

22 September 2020

KEFI Gold and Copper plc

("KEFI" or the "Company")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2020

KEFI Gold and Copper plc (AIM: KEFI), the gold exploration and development company with projects in the Democratic Republic of Ethiopia and the Kingdom of Saudi Arabia, is pleased to announce its unaudited interim results for the six months ended 30 June 2020.

The statement below encompasses the activities of the Company's subsidiary, KEFI Minerals (Ethiopia) Limited ("KME"), in Ethiopia, and KEFI's joint venture, Gold & Minerals Limited ("G&M"), in the Kingdom of Saudi Arabia.

Overview

The current climate of increased gold and copper prices means that the project economics for the Company's Tulu Kapi gold project in Ethiopia ("Tulu Kapi" or the "Project") have become even more attractive, as have the potential values of our discoveries in Saudi Arabia, with maiden resources now reported mainly for copper/gold at Hawiah, as well as for zinc/silver and also for gold at Jibal Qutman.

The Company has continued to advance its projects in the highly prospective Arabian Nubian Shield notwithstanding the logistical restrictions imposed to protect personnel and the wider community due to COVID-19.

As reported post period end in July 2020 Tulu Kapi project company Tulu Kapi Gold Mines Share Company ("TKGM") is in detailed discussions with specialist mining financiers to complete the Project finance consortium alongside the mandated senior bank lenders to the Project. TKGM is working closely with all these parties to refine the detailed terms and to complete their reviews of the recently completed independent technical expert reports. The focus remains on continuing offsite development activities, the closing of the full Project funding package in October 2020, resettlement commencing in Q4 2020, site construction in early 2021 and for gold production to commence in 2022, in line with recent guidance.

It is notable that both Ethiopia and Saudi Arabia have prioritised development of the mining sector and both countries are implementing reforms to further develop and open up their economies.

The company continues to receive the support of its shareholders and welcomes to its investor base RAB Capital who now hold 12% of the issued capital of the Company and have Board representation.

Tulu Kapi Gold Project, Ethiopia

As previously reported, despite COVID-19, the implementation of the Project development activities during the first half has continued as planned:

- Infrastructure for connection of roads & power and security upgrade: This long-lead activity is on schedule, so that it does not hold up on-site construction over the next two years when new roads and electricity will be required;
- A road now has been built into new host lands for Tulu Kapi residents to be resettled;
- Security has been significantly expanded in the Mine License Area and surrounding district; and
- Infrastructure for ore processing: Process plant Front-End-Engineering-and-Design was completed by principal contractors Lycopodium Limited, after updating pricing from the plant fabricators and integrating the results of recent geotechnical drilling into final designs of foundations for plant and dams.

Gold & Minerals Limited Joint Venture (G&M), Saudi Arabia

As announced post period end on 19 August 2020, a maiden resource at Hawiah has been delineated:

- Maiden Hawiah Inferred Mineral Resource Estimate (“MRE”) of 19.3 million tonnes (“Mt”) at 0.9% copper, 0.8% zinc, 0.6 g/t gold and 10.3g/t silver;
- Mineralisation remains open at depth; and
- High grade zones outside of current Mineral Resource, expected to be targeted in next drilling phase.

The Hawiah Internal Preliminary Economic Assessment (“PEA”) has also been announced today.

KEFI welcomed the approval by the Saudi Arabian Cabinet in June 2020 of a new Mining Investment Law which is aimed at boosting the country’s mining industry and is part of Saudi Arabia’s plan to diversify its economy away from hydrocarbons. The Company also welcomes the expanded role of the Saudi Investment Development Fund specifically to support mining project finance, which may be pertinent to the Hawiah Project once prepared for development.

This new regulatory impetus is expected to also help clarify the path forward to unlock value from KEFI’s Saudi gold discovery at Jibal Qutman, which has been on hold awaiting Mining Licence tenure confirmation. An Internal Preliminary Economic Assessment in 2015 suggesting estimated operating costs of c. US\$600/oz and estimated capital expenditure of US\$30 million demonstrates that Jibal Qutman’s Mineral Resources, totalling 733,000 ounces of near-surface gold, should be highly profitable in the current gold price environment.

Financial

During the period the Company raised gross proceeds of £5.6 million through two placings. The placing completed on 6 January 2020 raised gross proceeds of £1.9 million to reduce creditors and the placing completed on 28 May 2020 provided additional funding to the Company of £3.7 million (gross) to continue the Tulu Kapi preparations, notwithstanding the challenges created by COVID-19.

