27 September 2017

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

INTERIM RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2017

KEFI Minerals (AIM: KEFI), the gold exploration and development company with projects in the Kingdom of Saudi Arabia and Democratic Republic of Ethiopia, is pleased to announce its unaudited interim results for the half-year ended 30 June 2017 and provide an update on development funding.

The statement below encompasses the activities of the Company's subsidiary, KEFI Minerals (Ethiopia) Limited ("KME"), in Ethiopia and its joint venture, Gold & Minerals Limited ("G&M"), in the Kingdom of Saudi Arabia.

Tulu Kapi Gold project, Ethiopia

- In the first six months of the year, the Tulu Kapi Gold Project in Ethiopia (the "Project") remained the primary focus of KEFI's activities and we progress towards triggering development this year and open-pit production in late 2019.

- We continued to work with our syndicate partners - the principal financier Oryx Management Limited ("Oryx"), the Government of Ethiopia, Mining contractor Ausdrill and plant construction contractor Lycopodium, targeting a "hot start" to construction as soon as funding is in place.

- Post the period end, the Company announced the signing of a mandate letter and heads of terms for US$135 million of project funding with Oryx to finance and operate all the on-site infrastructure at the Project. This finance plan de-risks the Project further with a proposal that provides a 9-year tenor for repayment from drawdown, including a 30-month grace period for construction and start-up.

- KEFI and the Government of Ethiopia have launched a new company to hold the Project, Tulu Kapi Gold Mines Share Company Limited ("TKGM").

    - Based on current estimates of capital spending and contributions, respective shareholdings will be 75-80% KEFI and 20-25% Government.
    - The Board of TKGM includes two representatives from the Government and four from KEFI. Of the KEFI appointees Harry Anagnostaras-Adams (KEFI Executive Chairman) has been appointed Chairman and Wayne Nicoletto (KEFI Chief Operating Officer) has been appointed Managing Director.

- Each of our syndicate partners will contribute funding, supply equipment and also play a hands-on role in construction or (parts of) the operations. KEFI, through TKGM will retain overall project management and control. As a result of the Oryx proposal the Project's remaining funding requirement for triggering construction has now been successfully reduced from the c.US$289 million it stood at upon KEFI assuming control in 2014 to a residual balance likely to be under the most recently published estimate of US$24 million, based on ongoing refinements to planned capital expenditure and contingency provisions. Several proposals are being considered.

- The Company was also pleased to see the Government of the Federal Democratic Republic of Ethiopia lifting of the state of emergency implemented, following a vote in the country's parliament at the beginning of August.

- TKGM is now implementing the agreed project plan, including:

    - Transferring the Project mining licence (the minerals rights and the overarching permit to develop and operate) from KME to TKGM.
    - Ancillary licenses from local and regional authorities for the detailed Project construction activities such as road widening, power connections and waste management.
    - Resolving with local authorities the resettlement site infrastructure.
    - Calculating the final compensation payable for displaced landholders in light of the now completed updates of property surveys and the collected independent data for landholders' product yield and market prices.

Gold & Minerals Ltd Joint Venture, Saudi Arabia

- In Saudi Arabia, the initial priority for the Company's G&M Joint Venture continues to be to develop an open-pit, heap-leach ("HL") gold operation, using a staged development approach predicated on a low-capex start-up to be expanded in modular stages as additional mineralisation is delineated.

- The potential cash flow from HL oxide gold production is an opportunity to fund:

    - construction of a carbon-in-leach ("CIL") plant to process the deeper sulphide ore profitably; and
    - exploration in Saudi Arabia to create a strong Saudi mining company for the long term.

- Meetings with regulators in March 2017 resulted in the Mining Licence Application for the Jibal Qutman HL gold development being lodged with the Saudi Government.

- At Hawiah, G&M identified a significant target for precious and base metals based on the surface-sampling of a six-kilometre long gossan (oxidised mineralisation exposed on the surface) and the results of the geophysical surveys of the ground beneath the gossan.

- KEFI's Saudi venture remains a strategic long-term priority and the Company is confident of having established an early-entrant position in what will emerge as a world-class minerals province. G&M continues to await the new Saudi mining industry regulations and policies that are expected to be published soon.

Corporate

- Post the period end, all VAT refunds from Ethiopian authorities have now been received (equivalent to c. £2.5 million).

