

BOTSWANA METALS LIMITED

Recommendation: Spec Buy
Price (June 30): A\$0.004
52-Week Range: A\$0.01 - 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: 4,701,898
 100-day: 1,794,114
Symbol: ASX: BML



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

MAIBELE NORTH PROJECT

Is it going to be a mine? Botswana Metals is proceeding forthwith to find out.

The Company announced that BCL Limited, the Company's joint-venture partner, has agreed to have a Bankable Feasibility Study ("BFS") conducted on the Maibele North project.

A positive report would lead the JV Partners to apply for a mining licence to initiate mining at Maibele North as an open pit. However, the JV Partners would continue additional exploration and drilling in anticipation of expanding the resource to permit full-scale underground mining.

The goal is to complete the BFS and then apply for the mining licence as well as submit an Environmental Impact Assessment (EIA), which is being conducted by AquaLogic, all in Q1/2017.

BCL's decision to proceed with the BFS resulted from the publication of a positive Pre-Feasibility Study ("PFS") by WorleyParsons Limited. In going forward with the Project, BCL will fund A\$4 million for exploration.

Currently owning a 40% interest in three prospecting licences, namely, PL 110/94, PL 111/94, and PL 54/98, BCL will increase its ownership to a 70% interest by funding the BFS and permitting it to assume management of the development of the Project.

COMMENT: *If the BFS is favourable, then the JV Partners could be mining at Maibele North some time in 2017.*

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).

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. 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.

NEW FOCUS: LITHIUM

As reported in May 2016, 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 in 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, and as it proceeds towards probable mining activities at Maibele North in early 2017, it seems reasonable that

sustained success should inevitably lead to a higher share price, and a subsequent 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.

SIX-MONTHS CHART



Observations: The flurry of corporate announcements in late May resulted in a significant increase in share trading activity for BML. Forth-coming announcements regarding the PFS and the BFS should also spark renewed investor interest and lead to a rising share price. The trend is positive.

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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