

## NET ASSET VALUE UPDATE

MAFL, the AIM quoted resources investment specialist, today announces an NAV and operations update on its activities for the period ended December 31, 2017.

- **Year end Net Asset Value up 18.9% to 7.43p per share, totalling £2,602,816 (unaudited)**
- **TH Crestgate's Lagoa Salgada's LS-1 resource tonnage increased by 114% to 9.65Mt**
- **Investment Portfolio now totals £2,200,061, up 72.7% from year end 2016.**
- **Two new tactical investments initiated**
- **TH Crestgate is now seeking to monetize the investment in Lagoa Salgada.**

### CHAIRMAN'S STATEMENT

As at year-end 2017, the fully diluted Net Asset Value per share was 7.43p, an increase of 18.9%. Our cash position, as at year end is robust at £456,095, while our total investment portfolio is £2,200,061, up 72.7% from December 31, 2016.

The global economic performance, as measured by economic output, continues to be positive, rising 3.7% in 2017, according to International Monetary Fund's (IMF) economic analysis, after rising 3.2% in 2016. The stronger momentum experienced in 2017 is expected to carry into 2018 and 2019, with global growth revised up to 3.9% by the IMF for both years (0.2% point higher relative to the fall forecasts). Additionally, the US Dollar Spot Index, which measures the US dollar versus a trade-weighted basket of currencies, has declined from 103.01 reached on December 23, 2017 to a current level of 89.637, or down 13%. Both of these factors should foster a fertile environment for natural resource investments. The likely offsetting headwind, during the next 24 months, will be tightening monetary conditions in most economies, most notably in the US resulting in rising interest rates. As the US Federal Reserve System begins to reverse its crisis era monetary policies, such as Quantitative Easing (QE) and reduces its balance sheet from \$4.4 trillion back to more normal levels (NB the Fed's balance sheet in 2007 was \$870B), interest rates will continue to increase.

The so-called "Trump Rally" is more of a local than global phenomenon. The MSCI USA equity index is now at 2,529.3, up 14.6% in the past year, while the MSCI (ex-USA) Index is up 4.95% in the past year. During this same time period the Bloomberg Commodity Index is down 0.97%. The S&P/TSX Global Mining index is down 2.12% during the past year to 70.98. The FTSE All Share Mining Index is now 17,564, up 6.66% in the past year. Financial assets have been inflated by central banks' actions in response to the global financial crisis. We may be at a tipping point where physical assets, such as commodities, are poised to benefit as QE is reversed.

MAFL took the position 3 years ago that Zinc would outperform other metals, and sought out a zinc investment. For the 2-year period ending December 2017, zinc was the top-performing commodity within the Bloomberg Commodity index, rising 104.2%. In the 12-month period ending in December 31, 2017 was up 29.7%, just behind aluminium (+31.2%) and slightly ahead of copper (+29.2%). Our conviction in zinc resulted in our investment in 49% of TH Crestgate GmbH's equity. TH Crestgate owns 100% of the Lagoa Salgada project in Portugal. They have taken Lagoa Salgada's original 4.5Mt resource, located in what is called the LS-1 area and increased it to 9.65Mt. There remains significant exploration potential in the LS-1 area, and enormous potential elsewhere on Lagoa Salgada's 16 other exploration targets. We believe that the outlook for industrial base metals, such as zinc and copper will be good in 2018. We should see an improvement in most bulk commodities, even including thermal coal. We are cautious about lithium, and although we are positive minded towards cobalt, believe that cobalt prices are overheated at the moment. Precious metals will likely be the best performing metals in the second half of 2018.

Our outlook for mineral investments is positive, but as always, the devil will be in the details. TH Crestgate has notified us that they intend to monetize, or find a partner for the Lagoa Salgada project. M&FI is working closely with TH Crestgate GmbH in aiding to secure the most suitable transaction possible. We note that our investment in TH Crestgate GmbH is recognized at our investment cost.

Jacques Vaillancourt, CFA, Chairman

# Mineral and Financial Investments Limited

## **CHIEF OPERATING OFFICER'S STATEMENT**

Having worked closely with Jacques Vaillancourt before, I would firstly like to say how delighted I am to assume the role of Chief Operating Officer of Mineral & Financial Investments.

