

17 December 2019

KEFI Minerals plc

("KEFI" or the "Company")

Shareholder Agreements Distributed to Ethiopian Partners for Closing in December 2019

Exploration Licence Applications for 1,200Km² Registered around Tulu Kapi

Ethiopian Government Commence Deployment of Subscription Proceeds

Placing to raise £1.9m and Issue of Shares in settlement of debt and accrued fees

All Convertible Facilities to be Repaid

Project Equity Subscriptions

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 that in relation to the Company's Tulu Kapi Gold Project (the "Project") all the updated relevant shareholder and subscription agreements were distributed to its Ethiopian partners during the week commencing 9 December 2019. These agreements are expected to be duly executed and returned by both the Ethiopian Government and ANS Mining Share Company ("ANS Mining") this month to allow their subscriptions for equity into the Project company, Tulu Kapi Gold Mines Share Company ("TKGM"). The Company is pleased to announce that some of these subscription proceeds have already been deployed by the Ethiopian Government in order to construct a new road of 11 km from the main highway to the Tulu Kapi Project site.

The terms of the Project equity subscription remain as previously stated and summarised in the Company's announcement on 25 November 2019. The Company expects the transfer of the first tranche of the ANS Mining funding of US\$9.5 million (Ethiopian Birr equivalent) to TKGM shortly after the return of the subscription agreements. These funds will enable the commencement of phase one of the community resettlement, debt implementation trigger and detailing the final procurement and contractual arrangements with the principal Project contractors in January 2020.

Stakeholder Meeting and Additional Acreage

An important Project stakeholder meeting took place in the Addis Ababa Oromia Regional Government offices on 11 December 2019. At that meeting, which included representatives of KEFI, ANS Mining and local interested parties, the Oromia Region Vice President Dr Girma Amente advised: *"We consider the Tulu Kapi Gold Mine as a top priority and also a model for the Oromia mining sector, with modern standards for social and environmental aspects and a true public-private partnership including maximum community participation in the Project."*

As further evidence of government support, following extensive regional work and consequential applications, KEFI is delighted to confirm that the Ethiopian Ministry of Mines has now registered the Company's application for regional exploration licences over an area of 1200 km², one of the first to be registered under the newly launched licencing system for the country. KEFI has always maintained the Tulu Kapi Project is not simply one deposit, but

part of a larger mining district. Following this award Ethiopian exploration will restart during 2020 and will be funded by a modest part of the Project equity subscriptions outlined above.

Placing

The Company is pleased to announce a firm placing to raise gross proceeds of £1,862,500, before expenses, through the placing (the "Placing") of 149,000,000 new KEFI ordinary shares of 0.1p each ("Placing Shares") at a price of 1.25 pence per share with both existing and new shareholders. The Placing has been co-ordinated through Brandon Hill Capital Limited ("Brandon Hill") as agent of the Company pursuant to the terms of a Placing Agreement and utilises the Company's existing share issuance authorities.

Subject to shareholder approval, parties participating in the Placing will also receive one share warrant ("Warrant") for every two Placing Shares. Each Warrant will entitle the holder to subscribe for one new KEFI ordinary share at a price of 2 pence per share and must be exercised by 30 April 2020 (following which unexercised Warrants will lapse and be cancelled).

Settlement of debt and accrued directors' fees

Also subject to shareholder approval, the Company is intending to issue a further 149,000,000 new KEFI ordinary shares of 0.1p each at a price of 1.25 pence per share as follows:

- 99,580,400 ordinary shares which the Company has agreed to issue to Project contractors and other third parties in settlement of outstanding invoices and debt of £1,244,755 (the "Settlement Shares"); and
- 49,419,600 ordinary shares representing an aggregate value of £617,745 which are intended to be granted to certain directors and management of the Company to satisfy accrued fees and salaries (the "Remuneration Shares").

Subject to shareholder approval parties receiving either Settlement Shares or Remuneration Shares will also receive one Warrant for every two Settlement Shares or Remuneration Shares. Each Warrant will entitle the holder to subscribe for one new KEFI ordinary share at a price of 2 pence per share and must be exercised by 30 April 2020 (following which unexercised Warrants will lapse and be cancelled).

The number of Remuneration Shares intended to be granted to each KEFI Director or manager and their resulting shareholdings are set out below:

| Name | Number of existing ordinary shares in KEFI | Percentage of existing issued share capital | Number of Remuneration Shares | Number of ordinary shares in KEFI on Second Admission | Percentage of total share capital enlarged by Placing Shares | Warrants to be granted |
|------------------------|--|---|-------------------------------|---|--|------------------------|
| H Anagnostaras-Adams | 14,169,785 | 1.42% | 11,811,527 | 25,981,312 | 2.26% | 5,905,763 |
| J Leach | 5,602,223 | 0.56% | 8,923,520 | 14,525,743 | 1.26% | 4,461,760 |
| Norman Arthur Ling | 295,486 | 0.03% | 2,000,000 | 2,295,486 | 0.20% | 1,000,000 |
| Mark Tyler | 0 | 0.00% | 2,000,000 | 2,000,000 | 0.17% | 1,000,000 |
| Richard Lewin Robinson | 0 | 0.00% | 1,000,000 | 1,000,000 | 0.09% | 500,000 |

| | | | | | | |
|---------------------------|------------|-------|------------|------------|-------|------------|
| Other employees and PDMRs | 39,393,480 | 3.94% | 23,684,553 | 63,078,033 | 5.49% | 11,842,276 |
|---------------------------|------------|-------|------------|------------|-------|------------|

A circular convening a general meeting to approve the issue of the Settlement Shares, Remuneration Shares and Warrants will be sent to shareholders shortly.

