KEFI
GOLD + COPPER

2021

ANNUAL REPORT

Focused on the Arabian-Nubian Shield

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Note: All $ figures in this report are US$

Mission

Mission

The mission of KEFI Gold and Copper PLC ("KEFI" or the "Company") 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 our Tulu Kapi Gold Project at the funding stage in Ethiopia, to our Hawiah Copper-Gold and Jibal Qutman Gold Projects at the feasibility study stage in Saudi Arabia and to walk-up drill targets in both countries.

Since incorporation 16 years ago, KEFI has invested some £72 million in these activities and today the Company sits with advanced projects that have project NPV's that are already multiples of the amount invested. KEFI has a leading position in the two countries that contain the majority of the Arabian-Nubian Shield. We now have three advanced projects in these now strongly pro-development countries and are focused on a sequential mine development path to build a mid-tier mining company over the next few years.

Approach

KEFI was launched in 2006 as a £2.5 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 the 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 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.

Our community plans are in accordance with the International Finance Corporation (World Bank) Performance Standards and Equator Principles.

Operationally, we align with industry specialists such as Lycopodium Limited ("Lycopodium") - our principal process plant contractors in both Ethiopia and Saudi Arabia.

Some elements of Tulu Kapi's development commenced in Q4-2019 and were stalled repeatedly by civil disturbance, These have now re-started and full construction is planned to begin in Q4-2022 once project financing has been finalised and the local dry season begins. Annual gold production remains projected at 140,000 ounces from the Tulu Kapi open pit to increase to circa 190,000 ounces when the underground mine starts up a few years later.

In Saudi Arabia, we now have two development projects in progress after being held up for many years awaiting a regulatory overhaul. We look to develop our Jibal Qutman Gold Project ("Jibal Qutman") and then to follow with the start-up of the Hawiah Copper-Gold Project ("Hawiah"). Both projects are now in the feasibility study stage and are projected, between them, to add similar scale of gold-equivalent production to that projected for Tulu Kapi in Ethiopia. Copper will provide the majority of Hawiah's revenue.

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

Timing

KEFI's objective is to have three projects in production by 2026 at a net production rate of 365,000 gold-equivalent ounces (KEFI beneficial interest 187,000 oz or 155,000 ounces of gold plus copper, zinc and silver). The potential Net Operating Cash Flow for these projects is currently estimated to be £137 million ($185 million) per annum. The next few years will be focused on multi-pronged development and exploration during which our cash flow production should commence and escalate.

The operating environment for KEFI has improved considerably over the past year. Since H1-2020, the estimated net present value ("NPV") of our assets has tripled to £348 million (circa 9 pence per share,based on today's issued capital) due to exploration and permitting success in Saudi Arabia and an expected greater equity interest in Tulu Kapi. With KEFI's current market capitalisation of £30 million (at 0.7 pence per share), the potential for a substantial rerating of our share price towards NPV as our projects are developed is very clear.

We are confident in our mission, approach and timing.

- This photo shows the surface exposure of the +4km-long Hawiah orebody. The rock reveals copper-staining and readily detected gold mineralisation.
- The French Geological Survey identified it decades ago as part of a cluster of such deposits.
- G&M was the first to test it in 2019, after applying for an Exploration Licence in 2009.
- Hawiah already ranks globally in the top 15% VMS deposits with a resource of:
  24.9 million tonnes at 0.90% copper, 0.85% zinc, 0.62 g/t gold and 9.8 g/t silver.
- G&M plans to develop Hawiah following the development of another of its discoveries, Jibal Qutman Gold.

- This photo shows a recent meeting of the Tulu Kapi Gold Mines syndicate.
- KEFI formed the TKGM syndicate of leading banks, contractors of process plants and mining and other specialists.
- TKGM is structured as a public-private partnership with Ethiopia's Federal and Regional Governments.
- Many new policies have been required from Government agencies, which were previously obstacles to financing.
- Ethiopia's political situation has also delayed project launch. Since the abatement of the civil war at the end of 2021, the scene appears to have finally been set to commence full construction of Tulu Kapi later this year.

Executive Chairman's Report

Due to the improvement in the local working environment in both Ethiopia (security) and Saudi Arabia (regulatory) since late 2021, KEFI now has three (not one) advanced projects in two countries. Combined with the recently reported excellent exploration results at Hawiah and Al-Godeyer in Saudi Arabia, KEFI now has a much-improved position as an early-mover in both countries and with a more balanced portfolio of advancing projects.

We can at last focus on a sequential development path to build a mid-tier mining company with aggregate annual production of 365,000 ounces of gold and gold equivalent, in which KEFI will have a beneficial interest of 187,000 ounces of gold and gold equivalent.

Our reported Mineral Resources provide a solid starting position for our imminent growth. Since mid-2021, total Mineral Resources have increased from 3.9 million to 4.7 million gold-equivalent ounces. KEFI's beneficial interest in the in-situ metal content of our three projects now totals 2.1 million gold-equivalent ounces. KEFI's current market capitalisation of circa £30 million equates to only $19 per gold-equivalent ounce compares very favourably to the prevailing gold price range during 2022 of approximately $1,830-2000/ounce.

The underlying intrinsic value of KEFI's assets has increased from December 2020 to December 2021 based on the three projects' NPV (at an 8% discount rate and using 31 December 2021 metal prices). At that same deck of metal prices, NPV per share has grown from 3 pence as at mid-2020 to 7 pence as at mid-2021 and 9 pence as at mid-2022 (calculated on the shares in issue today).

The growth in underlying intrinsic value is due to our progress in Saudi Arabia in particular – at the Hawiah Copper-Gold Project and the Jibal Qutman Gold Project. These statistics are merely illustrative indicators, but the same pattern emerges whether one assumes prevailing metal prices or analysts' consensus forecast metal prices.

Our operating alliances are with the following strong organisations:

- 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 contractor for process plants in both Ethiopia and Saudi Arabia: Lycopodium Ltd ("Lycopodium").
- Senior project finance lenders for Tulu Kapi:
  - East African Trade and Development Bank Ltd ("TDB")
  - African Finance Corporation Limited ("AFC")

Ethiopia - Tulu Kapi

Until a few years ago, Ethiopia had been one of the world's top 10 growth countries for nearly 20 years and now, having overcome its recent security issues, is demonstrating a clear determination to expedite economic recovery and pursue its economic objectives. Tulu Kapi will be the country's first large-scale mining project for some 30 years and is designed to the highest international standards. It therefore is imposing many demands on a regulatory system which the Ethiopian Government is upgrading. Under strong Ministerial leadership, the Government is determined to build a modern minerals sector.

There is significant potential to increase Tulu Kapi's current Ore Reserves of 1.05 million ounces of gold and Mineral Resources of 1.7 million ounces. Economic projections for the Tulu Kapi open pit indicate the following returns assuming a gold price of US$1,591/ounce:

- Average EBITDA of $100 million per annum (KEFI's now planned c. 70% interest being c. $70 million);
- All-in Sustaining Costs ("AISC") of $826/ounce, (note that royalty costs increase with the gold price); and
- All-in Costs ("AIC") of $1,048/ounce.

The assumptions underlying these projections are detailed in the footnotes to the table on page 21 of this Annual Report.

We reactivated Tulu Kapi project launch preparations in early 2022. Ethiopia's Ministry of Mines has recently been formally advised that progress is on schedule to have secured project finance by mid-year if the security situation is satisfactory and if the few remaining regulatory administrative tasks are also completed punctually.

Saudi Arabia – Jibal Qutman

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

As a result of a new regulatory system and indications from the Saudi Arabia's Government that the Mining Licence would progress in 2022, development planning studies have recommenced at Jibal Qutman.

The current gold price is considerably higher than the $1,200/ounce used in 2015 when the Company lodged its initial Mining Licence application. Another key change is that several alternative processing options are likely to have become more attractive since 2015.

Several consultants have recently been engaged to evaluate processing options for Jibal Qutman and update elements of the Mining Licence application. This work includes open-pit design and scheduling, metallurgy, processing options and updating the Environmental and Social Impact Assessment.

Saudi Arabia – Hawiah

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

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

A three-year 42,000m drilling program has delineated a Mineral Resource of 24.9 million tonnes at 0.90% copper, 0.85% zinc, 0.62g/t gold and 9.8g/t silver. As a scale-comparison with Tulu Kapi, Hawiah's recoverable metal is now estimated to be in the order of 2.2 million gold-equivalent ounces versus Tulu Kapi's 1.2 million ounces of gold.

The team is progressing at great speed on this exciting project which is located close to major infrastructure. We are working towards completing a Preliminary Feasibility Study ("PFS") and an updated Mineral Resource in late 2022.

Two Exploration Licences ("ELs") located immediately west of the Hawiah EL were granted in December 2021. Initial exploration of these Al Godeyer ELs has confirmed similar copper-gold mineralisation to the Hawiah VMS deposit and indicated good continuity of the mineralised horizon.

Conclusion

KEFI is preparing to develop the Tulu Kapi Gold Project, advancing development studies on the Jibal Qutman Gold Project, progressing the PFS for the Hawiah Copper-Gold Project and testing exploration targets in Ethiopia and Saudi Arabia.

Simultaneous with the triggering of full development at Tulu Kapi, we intend to re-commence exploration programs in Ethiopia and expand our exploration program in Saudi Arabia. In Ethiopia, the initial focus will be underneath the planned open pit where we already have established an initial resource for underground mining at an average grade of 5.7g/t gold. We also intend to follow-up drilling which indicated good potential for nearby gold deposits in the Tulu Kapi District. In Saudi Arabia, further drilling is in progress at Hawiah and the adjacent Al Godeyer prospect.

Along with my fellow Directors, I am very sensitive to the need to generate returns on investment. It is frustrating and disappointing that the pandemic and the geopolitics of both Ethiopia and Saudi Arabia has retarded our progress in recent years and we have been unable to achieve targeted progress. However, our operating environment has turned for the better in both countries and we can now progress on all fronts.

By emphasizing conventional project-level development financing, we seek to alleviate the past responsibility of KEFI shareholders to provide all funding and therefore more than 80% of the development capital is planned to be contributed by our partners and other syndicate parties. However, exploration and other pre-development funding will continue to rely exclusively on equity funding by KEFI and its in-country partners.

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

We are indeed at an opportune moment, created by our team's hard work, your support 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.

Executive Chairman
Harry Anagnostaras-Adams
1 June 2022

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. We see the current global supply chain strains as an aftershock which will abate but leave a legacy of cost inflation which has already impacted our projects. We have been adjusting our planning assumptions since the pandemic began.

Successful implementation will see KEFI emerge in 2024 as a profitable gold producer of 140,000 ounces per annum. Our growth plans in Ethiopia and Saudi Arabia are likely to lead to much higher gold equivalent production within the following few years.

Subject to the signing of Tulu Kapi's umbrella financing agreement in June 2022 and its adherence over the following few months, the Company has been positioned to commence full construction of the Tulu Kapi mine at the end of the current wet season. Implementation of this plan provides KEFI with project ownership levels as follows:

- c. 70% of the Ethiopian mining development and production operation, via the shareholding in TKGM;
- 100% of the Ethiopian exploration projects, via the shareholding in KEFI Minerals (Ethiopia) Limited ("KME"); and
- 30% of the Saudi development and exploration projects, via the shareholding in G&M.

KEFI has funded all of its past activities with approximately £72 million 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 to provide working capital pending the achievement of a short-term business milestone.

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.$356 million (including the mining fleet provided by the contractor of US$56 million, the original budget of US$240 million and provisions for cost-inflation US$50 million) which is dependent upon final procurement price confirmations. These estimates were made in mid-2022 and took into account cost-inflation in the industry until then. We are now re-checking pricing for project launch and final finance planning. The various offers and commitments are made on a non-binding basis for finalisation as we now move to project launch. The financing syndicate has expressed willingness to adjust and refine amongst itself when final procurement and budget prices, expected in the coming two months, are set. It will be optimised by KEFI and the TKGM syndicate which has already conditionally indicated the following participation as at 31 May 2022:

$ M	
56	Mining fleet to be provided by the mining contractor
140	Senior project debt, to be repaid out of operating cash surpluses
196	
	Equity Risk Capital
38	Government and Local Investors directly into TKGM
122	KEFI-funded component, separate and in addition to historical investment
160	Total TKGM capital requirement, subject to final procurement clarifications
356	Total of original project budget, plus provision for cost-inflation plus mining fleet
	KEFI Component to be funded as follows:
60	Subordinated non-convertible, offtake-linked debt
15	Subordinated debt convertible into KEFI shares at VWAP in 3 years
20	Subordinated convertible at a premium over market in H2-2022
27	Recent issues of KEFI shares and the exercise of the attached warrants
122	Provided by KEFI

The following needs to be carried out so as to proceed to earliest project finance settlement:

- Field activities to demonstrate readiness to launch from a security viewpoint;
- Final construction and mining pricing updates confirmed; and
- Definitive individual party documentation to be approved with relevant Government agencies, including the Ministry of Mines and the Central Bank of Ethiopia, so that execution may proceed by all syndicate parties. Early preparatory works have commenced to give clearance to both banks to lend on same terms.

Ownership Value and Ownership Dilution

An £8.0 million Placing completed in April 2022 will mainly be used to fund:

- selected development activities at Tulu Kapi,
- exploration at Hawiah and the adjacent Al Godeyer prospect; and
- development planning at Jibal Qutman.

This paves the way for full construction in Ethiopia from October 2022 at the end of the local wet season, with the initial signing at end of June 2022 setting out any residual conditions to be satisfied.

From an ownership value perspective and measuring the Company's underlying assets on an 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 three main assets having more than tripled from $154 million in June 2020 to c.$471 million (£348 million) in May 2022. This is the result of KEFI raising its planned interest in Tulu Kapi from 45% to c.70%, making a significant discovery at Hawiah and now, due to progress with regulatory approvals, the inclusion of Jibal Qutman. 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 increase issued capital, hopefully via the exercise of the recently issued warrants at 1.6 pence per share. But ownership dilution will be minimised because much of the capital is being raised at the project level and some of the share issues by KEFI will be at prices two and three years after project finance completion.

Financial Risk Management

In designing the balance sheet senior debt gearing overall, the senior debt to equity ratio for TKGM is 47%:53% ($140 million:$160 million) excluding equity funded historical pre-development costs and 37%:63% ($140 million:$240 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 c.$1,107/ounce (flat) for 10 years, while over the past 10 years the gold price was under that price for only 2.4% of the time; and
- At current analyst consensus gold price of $1,641/ounce, senior debt 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 all of our finance syndicate members have made it clear that they wish to proceed according to plan subject only to normal safety and compliance procedures.

We have conditionally assembled all of the development finance, mostly at the project level from our small, efficient and economical corporate office in Nicosia, 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 in Saudi Arabia.

KEFI's carrying value of the investment in KME, which holds the Company's share of Tulu Kapi is £14.3 million as at 31 December 2021. It is important to note KEFI's planned circa.70% beneficial interest in the underlying valuation of Tulu Kapi is c.£191 million based on project NPV at an assumed gold price of $1,830/ounce and including the underground mine.

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 $156 million (Ethiopian Birr equivalent).

John Leach
Finance Director
1 June 2022

Footnotes:

- *Long term analysts' consensus forecast is sourced from CIBC Global Mining Group Analyst Consensus Long Term Commodity Price Forecasts 30 April 2022.*
- *NPV calculations are based on:*
  Metal prices as at 31 December 2021 of US$1,830/ounce for gold, $9,750/tonne for copper, $3,590/tonne for zinc and $23/ounce for silver; and 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 is well placed to further drive KEFI's organisational development over the next three years, from which KEFI should emerge as a leading producer in the highly prospective Arabian-Nubian Shield with significant organic growth potential.

Alongside the Australian Executive Chairman and Canadian Finance Director, the following long-standing international specialists make up the KEFI senior management team:

- Eddy Solbrandt, German - Chief Operating Officer - founder of GPR Dehler, an independent, international management consultancy which specialises productivity improvement for mining companies worldwide;
- Brian Hosking, South African - CEO of Saudi Arabia plus Head of Planning & Exploration – 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.

