1.6 million ounces of JORC-compliant mineral resources within its two advanced gold development projects in the highly prospective Arabian-Nubian Shield.

By 2017 the aggregate estimated production at these projects attributable to KEFI Minerals could exceed 80K oz Au p.a. The cash generated will be used to fund further exploration and, when appropriate, a dividend policy which the Directors highlight as a priority.

Further ELs are expected to be granted in Saudi Arabia and project generation is expected on other Ethiopian ELs, subject to the renewal and extension of the existing ELs on acceptable terms.

### **The Placing**

The Company has conditionally raised £4.5 million (before expenses) by way of a placing by Fox-Davies, as agent to the Company, of 225,000,000 new Ordinary Shares at 2 pence per share pursuant to the Placing Agreement. WHI Stockbrokers assisted in the Placing and acted as agents to Fox-Davies. The Placing Shares have been conditionally placed with existing Shareholders and institutional investors.

The Placing is conditional, among other things, on completion of the Acquisition, the passing of the Resolutions to be proposed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 30 December 2013 (or such later date as Fox-Davies and the Company may agree being not later than 13 January 2014).

The Company is also pleased to announce that following the requisite approvals, Jeff Rayner, the Company's Managing Director, and Harry Anagnostaras-Adams, the Company's Non-Executive Chairman, have agreed to subscribe for Ordinary Shares as part of the Placing. Following Admission, Jeff Rayner and Harry Anagnostaras-Adams will respectively be interested in 3,783,333 and 6,966,667 Ordinary Shares, representing approximately 0.44 and 0.81 of the Enlarged Share Capital (assuming the maximum number of Consideration Shares are issued).

Under the terms of the Placing Agreement, the Company has given certain customary warranties and indemnities to Fox-Davies in connection with the Placing and other matters relating to the Company and its affairs.

The Placing Shares will be allotted and credited as fully paid and will rank *pari passu* in all respects with the existing Ordinary Shares, including the right to receive all dividends and other distributions declared, made or paid on or after the date of their allotment.

The Placing Price was determined having regard to market conditions at the time the Placing Agreement was entered into. The VWAP of the Ordinary Shares during November 2013 was 2.32 pence and the Placing Price represents a 14 per cent. discount to the VWAP. The Directors believe that the Placing Price is fair and reasonable as far as Shareholders are concerned.

Application will be made to London Stock Exchange plc for the Consideration Shares and Placing Shares to be admitted to trading on AIM and it is expected that, subject to the passing of the Resolutions at the General Meeting, Admission will become effective and that dealings will commence in the Consideration Shares and Placing Shares on 30 December 2013.

Following Admission Nyota's holding of Ordinary Shares will represent approximately 12.6 per cent. of the Enlarged Share Capital (assuming the maximum number of Consideration Shares are issued).

### **General Meeting**

You will find at the end of this document a notice convening the General Meeting to be held at the offices of Moore Stephens, Level 6, 460 Church Street, Parramatta, New South Wales, Australia on 27 December 2013 at 10.30 a.m. (AEDT) to consider and if thought fit pass the following Resolutions to authorise the Directors:

1. to allot shares or grant rights to subscribe for or to convert any security into shares pursuant to section 551 of the Companies Act up to an aggregate nominal amount of £6,455,000 comprising: (a) up to an aggregate nominal value of £2,250,000 in connection with the Placing; (b) up to an aggregate nominal amount of £1,200,000 in connection with the Acquisition; (c) up to an aggregate nominal amount of £135,000 in connection with the grant of warrants to subscribe for Ordinary Shares at the Placing Price; and (d) otherwise than in connection with the Proposals, up to an aggregate nominal value equal to £2,870,000, being approximately one third of the aggregate nominal amount of the Company's issued share capital immediately following the Proposals; and
2. to allot such shares or grant such rights free of the statutory pre-emption rights contained in section 561(1) of the Companies Act.

Resolution 1 will be proposed as an ordinary resolution and will therefore require the approval of a majority of Shareholders voting in person or by proxy at the General Meeting.

