27 September 2018

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

INTERIM RESULTS FOR THE HALF-YEAR ENDED 30 JUNE 2018

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 2018.

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.

- Ten year historic average gold prices and analyst consensus for 2021 to 2022 support the view of using a base case gold price of $1,300/oz for modelling purposes. Economic estimates for 100% of Tulu Kapi at US$1,300/oz are for average net cash flow (after lease or debt repayments and all other planned commitments) of US$32 million per annum. All-in Sustaining Costs remain at c. US$800/oz and All-in Costs c. US$1,000/oz. Tulu Kapi's Ore Reserves of 1.0 million ounces of gold and Mineral Resources of 1.7 million ounces of gold have significant upside potential.

- On 24 August 2018 the Company followed up its original announcement of 11 June 2018 advising that it had progressed to executing a detailed Heads of Agreement with Ethiopian investors who intend to make their Birr equivalent investment of US$30-35 million in the Project through recently established Ethiopian based Arabian Nubian Shield Resources Limited (since registered as ANS Mining Share Company or "ANS"). ANS' injection of the first instalment of US$9 million (Birr-equivalent) is subject to completion of the remaining due diligence and execution of a binding share subscription agreement. Injection of the balance is subject to full project finance closing proceeding, fully approved by the Ethiopian Government. The final investment sum of ANS must not exceed that which preserves KEFI as majority shareholder of KEFI's Project company, Tulu Kapi Gold Mines Share Company Limited ("TKGM"). The Company is progressing this initiative and expects to move to final agreements soon, in accordance with the previously reported schedule for final binding agreements by the end of September 2018.

- Recent political developments within Ethiopia also complement the country's positive progress as one of the world's highest growth countries.

Gold & Minerals Ltd Joint Venture, Saudi Arabia

- Saudi Arabia has just promulgated new regulations to encourage minerals exploration and development, targeting a resurgence of its minerals sector.

- KEFI has been active in Saudi Arabia since 2008 and is partnered with ARTAR, a leading locally owned industrial group.

- KEFI, as 40% shareholder and technical partner in G&M, is well placed to advance and develop projects in line with the new regulations.

- G&M’s primary goal is the discovery and development of a one million ounce plus gold equivalent deposits. Currently the Company is focused on two projects:

    - Hawiah and the Wadi Bidah Belt – Exploration Licence granted in December 2014, when KEFI commenced exploration of an unusually large gossan for gold at the surface and a VMS copper-gold-zinc sulphide ore body at depth. The geological setting is analogous with the large VMS deposits in the Arabian-Nubian Shield that are known for well-preserved, mature oxidised zones enriched with near surface gold. KEFI has applied for most of the adjacent structural belt which contains many VMS targets.

    - Jibal Qutman – Exploration Licence granted in July 2012, since then KEFI rapidly identified mineral resources totalling more than 700,000 oz of gold and is now evaluating gold production via an open-pit, heap leach operation. This project will await tenure clarity and increased resources before further exploration and development-assessment is triggered.

Corporate

- As announced on 15 June 2018, the Company raised additional funds and settled a number of debts through the issue of 220,000,000 new ordinary shares of 1.7p each in KEFI (“Shares”) at a price of 2.5 pence as follows :

    - 120,000,000 new Shares to existing and institutional shareholders to raise £3 million cash (before expenses);

    - 47,801,642 new Shares to certain project contractors and other third parties in settlement of outstanding invoices of approximately £1.2 million; and

    - 52,198,358 new shares to certain directors and management of the Company following the publication of the Company's annual results to satisfy accrued fees and salaries of approximately £1.3 million.

- KEFI has now assembled the proposed full project funding consortium including contractors, equity and non-equity capital. For the Project to proceed, all stakeholders now rely on closing out the remaining Ethiopian Government processes and approvals, along with completion of due diligence and formal documentation.

