



KEFI Gold and Copper* (KEFI LN) 1.2p, £129m – FLASH NOTE –

TK project funding agreed

BUY – TP 4.9p (from 3.5p)

- We update KEFI Gold and Copper valuation for the latest equity raise (~\$21m @1.3p in late December) and new gold price assumptions (\$4,000/oz vs \$3,300).
- We include details of the Tulu Kapi Project funding and latest operational update below.
- The Company announced project funding for the \$340m Tulu Kapi Gold Project, Ethiopia, in late December.
- \$240m covered by senior secured debt, underwritten by the Africa Finance Corporation (AFC) and the Eastern and Southern African Trade and Development Bank (TDB). The agreement was finalised and is pending final sign off. Certain fees already settled from KEFI working capital. One of major requirements was to provide equity risk capital for \$100m prepared by KEFI. Remaining requirements for drawdowns expected in 1H26.
- ~\$100m equity risk part is comprised of:
 - \$20m government equity contribution earned through project infrastructure investment (road and power). The Ethiopian Government to earn into 12% at TKGM, an owner of the license, on completion of road and power infrastructure (exp late 2026). Incl 5% free carry that takes government interest to 17%.
 - \$26m conditionally raised through Preference Equity (negotiations in progress to finalise documentation to be approved by project lenders).
 - \$30m raised via Gold Streams (term sheet signed with one fund for \$20m subject to documentation and \$10m subject to DD and documentation)
 - \$10m in new KEFI equity raised earlier in 2025
 - \$20m in new KEFI equity (1,154m @1.3p, a 10% discount to the last close)
- Additionally, the Company may secure up to \$30m in non dilutive equity risk capital including:
 - \$20m considered by local investors in the form of Preference Equity (conditional applications stage)
 - \$10m with a second royalty fund (non binding term sheet signed)
- Additional funds may be allocated to \$15m in cost overrun reserve and \$15m funding exploration and development in Ethiopia and Saudi Arabia.
- Separately, the Company raised £0.8m in a retail offer (@1.3p).
- The Company is expected to retain 83% effective interest in Tulu Kapi (post 5% government free carry and government 12% earn in).

- Operationally, the Company reported on development works at TK in January:
 - Lycopodium started work as the lead design and construction contractor for the plant and all onsite infrastructure
 - Mining contract competitive tender updated to ensure optimum outcome
 - Ethiopian Electric Power Company and Ethiopian Roads Authority work power supply and new access roads underway
 - Recruitment is in full swing as the team expands amid a two year development plan
- Company targets commissioning 2027 with full production reached 2028 (SPAe maiden production 2028)
- Separately, in Saudi Arabia, the Company reported its interest in the GMCO JV holding a portfolio of early and advanced exploration precious/base metals assets now stands at ~13% (as of YE25), down from 15% before.
- Operational update to be released after a GMCO review of its portfolio of projects status and plans this month (January).
- The Company suggested that it would invest into the JV further using capital already raised.
- Gold Stream terms:
 - Each \$10m tranche entitled to 3% of gold produced from the TKGM mining license until 30koz recovered
 - Post 30koz, the percentage goes down to 2% for the life of mine
 - Streamer pays 20% of market gold price
- Preference Equity terms (KEFI Ethio Prefs):
 - 8y term
 - Fixed FX rate (BIRR to USD) ie redeemable at the same exchange rate as at issuance
 - 15% interest accruing for the first four years and payable in USD or BIRR at fixed at issuance FX rate
 - Exposure to gold price appreciation ie payable amount at maturity can be increased if gold price at the time is above initial levels and amount payable equal to price difference multiplied by the koz equivalent of the initial amount invested.

Conclusion: Agreeing funding is a major de-risking milestone with \$340m for the Tulu Kapi Gold Project, Ethiopia, now substantially secured and structured to balance leverage and dilution. ~\$21m raised in new equity (@1.3p) in late December contributes towards \$100m equity risk part of the funding complementing \$240m covered by senior secured bank debt and allows KEFI to retain 83% effective interest in the Tulu Kapi Project.

We remain buyers of KEFI Gold and Copper with an updated risked NAV and TP at ~\$690m and 4.9p (from ~\$460m and 3.5p). New TP accounts for increased number of shares (extra 1.2bn shares) and warrants following the last equity raise, increased Tulu Kapi effective interest (83% v previously assumed 70%), Gold Stream (\$30m for 9% off first 1moz produced and 6% after, with streamer paying 20% spot price; relatively expensive, although,

subordinated to debt service) as well as lower GMCO JV interest (13% v 15% previously). Additionally, we updated our gold price assumptions, accounting for most of our TP upgrade, and currently use \$4,000/oz, up from \$3,300/oz (Risked NAV and TP ~\$500m and 3.6p under previously assumed \$3,300/oz).

Catalysts

Major development work start (relocation action plan (RAP), infrastructure, plant and mine) and first debt drawdown (2026)

First production 2028 (Co guidance 2027)

GMCO JV exploration results, Jibal Qutman FID (2026), Hawiah FS (2026-27)

**SP Angel act as Nomad and Broker to KEFI Gold and Copper*

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LSE Group Starmine awards for 2025 / 2024 commodity forecasting:

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No.1 in Precious Metals: SP Angel mining team awarded No 1. ranking for Precious Metals forecasting in LSEG Annual Starmine Award for Reuters Polls 2024

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