The Group Exploration Adviser is Jeff Rayner, the Company's first Managing Director. The Corporate Development Manager is Rob Williams and the Group Financial Controller is Laki Catsamas. Theron Brand was previously Chief Financial Officer and became Managing Director - TKGM in early 2022. Abera Mamo, our new Country Manager for Ethiopia, was recruited in early 2022.

In Ethiopia we employ 50 people – five of whom are expatriates. Many more people support the in-country team form their international locations, as we prepare for full construction.

Operations managers include Project Manager AK Roux, whilst the Saudi Exploration Manager is Tomos Bryan and Senior Geologist is 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 with both short-term and long-term incentives tied to business milestones.

Environmental, Social and Governance

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

Health & safety

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

Health & safety is about protecting our investment and with our employees being our greatest resource, we are impressing upon them how we will support them. During September 2021 four TKGM employees and contractors were captured during inspections of traffic routes for Tulu Kapi. This led in the company temporarily pausing the finance finalisation and launch of the Project to ensure that the incident was satisfactorily addressed. All four were released unharmed and reunited with their families. We wish to express the Company's gratitude to all stakeholders involved in the incident's calm, disciplined, low-key successful management. The welfare of our employees, contractors and their families is our first priority.

This incident reinforced the importance of safety for all stakeholders involved in our projects, the community, our operating companies, their employees and contractors, the international financiers and other parties committed to safety and success.

Environment

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

Social Licence

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

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

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

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

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

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. 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 G&M's presence in the area.

Inspecting water supply provided by TKGM

Weekly volleyball competition at Tulu Kapi camp

Maintaining the nursery

In Ethiopia:

- TKGM has already provided the following to the:
  - Community: over 100 direct and indirect employment positions, school, roads, bridges, fresh water supply;
  - District: preferential procurement from local suppliers of accommodation, food and materials; and
  - Region: funding for the establishment of infrastructure in new host lands for resettled households.

- TKGM plans to provide the following once the project is fully launched and developed:
  - Community: 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; and
  - 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 Q4-2022 are to complete the Stage 1 of 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 Q4-2022.

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 six 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 and Jibal Qutman Projects are fully launched and developed:
  - Over 1,000 direct and indirect employment positions;
  - Active training and skills development for Saudi Nationals in line with the goals of the Saudi Vision 2030;
  - Preferential procurement and supplier contracts for ongoing operations; and
  - Regional development of road, water, electrification and health care to nearby villages and development of local regional centres around Hawiah and within the Makkah governate area.

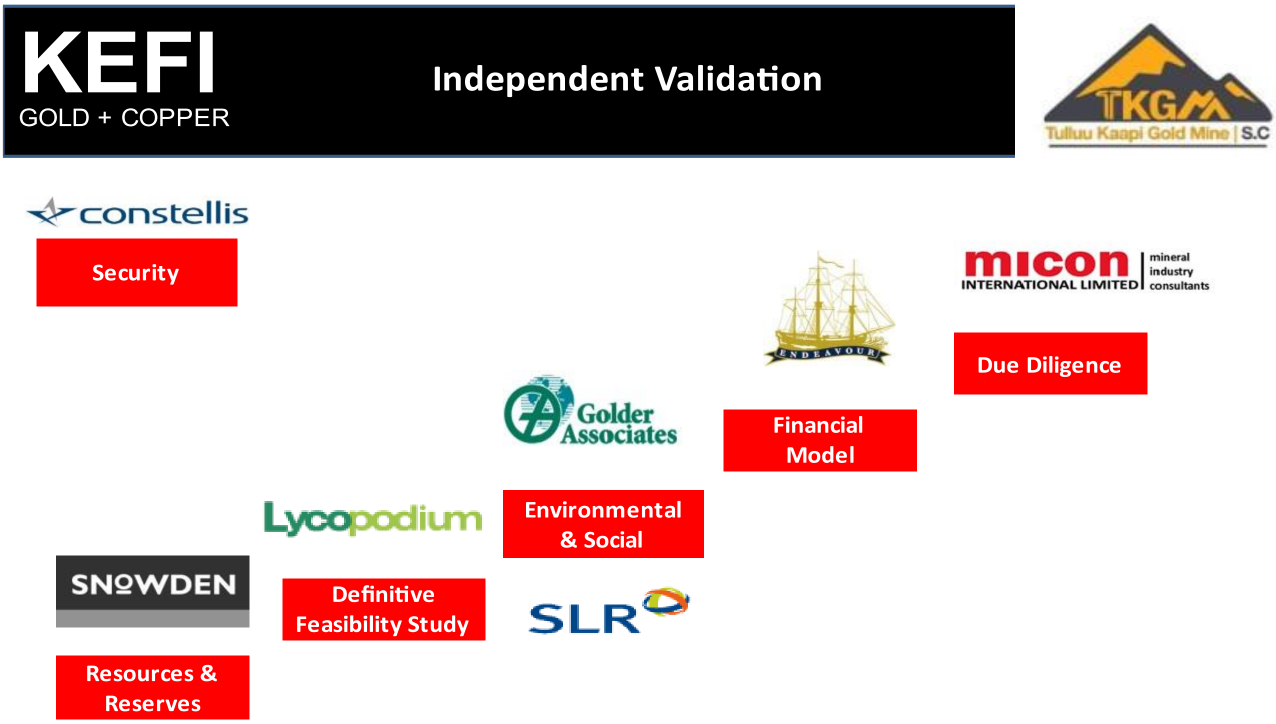
Reporting Standards

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

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

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

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 were 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 more than 80% at the general meetings.

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

Board of Directors – KEFI Gold and Copper PLC

Harry Anagnostaras-Adams – Managing Director and Executive Chairman

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

Mr Anagnostaras-Adams founded AIM and TSX - listed Atalaya Mining PLC (previously EMED Mining Public Ltd) which is now a major European copper producer and Venus Minerals PLC which is planning copper production in Cyprus from 2023. Mr Anagnostaras-Adams has previously served as the Managing Director of Atalaya Mining PLC, ASX and AIM-listed, Devex Limited (later Gympie Gold Limited), Executive Director of investment company Pilatus Capital Ltd., General Manager of the resources investment group Clayton Robard Limited Group, Senior Investment Manager of Citicorp Capital Investors Australia Ltd. and serves (or has served) as a non-executive Director of many other public and private companies across a range of industries. He has overseen many successful start-ups.

John Leach – Finance Director

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

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

Mark Tyler – Non-Executive Independent Director. 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 and Resigned 31 December 2021

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.

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

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

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

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

Ethiopia's Mining Sector

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

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

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

- Specialist internationally accredited contractors being allowed to operate in Ethiopia;
- Bank accounts now being allowed in major international financial centres, to allow mining project finance; and
- Permissible capital ratios now cater for the capital-intensity and project-debt-gearing of mining.

Saudi Arabia

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

Saudi Arabia's Mining Sector

Saudi Arabia recently created the Ministry of Industry and Mineral Resources intensify efforts to expand the minerals sector, which is now officially proclaimed to become the third pillar of the Saudi economy.

A mining fund has been established by the state, to provide development finance for the sector as well as support geological survey and exploration programs.

Such initiatives auger well for ARTAR and KEFI's 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 – KEFI's History

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

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

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

- built an impressive portfolio of exploration properties;
- discovered several gold deposits at Jibal Qutman and defined a MRE of 733,000 ounces of gold. Following submittal of an initial PFS, G&M submitted a Mining Licence application. The four surrounding ELA's have potential to make this project a multi-million ounce gold district;
- At Hawiah:
  - discovered the large Hawiah copper-gold VMS deposit in 2019
  - released a maiden MRE and completed an initial PEA in 2020;
  - acquired the Al-Godeyer Els in late 2021; and
  - published an updated MRE of 24.9 million tonnes and commenced a PFS in early 2022.

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

In addition, the underground potential at Tulu Kapi could yield high-grade gold of +1 million ounces and there are 15 known prospects with encouraging drill intercepts in exploration ground reserved for KEFI within a 50km radius of Tulu Kapi. KEFI shareholders have provided £72 million of equity funding since the initial IPO and the Company has now assembled 3 advanced development projects with NPV's well in excess of that investment and a large pipeline of other projects.

Exploration and Development – Ethiopia

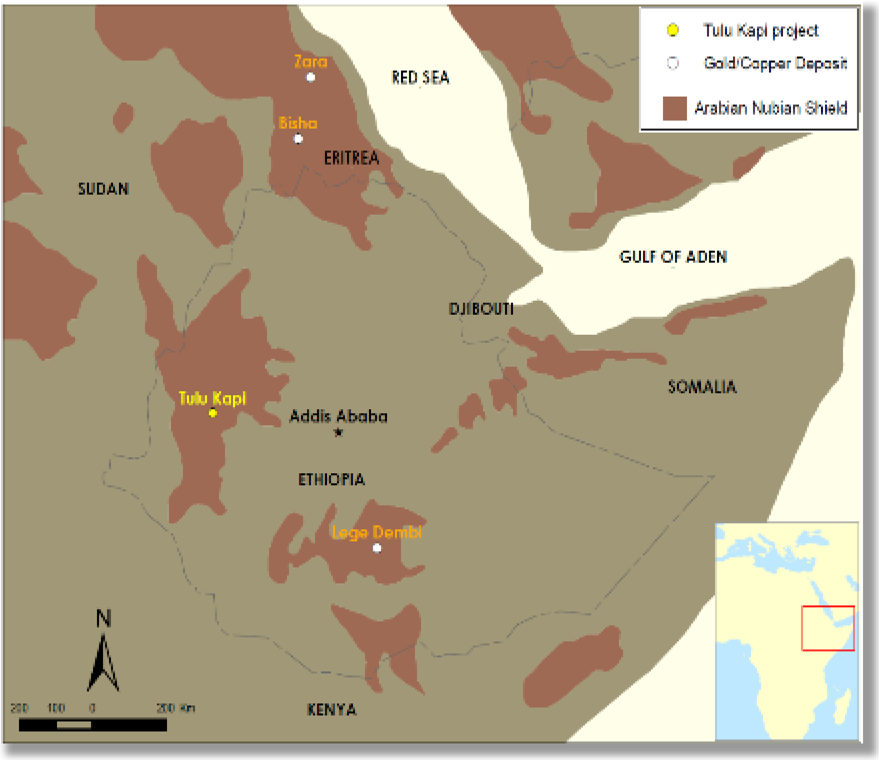
Tulu Kapi's gold production is currently estimated to commence at c. 140,000 ounces per annum over the seven years of mining the open pit. The estimated AISC of $800-900/ounce is much lower than the industry average.

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

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

Tulu Kapi - Background



Location of Tulu Kapi in Ethiopia.

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.

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 Tulu Kapi 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 – Project Launch Preparations

During Q1 2022 TKGM reactivated Tulu Kapi project launch preparations and has recently formally advised Ethiopia's Ministry of Mines of its progress being on schedule and that it can close project finance by mid-year if the security situation is satisfactory and if the few remaining regulatory administrative tasks are also completed punctually.

In collaboration with the regulatory agencies at all four levels of the Ethiopian Government, TKGM is implementing a staged Tulu Kapi project launch, with progress to May 2022 as follows:

- essentially completed technical and legal due diligence, as directed by senior lenders' independent advisers - to satisfy conditions precedent to finance closing;
- triggered detailed engineering – minimising procurement and construction time;

- recommenced widespread community engagement, which had been suspended for some months due to previously reported security incidents;
- restarted district works which have a quick local impact, such as upgrading the exploration camp for the construction workforce and re-establishing the nursery for environmental management programmes;
- commenced regular independent security monitoring;
- facilitated the completion of the few remaining regulatory administrative tasks:
    - the Ministry of Mines has now endorsed historical costs up to 2020 of c.$60 million and is now addressing the remainder, incurred after that date or by other companies on behalf of TKGM;
    - the Ministry of Mines formally requested to allow re-commencement of exploration at satellite deposit prospects in the Tulu Kapi district;
    - the Ethiopian Central Bank now addressing permission for both development banks to be allowed to lend on the same terms. It has already revised, at TKGM's request, local restrictions which effectively blocked modern mining project finance until now – such as the working rules for the London clearing account to avoid restrictions of capital controls, the capital ratio for project debt up to 70/30 debt/equity, the use of gold price hedging if desired, the use of offshore leasing and the application of market-based interest rates.

Over the past year, KEFI has maintained the project syndicate, triggered final pricing by the principal contractors and distributed for review an updated term sheet in respect of the offtake-linked mezzanine facility, which is now to involve the senior lenders as well as the metals trader.

Tulu Kapi - Geology

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

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

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

Tulu Kapi – Resources and Reserves

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

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

Note: Resources were estimated using cut-off grades of 0.45g/t gold above 1,400m RL and 2.50g/t gold below 1,400m RL. For further information, see KEFI announcement dated 4 February 2015.

The Mineral Resources were split above and below the 1,400m RL to reasonably reflect the portions of the resource that may be mined via open pit and underground mining methods, respectively.

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

Reserve Category	Cut-off (g/t gold)	Tonnes (millions)	Gold (g/t)	Contained Gold (million ounces)
Probable - High grade	0.90	12.0	2.52	0.98
Probable - Low grade	0.50 - 0.90	3.3	0.73	0.08
Total		**15.4**	**2.12**	**1.05**

Note: Mineral Resources are inclusive of Ore Reserves.

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

Project economics are summarised 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:

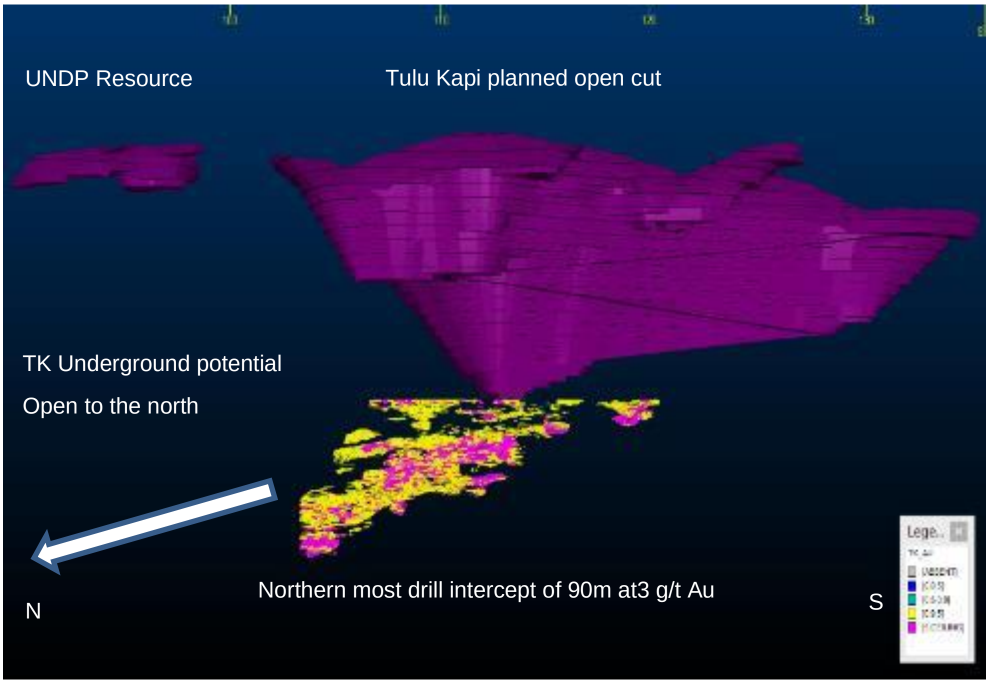
- *The above metrics assume a gold price of $1,250/oz for the 2015 DFS and $1,300/oz for the 2017 DFS Update and US$1,591/oz for the 2021 Plan.*
- *AISC include all operating costs, maintenance capital and royalties.*
- *Royalties increase with the gold price and therefore so does AISC.*
- *Life of Mine ("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 Overview

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

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

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



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 the African mining services specialist provides the mining equipment, systems and operators and gets paid for performing according to the KEFI/TKGM plans and directions.

