

## THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

20 April 2022

### **KEFI Gold and Copper plc** **("KEFI" or the "Company")**

#### **Firm and Conditional Placing to raise £8 million and Issue of Warrants**

KEFI Gold and Copper (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 announce an oversubscribed fundraising to raise gross cash proceeds of £8.0 million through a Firm Placing of 550,000,000 new ordinary shares of 0.1 pence each in the capital of the Company ("Ordinary Shares") at a price of 0.8 pence per Ordinary Share (the "Placing Price") to raise £4.4 million (the "Firm Placing") and a Conditional Placing of 450,000,000 new Ordinary Shares at the Placing Price to raise £3.6 million (the "Conditional Placing") (together, the "Placing"), arranged by Tavira Securities Limited ("Tavira").

#### **Firm Placing**

The Company will raise £4.4 million through the issue of 550,000,000 new Ordinary Shares (the "Firm Placing Shares") at a placing price of 0.8 pence per Ordinary Share.

Application has been made to the London Stock Exchange for admission of the Firm Placing Shares to trade on AIM ("Admission") and it is expected that Admission will become effective and that dealings in the Firm Placing Shares will commence at 8.00 a.m. on or around 25 April 2022 ("Admission").

The Placing Price represents a discount of 25% against the ten-day VWAP to 19 April 2022, being the date prior to the release of this announcement.

#### **Conditional Placing**

Conditional on shareholder approval at a General Meeting of the Company (the "General Meeting") to be convened in due course, the Company will raise a further £3.6 million through the issue of 450,000,000 Ordinary Shares (the "Conditional Placing Shares", together with the Firm Placing Shares, the "Placing Shares") at the Placing Price. The Conditional Placing is subject to the passing of certain resolutions at the General Meeting.

Shareholders are reminded that because the Conditional Placing is conditional, among other things, on the passing of the resolutions to be proposed at the General Meeting, should the resolutions not be passed, the Conditional Placing will not proceed.

#### **Use of Proceeds**

The gross Placing proceeds of £8.0 million ("Gross Proceeds") will mainly be used to fund the following:

- selected development activities at the Company's Tulu Kapi Gold Project ("Tulu Kapi") which will continue as authorised by the Ethiopian Government, particularly with a view to confirming security conditions are conducive for full project launch and financial close at the end of Q2 2022;
- commencement of additional exploration works at satellite deposits in the Tulu Kapi District, Ethiopian Government permitting, in order to implement longstanding plans designed to

expand or extend production and uplift the community benefits and the economics of the Tulu Kapi development still further;

- to contribute the Company's share of exploration at the Hawiah Gold and Copper Project ("Hawiah"), with a view to increasing the existing resources of 24.9 million tonnes at 0.90% copper, 0.85% zinc, 0.62 g/t gold and 9.81 g/t silver. In addition, funds will enable further work at the adjacent Al Godeyer licence areas following the highly encouraging results as announced in Q1 2022, which suggested the potential for another discovery similar to Hawiah; and
- for general working capital purposes.

### **Investor Warrants and Warrant Trigger Event**

Conditional on shareholder approval at the General Meeting, the Company will grant one warrant per two Placing Shares at an exercise price of 1.6 pence ("Warrants") exercisable for a period of two years from Admission of the Conditional Placing Shares.

The Company has elected that the Warrants will become exercisable if, during a two-year period following the date of Admission, the on-market share closing price of the Ordinary Shares for five consecutive days reaches or exceeds 2.4 pence (being a 50% premium on the Warrant exercise price) (the "Warrant Trigger Event").

If the Warrant Trigger Event occurs then:

- (i) the holders of the Warrants must exercise the Warrants within 30 days from the occurrence of the Warrant Trigger Event; and
- (ii) the Warrants will expire following the end of the 30-day period referenced above if not exercised.

If the Warrant Trigger Event has not occurred within two years following the date of admission of the Conditional Placing Shares, then the Warrants shall lapse and will no longer be capable of being exercised.

The Warrants will be issued in certificated form and will not be admitted to trading on AIM. The Warrants will be transferable in accordance with the terms of the Warrant instrument to be entered into by the Company. Any Ordinary Shares issued pursuant to the Warrants will, when issued, be admitted to trading on AIM.

