KEFI Minerals

EMERGING GOLD MINER

ANNUAL REPORT 2014

View of Tulu Kapi Hill, Ethiopia

"KEFI Minerals is now the operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield"

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Executive Chairman's Report

The past year has seen KEFI Minerals deliver on key milestones as the Company transitions from an exploration company to an emerging gold producer.

Our assets provide a healthy platform to deliver shareholder value by developing profitable mines in Ethiopia and Saudi Arabia.

Gold production from Tulu Kapi is on track to commence in 2017 and then average 80,000 to 90,000 ounces per annum for at least ten years. The feasibility work by KEFI's team over the past year has resulted in a robust investment proposition for Tulu Kapi's development.

Gold resources at Jibal Qutman were increased during 2014 and included a sizeable oxide gold component. Our team is evaluating the potential to develop a heap leach operation for minimal capital expenditure to treat oxide gold at Jibal Qutman.

Both these development projects are surrounded by exciting potential for further growth through exploration.

KEFI Minerals is now positioned as the operator of two gold development projects as well as the cost-effective explorer of its portfolio in the highly prospective Arabian-Nubian Shield ("ANS").

Robust Gold Project - Tulu Kapi (95% owned)

The 2015 Definitive Feasibility Study ("2015 DFS") for Tulu Kapi is nearing completion and a significant reduction in the previously estimated capital and operating expenditure has been achieved.

A reduction in the processing rate to 1.2 million tonnes per annum ("Mtpa") has significantly reduced the anticipated capital expenditure, increased the head grade of gold-bearing ore and improved estimated project returns.

In February 2015, better delineation of individual ore lodes provided the basis for Tulu Kapi's Indicated Resource increasing by 45% to 18.8 million tonnes at 2.67g/t gold, containing 1.62 million ounces.

In April 2015, an updated Probable Ore Reserve was estimated which included a high-grade portion of 12.0 million tonnes at 2.52g/t gold, containing 0.98 million ounces. This estimate reflects KEFI's envisaged semi-selective mining strategy that will utilise an elevated cut-off grade of 0.90g/t gold to provide the ore for processing over the first ten years of the project production schedule in the 2015 DFS.

Our team has been driving hard to ensure robust and financeable project economics in the context of current gold prices and capital markets. Key preliminary outcomes are:

- Anticipated capital expenditure required for Tulu Kapi reduced by more than 50%, currently standing at $120 million.
- Total gold production increased to approximately 960,000 ounces over 13 years.
- All-in Costs (including operating, capital and closure) have been reduced to $906/ounce including the initial investment and US$783/ounce excluding the initial investment, much lower than industry averages.
- After-tax NPV of $112 million assuming an 8% discount rate and gold price of $1,250/ounce.

Responsible mine development is a high priority for KEFI and the Ethiopian Government. We welcome the Government's constructive attitude which encourages us to bring Tulu Kapi into production as rapidly as we prudently can whilst ensuring compliance with all relevant quality standards.

In April 2015, the Tulu Kapi Mining Agreement ("MA") between the Ethiopian Government and KEFI was formalised. Under the MA, the Company has been granted a Mining Licence valid for a period of 20 years, along with all major permits for the development and operation of the Tulu Kapi mine.

The MA is a landmark achievement that provides the foundation to unlock the value of Tulu Kapi for all stakeholders and particularly the significant economic and social benefits that the project can bring to Ethiopia.

In order to begin development of this high-value and low-capex asset, KEFI has been systematically progressing negotiations with project financiers. The targeted funding mix is for up to approximately $100 million senior-secured finance and the remainder from financing arrangements with project contractors and/or equity from investment institutions at the project or parent level. Contractors and financiers have been short-listed.

We are working towards finalising in Q3-2015 the full funding required for project development. This would enable construction to commence in late 2015, plant commissioning in late 2016 and gold production in 2017.

Oxide Gold Project - Jibal Qutman (40% owned)

At the Jibal Qutman Project in Saudi Arabia, exploration and evaluation of several gold deposits progressed well over the course of 2014.

Mineral Resources totalling more than 730,000 ounces of gold have been rapidly identified at Jibal Qutman.

KEFI completed a Pre-Feasibility Study (“PFS”) on the Jibal Qutman Project in 2014, which demonstrated a profitable carbon-in-leach (“CIL”) operation. However, drilling has subsequently identified additional oxide gold mineralisation that is amenable to heap leach (“HL”) processing. KEFI is continuing to explore Jibal Qutman with the aim of increasing oxide gold Mineral Resources from the current 287,000 ounces.

The development open-pit, heap-leach gold operation is now being evaluated for a low-capex start-up which can be expanded in modular stages as additional mineralisation is delineated.

Outlook

KEFI Minerals is now firmly focused on establishing a profitable mining house with emphasis on gold and copper in the underexplored ANS using modern technology and an experienced team which is being judiciously expanded as our projects progress towards production.

We have been progressively adding people with the appropriate skills to complement the Company’s experienced board and management. In particular, I note the appointment of Mr Wayne Nicoletto as Head of Operations for KEFI. Wayne is now based in Ethiopia, and together with Dr Kebede Belete, Country Manager for KEFI, he will continue the process of building our multi-cultural team which integrates local expertise with international experience.

KEFI emphasises strong leadership of tight teams based at project sites. The presence of Board and other monitoring and control activities is also maximised at project sites. We also ensure that objective advice and input from leading specialist advisers such as the world-class consulting firms contributing to KEFI’s overhaul of the Tulu Kapi Definitive Feasibility Study.

Tulu Kapi is a simple open-pit mine with a minimum 13-year life and robust economics. There is also potential for an underground mine underneath the open pit and for discovering gold deposits within trucking distance of the processing plant.

A staged development approach is likely for Jibal Qutman. The potential cash flow from HL oxide gold production is an opportunity to fund:

- construction of a CIL plant to process the deeper sulphide ore profitably; and
- exploration in Saudi Arabia to create a strong Saudi mining company for the long term.

Our lower risk, higher return approach to developing Tulu Kapi and Jibal Qutman is very appropriate in the “new reality” for the gold sector. Capital markets now demand business strategies and performance which emphasise profitability and dividend generation as well as growth through cost-effective exploration. KEFI is focused on both.

We greatly appreciate the strong support of our shareholders, partners, communities and other key stakeholders in supporting KEFI as an early entrant in emerging mining districts. I would also like to highlight the Board’s deep appreciation for the dedication and professionalism of our hard-driving teams of personnel, professional advisers and service providers.

The Board is confident of our strategy and asset base and that 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.

I look forward to seeing some of you at the Annual General Meeting on 15 June 2015 in London.

Harry Anagnostaras-Adams

Executive Chairman

Exploration Director's Report

Strategically, the Company's focus is clearly placed on opportunities in the Arabian-Nubian Shield ("ANS").

KEFI is very fortunate with potential exposure to a +1550 km^2 portfolio of targets at various stages within the highly prospective ANS. The value-adding potential for shareholders of this portfolio surpasses that of the Tulu Kapi mine development.

In order for KEFI to apply equal priority to exploration as it will now be progressing two projects (Tulu Kapi and Jibal Qutman) into producing gold mines, my role transitioned from Managing Director to Exploration Director in September 2014.

Whilst the budgetary allocation to mine development will necessarily exceed the allocation to exploration, both activities are at the core of KEFI's business plan and require equal commitment and leadership.

Our priorities in cost effectively discovering economic gold and copper in Ethiopia and Saudi Arabia are to:

1. Tulu Kapi - increase our understanding of the ore body and systematically search for nearby ore bodies;
2. Jibal Qutman – increase oxide gold resources on the granted Exploration Licence ("EL") and surrounding Exploration Licence Applications ("ELAs");
3. Hawiah – determine if a copper-gold-zinc VHMS deposit lies directly beneath the 6km-long, gold-bearing surface gossan; and
4. Evaluate further opportunities in the ANS.

Our ability to achieve these objectives flows from having experienced teams which are based in the region and, to the maximum extent possible, are based on-site at our projects.

Ethiopia – Further Potential at Tulu Kapi

The Tulu Kapi gold deposit and nearby area has multi-million ounce potential with our prospects near Tulu Kapi at an early stage of exploration.

Following a review of previous work, the underground resource at Tulu Kapi and a number of prospects within a 25km radius of Tulu Kapi are considered to provide the scope and potential to provide additional ore to the proposed processing facility.

Assessments of underground potential have begun and positive results were returned from drilling of the Chalte and Guji prospects during 2014. Exploration of these and other prospects on nearby ELs are planned to be systematically progressed during 2015.

Saudi Arabia – Adding to Project Pipeline at Jibal Qutman and Hawiah

Since the Jibal Qutman EL was granted in July 2012, KEFI Minerals rapidly advanced this project from grassroots exploration to assessing the best way to bring to account the gold mineralisation discovered to date.

Jibal Qutman's focus during 2015 is to increase near-surface oxide gold resources sufficiently to provide the critical mass to trigger gold production via a low-capex, heap-leach operation. Jibal Qutman's current oxide resource tonnes and grade, combined with the metallurgical results to date and low local cost-levels, indicate that we can shortly consider triggering a Pre-Feasibility Study for development planning and permitting. Discussions are in process with our joint venture partners Abdul Rahman Saad Al Rashid and Sons Limited ("ARTAR").

Our recently granted Hawiah EL is the sort of prospect that makes us excited to be exploring the ANS. Initial exploration indicates Hawiah has all the hallmarks of a copper-gold-zinc VHMS deposit. There is a large gold-bearing gossan at surface and our initial geophysical survey indicates it is underlain by a large metal-bearing body. Drilling is planned for 2015 to test for both near-surface gold mineralisation and deeper sulphide mineralisation potentially containing copper and zinc.

Focus on Arabian-Nubian Shield

While our focus and majority of expenditure is on adding resources for our two development projects, KEFI continues to work towards creating shareholder value by assessing other prospects in the under-explored ANS.

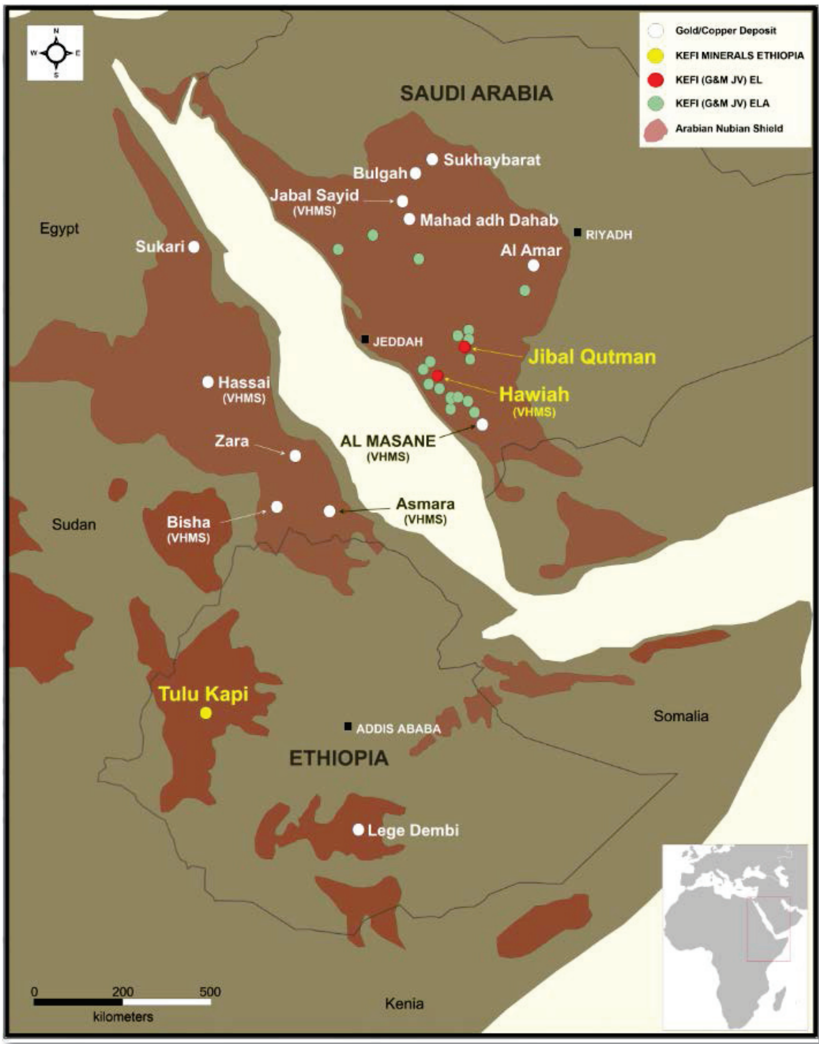
Precambrian rocks host many of the major gold and base metal deposits globally, for example in Australia, Canada and South Africa. It is notable that the ANS is much larger than these other Precambrian terranes.

Even though a number of significant gold and base metal deposits are being mined in the ANS, very little modern exploration has been carried out over much of the area.

KEFI has a 40% beneficial interest in 24 ELAs and 2 ELs in Saudi Arabia via Gold and Minerals Co. Limited (our joint venture company with ARTAR, or "G&M") which KEFI operates. These ELAs contain very prospective targets that were quickly identified by surface sampling and reconnaissance by KEFI, as well as historical mine workings in all the application areas.

KEFI has developed a large proprietary geological database for the ANS and its internationally experienced team is able to quickly assess the economic potential of licences. Three granted ELs in Saudi Arabia have already been evaluated for G&M and then relinquished in a short period of time.

Even though KEFI has a sizeable portfolio of exploration licences and applications, we will continue to look for opportunities to put our foot on other prospects in the ANS which would upgrade our portfolio.



Location of KEFI's projects in ANS

We are continually adding to our knowledge of the ANS and systematically building our database for project generation and optimisation.

Our aim has always been to deliver shareholder value by developing into profitable mines the gold and base metal deposits that the Company discovers or acquires in a cost-effective manner.

Since being incorporated in December 2006, KEFI Minerals has evaluated scores of acquisition opportunities and exploration targets in various countries around the Mediterranean, Middle East and Africa. The highly prospective Arabian-Nubian Shield is one of the largest under-explored mineral provinces in the world. The ANS has been the Company's primary focus since 2008 when it commenced exploration activities in the Kingdom of Saudi Arabia.

The recent spurt of rapid progress demonstrates the benefit of the patient and dedicated efforts of our enthusiastic and skilled geological teams, led in Saudi Arabia by Exploration Manager Fabio Granitzio.

I am excited by the opportunity before us and look forward to updating shareholders and our communities on our progress towards these goals.

Jeffrey Rayner

Exploration Director

Chief Geologist, Ethiopia, Tadesse Worku and Jeff Rayner (Exploration Director) reviewing Tulu Kapi regional exploration programme.

Sustainability Activities for the Tulu Kapi Project

KEFI Minerals and its subsidiaries, as responsible and progressive enterprises, honour Corporate Social Responsibility. This requires that organisations consider the interests of society by taking appropriate responsibility for the impact of their activities on employees, on communities living around the projects and on other stakeholders (including future generations). This course of action is beyond any statutory obligation to comply with legislation and regulations. In other words, it is the moral commitment of businesses to contribute to sustainable economic development by working with employees, their families, the local community and society at large to improve the lives and well-being of all concerned.

The Tulu Kapi Mining Agreement ("MA") between the Ethiopian Government and KEFI incorporated several key documents including an Environmental and Social Impact Assessment ("ESIA") and the Community Resettlement Action Plan ("RAP"). The ESIA is fully integrated with the design contemplated in the 2015 DFS and compliant with International Finance Corporation Performance Standards and Equator Principles.

Our social licence team is based at Tulu Kapi, comprising locally experienced Ethiopian professionals supported by internationally experienced specialist advisers. Our management processes involve continual consultation with the community, federal, regional and local authorities and other local institutions before and during implementation of the RAP. The team is currently focused on preparing new host lands for the affected members of the Tulu Kapi community.

