

# KEFI

GOLD + COPPER

## Corporate Update 25 August 2021



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Key points of KEFI's announcement on 23 August 2021 were:

- Funding sources expanded for Tulu Kapi Gold Project, to cater for anticipated capex inflation over the past 18 months since estimates from two consecutive reviews by independent experts for senior lenders
- Including mining fleet provided by contractor, US\$356M funding now planned mainly at subsidiary level
- KEFI estimates it will retain c. 70% ownership of TKGM
- 63% of US\$356M total package has now been conditionally confirmed, allowing the remaining parties to proceed with their next steps for their aggregate US\$131M of participation. Next steps include:
  - Complete the detailed documentation for each party's final approvals to sign and launch full Project
  - Satisfy conditions precedent to disbursement of funds, all of which are normal confirmations for a transaction of this nature, including: Final Procurement arrangements, Environmental, Social and Governance certifications, Insurances and Bank Accounts
- KEFI anticipates that the timetable for all parties is to sign detailed documentation for funds flow and Project Launch at end of wet season in October 2021



### **Tuku Kapi (Gold), Ethiopia:**

- KEFI beneficial interest expected to be c. 70%, up from 45% expected in 2020, significantly value accretive

### **Hawiah (Copper-Gold), Saudi Arabia:**

- At AGM in 2020, KEFI had yet to report Maiden Resources at Hawiah. Now have done so and completed PEA

### **Tulu Kapi + Hawiah combined NPV's for KEFI have doubled over the past year, at prevailing metal prices:**

- NPV's at AGM (2019 Annual Report) in June 2020 = US\$185M + nil.
- NPV's today = US\$284M + US\$92M = US\$376M

### **Q4-2021 Board-Approved Targeted Milestones:**

- Tulu Kapi (Gold) launch: full development, underground feasibility study, district exploration
- Hawiah (Copper-Gold): update resources and progress report on PFS, new licences

## Corporate Overview

### Summary

- KEFI was until recently grassroots explorer and is now an explorer, developer and hands-on operator of mining joint ventures with influential and strong local partners in the Arabian-Nubian Shield
- Market capitalisation is c. \$30/oz Au-equivalent on current JORC resources, with significant additional resource potential
- Market capitalisation is 14% of NPV<sub>8%</sub> at prevailing spot metal prices
- NPV<sub>8%</sub> represents 12.6p per current share on issue at current metal prices
- KEFI's planned NPV<sub>8%</sub> of Tulu Kapi + Hawiah doubled since 2020 AGM (2019 annual report)

### KEFI Beneficial Interest in Underlying project NPV's

|                        | 45% TK<br>Planned at AGM June 2020 | 70% TK plus 34% Hawiah<br>Planned at 2021 |
|------------------------|------------------------------------|---|
| US\$ NPV <sub>8%</sub> | \$185M                             | \$376M                                    |
| GB£ NPV <sub>8%</sub>  | £138M                              | £274M                                     |

*Footnote: NPV is internally derived using independently created financial models of net cash flows after tax and debt service, based on DFS for Tulu Kapi open pit gold-silver mine, PEA for Tulu Kapi gold-silver underground mine and PEA for Hawiah underground copper-gold-zinc-silver mine. Metal prices assumed in this table were prevailing spot market prices at June 2020 and 14 August 2021.*

### Summary

|                           |                          |
|---------------------------|--------------------------|
| AIM code                  | KEFI                     |
| Share price - 12 mth      | 1.41p (low)/2.99p (high) |
| Share price               | 1.7p                     |
| Share turnover in 12 mths | >200%                    |
| Shares in issue           | 2,153M                   |
| Market cap                | £38M (c. \$53M)          |
| Nominated Adviser         | SP Angel                 |

### Shareholders over 5% excluding nominees

|                                      |       |
|--------------------------------------|-------|
| RAB Capital and related parties      | 12%   |
| Management, partners and contractors | c. 6% |

### Analyst Coverage

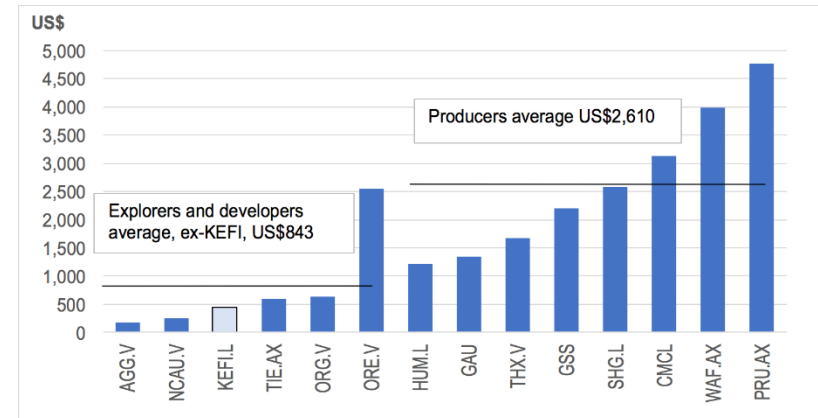
Brandon Hill Capital and SP Angel  
WH Ireland  
Orior Capital and Edison Research

Share data correct as of 23 August 2021

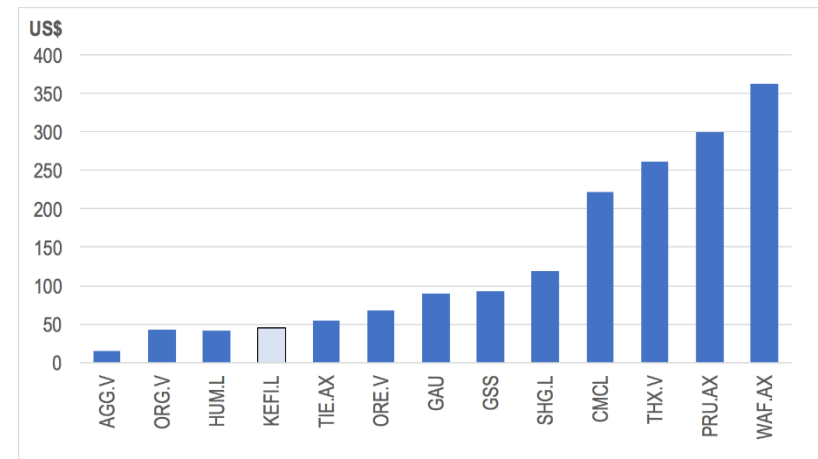
## KEFI Pursues Significant Value Generation

