

23 August 2021

KEFI Gold and Copper plc

("KEFI" or the "Company")

Tulu Kapi Full Funding Package Assembled

Enlarged funding package structured to enable start of Tulu Kapi development at the end of the Ethiopian wet season

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 report that it has now assembled the full funding package of US\$356 million estimated to be required for the development of the Company's Tulu Kapi Gold project ("Tulu Kapi" or the "Project") by KEFI subsidiary Tulu Kapi Gold Mines Share Company ("TKGM"). This package is designed to fund all infrastructure, the start-up of the open pit mine and the initial development of the underground mine.

Highlights

- Tulu Kapi full funding package of US\$356 million assembled
- Enlarged funding package now covers full development of Tulu Kapi, including initial underground development
- Financial completion through the signing of binding documentation and the launch of full development expected at the end of the Ethiopian wet season in October 2021
- KEFI to retain c.70% interest in TKGM
- NPV* to KEFI of US\$376 million (at current prices) or 12.6p per share for the Company's Tulu Kapi and Hawiah copper-gold projects

** Net Present Value ("NPV") is internally derived using independently created financial models of net cash flows after tax and debt service discounted at 8% per annum, based on Definitive Feasibility Study ("DFS") for Tulu Kapi open pit gold-silver mine, Preliminary Economic Assessment ("PEA") for Tulu Kapi gold-silver underground mine and PEA for Hawiah underground copper-gold-zinc-silver mine. Metal prices assumed for the were prevailing spot market prices at 14 August 2021.*

Project Funding

The signing of detailed binding documentation and the launch of full Project development is expected to coincide with the end of the Ethiopian wet season in October 2021. All equity and debt funding would be committed and binding upon signing, and subject only to normal conditions for such a transaction. Debt disbursement would follow after subscription of equity-risk capital, as is normal in such projects, and the timing of receipt will be structured to meet Project requirements.

Upon financial completion and any remaining conditions precedent being satisfied, it is expected KEFI will have achieved the following:

- Fully-funded the development of TKGM's open-pit gold mine for start of production in mid-2023;
- Have reserves set aside for cost-overruns for production start-up or, if not needed, available to trigger initial stages of development of Tulu Kapi underground mine from late 2023;
- Retained ownership of c.70% of TKGM, versus originally estimated 45% ownership; and
- Successfully minimised ownership dilution at the KEFI level by (a) maximising subsidiary-level finance, and (b) arranging for KEFI-subsidiary-level financing with conversion rights into KEFI shares to be based on the VWAP at the time of production (which the Company believes will be materially higher than at current levels), if not repaid beforehand.

It is expected that the non-KEFI shareholding in TKGM, of c.30%, will comprise Government and non-Government local

organisations and these relationships will strongly reinforce the Project's very deliberate efforts to align at community and district levels and with government at all levels.

Advanced conditional approvals, which have already been received, account for c.63% of the US\$356 million aggregated funding sources and the remaining c.37% (c.US\$131 million) is expected to come from existing identified parties working alongside those who have already resolved their conditional approval. All parties have agreed to enter into binding documentation at the same time.

Contracting of Works for the Processing Infrastructure and the Open Pit Mine

Contracts were issued and work started last year with the Ethiopian Electric Power Corporation and Ethiopian Roads Authority for Project offsite works. In respect of on-site works, the principal on-site contractors, Lycopodium Limited and Corica Mining Services Share Company, each the largest in Africa in their respective specialised contracting areas, have signed letters of intent and produced all-but agreed final forms of detailed documentation for execution at financial completion.

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

"It is a great pleasure to update on the full funding plan for the Tulu Kapi Gold Project. With principal approvals now received from the majority of the syndicate, we are focused on satisfying the remaining conditions precedent which are normal for a transaction of this nature. We are finalising outstanding documentation for all parties to allow the funds to flow for full Project development from October this year.

"It has taken a great deal of work by all involved, to rigorously ensure Ethiopia's first major mining project for 30 years is designed, financed and operated to the highest standards socially, environmentally and operationally. Whilst we are conscious of the recent turbulent situation in Ethiopia, which I am pleased to note appears to be abating, the conflict areas have been over 1,000km from Tulu Kapi and have not had any impact on the Project.

"This is a very exciting moment for our Tulu Kapi Gold Project and we are proud to be backed by a top-class international and local syndicate that has been assembled by KEFI. Doing so as gold markets have strengthened is terrific."

