KEFI
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ANNUAL REPORT

Focused on the Arabian-Nubian Shield

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Mission

Mission

KEFI's mission is to discover and acquire economic gold and copper mineralisation 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 for gold and copper.

Our activities provide a strong project pipeline covering the spectrum from a development-ready gold project at Tulu Kapi in Ethiopia, to our significant copper-gold discovery at Hawiah in Saudi Arabia and to walk-up drill targets in both countries. Because of the prospectivity of our ground, we expect to significantly expand our minerals inventory.

KEFI has a pole position in two large countries of the Arabian Nubian Shield, Ethiopia and Saudi Arabia. Both countries have turned overtly supportive of their minerals sectors and are led by newly-appointed government leadership who quickly attained an important position in world politics. Ethiopia is one of the world's fastest growing countries and, as will be the case in Saudi Arabia, the minerals sector will grow much more quickly than is normally the case in most jurisdictions.

Approach

KEFI was launched in 2006 as a GBP2.5 million initial public offering ("IPO") on the AIM Market of the London Stock Exchange and was then led by exploration specialists. The 2014 acquisition of Tulu Kapi Gold Project ("Tulu Kapi") triggered the appointment of management with track records in developing and operating mines in Africa.

KEFI partners with appropriate local organisations, such as Abdul Rahman Saad Al Rashid and Sons Limited ("ARTAR") in the Kingdom of Saudi Arabia in in our Gold and Minerals Limited ("G&M") 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.

Operationally, we align with industry specialists such as Lycopodium Limited ("Lycopodium") and Corica Group ("Corica") - our principal project contractors for TKGM's Tulu Kapi.

Our specific purpose at TKGM is set out in the 2015 Tulu Kapi Mining Agreement with the Ethiopian Government, which incorporates several foundation documents including Development and Production Plans, an Environmental and Social Impact Assessment and, for the Community, the Resettlement Action Plan and Community Development Plan in accordance with the International Finance Corporation (World Bank) Performance Standards and Equator Principles. Initial plans to commence development have necessarily been rescheduled as required around our host country's security disturbances and government administrative changes in the midst of what is an otherwise overwhelmingly positive political transformation to a democratically elected broadly-based government.

Some elements of Tulu Kapi's development were able to commence in Q4-2019 and, after experiencing some additional delays due to the global pandemic and local security incidents in the lead up to Federal elections, most recently postponed to 21 June 2021, full development is scheduled to commence as soon as possible after KEFI's 2020 Annual General Meeting on 30 June 2021.

KEFI also intends to launch field programs in exploration areas of c.1,000 sq kms of the surrounding district where we have drill-intercepted gold mineralisation in several locations within trucking distance of the planned Tulu Kapi plant.

In the Kingdom of Saudi Arabia we recently discovered, at our Hawiah licence area, a significant copper-gold deposit (also containing zinc and silver) and this follows our earlier Saudi gold discovery at Jibal Qutman. At Hawiah in late 2020 we reported the Maiden Mineral Resource Estimate and then the initial Preliminary Economic Assessment and we since triggered the Preliminary Feasibility Study for development in 2023 to potentially follow production at Tulu Kapi.

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

Timing

In our next chapter we will strive to maximise our progress against today's three potentially significant points of inflection:

- gold and copper prices are near all-time highs, and with a good long term outlook;
- the outlook for host country support and stability is now the strongest for many years; and
- our key projects are on the starting blocks right now.

We are confident in our mission, approach and timing.

Executive Chairman's Report

The underlying value of KEFI's assets has increased substantially over the past year.

On a Net Present Value ("NPV") basis, the indicative value of KEFI's share of its two main assets has increased to $465 million in May 2021, or about £339 million, more than double the comparable figure of £153 million twelve months ago. This is due to KEFI raising its planned interest in Tulu Kapi from c. 45% to c.75-80% and having made a significant discovery at Hawiah in Saudi Arabia in late 2020. It should be noted that these statistics are merely illustrative indicators of changes in underlying intrinsic value and are based on prevailing high metal prices and the other explanations provided in the Finance Director's Report and Footnotes.

KEFI is preparing to develop the Tulu Kapi Gold Project in Ethiopia, to complete the Preliminary Feasibility Study for potential subsequent development at the Hawiah Copper-Gold Project in Saudi Arabia and to push ahead on ambitious exploration in Ethiopia and Saudi Arabia.

Because of the manner in which we have assembled development finance for Tulu Kapi, we can now target c. 75-80% ownership. It is also pleasing that we have assembled a particularly strong project finance syndicate and, most importantly, kept debt-leverage at a prudent level. The core of our financing syndicate is familiar with and supportive of Ethiopia. Upon execution of the arrangements planned to follow our shareholder meeting on 30 June 2021, our Company will be well positioned for our next chapter.

Our reported mineral resources provide a solid starting position for our imminent growth. JORC-compliant gold resources at TKGM in Ethiopia are 1.7 million ounces and gold-equivalent resources in Saudi Arabia at Hawiah and Jibal Qutman are 2.2 million ounces, for a combined 3.9 million oz gold-equivalent. The Company's beneficial interest in the in-situ metal content of the three projects is a combined 2.1 million oz in gold equivalent terms. KEFI's market capitalization at the time of writing (21 May 2021) is only $29/oz gold-equivalent compared to a current gold price of approximately $1,874/oz.

KEFI's standing in both host countries is that of an internationally-experienced team which has developed solid relationships with strong local partners, industry-leading contractors and financiers; and we have exciting projects.

Our assets, relationships and people accordingly provide a strong platform to develop profitable mines in two of the larger countries within the highly prospective Arabian Nubian Shield. In Ethiopia, security and administrative challenges remain quite prominent in the current pre-election atmosphere, but we nevertheless cautiously drive the project forward. The mining regulator is also pushing us very hard to keep to our timetable as it is determined for the sector to contribute its significant potential.

It is fortunate that gold and copper are now among the best performing investment sectors globally. The longer-term outlook for gold and copper markets and prices is especially strong. At the time of writing (21 May 2021), copper's price is at US$4.55/lb, less than 10% off the all-time high as is gold at US$1,874/oz.

We are indeed at an opportune moment, created by our team's hard work, your support as shareholders and the serendipity of markets strengthening as we launch our projects. The Directors are deeply appreciative of all personnel's tenacity and steadfast dedication and of the support the Company receives from shareholders and other stakeholders.

We also feel a deep sense of responsibility towards our host countries and the many prominent organisations which have offered their support to our mission. Our alliances are at the core of our corporate structure and are summarised as follows:

- Partners:
    - in Saudi Arabia: Abdul Rahman Saad Al Rashid and Sons Ltd ("ARTAR")
    - in Ethiopia:
        - Federal Government of the Democratic Republic of Ethiopia
        - Oromia Regional Government
- Principal contractors for Tulu Kapi:
    - For mining: Corica
    - For process plant: Lycopodium Ltd ("Lycopodium")
- Senior project finance lenders for Tulu Kapi:
    - East African Trade and Development Bank Ltd ("TDB")
    - African Finance Corporation Limited ("AFC")

I should explain that as the result of our re-tendering the mining services contract Corica, which has recently emerged as Africa's largest mining contractor, was recently selected as provider of mining services. The basis of the arrangement remains as has always been intended, a conventional schedule of rates mining services agreement.

Updated DFS-based ("Definitive Feasibility Study"), as updated in accordance with contracting) economic projections for the Tulu Kapi open pit indicate returns as follows, based on the assumed price range of current analyst consensus long-term prices and current spot prices (see Footnotes to Finance Director's Report):

- Average EBITDA of $100-136 million per annum (KEFI 75-80% being c. $78-106 million);
- Net cash flow of $473-674 million over the 7 years 2023-2030 (KEFI 75-80% being c. $369-525 million);
- All-in Sustaining Costs of $826-846/oz, (note that royalty costs increase with the gold price);
- All-in Costs ("AIC") of $1,048-1,068/oz.

These projections excluded the underground mine at Tulu Kapi and the Saudi Hawiah project. Taking all into account, KEFI is thus planning c. 78% of TKGM's 190,000 oz pa gold production along with 34% ownership of G&M, which we expect could yield us a higher production interest than our larger percentage interest in TKGM.

Simultaneous with the triggering of full development at Tulu Kapi we will re-commence exploration programs in Ethiopia and expand our exploration program in Saudi Arabia. In Saudi Arabia we focus on our recent significant copper-gold discovery at Hawiah and we are also working towards being awarded new licences. In Ethiopia we will focus underneath the open pit where we already have established a maiden resource for underground mining at average grade of 5.7g/t gold and will also follow-up already-drill-intercepted potential satellite deposits in the Tulu Kapi district.

The potential of the Arabian Nubian Shield has recently been more widely recognised and the world's two largest gold companies, Barrick Gold and Newmont Mining, are now active in Saudi Arabia and Ethiopia respectively. And many international explorers have entered Ethiopia in the past two years. KEFI's chairman and deputy chairman in Ethiopia have been elected to chair the International Progress Association for Mining in Ethiopia and Ethiopian Mining Association.

In respect of capital management, the obvious challenge for any public-listed junior explorer is how to discover and develop such capital-intensive mining projects when the investment appetite of the public capital markets is particularly cyclical. As a consequence, KEFI focuses mainly on funding at the project levels. In both Ethiopia and Saudi Arabia, our projects' predecessors and partners have provided over 60% of project funding to date. And as we are demonstrating with Tulu Kapi, going forward the development funding will remain largely at project levels.

From an ownership dilution viewpoint, this plan may best be summarised as an indicative doubling in underlying asset values over the past 12 months from £153 million to £339 million ($185 million to $465 million).

The Company has been positioned to bring in c. $320 million of funds to fully develop Tulu Kapi and to finance exploration in Ethiopia and Saudi Arabia, with c. $309 million already having been conditionally arranged at the project level and preparing for financial completion as soon as possible after the Annual General Meeting on 30 June 2021. A more detailed explanation of our financing plan is set out in the Finance Director's Report.

The Directors expect that, as milestones are achieved, the Company's share price will naturally narrow the gap between the Company's market capitalisation of £43 million or $60 million (on 21 May 2021) and what we believe to be the significantly higher intrinsic valuations of the Company's projects.

Local geopolitics and the COVID-19 pandemic have disturbed our past progress. At the time of writing, the outlook on both fronts is much more promising than it was twelve months ago. The Company's systems and capital plans have been expanded to cater for these new realities. Plus it is notable that Ethiopia is holding a landmark democratic election on 21 June 2021 which is expected to lead to Ethiopia maintaining its pro-democratic and pro-development trajectory. And as regards the pandemic, our prognosis is that the COVID vaccine roll-out will reduce the pandemic's threats to our projects.

Annual General Meeting

We are grateful for the patience and support of our communities and our Governments, our principal contractors, our hard-working small organisation of highly-experienced personnel and, of course, our 1,000's of extremely patient shareholders. We will certainly advance as fast as is physically possible.

Because of COVID safety protocols, we will conduct the shareholder meeting in London and with remote participation.

As regards voting, shareholders are encouraged to submit proxies to Share Registrars Limited. The Annual General Meeting will be in London, England at 10am on 30 June 2021 at Marlin, Lower Ground Floor, 111 Westminster Bridge Road, Waterloo, SE1 7HR, United Kingdom.

Yours faithfully,

Harry Anagnostaras-Adams

Executive Chairman.

4 June 2020

Finance Director's Report

Finance Director's Review

KEFI is a first-mover within a fast-changing geopolitical environment and has been financing its activities in the midst of a global pandemic – a challenging environment indeed.

Successful implementation will see KEFI emerge in 2023 as a profitable producer of 140,000 oz pa with advanced growth plans in Ethiopia and Saudi Arabia which already can see much higher gold equivalent production within the following few years.

Subject to the approval of KEFI shareholders, the Company has been positioned to, as soon as possible after the Annual General Meeting, bring in c. $320 million of funds to fully develop Tulu Kapi and to finance exploration in Ethiopia and Saudi Arabia. The plan would leave KEFI with project ownership levels as follows:

- 75-80% of the Ethiopian mining development and production operation, via the shareholding in TKGM
- 100% of the Ethiopian exploration projects, via the shareholding in KME
- 34% of the Saudi development and exploration projects, via the shareholding in G&M

Using Net Present Valuation (NPV) methodology in respect of Tulu Kapi and Hawiah (and excluding Jibal Qutman given its regulatory status), these levels of beneficial interest indicate combined NPV's as follows for KEFI shareholders comparing the results at consensus long-term prices and prevailing spot prices (refer Footnotes) is $259-465 million or £187-339 million, as at 2021 start of construction at Tulu Kapi.

These indicators provide some illustrative measure of the value to be potentially created for shareholders. KEFI's current market capitalisation is $60 million (£43 million).

KEFI has funded all of its past activities with equity capital raised at then prevailing share market prices. This avoided the superimposing of debt-repayment risk onto the risks of exploration, permitting and other challenges that always exist during the early phases of project exploration and development in frontier markets. We do however avail ourselves of unsecured advances from time to time as arranged by our Corporate Broker, Brandon Hill Capital, to provide working capital pending the achievement of a short-term business milestone. This is taking place now pending the finalisation of the Tulu Kapi financing in preference to availing ourselves of several other much appreciated bridging financing facilities on offer.

Overall, the current finance plan is shown below and caters for all planned development expenditure at TKGM in addition to all exploration and corporate funding requirements, estimated at c. $320 million ($310-330 million, depending upon final procurement price confirmations). It will be optimised by KEFI and the TKGM syndicate which has already conditionally indicated the following participation as at 31 May 2021:

$ Million	
70	Mining capital to be paid for on a per tonne mined basis via the mining agreement
140	Senior project debt, to be repaid out of operating cash surpluses
15	Subordinated debt linked to offtake rights. To be repaid out of operating cash surpluses
14	Mining contractor charges, convertible into KEFI shares at the price in 2 years
45	Subordinated loan in subsidiary, convertible into KEFI shares at the price in 3 years
25	Project equity issued to Government for 20% of TKGM shares; and $5 million to other local institutions
309	Total so far, with the remainder to be finalised for settlement

By 30 June 2021, the following needs to be carried out so as to proceed to earliest project finance settlement:

- Final construction procurement pricing confirmed;
- Detailed documentation to be approved by the relevant Government agencies, including the Ministry of Mines and the National Bank of Ethiopia, so that execution may proceed by all syndicate parties;
- Finalised position for local equity investors and off-taker.

Ownership Value and Ownership Dilution

Upon execution of the Tulu Kapi project finance plan, KEFI will replenish its working capital, launch full development at Tulu Kapi and also underpin at least the next 12 months of planned exploration in Ethiopia and Saudi Arabia.

From an ownership value perspective and measuring the Company's underlying assets on a Net Present Value ("NPV") basis, compared with the position as at the time of the last AGM, this plan has resulted in the indicative value of KEFI's share of its two main assets having more than doubled from $185 million in June 2020 to $465 million in May 2021. This is the result of KEFI raising its planned interest in Tulu Kapi from 45% to c.78% and making a significant discovery at Hawiah. The basis for these estimates is prevailing metal prices and other explanations provided in the Footnotes below.

From an ownership dilution perspective, successful completion of the finance plan will necessarily also increase issued capital but ownership dilution will be minimised vis a vis the quantum of development capital raised because it is intended that the share issues by KEFI for a subset of these amounts will largely be at prices two and three years from project finance completion.

Financial Risk Management

In designing the balance sheet gearing overall, the senior debt: equity ratio for TKGM is 58%:42% $140 million: ($140 million: $ 100 million) excluding equity funded historical pre-development costs and 33%:67% ($140 million: $210 million) including equity funded historical pre-development costs.

And in structuring the TKGM project finance, a number of key parameters had a driving influence on Company policy:

- The breakeven gold price after debt service is $1,107/oz (flat) for 10 years, whilst over the past 10 years the gold price was under that price for only 2.4% of the time; and
- At analyst consensus US$1,591/oz it could be repaid within 2 years of production start.

It is important that we now proceed to financial completion in accordance with the latest plans agreed with the Government. Indeed the Government has warned of administrative consequences if we fail to do so and our syndicate have all made it clear that all wish to proceed to plan subject only to normal safety and compliance procedures.

We have conditionally assembled c. US$309 million of development finance at the Project level from our small, efficient and economical corporate office in Cyprus. Other than our Nicosia-based financial control/corporate governance team, all operational staff are based at the sites for project work. This approach increases efficiency at a lower cost.

Accounting Policy

KEFI writes off all exploration expenditure.

KEFI's carrying value of the investment in KME, which holds the Company's share of Tulu Kapi is £13.7 million as at 31 December 2020. It is important to note KEFI's planned circa.75% -80% beneficial interest in the underlying valuation of Tulu Kapi is circa £172 million based on project net present value (NPV 8% discount and @ gold price of US$1591/oz, including underground).

In addition, the balance sheet of TKGM at full closing of all project funding will reflect all equity subscriptions which are currently estimated to exceed £113 million or US$156 million (Ethiopian Birr equivalent).

John Leach

Finance Director

4 June 2020

Footnotes:

(1) Long term analysts' consensus forecast is sourced from CIBC Global Mining Group Analyst Consensus Long Term Commodity Price Forecasts 30 April 2027;
(2) current analyst consensus long-term prices are US$1,591/oz for gold, US$3.25/lb for copper, US$1.09/lb for zinc and US$21.08/oz for silver;
(3) Spot prices for gold & silver on 31 May 2020 were $1,731/oz & $18/oz; on 21 May 2021 were $1,874/oz & $28/oz;
(4) Spot prices for copper and zinc on 21 May 2021 were $4.55/lb and $1.34/lb;
(5) NPV calculations are based on an 8% discount rate applied against net cash flow to equity, after debt service and after tax.

Organisational Development

KEFI senior management is drawn from leading mining jurisdictions internationally and has confirmed its intention to oversee 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 Australian Executive Chairman and Canadian Finance Director, the following long-standing international specialists make up the KEFI senior management team:

- David Munro, Operations – South African - mining engineer who previously was Managing Director of Billiton BV and President Strategy and Development of BHP Billiton;
- Eddy Solbrandt, Systems – German - founder of GPR Dehler, an independent, international management consultancy which specialises productivity improvement for mining companies worldwide;
- Brian Hosking, South African - Exploration and Technical Planning – originally a geologist, he founded Meyer Hosking and has also focussed on human resources for the mining industry; and
- Norman Green, Namibian - Head of Projects – founder of Green Team International, a longstanding project management consultancy to the extractive industries.

Wayne Nicoletto is Managing Director, Ethiopia – a metallurgical engineer who has led the start-up and operation of mines in Africa and elsewhere over many years.

The Group Exploration Adviser is Jeff Rayner, the Company's foundation Managing Director. The Corporate Development Manager is Rob Williams and the Group Financial Controller Laki Catsamas.

Operations managers include Project Manager AK Roux, Senior Site Services Manager Pete Smith, Government Relations Head Dr Kebede Belete, Chief Financial Officer Theron Brand whilst the Saudi Exploration Manager is Tomos Bryan and Senior Geologist Timothy Eatwell.

Tulu Kapi planning session at local Government office

Tulu Kapi planning session with community

As part of organisational development plans, KEFI has completed a detailed recruitment plan and introduced a senior executive remuneration and incentivisation plan including both short-term and long-term incentives tied to business milestones.

Environmental, Social and Governance

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.