- KEFI is trading at ~US\$447/oz planned production versus >US\$2,600/oz for producers
- KEFI is trading at just US\$45/oz on measured and indicated resources and US\$30/oz including inferred resources (all 3 projects)
- KEFI is of the view that there is upside resources potential through 2021-2022 with exploration in Ethiopia at Tulu Kapi underground and in the surrounding district and in Saudi Arabia at Hawiah
- KEFI believes that the parallel business activity streams pursue significant value generation:
  - Successful development of Tulu Kapi
  - Reserve and resource upgrades in Ethiopia and Saudi Arabia
  - Exploration

EV per oz of planned or actual production



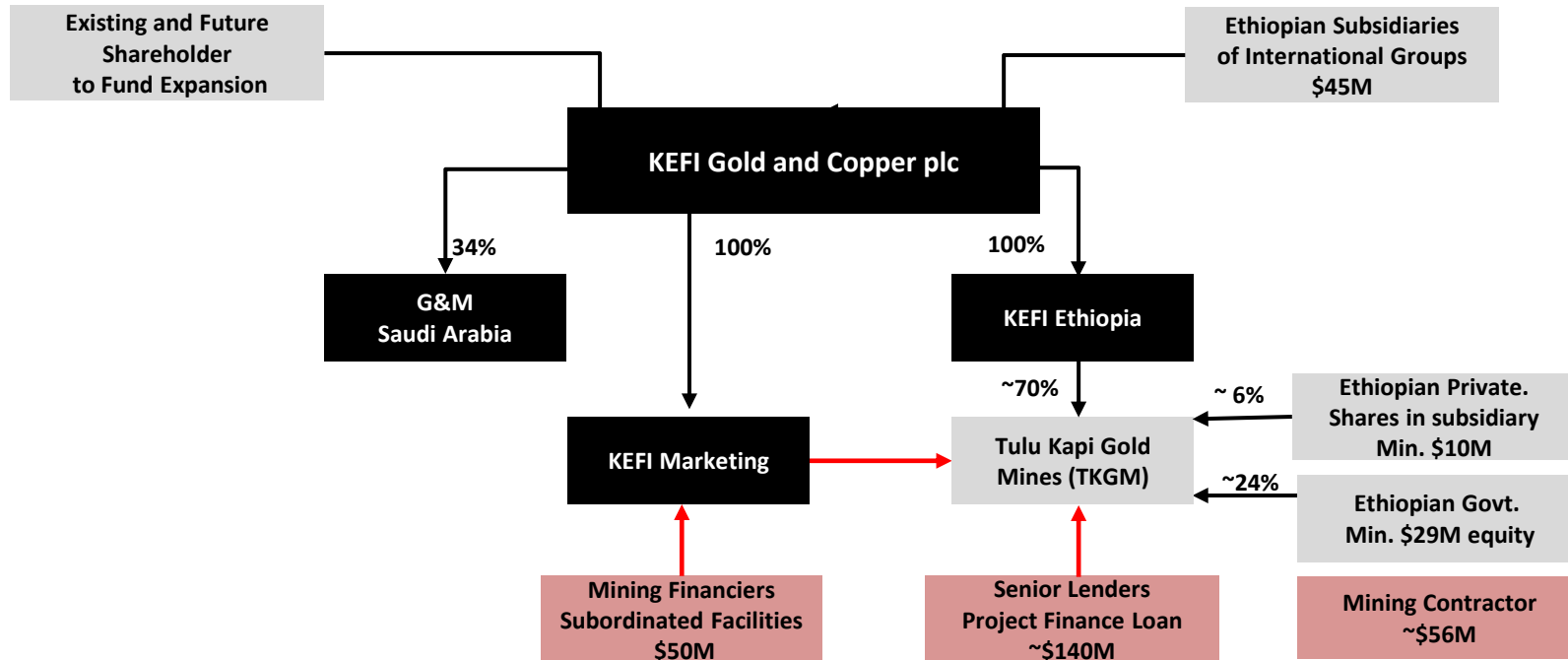
EV per oz of measured and indicated resources



Source: Orior Capital estimates for Tulu Kapi only

## Organisation and Funding Structure

Final Requirements and Allocations  
being finalised within Consortium



1. Subject to final procurement confirmations this month, TKGM capital requirement is c.\$US356M
2. Mining contractor to provide US\$56M mining fleet and Senior Lenders to provide US\$140M, leaving US\$160M to be provided as Equity-Risk-Capital
3. Equity-Risk Capital to be provided by Government US\$29M and Local Private Investors US\$10M into TKGM alongside KEFI Group for c. US\$121M
4. KEFI Group's c. US\$121M planned in the following manner:
  - a. Subordinated non-convertible, offtake-linked US\$50M
  - b. Subordinated convertible into KEFI at VWAP in 3 years US\$20M
  - c. Mining development costs payable in KEFI shares in 2 years US\$22M
  - d. Internal cash generation during commissioning and final equity to be subscribed when all syndicate has signed up, US\$29M

