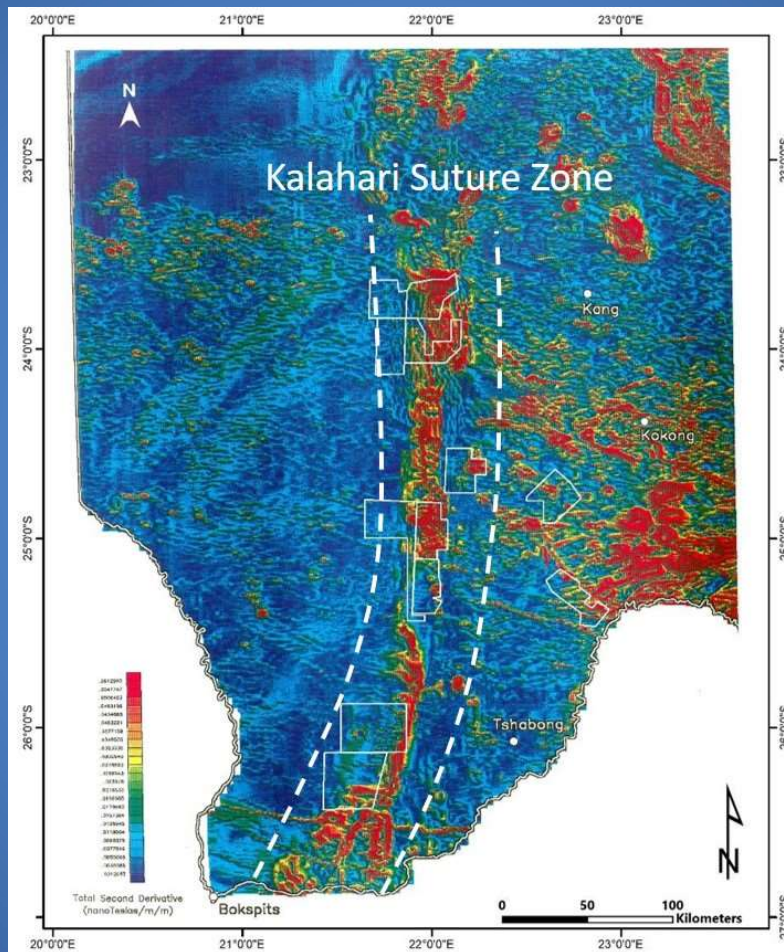


March 2018

IPO Opportunity

## Kavango Resources plc



Unlocking Botswana's exploration potential

## Kavango Resources plc\*

March 2018

### Stock Data

LSE IPO Opportunity

Shares in issue: 74m

### Company Profile

Sector: Mining  
Commodity: Cu, Ni, PGEs  
Stage: Early Exploration  
Country: Botswana  
Ticker: -  
Exchange: Planned LSE-listing

### Activities

Kavango Resources plc was formed to pursue mineral exploration opportunities in Botswana. Botswana is one of the most attractive jurisdictions in Africa to operate in, and the country also has highly prospective geology. However, historical exploration work has been hampered by the widespread cover of Kalahari sands and Karoo sediments. Kavango is utilising modern exploration techniques and new geological thinking, along with the management's African experience, to unlock the exploration potential of the country. The company's main focus is the KSZ project. Kavango plans to IPO in the LSE in Q1 2018.

### Directors and Management

|                |                     |
|----------------|---------------------|
| Mike Moles     | Executive Director  |
| Michael Foster | Managing Director   |
| Douglas Wright | Executive Director  |
|                | Chairman            |
| Chuck Forrest  | CFO                 |
| Hillary Gumbo  | Exploration Manager |

### Important Notice

OSL's investment research products are paid for by corporate clients as part of their retainer fee. As such, this document falls under Article 12 3 (b) of the European Commission's Delegated Directive of 7 April 2016 and it qualifies as an 'acceptable minor non-monetary benefit' and does not qualify as 'chargeable research'. OSL are therefore able to send this document to investors without the requirement for any compensation to be paid to OSL from the recipients – it is 'freely available'.