It is notable that TKGM is a joint Ethiopian-KEFI company with its own long-standing community. The Company's exploration camp and compound have enjoyed a quiet and productive atmosphere and relationship within the Tulu Kapi community since it was established over fifteen years ago, 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 project's team on the ground for that fifteen-year entire period. Trust has been earned. And 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.

An analogous approach is being taken in Saudi Arabia where an exploration camp and compound has just been constructed at Hawiah, where we expect to operate for many years. Since recommencing field exploration at Hawiah G&M 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 the Company 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: over 100 direct and indirect employment positions, school, roads, bridges, fresh water supply;
    - District: preferential procurement from local suppliers of accommodation, food and materials;
    - 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: over 5,000 direct and indirect employment positions, scholarships and training;
    - District: preferential procurement of supplies for an operation with expenses over $10 million per month;
    - Region: new road and electrification to be brought to Tulu Kapi;
    - Federal: largest single exporter at $250 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 Q4-2021 are to complete 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 Q4-2021. In the meantime, COVID vaccination programs should have prepared our personnel and those most vulnerable within the community.

In Saudi Arabia:

- G&M has provided the following:
    - Over 30 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 6 Saudi nationals (20% of the current workforce);
    - Active engagement with the local IMARA and government authorities on matters of local and community interest.
- G&M plans to provide the following once the Hawiah project is 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;
    - Regional development of road, water, electrification and health care to nearby villages and development of local regional centres around Hawiah and within the Makkah governate area.

At Hawiah the priorities over the next year include completing the ESIA base line studies as well as a full geohydrogeological and water resource study. The findings from these studies will be incorporated into the PFS study to be completed in mid-2022.

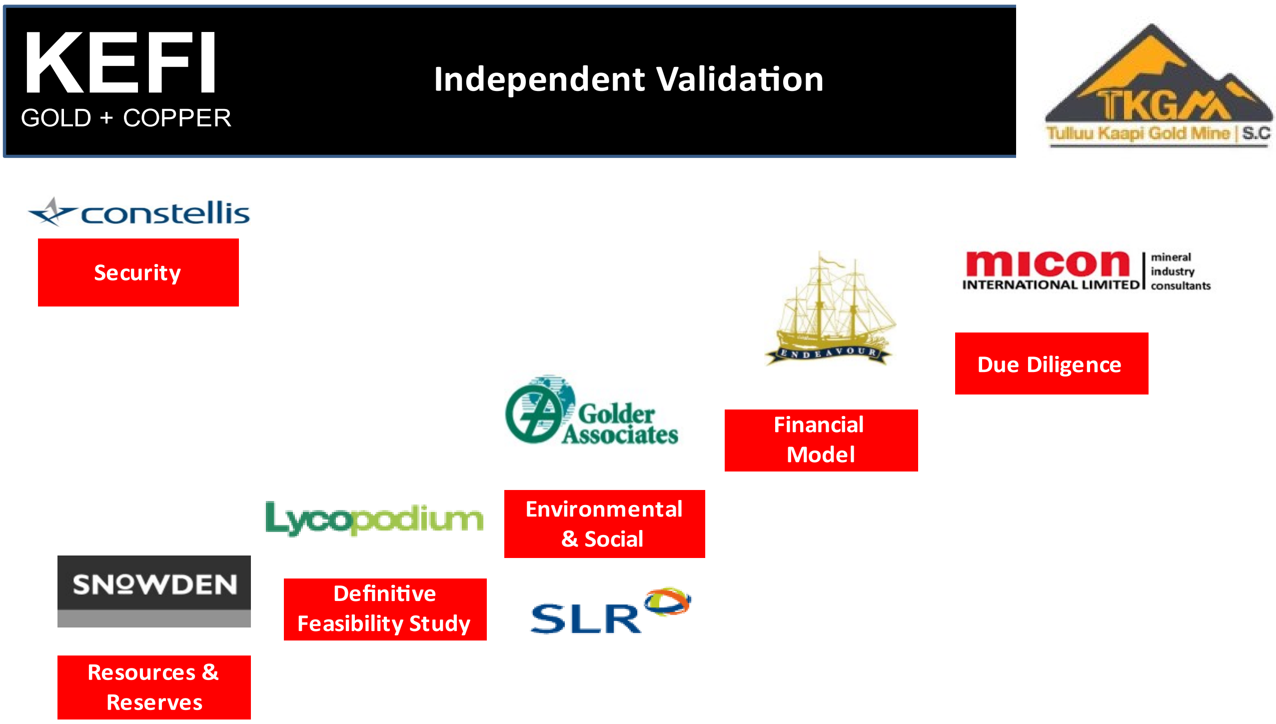
Reporting Standards

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:

Independent Validation



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 base line 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. In this regard, KEFI ensures that the Board comprises a majority of 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 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 recent 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 and Deputy Chairman in Ethiopia have been elected the Chairmen of the International Progress Association for Mining in Ethiopia and the Ethiopian Mining Association respectively, 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 behaviours;
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 was recently been 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 over the past six years have received overwhelming approval of 95% or more at the general meetings.

Full details of the governance charters and other disclosures can be found on the Company's website: https://www.kefi-minerals.com/about/corporate-governance

Board of Directors-KEFI

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). 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).

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Mark Tyler – Non-Executive Independent Director. Chair of Audit and Finance Committee and of the Remuneration Committee

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

Norman Ling – Non-Executive Independent Director

Appointed to Board on 23 June 2014.

Mr Norman Ling holds a BA (Hons) German and Economic History and has previously served as a non-executive director of Nyota Minerals Limited. He has held a series of appointments at the UK Foreign and Commonwealth Office in a career spanning more than 30 years. Mr Ling's last post was as the British Ambassador to Ethiopia, Djibouti and the African Union from 2008 to 2011, when he retired from government service.

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 metal 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

Adam Taylor – Non-Executive Director

Appointed to Board on 20 July 2020.

Adam Taylor holds a BSc Economics (London School of Economics) and is the founder, Chairman and former CEO of FirstWave Group BV, Africa's leading vertically integrated aquaculture group, which he established in 2011. He was previously Managing Director of Oakfield Holdings, an Africa focused investment company, and prior to that a Portfolio Manager at Liongate Capital Management, where he was responsible for commodity sector hedge fund investments.

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, a major economic and political power within the East African region, also hosts the headquarters for the African Union and many international political and non-government organisations.

The country has been amongst the world's top-ten growth countries for over 15 years running and remains so in 2021. It is however under severe external political pressures coupled with severe economic threats. Whilst the Company always maintains a strictly apolitical stance, we remain of the strong belief that Ethiopia's recent transformative strategies are overwhelmingly positive and auger well for the outlook for the country, our sector and our Company.

Organized 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, combined with the global COVID pandemic, have strained Ethiopia's social cohesion and economic performance, which has had a number of negative consequences such as the slowing of growth, straining domestic liquidity, downgrading of the country's international credit rating and the pausing of some foreign direct investment projects.

KEFI has accordingly elevated its precautions with official support, to protect KEFI-Government Project plan which targets to commence full development as soon as possible after the elections in Ethiopia and KEFI's annual general meeting, both in June.

Joyful responses to the transformations initiated in Ethiopia in 2018

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, would be the largest single export generator in Ethiopia. And, if the top 4 gold projects are producing in 5 years, their combined exports would rival total country exports today.

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;
- Bank accounts now being allowed in major international financial centres, to allow mining project finance;
- 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

A new stand-alone ministry has been created to intensify efforts to expand the minerals sector, which is now officially proclaimed to become the 3rd 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 G&M 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 upon the opening of licencing opportunities.

Exploration and Development

History

KEFI's Mission at its IPO in December 2006 was to discover + 1Moz Au, or Au equivalent gold deposits. Rapid prospect and regulatory assessments in several countries led KEFI to focus on the underexplored Precambrian Shields (the Arabian-Nubian Shield, or "ANS") 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 Cu/ Cu-Au VMS project and the Bakir Tepe Cu-Au VMS project were successfully joint ventured with Centerra Gold.

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

- built an impressive portfolio of tenements including ~~2~~the current Exploration Licence at Hawiah and 30 EL Applications, ("ELA's");
- discovered 0.73 Moz Au in the Jibal Qutman EL and following submittal of an initial PFS, is applying for a Mining Licence (MLA). The 4 surrounding ELA's have potential to make this project a multi-million ounce gold district; discovered a large Cu-Au VMS deposit at Hawiah. A maiden Mineral Resource Estimate ("MRE") of 19.3Mt at 0.9% Cu, 0.8% Zn, 0.6g/t Au and 10.3g/t Ag was announced in 2020. A Preliminary Economic Assessment ("PEA") has returned a positive outcome, drilling is continuing to augment the resource and a Preliminary Feasibility Study ("PFS") has commenced for potential development.

In Ethiopia, KEFI identified a +1Moz Au deposit, at Tulu Kapi that was subject to a DFS and in (MLA) by another company (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 £6M. 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 Au of +1Moz and there are 15 known prospects with encouraging drill intercepts in exploration ground reserved for KEFI within 50 km radius of Tulu Kapi.

Ethiopia

Gold production is currently estimated to commence at c. 140,000 ounces per annum over the seven years of mining the open pit. Estimated All-in Sustaining Cost is in the order of US$800-900/oz, much lower than the industry average.

All aspects of the Tulu Kapi (open pit) gold project have been reported in compliance with the JORC Code (2012) 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 from potential Underground Resources of +1M oz Au and from 15 satellite deposits around a 50km radius of Tulu Kapi, including the Guji-Komto Project, which has potential for shallow open cut resources of +0.5M oz Au.

KEFI is also actively assessing other potential gold deposits in Western Ethiopia.

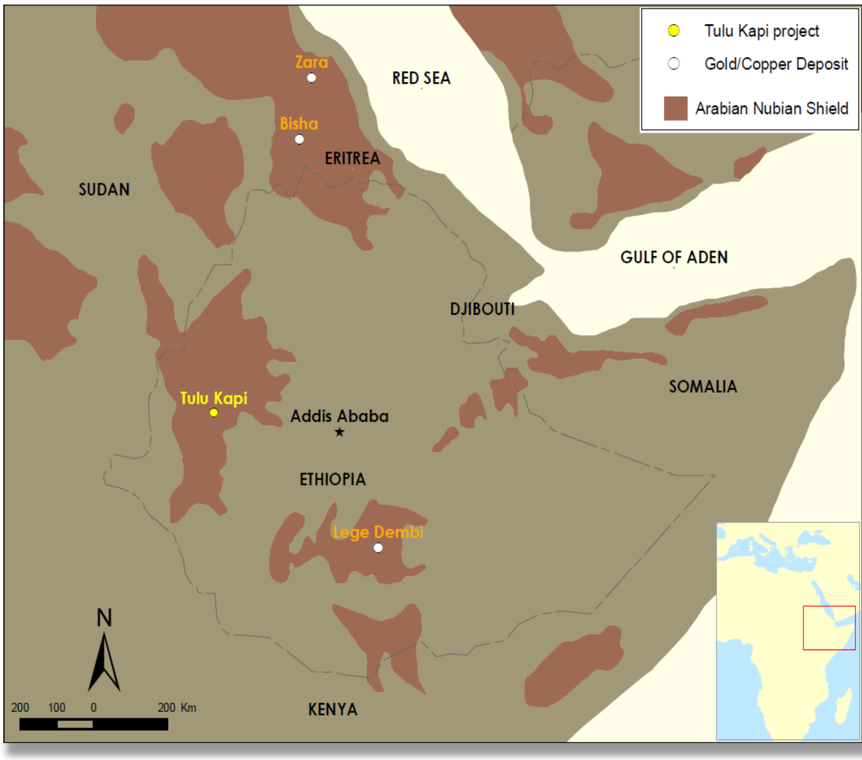
Tulu Kapi - Background

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 ("MA") between the Ethiopian Government and KEFI was formalised in April 2015. The terms of the MA 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 this new project in this new sector.

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

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 in the eight production years.

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 (2012).

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 its 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 and the planned processing plant has a nameplate of 1.9-2.1Mtpa.

The implementation plans have been agreed on a base schedule of 24 months.

A summary of the Project economics is presented below:

	2015 DFS 13-year LOM (owner mining)	2017 DFS Update 10-year LOM (contract mining)	2021 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	$826/oz
All-in Costs (incl. initial capex)		$937/oz	$1048/oz
Average net operating cash flow	$50M p.a.	$60M p.a.	$100M p.a.
Payback	3.5 years	3 years	3 years

Notes:

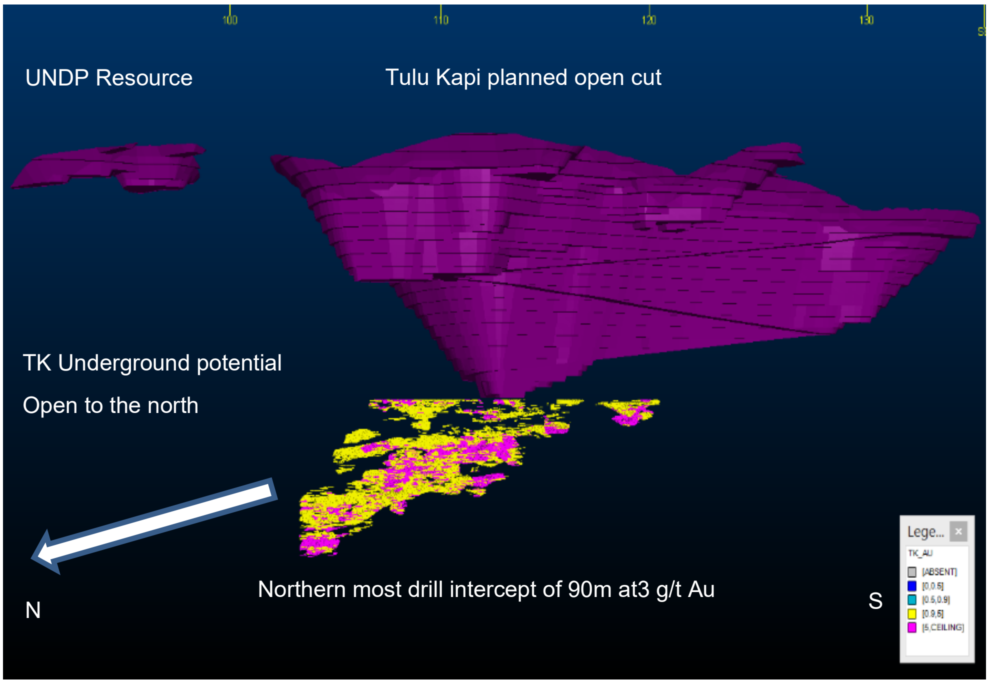
- *The above metrics assume a gold price of $1,250/oz for the 2015 DFS and $1,300/oz for the 2017 DFS Update and US$1,591/oz for the 2021 Plan.*
- *AISC include all operating costs, maintenance capital and royalties.*
- *Royalties increase with the gold price and therefore so does AISC.*
- *Life of Mine ("LOM") is the time to mine the planned open pit only.*
- *Gold production and net operating cash flow are for the first eight years of gold production.*

Tulu Kapi - Development

Tulu Kapi will 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 the country'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.

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.



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

The mining services agreement is a conventional schedule of rates agreement under which recently-appointed African mining services specialist Corica provides the mining equipment, systems and operators and gets paid for performing according to the KEFI/TKGM plans and directions. Corica was chosen in 2021 to replace our previous selection, based on finalised bids received.

Tulu Kapi – Potential for Underground Mine

The Tulu Kapi orebody is amenable to underground mining as ground conditions are good, Ore Reserve gold grades increase and ore lenses thicken 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.

An internal preliminary economic assessment ("PEA") of Tulu Kapi's underground mining potential was completed in March 2016. Based on the 2014 Mineral Resources, the current underground mining inventory of 1.3 million tonnes at 5.2g/t gold potentially adds gold production of c. 50,000 ounces p.a. for four years.

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 key outcomes of the PEA were that:

- Underground mine development is economically justified based on the 2014 Mineral Resources;
- Combined gold production from the open pit and underground mine approaches 200,000 ounces p.a.;
- The underground mine adds an estimated $28 million to the project's after-tax NPV (8%) at a gold price of $1,250/oz; and
- Subject to the results of a full DFS, underground mine development is targeted to commence in the first half of open-pit operations.

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

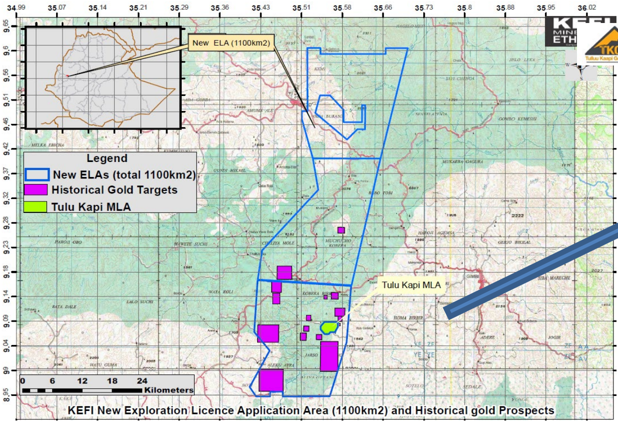
Tulu Kapi –Exploration Licence Applications

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

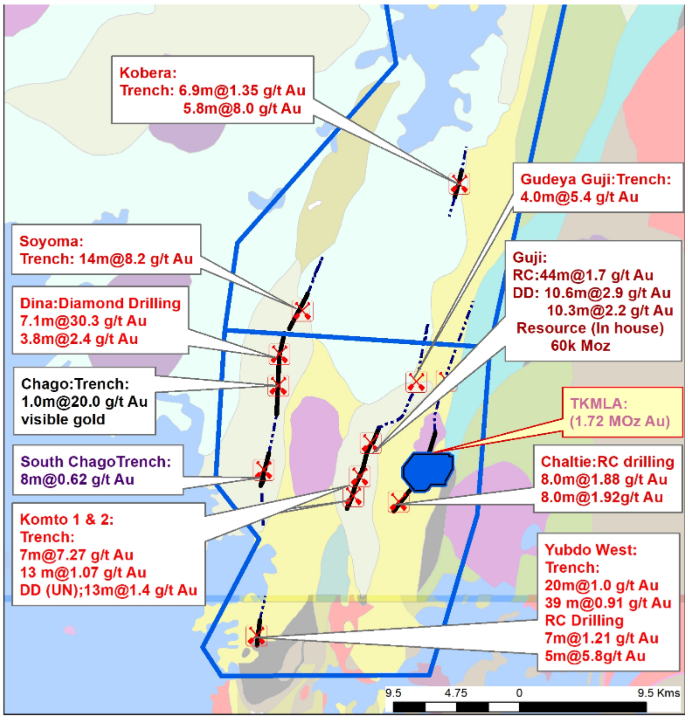
KEFI has received confirmation from the Ethiopian Government that the area proposed to be explored by KEFI has been set aside with the intention of being granted to the KEFI group upon commencement of development of Tulu Kapi. These contiguous ELA's cover c. 1,100 km^2 and host 3 major shear zones parallel to the Tulu Kapi gold deposit that contains 15 known prospects within 50km of Tulu Kapi, which is considered an economic trucking distance to the planned processing plant.

Reconnaissance drilling within the 3 new ELA's. includes high grade gold intersected at the Dina Prospect- 7m at 30.3 g/t Au and at Komto trench- 7m at 7.27 g/t Au.

The Komto-Guji structure strikes over 9km and has potential for 0.3-0.5Moz Au low grade oxides in shallow open pits that may be processed by heap leach, or at the TK plant.



