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

26 September 2016

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

INTERIM RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2016

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and Democratic Republic of Ethiopia, is pleased to provide an update on development funding and announces its unaudited interim results for the half-year ended 30 June 2016. The statement below encompasses the activities of the Company's subsidiary, KEFI Minerals (Ethiopia) Limited ("KME"), in Ethiopia and its joint venture, Gold & Minerals Limited ("G&M"), in the Kingdom of Saudi Arabia.

H1 2016 Highlights

- Despite the expansion of activities since the full permitting, in April 2015, of the Tulu Kapi Gold Project ("Tulu Kapi" or "the Project"), KEFI has maintained tight cost control, illustrated by Administrative costs at £861,000 (H1 2015: £876,000)
- At Tulu Kapi, the Company has assembled an experienced development team and first-tier backers, including government, industry and financial organisations, and is poised to trigger the development by the end of 2016. The Project targets:
    - Steady-state gold production of 115,000 oz pa from 2018 from the open pit at an impressive All-in Sustaining Costs ("AISC") level of c. US$746/oz
    - Cash flows in the first 3 production years sufficient to repay all project debt, fund the development of the Tulu Kapi underground mine as well as the equity component of the initial operation in Saudi Arabia, exploration and consideration of the commencement of dividends
- In Saudi Arabia, KEFI's gold discovery at Jibal Qutman has shaped up to be a viable project based on preliminary analysis, with a low-capex requirement and an apparent capacity to generate the net cash flows for financing an ambitious Saudi exploration program by the G&M joint venture, of which KEFI is 40% owner and operator. G&M targets:
    - To apply for a mining licence at Jibal Qutman after assessing the outcomes of the Government sectoral policy review, which is expected by year-end 2016
    - To explore its large portfolio of licences and applications, starting with the large target for precious and base metals at Hawiah, where G&M has commenced fieldwork, focusing on depth-measurement of large buried targets using geophysical surveys, as a prelude to drilling
- Raised £1.75 million (c. US$2.5 million) through the placing of new ordinary shares at 0.35p per share to provide working capital pending arrangement of Tulu Kapi project finance
- As part of preparations for the development phase, Mr John Leach has joined the senior executive team as Finance Director and Mr Mark Wellesley-Wood, experienced African mining operator, joined the Board as Non-Executive Director
- Since 30 June 2016, the Company has fully discharged the inherited VAT liability and is now entitled to an ETB73,497,020 refund (approximately £2.5 million) and also raised approximately £3.8 million (approximately US$5 million) on the 26 July 2016, before expenses, through the issue of 761,921,740 Placing Shares at a price of 0.5p per share.

Harry Anagnostaras-Adams, Executive Chairman of KEFI Minerals, commented: "We are pleased with the tremendous progress made in the first six months of the year as we built on the momentum of 2015. In particular, the progress made on the ground at the Tulu Kapi Gold Project in Ethiopia has been excellent. The project economics are better today than at any time and with all-in costs estimated at US$746/oz, we believe it puts the Tulu Kapi project in the lowest cost quartile of gold producers globally.

"In the second half of the year, our focus is on working with the Government of Ethiopia on the community resettlement, livelihood restoration and community resettlement programmes. Also, we are in advanced discussions with potential finance syndicate participants. As a result, the Board looks to the future with confidence."

ENQUIRIES

KEFI Minerals plc Harry Anagnostaras-Adams, Executive Chairman **Tel: + 357 99457843** John Leach, Finance Director **Tel: +357 99208130**	**SP Angel Corporate Finance LLP (Nominated Adviser)** Ewan Leggat, Jeff Keating **Tel:** +44 20 3470 0470
Brandon Hill Capital Ltd (Joint Broker) Oliver Stansfield, Alex Walker, Jonathan Evans **Tel:** +44 20 7936 5200	**RFC Ambrian Ltd (Joint Broker)** Jonathan Williams **Tel:** +44 20 3440 6817
Luther Pendragon (Financial PR) Harry Chathli, Claire Norbury, Ana Ribeiro **Tel:** +44 20 7618 9100	**Beaufort Securities Ltd (Joint Broker)** Elliot Hance **Tel:** +44 20 7382 8300