- During the period KEFI consolidated 17 Existing Ordinary Shares into 1 New Ordinary Share. The Shareholders still hold the same proportion of the Company's ordinary share capital as before the Consolidation. Other than a change in nominal value, consolidated New Ordinary Shares will carry equivalent rights under the Articles of Association to the previous Ordinary Shares.

- In March 2017, the Company raised £5.62 million (before expenses):

    - a placing of 10,695,182 to both existing and new shareholders at 5.61p to raise £0.6 million (before expenses).

- a subscription by certain Directors, employees and a supplier of the Company for 7,130,118 Company Subscription Shares at 5.61p to raise £0.4 million (before expenses); and
- a subscription of 82,352,941 Lanstead Subscription Shares by Lanstead at the issue price of 5.61p to raise £4.62 million (before expenses) (the "Lanstead Subscription"). Of the gross proceeds of the Lanstead Subscription, £0.7 million (being 15%) was retained by the Company and the balance of £3.9 million was pledged by the Company pursuant to the Sharing Agreement (the "Sharing Agreement").
- The Sharing Agreement entitles the Company to receive back the outstanding proceeds on a pro rata monthly basis over a period of 18 months, subject to adjustment upwards or downwards each month depending on the Company's share price at the time. It is the Company's intention to use the total proceeds from the Subscriptions and the Sharing Agreement in the Company's continuing operations, including for general working capital requirements. The embedded derivative is revalued at the reporting date based on the share price prevailing at that date and any change in fair value is recognised in the statement of comprehensive income.

- Cash balance of £1.6 million at 30 June 2017 (FY 2016: £0.4 million).

Commenting KEFI's Executive Chairman, Harry Anagnostaras-Adams, said:

"The first six months of 2017 and subsequently has been a transformational period for KEFI. We have made significant progress at Tulu Kapi, agreeing with our partners both the execution plan to close the required financing and the Project works schedule.

"The rest of 2017 is expected to be equally busy as we work to close the Project financing and move towards development. We look forward to providing updates as further progress is made."

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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Further information can be viewed on KEFI's website at www.kefi-minerals.com

Condensed interim consolidated statements of comprehensive income

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Notes	**Six months ended 30 June 2017**	Six months ended 30 June 2016
Revenue		**-**	-
Exploration expenses		**(77)**	(38)
Gross loss		**(77)**	(38)
Administration expenses		**(1,288)**	(861)
Share-based payments		**(113)**	(208)
Share of loss from jointly controlled entity		**(107)**	(635)
Change in value of financial assets at fair value through profit and loss		**(1,750)**	-
Operating loss		**(3,335)**	(1,742)
Foreign exchange /(loss)		**(37)**	(42)
Finance expense		**(192)**	(91)
Loss before tax		**(3,564)**	(1,875)
Tax		**-**	-
Loss for the period		**(3,564)**	(1,875)
Loss for the period		**(3,564)**	(1,875)
Other comprehensive loss:			
Exchange differences on translating foreign operations		**(103)**	415
Total comprehensive loss for the period		**(3,667)**	(1,460)
Basic and fully diluted loss per share (pence)	4	**(1.19)**	(1.11)

The notes are an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statements of financial position

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Notes	Unaudited 30 June 2017	Audited 31 Dec 2016
ASSETS			
Non-current assets			
Property, plant and equipment	5	**43**	61
Intangible assets	6	**15,031**	13,992
Derivative financial asset at fair value through profit or loss	7	**468**	-
		15,542	14,053
Current assets			
Other financial investment		**87**	95
Derivative financial asset at fair value through profit or loss	7	**1,404**	-
Trade and other receivables	8	**928**	3,056
Cash and cash equivalents		**1,637**	410
		4,056	3,561
Total assets		**19,598**	17,614
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	9	**5,656**	3,883
Deferred Shares	9	**12,436**	12,436
Share premium	9	**19,459**	16,279
Share options reserve	10	**1,521**	1,474
Foreign exchange reserve		**67**	170
Accumulated losses		**(21,651)**	(18,695)
Total equity		**17,488**	15,547
Current liabilities			
Trade and other payables	11	**2,110**	2,067
		2,110	2,067
Total liabilities		**2,110**	2,067
Total equity and liabilities		**19,598**	17,614

The notes are an integral part of these condensed interim consolidated financial statements.

On 26 September 2017, the Board of Directors of KEFI Minerals Plc authorised these interim financial statements for issue.

