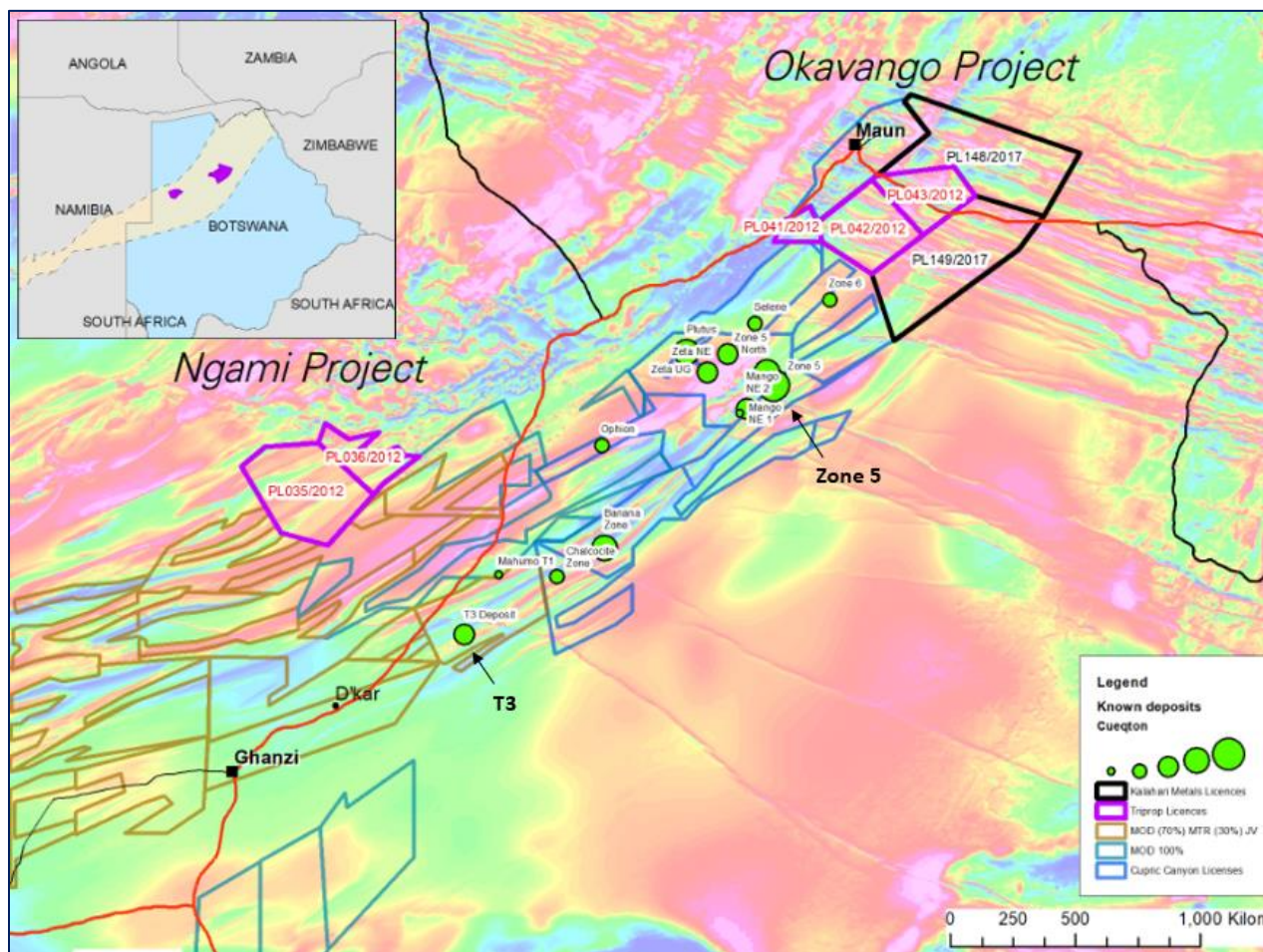


Ticker:	MTR LN	(Net) cash:	~£2m	Project:	Kalahari Copperbelt
Market cap:	£29m	Price:	2.55p/sh	Country:	Botswana

Metal Tiger expands holdings in Botswana Copperbelt

Metal Tiger has agreed a US\$1.6m 50% earn in on a Kalahari copper belt holding over 4,000km², adding substantially to its 7,562km² in JV with MOD. KLM holds c. 2,000km² outright (100%), and is itself earning into 2,000km² held by Triprop Holdings (US\$1.8m over two years for 80%). The licences form two contiguous blocks (Figure 1), one adjacent to Cupric Canyon’s licences 50km NE of the Zone 5 deposit (100Mt @ 1.95% Cu), and the other next to the MOD/MTR JV licences 50km NW of the T3 deposit (36Mt @ 1.14% Cu).

