KEFI

GOLD + COPPER

2022

ANNUAL REPORT

Focused on the Arabian-Nubian Shield

Table of Contents

Note: All $ figures in this report are US$

Mission, Approach and Timing

Mission

The mission of KEFI Gold and Copper PLC ("KEFI" or the "Company") is to discover and acquire economic mineralisation, particularly gold and copper, and follow through with cost-effective responsible exploration, mine development and production in compliance with local laws and international best practice.

Our geological region of focus is the Arabian-Nubian Shield, due to its outstanding prospectivity. KEFI's three advanced projects are in the two countries that contain the majority of the Arabian-Nubian Shield.

Our activities provide a strong project pipeline covering the spectrum from our Tulu Kapi Gold Project at the pre-funding stage in Ethiopia, to our Jibal Qutman Gold and Hawiah Copper-Gold Projects at the feasibility study stage in Saudi Arabia and to walk-up drill targets in both countries.

Since incorporation 16 years ago, KEFI has invested some £80 million in these activities. Today the stock market capitalisation of the Company is approximately £31 million and the estimated combined NPV[1] of its three advanced projects is £281 million and projected to esclatate to £412 million in 2026 based on mineral resources as reported up to 2021.

Our mission now takes us to the stage of de-risking the advanced projects we currently have in order to help close the gap between our stock market capitalisation and the company's underlying intrinsic value. As we move forward to production and profit-generation, we will concurrently explore the pipeline of targets we have cherry-picked since 2008 as well as consider other opportunities that will take advantage of our hard-earned position.

Approach

Then led by a team with a record of discovery, KEFI was launched in 2006 as a £2.5 million initial public offering ("IPO") on the AIM Market of the London Stock Exchange. KEFI focused on the Arabian-Nubian Shield in 2008 after early-stage prospecting in various countries in the region. The 2014 acquisition of the Tulu Kapi Gold Project ("Tulu Kapi" or "Project") then triggered the appointment of a team with track records in successfully financing, developing and operating mines in Africa and elsewhere. The KEFI team is now focused on monitoring and supporting organisational development within the operating joint venture companies with the view to maximise local employment and empowerment.

KEFI partners with appropriate local organisations such as Abdul Rahman Saad Al Rashid and Sons Company Limited ("ARTAR") in the Kingdom of Saudi Arabia in our Gold and Minerals Co. Limited ("GMCO") joint venture; and with the Federal Government and the Oromia Regional Government in Ethiopia for our Tulu Kapi Gold Mines S.C. ("TKGM") joint venture.

Our environmental and community plans are in accordance with the International Finance Corporation (World Bank) Performance Standards and Equator Principles. Operationally, we align with industry specialists such as Lycopodium Limited ("Lycopodium"), our principal process plant contractor in both Ethiopia and Saudi Arabia and PW Mining International Limited ("PW Mining"), our mining services contractor for Tulu Kapi in Ethiopia. We prioritise people and environment above all else.

KEFI adheres to the JORC Code, the internationally recognised Australian standard for reporting of Mineral Resources and Ore Reserves.

Some elements of Tulu Kapi's development commenced in Q4-2019 but, notwithstanding the overwhelming community support for our Project, the Project was suspended repeatedly by taking precautionary measures to maintain our security standards. Given current activities and the prognosis for local conditions, full construction is planned to begin in Q4-2023 once project financing has been finalised and the local dry season begins. A few remaining Government approvals and actions are required before closing finance and launching the Project, in particular the international banking arrangments.

Annual gold production remains projected at approximately 140,000 ounces, which will initially be sourced from the Tulu Kapi open pit. We plan to also develop the underground deposit after the open pit has started, and we will then either increase annual production or increase mine life.

In Saudi Arabia, we now have two potential development projects in progress after being held up for many years awaiting a regulatory overhaul. We target to develop our Jibal Qutman Gold Project ("Jibal Qutman") and then to follow with the start-up of the Hawiah Copper-Gold Project ("Hawiah"). Both projects are now in the feasibility study stage and preliminary internal assessments indicate that, between them, they have the potential to add similar scale to KEFI's beneficial interest

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[1] *See explanation of NPV estimates on page 9 at the end of the Finance Director's Report.*

in gold-equivalent production to that projected for Tulu Kapi in Ethiopia. Copper will provide the majority of Hawiah's revenue.

We have also registered applications in Saudi Arabia for exploration of prospects selected from our proprietary database, covering four major new project areas and aggregating more than 1,000 square kilometres.

Timing

Between now and 2027, KEFI will be focused on achieving a carefully sequenced multi-pronged development and concurrent exploration around the development projects as well as other targeted areas selected from within our proprietary database. During this period our cash flow production should commence and escalate as well as to coincide with the likely take-off in the minerals sector of both of our host countries.

We are confident in our mission and approach and the recent sharp improvement of in-country conditions indicates that our timing may now actually be propitious.

- Photo of the +4km-long Hawiah orebody at surface which reveals copper-staining as well as hosting readily detected gold mineralisation.
- The French Geological Survey identified it decades ago as part of a cluster of such deposits.
- GMCO was the first to drill it in 2019, after applying for an Exploration Licence in 2009 and conducting early prospecting before security issues interrupted activities at that time.
- Hawiah already ranks globally in the top 15% VMS deposits with a resource of 29.0 million tonnes at 0.89% copper, 0.94% zinc, 0.67g/t gold and 10.1g/t silver.
- Hawiah is planned to be developed after Jibal Qutman, another discovery by our joint venture company GMCO.
- GMCO's rate of successful discovery, despite limited ground access until 2022, is testament to Saudi prospectivity.

- Signing ceremony for the final TKGM Umbrella Agreement at the Government's "Invest in Ethiopia" Conference in April 2023. Since then we have continued excellent progress with the Government so that, within the syndicate, the individual definitive agreements can be executed. All parties are being careful to ensure no further material regulatory issues remain unresolved before execution.
- The TKGM syndicate is comprised of leading banks, contractors of process plants and mining and other specialists.
- TKGM is structured as a public-private partnership with Ethiopia's Federal and Regional Governments.
- Many new policies have been required from Government agencies, which removed various obstacles to financing.

Executive Chairman's Report

After some particularly frustrating years, the working environment in both Ethiopia (security and regulatory) and Saudi Arabia (regulatory) was transformed for the better during 2022. In Ethiopia, we are finally close to launching the Tulu Kapi Gold Project this year. And as we advance in both countries with an early-mover position, we can now expect to report an escalating stream of achievements. What a welcome outlook after years of challenge and frustration!

We now enjoy highly supportive mine-regulatory working environments in both countries which are also prioritising projects like ours across all the relevant Government agencies. Given that we have three advancing potential development projects in these jurisdictions, the Company is now in a much better risk/return position than it has ever been. It is indeed a refreshing change and an exciting opportunity.

Financial markets, and the AIM Market in particular, have shown some volatility and weakness flowing from global and UK political events. This has reinforced KEFI's strategy of sourcing predominantly project-level and subsidiary-level project financing.

At the same time, both the Saudi and Ethiopian local equity capital markets have shown particular interest in natural resources, as have the Canadian and Australian mining-focused stock markets. KEFI has appointed advisers to consider a dual-listing of the Company's shares on major regional or mining-focused stock exchanges.

Successful implementation of our plans will result in KEFI being a leader in the Arabian-Nubian Shield with projected 2027 aggregate annual production of 327,000 gold-equivalent ounces, in which KEFI will have a beneficial interest of 150,000 gold-equivalent ounces. These estimates reflect resources as they stood at 2021 and current preliminary assessments.

Our reported Mineral Resources provide a solid starting position for growth. Since mid-2020, KEFI's beneficial interest in the in-situ metal content of our three projects has grown from 1.2 million gold-equivalent ounces to approximately 2.1 million gold-equivalent ounces. KEFI's current market capitalisation of circa £40 ($50) million equates to only $24 per gold-equivalent ounce.

The growth in Mineral Resources is due to our progress in Saudi Arabia in particular, where GMCO is now well-established as a leading explorer/developer in the fast-emerging Saudi minerals sector with:

- one of the largest exploration teams in the country; and
- two major projects advancing towards development:
    - Hawiah Copper Gold Project at the Pre-Feasibility Study (‘PFS’) stage; and
    - Jibal Qutman Gold Project at the Definitive Feasibility Study (‘DFS’) stage.

GMCO’s growth has coincided with the Saudi Government’s widely publicised recent initiatives to welcome international expertise and fast-track the growth of its mining sector. In the past year or so, we have been awarded 14 Exploration Licences (“ELs”), many times the number we were awarded over the previous thirteen years.

A notable reason for our solid position in the region is our alliancing strategy. Our operating alliances are with the following strong organisations:

- Partners:
    - in Saudi Arabia: Abdul Rahman Saad Al Rashid and Sons Company Ltd (“ARTAR”)
    - in Ethiopia:
        - Federal Government of the Democratic Republic of Ethiopia
        - Oromia Regional Government
- Principal contractors:
    - for process plants in both Ethiopia and Saudi Arabia: Lycopodium
    - for mining services in Ethiopia: PW Mining
- Senior project finance lenders for Tulu Kapi:
    - East and Southern African Trade and Development Bank Ltd (“TDB”)
    - African Finance Corporation Limited (“AFC”)

Ethiopia - Tulu Kapi

Having essentially overcome its recent security issues, Ethiopia is demonstrating a clear determination to expedite economic recovery and once again be among the world’s top 10 growth countries, as it was for nearly 20 years up to 2017. A key part of the Ethiopian Government’s strategy to achieve this strong growth is for the mining sector to increase from 1% of GDP today to 10% of GDP ten years from now. The Federal Government recently deployed its world-recognized military around priority mining sites such as Tulu Kapi and announced a number of incentives such as lower royalty rates to reinforce its commitment to protect, support and encourage our industry.

Tulu Kapi will be the country’s first large-scale mining project for some 30 years and is designed to the highest international standards. It therefore is imposing many demands on a regulatory system which the Ethiopian Government is upgrading.

There is significant potential to increase Tulu Kapi’s current Ore Reserves of 1.05 million ounces of gold and Mineral Resources of 1.7 million ounces. Economic projections for the Tulu Kapi open pit indicate the following returns assuming a gold price of $1,815/ounce:

- Average EBITDA of $153 million per annum (KEFI’s now planned c. 70% interest being c. $107million);
- All-in Sustaining Costs (“AISC”) of $947/ounce (note that royalty costs increase with the gold price); and
- All-in Costs (“AIC”) of $1,189/ounce.

The assumptions underlying these projections are detailed in the footnotes to the table on page 10 of this Annual Report.

Saudi Arabia – Jibal Qutman

Whilst GMCO has been on the ground since 2008, mining de-regulation was only implemented over the past two years. This has led to a surge in companies looking to enter the Saudi minerals sector and one recent entrant has announced one of the largest exploration programs ever committed anywhere – testament to the international rating of the Saudi prospectivity. KEFI’s beneficial interest is planned to be 26.8% in GMCO and the shareholders’ agreement provides extra flexibility on a project-by-project basis by catering for the possibility that one or other GMCO project can be sole-risked by either shareholder if one partner chooses to opt out.

Jibal Qutman was KEFI’s first discovery in Saudi Arabia with Mineral Resources in excess of 700,000 ounces of gold.

In mid-2022, formal notification was received from the Saudi authorities that land access issues which halted our mine development application in 2016 were resolved. This enabled GMCO to commence the work required to complete a DFS, with site activities again being allowed only from late 2022.

The current gold price and consensus outlook is considerably higher than the $1,200/ounce used in our preliminary 2015 studies when the Company lodged its initial Mining Licence application based on mining the 200,000 ounces of oxide ore only, with a view to a low-risk start-up pending expansion of the resources to justify a larger development scenario.

Another key change over the past 8 years is that recently granted ELs now cover more than 35km linear extent or 270 square kilometres of the prospective fault zone north and south of the known Jibal Qutman deposits, thus providing more opportunity to discover near-surface gold mineralisation.

Development commitments will be duly considered after completion of the DFS. And upon GMCO commitment, granting of the Mining Licence, regulatory approvals and financing, GMCO could reasonably target commissioning gold production at Jibal Qutman in 2025, coincidentally around the same time as Tulu Kapi in Ethiopia.

Saudi Arabia – Hawiah

Hawiah was discovered in September 2019 and now ranks in the:

- top three base metal projects in Saudi Arabia; and
- top 15% VMS projects worldwide.

Our drilling since 2019 has so far delineated a Mineral Resource Estimate ("MRE") of 29.0 million tonnes at 0.89% copper, 0.94% zinc, 0.67g/t gold and 10.1g/t silver. As a scale-comparison with Tulu Kapi, Hawiah's in-situ metal content is now estimated to be in the order of 2.48 million gold-equivalent ounces versus Tulu Kapi's current 1.72 million ounces of gold.

Exploration commenced at the nearby Al Godeyer Project in early 2022 and drilling quickly confirmed similar copper-gold mineralisation to the Hawiah VMS deposit. The recently announced initial Al Godeyer MRE demonstrates the potential for satellite orebodies to be discovered near the proposed Hawiah processing plant.

We are finalising the Hawiah PFS and are continuing to drill to upgrade and expand the resources within this major VMS district.

Summary and Conclusion

We all know that getting one's timing right from an investment viewpoint is an elusive task – not only are there are many company specific issues, these are entwined with external factors such as jurisdictional matters, metal prices and capital market cycles. It is perhaps fair to say that KEFI's share price has largely drifted with sectoral trends illustrated by the global Gold Junior Mining Index (MVIS sub-index MVGDXJ). Notwithstanding that this index is for much larger companies (market capitalisation ≥ $150 million) its performance pattern is similar to that of KEFI's share price to date. The index was 68% at the time of KEFI's IPO in 2006, historically peaked at 236% in 2011 when KEFI's historical share price also peaked, and has declined since then to -8% on 16 May 2023.

So - what do we have to achieve to break out – to get ahead of the pack? The fundamentals of the company have never been stronger; nor have metal prices or the local jurisdictional conditions and governmental support we are receiving. What we must do now is to go into fast forward wherever possible without compromising safety and financial commonsense. That will make our past years of frustration worthwhile. It is also my view that capital markets behave cyclically and it might be the case that we see a swing back to the mining sector for capital allocation internationally, especially directed at those companies who rank highly on ESG measures as well as the measures for discovery, development and production.

KEFI is now preparing to develop the high-grade Tulu Kapi Gold Project, completing its DFS-stage development studies on the Jibal Qutman Gold Project, finalising the PFS for the Hawiah Copper-Gold Project and prospecting exploration targets in Ethiopia and Saudi Arabia. And the timing is now proving to be on our side.

Simultaneous with the triggering of full development at Tulu Kapi, we intend to re-commence exploration programs in Ethiopia and intensify our exploration program in Saudi Arabia. In Ethiopia, the initial focus will be underneath the planned open pit where we already have established an initial resource for underground mining at an average grade of 5.7g/t gold. We also intend to follow-up drilling which indicated good potential for nearby satellite gold deposits in the Tulu Kapi District. In Saudi Arabia, further drilling is being undertaken during 2023 at Hawiah, Jibal Qutman and surrounding ELs. Regional prospecting programs will also elevate as we are blessed with many other walk-up drill targets.

Along with my fellow Directors, I am dedicated to the generation of returns on investment. It has been frustrating that the working environments of both Ethiopia and Saudi Arabia in recent years have not allowed us to achieve targeted progress. However, I believe that both situations have turned for the better and we are now pushing forward.

By emphasising conventional project-level development financing, we will reduce the pressure on KEFI shareholders and its foundation partners to provide all the funding. In fact, at Tulu Kapi more than 90% of the development capital is planned at the project or subsidiary level from newly introduced regional investors, bankers, contractors, and other syndicate parties. However, exploration and other pre-development funding will likely continue to rely exclusively on equity funding by KEFI and its foundation partners in-country.

Going forward, one would normally expect that as milestones are achieved, the Company's share price should naturally narrow the gap between the Company's market capitalisation and what we believe to be the significantly higher fundamental valuations of the Company's projects using conventional measures such as NPV.

We are indeed at an opportune moment, created by our team's hard work, your support and patience as shareholders and now metal prices strengthening as we launch our projects within improved political and regulatory environments. The Directors are deeply appreciative of all personnel's tenacity, tireless efforts and steadfast dedication together with the support the Company receives from shareholders, our families and other stakeholders. Let us now see some of the success the Company has worked for.

Recent developments have also triggered the next chapter of our organisational development with several appointments having been made, including Mr. Eddy Solbrandt as Group Chief Operating Officer ("COO") and Mr. Gareth Taylor as GMCO's COO along with several other additions to the senior management team in both Ethiopia and Saudi Arabia. The Board of Directors is also adjusting its composition to handle approaching retirements and to add to the range of skills and appropriate board expertise in preparation for the substantial changes as KEFI moves into its exciting next stage with the development of our projects.

Executive Chairman
Harry Anagnostaras-Adams
8 June 2023

Finance Director's Report

Financing Working Capital for KEFI's Activities to Date

KEFI has funded all activities to date with approximately £80 million equity capital raised at then prevailing share market prices. This avoided superimposing debt-repayment risk onto exploration, permitting and other risks that always exist during the early phases of project exploration and development in mining-frontier markets. We do however avail ourselves of short-term unsecured advances from time to time as arranged by our Corporate Broker to provide working capital pending the achievement of a short-term business objectives.

The risks of management of working capital in the context of such high-growth and high-risk exploration ventures is a matter which is highlighted by the Directors in the Going Concern Note of the Financial Statements which shareholders should refer to.

Financing Tulu Kapi Project Development

The current cost (including finance costs and working capital) to develop Tulu Kapi is estimated to be c. $320 million, which was last updated in late 2022. Our financing plans absorbed significant cost-inflation at that time due to global supply chain strains for the mining sector exacerbated by the COVID pandemic and the Ukraine war. Whilst cost-inflation appears to have abated, pricing will be updated again as at project launch and final finance arrangements will be refined accordingly.

The various funding offers and commitments are made on a non-binding basis for finalisation as we move to project launch. The financing syndicate has expressed willingness to adjust and refine amongst itself in line with final procurement and budget prices.

The $320 million funding package is now expected to be sourced from $190 million debt (senior and subordinated) and $130 million equity-risk capital (from Government $30 million, Regional Investors $80 million and from KEFI's public shareholders $20 million). Over the course of the past year, we have materially reduced (to $15 million) the portion of Regional Investors' equity funding convertible into KEFI shares (as from Year 4 after investment at then market prices, if not repaid by KEFI in cash in the interim) by agreeing within the syndicate that a large component of the investment by Regional Investors be in the form of Equity-Risk Ranking Notes to be issued by TKGM (non-convertible into shares).

Also, the conditionality of the finance closing process has now been significantly de-risked. When I wrote to you last year, the top three conditions precedent required for final bank credit approvals were dependent on Government and were as follows:

- Our two banks to have the same rights and protections in Ethiopia: in March 2023 Ethiopia and AFC announced country membership – a significant step which also achieved our goals in this respect;
- Security around our project to be permanently elevated for the long term: in April 2023 the Government mobilised the Federal military into the Tulu Kapi district to lay world-class security foundations for our Project, which now awaits successful completion of the remaining security requirements; and
- Banking procedures to be eased such that capital and operating costs can be serviced promptly: whilst we were granted the right to offshore banking some years ago, the detailed procedures are only now being clarified and we are pleased with the direction this matter is taking.

The resolution of the remaining (the third matter listed above) critical condition will therefore facilitate final credit approvals and signing of definitive documentation between the respective syndicate members, which we still target to achieve in June 2023. We are confident of these approvals from our long-standing and hard-working syndicate but, of course, we must emphasise that the pace of our progress overall is now essentially subject to the pace of administrative progress with the relevant Government agencies. Be that as it may, all parties are pushing and I am highly confident of the outcome.

KEFI and the Project syndicate remain focused on achieving Project launch as soon as practicable, commencing full construction in Q4-2023, having by then triggered procurement and community resettlement, and leading to gold production from open pit ore in 2025.

Ownership Value and Ownership Dilution

The £6.4 million Placing currently being completed (subject to shareholder approval) will mainly be used to fund:

- Project finance closing and project launch at Tulu Kapi;
- DFS-level development resource/reserve drilling plus metallurgical and other studies at Jibal Qutman;
- PFS-level development resource/reserve drilling plus metallurgical and other studies at Hawiah; and
- Earlier-stage exploration prospecting activities in Saudi Arabia including drilling of satellite targets proximal to our advanced projects as well as first-pass prospecting in newly granted licences at other prospects selected from the Company's proprietary database.

In announcing the Placing, we also foreshadowed an intention for Directors and management to be offered the opportunity to participate in the Placing at the same price and subject to shareholder approval.

We strive to minimise ownership dilution by sourcing nearly all development capital at the project or subsidiary level.

In respect of the Tulu Kapi Project, the $15 million portion of the overall $320 million funding package which is planned to involve future KEFI share issues (unless KEFI chooses to repay in cash) will be via instruments convertible at prices prevailing during the fourth year after settlement, when Tulu Kapi is in production. In the shorter term, part of the finance plan is that the successful launch of the Project will hopefully facilitate the exercise of warrants currently on issue and exercisable at 1.6 pence per share, the proceeds of which are up to £14 million ($18 million). Alternatives are also planned.

From an ownership value perspective and measuring the Company's underlying assets on an NPV basis, this approach has already contributed to the indicative value of KEFI's share of its three main assets having more or less tripled from $153 million in June 2020 to c.$352 million (£281 million[1]) in May 2023. The basis for these estimates is KEFI's estimated beneficial interest, post-financing, of the NPV of cash flows to shareholders as derived using consensus forecast metal prices and other explanations provided in the footnotes below.

Project Development Finance Risk Management

In designing the level of balance sheet debt gearing at the operating joint-venture company level, the senior and subordinated debt to equity ratio for TKGM is:

- 59%:41% ($190 million: $130 million) excluding equity funded historical pre-development costs; and
- 47%:53% ($190 million: $213 million) including equity-funded historical pre-development costs at average historical FX conversion rates.

Also, for structuring the TKGM project finance, several key parameters had a driving influence on our approach:

- The breakeven gold price after senior and subordinated debt service and taxes assuming a conservative gold price of $1,550/ounce for the purpose of designing debt-obligations is c.$1,189/ounce, say $1,200/ounce – whilst we note that industry average AISC is c. $1,200/ounce and that over the past 10 years the spot market gold price was under $1,200/ounce for only 12.5% of the time.
- At current analyst consensus gold price of $1,815/ounce, senior and mezzanine debt could be repaid within approximately 2 years of production start.

We have conditionally assembled all the development finance, mostly at the project level from the work of our strong but small, efficient and economical corporate office in Nicosia, Cyprus. Other than our Nicosia-based group management, financial control/corporate governance team, all operational staff are usually based at the sites for project work. This hands-on culture increases efficiency at a lower cost for corporate overhead - critical at this early stage.

Accounting Policy

KEFI writes off all exploration expenditure in Saudi Arabia but we will review this upon completion of Board-approved DFS studies. KEFI's carrying value of the investment in KME, which holds the Company's share of Tulu Kapi is only £15.6 million as at 31 December 2022. It is important to note KEFI's planned circa.70% beneficial interest in the underlying valuation of Tulu Kapi is c.£125 ($156) million based on project NPV at a gold price of $1,815/ounce and including the underground mine.

In addition, the balance sheet of TKGM at full closing of all project funding will reflect (in Ethiopian Birr) all its fully capitalised pre-development costs as well as its project finance development package.

John Leach
Finance Director
8 June 2023

Footnotes:

- *NPV calculations are based on:*
  - *DFS financial model for Tulu Kapi open pit updated for refinements in consultation with lenders, contractors and input pricing updates generally plus PEA financial model for Tulu Kapi underground mine. Current financial models for Jibal Qutman and Hawiah;*
  - *[1]Spot prices as at 30 April 2023 of $1,989/ounce for gold, $3.88/pound for copper, $1.20/pound for zinc and $25/ounce for silver;*
  - *KEFI's beneficial interest in each project NPV calculation was assumed to be 70% in TKGM and 27% in JQ & Hawiah*
  - *[2]Long-term analysts' consensus prices which average $1,815/ounce for gold, $4.22/pound for copper, $1.28/pound for zinc and $23/ounce for silver (source: S&P Global survey dated 2 May 2023); and*
  - *£/$ exchange rate = 1.25, 8% discount rate applied against net cash flow to equity, after debt service and after tax.*

Board of Directors – KEFI Gold and Copper PLC

Harry Anagnostaras-Adams – Managing Director and Executive Chairman

Mr Anagnostaras-Adams (B. Comm, MBA) has been Executive Chairman since 2014 and was previously Non-Executive Chairman. Mr Anagnostaras-Adams is the Chairman of the Physical Risks Committee. He holds a Bachelor of Commerce (Finance and Systems) from the University of New South Wales, Australia and a Master of Business Administration from the Australian Graduate School of Management where he was awarded the John Story Memorial Prize as outstanding graduate. He qualified as a Chartered Accountant while working with PricewaterhouseCoopers.

Mr Anagnostaras-Adams founded AIM and TSX-listed Atalaya Mining PLC (previously EMED Mining Public Ltd) which is now a major European copper producer and Venus Minerals PLC which is exploring for copper in Cyprus. Mr Anagnostaras-Adams has previously served as the Managing Director of Atalaya Mining PLC, ASX and AIM-listed, Devex Limited (later Gympie Gold Limited), Executive Director of investment company Pilatus Capital Ltd., General Manager of the resources investment group Clayton Robard Limited Group, Senior Investment Manager of Citicorp Capital Investors Australia Ltd. and serves (or has served) as a Non-Executive Director of many other public and private companies across a range of industries. He has overseen many successful start-ups.

John Leach – Finance Director

Mr Leach was appointed Non-Executive Director and part-time Finance Director in December 2006 with responsibility for oversight of the Company’s finance and accounting functions. In August 2016, he assumed a full-time role as Finance Director as part of the Company’s transition towards gold production.

Mr Leach holds a Bachelor of Arts (Economics) and a Masters of Business Administration. Mr Leach is a member of the Institute of Chartered Accountants (Australia), the Canadian Institute of Chartered Accountants and a Fellow of the Australian Institute of Directors. He has over 30 years’ experience in senior financial and executive director positions within the mining industry internationally. Mr Leach has served on the Board of AIM and TSX-listed Atalaya Mining PLC (2007 to 2014), and is a former Chairman of the boards of Pan Continental Oil & Gas NL (2017), Resource Mining Corporation Limited (2006 to 2007) and served on the Board of Gympie Gold Limited (1995 to 2003).

Mark Tyler – Non-Executive Independent Director.

Appointed to Board on 5 September 2018.

Mr Tyler holds BSc (Eng) Mineral Processing, GDE (Mineral Economics) and was previously a mining investment banker in London and South Africa, including as co-head of Mining and Resources Finance at Nedbank, a South African bank. He is currently a senior resources advisor to Exotix Capital and the London representative for Auramet International, a precious metal merchant financier.

Richard Robinson – Non-Executive Independent Director

Appointed to Board on 22 August 2019.

Mr. Richard Robinson holds a Master of Mineral Economics Queen’s University (Can); B. Computer Science University of Natal (South Africa) and has been involved for over 40 years in the international gold, platinum, base metals and coal industries. He spent over 20 years at Gold Fields of South Africa Ltd where he had executive responsibility for gold operations, gold exploration, international operations, the base metals and coal operations, and all the group commercial activities. His experience also includes being Managing Director of Normandy LaSource SAS, Non-Executive Chairman of the private Swiss multinational Metalor Technologies International SA and Non-Executive Director of Recylex SA.

Organisational Development

KEFI senior management is drawn from leading mining jurisdictions internationally and is well placed to further drive KEFI's organisational development over the next three years, from which KEFI should emerge as a leading producer in the highly prospective Arabian-Nubian Shield with significant organic growth potential.

Alongside the executive directors, the following long-standing international specialists comprise the KEFI senior management team:

- Eddy Solbrandt, German - Chief Operating Officer - founder of GPR Dehler, an independent, international management consultancy which specialises productivity improvement for mining companies worldwide including leading African miners such as Anglo-Gold Ashanti;
- Norman Green, Namibian - Head of Projects – founder of Green Team International, a longstanding project management consultancy to the extractive industries with an exemplary record of project developments in Africa in particular; and
- Rob Williams, Australian – General Manager – Corporate Development – longstanding project planning, management and oversight roles in organisations such as BHP and Coffeys as well as with the Executive Chairman in successful start-ups in Europe and Australia.

GMCO's Managing Director is Brian Hosking, TKGM's Managing Director is Theron Brand, Country Director for Ethiopia is Abera Mamo and Group Financial Controller is Laki Catsamas. Group Project Manager is AK Roux, Saudi COO is Gareth Taylor, Exploration Manager is Tomos Bryan and Senior Geologist is Timothy Eatwell. Ethiopian Development Manager is Dr Kebede Belete. All are highly experienced in their respective fields.

In Ethiopia we currently employ 60 people – ten of whom are expatriates. Many more people support the in-country team from their international locations, as we prepare for full construction.

Tulu Kapi planning session at local Government office

Tulu Kapi planning session with community

As part of organisational development plans, KEFI, TKGM and GMCO have completed a detailed recruitment plan and introduced senior executive remuneration packages with both short-term and long-term incentives tied to business milestones. The KEFI arrangements are now being reviewed by the Board with external independent advice. The ethos will remain to provide higher potential returns to management based on the level of risk they assume as regards their level of remuneration and, of course, the higher the returns successfully generated for shareholders.

Environmental, Social and Governance

KEFI recognises the importance of the role that corporate social responsibility ("CSR") has to play in meeting its goals by understanding, reporting on and improving the CSR metrics that will take our operation forward both for the benefit of our employees and the wider community.

Health and Safety

Mining exploration, development, and production carry with them inherent risks, but it is our responsibility to mitigate as much as we can these risks. And health and safety is at the core of the method by which we will achieve this. The company is working hard to develop formalised training systems and a strong reporting procedure, so we can continuously see areas for improvement right across our operations.