John Leach

Finance Director

Condensed interim consolidated statement of changes in equity

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Attributable to the owners of the Company						
	Share capital	Deferred shares	Share premium	Share options reserve	Foreign exchange reserve	Accumulated losses	Total
At 1 January 2016	2,623	12,436	12,347	1,212	(30)	(17,645)	10,943
Loss for the year	-	-	-	-	-	(1,233)	(1,233)
Other comprehensive income	-	-	-	-	200	-	200
Total Comprehensive Income	-	-	-	-	200	(1,233)	(1,033)
Recognition of share based payments	-	-	-	445	-	-	445
Cancellation of options	-	-	-	(183)	-	183	-
Issue of share capital	1,260	-	4,296	-	-	-	5,556
Share issue costs	-	-	(364)	-	-	-	(364)
At 31 December 2016	3,883	12,436	16,279	1,474	170	(18,695)	15,547
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(3,564)**	**(3,564)**
Other comprehensive income	**-**	**-**	**-**	**-**	**(103)**	**-**	**(103)**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**(103)**	**(3,564)**	**(3,667)**
Transfer realised loss of derivative financial asset (Note 7)	**-**	**-**	**(542)**	**-**	**-**	**542**	**-**
Recognition of share based payments	**-**	**-**	**-**	**113**	**-**	**-**	**113**
Cancellation&Expiry of options/warrants	**-**	**-**	**-**	**(66)**	**-**	**66**	**-**
Issue of share capital	**1,773**	**-**	**4,078**	**-**	**-**	**-**	**5,851**
Share issue costs	**-**	**-**	**(356)**	**-**	**-**	**-**	**(356)**
At 30 June 2017	**5,656**	**12,436**	**19,459**	**1,521**	**67**	**(21,651)**	**17,488**

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	**Description and purpose**
Share capital	amount subscribed for share capital at nominal value
Deferred shares	on 16 June 2015, under the restructuring of share capital, ordinary shares of 1p each in the capital of the Company were sub-divided into one new ordinary share of 0.1p and one deferred share of 0.9p
Share premium	amount subscribed for share capital in excess of nominal value, net of issue costs. Includes Lanstead sharing agreement share price movements.
Share options reserve	reserve for share options granted but not exercised or lapsed
Foreign exchange reserve	cumulative foreign exchange net gains and losses recognized on consolidation
Accumulated losses	cumulative net gains and losses recognized in the statement of comprehensive income, excluding foreign exchange gains within other comprehensive income

The notes are an integral part of these condensed interim consolidated financial statements.

Condensed interim consolidated statements of cash flows
(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Six months ended to 30 June 2017	Six months ended to 30 June 2016
Cash flows from operating activities		
Loss before tax	**(3,564)**	(1,875)
Adjustments for:		
Share-based benefits	**113**	208
Share of loss in joint venture	**107**	635
Gain on disposal of plant and equipment	**-**	(23)
Depreciation	**19**	25
Interest expense	**75**	91
Realised Loss on derivative financial asset	**1,750**	-
Foreign exchange losses on financing activities	**37**	42
Foreign exchange gains on operating activities	**(116)**	21
Cash outflows from operating activities before working capital changes	**(1,579)**	(876)
Interest paid	**(75)**	(91)
Changes in working capital:		
Trade and other receivables	**2,128**	206
Trade and other payables	**43**	(85)
Net cash used in operating activities	**517**	(846)
Cash flows from investing activities		
Purchases of plant and equipment	**(1)**	(28)
Deferred exploration costs	**(551)**	(428)
Project evaluation costs	**(488)**	(489)
Advances to joint venture	**(123)**	(255)
Net cash used in investing activities	**(1,163)**	(1,200)
Cash flows from financing activities		
Proceeds from issue of share capital	**2,229**	1,748
Listing and issue costs	**(356)**	(116)
Net cash from financing activities	**1,873**	1,632
Net increase/(decrease)in cash and cash equivalents	**1,227**	(414)
Cash and cash equivalents:		
At beginning of period	**410**	562
At end of period	**1,637**	148

The notes are an integral part of these condensed interim consolidated financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company was incorporated in United Kingdom as a public limited company on 24 October 2006. Its registered office is at 27/28 Eastcastle Street, London W1W 8DH.

