

14 February 2022

KEFI Gold and Copper plc
("KEFI" or the "Company")
Tulu Kapi Gold Project Update

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 an update in respect of the Company's Tulu Kapi Gold Project (the "Project" or "Tulu Kapi"), part of the KEFI-operated Ethiopia joint-venture Tulu Kapi Gold Mines Share Company ("TKGM").

KEFI subsidiary TKGM has worked intensely with the Ethiopian Ministry of Mines (the "Ministry") to expedite the Project and the Ministry has allowed until 8 July 2022 for full Project financing and launch commitments to be achieved.

H.E Minister Eng., Takele Uma, commented:

"We look forward to monthly progress reports from TKGM and to getting Tulu Kapi into production. Developing the world class minerals potential of Ethiopia is one of our country's priorities."

KEFI Executive Chairman, Harry Anagnostaras-Adams, commented:

"We thank the Minister for his vision, patience and support. And we are proud to have the support of the Ethiopian Ministry of Mines. Our common agenda is to expedite development, production and economic benefits. I have no doubt that Ethiopia's minerals sector has an exciting future.

"To have turned the corner in Ethiopia at the same time as our Saudi venture is taking off makes for a very promising 2022."

Additional Project Updates

Security:

- the civil war has abated since peaking at the end of December 2021 and the Ethiopian state of emergency has been lifted;
- intense policing operations are being conducted in the areas around Tulu Kapi and other mining projects, which reflects the close collaboration between the authorities and the emerging minerals sector; and
- as from this month TKGM will recommence the Project development activities that were suspended in 2021 as a precautionary measure due to the security situation. Activities will include preparation of new host lands for resettling households and also accommodation for construction personnel. An appropriate security system is being installed in readiness for construction and operations.

Launch of the Project requires the following matters to be completed, which are all in process:

- external independent security assessment of the Project site, district and transport routes, over several months of uninterrupted Project preparation activities. This is expected to be possible from later this month given the situation on the ground;
- completing administrative arrangements with the Government regarding the Tulu Kapi project finance plans. These procedural matters include: (a) endorsement by the Ministry of the US\$70 million which has historically been expended on exploration, pre-development costs and development; (b) direct agreement between the Ministry and the senior lenders in respect of their security over the Tulu Kapi mining licence; (c) confirmation by the Ministry of the areas in which KEFI subsidiary, KEFI Minerals (Ethiopia) Limited, has the right to conduct

follow-up exploration on its historical discoveries to supplement the Mineral Resources of Tulu Kapi; and (d) the Government to confirm the right of both development banks to operate in Ethiopia as senior lenders under the same terms;

- the finance syndicate remains in place and on standby to finalise documents for signing. Subject to final construction pricing and document execution, capital requirements have already been catered for within the syndicate; and
- development management: the Ethiopia-based planning and permitting team was recently replaced by the development team in preparation for Project launch and building of the required c.1000-strong workforce over the next eighteen months.

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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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 updated estimated share of the project NPV’s :

	Tulu Kapi	Hawiah	Jibal Qutman	Total	Issued	Pence
	NPV	NPV	NPV	NPV	Shares	Per
						Share

Net Present Value for KEFI

30/06/2020	£114m	0	0	£114m	1,867m	6
31/12/2020	£164m	£80m	0	£244m	2,137m	11
30/06/2021	£205m	£74m	0	£279m	2,153m	13
31/12/2021	£191m	£128m	£29m	£348m	2,939m	12

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.*

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.