

AIM: KEFI

07 June 2012

### **Preliminary Annual Results for the 12 months ended 31 December 2011**

KEFI Minerals, the AIM-quoted gold and copper exploration company, is pleased to announce its audited results for the year ended 31 December 2011.

#### **Highlights**

- In June, 2011, KEFI Minerals announced the grant of G&M's first Exploration Licence ('EL') in the Kingdom of Saudi Arabia, the Selib North Licence, by the Deputy Ministry of Mineral Resources (the 'DMMR').
- Exploration licence applications in Saudi Arabia pending on a further sixteen licences.
- The Company raised £1.3m in February 2011 via a placing at 5.0p per share.
- The Company sold several projects in Turkey – which provided additional funding, enabling it to move onto other prospects with a greater chance of exploration success.

#### **Post Period Highlights**

- In January 2012 a further two EL's, Hikyrin and Hikyrin South, were granted by the DMMR.
- At Hykirin South, samples taken from the waste dumps of ancient mining have returned up to 16.3 g/t Au and an average of 5.9 g/t from 24 samples spread over a 700m strike length.
- At Selib North samples taken from areas of new discoveries and of ancient mining have returned up to 27.7g/t Au, 7.99g/t Au and included 7m at 1.18g/t Au.
- Initial results from ongoing exploration trenching in a new area 1km NNW of the main Selib North workings have returned the following results:
- Trench 2: 7m at 0.49 g/t Au; Trench 3: 6m at 0.97 g/Au; Trench 7: 17m at 3.43 g/t Au and Trench 8: 6m at 1.03 g/t Au. Gold is hosted in a carbonate altered dyke in a shear zone which is traced over 200m and open to the north. Trenching is ongoing and further results will be announced at the completion of the programme.
- The Company raised £1.85m in February 2012 via a placing at 3.0p per share.

#### **Mr Jeffrey Rayner, KEFI Mineral's Managing Director, said:**

"We are delighted with the initial results from our trenching programme. The Kingdom of Saudi Arabia is a highly prospective area and we are working hard with our partner to ensure that we are well placed to benefit from the huge potential of the region. The results of our exploration work have led to early drill target definition and diamond drilling is scheduled to start at Selib North in approximately two weeks time."

## Enquiries:

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*References in this announcement to exploration results and potential have been approved for release by Mr Jeffrey Rayner (BSc.Hons). 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.*

## Managing Director's Statement

KEFI Minerals continues to develop its tenement position within the Kingdom of Saudi Arabia as a 40% equity holder and operator of the Gold and Minerals Joint Venture ('G&M') with Abdul Rahman Saad Al-Rashid and Sons LLC ('ARTAR').

In June, 2011, KEFI Minerals announced the grant of G&M's first Exploration Licence ('EL') in the Kingdom of Saudi Arabia, the Selib North Licence, by the Deputy Ministry of Mineral Resources (the 'DMMR'). A further two EL's, Hikyrin and Hikyrin South, were granted by the DMMR post the reporting period in January 2012. The EL's are valid for a period of five years and renewable for further five years thereafter. Field work is already underway at these licences that have been granted with the team also treating safety, the environment and community relations as a priority at all times. We have, through ARTAR, 16 Exploration Licence Applications ('ELA's') and are well placed to move quickly as and when these are granted. Some ELA's are at an advanced stage and further EL's are expected to be issued in 2012.

## Exploration Strategy

The Company focuses on under-explored terrains of the highly prospective Arabian-Nubian Shield and greater East African Orogenic Belt. These cover the western part of the Kingdom of Saudi Arabia, Egypt and Eritrea. Despite sharing a common craton as deposits hosting Sukari (Egypt 13 Moz Au), Hassai (Egypt, 2.1 Moz Au), Bisha and Zara (Eritrea, 1.8 Moz Au, combined), the Saudi part of the craton hosts more than 12 Moz Au resources contained in deposits such as Mahd adh Dhabab (6 Moz Au historic production). There are only three mining operators in the region and very few other international explorers.