Health and safety is about protecting our investment and with our employees being our greatest resource, we are impressing upon them how we will support them.

Past safety incidents in both Ethiopia and Saudi Arabia have reinforced the importance of safety for all stakeholders involved in our projects, the community, our operating companies, their employees and contractors, the international financiers and other parties committed to safety and success.

Environment

Although KEFI's projects are early stage, we work hard to implement strong disciplines from the outset as we explore and implement development projects to local and international standards.

Social Licence

KEFI considers social licence to be the most important foundation stone of the organisation. No amount of money or any number of personnel will allow a company to achieve its objectives unless it has earned the trust and support of its host communities and the other key stakeholders. This is especially the case in the minerals sector and especially when a company takes a remote project forward beyond exploration and into development and production.

We consider ourselves to be a caring employer that recognises the importance of supporting the community in which we operate. The Company has a history of local contributions. KEFI is committed to developing an environment that has the employees of our operating joint ventures and the community in which they live and work as its pivotal focus. As we operate in remote regions, we require systems and modern conveniences at site, ensuring a safe workplace for our staff. We have a program of training and development to help employees achieve their potential. We will also act to make the local community a part of our wider business, so we can have a positive impact on their lives.

It is notable that TKGM is a joint Ethiopian-KEFI company with its own long-standing community. Likewise, GMCO is a joint Saudi-KEFI company with its long-standing community. The companies' exploration camps and compounds have enjoyed a quiet and productive atmosphere and relationship within their communities from the outset, well before today's ESG terminology and regulatory checklists were launched. The Company and its predecessors have long conducted themselves as good corporate citizens and neighbours. We have key personnel who have been central to the projects' teams on the ground for many years. Trust has been earned. And, for instance, in Ethiopia whenever incidents of civil unrest have affected our area, the local community and authorities have protected TKGM. Tulu Kapi is our community, and our community is Tulu Kapi.

In addition to our obligations to contribute to a community development fund administered by the Ministry of Mines, we established a Tulu Kapi Charitable Endowment, for education, training and infrastructure development in the communities in which we operate. The endowment will be governed by people from local government, church and business in Oromia.

With our sites being so remote, maintaining good transport infrastructure is important. With the support of the Ethiopia Government, we will ensure the roads locally are of sound quality and be available to the community after the project has ended. The Company will also upgrade the landing strip near to our camp, so light aircraft are able to land and take-off safely as well as construct an on-mine airstrip to serve operations.

An analogous approach is being taken in Saudi Arabia where an exploration camp and compound has been constructed at Hawiah, where we expect to operate for many years. GMCO has rapidly become recognised as a major local employer bringing new opportunities and benefits to the local community. The Company's presence was initially resisted by some of the local community elders who have now become active supporters of GMCO's presence in the area.

Inspecting water supply provided by TKGM

Weekly volleyball competition at Tulu Kapi camp

Maintaining the nursery

In Ethiopia:

- TKGM has already provided the following to the:
  - Community: direct and indirect employment positions, school, roads, bridges, fresh water supply;
  - District: preferential procurement from local suppliers of accommodation, food and materials; and
  - Region: funding for the establishment of infrastructure in new host lands for resettled households.

- TKGM plans to provide the following once the project is fully launched and developed:
  - Community: approximately 1,000 employment positions, scholarships and training;
  - District: preferential procurement of supplies for an operation which will generate a high economic and employment multiplier effects throughout the surrounding district;
  - Region: new road and electrification to be brought to Tulu Kapi; and
  - Federal: largest single exporter at $250-300 million per annum at current gold prices, largest royalty payer, taxes.

The priorities between settlement of project finance and the start of the next dry season in Q4-2023 include to trigger the community resettlement process and to have progressed plant procurement, roads, and electrification construction sufficiently to allow major site construction activities to flow smoothly from Q4-2023.

In Saudi Arabia:

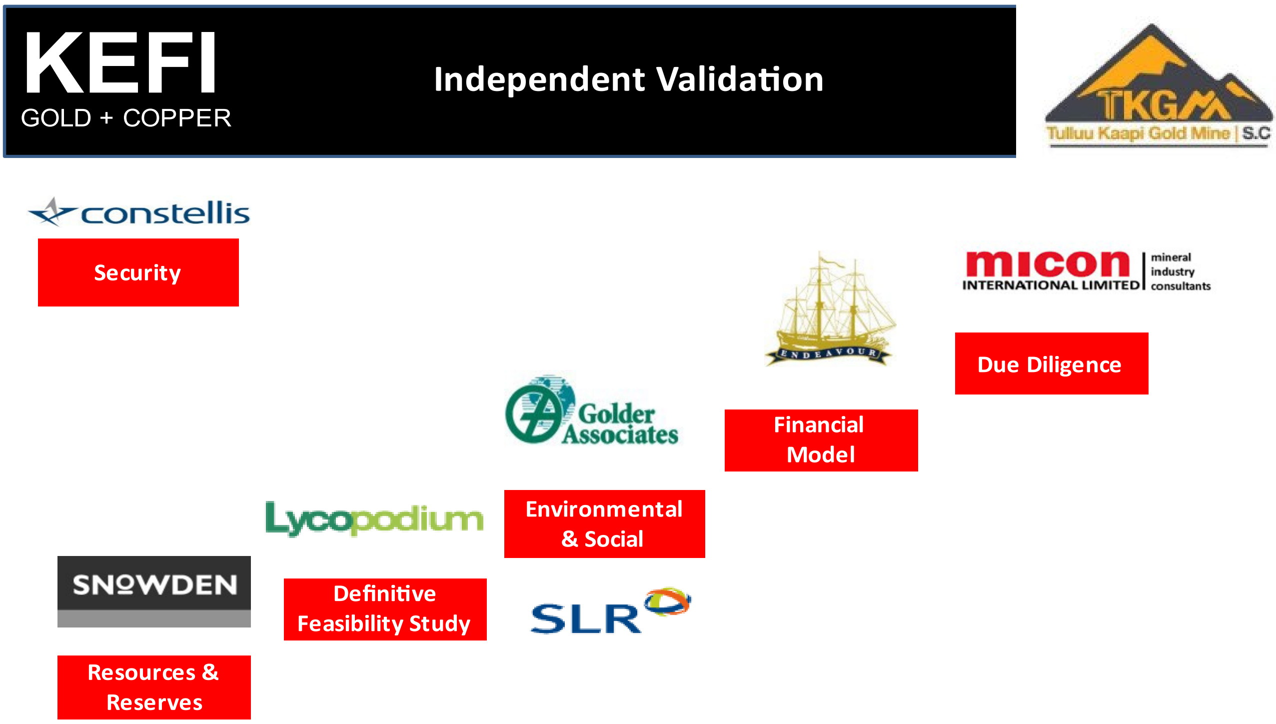
- GMCO has provided the following:
  - Over 50 direct and indirect local employment positions in the community;
  - Preferential procurement from local suppliers for accommodation, water, fuel and food;
  - Graduate recruitment and skills training for six Saudi nationals (20% of the current workforce); and
  - Active engagement with the local IMARA and government authorities on matters of local and community interest.
- GMCO plans to provide the following once the Hawiah and Jibal Qutman Projects are fully launched and developed:
  - Over 1,000 direct and indirect employment positions;
  - Active training and skills development for Saudi Nationals in line with the goals of the Saudi Vision 2030;
  - Preferential procurement and supplier contracts for ongoing operations; and
  - Regional development of road, water, electrification and health care to nearby villages and development of local regional centres around Hawiah and within the Makkah governorate area.

Reporting Standards

TKGM, like KEFI, emphasises transparency in all dealings and compliance with leading international standards for social and environmental aspects including World Bank IFC Principles, Equator Principles and the more recent Environmental, Social and Governance reporting guidance.

TKGM's Environmental and Social Impact Assessment has been available on KEFI's website since its completion in 2015, environmental and social base line studies have been independently conducted and our Social Performance Team has been on the ground within the communities throughout KEFI's presence.

Once development commences, we will commence external reporting the following functions and activity sets:



Constellis:	Reviews of security from the level of country down to site.
Snowden:	Independent Competent Person for reporting of Mineral Resources and Ore Reserves in accordance with the JORC Code.
Lycopodium:	Updated the DFS initially assembled by Senet, to incorporate refinements and market pricing.
Golder:	Carried out the Environmental and Social Impact Assessment and baseline studies
SLR:	Independent monitoring of environmental and social performance, measured against the World Bank IFC Performance Standards and Equator Principles and International Cyanide Management Code.
Endeavour Financial:	Project finance adviser and independent financial modelling.
Micon International:	Independent due diligence for project financing syndicate.

Corporate Governance

The Directors of the Company have elected to follow the main principles of the QCA Corporate Governance Code (the "QCA Code"), which identifies ten principles that focus on the pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit which the Company has so carefully created:

1. **Business Model & Strategy:** The Board must be able to express a shared view of the Company's purpose, business model and strategy. In this regard, KEFI's Board reviews and approves as the case may be annual reports, plans and budgets plus monthly progress reports.
2. **Understanding Shareholder Needs and Expectations:** The directors must develop a good understanding of the needs and expectations of the Company's shareholder base. In this regard, KEFI's Chairman regularly consults the largest shareholders conducts a quarterly Webinar providing live Question and Answer session for all shareholders.
3. **Considering Wider Stakeholder and Social Responsibilities:** The QCA Code states that long-term success relies upon good relations with a range of different stakeholder groups both internal and external. The board needs to identify the Company's stakeholders and understand their needs, interests and expectations. In this regard, an example of KEFI conduct is that operating subsidiary TKGM is member of the TKGM-Government Task Force for oversight of Project co-ordination and progress.
4. **Risk Management:** The board needs to ensure that the Company's risk management framework identifies and addresses all relevant risks in order to execute and deliver the Company's strategy. In this regard, KEFI's own risk assessments are supplemented by independent risk reviews by independent experts across a wide range of topics, including security, environmental, social, cost-control and schedule control.
5. **Well-functioning Board of Directors:** The Board must be maintained as a well-functioning, balanced team led by the Chair. The Board should have an appropriate balance between executive and non-executive directors and have at least two independent non-executive directors.
6. **Appropriate Skills and Experience of the Directors:** The Board must have an appropriate balance of skills and experience and not be dominated by one person or group of people. KEFI's Board includes individuals with extensive experience in mining and African business building, operations, financing and government relations.
7. **Evaluating Board Performance:** The QCA Code states that the Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and individual directors. In this regard, an initiative that emerged from such a review was to ensure that at least one KEFI non-executive director sits in on the board meetings of joint venture operating companies to reinforce full transparency through to the parent from the subsidiary structures.
8. **Corporate Culture:** The Board should promote a corporate culture that is based on ethical values and behaviours. In this regard, KEFI's Chairman in Ethiopia was elected the Chairman of the International Progress Association for Mining in Ethiopia, in our view, reflecting the well-established standing of Tulu Kapi as a project in the country and also the recognition of our commitment to the highest ethical values and behaviour.
9. **Maintenance of Governance Structures and Processes:** The Company should maintain governance structures and processes in line with its corporate culture and appropriate to its size and complexity. In this regard, TKGM's Social Performance Team is being further expanded to a full-staffing level and stationed at Tulu Kapi in order to be able to continuously consult the community in a systematic manner as development launches, with reports being provided through to the rest of the organisation.
10. **Shareholder Communication:** The QCA Code states a healthy dialogue should exist between the Board and all of its stakeholders, including shareholders, to enable all interested parties to come to informed decisions about the company. In this regard, it is relevant that all KEFI shareholder resolutions have received overwhelming approval of more than 85% at the general meetings.

Full details of the governance charters and other disclosures can be found on the Corporate Governance page of Company's website.

Ethiopia and Saudi Arabia

These are the two of the larger countries within the Arabian-Nubian Shield, selected by KEFI because of their prospectivity, the opportunity to attain a pole position in modern mining and the encouragement by government. The Company has been in Ethiopia since 2014 and in Saudi Arabia since 2008.

Ethiopia

The Federal Democratic Republic of Ethiopia, is a major economic and political power within the East African region, as well as hosting the headquarters for the African Union and many international political and non-government organisations.

Until a few years ago, Ethiopia was one of the world's top-ten growth countries for nearly 20 years running and now, having overcome its recent security issues, is demonstrating a clear determination to expedite the economic recovery and the pursuit of its economic objectives. Whilst the Company always maintains a strictly apolitical stance, we remain of the strong belief that Ethiopia's transformative strategies are overwhelmingly positive and auger well for the outlook for the country, our sector, and our Company.

Organised as a Parliamentary republic, Ethiopia is composed of 10 governing regions alongside two chartered cities (Addis Ababa and Dire Dawa), which are in turn composed of 68 districts. Regional divisions are strongly associated with the country's 7 major ethnic groups, in particular those of the Oromia and Amhara regions which together account for more than 60% of the country's population. The population is approximately 110 million and has an average age of 20 years.

Political transformation is indeed occurring at a rapid pace. After toppling the socialist-military regime in 1991, the Tigray-based political party dominated the coalition party and thus the Federal Government, effectively leading the country until 2018. In 2018, change within the ruling coalition party led to the election of Prime Minister Dr. Abiy Ahmed, who has led significant changes in politics and economic direction and systems.

In November 2020 the Federal Government enforced law & order by taking military and police action in Tigray to preserve compliance with the constitution of Ethiopia. These security programs and the global COVID pandemic have strained Ethiopia's social cohesion and economic performance. However, the security situation has improved enormously in Ethiopia following the end of the civil war in the country's northern regions during December 2021 and the lifting of the national state of emergency in February 2022.

Ethiopia's Mining Sector

Less than 1% of Ethiopia's GDP is from the mining sector, but the Government's 10-year target is 10%. TKGM is the first mover of an industrial scale for some decades and, if operating today, Tulu Kapi would be the largest single export generator in Ethiopia. And, if the top four gold projects are producing in five years, their combined exports would rival total exports from Ethiopia today.

Tulu Kapi will be the country's first large-scale mining project for some 30 years and is designed to the highest international standards. It therefore is imposing many demands on a regulatory system which the Ethiopian Government is upgrading, under strong Ministerial leadership, determined to build a modern minerals sector.

The Government is continually improving the mining regulatory framework. Recent initiatives include the digitisation of the licence application lodgement system plus other policy precedents brought to the Government's attention by the private sector, such as:

- Specialist internationally accredited contractors being allowed to operate in Ethiopia;
- Whilst we are still resolving the detailed operating arrangements, bank accounts have been permitted for us in major international financial centres to allow mining project finance; and
- Permissible capital ratios now cater for the capital-intensity and project-debt-gearing of mining.

Saudi Arabia

Saudi Arabia is the largest country in the Middle East and the Kingdom was founded in 1932, uniting the four regions into a single state and has since effectively been an absolute monarchy governed along Islamist lines. The population is approximately 34 million and has an average age of 32 years.

Saudi Arabia's Mining Sector

The Kingdom of Saudi Arabia is a country with a long history of gold and copper mining that dates back over 3,000 years. Exploration for gold was deregulated for foreign investment in 2006. Despite making two significant discoveries in Saudi Arabia since entering the country in 2008, our progress in the country accelerated since early 2022 as a result of regulatory overhauls.

The country's prospectivity for further discovery is widely recognised and the international industry is mobilising at the invitation of the Government.

Saudi Arabia recently created the Ministry of Industry and Mineral Resources to intensify efforts to expand the minerals sector, which is now officially proclaimed to become the third pillar of the Saudi economy. A mining fund has been established by the state, to provide development finance for the sector as well as support geological survey and exploration programs.

Such initiatives auger well for ARTAR and KEFI's GMCO joint venture, because we are one of very few long-standing active explorers and we have developed a huge database since 2008, which can be applied when new areas become available for Exploration Licence Applications.

Exploration and Development – KEFI's History

KEFI's Mission at its IPO in December 2006 was to discover +1 million ounce gold (or gold-equivalent) deposits. Rapid prospect and regulatory assessments in several countries led KEFI to focus on the underexplored Precambrian Arabian-Nubian Shield in Saudi Arabia in 2008 and Ethiopia in 2013, and divest its interests elsewhere.

In Turkey, KEFI was successful in the discovery of epithermal gold at its Yatiktas and Derenin Tepe prospects. The former was sold to Koza Gold with a 2.5% NSR and the latter sold to Ariana Resources with a 2% NSR. The Artvin porphyry copper-gold VMS project and the Bakir Tepe copper-gold VMS project were successfully joint ventured with Centerra Gold. These interests were disposed of in the past years.

In Saudi Arabia, KEFI has demonstrated the prospectivity it was searching for and has:

- built an impressive portfolio of exploration properties;
- discovered several gold deposits at Jibal Qutman and defined a MRE of 733,000 ounces of gold by 2013. The adjacent ELs have potential to make this project a multi-million ounce gold district;
- At Hawiah:
    - discovered the large Hawiah copper-gold VMS deposit in 2019;
    - released a maiden MRE and completed an initial PEA in 2020;
    - acquired the adjacent Al-Godeyer ELs in late 2021;
    - published an updated MRE and commenced a PFS in 2022; and
    - published an updated MRE in early 2023.

In Ethiopia, KEFI identified the potential of the +1 million ounce gold deposit at Tulu Kapi that had been evaluated by Nyota Minerals PLC in 2012. KEFI recognised that the Project was over-capitalised and inadequately planned. This asset was acquired 100% by KEFI in 2013-2014 for £6 million. KEFI proceeded to completely overhaul the Project and brought it to the development starting blocks.

In addition, the underground potential at Tulu Kapi could yield high-grade gold of +1 million ounces and there are 15 known prospects with encouraging drill intercepts in exploration ground reserved for KEFI within a 50km radius of Tulu Kapi. KEFI shareholders have provided £80 million of equity funding since the initial IPO and the Company has now assembled three advanced development projects with NPV's well in excess of that investment and a large pipeline of other projects.

Exploration and Development – Ethiopia

Tulu Kapi's gold production is currently estimated to commence at c. 140,000 ounces per annum over the seven years of mining the open pit. The estimated AISC of $800-1,000/ounce (it varies with gold prices as it includes royalties) is lower than the industry average.

All aspects of the Tulu Kapi (open pit) gold project have been reported in compliance with the JORC Code and subjected to reviews by appropriate independent experts. These plans now also reflect duly updated construction and operating terms with project contractors.

Ore Reserves of 1.05 million ounces and Mineral Resources of 1.7 million ounces have significant upside potential, particularly extending the current high-grade Resources under the planned open pit and from potential satellite gold deposits within a 50km radius of Tulu Kapi, including the Guji-Komto Project, which has potential for shallow open cut resources of +0.5 million ounces of gold.

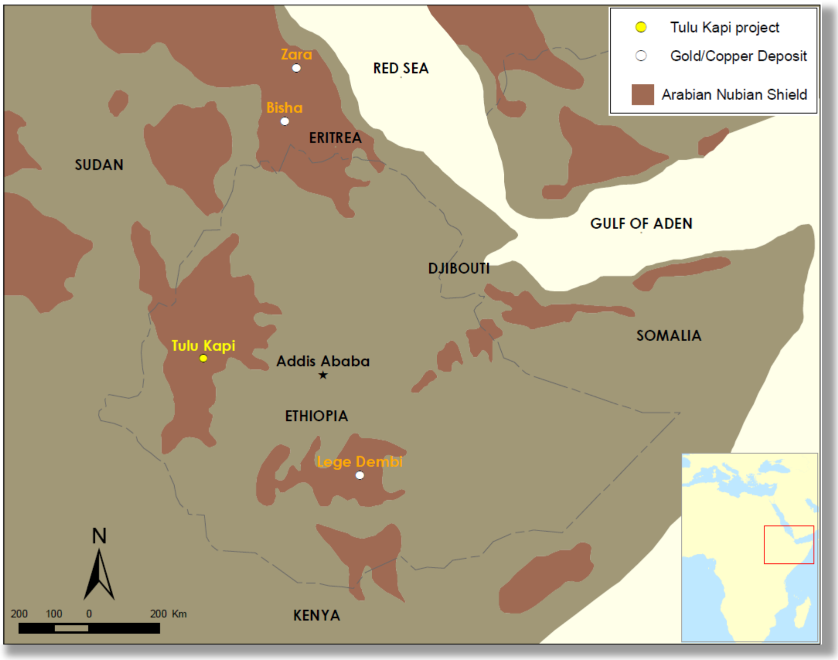
Tulu Kapi - Background

Tulu Kapi is located approximately 360km due west of Ethiopia's capital, Addis Ababa. A main road to Addis Ababa has now been sealed to within 12km of Tulu Kapi.

The altitude of the project area is between 1,600m and 1,765m above sea level. The climate is temperate with annual rainfall averaging about 150cm.

The surface topography around Tulu Kapi is hilly with deeply dissected river valleys. Subsistence farmers primarily grow coffee, crops, and fruit.

The Tulu Kapi gold deposit was discovered and mined on a small scale by an Italian consortium in the 1930s. Nyota Minerals Limited acquired the project in 2009 and then undertook extensive exploration and drilling which culminated in an initial DFS in December 2012. KEFI acquired 75% of the Share Capital of Nyota in December 2013 and the remaining 25% in September 2014.



Location of Tulu Kapi in Ethiopia.

Tulu Kapi – Permits and Mining Agreement

The Tulu Kapi Mining Agreement between the Ethiopian Government and KEFI was formalised in April 2015. The terms of the Mining Agreement include:

- Renewable 20-year Mining Licence covering an area of 7km^2, with full permits for the development and operation of the Tulu Kapi Gold Project.
- Fiscal arrangements:
  - 5% Government free-carried interest;
  - Royalty of 7%;
  - Income tax rate for mining of 25%;
  - Historical and future capital expenditure is tax deductible over four years; and
  - Stabilisation of fiscal arrangement to protect KEFI in case of future legislative changes.
- Government undertaking to facilitate international financing arrangements for Tulu Kapi in this new sector.

Attachments to the Mining Agreement include the Environmental and Social Impact Assessment, the Development and Production Work Programme and the Community Resettlement Action Plan.

Tulu Kapi – Project Launch Preparations

In collaboration with the regulatory agencies at all four levels of the Ethiopian Government, TKGM is implementing a staged Tulu Kapi project launch, with progress to May 2023 as follows:

- updated technical and legal due diligence, as directed by senior lenders' independent advisers - to satisfy conditions precedent to finance closing;
- progressing detailed engineering – minimising procurement and construction time;
- on-going community engagement;
- on-going independent security monitoring; and
- facilitated the completion of remaining administrative tasks required to be done by the Ethiopian Government.

All parties are working with Government to obtain the final required clearances and, in the meantime, preparing for full construction start to coincide with the next dry season at Tulu Kapi, which is expected to start in October 2023, having already prepared the community and procured the plant and equipment, with full production targeted to start in 2025.

Tulu Kapi - Geology

The Tulu Kapi region has typical Precambrian geology containing metasediments, metavolcanics and intrusive rocks.

Gold at the Tulu Kapi deposit is hosted in quartz-albite alteration zones as planar stacked lenses that dip 30° to the northwest in a syenite pluton. Gold mineralisation extends over a 1.5km by 0.5km zone and is open at depth (+550m). The mineralisation is characterised by a simple mineralogy comprising gold, silver, pyrite and minor sphalerite and galena. The gold is free milling with metallurgical recoveries averaging 93% for oxide and sulphide ore in the planned open pit.

At depth beneath the main body of mineralised syenite there is a zone that is characterised by significantly higher gold grades, with occasional coarse visible gold, more base metal sulphides. KEFI geologists have steadily increased their understanding of the Tulu Kapi orebody and utilising this knowledge as part of the systematic search for nearby gold deposits.

Tulu Kapi – Resources and Reserves

The Tulu Kapi Mineral Resources total 20.2 million tonnes at 2.65g/t gold, containing 1.72 million ounces. As summarised in the table below, c. 94% of the Mineral Resources are in the Indicated category.

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

Note: 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. For further information, see KEFI announcement dated 4 February 2015.

The 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, respectively.

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. As detailed in the table below, 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.

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
Total		**15.4**	**2.12**	**1.05**

Note: Mineral Resources are inclusive of Ore Reserves.

The above Mineral Resources and Ore Reserves were estimated using the guidelines of the JORC Code.

Tulu Kapi - Definitive Feasibility Study and Subsequent Optimisation

Following KEFI completing the 2015 Definitive Feasibility Study ("2015 DFS") in June 2015, the cost estimates and mine plan were refined further and summarised in the 2017 DFS Update of May 2017. These refinements were the product of collaboration between the KEFI project management team, its specialist advisers and the project contractors.

The DFS and subsequent updates plan to preferentially process higher-grade ore (mined above cut-off grade of 0.9g/t gold) and to stockpile ore mined at grade 0.5-0.9g/t gold.

Project economics are summarised below:

	2015 DFS 13-year LOM (owner mining)	2017 DFS Update 10-year LOM (contract mining)	2023 Plan 8-year LOM (contract mining)
Waste: ore ratio	7.4:1.0	7.4:1.0	7.4:1.0
Processing rate warranted	1.2Mtpa	1.5-1.7Mtpa	1.9-2.1Mtpa
Total ore processed	15.4Mt	15.4Mt	15.4Mt
Average head grade	2.1g/t gold	2.1g/t gold	2.1g/t gold
Gold recoveries	91.5%	93.3%	93.3%
Annual steady-state gold production	95,000 ounces	115,000 ounces	140,000 ounces
Total LOM gold production	961,000 ounces	980,000 ounces	980,000 ounces
All-in Sustaining Costs ("AISC")	$724/oz	$801/oz	$947/oz
All-in Costs (incl. initial capex)		$937/oz	$1,189/oz
Average net operating cash flow	$50M p.a.	$60M p.a.	$102M p.a.
Payback	3.5 years	3 years	3 years

Notes:

- *Based on DFS financial model for Tulu Kapi open pit updated for refinements in consultation with lenders, contractors and input pricing updates generally.*
- *The above metrics assume a gold price of $1,250/oz for the 2015 DFS and $1,300/oz for the 2017 DFS Update and $1,815/oz for the 2023 Plan.*
- *AISC include all operating costs, maintenance capital and royalties.*
- *Royalties increase with the gold price and therefore so does AISC.*
- *Life of Mine ("LOM") is the time to mine the planned open pit only.*
- *Gold production and net operating cash flow are for the first seven to eight years of gold production.*

Tulu Kapi – Development Overview

Tulu Kapi is planned to be a conventional open-pit mining operation with a CIL processing plant. The mine will be connected to Ethiopia's electricity grid via a new 47km long, 132 kV dedicated power line relatively close to Ethiopia's major hydro power-generation source. An emergency diesel power plant will also be installed to provide emergency backup power to critical process equipment in the event of a grid power failure.

Tulu Kapi is permitted for development and operation. The work currently being undertaken should ensure construction can proceed quickly and efficiently once funding is in place. Ancillary licences and permits are expected to be dealt with expeditiously in the normal manner as development progresses. The implementation plans have been agreed on a base schedule of 24 months.

Our development plan includes a fixed price, lump-sum processing plant "design and supply contract" with Lycopodium and a warranted ore processing rate of 1.9-2.1 million tonnes per annum. The plant assembly aspect of the development is planned as a reimbursable cost-based arrangement.

The mining services agreement with PW Mining is a conventional schedule of rates agreement under which the African mining services specialist provides the mining equipment, systems and operators and gets paid for performing according to the KEFI/TKGM plans and directions.

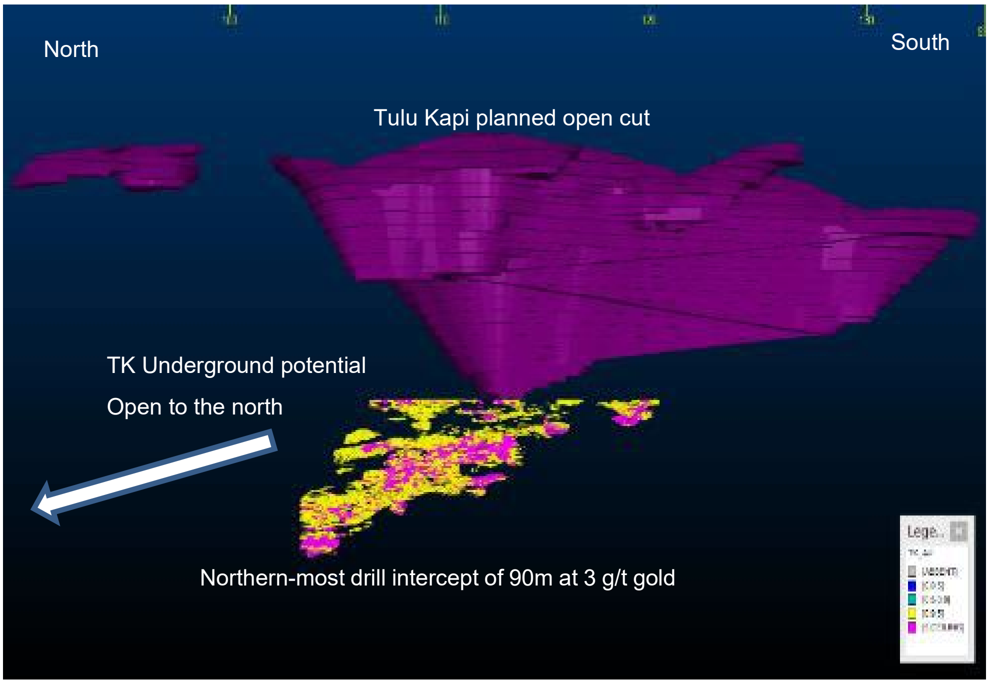
The current cost (including finance costs and working capital) to develop Tulu Kapi is estimated to be $320 million as summarised below:

$ millions	
36	Mining (excluding mining fleet provided by the contractor)
161	Processing plant
20	Infrastructure
15	Bulk earthworks
28	Social and environment
32	Owners' costs and working capital
28	Finance costs
320	**Total development costs**

The above estimates were last updated in late 2022 and are dependent upon final procurement confirming prices.