Principal activities

The principal activities of the Group for the period are:

- To explore for mineral deposits of precious and base metals and other minerals that appear capable of commercial exploitation, including topographical, geological, geochemical and geophysical studies and exploratory drilling.
- To evaluate mineral deposits determining the technical feasibility and commercial viability of development, including the determination of the volume and grade of the deposit, examination of extraction methods, infrastructure requirements and market and finance studies.
- To develop, operate mineral deposits and market the metals produced.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below. These policies have been applied consistently throughout the period presented in these condensed interim consolidated financial statements unless otherwise stated.

Basis of preparation and consolidation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (IFRS) including International Accounting Standard 34 “Interim Financial Reporting” and using the historical cost convention.

These condensed interim consolidated financial statements (‘the statements”) are unaudited and include the financial statements of the Company and its subsidiary undertakings. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of the Company and the Group for the year ended 31 December 2016. These statements do not include all of the disclosures required for annual financial statements, and accordingly, should be read in conjunction with the financial statements and other information set out in the Company’s 31 December 2016 Annual Report. The accounting policies are unchanged from those disclosed in the annual consolidated financial statements.

Going concern

The Directors have formed a judgment at the time of approving the condensed interim consolidated financial statements that there is a reasonable expectation that the Company and Group has adequate resources to continue in operational existence for the foreseeable future. The financial statements have been prepared on a going concern basis, the validity of which depends principally on securing funding to develop the Tulu Kapi mine project as an economically viable mineral deposit, and the availability of subsequent funding to extract the resource or alternatively the availability of funding to extend the Company’s and Group’s exploration activities. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company’s and Group’s ability to continue as a going concern. The financial statements do not include any adjustment that would result if the Company and Group were unable to continue as a going concern.

2. Summary of significant accounting policies (continued)

Use and revision of accounting estimates

The preparation of the condensed interim consolidated financial statements requires the making of estimations and assumptions that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Financial Assets

Fair value through profit or loss

This category comprises only Lanstead derivative (note 7) which is carried in the statement of financial position at fair value with changes in fair value recognised in profit or loss. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Fair value measurement hierarchy

The Group classifies its financial assets and financial liabilities measured at fair value using a fair value hierarchy that reflects the significance of the inputs used in making the fair value measurement (note 7).

The fair value hierarchy has the following levels: a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1); b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); c) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3). The level in the fair value hierarchy within the financial asset or financial liability is determined on the basis of the lowest level input that is significant to the fair value measurement.

Adoption of new and revised International Financial Reporting Standards (IFRSs)

The Group has adopted all the new and revised IFRSs and International Accounting Standards (IAS) which are relevant to its operations and are effective for accounting periods commencing on 1 January 2017. The adoption of these Standards did not have a material effect on the condensed interim consolidated financial statements.

At the date of authorisation of these condensed interim consolidated financial statements some Standards were in issue but not yet effective. The Board of Directors expects that the adoption of these Standards in future periods will not have a material effect on the consolidated financial statements of the Group.

Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are unchanged from those disclosed in the annual consolidated financial statements.

Valuation of derivative financial asset

The Company and Lanstead Capital L.P. have entered into an equity sharing agreement in respect of the share placings as detailed in note 7 for which consideration will be received on a monthly basis over 18 months period. The amount to be received each month is dependent on the Company's share price at the end of each month. The Directors have made assumptions in their financial statements about the quantum of the funds receivable at the yearend however there is significant uncertainty underlying these assumptions due to the unpredictable nature of the share prices.

3. Operating segments

The Group has only one distinct operating segment, being that of mineral exploration. The Group's exploration activities are located in Ethiopia, Saudi Arabia through the jointly controlled entity and its administration and management is based in Cyprus.

Six months ended 30 June 2017	Cyprus	Ethiopia	Total
Operating loss	**(3,207)**	**(21)**	**(3,228)**
Interest paid	**(75)**	**-**	**(75)**
Other finance costs	**(117)**	**-**	**(117)**
Foreign exchange (loss)/gain	**(37)**	**-**	**(37)**
Loss before tax	**(3,436)**	**(21)**	**(3,457)**
Share of loss from jointly controlled entities Saudi Arabia			**(107)**
Tax			**-**
Loss for the period			**(3,564)**
Total assets	**6,424**	**13,101**	**19,525**
Total liabilities	**(2,011)**	**(99)**	**(2,110)**
Depreciation of property, plant and equipment		**(19)**	**(19)**

