TULU KAPI GOLD PROJECT

OVERVIEW

Tulu Kapi Community Resettlement Process, March 2025.

March 2025

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1 EXECUTIVE SUMMARY

Tulu Kapi Gold Project

The Tulu Kapi Gold Project ("Tulu Kapi" or "Project") is a fully permitted, low-cost, initially open-pit and then also underground, gold mine project located in the western part of Ethiopia, approximately 360 km due west of Addis Ababa.

Ethiopia has demonstrated itself to be very supportive of the project and has made many security commitments, regulatory concessions, and taken other initiatives to allow the project to proceed in accordance with the highest international standards, and the sector to grow.

Tulu Kapi is robust based on the existing Ore Reserve and has significant potential for growth. The Project involves:

- A development site hosted by a supportive local community, nowhere near a border or the typical tensions sometimes associated therewith.
- A lack of environmental or social legacy issues; there is no artisanal history or involvement which reflects the microscopic nature of the gold particles that are only recoverable by industrial scale operations
- The ESIA (Environmental and Social Impact Assessment) can be accessed here.
- Internationally conventional mining and processing, all well-experienced by the KEFI leadership team including in similar geological environments in Australia.
- Above industry-average gold grade (2.1 g/t for open pit) and plant recoveries (94%) due to the nature of the ore and the latest technical designs.
- Project designs and plans already approved as being to a bankable standard in accordance with the leading international performance standards and requirements, by independent expert advisers to major development bank lenders Eastern and Southern African Trade and Development Bank ("TDB") and African Finance Corporation ("AFC").
- Already assembled contractual arrangements for all infrastructure and mining operations, set up with leading specialists Lycopodium for construction of infrastructure and process design, PW Mining for mining services, and for off-site infrastructure Ethiopia Electric Power Corporation and Ethiopian Roads Authority.
- Independently certified JORC-compliant Ore Reserve of 1.05 million ounces gold within JORC-compliant Mineral Resources of 1.62 million ounces gold (18.8Mt @ 2.7 g/t).
- Plans to be producing in 2027; approximately 1.0 million oz (average approx. 140Koz Au per annum) from the open pit over the first seven years plus an additional c. 200Koz (average approx. 40Koz Au per annum) initial contribution from the underground mine beneath the open pit in production years 3-7. Rather than extend the initial production profile beyond 7-8 years, the plant throughput has been adjusted by 20% to absorb the combined mine output.
- Significant potential for extended production life through exploration underground and in proximal exploration areas.
- Peer comparative statistics rate this project highly – All-in Sustaining Costs ("AISC") of c. US$900-1,100/oz (depending on specific production scenario and gold price range of $1,800-3,000/oz
- Supported by all levels of the Government of Ethiopia with whom KEFI has formed joint venture company, TKGM, to facilitate the Government (Federal, Regional and Sovereign Fund) equity investment of US$20 million.
- Many regulatory changes have been agreed including protection from fiscal changes and exemption from exchange control restrictions.

Lenders' Base Case

Project planning is built up from a bankable open pit (starting with a 2017 Definitive Feasibility Study ("DFS") which can be accessed here. The DFS has been refined as appropriate with detailed operational optimisation, contract pricing, terms and conditions, and also accepting "adjustments for conservatism" by Lenders' Technical Advisers. KEFI treats this "Lenders' Base Case" as the starting point for business planning.

This Lenders' Base Case is founded on the following key planning parameters:

- Bank-approved open pit plans, supported by DFS and subsequent refinements based on competitive contractor tenders, specialist advice and lenders' requests for the sake of conservatism.
- Detailed financial modelling controlled by Endeavour Financial - the mining project financial adviser coordinating all parties. The capital and operational expenditure are as agreed with Lycopodium (fixed price Engineering and Procurement components of EPCM – Engineering, Procurement, Construction, Management) and PW Mining (Schedule of Rates contract per tonne of material moved and duly delivered according to the TKGM mine plan).
- The Independent Technical Expert ("ITE") for the lenders was Micon International Ltd ("Micon") and then the Lenders superimposed an additional lender's technical advisor ("LTA"), Behre Dolbear International ("BDI"). The ITE and then the LTA reviewed all technical and economic aspects of the project for lenders.
- The recommendations from both the ITE and LTA were that for cash flow planning of financial commitments, a more conservative approach should be adopted beyond the KEFI Base Case assumptions developed by KEFI and its own independent experts and advisors.
- Several recommendations, suggested by the ITE and LTA and accepted by KEFI, have been incorporated in the risk-adjusted Base Case Financial Model for lending purposes, i.e. - a Risk Adjusted Base Case model which we refer to as Lenders' Base Case.
- One example of deliberate conservatism in the Lenders' Base Case is to have planned around a deliberate assumption of mining at a rate of 2.5Mtpa and processing at warranted nameplate capacity only of 2Mtpa. The plant designer and builder, Lycopodium, has without exception delivered plants which proceeded to operate with throughput capacity higher than their contractually committed nameplate capacity.
- An assumed gold price of US$1,800/oz flat for project life.

Owners' Business Plan Case

The KEFI "Owners' Business Plan Case" starts from the foundation of the Lenders' Base Case Plan and overlays the planning assumptions set out below, to reflect KEFI's actual business plans. The overriding objective in this "Owners' Business Plan Case" is to more reasonably approximate and present to shareholders and partners the actual Company business plans rather than to focus only on the risk-adjusted "Lenders' Base Case Plan" which is solely designed to measure debt-coverage and risk from a Secured Lenders' viewpoint and ignoring resources and plans beyond the initial Open Pit Ore Reserve.

In order to reasonably simulate the Owners' Business Plan, a number of important factors are modelled, as follows:

- Refinancing of the higher-cost initial development finance at the start of Production Year 3
- Underground Mine:
    - Developed during years 1 and 2 of Open Pit Production based on Indicated Resources of 220Koz (1.2Mt at 5.7g/t) as set out in the Mineral Resource Estimate
    - In-fill drilling from underground for initial underground Ore Reserves and detailed stope design, and to extend Resources
- Simulate initial underground production of circa 200Koz over Production Years 3 to 7 (1.5Mt at 4.1 g/t) based on the internal Preliminary Economic Assessment (PEA)
- Silver: recognise the silver contribution at 1 oz Ag for 2 oz Au based on assay results
- Increase plant throughput by 20% above the contracted minimum or "name-plate". Initial processing of Saprolite in Production Years 1 and 2 to achieve processing rates 20% above that which is assumed in the Lenders' Base Case (because of soft rock) and the assumed installation (in the Owners' Business Plan) of a ball mill and extra tankage has been assessed as being able to maintain this higher rate of throughput due to incremental ore feed from underground increases the hard-ore component. These are PEA-level analyses for reasonable approximations subject to full DFS and operational-level planning in due course.

The Owners' Business Plan scenarios are run at gold prices of $2,400/oz and $3,000/oz as reflecting an approximation of current Standard & Poor's long-term gold average analyst forecast (c. $2,400), current spot (c. $3,000).

Economics

These management estimates are not presented in accordance with IFRS. Some terms, such as EBITDA and AISC, are unaudited projections of the conventional industry reporting conventions such as IFRS measures.

The Owner's Business Plan is based on TKGM processing 17.0Mt of ore at a rate of 2.4Mtpa in the first seven years of the project. The average head grade processed in the first 7 years of the project is estimated at 2.3g/t gold. At average recoveries of 93-94%, TKGM is expected to generate approximately 1.2Moz gold over the life of the project, comprising approximately 1.0Moz from the open-pit mine and 200koz from the initial underground operation. Average production in the first seven years is estimated at 164koz per annum, with production peaking at 227koz in production year 4.

The project boasts robust economics. Based on US$2,400/oz gold, at construction start, the project demonstrates a levered IRR at of 64.7% and a levered NPV_5 of US$690 million. The levered NPV_5 rises to US$887 million at the start of production. The project is expected to generate net cashflows US$1.1 billion to shareholders after all operating costs, debt repayments and taxation.

At US$3,000/oz gold, at construction start, the project demonstrates a levered IRR at of 89.0% and a levered NPV_5 of USD1.1 billion. The levered NPV_5 rises to US$1.3 billion at the start of production. The project is expected to generate net cashflows US$1.6 billion to shareholders.

Table 1 - Tabular Summary of Economics for TKGM (100% of Tulu Kapi Gold Project).

Gold price scenario	**US$/oz**	**3,000**	**2,400**
Operating parameters			
Tonnes processed	Mt	16.993	16,993
Tonnes processed	Mt pa	2,344	2,344
Head grade	g/t	2.3	2.3
Recovery	%	93.8%	93.8%
Gold produced and sold	Oz pa	164,000	164,000
Waste-to-ore ratio	Ratio	6.8	6.8
Cash cost metrics			
AISC	US$/oz	960	918
AIC	US$/oz	1,206	1,164
Break-even cost (repays all debt)	US$/oz	1,651	1,474
Cash flow outcomes			
Cash available for senior debt service	US$ m	1,940	1,451
Net cashflow available to shareholders	US$ m	1,575	1,080
DSCR for secured debt, average	Ratio	6.0	4.4
NPV, IRR and valuation			
Leveraged IRR at construction start	%	89.0	64.7
Leveraged NPV_5 at construction start	US$ m	1,069	690
Leveraged NPV_5 at production start	US$ m	1,315	887
EBITDA, average of first 3 years	US$ m	387	283
Enterprise value at 3.5x EV/EBITDA	US$ m	1,356	991
Secured debt less cash at 1Q PY3	US$ m	(318)	(135)
Note: AISC and AIC are stated after the plant residual value estimated at USD150m. Break-even cost is after everything including debt repayment and taxation.			

Funding

Table 2 - Funding Requirements and Applications.

	US$M
Total Applications excluding mining contractor costs,	**420**
Senior Debt Facility	190
Mezzanine Debt Facility	50
Total Secured Debt	240
KEFI Equity Investment to date	100
Government Share Investment into TKGM	20
KEFI Group Additional Equity into TKGM, in addition to historical $100 million: - Gold-Linked Preference Shares (non-convertible into Ordinary Equity)	60
Total Base Case Sources	**420**

The remaining funds to be invested by KEFI Group are now being assembled from the issuance of Gold-Linked Preference Shares. As an extra source of capital, KEFI is also planning to sell its shareholding in GMCO in the Kingdom of Saudi Arabia.

Ignoring the mining contractor's investment for his own mining equipment, the Base Case funding requirement for the Project is US$420 million. KEFI has already spent $100 million. US$240 million is to be provided by a Senior Debt Facility and a Mezzanine Debt Facility provided by the secured lenders AFC and TDB. That leaves the $80 million from KEFI and Government.

If one takes into account the maximum proposed Secured and Unsecured Debt and the total of Equity Investment already made as well as additional equity, this implies a Total Debt to Equity Ratio of $240 million:$180 million or 57% debt:43% equity. The NBE permits up to 80% debt, which is a typical mining industry debt ratio for projects with robust economics.

KEFI has agreed to also arrange a $15 million Cost Overrun Facility as per the term sheet agreed with the lenders.

Community Briefings at Tulu Kapi, March 2025

2 TULU KAPI PROJECT BACKGROUND

Ownership

The Tulu Kapi deposit was discovered and mined on a small scale by an Italian consortium in the 1930s.

Golden Prospect Mining Company ("GPMC"), a wholly-owned subsidiary of Minerva Resources, selected the Tulu Kapi-Ankori exploration licence after evaluating all previous geological and exploration works in the area. GPMC acquired the exploration licence (20km^2), in May 2005 as well as the Yubdo (535km^2) and Bila-Gulliso (275km^2) exploration licences in June 2004 and December 2006 respectively.

Minerva was acquired by Nyota Minerals Limited ("Nyota") in July 2009.

In December 2013, KEFI Group acquired 75% of Tulu Kapi. In September 2014, KEFI acquired the remaining 25% of Tulu Kapi.

The Ethiopian government became entitled to a 5% free-carry interest in Tulu Kapi upon granting of the Mining Licence in April 2015. The Mining Licence is valid for 20 years. It can be renewed, with each renewal subject to a maximum period of 10 years.

KEFI Group now owns 95% of Tulu Kapi through its wholly owned subsidiary KEFI Minerals Ethiopia ("KME"). The agreement with the Government will see KME end up with approximately 85% of the Ethiopian operating Company Tulu Kapi Gold Mines ("TKGM"), subject to final financing arrangements.

Location

The Tulu Kapi Gold Project is located in Western Ethiopia, in the Western Wellega Zone of the Oromia Region approximately 360 km due west of the capital, Addis Ababa.

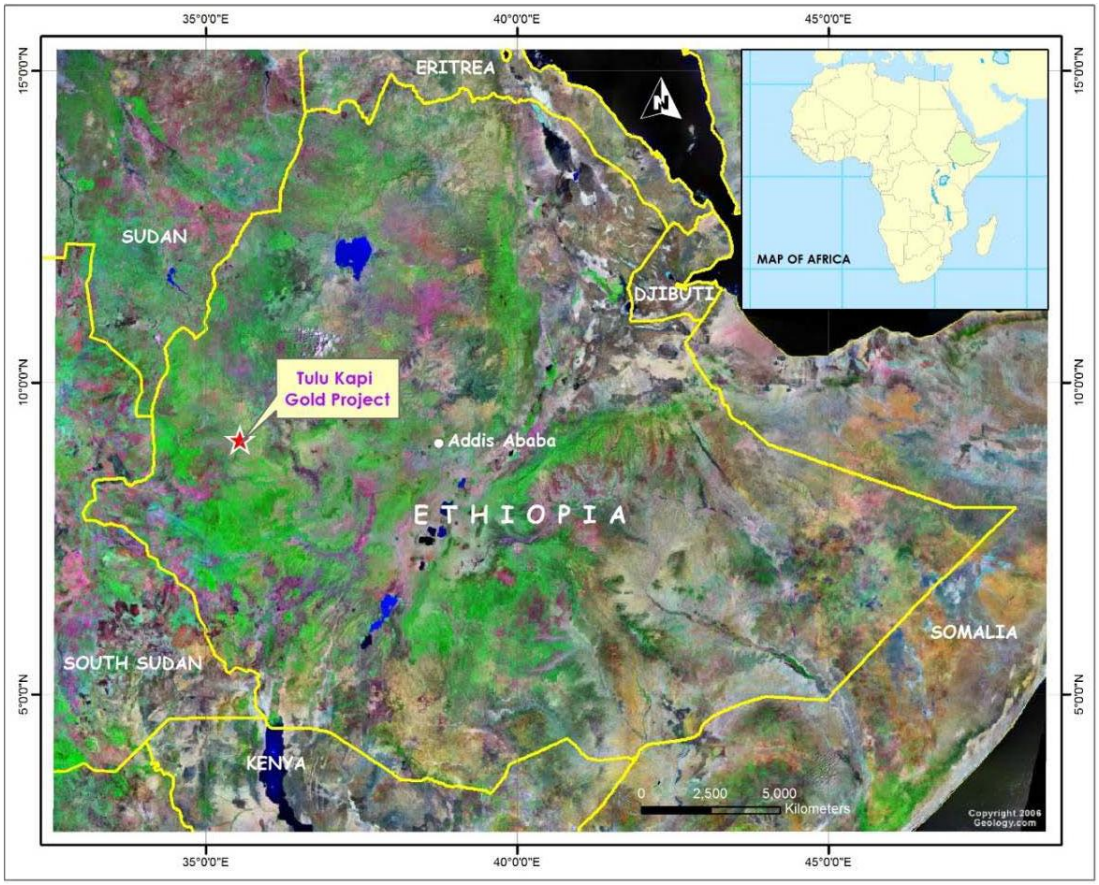

Figure 1 - Location Map

Access

The Project is accessible by road from Addis Ababa, a distance of 520 km. The journey by road from Addis Ababa to Tulu Kapi takes approximately 10 hours.

