

8 May 2018

KEFI Minerals plc
(“KEFI” or the “Company”)

Bond Mandate

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, is pleased to announce that it has formally mandated its bond arranger for the placement of US\$160 million of Listed Infrastructure Bonds (the “Bonds”).

KEFI Executive Chairman, Mr Harry Anagnostaras-Adams said, *“Today’s formal mandating reflects that a significant part of the due diligence and documentation for the financing has been completed and the remaining aspects are advancing well. We are progressing well with preparations for the bond issue and with arrangements at the organisational and Tulu Kapi community levels.*

“We remain on track for drawdown of full project finance and to trigger community resettlement and mobilisation of construction contractors at the end of the Ethiopian wet season, which is normally in September. In the meantime, there is a string of planned milestones including the listing of the bonds so that they can be placed.

“A welcome outcome of the bond due diligence progress is the offering of a larger bond issue. Accordingly, we have increased the funding plan to US\$160 million (previously anticipated US\$150 million) of bond-financed on-site infrastructure. Whilst we can prepay any unused bond funds, this provides a bigger safety buffer for contingencies. We have, in parallel, increased the project-equity raising to US\$50 million (previously anticipated US\$40 million) for similar reasons and also to launch the Ethiopian exploration program. Of this project-level equity, US\$20 million has already been committed from the Government and the balance is under negotiation with third parties.

“Independent reviews of the project plans and associated economics have been completed and re-affirm their robustness and attractiveness.”

Upon successful completion of due diligence, documentation and private placement of the Bond issue, the planned Luxembourg-listed Bonds will fund ownership by KEFI’s Luxembourg-regulated Finance SPV of the gold processing plant and ancillary infrastructure at the Tulu Kapi Gold Project for lease to Tulu Kapi Gold Mines Share Company Limited (“TKGM”). TKGM is jointly owned by KEFI Minerals (Ethiopia) Limited and the Government of Ethiopia.

The plant and ancillary infrastructure will be built and its performance guaranteed by Lycopodium Limited, which is one of the leading gold plant specialist engineering groups and has an exemplary track-record in Africa, where it has built many such plants for over 20 years.

The open pit mine will be built and operated by Ausdrill Limited, through its wholly-owned subsidiary, African Mining Services Limited, which has been a leading African mining contractor for over 25 years.

The off-site infrastructure will be built and operated by the Ethiopian Roads Authority and the Ethiopian Electric Power Corporation, both Ethiopian Government entities.

Other regulated industry specialists will be responsible as custodians of the funds and for any key support roles for construction, operation, refining and other aspects which comprise the integrated Ethiopian-Luxembourg structure.

Conditions of the funding package include that:

- equity into the project includes US\$20 million from the Government of Ethiopia (as already formally committed), further equity of US\$30 million (being negotiated with third parties) and completion of registration by the relevant Ethiopian authorities of the equity capital that has already been invested of c. US\$60 million
- that KEFI remain controlling shareholder of TKGM and that its senior executive team oversee the planning and controls at TKGM
- other typical security, custodian and other governance arrangements to comply with Luxembourgish, Ethiopian and other regulatory and bond holder requirements

In order to commence implementation for TKGM, KEFI's team has recently been expanded and community resettlement preparations have been triggered.

Today's mandating of the bond arranger follows its meetings with the senior management of KEFI/TKGM and of the principal contractors and the tabling of a positive draft independent technical expert report in respect of the project as a whole. KEFI's project plan ("2018 Plan") recently refined by the consortium and which forms the basis for overall TKGM financial planning is summarised as follows and, for good order, is compared with the 2017 DFS Update:

	2018 Plan At US\$1,300/oz	2017 DFS Update At US\$1,300/oz
Stripping Ratio	7.4	7.4
Total Ore Processed	15,400 kt	15,400 kt
LOM Head Grade	2.1 g/t	2.1 g/t
Gold Recovery	93.3%	93.3%
Total Gold Production	980 koz	980 koz
Process Plant Throughput	1.9-2.1 Mtpa	1.5-1.7 Mtpa
Avg. Gold Production (first 8 years)	135koz p.a.	115 koz p.a.
Cash Operating Costs	US\$701/oz	US\$684/oz
All-in Sustaining Costs	US\$793/oz	US\$801/oz
All-in Costs (incl. initial capex)	US\$973/oz	US\$937/oz
NPV at start of construction (8% real discount rate) (after debt)	US\$115M/£82M	US\$69M
NPV at start of production (8% real discount rate) (after debt)	US\$192M/£137M	US\$159M