Tulu Kapi – Underground Mine Potential

The Tulu Kapi orebody is amenable to underground mining as ground conditions are good. 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 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/ounce; 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 – Regional Exploration Potential

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

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

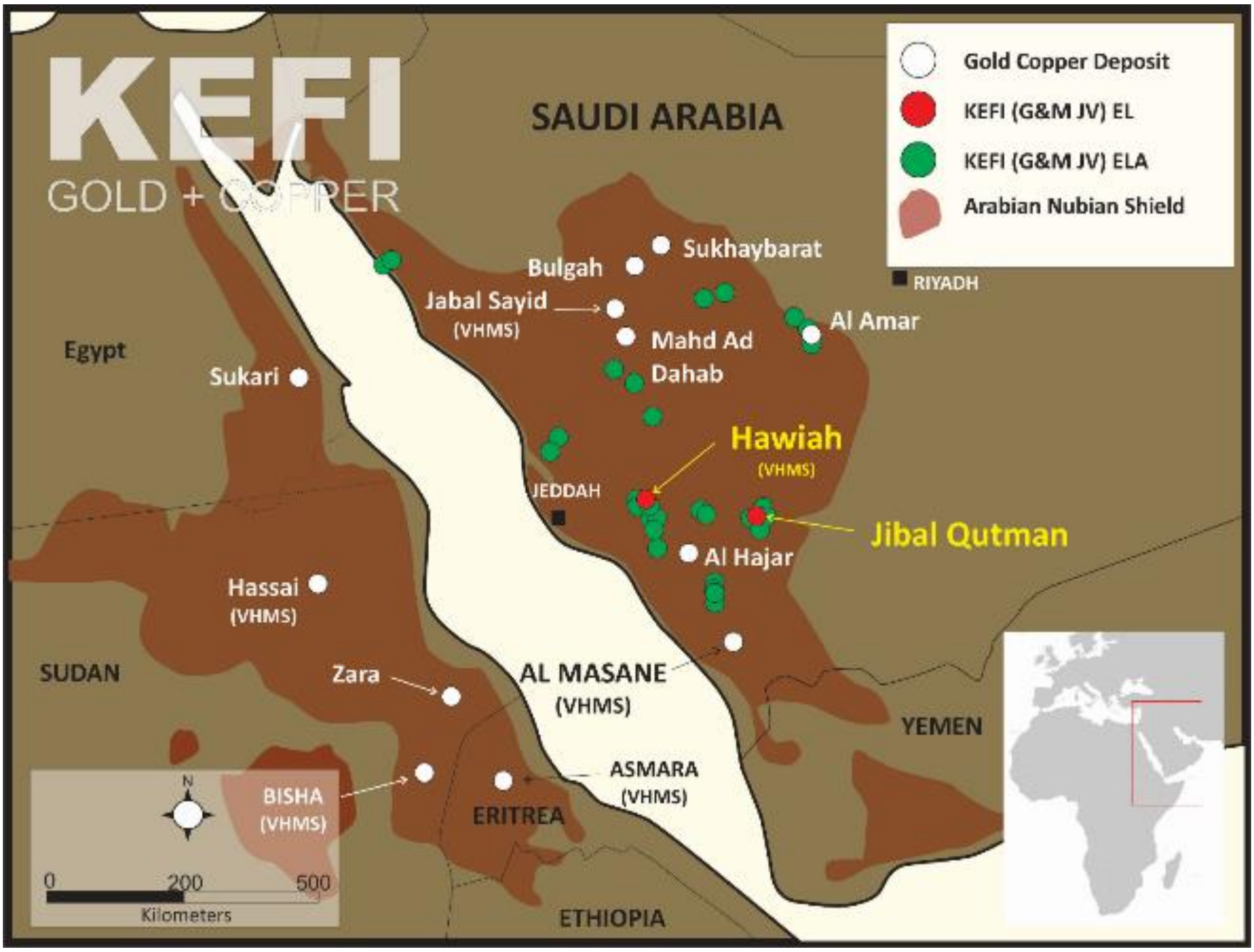
The Tulu Kapi gold district has enormous potential and is clearly a multi-million-ounce gold system. KEFI is also targeting other gold deposits in western Ethiopia.

Exploration and Development – Saudi Arabia

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 30% beneficial interest in a large portfolio of 20 ELAs and 3 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 Abdulrahman Saad Al Rashid and his family. ARTAR has a legal commitment to transfer its licenses into G&M at any time. ARTAR in the meantime, is fully supportive of our progress in Saudi Arabia is and plays a vital role in our dealings with the Saudi Ministry of Industry and Mineral Resources and other important government organisations.

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



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

G&M identified gold at the Jibal Qutman Prospect in May 2009 and was granted the EL in July 2012. The Jibal Qutman EL is located on the Nabitah-Tathlith Fault Zone, a known geological corridor, highly prospective for gold exploration. 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. Development planning has recently been re-activated following indications from the Saudi Arabian Ministry of Mineral Resources that the Mining Licence application would progress in 2022.

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 followed up on earlier prospecting work undertaken in the 1980’s by the BRGM and was granted an EL in December 2014. Various events delayed exploration and drilling only commencement to September 2019 which rapidly led to a maiden Mineral Resource being estimated in August 2020.

Two ELs located immediately west of the Hawiah EL were granted in December 2021. Initial exploration of these Al Godeyer ELs has confirmed similar copper-gold mineralisation to the Hawiah VMS deposit and indicated good continuity of the mineralised horizon. The Al Godeyer’s exploration focus is to deliver an initial Mineral Resource during 2022, with drilling programmes in progress.

Key commercial advantages for KEFI in Saudi Arabia are:

- The G&M joint venture relationship between ARTAR and KEFI;
- 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
- A new Mining Law implemented in 2021 which will facilitate faster EL processing times.

Hawiah Project

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

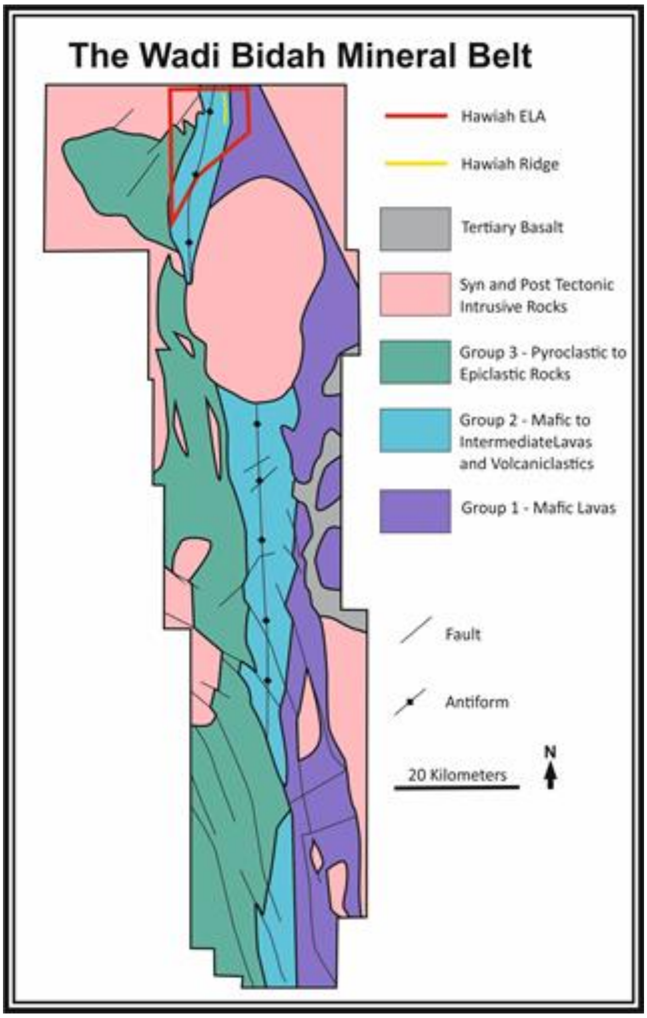
Whilst mineralisation is continuous across the 4.5Km strike length, three distinct massive sulphide ‘lodes’ have been delineated in the north and south of the project area, representing areas of greater sulphide thickness. The polymetallic massive sulphide mineralisation comprises copper, gold, zinc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

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

In early 2022, KEFI announced an updated Hawiah MRE of 24.9 million tonnes at 0.90% copper, 0.85% zinc, 0.62g/t gold and 9.8g/t silver. This represents a c.30% increase in resource tonnage and c.5% increase in grade over the previous MRE. As a scale-comparison with the Company’s Tulu Kapi Gold Project, Hawiah’s recoverable metal is now estimated to be in the order of 2.2 million gold-equivalent ounces versus Tulu Kapi’s 1.2 million ounces of gold.

Hawiah Geology and History

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



Geological sketch map of the Wadi Bidah Mineral Belt.

Modern exploration in the Wadi Bidah began in 1936 with the Saudi Arabian Mining Syndicate. The first documented exploration at Hawiah was in the 1980s by the Bureau de Recherches Geoligiques et Miniere ("BRGM") of France.

Hawiah's silicified and gossanous ridgeline was originally mapped and trenched by the BRGM which identified its near-surface gold-bearing potential.

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

G&M has undertaken a sequential exploration program of mapping, rock chip sampling, trenching and geophysics since 2014. 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 variable supergene alteration as a result of rock-groundwater interactions. This has resulted in three weathering/alteration domains across the length of the ridgeline:

- **Oxide** (0-35m depth) – preferentially enriched in gold, averaging 1.5-2g/t gold
- **Transitional** (35-70m depth) – preferentially enriched in copper
- **Fresh** (>70m depth) – representing ~90% of the known deposit

The siliceous gossan at Hawiah.

G&M completed four diamond drilling programmes from September 2019 to September 2021. Whilst mineralisation is continuous across the strike length of more than 4.5km, 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.

Hawiah Project- Mineral Resource Estimates

In August 2020, KEFI announced a maiden MRE of 19.3 million tonnes at 0.87% copper, 0.81% zinc, 0.56 g/t gold and 10.25 g/t silver.

Diamond drilling has since continued with an additional 29,892m completed, bringing the total drilling undertaken by G&M to 41,841m. This drilling had three main objectives:

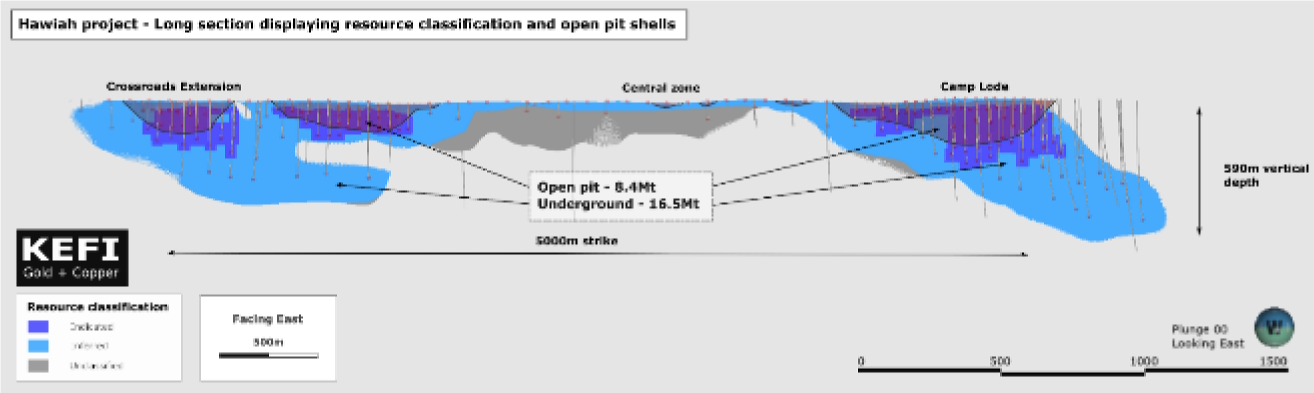
- Upgrade existing resources in key areas of the deposit to Indicated category classification for mine planning in the PFS;
- Expand the known resource areas to increase the global tonnage; and
- Increase drilling density within the copper-rich Transition Zone to demonstrate grade continuity and allow for better evaluation of an open-pit scenario.

Following the conclusion of the 2021 drilling programme, an updated **Hawiah Mineral Resource was estimated to total 24.9 million tonnes at 0.90% copper, 0.85% zinc, 0.62 g/t gold and 9.81 g/t silver**.

This MRE is reported in accordance with the JORC Code (2012) and is classified as:

- **Indicated Resources** of 10.9 million tonnes at 0.96% copper, 0.86% zinc, 0.64 g/t gold and 9.98 g/t silver
- **Inferred Resources** of 14.0 million tonnes at 0.85% copper, 0.83% zinc, 0.61 g/t gold and 9.67 g/t silver

This Hawiah MRE contains a total of 223,000 tonnes (491 million lbs) of copper, 210,000 tonnes (463 million lbs) of zinc, 497,000 ounces of gold and 7.8 million ounces of silver.

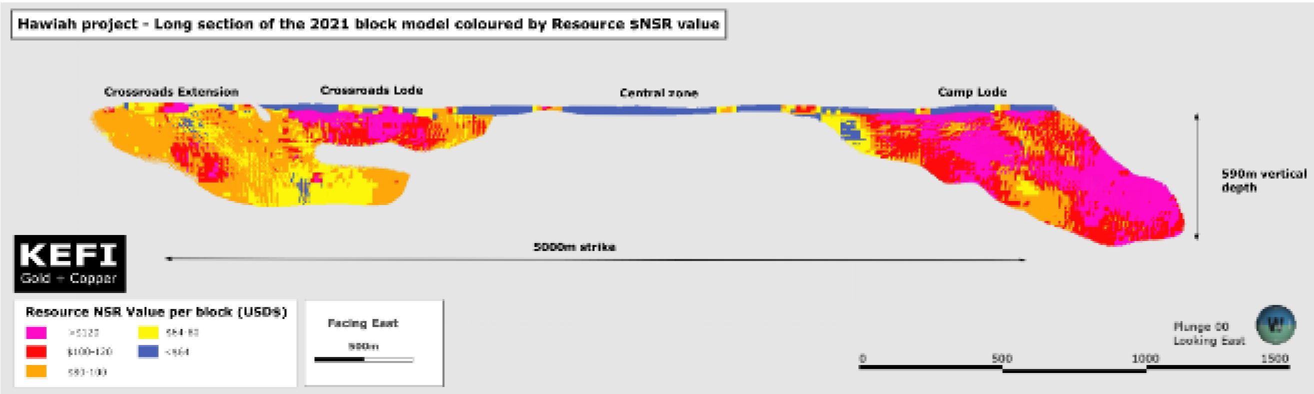


Long section of Hawiah deposit displaying resource classification and the open pit locations.

The updated Hawiah MRE achieved key objectives with:

- a 30% increase in tonnage over the maiden MRE;
- a small increase in metal content due to overall improved grades;
- 44% of the MRE is now in the Indicated category; and
- the foundation provided for the Hawiah PFS and estimating an initial Hawiah Ore Reserve.

Further information on this MRE is detailed in KEFI's announcement "Update to Hawiah Mineral Resource" dated 6 January 2022.



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

There is clear potential for expansion of resources with further drilling below the currently drilled depth of this structurally consistent tabular structure.

Hawiah Project- Development Studies

The initial 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 PFS to support the initial mine development in 2023.

Highlights of the internal PEA

The positive PEA included the following outcomes:

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

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

Preliminary Feasibility Study

With the aim of completing the Hawiah PFS and an updated Mineral Resource in late 2022, the required work is underway with:

- initial geotechnical diamond drilling programme now completed;
- hydrology drilling and pump testing is underway;
- preliminary underground, open-pit, and surface infrastructure designs now commenced;
- further metallurgical test work underway on the sulphide mineralisation to determine the preferred flowsheets;
- trenching across the Camp and Crossroad Lodes to collect bulk samples of the oxide mineralisation now completed;
- exploration drilling within the Central Zone and resource classification drilling within the Oxide Zone to commence in June 2022; and
- positive assay results have been received for the Hawiah Phase 1 Oxide drilling (for targeted open pit mining in the first phase of development), with a weighted-average gold grade of 1.7g/t across drill intercepts, which is in-line with expectations.

