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KEFI Gold and Copper plc

("KEFI" or the "Company")

Q1 2024 Quarterly Operational Update

Ethiopia - Tulu Kapi Gold progressing towards launch

Hawiah – Successful large infill-drilling programme and development studies progress

Saudi Arabia – Jibal Qutman Gold development scenarios being reviewed

Regional Exploration - Progress in both Ethiopia and Saudi Arabia

KEFI (AIM: KEFI), the gold and copper exploration and development company, has focused on the Arabian-Nubian Shield since 2008, assembling a pipeline of projects in the Kingdom of Saudi Arabia and in the Federal Democratic Republic of Ethiopia, with the most advanced being the shovel-ready, high-grade Tulu Kapi Gold Project ("Tulu Kapi") in Ethiopia which is being prepared for its launch.

We are pleased to provide this operational update covering the three months to 31 March 2024 and more recent developments. This update encompasses the activities of the Company, as well as wholly owned KEFI Minerals (Ethiopia) Ltd ("KME") and majority-owned Tulu Kapi Gold Mines Share Company ("TKGM") in Ethiopia, and minority-owned Gold & Minerals Ltd ("GMCO") in Saudi Arabia.

ETHIOPIA

(TKGM currently 95% owned)

The take-off of the Ethiopian Gold Mining Sector

Tulu Kapi's remaining finance syndicate approval processes are on track for final (conditional) approvals during May 2024. Project launch preparations have commenced at site.

Ethiopia's Prime Minister visited the area last week to demonstrate the importance of, and his support for, the regional developments spinning off our and similar project.

Our developments coincide with:

- early construction works commencing at another industrial scale gold-mine development west of Tulu Kapi; and
- commencement of a modernisation programme at the only large operating gold mine in Ethiopia, south of Tulu Kapi.

Taken as a whole, these private sector initiatives reflect the positive turnaround in Ethiopia over the past two years on the back of wide-sweeping reforms, some of which were absolutely critical and most helpful for the mining sector, as was negotiated and previously reported by KEFI.

Ethiopia is now striving hard to reclaim its previous long-standing ranking amongst the world's top ten growth countries. The private sector is now intended to play the key role in growth going forward. Particularly important for KEFI is that Ethiopia's top five gold development projects look likely to raise Ethiopia's aggregate annual gold production from c.400,000 oz per annum at present to an estimated 1.5 million oz per annum within the next five years, which would rank Ethiopia amongst Africa's top ten gold producing countries.

Financing progress in Ethiopia

KEFI recently reported (see announcement of 25 March 2024) the following:

- all of the required development budget of US\$320 million (exclusive of the historical equity investment of c.US\$100 million) has been assembled at the subsidiary level in the form of US\$190 million secured debt, US\$100 million Equity Risk Note ("ERN") and US20-40 million share subscriptions to KEFI subsidiaries;
- the receipt of final approvals from the Federal Government of Ethiopia (co-shareholder in TKGM), Eastern and Southern Trade and Development Bank ("TDB") (the lead lender of secured debt) and the lead-investor in the ERN (a multinational organisation which has operated in Ethiopia for decades); and
- approval processes having been triggered for the remaining parties, in particular the long-planned co-lender of secured project finance debt, the co-investor in the ERN and the co-subscriber to TKGM share capital.

The following further progress was reported on 7 May 2024:

- KEFI now targets an elevated beneficial interest in TKGM of 80%. This was made possible by the change in the permissible capital ratio agreed with the Ethiopian central bank, combined with the lowering of the weighted average cost of debt finance by virtue of attracting more ERN demand as a result of the central bank approval of our exemptions from exchange and capital controls. A consequence of these refinements is the improvement in the estimated IRR for the investors of share capital into TKGM (KEFI and the Government);
- all syndicate parties have now either confirmed final (conditional) approval or that they target providing their approval this month; and
- corporate activity is increasing in the Arabian-Nubian Shield and KEFI has received expressions of interest from other parties to potentially participate should the opportunity arise in Ethiopia, either at Tulu Kapi or in other growth opportunities being considered.