\*Optiva Securities acts as joint broker to Kavango Resources plc

## Kavango Resources plc

### Unlocking Botswana's exploration potential

Kavango is exploring for base and precious metal deposits in some of the most highly prospective terranes in Botswana. The company plans to leverage decades of successful African exploration experience in combination with new exploration techniques and thinking, to target the country's potential for buried mineral deposits. Kavango has already identified potential geological characteristics, analogous to world-class districts such as the Zambian Copper Belt (Cu) and the Norilsk Complex (Ni-Cu-PGEs). Rio Tinto is earning into a licence on the company's KCP project, leaving Kavango to focus on the KSZ project. Kavango plans to IPO on the LSE during Q1 2018.

**Management team with a track record of African success.** The Kavango team is well seasoned in terms of the African mining space. Mike Moles has an impressive track-record of value creation in the exploration sector, including identifying prospective exploration ground and creating value by selling projects to major mining companies, notably Impala and Riversdale.

**Kalahari Suture Zone (KSZ).** A series of 12 prospecting licences covering an area of 6,298km<sup>2</sup> in southwest Botswana spanning c.350km of strike along a major crustal structure termed the Kalahari Suture Zone (KSZ). Kavango has identified a geological setting with striking similarities to the giant Norilsk complex magmatic-hosted Ni-Cu-PGE deposits in Russia.

**The Smoking Gun.** Kavango has identified mafic rocks interpreted to be feeder zones to the vast basalt lava flows that once covered much of southern Africa. These rocks were intruded into sulphur bearing sediments, making them highly prospective for Ni-Cu-PGE deposits. Initial work suggested that these gabbros were barren, but geochemical work by Kavango now suggests that these rocks have undergone metal depletion. The inference is that the gabbroic magma digested sulphur rich sediments and became sulphur saturated. The "free" sulphur scavenged metals from the cooling magma, to form a concentrated immiscible metal sulphide liquid, which would eventually cool to form a massive sulphide orebody. In effect, Kavango may have identified the "smoking gun". The company's aim now is to try and find where the sulphides may have congregated.

**Exploration plan.** Kavango is planning to undertake an airborne electromagnetic (EM) geophysical survey over and adjacent to the KSZ structure. EM is the most suitable technique to detect buried massive and semi-massive sulphide bodies. Kavango will then use this data for targeting.

**Walk-up drill target at Ditau.** A 7km long magnetic body coincident with gravity and base-metal geochemical anomalies has been outlined at Ditau, 70km east of the KSZ, interpreted to represent a mafic layered intrusion below relatively thin Kalahari cover. Ground geophysics and geochemistry are underway, and the target will likely be the first drilled as part of the KSZ exploration programme.

**Kalahari Copper Project.** Rio Tinto is earning up to a 90% interest in Kavango's KCP project. The area in northwest Botswana is postulated to represent a potential extension to the prolific Zambian Copperbelt. Rio is funding and operating the project, providing Kavango with exposure to cutting edge exploration undertaken by a major mining company.

**Botswana remains underexplored at depth.** The geology in Botswana is highly prospective, and although the country hosts the continuation of some important and highly prolific geological domains which host world-class deposits elsewhere in Africa, large swaths remain relatively underexplored at depth due to the thick sequences of Karoo sedimentary rocks and Kalahari sand cover. Kavango was set up to address this opportunity by using specialist geochemical soil sampling techniques to detect mineralisation buried beneath this cover.

**Botswana is a safe, stable jurisdiction,** often ranked as one of the most investment friendly countries in Africa, with good infrastructure and a well-established mining code. Corruption in any form is rare.

**IPO plan.** Kavango intends to list on the Main Market of the London Stock Exchange via a Standard Listing in Q1 2018. In conjunction with the IPO, the company plans to raise c.£2.25m (excluding the 30% overallotment facility) to fund the initial exploration work programme in Botswana.

