

10 January 2022

KEFI Gold and Copper plc

("KEFI" or the "Company")

Q4 2021 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 2021 to 31 December 2021 ("Q4"), together with the upgrade to Hawiah Mineral Resource Estimate ("MRE") announced on 6 January 2022. The Tulu Kapi Gold Project ("Tulu Kapi") is under TKGM (planned to be c.70% owned by KEFI) and the Hawiah Copper-Gold Project ("Hawiah") and the Jibal Qutman Gold Project ("Jibal Qutman") are under G&M (planned to be c.30% owned by KEFI).

Value Changes for KEFI Shareholders as the Project Portfolio Advances

KEFI's share of the estimated value of the in-situ metal content of Mineral Resources in the KEFI-managed projects in Ethiopia is now US\$2.3 billion and in Saudi Arabia is now US\$1.6 billion, at 31 December 2021 metal prices.

The estimated Net Present Value ("NPV") of the Company's projects for KEFI shareholders as at 10 January 2022 is approximately 12 pence per share at current metal prices and exchange rates (£348 million divided by 2,939 million shares), based on the NPV per share in issue and planned to be issued (subject to shareholder approval) on 13 January 2022. This KEFI derived NPV includes preliminary updates to the Hawiah modelling due to the updated MRE only being signed-off on 5 January 2022.

The current 12 pence per share NPV range compares with recent estimates as follows, using the same 31 December 2021 metal prices and exchange rate, in order to highlight the changes due to KEFI actions on project plans, project ownership levels and KEFI share issues:

- June 2020: 6 pence per share (£114 million divided by 1,867 million shares)
- December 2020: 13 pence per share (£244 million divided by 1,876 million shares)
- June 2021: 13 pence per share (£271 million divided by 2,159 million shares)

The factors contributing to KEFI's successful increase in the NPV on a pence per share basis since mid-2020 are as follows:

- Tulu Kapi:
 - Increased the planned KEFI ownership level of TKGM from 45% to 70% (by re-arranging the project finance plan), which more than offset the estimated cost inflation impact on capital expenditure requirements

- Hawiah:
 - Increased Mineral Resource Estimate by c.30%
 - Improved project NPV by lowering initial capital expenditure by establishing the prima facie viability of starting up as an open pit mine
- Jibal Qutman:
 - Re-activated development planning following indications from the regulatory authorities that the Mining Licence would be clarified in 2022.

Note: for explanatory background to NPV's, see tabular summary and notes below.

Progress of Projects

Ethiopia

TKGM preserved its project finance syndicate whilst temporarily pausing preparations for the launch of the Tulu Kapi Gold Project, as a safety measure in response to Ethiopian security issues. As foreshadowed, military hostilities had abated by the end of Q4 and the focus is now on a long-lasting peaceful resolution. The Government has announced the formation of a national dialogue commission to be elected and to seek a long-term solution.

Some notable actions during Q4 were as follows:

- TKGM and its senior lenders met with the Ethiopian Ministries of Mines and Finance, to help align expectations as to the normal conditions for international project financing and the timing for project launch;
- Essentially completed technical and legal due diligence, whilst advancing detailed documentation, the arrangement of insurances and other normal requirements for project finance;
- Achieved the safe and unharmed release in November 2021 of four personnel after their captivity during September and October. The release was without conditions; and
- Safely navigated the indirect effects of the Ethiopian civil conflict, which was in parts of the country distant from our sites.

We now expect to launch the Tulu Kapi project in early 2022, subject to the continuing improvement of the security situation and the satisfaction of normal conditions precedent for financing such a project.

Saudi Arabia

Despite experiencing some COVID-related delays, such as travel bans on our key staff and consultants from South Africa and Namibia, G&M maintained its progress as follows:

- Completed the Hawiah Phase 4 drilling programme which, combined with Phase 3, totaled 29,800m of drilling, leading to the publicly reported expected exploration target for a c. 30% increase in resource tonnage and c. 5% increase in grade;
- Updated the MRE, as announced on 6 January 2022, from the Maiden MRE reported

on 19 August 2020. The MRE is now 24.9 million tonnes (up from 19.3 million tonnes). Contained in-situ metal is now US\$4 billion (223,000 tonnes of copper at US\$9,750/t plus 210,000 tonnes of zinc at US\$3,590/t, 497,000 oz of gold at US\$1,830/oz and 7.8 million oz of silver at US\$23/oz) at current metal prices. As a scale-comparison with the Company's Tulu Kapi Gold Project, Hawiah's recoverable metal is estimated to be in the order of 2.2 million gold-equivalent ounces versus Tulu Kapi's 1.2 million ounces assumed in the referred-to economic appraisals;

- The Hawiah Preliminary Feasibility Study ("PFS") is expected to be completed in 2022, with development planned to follow the start of production at Tulu Kapi in 2024. Significant outcomes to date include that:
 - all primary metals can be recovered, namely copper, gold, zinc and silver
 - Hawiah now is considered to comprise an open pit mine as well as an underground mine. This lowers initial development capital requirements
 - Preliminary enquiries with the Saudi Investment Development Fund indicate that G&M's projects are eligible candidates for project financing
- Granting of two new Exploration Licences near to Hawiah (the "Al Godeyer Licences" or "AG Licences") which are considered to contain a direct geological analogue of the Hawiah deposit, evident from reconnaissance exploration to date; and
- Informal indications from the Saudi Arabian Ministry of Mineral Resources that the long-standing application for a Mining Licence at Jibal Qutman Gold Project would progress in 2022. This was our first discovery in Saudi Arabia with a maiden MRE in excess of 700,000 oz gold.

