

MINING FLASHNOTE

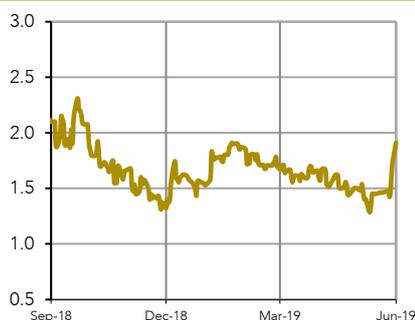
KEFI Minerals (KEFI LN)

10 June 2019

Stock Data

Share Price:	1.91p
Market Cap (M):	£12.3
EV (M):	£13.9

Price Chart



52 Week Range

1.25p	1.91p
4.70p	

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	14.39%
Global Prime Partners LLP	12.72%
Interactive Investor Trading	9.12%
Halifax Share Dealing Ltd	5.52%
Barclays PLC	3.80%

Source: Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

KEFI Announces Central Bank Approval for Project Finance Package

Event

KEFI has announced that it has received the last remaining federal government consent for the financing and development of the Company's Tulu Kapi Gold Project (the "Project") from the National Bank of Ethiopia, the Ethiopian central bank. The National Bank of Ethiopia has now provided its formal approval of the terms of the proposed full Project finance package.

Comment

This is excellent news for KEFI. It will trigger the full development program at Tulu Kapi, with a view to starting commissioning towards the end of 2020, with full gold production of 140,000oz pa from mid-2021. The Ethiopian central bank held back this long-anticipated formal confirmation until it had also simultaneously approved a policy directive for general public application

It allows the right to use leasing as a form of finance, a debt/equity capital ratio of up to 70/30, recognition of historical expenditure in the calculation of the capital ratio, the right to use gold price hedging and the application of market-based long-term fixed interest rates.

This set of central bank and other approvals clears the way for KEFI's Project-level partners to subscribe to TKGM shares for their combined US\$58M (Ethiopian Birr equivalent) equity investment and also for the mandated US\$160M infrastructure financing. Whilst waiting for this central bank confirmation letter and policy directive, the Company has already obtained the two other third party approvals required by the various interlinked arrangements:

- KEFI's secured working capital financier, Sanderson Capital Partners Limited, has agreed to security sharing arrangements with ANS Mining Share Company ("ANS Mining"), KEFI's private-sector Project equity partner in Tulu Kapi Gold Mines Share Company ("TKGM"). Such short term security arrangements fall away on the closing of full TKGM Project financing and, in the meantime, facilitate KEFI's working capital arrangements and the Project equity funding of the first part of the 24 month Project development; and
- KEFI's Government-sector Project partner in TKGM, the Ethiopian Ministry of Finance, has also agreed to the undertakings requested by ANS Mining. Consequently, upon the execution of subscription documents by all three partners in TKGM (KEFI, ANS Mining and Ministry of Finance), reflecting the previously agreed terms, this will allow execution and settlement of the first ANS Mining equity instalment of US\$11.4M (Ethiopian Birr equivalent) in June 2019, as outlined in the Company's announcement on 8 April 2019.

The implementation of financing can now flow between the consortium members and the Project can also proceed on the ground with the community and local authorities.

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 10 June 2019

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