

24 April 2020

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

Tulu Kapi Update

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, provides an update on the Company's Tulu Kapi Gold Project (the "Project" or "Tulu Kapi") in Ethiopia.

Despite the need to adjust and reschedule many tasks due to COVID-19, the Company remains focused on the preparations and finance milestones to enable major site activities to start at Tulu Kapi from October 2020, as outlined in the Q4 2019 Operational Update announced on 28 February 2020 .

The current status of the key aspects of the various Tulu Kapi workstreams are as follows:

- **Health and Safety:** Health and Safety is the Company's first priority. The largest impact of COVID-19 and the restrictions imposed has been the overhaul of procedures and teams to engage with the significant numbers of households and people surrounding Tulu Kapi. Other COVID-19 related initiatives include the Company offering beds and bedding to a regional isolation centre. As at 23 April 2020, Ethiopia has reported 9,771 COVID-19 tests and 116 confirmed cases, which have resulted in 3 deaths. There have been no reported cases of COVID-19 at Tulu Kapi.
- **Project Equity:** Tulu Kapi Gold Mines ("TKGM") longstanding partners, KEFI and the Government, are coordinating with the private sector partner ANS Mining Share Company ("ANS Mining") to maintain the planned structure of the public-private partnership, despite the local liquidity strains experienced this year and other effects of the COVID-19 pandemic. To that end:
 - a. ANS Mining, which is the investment vehicle for a syndicate of leading Ethiopian banking, insurance and investment organisations, has re-affirmed its commitment to the Project following the Government's injection of significant liquidity into the local financial markets during the past two weeks;
 - b. the Government is now collaborating directly with ANS Mining and its shareholders to reinforce Project momentum. In addition, as an important new development, the Government has now also advised both KEFI and ANS Mining that it will this quarter look to arrange either direct or indirect funding into TKGM from its investment institutions for the required amounts if there is any further delay in investment via ANS Mining;
 - c. in the event this investment is provided by entities outside of ANS Mining, there will be a proportionate adjustment to the TKGM shareholdings. KEFI's interest in TKGM would remain unaltered; and
 - d. as a proactive move, the Project partners are updating the shareholder agreement, to account for any specific changes in schedule and budget as a result of COVID-19, providing greater flexibility and to avoid any potential hold up in the overall Project timetable.

- **Project Contractors and Project Lenders:** The two Project contractors and the two Project lenders are regularly liaising with TKGM and adjusting their joint plans to take account of the various COVID-19 protocols.
- **Timetable:** The Directors of TKGM and KEFI have resolved that, notwithstanding COVID-19, to remain focused on using every reasonable effort to preserve the overall scheduled target of starting full gold production at Tulu Kapi in 2022 and remain focused on full financial close of the Project funding in October 2020. Off-site infrastructure construction programmes are continuing for road and electricity connections.

Project Economics

COVID-19 has to date had no discernible impact on Project costs. However, the gold price outlook for the Project now appears significantly higher than the US\$1,098/oz assumed for determining Ore Reserves or the US\$1,300/oz assumed in base case financial studies. As an illustration, the Project NPV is summarised below at different gold prices, 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. NPV's are based on after-debt net after-tax cash flows discounted at 8% and 16% as at today. The NPV's are shown for 100% of the Project and for KEFI's planned 45% beneficial interest (being 80% of KEFI Minerals Ethiopia which is planned to own 56% of TKGM) as derived from the Company's own model prepared by TKGM's project finance advisers:

8% Discount Rate	ASSUMED LONG TERM GOLD PRICE		
	US\$1300	US\$1600	US\$1900
NPV100% OF PROJECT			
USD Million	207	393	576
GBP Million	161	307	450
NPV 45% OF PROJECT			
USD Million	93	177	259
GBP Million	73	138	203
16% Discount Rate	ASSUMED LONG TERM GOLD PRICE		
	US\$1300	US\$1600	US\$1900
NPV100% OF PROJECT			
USD Million	148	297	445
GBP Million	116	232	347
NPV 45% OF PROJECT			
USD Million	67	134	200
GBP Million	52	104	156
OPEN PIT PROJECT IRR%	27%	49%	67%

Executive Chairman of KEFI, Harry Anagnostaras-Adams, commented:

“As across much of the globe, Ethiopia, Saudi Arabia and the other countries where we have activities have recently imposed physical isolation protocols to help contain the further spread of the COVID-19 virus. We have already made a number of significant changes to help aid in this objective and we will continue to communicate with shareholders on any material consequences.

“We are working closely with our personnel, contractors and stakeholders, including our host governments, in order to implement appropriate safeguards and procedures.

“The unprecedented scale of the stimulus packages announced by various governments globally, combined with low or negative interest rates provide welcome relief to society and also reinforce the probability that the gold price will to continue to strengthen and thus bolster the Tulu Kapi investment case.

“Our longstanding and planned new Ethiopian partners are also working hard and remain keen for Tulu Kapi to commence development as soon as possible, as the Project will not only generate substantial local employment in these difficult times, but will also generate substantial tax revenue and export income.

“As an important development, the Government has advised that it will look to source funding directly into TKGM via its local financial institutions if there is any delay to the anticipated investment via ANS Mining.

“I would like to thank our various stakeholders and especially the government authorities for their collaborative approach to resolving issues that have arisen due to the global COVID-19 pandemic. Despite taking these proactive steps to ensure the safety of our stakeholders, we remain steadfast in our commitment to develop our assets as previously outlined and unlock the very high inherent value within the KEFI portfolio.”

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

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.