The Project area is nine kilometres south of the village of Kelley. Regional population centres within easy road travel distance of the licence areas include Ayra, a small town about 20 km to the west, Gimbi, an important market town about 32 km to the east northeast, and Nekemte, a larger regional centre about 110 km to the east.

Chartered aircraft from Addis Ababa may land at an airstrip at Ayra Guliso, approximately 30 km by road from the project. Road travel from Ayra to the project site takes approximately 2 hours on a mix of gravel and dirt roads. Ethiopian Airlines operate scheduled flights to Assosa airport, a 4-hour drive from Tulu Kapi. Note that project plans include an airstrip at Tulu Kapi.

Topography

The project area is characterised by rounded hills and deeply incised valleys at elevations of between 1,550 and 1,770 metres above mean sea level. The Mining Licence Area of 7 km² is located on a ridge forming a watershed which drains north and south. The streams in the area are perennial but decrease to very low flow rates in the dry season. Groundwater in the project area is found in two aquifers. The upper unconfined aquifer is located in the saprolite, and the lower semi-confined aquifer is located deeper in the fractured bedrock. Groundwater flow is expected to mimic the surface topography and be controlled by surface water divides.

Land use is predominantly agricultural and the ridges are mainly left to grass for cattle. The hill sides are terraced for seasonal cropping of maize, teff, corn, and other staples. The incised valleys are overprinted by a forest ecosystem providing shade for coffee plantations.

Rainfall is seasonal with a pronounced 'monsoon' period between July and September. Daily average high and low temperatures range from 32°C and 13°C in May immediately prior to the start of the rainy season, to 24°C and 14°C in July and August, which are the coldest months. KEFI has been able to continue uninterrupted exploration throughout the year, including reduced activity during the wet season, and there is no reason why a commercial scale mining and processing operation cannot be conducted throughout the year.

3 FEASIBILITY STUDIES FOR THE OPEN PIT

Two feasibility studies have been completed on the project. The first under Nyota in 2012 and the second under KEFI in 2015. Since the issue of the 2015 DFS, KEFI has appointed contractors to do engineering, procurement and construction on site plant and infrastructure. It has also appointed mining contractors. As a result of ongoing engagement with these contractors and completion of optimisation studies and estimates, a number of improvements have been made to the project. Several of these have been summarised in Lycopodium's Tulu Kapi Gold Project Study Update issued in May 2017 ("2017 DFS Update").

Additional studies, engineering and estimation been completed. Financial models reflect the output of latest studies conducted in collaboration with selected contractors.

2012 DFS

Nyota completed a feasibility study in December 2012 ("2012 DFS") and submitted it to the Ministry of Mines in 2013. Senet was the lead engineer on the study supported by Wardell Armstrong and Golder Associates. The 2012 DFS evaluated construction of a 2 Mtpa CIL processing plant and estimated initial capital expenditure of US$289 million, including an allocation for working and sustaining capital. This study envisaged mining 2Mtpa of ore at a grade of 1.8 g/t Au. Mine life was estimated at 9 years. LOM gold production was 986 thousand ounces.

The gold price reached US$1,800/oz in 2012 and the 2012 DFS was based on a gold price of US$1,500/oz. The gold price declined rapidly in 2013 to close the year at US$1,200/oz.

2015 DFS

KEFI completed a revised DFS in June 2015 (the "2015 DFS"). Senet was again lead engineer on the study supported by Golder, Epoch Resources and Snowden. The study was based on a lower plant throughput of 1.2 Mtpa at an average grade of 2.1 g/t Au. The head grade improvement was as a result of adopting limited selective mining. The strip ratio was also improved from 8.6 times to 7.4 times. The mine schedule produced significant stockpiles which were milled over a longer 13 year life. Gold recovery was lower than in 2012 at 91.5% (c.f. 93.7%). The 2015 DFS involved initial capital expenditure of US$175.6 million. The study was undertaken using an owner mining approach to enable evaluation of contractor tenders against an owner mining benchmark.

2017 DFS Update

Subsequent to the completion of the 2015 DFS, the Company opened the bidding process for the construction of the process plant ("Construction Contract") and the operation of the mine ("Mining Contract"). More than ten leading international firms were selected for each of the bidding processes and the shortlisted firms visited the Tulu Kapi site in order to finalise their bids. Following this process KEFI appointed Sedgman Limited ("Sedgman") as preferred plant construction contractor and African Mining Services ("AMS"), a wholly-owned subsidiary of Ausdrill Limited, as preferred mining contractor.

During the engagement process and following discussions with several of the shortlisted engineering contractors it became apparent that an increase in processing plant capacity from 1.2Mtpa to 1.5Mtpa could be achieved with negligible increases in capital costs and without requiring any changes to the mine plan. This allowed material that was previously stockpiled in the 2015 DFS and processed at the end of the mine life to be processed earlier in the mine life. This had the effect of reducing the life of mine ("LOM") from 13 years to 10.5 years but increased annual production and improved economics. As such, the shortlisted engineering firms were invited to tender on this basis i.e. a 1.5Mtpa plant scenario.

Output from the Sedgman Front End Engineering and Design ("FEED"), input from AMS regarding the mine plan and agreed mining costs and a number of other refinements were made to the plans underlying the 2015 DFS and were built into the project plans and cash flow model. In June 2016, after Sedgman was taken over, KEFI decided to replace Sedgman with Lycopodium Limited ("Lycopodium") as their preferred Engineering, Procurement and

Construction contractor ("EPC Contractor"). Lycopodium reviewed the proposed designs, plans and capital costs with a view to entering into a fixed price lump sum contract for the process plant and associated infrastructure (the "EPC Contract").

The 2017 DFS update was published in May 2017 and is available here. Lycopodium was the lead engineer. This means that Lycopodium will have accountability for both the design and construction.

2018 Plan

During a lenders' review of the project and after reviewing estimates for capital and operations expenditure, KEFI agreed to revise the proposed EPC Contract to 1.9 - 2.1Mtpa to a lump sum fixed price for design and supply and to an open book, cost-based for assembly/construction. There has been extensive design and costing work to date in the definitive feasibility studies and front-end-engineering-and-design studies, that it is in the Project's best interests to more directly control costs and schedule on this basis, whilst maintaining the EPC structure under which Lycopodium must control all sub-contractors and provide its performance guarantee.

2022

Capital costs were last updated against market in 2022. It may be recalled that, at that time, global supply chains were under strain due to the war in Ukraine and COVID. The capex estimates underwent due diligence by the LTA as part of their most recent review in November 2023.

2025

The capex estimates are now being refreshed to current pricing levels for contract signing, as part of current project finance closing processes, i.e. - as at signing of detailed definitive agreements of project finance equity and debt, all capex estimates will have been certified and publicly reported, as current.

4 GEOLOGY AND MINERAL RESOURCES

Geology

The Tulu Kapi region has typical Precambrian type geology which is characterised by prominent hills of intrusive rocks and deeply incised valleys containing meta-sediments and meta-volcanic rocks. Gold is hosted in quartz-albite alteration zones as stacked sub-horizontal lenses in a syenite pluton into which a swarm of dolerite dykes and sills have been intruded. Gold mineralisation extends over a 1,500m by 500m zone and is open at depth. 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 93-94% for oxide and sulphide ore in the planned open pit. At depth beneath the main body of mineralised syenite, there is a zone adjacent to the Bedele Shear Zone that is characterised by significantly higher gold grades, with occasional coarse visible gold, more base metal sulphides and a shallower apparent dip than the main body above it.

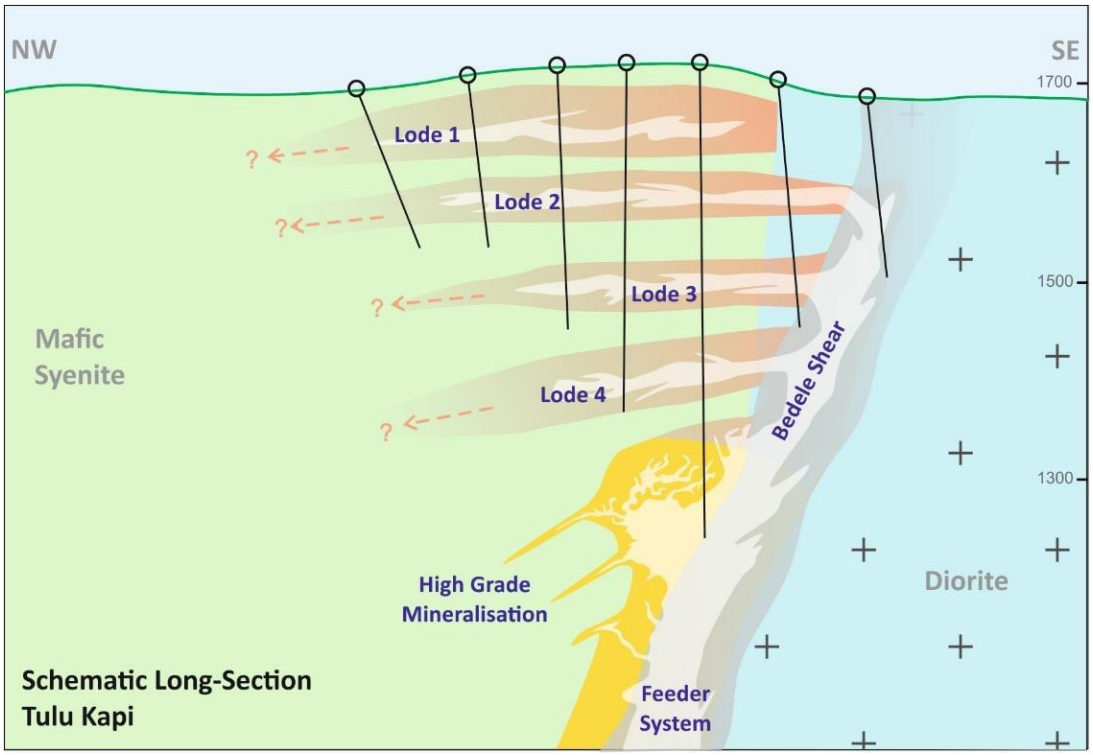

Figure 2 - Simplified Schematic Long-Section of Tulu Kapi.

The figure above shows a simplified version of the vein swarm and a zone adjacent to the Bedele Shear Zone that is characterised by significantly higher gold grades and more pyrite. It was initially called a “feeder zone”, but it is more likely that it is just a higher-grade zone of the stacked Qtz-Ab vein system.

The main mineralisation stage at Tulu Kapi is composed of an assemblage of hydrothermal minerals that are present in highly variable abundances and include quartz, albite, carbonate, biotite, muscovite, epidote, sulphide and gold. The mineralisation commonly occurs in veins, crackle zones and minor breccia zones. The typical Tulu Kapi gold mineralisation within the pit is associated with sulphide-bearing albite alteration and quartz veins (replacement and fracture fillings). Albite occurs as overgrowths on original syenite feldspar and also as newly formed crystals in veins and cavities. It is uncertain whether the albite associated with the mineralisation is the same stage as the pervasive albitisation of the syenite. However, since the albitised syenite is cut by quartz veins that pre-date the mineralisation, it is suspected that the pervasive albitisation is an earlier event. A minor generation of late-stage pyrite veins is weakly developed. The veins are typically less than 10 microns wide and have been observed to crosscut muscovite veins. No gold has been observed in association with these veins.

Figure 3 - Quartz and pyrite in albitised syenite overprinted by a shear fabric GKP 11.

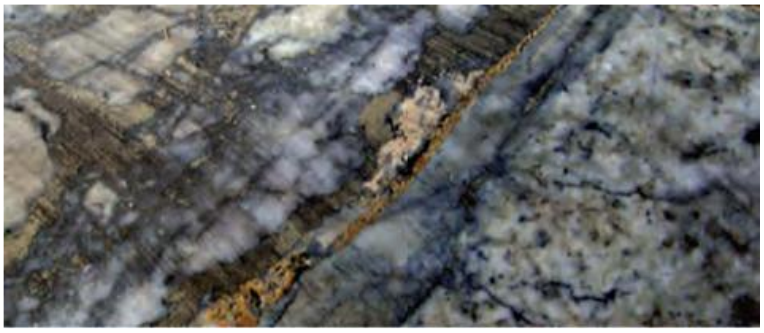

Figure 4 - Albitised syenite cut by several vein stages including cream-coloured deformed quartz, grey quartz, pyrite and late carbonate. Core Specimen. TKBH-009.

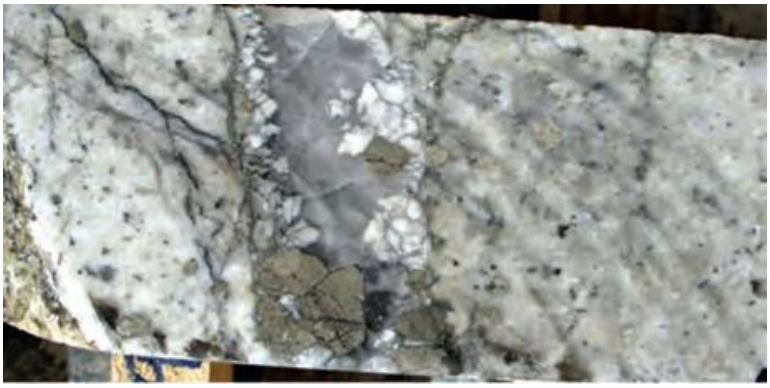

Figure 5 - Albitised syenite cut by a vein with quartz, carbonate and pyrite. Core Specimen TK-010.

Figure 6 - Albitised syenite cut by a massive fracture controlled pyrite vein. Core specimen TKBH – 010.

The sulphide minerals identified include pyrite, sphalerite, bornite, chalcopyrite, galena and arsenopyrite. In addition, tetrahedrite-tennantite has been tentatively identified. Pyrite is by far the most abundant sulphide and occurs as coarse to fine grained infill and as alteration spots in syenite. Aggregates of small crystals are common and typically these also contain crystals of silicate and carbonate minerals to form a sieve-like texture. Lack of considerable arsenic, antimony and tellurium minerals suggest that the majority of gold could be found as a free gold.

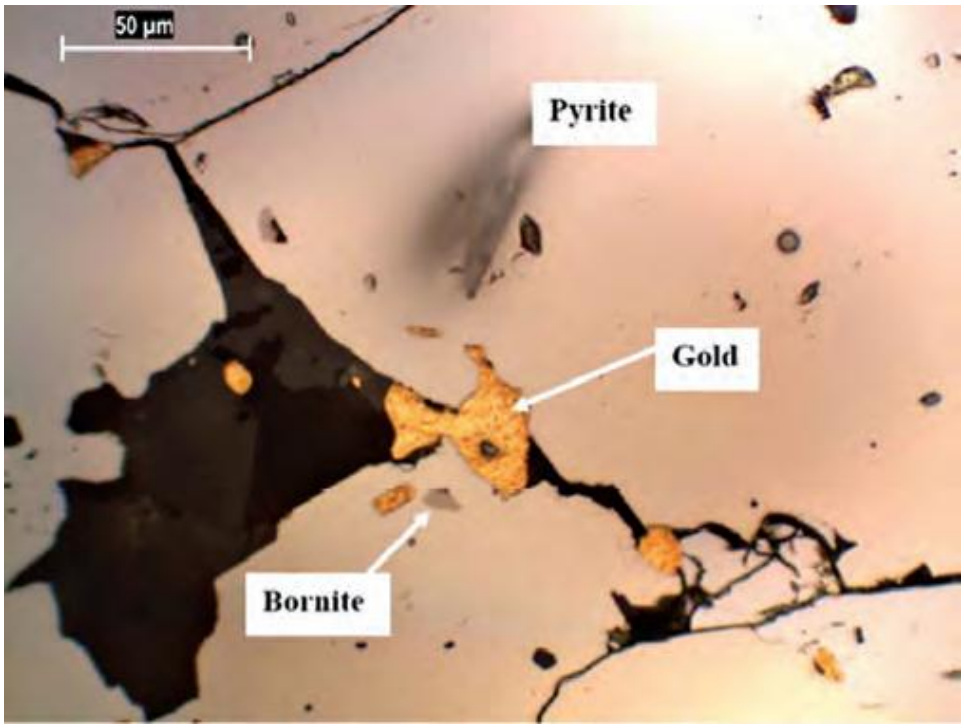

Figure 7 - Coarse gold occurring within cracks in pyrite, within pyrite and within the silicate matrix. Sample B4076, reflected light (Pollard, 2007).

