

5 September 2023

KEFI Gold and Copper plc

("KEFI" or the "Company")

Ethiopia Operational Update

Tulu Kapi Gold Project Nears Construction Startup

KEFI Gold and Copper Plc (AIM: KEFI), the gold and copper exploration and development company, has focused on the Arabian-Nubian Shield since 2008, assembling a pipeline of projects in the Federal Democratic Republic of Ethiopia and in the Kingdom of Saudi Arabia. We are pleased to provide this operational update covering developments in Ethiopia since the release of the Company's Quarterly Operational Update on 9 August 2023.

The period between now and the end of 2023 is particularly important for KEFI and regular updates will be announced. This update encompasses the activities of KEFI, as well as wholly owned KEFI Minerals (Ethiopia) Ltd ("KME") and majority-owned Tulu Kapi Gold Mines Share Company ("TKGM") also in Ethiopia. A further update on the Company's activities in Saudi Arabia is expected to be announced shortly.

Ethiopia

Tulu Kapi Gold Project

KEFI is focused primarily on developing the advanced Tulu Kapi Gold Project in Ethiopia. Tulu Kapi has a Probable Ore Reserve of 1.05 million ounces and Mineral Resources totalling 1.7 million ounces. Average planned gold production at Tulu Kapi is forecast to be over 140,000 ounces/year at an All-in Sustaining Cost of approximately US\$950/ounce. Almost all the pre-requisites to begin construction are now in place. We remain focused on final credit and board approvals for the project financing, ahead of project launch in Q4 2023, with first production expected by the end of 2025.

Government Facing Agreements

The necessary Ethiopian laws and regulations continue to be revised in conjunction with the finalisation of the syndicate's definitive agreements amongst itself and with Government agencies. This week's activities include:

- Syndicate lenders meeting with the Company in Addis Ababa finalising details with the National Bank of Ethiopia ("NBE", being the Ethiopian central bank) as regards capital controls. A recent development was the publication of a new NBE Directive on 14 August 2023 in respect of foreign exchange controls, which is now being combined with TKGM specific project details. The changes within the Directive are positive for the country and KEFI is incorporating for its own situation. This is one of the final action points remaining to completion of the Tulu Kapi financing package. The meeting will address the specific details and documentation requirements flowing from these changes with respect to the Tulu Kapi development;
- Other project finance syndicate members are meeting with the Company and the Ethiopian Ministry of Mines ("EMM") in Perth Australia, addressing the few remaining loose-ends with EMM-facing agreements. These parties have also been taking part in instructive mine and processing plant inspections while in Australia. A recent development was the publication by the EMM of a draft new Mining Proclamation, which is now being compared with TKGM specific project details; and

- Field teams meeting local government in zonal government centre Ghimbi and municipal government centre Genji, planning the launch of community programmes.

Technical and Organisational Preparations

- Independent technical expert to the lenders, Behre Dolbear International (“BDI”) has reported and confirmed TKGM’s readiness for development launch;
- Elevation of security protection in the district around the project site and our offices with regular independent monitoring by security expert Constellis, whose recent report concluded that TKGM’s approach to securing the mining licence area, its other sites and the routes in and out are sensible, pragmatic and in-line with security best management practice; and
- Grade-control drill-planning for 2024 open-pit operational readiness programmes and resource-extensional drilling-planning for the 2024-2025 underground mine feasibility study.

Regional Project Financing

- Historical pre-development expenditure of c.US\$90 million was funded via equity and sourced from stock markets in the UK, Australia and Canada;
- Over the past month, details of the US\$390 million development funding have been further refined within the finance syndicate, all members of which are active in the region and plan to inject funds at the subsidiary level, as follows:
 - Mining services contractor provides US\$70 million mining fleet against TKGM mining services agreement;
 - Project finance US\$320 million:
 - debt-risk capital (senior and subordinated) represents approximately 60% (US\$190 million of US\$320 million) to be injected at the TKGM level by our co-lenders;
 - equity-risk capital of US\$130M to be injected as:
 - US\$40 million share capital to local partners in subsidiary companies;
 - US\$90 million from major international corporations in the form of Equity Risk Notes (“ERN”):
 - Some of the ERN’s are non-convertible and repayable in cash only out of future revenue; and
 - Some of the ERN’s are potentially convertible into KEFI shares as from the end of the third year after funds drawdown (at the higher of the price at funds drawdown and the then market prices based on VWAP) unless, at KEFI’s election, it is repaid in cash (which is considered feasible given the estimated healthy surplus cash generation from the Project at or near current long-term consensus gold price of US\$1,850/ounce).

Group Development Sequencing

The critical first step is the Tulu Kapi project finance closing. With the existing pipeline of advanced projects, the targeted project sequencing is as follows:

- Ethiopia:
 - 2023: Launch development of Tulu Kapi open-pit in Ethiopia for first production end-2025;
 - 2024: PFS on the Tulu Kapi underground mine for commencement of development after open pit production has settled down; and
 - 2025: DFS on the Tulu Kapi underground mine.
- Saudi Arabia:

- 2024: complete DFS, permitting, financing and launch of development at Jibal Qutman Gold in Saudi Arabia; and
- 2025: complete DFS, permitting, financing and launch of development at Hawiah Copper-Gold in Saudi Arabia.
- Regional Exploration:
 - We have a large pipeline of additional exploration projects, with 15 recently granted Exploration Licences in Saudi Arabia and many applications pending in Ethiopia.

Investor Webinar

The quarterly open-forum webinar will be held at 12.00 noon, London time, on Friday 8 September 2023, via the Investor Meet Company platform.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9am the day before the meeting or at any time during the live presentation.

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

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

Investors who already follow KEFI Gold and Copper plc on the Investor Meet Company platform will automatically be invited.

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

KEFI Gold and Copper plc

Harry Anagnostaras-Adams (Managing Director)

+357 99457843

John Leach (Finance Director)

+357 99208130

SP Angel Corporate Finance LLP (Nominated Adviser)

+44 (0) 20 3470 0470

Jeff Keating, Adam Cowl

Tavira Securities Limited (Lead Broker)

+44 (0) 20 7100 5100

Oliver Stansfield, Jonathan Evans

IFC Advisory Ltd (Financial PR and IR)

+44 (0) 20 3934 6630

Tim Metcalfe, Florence Chandler

3PPB LLC International (Institutional IR)

Patrick Chidley

Paul Durham

+1 (917) 991 7701

+1 (203) 940 2538