7 June 2021

KEFI Gold and Copper plc

("KEFI" or the "Company")

Results for the year ended 31 December 2020

KEFI Gold and Copper plc (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 its audited financial results for the year ended 31 December 2020.

Notice of AGM and Annual Report

The Annual General Meeting will be held at 10.00am on Wednesday 30 June 2021 at Marlin Waterloo, Lower Ground Floor, 111 Westminster Bridge Road, Waterloo, SE1 7HR, United Kingdom.

Information on the resolutions to be considered at the AGM can be found in the Notice of AGM that has been made available to shareholders of the Company as an electronic communication along with forms of proxy and direction (the "AGM Materials") as well as the Annual Report and Accounts for the year ended 31 December 2020 (the "Annual Report"). The AGM Materials and Annual Report are available on KEFI's website at www.kefi-minerals.com.

However, for safety and ongoing public health considerations we strongly encourage you not to attend the AGM in person. Any shareholders attending in person will be expected to adhere to any special arrangements and safety measures which the Company may put in place on the day.

The Company will conduct its quarterly shareholder webinar on 21 June 2021, the details of which will be published closer to the time.

Enquiries

KEFI Gold and Copper plc	
Harry Anagnostaras-Adams (Executive Chairman)	+357 99457843
John Leach (Finance Director)	+357 99208130
SP Angel Corporate Finance LLP (Nominated Adviser and Joint Broker)	+44 (0) 20 3470 0470
Jeff Keating, Adam Cowl	
Brandon Hill Capital Ltd (Joint Broker)	+44 (0) 20 7936 5200
Oliver Stansfield, Jonathan Evans	
IFC Advisory Ltd (Financial PR and IR)	+44 (0) 20 3934 6630
Tim Metcalfe, Florence Chandler	

EXECUTIVE CHAIRMAN'S REPORT

The underlying value of KEFI's assets has increased substantially over the past year.

On a Net Present Value ("NPV") basis, the indicative value of KEFI's share of its two main assets has increased to $465 million in May 2021, or about £339 million, more than double the comparable figure of £153 million twelve months ago. This is due to KEFI raising its planned interest in Tulu Kapi from c. 45% to c.75-80% and having made a significant discovery at Hawiah in Saudi Arabia in late 2020. It should be noted that these statistics are merely illustrative indicators of changes in underlying intrinsic value and are based on prevailing high metal prices and the other explanations provided in the Finance Director's Report and Footnotes.

KEFI is preparing to develop the Tulu Kapi Gold Project in Ethiopia, to complete the Preliminary Feasibility Study for potential subsequent development at the Hawiah Copper-Gold Project in Saudi Arabia and to push ahead on ambitious exploration in Ethiopia and Saudi Arabia.

Because of the manner in which we have assembled development finance for Tulu Kapi, we can now target c. 75-80% ownership. It is also pleasing that we have assembled a particularly strong project finance syndicate and, most importantly, kept debt-leverage at a prudent level. The core of our financing syndicate is familiar with and supportive of Ethiopia. Upon execution of the arrangements planned to follow our shareholder meeting on 30 June 2021, our Company will be well positioned for our next chapter.

Our reported mineral resources provide a solid starting position for our imminent growth. JORC-compliant gold resources at TKGM in Ethiopia are 1.7 million ounces and gold-equivalent resources in Saudi Arabia at Hawiah and Jibal Qutman are 2.2 million ounces, for a combined 3.9 million oz gold-equivalent. The Company's beneficial interest in the in-situ metal content of the three projects is a combined 2.1 million oz in gold equivalent terms. KEFI's market capitalization at the time of writing (21 May 2021) is only $29/oz gold-equivalent compared to a current gold price of approximately $1,874/oz.

KEFI's standing in both host countries is that of an internationally-experienced team which has developed solid relationships with strong local partners, industry-leading contractors and financiers; and we have exciting projects.

Our assets, relationships and people accordingly provide a strong platform to develop profitable mines in two of the larger countries within the highly prospective Arabian Nubian Shield. In Ethiopia, security and administrative challenges remain quite prominent in the current pre-election atmosphere, but we nevertheless cautiously drive the project forward. The mining regulator is also pushing us very hard to keep to our timetable as it is determined for the sector to contribute its significant potential.

It is fortunate that gold and copper are now among the best performing investment sectors globally. The longer-term outlook for gold and copper markets and prices is especially strong. At the time of writing (21 May 2021), copper's price is at US$4.55/lb, less than 10% off the all-time high as is gold at US$1,874/oz.

We are indeed at an opportune moment, created by our team's hard work, your support as shareholders and the serendipity of markets strengthening as we launch our projects. The Directors are deeply appreciative of all personnel's tenacity and steadfast dedication and of the support the Company receives from shareholders and other stakeholders.

We also feel a deep sense of responsibility towards our host countries and the many prominent organisations which have offered their support to our mission. Our alliances are at the core of our corporate structure and are summarised as follows:

- Partners:
  - in Saudi Arabia: Abdul Rahman Saad Al Rashid and Sons Ltd ("ARTAR")
  - in Ethiopia:
    - Federal Government of the Democratic Republic of Ethiopia
    - Oromia Regional Government
- Principal contractors for Tulu Kapi:
  - For mining: Corica
  - For process plant: Lycopodium Ltd ("Lycopodium")
- Senior project finance lenders for Tulu Kapi:
  - East African Trade and Development Bank Ltd ("TDB")
  - African Finance Corporation Limited ("AFC")

I should explain that as the result of our re-tendering the mining services contract Corica, which has recently emerged as Africa's largest mining contractor, was recently selected as provider of mining services. The basis of the arrangement remains as has always been intended, a conventional schedule of rates mining services agreement.

Updated DFS-based ("Definitive Feasibility Study"), as updated in accordance with contracting) economic projections for the Tulu Kapi open pit indicate returns as follows, based on the assumed price range of current analyst consensus long-term prices and current spot prices (see Footnotes to Finance Director's Report):

- Average EBITDA of $100-136 million per annum (KEFI 75-80% being c. $78-106 million);
- Net cash flow of $473-674 million over the 7 years 2023-2030 (KEFI 75-80% being c. $369-525

- All-in Sustaining Costs of $826-846/oz, (note that royalty costs increase with the gold price);
- All-in Costs ("AIC") of $1,048-1,068/oz.

These projections excluded the underground mine at Tulu Kapi and the Saudi Hawiah project. Taking all into account, KEFI is thus planning c. 78% of TKGM's 190,000 oz pa gold production along with 34% ownership of G&M, which we expect could yield us a higher production interest than our larger percentage interest in TKGM.

Simultaneous with the triggering of full development at Tulu Kapi we will re-commence exploration programs in Ethiopia and expand our exploration program in Saudi Arabia. In Saudi Arabia we focus on our recent significant copper-gold discovery at Hawiah and we are also working towards being awarded new licences. In Ethiopia we will focus underneath the open pit where we already have established a maiden resource for underground mining at average grade of 5.7g/t gold and will also follow-up already-drill-intercepted potential satellite deposits in the Tulu Kapi district.

The potential of the Arabian Nubian Shield has recently been more widely recognised and the world's two largest gold companies, Barrick Gold and Newmont Mining, are now active in Saudi Arabia and Ethiopia respectively. And many international explorers have entered Ethiopia in the past two years. KEFI's chairman and deputy chairman in Ethiopia have been elected to chair the International Progress Association for Mining in Ethiopia and Ethiopian Mining Association.

In respect of capital management, the obvious challenge for any public-listed junior explorer is how to discover and develop such capital-intensive mining projects when the investment appetite of the public capital markets is particularly cyclical. As a consequence, KEFI focuses mainly on funding at the project levels. In both Ethiopia and Saudi Arabia, our projects' predecessors and partners have provided over 60% of project funding to date. And as we are demonstrating with Tulu Kapi, going forward the development funding will remain largely at project levels.

From an ownership dilution viewpoint, this plan may best be summarised as an indicative doubling in underlying asset values over the past 12 months from £153 million to £339 million ($185 million to $465 million).

The Company has been positioned to bring in c. $320 million of funds to fully develop Tulu Kapi and to finance exploration in Ethiopia and Saudi Arabia, with c. $309 million already having been conditionally arranged at the project level and preparing for financial completion as soon as possible after the Annual General Meeting on 30 June 2021. A more detailed explanation of our financing plan is set out in the Finance Director's Report.

The Directors expect that, as milestones are achieved, the Company's share price will naturally narrow the gap between the Company's market capitalisation of £43 million or $60 million (on 21 May 2021) and what we believe to be the significantly higher intrinsic valuations of the Company's projects.

Local geopolitics and the COVID-19 pandemic have disturbed our past progress. At the time of writing, the outlook on both fronts is much more promising than it was twelve months ago. The Company's systems and capital plans have been expanded to cater for these new realities. Plus it is notable that Ethiopia is holding a landmark democratic election on 21 June 2021 which is expected to lead to Ethiopia maintaining its pro-democratic and pro-development trajectory. And as regards the pandemic, our prognosis is that the COVID vaccine roll-out will reduce the pandemic's threats to our projects.

Annual General Meeting

We are grateful for the patience and support of our communities and our Governments, our principal contractors, our hard-working small organisation of highly-experienced personnel and, of course, our 1,000's of extremely patient shareholders. We will certainly advance as fast as is physically possible.

Because of COVID safety protocols, we will conduct the shareholder meeting in London and with remote participation.

As regards voting, shareholders are encouraged to submit proxies to Share Registrars Limited. The Annual General Meeting will be in London, England at 10am on 30 June 2021 at Marlin, Lower Ground Floor, 111 Westminster Bridge Road, Waterloo, SE1 7HR, United Kingdom.

Yours faithfully,

Harry Anagnostaras-Adams

Executive Chairman.

4 June 2020

FINANCE DIRECTOR'S REPORT

Finance Director's Review

KEFI is a first-mover within a fast-changing geopolitical environment and has been financing its activities in the midst of a global pandemic – a challenging environment indeed.

Successful implementation will see KEFI emerge in 2023 as a profitable producer of 140,000 oz pa with advanced growth plans in Ethiopia and Saudi Arabia which already can see much higher gold equivalent production within the following few years.

Subject to the approval of KEFI shareholders, the Company has been positioned to, as soon as possible after the Annual General Meeting, bring in c. $320 million of funds to fully develop Tulu Kapi and to finance exploration in Ethiopia and Saudi Arabia. The plan would leave KEFI with project ownership levels as follows:

- 75-80% of the Ethiopian mining development and production operation, via the shareholding in TKGM
- 100% of the Ethiopian exploration projects, via the shareholding in KME
- 34% of the Saudi development and exploration projects, via the shareholding in G&M

Using Net Present Valuation (NPV) methodology in respect of Tulu Kapi and Hawiah (and excluding Jibal Qutman given its regulatory status), these levels of beneficial interest indicate combined NPV's as follows for KEFI shareholders comparing the results at consensus long-term prices and prevailing spot prices (refer Footnotes) is $259-465 million or £187-339 million, as at 2021 start of construction at Tulu Kapi.

These indicators provide some illustrative measure of the value to be potentially created for shareholders. KEFI's current market capitalisation is $60 million (£43 million).

KEFI has funded all of its past activities with equity capital raised at then prevailing share market prices. This avoided the superimposing of debt-repayment risk onto the risks of exploration, permitting and other challenges that always exist during the early phases of project exploration and development in frontier markets. We do however avail ourselves of unsecured advances from time to time as arranged by our Corporate Broker, Brandon Hill Capital, to provide working capital pending the achievement of a short-term business milestone. This is taking place now pending the finalisation of the Tulu Kapi financing in preference to availing ourselves of several other much appreciated bridging financing facilities on offer.

Overall, the current finance plan is shown below and caters for all planned development expenditure at TKGM in addition to all exploration and corporate funding requirements, estimated at c. $320 million ($310-330 million, depending upon final procurement price confirmations). It will be optimised by KEFI and the TKGM syndicate which has already conditionally indicated the following participation as at 31 May 2021:

$ Million	
70	Mining capital to be paid for on a per tonne mined basis via the mining agreement
140	Senior project debt, to be repaid out of operating cash surpluses
15	Subordinated debt linked to offtake rights. To be repaid out of operating cash surpluses
14	Mining contractor charges, convertible into KEFI shares at the price in 2 years
45	Subordinated loan in subsidiary, convertible into KEFI shares at the price in 3 years
25	Project equity issued to Government for 20% of TKGM shares; and $5 million to other local institutions
309	Total so far, with the remainder to be finalised for settlement

By 30 June 2021, the following needs to be carried out so as to proceed to earliest project finance settlement:

- Final construction procurement pricing confirmed;
- Detailed documentation to be approved by the relevant Government agencies, including the Ministry of Mines and the National Bank of Ethiopia, so that execution may proceed by all syndicate parties;
- Finalised position for local equity investors and off-taker

Ownership Value and Ownership Dilution

Upon execution of the Tulu Kapi project finance plan, KEFI will replenish its working capital, launch full development at Tulu Kapi and also underpin at least the next 12 months of planned exploration in Ethiopia and Saudi Arabia.

