

AIM: KEFI**12 March 2014****KEFI Minerals Plc
("KEFI" or the "Company")****UPGRADED JORC RESOURCE AT
TULU KAPI GOLD DEPOSIT IN ETHIOPIA**

KEFI Minerals, the AIM-quoted gold and copper exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, is pleased to announce an updated JORC compliant total Indicated and Inferred Resource of 24.1Mt at 2.64g/t Au for 2.05Moz Au at its Tulu Kapi project in Ethiopia.

KEFI Minerals is the manager of the project under the Company's 75%-owned KEFI Minerals (Ethiopia) Limited joint venture company with Nyota Minerals.

HIGHLIGHTS

- A JORC-compliant total resource of **2,051,000oz Au (24.1Mt at 2.64g/t Au)** has now been calculated, a re-validation and an increase over the previously reported total resource of 1,872,000oz Au, with a material reclassification from the "Inferred" category to the "Indicated".
- The **Indicated Resource** now stands at **21.2Mt at 2.73g/t Au for 1,862,000oz Au** (from 1,108,000oz Au at 2.36g/t Au).
- As a result of upgrading the Indicated Resource, the **Inferred category** has been reduced to **2.9Mt at 2.03g/t Au** for 189,000oz Au (from 764,000oz Au at 2.30g/t Au).
- An independent review of KEFI's resource model was performed by AMC Consultants Pty Ltd. (AMC), who advised areas to be addressed in due course after planned further drilling and surface sampling, and during the reserve re-estimation process.
- KEFI has been able to perform this resource upgrade by updating the database to include a total of 71 exploration drill holes drilled by Nyota in late 2012 which missed the cut-off for the resources estimate at October 2012 which formed the basis of the Definitive Feasibility Study (DFS) published in December 2012. In addition, KEFI has refined the resource model and corrected some of the down hole survey data.
- KEFI has completed its review and verification of the October 2012 JORC-compliant Inferred and Indicated resource estimate as reported by the previous owner and has introduced tighter structural control to the model using the present surface mapping carried out since early January 2014.

- Revisions to the DFS to conform to more selective mining of the Tulu Kapi deposit have been initiated. The modifications aim to reduce the capital expenditure by downsizing the plant from 2Mt pa to 1-1.2Mt pa and, reducing the size of the mining fleet. These changes result in an increase to the mined head grade, by reducing mine dilution.
- The revised Tulu Kapi DFS is expected to be complete in Q4 2014.
- An ambitious exploration programme will also be introduced in stages, to ensure long term optimisation of the mineral resource and surrounding licences.

Jeff Rayner, Managing Director of KEFI Minerals, commented:

“We are delighted with the increase of the Tulu Kapi JORC compliant Indicated Resource by over 65% to 1.86Moz. We are improving our understanding of the mineralisation through detailed structural mapping and surface sampling. Our progress has been rapid and work continues with a small programme of infill RC drilling for use in final mine planning, scheduled to be completed next quarter ”.

“We are also delighted with the contribution of our new local personnel who are rapidly integrating into the enlarged KEFI Minerals Group and the exciting development tasks ahead.”

Tulu Kapi Resource Update

The updated resource at Tulu Kapi has been calculated from additional drill results received after the October 2012 resource had been published. A total of 71 exploration drillholes were added to the post-October 2012 database comprising 25 reverse circulation holes, 44 diamond holes and 2 water-bore holes for a total of 16,000m. The total data set now considered is comprised of 231 diamond drill holes for 58,276m and 333 RC drill holes for 45,616m, and 74 RC drill holes with diamond tails for 17,430m.

The resource methodology involves using dynamic anisotropy to generate a block model directly from the drill hole data by using strike and dip strings to define the orientation of the mineralised structure. The strike and dip strings were generated from the drill hole data based on a cut-off grade of 0.3g/t Au. Dip strings are based on the current structural interpretation in which the mineralisation is defined by structures which dip around 30° to the northwest. Dip strings were generated on 20m section spacing and attempted to join intersections in which grade continuity was identified. As a review of the structural model and part of the verification process dip strings were created at an increased density and incorporation of the additional exploration drilling has enabled a much tighter control to be brought to the grade estimation process.

Geostatistical analysis was carried out on the revised database and “top cutting” was performed to reduce the influence of any values that were outside of the general population. Grade top-cuts were applied at 100g/t and the overall effect of the top cuts on the Tulu Kapi dataset has not resulted in any significant reduction in the mean grade of the deposit.

Variography was carried out on the revised database to confirm the spatial continuity of mineralisation and to confirm the selection of suitable search parameters upon which to base the resource estimation.

Drill data was composited at 1m, which is the mean sample length present in the database and to preserve narrow high grade structures, after which a dynamic anisotropy procedure is run using an inverse distance squared estimation on the composites to identify blocks within the deposit boundaries that satisfies the cut-off grade criteria identified in the mineralised zone interpretation. The mineralised zone model was generated based on a prototype of 5m by 5m by 1m block sizes.

