9 June 2023

KEFI Gold and Copper plc

("KEFI" or the "Company")

Results for the year ended 31 December 2022

KEFI (AIM: KEFI), the gold and copper exploration and development company with projects in the Federal Democratic Republic of Ethiopia and the Kingdom of Saudi Arabia, is pleased to announce its audited financial results for the year ended 31 December 2022.

AGM and Annual Report

As announced on 2 June 2023 the Annual General Meeting ("AGM") of the Company will be held at 11:00 a.m. (EEST) (9:00 a.m. BST) on 30 June 2023 at Hilton Park Nicosia,1 Achaion Street, Engomi, Nicosia, 2413, Cyprus. The notice of AGM has been posted to shareholders and is available for download on the Company's website: https://www.kefi-goldandcopper.com

The Annual Report and Accounts for the year ended 31 December 2022 are also available on KEFI's website at https://www.kefi-goldandcopper.com

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 (Executive Chairman)	+357 994 57843
John Leach (Finance Director)	+357 992 08130
SP Angel Corporate Finance LLP (Nominated Adviser and Joint Broker)	+44 (0) 20 3470 0470
Jeff Keating, Adam Cowl	
Tavira Financial Limited (Joint 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	

Further information can be viewed at https://www.kefi-goldandcopper.com

EXECUTIVE CHAIRMAN'S REPORT

After some particularly frustrating years, the working environment in both Ethiopia (security and regulatory) and Saudi Arabia (regulatory) was transformed for the better during 2022. In Ethiopia, we are finally close to launching the Tulu Kapi Gold Project this year. And as we advance in both countries with an early-mover position, we can now expect to report an escalating stream of achievements. What a welcome outlook after years of challenge and frustration!

We now enjoy highly supportive mine-regulatory working environments in both countries which are also prioritising projects like ours across all the relevant Government agencies. Given that we have three advancing potential development projects in these jurisdictions, the Company is now in a much better risk/return position than it has ever been. It is indeed a refreshing change and an exciting opportunity.

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 sourcing predominantly project-level and subsidiary-level project financing.

At the same time, both the Saudi and Ethiopian local equity capital markets have shown particular interest in natural resources, as have the Canadian and Australian mining-focused stock markets. KEFI has appointed advisers to consider a dual-listing of the Company's shares on major regional or mining-focused stock exchanges.

Successful implementation of our plans will result in KEFI being a leader in the Arabian-Nubian Shield with projected 2027 aggregate annual production of 327,000 gold-equivalent ounces, in which KEFI will have a beneficial interest of 150,000 gold-equivalent ounces. These estimates reflect resources as they stood at 2021 and current preliminary assessments.

Our reported Mineral Resources provide a solid starting position for growth. Since mid-2020, KEFI's beneficial interest in the in-situ metal content of our three projects has grown from 1.2 million gold-equivalent ounces to approximately 2.1 million gold-equivalent ounces. KEFI's current market capitalisation of circa £40 ($50) million equates to only $24 per gold-equivalent ounce.

The growth in Mineral Resources is due to our progress in Saudi Arabia in particular, where GMCO is now well-established as a leading explorer/developer 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 Pre-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. In the past year or so, we have been awarded 14 Exploration Licences ("ELs"), many times the number we were awarded over the previous thirteen years.

A notable reason for our solid position in the region is our alliancing strategy. Our operating alliances are with the following strong organisations:

- Partners:
    - in Saudi Arabia: Abdul Rahman Saad Al Rashid and Sons Company Ltd ("ARTAR")
    - in Ethiopia:
        - Federal Government of the Democratic Republic of Ethiopia

        - Oromia Regional Government
- Principal contractors:
    - for process plants in both Ethiopia and Saudi Arabia: Lycopodium
    - for mining services in Ethiopia: PW Mining
- Senior project finance lenders for Tulu Kapi:
    - East and Southern African Trade and Development Bank Ltd (“TDB”)
    - African Finance Corporation Limited (“AFC”)

Ethiopia - Tulu Kapi

Having essentially overcome its recent security issues, Ethiopia is demonstrating a clear determination to expedite economic recovery and once again be among the world’s top 10 growth countries, as it was for nearly 20 years up to 2017. A key part of the Ethiopian Government’s strategy to achieve this strong growth is for the mining sector to increase from 1% of GDP today to 10% of GDP ten years from now. The Federal Government recently deployed its world-recognized military around priority mining sites such as Tulu Kapi and announced a number of incentives such as lower royalty rates to reinforce its commitment to protect, support and encourage our industry.

Tulu Kapi will be the country’s first large-scale mining project for some 30 years and is designed to the highest international standards. It therefore is imposing many demands on a regulatory system which the Ethiopian Government is upgrading.

There is significant potential to increase Tulu Kapi’s current Ore Reserves of 1.05 million ounces of gold and Mineral Resources of 1.7 million ounces. Economic projections for the Tulu Kapi open pit indicate the following returns assuming a gold price of $1,815/ounce:

- Average EBITDA of $153 million per annum (KEFI’s now planned c. 70% interest being c. $107million);
- All-in Sustaining Costs (“AISC”) of $947/ounce (note that royalty costs increase with the gold price); and
- All-in Costs (“AIC”) of $1,189/ounce.

The assumptions underlying these projections are detailed in the footnotes to the table on page 10 of this Annual Report.

Saudi Arabia – Jibal Qutman

Whilst GMCO has been on the ground since 2008, mining de-regulation was only implemented over the past two years. This has led to a surge in companies looking to enter the Saudi minerals sector and one recent entrant has announced one of the largest exploration programs ever committed anywhere – testament to the international rating of the Saudi prospectivity. KEFI’s beneficial interest is planned to be 26.8% in GMCO and the shareholders’ agreement provides extra flexibility on a project-by-project basis by catering for the possibility that one or other GMCO project can be sole-risked by either shareholder if one partner chooses to opt out.

Jibal Qutman was KEFI’s first discovery in Saudi Arabia with Mineral Resources in excess of 700,000 ounces of gold.

In mid-2022, formal notification was received from the Saudi authorities that land access issues which halted our mine development application in 2016 were resolved. This enabled GMCO to commence the work required to complete a DFS, with site activities again being allowed only from late 2022.

The current gold price and consensus outlook is considerably higher than the $1,200/ounce used in our preliminary 2015 studies when the Company lodged its initial Mining Licence application based on mining the 200,000 ounces of oxide ore only, with a view to a low-risk start-up pending expansion of the resources to justify a larger development scenario. Another key change over the past 8 years is that recently granted ELs now cover more than 35km linear extent or 270 square kilometres of the prospective fault zone north and south of the known Jibal Qutman deposits, thus providing more opportunity to discover near-surface gold mineralisation.

Development commitments will be duly considered after completion of the DFS. And upon GMCO commitment, granting of the Mining Licence, regulatory approvals and financing, GMCO could reasonably target commissioning gold production at Jibal Qutman in 2025, coincidentally around the same time as Tulu Kapi in Ethiopia.

Saudi Arabia – Hawiah

Hawiah was discovered in September 2019 and now ranks in the:

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

Our drilling since 2019 has so far delineated a Mineral Resource Estimate ("MRE") of 29.0 million tonnes at 0.89% copper, 0.94% zinc, 0.67g/t gold and 10.1g/t silver. As a scale-comparison with Tulu Kapi, Hawiah's in-situ metal content is now estimated to be in the order of 2.48 million gold-equivalent ounces versus Tulu Kapi's current 1.72 million ounces of gold.

Exploration commenced at the nearby Al Godeyer Project in early 2022 and drilling quickly confirmed similar copper-gold mineralisation to the Hawiah VMS deposit. The recently announced initial Al Godeyer MRE demonstrates the potential for satellite orebodies to be discovered near the proposed Hawiah processing plant.

We are finalising the Hawiah PFS and are continuing to drill to upgrade and expand the resources within this major VMS district.

Summary and Conclusion

We all know that getting one's timing right from an investment viewpoint is an elusive task – not only are there are many company specific issues, these are entwined with external factors such as jurisdictional matters, metal prices and capital market cycles. It is perhaps fair to say that KEFI's share price has largely drifted with sectoral trends illustrated by the global Gold Junior Mining Index (MVIS sub-index MVGDXJ). Notwithstanding that this index is for much larger companies (market capitalisation ≥ $150 million) its performance pattern is similar to that of KEFI's share price to date. The index was 68% at the time of KEFI's IPO in 2006, historically peaked at 236% in 2011 when KEFI's historical share price also peaked, and has declined since then to -8% on 16 May 2023.

So - what do we have to achieve to break out – to get ahead of the pack? The fundamentals of the company have never been stronger; nor have metal prices or the local jurisdictional conditions and governmental support we are receiving. What we must do now is to go into fast forward wherever possible without compromising safety and financial commonsense. That will make our past years of frustration worthwhile. It is also my view that capital markets behave cyclically and it might be the case that we see a swing back to the mining sector for capital allocation internationally, especially directed at those companies who rank highly on ESG measures as well as the measures for discovery, development and production.

KEFI is now preparing to develop the high-grade Tulu Kapi Gold Project, completing its DFS-stage development studies on the Jibal Qutman Gold Project, finalising the PFS for the Hawiah Copper-Gold

Project and prospecting exploration targets in Ethiopia and Saudi Arabia. And the timing is now proving to be on our side.
Simultaneous with the triggering of full development at Tulu Kapi, we intend to re-commence exploration programs in Ethiopia and intensify our exploration program in Saudi Arabia. In Ethiopia, the initial focus will be underneath the planned open pit where we already have established an initial resource for underground mining at an average grade of 5.7g/t gold. We also intend to follow-up drilling which indicated good potential for nearby satellite gold deposits in the Tulu Kapi District. In Saudi Arabia, further drilling is being undertaken during 2023 at Hawiah, Jibal Qutman and surrounding ELs. Regional prospecting programs will also elevate as we are blessed with many other walk-up drill targets.

Along with my fellow Directors, I am dedicated to the generation of returns on investment. It has been frustrating that the working environments of both Ethiopia and Saudi Arabia in recent years have not allowed us to achieve targeted progress. However, I believe that both situations have turned for the better and we are now pushing forward.

By emphasising conventional project-level development financing, we will reduce the pressure on KEFI shareholders and its foundation partners to provide all the funding. In fact, at Tulu Kapi more than 90% of the development capital is planned at the project or subsidiary level from newly introduced regional investors, bankers, contractors, and other syndicate parties. However, exploration and other pre-development funding will likely continue to rely exclusively on equity funding by KEFI and its foundation partners in-country.
Going forward, one would normally expect that as milestones are achieved, the Company's share price should naturally narrow the gap between the Company's market capitalisation and what we believe to be the significantly higher fundamental valuations of the Company's projects using conventional measures such as NPV.

We are indeed at an opportune moment, created by our team's hard work, your support and patience as shareholders and now metal prices strengthening as we launch our projects within improved political and regulatory environments. The Directors are deeply appreciative of all personnel's tenacity, tireless efforts and steadfast dedication together with the support the Company receives from shareholders, our families and other stakeholders. Let us now see some of the success the Company has worked for.

Recent developments have also triggered the next chapter of our organisational development with several appointments having been made, including Mr. Eddy Solbrandt as Group Chief Operating Officer ("COO") and Mr. Gareth Taylor as GMCO's COO along with several other additions to the senior management team in both Ethiopia and Saudi Arabia. The Board of Directors is also adjusting its composition to handle approaching retirements and to add to the range of skills and appropriate board expertise in preparation for the substantial changes as KEFI moves into its exciting next stage with the development of our projects.

Executive Chairman

Harry Anagnostaras-Adams

8 June 2023

FINANCE DIRECTOR'S REPORT

Financing Working Capital for KEFI's Activities to Date

KEFI has funded all activities to date with approximately £80 million equity capital raised at then prevailing share market prices. This avoided superimposing debt-repayment risk onto exploration, permitting and other risks that always exist during the early phases of project exploration and development in mining-frontier markets. We do however avail ourselves of short-term unsecured advances from time to time as arranged by our Corporate Broker to provide working capital pending the achievement of a short-term business objectives.

