

MINING FLASHNOTE

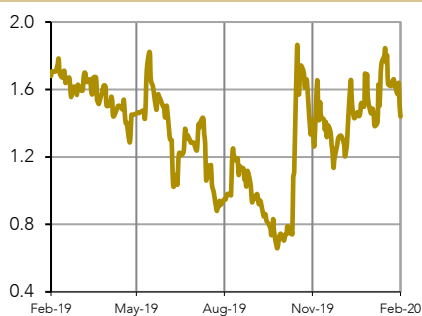
KEFI Minerals (KEFI LN)

27 February 2020

Stock Data

Share Price:	1.44p
Market Cap (M):	£18.7
EV (M):	£20.4

Price Chart



52 Week Range

2.20p		1.44p
0.60p		

Company Summary

KEFI Minerals was until recently an explorer and is now an explorer, developer and hands-on operator of mining joint ventures for influential and financially strong local partners in the Arabian Nubian Shield.

MAIN SHAREHOLDERS	HOLDING
Hargrave Lansdown Asset	17.7%
Interactive Investor Trading	12.0%
HsdI Nominees Limited	7.2%
Vidacos Nominees Limited	7.0%

Source: KEFI Minerals & Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

KEFI: Announces Hawiah Exploration Project update

Event

KEFI has announced an update on the ongoing exploration programme at the Company's Hawiah exploration project in Saudi Arabia. KEFI's operations in Saudi Arabia are conducted through its 37% owned joint venture company, Gold and Minerals Co. Limited ("G&M"), where KEFI is the operating partner.

Comment

The current drilling indicates that these lodes contain a tonnage of around 12Mt with a grade about 2% copper equivalent. This part of the system shows the typical Volcanic Massive Sulphide ("VMS") signature of several economic zones in a cluster which would feed a central processing plant. The already discovered tonnage and grade should be sufficient to build a 1Mt pa mine and processing plant. The near-vertical planar massive sulphide is considered amenable to underground long-hole open stoping which at indicative grades should be quite profitable.

However, BHC believes that there is good upside to this tonnage. VMS deposits frequently contain lead and we understand that there is the potential for lead in these lodes but it will not be known until the full assays are returned. Further, a previous RNS, dated 23 January 2020, mentioned over 4km of consistent mineralisation encountered and the target remains open at depth. There is also potential to find the feeder or stockwork zones which, if found, would potentially be of much larger scale. KEFI also has applications over other similarly prospective ground.

The Stage 1 Hawiah diamond drilling programme completed 26 drillholes in December 2019 and the initial results were announced on 23 January 2020. The results confirm the large-scale VMS style of mineralisation that underlies the 4km+ long surface gossanous ridgeline and coincident extensive and exceptionally strong geophysical anomalies. Copper-zinc-gold-silver sulphide mineralisation has been intercepted in drilling consistently over more than 4km of strike length, with intercepts of up to 5% Cu equivalent.

The Stage 2 Hawiah drilling programme has to date added a further 19 drillholes, all of which have intercepted massive sulphide and confirms the positive progress towards delineating an initial Mineral Resource in accordance with the JORC Code by mid-2020. 45 diamond drillholes have now been completed in total and assays have been received for 20 of these drillholes.

The drilling has identified 3 separate zones of mineralisation:

- The 'Camp Lode': 1.2km long, with an average width of 6m with the widest intersection of 19m found at a depth of 90m. The lode has been drilled to a depth of 300m where 9m of massive sulphide

was intersected. The indicated grades of this Lode are Cu 1.4%; Zn 0.6%; Au 0.74g/t and Ag 12g/t over average true width of 6.2m.

- The 'Crossroads Lode': 700m long, with an average width of 4m with the widest intersection being 8m. This lode has been explored to a maximum depth of 385m where 5m of massive sulphide was intersected.
- The 'Crossroads Extension Lode': 1,000m long, with average width of 4m with the widest intersection being 12m at a depth of 112m. This part of the orebody is also open at depth where the deepest hole of 130m intersected 8m of massive sulphide. Preliminary indication that this part of the ore body, both for Crossroads and Crossroads Extension carries the following grades: Cu 1.5%; Zn 1.12%; Au 0.77g/t and Ag 14.4g/t over average true width of 4.9m.

Research Disclosures

Peter Rose

Peter has 33 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 12 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.

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

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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 27 February 2020

Company Name	Disclosure
KEFI Minerals (KEFI LN)	1, 2, 5,7, 8, 9

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Brandon Hill Contact List

International Sales

Oliver Stansfield

Tel: +44 20 3463 5061

Email: oliver.stansfield@brandonhillcapital.com

Corporate Finance & Broking

Jonathan Evans

Tel: +44 20 3463 5016

Email: jonathan.evans@brandonhillcapital.com

Wei Jiao

Tel: +44 20 3463 5019

Email: wei.jiao@brandonhillcapital.com

Research

Peter Rose

Tel: +44 20 3463 5034

Email: peter.rose@brandonhillcapital.com

Enzo Aliaj

Tel: +44 20 3463 5026

Email: enzo.aliaj@brandonhillcapital.com