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7 June 2016

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

FINAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

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, announces its final results for the year ended 31 December 2015.

2015 HIGHLIGHTS

- **Tulu Kapi gold project ("the Project"), Ethiopia:**

  Progress with Project
  - Received Mining Licence, which is valid for a period of 20 years and fully permits the development and operation of the Tulu Kapi gold project
  - Completed Definitive Feasibility Study ("DFS") and proceeded to further refine to bankable standards with preferred project contractors

  Progress with the mine
  - Increased forecast gold production to 980,000ozover 10 years with an average of 115,000oz per steady-state year at All-in Sustaining Costs of US$746/oz
  - Projected net operating cash flow has increased to US$58m per annum at US$1,250/oz
  - Updated resource reporting: Indicated Resource of 18.8 Mt at 2.67 g/t Au for 1.62Moz Au (JORC 2012) and Probable Ore Reserves of 15.4 Mt at 2.12 g/t Au for 1.05Moz Au (estimated using JORC Code guidelines)

  Progress with the operations and financing
  - Selected preferred contractors for mining and process plant and, post period, preferred senior secured lenders
  - The combination of project design, contractual arrangements and finance planning has reduced the net funding requirement to c. US$130m
  - The current focus is on mandating the senior secured lenders for US$95m of project debt and a cost-overrun facility
  - Government of Ethiopia confirmed, in May 2016, equity investment of US$20m and the residual requirement for mezzanine and/or equity finance of US$15m will be optimised in Q3-16

- **Gold & Minerals Ltd Joint Venture ("G&M"), Saudi Arabia:**

  Jibal Qutman
  - Increased JORC Mineral Resource to 28.4 Mt at 0.80 g/t Au for 733,045oz Au
  - Received favourable metallurgical heap leach test work results
  - Produced positive Preliminary Economic Assessment
  - Studies to date have provided the information required for a Mining Licence Application which is currently being discussed with the Saudi regulators

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

"2015 was a game changer for KEFI Minerals as it made substantial progress towards becoming a gold producer and continued to make discoveries in one of the world's great under-developed minerals provinces – the Arabian-Nubian Shield.

"In Ethiopia, we completed the DFS, received the Mining Licence and received unprecedented support from the Government of Ethiopia as it marked its approval of the Tulu Kapi project by committing a US$20m equity stake. In Jibal Qutman, we increased the Mineral Resource and produced a positive Preliminary Economic Assessment. As a result, the Board is confident of our strategy and asset base. We have the appropriate mix of technical and financial expertise to prudently progress our projects into profitable gold mines with the aim of maximising and returning value to shareholders via share price appreciation and, ultimately, dividends."

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 (95% 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$724/oz to US$752/oz at a gold price range of US$1,000/oz to US$1,400/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05Moz. The eight core 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$1,250/oz, the projected cash flows indicate a cash build-up in the first three production years of US$173 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 1,303km^2. 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.

OPERATIONAL REVIEW

Democratic Republic of Ethiopia
Tulu Kapi gold project, Western Ethiopia

In 2015, the Tulu Kapi project in Ethiopia went through a complete transformation. The Company achieved some significant milestones including the signing of the Mining Agreement between the Ethiopian Government and KEFI in April 2015, granting the Company a 20-year Mining Licence covering an area of $7km^2$, with full permits for the development and operation of the Tulu Kapi gold project as well as a 5% Government free-carried interest.

Later in the year, the Ethiopian Government further cemented its support for Tulu Kapi by announcing its intention to invest US$20m and increase its stake from 5% to 25-30%, which was confirmed in May of this year.

In June 2015, KEFI announced the completion of the 2015 Definitive Feasibility Study and funding plan for financier review, on schedule and on specification. Based on a conventional open-pit mining operation and a 12 Mtpa carbon-in-leach ("CIL") processing plant, with gold recoveries averaging 91.5%.

During the year, KEFI continued to explore ways to reduce capital expenditure, increase head grade of gold bearing ore and improve estimated project returns. Progress over the past year includes:

- An updated Probable Ore Reserve which included a high-grade portion of 12.0 million tonnes at 2.52g/t Au containing 980,000Moz
- Independent technical experts reviewing the DFS on behalf of potential financiers
- Mining contractor and processing plant construction contractor selected
- Refinement of the 2015 DFS costs and mine plant

Post period, the Company reaffirmed that the capital estimate for Tulu Kapi has been significantly reduced from c. US$145m to c. US$130m due to further refinements to project contracting arrangements and the project plans. The firming of the gold price coupled with the Company's ability to maintain tight cost controls has transformed an uneconomic project into one that is robust and financially viable, even if the gold price drops to US$850/oz.

Overall, the project remains on track for commencing construction by Q4-16 and to start production towards the end of 2017. Initial open pit gold production is projected at 115,000oz per annum. Tulu Kapi's Ore Reserves of 1.0Moz and Mineral Resources of 1.7Moz have significant upside potential.

Kingdom of Saudi Arabia
Jibal Qutman project, Saudi Arabia

Jibal Outman is the Company's second most advanced project. Assuming the potential for development loans for up to 75% of capex requirements, it may be possible for KEFI to fund its share of the equity portion (40%) with under US$3m in equity or other forms of finance.

In May 2015, KEFI provided the market with an updated Mineral Resource estimate for Jibal Outman of 28.4 Mt at 0.80g/t gold, containing 733,045oz. A Preliminary Economic Assessment, completed in the same month, highlighted:

- 1.5 Mtpa heap leach operation;
- Gold production 139,000oz over an initial mine life of 4.5 years;
- Oxide open-pit optimisation studies show a potential mineable resource of 6.6 Mt at 0.95 g/t gold, for 201,600 contained ounces;
- Waste:ore ratio of 2.2:1.0;
- Average gold recovery of 73%;

- Cash operating cost of US$597/oz; and
- Capital expenditure of US$30m.

Hawiah project, Saudi Arabia

KEFI is the operator and 40% owner of Gold & Minerals LLC Limited, which wholly owns the Hawiah project. The initial focus at Hawiah is on gold enrichment in surface gossans and large VHMS copper-gold-zinc sulphide target at depth, associated with a 6km long, north-south exposure of a highly silicified and variably gossanous horizon.

In April 2015, KEFI carried out a self-potential (SP) geophysical survey over the southern half of the 6km-long gold mineralised system exposed at the surface. The results suggest the possibility of a large metal-bearing body at depth (between 125 metres and 300 metres and on strike (800 metre strike length).

Accordingly, two large SP anomalies in the southern part of the Hawiah site have been identified:

i) An intense anomaly (up to 400mV peak to peak) for a longitudinal extent of 800m and for which preliminary inverse modelling indicates a substantial (>300m) vertical continuity with a steep westerly dip. This anomaly is located directly below the gold bearing gossans. The intensity of the SP anomaly is consistent with the presence of a massive sulphide source or with a high and contiguous concentration of disseminated sulphides at depth.

ii) A separate north-south trending anomaly, named Eastern Corridor, located 600m to the East. The anomaly on the eastern corridor has the same amplitude (“maxima” around 250-300 mV) and wavelength of the main anomaly, but is less continuous and dips steeply to the east.

Once the SP survey is completed, the final interpretation will allow the optimal positioning and planning of further geophysical surveys, either Induced Polarisation (IP) or Advance Tellurics, to directly define drill targets. The IP survey is designed to test for electrical conductors (i.e. massive sulphides) and will provide vertical depths to the target, and will be tested by reverse circulation and diamond drilling.

Drilling of large copper-gold-zinc targets will commence after local community engagement has confirmed that G&M has secured long-term access to Hawiah and other prospective ground in the region on agreed terms. It is imperative that early engagement with local stakeholders takes place to ensure KEFI’s licence to operate is robust both on the Hawiah Exploration Licence (“EL”) and for other Exploration Licence Applications (“ELAs) in the prospective Wadi Bidah Mineral District.

OUTLOOK

The momentum achieved in 2015 carried through to the new year and KEFI continues to make substantial advances with the Tulu Kapi project. Projected cash flows are robust, with the first three years of open pit production targeted to repay all debts, and fund growth in the highly prospective Arabian-Nubian Shield. The Company continues to enjoy financial and strategic support from its key shareholders. The Board is confident of its strategy and asset base. The Company has the appropriate mix of technical and financial expertise to prudently progress its projects into profitable gold mines with the aim of maximising and returning value to shareholders via share price appreciation and, ultimately, dividends.