The risks of management of working capital in the context of such high-growth and high-risk exploration ventures is a matter which is highlighted by the Directors in the Going Concern Note of the Financial Statements which shareholders should refer to.

Financing Tulu Kapi Project Development

The current cost (including finance costs and working capital) to develop Tulu Kapi is estimated to be c. $320 million, which was last updated in late 2022. Our financing plans absorbed significant cost-inflation at that time due to global supply chain strains for the mining sector exacerbated by the COVID pandemic and the Ukraine war. Whilst cost-inflation appears to have abated, pricing will be updated again as at project launch and final finance arrangements will be refined accordingly.

The various funding offers and commitments are made on a non-binding basis for finalisation as we move to project launch. The financing syndicate has expressed willingness to adjust and refine amongst itself in line with final procurement and budget prices.

The $320 million funding package is now expected to be sourced from $190 million debt (senior and subordinated) and $130 million equity-risk capital (from Government $30 million, Regional Investors $80 million and from KEFI's public shareholders $20 million). Over the course of the past year, we have materially reduced (to $15 million) the portion of Regional Investors' equity funding convertible into KEFI shares (as from Year 4 after investment at then market prices, if not repaid by KEFI in cash in the interim) by agreeing within the syndicate that a large component of the investment by Regional Investors be in the form of Equity-Risk Ranking Notes to be issued by TKGM (non-convertible into shares).

Also, the conditionality of the finance closing process has now been significantly de-risked. When I wrote to you last year, the top three conditions precedent required for final bank credit approvals were dependent on Government and were as follows:

- Our two banks to have the same rights and protections in Ethiopia: in March 2023 Ethiopia and AFC announced country membership – a significant step which also achieved our goals in this respect;
- Security around our project to be permanently elevated for the long term: in April 2023 the Government mobilised the Federal military into the Tulu Kapi district to lay world-class security foundations for our Project, which now awaits successful completion of the remaining security requirements; and
- Banking procedures to be eased such that capital and operating can be serviced promptly: whilst we were granted the right to offshore banking some years ago, the detailed procedures are only now being clarified and we are pleased with the direction this matter is taking.

The resolution of the remaining (the third matter listed above) critical condition will therefore facilitate final credit approvals and signing of definitive documentation between the respective syndicate members, which we still target to achieve in June 2023. We are confident of these approvals from our long-standing and hard-working syndicate but, of course, we must emphasise that the pace of our progress overall is now essentially subject to the pace of administrative progress with the relevant Government agencies. Be that as it may, all parties are pushing and I am highly confident of the outcome.

KEFI and the Project syndicate remain focused on achieving Project launch as soon as practicable, commencing full construction in Q4-2023, having by then triggered procurement and community resettlement, and leading to gold production from open pit ore in 2025.

Ownership Value and Ownership Dilution

The £6.4 million Placing currently being completed (subject to shareholder approval) will mainly be used to fund:

- Project finance closing and project launch at Tulu Kapi;
- DFS-level development resource/reserve drilling plus metallurgical and other studies at Jibal Qutman;
- PFS-level development resource/reserve drilling plus metallurgical and other studies at Hawiah; and
- Earlier-stage exploration prospecting activities in Saudi Arabia including drilling of satellite targets proximal to our advanced projects as well as first-pass prospecting in newly granted licences at other prospects selected from the Company's proprietary database.

In announcing the Placing, we also foreshadowed an intention for Directors and management to be offered the opportunity to participate in the Placing at the same price and subject to shareholder approval.

We strive to minimise ownership dilution by sourcing nearly all development capital at the project or subsidiary level.

In respect of the Tulu Kapi Project, the $15 million portion of the overall $320 million funding package which is planned to involve future KEFI share issues (unless KEFI chooses to repay in cash) will be via instruments convertible at prices prevailing during the fourth year after settlement, when Tulu Kapi is in production. In the shorter term, part of the finance plan is that the successful launch of the Project will hopefully facilitate the exercise of warrants currently on issue and exercisable at 1.6 pence per share, the proceeds of which are up to £14 million ($18 million). Alternatives are also planned.

From an ownership value perspective and measuring the Company's underlying assets on an NPV basis, this approach has already contributed to the indicative value of KEFI's share of its three main assets having more or less tripled from $153 million in June 2020 to c.$352 million (£281 million[1]) in May 2023. The basis for these estimates is KEFI's estimated beneficial interest, post-financing, of the NPV of cash flows to shareholders as derived using consensus forecast metal prices and other explanations provided in the footnotes below.

Project Development Finance Risk Management

In designing the level of balance sheet debt gearing at the operating joint-venture company level, the senior and subordinated debt to equity ratio for TKGM is:

- 59%:41% ($190 million: $130 million) excluding equity funded historical pre-development costs; and
- 47%:53% ($190 million: $213 million) including equity-funded historical pre-development costs at average historical FX conversion rates.

Also, for structuring the TKGM project finance, several key parameters had a driving influence on our approach:

- The breakeven gold price after senior and subordinated debt service and taxes assuming a conservative gold price of $1,550/ounce for the purpose of designing debt-obligations is c.$1,189/ounce, say $1,200/ounce – whilst we note that industry average AISC is c. $1,200/ounce and that over the past 10 years the spot market gold price was under $1,200/ounce for only 12.5% of the time.
- At current analyst consensus gold price of $1,815/ounce, senior and mezzanine debt could be repaid within approximately 2 years of production start.

We have conditionally assembled all the development finance, mostly at the project level from the work of our strong but small, efficient and economical corporate office in Nicosia, Cyprus. Other than our Nicosia-based group management, financial control/corporate governance team, all operational staff are usually based at the sites for project work. This hands-on culture increases efficiency at a lower cost for corporate overhead - critical at this early stage.

Accounting Policy

KEFI writes off all exploration expenditure in Saudi Arabia but we will review this upon completion of Board-approved DFS studies. KEFI's carrying value of the investment in KME, which holds the Company's share of Tulu Kapi is only £15.6 million as at 31 December 2022. It is important to note KEFI's planned circa.70% beneficial interest in the underlying valuation of Tulu Kapi is c.£125 ($156) million based on project NPV at a gold price of $1,815/ounce and including the underground mine.

In addition, the balance sheet of TKGM at full closing of all project funding will reflect (in Ethiopian Birr) all its fully capitalised pre-development costs as well as its project finance development package.

John Leach
Finance Director
8 June 2023

Footnotes:

- *NPV calculations are based on:*
  - *DFS financial model for Tulu Kapi open pit updated for refinements in consultation with lenders, contractors and input pricing updates generally plus PEA financial model for Tulu Kapi underground mine. Current financial models for Jibal Qutman and Hawiah;*
  - *[1]Spot prices as at 30 April 2023 of $1,989/ounce for gold, $3.88/pound for copper, $1.20/pound for zinc and $25/ounce for silver;*
  - *KEFI's beneficial interest in each project NPV calculation was assumed to be 70% in TKGM and 27% in JQ & Hawiah*
  - *[2]Long-term analysts' consensus prices which average $1,815/ounce for gold, $4.22/pound for copper, $1.28/pound for zinc and $23/ounce for silver (source: S&P Global survey dated 2 May 2023); and*
  - *£/$ exchange rate = 1.25, 8% discount rate applied against net cash flow to equity, after debt service and after tax.*

Consolidated statement of comprehensive income
Year ended 31 December 2022

	Notes	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Revenue		**-**	-
Exploration costs		**-**	-
Administrative expenses	6	**(2,400)**	(2,190)
Finance transaction costs	8.2	**(368)**	(84)
Share-based payments and warrants-equity settled	18	**(366)**	(810)
Share of loss from jointly controlled entity	20	**(2,792)**	(1,482)
Impairment of jointly controlled entity	20	**(109)**	418
Operating loss	6	**(6,035)**	(4,148)
Other income/(loss)		**-**	(75)
Gain on Dilution of Joint Venture	20	**286**	428
Foreign exchange loss		**(79)**	(8)
Finance costs	8.1	**(527)**	(1,121)
Loss before tax		**(6,355)**	(4,924)
Tax	9	**-**	-
Loss for the year		**(6,355)**	(4,924)
Loss attributable to:			
-Owners of the parent		**(6,355)**	(4,924)
Loss for the period		**(6,355)**	(4,924)
Other comprehensive expense:			
Exchange differences on translating foreign operations		**-**	-
Total comprehensive expense for the year		**(6,355)**	(4,924)
Total Comprehensive expense to:			
-Owners of the parent		**(6,355)**	(4,924)
Basic and diluted loss per share (pence)	10	**(0.180)**	(0.226)

The notes are an integral part of these consolidated financial statements.

Statements of financial position
31 December 2022

	Notes	The Group 2022	The Company 2022	The Group 2021	The Company 2021
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**125**	**3**	63	1
Intangible assets	12	**31,356**	**-**	28,361	-
Investment in subsidiaries	13.1	**-**	**15,557**	-	14,331
Investments in jointly controlled entities	13.2	**-**	**-**	-	-
Receivables from subsidiaries	15.2	**-**	**9,998**	-	7,292
		31,481	**25,558**	28,424	21,624
Current assets					
Financial assets at fair value through OCI	14	**-**	**-**	-	-
Trade and other receivables	15.1	**463**	**71**	291	24
Cash and cash equivalents	16	**220**	**45**	394	149
		683	**116**	685	173
Total assets		**32,164**	**25,674**	29,109	21,797
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**3,939**	**3,939**	2,567	2,567
Deferred Shares	17	**23,328**	**23,328**	23,328	23,328
Share premium	17	**43,187**	**43,187**	35,884	35,884
Share options reserve	18	**3,747**	**3,747**	1,891	1,891
Accumulated losses		**(48,781)**	**(52,929)**	(42,731)	(47,310)
Attributable to Owners of parent		**25,420**	**21,272**	20,939	16,360
Non-Controlling Interest	19	**1,562**	-	1,379	-
Total equity		**26,982**	**21,272**	22,318	16,360
Current liabilities					
Trade and other payables	21	**4,002**	**3,222**	5,556	4,202
Loan and borrowings	23	**1,180**	**1,180**	1,235	1,235
Total liabilities		**5,182**	**4,402**	6,791	5,437
Total equity and liabilities		**32,164**	**25,674**	29,109	21,797

The notes are an integral part of these consolidated financial statements.
The Company has taken advantage of the exemption conferred by section 408 of Companies Act 2006 from presenting its own statement of comprehensive income. Loss after taxation amounting to £6.1 million (2021: £6.8 million) has been included in the financial statements of the parent company.

On the 8 June 2023, the Board of Directors of KEFI Gold and Copper PLC authorised these financial statements for issue.

Harry Anagnostaras-Adams
Executive Director- Chairman

John Edward Leach
Finance Director

Consolidated statement of changes in equity
Year ended 31 December 2022

	Attributable to the owners of the Company								
	Share capital	Deferred shares	Share premium	Share options reserve	Foreign exch reserve	Accum. losses	Owners Equity	NCI	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	2,138	23,328	33,118	1,273	-	(37,824)	22,033	1,204	23,237
Loss for the year	-	-	-	-	-	(4,924)	(4,924)	-	(4,924)
Total Comprehensive Expenses	-	-	-	-	-	(4,924)	(4,924)	-	(4,924)
Recognition of share-based payments	-	-	-	810	-	-	810	-	810
Expired warrants	-	-	-	(192)	-	192	-	-	-
Issue of share capital and warrants	429	-	2,985	-	-	-	3,414	-	3,414
Share issue costs	-	-	(219)	-	-	-	(219)	-	(219)
Non-controlling interest	-	-	-	-	-	(175)	(175)	175	-
At 31 December 2021	**2,567**	**23,328**	**35,884**	**1,891**	**-**	**(42,731)**	**20,939**	**1,379**	**22,318**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(6,355)**	**(6,355)**	**-**	**(6,355)**
Other comprehensive expense	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive expense	**-**	**-**	**-**	**-**	**-**	**(6,355)**	**(6,355)**	**-**	**(6,355)**
Recognition of share-based payments	**-**	**-**	**-**	**366**	**-**	**-**	**366**	**-**	**366**
Expired warrants	**-**	**-**	**-**	**(488)**	**-**	**488**	**-**	**-**	**-**
Issue of share capital and warrants	**1,372**	**-**	**7,747**	**1,978**	**-**	**-**	**11,097**	**-**	**11,097**
Share issue costs	**-**	**-**	**(444)**	**-**	**-**	**-**	**(444)**	**-**	**(444)**
Non-controlling interest	**-**	**-**		**-**	**-**	**(183)**	**(183)**	**183**	**-**
At 31 December 2022	**3,939**	**23,328**	**43,187**	**3,747**	**-**	**(48,781)**	**25,420**	**1,562**	**26,982**

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	Description and purpose
Share capital: (Note 17)	Amount subscribed for ordinary share capital at nominal value
Deferred shares: (Note 17)	Under the restructuring of share capital, ordinary shares of in the capital of the Company were sub-divided into deferred share.
Share premium: (Note 17)	Amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve (Note 18)	Reserve for share options and warrants granted but not exercised or lapsed
Foreign exchange reserve	Cumulative foreign exchange net gains and losses recognized on consolidation
Accumulated losses	Cumulative net gains and losses recognized in the statement of comprehensive income, excluding foreign exchange gains within other comprehensive income
NCI (Non-controlling interest): (Note 19)	The portion of equity ownership in a subsidiary not attributable to the parent company

The notes are an integral part of these consolidated financial statements.