Proposed ELA's and location of Regional Prospects



KEFI targets to concurrently develop low-cost open cuts in the ELA's, these could potentially be brought into production within 2 years of the commencement of mining at TK.

The Tulu Kapi gold district has enormous potential and is clearly a multi-million-ounce gold system. KEFI is also targeting other +0.5Moz Au deposits in western Ethiopia.

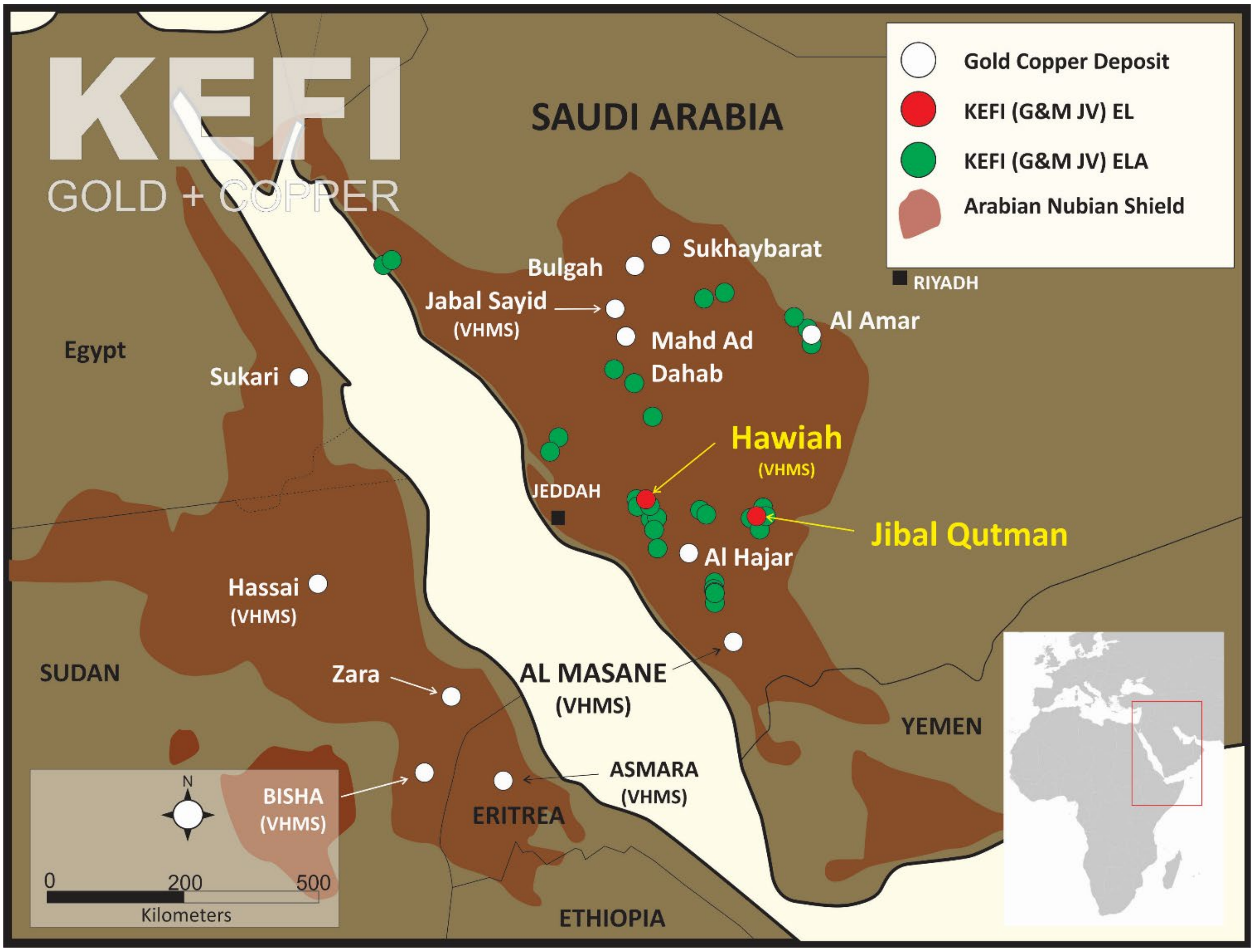
Saudi Arabia

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.

KEFI has a 34% beneficial interest in a large portfolio of 30 ELAs and 2 ELs in Saudi Arabia, focusing on six main project areas. These new ELAs are designed to explore ground and establish additional resources around our existing discoveries and explore within four new highly prospective districts. These applications are made by ARTAR on behalf of G&M, our joint venture company with ARTAR, a leading local industrial and international investment group owned by Sheikh Al Rashid and his family. KEFI has the right to instruct that licences are transferred into G&M at any time and, in the meantime, our progress in Saudi Arabia is improved by ARTAR's supportive role.

G&M has been successful in discovering and delineating gold resources at Jibal Qutman and copper-gold-zinc-silver resources at Hawiah.

The Jibal Qutman deposit is located on the Nabitah Fault Zone, a known geological corridor, highly prospective for gold exploration. Jibal Qutman and the surrounding 4 ELA's collectively have potential for a multi-million ounce gold Au resource.



Location of G&M ELs and ELAs in Saudi Arabia, including the main gold and VMS copper deposits in the ANS.

G&M discovered gold at Jibal Qutman in May 2009 and was granted the EL in July 2012. G&M delineated Mineral Resources totaling 733,000 ounces of near-surface gold by May 2013. There is significant potential to increase oxide gold resources both at Jibal Qutman and in the surrounding ELAs. However, Jibal Qutman is on hold awaiting Mining Licence tenure confirmation.

The Hawiah deposit is located within the Wadi Bidah Mineral District, a belt proven to host upwards of 20 VMS prospects; has documented exploration since the 1930s and historic mining sites dated as far back as A.D. 725. G&M discovered copper-gold mineralisation at Hawiah in June 2009 as part of Kingdom wide reconnaissance work. The EL was granted in December 2014. Various events delayed drilling commencement to September 2019 and a maiden MRE was announced in August 2020.

Key commercial advantages for KEFI in Saudi Arabia are:

- The G&M joint venture relationship between ARTAR and KEFI;
- Saudi Arabia is a country under-explored for minerals with only a few companies exploring for gold and copper.
- The Precambrian ANS rocks are very prospective for gold and copper.
- Exploration, development and operating costs are low by industry standards, benefitting from low energy and labour costs.
- Saudi Industrial Development Fund provides loans for up to 75% of the capital cost of mine development at attractive interest rates; and
- New Mining Law implemented in 2021 which will facilitate faster Exploration licence processing times;

Saudi Arabia – Hawiah Project

G&M commenced drilling at Hawiah in September 2019 and quickly confirmed a large-scale VMS style of mineralisation 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 in the north and south of the project area, 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 19.3Mt at 0.9% Cu, 0.8% Zn, 0.6g/t Au and 10.3g/t Ag, 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 (LHOS) mining methods and a conventional floatation and CIL processing to produce copper concentrate, zinc concentrate and a gold/silver dore.

Hawiah Geology and Geological Interpretation

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 unoxidized massive sulphides.

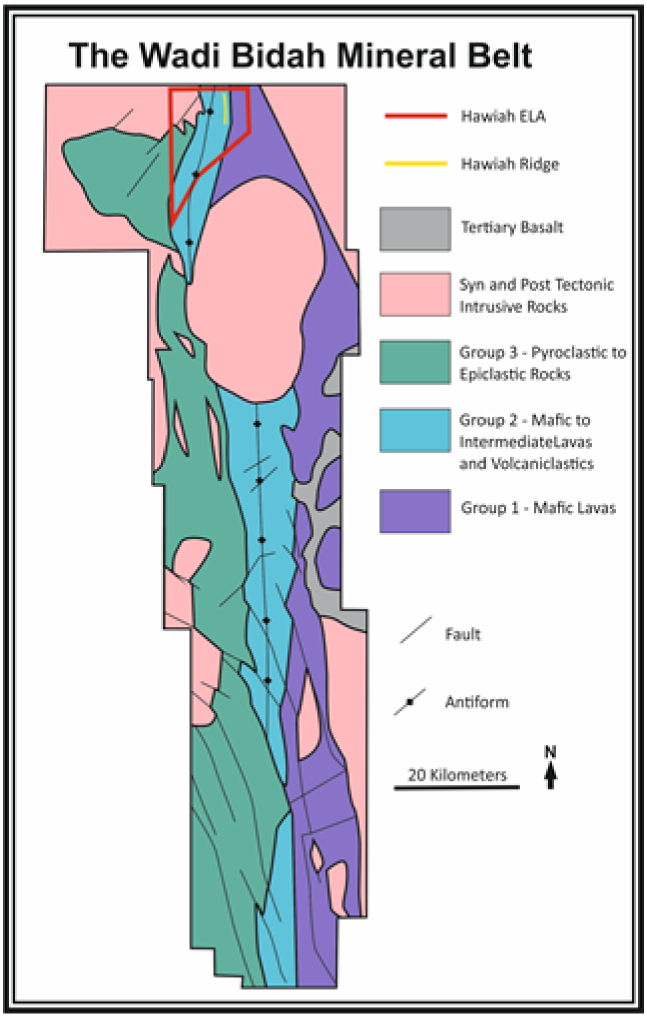


Figure 1 - Geological sketch map of the Wadi Bidah Mineral Belt.

Modern exploration in the Wadi Bidah began in 1936 with the Saudi Arabian Mining Syndicate (SAMS) and led to the first documented work over the Hawiah prospect in 1989 by the French state's "Bureau de Recherches Geoligiques et Miniere" (BRGM).

KEFI's reconnaissance team identified that the prominent; 4.5km long, approximately north-south trending ridgeline represents the leached gossanous cap of a volcanogenic massive sulphide (VMS) body. The team then undertook a best practice, sequential exploration program of; mapping, rock chip sampling, trenching and geophysics. This work led to the first drill hole at Hawiah in 2019.

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 grading degrees of 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, averaging 1.5-2g/t Au
- **Transitional** (35-70m depth) – preferentially enriched in copper
- **Fresh** (70m+ depth) – representing ~90% of the deposit to-date.

The siliceous gossan at Hawiah.

Background

The Hawiah EL contains bimodal mafic and felsic volcanics and volcaniclastics units with outcropping stratiform volcanic massive sulphide (vms) mineralisation situated on the eastern limb of a broad, south-plunging regional anticline. Hawiah's silicified and gossanous vms horizon was originally mapped and trenched by France's Bureau De Recherches Geologiques et Minieres ("BRGM") in the 1980s, which identified its near surface gold-bearing potential.

KEFI commenced exploration at Hawiah in 2014 with rockchip and trench sampling to confirm the oxide gold potential and conducted a self-potential (SP) geophysical survey for deeper VMS copper-gold-zinc sulphide mineralisation. Following a hiatus whilst several licence issues were resolved fieldwork resumed in 2019 with an IP/RHO geophysical survey to help define targets for the scout drilling program.

The IP/RHO and SP surveys indicated a large, continuous anomaly consistent with a massive sulphide body, extending to +300m depth enabling a scout drilling program to be designed.

KEFI Exploration History			
Geophysics			
Program	**Lines**	**Length (km)**	Year
SP (100m spacing)	38	67	2015
IP/RHO (200m spacing)	24	36.6	2019
Trenching			
Program	Trenches	Total Meters	Year
	53	1,662	2015
Diamond Drilling			
Program	Holes	Total Meters	Year
Scout Drilling	25	3,038	2019
Phase 2	45	8,989	2020
Phase 3	27	13,385	2020/21
Phase 4	Ongoing	Est 13,500	2021 (Ongoing)

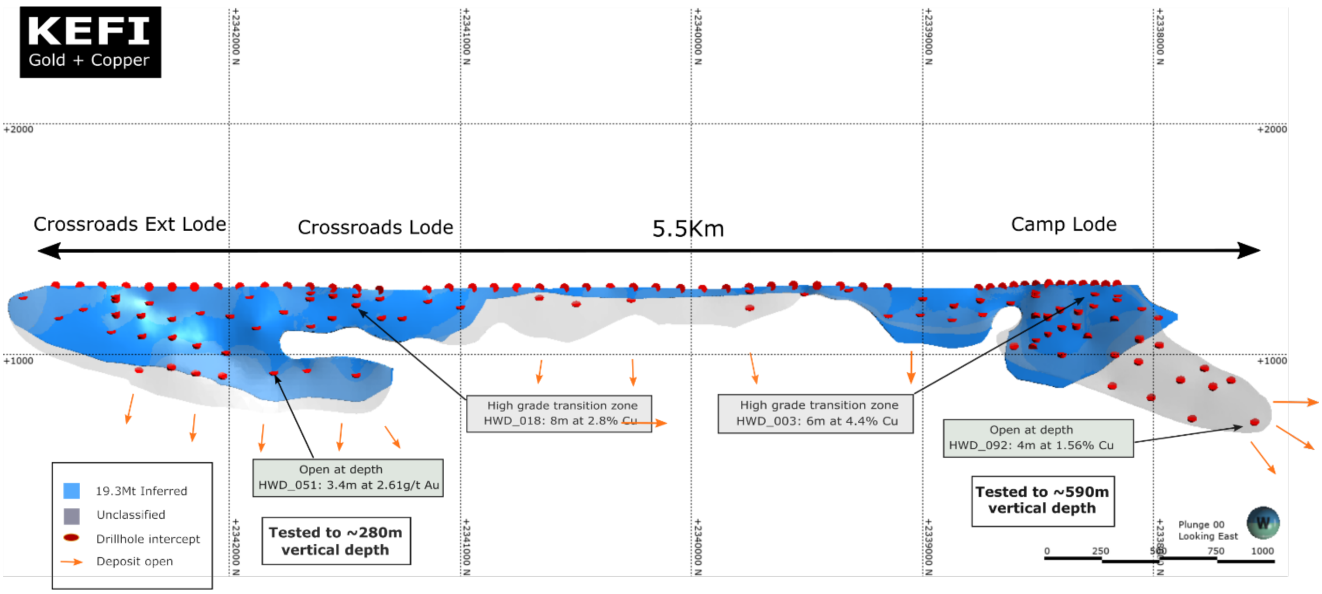
Successful Hawiah Drilling Programmes

Three phases of diamond drilling have been completed on the deposit since September 2019 to April 2021. A total of 96 diamond drill holes for 25,412m over 4.5km of strike length have been drilled at 100m to 200m spaced sections. Whilst mineralisation is continuous across the strike length, three “lode” structures have been defined:

- The ‘Camp Lode’: 1.7km long, with an average width of 7m with the widest intersection of 20m found at a depth of 90m. The lode has been drilled to a vertical depth of 580m where 4m true width of massive sulphide was intersected.

- The ‘Crossroads Lode’: 800m long, with an average width of 4m with the widest intersection being 8m true width.

- The ‘Crossroads Extension Lode’: 1,000m long, with an average width of 5m with the widest intersection being 13m true width. This lode has been explored to a maximum vertical depth of 380m where 5.4m of massive sulphide was intersected.



Long section showing extent of VMS mineralisation at Hawiah as currently identified and defined.

Drill highlights include:

Hole ID	From (m)	To (m)	Downhole Interval (m)	Estimated true width (m)	Cu %	Zn %	Au g/t	Ag g/t
HWD_003	38.65	47	8.79	6.0	4.40	1.50	0.65	15.60
HWD_005	358.58	371	12.42	9.0	1.27	1.12	0.66	14.13
HWD_018	73.0	85.65	12.65	8.0	2.77	0.14	0.83	13.62
HWD_033	110.0	139.0	29	20	1.00	0.39	0.48	7.39
HWD_074	504.3	514.6	10.4	7.5	1.61	1.41	0.47	6.29
HWD_079	409.0	418.7	9.7	6.0	1.49	1.29	0.54	8.26
HWD_082	407.8	417.8	10.0	6.2	1.8	1.56	0.5	11.78
HWD_084	489.7	498.4	8.7	6.4	1.14	1.56	0.64	10.14
HWD_086	552.2	561.5	9.3	8.4	1.8	0.6	0.36	6.69
HWD_092	721.4	726.8	5.5	4.0	1.6	0.5	0.33	6.94

The 13,500m Phase 4 drilling campaign started in May 2021, which is aimed to further extend the strike and depth extensions and infill drilling to upgrade selected areas of the MRE to Indicated Resource classification to allow for mine planning as part of the planned PFS.

Hawiah Project- Maiden Mineral Resource Estimate ("MRE")

The maiden MRE was announced on the 19 August 2020. This estimate is based on diamond drilling completed from September 2019 to May 2020 and is reported in accordance with the Australasian Code for the Reporting of Exploration Targets, Mineral Resources and Ore Reserves, The JORC Code (2012). A total of 70 Diamond drillholes (12,027m) and 53 trenches (1,622m) were used for this MRE. Drillhole spacing is typically 100 – 140m.

G&M appointed SRK Consulting (UK) Ltd ("SRK") as the independent Consultants and Competent Person for the preparation of the MRE and to provide input for the internal PEA study for Hawiah. These studies facilitated the planning of ongoing drilling and development studies at Hawiah.

The maiden MRE for Hawiah totals 19.3Mt at 0.9% copper, 0.8% zinc, 0.6g/t gold and 10.3g/t silver as summarised in the table below, all reported in the Inferred category.

Mineral Resource Classification	Mining Type	Material Type	Tonnes (Mt)	Grade				Metal Content			
				Cu (%)	Zn (%)	Au (g/t)	Ag (g/t)	Cu (kt)	Zn (kt)	Au (koz)	Ag (koz)
Inferred	Open-Pit	Oxide	0.1	0.1	0.03	1.7	3.9	0.1	0.04	7	16
	Underground	Transition	2.0	1.1	0.8	0.7	12.0	21	16	45	763
	Underground	Fresh	17.2	0.9	0.8	0.5	10.1	147	141	297	5595
Sub-Total Inferred	***Open-Pit***	**All**	***0.1***	***0.1***	***0.03***	***1.7***	***3.9***	***0.1***	***0.04***	***7***	***16***
	Underground	**ALL**	***19.2***	***0.9***	***0.8***	***0.6***	***10.3***	***168***	***157***	***343***	***6358***
	ALL	**All**	**19.3**	**0.9**	**0.8**	**0.6**	**10.3**	**168**	**157**	**349**	**6373**

Hawiah- Mineral Resource Statement Parameters and Cut-off Grade

SRK applied basic technical and economic considerations based on similar deposit types located within Saudi Arabia and SRK's experience to determine which portion of the block model has reasonable prospects for eventual economic extraction (as required by JORC) by both underground and open-pit mining methods.

To achieve this, the Mineral Resource has been subject to an underground stope optimisation and open-pit optimisation study, based on metal price forecasts (with ~30% uplift for assessing Mineral Resources) for Zn, Cu, Au and Ag, to assist with determining the material with potential for underground and open pit mining and reporting above a suitable Resource NSR USD/t cut-off value.