**Whilst early-stage exploration plays are not without risk, Kavango controls some of the most prospective ground in Botswana and is well positioned to start work on discovering what could be the next generation of concealed mineral deposits in Africa.**

# Kavango Resources

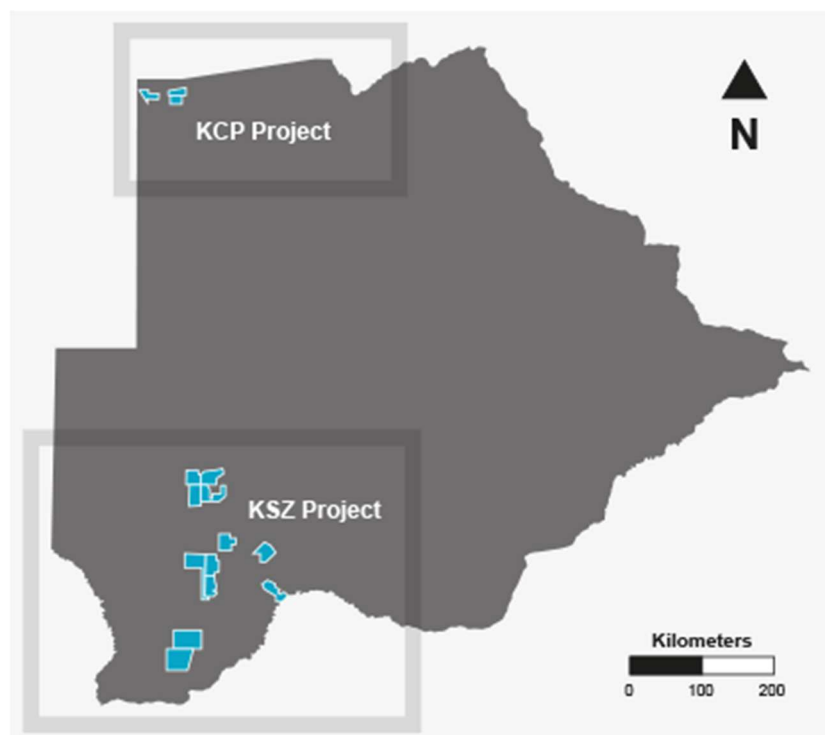
## Location and project overview

Kavango Resources plc is an exploration company targeting base metal and precious metal deposits in Botswana. Presently, Kavango is a private company but is planning to IPO on the London Stock Exchange in Q1 2018 via a standard listing on the Main Market. Kavango's management team has a successful track record of exploration, discovery and value creation in southern Africa. Consequently, the team is aiming to leverage its experience at two exploration projects in Botswana, one of the most stable and attractive exploration jurisdictions in Africa, in our view.

The geology in Botswana is highly prospective, and although the country hosts the continuation of some important and highly prolific geological domains which host world-class deposits elsewhere in Africa, large swaths remain relatively underexplored at depth due to the thick sequences of Karoo sedimentary rocks and Kalahari sand cover. Kavango was set up to address this opportunity by using specialist geochemical soil sampling techniques to detect mineralisation buried beneath this cover. Kavango has two main project areas in Botswana with the KSZ being the company's primary focus. Approximately \$3.5m has been spent on the projects to date.

- **Kalahari Suture Zone Project (KSZ).** Comprised of 12 licences (6,928km<sup>2</sup>) in south-western Botswana, targeting the discovery of a world-class nickel-copper-PGE deposit. The project has a similar geological setting to the world-class Norilsk district in Russia. Kavango has identified a 450km long deep crustal structure of the type that typically acts as a conduit for major mineral deposits worldwide. Significantly, this structure has not been explored using modern geochemical and geophysical techniques.
- **Kavango Copper Project (KCP).** Comprised of 3 licences (869km<sup>2</sup>) in northern Botswana, targeting the postulated extension of the Zambian Copperbelt in northwest Botswana. One of the KCP licences is subject to a JV with Rio Tinto, Rio is the operator and is earning a controlling interest by funding 100% of exploration expenditures.

*Figure 1 - Location of Kavango's projects in Botswana*



Source: Kavango Resources

## Management Team

### A highly experienced team with a track record of success in Africa

In the mineral exploration and business, the composition of the board and management team is critical and it's the first element we look at when we analyse companies. The Kavango team is well seasoned in terms of the African mining space, but it's worth highlighting Mike Moles' track-record of value creation.

Mike is the driving force behind the geological strategy of the company. After gaining a geology degree in 1986, he kicked off his career with a 15-year stint in Zimbabwe, working for Delta Gold as an exploration geologist, before moving to Reunion Mining, where he reached the position of Director of Exploration. During his tenure, Mike oversaw the proving up and extension to the resource at the Skorpion zinc deposit in Namibia. After 2 years as Consulting Geologist at Lonmin, he set up his own business. Mike has an impressive track record of identifying prospective exploration ground and creating value by selling to major mining companies, notably Impala Platinum and Riversdale Mining. We believe Mike's experience could be an important component in Kavango's success. He has spent most of his career working in Africa, including tenures in Botswana, Malawi, Tanzania, Mozambique, and Zambia.