## Proposed Financings at Tulu Kapi and Discovery of Hawiah Indicate Significant Value for KEFI

| exchange rate US\$1.37:GB£1.00                     | Assumed Long-Term Metal Price                            |  |   |
|--|--|--|---|
|  | \$1,500/oz Au,<br>\$3/lb Cu,<br>\$1/lb Zn,<br>\$15/oz Ag | \$1,591/oz Au,<br>\$3.25/lb Cu,<br>\$1.09/lb Zn,<br>\$21/oz Ag | \$1780/oz Au,<br>\$4.30/lb Cu,<br>\$1.37/lb Zn,<br>\$24/oz Ag |
| <b>NPV's for 100% of Tulu Kapi</b>                 |  |  |   |
| USD Millions                                       | 245  | 298  | 405   |
| GBP Millions                                       | 179  | 218  | 295   |
| <b>NPV's for KEFI 70% of Tulu Kapi</b>             |  |  |   |
| USD Millions                                       | 172  | 209  | 284   |
| GBP Millions                                       | 125  | 152  | 207   |
| <b>NPV's for 100% of Hawiah Maiden Resource</b>    |  |  |   |
| USD Millions                                       | 30   | 89   | 272   |
| GBP Millions                                       | 22   | 65   | 199   |
| <b>NPV's for 34% of Hawiah Maiden Resource</b>     |  |  |   |
| USD Millions                                       | 10   | 30   | 92  |
| GBP Millions                                       | 7  | 22   | 68  |
| <b>NPV's for 100% of Both Main Projects</b>        |  |  |   |
| USD Millions                                       | 275  | 387  | 677   |
| GBP Millions                                       | 201  | 282  | 494   |
| <b>KEFI's NPV in Both Main Projects</b>            |  |  |   |
| USD Millions                                       | 182  | 239  | 376   |
| GBP Millions                                       | 133  | 174  | 274   |
| <b>Multiple of KEFI Market Capitalisation £38M</b> | 3.5X   | 4.6X   | 7.3X  |
| <b>NPV per current shares on issue</b>             | 6.2  | 8.1  | 12.6  |



## Some of the Companies Now Active in Arabian Nubian Shield



*International Progress Association for Mining in Ethiopia  
Chairman is KEFI and contact is Harry Anagnostaras-Adams*



# Ethiopian Projects



# Tulu Kapi Mineral Resources and Ore Reserves

| Resource Category | Area                  | Tonnes (millions) | Gold (g/t)  | Contained Gold (million ounces) |
|-------------------|-----------------------|-------------------|-------------|---------------------------------|
| Indicated         | Above 1,400 metres RL | 17.7              | 2.49        | 1.42                            |
| Inferred          |                       | 1.3               | 2.05        | 0.08                            |
| <b>Sub-Total</b>  |                       | <b>19.0</b>       | <b>2.46</b> | <b>1.50</b>                     |
| Indicated         | Below 1,400 metres RL | 1.1               | 5.63        | 0.20                            |
| Inferred          |                       | 0.1               | 6.25        | 0.02                            |
| <b>Sub-Total</b>  |                       | <b>1.2</b>        | <b>5.69</b> | <b>0.22</b>                     |
| Indicated         | Overall               | 18.8              | 2.67        | 1.62                            |
| Inferred          |                       | 1.4               | 2.40        | 0.10                            |
| <b>Total</b>      |                       | <b>20.2</b>       | <b>2.65</b> | <b>1.72</b>                     |

| Reserve Category      | Cut-off (g/t gold) | Tonnes (millions) | Gold (g/t)  | Contained Gold (million ounces) |
|-----------------------|--------------------|-------------------|-------------|---------------------------------|
| Probable - High grade | 0.90               | 12.0              | 2.52        | 0.98                            |
| Probable - Low grade  | 0.50 - 0.90        | 3.3               | 0.73        | 0.08                            |
| <b>Total</b>          |                    | <b>15.3</b>       | <b>2.12</b> | <b>1.06</b>                     |

Resources were estimated using cut-off grades of 0.45g/t gold above 1,400m RL and 2.50g/t gold below 1,400m RL. Mineral Resources were split above and below the 1,400m RL to reasonably reflect the portions of the resource that may be mined via open pit and underground mining methods.

The Tulu Kapi Ore Reserves were based on the Indicated Resource above 1,400m RL and total 15.4 million tonnes at 2.12g/t gold, containing 1.05 million ounces. The high-grade portion of the Ore Reserve contains nearly all the contained ounces and totals 12.0 million tonnes at 2.52g/t gold, containing 0.98 million ounces. This split shows that 78% of the ore tonnes and 93% of the contained gold is contained in the higher-grade zones of the Ore Reserve which are processed preferentially in the eight production years.



### Construction Schedule:

Q3-21: Final contracts for  
plant & mine

Q4-21: Resettlement and  
Procurement

Q1-22: Bulk Earth Works  
Commence

Q2-22: Process Plant  
Construction Start

Q1-23: Pre-commission  
Activities Start

Q2-23: Mining Commences

Q3-23: First Gold Production

Q4-23: Full Production



Resource grades are 2.46g/t Au for open pit and 5.69g/t Au for the underground

The average grade of ore processed will be increased when the two sources are blended