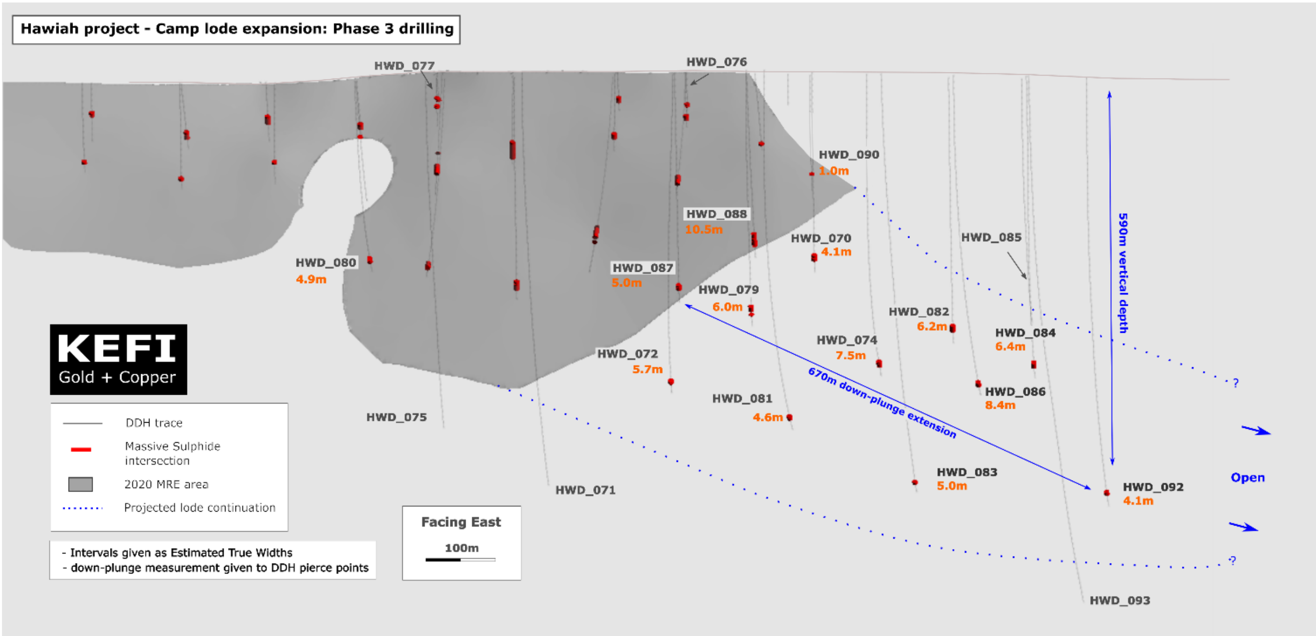
Phase 3 Drilling completion

The Phase 3 drilling program was completed in mid-March 2021, totaling 27 holes for 13,385m.

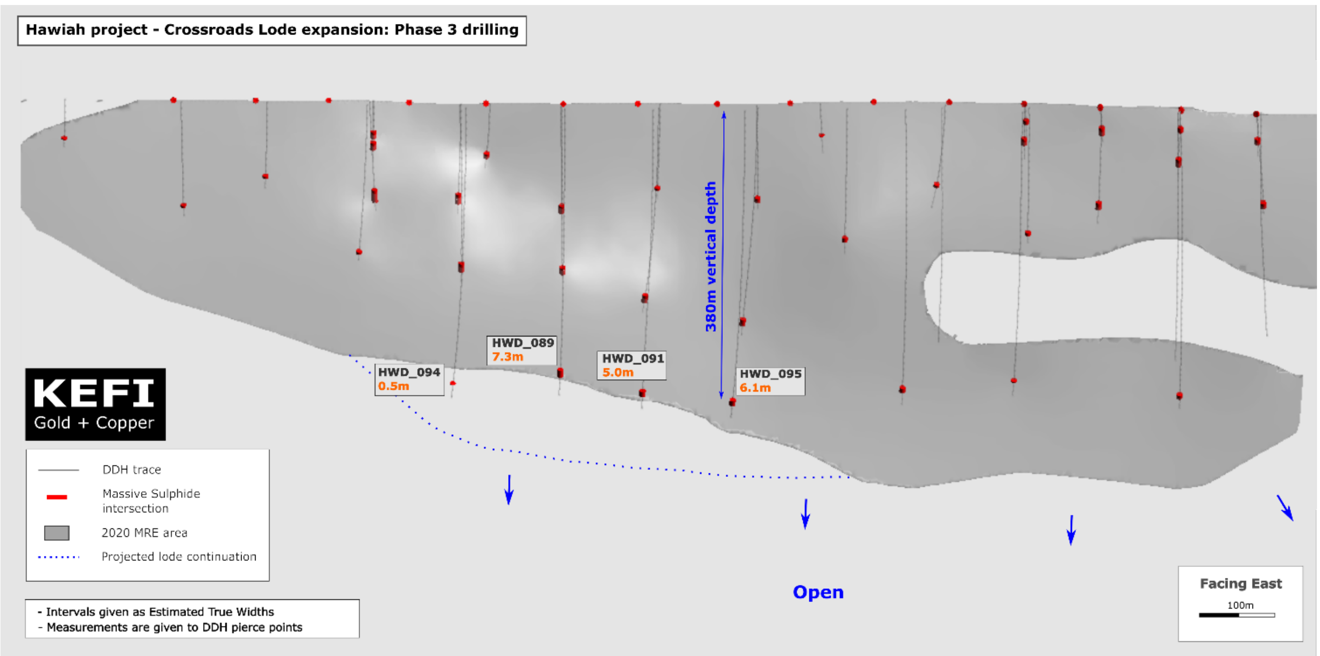
This drilling has doubled the strike and down-plunge extension of the Camp Lode from the 2020 MRE area, with copper grades generally increasing down plunge and with depth as anticipated by the geological model.

The deepest massive sulphide intersection at the Camp Lode is at a vertical depth of 590m and extends the total plunging-strike length of mineralisation to 1.2km from surface, with mineralisation remaining open.

Drilling at the Crossroads Extension Lode at Hawiah also confirms mineralisation remains open downdip and down plunge with the current known limits of mineralisation at a vertical depth of only 380m. This is within the thickest part of the lode which is now defined to a vertical depth of 380m and remains open at depth.



Long section of Camp lode showing the Phase 3 drilling. The intersections shown are estimated true widths.



Long section of Crossroads extension lode showing the Phase 3 drilling. The intersections shown are estimated true widths

Phase 4 Drilling and PFS development

Baseline programs for the Preliminary Feasibility Study ("PFS") have commenced with a targeted lodgment of a Mining Licence application in mid-2022 which would allow for the start of mine development in 2023. These studies include Environmental, Hydrological and metallurgical test-works all of which are progressing in-line with expectations.

To facilitate the PFS an additional 13,500m of diamond drilling (Phase 4) has commenced with an aim of upgrading key areas of the resource to Indicated classifications to allow for initial mine planning and design.

Drilling will also close the distance on the wide spaced Phase 3 drilling in the deeper parts of Camp Lode to allow for an Inferred classification to be established within these zones, as well as targeting the 'Transition zone' to improve understanding of grade-variations within this copper enriched area.

An updated MRE is planned to commence with the completion of the Phase 4 drilling in late Q3/Q4.

Hawiah Project- Preliminary Economic Assessment ("PEA")

The initial Preliminary Economic Assessment ("PEA") for the Hawiah Project was announced in September 2020. This Internal PEA is likely to be the first of several studies as we expand the resource and, in collaboration with our independent consultants complete the work required for an Independent Preliminary Feasibility Study ("PFS") to support the initial mine development in 2023.

Highlights of the Initial PEA

The positive Internal Preliminary Economic Assessment ("PEA") included the following outcomes:

- Confirms that Hawiah is a high priority project, with a significant maiden MRE of 19.3Mt at 1.9% copper equivalent in-situ (0.9% copper, 0.8% zinc, 0.6g/t gold, 10.3g/t silver), after only seven months of initial drilling.
- The maiden MRE alone potentially supports a production rate of 2 million tonnes per annum for seven years for net operating cash flow of c.$70 million p.a. at current metal prices. After initial and sustaining capital expenditure of c.$222 million and c.$46 million respectively, this would indicate an estimated net cash surplus of over $200 million before financing costs and tax.
- Clear potential for expansion of resources with further drilling below the currently drilled depth of this structurally consistent tabular structure. An illustrative doubling of the resource with material of similar characteristics as the maiden resource would indicate an estimated net cash surplus of over $500 million before financing costs and tax.
- Deeper drilling targeting with the goal of seeking of significantly expanding the maiden resource during next drilling phases.
- Infill drilling to upgrade the MRE to the Indicated Resource category so as to warrant mine planning and estimation of an Ore Reserve;
- Staged studies and surveys required for completion of a PFS during 2021; and

(Refer to KEFI Press Release dated 22 September 2020, "Preliminary Economic Assessment Confirms Hawiah as a High Priority Project").

Hawiah's Exploration Potential

The maiden MRE at Hawiah has been based on the first 7 months of drilling into this tabular massive sulphide deposit which remains open along strike and down-plunge, with a deepest mineralised intersect of 590 meters below surface. Exploration potential remains significant along strike in all areas.

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 by KEFI geologists in the areas immediately surrounding the Hawiah deposit. These areas have been covered with Exploration licence applications with encouraging communications from the Saudi Arabian authorities indicating that they should be granted in the near future. Allowing for the completion and success of initial testworks any resources delineated in these areas would be added directly to the Hawiah Global inventory.

Saudi Arabia - Jibal Qutman Project

The Jibal Qutman EL was granted in July 2012. KEFI advanced this project from grassroots exploration to assessing the best way to bring to account the gold mineralisation discovered to date.

The Jibal Qutman EL is located in the central southern region of the Arabian Shield and covers an area of 99km^2. The EL covers 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 G&M identified gold resources in six areas - Main Zone, West Zone, South Zone, 3K Hill, 4K Hill and Red Hill. Given the established regional prospectivity for shallow oxide gold deposits, ELAs have been prepared for four additional areas near Jibal Qutman.

These applications are pending the overhaul of mining and exploration regulations in early 2021, and also the review by the Defence Ministry of activities in that area.

Upon proceeding at Jibal Qutman, G&M will initially focus on testing the feasibility of developing a small heap-leach operation to self-fund G&M's exploration activities in Saudi Arabia.

Mineral Resource Estimates for Jibal Qutman

The current Mineral Resource estimate 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.

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.

	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**

Internal Preliminary Economic Assessment for Jibal Qutman

Metallurgical test work has confirmed that Jibal Qutman oxide mineralisation is amenable to heap leach ("HL") processing. Accordingly, the Company is focusing on initially producing gold via an open cut, HL operation. The HL approach has the advantages of speeding up the potential development timetable and lowering capital requirements.

Key outcomes from an internal Preliminary Economic Assessment for Jibal Qutman in May 2015 were:

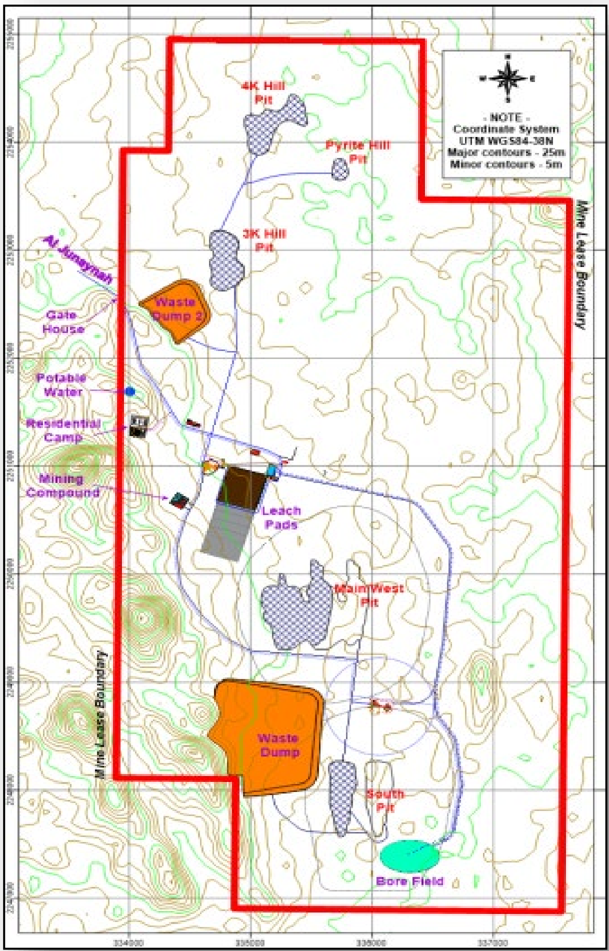
- 1.5Mtpa HL operation;
- Gold production c. 140,000 ounces over an initial mine life of 4-5 years;
- Oxide open-pit optimisation studies show a potential mineable resource of 6.6 million tonnes at 0.95g/t gold, for c. 200,000 contained ounces;
- Waste:ore ratio of c. 2:1;
- Average gold recovery of c. 70%;
- Cash operating cost of c. US$600/ounce; and
- Capital expenditure of c. US$30 million.

Combined with the potential for development loans for up to 75% of capex requirements, it may be possible for KEFI to fund its share of the equity portion for less than US$5 million in equity.

Following on-site meetings with regulators, the Mining Licence Application for the Jibal Qutman HL gold development was lodged with the Saudi Government in March 2017.

Jibal Qutman Outlook

The priorities of further work at JQ will be determined once the regulatory situation is clarified.



Glossary and Abbreviations

AIC	All-in Costs
AISC	All-in Sustaining Costs
ANS Mining	ANS Mining Share Company S.C
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
DMMR	Deputy Ministry for Mineral Resources – Kingdom of Saudi Arabia
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
G&M	Gold and Minerals Co. Limited
g/t	Grams per tonne
Gossan	An iron-bearing weathered product overlying a sulphide deposit
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
JORC	Joint Ore Reserves Committee
JORC Code 2012	Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves
KME	KEFI Minerals (Ethiopia) Limited
LOM	Life of mine
Massive sulphide	Rock comprised of more than 40% sulphide minerals
MA	Mining Agreement
ML	Mining Licence
Mt	Million tonnes

Mtpa	Million tonnes per annum
oz	Troy ounce of gold
PEA	Preliminary Economic Assessment
PFS	Pre-Feasibility Study
Project	Tulu Kapi Gold Project
Precambrian	Era of geological time before the Cambrian, from approximately 4,600 to 542 million years ago
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.
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.
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 2012").

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 2012. 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

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

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John Leach, Finance Director

Norman Ling, Non-Executive

Adam Taylor, Non-Executive

Mark Tyler, Non-Executive

Richard Robinson, Non-Executive

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Consolidated Financial Statements

Year ended 31 December 2020

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Group Strategic Report

For the year ended 31 December 2020

KEFI Gold and Copper PLC Company number: 05976748

The directors present their Group Strategic Report for the year ended 31 December 2020.

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.
- To evaluate mineral deposits and determine their viability for commercial development.
- To 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 development, 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 located 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 exploration is managed out of Riyadh. Field facilities are also maintained 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.
- Maintain strong Environmental, Social and Governance standards and practices.

Review of Operations

KEFI is focused primarily on the advanced Tulu Kapi Gold Project development project in Ethiopia, along with its pipeline of other projects within the highly prospective Arabian Nubian Shield. Once funding is secured it is expected that production at Tulu Kapi Gold Project 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. Tulu Kapi will 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 the country's major hydro power-generation source.

The proposed project finance structure now comprises KEFI's Government Partners (both the Federal Government of Ethiopia and the Regional Government of Oromia), leading African banks as Mandated Senior Project Lenders (Eastern and Southern African Trade and Development Bank and Africa Finance Corporation), strong African specialist investors into KEFI Group companies (the Local Investor and Mining Financier) and African-experienced principal contractors. The final shareholding will depend on the requirements of senior lenders and syndicate allocations as the company moves towards finalising proposed funding arrangements.

Currently the finance plan is estimated capital costs of the Project at c.US$320million in total, comprising a mix of senior project debt, subordinated debt and project equity. Further details on the TKGM project financing are available in the Finance Directors Report.

Ethiopia's sixth federal election is occurring against the backdrop of heightened ethnic tensions and internal conflict. The company monitors the situation on a continuing basis and takes appropriate security measures to protect staff and operations. The conflict in Ethiopia has had no direct impact on TKGM although the political and social climate generally has resulted in a slow-down of our original timetable. The Government of Ethiopia has re-affirmed its commitment to make the upcoming elections free, fair, and democratic and KEFI/TKGM continues to enjoy strong government, business and community support, having earned and maintained a strong social licence at Tulu Kapi. From a social-licence viewpoint, it is notable that TKGM is a joint Ethiopian-KEFI company with long-standing community support and a strong commitment to maximising local participation in the workforce and supply chain.

Saudi Arabia

In the Kingdom of Saudi Arabia, KEFI conducts all its activities through Gold and Minerals Co. Limited ("G&M"), our joint venture company with Abdul Rahman Saad Al Rashid and Sons Limited ("Artar"). KEFI is the operator of the joint venture and Artar, itself a large and strong Saudi company, provides very effective in-country knowledge and government liaison. . During the year the Company reduced its holding in G&M from 40% to 34%.

G&M has assembled a large and prospective portfolio of exploration licences and applications. G&M made a gold discovery at Jibal Qutman and in late 2019 discovered copper-gold-zinc-silver massive sulphide mineralisation at Hawiah. At Hawiah, the first 45 drill holes identified three distinct massive sulphide lodes which vary in thickness from 3m up to a maximum of 19m. All of the massive sulphide assays received to date had encouraging grades of copper, gold, zinc and silver. The next step will be to complete the current Phase 4 diamond drilling program which is intended to upgrade strategic portions of the Hawiah deposit to allow for preliminary mine planning and design as required during a Preliminary Feasibility Study ("PFS").

The Kingdom of Saudi Arabia had previously announced policies to encourage minerals exploration and development and these came into effect from 1 January 2021. This is a very positive development although there were some delays experienced by the Company during the year as we awaited the introduction of the new mining regulations.

BREXIT

The Group has no operations or material exposure to the UK. Brexit has not had any appreciable impact on the Group.

COVID 19

On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any health-related developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. The outbreak of the virus impacted the company both operationally and financially and the Company issued COVID-19 updates throughout the year. It is the Company's priority to protect its workforce and the local communities surrounding its Ethiopian and Saudi Projects. The Company has followed, and continues to follow, the requirements and recommendations issued by the respective governments and regional and local health authorities at all times to reduce the risk of COVID-19 exposure and avoid the spread of the virus.

Exploration and development programs re-commenced as government-imposed travel restrictions eased and conditions deemed safe to deploy equipment and personnel into the field. To date, it is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effect on the Company's business or ability to raise funds. In the preparation of these financial statements, the Company has incorporated the potential impact of COVID-19 into its estimates and assumptions that affect the carrying amounts of its assets and liabilities and the reported amount of its results using the best available information as of December 31, 2020.

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 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 8 to 11).

Progress Report

The Group considers that despite the effect of the covid-19 pandemic, which is being monitored closely, its primary projects in Ethiopia and Saudi Arabia continue to move forward although the pace has been somewhat less than the Company planned due to awaiting the implementation of the legislative changes in Saudi and the current political and social state of affairs in Ethiopia. Control over cash management is continuous and this includes the periodic review of the Group's cash flow needs through cash flow projection, 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).

