

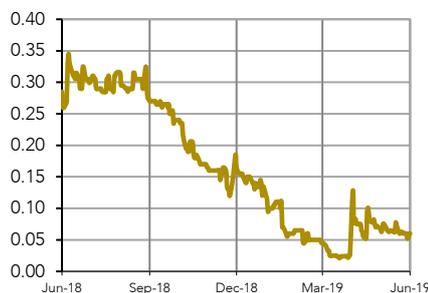
MINING FLASHNOTE

Edenville Energy PLC (EDL AIM)

28 June 2019

Stock Data

Share Price:	0.06p
Market Cap (M):	£2.6
EV (M):	£3.0

Price Chart

52 Week Range

0.365p	0.06p
0.0175p	

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 + Director	23.30%
Spreadex	7.18%
Edenville Directors	5.4%

Source: Edenville Energy & Bloomberg

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Edenville Announces Commencement of Mining at the Northern Area

Event

Edenville Energy PLC ("Edenville") has announced the commencement of mining at the new northern mining area (the "Northern Area") of its flagship Rukwa Coal Project (the "Project") together with other recent Project developments.

Highlights

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

- Access and haul road to the Northern Area (2km north of current pit) completed ahead of schedule;
- Overburden stripping and exposing of coal has now commenced in the Northern Area
- Northern Area has thicker seams (in areas up to 40m thick starting about 2m from surface) than those previously mined
- The wash plant has started batch processing of fine coal stockpiles through the pre-screen, enabling approximately 40% of the fine coal stockpiles to be reclassified as sized coal product, available for washing or direct sale; and
- Analysis of this screened, but unwashed coal, is returning values of approximately 5,000 kcal/kg.

Comment

This is further positive news for Edenville. 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. This work has been completed just ahead of schedule, with the first coal deliveries from the northern mining area originally scheduled for July 2019.

Batch processing of fine coal from the stockpiles through the pre-screen has produced encouraging results which show approximately 40% of the stockpiled fine coal can be reclassified as sized coal product, which will be available for washing or direct sale. Whilst recoveries can be variable due to the origin of the fine coal, the Company believes that use of the pre-screen can reclaim a significant amount of saleable material from the existing fine coal stockpiles, possibly up to 10,000 tonnes of saleable coal.

This coal has been analysed with results of 5,000kcal/kg being achieved. This is close to the calorific value of some of the Company's washed coal enabling this recovered coal to either be fed through the wash plant to further upgrade the product or, if the quality is appropriate, to be sold directly without washing. It should be noted that calorific values will vary depending on the origin of the coal being processed, but the Company is encouraged by these initial results.

Going forward, these results indicate the pre-screening process should be able to increase the coal available to be washed by an amount comparable to the results achieved from the initial processing, again depending on the nature of the coal being processed. Correspondingly, the amount of fine coal sent to stockpiles should reduce.

The Company remains in discussions with potential buyers of fine coal. Other opportunities available to the Company with regards to sales of fine coal are also still being assessed.

This is probably the most positive news so far. Edenville's major problem was not producing sufficient saleable coal. If the size of the stockpile of fine coal can be reduced by producing a saleable product from it, then Edenville's sales should improve dramatically and the size of the heap will be reduced, therefore reducing the environmental risks and the final rehabilitation costs.

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.

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Research disclosure as of 28 June 2019

Company Name	Disclosure
Edenville Energy PLC (EDL AIM)	1, 2, 7, 8, 9

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