

MINING FLASHNOTE

KEFI Minerals (KEFI LN)

26 July 2016

Stock Data

Share Price:	0.545p
Market Cap (M):	£17.0
EV (M):	£16.7

Price Chart



52 Week Range

0.26p	0.545p	0.825p
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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

Capita Financial Managers	16.41%
Odey Asset Management	13.36%
Hargreaves Lansdown	10.10%
Ausdrill LTD	7.31%
JP Morgan Chase & Co	6.60%
TD Direct Investing	6.50%

Source: Bloomberg

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KEFI Conditional Placing to Raise £3.8M

Event

KEFI Minerals has announced that it has conditionally raised approximately £3.8M before expenses through the issue of 761,921,740 new shares.

Comment

The monies raised will be used together with the existing working capital of approximately £2.2M for the scheduled development activities of Tulu Kapi Gold Project finance, notably resettlement of the Tulu Kapi community and project finance syndication closure costs.

One of the key outcomes of this raising was that Odey Asset Management LLP (“Odey”) subscribed in the Placing above its pro rata shareholding and, upon completion of the Placing, will have a beneficial interest in circa 29.5% of the issued share capital of the Company. Odey had also indicated its willingness, in principle, to underwrite the Placing at the Placing Price, subject to the receipt by Odey of the appropriate regulatory approvals.

This was a significant vote of confidence in the Tulu Kapi gold project by Odey although due to the significant demand from other investors, the Company has not needed to call on any potential underwriting commitment.

A further vote of confidence came from Ausdrill, an existing 7.31% shareholder, who also subscribed in the Placing for approximately £266,160 (approximately US\$350,000) to maintain its pro rata shareholding in KEFI.

Brandon Hill have valued the project at US\$129.5M for KEFI’s 75% shareholding, using an average life of mine gold price of US\$1315/oz, which compares to today’s gold price of US\$1,320/oz. This valuation assumes no hedging and no gold stream. Further, it does not include any potential extension to the mine life from the underground ore resource.

On a per share basis, this evaluation is equivalent to 2.4p/share and includes no value for the ore resources at Jibal Kutman or the exploration potential surrounding the Tulu Kapi ore reserves.

Research Disclosures

Peter Rose

Peter has 30 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 9 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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Hold	Recommendation implies that expected total return of between 15% and zero is expected over 12 months between current and analysts' target price.
Trading Sell	Recommendation implies that the analysts' expected total return over the short term compared against the target price is negative.
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 26 July 2016

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

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