Petrographic and metallurgical test works also show that gold is predominantly non-refractory.

Mineral Resources

Several resource estimates have been carried out at Tulu Kapi since 2009 by various consultants with an expanding database including H&S in September 2009, Venmyn in 2010, SRK in 2011 and Wardell Armstrong International ("WAI") in 2012. There has been over 120 km of drilling at Tulu Kapi and over US$50 million spent on drilling, project due diligence and planning by previous owners.

The 2012 DFS resource estimate was carried out by WAI using a semi-constrained block model in Datamine using the dynamic anisotropy methodology. This was updated post-acquisition by KEFI in March 2014 in the first update as a means of verifying the WAI methodology and resource estimate. It was also used as a starting point for a small exploration infill drill program to confirm significant intercepts predicted by the model and for first pass mine planning of an optimised pit design, mining method and pit staging.

The KEFI March 2014 estimate incorporated significantly more structural control than all previous estimates in the form of closely spaced strike and dip strings on section and in plan defining continuity of mineralisation. These were based on structural measurements and from observations as known and agreed by the geologists experienced with the deposit. The 2014 estimate also used all available data, including 16,000m drilled by Nyota late in 2012 which missed the cut-off date of their data base (September 2012) used in the 2012 WAI resource

estimate. KME also corrected errors in the Nyota/WAI drill database which (along with the missing 16,000m) had resulted in the underestimation of the Indicated Resource via a lack of downhole survey data being applied to selected drillhole azimuth and dip. The March 2014 estimate was carried out on a 5 x 5 x 1m block model.

The additional data input by KME (under KEFI) in March 2014 allowed for a 69% increase of the Indicated Resource from 1.1Moz to 1.86Moz Au.

KEFI further refined the resource estimate using additional structural data based on surface mapping and 82 trenches plus a small programme of additional reverse circulation targeted at infill drilling and maximising structural interpretation. This work was performed between March and June 2014.

The August 2014, resource update of 1.9Moz Au (23.7 Mt at 2.51g/t Au) took into account all drilling and trenching conducted to date along with improved understanding of geological and structural controls and was signed-off by Snowden. The estimate was carried out on a 10 x 10 x 1.5m block model.

In February 2015, KEFI announced the latest JORC compliant independently verified Indicated Resource of 18.8Mt at 2.67g/t Au for 1.62 Moz Au completed to finalise the basis for the 2015 DFS. As part of the 2015 DFS, the updated Indicated Resource was derived from "wireframing" all the mineralised structures and has now been used as a base for further refined pit design, mine scheduling and Ore Reserve estimation.

Total Indicated Resource above 1,400m relative level and in the potential open pit area is 17.7 Mt at 2.49 g/t Au for 1.42 Moz Au (August 2014 estimate was 17.3 Mt at 2.37 g/t Au for 1.31 Moz Au). High grade mineralisation immediately below the planned open-pit (in underground potential) is 1.08 Mt at 5.63 g/t Au for 0.20 Moz Au (August 2014 Indicated Resource estimate was 1.07 Mt at 5.88 g/t Au for 0.20 Moz Au).

Table 3 - Mineral Resources February 2015.

Resource Category	Reporting Elevation	Cut-off (g/t Au)	Tonnes (Mt)	Grade (g/t Au)	Ounces (million)
Indicated	Above 1,400m RL	0.45	17.7	2.49	1.42
Inferred	Above 1,400m RL	0.45	1.28	2.05	0.08
Indicated & Inferred	**Above 1,400m RL**	**0.45**	**19.0**	**2.46**	**1.50**
Indicated	Below 1,400m RL	2.50	1.08	5.63	0.20
Inferred	Below 1,400m RL	2.50	0.12	6.25	0.02
Indicated & Inferred	**Below 1,400m RL**	**2.5**	**1.20**	**5.69**	**0.22**
Total Indicated	All		18.8	2.67	1.62
Total Inferred	All		1.40	2.40	0.10
Total Indicated & Inferred	**All**		**20.2**	**2.65**	**1.72**

Notes:

- *All numbers reported to 3 significant figures. Small discrepancies may occur due to the effects of rounding.*
- *All material above 1400 RL is in the open pit area and assumed to be mined by surface methods. All material below 1,400 RL is expected to be mined by underground methods. The COG values used reflect this policy.*

5 MINING

Ore Reserve

The 2012 DFS by WAI for Nyota was based on mining a Probable Reserve of 17 Mt at 1.8 g/t for 1M oz from a 1.1M oz Indicated Resource. The applied cut-off grade of 0.4 g/t[1] was derived assuming a gold price of US$1,500/oz. Mining was to be by conventional open pit drill, blast, load and haul by truck and shovel. Selective mining was not considered.

In the lead up to the 2015 DFS, KEFI:

- Conducted extensive QA/QC on the resources, complemented by 81 trenches, for 1,100 meters sampled exposing ore contacts and 23 reverse circulation drill holes, for 4,100 metres sampled to test the updated resource database.
- Wireframed individual ore lodes to enable the mine planning of a selective mining strategy.
- Commissioned fragmentation and blast movement prediction modelling by blasting specialists at Itasca.
- Completed owner operator mining cost estimates derived from detailed first principles estimates, using site specific data.

Snowden updated the Ore Reserve based on the February 2015 Mineral Resource estimate. Pit optimisation was carried out by Snowden using Whittle pit optimization software, staged pit design production scheduling and mine cost modelling. A cut-off grade of 0.9 g/t Au was applied for the Run of Mine ("ROM") high grade and a 0.5 g/t – 0.9 g/t cut-off used for the low-grade stocks, for processing in later years. The probable ore reserve now contains 1.05 Moz based on 15.4Mt of ore mined at 1.2Mtpa at a head grade of 2.1 g/t and a reduced overall strip ratio of 7.42:1. Total gold production is estimated to be circa 980,000 ounces for open-pit mining.

Table 4 - Ore Reserves based on Feb 2015 Resource.

JORC 2012 Reserve Category	Cut-off (g/t Au)	Tonnes (Mt)	Gold Grade (g/t)	Gold (Mozs)
Probable - High grade	0.90	12.0	2.52	0.98
Probable - Low grade	0.50 to 0.90	3.3	0.73	0.08
Total	**Above 0.50**	**15.4**	**2.12**	**1.05**

Notes:

- *Mineral Resources are inclusive of Ore Reserves.*
- *All numbers reported to 3 significant figures. Small discrepancies may occur due to the effects of rounding.*

The 2015 DFS was prepared by Senet for KEFI based on mining a Probable Reserve of 15 Mt at 2.1 g/t for 1M oz from a 1.6M oz Indicated Resource. The applied cut-off grade of 0.5 g/t2 was derived assuming a gold price of US$1,250/oz. Selective mining techniques were contemplated at the ore boundaries to reduce dilution and increase recovery. The mine plan for the 2015 DFS was developed by Snowden with the assistance of KEFI's retained Principal Mining Engineer Geoff Davidson and Cube who, between them, provided practical expertise of mining in the field and grade-control specialisation respectively.

This Ore Reserve and mining method are the basis of all subsequent plans developed by KEFI.

[1] Cut-off used was Saprolite, Fresh and Hard Ore was 0.44 g/t, 0.39 g/t and 0.41 g/t respectively.

[2] An elevated cut-off was uses and applied to all domains (i.e. saprolite, fresh and hard ore)

Open Pit Mining Method

The operations will be carried out using conventional truck and shovel open pit mining methods, consisting of drilling, blasting, loading, hauling and crushing. The mining activities will be carried out by a mining contractor under the control of the owners technical team.

The quality and quantity of ore delivered to the processing plant and the minimisation of ore dilution and ore loss were the main criteria for the mining method selection. The method used involves a combination of bulk mining and selective mining approaches on some of the ore-waste boundaries. Approximately five percent of the total material movement and 21 percent of ore moved are categorized as selective mining. See Appendix I for a simple description of the method.

Open Pit Mine Plan Optimisation

KEFI has concluded four tenders for the mining contract which started with 10 candidates and resulted in the appointment of PW Mining ("PWM") as Contractor for Mine Establishment and Operation. PWM has over 20 years African-mining experience and extensive experience in the mining techniques adopted for Tulu Kapi. PWM's business base in Ethiopia was recently taken over by MOTA, a multinational engineering group.

Open Pit Mine Schedule

The 2015 DFS adopted a schedule which included:

- Total material moved over LOM was 131.2 million tonnes comprising 115.8 million tonnes of waste and 15.4 million tonnes of ore resulting in an average strip ratio of 7.5:1.
- Peak mining volumes occurred in Years 4 and 5 with 18.5Mtpa, declining thereafter. Peak ore mining occurred in Year 2 with approximately 2.6 million tonnes and declining thereafter.
- The processing plant capacity was planned at 1.2Mtpa and lower grade ore was planned to be stockpiled and treated at the end of the mine life.

KEFI and its consultants have since optimised the 2015 DFS mine schedule as a result of planned increases in processing plant capacity. PWM have quoted on the revised schedules. Waste and ore tonnes moved over LOM and the mining rate are broadly similar to the 2015 DFS but the main difference is that the peak mining rate is elevated with the addition of extra equipment to the fleet, allowing the mining of higher-grade ore to be scheduled earlier and the maintenance of the higher plant throughput rate (see later section on Processing). These changes allow significantly lower stockpiles. There have been two iterations in the schedule:

- 1.5 - 1.7 Mtpa plant capacity reported in the 2017 DFS Update
- 1.9 - 2.1 Mtpa KEFI Plan ("SOG21") - Current Schedule based on contract designed name-plate capacity and as used in Lenders' Base Case financial models.

Table 5 - Mining Parameters for SOG21-based KEFI Base Case and Base Case Micon Sensitivities.

	(SOG21) Base Case Plan and Micon-Sensitised Case DFS-Based open pit mining method
Resource	JORC Indicated Resource of 18.8 Mt at 2.67 g/t Au for 1.62 Moz
Reserve	Probable reserve of 1.05 Moz (based on 0.5-0.9 g/t cut-off)
Ore Tonnes Mined (LOM)	15.4 Mt of mill feed at average 2.12 g/t Au head grade
Waste Tonnes Mined (LOM)	115.0 Mt
Total Tonnes Mined (LOM)	130.4 Mt
Mining Method	Conventional truck and shovel open pit mining operation with limited targeted selective mining
LOM Contained Gold in Ore Processed	1,050 koz (15.4 Mt @ 2.12 g/t Au)

Supporting documents for the open pit mining schedules have been subject to due diligence reviews by the ITE and LTA.

Open Pit Mine Planning Next Steps

KEFI plans the following mining related activities to be carried out during the two-year operational readiness and construction phase prior to plant commissioning:

- Further refine project execution and risk review with key stakeholders (e.g. PWM, AEL and Lycopodium)
- Finalise binding schedule and pricing for contract agreement with PWM to allow procurement of long lead mobile plant to be initiated and recruitment and training programs to be implemented.
- Infill RC drilling program on closely spaced 5 m by 5 m grid, where required, to improve knowledge on close spaced grade variability and lode definition. This program aims to achieve high confidence grade control definition of the first 12 months of production.
- Develop grade control models for detailed mining planning covering pre-production phase and first 12 months operational phase.
- Develop operational-level detailed short term and medium term mine plans using updated modelling from the reschedule the mine on refined wire-frames.
- Implementation and commissioning of fleet management and precision guidance systems.

Basis of Current Mining Budget used for Financial Modelling in Project Economics Section Below

The final Open Pit Mine Budget is based on the KEFI Plan ("SOG21") and was prepared on the following basis:

- Most earth moving is by bulk-mining methods
- Incorporates selective mining of the resource where appropriate using the methods developed and described in the 2015 DFS.
- Achieves mill target tonnages with improved grades.
- Maintains a surplus stockpile buffer for life of mine.
- Maintains vertical bench advance rates to within practical limits.
- Allows for increase grade control definition of mineralised lodes.
- Adopts a pre-production mining phase of 3 months (1 qtr) which achieves the following:
    - Ability to create and maintain healthy and sustainable stockpile inventories to ensure availability of plant feed.

- Create opening stockpile inventories that provides approximately one quarter of scheduled plant throughput. This will increase as mining and processing achieve steady state, to inventories of around 4 to 5 quarters of plant feed.
- Avoid unnecessary capital expenditure for unnecessary or excessive pre-production stockpile inventories.
- Minimise risk of premature mobilisation and fixed cost exposure to the mine contractor in the event of delays to plant commissioning.

- An in-fill drilling program is proposed prior to the commencement of mining operations. This is intended to improve confidence in lode delineation and grade estimation for detailed short term planning and medium term planning, and upgrade portions of the reserve from "Probable" to "Proved" , This approach continues on a rolling basis throughout the operation.3.

Open Pit Mining Cost Estimate

Key points of note in relation to the mining cost estimate:

- Mining cost estimates are based on feasibility level mine plans, refined with contracting.
- The basis of estimate includes:
  - Budget level (±10%) costs from PWM for the following:
    - Site preparation for pit and surface landforms
    - RC and blast hole drilling
    - Blast hole loading and blasting
    - Load and haul ore and waste
    - Crusher loading
  - Budget level costs for explosives and down-the-hole delivery from AEL.
  - Nominal provisions for daywork is included.
  - KEFI mining team labour costs are based on HR consultant findings.
  - Fuel costs quoted by in-country suppliers.
- Current cost estimates are considered to be at a budgetary level of detail
- During operational readiness, and following finalised operational-level schedules and pricing as part of the binding agreements with PWM and AEL and development of short and medium term mine plans, the accuracy of the mining cost estimate will seek to achieve ± 5%

[3] Subject to grade control drill results and a subsequent increase in confidence in Mineral Resource classification

6 UNDERGROUND MINING

Underground Mine Preliminary Economic Assessment

The Business Plan is to extend the mine life below the 1,400m level (40m below the planned base of the open cut) using underground methods. Below this level there is an existing Indicated resource of 1.08 Mt at 5.63 g/t for 220 koz of gold. The last drill intercept was 90m at 2.8g/t, indicating significant extensional potential which has been assessed as +1M oz.

The 2022 analysis of the underground potential determined the potential for 1.5 Mt at 4.1 g/t (200 koz). The cost of mining (excluding processing, site administration etc) was estimated to be approximately $130 million which compares with its revenue contribution of $480 million assuming a gold price of $2400/oz.