Tulu Kapi – Underground Mine Potential

The Tulu Kapi orebody is amenable to underground mining as the ground conditions are good with gold grades increasing and ore lenses thickening with depth. Gold mineralisation remains open along strike, down plunge and at depth. Notably, the most northerly hole drilled into the deepest portion of the deposit intersected 90m at 3g/t gold and demonstrates that the deposit remains open down plunge.



View looking east, showing planned TK open cut and high-grade gold drill intercepts in the TK Deeps.

An internal PEA of Tulu Kapi's underground mining potential was completed in March 2016. The PEA considered the gold mineralisation below the base of planned open pit at a cut-off grade of greater than 2.5g/t gold, which is c. 1,450m RL (i.e. 50m higher than the 1400m RL division for the 2015 Mineral Resource Statement). It also considered economic lenses above 1,450m RL but outside of the planned open pit.

The PEA has been supplemented with updated preliminary underground mine plans which have been integrated into a combined production profile. Key features of the combined production profile are that:

- At this early stage of planning for the underground mine, we have intentionally erred on the side of caution and projected combined gold production from the open pit and underground mine to increase gold recovered from 980,000 ounces to 1,190,000 ounces;
- We assumed that the processing plant is not expanded and the extra production extended Project life; and

- Subject to the results of a full DFS, underground mine development is targeted to commence in the first half of open-pit operations and, subject to the results of planned drilling to extend resources at depth, targeted to make a larger contribution than is currently assumed in financial modelling.

As the deposit remains open, KEFI has identified as yet untested exploration potential for tripling the current 330,000 ounce underground MRE to c. 1 million ounces.

Tulu Kapi – Regional Exploration Potential

Regional exploration is at an early stage but significant potential has already been identified for further gold orebodies to be discovered near Tulu Kapi.

The Komto-Guji structure strikes over 9km and has potential for 0.3 to 0.5 million ounces of gold oxide mineralisation in shallow open pits that may be processed by heap leach, or at the Tulu Kapi processing plant.

The Tulu Kapi gold district has enormous potential and is clearly a multi-million-ounce gold system. KEFI is also targeting other gold deposits in western Ethiopia.

Exploration and Development – Saudi Arabia

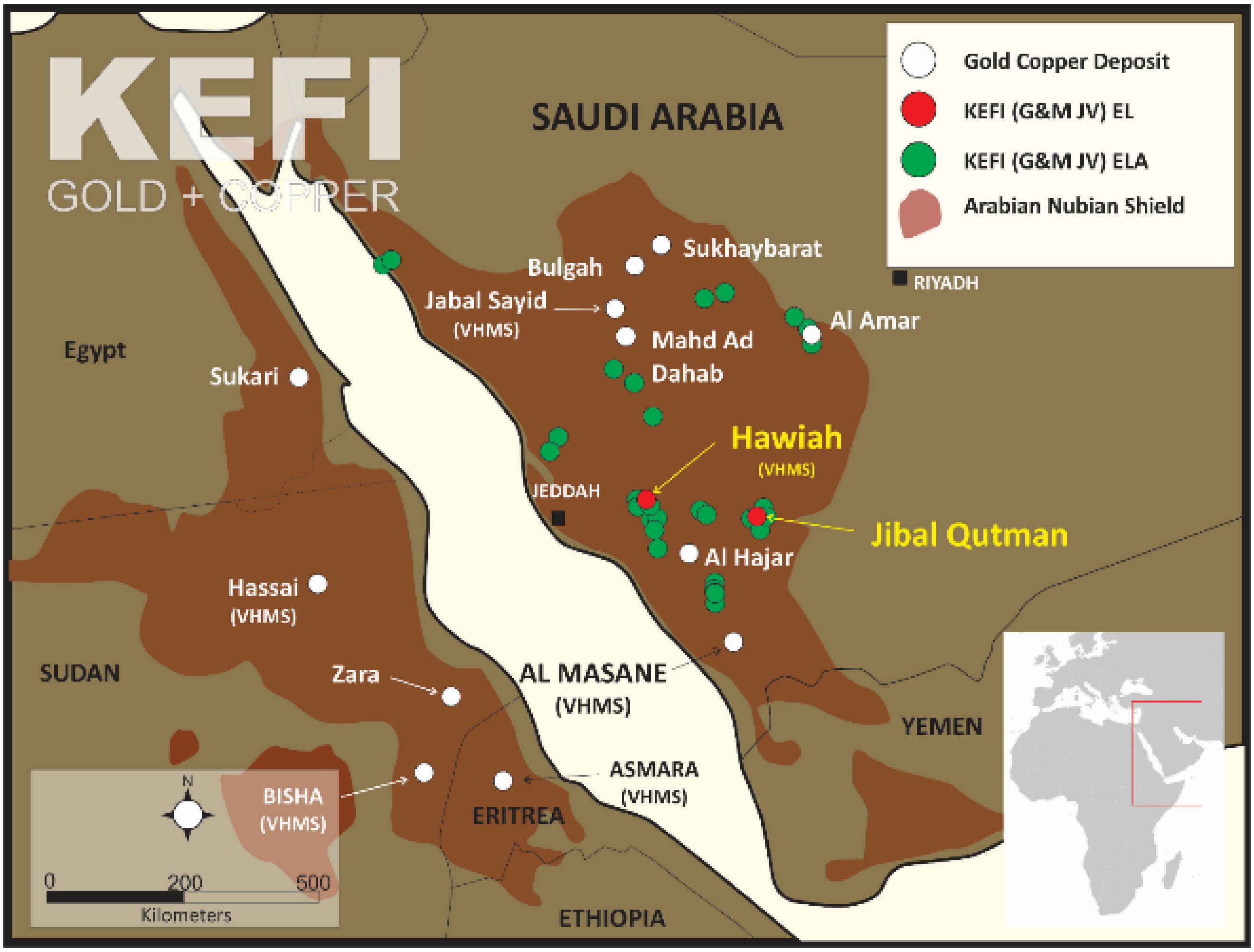
KEFI's joint venture operating company GMCO is rapidly becoming a leading explorer/developer/producer in the fast-emerging Saudi minerals sector with:

- one of the largest exploration teams in the country; and
- two major projects advancing towards development:
  - Hawiah Copper Gold Project at the Preliminary Feasibility Study ('PFS') stage; and
  - Jibal Qutman Gold Project at the Definitive Feasibility Study ('DFS') stage.

GMCO's growth has coincided with the Saudi Government's widely publicised recent initiatives to welcome international expertise and fast-track the growth of its mining sector.

Following the award of 14 ELs since the beginning of 2022, GMCO now holds a total of fifteen ELs covering an area of more than 1,035km^2. This demonstrates the overhauled regulatory regime and the seriousness of Saudi Arabia's commitment to the development of its minerals sector.

The recently granted ELs are designed to establish additional resources near our existing discoveries and explore within four highly prospective regions. EL applications are made by ARTAR on behalf of GMCO, which has a legal commitment to transfer its licences into GMCO at any time. ARTAR, a leading local industrial and international investment group owned by Abdulrahman Saad Al Rashid and his family, is fully supportive of our progress in Saudi Arabia and plays a vital role in our dealings with the Saudi Ministry of Industry and Mineral Resources and other important government organisations.



Location of GMCO ELs and ELAs in Saudi Arabia, including the main gold and VMS copper deposits in the ANS (note that the locations shown for ELAs are not current).

Key commercial advantages for KEFI in Saudi Arabia are:

- the GMCO joint venture relationship between ARTAR and KEFI;
- a country under-explored for minerals with only a few companies historically exploring for gold and copper;
- the Precambrian ANS rocks are very prospective for gold and copper;
- exploration and operating costs are low by industry standards, benefitting from low energy and labour costs;
- Saudi Industrial Development Fund potentially provides loans for up to 75% of the capital cost of mine development at attractive interest rates; and
- a new Mining Law implemented in 2021 which has facilitated faster EL processing times during 2022.

Going forward the Company's Saudi assets are expected to have relatively short gestation, approval, financing and development schedules given:

- GMCO's long-established proprietary database and successful exploration teams;
- there is no need to resettle communities;
- less restrictive security protocols for operations; and
- established in-country capital markets and funding options.

Jibal Qutman Project

Since being granted the initial Jibal Qutman EL in July 2012, KEFI has advanced this project from grassroots exploration to now assessing the best way to bring to account the gold mineralisation discovered to date.

The shear-hosted orogenic gold deposits at Jibal Qutman are comprised of a weathered oxide zone and lower un-weathered fresh orebody. Mineral Resources are currently constrained to several open pits with drilling to a maximum depth of ~125m. There is a great deal more potential.

In mid-2022, GMCO received formal notification from the Saudi Arabian Ministry of Industry and Mineral Resources (“MIM”) that land access issues which halted the mine development application in 2016 are now resolved, thus clearing the way for GMCO to progress the work required to complete a DFS. Land access was re-established at the end of 2022.

The three Jibal Qutman ELs cover an area of over 270km^2. The ELs cover an important part of the prospective Nabitah-Tathlith Fault Zone, a 300km-long structure with over 40 gold occurrences and ancient gold mines.

Drilling undertaken by GMCO prior to 2016 identified gold resources totalling 733,000 ounces in six areas - Main Zone, West Zone, South Zone, 3K Hill, 4K Hill and Red Hill. Early-stage exploration has established good prospectivity for further shallow oxide gold deposits within the three ELs.

As from November 2022, GMCO recommenced field programmes required to complete a DFS commenced such as environmental baseline studies, geotechnical drilling and metallurgical drilling. Drilling during H1-2023 has been aimed at upgrading areas of Inferred Resources to Indicated classification for inclusion in an Ore Reserve. Results will be reported as the Mineral Resource Estimate is updated.

Mineral Resource Estimate for Jibal Qutman

The last-published MRE for Jibal Qutman totals 28.4 million tonnes at 0.80g/t gold, containing 733,045 ounces. As summarised in the table below, the majority of the Mineral Resource is in the Indicated category.

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

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.

Feasibility Studies for Jibal Qutman

Completed in 2015, an internal PEA evaluated the development of a small heap-leach (“HL”) operation at Jibal Qutman predicated on a gold price of $1,200/ounce. This was seen as a starter project pending the proving-up of a larger scale project warranting the higher capital investment for Carbon-in-Leach (“CIL”) processing plant.

Given that the consensus long-term gold price is currently $1,815/ounce, a larger CIL-based development is now a much more attractive potential investment. As a result of the new regulatory system and positive developments at the Saudi Arabian Ministry for Industry and Mineral Resources, development planning studies recommenced at Jibal Qutman in 2022.

During 2022, Lycopodium was appointed to provide a DFS for a CIL project. The aim is for a larger-than-originally contemplated starter project to recover more than 500,000 ounces of gold rather than the originally envisaged 200,000 ounces of gold. And whilst development takes place, the exploration team would be targetting to significantly increase the current Jibal Qutman resource of 733,000 ounces of gold. GMCO progresses the work required to complete the DFS to the standard required for industry-standard project financing.

The principal tasks required to commence development of Jibal Qutman are planned to be completed in the following sequence during 2023:

- drilling for upgrading and expanding resources, geotechnical investigations, and water supply;
- updated MRE following the conclusion of infill and expansion drilling;
- mine plan and Ore Reserves to be finalised following drilling results;
- metallurgical testwork and finalisation of the processing flowsheet;
- detailed estimates of capital and operating expenditure;
- finalising environmental and social responsibility plans and permitting; and
- finance plan approved with the Saudi Investment Development Fund (“SIDF”).

Jibal Qutman Outlook

A 13,000 metre drilling programme undertaken during H1-2023 is focused on the Red Hill, 3K Hill, 4K Hill and South Zone areas with the Red Hill deposit and nearby areas having particularly good potential to provide additional ounces.

Development commitments are expected to be considered in an expedited fashion following completion of the DFS and granting of the Mining Licence. Subject to development commitment, regulatory approvals and financing, Jibal Qutman targets commissioning gold production in mid-2025.

Project financing for Jibal Qutman is expected to be sourced and implemented within Saudi Arabia, which has well-developed international capital markets with a mandate to invest in the country’s mineral resources. GMCO has also initiated discussions with the SIDF and other local development finance institutions regarding project funding to be finalised once the Mining Licence has been awarded.

Hawiah Project

GMCO commenced drilling at Hawiah in September 2019 and quickly confirmed a large-scale VMS style of deposit underlying the outcropping 4.5km long gossanous ridge.

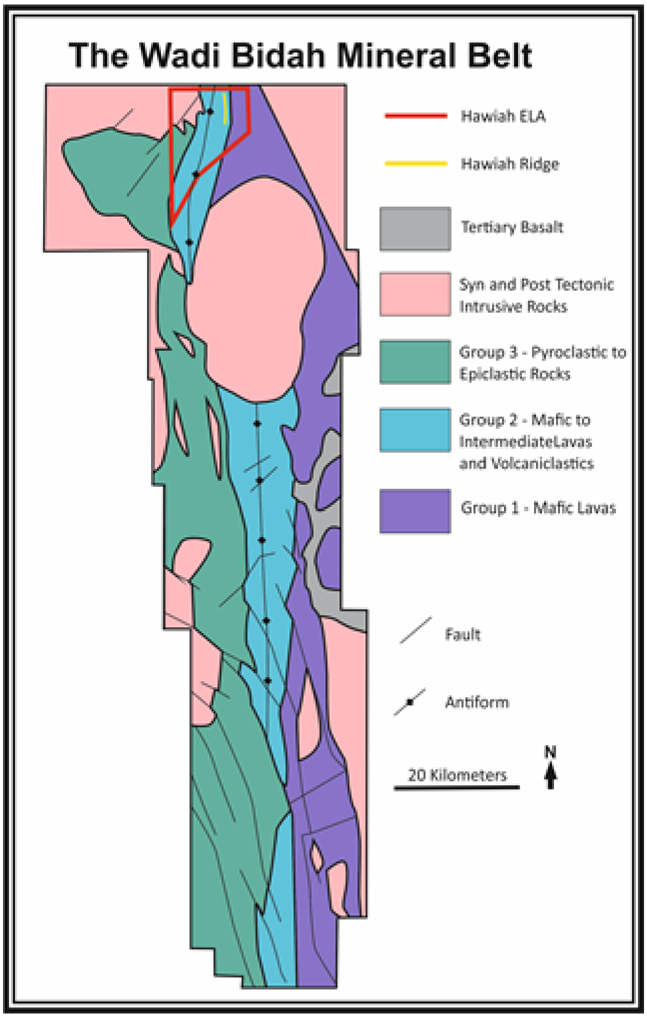
Whilst mineralisation is continuous across the 4.5Km strike length, three distinct massive sulphide ‘lodes’ have been delineated, representing areas of greater sulphide thickness. The polymetallic massive sulphide mineralisation comprises copper, gold, zinc and silver with intercepts of up to 5% copper equivalent.

The maiden 2020 MRE established an initial inferred resource of 19.3 million tonnes at 0.9% copper, 0.8% zinc, 0.6g/t gold and 10.3g/t silver, with a supporting PEA based on this early resource indicating the project is viable for an underground mining operation. The study uses typical long-hole open stope mining methods, conventional flotation and CIL processing to produce copper concentrate, zinc concentrate and a gold/silver doré.

In early 2023, KEFI announced an updated Hawiah MRE of 29.0 million tonnes at 0.89% copper, 0.94% zinc, 0.67g/t gold and 10.1g/t silver. As a scale-comparison with Tulu Kapi, Hawiah’s recoverable metal is now estimated to be in the order of 2.5 million gold-equivalent ounces versus Tulu Kapi’s 1.2 million ounces of gold.

Hawiah Geology and History

The Hawiah deposit sits at the northern end of the prospective Wadi Bidah Belt. The north trending, 120km long and 20km wide belt comprised of Precambrian Shield rocks is subdivided into three groups. These three groups represent a back-arc volcanic progression, plunging west, from mafic volcanic to bimodal epiclastic. The numerous deposits of the Wadi Bidah are thought to have been mined since A.D. 725 as evidenced from radio-carbon dating of charcoal recovered from the slag dumps in the district. Ancient mining activity was directed towards gold recovery from gossans and vein deposits. These ancient workings were not deep enough to exploit unoxidised massive sulphides.



Geological sketch map of the Wadi Bidah Mineral Belt.

Modern exploration in the Wadi Bidah region began in 1936 with the Saudi Arabian Mining Syndicate. The first documented exploration at Hawiah was in the 1980s by the Bureau de Recherches Geoligiques et Miniere ("BRGM") of France. Hawiah's silicified and gossanous ridgeline was originally mapped and trenched by the BRGM which identified its near-surface gold-bearing potential.

KEFI's reconnaissance team identified that the prominent 4.5km long, approximately north-south trending ridgeline represents the leached gossanous cap of a VMS deposit. The Hawiah EL contains bimodal mafic and felsic volcanics and volcaniclastics units with outcropping stratiform VMS mineralisation situated on the eastern limb of a broad, south-plunging regional anticline.

GMCO has undertaken a sequential exploration program of mapping, rock chip sampling, trenching and geophysics since 2014. This work led to GMCO commencing drilling at Hawiah in 2019. By the end of 2022, GMCO had completed total of 213 diamond drillholes (49,593m), 114 reverse circulation drillholes (4,845m) and 57 trenches (1,649m) at Hawiah.

Diamond drilling has shown that the unweathered subsurface extension of the ridgeline is comprised of massive sulphide hosted within a greenschist altered volcanic package. This package near surface has been subject to variable supergene alteration as a result of rock-groundwater interactions. This has resulted in three weathering/alteration domains across the length of the ridgeline:

- **Oxide** (0-35m depth) – preferentially enriched in gold
- **Transitional** (35-70m depth) – preferentially enriched in copper
- **Fresh** (>70m depth) – representing ~88% of the known deposit

The siliceous gossan at Hawiah.

The three copper-zinc-gold-silver massive sulphide lodes are:

- Camp Lode: The deepest massive sulphide intersection at the Camp Lode is at a vertical depth of 590m where 4.4m true width of massive sulphide was intersected, this extends the total plunging strike length of mineralisation to 1.2km from the surface, with mineralisation remaining open. The average true width of the 'Camp Lode' is 7m with the widest intersection of 20m found at a depth of 90m;
- Crossroads Lodes: 1.1km long, with an average width of 5m and widest intersection of 10m true width; and
- Crossroads Extension Lode: 0.7km long at surface, with a total plunging strike length of mineralisation to 1.3km to surface. The average width of 4.2m and widest intersection of 13m true width. This lode has been explored to a maximum vertical depth of 500m where 6.2m of massive sulphide was intersected at 2.9% zinc and 0.79g/t gold.

Drilling spans over 5km of strike length at a drill spacing on the Camp and Crossroads Lodes at approximately 40-60m within areas reporting to Indicated classification and 120-140m for areas reporting to Inferred classification.

Drilling within the Central Area has primarily been focused on near surface Oxide and Transition domains and is limited at depth.

Hawiah Project - Mineral Resource Estimates

Since the commencement of major exploration works at Hawiah in early 2019, KEFI announced a maiden MRE in August 2020 followed by the December 2021 updated MRE of 24.9Mt at a 0.90% copper, 0.85% zinc, 0.62 g/t gold and 9.81 g/t silver.

Diamond and reverse circulation ("RC") drilling have since continued with an additional 7,675m of diamond drilling and 4,845m of RC drilling completed over the past year, bringing the Project total to 58,194m of drilling. Drilling during 2022 had three main objectives:

- Improve the level of geological control in the upper portion of sparsely explored Central Zone and northern portion of the Camp Lode;
- Explore the Crossroads Extension Lode and further define the deeper portion of the orebody; and
- Better define the upper oxide and transition zones and increase the known gold resource.

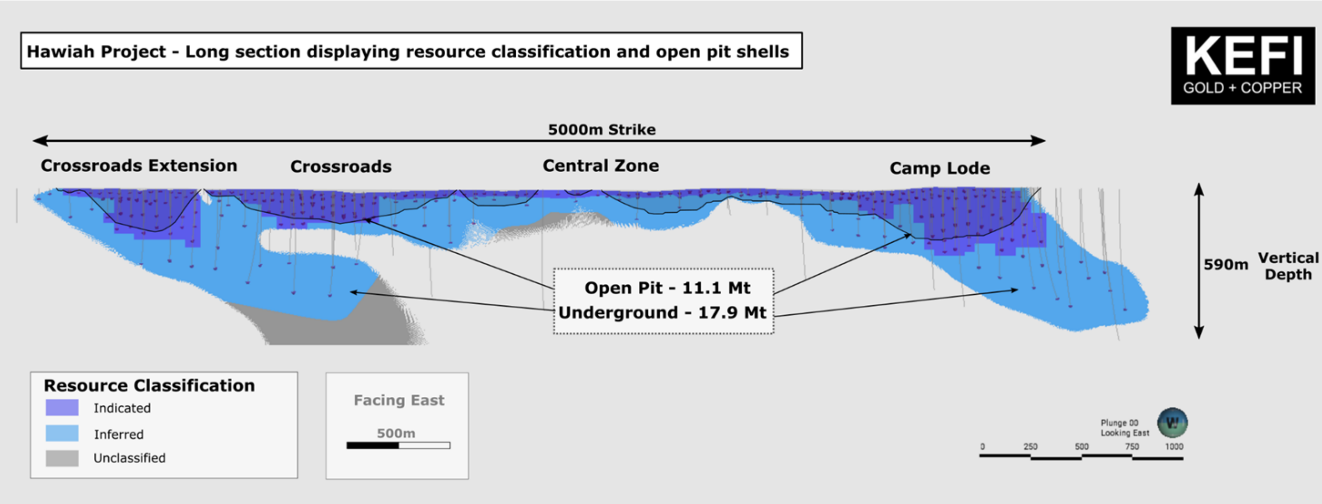
These objectives were achieved and with the deposit remaining open at depth, the Hawiah orebody has additional potential for further enhancement and expansion.

Following the conclusion of the 2022 drilling programme, an updated **Hawiah Mineral Resource was estimated to total 29.0 million tonnes at 0.89% copper, 0.94% zinc, 0.67 g/t gold and 10.1 g/t silver**.

This MRE is reported in accordance with the JORC Code and is classified as:

- **Indicated - Open Pit -** 9.2 Mt at 0.88% copper, 0.70% zinc, 0.84 g/t gold and 9.9 g/t silver
- **Indicated - Underground -** 3.2 Mt at 0.82% copper, 1.07% zinc, 0.59 g/t gold and 9.5 g/t silver
- **Inferred - Open Pit -** 1.8 Mt at 0.99% copper, 1.02% zinc, 0.67 g/t gold and 12.4 g/t silver
- **Inferred - Underground –** 14.7 Mt at 0.90% copper, 1.05% zinc, 0.58 g/t gold and 10.1 g/t silver

This Hawiah MRE contains a total of 258,000 tonnes (569 million lbs) of copper, 272,000 tonnes (600 million lbs) of zinc, 620,000 ounces of gold and 9.4 million ounces of silver.



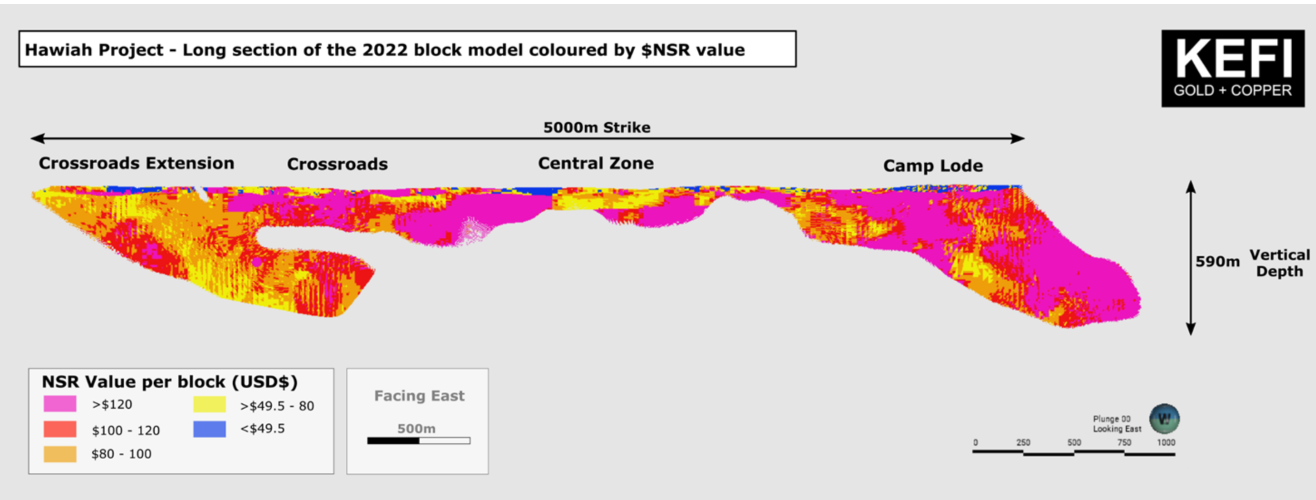
Long section of Hawiah deposit displaying resource classification and the open pit locations.

The updated Hawiah MRE achieved our key objectives:

- a tonnage increase of approximately 16%;
- a higher overall increase in metal content due to overall improved grades;
- an increase in the Indicated Resource category; and
- an increased tonnage to be open-pit mined.

Total Indicated and Inferred Resources reporting to the Open-Pit Scenario have increased to 11.1Mt (up 32% from 8.4Mt. This increase reaffirms the potential for an initial open-pit mining operation and a lower start-up capital requirement.

Further information on this MRE is detailed in KEFI's announcement "Hawiah Mineral Resource increased by 16% to 29 million tonnes" dated 9 January 2023.



Long section of the Hawiah deposit displaying Resource NSR values within the Block Model.

Ongoing drilling at Hawiah is aimed at extending planned mine life by further increasing the Mineral Resource and converting more Inferred Resources to the Indicated category.

There is clear potential for expansion of resources with further drilling below the currently drilled depth of this structurally consistent tabular structure. It is notable that in gold-equivalent terms, the Hawiah resource is already larger than Tulu Kapi and Jibal Qutman combined before any further resource uplift.

Hawiah Project- Development Studies

The initial PEA for the Hawiah Project included the following key outcomes:

- The maiden MRE alone potentially supports a production rate of 2Mtpa for seven years for net operating cash flow of c.$70 million p.a.; and
- After initial capital expenditure of c.$222 million and sustaining capital expenditure of c.$46 million, this provides an estimated net cash surplus of more than $200 million before financing costs and tax.

Further information on this PEA is available in KEFI's announcement "Preliminary Economic Assessment Confirms Hawiah as a High Priority Project" dated 22 September 2020.

In collaboration with our independent consultants, GMCO has been undertaking the work required to complete a PFS and commence mine development. The PFS is nearing completion for internal review with the current target of securing finance and launching development shortly after commencing production at Tulu Kapi and Jibal Qutman.

Hawiah's Exploration Potential

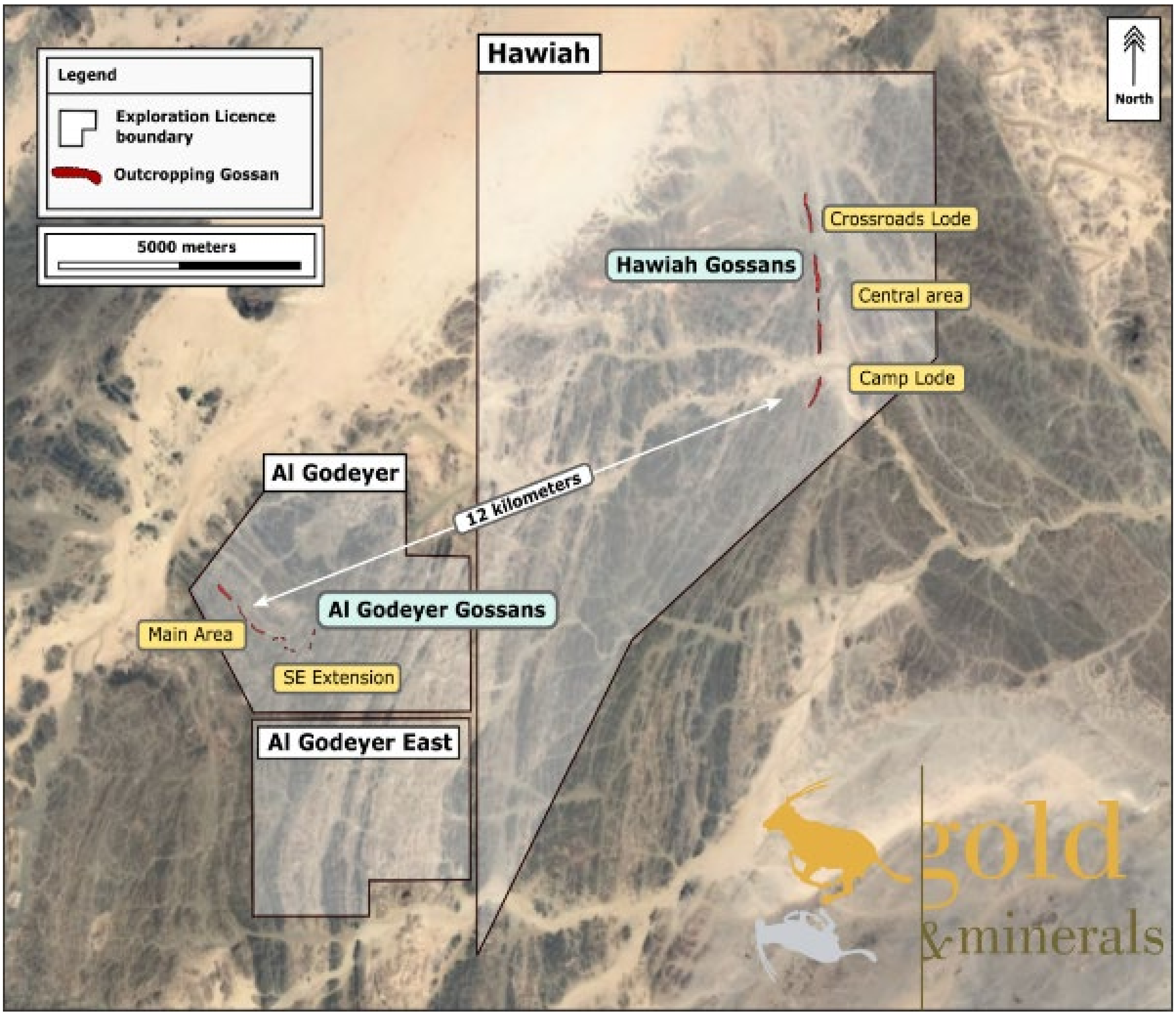
The Hawiah massive sulphide deposit remains open along strike and down-plunge, with a deepest mineralised intercept of 590 metres below surface.