KEFI Minerals undertakes substantive voluntary steps and aims to demonstrate to our neighbours in host communities, governments and the wider public our commitment to pursuing appropriate health, safety and the environment practices.

Our firm commitment is the full compliance with international, national and provincial regulations and also to consult relevant communities, scientific bodies and non-governmental organisations. We take every reasonable effort to be the highest-quality neighbour within our communities but do not expect to be able to satisfy every request on every occasion. We are confident that this policy of compliance and consultation will enable our stakeholders to realise the benefits from and to take advantage of the exploration and mining activities undertaken by us.

Some examples of KEFI's initiatives to minimise social disruption whilst maximising social benefits include:

- Sculpting the Mining Licence area to reduce the number of affected households from approximately 460 to 260;
- Facilitating the inspection of more than fifteen locations before the community selected its preferred new host lands;
- Introducing Ethiopian specialists in livelihood restoration to commence programs of consultation and planning well before resettlement commenced; and
- Introducing "source locally" policies from the outset for the project supply chain, subject to normal standards of quality and price.

We are confident that, with sincere and determined work by all parties, all matters of concern which arise can be dealt with properly in order to maximise the benefits to local communities in employment, services and long-term development.

We seek to achieve development that provides enormous benefits today, without compromising the ability of future generations to meet their own needs both economically and environmentally.

Ethiopia

KEFI is now close to finalising the 2015 DFS for Tulu Kapi which is based on constructing a 1.2Mtpa carbon-in-leach ("CIL") processing plant and introducing selective mining to increase the planned grade of gold ore mined. This approach significantly reduces the capital required and significantly increases the project returns.

Annual average gold production is currently estimated to be approximately 85,000 ounces per annum at All-in Costs (including operating, capital and closure costs) of circa $906 per ounce including the initial investment and US$768/ounce excluding the initial investment, much lower than industry averages.

Following the planned completion of the 2015 DFS in mid-2015 and funding subsequently being put in place, it is anticipated that development will commence in late 2015.

Background

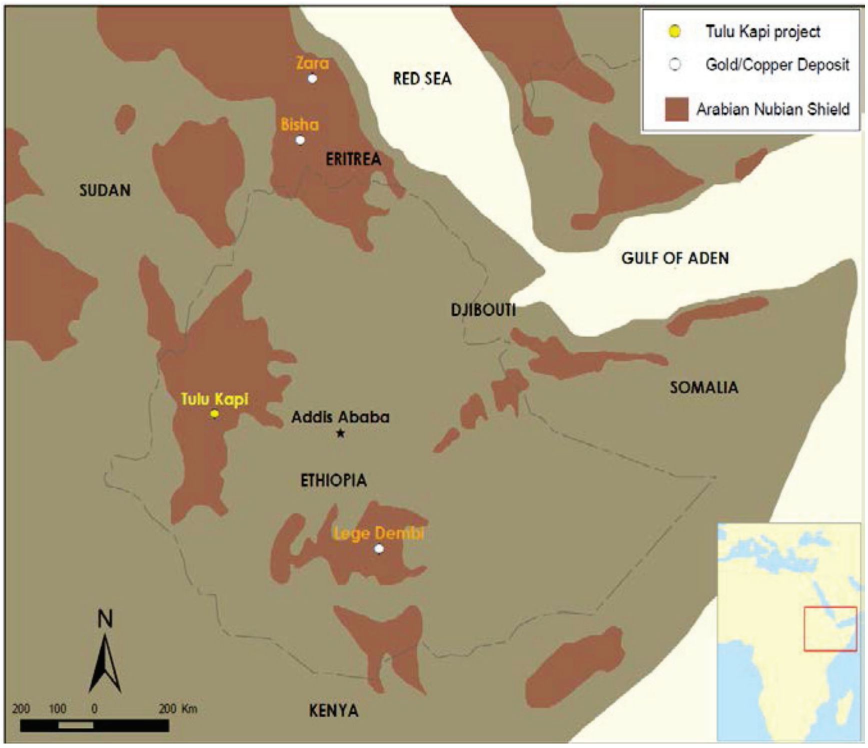
Tulu Kapi is located approximately 360km due west of Ethiopia's capital, Addis Ababa. A main road to Addis Ababa is within 12km of Tulu Kapi and was sealed with asphalt during 2014.

The altitude of the project area is between 1,600m and 1,765m above sea level. The climate is temperate with annual rainfall averaging about 150cm.

The surface topography around Tulu Kapi is hilly with deeply dissected river valleys. Subsistence farmers primarily grow coffee and fruit in the river valleys.

The Tulu Kapi gold deposit was discovered and mined on a small scale by an Italian consortium in the 1930's. Nyota Minerals Limited acquired the licences in 2009 and then undertook extensive exploration and drilling which culminated in an initial DFS in December 2012.

In December 2013, KEFI Minerals acquired 75% of Tulu Kapi for £4.5 million. This acquisition cost equates to only $10 per reserve ounce and provides the information collected from historical expenditure of more than $50 million.



Location of Tulu Kapi in Ethiopia.

In September 2014, KEFI acquired Nyota Minerals' remaining 25% interest in Tulu Kapi. The Ethiopian government became entitled to a 5% free-carry interest in Tulu Kapi upon granting of the Mining Licence in April 2015.

Tulu Kapi – Permits and Mining Agreement

The Exploration Licences held or in the process of renewal by KEFI Minerals (Ethiopia) Limited cover an area of approximately 200km^2 over and near the Tulu Kapi deposit.

The Tulu Kapi Mining Agreement ("MA") between the Ethiopian Government and KEFI was formalised in April 2015. The terms of the MA include:

- 20-year Mining Licence covering an area of 7km^2, with full permits for the development and operation of the Tulu Kapi gold project.
- Fiscal arrangements:
  - 5% Government free-carried interest;
  - Royalty of 7%;
  - Income tax rate for mining of 25%;
  - Historical and future capital expenditure is tax deductible over four years ; and
  - Stabilisation of fiscal arrangement to protect KEFI in case of future legislative changes.
- Government undertaking to facilitate international financing arrangements.

Attachments to the MA include the Environmental and Social Impact Assessment, the Development and Production Work Programme and the Community Resettlement Action Plan.

Tulu Kapi - Geology

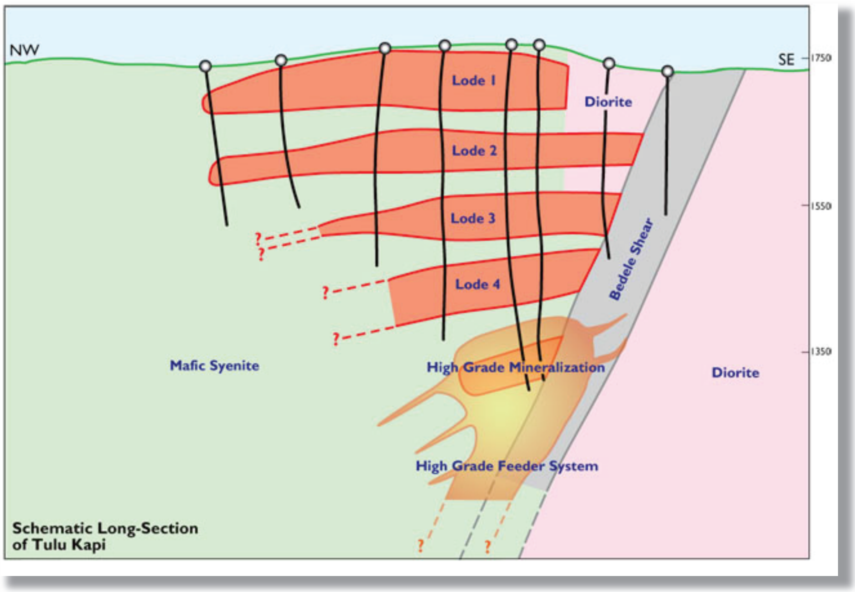
The Tulu Kapi region has typical Precambrian type geology which is characterised by prominent hills of intrusive rocks and deeply incised valleys containing metasediments and metavolcanic rocks.

Gold at the Tulu Kapi deposit is hosted in quartz-albite alteration zones as stacked sub-horizontal lenses in a syenite pluton into which a swarm of dolerite dykes and sills have been intruded. Gold mineralisation extends over a 1,500m by 500m zone and is open at depth (+550m).

The mineralisation is characterised by a simple mineralogy comprising gold, silver, pyrite and minor sphalerite and galena. The gold is free milling with metallurgical recoveries averaging ≈93% for oxide and sulphide ore in the planned open pit.

At depth beneath the main body of mineralised synite there is a zone adjacent to the Bedele shear that is characterised by significantly higher gold grades, with occasional coarse visible gold, more base metal sulphides and a shallower apparent dip than the main body above it.

The current view relating to emplacement considers that the shear zone represents a structure created by reactivation of a former vein – fault zone and that this reactivation caused the brittle syenite intrusion to itself shear, bounded to the north by a sub-parallel fault, forming a series of low-angle faults that provided the conduit for both the swarm of dolerite sills and mineralising fluids.



Schematic long section of Tulu Kapi Gold Deposit.

Tulu Kapi – Resources and Reserves

KEFI has adopted an iterative approach to reporting of Mineral Resources and Ore Reserves as a part of its systematic overhaul of the Tulu Kapi Project. These updates to previous estimates reflect further interpretation, refinement and validation procedures conducted by KEFI management and its independent advisers.

In February 2015, KEFI released an independently verified increased Indicated Resource estimate totalling 18.8 million tonnes at 2.67g/t gold, containing 1.62 million ounces.

Resource Category	Area	Tonnes (millions)	Gold (g/t)	Contained Gold (million ounces)
Indicated	Above 1,400m RL	17.7	2.49	1.42
Inferred		1.3	2.05	0.08
Sub-Total		**19.0**	**2.46**	**1.50**
Indicated	Below 1,400m RL	1.1	5.63	0.20
Inferred		0.1	6.25	0.02
Sub-Total		**1.2**	**5.69**	**0.22**
Indicated	Overall	18.8	2.67	1.62
Inferred		1.4	2.40	0.10
Total		**20.2**	**2.65**	**1.72**

Note: Resources were estimated using cut-off grades of 0.45g/t gold above 1,400m RL and 0.50g/t gold below 1,400m RL. For further information, see KEFI announcement dated 4 February 2015.

The Mineral Resources were split above and below the 1,400m RL to reasonably reflect the portions of the resource that may be mined via open pit and underground mining methods.

Based on the Indicated Resource above 1,400m RL, the following Probable Ore Reserve was estimated in April 2015.

Reserve Category	Cut-off (g/t gold)	Tonnes (millions)	Gold (g/t)	Contained Gold (million ounces)
Probable - High grade	0.90	12.0	2.52	0.98
Probable - Low grade	0.50 - 0.90	3.3	0.73	0.08
Total		**15.4**	**2.12**	**1.05**

Note: Mineral Resources are inclusive of Ore Reserves. All numbers are reported to three significant figures. Small discrepancies may occur due to the effects of rounding.

The high-grade portion of the Ore Reserve contains nearly all the contained ounces and totals 12.0 million tonnes at 2.52g/t gold, containing 0.98 million ounces. The split in the Ore Reserve is based on the elevated cut-off grade of 0.90g/t gold that is used for the first ten years of the project production schedule in the DFS. Ore at a cut-off of between 0.50g/t and 0.90g/t gold is planned to be stockpiled and then processed in the final three years of the project, resulting in a project life of 13 years in the DFS.

The above Mineral Resources and Ore Reserves were estimated using the guidelines of the JORC Code (2012).

Looking towards site of Tulu Kapi tailings storage facility.

Tulu Kapi - Definitive Feasibility Study

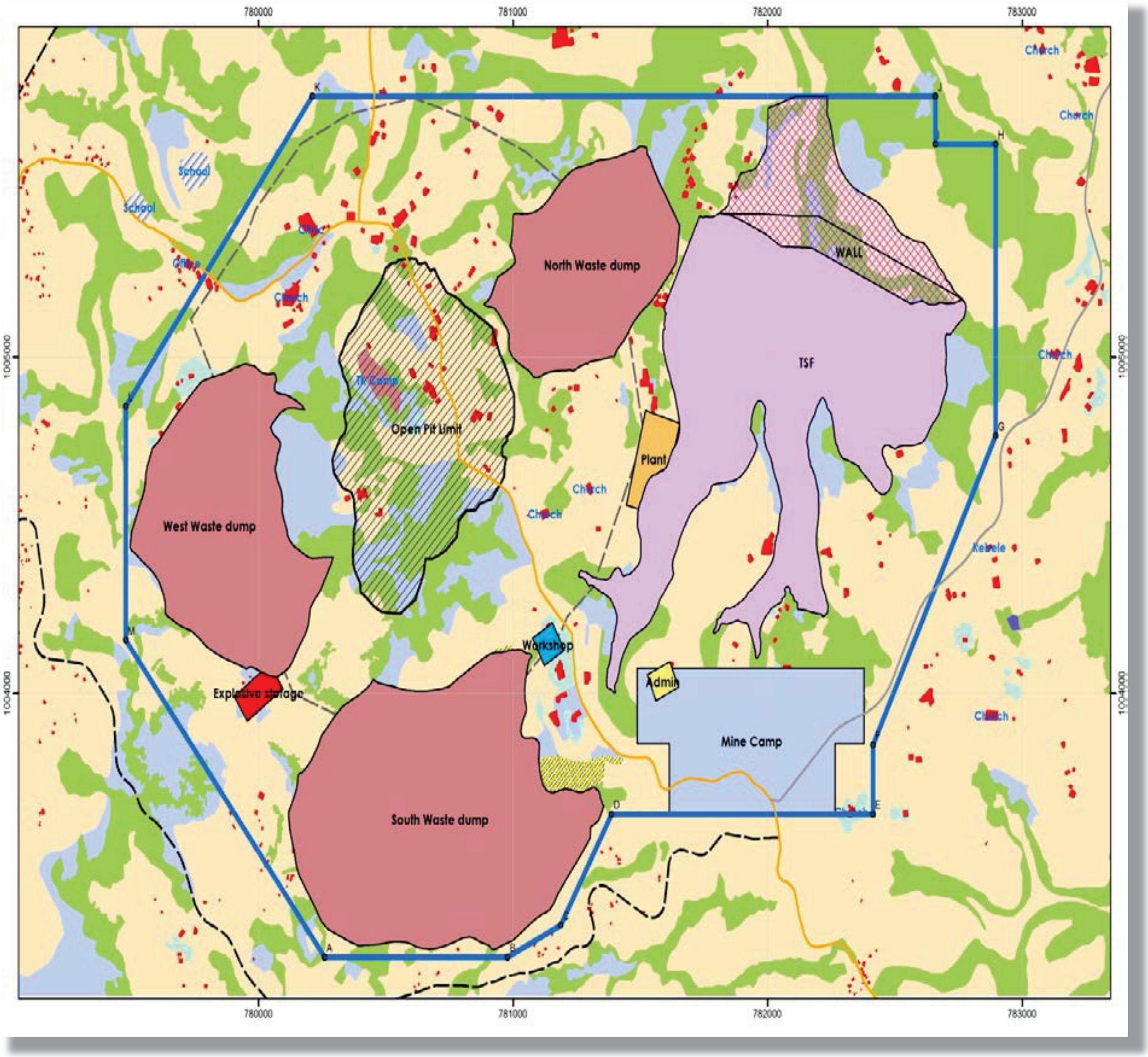
A DFS was completed in December 2012 by Nyota Minerals that evaluated construction of a 2.0Mtpa CIL processing plant and estimated initial capital expenditure of $289 million, including an allocation for working capital.