From an ownership value perspective and measuring the Company's underlying assets on a Net Present Value ("NPV") basis, compared with the position as at the time of the last AGM, this plan has resulted in the indicative value of KEFI's share of its two main assets having more than doubled from $185 million in June 2020 to $465 million in May 2021. This is the result of KEFI raising its planned interest in Tulu Kapi from 45% to c.78% and making a significant discovery at Hawiah. The basis for these estimates is prevailing metal prices and other explanations provided in the Footnotes below.

From an ownership dilution perspective, successful completion of the finance plan will necessarily also increase issued capital but ownership dilution will be minimised vis a vis the quantum of development capital raised because it is intended that the share issues by KEFI for a subset of these amounts will largely be at prices two and three years from project finance completion.

Financial Risk Management

In designing the balance sheet gearing overall, the senior debt: equity ratio for TKGM is 58%:42% $140 million: ($140 million: $ 100 million) excluding equity funded historical pre-development costs and 33%:67% ($140 million: $210 million) including equity funded historical pre-development costs.

And in structuring the TKGM project finance, a number of key parameters had a driving influence on Company policy:

- The breakeven gold price after debt service is $1,107/oz (flat) for 10 years, whilst over the past 10 years the gold price was under that price for only 2.4% of the time; and
- At analyst consensus US$1,591/oz it could be repaid within 2 years of production start.

It is important that we now proceed to financial completion in accordance with the latest plans agreed with the Government. Indeed the Government has warned of administrative consequences if we fail to do so and our syndicate have all made it clear that all wish to proceed to plan subject only to normal safety and compliance procedures.

We have conditionally assembled c. US$309 million of development finance at the Project level from our small, efficient and economical corporate office in Cyprus. Other than our Nicosia-based financial control/corporate governance team, all operational staff are based at the sites for project work. This approach increases efficiency at a lower cost.

Accounting Policy

KEFI writes off all exploration expenditure.

KEFI's carrying value of the investment in KME, which holds the Company's share of Tulu Kapi is £13.7 million as at 31 December 2020. It is important to note KEFI's planned circa.75% -80% beneficial interest in the underlying valuation of Tulu Kapi is circa £172 million based on project net present value (NPV 8% discount and @ gold price of US$1591/oz, including underground).

In addition, the balance sheet of TKGM at full closing of all project funding will reflect all equity subscriptions which are currently estimated to exceed £113 million or US$156 million (Ethiopian Birr equivalent).

John Leach

Finance Director

4 June 2020

Footnotes:

(1) Long term analysts' consensus forecast is sourced from CIBC Global Mining Group Analyst Consensus Long Term Commodity Price Forecasts 30 April 2027;
(2) current analyst consensus long-term prices are US$1,591/oz for gold, US$3.25/lb for copper, US$1.09/lb for zinc and US$21.08/oz for silver;
(3) Spot prices for gold & silver on 31 May 2020 were $1,731/oz & $18/oz; on 21 May 2021 were $1,874/oz & $28/oz;
(4) Spot prices for copper and zinc on 21 May 2021 were $4.55/lb and $1.34/lb;
(5) NPV calculations are based on an 8% discount rate applied against net cash flow to equity, after debt service and after tax.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KEFI GOLD AND COPPER PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kefi Gold and Copper Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2020 which comprise of the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs(UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

We draw your attention to note 2 of the financial statements which explains that the Parent Company and the Group's ability to continue as a going concern is dependent on the Company's ability to raise adequate financing from lenders, shareholders or other investors before the end of June 2021, in order to meet operational commitments and overheads. There are currently no unconditional or binding agreements in place and there is no guarantee that any course of funding will proceed. The Group also relies on the continued management of its payable balances through ongoing negotiation with management and suppliers. Their deferral is not guaranteed by any binding agreement. These conditions indicate the existence of a material uncertainty which may cast significant doubt over the Parent Company's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We have highlighted going concern as a key audit matter as a result of the estimates and judgements required by the Directors in their going concern assessment and the effect on our audit strategy. We performed the following work in response to this key audit matter:

- We discussed the impact of Covid-19 with management and the Audit Committee including their assessment of risks and uncertainties associated with areas such as the Group's workforce, supply chain that are relevant to the Group's business model and operations. We compared this against our own assessment of risks and uncertainties based on our understanding of the business and sector information.
- We obtained management's going concern assessment and supporting forecasts and performed a detailed review of the cash flow forecasts, challenging the key assumptions based on empirical data and comparing of historic actual monthly expenditure.
- We discussed with the Directors how they intend to raise the funds necessary for the Group to continue as a going concern in the required timeframe and considered their judgement in light of the Group's previous successful fundraisings and strategic financing. We reviewed correspondence and term sheets from potential investors in connection with the planned project financing, and documentation from the potential sources for short-term financing planned for June-July 2021.
- We reviewed the adequacy and completeness of disclosures in the financial statements in respect of going concern.

Overview

<table>
<tr><td>Coverage</td><td>98% (2019: 99%) of Group loss before tax
100% (2019: 100%) of Group total assets</td></tr>
<tr><td>Key audit matters</td><td><table><tr><td></td><td>2020</td><td>2019</td></tr><tr><td>Carrying value of exploration assets</td><td>√</td><td>√</td></tr><tr><td>Going concern</td><td>√</td><td>√</td></tr></table></td></tr>
<tr><td>Materiality</td><td>Group financial statements as a whole
£400,000 (2019: £300,000) based on 1.5% (2019: 1.5%) of total assets.</td></tr>
</table>

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates through the parent company based in the United Kingdom whose main function is the incurring of administrative costs and provides funding to the subsidiaries in Ethiopia as well as one joint venture company in Saudi Arabia. The two Ethiopian subsidiaries are considered to be significant components, while the Saudi Arabian joint venture is not considered a significant component. The financial statements also include a number of non-trading subsidiary undertakings, as set out in note 13.1.

In establishing our overall approach to the group audit, we determined the type of work that needed to be performed in respect of each component. A full scope audit of the Ethiopian subsidiary was carried out by a locally based component auditor, which was a BDO network firm. All significant risks were audited by the BDO Group audit team.

The joint venture company and the non-trading subsidiaries of the Group were subject to analytical review procedures performed by the Group audit team and the component auditor.

Our involvement with component auditors

For the work performed by the component auditor, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with the component auditor included the following:

- Detailed Group reporting instructions were sent to the component auditor, which included the principal areas to be covered by the audits, and set out the information to be reported to the Group audit team.
- The Group audit team was actively involved in the direction of the audits performed by the component auditor for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn.
- The Group audit team reviewed the component auditor's work papers remotely, and engaged with the component auditor by video calls and emails during their fieldwork and completion phases.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter referred to in the Conclusions relating to going concern section we identified the following as key audit matter.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Carrying Value of Exploration Assets (see note 12)	The exploration and evaluation assets of the Group, as disclosed in note 12, represent the key assets for the Group. Costs are capitalised in accordance with the requirements set out in IFRS 6: 'Exploration for and Evaluation of Mineral Resources'. The Directors are required to assess whether there are potential indicators of impairment for the Tulu Kapi exploration asset and whether an impairment test was required to be performed. No indicators of impairment to the asset were identified, and disclosure to this effect has been included in the financial statements.	We considered the indicators of impairment applicable to the Tulu Kapi exploration asset, including those indicators identified in IFRS 6: 'Exploration for and Evaluation of Mineral Resources' and reviewed management's assessment of these indicators. The following work was undertaken: We reviewed the licence documentation to confirm that the exploration permits are valid, and to check whether there is an expectation that these will be renewed in the ordinary course of business. We tested a sample of costs capitalised to check that these meet the capitalisation criteria of applicable accounting standards by agreeing the costs to supporting documentation.

Key audit matter		How the scope of our audit addressed the key audit matter
	There are a number of estimates and judgements used by management in assessing the exploration and evaluation assets for indicators of impairment under applicable accounting standards. These estimates and judgements are set out in Note 4 of the financial statements and the subjectivity of these estimates along with the material carrying value of the assets make this a key audit area.	We made specific inquires of management and reviewed market announcements, budgets and plans which confirms the plan to continue investment in the Tulu Kapi project subject to sufficient funding being available, as disclosed in note 2. We considered whether the detailed feasibility study performed by Micon suggested any indicators of impairment for the project. Based on our knowledge of the Group, we considered whether there were any other indicators of impairment not identified by management. We have reviewed the adequacy of disclosures provided within the financial statements in relation to the impairment assessment against the requirements of the accounting standards. **Key observations:** Based on our work performed we considered management's assessment and the disclosures included in the financial statements to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		Parent company financial statements	
	2020	2019	2020	2019
Materiality	£400,000	£300,000	£230,000	£180,000
Basis for determining	1.5% total assets			

materiality				
Rationale for the benchmark applied	We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements given the Company's status as a mining exploration company and therefore consider this to be an appropriate basis for materiality.			
Performance materiality	£300,000	£220,000	£172,000	£135,000
Basis for determining performance materiality	75% of materiality for the financial statements as a whole. This is based on our overall assessment of the control environment and the low level of expected misstatements			

Component materiality

We set materiality for each component of the Group based on a percentage of 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £230,000 to £360,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £20,000 (2019: £15,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its

	environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IAS, the Companies Act 2006. AIM rules and the QCA Corporate Governance Code), and terms and requirements included in the Group's exploration and evaluation licenses.
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries to management, and those responsible for legal and compliance procedures. We

corroborated our enquiries through our review of board minutes and other supporting documentation.

- Directing the component auditor to ensure an assessment is performed on the extent of the components' compliance with the relevant local and regulatory framework. Reviewing this work and holding meetings with relevant internal management to form our own opinion on the extent of Group wide compliance.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- Performing a detailed review of the Group's year end adjusting entries and investigating any that appear unusual as to nature or amount and agreeing to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year end, obtaining evidence for the rationale of these transactions and the sources of financial resources supporting the transactions;
- Assessed whether the judgements made in accounting estimates were indicative of a potential bias (refer to key audit matters above);
- Reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations; and

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jack Draycott (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom

4 June 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2020

	Notes	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
Revenue		**-**	-
Exploration costs		**(25)**	(29)
Administrative expenses	6	**(2,365)**	(2,133)
Finance transaction costs	8.2	**(316)**	(205)
Share-based payments and warrants-equity settled	18	**(51)**	(250)
Share of loss from jointly controlled entity	20	**(1,088)**	(591)
Impairment of jointly controlled entity	20	**(585)**	-
Operating loss	6	**(4,430)**	(3,208)
Change in value of financial assets at fair value through profit and loss	14	**(16)**	11
Other income		**140**	4
Gain on Dilution of Joint Venture	20	**1,033**	-
Loss on convertible note	23	**-**	(1,045)
Foreign exchange(loss)/gain		**(347)**	(185)
Finance costs	8.1	**(100)**	(1,150)
Loss before tax		**(3,720)**	(5, 573)
Tax	9	**-**	-
Loss for the year		**(3,720)**	(5,573)
Loss attributable to:			
-Owners of the parent		**(3,720)**	(5,573)
Loss for the period		**(3,720)**	(5,573)
Other comprehensive expense:			
Exchange differences on translating foreign operations		**-**	215
Total comprehensive expense for the year		**(3,720)**	(5,358)
Total Comprehensive Income to:			
-Owners of the parent		**(3,720)**	(5,358)
Basic diluted loss per share (pence)	10	**(0.224)**	(0.775)

STATEMENTS OF FINANCIAL POSITION Company Number: 05976748

Year ended 31 December 2020

	Notes	**The Group 2020**	**The Company 2020**	The Group 2019	The Company 2019
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**35**	**3**	39	3
Intangible assets	12	**24,510**	**-**	21,200	-
Investment in subsidiaries	13.1	**-**	**13,680**	-	12,575
Investments in jointly controlled entities	13.2	**-**	**-**	-	-
		24,545	**13,683**	21,239	12,578
Current assets					
Financial assets at fair value through OCI	14	**54**	**-**	70	-
Trade and other receivables	15	**448**	**6,600**	1,234	6,967
Cash and cash equivalents	16	**1,315**	**1,192**	150	65
		1,817	**7,792**	1,454	7,032
Total assets		**26,362**	**21,475**	22,693	19,610
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**2,138**	**2,138**	1,149	1,149
Deferred Shares	17	**23,328**	**23,328**	23,328	23,328
Share premium	17	**33,118**	**33,118**	25,452	25,452
Share options reserve	18	**1,273**	**1,273**	1,118	1,118
Accumulated losses		**(37,824)**	**(40,736)**	(34,640)	(36,265)
Attributable to Owners of parent		**22,033**	**19,121**	16,407	14,782
Non-Controlling Interest	19	**1,204**	-	1,075	-
Total equity		**23,237**	**19,121**	17,482	14,782
Current liabilities					
Trade and other payables	21	**3,125**	**2,354**	4,247	3,864
Loan and borrowings	23		**-**	964	964
Total liabilities		**3,125**	**2,354**	5,211	4,828
Total equity and liabilities		**26,362**	**21,475**	22,693	19,610

The Company has taken advantage of the exemption conferred by section 408 of Companies Act 2006 from presenting its own statement of comprehensive income. Loss after taxation amounting to £5.1 million (2019: £6.8 million) has been included in the financial statements of the parent company.

