

2 February 2023

KEFI Gold and Copper plc

(“KEFI” or the “Company”)

Q4 2022 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 (“GMCO”) in Saudi Arabia, for the period from 1 October 2022 to 31 December 2022 (“Q4 2022”), along with any material subsequent developments.

The Tulu Kapi Gold Project (“Tulu Kapi” or “Project”) is under TKGM (planned to be c.80% owned by KEFI). The Hawiah Copper-Gold Project (“Hawiah”), the Jibal Qutman Gold Project (“Jibal Qutman”) and other Saudi projects are under GMCO (now planned to be c.30% owned by KEFI). Both TKGM and GMCO are technically guided and supported by KEFI so that each of these operating joint venture companies can build a local organisation suitable to manage long-term production activities, further exploration programmes and exploit future development opportunities.

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

“KEFI continues to progress its three advanced projects: the Tulu Kapi Gold Project in Ethiopia which is now finalising the project’s US\$320 million financing, the Jibal Qutman Gold project in Saudi Arabia targeting start-up at the same time as Tulu Kapi and the Hawiah Copper-Gold project, also in Saudi Arabia, already larger than the other two projects combined and planning construction after the two gold projects have started production.

“In Ethiopia we have already launched key initial aspects of the Tulu Kapi development and intend to continue our staged build up to full launch in full collaboration and support of all key stakeholders. Our holding is now planned to be c.80%.

“In Saudi Arabia during 2023 we focus on the Definitive Feasibility Study and project financing for Jibal Qutman, the Pre-Feasibility Study for Hawiah and the regional exploration programme. Our holding is now planned to be 25-30%.

“It has taken a huge effort over a much longer period than we had anticipated in both countries to deal with innumerable frontier market (for mining) challenges and we greatly appreciate the patience and support of all stakeholders and, in particular, of our host governments and communities, our partners and of course our financiers and shareholders.

“We have built a growing resource inventory of c. 5 million ounces in gold-equivalent terms. That, together with the quality of our projects and our teams, is the reason we have assembled first-tier partners, contractors and financiers. We look forward to reporting more details as we advance each project.

“We also note that some international stock markets appear to be recovering and we have prioritised our planning for a dual-listing and, in particular, we are examining a dual-listing in Saudi Arabia, which is rapidly emerging with a significant role in our region of operations, especially within the minerals sector.”

Investor Webinar

The Company will soon provide a presentation and live webinar via the Investor Meet Company platform, the details of which will be announced in due course.

The presentation will be open to all existing and potential shareholders. Questions will be able to be submitted at any time during the live presentation.

Ethiopia

Since acquiring Tulu Kapi in 2014, KEFI has completed an extensive technical re-design of the project with independent reviews by leading international experts and we supported a modernisation of the finance-related regulations and policies by the relevant authorities. We also traversed the recent unpredicted, but well-publicised, events within the country and withstood many challenges in a situation which continues to settle down.

Tulu Kapi Gold Project

The Company announced on 21 November 2022 that the finance plan for the c.US\$320 million financing of Tulu Kapi had been agreed in principle by the lenders so that draft definitive agreements could be finalised for approval by syndicate members and regulators.

KEFI announced on 23 January 2023 that:

- All lead contracting and equity investment parties had agreed their draft agreements and confirmed their intention to sign.
- Likewise, for nearly all Ethiopian Government (“Government”) agencies which have to also sign agreements within the syndicate.
- The lenders have re-affirmed the financing plan in principle and have formally set out their indicative terms and conditions which include, as expected, satisfaction by all parties of their respective conditions and the receipt of all the necessary remaining Government approvals.
- To this end, during the last months of 2022 the various relevant regulatory agencies were advised of the specific conditions and clarifications required from them in order that progress can be made with the financing and definitive documentation signed.
- Whilst the Government is clarifying the outstanding regulatory matters, it is also reorganising its systems around the Project, including for upgraded security and for preparing the community for resettlement.

