



**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](mailto:info@kefi-minerals.com)

**7 September 2015**

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

**PLANNED ANNUAL GOLD PRODUCTION AT TULU KAPI EXPANDED BY 33%**

***REVISED PRODUCTION TARGET OF 100,000 OZ PER ANNUM***

***POST-TAX NPV INCREASED BY CIRCA 18%***

***WINNING BIDDER EMERGES FROM TENDER FOR MINING CONTRACT***

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 report an increase in planned production at Tulu Kapi to an average of c. 100,000 oz per annum over a 10-year period, compared with the previous estimate of an average of c. 75,000 oz per annum over a 13-year period, and that a winning bidder has emerged from the tender for the mining contract.

**Expansion in planned production**

The expansion in anticipated production is a result of a planned increase, based on the Company's ongoing discussions with potential project contractors, in process plant capacity from 1.2Mtpa to 1.5Mtpa. Based on the bids received from construction contractors, this expanded plant capacity does not increase the assumed level of funding required to develop Tulu Kapi. The construction contractors short-listed from the eleven candidates have now been invited to submit fixed price bids for the larger plant.

This c. 33% increase in planned average annual gold production has no effect on the open-pit mine plan as set out in the recently-released 2015 Definitive Feasibility Study ("2015 DFS") as the 2015 DFS envisaged processing stockpiles over the final three years of 13 years of gold production. However, KEFI expects it to reduce All-in Sustaining Costs from c. US\$779/oz (estimated in the 2015 DFS) to c. US\$760/oz.

The planned process plant expansion increases Tulu Kapi's after-tax Net Present Value at the start of construction from US\$125 million to US\$147 million (approximately £92 million), based on unleveraged cash flows, a gold price of US\$1,250/oz and an after-tax discount rate of 8%. At the current spot price of US\$1,122/oz, Net Present Value is US\$90 million (approximately £56 million) on the same basis.

**Selection of mining contractor**

A winning bidder has emerged from the five short-listed candidates who were asked to bid on a 6-year mine operation contract. The five candidates had previously been reduced from ten candidates, all of whom are international leaders and experienced in Africa. The tender's result has also re-affirmed the assumptions underlying the cash flow estimates for the period of the planned banking arrangements covering two years of construction plus six years of operation.

The winning bidder and the nearest under bidders have been invited to bid for an expanded scope of work to include the pre-mining site earthworks and the full 10 years of mining the open pit. This is expected to further improve the mining cost per tonne. The Company will then formalise an appointment.

**Harry Anagnostaras-Adams, Executive Chairman, said: "We are pleased to report an increase in Tulu Kapi's planned gold production and, in particular, that it is likely to have a favourable impact**

on the All-in Sustaining Costs and cash flow, thereby further improving the economics of the project.

“The emergence of the least-cost mining contractor, who will now need to bid for an expanded scope of work, also represents an important step towards reaching the development stage. We look forward to being able to report further improvements in project economics once the final bids have been received.”

## ENQUIRIES

### **KEFI Minerals plc**

Harry Anagnostaras-Adams (Executive Chairman) +357 9945 7843

### **SP Angel Corporate Finance LLP (Nominated Adviser)**

Ewan Leggat, Katy Birkin +44 203 470 0470

### **Brandon Hill Capital Ltd (Joint Broker)**

Oliver Stansfield, Alex Walker, Jonathan Evans +44 207 936 5200

### **Beaufort Securities Ltd (Joint Broker)**

Elliot Hance +44 207 382 8300

### **Luther Pendragon Ltd (Financial PR)**

Harry Chathli, Claire Norbury, Oliver Hibberd +44 207 618 9100

Further information can be viewed on KEFI’s website at [www.kefi-minerals.com](http://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 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:

- Formalisation of project contracting, senior secured financing and equity funding
- 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 Minerals in Ethiopia**

The Tulu Kapi gold project in Western Ethiopia is being rapidly progressed towards development following the Mining Licence being granted in April 2015 and subsequent completion of KEFI’s Definitive Feasibility Study. The Company is now refining contractual terms for project construction and operation. Latest estimates for annual gold production are c. 100,000 oz pa for a 10-year period and for All-in Sustaining Costs (including operating, sustaining capital and closure) are c. US\$760/oz (excluding initial investment). Tulu Kapi’s Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05 million ounces.

### **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 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 24 EL applications that cover an area of approximately 1,484km<sup>2</sup>. 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.