Consolidated statement of comprehensive income

(All amounts in GBP thousands unless otherwise stated)

Year ended 31 December

	Notes	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Revenue		**-**	-
Exploration costs		**(4)**	(100)
Gross loss		**(4)**	(100)
Administrative expenses		**(1,720)**	(2,083)
Share-based payments	17	**(378)**	(335)
Share of loss from jointly controlled entity	19	**(735)**	(982)
Operating loss	6	**(2,837)**	(3,500)
Foreign exchange loss		**(50)**	(50)
Finance costs	8	**(319)**	(413)
Loss before tax		**(3,206)**	(3,963)
Tax	9	**-**	-
Loss for the year		**(3,206)**	(3,963)
Loss attributable to:			
-Owners of the parent		**(3,206)**	(3,848)
-Non-controlling interest		**-**	(115)
Loss for the period		**(3,206)**	(3,963)
Other comprehensive income:			
Exchange differences on translating foreign operations		**56**	70
Total comprehensive loss for the year		**(3,150)**	(3,893)
Total Comprehensive Income attributable to:			
-Owners of the parent		**(3,150)**	(3,778)
-Non-controlling interest		**-**	(115)
		(3,150)	(3,893)
Basic and fully diluted loss per share (pence)	10	**(0.20)**	(0.40)

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 £2.4 million (2014: £3.2 million) has been included in the financial statements of the parent company.

The following notes are an integral part of these consolidated financial statements.

Statements of financial position

(All amounts in GBP thousands unless otherwise stated)

31 December

	Notes	The Group 2015	The Company 2015	The Group 2014	The Company 2014
ASSETS					
Non-current assets					
Property, plant and equipment	11	**81**	**3**	160	2
Intangible assets	12	**11,845**	**1,078**	9,139	976
Fixed asset investments	13.1	**-**	**4,598**	-	4,598
Investments in jointly controlled entities	13.2	**-**	**181**	-	181
		11,926	**5,860**	9,299	5,757
Current assets					
Available for sale financial assets	14	**92**	**8**	86	8
Trade and other receivables	15	**358**	**7,710**	335	3,076
Cash and cash equivalents	16	**562**	**393**	640	607
		1,012	**8,111**	1,061	3,691
Total assets		**12,938**	**13,971**	10,360	9,448
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**2,623**	**2,623**	12,352	12,352
Deferred Shares	17	**12,436**	**12,436**	-	-
Share premium	17	**12,347**	**12,347**	8,433	8,433
Share options reserve	17	**1,212**	**1,212**	848	848
Foreign exchange reserve		**(30)**	**-**	(86)	-
Accumulated losses		**(17,645)**	**(15,623)**	(14,389)	(13,117)
Total equity		**10,943**	**12,995**	7,158	8,516
Current liabilities					
Trade and other payables	20	**1,995**	**976**	3,202	932
		1,995	**976**	3,202	932
Total liabilities		**1,995**	**976**	3,202	932
Total equity and liabilities		**12,938**	**13,971**	10,360	9,448

The following notes are an integral part of these consolidated financial statements.

Harry Anagnostaras-Adams
Executive Director

Company number: 05976748

Consolidated statement of changes in equity

(All amounts in GBP thousands unless otherwise stated)

Year ended 31 December 2015

	Attributable to the owners of the Company							
	Share capital	Deferred shares	Share premium	Share options reserve	Foreign exchange reserve	Accumulated losses	Non-controlling interest	Total
At 1 January 2014	8,535	-	7,660	794	(156)	(10,062)	1,032	7,803
Loss for the year	-	-	-	-	-	(3,848)	(115)	(3,963)
Other comprehensive income	-	-	-	-	70	-	-	70
Total Comprehensive Income	-	-	-	-	70	(3,848)	(115)	(3,893)
Recognition of share based payments	-	-	-	335	-	-	-	335
Cancellation of options	-	-	-	(281)	-	281	-	-
Issue of share capital	3,817	-	958	-	-	-	-	4,775
Share issue costs	-	-	(185)	-	-	(177)	-	(362)
Transactions with owners of the Company	12,352	-	8,433	848	(86)	(13,806)	917	8,658
Acquisition of non-controlling interest	-	-	-	-	-	(583)	(917)	(1,500)
At 31 December 2014	**12,352**	**-**	**8,433**	**848**	**(86)**	**(14,389)**	**-**	**7,158**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(3,206)**	**-**	**(3,206)**
Other comprehensive income	**-**	**-**	**-**	**-**	**56**	**-**	**-**	**56**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**56**	**(3,206)**	**-**	**(3,150)**
Recognition of share based payments	**-**	**-**	**-**	**378**	**-**	**-**	**-**	**378**
Cancellation of options	**-**	**-**	**-**	**(14)**	**-**	**14**	**-**	**-**
Issue of share capital	**2,707**	**-**	**4,293**	**-**	**-**	**-**	**-**	**7,000**
Restructuring of share capital	**(12,436)**	**12,436**	**-**	**-**	**-**	**-**	**-**	**-**
Share issue costs	**-**	**-**	**(379)**	**-**	**-**	**(64)**	**-**	**(443)**
At 31 December 2015	**2,623**	**12,436**	**12,347**	**1,212**	**(30)**	**(17,645)**	**-**	**10,943**

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

Reserve	**Description and purpose**
Share capital	amount subscribed for share capital at nominal value
Deferred shares	on 16 June 2015, under the restructuring of share capital, ordinary shares of 1p each in the capital of the Company were sub-divided into one new ordinary share of 0.1p and one deferred share of 0.9p
Share premium	amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve	reserve for share options granted but not exercised or lapsed
Foreign exchange reserve	cumulative foreign exchange net gains and losses recognized on consolidation
Accumulated losses	cumulative net gains and losses recognized in the statement of comprehensive income, excluding foreign exchange gains within other comprehensive income
Non-controlling interest (NCI)	the portion of equity ownership in a subsidiary not attributable to the parent company

The following notes are an integral part of these consolidated financial statements.

Company statement of changes in equity

(All amounts in GBP thousands unless otherwise stated)

Year ended 31 December 2015

	Share capital	Deferred shares	Share premium	Share options reserve	Accumulated losses	Total
At 1 January 2014	8,535	-	7,660	794	(10,006)	6,983
Comprehensive loss for the year	-	-	-	-	(3,215)	(3,215)
Recognition of share based payments	-	-	-	335	-	335
Cancellation of options	-	-	-	(281)	281	-
Issue of share capital	3,817	-	958	-	-	4,775
Share issue costs	-	-	(185)	-	(177)	(362)
At 31 December 2014	**12,352**	**-**	**8,433**	**848**	**(13,117)**	**8,516**
Comprehensive loss for the year	**-**	**-**	**-**	**-**	**(2,456)**	**(2,456)**
Recognition of share based payments	**-**	**-**	**-**	**378**	**-**	**378**
Cancellation of options	**-**	**-**	**-**	**(14)**	**14**	**-**
Restructuring of share capital	**(12,436)**	**12,436**	**-**	**-**	**-**	**-**
Issue of share capital	**2,707**	**-**	**4,293**	**-**	**-**	**7,000**
Share issue costs	**-**	**-**	**(379)**	**-**	**(64)**	**(443)**
At 31 December 2015	**2,623**	**12,436**	**12,347**	**1,212**	**(15,623)**	**12,995**

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

Reserve	Description and purpose
Share capital	amount subscribed for share capital at nominal value
Deferred shares	on 16 June 2015, under the restructuring of share capital, ordinary shares of 1p each in the capital of the Company were sub-divided into one new ordinary share of 0.1p and one deferred share of 0.9p
Share premium	amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve	reserve for share options granted but not exercised or lapsed
Accumulated losses	cumulative net gains and losses recognized in the statement of comprehensive income

The following notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(All amounts in GBP thousands unless otherwise stated)

Year ended 31 December 2015

	Notes	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(3,206)**	(3,963)
Adjustments for:			
Depreciation of property, plant and equipment	11	**90**	118
Share based payments	18	**215**	269
Issue of warrants	17	**163**	66
Share of loss from jointly controlled entity	19	**735**	982
Exchange differences on borrowings		**-**	-
Exchange difference		**37**	(4)
		(1,966)	(2,532)
Changes in working capital:			
Trade and other receivables		**29**	320
Trade and other payables		**(1,111)**	(207)
Net cash used in operating activities		**(3,048)**	(2,419)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of non-controlling interest		**-**	(750)
Deferred exploration costs		**(967)**	(1,263)
Project evaluation costs		**(1,739)**	(976)
Acquisition of property plant and equipment		**(11)**	(26)
Advances to jointly controlled entity		**(790)**	(868)
Net cash used in investing activities		**(3,507)**	(3,883)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**6,923**	4,025
Issue costs	17	**(443)**	(362)
Net cash from financing activities		**6,480**	3,663
Net decrease in cash and cash equivalents		**(75)**	(2,639)
Effect of cash held in foreign currencies		**(3)**	-
Cash and cash equivalents:			
At beginning of the year	16	**640**	3,279
At end of the year	16	**562**	640

The following notes are an integral part of these consolidated financial statements.