Following the completion of these steps, and the receipt of final credit committee approval by the lenders, KEFI will call a General Meeting of KEFI shareholders to seek formal shareholder approval for the transaction, in particular any convertibility rights (into KEFI shares) embedded in the financings at the KME level by regional investors as previously outlined.

The Company expects all outstanding issues to be addressed imminently, the exact timing of which will largely be driven by the Government process, so that final lender documentation

can be completed, and signing can take place, enabling the KEFI General Meeting to be called, funds to flow and full Project launch to proceed.

The principal tasks required to commence development of Tulu Kapi are expected to be completed in the following sequence:

- Principal Government regulatory confirmations:
 - Central bank: Approve final financing and bank account terms and conditions.
 - Ministry of Mines: confirm tenure of production and exploration licences.
- Final lender credit approval and signing by all parties of lender-approved definitive documents.
- Independent confirmation of compliance with international banking standards for:
 - Upgraded security systems in project area and transport routes.
 - Upgraded community preparations for resettlement and compensation.
- Approval at KEFI General Meeting of any conversion rights into KEFI shares.
- Equity funds flow.
- Commence procurement, community resettlement, site works, exploration.

KEFI and the full syndicate remain focused on achieving full Project launch as soon as practicable. KEFI remains focused on achieving full production from the open pit operations in 2025 and from the combined open pit-underground operation a few years later for combined gold exports approaching 200,000 oz per annum (KEFI beneficial interest 80% or approaching 160,000 oz per annum).

Saudi Arabia

Whilst awaiting regulatory permission to re-activate the Company's Ethiopian exploration, which is critical for long-term planning for all stakeholders in the community, as well as the Company, the exploration focus was successfully switched to Saudi Arabia at what appears to have been a particularly propitious time. Saudi Arabia is taking off as a global mining destination and KEFI's GMCO is at the forefront.

GMCO is rapidly becoming a leading explorer/developer/producer in the fast-emerging Saudi minerals sector with:

- one of the largest exploration teams in the country; and
- two major projects advancing towards development:
 - Hawiah Copper Gold Project at the Preliminary Feasibility Study ('PFS') stage; and
 - Jibal Qutman Gold Project at the Definitive Feasibility Study ('DFS') stage.

GMCO's growth has coincided with the Saudi Government's widely publicised recent initiatives to welcome international expertise and fast-track the growth of its mining sector.

Going forward the Company's Saudi assets are expected to have relatively short gestation, approval, financing and development schedules given:

- GMCO's long-established proprietary database and successful exploration teams;
- there is no need to resettle communities;
- less restrictive security protocols; and
- established capital markets and funding options.

GMCO's activities during Q4 2022 continued to show rapid progress, as outlined below.

Jibal Qutman Gold Project - Our First Discovery

Due to the improved gold price since this discovery approximately 10 years ago, our initially contemplated heap-leach development of Jibal Qutman producing 30,000 oz per annum over six years has been enlarged to a 50,000 oz per annum production plan over 10 years, based on a conventional open pit/CIL (Carbon-in-Leach process).

The three Jibal Qutman Exploration Licences ("EL's") cover an area of over 270km². An area of 26km² within the southern portion of the main Jibal Qutman EL contains the principal discovery area and the previously reported 733,000 oz gold resource. Exploration programmes targeting other known gold occurrences within the expanded land package will commence in Q1 2023 and aims to significantly increase the overall resource.

Field programmes are progressing since site access was obtained in November 2022, including the construction of the pioneer's camp and environmental baseline studies, as well as geotechnical and metallurgical diamond drilling. Work is simultaneously underway to upgrade areas of Inferred Resources to Indicated classification for inclusion in the Ore Reserve.

The Definitive Feasibility Study ("DFS") being undertaken by Lycopodium continues to progress, with Front End Engineering and Design ("FEED") and plant layout. This will be finalised upon completion of the Ore Reserve definition programme. Metallurgical testing continues and preliminary geotechnical design parameters have been agreed.

GMCO has also initiated discussions with the Saudi Investment Development Fund ("SIDF") and other local development finance institutions regarding project funding to be finalised once the Mining Licence has been awarded.

Jibal Qutman plans its submissions for financing and Mining Licence in H2 2023.

