



**KEFI Minerals Plc**

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26 November 2014

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

**Conditional placing to raise £4.9 million, including new Strategic Investor,  
and Notice of General Meeting**

**Highlights**

- **Three-stage fund raise totalling £4.9m to fund development of Tulu Kapi**
- **New proposed strategic investor, Perth Global Funds plc, has committed £3m at a price range of 1.3p-2.0p; to close by 27 February 2015**
- **Directors of KEFI and certain existing shareholders participating through placing of £1.9m at placing price of 1p**
- **Tulu Kapi Mining Licence expected in Q1 2015**
- **Project financing well underway**

KEFI Minerals (AIM: KEFI), an emerging gold miner with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, is pleased to announce that it has conditionally raised £4.9 million, before expenses, through the issue of up to 420,769,231 new Ordinary Shares by way of a three-stage placing through Fox-Davies Capital Ltd ("Fox-Davies") (the "Placing").

The Placing proceeds are primarily intended to fund the Company through the next phase of its development with the majority of funds to be expended on progressing the flagship Tulu Kapi project in Ethiopia beyond the point in mid-2015 where it is planned that full development funding be arranged.

**The Placing**

The Placing will be in three tranches as set out below:

- i) the First Placing (£0.8 million) to certain existing shareholders at 1 pence per share;
- ii) the Second Placing (£1.1 million) to certain existing shareholders and some Directors at 1 pence per share; and
- iii) the Third Placing (£3 million) to a new cornerstone investor at 1.3 pence - 2.0 pence per share.

The Placing Price has been determined having regard to prevailing market conditions. The VWAP of the Ordinary Shares during the periods of 10 and 20 trading days immediately prior to the Placing was 1.04 pence and 1.05 pence respectively and the Placing Price for the First Placing Shares and Second Placing Shares represents a 4 per cent. discount to the 10-day VWAP and a 5 per cent. discount to the 20-day VWAP. The Directors believe that the Placing Price for the First Placing Shares and Second Placing Shares is fair and reasonable as far as Shareholders are concerned. In addition, the minimum Placing Price (of 1.3 pence) of the Third Placing Shares represents a 25 per cent. premium to the 10-day VWAP and will ultimately be determined by reference to the VWAP of the Ordinary Shares for the 20 trading days immediately prior to the allotment of the Third Placing Shares which is 27 February 2015. Accordingly, the Directors consider that the Placing Price of the Third Placing Shares is fair and reasonable as far as Shareholders are concerned.

**Strategic Investor Subscription**

Upon closing the Third Placing, KEFI Minerals will have added Goldfields Resources Fund, a sub-fund of Perth Global Funds plc, as an additional cornerstone shareholder. Perth Global Funds plc has undertaken to invest £3 million at a price range of 1.3 pence - 2.0 pence to hold 15.7 per cent. of the

Enlarged Share Capital (based on a placing price of 1.3 pence). The Third Placing Shares will be issued at the greater of 1.3 pence and the VWAP for the 20 trading days immediately prior to the date of allotment of the Third Placing Shares, subject to a maximum of 2 pence per share. Goldfields Resources Fund is a new mining finance sub-fund of Perth Global Funds plc, an Irish-incorporated company. KEFI Minerals will be the fund's maiden investment. Further background on Perth Global Funds plc and the Goldfields Resources Fund is available on [www.perth-partners.com](http://www.perth-partners.com).

### Directors' and Existing Investor Subscriptions

The First Placing Shares have been conditionally placed with certain existing shareholders and the Second Placing Shares have been conditionally placed with certain existing shareholders and with some Directors as detailed below. The number of Placing Shares to be subscribed by each Director and their resulting shareholdings on Second Admission are set out below:

|                          | Number of existing Ordinary Shares | Percentage of existing issued share capital | Number of Placing Shares | Number of Ordinary Shares on Second Admission | Percentage of enlarged share capital on Second Admission |
|--------------------------|------------------------------------|---|--------------------------|---|--|
| Harry Anagnostaras-Adams | 13,966,667                         | 1.34%                                       | 20,000,000               | 33,966,667                                    | 2.75%  |
| Ian Plimer               | 3,116,668                          | 0.30%                                       | 1,250,000                | 4,366,668                                     | 0.35%  |
| Jeffrey Rayner           | 4,783,333                          | 0.46%                                       | 2,600,000                | 7,383,333                                     | 0.60%  |
| John Leach               | 1,000,000                          | 0.10%                                       | 1,250,000                | 2,250,000                                     | 0.18%  |