Company statement of changes in equity
Year ended 31 December 2022

	Share capital	Deferred shares	Share premium	Share options reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	2,138	23,328	33,118	1,273	(40,736)	19,121
Loss for the year	-	-	-	-	(6,766)	(6,766)
Recognition of share-based payments	-	-	-	810	-	810
Forfeited options	-	-	-	-	-	-
Expired warrants	-	-	-	(192)	192	-
Issue of share capital and warrants	429	-	2,985	-	-	3,414
Share issue costs	-	-	(219)	-	-	(219)
At 31 December 2021	**2,567**	**23,328**	**35,884**	**1,891**	**(47,310)**	**16,360**
Loss for the year	**-**	**-**	**-**	**-**	**(6,107)**	**(6,107)**
Recognition of share-based payments	**-**	**-**	**-**	**366**	**-**	**366**
Forfeited options	**-**	**-**	**-**	**-**	**-**	**-**
Expired warrants	**-**	**-**	**-**	**(488)**	**488**	**-**
Issue of share capital and warrants	**1,372**	**-**	**7,747**	**1,978**	**-**	**11,097**
Share issue costs	**-**	**-**	**(444)**	**-**	**-**	**(444)**
At 31 December 2022	**3,939**	**23,328**	**43,187**	**3,747**	**(52,929)**	**21,272**

The following describes the nature and purpose of each reserve within owner's equity:

Reserve	**Description and purpose**
Share capital (Note 17)	Amount subscribed for ordinary share capital at nominal value
Deferred shares: (Note 17)	Under the restructuring of share capital, ordinary shares of in the capital of the Company were sub-divided into deferred share (Note 17).
Share premium: (Note 17)	Amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve: (Note 18)	Reserve for share options and warrants granted but not exercised or lapsed
Accumulated losses	Cumulative net gains and losses recognized in the statement of comprehensive income

The notes are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
Year ended 31 December 2022

	Notes	**Year Ended 31.12.22 £'000**	Year Ended 31.12.21 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,355)**	(4,924)
Adjustments for:			
Depreciation of property, plant and equipment	11	**24**	17
Share based payments	18	**-**	-
Issue of options	18	**366**	810
Gain on Dilution of Joint Venture	20.1	**(286)**	(428)
Share of loss from jointly controlled entity	20	**2,792**	1,482
Impairment on jointly controlled entity	20	**109**	(418)
Exchange difference		**(53)**	159
Finance costs	8.1	**486**	1,121
		(2,917)	(2,181)
Changes in working capital:			
Trade and other receivables		**(172)**	(75)
Trade and other payables		**(72)**	806
Cash used in operations		**(3,161)**	(1,450)
Interest paid		**-**	-
Net cash used in operating activities		**(3,161)**	(1,450)
CASH FLOWS FROM INVESTING ACTIVITIES			
Project exploration and evaluation costs	12	**(3,477)**	(2,508)
Acquisition of property plant and equipment	11	**(86)**	(46)
Proceeds from sale of financial assets at fair value through OCI	14	**-**	54
Advances to jointly controlled entity	13.2	**(1,682)**	(510)
Net cash used in investing activities		**(5,245)**	(3,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**6,849**	1,045
Issue costs	17	**(444)**	(219)
Proceeds from bridge loans	23.1.2	**1,830**	2,713
Repayment of convertible notes and bridge loans	23.1.2	**(3)**	-
Net cash from financing activities		**8,232**	3,539
Net decrease in cash and cash equivalents		**(174)**	(921)
Cash and cash equivalents:			
At beginning of the year	16	**394**	1,315
At end of the year	16	**220**	394

Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of £nil (2021: £20,000).

The notes are an integral part of these consolidated financial statements.

Company statement of cash flows
Year ended 31 December 2022

	Notes	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,107)**	(6,763)
Adjustments for:			
Depreciation of property plant equipment		**2**	2
Share based payments	18	**-**	-
Issue of options	18	**366**	810
Gain on Dilution of Joint Venture	20.1	**(286)**	(428)
Share of loss from jointly controlled entity	20	**2,792**	1,482
Impairment on jointly controlled entity	20	**109**	(418)
Exchange difference		**(255)**	1,767
Expected credit loss		**113**	43
Finance costs		**486**	1,121
		(2,780)	(2,384)
Changes in working capital:			
Trade and other receivables		**(47)**	82
Trade and other payables		**17**	1,562
Cash used in operations		**(2,810)**	(740)
Interest Paid		**-**	-
Net cash used in operating activities		**(2,810)**	(740)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		**(4)**	-
Investment in subsidiary	13.1	**(1,225)**	(651)
Advances to jointly controlled entity	13.2	**(1,682)**	(510)
Loan to subsidiary	15	**(2,615)**	(2,684)
Net cash used in investing activities		**(5,526)**	(3,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**6,849**	1,045
Issue costs	17	**(444)**	(219)
Proceeds from bridge loans	23.1.2	**1,830**	2,713
Repayment of convertible notes and bridge loans	23.1.2	**(3)**	-
Net cash from financing activities		**8,232**	3,539
Net (decrease) in cash and cash equivalents		**(104)**	(1,046)
Cash and cash equivalents:			
At beginning of the year	16	**149**	1,195
At end of the year	16	**45**	149

Cash and cash equivalents in the Company Statement of Financial Position includes restricted cash of £nil (2021: £20,000).
The notes are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
Year ended 31 December 2022

1. Incorporation and principal activities

Country of incorporation

KEFI Gold and Copper PLC (the "Company") was incorporated in United Kingdom as a public limited company on 24 October 2006. Its registered office is at 27/28, Eastcastle Street, London W1W 8DH.The principal place of business is Cyprus.

Principal activities

The principal activities of the Group for the year were:

- Exploration for mineral deposits of precious and base metals and other minerals that appear capable of commercial exploitation, including topographical, geological, geochemical, and geophysical studies and exploratory drilling.
- Evaluation of mineral deposits determining the technical feasibility and commercial viability of development, including the determination of the volume and grade of the deposit, examination of extraction methods, infrastructure requirements and market and finance studies.
- Development of mineral deposits and marketing of the metals produced.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout both periods presented in these financial statements unless otherwise stated.

Basis of preparation and consolidation

The Company and the consolidated financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. They comprise the accounts of KEFI Gold and Copper PLC and all its subsidiaries made up to 31 December 2022. The Company and the consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date. Subsidiaries are all entities over which the Group has power to direct relevant activities and an exposure to variable returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

When the excess is positive, goodwill is recognised in the statement of financial position, if the excess is negative, a bargain purchase price is recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries
Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that control ceases.

An investor controls an investee if and only if the investor has all the following:

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(a) power over the investee;
(b) exposure, or rights, to variable returns from its involvement with the investee; and
(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Going concern

The assessment of the Group's ability to continue as a going concern involves judgment regarding future funding available for the development of the Tulu Kapi Gold project, advancement of the Saudi Arabia exploration properties and for working capital requirements. As part of this assessment, management have considered funds on hand at the date of approval of the financial statements, planned expenditures covering a period of at least 12 months from the date of approving these financial statements and its suitability in the context of the Group's long term strategic objectives. The Group also recognises that within the going concern consideration period it will require funding for its share of the construction development costs of the Tulu Kapi mine (Further details on project financing plan are summarised in the Finance Director's Report).

TKGM reactivated Tulu Kapi project launch preparations in June-2022 with the signing of an initial Umbrella Agreement. This was followed by a final Umbrella Agreement in April 2023. However, funding requirements and project timing could still be impacted by security concerns or other factors in Ethiopia. The Ministry of Mines in Ethiopia has received official notification that the project is currently progressing according to the planned timetable and will continue to do so, provided that the security situation remains satisfactory. There are a few remaining tasks that need to be addressed, including the government's completion of necessary regulatory requirements and the successful and timely finalization of project financing. The Company maintains a close watch on the condition of security and uses an independent security specialist to provide ongoing situational assessments and reports. (Refer to "Security Risk" section of the Principal Risks and Uncertainties Report for additional details).The Tulu Kapi project financing syndicate's arrangements with project lenders AFC and TDB for $190 million project loan facilities [has received approval of their respective credit committees subject to normal conditions precedent including KEFI raising additional equity (refer to "Financing Risk" of the Principal Risks and Uncertainties Report for more details)], are being formalised and definitive agreements are in preparation.

In May 2023, the Company announced the successful completion of an unconditional placement of £5.5 million and, subject to shareholder approval at the annual general meeting on 30 June 2023, a further placement of £0.9 million. As of the date of this financial report, £5.1 million has been utilised by the Company to bring creditors into normal trading terms, repay its debts and increase working capital. The balance of the placements will be received subject to shareholder approval and share placement settlement terms. Forecasts show that the Group will require additional funding in Q3 2023 to meet project development, working capital needs and other planned expenditures. Should funding be required before financial close (ie full funding) of the Tulu Kapi Gold Project, the Company has potential access to short term funding from shareholders and other alternatives on offer, but currently not committed, as has been the case in the past.

Accordingly, and as set out above, this indicates the existence of a material uncertainty which may cast significant doubt over the Group and Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Based on historical experience and current ongoing proactive discussions with stakeholders, the Board has a reasonable expectation that definitive binding agreements will be signed. Accordingly, the Board has a reasonable expectation that the Group will be able to continue to raise funds to meet its objectives and obligations.

The financial statements therefore do not include the adjustments that would result if the Group was unable to continue as a going concern.

Functional and presentation currency

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the Group and the statement of financial position and equity of the Company are in British Pounds ("GBP") which is the functional currency of the Company and the presentation currency for the consolidated financial statements. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. GBP is the functional currency of all subsidiaries.

1) Foreign currency translation

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the statement of comprehensive income.

2) Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly in which case they are recorded at the actual rate. Exchange differences arising, if any, are recognized in the foreign currency translation reserve and as a component of other comprehensive income, and recognized in profit or loss on disposal of the foreign operation.

Revenue recognition

The Group had no sales or revenue during the year ended 31 December 2022 (2021: Nil).

Property plant and equipment

Property plant and equipment are stated at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition less depreciation.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life.

The annual depreciation rates used are as follows:

Furniture, fixtures and office equipment	25%
Motor vehicles	25%
Plant and equipment	25%

Intangible Assets

Cost of licenses to mines are capitalised as intangible assets which relate to projects that are at the pre-development stage. No amortisation charge is recognised in respect of these intangible assets. Once the Group starts production these intangible assets relating to license to mine will be depreciated over life of mine.

Interest in jointly controlled entities

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control exists where unanimous consent is required over relevant decisions.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement.
- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement.
- The legal form of joint arrangements structured through a separate vehicle.
- The contractual terms of the joint arrangement agreement.
- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method. The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, and expenses in accordance with its contractually conferred rights and obligations.

Finance costs

Interest expense and other borrowing costs are charged to the statement of comprehensive income as incurred and is recognised using the effective interest method.