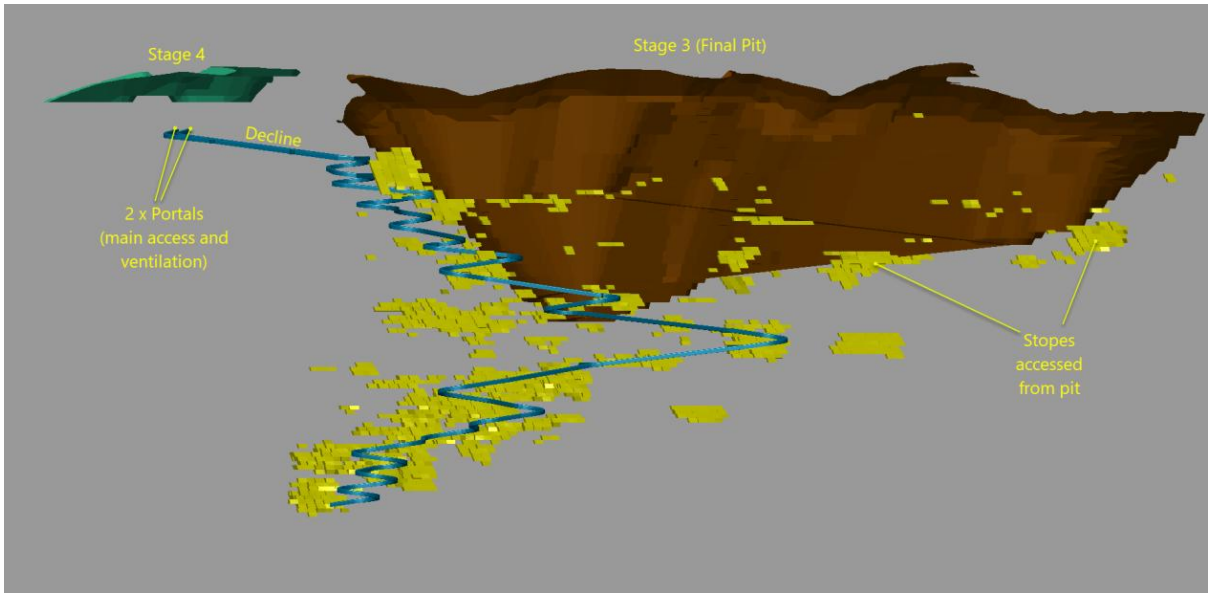

Figure 8 - Slide showing potential at depth and along strike. The last drill hole was 90m at 2.8g/t Au.

The majority of the mineralisation at Tulu Kapi is relatively narrow and flat dipping. The ground conditions are understood to be good, based on geotechnical data as used in the current DFS, and are amenable to low cost longhole open stoping methods; however, limitations due to dip mean that some facilitation of the rill is necessary either through increased footwall angles and the application of stope cleaning methods through the use of high pressure water cannons. This study considered a minimum footwall angle of 35 degrees in the stope generation process, with stope cleaning used to complete the operation. This method has been successfully employed on other projects.

Underground Mining

Practical stope shapes were defined using the Stope Shape Optimiser (SSO) in Dassault's Surpac software.

The geological block model from the Snowden 2015 feasibility study was used (tk1501.dm). This model formed the basis for the dilution modelling in the Snowden mining study. A version of the model was created (tk1501_ug.dm) for the purpose of the SSO analysis.

The key parameters used in the optimisation are shown in **Error! Reference source not found.**.

Table 6 - Key parameters in stope optimisation.

Description	Value
Block Model	Tk1501.dm
Minimum stope dip	35 deg
Minimum mining width	5 m
Dilution skin HW	0.5 m
Dilution skin FW	0.5 m
Nominal level interval	20 m
SSO level increment	5 m

The SSO was restricted to areas outside of the pit. No constraint was placed on resource classification and therefore includes Indicated, Inferred and unclassified material present in the model.

The optimisation defined 2.4 Mt @ 3.7 g/t for 280 koz before the application of other modifying factors. A number of contiguous stoping areas were identified outside of the Tulu Kapi pit along with a proportion of disseminated stopes which were deemed uneconomic owing to the cost to develop out to them and establish production infrastructure.

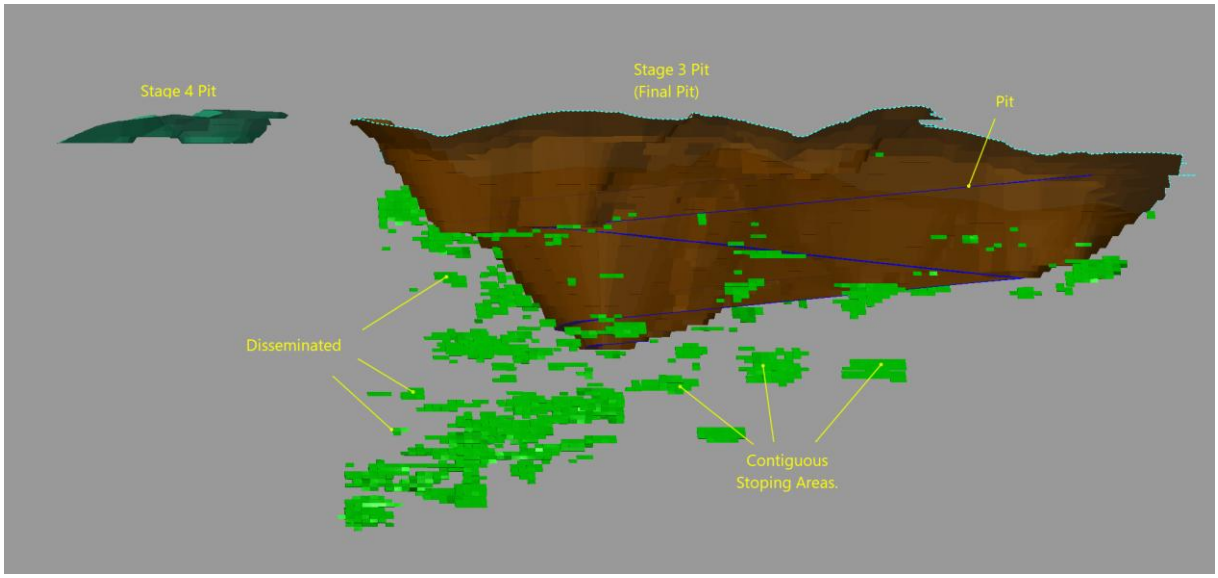

Figure 9 - Long Section showing stope optimisation results.

To account for the uneconomic disseminated stopes and potential pillars left behind after stoping, a nominal mining recovery factor of 70% was applied. It was also envisaged that more detailed design of the stopes would reduce the dilution included, as a consequence the grade was adjusted up to reflect these improvements.

The stopes were reported in 20 m level intervals and a filter was placed on any stoping level with less than 1000 oz

Table 7 - Tulu Kapi underground mining inventory.

Level (mRL)	tonnes	ounces	Au g/t
1640	17,833	1,639	2.86
1620	27,904	2,899	3.23
1600	50,315	4,950	3.06
1580	35,847	3,782	3.28
1560	45,200	5,491	3.78
1540	75,917	9,612	3.94
1520	88,462	9,671	3.40
1500	29,068	2,838	3.04
1480	41,853	4,440	3.30
1460	91,432	11,233	3.82
1440	84,108	9,209	3.41
1420	78,901	8,431	3.32
1400	47,378	4,973	3.26
1380	127,863	18,108	4.40
1360	99,622	17,299	5.40
1340	125,845	18,339	4.53
1320	109,817	13,425	3.80
1300	134,147	16,828	3.90
1280	84,867	11,827	4.33
1260	41,993	6,683	4.95
1240	46,118	14,242	9.61
	1,484,490	**195,920**	**4.10**

7 PROCESSING

Metallurgical Testing

Metallurgical testwork for the PFS and the 2012 DFS on various samples of oxide and fresh Tulu Kapi ore types was carried out by ALS-Ammtech ("Ammtech") and reviewed by Orway Minerals Consultants. Testwork in 2012 was carried out to confirm gold recovery efficiencies and to support the process design parameters for a conventional gold recovery plant.

The mineralisation modelled and metallurgical testwork available indicate that conventional CIL extraction can be used, to produce gold as doré. The gold is free milling and all the unit processes included in the design are standard and common to many current gold operations. The testwork programme included:

- comminution testwork
- flotation testwork
- cyanidation testwork
- oxygen uptake
- gravity recoverable gold testwork
- thickening testwork
- cyanide detoxification

Variability testwork was conducted on samples from different lithologies and also from different ore zones and was mainly aimed at defining the differences in ore hardness (or grindability) and gold recovery. Samples were taken from 11 geographically diverse oxide ore locations for comminution and extraction testwork, 16 samples from spatially diverse fresh ore sources for extraction testwork and five samples from spatially diverse fresh ore sources for both comminution variability and extraction testwork. There are no deleterious metals identified.

The metallurgical factors and the grade recovery algorithms were developed by SENET and reviewed by Snowden. Metallurgical recoveries were applied to the Snowden optimisation, Snowden production schedule and KEFI's 2015 DFS financial model. For the 2015 DFS overall recovery over LOM was estimated to be 91.5% and LOM recoveries by ore type are listed in the table below.

Table 8 - Recovery by Ore Type SENET 2015 DFS.

Ore type	Recovery	Percent Processed
Oxide Ore	95.9%	6%
Fresh Ore	94.1%	66%
Fresh Hard Ore	89.6%	28%
Average	**91.5%**	**100%**

Micon and then BDI reviewed the metallurgical testwork as part of their review of the 2015 DFS and concluded that the grade-recovery algorithms used in the DFS were conservative. Based on their review they concluded that the gold recovery upside of an additional 2% above the 91.5% used in the DFS would not be unreasonable.

Since completion of the 2015 DFS KEFI conducted contract tenders for EPCM and then EPC contractors for the processing plant. This process started with 15 bidders from China, Australia and South Africa. All projected schedules, recoveries and costings were supported by the contract quotations by the two leading bidders Sedgman and Lycopodium.

Sedgman and Lycopodium also reviewed the grade recovery algorithms developed by SENET and concluded that the algorithms could be further refined using additional data points. The resulting algorithms result in the following average recoveries over the LOM.

Table 9 - Recovery by Ore Type Lycopodium 2017 Update.

Ore type	Recovery	Percent Processed
Oxide Ore	94.0%	6%
Fresh Ore	92.85%	66%
Fresh Hard Ore	94.12%	28%
Average	**93.33%**	**100%**

Following discussions between KEFI and BDI recovery algorithms were further adjusted in 2022 and these are now reflected in all financial modelling.

Table 10 - Recovery by Ore Type 2022 Update.

Ore type	Recovery	Percent Processed
Oxide Ore	93.30%	6%
Fresh Ore	93.70%	66%
Fresh Hard Ore	93.83%	28%
Average	**93.72%**	**100%**

Grind Recovery Study

Following discussions with several of the short listed engineering contractors, not only did it became apparent that an increase in processing plant capacity from 1.2 Mtpa to 1.5 Mtpa could be achieved with negligible increases in capital costs and without requiring any changes to the mine plan, but capital and operating cost reductions could also be achieved by increasing grind size from the previously chosen P80 = 75 µm to 150 µm for the fresh ore and 125 µm for the oxide ore, with only minor loss in gold recovery.

During the 2012 DFS, 32 samples in all from various locations were subjected to specific testwork to assess variability within the ore body, including both gold recovery and comminution. These samples comprised 11 samples from geographically diverse oxide sources for grindability and extraction testwork, 16 samples from spatially diverse fresh ore sources specifically for extraction testwork, and five samples from spatially diverse fresh ore sources for both comminution variability and extraction testwork.

- Oxide ore recoveries at P80 = 150 µm ranged between 90.5% and 98.0% for gold and 65.1% and 97.2% for silver.
- Soft fresh ore recoveries at P80 = 150 µm ranged between 88.1% and 97.0% for gold and 38.4% and 85.5% for silver.
- Hard fresh ore recoveries at P80 = 150 µm ranged between 75.6% and 97.3% for gold and 44.3% and 88.3% for silver.

Leaching testwork based on a P80 = 75 µm grind size was also performed. The difference in solid tails gold assay between the two different grind sizes indicates that only a small improvement in recovery can be expected in the majority of the cases by a finer grind.

The metallurgical results indicate gold recovery is relatively insensitive to grind size and any gold recovery benefits derived from finer grinding are not economically supported due to increases in capital (grinding mill size / power) and operating costs of the optimised circuit design.

No slurry handling difficulties are anticipated at the relatively coarse grind P80 of 150 µm and many process plants operate at this grind size.

Based on the testwork and input from engineering companies to capitalise on the opportunity to decrease initial capital cost, the optimum grind size for the FEED was established as being P80 = 150 µm.

Processing Route

ROM ore will be transported from the pit to the ROM pad using dump trucks and will be dumped to stockpiles. The ROM ore will be dumped onto the static grizzly on top of the tipping bin using Front End Wheel Loader (FEL). The grizzly mounted above the ROM bin, will scalp off the oversize material which can be broken down to the right size using a rock breaker. During production, the crushing plant will be treating feed ore from a maximum lump size of 600 mm to a product size of 80% passing 150 mm suitable for SAG milling.

Ore will be reclaimed from the ROM bin using a variable speed apron feeder and will be discharged into the primary jaw crusher. Product from the jaw crusher will be transferred to a surge bin, which will either feed the emergency or “dead” stockpile or transferred to the mill feed conveyor. To maintain operation of the downstream processing plant during periods of stockpiling, ore will be transferred to the mill feed conveyor from the stockpile by a FEL.

Crushed ore will then be conveyed from the mill feed stockpile to the grinding circuit, which will use a single stage SAG mill operating in closed circuit with hydrocyclones. The milling circuit will handle 303 tph of a blend of oxide and softer fresh ore during the first few years of the LOM and thereafter 266 tph of a blend of soft and harder fresh ore. Freshly crushed ROM ore will be mixed with cyclone underflow (circulating load) and feed water in the SAG mill head chute to achieve the required % solids feed concentration for optimum milling efficiency.

Processing Plant

In the 2015 DFS, SENET designed a 1.2Mtpa processing plant based on utilising proven CIL process technology for the treatment of oxide, softer fresh and hard fresh ore as per the 2012 DFS. The processing plant was designed to consist of:

- Primary Crushing
- Grinding (SAG and Ball Milling in closed circuit)
- CIL
- Acid Wash
- Elution
- Electrowinning & Smelting
- Carbon Regeneration
- Cyanide Detoxification
- Tailings Disposal
- Reagent Storage (Lime, Cyanide, Caustic, Detox Reagents)
- Water Services & Air Services

Since the 2015 DFS and the involvement of Sedgman and Lycopodium, refinements to the process design have been incorporated in the flowsheet to allow for:

- Processing of 1.5-1.7 million tonnes per annum, depending on hardness of feed;
- Replacement of the two-stage grinding circuit consisting of a SAG mill and ball with a single stage grinding circuit using a larger SAG mill; and
- Other minor circuit rationalisations were available for the purpose of capital reduction.

These modifications, particularly around the crushing, handling and grinding area, resulted in a simplified site layout with a reduced footprint. This will yield a saving in the earthworks costs, given the variable topography around the plant site,

Following further refinements to the mining schedule in the second half of 2017, plant capacity has been revised and the processing rate has been increased to 1.9-2.1 Mtpa, depending on hardness of the ore. Circuit flowsheet remains unchanged. Sufficient Engineering has been completed to enable revision of capital and operating expenditure estimates. The supporting documents are in the Virtual Data Room and have been diligence by the LTA.

