

**3 March 2022**

**KEFI Gold and Copper plc**

("KEFI" or the "Company")

**Resumption of Development Activities at Tulu Kapi**

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 announce that development activities at the Tulu Kapi Gold Project (the "Project" or "Tulu Kapi"), part of the KEFI-operated Ethiopia joint-venture Tulu Kapi Gold Mines Share Company ("TKGM") have recommenced.

Following the abatement of Ethiopia's civil war at the end of 2021 and its State of Emergency being lifted, TKGM has worked intensely with the Ethiopian Ministry of Mines (the "Ministry") to monitor the situation to ensure that it is appropriate for the resumption of activities at the Tulu Kapi site and in the wider district. The Company is pleased to report that over the past two months the security situation has remained stable at both the site and the preferred transport routes, enabling activities at the Tulu Kapi site to recommence in an appropriately managed manner.

The Project's principal contractors, Lycopodium (plant construction) and Corica (mine services), are expected to deliver the final costings for confirmation at the end of April 2022. The anticipated final capital estimate for the Project has not changed from previous guidance and remains fully covered by the previously announced non-binding subscriptions from the Project's financing syndicate, with any required residual contribution also now covered in the event of exercise of the Company's warrants issued in December 2021.

Recent meetings with the Project's senior lenders and other finance syndicate members have reconfirmed the targeted financial closing in mid-2022, subject to the security situation remaining stable as activities increase over the coming months, and various documentation and government administrative tasks being completed. The independent security assessors have commenced regular field inspections.

TKGM is now recommencing refurbishment of the existing site camp to accommodate the initial construction workforce and have recently completed detailed design for the procurement and construction of: the security camp; a new all-weather access road; the permanent camp; water dam 1; plant and administrative buildings; Bir-Bir river pump station and pipeline; tailings storage facility - stage 1; process plant; bulk fuel and lubricant storage area; grade control drilling; on site metallurgical testing laboratory; explosive supply and storage; and the mining fleet service area.

Tasks to be undertaken ahead of Project finance closing are summarised as follows:

- March 2022:
  - All field programmes recommenced for community consultations and new host land preparations, with regular independent security monitoring over the ensuing months.

- Remaining few Ethiopia regulatory administrative tasks completed, such as endorsement of historical costs, working rules for the London clearing account to avoid restrictions of capital controls and clearance for both banks to lend on same terms.
- Updated term sheet for offtake-linked mezzanine facility now involving senior lenders as well the metals trader.
- April 2022:
  - Launch of Tulu Kapi Foundation, administered with local authorities, community representatives and Ethiopian Evangelical Church of Mekane Yesus.
  - Final pricing agreed with contractors.
- May-June 2022:
  - Drafting of the remaining detailed documents, flowing from the regulatory approvals, mezzanine term sheets and Project contractor pricing updates in March and April.
  - Insurance package and pricing confirmations.
  - Independent security review and decision as to when to sign final documents.
  - Signing of binding documents by all

**Harry Anagnostaras-Adams, KEFI Executive Chairman, commented:** “It is great to see that Ethiopia has settled down so quickly over the past two months and that TKGM’s teams are back in the field for launch preparations. Everyone is now pushing for full Project launch.

“And it’s doubly impactful that the turnaround in Ethiopia has coincided with a take-off of our projects in Saudi Arabia. KEFI has turned onto the front foot in both jurisdictions, after particularly frustrating years in both.

“KEFI now has three advanced development gold and copper-gold projects with significant resource upside in two now-supportive jurisdictions of the Arabian Nubian Shield, and in which our beneficial interest is already the equivalent of 2.1 million oz gold. I look forward to keeping shareholders appraised of our progress.”

## Enquiries

### **KEFI Gold and Copper plc**

Harry Anagnostaras-Adams (Managing Director)	+357 99457843
John Leach (Finance Director)	+357 99208130

<b>SP Angel Corporate Finance LLP (Nominated Adviser)</b>	+44 (0) 20 3470 0470
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Jeff Keating, Adam Cowl	
<b>Tavira Securities Limited (Lead Broker)</b>	+44 (0) 20 7100 5100

Oliver Stansfield, Jonathan Evans	
<b>WH Ireland Limited (Joint Broker)</b>	+44 (0) 20 7220 1666

Katy Mitchell, Andrew de Andrade	
<b>IFC Advisory Ltd (Financial PR and IR)</b>	+44 (0) 20 3934 6630

Tim Metcalfe, Florence Chandler

## Notes to Editor

### KEFI Gold and Copper plc

KEFI started as a grassroots explorer equity-funded via AIM and is now the operator of large exploration and development joint ventures with strong local partners in the Arabian-Nubian Shield, with most of the funding being sourced at the project level.