Hawiah's Exploration Potential

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

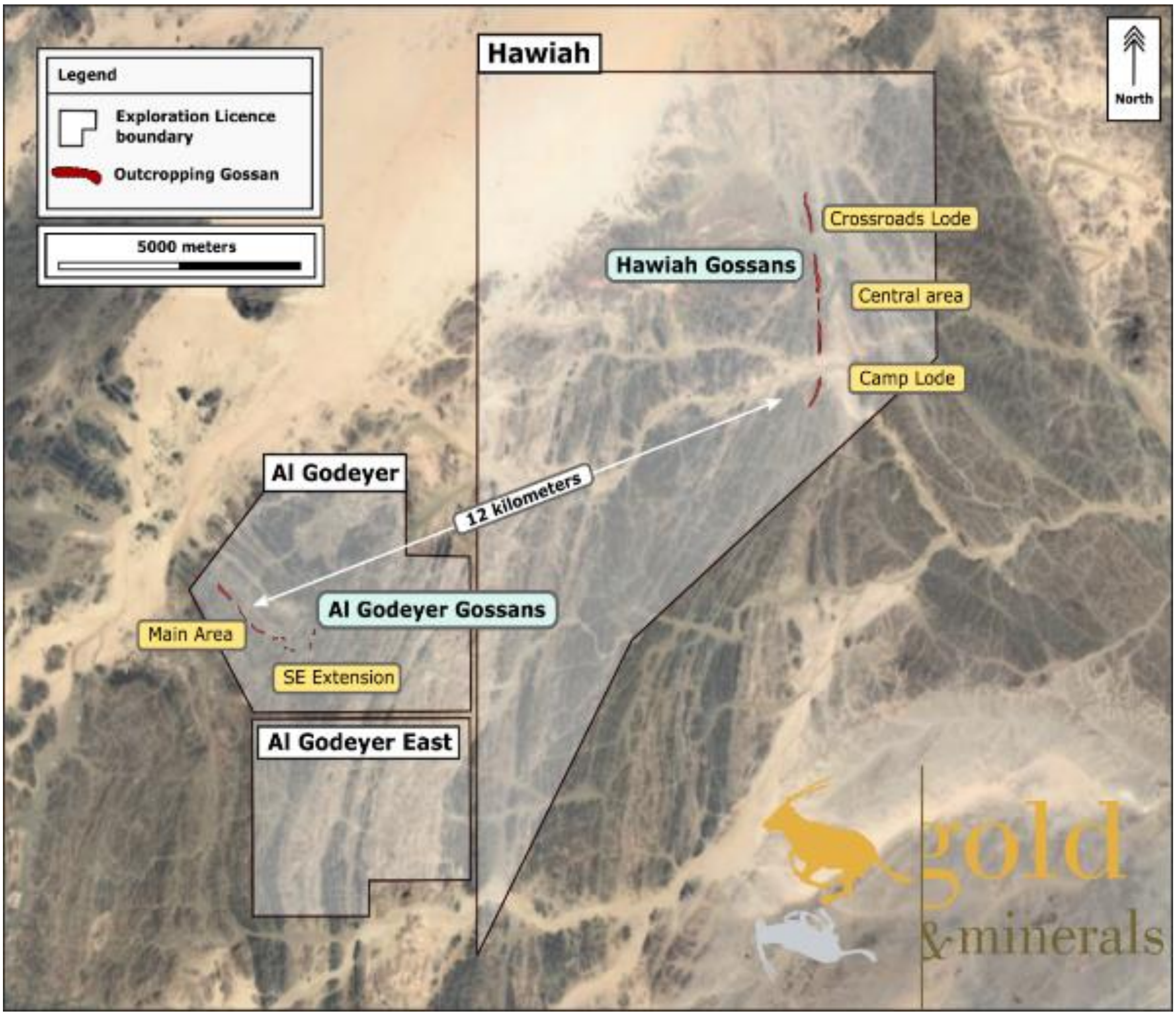
The massive sulphides at Hawiah show evidence of being mechanically transported from the source vent structures. Breccia clasts of sulphides, sedimentary structures and the lack of hydrothermal alteration in the immediate footwall rocks under the sulphides indicates that the areas of the deposit drilled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

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

Two ELs located immediately west of the Hawiah EL were granted in December 2021. Initial exploration of these Al Godeyer ELs has confirmed similar copper-gold mineralisation to the Hawiah VMS deposit and indicated good continuity of the mineralised horizon. Exploration during early 2022 included:

- a Self-Potential ("SP") geophysical survey that defined a continuous anomaly 1.3km in strike and a second, shorter anomaly which correlate well with outcropping gossans;
- the presence of gold and copper gossans in all trenches over the main SP anomaly and the majority of trenches over the second SP anomaly. Rock chips taken during mapping these trenches confirmed copper-gold mineralisation with grades of up to 1.8% copper and 7.2g/t gold; and
- RC drilling intersected oxide and transition sulphides down to a vertical depth of 35m in the first six holes.

A diamond drilling programme has commenced at Al Godeyer and the aim is to deliver an initial Mineral Resource for this "Hawiah look alike" during 2022.



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

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.

Mineral Resource Estimate 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

Completed in 2015, an internal PEA for evaluated the feasibility of developing a small heap-leach (“HL”) operation at Jibal Qutman to self-fund G&M’s exploration activities in Saudi Arabia.

Metallurgical test work has confirmed that Jibal Qutman oxide mineralisation is amenable to HL processing. The HL approach has the advantages of speeding up the potential development timetable and lowering capital requirements.

Key outcomes from the internal PEA were:

- 1.5Mtpa HL operation;
- Gold production of 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. $600/ounce; and
- Capital expenditure of c. $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 $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

As a result of the new regulatory system and positive developments at the Saudi Arabian Ministry for Industry and Mineral Resources, development planning studies recommenced at Jibal Qutman in early 2022.

The current gold price is considerably higher than the $1,200/ounce used in 2015 when the Company lodged its initial Mining Licence application. Several alternative processing options are likely to have become more attractive since 2015, which may enable more of the known gold deposits to be economically mined. This would result in a larger resource and production profile.

Prior to the commencement of field activities, several consultants have been engaged to evaluate processing options for Jibal Qutman and update elements of the Mining Licence application. This work includes open-pit design and scheduling, metallurgy, processing options and updating the Environmental and Social Impact Assessment.

While there has been no formal notification on the award of a Mining Licence at Jibal Qutman, G&M intends to re-establish a base in the nearby city of Bisha. This will be used to coordinate operations ahead of the field camp construction should the Mining Licence application be approved.

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
KEFI	KEFI Gold and Copper PLC

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
MRE	Mineral Resource Estimate
Mt	Million tonnes
Mtpa	Million tonnes per annum
oz	Troy ounce of gold
PEA	Preliminary Economic Assessment
PFS	Pre-Feasibility Study
Precambrian	Era of geological time before the Cambrian, from approximately 4,600 to 542 million years ago
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.
VWAP	Volume weighted average price
WBMD	Wadi Bidah Mineral District

Competent Person Statement

KEFI reports in accordance with the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code 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
6 January 2022	Hawiah	Mineral Resource	Mark Campodonic

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

Directors, Secretary and Advisers

Directors

Harry Anagnostaras-Adams, Executive Chairman

John Leach, Finance Director

Norman Ling, Non-Executive

Adam Taylor, Non-Executive (Resigned 31 December 2021)

Mark Tyler, Non-Executive

Richard Robinson, Non-Executive

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Consolidated Financial Statements

Year ended 31 December 2021

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Group Strategic Report

For the year ended 31 December 2021

KEFI Gold and Copper PLC Company number: 05976748

The directors present their Group Strategic Report for the year ended 31 December 2021.

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 operations are 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 and the mine is built and enters into production it is expected that the 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.

Currently the TKGM finance plan has an estimated capital costs of c.US$356 million in total, comprising a mix of senior project debt, subordinated debt, and project equity. The financing syndicate's umbrella agreement is currently being formalised with groups that have deep, large scale experience in Africa and includes the Ethiopian division of a global industrial company and a leading global commodities trader with mining investments in Africa. The Government of Ethiopia, which is supplying key infrastructure, will own Circ 20% of the project. Two large African banks are the planned Senior Lenders: East African Trade and Development Bank and African Finance Corporation. Further details on the TKGM project financing are available in the Finance Directors Report.

The security situation has improved in Ethiopia over the past few months, with the end of the civil war in the country's northern regions during December 2021, the lifting of the national state of emergency in February 2022, the agreed ceasefire in March 2022, and the focus of the security forces having now switched to the policing of priority areas like the Tulu Kapi district. During Q1 2022 TKGM reactivated Tulu Kapi project launch preparations and has recently formally advised the Ministry of Mines of its progress being on schedule and stepping up activities for signing the financing syndicate umbrella agreement next month, enabling full construction to commence at the end of the wet season in October 2022. subject to the security situation being satisfactory and the remaining regulatory administrative tasks are completed punctually.

Company subsidiary TKGM is working intensely with the Ethiopian Ministry of Mines (the "Ministry") to expedite the Project and the Ministry has allowed until 8 August 2022 for full Project financing and launch commitments to be achieved.

Saudi Arabia

In the Kingdom of Saudi Arabia, KEFI conducts all of 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 31% to 30%.

On 6 January 2022, KEFI announced an updated Mineral Resource Estimate (“MRE”) for the Hawiah volcanic massive sulphide (“VMS”) deposit of 24.9 million tonnes at 0.90% copper, 0.85% zinc, 0.62 g/t gold and 9.81 g/t silver. This represents a c.30% increase in resource tonnage and c.5% increase in grade over the previous MRE. As a scale-comparison with the Company’s Tulu Kapi Gold Project, Hawiah’s recoverable metal is now estimated to be in the order of 2.2 million gold-equivalent ounces versus Tulu Kapi’s 1.2 million ounces. Two Exploration Licences located immediately west of the Hawiah EL were granted in December 202- Al Godeyer and Al Godeyer East - located 12km south-west of the Hawiah discovery. The granting of these licenses is a significant step in the plans for the development of the wider Hawiah project area. The proximity and shared mineralisation style signal an opportunity to potentially enhance the entire Hawiah project.

In December 2021 the Company announced that its Hawiah Copper-Gold VMS Project (“Hawiah”) is advancing through a Preliminary Feasibility Study for potential development having completed 2,000m of drilling across the project during the 2019-2021 initial exploration phase

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

The Board is cognisant of the potential impacts of COVID-19 on the Group. To date, there has been little impact of COVID-19 on the Group’s operations and, whilst the potential future impacts are unknown, the Board has considered the operational disruption that could be caused by factors such as illness amongst our workforce and potential disruptions to supply chain, factoring in these potential impacts and reasonable mitigating actions to forecasts and sensitivity scenarios in the preparation of these financial statements. Also, 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, 2021.

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 9 to 13).

Progress Report

The Group considers that the effect of the covid-19 pandemic, which we continue to monitor, has lessened its impact on our activities. The Company’s primary projects in Ethiopia and Saudi Arabia continue to move forward, However, in Ethiopia, progress was less than anticipated during 2021 because of social unrest in the country throughout most of the year. The security situation has recently improved.

The Ethiopian Ministry of Mines (the “Ministry”) has allowed until 8 August 2022 for full Project financing and launch commitments to be achieved. The Ministry has been advised that for this to be achieved site access and security will need to be at a standard satisfactory to TKGM, its lenders and its investors. External independent security assessment of the Project site, district, and transport routes are now a standard operating procedure for TKGM and while conditions are improving there is no guarantee that the requisite level of security will be achieved by the Ministry’s date.

In Saudi Arabia, the legislative framework has improved and the planned activity for the year has progressed well.

Control over cash management is continuous and includes the periodic review of the Group’s cash flow needs through cash flow projections, appraisal of technical reports monitoring the marketplace, and the Group’s physical presence in the Kingdom of Saudi Arabia and the Federal Democratic Republic of Ethiopia. The Board of Directors holds meetings on a regular basis to review the on-going situation and believe that no changes are required to the current overall strategy. Further information is set out in Note 2 of the Financial Statements (Going Concern). During the period under review, the Company raised additional equity funds to finance activities and strengthen the balance sheet in readiness for planned project development in 2022

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 2021

Strategy Objective	Progress in 2021	Focus in 2022
Define additional reserves and resources in Saudi Arabia and Ethiopia	Planning for underground mining at TKGM given sustained increase in gold prices remains a priority. The underground mine is expected to come on stream in year 3 after the commencement of the Tulu Kapi project open pit operations. In January 2022, KEFI announced an updated Mineral Resource Estimate for the Hawiah VMS deposit in Saudi of 24.9 million tonnes at 0.90 % copper. 0.85% zinc, 0.62% g/t gold and 9.81 g/t silver. This represents a c. 30% increase in resource tonnage from that previously reported and a 5% increase in grade. The addition of two new licenses in Saudi during the year – Al Godeyer and Al Godeyer East - some 12 km to the east of Hawiah and part of the same geological setting show promise. In addition, the company has reactivated its Jibal Qutman Project pending positive clarification of an outstanding licensing issue.	Regional Exploration Projects. In Ethiopia, exploration areas are highly prospective and the Company is negotiating exploration license areas parallel to the Tulu Kapi trend. The objective is to identify some 300,000 to 500,000 oz of oxide material grading 1.5g/t or better that could be supplement tie planned plant at Tulu Kapi or be developed as separate heap leach operations. In Saudi Arabia the plan is to conduct infill drilling at Hawiah to upgrade the copper/gold/zinc/silver resource and to identify near-surface mineralisation at al Godeyer for inclusion in the early stages of a mine plan. The aim will be to provide an upgraded resource and a preliminary feasibility study by the end of 2022.
Secure funding for each suitable project	In Ethiopia the Company has reaffirmed 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 work in the run up to providing a potential $140 million in project financing to the Tulu Kapi project. RAB Capital, who became KEFI's largest single shareholder in 2021 remain as such, holding approximately 7%. In Saudi Arabia, the Saudi Industrial Development Fund ('SIDF') have advised that it would provide loans for up to 75% of mining project costs, including for resource delineation.	In Ethiopia, approval and execution of detailed finance documentation is expected by Q3-22; receipt of Project equity/subordinated debt subscriptions (senior debt drawdown is anticipated to follow in Q4-22). In Saudi Arabia, it intended to use the SIDF facility when appropriate and lines of communication in this regard remain active.

Strategy Objective	Progress in 2021	Focus in 2022
Develop profitable metals production	In Ethiopia, major delays were encountered during the year because of civil war in the North of Ethiopia and a declaration of a state of emergency. The situation has improved significantly over the first quarter of 2022 with the end of the civil war and the lifting of the national state of emergency in February 2022. Nonetheless, project work continued during 2021 with the refinement of project planning and engineering work in readiness for project start-up in mid-2022.	Ethiopia: Following the abatement of Ethiopia's civil war and the State of Emergency being lifted, the Company has worked with the Ethiopian Ministry of Mines to monitor the situation that it is, and remains, appropriate to recommence activities at the Tulu Kapi site and the wider district. TKGM plans to recommence the refurbishment of the existing site camp. Field programmes will re-start for community consultations with regular independent security monitoring, final pricing with contractors and signing of binding documents mid-year. Once all funding is in place, commence the full construction and development of the project. Saudi: The focus at Hawiah is on providing data for the Hawiah Preliminary Feasibility study and includes a drilling program aimed at upgrading some of the resource to an 'Indicated' category, further metallurgical test work and other additional drilling.
Maintain strong Environmental, Social and Governance standards and practices	Board and Management strengthened in readiness for project implementation. During 2021 Mr. Theron Brand has been appointed as Managing Direct of TKGM and Mr. E. Solbrandt has been appointed as Chief Operating Officer. Particular emphasis has been placed on the ongoing situation in Ethiopia which, as noted in the section above has experienced a number of challenges through the year as a result of civil unrest.	On-going compliance with relevant social, environmental, employment and other legislation along with relevant international standards.