KEFI is pursuing an alternative approach for Tulu Kapi aimed at significantly reducing the anticipated aggregate capital and operating expenditure, which provides less start-up risk and a higher overall return.

Work carried out by KEFI during 2014 refined the mine design and mining approach, resulting in a reduction in the pit size and mine dilution. This has increased the estimated head grade from 1.8g/t to 2.5g/t gold for the first ten years of processing ore.

KEFI is also maximising local content in procurement and manning in order to reduce costs.

KEFI has also sculpted the mine layout to minimise the footprint of the operation and minimise community disruption. The number of households to be resettled has been reduced from ≈460 to ≈260, with a phased resettlement programme being undertaken over two years.



Refined mine layout for Tulu Kapi – with outline of 7 km^2 Mining Licence in blue.

The DFS envisages that process water requirements will be satisfied by the collection and storage of rainwater during the rainy season, between June and September.

The mine will be connected to Ethiopia's electricity grid via a new 47km long, 132 kV power line. An emergency diesel power plant will also be installed to provide emergency backup power to critical process equipment in the event of a grid power failure.

The planned processing rate of the CIL plant is 1.2Mtpa with gold recoveries averaging 93%.

Utilising semi-selective mining techniques, it is planned to process ore mined above 0.9g/t gold and stockpile ore mined between 0.5g/t gold and 0.9g/t gold. Based on this mining approach and independent reviews, the following key mining parameters for Tulu Kapi were estimated in April 2015:

	Initial 10 Years (excluding low-grade)	13-year LOM (including low-grade)
Waste:ore ratio	9.9:1.0	7.5:1.0
Total ore processed	12.0Mt	15.4Mt
Average head grade	2.5g/t gold	2.1g/t gold
Total gold production	887,000 ounces	961,000 ounces

KEFI has reduced Tulu Kapi's planned development expenditure to $143 million, which is based on:

- Owner-mining;
- New processing plant; and
- Estimates independently reviewed by Snowden and the Company's other specialist advisers.

A further reduction to circa US$120 million is possible based on initial bids received from mining contractors and by assuming that some savings are achieved through the value-engineering process currently in process.

Preliminary finanical parameters are:

- Operating costs (including 7% royalty) ≈ $721/ounce;
- All-in Costs (including initial capital expenditure) of ≈$897/ounce to ≈$906/ounce;
- At a gold price of $1,250/ounce:
  - Average EBITDA ≈$36 to $38 million per annum for 13 years;
  - After-tax IRR ranges from 27% (ungeared) to 63% (geared) and
  - After-tax NPV ≈$112 million (at 8% discount rate, ungeared).

The above numbers will continue to be refined until the DFS is completed in mid-2015.

Tulu Kapi - Outlook

Key expected milestones for the remainder of 2015 at Tulu Kapi include:

- Completing the assessment of value-enhancing initiatives:
  - owner mining versus contract mining; and
  - new processing plant versus purchasing existing processing plant.
- Completing the 2015 DFS;
- Finalising full development funding in Q3 2015; and
- Commencing community resettlement and major works on site in Q4 2015.

Achieving the above milestones during 2015 enables commissioning of the processing plant to commence in Q4 2016 and gold production to commence in 2017.

Saudi Arabia

The Kingdom of Saudi Arabia is a country with a long history of gold and copper mining that dates back over 3,000 years. As part of a broader strategy to diversify the country's revenues away from oil, Saudi Arabia is looking to expand and develop its mineral sector.

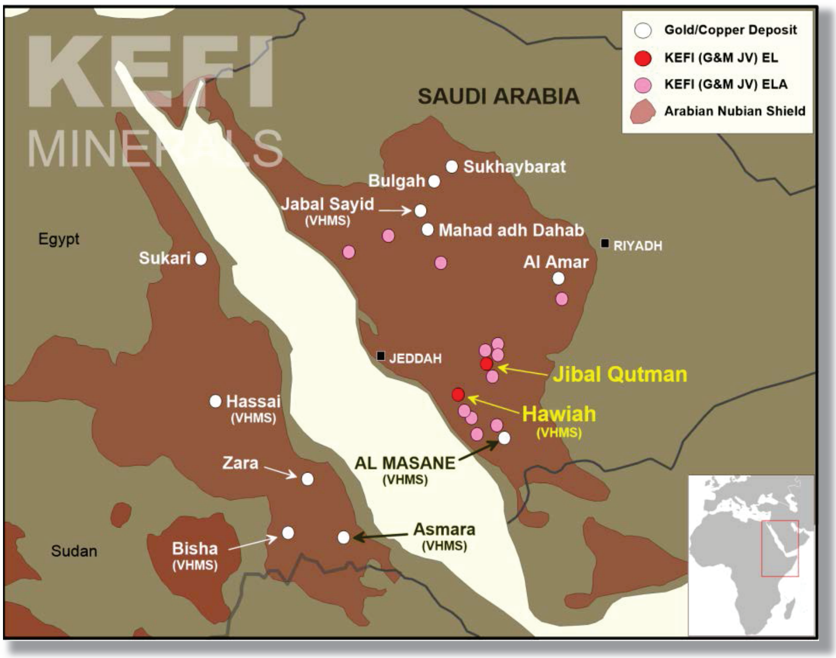
Key commercial advantages for KEFI in Saudi Arabia are:

- A country under-explored for minerals with only a few companies exploring for gold and copper;
- The Precambrian ANS rocks are very prospective for gold and copper;
- Exploration, development and operating costs are low by industry standards, benefitting from low energy and labour costs;
- Saudi Industrial Development Fund provides loans for up to 75% of the capital cost of mine development at nominal interest rates;
- A modern mining code; and
- A strong local joint venture relationship.

KEFI remains well placed to advance and develop our projects with the assistance of our partner Abdul Rahman Saad Al Rashid and Sons Limited ("ARTAR"), a leading local industrial group owned by Sheikh Al Rashid and his family. As a 40% shareholder and manager of G&M, KEFI Minerals has established a strong foothold from which to build on the momentum achieved to date.

The Kingdom of Saudi Arabia has instituted policies to encourage minerals exploration and development. A resurgence of the Kingdom's minerals sector could generate significant employment and assist with development of infrastructure in remote areas of the country. G&M is aligned with these policies with KEFI as the technical partner and operator and ARTAR as the majority shareholder. Combined with KEFI's technical excellence, ARTAR's local presence and financial strength has been instrumental in establishing G&M as a respected explorer in Saudi Arabia.

The Directors of KEFI are increasingly confident that, given the Company's approach of strong local ownership from the outset for its operations in Saudi Arabia, it is well positioned to establish a secure long term position in the country. KEFI is fully committed to consolidate G&M's presence in Saudi Arabia as the exploration results achieved since commencing exploration in 2012 demonstrate the substantial opportunity to discover and develop mines in the country.



Location of G&M ELs and ELAs in Saudi Arabia, including the main gold and VHMS copper deposits in the ANS.

Saudi Arabia - Progress During 2014

G&M continued to progress the development plan for Jibal Qutman as several zones of mineralisation were expanded. Drilling has increased Jibal Qutman's Mineral Resources, as of March 2015 to a total of 733,045 contained gold ounces. A significant portion of these resources are likely to be amenable to heap leach processing – with potential for lowering capital requirements and speeding up the development timetable for Jibal Qutman.

Following the grant of the Hawiah EL in December 2014, KEFI commenced exploration of an unusually large gossan for gold at the surface and a VHMS copper-gold-zinc sulphide ore body at depth. The Hawiah EL was one of KEFI's higher priority ELAs as the geological setting is analogous to large VHMS deposits in the ANS that also have well-preserved, mature oxidised zones enriched in gold at surface.

Saudi Arabia - Jibal Qutman

KEFI Minerals completed a Pre-Feasibility Study ("PFS") on the Jibal Qutman Project in March 2014. The PFS demonstrated a profitable CIL operation with All-in Costs (including operating costs, capital expenditure and closure costs) under $1,000 per ounce.

Drilling subsequently identified additional oxide gold mineralisation that is amenable to heap leach ("HL") processing. Accordingly, the Company is focusing on producing gold via an open cut, HL operation. The HL approach has the advantages of speeding up the potential development timetable and lowering capital requirements to potentially as little as $3 million for KEFI's equity contribution to initial development costs.

Jibal Qutman Exploration

The Jibal Qutman EL is located in the central southern region of the Arabian-Nubian Shield and covers an area of 99.9km^2. The EL covers an important part of the prospective Nabitah-Tathlith Fault Zone, a 300km-long structure with over 40 gold occurrences and ancient gold mines.

During 2014, positive results from the exploration drilling and trenching expanded the known mineralisation in several areas at Jibal Qutman.

Drilling undertaken since the EL grant in July 2012 has identified gold resources in six areas - Main Zone, West Zone, South Zone, South Zone Southeast Extension ("SZSE"), 3K Hill Zone and 4K Hill Zone.

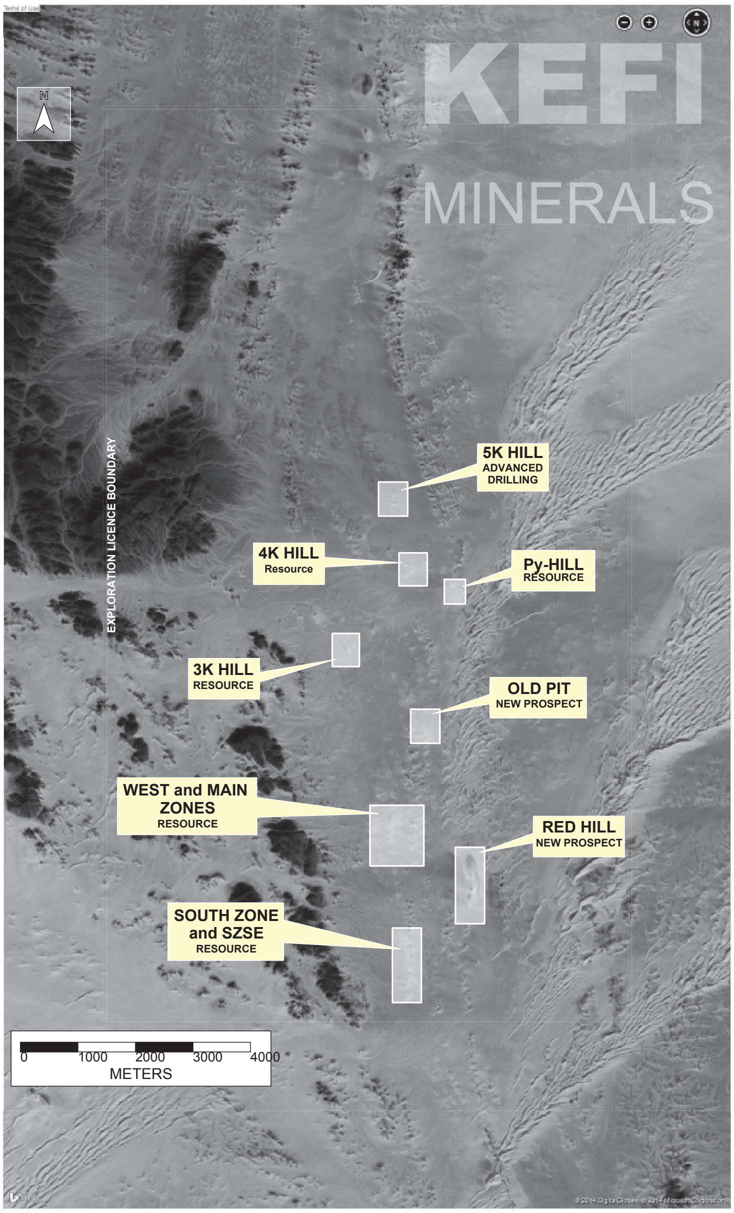
Scout drilling and trenching led to the discovery of four new prospects - Pyrite Hill, Old Pit, Red Hill and Silica Hill.

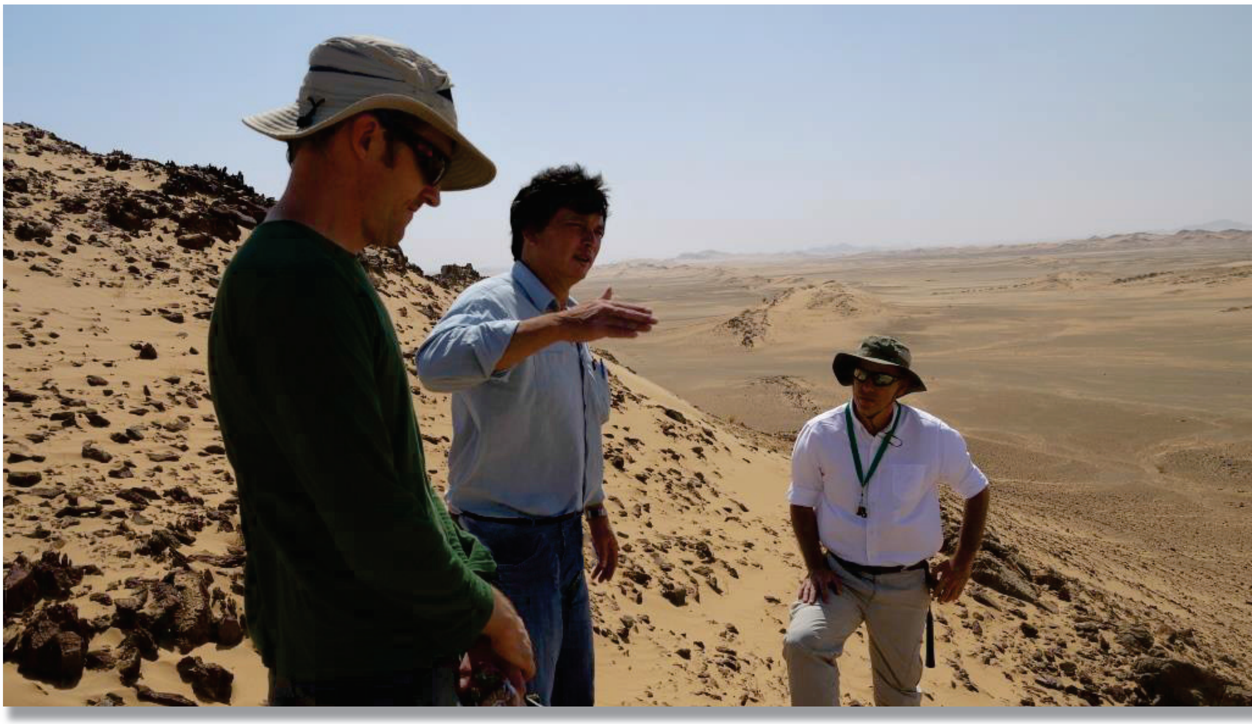
Exploration results received in early 2015 from the Red Hill prospect include:

- 17m at 2.65g/t gold and 14m at 1.00g/t gold from drilling; and
- 24m at 1.90g/t gold, 20m at 2.92g/t gold and 26m at 2.23g/t gold from trenching.

The trenching results extended the Red Hill zone of mineralisation by 600m to a strike length of 1,600m.

Given the established regional prospectivity for shallow oxide gold deposits, ELAs have been submitted for four additional areas near Jibal Qutman.





Field work planning at Jibal Qutman.
From right: F. Granitzio (Exploration Manager), J. Rayner (Exploration Director) and J. Blight (Senior Geologist).

Mineral Resource Estimates for Jibal Qutman

In May 2015, KEFI released an updated Mineral Resource estimate of 28.4 million tonnes at 0.80g/t gold, containing 733,045 ounces for Jibal Qutman. This represents a 48% or 237,851 ounce increase over the March 2014 estimate for Jibal Qutman.

As summarised in the table below, the majority of the Mineral Resource is now in the Indicated category.