The principal tasks required to commence development of Jibal Qutman are planned to be completed in the following sequence during 2023:

- drilling for upgrading and expanding resources, geotechnical investigations and water supply;
- updated MRE following the conclusion of infill and expansion drilling;
- mine plan and Ore Reserves to be finalised following drilling results;
- processing flowsheet finalised;
- finance plan approved with SIDF; and
- commence procurement and site works.

Subject to regulatory approvals and financing, Jibal Qutman targets commissioning gold production in mid-2025.

Hawiah Copper-Gold Project – Our Second Discovery

Hawiah was first drilled in September 2019 and now ranks in the:

- top three base metal projects in Saudi Arabia; and
- top 15% VMS projects worldwide.

Work at the Hawiah Project (including its adjacent recently granted Al Godeyer exploration licences) continued during Q4 2022, focusing on providing inputs across all required fronts for the updated Mineral Resource Estimate (“MRE”) and Hawiah PFS.

On 9 January 2023, KEFI announced an **upgraded Hawiah MRE of 29.0 million tonnes (“Mt”) at 0.89% copper, 0.94% zinc, 0.67 g/t gold and 10.1 g/t silver**. Total contained metal is now:

- 258,000 tonnes of copper (up 16% from 223,000 tonnes);
- 272,000 tonnes of zinc (up 30% from 210,000 tonnes);
- 620,000 ounces of gold (up 25% from 497,000 ounces); and
- 9.4 million ounces of silver (up 20% from 7.8 million ounces).

The updated Hawiah MRE achieved our key objectives:

- a tonnage increase of approximately 16%,
- a higher overall increase in metal content due to overall improved grades,
- an increase in the Indicated Resource category, and
- an increased tonnage to be open-pit mined.

The Indicated and Inferred Resources reporting to the Open-Pit Scenario increased to a total of 11.1Mt at 0.90% copper 0.75% zinc, 0.81 g/t gold and 10.3 g/t silver. This increase reaffirms the potential for an initial open-pit mining operation and a lower start-up capital requirement.

Ongoing drilling at Hawiah is aimed at extending planned mine life by further increasing the Mineral Resource and converting more Inferred Resources to the Indicated category.

It is notable that in gold-equivalent terms, the Hawiah resource is already larger than Tulu Kapi and Jibal Qutman combined before any further resource uplift.

New Exploration Opportunities in Saudi Arabia

GMCO continued to be awarded more EL’s in Saudi Arabia where the overhauled regulatory regime is speeding up progress. These additional EL’s further accelerate the start of a new and exciting phase of exploration and discovery for the Company.

Five additional EL’s were awarded during the quarter (announced 10 January 2023), bringing the number of EL’s issued to GMCO to a total of fifteen EL’s covering an area of over 1,035km². These five new EL’s host sites of ancient mining within prospective mineral belts:

- Abu Salal North and Umm Al Khabath contain VMS prospects within the Wadi Bidah Mineral Belt south of Hawiah;
- Wadi Na’afa and Al Awja are within the underexplored and only recently accessible Lorelon gold-silver-copper mineral belt, located within the southwestern portion of the Arabian Shield; and
- Jabal Selm is a quartz-vein hosted gold prospect within the Al Miyah Mineral District.

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

Al Godeyer and Abu Salal Exploration licences

The Al Godeyer and Abu Salal represent the most advanced of GMCO's regional exploration projects.

Drilling activities were completed at Al Godeyer in September 2022 with 3D modelling now underway ahead of a maiden MRE in Q1 2023. Located only 13km from the Hawiah deposit, Al Godeyer is shaping up to be an attractive satellite deposit, particularly from an oxide gold prospective where an open-pit resource is anticipated to be developed.