Group Strategic Report (continued)

For the year ended 31 December 2021

Results

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

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

Cash Flow

Group net cash in the 12 months to 31 December 2021 decreased by £0.9 million. During the year the company received net cash placements from the Dec 2020 and Dec 2021 placement of £0.8 million and a bridging loan of £2.7 million. The total net cash from financing was £3.5 million. The cash outflow during the period was £4.5 million of which £1.5 million was used in operating activities and a further £3 million used on exploration and evaluation capital.

Balance sheet

The Group's Non-current assets of £28 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 £3.9 million, essentially as a result of capital expenditure incurred during the year. The £3.9 million costs capital expenditure is directly associated with the TKGM gold exploration project costs and capitalized as intangible exploration and evaluation costs. Such exploration and evaluation expenditure include directly attributable internal costs incurred in Ethiopia and services rendered by external consultants to ensure technical feasibility and commercial viability of the TKGM project.

The Group had total liabilities of £6.8 million (2020: £3 million), of which £3.6 million related to amounts owed to staff and shareholders. After the 31 December 2021 after receiving authority from shareholders at the General Meeting held in January 2022 the company issued ordinary shares in settlement of outstanding debt of £3.1 million. This strengthened the balance sheet by repaying bridging financing of £1.2 million and settling amounts owed to Directors/PDMR's and staff of £1.9 million by share set off arrangements.

In the parent company financial statements, identified a prior period adjustment in relation to the reclassification of part of an intercompany receivable from current to non-current. As per IAS 1, part of the intercompany receivable should have been classified as non-current as it was not expected to be recovered in the next 12 months.

Operating Expenses

	Year Ended 31.12.21 £'000	Year Ended 31.12.20 £'000
Exploration expenditure	**-**	(25)
Administrative expenses, mainly on project development preparations	**(2,190)**	(2,365)
Investigatory, pre-decisional project finance transaction costs	**(84)**	(316)
Share based payments	**(810)**	(51)
Share of loss from jointly controlled entity and Impairment	**(1,482)**	(1,088)
Impairment of jointly controlled entity	**418**	(585)
Other	**(75)**	124
Gain from dilution of equity interest in joint venture	**428**	1,033
Foreign exchange loss	**(8)**	(347)
Interest cost	**(1,121)**	(100)
Loss for the year	**(4,924)**	(3,720)

The results for the year are set out in the consolidated statement of comprehensive income on page 66.

The activities for the year have resulted in the Group's loss before tax of £4.9 million (2020 £3.7 million). No dividends were declared or paid during the year by the Board of Directors. (2020: nil). The loss for the year increased primarily due to the higher interest costs of £1.1 million and the share-based payments on share options issued of £0.81 million. The Group has continued to keep a tight control on its administrative costs.

The value of the share of the loss of operations in the joint venture in Saudi Arabia increased to £1.5 million (2020 £1.1 million) due to the higher activity levels at Hawiah. KEFI has a very conservative policy and expenses all costs relating to its project in Saudi Arabia are written off in the year advances are made, this resulted in the reversal of the impairment charge in the current year £0.4 million (2020 £ 0.6) million).

Results (continued)

Funding

The Company made placements during the year of £3.4 million for working capital, goods and services, and debt repayments through the issue of 429,375,788,146 new ordinary shares at average price of 0.79 pence as follows:

- 15,000,000 new Shares from exercising warrants to raise £0.1 million.
- 89,375,000 new Shares to raise gross cash of approximate £0.715 million.
- 325,000,788 new Shares to certain project contractors, repay advances and other third parties in settlement of outstanding invoices of approximate raise £2,6 million (before expenses).

The details of 2021 placing are as follows:

Issued	Placement price (pence)	£'000
15 April 2021 (1)	0.65	98
24 Dec 2021 (2)	0.80	2,600
24 Dec 2021 (1)	0.80	715
Gross placement raised before expenses		3,413
Less Share Issue Costs		(219)
		3,194

(1) In cash

(2) Settlement of liabilities: Settling in full the cash amount owed of £2.6 million by way of the issue of new ordinary shares in KEFI Gold and Copper Plc

Principal risks and uncertainties

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

Principal risks and uncertainties (continued)

Risk	Description	Mitigation
Exploration industry risk	Mineral exploration is speculative in nature, involves many risks and is typically unsuccessful in any one target. Following any discovery, it can take a number of years from the initial phases of drilling and identification of mineralisation until production is possible, during which time the economic feasibility of production may change. Substantial expenditure is required to establish ore reserves through drilling, to determine metallurgical processes to extract minerals from the ore and to construct mining and ore processing facilities. As a result of these uncertainties, no assurance can be given that the exploration programmes undertaken by the Group will result in any new commercial mining operations being brought into operation. Government activity, which could include non-renewal of licences, and may result in any income receivable by the Group being adversely affected. Changes in the application or interpretation of mining and exploration laws and/or taxation provisions in the countries in which the Group operates could adversely affect the value of its interests (Refer to page 7 that highlights this particular risk).	The Group employs the most up to date exploration techniques together with highly qualified industry staff and consultants. Development and implementation of a robust exploration plan. Review of exploration plan by the Board's executive committee. Identify attractive prospective areas to apply for or acquire. The Group maintains cooperative and proactive relation with all relevant government departments and adheres to all required permitting process and title requirements.
Political risk	The Group is subject to political, economic and other uncertainties, including but not limited to changes in policies or the personnel administering them, terrorism, nationalisation, appropriation of property without fair compensation, cancellation or modification of contract rights, foreign exchange restrictions, currency fluctuations, export quotas, royalty and tax increases and other risks arising out of foreign governmental sovereignty over the areas in which these operations are conducted, as well as risks of loss due to civil strife, acts of war, guerrilla activities and insurrection.	This is particularly relevant to Ethiopia in recent times as political and social unrest was evident throughout the reporting year. However, the situation continues to improve in 2022.See further comment in the section below 'Tulu Kapi gold project' Permanent management teams in which local staff play significant senior roles are maintained in each of Ethiopia and Saudi Arabia to continuously monitor developments and quickly and efficiently resolve matters as they arise. KEFI enjoys a robust and pro-active relationship with the relevant authorities in both Ethiopia and the Kingdom of Saudi Arabia.

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. Involvement and consultation with these groups in a sustainable and long-term manner is therefore central to our strategy and we employ staff locally who are aware of community sensitivities and ensure that consultation is frequent and on-going. Our community development is focused on: 1. sustainable job creation; 2. skills transfer (education and training); and 3. infrastructure development.
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 partners who were selected for their knowledge and capability in their home country, with frequent meetings and continuous monitoring of performance. In Saudi, we partner with a leading Saudi industrial group and in Ethiopia we partner with the Government of Ethiopia who are a major shareholder in our Ethiopian subsidiary TKGM.
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.	Although taking longer than originally anticipated to complete project financing due to civil unrest within Ethiopia during 2021, all parties have reconfirmed their commitment to proceed when appropriate. The Ethiopian Ministry of Mines (the "Ministry") has allowed until 8 August 2022 for full project financing and launch commitments to be achieved. The Ministry has been advised that for this to be achieved site access and security will need to be at a standard satisfactory to TKGM, its lenders and its investors. External independent security assessment of the Project site, district, and transport routes are now a standard operating procedure for TKGM and while conditions are improving there is no guarantee that the requisite level of security will be achieved by the Ministry's date.
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. During project development foreign exchange exposure will swing towards USD as much of the project development costs are in this currency.	The Group maintains most of its cash in Pounds Sterling and monitors relevant currency movements and takes action where needed. . With regard to the project development period and subsequent, project debt will be denominated in USD as will gold sales thus providing a significant natural hedge.
	Funding risk: The Group relies primarily upon existing shareholders to meet its funding requirements for on-going exploration and pre-development activities which are dependent on the Group's ability to obtain continued financing through the debt and equity markets. Where a project moves into the development stage, such as at Tulu Kapi, it is then possible to consider other means such as project financing. Although the Group has been successful in the past in obtaining the necessary finance there can be no assurance that the Group will be able to obtain adequate financing in the future or that the terms of the financing will be favourable. Please also refer to Note 2 of the Financial Statements 'Going Concern'.	The Company has assembled a financing consortium for the Tulu Kapi project that reflects a deliberate effort to involve groups with large scale and deep experience in Africa and includes the Ethiopian division of a global industrial company and a leading commodities trader with mining investments in Africa. We maintain continuous and transparent discussions with lenders and finance providers pending completion of conditions precedent matters and final documentation.
	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 throughout most of 2021. This has now to a large extent been significantly reduced in most areas.	We continue to follow World Health Organization protocols and local government rules and recommendations at all of our projects and corporate offices.

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 Engagement

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 57 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 has a 30% interest. In both operating joint venture companies, KEFI has the contractual obligation to nominate the CEO and to propose to the Board all exploration, development and operating plans. In Ethiopia KEFI has a majority of Board seats and in Saudi Arabia our partner has the majority of Board seats.	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 56 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.	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.
Workforce The Company workforce summarized below does not include those specialists retained via contractors in our operating sites or internationally nor the teams in 30%-owned Saudi G&M, and 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.	Mutual support between KEFI and TKGM's operations and the communities around them is	KEFI has. KEFI maintains an open dialogue with respective local government bodies and with

Stakeholder Group	*Importance of Engagement*	*How did Board and/or Management Engage*
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 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.	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.	community leaders regarding the development of each of our projects. 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: 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 9.
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 of 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 lenders throughout the year, in particular in relation to the Tulu Kapi project and has established a strong and continuing relationship with a consortium of African based banks to provide finance to the 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.	Management has 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.

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

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 with bank lenders who are actively working in Ethiopia, are familiar with the local market and many of our local stakeholders and are compatible with the Project consortium. Further details are available in the Finance Director's Review on page 6.

2. **Capital Management**

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

In December 2021 and January 2022 the Board raised a combined additional £6.4 million equity to provide further working capital, funds for Tulu Kapi and Saudi and settle outstanding debt. On the finalisation of these placements, the Company discharged its significant material liabilities via set off agreements of approximately £5.7 million.

In making these decisions the Board considered:

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

Some of the other key decisions made during 2021:

- The ongoing evaluation of existing license areas and the assessment of projects resulting in decisions throughout the period prioritizing this activity.
- Pushing ahead with Tulu Kapi development plans to the extent possible in order to be able to trigger development quickly once conditions allowed
- Dilution of interest in the Saudi joint venture from 34% to 30% but now planning to retain this level of ownership going forward by committing additional shareholder funds when needed in this KEFI operated joint venture.
- Increased effort in Saudi Arabia following very encouraging results at the Hawiah license and the awarding of two additional licenses in the area by Saudi authorities.

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
1 June 2022

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

Report of the Board of Directors
For the year ended 31 December 2021

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 4 to 5 and the finance directors report on the pages 6 to 7. 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 2021 and at the date of this report are shown on pages 14 to 15. 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 comprised of six Directors during the year and full details of Resumes of the KEFI Directors are available on pages 14 to 15. On the 31 December 2021 the number of Directors reduced to five after Mr. Adam Taylor, resigned as a non-executive director of the Company.

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 2021 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.

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 2022 (this date was extended from 2021 due to force majeure conditions in Ethiopia). Additionally, Tranche 1 will only be paid when the closing mid-price of the Company's shares is above 3.0p for five consecutive trading days	$0.5Million	$0.5Million
Tranche 2: Completion of the Project within the Project budget approved by the senior lenders. Additionally, Tranche 2 will only be paid when the closing mid-price of the Company's shares is above 4.0p for five consecutive trading days.	$0.5Million	-
Tranche 3: Upon the sale and physical delivery of 35,000 ounces of gold equivalent. Additionally, Tranche 3 will only be paid when the closing mid-price of the Company's shares is above 5.0p for five consecutive trading days	$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.
Chief Operating Officer	Consulting Services	Roll forward arrangement	12 Months	Medical; Share Options.

Directors' interests

The interests of the Directors and their immediate families (all of which are beneficial unless otherwise stated) and of persons connected with them in the existing ordinary shares as 29 June 2021 are as follows:

Director	Shares	%	Shareholder Warrants[1]
H Anagnostaras-Adams	54,731,312	1.4%	11,250,000
J Leach	31,025,743	0.8%	6,250,000
N Ling	2,295,486	0.1%	-
M. Tyler	5,125,000	0.1%	1,562,500
R Robinson	7,250,000	0.2%	3,125,000

[1]On 13 January 2022, one Warrant with an exercise price of £0.016 was issued for every two Placing Shares issued in the Placing. The Warrants become exercisable if, during a two-year period following the date of Second Admission, the Warrant Trigger Event occurs. If the Warrant Trigger Event occurs, then (i) the holders of the Warrants must exercise the Warrants within 30 days from the occurrence of the Warrant Trigger Event; and (ii) the Warrants will expire following the end of the 30 day period referenced above if not exercised. If the Warrant Trigger Event has not occurred within two years following the date of Second Admission, then the Warrants shall lapse and will no longer be capable of being exercised.

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
			43,351,574	10,260,075	2,735,688	2,735,688	2,735,688	1,514,471

Options (continued)

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

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

Directors' emoluments

In compliance with the disclosure requirements of the listing requirements of AIM, the aggregate remuneration for the Directors of KEFI for the year ended 31 December 2021 is set out below:

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

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	225	33	73	6	337
J. Leach	169	25	33	5	232
Non-Executive					
N. Ling[4]	28	-	-	3	31
M Tyler	28	-	-	-	28
R Robinson	26	-	-	-	26
A Taylor[1]	13	-	-	-	13
	489	58	106	14	667

[1]Appointments and Retirement as Director: Mr. Adam Taylor was appointed in July 2020 as Non-Executive Director and resigned on the 31 December 2021,
[2]Share based benefit incentive options: The figure is based on the valuation at the date of grant. The figure recorded relates to the amount relating to the current year as a proportion of the vesting period. Vesting is subject to a number of vesting conditions which may or may not be achieved. This figure is not a cash payment.
[3]Other compensation includes 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.

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 13 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 three Non-Executive Directors. The Non-Executive Directors, Richard Robinson, Norman Ling and Mark Tyler 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. The Board regularly reviews key business risks, including the financial risks facing the Group in the operations of its business. The Directors are of the opinion that the Board composition contains a suitable balance. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of shareholders about the Company.

Board meetings

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

Board Committees

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

Audit and Financial Risk Committee

The Audit and Financial Risk Committee considers the Group's financial reporting (including accounting policies) and internal financial controls. The Audit and Financial Risk Committee comprised 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), 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	7	7
J. Leach	7	7
N. Ling	7	7
M. Tyler	7	7
R. Robinson	7	7
A. Taylor[1]	7	7

Audit Committee[2]	Held	Attended
R. Robinson	3	3
N. Ling	3	3
M. Tyler	3	3

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

[1]Mr. Adam Taylor resigned on 31 December 2021 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 2021 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. Theron Brand as Managing Director of TKGM and Mr. Eddy Solbrandt as Group Operations Director. 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 79 of the financial statements.

Securities trading

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

Ethical values and behaviours

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

Wider stakeholder needs and social responsibilities

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

Understanding and meeting shareholder needs and expectations

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

Experience, skills and capabilities of the Board Directors

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

Governance structures and processes that support good decision-making

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

Website publication

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

Relations with shareholders

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

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

Shareholders holding more than 3% of share capital

The Shareholders holding more than 3% of the share capital of the Company as at 19 May 2022 and as far as the Directors' are aware:

Name	Percentage	Number
Hargreaves Lansdown (Nominees) Limited	18.0%	708,268,799
Interactive Investor Services Nominees Limited	11.5%	452,465,400
Pershing Nominees Limited	10.5%	411,882,495
Jim Nominees Limited	8.3%	326,504,217
Vidacos Nominees Limited	5.3%	209,039,254
Hsdl Nominees Limited	5.2%	206,130,331
Barclays Direct Investing Nominees Limited	4.5%	177,463,239
Winchcombe Ventures Limited	3.8%	149,823,430
Lawshare Nominees Limited	3.5%	136,634,403

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 73 for further information and disclosure of the uncertainty.