## Biographies

### Mike Moles - Executive Director & Founder

Mike has over 30 years' in mineral exploration in southern Africa including tenures with Delta Gold, Reunion Mining and Lonmin. He has an impressive track record in selling valuable exploration assets including Impala (platinum) and Riversdale (coal in Mozambique, subsequently sold to Rio Tinto for \$4bn). Mike holds a BSc in Geology from the University of Aston and a BSoc Sci in African Studies from Birmingham University.

### Michael Foster - Managing Director

Michael has over 35 years' experience of all aspects of the mining industry, including exploration, mine development, operations and finance in a variety of commodities. His experience includes 8 years with De Beers, including time spent in Botswana. He was the former MD of Reunion Mining & ZincOx, and founding director of Casa Mining (DRC), Copperbelt Minerals (DRC), & Kaminex (DRC). Michael has a successful track record of both discovery and creating value from exploration projects. Michael is a geologist (St Andrews University in Scotland) and also holds an MBA in Business Administration from the London Business School.

### Douglas Wright - Executive Director and Chairman

Douglas has over 35 years' finance experience, mainly in the City of London. He has held a variety of senior positions including Director at the at the Stockbrokers Tilney's, and former partner of Corporate Finance Firm City and Westminster. Douglas has a strong track record of raising funds in the city, especially in the Natural resources sector. Douglas holds a business studies qualification from NESCOL College.

### Chuck Forrest - Chief Financial Officer

Chuck is an experienced accountant, with over 30 years' experience covering the minerals, financial and legal sectors in Asia and Africa, based in Toronto and for the last 12yrs in London. He is a Chartered Professional Accountant in Canada. Chuck was FD of Copperbelt Minerals which raised \$70m privately in DRC and sold for \$197m. Chuck has been responsible for IPO's on AIM and the TSX markets.

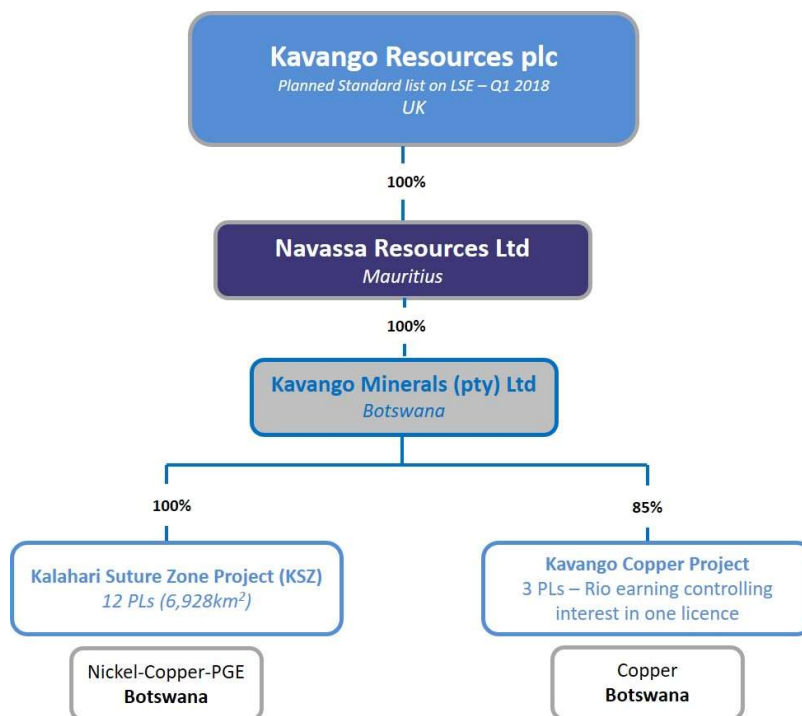
### Hillary Gumbo - Exploration Manager Botswana & Founder

Hillary has over 30 years' experience in southern African exploration. This includes periods with Reunion Mining, Cannister Resources and Rockover. Hillary is the owner of a successful geophysical consulting company in Botswana which has undertaken projects in the DRC, Angola, Botswana and Zimbabwe.