Non-cash transactions

On 5 September 2014, the Company issued 50,000,000 shares at £0.01 at a price of £0.015 per share as part of the consideration to acquire the 25% minority in its subsidiary KEFI Minerals (Ethiopia) Limited.

Company statement of cash flows
(All amounts in GBP thousands unless otherwise stated)

Year ended 31 December 2015

	Notes	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(2,456)**	(3,215)
Adjustments for:			
Share based payments	18	**215**	269
Issue of warrants	17	**163**	66
Impairment of loan to subsidiary		**28**	45
Impairment of amount receivable from jointly controlled entity		**720**	1,020
Exchange difference		**74**	(148)
		(1,256)	(1,963)
Changes in working capital:			
Trade and other receivables		**45**	510
Trade and other payables		**20**	614
Net cash used in operating activities		**(1,191)**	(839)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		**(1)**	(2)
Project evaluation costs		**(587)**	(976)
Advances to jointly controlled entity		**(790)**	(868)
Acquisition of minority interest		**-**	(750)
Loan to subsidiary		**(4,125)**	(2,852)
Net cash used in investing activities		**(5,503)**	(5,448)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**6,923**	4,025
Issue costs	17	**(443)**	(362)
Net cash from financing activities		**6,480**	3663
Net decrease in cash and cash equivalents		**(214)**	(2,624)
Cash and cash equivalents:			
At beginning of the year	16	**607**	3,231
At end of the year	16	**393**	607

The following notes are an integral part of these consolidated financial statements.

Non-cash transactions

See Consolidated Statement of Cash Flows.

Notes to the consolidated financial statements
(All amounts in GBP thousands unless otherwise stated)

Year ended 31 December 2015

1. Incorporation and principal activities

Country of incorporation
KEFI Minerals PLC (the "Company") was incorporated in United Kingdom as a public limited company on 24 October 2006. Its registered office is at 27/28, Eastcastle Street, London W1W 8DH.

Principal activities
The principal activities of the Group for the year were:

- To explore for mineral deposits of precious and base metals and other minerals that appear capable of commercial exploitation, including topographical, geological, geochemical and geophysical studies and exploratory drilling.
- To evaluate mineral deposits determining the technical feasibility and commercial viability of development, including the determination of the volume and grade of the deposit, examination of extraction methods, infrastructure requirements and market and finance studies.
- To develop mineral deposits and market the metals produced.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout the period presented in these financial statements unless otherwise stated.

Basis of preparation and consolidation
The Company and the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. They comprise the accounts of KEFI Minerals PLC and all its subsidiaries made up to 31 December 2015. The Company and the consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

Going concern

The Directors have formed a judgment at the time of approving the financial statements that there is a reasonable expectation that the Company and Group will be able to secure adequate resources to continue in operational existence for the foreseeable future.

The financial information has been prepared on the going concern basis, the validity of which depends principally on securing funding to develop the Tulu Kapi mine project as an economically viable mineral deposit, and the availability of subsequent funding to extract the resource, or alternatively the availability of funding to extend the Company's and Group's exploration activities.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company and Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company and Group were unable to continue as a going concern.

Functional and presentational currency
Items included in the Group's financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency") which for the Company is British Pounds (GBP). The financial statements are presented in British Pounds (GBP).

Foreign currency translation

(1) Foreign currency translation
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the statement of comprehensive income.

(2) Foreign operations
On consolidation, the assets and liabilities of the consolidated entity's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly in which case they are recorded at the actual rate. Exchange differences arising, if any, are recognized in the foreign currency translation reserve and as a component of other comprehensive income, and recognized in profit or loss on disposal of the foreign operation.

Revenue recognition
The Group had no sales or revenue during the year ended 31 December 2015 (2014: £Nil).

2. Accounting policies (continued)

Property plant and equipment

Property plant and equipment are stated at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition less depreciation.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life. The annual depreciation rates used are as follows:

Furniture, fixtures and office equipment	25%
Motor vehicles	25%
Plant and equipment	25%

Acquisitions and goodwill

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. Any costs directly attributable to the business combination are written off to the statement of comprehensive income. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 are recognized at their fair values at the acquisition date. Where the Group acquires a subsidiary for less than the fair value of its assets and liabilities, this results in negative goodwill which is recognized in profit and loss.

Purchased goodwill is capitalized and classified as an asset on the statement of financial position. Goodwill arising on acquisition is recognized as an asset and initially measured at cost, being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognized.

Goodwill is reviewed for impairment on an annual basis. When the directors consider the initial value of the acquisition to be negligible, the goodwill is written off to the statement of comprehensive income immediately. Trading results of acquired subsidiary undertakings are included from the date of acquisition.

Goodwill is deemed to be impaired when the present value of the future cash flows expected to be derived is lower than the carrying value. Any impairment is charged to the statement of comprehensive income immediately.

Interest in jointly controlled entities

Joint venture arrangements that involve the establishment of a separate entity in which each venturer has joint control are referred to as jointly controlled entities. The results and assets and liabilities of jointly controlled entities are included in these financial statements for the period using the equity method of accounting.

Finance costs

Interest expense and other borrowing costs are charged to the statement of comprehensive income as incurred.

Tax

The tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is payable in the relevant jurisdiction at the rates described in note 9.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized to the extent that taxable profits will be available against which deductible temporary differences can be utilized. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and when the deferred taxes relate to the same fiscal authority.

2. Accounting policies (continued)

Investments
Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognized as an expense in the period in which the impairment is identified, in the Company accounts. These investments are consolidated in the Group accounts.

Exploration costs
The Group has adopted the provisions of IFRS 6 "Exploration for and Evaluation of Mineral Resources".

Exploration, evaluation and development expenditure, including acquisition costs of licences, in respect of each identifiable area of interest is expensed to the statement of comprehensive income as incurred, until the point at which development of a mineral deposit is considered economically viable.

Once the Board decides on the development of a project, development expenditure will be capitalized as incurred and amortized over the estimated useful life of the area according to the rate of depletion of the economically recoverable reserves or over the estimated useful life of the mine, if shorter.

The directors consider that the stage of development of its Licence areas in Saudi Arabia has not yet met its criteria for capitalization. Capitalized development costs for the Group's project in Ethiopia have been recognized on acquisition, and will continue to be capitalised since this date, in accordance with IFRS 6.

A regular review will be undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest. Accumulated capitalized costs in relation to an abandoned area of interest will be written off in full against profit in the year in which the decision to abandon the area is made. Capitalized development expenditure will be amortized from the date at which production commences on a unit of production basis over the lifetime of the ore reserves for the area to which the costs relate.

Share-based compensation benefits
IFRS 2 "Share-based Payment" requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each statement of financial position date. The total amount expensed is recognized over the vesting period, which is the period over which performance conditions are to be satisfied.

The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimate, including consideration of the effects of non-transferability, exercise restrictions and behavioural considerations.

Financial instruments

Financial assets at amortized cost
Loans and receivables are recognized when the Group becomes party to the contractual provisions of the financial instrument. Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial assets at fair value through profit or loss
Subsequent to initial recognition, when a financial asset is designated as such on initial recognition, it is classified as held at fair value through profit or loss. Assets other than held for trading are designated at fair value through profit and loss when the Group manages the holdings and makes purchase and sale decisions based on fair value assessments and documented risk management and investment strategies. Attributable transaction costs and changes in fair value are recognized in profit or loss.

Financial liabilities - equity
Financial liabilities are recognized when the Group becomes party to the loan. Financial liabilities represent trade payables and are initially measured at fair value and subsequently at amortized cost.

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

3. Financial risk management

Cash and cash equivalents
For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand with an original maturity date of less than three months.

Financial risk factors

The Group is exposed to market risk (interest rate risk and currency risk), liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

Market risk - Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2015	2014
Variable rate instruments		
Financial assets	**562**	640

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2015 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Given current interest rate levels, a decrease of 25 basis points has been considered, with the impact on profit and equity shown below.

	Equity 2015	**Profit or Loss 2015**	Equity 2014	Profit or Loss 2014
Variable rate instruments				
Financial assets – increase of 100 basis points	**6**	**6**	6	6
Financial assets – decrease of 25 basis points	**(1)**	**(1)**	(2)	(2)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the functional currency of the entity.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, Turkish Lira, US Dollar, Ethiopia ETB and Saudi Arabian Riyal. Since 1986 the Saudi Arabian Riyal is pegged to the US Dollar, it is fixed at USD/SAR 3.75. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows: The Saudi Arabian Riyal exposure is included in the USD amounts.