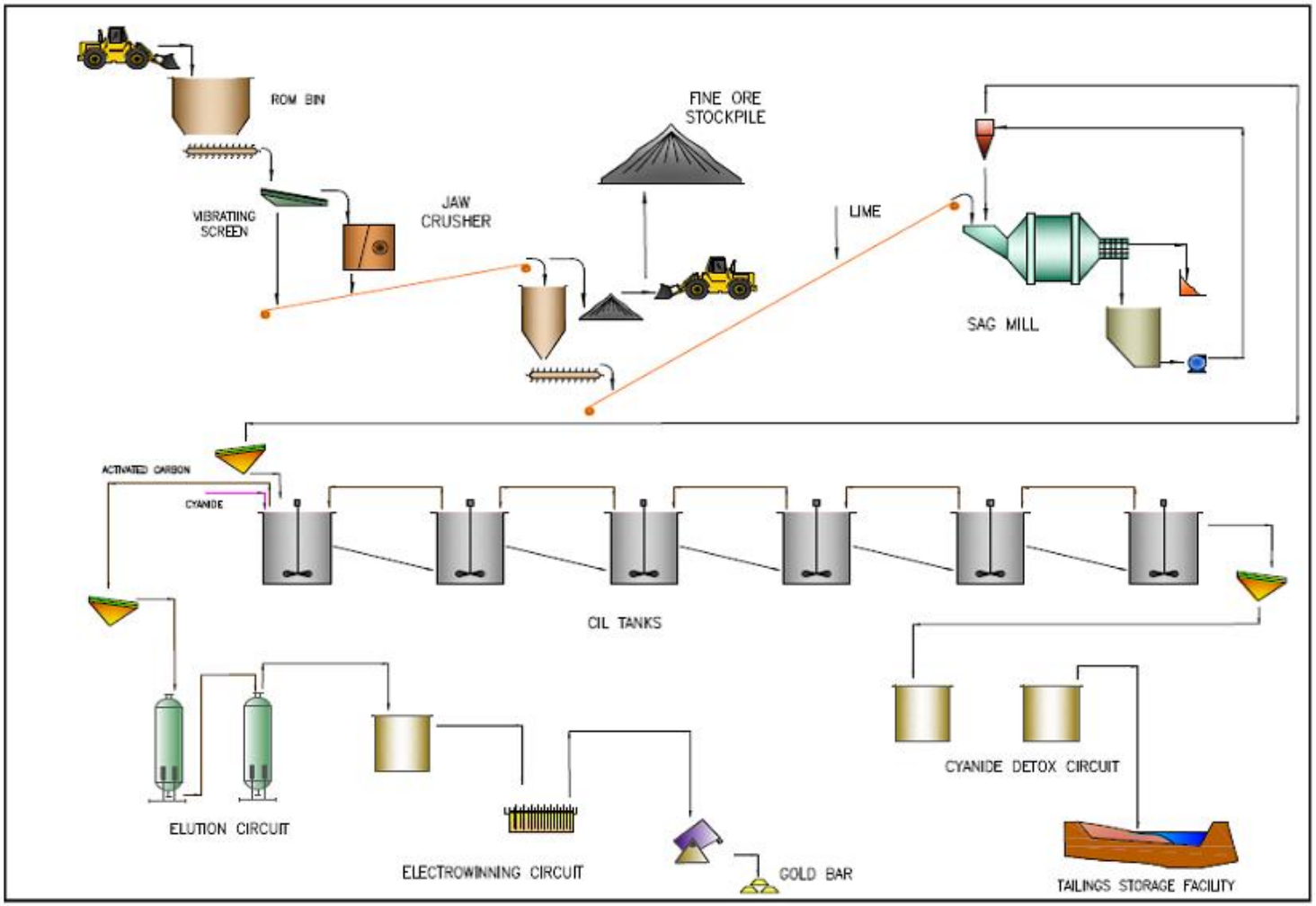

Figure 10 - Simplified Process Flow (Source: Lycopodium 2017 DFS Update).

Increasing the processing rate by 20% to absorb the initial underground mine contribution has been assessed on a preliminary basis for the Owners' Business Plan Case and capex increased accordingly for the requisite ball mill for extra hard rock and extra tankage.

8 INFRASTRUCTURE

Under the 2017, Shareholder Agreement with the Government of Ethiopia, the Government has committed to invest USD 20 million on infrastructure and to complete construction within the project schedule in return for equity in the project. The infrastructure subject to this agreement will include power and off-site roads. Any of the Government funds remaining after the power, roads and airstrip have been completed will be applied to reimbursement of other project infrastructure to maintain the Government total investment at the agreed figure of USD 20 million.

The selected Tulu Kapi site is an undeveloped mining site without any significant existing infrastructure except for the existing exploration camp. The proposed infrastructure will support the mining, processing and construction operations. The main infrastructure required for the development of the project will be:

- New access roads to the mining and plant site facilities and site roads;
- Mining haul roads;
- Mining and maintenance workshops;
- Fuel and lubricant storage;
- Explosives magazine;
- Warehouses and lay down yards;
- Emergency power plant;
- Administration buildings;
- Communications;
- Change house;
- Security;
- Assay laboratory;
- Reagents storage sheds;
- Water supply system;
- Camp and catering facilities;
- Waste management facilities;
- Sewage treatment and disposal site;
- Airstrip.

Tailings

Epoch Resources (Pty) Ltd ("Epoch") were appointed to compile an addendum to the 2012 DFS design of a Tailings Storage Facility (TSF). Tailings are deposited using a slurry line and the tailings will be built out in four phases.

The TSF will be constructed and operated as a downstream impoundment facility. The impoundment wall will be constructed in phases using selected borrow and mining waste. The material for the construction of the wall will be sourced from the mining operations and will be delivered to the wall as part of the mining operations. Allowance has been made for the shaping and compaction of the material to form the wall as a separate operation. The base of the TSF is to be ripped and compacted to take advantage of the low permeability soils.

The deposition of tailings is expected to occur predominantly from the front wall of the TSF with the intention of ensuring that excess water is stored as far back from the wall as possible. The long-term objective is for the decant pond and the majority of the excess water on the TSF to be located in the westernmost finger of the TSF below the plant site. The storage of water in the central and eastern fingers of the TSF will be minimised by the deposition of tailings into those areas to create beaches directing runoff and excess slurry water towards the final decant pool position. Knight Piésold have subsequently reviewed the design of the TSF and that has resulted in a reduction in the wall size.

Water

The Project design envisages that process water requirements will be satisfied by the collection and storage of rainwater during the rainy season, between June and September. Average annual precipitation for the district is approximately 1,800mm. A raw water diversion dam will be constructed to both supply raw water to the process plant during operations and to divert excess run-off from entering the Tailings Storage Facility. In addition, the Project has planned to install a pipeline from a major river for guaranteed water supply.

Power

Grid Power will be used for the Project. The grid power supply will be from Ethiopian Electric Power Corporation's ("EEPCO") substation in Gimbi town, which is 47 km along an agreed route from Gimbi to Keley to Tulu Kapi and will be supplied by a new HT 132kV Overhead Power line. The proposed power line was surveyed by EEPCO in December 2012.

The maximum demand for the Tulu Kapi plant is estimated to be 15MW considering start-up requirements of the mills with a normal operating demand of approximately 10MW following the plant expansion for Fresh Hard ore. EEPCO have allocated their construction budget for the project and confirmed capacity to supply additional power above 15 MW if there is further need in future.

An emergency diesel power plant will also be installed to provide backup power to start up and run the operation as insurance in case of the unexpected failure to deliver by EEPCO.

EEPCO has already completed procurement of all long-lead items and KEFI/TKGM does not expect to have to use the standby power plant. There is 11 months of float on the schedule and EEPCO and, besides, EEPCO will be under pressure to deliver or risk the Government failing to earn its equity.

Access

Current access:

The journey by road from Addis Ababa to Tulu Kapi covers about 520 km and currently takes approximately 12 hours. KEFI restricts driving to daylight hours only, as a safety protocol. Currently the Tulu Kapi project area can be accessed from Gimbi town either A 72 km road from Gimbi via Genji or a 83 km road from Gimbi via Gulliso to Tulu Kapi.

As an alternative, there is an airstrip near Ayra town capable of receiving a small chartered aircraft from Addis Ababa, such as a "Caravan 10 seater". From Ayra to Tulu Kapi requires travelling 30km on a mixture of gravel and dirt roads and the trip takes approximately three hours in total. Another alternative is a regional airport 3 hours drive from Tulu Kapi, at Assosa, which has scheduled commercial flights. Project plans include an airstrip at Tulu Kapi.

The project area is about 9 km south of the village of Keley, which is on the main Gimbi to Dembi Dollo road. Regional population centres within easy road travel distance of the license areas include Ayra, a small town about 20 km to the west, Gimbi, an important market town about 32 km to the east north east, and Nekemte, a larger regional centre about 110 km to the east.

AMS, Sedgman and, subsequently, Lycopodium confirmed that it was satisfied with the suitability of existing roads for construction activities:

- Keley to Tulu Kapi access road. Length of 14.97km (~9.5 km lies outside the mine license area)
- Northwest Bypass road. Length of 2.3 km. to divert the existing Keley - Guji
- Southern Bypass road. Length of 5.4 km. to divert the existing Genji - Guji roads

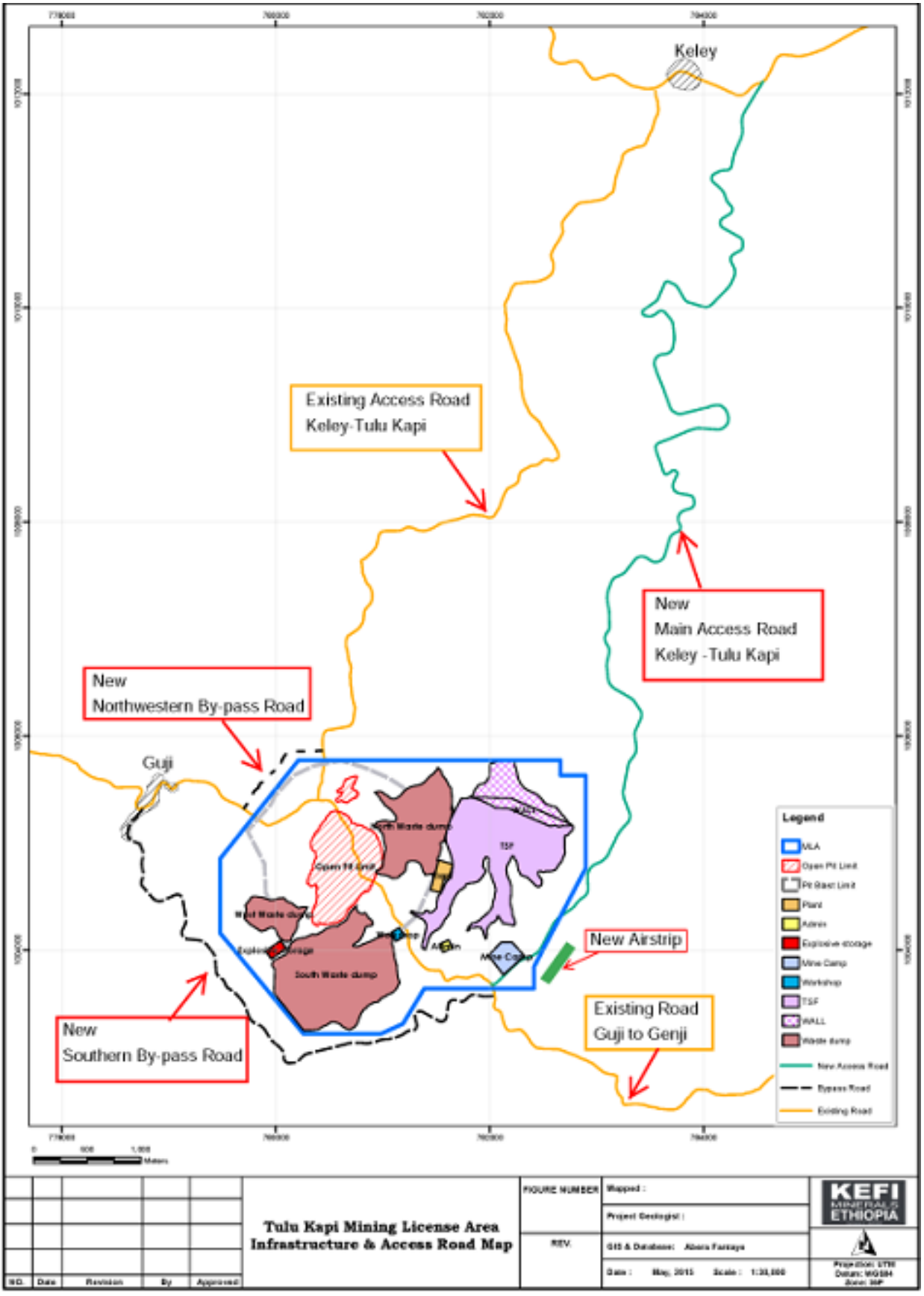

Figure 11 - MLA Infrastructure and Access Roads.

Planned Additional Access Road

A new all-weather access road has been designed for efficiency and enhanced safety of reducing travel time from the highway down to approximately 30 minutes. The Roads Authority itself will construct it upon launch of development.

Airstrip

Allowance has been made for an airstrip inside the MLA area in the South-East Corner.

Communication

The exploration camp is serviced by satellite and VSAT television. Mobile phones work on most parts of the Project area and a telephone connection is available at the exploration camp.

Security

A layered approach to security is being implemented.

Outer Security – Government Forces:

The Government is committed to providing security to enable international-standard compliance for investment projects.

A combined effort from Federal Police Commission (FPC) and Ethiopian National Defence Forces (ENDF) has been committed and deployed to the project's Area of Operations (AoO) – Gimbi, Genji and the MLA.

We envisage, FPC providing close armed security support and armed escorts with ENDF providing additional area support and response.

Inner Security – Mine Licence Area:

The process plant, accommodation village and explosive storage area will each be surrounded by a security fence to prevent unauthorised entry. Access to these areas will be by means of a main access gate manned 24 hours per day by security guards, ensuring restricted access to the premises. Additional fencing will be provided for further safety and security within the following areas of the process plant area, such as power plant, fuel storage, gold room area, transformers and substations. Gold will be transported by means of a secure vehicle to the on-site airstrip, with suitable security arrangements in place. Furthermore, the plant will be fitted with CCTV cameras installed at strategic locations to provide for monitored surveillance. The process plant is equipped with an electric and diesel-powered fire water pumping system. The electric powered pump will be used in the event of a fire and the diesel pump will be a backup in case of electrical failure.

A positive relationship with local communities and stakeholders is important and will be strengthened through employment and upskill of local youth as all site security personnel will be drawn from the Oromia communities.

Security operations may require a workforce of up to 300 national staff once the mine is operational

Above and below, Temporary Construction Camp being installed

Community

A practical Relocation Action Plan (RAP) has been finalized through continuous consultation with external stakeholders. The resettlement program plans to relocate 358 households, totalling 1,774 individuals, in accordance with Ethiopian legislation on public land acquisition, expropriation, and compensation. TKGM collaborates closely with all government levels, using the IFC's Performance Standards (IFC Handbook 2002) on environmental and social sustainability as the guideline for best international practices and includes the following key elements:

- Identification of project impacts and affected population
- Framework for public consultation, participation, and development planning
- Legal framework for land acquisition and compensation
- Compensation framework
- Description of development assistance and restoration of livelihoods
- Description of organizational responsibilities
- Grievance redress mechanism
- Monitoring, evaluation, and reporting framework
- Resettlement budget and implementation schedules

Following the IFC's guidelines, this RAP views resettlement as an opportunity to improve the livelihoods of affected people. It ensures that all those identified and confirmed as affected will be consulted and involved in the planning to mitigate adverse effects and enhance the benefits of resettlement.

The first phase of RAP implementation started in early 2025. Host lands had been identified and surveyed by the Woreda, and consultations with the community regarding these lands had begun.

The resettlement program will align with the mine's construction schedule, phasing the resettlement based on infrastructure priority areas. Compensation payments will follow Ethiopian land expropriation laws and regulations with landholders receiving payments according to their phase allocation. Once compensated, families have 120 days to vacate the land. The Government and TKGM plan to support all individuals in the resettlement program throughout its implementation.

