

KEFI Gold and Copper

The finish line comes into sight

Yesterday evening KEFI announced the successful conclusion of US \$240m in senior project debt capital for its Tulu Kapi project in Ethiopia (accounting for 70% of the total). Focus will now shift to closing the US \$100m equity risk portion of project funding outstanding. At least US\$40m of this has already been accounted for by KEFI itself and the Ethiopian government, with the balance of US\$60m reported as being oversubscribed, with non-binding offers which the company can now finalise. Detailed documentation for the whole integrated package of equity, debt and insurance can now also be finalised and the company will convene general meetings of KEFI and its subsidiaries in November in order to approve those elements of the finance package requiring shareholder consent. KEFI will then also publish details of the finalised equity risk capital instruments employed, albeit they are already known to include a non-convertible preference share, a subordinated equity risk note structured as a 'gold prepayment' or 'stream' and ordinary equity at one or other Ethiopian subsidiary level to leave KEFI with a c 80% beneficial interest in Tulu Kapi. In the meantime, community resettlement continues apace at the same time as new all-weather access roads are constructed to site and the project is connected to Ethiopia's electricity grid.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
12/23	0.0	(4.6)	(0.21)	0.00	N/A	N/A
12/24	0.0	(8.9)	(0.21)	0.00	N/A	N/A
12/25e	0.0	(19.2)	(0.23)	0.00	N/A	N/A
12/26e	0.0	(1.0)	(0.01)	0.00	N/A	N/A

Note: PBT and EPS are normalised, excluding intangible amortisation and exceptional items.

Project NPVs suggest a valuation of 4.82p/share

In March, KEFI calculated an updated project NPV₅ for Tulu Kapi of c US\$690m at construction start, at a conservative long-term gold price of US\$2,400/oz, of which KEFI's c 80% share is worth US\$552m, or £411m (4.33p/share), pro rata. Its 15% interests in Jibal Qutman and Hawiah potentially add a further 0.48p/share to this figure, to take the total to 4.82p/share.

Valuation: Current metals prices suggest 11.19p/share

At Edison's long-term gold price of US\$1,866/oz (in real, 2025 US\$ terms), we calculate that Tulu Kapi (plus its 15% interest in Saudi Arabian joint venture, GMCO) is capable of generating average annual free cash flows to KEFI of c £100.2m in FY29–34 (cf £99.4m previously), making average (maximum potential) dividends of 0.50p/share per year possible. Discounting this flow of dividends to present value at a discount rate of 10% per year suggests a valuation for KEFI of 1.59p/share (cf 1.65p previously) after the exercise of broker warrants. An underground mine adds a further 0.20p/share (12.5%) to this valuation. However, at current metals prices (US \$4,000/oz Au, US\$10,604/t Cu, US\$2,933/t Zn and US\$52.50/oz Ag), our average annual free cash flow estimate rises almost three times to £295.2m per year and our valuation by 4.5x to 7.21p now (plus a further 1.01p/share for the underground mine) and to 9.66p (plus 1.53p) in FY29. For buyers of the shares now, this implies an internal rate of return on their investment of 47.7% in sterling terms to FY37.

Senior debt financing
successfully concluded

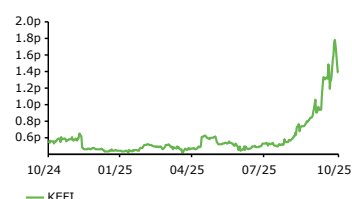
Metals and mining

21 October 2025

Price 1.45p
Market cap £163m
US\$1.3424/£

Net cash at end-June 2025	£1.1m
Shares in issue	9,489.4m
Free float	92.3%
Code	KEFI
Primary exchange	LSE
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	97.7	209.9	186.2
52-week high/low		1.8p	0.5p

Business description

KEFI Gold and Copper is an exploration and development company focused on gold and copper deposits in the highly prospective Arabian-Nubian Shield – namely the Tulu Kapi project in Ethiopia (projected 80% interest) and the Hawiah and Jibal Qutman projects (15%) held via its associate GMCO in Saudi Arabia.

