

21 December 2021

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

Placing and Issue of Shares

Directorate Change

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 a firm placing to raise gross cash proceeds of approximately £715,000 and to settle outstanding debts and liabilities of approximately £2.6 million (the "Firm Placing"). The Firm Placing will consist of the issue of 414,375,788 new ordinary shares of 0.1 pence each in the capital of the Company ("Ordinary Shares") at an issue price of 0.8 pence per Ordinary Share (the "Placing Price") to existing and new shareholders.

The Company has also received further subscriptions totalling £1.2 million which will be settled by the settlement of amounts due by the Company to the subscribers and, in addition, certain directors and managers have elected to receive shares in lieu of fees and salaries of approximately £1.9 million. The issue of 371,817,944 Ordinary Shares to the further subscribers, directors and managers (the "Conditional Placing") is conditional on shareholder approval at a General Meeting of the Company.

The Firm Placing and the Conditional Placing (together being the "Placing") will total approximately £6.4 million. In aggregate, a total of 786,193,732 Ordinary Shares are to be issued (the "Placing Shares") to settle, in total, £5.7 million in debts and add approximately £0.5 million cash net of expenses for general working capital purposes.

In addition, conditional on shareholder approval at a General Meeting, one warrant giving the right to subscribe for one Ordinary Share with an exercise price of 1.6 pence ("Warrant") will be issued for every two Placing Shares issued. The Warrants will become exercisable if 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). Otherwise, the Warrants will expire two years after the date of Second Admission (as defined below). Any proceeds from the exercise of Warrants is, in part, intended to contribute to the project financing of the Tulu Kapi Gold Project.

Brandon Hill Capital Limited and WH Ireland Limited (together, the "Brokers") acted as brokers to the Placing.

Harry Anagnostaras Adams, Chairman of KEFI Gold and Copper commented: *"KEFI has arranged equity placings to tidy up its balance sheet going into year-end. The structure of the placings also provides attached 1 for 2 warrants which in part, intended to contribute to the project financing of the Tulu Kapi Gold Project.*

"It is also pleasing that there has recently been a significant positive turning point in the conflict which reinforces KEFI's optimism that peace will soon be restored in Ethiopia. We work intensely with the Government and the stakeholders of the Tulu Kapi Gold Project, so as to launch as early as possible during 2022.

"In Saudi Arabia the Company's projects are advancing on several fronts and the Company expects to be able to provide an updated Mineral Resource Estimate at its Hawiah Copper-Gold Project (a large

Volcanogenic Massive Sulphide Deposit) in Saudi Arabia during January 2022, as well as progress on the Preliminary Feasibility Study for potential development.

“The Company considers that it now has a development pipeline of three projects in the Arabian Nubian Shield, all with JORC-compliant MRE’s and all still remaining open in more than one direction. All are expected to generate progress throughout the coming year. An updated summary of the aggregate MRE’s and estimated Net Present Values will be provided in due course. NPV of Tulu Kapi and Hawiah based on current JORC-compliant Resources is US\$412 million or £302 million.”

Background and reasons for the Placing

The Placing, net of expenses, is expected to yield approximately £0.5 million in net cash and allow repayment of £5.7 million in debts, which have accrued since the Company’s last capital raise in 2020 as the Company advanced its assets in Ethiopia and Saudi Arabia. This will permit the Company to continue preparations for the Tulu Kapi Project and enable the Company to contribute its share to the Saudi Gold & Minerals joint venture and extinguish material liabilities.

The Company continues to work intensely with the Government and the stakeholders of the Tulu Kapi Gold Project, so as to launch as early as possible during 2022. With the funding consortium and structure already identified and commitments in place and given the advanced stage of preparations such as technical and legal due diligence, timing is principally dependent on the security situation being acceptable for launch. As reported recently by the Company (see announcement on 6 December 2021), there has recently been a significant positive turning point in the conflict which reinforces KEFI’s optimism that peace will soon be restored in Ethiopia. The Project syndicate members have reaffirmed their intended Project participation as soon as compliance is demonstrated.

The start of full gold production at Tulu Kapi remains targeted for 2024, with commissioning from the end of 2023. Targeted gold production of the combined open pit and underground operation is 190,000oz pa. The Tulu Kapi Project financing syndicate is collaborating closely and, subject to whether or not the planned Tulu Kapi cost-overrun facility is needed for starting up the open-pit operations, it is also possible that the development of an underground gold mine at Tulu Kapi can also be triggered without a further equity capital injection.

