

**7 October 2014****KEFI Minerals Plc  
("KEFI" or the "Company")****TULU KAPI UPDATE****REACTIVATION OF MINING LICENCE APPLICATION &  
INDICATIVE PROJECT FINANCING PLAN**

KEFI Minerals (AIM: KEFI), an emerging gold miner with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, is pleased to announce that it has reactivated the Mining Licence Application ("MLA") for its Tulu Kapi gold project in Ethiopia, which had been suspended in mid-2013 by the previous owner of the asset. The Ethiopian Minister for Mines, Hon. Tolassa Shagi Moti, has confirmed to the Company, the Government's intention to expedite the processing of the MLA with a view to construction commencing in early 2015.

KEFI has also received headline indicative terms for the financing of the project from several financial institutions, all of whom are familiar with the project and have undertaken initial due diligence. These recent positive responses were made possible by the independent confirmations of KEFI's overhaul of, and plans for, Tulu Kapi over recent weeks.

The project finance plan is intended to be implemented in parallel with the project development timetable, and comprises the following elements:

- \$10 million initial development program, including the first phase of community resettlement and initial construction works such as roads and surface water drainage and catchments to start in Q1 2015 ("Stage 1"). This stage is intended to be funded by early-stage secured loan finance;
- \$120-150 million major works program for mine, process plant and infrastructure to start during Q4 2015, with the cost depending on whether KEFI deploys contract-mining and certain second-hand plant or if it proceeds as owner-operator with all-new plant and equipment ("Stage 2"). This stage is intended to be funded in the form of senior secured debt of circa \$100 million; and
- non-senior-debt funding in mid-2015 of up to \$30 million, expected to comprise a mix of equity and mezzanine finance, such as second-ranking high-yield debt.

The anticipated early-stage finance is expected to take the form of a senior short-term secured loan of no less than \$10 million, repayable upon drawdown of the project finance facility of circa \$100 million, which will have a tenor of up to 8 years with an initial 2-year grace-period. The headline terms have been tabled to the financial regulatory authorities as part of the MLA process and its facilitation is included in the draft Mining Agreement being discussed between KEFI and the Ethiopian Government and their respective banking and legal advisers.

The MLA includes the plans for the 11-year open-pit mine together with plans to test the feasibility of:

- heap leach processing of lower grade material to be stockpiled during open pit operations; and

- establishing an underground mine beneath the open-pit, where indicated resources have already been reported and the ore body remains open at depth.

Following independent verification of KEFI's overhaul of the project, the Company is now focusing on completing a full update to the Tulu Kapi Definitive Feasibility Study ("DFS") (original DFS completed by the previous owner in December 2012) for review with the financiers. The update will include plans to optimise the mine design with refined geotechnical due diligence as well as more detailed engineering and scheduling across a range of topics. The goal is to reduce the error band of planning estimates and to reduce capital and operating costs.

## Reorganisation

To ensure that planned development in 2015-2016 of the Tulu Kapi gold project in Ethiopia, and the successful pursuit of related growth opportunities in Ethiopia and in Saudi Arabia, happens on time and on budget, KEFI is expanding and reorganising its management team.

The following changes have also been implemented at the Board with immediate effect:

- Mr Harry Anagnostaras-Adams will be Executive Chairman with a particular focus on permitting, financing and team-building including the appointment of an African-experienced mine builder and operator as Managing Director and then the assembly of teams for construction and operations; and
- Mr Jeff Rayner will be the Exploration Director with a particular focus on identifying the Company's value-adding stages beyond the construction and start-up of the Tulu Kapi open pit. This continues on from the work Mr Rayner has undertaken to date including successfully identifying the Tulu Kapi opportunity, scoping its economic targets and overseeing the independent affirmation thereof.

**Harry Anagnostaras-Adams, Chairman of KEFI, commented: "The reactivation of the Mining Licence Application for Tulu Kapi marks an inflection point in KEFI's history. With the recent verifications of our plans and analysis, as well as the headline indicative terms for project financing, we can see a clear path towards becoming a gold developer. We have the right team and, in Tulu Kapi, the right project to achieve this aim. We look forward to our MLA being granted so that we can progress to the construction phase and to delivering shareholder value."**

## Enquiries:

### **KEFI Minerals Plc**

Harry Anagnostaras-Adams (Chairman) +357 99457843

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

Ewan Leggat, Katy Birkin +44 20 3463 2260

### **Fox-Davies Capital Ltd (Joint Broker)**

Oliver Stansfield, Alex Walker +44 207 936 5200

### **finnCap Ltd (Joint Broker)**

Elizabeth Johnson, Christopher Raggett +44 207 220 0500

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

Harry Chathli, Claire Norbury, Ivana Petkova +44 207 618 9100



Further information on KEFI Minerals is available at [www.kefi-minerals.com](http://www.kefi-minerals.com)

## **KEFI Minerals Plc**

KEFI is now positioned as an operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 2.1Moz (100% of Tulu Kapi's 1.9Moz and 40% of Jibal Qutman's 0.5Moz) 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.

## **KEFI in Ethiopia**

On 5 September 2014, KEFI Minerals acquired the remaining 25% and now owns 100% of the Tulu Kapi Gold Project 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.

At the end of 2013, the Ethiopian Government improved the fiscal regime applying to the gold sector, and Tulu Kapi in particular. This included lowering the income tax rate for mining (to 25% from 35%); settling of repayment schedule for inherited VAT liability (over three years rather than up-front); the removal of VAT on future exploration drilling expenditure; lowering royalty on gold mining (to 7% from 8%); accelerating the depreciation of historical and future capital expenditure (over four years); and clarifying the workings of the Government's 5% free-carried interest so that it does not impede conventional project financing terms.

## **KEFI Minerals in the Kingdom of Saudi Arabia**

In 2009, KEFI formed the Gold and Minerals Joint Venture Company ("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 30 Exploration Licence Applications (ELAs), of which four have been granted. Two of the granted ELs were relinquished in May 2014.

The ELAs were initially applied for and granted to ARTAR. Incorporation of G&M has been completed and any granted ELAs 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.