

31 October 2023

## KEFI Gold and Copper plc

("KEFI" or the "Company")

### Q3 2023 Quarterly Operational Update

#### ***Ethiopia - Tulu Kapi Progressing Towards Launch; Saudi Arabia – Exploration Results Show Potential for Resource Expansion at Jibal Qutman and Hawiah, Whilst Development Studies Progress***

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 Q3 2023 operational update covering the three months to 30 September 2023 and more recent developments. This update encompasses the activities of the Company, as well as wholly owned KEFI Minerals (Ethiopia) Ltd ("KME"), majority-owned Tulu Kapi Gold Mines Share Company ("TKGM") in Ethiopia, and minority-owned Gold & Minerals Ltd ("GMCO") in Saudi Arabia.

**Executive Chairman, Harry Anagnostaras-Adams commented:** "KEFI's third quarter was one of our having our heads down clearing many conditions precedent for the launch of Tulu Kapi Gold Project in Ethiopia and, likewise in Saudi Arabia, our team has continued clearing the checklist for shaping the development plans for the Jibal Qutman Gold Project and the Hawiah Gold-Copper Project.

"Conditions in both of our host countries continue to improve for our industry and, whilst one should never discount the challenges in frontier markets, our teams are doing an excellent job, our partners, contractors and financiers are working with us closely and supportively and we are driving hard to hit our next big milestone which is to trigger before the end of this year the first stage of the Tulu Kapi Gold Project launch.

"A sign of our confidence is that we are lifting our exploration ambitions in both Saudi Arabia and Ethiopia, where similar geology presents similar opportunity which we have come to understand since entering the Arabian Nubian Shield fifteen years ago. Our proprietary database has already helped yield our discoveries and we will continue to tackle our exploration pipeline during development of our production projects.

"We have successfully assembled strong alliances with partners, banks and contractors in both countries which, in due course, will demonstrate their importance for KEFI's growth in terms of both local standing and local financial capacity."

## ETHIOPIA

### ***Tulu Kapi Gold Project***

Progress on all fronts maintains the plan to launch the high-grade Tulu Kapi Gold Project (2.1g/t gold open-pit Ore Reserve plus 5.6g/t gold underground Mineral Resource) before the end of 2023, and to scale up activities to full construction over the following months in line with the continued upgrade of security protections and preparations of the community. We will go as fast as the conditions on the ground warrant, to ensure rapid ongoing progress.

The planned US\$320 million project financing and launch sequence is being executed as follows:

- Final credit committee approvals by the mandated development banks are now being processed after the finalised details of exemptions from exchange and capital controls were received from the Ethiopia Central Bank earlier this month.
- Upon receipt of final lender approvals, the relevant field, legal, plant and mining teams will mobilise to concurrently complete:
  - Community resettlement agreements with households, all of which has been planned in detail with the authorities and international specialist experts;
  - Final procurement agreements for the fixed price process plant and the mining fleet, for which the contractors and fabricators are on standby;
  - Detailed definitive documentation between all syndicate members, all of which has been drafted; and then
  - Final Board approvals by the equity-capital providers, including the development banks themselves, regional investors subscribing to equity risk notes and the Federal and Regional Governments subscribing to share capital at the Ethiopian subsidiary-level.

The finance plan is summarised as follows:

- US\$320 million: development capital excluding the mining fleet provided by the mining contractor including:
  - US\$190 million: secured debt (senior and mezzanine) from project lenders;
  - US\$130 million: equity-risk capital (in US\$ and Ethiopian Birr as required by the project), comprising:
    - US\$40 million: from the Ethiopian Federal and Regional Government;
    - US\$90 million: from KEFI subsidiaries, in turn sourced from Equity-Risk Notes (“ERN’s”) subscribed by the project lenders and large regional investors, with up to half of the ERN’s being convertible into shares of KEFI (at KEFI’s election) to be prohibited until Year 4 onwards at then prevailing market share prices.
  - We are also arranging our subsidiary-level funding capacity to cover potential last-minute capital budgeting refinements such as pricing adjustments for the fixed-price lump-sum plant components last priced at end 2022.

## **SAUDI ARABIA**

### ***Jibal Qutman DFS***

The Jibal Qutman Definitive Feasibility Study (“DFS”) is evaluating the economic and technical feasibility for building a set of adjacent open-pit mines and a centrally sited Carbon-in-Leach (“CIL”) processing plant, to recover more than 500,000 ounces of gold, rather than the 169,000 ounces of gold originally envisaged in the 2015 Preliminary Economic Assessment (“PEA”). The 2015 PEA focused on a small heap-leach approach as a starter-project when, at that time, planning was based on a gold price of c.US\$1,200/ounce. GMCO also continues to explore for additional resources on the same and similar structural belts at this project area.