	Category	Tonnes (millions)	Gold (g/t)	Contained Gold ('000 ounces)
Oxide	Indicated	8.3	0.86	229
	Inferred	2.8	0.64	58
	Sub-Total	**11.1**	**0.80**	**287**
Sulfide	Indicated	9.7	0.86	269
	Inferred	7.6	0.72	176
	Sub-Total	**17.3**	**0.80**	**446**
Oxide + Sulfide	Indicated	18.0	0.86	498
	Inferred	10.4	0.70	235
	Grand Total	**28.4**	**0.80**	**733**

Note: For further information, see KEFI Minerals announcement dated 6 May 2015. Small discrepancies may occur due to the effects of rounding.

The oxide gold mineralisation contained with the above Mineral Resource is estimated to total 11.1 million tonnes at 0.80g/t gold, containing 287,000 ounces.

Geologist logging a trench at the Red Hill Prospect, Jibal Qutman.

Preliminary Economic Assessment for Jibal Qutman

Metallurgical test work has confirmed that Jibal Qutman oxide mineralisation is amenable to heap leach processing and that agglomeration is not likely to be required apart from the South Zone deposit. Further metallurgical test work is being carried out and currently includes column leach testing of oxide drill core from four of the deposits.

The key outcomes from a Preliminary Economic Assessment for Jibal Qutman completed in May 2015 were:

- 1.5Mtpa heap leach operation;
- Gold production 139,000 ounces over an initial mine life of 4.5 years;
- Oxide open-pit optimisation studies show a potential mineable resource of 6.6 million tonnes at 0.95g/t gold, for 201,600 contained ounces;
- Waste:ore ratio of 2.2:1.0;
- Average gold recovery of 69%;
- Cash operating cost of $597/ounce; and
- Capital expenditure of $30 million.

Combined with 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 with under $3 million in equity or other forms of finance.

Jibal Qutman Outlook

Jibal Qutman's business objectives are to:

- Initiate in 2015 a Preliminary Feasibility Study evaluating the development of a low-cost HL mining operation;
- Further increase near-surface oxide gold resources;
- Explore the surrounding ELAs rapidly after granting, which have high prospectivity for additional resources;
- Gain further confidence in HL gold recoveries;
- Develop the Jibal Qutman HL operation as an avenue to provide the cash flow to expand in Saudi Arabia by funding:
    - Construction of a CIL processing plant for the deeper sulphide ore; and
    - The Company's program of exploring G&M's large portfolio of prospects.

This strategy envisages Jibal Qutman becoming G&M's foundation for a strong, sustainable mining company in Saudi Arabia.

Reverse circulation drilling at Red Hill Prospect, Jibal Qutman.

Saudi Arabia - Hawiah

In December 2014, the 95km^2 Hawiah EL was granted to ARTAR on behalf of the G&M JV. The Hawiah prospect is located within the Wadi Bidah Mineral District ("WBMD") in the southwest of the Arabian Shield. The WBMD is a 120km long belt which hosts over 24 volcanically hosted massive sulphide ("VHMS") occurrences and historic workings for copper and gold.

The initial focus at Hawiah is on gold enrichment in surface gossans and a large VHMS target at depth, associated with a 6km-long, north-south exposure of a highly silicified and variably gossanous horizon. Initial surface exploration has confirmed that the gossans are enriched in gold and the mineralisation has good continuity along strike, as well as containing abundant secondary copper showings.

The planned exploration program at Hawiah aims to:

- Quickly define a near-surface, economic gold resource in the gossan via trenching and RC drilling; and
- Simultaneously search for a major copper-gold-zinc sulphide ore body along strike and/or at depth.

Hawiah Geology and Planned Exploration

The Hawiah EL covers a predominantly bimodal mafic and felsic volcaniclastic succession in a broad anticline, with an unusually large expression of surface mineralisation outcropping on the eastern limb.

Hawiah's silicified and gossanous horizon was mapped and trenched by France's Bureau De Recherches Geologiques et Minieres ("BRGM") in the 1980s, who identified its gold-bearing potential and the gold potential of the WBMD.

Gossan at Hawiah EL.

In February 2015, KEFI completed a first-pass, wide-spaced trenching program. A total of 53 trenches, for a total length of 1,620m, was excavated over the 6km-long gossanous horizon. KEFI's trenches repeated all of the BRGM's trenches, as well as extending the known (4km) exposure to the south and to the north.

Almost all of KEFI's trenches contained anomalous gold, including 6m at 2.22g/t gold, 2m at 8.69g/t gold, 6m at 1.94g/t gold, 3m at 5.76g/t gold, 2m at 7.54g/t gold and 8m at 3.04g/t gold.

The BRGM and KEFI results both confirm that gold grades occur with good continuity along the strike length of this 6km-long gossanous horizon. Beginning in Q2 2015, this extensive, shallow gold potential is planned to be tested by infill trenching and first-pass RC drilling.

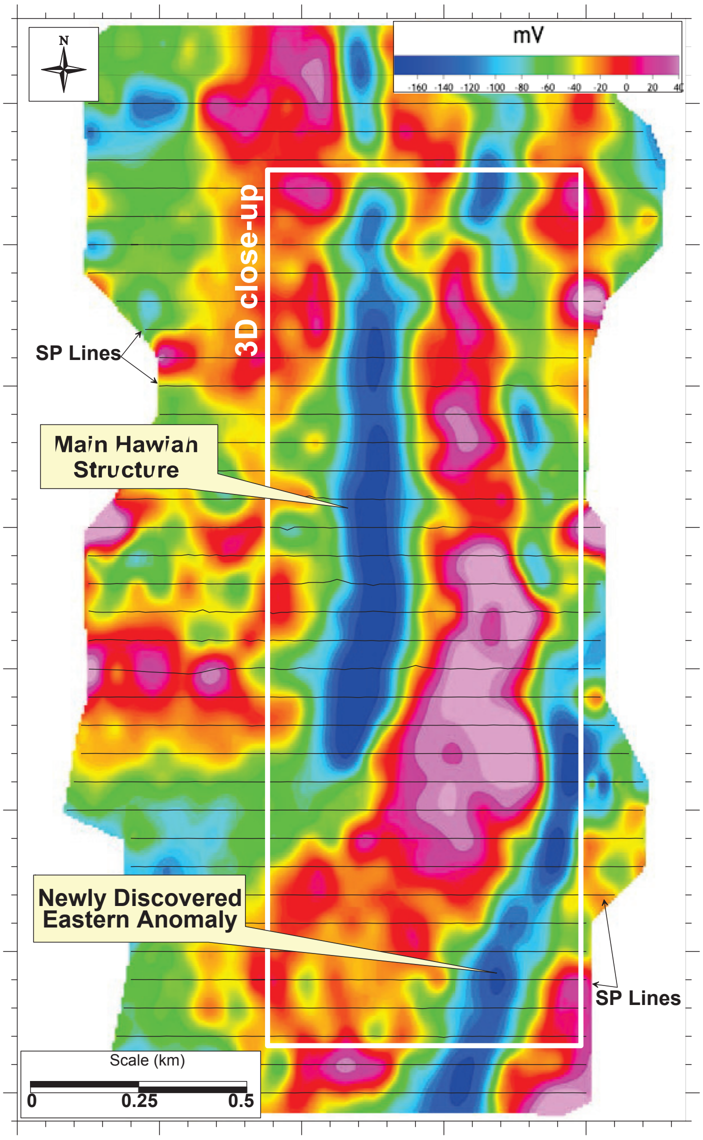
In order to test the deeper VHMS potential, KEFI is using geophysics and plan to use geochemistry to define drill targets.

KEFI is undertaking a self-potential ("SP") geophysical survey to provide a geophysical orientation over the 6 km-long gossanous horizon. This survey is planned to comprise approximately 65 east-west trending survey lines averaging about 1.7km long, in order to identify anomalies potentially caused by disseminated to sub-massive sulphides.

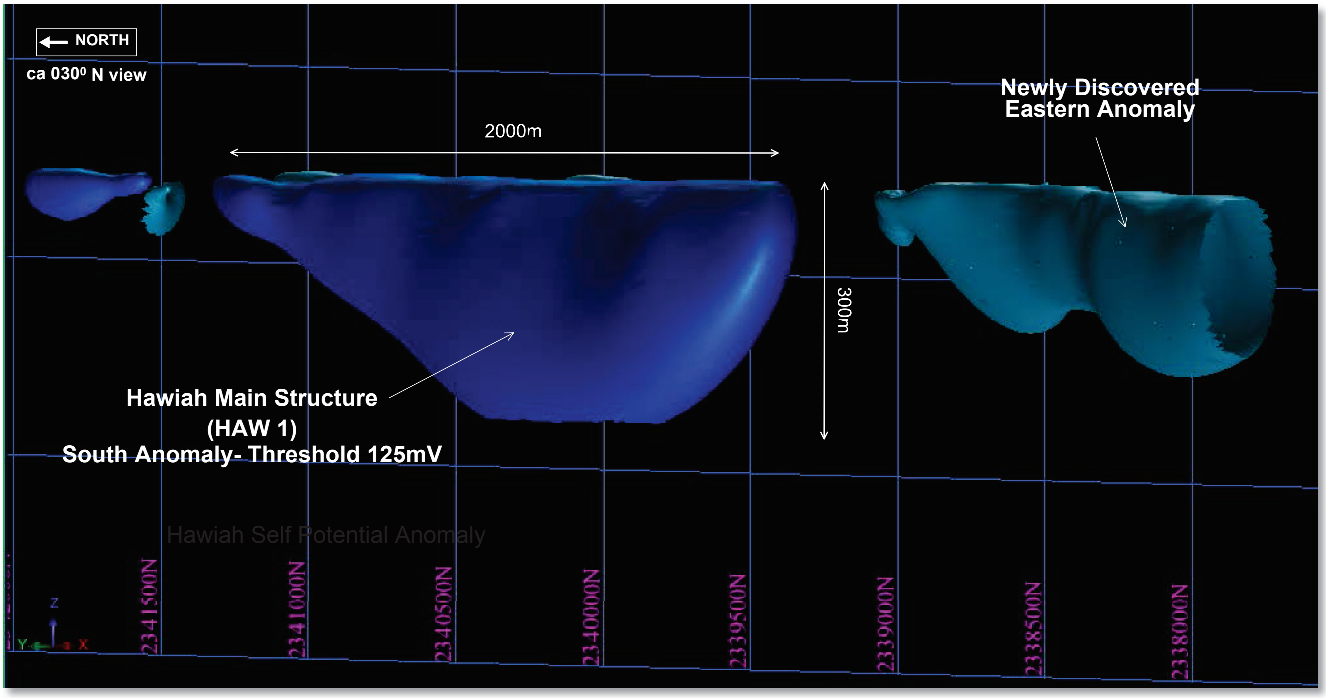
SP survey results from the southern half of the gossanous horizon have identified:

- An intense north-south trending SP anomaly with a continuous maxima of 350 millivolts, located between 125m and 300m below surface with an 800m strike length. The intensity of this anomaly is consistent with the presence of a massive sulphide source, or to a high and contiguous concentration of disseminated sulphides at depth; and
- A parallel SP anomaly with a similar but less continuous intensity located 600m to the east.

Targets generated by the SP survey are planned be followed-up with a more detailed induced polarisation ("IP") geophysical survey. The IP survey is designed to test for electrical conductors (i.e. massive sulphides) down to vertical depth of 600m below surface. The IP anomalies will provide targets with vertical depths that are planned



Hawiah SP survey lines and resistivity anomalies distribution be tested by diamond drilling.



3-D interpretation of Hawiah SP geophysical survey data.

The BRGM undertook similar SP surveys in the 1980s over other gossans to the south of Hawiah in the WBMD, with limited follow-up drilling intersecting up to 10m at 2% copper.

Hawiah Regional Prospectivity

The WBMD is a 120km-long, north-south trending belt which hosts 36 prospects of three main types:

- VHMS deposits;
- Volcano-sedimentary deposits associated with disseminated to sub-massive sulphides; and
- Shear zone & quartz vein hosted deposits.

KEFI has nine other exploration licence applications pending within the WBMD covering other existing targets and highly prospective ground.

The BRGM assessed the gold potential of gossans in the entire WBMD in the 1980s. The BRGM estimated a total of 400,000 ounces of gold to be contained in the gossans that were assessed in the WBMD, with the average grades of some deposits ranging from 5 g/t gold to 7 g/t gold. The BRGM also carried out some geophysical surveys over the gossans and carried out limited drilling to test the anomalies generated. Some massive copper-zinc sulphides were intersected, but the drill core was not systematically assayed for base metal content, nor followed up by further drilling.

VHMS deposits are major sources of copper-lead-zinc-gold-silver ore bodies. Examples of large VHMS deposits in the ANS include:

- Eritrea - Bisha (Nevsun) and Asmara (Sunridge) deposits;
- Sudan - Hassaii (Ariab) deposits; and
- Saudi Arabia - Jabal Sayid (Barrick and Ma'aden) and Al Masane (Arabian American) deposits.

The Hawiah EL and surrounding under-explored WBMD are considered to be very prospective for gold and VHMS deposits.

Saudi Arabia - Exploration Licence Applications

EL's 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. ELAs are initially applied for and granted to ARTAR and granted ELAs will be transferred into G&M in due course.

Since first applying for exploration title in 2009, five ELs have been granted:

- 2011 - Selib North EL;
- 2012 - Hikyrin EL, Hikyrin South EL and Jibal Qutman EL; and
- 2014 - Hawiah EL.

Following rapid assessment, the Selib North, Hikyrin and Hikyrin South ELs have been relinquished.

As detailed in previous Annual Reports, the granting of ELs in Saudi Arabia involves extensive community and regulatory consultation. The involvement of more than a dozen government departments and committees at the application stage helps to facilitate the potential development phase.

A representative of each stakeholder must attend a joint field investigation on an appointed day, this is called an "Imara Committee" meeting. There are many other steps in the EL procedure and this often results in a lengthy assessment time (3-4 years) before the EL is granted. The benefit of the process is, that once granted, the title holder can perform all exploration works, including the feasibility stage. This process also brings the advantage that it engages the community from the outset.

G&M holds 24 ELAs that are at various stages of being processed by the DMMR. These ELAs cover an area of approximately 1,484km^2.

These ELAs are expected to provide a long-term stream of exploration projects containing ancient gold and copper occurrences to be evaluated using modern exploration methods. Surface sample results and some historical drilling from these ELAs suggests that they are highly prospective for gold and, or copper mineralisation.

Some of our applications are at advanced stages and we are also discussing with the authorities the appropriateness of prioritising applications in the vicinity of Jibal Qutman. The regional program warrants long-term dedication.

Glossary and Abbreviations

Arabian-Nubian Shield or ANS	The Arabian-Nubian Shield is a large area of Precambrian rocks in various countries surrounding the Red Sea
ARTAR	Abdul Rahman Saad Al Rashid & Sons Company Limited
BRGM	Bureau de Recherches Géologiques et Minières – the Geological Survey of France
CIL	Carbon in Leach
DFS	Definitive Feasibility Study
DMMR	Deputy Ministry for Mineral Resources – Kingdom of Saudi Arabia
EL	Exploration Licence
ELA	Exploration Licence Application
Epithermal	Hydrothermal mineral deposit formed within about 1 km of the Earth's surface and in the temperature range of 50 to 200 degrees Celsius, occurring mainly as veins
g/t	Grams per tonne
G&M	Gold & Minerals Co. Limited
Gossan	An iron-bearing weathered product overlying a sulphide deposit
HL	Heap leach
IP	Induced polarisation - a ground-based geophysical survey technique measuring the intensity of an induced electric current, used to identify disseminated sulphide deposits
JORC	Joint Ore Reserves Committee
JORC Code 2012	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
Massive sulphide	Rock comprised of more than 40% sulphide minerals
Mtpa	Million tonnes per annum
PFS	Pre-Feasibility Study
Precambrian	Era of geological time before the Cambrian, from approximately 4,600 to 542 million years ago
RC drilling	Reverse Circulation drilling. Percussion drilling method. Reverse circulation is achieved by blowing air down the rods, the differential pressure creating air lift of the water and cuttings up the "inner tube", which is inside each rod. The drill cuttings travel around the inside of the cyclone until they fall through an opening at the bottom and are collected in a sample bag
RL	Relative Level
SP	Self potential - a ground-based geophysical survey technique measuring the potential difference between any two points on the ground produced by the small, naturally produced currents that occur beneath the Earth's surface
VHMS deposits	Volcanic-hosted massive sulphides; refers to massive sulphide deposits formed in a volcanic environment with varying base metals (copper, lead and zinc) often with significant additional gold and silver
WBMD	Wadi Bidah Mineral District

Competent Person Statement

KEFI Minerals reports in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 2012").

