

31 July 2014

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

DEFINITIVE FEASIBILITY STUDY UPDATE

TULU KAPI PROJECT, ETHIOPIA

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and Federal Democratic Republic of Ethiopia, is pleased to announce an update of exploration results as part of the revision of the Definitive Feasibility Study ("DFS") at Tulu Kapi gold project, in western Ethiopia.

HIGHLIGHTS

Additional results from a selective infill drilling programme targetted to intersect the known lode structures continued to return strong gold grades at Tulu Kapi, further supporting the Company's structural interpretation and modelling of the ore body ahead of independent review of the Resource Model, Mine Planning and an updated estimate of Mineable Reserves in preparation for Mine Licence application in Q4 2014.

In addition, encouraging exploration drilling results have been intersected at the Chalte and Guji prospects in the adjacent Yubdo Exploration Licence.

- Reverse circulation ("RC") infill drilling continued to intercept strong gold mineralisation at Tulu Kapi, with best results of 9m at 4.24g/t Au, 13m at 3.21g/t Au, 9m at 3.31g/t Au, 15m at 2.33g/t Au, 5m at 4.12g/t Au and 8m at 3.94g/t Au. These, and further, drill results are tabulated below.
- Results from the last two trenches of the surface trenching program at Tulu Kapi returned additional intercepts of 15m at 1.41 g/t Au (including 4m at 3.1g/t Au).
- The Resource model for Tulu Kapi has been updated and an independent review for JORC compliance is now in progress with Snowden Mining Consultants, Perth.
- RC drilling at the Guji prospect returned best intercepts of 44m at 1.73 g/t Au and 6m at 3.98 g/t Au, and at the Chalte prospect, 8m at 1.91 g/t Au and 8m at 1.88 g/t Au.

Jeff Rayner, Managing Director of KEFI Minerals, commented:

"At Tulu Kapi these recent drill hole and trench results continue to confirm the mineralisation as modelled. Independent review of the Resource Model is underway. This milestone will be followed by a new mine plan and JORC-compliant Reserves that are required to reactivate the Mining Licence Application by the end of 2014 and trigger construction in 2015. Further potential is demonstrated for satellite deposits to Tulu Kapi from the drill results at Guji and Chalte prospects."

TULU KAPI EXPLORATION LICENCE

Additional positive results have been received from the selected targets for the RC infill drilling campaign completed in May at Tulu Kapi. Results further confirm the mineralisation and structural model. A total of 30 RC drill holes for 4,285 metres in the planned open pit area was completed this year, of which 28 returned intercepts in excess of 1.0 g/t, which is material in the context of the current resource estimate. The details of the most significant intercepts at the fifteen holes being reported since the last update in June are shown in the table below.

The following table summarises the most significant intercepts from fifteen* additional infill holes drilled at Tulu Kapi:

BHID	FROM	To	Interval (m)	Au (g/t)	
TKRC_335 <i>including</i>	133	142	9	4.24	
	134	138	4	7.83	
	174	189	15	2.08	
	178	182	4	7.23	
TKRC_336	10	29	19	1.59	
Including	10	15	5	3.78	
TKRC_339	24	41	17	2.05	
	59	63	4	4.59	
TKRC_341	0	5	5	3.73	
	8	17	9	3.31	
	20	36	16	2.17	
	119	140	21	1.78	
TKRC_353 <i>Including</i>	16	25	9	2.20	
	18	21	3	6.10	
	35	40	5	3.03	
TKRC_354	7	10	3	7.13	
TKRC_355	31	41	10	2.76	
	126	134	8	3.94	
TKRC_356	13	17	4	3.82	
	52	67	15	2.33	
	Including	52	57	5	4.12
	<i>Including</i>	72	80	8	2.32
		73	77	4	4.2
TKRC_360	124	137	13	3.21	
Including	125	129	4	9.17	

*(includes partial results not published from previously reported drilling)

YUBDO EXPLORATION LICENCE

Selected targets were generated following a review of previous work on the Chalte and Guji prospects within the Yubdo Exploration Licence, which is located immediately to the west of the Tulu Kapi Licence.