Grade estimation was carried out using ordinary kriging (OK) as the principal interpolation method. Inverse power of distance squared (ID²) and nearest neighbor (NN) were also used for comparative purposes. The ordinary kriging method used estimation parameters defined by the variography. The estimation was performed only on mineralised material defined within the deposit boundaries as defined by the mineralised zone model. Drill hole samples with a grade of less than 0.3g/t Au were excluded from the input data for the estimation process.

The estimate compares well with the previous October 2012 estimate on tonnage and grade with the influence of the additional data, particularly deeper intercepts and infill drill holes, resulting in the additional ounces and improved resource category conversion as reported.

The updated JORC Compliant Indicated and Inferred resource estimate has been reported above a 0.3g/t Au cut-off as below:

KEFI March 2014			
	Tonnes (Mt)	Au g/t	Contained Gold Moz
Indicated	21.2	2.73	1.86
Inferred	2.89	2.03	0.19
Total	24.09	2.64	2.05

KEFI has calculated a resource using a lower economic cut-off grade of 0.3g/t Au and has excluded intervals of internal waste which are <0.3g/t Au over the 1m composite sample intervals. These zones of internal waste (tonnes and grade) will be treated and included in the diluted probable reserve. KEFI recognises that this internal dilution could be an issue (see AMC comments below) and has run a Resource estimate using 2m down hole composites, which helps account for internal dilution, with the result showing the same total gold resource ounces, and an expected drop of 16% in grade and an increase of 16% of tonnes. AMC has not, as yet, verified the 2m composite model. KEFI will address this matter comprehensively when in due course it applies suitable dilution parameters in the Probable Reserve estimate.

AMC Independent Resource Review

AMC Consultants Pty Ltd (AMC) was contracted to independently review KEFI's updated Tulu Kapi Mineral Resource model for estimated tonnes and grade, to review various aspects of the Mineral Resource estimation method and to advise on matters to be addressed particularly during the reserve estimation process. It is important to note that AMC was not contracted to sign off as the Competent Person (CP). CP sign off would require a more comprehensive and lengthy review of all sampling, assay and geostatistical procedures which KEFI will commit to in an independent review in due course when a final resource model is completed after planned surface sampling and infill drilling.

AMC has completed the first pass of this review and has confirmed that the model received by KEFI reports the same tonnes and grade as those in the reported resource tabulations, when using the same reporting criteria. AMC comments from this review are listed as bullet points below.

AMC's review was based on data provided by KEFI, including drill hole database, geological interpretation, wireframes for the mineralised interpretation, natural topography interpretation, bulk density data, assay composites, variography and block models. AMC has not at this stage undertaken an assessment of data collection and QA/QC monitoring procedures.

AMC comments and recommendations:

- While the interpretation of the mineralisation is generally reasonable, the interpretation should be revised in due course to rationalise the extent of the mineralisation defined by the mineralised zone model and to ensure that the blocks selected for use in the final grade estimate form contiguous zones where possible.
- Inclusion of all mineralised zone model cells above a 0.3g/t Au grade cut-off, regardless of location, is likely to have resulted in some over-estimation of tonnes and grade, as the process used to define the mineralised zone model has assigned grades of 0.3g/t Au and over to areas of the model where surrounding drillholes are all below 0.3g/t Au. KEFI has advised that these intervals mostly relate to zones within the inferred resources category, which will be excluded from reserve estimation.
- AMC recommends that the block size for the final estimate should in due course be in the order of at least 20m x 20m in X and Y and 5m to 10m in Z dimensions. This roughly approximates half the drillhole spacing.
- AMC recommends that in due course KEFI incorporates the results of the current surface structural mapping and close spaced trench sampling and apply this to the mineralisation model on a section by section basis and create wire-framed shapes to define the mineralised volume prior to commencing with the grade estimate.
- AMC recommends that in due course all drillhole grades within the defined mineralisation boundary are used in the final estimate, regardless of whether they are above or below 0.3g/t Au. KEFI has advised that this will be done in the diluted reserve estimation.

Ongoing Exploration

Surface sampling of hand dug trenches and structural mapping at the Tulu Kapi deposit is approximately 50% complete. This work is important to confirm continuity of mineralisation as projected to surface from the revised block model and also to provide additional structural data in which to further constrain and improve the model for further resource updates.

An RC drill programme of some 20 holes (4,000m) is due to commence in late March. The aim is to infill the existing drill database where required for final confirmation of mineralisation within the expected open pit reserve.

Enquiries

KEFI Minerals

Jeffrey Rayner +90 533 928 1913

Fox-Davies Capital

Simon Leathers +44 203 463 5010

Bishopsgate Communications

Nick Rome/Anna Michniewicz +44 20 7107 1890

References in this announcement to exploration results and potential have been approved for release by Mr. Jeffrey Rayner. Mr Rayner is 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.

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

KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed the Gold and Minerals Joint Venture (“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 23 Exploration Licence Applications (ELAs), of which four have been granted.

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.

KEFI in Ethiopia

KEFI Minerals has acquired 75% of 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.

The Company is now positioned as an operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 1.7Moz 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, recouplement of development costs and, when appropriate, dividends to shareholders.

-Ends-