Further information can be viewed on KEFI's website at www.kefi-minerals.com

Operational Review

Tulu Kapi Gold Project, Ethiopia

In the first six months of the year, the Company further de-risked the Project, reinforcing robust economics with advanced plans and preparation of contractual arrangements. All-in costs estimated at US$746/oz puts the project in the lowest cost quartile of gold producers globally. On the financing side, the foundation of risk management for the finance plan is that all scheduled commitments are met even if the price of gold sits at US$900/oz.

The estimated total capital requirement for Tulu Kapi remains c. US$130-140 million, inclusive of financing costs and an allowance for contingencies, which is a significant reduction in capital expenditure from the inherited estimate of c. US$289 million. At present, the Company is structuring the remainder of the finance syndicate around the commitments from project contractors Ausdrill and Lycopodium and from the Government of Ethiopia for project-level equity of US$20 million, and for long-term loans from the Development Bank of Ethiopia for approximately half of the senior secured debt of US$65-85 million, depending upon the final preferred structure.

The Company is engaged in encouraging dialogue with a number of potential lenders as possible participants in the finance syndicate alongside the Development Bank of Ethiopia, as well as existing and potential new equity investors. The range of choices has expanded during the past few months, mainly attributable to a higher gold price, and are being advanced in parallel with the Project timetable.

On the operational side, the Company is actively working with the Government of Ethiopia at all levels, on the community resettlement, livelihood restoration and community development programs. The first phase of the community resettlement programme is anticipated to commence by the end of 2016. This would trigger minor works at Tulu Kapi with major works to commence in Q2 2017.

On the 7 June 2016, the Company announced the appointment of market leader Lycopodium as its Engineering, Procurement and Construction (“EPC”) contractor. The Front End Engineering and Design (“FEED”), procurement, detailed engineering and preparation of contractual documentation are being conducted in parallel with the community resettlement schedule.

During the period, the Company completed an internal Preliminary Economic Assessment ("PEA") of Tulu Kapi's underground mining potential, confirming the economic viability of an underground mine based on current Mineral Resources and increased combined production from the open pit and underground mine to approximately 150,000 oz pa.

Gold & Minerals Ltd Joint Venture, Saudi Arabia

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

In Saudi Arabia, the Company has been focusing on its near-term development proposition at Jibal Qutman where the Mineral Resources currently stand at 28.4Mt at 0.80 g/t Au for 733,045 oz of gold. This G&M discovery is shaping up to be a viable cash flow producer with a low-capex requirement and with a capacity to generate the net cash flows for financing the ambitious Saudi exploration program. G&M awaits clearance from the regulator to submit a Mining Licence for potential development after Tulu Kapi starts up in Ethiopia.

At Hawiah, G&M has identified a huge target for precious and base metals based on the surface-sampling of a six-kilometre long gossan (oxidised mineralisation exposed on the surface) and the results of the geophysical surveys of the ground beneath the gossan. The Saudi venture is a strategic long-term priority and the Company is confident of having established an early-entrant position in what will emerge as a world-class minerals province.

Corporate

Shareholders, existing and new, continued to support the Company and, on 22 March 2016, KEFI announced the successful fundraising of £1.75 million (c. US$2.5 million) through the placing of new ordinary shares at 0.35p per share (the “Placing”) to provide working capital pending the arrangement of Tulu Kapi project finance.

Post period, the Company appointed RFC Ambrian Ltd as joint brokers. In addition, it welcomed Mr Mark Wellesley-Wood, an experienced African mining operator, to the Board as Non-Executive Director and appointed Mr John Leach as Finance Director as this function expands in scale and responsibility.

