

Quarterly Update questions and summary answers

Presenter : Executive Chairman Harry Anagnostaras-Adams
Convener: Investor Meet Company

Please note that any questions not answered as well as important points of the webinar's 60 minute content are intended to have been addressed here.

The recorded live Q&A is available via the InvestorMeetsCompany platform via the following link:

<https://www.investormeetcompany.com/kefi-gold-and-copper-plc/register-investor>

Share Issues and Corporate Governance:

Q: Broker change - You have appointed Tavira as a broker. Why the change? Is there a plan to spin off the Saudi assets on to an exchange in the Middle East?

A: We stuck with the same longstanding broking team, now at a new (larger) firm, Tavira. We have also added joint-broker WH Ireland.

Q: Will there be an opportunity for shareholders to vote on the reappointment of both the exec and non exec directors during the AGM scheduled for the middle of this year?

A: Shareholders have all the standard rights to vote directors on and off the board.

A: Plus Directors all stand down by rotation at annual general meetings so that shareholders can review their re-appointment.

A: All resolutions historically proposed have been passed by + 80% of voters.

Q: What made you change your mind and raise funds before the Tulu Kapi financing completion?

A: The reported kidnapping not only stole some of our people for two months but stole the window we had planned for finance closing.

A: Q4 2021 saw KEFI going into the climax of the internal military conflict and into KEFI's balance date, so it was considered prudent to repay debts and de-risk the balance sheet in order to protect the company.

A: After taking this issue into account and recent project developments as reported, the per share NPV has diluted from 13 to 12p per share, as set out in the Q4 2021 Quarterly Report. The placing's protection of solvency linked with the "almost" preservation of NPV per share was considered to be in shareholders' best interests.

Q: What is your share price expectation at the moment the first gold is being sold and when this would be.

A: Comparisons with other analogous listed companies suggest we should have a share price at least equal to NPV per share when production starts up, as compared with a fraction of that today.

A: The Q4 2021 Quarterly Report set out 12 pence per share on an NPV basis. We expect the discount to NPV to shrink as we de-risk and the NPV itself should grow as we approach production.

Q: What do you have to say to the long-term shareholders who invested in Kefi and have since seen value dive without the benefit of lower option and warrant issues?

A: As regards the sense of frustration: management is very closely aligned with shareholders and shares the frustrations in their pockets as well as in their day to day challenges in frontier markets.

A: As regards past presentations: management presents what it expects, but obviously did not anticipate the degree of turbulence in Ethiopia in the past few years, especially 2021, and the permitting delays in Saudi Arabia until recently.

A: As regards the warrants and options:

- The warrants issued as part of the placing reflected being part of planning the project financing of Tulu Kapi. Pricing was market driven.
- The incentive options on issue are part of the approved scheme.
- The exercise price of all warrants and options is much greater than the current price and their exercise will reflect a KEFI market cap in excess of 3 times the current level.
- As they come into the money, all warrants and options will represent well under 10% of fully-diluted issued capital.

Q: Why do you keep diluting the company's share of the Saudi Arabian joint venture when it looks to be a huge opportunity. We are giving away a share of billions for the cost of drilling.

A: We just did not want to ask shareholders for more capital than was judged as being warranted at the time.

A: To best serve shareholders, we strive to optimise capital issues at the parent vs the subsidiary levels. But until the company is a cash producer, it relies on equity issues at one level or another.

Q: Do shareholders have to expect another new share placing during 2022-2023 or is the financing secured yet?

A: The financing plan for Tulu Kapi is mapped out in the latest presentation, available on the website within which KEFI shareholders are the smallest financier in scale terms, for both Ethiopia and Saudi Arabia.

A: KEFI's operatorship is what gives us that opportunity to leverage shareholders' capital to maximise upsides for KEFI. KEFI equity will only be utilised when it can maximise KEFI shareholder value.

A: We will only generate those upsides by achieving progress on the ground, which clearly is now happening in Saudi Arabia and is possible in Ethiopia now that its internal hostilities have all but ended.

Q: The recent fundraise, why were existing investors not given an opportunity to avoid dilution with an offer via Primary Bid?

A: We had intended that, but discovered that one cannot make a Primary Bid offering with a warrant attached.

Q: Why do the directors consider the granting of warrants over shares that were granted in lieu of salary to be fair?

A: If cash was plentiful at KEFI, management would have been paid in cash as they initially expected and are entitled to. Management was prepared to be paid in shares rather than cash, as long as it was on the same terms as third parties.

A: The placing terms were set to achieve two things: first to raise the capital and secondly to do so in a manner that lined funds up to cover the TK project finance piece for KEFI.

Tulu Kapi:

Q: What has been put into place to avoid any more kidnapping of any employees?

A: The main thing is to have successfully achieved unharmed release without ransom or other conditions. That avoids many legacy issues. Nevertheless security protocols have been upgraded with the Government, but we cannot publish details.

Q: Is the Tulu Kapi financing likely to be completed before the state of emergency ends in Ethiopia, if not is that soon enough for the Minister of Mines?

A: SOE is until May 2022.

A: We have set out to shareholders the likely window of Feb-May for closing finance and the Minister of Mines wants to be satisfied in the meantime that we have the banking support for whenever it can happen according to security and other normal conditions.

Q: Is the national security in Ethiopia good enough currently (with the recent government military victories) to permit financial close to happen so that the TK mine project can finally enter development?

A: It is encouraging that the conflict has abated. The objective tests for finance closing includes sign-off of all government-facing agreements, independent security assessment, unhindered site access for say a few months and availability of insurance for transport and construction.