The massive sulphides at Hawiah show evidence of being mechanically transported from the source vent structures. Breccia clasts of sulphides, sedimentary structures and the lack of hydrothermal alteration in the immediate footwall rocks under the sulphides indicates that the areas of the deposit drilled to date likely formed on the flank of a laterally extensive, linear rift. Massive sulphides are interpreted to have accumulated in extensional rifts parallel to these rift sites, with evidence of secondary mineralising enrichment post deposition. This indicates exploration still has not identified the core of the system. This is significant, as increased proximity to the source of the mineralising system typically results in higher grades and widths. Further exploration will seek to locate this core 'vent-proximal' portion of the deposit.

VMS deposits are well understood to form in clusters, and Hawiah is no exception. A number of gossans have been identified in the areas immediately surrounding the Hawiah deposit.

Exploration commenced the nearby Al Godeyer Project in early 2022 and drilling under gossan quickly confirmed similar copper-gold mineralisation to the Hawiah VMS deposit. A maiden MRE for Al Godeyer was announced in April 2023 of 1.35Mt at 0.6% copper, 0.54% zinc, 1.4g/t gold and 6.6g/t silver. Further information on the Al Godeyer MRE is in the announcement "Maiden Al Godeyer Resource to contribute to the Hawiah Project Open Pittable Resources" dated 3 April 2023.

Located only 12km from the proposed Hawiah processing plant, there is excellent potential for Al Godeyer to provide additional ore. The Al Godeyer deposit has only been drill tested to a vertical depth of 200 metres below the surface and it remains open at depth and along strike to the southeast.



Plan showing Al-Godeyer and Hawiah gossans in relation to ELs.

Exploration Portfolio in Saudi Arabia

Following the expansion of GMCO's exploration portfolio to fifteen ELs covering an area of more than 1,035km^2, regional exploration teams have commenced exploring the new ELs. As was the case at Jibal Qutman and Hawiah, many of these ELs have abundant evidence of historical workings and surface expression of mineralisation.

Location of GMCO's Exploration Licences.

The GMCO regional exploration teams have begun comprehensive mapping and sampling campaigns over these new licences. The outcomes of this fieldwork will be to ground-truth historical data, assess the surface mineralisation and describe the structural framework controlling mineralisation. These programmes are expected to build into progressively advanced exploration works, including geophysics and trenching.

Glossary and Abbreviations

AIC	All-in Costs
AISC	All-in Sustaining Costs
Arabian-Nubian Shield or ANS	The Arabian-Nubian Shield is a large area of Precambrian rocks in various countries surrounding the Red Sea
ARTAR	Abdul Rahman Saad Al Rashid & Sons Company Limited
BRGM	Bureau de Recherches Géologiques et Minières – the Geological Survey of France
c.	Circa
CIL	Carbon in Leach
DFS	Definitive Feasibility Study
EL	Exploration Licence
ELA	Exploration Licence Application
Epithermal	Hydrothermal mineral deposit formed within about 1 km of the Earth's surface and in the temperature range of 50 to 200 degrees Celsius, occurring mainly as veins
ESIA	Environmental and Social Impact Assessment
GMCO	Gold and Minerals Co. Limited
g/t	Grams per tonne
Gossan	An iron-bearing weathered product overlying a sulphide deposit
Hawiah	Hawiah Copper-Gold Project
HL	Heap leach
IP	Induced polarisation - a ground-based geophysical survey technique measuring the intensity of an induced electric current, used to identify disseminated sulphide deposits
IPO	Initial Public Offering
Jibal Qutman	Jibal Qutman Gold Project
JORC	Joint Ore Reserves Committee
JORC Code	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
KEFI	KEFI Gold and Copper PLC
KME	KEFI Minerals (Ethiopia) Limited
LOM	Life of mine
m	Metres
Massive sulphide	Rock comprised of more than 40% sulphide minerals
MA	Mining Agreement

ML	Mining Licence
MRE	Mineral Resource Estimate
Mt	Million tonnes
Mtpa	Million tonnes per annum
NSR	Net Smelter Return
oz	Troy ounce of gold
PEA	Preliminary Economic Assessment
PFS	Pre-Feasibility Study
Precambrian	Era of geological time before the Cambrian, from approximately 4,600 to 542 million years ago
Project	Tulu Kapi Gold Project
RC drilling	Reverse Circulation drilling. Percussion drilling method. Reverse circulation is achieved by blowing air down the rods, the differential pressure creating air lift of the water and cuttings up the "inner tube", which is inside each rod.
RL	Relative Level
SP	Self-potential - a ground-based geophysical survey technique measuring the potential difference between any two points on the ground produced by the small, naturally produced currents that occur beneath the Earth's surface.
Tulu Kapi	Tulu Kapi Gold Project
TKGM	Tulu Kapi Gold Mines Share Company Limited
VMS deposits	Volcanogenic massive sulphides; refers to massive sulphide deposits formed in a volcanic environment with varying base metals (copper, lead and zinc) often with significant additional gold and silver
VWAP	Volume weighted average price
WBMD	Wadi Bidah Mineral District

Competent Person Statement

KEFI reports in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code").

The information in this annual report that relates to exploration results, Mineral Resources and Ore Reserves is based on information compiled by Mr Jeffrey Rayner. He is exploration adviser to KEFI, the Company's former Managing Director and a Member of the Australian Institute of Geoscientists ("AIG"). Mr Rayner is a geologist with sufficient relevant experience for Group reporting to qualify as a Competent Person as defined in the JORC Code. Mr Rayner consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The Mineral Resources and Ore Reserves in this report have been previously released as follows:

Date of Release	Project	Subject	Competent Persons
22 April 2015	Tulu Kapi	Probable Ore Reserves	Frank Blanchfield Sergio Di Giovanni
4 February 2015	Tulu Kapi	Mineral Resource	Simon Cleghorn Lynn Olssen
6 May 2015	Jibal Qutman	Mineral Resource	Jeffrey Rayner
9 January 2023	Hawiah	Mineral Resource	Jeremy Whitley

KEFI confirms that it is not aware of any new information or data that materially affects the information in the above releases and that all material assumptions and technical parameters, underpinning the estimates continue to apply and have not materially changed. KEFI confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

Directors, Secretary and Advisers

Directors

Harry Anagnostaras-Adams, Executive Chairman

John Leach, Finance Director

Norman Ling, Non-Executive (Resigned 30 June 2022)

Mark Tyler, Non-Executive

Richard Robinson, Non-Executive

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Consolidated Financial Statements

Year ended 31 December 2022

CONTENTS **PAGE**

Group Strategic Report

For the year ended 31 December 2022

KEFI Gold and Copper PLC Company number: 05976748

The directors present their Group Strategic Report for the year ended 31 December 2022.

Principal Activity and Strategic Approach

KEFI Gold and Copper PLC ("KEFI" or the "Company") or together with its subsidiaries ("the Group") was incorporated on 24 October 2006 and was admitted to AIM in December 2006 with an initial market capitalisation of £2.7 million at the placing price.

The principal activities of the Group are to:

- Explore for mineral deposits of precious and base metals and other minerals that show potential for commercial exploitation;
- Evaluate mineral deposits and determine their viability for commercial development; and
- Develop those mineral deposits and market the metals produced.

The Board's strategic focus is to maximize shareholder value through the development of a strong portfolio of minerals projects at various stages from exploration through to production, while at the same time managing the significant risks faced by companies in the evaluation, exploration and development of such projects.

Our risk management approach is based on discovering and exploiting mineral wealth through multiple ventures within a focused framework, thus increasing the odds of success. We continuously monitor and review our investment strategies and are quick to relinquish licences which we believe will be uneconomic. We introduce partners in certain circumstances to minimise risk and broaden the human and financial resources available.

The Group has to date financed its activities mainly through periodic equity capital raisings, cash advances and convertible debt.

The Corporate Head Office of the Group is in Nicosia, Cyprus, and provides corporate and management and support services to the overseas operations. East African operations are managed out of Addis Ababa, Ethiopia. The Saudi Arabia operations are managed out of Riyadh. Field offices and other project facilities are also maintained in six locations currently and will be added to as required.

The Group intends to deliver on its strategic aims using the following approach:

- Define additional reserves and resources in Saudi Arabia and Ethiopia;
- Secure funding for each suitable project;
- Develop profitable metals production; and
- Maintain strong environmental, social and governance standards and practices.

Review of Operations

KEFI's immediate priority is to launch full development of the Tulu Kapi Gold Project development in Ethiopia and to complete a positive Definitive Feasibility Study for the Jibal Qutman Gold Project in Saudi Arabia and Pre-Feasibility Study for the Hawiah Copper-Gold Project also in Saudi Arabia. We also continually seek to optimise the pipeline of other projects within the highly prospective Arabian Nubian Shield.

Once the funding for the Tulu Kapi mine is secured, the mine developed and production initiated, it is expected that it will generate sufficient cash flows to fund capital repayments, further exploration and expansion as warranted and, when appropriate, dividends to shareholders.

Ethiopia

KEFI owns 95% of Ethiopian based Tulu Kapi Gold Mines Share Company ("TKGM"), owner of the Tulu Kapi Gold Project in Ethiopia. The Government of Ethiopia is entitled to a 5% free carried interest and a 7% royalty on gold production.

The company made progress during the year under review in its efforts to install project security in a turbulent in-country environment and secure project financing for the Tulu Kapi Gold project. On June 30th, 2022, the leaders of the financing syndicate signed an initial 'Umbrella Agreement' that lifted the Project suspension and undertook to prepare for launch, outlining the role and commitment of each member towards the development of the project. The 2022 Umbrella Agreement was supplemented in April 2023 by the Final Umbrella Agreement signed by the principal project contractors.

Notably, a significant portion of the Tulu Kapi Project's equity-risk capital contribution is intended to come from local partners, from Equity-Risk Ranking Note from project co-lenders, and from regional investors who will convert into KEFI shares at share prices in 2026 or later. This approach is designed to comply with planned debt-to-equity ratio of 60-to-40 whilst minimising the cost of equity capital and the share dilution for current KEFI shareholders.

KEFI has updated its mine engineering and planning for both bulk and selective mining of ore and waste and has integrated the potential of an underground mine with the open operation. The official declaration of the permanent end to hostilities in northern Ethiopia in late 2021 by the Ethiopian government and Tigrayan forces was a significant step towards the launch of Tulu Kapi. We now work to support the Government's preparations for security and community readiness whilst clearing the remaining regulatory administrative requirements of the Government. We target full construction to commence in Q4-23 having triggered procurement and community resettlement.

Group Strategic Report (continued)

For the year ended 31 December 2022

Saudi Arabia

In the Kingdom of Saudi Arabia, KEFI conducts all its activities through Gold and Minerals Co. Limited ("GMCO"), our joint venture company with Abdul Rahman Saad Al Rashid and Sons Company Limited ("Artar"). KEFI provides industry-specialist input and support to the joint venture and Artar, itself a large and strong Saudi company, provides very effective in-country knowledge and government liaison. During the year and as of December 31st 2022 the Company holding in GMCO was 30%. During 2023 the company holding has now been reduced to 26.8%. The GMCO shareholders' agreement also provides for either shareholder to opt out if any one project and, in such circumstances, the other shareholder may elect to sole-risk that particular project.

Jibal Qutman has recently been awarded two new exploration licenses that are contiguous to the existing project. As the consensus long-term gold price is now higher than was the case when GMCO completed its initial Preliminary Economic Assessment (PEA) in 2015 based on a heap leach approach, the focus of the Jibal Qutman feasibility has moved to a larger CIL-based development. A Definitive Feasibility Study (DFS) based on a larger production target of 500,000 oz gold over ten years is expected to be released in 2023, which is targeting a higher NPV and valuation. Subject to DFS outcome, management targets construction towards the end of 2023, with production around mid-2025.

At Hawiah, a significant VMS copper-gold project, in January 2023 KEFI announced an upgraded Mineral Resource Estimate (MRE). The MRE increased by 16% to 29 million tonnes. Total Indicated and Inferred Resources reporting to the Open-Pit scenario have increased to 11.1 Mt (up 32% from 8.4Mt), reaffirming the potential for an initial open pit mining operation and a lower start-up capital requirement. A Pre-Feasibility Study (PFS) is expected to be released by mid-2023, and the project has excellent exploration upside potential. The Camp Lode and Crossroads Lode remain open at depth, and the Company has also reported near-surface oxide mineralization in a maiden resource at the adjacent Al Godeyer licence (12 kms from Hawiah), which could be included in the early stages of the mine plan for Hawiah.

Saudi Arabia is determined to develop its mineral resources to create local jobs and reduce its dependence on oil. In 2019, the Saudi Industrial Development Fund (SIDF) announced it would offer loans for up to 75% of mining project costs, including resource delineation. KEFI's stake in Gold and Minerals could result in responsibility for project capex as low as c. 7%.

The regulatory overhaul in Saudi Arabia has led to the award of many new exploration licenses, with Gold and Minerals receiving 14 new licenses in the past 12 months across six highly prospective gold and polymetallic mineral project areas.

Environmental and Social Impact

The Group continues to meet all environmental obligations across its tenements. Progressive rehabilitation of disturbed areas has occurred in accordance with licence conditions and will continue to occur in the future.

The Company recognises and responds to the growing expectations from the community, regulators and industry leaders for more open community engagement and stakeholder consultation. The Company engages with local stakeholders, including government, pastoral leaseholders, and local community as an integral part of the exploration process (More information is available in the Environmental, Social and Governance section of report in pages 14 to 16).

Progress Report

The Group considers the effect of the covid-19 pandemic, which we continue to monitor. During 2022 covid-19 had little impact on our activities. The Company's primary projects in Ethiopia and Saudi Arabia continue to move forward, However, in Ethiopia, progress was less than anticipated during recent years because of the social unrest and the civil war in the north of the country which ended in 2022. While calm has largely returned to the northern Tigray region, civil unrest in Oromia has only recently begun to abate. Significantly, the project has always maintained its support from both Government and local community and continues to do so. Recently the Federal Government deployed Federal Military in accordance with its policy to protect mining projects including Tulu Kapi.

In Saudi Arabia, the legislative framework for mining has improved and planned activity has picked up as a result.

Control over cash management is continuous and includes the periodic review of the Group's cash flow needs through cash flow projections, appraisal of technical reports monitoring the marketplace, and the Group's physical presence in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia. The Board of Directors holds meetings on a regular basis to review the on-going situation and believe that no changes are required to the current overall strategy. Further information is set out in Note 2 of the Financial Statements (Going Concern). During the period under review, the Company raised additional equity funds to finance activities and strengthen the balance sheet.

Progress over the last year and plans for next against our strategic objectives are noted below:

Strategy Objective	Progress in 2022	Focus in 2023
Define additional reserves and resources in Saudi Arabia and Ethiopia	Prioritizing planning for underground mining at TKGM is crucial considering the continued rise in gold prices. The underground mine is anticipated to begin operations in the third year following the initiation of the Tulu Kapi project's open pit activities. KEFI revealed an updated Hawiah Mineral Resource Estimate on January 9, 2023. This update reflected a 16% increase in tonnage, with an additional 4.1 million tonnes, bringing the total to 29.0 million tonnes. The resource now contains 0.89% copper, 0.94% zinc, 0.67 g/t gold, and 10.1 g/t silver. Throughout the year, several new exploration licenses were granted in Saudi Arabia, each with an initial five-year term. These include the Jibal Hillit and Qunnah licenses, as well as the Jibal Qutman North and Jibal Qutman Southeast licenses, which encompass an area of 174 square kilometers. Additionally, the Jibal Qutman Exploration License (EL K/144) was renewed, covering 99.68 square kilometers.	In Ethiopia, regional exploration projects are focused on highly promising areas, with the Company in discussions for acquiring exploration licenses along the Tulu Kapi trend. The goal is to discover between 300,000 and 500,000 ounces of oxide material with a grade of 1.5g/t or higher, which could either supplement the Tulu Kapi processing plant or serve as separate heap leach operations. Drilling set to begin in Q2 2023 aims to extend the planned mine life by increasing the Hawiah Mineral Resource and converting more Inferred Resources into the Indicated category. For Jibal Qutman, Mining License submissions are planned for 2023. The main tasks needed for the project's development are set to be completed in a sequential manner throughout 2023, including: resource expansion and upgrading through drilling, geotechnical investigations, and water supply assessments; an updated MRE after infill and expansion drilling; finalizing mine plans and Ore Reserves based on drilling results; establishing the processing flowsheet.
Secure funding for each suitable project	In Ethiopia, the Company has secured sources of development capital at the subsidiary level, which provides an opportunity to maximise KEFI's beneficial ownership in the project. The lead contracting and equity investment parties have agreed on their draft agreements and confirmed their intention to sign. Lenders have formally set out indicative terms and conditions, which are subject to satisfaction by all parties of their respective conditions and the receipt of necessary remaining government approvals. The senior project finance lenders for Tulu Kapi, - East African Trade and Development Bank Ltd and African Finance Corporation Limited, are finalizing their work in preparation for potentially providing $190 million in debt finance, including both senior and mezzanine or subordinated loans. They are also planning to provide up to US$55 million of Equity-Risk Ranking Note. In Saudi Arabia, the Saudi Industrial Development Fund (SIDF) has announced that it will offer loans for up to 75% of mining project costs, including resource delineation.	In Ethiopia, the Company is awaiting principal Government regulatory confirmations from the Central bank regarding the final financing and bank account terms and conditions. The Company also needs to receive final lender credit committee approval and for all parties to sign the lender-approved definitive documents. Additionally, KEFI will convene a General Meeting of shareholders to obtain formal approval for the transaction, particularly for any convertibility rights into KEFI shares embedded in the financings at the KME level by regional investors as previously outlined. The project financing is conditional upon satisfaction of conditions precedent, notably confirmation of readiness of security and community and receipt of awaited consents and confirmations from the Government. In Saudi Arabia, the Company intends to utilize the SIDF facility when appropriate, and it maintains active communication channels in this regard.

Strategy Objective	Progress in 2022	Focus in 2023
Develop profitable metals production	Throughout the year in Ethiopia, considerable setbacks occurred due to the civil war in the northern area. Nevertheless, the situation notably improved in the first quarter of 2022 after the civil war ended and the national state of emergency was lifted in February 2022. Although peace has been largely restored in the northern Tigray region following two years of conflict, sporadic skirmishes persist elsewhere, including in Oromia – the country's largest region with a population of over 40 million and within which is the Tulu Kapi district. Despite these obstacles, project work advanced during 2022, mainly away from site with refined project planning, engineering efforts along with continued participation in the overhaul of the Government restrictions and refinement of the financing plans.	Ethiopia: The Company is collaborating with the Ministry of Mines, Government security agencies and local stakeholders to ensure that it is suitable to resume activities at the Tulu Kapi site and its surrounding area. Subject to security arrangements being satisfactory, TKGM intends to restart the refurbishment of the existing site camp. Field programs will resume, involving community consultations, regular independent security monitoring, final negotiations with contractors, and the signing of binding documents. Once all necessary funding has been secured, remaining regulatory and administrative tasks being completed promptly, and shareholder approval granted, construction can proceed from as early as October 2023, being the end of the current wet season. Saudi: At Jibal Qutman the primary objective is to complete the DFS so that development may proceed in 2024. At Hawiah, the primary objective is to complete the Pre- Feasibility study so that it may be followed by the DFS and development can proceed upon the start-up at Jibal Qutman.
Maintain strong Environmental, Social and Governance standards and practices	The Board and Management have made efforts to reinforce their readiness for project implementation in 2023. Mr. E. Solbrandt was appointed as the Chief Operating Officer. Mr. Theron Brand was appointed as the Managing Director of TKGM. These appointments signify a particular focus on the situation in Ethiopia, which has faced a series of challenges throughout the year due to civil unrest, as noted in the preceding section.	The project will maintain ongoing compliance with relevant social, environmental, employment, and other legislation, as well as adhering to pertinent international standards.

Results

The focus during the year has been preparing the way for funding and development of the Tulu Kapi Gold Project in Ethiopia ("Tulu Kapi" or the "Tulu Kapi project") with our partner, the Government of Ethiopia, selected contractors, and preferred project financiers. The activity levels resulted in similar administrative expenditure and project transaction expenses in comparison to the previous year.

The directors consider that the projects in the Licence areas in Saudi Arabia have not yet met the criteria for capitalization. These criteria include, among other things, the completion of feasibility studies to provide confidence that mineral deposits identified are ready for development.

Cash Flow

Group net cash in the 12 months to 31 December 2022 decreased by £0.2 million. During the year the company received net cash placements from the January 22 and April 2022 placement of £6.4 million and a bridging loan of £1.8 million. The total net cash from financing was £8.2 million. The cash outflow during the period was £8.3 million of which £3.2 million was used in operating activities and a further £5.2 million used on exploration and evaluation.

Balance sheet

The Group's Non-current assets of £31.4 million relate to the capitalised exploration and mine development costs of the Tulu Kapi Gold project in Ethiopia. During the year, this increased by approximately £3 million because of capital expenditure during the year. The £3 million of capital expenditure is directly associated with the TKGM gold exploration project costs and capitalized as intangible exploration and evaluation costs. Such exploration and evaluation expenditure include internal costs that are directly attributable to the project and services rendered by external consultants to ensure technical feasibility and commercial viability of the TKGM project.

The Group had total liabilities of £5.2 million (2021: £6.8 million), of which £1.2 million related to higher amounts of funding required for the Saudi projects.

Operating Expenses

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Exploration expenditure	**-**	-
Administrative expenses, mainly on project development preparations	**(2,400)**	(2,190)
Investigatory, pre-decisional project finance transaction costs	**(368)**	(84)
Share based payments	**(366)**	(810)
Share of loss from jointly controlled entity	**(2,792)**	(1,482)
Impairment of jointly controlled entity	**(109)**	418
Other	**-**	(75)
Gain from dilution of equity interest in joint venture	**286**	428
Foreign exchange loss	**(79)**	(8)
Interest cost	**(527)**	(1,121)
Loss for the year	**(6,355)**	(4,924)

The results for the year are set out in the consolidated statement of comprehensive income on page 71.

The activities for the year have resulted in the Group's loss before tax of £6.4 million (2021 £ 4.9 million). No dividends were declared or paid during the year by the Board of Directors. (2021: nil).

The loss for the year increased primarily due to higher share of loss from jointly controlled entity and travel costs as the business returns to post covid environment. The value of the share of the operating loss in the Saudi Arabia joint venture increased to £2.8 million (2021: £1.5 million) due to the higher activity levels at Hawiah. KEFI has a very conservative policy and expenses all costs relating to its project in Saudi Arabia during the year advances are made to the subsidiary, this resulted in an additional impairment charge in the current year £0.1 million (2021: impairment reversal of £0.4 million). The Group has continued to keep tight control over its administrative costs. Interest cost was lower due to a reduction in short-term borrowing costs.

Group Strategic Report (continued)

For the year ended 31 December 2022

Results (continued)

Funding

The Company made placements during the year of £10.7 million for working capital, goods and services, and debt repayments through the issue of 1,371,817,943 new ordinary shares at average price of 0.80 pence as follows:

- 856,021,250 new ordinary shares to raise gross cash of approximate £6.9 million.
- 515,796,693 new ordinary shares to certain project contractors, repay advances and other third parties in settlement of outstanding invoices of approximate raise £4.2 million (before expenses).

The details of 2022 placing are as follows:

Issued	Placement price (pence)	Number of Ordinary Shares	£'000
		'000	
13 Jan 2022 (2)	0.80	358,880	2,872
13 Jan 2022 (2)	1.74	12,959	225
April & May 2022 (2)	0.80	143,979	1,152
April & May 2022 (1)	0.80	856,021	6,848
Gross placement raised before expenses			11,097
Less Share Issue Costs			(444)
			10,653

(1) In cash

(2) Settlement of liabilities: Settling in full the cash amount owed of £4.2 million by way of the issue of new ordinary shares in KEFI Gold and Copper Plc

Principal risks and uncertainties

The Group's operations are exposed to a variety of risks, many of which are outside of the Group's control. The Group has put in place controls to minimise these risks where possible. We align with large industry specialists such as those we have selected as our principal project contractors for TKGM, which is KEFI'S first development project. We also engage leading independent industry specialist advisers to ensure compliance with the largest international standards and techniques. Furthermore, we encourage and reinforce alignment with local stakeholders at every reasonable opportunity.

Principal risks and uncertainties (continued)

Risk	Description	Mitigation
Exploration industry risk	Mineral exploration is speculative in nature, involves many risks and is typically unsuccessful in any one target. Following any discovery, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditure is required to establish ore reserves through drilling, to determine metallurgical processes to extract minerals from the ore, and to construct mining and ore processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation. Government activity, which could include non-renewal of licences, may result in income receivable by the Group being adversely affected. Changes in the application or interpretation of mining and exploration laws and/or taxation provisions in the countries in which the Group operates could adversely affect the value of its interests (Refer to page 7 that highlights this particular risk).	The Group employs the most up to date exploration techniques together with highly qualified industry staff and consultants. Development and implementation of a robust exploration plan. Review of exploration plan by the Board's executive committee. Identify attractive prospective areas to apply for or acquire. The Group maintains cooperative and proactive relation with all relevant government departments and adheres to all required permitting process and title requirements.
Political risk	The Group is subject to political, economic and other uncertainties, including but not limited to changes in policies or the personnel administering them, terrorism, nationalisation, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which these operations are conducted, as well as security risks such as loss due to civil strife, acts of war, guerrilla activities and insurrection.	This is particularly relevant to Ethiopia in recent times as political and social unrest was evident throughout the reporting year. See further comment in the section below 'Tulu Kapi gold project'. Permanent management teams in which local staff play significant senior roles are maintained in each of Ethiopia and Saudi Arabia to continuously monitor developments and quickly and efficiently resolve matters as they arise. KEFI enjoys a robust and pro-active relationship with the relevant authorities in both Ethiopia and the Kingdom of Saudi Arabia.
Community relations risk	Mutual support between the Group's operations and the communities around them is vital to the success of our activities and for maintaining our social license to operate. Actions by those communities may have an adverse impact on the Group's ability to obtain permits, project costs and project lead time.	KEFI regards its host communities as one of the most important of its primary stakeholders. Involvement and consultation with these groups in a sustainable and long-term manner is central to our strategy and we employ staff locally who are aware of community sensitivities and ensure that consultation is frequent and on-going. Our community development is focused on: 1. sustainable job creation; 2. skills transfer (education and training); and 3. infrastructure development.

Principal risks and uncertainties (continued)

Risk	Description	Mitigation
Retention of key personnel	The successful achievement by the Group of its strategies, business plans and objectives depend upon its ability to attract and retain key personnel. Achievement of objectives will help the Group promote a positive culture in which employees feel they can directly contribute to the Group's success.	Our employment policies and terms are designed to attract, incentivise and retain individuals of the right caliber. Integration of skillful personnel to train and develop new and less experienced employees.
Strategic Partner risk	Strategic partnerships play a role in delivering growth, project development and funding. They do this by providing not only capital but also strategic input with local knowledge and experience. Strategic partnerships include joint venture partners, governments and contractors. Any joint venture arrangement contains an element of counterparty risk and may not always develop as planned.	The Company maintains good working relationships with its partners who were selected for their knowledge and capability in their home country, with frequent meetings and continuous monitoring of performance. In Saudi, we partner with a leading Saudi industrial group and in Ethiopia we partner with the Government of Ethiopia who are a major shareholder in our Ethiopian subsidiary TKGM.
Security Risk	The Group is subject to security risks such as loss due to civil strife, acts of war, guerrilla activities and insurrection.	There is a risk of further delay should the security situation in the project area not be satisfactory. During the year the Company implemented revised security protocols and processes. In addition, an external independent security assessment of the Project site, district, and transport routes is now standard operating procedure for TKGM and while conditions are improving there is no guarantee that the requisite level of security will be achieved without causing further delay.
Commodity risk	A potential fall in commodity prices which could lead to it becoming uneconomic for the Group to mine its assets. The Group's principal interest is in gold.	The Group monitors its exposure to commodity price fluctuations as part of its overall financial planning and will consider the use of appropriate hedging products to mitigate this risk as it approaches production.
Tulu Kapi gold project **Financing Risk**	Depending on the timing of completion of project financing, there is a possibility of delays to the start of production and cost overruns relating to development of this project.	The completion of project financing has taken longer than originally planned due to periods of civil unrest within Ethiopia over the last several years. In April 2023 the execution by TKGM, its lenders and major investors of an Umbrella Agreement reconfirmed their commitment to proceed when appropriate. The execution of the final definitive agreements is dependent on formal approvals from shareholders and lenders, subject to their respective review, approval, and notice provisions. As with any international mining project finance transaction, obtaining these approvals will require certification of security and community readiness, insurance placement, mortgage registration, and other standard procedural conditions precedent and subsequent. In addition, TKGM now has the focused attention of the National Bank of Ethiopia, the Ministry of Mines, and its newly appointed Minister, together with the other relevant Ministries and Agencies of the government. All are committed to moving forward with the project and resolution of any outstanding issues is expected over the short term.

