

MINING FLASHNOTE

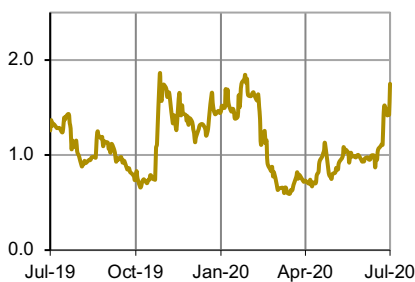
# KEFI Minerals (KEFI LN)

16 July 2020

### Stock Data

Share Price:	1.70p
Market Cap (M):	£32.67
EV (M):	£35.35

### Price Chart



### 52 Week Range

2.22p	1.70p	0.51p
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### 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 Limited	15.2%
Pershing Nominees Limited	12.4%
Interactive Investor Limited	9.5%
Vidacos Nominees Limited	6.5%
HsdI Nominees Limited	6.0%

Source: KEFI Minerals & Bloomberg

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## KEFI Announces Positive Developments in Saudi Arabia

### Event

KEFI has announced an update on the Company's activities in Saudi Arabia. KEFI's operations in Saudi Arabia are conducted through its 34% owned joint venture company, Gold and Minerals Co. Limited ("G&M"), where KEFI is the operating partner.

### Comment

KEFI have announced that it now expects the size of the Hawiah maiden resource to be nearer 20Mt, rather than the 12Mt originally discussed. This expectation is based on the completion of the first 9 months of drilling and subsequent analyses and interpretation, covering a strike of over 4km to a depth of up to 350m. The work required to estimate the initial Hawiah Mineral Resource is now well underway with the maiden resource expected to be published in August 2020.

Diamond drilling undertaken by G&M since September 2019 has consistently intersected copper-zinc-gold-silver mineralisation contained within massive sulphide, across more than 4km of strike length. This drilling has allowed for the definition of three distinct zones or lodes, within this strike length of the massive sulphide structure, which are the focus of the maiden resource.

Hawiah remains open along strike and depth, where some higher grade intercepts have also been encountered and require further follow-up. As it is, with an expected copper equivalent grade of ~2%, this represents 400,000t of contained metal with an in situ value in excess of US\$2.5B at current market prices.

Equally as important, the Saudi Cabinet recently approved a new mining investment law, which should help unlock value at KEFI's additional Saudi projects, including the Jibal Qutman Gold Project. The new Mining Investment Law is aimed at boosting the country's mining industry and is part of Saudi Arabia's plan to diversify its economy away from hydrocarbons. The Company also welcomes the expanded role of the Saudi Investment Development Fund specifically to support mining project finance.

This new regulatory impetus is expected to also help clarify the path forward to unlock value from KEFI's Saudi gold discovery at Jibal Qutman, which has been on hold awaiting Mining Licence tenure confirmation. An Internal Preliminary Economic Assessment in 2015 suggesting estimated operating costs of c. US\$600/oz and estimated capital expenditure of US\$30M demonstrate that Jibal Qutman's Mineral Resources, totalling 733,000 ounces of near-surface gold, should be highly profitable in the current gold price environment.

## Research Disclosures

### Peter Rose

Peter has 34 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 13 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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<b>Sell</b>	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

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Research disclosure as of 16 July 2020

<u>Company Name</u>	<u>Disclosure</u>
KEFI Minerals (KEFI LN)	1, 2, 5,7, 8, 9

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