NPV at start of production (8% real discount rate) (before debt)	US\$337M	US\$289M
Payback Period	3 years	3 years
Net Operating Cash Flow (average for first 8 production years)	US\$73M p.a.	US\$60M p.a.
Lease payments as now set out in Finance Plan (average for first 8 production years, to underpin principle and interest payments to Bonds)	US\$27M p.a.	US\$27M p.a.

The NPV's have improved since the 2017 DFS Update mainly because of planned increased plant throughput rates and expected improved financing terms.

The downside sensitivity analyses indicate robust TKGM cash flows due to AISC remaining at c.US\$800/oz and AIC remaining under US\$1,000/oz. The upside sensitivity analyses highlight that a 10% increase in gold price above the base case of US\$1,300/oz lifts TKGM NPV by c. 50%. A similar c. 50% increase in NPV is indicated by lifting the annual plant throughput rate to 10% above guaranteed nameplate capacity of 1.9-2.1Mtpa (noting that the planned rate of mining and inventory can comfortably accommodate this elevated ore processing rate).

If KEFI's beneficial interest in the project is c. 55% after issuance of project-level equity, KEFI's implied beneficial interest in the underlying base case NPV on an after-debt basis is US\$63M (£45M) as at start of construction and US\$106M (£76M) at start of production, based on a flat gold price of US\$1,300/oz and an 8% after-tax discount rate. Current market capitalisation of KEFI is approximately £8.5M.

These NPV calculations place no value on the Tulu Kapi underground gold deposit or on KEFI's beneficial interest in the Tulu Kapi district or in the Saudi Arabian joint venture, the combination of which provides the opportunity to leverage the Company's cash flow into other potential discoveries and development assets in the region. KEFI's portfolio of large licence applications, via KEFI's joint venture arrangements, reflects this strategy.

The timing of today's announced bond mandate supports the plan to commence Tulu Kapi project contractor mobilisation at the end of the Ethiopian wet season this year, which usually occurs in September.

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.

Enquiries

KEFI Minerals plc

Harry Anagnostaras-Adams (Executive Chairman)	+357 99457843
John Leach (Finance Director)	+357 99208130

SP Angel Corporate Finance LLP (Nominated Adviser)	+44 20 3470 0470
Ewan Leggat, Jeff Keating, Soltan Tagiev	
Brandon Hill Capital Ltd (Joint Broker)	+44 20 7936 5200
Oliver Stansfield, Jonathan Evans	
RFC Ambrian Ltd (Joint Broker)	+44 20 3440 6817
Charlie Cryer	
IFC Advisory Ltd (Financial PR and IR)	+44 20 3934 6630
Tim Metcalfe, Heather Armstrong	

Further information can be viewed at www.kefi-minerals.com

Notes to Editor

KEFI Minerals plc

KEFI is the operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 1.93Moz (100% of Tulu Kapi's 1.72Moz and 40% of Jibal Qutman's 0.73Moz) gold Mineral Resources (JORC 2012) plus significant resource growth potential. KEFI targets that production at these projects generates cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

KEFI Minerals in Ethiopia

The Tulu Kapi gold project in western Ethiopia is being 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 7-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 1,100 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, Abdul Rahman Saad Al Rashid & Sons Company Limited ("ARTAR"), to explore for gold and associated metals in the Arabian-Nubian Shield. KEFI has a 40% interest in G&M and is the operating partner.

To date, G&M has conducted preliminary regional reconnaissance and has had five exploration licences ("ELs") granted, including Jibal Qutman and the Hawiah EL that contains over 6km strike length of outcropping gossans developed on altered and mineralised rocks with all the hallmarks of a copper-gold-zinc VHMS deposit.

At Jibal Qutman, Mineral Resources are estimated to total 28.4Mt at 0.80g/t gold for 733,045 contained ounces. The shallow oxide portion of this resource is being evaluated as a low capital expenditure heap-leach mine development.

ARTAR, on behalf of G&M, has lodged 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.