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

Group Strategic Report (continued)

For the year ended 31 December 2020

Strategy Objective	Progress in 2020	Focus in 2021
Define additional reserves and resources in Saudi Arabia and Ethiopia	Brought forward the planning for underground mining at TKGM given sustained increase in gold prices. The maiden Mineral Resource and Preliminary Economic Assessment ("PEA") for our Hawiah Project in Saudi Arabia was delivered.	Regional Exploration Projects: In both Saudi Arabia and in Ethiopia obtain additional exploration licenses and start field programs.
Secure funding for each suitable project	Ethiopia: Established potential sources of development capital at the subsidiary level thus providing an opportunity to increase the beneficial ownership in the Project for KEFI. Senior project finance lenders for Tulu Kapi - East African Trade and Development Bank Ltd and African Finance Corporation Limited are completing their due diligence work in the run up to providing a potential $140 million in project financing to the Tulu Kapi project. RAB Capital, became KEFI's largest single shareholder holding approximately 12%.	Finance: approval and execution of detailed finance documentation; receipt of Project equity/subordinated debt subscriptions (senior debt drawdown is anticipated to follow in second half of 2021).
Develop profitable metals production	Process plant Front-End-Engineering-and-Design was completed by principal contractors Lycopodium Limited.	Ethiopia: Continue access road construction and electricity connection from main grid to site; begin bulk earthworks for on-site infrastructure and start fabrication of plant components in various factories internationally. Once all funding is in place commence the full construction and development of the project. Saudi: Hawiah Copper-Gold-Zinc-Silver Project: Company has budgeted in 2021 to fund its share of the following activities. Commence 13,500m 'Phase 4' diamond-drilling program, coupled with a post-drilling MRE, which is intended to upgrade strategic portions of the Hawiah deposit to allow for preliminary mine planning and design as required during a PFS. Report expanded mineral resource and Update Preliminary Economic Assessment.
Maintain strong Environmental, Social and Governance standards and practices	Board and Management strengthened in readiness for project implementation. During 2020 Mr. Adam Taylor was appointed as a Non-Executive Director of the Company.	On-going compliance with relevant social, environmental, employment and other legislation along with relevant international standards.

Results

As at 31 December 2020, the Group's market capitalisation was £49.2 million (2019: £13.8 million). At the year end the Group had equity of £23.2 million (2019: £17.5 million).

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 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,

Cash Flow

Net cash in the 12 months to 31 December 2020 increased by £1.1 million. During the year the company made net cash placements of £7 million and a bridging loan of £0.8 million. The net cash from financing was £7.8 million. The cash outflow during the period was £6.7 million of which £2.2 million was used in operating activities and a further £4.7 million used on exploration and evaluation capital.

Balance sheet

The Company's Non-current assets of £25 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 £3.2 million, essentially as a result of capital expenditure during the year. The Company had total liabilities of £3 million (2019: £5.2 million), of which £1.5 million related to amounts owed to staff and shareholders. During the year, the Company repaid bridging financing. by issuing shares to the value of £1.8 million.

Operating Expenses

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
Exploration expenditure	**(25)**	(29)
Administrative expenses, mainly on project development preparations	**(2,365)**	(2,133)
Investigatory, pre-decisional project finance transaction costs	**(316)**	(205)
Share based payments	**(51)**	(250)
Share of loss from jointly controlled entity	**(1,673)**	(591)
Other	**124**	15
Gain from dilution of equity interest in joint venture	**1,033**	-
Loss on convertible note: Difference between the issue price and date of conversion price	**-**	(1,045)
Foreign exchange loss	**(347)**	(185)
Interest cost	**(100)**	(1,150)
Loss for the year	**(3,720)**	(5,573)

The results for the year are set out in the consolidated statement of comprehensive income on page 62.

The activities for the year have resulted in the Group's loss before tax of £3.7 million (2019 £5.6 million). No dividends were declared or paid during the year by the Board of Directors. (2019: nil). The loss for the year decreased primarily due to a gain of £1 million on the dilution of the equity interest in the Saudi Arabia joint venture and because the company did not have any convertible note costs. (2019 £1.1 million). The Group has continued to keep a tight control on its administrative costs. During the year the company had a loss on foreign exchange during the year due to depreciation of the Ethiopian Birr and the strengthening of the USD.

The value of the share of the loss of operations in the joint venture in Saud Arabia increased 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.

Results (continued)

Funding

The Company made placements during the year of £9.8 million for working capital, goods and services, and debt repayments through the issue of 989,052,146 new ordinary shares at average price of 1.00 pence as follows:

- 149,000,000 new Shares to certain project contractors, repay advances and other third parties in settlement of outstanding invoices of approximate raise £1.9 million (before expenses).
- 569,230,761 new Shares to raise cash of approximate £3.7 million.
- 8,461,538 new Shares exercising warrants.
- 186,000,000 new Shares to raise cash of approximate £3.0 million.
- 76,359,847 new Shares to certain project contractors, repay advances and other third parties in settlement of outstanding invoices of approximate raise £1.2 million (before expenses).

The details of each placing are as follows:

Issued	Placement price (pence)	£'000
10 Jan 2020 (2)	1.25	1,863
14 May 2020 (1)	0.65	740
28 May 2020 (1)	0.65	2,959
16 Oct 2020 (1)	0.65	55
20 Nov 2020 (1)	1.60	2,976
14 Dec 2020 (1&2)	1.60	1,221
Gross placement raised before expenses		9,814
Less Share Issue Costs		(390)
Less Warrant Valuation		(769)
		8,655

(1) In cash
(2) Settlement of liabilities

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, illustrated by our inclusion of Ethiopian private sector investors in our long planned Ethiopian Public Private Partnership.

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, and may result in any income receivable by the Group being adversely affected. In particular, 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 6) that highlights this particular risk). In Ethiopia regional exploration is at an early stage but significant potential has already been identified for further gold orebodies to be discovered near Tulu Kapi. In Saudi Arabia, G&M commenced drilling at Hawiah in September 2019 and quickly confirmed a large-scale VMS style of mineralisation underlying the outcropping 4.5km long gossanous ridge.	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 technical 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	All of the Group's operations are located in foreign jurisdictions. As a result, 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 risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.	The daily interface with the various government agencies and with the community at Tulu Kapi have not adversely affected the activities of the Group and KEFI enjoys a good working relationship with the relevant authorities in both Ethiopia and the Kingdom of Saudi Arabia. Permanent management teams in which local staff play significant senior roles are maintained in each of these countries to continuously monitor developments and quickly and efficiently resolve matters as they arise.

Principal risks and uncertainties (continued)

Risk	Description	Mitigation
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 permit, increase costs and longer project lead time.	KEFI regards its host communities as one of the most important of its primary stakeholders and contributing to these groups in a meaningful, sustainable and long-term manner is therefore central to its strategy. We employ staff locally who are aware of community sensitivities and ensure that consultation is frequent and on-going. Our community development will be focused on: sustainable job creation; skills transfer (education and training); and infrastructure development.
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 certain 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 Joint Venture partners who were selected by KEFI as partners for their knowledge and capability in their home country, with frequent meetings and continuous monitoring of performance. KEFI has established a company in Ethiopia – TKGM - for its Tulu Kapi gold mining project, with one of the main shareholders the Government of Ethiopia. Reached agreement, that when the agreed infrastructure elements are completed, the Government will receive more shares in TKGM.
Tulu Kapi gold project	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.	In 2018, the Group carried out an independent technical due diligence risk review of Tulu Kapi gold project in Ethiopia. The purpose of the review was to identify any fatal flaws or critical technical issues that would result in a significant negative effect on the Project economics, significant environmental damage, or serious danger to health and safety. Since that time, periodic reviews have been conducted to provide up to date status assessments. Overall, the identified risks are manageable and capable of mitigation and this remains unchanged.
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.

Principal risks and uncertainties (continued)

Risk	Description	Mitigation
Financial risks	Foreign currency risk: The Group's results are sensitive to foreign currency movements and in particular with its exposure to the Ethiopian Birr, arising from the Group's primary operations being in Ethiopia. The Group finances its overseas operations by transferring Pounds Sterling from the UK to meet local operating costs which are generally either denominated in Ethiopian Birr or US Dollars.	The Group maintains the majority of its cash in Pounds Sterling and monitors relevant currency movements and takes action where needed. The Group monitors its exposure to foreign exchange rate fluctuations as part of its overall financial planning and the Board reviews these risks regularly and considers whether any additional actions are appropriate.
	Funding risk: The Group relies primarily upon existing shareholders to meet its funding requirements for on-going exploration and pre-development activities which are therefore dependent upon 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 continues to consider a range of financing options to provide and maintain appropriate levels of working capital and funding for the long-term development of the Tulu Kapi Gold project and the advancement of the Saudi initiatives. Maintenance of discussions with existing lenders and potential finance providers. Address potential gating items to securing project finance. Looking for new funding options.
	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.	
COVID-19 risk	COVID-19 was characterized as a global pandemic by the World Health Organization on March 11, 2020, and has resulted in travel restrictions and business slowdowns or shutdowns in affected areas COVID-19 has had a significant negative impact on the global economy and to a lesser extent the mining industry generally which may mean it is harder to secure additional funding than has historically been the case.	We are following World Health Organization protocols and local government rules and recommendations at all of our projects and corporate offices. Implemented mitigation measures during the 2020 COVID-19 pandemic to ensure that our operations could continue whilst at the same time ensuring the safety of our employees and contractors. As a result of historical and ongoing proactive discussions with stakeholders, the Board has a reasonable expectation that the Group will be able to raise further funds in order to meet its obligations

Principal risks and uncertainties (continued)

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 as a whole, and in doing so have regard (amongst other matters) 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 maintaining 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 staff, suppliers, customers, partners, local government and the wider community.

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

Stakeholder Group	Importance of Engagement	How did Board and/or Management Engage
Shareholders/Investors/Joint Venture Partners All substantial shareholders that own more than 3% of the Company's shares are listed on page 54 within the Report of Directors. 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 of its activities through a joint venture with a large local partner where KEFI is operator with a 34% interest.	The Company requires further funding to develop both of these projects. Access to capital is important to the long-term successful development of the KEFI businesses in both Ethiopia and Saudi Arabia. The aim of engagement activities is to get investor involvement in our strategic objectives (refer page 53 of the Report of the Board of Directors) and the accomplishment of those objectives. Our aim is to establish an investor base that prefers to invest on a long term basis and seeks to help the Company to achieve its long term objectives. Over the course of 2020, the RAB Capital became a 12% shareholder in the Company	The key mechanisms of engagement included: Regular meetings by the executive Chairman and Finance Director with substantial shareholders. Regular meetings with joint venture partners. In the case of the Tulu Kapi project and the Saudi activities, our partners have directors alongside KEFI on local operating company Boards. Annual general meeting, annual report, quarterly operational updates and Investor presentations. One-on-one investor meetings. Quarterly webinars, other regular news and project updates. KEFI Gold and Copper is committed to providing full and transparent disclosure of its activities, via the RNS system of the London Stock Exchange. See also the "Relations with Shareholders" section of the Report of the Board of Directors on page 53.
Workforce The Company workforce comprises Senior Management Contractors 7 Addis Ababa 18 Tulu Kapi Field Operations 24 Other 2 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.	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 includes regular internal calls, meetings and visits to project sites by members of the Board and executive team and a regularly reviewed remuneration framework including short term and long-term incentives.
Community KEFI works alongside communities at its Ethiopian project site and has active community programs underway. KEFI regards its host communities as some of the most important of its primary stakeholders and contributing to these groups in a meaningful, sustainable and long-term manner is therefore central to its strategy. The company has a strong commitment to maximising local participation in the workforce and supply chain and	Mutual support between KEFI and TKGM's operations and the communities around them is vital to the success of our activities and for maintaining our social license to operate. Our community development is focused on sustainable job creation, skills transfer (education and training), and infrastructure development.	KEFI has an open dialogue with respective local government bodies and with community leaders regarding the development of each of our projects. TKGM has launched an education and training program with the Ethiopian Ministry of Mines and Petroleum. As an example of KEFI's engagement with the wider community in which it operates KEFI has taken the following initiatives in and commitments in Ethiopia:

Stakeholder Group	Importance of Engagement	How did Board and/or Management Engage
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.		Already provided a local school and water wells. Extensive consultation for resettlement compensation and will apply International Standards to the compensation and re-settlement community process. Facilitated selection of new host lands from 17 alternative sites offered by the authorities. Committed to supporting development of new host land, community development programs and maximization of local procurement and employment, with support for training. Please also see the Social License section on page 8.
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 concerned. 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 smaller companies as development progresses.	Our suppliers are fundamental to ensuring that the Company can construct the project on time and budget. Using quality suppliers ensures that as a business we meet the high standards of performance that we expect of ourselves and 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 is 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.	It is important to identify and build relationships with lenders to ensure sufficient finance can be secured to support project development.	Management maintained continuous dialogue with potential lenders throughout the year, in particular in relation to the Tulu Kapi project and has now engaging with a consortium of African based banks to provide finance to the 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.	It is important for KEFI and its operating subsidiaries to build strong and supportive working relationships with all relevant government departments and ensure that it receives, and complies with, the required licenses and authorities to operate its projects. The governments, need to ensure that KEFI and the relevant operating subsidiaries are meeting their responsibilities as per their licenses and to understand the needs of KEFI as	Management have regular interaction with the relevant departments and personnel in the various levels of government. Periodically, meetings are 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. 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.

Stakeholder Group	Importance of Engagement	How did Board and/or Management Engage
	an operating entity with respect to relevant governmental requirements.	

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 the financing of the Tulu Kapi gold project which is financially more attractive and more straightforward to execute as the proposed bank lenders are actively working in Ethiopia, are familiar with the local market and many of our local stakeholders and considered more compatible with the Project consortium. Further details are available in the Finance Director's Review on page 5.

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, which have been 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.

In May 2020 and December 2020 the Board raised, in total, an additional £7.9 million equity to provide further working capital to allow continued progress at Tulu Kapi and in Saudi as well as settle outstanding debt. This was duly completed with investment from new and existing shareholders as well as management and certain suppliers.

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-erm 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 2020:

- Continuing evaluation of existing license areas and assessment of projects.
- Dilution of interest in the Saudi joint venture from 40% to 34%.
- Undertaking pre-feasibility studies in Saudi Arabia as part of the operating licence process.
- Completion of diamond and Reverse Circulation drill programs and commencement of resource estimation for the projects in accordance with JORC reporting standard in Saudi Arabia.
- Continued assessment of corporate overheads, expenditure levels and wider market conditions.

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

4 June 2021

Report of the Board of Directors
For the year ended 31 December 2020

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 2020.

Business Review:

A review of the business during the year is contained in the Executive Chairman's report on pages 3 to 4 and the finance directors report on the pages 5 to 6. 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 members of the Board of Directors of the Company as at 31 December 2020 and at the date of this report are shown on pages 12 to 13. 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.

The Board comprises six Directors and full details of Resumes of the KEFI Directors are available on pages 12 to 13.

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 2020 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 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 has 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 is 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 as a consequence 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.

In April 2021 the Company entered into arrangements with First Aqua DMCC ('First Aqua'), a company associated with Non-Executive Director Mr. Adam Taylor to assist the Company in its financing efforts whether in one or a series of transactions, in either public or private offerings of equity, convertible debt or equity, equity linked securities, straight debt, any other securities or similar capital raising efforts. Under these arrangements First Aqua will be entitled to receive a cash success fee equal to 6% of funds invested by any investor introduced by First Aqua.

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 so as 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 following cash payment bonus is payable provided they have delivered to the Company the following milestones:

Milestones for cash bonus	Harry Adams	John Leach
Tranche 1: Entering into a senior facility agreement for the TKGM Project and receipt by the Company of at least $20,000,000 of funding for the Project (Funding no later than 31st December 2021	$0.5Million	$0.5Million
Tranche 2: Completion of the Project within the Project budget approved by the senior lenders	$0.5Million	-
Tranche 3: Upon the sale and physical delivery of 35,000 ounces of gold equivalent	$0.5Million	-

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. Life insurance and accident insurance premiums paid.
General Manager Ethiopia	Consulting Services	Roll forward arrangement	12 Months	Medical/Air tickets home. In country accommodation; Share Options.
International Mining Performance: Head of Operations, Head of Systems, Head of Human Resources and Technical Planning	Consulting Services	Roll forward arrangement until 30 December 2020	6 Months	50% of fees paid in Shares and 50% in cash; 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 29 June 2021 are as follows:

Director	Shares	%
H Anagnostaras-Adams	32,231,312	1.5%
J Leach	18,525,743	0.9%
N Ling	2,295,486	0.10%
M. Tyler	2,000,000	0.10%
R Robinson	1,000,000	0.05%

Options

Grant Date	Expiration Date	Exercise Price Pence	H. Anagnostaras-Adams	J. Leach	M. Tyler	R. Robinson	A. Taylor	N. Ling
17-Mar-21	16-Mar-25	2.55	37,766,978	7,189,168	2,735,688	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	-	-	-	-
05-Aug-16	04-Aug-22	10.2	-	882,353	-	-	-	-
19-Jan-16	18-Jan-22	7.14	943,412	314,471	-	-	-	314,471
20-Mar-15	19-Mar-21	22.44	382,353	58,824	-	-	-	117,647
			43,734,927	10,318,899	2,735,688	2,735,688	2,735,688	1,632,118

Options (continued)

Options issues 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 2020 is set out below:

31 December 2020	Salary and fees	Other compensation[3]	Bonus Paid in Shares	Share based benefit incentive options[2]	2020 Total
Executive	£'000	£'000	£'000	£'000	£'000
H. Anagnostaras-Adams[1]	225	33	73	6	**337**
J. Leach	169	25	33	5	**232**
Non-Executive					
M Wellesley Wood[1]	-	-	-	-	**-**
N. Ling[4]	28	-	-	3	**31**
M Tyler[1]	28	-	-	-	**28**
R Robinson[1]	26	-	-	-	**26**
A Taylor	13	-	-	-	**13**
	489	**58**	**106**	**14**	**667**

31 December 2019	Salary and fees	Other compensation	Bonus Paid in In Shares	Share based benefit incentive options[2]	2019 Total
Executive	£'000	£'000	£'000	£'000	£'000
H. Anagnostaras-Adams	225	24	39	32	**320**
J. Leach	189	13	18	24	**244**
Non-Executive					
M Wellesley Wood[1]	18	-	-	12	**30**
N. Ling	36	-	42	7	**85**
M Tyler[1]	26	-	39	-	**65**
R Robinson[1]	13	-	21	-	**34**
	507	**37**	**159**	**75**	**778**

[1]Appointments and Retirement as Director: Mr. R Robinson appointed as Director in August 2019. In April 2019 the board roles were changed - Mr. Wellesley-Wood passed away and H. Anagnostaras-Adams was appointed as Executive Chairman. Mr. Adam Taylor was appointed in July 2020 as Non-Executive Director.
[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 life insurance and accident 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.
[5] During the 2020 year salary and fees paid to Mr. Adams £27K of and Mr Leach of £31K were paid in ordinary shares.

Report of the Board of Directors (continued)
For the year ended 31 December 2020

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 11 and the Company’s website: https://www.kefi-minerals.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 course of 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 four Non-Executive Directors. The Non-Executive Directors, Richard Robinson, Norman Ling, Mark Tyler and Adam Taylor bring a breadth of experience and knowledge to the Company. They are considered to be independent of management and any other business relationships do not interfere with the exercise of their independent judgment, except for Adam Taylor. 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.