In order to reduce short term expenditure whilst project preparations continued, KEFI initiated a number of changes during the period:

- adjusting parts of the TKGM budget, whilst preserving key business targets;
- ongoing salary reductions by senior management of 25% pending progress reviews; and
- one-time dilution of Saudi joint-venture interest from 40% to 34% by not contributing pro rata share of expenses to G&M in the two years to 30 June 2020. It should be noted that KEFI expects to fund its pro rata share going forward.

The Company continues to consider a range of financing options to provide and maintain appropriate levels of working capital and funding for the long term development of the Tulu Kapi Gold project and the advancement of the Saudi initiatives.(see also “Note 2” to the financial statements)

Corporate – post period end

- Mr Adam Taylor was appointed as a Non-executive Director on 20 July 2020 following the investment by international investment company RAB Capital, a specialist in the mining sector. RAB Capital’s welcome involvement is viewed as a long-term participation and they now hold approximately 12% of KEFI’s issued share capital.
- On 18 August 2020 the company changed its name to KEFI Gold and Copper plc to better characterise and communicate its objectives and activities, reflecting its now established significant position in gold and copper.

Commenting, Mr Harry Anagnostaras-Adams, Executive Chairman of KEFI said, “During the first half and subsequently, the Company has continued to advance and is now extremely well positioned. The value-enhancing milestones ahead bode well for the Company’s prospects and we seem fortunate that this coincides with a rising gold and copper prices in particular and aggressively pro-development Government initiatives in our host countries, Ethiopia and Saudi Arabia. The remainder of 2020 is expected to be a very exciting period for the Company and we look forward to providing regular updates as matters progress.”

Investor Webinar

- The Company will host its live quarterly webinar at 2pm London time on Monday 26 October 2020 which will be accessed via: www.brrmedia.co.uk
- Listeners are encouraged to submit questions by emailing: questions@brrmedia.co.uk. The webinar will subsequently be available on the Company's website at <http://www.kefi-minerals.com/news/webcasts>.

Market Abuse Regulation (MAR) Disclosure

Certain information contained in this announcement would have been deemed inside information for the purposes of Article 7 of Regulation (EU) No 596/2014 until the release of this announcement.

Enquiries

KEFI Gold and Copper plc

Harry Anagnostaras-Adams (Executive Chairman) +357 99457843

John Leach (Finance Director) +357 99208130

SP Angel Corporate Finance LLP (Nominated Adviser and Joint Broker) +44 20 3470 0470

Jeff Keating, Soltan Tagiev

Brandon Hill Capital Ltd (Joint Broker) +44 20 7936 5200

Oliver Stansfield, Jonathan Evans

IFC Advisory Ltd (Financial PR and IR) +44 20 3934 6630

Tim Metcalfe, Florence Chandler

Condensed interim consolidated statements of comprehensive income

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Notes	Six months ended 30 June 2020 Unaudited	Six months ended 30 June 2019 Unaudited
Revenue		-	-
Exploration expenses		(18)	(21)
Gross loss		(18)	(21)
Administration expenses		(1,580)	(1,066)
Share-based payments		(76)	(73)
Share of loss from jointly controlled entity		(587)	(186)
Gain from dilution of equity interest in joint venture	11	1,037	-
Operating loss		(1,224)	(1,346)
Foreign exchange loss		362	(4)
Finance expense		(192)	(345)
Loss before tax		(1,054)	(1,695)
Tax		-	-
Loss for the period		(1,054)	(1,695)
Loss for the period		(1,054)	(1,695)
Other comprehensive loss:			
Exchange differences on translating foreign operations		(-)	(7)
Total comprehensive loss for the period		(1,054)	(1,702)
Basic loss per share (pence)	4	(0.08)	(0.27)
Basic diluted loss per share (pence)	4	(0.07)	(0.26)