Q: The ministry of Mines (MoM) has given a deadline of end of January 2022 for funding of Tula Kapi mine to be signed off. Has this date given by the MoM changed with the Tigray conflict or does it still have to be completed so the license is not revoked after 31 January 2022

A: The MOM has asked for confirmation from the senior lenders that they are committed subject to security and other normal conditions. The banks have visited the Government offices in Ethiopia and confirmed that is the case.

Q: How confident are you that the licence for Tulu Kapi will be extended if no funding has been confirmed by the end of January? Are you awaiting specific security clearance from the Government before proceeding or is it based on your (and the investors') general perception of peace?

A: The legal standing of the licence is solid.

A: The pressure from the MOM is to demonstrate that we can go ahead when security and other normal conditions are met.

Q: Ethiopia - what progress has been made in the last few months regarding project financing? Have you converted the remaining 37% of funding sources that were yet to give conditional approvals?

A: We have maintained the syndicate despite the various reported incidents. The syndicate feels that we handled the situation properly, never to put people and capital under unnecessary security risk. Technical and legal due diligence kept rolling as did the many government-facing agreements which agencies need to settle on before the syndicate will send capital into the country.

Q: With TKGM continuing to be on hold until the conflict is finished, which has taken over a year so far, would it not be prudent to cut right back the money being spent out in Ethiopia until the ceasefire is in place?

A: Yes, and that has been done.

Q: How confident are you that Tulu Kapi will be signed off this year?

A: Very confident despite that, with hindsight, Ethiopian security issues were underestimated last year by most of the world including us. The country appears to have turned the right corner in the past month and the next few months will be very important to watch carefully. It is looking promising.

Q: Have the banks and financiers still got the funding available for the mine, or is that money going to be diverted to rebuilding the country after the war?

A: Our project financing has nothing to do with other Government projects.

Q: Why is Tulu Kapi commissioning now 2024?

A: It is a 24 month construction project.

Q: The increase in the ownership of TK to 70% (from 65%) indicates that some of the finance consortium have dropped out. Is the syndicate still in place and ready to sign and close finance within 4 weeks if there was a ceasefire?

A: The increase is more to do with the availability of less dilutive mezzanine finance at the subsidiary level. Please refer to the chart in the latest presentation on the website that sets out the finance plan.

Saudi Arabia:

Q: Saudi - in August you mentioned the case for a potential 30k oz heap leach gold operation, but we haven't heard anything since - how likely is this to come to fruition?

A: The Q4 2021 Quarterly report provided an update on this - the Jibal Qutman Gold Project.

Q: Al Godeyer - can you give some early indications of the potential from this license:

A: It appears analogous to the deposit we have already delineated at Hawiah and therefore is likely to add significant tonnes both as oxides at surface and sulphides at depth.

Q: ARTAR relationship in Saudi - what are their mining ambitions in the region? How is Kefi's relationship with them developing?

A: We have an excellent relationship and the partners are very excited about the development of both Hawiah and Jibal Qutman, plus the growth potential in

the pipeline. More than a decade of work seems to be paying off in 2022 and thereafter.

Q: What is the minimum share of the Saudi Arabian joint venture that you are willing to dilute to fund the drilling?

A: The Board would not like it fall below 30%.

Q: The PFS date for Hawiah has slipped from H1-2022 to H2-2022. In November's RNS the development of the Hawiah mine was 2023 and now it is 2025. That is a significant delay of 2 years. Can you confirm if you have identified any potential buyers for the selling off some of your discoveries such as Hawiah to provide shareholder value given your current business plan of being an explorer and not a producer? What would the timeline be for such a proposal?

A: The PFS has been given more time because the project has evolved into an opportunity to spend less and get going quicker, via an open pit on the oxides. A PFS is a "learning study" as much as a "proving study" and it is in shareholders' interests to encourage the project management team to seize opportunities to reduce capex and make other improvements wherever the opportunity is spotted

A: The sell or develop decision as regards any project of Gold and Minerals asset is one for the JV, majority controlled by ARTAR. KEFI can decide to back out of any project and be diluted within it, but cannot force the majority partner to exit a project or exit the business. We only discovered Hawiah 18 months ago, the JV has not considered it appropriate to have that discussion at this stage

Q: Do you plan to fund the Jibal & Hawiah mine builds via another large share placement at the end of next year? £16m for Hawiah & £3m for Jibal would potentially more than double the number of shares currently in circulation.

A: For KEFI to retain its share of the JV, we will need to fund say 30% (approximate KEFI ownership of Gold and Minerals) of 25% (equity finance component of capital expenditure) i.e. under 10% of capex. And the pathway to cashflow is short. It certainly appeals as a natural and attractive development proposition and offers very high returns to KEFI shareholders.

Q: With Hawiah now being proven to be an economic deposit, why have you now decided to continue to drill at this site? It is now looking like Hawiah is delayed by more than a year, why keep drilling?

A: We need to do sufficient drilling to submit a mining licence application and procure project finance.

Q: I believe that Hawiah had a potential mine build Capex requirement of around \$220m, are you now saying that this number will drop to around \$120m?

A: We only just published the updated Resource, but the results steer us towards focusing on starting-up on an open pit for quicker cash generation from a gold/silver operation. This would mean a deferral of the installation of a flotation circuit and of commencement of underground mine development. This is all great news but needs to be properly worked through. And yes, up front capex would drop significantly. but we need to do the work properly before starting to get held accountable for capex plans. All these preliminary comments are on the back of a hot-off-the-press resource update.

Q: Are ARTAR aware & comfortable of Kefi needing to get TKGM built and generating revenue as a prerequisite for the Hawiah mine being funded and built?

A: We do not need to build Tulu Kapi before Hawiah but that is how it lines up at present.