



KEFI Minerals plc

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5 September 2016

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

OPERATIONAL UPDATE

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, is pleased to provide an operational update for the period from 1 July to 31 August 2016 ahead of the Q3 2016 update to be issued in October 2016.

The update encompasses the activities of KEFI Minerals (Ethiopia) Ltd ("KME") in Ethiopia and Gold & Minerals Ltd ("G&M") in Saudi Arabia.

Tulu Kapi Gold Project, Ethiopia

(Wholly-owned by KEFI; Government entitled to 5% free carried interest)

Financing

- No slippage in KEFI's estimate of total capital requirement of c. US\$130-140 million, inclusive of financing costs and an allowance for contingencies
- Completion of the evaluation process by the Development Bank of Ethiopia and the clearance of the proposed maximum senior debt-gearing of c. US\$85 million by the National Bank of Ethiopia (the central bank)
- Encouraging dialogue with a number of potential lenders as possible participants in the syndicate alongside the Development Bank of Ethiopia

Project

- KEFI's Social Performance Team prepares, with the Government at all levels, for the community resettlement, livelihood restoration and community development programs
- Verification of the compensation claims is now being arranged to ensure regulatory compliance
- Procurement, detailed engineering and contractual documentation are being conducted in parallel with the community resettlement schedule

Gold & Minerals Ltd Joint Venture, Saudi Arabia

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

Encouraging signs from Government

- New Energy, Industry and Mineral Resources Ministry created, to be headed by Khalid al-Falih, chairman of state oil company Saudi Aramco
- Ministry will handle oil and gas extraction, power generation and distribution, mining and industrial development
- KEFI and its partner ARTAR, through its joint venture vehicle Gold & Minerals Company Ltd, see this as a positive sign and expect new mining policy to be issued before year-end

Jibal Qutman

- KEFI's plans for developing a heap leach gold project at the Jibal Qutman development await the outcomes of the Government policy review

Hawiah

- Re-commenced fieldwork, focusing on depth-measurement of large buried targets as a prelude to drilling

Portfolio of Licence Applications

- Upgraded its portfolio of licence applications

Corporate

- Fully discharged the inherited VAT liability and now entitled to a US\$3.5 million refund
- Raised £3.8 million primarily for the scheduled development activities of the Tulu Kapi Gold Project, notably resettlement of the Tulu Kapi community and project finance syndication closure costs
- New joint broker RFC-Ambrian has been appointed
- Mr Mark Wellesley-Wood, experienced African mining operator, joined the Board as Non-Executive Director
- Received proposals to joint list on the TSX stock exchange in Canada. This will be duly assessed and considered by Board of Directors

ENQUIRIES

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Further information can be viewed on KEFI's website at www.kefi-minerals.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 1.93Moz (100% of Tulu Kapi's 1.72Moz and 40% of Jibal Qutman's 0.73Moz) gold Mineral Resources (JORC 2012) plus significant resource growth potential. KEFI targets that production at these projects generates cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.



KEFI Minerals in Ethiopia

The Tulu Kapi gold project in Western Ethiopia is being rapidly progressed towards development, with the Mining Licence granted in April 2015.

KEFI's Definitive Feasibility Study was then completed and the Company is now refining contractual terms for project construction and operation. Latest estimates for annual gold production are c. 100,000oz pa for a 10-year period and All-in Sustaining Costs (including operating, sustaining capital and closure) of approximately US\$741/oz to US\$762/oz at a gold price range of US\$1,200/oz to US\$1,500/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05Moz. The first eight production years of the open pit are estimated to yield an average of 115,000oz pa.

All aspects of the Tulu Kapi (open pit) gold project have been reported in compliance with the JORC Code (2012) and subjected to reviews by appropriate independent experts. These plans now also reflect the agreed construction and operating terms with project contractors, and have been independently reviewed by experts appointed for the project finance syndicate.

A Preliminary Economic Assessment has been published that indicates the economic attractiveness of mining the underground deposit adjacent to the Tulu Kapi open pit, after the start-up of the open pit and after positive cash flows have begun to repay project debts.

At a gold price of US\$1,350/oz, the projected cash flows indicate a cash build-up in the first three production years of US\$190 million, which would be sufficient to repay all project debts, fund the development of the underground mine and commence paying dividends to shareholders.

KEFI Minerals 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-Nubian Shield. KEFI has a 40% interest in G&M and is the operating partner. To date, G&M has conducted preliminary regional reconnaissance and has had five exploration licences ("ELs") granted, including Jibal Qutman and the more recently granted Hawiah EL that contains over 6km strike length of outcropping gossans developed on altered and mineralised rocks with all the hallmarks of a copper-gold-zinc VHMS deposit.

At Jibal Qutman, G&M's flagship project, Mineral Resources are estimated to total 28.4Mt at 0.80g/t gold for 733,045 contained ounces. The shallow oxide portion of this resource is being evaluated as a low capital expenditure heap-leach mine development.

ARTAR, on behalf of G&M, holds 23 EL applications that cover an area of approximately 1,303km². 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.