## Corporate Structure

Kavango's two projects are held by Kavango Minerals (pty) Ltd, a private, Botswana registered company. This is a wholly-owned subsidiary of Kavango Resources plc, the UK incorporated company that will become the listed entity on the London Stock Exchange.

Figure 2 - Corporate structure



Source: Kavango, Optiva

## Listing plan and capital structure

Kavango intends to list on the Main Market of the London Stock Exchange via a Standard Listing in Q1 2018.

- Kavango currently has 74m shares in issue.
- In conjunction with the listing, Kavango intends to raise funds by issuing up to 50m units at 6p/unit which includes a 30% overallotment option.
- This implies gross proceeds from an equity raise of c. £2.4m, or £3m assuming overallotment
- Each unit consists of one share, and one warrant exercisable at 12p/share within 24 months of the IPO.

### Directors and Management aligned

It is noteworthy that the Directors and management of Kavango intend to participate in the IPO. At this stage, indicative commitments imply that Directors and Management will contribute approximately 10% of the IPO fund raise. We commend this approach, as we view the alignment of management with shareholders as crucial in junior resource companies and it also provides further validation of the exploration potential of the company's licences.

Furthermore, directors and management have indicated that key roles will be fulfilled with either minimal or no salary. Mike Moles for instance, has indicated that he will not be drawing a salary. This should ensure that most funds are available to go "straight into the ground".

## Use of proceeds

Kavango has set out an initial budget to cover the first 18 months of exploration work. This assumes that c.£2.25m is raised via the offer of equity at IPO. Kavango is committed to ensuring that as much of the funds as possible are sunk “into the ground” in the form of value-add exploration activities, and not consumed by onerous corporate costs. Based on Kavango’s indicative budget, approximately 80% of the funds raised will be directed towards exploration. The company’s exploration focus is the KSZ project, and most of the budget items pertain to that project, as Rio Tinto is currently responsible for funding progress of one of the company’s KCD licences.

Figure 3 - Planned use of proceeds - 18-month budget

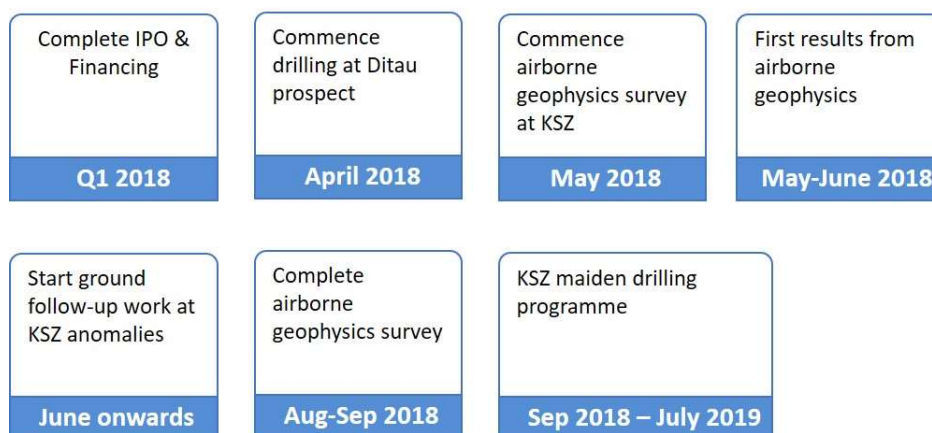
| Source of Cash                  |  | £                |
|---------------------------------|--|------------------|
| Cash raised at IPO              |  | 2,250,000        |
| Use of proceeds                 |  |                  |
| Exploration Activities          |  |                  |
| Airborne Geophysics             |  | 902,256          |
| Geologist and field staff       |  | 89,474           |
| Geochemical sampling/assays     |  | 120,301          |
| Ground geophysics               |  | 157,895          |
| Drilling                        |  | 421,053          |
| Assay costs                     |  | 80,451           |
| Camp, Fuel, vehicles, logistics |  | 24,060           |
| Licence extensions              |  | 7,519            |
| Local admin                     |  | 29,323           |
| <i>Exploration Sub total</i>    |  | 1,832,332        |
| General and admin expenses      |  | 305,263          |
| Financing costs                 |  | 112,782          |
| <b>Total Costs</b>              |  | <b>2,250,000</b> |

Source: Kavango

## Timeline

Kavango’s indicative timeline assumes that the IPO and financing process is completed in Q1 2018. After successful fund raising, Kavango plans to drill a high-priority target at Ditau, and then kick off a major exploration programme on the KSZ, starting with an heli-borne EM survey in April/May.

