

25 January 2019

KEFI Minerals plc

(“KEFI” or the “Company”)

TKGM Project Partners Update

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, is pleased to provide an update in relation to the Company’s Tulu Kapi Gold Project (the “Project”).

Highlights

- Ethiopian Project partners increase equity commitment from US\$30 million to US\$38 million
- Leading local businessmen and officials appointed to the TKGM Board
- Outstanding Government consents now granted
- Ministry of Finance & Economic Cooperation commenced off-site infrastructure engineering

The Company is pleased to report that its Ethiopian private-sector Project partner ANS Mining Share Company (“ANS”) has increased its investment commitment to subscribe to new shares in Project company Tulu Kapi Gold Mines Share Company (“TKGM”) to the Birr equivalent of US\$38 million (from US\$30 million) on terms as previously reported. The first Birr equivalent of US\$9 million instalment remains due when resettlement is triggered by the relevant regulatory authorities.

ANS have also now nominated its appointees to the TKGM Board as per its right under the Subscription Agreement of 28 September 2018. These are Ato Hailemeleket Teklegeorgis (former Federal State Minister of Finance and Economic Cooperation and current chairman of a major Ethiopian bank) and Ato Wondwossen Zeleke (long-standing natural resources senior executive in Ethiopia and internationally). In addition ANS have nominated as special advisers to the TKGM Board Ato Zafu Eyessuswork Zafu (former chairman of Ethiopian Chamber of Commerce and current chairman of a major Ethiopian bank and insurance group) and Major General Alemshet Degife (former head of the Ethiopian Air Force).

On 3 January 2019, KEFI advised that whilst the Government had provided a number of formal consents there were several items outstanding as a result of various processing formalities. The Company is delighted to confirm it has now received those outstanding Federal consents from the relevant agencies. Accordingly, upon ratification by the Prime Ministry, which remains supportive and in a regular dialogue with the Company, KEFI will be in a position to trigger Project Development. The Regional Government has also advised that, notwithstanding some minor delays in its preparations in the community, it remains focused on triggering community resettlement as soon as possible in the current quarter. To ensure this happens in an expeditious manner, TKGM’s local bank has already prepared the community financial training manuals and started opening bank accounts for the individual households.

KEFI is also delighted to confirm its Ethiopian Government-sector Project partner, the Federal Ministry of Finance and Economic Cooperation, has now started (via the relevant government

instrumentalities) carrying out the engineering for its construction of off-site infrastructure of an estimated total cost of US\$20 million (Ethiopian Birr-equivalent) in exchange for shares in TKGM on terms as previously reported.

Finally, drilling at Tulu Kapi has completed testing of plant and TSF sites for design of foundations. Results were as expected and will help the Company move quickly into construction upon Financial Close.

KEFI Managing Director and TKGM Chairman, Mr Harry Anagnostaras-Adams, said, “We are delighted with the significant progress we have made this month with all stakeholders showing a genuine desire to move the Project into construction in the shortest practical timeframe. ANS’s decision to increase its equity subscription in TKGM by almost 30% to US\$38 million is clear testament of not only their commitment to the Project, but also the upside and potential of Tulu Kapi. Whilst KEFI will reduce its overall interest in TKGM from an estimated 54% to an estimated 50.1%, the additional equity investment of US\$8 million by ANS serves to derisk the financing of the Project further.

“Along with our Government-sector partner, the Ethiopian Ministry of Finance and Economic Cooperation, we are also delighted to welcome certain ANS Board representatives to the Board of Directors of TKGM and others as special advisers to the Chairman. The prominence of these members both domestically and internationally speak volumes.”

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.

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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.