A DFS on mining the deeps is planned during construction

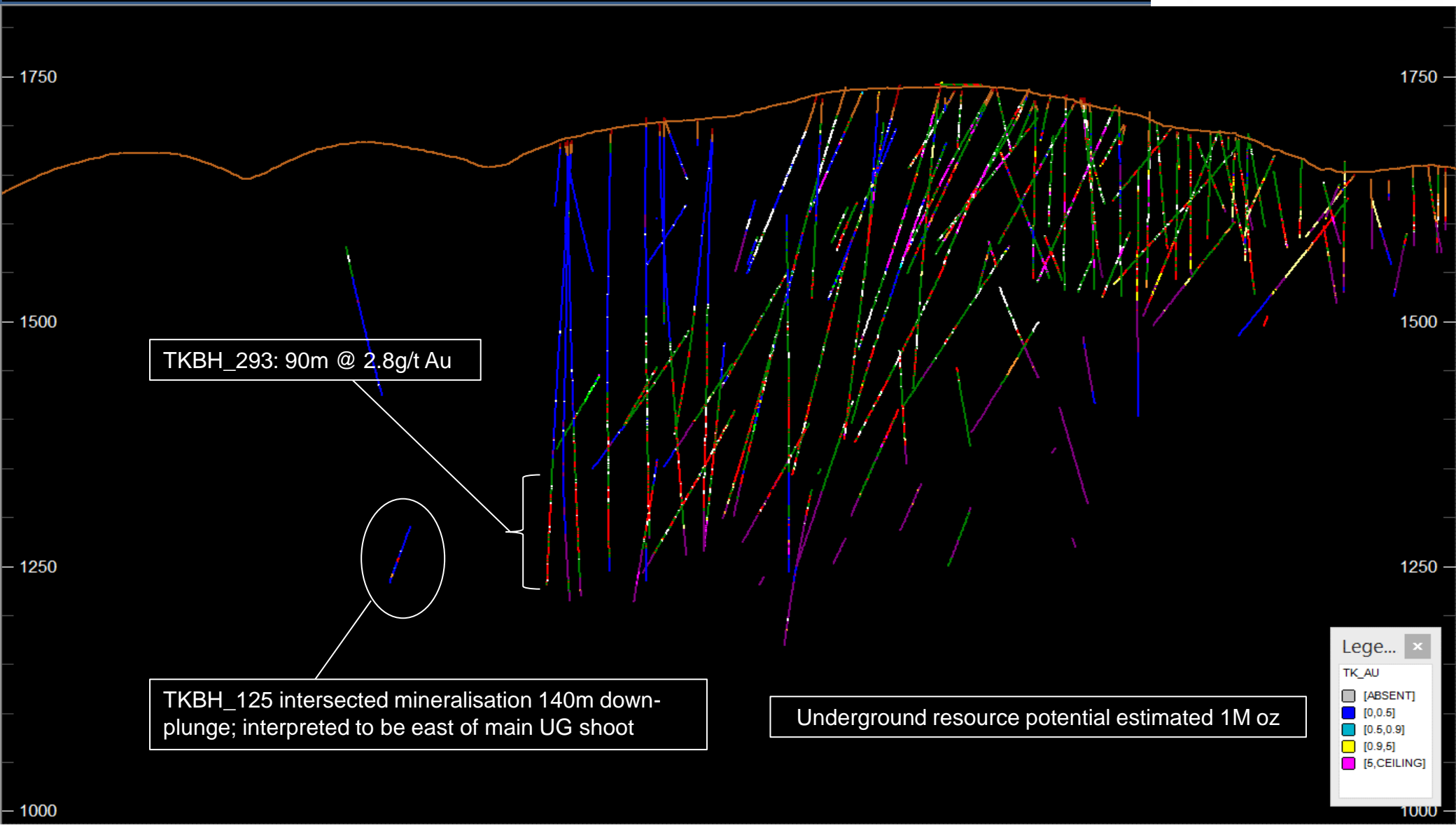
Mineralisation below the open pit remains open, >1.5g/t Au in yellow and > 5.0g/t Au in pink

Lege...

TK\_AU

- [ABSENT]
- [0,0.5]
- [0.5,0.9]
- [0.9,5]
- [5,CEILING]

## Tulu Kapi Open at Depth



## Tulu Kapi Gold Project in Oromia Region

First modern mine in Ethiopia;  
construction ready

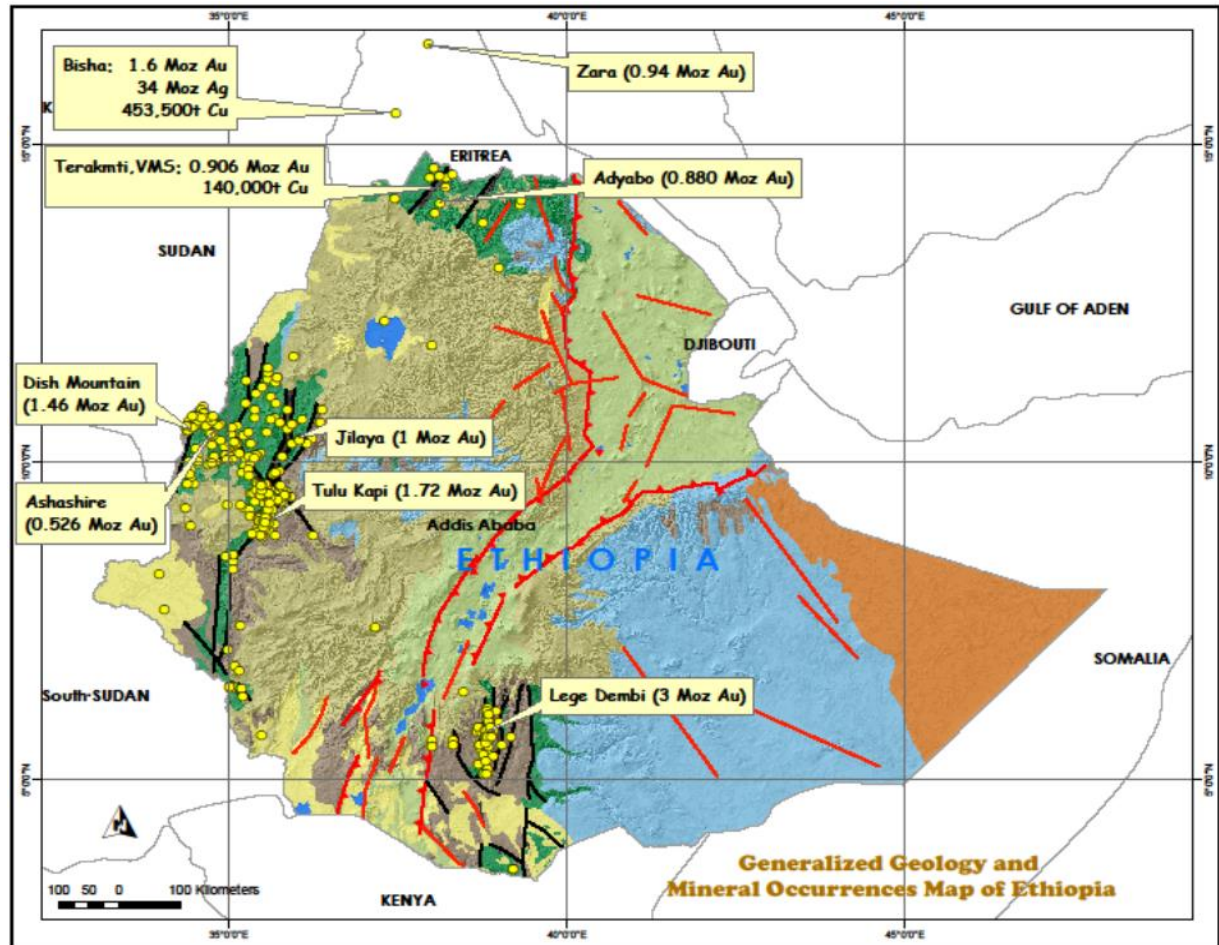
Governments of Ethiopia and  
Region of Oromia own c.20%  
including 5% free carry interest

