

KEFI Minerals plc
(“KEFI” or the “Company”)

Quarterly Operational Update

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia, is pleased to provide an operational update for the period from 1 January 2018 to 31 March 2018.

This quarterly operational update encompasses the activities of KEFI Minerals (Ethiopia) Ltd (“KME”) and Tulu Kapi Gold Mines Share Company Limited (“TKGM”) in Ethiopia and Gold & Minerals Ltd (“G&M”) in Saudi Arabia.

Ethiopian Government

- The new Prime Minister Dr. Abiy Ahmed was appointed on 2 April 2018 and is also Chairman of the ruling federal coalition party and of the party representing Oromia, in which Tulu Kapi is located. Dr Abiy Ahmed was formerly Vice President Oromia Regional Government.
- KEFI expects that the Government will maintain its determination for Ethiopia to remain within the world’s top 10 growth countries, where it has been ranked for a remarkable 15 years in a row. The Company also expects that the strong support for our project will now be further reinforced.
- Throughout the recent Government transition, KEFI and joint Government-KEFI company TKGM have been maintaining communications with the Ministries and Government agencies at federal, regional, zonal and local levels and we can now re-intensify the collaboration.

Financing

- Good progress continues with a full consortium having been assembled which is focused on raising all development funding at the project-level. We now plan a \$150 million bond issue for the debt side (compared to \$140 million previously) to include some extra cash reserves. This is in addition to c. \$40 million of project-level equity, which includes the Government’s \$20 million commitment. These figures exclude the already-invested project equity of \$60 million.
- The planned project consortium now includes the project contractors Lycopodium and Ausdrill, KEFI partner the Government of Ethiopia and, under Non-Disclosure Agreements, the Bond Arranger and one or more of the several potential project equity investors discussing terms.
- The proposed project financing structure has the following main elements:
 - KEFI Minerals plc to remain operating partner in:
 - G&M in Saudi Arabia alongside ARTAR, and
 - KEFI Ethiopia alongside a new shareholder in KEFI Ethiopia.
 - KEFI Ethiopia to remain majority shareholder of TKGM in which the

- Government is co-shareholder
- Both KEFI Ethiopia and G&M to trigger exploration programs later this year on a recently expanded land package targeting both gold and copper on “Tulu Kapi-style” gold mineralisation as well as large Volcanic Massive Sulphide systems (“VMS”). These exploration programs are to be launched when the new regulations pass in Saudi Arabia and when Tulu Kapi’s development has been triggered in Ethiopia.

Timetable for Tulu Kapi financing and development

- Various project “pre-works” are underway:
 - the Ethiopian Roads Authority (“ERA”) has widened and sealed the arterial road to within 12 km of Tulu Kapi as a prelude to upgrading the side roads to the project site as part of the Government’s project-equity earn-in. ERA has committed to complete the upgrade by late 2019 to support the project’s operational requirements. Construction does not need any new roads;
 - the Ethiopian Electric Power Company (“EEPCO”) has confirmed it is planning to install the power connection from the main transmission line by late 2019, to meet operational requirements; and
 - the Oromia Regional Government and TKGM have agreed the joint preparation of the new host lands for the community and await clearance to proceed under new Government teams.
- Various other pre-works have been completed and are planned to serve schedule-efficiency as from the end of the wet season in Ethiopia in June-September, when major works can commence.
- Subject to continuing satisfactory progress, project finance drawdown is targeted to match the commencement of major works. In the meantime, due diligence, documentation and formalities continue and appropriate updates will be provided.
- Project commissioning is expected to commence by the end of 2019.

Exploration

- An aggressive exploration program is scheduled to begin in H2-18 to tackle a recently expanded exploration land-package now approximating 3,000 sq km. This is the aggregate of our existing and applied-for position in Ethiopia (100%-owned) and Saudi Arabia (40%-owned). The commencement of the program relies on the Governments in both country’s formalising certain licences as scheduled.
- The targets comprise satellite gold deposits under or within trucking distance of Tulu Kapi along with a set of VMS copper and gold targets in Ethiopia (near Tulu Kapi) and in the Wadi Bida Mineral Belt (“WBMB”) along strike of Hawiah.
- One area applied for contains significant historic drill intercepts such as 19m at 9.21 g/t Au and 21.8m at 6.1 g/t Au, trench results of 28.3m at 8.7 g/t Au. Based on KEFI’s database, Saudi Arabia’s WBMB contains many large gossans with recorded mineralisation along with evidence of base metals at depth and has a surface expression twice the size of the Bisha Belt in Eritrea.
- It is notable that, notwithstanding that few international explorer-developers have yet to enter the Arabian Nubian Shield (“ANS”), the ANS region has more than doubled its gold production in the last 5 years from c. 50 tonnes of gold in 2013 to more than 100

tonnes in 2017.

- The goals for KEFI's exploration program are:
 - to support and expand Tulu Kapi production from the initial 140,000 oz pa;
 - to justify and support the start-up of Jibal Qutman in Saudi Arabia, to generate cash flow for self-funding a large exploration program; and
 - to capitalise on the Company's pole position in the fast-expanding minerals sector of the ANS in both gold and copper

Financial Models and Projections

- The financial models in the data rooms are consistent with recent Company guidance, with the Base Case (assuming \$1,300/oz) indicating a payback of approximately 3 years, an EBITDA of over \$77M pa and a post-debt NPV of \$109M at construction start and \$179M at production start (100% of project at a discount rate of 8% after tax). The proposed project finance has a tenure of 9 years.
- Projected Production Costs are \$712/oz, All-in Sustaining Costs \$803/oz and Total Costs Including Depreciation and Amortisation \$984/oz.
- The upside leverage is indicated by 10% increase in gold price from the Base Case of \$1,300/oz increasing NPV by 51%.

Investor Event & Webinar

- The Company will host a live webinar at 4pm BST on Wednesday 11 April 2018 which can be accessed via: www.brrmedia.co.uk
- Listeners are encouraged to submit questions by emailing: questions@brrmedia.co.uk. The webinar will subsequently be available on the Company's website at <http://www.kefi-minerals.com/news/webcasts>.

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

NOTES TO EDITOR

KEFI Minerals plc

KEFI is the operator of two advanced gold development projects within the highly prospective Arabian-Nubian Shield, with an attributable 1.93Moz (100% of Tulu Kapi's 1.72Moz and 40% of Jibal Qutman's 0.73Moz) gold Mineral Resources (JORC 2012) plus significant resource growth potential. KEFI targets that production at these projects generates cash flows for further exploration and expansion as warranted, recoupment of development costs and, when appropriate, dividends to shareholders.

KEFI Minerals in Ethiopia

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 1,100 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.

To date, G&M has conducted preliminary regional reconnaissance and has had five exploration licences ("ELs") granted, including Jibal Qutman and the Hawiah EL that contains over 6km strike

length of outcropping gossans developed on altered and mineralised rocks with all the hallmarks of a copper-gold-zinc VHMS deposit.

At Jibal Qutman, Mineral Resources are estimated to total 28.4Mt at 0.80g/t gold for 733,045 contained ounces. The shallow oxide portion of this resource is being evaluated as a low capital expenditure heap-leach mine development.

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.