The rise in Net Asset Value to 7.43p came in part as a result of a revaluation of our investment in Cap Energy. The overall investment portfolio rose 72.7% to £2,200,061. We currently own 1.3% of Cap Energy, which we now value at 195p, being the most recent price level at which it raised capital by issuing equity. This revaluation was undertaken as part of our annual review of our unquoted holdings. Cap Energy holds three large offshore oil & gas exploration blocks. The Cap Energy exploration blocks are summarized below:

COUNTRY	GUINEA-BISSAU	GUINEA-BISSAU	SENEGAL
Name	Block 1	Block 5B	Djiffere
Net Ownership	24%	31.5%	44.1%
Features	Shallow water (20m-100m)	Deep Water (200m to 4000m)	Shallow Water (<100m)
2D Seismic - 50P Prospective Recoverable Resources	950M Bbls	3,200M Bbls	220M Bbls

During the period the mining equity markets continued with their modest and more selective recovery and it was pleasing to see zinc at the forefront of this. Your company has significant exposure to zinc through its 49% holding in TH Crestgate, a Swiss investment company. TH Crestgate owns the 100% of the Lagoa Salgada poly-metallic project in Portugal. TH Crestgate has succeeded in expanding the resource by 114%. AGP Mining Consultants Inc. of Canada completed a Technical Report (43-101) resource evaluation. The deposit's resource tonnage was increased from an initial 4.5Mt (grades of 2.85% zinc, 2.8% lead, 0.34 g/t copper, 53.4 g/t silver, 0.81 g/t gold) to 9.62Mt (grades of 2.6% zinc, 2.6% lead, 0.30% copper, 45.7 g/t silver, and 0.62 g/t gold).

Our investment in Glencore, has appreciated 40.6% during the course of 2017. This is in part due to Glencore's de-leveraging through some selective assets sales, a rise in commodity prices, and improvement in its overall financial performance. A hidden benefit is, although not well known, that Glencore is the largest producer of cobalt in the world.

We added 2 positions to the Tactical Portfolio during the period: 1) Artemis Resources, which is listed on the Australian exchange. Artemis is an explorer of gold, Cobalt and copper in the Pilbara. The particular attraction is that Artemis is a 50% partner with Novo Gold on a series of conglomerate gold prospects, notably Purdy's Reward. The Artemis/Novo JV along with the rest of the tenements held by Novo Resources and their JV partners, means this affiliation basically controls much of the mineral exploration south of Karratha. This JV is specifically for conglomerate and paleoplacer gold deposits on 82% of Artemis Resources' tenure. Artemis' market cap is A\$106.5M, while Novo Resources has a market cap of C\$462M. We see Artemis as a cheaper way of playing the Karratha conglomerate gold prospect; 2) The second addition to the Tactical Portfolio is Imperial Metals, listed in Canada. Imperial Metals is a copper producer with three mines in British Columbia and a market cap of C\$260.6 million. In 2017 Imperial Metals produced 74.6 Million lbs. of Cu, 33,416 oz. of Au and 133,157 oz. of Ag. Imperial is recovering from the operational and financial impact of a tailings dam spill. It has been refinanced, its debt levels improved, and the market is awaiting the uplift in financial returns. Its 9-month revenues were C\$312.6M and net income was \$43.2M. The shares are trading at 4.5x trailing earnings, and we believe that there should be improved financial performance post re-financing.

We continue to assess opportunities at all levels, both in terms of the strategic and the tactical portfolio.

James Lesser, Chief Operating Officer

## **FOR MORE INFORMATION:**

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Notes: The net asset value calculation is subject to audit and is made on the basis that the Company has 34,842,895 shares in issue. All listed investments, including investments on ISDX, are valued at the closing bid price as at December 31, 2017. The Company has investments in unquoted companies that are currently valued at the price at which they last raised capital, although this is subject to review. The Company also has an investment in TH Crestgate, the valuation of which is subject to quarterly review and is currently recognized at cost.