	Liabilities 2015	**Assets 2015**	Liabilities 2014	Assets 2014
Australian Dollar	**24**	**-**	-	-
Euro	**276**	**2**	16	4
Turkish Lira	**1**	**40**	1	49
US Dollar	**663**	**266**	156	240
Ethiopia ETB	**779**	**354**	2,023	204

3. Financial risk management (continued)

Sensitivity analysis

A 10% strengthening of the British Pound against the following currencies at 31 December 2015 would have increased/(decreased) equity and profit or loss by the amounts shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the British Pound against the relevant currency, there would be an equal and opposite impact on the loss and equity.

	Equity 2015	Profit or Loss 2015	Equity 2014	Profit or Loss 2014
AUD Dollar	**3**	**3**	-	-
Euro	**27**	**27**	1	1
Turkish Lira	**(4)**	**(4)**	(5)	(5)
US Dollar	**40**	**40**	(9)	(9)
Ethiopia ETB	**42**	**42**	182	182

Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The Group's contractual cash flows for its financial liabilities are all due within 3 months or less. In January 2014 agreement was made with the Ethiopian tax authorities to pay the VAT over a period of three years (principal and interest).

Capital risk management

The Group manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. This is done through the close monitoring of cash flows.

The capital structure of the Group consists of cash and cash equivalents of £ 562,000 (2014: £640,000) and equity attributable to equity holders of the parent, comprising issued capital and deferred shares of £15,059,000 (2014: £12,352,000), reserves of £13,529,000, (2014: £9,195,000) and accumulated losses of £17,645,000 (2014: £14,389,000). The Group does not use derivative financial instruments and has no long term debt facilities.

Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

	Carrying Amounts		Fair Values	
	2015	2014	**2015**	2014
Financial assets				
Cash and cash equivalents (Note 16)	**562**	640	**562**	640
Available for sale financial assets (Note 14)	**92**	86	**92**	86
Trade and other receivables (Note 15)	**358**	335	**358**	335
Financial liabilities				
Trade payables (Note 20)	**1,995**	3,202	**1,995**	3,202

Available for sale financial assets are classified as Level 1 within the fair value hierarchy, except for Ethiopian Government bonds, which are classified as Level 2. Level 1 items are derived from quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 items are derived from inputs other than quoted prices included within Level 1 that are observable for the assets either directly or indirectly.

Other financial assets and liabilities are short term and their carrying value is considered to approximate to their fair value.

4. Use and revision of accounting estimates and judgements

The preparation of the financial report requires the making of estimations and assumptions that affect the recognized amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Significant judgements include:

Going concern
The going concern presumption depends principally on securing funding to develop the Tulu Kapi mine project as an economically viable mineral deposit, and the availability of subsequent funding to extract the resource, or alternatively the availability of funding to extend the Company's and Group's exploration activities.

Significant estimates include:

Fair value of acquisitions

The 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date. Fair value estimates are required. In calculating the fair value estimates of net identifiable net assets on acquisition significant judgements and estimates are required.

Share based payments
In calculating the fair value at the grant date, the Black Scholes model requires us to estimate the inputs to this model, in particular in respect of volatility. This assessment is based on historical share price movements assuming these will continue into the future.

Impairment review of asset carrying values
Events or changes in circumstances can give rise to significant impairment charges or reversals of impairment in a particular year. Where the recoverable amounts of Group cash generating units are assessed by analyses of discounted cash flows, the resulting valuations are particularly sensitive to changes in estimates of long term commodity prices, exchange rates, operating costs, the grouping of assets within cash-generating units and discount rates.

5. Operating segments

The Group has only one distinct operating segment, being that of mineral exploration. The Group's exploration activities are located in the Kingdom of Saudi Arabia (through the jointly controlled entity), Ethiopia and its administration and management is based in Cyprus.

	Cyprus	Turkey	Bulgaria	Ethiopia	Total
2015					
Operating (loss)/profit	**(1,552)**	**(33)**	**8**	**(525)**	**(2,102)**
Foreign exchange profit/(loss)	**13**	**(26)**	**-**	**(37)**	**(50)**
Interest	**(179)**	**-**	**-**	**(140)**	**(319)**
	(1,718)	**(59)**	**8**	**(702)**	**(2,471)**
Share of loss from jointly controlled entity					**(735)**
Loss before tax					**(3,206)**
Tax					**-**
Loss for the year					**(3,206)**
Total assets	**1,695**	**42**	**4**	**11,197**	**12,938**
Total liabilities	**976**	**2**	**4**	**1,013**	**1,995**
Depreciation of property, plant and equipment	**-**	**-**	**-**	**90**	**90**

	Cyprus	Turkey	Bulgaria	Ethiopia	Total
2014					
Operating loss	(2,347)	(51)	(4)	(116)	(2,518)
Foreign exchange profit/(loss)	152	(11)	(30)	(161)	(50)
Interest	-	-	-	(413)	(413)
	(2,195)	(62)	(34)	(690)	(2,981)
Share of loss from jointly controlled entity					(982)
Loss before tax					(3,963)
Tax					-
Loss for the year					(3,963)
Total assets	1,784	48	4	8,524	10,360
Total liabilities	933	1	16	2,252	3,202
Depreciation of property, plant and equipment	-	-	-	118	118

6. Expenses by nature

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Acquisition costs	**-**	102
Exploration costs	**4**	100
Staff costs (Note 7)	**513**	367
Depreciation of property, plant and equipment (Note 11)	**90**	118
Warrants issue costs (Note 17)	**163**	66
Share based benefits to employees (Note 17)	**69**	69
Share of losses from jointly controlled entity (Note 5)	**735**	982
Directors' fees and other benefits (Note 21.1)	**718**	915
Consultants' costs	**246**	584
Auditors' remuneration - audit current year	**51**	56
Other expenses	**248**	141
Operating loss	**2,837**	3,500

The Group's stages of operations in Saudi Arabia as at the year-end and as at the date of approval of these financial statements have not yet met the criteria for capitalization of exploration costs. Direct development costs have been capitalized for the operations in Ethiopia.

7. Staff costs

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Salaries	**474**	337
Social insurance costs and other funds	**39**	30
	513	367
Average number of employees	**46**	44

Directors' remuneration is disclosed in note 21.1

8. Finance costs

	2015	2014
Interest paid to Ethiopian Revenue and Customs Authority ("ERCA") – Note 20	**140**	413
Other finance costs	**179**	-
	319	413

9. Tax

	2015	**2014**
Loss before tax	**(3,206)**	(3,963)
Tax calculated at the applicable tax rates	**(515)**	(633)
Tax effect of non-deductible expenses	**308**	404
Tax effect of tax losses	**280**	325
Tax effect of items not subject to tax	**(92)**	(122)
Tax effect of capital allowances	**19**	17
Tax effect of other timing differences	**-**	9
Charge for the year	**-**	-

The Company is resident in Cyprus for tax purposes.

A deferred tax asset of £1,336,989 (2014: £1,056,460) has not been accounted for due to the uncertainty over future recoverability.

9. Tax (continued)

Cyprus

The corporation tax rate is 12.5%. Under certain conditions interest income may be subject to defence contribution at the rate of 15%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax year 2013 and 17% for 2014 and thereafter. Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2015, the balance of tax losses which is available for offset against future taxable profits amounts to £ 7,795,644 (2014: £ 7,203,371).

Bulgaria

Mediterranean Minerals (Bulgaria) EOOD, the 100% subsidiary of the Company, is resident in Bulgaria for tax purposes. The corporation tax rate is 10%. Due to tax losses sustained in the period, no tax liability arises on the Mediterranean Minerals (Bulgaria) EOOD. Under current legislation, tax losses may be carried forward and be set off against taxable income of the following five years. As at 31 December 2015, the balance of tax losses which is available for offset against future taxable profits amounts to £34,035 (2014: £171,146). The reduction in tax losses from the prior year is due to losses passing the five year threshold for their utilization.

Turkey

Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket (Doğu Akdeniz Mineralleri), the 100% subsidiary of Mediterranean Minerals (Bulgaria) EOOD, and ultimately 100% subsidiary of the Company, is resident in Turkey for tax purposes. The corporation tax rate is 20%. Under local tax legislation, exploration costs are can only be set off against income from mining operations. Tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2015, the balance of exploration costs that is available for offset against future income from mining operations amount to £ 948,764 (2014: £908,198).

Ethiopia

KEFI Minerals Ethiopia Limited is subject to other direct and indirect taxes in Ethiopia through its foreign operations. The mining industry in Ethiopia is relatively undeveloped. As a result, tax regulations relating to mining enterprises are evolving. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

During 2013, the House of People's Representatives passed an amendment to the Mining Income Tax Proclamation, reducing income tax from 35% to 25% and had received an initial draft of proposed amendments to the Mining Proclamation, which includes a reduction in royalty on gold production from 8% to 7%.

