

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

Q3 Operational Update

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 provide an operational update for the period from 1 July 2018 to 30 September 2018.

This quarterly operational update encompasses the activities of KEFI Minerals (Ethiopia) Ltd (“KME”) and Tulu Kapi Gold Mines Share Company (“TKGM”) in Ethiopia and Gold & Minerals Ltd (“G&M”) in Saudi Arabia.

Tulu Kapi Gold Project (the “Project”)

Project Development Funding

Project development funding has been arranged, subject to normal conditions precedent:

- Equity capital has been committed as follows:
 - KME has already funded the pre-development costs of approximately US\$60 million;
 - The Government of Ethiopia has committed US\$20 million (Ethiopian Birr equivalent) to be subscribed over 2019-2020 to fund construction of off-site infrastructure; and
 - ANS Mining Share Company (“ANS”) has committed US\$30-38 million (Ethiopian Birr equivalent) to be released to TKGM as follows:
 - US\$9 million (Ethiopian Birr equivalent) in December 2018, subject to specified Government consents and the receipt of indicative terms sheet from the providers of secured finance; and
 - US\$21-29 million (Ethiopian Birr equivalent) at the closure of full development funding in early 2019.
- Secured bonds/lease capital and a separate working capital line have been proposed, subject to normal conditions precedent:
 - US\$160 million issue of listed senior secured infrastructure bonds of which US\$110 million is to fund construction of on-site infrastructure and the balance set aside for financing costs during the construction period and reserves.
 - Working capital line via a stockpile financing facility up to US\$20 million.

Project Contractors

All principal contractors are planning Project implementation with the KEFI/TKGM team and otherwise remain on standby for finance closing and mobilisation:

- Lycopodium for process plant and associated infrastructure.
- Ausdrill (via subsidiary African Mining Services) for mining services.
- Ethiopian Roads Authority for access roads.
- Ethiopian Electric Power Corporation for power connection.

Ethiopian Government (Federal, Regional, Zonal, Local as the case may be)

The following consents or permits have been granted:

- Development, operational, environmental and social plans.
- Investment and Shareholders Agreement for jointly-owned project company TKGM.
- Capital ratios, hedging and bank account arrangements for TKGM.
- Community resettlement dates and planned actions.

The following consents or permits remain outstanding:

- Registration of equity subscriptions, most already having been endorsed by the Ministry of Mines.
- Endorsement of updated project plans, the 2015 plan already having been approved by the Ministry of Mines.
- Approvals of finance documentation and underlying security arrangements by the central bank (National Bank of Ethiopia).

Timetable and Economics for Project financing and development

- Q1 2019: Community resettlement along with detailed engineering and procurement to start 1 January 2019 and be carried out over the following three months.
- Construction is expected to start in early 2019 and commissioning of production is expected to take place during H2 2020.
- The financial model Base Case (assuming a gold price of US\$1,300/oz) indicates a payback of approximately 3 years, an EBITDA of over US\$73 million per annum and a post-debt NPV of US\$115 million (£82 million) at construction start and US\$192 million (£137 million) at production start (100% of project at a discount rate of 8% after tax). The proposed project finance has a tenure of 9 years.
- Projected gold Production Costs are c. US\$700/oz, All-in Sustaining Costs are c. US\$800/oz and Total Costs, including depreciation and amortisation are c. US\$1,000/oz.
- The upside leverage is indicated by a 10% increase in gold price from the Base Case of US\$1,300/oz, which are expected to increase the NPV by 50%.

Corporate Structure, Board and Management

KEFI Minerals plc to remain the operating partner in:

- G&M project company in Saudi Arabia alongside Saudi conglomerate Abdul Rahman Saad Al Rashid & Sons Company Limited ("ARTAR"); and
- TKGM project company in Ethiopia alongside new shareholders, the Ethiopian Government and Ethiopian financial institution via ANS.

The Boards and Management of KEFI and TKGM have been expanded recently.

Exploration

Both TKGM and G&M to trigger exploration programs on a recently expanded land package targeting both gold and copper on "Tulu Kapi-style" gold mineralisation as well as large Volcanic Massive Sulphide systems ("VMS"). These exploration programs are to be launched when the new regulations pass in Saudi Arabia and when Tulu Kapi's development has been triggered in Ethiopia.

Investor Webinar

The Company will host a live webinar at 11am BST on Thursday 11 October 2018 which can be accessed via:

<http://webcasting.brrmedia.co.uk/broadcast/5bace697269b0c1ded189126> and also through www.brrmedia.co.uk

Listeners are encouraged to submit questions by emailing: questions@brrmedia.co.uk

The webinar will subsequently be available on the Company's website at <http://www.kefi-minerals.com/news/webcasts>.

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 (Managing Director) +357 99457843

John Leach (Finance Director) +357 99208130

SP Angel Corporate Finance LLP (Nominated Adviser and Joint Broker) +44 20 3470 0470

Ewan Leggat, Jeff Keating, Soltan Tagiev

Brandon Hill Capital Ltd (Joint Broker)

+44 20 7936 5200

Oliver Stansfield, Jonathan Evans

IFC Advisory Ltd (Financial PR and IR)

+44 20 3934 6630

Tim Metcalfe, Heather Armstrong

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 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 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.