

MORNING COMMENT

KEFI Copper & Gold

Overview on progress and plans for 2022

KEFI reported several updates in late February and early March and it seems an appropriate time to review its timelines for 2022. KEFI runs exploration and development activities in the Arabian-Nubian Shield area where it is making progress (Figure 1). KEFI's flagship project is the Tula Kapi gold project in Ethiopia is back on track after security concerns following the civil war and connected delays in the Ministry; KEFI expects closure of its financing in May-June. At the Hawiah copper-gold project in Saudi Arabia KEFI is drilling to upgrade the open pit resource following an increase in its resources announced in January and is beginning the early exploration on the adjacent Al Godeyer licence where it sees the potential for another "Hawiah" given the geology and mineralisation style. The final project is Jibal Qutman gold project where a mining licence is expected this year after many years waiting. We continue to see fair value at 5.4p/sh and will look to update this on clarity of Tula Kapi funding and further resource developments at Hawiah.

Figure 1: Arabian-Nubian shield



Source: WH Ireland Research, KEFI Copper & Gold

Tulu Kapi (KEFI 100%): Tulu Kapi is a development-ready project awaiting final financing now that the security situation has calmed in Ethiopia. KEFI has put an experienced team of management and contractors around the project to enable a smooth build up to a base case of 140koz of gold per year (and possibly quickly expanded to 190koz/yr) at low operating costs. The total resource base is 20Mt grading 2.7g/t gold with 15Mt in Probable Reserve; we expect the resource base and underground resource at Tulu Kapi, to grow once KEFI has the funds to drill again. Financing looks like it could achieve completion with minimal dilution to existing shareholders – which would be a first for many shareholders in junior mining companies in London and would set a benchmark for others.

Hawiah (KEFI 30% and operator): A grassroots discovery of the Hawiah VMS project by KEFI is a currently unrecognised (in our view) component of KEFI's value. This is a large, significant

resource, which was updated in January to 25Mt grading 0.9% copper, 0.9% zinc, 0.6g/t gold and 10g/t silver; we expect this to further increase in size. An additional project at Al Godeyer has the potential to add to the mineral resource inventory. Much of the capital required is expected to be debt funded by appropriate Saudi institutions as Saudi looks to diversify its economy.

Jibal Qutman (KEFI 34%): A large resource of heap leachable gold ore. A low capex project could deliver ~30koz/yr of low-cost gold ounces.

WHI View: Much of KEFI's recent developments have been overshadowed by events in Ethiopia, in our view, but the civil war now seems over. Tulu Kapi is a development-ready project and has a funding package in place and just waiting for final closure to deliver low dilution (expectation at post-funding KEFI will still own c. 70% of the project) – which is extraordinary for an AIM junior. We also don't believe the full potential of the Saudi Arabian project at Hawiah is factored into the KEFI share price. This is a significant project in a country with a growing mining industry and with a strong Saudi partner. We continue to see fair value at 5.4p/sh and will look to move that on clarification of the funding timeline for Tulu Kapi.

CORPORATE

Share Price (last close) 0.7p

Ticker	KEFI
Index	FTSE AIM
Sector	Mining
Market Cap	£21m

Marketing Communication

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Outperform	0	0.0	0	0.0
Market Perform	0	0.0	0	0.0
Underperform	0	0.0	0	0.0
Sell	0	0.0	0	0.0
Total	63.0	100.0	61.0	100.0

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Company Name	Table of interest number	12-month recommendation history	Date
KEFI Gold & Copper (KEFI)	2,4,5,7	Corporate	04.01.22
	4	Corporate	21.06.21

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