- In order to prepare for the mine build and operational phases of its development, the Company has implemented a number of management and Board changes:

    - On 1 February 2018, the Company expanded its senior executive team, from comprising only the two executive directors, by adding the heads of operations, systems and planning and since then the head of project construction.

    - On 20 July 2018, to further strengthen its corporate governance framework, the Company separated the roles of Chairman and Managing Director. Mark Wellesley-Wood, assumed the role of the Non-Executive Chairman and Harry Anagnostaras-Adams, the role of the Managing Director.

    - On 5 September 2018 the Company appointed Mr. Mark Tyler to the KEFI Board as an additional independent Non-Executive Director and, therefore, independent Non-Executive Directors now comprise the majority of the Board.

- Management remuneration at KEFI emphasizes the maximum possible alignment of management and shareholder interest and, to that end, it is notable that most senior executive remuneration during the current year has been re-invested in the Company's shares and, indeed, 70% of the Managing Director's remuneration since assuming an executive role four years ago has been re-invested in the Company's shares.

C**ommenting, Mr Harry Anagnostaras-Adams, Managing Director of KEFI said,** "The first half of 2018 was one of considerable progress for KEFI, momentum that has continued in the second half. Our primary focus has remained on our Tulu Kapi Gold Project in Ethiopia and we look forward to providing further updates shortly with regard to the Project and its funding as matters progress."

Investor Event & Webinar

· The Company will host a live webinar at 11am BST on Thursday 11 October 2018 which can be accessed via: www.brrmedia.co.uk

· Listeners are encouraged to submit questions by emailing:questions@brrmedia.co.uk. The webinar will subsequently be available on the Company's website at http://www.kefi-minerals.com/news/webcasts.

Enquiries

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Condensed interim consolidated statements of comprehensive income

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

	Notes	**Six months ended 30 June 2018**	Six months ended 30 June 2017
Revenue		**-**	-
Exploration expenses		**(44)**	(77)
Gross loss		**(44)**	(77)
Administration expenses		**(1,561)**	(1,288)
Share-based payments		**(79)**	(113)
Share of loss from jointly controlled entity		**(105)**	(107)
Change in value of financial assets at fair value through profit and loss		**2**	(1,750)
Operating loss		**(1,787)**	(3,335)
Foreign exchange /(loss)		**(14)**	(37)
Finance expense		**(592)**	(192)
Loss before tax		**(2,393)**	(3,564)
Tax		**-**	-
Loss for the period		**(2,393)**	(3,564)

	Notes		
Loss for the period		**(2,393)**	(3,564)
Other comprehensive loss:			
Exchange differences on translating foreign operations		**2**	(103)
Total comprehensive loss for the period		**(2,391)**	(3,667)
Basic and fully diluted loss per share (pence)	4	**(0.71)**	(1.19)

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 2018	Audited 31 Dec 2017
ASSETS			
Non-current assets			
Property, plant and equipment	5	**42**	43
Intangible assets	6	**17,480**	16,232
		17,522	16,275
Current assets			
Available for sale financial assets		**81**	79
Derivative financial asset at fair value through profit or loss	7	**73**	408
Trade and other receivables	8	**258**	94
Cash and cash equivalents		**494**	466
		906	1,047
Total assets		**18,428**	17,322
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital	9	**6,787**	5,656
Deferred Shares	9	**12,436**	12,436
Share premium	9	**18,103**	18,661
Share options reserve	10	**1,315**	1,325
Foreign exchange reserve		**(226)**	(228)
Accumulated losses		**(24,746)**	(23,380)
Total equity		**13,669**	14,470
Current liabilities			
Trade and other payables	11	**4,759**	2,852
		4,759	2,852
Total liabilities		**4,759**	2,852
Total equity and liabilities		**18,428**	17,322