Events after the reporting date

Share Placement January 2022

Following the General Meeting on 13 January 2022 the Company admitted 371,817,944 new ordinary shares of the Company at a placing price of 0.8 pence per Ordinary Share.

The total shares issued during January 2022 for services and obligations was as follows:

	2022	
Name	Number of Remuneration and Settlement Shares	Amount
	000	£'000
For services rendered and obligations settled		
H Anagnostaras-Adams	22,500	180
J Leach	12,500	100
Mark Tyler	3,125	25
Richard Lewin Robinson	6,250	50
Other employees and PDMRs	173,530	1,510
Amount to settle other Obligations	-	-
Total share based payments	**217,905**	**1,865**
Amount to settle loans		
Unsecured Convertible loan facility	-	-
Unsecured working capital bridging finance	153,913	1,235
	371,818	**3,100**

Events after the reporting date (continued)

In January 2022 393,096,865 warrants were issued that grant the right to be issued one Ordinary Share for an exercise price of 1.6 pence, exercisable following a Warrant Trigger Event provided that such Warrant Trigger Event occurs during a two-year period following the January 2022 issue date. A “Warrant Trigger Event” occurs when the share price of the Company closes at a price equal to or greater than 2.4 pence (being a 50% premium on the Warrant exercise price) for five consecutive days. If the Warrant Trigger Event occurs then the holders of the Warrants must exercise the Warrants within 30 days from the occurrence of the Warrant Trigger Event; after which any unexercised warrants will expire.

Share Placement April and May 2022

In April 2022 the Company raised £4.4 million through the issue of 550,000,000 new Ordinary Shares at a placing price of 0.8 pence per Ordinary Share.

In May 2022 after receiving shareholder approval at a General Meeting of the Company raised a further £3.6 million through the issue of 450,000,000 Ordinary Shares at the Placing Price of 0.8 pence per Ordinary Share.

The Company granted one warrant per two Placing Shares at an exercise price of 1.6 pence exercisable for a period of two years from the May 2022 admission. The 500,000,000 warrants become exercisable on the same Warrant Trigger Event disclosed in the January 2022 note above.

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

1 June 2022

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 2021 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with UK adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Kefi Gold and Copper Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2021 which comprise the consolidated statement of comprehensive income, the statements of financial position, the consolidated statement of changes in equity, the company statement of changes in equity and the consolidated statement of cash flow, the company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs

(UK)) and applicable law. Our responsibilities under those standards are further described in the

Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Material uncertainty relating to going concern

We draw your attention to note 2 of the financial statements which explains that the Parent Company and the Group's forecasts indicate that they will require additional funding in Q3 of 2022 to meet working capital needs and other obligations and that while there is potential access to short term funding from shareholders and other alternatives on offer it is currently not committed. These conditions, along with other matters set out in note 2, indicate the existence of a material uncertainty which may cast significant doubt over the Parent Company's and the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We have highlighted going concern as a key audit matter as a result of the estimates and judgements required by the Directors in their going concern assessment and the effect on our audit strategy. We performed the following work in response to this key audit matter:

- We obtained the Directors' going concern assessment and supporting forecasts and performed a detailed review of the cash flow forecasts, challenging the key assumptions based on empirical data and comparing 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 agreements and term sheets from potential investors in connection with the planned project financing, and documentation from the potential sources for financing planned for September 2022.
- We have agreed any projected fund raises to term sheets and any funds raised since year end to bank, we ensured these were reflected in the cash flow forecast.
- We reviewed the adequacy and completeness of the disclosures in the financial statements in the context of our understanding of the Group's operations and plans, and the requirements of the financial reporting framework.
- We reviewed correspondence with the Ethiopian Ministry of Mines and the opinion of Kefi's legal advisors, in order to assess the mining licence validity.
- 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.

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

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

Overview

Coverage[1]	*99% (2020: 98%) of Group loss before tax* *100% (2020: 100%) of Group total assets*		
Key audit matters		2021	2020
	Carrying value of exploration assets	✓	✓
	Going concern	✓	✓
Materiality	*Group financial statements as a whole* £430k (2020: £400k) based on 1.5% (2020: 1.5%) of total assets		

An overview of the scope of our audit

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

The Group operates through the Parent Company based in the United Kingdom whose main function is the incurring of administrative costs and providing funding to the subsidiaries in Ethiopia as well as one joint venture company in Saudi Arabia. In addition to the Parent Company, the two Ethiopian subsidiaries are considered to be significant components, 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, which were considered to be not significant components.

In establishing our overall approach to the group audit, we determined the type of work that needed to be performed in respect of each component. A full scope audit of the Ethiopian subsidiaries were 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.

Our involvement with component auditors

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

- Detailed Group reporting instructions were sent to the component auditor, which included the principal 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 planning, fieldwork and completion phases.

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

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

Our application of materiality

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

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

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

	Group financial statements		Parent company financial statements	
	2021 £k	2020 £k	2021 £k	2020 £k
Materiality	430	400	330	230
Basis for determining materiality	1.5% total assets			
Rationale for the benchmark applied	We consider total assets to be the financial metric of the most interest to shareholders and other users of the financial statements given the Group and Parent Company's status as a mining exploration company and therefore consider this to be an appropriate basis for materiality.			
Performance materiality	320	300	247	172
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 significant component of the Group based on 1.5% total assets (2020: 1.5%), based on the size and our assessment of the risk of material misstatement of that component. Component materiality was set at £280k (2020: £230k). In the audit of each component, we further applied performance materiality levels of 75% (2020: 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 £21k (2020: £20k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

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

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

Responsibilities of Directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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 (UK adopted international accounting standards, the Companies Act 2006. AIM rules and the QCA Corporate Governance Code), and terms and requirements included in the Group's exploration and evaluation licenses. Our procedures included:

- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries to the Directors, and those responsible for legal and compliance procedures. We corroborated our enquiries through our review of board minutes and other supporting documentation.
- 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.
- 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 Directors to form our own opinion on the extent of Group wide compliance
- Reviewing minutes from board meetings of those charges with governance to identify any instances of non-compliance with laws and regulations

We have considered the potential for material misstatement in the financial statements, including misstatement arising from fraud and considered that the areas in which fraud might occur were management override and missapropriation of cash. Our procedures to respond to these risks included:

- We made enquiries of Management and the Board into any actual or suspected instances of fraud.
- 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); 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.

[*Signature*]

Jack Draycott (Senior Statutory Auditor)

For and on behalf of BDO LLP, Statutory Auditor

London, United Kingdom

1 June 2022

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 2021

	Notes	Year Ended 31.12.21 £'000	Year Ended 31.12.20 £'000
Revenue		**-**	-
Exploration costs		**-**	(25)
Administrative expenses	6	**(2,190)**	(2,365)
Finance transaction costs	8.2	**(84)**	(316)
Share-based payments and warrants-equity settled	18	**(810)**	(51)
Share of loss from jointly controlled entity	20	**(1,482)**	(1,088)
Impairment of jointly controlled entity	20	**418**	(585)
Operating loss	6	**(4,148)**	(4,430)
Change in value of financial assets at fair value through profit and loss	14	**-**	(16)
Other (loss)/income		**(75)**	140
Gain on Dilution of Joint Venture	20	**428**	1,033
Foreign exchange loss		**(8)**	(347)
Finance costs	8.1	**(1,121)**	(100)
Loss before tax		**(4,924)**	(3,720)
Tax	9	**-**	-
Loss for the year		**(4,924)**	(3,720)
Loss attributable to:			
-Owners of the parent		**(4,924)**	(3,720)
Loss for the period		**(4,924)**	(3,720)
Other comprehensive expense:			
Exchange differences on translating foreign operations		**-**	-
Total comprehensive expense for the year		**(4,924)**	(3,720)
Total Comprehensive Income to:			
-Owners of the parent		**(4,924)**	(3,720)
Basic diluted loss per share (pence)	10	**(0.226)**	(0.224)

The notes on pages 72 to 106 are an integral part of these consolidated financial statements.

Statements of financial position

Company Number: 05976748

31 December 2021

	Notes	The Group 2021	The Company 2021	The Group 2020	Restated The Company 2020	Restated The Company 1 Jan 2020
		£'000	£'000	£'000	£'000	£'000
ASSETS						
Non-current assets						
Property, plant and equipment	11	**63**	**1**	35	3	3
Intangible assets	12	**28,361**	**-**	24,510	-	-
Investment in subsidiaries	13.1	**-**	**14,331**	-	13,680	12,575
Investments in jointly controlled entities	13.2	**-**	**-**	-	-	-
Receivables from subsidiaries	15.2	**-**	**7,292**	-	6,262	5,813
		28,424	**21,624**	24,545	19,945	18,391
Current assets						
Financial assets at fair value through OCI	14	**-**	**-**	54	-	-
Trade and other receivables	15.1	**291**	**24**	448	338	1,154
Cash and cash equivalents	16	**394**	**149**	1,315	1,192	65
		685	**173**	1,817	1,530	1,219
Total assets		**29,109**	**21,797**	26,362	21,475	19,610
EQUITY AND LIABILITIES						
Equity attributable to owners of the Company						
Share capital	17	**2,567**	**2,567**	2,138	2,138	1.149
Deferred Shares	17	**23,328**	**23,328**	23,328	23,328	23,328
Share premium	17	**35,884**	**35,884**	33,118	33,118	25,452
Share options reserve	18	**1,891**	**1,891**	1,273	1,273	1,118
Accumulated losses		**(42,731)**	**(47,310)**	(37,824)	(40,736)	(36,265)
Attributable to Owners of parent		**20,939**	**16,360**	22,033	19,121	14,782
Non-Controlling Interest	19	**1,379**	-	1,204	-	-
Total equity		**22,318**	**16,360**	23,237	19,121	14,782
Current liabilities						
Trade and other payables	21	**5,556**	**4,202**	3,125	2,354	3,864
Loan and borrowings	23	**1,235**	**1,235**		-	964
Total liabilities		**6,791**	**5,437**	3,125	2,354	4,828
Total equity and liabilities		**29,109**	**21,797**	26,362	21,475	19,610

The notes on pages 72 to 106 are an integral part of these consolidated financial statements.

The Company has taken advantage of the exemption conferred by section 408 of Companies Act 2006 from presenting its own statement of comprehensive income. Loss after taxation amounting to £6.8 million (2020: £5.1 million) has been included in the financial statements of the parent company.

On the 1 June 2022, 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 2021

	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 2020	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)
Total Comprehensive Income	-	-	-	-	-	(3,720)	(3,720)	-	(3,720)
Recognition of share-based payments	-	-	-	53	-	-	53	-	53
Expired warrants	-	-	-	(665)	-	665	-	-	-
Issue of share capital	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**
Loss for the year	**-**	**-**	**-**	**-**	**-**	**(4,924)**	**(4,924)**	**-**	**(4,924)**
Other comprehensive income	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Comprehensive Income	**-**	**-**	**-**	**-**	**-**	**(4,924)**	**(4,924)**	**-**	**(4,924)**
Recognition of share-based payments	**-**	**-**	**-**	**810**	**-**	**-**	**810**	**-**	**810**
Expired warrants	**-**	-	**-**	**(192)**	-	**192**	**-**	-	**-**
Issue of share capital and warrants	**429**	-	**2,985**	**-**	-	**-**	**3,414**	**-**	**3,414**
Share issue costs	**-**	**-**	**(219)**	**-**	**-**	**-**	**(219)**	**-**	**(219)**
Non-controlling interest	**-**	**-**	**-**	**-**	**-**	**(175)**	**(175)**	**175**	**-**
At 31 December 2021	**2,567**	**23,328**	**35,884**	**1,891**	**-**	**(42,731)**	**20,939**	**1,379**	**22,318**

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 72 to 106 are an integral part of these consolidated financial statements.

Company statement of changes in equity

Year ended 31 December 2021

	Share capital	Deferred shares	Share premium	Share options reserve	Accumulated losses	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 1 January 2020	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	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**
Loss for the year	-	-	-	-	**(6,766)**	**(6,766)**
Recognition of share-based payments	-	-	-	**810**	-	**810**
Forfeited options	-	-	-	-	-	-
Expired warrants	-	-	-	**(192)**	**192**	-
Issue of share capital and warrants	**429**	-	**2,985**	-	-	**3,414**
Share issue costs	-	-	**(219)**	-	-	**(219)**
At 31 December 2021	**2,567**	**23,328**	**35,884**	**1,891**	**(47,310)**	**16,360**

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 72 to 106 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows
Year ended 31 December 2021

	Notes	**Year Ended 31.12.21 £'000**	Year Ended 31.12.20 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(4,924)**	(3,720)
Adjustments for:			
Depreciation of property, plant and equipment	11	**17**	43
Share based payments	18	**-**	624
Issue of options	18	**810**	51
Fair value loss to derivative financial asset	14	**-**	16
Gain on Dilution of Joint Venture	20.1	**(428)**	(1,033)
Share of loss from jointly controlled entity	20	**1,482**	1,088
Impairment on jointly controlled entity	20	**(418)**	585
Exchange difference		**159**	244
Finance costs	8.1	**1,121**	100
		(2,181)	(2,002)
Changes in working capital:			
Trade and other receivables		**(75)**	(123)
Trade and other payables		**806**	(67)
Cash used in operations		**(1,450)**	(2,192)
Interest paid		**-**	-
Net cash used in operating activities		**(1,450)**	(2,192)
CASH FLOWS FROM INVESTING ACTIVITIES			
Project exploration and evaluation costs	12	**(2,508)**	(3,029)
Acquisition of property plant and equipment	11	**(46)**	(40)
Proceeds from sale of financial assets at fair value through OCI	14	**54**	-
Advances to jointly controlled entity	13.2	**(510)**	(1,320)
Net cash used in investing activities		**(3,010)**	(4,389)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**1,045**	7,331
Issue costs	17	**(219)**	(335)
Proceeds from bridge loans	23.1.2	**2,713**	750
Repayment of convertible notes and bridge loans	23.1.2	**-**	-
Net cash from financing activities		**3,539**	7,746
Net increase/(decrease) in cash and cash equivalents		**(921)**	1,165
Cash and cash equivalents:			
At beginning of the year	16	**1,315**	150
At end of the year	16	**394**	1,315

Cash and cash equivalents in the Consolidated Statement of Financial Position includes restricted cash of £20,000 (2020: £20,000).

The notes on pages 72 to 106 are an integral part of these consolidated financial statements.

Company statement of cash flows

Year ended 31 December 2021

	Notes	Year Ended 31.12.21 £'000	Year Ended 31.12.20 £'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(6,763)**	(5,136)
Adjustments for:			
Depreciation of property plant equipment		**2**	2
Share based payments	18	**-**	624
Issue of options	18	**810**	51
Gain on Dilution of Joint Venture	20.1	**(428)**	(1,033)
Share of loss from jointly controlled entity	20	**1,482**	1,088
Impairment on jointly controlled entity	20	**(418)**	585
Exchange difference		**1,767**	1,845
Expected credit loss		**43**	18
Finance costs		**1,121**	100
		(2,384)	(1,856)
Changes in working capital:			
Trade and other receivables		**82**	(91)
Trade and other payables		**1,562**	(174)
Cash used in operations		**(740)**	(2,121)
Interest Paid		**-**	-
Net cash used in operating activities		**(740)**	(2,121)
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property plant and equipment		**-**	(2)
Investment in subsidiary	13.1	**(651)**	(1,104)
Advances to jointly controlled entity	13.2	**(510)**	(1,320)
Loan to subsidiary	15	**(2,684)**	(2,069)
Net cash used in investing activities		**(3,845)**	(4,495)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	17	**1,045**	7,331
Issue costs	17	**(219)**	(335)
Proceeds from bridge loans	23.1.2	**2,713**	750
Repayment of convertible notes and bridge loans	23.1.2	**-**	-
Net cash from financing activities		**3,539**	7,746
Net increase/(decrease) in cash and cash equivalents		**(1,046)**	1,130
Cash and cash equivalents:			
At beginning of the year	16	**1,195**	65
At end of the year	16	**149**	1,195

Cash and cash equivalents in the Company Statement of Financial Position includes restricted cash of £20,000 (2020: £20,000).

