

MINING FLASHNOTE

KEFI Minerals (KEFI LN)

07 November 2018

Stock Data

Share Price:	1.62p
Market Cap (M):	£9.0
EV (M):	£8.6

Price Chart



52 Week Range

1.40p	1.62p	4.70p
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Company Summary

KEFI Minerals is an exploration company focused on the discovery and development of vein-hosted gold and volcanogenic copper-zinc mineralisation in the Arabian Nubian Shield.

MAIN SHAREHOLDERS	HOLDING
Hargrave Lansdown Asset	12.86%
Interactive Investor Trading	8.35%
Capita PLC	8.00%
Global Prime Partners	7.51%
Lanstead Capital	5.79%

Source: Bloomberg

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KEFI Announces Exploration Updates

Event

KEFI has recently released several updates regarding its activities in both Ethiopia and Saudi Arabia.

Comment

KEFI has recently provided an update on field activity developments at its Tulu Kapi project in Ethiopia. The authorities have undertaken the necessary preparatory steps to carry out the planned community resettlement in Q1 2019. The additional field activities announced last week include the following surveys and inspections:

- Completion of a 14km road route survey by the Ethiopian Roads Authority, for a new road required for the Project production phase
- Completion of a 47km route survey for electricity transmission lines from the regional main line to the site for the Tulu Kapi sub-station, carried out by the Ethiopian Electricity Power Corporation;
- Siting of the last geotechnical drilling to enable the final design of foundations for the processing plant and associated infrastructure, set out by Lycopodium with independent geotechnical consultants Knight Piesold;
- Reconfirmation of compensation calculations, carried out by the local government (Wareda).
- An inspection of new host lands, being carried out by the West Walega Zonal Administration; and
- Follow-up base line environmental surveys completed by independent consultant Golder Associates.

Further, based on advice received from the Ethiopian Ministry of Mines, Petroleum and Natural Gas its Ethiopian exploration tenements will be expanded seven-fold to c.1,900 sq km to encompass the wider Tulu Kapi Gold Project District surrounding the 7 sq km mining licence area already held by the Company's subsidiary Tulu Kapi Gold Mines Share Company.

The Company understands that this expanded exploration land position is planned for granting after Project construction commences and encompasses all potential satellite deposits within trucking distance of the Project. The area contains several already-drill-intercepted Tulu Kapi style and volcanogenic massive sulphide ("VMS") prospects as reported previously, plus significant additional areas of prospectivity. Whilst investors are right to focus on the trigger of the construction at Tulu Kapi in the near term, by securing this acreage now KEFI has expanded its upside potential for the future.

KEFI has also announced that it has increased its working capital facility by entering into a Term Sheet for a £2M (plus an optional second £2M) Secured Working Capital Loan Facility with a longstanding KEFI institutional shareholder. The Loan Facility is conditional upon finalisation of detailed documentation, which the Company expects to take place within the next 14 days and will also need to be approved by Shareholders.

In Saudi Arabia, Reconnaissance activities will now be re-activated by KEFI, in its role as operator of G&M, following the renewal of the Hawiah Exploration Licence. Initial focus will be on the refinement of plans for drilling, which will target the previously identified gold at the surface and the underlying volcanogenic massive sulphide ("VMS") copper-gold-zinc sulphide orebody. Whilst the work over the next six months is expected to be low-cost, it has a high potential impact on the effectiveness of drilling which is planned to commence in Q2 2019 after the Company has started the planned construction at the Tulu Kapi Gold Project. This is a significant and positive development for KEFI and follows a hiatus for G&M of over 2 years whilst the Saudi Government undertook a thorough review of its mining code to encourage external investment into its potentially prolific mining sector.

Research Disclosures

Peter Rose

Peter has 32 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 10 years, after having spent 11 years with Deutsche Bank in Australia. Prior to this he spent 2 years with Prudential Bache and 6 years with James Capel. Peter's industry experience includes 16 years as a metallurgist, 3 years with De Beers in South Africa and 9 years in the uranium industry, six of which were spent at the Ranger Uranium mine. Peter holds a BSc degree in Applied Mineral Science from Leeds University UK and a Bachelor of Commerce from the University of South Africa. Peter is also a member of the Institute of Materials, Mining & Metallurgy and a chartered engineer.

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Sell	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

Research Disclaimers

Research disclosure as of 07 November 2018

<u>Company Name</u>	<u>Disclosure</u>
KEFI Minerals (KEFI LN)	1, 2, 7, 8, 9

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