

19 February 2018

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

Ethiopia Update

KEFI Minerals (AIM: KEFI), the gold and copper exploration and development company with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, provides an update on the situation in Ethiopia following the resignation of the Prime Minister last week.

KEFI’s activities have been unaffected as regards its daily interface with the various government agencies and with the community at Tulu Kapi. Everyone we deal with appears to regard the Prime Minister’s resignation as a sincere step to the facilitation of broader democratic representation in Government. The concurrently announced State of Emergency appears generally regarded as a preventative measure to ensure peace and order during the leadership transition.

Meanwhile, the Ethiopian Ministry of Mines, Petroleum and Natural Gas has signed off the transfer of the mining licence from KEFI Minerals (Ethiopia) Limited (“KME”) to Tulu Kapi Gold Mines Share Company Limited (“TKGM”), the jointly-owned project company now owned by the Government of Ethiopia (via the Ministry of Finance and Economic Cooperation) and KME. TKGM’s joint KEFI-Government Board of Directors has approved the business plan for the mine development to commence as soon as the regulatory authorities allow TKGM’s financing agreements to be finalised and implemented. A key feature of the TKGM business plan is for local people to be trained as the operators, with over 1,000 jobs being created through the region around Tulu Kapi during construction.

The Company believes its finance plans remain unaffected because it has targeted certain regional financiers (both debt and equity), including some who already have a long-term presence in Ethiopia.

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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Further information can be viewed on 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, 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.