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

**UPDATE ON TULU KAPI PROJECT**

***KEFI signs shareholder agreement with Government of Ethiopia  
for Tulu Kapi Gold Mines Share Company Limited***

- **Government of Ethiopia and KEFI formalise the creation of Tulu Kapi Gold Mines Share Company Limited ("TKM")**
- **KEFI will own c. 75% of TKM and the remaining c. 25% will be owned by the Government of Ethiopia**
- **Government of Ethiopia's shareholding is based on receiving 20% of the equity in return for its US\$20m investment in the project with the additional 5% being free carry in accordance with agreement between the Company and the Government**

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, today announces that its wholly-owned subsidiary 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).

The composition of TKM's Board of Directors and its corporate governance mechanisms reflect the respective ownership levels of KEFI and the Ethiopian Government.

Today's step represents an important initial formality within the timetable allowing the Company to start development activities in H2-17. This will follow financing and community resettlement, both of which the Company is actively implementing and will report progress as other milestones are met.

**ENQUIRIES**

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Further information can be viewed on [www.kefi-minerals.com](http://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.

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 for annual gold production are c. 100,000oz pa for a 10-year period and All-in Sustaining Costs (including operating, sustaining capital and closure but not including financing charges) of <US\$800/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.12g/t gold, containing 1.05Moz. The first eight production years of the open pit are estimated to yield an average of 115,000oz pa.

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.

The projected cash flows indicate that the net cash build-up (after servicing financing) in the first three production years is US\$31 million to US\$216 million within the 5 year gold price range of US\$1,050/oz to US\$1,750/oz.

### KEFI Minerals in the Kingdom of Saudi Arabia

In 2009, KEFI formed G&M in Saudi Arabia with local Saudi partner, Abdul Rahman Saad AlRashid & 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.