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

On 28 September 2018, 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 2017	3,883	12,436	16,279	1,474	170	(18,695)	15,547
Loss for the year	-	-	-	-	-	(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 of options	-	-	-	(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
Loss for the year	-	-	-	-	-	(2,702)	(2,702)
Other comprehensive income	-	-	-	-	(295)	-	(295)
Total Comprehensive Income	-	-	-	-	(295)	(2,702)	(2,997)
Transfer realised loss of derivative financial asset (Note 7)	-	-	(798)	-	-	798	-
Recognition of share based payments	-	-	-	9	-	-	9
Forfeited options	-	-	-	(30)	-	-	(30)
Cancellation of options	-	-	-	(175)	-	175	-
At 31 December 2017	5,656	12,436	18,661	1,325	(228)	(23,380)	14,470
Loss for the period	**-**	**-**	**-**	**-**	**-**	**(2,393)**	**(2,393)**
Other comprehensive income	**-**	**-**	**-**	**-**	**2**	**-**	**2**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**(226)**	**(25,773)**	**(25,999)**
Transfer realised loss of derivative financial asset (Note 7)	**-**	**-**	**(938)**	**-**	**-**	**938**	**-**
Recognition of share based payments	**-**	**-**	**-**	**79**	**-**	**-**	**79**
Cancellation & Expiry of options/warrants	**-**	**-**	**-**	**(89)**	**-**	**89**	**-**
Issue of share capital	**1,131**	**-**	**532**	**-**	**-**	**-**	**1,663**
Share issue costs	**-**	**-**	**(152)**	**-**	**-**	**-**	**(152)**
At 30 June 2018	**6,787**	**12,436**	**18,103**	**1,315**	**(226)**	**(24,746)**	**13,669**

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 2018	Six months ended to 30 June 2017
Cash flows from operating activities		
Loss before tax	**(2,393)**	(3,564)
Adjustments for:		
Share-based benefits	**79**	113
Share of loss in joint venture	**105**	107
Gain on disposal of plant and equipment		-
Depreciation	**3**	19
Interest expense	**306**	75
Realised Loss on derivative financial asset	**2**	1,750
Foreign exchange losses on financing activities	**14**	37
Foreign exchange gains on operating activities	**15**	(116)
Cash outflows from operating activities before working capital changes	**(1,869)**	(1,579)
Interest paid	**(306)**	(75)
Changes in working capital:		
Trade and other receivables	**(164)**	2,128
Trade and other payables	**1,907**	43
Net cash used in operating activities	**(432)**	517
Cash flows from investing activities		
Purchases of plant and equipment	**(2)**	(1)
Deferred exploration costs	**(309)**	(551)
Project evaluation costs	**(939)**	(488)
Advances to joint venture	**(138)**	(123)
Net cash used in investing activities	**(1,388)**	(1,163)
Cash flows from financing activities		
Proceeds from issue of share capital	**1,663**	2,229
Listing and issue costs	**(152)**	(356)
Consideration received – Derivative financial asset	**337**	-
Net cash from financing activities	**1,848**	1,873
Net increase/(decrease)in cash and cash equivalents	**28**	1,227
Cash and cash equivalents:		
At beginning of period	**466**	410
At end of period	**494**	1,637

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 2017. 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 2017 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 2018. 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 entered into an equity sharing agreement in respect of the share placings as detailed in note 7 for which consideration was 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 used in the interim statements the actual consideration received post 30 June 2018 reducing any uncertainty underlying the share price.

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 2018	Cyprus	Ethiopia	Total
Operating loss	**(1,678)**	**(4)**	**(1,682)**
Interest paid	**(306)**	**-**	**(306)**
Other finance costs	**(286)**	**-**	**(286)**
Foreign exchange (loss)/gain	**(14)**	**-**	**(14)**
Loss before tax	**(2,284)**	**(4)**	**(2,288)**
Share of loss from jointly controlled entities Saudi Arabia			**(105)**
Tax			**-**
Loss for the period			**(2,393)**
Total assets	**6,644**	**11,784**	**18,428**
Total liabilities	**(4,737)**	**(22)**	**(4,759)**
Depreciation of property, plant and equipment		**(3)**	**(3)**