Located in largest gold district,  
which has been mining gold since  
antiquity

Main industry in the area is coffee

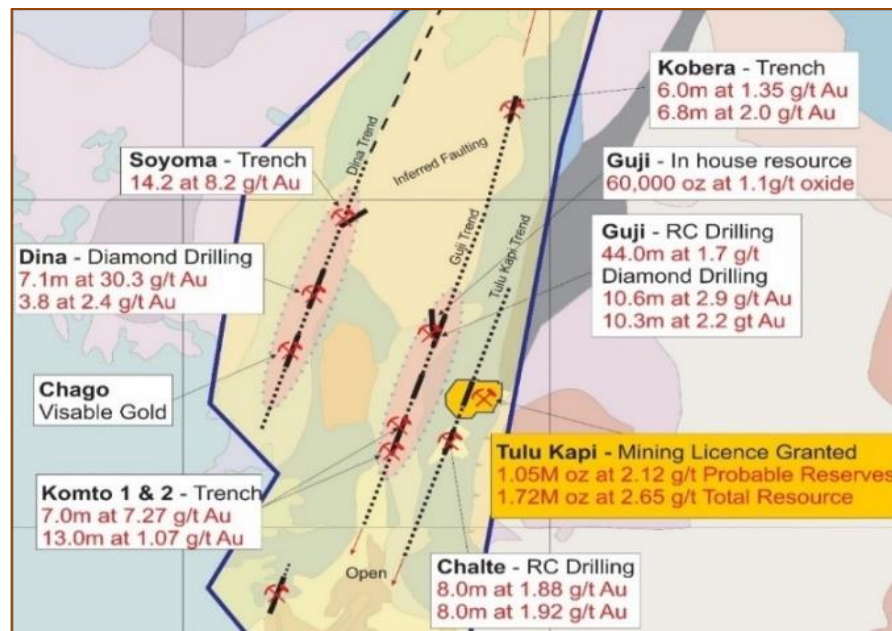
No artisanal mining (microscopic  
gold particles)

Full TK production expected Q4-23





- 1,120 km<sup>2</sup> highly prospective exploration area reserved for KEFI Ethiopia (100% KEFI)
- 24km of mineralised strike identified along two trends parallel to the Tulu Kapi Trend
- Within trucking distance of Tulu Kapi plant
- High-grade gold results include 6m @ 4.0g/t at Guji, 14.2m @ 8.2g/t at Soyoma
- Initial metallurgical results demonstrated high recoveries of 94% at Komto 2 prospect
- Initial target is to identify 300-500 koz Au at 1.5g/t as additional feed to the Tulu Kapi plant, or to be heap leached
- This could add ~50,000 oz pa to production at low cost



**Highly favourable geology around Tulu Kapi**

**Field work to re-commence during construction at Tulu Kapi**





Excellence in Discovery

# Saudi Arabian Projects







# Hawiah is a World Class VMS Project

## Continued Expansion of the Hawiah Deposit

- Hawiah is held through the KEFI-ARTAR JV (G&M): KEFI is the operator and owns 34%
- Located in the Wadi Bidah Mineral District, a 120 km VMS belt hosting >20 known deposits
- Maiden resource of 19.3Mt @ 0.9% Cu, 0.8% Zn, 0.6g/t Au and 10.3g/t Ag (Cu-equivalent grade of ~1.9% at Aug 2020 prices) declared after just 7 months of drilling (70 holes, 12,027m)
- PEA released Sept 2020 demonstrated a post-tax NPV<sub>8</sub> of US\$96M at Aug 2020 metals prices and an IRR of 22% based on ~70% of the maiden resource
- Further exploration success could yield substantial upside; doubling the size of the resource could lift the NPV<sub>8</sub> to US\$362M at the same prices

| Mineral Resource Category | Material Type           | Tonnes (Mt) | Grade  |        |          |          | Metal Content |         |          |          |
|---------------------------|-------------------------|-------------|--------|--------|----------|----------|---------------|---------|----------|----------|
|                           |                         |             | Cu (%) | Zn (%) | Au (g/t) | Ag (g/t) | Cu (kt)       | Zn (kt) | Au (koz) | Ag (koz) |
| Inferred                  | Oxide, Open Pit         | 0.1         | 0.1    | 0.03   | 1.7      | 3.9      | 0.1           | 0.04    | 7        | 16       |
|                           | Transition, Underground | 2.0         | 1.1    | 0.8    | 0.7      | 12.0     | 21            | 16      | 45       | 763      |
|                           | Fresh, Underground      | 17.2        | 0.9    | 0.8    | 0.5      | 10.1     | 147           | 141     | 297      | 5,595    |
|                           | Total                   | 19.3        | 0.9    | 0.8    | 0.6      | 10.3     | 168           | 157     | 349      | 6,373    |

- High priority VMS project to be advanced via further drilling, met testwork and studies
- Mining – underground long-hole open stoping
- Processing - two-stage flotation to produce separate copper and zinc concentrates, plus production of gold dore

