

25 November 2019

KEFI Minerals plc

("KEFI" or the "Company")

Tulu Kapi Project Official Launch Ceremony in Addis Ababa and Project Update

KEFI (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 announce that KEFI subsidiary Tulu Kapi Gold Mines Share Company ("TKGM") has launched the Company's Tulu Kapi Gold Project (the "Project") with its Ethiopian private and public sector partners, at the Second International Ethiopian Mining Conference and Exhibition, currently being held in Addis Ababa.

Project Next Steps

The Project has gained significant momentum in recent weeks and, after many unfortunate delays, is ready for the start of development. It is supported by all consortium members and the Ethiopian Government at all levels. KEFI has strong local partners, principal contractors and an on-the-ground-team. The Project also now has two alternative project infrastructure finance proposals to consider, the long-standing bond-lease based proposal and a conventional bank-project finance proposal from leading African banks.

The Project's 24-month development schedule is expected to start in January 2020 and the Project consortium action plan has now been agreed.

Project Equity

Following the internal Ethiopian Government administrative issues having been resolved, as announced on 7 November 2019, TKGM's three shareholders (KEFI, ANS Mining Share Company ("ANS Mining") and the Ethiopian Government) have completed the following as planned:

- The Ethiopian Government's internal administrative arrangements have been examined and refined to all stakeholder's satisfaction;
- The TKGM's shareholders agreement has been updated and circulated for approvals; and
- The equity subscription into TKGM is in the process of being carried out, comprising several steps which take some weeks to complete under local laws and procedures.

The planned total investments into TKGM are unchanged, but the details have been refined as follows:

- The Ethiopian Government investment remains at US\$20 million (Ethiopian Birr-equivalent) and the Government is now at liberty to allocate its holdings between wholly-owned Government entities, as appropriate, to reinforce social licence; and
- ANS Mining's investment remains at US\$38 million (Ethiopian Birr-equivalent). The initial investment has been increased from US\$11.4 million to US\$15.2 million, being US\$9.5 million upon short term closing and US\$5.7 million in due course.

The initial Project equity investments are now just subject to normal disclosure and subscription protocols including Board approvals of final documents, notarisation and registration of the share subscription documents by the Ethiopian Department of Trade and Industry under Ethiopian law.

The remaining project equity instalments are tied to satisfactory progress in respect of:

- The offsite infrastructure being completed against milestones so that Government equity in TKGM may be issued; and
- The independent assessment reports being satisfactorily updated, as they have been satisfactorily updated this month, for closing of full project finance so that ANS Mining equity in TKGM may also be subscribed and issued.

Project Infrastructure Finance:

The Company is pleased to report that TKGM has recently been offered a bank-based project finance proposal and a term sheet by leading African banks as a competitive alternative to the long-standing bond-and-lease based debt financing proposal. The emergence of this alternative funding reflects the improved outlook for Ethiopia and of the Project in light of progress on the ground. The two proposals (bond-based and bank-based) have their own relative merits. Whilst the implementation timetables of the two are similar, the differences between the proposals are in respect of: (a) the implementation steps; (b) the quantum and profile of net cash flow after capital-servicing; and (c) the flexibility to prepay or refinance in the future once in production. The preferred route will be chosen shortly.

Project contracting

The recent Project contracting developments have been:

- The Ethiopian Roads Authority and The Ethiopian Electricity Power Organisation have committed to a deadline for the new all-weather road and the power connection respectively;
- The Government has committed to an aggregate cost for all the off-site infrastructure; and
- The Project Contractors, Lycopodium Limited and Perenti Global Limited (formerly Ausdrill Limited), have commenced procedures for locking-in contract pricing.

Commenting KEFI and TKGM's Executive Chairman, Mr Harry Anagnostaras-Adams, said, "I am delighted that the Project has reached this stage, after so many delays and setbacks as the country and the sector were going through quite an amazing change. We have shared the frustrations of our shareholders and our partners, but I now believe the Project has encouraging momentum. As first mover for modern mining in Ethiopia, we have done the heavy lifting with the authorities and the community and we can now all share the benefits as we advance. It is especially pleasing to see the strengthening of capital market interest and support from capital providers both inside and outside the Ethiopia for the Project."

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 seven-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.