Resolution 2 will be proposed as a special resolution and will therefore require the approval of not less than 75 per cent. of Shareholders voting in person or by proxy at the General Meeting.

### **Action to be taken in respect of the General Meeting**

Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you propose to attend the General Meeting in person, you are requested to complete, sign and return the Form of Proxy in accordance with the instructions printed thereon. To be valid, completed Forms of Proxy must be received by Share Registrars Limited of Suite E, First Floor, 9 Lion & Lamb Yard, Farnham, Surrey GU9 7LL as soon as possible but in any event not later than 10.30 a.m. on 23 December 2013 or 48 hours before any adjournment of the General Meeting.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to Share Registrars so that it is received by no later than 10.30 a.m. on 23 December 2013. If you complete and return a Form of Proxy or appoint a Proxy via CREST, you may still attend and vote at the General Meeting in person should you decide to do so.

Please read the detailed notes to the notice of General Meeting at the end of this document and the Form of Proxy. The attention of Shareholders is also drawn to the voting intentions of the Directors set out below.

**Recommendation**

The Directors believe that the Proposals will promote the success of the Company for the benefit of the members as a whole and accordingly they unanimously recommend you to vote in favour of the Resolutions to be proposed at the General Meeting as they intend to do in respect of their own shareholdings.

**Shareholders are reminded that the Proposals are conditional, among other things, on the passing of the Resolutions to be proposed at the General Meeting. Should the Resolutions not be passed neither the Acquisition nor the Placing will proceed and all subscription monies will be returned to investors.**

Yours sincerely

**Harry Anagnostaras-Adams**

*Chairman*

## **PART 2**

### **RISK FACTORS**

**Shareholders should carefully consider all of the information in this document including the risks below. The Board has identified these risks as material risks, but additional risks and uncertainties not presently known to the Board, or that the Board considers immaterial, may also adversely affect the Enlarged Group. If any or a combination of the following risks materialise, the Enlarged Group's business, financial condition and/or performance could be materially adversely affected. In any such case the market price of the Ordinary Shares could decline.**

**The following risk factors should not be considered in any order of priority. The Enlarged Group's future performance might be affected by changes in market conditions and legal, regulatory and tax requirements.**

#### **Title risks**

The Company has attempted to diligently investigate the title to, and rights and interests in the Ethiopian ELs held by Target. While the terms of some of the Target's proximal licences require extension, to the best of the Company's knowledge, the Target has good and marketable title to such licences which have been validly granted. However, this should not be construed as a guarantee of the same. The licences may be subject to undetected defects. If a defect does exist it is possible that the Target may lose all or part of its interest in those of the licences to which the defect relates.

#### **Dynamic regulatory environment**

The Enlarged Group must comply with existing laws and regulations that may entail greater or lesser costs and delays depending on the nature of the activity to be permitted and the interpretation of the laws and regulations implemented by the permitting authority. New laws and regulations, amendments to existing laws and regulations, or more stringent enforcement of existing laws and regulations, could have a material adverse impact on the Enlarged Group's results of operations, financial conditions and prospects.

#### **Annual renewal of Ethiopian exploration licences**

Ethiopian ELs are subject to an annual renewal process and EL No. 058-084/96 (Yubdo) and EL No. NON/EL/372/2010 (Ankore), (currently registered in the name of the Target) have expired and require renewal. There is no guarantee that these licences will be renewed, although a verbal confirmation has been obtained and there is no evidence to suggest the renewals will not be forthcoming. The Company does not consider these EL's to be part of the Enlarged Group's core current activities.

#### **Tulu Kapi mining licence**

Whilst a mining licence was initially applied for in relation to Tulu Kapi, there can be no guarantee that future applications for mining licences will be successful.

#### **G&M exploration licence applications**

ARTAR has submitted all of the ELAs in Saudi Arabia on behalf of and for the benefit of G&M and the licences granted to date have been granted in the name of ARTAR. Pursuant to the shareholders agreement between KEFI Minerals and ARTAR dated 27 May 2009 ("JV Agreement"), ARTAR has agreed with the Company that it shall transfer any licence granted pursuant to an ELA to G&M within 60 days and the Company is not aware of any reason why any such licence will not be transferred to G&M in accordance with ARTAR's obligation under the JV Agreement.

