

25 January 2021

KEFI Gold and Copper plc

(“KEFI” or the “Company”)

Q4 2020 Operational Update

KEFI (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 provide its latest quarterly operational update.

This update encompasses the activities of KEFI Minerals (Ethiopia) Ltd (“KME”) and Tulu Kapi Gold Mines Share Company (“TKGM”) in Ethiopia, and Gold & Minerals Ltd (“G&M”) in Saudi Arabia for the period from 1 October 2020 to 31 December 2020 (“Q4”), together with more recent developments where appropriate.

In Ethiopia, the Tulu Kapi Gold Project (the “Project” or “Tulu Kapi”) financing remains on track with the project finance consortium for financial closing in March 2021 and production in Q4 2022. In Saudi Arabia, drilling continues to extend the known mineralisation at the Hawiah copper-gold deposit. Otherwise, any material events have already been reported in separate announcements.

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

“It is all systems go in Ethiopia where we remain focused on KEFI owning at least 65% of Tulu Kapi producing 190,000 oz of gold per annum, with production starting in Q4 2022, and in parallel we continue to advance our Saudi copper and gold discoveries.”

“Drilling at Hawiah during the quarter has extended the copper-zinc-gold-silver massive sulphide mineralisation and confirmed the potential for a much larger Mineral Resource.”

“The progress at Tulu Kapi and Hawiah coincides with a cyclical upturn in gold and copper, KEFI’s principal metals. This backdrop is indeed refreshing after many years of the sector being in the cyclical doldrums and also timely given our host countries’ proactive steps to boost their respective mining sectors and the preparedness of KEFI for rapid growth.”

“We welcome the ongoing support and efforts of the Ethiopian Government and also the implementation of new mining regulations by the Saudi Arabian Government, which underpin our expectation that 2021 will be a year of significant acceleration by KEFI in both countries.”

Ethiopia - Tulu Kapi Gold funding progresses towards closing in March 2021

On 22 October 2020, KEFI announced that it had assembled the full funding consortium and set the conditional terms for the development funding package for the Company’s flagship Tulu Kapi Gold Project.

The Project financial closing is anticipated to occur in March 2021, in accordance with recent guidance, leading to the proposed start of gold production during Q4 2022. This timetable follows the positive outcomes of due diligence in Ethiopia.

KEFI’s directors and management were in Ethiopia during the quarter to work with the financing syndicate and the dedicated teams of the many government agencies involved. A due diligence work programme was undertaken to serve the consortium, especially senior lenders’, procedures for their respective approvals of the Project start-up. This programme

included a site inspection and meetings with TKGM's site-based teams, the community and local government.

Tulu Kapi Finance Plan Being Refined with Senior Lenders

Whilst there have been no material changes with the estimated capital costs of the Project (c.US\$253 million in total comprising c.US\$221 million for development, c.US\$21 million sustaining capital and c.US\$21 million closure costs), a standby facility has now been included in the finance plan to provide additional headroom.

As previously announced, excluding past costs the sources of Project development funding are targeted to be c.60% senior debt and 40% equity-risk capital (including subordinated debt). If past expenditure on Tulu Kapi is taken into account, the proposed debt:equity ratio would be in the order of 50%:50%.

The estimated equity-risk development capital of c.US\$80 million is being structured as follows:

- the Ethiopian Federal and Regional Governments are already investing their US\$20 million contribution;
- Ethiopian private sector organisations may also invest in the Project company, TKGM, on the same terms as the government entities, but for planning purposes we have assumed that they do not invest. Nevertheless, it is important that they have the opportunity;
- the KEFI contribution of US\$60 million will include subordinated debt from the Ethiopian subsidiary of a multinational industrial group and product offtake-linked subordinated finance from a prominent international metals trader; and
- assuming no investment by local Ethiopian institutions, KEFI will own c.75% of TKGM. However, at this stage we are assuming 65% KEFI ownership for the presentation of Project economics so as to err on the side of caution.

Tulu Kapi Development Activities Continue

Whilst the Project financing is being finalised, scheduled long-lead Project activities continue to be progressed and include:

- procurement and other works for offsite infrastructure funded by the Government as its Project equity contribution;
- resettlement preparations in accordance with World Bank IFC performance standards; and
- updates to input costs and details of arrangements with contractors including for the processing plant Front End Engineering and Design ("FEED"), for construction and local sub-contractor competitive quotations, and for the mining operation, updated competitive bids for the full schedule of rates. These "home-stretch pricing checks" have led to immaterial refinements to Project operating cost estimates.

Tulu Kapi Updated Project Economics

At a gold price of US\$1,700/oz, and pending any refinements in the Project economics at financial closing, KEFI's beneficial interest in Tulu Kapi's annual gold production remains at 124,000oz p.a. (65% of 190,000 oz p.a.), the Tulu Kapi NPV attributable to KEFI remains

estimated at US\$264 million or £201 million, representing 9 pence per currently issued KEFI share. These NPV estimates are based on discounting at 8% the after tax net cash flows to equity using the financial model maintained by KEFI's financial advisers.