Group Strategic Report (continued)

For the year ended 31 December 2022

Principal risks and uncertainties (continued)

Risk	Description	Mitigation
Financial risks	Foreign currency risk: The Group's results are sensitive to foreign currency movements, particularly with its exposure to the Ethiopian Birr arising from the Group's operations in Ethiopia. During project development foreign exchange exposure will swing towards USD as much of the project development costs are in this currency.	The Group maintains most of its cash in Pounds Sterling and monitors relevant currency movements and acts where needed. Regarding the project development period and subsequently, project debt will be denominated in USD as will gold sales thus providing a significant natural hedge.
	Funding risk: The Group relies primarily upon existing shareholders to meet its funding requirements for on-going exploration and pre-development activities which are dependent on the Group's ability to obtain continued financing through the debt and equity markets. Where a project moves into the development stage, such as at Tulu Kapi, it is then possible to consider other means such as project financing. Although the Group has been successful in the past in obtaining the necessary finance there can be no assurance that the Group will be able to obtain adequate financing in the future or that the terms of the financing will be favourable. Please also refer to Note 2 of the Financial Statements 'Going Concern'.	The Company has assembled a financing consortium for the Tulu Kapi project that reflects a deliberate effort to involve groups with large scale and deep experience in Africa and includes the Ethiopian division of a global industrial company and a leading commodities trader with mining investments in Africa. We maintain continuous and transparent discussions with lenders and finance providers pending completion of conditions precedent matters and final documentation. GMCO has initiated discussions with the Saudi Investment Development Fund (SIDF) surrounding project funding to be finalised once the mining licence has been awarded.
	The Group's other financial risks and use of financial instruments are described in Note 3 to the consolidated financial statements. Other risks are described in the Chairman's and Finance Director's Reports.	

Directors' section 172 statement

The following disclosure describes how the Directors deal with the matters set out in section 172(1)(a) to (f) and forms the Directors' statement required under section 414CZA of The Companies Act 2006. The matters set out in this section are that Directors must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members, and in doing so have regard to:

- the likely consequences of any decision in the long term.
- the interests of the Company's employees.
- the need to foster the Company's business relationships with suppliers, customers, and others.
- the impact of the Company's operations on the community and the environment.
- the desirability of the Company to maintain a reputation for high standards of business conduct.
- the need to act fairly between members of the Company.

In the Group Strategic Report section of this Annual Report, the Company has set out the short to long term strategic priorities and described the plans to support their achievement. The Board has identified KEFI's stakeholders to include shareholders, staff, suppliers, customers, partners, local government, and the wider community.

This analysis is divided into two sections - the first addresses Stakeholder engagement and the second principal decisions made by the Board, with emphasis on how regard for stakeholders influenced the decision-making.

Stakeholder Engagement

Stakeholder Group	Importance of Engagement	How did Board and/or Management Engage
Shareholders/Investors/Joint Venture Partners Existing and prospective equity investors and project level joint venture partners are important stakeholders. KEFI has established a company in Ethiopia – TKGM - for its Tulu Kapi gold mining project, partnering with the Government sector and has reached an agreement, subject to certain conditions, for further funding from the private sector. In the Kingdom of Saudi Arabia, KEFI conducts all its activities through a joint venture with a large local partner in which KEFI has a 30% interest. In both operating joint venture companies, KEFI has the contractual obligation to nominate the CEO, to propose to the Board all exploration, development, and operating plans and to ensure adequate human resources are made available. In Ethiopia KEFI has a majority of Board seats and in Saudi Arabia our partner has the majority of Board seats.	The development of KEFI and its projects is dependent upon access to capital. Our aim is to establish and maintain an investor base for the long term that includes engagement and involvement in the strategic objectives of the Company (refer page 58 of the Report of the Board of Directors) and the achievement of those objectives.	KEFI Gold and Copper is committed to providing full and transparent disclosure of its activities, via the London Stock Exchange and conducts regular and systematic meetings with all major stakeholders, including the annual general meetings, webinars, quarterly reports and other investor briefings. In the case of the Tulu Kapi project and the Saudi activities, our partners have directors alongside KEFI on local operating company Boards. See also the "Relations with Shareholders" section of the Report of the Board of Directors.
Workforce The Company workforce summarized below does not include those specialists retained via contractors in our operating sites or internationally nor the teams in 30%-owned Saudi GMCO, and comprises Senior Management Contractors 7 Addis Ababa 22 Tulu Kapi Field Operations 28 Of senior management, two are permanently based at the Group's head office in Nicosia and the others base themselves at the Group's operational centers in Nicosia, Ethiopia and Saudi Arabia as needed. Staff levels will expand rapidly as we move into the construction and development of the Tulu Kapi gold project. This will also occur in Saudi Arabia under GMCO.	The company's day-to-day running and long-term development relies on the recruitment, retention and incentivisation of staff, and provision of a safe working environment.	The key means of engagement with staff include regular meetings, analysis and discussion as well as visits to project sites by members of the Board and executive team. There is also a regularly reviewed remuneration framework which includes both short term and long-term incentives.
Community KEFI regards its host communities as among \the most important of its primary stakeholders and contributing to these groups in a meaningful, sustainable, long-term manner is central to its strategy.	Mutual support between KEFI operations and the communities around them is vital to the success of our activities and for maintaining our social license to	KEFI maintains an open dialogue with local government bodies and community leaders regarding the development of each of our projects. KEFI works alongside these communities

Stakeholder Group	***Importance of Engagement***	***How did Board and/or Management Engage***
The company has a strong commitment to maximising local participation in the workforce and supply chain and emphasises transparency in all dealings and compliance with leading international standards for social and environmental aspects including World Bank IFC Principles and the Equator Principles.	operate. Our community development is focused on sustainable job creation, skills transfer (education and training), and infrastructure development.	and has active community programs underway. For example, in Ethiopia: • Establishment of community youth employment programmes which support the project, such as those covering road maintenance and expansion of revegetation nurseries. • Extensive consultation for resettlement compensation applying International Standards to the compensation and re-settlement community process. • Commitment to supporting development of new host land. • Commitment to maximizing local procurement and employment, with support for training. Please also see the Social License section on page 14.
Suppliers KEFI needs a wide range of services to maintain its business activities. During the company's construction phase at Tulu Kapi and ongoing during the production phase, its supplier numbers are expected to rise significantly in line with the scale-up of the project. In the construction phase, we will be using key suppliers under commercial engineering contracts to deliver the mine and plant, all of whom are large international vendors. At a local level, we are partnering with the Government of Ethiopia for the provision at Tulu Kapi of infrastructure elements and will also partner with a variety of smaller companies as development progresses.	Our suppliers are fundamental to ensuring that the Company can construct the project on time and on budget. Using quality suppliers ensures that as a business we meet the high standards of performance that we expect of ourselves and our vendor partners. It is important to maintain good working relationships and credit terms with suppliers to ensure the timely and cost-effective delivery of services and supplies.	The management team continues to work closely with proposed EPC suppliers to finalise their TKGM project work, contracts, and end deliverables. One on one meetings between management and suppliers occur on a regular basis with vendor site visits as needed.
Lenders Debt finance remains a key element of the financing mix for a company like KEFI which is now in the project development phase at its Tulu Kapi project with additional projects nearing the development phase in Saudi Arabia.	It is important to identify, maintain and strengthen relationships with lenders to ensure sufficient finance can be secured to support project development.	Management has maintained continuous and detailed dialogue with lenders throughout the year, in relation to the Tulu Kapi project and has established a strong and continuing relationship with a consortium of African based banks to provide finance to the Tulu Kapi project subject to due diligence and other normal commercial conditions.
Regulators/Government Multiple departments and agencies of national, regional and/or local government are involved in the licensing and monitoring of mining activities.	KEFI views the establishment of active, two-way, relationships with government stakeholders as critical in the successful development of its projects and in its long-term commitment to each jurisdiction	Management has regular interaction with the relevant government departments. Periodically, meetings are also arranged between the Board of KEFI and senior government officials in order to foster a direct dialogue, and a clear understanding within a framework of transparency.

Principal Decisions

KEFI defines principal decisions as those that have long-term strategic impact, and which are material to the Group and its key stakeholder groups detailed above. In making the following principal decisions during the year the Board considered the outcome based on the relevant stakeholders as well as the need to maintain a reputation for high standards of business conduct.

1. Project Financing for the Tulu Kapi Gold Project

The Company has adopted a bank-based proposal for debt and equity financing of the Tulu Kapi gold project with bank lenders who are actively working in Ethiopia, are familiar with the local market and many of our local stakeholders and are compatible with the Project consortium. Further details are available in the Finance Director's Review on page 8.

2. Capital Management

The business model of the Company has always been to raise equity capital to fund the next stage of exploration and development. At the same time, KEFI has worked to minimise Tulu Kapi's development funding requirements through engineering, contracting and project finance, designed to provide an economically robust project and an appropriate financing plan. Nearly all capital requirements are to be met at the project level by the combination of project contractors, partners, and financiers. Nonetheless, capital is vital to any enterprise and capital market conditions have been difficult and the Company continues to be successful raising fresh capital where others are not.

The Company made placements during the year of £10.7 million for working capital, goods and services, and debt repayments through the issue of 1,371,817,943 new ordinary shares at average price of 0.80 pence as follows. In making these decisions the Board considered:

- All stakeholders: Maintaining the Group as a going concern in the interest of all its stakeholders.
- Shareholders: The impact on existing shareholders of raising additional equity was considered with the Board weighing up the need to maintain the Group as a going concern against the resulting equity dilution. Equity market conditions were also factored into the decision-making process to strike the optimum balance between the short-term capital requirements of the Group and the price at which funds could be raised. The long-term value potential of Tulu Kapi Gold Mine project provides KEFI with significant upside and its best opportunity to become cash flow positive in the near term. Continuing to move the project through the financing and construction phases and into production is critical in helping KEFI to achieve its long-term goals and maximize value to shareholders.
- Employees and Suppliers: The Board also concluded that securing more working capital would help the Group to retain key staff and suppliers who can help the Group achieve its business objectives.

Some of the other key decisions made during 2022:

- The Company is advancing three projects across two countries, rather than just one.
- Detailed engineering has been completed to reduce procurement and construction time.
- On June 30, 2022, the TKGM project finance syndicate signed a funding 'Umbrella Agreement.' This agreement outlines each syndicate member's role and contribution concerning the Tulu Kapi Gold Project, providing a full funding package that covers both historical and budgeted future expenses while maintaining the plan's conditionality and intended flexibility.
- The finance plan for the approximately US$320 million financing of Tulu Kapi has been agreed upon in principle by lenders, allowing for draft definitive agreements to be finalized for syndicate members and regulators' approval.
- The Ethiopian Ministry of Mines endorsed historical investment up to December 31, 2020, allowing for the registration of KEFI's past equity investments and confirming the TKGM capital structure for co-investors.
- Independent reports and advice from SLR Consulting and Constellis were obtained regarding social license and security, respectively. These reports, compiled after consulting with relevant Ethiopian authorities, support TKGM's proposed community and security plans for the Project launch.
- Progress has been made on the Jibal Qutman Exploration Licenses since site access was granted in November 2022, including constructing the pioneer camp, conducting environmental baseline studies, and carrying out geotechnical and metallurgical diamond drilling. Efforts are also underway to upgrade areas of Inferred Resources to Indicated classification for inclusion in the Ore Reserve.
- The Hawiah Project (including the recently granted adjacent Al Godeyer exploration licenses) continued during Q4 2022, focusing on providing inputs for the updated Mineral Resource Estimate (MRE) and Hawiah PFS across all required aspects.
- GMCO has been awarded additional Exploration Licenses in Saudi Arabia.

Future developments

The Group will continue to focus efforts in Ethiopia and Kingdom of Saudi Arabia with the objective of identifying mineral prospects for further exploration and development.

By Order of the Board

John Edward Leach
Finance Director

Cargil Management Services Limited
27/28 Eastcastle Street
London, UK
Company Secretary

8 June 2023

Report of the Board of Directors
For the year ended 31 December 2022

The Board of Directors presents its report for KEFI Gold and Copper PLC and its subsidiaries together with the financial statements of the Group for the year ended 31 December 2022.

<u>Business Review</u>:

A review of the business during the year is contained in the Executive Chairman's report on pages 4 to 7 and the finance director's report on pages 8 to 10. The Group's business and operations and the results thereof are reflected in the attached financial statements. It is the business of the Group to explore for value adding mineral resources and to turn commercially viable prospects into producing assets.

Introduction

The following information is set out in the Group Strategic Report and should be read in conjunction with this Directors report.

- Incorporation and Principal Activities
- Review of Operations, Funding
- Key Performance Indicators
- Organisation Overview
- Strategic Approach, Business Model
- Principal Risks and Uncertainties
- Future Developments

Board of Directors - Current

The Board comprised of five Directors until 30 June 2022 at which time the number of Directors reduced to four after Mr. Norman Ling resigned as a non-executive director. The members of the Board of Directors as at 31 December 2022 and at the date of this report, together with full resumes are shown on pages 11 to 12. In accordance with the Company's Articles of Association, one third of the Board of Directors must resign each year. The remaining Directors, presently members of the Board, will continue in office.

Directors' indemnities

The Group maintains directors' and officers' liability insurance providing appropriate cover for any legal action brought against its Directors.

Remuneration report

This remuneration report for the year ended 31 December 2022 outlines the remuneration arrangements of the Company and the Group. The remuneration report details the remuneration arrangements for key management personnel ("KMP") who are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company and the Group, directly or indirectly, including any director (whether executive or otherwise) of the parent Company.

Details of key management personnel of the Parent and Group are set out below.

Executive Directors, Senior Executives and Officers are entitled to receive options under the Company's Employee Share Option Scheme.

While the Group's operations have been in the project exploration and evaluation stage, the objective of the Board has been to minimise the number of senior executives it employs to maintain the total remuneration of such executives at a level that is commensurate with the resources of the Group and the level of activity undertaken.

Remuneration report- continued

Remuneration philosophy

The objective of the Company's remuneration framework is to ensure that reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with achievement of strategic objectives and the creation of value for shareholders.

The Board believes that executive remuneration satisfies the following key criteria:

Competitiveness and reasonableness	Acceptability to shareholders
Performance linkage/alignment of executive compensation	Transparency

These criteria result in a framework which can be used to provide a mix of fixed and variable remuneration, and a blend of short and long-term incentives in line with the Company's limited financial resources. Fees and payments to the Company's Non-Executive Directors and Senior Executives reflect the demands which are made on, and the responsibilities of, the Directors and the senior management. Such fees and payments are reviewed annually by the Board. The Company's Executive and Non-Executive Directors, Senior Executives and Officers are entitled to receive options under the Company's Employee Share Option Scheme.

Non-executive director remuneration arrangements

The Board seeks to set remuneration of non-executive Directors at a level which provides the Company with the ability to attract and retain Directors of the highest calibre, whilst incurring a cost which is appropriate at this stage of the Company's development. Non-Executive Director base fees are set at a basic fee of £25,000 p.a. plus any other statutory payroll costs and with additional remuneration as may be approved by the Board for work in excess of normal Board requirements. The Company had assumed responsibility for any potential liability to National Insurance Contributions (NICs) for Non-Executive Director Mr. Norman Ling, both employer and employee contributions in respect of, or by any reason of, the payment of fees. Mr. Norman Ling was also paid a daily rate of £800.00 per day for other additional services rendered to the Group. At present, no remuneration fees are paid to Directors for being members of the different committees.

Non-Executive Directors are entitled to be paid reasonable travelling, accommodation and other expenses incurred because of their attendance at meetings of Directors and otherwise in the execution of their duties as Directors. Non-executive Directors are also entitled to additional remuneration for extra services or special exertions.

Executive director and key management personnel ("KMP") remuneration arrangements

Service agreements: Remuneration and other terms for KMP are formalised in contractor agreements. Details of these agreements are set out below.

Executive directors and other key management personnel: Executive remuneration packages comprise a mix of the following components: Fixed remuneration and other benefits and long-term incentives provided by the issuing of options under the Employees and Contractors Option Plan.

Fixed remuneration and other benefits

The level of fixed remuneration is set to provide a base level of remuneration, which is both appropriate to the position and competitive in the market. Fixed remuneration for most executives is comprised of base salary, and in some cases includes other benefits such as housing, medical care and vehicles. The Company does not have a retirement benefit scheme for executive directors.

Cash Payment Bonus

The cash payment bonus scheme, which was previously in effect until December 31, 2022, has expired. The Company intends to introduce a new cash payment bonus scheme, following the board's consultation with experts. This scheme will be carefully aligned with the long-term incentive program and will consider additional key performance indicators that were previously overlooked, including safety measures and the evaluation of assets and activities beyond the development of the Tulu Kapi Gold Project

Remuneration report- continued

Long term share incentives

The Employees and Contractors Option Plan of the Group was established in 2014. The Company's full Share Option Plan 2014 is available on the Company website. The objective of the Plan is to provide an opportunity for senior executives and contractors to participate as equity owners in the Company and to reward key executives and contractors in a manner which aligns this element of remuneration with the creation of shareholder wealth. At the discretion of the Board and subject to the Rules of the Plan, executives may be granted options under the Plan.

Directors and Key Management Personnel	Agreement type	Term	Notice Period	Other Benefits
Managing Director and Finance Director	Consulting Services	Roll forward arrangement	12 Months	Medical; Air tickets home; Share Options.
Managing Director Ethiopia	Employment Contract	Roll forward arrangement	30 days	Medical/Leave/Air tickets home. In country accommodation; Share Options.
Chief Operating Officer	Consulting Services	Roll forward arrangement	12 Months	Medical; Share Options.

Directors' interests

The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of persons connected with them in the existing ordinary shares as 7 June 2023 are as follows:

Director	Shares	%	Shareholder Warrants[1]
H Anagnostaras-Adams	54,731,312[2]	1.16%	11,250,000
J Leach	31,025,743	0.66%	6,250,000
N Ling	2,295,486	0.05%	-
M. Tyler	5,125,000	0.11%	1,562,500
R Robinson	7,250,000	0.15%	3,125,000

[1]On 13 January 2022, one Warrant with an exercise price of £0.016 was issued for every two Placing Shares issued in the Placing. The Warrants become exercisable if, during a two-year period following the date of Second Admission, the Warrant Trigger Event occurs. If the Warrant Trigger Event occurs, then (i) the holders of the Warrants must exercise the Warrants within 30 days from the occurrence of the Warrant Trigger Event; and (ii) the Warrants will expire following the end of the 30 day period referenced above if not exercised. If the Warrant Trigger Event has not occurred within two years following the date of Second Admission, then the Warrants shall lapse and will no longer be capable of being exercised.
[2] Semarang Enterprises Ltd a company of which Harry Anagnostaras-Adams is the sole director and sole shareholder and the Adams Superannuation Fund hold the 54,731,312 Ordinary Shares.

Options

Grant Date	Expiration Date	Exercise Price Pence	H. Anagnostaras-Adams	J. Leach	M. Tyler	R. Robinson	N. Ling
17-Mar-21	16-Mar-25	2.55	37,766,978	7,189,168	2,735,688	2,735,688	-
01-Feb-18	31-Jan-24	4.5	1,200,000	1,200,000	-	-	1,200,000
22-Mar-17	21-Mar-23	7.5	3,442,184	674,083	-	-	-
			42,409,162	9,063,251	2,735,688	2,735,688	1,200,000

Options (continued)

Options issued on the 17 March 2021 vest in three equal instalments, the first after one year, the second after two years and the third after three years from the date of grant.

All other options vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period. Further details on options terms are available in note 18.2.

Directors' emoluments

In compliance with the disclosure requirements of the listing requirements of AIM, the aggregate remuneration for the Directors of KEFI for the year ended 31 December 2022 is set out below:

31 December 2022					2022
	Salary and fees	Other compensation[3]	Bonus Paid in Shares	Share based benefit incentive options[2]	Total
Executive	£'000	£'000	£'000	£'000	£'000
H. Anagnostaras-Adams	**302**	**13**	-	**137**	**452**
J. Leach	**169**	**36**	-	**32**	**237**
Non-Executive					
N. Ling[1]&[4]	**12**	-	-	**5**	**17**
M Tyler	**25**	-	-	**9**	**34**
R Robinson	**25**	-	-	**9**	**34**
	533	**49**	-	**192**	**774**

31 December 2021					2021
	Salary and fees	Other compensation[3]	Bonus Paid in Shares	Share based benefit incentive options[2]	Total
Executive	£'000	£'000	£'000	£'000	£'000
H. Anagnostaras-Adams	225	21		286	532
J. Leach	169	18	-	58	245
Non-Executive					
N. Ling[4]	27	-	-	3	30
M Tyler	25	-	-	20	45
R Robinson	25	-	-	20	45
A Taylor[1]	25	-	-	20	45
	496	39	-	407	942

[1]Appointments and Retirement as Director: Mr. Norman Ling resigned on the 30 June 2022. Mr Taylor resigned 31 December 2021.
[2]Share based benefit incentive options: The figure is based on the valuation at the date of grant. The figure recorded relates to the amount relating to the current year as a proportion of the vesting period. Vesting is subject to a number of vesting conditions which may or may not be achieved. This figure is not a cash payment.
[3]Other compensation includes medical insurance premiums.
[4] Mr. Ling received additional compensation for consulting work requested from time to time by the Board that was over and above normal Board requirements.

Corporate governance statement

The Directors of the Company have elected to follow the main principles of the QCA Corporate Governance Code. The QCA Corporate Governance Code identifies ten principles that focus on the pursuit of medium to long-term value for shareholders without stifling the entrepreneurial spirit in which the Company was created. In addition to the details provided below, governance disclosures can be found on page 18 and the Company's website: https://www.kefi-goldandcopper.com/about/corporate-governance.

Board of Directors

The Group supports the concept of an effective Board leading and controlling the Group. The Board is responsible for approving Group policies and strategies. It meets at least every three months and is supplied with appropriate and timely information and the Directors are free to seek any further information they consider necessary. All Directors have access to advice from the Group Secretary and independent professionals at the Group's expense. Training is available for new Directors and other Directors as necessary. The Executive Chairman, in conjunction with the executive team, ensures that the Directors' knowledge is kept up to date on key issues and developments pertaining to financial and governance matters, its operational environment and to the Directors' responsibilities as members of the Board. During the year, the Executive Chairman received updates and advice from the Company Secretary and the NOMAD to ensure the Company's compliance to the Rule 26 disclosures which became effective from the 28 September 2018. The Group's key strategic and operational decisions are reserved exclusively for the decision of the Board.

The Board consists of two full time Executive Directors who hold key operational positions in the Company (the Executive Chairman and Finance Director), and two Non-Executive Directors. The Non-Executive Directors, Richard Robinson and Mark Tyler bring a breadth of experience and knowledge to the Company. They are independent of management and any other business relationships do not interfere with the exercise of their independent judgment. The Board regularly reviews key business risks, including the financial risks facing the Group in the operations of its business. The Directors are of the opinion that the Board composition contains a suitable balance. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of shareholders about the Company.

Board meetings

The Board meets regularly throughout the year. The Board is responsible for formulating, reviewing, and approving the Company's strategy, financial activities, and operating performance. Day to day management is devolved to the Executive Directors who are charged with consulting the Board on all significant financial and operational matters. All Directors have access to the advice of the Company's solicitors. Necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees

The Board has established the following committees, each of which has its own terms of reference:

Audit and Financial Risk Committee

The Audit and Financial Risk Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit and Financial Risk Committee comprised Two Non-Executive Directors: Mark Tyler (Chairman), and Richard Robinson, and is responsible for ensuring that the financial performance of the Company is properly monitored and reported in this capacity and interacts as needed with the Company's External Auditors. The Finance Director is invited and attends the committee meetings to provide his skills and knowledge in committee matters.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration of the Directors and senior executives. It comprised two Non-Executive Directors: Mark Tyler (Chairman), and Richard Robinson. Directors' remuneration and conditions are considered and agreed by the Board.

Financial packages for Executive Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognized job qualifications and skills. The Committee also takes into consideration the terms that may be required to attract equivalent experienced executives to join the Board from other companies.

Attendance Meetings of Directors and Committees

The following table sets out the number of Directors' meetings held during the financial year and the number of meetings attended by each director:

Board of Directors Meetings	Held	Attended
H. Anagnostaras- Adams	7	7
J. Leach	7	7
N. Ling[1]	3	2
M. Tyler	7	6
R. Robinson	7	7

Audit Committee[2]	Held	Attended
R. Robinson	2	2
N. Ling[1]	1	1
M. Tyler	2	2

Remuneration Committee	Held	Attended
N. Ling[1]	1	0
M. Tyler	1	1
R. Robinson	1	1

[1]Mr.Norman Ling resigned on 30 June 2022 as Non-Executive Director.

[2] All directors are invited to Audit Committee meetings due to the small size of the company.

Board Evaluation and Succession Planning

The QCA Code states that the Board should regularly review the effectiveness of its performance as a unit, as well as that of its committees and individual director. In 2022 the process was facilitated internally by the Board. To prepare for the mine build and operational phases of the Company's development, the Board has implemented several management and Board changes in the previous year including the appointment Mr. Theron Brand as Managing Director of TKGM and Mr. Eddy Solbrandt as Group Operations Director. The company has two independent Directors.

Internal controls

The Directors acknowledge their responsibility for the Group's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst the Directors are aware that no system can provide absolute assurance against material misstatement or loss, regular reviews of internal controls are undertaken to ensure that they are adequate and effective.

Risk management

The Board considers risk assessment important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management who compare actual progress to forecasts. Project milestones and timelines are regularly reviewed.

Risks and uncertainties

Risk assessment and evaluation is an essential part of the Group's planning and an important aspect of the Group's internal control system. The principal risks facing the Company are set out in the Group Strategic Report.

Risk management and treasury policy

The Board considers risk assessment as an integral activity in achieving its strategic objectives, with the Board regularly reviewing its projects and activities in this regard. The Group finances its operations through equity and holds its cash as a liquid resource to fund its obligations of the Group. Decisions regarding the management of these assets are approved by the Board. Please refer to page 84 of the financial statements.

Securities trading

The Directors comply with Rules 21 and 31 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees as well. The Board has adopted a Share Dealing Code that is appropriate for an AIM quoted company and this applies to Directors, senior management and any employees who are in possession of "unpublished price sensitive information". All such persons are prohibited from trading in the Company's securities if they are in possession of "unpublished price sensitive information". Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Ethical values and behaviours

The Board has the means to determine that ethical values and behaviours are recognised and respected via the senior management team ("Exco") to whom local country management reports. The Board of KEFI also adheres to KEFI's Corporate Governance policies that cover, for example, ethical behaviour, anticorruption, and anti-bribery as well as a whistle-blowing policy. The Board is also aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities is centred upon what needs to be an open and respectful dialogue with employees, clients, and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives.

Wider stakeholder needs and social responsibilities

The Group's long-term success relies upon good relations with all its stakeholders, both internal and external. The Board affords highest priority to ensuring that it maintains a strong understanding of the needs and expectations of all stakeholders. Feedback is sought regularly across several platforms. The Group's stakeholders include shareholders, employees, suppliers, customers, regulators, industry bodies and creditors. The principal ways in which their feedback on the Group is gathered are via meetings and conversations.

Understanding and meeting shareholder needs and expectations

The Board is aware of the needs and expectations of shareholders. The Company engages with its shareholders through quarterly conference calls and at its Annual General Meeting ("AGM"). The Board supports the use of the AGM to communicate with both institutional and private investors. All shareholders are given the opportunity to ask questions and raise issues; this can be done formally during the meeting or informally with the directors afterwards.

Experience, skills, and capabilities of the Board Directors

Experience, skills, and capabilities of the Board of Directors who have been appointed to the Company have been chosen because of the skills and experience they offer. The Board of Directors has strong, relevant experience across the areas of mining, accounting, and banking. The Board is satisfied that, between the Directors, it has an effective and appropriate balance of skills and experience, including in the areas of gold mining and exploration. All Directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the Directors in advance of meetings. Skills and knowledge have been gained through aggregated experience in gold mining and the wider sector and these are maintained through ongoing involvement and participation within the industry. All Directors retire by rotation at regular intervals in accordance with the Company's Articles of Association.

Governance structures and processes that support good decision-making

Details of the Company's corporate governance arrangements are provided in its governance statement on the website https://www.kefi-minerals.com/about/corporate-governance. There are no matters expressly reserved for the Board. The Board considers the Group's governance framework is appropriate and in line with its plans.

Website publication

The Directors are responsible for ensuring that the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with applicable legislation governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Relations with shareholders

The Board attaches great importance to providing shareholders with clear and transparent information on the Company's activities, strategy, and financial position. The Board typically meets with large shareholders following the release of financial results and regards the AGM as a good opportunity to communicate directly with shareholders via an open question and answer session. The Company regularly holds public question and answer calls in support of announcements, providing smaller and private investors with direct access to management. The Board receives regular updates on the views of shareholders through briefings and reports from the Managing Director, Financial Director, and the Company's brokers. In addition, analysts' notes and brokers' briefings are reviewed to achieve a wide understanding of investors' views.

The Company discloses contact details on its website and on all announcements released via RNS, should shareholders wish to communicate with the Board. Details of all shareholder communications are provided on the Group's website. Historical Annual Reports, notices of all general meetings from the last five years and the resolutions put to a vote at AGMs can be found on the Company's website. Over the last five years all resolutions put to a vote at AGMs have been duly passed. Whilst this has not occurred, should a significant proportion of votes be cast against a resolution at any general meeting the Board would naturally seek to understand the rationale for this through its engagement with shareholders.

Shareholders holding more than 3% of share capital

The Shareholders holding more than 3% of the share capital of the Company as at 2 June 2023 and as far as the Directors' are aware:

Name	Percentage	Number
Hargreaves Lansdown (Nominees) Limited	25.1%	987,471,374
Interactive Investor Services Nominees Limited	16.8%	660,988,970
Vidacos Nominees Limited	8.2%	323,066,844
Hsdl Nominees Limited	7.0%	275,603,204
Lawshare Nominees Limited	5.0%	197,576,463
Barclays Direct Investing Nominees Limited	4.8%	188,331,251
Jim Nominees Limited	4.7%	184,836,525
Winchcombe Ventures Limited	3.8%	149,823,430
Pershing Nominees Limited	3.5%	137,273,988
Interactive Brokers Llc	3.2%	126,204,872
Hsbc Client Holdings Nominee (Uk) Limited	2.2%	86,418,950

Going concern

The Directors note that the assessment of the Group's ability to continue as a going concern involves judgement 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. They consider that the group can continue to adopt the going concern basis in preparing the financial statements and refer to Note 2 of the financial statements on page 78 for further information and disclosure of the uncertainty.