Following the Placing, all drawn funds under the Company's existing convertible financing arrangements will have been repaid. The Company confirms that following the issue of the Placing Shares the £3.5 million undrawn balance under these outstanding facilities will be cancelled. The proceeds of the Placing will also be used for the provision of working capital for the Company pending funds becoming available from Project equity subscriptions to TKGM and the payment of other amounts owing.

Harry Anagnostaras-Adams, Executive Chairman of KEFI Minerals, commented: "The Company is excited to report that it anticipates being in a position to commence Project development from January 2020. KEFI has established a powerful public-private partnership platform for the highly prospective Oromia Region, which now stands to benefit from modern industrial-scale mining for the first time".

"Documentation relating to the Project level subscriptions has been issued to our partners and I look forward to announcing both the return of these subscriptions and the subsequent funds flow in the near term. In the meantime I am pleased by the support shown by those investors participating in the Placing and those parties who have agreed to receive shares as remuneration for their services."

Further details of the Placing, settlement of debt and accrued fees and issue of Warrants

The Placing and issue of Settlement Shares, Remuneration Shares and Warrants will be undertaken as follows:

- The Placing shall consist of 149,000,000 new ordinary shares conditional, inter alia, on the admission of the Placing Shares to trading on AIM becoming effective ("First Admission"), which is expected to occur on or around 20 December 2019;
- The issue of the Settlement Shares and the Remuneration Shares ("Grant of Shares") shall consist of 149,000,000 new ordinary shares and requires shareholder approval at a General Meeting of the Company to be convened for 6 January 2020 (the "General Meeting"); and
- The Warrant issue will entitle the holder of Placing Shares, Settlement Shares and Remuneration Shares to one Warrant for every two Placing Shares subscribed or every two Settlement Shares or Remuneration Shares issued. Each Warrant entitles the holder to subscribe for one new ordinary share and is exercisable until 30 April 2020 at an exercise price of 2 pence per share. The issue of Warrants requires shareholder approval at the General Meeting.

The Grant of Shares and Warrant issue are 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 Settlement Shares and Remuneration Shares to trading on AIM becoming

effective on or before 8.00 a.m. on or around 7 January 2020 (or such later date as Brandon Hill may agree being not later than 30 January 2020) (the "Second Admission").

Shareholders are reminded that because the Grant of Shares 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 Grant of Shares will not proceed and all amounts otherwise being repaid by the Settlement Shares and the Remuneration Shares will remain due and payable by the Company.

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.

The Company has appointed Brandon Hill as its agent pursuant to the Placing Agreement. The Company has agreed to pay Brandon Hill certain commissions and fees (some of which will be satisfied through the grant of warrants over KEFI ordinary shares) in connection with its appointment.

Under the terms of the Placing Agreement, the Company has given certain customary warranties and indemnities to Brandon Hill in connection with the Placing and other matters relating to the Company and its affairs.

General Meeting

A circular convening the General Meeting to be held on 6 January 2020 to grant the board authority to allot the Settlement Shares and the Remuneration Shares on a non-pre-emptive basis and authority to allot the Warrants, will be sent to shareholders in due course and once published will be available to download from the Company's website at www.kefi-minerals.com.

Total Voting Rights

Application will be made to the London Stock Exchange for First Admission of the Placing Shares to trading on AIM ("Admission") and it is expected that Admission will become effective and that dealings in the Placing Shares will commence at 8.00 a.m. on 20 December 2019. Following First Admission of the Placing Shares, the total issued share capital of the Company will consist of 1,148,873,172 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 1,148,873,172 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 ("MAR") until the release of this announcement. In addition, market soundings (as defined in MAR) were taken in respect of the Placing with the result that certain persons became aware of inside information (as defined in MAR), as permitted by MAR. Due to the publication of this

announcement, those persons that received inside information in a market sounding are no longer in possession of such inside information relating to the Company and its securities.

Enquiries

KEFI Minerals plc

Harry Anagnostaras-Adams (Executive Chairman) +357 99457843
John Leach (Finance Director) +357 99208130

SP Angel Corporate Finance LLP (Nominated Adviser and Joint Broker) +44 (0) 20 3470 0470
Jeff Keating, Soltan Tagiev

Brandon Hill Capital Ltd (Joint Broker) +44 (0) 20 7936 5200
Oliver Stansfield, Jonathan Evans

IFC Advisory Ltd (Financial PR and IR) +44 (0) 20 3934 6630
Tim Metcalfe, Florence Chandler

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

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.