

MINING FLASHNOTE

# KEFI Minerals (KEFI LN)

07 June 2016

### Stock Data

Share Price:	0.54p
Market Cap (M):	£17.3
EV (M):	£15.8

### Price Chart



### 52 Week Range

0.26p	0.54p	0.925p
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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

MAIN SHAREHOLDERS	HOLDING
Capita Financial Managers	16.41%
Odey Asset Management	16.41%
Ausdrill LTD	7.31%
JP Morgan Chase & Co	6.60%
Hargreaves Lansdown	6.27%

Source: Bloomberg

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## Lycopodium Appointed Preferred EPC Contractor

### Event

KEFI Minerals has announced that the previously preferred Engineering, Procurement and Construction (“EPC”) contractor has been replaced with market leader Lycopodium Ltd.

### Comment

Lycopodium is the clear market leader for this type of project with a track record of success in building gold plants in many African countries for over 20 years, and also in its home country Australia and elsewhere. Its terms of engagement are now consistent with KEFI’s most recently reported cost estimates for construction of the processing facilities. Further, they are committed to adhering to the current timetable.

Lycopodium has already started its work and has granted KEFI the discretion to pay for the first US\$2.5M of its program of works in KEFI shares, at market, if the Company so prefers. The project timetable remains for construction to start Q4-16.

We understand that part of the problem was that Sedgman’s has recently been taken over by CIMIC, a Spanish based construction group, following a hostile takeover bid in January 2016. Since the takeover, CIMIC seized the moment to strike a harder bargain.

Lycopodium were one of the original bidders for the contract, and we understand that the bid was of a very similar price. The fact that CIMIC were trying to strike a harder bargain and Lycopodium stood by their original bid, whilst being prepared to accept the first US\$2.5M of its program of works in KEFI shares, at market made a very compelling argument for changing the EPC contractor.

## 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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<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.

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Research disclosure as of 07 June 2016

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

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