Tulu Kapi Project Milestones in the Short Term

The key steps to progress the development of the Tulu Kapi gold mine during the first half of 2021 include the following:

- Finance:
 - approval and execution of detailed finance documentation; and
 - receipt of Project equity/subordinated debt subscriptions (senior debt drawdown is anticipated to follow in H2 2021).
- Community:
 - continue building new starter houses and associated infrastructure for resettled community;
 - consultations and payment of compensation for resettled community; and
 - employment, training and community development schemes for the broader community.
- Construction:
 - continue access road construction and electricity connection from main grid to site;
 - start bulk earthworks for on-site infrastructure; and
 - start fabrication of plant components in various factories internationally.

KEFI also plans to advance the exploration of the Tulu Kapi District by commencing field programmes following the anticipated grant of exploration licences.

Saudi Arabia – Mineralisation extended by further drilling at Hawiah Project

KEFI's operations in Saudi Arabia are conducted through its 34% owned joint-venture company, G&M, where KEFI is the operating partner.

New Saudi Mining Regulations

As previously indicated, the new Saudi mining regulations came into effect from 1 January 2021. This represents the end of a 5-year hiatus on the granting of exploration licences in the Kingdom, and marks the launch of an intended high-growth phase for the sector.

KEFI actively engaged with the Ministry of Industry and Mineral Resources ("DMMR") to ensure that the previous exploration licences were processed under the new regulations as well as applying for new exploration licences to capitalise on G&M's position as the leading private sector exploration and development company in Saudi Arabia. G&M has now submitted applications to cover 12 areas with known gold occurrences and 18 areas with volcanic massive sulphide copper-gold targets.

Major Hawiah Drilling Programme Commences

During Q4 2020, KEFI commenced a 13,000 metre drilling programme that aims to expand and upgrade the maiden Hawiah Mineral Resource Estimate ("MRE") from the current 19.3 million tonnes at 0.9% copper, 0.8% zinc, 0.6g/t gold and 10.3g/t silver.

The first phase of the current drilling programme is focused on resource expansion at the Camp Lode, due to elevated average copper grades in this area of the deposit. Drillholes have

been stepped out to significant distances to quickly confirm that the deposit extends both along strike and at depth.

Drilling is progressing well with two drill rigs on site. A total of 14 diamond drill holes and 6,296 metres of drilling were completed by the end of December 2020. Massive sulphide mineralisation was intercepted in 11 drill holes and the Camp Lode was extended by 470 metres to a vertical depth of 570 metres. These results are being assembled and interpreted, and will be announced when this work is completed.

KEFI is also working towards further exploration of the surrounding area during 2021, including to investigate a potential large stockwork zone or “feeder zone” to the massive sulphides, which represents a separate and potentially even larger-scale target.

Hawiah PEA Outcomes and Planned PFS

KEFI released the key outcomes of the initial Preliminary Economic Assessment (“PEA”) for the Hawiah Project in September 2020. This internal PEA is likely to be the first of several studies as we expand the resource.

KEFI has commenced the studies and other work required to complete an Independent Preliminary Feasibility Study (“PFS”) that will support an initial mine development within a district which is considered to have world-class prospectivity.

The positive PEA included the following outcomes:

- confirms Hawiah is a high priority Project, with a significant maiden resource of 19.3Mt at 1.9% copper equivalent in-situ (0.9% copper, 0.8% zinc, 0.6g/t gold, 10.3g/t silver), after only seven months of initial drilling;
- the maiden resource alone potentially supports a production rate of 2Mt p.a. for seven years for net operating cash flow of c.US\$70 million p.a. at current metal prices. After initial and sustaining capital expenditure of c.US\$222 million and c.US\$46 million respectively, this would indicate an estimated net cash surplus of over US\$200 million before financing costs and tax; and
- clear potential for expansion of resources with further drilling below the currently drilled depth of 350 metres of this structurally consistent tabular structure. A doubling of the resource with material of similar characteristics as the maiden resource would indicate an estimated net cash surplus of over US\$500 million before financing costs and tax.

For further information regarding the Hawiah PEA, see KEFI’s announcement “Preliminary Economic Assessment Confirms Hawiah as a High Priority Project” dated 22 September 2020.

Investor Webinar

The Company will host its live quarterly webinar at 9.30 am London time on Monday 1 February 2021 which will be accessed via:

<https://webcasting.brrmedia.co.uk/broadcast/600b03dbea090471deaf6564>

Shareholders are encouraged to submit questions by emailing: questions@brrmedia.co.uk

The webinar will subsequently be available on the Company's website at:

<http://www.kefi-minerals.com/news/webcasts>.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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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 many Exploration Licence (EL) 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 minerals 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.