Detailed Funding Sources

2020 Annual Report Estimates US\$m			Current Estimate US\$m
20	Federal and Regional Governments	Share Subscription to TKGM	29
5	Local Private Organisations	Share Subscription to TKGM	10
140	African Multilateral Banks, Senior Lenders	Senior Term Loans, repaid from operating cash flow	140
15	Global Mining Finance Specialist	Non-Convertible, Offtake-linked Subordinated Finance	35
45	Local Subsidiaries of International Groups	Subordinated Convertible into KEFI Shares Year 3	20
0	Budgeted internal spare cash generated	This cash is generated in addition to Debt Service Reserves	20
1 to 21	KEFI	Equity issue to all shareholders, once all parties have confirmed	8
14	Mining Services Contractor	Mine capex paid in KEFI shares at start production in 2 years	22
70	Mining Services Contractor	Mine capex paid per tonne in cash	56
15	Global Mining Finance Specialist	Cost Overrun Facility	15
325-345		Total Funding Sources	356

Notes:

- Federal and Regional Government Organisations: The participation of organisations representing the Federal and Regional Government and their investment authorities is via their equity investments into TKGM;
- Local Private Organisations: Government participation has been supplemented by equity investments into TKGM from private organisations with extensive involvement within the district surrounding the Project. This significantly enhances alignment with local stakeholders down to the community level;
- Longstanding Proposed Senior Lenders: Eastern and Southern African Trade and Development Bank (TBD) and Africa Finance Corporation (AFC) bring extensive in-country experience as well as being leading African multilateral banks;
- The Global Mining Finance Specialist is an active investor in Africa and elsewhere and will, upon closing, have the right to appoint a Director to TKGM as well as other monitoring and oversight rights;
- Local Subsidiary of International Group: this organisation has a long-standing presence in Ethiopia and sees this is an opportunity to reinvest accumulated local profits into an important new sector for the country Its rights to convert subordinated loans into shares of KEFI after 3 years (after a year of production) is designed to avoid KEFI dilution at pre-production share prices;
- Expected cash build-up during production commissioning estimated at US\$20 million. Shown here for completeness and the finalised finance plan at signing will need to ensure that the Project is fully funded independent of gold proceeds during commissioning;
- KEFI: equity is provided by KEFI after all parties have signed, as part of the Project launch, as approved by Senior Lenders and other Lead Financiers. Historical pre-development investment by KEFI subsidiary KEFI Minerals (Ethiopia) Limited was c. US\$70 million, which is excluded from the above table showing development funding;
- Corica Mining Services: is Africa's largest mining services contractor. Its arrangement allows that it be paid for work in quoted shares of KEFI after 2 years and is designed to avoid KEFI dilution at pre-production share prices; and
- Cost-overflow facility: If the planned cost overrun facility remains unutilised upon Project completion (successful commencement of production as judged by Senior Lenders), it is proposed that those funds may be utilised to fund the initial mine development to the +5 g/t underground deposit.

Project Economics:

- Capital expenditure estimates for the open pit now cater for anticipated cost-inflation of approximately 10% overall over the past 18 months since estimates were presented for review by independent experts for the lenders. For the underground mine, we have used estimates from the Preliminary Economic Assessment (PEA) which will be replaced in due course by the results of the Feasibility Study to be conducted during construction of the open pit.
- At current metal prices (14 August 2021 spot market prices: US\$1,780/oz Au, US\$4.30/lb Cu, US\$1.37/lb Zn, US\$24/oz Ag):
 - All-in-sustaining-cost ("AISC") of Tulu Kapi Open Pit project is estimated at US\$870/oz which is similar to previous estimates when taking into account that AISC is affected by increased metal prices (because royalties increase on a per ounce basis); and
 - The NPV of KEFI's beneficial ownership in the two main projects is estimated at £274 million (US\$376 million) or 12.6 pence per KEFI share in issue.

Enquiries

KEFI Gold and Copper plc

Harry Anagnostaras-Adams (Executive Chairman)	+357 99457843
John Leach (Finance Director)	+357 99208130
SP Angel Corporate Finance LLP (Nominated Adviser and Joint Broker)	+44 (0) 20 3470 0470
Jeff Keating, Adam Cowl	
Brandon Hill Capital Ltd (Joint Broker)	+44 (0) 20 7936 5200
Oliver Stansfield, Jonathan Evans	
IFC Advisory Ltd (Financial PR and IR)	+44 (0) 20 3934 6630
Tim Metcalfe, Florence Chandler	

Notes to Editor

KEFI Gold and Copper 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 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, together with assembling the full funding consortium and set the conditional terms for the development funding package of c.US\$356 million.

Estimates include gold production of c.190,000oz pa. All-in Sustaining Costs (including operating, sustaining capital and closure but not including leasing and other financing charges) remain US\$800-900/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 in the Kingdom of Saudi Arabia

In 2009, KEFI formed Gold & Minerals Limited ("G&M") in Saudi Arabia with local Saudi partner, ARTAR, to explore for gold and associated metals in the Arabian-Nubian Shield. KEFI has a 34% interest in G&M and is the operating partner.

ARTAR, on behalf of G&M, holds over 16 Exploration Licence (ELA) applications pending the introduction of the new Mining Law. 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 mineral 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.