KEFI Corporate

The Company's corporate financing plans were held up for some months by the security events in Ethiopia. Nevertheless, subject to shareholder approval at the General Meeting of the Company to be held on 13 January 2022, KEFI has arranged a £6.4 million placing and issue of shares (the "Placing") as announced on 21 December 2021 which:

- significantly de-risked the Company's balance sheet by removing liabilities of £5.7 million through the issue of equity; and
- added £0.5 million of net cash to working capital from joint venture partner contributions and shareholder advances, pending project finance closing for Tulu Kapi.

Placing terms also includes the conditional issue of one warrant for each two new shares issued exercisable at 1.6p per warrant, being double the Placing price of 0.8p, which are intended to contribute to the project financing of Tulu Kapi upon exercise.

KEFI targets production at Tulu Kapi in 2024, at Hawiah in 2025 and Jibal Qutman around the same timing. At December 2021 metal prices, total revenue of these KEFI-managed projects is estimated to approximate US\$560 million (comprising each of Tulu Kapi and Hawiah at c.US\$250 million and Jibal Qutman at US\$60 million, KEFI's share of revenue is estimated to be c. US\$280 million per annum, and of EBITDA c.US\$200 million per annum (approximately 50:50 Ethiopia and Saudi Arabia).

As previously announced, Non-Executive Director Adam Taylor stepped off the Board on 31

December 2021 to take up a full-time position elsewhere.

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

“During the fourth quarter of 2021, security events in Ethiopia stalled our progress at Tulu Kapi, but we preserved the finance syndicate and our preparations for the project launch when security and other normal conditions are satisfied as early as possible in 2022.

“In Saudi Arabia our progress continued at a rapid pace on several fronts: the expansion of the Hawiah Copper-Gold Project Mineral Resource, the Jibal Qutman Gold Project now targets a Mining Licence during 2022 and we have been granted the Al Godeyer Exploration Licences 11 kms from Hawiah, covering a geological analogue of the main deposit.

“The Placing which was arranged in December 2021 will, subject to shareholder approval at the General Meeting on 13 January 2022, significantly de-risk the balance sheet. And the update of estimated project NPV’s for KEFI’s three development projects demonstrates significant value-adding on a per share basis over the past two years despite geopolitical challenges. KEFI considers that approximately half of the Company’s underlying intrinsic value (of 12 pence per share based on project NPV’s) is in each of Ethiopia and Saudi Arabia.

“We highlight the substantial value that Al Godeyer may add as it is a ‘Hawiah look-alike’ that has very good potential to add more near-surface VMS mineralisation to a Hawiah development.”

Investor Webinar

The Company will provide a Quarterly Update presentation via the Investor Meet Company platform today at 9:00am GMT.

The presentation is open to all existing and potential shareholders. Questions can be submitted at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet KEFI via:

<https://www.investormeetcompany.com/kefi-gold-and-copper-plc/register-investor>

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

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

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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Notes to Editor

KEFI Gold and Copper plc

KEFI is focused primarily on the development of the Tulu Kapi Gold Project in Ethiopia and its pipeline of highly prospective exploration projects in the Arabian-Nubian Shield. KEFI targets that production at Tulu Kapi will generate cash flows for capital repayments, further exploration and dividends to shareholders.

The following tabular summary presents KEFI's estimated share of the project NPV's :

	Tulu Kapi NPV	Hawiah NPV	Jibal Qutman NPV	Total NPV	Issued Shares	Pence Per Share
Net Present Value for KEFI						
30 June 20	£114 mill	N.A	N.A	£114 mill	1,867 mill	6
31 Dec 20	£164 mill	£80 mill	N.A	£244 mill	1,876 mill	13
30 June 21	£191 mill	£80 mill	N.A	£271 mill	2,159 mill	13
31 Dec 21	£191 mill	£124 mill	£33 mill	£348 mill	2,939 mill	12

Footnotes:

USD:GBP is 1.35: 1.0

Gold Price is US\$1,830/oz

Copper Price is: US\$9,750/t

Assumed exchange rate was rate US\$1.35:£1.00).

Zinc Price is US\$3,590/t

Silver Price is US\$23/oz

Explanatory Notes:

NPV is derived by KEFI using independently created financial models of net cash flows after tax and debt service, using a discount rate of 8%.

Tulu Kapi open pit model is based on the Definitive Feasibility Study ("DFS") as updated for any refinements during project contracting;

Tulu Kapi underground mine model is based on the Preliminary Economic Assessment ("PEA");

Hawiah at this stage assumes preliminary mine modelling for open pit and underground because the MRE has only recently been updated;

KEFI Gold and Copper 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. Estimates include open pit gold production of c. 140,000oz pa for a 7-year period. 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's wholly-owned Ethiopian subsidiaries upon commencement of development by TKGM, with a view to adding satellite deposits to development and production plans.

KEFI Gold and Copper 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 31.2% interest in G&M and is the operating partner.

ARTAR, on behalf of G&M, and G&M directly hold over 16 Exploration Licence (EL) applications pending the introduction of the new Mining Law. These new regulations have recently been proclaimed and G&M now holds 3 EL's. ELs are renewable for up to three years and bestow the exclusive right to explore and to obtain a 30-year exploitation (mining) licence within the area.

In addition, G&M has a Mining Licence Application over the Jibal Qutman Gold Project which recent informal indications by the authorities provide some confidence that the licence will be granted in 2022.