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

Condensed interim consolidated statements of financial position

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Notes	Unaudited 30 June 2020	Audited 31 Dec 2019
ASSETS			
Non-current assets			
Property, plant and equipment		41	39
Intangible assets	6	22,978	21,200
Investments in JV		-	-
Receivables		-	-
		<u>23,019</u>	<u>21,239</u>
Current assets			
Financial assets at fair value through OCI		67	70
Trade and other receivables	5	310	1,234
Deferred financing expenses		-	-
Cash and cash equivalents		2,135	150
		<u>2,512</u>	<u>1,454</u>
Total assets		<u>25,531</u>	<u>22,693</u>
EQUITY AND LIABILITIES			
Issued capital and reserves attributable to owners of the parent			
Share capital	7	1,868	1,149
Deferred Shares	7	23,328	23,328
Share premium	7	29,448	25,452
Share options reserve	8	1,250	1,118
Foreign exchange reserve		-	-
Accumulated losses		(35,167)	(34,640)
		<u>20,727</u>	<u>16,407</u>
Non-controlling interest		1,154	1,075
Total equity		<u>21,881</u>	<u>17,482</u>
Current liabilities			
Trade and other payables	9	3,650	4,247
Loans and borrowings	10	-	964
		<u>3,650</u>	<u>5,211</u>
Total liabilities		<u>3,650</u>	<u>5,211</u>
Total equity and liabilities		<u>25,531</u>	<u>22,693</u>

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

On 21 September 2020, the Board of Directors of KEFI Gold and Copper Plc authorised these unaudited condensed interim financial statements for issue.

John Leach

Finance Director

Condensed interim consolidated statement of changes in equity

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Attributable to the equity holders of parent						Total	NCI	Total equity
	Share capital	Deferred shares	Share premium	Share options and warrants reserve	Foreign exchange reserve	Accumulated losses			
At 1 January 2019 (Note 2)	9,719	12,436	21,581	1,032	(215)	(30,276)	14,277	1,075	15,352
Loss for the period	-	-	-	-	-	(1,695)	(1,695)	-	(1,695)
Other comprehensive income	-	-	-	-	(7)	-	(7)	-	(7)
Total Comprehensive Income	-	-	-	-	(7)	(1,695)	(1,702)	-	(1,702)
Recognition of share based payments	-	-	-	73	-	-	73	-	73
Cancellation & Expiry of options/warrants	-	-	-	(42)	-	42	-	-	-
Issue of share capital	1,855	-	129	-	-	-	1,984	-	1,984
Share issue costs	-	-	(92)	-	-	-	(92)	-	(92)
Non-controlling interest	-	-	-	-	-	1	1	(1)	-
At 30 June 2019 (Note 2 Prior year adjustment)	11,574	12,436	21,618	1,063	(222)	(31,928)	14,541	1,074	15,615
Loss for the period	-	-	-	-	-	(3,878)	(3,878)	-	(3,878)
Other comprehensive income	-	-	-	-	222	-	222	-	222
Total Comprehensive Income	-	-	-	-	222	(3,878)	(3,656)	-	(3,656)
Recognition of share based payments	-	-	-	177	-	-	177	-	177
Cancellation & Expiry of options/warrants	-	-	-	(122)	-	122	-	-	-
Issue of share capital	467	-	3,927	-	-	1,045	5,439	-	5,439
Deferred Shares	(10,892)	10,892	-	-	-	-	-	-	-
Share issue costs	-	-	(93)	-	-	-	(93)	-	(93)
Non-controlling interest	-	-	-	-	-	(1)	(1)	1	-
At 1 January 2020 Audited	1,149	23,328	25,452	1,118	-	(34,640)	16,407	1,075	17,482
Loss for the period	-	-	-	-	-	(1,054)	(1,054)	-	(1,054)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	-	-	-	-	-	-	-	-	-
Recognition of share based payments	-	-	-	336	-	-	336	-	336
Cancellation & Expiry of options/warrants	-	-	-	(606)	-	606	-	-	-
Issue of share capital and warrants	719	-	4,441	402	-	-	5,562	-	5,562
Share issue costs	-	-	(445)	-	-	-	(445)	-	(445)
Non-controlling interest	-	-	-	-	-	(79)	(79)	79	-
At 30 June 2020 Unaudited	1,868	23,328	29,448	1,250	-	(35,167)	20,727	1,154	21,881

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

Reserve	Description and purpose
Share capital	amount subscribed for share capital at nominal value.
Deferred shares	under the restructuring of share capital, ordinary shares of in the capital of the Company were sub-divided into deferred share.
Share premium	amount subscribed for share capital in excess of nominal value, net of issue costs.
Share options and warrants reserve	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)	the portion of equity ownership in a subsidiary not attributable to the parent company.