Figure 4 - Indicative exploration timeline following on from IPO



Source: Kavango, Optiva

# KSZ Project

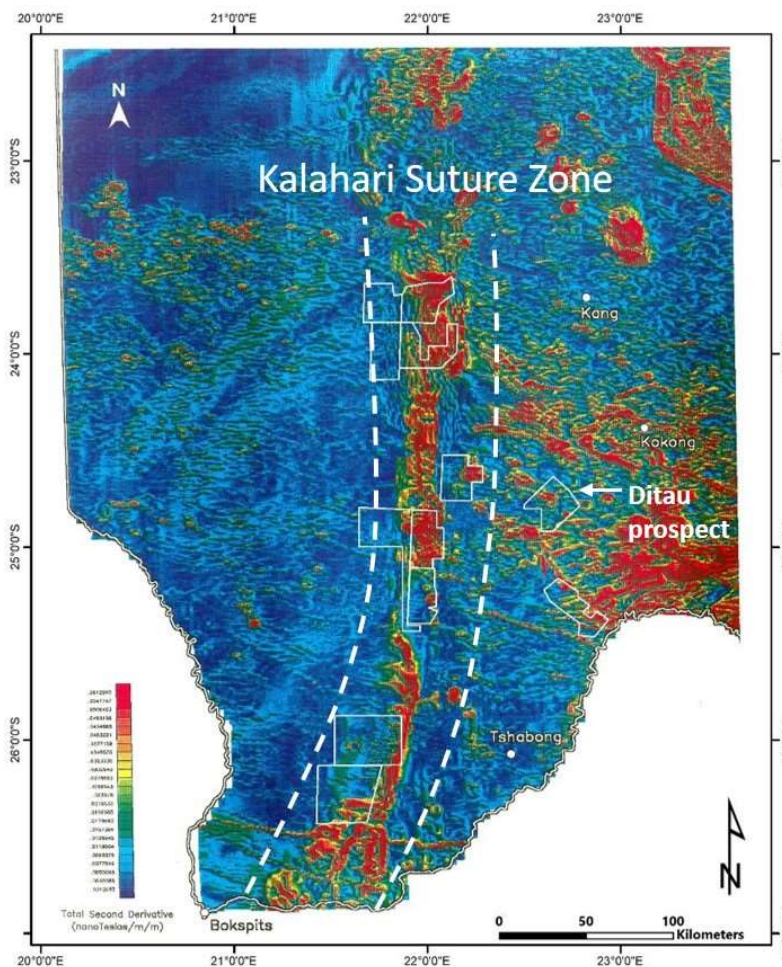
The KSZ project is a series of 12 prospecting licences held by Kavango, and covering an area of 6,298km<sup>2</sup> in the Kgalagadi District of southwest Botswana. Access to the area is from the paved Trans-Kalahari Highway which links to Gaborone. Kavango's licences span cover around 350km of strike along a major crustal structure termed the Kalahari Suture Zone (KSZ).

## What is the KSZ?

The KSZ is a 450km long crustal scale discontinuity first identified from a Canadian funded regional aeromagnetic survey flown over Botswana in the mid-1970s and confirmed by a steep gravity gradient in the national gravity survey (1973). The anomalies were interpreted to be related to the Tshane Complex represented by large volumes of mafic magma which are believed to have been emplaced in the late to middle Proterozoic (1.1Ga) during a major rifting event. A later (180Ma) magmatic episode thought to be related to the break-up of Gondwana intruded a sequence of gabbros and dolerites into the Karoo sediments. These have been interpreted by Kavango as feeder zones to the vast basalt lava flows which once covered much of southern Africa. This type of geological setting with mafic rocks intruded into existing sediments is prospective for nickel-copper-PGE deposits as we explain later in this note and is similar to the extensive Norilsk-type deposits in Russia.