Events after the reporting date

Share Placement May 2023

On June 5, 2023, the Company introduced 785,714,285 new ordinary shares at a placing price of 0.7 pence per share, resulting in a capital raise of £5.5 million. Additionally, a further £0.9 million is expected to be raised through the issuance of 133,145,208 ordinary shares at the same placing price. These 133,145,208 ordinary shares will be admitted after obtaining shareholder approval for the conditional placement at the Annual General Meeting.

The shares that were issued on 5 June 2023 as well as the conditional placement shares that are to be approved on 30 June 2023, will be employed to extinguish the following obligations.

Name	**Number of Subscription Shares**	**Amount**
Current liabilities	000	£'000
For services rendered	98,325	688
Loans and borrowings		
Unsecured working capital bridging finance	271,100	2,711
	369,425	**3,399**

The parties above agreed that the amounts subscribed in the share placements be set-off against the amount due by the Company at the date of the share placement

Dilution in Gold and Minerals

During 2023 the Company diluted its interest in the Saudi joint-venture company Gold and Minerals Limited ("GMCO") from 30% to 26.8% by not contributing its pro rata share of expenses to GMCO.

Report of the Board of Directors (continued)

For the year ended 31 December 2022

Nominated advisor

The Company's nominated advisor is SP Angel Corporate Finance LLP.

Auditors

BDO LLP has expressed their willingness to continue in office as auditor and a resolution to re-appoint BDO LLP will be proposed at the forthcoming Annual General Meeting.

Directors' confirmation

Each of the persons who are a director at the date of approval of this annual report confirms that:

- there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that ought to have been taken as a director, in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

By Order of the Board

John Edward Leach

Finance Director

Company Secretary

Cargil Management Services Limited
27/28 Eastcastle Street
London
United Kingdom

8 June 2023

Statement of Directors’ Responsibilities

The Directors are responsible for preparing the Annual Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare Financial Statements for each financial year. Under that law the Directors have elected to prepare the Group and Company Financial Statements prepared in accordance with UK adopted international accounting standards. Under company law the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for Standard List companies. In preparing these Financial Statements, the Directors are required to:

- prepare a director’s report, a strategic report and director’s remuneration report which comply with the requirements of the Companies Act 2006;
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK adopted international accounting standards; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Financial Statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the Annual Report and the Financial Statements are made available on a website. Financial Statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the Financial Statements contained therein.

Independent auditor's report to the members of KEFI Gold and Copper Plc

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kefi Gold and Copper Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise [the consolidated statement of comprehensive income, the statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity, the consolidated statement of cash flows, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Material uncertainty relating to going concern

We draw your attention to note 2 of the financial statements which explains that the Parent Company and the Group's forecasts indicate that they will require additional funding in the next twelve months after the approval of the financial statements to meet project development, working capital needs and other planned expenditures, and that while there is potential access to short term funding from shareholders or other alternatives, it is currently not committed. These conditions, along with other matters set out in note 2, indicate the existence of a material uncertainty which may cast significant doubt over the Parent Company's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We have highlighted going concern as a key audit matter as a result of the estimates and judgements required by the Directors in their going concern assessment and the effect on our audit strategy. Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and our response to this key audit matter included:

- We obtained the Directors' going concern assessment and supporting forecasts and performed a detailed review of the cash flow forecasts, challenging the key assumptions based on empirical data and comparing historic actual monthly expenditure.
- We discussed with the Directors how they intend to raise the funds necessary for the Group and Parent to continue as a going concern in the required timeframe and considered their judgement in light of the Group and Parent previous successful fundraisings and strategic financing. We reviewed agreements and term sheets from potential investors in connection with the planned project financing.
- We reviewed the adequacy and completeness of the disclosures in the financial statements in the context of our understanding of the Group and Parent operations and plans, and the requirements of the financial reporting framework.
- We reviewed correspondence with the Ethiopian Ministry of Mines to check for exploration and evaluation licence validity and renewal of work permit.
- We reviewed management's going concern assumptions related to security issues at the Ethiopia site, and considered the internal security measure taken by Kefi to minimise business disruptions arising from security issues.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Independent auditor's report to the members of KEFI Gold and Copper Plc

Overview

Coverage[1]	*99% (2021: 99%) of Group loss before tax* *100% (2021: 100%) of Group total assets*
Key audit matters	<table><tr><td></td><td>2022</td><td>2021</td></tr><tr><td>Carrying value of exploration assets</td><td>✔</td><td>✔</td></tr><tr><td>Going concern</td><td>✔</td><td>✔</td></tr></table>
Materiality	*Group financial statements as a whole* £480k (2021: £430k) based on 1.5% (2021: 1.5%) of total assets

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

The Group operates through the Parent Company based in the United Kingdom whose main function is the incurring of administrative costs and providing funding to the subsidiaries in Ethiopia as well as one joint venture company in Saudi Arabia. In addition to the Parent Company, the two Ethiopian subsidiaries are considered to be significant components. The financial statements also include a number of non-trading subsidiary undertakings, as set out in note 13.1, which were considered to be not significant components.

In establishing our overall approach to the group audit, we determined the type of work that needed to be performed in respect of each component. The parent company and the two Ethiopian subsidiaries were subject to full scope audits.

As part of the full scope audit for the Ethiopian subsidiaries, specified procedures were performed by a BDO network firm based in Ethiopia. The Group audit team performed the remaining procedures on the full scope audits of the significant components identified above, including additional specific procedures over key risk areas including the Key Audit Matters and the audit of the consolidation.

The joint venture company and the non-trading subsidiaries of the Group were subject to analytical review procedures performed by the Group audit team.

Our involvement with component auditors

For the work performed by component auditors, we determined the level of involvement needed in order to be able to conclude whether sufficient appropriate audit evidence has been obtained as a basis for our opinion on the Group financial statements as a whole. Our involvement with component auditors included the following:

- Detailed Group reporting instructions were sent to the component auditor which included the principal to be covered by the audits, component materiality, and fraud risks and other significant risk areas, and set out the information to be reported to the Group audit team.

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[1] These are areas which have been subject to a full scope audit by the group engagement team and analytical review procedures.

- The Group audit team was actively involved in the direction of the audits performed by the component auditor for Group reporting purposes, along with the consideration of findings and determination of conclusions drawn.

- The Group audit team reviewed the component auditor's work papers remotely and engaged with the component auditor by video calls and emails during their planning, fieldwork and completion phases.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. In addition to the matter disclosed in the Material uncertainty related to going concern section of our report, we determined the matter below to be the key audit matter to be communicated. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Carrying Value of Exploration Assets (see note 2 Accounting Policies, note 4 Use and revision of accounting estimates and judgements and note 12 Intangible Assets)	The exploration and evaluation assets of the Group, as disclosed in note 12, represent the key assets for the Group. Costs are capitalised in accordance with the requirements set out in IFRS 6: 'Exploration for and Evaluation of Mineral Resources' ("IFRS 6"). The Directors are required to assess whether there are potential indicators of impairment for the Tulu Kapi exploration asset and whether an impairment test was required to be performed. No indicators of impairment to the asset were identified, and disclosure to this effect has been included in the financial statements. There are a number of estimates and judgements used by management in assessing the exploration and evaluation assets for indicators of impairment under IFRS 6. These estimates and judgements are set out in Note 4 of the financial statements and the subjectivity of these estimates along with the material carrying value of the assets make this a key audit area.	We considered the indicators of impairment applicable to the Tulu Kapi exploration asset, including those indicators identified in IFRS 6 and reviewed the Directors' assessment of these indicators. The following work was undertaken: We reviewed the licence documentation to confirm that the exploration permits are valid, and to check whether there is an expectation that these will be renewed in the ordinary course of business. We have reviewed correspondence with the Ethiopian Ministry of Mines for any conditions regarding the validity of the licence. We made specific inquiries of the Directors and reviewed market announcements, budgets and plans which confirms the plan to continue investment in the Tulu Kapi project subject to sufficient funding being available, as disclosed in note 2. Based on our knowledge of the Group, we considered whether there were any other indicators of impairment not identified by the Directors. We have reviewed the adequacy of disclosures provided within the financial statements in relation to the impairment assessment against the requirements of the accounting standards. **Key observations:** Based on our work performed we considered the Directors' assessment and the disclosures of the indicators of impairment review included in the financial statements to be appropriate.

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group financial statements		**Parent company financial statements**	
	2022 £k	2021 £k	2022 £k	2021 £k
Materiality	480	430	385	330
Basis for determining materiality	1.5% total assets			
Rationale for the benchmark applied	We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements given the Group and Parent Company's status as a mining exploration company and therefore consider this to be an appropriate basis for materiality.			
Performance materiality	360	320	288	247
Basis for determining performance materiality	75% of materiality for the financial statements as a whole.			
Rationale for the percentage applied for performance materiality	This is based on our overall assessment of the control environment and the low level of expected misstatements.			

Component materiality

For the purposes of our Group audit opinion, we set materiality for each significant component of the Group, apart from the Parent Company whose materiality is set out above, based on 1.5% total assets (2021: 1.5%), based on the size and our assessment of the risk of material misstatement of that component. Component materiality was set at £310k (2021: £280k). In the audit of each component, we further applied performance materiality levels of 75% (2021: 75%) of the component materiality to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £24k (2021: £21k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Group and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Group’s policies and procedures regarding compliance with laws and regulations.

we considered the significant laws and regulations directly relevant to specific assertions in the financial statements are those related to the reporting framework (UK adopted international accounting standards, the Companies Act 2006, AIM rules and the QCA Corporate Governance Code), and terms and requirements included in the Group’s exploration and evaluation licenses.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud and considered that the areas in which fraud might occur were management override and significant judgements relating going concern.

Our procedures to respond to these risks included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Selected journals by applying specific criteria to detect possible irregularities and fraud and agreed them to the supporting documents to test the appropriateness of journal entries;
- Performing a detailed review of the Group’s year end adjusting entries and investigating any that appear unusual as to nature or amount and agreeing to supporting documentation;
- For significant and unusual transactions, particularly those occurring at or near year end, obtaining evidence for the rationale of these transactions and the sources of financial resources supporting the transactions;
- Assessing the judgements made in respect of going concern (see section on Material uncertainty relating to going concern above); and
- Assessed whether the judgements made in accounting estimates were indicative of a potential bias (refer to key audit matters above).

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Jack Draycott (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom

08 June 2023

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

Consolidated statement of comprehensive income

Year ended 31 December 2022

	Notes	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Revenue		**-**	-
Exploration costs		**-**	-
Administrative expenses	6	**(2,400)**	(2,190)
Finance transaction costs	8.2	**(368)**	(84)
Share-based payments and warrants-equity settled	18	**(366)**	(810)
Share of loss from jointly controlled entity	20	**(2,792)**	(1,482)
Impairment of jointly controlled entity	20	**(109)**	418
Operating loss	6	**(6,035)**	(4,148)
Other income/(loss)		**-**	(75)
Gain on Dilution of Joint Venture	20	**286**	428
Foreign exchange loss		**(79)**	(8)
Finance costs	8.1	**(527)**	(1,121)
Loss before tax		**(6,355)**	(4,924)
Tax	9	**-**	-
Loss for the year		**(6,355)**	(4,924)
Loss attributable to:			
-Owners of the parent		**(6,355)**	(4,924)
Loss for the period		**(6,355)**	(4,924)
Other comprehensive expense:			
Exchange differences on translating foreign operations		**-**	-
Total comprehensive expense for the year		**(6,355)**	(4,924)
Total Comprehensive expense to:			
-Owners of the parent		**(6,355)**	(4,924)
Basic and diluted loss per share (pence)	10	**(0.180)**	(0.226)

The notes on pages 77 to 111 are an integral part of these consolidated financial statements.

Statements of financial position

Company Number: 05976748

31 December 2022

	Notes	The Group 2022	The Company 2022	The Group 2021	The Company 2021
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**125**	**3**	63	1
Intangible assets	12	**31,356**	**-**	28,361	-
Investment in subsidiaries	13.1	**-**	**15,557**	-	14,331
Investments in jointly controlled entities	13.2	**-**	**-**	-	-
Receivables from subsidiaries	15.2	**-**	**9,998**	-	7,292
		31,481	**25,558**	28,424	21,624
Current assets					
Financial assets at fair value through OCI	14	**-**	**-**	-	-
Trade and other receivables	15.1	**463**	**71**	291	24
Cash and cash equivalents	16	**220**	**45**	394	149
		683	**116**	685	173
Total assets		**32,164**	**25,674**	29,109	21,797
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**3,939**	**3,939**	2,567	2,567
Deferred Shares	17	**23,328**	**23,328**	23,328	23,328
Share premium	17	**43,187**	**43,187**	35,884	35,884
Share options reserve	18	**3,747**	**3,747**	1,891	1,891
Accumulated losses		**(48,781)**	**(52,929)**	(42,731)	(47,310)
Attributable to Owners of parent		**25,420**	**21,272**	20,939	16,360
Non-Controlling Interest	19	**1,562**	-	1,379	-
Total equity		**26,982**	**21,272**	22,318	16,360
Current liabilities					
Trade and other payables	21	**4,002**	**3,222**	5,556	4,202
Loan and borrowings	23	**1,180**	**1,180**	1,235	1,235
Total liabilities		**5,182**	**4,402**	6,791	5,437
Total equity and liabilities		**32,164**	**25,674**	29,109	21,797

The notes on pages 77 to 111 are an integral part of these consolidated financial statements.

The Company has taken advantage of the exemption conferred by section 408 of Companies Act 2006 from presenting its own statement of comprehensive income. Loss after taxation amounting to £6.1 million (2021: £6.8 million) has been included in the financial statements of the parent company.

On the 8 June 2023, the Board of Directors of KEFI Gold and Copper PLC authorised these financial statements for issue.

Harry Anagnostaras-Adams
Executive Director- Chairman

John Edward Leach
Finance Director

Consolidated statement of changes in equity

Year ended 31 December 2022

	Attributable to the owners of the Company								
	Share capital	Deferred shares	Share premium	Share options reserve	Foreign exch reserve	Accum. losses	Owners Equity	NCI	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	2,138	23,328	33,118	1,273	-	(37,824)	22,033	1,204	23,237
Loss for the year	-	-	-	-	-	(4,924)	(4,924)	-	(4,924)
Total Comprehensive Expenses	-	-	-	-	-	(4,924)	(4,924)	-	(4,924)
Recognition of share-based payments	-	-	-	810	-	-	810	-	810
Expired warrants	-	-	-	(192)	-	192	-	-	-
Issue of share capital and warrants	429	-	2,985	-	-	-	3,414	-	3,414
Share issue costs	-	-	(219)	-	-	-	(219)	-	(219)
Non-controlling interest	-	-	-	-	-	(175)	(175)	175	-
At 31 December 2021	**2,567**	**23,328**	**35,884**	**1,891**	**-**	**(42,731)**	**20,939**	**1,379**	**22,318**
Loss for the year	-	-	-	-	-	(6,355)	(6,355)	-	(6,355)
Other comprehensive expense	-	-	-	-	-	-	-	-	-
Total Comprehensive expense	-	-	-	-	-	(6,355)	(6,355)	-	(6,355)
Recognition of share-based payments	-	-	-	366	-	-	366	-	366
Expired warrants	-	-	-	(488)	-	488	-	-	-
Issue of share capital and warrants	1,372	-	7,747	1,978	-	-	11,097	-	11,097
Share issue costs	-	-	(444)	-	-	-	(444)	-	(444)
Non-controlling interest	-	-		-	-	(183)	(183)	183	-
At 31 December 2022	**3,939**	**23,328**	**43,187**	**3,747**	**-**	**(48,781)**	**25,420**	**1,562**	**26,982**

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

Reserve	Description and purpose
Share capital: (Note 17)	Amount subscribed for ordinary share capital at nominal value
Deferred shares: (Note 17)	Under the restructuring of share capital, ordinary shares of in the capital of the Company were sub-divided into deferred share.
Share premium: (Note 17)	Amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve (Note 18)	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): (Note 19)	The portion of equity ownership in a subsidiary not attributable to the parent company

The notes on pages 77 to 111 are an integral part of these consolidated financial statements.

Company statement of changes in equity

Year ended 31 December 2022

	Share capital	Deferred shares	Share premium	Share options reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2021	2,138	23,328	33,118	1,273	(40,736)	19,121
Loss for the year	-	-	-	-	(6,766)	(6,766)
Recognition of share-based payments	-	-	-	810	-	810
Forfeited options	-	-	-	-	-	-
Expired warrants	-	-	-	(192)	192	-
Issue of share capital and warrants	429	-	2,985	-	-	3,414
Share issue costs	-	-	(219)	-	-	(219)
At 31 December 2021	**2,567**	**23,328**	**35,884**	**1,891**	**(47,310)**	**16,360**
Loss for the year	-	-	-	-	**(6,107)**	**(6,107)**
Recognition of share-based payments	-	-	-	**366**	-	**366**
Forfeited options	-	-	-	-	-	-
Expired warrants	-	-	-	**(488)**	**488**	-
Issue of share capital and warrants	**1,372**	-	**7,747**	**1,978**	-	**11,097**
Share issue costs	-	-	**(444)**	-	-	**(444)**
At 31 December 2022	**3,939**	**23,328**	**43,187**	**3,747**	**(52,929)**	**21,272**

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

Reserve	**Description and purpose**
Share capital (Note 17)	Amount subscribed for ordinary share capital at nominal value
Deferred shares: (Note 17)	Under the restructuring of share capital, ordinary shares of in the capital of the Company were sub-divided into deferred share (Note 17).
Share premium: (Note 17)	Amount subscribed for share capital in excess of nominal value, net of issue costs
Share options reserve: (Note 18)	Reserve for share options and warrants granted but not exercised or lapsed
Accumulated losses	Cumulative net gains and losses recognized in the statement of comprehensive income

The notes on pages 77 to 111 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

Year ended 31 December 2022

	Notes	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,355)**	(4,924)
Adjustments for:			
Depreciation of property, plant and equipment	11	**24**	17
Share based payments	18	**-**	-
Issue of options	18	**366**	810
Gain on Dilution of Joint Venture	20.1	**(286)**	(428)
Share of loss from jointly controlled entity	20	**2,792**	1,482
Impairment on jointly controlled entity	20	**109**	(418)
Exchange difference		**(53)**	159
Finance costs	8.1	**486**	1,121
		(2,917)	(2,181)
Changes in working capital:			
Trade and other receivables		**(172)**	(75)
Trade and other payables		**(72)**	806
Cash used in operations		**(3,161)**	(1,450)
Interest paid		**-**	-
Net cash used in operating activities		**(3,161)**	(1,450)
CASH FLOWS FROM INVESTING ACTIVITIES			
Project exploration and evaluation costs	12	**(3,477)**	(2,508)
Acquisition of property plant and equipment	11	**(86)**	(46)
Proceeds from sale of financial assets at fair value through OCI	14	**-**	54
Advances to jointly controlled entity	13.2	**(1,682)**	(510)
Net cash used in investing activities		**(5,245)**	(3,010)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**6,849**	1,045
Issue costs	17	**(444)**	(219)
Proceeds from bridge loans	23.1.2	**1,830**	2,713
Repayment of convertible notes and bridge loans	23.1.2	**(3)**	-
Net cash from financing activities		**8,232**	3,539
Net decrease in cash and cash equivalents		**(174)**	(921)
Cash and cash equivalents:			
At beginning of the year	16	**394**	1,315
At end of the year	16	**220**	394

Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of £nil (2021: £20,000).

The notes on pages 77 to 111 are an integral part of these consolidated financial statements.

Company statement of cash flows
Year ended 31 December 2022

	Notes	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,107)**	(6,763)
Adjustments for:			
Depreciation of property plant equipment		**2**	2
Share based payments	18	**-**	-
Issue of options	18	**366**	810
Gain on Dilution of Joint Venture	20.1	**(286)**	(428)
Share of loss from jointly controlled entity	20	**2,792**	1,482
Impairment on jointly controlled entity	20	**109**	(418)
Exchange difference		**(255)**	1,767
Expected credit loss		**113**	43
Finance costs		**486**	1,121
		(2,780)	(2,384)
Changes in working capital:			
Trade and other receivables		**(47)**	82
Trade and other payables		**17**	1,562
Cash used in operations		**(2,810)**	(740)
Interest Paid		**-**	-
Net cash used in operating activities		**(2,810)**	(740)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		**(4)**	-
Investment in subsidiary	13.1	**(1,225)**	(651)
Advances to jointly controlled entity	13.2	**(1,682)**	(510)
Loan to subsidiary	15	**(2,615)**	(2,684)
Net cash used in investing activities		**(5,526)**	(3,845)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**6,849**	1,045
Issue costs	17	**(444)**	(219)
Proceeds from bridge loans	23.1.2	**1,830**	2,713
Repayment of convertible notes and bridge loans	23.1.2	**(3)**	-
Net cash from financing activities		**8,232**	3,539
Net (decrease) in cash and cash equivalents		**(104)**	(1,046)
Cash and cash equivalents:			
At beginning of the year	16	**149**	1,195
At end of the year	16	**45**	149

Cash and cash equivalents in the Company Statement of Financial Position includes restricted cash of £nil (2021: £20,000).

The notes on pages 77 to 111 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
Year ended 31 December 2022

1. Incorporation and principal activities

Country of incorporation

KEFI Gold and Copper PLC (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.The principal place of business is Cyprus.

Principal activities

The principal activities of the Group for the year were:

- Exploration 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.
- Evaluation of 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.
- Development of mineral deposits and marketing of the metals produced.

2. Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout both periods presented in these financial statements unless otherwise stated.

Basis of preparation and consolidation

The Company and the consolidated financial statements have been prepared in accordance with UK adopted international accounting standards in conformity with the requirements of the Companies Act 2006. They comprise the accounts of KEFI Gold and Copper PLC and all its subsidiaries made up to 31 December 2022. The Company and the consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date. Subsidiaries are all entities over which the Group has power to direct relevant activities and an exposure to variable returns. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

When the excess is positive, goodwill is recognised in the statement of financial position, if the excess is negative, a bargain purchase price is recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not re-measured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

Subsidiaries

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries have been included in the consolidated financial statements from the date that control commences until the date that control ceases.

An investor controls an investee if and only if the investor has all the following:

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) the ability to use its power over the investee to affect the amount of the investor's returns.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

2. Accounting policies (continued)

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, advancement of the Saudi Arabia exploration properties and for working capital requirements. As part of this assessment, 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 its suitability in the context of the Group's long term strategic objectives. The Group also recognises that within the going concern consideration period it will require funding for its share of the construction development costs of the Tulu Kapi mine (Further details on project financing plan are summarised on page 8 of the Finance Director's Report).

TKGM reactivated Tulu Kapi project launch preparations in June-2022 with the signing of an initial Umbrella Agreement. This was followed by a final Umbrella Agreement in April 2023. However, funding requirements and project timing could still be impacted by security concerns or other factors in Ethiopia. The Ministry of Mines in Ethiopia has received official notification that the project is currently progressing according to the planned timetable and will continue to do so, provided that the security situation remains satisfactory. There are a few remaining tasks that need to be addressed, including the government's completion of necessary regulatory requirements and the successful and timely finalization of project financing. The Company maintains a close watch on the condition of security and uses an independent security specialist to provide ongoing situational assessments and reports. (Refer to page 47 "Security Risk" section of the Principal Risks and Uncertainties Report for additional details).The Tulu Kapi project financing syndicate's arrangements with project lenders AFC and TDB for $190 million project loan facilities [has received approval of their respective credit committees subject to normal conditions precedent including KEFI raising additional equity (refer to page 47 "Financing Risk" of the Principal Risks and Uncertainties Report for more details)], are being formalised and definitive agreements are in preparation.

In May 2023, the Company announced the successful completion of an unconditional placement of £5.5 million and, subject to shareholder approval at the annual general meeting on 30 June 2023, a further placement of £0.9 million. As of the date of this financial report, £5.1 million has been utilised by the Company to bring creditors into normal trading terms, repay its debts and increase working capital. The balance of the placements will be received subject to shareholder approval and share placement settlement terms. Forecasts show that the Group will require additional funding in Q3 2023 to meet project development, working capital needs and other planned expenditures. Should funding be required before financial close (ie full funding) of the Tulu Kapi Gold Project, the Company has potential access to short term funding from shareholders and other alternatives on offer, but currently not committed, as has been the case in the past.

Accordingly, and as set out above, this indicates the existence of a material uncertainty which may cast significant doubt over the Group and Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. Based on historical experience and current ongoing proactive discussions with stakeholders, the Board has a reasonable expectation that definitive binding agreements will be signed. Accordingly, the Board has a reasonable expectation that the Group will be able to continue to raise funds to meet its objectives and obligations.

The financial statements therefore do not include the adjustments that would result if the Group was unable to continue as a going concern.

Functional and presentation currency

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates. The consolidated financial statements of the Group and the statement of financial position and equity of the Company are in British Pounds ("GBP") which is the functional currency of the Company and the presentation currency for the consolidated financial statements. Functional currency is also determined for each of the Company's subsidiaries, and items included in the financial statements of the subsidiary are measured using that functional currency. GBP is the functional currency of all subsidiaries.

(1) Foreign currency translation

Foreign currency transactions are translated into the presentational currency using the exchange rates prevailing at the date of the transactions. Gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss in the statement of comprehensive income.

2) Foreign operations

On consolidation, the assets and liabilities of the consolidated entity's foreign operations are translated at exchange rates prevailing at the reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly in which case they are recorded at the actual rate. Exchange differences arising, if any, are recognized in the foreign currency translation reserve and as a component of other comprehensive income, and recognized in profit or loss on disposal of the foreign operation.

Revenue recognition

The Group had no sales or revenue during the year ended 31 December 2022 (2021: Nil).

2. Accounting policies (continued)

Property plant and equipment

Property plant and equipment are stated at their cost of acquisition at the date of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition less depreciation.

Depreciation is calculated using the straight-line method to write off the cost of each asset to their residual values over their estimated useful life.

The annual depreciation rates used are as follows:

Furniture, fixtures and office equipment	25%
Motor vehicles	25%
Plant and equipment	25%

Intangible Assets

Cost of licenses to mines are capitalised as intangible assets which relate to projects that are at the pre-development stage. No amortisation charge is recognised in respect of these intangible assets. Once the Group starts production these intangible assets relating to license to mine will be depreciated over life of mine.

Interest in jointly controlled entities

The group is a party to a joint arrangement when there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the group and at least one other party. Joint control exists where unanimous consent is required over relevant decisions.

The group classifies its interests in joint arrangements as either:

- Joint ventures: where the group has rights to only the net assets of the joint arrangement.

- Joint operations: where the group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- The structure of the joint arrangement.

- The legal form of joint arrangements structured through a separate vehicle.

- The contractual terms of the joint arrangement agreement.

- Any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures using the equity method. The Group accounts for its interests in joint operations by recognising its share of assets, liabilities, and expenses in accordance with its contractually conferred rights and obligations.

2. Accounting policies (continued)

Finance costs

Interest expense and other borrowing costs are charged to the statement of comprehensive income as incurred and is recognised using the effective interest method.

Tax

The tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Tax is payable in the relevant jurisdiction at the rates described in note 9.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable differences and deferred tax assets are recognized to the extent that taxable profits will be available against which deductible temporary differences can be utilized. The amount of deferred tax is based on the expected manner of realisation or settlement of the carrying amounts of assets and liabilities, using tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off deferred tax assets against deferred tax liabilities and when the deferred taxes relate to the same fiscal authority.

Investments

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognized as an expense in the period in which the impairment is identified, in the Company accounts.

Exploration costs

The Group has adopted the provisions of IFRS 6 “Exploration for and Evaluation of Mineral Resources”. The company still applies IFRS 6 until the project financing is secured. Once financing is secured the project moves to the development stage.

Exploration and evaluation expenditure, including acquisition costs of licences, in respect of each identifiable area of interest is expensed to the statement of comprehensive income as incurred, until the point at which development of a mineral deposit is considered economically viable and the formal definitive feasibility study is completed. At this point costs incurred are capitalised under IFRS 6 because these costs are necessary to bring the resource to commercial production.

Exploration expenditures typically include costs associated with prospecting, sampling, mapping, diamond drilling and other work involved in searching for ore. Evaluation expenditures are the costs incurred to establish the technical and commercial viability of developing mineral deposits identified through exploration activities. Evaluation expenditures include the cost of directly attributable employee costs and economic evaluations to determine whether development of the mineralized material is commercially justified, including definitive feasibility and final feasibility studies.

Impairment reviews for deferred exploration and evaluation expenditure are carried out on a project by project basis, with each project representing a potential single cash generating unit. An impairment review is undertaken when indicators of impairment arise such as: (i) unexpected geological occurrences that render the resource uneconomic; (ii) title to the asset is compromised; (iii) variations in mineral prices that render the project uneconomic; (iv) substantive expenditure on further exploration and evaluation of mineral resources is neither budgeted nor planned; and (v) the period for which the Group has the right to explore has expired and is not expected to be renewed.

On commencement of development, Exploration and evaluation expenditure are reclassified to development assets, following assessment for any impairment.

Development expenditure

Once the Board decides that it intends to develop a project, development expenditure is capitalized as incurred, but only where it meets criteria for recognition as an intangible under IAS 38 or a tangible asset under IAS 16 and then amortized over the estimated useful life of the area according to the rate of depletion of the economically recoverable reserves or over the estimated useful life of the mine, if shorter.

Share based compensation benefits

IFRS 2 “Share based Payment” requires the recognition of equity settled share-based payments at fair value at the date of grant and the recognition of liabilities for cash settled share based payments at the current fair value at each statement of financial position date. The total amount expensed is recognized over the vesting period, which is the period over which performance conditions are to be satisfied. The fair value is measured using the Black Scholes pricing model. The inputs used in the model are based on management’s best estimate, including consideration of the effects of non-transferability, exercise restrictions and behavioural considerations.