The Company currently intends to provide a material update to its Mineral Resource Estimate at its Hawiah Copper-Gold Project (a large Volcanogenic Massive Sulphide Deposit) in Saudi Arabia during January 2022, as well as progress on the Preliminary Feasibility Study for potential development. While subject yet to review by the Company’s independent mining consultants, SRK Consulting (UK) Ltd, based on drilling results previously announced, the Company currently targets a potential increase of 30% in tonnage and 5% in grade on the existing Maiden Resource, an aggregate of 19.3Mt at 1.9% copper equivalent (this statement does not constitute a JORC-compliant resource, pending the release of the duly updated and approved JORC-compliant statement and supporting material). Whilst the tonnage and grade of the Maiden Resource is expected to be increased, there is no certainty that it will be and, pending the issuance of a JORC-compliant Resources Statement, these comments are merely in the context of an Exploration Target. Based on recent communications with the Saudi regulatory authorities, the Company also targets clarifying the tenure in respect of its long-standing Mining Licence Application at the Jibal Qutman Gold Project, also in Saudi Arabia, during 2022, having earlier this month been granted its long-standing applications for the Godeyer Exploration Licences some 12 kilometres from the Hawiah Copper-Gold Project.

The Company considers that it now has a development pipeline of three projects in the Arabian Nubian Shield, all with JORC-compliant MRE’s and all still remaining open in more than one direction. All are

expected to generate progress throughout the coming year. An updated summary of the aggregate MRE's and estimated Net Present Values ("NPV's") will be provided in due course. The most recently published NPV of Tulu Kapi and Hawiah based on JORC-compliant Resources is US\$412 million or £302 million. NPV is internally derived using independently created financial models of net cash flows after tax and debt service, based on the Definitive Feasibility Study 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 were prevailing spot market prices at June 2020 and 11 November 2021.

Further information on the Placing

The Placing will be undertaken in two tranches:

1. The Firm Placing shall consist of 414,375,788 Placing Shares (the "Firm Placing Shares"); and
2. The Conditional Placing shall consist of 371,817,944 Placing Shares (the "Conditional Placing Shares") and 393,096,865 Warrants.

The Firm Placing is conditional, inter alia, on the admission of the Firm Placing Shares to trading on AIM becoming effective ("First Admission"), which is expected to take place on or around 24 December 2021.

The Conditional Placing requires shareholder approval at a General Meeting of the Company, to be held on a date to be confirmed in January 2022 and as further described below. The Conditional Placing is conditional, inter alia, on First Admission becoming effective, the passing of the resolutions to be proposed at the General Meeting and the admission of the Conditional Placing Shares to trading on AIM becoming effective at 8.00 a.m. on or around 19 January 2022 ("Second Admission").

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.

The Placing Shares issued to directors and management in settlement of accrued fees will be at the Placing Price, except for the issue of 12,950,147 Conditional Placing Shares to be issued to three senior managers at prices ranging from 1.077p to 2.034p in accordance with a previous contractual arrangement that settles an amount owing of £225,938. This pricing is based on the monthly VWAP of KEFI's ordinary shares over the period from 1 January 2021 to 31 October 2021.

The Placing Shares will represent 27% of the then enlarged share capital of the Company. In the event the issue of the Warrants is approved by shareholders and subsequently exercised in full, the Placing Shares together with the new ordinary shares issued on exercise of the Warrants would represent 35% of the then enlarged share capital (assuming no other issue of Ordinary Shares in the meantime), having subscribed an additional £6.3 million of share capital.

Working Capital and Use of Funds

On the basis that the Firm Placing and the Conditional Placing are both completed, the Company expects that it will have discharged its significant material liabilities currently payable of approximately £5.7 million.

Pending full financial closing of the Tulu Kapi Project finance, the Company expects to have partners' equity subscriptions in both Saudi Arabia and Ethiopia and the ongoing availability of shareholder advances, in accordance with the longstanding arrangement with the Company's Lead Broker from

time to time. Expected specific use of the cash net Placing proceeds of approximately £0.5 million is illustrated below:

	£000's
Ethiopian Tulu Kapi project expenditure, preparing community, project finance closing	305
Saudi project expenditure	145
Corporate costs	50
Total	500

The sum required in this Firm Placing and Conditional Placing for repayment of liabilities and replenishment of working capital in part reflects non-recurring items, which included technical studies in Ethiopia brought forward from the Project development phase at the request of the financing syndicate, and the Tulu Kapi security incident management.

