

MINING FLASHNOTE

Edenville Energy PLC (EDL AIM)

14 June 2019

Stock Data

Share Price:	0.0725p
Market Cap (M):	£3.2
EV (M):	£2.6

Price Chart

52 Week Range

0.43p
 0.0175p

0.0725p

Company Summary

Edenville Energy is a developing coal producer in south-west Tanzania. Originally developed to produce coal for a proposed coal fired power station, the postponement of this project has necessitated Edenville seeking other markets.

MAIN SHAREHOLDERS	HOLDING
Brandon Hill + Directors	23.51%
Pitchcroft Capital + Directors	23.30%
Spreadex	7.18%
Edenville Directors	5.4%

Source: Edenville Energy & Bloomberg

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Edenville Energy Announces Rukwa Coal Project Update

Event

Edenville Energy PLC ("Edenville") has announced an operational update for its flagship Rukwa Coal Project following the fund raise completed on 17 May 2019.

Highlights

A number of key changes have been made to the washing plant:

- A pre-screen has been added to the circuit
- A coal sizer is in the process of being installed to crush oversized coal.
- A comprehensive spares package for the plant has been put in place, with additional purchases made and with parts either on site or due for delivery in the near term.
- The installation of an improved pumping system for the water supply to the wash plant.
- Road access is now in place to the new northern mining area ahead of schedule.

Comment

This is a very positive re-start for Edenville. Historically the major problem with the operation has been the woeful underperformance of the washing plant. Together with the previously installed fines removal screens, these current modifications should greatly enhance throughput and so significantly reduce unit costs. These changes are also expected to lead to a reduction in the use of consumables, such as magnetite. The introduction of the pre-screen will now also enable the processing of sections of the existing fines stockpiles, thereby recovering a significant additional amount of coal suitable as feed to the wash plant. Historically, the water supply to the plant had always been a problem leading to a significant loss of production, as had the lack of spares. Hopefully, these problems will soon be behind them.

Edenville is now in the process of upgrading the road to the northern mining area in certain areas to ensure efficient traffic flow. Accordingly, mining is now expected to commence in this new area later this month upon the arrival of the contractor's trucks. First coal deliveries to the plant from the northern mining area are therefore scheduled for July 2019. In the meantime the Company will continue mining the currently available pit area and reprocessing the existing stockpile to produce washed coal.

The coal seams in the northern mining area are significantly thicker than the southern area, which should lead to a significant increase in productivity and a lower waste content in the feed to the wash plant making it more efficient. It also has a lower strip ratio, which should further improve the economics.

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.

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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 14 June 2019

<u>Company Name</u>	<u>Disclosure</u>
Calidus Resources Limited (CAI ASX)	1, 2, 7, 8, 9

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