Change of Company Name

On the 13 August 2020 the Company name changed from KEFI Minerals PLC to KEFI Gold and Copper PLC

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 Three Non-Executive Directors: Mark Tyler (Chairman), Norman Ling 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 four Non-Executive Directors: Mark Tyler (Chairman), Adam Taylor, Norman Ling 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	11	11
J. Leach	11	11
N. Ling	11	11
M. Tyler	11	11
R. Robinson	11	11
A. Taylor[1]	4	4

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

Remuneration Committee	Held	Attended
N. Ling	3	3
M. Tyler	3	3
R. Robinson	3	3
A. Taylor[1]	2	2

[1]Mr. Adam Taylor was appointed in July 2020 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 2020 the process was facilitated internally by the Board. In order to prepare for the mine build and operational phases of the Company's development, the Board has implemented a number of management and Board changes during the year including the appointment Mr. Adam Taylor as an additional Non-Executive Director. At the moment the company has three 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 74 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.

Report of the Board of Directors (continued)

For the year ended 31 December 2020

Shareholders holding more than 3% of share capital

The Shareholders holding more than 3% of the share capital of the Company as at 28 May 2021 and as far as the Directors' are aware:

Name	Percentage	Number
Hargreaves Lansdown (Nominees) Limited	21.02%	452,455,697
Interactive Investor Services Nominees Limited	14.02%	301,740,907
Pershing Nominees Limited	8.10%	174,298,275
Barclays Direct Investing Nominees Limited	7.00%	150,660,627
Vidacos Nominees Limited	6.52%	140,365,049
Hsdl Nominees Limited	6.37%	137,063,917
Lawshare Nominees Limited	4.35%	93,709,278
Jim Nominees Limited	4.32%	92,910,601
Hsbc Global Custody Nominee (Uk) Limited	4.00%	86,164,070
Interactive Brokers Llc	2.78%	59,937,983

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 68 for further information and disclosure of the uncertainty.

Events after the reporting date

On 12 April 2021, the Company received notice from Brandon Hill Capital Ltd a warrant holder to exercise warrants over a total of 15,000,000 new Ordinary Shares of 0.1p at a price of 0.65 pence per share.

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.
- 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

4 June 2021

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 financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. Under company law 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 and company for that period. The Directors are also required to prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading on AIM.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether the financial statements comply with international accounting standards in conformity with the requirements of the Companies Act 2006.
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with the above requirements in preparing the financial statements. So far as each of the Directors are aware, there is no relevant audit information of which the Group's auditor is unaware; having taken all the steps the Directors ought to have taken to make themselves aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

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 2020 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 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 2020 which comprise of the consolidated statement of comprehensive income, the consolidated and company statements of financial position, the consolidated and company statements of changes in equity and the consolidated and company statements 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 international accounting standards in conformity with the requirements of the Companies Act 2006 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 ability to continue as a going concern is dependent on the Company's ability to raise adequate financing from lenders, shareholders or other investors before the end of June 2021, in order to meet operational commitments and overheads. There are currently no unconditional or binding agreements in place and there is no guarantee that any course of funding will proceed. The Group also relies on the continued management of its payable balances through ongoing negotiation with management and suppliers. Their deferral is not guaranteed by any binding agreement. These conditions 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. We performed the following work in response to this key audit matter:

- We discussed the impact of Covid-19 with management and the Audit Committee including their assessment of risks and uncertainties associated with areas such as the Group's workforce, supply chain that are relevant to the Group's business model and operations. We compared this against our own assessment of risks and uncertainties based on our understanding of the business and sector information.
- We obtained management's 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 of historic actual monthly expenditure.
- We discussed with the Directors how they intend to raise the funds necessary for the Group to continue as a going concern in the required timeframe and considered their judgement in light of the Group's previous successful fundraisings and strategic financing. We reviewed correspondence and term sheets from potential investors in connection with the planned project financing, and documentation from the potential sources for short-term financing planned for June-July 2021.
- We reviewed the adequacy and completeness of disclosures in the financial statements in respect of going concern.

Overview

Coverage	*98% (2019: 99%) of Group loss before tax* *100% (2019: 100%) of Group total assets*		
Key audit matters		2020	2019
	Carrying value of exploration assets	✓	✓
	Going concern	✓	✓
Materiality	*Group financial statements as a whole* £400,000 (2019: £300, 000) based on 1.5% (2019: 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 provides funding to the subsidiaries in Ethiopia as well as one joint venture company in Saudi Arabia. The two Ethiopian subsidiaries are considered to be significant components, while the Saudi Arabian joint venture is not considered a significant component. The financial statements also include a number of non-trading subsidiary undertakings, as set out in note 13.1.

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. A full scope audit of the Ethiopian subsidiary was carried out by a locally based component auditor, which was a BDO network firm. All significant risks were audited by the BDO Group audit team.

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

Our involvement with component auditors

For the work performed by the component auditor, 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 the component auditor included the following:

- Detailed Group reporting instructions were sent to the component auditor, which included the principal areas to be covered by the audits, and set out the information to be reported to the Group audit team.
- 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 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. 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. In addition to the matter referred to in the Conclusions relating to going concern section we identified the following as key audit matter.

Key audit matter		**How the scope of our audit addressed the key audit matter**
Carrying Value of Exploration Assets (see note 12)	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'. 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 applicable accounting standards. 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: 'Exploration for and Evaluation of Mineral Resources' and reviewed management's 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 tested a sample of costs capitalised to check that these meet the capitalisation criteria of applicable accounting standards by agreeing the costs to supporting documentation. We made specific inquires of management 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. We considered whether the detailed feasibility study performed by Micon suggested any indicators of impairment for the project. Based on our knowledge of the Group, we considered whether there were any other indicators of impairment not identified by management. 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 management's assessment and the disclosures 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**	
	2020	2019	2020	2019
Materiality	£400,000	£300,000	£230,000	£180,000
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 Company's status as a mining exploration company and therefore consider this to be an appropriate basis for materiality.			
Performance materiality	£300,000	£220,000	£172,000	£135,000
Basis for determining performance materiality	75% of materiality for the financial statements as a whole. This is based on our overall assessment of the control environment and the low level of expected misstatements			

Component materiality

We set materiality for each component of the Group based on a percentage of 90% of Group materiality dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £230,000 to £360,000. In the audit of each component, we further applied performance materiality levels of 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 £20,000 (2019: £15,000). 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 and Accounts 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 the 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:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (IAS, 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.
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries to management, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other supporting documentation.
- Directing the component auditor to ensure an assessment is performed on the extent of the components' compliance with the relevant local and regulatory framework. Reviewing this work and holding meetings with relevant internal management to form our own opinion on the extent of Group wide compliance.
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- Testing the appropriateness of journal entries made through the year by applying specific criteria to detect possible irregularities and fraud;
- 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;
- Assessed whether the judgements made in accounting estimates were indicative of a potential bias (refer to key audit matters above);
- Reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations; and

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

4 June 2021

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 2020

	Notes	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
Revenue		**-**	-
Exploration costs		**(25)**	(29)
Administrative expenses	6	**(2,365)**	(2,133)
Finance transaction costs	8.2	**(316)**	(205)
Share-based payments and warrants-equity settled	18	**(51)**	(250)
Share of loss from jointly controlled entity	20	**(1,088)**	(591)
Impairment of jointly controlled entity	20	**(585)**	-
Operating loss	6	**(4,430)**	(3,208)
Change in value of financial assets at fair value through profit and loss	14	**(16)**	11
Other income		**140**	4
Gain on Dilution of Joint Venture	20	**1,033**	-
Loss on convertible note	23	**-**	(1,045)
Foreign exchange(loss)/gain		**(347)**	(185)
Finance costs	8.1	**(100)**	(1,150)
Loss before tax		**(3,720)**	(5, 573)
Tax	9	**-**	-
Loss for the year		**(3,720)**	(5,573)
Loss attributable to:			
-Owners of the parent		**(3,720)**	(5,573)
Loss for the period		**(3,720)**	(5,573)
Other comprehensive expense:			
Exchange differences on translating foreign operations		**-**	215
Total comprehensive expense for the year		**(3,720)**	(5,358)
Total Comprehensive Income to:			
-Owners of the parent		**(3,720)**	(5,358)
Basic diluted loss per share (pence)	10	**(0.224)**	(0.775)

The notes on pages 68 to 102 are an integral part of these consolidated financial statements.

Statements of financial position

Company Number: 05976748

31 December 2020

	Notes	The Group 2020	The Company 2020	The Group 2019	The Company 2019
		£'000	£'000	£'000	£'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	**35**	**3**	39	3
Intangible assets	12	**24,510**	**-**	21,200	-
Investment in subsidiaries	13.1	**-**	**13,680**	-	12,575
Investments in jointly controlled entities	13.2	**-**	**-**	-	-
		24,545	**13,683**	21,239	12,578
Current assets					
Financial assets at fair value through OCI	14	**54**	**-**	70	-
Trade and other receivables	15	**448**	**6,600**	1,234	6,967
Cash and cash equivalents	16	**1,315**	**1,192**	150	65
		1,817	**7,792**	1,454	7,032
Total assets		**26,362**	**21,475**	22,693	19,610
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Share capital	17	**2,138**	**2,138**	1,149	1,149
Deferred Shares	17	**23,328**	**23,328**	23,328	23,328
Share premium	17	**33,118**	**33,118**	25,452	25,452
Share options reserve	18	**1,273**	**1,273**	1,118	1,118
Accumulated losses		**(37,824)**	**(40,736)**	(34,640)	(36,265)
Attributable to Owners of parent		**22,033**	**19,121**	16,407	14,782
Non-Controlling Interest	19	**1,204**	-	1,075	-
Total equity		**23,237**	**19,121**	17,482	14,782
Current liabilities					
Trade and other payables	21	**3,125**	**2,354**	4,247	3,864
Loan and borrowings	23		**-**	964	964
Total liabilities		**3,125**	**2,354**	5,211	4,828
Total equity and liabilities		**26,362**	**21,475**	22,693	19,610

The notes on pages 68 to 102 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 £5.1 million (2019: £6.8 million) has been included in the financial statements of the parent company.

On the 4 June 2020, 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 2020

	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 2019	9,719	12,436	21,581	1,032	(215)	(30,276)	14,277	1,075	15,352
Loss for the year	-	-	-	-	-	(5,573)	(5,573)	-	(5,573)
Other comprehensive income	-	-	-	-	215	-	215	-	215
Total Comprehensive Income	-	-	-	-	-	(5,573)	(5,358)	-	(5,358)
Recognition of share-based payments	-	-	-	250	-	-	250	-	250
Forfeited options	-	-	-		-	-	-	-	-
Expired warrants	-	-	-	(164)	-	164	-	-	-
Issue of share capital	2,322	-	4,056	-	-	1,045	7,423	-	7,423
Share issue costs	-	-	(185)	-	-	-	(185)	-	(185)
Deferred Shares	(10,892)	10,892	-	-	-	-	-	-	-
Non-controlling interest	-	-	-	-	-	-	-	-	-
At 31 December 2019	**1,149**	**23,328**	**25,452**	**1,118**	**-**	**(34,640)**	**16,407**	**1,075**	**17,482**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(3,720)**	**(3,720)**	**-**	**(3,720)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(3,720)**	**(3,720)**	**-**	**(3,720)**
Recognition of share-based payments	**-**	**-**	**-**	**53**	**-**	**-**	**53**	**-**	**53**
Forfeited options	**-**	-	**-**		-	**-**	**-**	-	**-**
Expired warrants	**-**	-	**-**	**(665)**	-	**665**	**-**	-	**-**
Issue of share capital and warrants	**989**	-	**8,056**	**767**	-	**-**	**9,812**	**-**	**9,812**
Share issue costs	**-**	**-**	**(390)**	**-**	**-**	**-**	**(390)**	**-**	**(390)**
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(129)**	**(129)**	**129**	**-**
At 31 December 2020	**2,138**	**23,328**	**33,118**	**1,273**	**-**	**(37,824)**	**22,033**	**1,204**	**23,237**

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 68 to 102 are an integral part of these consolidated financial statements.

Company statement of changes in equity

Year ended 31 December 2020

	Share capital	Deferred shares	Share premium	Share options reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2019	9,719	12,436	21,581	1,032	(30,696)	14,072
Loss for the year	-	-	-	-	(6,778)	(6,778)
Deferred Shares	(10,892)	10,892	-	-	-	-
Recognition of share-based payments	-	-	-	250	-	250
Forfeited options	-	-	-	-	-	-
Expired warrants	-	-	-	(164)	164	-
Issue of share capital	2,322	-	4,056	-	1,045	7,423
Share issue costs	-	-	(185)	-	-	(185)
At 31 December 2019	**1,149**	**23,328**	**25,452**	**1,118**	**(36,265)**	**14,782**
Loss for the year	**-**	**-**	**-**	**-**	**(5,136)**	**(5,136)**
Deferred Shares	**-**	**-**	**-**	**-**	**-**	**-**
Recognition of share-based payments	**-**	**-**	**-**	**53**	**-**	**53**
Forfeited options	**-**	**-**	**-**	**-**	**-**	**-**
Expired warrants	**-**	**-**	**-**	**(665)**	**665**	**-**
Issue of share capital and warrants	**989**	**-**	**8,056**	**767**	**-**	**9,812**
Share issue costs	**-**	**-**	**(390)**	**-**	**-**	**(390)**
At 31 December 2020	**2,138**	**23,328**	**33,118**	**1,273**	**(40,736)**	**19,121**

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 68 to 102 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
Year ended 31 December 2020

	Notes	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(3,720)**	(5,573)
Adjustments for:			
Depreciation of property, plant and equipment	11	**43**	10
Share based payments	18	**624**	156
Issue of options	18	**51**	94
Fair value loss to derivative financial asset	14	**16**	11
Fair value loss on convertible note	23.3	**-**	1,045
Gain on Dilution of Joint Venture	20.1	**(1,033)**	-
Share of loss from jointly controlled entity	20	**1,088**	591
Impairment on jointly controlled entity	20	**585**	-
Exchange difference		**244**	215
Finance costs	8.1	**100**	1,150
		(2,002)	(2,301)
Changes in working capital:			
Trade and other receivables		**(123)**	35
Trade and other payables		**(67)**	780
Cash used in operations		**(2,192)**	(1,486)
Interest paid		**-**	(288)
Net cash used in operating activities		**(2,192)**	(1,774)
CASH FLOWS FROM INVESTING ACTIVITIES			
Project exploration and evaluation costs	12	**(3,029)**	(2,443)
Acquisition of property plant and equipment		**(40)**	(11)
Advances to jointly controlled entity	13.2	**(1,320)**	(236)
Net cash used in investing activities		**(4,389)**	(2,690)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**7,331**	1,825
Issue costs	17	**(335)**	(185)
Proceeds from convertible notes	23.1.2	**-**	2,775
Proceeds from bridge loans	23.1.2	**750**	617
Repayment of convertible notes and bridge loans	23.1.2	**-**	(506)
Net cash from financing activities		**7,746**	4,526
Net increase/(decrease) in cash and cash equivalents		**1,165**	62
Cash and cash equivalents:			
At beginning of the year	16	**150**	88
At end of the year	16	**1,315**	150

Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of £20,000 (2019: £20,000).

The notes on pages 68 to 102 are an integral part of these consolidated financial statements.

Company statement of cash flows

Year ended 31 December 2020

	Notes	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(5,136)**	(6,778)
Adjustments for:			
Depreciation of property plant equipment		**2**	5
Share based payments	18	**624**	156
Issue of options	18	**51**	94
Fair value loss to derivative financial asset	23.3	**-**	1,045
Gain on Dilution of Joint Venture	20.1	**(1,033)**	-
Impairment of jointly controlled entity cost	20	**1,088**	181
Impairment of amount receivable from jointly controlled entity	20	**585**	591
Exchange difference		**1,845**	1,035
Expected credit loss		**18**	242
Finance costs		**100**	1,150
		(1,856)	(2,279)
Changes in working capital:			
Trade and other receivables		**(91)**	22
Trade and other payables		**(174)**	775
Cash used in operations		**(2,121)**	(1,482)
Interest Paid		**-**	(288)
Net cash used in operating activities		**(2,121)**	(1,770)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		**(2)**	(1)
Investment in subsidiary	13.1	**(1,104)**	(1,251)
Advances to jointly controlled entity	13.2	**(1,320)**	(236)
Loan to subsidiary	15	**(2,069)**	(1,236)
Net cash used in investing activities		**(4,495)**	(2,724)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**7,331**	1,825
Issue costs	17	**(335)**	(185)
Proceeds from convertible notes	23.1.2	**-**	2,775
Proceeds from bridge loans	23.1.2	**750**	617
Repayment of convertible notes and bridge loans	23.1.2	**-**	(506)
Net cash from financing activities		**7,746**	4,526
Net increase/(decrease) in cash and cash equivalents		**1,130**	32
Cash and cash equivalents:			
At beginning of the year	16	**65**	33
At end of the year	16	**1,195**	65

Cash and cash equivalents in the Company Statement of Financial Position includes restricted cash of £20,000 (2019: £20,000).

The notes on pages 68 to 102 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
Year ended 31 December 2020

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 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 2020. 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.

Going concern

The assessment of the Group's ability to continue as a going concern involves judgment regarding future funding available for the development of the Tulu Kapi Gold project, exploration of the Saudi Arabia exploration properties and for working capital requirements. In considering the Group's ability to continue as a Going Concern, management have considered funds on hand at the date of approval of the financial statements, planned expenditures covering a period of at least 12 months from the date of approving these financial statements and the Group's strategic objectives as part of this assessment. The Group has also considered the potential impact of COVID 19 in respect of its forecasts.

2. Accounting policies (continued)

Going concern (continued)

As at the date of approval of the financial statements, the Group will require some further bridging short-term financing to fund activities until financial close. The Company has arranged funding facility options that it is able to drawdown and use when funding is considered necessary during this period. The Company has used this type of funding in the past successfully. The Company and Group are managing payables through continuing negotiation with its management and its suppliers, with the support of its Corporate Broker whilst it focuses on completing the project financing at Tulu Kapi. The forecasts show that the Group will require further funding before the end of June 2021 in order to fund working capital and other obligations. The ability of the Company and Group to continue as a going concern is dependent upon its ability to continue to raise adequate financing from lenders, shareholders and other investors to meet its funding requirements and to successfully continue to maintain informal extended settlement agreements with its management and suppliers until such funding is available. Financing will also be required to continue the development of the Tulu Kapi Gold Project through to production.

At the date of approval of these accounts, the Company KEFI has cash balances of £713,000 and its current liabilities exceed current assets. Management consider they have access to sources of short term funding which, while not fully completed, are sufficiently advanced that they can be drawn before the end of June 2021.

In addition to the short term funding requirements, the Group will require additional funding within the going concern consideration period in order to continue as a going concern, and to advance the development of the Tulu Kapi mine (Further details on project financing are available on page 5 of the Finance Director's Report).

As a result of historical and ongoing proactive discussions with stakeholders, the Board has a reasonable expectation that the Group will be able to raise further funds in order to meet its obligations. It should be noted that the impact of COVID-19 on the Company has been managed over the last twelve months, and the Company has successfully raised equity funding during this time.

Funding could be impacted by the Ethiopia's sixth federal election that are occurring against the backdrop of heightened ethnic tensions and internal conflict. The Government of Ethiopia remains committed to making the upcoming elections free fair, and democratic. At the date of signing this Annual Report, the results of the election, currently scheduled to be held on the 21 June 2021, are uncertain. Until the election results are known, there exists political uncertainty that could impact the company's ability to conclude binding funding agreements within currently planned timeframes.

Subject to the above, which the Board has a reasonable expectation can be achieved, the Directors have concluded that it is appropriate to prepare the financial statements on a going concern basis. However, there are currently no unconditional, binding agreements in place in respect of any additional funding and there is no guarantee that any course of funding will proceed or that suppliers will continue to agree to extended settlements. Therefore, as set out above, this indicates the existence of a material uncertainty which may cast significant doubt over the Group'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. The financial statements 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.