10. Loss per share

The calculation of the basic and fully diluted loss per share attributable to the ordinary equity holders of the parent is based on the following data:

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Net loss attributable to equity shareholders	**(3,206)**	(3,848)
Average number of ordinary shares for the purposes of basic loss per share (000's)	**1,577,708**	952,420
Loss per share:		
Basic and fully diluted loss per share (pence)	**(0.20)**	(0.40)

The effect of share options and warrants on losses per share is anti-dilutive.

11. Property, plant and equipment

	Motor Vehicles	Plant and equipment	Furniture, fixtures and office equipment	Total
The Group				
Cost				
At 1 January 2014	60	180	53	293
Additions	-	18	8	26
At 31 December 2014 / 1 January 2015	60	198	61	319
Additions	-	7	4	11
Disposals	(17)	(70)	(6)	(93)
At 31 December 2015	43	135	59	237
Accumulated Depreciation				
At 1 January 2014	31	-	10	41
Charge for the year	8	73	37	118
At 31 December 2014 / 1 January 2015	39	73	47	159
Charge for the year	5	67	18	90
Disposals	(17)	(70)	(6)	(93)
At 31 December 2015	27	70	59	156
Net Book Value at 31 December 2015	16	65	-	81
Net Book Value at 31 December 2014	21	125	14	160

The above property, plant and equipment is located in Turkey and Ethiopia.

The Company has no significant property, plant and equipment.

12. Intangible assets

The Group	Project evaluation costs	Deferred exploration costs	Total
Cost			
At 1 January 2014	-	6,900	6,900
Additions	976	1,263	2,239
At 31 December 2014 / 1 January 2015	**976**	**8,163**	**9,139**
Additions	**1,739**	**967**	**2,706**
At 31 December 2015	**2,715**	**9,130**	**11.845**
Accumulated Amortization and Impairment			
At 1 January 2014	-	-	-
Charge for the year	-	-	-
At 31 December 2014 / 1 January 2015	**-**	**-**	**-**
Charge for the year	**-**		-
At 31 December 2015	**-**	**-**	**-**
Net Book Value at 31 December 2015	**2,715**	**9,130**	**11,845**
Net Book Value at 31 December 2014	976	8,163	9,139

The Company	Project evaluation costs	Deferred exploration costs	Total
Cost			
At 1 January 2014	-	-	-
Additions on acquisition	976	-	**976**
At 31 December 2014 / 1 January 2015	**976**	**-**	**976**
Additions	**587**	**-**	**587**
Transfer to subsidiary	**(485)**	**-**	**(485)**
At 31 December 2015	**1,078**	**-**	**1,078**
Accumulated Amortization and Impairment			
At 1 January 2014	-	-	-
Charge for the year	-	-	-
At 31 December 2014 / 1 January 2015	**-**	**-**	**-**
Charge for the year	**-**	-	-
At 31 December 2015	**-**	**-**	**-**
Net Book Value at 31 December 2015	**1,078**	**-**	**1,078**
Net Book Value at 31 December 2014	976	-	976

12. Intangible assets

Deferred exploration costs are associated with the Tulu Kapi mine in Ethiopia. The group recognized deferred exploration costs with a fair value of US$ 6,900,000 on acquisition of the project in December 2013. Further costs incurred by the Group since the acquisition have been capitalized.

Management performed an impairment review for deferred exploration costs, which relate to the Tulu Kapi license area, at 31 December 2015.The Net Present Value of the Tulu Kapi asset exceeded the net book value at 31 December 2015 significantly.

The impairment review compared the recoverable amount of assets to the carrying value. The recoverable amount of an asset is assessed by reference to the higher of value in use (“VIU”), being the net present value (“NPV”) of future cash flows expected to be generated by the assets, and fair value less costs to dispose (“FVLCD”). The FVLCD is based on an estimate of the amount that the Company may obtain in a sale transaction on an arm’s length basis.

Project evaluation costs relating to work performed in assessing the economic feasibility and the independent technical review of the Tulu Kapi project have been capitalized by the Company. In August 2015, the Company published the Tulu Kapi Definitive Feasibility Study (“DFS”) evaluating a conventional open-pit mining operation and carbon-in leach (“CIL”) processing plant.

Following completion of the DFS, the Company continued to improve project economics. Based on feedback from project contractors, financiers and independent technical consultants, the company in January 2016 increased planned production at Tulu Kapi to circa 115,000 ounces per annum at an estimated average AISC of US$742/ounce over nine year. This increase is a result of a planned increase in process plant capacity from 1.2Mtpa to 1.5-1.7Mtpa which has strengthened the financial and technical feasibility of the project.

The Tulu Kapi Mining Agreement between the Ethiopian Government and the Company was formalized in April 2015. The terms include a 20-year Mining License, full permits for the development and operation of the Tulu Kapi gold project and a 5% Government free-carried interest. The Company is working towards funding the development of the Tulu Kapi project.

The schedule remains on track for project finance syndicate documentation and inter-creditor arrangements to be assembled and approved by syndicate and National Bank of Ethiopia for full drawdown by mid- 2016. Preferred banks selected and their mandates are being finalized and processed for formal approval. The Government of Ethiopia confirmed its intention to invest equity capital of US$20 million.

KEFI Minerals Ethiopia also has other mining exploration licenses in Ethiopia. The other licenses are Yubdo exploration license, and the Ankore exploration license. None of these licenses is considered core to the Group’s operations in Ethiopia.

- The Yubdo exploration license 7th year extension period expired on June 28th 2014. The Ministry of Mines has verbally stated that they intend to extend the license period. KEFI has lodged the application for extension of this license during 2016.
- The Billa Gulisso exploration license expired in December 2015, and KEFI received notification during 2016 that this license has been terminated.
- Ankore exploration license: this area was included in the Tulu-Kapi mine infrastructure area during 2015.

13. Investments

13.1 Fixed asset investments

The Company	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Cost		
At 1 January	**4,598**	3,097
Acquisitions	**-**	1,501
At 31 December	**4,598**	4,598

Subsidiary companies	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Mediterranean Minerals (Bulgaria) EOOD	08/11/2006	Bulgaria	100%-Direct
Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket	08/11/2006	Turkey	100%-Indirect
KEFI Minerals Ethiopia Limited	30/12/2013	United Kingdom	100%-Direct
KEFI Minerals Marketing and Sales Cyprus Limited	30/12/2014	Cyprus	100%-Direct

On 8 November 2006, the company entered into an agreement to acquire from Atalaya Mining PLC (previously EMED) the whole of the issued share capital of Mediterranean Minerals (Bulgaria) EOOD, a company incorporated in Bulgaria, in consideration for the issue of 29,999,998 ordinary shares in the Company.

Mediterranean Minerals (Bulgaria) EOOD owns 100% of the share capital of Doğu Akdeniz Mineralleri ("Dogu"), a private limited liability company incorporated in Turkey, engaging in activities for exploration and developing of natural resources.

The Company owns 100% of Kefi Minerals Ethiopia, which operates the Tulu Kapi project in Ethiopia. The Government of Ethiopia is entitled to a 5% free-carried interest in the Tulu Kapi Gold Project. This entitlement is enshrined in the Ethiopian Mining Law and the Ethiopian Mining Agreement between the Ethiopian Government and KEFI Minerals Ethiopia. The implementation of this entitlement is intended to issue 5% of the shareholding of KEFI Minerals Ethiopia at the time of the final completion of the full project finance of the Tulu Kapi Gold Project. Once all the relevant documents are executed the intended arrangement would add 5% to the shareholding paid by the Ethiopian Government.

The company owns 100% of KEFI Minerals Marketing and Sales Cyprus, a company incorporated in Cyprus. The company was dormant for the year end 31 December 2015 and 2014. KEFI Minerals Marketing and Sales Cyprus had no assets or liabilities at the date of acquisition. No additional disclosure is considered necessary, as the entity is not significant to the financial statements. KEFI Minerals Marketing and Sales Cyprus will provide sales and marketing services for the Group once production commences. It is planned that this company will act as agent and off-taker for the onward sale of gold and other products in international markets.

