



23 June 2014

KEFI Minerals Plc.

("KEFI" or the "Company")

Chairman's AGM Statement And Appointment of a Director

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, announces that at today's Annual General Meeting (the "AGM") Harry Anagnostaras-Adams, Chairman, will make the following statement. In addition, Jeff Rayner, Managing Director, will give an informal presentation on the progress of the Company. The presentation contains no material new information and will be made available on the Company's website www.kefi-minerals.com from 4pm BST.

Chairman's Statement:

"KEFI Minerals has made tremendous progress over the past year and is now on the way to start gold mining in 2016.

In 2013, the Company discovered a gold deposit at Jibal Qutman in the Kingdom of Saudi Arabia, it made the transformational acquisition of the Tulu Kapi gold project in Ethiopia and remained financially secure. So, from twelve months ago, when KEFI was a company with exciting potential but little prospects of producing cash flows within the short term, it is now in the process of transforming itself into a junior gold producer with real prospects of starting initial open-pit gold mining in 2016 and with a Mineral Resource (Indicated and Inferred) of 2.2 million attributable ounces complemented by a portfolio of worthwhile exploration targets.

Hence, we are excited by the prospects of our two key projects and the potential for organic growth. It all started in mid-2013 when the Company took a meaningful step forward within our 40%-owned joint venture company, Gold & Minerals Limited ("G&M"), upon discovering a small gold deposit at Jibal Qutman in the Kingdom of Saudi Arabia. We achieved this within a year of the licence being granted – and we have since assembled a Mineral Resource of circa 500,000 ounces and tabled a Preliminary Feasibility Study ("PFS") for discussion initially with our partner and the regulators.

The most important transformational step forward came just six months ago when KEFI acquired the advanced-stage 2 million ounce (Mineral Resource) Tulu Kapi gold deposit in Ethiopia. Based on the positive conclusions of the work completed since the acquisition, we are today planning to reactivate the application for the Mining Licence by the end of 2014, start construction in 2015 and commence operations in 2016. The Government of Ethiopia and its regulatory authorities have already demonstrated their commitment and support in this respect and we are moving fast on all fronts.

Based on the 75% of Tulu Kapi acquired in December 2013, KEFI finished the year with Mineral Resources totalling 1.7 million attributable ounces of gold in Ethiopia and Saudi Arabia. Furthermore, based on the extra 25% of Tulu Kapi conditionally acquired in May 2014, KEFI will, upon the closing of that transaction (expected to be in August 2014), have Mineral Resources of 2.2 million attributable ounces.

As a mark of KEFI's progress to date, I note that since the Company's Admission to AIM in December 2006, shareholders have funded the Company's mission as to an aggregate of approximately GBP16 million or USD26

million after taking into account all equity financings. With those funds, we have evaluated scores of acquisition opportunities and exploration targets in various countries around the Mediterranean, Middle East and Africa. Today the Company stands at a share market capitalisation of, coincidentally, approximately GBP16 million or USD26 million and we have assembled a Mineral Resource of 2.2 million ounces in two deposits and a pipeline of nearby exploration targets within two of the safer jurisdictions of the highly prospective Arabian-Nubian Shield.

That's an historical cost or current market valuation, as the case may be, of under \$15 per gold ounce – ignoring the value of the exploration portfolio, which provides a pipeline of exciting targets ahead of us in one of the world's notably under-explored regions. We believe that the Tulu Kapi deposit itself and nearby area has multi-million ounce potential.

As a short-term indicator of the outlook for potential future shareholder returns, it is perhaps more important to recognise that KEFI is now being driven hard into becoming a cash flow producer. We appear to have the opportunity to do this quite quickly, partly because we acquired the Tulu Kapi project at an advanced stage from a planning and permitting viewpoint, and partly due to KEFI's rapid pace of implementation.

Looking at the progress that we have continued to make so far in 2014, KEFI's accomplishments in the first six months of the acquisition of Tulu Kapi include the significant increase of Tulu Kapi's indicated resources and resetting of the project's planning parameters to target higher life of mine production at a higher grade than had previously been the case. We have done this by implementing a strategy within which we have designed the mine for a lower gold price than had previously been assumed (with KEFI's mine design based on a gold price of \$1,200/oz not \$1,500/oz). We have also adopted a more selective mining approach that has the effect of significantly lowering capital requirements and the volume of waste mining. These accomplishments are thanks to the experience and excellence of our technical team, our hard-driven hands-on style of management under Managing Director Jeff Rayner and the facilitation of the Ethiopian authorities who wasted no time in allowing the team to get drilling and working.

With regards to our Saudi discovery at Jibal Qutman, we are in discussions with our local partner, ARTAR, and the regulatory authorities about the best sequencing of development licensing and potential development. Whilst shareholders should share our pride that G&M is one of few parties to be granted minerals licences in the past few years, we need also to recognise that the rate of progress there should be expected to be slower than in Ethiopia because the project is at a less advanced stage and because the authorities are currently reviewing their policies for the mineral sector. Consequently, we have reduced short-term spending in Saudi Arabia to match regulatory guidance whilst we remain committed with our Saudi partners for the long term and convinced that the minerals potential of Saudi Arabia is world-class.

