28 November 2018

KEFI Minerals plc

("KEFI" or the "Company" or together with its subsidiaries the "Group")

Secured Convertible Loan Facility and Operational Update

Notice of GM

KEFI Minerals (AIM: KEFI), the gold and copper exploration and development company with projects in the Federal Democratic Republic of Ethiopia and the Kingdom of Saudi Arabia, is pleased to announce that, further to the announcement made on 30 October 2018, the Company has entered into an up to £4,000,000 secured convertible loan facility (the "Loan Facility") with a longstanding institutional shareholder of the Company.

The Loan Facility will expand the Company's flexibility for progressing the Tulu Kapi Gold Project (the "Project") and other operations, in particular, catering for decisions taken recently amongst the TKGM (Tulu Kapi Gold Mines Share Company, the Company's Ethiopian project subsidiary) consortium to start certain high-impact tasks for community resettlement, project development and the initial reconnaissance of a now-enlarged area reserved by the Ethiopian Government for Tulu Kapi district exploration.

The Loan Facility will not only also expand the Company's working capital, but will also complement the existing Project financing plans, including the committed investment of US$30-38 million (Ethiopian Birr-equivalent) at the TKGM level by Ethiopian institutional investors, of which the initial release of US$9 million (Ethiopian Birr-equivalent) to TKGM is due in December 2018 for funding of community resettlement and other TKGM development costs in early 2019.

The Loan Facility shall also provide the Company with the funds to enable the procedural and documentary closing of the US$260 million project financing of the Project, which it is envisaged will be entirely funded at the Project level. Such costs include those associated with implementing the full project closing for construction, mining and finance, as well as legal and community resettlement costs associated with the Project. As announced on 10 October 2018, the Company has now assembled the proposed full project funding consortium including contractors (approximately US$50 million mining contractors' equipment fleet), equity ($50 million) and non-equity capital (US$160 million). For the Project to proceed, all stakeholders now rely on closing out the remaining Ethiopian Government processes and approvals, along with completion of due diligence and formal documentation.

Operational Update

It has been a challenging year with many changes to the political landscape of the jurisdictions within which the Company operates. It is however refreshing that the changes during 2018 have been overwhelmingly positive and the Company now stands with assets, relationships and people that provide a great platform to deliver shareholder value by developing profitable mines and exciting exploration programs in Ethiopia and Saudi Arabia.

Over the previous two years, political changes in Ethiopia have caused some material delays and it is today pleasing to see a rapid and smooth transition to new national leadership over the past six months with widespread support in Ethiopia and what appears to be a progressive attitude to reform on various fronts. Throughout these recent political events the Company and its consortium for Tulu Kapi remained steadfast and took the opportunity to refine and improve project plans.

Economic estimates for 100% of Tulu Kapi at US$1,300/oz are for average net cash flow (after debt repayments and all other planned commitments) of US$32 million per annum from the open pit only. All-in Sustaining Costs remain c. US$800/oz and All-in Costs c. US$1,000/oz. Tulu Kapi's Ore Reserves of 1.0 million ounces and Mineral Resources of 1.7 million ounces have significant upside potential. The Net Present Valuations of project cash flows have been completed to DFS (Definitive Feasibility Study) level for the open pit (with supporting draft project contracting and independent technical reviews completed for the debt-financiers) and have been completed to PEA (Preliminary Economic Assessment) for the underground mine, the mineral resources of which remain open.

In both Ethiopia and Saudi Arabia, the Company has applied for regulatory permission for exploration concurrently with the development of Tulu Kapi.

The Company has achieved progress with a very small team around whom the full operating team is being built in conjunction with the project contractors, both of whom have over 20 years of mine building experience in Africa. The Company is also well supported by a number of specialist advisers who have been selected for their pre-eminence in start-ups of this nature. The finance plan remains subject to completion of all Government approvals and processes, due diligence and documentation – all of which is progressing well.

On the ground at Tulu Kapi today, the community is preparing to be moved and construction managers are preparing for commencement of initial works.

The Loan Facility

Pursuant to the Loan Facility with Sanderson Capital Partners Limited (the "Lender"), the Company has the right to borrow up to £4,000,000 from the Lender, which is split into the First Facility (the initial £2,000,000 working capital facility), the Second Facility (the optional additional working capital facility of £1,000,000) and the Third Facility (the optional additional working capital facility of £1,000,000).

Amounts drawn under the Loan Facility are not subject to any interest payments. The Company may draw down the loans under the Loan Facility for a period of 12 months. This can be extended by a further six months if agreed by the Company and the Lender.

The Company may draw down the First Facility in five instalments, of which the first four instalments shall be in an amount of £450,000 and the fifth instalment shall be in an amount of £200,000. Any drawdowns of the First Facility will be at least 30 days apart and subject to, inter alia, conditions precedent, such as the Company's shareholders having approved the share conversion aspects of the Loan Facility at the General Meeting and that there are no materially adverse economic and/or political conditions, events or circumstances existing in Ethiopia or elsewhere at the time of the requested drawdown which would impact the Company's prospects.

