

14 September 2022

**KEFI Gold and Copper plc**

("KEFI" or the "Company")

**Issue of Jibal Qutman Exploration Licences**

- **Two Exploration Licences issued to facilitate development of the Jibal Qutman Gold Project**
- **Award of final Jibal Qutman Exploration Licence expected shortly**
- **DFS for Initial 500,000 oz gold development Q1 2023, first production 2024**

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 the issue of two of the three required Exploration Licences covering the Jibal Qutman Gold Project area through the Company's Gold and Minerals Limited ("G&M") joint venture in Saudi Arabia. G&M is owned 30% by KEFI and 70% by its partner Abdul Rahman Saad Al Rashid and Sons Ltd ("ARTAR").

***Jibal Qutman Licences***

- 'Jibal Qutman North' and 'Jibal Qutman Southeast' Exploration Licences ("ELs") have been issued on an initial 5-year term, covering 174Km<sup>2</sup>.
- The original and outstanding Jibal Qutman Exploration Licence, covering an additional 99 Km<sup>2</sup>, is still undergoing renewal and is expected to be granted in the coming weeks.
- Upon its issuance, the three contiguous licences (collectively referred to as the "JQ EL") will cover a combined area of over 270km<sup>2</sup>.
- The Definitive Feasibility Study ("DFS") for the development is now focused on an initial production plan of c.500,000 oz gold over a 10-year period, rather than the initial Preliminary Feasibility Study target of c.200,000 oz gold, which was modelled on a gold price of US\$1,200/oz.
- The JQ EL are situated on the highly prospective 'Nabitah-Tathlith' fault zone and offer additional exploration upside beyond the known 733,000 oz JORC gold resource, with further gold mineralisation already documented across the JQ EL.
- Field programmes for the DFS, which includes confirmation drilling, environmental baseline studies, geotechnical and metallurgical drilling, are expected to commence in October 2022 following the award of the third exploration licence.
- Project development and exploration teams dedicated to this project have now been formed, with key elements currently in-country preparing to re-enter the area.
- The DFS is targeted for completion at the end of Q4 2022/early Q1 2023, depending upon the timing of the grant of the outstanding Exploration Licence. Environmental permits are targeted for Q1 2023.
- A subsequent Mining Licence Application ("MLA") is expected to be resubmitted in early 2023
- Long lead items for the proposed Jibal Qutman processing plant are being scheduled, with the longest having an 18-month period from purchase to commissioning.

- Project financing in mid-2023 for Jibal Qutman is expected to be sourced and implemented within Saudi Arabia, which has well-developed international capital markets and a mandate to invest in the country's mineral resources.

### ***Broader Saudi Arabia Portfolio***

- G&M is rapidly becoming a leading explorer/developer/producer in the fast-emerging Saudi minerals sector following the recent overhaul of the local regulatory system.
- In addition to Jibal Qutman, G&M is focused on the development of the Hawiah Copper-Gold Project, with an existing JORC resource of 24.9Mt at 0.9% copper, 0.85% zinc, 0.62 g/t gold and 9.81 g/t silver.
- Exploration teams are also mobilising to the recently awarded exploration projects, namely the Jabal Hillit and Qunnah 'Al Qassim' exploration licences (straddling the prospective Ad Dawadimi and Afif terranes in the eastern portion of the Arabian Shield in Saudi Arabia), and the Jadib Al Qahtanah exploration licence, 45km east of the Mahad Ad Dahab mine, the principal historic Saudi gold and silver mine.
- Going forward the Company's Saudi assets are expected to have shorter approval, financing and development schedules given there is no need to resettle communities, less restrictive security protocols and established capital markets and funding options.

### ***KEFI Production Targets & Economics***

- The successful launch of Tulu Kapi and then Jibal Qutman within the following six months or so, should see first gold pour for both at the end of 2024.
- Combined initial production of the Jibal Qutman Gold and Tulu Kapi Gold Projects is expected c.200,000 oz per annum of gold (KEFI beneficial interest c.120,000 oz pa gold).
- Net Operating Cash Flow (Earnings Before Interest Tax and Depreciation less Royalties and Sustaining Capital Expenditure) at a flat gold price of US\$1,645/oz (CIBC long term consensus forecast as at August 2022) of Tulu Kapi is estimated to average £74 million (US\$86 million) over the following 7 years (KEFI beneficial interest estimated at £52 million (US\$60 million)\*.We have yet to publish updated estimates for Jibal Qutman which will further increase these estimates.
- These preliminary projections do not take into account any upside from the projects.
- Ongoing drilling at the Hawiah Copper-Gold Project, KEFI's recent Saudi discovery, is also expected to yield increased resources and a Preliminary Feasibility Study in Q4 2022. Its mineral resources, in gold-equivalent terms, are already approximately those of Tulu Kapi and Jibal Qutman combined before any further resource uplift.
- KEFI have established development personnel and contractors with the wherewithal to develop these 2 million tonnes per annum gold open pit/CIL (Carbon-In-Leach) projects. These are complimented by in-country operations designed to maximise skills transfer and local employment.