TKGM, in collaboration with the Government and external agencies, is designing transitional assistance packages for each resettling household to maintain social links and community cohesion. TKGM will fully support the Government in developing land use plans, infrastructure, and other preparations at each site. Additionally, TKGM has partnered with external specialists to execute the project's Livelihood Restoration Plan (LRP).

KEFI has also established The Tulu Kapi Charitable Endowment (TKCE) and will fund this by way of allocating a percentage of revenue from gold production. The TKCE operates independently of the company and decides on which community projects in relation to skills. health and community development to support.

Tulu Kapi School Years 1 to 12, donated by KEFI Minerals Ethiopia.

9 PROJECT FINANCE

Sources and Applications

The table below shows the project funding requirement and sourcing plan.

Funding

Table 11 - Funding Requirements and Applications.

	US$M
Total Applications excluding mining contractor costs,	**420**
Senior Debt Facility	190
Mezzanine Debt Facility	50
Total Secured Debt	240
KEFI Equity Investment to date	100
Government Share Investment into TKGM	20
KEFI Group Additional Equity into TKGM, in addition to historical $100 million: - Gold-Linked Preference Shares (non-convertible into Ordinary Equity)	60
Total Base Case Sources	**420**

The remaining funds to be invested by KEFI Group are now being assembled from the issuance of Gold-Linked Preference Shares. As an extra source of capital, KEFI is also planning to sell its shareholding in GMCO in the Kingdom of Saudi Arabia.

Ignoring the mining contractor's investment for his own mining equipment, the Base Case funding requirement for the Project is US$420 million and US$240 million is to be provided by a Senior Debt Facility and a Mezzanine Debt Facility provided by the lenders AFC and TDB.

If one takes into account the maximum proposed Secured and Unsecured Debt and the total of Equity Investment already made as well as additional equity, this imply a Total Debt to Equity Ratio of $240 million:$180 million or 57% debt:43% equity. The NBE permits up to 80% debt, which is a typical industry debt ratio for robust projects.

Senior Debt Facility

AFC and TDB are planning to provide the US$190 million Senior Debt Facility and the terms reflected in the Risk Adjusted BCFM reflect the agreed term sheet of January 2025 adjusted through discussions during 2023 and are as follows.

- Principal amount of US$190 million;
- 8.25 years from signing (7 years from first drawdown) including 2-year grace period on principal (five quarters for construction and three quarters to allow for ramp-up);

The security package will include:

- First charge over all assets of TKGM, including the gold deposit, mining licences, pledge/mortgage of moveable and immovable assets;
- Pledge of KME's shares in TKGM and pledge of KEFI's shares in KME;
- Security over all bank accounts; and
- Corporate guarantee from KEFI which undertakes to provide oversight. Restrictions on change of management and control

Mezzanine Debt Facility

AFC and TDB are planning to provide the US$50 million Senior Debt Facility and the terms reflected in the Risk Adjusted BCFM reflect the agreed term sheet of 2025 for a Principal amount of US$50 million;

The Mezzanine Facility will benefit from the same security package as the Senior Debt Facility but will be second ranking.

Equity

Total funding requirement of US$420 million less the Senior Debt Facility and Mezzanine Facility of US$240 million equates to US$180 million. After deducting the already-invested $100 million, US$80 million has yet to be funded into TKGM and is to be sourced from the following:

- Government US$20 million equity subscriptions into TKGM
- Gold-Linked Preference Shares US$60 million

KEFI is also selling its shareholding in GMCO in Saudi Arabia as potential extra capital sources.

10 PROJECT ECONOMICS

Current Tulu Kapi Project Parameters

The KEFI Plan ("KEFI SOG21") mines the same open pit 1Moz ore reserve as used in the 2017 DFS Update at a slightly accelerated rate and draws down stockpiles at a faster rate than the previous schedules. Limited targeted selective mining is applied in KEFI SOG21 as was in the 2015 DFS, mining tenders and 2017 DFS Update. During the preproduction phase, KEFI will take quarterly-based scheduling based on the wire-framing and other data used in estimating Ore Reserves, and elevate the analysis on the back of grade-control drilling to budgetary-level mine planning and monthly schedules in time for pre-production mining. Based on the 2022 PEA, the underground mine will contribute 200Koz over the 4 years starting from Production Year 3.

The process route has remained the same as the 2017 DFS Update. Engineering reviews of Process Design Criteria, Comminution Equipment Sizing, Equipment lists, Process Flow Diagrams have been completed for the increased throughput rate. TSF, power and water impacts have been reviewed. Estimates have been verified (and will be updated as at signing of definitive detailed agreements) for contracting for construction. All estimates are opined on by the LTA at the rate of 1.9-2.1Mtpa nameplate, and these certifications will be refreshed for signing of detailed definitive agreements.

Preliminary assessment for the purpose of modelling the Owners' Business Plan Case supports lifting throughput by 20% above nameplate with the installation of a ball mill and extra tankage.

Model Results

Summarised operating and financial data for the Owner's Business Plan are presented in Table 12 and Table 13 at assumed gold prices of US$2,400/oz and US$3,000/oz respectively. These management estimates have not been independently verified for compliance with IFRS. Some terms, such as EBITDA and AISC, are unaudited for compliance with international reporting standards such as IFRS.

The Owner's Business Plan is based on TKGM processing 17.0Mt of ore at a rate of 2.4Mtpa in the first seven years of the project. The average head grade processed in the first 7 years of the project is estimated at 2.3g/t gold. At average recoveries of 93-94%, TKGM is expected to generate approximately 1.2Moz gold over the life of the project, comprising approximately 1.0Moz from the open-pit mine and 200koz from the initial underground operation. Average production in the first seven years is estimated at 164koz per annum, with production peaking at 227koz in production year 4.

At US$2,400/oz gold, the project is expected to generate revenues of USD2.8 billion, and EBITDA of USD1.6 billion. EBITDA generated in the first three years of the project is estimated at USD750 million, reflecting deliberate staging of the open pit development to focus the start-up years on the high-grade core with minimal waste removal.

All-in-sustaining-costs (AISC) are estimated at USD1,053/oz gold over the project life. This excludes any credit for the residual value of the plant which is estimated at USD150 million. Payments to the Government of Ethiopia in the form of royalties, herein estimated at 7% of net revenues, amount to USD197 million. This represents USD167/oz gold produced, and approximately 16% of AISC.

The project is expected to be highly cash generative, with TKGM accumulating cash balances of approximately US$900 million by the end of production year 7.

Table 12 -Summarised operating and financial parameters at US$2,400/oz gold.

Year		1	2	3	4	5	6	7
Key operating metrics								
Ore Mined	Mt	3.6	2.8	2.0	2.8	2.4	2.0	1.1
Waste Mined	Mt	18.6	19.5	20.5	19.6	18.6	11.6	5.0
Total Material Mined	Mt	22.2	22.2	22.4	22.4	21.0	13.6	6.1
Ore Grade	g/t	1.9	2.1	2.4	2.5	2.4	2.4	3.3
Contained Gold	koz	213.1	190.1	148.9	225.7	187.1	159.1	112.9
Ore Processed	Mt	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Head Grade	g/t	2.6	2.6	2.5	3.1	2.8	1.6	0.9
Contained Gold	koz	199.1	201.0	191.4	241.4	215.1	121.8	66.5
Recoveries	%	86.9%	93.8%	93.8%	93.9%	93.7%	93.8%	93.7%
Gold Recovered	**koz**	**173.1**	**188.6**	**179.6**	**226.7**	**201.5**	**114.3**	**62.3**
Profit and loss account								
Net Revenue	**US$ m**	**413.3**	**450.3**	**428.7**	**541.1**	**481.1**	**272.8**	**148.7**
Government Royalties	US$ m	(18.9)	(34.7)	(29.1)	(37.6)	(33.5)	(26.0)	(7.5)
Operating Costs	US$ m	(146.9)	(142.3)	(153.4)	(158.0)	(153.2)	(117.5)	(86.4)
Sustaining capital	US$ m	(6.1)	(6.4)	(4.2)	(4.1)	(2.7)	(1.3)	(1.6)
EBITDA	**US$ m**	**241.4**	**266.9**	**242.0**	**341.5**	**291.6**	**128.0**	**53.1**
Depreciation, amortization	US$ m	(47.4)	(46.4)	(47.2)	(47.7)	(48.2)	(48.6)	(48.7)
EBIT	US$ m	194.1	220.5	194.9	293.7	243.3	79.4	4.4
Interest costs	US$ m	(44.8)	(32.5)	(7.7)	(6.2)	(6.1)	(5.1)	(4.1)
Profit Before Tax	US$ m	149.2	188.0	187.1	287.6	237.2	74.3	0.3
Tax Payable	US$ m	-	(50.1)	(34.7)	(63.9)	(64.5)	(58.9)	-
Profit After Tax	**US$ m**	**149.2**	**137.8**	**152.5**	**223.7**	**172.7**	**15.4**	**0.3**
All in Sustaining Costs	US$ m	167.2	193.4	194.3	207.7	195.9	149.0	99.5
All in Sustaining Costs	US$/oz	965.6	1,025.3	1,082.0	916.3	972.0	1,304.0	1,598.4
Balance sheet								
Intangible Assets	US$ m	39.3	33.7	28.1	22.5	16.9	11.2	5.6
Plant and equipment	US$ m	234.3	207.1	176.9	146.1	113.4	78.9	44.5
Others	US$ m	64.8	57.7	50.6	43.4	36.3	29.1	22.0
Fixed Assets	US$ m	338.5	298.5	255.6	212.0	166.5	119.3	72.1
Cash	US$ m	123.9	151.3	297.1	564.3	781.5	845.5	889.7
Other current assets	US$ m	23.0	21.8	22.8	23.2	22.7	16.6	17.5
Current assets	US$ m	146.9	173.1	319.9	587.5	804.1	862.0	907.2
TOTAL ASSETS	**US$ m**	**485.4**	**471.7**	**575.5**	**799.5**	**970.7**	**981.3**	**979.3**
Current liabilities	US$ m	180.7	65.8	16.9	17.1	15.4	10.4	8.0
Long-term liabilities	US$ m	50.2	13.5	13.6	13.8	14.0	14.1	14.3
Total equity	US$ m	254.6	392.4	544.9	768.6	941.3	956.7	957.0
Total liabilities and equity	**US$ m**	**485.4**	**471.7**	**575.5**	**799.5**	**970.7**	**981.3**	**979.3**

At US$3,000/oz gold, the project is expected to generate revenues of USD3.5 billion, and EBITDA of USD2.3 billion. EBITDA generated in the first three years of the project is estimated at USD1.0 billion.

All-in-sustaining-costs (AISC) are estimated at USD1,094/oz gold over the project life. This excludes any credit for the residual value of the plant which is estimated at USD150 million. Payments to the Government of Ethiopia in the form of royalties, herein estimated at 7% of net revenues, amount to USD246 million. This represents USD209/oz gold produced, and approximately 19% of AISC.

The project is expected to be highly cash generative, with TKGM accumulating cash balances of approximately USD1.4 billion by the end of production year 7.

Table 13 - Summarised operating and financial parameters at US$3,000/oz gold.

Year		**1**	**2**	**3**	**4**	**5**	**6**	**7**
Key operating metrics								
Ore Mined	Mt	3.6	2.8	2.0	2.8	2.4	2.0	1.1
Waste Mined	Mt	18.6	19.5	20.5	19.6	18.6	11.6	5.0
Total Material Mined	Mt	22.2	22.2	22.4	22.4	21.0	13.6	6.1
Ore Grade	g/t	1.9	2.1	2.4	2.5	2.4	2.4	3.3
Contained Gold	koz	213.1	190.1	148.9	225.7	187.1	159.1	112.9
Ore Processed	Mt	2.4	2.4	2.4	2.4	2.4	2.4	2.4
Head Grade	g/t	2.6	2.6	2.5	3.1	2.8	1.6	0.9
Contained Gold	koz	199.1	201.0	191.4	241.4	215.1	121.8	66.5
Recoveries	%	86.9%	93.8%	93.8%	93.9%	93.7%	93.8%	93.7%
Gold Recovered	**koz**	**173.1**	**188.6**	**179.6**	**226.7**	**201.5**	**114.3**	**62.3**
Profit and loss account								
Net Revenue	**US$ m**	**516.9**	**563.2**	**536.2**	**676.8**	**601.7**	**341.2**	**185.9**
Government Royalties	US$ m	(23.6)	(43.4)	(36.4)	(47.0)	(42.0)	(32.5)	(9.4)
Operating Costs	US$ m	(158.2)	(142.3)	(153.4)	(158.0)	(153.2)	(117.5)	(86.4)
Sustaining capital	US$ m	(6.1)	(6.4)	(4.2)	(4.1)	(2.7)	(1.3)	(1.6)
EBITDA	**US$ m**	**329.0**	**371.0**	**342.2**	**467.7**	**403.8**	**189.9**	**88.5**
Depreciation, amortization	US$ m	(47.4)	(45.0)	(45.8)	(46.3)	(46.8)	(47.2)	(47.3)
EBIT	US$ m	281.6	326.1	296.5	421.4	356.9	142.7	41.2
Interest costs	US$ m	(43.2)	(27.1)	(7.7)	(6.2)	(6.1)	(5.1)	(4.1)
Profit Before Tax	US$ m	238.4	299.0	288.8	415.2	350.8	137.6	37.1
Tax Payable	US$ m	(12.3)	(84.7)	(58.9)	(95.5)	(92.3)	(80.3)	-
Profit After Tax	**US$ m**	**226.1**	**214.3**	**229.9**	**319.8**	**258.6**	**57.3**	**37.1**
All in Sustaining Costs	US$ m	167.2	193.4	194.3	207.7	195.9	149.0	99.5
All in Sustaining Costs	US$/oz	965.6	1,025.3	1,082.0	916.3	972.0	1,304.0	1,598.4
Balance sheet								
Intangible Assets	US$ m	39.3	33.7	28.1	22.5	16.9	11.2	5.6
Plant and equipment	US$ m	223.0	197.2	168.4	139.1	107.7	74.7	41.7
Others	US$ m	64.84	57.70	50.55	43.41	36.27	29.12	21.98
Fixed Assets	US$ m	327.2	288.6	247.1	204.9	160.9	115.0	69.3
Cash	US$ m	162.8	312.2	533.8	895.7	1,197.2	1,302.8	1,381.9
Other current assets	US$ m	25.8	24.1	25.3	25.7	25.2	18.0	19.4
Current assets	US$ m	188.7	336.3	559.1	921.4	1,222.4	1,320.8	1,401.4
TOTAL ASSETS	**US$ m**	**515.9**	**625.0**	**806.2**	**1,126.3**	**1,383.3**	**1,435.8**	**1,470.6**
Current liabilities	US$ m	134.2	65.8	16.9	17.1	15.4	10.4	8.0
Long-term liabilities	US$ m	50.2	13.5	13.6	13.8	14.0	14.1	14.3
Total equity	US$ m	331.4	545.7	775.6	1,095.4	1,353.9	1,411.2	1,448.3
Total liabilities and equity	**US$ m**	**515.9**	**625.0**	**806.2**	**1,126.3**	**1,383.3**	**1,435.8**	**1,470.6**

11 PERMITTING

KEFI is required to operate under normal environmental regulations as set out by the relevant Ethiopian authorities and the Project is required to obtain a number of permits in order to be able to operate legally. The mining sector in Ethiopia is regulated by the Modern Mining Act (mining proclamation), which was amended in 2014.

The key permit is the Mining Licence and under the Modern Mining Act, submission of the Mining Licence Application ("MLA") triggers the start of negotiations around the Mining Agreement ("MA"), which sets out the fiscal arrangements between the applicant and the Government of Ethiopia, including the amounts of taxes and royalties to be paid along with stabilisation rights.

