

**1 July 2020**

**KEFI Minerals plc**  
**("KEFI" or the "Company")**

**Tulu Kapi Gold Project Funding Update**

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and the Democratic Republic of Ethiopia, is pleased to provide an update on the progress with securing development financing for the Company's Tulu Kapi Gold Project (the "Project" or "Tulu Kapi") in Ethiopia and the Company's Project subsidiary, Tulu Kapi Gold Mines Share Company ("TKGM").

TKGM remains focused on the preparations and subsequent completion of the outlined finance milestones to ensure the closing of full Project funding in October 2020 and for gold production to commence in 2022, in line with recent guidance.

This update focuses on TKGM's proposed finance sources, which are summarised below:

- As reported on 19 June 2020:
  - all capital expenditure, operating and financing requirements have recently been updated and incorporated into the final 2020 Tulu Kapi Plan, which shows total Project funding requirements of US\$221 million (compared with US\$242 reported in the 2018 Annual Report); and that
  - planned funding sources will be approximately half as senior debt (US\$110 million) and half as project level equity, which for these purposes includes any subordinated debt and offtake facilities (US\$111 million).
  
- Now that the 2020 Tulu Kapi Plan is completed, TKGM will proceed to finalise, with its shareholders and senior secured lenders, the specifics of remaining funding sources.
- It remains that Project level equity, through TKGM, is expected to be funded by a consortium consisting of KEFI, the Ethiopian Government, Ethiopian private sector investors (hopefully including, but no longer limited to, ANS Mining Share Company ("ANS Mining")) and one or more specialist mining financiers that provide financing facilities under subordinated debt. Such facilities may comprise the long-planned working capital and stockpile facilities and associated forward sale, offtake, streaming, royalty or similar arrangements ("Specialist Mining Financiers").
- ANS Mining continues to affirm a strong interest in making an investment in TKGM and we welcome this. However, ANS Mining has not met the published deadline of 30 June 2020 for making its initial investment. Consequently, TKGM has now served notice that it may replace ANS Mining either in part or in full with other Ethiopian and non-Ethiopian investors, including the potential for an expanded role for the Specialist Mining Financiers.
- TKGM is already in discussions with a range of Ethiopian investors and a number of international Specialist Mining Financiers, introduced by its shareholders KEFI and the Ethiopian Government, to ensure the required Project equity is secured well in advance of the closure of the full financing package in October 2020.
- Following the passing of the 30 June 2020 deadline, KEFI is now in a position to look to draw these discussions to a conclusion.

- As a new development, based on discussions and proposals received to date from Specialist Mining Financiers and Ethiopian investors, TKGM is now also seeking to potentially reduce the number of shares it issues to any third party by increasing the amount of funds raised by TKGM from the Specialist Mining Financiers in other acceptable forms, and by doing so increasing existing shareholders' ultimate beneficial interest in TKGM. If successful, this would have the effect of increasing KEFI's beneficial interest in TKGM above the planned base case level of 45%.

**Harry Anagnostaras-Adams, Executive Chairman of KEFI, commented:** "KEFI has continued to work hard over recent months to support the efforts of all our 'consortium partners' and avoid risk and delay to the outlined timetable in these unprecedented times.

"However, whilst we continue to welcome ANS Mining and offer them the opportunity to invest, this can no longer be on an exclusive basis. The Project must and will keep moving forward given that the other shareholders of TKGM are already actively deploying funds and because of its prominence and importance in the burgeoning Ethiopian mining sector.

"Given the robust economics of the Project we have received significant interest to provide the outstanding asset level equity and other forms of duly subordinated investment, not only from other domestic investors, but also from international specialist mining financiers. Now the deadline of 30 June 2020 has passed we will look to draw these discussions to conclusion ahead of full financial close in October this year.

"We are particularly fortunate that the gold sector is in robust health and this potential change in the Project consortium has now opened up new financing opportunities which may potentially improve our ultimate beneficial interest in the Project.

"We will not allow any distractions from achieving our target to close project financing in October this year and I look forward to updating shareholders in the current quarter."

#### **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 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 Gold & Minerals Limited ("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 37.5% interest in G&M and is the operating partner.

ARTAR, on behalf of G&M, holds over 16 Exploration Licence (EL) applications pending the introduction of the new Mining Law. 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.