Figure 1. New MTR licences with Kalahari Copperbelt magnetics



Source: Kalahari Metals

Our view

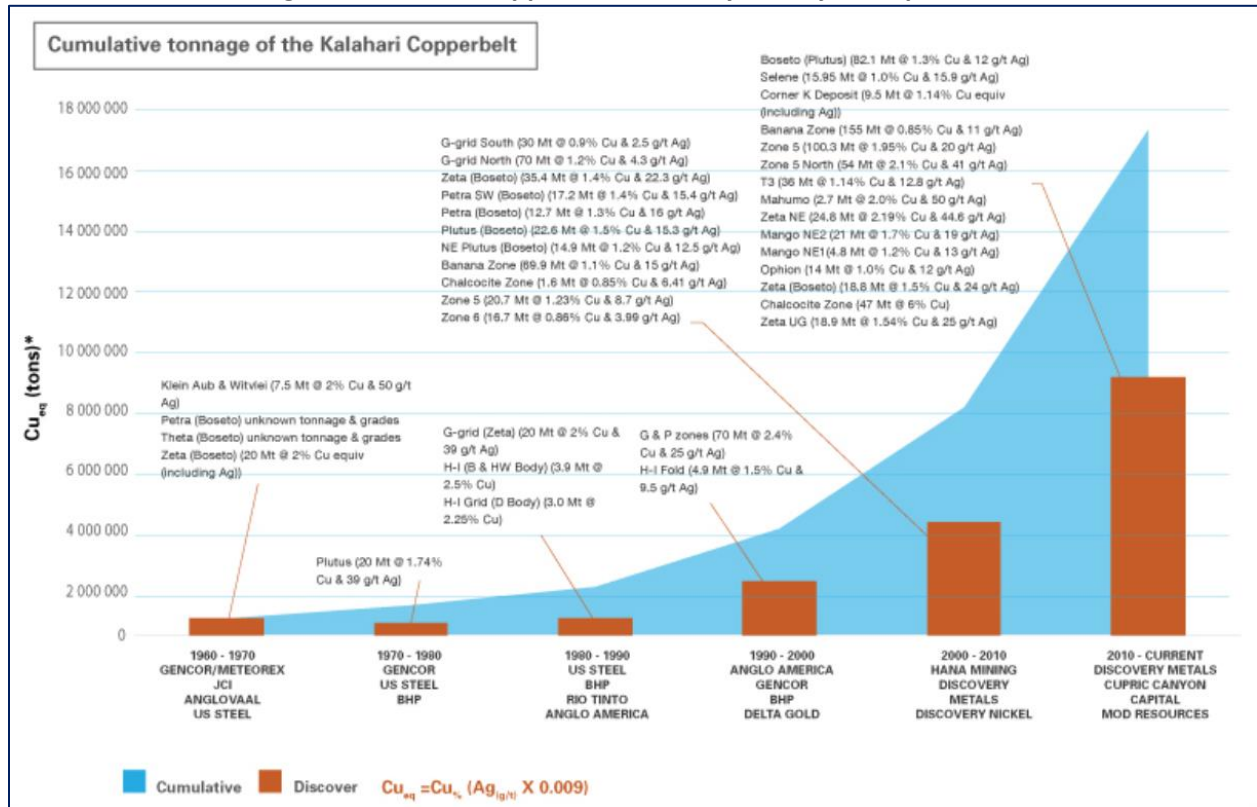
Project-specific geologic information is sparse due to the lack of historic exploration. That said, airborne magnetics data and soil geochemistry on both projects, and a 20-hole scout drilling programme on the western package, confirmed the presence of prospective stratigraphy and returned highlights of 5m @

0.69% Cu and 1.8m @ 1.8% Cu. At the eastern licence package, the airborne magnetics show that Cupric's host geology extends across with continuous soil anomalism along the interpreted REDOX boundary. A notable difference to Cupric's licences here is the younger NW-SE dyke swarm that cross-cuts the NE-SW Copperbelt stratigraphy. The significance of this dyke swarm is not yet clear, but it could reflect the presence of a long-lived deep-tapping structure. With Metal Tiger holding ~34.2% total ownership (6% equity interest in MOD and 30% project-level) the stock is still trading at a 2.2% discount to MOD, giving no value for either their other assets or these new acquisitions.