In addition, since 30 June 2016, the Company has fully discharged the inherited VAT liability and is now entitled to an ETB73,497,020 refund (approximately £2.5 million) and also raised approximately £3.8 million (approximately US$5 million) on the 26 July 2016, before expenses, through the issue of 761,921,740 Placing Shares at a price of 0.5p per share.

Condensed interim consolidated statements of comprehensive income

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Notes	**Six months ended 30 June 2016**	Six months ended 30 June 2015
Revenue		**-**	-
Exploration expenses		**(38)**	(55)
Gross loss		**(38)**	(55)
Administration expenses		**(861)**	(876)
Share-based payments		**(208)**	(200)
Share of loss from jointly controlled entity		**(635)**	(444)
Change in value of financial assets at fair value through profit and loss		**-**	-
Operating loss		**(1,742)**	(1,575)
Foreign exchange gain/(loss)		**(42)**	96
Interest income		**-**	-
Interest expense		**(91)**	(149)
Loss before tax		**(1,875)**	(1,628)
Tax		**-**	-
Loss for the period		**(1,875)**	(1,628)
Loss for the period		**(1,875)**	(1,628)
Other comprehensive loss:			
Exchange differences on translating foreign operations		**415**	66
Total comprehensive loss for the period		**(1,460)**	(1,562)
Basic and fully diluted loss per share (pence)	4	**(0.07)**	(0.12)

The notes are an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statements of financial position

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Notes	30 June 2016	31 Dec 2015
ASSETS			
Non-current assets			
Property, plant and equipment	5	**84**	81
Intangible assets	6	**12,762**	11,845
		12,846	11,926
Current assets			
Financial assets at fair value through profit or loss		**97**	92
Trade and other receivables	7	**147**	358
Cash and cash equivalents		**149**	562
		393	1,012
Total assets		**13,239**	12,938
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	8	**3,122**	2,623
Deferred Shares	8	**12,436**	12,436
Share premium	8	**13,480**	12,347
Share options reserve	9	**1,358**	1,212
Foreign exchange reserve		**385**	(30)
Accumulated losses		**(19,458)**	(17,645)
Total equity		**11,323**	10,943
Current liabilities			
Trade and other payables	10	**1,916**	1,995
		1,916	1,995
Total liabilities		**1,916**	1,995
Total equity and liabilities		**13,239**	12,938

The notes are an integral part of these condensed interim consolidated financial statements.

On 26 September 2016, the Board of Directors of KEFI Minerals Plc authorised these financial statements for issue.

John Leach

Finance Director

Condensed interim consolidated statement of changes in equity

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Attributable to the owners of the Company							
	Share capital	Deferred shares	Share premium	Share options reserve	Foreign exchange reserve	Accumulated losses	Non-controlling interest	Total
At 1 January 2015	12,352	-	8,433	848	(86)	(14,389)	-	7,158
Loss for the year	-	-	-	-	-	(3,206)	-	(3,206)
Other comprehensive income	-	-	-	-	56	-	-	56
Total Comprehensive Income	-	-	-	-	56	(3,206)	-	(3,150)
Recognition of share based payments	-	-	-	378	-	-	-	378
Cancellation of options	-	-	-	(14)	-	14	-	-
Issue of share capital	2,707	-	4,293	-	-	-	-	7,000
Share issue costs	-	-	(379)	-	-	(64)	-	(443)
Restructuring of share capital	(12,436)	12,436	-	-	-	-	-	-
At 31 December 2015	2,623	12,436	12,347	1,212	(30)	(17,645)	-	10,943
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(1,875)**	**-**	**(1,875)**
Other comprehensive income	**-**	**-**	**-**	**-**	**415**	**-**	**-**	**415**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**415**	**(1,875)**	**-**	**(1,460)**
Recognition of share based payments	**-**	**-**	**-**	**208**	**-**	**-**	**-**	**208**
Cancellation of options	**-**	**-**	**-**	**(62)**	**-**	**62**	**-**	**-**
Issue of share capital	**499**	**-**	**1,249**	**-**	**-**	**-**	**-**	**1,748**
Share issue costs	**-**	**-**	**(116)**	**-**	**-**	**-**	**-**	**(116)**
At 30 June 2016	**3,122**	**12,436**	**13,480**	**1,358**	**385**	**(19,458)**	**0**	**11,323**

