

## MINING FLASHNOTE

# KEFI Minerals (KEFI LN)

05 August 2019

### Stock Data

Share Price:	1.445p
Market Cap (M):	£9.9
EV (M):	£11.5

### Price Chart



### 52 Week Range

2.42p	1.445p
0.90p	

### 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	10.57%
Interactive Investor Trading	9.87%
Halifax Share Dealing Ltd	5.33%
Barclays PLC	3.86%
Winchcombe Ventures	3.27%

Source: Bloomberg

Peter Rose

Tel: +44 (0)20 3463 5034

Peter.Rose@brandonhillcapital.com

www.brandonhillcapital.com

## KEFI Announces Convertible Loan Facility and Operational Update

### Event

KEFI has announced a restructuring of its working capital convertible loan facility (the "Loan Facility"), as announced on 28 November 2018, together with entering into a new working capital loan facility (the "New Loan Facility") in order to provide greater flexibility to the Company by removing the existing security charges over assets and extending the loan maturity dates.

### Comment

The primary changes to the Loan Facility and details of the New Loan Facility are as follows:

- £900,000 has been drawn to date from the existing £4M Loan Facility, of which £450,000 has been repaid, leaving £3.1M available to be drawn down. This remaining £3.1M has been replaced in part by a new £1.5M facility, the New Loan Facility;
- The Loan Facility has been provided by a long-standing shareholder who holds under 3% of the Company;
- The New Loan Facility can be drawn at the Company's discretion at a rate of £500,000 per month in £250,000 tranches and, if drawn, it is repayable in cash within two years;
- Once any amount drawn under the New Loan Facility is repaid, the Company will be able to draw from the remaining £1.6M of the Loan Facility, if required; and
- The Loan Facility no longer has any security attached and is now provided on an unsecured basis. The New Loan Facility has been provided on an unsecured basis. This co-ordinated action has released all of KEFI's security encumbrances, other than minor cash security deposits, to allow maximum flexibility for structuring the financing of the Company's Tulu Kapi Gold Project (the "Project"), which potentially could include a larger initial Project equity investment by Ethiopian private sector investor, ANS Mining Share Company, the details of which will be concluded in due course.
- The cost of these changes in security and related arrangements include £207,500 to be paid by the issuance of 8,500,000 new KEFI ordinary shares of 0.1p each ("Ordinary Shares") at 2 pence per share together with a cash consideration of £37,500. Application has been made to the London Stock Exchange for the 8,500,000 New Ordinary Shares to be admitted to trading on AIM, with admission ("Admission") expected to occur on 8 August 2019.

The restructuring of the working capital facilities will provide KEFI with maximum flexibility as it moves towards the development of its Tulu Kapi gold project.

## Operational Update

KEFI continues to make progress on the ground at its Tulu Kapi gold project. The Government administration has been expanded at local level to support Tulu Kapi and high-level committees have been formed to expedite the development of the sector, with the Project as first-mover. Government work programmes continue in the Tulu Kapi district for the road and power connections.

Recent Project site developments include 300 currently unemployed local people being recruited to start preparing new lands and home sites for the community to be resettled. Additionally, the Company's independent experts have been mobilised to update their assessments of security and community readiness as outlined in the Company's announcement on 28 June 2019.

In Saudi Arabia exploration is underway at the Company's Hawiah Exploration Licence in Saudi Arabia. As foreshadowed, trenching and geophysics programmes are being wrapped up to prepare scout drilling. An initial 2,500m diamond drilling programme is planned to commence in September 2019.

## 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**

## Investment Analyst Certification

All research is issued under the regulatory oversight of Brandon Hill Capital Limited. Each Investment Analyst of Brandon Hill Capital Limited whose name appears as the Author of this Investment Research hereby certifies that the recommendations and opinions expressed in the Investment Research accurately reflect the Investment Analyst's personal, independent and objective views about any and all of the Designated Investments or Relevant Issuers discussed herein that are within such Investment Analyst's coverage universe.