#### **Reverse VAT liability**

The Target was assessed in October 2013 as having a Birr 97 million (approx. £3.2 million or \$5.1 million) reverse VAT liability. It is a condition to completion of the Acquisition under the Share Purchase Agreement

that KEFI Minerals is satisfied in its absolute discretion that an agreement has been reached with the Ethiopian tax authorities regarding a deferred payment schedule. A deferred payment schedule for this liability has been negotiated with the Ethiopian tax authorities. Notwithstanding this, until a schedule is formally confirmed in writing this amount is due for immediate settlement. A payment of this kind could represent a financial risk to the Company. It is also anticipated that a condition of any deferred payment schedule will be the accrual of late payment interest which could materially increase the quantum of the VAT liability.

### **Management estimates**

In appraising the Tulu Kapi opportunity and the alternative approach to that set out in the 2012 DFS. The Directors have made a number of significant estimates and assumptions. These estimates, projections or opinions necessarily involve significant elements of subjective judgment and are based on Directors' previous training and experience. In the event these estimates prove unrealistic or materially incorrect a financial risk to the Company would arise.

### **Economic and political and other regulatory risks**

The Target conducts its exploration in Ethiopia. The Directors are hopeful that the Government of this country will continue to support the ongoing exploration by foreign investors. However, there can be no assurance that future political and economic conditions in this country will not result in its Government adopting different policies in relation to foreign development and ownership over rights to exploit. Any such changes in policy may result in changes in laws affecting ownership of assets, taxation, rates of exchange, environmental protection, labour relations, repatriation of income, return of capital and other areas, each of which may affect both the Enlarged Group's ability to undertake operations and development activities in respect of the manner currently contemplated, as well as its ability to continue to explore in and produce from those properties in respect of which it has obtained exploration and production rights to date.

### **Environmental risks**

The Target's operations are subject to the environmental risks inherent in the exploration industry. The Target is subject to environmental laws and regulations in connection with all of its operations. Although the Target intends to be in compliance in all material respects with all applicable environmental laws and regulations, there are certain risks inherent to its activities which can lead to unforeseen environmental liabilities and circumstances that could subject the Enlarged Group to extensive liability which it may be unable to or unwilling to cover by insurance.

## **KEFI Minerals plc**

*(Registered in England and Wales with company number 05976748)*

### **NOTICE OF GENERAL MEETING**

Notice is hereby given that a General Meeting of KEFI Minerals plc (the “**Company**”) will be held at the offices of Moore Stephens, Level 6, 460 Church Street, Parramatta, New South Wales, Australia on 27 December 2013 at 10.30 a.m. (AEDT) to consider and, if thought fit, pass the following resolutions of which Resolution 1 will be proposed as an ordinary resolution and Resolution 2 as a special resolution:

#### **Ordinary Resolution**

1. THAT the directors of the Company (the “**Directors**”) be and are hereby authorised generally and unconditionally pursuant to and for the purposes of Section 551 of the Companies Act 2006 (the “**Act**”) to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (“**Rights**”) up to an aggregate nominal amount of £6,455,000 comprising:
  - (a) up to an aggregate nominal value of £2,250,000 in connection with the placing of the Company’s ordinary shares of 1p each by Fox-Davies Capital Limited as agent of the Company to certain institutional and other investors at a price of 2p per share (the “**Placing**”);
  - (b) up to an aggregate nominal value of £1,200,000 in connection with the acquisition by the Company of 75% of the issued share capital of Nyota Minerals (Ethiopia) Limited (the “**Acquisition**”);
  - (c) up to an aggregate nominal value of £135,000 in connection with the grant of warrants to subscribe for ordinary shares of 1p each in the Company at a price of 2p per share, exercisable for a period of three years following the date of grant (the “**Warrants**”), and
  - (d) otherwise than in connection with the Placing, the Acquisition and the grant of Warrants, up to an aggregate nominal value of £2,870,000 (being approximately one third of the aggregate nominal amount of the Company’s issued share capital immediately following the Placing and the Acquisition),

provided that this authority shall expire at the conclusion of the Company’s annual general meeting to be held in 2014, save that the Company may make an offer or agreement before the expiry of this authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors may allot shares or grant Rights pursuant thereto as if the authority conferred hereby had not expired.

