

MINING FLASHNOTE

# KEFI Minerals (KEFI LN)

## Stock Data

Share Price:	0.335p
Market Cap (M):	£8.8M
EV (M):	£7.76M

## Price Chart



## 52 Week Range

0.26p	0.335p	1.35p
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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

Odey Asset Management	19.54%
Capita Financial Managers	9.33%
Standard Life Investments	5.22%
TD Direct Investing	2.88%
Anagnostaras-Ada-Aristidis	2.82%
Emed Mining Plc	2.79%

Source: Bloomberg

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## Financing of Tulu Kapi on Schedule with selection of Preferred Banks

### Event

KEFI Minerals has announced that the Tulu Kapi Gold Project in Ethiopia remains on track to commence production in 2017 following the selection of its preferred senior secured lenders.

### Comment

The lenders, although unnamed at this point are a leading African Mining Bank and a leading African Development Bank. Both have indicated their non-binding terms for the project finance of the Tulu Kapi Gold Project. The key features of the terms include:

- Senior secured project loans of US\$60 million, with average tenor of six years;
- Security to be on a first-ranking basis, shared pari passu;
- Gold hedging of 100,000oz (out of total Ore Reserves of 1 M oz);
- Normal conditions precedent, pricing and covenants for facilities of this nature; and
- The balance of capital requirements be sourced from product-linked gold finance and equity capital.

The Directors of KEFI have confirmed that the project contracting arrangements as reported in October 2015 aggregate to approximately US\$120M when updated for the most recent project cost estimates.

Having completed the selection of the lenders, there remains much to do. KEFI's focus is now on completing the front-end engineering and design with a fixed price construction contract, agree the insurance and other transaction costs and cost overrun facility, complete agreement in principal of product linked finance terms and formal approvals of all financing syndicate members, obtain the approval of legal documentation by the National Bank of Ethiopia, determine the final piece of equity capital to be provided at project level and complete the syndicate by June 2016.

The project is moving towards the construction phase. We see the selection of the preferred senior lenders as a key step on the path to production and regard the news that the project cost remains circa US\$120M as very positive.

## Research Disclosures

### Peter Rose

Peter has 29 years' experience in equities as a resources analyst; he has been at Brandon Hill Capital for 8 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>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.

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Research disclosure as of 03 February 2016

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

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