Key DFS workstreams which have now been completed include:

- metallurgical and geotechnical drilling;
- infill drilling to upgrade the resource classification; and
- metallurgical tests, indicating gold recoveries of c.90% for oxidised ore and 69-74% for fresh ore.

Workstreams progressed during Q3 2023 included:

- finalisation of geological models to update the Mineral Resource Estimate (“MRE”);

- mine planning in more detail;
- finalisation of processing plant design;
- analysis of data from a ground magnetics survey and 23 trenches completed during the quarter, to better define drill targets and also to finalise the location for site infrastructure; and
- completion of the initial accommodation and works compound at site.

Whilst the results of in-fill drilling and detailed mine planning are assembled for an update to the current MRE, exploration results build our expectation of significant further growth.

### ***Jibal Qutman MRE and Exploration***

#### *Resource Consolidation*

Since January 2021, the JQ GMCO team has been working on Resource consolidation ahead of the DFS, completing 23,500 metres of diamond drilling which has been predominantly used on infill, metallurgical and geotechnical programmes.

The 2023 MRE is nearing completion and will be finalised this quarter. The work surrounding this MRE has focused predominantly on resource classification upgrade and firming up grade distributions rather than resource expansion. Once finalised it will be used to drive the mine design and the subsequent Ore Reserve definition.

#### *Resource Expansion*

Following the completion of the resource upgrade and support works, drilling is now focused on the more than 12 other known mineralised targets within the previously defined mining licence area as well as the now much larger cumulative 270Km<sup>2</sup> exploration licence area. This larger exploration area hosts the north and south extensions of the known mineralised structures.

Generative programmes have commenced this quarter to develop targets away from these defined JQ Resource areas. This exploration has included a ground magnetic survey, airborne magnetic survey, geological mapping and trenching. The generative work, whilst still in its infancy, has already allowed for numerous targets to be defined across the 270Km<sup>2</sup> area.

Two of the near mine targets are currently undergoing drill testing with encouraging preliminary results.

- 1) The Red Hill 2 prospect. Located 1 kilometre along strike to the north of the main Red Hill resource this target has intersected the continuation of the main Red Hill thrust package, and identified gold zones extending for more than 185m along strike.

This structurally complex area is still being evaluated so true widths cannot be estimated at this time however, the best trenches within this zone include:

- JQT\_403 intersected 39m at 1.74 g/t Au
- JQT\_404 intersected 27.3m at 2.1g/t Au

Drilling to follow up on these results is underway with early holes JQD161 intersecting 10.23m at 1.0g/t Au and JQD222 intersecting 8.46m at 2.7g/t Au.

- 2) At the Asfinga target, which is located around 1km north of the 3K Hill Resource, four trenches have been opened to evaluate a shear hosted quartz vein. Early assays from trenching indicate mineralisation over a 150m strike length.

The best trenches within this zone include:

- JQT\_414 intersected 16m at 2.31 g/t Au and 7.5m at 1.8g/t au,
- JQT\_417 intersected 25.7m at 0.71g/t Au and 18.5m at 1.35g/t Au and,
- JQT\_418 intersected 7.95m at 3.8g/t Au

Four diamond drill holes have been completed to follow up on these results with assays pending.

### ***Jibal Qutman Development Planning***

The above work is designed to consider the alternatives for scaling the annual production capacity and then finalise the DFS, to optimise the project development plan, for approval by GMCO and our project finance lenders in Saudi Arabia. Based on encouragement from regulators and development financiers, we would then expect that upon GMCO resolving its commitment to develop, there will be minimal delay in obtaining a mining licence, closing project finance within Saudi Arabia and starting development in 2024, with the exact timing depending upon these reviews and regulatory processes.

### **Hawiah Copper-Gold Project**

#### ***Hawiah DFS***

Hawiah sits at the northern end of the 120Km<sup>2</sup> long Wadi Bidah Metallogenic Belt (WBMB), in which GMCO has five additional Exploration Licences.