The notes on pages 72 to 106 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements
Year ended 31 December 2021

1. Incorporation and principal activities

Country of incorporation

KEFI Gold and Copper PLC (the "Company") was incorporated in United Kingdom as a public limited company on 24 October 2006. Its registered office is at 27/28, Eastcastle Street, London W1W 8DH.The principal place of business is Cyprus.

Principal activities

The principal activities of the Group for the year were:

- Exploration for mineral deposits of precious and base metals and other minerals that appear capable of commercial exploitation, including topographical, geological, geochemical and geophysical studies and exploratory drilling.
- Evaluation of mineral deposits determining the technical feasibility and commercial viability of development, including the determination of the volume and grade of the deposit, examination of extraction methods, infrastructure requirements and market and finance studies.
- Development of mineral deposits and marketing of the metals produced.

2. Accounting policies

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

Basis of preparation and consolidation

The Company and the consolidated financial statements have been prepared in accordance with UK adopted international accounting standardsin 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 2021. The Company and the consolidated financial statements have been prepared under the historical cost convention, except for the revaluation of certain financial instruments.

Business combinations

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

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

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

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

Subsidiaries

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

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

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

(a) power over the investee;

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

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

Transactions eliminated on consolidation

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

2. Accounting policies (continued)

Going concern

The assessment of the Group's ability to continue as a going concern involves judgment regarding future funding available for the development of the Tulu Kapi Gold project, advancement of the Saudi Arabia exploration properties and for working capital requirements. As part of this assessment, management have considered funds on hand at the date of approval of the financial statements, planned expenditures covering a period of at least 12 months from the date of approving these financial statements and its suitability in the context of the Group's long term strategic objectives. The Group also recognises that within the going concern consideration period it will require funding for its share of the construction development costs of the Tulu Kapi mine (Further details on project financing plan are summarised on page 6 of the Finance Director's Report).

TKGM reactivated Tulu Kapi project launch preparations in early 2022 and funding requirements and project timing could be impacted by security concerns in Ethiopia. Ethiopia's Ministry of Mines has been formally advised that the overall project progress is on schedule and will remain so subject to a satisfactory ongoing security situation. The Tulu Kapi project financing syndicate's arrangements are being formalised and definitive agreements are in preparation. Subject to these agreements and remaining regulatory and administrative tasks being completed promptly, full construction can proceed from as early as October 2022, being the end of the current wet season. Early preparatory works have commenced, including the regulatory and administrative tasks include items such as government and central bank approval, endorsement of historical costs, working rules for the London clearing account to avoid restrictions of capital controls and clearance for both banks to lend on same terms. However, such tasks and approvals are not yet finalised.

At the date of approval of these accounts, the Group has a cash balance of £2.5 million with no debt and all creditors under normal trading terms. The forecasts show that absent the reduction of planned expenditure, the Group will require additional funding in Q3 2022 to meet working capital needs and other obligations. Should this precede financial close (ie full funding) of the Tulu Kapi Gold Project, the Company has potential access to short term funding from shareholders and other alternatives on offer, but currently not committed, as has been the case in the past.

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

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

Presentational changes and prior period adjustment

Identified a prior period adjustment in relation to the reclassification of part of an intercompany receivable from current to non-current. As per IAS 1, part of the intercompany receivable should have been classified as non-current as it was not expected to be recovered in the next 12 months. This will have an impact on the total non-current assets and current assets figure on the company accounts but has no impact on the group statement of financial position. In addition, this adjustment has no impact on overall net assets or profit of the Company and the Group. The impact on the Company's financial position as at 1 January 2020 and 31 December 2020 is as follows

Company Statement of Financial Position.		**Adjustment to recognise reclassification of intercompany receivable**	**Restated**
	31.12.2020		**31.12.2020**
	£'000	**£'000**	**£'000**
Impact of Adjustment on Company Non-Current Assets and Current Assets			
Company Non-current assets Receivables from subsidiaries	**-**	**6,262**	**6,262**
Company Current assets Trade and other receivables	**6,600**	**(6,262)**	**338**
	01.01.2020		**01.01.2020**
Company Non-current assets- Receivables from subsidiaries	**-**	**5,813**	**5,813**
Company Current assets Trade and other receivables	**6,967**	**(5,813)**	**1,154**

2. Accounting policies (continued)

Functional and presentation currency

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

(1) Foreign currency translation

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

2) Foreign operations

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

Revenue recognition

The Group had no sales or revenue during the year ended 31 December 2021 (2020: 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 and interpretations applied

The IASB has issued new standards, amendments and interpretations to existing with an effective date on or before 1 January 2021, these new standards are not considered to have a material impact on the Group during the Year under review.

New standards and interpretations not yet effective Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or in later periods, which the Group has decided not to adopt early.

Notes to the consolidated financial statements (continued)

Year ended 31 December 2021

2. Accounting policies (continued)

New standards and interpretations applied (continued)

			Effective period commencing on or after
IFRS 3		Amendments to IFRS 3 'Business Combinations'	01 January 2022
IAS 16		Amendments to IAS 16: Property, plant and equipment	01 January 2022
IAS 37		Amendments to IAS 37: Provisions, contingent liabilities and contingent assets	01 January 2022
IAS 16		Amendments to IAS 16: Property, plant and equipment — Proceeds before intended use	01 January 2022
Improvements to IFRSs'		Improvements to IFRS 1, IFRS 9, IFRS 16 and IAS 41	01 June 2022
Amendments to IAS 8	1	Amendments to IAS 8: Definition of accounting estimates	01 January 2023
Amendments to IAS 1 and IFRS Practice Statement 2	1	Amendments to IAS 1 and IFRS Practice Statement 2 - Disclosure of accounting policies	01 January 2023
Amendments to IAS 12	1	Amendments to IAS 12: Deferred tax related to assets and liabilities arising from a Single transaction	01 January 2023
Amendments IAS 1	1	Amendments to IAS 1: Classification of liabilities as current or noncurrent	01 January 2023

[1]Not yet endorsed.

It is not anticipated that new standards, amendments and interpretations to existing standards which have been published that are mandatory for the Group's accounting periods beginning on or after 1 January 2022 or in later periods will be significant or relevant to the Group.

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:

	2021	2020
	£'000	£'000
Variable rate instruments		
Financial assets	**394**	1,315

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2021 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
	2021	**2021**	2020	2020
	£'000	**£'000**	£'000	£'000
Variable rate instruments				
Financial assets – increase of 100 basis points	**4**	**4**	13	13
Financial assets – decrease of 25 basis points	**(1)**	**(1)**	(3)	(3)

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 2021	**Assets 2021**	Liabilities 2020	Assets 2020
	£'000	£'000	£'000	£'000
Australian Dollar	**67**	**-**	47	3
Euro	**366**	**-**	127	-
Turkish Lira	**-**	**-**	7	-
US Dollar	**2,126**	**12**	1,694	10
Ethiopian Birr	**1,256**	**511**	630	363

Sensitivity analysis continued

A 10% strengthening of the British Pound against the following currencies at 31 December 2021 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 2021	**Profit or Loss 2021**	Equity 2020	Profit or Loss 2020
	£'000	£'000	£'000	£'000
AUD Dollar	**7**	**7**	4	4
Euro	**37**	**37**	13	13
Turkish Lira	**-**	**-**	1	1
US Dollar	**211**	**211**	168	168
Ethiopia ETB	**74**	**74**	27	(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-21					
Trade and other payables	5,556	5,556	5,556	-	-
Loans and Borrowings	1,235	1,235	1,235	-	-
	6,791	6,791	6,791	-	-
31-Dec-20					
Trade and other payables	3,125	3,125	3,125	-	-
Loans and Borrowings	-	-	-	-	-
	3,125	3,125	3,125	-	-
The Company					
31-Dec-21					
Trade and other payables	4,201	4,201	4,201	-	-
Loans and Borrowings	1,235	1,235	1,235	-	-
	5,436	5,436	5,436	-	-
31-Dec-20					
Trade and other payables	2,354	2,354	2,354	-	-
Loans and Borrowings	-	-	-	-	-
	2,354	2,354	2,354	-	-

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 £394,000 (2020: £1,315,000) and equity attributable to equity of the parent, comprising issued capital and deferred shares of £25,895,000 (2020: £25,466,000), other reserves of £37,775,000, (2020: £34,391,000) and accumulated losses of £42,731,000 (2020: £37,824,000). The Group has no long-term debt facilities.

Fair value estimation

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

Classification of financial assets and liabilities

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

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

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

3. Financial risk management (continued)

Fair value estimation

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

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

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

As at each of December 31, 2021 and December 31, 2020, 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	
	2021	2020	**2021**	2020
Financial assets	£'000	£'000	£'000	£'000
Cash and cash equivalents (Note 16) – Level 1	**394**	1,315	**394**	1,315
Financial assets at fair value through OCI (Note 14) - Level 2	**-**	54	**-**	54
Trade and other receivables (Note 15)	**291**	448	**291**	448
Financial liabilities				
Trade and other payables (Note 21)	**5,556**	3,125	**5,556**	3,125
Loans and borrowings (Note 23)	**1,235**	-	**1,235**	-

4. Use and revision of accounting estimates and judgements

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

Accounting Judgement:

<u>Going concern</u>

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. TKGM license developments are reflected in Note 12.

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

	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	17,652	15,823	-	(6,524)	26,951
Total liabilities	2,361	7,288	-	(6,524)	3,125

6. Expenses by nature

	2021 £'000	2020 £'000
Depreciation of property, plant and equipment (Note 11)	**17**	43
Directors' fees and other benefits (Note 22.1)	**535**	653
Consultants' costs	**238**	343
Auditors' remuneration - audit current year	**72**	114
Legal Costs	**737**	373
Ongoing Listing Costs	**125**	162
Other expenses	**277**	352
Shareholder Communications	**121**	245
Travelling Costs	**68**	80
Total Administrative Expenses	**2,190**	2,365
Share of losses from jointly controlled entity (Note 5 and Note 20)	**1,482**	1,088
Impairment of jointly controlled entity (Note 20)	**(418)**	585
Share based option benefits to directors (Note 18)	**407**	14
Share based benefits to employees (Note 18)	**148**	21
Share based benefits to key management (Note 18)	**255**	16
Share based benefits to suppliers	**-**	-
Cost for long term project finance (Note 8)	**84**	316
Operating loss	**4,148**	4,405

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

	2021 £'000	2020 £'000
Salaries	**1,170**	688
Social insurance costs and other funds	**220**	97
Costs capitalised as exploration	**(1,325)**	(756)
Net Staff Costs	**65**	29
Average number of employees	**49**	44

Excludes Directors' remuneration and fees which are disclosed in note 22.1. TK project direct staff costs of £1,325,000 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

	2021 £'000	2020 £'000
8.1 Total finance costs		
Interest on short term loan	**1,121**	100
Total finance costs	**1,121**	100
8.2 Total other transaction costs		
Cost for long term project finance	**84**	316
Total other transaction costs	**84**	316

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

9. Tax

	2021	2020
	£'000	£'000
Loss before tax	**(4,924)**	(3,720)
Tax calculated at the applicable tax rates at 12.5%	**(624)**	(477)
Tax effect of non-deductible expenses	**598**	336
Tax effect of tax losses	**70**	286
Tax effect of items not subject to tax	**(44)**	(145)
Charge for the year	**-**	-

The Company is resident in Cyprus for tax purposes. A deferred tax asset of £1,409k (2020: £1,601k) 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 2021, the balance of tax losses which is available for offset against future taxable profits amounts to £ 11,269k (2020: £ 12,812k). 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	2017	2018	2019	2020	2021	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Losses carried forward	1,743	1,730	1,602	3,748	2,446	11,269

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 31.12.21 £'000	Year Ended 31.12.20 £'000
Net loss attributable to equity shareholders	**(4,924)**	(3,720)
Net loss for basic and diluted loss attributable to equity shareholders	**(4,924)**	(3,720)
Weighted average number of ordinary shares for basic loss per share (000's)	**2,178,908**	1,663,197
Weighted average number of ordinary shares for diluted loss per share (000's)	**2,351,643**	1,748,804
Loss per share:		
Basic loss per share (pence)	**(0.226)**	(0.224)

There was no impact on the weighted average number of shares outstanding during 2021 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 2021.

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 2020	71	77	72	220
Additions	-	25	14	39
At 31 December 2020	**71**	**102**	**86**	**259**
Additions	**-**	**12**	**33**	**45**
At 31 December 2021	**71**	**114**	**119**	**304**
Accumulated Depreciation				
At 1 January 2020	37	72	72	181
Charge for the year	34	3	6	43
At 31 December 2020	**71**	**75**	**78**	**224**
Charge for the year	**-**	**7**	**10**	**17**
At 31 December 2021	**71**	**82**	**88**	**241**
Net Book Value at 31 December 2021	**-**	**32**	**31**	**63**
Net Book Value at 31 December 2020	-	27	8	35

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 2020	21,466
Additions	3,310
At 31 December 2020	**24,776**
Additions	3,851
At 31 December 2021	**28,627**
Accumulated Amortization and Impairment	
At 1 January 2020	266
At 31 December 2020	**266**
Impairment Charge for the year	-
At 31 December 2021	**266**
Net Book Value at 31 December 2021	**28,361**
Net Book Value at 31 December 2020	24,510

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

The additions of £3.9 million is directly associated with the TKGM gold exploration project expenditure and is capitalized as intangible exploration and evaluation cost. Such exploration and evaluation expenditure include directly attributable internal costs incurred in Ethiopia and services rendered by external consultants to ensure technical feasibility and commercial viability of the TKGM project.

The Company TKGM mining licence is in good standing to 2035 subject to normal compliance of Ethiopian mining regulations. The Ethiopian Ministry of Mines (the "Ministry") has allowed until 8 August 2022 for full Project financing and launch commitments to be achieved. The Ministry has been advised that for this to be achieved site access and security will need to be at a standard satisfactory to TKGM, its lenders and its investors. External independent security assessment of the Project site, district, and transport routes are now a standard operating procedure for TKGM and while conditions are improving there is no guarantee that the requisite level of security will be achieved by the Ministry's date.

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13. Investments

13.1 Investment in subsidiaries

The Company	Year Ended 31.12.21 £'000	Year Ended 31.12.20 £'000
Cost		
At 1 January	**13,680**	12,575
Additions	**651**	1,106
Dissolutions	**-**	(1)
At 31 December	**14,331**	13,680

The Company carrying value of KEFI Minerals Ethiopia which holds the investment in the Tulu Kapi Gold project currently under development is £14,331,000 as at the 31 December 2021.

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 6 under the Tulu Kapi project section.

Subsidiary companies	Date of acquisition/ incorporation	Country of incorporation	Effective proportion of shares held
Mediterranean Minerals (Bulgaria) EOOD	08/11/2006	Bulgaria	100%-Direct
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 2020.

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 (Voluntary Liquidated)	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 owned 100% of the share capital of Doğu Akdeniz Mineralleri ("Dogu"), a private limited liability Company incorporated in Turkey, engaging in activities for exploration and developing of natural resources

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

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 2021 and 2020. 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 31.12.21 £'000	Year Ended 31.12.20 £'000
The Group		
At 1 January/31 December	**-**	-
Increase in investment	**1,224**	1,896
Exchange Difference	**(160)**	(223)
Loss for the year	**(1,482)**	(1,088)
Reversal of impairment/(Impairment)	**418**	(585)
On 31 December	**-**	-

	Year Ended 31.12.21 £'000	Year Ended 31.12.20 £'000
The Company		
At 1 January/31 December	**-**	-
Increase in investment	**1,224**	1,896
Exchange Difference	**(160)**	(245)
Impairment Charge for the year	**(1,064)**	(1,651)
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	31.2%-Direct

The Company owns 31.2% of G&M. More information is given in note 20.1. During the year the Company diluted its holding in G&M from 34% to 31.2% and this resulted in a gain of £428,000.