Operational progress and preparing for a safe construction programme at Tulu Kapi

These activities are focused on the Tulu Kapi Gold Project launching in mid-2024 for production in mid-2026:

- dedicated policing has been formed for permanent presence around Tulu Kapi and the other strategic mining projects, reporting to the Prime Ministry to ensure safe working conditions for the community and any parties brought to site by the Company;

- whilst no-one is threatening the project or the Company, these precautionary measures are requirements for compliance with international standards and our arrangement is being formalised and signed off to satisfy all stakeholders of the commitment to safety and international standards by Government and the project syndicate;
- independent international experts have already confirmed that TKGM's project launch plans, and the arrangements with Government, adhere to the leading international standards for environment, community and safety. This follows the equivalent reports late last year in respect of the technical aspects;
- these experts, including SLR for environment and social, Constellis for safety and security systems, and Behre Dolbear for technical matters and operational systems, oversee all critical aspects of project implementation ensuring compliance and excellence;
- additional independent security experts are now being instructed to also monitor and report to their individual clients within the syndicate, as an added layer of due diligence as we ramp up launch activities;
- these commitments and independent checks have allowed the syndicate parties to advance their processes and remain on track for completing final approvals this month, May 2024; and
- Organisational appointments include:
 - Jacques Kruger as the new Project Development Manager and is working closely with Project Director Norman Green, the founder of Green Team International; and
 - Simon Cleghorn, KEFI's original Resource Geologist and a core team member during our overhaul of the Project in 2014-2015, rejoining the Company at the Executive Committee level after serving as Chief Geologist and Chief Operating Officer respectively at leading Kazakh mining groups, Eurasian Resources Group and JSC AK Altynamas.

Economic Metrics of Tulu Kapi

- The Tulu Kapi Mineral Resource Estimate stands at 1.7 million ounces at an average grade of 2.7 g/t. Management has previously reported the potential to add another one million ounces to the mineral resources of the underground mine planned to follow the start of the open pit.
- The development plan commenced with the DFS and was complemented by refinements, optimisations, contract tendering and senior lender input to emphasise risk-mitigation. The evolution of the plans and the independent experts who contributed are set out in the KEFI website. Key elements included:
 - pit shell selection and Ore Reserves based on gold at US\$1,098/oz;
 - mining the open pit at an average of 2.5mtpa, but processing only 2mtpa;
 - ensuring that all secured debt can be fully repaid at a gold price of US\$1,200/oz;

- ensuring covenant compliance by stress testing projections at US\$1,550/oz; and
- average borrowing costs for secured debt and ERN's of 13% (weighted average).

To facilitate equity investor analyses (as compared with the lender-dominated analyses regularly reported in respect of the open-pit), the financial projections were updated to reflect the Company's business plan:

- development of the underground deposit so that it begins to contribute to production and facilitates grade optimisation from multiple ore sources;
- processing of the low-grade stockpiles at end of mine life, noting that the cut-off grade for mining in the open pit is 0.5g/t, but that any ore below 0.9g/t is sent to low-grade stockpile;
- equity analysts' consensus long-term gold prices (as per Standard and Poor's) now at US\$1,965/oz;
- lifting the processing rate by 20-25% to c.2.4Mtpa; and
- to refinance with conventional corporate finance during the early years of production.