Since the discovery of Hawiah in 2019 GMCO has drilled a total of 80,000 metres of diamond core (DD) and 5,500m of Reverse Circulation (RC) drilling and has established a Mineral Resource Estimate ("MRE") of 29.0 million tonnes ("Mt") at 0.89% copper, 0.94% zinc, 0.67g/t gold and 10.1g/t silver (see KEFI announcement dated 9 January 2023). This MRE contains a total of 258,000 tonnes (569 million lbs) of copper, 272,000 tonnes (600 million lbs) of zinc, 620,000 ounces of gold and 9.4 million ounces of silver.

Whilst GMCO believes that the current Mineral Resource has further expansion potential, it already ranks amongst the top three base metal projects in Saudi Arabia and in the top 15% of VMS ("Volcanogenic Massive Sulphide") deposits globally by tonnage.

During Q2 2023, KEFI announced the following was achieved by GMCO:

- a maiden MRE for the nearby (12km from Hawiah) Al Godeyer deposit of 1.35Mt at 0.6% copper, 0.54% zinc, 1.4g/t gold and 6.6g/t silver (see the Company's announcement on 3 April 2023); and
- Hawiah Pre-Feasibility Study ("PFS") outcomes on the open-pit and associated studies on the underground mine (see the Company's announcement on 28 June 2023).
- Commencement of the 50,000m drilling programme for resource category upgrade and expansion.

The full mine development concept is still being finalised, but it is envisaged that initial open pit mining will be followed by, and complemented by, an underground operation. Mining optimisation studies will, in due course, consider a range of scenarios including various aggregate production rates and the ideal timing for starting-up the underground operation.

Metallurgical test results, based on limited samples to date, indicate that a conventional processing flowsheet provides good recovery to a c.25% copper concentrate and a c.50% zinc concentrate along with gold doré. However, other processing flowsheets remain under consideration.

Whilst the primary focus of the PFS was limited to the relatively near surface portion of the MRE within the Indicated Resource category, complementary studies on the deeper Inferred portions of the Mineral

Resource have allowed a positive internal preliminary assessment to be made of Hawiah's economic potential.

### ***Hawiah Exploration and resource development***

In addition to the 50,000m Hawiah infill and expansion programme, GMCO have also focused on upgrading and expanding the existing Al Godeyer resource (12km west of Hawiah) through diamond drilling, whilst simultaneously conducting earlier stage exploration at Abu Salal (50km south of Hawiah) and mapping within the wider WBMB project area.

#### ***Al Godeyer***

The first phase of the 2023 Al Godeyer drilling programme, which was completed in August, aimed at upgrading the maiden MRE and brings the project total meters to 4,230m of DD and 1,700m of RC drilling. A follow up phase of drilling is planned to commence following receipt and interpretation of pending assays with the target continuing to be the upgrade and expansion of the 1.35Mt Inferred Mineral Resource to an c.2Mt Mineral Resource at an Indicated classification. This would allow the defined Resources to support the planned Hawiah DFS, as a satellite open-pit.

#### ***Abu Salal***

At Abu Salal, a total of 30 trenches have been excavated across the gossanous horizons which outcrop discontinuously over a 5km strike. Thicknesses of the logged gossans have ranged from 12-13 metres down to 0.5 meters, with multiple horizons intersected in several trenches. Assay results have been received for 17 of the trenches which indicates consistent gold mineralisation within the gossans. Gold grades reached up to a maximum of 3.01 g/t over a five-meter interval in AST\_002, with an average of 0.6 g/t across all gossan intervals. Copper and zinc have been noted on the flanks of the gossan with grades of up to 5% copper noted in AST\_017, indicating the presence of base metals at depth.

The culmination of the geological mapping, self-potential (SP) geophysics and the logging and these new trench results have clearly demonstrated the potential for massive sulphide mineralisation within a westward dipping sequence in meta-volcanics, with a similar presentation to that of Hawiah and Al Godeyer.

An initial 2,000m scout drilling programme at Abu Salal commenced in late September to test key areas of the outcropping gossans at depth for thickness and grade. The historic mineral occurrence at Abu Salal has never been subjected to systematic exploration or subjected to any form of drilling.

## **KEFI GROUP**

### ***Group Development Plan***

- The planned KEFI Group project development sequencing remains as follows:
  - 2023 trigger of staged launch of Tulu Kapi open-pit development in Ethiopia for build-up to full construction over the following few months, commissioning production end-2025 based on 2023 reserves and resources;
  - 2024 launch Jibal Qutman open-pit development in Saudi Arabia based on 2023/24 reserves and resources and targeting first production 2026;
  - 2025-26 launch of the Hawiah open-pit in Saudi Arabia for first production to follow that in Tulu Kapi and Jibal Qutman; and
  - 2026 and thereafter launch of underground mine development at Tulu Kapi and at Hawiah for first production two years later.