The targets are the first two from a number of prospects located within a 25km radius of Tulu Kapi with the scope and potential to provide a source of additional feedstock to the planned centralised plant to be located at Tulu Kapi.

A total of 3 RC drill holes was drilled for 487m at Chalte and 6 RC drill holes for 747m at Guji. The programme was suspended due to early onset of the rainy season.

CHALTE

Chalte is located about 2 km SSW of the proposed future Tulu Kapi plant and shows similar geochemical, geological and geophysical characteristics to Tulu Kapi.

- Structural setting that is similar to Tulu Kapi and characterised by more than 1.2km long gold in soil anomalies.
- Gold mineralisation is similar to Tulu Kapi, with very clear quartz, carbonate, sulphide veins, disseminated pyrite and albitised halos. Oriented core drilling is required to clearly understand the dip and strike of mineralisation.
- The results of KEFI's RC drilling return encouraging Au intercepts including 8m at 1.91g/t.

GUJI

Guji is located about 4km west from the proposed Tulu Kapi open pit. The target was originally selected based on 2km long strong gold in soil anomalies and significant gold trench results. The previous drilling in the area mainly focused on the highly weathered near surface rock, or "saprolite" gold potential. Almost all previous drilling and gold intercepts were within the 0-40m deep saprolite profile.

- RC drilling program of KEFI confirmed the presence of mineralised structure below the saprolite and intersected very significant Au mineralisation including 44m at 1.73 g/t. More results are shown below.
- Guji gold mineralisation is characterised by strong silicification, carbonatisation with quartz-carbonate veins and sulphides (mainly pyrite) occurring as disseminated and narrow veins filling late fractures.
- Oriented core drilling will be required before a model can be produced for Guji that would lead to further drilling of a resource.

Positive results from the RC holes drilled at Chalti and Guji targets further indicate their potential to provide a source of additional feedstock to any future centralised plant to be located at Tulu Kapi.

The following table summarises the best intercepts from nine RC holes drilled in Chalte and Guji targets of the Yubdo Exploration Licence:

BHID	FROM	To	Interval (m)	Au (g/t)	
CHALTI					
CHRC_001	26	27	1	4.32	
	135	143	8	1.88	
	145	154	9	0.43	
CHRC_003	24	26	2	0.80	
	94	98	4	0.73	
	108	116	8	1.91	
	<i>Including</i>	108	112	4	3.49
	119	122	3	0.87	
	126	133	7	1.33	
GUJI					
GRC_066	16	27	11	0.36	
	37	42	5	0.37	
GRC_067	18	62	44	1.73	
	142	144	2	1.88	
GRC_068	33	34	1	2.45	
	58	66	8	1.22	
	74	80	6	2.38	

	25	26	1	8.64
GRC_070	38	43	5	0.45
	70	76	6	3.98

All samples were prepared at the Tulu Kapi sample preparation laboratory and sent for analysis at internationally accredited laboratories: ALS Romania and Al Amri Labs Kingdom of Saudi Arabia. Gold analysis was carried out by fire assay with an AA finish. KEFI monitors sample preparation and analysis for quality control and assurance.

All material results being reported from Tulu Kapi are located within the outline of the existing resource and the purpose of the drilling and trenching at Tulu Kapi was to infill selected areas of the resource as well as to confirm the geological model (rather than to materially expand the resource).

Drilling at Chalte and Guji prospects was of an exploratory nature to test new drill targets along a known mineralised structure.

Further information is available in the drill location maps that can be found on KEFI's website.

The foregoing information is provided for compliance with the JORC Code 2012, Table 1.

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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.

NOTES TO EDITORS

KEFI Minerals Plc

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. By 2017, the aggregate estimated production at these projects attributable to KEFI Minerals could exceed 80koz pa Au, generating cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends 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.

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 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.

