

25 March 2024

**KEFI Gold and Copper plc**

("KEFI" or the "Company")

**Tulu Kapi Gold Project Launch Update**

KEFI Gold and Copper (AIM: KEFI), is pleased to report further positive developments at the Company's high-grade Tulu Kapi Gold Project in Ethiopia ("Tulu Kapi" or the "Project"), as it prepares for full launch in H1 2024.

As previously reported, all of the required development budget of US\$320 million (exclusive of the historical equity investment of c. US\$100 million) has been sourced at the subsidiary level. We are pleased that, following the final approvals from the lead-bank, all other parties triggered their formal approval processes which are now all advancing, notably including progress with both the co-lending bank and the local equity-capital investors.

A positive development is that recent regulatory changes have facilitated the improvement to the equity funding structure which has lowered overall finance costs. The regulatory changes of note were the foreign exchange exemptions, the increase in the maximum permissible ratio of debt to equity from 70:30 to 80:20 and the deeming as foreign direct investment the re-investment of the local currency (Ethiopian BIRR) retained earnings of multi-national corporations ("MNC") into new business sectors.

Within the development capital budget of US\$320 million, US\$100 million was to be provided through the issuance of two types of Equity Risk Notes ("ERN"), one type for MNC's with no operations in Ethiopia and another lower-cost ERN for those with accumulated retained earnings in Ethiopian operations. The Company is pleased to report that it can now focus on the lower-cost ERN - fixed at 12% per annum. These notes remain repayable in cash from operations or, as a fall-back, in KEFI equity (at KEFI's election), convertible in year 4 (being year 2 of full production) at the then prevailing KEFI share price.

The Company can confirm a longstanding and large MNC investor in the ERN has now received initial board approvals. All syndicate members have agreed a schedule for all remaining pre-launch tasks including their respective formal approvals ahead of full financial close mid-2024.

**Comment by Harry Anagnostaras-Adams, KEFI Executive Chairman:**

*"I am delighted to report the initial board approval of a major local equity-capital provider. And it is especially pleasing that the instrument designed for this transaction, the Equity Risk Note, has been streamlined under the lower-cost approach. Our modelling and production profile for this high-grade open pit gold mine, based on a gold price of US\$1,864/oz (versus current spot of US\$2,170/oz), shows sufficient cash will have been generated at the proposed time of repayment to repay these ERN in cash at the time they fall due.*

*"When combined with the credit committee approved US\$95 million debt from lead bank Eastern and Southern Trade and Development Bank ("TDB") and the Ethiopian Federal and Regional Governments' US\$20 million commitment, with the potential to increase to US\$40 million, this accounts for US\$215 million to US\$235 million.*

*"I can also advise the Company has received confirmation from the co-lender Africa Finance Corporation ("AFC") that its approval processes are underway and progressing well for its-intended US\$95 million investment, which would provide the balance of the required funding for Project launch.*

*"All syndicate members are supportive and are working to ensure final documentation is entered into by mid-2024 to enable full Project launch and drawdown of funds. I look forward to providing further updates as appropriate."*

### **Additional Project Updates**

Preparing for resettling the local community:

- The planned extra security protection is being implemented as the field activities increase; and
- The lenders' independent security adviser will monitor safety of implementation over the next few months as we prepare to trigger Project launch mid-2024.

Preparing to trigger procurement and construction:

- We have completed the detailed work packages for tendering local sub-contractor work;
- These are based on the FEED (Front-End Engineering and Design) also completed by principal contractor Lycopodium; and
- The mining contractor PW Mining is now seeking its Ethiopian regulatory clearances for its arrangements with its own financiers and OEM's (Original Equipment Suppliers).

Establishment and deepening of operational banking support and working capital sources:

- Ethiopia's largest bank, the Government-owned Commercial Bank of Ethiopia, has established onshore Ethiopian BIRR and US Dollar Project operating accounts and is engaging on providing various working capital facilities as we advance;
- Ethiopia's largest non-Government bank, Awash Bank, has done likewise and has also approved a working capital facility for TKGM. It will initially be drawn to Ethiopian BIRR 35 million (approximately £480,000) and can expand as the launch proceeds; and
- A major international bank, Citibank, is in discussions about opening the offshore operating accounts in London, in accordance with the foreign exchange exemptions granted by the central bank, the National Bank of Ethiopia.

Conditions Precedent to Signing Definitive Detailed Formal Agreements ("Detailed Documentation"):

- The aforementioned processes are designed to be progressed by the end of May 2024 to the stage that warrants signing of Detailed Documentation between all syndicate members; and
- All conditions precedent to signing are typical for a transaction of this nature.

### **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. The person responsible for the release of this announcement is Harry Anagnostaras-Adams (Executive Chairman).

### **Enquiries**

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