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)

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 2018	Six months ended 30 June 2017
Net loss attributable to equity shareholders	**(2,393)**	(3,564)
Average number of ordinary shares for the purposes of basic loss per share (000's)	**338,245**	297,938
Basic and fully diluted loss per share (pence)	**(0.71)**	(1.19)

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

5. Property, plant and equipment

Cost	**Motor vehicles**	**Plant and equipment**	**Furniture, fixtures and office equipment**	**Total**
At 1 January 2017	75	135	62	272
Additions	-	-	1	1
At 30 June 2017	75	135	63	273
Additions	-	2	3	5
Disposals	(4)	(71)	-	(75)
At 31 December 2017 / 1 January 2018	**71**	**66**	**66**	**203**
Additions	**-**	**-**	**2**	**2**
At 30 June 2018	**71**	**66**	**68**	**205**
Accumulated Depreciation				
At 1 January 2017	33	116	62	211
Charge for the period	3	16	-	19
At 30 June 2017	36	132	62	230
Charge for the period	(2)	3	4	5
Disposals	(4)	(71)	-	(75)
At 31 December 2017 / 1 January 2018	**30**	**64**	**66**	**160**
Charge for the period	**-**	**2**	**1**	**3**
At 30 June 2018	**30**	**66**	**67**	**163**
Net Book Value at 30 June 2018	**41**	**-**	**1**	**42**
Net Book Value at 31 December 2017	41	2	-	43

6. Intangible assets

	Project evaluation costs	Deferred exploration costs	Total
Cost			
At 1 January 2017	3,939	10,319	14,258
Additions	488	551	1,039
At 30 June 2017	4,427	10,870	15,297
Additions	764	437	1,201
At 31 December 2017	**5,191**	**11,307**	**16,498**
Additions	**939**	**309**	**1,248**
At 30 June 2018	**6,130**	**11,616**	**17,746**
Accumulated Impairment			
At 1 January 2017	-	-	-
Impairment charge for the period	-	266	266
At 30 June 2017	**-**	266	266
Impairment charge for the period	**-**	-	-
At 31 December 2017	**-**	**266**	**266**
Impairment charge for the period	**-**	**-**	**-**
At 30 June 2018	**-**	**266**	266
Net Book Value at 30 June 2018	**6,130**	**11,350**	**17,480**
Net Book Value at 31 December 2017	5,191	11,041	16,232

Management performed an impairment review for the above intangible assets at 30 June 2018, 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 2018.

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 subscription to raise, in aggregate, £5.56m (before expenses) from certain new shareholders, the Company initially 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 Company simultaneously pledged to Lanstead 85 per cent. of these shares with a reference price of 7.48p per share (the "Reference Price") under the conditions of an equity sharing agreement with an 18 month term. 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 £4.6m 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.) 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 Reference Price at each sharing settlement, the Company will receive greater or lower consideration calculated on a pro-rata basis i.e. volume weighted average share price / Reference 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 £937,561 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 2018 has been determined by reference to the Company's then prevailing share price and has been estimated as follows:

Fair value

	Unaudited 30 June 2018	Audited 31 Dec 2017	Unaudited 30 June 2017
Balance brought forward	**407,853**	1,871,992	
Value recognised on inception (notional)	**-**	-	4,851,000
Transaction Cost "Value Payment Shares"	**-**	-	(231,000)
Gross proceeds of the Lanstead Subscription, (being 15%)	**-**	-	(693,000)
Equity sharing agreement	**-**	--	3,927,000
Consideration received	**(336,759)**	(934,346)	(304,850)
Realised loss: Difference between placement price of 5.61p and actual consideration is processed via share premium	**(937,561)**	(798,154)	(542,150)
Unrealised Loss on derivative financial asset during the period	**939,647**	268,361	(1,208,008)
Financial asset at fair value	**73,180**	407,853	1,871,992