As regards exploration, last Friday, 20 June, we reported results of drilling and trenching at Tulu Kapi and today we continue drilling in Saudi Arabia at Jibal Qutman and in Ethiopia near Tulu Kapi.

KEFI Minerals now has a healthy platform for its next stage of development from a human resources, minerals resources and stakeholder relationships standpoint. Of particular importance to the rate of progress in the immediate future is the constructive pro-development policies and behaviour of the Ethiopian authorities. We have, in our brief time in Ethiopia, formally resolved with the authorities the settlement of inherited tax liabilities, approved a new work program and development strategy for Tulu Kapi, mobilised field work and engaged with all the relevant government departments for development planning.

Moving on to our financing strategy. Sourcing capital is one of the toughest challenges facing the resource sector today and, in that respect, it is comforting that KEFI has not only maintained its momentum throughout this challenging period, where many other peers have had to curtail work programs, but has also attracted support for acquisitions from pre-eminent financial institutions. We emphasise that we continue to maintain tight cost control

despite operating as early entrants in emerging markets focused on start-up management. This way we will be able to generate superior long-term returns for shareholders. Our prudent approach is demonstrated by the cost-effective acquisition of the Tulu Kapi project.

The initial GBP4.5 million payment for acquiring 75% of the advanced Tulu Kapi project equated to only \$10 per reserve ounce or less than \$5 per resource ounce. This deal also included the information collected from historical expenditure on the project of more than \$50 million. In addition, we recently negotiated with the vendor to acquire the remaining 25% of Tulu Kapi at the same cost.

Following the completion of this further acquisition, 100% ownership of Tulu Kapi will provide KEFI with full control of project development and enhanced funding flexibility. Most of the development funding is planned to be sourced from conventional African-experienced gold project financiers and we will start that work in earnest over the coming months as we finalise refinements to the project development plans. KEFI's revision of the project planning parameters includes that debt-servicing be feasible based on a more conservative gold price of \$1,000 per ounce.

As regards our reporting practices, we have taken a conservative approach to reporting the fair value of the acquisition of Tulu Kapi until we have refined the Defined Feasibility Study ("DFS"). Similarly all exploration expenditure is written off when incurred, pending the Directors' decision to commence project development which would follow clarification and agreement of any conditions of regulatory permitting and financing. In addition, upon commencement of development and production, we intend to conform with industry norms for reporting any non-GAAP (Generally Accepted Accounting Practices) statistics, such as the reporting of All-in Costs in accordance with the World Gold Council guidelines.

As regards our Board of Directors, I should make a special mention of His Excellency Mr Norman Ling, who will join our Board of Directors as a Non-Executive Director at the close of today's AGM. Mr Ling (age 61) has held a series of appointments at the UK Foreign and Commonwealth Office in a career spanning more than 30 years. Mr Ling was the British Ambassador to Ethiopia, Djibouti and the African Union from 2008 to 2011, after which he retired from government service. He was on the Board of Nyota Minerals Limited, from which KEFI acquired the Tulu Kapi project in Ethiopia, between June 2012 and March 2014. Mr Ling's appointment adds a complementary dimension to our Board of Directors, and he brings a wealth of experience from his time as ambassador in Africa and the Middle East and also from his recent involvement in the Tulu Kapi project.

We are very aware of the tasks and challenges that we will face in order to achieve our objectives, and we will progressively add people with the appropriate skills to complement the Company's experienced Board and Management. We have already added highly-qualified Ethiopian and Saudi personnel to our multi-cultural team, which integrates local expertise with international experience. Both jurisdictions welcome our international expertise and capital as the Company is dedicated to maximising local employment and other benefits from responsible development.

We deeply appreciate the strong support of our shareholders, communities and other key stakeholders in supporting KEFI in this exciting new chapter."

Save as set out above, there is no further information in relation to the appointment of Norman Arthur Ling which is required to be disclosed pursuant to Schedule 2 paragraph (g) and Rule 17 of the AIM Rules.

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

The Mineral Resources in this announcement have been reported in accordance with the JORC Code and estimated (or based on documentation prepared) by a Competent Person as defined by the JORC Code. References in this announcement to exploration results and mineral resources have been approved for release by Mr. Jeffrey Rayner. Mr Rayner is KEFI's Managing Director, 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.

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KEFI is now positioned as an operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 2.25Moz AU of JORC-compliant mineral resource plus significant resource growth potential. We currently target gold production at these projects attributable to KEFI in excess of circa 80,000 oz pa Au, generating cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders. KEFI's initial guidance on targeted All-in Costs for these projects is circa \$700/oz and \$1,000/oz respectively.

More reliable estimates of future production and targeted All-in Costs will emerge from refinement of the Tulu Kapi DFS and the development plan and timing for Jibal Qutman in due course and will be reported accordingly to shareholders.

KEFI in Ethiopia

KEFI Minerals has conditionally acquired the remaining 25% to have 100% ownership of the 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.

KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed the Gold and Minerals Joint Venture Company ("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 30 Exploration Licence Applications (ELAs), of which four have been granted. Two of the granted ELs were relinquished in May 2014.

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.