The area was drilled in the early 1980s by the Botswana Geological Survey, and later in the 1990s, most notably by Falconbridge. Gabbros were variably intersected by drilling, but often missed due to technical drilling issues. The holes that did intersect such complexes were interpreted to have hit barren, non-mineralised gabbros.

*Figure 5 - The KSZ – a deep crustal structure in Botswana that has not been thoroughly explored*



Source: Kavango

## Why is the KSZ being revisited now...?

In 2015, Kavango re-logged the core from historic drilling (1980s holes) which was still available. The core was also analysed with a handheld Niton™ XRF gun and tested for magnetic susceptibility. In addition, samples from the gabbro were taken for assay and whole rock geochemistry.

Initially, the results from the core and XRF although interesting, were underwhelming from an economic standpoint. However, Kavango's view changed rapidly after receiving the results from the analysis of the whole-rock geochemistry by Dr Martin Prendergast, a world expert in mineral deposits associated with mafic/ultramafic intrusives.

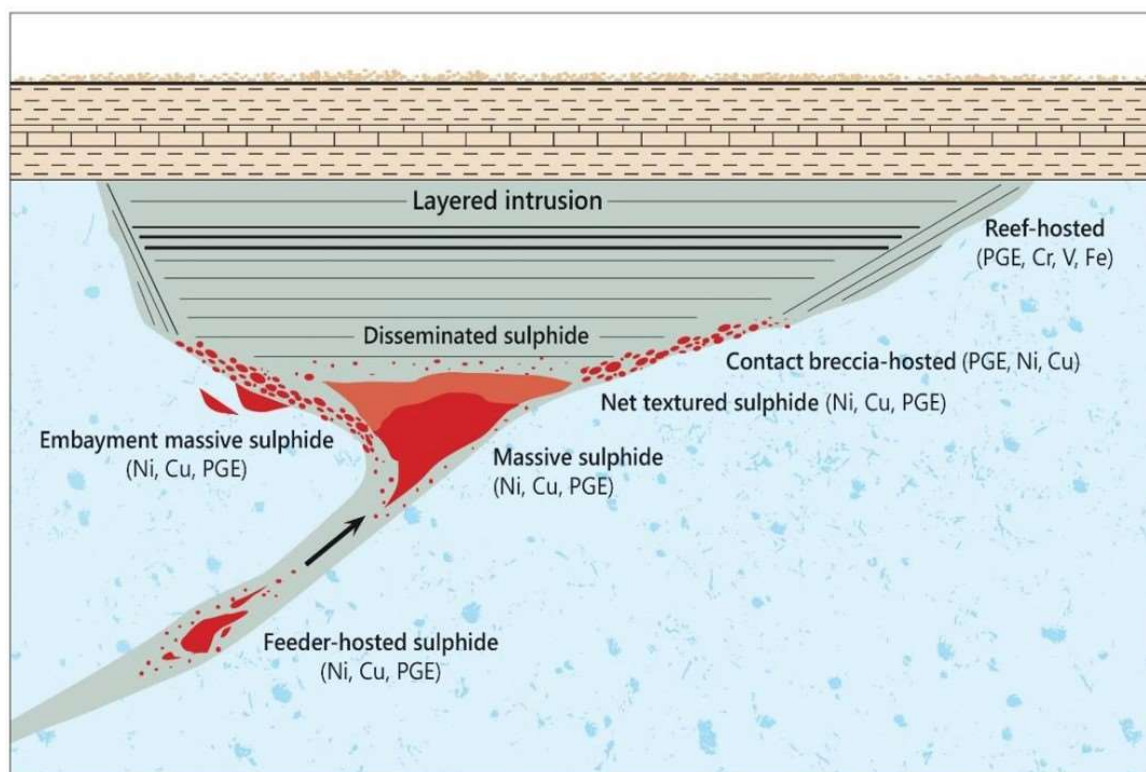
Dr Prendergast concluded that it seemed likely that many of the metals appeared to have been removed from the crystallising magma, probably by "free" sulphur in the system introduced by the incorporation of significant amounts of sulphur rich sedimentary rock into the magma. This means that whilst historical work suggested that these gabbros were barren, the geochemistry was suggesting a different story.