\*EBITDA is based on internal management modelling used for preparation of the 2021 Annual Report published on 1 June 2022 and updated for the most recent published long term consensus gold price. These estimates will shortly be updated for Tulu Kapi for the final model adopted for project finance. Jibal Qutman estimates will be published with the DFS.

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

*“The regulatory processes in Saudi Arabia continue to facilitate fast-tracking development of the Jibal Qutman Gold Project for its construction to commence mid-2023 and first gold at the end of 2024. Our team at G&M has mobilised in anticipation that the third of our three Jibal Qutman licence applications will be issued within weeks.*

*“As a 2 million tonnes per annum open pit/CIL gold project, Jibal Qutman is similar to Tulu Kapi in Ethiopia. The estimated KEFI beneficial interest in the combined EBITDA of the Tulu Kapi Gold project is £52 million per annum (\$60 million per annum) from 2025. That does not reflect any estimates for Jibal Qutman or our larger expectations for Tulu Kapi, such as anticipated resource growth of both open pit operations, the underground at Tulu Kapi, the satellite prospects at both projects and, of course, our Hawiah Copper-Gold discovery, the 2021 reported resources of which already approximated those of the other two projects combined (in gold-equivalent terms).”*

## **Jibal Qutman Project Background**

### **Geology and Exploration**

As announced on 3 August 2022, the land access issues which have delayed the start of the 733,000 oz Jibal Qutman Gold Project have been resolved. As part of this process, it has been agreed that an area of over 270Km<sup>2</sup> is to be granted, covering the original Jibal Qutman Exploration Licence, plus a significant land package along strike to the north and south (see Figure 1 in the appendix below).

The maximum Exploration Licence size permitted under the 2020 updated Saudi mining law are typically 100Km<sup>2</sup>, as such, three licences are required to cover the complete exploration area. Two of these licences, covering the northern and southern extensions of the Jibal Qutman gold system have now been issued and collectively cover an area of 174Km<sup>2</sup>.

These two new ELs cover the north and south strike extension of the Jibal Qutman gold system, which is part of the highly prospective Nabitah-Tathlith Fault Zone that runs north-south across much of the Arabian Shield.

Ancient and more modern artisanal mining excavations are known to exist within the licence areas and the G&M exploration team is confident of its ability to significantly expand the existing Jibal Qutman resource base. Thirteen grab samples of mine dumps in the Jibal Qutman Southeast EL taken by G&M in 2014, returned grades of up to 66.5 g/t gold, averaging 10.5 g/t gold across all 13 samples. Ancient mining appears to have targeted quartz veins with dump material presenting as quartz with strongly banded sulphides (see Figure 2 in the attached appendix) – these veins have not yet been identified in outcrop, as the area is predominantly covered by alluvial/aeolian sands and gravels. However, the quantity of dump material and the extent of more recent artisanal mining are encouraging signs of significant, sub-cropping continuation of the Jibal Qutman gold system. Grab samples within the Jibal Qutman North EL area have returned gold grades of up to 4.1 g/t gold, also associated with quartz veining.

G&M exploration within the Jibal Qutman EL prior to 2016 focused on the ‘Main Zone’ trend, which presents as quartz veins hosted within deformed volcanics and sediments. Shortly before the end of this exploration phase, a second mineralised structure was identified hosted within ultramafics on the eastern part of the Jibal Qutman EL. This structure known as the ‘Red Hill trend’ is yet to be fully

explored and is open both along strike and at depth within the Jibal Qutman resource area. Regional mapping has also identified this structure within the adjoining Jibal Qutman North and Southeast ELs, although at this stage it is untested.

### **Jibal Qutman DFS**

Progress on the DFS continues, with Front End Engineering and Design (FEED), plant layout and reserve definition nearing completion. Metallurgical testing continues and preliminary geotechnical design parameters have been agreed.

Whilst much of the DFS is being completed remotely, access to the field is required to establish the baseline as part of the Environmental and Social Impact Assessment (ESIA) and complete the final geotechnical evaluation of the proposed reserve pits. This cannot be completed until the final Jibal Qutman EL has been issued, which may result in a delay to the final completion of the study. However, at this stage, G&M believes the project is still on track to proceed with financing and Mining Licence submission in early 2023.