#### **Special Resolution**

2. THAT, conditional on the passing of Resolution 1 above, the Directors be and are hereby generally empowered pursuant to Section 571 of the Act to allot equity securities (as defined in Section 560 of the Act) pursuant to the authority conferred by Resolution 1 above as if Section 561(1) of the Act did not apply to any such allotment, provided that this power shall be limited to:
  - (a) up to an aggregate nominal amount of £2,250,000 in connection with the Placing;
  - (b) up to an aggregate nominal amount of £1,200,000 in connection with the Acquisition;
  - (c) up to an aggregate nominal amount of £135,000 in connection with the grant of the Warrants; and
  - (d) otherwise than in connection with the Placing, the Acquisition and the grant of the Warrants, up to an aggregate nominal amount of £1,726,500 (being approximately 20 per cent. of the aggregate nominal amount of the Company’s issued share capital immediately following the Placing and the Acquisition),

and such authority shall expire at the conclusion of the annual general meeting of the Company to be held in 2014, save that the Company may make an offer or agreement before the expiry of this power



which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities pursuant thereto as if the power conferred hereby had not expired.

*BY ORDER OF THE BOARD*

Cargil Management Services Limited  
*Secretary*

*Registered Office:*  
27-28 Eastcastle Street  
London  
W1W 8DH

Dated: 11 December 2013

**Notes:**

1. A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend, speak and vote instead of him. A member may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. The proxy need not be a member of the Company. Completion and return of a Form of Proxy (or any CREST Proxy Instruction, as described in notes 7 to 9) will not preclude a member from attending and voting at the General Meeting should the member so decide. A pre-paid form of proxy accompanies this notice. If you wish to appoint multiple proxies please photocopy the Form of Proxy, fill in each copy in respect of different shares and send the multiple forms together to the Company's registrars, Share Registrars at Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL. Alternatively you may appoint multiple proxies by CREST Proxy Instruction.
2. If you wish your proxy to speak on your behalf at the meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. If you wish to appoint a proxy other than the Chairman of the meeting, cross out the words "the Chairman of the meeting" on the Form of Proxy and write the full name and address of your proxy on the dotted line. The change should be initialled.
3. In the absence of instructions, the person appointed proxy may vote or abstain from voting as he/she thinks fit on the specified resolution and, unless otherwise instructed, may also vote or abstain from voting on any other matter (including amendments to the resolution) which may properly come before the meeting.
4. In the case of joint holders, the signature of any one of them will suffice but the names of all joint holders should be stated. The vote of the senior who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the votes of the other holders. For this purpose, seniority is determined by the order in which the names stand in the register of members in respect of the joint holding.
5. To be effective, the enclosed Form of Proxy must be duly completed and deposited together with any power of attorney or other authority (if any) under which it is executed (or a duly certified copy of such power or authority) and lodged at the offices of the Company's registrars no later than 10.30 a.m. on 23 December 2013 or 48 hours before the time of the General Meeting. Please note that the pre-paid address printed on the reverse of the Form of Proxy is only for use if you are posting from within the United Kingdom.
6. Completion and return of the Form of Proxy will not preclude a shareholder from attending and voting in person at the meeting.
7. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ('Euroclear') specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the Company's agent (ID 7RA36) by 10.30 a.m. on 23 December 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the Company's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 and paragraph 18(c) The Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, specifies that only those members entered on the register of members of the Company at 10.30 a.m. UK time on 23 December 2013 shall be entitled to attend and vote at the meeting or, if the meeting is adjourned, 6.00 p.m. on the day two days prior to the adjourned meeting. Changes to entries on the register of members after such time shall be disregarded in determining the right of any person to attend or vote at the meeting.



