

KEFI Minerals plc

(“KEFI” or the “Company”)

Project Equity Investment Agreement with ANS

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, is delighted to confirm that, further to the announcement of 24 August 2018, ANS Mining Share Company (“ANS”) has now signed a binding Project Equity Investment Agreement (“Agreement”) for its subscription of new equity capital into Tulu Kapi Gold Project company Tulu Kapi Gold Mines Limited (“TKGM”) for a minimum of US\$30 million, which would earn an interest in TKGM of 23%.

The Agreement also gives ANS the flexibility to invest further funds (up to \$38 million in total) to increase its interest to 29% with the proviso that its shareholding, when aggregated with that of the Government of Ethiopia, does not exceed 49.9% of TKGM thus ensuring that KEFI remains the majority shareholder of TKGM.

The release by ANS of the subscription to TKGM is planned in two instalments:

- The first instalment of US\$9M (Ethiopian Birr equivalent) is to be subscribed to TKGM in the next quarter for a 7% shareholding in TKGM, following receipt of (a) Government administrative approvals, including for the ANS subscription to TKGM and; (b) reasonable assurances of the full funding proceeding from the secured financing providers. The disbursement of these funds by TKGM does not need to await the closing of full funding.
- The second instalment of US\$21-29M (Ethiopian Birr equivalent) to be subscribed to TKGM at, or before full financial close of all development funding which is targeted upon completion of the first community resettlements in early 2019.

The final aggregate subscription amount of up to US\$38 million (Ethiopian Birr equivalent) will be set by TKGM upon the receipt of all remaining Government and other financier approvals. Final details will then be confirmed by all consortium members. ANS has confirmed to KEFI that institutional (banks and insurance companies) demand has exceeded this enlarged US\$38 million figure. Allocations will be carefully managed as to suit the best long-term interests of TKGM.

KEFI has maintained a close dialogue with the Government of Ethiopia and believes the few remaining administrative approvals will be received punctually. Upon release to TKGM of the \$9 million (Ethiopian Birr equivalent) first instalment by ANS for its initial 7% of the share capital of TKGM, TKGM may apply these funds to initial community resettlement compensation and other costs associated with implementing the full funding and the project .

The signing of this binding Agreement is a material milestone in the ultimate development of the Tulu Kapi project and specifically the structure of this arrangement carries a number of additional advantages, including:

- Enabling the first stage US\$9 million of development funding from the ANS to be released prior to the close of the full funding package, recognising that KEFI’s subsidiary KEFI Minerals Ethiopia has already funded the pre-development costs in the order of \$60 million
- Allowing ANS to increase its total investment up to US\$38 million via its second instalment subscription and to fulfil some of the surplus demand for investment currently witnessed by the local market
- Serving to support and expedite the intended project schedule recently set out with the project contractors and regional and federal authorities commencing at end-2018 and commissioning gold production end-2020
- Reducing financing costs by drawing on equity capital (at asset level) first and the secured financiers’ funds second, thus maximising the production ramp-up period available between first gold pour and when TKGM’s finance-servicing begins

Mr John Leach, Finance Director of KEFI said, “The signing of the binding Agreement for project-level equity is a watershed moment for KEFI. We have successfully assembled all the equity development capital at the project level, based on significant local financial institutional support for project equity investment.

“KEFI’s majority interest in the Project gives the Company an implied valuation of US\$66 million based on these transaction metrics, whilst not including any value for the Tulu Kapi underground deposit or the exploration prospects in Ethiopia and Saudi Arabia, the largest countries within the highly prospective Arabian Nubian Shield where KEFI is focused.”

Speaking from Addis Ababa, Mr Harry Anagnostaras-Adams, Managing Director of KEFI said, “KEFI is greatly honoured by the commitments already made by the Government in Ethiopia and now by this commitment of equity investment by ANS on behalf of Ethiopian financial institutions.

“It is also an honour to be working in Ethiopia at this exhilarating moment in the country’s history. Notwithstanding the challenges of the recently unleashed progressive reforms across many fronts throughout the country, the atmosphere in Ethiopia is overwhelmingly positive. All within the consortium are working hard to trigger the development of Tulu Kapi at the end of this year.

“The Project, which is designed to comply with national and international environmental and social standards (in particular Equator Principles and World Bank IFC Standards), will be directly employing and training over 1,000 people by the end of 2019 if all goes according to plan, and would generate significant indirect benefits to local and regional stakeholders for the long term, in addition to export revenues of approximately US\$200 million per annum.”

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, 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.

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.