On the 4 June 2020, the Board of Directors of KEFI Gold and Copper PLC authorised these financial statements for issue.

Harry Anagnostaras-Adams Executive Director- Chairman	John Edward Leach Finance Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Attributable to the owners of the Company								
	Share capital	Deferred shares	Share premium	Share options reserve	Foreign exch reserve	Accum. losses	Owners Equity	NCI	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	9,719	12,436	21,581	1,032	(215)	(30,276)	14,277	1,075	15,352
Loss for the year	-	-	-	-	-	(5,573)	(5,573)	-	(5,573)
Other comprehensive income	-	-	-	-	215	-	215	-	215
Total Comprehensive Income	-	-	-	-	-	(5,573)	(5,358)	-	(5,358)
Recognition of share-based payments	-	-	-	250	-	-	250	-	250
Forfeited options	-	-	-		-	-	-	-	-
Expired warrants	-	-	-	(164)	-	164	-	-	-
Issue of share capital	2,322	-	4,056	-	-	1,045	7,423	-	7,423
Share issue costs	-	-	(185)	-	-	-	(185)	-	(185)
Deferred Shares	(10,892)	10,892	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-
At 31 December 2019	**1,149**	**23,328**	**25,452**	**1,118**	**-**	**(34,640)**	**16,407**	**1,075**	**17,482**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(3,720)**	**(3,720)**	**-**	**(3,720)**
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(3,720)**	**(3,720)**	**-**	**(3,720)**
Recognition of share-based payments	**-**	**-**	**-**	**53**	**-**	**-**	**53**	**-**	**53**
Forfeited options	**-**	-	**-**		-	**-**	**-**	-	**-**
Expired warrants	**-**	-	**-**	**(665)**	-	**665**	**-**	-	**-**
Issue of share capital and warrants	**989**	-	**8,056**	**767**	-	**-**	**9,812**	**-**	**9,812**
Share issue costs	**-**	**-**	**(390)**	**-**	**-**	**-**	**(390)**	**-**	**(390)**
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(129)**	**(129)**	**129**	**-**
At 31 December 2020	**2,138**	**23,328**	**33,118**	**1,273**	**-**	**(37,824)**	**22,033**	**1,204**	**23,237**

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Share capital: (Note 17)	amount subscribed for ordinary share capital at nominal value
Deferred shares: (Note 17)	under the restructuring of share capital, ordinary shares of in the capital of the Company were sub-divided into deferred share.
Share premium: (Note 17)	amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve (Note 18)	reserve for share options and warrants granted but not exercised or lapsed
Foreign exchange reserve	cumulative foreign exchange net gains and losses recognized on consolidation

Accumulated losses	Cumulative net gains and losses recognized in the statement of comprehensive income, excluding foreign exchange gains within other comprehensive income
NCI (Non-controlling interest): (Note 19)	the portion of equity ownership in a subsidiary not attributable to the parent company

COMPANY STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2020

	Share capital	Deferred shares	Share premium	Share options reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	9,719	12,436	21,581	1,032	(30,696)	14,072
Loss for the year	-	-	-	-	(6,778)	(6,778)
Deferred Shares	(10,892)	10,892	-	-	-	-
Recognition of share-based payments	-	-	-	250	-	250
Forfeited options	-	-	-	-	-	-
Expired warrants	-	-	-	(164)	164	-
Issue of share capital	2,322	-	4,056	-	1,045	7,423
Share issue costs	-	-	(185)	-	-	(185)
At 31 December 2019	**1,149**	**23,328**	**25,452**	**1,118**	**(36,265)**	**14,782**
Loss for the year	**-**	**-**	**-**	**-**	**(5,136)**	**(5,136)**
Deferred Shares	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of share-based payments	**-**	**-**	**-**	**53**	**-**	**53**
Forfeited options	**-**	**-**	**-**	**-**	**-**	**-**
Expired warrants	**-**	**-**	**-**	**(665)**	**665**	**-**
Issue of share capital and warrants	**989**	**-**	**8,056**	**767**	**-**	**9,812**
Share issue costs	**-**	**-**	**(390)**	**-**	**-**	**(390)**
At 31 December 2020	**2,138**	**23,328**	**33,118**	**1,273**	**(40,736)**	**19,121**

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	**Description and purpose**
Share capital (Note 17)	amount subscribed for ordinary share capital at nominal value
Deferred shares: (Note 17)	under the restructuring of share capital, ordinary shares of in the capital of the Company were sub-divided into deferred share (Note 17).
Share premium: (Note 17)	amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve: (Note 18)	reserve for share options and warrants granted but not exercised or lapsed
Accumulated losses	cumulative net gains and losses recognized in the statement of comprehensive income

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	**Year Ended 31.12.20 £'000**	Year Ended 31.12.19 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(3,720)**	(5,573)
Adjustments for:			
Depreciation of property, plant and equipment	11	**43**	10
Share based payments	18	**624**	156
Issue of options	18	**51**	94
Fair value loss to derivative financial asset	14	**16**	11
Fair value loss on convertible note	23.3	**-**	1,045
Gain on Dilution of Joint Venture	20.1	**(1,033)**	-
Share of loss from jointly controlled entity	20	**1,088**	591
Impairment on jointly controlled entity	20	**585**	-
Exchange difference		**244**	215
Finance costs	8.1	**100**	1,150
		(2,002)	(2,301)
Changes in working capital:			
Trade and other receivables		**(123)**	35
Trade and other payables		**(67)**	780
Cash used in operations		**(2,192)**	(1,486)
Interest paid		**-**	(288)
Net cash used in operating activities		**(2,192)**	(1,774)
CASH FLOWS FROM INVESTING ACTIVITIES			
Project exploration and evaluation costs	12	**(3,029)**	(2,443)
Acquisition of property plant and equipment		**(40)**	(11)
Advances to jointly controlled entity	13.2	**(1,320)**	(236)
Net cash used in investing activities		**(4,389)**	(2,690)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**7,331**	1,825
Issue costs	17	**(335)**	(185)
Proceeds from convertible notes	23.1.2	**-**	2,775
Proceeds from bridge loans	23.1.2	**750**	617
Repayment of convertible notes and bridge loans	23.1.2	**-**	(506)
Net cash from financing activities		**7,746**	4,526
Net increase/(decrease) in cash and cash equivalents		**1,165**	62
Cash and cash equivalents:			
At beginning of the year	16	**150**	88
At end of the year	16	**1,315**	150

Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of £20,000 (2019: £20,000).

COMPANY STATEMENT OF CASH FLOWS

Year ended 31 December 2020

	Notes	**Year Ended**	**Year Ended**
		31.12.20	31.12.19

		£'000	£'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(5,136)**	(6,778)
Adjustments for:			
Depreciation of property plant equipment		**2**	5
Share based payments	18	**624**	156
Issue of options	18	**51**	94
Fair value loss to derivative financial asset	23.3	**-**	1,045
Gain on Dilution of Joint Venture	20.1	**(1,033)**	-
Impairment of jointly controlled entity cost	20	**1,088**	181
Impairment of amount receivable from jointly controlled entity	20	**585**	591
Exchange difference		**1,845**	1,035
Expected credit loss		**18**	242
Finance costs		**100**	1,150
		(1,856)	(2,279)
Changes in working capital:			
Trade and other receivables		**(91)**	22
Trade and other payables		**(174)**	775
Cash used in operations		**(2,121)**	(1,482)
Interest Paid		**-**	(288)
Net cash used in operating activities		**(2,121)**	(1,770)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		**(2)**	(1)
Investment in subsidiary	13.1	**(1,104)**	(1,251)
Advances to jointly controlled entity	13.2	**(1,320)**	(236)
Loan to subsidiary	15	**(2,069)**	(1,236)
Net cash used in investing activities		**(4,495)**	(2,724)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**7,331**	1,825
Issue costs	17	**(335)**	(185)
Proceeds from convertible notes	23.1.2	**-**	2,775
Proceeds from bridge loans	23.1.2	**750**	617
Repayment of convertible notes and bridge loans	23.1.2	**-**	(506)
Net cash from financing activities		**7,746**	4,526
Net increase/(decrease) in cash and cash equivalents		**1,130**	32
Cash and cash equivalents:			
At beginning of the year	16	**65**	33
At end of the year	16	**1,195**	65

Cash and cash equivalents in the Company Statement of Financial Position includes restricted cash of £20,000 (2019: £20,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2020

1. Incorporation and principal activities

Country of incorporation

KEFI Gold and Copper PLC (the "Company") was incorporated in United Kingdom as a public limited company on 24 October 2006. Its registered office is at 27/28, Eastcastle Street, London W1W 8DH.The principal place of business is Cyprus.

Principal activities

The principal activities of the Group for the year were:

- Exploration for mineral deposits of precious and base metals and other minerals that appear capable of commercial exploitation, including topographical, geological, geochemical and geophysical studies and exploratory drilling.
- Evaluation of mineral deposits determining the technical feasibility and commercial viability of development, including the determination of the volume and grade of the deposit, examination of extraction methods, infrastructure requirements and market and finance studies.
- Development of mineral deposits and marketing of the metals produced.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout both periods presented in these financial statements unless otherwise stated.

Basis of preparation and consolidation

The Company and the consolidated financial statements have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. They comprise the accounts of KEFI Gold and Copper PLC and all its subsidiaries made up to 31 December 2020. The Company and the consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date. Subsidiaries are all entities over which the Group has power to direct relevant activities and an exposure to variable returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases

When the excess is positive, goodwill is recognised in the statement of financial position, if the excess is negative, a bargain purchase price is recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that control ceases.

An investor controls an investee if and only if the investor has all the following:

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Going concern

The assessment of the Group's ability to continue as a going concern involves judgment regarding future funding available for the development of the Tulu Kapi Gold project, exploration of the Saudi Arabia exploration properties and for working capital requirements. In considering the Group's ability to continue as a Going Concern, management have considered funds on hand at the date of approval of the financial statements, planned expenditures covering a period of at least 12 months from the date of approving these financial statements and the Group's strategic objectives as part of this assessment. The Group has also considered the potential impact of COVID 19 in respect of its forecasts.

As at the date of approval of the financial statements, the Group will require some further bridging short-term financing to fund activities until financial close. The Company has arranged funding facility options that it is able to drawdown and use when funding is considered necessary during this period. The Company has used this type of funding in the past successfully. The Company and Group are managing payables through continuing negotiation with its management and its suppliers, with the support of its Corporate Broker whilst it focuses on completing the project financing at Tulu Kapi. The forecasts show that the Group will require further funding before the end of June 2021 in order to fund working capital and other obligations. The ability of the Company and Group to continue as a going concern is dependent upon its ability to continue to raise adequate financing from lenders, shareholders and other investors to meet its funding requirements and to successfully continue to maintain informal extended settlement agreements with its management and suppliers until such funding is available. Financing will also be required to continue the development of the Tulu Kapi Gold Project through to production.

At the date of approval of these accounts, the Company KEFI has cash balances of £713,000 and its current liabilities exceed current assets. Management consider they have access to sources of short term funding which, while not fully completed, are sufficiently advanced that they can be drawn before the end of June 2021.

In addition to the short term funding requirements, the Group will require additional funding within the going concern consideration period in order to continue as a going concern, and to advance the development of the Tulu Kapi mine (Further details on project financing are available on page 5 of the Finance Director's Report).

