

28 June 2019

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

Tulu Kapi Project Update

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Federal Democratic Republic of Ethiopia and the Kingdom of Saudi Arabia reports that, following the heightened security concerns in Ethiopia this week, as reported in the Company's announcement on 24 June 2019, it immediately took a number of actions with the Ethiopian Government authorities to tighten precautionary security measures at the Company's Tulu Kapi Gold Project (the "Project") and to ensure the local community and administration's preparedness for community resettlement.

The Company has also agreed with private-sector partner ANS Mining Share Company ("ANS Mining") to update the independent reports on security and the readiness of the community and local government to trigger development of the Project, in light of the very recent events in Ethiopia. The various new steps agreed with the Government and ANS Mining are designed to further bolster security management and to preserve the Project timetable for production start-up.

ANS Mining has confirmed its first instalment of US\$11.4 million (Ethiopian Birr equivalent) will be released to trigger community resettlement and other development tasks, upon the satisfactory receipt of the aforementioned updated independent reviews. It has also now advised KEFI that it has assembled the full US\$38 million (Ethiopian Birr equivalent) for its beneficial interest of 33% of Project company, Tulu Kapi Gold Mines Share Company ("TKGM").

The following has been done this week:

- The Government authorities have expanded their community engagement teams and arranged for the deployment of additional armed security to the Project site as a precautionary and pre-emptive measure;
- KEFI has arranged that the independent experts (for security and for social management issues) update their reviews of the readiness of the community and local government and the security system. These same experts had previously reviewed our situation, plans and processes and will, in due course, also review the development completion process, to ensure compliance with World Bank IFC Standards;
- TKGM has initiated currency conversion processes with the Ethiopian central bank for an agreed part of the funds provided by ANS Mining's equity subscription to be used to meet planned hard currency expenditures for project development; and
- The overall Project development plan has been re-sequenced after consultations with principal construction contractor Lycopodium to keep the start of production date at mid-2021, whilst giving more time for the first phase of community resettlement. There is expected to be no change to the start of production target date as long as the first phase community resettlement is triggered in September 2019 for completion in

November 2019, which the Company believes is reasonable given that the community is supportive, the resettlement plans are ready and the authorities are very responsive and determined.

As previously stated, the terms for the ANS Mining investment have already been agreed by the other partners in TKGM (KEFI and the Government-sector partner) and the conditions precedent for closing the Project equity instalment were in hand. The requirement for an updated report by independent experts as regards security, community and local government readiness is a new development, but one that is understandable in the current climate. Whilst the recent security concerns in Ethiopia have therefore delayed the triggering of ANS Mining's first equity subscription into TKGM, given the collaborative atmosphere at site and work undertaken to date, these updates are expected to be received in a timely fashion and the Directors of KEFI and TKGM believe that the overall development plan and initial production date are unaffected.

These elevated security precautions are normal responses to the situation and merely reflect TKGM partners' commitment to this exciting first-mover mining project for Ethiopia. Likewise, KEFI considers that Ethiopia's own elevated security responses in this past week reflect its commitment to remain on track as Africa's highest growth country as well as with its overwhelmingly positive reforms.

All parties also recognise that keeping the Project schedule on track is now also important for the added reason of coinciding with the current gold price upswing so as to minimise financial risk and maximise economic benefits for all stakeholders.

At a gold price of US\$1,400/oz the following are the estimates for the open pit only:

- Project export revenues are projected at c. US\$200 million per annum which would likely make it the country's largest single-enterprise export generator;
- TKGM NPV on start of production in 2021 is estimated at £196 million (US\$249 million). And from KEFI's viewpoint, the Company's planned 45% beneficial interest in the Project NPV at start of production would be £88 million (US\$112 million);
- Today, at start of construction, KEFI's planned beneficial interest in the NPV is estimated at £59 million (\$74 million); and
- Project free cash flow is estimated at £31 million per annum (US\$40 million), of which KEFI's beneficial interest would be c. £14 million per annum (US\$18 million).

Ethiopian State Minister of Mines and Petroleum, Ato Assefa Kumsa, commented, "The Government welcomes the commitment by KEFI and TKGM to this priority project for Ethiopia and we are pleased to work closely with them to regulate, to protect and also to invest."

Director of ANS Mining, Ato Demissie A. Demissie, commented, "ANS Mining is pleased to be working alongside KEFI and the Government and is ready to proceed with its US\$11.4 million (Ethiopian Birr equivalent) subscription to TKGM for the first stages of the Project

development in accordance with the agreed terms upon satisfactory completion of the independent reviews and within this tightly disciplined framework.”

KEFI and TKG M Chairman, Mr Harry Anagnostaras-Adams, said, “The decisions taken with our partners and the Government strengthen our preparations, tighten security and preserve production target of mid-2021. Overall, they shield our Project from heightened anxieties in the country at present, which everyone is nevertheless confident will abate quickly.”

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, 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.