### Summary of PEA Economics (Base case, August 2020 metal prices)

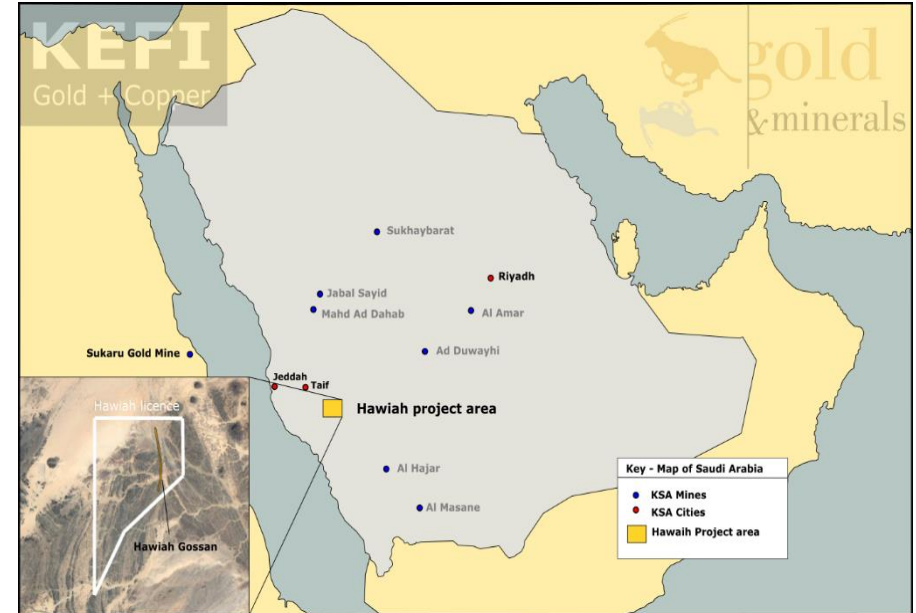
|   |             |
|---|-------------|
| Ore Processing Rate                               | 2.0Mtpa     |
| Life of Mine                                      | 7 years     |
| Average Operating Costs - Annual                  | \$79M p.a.  |
| Revenue - Annual                                  | \$153M p.a. |
| Average All-in Sustaining Costs - Annual          | \$85M p.a.  |
| Steady-State Net Free Cash Flow – Annual, pre-tax | \$67M p.a.  |
| After-tax NPV (8% discount rate)                  | \$96M       |
| After-tax IRR                                     | 22%         |
| Pre-production Capital Expenditure                | \$222M      |

### Components of PEA Revenue

|                    | Copper     | Zinc       | Gold       | Silver     |
|--------------------|------------|------------|------------|------------|
| August 2020 Prices | \$6,603/t  | \$2,315/t  | \$1,956/oz | \$27.5/oz  |
| RoM Grade          | 0.87%      | 0.78%      | 0.53g/t    | 9.9g/t     |
| Overall Recoveries | 87%        | 85%        | 69%        | 69%        |
| Payable Metal      | 95.5%      | 85%        | 90%        | 90%        |
| Annual Net Revenue | \$79M p.a. | \$20M p.a. | \$44M p.a. | \$11M p.a. |
| % of Total Revenue | 52%        | 13%        | 28%        | 7%         |

- An additional 13,000m of drilling has extended mineralisation down plunge at Camp Lode and down dip at Crossroads Lode
- These areas are currently being upgraded with the ongoing drill program with an updated MRE targeted for Q4 2021

- Drilling has targeted a 4.5Km long gossanous ridgeline now defined into the main areas; Camp Lode, Central Zone and Crossroads Lode
- Three mineralisation zones identified: oxide zone near surface with supergene gold enrichment, a transition zone with elevated copper grades, and a massive sulphide body with copper, zinc, gold and silver mineralisation
- Latest drilling below Camp and Crossroads lodes confirms mineralisation remains open
- Targeting PFS completion and Mining Licence application during 2022.
- Baseline studies and metallurgical testworks already underway

