

29 January 2019

KEFI Minerals plc

(“KEFI” or the “Company”)

Q4 2018 Operational 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 its 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 October 2018 to 31 December 2018, together with more recent developments where appropriate.

Since 1 October 2018, any material events have been reported in separate announcements which are referred to below, along with explanatory updates on those and other related matters.

Tulu Kapi Gold Project in Ethiopia (the “Project”)

Government Clearance of Community Resettlement

On 8 October 2018 the Federal Government approved the finalised community resettlement, livelihood restoration and community development plans. The Regional Government asked TKGM to be prepared for community resettlement to start as early as possible in Q1 2019.

As at the date of this announcement, the Regional Government is not yet ready to trigger resettlement due to recent changes to its administration and security structure. However, it has stated that it still wants KEFI/TKGM to be ready to do so later in this current quarter.

3 January 2019 and 25 January 2019: Tulu Kapi Project Updates

The required Federal Government consents have all been received from all relevant Federal agencies other than that the project finance structure set out with the central bank is awaiting endorsement by the Prime Ministry. KEFI does not anticipate a problem with this administrative process. The Prime Ministry and Government at all levels have always been supportive of the Project as a priority for the community, the Oromia Region and Ethiopia as a whole.

Tulu Kapi Project site activities: a three-month program of land clearing and geotechnical drilling for the design of infrastructure foundations has been completed. Site preparation programs continue.

Tulu Kapi Project Development Planning: principal on-site project contractors Lycopodium and Ausdrill plan for the 24-month development schedule. Principal off-site project contractors Ethiopian Electrical Power Corporation and Ethiopian Roads Authority are preparing design and tender documents for off-site infrastructure.

KEFI/TKGM management: continues to be built up for development and operations.

Saudi Exploration Project

30 November 2018: Saudi Exploration Licence Renewed for Hawiah VMS Belt

This licence was first issued in 2014 and some exciting results were produced from initial surface and geophysical surveys of a 6km-long surface-exposed mineralised system (gossan) containing gold and copper. The authorities have recognised that because we had to stop work for over two years pending their regulatory review and until the social licence was established on normal terms, the authorities have now renewed the Hawiah licence and the exploration team is arranging to recommence field work.

In addition, we have lodged exploration licence applications over the majority of the 120-kilometre long Wadi Bidah Mineral District, which has twenty-four recorded VMS (Volcanogenic Massive Sulphide) systems of which Hawiah is one.

Corporate and Project Finance

30 October 2018: Secured Convertible Loan Facility

A longstanding shareholder agreed to provide the Company an expanded working capital facility to support preparations for TKGM development.

17 December: General Meeting of Shareholders

KEFI Shareholders approved the Secured Convertible Loan Facility.

Tulu Kapi Project Equity:

- the shareholders of Project subsidiary TKGM (KEFI and the Ethiopian Government) approved the admission of Ethiopian Project equity investor ANS Mining Share Company (“ANS”) as an additional TKGM shareholder;
- ANS confirmed its equity subscription at the maximum in the previously reported range, being the Birr-equivalent of US\$38 million, upon the relevant Government consents being completely finalised and the community resettlement being finally approved.
- KEFI’s equity in TKGM is expected to be 50.1% with the balance being Ethiopian Government (via the Ministry of Finance and Economic Cooperation) and financial institutions (via ANS).

Tulu Kapi Project Bond/Lease Proposal:

- the Independent Technical Expert signed the Project due technical diligence reports;
- compliance and due diligence procedures remain to be complied with during and after drafting of full detailed documentation following all government clarifications being received

Project Economics

The current spot gold price of approximately \$1,300/oz, forward market gold prices and analysts’ long-term forecasts support the Company’s base case projections of US\$1,300/oz.

TKGM projected financial statistics, based only on extracting its one million ounces of ore reserves within the planned open pit section of the Project, remain in accordance with previous guidance and as supported by the project feasibility studies and updates:

- shareholders' invested capital of c. US\$120 million
- NPV after debt and after tax, at 8% discount rate of:
 - US\$115 million (£87 million) for 100% and US\$57 million (£44 million) for 50.1% at start of construction, and
 - US\$192 million (£147 million) for 100% and US\$96 million (£73 million) for 50.1%, at start of production two years later
- Estimated average TKGM EBITDA of US\$73 million (£55 million) over 8 years and annual debt-service costs during production of US\$27 million (£21 million) over 8 years

Regulatory and Security Environment

Ethiopia

Ethiopia is Africa's highest growth country and has, over the past six months, instituted positive progressive and transformative reforms on many levels throughout the country.

Yesterday the Federal Ministry of Mines, Petroleum and Natural Gas announced that it had drafted a new Proclamation for regulation of the mining industry, particularly with an eye to stimulating growth. The Ministry's statement referred to the introduction of investment incentives and the removal of obstacles.

The security situation for our Project in Ethiopia is considered better than most mining sites on the continent and KEFI/TKGM has strong government, business and community support, having earned and maintained strong social licence at Tulu Kapi.

Saudi Arabia

Saudi Arabia has announced new industry policies and has yet to release the details of the associated regulations. These changes aim to spur development of the minerals sector.

Yesterday the Saudi authorities released from a year-long detention the head of the group of companies which owns the only other major gold development-ready deposit in Ethiopia.

The security situation for our projects in Saudi Arabia, as with our sites in Ethiopia, is considered fine and also derives largely from G&M (the Project company of KEFI and partner ARTAR) ensuring and maintaining strong social licence with its local communities.

Investor Webinar

The Company will host a live webinar at 3.30pm GMT on Thursday 31 January 2019 which can be accessed via:

<http://webcasting.brrmedia.co.uk/broadcast/5c4f149ea0c50933d2710da5/5c4f1a46a7461f9c6500025b> and also through www.brrmedia.co.uk

Listeners 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

Harry Anagnostaras-Adams (Managing Director) +357 99457843

John Leach (Finance Director) +357 99208130

SP Angel Corporate Finance LLP (Nominated Adviser and Joint Broker) +44 20 3470 0470

Jeff Keating, Soltan Tagiev

Brandon Hill Capital Ltd (Joint Broker) +44 20 7936 5200

Oliver Stansfield, Jonathan Evans

IFC Advisory Ltd (Financial PR and IR) +44 20 3934 6630

Tim Metcalfe, Heather Armstrong

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, 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.