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KEFI Gold and Copper

Clearing the decks

KEFI has announced that it is raising c ± 10.6 m by issuing c 1.9bn shares at a price of 0.55p. The full raise is in five parts: a firm placing, a retail offer, a conditional placing, a conditional subscription and a conditional issue. The first two have now been completed, raising ± 5.4 m (gross) via the issue of 988.5m shares. The remaining three require shareholder approval from a general meeting on 2 January. Assuming this to be the case, they will raise a combined ± 5.1 m (gross) via the issue of a further 933.2m shares.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/22	0.0	(3.3)	(0.2)	0.0	N/A	N/A
12/23	0.0	(4.6)	(0.2)	0.0	N/A	N/A
12/24e	0.0	(17.0)	(0.4)	0.0	N/A	N/A
12/25e	0.0	(4.4)	(0.0)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles and exceptional items.

Capital raising funds KEFI to Major Works

In total, the equity issues are expected to raise gross cash proceeds of c £6.0m after also settling c £4.6m of outstanding liabilities. The company expects the net proceeds of the capital raising to cover the incurred and planned expenditure associated with site and community preparations at Tulu Kapi (the Early Works programme) and costs related to finalising the definitive agreements for financial commitments for operating and, in particular, upfront capital expenditure of US\$320m. Management expects these agreements to be finalised during the next circa one month to enable the launch of Major Works as soon as independent certification confirms final capital budgets and the readiness of the community and the project site and transport routes. It also expects that the capital raising will facilitate the granting of additional long-targeted licences in Ethiopia (eg the Konso Cu/Ta/Ni/Co/PGM licence awarded today), which will be complementary to operations at, and the value proposition of, Tulu Kapi.

Valuation: Potential 56.1% internal rate of return

We calculate that Tulu Kapi (plus a 15% residual interest in Saudi Arabian joint venture G&M) could generate average free cash flow for KEFI of c £81.7m in FY27–32 (almost unchanged from £82.4m previously), making average (maximum potential, fully diluted) dividends of 0.47p per share in FY28–34 possible (cf 0.59p/share previously). Like-for-like, this would value KEFI at 1.71p per share (cf 2.15p/share previously) fully diluted as at 1 January 2024. With the passage of time however, this rises to 1.88p/share as at 1 January 2025. Moreover, at current metals prices, the valuation increases to 5.25p now and to 6.99p in FY28 (plus a potential further c 1.69p per share for Guji-Komto), implying an internal rate of return of 56.1% in sterling terms to buyers of the shares at their current price over the next 12 years. Note: all our timings assume that Tulu Kapi starts commissioning in late 2026.

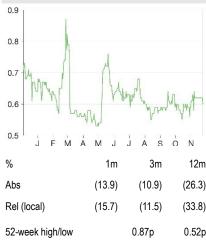
Equity raising

Metals and mining

4 December 2024

Price	0.52p
Market cap	£37m
	US\$1.2696/£
Net debt at end June 2024	£2.0m
Shares in issue (including issuances from December 2024 firm placing and retail offer)	7,047.6m
Free float	92.3%
Code	KEFI
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



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 (currently 25%) in Saudi Arabia.

Next events

Tulu Kapi project launch	Late 2024/early 2025			
General meeting	2 January 2025			
Tulu Kapi commissioning	Late 2026			

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Edison profile page

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Exhibit 1: Financial summary