As a result of historical and ongoing proactive discussions with stakeholders, the Board has a reasonable expectation that the Group will be able to raise further funds in order to meet its obligations. It should be noted that the impact of COVID-19 on the Company has been managed over the last twelve months, and the Company has successfully raised equity funding during this time.

Funding could be impacted by the Ethiopia's sixth federal election that are occurring against the backdrop of heightened ethnic tensions and internal conflict. The Government of Ethiopia remains committed to making the upcoming elections free fair, and democratic. At the date of signing this Annual Report, the results of the election, currently scheduled to be held on the 21 June 2021, are uncertain. Until the election results are known, there exists political uncertainty that could impact the company's ability to conclude binding funding agreements within currently planned timeframes.

Subject to the above, which the Board has a reasonable expectation can be achieved, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, there are currently no unconditional, binding agreements in place in respect of any additional funding and there is no guarantee that any course of funding will proceed or that suppliers will continue to agree to extended settlements. Therefore, as set out above, this indicates the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Functional and presentation currency

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the Group and the statement of financial position and equity of the Company are in British Pounds ("GBP") which is the functional currency of the Company and the presentation currency for the consolidated financial statements. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. GBP is the functional currency of all subsidiaries. **Functional and presentation currency (continued)**

(1) Foreign currency translation

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the statement of comprehensive income.

2) Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly in which case they are recorded at the actual rate. Exchange differences arising, if any, are recognized in the foreign currency translation reserve and as a component of other comprehensive income, and recognized in profit or loss on disposal of the foreign operation.

Revenue recognition

The Group had no sales or revenue during the year ended 31 December 2020 (2019: Nil).

Property plant and equipment

Property plant and equipment are stated at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition less depreciation.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life.

Property plant and equipment

The annual depreciation rates used are as follows:

Furniture, fixtures and office equipment	25%
Motor vehicles	25%
Plant and equipment	25%

Intangible Assets

Cost of licenses to mines are capitalised as intangible assets which relate to projects that are at the pre-development stage. No amortisation charge is recognised in respect of these intangible assets. Once the Group starts production these intangible assets relating to license to mine will be depreciated over life of mine.

Interest in jointly controlled entities

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control exists where unanimous consent is required over relevant decisions.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement

- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement

- The legal form of joint arrangements structured through a separate vehicle

- The contractual terms of the joint arrangement agreement

- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method. The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, and expenses in accordance with its contractually conferred rights and obligations.

Finance costs
Interest expense and other borrowing costs are charged to the statement of comprehensive income as incurred and is recognised using the effective interest method.

Tax

The tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is payable in the relevant jurisdiction at the rates described in note 9.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized to the extent that taxable profits will be available against which deductible temporary differences can be utilized. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and when the deferred taxes relate to the same fiscal authority.

Investments

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognized as an expense in the period in which the impairment is identified, in the Company accounts.

Exploration costs

The Group has adopted the provisions of IFRS 6 "Exploration for and Evaluation of Mineral Resources". The company still applies IFRS 6 until the project financing is secured. Once financing is secured the project moves to the development stage.

Exploration and evaluation expenditure, including acquisition costs of licences, in respect of each identifiable area of interest is expensed to the statement of comprehensive income as incurred, until the point at which development of a mineral deposit is considered economically viable and the formal definitive feasibility study is completed. At this point costs incurred are capitalised under IFRS 6 because these costs are necessary to bring the resource to commercial production.

Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities. Evaluation expenditures include the cost of directly attributable employee costs and economic evaluations to determine whether development of the mineralized material is commercially justified, including definitive feasibility and final feasibility studies.

Impairment reviews for deferred exploration and evaluation expenditure are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise such as: (i) unexpected geological occurrences that render the resource uneconomic; (ii) title to the asset is compromised; (iii) variations in mineral prices that render the project uneconomic; (iv) substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and (v) the period for which the Group has the right to explore has expired and is not expected to be renewed.

Development expenditure

Once the Board decides that it intends to develop a project, development expenditure is capitalized as incurred, but only where it meets criteria for recognition as an intangible under IAS 38 or a tangible asset under IAS 16 and then amortized over the estimated useful life of the area according to the rate of depletion of the economically recoverable reserves or over the estimated useful life of the mine, if shorter.

Share-based compensation benefits

IFRS 2 "Share-based Payment" requires the recognition of equity-settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash-settled share-based payments at the current fair value at each statement of financial position date. The total amount expensed is recognized over the vesting period, which is the period over which performance conditions are to be satisfied. The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management's best estimate, including consideration of the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the Group issues equity instruments to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

When the terms of a new convertible loan arrangement are such that the option will not be settled by the Company in exchange for a fixed number of its own equity instruments for a fixed amount of cash, the convertible loan (the host contract) is either accounted for as a hybrid financial instrument and the option to convert is an embedded derivative or the whole instrument is designated at fair value through profit and loss. Where the instrument is bifurcated, the embedded derivative, where material, is separated from the host contract as its risks and characteristics are not closely related to those of the host contract. At each reporting date, the embedded derivative is measured at fair value with changes in fair value recognised in the income statement as they arise. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivative and is subsequently carried at each reporting date at amortised cost.

Prior to conversion the embedded derivative or fair value through profit and loss instrument is revalued at fair value. Upon conversion of the loan, the liability, including the derivative liability where applicable, is derecognised in the statement of financial position. At the same time, an amount equal to the redemption value is recognised within equity. Any resulting difference is recognised in retained earnings. Where the Company enters into equity drawdown facilities, whereby funds are drawn down initially and settled in shares at a later date, those shares are recorded initially as issued at fair value based on management's best estimation, with a subsequent revaluation recorded based on the final value of the instrument at the date the shares are issued or allocated. Where the value of the shares is fixed but the amount is determined later, the fair value of the shares to be issued is deemed to be the value of the amount drawn down, less any transaction and listing costs.

Warrants

Warrants issued are recognised at fair value at the date of grant. The charge is expensed on a straight-line basis over the vesting period. The fair value is measured using the Black-Scholes model. Where warrants are considered to represent a transaction cost attributable to a share placement, the fair value is recorded in the warrant reserve and deducted from the share premium.

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Financial instruments

Non-derivative financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Amortised cost: These are financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Trade and other receivables, as well as cash are classified as amortised cost.

Financial asset at fair value through other comprehensive income: Financial assets (debt) which are held with the objective as above but which maybe intended to be sold before maturity and also includes strategic equity investments (that are not subsidiaries, joint ventures or associates) which would be normally held at fair value through profit or loss, could on irrevocable election be measured with fair value changes flow through OCI. On disposal, the gain or loss will not be recycled to P&L.

Financial asset at fair value through profit and loss: Financial assets not meeting the criteria above and derivatives.

Impairment of financial assets: Financial assets at amortised cost consist of trade receivables, loans, cash and cash equivalents and debt instruments. Impairment losses are assessed using the forward-looking Expected Credit Loss (ECL) approach. Trade receivable loss allowances are measured at an amount equal to lifetime ECL's. Loss allowances are deducted from the gross carrying amount of the assets

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities as other financial liabilities. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and borrowings.

Financial assets and liabilities at fair value through the profit or loss

Financial assets and liabilities at fair value through the profit or loss comprise derivative financial instruments. Subsequent to initial recognition, financial assets at fair value through the profit or loss are stated at fair value. Movements in fair values are recognised in profit or loss unless they relate to derivatives designated and effective as hedging instrument, in which event the timing of the recognition in the profit or loss depends on the nature of the hedging relationship. The Group does not currently have any such hedging instruments.

New standards, amendments and interpretations effective in 2020

A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial periods beginning on (or after) 1 January 2020 and have been applied by the Group in these financial statements. None of these new and amended standards and interpretations had a significant effect on the Group because they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

New standards, amendments and interpretations that are not yet effective and have not been early adopted

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods and which have not been adopted early. None of these are expected to have a significant effect on the Group, in particular:

- IFRS 3 Business Combinations: Amendment – Definition of Business
- IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform
- IFRS 16 Leases: COVID-19-Related Rent Concessions
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendment – Disclosure Initiative – Definition of Material

New standards, amendments and interpretations that are not yet effective and have not been early adopted

- Revisions to the Conceptual Framework for Financial Reporting.

The principal accounting policies adopted are set out above.

3. Financial risk management

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand with an original maturity date of less than three months. To mitigate our inherent exposure to credit risk we maintain policies to limit the concentration of credit risk, and ensure liquidity of available funds. We also invest our cash and equivalents in rated financial institutions, primarily within the United Kingdom and other investment grade countries, which are countries rated BBB- or higher by S&P the Group does not have a significant concentration of credit risk arising from its bank holdings of cash and cash equivalents.

Financial risk factors

The Group is exposed to market risk (interest rate risk and currency risk), liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group does not consider this risk to be significant.

The Company has borrowings outstanding from its subsidiaries, the ultimate realisation of which depends on the successful exploration and realization of the Group's intangible exploration assets. This in turn is subject to the availability of financing to maintain the ongoing operations of the business. The Group manages its financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Market risk - Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's operating cash flows are substantially independent of changes in market interest rates as the interest rates on cash balances are very low at the moment. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2020	2019
	£'000	£'000
Variable rate instruments		
Financial assets	**1,315**	150

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2020 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Given current interest rate levels, a decrease of 25 basis points has been considered, with the impact on profit and equity shown below.

	Equity	**Profit or Loss**	Equity	Profit or Loss
	2020	**2020**	2019	2019
	£'000	£'000	£'000	£'000
Variable rate instruments				
Financial assets – increase of 100 basis points	**13**	**13**	1	1
Financial assets – decrease of 25 basis points	**(3)**	**(3)**	(0.2)	(0.2)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the functional currency of the entity.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Australian Dollar, Euro, Turkish Lira, US Dollar, CHF, Ethiopian Birr and Saudi Arabian Riyal. Since 1986 the Saudi Arabian Riyal has been pegged to the US Dollar, it is fixed at USD/SAR 3.75. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows; with the Saudi Arabian Riyal exposure being included in the USD amounts.

	Liabilities	**Assets**	Liabilities	Assets
	2020	**2020**	2019	2019
	£'000	£'000	£'000	£'000
Australian Dollar	**47**	**3**	42	-
Euro	**127**	**-**	126	2
Turkish Lira	**7**	**-**	1	24
US Dollar	**1,694**	**10**	2,205	51
Ethiopian Birr	**630**	**363**	208	284

Sensitivity analysis continued

A 10% strengthening of the British Pound against the following currencies at 31 December 2020 would have increased/(decreased) equity and profit or loss by the amounts shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the British Pound against the relevant currency, there would be an equal and opposite impact on the loss and equity.

	Equity	**Profit or Loss**	Equity	Profit or Loss
	2020	**2020**	2019	2019
	£'000	£'000	£'000	£'000
AUD Dollar	**4**	**4**	4	4
Euro	**13**	**13**	12	12
Turkish Lira	**1**	**1**	(2)	(2)
US Dollar	**168**	**168**	215	215
Ethiopia ETB	**27**	**27**	(8)	(8)

Liquidity risk

The Group and Companies raises funds as required on the basis of projected expenditure for the next 6 months, depending on prevailing factors. Funds are generally raised on AIM from eligible investors. The success or otherwise of such capital raisings is dependent upon a variety of factors including general equities and metals mark sentiment, macro-economic outlook and other factors. When funds are sought, the Group balances the costs and benefits of equity and other financing options. Funds are provided to projects based on the projected expenditure.

	Carrying Amount £'000	Contractual Cash flows £'000	Less than 1 year £'000	Between 1-5 year £'000	More than 5 years £'000
The Group					
31-Dec-20					
Trade and other payables	**3,125**	**3,125**	**3,125**	**-**	**-**
Loans and Borrowings	**-**	**-**	**-**	**-**	**-**
	3,125	**3,125**	**3,125**	**-**	**-**
31-Dec-19					
Trade and other payables	4,247	4,247	4,247	-	-
Loans and Borrowings	964	964	964	-	-
	5,211	5,211	5,211	-	-
The Company					
31-Dec-20					

Trade and other payables	**2,354**	**2,354**	**2,354**	**-**	**-**
Loans and Borrowings	**-**	**-**	**-**	**-**	**-**
	2,354	**2,354**	**2,354**	**-**	**-**
31-Dec-19					
Trade and other payables	3,864	3,864	3,864	-	-
Loans and Borrowings	964	964	964	-	-
	4,828	4,828	4,828	-	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital. This is done through the close monitoring of cash flows.

The capital structure of the Group consists of cash and cash equivalents of £1,315,000 (2019: £150,000) and equity attributable to equity of the parent, comprising issued capital and deferred shares of £25,466,000 (2019: £24,477,000), other reserves of £34,391,000, (2019: £26,570,000) and accumulated losses of £37,824,000 (2019: £34,640,000). The Group has no long-term debt facilities.