2. Accounting policies (continued)

Functional and presentation currency (continued)

(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 2020 (2019: Nil).

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.

Property plant and equipment

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.

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 into 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 Black-Scholes 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

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. Subsequent to 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. Subsequent to 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, amendments and interpretations effective in 2020

A number of new and amended standards and interpretations issued by IASB have become effective for the first time for financial periods beginning on (or after) 1 January 2020 and have been applied by the Group in these financial statements. None of these new and amended standards and interpretations had a significant effect on the Group because they are either not relevant to the Group's activities or require accounting which is consistent with the Group's current accounting policies.

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

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 and which have not been adopted early. None of these are expected to have a significant effect on the Group, in particular:

- IFRS 3 Business Combinations: Amendment – Definition of Business
- IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform
- IFRS 16 Leases: COVID-19-Related Rent Concessions
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors: Amendment – Disclosure Initiative – Definition of Material

2. Accounting policies (continued)

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.

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 the moment. 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:

	2020	2019
	£'000	£'000
Variable rate instruments		
Financial assets	**1,315**	150

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2020 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
	2020	**2020**	2019	2019
	£'000	£'000	£'000	£'000
Variable rate instruments				
Financial assets – increase of 100 basis points	**13**	**13**	1	1
Financial assets – decrease of 25 basis points	**(3)**	**(3)**	(0.2)	(0.2)

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 2020	**Assets 2020**	Liabilities 2019	Assets 2019
	£'000	£'000	£'000	£'000
Australian Dollar	**47**	**3**	42	-
Euro	**127**	**-**	126	2
Turkish Lira	**7**	**-**	1	24
US Dollar	**1,694**	**10**	2,205	51
Ethiopian Birr	**630**	**363**	208	284

Sensitivity analysis continued

A 10% strengthening of the British Pound against the following currencies at 31 December 2020 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 2020	**Profit or Loss 2020**	Equity 2019	Profit or Loss 2019
	£'000	£'000	£'000	£'000
AUD Dollar	**4**	**4**	4	4
Euro	**13**	**13**	12	12
Turkish Lira	**1**	**1**	(2)	(2)
US Dollar	**168**	**168**	215	215
Ethiopia ETB	**27**	**27**	(8)	(8)

Liquidity risk

The Group and Companies raises 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-20					
Trade and other payables	**3,125**	**3,125**	**3,125**	**-**	**-**
Loans and Borrowings	**-**	**-**	**-**	**-**	**-**
	3,125	**3,125**	**3,125**	**-**	**-**
31-Dec-19					
Trade and other payables	4,247	4,247	4,247	-	-
Loans and Borrowings	964	964	964	-	-
	5,211	5,211	5,211	-	-
The Company					
31-Dec-20					
Trade and other payables	**2,354**	**2,354**	**2,354**	**-**	**-**
Loans and Borrowings	**-**	**-**	**-**	**-**	**-**
	2,354	**2,354**	**2,354**	**-**	**-**
31-Dec-19					
Trade and other payables	3,864	3,864	3,864	-	-
Loans and Borrowings	964	964	964	-	-
	4,828	4,828	4,828	-	-

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 £1,315,000 (2019: £150,000) and equity attributable to equity of the parent, comprising issued capital and deferred shares of £25,466,000 (2019: £24,477,000), other reserves of £34,391,000, (2019: £26,570,000) and accumulated losses of £37,824,000 (2019: £34,640,000). 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. The instruments have been valued using the Company's volume weighted average share price as shown on AIM (Note 23.3).

As at each of December 31, 2020 and December 31, 2019, 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	
	2020	2019	**2020**	2019
Financial assets	£'000	£'000	£'000	£'000
Cash and cash equivalents (Note 16) – Level 1	**1,315**	150	**1,315**	150
Financial assets at fair value through OCI (Note 14) - Level 2	**54**	70	**54**	70
Trade and other receivables (Note 15)	**448**	1,234	**448**	1,234
Financial liabilities				
Trade and other payables (Note 21)	**3,125**	4,247	**3,125**	4,247
Loans and borrowings (Note 23)	**-**	964	**-**	964

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 E&E 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 recognised as an expense based on their fair value at date of grant. The fair value of equity settled share options is estimated through the use of 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 a number of 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 evaluate 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 in the near future, if it is not expected to be renewed. Management has a continued plan to explore. During the latest review of the Micon due diligence review of the Tulu Kapi Gold Project report dated the 10 August 2020 there were no indicators of impairment.

5. Operating segments

The Group has two operating segments, being that of mineral exploration and corporate. The Group's exploration activities are located 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**
2020					
Corporate costs	**(2,252)**	**(65)**	**-**	-	**(2,317)**
Foreign exchange (loss)/gain	**(1,577)**	**1,230**	**-**	-	**(347)**
Gain on Dilution of Joint Venture	**-**	**-**	**1,033**	-	**1,033**
Net Finance costs	**(416)**	**-**	**-**	-	**(416)**
(Loss)/gain before jointly controlled entity	**(4,245)**	**1,165**	**1,033**	-	**(2,047)**
Share of loss from jointly controlled entity	-	-	**(1,088)**	**-**	**(1,088)**
Impairment of jointly controlled entity	-	-	**(585)**	**-**	**(585)**
Loss before tax	**(4,245)**	**1,165**	**(640)**	-	**(3,720)**
Tax	-	-	**-**	-	**-**
Loss for the year	**(4,245)**	**1,165**	**(640)**	-	**(3,720)**
Total assets	**17,063**	**15,823**	**-**	**(6,524)**	**26,362**
Total liabilities	**2,361**	**7,288**	**-**	**(6,524)**	**3,125**

2019	Corporate £'000	Ethiopia £'000	Saudi Arabia £'000	Adjustments £'000	Consolidated £'000
Corporate costs	(2,561)	(41)	-	-	(2,602)
Foreign exchange (loss)/gain	(1,254)	1,069	-	-	(185)
Loss on change in fair value of convertible on conversion	(1,045)	-	-	-	(1,045)
Net Finance costs	(1,150)	-	-	-	(1,150)
(Loss)/Gain before jointly controlled entity	(6,010)	1,028	-	-	(4,982)
Share of loss from jointly controlled entity			(591)	-	(591)
Loss before tax	(6,010)	1,028	(591)	-	(5,573)
Tax	-	-	-	-	-
Loss for the year	(6,010)	1,028	(591)	-	(5,573)
Total assets	15,205	13,542	-	(6,054)	22,693
Total liabilities	4,833	6,432	-	(6,054)	5,211

6. Expenses by nature

	2020 £'000	2019 £'000
Exploration costs	**25**	29
Depreciation of property, plant and equipment (Note 11)	43	10
Directors' fees and other benefits (Note 22.1)	653	703
Consultants' costs	343	236
Auditors' remuneration - audit current year	114	73
Legal Costs	373	325
Ongoing Listing Costs	162	140
Other expenses	352	232
Shareholder Communications	245	206
Travelling Costs	80	208
Total Administrative Expenses	**2,365**	2,133
Share of losses from jointly controlled entity (Note 5 and Note 20)	**1,088**	591
Impairment of jointly controlled entity (Note 20)	**585**	-
Share based option benefits to directors (Note 18)	**14**	75
Share based benefits to employees (Note 18)	**21**	34
Share based benefits to key management (Note 18)	**16**	47
Share based benefits to suppliers	**-**	94
Cost for long term project finance (Note 8)	**316**	205
Operating loss	**4,430**	3,208

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

	2020 £'000	2019 £'000
Salaries	**688**	554
Social insurance costs and other funds	**97**	78
Costs capitalised as exploration	**(756)**	(621)
Net Staff Costs	**29**	11
Average number of employees	**44**	43

Excludes Directors' remuneration and fees which are disclosed in note 22.1. TK project direct staff costs of £756,000 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

	2020 £'000	2019 £'000
8.1 Total finance costs		
Interest on short term loan	**100**	737
Interest on short term loan related party (note 22.2)	**-**	15
Transaction costs for unsecured convertible loan facility (note 23.2)	**-**	398
Total finance costs	**100**	1,150
8.2 Total other transaction costs		
Cost for long term project finance	**316**	205
Total other transaction costs	**316**	205

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

9. Tax

	2020	2019
	£'000	£'000
Loss before tax	(3,720)	(5,573)
Tax calculated at the applicable tax rates at 12.5%	(477)	(705)
Tax effect of non-deductible expenses	336	655
Tax effect of tax losses	286	52
Tax effect of items not subject to tax	(145)	(2)
Charge for the year	-	-

The Company is resident in Cyprus for tax purposes. A deferred tax asset of £1,601,000 (2019: £1,293,159) 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 2020, the balance of tax losses which is available for offset against future taxable profits amounts to £ 12,812,000 (2019: £ 10,345,000). 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	2015	2016	2017	2018	2019	2020	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Losses carried forward	1,541	2,340	1,797	1,784	1,602	3,748	12,812

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 31.12.20 £'000	Year Ended 31.12.19 £'000
Net loss attributable to equity shareholders	**(3,720)**	(5,573)
Net loss for basic and diluted loss attributable to equity shareholders	**(3,720)**	(5,573)
Weighted average number of ordinary shares for basic loss per share (000's)	**1,663,197**	718,976
Weighted average number of ordinary shares for diluted loss per share (000's)	**1,748,804**	768,840
Loss per share:		
Basic loss per share (pence)	**(0.224)**	(0.775)

There was no impact on the weighted average number of shares outstanding during 2020 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 2020.

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 2019	71	66	72	209
Additions	-	11	-	11
At 31 December 2019	**71**	**77**	**72**	**220**
Additions	**-**	**25**	**14**	**39**
At 31 December 2020	**71**	**102**	**86**	**259**
Accumulated Depreciation				
At 1 January 2019	34	66	71	171
Charge for the year	3	6	1	10
At 31 December 2019	**37**	**72**	**72**	**181**
Charge for the year	**34**	**3**	**6**	**43**
At 31 December 2020	**71**	**75**	**78**	**224**
Net Book Value at 31 December 2020	**-**	**27**	**8**	**35**
Net Book Value at 31 December 2019	34	5	-	39

The above property, plant and equipment is located in Ethiopia.

12. Intangible assets

	Total exploration and project evaluation cost £'000
The Group	
Cost	
At 1 January 2019	19,023
Additions	2,443
At 31 December 2019	**21,466**
Additions	**3,310**
At 31 December 2020	**24,776**
Accumulated Amortization and Impairment	
At 1 January 2019	266
At 31 December 2019	**266**
Impairment Charge for the year	**-**
At 31 December 2020	**266**
Net Book Value at 31 December 2020	**24,510**
Net Book Value at 31 December 2019	21,200

13. Investments

13.1 Investment in subsidiaries

The Company	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
Cost		
At 1 January	**12,575**	11,324
Additions	**1,106**	1,251
Dissolutions	**(1)**	-
At 31 December	**13,680**	12,575

The Company carrying value of KEFI Minerals Ethiopia which holds the investment in the Tulu Kapi Gold project currently under development is £13,680,000 as at the 31 December 2020.

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 5 under the Tulu Kapi project section.

13.1 Investment in subsidiaries (continued)

Subsidiary companies	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Mediterranean Minerals (Bulgaria) EOOD	08/11/2006	Bulgaria	100%-Direct
Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket[1]	08/11/2006	Turkey	100%-Indirect
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

[1] Dogu voluntary liquidated during the year.

13. Investments (continued)

13.1 Investment in subsidiaries (continued)

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.
Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket	Zeytinalani Mah. 4183 SK. Kapı No:6 Daire:2 UrlaA Izmir.
KEFI Minerals (Ethiopia) Limited	27/28 Eastcastle Street, London, United Kingdom W1W 8DH.
KEFI Minerals Marketing and Sales Cyprus Limited	23 Esekia Papaioannou Floor 2, Flat 21 1075, 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")

During 2020 the company voluntary liquidated its dormant subsidiary Doğu Akdeniz Mineralleri Sanayi ve Ticaret Limited Şirket.

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 owns 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

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 the project 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 approved by the Company will issue the additional equity. At the date of this report no equity was issued.

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 2020 and 2019. 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. Investments (continued)

13.2 Investment in jointly controlled entity

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Group		
At 1 January/31 December	**-**	181
Increase in investment	**1,896**	236
Exchange Difference	**(223)**	(196)
Loss for the year	**(1,088)**	(221)
Impairment	**(585)**	-
On 31 December	**-**	-

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Company		
At 1 January/31 December	**-**	181
Increase in investment	**1,896**	236
Exchange Difference	**(245)**	(196)
Impairment Charge for the year	**(1,651)**	(221)
On 31 December	**-**	-

Jointly controlled entity	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Gold and Minerals Co. Limited (G&M)	04/08/2010	Saudi Arabia	34%-Direct

The Company owns 34% of G&M. More information is given in note 20.1. During the year the Company diluted its holding in G&M from 40% to 34% and this resulted in a gain of £1,033,000.

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 31.12.20 £'000	Year Ended 31.12.19 £'000
The Group		
At 1 January	**70**	81
Foreign currency movement	**(16)**	(11)
Interest Received	**-**	-
On 31 December	**54**	70

15. Trade and other receivables

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Group		
Share Placement[1]	**232**	1,154
Other receivables	**38**	-
VAT Refund	**178**	80
	448	1,234

[1] In December 2020 14,500,000 ordinary shares were issued and funds were received post year end.

	Year Ended 31.12.20 £'000	Year Ended 31.12.19 £'000
The Company		
Share Placement[1]	**232**	1,154
Other Debtors	**88**	
Prepaid	**18**	-
Advance to KEFI Minerals (Ethiopia) Limited (Note 22.2) [2]	**3,918**	4,851
Advance to Tulu Kaki Gold Mine Share Company (Note 22.2)[1]	**2,605**	1,204
Expected credit loss	**(261)**	(242)
	6,600	6,967

Amounts owed by subsidiary companies total £8,927,000 (2019: £8,415,000). A write off of £2,404,000 (2019: 2,360,000) 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 2020 and determined that any expected credit losses would be £261,000 (2019: £242,000) for which a provision has been recorded. The advances to KEFI Minerals (Ethiopia) Limited and TKGM are unsecured, interest free and repayable on demand. At the reporting date, no receivables were past their due date.

[1]The Company advanced £1,993,000 (2019: £1,076,000) to the subsidiary Tulu Kapi gold Mine Share Company during 2020. The Company had a foreign exchange translation loss of £591,000(2019: Loss £171,000) the current year loss was because of the continued devaluation of the Ethiopian Birr.

[2]Kefi Minerals (Ethiopia) Limited: during 2020, the Company advanced £76,000 (2019: £152,000) to the subsidiary. The Company had a foreign exchange translation loss of £1,008,000 (2019: Loss £856,000) the current year loss was because of the continued devaluation 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 31.12.20 £'000	Year Ended 31.12.19 £'000
The Group		
Cash at bank and in hand unrestricted	**1,295**	130
Cash at bank restricted	**20**	20
	1,315	150
The Company		
Cash at bank and in hand unrestricted	**1,172**	45
Cash at bank restricted	**20**	20
	1,192	65

17. Share capital

Authorized 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 2019	**571,703**	**9,719**	**12,436**	**21,581**	**43,736**
Share Equity Placement 27 Feb 2019	57,000	969	-	-	969
Share Equity Placement 17 Apr 2019	12,615	214	-	12	226
Sanderson Share Equity Placement 17 Apr 2019	2,250	38	-	7	45
Sanderson Share Equity Placement 11 Jun 2019	22,500	383	-	67	450
Share Equity Placement 11Jun 2019	14,700	251	-	43	294
On the 8 July 2019 Sub-divided into one new ordinary share of 0.1p and one deferred share of 1.6p	-	(10,892)	10,892	-	-
Share Equity Placement 5 Aug 2019	8,500	8	-	162	170
Arato Convertible Note Share Equity Placement 14 August 2019 to 19 Nov 2019	310,606	310	-	2,051	2,361
Share Equity Placement 20 Dec 2019	149,000	149	-	1,714	1,863
Share issue costs	-	-	-	(185)	(185)
At 31 December 2019	**1,148,874**	**1,149**	**23,328**	**25,452**	**49,929**

17. Share capital (continued)

	Number of shares '000	Share Capital	Deferred Shares	Share premium	Total
At 1 January 2020	**1,148,874**	**1,149**	**23,328**	**25,452**	**49,929**
Share Equity Placement 10 Jan 2020	149,000	149	-	1,714	1,863
Share Equity Placement 14 May 2020	113,846	114	-	626	740
Share Equity Placement 28 May 2020	455,385	456	-	2,503	2,959
Conversion of Warrants to Equity 16 Oct 2020	8,462	8		47	55
Share Equity Placement 20 Nov 2020	186,000	186	-	2,790	2,976
Share Equity Placement 14 Dec 2020	76,360	76	-	1,145	1,221
Share issue costs	-	-	-	(390)	(390)
Broker warrants: issue costs	-	-	-	(367)	(367)
Warrants: fair value split of warrants issued to shareholders.				(402)	(402)
At 31 December 2020	**2,137,927**	**2,138**	**23,328**	**33,118**	**58,584**

Deferred Shares 1.6p	Number of Deferred Shares'000 2019	2020	£'000 2019	£'000 2020
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	2019	2020	2019	2020
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.

2020

During the period the Company issued 989,052,146 new ordinary shares at average price of 1.00 pence for working capital, goods and services, and debt repayments (note 18.3).

2019

During the period August 19 to November 19 the Company issued 310,605,668 Shares to Arato Global Opportunities Limited. ('Arato'), for an aggregate consideration of £2,362,500. On issue of the shares, an amount of £2,051,894 was credited to the Company's share premium reserve which is the difference between the issue price and the nominal value 0.1 pence. Further details available in note 23.

The Company also agreed to issue Sanderson, on the 5 August 2019, 8,500,000 Ordinary Shares for Sanderson to release the company from changes in security and related arrangements. The shares were issued at 2 pence and an amount of £161,500 was credited to the Company's share premium reserve.

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 the 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 (“Existing Ordinary Shares”).

2020

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

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

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

During November 2020, the Company issued 11,175,000 broker warrants to subscribe for new ordinary shares of 0.1p each at 1.60p per share to Brandon Hill pursuant to the Placing Agreement. The warrants expire within three years of the date of First Admission.

During the period 1 January 2020 to 31 December 2020, 149,000,000 warrants issued to shareholders expired and 8,461,538 were exercised by Brandon Hill.

2019

On 2 August 2019, the Company issued 19,500,000 warrants to Arato to subscribe for existing ordinary shares of 0.1p each at an exercise price of 2.5p per share under the terms of the unsecured convertible loan notes. These warrants expire on 2 August 2022.

During the period 1 January 2019 to 31 December 2019, 3,709,652 warrants were cancelled or expired.

Details of warrants outstanding as at 31 December 2020:

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
02-Aug-19	02-Aug-22	2.50p	3 years	19,500
06 Jan 2020	06 Jan 2023	1.25p	3 years	7,450
29 May 2020	29 May 2023	0.65p	3 years	20,000
20 Nov 2020	20 Nov 2023	1.60p	3 years	11,175
				60,125

	Weighted average ex. Price	Number of warrants* 000's
Outstanding warrants at 1 January 2020	2.50p	21,500
- exercised warrants	0.65p	(8,462)
- expired warrants	2.50p	(149,000)
- granted	2.13p	196,087
Outstanding warrants at 31 December 2020	1.56p	**60,125**

The estimated fair values of the warrants were calculated using the Black Scholes option pricing model.