Tulu Kapi Gold Project 100% Basis - Summary Economic Metrics				
Assumed Gold Price	US\$/oz	2,350	1,950	1,550
Production Statistics				
Tonnes Processed	T 000	22,999	22999	22,999
Tonnes Processed Per Annum	T 000	2,486	2486	2,486
Grade	G/T	2.1	2.1	2.1
Recovery	%	93.7%	93.7%	93.7%
Waste to Ore	X:Y	6.2	6.2	6.2
Cash Cost Metrics				
AISC	(US\$/oz)	887	859	831
AIC	(US\$/oz)	1,088	1060	1,032
Breakeven Cost - inc everything e.g. debt repayment, taxes	(US\$/oz)	1,315	1199	1,091
Cash Flow Outcomes				
Cashflow Available for Senior Debt Service	US\$M	1,742	1342	943
Cashflow Available for Equity Risk Ranking Note	US\$M	1,497	1087	667
Net Cashflow Available To Other Shareholders	US\$M	1,415	1005	585
NPV, IRR & Valuation				
Leveraged IRR @ Construction Start	%	64%	47%	27%
Leveraged NPV @ 5%. At Construction Start	US\$M	896	596	290
Leveraged NPV @ 5%. At Production Start	US\$M	1,114	774	429
EBITDA (Average of first 3 production years)	US\$M	260	193	126
Enterprise Valuation @ 3.5x EBITDA	US\$M	911	675	440

Footnote:

- *beneficial ownership: the final beneficial ownership may change upon refinement of respective positions at finance close*
- *NPV calculations: KEFI has hitherto reported its NPV (post debt and post tax) using an 8% discount rate, On advice from Orior Capital, whose latest research report is available on the KEFI website, a better basis for “apples and apples” comparison with industry analogs is to apply a discount rate of 5% as that is the commonly used discount rate against which companies are compared as they progress their projects through the various stages of advance, from DFS-stage, to being financed, to being in construction, to having established reliable production.*

Tulu Kapi’s combined open pit and underground production is targeted at +/- 200,000oz p.a. of gold production which now represents an estimated gold export revenue of circa US\$400 million per annum (assuming a gold price of US\$1,965/oz), which would today be Ethiopia’s largest single export generator and a significant economic engine for local and regional benefits.

With projected all-in-sustaining costs of approximately US\$860/oz and break-even costs (after all debt-service) of approximately US\$1,200/oz, this presents a solid position for generation of net cash flow to KEFI. With a now-targeted KEFI beneficial ownership 80%, this represents net cash flow entitlement to KEFI of approximately £63 million (US\$74 million) per annum over the first 9 years, commencing from H2 2026.

SAUDI ARABIA

(GMCO 25%-owned)

The take-off of the Saudi Gold Mining Sector

An illustration of the priority given to mineral exploration and recent Government prioritisation of the Saudi mining sector is that our Saudi Joint venture has been granted 14 exploration licences in the past two years compared with three in the previous 13 years.

Many international explorer / developers have lodged applications. Amongst the biggest are the JV between the Government-controlled Maaden and Ivanhoe Electric, Barrick and Eurasian Resources Group.

Hawiah Copper-Gold Development Project

In gold-equivalent resource terms, Hawiah is now approximately 30Mt at 2.5/t gold-equivalent or 2.5 million ounce gold-equivalent and is expected to grow further based on recent results. In copper-equivalent terms, it represents approximately 30Mt at 1.7% copper-equivalent or 510Kt of copper (based on prices of US\$9,500/t copper, US\$2,600/t zinc, US\$1,965/oz gold and US\$24/oz silver).

- At the main Hawiah deposit, over 50,000m of the 65,000m infill drilling programme is complete in preparation for updating the existing 29.0Mt Mineral Resource Estimate

("MRE") (see announcement on 9 January 2023), with results in-line with expectations as modelled.