Notional number of shares and Share price outstanding

	Unaudited 30 June 2018	Share Price	Audited 31 Dec 2017	Share Price	Unaudited 30 June 2017	Share Price
Balance brought forward	**24,019,614**		54,901,960		-	
Value recognised on inception (notional)	**-**		-		86,470,588	0.056
Transaction Cost"Value Payment Shares"	**-**		-		(4,117,647)	0.056
Gross proceeds of the Lanstead Subscription, (being 15%)	**-**		-		(20,588,235)	
Equity sharing agreement	**24,019,614**		54,901,960		61,764,706	
Consideration received	**(17,156,860)**	**0.019**	(30,882,346)	0.030	(6,862,746)	0.043
	6,862,754		24,019,614		54,901,960	

8. Trade and other receivables

	30 June 2018	31 Dec 2017
Other receivables	**136**	3
VAT	**122**	91
	258	94

9. Share capital

Issued and fully paid	Number of shares* 000's	Share capital	Deferred shares	Share premium	Total
At 1 January 2018	**332,703**	**5,656**	**12,436**	**18,661**	**36,753**
Share Equity Placement 20 June 2018	66,500	1,131	-	532	1,663
Share issue costs	-	-	-	(152)	(152)
Transfer realised loss of derivative financial asset				(938)	(938)
At 30 June 2018	**399,203**	**6,787**	**12,436**	**18,103**	**37,326**

Issued capital

Consolidation of ordinary shares during 2017

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.

2018

On 20 June 2018, 66,500,000 shares of 1.7p were issued at a price of 2.5p per share. On issue of the shares, an amount of GBP532,000 was credited to the Company's share premium reserve.

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 2018:

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
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
			6,432

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 2018		7,619
- granted		-
- cancelled/expired/forfeited	14.87p	1,187
Outstanding warrants at 30 June 2018		6,432

10. Share options reserve

Details of share options outstanding as at 30 June 2018:

Grant date	Expiry date	Exercise price	Number of shares* 000's
13-Sep-12	12-Sep-18	68p	582
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
16-Jan-14	15-Jan-20	33.83p	6
27-Mar-14	26-Mar-20	39.10p	1,309
12-Sep-14	11-Sep-20	29.92p	132
20-Mar-15	19-Mar-21	22.44p	1,529
16-Jun-15	15-Jun-21	22.44p	382
12-Jan-16	11-Jan-22	7.14p	4,088
23-Feb-16	22-Feb-22	12.58p	176
05-Aug-16	05-Aug-22	10.20p	1,471
21-Mar-17	20-Mar-23	7.50p	8,604
01-Feb-18	31-Jan-24	4.50p	12,600
			31,018

*Post share consolidation figures

10. Share options reserve (Continued)

	30 June 2018	31 Dec 2017
Opening amount	**1,325**	1,474
Warrants issued costs	**-**	-
Share options issued to employees	**-**	23
Share options issued to directors and key management	**79**	99
Forfeited Options	**-**	(30)
Cancelled/Expired Options	**-**	(144)
Cancelled/Expired Warrants	**(89)**	(97)
Closing amount	**1,315**	1,325

	Weighted average ex. price	Number of shares* 000's
Outstanding options at 1 January 2018		18,418
- granted	4.50p	12,600
- cancelled/expired/forfeited		-
Outstanding options at 30 June 2018		31,018

*Post share consolidation figures

On 1 February 2018, 9,600,000 options were issued to persons who discharge director and managerial responsibilities ("PDMRs") and a further 3,000,000 options have been granted to other non-board members of the senior management team. The options have an exercise price of 4.5p, 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 2018	31 Dec 2017
Accruals and other payables	**4,294**	2,431
Other loans	**197**	193
Payable to joint venture partner (Note 13.4)	**268**	228
	4,759	2,852

Other loans are unsecured, interest free and repayable on demand.
As part of the 2 July 2018 share placement, the Company settled approximately GBP 2.1 Million of payables through the issue of Company Shares at a price of 2.5 pence per share.