The information in this annual report that relates to exploration results, Mineral Resources and Ore Reserves is based on information compiled by Mr Jeffrey Rayner. He is the Exploration Director of KEFI Minerals and a Member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Rayner is a geologist with sufficient relevant experience for Group reporting to qualify as a Competent Person as defined in the JORC Code 2012. Mr Rayner consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The exploration results, Mineral Resources and Ore Reserves in this report have been previously released as follows:

Date of Release	**Project**	**Subject**	**Competent Persons**
22 April 2015	Tulu Kapi	Probable Ore Reserves	Frank Blanchfield[1] Sergio Di Giovanni
4 February 2015	Tulu Kapi	Mineral Resource	Simon Cleghorn Lynn Olssen[1]
18 August 2014	Tulu Kapi	Mineral Resource	Simon Cleghorn Lynn Olssen[1]
			[1]Frank Blanchfield and Lynn Olssen are Snowden Consultants
6 May 2015	Jibal Qutman	Mineral Resource	Jeffrey Rayner
4 March 2015	Jibal Qutman and Hawiah	Exploration Results	Jeffrey Rayner

KEFI confirms that it is not aware of any new information or data that materially affects the information in the above releases and that all material assumptions and technical parameters, underpinning the estimates continue to apply and have not materially changed. KEFI confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Directors, Secretary and Advisers

Directors
Harry Anagnostaras-Adams, **Executive Chairman**
Ian Plimer, **Non-Executive Deputy Chairman**
Norman Ling, **Non-Executive** (Appointed 23 June 2014)
Jeff Rayner, **Exploration Director**
John Leach, **Non-Executive**

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United Kingdom

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Nominated Adviser
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www.spangel.co.uk

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Pilgrim Street
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United Kingdom
www.beaufortsecurities.com

Strategic Report, Directors' Report and Consolidated Financial Statements

Year ended 31 December 2014

CONTENTS **PAGE**

Strategic Report

KEFI Minerals PLC Company number: 05976748

The directors present their Group Strategic Report for the year ended 31 December 2014.

Incorporation and principal activity

KEFI Minerals Plc was incorporated on 24 October 2006 and shortly thereafter acquired the exploration assets of EMED Mining Public Limited ("EMED") in Turkey and Bulgaria. KEFI Minerals was admitted to AIM in December 2006 with a market capitalisation of GBP 2.7 million at the placing price.

The principal activities of the Company are:

- To explore for mineral deposits of precious and base metals and other minerals that show potential for commercial exploitation;
- To evaluate mineral deposits determining the viability of commercial development; and
- To develop those mineral deposits and market the metals produced.

Review of operations

KEFI Minerals is currently progressing feasibility studies on two gold projects:

- 100%-owned Tulu Kapi project (5% free-carry interest to the Ethiopian Government since granting of Mining Licence in April 2015) in Ethiopia with a Probable Ore Reserve of 1.0 million ounces and Indicated and Inferred Mineral Resources totalling 1.72 million ounces; and
- 40%-owned Jibal Qutman project in Saudi Arabia with Mineral Resources totalling 0.73 million ounces.

As the operator, KEFI Minerals is well positioned to develop these projects prudently while continuing to add value through further exploration.

In September 2014, KEFI Minerals acquired the remaining 25% of KEFI Minerals (Ethiopia) Limited and intends to refine the development plan for the Tulu Kapi project, aimed at reducing risks and improving returns by increasing the selectivity of the mining and reducing the previously planned All-in Costs (capital expenditure, operating expenditure and closure costs).

In Ethiopia, the Company continued its exploration programme with surface-sampling of the surrounding exploration licences to Tulu Kapi. This has been an historic period for the Tulu Kapi project where the Company focused on receiving the requisite independent verifications of project plans and headline indicative financing terms to enable the reactivation of the Mining Licence Agreement on 6 October 2014, which had been suspended in mid- 2013 by the previous owner of the asset. In April 2015 the Company was granted the mining licence.

In Saudi Arabia, the Company reached an important milestone during the period with the granting of the Hawiah EL to KEFI's partner, Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"), on behalf of G&M (60% owned by ARTAR). The 95km² Hawiah EL was one of the higher priority Exploration Licence Applications being processed by ARTAR on behalf of G&M.

The Company is focusing on the possibility of an open pit, heap leach operation at Jibal Qutman as a means of lowering capital requirements and speeding up the potential development timetable, and the possibility that any similar open pit discoveries in the district could be added as modular developments.

The Company is focused on certain key targets for 2015:

- Tulu Kapi: licensing, community resettlement, team building, further value-enhancement projects, financing, tendering and procurement, and commencing construction;
- Jibal Qutman: evaluating heap leach feasibility, triggering PFS and licensing; and
- Advancing exploration programs in Saudi Arabia and Ethiopia to expand the targeted intrinsic value of KEFI as a whole.

(All amounts in GBP thousands unless otherwise stated)

Funding

The Company successfully completed a number of equity placings in 2014 as detailed below. In particular, the Company raised GBP4.8 million (before expenses) through the placing of 381,666,668 new Ordinary Shares at an average price of 1.25p per share. This included the issue of 50,000,000 new ordinary shares at 1.5p per share to acquire the balance of the 25% of the issued share capital of KEFI Minerals (Ethiopia) Limited. The GBP4.8 million raised (before expenses) was allocated to:

- Satisfy the 25% acquisition consideration of KME;
- Complete the Pre-Feasibility Study for Jibal Qutman in Saudi Arabia in 2014;
- Ensure there are sufficient funds available to meet KEFI Minerals' share of the KEFI Minerals Ethiopia Limited VAT obligations to the Ethiopian government in 2014;
- Complete additional work at Tulu Kapi and refine the Definitive Feasibility Study (DFS) prior to development in 2015; and
- Contribute toward KEFI Minerals' ongoing corporate costs including the arrangement of project finance facilities for the planned gold mine developments.

Key performance indicators

Key Performance Indicators for the Group for the year ended 31 December 2014 are those relevant to the exploration, acquisition, project evaluation and early-stage finance phases of its activities. The group considers that its primary projects in Ethiopia and Saudi Arabia continue to meet expectations. Three exploration licences in Saudi Arabia were surrendered during 2014. Careful monitoring and control has been carried out in respect of cash management.

This includes the periodic review of the Group's results through management accounts, appraisal of technical reports, monitoring of the marketplace and the Group's physical presence in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, including attendance at regular board meetings of subsidiary companies. Based on the results, the Board have concluded that no changes are required to the current strategy.

Management ensure that the Group's projects are in compliance with relevant environmental and employment legislation in the relevant jurisdiction.

Results

As at 31 December 2014, the Group had a net working capital of GBP(2,141,000) (2013: GBP651,000) and the Company's market capitalisation was GBP13.28 million (2013: GBP15.8million). At the year end the Group had equity of GBP7,158,000 (2013: GBP 6,771,000). During 2014, the Group has incurred exploration expenditure of GBP100,000 (2013: GBP148,000) from operations and an operating loss of GBP3,500,000 (2013: GBP2,439,000).

The Company made several successful placements during the year raising GBP 4.8 million (before expenses) as follows:

Issued	£
16 June 2014 at GBP 0.015	2,125
5 September 2014 at GBP 0.015	750
2 December 2014 at GBP 0.01	800
16 December 2014 at GBP 0.01	1,100
Less costs deducted from share premium and equity	(362)
	4,413

All exploration expenditure incurred at the Group's projects in the Kingdom of Saudi Arabia is written off when incurred in accordance with IFRS6, pending the Directors' decision to commence project development. This policy is a one of the factors in the Group recording a net loss for the year of GBP3,963,000 (2013: GBP2,593,000). Since the acquisition of KEFI Minerals Ethiopia Limited the administrative expenditure increased because of the greater focus on permitting, financing and staffing in preparation for exploitation of the Tulu Kapi asset. Direct development expenditure for the Group's project at Tulu Kapi in Ethiopia is capitalised, as this is intended to be developed for production. The Ethiopian Government is entitled to 7% royalty on the gold mining revenue and 5% free carried interest in the project.

(All amounts in GBP thousands unless otherwise stated)

Results (continued)

	2014	2013
Exploration expenditure	**(100)**	(148)
Acquisition costs	**-**	(260)
Administrative expenses	**(2,089)**	(519)
Warrants issued costs	**(66)**	(91)
Share based payments	**(269)**	(195)
Share of loss from jointly controlled entity	**(982)**	(1,228)
Change in value of available-for-sale financial assets	**6**	2
Foreign exchange loss	**(50)**	(158)
Interest income	**-**	4
Interest cost	**(413)**	-
Loss for the year	**(3,963)**	(2,593)

The Group's results for the year are set out on page 38.

Organisation overview

The Corporate Head Office of the Group is located in Nicosia, Cyprus, and provides corporate and support services to the overseas operations. An administration office is maintained in Izmir, Turkey. East African operations are managed out of Addis Ababa, Ethiopia. The Saudi Arabia Exploration is managed through the office on Riyadh. Field and base facilities are also maintained as required.

Strategic approach

The Board's strategic intent is to maximize shareholder value through the development of a focused portfolio of operations and projects at various stages, while at the same time managing the significant risks faced by companies in the exploration and development stage.

Our risk management approach places a clear focus on discovering and exploiting mineral wealth through multiple ventures within a focused framework, thus increasing the odds of success. We continuously monitor and review our investment strategies and are quick to relinquish licences which we believe will be uneconomic. We introduce partners in certain circumstances to minimise risk and broaden the human and financial resources available.

The Group has to date financed its activities through periodic capital raisings and contributions by partners.

Business model

The following business model sets out how the Group will deliver on its strategic aims:

- Define additional reserves and resources in Saudi Arabia and Ethiopia;
- Develop metals production;
- Maintain good community relationships; and
- Employ good environmental governance practices.

Principal risks and uncertainties

The Group's operations are exposed to a variety of risks, many of which are outside of the Group's control. The Group has put in place controls to minimise these risks where possible.

Exploration industry risks:

Mineral exploration is speculative in nature, involves many risks and is typically unsuccessful in any one target. Following any discovery, it can take a number of years from the initial phases of drilling and identification of mineralization until production is possible, during which time the economic feasibility of production may change.

Substantial expenditures are required to establish mineral reserves through drilling, to determine metallurgical processes to extract minerals from rock and other natural resources and to construct mining and processing facilities.

Strategic Report (continued)
For the year ended 31 December 2014

Principal risks and uncertainties (continued)

As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation.

Government activity, which could include non-renewal of licences, may result in any income receivable by the Group being adversely affected. In particular, changes in the application or interpretation of mining and exploration laws and/or taxation provisions in the countries in which the Group operates could adversely affect the value of its interests.

Political risks:

All of the Group's operations are located in foreign jurisdictions. As a result, the Group is subject to political, economic and other uncertainties, including but not limited to changes in policies or the personnel administering them, terrorism, nationalisation, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.

Financial risks:

The Group's risks and use of financial instruments are described in Note 3 to the consolidated financial statements. Other risks are described in the Chairman's and Managing Director's Reports.

Future developments

The Group will continue to focus efforts in Saudi Arabia and Ethiopia with the objective of identifying mineral prospects for further exploration and development.

By Order of the Board

Cargil Management Services Limited
27/28 Eastcastle Street
United Kingdom
Company Secretary

19 May 2015

Report of the board of directors
For the year ended 31 December 2014

The Board of Directors presents its report for KEFI Minerals Plc ("KEFI Minerals") and its subsidiaries (the "Group") together with the financial statements of the Group for the year ended 31 December 2014.

General information

The following information is set out in the Group Strategic Report and includes: Incorporation and Principal Activity, Review of Operations, Key Performance Indicators, Results, Future developments, and Principal risks and uncertainties.

Board of directors

The members of the Board of Directors of the Company as at 31 December 2014 and at the date of this report are shown on page 23. All directors served throughout the year, with the exception of Norman Ling, who was appointed on 23 June 2014. In accordance with the Company's Articles of Association, one third of the board of directors must resign each year. The remaining directors, presently members of the Board, will continue in office.

The Board comprises five Directors.

Harry Anagnostaras-Adams
Executive Director – Chairman

Mr Anagnostaras-Adams (B.Comm, MBA) has been Non-Executive Chairman since the Company listed in 2006 and in September 2014 he moved from Non-Executive to Executive Chairman. Mr Anagnostaras-Adams is Chairman of the Physical Risks Committee. Mr Anagnostaras-Adams holds a Bachelor of Commerce (Finance and Systems) from the University of New South Wales, Australia and a Master of Business Administration from the Australian Graduate School of Management. He qualified as a Chartered Accountant while working with PricewaterhouseCoopers and has a Master of Business Administration from the Australian Graduate School of Management where he was awarded the John Story Memorial Prize as outstanding graduate.

Mr Anagnostaras-Adams founded AIM and TSX - listed, EMED Mining Public Limited. Mr Anagnostaras-Adams has previously served as the Managing Director of EMED Mining, ASX and AIM-listed, Devex Limited (later Gympie Gold Limited), Executive Director of investment company Pilatus Capital Ltd., General Manager of resources investment group Clayton Robard Limited Group, Senior Investment Manager of Citicorp Capital Investors Australia Ltd. and serves (or has served) as a non-executive Director of many other public and private companies across a range of industries. He has overseen many successful start-ups.

Ian Rutherford Plimer
Non-Executive Director – Deputy Chairman

Professor Ian Plimer BSc (Hons), PhD, FTSE, FGS, FAIMM was appointed Non-Executive Deputy Chairman in December 2006 and is Chairman of the Group's Audit Committee. He is Emeritus Professor at The University of Melbourne where he was Professor and Head (1991-2005). He was Professor of Geology (University of Newcastle 1985-1991) and Professor of Mining Geology (University of Adelaide 2005-2012). He has been awarded the prestigious Leopold von Buch Medal for Science, the Centenary Medal and the Eureka Prize (twice). Professor Plimer has published more than 130 scientific papers and is author of multiple best-selling books for the general public. Professor Plimer's main geological interests are in mineral resources. He serves on the boards of Silver City Minerals (ASX:SCI) and Niuminco Group Ltd (ASX:NIU), unlisted Hancock Prospecting Pty Ltd companies (Roy Hill Holdings, Hope Downs, Queensland Coal Investments) and represent Hancock Prospecting on the Lakes Oil NL board (ASX:LKO) and Sun Resources NL boards (ASX:SUR).