The Warrants, along with those issued in January 2022, may raise a further £14.3 million, at the 1.6 pence exercise price, assuming that all investors exercise their warrants. It is expected that these funds will be sufficient to fund any necessary KEFI equity capital subscription in its subsidiary Tulu Kapi Gold Mines Share Company required as part of the broader identified US\$356 million Tulu Kapi development funding syndicate.

These equity funds are in addition to the KEFI equity capital contribution which had already been conditionally arranged with convertible note investors and the equity amounts which will have been historically invested prior to financial close. Details of the composition of the identified funding syndicate can be found in prior Company announcements and also in the corporate presentation uploaded to the Company's website on 4 April 2022.

The proposed timing for Tulu Kapi financial close remains the end of Q2 2022 with all being parties to be asked to sign up to the normal binding commitments and the associated conditions and sequence for disbursement of funds for a transaction of this nature.

### **General Meeting**

A circular convening the General Meeting to be held during May 2022 will be circulated shortly. The General Meeting will propose resolutions to shareholders to grant the board authority to allot the Conditional Placing Shares on a non-pre-emptive basis, and to grant the Warrants. Once published, the circular will be available to download from the Company's website at [www.kefi-minerals.com](http://www.kefi-minerals.com). It is important that shareholders lodge their votes in advance of the General Meeting through submission of their proxy votes.

### **Harry Anagnostaras Adams, Chairman of KEFI Gold and Copper commented:**

*“The Placing is to reinforce the rapid advancement of our three advanced projects in Ethiopia and Saudi Arabia. The Placing Shares, combined with the exercise of the Warrants and those from the placing announced on 21 December 2021, are intended to provide an additional c. £22.3 million (c. US\$29 million) of share capital, designed not only to complete the last piece of the planned Tulu Kapi project financing package of c. US\$356 million, but also build on the ongoing success we are seeing in our exploration programmes in Saudi Arabia.*”

*“In Ethiopia our subsidiary has historically invested approximately US\$70 million in the Tulu Kapi project and we are now at the stage to increase development and also exploration activities, as allowed by the Government authorities, to demonstrate both our good faith and to also show that security is appropriate for full project launch from mid-2022. This is very important as we have now conditionally lined up all the equity and debt funds required for full development project financing and the finance syndicate is keen to work very closely with the Government to ensure security and all regulatory clearances are in order.*”

*“For our two projects in Saudi Arabia, Hawiah Copper-Gold and Jibal Qutman Gold, we must contribute our 30% share to the joint venture to ensure that we accelerate the drilling and development studies on our significant discoveries.*”

*“At the recently granted Al Godeyer Licence we will look to undertake further drilling on identified targets which have yielded rock chip grades of up to 1.8% copper and 7.2g/t gold from surface trenching. KEFI remains optimistic that discoveries here are similar to those reported for the adjacent Hawiah deposit, which itself remains subject to further extensive exploration in 2022 as the existing resources remain open and additional targets have been identified.*”

*“At our Jibal Qutman Gold Project, our joint venture is also optimistic of receiving a Mining Licence this year and this capital raise will ensure the Company is well positioned to meet its share of preliminary development planning for the low-cost/quick-to-start heap leach operation.*”

*“We have the opportunity to build substantial value from de-risking and advancing the three projects. The Company’s internal NPV (8% after tax) on the three projects (at current metal prices as at 18 April 2022) indicates a combined NPV of 12 pence per share, after dilution from the Placing announced today. Therefore, we know that there is considerable merit in putting the capital in the ground and pushing the Company towards its goal of becoming a mid-tier gold and copper producer.”*

## Placing Agreement

The Company has appointed Tavira (the “Broker”) as its agent pursuant to the terms of a placing agreement executed on 19 April 2022 (the “Placing Agreement”).

The Company has agreed to pay the Broker certain commissions and fees, some of which will be satisfied through the grant of 75,000,000 warrants over KEFI ordinary shares (the “Broker Warrants”), subject to shareholder approval, at the General Meeting, in connection with its appointment. Each Broker Warrant will entitle the Broker to subscribe for one new KEFI ordinary share at a price of 0.80 pence per share, exercisable for a period of three years from the date of Admission of the Conditional Placing Shares.

## Total Voting Rights

Application has been made to the London Stock Exchange for Admission of the Firm Placing Shares to trade on AIM and it is expected that Admission will become effective and that dealings in the Firm Placing Shares will commence at 8.00 a.m. on or around 25 April 2022. Following Admission of the Firm Placing Shares, the total issued share capital of the Company will consist of 3,489,119,050 Ordinary Shares each with voting rights. The Company does not hold any Ordinary Shares in treasury. Therefore, the total number of voting rights in the Company will be 3,489,119,050 and this figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change in their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

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

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No public offering of the securities referred to herein is being made in any such jurisdiction or elsewhere.