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Share capital	amount subscribed for share capital at nominal value
Deferred shares	on 16 June 2015, under the restructuring of share capital, ordinary shares of 1p each in the capital of the Company were sub-divided into one new ordinary share of 0.1p and one deferred share of 0.9p
Share premium	amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve	reserve for share options granted but not exercised or lapsed
Foreign exchange reserve	cumulative foreign exchange net gains and losses recognized on consolidation
Accumulated losses	cumulative net gains and losses recognized in the statement of comprehensive income, excluding foreign exchange gains within other comprehensive income
Non-controlling interest (NCI)	the portion of equity ownership in a subsidiary not attributable to the parent company

The notes are an integral part of these condensed consolidated financial statements.

Condensed interim consolidated statements of cash flows
(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Six months ended to 30 June 2016	Six months ended to 30 June 2015
Cash flows from operating activities		
Loss before tax	**(1,875)**	(1,628)
Adjustments for:		
Share-based benefits	**208**	200
Share of loss in joint venture	**635**	444
Gain on disposal of plant and equipment	**(23)**	(70)
Depreciation	**25**	52
Interest expense	**91**	149
Foreign exchange losses on financing activities	**42**	(96)
Foreign exchange gains on operating activities	**21**	88
Cash outflows from operating activities before working capital changes	**(876)**	(861)
Interest paid	**(91)**	(149)
Changes in working capital:		
Trade and other receivables	**206**	(87)
Trade and other payables	**(85)**	(758)
Net cash used in operating activities	**(846)**	(1,855)
Cash flows from investing activities		
Purchases of plant and equipment	**(28)**	(5)
Proceeds on disposal of plant and equipment		70
Deferred exploration costs	**(428)**	(545)
Project evaluation costs	**(489)**	(898)
Advances to joint venture	**(255)**	(408)
Net cash used in investing activities	**(1,200)**	(1,786)
Cash flows from financing activities		
Proceeds from issue of share capital	**1,748**	4,259
Listing and issue costs	**(116)**	(235)
Net cash from financing activities	**1,632**	4,024
Net (decrease)/increase in cash and cash equivalents	**(414)**	383
Cash and cash equivalents:		
At beginning of period	**562**	640
At end of period	**148**	1,023

The notes are an integral part of these condensed interim consolidated financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company was incorporated in United Kingdom as a public limited company on 24 October 2006. Its registered office is at 27/28 Eastcastle Street, London W1W 8DH.

Principal activities

The principal activities of the Group for the period are:

- To explore for mineral deposits of precious and base metals and other minerals that appear capable of commercial exploitation, including topographical, geological, geochemical and geophysical studies and exploratory drilling.
- To evaluate mineral deposits determining the technical feasibility and commercial viability of development, including the determination of the volume and grade of the deposit, examination of extraction methods, infrastructure requirements and market and finance studies.
- To develop, operate mineral deposits and market the metals produced.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below. These policies have been applied consistently throughout the period presented in these condensed interim consolidated financial statements unless otherwise stated.

Basis of preparation and consolidation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (IFRS) including International Accounting Standard 34 "Interim Financial Reporting" and using the historical cost convention.

These condensed interim consolidated financial statements ('the statements") are unaudited and include the financial statements of the Company and its subsidiary undertakings. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of the Company and the Group for the year ended 31 December 2015. These statements do not include all of the disclosures required for annual financial statements, and accordingly, should be read in conjunction with the financial statements and other information set out in the Company's 31 December 2015 Annual Report. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements.

Going concern

The Directors have formed a judgment at the time of approving the condensed interim consolidated financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. The financial statements have been prepared on a going concern basis, the validity of which depends principally on the discovery of economically viable mineral deposits, obtaining the necessary mining licences and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the Company's exploration activities. The financial statements do not include any adjustment that would arise from a failure to complete any of the above. Changes in future conditions could require write downs of the carrying values of property, plant and equipment, intangible assets and/or deferred tax.