- Our geologists have spent significant time researching and evaluating hundreds of ancient gold prospects in the Precambrian Arabian-Nubian Shield.
- G&M has created a substantial GIS database comprising information on regional and prospect geology, geophysics, geochemistry, topography, remote sensing, alteration studies, structural interpretation, mineral occurrences and previous exploration.
- All of the granted ELs and ELAs each have at least one base metal or gold occurrence and some have a historic mine. Visible gold was discovered on some ELAs and some areas have been the subject of advanced exploration work. This includes trenching and drilling by previous workers, such as the US Geological Survey ('USGS'), Bureau de Recherches Géologiques et Minières ('BRGM') or other explorers such as Riofinex.

- Our aim is to advance each prospect to be tested by an early phase of drilling and to appraise the economic potential as quickly and efficiently as possible.

## **Funding**

G&M is funded as to 60% by ARTAR and 40% by KEFI Minerals. KEFI Minerals completed Placements that raised £1.3m in February 2011 at 5.0p per share and £1.85m in February 2012 at 3.0p per share. Additional funding was received from the sale of two properties in Turkey and, through our Joint Venture partner in the Kingdom of Saudi Arabia, enabled KEFI Minerals to lever equity for our shareholders.

KEFI has sufficient funds to support operation and in particular for its share of the planned 12,000m drilling programme of identified targets on the three granted EL's and on future EL's expected to be granted during 2012 in the Kingdom of Saudi Arabia.

The Company's largest shareholder, EMED Mining, remains supportive, has participated in both equity placings and retains 16.56% (as at 31 May 2012) of the Company's issued share capital.

## **Outlook**

We are very pleased with the progress of our exploration programmes via G&M at Hikyrin South and Selib North Projects. We have observed new high-grade gold-bearing veins and mylonitic shear zones and although much work remains to be done to establish if these are potentially economic, our geologists are making rapid progress in mapping and trench sampling. This will potentially lead to early drill target definition and drilling is currently planned for this year.

We are fully focused on expanding G&M's presence in the Kingdom of Saudi Arabia and are encouraged by our results thus far. These results provide good examples of the benefit of the patient and dedicated efforts and we remain committed to continued and diligent exploration across all our projects.

**Jeffrey Rayner**

**Managing Director**

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**Year ended 31 December 2011**

	2011 GBP'000	2010 GBP'000
<b>Revenue</b>	-	-
Exploration costs	(426)	(247)
<b>Gross loss</b>	(426)	(247)
Administrative expenses	(908)	(590)
Share-based payments	(157)	(30)
Share of loss from jointly controlled entity	(154)	(230)
Other income	67	153
Negative goodwill	-	314
<b>Operating loss</b>	(1,578)	(630)
Foreign exchange loss	(13)	(53)
Finance costs	-	(4)
<b>Loss before tax</b>	(1,591)	(687)
Tax	(1)	(15)
<b>Loss for the year</b>	(1,592)	(702)
<b>Other comprehensive income:</b>		
Exchange differences on translating foreign operations	37	44
<b>Total comprehensive loss for the year</b>	(1,555)	(658)
<b>Basic and fully diluted loss per share (pence)</b>	0.44	0.24

The Company has taken advantage of the exemption conferred by section 408 of Companies Act 2006 from presenting its own statement of comprehensive income. Loss after taxation amounting to GBP2.0 million (2010: GBP0.6 million) has been included in the financial statements of the parent company.