Exploration activities at Abu Salal South, which is located approximately 50km south of Hawiah, have recently included geological mapping of the main gossan ridgeline and the completion of a self-potential ("SP") geophysical survey. The geological mapping has established two significant north-south trending outcropping gossans which appear to be situated on the same paleohorizon. This horizon extends beyond the Abu Salal South EL northern boundary into the recently granted Abu Salal North EL where outcropping gossans have also been confirmed. Gossans widths range from 40m down to several centimetres, with the SP survey demonstrating a robust and continuous anomaly across the 1.6km strike length of the northern gossan suggesting mineralisation is continuous at depth. The shorter strike length southern gossan has returned a less encouraging geophysical response. Rock chip sampling of these gossans has confirmed gold mineralisation with grades of up to 4.75 g/t Au. Trenching and scout drilling of these gossans is planned to be undertaken later this year.

KEFI Group

The working environment in both Ethiopia (security) and Saudi Arabia (regulatory) since late 2021 continued to allow KEFI to make rapid progress in both jurisdictions. KEFI now has a much-improved position as an early-mover in both countries and with a more balanced portfolio of advancing projects.

Now having three advanced projects in two countries places the Company into a much better risk position than was previously the case. These projects rank as highly important in both countries – as first movers in their respective revitalised minerals sectors.

Financial markets, and the AIM Market in particular, have shown some volatility and weakness flowing from global and UK political events. This has reinforced KEFI's strategy of primarily sourcing project-level and subsidiary-level project financing.

At the same time, the Saudi capital market has shown relative strength and particular interest in natural resources, as have the Canadian and Australian stock markets. KEFI has appointed advisers to consider a dual-listing of the Company's shares and, in particular, focusing on the Saudi stock exchange.

We note that long-term consensus metal prices (as published by CIBC) have remained relatively stable based on the comparison as at 2 May 2022 and as at 1 December 2022, with the consensus forecast for gold remaining at US\$1,641/oz, copper up slightly from US\$3.51/lb to US\$3.61/lb, zinc US\$1.13/lb to US\$1.15/lb and silver from US\$21/oz to US\$22/oz.

We also note that current spot prices on 1 February 2023 are higher, with gold at c.US\$1,940/oz, copper US\$4.15/lb, zinc US\$1.54/lb and silver US\$24/oz.

The following high-level statistics illustrate the importance of KEFI's newly-established position across its three advanced projects in the two countries:

- KEFI's beneficial interest in gold-equivalent mineral resources has grown from 1.2 million ounces in mid-2020 to 2.3 million ounces at the end of 2022, with further growth anticipated in 2023 and subsequent years. All of KEFI's projects have resources which remain open and there is a pipeline of additional exploration projects with walk-up drill targets;
- Comparing results at current spot prices and at analysts' consensus prices (as at 1 December 2022), KEFI's market capitalisation of approximately £32 million (US\$38 million) at 0.8 pence per share represents US\$17/oz-equivalent on JORC resources and 8-14% of NPV (see explanatory note below) of all 3 development projects £222-413 million (US\$265-491 million); and
- The NPV (see explanatory note below) for KEFI of its projects now approximates a c.50/50 split between Ethiopia and Saudi Arabia.

Enquiries

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Notes

Explanatory Comments on the Use of NPV (Net Present Value) and the Basis of Calculations

All three of KEFI's advanced projects report NPV's based on:

- recoverable JORC Resources as reported up to the end of 2021;
- net cash flows after debt service and after taxes, i.e. net cash available for shareholders;
- 8% discount rate; and
- nil value for potential expansion of project resources or any other discovery.

We report NPV as at today and as at completion of the first two projects and also sometimes as at commencement of their production in 2025. This provides a measure of where NPV attributable to KEFI is heading.

For our most advanced project, Tulu Kapi's planned open pit mine, the modelling was built independently for use by the project syndicate and is based on the DFS (Definitive Feasibility Study) as updated for refinements in consultation with lenders, contractors and input pricing updates generally. KEFI management use this modelling as the basis for analyses from equity investors' viewpoint.

All other KEFI projects are less advanced and are at various stages of feasibility study. Accordingly, we present Preliminary Economic Assessments based on models derived with the input of our specialist advisers and consultants. We highlight that the integration of the preliminary plans for the Tulu Kapi underground mine into a combined profile with the open pit mine will be revised to DFS-stage during construction of the open pit mine.