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

Condensed interim consolidated statements of cash flows

(unaudited) (All amounts in GBP thousands unless otherwise stated)

	Notes	Six months ended 30 June 2020	Six months ended 30 June 2019
Cash flows from operating activities			
Loss before tax		(1,054)	(1,695)
Adjustments for:			
Share-based benefits		76	73
Share-based payments		-	7
Issue of warrants		-	-
Fair value loss to derivative financial asset		3	-
Gain from dilution of equity interest in joint venture	11	(1,037)	-
Share of loss in joint venture		587	186
Depreciation		1	1
Finance expense		192	345
Realised Loss on derivative financial asset		-	-
Foreign exchange losses on financing activities		(380)	35
Foreign exchange gains on operating activities		11	-
Cash outflows from operating activities before working capital changes		(1, 601)	(1,048)
Interest paid		(192)	(76)
Changes in working capital:			
Trade and other receivables		(216)	(5)
Trade and other payables		1,337	566
Net cash used in operating activities		(480)	(563)
Cash flows from investing activities			
Purchases of plant and equipment		(3)	-
Deferred exploration costs		-	(493)
Project evaluation costs	6	(1,778)	(433)
Advances to joint venture		(207)	(159)
Net cash used in investing activities		(1,988)	(1,085)
Cash flows from financing activities			
Proceeds from issue of share capital	7	4,841	969
Listing and issue costs	7	(185)	(92)
Financing transaction costs paid		(192)	-
Proceeds from convertible notes		-	525
Proceeds from bridge loans		-	587
Repayment short term working capital bridging finance		-	(270)
Net cash from financing activities		4,464	1,719
Net increase in cash and cash equivalents		1,996	71
Cash and cash equivalents:			
At beginning of period		150	88
Exchange differences		(11)	1
At end of period		2,135	160

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

Notes to the condensed interim consolidated financial statements

For the six months to 30 June 2020(unaudited) and 2019 (All amounts in GBP thousands unless otherwise stated)

1. Incorporation and principal activities

Country of incorporation

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.

Principal activities

The principal activities of the Group for the period are:

- To explore 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.
- To evaluate 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.
- To develop, operate mineral deposits and market the metals produced.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these condensed interim consolidated financial statements are set out below. These policies have been applied consistently throughout the period presented in these condensed interim consolidated financial statements unless otherwise stated.

Basis of preparation and consolidation

The condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standards (IFRS).

These condensed interim consolidated financial statements ("the statements") are unaudited and include the financial statements of the Company and its subsidiary undertakings. They have been prepared using accounting bases and policies consistent with those used in the preparation of the financial statements of the Company and the Group for the year ended 31 December 2019. These statements do not include all of the disclosures required for annual financial statements, and accordingly, should be read in conjunction with the financial statements and other information set out in the Company's 31 December 2019 Annual Report. The accounting policies are unchanged from those disclosed in the annual 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, exploration of the Saudi Arabia exploration properties and for working capital requirements. In considering the Group's ability to continue as a Going Concern, 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 the Group's strategic objectives as part of this assessment. The Group has also considered the potential impact of COVID 19 in respect of its forecasts.

The ability of the Company to carry out its planned business objectives is dependent on its ability to continue to raise adequate financing from lenders, shareholders and other investors to meet its working capital and other funding requirements. Financing will also be required to continue the development of the Tulu Kapi Gold Project through to production.

The Company is in discussions with a number of fund providers to the mining industry who have an interest in the full range of financing instruments from conventional equity to debt to quasi equity. In addition, the company enlists the help of external professionals such as stock brokers and specialist financial advisors to assist in identifying and successfully concluding investment arrangements with third parties.

The Group is currently evaluating a number of proposed sources of financing for the Tulu Kapi Gold Project, the main focus of which is securing and optimising the full project funding package of c. US\$221 million comprising senior debt and a combination of pure equity and offtake-linked subordinated debt. The Ethiopian Government is in the process of contributing project equity of no less than US\$20 million (Ethiopian Birr equivalent) and KEFI wholly-owned subsidiary KEFI Minerals (Ethiopia) Limited (formerly Nyota Minerals (Ethiopia) Limited up until its acquisition in 2013) has invested over US\$60 million to date. .

Furthermore, the Group has mandated two African based banks to provide long term project financing to the project subject to the completion of the bank's due diligence processes.

