

KEFI Gold and Copper plc

("KEFI" or the "Company")

Strategic Review of Gold and Minerals Joint Venture in Saudi Arabia

KEFI (AIM: KEFI), the gold and copper exploration and development company focused on the Arabian-Nubian Shield since 2008, provides an update regarding the Company's Gold and Minerals SLA ("GMCO") joint venture in Saudi Arabia.

A strategic review is being conducted by the two partners of GMCO, KEFI and its majority partner, Abdulrahman Saad AlRashid & Sons ("ARTAR"). Initial conclusions include that KEFI forego its right to contribute US\$10 million and maintain its 25% GMCO shareholding and, instead, accept dilution to 15% of GMCO. That is now being implemented formally.

In addition, the ongoing business planning scenarios currently being evaluated include the potential sale of KEFI's residual 15% shareholding, the potential proceeds of which would be receivable by KEFI.

KEFI's decision is reflective of:

- GMCO will shortly be looking to trigger its initial development and increase regional exploration
- GMCO's commitment to growth would normally see KEFI funding its pro rata share
- For the past 12 months ARTAR has sole-funded exploration activities of GMCO in Saudi Arabia, including KEFI's net share of US\$10 million
- The cost of KEFI raising sufficient funds via the issue of KEFI equity to maintain KEFI's interest in GMCO is considered dilutive to KEFI shareholders, given the disconnect between the current market valuation of the plc and the Board's considered view of the inherent value of KEFI's shareholding in GMCO, of KEFI's majority-owned flagship Tulu Kapi Project, and of KEFI's pipeline of projects offering majority ownership
- The dilution for KEFI's non-contribution in GMCO has been based on the historical cost of investment by the partners
- Any sale of KEFI's remaining GMCO shareholding will be based on open market valuations which, the KEFI Director's believe is expected to be, following consultations with market analysts, at a significant premium to the read-through valuation of this transaction with ARTAR which was based on historical cost only. However, this is a potential future transaction and there can be no guarantee of the outcome
- KEFI is prioritising its majority-owned projects, in particular:
 - its Tulu Kapi Gold Project in Ethiopia, being prepared for finance closing, construction and production;
 - Tulu Kapi's significant underground resources to develop and with potential to explore; plus
 - a large wholly owned pipeline of additional opportunities in Ethiopia and elsewhere in the region

GMCO has ambitious growth plans. To date approximately US\$80 million has been spent by the joint venture on making its discoveries and on the development feasibility studies thereon. GMCO has so far reported gold-equivalent resources of c.3 million oz on orebodies that remain open. GMCO preparations for its next stage of aggressive growth include:

- Continuing to build GMCO's leadership team for the next stages of growth
- Evaluating a two-stage development of both the Hawiah Copper-Gold-Zinc-Silver ("Hawiah"), and Jibal Qutman Gold ("Jibal Qutman") discoveries which now have advanced feasibility studies for development of the initially defined Mineral Resource Estimates. along the following lines:
 - first stage development of both Jibal Qutman and Hawiah, being open-pit mining combined with carbon-in-leach processing on the shallow oxide ore;
 - second stage development to follow further exploration of ore body extensions along strike and at depth of both projects noting that the majority of the known mineralised structure at both

projects has yet to be drill-tested, along with optimisation of metallurgical recovery for their fresh ore; and

- expanding the regional exploration programme utilising all knowledge acquired to date over the 15 year period since launching exploration in Saudi Arabia. GMCO's long-standing and highly successful exploration team is one of the largest in Saudi Arabia and its next challenge is to execute an efficient and focused exploration strategy for discovering world class deposits

GMCO's partners will over the next six months assess the various alternative strategies for optimising GMCO's growth and value, and their respective involvement.

KEFI Executive Chairman, Harry Anagnostaras-Adams commented:

“Both of KEFI's host countries, Saudi Arabia and Ethiopia, have recently pivoted towards an improved environment for mining. And the gold price is at all-time highs. In that context, KEFI considers it important that the two operating partnerships play to their strengths and capitalise on the market dynamics in each country.

“Today's announcement of the strategic review at GMCO reflects that the partners will, over the next six months, review various scenarios to determine the best way forward for the joint venture to build on its successful discoveries and feasibility studies. In the meantime, the KEFI board believes it is in the best interests of KEFI shareholders to remove the outstanding exploration liabilities with a consequential reduction in the Company's stake in GMCO. KEFI has made it clear that the priority for its capital is to now optimise shareholder value via majority-owned projects.”

Market Abuse Regulation (MAR) Disclosure

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 ("MAR"), and is disclosed in accordance with the Company's obligations under Article 17 of MAR.

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