Next events

Full Tulu Kapi project launch	H225
Tulu Kapi mining commissioning	Late 2026
First gold	Q427

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**KEFI Gold and Copper is a
research client of Edison
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Exhibit 1: Financial summary

£000s	2020	2021	2022	2023	2024	2025e	2026e
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS							
Revenue	0	0	0	0	0	0	0
Cost of Sales	(2,663)	(2,257)	(2,744)	(3,527)	(6,474)	(4,886)	(1,000)
Gross Profit	(2,663)	(2,257)	(2,744)	(3,527)	(6,474)	(4,886)	(1,000)
EBITDA	(2,663)	(2,257)	(2,744)	(3,527)	(6,474)	(4,886)	(1,000)
Operating profit (before amort. and excepts.)	(2,706)	(2,274)	(2,768)	(3,556)	(6,492)	(4,896)	(1,010)
Intangible Amortisation	0	0	0	0	0	0	0
Exceptionals	174	(47)	(268)	1,623	7,326	(165)	0
Other	0	0	0	0	0	0	0
Operating Profit	(2,532)	(2,321)	(3,036)	(1,933)	834	(5,061)	(1,010)
Net Interest	(100)	(1,121)	(527)	(1,000)	(2,410)	(14,310)	29
Profit Before Tax (norm)	(2,806)	(3,395)	(3,295)	(4,556)	(8,902)	(19,206)	(981)
Profit Before Tax (FRS 3)	(2,632)	(3,442)	(3,563)	(2,933)	(1,576)	(19,371)	(981)
Tax	0	0	0	0	0	0	0
Profit After Tax (norm)	(2,806)	(3,395)	(3,295)	(4,556)	(8,902)	(19,206)	(981)
Profit After Tax (FRS 3)	(2,632)	(3,442)	(3,563)	(2,933)	(1,576)	(19,371)	(981)
Minority interests	0	0	0	0	0	0	196
Net income (normalised)	(3,894)	(4,877)	(6,087)	(9,519)	(12,552)	(20,106)	(785)
Net income (FRS3)	(2,632)	(3,442)	(3,563)	(2,933)	(1,576)	(19,371)	(785)
Average Number of Shares Outstanding (m)	1,663	2,179	3,537	4,508	5,891	8,865	9,489
EPS - normalised (p)	(0.23)	(0.22)	(0.17)	(0.21)	(0.21)	(0.23)	(0.01)
EPS - normalised and fully diluted (p)	(0.22)	(0.21)	(0.13)	(0.17)	(0.20)	(0.22)	(0.01)
EPS - (IFRS) (p)	(0.16)	(0.16)	(0.10)	(0.07)	(0.03)	(0.22)	(0.01)
Dividend per share (p)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Margin (%)	-	-	-	-	-	-	-
EBITDA Margin (%)	-	-	-	-	-	-	-
Operating Margin (before GW and except.) (%)	-	-	-	-	-	-	-
BALANCE SHEET							
Fixed Assets	24,545	28,424	31,481	34,816	38,516	42,506	139,514
Intangible Assets	24,510	28,361	31,356	34,716	38,392	42,392	46,392
Tangible Assets	35	63	125	100	124	114	84,664
Investments	0	0	0	0	0	0	8,458
Current Assets	1,817	685	683	720	583	2,885	188
Stocks	0	0	0	0	0	0	0
Debtors	448	291	463	528	398	398	398
Cash	1,315	394	220	192	185	2,697	0
Other	54	0	0	0	0	(210)	(210)
Current Liabilities	(3,125)	(6,791)	(5,182)	(9,420)	(6,454)	(4,354)	(4,354)
Creditors	(3,125)	(5,556)	(4,002)	(7,307)	(5,715)	(3,615)	(3,615)
Short-term borrowings	0	(1,235)	(1,180)	(2,113)	(739)	(739)	(739)
Long-Term Liabilities	0	0	0	0	0	(900)	(96,192)
Long-term borrowings	0	0	0	0	0	0	(96,192)
Other long-term liabilities	0	0	0	0	0	(900)	0
Net Assets	23,237	22,318	26,982	26,116	32,645	40,137	39,156
CASH FLOW							
Operating Cash Flow	(2,092)	(329)	(2,634)	(861)	(345)	(6,941)	(1,000)
Net Interest	(100)	(1,121)	(527)	(1,000)	(2,410)	(14,310)	29
Tax	0	0	0	0	0	0	0
Capex	(4,389)	(3,064)	(5,245)	(3,257)	(4,031)	(4,000)	(97,918)
Acquisitions/disposals	0	54	0	0	0	0	0
Financing	6,996	826	6,405	2,550	4,427	27,762	0
Dividends	0	0	0	0	0	0	0
Net Cash Flow	415	(3,634)	(2,001)	(2,568)	(2,359)	2,512	(98,889)
Opening net debt/(cash)	814	(1,315)	841	960	1,921	554	(1,958)
HP finance leases initiated	0	0	0	0	0	0	0
Other	1,714	1,478	1,882	1,607	3,726	0	0
Closing net debt/(cash)	(1,315)	841	960	1,921	554	(1,958)	96,931

Source: KEFI Gold and Copper, Edison Investment Research

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