### ***Group Metrics***

Aggregate Mineral Resources across all three projects are 4.7 million ounces of gold-equivalent in-situ, of which KEFI's beneficial interest is 2.0 million ounces.

Aggregate annual production from the three advanced projects is currently projected at 326,000 ounces of gold-equivalent, of which 148,000 ounces is KEFI's beneficial interest, over an initial seven-year period.

The Tulu Kapi open pit is already bankable with a 1 million ounce Ore Reserve. Combined with the first preliminary planned 250,000 ounce minable resource contribution from the underground mine. Tulu Kapi is planned to produce c.144,000 ounces gold per annum at start-up throughput rate. By lifting process-plant throughput by 20% to 2.4Mtpa, production would be c. 165,000 gold per annum at an All-In-Sustaining Costs of c.US\$900 per ounce, assuming a gold price of US\$1,600-2,000 per ounce. At those same prices, this provides Net Operating Cash Flow of US\$112-156 million per annum (100% basis) for the first seven full years of production (2026-2032).

### ***Group Working Capital***

KEFI has working capital in place to underpin its planned runway to the intended launch of the Tulu Kapi Project finance in the coming months.

This follows the Company's repayment of all debts in June 2023 upon completing an equity placing that raised gross proceeds of £7.2 million via a £5.5 million Firm Placing, £0.7 million Conditional Subscription, £0.24 million Retail Offer and £0.75 million Issue of Remuneration Shares in lieu of cash to senior executives. The issue of the Conditional Subscription, Retail Offer and Remuneration Shares were approved at the Company's Annual General Meeting on 30 June 2023 and these shares have subsequently been issued.

### **Group Exploration Project Pipeline**

#### ***Ethiopia Project Pipeline***

We have registered a number of applications for new exploration licences. In addition, we have commenced administrative proceedings in respect of our long-standing proximal Exploration Licences ("ELs") surrounding the Tulu Kapi Project Mining Licence area, in order to continue exploration programmes and community development which have always complemented the Tulu Kapi project. During an overhaul of the title-regulatory system in 2022, these ELs were over-pegged by a Hong Kong shell company owned by a British Virgin Islands shell company. We are confident that this situation can be resolved satisfactorily.

#### ***Saudi Project Pipeline***

Following the expansion of GMCO's exploration portfolio to 15 ELs covering four project areas of more than 1,000km<sup>2</sup>, regional exploration teams have mobilised to the new ELs. As was the case at Jibal Qutman and Hawiah, many of these ELs have abundant evidence of historical workings and surface expression of mineralisation.

GMCO has begun comprehensive mapping and sampling campaigns over the newly awarded licences. The outcomes of this fieldwork will be to ground-truth historical data, assess the surface mineralisation and describe the structural framework controlling mineralisation. These programmes are expected to build into progressively advanced exploration works, including geophysics and trenching.

During the quarter, regional sampling of the Umm Al Khabath EL (located at the southern end of the Wadi Bidah Mineral Belt) returned anomalous gold and base metals. These results strongly support the interpretation that the Umm Al Khabath EL contains VMS style mineralisation, commonly found in the Wadi Bidah.

## **INVESTOR WEBINAR**

The next open-forum investor webinar will be held in early December 2023 to coincide with the planned Ethiopian Government's MineExpo and will focus on Tulu Kapi Project Syndicate activities and announcements. Details of these two events will be announced in due course.

### **Market Abuse Regulation (MAR) Disclosure**

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

### **Enquiries**

#### **KEFI Gold and Copper plc**

Harry Anagnostaras-Adams (Managing Director) +357 99457843

John Leach (Finance Director) +357 99208130

**SP Angel Corporate Finance LLP (Nominated Adviser)** +44 (0) 20 3470 0470

Jeff Keating, Adam Cowl

**Tavira Securities Limited (Lead Broker)** +44 (0) 20 7100 5100

Oliver Stansfield, Jonathan Evans

**IFC Advisory Ltd (Financial PR and IR)** +44 (0) 20 3934 6630

Tim Metcalfe, Florence Chandler

#### **3PPB LLC (Institutional IR)**

Patrick Chidley +1 (917) 991 7701

Paul Durham +1-203-940-2538