### Tulu Kapi Project: Summary and Current Status

- Acquisition of 100% of the project for £6 million, representing an acquisition cost of less than \$10/per oz of JORC-Compliant Ore Reserves
- Completed independent confirmation of KEFI Minerals' development plan for Tulu Kapi almost halving the required capex to \$130 million, reducing All-in-Costs to \$844/oz, significantly below global averages and with operating costs at \$626/oz
- JORC-Compliant Ore Reserves now stand at +1Moz, with an average grade of 2.4g/t
- Additional exploration work over the last year suggests further potential above and beyond the existing JORC classified Mineral Resources of 2Moz
- On 17 November 2014, Mr Tolossa Shagi, Minister of Mines of Ethiopia, confirmed to the Company that the Ministry of Mines' objective remains to complete the processing of KEFI Minerals' Mining Licence Application for Tulu Kapi by the year-end (2014) with a view to approval in early 2015 so that the community resettlement could commence immediately and mine development later in the year
- Development scheduling continues to be optimised and planned expenditure of \$7 million has been deferred from the first half of 2015. Targets are unchanged for arranging project finance in mid-2015 for major works to commence in the final quarter of 2015 and production commissioning at the end of 2016
- Headline indicative terms have been received for early-stage secured debt-based financing during the first half of 2015 of up to \$10 million. The terms and conditions are at a preliminary stage of discussion and, based on current financial projections, these funds would not be required until the third quarter of 2015 upon triggering full development

**Harry Anagnostaras-Adams, Executive Chairman of KEFI, commented:** "We are honoured that Perth Global Funds plc have elected to make KEFI Minerals their maiden investment, and we look forward to welcoming them to the share register in early 2015. We are also delighted by the support we have received from our existing shareholders. That we have raised the majority of funds at a premium to the current market price is testament to the underlying value of the KEFI Minerals portfolio.

"As a result of the Placing, we now expect to be able to advance Tulu Kapi gold project to the point of a full development commitment and the associated funding, the next expected milestone of which is to receive the Mining Licence in Q1 2015. 2015 should prove both exciting and transformational for KEFI

Minerals as the Company continues to transform from explorer to producer, and I look forward to updating the market on further progress.”

### **General Meeting**

A circular convening the GM to be held at the offices of Fieldfisher, Riverbank House, 2 Swan Lane, London EC4R 3TT at 11.00 a.m. on 15 December 2014 to grant the Board authority to allot the Second Placing Shares and Third Placing Shares for cash on a non pre-emptive basis, will be sent to shareholders today and will be available to download from the Company's website at [www.kefi-minerals.com](http://www.kefi-minerals.com). The Resolutions are further described in the circular.

### **Terms and Conditions of Placing**

The First Placing is conditional, inter alia, on the admission of the First Placing Shares to trading on AIM becoming effective (“First Admission”) and those shares are expected to begin trading on AIM on 2 December 2014.

The Second Placing is conditional, among other things on First Admission becoming effective, the passing of the Resolutions to be proposed at the GM and the admission of the Second Placing Shares to trading on AIM becoming effective on or before 8.00 a.m. on 16 December 2014 (or such later date as Fox-Davies and the Company may agree being not later than 31 December 2014) (“Second Admission”).

The Third Placing is conditional upon, amongst other things, Second Admission becoming effective, on authorisation of Goldfields Resources Fund by the Central Bank of Ireland, on Perth Global Funds plc having received cleared funds in an amount of not less than £5 million from investors into the Goldfields Resources Fund, on there being no legal or regulatory provision applicable to the Goldfields Resources Fund, to Perth Global Funds plc or to Perth Partners LLP which prohibits any of those parties subscribing for the Third Placing Shares and the admission of the Third Placing Shares to trading on AIM becoming effective on or before 8.00 a.m. on 27 February 2015 (or such later date as Fox-Davies and the Company may agree being not later than 8.00 a.m. on 15 March 2015) (“Third Admission”).

The Company shall also, subject to the passing of the Resolutions and the other conditions of the Placing, grant to Fox-Davies warrants to subscribe for up to 21,038,462 Ordinary Shares (being equal to five per cent. of the maximum number of shares to be issued pursuant to the Placing) exercisable for three years at the relevant Placing Price.

Shareholders are reminded that the Second Placing and the Third Placing are conditional, among other things, on the passing of the Resolutions to be proposed at the General Meeting. Should the Resolutions not be passed the Second Placing and the Third Placing will not proceed and all subscription monies will be returned to investors.

#### **KEFI Minerals Plc**

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Definitions in this announcement are the same as those included in the Company's circular to be posted to shareholders today, dated 26 November 2014, which will be available on the Company's website at [www.kefi-minerals.com](http://www.kefi-minerals.com) shortly.