Use and revision of accounting estimates

The preparation of the condensed interim consolidated financial statements requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

2. Summary of significant accounting policies (continued)

Adoption of new and revised International Financial Reporting Standards (IFRSs)

The Group has adopted all the new and revised IFRSs and International Accounting Standards (IAS) which are relevant to its operations and are effective for accounting periods commencing on 1 January 2016. The adoption of these Standards did not have a material effect on the condensed interim consolidated financial statements.

At the date of authorisation of these condensed interim consolidated financial statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the consolidated financial statements of the Group.

Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are unchanged from those disclosed in the annual consolidated financial statements.

3. Operating segments

The Group has only one distinct operating segment, being that of mineral exploration. The Group's exploration activities are located in Ethiopia, Saudi Arabia through the jointly controlled entity and its administration and management is based in Cyprus.

Six months ended 30 June 2016	Cyprus	Ethiopia	Total
Operating loss	**(1,095)**	**(12)**	**(1,107)**
Interest paid	**(91)**		**(91)**
Foreign exchange (loss)/gain	**(42)**		**(42)**
Loss before tax	**(1,228)**	**(12)**	**(1,240)**
Share of loss from jointly controlled entities Saudi Arabia			**(635)**
Tax			
Loss for the period			**(1,875)**
Total assets	**1,684**	**11,555**	**13,239**
Total liabilities	**(1,387)**	**(529)**	**(1,916)**
Depreciation of property, plant and equipment		**(25)**	**(25)**

Six months ended 30 June 2015	Cyprus	Ethiopia	Total
Operating loss	(1,144)	13	(1,131)
Interest paid	(50)	(99)	(149)
Foreign exchange (loss)/gain	(225)	321	96
Loss before tax	(1,362)	235	(1,194)
Share of loss from jointly controlled entities Saudi Arabia			(444)
Tax			-
Loss for the period			(1,628)
Total assets	3,098	9,125	12,223
Total liabilities	(819)	(1,477)	(2,296)
Depreciation of property, plant and equipment	-	(52)	(52)

4. Loss per share

The calculation of the basic and fully diluted loss per share attributable to the ordinary equity holders of the parent is based on the following data:

	Six months ended 30 June 2016	Six months ended 30 June 2015
Net loss attributable to equity shareholders	**(1,875)**	**(1,628)**
Average number of ordinary shares for the purposes of basic loss per share (000's)	**2,871,319**	**1,327,832**
Basic and fully diluted loss per share (pence)	**(0.07)**	**(0.12)**

The effect of share options and warrants on losses per share is anti-dilutive.

5. Property, plant and equipment

Cost	**Motor vehicles**	**Property**	**Furniture, fixtures and office equipment**	**Total**
At 1 January 2015	60	198	61	319
Additions	-	-	4	5
At 30 June 2015	60	198	65	324
Acquisitions	-	7		6
Disposals	(17)	(70)	(6)	(93)
At 31 December 2015 / 1 January 2016	**43**	**135**	**59**	**237**
Additions	**28**	**-**	**-**	**28**
At 30 June 2016	**71**	**135**	**59**	**265**
Accumulated Depreciation				
At 1 January 2015	39	73	47	159
Charge for the period		33	18	51
At 30 June 2015	39	106	65	210
Charge for the period	5	34		39
Disposals	(17)	(70)	(6)	(93)
At 31 December 2015 / 1 January 2016	**27**	**70**	**59**	**156**
Charge for the period	**-**	**25**	**-**	**25**
At 30 June 2016	**27**	**95**	**59**	**181**
Net Book Value at 30 June 2016	**44**	**40**	**-**	**84**
Net Book Value at 31 December 2015	16	65	-	81