(All amounts in GBP thousands unless otherwise stated)

Report of the board of directors (continued)
For the year ended 31 December 2014

Jeffrey Guy Rayner
Executive Director - Exploration Director

Mr Rayner joined EMED Mining Public Limited in 2006 and managed its Eastern European projects, resulting in the early drill discovery of the Biely Vrch gold deposit in Central Slovakia. Mr Rayner was appointed Managing Director of KEFI Minerals in November 2006 and assumed the role of Exploration Director in September 2014. Mr Rayner is a geologist (BSc Hons) with over 25 years' experience in gold exploration and mining in Australia, Europe and Asia. Mr Rayner started his career in Australia with BHP Gold and later Newcrest Mining Limited. He was involved in the early exploration discovery of the Cracow and Gosowong epithermal deposits and the Cadia Hill deposit, presently operating mines. In 1998 he joined Gold Mines of Sardinia plc as exploration manager, responsible for exploration and mining in Sardinia and project generation in Europe. As part of his time at Gold Mines of Sardina Plc he led the exploration discovery of the Monte Ollasteddu gold deposit in Sardinia.

John Edward Leach
Non-Executive Director

Mr Leach was appointed Finance Director in December 2006 on a contract basis in accordance with the terms of the Services Agreement dated 7 November 2006 and subsequently became a non-executive director with responsibility for oversight of the Company's finance and accounting functions.

Mr Leach is a Canadian and Australian citizen. Mr Leach holds a Bachelor of Arts (Economics) and a Masters of Business Administration. Mr Leach is a member of the Institute of Chartered Accountants (Australia), the Canadian Institute of Chartered Accountants and a Fellow of the Australian Institute of Directors. He has over 25 years' experience in senior financial and executive director positions within the mining industry internationally. Mr Leach serves on the Board of AIM and TSX listed EMED Mining Public Limited (since 2007), and is a former member of the boards of Resource Mining Corporation Limited (2006 to 2007) and Gympie Gold Limited (1995 to 2003).

Norman Ling
Non-Executive Director

Mr Norman Ling holds a BA (Hons) German and Economic History and has previously served as a non-executive director of Nyota. He has held a series of appointments at the UK Foreign and Commonwealth Office in a career spanning more than 30 years. Mr Ling's last post was as British Ambassador to Ethiopia, Djibouti and the African Union from 2008 to 2011, when he retired from government service.

Directors' interests

The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of persons connected with them in the existing ordinary shares as at the date of this document are as follows:

Director	Number of existing ordinary shares	% of issued share capital
H Anagnostaras-Adams	56,966,667	4.33%
I Plimer	4,366,668	0.33%
J Rayner	7,383,333	0.56%
J Leach	2,250,000	0.17%

(All amounts in GBP thousands unless otherwise stated)

Report of the board of directors (continued)
For the year ended 31 December 2014

The Directors to whom options over Ordinary shares have been granted at the date of this document and the number of ordinary shares subject to such options are as follows:

Grant Date	Expiration Date	Exercise Price	H. Anagnostaras-Adams	I. Plimer	J. Rayner	J. Leach	N Ling
23 Mar. 2015	22 Mar .2021	1.32p	6,000,000	1,000,000	6,500,000	1,000,000	2,000,000
12 Sep. 2014	11 Sep. 2020	1.76p	-	-	-	-	2,250,000
27 Mar. 2014	26 Mar. 2020	2.30p	6,500,000	4,417,000	8,833,000	2,250,000	-
13 Sep. 2012	12 Sep. 2018	4.00p	3,000,000	2,500,000	5,000,000	1,500,000	-
			15,500,000	7,917,000	20,333,000	4,750,000	4,250,000

Directors' emoluments

In compliance with the disclosure requirements of the listing requirements of AIM, the aggregate remuneration paid to the directors of KEFI Minerals for the year ended 31 December 2014 is set out below:

31 December 2014	**Salary and fees**	**¹Other compensation**	**²Share based benefit incentive options**	**³Deferred incentive bonus**	**Total**
Executive					
J. Rayner	**160**	**164**	**81**	**47**	**452**
H. Anagnostaras-Adams	**182**	**-**	**55**	**60**	**297**
Non-Executive					
I. Plimer	**25**	**-**	**40**	**-**	**65**
J. Leach	**25**	**-**	**22**	**-**	**47**
N. Ling	**52**	**-**	**2**	**-**	**54**
	444	**164**	**200**	**107**	**915**

31 December 2013	Salary and fees	Other compensation	Share based benefit incentive options	Deferred bonus incentive	2013 Total
Executive					
J. Rayner	170	34	51	-	255
Non-Executive					
H. Anagnostaras-Adams	48	-	31	-	79
I. Plimer	25	-	26	-	51
J. Leach	-	-	15	-	15
	243	34	123	-	400

[1]Other Compensation: in 2014 includes leave accrual of GBP113,000 for leave not taken in the current year and previous years.

[2] Share based benefit incentive options: These represent the proportion of the fair value of the options at the grant date that vested in the current year, and are not a cash payment.

[3]Deferred incentive bonus: Bonus payable once finance is secured or approved by board.

Corporate governance statement

The Board is committed to maintaining high standards of corporate governance. The Directors recognize the importance of sound corporate governance and intend to observe the requirements of the UK Corporate Governance Code, as published by the Financial Reporting Council, and the Corporate Governance Code for Small and Mid-Sized Quoted Companies 2013, as published by the Quoted Companies Alliance, to the extent they consider appropriate in light of the Company's size, stage of development and resources. However, it should not be considered that the Company has complied with the UK Corporate Governance Code or the Corporate Governance Code for Small and Mid-Sized Quoted Companies 2013.

Report of the board of directors (continued)
For the year ended 31 December 2014

Board of Directors

The Company supports the concept of an effective Board leading and controlling the Company. The Board is responsible for approving Company policies and strategies. It meets at least every three months and is supplied with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Company Secretary and independent professionals at the Company's expense. Training is available for new Directors and other Directors as necessary. The Group's key strategic and operational decisions are reserved exclusively for the decision of the Board.

The Board consists of two full time Executive Directors who hold key operational positions in the Company (the Executive Chairman and Exploration Director), and three Non-Executive Directors. Two of the Non-Executive Directors, Ian Plimer and Norman Ling, are considered to be independent of management and any business or other relationship which could interfere with the exercise of their independent judgment, bring a breadth of experience and knowledge to the Company. The Board regularly reviews key business risks, including the financial risks facing the Group in the operations of its business. The Directors are of the opinion that the Board composition contains a suitable balance. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of shareholders about the Company.

Board Meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters. All Directors have access to the advice of the Company's solicitors. Necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees

The Board has established the following committees, each of which has its own terms of reference:

Audit Committee

The Audit Committee considers the Company's financial reporting (including accounting policies) and internal financial controls. The Audit Committee comprises two Non-Executive Directors: Ian Plimer (Chairman) and Norman Ling, and is responsible for ensuring that the financial performance of the Company is properly monitored and reported on and in this capacity interacts as needed with the Company's External Auditors.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration of the Directors and senior executives. It comprises two Non-Executive Directors: Norman Ling (Chairman) and Ian Plimer. Non-Executive Directors' remuneration and conditions are considered and agreed by the Board.

Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognized job qualifications and skills. The Committee also gives regard to the terms that may be required to attract equivalent experienced executives to join the Board from other companies.

Internal controls

The Directors acknowledge their responsibility for the Company's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst the Directors are aware that no system can provide absolute assurance against material misstatement or loss, regular reviews of internal controls are undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management who compare actual progress to forecasts. Project milestones and timelines are regularly reviewed.

Report of the board of directors (continued)

For the year ended 31 December 2014

Risks and uncertainties

Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system. The principal risks facing the Company are set out in the Strategic Report.

Risk Management and Treasury Policy

The Board considers risk assessment to be important in achieving its strategic objectives, with the Board regularly reviewing its projects and activities in this regard. The Company finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Company. Decisions regarding the management of these assets are approved by the Board. Please refer to page 27 of the financial statements.

Securities Trading

The Directors intend to comply with Rules 21 and 31 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees as well. The Board has adopted a Share Dealing Code that is appropriate for an AIM quoted company and this applies to Directors, senior management and any employees who are in possession of "unpublished price sensitive information". All such persons are prohibited from trading in the Company's securities if they are in possession of "unpublished price sensitive information". Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company's website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

Shareholders holding more than 3% of share capital

The Shareholders holding more than 3% of the share capital of the Company as at the date of this report and as far as the Directors' are aware:

Name	Number of existing shares 000's	% of issued share capital
The Bank Of New York (Nominees) Limited - Odey Asset Management LLP* (13.18%)	226,822	17.2%
Vidacos Nominees Limited - Standard Life Investments Ltd* (7.86%)	122,854	9.3%
TD Direct Investing Nominees (Europe) Limited	91,927	7.0%
Barclayshare Nominees Limited	91,857	7.0%
Hargreaves Lansdown (Nominees) Limited	80,111	6.1%
Emed Mining Plc	73,047	5.6%
HSDL Nominees Limited	59,011	4.5%
Directors' Interest - H. Anagnostaras-Adams	56,967	4.3%
Fitel Nominees Limited	53,064	4.0%
Jim Nominees Limited	47,521	3.3%
Lawshare Nominees Limited	43,627	3.3%
Merrill Lynch International	39,522	3.0%

* Beneficial holding

Report of the board of directors (continued)
For the year ended 31 December 2014

Political and charitable donations

No political or charitable donations were made during 2014 (2013: Nil).

Events after the reporting date

In March 2015, the Company raised £800,000 (before expenses) through its broker Brandon Hill Capital Ltd ("Brandon Hill"), principally from existing institutional shareholders, by the issue of 80 million ordinary shares in the Company (the "Placing Shares") at 1p per share (the "Placing"). The purpose of the Placing is to provide the Company with general working capital until proceeds from the Third Placing have been received.

On 18 March 2015 Mr Harry Anagnostaras-Adams, purchased 23,000,000 ordinary shares of 1p each at a price of 1p per share.

On 23 March 2015, 17,000,000 options were issued to the Directors and a further 10,000,000 options have been granted to other non-board members of the senior management team.

On 13 April 2015 the Company signed the Mining Agreement ("MA") with the Ministry of Mines of the Democratic Republic of Ethiopia for the Company's Tulu Kapi project in Ethiopia. The Ethiopian Government is entitled to 7% royalty on the gold mining revenue and 5% free carried interest in the project.

The Company raised GBP666,106 before expenses on 11 May 2015 through a share placing of 66,610,600 ordinary shares of 1p each at a price of 1p per share.

Auditors

The auditors, Moore Stephens LLP, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

Directors' confirmation

Each of the persons who are a director at the date of approval of this annual report confirms that:

- there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that ought to have been taken as a Director, in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board

Cargil Management Services Limited
27/28 Eastcastle Street
United Kingdom
Company Secretary

19 May 2015

Statement of directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors prepare the consolidated financial statements in accordance with IFRS as adopted by the European Union and applicable law. The financial statements must, in accordance with IFRS as adopted by the European Union, present fairly the financial position and performance of the Company; such references in the UK Companies Act 2006 to such financial statements giving a true and fair view are references to their achieving a fair presentation. Under company law Directors must not approve the financial statements unless they are satisfied that they give a true and fair view. The Directors are also required to prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the consolidated financial statements have been prepared in accordance with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

Independent auditor's report

To the shareholders of KEFI MINERALS PLC

We have audited the financial statements of KEFI Minerals Plc for the year ended 31 December 2014 which are set out on pages 38 to 67. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 December 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in Note 2 to the financial statements concerning the Company and Group's ability to continue as a going concern. The going concern presumption may not be appropriate because its validity depends principally on the discovery of economically viable mineral deposits and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the 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.

Independent auditor's report

To the shareholders of KEFI MINERALS PLC (continued)

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Michael Simms*, Senior Statutory Auditor*

For and on behalf of Moore Stephens LLP, Statutory Auditor
150 Aldersgate Street
London
EC1A 4AB

19 May 2015

(All amounts in GBP thousands unless otherwise stated)

Consolidated statement of comprehensive income

Year ended 31 December

	Notes	2014	2013
Revenue		**-**	-
Exploration costs		**(100)**	(148)
Gross loss		**(100)**	(148)
Administrative expenses		**(2,089)**	(779)
Share-based payments	17	**(335)**	(286)
Share of loss from jointly controlled entity	19	**(982)**	(1,228)
Change in value of available-for-sale financial assets	14	**6**	2
Operating loss	6	**(3,500)**	(2,439)
Interest income		**-**	4
Foreign exchange loss		**(50)**	(158)
Finance costs	8	**(413)**	-
Loss before tax		**(3,963)**	(2,593)
Tax	9	**-**	-
Loss for the year		**(3,963)**	(2,593)
Loss attributable to:			
-Owners of the parent		**(3,848)**	(2,593)
-Non-controlling interest		**(115)**	-
Loss for the period		**(3,963)**	(2,593)
Other comprehensive income:			
Exchange differences on translating foreign operations		**70**	(7)
Total comprehensive loss for the year		**(3,893)**	(2,600)
Total Comprehensive Income attributable to:			
-Owners of the parent		**(3.778)**	(2,600)
-Non-controlling interest		**(115)**	-
		(3,893)	(2,600)
Basic and fully diluted loss per share (pence)	10	**(0.40)**	(0.53)

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 GBP3.2 million (2013: GBP2.5 million) has been included in the financial statements of the parent company.

The notes on pages 44 to 67 are an integral part of these consolidated financial statements.

(All amounts in GBP thousands unless otherwise stated)

Statements of financial position

31 December

	Notes	The Group 2014	The Company 2014	The Group 2013	The Company 2013
ASSETS					
Non-current assets					
Property, plant and equipment	11	**160**	**2**	252	-
Intangible assets	12	**9,139**	**976**	6,900	-
Fixed asset investments	13.1	**-**	**4,598**	-	3,097
Investments in jointly controlled entities	13.2	**-**	**181**	-	181
		9,299	**5,757**	7,152	3,278
Current assets					
Available for sale financial assets	14	**86**	**8**	80	12
Trade and other receivables	15	**335**	**3,076**	655	594
Cash and cash equivalents	16	**640**	**607**	3,279	3,231
		1,061	**3,691**	4,014	3,837
Total assets		**10,360**	**9,448**	11,166	7,115
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**12,352**	**12,352**	8,535	8,535
Share premium	17	**8,433**	**8,433**	7,660	7,660
Share options reserve	18	**848**	**848**	794	794
Foreign exchange reserve		**(86)**	**-**	(156)	-
Accumulated losses		**(14,389)**	**(13,117)**	(10,062)	(10,006)
		7,158	**8,516**	6,771	6,983
Non-controlling interest	13.1	**-**	**-**	1,032	-
Total equity		**7,158**	**8,516**	7,803	6,983
Current liabilities					
Trade and other payables	20	**3,202**	**932**	3,363	132
		3,202	**932**	3,363	132
Total liabilities		**3,202**	**932**	3,363	132
Total equity and liabilities		**10,360**	**9,448**	11,166	7,115

The notes on pages 44 to 67 are an integral part of these consolidated financial statements.

On 19 May 2015, the Board of Directors of KEFI Minerals Plc authorised these financial statements for issue.

Harry Anagnostaras-Adams
Executive Director

Company number: 05976748

(All amounts in GBP thousands unless otherwise stated)

Consolidated statement of changes in equity

Year ended 31 December 2014

	Attributable to the owners of the Company						
	Share capital	Share premium	Share options reserve	Foreign exchange reserve	Accumulated losses	Non-controlling interest	Total
At 1 January 2013	4,712	4,439	541	(149)	(7,502)	-	2,041
Loss for the year	-	-	-	-	(2,593)	-	(2,593)
Other comprehensive income	-	-	-	(7)	-	-	(7)
Total Comprehensive Income	-	-	-	(7)	(2,593)	-	(2,600)
Recognition of share based payments	-	-	286	-	-	-	286
Exercise of options/warrants	-	-	(4)	-	4	-	-
Forfeit of options/warrants	-	-	(29)	-	29	-	-
Issue of share capital	3,823	3,739	-	-	-	-	7,562
Share issue costs	-	(518)	-	-	-	-	(518)
Acquisition of subsidiary with non-controlling interest	-	-	-	-	-	1,032	1,032
At 31 December 2013	**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**

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
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 notes on pages 44 to 67 are an integral part of these consolidated financial statements.

