

12 May 2022

KEFI Gold and Copper plc

("KEFI" or the "Company")

Ethiopia Development Update

KEFI (AIM: KEFI), the gold and copper exploration and development company with projects in the Federal Democratic Republic of Ethiopia and the Kingdom of Saudi Arabia is pleased to provide an update for the Company's Tulu Kapi Gold Mines Share Company ("TKGM") joint venture project in Ethiopia.

Progress in Ethiopia over the past month has remained on track, with further advancement on the multi-party project financing activities and the early development works. Signing of the umbrella financing agreement remains on course for this quarter, with full construction to commence at the end of the current wet season.

This week an all-parties meeting of the Tulu Kapi Gold Project ("Tulu Kapi" or "Project") finance syndicate re-confirmed this plan to senior officers of the Ethiopian Ministry of Mines.

Highlights of the past month

Key initial development activities have continued.

The financing syndicate's umbrella agreement is currently being formalised with a view to execution next month. The underlying detailed agreements with each of the individual counterparties are to be executed following the satisfaction of the few remaining conditions precedent, which themselves are standard for a transaction of this nature and predominantly relate to expected Government commitments, including successful installation of increased security and confirmations of various other Project and banks' protections.

The last month's Project activities included:

- Receiving a positive comprehensive independent report on safety conditions and recommendations. Conclusions included that TKGM's proposed risk-staged Project launch is appropriate and lays the security foundation for long term successful operation;
- Completing upgrades to the exploration camp for initial construction crews;
- Completing Front End Engineering and Design for procurement of the process plant;
- Updating pricing for mining services and the process plant. These will shortly be independently reviewed, but the Company does not believe there will be any material changes to previously reported Project economics;
- Electricity supply equipment arriving in Ethiopia ahead of installation;
- Establishing the Tulu Kapi Charitable Endowment to go beyond the activities of the Community Development Fund required under the local regulations for launch in May; and
- Setting aside the funds for implementation of the first stage resettlement compensation.

Harry Anagnostaras-Adams, Executive Chairman of KEFI, commented:

"We continue to step up activities for signing the financing syndicate umbrella agreement next month, enabling full construction to commence from October, at the end of the wet season."

“This week an all-parties meeting of the Tulu Kapi Gold Project finance syndicate confirmed the plan and timetable to senior officers of the Ministry of Mines, with the recently announced KEFI fund-raising forming part of the full finance plan for development.

“KEFI has been able to pivot onto a much more positive direction since December 2021 due to geopolitics, regulatory changes and exploration results. We now have three advanced projects in two countries that are now overtly pro-development – a more positive and less risky position than KEFI has confronted for many years.”

Market Abuse Regulation (MAR) Disclosure

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (“MAR”), and is disclosed in accordance with the Company’s obligations under Article 17 of MAR.

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Notes to Editor

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KEFI Gold and Copper PLC

The Company is focussed on a sequential development path to building a mid-cap over the next 3-4 years with aggregate project production of 365K oz gold and gold equivalent, in which KEFI will have a beneficial interest of c.187K oz gold and gold equivalent.

KEFI pivoted onto the front foot at the end of 2021, following the end of the Ethiopian civil war in the north of the country and because of exploration results and regulatory improvements in Saudi Arabia.

The underlying intrinsic value of KEFI's assets has increased over the past year on an absolute basis (from December 2020 to December 2021) based on NPV 8% at 31 December 2021 Metal Prices and also on a per share basis (from 6p to 12p), despite having made large share issues to fund progress. After taking into account the recently announced £8M placing, the NPV per share remains at 12p by measuring at today's metal prices. For the first time since its IPO in 2006, KEFI appears to have a tailwind on several key fronts: several projects at an advanced stage and against a backdrop of geopolitics having turned in our favour in both countries, as have the market prices of the metals underlying our resources.

KEFI's reported mineral resources today provide a solid starting position for growth. Mineral resources are now a combined 4.7 million oz gold-equivalent, up from 3.9 at mid-2021. The Company's beneficial interest in the in-situ metal content of the three projects is a combined 2.1 million in gold equivalent terms. KEFI's market capitalization at the time of writing (£24.4 Million) is only US\$14/oz gold-equivalent compared to a current gold price of approximately US\$1,880/oz.

Our operating alliances are with strong organisations at the core of our corporate structure, as follows:

- Partners:
 - in Saudi Arabia: 70% owned by Abdul Rahman Saad Al Rashid and Sons Ltd ("ARTAR")
 - in Ethiopia c. 30% to be owned by:
 - Federal Government of the Democratic Republic of Ethiopia
 - Oromia Regional Government
 - Local private parties
- Principal contractors for Tulu Kapi:
 - For mining: Corica
 - For process plant: Lycopodium
- Senior project finance lenders for Tulu Kapi:
 - East African Trade and Development Bank Ltd
 - African Finance Corporation Limited

The most recent economic projections prepared by the Company for the 3 advanced projects indicate combined estimated projected Average EBITDA of US\$238 to \$323 million per annum (KEFI's interest being c. US\$108 to \$145 million per annum), once all three are producing. This is based on the assumed price range of between "31 Jan 2022 current analyst consensus long-term prices" and "current spot prices as at 31 December 2021" being Gold US\$1,607-1,830/oz, Copper US\$7,590-9,750/t, Zinc US\$2,442-3,590/t, Silver US\$21-23/oz.

Simultaneous with the triggering of development at Tulu Kapi and in due course in Saudi Arabia at Jibal Qutman and then Hawiah, we will expand exploration programs in both countries. In Ethiopia we will focus underneath the open pit where we already have established a maiden resource for underground mining at average grade of 5.7g/t gold and will also follow-up already-drill-intercepted potential satellite deposits in the Tulu Kapi district if allowed to do so by the Ministry. In Saudi Arabia, we have ambitious plans and targets in and around our existing two projects but also at 3 other projects under application.