The Placing Shares have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"), or with any securities regulatory authority or under any securities laws of any state or other jurisdiction of the United States and may not be offered, sold, resold, pledged, transferred or delivered, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. No public offering of securities is being made in the United States. The Placing Shares have not been approved, disapproved or recommended by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Placing Shares. Subject to certain exceptions, the securities referred to herein may not be offered or sold in the United States, Australia, Canada, Japan, New Zealand, the Republic of South Africa or to, or for the account or benefit of, any national, resident or citizen of Australia, Canada, Japan, New Zealand, the Republic of South Africa.

No public offering of the Placing Shares is being made in the United States, United Kingdom or elsewhere. All offers of the Placing Shares will be made pursuant to an exemption from the requirement to produce a prospectus under the Prospectus Regulation (EU) 2017/1129 (as supplemented by Commission Delegated Regulation (EU) 2019/980 and Commission Delegated Regulation (EU) 2019/979) as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "UK Prospectus Regulation").

No action has been taken by the Company, Broker or any of their respective affiliates, or any of its or their respective directors, officers, partners, employees, advisers or agents (collectively, "Representatives") that would, or is intended to, permit an offer of the Placing Shares or possession or distribution of this Announcement or any other publicity material relating to such Placing Shares in any jurisdiction where action for that purpose is required. Persons receiving this Announcement are required to inform themselves about and to observe any restrictions contained in this Announcement. The distribution of this Announcement, and the Placing and/or the offer or sale of the Placing Shares, may be restricted by law in certain jurisdictions. Persons (including, without limitation, nominees and trustees) who have a contractual or other legal obligation to forward a copy of this Announcement should seek appropriate advice before taking any action. Persons distributing any part of this Announcement must satisfy themselves that it is lawful to do so.

Members of the public are not eligible to take part in the Placing. This Announcement is for information purposes only and is directed only at: (a) persons in Member States of the European Economic Area ("EEA") who are qualified investors within the meaning of article 2(e) of the Prospectus Regulation (EU) 2017/1129; (b) in the United Kingdom, qualified investors within the meaning of Article 2(e) of the UK Prospectus Regulation who are persons who (i) have professional experience in

matters relating to investments falling within the definition of "investment professionals" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order"); or (ii) are persons falling within article 49(2)(a) to (d) ("high net worth companies, unincorporated associations, etc") of the Order; and (c) otherwise, persons to whom it may otherwise lawfully be communicated, (all such persons in (a), (b) and (c) together being referred to as "Relevant Persons"). This Announcement must not be acted on or relied on by persons who are not Relevant Persons. Persons distributing this Announcement must satisfy themselves that it is lawful to do so.

This Announcement may contain, and the Company may make, verbal statements containing "forward-looking statements" with respect to certain of the Company's plans and its current goals and expectations relating to its future financial condition, performance, strategic initiatives, objectives and results. Forward-looking statements sometimes use words such as "aim", "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "seek", "may", "could", "outlook" or other words of similar meaning. By their nature, all forward-looking statements involve risk and uncertainty because they relate to future events and circumstances which are beyond the control of the Company. As a result, the actual future financial condition, performance and results of the Company may differ materially from the plans, goals and expectations set forth in any forward-looking statements. Any forward-looking statements made in this Announcement by or on behalf of the Company speak only as of the date they are made. These forward-looking statements reflect the Company's judgment at the date of this Announcement and are not intended to give any assurance as to future results and cautions that its actual results of operations and financial condition, and the development of the industry in which it operates, may differ materially from those made in or suggested by the forward looking statements contained in this Announcement and/or information incorporated by reference into this Announcement. The information contained in this Announcement is subject to change without notice and except as required by applicable law or regulation, the Company expressly disclaims any obligation or undertaking to publish any updates, supplements or revisions to any forward-looking statements contained in this Announcement to reflect any changes in the Company's expectations with regard thereto, or any changes in events, conditions or circumstances on which any such statements are based, except where required to do so under applicable law.

The Placing Shares to be issued or sold pursuant to the Placing will not be admitted to trading on any stock exchange other than AIM.