(All amounts in GBP thousands unless otherwise stated)

Company statement of changes in equity
Year ended 31 December 2014

	Share capital	Share premium	Share options reserve	Accumulated losses	Total
At 1 January 2013	4,712	4,439	541	(7,563)	2,129
Comprehensive loss for the year		-	-	(2,476)	(2,476)
Recognition of share based payments	-	-	286	-	286
Exercise of options	-	-	(4)	4	-
Forfeit of options	-	-	(29)	29	-
Issue of share capital	3,823	3,739	-	-	7,562
Share issue costs	-	(518)	-	-	(518)
At 31 December 2013	**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**

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
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 notes on pages 44 to 67 are an integral part of these consolidated financial statements.

(All amounts in GBP thousands unless otherwise stated)

Consolidated statement of cash flows

Year ended 31 December 2014

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(3,963)**	(2,593)
Adjustments for:			
Depreciation of property, plant and equipment	11	**118**	-
Net gain on available for sale financial assets	14	**(6)**	(2)
Share based payments	18	**269**	195
Issue of warrants	17	**66**	91
Share of loss from jointly controlled entity	19	**982**	1,228
Exchange differences on borrowings		**-**	18
Exchange difference		**2**	158
		(2,532)	(905)
Changes in working capital:			
Trade and other receivables		**320**	(352)
Trade and other payables		**(207)**	(163)
Net cash used in operating activities		**(2,419)**	(1,420)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of subsidiary, net of cash acquired.	13.1	**-**	(1,083)
Acquisition of non-controlling interest	13.1	**(750)**	-
Repayments from jointly controlled entity		**-**	176
Deferred exploration costs		**(1,263)**	-
Project evaluation costs		**(976)**	-
Acquisition of property plant and equipment		**(26)**	-
Advances to jointly controlled entity		**(868)**	(1053)
Net cash used in investing activities		**(3,883)**	(1,960)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**4,025**	5,253
Issue costs	17	**(362)**	(518)
Net cash from financing activities		**3,663**	4,735
Net (decrease)/increase in cash and cash equivalents		**(2,639)**	1,355
Cash and cash equivalents:			
At beginning of the year	16	**3,279**	1,924
At end of the year	16	**640**	3,279

The notes on pages 44 to 67 are an integral part of these consolidated financial statements.

Non-cash transactions

On 30 December 2013, the Company issued 107,081,158 shares of GBP0.01 at a price of GBP0.0185 per share as part of the consideration to acquire 75% of the share capital of KEFI Minerals (Ethiopia) Limited (note13.1).

On 5 September 2014, the Company issued 50,000,000 shares at GPB0.01 at a price of GBP0.015 per share as part of the consideration to acquire the 25% minority in its subsidiary KEFI Minerals (Ethiopia) Limited (note13.1).

(All amounts in GBP thousands unless otherwise stated)

Company statement of cash flows
Year ended 31 December 2014

	Notes	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(3,215)**	(2,476)
Adjustments for:			
Net loss/(gain) available for sale financial assets	14	**4**	(2)
Share based payments	18	**269**	195
Issue of warrants	17	**66**	91
Impairment of loan to subsidiary		**45**	70
Impairment of amount receivable from jointly controlled entity		**1,020**	927
Exchange differences on borrowings		**-**	43
Exchange difference		**(152)**	-
		(1,963)	(1,152)
Changes in working capital:			
Trade and other receivables		**510**	(142)
Trade and other payables		**614**	(90)
Net cash used in operating activities		**(839)**	(1,384)
CASH FLOW FROM INVESTING ACTIVITIES			
Repayment from jointly controlled entity		**-**	176
Acquisition of property plant and equipment		**(2)**	-
Project evaluation costs		**(976)**	-
Advances to jointly controlled entity		**(868)**	(1,053)
Acquisition of subsidiary, net of cash acquired		**-**	(1,083)
Acquisition of minority interest		**(750)**	-
Loan to subsidiary		**(2,852)**	(70)
Net cash used in investing activities		**(5,448)**	(2,030)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**4,025**	5,253
Issue costs	17	**(362)**	(518)
Net cash from financing activities		**3,663**	4,735
Net (decrease)/increase in cash and cash equivalents		**(2,624)**	1,321
Cash and cash equivalents:			
At beginning of the year	16	**3,231**	1,910
At end of the year	16	**607**	3,231

The notes on pages 44 to 67 are an integral part of these consolidated financial statements.

Non-cash transactions

See Consolidated Cash Flow Statement

Notes to the consolidated financial statements
Year ended 31 December 2014

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 2014. 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 have 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 the discovery of economically viable mineral deposits 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. The financial information does not include any adjustments that would arise from a failure to complete either option.

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/revenue during the period under review.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

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 acquirees 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 8.

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 current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

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.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

2. Accounting policies (continued)

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
Financial assets at fair value through profit or loss include available for sale financial assets. 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.

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.

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

3. Financial risk management

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:

	2014	2013
Variable rate instruments		
Financial assets	**640**	3,291

Sensitivity analysis
An increase of 100 basis points in interest rates at 31 December 2014 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. For a decrease of 100 basis points there would be no impact on profit and other equity.

	Equity 2014	**Profit or Loss 2014**	Equity 2013	Profit or Loss 2013
Variable rate instruments				
Financial assets	**6**	**6**	35	35

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. 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:

	Liabilities 2014	**Assets 2014**	Liabilities 2013	Assets 2013
Euro	**16**	**4**	17	3
Turkish Lira	**1**	**49**	2	59
US Dollar	**-**	**106**	-	75
Saudi Arabian Riyal	**156**	**134**	58	-
Ethiopia ETB	**2,023**	**204**	3,212	190

Sensitivity analysis
A 10% strengthening of the British Pound against the following currencies at 31 December 2014 would have increased/(decreased) equity and profit or loss by the amounts shown 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.

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

3. Financial risk management (continued)

	Equity 2014	Profit or Loss 2014	Equity 2013	Profit or Loss 2013
Euro	**1**	**1**	1	1
Turkish Lira	**(5)**	**(5)**	(6)	(6)
US Dollar	**(11)**	**(11)**	(8)	(8)
Saudi Arabian Riyal	**2**	**2**	6	6
Ethiopia ETB	**182**	**182**	302	302

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 GBP640,000 (2013: GBP3,279,000) and equity attributable to equity holders of the parent, comprising issued capital of GBP12,352,000 (2013: GBP8,535,000), reserves of GBP9,195,000, (2013: GBP8,298,000) and accumulated losses of GBP14,389,000 (2013: GBP10,062,000). 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	
	2014	2013	**2014**	2013
Financial assets				
Cash and cash equivalents (Note 16)	**640**	3,279	**640**	3,279
Available for sale financial assets (Note 14)	**86**	80	**86**	80
Trade and other receivables (Note 15)	**335**	655	**335**	655
Financial liabilities				
Trade payables (Note 20)	**3,202**	3,363	**3,202**	3,363

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.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

3. Financial risk management (continued)

The Group used a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the statement of financial position date.

The nominal value less any estimated credit adjustments for financial assets and liabilities with a maturity of less than one year are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate available to the Group for similar financial instruments.

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 the discovery of economically viable mineral deposits 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.

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)

Year ended 31 December 2014

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
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**

	Cyprus	Turkey	Bulgaria	Ethiopia	Total
2013					
Operating loss	(1,147)	(60)	(4)	-	(1,211)
Foreign exchange profit/(loss)	(171)	10	3	-	(158)
Interest	4	-	-	-	
	(1,314)	(50)	(1)	-	(1,365)
Share of loss from jointly controlled entity					(1,228)
Loss before tax					(2,593)
Tax					-
Loss for the year					(2,593)
Total assets	3,761	61	4	7,340	11,166
Total liabilities	132	4	15	3,212	3,363
Depreciation of property, plant and equipment	-	-	-	-	-

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

6. Expenses by nature

		2014	2013
Acquisition costs		**102**	260
Exploration costs		**100**	148
Staff costs (Note 7)		**367**	24
Depreciation of property, plant and equipment (Note 11)		**118**	-
Warrants issue costs (Note 17)		**66**	91
Share based benefits to employees (Note 17)		**69**	72
Share of losses from jointly controlled entity (Note 5)		**982**	1,228
Change in value of available-for-sale financial assets (Note 14)		**(6)**	(2)
Directors' fees and other benefits (Note 21.1)		**915**	400
Consultants' costs		**584**	36
Auditors' remuneration	- audit current year	**56**	46
	- audit previous year	**-**	-
	- other	**-**	-
Other expenses		**147**	136
Operating loss		**3,500**	2,439

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

	2014	2013
Salaries	**337**	21
Social insurance costs and other funds	**30**	3
	367	24
Average number of full time equivalent employees	**44**	1

Directors' remuneration is disclosed in note 21.1

8. Finance costs

	2014	2013
Interest paid to Ethiopian Revenue and Customs Authority ("ERCA") – Note 20	**413**	-
	413	-

9. Tax

	2014	2013
Loss before tax	**(3,963)**	(2,593)
Tax calculated at the applicable tax rates	**(633)**	(387)
Tax effect of non-deductible expenses	**404**	446
Tax effect of tax losses	**325**	50
Tax effect of items not subject to tax	**(122)**	-
Tax effect of capital allowances	**17**	-
Tax effect of other timing differences	**9**	(109)
Charge for the year	**-**	-

The Company is resident in Cyprus for tax purposes.

A deferred tax asset of GBP1,056,460 (2013: GBP730,709) has not been accounted for due to the uncertainty against future recoverability.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

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 2014, the balance of tax losses which is available for offset against future taxable profits amounts to GBP7,203,371(2013: GBP6,220,480).

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 2014, the balance of tax losses which is available for offset against future taxable profits amounts to GBP171,146 (2013: GBP166,250).

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 2014, the balance of exploration costs that is available for offset against future income from mining operations amount to GBP908,198 (2013: GBP871,424).

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, subsequent to the end of the Financial Year, 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:

	2014	2013
Net loss attributable to equity shareholders	**(3,848)**	(2,593)
Average number of ordinary shares for the purposes of basic loss per share (000's)	**952,420**	493,356
Loss per share:		
Basic and fully diluted loss per share (pence)	**(0.40)**	(0.53)

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

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)

Year ended 31 December 2014

11. Property, plant and equipment

	Motor Vehicles	Plant and equipment	Furniture, fixtures and office equipment	Total
The Group				
Cost				
At 1 January 2013	31	-	11	42
Acquisitions	29	180	42	251
At 31 December 2013 / 1 January 2014	60	180	53	293
Additions	-	18	8	26
At 31 December 2014	60	198	61	319
Accumulated Depreciation				
At 1 January 2013	31	-	10	41
Charge for the year	-	-	-	-
At 31 December 2013 / 1 January 2014	31	-	10	41
Charge for the year	8	73	37	118
At 31 December 2014	39	73	47	159
Net Book Value at 31 December 2014	21	125	14	160
Net Book Value at 31 December 2013	29	180	43	252

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

The Company has no significant property, plant and equipment.

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

12. Intangible assets

	Project evaluation costs	Deferred exploration costs	Total
The Group			
Cost			
At 1 January 2013	-	-	-
Additions on acquisition	-	6,900	6,900
At 31 December 2013 / 1 January 2014	**-**	**6,900**	**6,900**
Additions	**976**	**1,263**	**2,239**
At 31 December 2014	**976**	**8,163**	**9,139**
Accumulated Amortisation and Impairment			
At 1 January 2013	-	-	-
Charge for the year	-	-	-
At 31 December 2013 / 1 January 2014	**-**	**-**	**-**
Charge for the year	**-**	-	-
At 31 December 2014	**-**	**-**	**-**
Net Book Value at 31 December 2014	**976**	**8,163**	**9,139**
Net Book Value at 31 December 2013	-	6,900	6,900

Management performed an impairment review for deferred exploration costs, which relate to the Tulu Kapi licence area, at 31 December 2014.The Net Present Value of the Tulu Kapi asset exceeded the net book value at 31 December 2014 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.

KEFI Minerals Ethiopia also holds three other mining exploration licences in Ethiopia. The three other licences are Yubdo exploration licence, the Billa Gulisso exploration licence and the Ankore exploration licence.

- The Yubdo exploration licence 7th year extension exploration licence period expired on June 28th 2014. The Ministry of Mines has verbally stated that they are happy to extend the licence period for an additional 2-3 years.

- The Billa Gulisso exploration licence ground is in its 7th year extension exploration licence period, that expires in December 2015. The Company has not received an official extension letter for the 7th Year Extension from the Ministry .The Company has submitted the 7th year extension work program and 6th year work activities annual report to the Ministry of Mines.

- Ankore exploration licence: KEFI submitted a new exploration program in 2014 and a year end report in November 2014 recommending the area to be part of Tulu-Kapi mine infrastructure area.

Project evaluation costs relating to work performed in assessing the economic feasibility of the Tulu Kapi project have been capitalized by the Company.

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

13. Investments

13.1 Fixed asset investments

The Company	**2014**	2013
Cost		
At 1 January	**3,097**	1
Acquisitions	**1,501**	3,096
At 31 December	**4,598**	3,097
Provision for impairment		
At 1 January	**-**	-
Reversal of impairment	**-**	-
At 31 December	**-**	-
Net Book Value	**4,598**	3,097

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 EMED Mining Public Limited 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 acquired 75% of KME of 30 December 2013. The Company required the remaining 25% of KME on 5 September 2014 for a purchase price of £1.5 million, of which £750 thousand was cash, with the remainder in new ordinary shares.

On 30 December 2014, the company entered into an agreement to acquire the whole of the issued share capital of KEFI Minerals Marketing and Sales Cyprus, a company incorporated in Cyprus. The company was dormant for the year end 31 December 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.

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

Acquired 25% of KEFI Minerals Ethiopia Limited (KME)

In September 2014 the Company acquired the remaining 25% interest in KEFI Minerals Ethiopia Limited for GBP750,000 cash and 50,000,000 new Ordinary shares at 1.5p per share that had a market value of GBP 0.75 million increasing KEFI's ownership from 75% to 100%.

The company recognized a decrease in non-controlling interest

Non-Controlling Interest recognized at 1 January 2014	1,032
Non-Controlling Interest share of loss to 5 September 2014	(115)
Non-Controlling Interest accumulated share of other comprehensive income	-
Non-Controlling Interest September 2014	917

Cash consideration paid	750
Fair Value of Shares Issued	750
Less amount debited to Non-Controlling Interest	(917)
Amount to be debited to Company's equity	583

13.2 Investment in jointly controlled entity

	2014	2013
The Group		
At 1 January	-	67
Retranslation of investment	-	-
	-	67
Less share of loss of jointly controlled entity	-	(67)
At 31 December	-	-
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

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

14. Available for sale financial assets

	2014	2013
The Group		
On 1 January	**80**	10
Acquisition of subsidiary	**-**	68
Change in value of available-for-sale financial assets	**6**	2
On 31 December	**86**	80

The acquisition in 2013 relates to five-year Ethiopian government bonds with a fixed interest rate of 6% per annum.

	2014	2013
The Company		
On 1 January	**12**	10
Change in value of available-for-sale financial assets	**(4)**	2
On 31 December	**8**	12

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

	2014	2013
The Group		
Other receivables	**43**	6
Placing funds	**130**	328
Loan to Director (Note 21.2)	**20**	-
Loan Facility Nyota Minerals Limited Note 21.4)	**-**	174
Amount receivable from Saudi Arabia Jointly controlled entity (Note 21.4)	**32**	73
VAT	**96**	41
Deposits and prepayments	**14**	33
	335	655

The Company raised GBP1,000,000 on 16 December 2014 but an amount of GBP130,000 was paid after the 31 December 2014.

