

30 June 2022

KEFI Gold and Copper plc

("KEFI" or the "Company")

Signing of Tulu Kapi Financing Umbrella Agreement

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 that on the 30 June 2022 the Tulu Kapi Gold Mines Share Company ("TKGM") project finance syndicate signed a funding 'Umbrella Agreement' as outlined in the Company's announcement on 15 June 2022.

The Umbrella Agreement sets out the role and contribution of each finance syndicate member in relation to the Company's Tulu Kapi Gold Project ("Tulu Kapi" or the "Project") and, whilst reflecting the conditionality of the plan and intended flexibility within the syndicate, it sets out a full funding package, covering historical and budgeted future expenditure.

In addition, at a meeting this week between the Ethiopian Minister of Mines and the Company and TKGM's senior management, the Minister confirmed that the media reports of licence cancellation were inaccurate, that the Tulu Kapi mining licence is not cancelled and that regular progress reviews would continue so as to ensure the earliest possible Project launch.

The funding structure has been designed in strict compliance with the policies and guidance of the National Bank of Ethiopia (the central bank). The plan has also been approved unanimously by the Board of Directors of TKGM, which comprises KEFI and Ethiopian Government representatives and it remains consistent with previous Company guidance as notified on 23 August 2021.

The Project action plan now includes the following key steps:

- The Company has completed the assembly of the information requested by the Ministry of Mines and has started conducting meetings with the Minister and his team to clarify any aspects. The Minister has agreed to a progress review at the end of July 2022 to ensure a satisfactory outcome;
- to formalise the outcome of successful meetings last week with the principal Government agencies which administer financing policy whereby a key condition precedent was satisfied in-principle - that both of the Company's longstanding banking groups have the right to invest and lend on the same terms;
- to document the positive outcome of a successful inspection last week by independent security experts and to finalise with security authorities the requirements for Project launch at the start of the Ethiopian dry season in October 2022;

- to finalise the individual definitive agreements for the Project financing and the contracting services for Project implementation; and
- to arrange execution of Project insurances.

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

“The Tulu Kapi Gold Project has been designed to the highest international regulatory standards and has had historical investment of approximately US\$80 million. The Project has assembled a first-class management team backed by a first-tier syndicate of African experienced specialist organisations and funders.

“No other mining project of this scale in Ethiopia has been brought to this stage of advancement during recent years and Tulu Kapi will be the first industrial scale mine development in Ethiopia in over 30 years. It has taken extensive technical re-design of the Project, overhaul by the Ethiopian authorities of financial policies which previously hindered mining project finance and the patient and cautious traversing of recent well publicised events in the country.

“We are taking all measures to drive the Project safely forward, respect the national priority to develop Ethiopia’s mining sector and place the highest importance on social licence in the very supportive Tulu Kapi community. We are pleased that the Minister of Mines and other Ethiopian government officials have expressed their continued support.

“The deposit was discovered some 15 years ago, and KEFI itself was invited in some eight years ago to remedy the Project’s technical defects, which took about two years. We then collaboratively reviewed, with Government agencies, the financial regulations prevailing in Ethiopia that hindered modern mining project finance and assembled a first-class international syndicate which all signed terms sheets in 2019.

“Since then, the syndicate has completed technical and legal due diligence whilst the Company ensured the Project could proceed on the ground, traversing previously reported challenges. The decision to trigger financing and Project launch procedures was confirmed within the syndicate last month, some three months after the Ethiopian Government lifted its national State of Emergency. We very much appreciate the collaboration and mutual trust with our Federal and Regional Government co-shareholders in the operating subsidiary TKGGM and the multitude of government agencies with whom we deal daily.

“The signing of the Umbrella Agreement is a very important step and we look forward to completing the outstanding matters that will allow for full Project construction to commence in the Ethiopian dry season starting in October 2022.”

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

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Notes to Editor

KEFI Gold and Copper PLC

Mission

The mission of KEFI is to discover and acquire economic gold and copper mineralisation and follow through with cost-effective responsible exploration, mine development and production in compliance with local laws and international best practice.

Our geological region of focus is the Arabian-Nubian Shield, due to its outstanding prospectivity for gold and copper.

Our activities provide a strong project pipeline covering the spectrum from our Tulu Kapi Gold Project at the funding stage in Ethiopia, to our Hawiah Copper-Gold and Jibal Qutman Gold Projects at the feasibility study stage in Saudi Arabia, and to walk-up drill targets in both countries.

Since incorporation 16 years ago, KEFI has invested some £72 million in these activities and today the Company sits with advanced projects that have project NPV's that are already

multiples of the amount invested. KEFI has a leading position in the two countries that contain the majority of the Arabian-Nubian Shield. We now have three advanced projects in these now strongly pro-development countries and are focused on a sequential mine development path to build a mid-tier mining company over the next few years.

Approach

KEFI was launched in 2006 as a £2.5 million initial public offering (“IPO”) on the AIM Market of the London Stock Exchange and was then led by exploration specialists. The 2014 acquisition of the Tulu Kapi Gold Project triggered the appointment of management with track records in developing and operating mines in Africa. KEFI partners with appropriate local organisations, such as Abdul Rahman Saad Al Rashid and Sons Limited (“ARTAR”) in the Kingdom of Saudi Arabia in our Gold and Minerals Limited (“G&M”) joint venture and with the Federal Government and the Oromia Regional Government in Ethiopia for our TKGM joint venture.

Our community plans are in accordance with the International Finance Corporation (World Bank) Performance Standards and Equator Principles. Operationally, we align with industry specialists such as Lycopodium Limited (“Lycopodium”) - our principal process plant contractors in both Ethiopia and Saudi Arabia.

Some elements of Tulu Kapi’s development commenced in Q4-2019 and were stalled repeatedly by civil disturbance. These have now re-started and full construction is planned to begin in October 2022 once the local dry season begins. Annual gold production remains projected at 140,000 ounces from the Tulu Kapi open pit to increase to c.190,000 ounces when the underground mine starts up a few years later.

In Saudi Arabia, we now have two development projects in progress after being held up for many years awaiting a regulatory overhaul. We look to develop our Jibal Qutman Gold Project (“Jibal Qutman”) and then to follow with the startup of the Hawiah Copper-Gold Project (“Hawiah”). Both projects are now in the feasibility study stage and are projected, between them, to add similar scale of gold-equivalent production to that projected for Tulu Kapi in Ethiopia. Copper will provide the majority of Hawiah’s revenue.

We have also registered applications in Saudi Arabia for exploration of prospects selected from our proprietary database, covering four major new project areas and aggregating more than 1,000 square kilometres.

Timing

KEFI’s objective is to have three projects in production by 2026 at a net production rate of c.4,000 gold-equivalent ounces (KEFI beneficial interest 200,000 oz gold-equivalent).

The potential net operating cash flow from these projects is currently estimated to exceed £137 million (US\$185 million) per annum. The next few years will be focused on multi-pronged development and exploration during which our cash flow production should commence and escalate.

The operating environment for KEFI has improved considerably in recent times. Since H1-2020, the estimated net present value (“NPV”) of our assets has tripled to £348 million (c.9 pence per share, based on today’s issued capital) due to exploration and permitting success in Saudi Arabia and an expected greater equity interest in Tulu Kapi.