The MLA was reactivated by KEFI in October 2014 following several rounds of negotiations with the Ministry of Mines (MoM) and the Ministry of Finance and Economic Development (MoFED) of Ethiopia. The official signing of the MA with the MoM took place on 13th April 2015 following final clearance by the Ethiopian Council of Ministers. Under the MA, KME was granted a Mining Licence valid for 20 years which fully permits the development and operation of the Tulu Kapi Gold Project. The issuance of the Mining Licence also marks the Government's approval of the Environmental and Social Impact Assessment, including the Community Resettlement Action Plan which was prepared by KEFI and Golder.

The Company has scheduled the applications for ancillary licences and authorisations, including transport, construction and power, as and when required from provincial authorities (these are of a more routine and procedural nature). The resettlement program was triggered in early 2025 to coincide with project finance drawdown.

The Government of Ethiopia is entitled to a 5% free carried interest in TKGM. In addition, the Government has re-confirmed its intention to make an equity investment at project level of circa US$20 million to fund the power line, external roads and a portion of the resettlement costs. This investment will result in the Government stake increasing to circa 15-20% (including the pre-existing 5% free carried interest). A summary of the key permits required under the Ethiopian Modern Mining Act is set out in Table 14.

Other notable consents received include that the National Bank of Ethiopia ("NBE") has approved exemptions from exchange control, the capital ratio, right to hedge the gold price, the cost of finance and final bank account arrangements.

KEFI has highest-level Government and regulatory support in Ethiopia, including financial commitments from Government and regulatory protection from fiscal changes and certain exchange control restrictions. The following comments provide background.

Upon signing the Mining Agreement, the Mining Licence was granted to TKGM which encompasses consent to develop and operate, including environmental and social approvals.

A summary of the key ancillary permits required under the Ethiopian Modern Mining Act is set out overleaf, which can typically be granted in accordance with the following process:

- Development period outlined in the schedules to the Mining Licence to be extended
- Mining Licence to be transferred from KME to TKGM
- TKGM to take formal possession to land following implementation of resettlement program
- Grant of ancillary permits which can, as appropriate, have been processed:
    - beforehand construction begins, or
    - during construction

Mining Proclamation

The stimulus for this exploration and development work is the result of the mining legislation that had been initially promulgated in 1993 and the overall positive investment climate in Ethiopia. In July 2010, the Ethiopian government enacted a revised mining law, “A Proclamation to Promote Sustainable Development of Mineral Resources”, to make the minerals sector more favourable for foreign direct investment, and to be transparent and equitable in using the mineral resources of the country.

The Ministry of Mines is responsible for the processing of license applications, regulation of mineral operations and the promotion of investment opportunities in the mining sector. Ethiopia has already granted 138 exploration, 43 mining and three reconnaissance licences. The Ethiopian mining industry is governed by the Modern Mining Act (proclamation) effected in 2010 and amended in 2014, and associated income tax proclamations which were amended in 2013 to reduce the royalty and corporate tax rates payable.

The most critical terms of the Modern Mining Act are as follows:

- 5% government free-carried interest in mining projects;
- Corporate tax of 25% with negotiable breaks and holidays;
- Royalty of 7%; and
- Exemption from customs duties, carry forward on losses for 10 years.

Table 14 - Key permits required under the Ethiopian Modern Mining Act.

Requirement	Type of Work	Regulation/ Permit	Government Authority	Comments
ESIA Compliance Letter	Environmental and Social Impact Assessment	Proclamation 299/2002	Ministry of Mines	Issued on 09/04/2015
Cultural Heritage Study	Exploration/Study	Proclamation 209/2000	Cultural Heritage	Covered before as part of SEIA, but will be updated
Waste Disposal	Generate, store, transport, treat, or dispose of hazardous waste	Proclamation 300/2002	Environmental Pollution Control	Required in order to commence construction
Chemical Use	Importation, Preparation, Storage, Distribution, Transport or Use of Chemicals Categorized as Hazardous or Restricted Use	Proclamation 300/2002	Environmental Pollution Control	Required in order to commission the processing plant
Water Use Permit	Use of Water Resources, Discharge of Waste, Construction of Waterworks	Proclamation 197/2000	Water Resources Management	As designed, the mine will not require this permit to operate
Water Use Permit	Use of Project Water in line with Water Resources Management	Proclamation 534/2007	River Basin Councils and Authorities	Required for release of water to baseline conditions to local waterways
Nuclear Permit	Importation or Transportation or Use of Radioactive Substances	Proclamation 300/2002	Environmental Pollution Control	Required in order to import process plant components
Communication Licences	VSAT, Radios	-	-	KEFI already has VSAT and radio licences
Electrical	For 15MW Supply of Power	Regulation 170/2009	Ethiopian Electric Power Corporation	Ethiopian Government to construct for equity in the project.
Explosives Use Permit	For Blasting		Ethiopian Security Agency	Not expected for initial mining
Trading Licence	For Importation of Goods		Ministry of Trade	Registration required; Mining Licence is equivalent
Health Permit	Constructing Buildings for Public Services	Proclamation 200/2000	Ministry of Public Health	In addition to local health authority; may be required for resettled peoples and camp health
Timber Removal	For Removal of Timber to Local Markets	Proclamation 542/2007	Forest Development, Conservation and Utilisation	Only in the event that trees are cut and moved to market
Tree Removal Permit	For Removal of Trees During Project Construction		Oromia Forestry and Wildlife Directorate	Will be required to commence Construction works
Road Construction Permit	Construction of Gravel Road to Rural Standards		Oromia Regional Roads Authority	Government of Ethiopia to construct Access Road for Equity in the Project
Construction Permit	Construction of Buildings for Camp and Plant	Proclamation 624/2009	Ethiopian Building designated organisation	Planning consent required in order to obtain a permit

APPENDIX I – OPEN PIT MINING METHOD

The operations will be carried out using conventional open pit mining methods, consisting of drilling, blasting, loading, hauling and crushing. The mining activities will be carried out by a mining contractor under the control of the owners technical team.

The quality and quantity of ore delivered to the processing plant and the minimisation of ore dilution and ore loss were the main criteria for the mining method selection. The method used involves a combination of bulk mining and selective mining approaches. Approximately five percent of the total material movement is categorized as selective ore and waste mining.

- Blasts will be designed by KME's technical department and implemented by the Mining Contractor to achieve the desired fragmentation and digability whilst minimising the disturbance to ore blocks and damage to final pit walls.
- Following bench establishment, mining will continue to limits predetermined by the technical department. Ore, including both high grade and low grade ore, and waste, including selective waste and bulk waste, will be identified by the technical department. Excavation levels will be controlled by the use of the Contractor's laser levelling system.
- High grade ore, low grade ore and selective waste blocks will be marked out by the technical department on each bench with colour coded markers.
- The contractor will excavate high grade ore, low grade ore, selective waste and bulk waste as directed by the technical department using appropriate equipment.
- Pit walls will be formed and excavated at angles designated by the technical department. Mining will generally be carried out by excavating high grade ore, low grade ore, selective waste and bulk waste separately. However, concurrent mining may be required from time to time. The contractor will implement methods and practices approved by the owner that will ensure correct identification, excavation and delivery of each material to its design tipping point.

Within the mining cycle there a specific requirement for excavator cleaning and re-handling of waste material that is necessary to ensure mining selectivity. It is envisaged that mining will progress across the bench from west to east when possible to avoid collapsing the ore material into the waste, as would occur if mined from east to west. The selective mining process contains seven steps as:

1) Bulk waste removal
2) Cleaning waste from the hanging wall contact
3) Re-handling of selective waste
4) Removal of bulk ore
5) Cleaning of selective ore to the footwall contact
6) Re-handling of select ore
7) Continue mining the waste material.

The cycle utilises more productive top loading of trucks 3 m above the bench where trucks traverse, however the excavator needs to be on the same level as the trucks when:

- Removing waste less than 1 m thick from the ore on the western lode contact
- Moving final ore from waste on the eastern lode contact when the ore is less than 1 m thick
- When bottom loading of trucks that may be necessary when handling the windrows created from the above two activities.

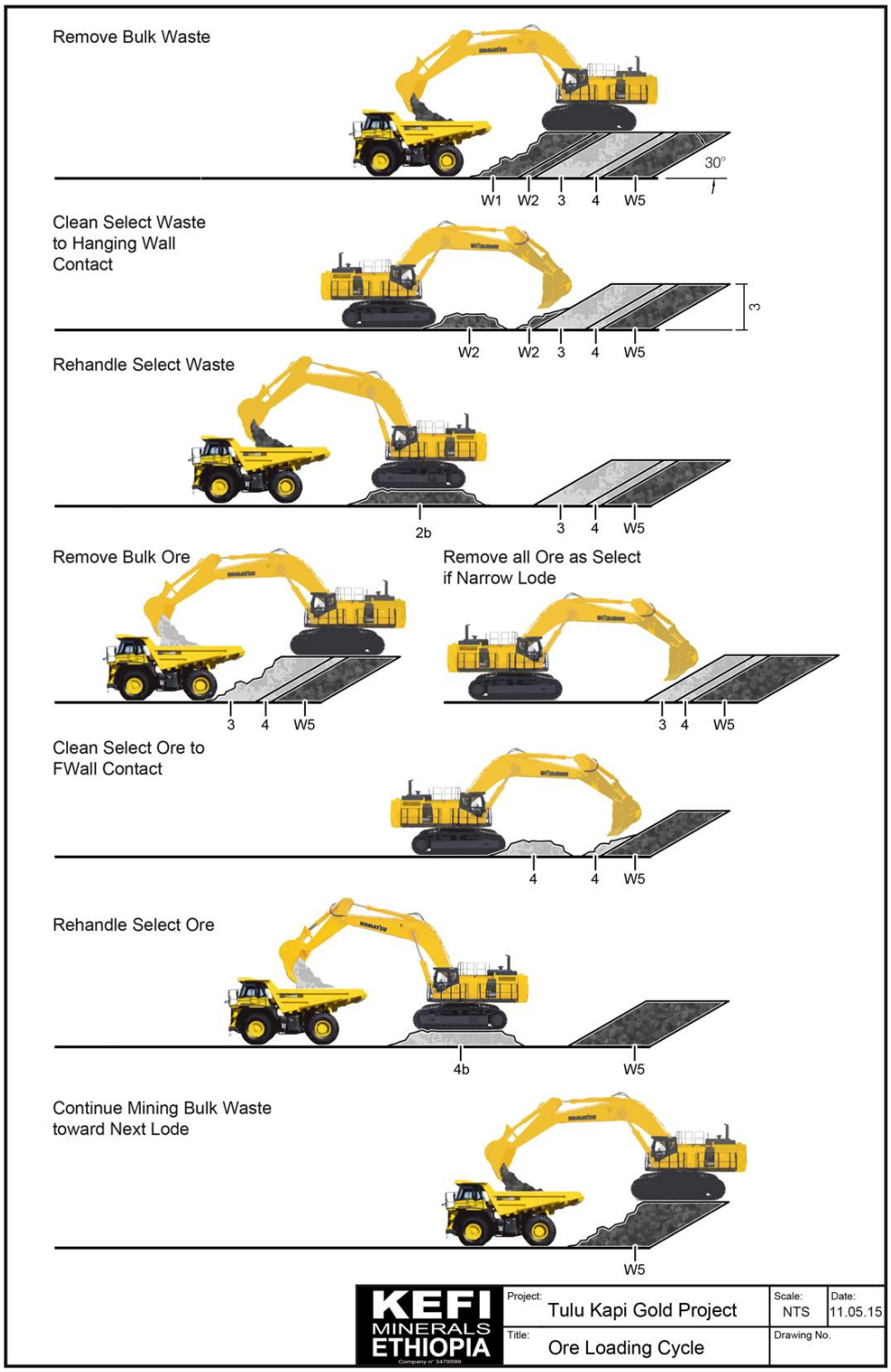

Figure 12 - Selective Ore Loading Cycle.

For ore lodes greater than 2 m wide, the excavator will be able to resume top loading activities.

APPENDIX II – UNDERGROUND MINING METHOD

Decline Access Development

To further demonstrate the practicalities of underground mining, a conceptual decline was designed to link the majority of the stoping areas defined in the SSO optimisation (Figure 13). This design was also used for scheduling and costing purposes.

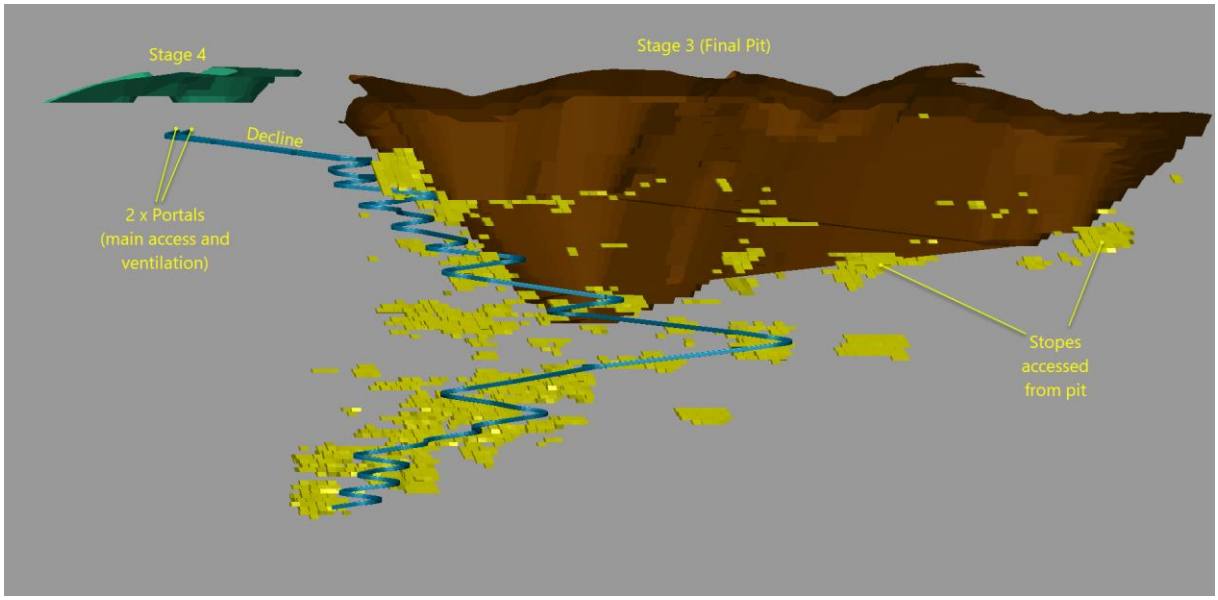

Figure 13 - Concept decline for Tulu Kapi underground.

The decline assumed a maximum gradient of 1 in 7; however, the overall average gradient was flatter at 1 in 8.4 primarily due to the distance to reach the lateral extents of the economic areas. The total length of the decline is 3.7 km from the portal.

The portal was located as close as practicable to the RoM pad to minimise haul distance and avoid interaction with the open pit operations. It exits onto the northern waste dump between the Stage 3 and Stage 4 pits.

It is proposed that the initial extent of the main decline would be developed to a diamond drilling position adjacent to the upper most production level for stope definition drilling purposes.

The decline would be initially a twin-decline arrangement with the second decline used as an exhaust for mine ventilation. This will minimise the need for specialised raiseboring and shaft sinking equipment which may be needed to establish other openings required for the underground in the saprolite layer.

It is expected additional capital development will be required to extend the primary ventilation system and escapeway infrastructure throughout the mine. These excavations were not designed, rather factored provisions were made for these in the cost estimate.