Six months ended 30 June 2016	Cyprus	Ethiopia	Total
Operating loss	(1,095)	(12)	(1,107)
Interest paid	(91)	-	(91)
Foreign exchange (loss)/gain	(42)	-	(42)
Loss before tax	(1,228)	(12)	(1,240)
Share of loss from jointly controlled entities Saudi Arabia			(635)
Tax			-
Loss for the period			(1,875)
Total assets	1,684	11,555	13,239
Total liabilities	(1,387)	(529)	(1,916)
Depreciation of property, plant and equipment		(25)	(25)

4. Loss per share

The calculation of the basic and fully diluted loss per share attributable to the ordinary equity holders of the parent is based on the following data:

	Six months ended 30 June 2017	Six months ended 30 June 2016
Net loss attributable to equity shareholders	**(3,564)**	(1,875)
Average number of ordinary shares for the purposes of basic loss per share (000's)	**297,938**	168,901*
Basic and fully diluted loss per share (pence)	**(1.19)**	(1.11)

The effect of share options and warrants on the loss per share is anti-dilutive.

*Adjusted for the 17:1 share consolidation which took place in March 2017.

5. Property, plant and equipment

Cost	Motor vehicles	Plant and equipment	Furniture, fixtures and office equipment	Total
At 1 January 2016	43	135	59	237
Additions	28	-	-	28
At 30 June 2016	71	135	59	265
Additions	4	-	3	7
At 31 December 2016 / 1 January 2017	**75**	**135**	**62**	**272**
Additions	**-**	**-**	**1**	**1**
At 30 June 2017	**75**	**135**	**63**	**273**
Accumulated Depreciation				
At 1 January 2016	27	70	59	156
Charge for the period	-	25	-	25
At 30 June 2016	27	95	59	181
Charge for the period	6	21	3	30
At 31 December 2016 / 1 January 2017	**33**	**116**	**62**	**211**
Charge for the period	**3**	**16**	**-**	**19**
At 30 June 2017	**36**	**132**	**62**	**230**
Net Book Value at 30 June 2017	**39**	**3**	**1**	**43**
Net Book Value at 31 December 2016	42	19	-	61

6. Intangible assets

	Project evaluation costs	Deferred exploration costs	Total
Cost			
At 1 January 2016	2,715	9,130	11,845
Additions	489	428	917
At 30 June 2016	3,204	9,558	12,762
Additions	735	761	1,496
At 31 December 2016	**3,939**	**10,319**	**14,258**
Additions	**488**	**551**	**1,039**
At 30 June 2017	**4,427**	**10,870**	**15,297**

	Project evaluation costs	Deferred exploration costs	Total
Accumulated Impairment			
At 1 January 2016	-	-	-
Impairment charge for the period	-	-	-
At 30 June 2016	**-**	**-**	**-**
Impairment charge for the period	**-**	266	266
At 31 December 2016	**-**	**266**	**266**
Impairment charge for the period			
At 30 June 2017			
Net Book Value at 31 December 2016	3,939	10,053	13,992
Net Book Value at 30 June 2017	**4,427**	**10,604**	**15,031**

Management performed an impairment review for the above intangible assets at 30 June 2017, which relate to development work at the Tulu Kapi license area, and assessing its economic feasibility. The deemed net present value of the Tulu Kapi asset significantly exceeded the book value at 30 June 2017.

The impairment review compared the recoverable amount of assets to the carrying value. The recoverable amount of an asset is assessed by reference to the higher of value in use ("VIU"), being the net present value ("NPV") of future cash flows expected to be generated by the assets, and fair value less costs to dispose ("FVLCD"). The FVLCD is based on an estimate of the amount that the company may obtain in a sale transaction on an arms-length basis.

7. Derivative financial asset at fair value through profit and loss

In March 2017, as part of a subscription to raise, in aggregate, £5.62m (before expenses) from certain new shareholders, the Company issued 82,352,941 new ordinary shares of 1p each in the capital of the Company ("Ordinary Shares") at a price of 5.61p per share to Lanstead Capital L.P. ("Lanstead") for £4,620,000 (before expenses). The amount of £693,000 of the proceeds of the Lanstead Subscription (being 15% of the Lanstead Subscription amount) was retained by the Company and £3,927,000 (85%) was pledged to Lanstead under the sharing agreement. The Sharing Agreement enables the Company to share in any share price appreciation over the Benchmark Price, being 7.48 pence per New Ordinary Share (the "Benchmark Price"). The equity sharing agreement is for a 18 month period. All 82,352,941 Ordinary Shares were allotted with full rights on the date of the transaction.

