

BOTSWANA METALS LIMITED

Recommendation: Spec Buy
Price (June 3): A\$0.004
52-Week Range: A\$0.013 - A\$0.002
Target Price:
 First: A\$0.01
 Second: A\$0.04
Shares O/S: 1,158.35 million
Market Cap: A\$4.63 million
Average Volume:
 50-day: 3,055,200
 100-day: 1,314,100
Symbol: ASX: BML



PROFILE: An Australian-based mineral exploration company, focused on base, precious metal, and rare earth projects in Botswana.

UPFRONT

Our last report on Botswana Metals Limited (“Botswana Metals” or the “Company”) was just last week when we reported that the Company had joined the quest to find lithium and other “new world minerals and metals”. A link to that report is provided later in this report.

This report highlights another new positive twist for the Company. Cobalt has been found in drilling samples on its Maibele North Project.

COBALT

Botswana Metals’ 2015 drilling programme produced a pleasant surprise. Significant levels of cobalt (symbol Co) were intersected at the Maibele North Project.

COMMENT: There was enough cobalt intersected that it will now be included in the new resource estimate that will be part of the ongoing Prefeasibility Study being compiled by WorleyParsons.

The most significant cobalt findings are shown in the table on the next page.

TABLE 1: Sample of Cobalt Readings from 2015 Drilling Programme

As shown in the following table, there were elevated levels of cobalt present in sulphide ore at the Maibele North Project. Hole MADD 147 showed 3,200 ppm over 0.5m from 189m of drilling. Quite a few holes were close to or over 1,000 ppm.

HOLE MADD57: ▀ 26m @ 891ppm Co from 94.26m (incl. 6.47m @1,145ppm and 9.57m @1169ppm)
 HOLE MADD58: ▀ 29m @ 565 ppm Co from 125m (incl. 1.85m @1,451ppm Co & 1.43m @ 1392ppm Co)
 HOLE MADD59: ▀ 19m @ 595 ppm Co from 67.88m (incl. .8m @ 2,155 ppm Co & 1m @1,373 ppm Co)
 HOLE MADD86: ▀ 12.32m @ 625ppm Co from 125m
 HOLE MADD 82: ▀ 9.8m @ 986 ppm Co from 100m
 HOLE MADD 78: ▀ 7.3m @ 533ppm Co from 103m (incl. 2m@ 1,249ppm Co)
 HOLE MADD 85: ▀ 6.95m @ 1,003ppm Co from 132m (incl. 5m @ 1,234ppm Co)
 HOLE MADD 63: ▀ 1.27m @ 1,079ppm Co from 171m
 HOLE MADD 147: ▀ 0.5m @ 3,200 ppm Co from 189m
 HOLE MADD 129: ▀ 1m @1,300ppm Co from 200m

COMMENT: *Clearly, the addition of cobalt will add considerable potential value to the resource estimate for the Maibele North Project.*

Cobalt is normally found as a by-product of nickel and copper mining. The “copper belt” being selective areas of Africa, i.e., the DRC, the Central Africa Republic, and Zambia, produce most of the world’s cobalt.

Cobalt is an important constituent of alloys with high temperature oxidation, corrosion resistance properties, and a key component of a wide variety of magnetic alloy and hard metals. Cobalt is also an important constituent of ceramics.

MAIBELE NORTH PROJECT

The Maibele North Project, which is located in the eastern part of Botswana where there is an excellent infrastructure of roads, electricity, water, and rail, is a joint-venture being carried out by Botswana Metals Limited and BCL Limited (an entity 100%-owned by the Botswana Government). This nickel-copper-platinum group elements (Ni-Cu-PGE) project now includes cobalt (Co).

A Pre-Feasibility Study on Maibele North is being conducted by independent consultant, WorleyParsons Limited, and is expected before the end of June 2016. If positive, the next step probably would be a full feasibility study, which is required for the application for a mining licence. In addition, an Environmental Impact Assessment (EIA), which is already underway by AquaLogic, should be completed by the end of 2016.

COMMENT: *Feasibility and EIA studies are required in order to apply for a mining licence with Botswana’s Department of Mines.*

The JV partners are hopeful of completing the necessary studies in time to be able to apply for the mining licence before the end of this year.

NEW FOCUS: LITHIUM

As detailed in our May 28, 2016 report (link here: http://www.eresearch.ca/wp-content/uploads/2016/05/BML_052816-B.pdf), Botswana Metals has added the quest for lithium to its expanding activities. The Company currently is attempting to confirm the extent of lithium-caesium-tantalum (Li-Cs-Ta) pegmatite mineralization on the Company’s Property Licences (“PLs”) in eastern Botswana. Pegmatites are a coarse-grained, granite-like intrusion that often is home to significant rare-earth resources, including lithium and tantalum.

The initial indications have convinced the Company that the potential discovery of rare-earth mineralization is worthy of a priority exploration program in 2016. Adding further interest and impetus to this program is that neighbouring Zimbabwe, which is the world's fifth largest producer of lithium, has one of the world's largest lithium-tantalum deposits in pegmatites, and these deposits are hosted along the same geological belt that extends onto the Company's property in Botswana.

RECOMMENDATION

The characteristics of many companies that are listed on the Australian Stock Exchange include having many millions of shares issued and outstanding and a corresponding share price consisting of a penny or two, and often less than a cent per share. While these characteristics do not exist on North American stock exchanges (shares are delisted if they fall below a certain per-share value), on the Australian bourse there are many viable companies whose shares trade for pennies or less.

Botswana Metals Limited is one such company: it has sufficient liquid financial resources, an identified project, a strong and knowledgeable JV partner, BCL Limited, (Botswana Government), a confirming technical report, and capable management. The Company has 1.158 billion shares outstanding and a current share price of A\$0.004. Its Market Cap is A\$4.63 million.

As the Company continues its aggressive drill programme, on both its Ni-Cu-PGE-Co and Li-Cs-Ta projects, it seems reasonable that sustained success should inevitably lead to a higher share price, and a goal of trading for A\$0.04 seems realistic, in our view, and as suggested by the technical analysis below.

STOCK CHART

The five-year chart, shown below, affirms our opinion that the stock could reach our ultimate Target Price. The stock reached just above A\$0.04 in both September 2012 and July 2014.

FIVE-YEAR CHART



Observations: The **BLUE** horizontal resistance line just above A\$0.04 sets the upper boundary to reach and overcome.

COMMENT: *Should there be positive news emanating from the forth-coming pre-feasibility study, the stock would be expected to continue its recovery. Any announcement of encouraging drill results also should spark investor interest. The shares are rated a Speculative Buy.*

eRESEARCH CORPORATION**eResearch Analyst on this Report:**

Bob Weir, B.Sc., B.Comm, CFA

Analyst Affirmation: I, Bob Weir, hereby state that, at the time of issuance of this research report, I do not own, directly or indirectly, shares of Botswana Metals Limited.

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