

14 May 2020

KEFI Minerals plc

(“KEFI” or the “Company”)

Q1 2020 Operational 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, provides its latest quarterly operational update.

This update encompasses the activities of KEFI Minerals (Ethiopia) Ltd (“KME”) and Tulu Kapi Gold Mines Share Company (“TKGM”) in Ethiopia, and Gold & Minerals Ltd (“G&M”) in Saudi Arabia for the period from 1 January 2020 to 31 March 2020 (“Q1”), together with more recent developments where appropriate.

Any material events have already been reported in separate announcements, which are referred to below.

Key business targets preserved, COVID-19 procedures implemented and costs minimised

KEFI adjusted its modus operandi due to COVID-19 and remains focused on the key targets set out in February 2020. These are to:

- allow major site activities to start for the Company’s Tulu Kapi Gold Project (the “Project” or “Tulu Kapi”) in Ethiopia from October 2020; and
- to deliver a maiden Mineral Resource for the Hawiah Project in Saudi Arabia in mid-2020.

KEFI working capital requirements reduced

KEFI has reduced its short-term expenditure to reflect the current environment by:

- Adjusting parts of the TKGM budget, whilst preserving key business targets;
- Diluting from 38% to 34% of Saudi joint-venture company Gold and Minerals Limited (“G&M”) by not contributing its pro rata share of expenses to G&M in H1 2020. Given the positive results seen to date from the current drilling programme, KEFI expects to fund its pro rata share going forward;
- A decision by the KEFI Board and senior executives not to draw any salaries in the year to date whilst plans were reviewed and adjusted in light of the pandemic; and
- Ongoing salary reductions by senior management of 25% from 1 January 2020, pending progress reviews.

Corporate Funding secured to offset delayed Project-level funding

As announced on 11 May 2020, KEFI arranged an equity placing (“Placing”) for £3.7 million (gross) to maintain Project preparations despite the challenges created by COVID-19, including the delays in Project-level equity funding from the Ethiopian private sector.

The Placing was priced a 12.6% discount to KEFI's VWAP for the three days preceding commencement of the book-build and, assuming the resolutions are passed at the forthcoming General Meeting of the Company, to be held on 28 May 2020, establishes long-standing shareholder RAB Capital as a substantial shareholder who has been granted the right to appoint a Director to the Board of the Company.

The Placing protects KEFI's solvency and allows the key business milestones to be achieved in order to maximise KEFI shareholder value. The Directors are seeking to close the gap between the Company's market capitalisation and the significantly higher intrinsic valuations of the Company's projects. For example, KEFI's share of Tulu Kapi's NPV* at the current gold price of US\$1,700/oz, equating to £163 million, according to the Company's financial model prepared by its project finance adviser, is approximately 11 times the Company's current market capitalisation at yesterday's share price based on the proposed expanded issued capital.

The spot gold price also now sits at more than US\$600/oz higher than our Ore Reserves assumption of US\$1,098/oz and US\$400/oz higher than our base case assumption of US\$1,300/oz used for financing plans. This reinforces the attractiveness of the Project and a range of illustrative NPV's was set out in the Company's announcement of 24 April 2020.

The Company encourages investment in Company shares by the Board and Senior Management. They have, in aggregate, invested more into Company shares since KEFI took control of the Project in 2014 than they have, in aggregate, received as cash remuneration.

**Tulu Kapi's NPV is based on the Definitive Feasibility Study or DFS-based NPV of the open pit added to that of the PEA-based NPV of the underground project, on after-debt net after-tax cash flows discounted at 8% to today, for KEFI's planned 45% beneficial interest (being 80% of KEFI Minerals Ethiopia which is planned to own 56% of TKGM).*

Ethiopia's Tulu Kapi Gold Project

The Placing proceeds will provide the Company with the funds to enable the closing of the c.US\$260 million project financing of the Company's Tulu Kapi Gold Project. This includes the anticipated initial closing of the Project level equity in Q2 2020, along with that of the identified debt funding in October 2020, which was set out in the Company's announcement on 24 April 2020 and included details of support for the local investors available from the Ethiopian Government if required. The start of full gold production at Tulu Kapi remains targeted for 2022.