### **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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### **Competent Person Statement**

The information in this announcement that relates to geology, exploration results and mineral resources is based on information compiled by Mr Tomos Bryan, Exploration Manager for Gold &

Minerals Limited. Mr Bryan is a member of the Australasian Institute of Mining and Metallurgy ("AusIMM"). Mr Bryan is a geologist with sufficient relevant experience for Company reporting to qualify as a Competent Person as defined in the JORC Code 2012. Mr Bryan consents to the inclusion in this announcement of the non-financial matters based on this information in the form and context in which it appears.

Appendix

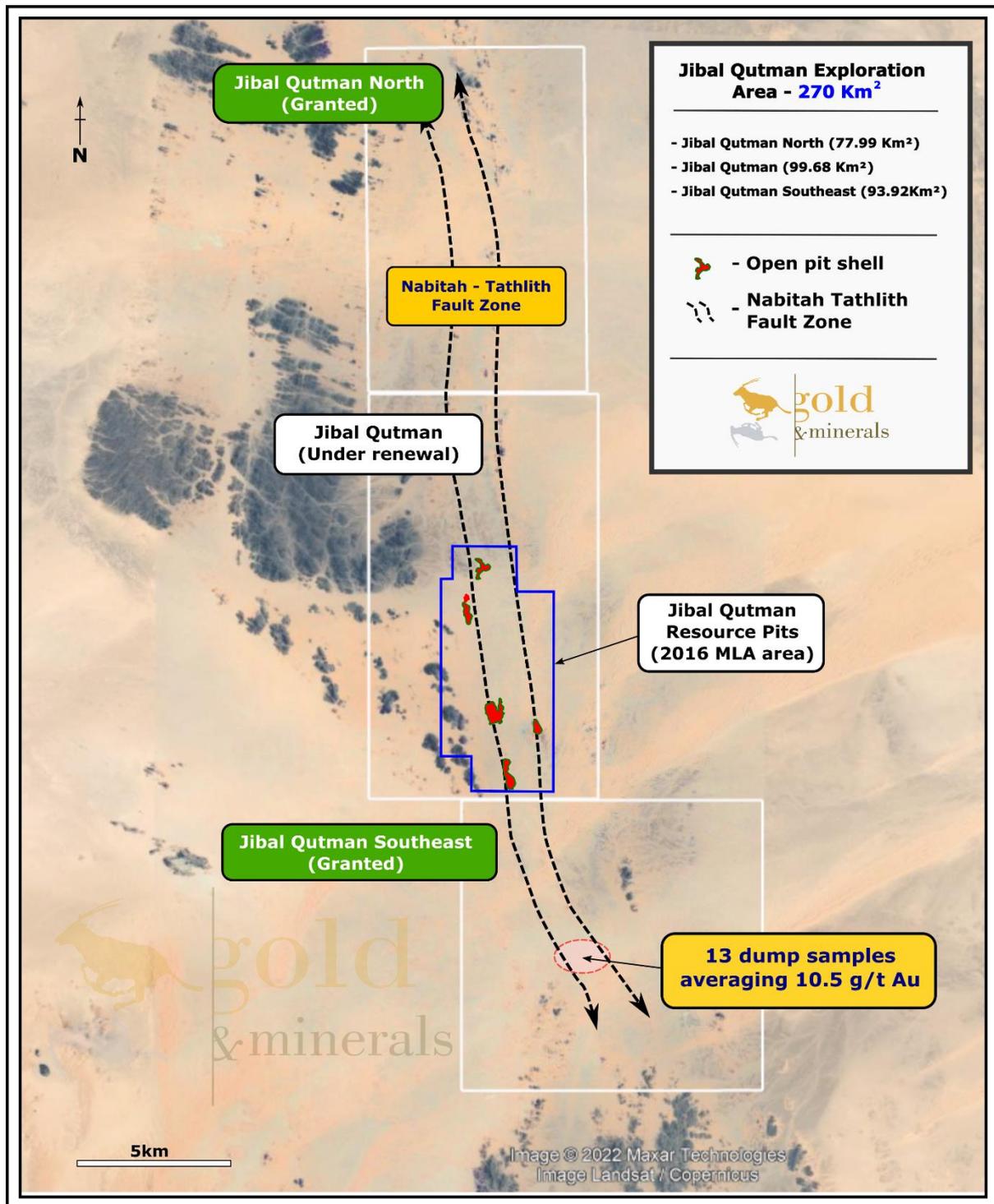


Figure 1 - The 270Km<sup>2</sup> Jibal Qutman exploration area – with the three exploration licences shown. JQ North and JQ Southeast have now been granted with Jibal Qutman under renewal



*Figure 2 - Quartz material with banded sulphides taken from ancient crush dumps within the JQ SE licence*