6. Intangible assets

	Project evaluation costs	Deferred exploration costs	Total
Cost			
At 1 January 2015	976	8,163	9,139
Additions	898	545	1,443
At 30 June 2015	1,874	8,708	10,582
Additions	841	422	1,263
At 31 December 2015	**2,715**	**9,130**	**11,845**
Additions	**489**	**428**	**917**
At 30 June 2016	**3,204**	**9,558**	**12,762**

	Project evaluation costs	Deferred exploration costs	Total
Accumulated Impairment			
At 1 January 2015	-	-	-
Impairment charge for the period	-	-	-
At 30 June 2015	**-**	**-**	**-**
Impairment charge for the period	**-**	-	-
At 31 December 2015	**-**	**-**	**-**
Impairment charge for the period	**-**	**-**	**-**
At 30 June 2016	**-**	**-**	-
Net Book Value at 31 December 2015	2,715	9,130	11,845
Net Book Value at 30 June 2016	**3,204**	**9,558**	**12,762**

Management performed an impairment review for the above intangible assets at 30 June 2016, which relate to development work at the Tulu Kapi license area, and assessing its economic feasibility. The net present value of the Tulu Kapi asset significantly exceeded the book value at 30 June 2016.

The impairment review compared the recoverable amount of assets to the carrying value. The recoverable amount of an asset is assessed by reference to the higher of value in use ("VIU"), being the net present value ("NPV") of future cash flows expected to be generated by the assets, and fair value less costs to dispose ("FVLCD"). The FVLCD is based on an estimate of the amount that the company may obtain in a sale transaction on an arms-length basis.

7. Trade and other receivables

	30 June 2016	31 Dec 2015
Other receivables	**36**	45
Placing funds	**-**	207
Amount receivable from Saudi Arabia Joint Venture (Note 12.4)	**-**	6
VAT	**106**	95
Deposits and prepayments	**5**	5
	147	358

8. Share capital

	Number of shares 000's	Share capital	Deferred shares	Share premium	Total
Issued and fully paid					
At 1 January 2016	2,621,639	2,623	12,436	12,347	27,406
Issued 22 March 2016 at GBP 0.01	499,360	499	-	1,249	1,748
Share issue costs	-	-	-	(116)	(116)
At 30 June 2016	**3,120,999**	**3,122**	**12,436**	**13,480**	**29,038**

Issued capital

2016

On 22 March 2016, 499,359,791 shares of 0.1p were issued at a price of 0.35 per share. On issue of the shares, an amount of GBP1,249,000 was credited to the Company's share premium reserve.

Restructuring of share capital into deferred shares

On 16 June 2015 the Company issued ordinary shares of 1p each in the capital of the Company which were sub-divided into one new ordinary share of 0.1p and one deferred share of 0.9p. The Deferred Shares have no value or voting rights. After the share capital reorganisation there were the same number of New Ordinary Shares in issue as there are existing Ordinary Shares. The New Ordinary Shares have the same rights as those currently accruing to the existing Ordinary Shares in issue under the Company's articles of association, including those relating to voting and entitlement to dividends.

Warrants

2016

On 22 March 2016, the Company issued 24,967,989 warrants to subscribe for new ordinary shares of 0.1p each at 0.35p per share.

On 21 February 2016, 780,000 warrants were cancelled/expired during the period from 1 January 2016 to 30 June 2016.

Details of warrants outstanding as at 30 June 2016:

Grant date	Expiry date	Exercise price	Number of warrants 000's
20 February 2012	19 February 2017	3p	2,917
4 July 2013	3 July 2018	2.1p	1,310
16 October 2013	15 October 2018	2.25p	1,111
27 December 2013	26 December 2016	2p	13,500
16 June 2014	15 June 2016	1.5p	8,500
2 December 2014	1 December 2017	1p	4,000
16 December 2014	15 December 2017	1p	5,500
18 March 2015	17 March 2018	1p	4,000
14 May 2015	13 May 2018	1p	1,681
19 June 2015	18 June 2018	0.8p	14,500
11 December 2015	10 December 2018	0.30p	43,860
22 March 2016	21 March 2019	0.35p	24,968
			125,846

These warrants were issued to advisers of the Group.