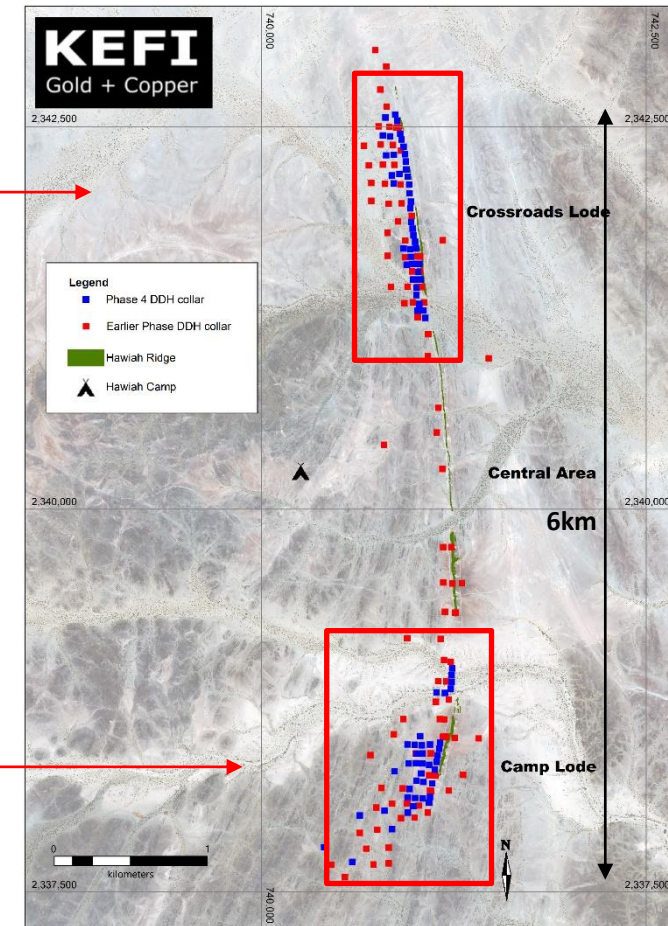
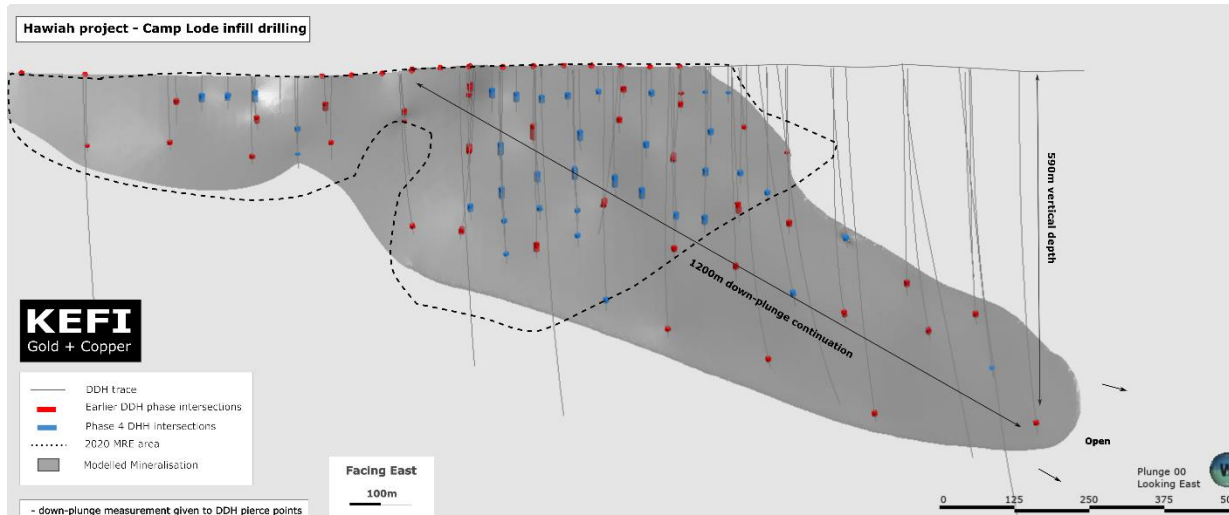
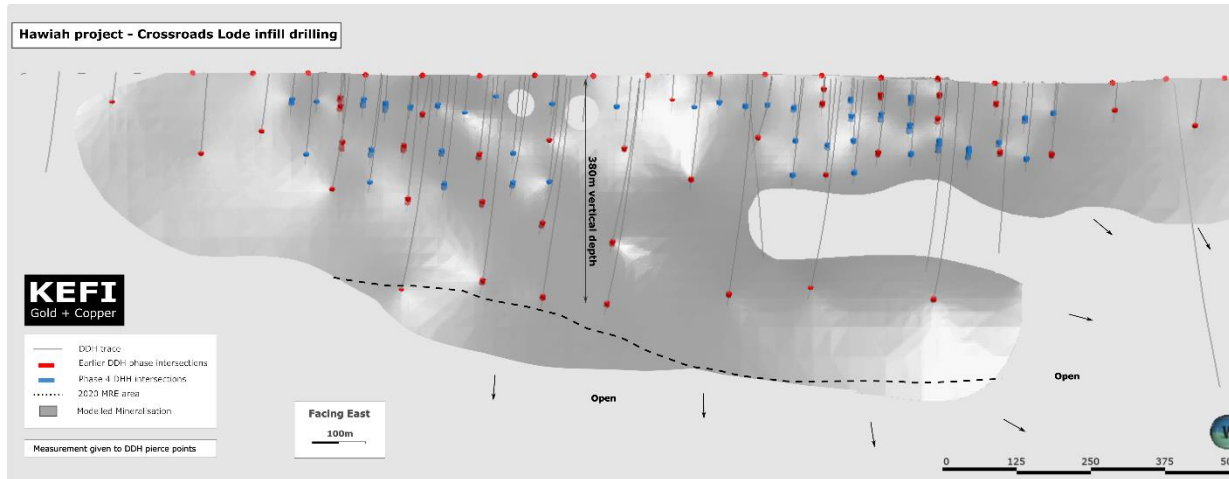


## Hawiah Key Drill Intercepts

- Good copper grades throughout the Camp Lode and appears to be increasing down plunge
- Latest drilling confirms the Crossroads Lode remains open at depth

| Hole ID | Total Depth | From (m) | To (m) | Downhole Interval (m) | Estimated true width (m) | Cu % | Zn % | Au g/t | Ag g/t | Lode / area     | Mineralisation style |
|---------|-------------|----------|--------|-----------------------|--------------------------|------|------|--------|--------|-----------------|----------------------|
| HWD_003 | 60.25       | 38.65    | 47     | 8.79                  | 6                        | 4.40 | 1.50 | 0.65   | 15.60  | Camp Lode       | Transition           |
| HWD_060 | 200.40      | 171.00   | 186    | 15                    | 8.3                      | 1.60 | 0.41 | 0.36   | 5.71   | Camp Lode       | Massive sulphide     |
| HWD_086 | 580.15      | 552.18   | 561.5  | 9.32                  | 6.7                      | 1.76 | 0.59 | 0.36   | 6.69   | Camp Lode       | Massive sulphide     |
| HWD_059 | 350.50      | 321.30   | 335.85 | 14.55                 | 8.7                      | 1.55 | 1.03 | 0.36   | 11.80  | Camp Lode       | Massive sulphide     |
| HWD_074 | 533.50      | 504.26   | 514.63 | 10.37                 | 7.3                      | 1.61 | 1.41 | 0.47   | 6.29   | Camp Lode       | Massive sulphide     |
| HWD_018 | 106.05      | 73.00    | 85.65  | 12.65                 | 8                        | 2.77 | 0.14 | 0.83   | 13.62  | Crossroads Lode | Transition           |
| HWD_019 | 84.80       | 51.72    | 61.55  | 9.83                  | 6.4                      | 1.69 | 0.04 | 0.82   | 13.57  | Crossroads Lode | Transition           |
| HWD_042 | 167.50      | 134.10   | 153.4  | 19.3                  | 13.5                     | 0.66 | 0.82 | 0.66   | 12.79  | Crossroads Lode | Massive sulphide     |
| HWD_064 | 272.50      | 244.00   | 255.25 | 11.25                 | 8.7                      | 0.85 | 1.34 | 0.63   | 13.93  | Crossroads Lode | Massive sulphide     |
| HWD_089 | 431.50      | 398.13   | 408.38 | 10.25                 | 7.3                      | 0.86 | 1.10 | 0.74   | 7.43   | Crossroads Lode | Massive sulphide     |
| HWD_017 | 71.45       | 51.32    | 54.15  | 2.83                  | 2.2                      | 2.52 | 0.58 | 1.57   | 29.17  | Central Zone    | Transition           |
| HWD_009 | 150.20      | 109.65   | 111.85 | 2.2                   | 2                        | 1.71 | 2.55 | 0.60   | 12.20  | Central Zone    | Massive sulphide     |

