

24 August 2018

KEFI Minerals plc

(“KEFI” or the “Company”)

Heads of Agreement Signed with Ethiopian Syndicate Investors

Subscription to be made through Arabian Nubian Shield Resources Limited

KEFI Minerals plc (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 report that it has now signed the Detailed Heads of Agreement (“HoA”) with the Ethiopian investors, as originally outlined in the announcement of 11 June 2018. The Ethiopian investors intend to make their investment of US\$30-35 million (Birr-equivalent) via Arabian Nubian Shield Resources Limited (“ANS Resources”), a company which is in the process of incorporation.

ANS Resources’ injection of the first instalment of US\$9 million (Birr-equivalent) is subject to completion of remaining due diligence and execution of the binding share subscription agreement, which are expected this quarter. ANS Resources’ injection of the balance is subject to full project finance closing proceeding, fully approved by the Ethiopian Government.

ANS Resources is being established as an investment vehicle to enable subscriptions by a number of identified Ethiopian financial institutions and family offices. It is the intention that no one syndicate member will hold more than 10% of ANS Resources or have any involvement in the gold mining business.

Given demand, recent refinements to the proposed transaction (since KEFI’s announcement of 11 June 2018) include the right for ANS Resources to subscribe in local currency alongside the Government of Ethiopia for up to US\$35 million (rather than the original US\$30M) in new shares of Tulu Kapi Gold Mines Share Company Limited (“TKGM”). The final investment sum of ANS must not exceed that which preserves KEFI as majority shareholder of TKGM.

The requisite Government consents are that: (a) the historical equity capital investments in TKGM by KEFI’s subsidiary KEFI Minerals (Ethiopia) Limited (“KME”) be registered so that final equity percentage ownership can be confirmed, (b) that the planned subscription by ANS Resources be permitted by the Government waiving its pre-emptive rights on any share issue by TKGM, and (c) that ANS Resources be provided the right to appoint two Non-Executive Directors to TKGM’s Board of Directors.

The initial subscription of US\$9 million (of the US\$30-35 million) will be set aside into a locked account, with settlement commencing 31 August 2018 and completed no later than 30 September 2018 along with commitment to the full amount being invested by year-end alongside full project-finance commitments. The ANS Resources founders’ US\$3 million subscription has already been committed.

Disbursement of the initial subscription funds is earmarked to commence any time from October 2018, to fund TKGM’s project finance closing costs and the first phase of the Tulu Kapi community resettlement, when triggered by the Regional Government of Oromia in consultation with TKGM. TKGM plans to use these equity funds for the initial project expenditures, with debt drawdown to follow.

Managing Director, Mr Harry Anagnostaras-Adams said “Project equity investor ANS Resources is being carefully structured to provide diversified local equity participation in Ethiopia’s first modern mine development for its exciting new gold sector. This approach also ensures clear Tulu Kapi Gold Project control by KEFI, as required by the planned non-equity financiers.

“ANS Resources represents a diversified group of financial investors assembled specifically for this transaction and its involvement will be a further significant milestone in unlocking the gold potential of the Tulu Kapi orebody and district.”

“Subscription by both the Government of Ethiopia and ANS Resources to project company TKGM implies a valuation of c. US\$66 million to a residual KEFI holding of 54%. This compares with investment to date by KEFI shareholders (including shareholders which KEFI inherited from the previous project owner) of US\$60 million. It also compares with the previously reported NPV of US\$57-97 million (NPV at start of construction versus NPV at start of production) for KEFI’s proposed final interest in the Tulu Kapi open pit development, whilst ignoring any potential upside from underground mining, Tulu Kapi district exploration or its portfolio of targets in Saudi Arabia.

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 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.

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.