8. Share capital (Continued)

	Weighted average ex. price	Number of warrants 000's
Outstanding warrants at 1 January 2016		101,658
- granted	0.35p	24,968
- cancelled/forfeited	5.00p	(780)
Outstanding warrants at 30 June 2016		125,846

9. Share options reserve

Details of share options outstanding as at 30 June 2016:

Grant date	Expiry date	Exercise price	Number of shares 000's
29-Sep-11	28-Sep-16	3.78p	1,000
13-Sep-12	12-Sep-18	4.00p	14,150
24-May-13	23-May-19	2.915p	1,000
03-Sep-13	02-Sep-18	2.94p	1,000
08-Oct-13	07-Oct-18	2.27p	350
08-Jan-14	07-Jan-20	1.88p	400
16-Jan-14	15-Jan-20	1.99p	100
01-Feb-14	31-Jan-20	1.89p	100
27-Mar-14	26-Mar-20	2.30p	27,225
04-Apr-14	03-Apr-20	1.83p	100
12-Sep-14	11-Sep-20	1.76p	2,250
20-Mar-15	19-Mar-21	1.32p	27,000
16-Jun-15	15-Jun-21	1.32p	6,500
12-Jan-16	11-Jan-22	0.42p	80,190
23-Feb-16	22-Feb-22	0.74p	3.000
			164,365

	30 June 2016	31 Dec 2015
Opening amount	**1,212**	848
Warrants issued costs	**63**	163
Share options issued to employees	**35**	69
Share options issued to directors and key management	**110**	146
Forfeit of options or cancellations	**(62)**	(14)
Closing amount	**1,358**	1,212

	Weighted average ex. price	Number of shares 000's
Outstanding options at 1 January 2016		81,275
- granted	0.43p	83,190
- cancelled/forfeited	7.1p	(100)
Outstanding options at 30 June 2015		164,365

9. Share options reserve

On 19 January 2016, 48,114,000 options were issued to the Directors and a further 32,076,000 options have been granted to other non-board members of the senior management team at a price of 0.42p per KEFI ordinary share. The Options expire after 6 years and, in normal circumstances, vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

On 23 February 2016, 3,000,000 options were issued for new ordinary shares of 0.1p each at 0.74p per share. The Options expire after 6 years and vest immediately.

10. Trade and other payables

	30 June 2016	31 Dec 2015
Accruals and other payables	**1,356**	1,011
Other loans	**244**	236
Payable to shareholders (Note 12.3)	**9**	8
Payable to joint venture partner (Note 12.5)	**97**	90
VAT Liability	**210**	650
	1,916	1,995

In January 2014 an agreement was made with Ethiopian Revenue and Customs Authority ("ERCA") to repay the balance of the VAT liability plus interest accruing on the unpaid principal amount over a three-year payment plan in accordance with the relevant tax proclamation, 25% of the assessed outstanding amount is payable immediately and the balance under an agreed payment schedule. This initial payment, of ETB27,111,509 (approximately GBP848,590), equivalent to 25% of the assessed tax amount outstanding, was made in January 2014. The balance of the liability plus interest accruing on the unpaid principal amount was agreed to be paid subject to a three-year payment plan formally agreed with ERCA. The Company has fully discharged the inherited VAT liability and now entitled to an ETB73,497,020 refund (Approximately £2.5 million).

11. Joint venture agreements

In May 2009, KEFI Minerals formed the Gold & Minerals exploration joint venture, "G&M" Joint Venture, with Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI Minerals is the operating partner with a 40% shareholding of the G&M Joint Venture with ARTAR holding the other 60%.

KEFI Minerals provides the G&M Joint Venture with technical advice and assistance, including personnel to manage and supervise all exploration and technical studies. ARTAR provides administrative advice and assistance to ensure that the G&M Joint Venture remains in compliance with all governmental and other procedures.