It should be noted that there are currently no unconditional, binding agreements in place in respect of any additional funding and there is no guarantee that any course of funding will proceed. Also, COVID-19 has had a significant negative impact on the global economy which may mean it is harder to secure additional funding than has historically been the case. Notwithstanding this as a result of historical and ongoing proactive discussions with stakeholders, the Board has a reasonable expectation that the Group will be able to raise further funds in order to meet its obligations. Subject to the above, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Prior year adjustment

In 2017 and 2018 amounts of £1,340,000 and £938,000 relating to the issue of shares were, respectively, transferred from share premium to accumulated losses. In accordance with the UK Companies Act 2006, the share premium should not have included these adjustments and accordingly they have been restated in the opening balance sheet and the prior year comparatives. The impact of the adjustment is to increase share premium by £1,340,000 and decrease accumulated losses by the same amount at 1 January 2018, and to increase share premium by a further £938,000 and decrease accumulated losses by the same amount in the prior year. The adjustment has no impact on losses or assets or liabilities in any year

New and amended standards adopted by the Company

The same accounting policies, presentation and methods of computation are followed in the interim consolidated financial information as were applied in the Group's latest annual audited financial statements except for those that relate to new standards and interpretations effective for the first time for periods beginning on (or after) 1 January 2020, and will be adopted in the 2020 annual financial statements. The following new standards and interpretations became effective on 1 January 2020 and have been adopted by the Group. None of these amendments are considered to have had a material effect in the Period.

- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (Amendment – Definition of Material)
- IFRS 3 Business Combinations (Amendment – Definition of Business)
- IBOR Reform and its Effects on Financial Reporting – Phase 1
- Revised Conceptual Framework for Financial Reporting

3. Operating segments

The Group has only one distinct operating segment, being that of mineral exploration. The Group's exploration activities are located in Ethiopia, Saudi Arabia through the jointly controlled entity and its administration and management is based in Cyprus.

Unaudited Six months ended 30 June 2020	Cyprus	Ethiopia	Saudi Arabia	Total
	£'000	£'000	£'000	£'000
Operating loss (Excluding loss from jointly controlled entity)	(1,666)	(8)	-	(1,674)
Interest paid	-	-	-	-
Other finance costs	(192)	-	-	(192)
Foreign exchange profit	259	103	-	362
Share of loss from jointly controlled entity	-	-	(587)	(587)
Gain from dilution of equity interest in joint venture	1,037	-	-	1,037
Loss before tax	(562)	95	(587)	(1,054)
Tax				-
Loss for the period				(1,054)
Total assets	5,404	14,770	-	20,174
Total liabilities	(3,340)	(231)	(43)	(3,614)
Depreciation of property, plant and equipment	-	(1)	-	(1)

Unaudited Six months ended 30 June 2019	Cyprus	Ethiopia	Saudi Arabia	Total
---	--------	----------	--------------	-------

	£'000	£'000	£'000	£'000
Operating loss (Excluding loss from jointly controlled entity)	(1,154)	(6)	-	(1,160)
Interest paid	(244)	-	-	(244)
Other finance costs	(101)	-	-	(101)
Foreign exchange loss	(4)	-	-	(4)
Share of loss from jointly controlled entity			(186)	(186)
Loss before tax	(1,503)	(6)	(186)	(1,695)
Tax				-
Loss for the period				(1,695)
Total assets	7,344	12,830	-	20,174
Total liabilities	(3,985)	(422)	(152)	(4,559)
Depreciation of property, plant and equipment	-	(1)	-	(1)

4. 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:

	Six months ended 30 June 2020 Unaudited £'000	Six months ended 30 June 2019 Unaudited £'000
Net loss attributable to equity shareholders	(1,054)	(1,695)
Net loss for basic and diluted loss attributable to equity shareholders	(1,054)	(1,695)
Weighted average number of ordinary shares for basic loss per share (000's)	1,401,656	620,691
Weighted average number of ordinary shares for diluted loss per share (000's)	1,462,687	653,297
Loss per share:		
Basic loss per share (pence)	(0.08)	(0.27)
Basic diluted loss per share (pence)	(0.07)	(0.26)

The effect of share options and warrants on the loss per share is anti-dilutive.

5. Trade and other receivables

	30 June 2020 Unaudited £'000	31 Dec 2019 Audited £'000
Share Placement	14	1,154
Other receivables	8	-
VAT	82	80
Advance to Gold and Minerals	206	-
	310	1,234

6. Intangible assets

	Total exploration and project evaluation costs £ '000
Cost	
At 1 January 2019 (Audited)	19,023
Additions	1,020
At 30 June 2019 (Unaudited)	20,043
Additions	1,423
At 31 December 2019 (Audited)	21,466
Additions	1,778
At 30 June 2020 (Unaudited)	23,244