Where the Group issues equity instruments to persons other than employees, the statement of comprehensive income is charged with the fair value of goods and services received.

2. Accounting policies (continued)

Convertible loan notes

Convertible loan notes are regarded as compound instruments, consisting of a liability component and an equity component. The component parts of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

When the terms of a new convertible loan arrangement are such that the option will not be settled by the Company in exchange for a fixed number of its own equity instruments for a fixed amount of cash, the convertible loan (the host contract) is either accounted for as a hybrid financial instrument and the option to convert is an embedded derivative or the whole instrument is designated at fair value through profit and loss. Where the instrument is bifurcated, the embedded derivative, where material, is separated from the host contract as its risks and characteristics are not closely related to those of the host contract. At each reporting date, the embedded derivative is measured at fair value with changes in fair value recognised in the income statement as they arise. The host contract carrying value on initial recognition is based on the net proceeds of issuance of the convertible loan reduced by the fair value of the embedded derivative and is subsequently carried at each reporting date at amortised cost.

Prior to conversion the embedded derivative or fair value through profit and loss instrument is revalued at fair value. Upon conversion of the loan, the liability, including the derivative liability where applicable, is derecognised in the statement of financial position. At the same time, an amount equal to the redemption value is recognised within equity. Any resulting difference is recognised in retained earnings. Where the Company enters equity drawdown facilities, whereby funds are drawn down initially and settled in shares at a later date, those shares are recorded initially as issued at fair value based on management's best estimation, with a subsequent revaluation recorded based on the final value of the instrument at the date the shares are issued or allocated. Where the value of the shares is fixed but the amount is determined later, the fair value of the shares to be issued is deemed to be the value of the amount drawn down, less any transaction and listing costs.

Warrants

Warrants issued are recognised at fair value at the date of grant. The charge is expensed on a straight-line basis over the vesting period. The fair value is measured using the Trinomial Model. Where warrants are considered to represent a transaction cost attributable to a share placement, the fair value is recorded in the warrant reserve and deducted from the share premium.

Financial instruments

<u>Non-derivative financial assets</u>

The Group initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in such transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

2. Accounting policies (continued)

Financial instruments (continued)

Non-derivative financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired.

Amortised cost: These are financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment. Trade and other receivables, as well as cash are classified as amortised cost.

Financial asset at fair value through other comprehensive income: Financial assets (debt) which are held with the objective as above but which maybe intended to be sold before maturity and also includes strategic equity investments (that are not subsidiaries, joint ventures or associates) which would be normally held at fair value through profit or loss, could on irrevocable election be measured with fair value changes flow through OCI. On disposal, the gain or loss will not be recycled to P&L.

Financial asset at fair value through profit and loss: Financial assets not meeting the criteria above and derivatives.

Impairment of financial assets: Financial assets at amortised cost consist of trade receivables, loans, cash and cash equivalents and debt instruments. Impairment losses are assessed using the forward-looking Expected Credit Loss (ECL) approach. Trade receivable loss allowances are measured at an amount equal to lifetime ECL's. Loss allowances are deducted from the gross carrying amount of the assets

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their fair value and are used by the Group in the management of its short-term commitments.

Non-derivative financial liabilities

The Group initially recognises debt securities issued and subordinated liabilities on the date that they are originated. All other financial liabilities are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities as other financial liabilities. Such financial liabilities are recognised initially at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise trade and other payables and borrowings.

Financial assets and liabilities at fair value through the profit or loss

Financial assets and liabilities at fair value through the profit or loss comprise derivative financial instruments. After initial recognition, financial assets at fair value through the profit or loss are stated at fair value. Movements in fair values are recognised in profit or loss unless they relate to derivatives designated and effective as hedging instrument, in which event the timing of the recognition in the profit or loss depends on the nature of the hedging relationship. The Group does not currently have any such hedging instruments.

New standards and interpretations applied

The following new standards and interpretations became effective on 1 January 2022 and have been adopted by the Group.

2. Accounting policies (continued)

New standards and interpretations applied (continued)

			Effective period commencing on or after
IFRS 3		Amendments to IFRS 3: References to Conceptual Framework	01 January 2022
IAS 16		Amendments to IAS 16: Property, Plant and Equipment: Proceeds before Intended Use	01 January 2022
IAS 37		Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract	01 January 2022
Improvements to IFRSs'		Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01 January 2022
Amendments to IAS 8	1	Amendments to IAS 8: Definition of accounting estimates	01 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	1	Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies	01 January 2023
Amendments to IAS 12	1	Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a Single transaction	01 January 2023
Amendments to IFRS 16	1	Amendments to IFRS 16: Liability in a Sale and Leaseback	01 January 2024
Amendments IAS 1	1	Amendments to IAS 1: Classification of liabilities as current or noncurrent	01 January 2024
Amendments IAS 1	1	Amendments to IAS 1: Non-current Liabilities with Covenants	01 January 2024

[1]Not yet endorsed.

These amendments had no impact on the interim condensed consolidated financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

New standards, amendments and interpretations that are not yet effective and have not been early adopted.

- Revisions to the Conceptual Framework for Financial Reporting.

The principal accounting policies adopted are set out above.

There are a number of standards, amendments to standards, and interpretations which have been issued by the IASB that are effective in future accounting periods that the Group has decided not to adopt early.

The Group is currently assessing the impact of these new accounting standards and amendments.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

3. Financial risk management

Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand with an original maturity date of less than three months. To mitigate our inherent exposure to credit risk we maintain policies to limit the concentration of credit risk and ensure liquidity of available funds. We also invest our cash and equivalents in rated financial institutions, primarily within the United Kingdom and other investment grade countries, which are countries rated BBB- or higher by S&P the Group does not have a significant concentration of credit risk arising from its bank holdings of cash and cash equivalents.

Financial risk factors

The Group is exposed to market risk (interest rate risk and currency risk), liquidity risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group does not consider this risk to be significant.

The Company has borrowings outstanding from its subsidiaries, the ultimate realisation of which depends on the successful exploration and realization of the Group's intangible exploration assets. This in turn is subject to the availability of financing to maintain the ongoing operations of the business. The Group manages its financial risk to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Market risk - Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's operating cash flows are substantially independent of changes in market interest rates as the interest rates on cash balances are very low at this time. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2022	2021
	£'000	£'000
Variable rate instruments		
Financial assets	**220**	394

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2022 would have increased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. Given current interest rate levels, a decrease of 25 basis points has been considered, with the impact on profit and equity shown below.

	Equity	**Profit or Loss**	Equity	Profit or Loss
	2022	**2022**	2021	2021
	£'000	£'000	£'000	£'000
Variable rate instruments				
Financial assets – increase of 100 basis points	**2**	**2**	4	4
Financial assets – decrease of 25 basis points	**(0.5)**	**(0.5)**	(1)	(1)

3. Financial risk management (continued)

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the functional currency of the entity.

The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Australian Dollar, Euro, Turkish Lira, US Dollar, CHF, Ethiopian Birr and Saudi Arabian Riyal. Since 1986 the Saudi Arabian Riyal has been pegged to the US Dollar, it is fixed at USD/SAR 3.75. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows; with the Saudi Arabian Riyal exposure being included in the USD amounts.

	Liabilities 2022	**Assets 2022**	Liabilities 2021	Assets 2021
	£'000	£'000	£'000	£'000
Australian Dollar	**188**	**0**	67	-
Euro	**215**	**29**	366	-
US Dollar	**2,014**	**26**	2,126	12
Ethiopian Birr	**779**	**537**	1,256	511

Sensitivity analysis continued

A 10% strengthening of the British Pound against the following currencies at 31 December 2022 would have increased/(decreased) equity and profit or loss by the amounts shown in the table below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the British Pound against the relevant currency, there would be an equal and opposite impact on the loss and equity.

	Equity 2022	**Profit or Loss 2022**	Equity 2021	Profit or Loss 2021
	£'000	£'000	£'000	£'000
AUD Dollar	**19**	**19**	7	7
Euro	**19**	**19**	37	37
US Dollar	**199**	**199**	211	211
Ethiopia ETB	**24**	**24**	74	74

Liquidity risk

The Group and Companies raise funds as required on the basis of projected expenditure for the next 6 months, depending on prevailing factors. Funds are generally raised on AIM from eligible investors. The success or otherwise of such capital raisings is dependent upon a variety of factors including general equities and metals mark sentiment, macro-economic outlook and other factors. When funds are sought, the Group balances the costs and benefits of equity and other financing options. Funds are provided to projects based on the projected expenditure.

3. Financial risk management (continued)

	Carrying Amount £'000	Contractual Cash flows £'000	Less than 1 year £'000	Between 1-5 year £'000	More than 5 years £'000
The Group					
31-Dec-22					
Trade and other payables	4,003	4,003	4,003	-	-
Loans and Borrowings	1,180	1,180	1,180	-	-
	5,183	5,183	5,183	-	-
31-Dec-21					
Trade and other payables	5,556	5,556	5,556	-	-
Loans and Borrowings	1,235	1,235	1,235	-	-
	6,791	6,791	6,791	-	-
The Company					
31-Dec-22					
Trade and other payables	3,222	3,222	3,222	-	-
Loans and Borrowings	1,180	1,180	1,180	-	-
	4,402	4,402	4,402	-	-
31-Dec-21					
Trade and other payables	4,202	4,202	4,202	-	-
Loans and Borrowings	1,235	1,235	1,235	-	-
	5,437	5,437	5,437	-	-

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the costs of capital. This is done through the close monitoring of cash flows.

The capital structure of the Group consists of cash and cash equivalents of £220,000 (2021: £394,000) and equity attributable to equity of the parent, comprising issued capital and deferred shares of £27,267,000 (2021: £25,895,000), other reserves of £46,934,000, (2021: £37,775,000) and accumulated losses of £48,781,000 (2021: £42,731,000). The Group has no long-term debt facilities.

Fair value estimation

The Group has certain financial assets and liabilities that are held at fair value. The fair value hierarchy establishes three levels to classify the inputs to valuation techniques to measure fair value:

Classification of financial assets and liabilities

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 – inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices); and

Level 3 – inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

3. Financial risk management (continued)

Fair value estimation

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. For receivables and payables with a remaining life of less than one year, the notional amount is deemed to reflect fair value. All other receivables and payables are, where material, discounted to determine the fair value.

Differences arising between the carrying and fair value are considered not significant and no-adjustment is made in these accounts. The carrying and fair values of intercompany balances are the same as if they are repayable on demand.

The fair values of the Group's loans and other borrowings are considered equal to the book value as the effect of discounting on these financial instruments is not considered to be material.

As at each of December 31, 2022 and December 31, 2021, the levels in the fair value hierarchy into which the Group's financial assets and liabilities measured and recognized in the statement of financial position at fair value are categorized are as follows:

	Carrying Amounts		Fair Values	
	2022	2021	**2022**	2021
Financial assets	£'000	£'000	£'000	£'000
Cash and cash equivalents (Note 16) – Level 1	**220**	394	**220**	394
Financial assets at fair value through OCI (Note 14) - Level 2	**-**	-	**-**	-
Trade and other receivables (Note 15)	**463**	291	**463**	291
Financial liabilities				
Trade and other payables (Note 21)	**4,002**	5,556	**4,002**	5,556
Loans and borrowings (Note 23)	**1,180**	1,235	**1,180**	1,235

4.Use and revision of accounting estimates and judgements

The preparation of the financial report requires the making of estimations and assumptions that affect the recognized amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Accounting Judgement:

Going concern

The going concern presumption depends principally on securing funding to develop the Tulu Kapi gold mining project as an economically viable mineral deposit, and the availability of subsequent funding to extract the resource, or alternatively the availability of funding to extend the Company's and Group's exploration activities (Note 2).

4.Use and revision of accounting estimates and judgements (continued)

Capitalisation of exploration and evaluation costs

The directors consider that the project in its Licence areas in Saudi Arabia has not yet met the criteria for capitalization. These criteria include, among other things, the development of feasibility studies to provide confidence that mineral deposits identified are economically viable. Capitalized Exploration & Evaluation costs for the Group's project in Ethiopia have been recognized on acquisition, and have continued to be capitalised since that date, in accordance with IFRS 6. The technical feasibility of the project has been confirmed, and once the financing is secure the related assets will be reclassified as development costs in line with above.

Estimates:

Share based payments.

Equity-settled share awards are recognized as an expense based on their fair value at date of grant. The fair value of equity settled share options is estimated using option valuation models, which require inputs such as the risk-free interest rate, expected dividends, expected volatility and the expected option life, and is expensed over the vesting period. Some of the inputs used are not market observable and are based on estimates derived from available data.

The models utilized are intended to value options traded in active markets. The share options issued by the Group, however, have several features that make them incomparable to such traded options. The variables used to measure the fair value of share-based payments could have a significant impact on that valuation, and the determination of these variables require a significant amount of professional judgement.

A minor change in a variable which requires professional judgement, such as volatility or expected life of an instrument, could have a quantitatively material impact on the fair value of the share-based payments granted, and therefore will also result in the recognition of a higher or lower expense in the Consolidated Statement of Comprehensive Income. Judgement is also exercised in assessing the number of options subject to non-market vesting conditions that will vest. These judgments are reflected in note 18.

Impairment review of asset carrying values (Note 12)

Determining whether intangible exploration and evaluation assets are impaired requires an assessment of whether there are any indicators of impairment, by reference to specific impairment indicators prescribed in IFRS 6 (Note 2). This requires judgement. This includes the assessment, on a project-by-project basis, of the likely recovery of the cost of the Group's Intangible exploration assets in the light of future production opportunities based upon ongoing geological studies. This also involves the assessment of the period for which the entity has the right to explore in the specific area, or if it has expired during the period or will expire soon, if it is not expected to be renewed. Management has a continued plan to explore. In the Tulu Kapi Gold Project Information Memorandum dated November 2022 there were no indicators of impairment. TKGM license developments are reflected in Note 12.

5.Operating segments

The Group has two operating segments, being that of mineral exploration and corporate activities. The Group's exploration activities are in the Kingdom of Saudi Arabia (through the jointly controlled entity) and Ethiopia. Its corporate costs which include administration and management are based in Cyprus.

	Corporate	Ethiopia	Saudi Arabia	Adjustments	Consolidated
	£'000	£'000	£'000	£'000	£'000
2022					
Corporate costs	**(2,653)**	**(112)**	**-**	**-**	**(2,765)**
Foreign exchange gain/(loss)	**172**	**(251)**	**-**		**(79)**
Gain on Dilution of Joint Venture	**-**	**-**	**285**	**-**	**285**
Net Finance costs	**(895)**	**-**	**-**	**-**	**(895)**
(Loss)/gain before jointly controlled entity	**(3,376)**	**(363)**	**285**	**-**	**(3,454)**
Share of loss from jointly controlled entity	**-**	**-**	**(2,792)**	**-**	**(2,792)**
Impairment of jointly controlled entity	**-**	**-**	**(109)**	**-**	**(109)**
Loss before tax	**(3,376)**	**(363)**	**(2,616)**	**-**	**(6,355)**
Tax	-	-	-	-	-
Loss for the year	**(3,376)**	**(363)**	**(2,616)**	**-**	**(6,355)**
Total assets	**21,089**	**21,074**	**-**	**(9,999)**	**32,164**
Total liabilities	**3,988**	**11,194**	**-**	**(9,999)**	**5,183**

	Corporate	Ethiopia	Saudi Arabia	Adjustments	Consolidated
	£'000	£'000	£'000	£'000	£'000
2021					
Corporate costs	(3,007)	(68)	-	-	(3,075)
Foreign exchange (loss)/gain	(1,777)	1,769	-	-	(8)
Gain on Dilution of Joint Venture	-	-	428	-	428
Net Finance costs	(1,205)	-	-	-	(1,205)
(Loss)/gain before jointly controlled entity	(5,989)	1,701	428	-	(3,860)
Share of loss from jointly controlled entity	-	-	(1,482)	-	(1,482)
Reversal of Impairment of jointly controlled entity	-	-	418	-	418
Loss before tax	(5,989)	1,701	(636)	-	(4,924)
Tax	-	-	-	-	-
Loss for the year	(5,989)	1,701	(636)	-	(4,924)
Total assets	15,966	19,200	-	(6,057)	29,109
Total liabilities	3,885	8,963	-	(6,057)	6,791

6. Expenses by nature

	2022 £'000	2021 £'000
Depreciation of property, plant and equipment (Note 11)	**24**	17
Directors' fees and other benefits (Note 22.1)	**582**	535
Consultants' costs	**205**	238
Auditors' remuneration - audit current year	**97**	72
Legal Costs	**283**	737
Ongoing Listing Costs	**174**	125
Other expenses	**322**	166
Financial Project Advisory Costs	**161**	111
Shareholder Communications	**299**	121
Travelling Costs	**253**	68
Total Administrative Expenses	**2,400**	2,190
Share of losses from jointly controlled entity (Note 5 and Note 20)	**2,792**	1,482
Impairment/ (reversal of impairment) of jointly controlled entity (Note 20)	**109**	(418)
Share based option benefits to directors (Note 18)	**192**	407
Share based benefits to employees (Note 18)	**74**	148
Share based benefits to key management (Note 18)	**100**	255
Share based benefits to suppliers	**-**	-
Cost for long term project finance (Note 8)	**368**	84
Operating loss	**6,035**	4,148

The Group's stages of operations in Saudi Arabia as at the year-end and as at the date of approval of these financial statements have not yet met the criteria for capitalization of exploration costs. The Company only capitalises direct evaluation and exploration costs for the Tulu Kapi gold project in Ethiopia.

7. Staff costs

	2022 £'000	2021 £'000
Salaries	**1,299**	1,170
Social insurance costs and other funds	**281**	220
Costs capitalised as exploration	**(1,516)**	(1,325)
Net Staff Costs	**64**	65
Average number of employees	**51**	49

Excludes Directors' remuneration and fees which are disclosed in note 22.1. TK project direct staff costs of £1,516,000 are capitalised in evaluation and exploration costs and all remaining salary costs are expensed. Most of the group employees are involved in Tulu Kapi Project in Ethiopia

8. Finance costs and other transaction costs

	2022 £'000	2021 £'000
8.1 Total finance costs		
Interest on short term loan	**527**	1,121
Total finance costs	**527**	1,121
8.2 Total other transaction costs		
Cost for long term project finance	**368**	84
Total other transaction costs	**368**	84

The above costs for long term project finance relate to pre-investigation activities required to fund TK Gold project.

9. Tax

	2022	2021
	£'000	£'000
Loss before tax	**(6,355)**	(4,924)
Tax calculated at the applicable tax rates at 12.5%	**(794)**	(616)
Tax effect of non-deductible expenses	**556**	598
Tax effect of tax losses	**270**	70
Tax effect of items not subject to tax	**(32)**	(52)
Charge for the year	**-**	-

The Company is resident in Cyprus for tax purposes. A deferred tax asset of £1,491k (2021: £1,409k) has not been accounted for due to the uncertainty over future recoverability.

Cyprus

The corporation tax rate is 12.5%. Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax year 2013 and 17% for 2014 and thereafter. Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2022, the balance of tax losses which is available for offset against future taxable profits amounts to £ 11,931k (2021: £ 11,269k). Generally, loss of one source of income can be set off against income from other sources in the same year. Any loss remaining after the set off is carried forward for relief over the next 5 year period.

Tax Year			2018	2019	2020	2021	2022	Total
			£'000	£'000	£'000	£'000	£'000	£'000
Losses carried forward			1,753	2,110	3,790	2,402	1,876	11,931

Ethiopia

KEFI Minerals (Ethiopia) Limited is subject to other direct and indirect taxes in Ethiopia through its foreign operations. The mining industry in Ethiopia is relatively undeveloped. As a result, tax regulations relating to mining enterprises are evolving. There are transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

The government of Ethiopia cut the corporate income tax rate for miners to 25% more than three years ago from 35% and has lowered the precious metals royalty rate to 7% from 8%. According to the Proclamation, holders of a mining licence are required to pay royalty on the sales price of the commercial transaction of the minerals produced. Development expenditure of a licensee or contractor shall be treated as a business intangible with a useful life of four years. If a licensee or contractor incurs development expenditure before the commencement of commercial production shall apply on the basis that the expenditure was incurred at the time of commencement of commercial production. The mining license stipulates that every mining company should allocate 5% free equity shares to the Government of Ethiopia.

United Kingdom

KEFI Minerals (Ethiopia) Limited is resident in United Kingdom for tax purposes. The corporation tax rate is 19%. In December 2016, KEFI Minerals (Ethiopia) Limited elected under CTA 2009 section 18A to make exemption adjustments in respect of the Company's foreign permanent establishment's amounts in arriving at the Company's taxable total profits for each relevant accounting period. This is an exemption for UK corporation tax in respect of the profits of the Ethiopian branch.

10. 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:

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Net loss attributable to equity shareholders	**(6,355)**	(4,924)
Net loss for basic and diluted loss attributable to equity shareholders	**(6,355)**	(4,924)
Weighted average number of ordinary shares for basic loss per share (000's)	**3,537,301**	2,178,908
Weighted average number of ordinary shares for diluted loss per share (000's)	**4,632,172**	2,351,643
Loss per share:		
Basic loss per share (pence)	**(0.180)**	(0.226)

There was no impact on the weighted average number of shares outstanding during 2022 as all Share Options and Warrants were excluded from the weighted average dilutive share calculation because their effect would be anti-dilutive and therefore both basic and diluted earnings per share are the same in 2022.

11. Property, plant and equipment

	Motor Vehicles £'000	Plant and equipment £'000	Furniture, fixtures and office equipment £'000	Total £'000
The Group				
Cost				
At 1 January 2021	71	102	86	259
Additions	-	12	33	45
At 31 December 2021	**71**	**114**	**119**	**304**
Additions	**42**	**11**	**33**	**86**
Write-offs	**-**	**-**	**(15)**	**(15)**
At 31 December 2022	**113**	**125**	**137**	**375**
Accumulated Depreciation				
At 1 January 2021	71	75	78	224
Charge for the year	-	7	10	17
At 31 December 2021	**71**	**82**	**88**	**241**
Charge for the year	**2**	**11**	**11**	**24**
Write offs			**(15)**	**(15)**
At 31 December 2022	**73**	**93**	**84**	**250**
Net Book Value at 31 December 2022	**40**	**32**	**53**	**125**
Net Book Value at 31 December 2021	-	32	31	63

The above property, plant and equipment is in Ethiopia.

12. Intangible assets

	Total exploration and project evaluation cost £'000
The Group	
Cost	
At 1 January 2021	24,776
Additions	3,851
At 31 December 2021	**28,627**
Additions	2,995
At 31 December 2022	**31,622**
Accumulated Amortization and Impairment	
At 1 January 2021	266
At 31 December 2021	**266**
Impairment Charge for the year	-
At 31 December 2022	**266**
Net Book Value at 31 December 2022	**31,356**
Net Book Value at 31 December 2021	28,361

Costs can only be capitalised after the entity has obtained legal rights to explore in a specific area but before extraction has been demonstrated to be both technically feasible and commercially viable.

The addition of £3 million is directly associated with the TKGM gold exploration project expenditure and is capitalized as intangible exploration and evaluation cost. Such exploration and evaluation expenditure include directly attributable internal costs incurred in Ethiopia and services rendered by external consultants to ensure technical feasibility and commercial viability of the TKGM project.

The Company TKGM mining licence is in good standing to 2035 subject to normal compliance of Ethiopian mining regulations. The Company has the attention of the Ethiopian Ministry of Mines, National Bank of Ethiopia and the other Ministries and agencies and expects to resolve outstanding issues. Once the specific details regarding capital controls for internationally syndicated project financing are officially confirmed and appropriate working conditions are established to ensure smooth project operations, the finance syndicate can proceed with seeking the necessary approvals. At the moment final approvals are subject to the conditions precedent in the hands of Government in respect of administrative matters and security.

13. Investments

13.1 Investment in subsidiaries

The Company	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Cost		
At 1 January	**14,331**	13,680
Additions	**1,226**	651
Dissolutions	**-**	-
At 31 December	**15,557**	14,331

The Company carrying value of KEFI Minerals Ethiopia which holds the investment in the Tulu Kapi Gold project currently under development is £15,557,000 as at the 31 December 2022.

During the year management reviewed the value of its investments in the Company accounts to the project estimated NPV value. The result of the review shows that the NPV value is higher than the cost recorded in the company accounts.

As guidance to the shareholder further details are available in the front section of this report in the Finance Director's Report on page 8 under the Tulu Kapi project section.

Subsidiary companies	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Mediterranean Minerals (Bulgaria) EOOD	08/11/2006	Bulgaria	100%-Direct
KEFI Minerals (Ethiopia) Limited	30/12/2013	United Kingdom	100%-Direct
KEFI Minerals Marketing and Sales Cyprus Limited	30/12/2014	Cyprus	100%-Direct
Tulu Kapi Gold Mine Share Company	31/04/2017	Ethiopia	95%-Indirect

Subsidiary companies	The following companies have the address of:
Mediterranean Minerals (Bulgaria) EOOD	10 Tsar Osvoboditel Blvd., 3rd floor, Sredets Region, 1000 Sofia, the Republic of Bulgaria.
KEFI Minerals (Ethiopia) Limited	27/28 Eastcastle Street, London, United Kingdom W1W 8DH.
KEFI Minerals Marketing and Sales Cyprus Limited	2 Kadmou, Wisdom Tower, 1st Floor, 1105 Nicosia, Cyprus.
Tulu Kapi Gold Mine Share Company	1st Floor, DAMINAROF Building, Bole Sub-City, Kebele 12/13, H.No, New.

The Company owns 100% of Kefi Minerals (Ethiopia) Limited ("KME")

On 8 November 2006, the Company entered into an agreement to acquire from Atalaya Mining PLC (previously EMED) the whole of the issued share capital of Mediterranean Minerals (Bulgaria) EOOD, a company incorporated in Bulgaria, in consideration for the issue of 29,999,998 ordinary shares in the Company. Mediterranean Minerals (Bulgaria) EOOD owned 100% of the share capital of Doğu Akdeniz Mineralleri ("Dogu"), a private limited liability Company incorporated in Turkey, engaging in activities for exploration and developing of natural resources. Dogu was liquidated in 2020.

KME owns 95% of Tulu Kapi Gold Mine Share Company ("TKGM"), a company incorporated in Ethiopia which operates the Tulu Kapi project. The Tulu Kapi Gold Project mining license has been transferred to TKGM. The Government of Ethiopia is entitled to a 5% free-carried interest ("FCI") in TKGM. This entitlement is enshrined in the Ethiopian Mining Law and the Ethiopian Mining Agreement between the Ethiopian Government and KME, as well as the constitution of the project company and is granted at no cost. The 5% FCI refers to the equity interest granted by the company holding the mining license. The Ethiopian Government has also undertaken to invest a further USD$20,000,000 (Ethiopian Birr Equivalent) in associated project infrastructure in return for the issue of additional equity on normal commercial terms ranking pari passu with the shareholding of KME. Such additional equity is not entitled to a free carry. Upon completion of each element of the infrastructure and approval by the Company, related additional equity will be issued. At the date of this report no equity was issued.

13. Investments (continued)

13.1 Investment in subsidiaries (continued)

The Company owns 100% of KEFI Minerals Marketing and Sales Cyprus ("KMMSC"), a Company incorporated in Cyprus. The KMMSC was dormant for the year ended 31 December 2022 and 2021. KEFI Minerals Marketing and Sales Cyprus holds the right to market gold produced from the Tulu Kapi Gold Project. It holds no other assets. It is planned that KMMSC will act as agent and off-taker for the onward sale of gold and other products in international markets.

13.2 Investment in jointly controlled entity

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Group		
At 1 January/31 December	**-**	-
Increase in investment	**2,850**	1,224
Exchange Difference	**51**	(160)
Loss for the year	**(2,792)**	(1,482)
(Impairment)/Reversal of impairment	**(109)**	418
On 31 December	**-**	-

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Company		
At 1 January/31 December	**-**	-
Increase in investment	**2,850**	1,224
Exchange Difference	**51**	(160)
Impairment Charge for the year	**(2,901)**	(1,064)
On 31 December	**-**	-

Jointly controlled entity	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Gold and Minerals Co. Limited (GMCO)	04/08/2010	Saudi Arabia	30%-Direct

The Company owns 30% of GMCO. More information is given in note 20.1. During the year the Company diluted its holding in GMCO from 31.2% to 30% and this resulted in a gain of £286,000.

14. Financial assets at fair value through Other Comprehensive Income (OCI)

Relates to bond sold in Ethiopia to the public to finance the construction of the Grand Ethiopian Renaissance Dam. The full amount was repaid and received in January 2021.

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Group		
At 1 January	-	54
Foreign currency movement	-	-
Repayment	-	(54)
On 31 December	-	-

15. Trade and other receivables

15.1 Current Trade and other receivables

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Group		
Prepayments & other receivables	**122**	36
VAT receivable	**341**	255
	463	291

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Company		
Other Debtors	**7**	15
Prepayments	**64**	9
	71	24

15.2 Receivables from subsidiaries

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Company		
Advance to KEFI Minerals (Ethiopia) Limited (Note 22.2) [2]	**3,253**	3,166
Advance to Tulu Kaki Gold Mine Share Company (Note 22.2) [1]	**7,162**	4,430
Expected credit loss	**(417)**	(304)
	9,998	7,292

Amounts owed by subsidiary companies total £10,642,000 (2021: £7,819,000). A write-off of £227,000 (2021: £223,000) has been made against the amount due from the non-Ethiopian subsidiaries because these amounts are considered irrecoverable.

The Company has borrowings outstanding from its Ethiopian subsidiaries, the ultimate realisation of which depends on the successful exploration and realisation of the Group's intangible exploration assets. Management is of the view that if the Company disposed of the Tulu Kapi asset, the consideration received would exceed the borrowings outstanding. Nonetheless, Management has made an assessment of the borrowings as at 31 December 2022 and determined that any expected credit losses would be £417,000 (2021: £304,000) for which a provision has been recorded. The advances to KEFI Minerals (Ethiopia) Limited and TKGM are unsecured, interest free and repayable on demand. Settlement is subject to the parent company's operating liquidity needs. At the reporting date, no receivables were past their due date.