12. Related party transactions

The following transactions were carried out with related parties:

12.1. Compensation of key management

The total remuneration of the Directors and other key management personnel was as follows:

	Six months ended 30 June 2016	Six months ended 30 June 2015
Directors' fees	**240**	220
Directors' other benefits	**40**	20
Share-based benefits to directors	**82**	76
Key management fees	**125**	83
Key management other benefits	**17**	
Share-based benefits to key management	**28**	2
	532	401

12.2. Compensation of key management personnel

Share-based benefits

The Company has issued share options to directors and key management. On 27 March 2014, the Board approved a new share option scheme ("the Scheme") for directors, senior managers and employees. The Scheme formalises the existing policy that options may be granted over ordinary shares representing up to a maximum of 10 per cent of the Group's issued share capital. The Scheme options vest in equal annual instalments over a period of 2 years or on the performance obligations set at the time of issuing the options and expire after 6 years.

12.3 Payable to shareholders

Name	Nature of transactions	Relationship	**2016**	2015
Atalaya Mining PLC (previously EMED)	Finance	Shareholder	**9**	8

12.4 Receivable from related parties

The Group			**2016**	2015
Name	**Nature of transactions**	**Relationship**		
Gold & Minerals Co. Limited	Finance	Jointly controlled entity	**-**	6
			-	6

12.5 Payable to related parties

The Group			**2016**	2015
Name	**Nature of transactions**	**Relationship**		
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Jointly controlled entity	**97**	90
			97	90

13. Contingent liabilities

In 2006, EMED Mining Public Ltd acquired a proprietary geological database that covers extensive parts of Turkey and Greece and EMED transferred to the Company that part of the geological database that relates to areas in Turkey.

Under the agreement, the Company has undertaken to make a payment of approximately GBP51,100 (AUD105,000) for each tenement it is subsequently awarded in Turkey and which was identified from the database. The maximum number of such payments required under the agreement is four, resulting in a contingent liability of up to GBP204,400. These payments are to be settled by issuing shares in the Company. To date, only one tranche of shares have been issued under this agreement in June 2007 for GBP43,750 (AUD105,000).

14. Capital commitments

The Group has the following capital or other commitments,

14.1. Project program commitments

	30 June 2016	31 Dec 2015
Project Evaluation Costs	**330**	
Property Plant and Equipment	**-**	27
	330	27

15. Legal allegation

Allegations were made against a subsidiary of the Company in 2014 by 39 persons in the Oromiya Regional State of Ethiopia, that exploration drilling between 1998 and 2006 had caused damage to land occupied (but not owned) by them, despite rehabilitation having been completed, reported and accepted by the regulatory authorities at that time. They allege damage of BIRR249,589,430 (approximately GBP8.6million). The allegations were dismissed in March 2014 but they have directed the allegations to another arm of the judiciary. Having sought legal advice on this matter, the Group is of the opinion that the allegations have no merit and that it is not appropriate to recognise any contingent liability. The Group's lawyers believe that the allegations are spurious and that the chances of the judiciary holding that there exists a bona fide damages case to be heard are remote.

16. Events after the reporting date

The Company has conditionally raised approximately £3.8 million (approximately US$5 million) on the 26 July 2016, before expenses, through the issue of 761,921,740 Placing Shares at a price of 0.5p per share.

During August the Company granted 35 million new options of 0.1 pence per Ordinary Share of the Company to Directors and a senior manager. The Options have an exercise price of 0.6 pence per Ordinary Share. The Options vest in two equal annual instalments, the first upon achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve month period.

The Company repaid the VAT liability plus interest accruing on the unpaid principal amount to the Ethiopian Revenue and Customs Authority ("ERCA") in August 2016. .

17. Contingent Asset

The Company fully discharged the inherited VAT liability during August 2016 and is entitled to a £2.5 million VAT refund. The directors are of the opinion that the results of recent discussion with the VAT office there are strong indications that this claim is probable to be met in full in the near future.