Tax

The tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is payable in the relevant jurisdiction at the rates described in note 9.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized to the extent that taxable profits will be available against which deductible temporary differences can be utilized. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and when the deferred taxes relate to the same fiscal authority.

Investments

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognized as an expense in the period in which the impairment is identified, in the Company accounts.

Exploration costs

The Group has adopted the provisions of IFRS 6 “Exploration for and Evaluation of Mineral Resources”. The company still applies IFRS 6 until the project financing is secured. Once financing is secured the project moves to the development stage.

Exploration and evaluation expenditure, including acquisition costs of licences, in respect of each identifiable area of interest is expensed to the statement of comprehensive income as incurred, until the point at which development of a mineral deposit is considered economically viable and the formal definitive feasibility study is completed. At this point costs incurred are capitalised under IFRS 6 because these costs are necessary to bring the resource to commercial production.

Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities. Evaluation expenditures include the cost of directly attributable employee costs and economic evaluations to determine whether development of the mineralized material is commercially justified, including definitive feasibility and final feasibility studies.

Impairment reviews for deferred exploration and evaluation expenditure are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise such as: (i) unexpected geological occurrences that render the resource uneconomic; (ii) title to the asset is compromised; (iii) variations in mineral prices that render the project uneconomic; (iv) substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and (v) the period for which the Group has the right to explore has expired and is not expected to be renewed.

On commencement of development, Exploration and evaluation expenditure are reclassified to development assets, following assessment for any impairment.

Development expenditure

Once the Board decides that it intends to develop a project, development expenditure is capitalized as incurred, but only where it meets criteria for recognition as an intangible under IAS 38 or a tangible asset under IAS 16 and then amortized over the estimated useful life of the area according to the rate of depletion of the economically recoverable reserves or over the estimated useful life of the mine, if shorter.

Share based compensation benefits

IFRS 2 “Share based Payment” requires the recognition of equity settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash settled share based payments at the current fair value at each statement of financial position date. The total amount expensed is recognized over the vesting period, which is the period over which performance conditions are to be satisfied. The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management’s best estimate, including consideration of the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the Group issues equity instruments to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument’s maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

When the terms of a new convertible loan arrangement are such that the option will not be settled by the Company in exchange for a fixed number of its own equity instruments for a fixed amount of cash, the convertible loan (the host contract) is either accounted for as a hybrid financial instrument and the option to convert is an embedded derivative or the whole instrument is designated at fair value through profit and loss. Where the instrument is bifurcated, the embedded derivative, where material, is separated from the host contract as its risks and characteristics are not closely related to those of the host contract. At each reporting date, the embedded derivative is measured at fair value with changes in fair value recognised in the income statement as they arise. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivative and is subsequently carried at each reporting date at amortised cost.

Prior to conversion the embedded derivative or fair value through profit and loss instrument is revalued at fair value. Upon conversion of the loan, the liability, including the derivative liability where applicable, is derecognised in the statement of financial position. At the same time, an amount equal to the redemption value is recognised within equity. Any resulting difference is recognised in retained earnings. Where the Company enters equity drawdown facilities, whereby funds are drawn down initially and settled in shares at a later date, those shares are recorded initially as issued at fair value based on management's best estimation, with a subsequent revaluation recorded based on the final value of the instrument at the date the shares are issued or allocated. Where the value of the shares is fixed but the amount is determined later, the fair value of the shares to be issued is deemed to be the value of the amount drawn down, less any transaction and listing costs.

Warrants

Warrants issued are recognised at fair value at the date of grant. The charge is expensed on a straight-line basis over the vesting period. The fair value is measured using the Trinomial Model. Where warrants are considered to represent a transaction cost attributable to a share placement, the fair value is recorded in the warrant reserve and deducted from the share premium.

Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Amortised cost: These are financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Trade and other receivables, as well as cash are classified as amortised cost.

Financial asset at fair value through other comprehensive income: Financial assets (debt) which are held with the objective as above but which maybe intended to be sold before maturity and also includes strategic equity investments (that are not subsidiaries, joint ventures or associates) which would be normally held at fair value through profit or loss, could on irrevocable election be measured with fair value changes flow through OCI. On disposal, the gain or loss will not be recycled to P&L.

Financial asset at fair value through profit and loss: Financial assets not meeting the criteria above and derivatives.

Impairment of financial assets: Financial assets at amortised cost consist of trade receivables, loans, cash and cash equivalents and debt instruments. Impairment losses are assessed using the forward-looking Expected Credit Loss (ECL) approach. Trade receivable loss allowances are measured at an amount equal to lifetime ECL's. Loss allowances are deducted from the gross carrying amount of the assets

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities as other financial liabilities. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and borrowings.

Financial assets and liabilities at fair value through the profit or loss

Financial assets and liabilities at fair value through the profit or loss comprise derivative financial instruments. After initial recognition, financial assets at fair value through the profit or loss are stated at fair value. Movements in fair values are recognised in profit or loss unless they relate to derivatives designated and effective as hedging instrument, in which event the timing of the recognition in the profit or loss depends on the nature of the hedging relationship. The Group does not currently have any such hedging instruments.

New standards and interpretations applied

The following new standards and interpretations became effective on 1 January 2022 and have been adopted by the Group.

			Effective period commencing on or after
IFRS 3		Amendments to IFRS 3: References to Conceptual Framework	01 January 2022
IAS 16		Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	01 January 2022
IAS 37		Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	01 January 2022
Improvements to IFRSs'		Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01 January 2022
Amendments to IAS 8	1	Amendments to IAS 8: Definition of accounting estimates	01 January 2023

Amendments to IAS 1 and IFRS Practice Statement 2	1	Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies	01 January 2023
Amendments to IAS 12	1	Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a Single transaction	01 January 2023
Amendments to IFRS 16	1	Amendments to IFRS 16: Liability in a Sale and Leaseback	01 January 2024
Amendments IAS 1	1	Amendments to IAS 1: Classification of liabilities as current or noncurrent	01 January 2024
Amendments IAS 1	1	Amendments to IAS 1: Non-current Liabilities with Covenants	01 January 2024

[1]Not yet endorsed.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

New standards, amendments and interpretations that are not yet effective and have not been early adopted.

- Revisions to the Conceptual Framework for Financial Reporting.

The principal accounting policies adopted are set out above.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The Group is currently assessing the impact of these new accounting standards and amendments.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

3. Financial risk management

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand with an original maturity date of less than three months. To mitigate our inherent exposure to credit risk we maintain policies to limit the concentration of credit risk and ensure liquidity of available funds. We also invest our cash and equivalents in rated financial institutions, primarily within the United Kingdom and other investment grade countries, which are countries rated BBB- or higher by S&P the Group does not have a significant concentration of credit risk arising from its bank holdings of cash and cash equivalents.

Financial risk factors

The Group is exposed to market risk (interest rate risk and currency risk), liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the

Group to manage these risks are discussed below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group does not consider this risk to be significant.

The Company has borrowings outstanding from its subsidiaries, the ultimate realisation of which depends on the successful exploration and realization of the Group's intangible exploration assets. This in turn is subject to the availability of financing to maintain the ongoing operations of the business. The Group manages its financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Market risk - Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's operating cash flows are substantially independent of changes in market interest rates as the interest rates on cash balances are very low at this time. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2022	2021
	£'000	£'000
Variable rate instruments		
Financial assets	**220**	394

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2022 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Given current interest rate levels, a decrease of 25 basis points has been considered, with the impact on profit and equity shown below.

	Equity	**Profit or Loss**	Equity	Profit or Loss
	2022	**2022**	2021	2021
	£'000	**£'000**	£'000	£'000
Variable rate instruments				
Financial assets – increase of 100 basis points	**2**	**2**	4	4
Financial assets – decrease of 25 basis points	**(0.5)**	**(0.5)**	(1)	(1)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the functional currency of the entity.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Australian Dollar, Euro, Turkish Lira, US Dollar, CHF, Ethiopian Birr and Saudi Arabian Riyal. Since 1986 the Saudi Arabian Riyal has been pegged to the US Dollar, it is fixed at USD/SAR 3.75. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows; with the Saudi Arabian Riyal exposure being included in the USD amounts.

	Liabilities 2022	**Assets 2022**	Liabilities 2021	Assets 2021
	£'000	£'000	£'000	£'000
Australian Dollar	**188**	**0**	67	-
Euro	**215**	**29**	366	-

US Dollar	**2,014**	**26**	2,126	12
Ethiopian Birr	**779**	**537**	1,256	511

Sensitivity analysis continued

A 10% strengthening of the British Pound against the following currencies at 31 December 2022 would have increased/(decreased) equity and profit or loss by the amounts shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the British Pound against the relevant currency, there would be an equal and opposite impact on the loss and equity**.**

	Equity 2022	**Profit or Loss 2022**	Equity 2021	Profit or Loss 2021
	£'000	£'000	£'000	£'000
AUD Dollar	**19**	**19**	7	7
Euro	**19**	**19**	37	37
US Dollar	**199**	**199**	211	211
Ethiopia ETB	**24**	**24**	74	74

Liquidity risk

The Group and Companies raise funds as required on the basis of projected expenditure for the next 6 months, depending on prevailing factors. Funds are generally raised on AIM from eligible investors. The success or otherwise of such capital raisings is dependent upon a variety of factors including general equities and metals mark sentiment, macro-economic outlook and other factors. When funds are sought, the Group balances the costs and benefits of equity and other financing options. Funds are provided to projects based on the projected expenditure.

	Carrying Amount £'000	Contractual Cash flows £'000	Less than 1 year £'000	Between 1-5 year £'000	More than 5 years £'000
The Group					
31-Dec-22					
Trade and other payables	4,003	4,003	4,003	**-**	**-**
Loans and Borrowings	1,180	1,180	1,180	**-**	**-**
	5,183	5,183	5,183	**-**	**-**
31-Dec-21					
Trade and other payables	5,556	5,556	5,556	-	-
Loans and Borrowings	1,235	1,235	1,235	-	-
	6,791	6,791	6,791	-	-
The Company					
31-Dec-22					
Trade and other payables	3,222	3,222	3,222	**-**	**-**
Loans and Borrowings	1,180	1,180	1,180	**-**	**-**
	4,402	4,402	4,402	**-**	**-**
31-Dec-21					
Trade and other payables	4,202	4,202	4,202	-	-
Loans and Borrowings	1,235	1,235	1,235	-	-

5,437	5,437	5,437	-	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital. This is done through the close monitoring of cash flows.
The capital structure of the Group consists of cash and cash equivalents of £220,000 (2021: £394,000) and equity attributable to equity of the parent, comprising issued capital and deferred shares of £27,267,000 (2021: £25,895,000), other reserves of £46,934,000, (2021: £37,775,000) and accumulated losses of £48,781,000 (2021: £42,731,000). The Group has no long-term debt facilities.

Fair value estimation

The Group has certain financial assets and liabilities that are held at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques to measure fair value:
Classification of financial assets and liabilities

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and
Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Fair value estimation

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect fair value. All other receivables and payables are, where material, discounted to determine the fair value.

Differences arising between the carrying and fair value are considered not significant and no-adjustment is made in these accounts. The carrying and fair values of intercompany balances are the same as if they are repayable on demand.

The fair values of the Group's loans and other borrowings are considered equal to the book value as the effect of discounting on these financial instruments is not considered to be material.

As at each of December 31, 2022 and December 31, 2021, the levels in the fair value hierarchy into which the Group's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

	Carrying Amounts		Fair Values	
	2022	2021	**2022**	2021
Financial assets	£'000	£'000	£'000	£'000
Cash and cash equivalents (Note 16) – Level 1	**220**	394	**220**	394
Financial assets at fair value through OCI (Note 14) - Level 2	**-**	-	**-**	-
Trade and other receivables (Note 15)	**463**	291	**463**	291
Financial liabilities				
Trade and other payables (Note 21)	**4,002**	5,556	**4,002**	5,556
Loans and borrowings (Note 23)	**1,180**	1,235	**1,180**	1,235

4.Use and revision of accounting estimates and judgements

The preparation of the financial report requires the making of estimations and assumptions that affect the recognized amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Accounting Judgement:

Going concern

The going concern presumption depends principally on securing funding to develop the Tulu Kapi gold mining project as an economically viable mineral deposit, and the availability of subsequent funding to extract the resource, or alternatively the availability of funding to extend the Company's and Group's exploration activities (Note 2).