Accordingly, pursuant to the above arrangements, of the aggregate subscription proceeds of £4.62m received from Lanstead, £3.927m (85 per cent.) was pledged by the Company in the equity sharing agreement with the remaining £0.69m (15 per cent.) immediately available for general working capital purposes.

7. Derivative financial asset at fair value through profit and loss (Continued)

To the extent that the Company's volume weighted average share price is greater or lower than the Benchmark Price at each settlement, the Company will receive greater or lower consideration calculated on a pro-rata basis i.e. volume weighted average share price / Benchmark Price multiplied by the monthly transfer amount. As the amount of the effective consideration receivable by the Company from Lanstead under the sharing agreement will vary subject to the movement in the Company's share price and will be settled in the future, the receivable is treated for accounting purposes as a derivative financial asset and has been designated at fair value through profit or loss.

The difference between the cash consideration received and the share placement price of 5.61p per share is transferred from fair value through profit or loss to share premium account. During the current period an amount of £542,150 was recorded in share premium.

The Company also issued, in aggregate, a further 4,117,647 Ordinary Shares to Lanstead as a value payment in connection with the equity sharing agreement.

The fair value of the derivative financial assets as at 30 June 2017 has been determined by reference to the Company's share price in line with the sharing agreement at that time and has been estimated as follows:

	Share price	Notional number of shares Share price outstanding	Fair value
Value recognised on inception (notional)	0.0561	86,470,588	4,851,000
Transaction Cost "Value Payment Shares"	0.0561	(4,117,647)	(231,000)
		82,352,941	4,620,000
Gross proceeds of the Lanstead Subscription, (being 15%)		(20,588,235)	(693,000)
Equity sharing agreement		61,764,706	3,927,000
Consideration received to 30 June 2017	0.0427	(6,862,746)	(304,850)
Difference between placement price of 5.61p and actual consideration is processed via share premium			(542,150)
Realised Loss on derivative financial asset during the period ending 30 June 2017			(1,208,008)
		54,901,960	**1,871,992**
Receivable within the next 12 months			**1,403,994**
Receivable after 12 months			**467,998**

8. Trade and other receivables

	30 June 2017	31 Dec 2016
Other receivables	**64**	38
Placing funds	**-**	198
Amount receivable from Saudi Arabia Joint Venture (Note 13.3)	**-**	6
VAT	**859**	2,809
Deposits and prepayments	**5**	5
	928	3,056

9. Share capital

	Number of shares* 000's	Share capital	Deferred shares	Share premium	Total
Issued and fully paid					
At 1 January 2017	**3.882,921**	**3,883**	**12,436**	**16,279**	**32,598**
1 March 2017 Shareholders received one new ordinary share for every 17 existing ordinary shares					
At 1 March 2017	**228,407**	**3,883**	**12,436**	**16,279**	**32,598**
Issued					
Share Equity Placement	17,825	303		697	1,000
Lanstead Share Equity	82,353	1,400		3,220	4,620
Lanstead Value Payment Shares	4,118	70		161	231
Share issue costs	-	-	-	(356)	(356)
Transfer realised loss of derivative financial asset				(542)	(542)
At 30 June 2017	**332,703**	**5,656**	**12,436**	**19,459**	**37,551**

Issued capital

Consolidation of ordinary shares

Following the Company's General Meeting on 1 March 2017, at the close of business on 1 March 2017 shareholders received one Ordinary Share of nominal value 1.7 pence each for every 17 Existing ordinary Shares of nominal value 0.1 pence each.

2017

On 2 March 2017, 104,295,888 shares of 1.7p were issued at a price of 5.61p per share. On issue of the shares, an amount of GBP4,077,969 was credited to the Company's share premium reserve.

The Company issued a total of 17,825,300 shares to investors for a total consideration of GBP 1,000,000.

Company issued 82,352,941 Shares to Lanstead Capital L.P. ('Lanstead'), for an aggregate consideration of GBP 4.620,000. In addition, the Company has entered into Equity Sharing Agreements with Lanstead which allow the Company to retain much of the economic interest in the Lanstead Subscription Shares. The Equity Sharing Agreements enable the Company to secure much of the potential upside and downside risk arising from anticipated near term news flow. Further details available in note 7.

The Company also agreed to make a value payment to Lanstead of 4,117,647 Ordinary Shares.