**STATEMENTS OF FINANCIAL POSITION**  
Year ended 31 December 2011

	The Group 2011 GBP'000	The Company 2011 GBP'000	The Group 2010 GBP'000	The Company 2010 GBP'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Property, plant and equipment	2	-	27	-
Intangible assets	-	-	-	-
Fixed asset investments	181	182	181	182
	<u>183</u>	<u>182</u>	<u>208</u>	<u>182</u>
<b>Current assets</b>				
Financial assets at fair value through profit or loss	43	43	-	-
Trade and other receivables	86	3	206	442
Cash and cash equivalents	640	611	539	530
	<u>769</u>	<u>657</u>	<u>745</u>	<u>972</u>
Total assets	<u>952</u>	<u>839</u>	<u>953</u>	<u>1,154</u>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity attributable to owners of the Company</b>				
Share capital	3,650	3,650	3,311	3,311
Share premium	2,719	2,719	1,697	1,697
Share options reserve	385	385	396	396
Foreign exchange reserve	(170)	-	(207)	-
Accumulated losses	(5,883)	(6,142)	(4,459)	(4,344)
Total equity	<u>701</u>	<u>612</u>	<u>738</u>	<u>1,060</u>
<b>Non-current liabilities</b>				
Share of loss in joint ventures	-	-	95	-
	<u>-</u>	<u>-</u>	<u>95</u>	<u>-</u>
<b>Current liabilities</b>				
Trade and other payables	251	227	120	94
	<u>251</u>	<u>227</u>	<u>120</u>	<u>94</u>
<b>Total liabilities</b>	<u>251</u>	<u>227</u>	<u>215</u>	<u>94</u>
<b>Total equity and liabilities</b>	<u>952</u>	<u>839</u>	<u>953</u>	<u>1,154</u>

On 6 June 2012, the Board of Directors of KEFI Minerals plc authorised these consolidated financial statements for issue.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2011**

	Share capital GBP'000	Share premium GBP'000	Share options reserve GBP'000	Foreign exchange reserve GBP'000	Accumulated losses GBP'000	Total GBP'000
<b>At 1 January 2010</b>	2,382	1,413	382	(251)	(3,773)	153
Comprehensive loss for the year	-	-	-	-	(702)	(702)
Other comprehensive income	-	-	-	44	-	44
Recognition of share based payments	-	-	30	-	-	30
Forfeit of options/warrants	-	-	(16)	-	16	-
Issue of share capital	929	375	-	-	-	1,304
Share issue costs	-	(91)	-	-	-	(91)
<b>At 31 December 2010</b>	<b>3,311</b>	<b>1,697</b>	<b>396</b>	<b>(207)</b>	<b>(4,459)</b>	<b>738</b>
Comprehensive loss for the year	-	-	-	-	(1,592)	(1,592)
Other comprehensive income	-	-	-	37	-	37
Recognition of share based payments	-	-	157	-	-	157
Exercise of options/warrants	-	-	(73)	-	73	-
Forfeit of options/warrants	-	-	(95)	-	95	-
Issue of share capital	339	1,113	-	-	-	1,452
Share issue costs	-	(91)	-	-	-	(91)
<b>At 31 December 2011</b>	<b>3,650</b>	<b>2,719</b>	<b>385</b>	<b>(170)</b>	<b>(5,883)</b>	<b>701</b>

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

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	amount subscribed for share capital at nominal value
Share premium	amount subscribed for share capital in excess of nominal value, net of issue expenses
Share options reserve	reserve for share options granted but not exercised or lapsed
Accumulated losses	cumulative net gains and losses recognised in the statement of comprehensive income, excluding foreign exchange gains within other comprehensive income
Foreign exchange reserve consolidation	cumulative foreign exchange net gains and losses recognised on consolidation

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**Year ended 31 December 2011**

	Share capital GBP'000	Share premium GBP'000	Share options reserve GBP'000	Accumulated losses GBP'000	Total GBP'000
<b>At 1 January 2010</b>	2,382	1,413	382	(3,743)	434
Comprehensive loss for the year	-	-	-	(617)	(617)
Recognition of share based payments	-	-	30	-	30
Forfeit of options/warrants	-	-	(16)	16	-
Issue of share capital	929	375	-	-	1,304
Share issue costs	-	(91)	-	-	(91)
<b>At 31 December 2010</b>	<b>3,311</b>	<b>1,697</b>	<b>396</b>	<b>(4,344)</b>	<b>1,060</b>
Comprehensive loss for the year	-	-	-	(1,966)	(1,966)
Recognition of share based payments	-	-	157	-	157
Exercise of options/warrants	-	-	(73)	73	-
Forfeit of options/warrants	-	-	(95)	95	-
Issue of share capital	339	1,113	-	-	1,452
Share issue costs	-	(91)	-	-	(91)
<b>At 31 December 2011</b>	<b>3,650</b>	<b>2,719</b>	<b>385</b>	<b>(6,142)</b>	<b>612</b>

