

15 June 2018

KEFI Minerals plc
("KEFI" or the "Company")

Conditional Placing and Subscription of up to £5.5m (US\$7.4m)

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Federal Democratic Republic of Ethiopia and the Kingdom of Saudi Arabia, announces that it has conditionally raised £3 million (US\$4 million), before expenses, through a placing of 120 million new ordinary shares of 1.7p each in the capital of the Company (the "Placing Shares") at an issue price of 2.5 pence per Ordinary Share (the "Placing Price") to existing and new shareholders (the "Placing") through Brandon Hill Capital Limited, Cantor Fitzgerald Europe and RFC Ambrian Limited (the "Brokers").

The Company is also intending to issue up to 100 million new ordinary shares of 1.7p each in the Capital of the Company (the "Subscription Shares") at the Placing Price (the "Subscription") comprising of the following:

- 48,485,643 Subscription Shares which the Company has agreed to issue to project contractors and other third parties in settlement of outstanding invoices and debt of £1,212,142; and
- 51,514,357 Subscription Shares for an aggregate value of £1,287,858 before expenses which are intended to be subscribed for by certain directors and management of the Company following the publication of the Company's annual results to satisfy accrued fees and salaries.

The Placing proceeds net of expenses are expected to be £2.8 million and will primarily be used to provide the Company with the funds to enable the procedural and documentary closing of the US\$260 million project financing of the Company's Tulu Kapi Gold Project (the "Project"), which it is envisaged will be entirely funded at the Project level. Such costs include those associated with implementing the full project closing for construction, mining and finance, as well as legal and community resettlement costs associated with the Project. As announced on 11 June 2018, KEFI has now assembled the proposed full project funding consortium including contractors (approximately \$50 million mining contractors' equipment fleet), equity (\$50 million) and non-equity capital (\$160 million). For the Project to proceed, all stakeholders now rely on closing out the remaining Ethiopian Government processes and approvals, along with completion of due diligence and formal documentation.

A detailed use of proceeds table is illustrated below:

Item	£m
Discharge of existing liabilities	3.5
KEFI costs of implementing Full Project Closing for Construction, Mining and Finance	2.4

Luxembourg Legal and other Bond Formation Costs	0.6
Addis and Tulu Kapi Costs	0.9
Total	7.4

The items outlined in the table above will be funded by the proceeds of the Placing, existing cash at bank, project equity and, before triggering project development, the drawdown of project debt. Whilst not expected to be required, KEFI also has the option to access working capital from certain existing stakeholders for up to £1.5 million.

Harry Adams, Chairman of KEFI Minerals commented:

“We are pleased to secure this funding and the support of our contractors and management. It is planned that the financing of the Tulu Kapi Gold Project will be entirely at the Project level, with KEFI retaining a beneficial ownership interest in the order of 54% and the balance being held by the Ethiopian Government and other Ethiopian investors.

“The Placing and Subscription we have announced today is expected to provide KEFI with the funds to enable it to close the Tulu Kapi Project financing, subject to approvals by all stakeholders and formal documentation. I look forward to providing updates on progress over the coming months.”

The Placing and the Subscription

The Placing and the Subscription will be undertaken in two tranches:

1. The first tranche shall consist of 60 million Placing Shares (the "First Placing Shares") and 6.5 million Subscription Shares (the "First Placing Shares"); and
2. The second tranche (the "Second Placing") shall consist of 60 million Placing Shares and 93.5 million Subscription Shares (the "Second Placing Shares").

The First Placing is conditional, inter alia, on the admission of the First Placing Shares to trading on AIM becoming effective ("First Admission"), which is expected to take place on or around 20 June 2018.

The Second Placing requires the obtaining of shareholder approval at a General Meeting of the Company to be held on 2 July 2018. The Second Placing is conditional, inter alia, on First Admission becoming effective, the passing of the resolutions to be proposed at the General Meeting and the admission of the Second Placing Shares to trading on AIM becoming effective on or before 8.00 a.m. on or around 3 July 2018 (or such later date as the Brokers may agree being not later than 17 July 2018 (the "Second Admission").