Schedule

A high level mine schedule was developed based on the estimated stope inventory and decline design. All level development, both lateral and vertical, were factored from the decline design. Some estimation of lateral development for each level was made by level-to-level interpretation of the stope layouts in Surpac.

The schedule was developed in excel based on an assumed production rate of 350,000 tpa. This equates to an average vertical advance rate of approximately 60 mV per year. The inventory per vertical meter is shown in Figure 14.

It is recognised that this production rate is slightly higher than industry norms (50 mV/yr) and this should be re-evaluated and validated in more detailed studies in the future. In addition, there was no consideration for delays due to interfacing with the open pit operations which would run concurrently.

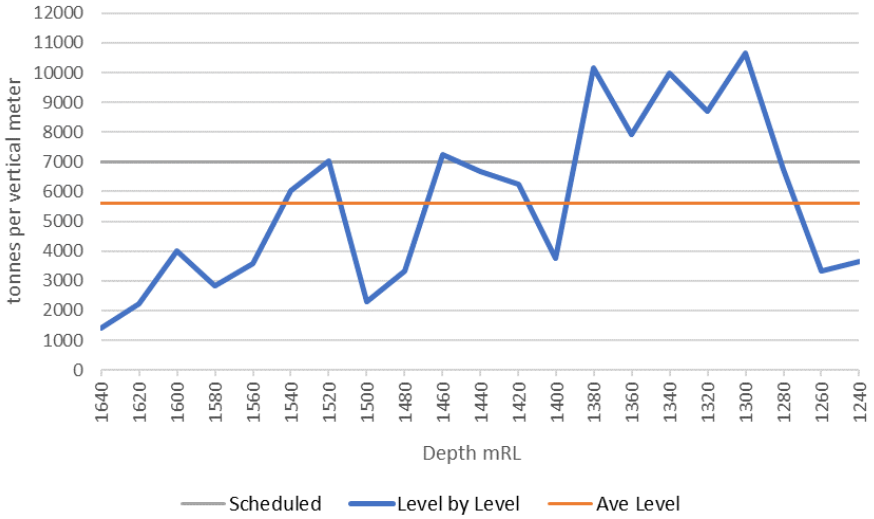

Figure 14 - Underground inventory per vertical metre.

The mining schedule is shown in Table 16. The underground project extends over 54 months (4.5 years) and is intended to run concurrently with the open pit as a supplementary source of high-grade ore. Base on this schedule the underground operations will be completed during the stockpile rehandling phase of the open pit. Total annual material movement is 600,000 t per year (ore + waste). The expected major fleet under this scenario is shown in Table 15.

Table 15 - Expected major mining fleet for underground.

Machine	No
Jumbo	1
Loaders/Boggers	2
Trucks	4
Longhole Drills	2
Graders	1

Table 16 - Tulu Kapi underground summary mine schedule and cost.

	Units	2026 Jan-26 Mar-26	2026 Apr-26 Jun-26	2026 Jul-26 Sep-26	2026 Oct-26 Dec-26	2027 Jan-27 Mar-27	2027 Apr-27 Jun-27	2027 Jul-27 Sep-27	2027 Oct-27 Dec-27	2028 Jan-28 Mar-28	2028 Apr-28 Jun-28	2028 Jul-28 Sep-28	2028 Oct-28 Dec-28	2029 Jan-29 Mar-29	2029 Apr-29 Jun-29	2029 Jul-29 Sep-29	2029 Oct-29 Dec-29	2030 Jan-30 Mar-30	2030 Apr-30 Jun-30	2030 Jul-30 Sep-30	2030 Oct-30 Dec-30	TOTAL
Development																						
Decline Vent	m.adv	-	320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decline	m.adv	-	280	376	336	336	295	209	330	174	168	336	168	224	280	168	-	-	-	-	-	320
Level Waste	m.adv	-	135	264	354	364	255	624	207	546	317	330	482	296	470	162	-	-	-	-	-	3,680
Ore Drives	m.adv	-	-	110	210	200	350	67	363	180	415	235	250	380	150	200	-	-	-	-	-	4,805
Vent Raises	mV	-	15	30	15	45	15	30	15	30	15	30	15	15	30	15	-	-	-	-	-	3,110
Escapeway Raise	mV	-	20	40	20	60	20	40	20	40	20	40	20	20	40	20	-	-	-	-	-	315
																						420
Stoping																						
Slot Rising	m.slot	-	-	275	525	500	875	175	925	475	1,050	600	625	950	375	500	-	-	-	-	-	
Production Drilling	m.drill	-	-	12,825	23,926	28,448	29,167	21,956	29,167	29,167	26,518	29,167	29,167	29,167	29,167	29,167	29,167	29,167	18,569	-	-	7,850
Production Charging	mV		-	11,543	21,533	25,604	26,250	19,761	26,250	26,250	23,866	26,250	26,250	26,250	26,250	26,250	26,250	26,250	16,712	-		423,910
Stope Bogging - Conventional	t.stope	-	-	-	7,695	14,355	17,069	17,500	13,174	17,500	17,500	15,911	17,500	17,500	17,500	17,500	17,500	17,500	17,500	11,142	-	381,519
Stope Bogging - Remote	t.stope	-	-	-	30,780	57,422	68,276	70,000	52,695	70,000	70,000	63,643	70,000	70,000	70,000	70,000	70,000	70,000	70,000	44,566	-	254,346
Rehab provision	t.stope	-	-	-	38,475	71,777	85,345	87,500	65,869	87,500	87,500	79,554	87,500	87,500	87,500	87,500	87,500	87,500	87,500	55,708	-	1,017,383
Ore Mined	t	-	-	7,261	52,860	85,477	109,320	92,069	90,755	99,844	115,948	95,617	104,625	113,530	97,775	101,200	87,500	87,500	87,500	55,708	-	1,484,490
Ave Grade	g/t	-	-	3.11	3.10	3.27	3.74	3.45	3.41	3.59	3.65	3.65	4.82	4.64	4.31	4.63	3.99	4.11	4.29	8.17	-	4.10
Ounces Mined	Oz	-	-	725	5,273	8,979	13,143	10,208	9,953	11,509	13,622	11,209	16,229	16,952	13,544	15,076	11,237	11,559	12,062	14,641	-	195,920
Mining Capex	$M	$0.236	$6.202	$2.491	$1.639	$1.863	$1.370	$1.178	$1.601	$1.062	$0.884	$1.802	$0.899	$1.156	$1.577	$0.958	$-	$-	$-	$0.684	$0.190	$25.792
Mining Opex	$M	$-	$0.808	$2.820	$4.942	$5.634	$6.360	$6.176	$6.197	$7.019	$7.366	$6.497	$7.460	$7.444	$6.990	$6.306	$4.992	$4.999	$4.533	$3.293	$-	$99.837
Total Mining Cost	$M	$0.236	$7.010	$5.311	$6.581	$7.497	$7.729	$7.354	$7.799	$8.081	$8.250	$8.299	$8.359	$8.599	$8.567	$7.265	$4.992	$4.999	$4.533	$3.977	$0.190	$125.629
Mine Unit Opex	$/t.ore			$388.43	$93.48	$65.91	$58.17	$67.08	$68.28	$70.30	$63.53	$67.94	$71.30	$65.57	$71.49	$62.31	$57.06	$57.13	$51.80	$59.12	$388.43	$67.25

Underground Mining Costs

Underground mining costs were developed at a preliminary budget level of detail using third party costs from a similar gold project in Africa. The costs allow for the additional resource, plant, labour, materials and contractors required to carry out the work. Additional TKGM personnel will be required for management and technical support functions specifically for the operations.

Lateral development costs are inclusive of ground support and bogging.

Production drilling and charging assume a drilling density of 3t/drill metre. Production bogging assume 80% of tonnes will be bogged remotely.

Trucking is costed separately for both development and stope production.

Contractor fixed costs ($530K/month) include overhead and ownership costs for all equipment.

It is envisaged the contractor would supply all materials and equipment for the underground, with the exception of the TKGM underground vehicles and the primary ventilation fan.

The costs are summarised in **Error! Reference source not found.** and are detailed in the spreadsheet (TKGM UG Preliminary CF.xlsx).

Cash flow

A simple cash flow model was prepared as part of the study to gauge the value of the project. Approximately, 180 Koz are expected to be produced from exploiting the underground potential. The initial investment is estimated to be around $10-$20M with the cash down estimated to be approximately $12M. The total cost to project was estimated to be $180M including mining, processing, administration and selling costs. At a gold price of $1500 per ounce, the expected return on the project is approximately $280 M, for a net cash flow of approximately $100M. The internal rate of return was approximately 340%. The cash cost for the project (pre-tax) was estimated to be $950 per ounce including capital development.

Sensitivities conducted showed the following responses to the project IRR:

- The project will support $90M in contingency before the IRR falls below 40%.
- The dilution can increase by 57% before the IRR falls below 40%
- The gold price would need to fall below $970 per ounce for the IRR to fall below 40%

It should be noted that the cash down, as modelled here, is relatively low compared to the project cost and revenue, leading to highly sensitive responses to the IRR.

Table 17 - TKGM Underground Cash Flow.

	Units	2026 Jan-26 Mar-26	2026 Apr-26 Jun-26	2026 Jul-26 Sep-26	2026 Oct-26 Dec-26	2027 Jan-27 Mar-27	2027 Apr-27 Jun-27	2027 Jul-27 Sep-27	2027 Oct-27 Dec-27	2028 Jan-28 Mar-28	2028 Apr-28 Jun-28	2028 Jul-28 Sep-28	2028 Oct-28 Dec-28	2029 Jan-29 Mar-29	2029 Apr-29 Jun-29	2029 Jul-29 Sep-29	2029 Oct-29 Dec-29	2030 Jan-30 Mar-30	2030 Apr-30 Jun-30	2030 Jul-30 Sep-30	2030 Oct-30 Dec-30	TOTAL
Underground Ore Production		-	-	7,261	52,860	85,477	109,320	92,069	90,755	99,844	115,948	95,617	104,625	113,530	97,775	101,200	87,500	87,500	87,500	55,708	-	1,484,490
Ore	t	-	-	3.11	3.10	3.27	3.74	3.45	3.41	3.59	3.65	3.65	4.82	4.64	4.31	4.63	3.99	4.11	4.29	8.17	-	4.10
Au	g/t	-	-	725	5,273	8,979	13,143	10,208	9,953	11,509	13,622	11,209	16,229	16,952	13,544	15,076	11,237	11,559	12,062	14,641	-	195,920
Ounces	oz																					
Recovery	%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	93.7%	
Recovered gold	oz	-	-	679	4,940	8,413	12,315	9,565	9,326	10,784	12,764	10,503	15,206	15,884	12,691	14,126	10,529	10,831	11,302	13,718	-	183,577
Gold Price	OZ	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	
Revenue	$M	$-	$-	$1.019	$7.411	$12.620	$18.472	$14.347	$13.988	$16.176	$19.146	$15.754	$22.809	$23.827	$19.036	$21.190	$15.794	$16.246	$16.953	$20.577	$-	$275.365
Offsite costs and refining	$M	$-	$-	$0.014	$0.103	$0.176	$0.257	$0.200	$0.195	$0.225	$0.267	$0.219	$0.318	$0.332	$0.265	$0.295	$0.220	$0.226	$0.236	$0.286	$-	$3.833
Royalties	$M	$-	$-	$0.071	$0.519	$0.883	$1.293	$1.004	$0.979	$1.132	$1.340	$1.103	$1.597	$1.668	$1.333	$1.483	$1.106	$1.137	$1.187	$1.440	$-	$19.276
Mining	$M	$0.236	$7.010	$5.311	$6.581	$7.497	$7.729	$7.354	$7.799	$8.081	$8.250	$8.299	$8.359	$8.599	$8.567	$7.265	$4.992	$4.999	$4.533	$3.977	$0.190	$125.629
Processing	$M	$-	$-	$0.091	$0.663	$1.072	$1.371	$1.155	$1.138	$1.252	$1.454	$1.199	$1.312	$1.424	$1.226	$1.269	$1.097	$1.097	$1.097	$0.699	$-	$18.616
G&A	$M	$-	$-	$0.036	$0.259	$0.419	$0.536	$0.451	$0.445	$0.489	$0.568	$0.469	$0.513	$0.556	$0.479	$0.496	$0.429	$0.429	$0.429	$0.273	$-	$7.274
Total Cost	$M	$0.236	$7.010	$5.524	$8.125	$10.046	$11.186	$10.164	$10.555	$11.180	$11.879	$11.288	$12.098	$12.579	$11.869	$10.808	$7.844	$7.889	$7.482	$6.675	$0.190	$174.627
Net Cash Flow	$M	-$0.2	-$7.0	-$4.5	-$0.7	$2.6	$7.3	$4.2	$3.4	$5.0	$7.3	$4.5	$10.7	$11.2	$7.2	$10.4	$8.0	$8.4	$9.5	$13.9	-$0.2	$100.7
Cumulative NCF	$M	-$0.2	-$7.2	-$11.8	-$12.5	-$9.9	-$2.6	$1.6	$5.0	$10.0	$17.3	$21.7	$32.5	$43.7	$50.9	$61.2	$69.2	$77.6	$87.0	$100.9	$100.7	
Discount Period		0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	
Discount Factor	No.	1.00	0.99	0.99	0.98	0.97	0.97	0.96	0.95	0.95	0.94	0.94	0.93	0.92	0.92	0.91	0.91	0.90	0.89	0.89	0.88	
Discounted Cash Flow	%	-$0.2	-$7.0	-$4.4	-$0.7	$2.5	$7.0	$4.0	$3.3	$4.7	$6.8	$4.2	$10.0	$10.4	$6.6	$9.5	$7.2	$7.5	$8.5	$12.3	-$0.2	$92.0
Cumulative DCF	$M	-$0.2	-$7.2	-$11.6	-$12.3	-$9.8	-$2.8	$1.2	$4.5	$9.2	$16.1	$20.3	$30.2	$40.6	$47.2	$56.6	$63.8	$71.4	$79.8	$92.1	$92.0	

Conclusions and Further work

This study continues the work carried out by Redden Mining in 2014. As, with the Redden study, the findings supports further and more detailed work into the exploitation of the underground resource at Tulu Kapi.

It is recommended that at least a scoping level study or even pre-feasibility (PFS) level of study be conducted to determine the project values and risks to a greater level of confidence. The study should consider the following:

- Develop a resource model for specific use in the underground study. Such a model should have a higher degree of sub-celling to allow better modelling of the stope shapes and dilution parameters.
- Preliminary geotechnical assessment of the rock mass in the region of the proposed underground operation. Including determination of hydraulic radii to define stope spans, mining recovery and potential backfill requirements (not included here), as well as development ground support requirements.
- Hydrogeological desktop review and assessment and assess impact on mine dewatering system.
- Evaluation of various mining method options. Given the flat dip and variable width of the mineralisation, its possible that a number of mining methods will need to be applied to maximise the recovery of the resource. Each of these will have its own specific operating parameters and costs. SSO or similar should be rerun to generate stope outlines for each method.
- Determine backfill requirements and identify potential studies, especially long lead studies (e.g. paste backfill) that will need to be started in the short term.
- Evaluate mine access such as portal and shaft locations, including any breakthroughs into the pit that may be required.
- Develop mine layouts for shortlisted options for scheduling and costing purposes. Should include level layouts, ventilation excavations and escape shafts.
- Develop preliminary mine schedule for shortlisted options. Considering probable range of productivities. Labour and equipment schedules.
- Cost estimate based on project specific contract pricing and database costs or contingency for immaterial costs.
- Preliminary assessment of additional power requirements to run underground ops.
- Preliminary estimate of additional accommodation requirements.
- Additional hardstand requirements for underground contractor.
- Underground diamond drilling program for resource and stope definition
- PFS may require additional drilling to increase resource classification for initial production years.