## Hawiah Long Section Looking East

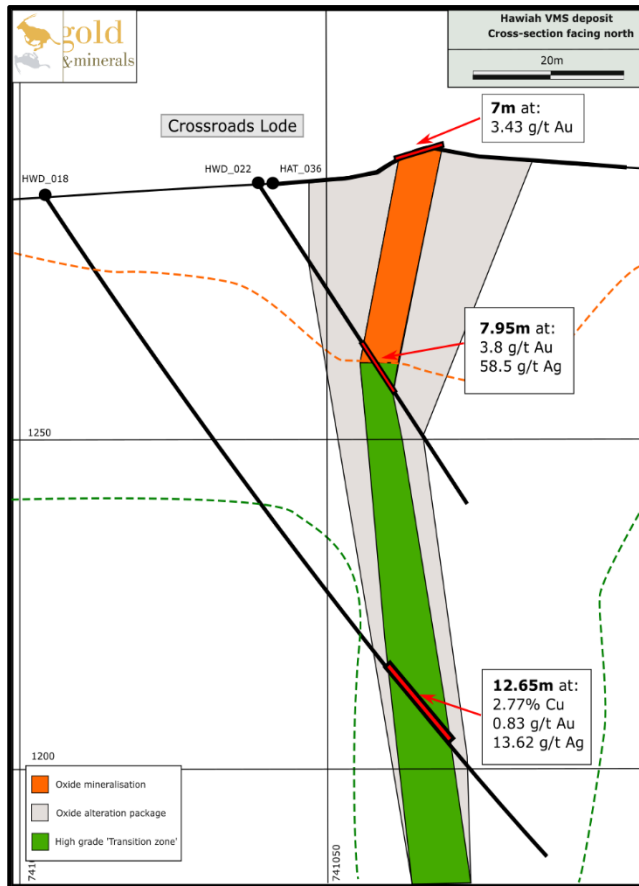


For further information, refer to the KEFI announcement dated 24 August 2021.

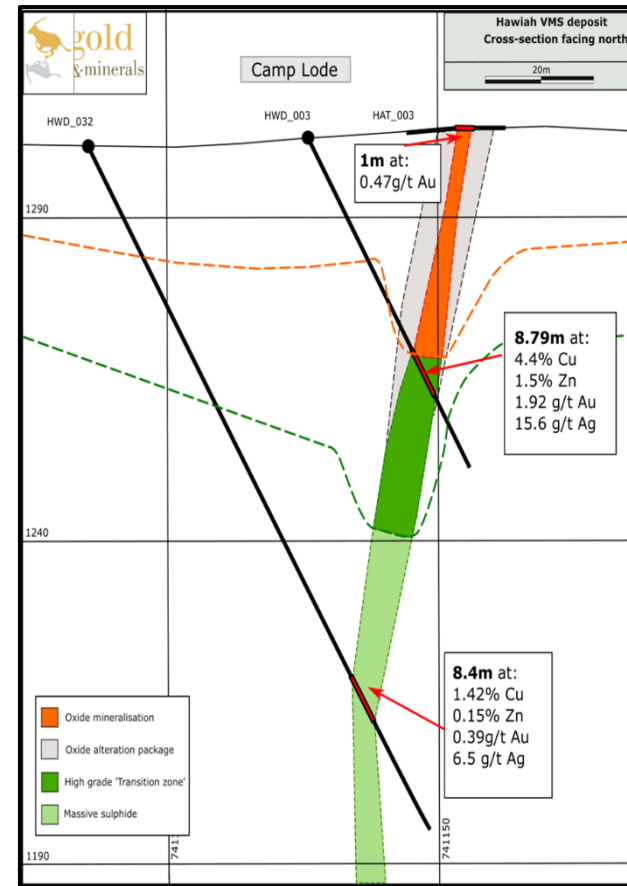


## Hawiah Cross Sections Looking North Good Correlation between Holes

### Crossroads Lode



### Camp Lode





# Jibal Qutman Maiden Mineral Resources

Mesothermal or orogenic quartz vein hosted gold deposit located in the Asir Terrane in the central southern region of the Arabia-Nubian Shield, ~110km east northeast of Bisha City

|                       | Category           | Tonnes<br>(millions) | Gold<br>(g/t) | Contained Gold<br>('000 ounces) |
|-----------------------|--------------------|----------------------|---------------|---------------------------------|
| Oxide                 | Indicated          | 8.3                  | 0.86          | 229                             |
|                       | Inferred           | 2.8                  | 0.64          | 58                              |
|                       | <b>Sub-Total</b>   | <b>11.1</b>          | <b>0.80</b>   | <b>287</b>                      |
| Sulfide               | Indicated          | 9.7                  | 0.86          | 269                             |
|                       | Inferred           | 7.6                  | 0.72          | 176                             |
|                       | <b>Sub-Total</b>   | <b>17.3</b>          | <b>0.80</b>   | <b>446</b>                      |
| Oxide<br>+<br>Sulfide | Indicated          | 18.0                 | 0.86          | 498                             |
|                       | Inferred           | 10.4                 | 0.70          | 235                             |
|                       | <b>Grand Total</b> | <b>28.4</b>          | <b>0.80</b>   | <b>733</b>                      |

The oxide gold mineralisation contained in the above Mineral Resource is estimated to total  
**11.1 million tonnes at 0.80g/t gold, containing 287,000 ounces**



Drilling at the Hawiah Camp Lode