Accumulated Impairment	
At 1 January 2019 (Audited)	(266)
Impairment charge for the period	-
At 30 June 2019 (Unaudited)	(266)
Impairment charge for the period	-
At 31 December 2019 (Audited)	(266)
Impairment charge for the period	-
At 30 June 2020 (Unaudited)	(266)
Net Book Value at 30 June 2020 (Unaudited)	22,978
Net Book Value at 31 December 2019 (Audited)	21,200

7. Share capital

	Number of shares 000's	Share Capital £'000	Deferred shares £'000	Share premium £'000	Total £'000
Issued and fully paid					
At 1 January 2020 (Audited)	1,148,874	1,149	23,328	25,452	49,929
Share Equity Placement 10 Jan 2020	149,000	149	-	1,714	1,863
Share Equity Placement 14 May 2020	113,846	114	-	626	740
Share Equity Placement 28 May 2020	455,385	456	-	2,503	2,959
Share issue costs	-	-	-	(185)	(185)
Broker warrants: issue costs	-	-	-	(260)	(260)
Warrants: fair value split of warrants issued to shareholders.				(402)	(402)
At 30 June 2020 (Unaudited)	1,867,105	1,868	23,328	29,448	54,644

Issued capital

During January 2020, the Company completed a £1,862,500 placing by issuing 149,000,000 new ordinary shares of 0.1p each in the capital of the Company at a price of 1.25p per share.

During May 2020, the Company raised a further £3.7 million via a placing of 569,230,761 new Ordinary Shares of 0.1p each in two tranches at an issue price of 0.65 pence per share. Brandon Hill Capital Ltd acted as broker for the placing. The first 113,845,837 share tranche was conditional only upon admission of the shares to AIM, while the second tranche of 455,384,924 shares required shareholder approval at a General Meeting held on the 28 May 2020. The Company finalised this placing of £3,700,000 and issued 569,230,761 new ordinary shares of 0.1p each in the capital of the Company. All Shares rank pari passu in all respects with the existing ordinary shares of the Company.

8. Share Based Payments

8.1. Warrants

Details of warrants outstanding as at 30 June 2020:

Grant date	Expiry date	Exercise price	Unaudited Number of warrants* 000's
19 Sep 2018	20 Sep 2023	2.5p	2,000
02 Aug 2019	02 Aug 2022	2.5p	19,500
10 Jan 2020	10 Jan 2020	1.25p	7,450
14 May 2020	14 May 2023	0.65p	5,692
29 May 2020	29 May 2023	0.65p	22,770
			57,412

	Weighted average ex. price	Unaudited Number of warrants* 000's
Outstanding warrants at 1 January 2020	2.50p	21,500
- granted	1.76p	1184,912
- cancelled/expired/forfeited	2.00p	² (149,000)
Outstanding warrants at 30 June 2020	1.42p	<u>57,412</u>

These warrants were issued to advisers and shareholders of the Group.

^{1&2} The Company issued 149,000,000 short term warrants to subscribe for new ordinary shares of 0.1p each at 2p per share in accordance with the December 2019 and January 2020 share placement and as approved by shareholders on 6 January 2020. The warrants expired on 30 April 2020. The Company performed a fair value split by fair valuing the warrants using Black Scholes and assumed that this value is the residual share amount.

¹On 16 December 2019, the Company issued 7,450,000 warrants to subscribe for new ordinary shares of 0.1p each at 2p per share. to Brandon Hill pursuant to the Placing Agreement. The warrants expire 2 years from the date of issue (10 January 2020).

¹During May 2020, the Company issued 28,461,538 broker warrants to subscribe for new ordinary shares of 0.1p each at 0.65p per share to Brandon Hill pursuant to the Placing Agreement. The warrants expire within three years of the date of First Admission.

8.2 Share options reserve

Details of share options outstanding as at 30 June 2020:

Grant date	Expiry date	Exercise price	Unaudited Number of shares* 000's
12-Sep-14	11-Sep-20	29.92p	132
20-Mar-15	19-Mar-21	22.44p	1,529
16-Jun-15	15-Jun-21	22.44p	382
12-Jan-16	11-Jan-22	7.14p	4,088
23-Feb-16	22-Feb-22	12.58p	176
05-Aug-16	05-Aug-22	10.20p	1,471
21-Mar-17	20-Mar-23	7.50p	7,907
01-Feb-18	31-Jan-24	4.50p	11,400
			<u>27,085</u>