18. Share Based payments (continued)

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

	19-Sep-18	02-Aug-19	16-Dec-19	6-Jan-20	19-May-20	29-May-20	20-Nov-20
Closing share price at issue date	2.12p	1.40p	1.34p	1.65p	0.75p	1.06p	1.68p
Exercise price	2.5p	2.5p	1.25p	2.00p	0.65p	0.65p	1.6p
Expected volatility	70%	75%	97%	109%	98%	99%	101%
Expected life	5yrs	3yrs	2yrs	0.4years	3yrs	3yrs	3yrs
Risk free rate	1.2%	0.33%	0.60%	0.63%	0.04%	-0.03%	0.05%
Expected dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Estimated fair value	1.15p	0.48p	0.72p	0.27p	0.47p	0.73p	1.06p

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

For 2019, the impact of issuing warrants to suppliers is a net charge to income of £nil (2019: £94,000) and a further charge of £769,000 was processed to share premium that relates to warrants issued to brokers and company shareholders. At 31 December 2020, the equity reserve recognized for share based payments, including warrants, amounted to £1,273,000 (2019: £1,118,000). During the 2020 year an amount of £200,000 was processed in share premium to reflect shares issued and committed in December 2019 but received shareholder approval in January 2020.

Share options reserve table	**Year Ended 31.12.20 £'000**	Year Ended 31.12.19 £'000
Opening amount	**1,118**	1,032
Warrants issued costs	**769**	94
Share options charges relating to employees(Note 6)	**21**	34
Share options issued to directors and key management (Note 6)	**30**	122
Forfeited options	**-**	-
Exercised warrants	**-**	-
Expired warrants	**(665)**	(164)
Closing amount	**1,273**	1,118

18.2 Share options reserve

Details of share options outstanding as at 31 December 2020:

Grant date	Expiry date	*Exercise price	*Number of shares 000's
20-Mar-15	19-Mar-21	22.44p	1,529
16-Jun-15	15-Jun-21	22.44p	382
19-Jan-16	18-Jan-22	7.14p	4,088
23-Feb-16	22-Feb-22	12.58p	176
05-Aug-16	05-Aug-22	10.20p	883
22-Mar-17	21-Mar-23	7.50p	7,024
01-Feb-18	31-Jan-24	4.50p	11,400
			25,482

18. Share Based payments (continued)

18.2 Share options reserve

	Weighted average ex. Price*	Number of shares* 000's
Outstanding options at 1 January 2020	8.95p	28,365
- granted	-	-
- expired/forfeited	23.10p	(2,883)
Outstanding options at 31 December 2020	7.35p	**25,482**

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

On 20 March 2015,1,588,235 options were issued which expire six years after grant date and vest in equal annual instalments over a period of two years.

On 16 June 2015, 382,353 options were issued which expire six years after grant date and vest in equal annual instalments over a period of two years.

On 19 January 2016, 4,717,059 options were issued which 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.

On 23 February 2016,176,471 options were issued which expire six years after grant date and vest immediately.

On 5 August 2016, 2,058,824 options were issued which 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.

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.

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 sub division 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 2020, the impact of share option-based payments is a net charge to income of £51,000 (2019: £161,000). At 31 December 2020, the equity reserve recognized for share option-based payments, including warrants, amounted to £1,273,000 (2019: £1,118,000).

18. Share Based payments (continued)

18.3 Share Payments for services rendered and obligations settled.

January 2020 placement of 149,000,000 shares

On 6 January 2020, following approval by shareholders, the Company issued 49,419,600 new ordinary shares ("Remuneration Shares") and 99,580,400 new ordinary shares ("Settlement Shares") of 0.1p each in the capital of the Company at an issue price of 1.25p. The net raise amounted to £1,862,500, with liabilities and other obligations listed below settled in shares.

November and December 2020 placement of 92,109,407 shares

All Remuneration Shares, Settlement Shares and Placing Shares were issued at a value of 1.60 pence per share. The net raise amounted to £1,473,750, with liabilities and other obligations listed below settled in shares.

The total shares issued during 2020 for services and obligations was as follows:

Name	Number of Remuneration and Settlement Shares	Amount
	000	000
For services rendered and obligations settled		
H Anagnostaras-Adams	18,062	248
J Leach	12,924	176
Norman Arthur Ling	2,000	25
Mark Tyler	2,000	25
Richard Lewin Robinson	1,000	13
Other employees and PDMRs	44,168	624
Amount to settle other Obligations	30,702	413
Total share based payments	**110,856**	**1,524**
Amount to settle loans		
Unsecured Convertible loan facility	6,000	75
Unsecured working capital bridging finance	124,255	1739
	241,111	**3,338**

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 2019	1,075
Acquisitions of NCI	-
Additions	-
Result for the year	-
As at 1 January 2020	**1,075**
Acquisitions of NCI	**-**
Impact of 5% free carry on additions to assets during the year	**129**
As at 31 December 2020	**1,204**

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 £129,000 and a decrease in equity attributable to owners of the parent of £129,000.

The NCI of £1,204,000 (2019: £1,075,000) 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 2020:

	Year Ended 31.12.20	**Year Ended 31.12.19**
	£'000	**£'000**
Amounts attributable to all shareholders		
Exploration and evaluation assets	**24,620**	21,305
Current assets	**184**	129
Cash and Cash equivalents	**124**	86
	24,928	21,520
Equity	**24,163**	21,142
Current liabilities	**765**	378
	24,928	21,520
Loss 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	33.65%

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 31.12.20 100%	SAR'000 Year Ended 31.12.19 100%	£'000 Year Ended 31.12.20 100%	£'000 Year Ended 31.12.19 100%
Non-current assets	**381**	107	**74**	22
Cash and Cash Equivalents	**11,160**	720	**2,176**	145
Current assets	**546**	162	**106**	33
Total Assets	**12,087**	989	**2,356**	200
Current liabilities	**(2,626)**	(1,701)	**(512)**	(343)
Total Liabilities	**(2,626)**	(1,701)	**(512)**	(343)
Net (Liabilities)/Assets	**9,461**	(712)	**1,844**	(143)
Share capital	**2,500**	2,500	**487**	505
Capital contributions partners	**97,401**	71,457	**18,987**	14,436
Accumulated losses	**(90,440)**	(74,669)	**(17,630)**	(15,084)
	9,461	(712)	**1,844**	(143)
Exchange rates SAR to GBP				
Closing rate			0.1949	0.2020
Income statement	SAR'000	SAR'000	£'000	£'000
Loss from continuing operations	**(15,785)**	(7,156)	**(3,279)**	(1,475)
Other comprehensive income	**14**	(42)	**3**	(8)
Translation FX Gain from SAR/GBP	**-**	-	**729**	537
Total comprehensive income	**(15,771)**	(7,198)	**(2,547)**	(946)
Included in the amount above				
Group				
Group Share 33.65% of loss from continuing operations			**(1,088)**	(591)
Joint venture investment			**£'000**	£'000
Opening Balance			**-**	-
Loss for the year			**(1,088)**	(591)
FX Loss			**(223)**	-
Additional Investment			**1,896**	591
Impairment			**(585)**	-
Closing Balance			-	-

20. Jointly controlled entities (continued)

20.1 Jointly controlled entity with Artar

In May 2009, KEFI announced the formation of a new minerals' exploration jointly controlled entity, Gold & Minerals Co. Limited ("G&M"), 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 33.65% shareholding in G&M with ARTAR holding the other 66.35%. KEFI provides G&M with technical advice and assistance, including personnel to manage and supervise all exploration and technical studies. ARTAR provides administrative advice and assistance to ensure that G&M remains in compliance with all governmental and other procedures. G&M has five Directors, of whom two are nominated by KEFI However, decisions about the relevant activities of G&M require the unanimous consent of the five directors.G&M is treated as a jointly controlled entity and has been equity accounted. KEFI has reconciled its share in G&M's losses.

A loss of £1,088,000 was recognized by the Group for the year ended 31 December 2020 (2019: £591,000) representing the Group's share of losses in the year.

As at 31 December 2020 KEFI owed ARTAR an amount of £0 (2019: £456,000) - Note 21.1.

During 2020 the Company diluted its interest in the Saudi joint-venture company Gold and Minerals Limited ("G&M") from 40% to 33.65% by not contributing its pro rata share of expenses to G&M. This resulted in a gain of £1,033,000 in the Company accounts The accounting policy for exploration costs recorded in the G&M 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 (note2). Consequently, any dilution in the Company's interest in G&M results in the recovery of pro rata share of expenses to G&M.

21. Trade and other payables

21.1 Trade and other payables

The Group	**Year Ended 31.12.20 £'000**	Year Ended 31.12.19 £'000
Accruals and other payables	**1,510**	1,829
Other loans	**134**	169
Payable to jointly controlled entity partner (Note 20.1)	**-**	456
Payable to Key Management and Shareholder (Note 22.3)	**1,481**	1,793
	3,125	4,247

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

The Company	**Year Ended 31.12.20 £'000**	Year Ended 31.12.19 £'000
Accruals and other payables	**873**	1,615
Payable to jointly controlled entity partner (Note 20.1)	**-**	456
Payable to Key Management and Shareholder (Note 22.4)	**1,481**	1,793
	2,354	3,864

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 31.12.20 £'000	Year Ended 31.12.19 £'000
Short term employee benefits:		
[1]Directors' consultancy fees	**489**	507
Directors' other consultancy benefits	**58**	37
[2]Short term employee benefits: Key management fees	**686**	539
Short term employee benefits: Key management other benefits	**39**	21
	1,272	1,104
Share based payments:		
Share based payment: Directors bonus	**106**	159
[1]Share based payment: Directors' consultancy fees	**-**	-
Share option-based benefits to directors (Note 18)	**14**	75
[2]Share based payments short term employee benefits: Key management fees	**292**	290
Share option-based benefits other key management personnel (Note 18)	**16**	47
Share Based Payment: Key management bonus	**-**	-
	428	571
	1,700	1,675

[1]Directors' fees paid to the Executive Director Chairman and Finance Director are paid to consultancy companies of which they are beneficiaries.

[2]Key Management comprised the Managing Director Ethiopia, Head of Operations, Head of Systems and Head of Planning.

Share-based benefits

The Company has issued share options to directors and key management. 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	2020 £'000	2019 £'000
Winchcombe Ventures Limited	Receiving of management and other professional services	Key Management and Shareholder	**578**	580
Nanancito Limited	Receiving of management and other professional services	Key Management and Shareholder	**298**	293
Members of International Mining Performance	Interest paid on loans advanced	Key Management and Shareholder	**-**	15
			876	888

22. Related party transactions (continued)

22.2 Transactions with shareholders and related parties (continued)

The Company

Name	Nature of transactions	Relationship	**2020 £'000**	2019 £'000
KEFI Minerals Marketing and Sales Cyprus Limited	Finance	Subsidiary	**-**	-
Tulu Kapi Gold Mine Share Company[1]	Advance	Subsidiary	**2,605**	1,204
Kefi Minerals (Ethiopia) Limited[2]	Advance	Subsidiary	**3,918**	4,851
Expected credit loss			**(261)**	(242)
			6,262	5,813

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 details of the movement of these loans are available in note 15

Management has made an assessment of the borrowings as at 31 December 2020 and determined that any expected credit losses would be £261,000

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

22.3 Payable to related parties

The Group

Name	Nature of transactions	Relationship	**2020 £'000**	2019 £'000
Nanancito Limited	Fees for services	Key Management and Shareholder	**1,073**	720
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**280**	632
Directors	Fees for services	Key Management and Shareholder	**128**	441
			1,481	1,793

22.4 Payable to related parties

The Company

Name	Nature of transactions	Relationship	**2020 £'000**	2019 £'000
Nanancito Limited	Fees for services	Key Management and Shareholder	**1,073**	720
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**280**	632
Directors	Fees for services	Key Management and Shareholder	**128**	441
			1,481	1,793

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

2020

Unsecured working capital bridging finance	Balance 1 Jan 2020	Drawdown Amount	Transaction Costs £'000	Interest	Repayment Shares	Repayment Cash	Year Ended 31 Dec 2020
	£'000	£'000		£'000	£'000	£'000	£'000
Repayable in cash in less than a year	889	750	-	100	(1,739)	-	-
	889	**750**	**-**	**100**	**(1,739)**	-	**-**

2019

Unsecured working capital bridging finance	Balance 1 Jan 2019	Drawdown Amount	Transaction Costs £'000	Interest	Repayment Shares	Repayment Cash	Year Ended 31 Dec 2019
	£'000	£'000		£'000	£'000	£'000	£'000
Repayable in cash in less than a year	615	555	-	737	(294)	(724)	889
Repayable in Kefi Ordinary Shares at the option of the lender in less than a year	-	62	-	15	(77)	-	-
	615	617	-	752	(371)	(724)	889

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 £1,739,000 was fully repaid in 2020 during the relevant share placements.

23. Loans and Borrowings (continued)

23.1.2 Reconciliation of liabilities arising from financing activities

2020 Reconciliation	Balance 1 Jan 2020 £'000	Cash Flows Inflow £'000	(Outflow) £'000	Fair Value Movement £'000	Finance Costs £'000	Shares £'000	Balance 31 Dec 2020 £'000
Unsecured working capital bridging finance							
Short term loans	**889**	**750**	**-**	**-**	**100**	**(1,739)**	**-**
	889	**750**	**-**	**-**	**100**	**(1,739)**	**-**
Convertible notes							
Sanderson unsecured convertible loan facility 23.2	**75**	**-**	**-**	**-**	**-**	**(75)**	**-**
	75	**-**	**-**	**-**	**-**	**(75)**	**-**

2019 Reconciliation	Balance 1 Jan 2019 £'000	Inflow £'000	(Outflow) £'000	Fair Value Movement £'000	Finance Costs £'000	Shares £'000	Balance 31 Dec 2019 £'000
Unsecured working capital bridging finance							
Short term loans	615	617	(724)	-	752	(371)	889
	615	617	(724)	-	- 752	(371)	889
Convertible notes							
Sanderson unsecured convertible loan facility 23.2	-	525	-		215	(665)	75
Arato Global Opportunities limited unsecured convertible loan notes 23.3	-	2,250	(70)	1,045	183	(3,408)	-
	-	2,775	(70)	1,045	398	(4,073)	75
	615	3,392	(794)	1,045	1,150	(4,444)	964

23.2 Unsecured Convertible loan facility

During the year ended 31 December 2020 the Company did not enter into any convertible loan facilities.

On 28 November 2018, the Company entered into a secured convertible loan facility of up to £4,000,000 with Sanderson Capital. Partners Limited. The Company utilized only £525,000 of the facility, all of which has been repaid before its expiry on 28 November 2019 except for £75,000 that was repaid during the January 2020 placement. On 5 August 2019, the Company entered into new unsecured £2,250,000 convertible note facility (see note 23.3) with Arato Global Opportunities Limited

For accounting purposes, the secured convertible loan facility should be separated into their liability and equity components by first valuing the liability component. The difference between the face value of the secured convertible loan facility and the fair value of the liability component, was immaterial hence the secured convertible loan facility has not been separated into the liability and equity components.

The terms of the facility were:

23. Loans and Borrowings (continued)

23.2 Unsecured Convertible loan facility

- The facility was for up to £2,000,000 with an option for a second facility £2,000,000. The second facility was never used.
- On drawdown a 5% fee, payable in shares at the higher of 2p per share or the preceding 5 day VWAP, was applied at the time of drawdown. Drawdown's to be at least 30 days apart and subject to no fundamental change in the business plan. Company could repay the loan outstanding for an early repayment fee of 5% but in this case lenders had the option to convert half of any repayment by the Company into new ordinary shares at a fixed price of 2p per share. No early repayment was made. Lender could convert at any time, part or all of any outstanding balance at a price not below 2p and did so in June 2019 converting £450,000. The agreement expired on 28 November 2019.
- The amount owing as at 31 December 2019 of £75,000 was settled in shares in January 2020.

23.3 Arato Global Opportunities Limited unsecured convertible loan notes

On 2 August 2019 the Company signed a convertible loan note with Arato Global Opportunities Limited ("Arato") for £2,250,000 (as amended on 20 September). The loan notes carried no coupon and are repayable at a premium of 5%. The term of the loan notes, all of which have been repaid, was three years. The following transaction costs were incurred. The Company issued 19,500,000 warrants at an exercise price of 2.5p, which vested immediately and expire on 2 August 2022. The Company paid to Arato establishment fees of £70,265 for the establishment if this convertible note-facility.

	Date	Number of shares	[1]90% VWAP issue price	[2]VWAP on date of conversion	31-Dec-19
		000's	pence	pence	000's
Drawdown amount during the year					2,250
Premium of 5%					113
	14-Aug-19	17,511	0.96	1.07	(187)
	02-Sep-19	16,942	0.77	0.90	(152)
	11-Sep-19	21,111	0.88	1.26	(266)
	13-Sep-19	4,825	0.87	1.23	(59)
	21-Sep-19	19,021	0.97	1.11	(211)
	04-Oct-19	15,086	0.84	0.99	(149)
	11-Oct-19	14,320	0.8	0.88	(126)
	24-Oct-19	23,732	0.66	0.76	(180)
	01-Nov-19	23,853	0.6	0.77	(184)
	08-Nov-19	25,247	0.63	0.76	(192)
	15-Nov-19	102,182	0.68	1.18	(1,207)
	19-Nov-19	26,776	0.98	1.85	(495)
Difference in the carrying value of loan converted compared with amounts required to be recognized in share premium.					1,045
Closing Balance					-

[1] *They were convertible at the election of the lender at 90% of the lowest one day volume weighted average share price as shown on AIM over the three trading days immediately preceding the conversion date.*

[2]*The conversion price is calculated at volume weighted average share price of a KEFI Ordinary Share as shown on the London Stock Exchange on the date that the notice of conversion was received from Arato.*

The difference between fair value of shares on conversion and issue share price resulted in a loss on change in fair value of £1,045,000.

During the twelve months ended 31 December 2019, Arato converted an aggregate of £2,250,000 of principal and £113,000 of the finance costs into approximately 311 million shares of ordinary shares of the Company with an aggregate fair market value of £3,408,000. As a result of the conversion, Arato became a shareholder in the Company and details of this related party convertible loan notes transaction are disclosed in this note.

24. Contingent liabilities

The company has no contingent liabilities.

25. Contingent asset

In 2011, the Company sold four Licences in Turkey to AIM listed Ariana Resources (AIM:AAU) in return for cash consideration and a Net Smelter Royalty ("NSR") of 2% over any production that may arise from the licenses. No value has been attributed to the NSRs in the 2019 financial statements due to uncertainty as to when or if income from the NSRs will eventuate. During the year, the NSR was assigned to Ariana Resources.

26. Capital commitments

The Group has the following capital or other commitments as at 31 December 2020 £1,964,000 (2019: £2,159,000),

	31 Dec 2020 £'000	31 Dec 2019 £'000
Tulu Kapi Project costs	**558**	895
Saudi Arabia Exploration costs committed to field work that has been recommenced	**1,406**	1,264

27. Events after the reporting date

On 12 April 2021, the Company received notice from Brandon Hill Capital Ltd a warrant holder to exercise warrants over a total of 15,000,000 new Ordinary Shares of 0.1p at a price of 0.65 pence per share.

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

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