

14 April 2021

KEFI Gold and Copper plc

(“KEFI” or the “Company”)

Q1 2021 Operational Update

KEFI (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 provide its latest quarterly operational update.

This update encompasses the activities of KEFI Minerals (Ethiopia) Ltd (“KME”) and Tulu Kapi Gold Mines Share Company (“TKGM”) in Ethiopia, and Gold & Minerals Ltd (“G&M”) in Saudi Arabia for the period from 1 January 2021 to 31 March 2021 (“Q1”), together with more recent developments where appropriate.

In Ethiopia

The Tulu Kapi Gold Project (the “Project” or “Tulu Kapi”) remains on track overall, in line with previous guidance with the financial closing program having commenced and remaining in progress. Notably, the project finance consortium remains focused on:

- approval and execution of detailed finance documentation in the current quarter, Q2 2021;
- receipt of Project equity/subordinated debt subscriptions to settle following the KEFI Annual General Meeting in June 2021 and senior debt drawdown to then follow in H2 2021; and
- production commissioning of the open pit mine to start in Q4 2022.

In Saudi Arabia

We have commenced a Preliminary Feasibility Study (“PFS”) for the potential start of development of the Hawiah deposit in 2023. This follows a successful Phase 3 drilling programme which has extended the known mineralisation in the Maiden Resource Estimate (“MRE”) as previously reported. The MRE was announced 19 August 2020 for the Volcanic Massive Sulphide deposit at Hawiah, of 19.2 million tonnes at 0.9% copper, 0.8% zinc, 0.6 g/t gold and 10.3g/t silver.

The success of the Phase 3 drilling programme has led the KEFI-managed Saudi joint venture operating company, Gold & Minerals Ltd, to already have commenced the 13,500m ‘Phase 4’ diamond-drilling programme which, coupled with a post-drilling MRE, is intended to upgrade strategic portions of the Hawiah deposit to allow for preliminary mine planning and design as required during a Preliminary Feasibility Study (“PFS”). Drilling will close the drill-spacing on the recently delineated down-plunge Camp Lode area to allow for Inferred Resource classifications in these zones. Drilling will also target the high-grade copper ‘transition zone’ which lies between the oxide and fresh sulphide domains across the Hawiah deposit and has already returned grades in excess of 5%.

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

“It is all systems go in both Ethiopia and Saudi Arabia. Despite the various challenges of maintaining progress in today’s COVID-hampered world, we continue to successfully drive for starting full development of our Ethiopian Tulu Kapi Gold Project in mid-2021 and for project

commissioning late 2022. Given the excellent drill results to date at Hawiah we have also accelerated operations to enable the start of development in 2023 in Saudi Arabia.

“The combination of these two potential production operations, each of which today reports JORC-Compliant Resources with in-situ metal value in the order of US\$3 billion (at today’s metal prices), provides excellent potential for returns to shareholders. This is reinforced by the two projects’ respective exploration programmes.

“We envisage KEFI owning at least 65% of Tulu Kapi in Ethiopia, producing 190,000 oz of gold per annum, hitting full production from the open pit operation during H1-2023. And in parallel we envisage KEFI owning 34% of our Hawiah polymetallic discovery (mainly copper and gold) in Saudi Arabia.

“These are both transformative projects for KEFI and successful implementation of both will firmly position the Company at the forefront of the burgeoning minerals sector in the highly prospective Arabia Nubian Shield. Moreover, KEFI has already secured additional exploration acreage in the vicinity of Tulu Kapi, whilst it expects to further expand its footprint in Saudi Arabia in the near term, thereby offering further material upside to investors across the portfolio.

“Our projects taking off during a cyclical upturn in gold and copper is indeed refreshing after many years of preparatory work during the sector’s cyclical doldrums. It is also timely given our host countries’ proactive steps to boost their respective mining sectors and the preparedness of KEFI for rapid growth.”

Ethiopia

Tulu Kapi Finance Plan Being Finalised with Senior Lenders and other Syndicate Members

In accordance with previous guidance, there have been no material changes in the Project financing plan with the estimated capital costs of the Project at c.US\$263 million in total, comprising c.US\$221 million for initial development, c.US\$21 million sustaining capital and c.US\$21 million closure costs. In addition, a standby facility of c.US\$15 million has now been included in the finance plan to provide additional headroom and the mining fleet is c.US\$60 million.

The sustaining and closing capital is planned to be funded from future operational cash flows. The initial development capital will be structured as follows (presented in the anticipated sequence of public reporting this quarter of progress, as detailed documents are agreed between the counterparties), although is subject to further refinement as final procurement and financing costs are finalised:

- Mining Contractor to supply fleet within mining services agreement, c.US\$60 million
- Senior Lenders to provide Term Loans, c.US\$140 million
- Equity-Risk capital c.US\$100 million:
 - the Ethiopian Federal and Regional Governments are already investing into Project company TKGM:
 - Ethiopian private sector organisations which have expressed interest to also invest in TKGM are expected to commit in May in time for the settlement of equity funds mid-year;
 - the KEFI contribution funded by subordinated debt from the Ethiopian subsidiary of likely more than one multinational industrial group and product offtake-linked subordinated finance (for working capital and for a

- standby) from an international metals trader; and
 - mining contractor to invest in KEFI shares.
- At this stage, it appears KEFI will own at least 65% of TKGM, which will depend on final requirements of senior lenders and syndicate allocations.