Brandon Hill Capital Limited provides professional independent research services and all Analysts are free to determine which assignments they accept, and they are free to decline to publish any research notes if their views change.

## Research Recommendations

**Brandon Hill Capital uses a five-tier recommendation system for stocks under coverage:**

<b>Buy</b>	Recommendation implies that expected total return of at least 15% is expected over 12 months between current and analysts' target price.
<b>Trading Buy</b>	Recommendation implies that the analysts' expected total return over the short term compared against the target price is positive.
<b>Hold</b>	Recommendation implies that expected total return of between 15% and zero is expected over 12 months between current and analysts' target price.
<b>Trading Sell</b>	Recommendation implies that the analysts' expected total return over the short term compared against the target price is negative.
<b>Sell</b>	Recommendation implies that expected total return expected over 12 months between current and analysts' target price is negative.

## Research Disclaimers

Research disclosure as of 05 August 2019

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

### Investment Research Disclosure Legend:

1. In the past 12 months, Brandon Hill Capital Limited or its affiliates have had corporate finance mandates or managed or co-managed a public offering of the Relevant Issuer's securities or received compensation for Corporate Finance services from the Relevant Issuer.
2. Brandon Hill Capital Limited expects to receive or intends to seek compensation for Corporate Finance services from this company in the next six months.
3. The Investment Analyst or a member of the Investment Analyst's household has a long position in the shares or derivatives of the Relevant Issuer.
4. The Investment Analyst or a member of the Investment Analyst's household has a short position in the shares or derivatives of the Relevant Issuer.
5. As of the month end immediately preceding the date of publication of this report, or the prior month end if publication is within 10 days following a month end, Brandon Hill Capital Limited and / or its affiliates beneficially owned 1% or more of any class of common equity securities of the Relevant Issuer.
6. A senior executive or director of Brandon Hill Capital Limited or a member of his or her household is an officer, director or advisor, board member of the Relevant Issuer and / or one of his subsidiaries.
7. Brandon Hill Capital Limited acts as corporate broker for the Relevant Issuer.
8. The Investment Analyst who is responsible for the preparation of this Investment Research is employed by Brandon Hill Capital Limited, a securities broker-dealer.
9. The Investment Analyst who is responsible for the preparation of this Investment Research has received (or will receive) compensation linked to the general profits of Brandon Hill Capital Limited.

## Disclaimer: Important Information

**This document is not independent** and should not be relied on as an impartial or objective assessment of its subject matter. Given the foregoing, this document is deemed to be a marketing communication and as such has not been prepared in accordance with legal requirements designed to promote the independence of investment research and Brandon Hill Capital Limited is not subject to any prohibition on dealing ahead of dissemination of this document as it would be if it were independent investment research.

**This document has been issued by Brandon Hill Capital Limited for information purposes only** and should not be construed in any circumstances as an offer to sell or solicitation of any offer to buy any security or other financial instrument, nor shall it, or the fact of its distribution, form the basis of, or be relied upon in connection with, any contract relating to such action. This document has no regard for the specific investment objectives, financial situation or needs of any specific entity. Brandon Hill Capital Limited and/or connected persons may, from time to time, have positions in, make a market in and/or effect transactions in any investment or related investment mentioned herein and may provide financial services to the issuers of such investments. The information contained herein is based on materials and sources that we believe to be reliable, however, Brandon Hill Capital Limited makes no representation or warranty, either express or implied, in relation to the accuracy, completeness or reliability of the information contained herein. Opinions expressed are our current opinions as of the date appearing on this material only. Any opinions expressed are subject to change without notice and Brandon Hill Capital Limited is under no obligation to update the information contained herein. None of Brandon Hill Capital Limited, its affiliates or employees shall have any liability whatsoever for any indirect or consequential loss or damage arising from any use of this document.

