

5 August 2019

KEFI Minerals plc

("KEFI" or the "Company")

Convertible Loan Facility and Operational 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, is pleased to announce a restructuring of its working capital convertible loan facility (the "Loan Facility"), as announced on 28 November 2018, together with entering into a new working capital loan facility (the "New Loan Facility") in order to provide greater flexibility to the Company by removing the existing security charges over assets and extending the loan maturity dates.

The primary changes to the Loan Facility and details of the New Loan Facility are as follows:

- £900,000 has been drawn to date from the existing £4 million Loan Facility, of which £450,000 has been repaid, leaving £3.1 million available to be drawn down. This remaining £3.1 million has been replaced in part by a new £1.5 million facility, the New Loan Facility;
- The Loan Facility has been provided by a long-standing shareholder who holds under 3% of the Company;
- The New Loan Facility can be drawn at the Company's discretion at a rate of £500,000 per month in £250,000 tranches and, if drawn, it is repayable in cash within two years;
- Once any amount drawn under the New Loan Facility is repaid, the Company will be able to draw from the remaining £1.6 million of the Loan Facility, if required; and
- The Loan Facility no longer has any security attached and is now provided on an unsecured basis. The New Loan Facility has been provided on an unsecured basis. This co-ordinated action has released all of KEFI's security encumbrances, other than minor cash security deposits, to allow maximum flexibility for structuring the financing of the Company's Tulu Kapi Gold Project (the "Project"), which potentially could include a larger initial Project equity investment by Ethiopian private sector investor, ANS Mining Share Company, the details of which will be concluded in due course.
- The cost of these changes in security and related arrangements include £207,500 to be paid by the issuance of 8,500,000 new KEFI ordinary shares of 0.1p each ("Ordinary Shares") at 2 pence per share together with a cash consideration of £37,500. Application has been made to the London Stock Exchange for the 8,500,000 New Ordinary Shares to be admitted to trading on AIM, with admission ("Admission") expected to occur on 8 August 2019.

Operational Update

- **Ethiopia - Tulu Kapi Gold Project development:**

Significant progress on the ground continues at the Company's Tulu Kapi Gold Project in Ethiopia.

The Government administration has been expanded at local level to support Tulu Kapi and high-level committees have been formed to expedite the development of the sector, with the Project as first-mover. Government work programmes continue in the Tulu Kapi district for the road and power connections.

Recent Project site developments include 300 currently unemployed local people being recruited to start preparing new lands and home sites for the community to be resettled. Additionally, the Company's independent experts have been mobilised to update their assessments of security and community readiness as outlined in the Company's announcement on 28 June 2019.

- **Saudi Arabia – Drilling to Start at Hawiah Licence of large copper-gold target:**

As announced on 21 June 2019 exploration is underway at the Company's Hawiah Exploration Licence in Saudi Arabia. As foreshadowed, trenching and geophysics programmes are being wrapped up to prepare scout drilling. An initial 2,500 metre diamond drilling programme is planned to commence in September 2019.

Commenting KEFI Chairman, Mr Harry Anagnostaras-Adams, said, "I am pleased that we have restructured our working capital facilities in order to provide the Company with the maximum flexibility as we move towards full development of our flagship Tulu Kapi Gold Project. I would like to thank the providers and other stakeholders for their complementary support and I look forward to providing regular updates as we make the anticipated significant progress with the Project in the coming months.

"It is a fortuitous coincidence that Tulu Kapi development looks to kick off at the same time as exploration comes to life in Saudi Arabia on a large copper-gold target."

Further details on the New Loan Facility

The aggregate principal amount of the New Loan Facility is £1.5 million. There is no coupon attaching to the New Loan Facility and its term is 24 months after which any drawn amounts are repayable in cash in an amount of 105% of the principal amount plus a fee of 10% of the principal amount being repaid.

A first tranche of £250,000 is payable by the provider upon signing, and any subsequent tranches drawn down by the Company will be of £250,000 and paid two to three weeks after the previous tranche, subject to mutual consent, with the provider's consent not to be unreasonably withheld.

The New Loan Facility is convertible into new KEFI Ordinary Shares at the election of the provider. The conversion price is calculated at the lower of 90% of the lowest volume weighted average share price of a KEFI Ordinary Share as shown on the London Stock Exchange for the three trading days immediately preceding the notice of conversion from the provider, or 2p per KEFI Ordinary Share. The New Loan Facility can otherwise be redeemed at any time by the Company in cash in an amount of 105% of the principal amount plus a fee of 10% of the principal amount being repaid.

In addition to the aforementioned arrangement fee of £37,500 in cash, the provider is being issued with warrants to subscribe for 13,000,000 new Ordinary Shares in the Company at an exercise price of 2.5p per share for a period of 3 years.

Total Voting Rights

Following Admission of the New Ordinary Shares, the total issued share capital of the Company will consist of 689,267,504 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 689,267,504 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 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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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 seven-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.

