



KEFI Minerals plc

27-28 Eastcastle Street
London W1W 8DH
United Kingdom

Tel: +90 232 381 9431
Fax: +90 232 381 9071
Email: info@kefi-minerals.com

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

UPDATE ON FINAL TRANCHE OF PLACING

Completion of £4.9m placing on track following satisfaction of key conditions

Further to the announcement of 26 November 2014, KEFI Minerals plc (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 announce that the third and final tranche of the placing (the "Third Placing") is on schedule to complete by the pre-agreed long stop date of 16 March 2015 following the satisfaction of a number of conditions. This will constitute the completion of the conditional placing to raise £4.9 million, before expenses, through the issue of up to 420,769,231 new Ordinary Shares by way of a three-stage placing through Brandon Hill Capital Ltd ("Brandon Hill" - formerly Fox-Davies Capital Ltd) (the "Placing") as approved by KEFI shareholders on 15 December 2014.

The Placing proceeds are primarily intended to fund the Company through the next phase of its development with the majority of funds to be expended on progressing the flagship Tulu Kapi project in Ethiopia to the point in mid-2015 where it is planned that full development funding be arranged. KEFI is currently in positive negotiations with a number of financial institutions to provide the requisite debt project finance to fund the restart and will update the market in due course. At the expected issue price for the Third Placing, Perth Partners' Goldfields Resources Fund would become KEFI's largest shareholder with 15.7% and sit alongside other recently introduced cornerstone investors, Odey and Standard Life.

The First Placing Shares were conditionally placed with certain existing shareholders (raising £0.8 million) and the Second Placing Shares were conditionally placed with certain Directors and existing Shareholders (raising £1.1 million) at 1 pence per share. The First Placing Shares were admitted to trading on AIM on 2 December 2014 and the Second Placing Shares were admitted to trading on AIM on 16 December 2014.

The Third Placing Shares have been conditionally placed with Perth Partners, a new cornerstone investor, acting for Goldfields Resources Fund, a new mining finance sub-fund of Perth Global Funds, an Irish-incorporated company. KEFI Minerals will be the fund's maiden investment. The Third Placing Shares (raising £3 million) will be determined by the higher of a pre-set price of 1.3 pence per share or the VWAP of the Ordinary Shares for the 20 trading days immediately prior to the date of allotment of the Third Placing Shares, which is expected to be on or before 16 March 2015. In light of market conditions and the current share price, it is expected therefore that the Ordinary Shares will be issued at 1.3 pence per share as per the agreement.

The Company is pleased to confirm that the following conditions to the Third Placing have now been satisfied:

- (i) Second Admission becoming effective;
- (ii) authorisation of Goldfields Resources Fund by the Central Bank of Ireland; and



- (iii) there being no legal or regulatory provision applicable to the Goldfields Resources Fund, to Perth Global Funds or to Perth Partners which prohibits any of those parties subscribing for the Third Placing Shares.

The Board of KEFI has been notified by Goldfields Resources Fund/Perth Global Funds that it has received confirmations of subscriptions from its own investors and that it expects to provide KEFI with the requisite cleared funds on or before 13 March 2015 so that the Third Admission of 16 March 2015 may become effective by the long stop date in the Placing Agreement.

The Company will provide an update in relation to the confirmation of receipt of cleared funds and the date of Third Admission in due course.

Harry Anagnostaras-Adams, Executive Chairman of KEFI Minerals, added: "We continue along the targeted financing path for our Tulu Kapi gold project in Ethiopia. We are also making progress on identifying appropriate mining contractors and existing processing plants worthy of consideration for use at Tulu Kapi to help further reduce our funding requirements. In the meantime, we look forward to welcoming Perth Global Funds and thank them for their support as we advance towards the commencement of development at Tulu Kapi."

Definitions in this announcement are the same as those included in the Company's circular dated 26 November 2014 available on the Company's website at www.kefi-minerals.com.

Enquiries

KEFI Minerals plc

Harry Anagnostaras-Adams (Executive Chairman)	+357 99457843
Jeff Rayner (Exploration Director)	+905 339281913

SP Angel Corporate Finance LLP (Nominated Adviser)

Ewan Leggat, Katy Birkin	+44 20 3470 0470
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Brandon Hill Capital Ltd (Joint Broker)

Oliver Stansfield, Jonathan Evans	+44 20 3463 5000
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finnCap Ltd (Joint Broker)

Joanna Weaving, Christopher Raggett	+44 207 220 0500
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Luther Pendragon (Financial PR)

Harry Chathli, Claire Norbury	+44 207 618 9100
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Further information on KEFI Minerals is available at www.kefi-minerals.com

Further background on Perth Global Funds and the Goldfields Resources Fund is available on www.perth-partners.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 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, recoupment of development costs and, when appropriate, dividends to shareholders.

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

- Receipt of Mining Licence in Q1 2015
- Independently refined and verified Ore Reserves, mine plan, capex, opex & closure costs
- 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. Detailed research has yielded encouraging results and has been summarised in recent Company announcements.

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 EL” that contains over 5km of outcropping gossans developed on VMS altered and mineralised rocks.

G&M holds 23 Exploration Licence 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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