Fair value estimation

The Group has certain financial assets and liabilities that are held at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques to measure fair value:

Classification of financial assets and liabilities

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair value estimation

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect fair value. All other receivables and payables are, where material, discounted to determine the fair value.

Differences arising between the carrying and fair value are considered not significant and no-adjustment is made in these accounts. The carrying and fair values of intercompany balances are the same as if they are repayable on demand.

The fair values of the Group's loans and other borrowings are considered equal to the book value as the effect of discounting on these financial instruments is not considered to be material. The instruments have been valued using the Company's volume weighted average share price as shown on AIM (Note 23.3).

As at each of December 31, 2020 and December 31, 2019, the levels in the fair value hierarchy into which the Group's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

	Carrying Amounts		**Fair Values**	
	2020	2019	**2020**	2019
Financial assets	£'000	£'000	£'000	£'000
Cash and cash equivalents (Note 16) – Level 1	**1,315**	150	**1,315**	150
Financial assets at fair value through OCI (Note 14) - Level 2	**54**	70	**54**	70
Trade and other receivables (Note 15)	**448**	1,234	**448**	1,234
Financial liabilities				
Trade and other payables (Note 21)	**3,125**	4,247	**3,125**	4,247
Loans and borrowings (Note 23)	**-**	964	**-**	964

4. Use and revision of accounting estimates and judgements

The preparation of the financial report requires the making of estimations and assumptions that affect the recognized amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Accounting Judgement:

Going concern

The going concern presumption depends principally on securing funding to develop the Tulu Kapi gold mining project as an economically viable mineral deposit, and the availability of subsequent funding to extract the resource, or alternatively the availability of funding to extend the Company's and Group's exploration activities (Note 2).

4. Use and revision of accounting estimates and judgements (continued)

Capitalisation of exploration and evaluation costs

The directors consider that the project in its Licence areas in Saudi Arabia has not yet met the criteria for capitalization. These criteria include, among other things, the development of feasibility studies to provide confidence that mineral deposits identified are economically viable. Capitalized E&E costs for the Group's project in Ethiopia have been recognized on acquisition, and have continued to be capitalised since that date, in accordance with IFRS 6. The technical feasibility of the project has been confirmed, and once the financing is secure the related assets will be reclassified as development costs in line with above.

Estimates:

Share based payments.

Equity-settled share awards are recognised as an expense based on their fair value at date of grant. The fair value of equity settled share options is estimated through the use of option valuation models, which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period. Some of the inputs used are not market observable and are based on estimates derived from available data. The models utilized are intended to value options traded in active markets. The share options issued by the Group, however, have a number of features that make them incomparable to such traded options. The variables used to measure the fair value of share-based payments could have a significant impact on that valuation, and the determination of these variables require a significant amount of professional judgement. A minor change in a variable which requires professional judgement, such as volatility or expected life of an instrument, could have a quantitatively material impact on the fair value of the share-based payments granted, and therefore will also result in the recognition of a higher or lower expense in the Consolidated Statement of Comprehensive Income. Judgement is also exercised in assessing the number of options subject to non-market vesting conditions that will vest. These judgments are reflected in note 18.

Impairment review of asset carrying values (Note 12)

Determining whether intangible exploration and evaluate assets are impaired requires an assessment of whether there are any indicators of impairment, by reference to specific impairment indicators prescribed in IFRS 6 (Note 2). This requires judgement. This includes the assessment, on a project by project basis, of the likely recovery of the cost of the Group's Intangible exploration assets in the light of future production opportunities based upon ongoing geological studies. This also involves the assessment of the period for which the entity has the right to explore in the specific area, or if it has expired during the period or will expire in the near future, if it is not expected to be renewed. Management has a continued plan to explore. During the latest review of the Micon due diligence review of the Tulu Kapi Gold Project report dated the 10 August 2020 there were no indicators of impairment.

5. Operating segments

The Group has two operating segments, being that of mineral exploration and corporate. The Group's exploration activities are located in the Kingdom of Saudi Arabia (through the jointly controlled entity) and Ethiopia. Its corporate costs which include administration and management are based in Cyprus.

	Corporate	Ethiopia	Saudi Arabia	Adjustments	Consolidated
	£'000	**£'000**	**£'000**	**£'000**	**£'000**
2020					
Corporate costs	**(2,252)**	**(65)**	**-**	-	**(2,317)**
Foreign exchange (loss)/gain	**(1,577)**	**1,230**	**-**	-	**(347)**
Gain on Dilution of Joint Venture	**-**	**-**	**1,033**	-	**1,033**
Net Finance costs	**(416)**	**-**	**-**	-	**(416)**
(Loss)/gain before jointly controlled entity	**(4,245)**	**1,165**	**1,033**	-	**(2,047)**
Share of loss from jointly controlled entity	-	-	**(1,088)**	**-**	**(1,088)**
Impairment of jointly controlled entity	-	-	**(585)**	**-**	**(585)**
Loss before tax	**(4,245)**	**1,165**	**(640)**	-	**(3,720)**
Tax	-	-	**-**	-	**-**
Loss for the year	**(4,245)**	**1,165**	**(640)**	-	**(3,720)**
Total assets	**17,063**	**15,823**	**-**	**(6,524)**	**26,362**
Total liabilities	**2,361**	**7,288**	**-**	**(6,524)**	**3,125**

	Corporate	Ethiopia	Saudi Arabia	Adjustments	Consolidated
2019	£'000	£'000	£'000	£'000	£'000
Corporate costs	(2,561)	(41)	-	-	(2,602)
Foreign exchange (loss)/gain	(1,254)	1,069	-	-	(185)
Loss on change in fair value of convertible on conversion	(1,045)	-	-	-	(1,045)
Net Finance costs	(1,150)	-	-	-	(1,150)
(Loss)/Gain before jointly controlled entity	(6,010)	1,028	-	-	(4,982)
Share of loss from jointly controlled entity			(591)	-	(591)
Loss before tax	(6,010)	1,028	(591)	-	(5,573)
Tax	-	-	-	-	-
Loss for the year	(6,010)	1,028	(591)	-	(5,573)
Total assets	15,205	13,542	-	(6,054)	22,693
Total liabilities	4,833	6,432	-	(6,054)	5,211

6. Expenses by nature	**2020**	2019
	£'000	£'000
Exploration costs	**25**	29
Depreciation of property, plant and equipment (Note 11)	43	10
Directors' fees and other benefits (Note 22.1)	653	703
Consultants' costs	343	236
Auditors' remuneration - audit current year	114	73
Legal Costs	373	325
Ongoing Listing Costs	162	140
Other expenses	352	232
Shareholder Communications	245	206
Travelling Costs	80	208
Total Administrative Expenses	**2,365**	2,133
Share of losses from jointly controlled entity (Note 5 and Note 20)	**1,088**	591
Impairment of jointly controlled entity (Note 20)	**585**	-
Share based option benefits to directors (Note 18)	**14**	75
Share based benefits to employees (Note 18)	**21**	34
Share based benefits to key management (Note 18)	**16**	47
Share based benefits to suppliers	**-**	94
Cost for long term project finance (Note 8)	**316**	205
Operating loss	**4,430**	3,208

The Group's stages of operations in Saudi Arabia as at the year-end and as at the date of approval of these financial statements have not yet met the criteria for capitalization of exploration costs. The Company only capitalises direct evaluation and exploration costs for the Tulu Kapi gold project in Ethiopia.

7. Staff costs	**2020**	2019
	£'000	£'000
Salaries	**688**	554
Social insurance costs and other funds	**97**	78
Costs capitalised as exploration	**(756)**	(621)
Net Staff Costs	**29**	11
Average number of employees	**44**	43

Excludes Directors' remuneration and fees which are disclosed in note 22.1. TK project direct staff costs of £756,000 are capitalised in evaluation and exploration costs and all remaining salary costs are expensed. Most of the group employees are involved in Tulu Kapi Project in Ethiopia

8. Finance costs and other transaction costs	**2020**	2019
	£'000	£'000
8.1 Total finance costs		
Interest on short term loan	**100**	737
Interest on short term loan related party (note 22.2)	**-**	15
Transaction costs for unsecured convertible loan facility (note 23.2)	**-**	398
Total finance costs	**100**	1,150
8.2 Total other transaction costs		
Cost for long term project finance	**316**	205
Total other transaction costs	**316**	205

The above costs for long term project finance relate to pre-investigation activities required to fund TK Gold project.

9. Tax

	2020	2019
	£'000	£'000
Loss before tax	**(3,720)**	(5,573)
Tax calculated at the applicable tax rates at 12.5%	**(477)**	(705)
Tax effect of non-deductible expenses	**336**	655
Tax effect of tax losses	**286**	52
Tax effect of items not subject to tax	**(145)**	(2)
Charge for the year	**-**	-

The Company is resident in Cyprus for tax purposes. A deferred tax asset of £1,601,000 (2019: £1,293,159) has not been accounted for due to the uncertainty over future recoverability.

Cyprus

The corporation tax rate is 12.5%. Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax year 2013 and 17% for 2014 and thereafter. Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2020, the balance of tax losses which is available for offset against future taxable profits amounts to £ 12,812,000 (2019: £ 10,345,000). Generally, loss of one source of income can be set off against income from other sources in the same year. Any loss remaining after the set off is carried forward for relief over the next 5 year period.

Tax Year	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**Total**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Losses carried forward	1,541	2,340	1,797	1,784	1,602	3,748	12,812

Ethiopia

KEFI Minerals (Ethiopia) Limited is subject to other direct and indirect taxes in Ethiopia through its foreign operations. The mining industry in Ethiopia is relatively undeveloped. As a result, tax regulations relating to mining enterprises are evolving. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The government of Ethiopia cut the corporate income tax rate for miners to 25% more than three years ago from 35%, and has lowered the precious metals royalty rate to 7% from 8%. According to the Proclamation, holders of a mining licence are required to pay royalty on the sales price of the commercial transaction of the minerals produced. Development expenditure of a licensee or contractor shall be treated as a business intangible with a useful life of four years. If a licensee or contractor incurs development expenditure before the commencement of commercial production shall apply on the basis that the expenditure was incurred at the time of commencement of commercial production. The mining license stipulates that every mining company should allocate 5% free equity shares to the Government of Ethiopia.

United Kingdom

KEFI Minerals (Ethiopia) Limited is resident in United Kingdom for tax purposes. The corporation tax rate is 19%. In December 2016, KEFI Minerals (Ethiopia) Limited elected under CTA 2009 section 18A to make exemption adjustments in respect of the Company's foreign permanent establishment's amounts in arriving at the Company's taxable total profits for each relevant accounting period. This is an exemption for UK corporation tax in respect of the profits of the Ethiopian branch.

10. Loss per share

The calculation of the basic and fully diluted loss per share attributable to the ordinary equity holders of the parent is based on the following data:

	Year Ended	Year Ended
	31.12.20	31.12.19

	£'000	£'000
Net loss attributable to equity shareholders	**(3,720)**	(5,573)
Net loss for basic and diluted loss attributable to equity shareholders	**(3,720)**	(5,573)
Weighted average number of ordinary shares for basic loss per share (000's)	**1,663,197**	718,976
Weighted average number of ordinary shares for diluted loss per share (000's)	**1,748,804**	768,840
Loss per share:		
Basic loss per share (pence)	**(0.224)**	(0.775)

There was no impact on the weighted average number of shares outstanding during 2020 as all Share Options and Warrants were excluded from the weighted average dilutive share calculation because their effect would be anti-dilutive and therefore both basic and diluted earnings per share are the same in 2020.

11. Property, plant and equipment

	Motor Vehicles £'000	**Plant and equipment £'000**	**Furniture, fixtures and office equipment £'000**	**Total £'000**
The Group				
Cost				
At 1 January 2019	71	66	72	209
Additions	-	11	-	11
At 31 December 2019	**71**	**77**	**72**	**220**
Additions	**-**	**25**	**14**	**39**
At 31 December 2020	**71**	**102**	**86**	**259**
Accumulated Depreciation				
At 1 January 2019	34	66	71	171
Charge for the year	3	6	1	10
At 31 December 2019	**37**	**72**	**72**	**181**
Charge for the year	**34**	**3**	**6**	**43**
At 31 December 2020	**71**	**75**	**78**	**224**
Net Book Value at 31 December 2020	**-**	**27**	**8**	**35**
Net Book Value at 31 December 2019	34	5	-	39

The above property, plant and equipment is located in Ethiopia.