Shareholders are reminded that because the Second Placing is conditional, among other things, on the passing of the resolutions to be proposed at the General Meeting, should the resolutions not be passed, the Second Placing will not proceed and all placing and subscription monies will be returned to subscribers.

The Placing Price was set by reference to the prevailing market price of the Ordinary Shares prior to Friday 8 June 2018, being the period in which the Company was in the process of implementing the Placing and Subscription and prior to the announcement made on 11 June 2018 when the Company

was able to announce the in-principle terms of a planned equity issue by its subsidiary KEFI Minerals Ethiopia Limited.

It is expected that immediately following the settlement of the First Placing, KEFI's net cash balance will be approximately £100,000 compared to approximately £600,000 as of May 2018. If the Second Placing is to proceed, KEFI's cash balance is expected to be approximately £1.6 million. Assuming that the First Placing and Second Placing are settled, the Company expects that it will be fully funded until the end of 2018, by which the point the Company expects to have closed and received additional funds under its previously announced bond issuance and asset level investment by the Ethiopian consortium.

Directors' Subscriptions

Certain of the Directors of the Company, senior management and employees intend to subscribe for approximately 51,514,357 Subscription Shares at the Placing Price following the publication of the Company's annual results. The number of Subscription Shares intended to be subscribed by each Director and their resulting shareholdings on Second Admission are set out below:

<i>Name</i>	<i>Number of Existing Ordinary Shares</i>	<i>Percentage of existing issued share capital</i>	<i>Number of Subscription Shares</i>	<i>Number of New Ordinary Shares on Second Admission</i>	<i>Percentage of Enlarged Share Capital</i>
H Anagnostaras-Adams	5,794,809	1.74%	6,943,040	12,737,849	2.3%
J Leach	1,715,742	0.52%	3,886,481	5,602,223	1.1%
Other employees and Persons Discharging Managerial Responsibility (PDMRs)	2,028,524	0.60%	40,684,836	42,713,360	7.7%

General Meeting

A circular convening the General Meeting to be held at the offices of Fieldfisher LLP, Riverbank House, 2 Swan Lane, London EC4R 3TT at 11.00 a.m. on 2 July 2018 to grant the board authority to allot the Second Placing Shares for cash on a non-pre-emptive basis, will be sent to shareholders tomorrow and will be available to download from the Company's website at www.kefi-minerals.com.

Total Voting Rights

Application has been made to London Stock Exchange for Admission of the First Placing Shares to trading on AIM ("Admission") and it is expected that Admission will become effective and that dealings in the First Placing Shares will commence at 8.00 a.m. on or around 20 June 2017. Following Admission of the First Placing Shares, the total issued share capital of the Company will consist of 399,202,973 Ordinary Shares each with voting rights. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of voting rights in the Company will be 399,202,973 and this figure may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure and Transparency Rules.

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 at www.kefi-minerals.com

Notes to Editor

Ethiopian Political Developments

Ethiopia is currently undergoing a fast, smooth and remarkable transformation both politically and economically. Last week, the two month old government announced three major decisions. Firstly, it lifted the three month old state of emergency. Secondly, it accepted the Algiers Agreement peace deal in a bid to end a 20 year stalemate with its neighbour Eritrea. Finally, the Government announced the liberalisation of the economy with the decision to privatise major state owned businesses including Ethiopian Airlines, Ethiopian Telecoms and the Ethiopian Electricity and Power companies.

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

Ethiopia is currently undergoing a remarkable transformation both politically and economically. Last week, the two month old government leadership team announced three major decisions. First, it lifted the three month old state of emergency. Secondly, it accepted the Algiers Agreement peace deal in a bid to end a 20 year stalemate with its neighbour Eritrea. Finally, the Government announced the liberalisation of the economy with the decision to privatise major state owned businesses including Ethiopian Airlines, Ethiopian Telecoms and the Ethiopian Electricity and Power company.

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.