## **Background to and reasons for the Placing**

KEFI's current business progress remains consistent with the plan outlined to Shareholders upon the acquisition of a 75% interest in Tulu Kapi on 30 December 2013 and also with the progress reported in the Company's recent Quarterly Report announced on 15 October 2014. KEFI continues to position the Company for the commencement of the development of the Tulu Kapi gold project in Ethiopia in early 2015. The recently reported independent verification of KEFI's overhaul of the project development plan allowed the management to assemble indicative term sheets for the project finance planned for 2015, to re-activate the Mining Licence Application that had been suspended by the previous owner of Tulu Kapi in mid-2013 and to start preparing for the resettlement of affected households in the local community. As such, as previously foreshadowed, it is now appropriate to raise additional equity capital to fund all pre-development obligations pending the commencement of development and the drawdown of planned associated project finance facilities to develop the Tulu Kapi Gold project.

Since its admission to AIM in December 2006, KEFI has been funded by the issuance of ordinary share capital raising approximately £15 million (\$24 million). After consideration of the alternatives available, the Company's finance plan remains to fund all pre-development obligations and activities with the proceeds of the Placing whilst the investment required for development in 2015 will be mostly financed by project-related debt.

## **Use of Proceeds**

The Company will use the net proceeds of £4.6m from the Placing to:

- Update the full Tulu Kapi Definitive Feasibility Study ("DFS") to bankable standards; fund community planning and liaison work at Tulu Kapi; and account for costs associated with the proposed Tulu Kapi project finance arrangements. This includes the updating of the 2012 DFS, completed by the previous owner of Tulu Kapi, to reflect KEFI's overhaul of the plans for the project. These plans have already been independently reviewed by the specialist consultants including Senet (processing), Golders (environmental), Intersocial (community), Epoch (tailings management), Snowden (geology and mining) and Endeavour Financial (project finance) who will now go into greater detail for the DFS;
- Continue servicing the Group's Ethiopian VAT liability. This liability was inherited from the previous owner of Tulu Kapi and KEFI reached a settlement agreement with the Ethiopian Government in accordance with which the liability at 31 December 2013 of £3.1 million would be repaid over the following three years;
- Fund continued exploration activities in Ethiopia and Saudi Arabia centred on KEFI's development sites with already-reported mineral resources, namely Tulu Kapi in Ethiopia and its adjacent three licences and Jibal Qutman in Saudi Arabia and its adjacent four licences. In addition, an ambitious regional exploration plan will be assembled and selected initial activities commenced; and for
- General working capital. The Company maintains a low-overhead style of management, with all senior executives spending maximum time at project sites and at field offices.

## **Placing Statistics**

|  |               |
|--|---------------|
| Placing Price of First Placing Shares and Second Placing Shares          | 1.0 pence     |
| Number of Ordinary Shares in issue at the date of this document          | 1,045,336,880 |
| Number of First Placing Shares   | 80,000,000    |
| Number of Ordinary Shares in issue immediately following First Admission | 1,125,336,880 |
| Number of Second Placing Shares  | 110,000,000   |

|   |               |
|---|---------------|
| Number of Ordinary Shares in issue immediately following Second Admission   | 1,235,336,880 |
| Maximum number of Third Placing Shares  | 230,769,231   |
| Maximum number of Ordinary Shares in issue immediately following Third Admission  | 1,466,106,111 |
| Percentage of the Enlarged Share Capital represented by the Placing Shares <sup>(c)</sup>   | 28.70%        |
| Estimated cash proceeds of the Placing receivable by the Company (net of expenses)  | £4.6 million  |
| Approximate market capitalisation of the Company at Third Admission at the Placing Price of the First Placing Shares <sup>(c)</sup> | £14.6 million |

Notes:

- (a) Unless otherwise specified, references in this document to time are to Greenwich Mean Time.
- (b) The £/\$ exchange rate used in this document is £1/\$1.587.
- (c) Assuming the maximum number of Third Placing Shares are issued.

**Expected Timetable of Principal Events**

|  |                                |
|--|--------------------------------|
| Dispatch of this document  | 26 November 2014               |
| Admission of First Placing Shares to trading on AIM                          | 8.00 a.m. on 2 December 2014   |
| Latest time and date for receipt of Form of Proxy or CREST Proxy Instruction | 11.00 a.m. on 11 December 2014 |
| General Meeting  | 11.00 a.m. on 15 December 2014 |
| Admission of Second Placing Shares to trading on AIM                         | 8.00 a.m. on 16 December 2014  |
| Admission of Third Placing Shares to trading on AIM                          | 8.00 a.m. on 27 February 2015  |