12. Intangible assets

	Total exploration and project evaluation cost £'000

The Group	
Cost	
At 1 January 2019	19,023
Additions	2,443
At 31 December 2019	**21,466**
Additions	**3,310**
At 31 December 2020	**24,776**
Accumulated Amortization and Impairment	
At 1 January 2019	266
At 31 December 2019	**266**
Impairment Charge for the year	**-**
At 31 December 2020	**266**
Net Book Value at 31 December 2020	**24,510**
Net Book Value at 31 December 2019	21,200

13. Investments

13.1 Investment in subsidiaries

The Company	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
Cost		
At 1 January	**12,575**	11,324
Additions	**1,106**	1,251
Dissolutions	**(1)**	-
At 31 December	**13,680**	12,575

The Company carrying value of KEFI Minerals Ethiopia which holds the investment in the Tulu Kapi Gold project currently under development is £13,680,000 as at the 31 December 2020.

During the year management reviewed the value of its investments in the Company accounts to the project estimated NPV value. The result of the review shows that the NPV value is higher than the cost recorded in the company accounts.

As guidance to the shareholder further details are available in the front section of this report in the Finance Director's Report on page 5 under the Tulu Kapi project section.

Subsidiary companies	**Date of acquisition/ incorporation**	**Country of incorporation**	**Effective proportion of shares held**
Mediterranean Minerals (Bulgaria) EOOD	08/11/2006	Bulgaria	100%-Direct
Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket[1]	08/11/2006	Turkey	100%-Indirect

KEFI Minerals (Ethiopia) Limited	30/12/2013	United Kingdom	100%-Direct
KEFI Minerals Marketing and Sales Cyprus Limited	30/12/2014	Cyprus	100%-Direct
Tulu Kapi Gold Mine Share Company	31/04/2017	Ethiopia	95%-Indirect

[1] Dogu voluntary liquidated during the year.

Subsidiary companies	The following companies have the address of:
Mediterranean Minerals (Bulgaria) EOOD	10 Tsar Osvoboditel Blvd., 3rd floor, Sredets Region, 1000 Sofia, the Republic of Bulgaria.
Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket	Zeytinalani Mah. 4183 SK. Kapı No:6 Daire:2 UrlaA Izmir.
KEFI Minerals (Ethiopia) Limited	27/28 Eastcastle Street, London, United Kingdom W1W 8DH.
KEFI Minerals Marketing and Sales Cyprus Limited	23 Esekia Papaioannou Floor 2, Flat 21 1075, Nicosia Cyprus.
Tulu Kapi Gold Mine Share Company	1st Floor, DAMINAROF Building, Bole Sub-City, Kebele 12/13, H.No, New.

The Company owns 100% of Kefi Minerals (Ethiopia) Limited ("KME")

During 2020 the company voluntary liquidated its dormant subsidiary Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket.

On 8 November 2006, the Company entered into an agreement to acquire from Atalaya Mining PLC (previously EMED) the whole of the issued share capital of Mediterranean Minerals (Bulgaria) EOOD, a company incorporated in Bulgaria, in consideration for the issue of 29,999,998 ordinary shares in the Company. Mediterranean Minerals (Bulgaria) EOOD owns 100% of the share capital of Doğu Akdeniz Mineralleri ("Dogu"), a private limited liability Company incorporated in Turkey, engaging in activities for exploration and developing of natural resources

KME owns 95% of Tulu Kapi Gold Mine Share Company ("TKGM"), a company incorporated in Ethiopia which operates the Tulu Kapi project. The Tulu Kapi Gold Project mining license has been transferred to TKGM. The Government of Ethiopia is entitled to a 5% free-carried interest ("FCI") in TKGM. This entitlement is enshrined in the Ethiopian Mining Law and the Ethiopian Mining Agreement between the Ethiopian Government and KME, as well as the constitution of the project company and is granted at no cost. The 5% FCI refers to the equity interest granted by the company holding the mining license. The Ethiopian Government has also undertaken to invest a further USD$20,000,000 (Ethiopian Birr Equivalent) in the project in return for the issue of additional equity on normal commercial terms ranking pari passu with the shareholding of KME. Such additional equity is not entitled to a free carry. Upon completion of each element of the infrastructure and approved by the Company will issue the additional equity. At the date of this report no equity was issued.

The Company owns 100% of KEFI Minerals Marketing and Sales Cyprus ("KMMSC"), a Company incorporated in Cyprus. The KMMSC was dormant for the year ended 31 December 2020 and 2019. KEFI Minerals Marketing and Sales Cyprus holds the right to market gold produced from the Tulu Kapi Gold Project. It holds no other assets. It is planned that KMMSC will act as agent and off-taker for the onward sale of gold and other products in international markets.

13.2 Investment in jointly controlled entity

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Group		
At 1 January/31 December	**-**	181
Increase in investment	**1,896**	236
Exchange Difference	**(223)**	(196)
Loss for the year	**(1,088)**	(221)
Impairment	**(585)**	-

On 31 December	-	-

The Company		
At 1 January/31 December	**-**	181
Increase in investment	**1,896**	236
Exchange Difference	**(245)**	(196)
Impairment Charge for the year	**(1,651)**	(221)
On 31 December	**-**	-

Jointly controlled entity	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Gold and Minerals Co. Limited (G&M)	04/08/2010	Saudi Arabia	34%-Direct

The Company owns 34% of G&M. More information is given in note 20.1. During the year the Company diluted its holding in G&M from 40% to 34% and this resulted in a gain of £1,033,000.

14. Financial assets at fair value through Other Comprehensive Income (OCI)

Relates to bond sold in Ethiopia to the public to finance the construction of the Grand Ethiopian Renaissance Dam. The full amount was repaid and received in January 2021.

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Group		
At 1 January	**70**	81
Foreign currency movement	**(16)**	(11)
Interest Received	**-**	-
On 31 December	**54**	70

15. Trade and other receivables

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Group		
Share Placement[1]	**232**	1,154
Other receivables	**38**	-
VAT Refund	**178**	80
	448	1,234

[1] In December 2020 14,500,000 ordinary shares were issued and funds were received post year end.

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Company		

Share Placement[1]	**232**	1,154
Other Debtors	**88**	
Prepaid	**18**	-
Advance to KEFI Minerals (Ethiopia) Limited (Note 22.2) [2]	**3,918**	4,851
Advance to Tulu Kaki Gold Mine Share Company (Note 22.2)[1]	**2,605**	1,204
Expected credit loss	**(261)**	(242)
	6,600	6,967

Amounts owed by subsidiary companies total £8,927,000 (2019: £8,415,000). A write off of £2,404,000 (2019: 2,360,000) has been made against the amount due from the non-Ethiopian subsidiaries because these amounts are considered irrecoverable.

The Company has borrowings outstanding from its Ethiopian subsidiaries, the ultimate realisation of which depends on the successful exploration and realisation of the Group's intangible exploration assets. Management is of the view that if the Company disposed of the Tulu Kapi asset, the consideration received would exceed the borrowings outstanding. Nonetheless, Management has made an assessment of the borrowings as at 31 December 2020 and determined that any expected credit losses would be £261,000 (2019: £242,000) for which a provision has been recorded. The advances to KEFI Minerals (Ethiopia) Limited and TKGM are unsecured, interest free and repayable on demand. At the reporting date, no receivables were past their due date.

[1]The Company advanced £1,993,000 (2019: £1,076,000) to the subsidiary Tulu Kapi gold Mine Share Company during 2020. The Company had a foreign exchange translation loss of £591,000(2019: Loss £171,000) the current year loss was because of the continued devaluation of the Ethiopian Birr.

[2]Kefi Minerals (Ethiopia) Limited: during 2020, the Company advanced £76,000 (2019: £152,000) to the subsidiary. The Company had a foreign exchange translation loss of £1,008,000 (2019: Loss £856,000) the current year loss was because of the continued devaluation of the Ethiopian Birr.

The TKGM and KME loans are denominated Birr. The Company bears the foreign exchange risk on these loans and any movements in the Ethiopian Birr are recorded in the income statement of the Company.

16. Cash and cash equivalents

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Group		
Cash at bank and in hand unrestricted	**1,295**	130
Cash at bank restricted	**20**	20
	1,315	150
The Company		
Cash at bank and in hand unrestricted	**1,172**	45
Cash at bank restricted	**20**	20
	1,192	65

17. Share capital

Authorized Capital

The articles of association of the Company were amended in 2010 and the liability of the members of the Company is limited.

Issued and fully paid

	Number of shares '000	Share Capital	Deferred Shares	Share premium	Total
At 1 January 2019	**571,703**	**9,719**	**12,436**	**21,581**	**43,736**

Share Equity Placement 27 Feb 2019	57,000	969	-	-	969
Share Equity Placement 17 Apr 2019	12,615	214	-	12	226
Sanderson Share Equity Placement 17 Apr 2019	2,250	38	-	7	45
Sanderson Share Equity Placement 11 Jun 2019	22,500	383	-	67	450
Share Equity Placement 11Jun 2019	14,700	251	-	43	294
On the 8 July 2019 Sub-divided into one new ordinary share of 0.1p and one deferred share of 1.6p	-	(10,892)	10,892	-	-
Share Equity Placement 5 Aug 2019	8,500	8	-	162	170
Arato Convertible Note Share Equity Placement 14 August 2019 to 19 Nov 2019	310,606	310	-	2,051	2,361
Share Equity Placement 20 Dec 2019	149,000	149	-	1,714	1,863
Share issue costs	-	-	-	(185)	(185)
At 31 December 2019	**1,148,874**	**1,149**	**23,328**	**25,452**	**49,929**

	Number of shares '000	Share Capital	Deferred Shares	Share premium	Total
At 1 January 2020	**1,148,874**	**1,149**	**23,328**	**25,452**	**49,929**
Share Equity Placement 10 Jan 2020	149,000	149	-	1,714	1,863
Share Equity Placement 14 May 2020	113,846	114	-	626	740
Share Equity Placement 28 May 2020	455,385	456	-	2,503	2,959
Conversion of Warrants to Equity 16 Oct 2020	8,462	8		47	55
Share Equity Placement 20 Nov 2020	186,000	186	-	2,790	2,976
Share Equity Placement 14 Dec 2020	76,360	76	-	1,145	1,221
Share issue costs	-	-	-	(390)	(390)
Broker warrants: issue costs	-	-	-	(367)	(367)
Warrants: fair value split of warrants issued to shareholders.				(402)	(402)
At 31 December 2020	**2,137,927**	**2,138**	**23,328**	**33,118**	**58,584**

	Number of Deferred	Shares'000	£'000	£'000
Deferred Shares 1.6p	2019	2020	2019	2020
At 1 January	-	-	-	-
Subdivision of ordinary shares to deferred shares	680,768	680,768	10,892	10,892
At 31 December	680,768	680,768	10.892	10.892

Deferred Shares 0.9p	2019	2020	2019	2020
At 1 January	1,381,947	1,381,94 7	12,436	12,436
Subdivision of ordinary shares to deferred shares	-	-	-	-
At 31 December	1,381,947	1,381,94 7	12,436	12,436

The deferred shares have no value or voting rights.

2020

During the period the Company issued 989,052,146 new ordinary shares at average price of 1.00 pence for working capital, goods and services, and debt repayments (note 18.3).

2019

During the period August 19 to November 19 the Company issued 310,605,668 Shares to Arato Global Opportunities Limited. ('Arato'), for an aggregate consideration of £2,362,500. On issue of the shares, an amount of £2,051,894 was credited to the Company's share premium reserve which is the difference between the issue price and the nominal value 0.1 pence. Further details available in note 23.

The Company also agreed to issue Sanderson, on the 5 August 2019, 8,500,000 Ordinary Shares for Sanderson to release the company from changes in security and related arrangements. The shares were issued at 2 pence and an amount of £161,500 was credited to the Company's share premium reserve.

Restructuring of share capital into deferred shares

On the 28 June 2019 at the AGM, shareholders approved that each of the currently issued ordinary shares of 1.7p ("Old Ordinary Shares") in the capital of the Company be sub-divided into one new ordinary share of 0.1p ("Existing Ordinary Shares") and one deferred share of 1.6p ("Deferred Shares"). With effect from 8 July 2019 at 8.00am, each ordinary share in the Company has a nominal value of 0.1p per share.

The Deferred Shares have no value or voting rights and were not admitted to trading on the AIM market of the London Stock Exchange plc. No share certificates were issued in respect of the Deferred Shares.

18. Share Based payments

18.1 Warrants

In the note 18 when reference is made to the "Old Ordinary Shares" it relates to the ordinary shares that had a nominal value of 1.7p each and were in issue prior to the 8 July 2019 restructuring. Shares issued after the 8 July 2019 restructuring have a nominal value of 0.1p and will be referred to as ("Existing Ordinary Shares").