	2014	2013
The Company		
Deposits	**13**	19
Placing Funds	**130**	328
Loan to Director (Note 21.2)	**20**	-
Advance to KEFI Minerals Ethiopia Limited (Note 21.4)	**2,807**	174
Amount receivable from Saudi Arabia Jointly controlled Entity (Note 21.4)	**106**	73
	3,076	594

Amounts owed by group companies total GBP2,807,000 (2013: GBPNIL). Balances of GBP874,000 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.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

16. Cash and cash equivalents

	2014	2013
The Group		
Cash at bank and in hand	**640**	3,279
The Company		
Cash at bank and in hand	**607**	3,231

17. Share capital

	Number of shares '000	Share Capital	Share premium	Total
Issued and fully paid				
At 1 January 2013	471,346	4,712	4,439	9,151
Issued 10 July 2013 at GBP 0.021	27,191	272	299	571
Issued 6 August 2013 at GBP 0.0125	830	8	2	10
Issued 16 October 2013 at GBP 0.0225	22,222	222	278	500
Issued 30 December 2013 at GBP 0.0185	107,081	1,071	910	1,981
Issued 30 December 2013 at GBP 0.02	225,000	2,250	2,250	4,500
Share issue costs	-	-	(518)	(518)
At 31 December 2013	**853,670**	**8,535**	**7,660**	**16,195**
Issued 16 June 2014 at GBP 0.015	**141,667**	**1,417**	**708**	**2,125**
Issued 5 September 14 at GBP 0.015	**50,000**	**500**	**250**	**750**
Issued 2 December 2014 at GBP 0.01	**80,000**	**800**	**-**	**800**
Issued 16 December 2014 at GBP 0.01	**110,000**	**1,100**	**-**	**1,100**
Share issue costs	**-**	**-**	**(185)**	**(185)**
At 31 December 2014	**1,235,337**	**12,352**	**8,433**	**20,785**

Share issue costs of GBP177,000 relating to the 190,000,000 shares issued at par value during 2014 have been charged to equity.

Issued capital

2014

On 16 June 2014, 141,666,668 shares of GBP0.01 were issued at a price of GBP0.015 per share. On issue of the shares, an amount of GBP708,333 was credited to the Company's share premium reserve.

On 5 September 2014, 50,000,000 shares of GBP0.01 were issued at a price of GBP0.015 per share. On issue of the shares, an amount of GBP250,000 was credited to the Company's share premium reserve.

On 2 December 2014, 80,000,000 shares of GBP0.01 were issued at a price of GBP0.010 per share.

On 16 December 2014, 110,000,000 shares of GBP0.01 were issued at a price of GBP0.010 per share.

2013

On 10 July 2013, 27,190,476 shares of GBP 0.01 were issued at a price of GBP 0.021 per share. Upon the issue, an amount of GBP299,095 was credited to the Company's share premium reserve.

On 6 August 2013, 830,000 shares of GBP 0.01 were issued at a price of GBP 0.0125 per share. Upon the issue, an amount of GBP2,075 was credited to the Company's share premium reserve.

On 16 October 2013, 22,222,222 shares of GBP 0.01 were issued at a price of GBP 0.0225 per share. Upon the issue, an amount of GBP277,778 was credited to the Company's share premium reserve.

On 30 December 2013, 107,081,158 shares of GBP 0.01 were issued at a price of GBP 0.0185 per share. Upon the issue, an amount of GBP910,190 was credited to the Company's share premium reserve.

On 30 December 2013, 225,000,000 shares of GBP 0.01 were issued at a price of GBP 0.02 per share. Upon the issue, an amount of GBP2,250,000 was credited to the Company's share premium reserve.

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

17. Share capital (continued)

Warrants

2014

On 16 June 2014, the Company issued 8,500,000 warrants to subscribe for new ordinary shares of GBP0.01 each at GBP0.015 per share.

On 2 December 2014, the Company issued 4,000,000 warrants to subscribe for new ordinary shares of GBP0.01 each at GBP0.01 per share

On 16 December 2014, the Company issued 5,500,000 warrants to subscribe for new ordinary shares of GBP0.01 each at GBP0.01 per share

2013

On 4 July 2013, the Company issued 1,309,523 warrants to subscribe for new ordinary shares of GBP 0.01 each at GBP 0.021 per share.

On 16 October 2013, the Company issued 1,111,111 warrants to subscribe for new ordinary shares of GBP 0.01 each at GBP 0.0225 per share.

On 27 December 2013, the Company issued 13,500,000 warrants to subscribe for new ordinary shares of GBP 0.01 each at GBP 0.02 per share.

No warrants were cancelled/expired or exercised in the period from 1 January 2014 to 31 December 2014.

Details of warrants outstanding as at 31 December 2014:

Grant date	Expiry date	Exercise price	Number of warrants 000's
22 February 2011	21 February 2016	5.00p	780
20 February 2012	19 February 2017	3.00p	2,917
4 July 2013	3 July 2018	2.10p	1,310
16 October 2013	15 October 2018	2.25p	1,111
27 December 2013	26 December 2016	2.00p	13,500
16 June 2014	15 June 2016	1.50p	8,500
2 December 2014	1 December 2017	1.00p	4,000
16 December 2014	15 December 2017	1.00p	5,500
			37,618

The Company has issued warrants to advisers to the Group. All warrants, except those noted below expire five years after grant date and are exercisable at the exercise price.

	Number of warrants 000's
Outstanding warrants at 1 January 2014	19,618
- granted	18,000
	37,618

(All amounts in GBP thousands unless otherwise stated)

17. Share capital (continued)

Warrants (continued)

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:

	16 Dec 14	2 Dec 14	16 Jun 14
Closing share price at issue date	1.08p	1.08p	1.58p
Exercise price	1.00p	1.00p	1.50p
Expected volatility	48%	48%	50.3%
Expected life	3yrs	3yrs	2yrs
Risk free rate	0.59%	0.59%	0.87%
Expected dividend yield	Nil	Nil	Nil
Discount factor	0%	0%	0%
Estimated fair value	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 2014, the impact of issuing warrants is a net charge to income of GBP66,000 (2013: GBP91,000). At 31 December 2014, the equity reserve recognized for share based payments, including warrants, amounted to GBP848,000 (2013: GBP794,000).

	2014	2013
Opening amount	**794**	541
Warrants issued costs (Note 6)	**66**	91
Share options issued to employees (Note 6)	**69**	72
Share options issued to directors (Note 6)	**200**	123
Exercise of options	**-**	(4)
Cancelled options	**(281)**	(29)
Closing amount	**848**	794

Notes to the consolidated financial statements (continued)

Year ended 31 December 2014

18. Share options reserve

Details of share options outstanding as at 31 December 2014:

Grant date	Expiry date	Exercise price	Number of shares 000's
28-Feb-11	27-Feb-16	7.10p	200
29-Sep-11	28-Sep-16	3.78p	1,000
13-Sep-12	12-Sep-18	4.00p	14,350
27-Mar-13	26-Mar-19	3.43p	100
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	27,400
04-Apr-14	03-Apr-20	1.83p	100
12-Sep-14	11-Sep-20	1.76p	2,250
			48,350

	Weighted average ex. Price	Number of shares 000's
Outstanding options at 31 December 2014		40,685
- granted	2.25p	30,350
- exercised	-	-
- cancelled/forfeited	3.39p	(22,685)
Outstanding options at 31 December 2014		48,350

The Company has issued share options to directors, employees and advisers to the Group. All options, except those noted below, 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.

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.

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)

Year ended 31 December 2014

18. Share options reserve (continued)

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

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.

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
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.

Notes to the consolidated financial statements (continued)

Year ended 31 December 2014

18. Share options reserve (continued)

For 2014, the impact of share option-based payments is a net charge to income of GBP269,000 (2013: GBP195,000). At 31 December 2014, the equity reserve recognized for share option-based payments, including warrants, amounted to GBP848,000 (2013: GBP794,000).

19. Jointly controlled entities

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

On 22 October 2008, the Company entered into a Joint **controlled entity** ("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%

	SAR'000		GBP'000	
Amounts relating to the Jointly Controlled Entity	**2014**	2013	**2014**	2013
Non-current assets	**768**	1,011	53	63
Current assets	**1,885**	1,473	129	95
	2,653	2,484	182	158
Non-current liabilities	**45,095**	32,021	3,092	2,079
Current liabilities	**916**	1,218	63	71
	46,011	33,239	3,155	2,150
Net liabilities	**(43,358)**	(30,755)	(2,973)	(1,992)
Share capital	**2,500**	2,500	171	165
Accumulated losses	**(45,858)**	(33,275)	(3,144)	(2,157)
	(43,358)	(30,755)	(2,973)	(1,992)
Exchange rates SAR to GBP				
Closing rate			0.1714	0.1617

In May 2009, KEFI Minerals 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 Minerals is the operating partner with a 40% shareholding in G&M with ARTAR holding the other 60%. KEFI Minerals 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 in 2014 and 2013 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 2014 amounting to SAR45.8 million (2013: SAR33.2 million) have been adjusted to bring the figures in line with the Group's accounting policies.

(All amounts in GBP thousands unless otherwise stated)

19. Jointly controlled entities(continued)

19.2 Jointly controlled entity with Gold and Minerals (continued)

A loss of GBP982,000 was recognized by the Group for the year ended 31 December 2014 (2013: GBP1,228,000) representing the Group's share of losses in the year.

As at 31 December 2014 KEFI Minerals owed ARTAR an amount of GBP186,000 (2013: receivable GBPNil) - Note 21.5.

As at 31 December 2014, G&M owed KEFI Minerals an amount of GBP32,000 (2013: GBP73,000) – Note 21.4.

20. Trade and other payables

The Group

	2014	2013
Accruals and other payables	**825**	165
Other loans	**229**	-
Payable to shareholders (Note 21.3)	**8**	-
Payable to jointly controlled entity (Note 21.5)	**186**	-
VAT Liability	**1,954**	3,027
Towchester	**-**	171
	3,202	3,363

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 ETB27,111,509 (approximately GBP848,590), 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 ETB49,111,509(approximately GBP1,529,971), was paid. The total amount to be paid over the next two years is ETB65,342,271(approximately GBP2,099,013).

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

The Company

	2014	2013
Accruals and other payables	**746**	132
Payable to jointly controlled entity (Note 21.4)	**186**	-
	932	132

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

There are no key management personnel other than directors. The total remuneration of key management personnel was as follows:

	2014	2013
Directors' fees *	**444**	243
Directors' other benefits	**164**	34
Bonus	**107**	-
Share option-based benefits to directors (Note 17)	**200**	123
	915	400

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

(All amounts in GBP thousands unless otherwise stated)

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

21. Related party transactions (continued)

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	2014	2013
Ian Rutherford Plimer	Loan to Director	Non-Executive Director	**20**	-

No interest is payable by the director and the loan is repayable in the next 12 months.

21.3 Payable to shareholders

Name	Nature of transactions	Relationship	2014	2013
EMED Mining Public Ltd	Finance	Shareholder	**8**	-

21.4 Receivable from related parties

The Group

Name	Nature of transactions	Relationship	2014	2013
Gold & Minerals Co. Limited	Finance	Jointly controlled entity	**32**	73
Nyota Minerals Limited	Finance	Shareholder	**-**	174
			32	247

The Company

Name	Nature of transactions	Relationship	2014	2013
Gold & Minerals Co. Limited	Finance	Jointly controlled entity	**106**	73
Nyota Minerals Limited	Finance	Shareholder	**-**	174
Kefi Minerals Ethiopia Limited	Advance	Subsidiary	**2,807**	-
			2,913	247

21.5 Payable to related parties

The Group

Name	Nature of transactions	Relationship	2014	2013
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Jointly controlled entity	**186**	**-**
			186	**-**

The Company

Name	Nature of transactions	Relationship	2014	2013
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Jointly controlled entity	**186**	**-**
			186	**-**

Name	Nature of transactions	Relationship	2014	2013
EMED Mining Public Ltd	Provision of management and other professional services	**Shareholder**	**8**	104

(All amounts in GBP thousands unless otherwise stated)

22. Contingent liabilities

In 2006, EMED Mining Public Ltd acquired a proprietary geological database that covers extensive parts of Turkey and Greece and also EMED 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 GBP56,500 (AUD105,000) 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 GBP226,000. 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 GBP43,750 (AUD105,000).

23. Legal Allegation

Allegations were made against a subsidiary of the Company in 2014 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 BIRR249,589,430 (approximately GBP8million). The allegations were dismissed in March 2014 but they have directed the allegations to another arm of the judiciary. Having sought legal advice on this matter, the Group is of the opinion that the allegations have no merit and that it is not appropriate to recognise any contingent liability. 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 remote.

24. Relationship deed

A Relationship Deed between EMED and the Company dated 7 November 2006, lapsed because EMED's shareholding dropped below the 30% of the voting rights in the issued shares of the Company.

EMED had granted the Company the right to explore in Saudi Arabia in return for which it will receive, to the extent possible under legislation in Saudi Arabia, first right of refusal over participation in any projects developed (or not taken up) by the jointly controlled entity established on 28 May 2009 in that country with Abdul Rahman Saad Al-Rashid & Sons Company Limited.

25. Capital commitments

The Group has the following capital or other commitments as at 31 December 2014 (2013 0.8 Million),

(i) Exploration program commitments

	2014	2013
Exploration program commitments payable:		
Within one year	**727**	797
	727	797

26. Events after the reporting date

In March 2015, the Company raised £800,000 (before expenses) through its broker Brandon Hill Capital Ltd ("Brandon Hill"), principally from existing institutional shareholders, by the issue of 80 million ordinary shares in the Company at 1p per share. The purpose of the placing was to provide the Company with general working capital until proceeds from the Third Placing have been received

Notes to the consolidated financial statements (continued)
Year ended 31 December 2014

26. Events after the reporting date (continued)

On 18 March 2015 Mr Harry Anagnostaras-Adams, purchased 23,000,000 ordinary shares of 1p each at a price of 1p per share.

On 23 March 2015, 17,000,000 options were issued to the Directors and a further 10,000,000 options have been granted to other non-board members of the senior management team.

On 13 April 2015 the Company signed the Mining Agreement ("MA") with the Ministry of Mines of the Democratic Republic of Ethiopia for the Company's Tulu Kapi project in Ethiopia. The Ethiopian Government is entitled to 7% royalty on the gold mining revenue and 5% free carried interest in the project.

The Company raised GBP666,106 before expenses on 11 May 2015 through a placing of 66,610,600 ordinary shares of 1p each at a price of 1p per share.

As announced on 17 March 2015, the long stop date for the placing with Goldfields was extended to 8 May 2015 to allow Goldfields the time it considered it required for settlement of its £3 million subscription on the terms previously agreed and announced. The directors of Goldfields have re-affirmed their desire to make KEFI their maiden investment, but will now only be in a position to do so should Goldfields successfully close its subscription, which it expects to have completed by 2 June 2015. The Board of KEFI has decided not to extend the arrangement with Goldfields and has proceeded with alternative funding plans. The Company has fully utilised its delegated authority from shareholders to issue further ordinary shares. Hence, in order to reinstate the Company's flexibility regarding the funding of its working capital and other ongoing requirements, the Company will seek authority from shareholders to issue shares for cash on a non-pre-emptive basis at the Annual General Meeting.

27. 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 2014. 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 (no stated effective date).IFRS9 makes substantial changes to the recognition and measurement of financial assets and financial liabilities and the derecognition of financial assets. 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.

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

KEFI Minerals is listed on AIM (Code: KEFI)
www.kefi-minerals.com