KEFI PDMR participation in the Placing

Name	Number of existing ordinary shares in KEFI	Percentage of existing issued share capital	Number of Conditional Placing Shares	Number of ordinary shares in KEFI on Second Admission	Percentage of total share capital on Second Admission
H Anagnostaras-Adams	32,231,312	1.50%	22,500,000	54,731,312	1.86%
J Leach	18,525,743	0.90%	12,500,000	31,025,743	1.06%
Norman Ling	2,295,486	0.10%	-	2,295,486	0.08%
Mark Tyler	2,000,000	0.10%	3,125,000	5,125,000	0.17%
Richard Robinson	1,000,000	0.00%	6,250,000	7,250,000	0.25%
Adam Taylor	-	0.00%	-	-	-
Other employees and PDMRs	85,825,313	4.00%	173,530,444	259,355,757	8.83%

Related party transaction

The conditional issue of Warrants to the following directors of the Company, Harry Anagnostaras-Adams, John Leach, Mark Tyler and Richard Robinson, is a related party transaction under AIM Rule 13 of the AIM Rules for Companies. Adam Taylor and Norman Ling, being the directors independent of the conditional issue of Warrants, consider after having consulted with the Company's nominated adviser, that the terms of the conditional issue of Warrants are fair and reasonable insofar as the shareholders of the Company are concerned.

RAB Capital PLC, a substantial shareholder in the Company, has subscribed for 20,000,000 Ordinary Shares for cash in the Firm Placing. This subscription is being treated as a related party transaction under AIM Rule 13 of the AIM Rules for Companies. The directors of the Company consider, having consulted its nominated adviser, that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

Placing Agreement

The Company has appointed the Brokers as its agents pursuant to the terms of a placing agreement executed on or about today's date (the "Placing Agreement"). The Company has agreed to pay the Brokers certain commissions and fees.

Under the terms of the Placing Agreement, the Company has given certain customary warranties, indemnities and undertakings to the Brokers in connection with the Placing relating to the Company and its affairs.

Warrants

In addition, subject to shareholder approval at the General Meeting, one Warrant with an exercise price of 1.6 pence will be issued for every two Placing Shares issued in the Placing. The Warrants will become exercisable if, during a two-year period following the date of Second 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 Second Admission, 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.

General Meeting

A circular convening the General Meeting to be held during January 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. It is important that shareholders lodge their votes in advance of the General Meeting through submission of their proxy votes.

If the resolutions are not approved at the General Meeting, the Company will need to seek an increased amount of additional funding from alternative sources in order to support its operations. There is no guarantee, however, that such increased amount of additional funding could be obtained in the requisite time frame or at all. If the resolutions are not approved at the General Meeting, and no alternative funding can be raised, the Company's ability to operate as a going concern may be put at risk.

Directorate Change

Mr. Adam Taylor, a non-executive director of KEFI, has advised that he has accepted a full time chief executive position with another organisation and as a result, it is necessary to leave the KEFI board at the end of this year. Mr. Taylor has contributed significantly to the Company providing insight and support on a diversity of matters up to and including this latest round of financing.

Mr. Taylor commented: "KEFI is well placed to take advantage of a number of opportunities in Ethiopia and Saudi Arabia and the company has shown great resilience on a number of occasions in the face very challenging circumstances. It is my expectation that this resilience and determination will ultimately lead to positive results for shareholders".

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 First Admission will become effective and that dealings in the Firm Placing Shares will commence at 8.00 a.m. on or around 24 December 2021. Following First Admission of the Firm Placing Shares, the total issued share capital of the Company will consist of 2,567,301,106 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 2,567,301,106 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.

Enquiries

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Further information can be viewed at www.kefi-minerals.com

Competent Person Statement

The information in this announcement that relates to exploration results and Mineral Resources is based on information compiled by Mr Tomos Bryan, Exploration Manager for Gold & Minerals Limited. Mr Bryan is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Bryan is a geologist with sufficient relevant experience for Company reporting to qualify as a Competent

Person as defined in the JORC Code 2012. Mr Bryan consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

The Hawiah Mineral Resource was announced on 19 August 2020 and G&M is in the process of updating the resource statement for 2021. KEFI confirms that it is not aware of any new information or data that materially affects the information in the above releases and that all material assumptions and technical parameters, underpinning the estimates continue to apply and have not materially changed. KEFI confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

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 has for some years been undergoing a remarkable transformation both politically and economically. However, 2021 has been a turbulent year for the country due to internal conflict due to military challenges to the Federal Government from rebel minorities.

The Tulu Kapi gold project in western Ethiopia has however continued progressing towards development, following a grant of a Mining Licence in April 2015.

The Company has refined contractual terms for project construction and operation, together with having assembled the full funding consortium and set the conditional terms for the development funding package of c.US\$356 million, which is expected to be triggered as soon as normal conditions are satisfied including security.

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, depending on the gold price impact on the royalty payable. 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 c.31.5% interest in G&M and is the operating partner.

The Kingdom of Saudi Arabia has announced policies to encourage mineral exploration and development, and KEFI 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.