2020

The Company issued 149,000,000 short term warrants to subscribe for new ordinary shares of 0.1p each at 2p per share in accordance with the December 2019 and January 2020 share placement and as approved by shareholders on 6 January 2020. The warrants expired on 30 April 2020. The Company performed a fair value split by fair valuing the warrants using Black Scholes and assumed that this value is the residual share amount.

On 16 December 2019, the Company issued 7,450,000 warrants to subscribe for new ordinary shares of 0.1p each at 2p per share to Brandon Hill pursuant to the Placing Agreement. The warrants expire 2 years from the date of issue (10 January 2020).

During May 2020, the Company issued 28,461,538 to the broker. These warrants allow the broker to subscribe for new ordinary shares of 0.1p each at 0.65p per share in pursuant to the Placing Agreement. The warrants expire within three years of the date of First Admission.

During November 2020, the Company issued 11,175,000 broker warrants to subscribe for new ordinary shares of 0.1p each at 1.60p per share to Brandon Hill pursuant to the Placing Agreement. The warrants expire within three years of the date of First Admission.

During the period 1 January 2020 to 31 December 2020, 149,000,000 warrants issued to shareholders expired and 8,461,538 were exercised by Brandon Hill.

2019

On 2 August 2019, the Company issued 19,500,000 warrants to Arato to subscribe for existing ordinary shares of 0.1p each at an exercise price of 2.5p per share under the terms of the unsecured convertible loan notes. These warrants expire on 2 August 2022.

During the period 1 January 2019 to 31 December 2019, 3,709,652 warrants were cancelled or expired.

Details of warrants outstanding as at 31 December 2020:

Grant date	Expiry date	*Exercise price	Expected Life Years	Number of warrants 000's*

19-Sep-18	20-Sep-23	2.50p	5 years	2,000
02-Aug-19	02-Aug-22	2.50p	3 years	19,500
06 Jan 2020	06 Jan 2023	1.25p	3 years	7,450
29 May 2020	29 May 2023	0.65p	3 years	20,000
20 Nov 2020	20 Nov 2023	1.60p	3 years	11,175
				60,125

	Weighted average ex. Price	Number of warrants* 000's
Outstanding warrants at 1 January 2020	2.50p	21,500
- exercised warrants	0.65p	(8,462)
- expired warrants	2.50p	(149,000)
- granted	2.13p	196,087
Outstanding warrants at 31 December 2020	1.56p	**60,125**

The estimated fair values of the warrants were calculated using the Black Scholes option pricing model.

The inputs into the model and the results for warrants granted during the year are as follows:

	19-Sep-18	02-Aug-19	16-Dec-19	6-Jan-20	19-May-20	29-May-20	20-Nov-20
Closing share price at issue date	2.12p	1.40p	1.34p	1.65p	0.75p	1.06p	1.68p
Exercise price	2.5p	2.5p	1.25p	2.00p	0.65p	0.65p	1.6p
Expected volatility	70%	75%	97%	109%	98%	99%	101%
Expected life	5yrs	3yrs	2yrs	0.4years	3yrs	3yrs	3yrs
Risk free rate	1.2%	0.33%	0.60%	0.63%	0.04%	-0.03%	0.05%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Estimated fair value	1.15p	0.48p	0.72p	0.27p	0.47p	0.73p	1.06p

Expected volatility was estimated based on the historical underlying volatility in the price of the Company's shares.

For 2019, the impact of issuing warrants to suppliers is a net charge to income of £nil (2019: £94,000) and a further charge of £769,000 was processed to share premium that relates to warrants issued to brokers and company shareholders. At 31 December 2020, the equity reserve recognized for share based payments, including warrants, amounted to £1,273,000 (2019: £1,118,000). During the 2020 year an amount of £200,000 was processed in share premium to reflect shares issued and committed in December 2019 but received shareholder approval in January 2020.

Share options reserve table	**Year Ended 31.12.20 £'000**	Year Ended 31.12.19 £'000
Opening amount	**1,118**	1,032
Warrants issued costs	**769**	94
Share options charges relating to employees(Note 6)	**21**	34
Share options issued to directors and key management (Note 6)	**30**	122
Forfeited options	**-**	-
Exercised warrants	**-**	-
Expired warrants	**(665)**	(164)
Closing amount	**1,273**	1,118

18.2 Share options reserve

Details of share options outstanding as at 31 December 2020:

Grant date	Expiry date	*Exercise price	*Number of shares 000's
20-Mar-15	19-Mar-21	22.44p	1,529
16-Jun-15	15-Jun-21	22.44p	382
19-Jan-16	18-Jan-22	7.14p	4,088
23-Feb-16	22-Feb-22	12.58p	176
05-Aug-16	05-Aug-22	10.20p	883
22-Mar-17	21-Mar-23	7.50p	7,024
01-Feb-18	31-Jan-24	4.50p	11,400
			25,482

	Weighted average ex. Price*	Number of shares* 000's
Outstanding options at 1 January 2020	8.95p	28,365
- granted	-	-
- expired/forfeited	23.10p	(2,883)
Outstanding options at 31 December 2020	7.35p	**25,482**

The Company has issued share options to directors, employees and advisers to the Group.

On 20 March 2015,1,588,235 options were issued which expire six years after grant date and vest in equal annual instalments over a period of two years.

On 16 June 2015, 382,353 options were issued which expire six years after grant date and vest in equal annual instalments over a period of two years.

On 19 January 2016, 4,717,059 options were issued which expire six years after grant date and, vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

On 23 February 2016,176,471 options were issued which expire six years after grant date and vest immediately.

On 5 August 2016, 2,058,824 options were issued which expire six years after grant date and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

On 22 March 2017, 9,535,122 options were issued which, expire after six years, and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

On 1 February 2018, 9,600,000 options were issued to persons who discharge director and managerial responsibilities ("PDMRs") and a further 3,000,000 options have been granted to other non-board members of the senior management team. The options have an exercise price of 4.5p, expire after 6 years, and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

The option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid Ordinary shares by way of a capitalisation of the Company's reserves, a sub division or consolidation of the Ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of Ordinary shares. The estimated fair values of the options were calculated using the Black Scholes option pricing model. Expected volatility was estimated based on the historical underlying volatility in the price of the Company's shares.

For 2020, the impact of share option-based payments is a net charge to income of £51,000 (2019: £161,000). At 31 December 2020, the equity reserve recognized for share option-based payments, including warrants, amounted to £1,273,000 (2019: £1,118,000).

18.3 Share Payments for services rendered and obligations settled.

January 2020 placement of 149,000,000 shares

On 6 January 2020, following approval by shareholders, the Company issued 49,419,600 new ordinary shares ("Remuneration Shares") and 99,580,400 new ordinary shares ("Settlement Shares") of 0.1p each in the capital of the Company at an issue price of 1.25p. The net raise amounted to £1,862,500, with liabilities and other obligations listed below settled in shares.

November and December 2020 placement of 92,109,407 shares

All Remuneration Shares, Settlement Shares and Placing Shares were issued at a value of 1.60 pence per share. The net raise amounted to £1,473,750, with liabilities and other obligations listed below settled in shares.

The total shares issued during 2020 for services and obligations was as follows:

Name	Number of Remuneration and Settlement Shares	Amount
	000	000
For services rendered and obligations settled		
H Anagnostaras-Adams	18,062	248
J Leach	12,924	176
Norman Arthur Ling	2,000	25
Mark Tyler	2,000	25
Richard Lewin Robinson	1,000	13
Other employees and PDMRs	44,168	624
Amount to settle other Obligations	30,702	413
Total share based payments	**110,856**	**1,524**
Amount to settle loans		
Unsecured Convertible loan facility	6,000	75
Unsecured working capital bridging finance	124,255	1739
	241,111	**3,338**

The parties above agreed that the amounts subscribed in the share placements during the year be set-off against the amount due by the Company at the date of the share placement.

19. Non-Controlling Interest ("NCI")

	Year Ended
	£'000
As at 1 January 2019	1,075
Acquisitions of NCI	-
Additions	-
Result for the year	-
As at 1 January 2020	**1,075**
Acquisitions of NCI	**-**
Impact of 5% free carry on additions to assets during the year	**129**
As at 31 December 2020	**1,204**

During 2018, the Government of Ethiopia received its 5% free carried interest acquired in the Tulu Kapi Gold Project. The group recognized an increase in non-controlling interest in the current year of £129,000 and a decrease in equity attributable to owners of the parent of £129,000.

The NCI of £1,204,000 (2019: £1,075,000) represents the 5% share of the Group's assets of the TKGM project which are attributable to the Government of Ethiopia

The Mining Proclamation entitles the Government of Ethiopia (GOE) to 5% free carried interest in TKGM. The 5% NCI reflects the government interest in the TKGM gold project. The GOE is not required to pay for the 5% free carry interest. The GOE can acquire additional interest in the share capital of the project at market price. The GOE has committed US $20,000,000 to install the off-site infrastructure in exchange for earning equity in Tulu Kapi Gold Mine Share Company. The shareholder agreement signed with the GOE in April 2017 states that once the infrastructure elements are properly constructed and approved by Company the relevant shares will be issued to Ministry of Finance and Economic Cooperation (MOFEC)

The financial information for Tulu Kapi Gold Mine Project as at 31 December 2020:

	Year Ended 31.12.20 £'000	**Year Ended 31.12.19 £'000**
Amounts attributable to all shareholders		
Exploration and evaluation assets	**24,620**	21,305
Current assets	**184**	129
Cash and Cash equivalents	**124**	86
	24,928	21,520
Equity	**24,163**	21,142
Current liabilities	**765**	378
	24,928	21,520
Loss for the year	-	-

20. Jointly controlled entities

20.1 Joint controlled entity with Artar

Company name	**Date of incorporation**	**Country of incorporation**	**Effective proportion of shares held at 31 December**
Gold & Minerals Co. Limited	3 August 2010	Saudi Arabia	33.65%

Gold & Minerals Co. Limited has the following registered address: Olaya District. 659, King Fahad Road, Riyadh, Kingdom of Saudi Arabia.

The summarised financial information below represents amounts shown in Gold & Minerals Co Limited financial statements prepared in accordance with IFRS and assuming they followed the group policy of expensing exploration costs.

Amounts relating to the Jointly Controlled Entity	SAR'000 Year Ended 31.12.20 100%	SAR'000 Year Ended 31.12.19 100%	£'000 Year Ended 31.12.20 100%	£'000 Year Ended 31.12.19 100%

Non-current assets	**381**	107	**74**	22
Cash and Cash Equivalents	**11,160**	720	**2,176**	145
Current assets	**546**	162	**106**	33
Total Assets	**12,087**	989	**2,356**	200
Current liabilities	**(2,626)**	(1,701)	**(512)**	(343)
Total Liabilities	**(2,626)**	(1,701)	**(512)**	(343)
Net (Liabilities)/Assets	**9,461**	(712)	**1,844**	(143)
Share capital	**2,500**	2,500	**487**	505
Capital contributions partners	**97,401**	71,457	**18,987**	14,436
Accumulated losses	**(90,440)**	(74,669)	**(17,630)**	(15,084)
	9,461	(712)	**1,844**	(143)
<u>Exchange rates SAR to GBP</u>				
Closing rate			0.1949	0.2020
Income statement	SAR'000	SAR'000	£'000	£'000
Loss from continuing operations	**(15,785)**	(7,156)	**(3,279)**	(1,475)
Other comprehensive income	**14**	(42)	**3**	(8)
Translation FX Gain from SAR/GBP	**-**	-	**729**	537
Total comprehensive income	**(15,771)**	(7,198)	**(2,547)**	(946)
Included in the amount above				
Group				
Group Share 33.65% of loss from continuing operations			**(1,088)**	(591)
Joint venture investment			**£'000**	£'000
Opening Balance			**-**	-
Loss for the year			**(1,088)**	(591)
FX Loss			**(223)**	-
Additional Investment			**1,896**	591
Impairment			**(585)**	-
Closing Balance			-	-

20.1 Jointly controlled entity with Artar

In May 2009, KEFI announced the formation of a new minerals' exploration jointly controlled entity, Gold & Minerals Co. Limited ("G&M"), a limited liability company in Saudi Arabia, with leading Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI is the operating partner with a 33.65% shareholding in G&M with ARTAR holding the other 66.35%. KEFI provides G&M with technical advice and assistance, including personnel to manage and supervise all exploration and technical studies. ARTAR provides administrative advice and assistance to ensure that G&M remains in compliance with all governmental and other procedures. G&M has five Directors, of whom two are nominated by KEFI However, decisions about the relevant activities of G&M require the unanimous consent of the five directors.G&M is treated as a jointly controlled entity and has been equity accounted. KEFI has reconciled its share in G&M's losses.

