

1 April 2015

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

FIRST QUARTER 2015 OPERATIONAL UPDATE

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, is pleased to provide its first quarter operational update for the period 1 January to 31 March 2015. The update encompasses the activities of KEFI Minerals (Ethiopia) Limited ("KME") in Ethiopia and Gold & Minerals Llc Limited ("G&M") in Saudi Arabia.

Tulu Kapi gold project, Ethiopia

(Wholly-owned by KEFI; Government entitled to 5% free carried interest)

- Significant progress made in the first quarter as the **Mining Agreement ("MA")** has been approved by the Ethiopian Minister of Mines and submitted to the Council of Ministers for clearance
- The Council of Ministers has not met for some weeks due to current election and other processes but KEFI has received confirmation that the MA is an agenda item for when it next meets
- The MA has also been reviewed by and adjusted for any comments from the Legal Directorate of the Prime Minister's Office
- **The 2015 Definitive Feasibility Study ("2015 DFS")** continues to be on schedule for completion and independent sign-offs during Q2-15

Gold & Minerals Ltd Joint Venture ("G&M"), Saudi Arabia

(40%-owned by the Company with KEFI as operator)

Jibal Qutman

- Exploration drilling continued with 42 holes and 3600m of reverse circulation (RC) drilling at four prospects
- A metallurgical diamond drilling programme was completed that targeted the oxidised and transitional gold mineralisation. Samples were dispatched to ALS Amtec Metallurgy lab in Perth: heap leach ("HL") simulations are underway, with results expected in Q2-15
- A preliminary economic assessment to evaluate the potential HL operation for the oxide ore is planned to be completed in Q2-15

Hawiah

- Following the granting of the Hawiah Exploration Licence ("Hawiah EL") in December 2014, a first-pass trenching programme has been completed
- A total of 53 trenches were excavated over a 6 km-long gossanous horizon which is thought to overlie volcanically hosted massive sulphide (copper-gold-zinc) style mineralisation

Corporate

- Granted an extension to Perth Partners' Goldfields Resources Fund to 8 May 2015
- Completed £800,000 placing at 1p per share to existing shareholders and Perth Partners
- Appointed Mr Wayne Nicoletto as Head of Operations of the Company and Managing Director of KEFI Minerals Ethiopia Limited

Harry Anagnostaras-Adams, Executive Chairman of KEFI Minerals, commented:

“Since the beginning of the year, the Company has taken great strides towards becoming a gold producer in 2017, as per expectations. The Definitive Feasibility Study at Tulu Kapi is on schedule to be updated in Q2-15 which should enable KEFI to progress negotiations with project financiers and begin construction in late 2015. Our belts and braces approach to Tulu Kapi's overhaul continues to support our strategy to ensure robust economics.

In Saudi Arabia, we expect the results of studies evaluating the treatment of Jibal Qutman's oxide gold via heap leach and initial testing of the large copper-gold system at the Hawiah EL to demonstrate that Tulu Kapi is not the only bright prospect we have in the Company.

The Company's business plan is well-supported by shareholders and we look forward to the next quarter during which we expect further progress to be made on all fronts.”

OPERATIONAL REVIEW

Tulu Kapi gold project, Western Ethiopia

This has been the quarter where the Company has made significant progress. The Ethiopian Ministry of Mines approved the TK gold project and the Company's application is now before the Council of Ministers for approval to execute the Mining Agreement and the consequential issue of the Mining Licence. The Mining Agreement sets out the fiscal arrangements with the Government and the agreed basis for all aspects of the development, including the plans for mine development, funding, production operations to extract all ore reserves and any extension thereof. Attachments to the MA include the Social Impact and Environmental Assessment, the Development and Production Work Program and the Community Resettlement Action Plan.

The Mining Licence area is proposed to cover 7 km² in the Oromia National Regional State, Western Wellega Zone, Genji Woreda, Tulu Kapi locality (Kapi Guracho and Bikiltu Ankore Kebele) in accordance with the project plans.

KEFI and its specialist technical experts (including Snowden for geology and mining, Cube Consulting for grade control, Golder Associates for environmental and social, Epoch Resources (Pty) Ltd for tailings management and Senet (Pty.) Ltd for processing) have been refining the following aspects in accordance with the schedule. The updated JORC-compliant Mineral Resource reported on 4 February 2015 comprised total Indicated Resource of 18.8 Mt at 2.67g/t Au for 1.62Moz Au (August 2014: 18.4 Mt at 2.57 g/t Au for 1.52Moz Au). The updated resources reflected the results of wireframing the individual ore lodes.

Currently the Company is updating JORC-compliant Ore Reserve (October 2014 reported of total Probable Ore Reserves of 12.9 Mt at 2.41 g/t Au for 1.00 Moz Au), having completed the refinement of dilution and ore losses following adoption of a semi-selective mining approach. It also reaffirmed the mine plan for the open pit as previously reported, with similar production of 80,000-90,000 oz Au pa for +10 years from mining and processing 1.2 Mt of ore per annum at grades and a waste-to-ore ratio similar to those derived in the 2014 mine plan.

The Company is in the process of updating the all-in costs by verifying input costs for owner-operated mining, such as labour and fuel, the estimates for which have reduced to reflect current market conditions. It received initial bids from potential mining contractors and will move to final bidding shortly. Kefi triggered due diligence of existing processing plants considered most suitable for refurbishment as potential substitutes for an all-new plant. In essence, we pursued various initiatives to drive down the initial investment required under the 2015 DFS to c. \$120M (less than half that of the 2012 DFS), including switching from owner-operated to contractor mining and utilising an existing rather than new processing plant. Banks have short-listed their candidates for Independent Technical Expert for their review of 2015 DFS, targeting full development funding Q3-15 and commencement of construction Q4-15.

