

8 April 2019

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

**Project Equity Financing Update**  
**US\$11.4 Million Commitments (Ethiopian Birr Equivalent) Received by ANS**

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, is pleased to provide an update on the project equity financing plans for the Company's Tulu Kapi Gold Project (the "Project").

ANS Mining Share Company S.C ("ANS") has confirmed it has now received its first Project-equity instalment commitments for US\$11.4 million (Ethiopian Birr equivalent) from its investors. The amount is higher than the previously anticipated US\$9 million (Ethiopian Birr equivalent). The subscription of this enlarged amount and release of funds into Tulu Kapi Gold Mines S.C ("TKGM") will be in the current quarter upon satisfaction of conditions summarised below.

The remainder of the US\$38 million (Ethiopian Birr equivalent) ANS commitment will be subscribed at close of full development funding as previously announced. Following further discussions amongst the stakeholders in the Project it has been mutually agreed that, of the total commitment of US\$38 million (Ethiopian Birr equivalent), one third will now be invested via KEFI subsidiary KEFI Minerals Ethiopia Limited ("KME") so that ANS will be KEFI's minority partner in KME which controls TKGM and the exploration areas in the Tulu Kapi district, which are considered prospective for potential satellite and stand-alone deposits. The other two thirds of the ANS investment will be directly into TKGM as previously proposed. Through this revised structure the overall economics of the Project and the value of KEFI's interest in the Project remain unchanged.

The benefits of this optimised approach will include that:

- KEFI will have a strong partner at the KME table to consider potential new projects alongside KEFI. We expect Ethiopia's mining sector to become more active on the back of our first-mover initiative,
- That, by virtue of the TKGM partners funding the early stages of the development program before debt-style funding is used, TKGM now targets a longer production ramp-up period and cash/gold-in-ore-stock build-up to over \$100 million prior to any commencement of repayments of debt-style finance,
- The implied NPV of KEFI beneficial interest in TKGM's After Debt and After Tax NPV (at a gold price of \$1,300/oz, on the open pit only, ignoring the underground deposit and KEFI's other interests) is £40 million as at today and £66 million at the start of production. The ownership levels will be that KEFI will own c. 81% of KME which in turn will hold c. 59% of TKGM and that KEFI's beneficial ownership of TKGM will be c. 45% (both ownership levels in TKGM are net, after adjustment for the Government's 5% free carried interest).

The conditions precedent for the release of funds from the ANS subscription into TKGM are principally procedural and include:

- a) Normal operational and documentary confirmations and undertakings requested by ANS,

- b) National Bank of Ethiopia approval of terms of the full project finance package, and
- c) KEFI's guarantee to ANS that if the project fails to proceed for whatever reason and is restructured in whichever manner decided by KEFI, KEFI will ensure that ANS recovers its 1<sup>st</sup> Instalment investment before KEFI recovers its own investment.

Once these closing requirements are confirmed to ANS, TKGM expects to receive the initial US\$11.4 million (Ethiopian Birr equivalent) subscription. This will place TKGM in the position that all three of its shareholders (KEFI, Government and ANS) are contributing to the equity funds being used to kick off the 2-year development program. KEFI and the Government are already contributing. The local Government has approved the community compensation and TKGM is preparing to trigger the development program in April.

**Managing Director Mr Harry Anagnostaras-Adams said,** "KEFI feels deeply honoured to have the support of pre-eminent Ethiopian partners, the Government and ANS, an investment vehicle of leading local financial institutions.

This complements our focus on ensuring TKGM is aligned with Ethiopian stakeholders in every possible sense, from community alignment to equity-partnering.

The commitments into ANS are a material development and should provide KEFI Minerals shareholders comfort that the proposed asset-level equity financing strategy is progressing as previously planned. I look forward to updating shareholders upon completion of the documentation aspects in the near term."

## **Background**

- KME/TKGM has to date spent approximately US\$60 million on the Project over a 14-year period.
- TKGM now has US\$58 million committed by its Ethiopian investors: the Ethiopian Government and ANS.
- The Ethiopian Government approved its TKGM budget allocations on 1 March 2019 and has started its spending program.
- The plan is to commence Project development activities with project equity and, upon trigger of major works in Q4-19 with both project equity and project infrastructure financing of US\$160M, through the bond being arranged ACT Capital, as mandated .
- All relevant levels of the Ethiopian Government have advised they are ready to trigger the Project development programme.
- Although there has been zero disruption at Tulu Kapi in 14 years of the activities to date, the Company continues to ensure the highest standards surrounding safety and security are maintained at the site.

- Another example of recent Project activity has been to reduce the number of households relocated and to prepare the new homes and farms for the first-phase movers during April-July 2019, before they are resettled in September-October 2019.

### **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**

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### **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 Gold and Minerals Ltd ("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 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.