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KEFI Minerals plc

("KEFI" or the "Company")

Bank Loan Based Proposal Selected for Project Infrastructure Finance

KEFI (AIM: KEFI), the gold exploration and development company with projects in the Federal Democratic Republic of Ethiopia and the Kingdom of Saudi Arabia, is pleased to announce that it has selected its preferred project infrastructure finance proposal for the Company's Tulu Kapi Gold Project (the "Project"), being a bank loan based proposal recently received from two leading African banks as underwriters and co-lenders. A preliminary term sheet has been signed and is subject to credit approval.

The bank-based proposal is considered by the directors of the Project company, Tulu Kapi Gold Mines Share Company ("TKGM"), to be financially more attractive and more straightforward to execute than the long-standing alternative bond-and-lease based debt financing proposal. In addition, the proposed bank lenders are actively working in Ethiopia, are familiar with the local market and many of our local stakeholders and thus considered more compatible with the Project consortium. There are no charges payable for electing not to proceed with the bond-and-lease based debt financing proposal. The underlying economics are summarised below and compared with the previous bond-and-lease based proposal.

The proposed Project and financing timetable, as previously announced, is for the first six months of development to be funded by way of equity investment at the TKGM level by the Project partners, beginning in January 2020, with full finance close and bank loan drawdown planned for mid-2020. The amount of Project equity (US\$68 million) and subordinated working capital facility requirements (US\$14-24 million) remain essentially unchanged, as is the contribution towards capital expenditure. However, material savings are expected in the cost of debt-servicing, administration and other charges, especially during the Project development and start-up period.

Using the proposed bank loan infrastructure financing at the current gold price of US\$1,450/oz, KEFI estimates that the net cash flow over the life of the open pit will increase from US\$314 million to US\$380 million. On this basis, TKGM could maintain the same net cash flow for shareholders as previously projected, while at the same time funding the development of the underground mine, which requires an estimated capital expenditure of US\$37 million per its Preliminary Economic Assessment ("PEA"). This is expected to significantly increase production, mine life and the overall Project NPV.

At the current gold price of US\$1,450/oz, the Definitive Feasibility Study or DFS-based NPV of the open pit (US\$171 million) added to that of the PEA-based NPV of the underground mine (US\$74 million), totals to the aggregate Project NPV of US\$245 million.

On this basis and after taking into account that KEFI has already invested nearly all of its contribution to the Project equity, KEFI's 45% beneficial interest is US\$130 million (approximately £101 million), about eight times the current market capitalisation of the Company.

This does not include further potential upside offered by exploration underground where extensions of the 5.6 g/t Indicated Resource remain untested, in the adjacent Tulu Kapi district, where several areas of drill-intercepted pre-resource mineralisation require follow-up and in Saudi Arabia where drilling is currently intercepting massive sulphides in a large Volcanogenic Massive Sulphide occurrence.

KEFI Finance Director, Mr John Leach, commented, "We have been very well supported by the bond-lease proposal and now we also have an attractive bank-loan based alternative because capital market support for our Project has recently improved markedly, both inside and outside Ethiopia. The expected savings from the preferred bank-based infrastructure finance proposal provide our Project subsidiary, TKGM, with the opportunity to develop and further

explore the underground Tulu Kapi deposit and significantly increase value for shareholders, without reducing net cash flows available for other purposes.”

Comparison of selected bank-loan-based proposal compared with previous bond-lease-based proposal

Excluding the past investment of c. US\$55-US\$60 million to the end of 2018 and also excluding the c. US\$50 million mining equipment to be supplied by the mining contractor, the overall funding plan for Tulu Kapi is summarised below which compares the bank-loan and the bond-lease approaches. Both proposals remain subject to due diligence and full legal documentation and, as part of those processes, all key independent expert reports will be updated nearer to full financial closing:

Funding Requirements	Bank-Loan US\$m	Bond-Lease US\$m
On-site Infrastructure	106.3	106.3
Mining	28.6	28.6
Off-site Infrastructure	20.0	20.0
Owner's Costs (community, working capital, finance administration, costs & reserves to protect financiers)	33.5	54.5
Interest during grace and other finance effects	<u>17.3</u>	<u>32.8</u>
Aggregate Funding Requirements	205.7	242.2

Sources of Funds	Bank-Loan US\$m	Bond-Lease US\$m
TKGM Project Equity		
- Government	20.0	20.0
- ANS Mining	38.0	38.0
- KEFI	10.0	10.0
Subordinated Working Capital Facility	17.7 - 27.7	14.2 - 24.2
Sub-Total	85.7 - 95.7	82.4 - 92.4
Infrastructure Finance	110.0-120.0	150.0-160.0
Aggregate of Funding Sources	205.7	242.2
Comparative Economics:		
Net Cash Flow over life of Open Pit Mine	379.5	313.6
Average Debt Service Coverage Ratio	2.8X	1.8X
Loan (prepayment possible) or Bond Tenor	7.5 years	9.0 years
Average Cost per Year Over Life of Loan	8.7	11.6

Note: The KEFI equity contribution sourced from cash, working capital facility and refunds on closing of full funding.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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Notes to Editor

KEFI Minerals plc

KEFI is focused primarily on the advanced Tulu Kapi Gold Project development project in Ethiopia, along with its pipeline of other projects within the highly prospective Arabian-Nubian Shield. KEFI targets that production at Tulu Kapi generates cash flows for capital repayments, further exploration and expansion as warranted and, when appropriate, dividends to shareholders.

KEFI Minerals in Ethiopia

Ethiopia is currently undergoing a remarkable transformation both politically and economically.

The Tulu Kapi gold project in western Ethiopia is being progressed towards development, following a grant of a Mining Licence in April 2015.

The Company has now refined contractual terms for project construction and operation. Estimates include open pit gold production of c. 140,000oz pa for a seven-year period. All-in Sustaining Costs (including operating, sustaining capital and closure but not including leasing and other financing charges) remain c. US\$800/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.1g/t gold, containing 1.1Moz.

All aspects of the Tulu Kapi (open pit) gold project have been reported in compliance with the JORC Code (2012) and subjected to reviews by appropriate independent experts.

A Preliminary Economic Assessment has been published that indicates the economic attractiveness of mining the underground deposit adjacent to the Tulu Kapi open pit, after the start-up of the open pit and after positive cash flows have begun to repay project debts. An area of over 1,000 square kilometres adjacent to Tulu Kapi has been reserved for exploration by KEFI upon commencement of development, with a view to adding satellite deposits to development and production plans.

KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed G&M in Saudi Arabia with local Saudi partner, ARTAR, to explore for gold and associated metals in the Arabian-Nubian Shield. KEFI has a 40% interest in G&M and is the operating partner.

ARTAR, on behalf of G&M, holds over 20 EL applications. ELs are renewable for up to three years and bestow the exclusive right to explore and to obtain a 30-year exploitation (mining) lease within the area.

The Kingdom of Saudi Arabia has announced policies to encourage minerals exploration and development, and KEFI Minerals supports this priority by serving as the technical partner within G&M. ARTAR also serves this government

policy as the major partner in G&M, which is one of the early movers in the modern resurgence of the Kingdom's minerals sector.