13.2 Investment in jointly controlled entity

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
The Company		
At 1 January/31 December	**181**	181

Jointly controlled entity	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Gold and Minerals Co. Limited (G&M)	04/08/2010	Saudi Arabia	40%-Direct

14. Available for sale financial assets

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
The Group		
On 1 January	**86**	80
Change in value of available-for-sale financial assets	**6**	6
On 31 December	**92**	86

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
The Company		
On 1 January	**8**	12
Change in value of available-for-sale financial assets	**-**	(4)
On 31 December	**8**	8

The Company successfully divested four Licences in Turkey in July 2011 to AIM listed Ariana Resources (AIM:AAU) for a nominal cash payment of 10,000 Turkish Lira, 910,747 new ordinary shares in Ariana and a Net Smelter Royalty ("NSR") of 2%. The NSR is payable by Ariana's wholly owned Turkish subsidiary Galata Madencilik San. ve Tic. Ltd. ("Galata") to KEFI Mineral's Turkish Subsidiary, Dogu, on commercial production of any mineral from the licences. No value has been attributed in these financial statements for the NSRs, due to uncertainty regarding when income from the NSRs will commence.

15. Trade and other receivables

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
The Group		
Other receivables	**45**	43
Placing funds	**207**	130
Loan to Director (Note 21.2)	**-**	20
Amount receivable from Saudi Arabia Jointly controlled entity (Note 21.4)	**6**	32
VAT	**95**	96
Deposits and prepayments	**5**	14
	358	335

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
The Company		
Deposits	**3**	13
Placing Funds	**207**	130
Loan to Director (Note 21.2)	**-**	20
KEFI Minerals Marketing and Sales Cyprus Limited (Note 21.4)	**3**	-
Advance to KEFI Minerals Ethiopia Limited (Note 21.4)	**7,417**	2,807
Amount receivable from Saudi Arabia Jointly controlled entity (Note 21.4)	**80**	106
	7,710	3,076

Amounts owed by group companies total £7,420,000 (£: £2,807,000). Balances of £748,000 have been fully provided for all projects except for Ethiopia due to the uncertainty over the timing of future recoverability. The loans issued to the director and the advance issued to KEFI Minerals Ethiopia Limited are unsecured interest free and repayable on demand. At the reporting date, no receivables were past their due date.

The Company raised £2,623,000 on 11 December 2015, of which an amount of £207,000 was received after 31 December 2015.

16. Cash and cash equivalents

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
The Group		
Cash at bank and in hand	**562**	640
The Company		
Cash at bank and in hand	**393**	607

17. Share capital

	Number of shares '000	Share Capital	Deferred Shares	Share premium	Total
Issued and fully paid					
At 1 January 2014	853,670	8,535	-	7,660	16,195
Issued 16 June 2014 at 1.5p	141,667	1,417	-	708	2,125
Issued 5 September 2014 at 1.5p	50,000	500	-	250	750
Issued 2 December 2014 at 1p	80,000	800	-	-	800
Issued 16 December 2014 at 1p	110,000	1,100	-	-	1,100
Share issue costs	-	-	-	(185)	(185)
At 31 December 2014	1,235,337	12,352	-	8,433	20,785
Issued 20 March 2015 at 1p	80,000	800	-	-	800
Issued 16 May 2015 at 1p	66,611	667	-	-	667
Sub-division of shares 16 June 2015 0.1p	-	(12,436)	12,436	-	-
Issued 16 June 2015 at 0.8p	362,500	363	-	2,538	2,901
Issued 11 December 2015 at 0.3p	877,191	877	-	1,755	2,632
Share issue costs	-	-	-	(379)	(379)
At 31 December 2015	**2,621,639**	**2,623**	**12,436**	**12,347**	**27,406**

Share issue costs of £64,000 (2014: £177,000) relating to the 146,610,600 shares issued at par value during 2015 have been charged to equity. The remainder of share issue costs are charged against share premium arising on issue.

Issued capital

2015

On 20 March 2015, 80,000,000 shares of 1p were issued at a price of 1p per share.

On 16 May 2015, 66,610,600 shares of 1p were issued at a price of 1p per share.

On 16 June 2015, 362,500,000 shares of 0.1p were issued at a price of 0.8p per share. On issue of the shares, an amount of £2,537,500 was credited to the Company's share premium reserve.

On 11 December 2015, 877,191,422 shares of 0.1p were issued at a price of 0.3 p per share. On issue of the shares, an amount of £1,754,500 was credited to the Company's share premium reserve.

2014

On 16 June 2014, 141,666,668 shares of 1p were issued at a price of 1.5p per share. On issue of the shares, an amount of £708,333 was credited to the Company's share premium reserve.

On 5 September 2014, 50,000,000 shares of 1p were issued at a price of 1.5p per share. On issue of the shares, an amount of £250,000 was credited to the Company's share premium reserve.

On 2 December 2014, 80,000,000 shares of 1p were issued at a price of 1p per share.

On 16 December 2014, 110,000,000 shares of 1p were issued at a price of 1p per share.

Restructuring of share capital into deferred shares

On 16 June 2015 the Company's issued ordinary shares of 1p each in the capital of the Company were sub-divided into one new ordinary share of 0.1p and one deferred share of 0.9p. The deferred shares have no value or voting rights. After the share capital reorganization there were the same number of New Ordinary Shares in issue as there are existing Ordinary Shares. The New Ordinary Shares have the same rights as those currently accruing to the existing Ordinary Shares in issue under the Company's articles of association, including those relating to voting and entitlement to dividends.

17. Share capital (continued)

Warrants

2015

On 18 March 2015, the Company issued 4,000,000 warrants to subscribe for new ordinary shares of 1p each at 1p per share.

On 11 May 2015, the Company issued 1,680,530 warrants to subscribe for new ordinary shares of 1p each at 1p per share.

On 15 June 2015, the Company issued 14,500,000 warrants to subscribe for new ordinary shares of 0.1p each at 0.8p per share.

On 11 December 2015, the Company issued 43,859,571 warrants to subscribe for new ordinary shares of 0.1p each at 0.3p per share.

No warrants were cancelled/expired or exercised in the period from 1 January 2015 to 31 December 2015.

2014

On 16 June 2014, the Company issued 8,500,000 warrants to subscribe for new ordinary shares of 1p each at 1.5p per share.

On 2 December 2014, the Company issued 4,000,000 warrants to subscribe for new ordinary shares of 1p each at 1p per share.

On 16 December 2014, the Company issued 5,500,000 warrants to subscribe for new ordinary shares of 1p each at 1p per share.

Details of warrants outstanding as at 31 December 2015:

Grant date	Expiry date	Exercise price	Expected Life Years	Number of warrants 000's
22 February 2011	21 February 2016	5.00p	5 years	780
20 February 2012	19 February 2017	3.00p	5 years	2,917
4 July 2013	3 July 2018	2.10p	5 years	1,310
16 October 2013	15 October 2018	2.25p	5 years	1,111
27 December 2013	26 December 2016	2.00p	3 years	13,500
16 June 2014	15 June 2016	1.50p	2 years	8,500
2 December 2014	1 December 2017	1.00p	3 years	4,000
16 December 2014	15 December 2017	1.00p	3 years	5,500
18 March 2015	17 March 2018	1.00p	3 years	4,000
11 May 2015	10 May 2018	1.00p	3 years	1,680
15 June 2015	14 June 2018	0.80p	3 years	14,500
11 December 2015	10 December 2018	0.30p	3 years	43,860
				101,658

17. Share capital (continued)

Warrants (continued)

The Company has issued warrants to advisers to the Group. All warrants, as noted above expire between two to five years after grant date and are exercisable at the exercise price.

	Number of warrants 000's
Outstanding warrants at 1 January 2015	37,618
- granted	64,040
Outstanding warrants at 31 December 2015	101,658

The estimated fair values of the warrants were calculated using the Black Scholes option pricing model.

The inputs into the model and the results for warrants granted during the year are as follows:

	11 Dec 2015	15 June 2015	11 May 2015	18 Mar 2015	16 Dec 2014	2 Dec 2014	16 Jun 2014
Closing share price at issue date	0.32p	0.90p	0.88p	1.33p	1.08p	1.08p	1.58p
Exercise price	0.3p	0.8p	1.00p	1.00p	1.00p	1.00p	1.50p
Expected volatility	79.1%	61.1%	60.9%	59%	48%	48%	50.3%
Expected life	3yrs	3yrs	3yrs	3yrs	3yrs	3yrs	2yrs
Risk free rate	0.39%	0.98%	0.98%	0.98%	0.59%	0.59%	0.87%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Estimated fair value	0.17p	0.40p	0.33p	0.64p	0.32p	0.32p	0.43p

Expected volatility was estimated based on the historical underlying volatility in the price of the Company's shares.

For 2015, the impact of issuing warrants is a net charge to income of £163,000 (2014: £66,000). At 31 December 2015, the equity reserve recognized for share based payments, including warrants, amounted to £1,212,000 (2014: £848,000).

