

3 January 2019

**KEFI Minerals plc**

(“KEFI” or the “Company”)

**Project Update**

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 the following update regarding the Company’s Tulu Kapi Gold Project (the “Project”), after recent meetings with its Ethiopian partners in the Project company Tulu Kapi Gold Mines Share Company (“TKGM”), the Government’s regulatory agencies and the local community.

TKGM’s current and planned Project partners (KEFI via KEFI Minerals (Ethiopia) Limited; the Ethiopian Federal Government via the Ministry of Finance and Economic Cooperation (“MOFEC”); and ANS Mining Share Company (“ANS”)) have in the past week re-confirmed their respective support for the Project development and finance plan as previously reported by KEFI, and agreed that the focus should be to maintain progress whilst scheduling regular reviews to ensure it is in a manner designed to ensure safe and secure Project delivery.

In the Project update of 6 December 2018, we reported that we expected the receipt of the government regulatory consents and therefore to meet the conditions precedent for the release of the first tranche investment by ANS (Ethiopian birr equivalent of US\$9million) by the end of December 2018. This also coincides with planned activities by MOFEC and other consortium members, which continue. Whilst the Government has provided a number of formal consents, at the date of this update there are a number of others that whilst having been verbally agreed, are still subject to processing formalities and thus the agreed deadlines have been extended to end January 2019. The Company believes that this deadline extension will have a minimal impact on the progression of the Project.

In the meantime progress at the Project site continues, with recent activities including:

- The drilling for infrastructure design and land clearing. Some 180 locals are employed on these activities.
- The first steps for the community resettlement program are due to start after the Ethiopian Christmas on 7 January 2019. This will include the financial training of the to-be-resettled- persons, to be conducted by a financial institution with a strong local presence and which is one of the syndicate of investors in the Project via ANS.
- An independent reviewer will assess the resettlement plans to ensure they are conducted in accordance with Equator Principles and that the community feels ready for its safe and secure resettlement.

We believe the Project remains in excellent standing within the local community and all stakeholders. Coincident with the rapid and progressive political changes in Ethiopia since early 2018, KEFI has also introduced the finance plan for nearly 50% Ethiopian ownership. This has reinforced the Project’s social licence which has proved invaluable during any civil disruptions within the general region. We are now applying an even better considered and duly cautious approach to the resettlement program whilst the outstanding and already-agreed regulatory steps are expected to be formally completed by the authorities shortly so as to satisfy all stakeholders.

**Harry Anagnostaras-Adams, Managing Director of KEFI Minerals plc, commented:** “We start 2019 heartened by the current gold price outlook, the continuing positive transformation of the Ethiopian political situation and the level of support KEFI is receiving from major industry players Ausdrill and Lycopodium, as well as financiers including the Government and local institutional investors. We are confident that with this cautious and disciplined strategy, our well-qualified consortium provides an excellent platform to launch our Tulu Kapi Gold Project.”

## **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 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.