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 2018	Six months ended 30 June 2017
Directors' fees	**256**	281
Directors' other benefits	**27**	35
Share-based benefits to directors	**39**	58
Directors bonus paid in shares	**160**	-
Key management fees	**423**	102
Key management other benefits	**20**	20
Share-based benefits to key management	**23**	15
Key management bonus paid in shares	**77**	-
	1,025	511

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 Payable to related parties

The Group

Name	Nature of transactions	Relationship	30 June 2018	30 Dec 2017
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Jointly controlled entity	**268**	228
			268	228

13.4 Payable to shareholders

Name	Nature of transactions	Relationship	30 June 2018	30 Dec 2017
Lanstead Capital	Finance -Refer to Note15	Shareholder	**73**	408

Name	Nature of transactions	Relationship		
Atalaya Mining PLC (previously EMED)	Provision of management and other professional services	Shareholder	**-**	5
Lanstead Capital	Equity swap agreement: Subscription cash proceeds received-Refer to Note 15	Shareholder	**337**	2,163

13.5 Payments Key Management Personnel

The Group			**30 June 2018**	**30 Dec 2017**
Name	**Nature of transactions**	**Relationship**		
Winchombe Venture Limited	Prepayment of services in shares	Key Management	**166**	**-**
Members of International Mining Performance	Interest paid on loans advanced	Key Management	**50**	**-**

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 2018, the balance in the deposit account was £20,025.

15. Legal allegation

The original claim for damages of US9,000,000 (approximately ETB240 million) had been lodged against KEFI in 2014. The claim was based on the impact of exploration field activities conducted between 1998 and 2006, a period which pre-dated KEFI's involvement in the Tulu Kapi Gold 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 the matter and initiated court action against KEFI. The Oromia Regional Supreme Court earlier this year rejected 95% of these claims as having no legal basis and reduced KEFI's potential liability to £435,000. KEFI's appeal to the Court with regards to the remaining £435,000 has now succeeded and the Company is no longer liable for any damages. If another appeal is raised, which remains a possibility, KEFI would defend its position 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

16. Contingent asset

In 2011, KEFI Minerals completed the sale the Company's Artvin Project in north-eastern Turkey to a Turkish mining company. The Artvin Project comprised 15 Exploration Licences located in the Eastern Pontide Belt in north-eastern Turkey. Kackar Madencilik San. Tic. Ltd, KEFI Mineral's subsidiary holding these licences, was sold in return for a cash payment of US$100,000 and a 1% Net Smelter Royalty on all future mineral production from the Artvin licences.

The Company successfully divested four Licences in Turkey in July 2011 to AIM listed Ariana Resources (AIM:AAU) for a nominal cash payment of 10,000 Turkish Lira, 910,747 new ordinary shares in Ariana and a Net Smelter Royalty ("NSR") of 2%. The NSR is payable by Ariana's wholly owned Turkish subsidiary Galata Madencilik San. ve Tic. Ltd. ("Galata") to KEFI Mineral's Turkish Subsidiary, Dogu, on commercial production of any mineral from the licences

17. Capital commitments

The Group has the following capital or other commitments:

	30 June 2018	31 Dec 2017
Bond Finance Transaction Costs	**796**	-
Tulu Kapi Project Costs	**360**	353
	1,156	353

16. Events after the reporting date

After the General Meeting of the Company held on the 2 July 2018. The Company placed 60 million placing Shares and 93.5 million Subscription Shares. The Company raised £3.8million, before expenses, through the placing of 153.5 million new ordinary shares. The proceeds from the 93.5 million subscription shares was used to settle project contractors,other third parties in settlement of outstanding invoices and debt, and included subscription certain directors and management of the Company to satisfy accrued fees and salaries