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

<b>Reserve</b>	<b>Description and purpose</b>
Share capital	amount subscribed for share capital at nominal value
Share premium	amount subscribed for share capital in excess of nominal value, net of issue expenses
Share options reserve	reserve for share options granted but not exercised or lapsed
Accumulated losses	cumulative net gains and losses recognised in the statement of comprehensive income

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2011**

	2011 GBP'000	2010 GBP'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before tax</b>	(1,591)	(687)
<b>Adjustments for:</b>		
Depreciation of property, plant and equipment	3	17
Loss on disposal of property, plant and equipment	14	-
Profit on disposal of subsidiary	(12)	-
Gain on exchange of shares	(50)	-
Net loss financial assets at fair value through profit or loss	7	-
Negative goodwill	-	(314)
Share-based payments	101	16
Issue of warrants	56	14
Share of loss from jointly controlled entity	154	230
Write off of loans received	(67)	-
Exchange differences on borrowings	44	-
Exchange difference	13	(26)
	<u>(1,328)</u>	<u>(750)</u>
<b>Changes in working capital:</b>		
Trade and other receivables	120	4
Trade and other payables	16	(13)
	<u>136</u>	<u>(9)</u>
<b>Net cash used in operating activities</b>	<u>(1,192)</u>	<u>(759)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for purchase of property, plant and equipment	-	(1)
Acquisition of jointly controlled entity	-	(181)
Proceeds from sale of subsidiary	61	-
Share of cash from jointly controlled entity	(95)	(55)
Advances to joint venture	(160)	-
Proceeds from sale of property, plant and equipment	11	-
<b>Net cash used in investing activities</b>	<u>(183)</u>	<u>(237)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from issue of share capital	1,452	1,304
Listing and issue costs	(91)	(91)
Loan from related party	115	-
<b>Net cash from financing activities</b>	<u>1,476</u>	<u>1,213</u>
<b>Net increase in cash and cash equivalents</b>	101	217
<b>Cash and cash equivalents:</b>		
At beginning of the year	539	322
At end of the year	<u>640</u>	<u>539</u>



**COMPANY STATEMENT OF CASH FLOWS**  
**Year ended 31 December 2011**

2011  
 GBP'000

2010  
 GBP'000

**CASH FLOWS FROM OPERATING ACTIVITIES**

<b>Loss before tax</b>	(1,966)	(617)
<b>Adjustments for:</b>		
Impairment of intercompany balances	-	142
Gain on exchange of shares	(50)	-
Net loss on financial assets at fair value through profit or loss	7	-
Share-based payments	101	16
Issue of warrants	56	14
Subsidiary balances write-off	206	-
Joint-venture balances write-off	599	-
Centerra advances write-back	(251)	-
Exchange differences on borrowings	52	-
Exchange difference	(6)	-
	<u>(1,252)</u>	<u>(445)</u>
<b>Changes in working capital:</b>		
Trade and other payables	18	2
	<u>18</u>	<u>2</u>
<b>Net cash used in operating activities</b>	<u>(1,234)</u>	<u>(443)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Acquisition of jointly controlled entity	-	(181)
Advances to joint-venture	(160)	(378)
Loan to subsidiary	(1)	-
<b>Net cash used in investing activities</b>	<u>(161)</u>	<u>(559)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from issue of share capital	1,452	1,304
Listing and issue costs	(91)	(91)
Loan from related party	115	-
<b>Net cash from financing activities</b>	<u>1,476</u>	<u>1,213</u>
<b>Net increase in cash and cash equivalents</b>	81	211
<b>Cash and cash equivalents:</b>		
At beginning of the year	530	319
At end of the year	<u>611</u>	<u>530</u>