

11 November 2019

KEFI Minerals plc

("KEFI" or the "Company")

Issue of Equity for Repayment of Outstanding Loan Facility

KEFI (AIM: KEFI), the gold exploration and development company with projects in the Federal Democratic Republic of Ethiopia and the Kingdom of Saudi Arabia, has received notice from its existing working capital providers to convert the remaining outstanding amount of £657,500 under the Loan Note issued on 5 August 2019 into new KEFI ordinary shares of 0.1p each at a price 0.68 pence per share. Accordingly, KEFI has today allotted and issued 102,182,408 new KEFI ordinary shares of 0.1p each ("New Ordinary Shares") to the loan facility provider and this is the final repayment of all amounts outstanding under the Loan Facility. In total the Company has therefore drawn and repaid £2,000,000 under the Loan Facility of £2,250,000. The final £250,000 has today been arranged for delivery to KEFI in accordance with the terms of the Loan Facility, meaning any conversion of this £250,000 will be based off of future prevailing share prices.

Application has been made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM with admission ("Admission") expected to occur on or around 15 November 2019.

The focus for the Company in Ethiopia is now to close the prearranged project equity financing for the Company's Tulu Kapi Gold Project (the "Project") in light of the Ethiopian Government resolving its final administrative arrangements for the Project development, as announced on 7 November 2019. As previously disclosed, its asset level partners are to provide US\$58 million of equity in a staged investment into the Project, a proportion of which will subsequently be available at the KEFI Minerals plc level to fund Ethiopian-related corporate and exploration costs. Following clearance from the Government, the Project equity closing processes are now being dealt with and KEFI looks forward to updating the market upon completion. The planned Project equity and subsequent debt closings are intended to have the effect that:

- Project subsidiary Tulu Kapi Gold Mines Share Company ("TKGM") becomes self-reliant for its gold mine development programme during that two-year period; and
- Ethiopian exploration programmes will also have been funded for that period of construction.

The NPV of KEFI's planned 45% beneficial interest in the Project open pit ranges between:

- a "base case NPV" of £41 million (US\$52 million) at US\$1,300/oz at start of construction this year if it is assumed that KEFI has to parri passu fund the Project equity. If one takes into account that KEFI has already made most of its contribution to Project equity and that its partners will now provide the next Project equity injection, this "KEFI base case NPV" is more appropriately estimated at £57 million (US\$74 million) at US\$1,300/oz;
- a "current gold price NPV" of £100 million (US\$127 million) at US\$1,460/oz at start of production in 2021; and
- 5 (KEFI's base case) to 9 times (current gold price) the current market capitalisation of the Company of c.£11 million (US\$14 million) following the issuance of these new shares under the Loan Facility.

These NPV calculations based on the Tulu Kapi open pit, assume an 8% after tax discount rate applied to net cash flows after all debt service, taxes, operating and capital requirements. No account is taken of the potential of the Company's other assets, which are as follows:

- the Tulu Kapi underground deposit in which KEFI has identified the as yet untested exploration potential for tripling the current 330,000 ounce underground Mineral Resource to c. 1 million ounces. Average grades to date are within the range 5-6g/t;
- regional exploration assets in Ethiopia; and
- exploration assets in Saudi Arabia, where a drilling programme is currently underway and has thus far yielded encouraging results and the Company expects to provide further updates as results come to hand.

Total Voting Rights

Following Admission of the 102,182,408 New Ordinary Shares, the total issued share capital of the Company will consist of 973,097,567 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 973,097,567 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.