This report has been approved in the UK by Brandon Hill Capital Limited solely for the purposes of section 21 of the Financial Services and Markets Act 2000. In the UK, this report is directed at and is for distribution only to persons who (i) fall within Article 19(1) (persons who have professional experience in matters relating to investments) or Article 49(2) (a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 (as amended) or (ii) are professional clients or eligible counterparties of Brandon Hill Capital Limited (all such persons together being referred to as "relevant persons"). This report must not be acted on or relied upon by persons in the UK who are not relevant persons.

Neither this report nor any copy of part thereof may be distributed in any other jurisdictions where its distribution may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. Distribution of this report in any such other jurisdictions may constitute a violation of UK or US securities law, or the law of any such other jurisdictions.

Investments in general involve some degree of risk, including the risk of capital loss. The services, securities and investments discussed in this document may not be available to nor suitable for all investors. Investors should make their own investment decisions based upon their own financial objectives and financial resources and, if in any doubt, should seek advice from an investment advisor. Past performance is not necessarily a guide to future performance and an investor may not get back the amount originally invested. Where investment is made in currencies other than the investor's base currency, movements in exchange rates will have an effect on the value, either favourable or unfavourable. Levels and bases for taxation may change. When we comment on AIM or NEX shares you should be aware that because the rules for those markets are less demanding than the Official List of London Stock Exchange plc, the risks are higher. Furthermore, the marketability of these shares is often restricted.

Brandon Hill Capital Limited and/or its associated companies may from time-to-time provide investment advice or other services to, or solicit such business from, any of the companies referred to in this document. Accordingly, information may be available to Brandon Hill Capital Limited that is not reflected in this material and Brandon Hill Capital Limited may have acted upon or used the information prior to or immediately following its publication. In addition, Brandon Hill Capital Limited, the directors and employees thereof and/or any connected persons may have an interest in the securities, warrants, futures, options, derivatives or other financial instrument of any of the companies referred to in this document and may from time-to-time add or dispose of such interests. Neither the whole nor any part of this material may be duplicated in any form or by any means. Neither should any of this material be redistributed or disclosed to anyone without the prior consent of Brandon Hill Capital Limited. Brandon Hill Capital Limited is authorised and regulated by the Financial Conduct Authority and is a member of the London Stock Exchange.

Brandon Hill Capital Limited may distribute research in reliance on rule 15a-6(a)(2) of the Securities and Exchange Act 1934 to persons that are major US Institutional investors, however, transactions in any securities must be effected through a US registered broker-dealer. Any failure to comply with this restriction may constitute a violation of the relevant country's laws for which Brandon Hill Capital Limited does not accept any responsibility. By accepting this document you agree that you have read the above disclaimer and to be bound by the foregoing limitations/restrictions. Please note that unless otherwise stated, the share price used in this publication is taken at the close of business for the previous day.

## Brandon Hill Contact List

### International Sales

#### **Oliver Stansfield**

Tel: +44 20 3463 5061

Email: [oliver.stansfield@brandonhillcapital.com](mailto:oliver.stansfield@brandonhillcapital.com)

### Corporate Finance & Broking

#### **Jonathan Evans**

Tel: +44 20 3463 5016

Email: [jonathan.evans@brandonhillcapital.com](mailto:jonathan.evans@brandonhillcapital.com)

#### **Wei Jiao**

Tel: +44 20 3463 5019

Email: [wei.jiao@brandonhillcapital.com](mailto:wei.jiao@brandonhillcapital.com)

### Research

#### **Peter Rose**

Tel: +44 20 3463 5034

Email: [peter.rose@brandonhillcapital.com](mailto:peter.rose@brandonhillcapital.com)

#### **Enzo Aliaj**

Tel: +44 20 3463 5026

Email: [enzo.aliaj@brandonhillcapital.com](mailto:enzo.aliaj@brandonhillcapital.com)