A loss of £1,088,000 was recognized by the Group for the year ended 31 December 2020 (2019: £591,000) representing the Group's share of losses in the year.

As at 31 December 2020 KEFI owed ARTAR an amount of £0 (2019: £456,000) - Note 21.1.

During 2020 the Company diluted its interest in the Saudi joint-venture company Gold and Minerals Limited ("G&M") from 40% to 33.65% by not contributing its pro rata share of expenses to G&M. This resulted in a gain of £1,033,000 in the

Company accounts The accounting policy for exploration costs recorded in the G&M audited financial statements is to capitalise qualifying expenditure in contrast to the Group's accounting policy relating to exploration costs which is to expense costs through profit and loss until the project reaches development stage (note2). Consequently, any dilution in the Company's interest in G&M results in the recovery of pro rata share of expenses to G&M.

21. Trade and other payables

21.1 Trade and other payables

The Group	**Year Ended 31.12.20 £'000**	Year Ended 31.12.19 £'000
Accruals and other payables	**1,510**	1,829
Other loans	**134**	169
Payable to jointly controlled entity partner (Note 20.1)	**-**	456
Payable to Key Management and Shareholder (Note 22.3)	**1,481**	1,793
	3,125	4,247

Other loans are unsecured, interest free and repayable on demand.

The Company	**Year Ended 31.12.20 £'000**	Year Ended 31.12.19 £'000
Accruals and other payables	**873**	1,615
Payable to jointly controlled entity partner (Note 20.1)	**-**	456
Payable to Key Management and Shareholder (Note 22.4)	**1,481**	1,793
	2,354	3,864

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

22. Related party transactions

The following transactions were carried out with related parties:

22.1 Compensation of key management personnel

The total remuneration of key management personnel was as follows:

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
Short term employee benefits:		
[1]Directors' consultancy fees	**489**	507
Directors' other consultancy benefits	**58**	37
[2]Short term employee benefits: Key management fees	**686**	539
Short term employee benefits: Key management other benefits	**39**	21
	1,272	1,104
Share based payments:		
Share based payment: Directors bonus	**106**	159
[1]Share based payment: Directors' consultancy fees	**-**	-
Share option-based benefits to directors (Note 18)	**14**	75
[2]Share based payments short term employee benefits: Key management fees	**292**	290
Share option-based benefits other key management personnel (Note 18)	**16**	47
Share Based Payment: Key management bonus	**-**	-
	428	571

	1,700	1,675

[1]Directors' fees paid to the Executive Director Chairman and Finance Director are paid to consultancy companies of which they are beneficiaries.

[2]Key Management comprised the Managing Director Ethiopia, Head of Operations, Head of Systems and Head of Planning.

Share-based benefits

The Company has issued share options to directors and key management. All options, except those noted in Note 18, expire six years after grant date and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

22.2 Transactions with shareholders and related parties

The Group

Name	Nature of transactions	Relationship	**2020 £'000**	2019 £'000
Winchcombe Ventures Limited	Receiving of management and other professional services	Key Management and Shareholder	**578**	580
Nanancito Limited	Receiving of management and other professional services	Key Management and Shareholder	**298**	293
Members of International Mining Performance	Interest paid on loans advanced	Key Management and Shareholder	**-**	15
			876	888

The Company

Name	Nature of transactions	Relationship	**2020 £'000**	2019 £'000
KEFI Minerals Marketing and Sales Cyprus Limited	Finance	Subsidiary	**-**	-
Tulu Kapi Gold Mine Share Company[1]	Advance	Subsidiary	**2,605**	1,204
Kefi Minerals (Ethiopia) Limited[2]	Advance	Subsidiary	**3,918**	4,851
Expected credit loss			**(261)**	(242)
			6,262	5,813

The TKGM and KME loans are denominated Birr. The Company bears the foreign exchange risk on these loans and any movements in the Ethiopian Birr are recorded in the income statement of the Company. Further details on the details of the movement of these loans are available in note 15

Management has made an assessment of the borrowings as at 31 December 2020 and determined that any expected credit losses would be £261,000

The above balances bear no interest and are repayable on demand.

22.3 Payable to related parties

The Group

Name	Nature of transactions	Relationship	**2020 £'000**	2019 £'000

Nanancito Limited	Fees for services	Key Management and Shareholder	**1,073**	720
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**280**	632
Directors	Fees for services	Key Management and Shareholder	**128**	441
			1,481	1,793

22.4 Payable to related parties

The Company			**2020 £'000**	2019 £'000
Name	Nature of transactions	Relationship		
Nanancito Limited	Fees for services	Key Management and Shareholder	**1,073**	720
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**280**	632
Directors	Fees for services	Key Management and Shareholder	**128**	441
			1,481	1,793

23. Loans and Borrowings

23.1.1 Short Term Working Capital Bridging Finance

	Currency	Interest	Maturity	Repayment
Unsecured working capital bridging finance	GBP	See table	On Demand	See table below

2020

Unsecured working capital bridging finance	Balance 1 Jan 2020 £'000	Drawdown Amount £'000	Transaction Costs £'000	Interest £'000	Repayment Shares £'000	Repayment Cash £'000	Year Ended 31 Dec 2020 £'000
Repayable in cash in less than a year	889	750	-	100	(1,739)	-	-
	889	**750**	**-**	**100**	**(1,739)**	-	**-**

2019

Unsecured working capital bridging finance	Balance 1 Jan 2019 £'000	Drawdown Amount £'000	Transaction Costs £'000	Interest £'000	Repayment Shares £'000	Repayment Cash £'000	Year Ended 31 Dec 2019 £'000
Repayable in cash in less than a year	615	555	-	737	(294)	(724)	889
Repayable in Kefi Ordinary Shares at the option of the lender in less than a year	-	62	-	15	(77)	-	-

615	617	-	752	(371)	(724)	889

The short term working capital finance is unsecured and ranks below other loans. Although there was no binding agreement to convert the loans into shares, the lenders agreed to convert the debt into shares and the loan balance of £1,739,000 was fully repaid in 2020 during the relevant share placements.

23.1.2 Reconciliation of liabilities arising from financing activities

2020 Reconciliation		**Cash Flows**					
	Balance 1 Jan 2020	**Inflow**	**(Outflow)**	**Fair Value Movement**	**Finance Costs**	**Shares**	**Balance 31 Dec 2020**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unsecured working capital bridging finance							
Short term loans	**889**	**750**	**-**	**-**	**100**	**(1,739)**	**-**
	889	**750**	**-**	**-**	**100**	**(1,739)**	**-**
Convertible notes							
Sanderson unsecured convertible loan facility 23.2	**75**	**-**	**-**	**-**	**-**	**(75)**	**-**
	75	**-**	**-**	**-**	**-**	**(75)**	**-**

2019 Reconciliation							
	Balance 1 Jan 2019	**Inflow**	**(Outflow)**	**Fair Value Movement**	**Finance Costs**	**Shares**	**Balance 31 Dec 2019**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unsecured working capital bridging finance							
Short term loans	615	617	(724)	-	752	(371)	889
	615	617	(724)	-	- 752	(371)	889
Convertible notes							
Sanderson unsecured convertible loan facility 23.2	-	525	-		215	(665)	75
Arato Global Opportunities limited unsecured convertible loan notes 23.3	-	2,250	(70)	1,045	183	(3,408)	-
	-	2,775	(70)	1,045	398	(4,073)	75
	615	3,392	(794)	1,045	1,150	(4,444)	964

23.2 Unsecured Convertible loan facility

During the year ended 31 December 2020 the Company did not enter into any convertible loan facilities.

On 28 November 2018, the Company entered into a secured convertible loan facility of up to £4,000,000 with Sanderson Capital. Partners Limited. The Company utilized only £525,000 of the facility, all of which has been repaid before its expiry on 28 November 2019 except for £75,000 that was repaid during the January 2020 placement. On 5 August 2019, the

Company entered into new unsecured £2,250,000 convertible note facility (see note 23.3) with Arato Global Opportunities Limited

For accounting purposes, the secured convertible loan facility should be separated into their liability and equity components by first valuing the liability component. The difference between the face value of the secured convertible loan facility and the fair value of the liability component, was immaterial hence the secured convertible loan facility has not been separated into the liability and equity components.

The terms of the facility were:

- The facility was for up to £2,000,000 with an option for a second facility £2,000,000. The second facility was never used.
- On drawdown a 5% fee, payable in shares at the higher of 2p per share or the preceding 5 day VWAP, was applied at the time of drawdown. Drawdown's to be at least 30 days apart and subject to no fundamental change in the business plan. Company could repay the loan outstanding for an early repayment fee of 5% but in this case lenders had the option to convert half of any repayment by the Company into new ordinary shares at a fixed price of 2p per share. No early repayment was made. Lender could convert at any time, part or all of any outstanding balance at a price not below 2p and did so in June 2019 converting £450,000. The agreement expired on 28 November 2019.
- The amount owing as at 31 December 2019 of £75,000 was settled in shares in January 2020.

23.3 Arato Global Opportunities Limited unsecured convertible loan notes

On 2 August 2019 the Company signed a convertible loan note with Arato Global Opportunities Limited ("Arato") for £2,250,000 (as amended on 20 September). The loan notes carried no coupon and are repayable at a premium of 5%. The term of the loan notes, all of which have been repaid, was three years. The following transaction costs were incurred. The Company issued 19,500,000 warrants at an exercise price of 2.5p, which vested immediately and expire on 2 August 2022. The Company paid to Arato establishment fees of £70,265 for the establishment if this convertible note-facility.

	Date	Number of shares	[1]90% VWAP issue price	[2]VWAP on date of conversion	31-Dec-19
		000's	pence	pence	000's
Drawdown amount during the year					2,250
Premium of 5%					113
	14-Aug-19	17,511	0.96	1.07	(187)
	02-Sep-19	16,942	0.77	0.90	(152)
	11-Sep-19	21,111	0.88	1.26	(266)
	13-Sep-19	4,825	0.87	1.23	(59)
	21-Sep-19	19,021	0.97	1.11	(211)
	04-Oct-19	15,086	0.84	0.99	(149)
	11-Oct-19	14,320	0.8	0.88	(126)
	24-Oct-19	23,732	0.66	0.76	(180)
	01-Nov-19	23,853	0.6	0.77	(184)
	08-Nov-19	25,247	0.63	0.76	(192)
	15-Nov-19	102,182	0.68	1.18	(1,207)
	19-Nov-19	26,776	0.98	1.85	(495)
Difference in the carrying value of loan converted compared with amounts required to be recognized in share premium.					1,045
Closing Balance					-

[1] *They were convertible at the election of the lender at 90% of the lowest one day volume weighted average share price as shown on AIM over the three trading days immediately preceding the conversion date.*

[2]*The conversion price is calculated at volume weighted average share price of a KEFI Ordinary Share as shown on the London*

Stock Exchange on the date that the notice of conversion was received from Arato.

The difference between fair value of shares on conversion and issue share price resulted in a loss on change in fair value of £1,045,000.

During the twelve months ended 31 December 2019, Arato converted an aggregate of £2,250,000 of principal and £113,000 of the finance costs into approximately 311 million shares of ordinary shares of the Company with an aggregate fair market value of £3,408,000. As a result of the conversion, Arato became a shareholder in the Company and details of this related party convertible loan notes transaction are disclosed in this note.

24. Contingent liabilities

The company has no contingent liabilities.

25. Contingent asset

In 2011, the Company sold four Licences in Turkey to AIM listed Ariana Resources (AIM:AAU) in return for cash consideration and a Net Smelter Royalty ("NSR") of 2% over any production that may arise from the licenses. No value has been attributed to the NSRs in the 2019 financial statements due to uncertainty as to when or if income from the NSRs will eventuate. During the year the NSR was assigned to Ariana Resources.

26. Capital commitments

The Group has the following capital or other commitments as at 31 December 2020 £1,964,000 (2019: £2,159,000),

	31 Dec 2020	**31 Dec 2019**
	£'000	**£'000**
Tulu Kapi Project costs	**558**	895
Saudi Arabia Exploration costs committed to field work that has been recommenced	**1,406**	1,264

27. Events after the reporting date

On 12 April 2021, the Company received notice from Brandon Hill Capital Ltd a warrant holder to exercise warrants over a total of 15,000,000 new Ordinary Shares of 0.1p at a price of 0.65 pence per share.