Tulu Kapi Development Activities Continue

Whilst the Project financing is being finalised, scheduled long-lead Project activities continue to be progressed and include:

- procurement and other works for offsite infrastructure funded by the Government as its Project equity contribution;
- resettlement preparations in accordance with World Bank IFC performance standards; and
- updates to input costs and details of arrangements with contractors including for the processing plant Front End Engineering and Design (“FEED”), for construction and local sub-contractor competitive quotations, and for the mining operation, updated competitive bids for the full schedule of rates. These ‘home-stretch pricing checks’ have led to immaterial refinements to Project operating cost estimates.

Tulu Kapi Project Milestones in the Short Term

The key steps to progress the development of the Tulu Kapi gold mine during the first half of 2021 include the following:

- Finance:
 - approval and execution of detailed finance documentation; and
 - receipt of Project equity/subordinated debt subscriptions (senior debt drawdown is anticipated to follow in H2 2021).
- Community:
 - continue building new starter houses and associated infrastructure for resettled community;
 - consultations and payment of compensation for resettled community; and
 - employment, training and community development schemes for the broader community.
- Construction:
 - continue access road construction and electricity connection from main grid to site;
 - start bulk earthworks for on-site infrastructure; and
 - start fabrication of plant components in various factories internationally.

KEFI also plans to advance the exploration of the Tulu Kapi District by commencing field programmes following the anticipated grant of exploration licences.

Saudi Arabia

KEFI’s operations in Saudi Arabia are conducted through its 34% owned joint-venture company, G&M, where KEFI is the operating partner.

A Preliminary Feasibility Study has been started for the development of the Hawiah discovery

Recent Highlights in Saudi Arabia

- A Maiden Mineral Resource Estimate (“MRE”) was announced on 19 August 2020 for the Volcanic Massive Sulphide deposit at Hawiah, where the Company has initially discovered 19.2 million tonnes at 0.9% copper, 0.8% zinc, 0.6 g/t gold and 10.3g/t silver.
- The just-completed Phase 3 drilling programme has doubled the strike and plunge extension of the Camp Lode structure from the 2020 MRE area, with copper grades increasing down-plunge as anticipated by the geological model.
- The deepest massive sulphide intersection at the Camp Lode at a vertical depth of 590m extends the total plunging strike length of mineralisation to 1.2km from surface, with mineralisation remaining open.
- Drilling at the Crossroads Lode at Hawiah also confirms mineralisation remains open down-dip and down plunge with the current known limits of mineralisation at a vertical depth of only 380m.
- A total of 27 diamond drillholes covering 13,385m was completed in the Phase 3 drilling programme and 13,500m of diamond drilling is planned for the Phase 4 programme which has already been commenced.
- Baseline programmes for the PFS have commenced with a potential lodgement of a mining licence application targeted for mid-2022 and the start of development in 2023.
- An updated MRE is planned to coincide with the completion of the Phase 4 drilling.

Camp Lode Extension

The Phase 3 programme has successfully demonstrated the down-plunge continuation of the southward plunging Camp Lode ore body, with the deepest intersection representing a 670m extension from the 2020 MRE area. The increase in copper grade as predicted by the geological model is particularly encouraging.

Highlights from the Phase 3 diamond drilling program include the following drillhole results:

- HWD-074- 10.4m at 1.6% Cu, 1.4% Zn, 0.5g/t Au and 6.3 g/t Ag
- HWD-079 - 9.7m at 1.5% Cu, 1.3% Zn, 0.5 g/t Au and 8.3 g/t Ag
- HWD-082 – 10.0m at 1.8% Cu, 1.6% Zn, 0.5 g/t Au and 11.8 g/t Ag
- HWD-084 - 8.7m at 1.1% Cu, 1.6% Zn, 0.6 g/t Au and 10.1 g/t Ag
- HWD-086 - 9.3m at 1.8% Cu, 0.6% Zn, 0.4 g/t Au and 6.7 g/t Ag
- HWD-092 - 5.5m at 1.6% Cu, 0.53% Zn, 0.3 g/t Au and 6.9 g/t Ag

A full summary of the Phase 3 drill results of the Camp Lode and Crossroads Lode as well as detailed assay and collar information are contained in the appendix to the RNS issued on 13 April 2021.

Crossroads Lode Extension

Drilling at the Crossroads Lode has extended the mineralisation 110m deeper than previously explored. This is within the thickest part of the lode which is now defined to a vertical depth of 380m and remains open at depth. Received assay results have returned results in line with the ‘up-dip’ drillholes in this area. The outstanding drilling results will be announced in due course.

