

19 October 2015**KEFI Minerals plc**
(“KEFI” or the “Company”)**THIRD QUARTER 2015 OPERATIONAL UPDATE**

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, is pleased to provide its quarterly operational update for the period 1 July to 30 September 2015, including subsequent events. 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)

- **2015 Definitive Feasibility Study** (“2015 DFS”) signed off and uploaded to Company website. Highlights included:
 - Gold production remaining at 960,000oz over 13 years with an average of 75,000oz per year. Post period, the Company announced an increase in planned production to an average of c. 100,000oz per annum over a 10-year period. This was achieved by increasing the planned rate of ore processing, without change to the Mine Plan.
 - All-in Sustaining Costs remained at c. US\$780/oz, which ranks the project in the lowest cost quartile globally for gold producers. This includes all operating costs, royalties, sustaining capital and closure, but excludes initial capital investment. Post period, this was adjusted to US\$760/oz based on the terms of contractor bidding.
- Preferred contractors have been appointed for plant construction and start-up and for mine establishment and operation, namely Sedgman Ltd and, Ausdrill Ltd’s subsidiary, African Mining Services respectively. Both preferred contractors are Australian and Africa-based international industry specialists. Their proposed contract terms have allowed KEFI to increase planned gold production to 105,000oz per annum for the first five years.
- Project economics have been updated again based on contracting terms and include the following:
 - Initial funding requirement remains at c. US\$120 million, with approximately US\$50 million anticipated to come from debt and the rest from a gold stream facility of c. US\$50 million and equity at the project level of c. US\$20 million from the Government of Ethiopia. Formal approval processes will be triggered shortly after the independent technical experts for the financiers have updated their assessment reports for the results of the bidding by project contractors.
 - For gold prices of US\$1,100-1,400/oz, the summary projected economic outputs of Tulu Kapi open pit are:
 - EBITDA average: US\$35-62 million
 - Investment payback: 3-5 years
 - NPV (100% of project): US\$106-240 million, on after tax cash flows discounted at 8%
 - IRR 33-64% after tax for leveraged cases
 - Net cash in the bank at the end of year 4 of US\$56-133 million, after full repayment of project debt

**Gold & Minerals Ltd Joint Venture (“G&M”), Saudi Arabia
(40%-owned by the Company with KEFI as operator)**

Jibal Qutman

- Preparation of technical studies to support a Mining Licence Application continued.
- Approximately 75% of the infill drilling program (RC and diamond drilling) totalling 5,415m has been completed. Metallurgical testing (column leach) has been completed on the oxide mineralisation from four potential open cut areas for heap-leach (“HL”) processing. A mine scoping study on a HL operation was completed by AMC Consultants. These activities have delivered positive results and ongoing drilling at Jibal Qutman is identifying additional areas of gold mineralisation.

Hawiah

- Completed an initial 53-trench surface sampling programme over a 6 km-long gossanous horizon and a geophysical survey over the southern half of the gossanous horizon.
- Exploration highlighted a large drilling target of 2,000m lateral and 300m vertical extent thought to overlie volcanically hosted massive sulphide (copper-gold-zinc) style mineralisation.
- KEFI intends to conduct initial drilling of this target during H2 2015.

Harry Anagnostaras-Adams, Executive Chairman of KEFI Minerals, commented:

“This has been a quarter of significant progress on the ground. At our fully-permitted Tulu Kapi gold project, we tabled the 2015 DFS for financier review on schedule and on specification. Having just appointed the project contractors, we can now trigger the formal funding approval processes.

“In Saudi Arabia, we are preparing the Mining Licence Application for the Jibal Qutman gold project. Our continued exploration results indicate significant potential at Jibal Qutman, which is targeted to follow shortly after the start-up of Tulu Kapi in Ethiopia, and Hawiah.

“We are now focusing on finalising full development funding for Tulu Kapi and commencing development activities this quarter for gold production in 2017.”

Webinar

Mr Anagnostaras-Adams, KEFI’s Executive Chairman, and Mr Jeff Rayner, Exploration Director, will be hosting a live webinar at 3pm BST on Thursday 22 October 2015, which can be viewed via <http://webcasting.brrmedia.co.uk/broadcast/140518> . Listeners are encouraged to submit questions by clicking on the link at the foot of the page or by emailing uk@brrmedia.com. The webinar will subsequently be available on the Company’s website at <http://www.kefi-minerals.com/news/videos>.

ENQUIRIES

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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) Au 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 senior secured financing, agreement of final terms for project finance; and
- Full development funding and commencement of construction.

In addition, during 2015 KEFI anticipates triggering a Preliminary Feasibility Study to underpin the submission of a Mining Licence Application for Jibal Qutman in Saudi Arabia through its joint venture company, Gold & Minerals Ltd ("G&M"). The development of Jibal Qutman is targeted to follow the start-up of Tulu Kapi.

KEFI Minerals in Ethiopia

The Tulu Kapi gold project in Western Ethiopia is being rapidly progressed towards development. In October 2014, KEFI Minerals reactivated the Mining Licence Application and assembled indicative project finance terms. The Mining Licence was granted in April 2015 and the secured lenders' independent technical consultants have now commenced their due diligence.

The 2015 Definitive Feasibility Study focused on construction of a 1.2Mtpa processing plant with estimated annual steady-state gold production of 95,000oz and All-in Sustaining Costs (including operating, sustaining capital and closure) averaging US\$780/oz (excluding initial investment). These estimates have since been revised to an average of 100,000oz per annum (105,000oz per annum in the first five years) and All-in Sustaining Costs of US\$760/oz.

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 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 ("EL") granted, including Jibal Qutman and the recently granted Hawiah exploration licence that contains over 6km strike length of outcropping gossans developed on VMS altered and mineralised rocks.

At Jibal Qutman, G&M's flagship project, the total Indicated and Inferred category Mineral Resources, JORC (2012) compliant, are now estimated at 28.4Mt at 0.80g/t Au for 733,045 contained gold ounces compared with 22.0Mt at 0.90g/t Au for 633,461 contained gold ounces previously estimated in March 2014, both at a cut-off grade of 0.2g/t Au.

ARTAR, on behalf of G&M, holds 24 exploration licence applications that cover an area of approximately 1,484km². 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.

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