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 31.12.21 £'000	Year Ended 31.12.20 £'000
The Group		
At 1 January	**54**	70
Foreign currency movement	**-**	(16)
Repayment	**(54)**	-
On 31 December	**-**	54

15. Trade and other receivables

15.1 Current Trade and other receivables

	Year Ended 31.12.21 £'000	Year Ended 31.12.20 £'000
The Group		
Share Placement[1]	**-**	232
Other receivables	**36**	38
VAT receivable	**255**	178
	291	448

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

	Year Ended 31.12.21 £'000	Restated Year Ended 31.12.20 £'000
The Company		
Share Placement[1]	**-**	232
Other Debtors	**15**	88
Prepayments	**9**	18
	24	338

15.2 Receivables from subsidiaries

	Year Ended 31.12.21 £'000	Restated Year Ended 31.12.20 £'000
The Company		
Advance to KEFI Minerals (Ethiopia) Limited (Note 22.2) [2]	**3,166**	3,918
Advance to Tulu Kaki Gold Mine Share Company (Note 22.2)[1]	**4,430**	2,605
Expected credit loss	**(304)**	(261)
	7,292	6,262

In the current year identified a prior period adjustment in relation to the reclassification of part of an intercompany receivable from current to non-current. As per IAS 1, part of the intercompany receivable should have been classified as non-current as it was not expected to be recovered in the next 12 months (Refer to note 2).

Amounts owed by subsidiary companies total £7,819,000 (2020: £8,927,000). A write off of £223,000 (2020: 2,404,000) 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 2021 and determined that any expected credit losses would be £304,000 (2020: £261,000) for which a provision has been recorded. The advances to KEFI Minerals (Ethiopia) Limited and TKGM are unsecured, interest free and repayable on demand. Settlement is subject to the parent company's operating liquidity needs. At the reporting date, no receivables were past their due date.

[1]The Company advanced £2,628,000 (2020: £1,993,000) to the subsidiary Tulu Kapi gold Mine Share Company during 2021. The Company had a foreign exchange translation loss of £800,000(2020: Loss £591,000) the current year loss was because of the continued devaluation of the Ethiopian Birr.

[2]Kefi Minerals (Ethiopia) Limited: during 2021, the Company advanced £56,000 (2020: £76,000) to the subsidiary. The Company had a foreign exchange translation loss of £808,000 (2020: Loss £1,008,000) 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 31.12.21 £'000	Year Ended 31.12.20 £'000
The Group		
Cash at bank and in hand unrestricteds	**374**	1,295
Cash at bank restricted	**20**	20
	394	1,315
The Company		
Cash at bank and in hand unrestricted	**129**	1,172
Cash at bank restricted	**20**	20
	149	1,192

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 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**

17. Share capital (continued)

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

	Number of Deferred Shares'000		£'000	£'000
Deferred Shares 1.6p	2021	2020	2021	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	2021	2020	2021	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).

2021

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

Restructuring of share capital into deferred shares

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

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

18. Share Based payments

18.1 Warrants

In note 18 when reference is made to the “Old Ordinary Shares” it relates to the ordinary shares that had a nominal value of 1.7p each and were in issue prior to the 8 July 2019 restructuring. Shares issued after the 8 July 2019 restructuring have a nominal value of 0.1p and will be referred to as (“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 2021to 31 December 2021, 149,000,000 warrants issued to shareholders expired and 8,461,538 were exercised by Brandon Hill.

2021

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

During the period 1 January 2021 to 31 December 2021,15,000,000 warrants were cancelled or expired.

Details of warrants outstanding as at 31 December 2021:

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	5,000
20 Nov 2020	20 Nov 2023	1.60p	3 years	11,175
				45,125

	Weighted average ex. Price	Number of warrants* 000’s
Outstanding warrants at 1 January 2021	1.56p	60,125
- exercised warrants	0.65p	(15,000)
- expired warrants	2.50p	-
- granted	2.13p	-
Outstanding warrants at 31 December 2021	1.87p	**45,125**

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 and options granted during the year are as follows:

	Warrants					Options
	6-Jan-20	19-May-20	29-May-20	20-Nov-20		17-Mar-21
Closing share price at issue date	1.65p	0.75p	1.06p	1.68p		2.05p
Exercise price	2.00p	0.65p	0.65p	1.6p		2.55p
Expected volatility	109%	98%	99%	101%		89%
Expected life	0.4years	3yrs	3yrs	3yrs		4yrs
Risk free rate	0.63%	0.04%	-0.03%	0.05%		0.028%
Expected dividend yield	Nil	Nil	Nil	Nil		nil
Estimated fair value	0.27p	0.47p	0.73p	1.06p		1.21p

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

During 2021 no warrants were issued to shareholders or suppliers. During 2021 the company asked shareholders to approve the issue of 393,096,865 warrants to shareholders that partook in the December 2021 and January 2022 share placement. The issue of these warrants was approved at the General Meeting held in January 2022. Further details are disclosed in this note.

Share options reserve table	**Year Ended 31.12.21 £'000**	Year Ended 31.12.20 £'000
Opening amount	**1,273**	1,118
Warrants issued costs	**-**	769
Share options charges relating to employees (Note 6)	**148**	21
Share options issued to directors and key management (Note 6)	**662**	30
Forfeited options	**-**	-
Exercised warrants	**-**	-
Expired warrants	**-**	(665)
Expired options	**(192)**	-
Closing amount	**1,891**	1,273

18.2 Share options reserve

Details of share options outstanding as at 31 December 2021:

Grant date	Expiry date	*Exercise price	*Number of shares 000's
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
17-Mar-21	16-Mar-25	2.55p	104,039
			127,610

18. Share Based payments (continued)

18.2 Share options reserve

	Weighted average ex. Price*	Number of shares* 000's
Outstanding options at 1 January 2021	7.35p	25,482
- granted	2.55p	104,039
- expired/forfeited	22.44p	(1,911)
Outstanding options at 31 December 2021	3.21p	**127,610**

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

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.

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

The option agreements contain provisions adjusting the exercise price in certain circumstances including the allotment of fully paid Ordinary shares by way of a capitalisation of the Company's reserves, a 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 2021, the impact of share option-based payments is a net charge to income of £809,000 (2020: £51,000). At 31 December 2021, the equity reserve recognized for share option-based payments, including warrants, amounted to £1,891,000 (2020: £1,273,000).

18. Share Based payments (continued)

18.3 Share Payments for services rendered and obligations settled.

2020 Year

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.

2021 Year

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

The total shares set off during 2021 and 2020 for services and obligations was as follows:

	2021		2020	
Name	**Number of Remuneration and Settlement Shares**	**Amount**	Number of Remuneration and Settlement Shares	Amount
	000	**£'000**	000	£'000
For services rendered and obligations settled H Anagnostaras-Adams	-	-	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	**324,900**	**2,599**	124,255	1739
	324,900	**2,599**	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 2020	1,075
Acquisitions of NCI	-
Impact of 5% free carry on additions to assets during the year	129
Result for the year	-
As at 1 January 2021	**1,204**
Acquisitions of NCI	**-**
Impact of 5% free carry on additions to assets during the year	**175**
As at 31 December 2021	**1,379**

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 £1,379,000 (2020: £1,204,000) 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 2021:

	Year Ended 31.12.21	**Year Ended 31.12.20**
	£'000	**£'000**
Amounts attributable to all shareholders		
Exploration and evaluation assets	**28,361**	24,620
Current assets	**329**	184
Cash and Cash equivalents	**244**	124
	28,934	24,928
Equity	**27,573**	24,163
Current liabilities	**1,361**	765
	28,934	24,928
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	31.21%

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 31.12.21 100%	SAR'000 Year Ended 31.12.20 100%	£'000 Year Ended 31.12.21 100%	£'000 Year Ended 31.12.20 100%
Non-current assets	**2,097**	381	**411**	74
Cash and Cash Equivalents	**5,798**	11,160	**1,136**	2,176
Current assets	**801**	546	**157**	106
Total Assets	**8,696**	12,087	**1,704**	2,356
Current liabilities	**(2,680)**	(2,626)	**(525)**	(512)
Total Liabilities	**(2,680)**	(2,626)	**(525)**	(512)
Net (Liabilities)/Assets	**6,016**	9,461	**1,179**	1,844
Share capital	**81,300**	2,500	**15,935**	487
Capital contributions partners	**37,926**	97,401	**7,433**	18,987
Accumulated losses	**(113,210)**	(90,440)	**(22,189)**	(17,630)
	6,016	9,461	1,179	1,844
<u>Exchange rates SAR to GBP</u>				
Closing rate			0.1960	0.1949
Income statement	SAR'000	SAR'000	£'000	£'000
Loss from continuing operations	**(22,524)**	(15,785)	**(4,415)**	(3,279)
Other comprehensive income	**(246)**	14	**(48)**	3
Translation FX Gain from SAR/GBP	**-**	-	**-**	729
Total comprehensive income	**(22,770)**	(15,771)	**(4,463)**	(2,547)
Included in the amount above				
Group				
Group Share 31,21% (33.65%) of loss from continuing operations			**(1,482)**	(1,088)
Joint venture investment			**£'000**	£'000
Opening Balance			**-**	-
Loss for the year			**(1,482)**	(1,088)
FX Loss			**(160)**	(223)
Additional Investment			**1,224**	1,896
Impairment			**418**	(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 31.21% shareholding in G&M with ARTAR holding the other 68.79%. 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 £1,482,000 was recognized by the Group for the year ended 31 December 2021 (2020: £1,088,000) representing the Group's share of losses in the year.

As at 31 December 2021 KEFI owed ARTAR an amount of £285,700 (2020: 0) - Note 21.1.

During 2021 the Company diluted its interest in the Saudi joint-venture company Gold and Minerals Limited ("G&M") from 33.65% to 31.21% by not contributing its pro rata share of expenses to G&M. This resulted in a gain of £428,181 (2020: £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 (Note 2). 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 31.12.21 £'000**	Year Ended 31.12.20 £'000
Accruals and other payables	**2,499**	1,510
Other loans	**97**	134
Payable to jointly controlled entity partner (Note 20.1)	**285**	-
Payable to Key Management and Shareholder (Note 22.3)	**2,675**	1,481
	5,556	3,125

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

The Company	**Year Ended 31.12.21 £'000**	Year Ended 31.12.20 £'000
Accruals and other payables	**1,242**	873
Payable to jointly controlled entity partner (Note 20.1)	**285**	-
Payable to Key Management and Shareholder (Note 22.4)	**2,675**	1,481
	4,202	2,354

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 31.12.21 £'000	Year Ended 31.12.20 £'000
Short term employee benefits:		
[1]Directors' consultancy fees	**496**	489
Directors' other consultancy benefits	**39**	58
[2]Short term employee benefits: Key management fees	**604**	686
Short term employee benefits: Key management other benefits	**32**	39
	1,171	1,272
Share based payments:		
Share based payment: Director's bonus	**-**	106
[1]Share based payment: Directors' consultancy fees	**-**	-
Share option-based benefits to directors (Note 18)	**407**	14
[2]Share based payments short term employee benefits: Key management fees	**272**	292
Share option-based benefits other key management personnel (Note 18)	**255**	16
Share Based Payment: Key management bonus	**-**	-
	934	428
	2,105	1,700

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

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

22.2 Transactions with shareholders and related parties

The Group

Name	Nature of transactions	Relationship	2021 £'000	2020 £'000
Winchcombe Ventures Limited	Receiving of management and other professional services which are capitalized as E&E expenditure	Key Management and Shareholder	**554**	578
Nanancito Limited	Receiving of management and other professional services which are capitalized as E&E expenditure	Key Management and Shareholder	**232**	298
			786	876

22. Related party transactions (continued)

22.2 Transactions with shareholders and related parties (continued)

The Company

Name	Nature of transactions	Relationship	2021 £'000	2020 £'000
KEFI Minerals Marketing and Sales Cyprus Limited	Finance	Subsidiary	**-**	-
Tulu Kapi Gold Mine Share Company[1]	Advance	Subsidiary	**4,433**	2,605
Kefi Minerals (Ethiopia) Limited[2]	Advance	Subsidiary	**3,166**	3,918
Expected credit loss			**(304)**	(261)
			7,295	6,262

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 2021 and determined that any expected credit losses would be £304,000

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

22.3 Payable to related parties

The Group

Name	Nature of transactions	Relationship	2021 £'000	2020 £'000
Nanancito Limited	Fees for services	Key Management and Shareholder	**1,350**	1,073
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**834**	280
Directors	Fees for services	Key Management and Shareholder	**491**	128
			2,675	1,481

22.4 Payable to related parties

The Company

Name	Nature of transactions	Relationship	2021 £'000	2020 £'000
Nanancito Limited	Fees for services	Key Management and Shareholder	**1,350**	1,073
Winchcombe Ventures Limited	Fees for services	Key Management and Shareholder	**834**	280
Directors	Fees for services	Key Management and Shareholder	**491**	128
			2,675	1,481

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

2021

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

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 £1,235,000 was fully repaid in 2022 during the relevant share placements.

23. Loans and Borrowings (continued)

23.1.2 Reconciliation of liabilities arising from financing activities

2020 Reconciliation		Cash Flows					
	Balance 1 Jan 2020	Inflow	(Outflow)	Fair Value Movement	Finance Costs	Shares	Balance 31 Dec 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'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)	-

2021 Reconciliation	Balance 1 Jan 2021	Inflow	(Outflow)	Fair Value Movement	Finance Costs	Shares	Balance 31 Dec 2021
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unsecured working capital bridging finance							
Short term loans	**-**	**2,713**	**-**	**-**	**1,121**	**(2,599)**	**1,235**
	-	**2,713**	**-**	**-**	**1,121**	**(2,599)**	**1,235**

24. Contingent liabilities

The company has no contingent liabilities.

25. Capital commitments

The Group has the following capital or other commitments as at 31 December 2021 £1,184,000 (2020: £1,964,000),

	31 Dec 2021 £'000	31 Dec 2020 £'000
Tulu Kapi Project costs	**452**	558
Saudi Arabia Exploration costs committed to field work that has been recommenced	**732**	1,406

26. Events after the reporting date

Share Placement January 2022

Following the General Meeting on 13 January 2022 the Company admitted 371,817,944 new ordinary shares of the Company at a placing price of 0.8 pence per Ordinary Share.

The total shares issued during January 2022 for services and obligations was as follows:

Name	2022 Number of Remuneration and Settlement Shares	Amount
	000	£'000
For services rendered and obligations settled		
H Anagnostaras-Adams	22,500	180
J Leach	12,500	100
Mark Tyler	3,125	25
Richard Lewin Robinson	6,250	50
Other employees and PDMRs	173,530	1,510
Amount to settle other Obligations	-	-
Total share based payments	**217,905**	1,865
Amount to settle loans		
Unsecured Convertible loan facility	-	-
Unsecured working capital bridging finance	153,913	1,235
	371,818	**3,100**

In January 2022 393,096,865 warrants were issued that have a right to be issued one Ordinary Share for an exercise price of 1.6 pence and exercisable following a Warrant Trigger Event provided that such Warrant Trigger Event occurs during a two year period following the January 2022 When the share price of the Company closes for five consecutive days reaches or exceeds 2.4 pence (being a 50% premium on the Warrant exercise price) (the "Warrant Trigger Event"). If the Warrant Trigger Event occurs then: (i) the holders of the Warrants must exercise the Warrants within 30 days from the occurrence of the Warrant Trigger Event; and (ii) the Warrants will expire following the end of the 30-day period referenced above if not exercised.

Share Placement April and May 2022

In April 2022 the Company raised £4.4 million through the issue of 550,000,000 new Ordinary Shares at a placing price of 0.8 pence per Ordinary Share.

In May 2022 the Company raised a further £3.6 million through the issue of 450,000,000 Ordinary Shares at the Placing Price of 0.8 pence per Ordinary Share, following shareholder approval of the conditional placement at a General Meeting

The Company granted one warrant per two Placing Shares at an exercise price of 1.6 pence exercisable for a period of two years from the May 2022 admission. The 500,000,000 warrants become exercisable on the same Warrant Trigger Event disclosed in the January 2022 note above.

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

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