Phase 4 drilling and PFS Development

The success of the early drilling phases has demonstrated that the tonnage and grade at Hawiah are robust enough to warrant moving the project to the PFS stage.

The already commenced 13,500m 'Phase 4' diamond-drilling programme, coupled with a post-drilling MRE, is intended to upgrade strategic portions of the Hawiah deposit to allow for preliminary mine planning and design as required during a PFS. Drilling will also close the drill-spacing on the recently delineated down-plunge Camp Lode area to allow for Inferred Resource classifications in these zones.

Drilling will also target the high-grade copper 'transition zone' which lies between the oxide and fresh sulphide domains across the Hawiah deposit. This zone lies between depths of 20-50m, with previous drilling returning assay results of more than 5% copper. This zone has only been subject to limited testing and additional drilling will allow for greater understanding of grade distributions within this higher-grade copper zone, which would likely be targeted during the early stages of any mine development.

In preparation for the PFS, the first stages of the environmental monitoring programme and geohydrological studies have been initiated. These programmes will continue in tandem with the rest of the project development to ensure a baseline is established and all regulatory requirements are met, with the intention being to complete the PFS by Q2 2022, ahead of a mining licence application. The opening round of metallurgical testwork is also progressing well, with initial findings in-line with expectations.

Additional Exploration Licences

The project team recently welcomed visitors and inspectors from both the DMMR and the local government to the Hawiah site for a successful site overview and Project development meeting.

After receiving positive reports, KEFI remains cautiously optimistic for the granting of additional Exploration Licences in the up-coming months, as per the Kingdom's Vision 2030 strategy. This includes the nearby Al Godeyer exploration licence application located 11km west of the Hawiah camp. Reconnaissance fieldwork by the geological team has confirmed mineralisation along 700m of strike length in this area, in a comparable style and characteristic to the main Hawiah gossans. Initial surface sampling has confirmed gold mineralisation within the gossans, with abundant copper showings also noted.

Investor Webinar

The Company will host its usual live quarterly webinar at 9.30 am London time on Tuesday 27 April 2021 which will be accessed via:

<https://webcasting.brrmedia.co.uk/broadcast/6076035b0386285386cc80f5>

Shareholders are encouraged to submit questions by emailing: questions@brrmedia.co.uk

The webinar will subsequently be available on the Company's website at:

<http://www.kefi-minerals.com/news/webcasts>.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

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 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

Notes to Editor**KEFI Gold and Copper plc**

KEFI is focused primarily on the advanced Tulu Kapi Gold Project development project in Ethiopia, along with its pipeline of other projects within the highly prospective Arabian-Nubian Shield. KEFI targets that production at Tulu Kapi generates cash flows for capital repayments, further exploration and expansion as warranted and, when appropriate, dividends to shareholders.

KEFI in Ethiopia

Ethiopia is currently undergoing a remarkable transformation both politically and economically.

The Tulu Kapi gold project in western Ethiopia is being progressed towards development, following a grant of a Mining Licence in April 2015.

The Company has now refined contractual terms for project construction and operation, together with assembling the full funding consortium and set the conditional terms for the development funding package of c.US\$221 million.

Estimates include gold production of c.190,000oz pa. All-in Sustaining Costs (including operating, sustaining capital and closure but not including leasing and other financing charges) remain c. US\$800/oz. Tulu Kapi's Ore Reserve estimate totals 15.4Mt at 2.1g/t gold, containing 1.1Moz.

All aspects of the Tulu Kapi (open pit) gold project have been reported in compliance with the JORC Code (2012) and subjected to reviews by appropriate independent experts.

A Preliminary Economic Assessment has been published that indicates the economic attractiveness of mining the underground deposit adjacent to the Tulu Kapi open pit, after the start-up of the open pit and after positive cash flows have begun to repay project debts. An area of over 1,000 square kilometres adjacent to Tulu Kapi has been reserved for exploration by KEFI upon commencement of development, with a view to adding satellite deposits to development and production plans.

KEFI in the Kingdom of Saudi Arabia

In 2009, KEFI formed Gold & Minerals Limited ("G&M") in Saudi Arabia with local Saudi partner, ARTAR, to explore for gold and associated metals in the Arabian-Nubian Shield. KEFI has a 34% interest in G&M and is the operating partner.

ARTAR, on behalf of G&M, holds many Exploration Licence (EL) applications pending the introduction of the new Mining Law. ELs are renewable for up to three years and bestow the exclusive right to explore and to obtain a 30-year exploitation (mining) lease within the area.

The Kingdom of Saudi Arabia has announced policies to encourage minerals exploration and development, and KEFI Minerals supports this priority by serving as the technical partner within G&M. ARTAR also serves this government policy as the major partner in G&M, which is one of the early movers in the modern resurgence of the Kingdom's minerals sector.