Capitalisation of exploration and evaluation costs

The directors consider that the project in its Licence areas in Saudi Arabia has not yet met the criteria for capitalization. These criteria include, among other things, the development of feasibility studies to provide confidence that mineral deposits identified are economically viable. Capitalized Exploration & Evaluation costs for the Group's project in Ethiopia have been recognized on acquisition, and have continued to be capitalised since that date, in accordance with IFRS 6. The technical feasibility of the project has been confirmed, and once the financing is secure the related assets will be reclassified as development costs in line with above.

Estimates:

Share based payments.

Equity-settled share awards are recognized as an expense based on their fair value at date of grant. The fair value of equity settled share options is estimated using option valuation models, which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period. Some of the inputs used are not market observable and are based on estimates derived from available data.

The models utilized are intended to value options traded in active markets. The share options issued by the Group, however, have several features that make them incomparable to such traded options. The variables used to measure the fair value of share-based payments could have a significant impact on that valuation, and the determination of these variables require a significant amount of professional judgement.

A minor change in a variable which requires professional judgement, such as volatility or expected life of an instrument, could have a quantitatively material impact on the fair value of the share-based payments granted, and therefore will also result in the recognition of a higher or lower expense in the Consolidated Statement of Comprehensive Income. Judgement is also exercised in assessing the number of options subject to non-market vesting conditions that will vest. These judgments are reflected in note 18.

Impairment review of asset carrying values (Note 12)

Determining whether intangible exploration and evaluation assets are impaired requires an assessment of whether there are any indicators of impairment, by reference to specific impairment indicators prescribed in IFRS 6 (Note 2). This requires judgement. This includes the assessment, on a project-by-project basis, of the likely recovery of the cost of the Group's Intangible exploration assets in the light of future production opportunities based upon ongoing geological studies. This also involves the assessment of the period for which the entity has the right to explore in the specific area, or if it has expired during the period or will expire soon, if it is not expected to be renewed. Management has a continued plan to explore. In the Tulu Kapi Gold Project Information Memorandum dated November 2022 there were no indicators of impairment. TKGM license developments are reflected in Note 12.

5.Operating segments

The Group has two operating segments, being that of mineral exploration and corporate activities. The Group's exploration activities are in the Kingdom of Saudi Arabia (through the jointly controlled entity) and Ethiopia. Its corporate costs which include administration and management are based in Cyprus.

	Corporate	Ethiopia	Saudi Arabia	Adjustments	Consolidated
	£'000	£'000	£'000	£'000	£'000
2022					
Corporate costs	**(2,653)**	**(112)**	**-**	**-**	**(2,765)**
Foreign exchange gain/(loss)	**172**	**(251)**	**-**		**(79)**
Gain on Dilution of Joint Venture	**-**	**-**	**285**	**-**	**285**
Net Finance costs	**(895)**	**-**	**-**	**-**	**(895)**
(Loss)/gain before jointly controlled entity	**(3,376)**	**(363)**	**285**	**-**	**(3,454)**
Share of loss from jointly controlled entity	**-**	**-**	**(2,792)**	**-**	**(2,792)**
Impairment of jointly controlled entity	**-**	**-**	**(109)**	**-**	**(109)**
Loss before tax	**(3,376)**	**(363)**	**(2,616)**	**-**	**(6,355)**
Tax	-	-	-	-	-
Loss for the year	**(3,376)**	**(363)**	**(2,616)**	**-**	**(6,355)**
Total assets	**21,089**	**21,074**	**-**	**(9,999)**	**32,164**
Total liabilities	**3,988**	**11,194**	**-**	**(9,999)**	**5,183**

	Corporate	Ethiopia	Saudi Arabia	Adjustments	Consolidated
	£'000	£'000	£'000	£'000	£'000
2021					
Corporate costs	(3,007)	(68)	-	-	(3,075)
Foreign exchange (loss)/gain	(1,777)	1,769	-	-	(8)
Gain on Dilution of Joint Venture	-	-	428	-	428
Net Finance costs	(1,205)	-	-	-	(1,205)
(Loss)/gain before jointly controlled entity	(5,989)	1,701	428	-	(3,860)
Share of loss from jointly controlled entity	-	-	(1,482)	-	(1,482)
Reversal of Impairment of jointly controlled entity	-	-	418	-	418
Loss before tax	(5,989)	1,701	(636)	-	(4,924)
Tax	-	-	-	-	-

Loss for the year	(5,989)	1,701	(636)	-	(4,924)
Total assets	15,966	19,200	-	(6,057)	29,109
Total liabilities	3,885	8,963	-	(6,057)	6,791

6. Expenses by nature	**2022 £'000**	2021 £'000
Depreciation of property, plant and equipment (Note 11)	**24**	17
Directors' fees and other benefits (Note 22.1)	**582**	535
Consultants' costs	**205**	238
Auditors' remuneration - audit current year	**97**	72
Legal Costs	**283**	737
Ongoing Listing Costs	**174**	125
Other expenses	**322**	166
Financial Project Advisory Costs	**161**	111
Shareholder Communications	**299**	121
Travelling Costs	**253**	68
Total Administrative Expenses	**2,400**	2,190
Share of losses from jointly controlled entity (Note 5 and Note 20)	**2,792**	1,482
Impairment/ (reversal of impairment) of jointly controlled entity (Note 20)	**109**	(418)
Share based option benefits to directors (Note 18)	**192**	407
Share based benefits to employees (Note 18)	**74**	148
Share based benefits to key management (Note 18)	**100**	255
Share based benefits to suppliers	**-**	-
Cost for long term project finance (Note 8)	**368**	84
Operating loss	**6,035**	4,148

The Group's stages of operations in Saudi Arabia as at the year-end and as at the date of approval of these financial statements have not yet met the criteria for capitalization of exploration costs. The Company only capitalises direct evaluation and exploration costs for the Tulu Kapi gold project in Ethiopia.

7. Staff costs	**2022 £'000**	2021 £'000
Salaries	**1,299**	1,170
Social insurance costs and other funds	**281**	220
Costs capitalised as exploration	**(1,516)**	(1,325)
Net Staff Costs	**64**	65
Average number of employees	**51**	49

Excludes Directors' remuneration and fees which are disclosed in note 22.1. TK project direct staff costs of £1,516,000 are capitalised in evaluation and exploration costs and all remaining salary costs are expensed. Most of the group employees are involved in Tulu Kapi Project in Ethiopia

	2022 £'000	2021 £'000
8. Finance costs and other transaction costs		
8.1 Total finance costs		

Interest on short term loan	**527**	1,121
Total finance costs	**527**	1,121

8.2 Total other transaction costs

Cost for long term project finance	**368**	84
Total other transaction costs	**368**	84

The above costs for long term project finance relate to pre-investigation activities required to fund TK Gold project.

9. Tax	2022	2021
	£'000	£'000
Loss before tax	**(6,355)**	(4,924)
Tax calculated at the applicable tax rates at 12.5%	**(794)**	(616)
Tax effect of non-deductible expenses	**556**	598
Tax effect of tax losses	**270**	70
Tax effect of items not subject to tax	**(32)**	(52)
Charge for the year	**-**	-

The Company is resident in Cyprus for tax purposes. A deferred tax asset of £1,491k (2021: £1,409k) has not been accounted for due to the uncertainty over future recoverability.

Cyprus

The corporation tax rate is 12.5%. Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax year 2013 and 17% for 2014 and thereafter. Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2022, the balance of tax losses which is available for offset against future taxable profits amounts to £ 11,931k (2021: £ 11,269k). Generally, loss of one source of income can be set off against income from other sources in the same year. Any loss remaining after the set off is carried forward for relief over the next 5 year period.

Tax Year			**2018**	**2019**	**2020**	**2021**	**2022**	**Total**
			£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Losses carried forward			1,753	2,110	3,790	2,402	1,876	11,931

Ethiopia

KEFI Minerals (Ethiopia) Limited is subject to other direct and indirect taxes in Ethiopia through its foreign operations. The mining industry in Ethiopia is relatively undeveloped. As a result, tax regulations relating to mining enterprises are evolving. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The government of Ethiopia cut the corporate income tax rate for miners to 25% more than three years ago from 35% and has lowered the precious metals royalty rate to 7% from 8%. According to the Proclamation, holders of a mining licence are required to pay royalty on the sales price of the commercial transaction of the minerals produced. Development expenditure of a licensee or contractor shall be treated as a business intangible with a useful life of four years. If a licensee or contractor incurs development expenditure before the commencement of commercial production shall apply on the basis that the expenditure was incurred at the time of commencement of commercial production. The mining license stipulates that every mining company should allocate 5% free equity shares to the Government of Ethiopia.

United Kingdom

KEFI Minerals (Ethiopia) Limited is resident in United Kingdom for tax purposes. The corporation tax rate is 19%. In December 2016, KEFI Minerals (Ethiopia) Limited elected under CTA 2009 section 18A to make exemption adjustments in respect of the Company's foreign permanent establishment's amounts in arriving at the Company's taxable total profits for each relevant accounting period. This is an exemption for UK corporation tax in respect of the profits of the Ethiopian branch.

10. Loss per share

The calculation of the basic and fully diluted loss per share attributable to the ordinary equity holders of the parent is based on the following data:

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Net loss attributable to equity shareholders	**(6,355)**	(4,924)
Net loss for basic and diluted loss attributable to equity shareholders	**(6,355)**	(4,924)
Weighted average number of ordinary shares for basic loss per share (000's)	**3,537,301**	2,178,908
Weighted average number of ordinary shares for diluted loss per share (000's)	**4,632,172**	2,351,643
Loss per share:		
Basic loss per share (pence)	**(0.180)**	(0.226)

There was no impact on the weighted average number of shares outstanding during 2022 as all Share Options and Warrants were excluded from the weighted average dilutive share calculation because their effect would be anti-dilutive and therefore both basic and diluted earnings per share are the same in 2022.

11. Property, plant and equipment

	Motor Vehicles £'000	Plant and equipment £'000	Furniture, fixtures and office equipment £'000	Total £'000
The Group				
Cost				
At 1 January 2021	71	102	86	259
Additions	-	12	33	45
At 31 December 2021	**71**	**114**	**119**	**304**
Additions	**42**	**11**	**33**	**86**
Write-offs	**-**	**-**	**(15)**	**(15)**
At 31 December 2022	**113**	**125**	**137**	**375**

Accumulated Depreciation				
At 1 January 2021	71	75	78	224
Charge for the year	-	7	10	17
At 31 December 2021	**71**	**82**	**88**	**241**
Charge for the year	**2**	**11**	**11**	**24**
Write offs			**(15)**	**(15)**
At 31 December 2022	**73**	**93**	**84**	**250**
Net Book Value at 31 December 2022	**40**	**32**	**53**	**125**
Net Book Value at 31 December 2021	-	32	31	63

The above property, plant and equipment is in Ethiopia.

12. Intangible assets

	Total exploration and project evaluation cost £'000
The Group	
Cost	
At 1 January 2021	24,776
Additions	3,851
At 31 December 2021	**28,627**
Additions	2,995
At 31 December 2022	**31,622**
Accumulated Amortization and Impairment	
At 1 January 2021	266
At 31 December 2021	**266**
Impairment Charge for the year	-
At 31 December 2022	**266**
Net Book Value at 31 December 2022	**31,356**
Net Book Value at 31 December 2021	28,361

Costs can only be capitalised after the entity has obtained legal rights to explore in a specific area but before extraction has been demonstrated to be both technically feasible and commercially viable.

The addition of £3 million is directly associated with the TKGM gold exploration project expenditure and is capitalized as intangible exploration and evaluation cost. Such exploration and evaluation expenditure include directly attributable internal costs incurred in Ethiopia and services rendered by external consultants to ensure technical feasibility and commercial viability of the TKGM project.

