

11 May 2020

KEFI Minerals plc
(“KEFI” or the “Company”)
Conditional Placings to raise £3.7 million
New Substantial Shareholder

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, has conditionally raised £3.7 million, before expenses, through a placing (the “Placing”) of 569,230,761 new ordinary shares of 0.1 pence each in the capital of the Company (the “Placing Shares”) at an issue price of 0.65 pence per ordinary share (the “Placing Price”) to existing and new shareholders (the “Placing”) through Brandon Hill Capital Limited (the “Broker”).

Investors in the Placing include RAB Capital, a prominent UK special situation institutional investor who will hold 236,058,823 shares, representing 12.6% of the enlarged ordinary share capital of the Company following the Placing. RAB Capital are viewed as a long-term shareholder and have been granted a right to appoint a director to the board of the Company for as long as RAB Capital’s interest remains at 10% or above.

The Placing proceeds net of expenses are expected to be approximately £3.5 million and will provide the Company with the funds to enable the closing of the c.US\$260 million project financing of the Company’s Tulu Kapi Gold Project (the “Project” or “Tulu Kapi”). This includes the anticipated initial closing of the Project level equity in Q2 2020, along with that of the identified debt funding in October 2020, which was set out in the Company’s announcement on 24 April 2020 and included details of support for the local investors available from the Ethiopian Government if required. The start of full gold production at Tulu Kapi remains targeted for 2022.

Harry Anagnostaras Adams, Chairman of KEFI Minerals commented:

“I would like to express my gratitude for the support shown by both existing and new investors, especially to RAB Capital who anchored the capital raise and have taken a significant equity stake. The interest in this Placing, in what are difficult times globally as a result of the COVID-19 pandemic, stands KEFI in promising financial shape and highlights the upside offered by its asset base. The whole consortium is focused on closing the full Project financing in October 2020 and the Government in Ethiopia has supported our efforts to see that the Project can proceed without delay and to high international standards.”

“Tulu Kapi is the first modern mine development in Ethiopia for decades and we could not ask for a more committed community and Government. This is a national priority and will be the largest single export generator for Africa’s highest growth country.”

“We are also highly encouraged by the results to date of our ongoing drilling programme in Saudi Arabia, which has encountered drill intercept grades of up to 5% Cu equivalent this year. KEFI is targeting a maiden JORC resource mid-2020, following the completion of the current drilling programme, on what already appears to be an attractive copper-gold system with in-situ metal content potentially larger than that of Tulu Kapi.”

The Placing

The Placing will be undertaken in two tranches:

1. The first tranche (the "First Placing") shall consist of 113,845,837 Placing Shares (the "First Placing Shares"); and
2. The second tranche (the "Second Placing") shall consist of 455,384,924 Placing Shares (the "Second Placing Shares").

The First Placing is conditional, inter alia, on the admission of the First Placing Shares to trading on AIM becoming effective ("First Admission"), which is expected to take place on or around 14 May 2020.

The Second Placing requires shareholder approval at a General Meeting of the Company to be held on 28 May 2020. The Second Placing is conditional, inter alia, on First Admission becoming effective, the passing of the resolutions to be proposed at the General Meeting and the admission of the Second Placing Shares to trading on AIM becoming effective on or before 8.00 a.m. on or around 29 May 2020.

Shareholders are reminded that because the Second Placing is 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 will not proceed and all placing monies for the Second Placing Shares will be returned to placees.

The Placing Price was set by applying an approximate 12.5% discount to the VWAP for ordinary shares for the three-day period prior to the commencement of the marketing of the Placing on Thursday 30 April 2020.

Assuming that the First Placing and Second Placing are completed, the Company expects that it will be fully funded until Q4 2020, at which point the Company expects to have closed and received additional funds under the full project funding package for Tulu Kapi Gold Mines Share Company ("TKGM").

Further details of the Placing and issue of Warrants

The Company has appointed the Broker as its agent pursuant to the terms of a placing agreement executed on or about today's date (the "Placing Agreement"). The Company has agreed to pay the Broker certain commissions and fees, some of which will be satisfied through the grant of 28,461,538 warrants over KEFI ordinary shares (the "Warrants") in connection with its appointment.