Saudi Arabia's Hawiah copper-gold-zinc-silver exploration prospect

As announced on 27 February 2020, G&M has made a significant discovery of a copper-gold VMS (Volcanogenic Massive Sulphide). Drilling continues at Hawiah and the current phase will be completed this month. The results will then be assessed with a view to reporting a maiden Mineral Resource in mid-2020 and conducting a Preliminary Economic Assessment.

Harry Anagnostaras Adams, Chairman of KEFI Minerals commented:

"The current gold price has highlighted the strong investment case for Tulu Kapi to both investors and the Ethiopian Government. The outlook is for the gold price to continue to

increase as interest rates remain near zero and COVID-19 responses increase government debt to unprecedented levels.

“The Tulu Kapi consortium is focused on closing the full Project financing in October 2020. Tulu Kapi is the first modern mine development in Ethiopia for decades and we could not ask for a more committed community and Government. This Project is a national priority and will be the largest single export generator for Africa’s highest growth country.

“We are also encouraged by the results to date of our ongoing drilling programme in Saudi Arabia, which has encountered drill intercept grades of up to 5% copper-equivalent this year. KEFI is targeting a maiden JORC resource for Hawiah in mid-2020 following the completion of the current drilling programme.”

Investor Webinar

The Company will host a live webinar at 9am British Summer Time on Wednesday 20 May 2020, which can be accessed via:

<https://webcasting.brrmedia.co.uk/broadcast/5ebc18c631da814c9fc70e6b>

Shareholders are encouraged to submit questions by emailing: questions@brrmedia.co.uk

The webinar will subsequently be available on the Company's website at:

<http://www.kefi-minerals.com/news/webcasts>.

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

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Additional Information

Competent Person Statement

The information in this announcement that relates to exploration results is based on information compiled by Mr Jeffrey Rayner. He is exploration adviser to KEFI, the Company's former Managing Director and a Member of the Australian Institute of Geoscientists ("AIG"). Mr Rayner is a geologist with sufficient relevant experience for Group reporting to qualify as a Competent Person as defined in the JORC Code 2012. Mr Rayner consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

Notes to Editor

Impact of COVID-19 on Ethiopia and Saudi Arabia

The table below summarises the COVID-19 data for Ethiopia and Saudi Arabia as well as for the other countries most relevant for KEFI personnel and activities, as at 13 May 2020:

Country	Total tests	Total cases	Total Deaths	Serious /Critical	Deaths per 1 million of population
World		4,397,546	295,971	46,006	38
Ethiopia	41,689	263	5	0	2
Saudi Arabia	496,948	44,830	273	147	8
Cyprus	78,338	905	16	10	13
UK	2,094,209	229,705	33,186	1,559	489
Australia	909,025	6,980	98	17	4

Source: www.worldometers.info/coronavirus

Social distancing protocols started being introduced by KEFI in February 2020 and have subsequently been reinforced to reflect local regulations and extra Company-imposed procedures. No COVID-19 cases have so far been reported at our project sites or in the local communities. Drilling operations continue in Saudi Arabia, whilst in Ethiopia only 263 cases have been so far detected in the country, with unfortunately five deaths. A tentatively positive early indicator of the potentially limited impact of COVID-19 in Ethiopia, is that on 25 April, 2020 one of Ethiopia's regional states announced a relaxing of its COVID-19 State of Emergency, after conducting 1.5 million door-to-door surveys, testing the resulting 33 suspected cases and confirming that none had the virus.

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

The Company has regularly refined contractual terms for project construction and operation with principal contractors Lycopodium (processing) and Perenti (mining), both Australian mining industry leaders with some 30 years of successful track record in various African countries. Estimates include open pit gold production of c. 140,000oz pa for a 7-year period. These contractual arrangements are now entering the closing phase for sign-offs. Based on the most recent estimates, 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.

All plans are made with regard to the World Bank IFC Standards for social, environmental and other aspects.

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 & Minerals Limited ("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 37.5% interest in G&M and is the operating partner.

ARTAR, on behalf of G&M, holds over 16 Exploration Licence (EL) applications pending the introduction of the new Mining Law. 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.