

21 November 2022

KEFI Gold and Copper plc

("KEFI" or the "Company")

Agreement of Tulu Kapi Gold Project Finance Plan

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 announce that the updated US\$320 million Tulu Kapi Gold Project ("Tulu Kapi" or the "Project") costings and finance plan has now been agreed by all the Tulu Kapi syndicate lead contractors, investors and lenders. It is currently being processed for final reviews and entry into definitive documentation to be signed as soon as possible, with the expectation to achieve this next month.

It remains that financing is to be almost entirely at the project or subsidiary level and remains consistent with previous guidance (see 2021 Annual Report, page 6). The detailed breakdown of the sources and uses of the US\$320 million Project funding will be announced at the time of signing definitive documentation.

Harry Anagnostaras-Adams, Executive Chairman of KEFI, commented: "The Tulu Kapi Gold Project is designed to world-leading standards technically, socially, environmentally and in terms of financing arrangements acceptable to international capital markets.

"Today's important milestone of the debt and equity leads approving the finalised finance plan allows all the respective Boards to formally approve the definitive documentation. I am pleased to report the Project is now up and away.

"Ethiopia's readiness for foreign direct investment has continued to improve since early 2022 and recent well-publicised positive developments have only served to reinforce that. The Company is confident that we can lift the work programmes to full construction in the new year and be in full production from the open pit in 2025 and from the combined open pit-underground operation a few years later.

"We have been long-standing and resilient supporters of the Ethiopian Government's efforts to develop its minerals sector and we feel a great sense of responsibility and honour to now be able to push forward at a time which is particularly important for all stakeholders."

Tulu Kapi Background

Now Focusing on Increased Production and Longer Mine Life at Tulu Kapi

The Company is pleased to report that the plans now contemplate an enlarged Tulu Kapi operation, integrating both an open pit and underground mine, with consequential increases in planned gold exports to US\$300 million per annum (at current gold prices when both mines are in production) and with combined mine production extended from 8 to 10 years starting in 2025. KEFI will also request permission from the Ethiopian Ministry of Mines to recommence district exploration during construction to further extend the mine life to well over 10 years for the benefit of all stakeholders.

Initial Project development activities have already started and include camp upgrading for construction, local recruitment, community resettlement, plant procurement engineering and work-programmes and legal formalities to satisfy the many standard conditions precedent for finance

drawdowns. An official Project launch is planned for early 2023, the timing to be determined with the Ministry of Mines.

Conditionality of Project Plans:

Since signing the syndicate Umbrella Agreement in June 2022, we have updated all Project costings with international fabricators and other suppliers, updated contract documentation, had both of our banks confirm there are no more policy impediments to their participation, adjusted intra-syndicate finance contributions and started assembling completed documentation for lender review before execution.

As with any project financings standard conditions must be satisfied before and after signing of definitive agreements by all parties, including completion/registration of documents with the various Government agencies, opening international project bank accounts in collaboration with the National Bank of Ethiopia, placing insurances internationally through the Ethiopian agents, registering loan-security, receiving confirmations of tenure for mining and exploration and the independent experts' confirmation that conditions on the ground remain conducive to the planned operations.

Economic Benefits of the Tulu Kapi Gold Project include:

- Showcase project as first mover in a high-priority sector
- A business enterprise that will be the single largest Ethiopian exporter, starting at c. US\$250 million per annum ("pa") and rising over the first four years to US\$300 million pa, at current gold prices
- Direct employment of 1,000 people and indirect employment 5-10 times that number in a high unemployment area of rural West Welega
- Emphasis on local procurement for production inputs, with annual operating expenses exceeding US\$140 million which will have a huge impact on local economic opportunity
- Emphasis on creation of micro-enterprise in collaboration with appropriate experts, such as the Ethiopian Evangelical Church of Mekane Yesus ("EECMY")
- A showcase project in all respects, backed by leading African development banks and encouraging other minerals developers to proceed in Ethiopia.

Social Benefits of the Tulu Kapi Gold Project include:

- A full spectrum of social programmes in compliance with International Finance Corporation (World Bank) Performance Standards
- Education, training and employment starting some years ago with the construction of the local school and now expanding into local technical college courses in collaboration with a leading mining colleges and universities in global mining centres
- Local infrastructure which started some years ago with provision of local fresh water and expansion to include an all-weather road to the highway, mains electricity to site with extra capacity for local reticulation by the authorities for appropriate applications, health clinics and an airstrip
- Tulu Kapi Charitable Foundation started and is in operation

The Environmental impact:

- The Tulu Kapi Gold Project has been designed in accordance with the highest international standards and will involve monitoring by global leading experts
- The site itself was chosen by KEFI because of its environmental and social characteristics, as much as its mineralisation and potential to generate wealth
- The site has no interest to artisanal miners because of the depth and nature of the gold particles, i.e., unrecoverable by artisanal techniques and only by industrial-scale processes
- No sulphide mineralisation which therefore avoids the issue of managing potential acid mine drainage
- The Environmental Impact and Assessment Report has been widely reviewed and the Company is not aware of any negative comment

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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KEFI is focused primarily on the advancement of its three development projects in Ethiopia and Saudi Arabia, plus its pipeline of highly prospective exploration projects in these two large jurisdictions of the under-explored Arabian-Nubian Shield.

KEFI targets that production at Tulu Kapi in Ethiopia and Jibal Qutman in Saudi Arabia will, between them, generate cash flows for capital repayments, further organic growth and, ultimately, dividends to shareholders.

Both TKGM and G&M are technically guided and supported by KEFI so that each of these operating joint venture companies as soon as possible builds the local organisational structure suitable for long term production as well as exploration and future development opportunities.

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. No other mining project of this scale in Ethiopia has been brought to Tulu Kapi's stage of advancement during recent years and Tulu Kapi will be the first industrial scale mine development in Ethiopia in over 30 years. It has taken years of extensive technical re-design of the project, years of overhaul by the Ethiopian authorities of financial policies which previously hindered mining project finance and the patient and cautious traversing by the Company of recent well-publicised events within the country. The project has imposed many demands on a regulatory system which the Ethiopian Government continues to upgrade, determined to build a modern minerals sector. KEFI is honored to play its part in this process and has assembled a first-tier syndicate of international industry expert management, contractors, banks and investors.

The Company has now refined contractual terms for construction and operation of the open pit mine. Management has also developed preliminary plans to develop the underground mine once open-pit production has started and to produce.

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. The underground project is defined based on internal PEA-level analyses which have yet to be subjected to DFS-level investigation and independent review, which is planned to be carried out during the construction of the open pit.

KEFI remains keen to re-commence its exploration of the additional prospects it has successfully identified within the Tulu Kapi district exploration area from within which the mining licence was duly excised as a result of the successful discovery of the Tulu Kapi deposit. Whilst most historical drilling was naturally of the Tulu Kapi deposit, there was significant work done on many further prospects which await follow-up.

Whilst awaiting regulatory permission to re-activate the Company's Ethiopian exploration, which is critical for long term planning for all stakeholders in the community as well as the Company, the exploration focus has been successfully switched to Saudi Arabia.

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 c. 30% interest in G&M.

ARTAR, on behalf of G&M, and G&M directly held over 16 Exploration Licence (EL) applications pending the introduction of the new Mining Law. These new regulations have recently been proclaimed and G&M has had ten new licences issued in the past twelve months – more licence grants than in the previous 14 years and all highly prospective and strategically important for G&M, ELs are renewable for up to five 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 shortly.