

**27 April 2023**

**KEFI Gold and Copper plc  
("KEFI" or the "Company")**

**Final Tulu Kapi Umbrella Agreement Signed**

KEFI Gold and Copper (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 the signing of the Final Umbrella Agreement (the "Agreement") for the project financing of the Company's Tulu Kapi Gold Project ("Tulu Kapi" or the "Project") held under Tulu Kapi Gold Mines Share Company ("TKGM").

The Agreement was signed at a ceremony in Addis Ababa attended by a number of senior Ethiopian Government officials, the British Prime Minister's trade envoy, the Ambassadors to Ethiopia for Britain and for Australia, in addition to representatives of the Project's participants and financing parties.

The Agreement sets out all syndicate roles and finance conditions, and conditions precedent to final formal approval being granted. The Agreement also confirms that project costs and financial contributions have been updated, along with technical and legal due diligence having been updated, definitive agreements prepared and that the key required government actions have been agreed.

The Agreement sets out the development sequence for Tulu Kapi over the course of 2023 as formally laid out for the Ethiopian Ministry of Mines and signed by Project contractors PW Mining ("PWM") and Lycopodium ("Lycopodium"). PWM will provide mining services under its life-of-mine mining services agreement (the largest single component of life-of-mine operating costs at c.US\$992 million) and Lycopodium will provide engineering, procurement, and construction management supply and labour hire services in respect of processing infrastructure under its contracts (the largest component of the c.US\$320 million development costs).

The signing of the Agreement follows the further refining of the Project financing plans with the Project's principal bankers, led by Eastern and Southern African Trade and Development Bank ("TDB"). The positive refinement of the proposed financing terms over the past month reflects the support being shown by TDB and co-lender Africa Finance Corporation ("AFC") who signed the Initial Umbrella Agreement in June 2022. Signing of the Agreement follows AFC reaching an agreement with the Ethiopian Government in March 2023 for Ethiopian country membership, which now enables the same local rights and protections to both of our co-lenders.

Along with the rest of the Project finance syndicate, the co-lenders have issued conditional approvals subject to the Ethiopian Government's formal confirmation of the few remaining outstanding items, notably clarification of the details of capital controls for internationally syndicated project financings. Whilst the principles have already been approved for TKGM, specific working rules are being considered to ensure the Project can operate smoothly.

The proposed c.US\$320 million Project development financing (excluding the mining fleet provided by PWM, which is charged as part of mine operating costs) now provides for an up to c.US\$245 million package from the co-lenders, comprising US\$140 million senior debt, US\$50 million mezzanine debt and up to US\$55 million equity-risk ranking notes. This significant proposed package from the co-lenders significantly reduces the share-ownership dilution of TKGM's shareholders, whilst respecting

the co-lenders' requirements for appropriate debt-to-equity ratios. This aspect is expected to be a major accomplishment in the financing and reflects the robust economics of the Project and long-term outlook for the gold price. At the current gold price of c.US\$2,000/oz, all US\$190 million of senior and mezzanine debt is projected to be capable of repayment within approximately two years of production cash flows commencing.

KEFI's has already provided historical equity investment of c.US\$95 million in the development of the Project to date. The residual Project equity finance requirement of US\$75 million will be via share subscriptions in TKGM, and be covered by KEFI and its local partners. The largest local partners in TKGM are the Federal and Regional Governments whose component is c. US\$28 million.

KEFI's own underlying source of equity capital includes regional investors into the Company's subsidiary KEFI Minerals (Ethiopia) Limited ("KME"), to support the development of a priority sector as set by Ethiopian Government policy. The largest of these regional investors is a British multinational industrial group investing US\$15 million.

To complement the equity funding by local partners into TKGM and regional investors into KME, KEFI considers that the potential exercise of existing KEFI warrants will complete the required equity requirement and will leave KEFI with an economic interest of 70-80% in TKGM.

The Agreement signed by the principal contractors sets out all syndicate member roles and finance contributions and conditions precedent to Project launch. It also sets out the final launch sequence as detailed formally with the Government via the Ministry of Mines.

All parties have invested much time and cost to launch the Project and have drafted individual definitive agreements. Signing of these is conditional on mutually interdependent formal shareholder and lender approvals in compliance with their respective review, approval and notice provisions. As with any such international mining project finance transactions, these approvals will require independent certification of security and community readiness, placement of insurances, mortgage registration and similar standard procedural conditions precedent and subsequent.

All parties are working with Government to obtain the final required clearances and, in the meantime, preparing for full construction start to coincide with the next dry season at Tulu Kapi, which is expected to start in October 2023, having already prepared the community and procured the plant and equipment, with full production targeted to start in 2025.

KEFI expects to call a general meeting in June 2023 for its shareholders to approve the final funding proposal and syndicate as laid out in the Final Umbrella Agreement.

**KEFI Executive Chairman, Harry Anagnostaras-Adams, commented:**

*"We move forward successfully despite the complexities of such syndications and, in particular, being the first to do so against the backdrop of a fast-changing Ethiopia. It is heartening to witness Ethiopia proactively working to regain its position as one of the highest growth countries globally.*

*"We thank the new Minister for Mines, H.E Habtamu Tegegn, and his team for their energetic leadership and his commitment to rapidly advancing the mining sector in Ethiopia.*

*“We push for construction in Q4 2023 following procurement and community preparations. In the meantime we await progress from Government on the remaining financial regulatory, security and community preparations and to which we lend our unwavering support.*

*“The Tulu Kapi Gold Project will be delivered to the highest international standards including World Bank IFC Performance Principles.”*

### **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 and development projects in the Kingdom of Saudi Arabia, also in the Arabian-Nubian Shield. KEFI targets that Tulu Kapi Gold, along with its two most advanced Saudi projects Jibal Qutman Gold and Hawiah Copper-Gold will come into production over the period 2025-2027 and will generate cash flows for capital repayments, further exploration and dividends to shareholders.