The Company may draw down the Second Facility in three instalments of which the first two instalments shall be in an amount of £450,000 and the third instalment shall be in an amount of £100,000. The Company may not draw down the first instalment of the Second Facility unless 15 days have passed since the previous date on which a drawdown was made. The Company may not draw down the second and third instalments of the Second Facility unless 30 days have passed following the previous date on which a drawdown was made.

The Company may with the agreement of the Lender draw down the Third Facility which shall be drawn down in one instalment. The Company may not draw down the Third Facility unless 30 days have passed following the previous date on which a drawdown was made.

The Company shall repay the Loans by a single repayment amount on the date falling 12 months from the date of the Loan Facility which can be extended by a further six months if agreed by the Company and the Lender. The Loans may be repaid early without penalty. It is intended that the Company will repay any drawn amounts outstanding under the Loan Facility upon closure of the full equity and then debt funding of the Project, expected from the second quarter of 2019.

The Lender has the right, at any time, to convert any amount outstanding under the Loan Facility into new ordinary shares of £0.017 each in the capital of the Company ("New Ordinary Shares") at 2p per New Ordinary Share (the "Conversion Price"). If the Company makes a repayment then the Lender will have an option to convert half of any repayment by the Company into New Ordinary Shares at the Conversion Price.

The Loan Facility is secured by the Company's shareholding in Kefi Minerals (Ethiopia) Limited.

Fees and expenses

The Company has agreed to pay the following First Facility fees:

a) a commitment fee of 7.5% of the First Facility (being £150,000);

b) a voluntary prepayment option fee of 2% of the Loan Facility (being £80,000); and

c) an option fee of 5% of the Second Facility and the Third Facility (being £100,000) for the right to utilise the Second Facility.

All of the above fees will be satisfied by the issue of New Ordinary Shares issued at 2p per New Ordinary Share (the "Issue Price"). In addition, the Company has agreed a drawdown fee equal to 5% of each drawdown amount under the First Facility which will be paid by the issue of New Ordinary Shares at the higher of the Issue Price or the preceding 5-day VWAP.

The Second Facility and the Third Facility provide additional flexibility for a further £1,000,000 under each facility, but the Company is under no obligation to exercise each option. The Lender and the Company must agree that the Third Facility be available for the Company to drawdown.

If the Company exercises the option to drawdown the Second Facility, it has agreed to pay the following Second Facility Fees:

a) a commitment fee of 7.5% of the Second Facility and the Third Facility (being £150,000) which will be paid by the issue of New Ordinary Shares at the Issue

Price;

b) an arrangement fee of 5% of the Second Facility and the Third Facility (being £100,000) at the exercise of the Second Facility which will be paid by the issue of New Ordinary Shares at the Issue Price; and

c) a drawdown fee equal to 5% of each drawdown amount under the Second Facility which will be paid by the issue of New Ordinary Shares at the higher of the Issue Price or the preceding 5-day VWAP.

If the Company and the Lender agree for the drawdown of the Third Facility, the Company has agreed to pay a drawdown fee equal to 5% of the drawdown amount which will be paid by the issue of New Ordinary Shares at the higher of the Issue Price or the preceding 5-day VWAP.

The Company shall pay the Lender an amount not exceeding £50,000 (or the equivalent of such amount by way of issue of New Ordinary Shares at the Issue Price by the Company) in respect of legal fees and due diligence fees reasonably incurred in connection with the execution of the Loan Facility.

New ordinary shares to be issued to service providers

As an additional part of the Company's working capital management, the Company has agreed to issue new ordinary shares, at no less than the Issue Price, to third-party service providers in relation to the provision of certain services with regards to the Project. As such, the Company is seeking additional shareholder authorities to enable it to issue such new ordinary shares as the Company deems appropriate in order to appropriately manage its working capital.

Capital Management

The Lender is a long-standing institutional shareholder who currently holds Existing Ordinary Shares amounting to approximately 1.11 % of the issued share capital of the Company. The Loan Facility and the proposed arrangements to be entered into with the service providers provide much-needed flexibility in managing the working capital of the Group whilst the development of the Project is triggered and TKGM sources the Development Project Financing Package.

Whilst the triggering of community resettlement and development activities in early 2019 are planned to be funded at the project level by TKGM share issues to local Ethiopian investors, these proposed working capital arrangements provide important capacity for the Group.

Entry into the Loan Facility is the first occasion that loan-funding has been used and the Company intends that the Loan Facility is fully repaid upon drawdown of the development project financing package.

The share issuance authorities being sought at the General Meeting are designed to provide the Company with appropriate flexibility and to provide sufficient headroom to satisfy the maximum potential drawdown and conversion of the Loan Facility, together with payments to third party service providers. It is the Directors intention to minimise the issue of further New Ordinary Shares as far as possible.

Notice of General Meeting

A notice convening a general meeting to be held at the Marlin, Lower Ground Floor, 111 Westminster Bridge Road, Waterloo, SE1 7HR, United Kingdom on 17 December 2018 at 11.00 a.m. will shortly be sent to shareholders.

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.

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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, Abdul Rahman Saad Al Rashid & Sons Company Limited ("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.