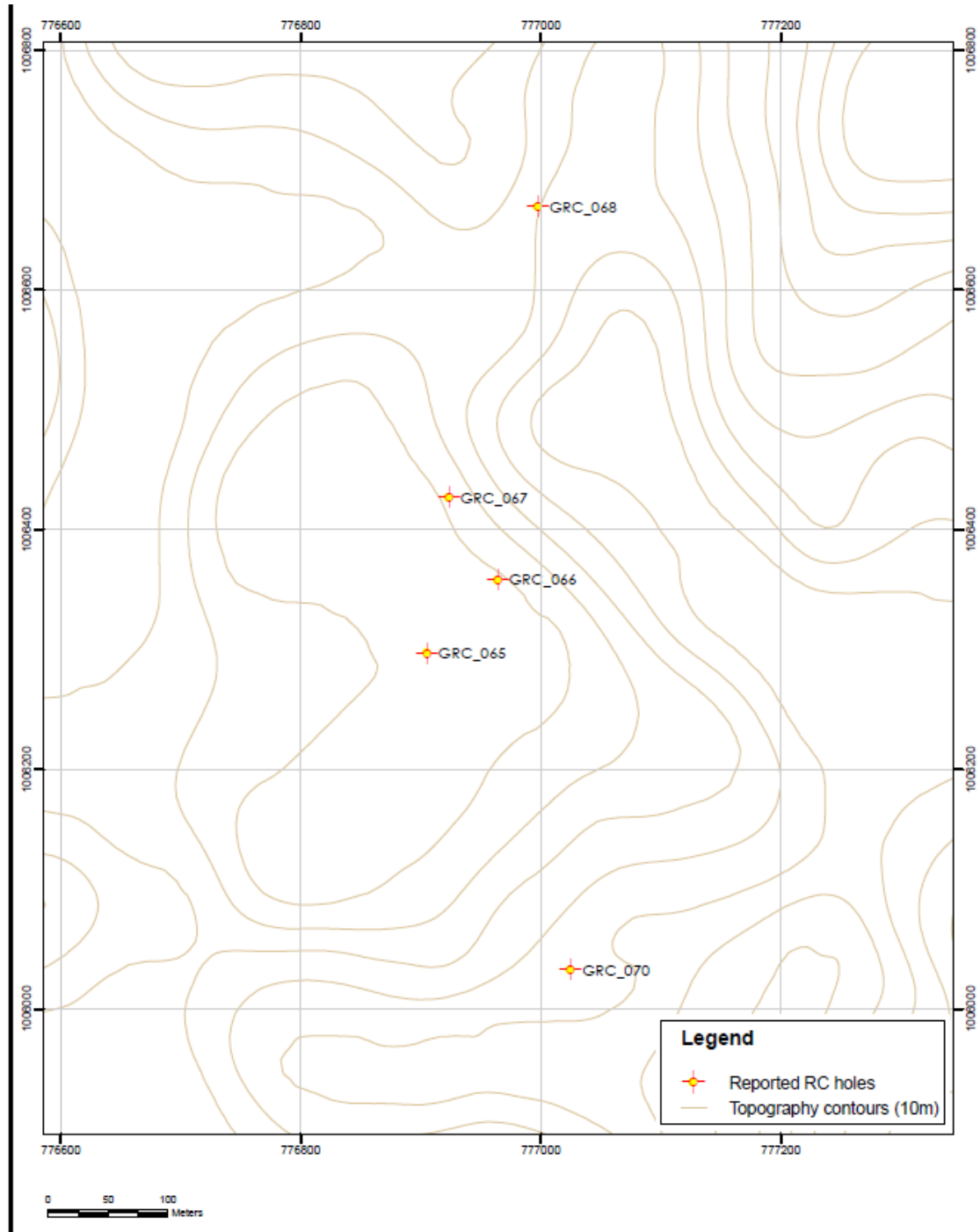
The Kingdom of Saudi Arabia has instituted policies to encourage minerals exploration and development and KEFI Minerals supports this priority by serving as the technical partner within G&M. ARTAR also serves this government policy as the major partner in G&M, which is one of the early movers in the modern resurgence of the Kingdom's minerals sector.