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Opening amount	**848**	794
Warrants issued costs (Note 6)	**163**	66
Share options issued to employees (Note 6)	**69**	69
Share options issued to directors (Note 6)	**146**	200
Cancelled options	**(14)**	(281)
Closing amount	**1,212**	848

18. Share options reserve

Details of share options outstanding as at 31 December 2015:

Grant date	Expiry date	Exercise price	Number of shares 000's
28-Feb-11	27-Feb-16	7.10p	100
29-Sep-11	28-Sep-16	3.78p	1,000
13-Sep-12	12-Sep-18	4.00p	14,150
24-May-13	23-May-19	2.915p	1,000
03-Sep-13	02-Sep-18	2.94p	1,000
08-Oct-13	07-Oct-18	2.27p	350
08-Jan-14	07-Jan-20	1.88p	400
16-Jan-14	15-Jan-20	1.99p	100
01-Feb-14	31-Jan-20	1.89p	100
27-Mar-14	26-Mar-20	2.30p	27,225
04-Apr-14	03-Apr-20	1.83p	100
12-Sep-14	11-Sep-20	1.76p	2,250
20-Mar-15	19-Mar-21	1.32p	27,000
16-Jun-15	15-Jun-21	1.32p	6,500
			81,275

	Weighted average ex. Price	Number of shares 000's
Outstanding options at 1 January 2015		48,350
- granted	1.32p	33,500
- cancelled/forfeited	3.92p	(575)
Outstanding options at 31 December 2015		81,275

The Company has issued share options to directors, employees and advisers to the Group.

On 28 February 2011, 550,000 options were issued which expire five years after the grant date, and are exercisable at any time within that period. On 29 September 2011, 2,000,000 options were issued which expire five years after the grant date, and are exercisable at the exercise price in whole or in part no more than one half after one year from the grant date and one half two years from the grant date.

On 13 September 2012, 15,500,000 options were issued which expire six years after the grant date, and are exercisable at the exercise price in whole or in part no more than one half after one year from the grant date and one half two years from the grant date.

On 27 March 2013, 100,000 options were issued which expire six years after the grant date, and are exercisable at any time within that period. On 24 May 2013 1,000,000 options were issued which expire six years after the grant date and are exercisable in part no more than one half after one year from the grant date and one half two years from the grant date. On 3 September 2013 1,000,000 options were issued and on 8 October 2013, 350,000 options were issued both which expire five after the grant date and are exercisable in part no more than one half after one year from the grant date and one half two years from the grant date

18. Share options reserve (continued)

During January 2014 and February 2014 600,000 options were issued which expire six years after the grant date and are exercisable in part no more than one half after one year from the grant date and one half two years from the grant date.

On 27 March 2014, 22,000,000 options were issued to the Directors and a further 5,400,000 options have been granted to other non-board members of the senior management team. Of the options issued, previously granted options over 22,100,000 Ordinary shares which were due to expire during 2014 have all been cancelled and the new grants of options have been made, in accordance with the terms of the Scheme the options vest in equal annual instalments over a period of 2 years and expire after 6 years.

On 4 April 2014, 100,000 options were issued which expire six years after the grant date and are exercisable in part no more than one half after one year from the grant date and one half two years from the grant date.

On 12 September 2014, 2,250,000 options were issued which expire six years after grant date and vest in equal annual instalments over a period of two years.

On 20 March 2015, 27,000,000 options were issued which expire six years after grant date and vest in equal annual instalments over a period of two years.

On 16 June 2015, 6,500,000 options were issued which expire six years after grant date and vest in equal annual instalments over a period of two years.

The option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid Ordinary shares by way of a capitalisation of the Company's reserves, a sub division or consolidation of the Ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of Ordinary shares. The estimated fair values of the options were calculated using the Black Scholes option pricing model. The inputs into the model and the results are as follows:

Date	Closing share price at issue date	Exercise price	Expected volatility	Expected life	Risk free rate	Expected dividend yield	Discount factor	Estimated fair value
16-Jun-15	0.83p	1.32p	61.11%	6yrs	1.53%	Nil	0%	0.38p
20-Mar-15	1.20p	1.32p	59.04%	6yrs	1.53%	Nil	0%	0.64p
12-Sep-14	1.43p	1.76p	43.40%	6yrs	1.09%	Nil	0%	0.52p
04-Apr-14	1.83p	1.83p	59.60%	6yrs	2.17%	Nil	0%	0.94p
27-Mar-14	1.85p	2.30p	59.60%	6yrs	2.17%	Nil	0%	0.94p
01-Feb-14	1.90p	1.89p	59.60%	6yrs	2.17%	Nil	0%	0.94p
16-Jan-14	1.83p	1.99p	59.60%	6yrs	2.17%	Nil	0%	0.94p
08-Jan-14	1.85p	1.88p	59.60%	6yrs	2.17%	Nil	0%	0.94p
08-Oct-13	2.69p	2.27p	63.83%	5yrs	1.70%	Nil	50%	0.80p
03-Sep-13	2.76p	2.94p	63.63%	5yrs	1.70%	Nil	50%	0.75p
24-May-13	2.19p	2.92p	59.80%	6yrs	5.00%	Nil	0%	1.18p
27-Mar-13	3.43p	3.43p	52.36%	6yrs	5.00%	Nil	0%	1.90p
13-Sep-12	3.63p	4.00p	56.90%	6yrs	5.00%	Nil	0%	2.05p
29-Sep-11	3.78p	3.78p	105.51%	5yrs	5.00%	Nil	0%	2.99p
28-Feb-11	6.40p	7.10p	162.00%	5yrs	5.00%	Nil	0%	5.98p

Expected volatility was estimated based on the historical underlying volatility in the price of the Company’s shares.

18. Share options reserve (continued)

For 2015, the impact of share option-based payments is a net charge to income of £215,000 (2014: £269,000). At 31 December 2015, the equity reserve recognized for share option-based payments, including warrants, amounted to £1,212,000 (2014: £848,000).

19. Jointly controlled entities

19.1 Jointly controlled entity with Centerra Gold (KB) Inc.

On 22 October 2008, the Company entered into a Joint Venture Agreement in respect of its 100%-owned Artvin Project with Centerra Gold (KB) Inc ("Centerra KB"), a wholly-owned subsidiary of Centerra Gold Inc. In August 2011, KEFI Mineral's subsidiary holding these licences, was sold in return for a cash payment of US$100,000 and a 1% Net Smelter Royalty on all future mineral production from the Artvin licences.

19.2 Joint controlled entity with Gold and Minerals

Company name	Date of incorporation	Country of incorporation	Effective proportion of shares held at 31 December
Gold & Minerals Co. Limited	3 August 2010	Saudi Arabia	40%

Amounts relating to the Jointly Controlled Entity	SAR'000 Year Ended 31.12.15	SAR'000 Year Ended 31.12.14	GBP'000 Year Ended 31.12.15	GBP'000 Year Ended 31.12.14
Non-current assets	**493**	768	**36**	53
Current assets	**1,473**	1,885	**106**	129
	1,966	2,653	**142**	182
Non-current liabilities	**54,974**	45,095	**3,971**	3,092
Current liabilities	**1,048**	916	**76**	63
	56,022	46,011	**4,047**	3,155
Net liabilities	**(54,056)**	(43,358)	**(3,905)**	(2,973)
Share capital	**2,500**	2,500	**181**	171
Accumulated losses	**(56,556)**	(45,858)	**(4,086)**	(3,144)
	(54,056)	(43,358)	**(3,905)**	(2,973)
Exchange rates SAR to GBP				
Closing rate			**0.1806**	0.1714

In May 2009, KEFI announced the formation of a new minerals exploration jointly controlled entity, Gold & Minerals Co. Limited ("G&M"), a limited liability company in Saudi Arabia, with leading Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI is the operating partner with a 40% shareholding in G&M with ARTAR holding the other 60%. KEFI provides G&M with technical advice and assistance, including personnel to manage and supervise all exploration and technical studies. ARTAR provides administrative advice and assistance to ensure that G&M remains in compliance with all governmental and other procedures. G&M is treated as a jointly controlled entity and has been equity accounted and has reconciled its share in G&M's losses.

The above figures reported represent cumulative exploration activity incurred by G&M since its incorporation in 2009. The accounting policy for exploration costs recorded in the G&M audited financial statements is to capitalise qualifying expenditure and review for impairment, if applicable. This is in contrast to the Group's accounting policy relating to exploration costs which is to expense costs through profit and loss until the Board decides on the development of a project (Note 2). Consequently, exploration costs of G&M at 31 December 2015 amounting to SAR56.6 million (2014: SAR45.8 million) have been adjusted to bring the figures in line with the Group's accounting policies.