Jibal Qutman project, Western Saudi Arabia

At Jibal Qutman, the recently discovered Red Hill prospect, trenches and drill holes confirming continuity of grade along a geologically distinctive trend. Several discrete zones of mineralisation occur over a 1,600m strike length. Best results include, 17m at 2.65 g/t Au and 14m at 1.00 g/t Au from drilling. Best trench results were 24m at 1.90 g/t Au, 20m at 2.92 g/t Au and 26m at 2.23 g/t Au and 34m at 1.41 g/t Au from rock chips along channels. Extension drilling at the 3K Hill prospect returned best results of 13m at 1.12 g/t Au and 9m at 1.72 g/t Au, while trenching at 4K Hill returned best results of 24m at 1.90 g/t Au (including 4m at 5.12 g/t Au).

A metallurgical diamond drilling programme was completed that targeted the oxidised and transitional gold mineralisation. Samples were dispatched to ALS Ammtec Metallurgy lab in Perth. Heap leach (“HL”) simulations are underway, with results expected in Q2-15. Mineral Resources (non JORC-compliant) at 15 December 2014 stood at 201,237 ounces at 0.93 g/t Au within the oxidised zone, with an additional 428,711 ounces at 0.90 g/t Au in the deeper sulphide ore which could potentially be mined at a stage subsequent to the potential initial HL project.

Hawiah project, Western Saudi Arabia

At Hawiah, from results received to date, almost all trenches contained anomalous gold, including 6m at 2.22 g/t Au, 2m at 8.69 g/t Au, 6m at 1.94 g/t Au, 3m at 5.76 g/t Au, 2m at 7.54 g/t Au and 8m at 3.04 g/t Au.

The Company is conducting a self-potential (SP) geophysical survey over the southern half of the 6km long gold mineralised gossan structure and expects to announce its initial findings shortly.

Corporate

The Board is pleased with the appointment of Mr Wayne Nicoletto as Head of Operations of the Company and Managing Director of KEFI Minerals Ethiopia Limited. He joins the senior leadership team, reporting to the Executive Chairman. He is based in Ethiopia to lead development and operations.

The Company recently granted an extension to Perth Partners’ Goldfields Resources Fund to 8 May 2015 for settlement of £3 million and raised £800,000 to underwrite financial stability as it enters the next phase of development.

Enquiries

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COMPETENT PERSONS STATEMENTS

The information in this release that relates to exploration results, Mineral Resources and Ore Reserves is based on information compiled by Mr Jeffrey Rayner. He is the Exploration Director of KEFI Minerals and a Member of the Australasian Institute of Mining and Metallurgy (AusIMM). Mr Rayner is a geologist with sufficient relevant experience for Group reporting to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves ("2012 JORC Code"). Mr Rayner consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

The exploration results, Mineral Resources and Ore Reserves disclosed in this document have been previously released as follows:

Date of Release	Project	Subject	Competent Persons
4 February 2015	Tulu Kapi	Mineral Resource	Simon Cleghorn Lynn Olssen
18 August 2014	Tulu Kapi	Mineral Resource	Simon Cleghorn Lynn Olssen
6 October 2014	Tulu Kapi	Probable Ore Reserves	Frank Blanchfield Sergio Di Giovanni
15 December 2014	Jibal Qutman	Mineral Resource (non JORC-compliant)	Jeffrey Rayner
4 March 2015	Jibal Qutman	Exploration Results	Jeffrey Rayner
4 March 2015	Hawiah	Exploration Results	Jeffrey Rayner

KEFI confirms that it is not aware of any new information or data that materially affects the information in the above releases and that all material assumptions and technical parameters, underpinning the estimates continue to apply and have not materially changed. KEFI confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

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 2 Moz (95% of Tulu Kapi's 1.9 Moz and 40% of Jibal

Qutman's 0.6 Moz) Au Mineral Resources (JORC 2012) plus significant resource growth potential. KEFI is targeting for production at these projects to generate cash flows for further exploration and expansion as warranted, recoument of development costs and, when appropriate, dividends to shareholders.

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

- Mining Licence for Tulu Kapi, comprising all major permits for construction and operation
- Independently refined and verified mine plan
- Independently verified capex, opex & closure costs
- Independently verified Ore Reserves
- Independently updated Definitive Feasibility Study for banking purposes
- Formalisation of bank syndicate, agreement of final terms for project finance
- Full development funding and commencement of construction

In addition, during 2015 KEFI anticipates submitting a Mining Licence Application for Jibal Qutman in Saudi Arabia through its joint venture company, Gold & Minerals Ltd ("G&M").

KEFI in Ethiopia

KEFI has 100% ownership of the Tulu Kapi licence in western Ethiopia and is at an advanced stage in refining the development plan for the project, aimed at reducing the previously planned capital and operating expenditure.

At the end of 2013, the Ethiopian Government improved the fiscal regime applying to the gold sector, and Tulu Kapi in particular. This included lowering the income tax rate for mining (to 25% from 35%); settling of repayment schedule for inherited VAT liability (over three years rather than up-front); the removal of VAT on future exploration drilling expenditure; lowering royalty on gold mining (to 7% from 8%); accelerating the depreciation of historical and future capital expenditure (over four years); and clarifying the workings of the Government's 5% free-carried interest so that it does not impede conventional project financing terms.

KEFI 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 Shield. KEFI has a 40% interest in the G&M and is the operating partner. To date, the G&M has conducted preliminary regional reconnaissance and has had five Exploration Licences ("EL") granted, including Jibal Qutman and the recently granted Hawiah Exploration Licence that contains over 5km of outcropping gossans potentially developed over VHMS massive sulphide deposits.

G&M holds 23 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.

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