KEFI is focused primarily on the development of its advanced projects in both Ethiopia and Saudi Arabia, plus the expansion of its resource base at these projects and through exploration of its other prospects in the Arabian-Nubian Shield. KEFI targets that production at its three development projects, starting with Tulu Kapi Gold in Ethiopia and adding production from Jibal Qutman Gold and Hawiah Copper-Gold in Saudi Arabia will generate cash flows for capital repayments, further exploration and dividends to shareholders.

The following tabular summary presents KEFI's updated estimated share of the projects' aggregate NPV's, as at mid-2022:

	<b>Tulu Kapi</b>	<b>Hawiah</b>	<b>Jibal Qutman</b>	<b>Total</b>	<b>Issued</b>	<b>Pence</b>
	<b>NPV</b>	<b>NPV</b>	<b>NPV</b>	<b>NPV</b>	<b>Shares</b>	<b>Per</b>
						<b>Share</b>
<b>Net Present Value for KEFI as at mid-2022 start of Tulu Kapi Construction</b>						
<b>30/06/2020</b>	<b>£114m</b>	<b>0</b>	<b>0</b>	<b>£114m</b>	<b>1,867m</b>	<b>6</b>
<b>31/12/2020</b>	<b>£164m</b>	<b>£80m</b>	<b>0</b>	<b>£244m</b>	<b>2,137m</b>	<b>11</b>
<b>30/06/2021</b>	<b>£205m</b>	<b>£74m</b>	<b>0</b>	<b>£279m</b>	<b>2,153m</b>	<b>13</b>
<b>31/12/2021</b>	<b>£191m</b>	<b>£128m</b>	<b>£29m</b>	<b>£348m</b>	<b>2,939m</b>	<b>12</b>

#### Footnotes:

*Assumed exchange rate was rate US\$1.35:£1.00*

#### 31 December 2021 Metal Prices:

Gold Price is US\$1,830/oz

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

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 and in-country experience;

\* Tulu Kapi underground mine model is based on the internal Preliminary Economic Assessment (“PEA”);

\* Hawiah assumes preliminary mine modelling for open pit and underground because the MRE has only recently been updated. Also includes preliminary debt leverage;

\* Jibal Qutman model is based on the internal PEA, preliminary debt-leverage applied.

Note that aggregate NPV’s in mid-2025 using the same underlying assumptions as above, are estimated to be approximately 80% higher than those at mid-2022, reflecting that production will have commenced at Tulu Kapi, assumed to be imminent at Jibal Qutman and soon-to-follow at Hawiah. This project sequencing will be refined as the Saudi development studies progress. The scale of the projects in value terms to KEFI is highlighted by the table above as at mid-2022, but of equal importance from a financing viewpoint is the emphasis of project-level capital funding as well as the sequencing of their development. These aspects are illustrated in the table below:

	TULU KAPI Current Estimate US\$m	HAWIAH US\$m	JIBAL QUTMAN US\$m	TOTAL ALL 3 PROJECTS US\$m
<b>Assumed Year of Commencing Construction</b>	<b>2022</b>	<b>2025</b>	<b>2024</b>	
<b>Total Applications, including Mine Fleet</b>	<b>358</b>	160	39	557
<b>Less Mine Fleet Provided by Corica</b>	<b>56</b>	0	0	56
<b>Senior Debt</b>	<b>140</b>	120	29	289
<b>Equity-Risk Capital Requirement</b>	<b>162</b>	40	10	212
<b>Project Partners' Share Subscriptions into TKGM/G&amp;M</b>	<b>38</b>	28	7	73
<b>Offtake-Linked Mezzanine Finance</b>	<b>45</b>	0	0	45
<b>Cost Overrun Facility, Part of Mezzanine Facility</b>	<b>15</b>	0	0	15
<b>TKGM/G&amp;M Share Capital to be subscribed by KEFI</b>	<b>64</b>	<b>12</b>	<b>3</b>	<b>79</b>
<b>Funded by Subordinated Convertible into KEFI Shares at Year 3 market price</b>	<b>20</b>	0	0	20

<b>Funded by KEFI Shares Issued at end Year 2 at the then market price</b>	<b>7</b>	<b>0</b>	<b>0</b>	<b>7</b>
<b>Budgeted internal spare cash generated</b>	<b>9</b>	<b>12</b>	<b>0</b>	<b>21</b>
<b>KEFI Convertible Note Issued after signing, at premium to market in H2-2022</b>	<b>20</b>	<b>0</b>	<b>0</b>	<b>20</b>
<b>KEFI Share Issue after closing each project financing in 2022, 2024, 2025</b>	<b>8</b>	<b>0</b>	<b>3</b>	<b>11</b>
<b>Note that the Dec 2021 warrants at 1.6p bring in approximately US\$8m</b>				
<b>Residual Requirement</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### **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 30% 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.