19. Jointly controlled entities (continued)

19.2 Jointly controlled entity with Gold and Minerals (continued)

A loss of £735,000 was recognized by the Group for the year ended 31 December 2015 (2014: £ 982,000) representing the Group's share of losses in the year.

As at 31 December 2015 KEFI owed ARTAR an amount of £90,000 (2014: receivable £186,000) - Note 21.5.

As at 31 December 2015, G&M owed KEFI an amount of £6,000 (2014: £32,000) – Note 21.4.

20. Trade and other payables

The Group

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Accruals and other payables	**1,011**	825
Other loans	**236**	229
Payable to shareholders (Note 21.3)	**8**	8
Payable to jointly controlled entity (Note 21.5)	**90**	186
VAT Liability	**650**	1,954
	1,995	3,202

In January 2014 an agreement was made with Ethiopian Revenue and Customs Authority ("ERCA") to repay the balance of the VAT liability plus interest accruing on the unpaid principal amount over a three-year payment plan in accordance with the relevant tax proclamation, 25% of the assessed outstanding amount is payable immediately and the balance under an agreed payment schedule. This initial payment, of ETB 27,111,509 (approximately £848,590), equivalent to 25% of the assessed tax amount outstanding, was made in January 2014. The balance of the liability plus interest accruing on the unpaid principal amount will be paid subject to a three-year payment plan formally agreed with ERCA. During the year an amount of ETB 45,100,000 (approximately £1,441,815), was paid. The amount to be paid over the next year is ETB 20,063,350 (approximately £ 647,832).

Other loans are unsecured, interest free and repayable on demand.

The Company

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Accruals and other payables	**886**	746
Payable to jointly controlled entity (Note 21.5)	**90**	186
	976	932

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

21. Related party transactions

The following transactions were carried out with related parties:

21.1 Compensation of key management personnel
The total remuneration of key management personnel was as follows:

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Directors' fees *	**471**	444
Directors' other benefits	**51**	164
Directors' bonus	**50**	107
Share option-based benefits to directors (Note 17)	**146**	200
Other key management personnel fees and other benefits	**204**	-
Other key management personnel bonus	**37**	-
Share option-based benefits other key management personnel	**11**	-
	970	915

* Part of the salary of the Exploration Director is paid directly by the jointly-controlled entity G&M.

Share-based benefits
The Company has issued share options to directors and key management. All options, except those noted in Note 18, expire six years after grant date and are exercisable at the exercise price in whole or in part no more than one third from the grant date, two thirds after two years from the grant date and the balance after three years from the grant date.

21.2 Receivable from director

Name	Nature of transactions	Relationship	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Ian Rutherford Plimer	Loan to Director	Non-Executive Director	**-**	20

No interest is payable by the director and the loan was repaid in full in 2015.

21.3 Payable to shareholders

Name	Nature of transactions	Relationship	2015	2014
Atalaya Mining PLC (previously EMED)	Finance	Shareholder	**8**	8

21.4 Receivable from related parties

The Group

Name	Nature of transactions	Relationship	2015	2014
Gold & Minerals Co. Limited	Finance	Jointly controlled entity	**6**	32
			6	32

The Company

Name	Nature of transactions	Relationship	2015	2014
Gold & Minerals Co. Limited	Finance	Jointly controlled entity	**80**	106
KEFI Minerals Marketing and Sales Cyprus Limited	Finance	Subsidiary	**3**	-
Kefi Minerals Ethiopia Limited	Advance	Subsidiary	**7,417**	2,807
			7,500	2,913

21. Related party transactions (continued)

21.5 Payable to related parties

The Group			2015	2014
Name	**Nature of transactions**	**Relationship**		
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Jointly controlled entity	**90**	186
			90	186

The Company			2015	2014
Name	**Nature of transactions**	**Relationship**		
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Jointly controlled entity	**90**	186
			90	186

Name	Nature of transactions	Relationship	2015	2014
Atalaya Mining PLC (previously EMED)	Provision of management and other professional services	**Shareholder**	**8**	8

22. Contingent liabilities

22.1 Geological database

In 2006, Atalaya Mining PLC (previously EMED) acquired a proprietary geological database that covers extensive parts of Turkey and Greece and transferred to the Company that part of the geological database that relates to areas in Turkey.

Under the agreement, the Company has undertaken to make a payment of approximately £52,000 (AUD 105,000) for each tenement it is subsequently awarded in Turkey and which was identified from the database. The maximum number of such payments required under the agreement is four, resulting in a contingent liability of up to £210,000. These payments are to be settled by issuing shares in the Company. To date, only one tranche of shares have been issued under this agreement in June 2007 for £43,750 (AUD 105,000).

22.2 Charge issued

On 13th August 2015, the Company created a fixed charge in favour of AIB Group (UK) Plc over amounts held in the Company's deposit accounts with the bank. The charge is in regard to time credit banking facilities provided by AIB Group (UK) Plc. At 31 December 2015, the balance in the deposit accounts was £20,000.

22.3 Legal Allegations

Allegations were made against a subsidiary of the Company in 2015 by 39 persons in the Oromiya Regional State of Ethiopia, that exploration drilling between 1998 and 2006 had caused damage to land occupied (but not owned) by them, despite rehabilitation having been completed, reported and accepted by the regulatory authorities at that time. They allege damage of ETB 249,589,430 (approximately £8 million). The allegations were dismissed in March 2014 but the plaintiffs have directed the allegations to another arm of the judiciary. The Group's lawyers believe that the allegations are spurious and that the chances of the judiciary holding that there exists a bona fide damages case to be heard are low.

23. Capital commitments

The Group has the following capital or other commitments as at 31 December 2015 0.03 Million (2014 0.8 Million),

	Year Ended 31.12.15 £'000	Year Ended 31.12.14 £'000
Exploration programme commitments	**-**	727
Property, plant and equipment	**27**	-
	27	727

24. Events after the reporting date

On 19 January 2016, 48,114,000 options were issued to the Directors and a further 31,886,000 options have been granted to other non-board members of the senior management team. The options have an exercise price of 0.42p, expire after 6 years, and vest in two equal annual instalments.

The Company raised GBP1,747,759 before expenses on 22 March 2016 through a placing of 499,359,791 ordinary shares of 0.1p each at a price of 0.35p per share. On this date, the Company also granted warrants to subscribe for 24,967,989 ordinary shares of 0.1p each at a price on 0.35p per share.

In May 2016 the Company received formal confirmation from the Government of Ethiopia of its commitment to invest equity capital of US$20 million in Tulu Kapi.

During June 2016 the funding requirement reduced from US$145 million to estimated US$130 million, after accounting for further anticipated savings and project spending prior to project finance completion in 2016.

In June 2016 the finance plan is based on Project Equity of US$20 million from the Government of Ethiopia, Project Debt of US$95 million which leaves a residual US$15 million to be optimised for financial completion in the second half of 2016. KEFI has received expressions of interest for equity investment from project contractors and mezzanine-style financiers.

25. Adoption of new and revised International Financial Reporting Standards (IFRSs)

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) as adopted by EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Group. At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some, but not all of these were adopted by the European Union. The Board of Directors expects that the adoption of these accounting standards in future periods will not have an impact on the financial statements of the Group other than the following:

(i) Standards and Interpretations not adopted by the EU

New standards

IFRS 9 "Financial Instruments"

IFRS 9 makes substantial changes to the measurement of financial assets and financial liabilities. There will only be three categories of financial assets at either fair value through profit and loss, fair value through comprehensive income or measured at amortized cost. On adoption of the standard the Group will have to re-determine the classification of its financial assets based on the business model for each financial asset. This is not considered likely to give rise to any significant adjustments, other than the re-classification.

The principal change to the measurement of financial assets measured at amortized cost or fair value through other comprehensive income is that impairments will be recognized on an expected loss basis, compared the current incurred loss approach. As such, where there are expected to be credit losses, these are recognized in profit or loss. For financial assets measured at amortized cost, the carrying amount is reduced for the loss allowance. For financial assets measured at fair value through other comprehensive income, the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial assets.

Financial liabilities of the Group are expected to continue to be recognized at amortized cost.

IFRS 9 has not been adopted by the European Union, and consequently there is no effective date.

IFRS 15 "Revenue from Contracts with Customers"

The standard has been developed to provide a comprehensive set of principles in presenting the nature, amount, timing and uncertainty of revenue and cash flows arising from a contract with a customer. The standard is based around five steps in recognizing revenue:

1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price; and
5. Recognize revenue when a performance obligation is satisfied.

The Group is not currently generating income from gold sales revenue, hence there is not considered to be any significant impact at the Group's current stage of development. Management are currently evaluating the impact of the standard on the financial statements.

IFRS 15 has not been adopted by the European Union, and consequently there is no effective date.