The Warrants will be issued in two tranches in the proportions that the First Placing and the Second Placing bear to the amount of the Placing:

- Warrants representing 5% of the total number of First Placing Shares will be issued at First Admission utilising KEFI's available share issuance authorities after the First Placing; and
- Warrants representing 5% of the total number of Second Placing Shares will be issued subject to Shareholder approval at Second Admission.

The Warrants will be issued in certificated form and will not be admitted to trading on AIM. The Warrants will be transferable in accordance with the terms of a warrant instrument to be entered into by the Company. Any shares issued pursuant to the Warrants will, when issued, be admitted to trading on AIM.

Each Warrant will entitle the Broker to subscribe for one new KEFI ordinary share at a price of 0.65 pence per share. The Warrants will be exercisable for a period of 3 years from the date of First Admission.

Under the terms of the Placing Agreement, the Company has given certain customary warranties, indemnities and undertakings to the Broker in connection with the Placing relating to the Company and its affairs.

Working Capital and Use of Funds

In light of the COVID-19 pandemic, KEFI has undertaken a number of steps to reduce its medium term working capital requirements, without impacting development timelines. These include:

- Adjusting parts of the TKGM budget, whilst preserving key business targets;
- Diluting from 38% to 34% of Saudi joint-venture company Gold and Minerals Limited (“G&M”), by not contributing its pro rata share of expenses to G&M in H1 2020. Given the positive results seen to date from the current drilling program, KEFI expects to fund its pro rata share going forward;
- A decision by the board and senior executives not to draw any salaries in the year to date whilst plans were reviewed and adjusted in light of the pandemic; and
- Ongoing salary reductions by senior management of 25% from 1 January 2020, pending progress reviews.

A detailed use of net Placing proceeds is illustrated below:

Item	£,000
Discharge of existing liabilities	1,088
Ethiopian Project expenditure, Preparing Community, Project finance closing	1,694
Corporate costs	718
Total	3,500

If the resolutions are not approved at the General Meeting, the Company will need to seek an increased amount of additional funding from alternative sources in order to support its operations. There is no guarantee, however, that such increased amount of additional funding could be obtained in the requisite time frame or at all. If the Resolutions are not approved at the General Meeting, and no alternative funding can be raised, the Company's ability to operate as a going concern may be put at risk.

General Meeting

A circular convening the General Meeting to be held in Sydney at 49 Pennant Ave, Denistone East, NSW 2112, Australia on 28 May 2020 at 6.00 p.m. to grant the board authority to allot the Second Placing Shares for cash on a non-pre-emptive basis, will be sent to shareholders shortly and will be available to download from the Company's website at www.kefi-minerals.com. It is important that shareholders lodge their votes in advance of the General Meeting through submission of their Proxy votes.

Total Voting Rights

Application has been made to London Stock Exchange for Admission of the First Placing Shares to trade on AIM (“Admission”) and it is expected that Admission will become effective and that dealings in the First Placing Shares will commence at 8.00 a.m. on or around 14 May 2020. Following Admission of the First Placing Shares, the total issued share capital of the Company will consist of 1,411,719,009 ordinary shares each with voting rights. The Company does not hold any ordinary shares in treasury. Therefore, the total number of voting rights in the Company will be 1,411,719,009 and this figure may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

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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Further information can be viewed at www.kefi-minerals.com

Notes to Editor

Project Economics

The spot gold price now sits at more than US\$600/oz higher than our Ore Reserves assumption of US\$1,098/oz and US\$400/oz higher than our base case assumption of US\$1,300/oz used for financing plans. This reinforces the attractiveness of the Project and a range of illustrative NPVs was set out in the Company's announcement of 24 April 2020 and repeated below.

COVID-19 has to date had no discernible impact on Project costs. However, the gold price outlook for the Project now appears 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. NPVs are based on after-debt net after-tax cash flows discounted at 8% and 16% as at today. The NPVs 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):

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%

These calculations do not include any recognition of the exploration assets in Ethiopia or in Saudi Arabia where a copper-gold discovery was recently made at Hawiah following a gold discovery at Jibal Qutman.

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 34% interest in G&M and is the operating partner.

ARTAR, on behalf of G&M, now 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.