Restructuring of share capital into deferred shares

On 16 June 2015 the Company issued ordinary shares of 1p each in the capital of the Company which were sub-divided into one new ordinary share of 0.1p and one deferred share of 0.9p. The Deferred Shares have no value or voting rights. After the share capital reorganisation there were the same number of New Ordinary Shares in issue as there are existing Ordinary Shares. The New Ordinary Shares have the same rights as those currently accruing to the existing Ordinary Shares in issue under the Company's articles of association, including those relating to voting and entitlement to dividends.

9. Share capital (Continued)

Details of warrants outstanding as at 30 June 2017:

Grant date	Expiry date	Exercise price	Number of warrants* 000's
4 July 2013	3 July 2018	35.7p	77
16 October 2013	15 October 2018	38.25p	65
2 December 2014	1 December 2017	17p	235
16 December 2014	15 December 2017	17p	324
18 March 2015	17 March 2018	17p	235
14 May 2015	13 May 2018	17p	99
19 June 2015	18 June 2018	13.6p	853
11 December 2015	10 December 2018	5.1p	2,580
22 March 2016	21 March 2019	5.95p	1,469
29 July 2016	28 July 2019	8.5p	2,241
			8,178

These warrants were issued to advisers of the Group.

*Post share consolidation figures

	Weighted average ex. price	Number of warrants* 000's
Outstanding warrants at 1 January 2017	9.80p	8,350
- granted		-
- cancelled/expired/forfeited	51.00p	172
Outstanding warrants at 30 June 2017	8.92p	8,178

10. Share options reserve

Details of share options outstanding as at 30 June 2017:

Grant date	Expiry date	Exercise price	Number of shares* 000's
13-Sep-12	12-Sep-18	68p	832
24-May-13	23-May-19	49.56p	59
03-Sep-13	02-Sep-18	49.98p	59
08-Oct-13	07-Oct-18	38.59p	21
08-Jan-14	07-Jan-20	31.96p	24
16-Jan-14	15-Jan-20	33.83p	6
01-Feb-14	31-Jan-20	32.13p	6
27-Mar-14	26-Mar-20	39.10p	1,596
04-Apr-14	03-Apr-20	31.11p	6
12-Sep-14	11-Sep-20	29.92p	132
20-Mar-15	19-Mar-21	22.44p	1,588
16-Jun-15	15-Jun-21	22.44p	382
12-Jan-16	11-Jan-22	7.14p	4,717
23-Feb-16	22-Feb-22	12.58p	176
05-Aug-16	05-Aug-22	10.20p	2,059
21-Mar-17	20-Mar-23	7.50p	9,535
			21,198

*Post share consolidation figures

10. Share options reserve (Continued)

	30 June 2017	31 Dec 2016
Opening amount	**1,474**	1,212
Warrants issued costs	**-**	164
Share options issued to employees	**40**	77
Share options issued to directors and key management	**73**	204
Cancelled/expired/forfeited warrants &options	**(66)**	(183)
Closing amount	**1,521**	1,474

	Weighted average ex. price	Number of shares* 000's
Outstanding options at 1 January 2017	19.90p	11,663
- granted	7.50p	9,535
- cancelled/expired/forfeited		-
Outstanding options at 30 June 2017	14.30p	21,198

*Post share consolidation figures

On 22 March 2017, 6,829,613 options were issued to persons who discharge director and managerial responsibilities ("PDMRs") and a further 2,705,509 options have been granted to other non-board members of the senior management team. The options have an exercise price of 7.5p, expire after 6 years, and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

11. Trade and other payables

	30 June 2017	31 Dec 2016
Accruals and other payables	**1,691**	1,640
Other loans	**233**	257
Payable to joint venture partner (Note 13.4)	**186**	170
	2,110	2,067

Other loans are unsecured, interest free and repayable on demand.

12. Joint venture agreements

In May 2009, KEFI Minerals formed the Gold & Minerals exploration joint venture, "G&M" Joint Venture, with Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI Minerals is the operating partner with a 40% shareholding of the G&M Joint Venture with ARTAR holding the other 60%.

KEFI Minerals provides the G&M Joint Venture with technical advice and assistance, including personnel to manage and supervise all exploration and technical studies. ARTAR provides administrative advice and assistance to ensure that the G&M Joint Venture remains in compliance with all governmental and other procedures.

