

MINING FLASHNOTE

KEFI Minerals (KEFI LN)

18 January 2018

Stock Data	
Share Price:	3.55p
Market Cap (M):	£11.8
EV (M):	£10.32

Price Chart



52 Week Range

2.50p | 3.55p
7.055p

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
Lanstead Capital LP	18.17%
Capita Financial Managers	13.29%
Hargrave Lansdown Asset	11.16%
Toronto Dominion Bank	5.20%

Source: Bloomberg

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KEFI Releases Updates for the Previous Quarter and the Funding Plan

Event

KEFI has issued two announcements this morning, a quarterly operational report and an update on the project funding plan. The last quarter has seen KEFI continue to prepare and finalise the project financing and the development of the Tulu Kapi project with the government, contractors and preferred project financiers.

Project contractors have now confirmed costings and schedule for the final project models, which have in turn been uploaded into the formal financing data rooms, for both the outstanding debt and equity.

Progress continued to be made with regards to Government approvals and the mining licence transfer to TKGM (the partnership vehicle with the Government), the community re-settlement arrangement, confirmation by the power and roads authorities on budget and schedule commitment and the central bank approval of administrative requests.

KEFI intends to synchronise the drawdown of the project financing with the community resettlement and the triggering of the procurement and construction in Q2 2018. It remains subject to completion of due diligence, regulatory approvals and execution of binding documentation.

Planned funding remains unchanged but the structure has been streamlined. Oryx and KEFI mutually agreed to terminate their relationship. The structure for the development of the Company's Tulu Kapi project will otherwise remain the same, with the other existing consortium members still performing all the various required roles as previously outlined to provide the requisite funding for the restart of the Tulu Kapi mine.

Comments

KEFI has continued to make progress on both the financing and development fronts. The management have adjusted the base case pricing to \$1300 per oz following the recent and anticipated gold price strength and remain confident on the economics of the project. The project continues to receive strong support from the Ethiopian government. It would appear the Company has spent the last quarter locking down outstanding variables with regards to financial close. Whilst there will naturally still be investors who will choose to wait for the completion of the previously outlined debt transaction before taking a position, the disconnect between the project NPV (which has improved given finessing of the development schedule and improving gold price environment) and the current share price does in itself offer opportunity.

Research Disclosures

Peter Rose

Peter has 31 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 10 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 18 January 2018

Company Name	Disclosure
KEFI Minerals (KEFI LN)	1, 2, 7, 8, 9

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