

6 December 2018

KEFI Minerals plc
(“KEFI” or the “Company”)

Project Update

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

Activities at the Tulu Kapi Project continue to progress at a significant pace. The newly recruited construction manager and senior site risk manager will now relocate to site from next week, joining approximately 100 locally recruited personnel who have already been hired for land clearing and the drilling rigs required to complete the geotechnical surveys for the final design of the foundations for the processing infrastructure and dam walls.

This programme of works follows the advice the Company has received from the Ethiopian Federal and Regional Government agencies that the handful of remaining regulatory consents required for triggering the Project are expected to be provided in the coming weeks. These mainly comprise the approvals of final community resettlement plans, approvals of Project financing details and the updated works program and schedule leading to the planned first gold pour in H2 2020.

Project-equity investor ANS Mining Share Company (“ANS”) has advised that, upon receipt of the Government consents, it intends not only to release at the end of this month the previously announced US\$9 million (Ethiopian Birr equivalent) of equity funds into the Company’s Project subsidiary Tulu Kapi Gold Mines Share Company (“TKGM”) for funding the planned Q1 2019 Project activities (including the first phase of community resettlement and ongoing project financing and planning costs), but it will at the same time also commit to release an additional US\$9 million of equity funds at the end of Q1 2019 to fund the planned Q2 2019 Project activities. This will ensure that TKGM can itself commit to completing community resettlement and the first phase of Project construction prior to the closing of the US\$160 million bond/lease non-equity capital Project financing. The remaining balance of ANS’s planned US\$30-38 million equity investment is expected to coincide with full Project finance close as soon as the non-equity component is accessed.

The non-equity component comprises the proposed US\$160 million bond/lease Project financing, the process for which has reached the stage where the Project due diligence reports have been completed by independent technical expert, Micon International. Detailed legal documentation in the various jurisdictions will proceed upon receipt of the Government consents confirming the structure. In anticipation of this, the KEFI and TKGM boards have approved the mandated bond/lease indicative terms and the other stipulations of the bond arranger.

By sequencing the Project funding in this manner, it provides the opportunity to start the program of works with equity funding and thereby expand the post-construction period available to build cash flow prior to first repayment to the lender/lessor.

Managing Director of KEFI, Mr Harry Anagnostaras-Adams, said: “It certainly is an interesting period in Ethiopia, with many changes taking place, including far-reaching transformation on many levels. Our Tulu Kapi Gold Mine Project has remained a high priority for all stakeholders throughout this period and I am pleased with both the speed and level of progress being made. I would like to take this opportunity to thank all our partners and in particular the Ethiopian government at many levels for their continued support. All the pieces of the Project are coming together and we look forward to providing further updates as matters progress.”

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 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.