The Company TKGM mining licence is in good standing to 2035 subject to normal compliance of Ethiopian mining regulations. The Company has the attention of the Ethiopian Ministry of Mines, National Bank of Ethiopia and the other Ministries and agencies and expects to resolve outstanding issues. Once the specific details regarding capital controls for internationally syndicated project financing are officially confirmed and appropriate working conditions are established to ensure smooth project operations, the finance syndicate can proceed with seeking the necessary approvals. At the moment final approvals are subject to the conditions precedent in the hands of Government in respect of administrative matters and security.

13. Investments

13.1 Investment in subsidiaries

The Company	**Year Ended 31.12.22 £'000**	Year Ended 31.12.21 £'000
Cost		
At 1 January	**14,331**	13,680
Additions	**1,226**	651
Dissolutions	**-**	-
At 31 December	**15,557**	14,331

The Company carrying value of KEFI Minerals Ethiopia which holds the investment in the Tulu Kapi Gold project currently under development is £15,557,000 as at the 31 December 2022.

During the year management reviewed the value of its investments in the Company accounts to the project estimated NPV value. The result of the review shows that the NPV value is higher than the cost recorded in the company accounts.

Subsidiary companies	**Date of acquisition/ incorporation**	**Country of incorporation**	**Effective proportion of shares held**
Mediterranean Minerals (Bulgaria) EOOD	08/11/2006	Bulgaria	100%-Direct
KEFI Minerals (Ethiopia) Limited	30/12/2013	United Kingdom	100%-Direct
KEFI Minerals Marketing and Sales Cyprus Limited	30/12/2014	Cyprus	100%-Direct
Tulu Kapi Gold Mine Share Company	31/04/2017	Ethiopia	95%-Indirect

Subsidiary companies	**The following companies have the address of:**
Mediterranean Minerals (Bulgaria) EOOD	10 Tsar Osvoboditel Blvd., 3rd floor, Sredets Region, 1000 Sofia, the Republic of Bulgaria.
KEFI Minerals (Ethiopia) Limited	27/28 Eastcastle Street, London, United Kingdom W1W 8DH.
KEFI Minerals Marketing and Sales Cyprus Limited	2 Kadmou, Wisdom Tower, 1st Floor, 1105 Nicosia, Cyprus.
Tulu Kapi Gold Mine Share Company	1st Floor, DAMINAROF Building, Bole Sub-City, Kebele 12/13, H.No, New.

The Company owns 100% of Kefi Minerals (Ethiopia) Limited ("KME")

On 8 November 2006, the Company entered into an agreement to acquire from Atalaya Mining PLC (previously EMED) the whole of the issued share capital of Mediterranean Minerals (Bulgaria) EOOD, a company incorporated in Bulgaria, in consideration for the issue of 29,999,998 ordinary shares in the Company. Mediterranean Minerals (Bulgaria) EOOD owned 100% of the share capital of Doğu Akdeniz Mineralleri ("Dogu"), a private limited liability Company incorporated in Turkey, engaging in activities for exploration and developing of natural resources. Dogu was liquidated in 2020.

KME owns 95% of Tulu Kapi Gold Mine Share Company ("TKGM"), a company incorporated in Ethiopia which operates the Tulu Kapi project. The Tulu Kapi Gold Project mining license has been transferred to TKGM. The Government of Ethiopia is entitled to a 5% free-carried interest ("FCI") in TKGM. This entitlement is enshrined in the Ethiopian Mining Law and the Ethiopian Mining Agreement between the Ethiopian Government and KME, as well as the constitution of the project company and is granted at no cost. The 5% FCI refers to the equity interest granted by the company holding the mining license. The Ethiopian Government has also undertaken to invest a further USD$20,000,000 (Ethiopian Birr Equivalent) in associated project infrastructure in return for the issue of additional equity on normal commercial terms ranking pari passu with the shareholding of KME. Such additional equity is not entitled to a free carry. Upon completion of each element of the infrastructure and approval by the Company, related additional equity will be issued. At the date of this report no equity was issued.

The Company owns 100% of KEFI Minerals Marketing and Sales Cyprus ("KMMSC"), a Company incorporated in Cyprus. The KMMSC was dormant for the year ended 31 December 2022 and 2021. KEFI Minerals Marketing and Sales Cyprus holds the right to market gold produced from the Tulu Kapi Gold Project. It holds no other assets. It is planned that KMMSC will act as agent and off-taker for the onward sale of gold and other products in international markets.

13.2 Investment in jointly controlled entity

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Group		
At 1 January/31 December	**-**	-
Increase in investment	**2,850**	1,224
Exchange Difference	**51**	(160)
Loss for the year	**(2,792)**	(1,482)
(Impairment)/Reversal of impairment	**(109)**	418
On 31 December	**-**	-
The Company		
At 1 January/31 December	**-**	-
Increase in investment	**2,850**	1,224
Exchange Difference	**51**	(160)
Impairment Charge for the year	**(2,901)**	(1,064)
On 31 December	**-**	-

Jointly controlled entity	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Gold and Minerals Co. Limited (GMCO)	04/08/2010	Saudi Arabia	30%-Direct

The Company owns 30% of GMCO. More information is given in note 20.1. During the year the Company diluted its holding in GMCO from 31.2% to 30% and this resulted in a gain of £286,000.

14. Financial assets at fair value through Other Comprehensive Income (OCI)

Relates to bond sold in Ethiopia to the public to finance the construction of the Grand Ethiopian Renaissance Dam. The full amount was repaid and received in January 2021.

	Year Ended	Year Ended

	31.12.22 £'000	31.12.21 £'000
The Group		
At 1 January	**-**	54
Foreign currency movement	**-**	-
Repayment	**-**	(54)
On 31 December	**-**	-

15. Trade and other receivables

15.1 Current Trade and other receivables

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Group		
Prepayments & other receivables	**122**	36
VAT receivable	**341**	255
	463	291

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Company		
Other Debtors	**7**	15
Prepayments	**64**	9
	71	24

15.2 Receivables from subsidiaries

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Company		
Advance to KEFI Minerals (Ethiopia) Limited (Note 22.2) [2]	**3,253**	3,166
Advance to Tulu Kaki Gold Mine Share Company (Note 22.2) [1]	**7,162**	4,430
Expected credit loss	**(417)**	(304)
	9,998	7,292

Amounts owed by subsidiary companies total £10,642,000 (2021: £7,819,000). A write-off of £227,000 (2021: £223,000) has been made against the amount due from the non-Ethiopian subsidiaries because these amounts are considered irrecoverable.

The Company has borrowings outstanding from its Ethiopian subsidiaries, the ultimate realisation of which depends on the successful exploration and realisation of the Group's intangible exploration assets.

Management is of the view that if the Company disposed of the Tulu Kapi asset, the consideration received would exceed the borrowings outstanding. Nonetheless, Management has made an assessment of the borrowings as at 31 December 2022 and determined that any expected credit losses would be £417,000 (2021: £304,000) for which a provision has been recorded. The advances to KEFI Minerals (Ethiopia) Limited and TKGM are unsecured, interest free and repayable on demand. Settlement is subject to the parent company's operating liquidity needs. At the reporting date, no receivables were past their due date.

[1]The Company advanced £2,619,000 (2021: £2,628,000) to the subsidiary Tulu Kapi gold Mine Share Company during 2022. The Company had a foreign exchange translation gain of £113,000 (2021: Loss £800,000) the current year gain was because of a minor appreciation of the Ethiopian Birr.

[2]Kefi Minerals (Ethiopia) Limited: during 2022, the Company advanced £Nil (2021: £56,000) to the subsidiary. The Company had a foreign exchange translation gain of £87,000 (2021: Loss £808,000) the current year gain was because of a minor appreciation of the Ethiopian Birr.

The TKGM and KME loans are denominated Birr. The Company bears the foreign exchange risk on these loans and any movements in the Ethiopian Birr are recorded in the income statement of the Company.

16. Cash and cash equivalents

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Group		
Cash at bank and in hand unrestricted	**220**	374
Cash at bank restricted	**-**	20
	220	394
The Company		
Cash at bank and in hand unrestricted	**45**	129
Cash at bank restricted	**-**	20
	45	149

17. Share capital

Issued Capital

The articles of association of the Company were amended in 2010 and the liability of the members of the Company is limited.

Issued and fully paid

	Number of shares '000	Share Capital	Deferred Shares	Share premium	Total
At 1 January 2022	**2,567,305**	**2,567**	**23,328**	**35,884**	**61,779**
Share Equity Placement 13 Jan 2022	371,818	372	-	2,725	3,097
Share Equity Placement 25 April 2022	550,000	550	-	3,850	4,400
Share Equity Placement 18 May 2022	450,000	450	-	3,150	3,600
Share issue costs	-	-	-	(444)	(444)
Warrants: fair value split of warrants issued to shareholders.	-	-	-	(1,663)	(1,663)
Broker warrants: issue costs				(315)	(315)
At 31 December 2022	**3,939,123**	**3,939**	**23,328**	**43,187**	**70,454**

	Number of shares '000	Share Capital	Deferred Shares	Share premium	Total
At 1 January 2021	**2,137,927**	**2,138**	**23,328**	**33,118**	**58,584**
Conversion of Warrants to Equity 12 April 2021	15,000	15	-	83	98
Share Equity Placement 21 Dec 2021	414,378	414	-	2,902	3,316
Share issue costs	-	-	-	(219)	(219)
At 31 December 2021	**2,567,305**	**2,567**	**23,328**	**35,884**	**61,779**

	Number of Deferred Shares'000		£'000	£'000
Deferred Shares 1.6p	2022	2021	2022	2021
At 1 January	-	-	-	-
Subdivision of ordinary shares to deferred shares	680,768	680,768	10,892	10,892
At 31 December	680,768	680,768	10.892	10.892

Deferred Shares 0.9p	2022	2021	2022	2021
At 1 January	1,381,947	1,381,947	12,436	12,436
Subdivision of ordinary shares to deferred shares	-	-	-	-
At 31 December	1,381,947	1,381,947	12,436	12,436

The deferred shares have no value or voting rights.

2022

On the 13 January 2022 the Company admitted 358,867,797 new ordinary shares of the Company at a placing price of 0.8 pence per Ordinary Share and 12,950,147 new ordinary shares of the Company at a placing price of 1.74 pence per Ordinary Share

The Company raised £8.0 million through the issue of 1,000,000,000 new Ordinary Shares at a placing price of 0.8 pence per Ordinary Share. These new Ordinary Shares were admitted in two tranches, 550,000,000 on 25 April 2022 and 450,000,000 on 18 May 2022, following shareholder approval of the conditional placement at a

General Meeting of the Company.

2021

During April 2021, the Company issued 15,000,000 new ordinary shares of 0.1p each in the capital of the Company at a price of 0.65p per share pursuant to receiving a notice from a warrant holder to exercise warrants over these shares.

During the period the Company issued 414,375,788 Shares to shareholders, for an aggregate consideration of £3,315,000. On issue of the shares, an amount of £2,900,630 was credited to the Company's share premium reserve which is the difference between the issue price and the nominal value 0.1 pence. The funds raised were issued to repay working capital, goods and services, and debt repayments (note 18.3).

Restructuring of share capital into deferred shares

On the 28 June 2019 at the AGM, shareholders approved that each of the currently issued ordinary shares of 1.7p (“Old Ordinary Shares”) in the capital of the Company be sub-divided into one new ordinary share of 0.1p (“Existing Ordinary Shares”) and one deferred share of 1.6p (“Deferred Shares”). With effect from 8 July 2019 at 8.00am, each ordinary share in the Company has a nominal value of 0.1p per share.

The Deferred Shares have no value or voting rights and were not admitted to trading on the AIM market of the London Stock Exchange plc. No share certificates were issued in respect of the Deferred Shares.

18. Share Based payments

18.1 Warrants

In note 18 when reference is made to the “Old Ordinary Shares” it relates to the ordinary shares that had a nominal value of 1.7p each and were in issue prior to the 8 July 2019 restructuring. Shares issued after the 8 July 2019 restructuring have a nominal value of 0.1p and will be referred to as “Ordinary Shares”.

