

9 June 2021

**KEFI Gold and Copper plc**

("KEFI" or the "Company")

**Modification to Executive Bonus Plan**

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, announces that following the announcement made on 7 June 2021 detailing, *inter alia*, cash bonuses to be paid to the Company's Executive Chairman Harry Anagnostaras-Adams, on the achievement of defined and specific milestones in relation to the Company's Tulu Kapi project, the Directors have received feedback from certain shareholders that they wish to see the payment of the bonuses more explicitly aligned to the achievement of shareholder value.

The Company's Remuneration Committee, comprising KEFI's four Non-Executive Directors: Mark Tyler (Chairman), Adam Taylor, Norman Ling and Richard Robinson have considered the feedback received from shareholders and have concluded that it is appropriate to modify the milestones for the payment of the cash bonuses to the Executive Chairman to include a minimum KEFI share price criteria. Mr Anagnostaras-Adams has agreed to these additional terms.

The milestones for the payment of the cash bonuses to the Executive Chairman therefore now include defined minimum share price criteria before they become payable, in addition to the previously agreed criteria. The additional criteria have been highlighted in the table below.

| Milestones for cash bonus  | Harry Anagnostaras-Adams |
|--|--------------------------|
| Tranche 1: Arranging a long term project finance facility for the Tulu Kapi Project and, not later than 31 December 2021, receipt by the Company of at least the first US\$20 million of project funding. <u>Additionally, Tranche 1 will only be paid when the closing mid-price of the Company's shares is above 3.0p for five consecutive trading days.</u> | US\$500,000              |
| Tranche 2: Completion of the Project within the Project budget approved by the senior lenders. <u>Additionally, Tranche 2 will only be paid when the closing mid-price of the Company's shares is above 4.0p for five consecutive trading days.</u>  | US\$500,000              |
| Tranche 3: Upon the sale and physical delivery of 35,000 ounces of gold equivalent. <u>Additionally, Tranche 3 will only be paid when the closing mid-price of the Company's shares is above 5.0p for five consecutive trading days.</u>   | US\$500,000              |

## Further Background

The Directors believe that the remuneration of the Company's officers is generally (and almost without exception) based on the median for the individuals particular role, location and industry, based on benchmarking against independent surveys drawn from industry-wide projects and companies. The Directors look to ensure, as far as practical, all KEFI management remuneration is positioned within the mid-range of the relevant comparatives, unless an exception is approved for specific factors that are considered reasonable. The remuneration benchmarking is done on the basis of the total cost to the Company, which aggregates base-remuneration and short term incentive and long term incentive remuneration, whether or not realised by the individual.

KEFI is for the most part the manager of joint ventures and consequently, roles such as the Executive Chairman are spread over the three principal companies; KEFI, Tulu Kapi Gold Mines Share Company ("TKGM") in Ethiopia, and Gold & Minerals Ltd ("G&M") in Saudi Arabia. KEFI recovers most of its senior management costs from the operating joint ventures dependent on where the individuals' time is actually spent. However, cost-recovery by KEFI from joint venture companies is only applied for cash-based remuneration paid to KEFI officers and not for share-based or option-based remuneration. Therefore, the net cost of the officer's remuneration to KEFI can vary depending on the form of payment made to the individual. These factors are taken into account by the Directors in determining what they believe are the most appropriate remuneration structures for the Company.

## Related Party Transaction

The agreement relating to cash bonuses potentially payable to the Executive Chairman are considered a related-party transaction for the purposes of Rule 13 of the AIM Rules for Companies. The Directors independent of the agreement consider, having consulted with SP Angel Corporate Finance LLP, the Company's nominated adviser, that the agreement is fair and reasonable in so far as KEFI's shareholders are concerned.

## Enquiries

### KEFI Gold and Copper plc

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|--|----------------------|
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## 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\$221 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 c. US\$800/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.