	30 June 2020 Unaudited	31 Dec 2019 Audited
Opening amount	1,118	1,032
Warrants issued costs	662	94
Share options issued to employees	33	34
Share options issued to directors and key management	43	122
Forfeited Options	-	-
Expired Options	(204)	-
Expired Warrants	(402)	(164)
	<u>1,250</u>	<u>1,118</u>

	Weighted average ex. price	Unaudited Number of shares* 000's
Outstanding options at 1 January 2020	8.95p	28,365
- granted	-	-
- cancelled/expired/forfeited	39.07	(1,280)
Outstanding options at 30 June 2020	7.52p	<u>27,085</u>

8.3. Share Payments for services rendered.

January 2020 placement of 149,000,000 shares

On 6 January 2020, following approval by shareholders, the Company issued 49,419,600 new ordinary shares ("Remuneration Shares") and 99,580,400 new ordinary shares ("Settlement Shares") of 0.1p each in the capital of the

Company at an issue price of 1.25p. The Remuneration Shares representing an aggregate value of £617,750 were granted to certain directors and management of the Company to satisfy accrued fees and salaries. The Settlement Shares were issued to Project contractors and other third parties in settlement of outstanding invoices and debt and represented an aggregate value of £1,244,750. During January 2020, the Company completed finalised this placing of £1,862,500 by issuing 149,000,000 new ordinary shares of 0.1p each in the capital of the Company. All Shares rank pari passu in all respects with the existing ordinary shares of the Company.

The Remuneration Shares, Settlement Shares and Placing Shares approved on the 6 January 2020 carried a short-term warrant entitlement of one warrant for every two such shares (the "Warrants"). The Warrants had an exercise price of 2p per Ordinary Share and expired on 30 April 2020.

The January 2020 placement provided working capital to the Company, allowed repayment and cancellation of existing debt and reduced other current obligations thus strengthening the financial position and capability of the Company.

All Remuneration Shares, Settlement Shares and Placing Shares were issued at a value of 1.25 pence per share. The net raise amounted to £1,862,500, with liabilities and other obligations listed below settled in shares.

Amount in settlement of outstanding obligations:

The total shares issued during period for services rendered was as follows:

Name	Number of Remuneration and Settlement Shares 000	Amount £'000
H Anagnostaras-Adams	11,812	148
J Leach	8,924	112
Norman Arthur Ling	2,000	25
Mark Tyler	2,000	25
Richard Lewin Robinson	1,000	13
Other employees and PDMRs	23,685	296
Amount to settle other Obligations	22,450	281
Amount to settle loans:		
Unsecured Convertible loan facility	6,000	75
Unsecured working capital bridging finance	71,130	889
	149,001	1,864

9 Trade and other payables

	30 June 2020 Unaudited £'000	31 Dec 2019 Audited £'000
Accruals and other payables	1,606	1,829
Other loans	156	169
Payable to joint venture partner (Note 11 and Note 12.3)	247	456
Payable to Key Management and Shareholder (Note 12.3)	1,641	1,793
	3,650	4,247

10 Loans and Borrowings

10.1.1 Short Term Working Capital Bridging Finance

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

The Group has the option to access working capital from certain existing stakeholders for up to GBP £1.5 million. This unsecured working capital bridging finance is short-term debt which is unsecured and ranked below other loans. In the event the Group was unable to pay this finance it would be repaid after other debt securities have been paid, if any. Management expects that the company would meet its contractual obligation on any such bridging finance on a timely basis going forward.

Unsecured working capital bridging finance	Balance 1 Jan 2020 Audited £'000	Drawdown Amount Unaudited £'000	Transactions on Costs Unaudited £'000	Interest Unaudited £'000	Repayment Shares Unaudited £'000	Repayment Cash Unaudited £'000	Period Ended 30 June 2020 Unaudited £'000
Repayable in cash in less than a year	889	-	-	-	(889)	-	-

10.1.2 Reconciliation of liabilities arising from financing activities

	Cash Flows						Balance 30 June 2020 Unaudited £'000
	Balance 1 Jan 2020	Inflow	(Outflow)	Finance Costs	Shares		
	Audited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	Unaudited £'000	
Unsecured working capital bridging finance							
Short term loans	889	-	-	-	(889)	-	-
	889	-	-	-	(889)	-	-
Convertible notes							
Sanderson unsecured convertible loan facility	75	-	-	-	(75)	-	-
	75	-	-	-	(75)	-	-
	964	-	-	-	(964)	-	-

11 Joint venture agreements

KEFI is the operating partner with a 34% shareholding in G&M with ARTAR holding the other 66%. KEFI provides G&M 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 G&M remains in compliance with all governmental and other procedures. G&M has five Directors, of whom two are nominated by KEFI. However, decisions about the relevant activities of G&M require the unanimous consent of the five directors. G&M is treated as a jointly controlled entity and has been equity accounted and has reconciled its share in G&M's losses.