13. Related party transactions

The following transactions were carried out with related parties:

13.1. Compensation of key management

The total remuneration of the Directors and other key management personnel was as follows:

	Six months ended 30 June 2017	Six months ended 30 June 2016
Directors' fees	**281**	240
Directors' other benefits	**35**	40
Share-based benefits to directors	**58**	82
Key management fees	**102**	125
Key management other benefits	**20**	17
Share-based benefits to key management	**15**	28
	511	532

13.2. Compensation of key management personnel

Share-based benefits

The Company has issued share options to directors and key management. On 27 March 2014, the Board approved a new share option scheme ("the Scheme") for directors, senior managers and employees. The Scheme formalises the existing policy that options may be granted over ordinary shares representing up to a maximum of 10 per cent of the Group's issued share capital. The Scheme options vest in equal annual instalments over a period of 2 years or on the performance obligations set at the time of issuing the options and expire after 6 years.

13.3 Receivable from related parties

The Group

Name	**Nature of transactions**	**Relationship**	**30 June 2017**	30 Dec 2016
Gold & Minerals Co. Limited	Finance	Jointly controlled entity	**-**	6
			-	6

13.4 Payable to related parties

The Group

Name	**Nature of transactions**	**Relationship**	**30 June 2017**	30 Dec 2016
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Jointly controlled entity	**186**	170
			186	170

14. Contingent liabilities

In 2006, EMED Mining Public Ltd acquired a proprietary geological database that covers extensive parts of Turkey and Greece and EMED transferred to the Company that part of the geological database that relates to areas in Turkey.

Under the agreement, the Company has undertaken to make a payment of approximately GBP51,100 (AUD105,000) for each tenement it is subsequently awarded in Turkey and which was identified from the database. The maximum number of such payments required under the agreement is four, resulting in a contingent liability of up to GBP204,400. These payments are to be settled by issuing shares in the Company. To date, only one tranche of shares have been issued under this agreement in June 2007 for GBP43,750 (AUD105,000).

On 13 August 2015, the Company created a fixed charge in favour of AIB Group UK Plc over amounts held in the Company's deposits accounts with the bank. The charge is in regard to time credit banking facilities provided by AIB Group (UK) Plc. At 30 June 2017, the balance in the deposit account was £20,015.

15. Legal allegation

A claim for damages of £9,000,000 (approximately ETB249 million) had been lodged against the company in 2014. The claim was based on the impact of exploration field activities conducted between1998 and 2006, a period which pre-dated the company's involvement in the Tulu Kapi project. These exploration activities comprised the construction of drill pads and access tracks. No objections had been made until 2014 when certain parties from outside the Tulu Kapi district raised this matter and initiated court action. Those parties have since been removed by the Court rulings from the list of plaintiffs. The Oromia Regional Supreme Court in April 2017 rejected 95% of these claims as having no basis in fact or law and reduced KEFI's potential liability to c.£435,000 (ETB12,762,721). Moreover, the company has appealed to the Federal Supreme Court with regards to the remaining ETB12,762,721 on the basis that it remains firmly of the belief, on legal advice and as previously reported, that it has no contingent or actual liability, having already settled any obligations when the matter was originally closed by both the regulators and the land occupiers. The Federal Supreme Court last week officially admitted the company's appeal after due review, and the case is expected to be heard within the next two years.

16. Events after the reporting date

KEFI Minerals (Ethiopia) Limited ("KME") and the Federal Democratic Republic of Ethiopia have signed the shareholders' agreement (the "Shareholders' Agreement") and other foundation documentation for the incorporation, ownership and operation of Tulu Kapi Gold Mines Share Company Limited, which will result in TKM owning 100% of the Tulu Kapi Gold Project. The exploration projects outside the Tulu Kapi Mining Lease area are not part of TKM and remain 100% owned by KEFI. The Shareholders' Agreement sets out the parties' respective commitments to invest equity capital in TKM and the mechanisms for control of the development and operation of the Tulu Kapi Gold Project. Based on the latest project cost estimates, KEFI (via KME) will own circa 75% of the share capital of TKM and the Government of Ethiopia will own circa 25% (circa 20% for its investment of US$20 million for infrastructure required for the project and an additional 5% free carry).

After the reporting date the VAT refund owed by the Ethiopian authorities was received.

In July 2017 the company signed mandate letter and heads of terms for US$135 million of project funding with Oryx Management Limited ("Oryx") to finance and operate all the onsite infrastructure at the Company's Tulu Kapi Gold Project in Ethiopia (the "Project"). The planned financing package also includes funding finance charges during a 30-month construction and production ramp-up period.