[1]The Company advanced £2,619,000 (2021: £2,628,000) to the subsidiary Tulu Kapi gold Mine Share Company during 2022. The Company had a foreign exchange translation gain of £113,000 (2021: Loss £800,000) the current year gain was because of a minor appreciation of the Ethiopian Birr.

[2]Kefi Minerals (Ethiopia) Limited: during 2022, the Company advanced £Nil (2021: £56,000) to the subsidiary. The Company had a foreign exchange translation gain of £87,000 (2021: Loss £808,000) the current year gain was because of a minor appreciation of the Ethiopian Birr.

The TKGM and KME loans are denominated Birr. The Company bears the foreign exchange risk on these loans and any movements in the Ethiopian Birr are recorded in the income statement of the Company.

16. Cash and cash equivalents

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
The Group		
Cash at bank and in hand unrestricted	**220**	374
Cash at bank restricted	**-**	20
	220	394
The Company		
Cash at bank and in hand unrestricted	**45**	129
Cash at bank restricted	**-**	20
	45	149

17. Share capital

Issued Capital

The articles of association of the Company were amended in 2010 and the liability of the members of the Company is limited.

Issued and fully paid

	Number of shares '000	Share Capital	Deferred Shares	Share premium	Total
At 1 January 2022	**2,567,305**	**2,567**	**23,328**	**35,884**	**61,779**
Share Equity Placement 13 Jan 2022	371,818	372	-	2,725	3,097
Share Equity Placement 25 April 2022	550,000	550	-	3,850	4,400
Share Equity Placement 18 May 2022	450,000	450	-	3,150	3,600
Share issue costs	-	-	-	(444)	(444)
Warrants: fair value split of warrants issued to shareholders.	-	-	-	(1,663)	(1,663)
Broker warrants: issue costs				(315)	(315)
At 31 December 2022	**3,939,123**	**3,939**	**23,328**	**43,187**	**70,454**

17. Share capital (continued)

Issued Capital (continued)

	Number of shares '000	Share Capital	Deferred Shares	Share premium	Total
At 1 January 2021	**2,137,927**	**2,138**	**23,328**	**33,118**	**58,584**
Conversion of Warrants to Equity 12 April 2021	15,000	15	-	83	98
Share Equity Placement 21 Dec 2021	414,378	414	-	2,902	3,316
Share issue costs	-	-	-	(219)	(219)
At 31 December 2021	**2,567,305**	**2,567**	**23,328**	**35,884**	**61,779**

	Number of Deferred Shares'000		£'000	£'000
Deferred Shares 1.6p	2022	2021	2022	2021
At 1 January	-	-	-	-
Subdivision of ordinary shares to deferred shares	680,768	680,768	10,892	10,892
At 31 December	680,768	680,768	10.892	10.892

Deferred Shares 0.9p	2022	2021	2022	2021
At 1 January	1,381,947	1,381,947	12,436	12,436
Subdivision of ordinary shares to deferred shares	-	-	-	-
At 31 December	1,381,947	1,381,947	12,436	12,436

The deferred shares have no value or voting rights.

2022

On the 13 January 2022 the Company admitted 358,867,797 new ordinary shares of the Company at a placing price of 0.8 pence per Ordinary Share and 12,950,147 new ordinary shares of the Company at a placing price of 1.74 pence per Ordinary Share

The Company raised £8.0 million through the issue of 1,000,000,000 new Ordinary Shares at a placing price of 0.8 pence per Ordinary Share. These new Ordinary Shares were admitted in two tranches, 550,000,000 on 25 April 2022 and 450,000,000 on 18 May 2022, following shareholder approval of the conditional placement at a General Meeting of the Company.

2021

During April 2021, the Company issued 15,000,000 new ordinary shares of 0.1p each in the capital of the Company at a price of 0.65p per share pursuant to receiving a notice from a warrant holder to exercise warrants over these shares.

During the period the Company issued 414,375,788 Shares to shareholders, for an aggregate consideration of £3,315,000. On issue of the shares, an amount of £2,900,630 was credited to the Company's share premium reserve which is the difference between the issue price and the nominal value 0.1 pence. The funds raised were issued to repay working capital, goods and services, and debt repayments (note 18.3).

Restructuring of share capital into deferred shares

On the 28 June 2019 at the AGM, shareholders approved that each of the currently issued ordinary shares of 1.7p ("Old Ordinary Shares") in the capital of the Company be sub-divided into one new ordinary share of 0.1p ("Existing Ordinary Shares") and one deferred share of 1.6p ("Deferred Shares"). With effect from 8 July 2019 at 8.00am, each ordinary share in the Company has a nominal value of 0.1p per share.

The Deferred Shares have no value or voting rights and were not admitted to trading on the AIM market of the London Stock Exchange plc. No share certificates were issued in respect of the Deferred Shares.

18. Share Based payments

18.1 Warrants

In note 18 when reference is made to the “Old Ordinary Shares” it relates to the ordinary shares that had a nominal value of 1.7p each and were in issue prior to the 8 July 2019 restructuring. Shares issued after the 8 July 2019 restructuring have a nominal value of 0.1p and will be referred to as “Ordinary Shares”.

2022

The Company issued 393,096,865 short-term shareholder warrants to subscribe for new ordinary shares of 0.1p each at 1.6p per share in accordance with the January 2022 share placement and as approved by shareholders. The shareholder warrants will become exercisable if, during a two-year period following the date of Second Admission, the Warrant Trigger Event occurs. If the Warrant Trigger Event occurs, then (i) the holders of the shareholder warrants must exercise the shareholder warrants within 30 days from the occurrence of the Warrant Trigger Event; and (ii) the shareholder warrants will expire following the end of the 30-day period referenced above if not exercised. The shareholder warrants shall lapse two years following the date of Second Admission and will no longer be capable of being exercised.

In April and May of 2022, the Company authorized the issuance of 500,000,000 shareholder warrants. These shareholder warrants entitle the holders to subscribe for new ordinary shares of 0.1p each at a price of 1.6p per share. Shareholders approved the issuance of these shareholder warrants on May 17th, 2022. The Company allocated one warrant for every two Placing Shares, with an exercise price of 1.6 pence per share. The shareholder warrants will be exercisable for a period of two years from the date of Admission of the Placing Shares. The Company has elected that the shareholder warrants become exercisable if, within two years of the date of Admission of the Placing Shares, the on-market share closing price of the ordinary shares reaches or exceeds 2.4 pence for five consecutive days. This would be a 50% premium on the shareholder warrants exercise price and is known as the "Warrant Trigger Event." If the Warrant Trigger Event occurs, holders of the shareholder warrants must exercise them within 30 days, and the shareholder warrants will expire if not exercised by the end of this period.

The Shareholder warrants will lapse two years following the date of Second Admission and will no longer be capable of being exercised.

The Company performed a fair value split by fair valuing the shareholder warrants using Dilutive Variation of Trinomial Pricing Model. and assumed that this value is the residual share amount. The model also takes into account the dilution effect described above and as such is an appropriate model for pricing warrants.

During May 2022, the Company issued 75,000,000 broker warrants to subscribe for new ordinary shares of 0.1p each at 0.8p per share to Tavira Securities Limited pursuant to the Placing Agreement. The warrants expire within three years of the date of Second Admission.

2021

During December 2021, the Company asked for shareholder approval to issue 393,096,865 warrants, in connection with the December 2021 and January 2022 Placing Shares. The Placing shares have a right to be issued one Ordinary Share for an exercise price of £0.016 and exercisable following a Warrant Trigger Event provided that such Warrant Trigger Event occurs during a two year period following the 17 January 2022 The Warrants will become exercisable provided that, during a two year period following the January 2022 Admission, the on market share closing price of the Ordinary Shares for five consecutive days reaches or exceeds 2.4 pence (being a 50% premium on the Warrant exercise price) (the "Warrant Trigger Event"). If the Warrant Trigger Event occurs, then (i) the holders of the Warrants may exercise the Warrants within 30 days from the occurrence of the Warrant Trigger Event; and (ii) the Warrants will expire following the end of the 30-day period referenced above if not exercised. If the Warrant Trigger Event has not occurred within two years following the 17 January 2022, then the Warrants shall lapse and will no longer be capable of being exercised.

18. Share Based payments (continued)

18.1 Warrants (continued)

Details of warrants outstanding as at 31 December 2022:

Grant date	Expiry date	Exercise price	Expected Life Years	Number of warrants 000's
19-Sep-18	20-Sep-23	2.50p	5 years	2,000
29 May 2020	29 May 2023	0.65p	3 years	5,000
20 Nov 2020	20 Nov 2023	1.60p	3 years	11,175
13 Jan 2022	13 Jan 2024	1.60p	2 years	393,097
18 May 2022	17 May 2024	1.60p	2 years	500,000
18 May 2022	17 May 2025	0.80p	3 years	75,000
				986,272

	Weighted average ex. Price	Number of warrants 000's
Outstanding warrants at 1 January 2022	1.87p	45,125
- granted	1.54p	968,097
- cancelled/expired/forfeited	2.15p	(26,950)
- exercised		
Outstanding warrants at 31 December 2022	1.54p	**986,272**

The estimated fair values of the warrants were calculated using the Black Scholes option pricing model and Trinomial Model when deemed more appropriate.

18. Share Based payments (continued)

18.1 Warrants (continued)

The inputs into the model and the results for warrants and options granted during the year are as follows:

	Warrants						Options
	29-May-20	20-Nov-20	13-Jan-22	18-May-22	18-May-22		17-Mar-21
Closing share price at issue date	1.06p	1.68p	0.77p	0.71p	0.71p		2.05p
Exercise price	0.65p	1.6p	1.60p	1.60p	0.80p		2.55p
Expected volatility	99%	101%	89.37%	81.079%	99.72%		89%
Expected life	3yrs	3yrs	2yrs	2yrs	3yrs		4yrs
Risk free rate	-0.03%	0.05%	0.835%	1.459%	1.475%		0.028%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil		Nil
Estimated fair value	0.73p	1.06p	0.22p	0.16p	0.42p		1.21p

Expected volatility was estimated based on the historical underlying volatility in the price of the Company's shares.

Share options reserve table	**Year Ended 31.12.22 £'000**	Year Ended 31.12.21 £'000
Opening amount	**1,891**	1,273
Warrants issued costs	**1,978**	-
Share options charges relating to employees (Note 6)	**74**	148
Share options issued to directors and key management (Note 6)	**292**	662
Forfeited options	**-**	-
Exercised warrants	**-**	-
Expired warrants	**(147)**	-
Expired options	**(341)**	(192)
Closing amount	**3,747**	1,891

18.2 Share options reserve

Details of share options outstanding as at 31 December 2022:

Grant date	Expiry date	Exercise price	Number of shares 000's
22-Mar-17	21-May-23	7.50p	6,750
01-Feb-18	31-Jan-24	4.50p	9,600
17-Mar-21	16-May-25	2.55p	92,249
			108,599

18. Share Based payments (continued)

18.2 Share options reserve (continued)

	Weighted average ex. Price	Number of shares000's
Outstanding options at 1 January 2022	3.21p	127,610
- granted	-	-
- forfeited	2.90p	(13,864)
- cancelled/ expired	7.85p	(5,147)
Outstanding options at 31 December 2022	3.03p	**108,599**

The Company has issued share options to directors, employees and advisers to the Group.

On 22 March 2017, 9,535,122 options were issued which expire after six years, and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

On 1 February 2018, 9,600,000 options were issued to persons who discharge director and managerial responsibilities ("PDMRs") and a further 3,000,000 options have been granted to other non-board members of the senior management team. The options have an exercise price of 4.5p, expire after 6 years, and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

On 17 March 2021, 85,813,848 options were issued to persons who discharge director and managerial responsibilities ("PDMRs") and a further 18,225,153 options have been granted to other non-board members of the senior management team. The options have an exercise price of 2.55p, expire after4 years, and vest in three equal instalments, the first after one year, the second after two years and the third after three years from the date of grant. Although the directors approved and announced the issue of 119,747,339 options on the 17 March 2021 to certain directors and senior managers only 104,039,001 options were eventually issued.

The option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid Ordinary shares by way of a capitalisation of the Company's reserves, a subdivision or consolidation of the Ordinary shares, a reduction of share capital and offers or invitations (whether by way of rights issue or otherwise) to the holders of Ordinary shares. The estimated fair values of the options were calculated using the Black Scholes option pricing model. Expected volatility was estimated based on the historical underlying volatility in the price of the Company's shares.

For 2022, the impact of share option-based payments is a net charge to income of £366,000 (2021: £809,000). At 31 December 2022, the equity reserve recognized for share option-based payments, including warrants, amounted to £3,747,000 (2021: £1,891,000).

18. Share Based payments (continued)

18.3 Share Payments for services rendered and obligations settled.

2022 Year

During the year the company granted the issuance of 515,796,693 new Ordinary shares which were distributed across the following placements:

January 2022 Share Placement of 371,817,944

After the General Meeting held on 13 January 2022, the Company authorized the issuance of 371,817,944 new Ordinary shares to fulfil financial obligations totalling £3.1 million. In January 2022, a portion of these shares, specifically 358,867,797 new ordinary shares, were issued at a price of 0.8 pence per Ordinary Share, with the purpose of settling an amount of £2.87 million. The remaining shares issued during January 2022, amounting to 12,950,147 new Ordinary Shares, were priced at VWAP of 1.74 pence per Ordinary Share and were used to settle services and obligations amounting to £0.23. million

April 2022 and May 2022 Share Placement of 143,978,749

During April 2022, the Company resolved its liabilities and other obligations amounting to £0.63 million by issuing 79,188,312 new Ordinary Shares at a placing price of 0.8 pence per Ordinary Share.

In May 2022, with the approval of shareholders at a General Meeting, the Company settled liabilities and other obligations of £0.52 million by issuing 64,790,437 Ordinary Shares at the Placing Price of 0.8 pence per Ordinary Share.

2021 Year

On 21 December 2021, the Company announced the placing of 324,900,000 Settlement Shares to settle outstanding debts and liabilities of approximately £2.6 million. The shares were issued at a price of £0.008 per Ordinary Share.

The total shares set off during 2022 and 2021 for services and obligations was as follows:

	2022		2021	
Name	**Number of Remuneration and Settlement Shares**	**Amount**	Number of Remuneration and Settlement Shares	Amount
	000	**£'000**	000	£'000
For services rendered and obligations settled			-	-
H Anagnostaras-Adams	**22,500**	**180**		
J Leach	**12,500**	**100**	-	-
Mark Tyler	**3,125**	**25**	-	-
Richard Lewin Robinson	**6,250**	**50**	-	-
Other employees and PDMRs	**173,530**	**1,510**	-	-
Amount to settle other Obligations	**1,925**	**15**	-	-
Total share-based payments	**219,830**	**1,880**	-	-
Amount to settle loans				
Unsecured Convertible loan facility	-	-	-	-
Unsecured working capital bridging finance	**295,967**	**2,368**	324,900	2,599
	515,797	**4,248**	324,900	2,599

The parties above agreed that the amounts subscribed in the share placements during the year be set-off against the amount due by the Company at the date of the share placement.

19. Non-Controlling Interest ("NCI")

	Year Ended
	£'000
As at 1 January 2021	1,204
Acquisitions of NCI	-
Impact of 5% free carry on additions to assets during the year	175
Result for the year	-
As at 1 January 2022	**1,379**
Acquisitions of NCI	**-**
Impact of 5% free carry on additions to assets during the year	**183**
As at 31 December 2022	**1,562**

During 2018, the Government of Ethiopia received its 5% free carried interest acquired in the Tulu Kapi Gold Project. The group recognized an increase in non-controlling interest in the current year of £183,000 and a decrease in equity attributable to owners of the parent of £183,000.

The NCI of £1,562,000 (2021: £1,379,000) represents the 5% share of the Group's assets of the TKGM project which are attributable to the Government of Ethiopia

The Mining Proclamation entitles the Government of Ethiopia (GOE) to 5% free carried interest in TKGM. The 5% NCI reflects the government interest in the TKGM gold project. The GOE is not required to pay for the 5% free carry interest. The GOE can acquire additional interest in the share capital of the project at market price. The GOE has committed US $20,000,000 to install the off-site infrastructure in exchange for earning equity in Tulu Kapi Gold Mine Share Company. The shareholder agreement signed with the GOE in April 2017 states that once the infrastructure elements are properly constructed and approved by Company the relevant shares will be issued to Ministry of Finance and Economic Cooperation (MOFEC)

The financial information for Tulu Kapi Gold Mine Project as at 31 December 2022:

	Year Ended	Year Ended
	31.12.22	31.12.21
	£'000	£'000
Amounts attributable to all shareholders		
Exploration and evaluation assets	**31,477**	28,361
Current assets	**381**	329
Cash and Cash equivalents	**175**	244
	32,033	28,934
Equity	**31,254**	27,573
Current liabilities	**779**	1,361
	32,033	28,934
Result for the year	-	-

20. Jointly controlled entities

20.1 Joint controlled entity with Artar

Company name	Date of incorporation	Country of incorporation	Effective proportion of shares held at 31 December
Gold & Minerals Co. Limited	3 August 2010	Saudi Arabia	30%

Gold & Minerals Co. Limited has the following registered address: Olaya District. 659, King Fahad Road, Riyadh, Kingdom of Saudi Arabia.

The summarised financial information below represents amounts shown in Gold & Minerals Co Limited financial statements prepared in accordance with IFRS and assuming they followed the group policy of expensing exploration costs.

Amounts relating to the Jointly Controlled Entity	**SAR'000 Year Ended 31.12.22 100%**	SAR'000 Year Ended 31.12.21 100%	**£'000 Year Ended 31.12.22 100%**	£'000 Year Ended 31.12.21 100%
Non-current assets	**2,889**	2,097	**637**	411
Cash and Cash Equivalents	**9,470**	5,798	**2,090**	1,136
Current assets	**625**	801	**138**	157
Total Assets	**12,984**	8,696	**2,865**	1,704
Current liabilities	**(4,106)**	(2,680)	**(906)**	(525)
Total Liabilities	**(4,106)**	(2,680)	**(906)**	(525)
Net Assets	**8,878**	6,016	**1,959**	1,179
Share capital	**121,424**	81,300	**26,810**	15,935
Capital contributions partners	**43,800**	37,926	**9,671**	7,433
Accumulated losses	**(156,346)**	(113,210)	**(34,522)**	(22,189)
	8,878	6,016	**1,959**	1,179
<u>Exchange rates SAR to GBP</u>				
Closing rate			0.2208	0.1960
Income statement	**SAR'000**	SAR'000	**£'000**	£'000
Loss from continuing operations	**(42,995)**	(22,524)	**(9,493)**	(4,415)
Other comprehensive expense	**-**	(246)	**-**	(48)
Translation FX Gain from SAR/GBP	**-**	-	**-**	-
Total comprehensive expense	**(42,995)**	(22,770)	**(9,493)**	(4,463)
Included in the amount above				
Group				
Group Share 30.00% (2021: 31.21%) of loss from continuing operations			**(2,792)**	(1,482)
Joint venture investment			**£'000**	£'000
Opening Balance			**-**	-
Loss for the year			**(2,792)**	(1,482)
FX Gain/(Loss)			**51**	(160)
Additional Investment			**2,850**	1,224
Impairment/Reversal			**(109)**	418
Closing Balance			**-**	-

20. Jointly controlled entities (continued)

20.1 Jointly controlled entity with Artar (continued)

In May 2009, KEFI announced the formation of a new minerals' exploration jointly controlled entity, Gold & Minerals Co. Limited ("GMCO"), a limited liability company in Saudi Arabia, with leading Saudi construction and investment group Abdul Rahman Saad Al-Rashid & Sons Company Limited ("ARTAR"). KEFI is the operating partner with a 30% shareholding in GMCO with ARTAR holding the other 70%. KEFI provides GMCO 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 GMCO remains in compliance with all governmental and other procedures. GMCO has five Directors, of whom two are nominated by KEFI However, decisions about the relevant activities of GMCO require the unanimous consent of the five directors. GMCO is treated as a jointly controlled entity and has been equity accounted. KEFI has reconciled its share in GMCO's losses.

A loss of £2,792,000 was recognized by the Group for the year ended 31 December 2022 (2021: £1,482,000) representing the Group's share of losses in the year.

As at 31 December 2022 KEFI owed ARTAR an amount of £1,169,000 (2021: £285,700) – Note 21.1.

During 2022 the Company diluted its interest in the Saudi joint-venture company Gold and Minerals Limited ("GMCO") from 31.21% to 30.00% by not contributing its pro rata share of expenses to GMCO. This resulted in a gain of £285,900 (2021: £428,181) in the Company accounts. The accounting policy for exploration costs recorded in the GMCO audited financial statements is to capitalise qualifying expenditure in contrast to the Group's accounting policy relating to exploration costs which is to expense costs through profit and loss until the project reaches development stage (Note 2). Consequently, any dilution in the Company's interest in GMCO results in the recovery of pro rata share of expenses to GMCO.

21. Trade and other payables

21.1 Trade and other payables

The Group	**Year Ended 31.12.22 £'000**	Year Ended 31.12.21 £'000
Accruals and other payables	**2,427**	2,499
Other loans	**109**	97
Payable to jointly controlled entity partner (Note 20.1)	**1,169**	285
Payable to Key Management and Shareholder (Note 22.3)	**297**	2,675
	4,002	5,556

Other loans are unsecured, interest free and repayable on demand.

The Company	**Year Ended 31.12.22 £'000**	Year Ended 31.12.21 £'000
Accruals and other payables	**1, 756**	1,242
Payable to jointly controlled entity partner (Note 20.1)	**1,169**	285
Payable to Key Management and Shareholder (Note 22.4)	**297**	2,675
	3,222	4,202

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

22. Related party transactions

The following transactions were carried out with related parties:

22.1 Compensation of key management personnel

The total remuneration of key management personnel was as follows:

	Year Ended 31.12.22 £'000	Year Ended 31.12.21 £'000
Short term employee benefits:		
[1]Directors' consultancy fees	**533**	496
Directors' other consultancy benefits	**49**	39
[2]Short term employee benefits: Key management fees	**597**	604
Short term employee benefits: Key management other benefits	**-**	32
	1,179	1,171
Share based payments:		
Share based payment: Director's bonus	**-**	-
[1]Share based payment: Directors' consultancy fees	**-**	-
Share option-based benefits to directors (Note 18)	**192**	407
[2]Share based payments short term employee benefits: Key management fees	**-**	272
Share option-based benefits other key management personnel (Note 18)	**100**	255
Share Based Payment: Key management bonus	**-**	-
	292	934
	1,471	2,105

[1]Directors' fees paid to the Executive Director Chairman and Finance Director are paid to consultancy companies of which they are beneficiaries. Further details on Directors' consultancy and other benefits are available on page 56.

[2]Key Management comprises Chief Operating Officer and the Managing Director Ethiopia.

Share-based benefits

The Company issued 85,813,848 share options to directors and key management during March 2021. These Options have an exercise price of 2.55p per Ordinary Share and expire after 4 years and, in normal circumstances, vest in three equal instalments, the first after one year, the second after two years and the third after three years from the date of grant.

Previously all options, except those noted in Note 18, expire six years after grant date and vest in two equal annual instalments, the first upon the achievement of practical completion of the planned processing plant at the Tulu Kapi Gold Project and the second upon the achievement of nameplate capacity for a twelve-month period.

22.2 Transactions with shareholders and related parties

The Group

Name	Nature of transactions	Relationship	2022 £'000	2021 £'000
Winchcombe Ventures Limited	Receiving of management and other professional services which are capitalized as E&E expenditure	Key Management and Shareholder	**-**	554
Nanancito Limited	Receiving of management and other professional services which are capitalized as E&E expenditure	Key Management and Shareholder	**-**	232
			-	786

22. Related party transactions (continued)

22.2 Transactions with shareholders and related parties (continued)

The Company

Name	Nature of transactions	Relationship	2022 £'000	2021 £'000
KEFI Minerals Marketing and Sales Cyprus Limited	Finance	Subsidiary	**-**	-
Tulu Kapi Gold Mine Share Company[1]	Advance	Subsidiary	**7,162**	4,433
Kefi Minerals (Ethiopia) Limited[2]	Advance	Subsidiary	**3,253**	3,166
Expected credit loss			**(417)**	(304)
			9,998	7,295

[1&2]The TKGM and KME loans are denominated Birr. The Company bears the foreign exchange risk on these loans and any movements in the Ethiopian Birr are recorded in the income statement of the Company. Further details on the movement of these loans are available in Note 15.

Management has made an assessment of the borrowings as at 31 December 2022 and determined that any expected credit losses would be £417,000 (2021:304,000).

The above balances bear no interest and are repayable on demand.

22.3 Payable to related parties

The Group

Name	Nature of transactions	Relationship	2022 £'000	2021 £'000
Nanancito Limited	Fees for services	Key Management and Shareholder	**-**	1,350
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**-**	834
Directors & PDMR	Fees for services	Key Management and Shareholder	**297**	491
			297	2,675

22.4 Payable to related parties

The Company

Name	Nature of transactions	Relationship	2022 £'000	2021 £'000
Nanancito Limited	Fees for services	Key Management and Shareholder	**-**	1,350
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**-**	834
Directors & PDMR	Fees for services	Key Management and Shareholder	**297**	491
			297	2,675

23. Loans and Borrowings

23.1.1 Short-Term Working Capital Bridging Finance

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

2021

Unsecured working capital bridging finance	Balance 1 Jan 2021 £'000	Drawdown Amount £'000	Transaction Costs £'000	Interest £'000	Repayment Shares £'000	Repayment Cash £'000	Year Ended 31 Dec 2021 £'000
Repayable in cash in less than a year	-	2,713	-	1,121	(2,599)	-	1,235
	-	2,713	-	1,121	(2,599)	-	1,235

2022

Unsecured working capital bridging finance	Balance 1 Jan 2022 £'000	Drawdown Amount £'000	Transaction Costs £'000	Interest £'000	Repayment Shares/Netting £'000	Repayment Cash £'000	Year Ended 31 Dec 2022 £'000
Repayable in cash in less than a year	**1,235**	**1,830**	**-**	**486**	**(2,368)**	**(3)**	**1,180**
	1,235	**1,830**	**-**	**486**	**(2,368)**	**(3)**	**1,180**

The short-term working capital finance is unsecured and ranks below other loans. Although there was no binding agreement to convert the loans into shares, the lenders agreed to convert the debt into shares and the loan balance of £2,368,000 was fully repaid in 2022 during the relevant share placements.

23. Loans and Borrowings (continued)

23.1.2 Reconciliation of liabilities arising from financing activities

2021 Reconciliation	Balance 1 Jan 2021	Cash Flows Inflow	Cash Flows (Outflow)	Fair Value Movement	Finance Costs	Shares	Balance 31 Dec 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unsecured working capital bridging finance							
Short term loans	-	2,713	-	-	1,121	(2,599)	1,235
	-	2,713	-	-	1,121	(2,599)	1,235
Convertible notes							
Sanderson unsecured convertible loan facility 23.2	75	-	-	-	-	(75)	-
	75	-	-	-	-	(75)	-

2022 Reconciliation	Balance 1 Jan 2022	Inflow	(Outflow)	Fair Value Movement	Finance Costs	Shares/Netting	Balance 31 Dec 2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unsecured working capital bridging finance							
Short term loans	**1,235**	**1,830**	**(3)**	**-**	**486**	**(2,368)**	**1,180**
	1,235	**1,830**	**(3)**	**-**	**486**	**(2,368)**	**1,180**

24. Contingent liabilities

The company has no contingent liabilities.

25. Legal Allegations

There is a pending legal case against the Company for an amount of GBP 5.1 million from a claimant, Demissie Asafa Demissie (the "Claimant"). The Company believes the claim for successful provision of financial advisory services is spurious and without merit. Nonetheless, the amount claimed can only be payable on successful closing of the Tulu Kapi Project finance, which has yet to occur. The Company is making a counter claim and vigorously defending its position. The Company has engaged legal counsel to represent its interests. At this time, it is not possible to predict the outcome of this case or the potential impact it may have on the Company's financial position or operations. The Company will disclose any material developments related to this case as and when required by applicable laws and regulations.

Having sought legal advice on this matter, the Group is of the opinion that the allegations have no merit and that it is not appropriate to recognise any contingent liability.

26. Capital commitments

The Group has the following capital or other commitments as at 31 December 2022 £4,238,000 (2021: £1,184,000),

	31 Dec 2022 £'000	31 Dec 2021 £'000
Contracted for: Tulu Kapi Project costs	**461**	452
Not contracted for: Saudi Arabia Exploration costs committed to field work d	**3,777**	732

27. Events after the reporting date

Share Placement May 2023

On June 5, 2023, the Company introduced 785,714,285 new ordinary shares at a placing price of 0.7 pence per share, resulting in a capital raise of £5.5 million. Additionally, a further £0.9 million is expected to be raised through the issuance of 133,145,208 ordinary shares at the same placing price. These 133,145,208 ordinary shares will be admitted after obtaining shareholder approval for the conditional placement at the Annual General Meeting.

The shares that were issued on 5 June 2023 as well as the conditional placement shares that are to be approved on 30 June 2023, will be employed to extinguish the following obligations.

Name	Number of Subscription Shares	Amount
Current liabilities	000	£'000
For services rendered	98,325	688
Loans and borrowings		
Unsecured working capital bridging finance	271,100	2,711
	369,425	**3,399**

The parties above agreed that the amounts subscribed in the share placements be set-off against the amount due by the Company at the date of the share placement.

Dilution in Gold and Minerals

During 2023 the Company diluted its interest in the Saudi joint-venture company Gold and Minerals Limited ("GMCO") from 30% to 26.8% by not contributing its pro rata share of expenses to GMCO.

KEFI Gold and Copper is listed on AIM (Code: KEFI)

www.kefi-goldandcopper.com