2022

The Company issued 393,096,865 short-term shareholder warrants to subscribe for new ordinary shares of 0.1p each at 1.6p per share in accordance with the January 2022 share placement and as approved by shareholders. The shareholder warrants will become exercisable if, during a two-year period following the date of Second Admission, the Warrant Trigger Event occurs. If the Warrant Trigger Event occurs, then (i) the holders of the shareholder warrants must exercise the shareholder warrants within 30 days from the occurrence of the Warrant Trigger Event; and (ii) the shareholder warrants will expire following the end of the 30-day period referenced above if not exercised. The shareholder warrants shall lapse two years following the date of Second Admission and will no longer be capable of being exercised.

In April and May of 2022, the Company authorized the issuance of 500,000,000 shareholder warrants. These shareholder warrants entitle the holders to subscribe for new ordinary shares of 0.1p each at a price of 1.6p per share. Shareholders approved the issuance of these shareholder warrants on May 17th, 2022. The Company allocated one warrant for every two Placing Shares, with an exercise price of 1.6 pence per share. The shareholder warrants will be exercisable for a period of two years from the date of Admission of the Placing Shares. The Company has elected that the shareholder warrants become exercisable if, within two years of the date of Admission of the Placing Shares, the on-market share closing price of the ordinary shares reaches or exceeds 2.4 pence for five consecutive days. This would be a 50% premium on the shareholder warrants exercise price and is known as the "Warrant Trigger Event." If the Warrant Trigger Event occurs, holders of the shareholder warrants must exercise them within 30 days, and the shareholder warrants will expire if not exercised by the end of this period.

The Shareholder warrants will lapse two years following the date of Second Admission and will no longer be capable of being exercised.

The Company performed a fair value split by fair valuing the shareholder warrants using Dilutive Variation of Trinomial Pricing Model. and assumed that this value is the residual share amount. The model also takes into account the dilution effect described above and as such is an appropriate model for pricing warrants.

During May 2022, the Company issued 75,000,000 broker warrants to subscribe for new ordinary shares of 0.1p each at 0.8p per share to Tavira Securities Limited pursuant to the Placing Agreement. The warrants expire within three years of the date of Second Admission.

2021

During December 2021, the Company asked for shareholder approval to issue 393,096,865 warrants, in connection with the December 2021 and January 2022 Placing Shares. The Placing shares have a right to be issued one Ordinary Share for an exercise price of £0.016 and exercisable following a Warrant Trigger Event provided that such Warrant Trigger Event occurs during a two year period following the 17 January 2022 The Warrants will become exercisable provided that, during a two year period following the January 2022 Admission, the on market share closing price of the Ordinary Shares for five consecutive days reaches or exceeds 2.4 pence (being a 50% premium on the Warrant exercise price) (the "Warrant Trigger Event"). If the Warrant Trigger Event occurs, then (i) the holders of the Warrants may exercise the Warrants within 30 days from the occurrence of the Warrant Trigger Event; and (ii) the Warrants will expire following the end of the 30-day period referenced above if not exercised. If the Warrant Trigger Event has not occurred within two years following the 17 January 2022, then the Warrants shall lapse and will no longer be capable of being exercised.

Details of warrants outstanding as at 31 December 2022:

Grant date	Expiry date	Exercise price	Expected Life Years	Number of warrants 000's
19-Sep-18	20-Sep-23	2.50p	5 years	2,000
29 May 2020	29 May 2023	0.65p	3 years	5,000
20 Nov 2020	20 Nov 2023	1.60p	3 years	11,175
13 Jan 2022	13 Jan 2024	1.60p	2 years	393,097
18 May 2022	17 May 2024	1.60p	2 years	500,000
18 May 2022	17 May 2025	0.80p	3 years	75,000
				986,272

	Weighted average ex. Price	Number of warrants 000's
Outstanding warrants at 1 January 2022	1.87p	45,125
- granted	1.54p	968,097
- cancelled/expired/forfeited	2.15p	(26,950)
- exercised		
Outstanding warrants at 31 December 2022	1.54p	**986,272**

The estimated fair values of the warrants were calculated using the Black Scholes option pricing model and Trinomial Model when deemed more appropriate.

The inputs into the model and the results for warrants and options granted during the year are as follows:

	Warrants						**Options**
	29-May-20	20-Nov-20	13-Jan-22	18-May-22	18-May-22		17-Mar-21
Closing share price at issue date	1.06p	1.68p	0.77p	0.71p	0.71p		2.05p
Exercise price	0.65p	1.6p	1.60p	1.60p	0.80p		2.55p
Expected volatility	99%	101%	89.37%	81.079%	99.72%		89%
Expected life	3yrs	3yrs	2yrs	2yrs	3yrs		4yrs
Risk free rate	-0.03%	0.05%	0.835%	1.459%	1.475%		0.028%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil		Nil
Estimated fair value	0.73p	1.06p	0.22p	0.16p	0.42p		1.21p

Expected volatility was estimated based on the historical underlying volatility in the price of the Company's shares.

Share options reserve table	**Year Ended 31.12.22 £'000**	Year Ended 31.12.21 £'000
Opening amount	**1,891**	1,273
Warrants issued costs	**1,978**	-
Share options charges relating to employees (Note 6)	**74**	148
Share options issued to directors and key management (Note 6)	**292**	66
		2
Forfeited options	**-**	-
Exercised warrants	**-**	-
Expired warrants	**(147)**	-
Expired options	**(341)**	(192)
Closing amount	**3,747**	1,891

18.2 Share options reserve

Details of share options outstanding as at 31 December 2022:

Grant date	Expiry date	Exercise price	Number of shares 000's
22-Mar-17	21-May-23	7.50p	6,750
01-Feb-18	31-Jan-24	4.50p	9,600
17-Mar-21	16-May-25	2.55p	92,249
			108,599

	Weighted average ex. Price	Number of shares000's
Outstanding options at 1 January 2022	3.21p	127,610
- granted	-	-
- forfeited	2.90p	(13,864)
- cancelled/ expired	7.85p	(5,147)
Outstanding options at 31 December 2022	3.03p	**108,599**

The Company has issued share options to directors, employees and advisers to the Group.

On 22 March 2017, 9,535,122 options were issued which expire after six years, and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

On 1 February 2018, 9,600,000 options were issued to persons who discharge director and managerial responsibilities ("PDMRs") and a further 3,000,000 options have been granted to other non-board members of the senior management team. The options have an exercise price of 4.5p, expire after 6 years, and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

On 17 March 2021, 85,813,848 options were issued to persons who discharge director and managerial responsibilities ("PDMRs") and a further 18,225,153 options have been granted to other non-board members of the senior management team. The options have an exercise price of 2.55p, expire after4 years, and vest in three equal instalments, the first after one year, the second after two years and the third after three years from the date of grant. Although the directors approved and announced the issue of 119,747,339 options on the 17 March 2021 to certain directors and senior managers only 104,039,001 options were eventually issued.

The option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid Ordinary shares by way of a capitalisation of the Company's reserves, a subdivision or consolidation of the Ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of Ordinary shares. The estimated fair values of the options were calculated using the Black Scholes option pricing model. Expected volatility was estimated based on the historical underlying volatility in the price of the Company’s shares.

For 2022, the impact of share option-based payments is a net charge to income of £366,000 (2021: £809,000). At 31 December 2022, the equity reserve recognized for share option-based payments, including warrants, amounted to £3,747,000 (2021: £1,891,000).

18.3 Share Payments for services rendered and obligations settled.

2022 Year

During the year the company granted the issuance of 515,796,693 new Ordinary shares which were distributed across the following placements:

<u>January 2022 Share Placement of 371,817,944</u>
After the General Meeting held on 13 January 2022, the Company authorized the issuance of 371,817,944 new Ordinary shares to fulfil financial obligations totalling £3.1 million. In January 2022, a portion of these shares, specifically 358,867,797 new ordinary shares, were issued at a price of 0.8 pence per Ordinary Share, with the purpose of settling an amount of £2.87 million. The remaining shares issued during January 2022, amounting to 12,950,147 new Ordinary Shares, were priced at VWAP of 1.74 pence per Ordinary Share and were used to settle services and obligations amounting to £0.23. million

<u>April 2022 and May 2022 Share Placement of 143,978,749</u>
During April 2022, the Company resolved its liabilities and other obligations amounting to £0.63 million by issuing 79,188,312 new Ordinary Shares at a placing price of 0.8 pence per Ordinary Share.
In May 2022, with the approval of shareholders at a General Meeting, the Company settled liabilities and other obligations of £0.52 million by issuing 64,790,437 Ordinary Shares at the Placing Price of 0.8 pence per Ordinary Share.

2021 Year

On 21 December 2021, the Company announced the placing of 324,900,000 Settlement Shares to settle outstanding debts and liabilities of approximately £2.6 million. The shares were issued at a price of £0.008 per Ordinary Share.

The total shares set off during 2022 and 2021 for services and obligations was as follows:

	2022		2021	
Name	**Number of Remuneration and Settlement Shares**	**Amount**	Number of Remuneration and Settlement Shares	Amount
	000	£’**000**	000	£’000
For services rendered and obligations settled			-	-
H Anagnostaras-Adams	**22,500**	**180**		
J Leach	**12,500**	**100**	-	-
Mark Tyler	**3,125**	**25**	-	-

Richard Lewin Robinson	**6,250**	**50**	**-**	-
Other employees and PDMRs	**173,530**	**1,510**	**-**	-
Amount to settle other Obligations	**1,925**	**15**	**-**	**-**
Total share-based payments	**219,830**	**1,880**	**-**	**-**
Amount to settle loans				
Unsecured Convertible loan facility	**-**	**-**	-	-
Unsecured working capital bridging finance	**295,967**	**2,368**	324,900	2,599
	515,797	**4,248**	324,900	2,599

The parties above agreed that the amounts subscribed in the share placements during the year be set-off against the amount due by the Company at the date of the share placement.

19. Non-Controlling Interest ("NCI")

	Year Ended £'000
As at 1 January 2021	1,204
Acquisitions of NCI	-
Impact of 5% free carry on additions to assets during the year	175
Result for the year	-
As at 1 January 2022	**1,379**
Acquisitions of NCI	**-**
Impact of 5% free carry on additions to assets during the year	**183**
As at 31 December 2022	**1,562**

During 2018, the Government of Ethiopia received its 5% free carried interest acquired in the Tulu Kapi Gold Project. The group recognized an increase in non-controlling interest in the current year of £183,000 and a decrease in equity attributable to owners of the parent of £183,000.

The NCI of £1,562,000 (2021: £1,379,000) represents the 5% share of the Group's assets of the TKGM project which are attributable to the Government of Ethiopia.

The Mining Proclamation entitles the Government of Ethiopia (GOE) to 5% free carried interest in TKGM. The 5% NCI reflects the government interest in the TKGM gold project. The GOE is not required to pay for the 5% free carry interest. The GOE can acquire additional interest in the share capital of the project at market price. The GOE has committed US $20,000,000 to install the off-site infrastructure in exchange for earning equity in Tulu Kapi Gold Mine Share Company. The shareholder agreement signed with the GOE in April 2017 states that once the infrastructure elements are properly constructed and approved by Company the relevant shares will be issued to Ministry of Finance and Economic Cooperation (MOFEC)

The financial information for Tulu Kapi Gold Mine Project as at 31 December 2022:

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Amounts attributable to all shareholders		
Exploration and evaluation assets		

	31,477	28,361
Current assets	**381**	329
Cash and Cash equivalents	**175**	244
	32,033	28,934
Equity	**31,254**	27,573
Current liabilities	**779**	1,361
	32,033	28,934
Result for the year	-	-

20. Jointly controlled entities

20.1 Joint controlled entity with Artar

Company name	Date of incorporation	Country of incorporation	Effective proportion of shares held at 31 December
Gold & Minerals Co. Limited	3 August 2010	Saudi Arabia	30%

Gold & Minerals Co. Limited has the following registered address: Olaya District. 659, King Fahad Road, Riyadh, Kingdom of Saudi Arabia.

The summarised financial information below represents amounts shown in Gold & Minerals Co Limited financial statements prepared in accordance with IFRS and assuming they followed the group policy of expensing exploration costs.