- At the satellite Al Godeyer deposit, a second phase of drilling comprising 4,500m has recently commenced to infill and expand its maiden MRE reported in 2023 (see announcement dated 3 April 2023).
- These two drilling programmes are on track to upgrade at least 90% of the >30 million tonne combined MRE to the Indicated Resource category, forming the basis for Ore Reserves.
- Down-plunge expansion drilling at the Crossroads Lode in Hawiah has also extended the known limits of mineralisation by 270m to a vertical depth of 740m. This should also lead to an expanded Hawiah MRE.
- Earlier-stage exploration is also ongoing at other potential Hawiah satellite deposits, including at the recently announced Abu Salal discovery.
- Hawiah's status as the third largest base-metal project in the now burgeoning Saudi Arabian minerals sector has been reaffirmed by this highly successful exploration programme.
- PFS-level studies were reported in mid-2023 in respect of initial mine plans and metallurgical studies. These and other relevant matters will be fully addressed in the DFS.
- A smaller but analogous polymetallic VMS mine is Al Masane which is in the same region in Saudi Arabia. That operation is owned by the publicly listed AMAK, which has a market capitalisation of over US\$1 billion.

Jibal Qutman Gold Development Project

- GMCO is progressing evaluating alternative development scenarios whilst also seeking lower-cost solutions for inputs like water and power. GMCO plans to then select its preferred development scenario.
- Systematic exploration is ongoing across the three contiguous Jibal Qutman Gold Exploration Licences ("EL's") to confirm structural controls on higher-grade gold mineralisation and identify further resource potential:
 - previous exploration primarily focused on an 8km-long section of the original Jibal Qutman EL and the full 35km mineralised strike length will now be tested;
 - drill rigs are onsite working on resource upgrade and expansion programmes; and
 - other drill rigs are testing targets generated across major structures during the 2023 mapping and geophysical surveying campaigns.
- During the quarter, scout drilling discovered the Asfingia satellite deposit located c.1km northwest of a planned open pit with results including:
 - JQD_232: 13.9m (12.7m estimated true width ("ETW") at 7.9 g/t gold from 53.6m; and
 - JQD_265: 25.5m (37.5m ETW) at 1.9 g/t gold from 86.0m (including 7.4m at 5.2 g/t gold).
- Asfingia was discovered when GMCO drilled a cross-cutting fault zone which interacts with the main structurally controlled gold trend. Similar interacting structures have good potential for high grade gold mineralisation and are being identified along the 35km strike

length of the main mineralised trend. The successful UAV (“unmanned aerial vehicle”) magnetic geophysical surveying technique deployed in 2023 is set to recommence in new areas of the licence to assist in the building of this structural framework.

- Drilling is ongoing to define the limits of gold mineralisation and estimate a Maiden Resource at Asfingia as well as other prospects at Jibal Qutman.

REGIONAL EXPLORATION

Whilst we do not publish an exploration strategy, it is notable that we are pegging in both Ethiopia and Saudi Arabia. We have a number of gold, base metal and critical metal prospects granted or under application covering brownfields and grassroots targets. In all these prospects there is historical evidence of mineralisation and the opportunity to apply certain exploration technology and techniques for the first time.

Being amongst the early movers in the region has yielded our three advanced projects and, we believe, will undoubtedly yield more. The aggregate of the gold-equivalent resources assembled is approximately 5 million ounces and we see clear potential to double that via brownfields exploration.

Some of our regional exploration is in collaboration with local investors with a view to perhaps listing particular projects on local bourses as they are launched and promoted by the authorities. KEFI shareholders would be given the opportunity to participate if feasible from a regulatory viewpoint.

KEFI CORPORATE

Share Placing and General Meeting

KEFI completed a share placing raising £5.0 million (before expenses) in March 2024.

At a General Meeting held on 26 March, shareholders approved the issue of shares to directors and corporate advisers have elected to receive shares in lieu of accrued fees of £0.5 million.

INVESTOR BRIEFINGS AND WEBINAR

Institutional investor relations advisers 3PPB (contact details shown below) have commenced arranging briefings for institutional investors on request.

Research group Orior Capital is today publishing a research report on KEFI, which will be accessible from the KEFI website.

The quarterly open-forum webinar for all investors will be at 3pm London time, on Wednesday 22 May 2024. Details of these two events will be announced in due course, encouraging the submission of questions before and during the webinar.

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