

23 October 2017

KEFI Minerals plc

("KEFI" or the "Company")

Large Exploration Program for Tulu Kapi District

Upon Commencement of Development of Tulu Kapi Gold Project ("Project")

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 announce the receipt of confirmation from the Ethiopian Government (Ministry of Mines, Petroleum and Natural Gas) that the Tulu Kapi District area proposed to be explored by KEFI has been set aside with the intention of being granted to the KEFI group upon commencement of development at Tulu Kapi Gold Project.

Project development plans have been adjusted to incorporate an extra 25% ore processing capacity, to accommodate anticipated increased production. In addition, the funding of the planned exploration has been built into the Project finance plans.

The relevant Exploration Licence Application ("ELA") has been submitted by the Company (via its wholly-owned subsidiary, KEFI Minerals (Ethiopia) Limited ("KME")) and covers the following:

- an area of approximately 70km by 15km (c. 1,000 km²) covering known prospects within c. 50km² of Tulu Kapi, which is considered an economic trucking distance to the planned processing plant
- known mineralised shear zones including the Guji-Komto Belt with known gold deposits and the Kata area with several known Volcanic Hosted Massive Sulphide (VHMS) belts containing gold and base metals

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

"The exploration area reserved for KEFI covers numerous prospects in highly prospective structural corridors, such as shallow gold mineralisation west of Tulu Kapi and high-grade gold-copper mineralisation north of Tulu Kapi – the common denominator being that all are within trucking distance of the planned Tulu Kapi processing infrastructure.

"It is in all stakeholders' interests for KEFI to fully explore the Tulu Kapi District in order to maximise the scale and longevity of the operation. KEFI is confident that its focused exploration programs will yield further economic discoveries in the district.

"KEFI looks forward to drilling many priority targets during the construction at Tulu Kapi."

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 EDITORS**Tulu Kapi District**

Multi-million ounce gold potential has already been identified around Tulu Kapi. The next stage is an exploration program with a view to identifying deposits and formulating feasible development plans. Further drilling is planned to commence once Tulu Kapi is in development.

Some of the gold mineralisation intercepted by KEFI and previous explorers is tabulated below.

Targets	Best Trench Result (g/t Au)	Best Drill Result (g/t Au) unless stated otherwise	Remarks
Guji	19m @ 4.4g/t 32m @ 0.8g/t (including 7m @ 1.2g/t)	10m @2.8 g/t 44m @ 1.7 g/t 10m@2.2g/t (inc 2m @ 6.2g/t) 10m @ 2.3 g/t;	Significant intersections at shallow depth, quartz vein and pyrite zone
Komto I	7m @ 7.3 g/t	10m @ 1.6g/t	
Komto II	13m @1.1g/t 6m @1.2g/t 5m@1.1g/t		

Soyoma	14m @ 8.2g/t 3m @ 4.2g/t 2m @ 2.7g/t 5m @ 2g/t		Au in soil, mineralized quartz vein & Au old working sites indicates a possible strike continuity of > 1km
Dina Chago	9m @ 1.2g/t	7m @ 30.3g/t 4m @ 2.4g/t	Strong geochemical anomaly (Au+ As) > 3km, Old primary Au workings
Kata		14m at 3.2% Cu Gold intercepts unrecorded	Several VHMS systems with recorded gold and copper mineralization.

All of these prospects have the potential to complement ore feed from the gold orebodies at Tulu Kapi or to scale-up to stand-alone operations.

One of these shear zones lies only a few kilometres to the west of Tulu Kapi where shallow gold mineralisation has been identified over +9km along the Guji-Komto Belt. Trenching and drilling results already indicate the potential for oxide gold mineralisation exceeding 300-500,000 ounces at c.1.5g/t gold in a series of shallow open pits (c.40m depth).

Subject to being drilled out to reserve stage, this gold mineralisation may be treated by either trucking to the Tulu Kapi processing plant or perhaps as stand-alone heap-leach operations.

Preliminary work indicates initial heap-leach operations could produce c.50,000 ounces of gold p.a. with low stripping ratios and high gold recoveries. This approach is likely to result in low operating and capital costs as most infrastructure would be provided by the planned Tulu Kapi mine.

The Kata area in the northern portion of KME's ELA, is not only prospective for gold but also for base metals in mapped VHMS systems.

High-grade primary gold mining in the area dates from 1889. A number of mine adits, shafts and pits are found in the area and the reported (in historical archives) gold grade reaches up to 80g/t gold in the oxidised zone and 5g/t to 8g/t gold in sulphide zone. Modern exploration programs have been undertaken in the area since 1967.

High-grade copper has also been intercepted by diamond drilling undertaken by the United Nations in the 1970's to test a gossan that extends over a 600m strike. The Kata mineralisation style is volcanically hosted massive sulphide ("VHMS"). The best intercept was 14m at 3.2% copper in the oxidised zone and gold was not assayed for. Soil geochemistry defines a +2km copper anomaly around this gossan.

Based on soil geochemistry and mapping, there are at least six VHMS prospects in the Kata area. Some of these may yield gold-bearing ore for processing at Tulu Kapi, whilst others may warrant stand-alone development. In the latter case, the existence of a profitable Tulu Kapi Gold Mine would serve to assist

a second start-up in many ways and the co-existence of two standalone operations would then serve to strengthen the mining district for all stakeholders.

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, recoument 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.

Following completion of KEFI's Definitive Feasibility Study for Tulu Kapi, the Company is now refining contractual terms for project construction and operation. Latest estimates are that gold production may be brought forward by increasing processing capacity, as compared with the DFS estimates of c. 100,000oz pa for a 10-year period. All-in Sustaining Cost estimates (including operating, sustaining capital and closure but not including leasing and other financing charges) remain <US\$800/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.1g/t gold, containing 1.1Moz. Ongoing refinements will be reported as they get finalised.

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. These plans now also reflect the agreed construction and operating terms with project contractors, and have been independently reviewed by experts appointed for the project finance syndicate.

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.

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 more recently granted 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, G&M's flagship project, 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 instituted, and is further overhauling, 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.

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