Amounts relating to the Jointly Controlled Entity	**SAR'000 Year Ended 31.12.22 100%**	SAR'000 Year Ended 31.12.21 100%	**£'000 Year Ended 31.12.22 100%**	£'000 Year Ended 31.12.21 100%
Non-current assets	**2,889**	2,097	**637**	411
Cash and Cash Equivalents	**9,470**	5,798	**2,090**	1,136
Current assets	**625**	801	**138**	157
Total Assets	**12,984**	8,696	**2,865**	1,704
Current liabilities	**(4,106)**	(2,680)	**(906)**	(525)
Total Liabilities	**(4,106)**	(2,680)	**(906)**	(525)
Net Assets	**8,878**	6,016	**1,959**	1,179
Share capital	**121,424**	81,300	**26,810**	15,935
Capital contributions partners	**43,800**	37,926	**9,671**	7,433
Accumulated losses	**(156,346)**	(113,210)	**(34,522)**	(22,189)
	8,878	6,016	**1,959**	1,179

Exchange rates SAR to GBP

Closing rate			0.2208	0.1960
Income statement	**SAR'000**	SAR'000	**£'000**	£'000
Loss from continuing operations	**(42,995)**	(22,524)	**(9,493)**	(4,415)
Other comprehensive expense	**-**	(246)	**-**	(48)
Translation FX Gain from SAR/GBP	**-**	-	**-**	-
Total comprehensive expense	**(42,995)**	(22,770)	**(9,493)**	(4,463)
Included in the amount above				
Group				
Group Share 30.00% (2021: 31.21%) of loss from continuing operations			**(2,792)**	(1,482)
Joint venture investment			**£'000**	£'000
Opening Balance			**-**	-
Loss for the year			**(2,792)**	(1,482)
FX Gain/(Loss)			**51**	(160)
Additional Investment			**2,850**	1,224
Impairment/Reversal			**(109)**	418
Closing Balance			-	-

In May 2009, KEFI announced the formation of a new minerals' exploration jointly controlled entity, Gold & Minerals Co. Limited ("GMCO"), a limited liability company in Saudi Arabia, with leading Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI is the operating partner with a 30% shareholding in GMCO with ARTAR holding the other 70%. KEFI provides GMCO with technical advice and assistance, including personnel to manage and supervise all exploration and technical studies. ARTAR provides administrative advice and assistance to ensure that GMCO remains in compliance with all governmental and other procedures. GMCO has five Directors, of whom two are nominated by KEFI However, decisions about the relevant activities of GMCO require the unanimous consent of the five directors. GMCO is treated as a jointly controlled entity and has been equity accounted. KEFI has reconciled its share in GMCO's losses.

A loss of £2,792,000 was recognized by the Group for the year ended 31 December 2022 (2021: £1,482,000) representing the Group's share of losses in the year.

As at 31 December 2022 KEFI owed ARTAR an amount of £1,169,000 (2021: £285,700) – Note 21.1.

During 2022 the Company diluted its interest in the Saudi joint-venture company Gold and Minerals Limited ("GMCO") from 31.21% to 30.00% by not contributing its pro rata share of expenses to GMCO. This resulted in a gain of £285,900 (2021: £428,181) in the Company accounts. The accounting policy for exploration costs recorded in the GMCO audited financial statements is to capitalise qualifying expenditure in contrast to the Group's accounting policy relating to exploration costs which is to expense costs through profit and loss until the project reaches development stage (Note 2). Consequently, any dilution in the Company's interest in GMCO results in the recovery of pro rata share of expenses to GMCO.

21. Trade and other payables

21.1 Trade and other payables

The Group	**Year Ended 31.12.22 £'000**	Year Ended 31.12.21 £'000
Accruals and other payables	**2,427**	2,499
Other loans	**109**	97

Payable to jointly controlled entity partner (Note 20.1)	**1,169**	285
Payable to Key Management and Shareholder (Note 22.3)	**297**	2,675
	4,002	5,556

Other loans are unsecured, interest free and repayable on demand.

The Company	**Year Ended 31.12.22 £'000**	Year Ended 31.12.21 £'000
Accruals and other payables	**1, 756**	1,242
Payable to jointly controlled entity partner (Note 20.1)	**1,169**	285
Payable to Key Management and Shareholder (Note 22.4)	**297**	2,675
	3,222	4,202

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

22. Related party transactions

The following transactions were carried out with related parties:

22.1 Compensation of key management personnel

The total remuneration of key management personnel was as follows:

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Short term employee benefits:		
[1]Directors' consultancy fees	**533**	496
Directors' other consultancy benefits	**49**	39
[2]Short term employee benefits: Key management fees	**597**	604
Short term employee benefits: Key management other benefits	**-**	32
	1,179	1,171
Share based payments:		
Share based payment: Director's bonus	**-**	-
[1]Share based payment: Directors' consultancy fees	**-**	-
Share option-based benefits to directors (Note 18)	**192**	407
[2]Share based payments short term employee benefits: Key management fees	**-**	272
Share option-based benefits other key management personnel (Note 18)	**100**	255
Share Based Payment: Key management bonus	**-**	-
	292	934
	1,471	2,105

[1]Directors' fees paid to the Executive Director Chairman and Finance Director are paid to consultancy companies of which they are beneficiaries. Further details on Directors' consultancy and other benefits are available on page 56 of the Annual Report.

[2]Key Management comprises Chief Operating Officer and the Managing Director Ethiopia.

Share-based benefits

The Company issued 85,813,848 share options to directors and key management during March 2021. These Options have an exercise price of 2.55p per Ordinary Share and expire after 4 years and, in normal circumstances, vest in three equal instalments, the first after one year, the second after two years and the third after three years from the date of grant.

Previously all options, except those noted in Note 18, expire six years after grant date and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

22.2 Transactions with shareholders and related parties

The Group

Name	Nature of transactions	Relationship	**2022 £'000**	2021 £'000
Winchcombe Ventures Limited	Receiving of management and other professional services which are capitalized as E&E expenditure	Key Management and Shareholder	**-**	554
Nanancito Limited	Receiving of management and other professional services which are capitalized as E&E expenditure	Key Management and Shareholder	**-**	232
			-	786

The Company

Name	Nature of transactions	Relationship	**2022 £'000**	2021 £'000
KEFI Minerals Marketing and Sales Cyprus Limited	Finance	Subsidiary	**-**	-
Tulu Kapi Gold Mine Share Company[1]	Advance	Subsidiary	**7,162**	4,433
Kefi Minerals (Ethiopia) Limited[2]	Advance	Subsidiary	**3,253**	3,166
Expected credit loss			**(417)**	(304)
			9,998	7,295

[1]&[2]The TKGM and KME loans are denominated Birr. The Company bears the foreign exchange risk on these loans and any movements in the Ethiopian Birr are recorded in the income statement of the Company. Further details on the movement of these loans are available in Note 15.

Management has made an assessment of the borrowings as at 31 December 2022 and determined that any expected credit losses would be £417,000 (2021:304,000).

The above balances bear no interest and are repayable on demand.

22.3 Payable to related parties

The Group

Name	Nature of transactions	Relationship	**2022 £'000**	2021 £'000

Nanancito Limited	Fees for services	Key Management and Shareholder	**-**	1,350
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**-**	834
Directors & PDMR	Fees for services	Key Management and Shareholder	**297**	491
			297	2,675

22.4 Payable to related parties
The Company

Name	Nature of transactions	Relationship	**2022 £'000**	2021 £'000
Nanancito Limited	Fees for services	Key Management and Shareholder	**-**	1,350
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**-**	834
Directors & PDMR	Fees for services	Key Management and Shareholder	**297**	491
			297	2,675

23. Loans and Borrowings

23.1.1 Short-Term Working Capital Bridging Finance

	Currency	Interest	Maturity	Repayment
Unsecured working capital bridging finance	GBP	See table	On Demand	See table below

2021

Unsecured working capital bridging finance	Balance 1 Jan 2021	Drawdown Amount	Transaction Costs £'000	Interest	Repayment Shares	Repayment Cash	Year Ended 31 Dec 2021
	£'000	£'000		£'000	£'000	£'000	£'000
Repayable in cash in less than a year	-	2,713	-	1,121	(2,599)	-	1,235
	-	2,713	-	1,121	(2,599)	-	1,235

2022

Unsecured working capital bridging finance	Balance 1 Jan 2022	Drawdown Amount	Transaction Costs £'000	Interest	Repayment Shares/Netting	Repayment Cash	Year Ended 31 Dec 2022
	£'000	£'000		£'000	£'000	£'000	£'000
Repayable in cash in less than a year	**1,235**	**1,830**	**-**	**486**	**(2,368)**	**(3)**	**1,180**
	1,235	**1,830**	**-**	**486**	**(2,368)**	**(3)**	**1,180**

The short-term working capital finance is unsecured and ranks below other loans. Although there was no binding agreement to convert the loans into shares, the lenders agreed to convert the debt into shares and the loan balance of £2,368,000 was fully repaid in 2022 during the relevant share placements.

23.1.2 Reconciliation of liabilities arising from financing activities

2021 Reconciliation		**Cash Flows**					
	Balance 1 Jan 2021	**Inflow**	**(Outflow)**	**Fair Value Movement**	**Finance Costs**	**Shares**	**Balance 31 Dec 2021**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unsecured working capital bridging finance							
Short term loans	-	2,713	-	-	1,121	(2,599)	1,235
	-	2,713	-	-	1,121	(2,599)	1,235
Convertible notes							
Sanderson unsecured convertible loan facility 23.2	75	-	-	-	-	(75)	-
	75	-	-	-	-	(75)	-

2022 Reconciliation							
	Balance 1 Jan 2022	**Inflow**	**(Outflow)**	**Fair Value Movement**	**Finance Costs**	**Shares/Netting**	**Balance 31 Dec 2022**
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
Unsecured working capital bridging finance							
Short term loans	**1,235**	**1,830**	**(3)**	**-**	**486**	**(2,368)**	**1,180**
	1,235	**1,830**	**(3)**	**-**	**486**	**(2,368)**	**1,180**

24. Contingent liabilities

The company has no contingent liabilities.

25. Legal Allegations

There is a pending legal case against the Company for an amount of GBP 5.1 million from a claimant, Demissie Asafa Demissie (the "Claimant"). The Company believes the claim for successful provision of financial advisory services is spurious and without merit. Nonetheless, the amount claimed can only be payable on successful closing of the Tulu Kapi Project finance, which has yet to occur. The Company is making a counter claim and vigorously defending its position. The Company has engaged legal counsel to represent its interests. At this time, it is not possible to predict the outcome of this case or the potential impact it may have on the Company's financial position or operations. The Company will disclose any material developments related to this case as and when required by applicable laws and regulations.

Having sought legal advice on this matter, the Group is of the opinion that the allegations have no merit and that it is not appropriate to recognise any contingent liability.

26. Capital commitments

The Group has the following capital or other commitments as at 31 December 2022 £4,238,000 (2021: £1,184,000),

	31 Dec 2022 £'000	31 Dec 2021 £'000
Contracted for: Tulu Kapi Project costs	**461**	452
Not contracted for: Saudi Arabia Exploration costs committed to field work d	**3,777**	732

27. Events after the reporting date

Share Placement May 2023

On June 5, 2023, the Company introduced 785,714,285 new ordinary shares at a placing price of 0.7 pence per share, resulting in a capital raise of £5.5 million. Additionally, a further £0.9 million is expected to be raised through the issuance of 133,145,208 ordinary shares at the same placing price. These 133,145,208 ordinary shares will be admitted after obtaining shareholder approval for the conditional placement at the Annual General Meeting.

The shares that were issued on 5 June 2023 as well as the conditional placement shares that are to be approved on 30 June 2023, will be employed to extinguish the following obligations.

Name	**Number of Subscription Shares**	**Amount**
Current liabilities	000	£'000
For services rendered	98,325	688
Loans and borrowings		
Unsecured working capital bridging finance	271,100	2,711
	369,425	**3,399**

The parties above agreed that the amounts subscribed in the share placements be set-off against the amount due by the Company at the date of the share placement.

Dilution in Gold and Minerals

During 2023 the Company diluted its interest in the Saudi joint-venture company Gold and Minerals Limited ("GMCO") from 30% to 26.8% by not contributing its pro rata share of expenses to GMCO.