During the period, the Company has diluted its interest in the Saudi joint-venture company Gold and Minerals from 40% to 34% by not contributing its pro rata share of expenses to G&M. Given that the carrying value of the G&M assets in the Company accounts at the date of dilution was nil because the Company's has a policy of expensing all the costs related to G&M to date. By diluting its interest to G&M to 34% the Company was released from this liability. This resulted in a gain of £1,037,000. In accordance with the group's accounting policy gain of £1,037,000 was reported in the profit or loss during the period.

	Six months ended 30 June 2020 Unaudited £'000
Consideration for dilution: Value of the liability extinguished	1,037
Carrying value of the G&M Assets	-
Gain from dilution of equity interest in joint venture recognised in income statement	1,037

A loss of £587,000 was recognized by the Group for the period ended 30 June 2020 (2019: £186,000) representing the Group's share of losses for the period. As at 30 June 2020, KEFI owed ARTAR an amount of £247,000 (2019: £456,000). Shortly after 30 June 2020 KEFI transferred cash advance to Gold and Minerals of £204,000.

12 Related party transactions

The following transactions were carried out with related parties:

12.1 Compensation of key management personnel

The total remuneration of the Directors and other key management personnel was as follows:

	Six months ended 30 June 2020 Unaudited £'000	Six months ended 30 June 2019 Unaudited £'000
Directors' fees	212	253
Directors' other benefits	26	23
Share-based benefits to directors	35	35
Directors bonus	106	-
Key management fees	481	417
Key management other benefits	11	21
Share-based benefits to key management	22	22
Key management bonus paid in shares	-	-
	<u>893</u>	<u>771</u>

Share-based benefits

The Company has issued share options to directors and key management. On 27 March 2014, the Board approved a new share option scheme ("the Scheme") for directors, senior managers and employees. The Scheme formalised the existing policy that options may be granted over ordinary shares representing up to a maximum of 10 per cent of the Group's issued share capital.

12.2 Transactions with shareholders and related parties

Name	Nature of transactions	Relationship	Transaction to period end 30 June 2020 Unaudited £'000	Transaction to period end 30 June 2019 Unaudited £'000
Winchombe Venture Limited	Receiving of management and other professional services	Key Management and Shareholder	323	268
Members of International Mining Performance	Interest paid on loans advanced	Key Management and Shareholder	-	15
Nanancito Limited	Receiving of management and other professional services	Key Management and Shareholder	169	100
			<u>492</u>	<u>888</u>

12.3 Payable to related parties

The Group			30 June 2020 Unaudited £'000	30 Dec 2019 Audited £'000
Name	Nature of transactions	Relationship		
Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR")	Finance	Jointly controlled entity partner	247	456

Winchombe Ventures Limited	Fees for services	Key Management and Shareholder	613	632
Nanancito Limited	Fees for services	Key Management and Shareholder	877	720
Directors	Fees for services	Key Management and Shareholder	151	441
			1,888	2,249

13 Capital commitments

	30 June 2020 Unaudited £'000	31 Dec 2019 Audited £'000
Tulu Kapi Project costs	1,440	895
Saudi Arabia Exploration costs committed to field work that has been recommenced	1,216	1,264

Summary of estimated future but not yet contractually committed project development cost:

Once the Company and its partners in Tulu Kapi Gold Mine Share Company Limited start development at the Tulu Kapi Gold Project (the "Project") the Company will have project capital commitments. The following table summarizes the 24-month development Project estimated future capital commitments shown on an undiscounted basis.

	30 June 2020 Unaudited £'000	30 June 2020 Unaudited USD'000
On site Infrastructure	88,709	110,000
Mining	21,775	27,000
Off-site Infrastructure	16,129	20,000
Owner's Costs (community, working capital, management, spares, contingency reserves)	36,290	45,000
Interest during grace and other finance effects	15,322	19,000
¹ Total of not Contracted Project Capital Costs	178,225	221,000

¹The disclosed project capital costs above are based on estimates available at the date of the report. These estimated project capital costs are subject to change.

14 Events after the reporting date

Change of Name

With effect from 18 August 2020, the name of the Company was changed from KEFI Minerals plc to KEFI Gold and Copper plc.