Stepping back, the Kalahari Copperbelt holds some of the best copper exploration opportunities globally. Our reasons are

- i. **Endowment:** Cupric sits on >6Mt contained Cu to the NE and MOD are proving up substantial resources to the SW. Importantly, these are sedimentary-copper deposits with grades well above 1% copper (+ variable Ag credits), lowering the economic tonnage and strip hurdles well below what is required in e.g. porphyry belts, and adding a realistic underground optionality rarely seen in porphyry belts;
- ii. **Low maturity:** as shown in Figure 2, the Kalahari Copperbelt is a young belt in terms of discovery success and only recently emerged from the shadow of its 'big brother' to the north, the Central African Copperbelt. Despite the now-proven prospectivity, recent execution failures (e.g. Discovery Metals, African Copper) have discouraged exploration investment into the belt but importantly for MOD the calcrete in the south means weathering is shallow so stripping off oxides and transition is readily done;
- iii. **Explorability:** post-mineral cover is either absent or a thin veneer, so cheap surface methods can be applied, demonstrated successfully by both Cupric and MOD. Further, a simple but effective exploration strategy crystallized in recent years using a combination of magnetics and AEM. As shown in Figure 1, the deposits discovered to date all sit near the contact (NW) of a magnetic package with overlying less-magnetic rocks, coinciding with a REDOX front. Within this chemical 'strike zone,' dome geometries have shown to host the best mineralization, and these can be effectively targeted using AEM, as demonstrated by MOD;
- iv. **Jurisdiction:** Botswana is a premier mining jurisdiction committed to expanding the sector and is committed to providing grid power to the region by 2020;
- v. **(v) Logistics:** this is particular to Metal Tiger, but its stake in the advanced T3 asset may present valuable synergies in the future, and likely lowers the economic hurdle for near-surface satellite discoveries.

Figure 2. Kalahari Copperbelt discovery history 1960-present



Source: Kalahari Metals

Commercial terms

MTR-KML earn-in: Total US\$1.6m for 50% of KML in three tranches; no obligation to proceed beyond First Option; MTR to appoint two NEDs to KML board. First option now exercised is US\$600k for 18% of KML post share capital less £30k MTR shares to Triprop. Second option is US\$500k for 34% of KML post share capital. (*within six months of 1*). Third option is US\$500k for 50% of KML post share capital. (*within six months of 2*).

KML-Triprop earn-in. Total US\$1.8m for 80% of Triprop; KML is operator of Triprop licences. Stage 1: KML to incur US\$600k for 51% of Triprop post share capital. Triprop to receive £30k MTR shares. (*within 1 year*) Stage 2: KML to incur US\$1.2m for 80% of Triprop post share capital. Triprop to receive £60k MTR shares or £50k KML shares if listed. (*within 1 additional year*). Option to acquire outstanding Triprop shares at independent valuation for MTR or KML shares.

Why we like Metal Tiger

1. Dominant >11,000m² land position in top-tier copper exploration belt
2. Existing back-stop T3 (+ T1) asset from MOD/MTR JV
3. Regional exploration taking off, belt heating up, with MOD/MTR JV drill permits granted
4. Proven exploration strategy: EM for domes, mag for stratigraphy, soils for prospecting
5. Stock trades at a discount to underlying project and equity interest.

Catalysts

- 2Q18: Final T3 infill assays, resource update to support expansion case
- 2Q18: Additional results from T-Rex (*along strike from T3*)

- 2Q18: Results from ongoing T1 and T3 deep extension drilling
- 2Q18: Permits to drill on T3 dome
- 2018: Permits to drill T20 dome (~2x size of T3 dome)

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