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

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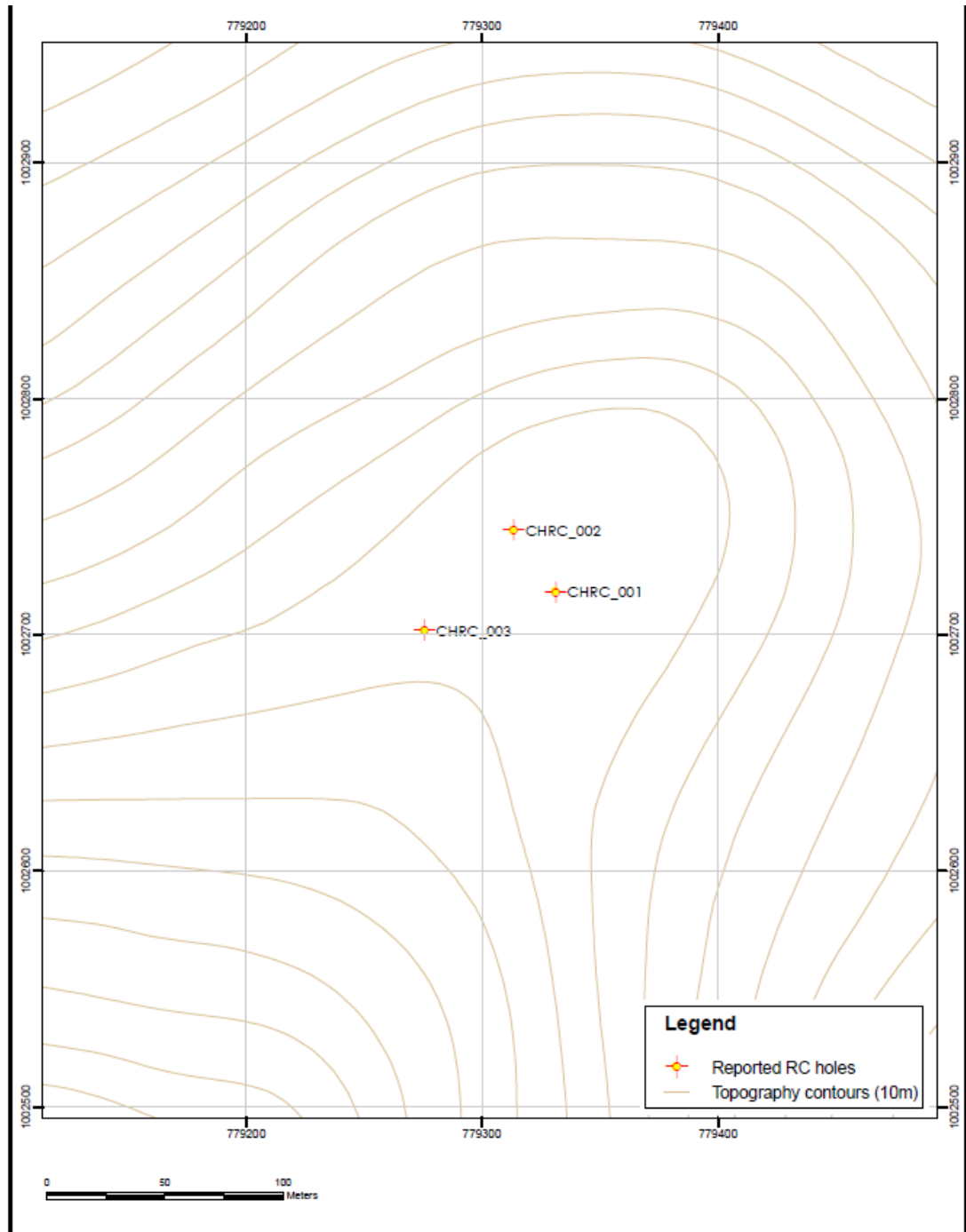
Appendix- Drill location maps:


GUJI Prospect



Location of RC holes with best Au intersections for results received up to July 21, 2014 GUJI PROSPECT, YUBDO EXPLORATION LICENCE	Map Projection: UTM Datum: WGS84, Zone: 36P		KEFI MINERALS ETHIOPIA
	Date: July 21, 2014		

Chalte Prospect



<p>Location of RC holes with best Au intersections for results received up to July 21, 2014 CHALTE PROSPECT, YUBDO EXPLORATION LICENCE</p>	<p>Map Projection: UTM Datum: WGS84, Zone: 36P</p>	<p>Date: July 21, 2014</p>	<p>Scale : 1:2,000</p> 
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