	£000s 2020	2021	2022	2023	2024e	20256
Year end 31 December	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS						
Revenue	0	0	0	0	0	(
Cost of Sales	(2,663)	(2,257)	(2,744)	(3,527)	(6,548)	(1,000
Gross Profit	(2,663)	(2,257)	(2,744)	(3,527)	(6,548)	(1,000
EBITDA	(2,663)	(2,257)	(2,744)	(3,527)	(6,548)	(1,000
Operating profit (before amort. and excepts.)	(2,706)	(2,274)	(2,768)	(3,556)	(6,566)	(1,018
ntangible Amortisation	Ó	0	0	0	0	(
Exceptionals	174	(47)	(268)	1,623	893	(
Other	0	Ó	0	0	0	(
Operating Profit	(2,532)	(2,321)	(3,036)	(1,933)	(5,673)	(1,018
Vet Interest	(100)	(1,121)	(527)	(1,000)	(10,460)	(3,419
Profit Before Tax (norm)	(2,806)	(3,395)	(3,295)	(4,556)	(17,026)	(4,437
Profit Before Tax (FRS 3)	(2,632)	(3,442)	(3,563)	(2,933)	(16,133)	(4,437
Fax	0	0	0	0	0	(1,101
Profit After Tax (norm)	(2,806)	(3,395)	(3,295)	(4,556)	(17,026)	(4,437
Profit After Tax (FRS 3)	(2,632)	(3,442)	(3,563)	(2,933)	(16,133)	(4,437
Minority interests	(2,032)	(3,442)	(0,000)	(2,333)	0	887
Net income (normalised)	(3,894)	(4,877)	(6,087)	(9,519)	(21,504)	
Net income (FRS3)			(0,007) (3,563)			(3,550
	(2,632)	(3,442)		(2,933)	(16,133)	(3,550
Average Number of Shares Outstanding (m)	1,663.2	2,178.9	3,537.3	4,508.2	5,959.1	7,968.0
EPS - normalised (p)	(0.2)	(0.2)	(0.2)	(0.2)	(0.4)	(0.0
EPS - normalised and fully diluted (p)	(0.2)	(0.2)	(0.1)	(0.2)	(0.3)	(0.0
EPS - (IFRS) (p)	(0.2)	(0.2)	(0.1)	(0.1)	(0.3)	(0.0
Dividend per share (p)	0.0	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	-	-	-	-	-	
EBITDA Margin (%)						
Derating Margin (<i>b</i>)						
	-	-	-	-	-	
BALANCE SHEET						
Fixed Assets	24,545	28,424	31,481	34,816	38,798	132,189
ntangible Assets	24,510	28,361	31,356	34,716	38,716	42,716
Fangible Assets	35	63	125	100	82	89,47
nvestments	0	0	0	0	0	
Current Assets	1,817	685	683	720	8,535	2,052
Stocks	0	0	0	0	0	(
Debtors	448	291	463	528	1,155	1,15
Cash	1,315	394	220	192	6,483	(
Other	54	0	0	0	897	897
Current Liabilities	(3,125)	(6,791)	(5,182)	(9,420)	(10,460)	(8,960
Creditors	(3,125)	(5,556)	(4,002)	(7,307)	(5,929)	(4,429
Short term borrowings	0	(1,235)	(1,180)	(2,113)	(4,531)	(4,531
Long Term Liabilities	0	(1,200)	0	(_,)	(4,478)	(92,429
Long term borrowings	0	0	0	0	0	(87,951
Other long term liabilities	0	0	0	0	(4,478)	(4,478
Vet Assets	23,237	22,318	26,982	26,116	32,395	32,852
	23,237	22,010	20,302	20,110	52,555	52,052
CASH FLOW						
Operating Cash Flow	(2,092)	(329)	(2,634)	(861)	(8,557)	(2,500
Net Interest	(100)	(1,121)	(527)	(1,000)	(10,460)	(3,419
Тах	0	0	0	0	0	(
Capex	(4,389)	(3,064)	(5,245)	(3,257)	(4,000)	(93,409
Acquisitions/disposals	0	54	0	0	0	
Financing	6,996	826	6,405	2,550	26,890	4,894
Dividends	0	0	0	0	0	.,
Net Cash Flow	415	(3,634)	(2,001)	(2,568)	3,873	(94,434
Dpening net debt/(cash)	814	(1,315)	841	960	1,921	(1,952
HP finance leases initiated	014	0	041	0	0	(1,352
Dther	1,714	1,478	1,882	1,607	0	
Closing net debt/(cash)	(1,315)	841	960	1,007	(1,952)	92,482
JUSHU HELDEDI/(CASH)	(1315)	041	900	1.92	(1957)	92.48/

Source: Company sources, Edison Investment Research



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