The implication of Dr Prendergast's report is that sulphide segregation is likely to have occurred, forming an immiscible metal sulphide liquid, which would eventually crystallise as a separate deposit either within or adjacent to the main gabbroic body. The analysis of the geochemical data therefore suggests that the rocks in the KSZ could have attained the right geological and geochemical conditions to host one or more major Ni-Cu-PGE sulphide deposits. We view this as a significant breakthrough that elevates the prospectivity of the licences. Let us explain...

## An analogue to world-class Ni-Cu-PGE magmatic deposits

Magmatic sulphide deposits are an important source of nickel, copper, PGEs (platinum, palladium etc) typified by world-class deposits such as Norilsk (Russia), Pechanga (Russia), Voisey's Bay (Canada) and Kabanga (Tanzania). These deposits form in a several different styles (see below), but the genesis of the sulphide melt is broadly similar.

*Figure 6 - Schematic illustration of massive sulphide mineralisation at base and in feeder dyke*



Source: Kavango

The genesis of these magmatic sulphide deposits is fairly well understood, and it has important implications for what Kavango has identified along the KSZ. To understand the prospectivity of the KSZ, we must briefly look the genesis of magmatic Ni-Cu-PGE deposits. In simple terms these form in the following way:

- **Magma generation.** Mafic or ultramafic parent magma generated from mantle melting, sulphur undersaturated during ascent from the mantle.
- **Magma contamination.** Fractional crystallisation within a magma with a low sulphur content is sufficient to form only a small quantity of sulphides. In order to form sufficient sulphides to form a mineral deposit, an external source of sulphur may be needed, along with a mechanism to induce sulphur saturation.
- **Sulphur source** – the most common mechanisms to introduce sulphur into the magma are the bulk assimilation of sulphur-bearing country rocks into the melt, or the assimilation of felsic wall rocks (increasing the silica content and reducing sulphur solubility).
- **Sulphur Saturation.** A critical step in genesis of a mineral deposit is when the magma is driven to sulphur saturation. Once the magma is sulphur-saturated, it allows for the generation or segregation of an immiscible sulphide liquid.
- **Metal scavenging.** This immiscible sulphide liquid can then interact with large masses of magma. The key is that chalcophile elements (including Ni, Cu, PGEs, Zn, Pb) partition strongly into the sulphide liquid and out of the silicate magma. E.g. you end up with a sulphide liquid rich in economic metals.
- **Concentration.** The final step in the formation of a mineral deposit is when this metal-rich sulphide liquid becomes concentrated in a restricted locality in sufficient quantity. This can happen through a variety of different mechanisms including structural traps, density settling (sulphide liquid is dense and migrates downwards) and changes in flow velocity etc.

## What does this mean for KSZ? Kavango may have found the smoking gun

Whilst Kavango's projects remain at an early stage of exploration, the geological setting and geochemistry justify a major exploration programme. Some of the major components required to generate a magmatic deposit have been recognised in the KSZ area:

- A deep, crustal scale discontinuity has been identified – the KSZ. This provides the source for the generation of enormous quantities of magma.
- The magmas are interpreted to intrude into the Karoo sequence which comprises various sulphur-bearing lithologies including coal measures. These could have acted as a source of sulphur to induce sulphur saturation.
- The recent work by Dr Prendergast provides evidence that the gabbro bodies along the KSZ have undergone metal depletion. The inference is that these gabbros at some point became sulphur saturated, and that the sulphides, after scavenging chalcophile elements from the silicate melt, might have been removed from the magma and concentrated in a restricted locality. This explains why on first glance the gabbros appear to be barren. In effect, Kavango may have identified the "smoking gun", the company's aim now is to try and find where the sulphides may have congregated.

## Exploration plan

The scale of Kavango's licence holding, nearly 7,000km<sup>2</sup> along the KSZ is impressive. The company is planning to conduct a first pass helicopter-borne electromagnetic (EM) geophysical survey over its licences starting in April/May (2018). Time-domain EM is the most suitable technique to detect buried massive and semi-massive sulphide bodies to depths in excess of 1 kilometre.

At the end of each day's flying, the survey data will be downloaded to a sat-phone and conveyed to Kavango's geophysical consultants in Cape Town. EM conductors will be identified and their location and approximate depth from surface will be conveyed to the exploration team within 48 hours.

This will allow for the helicopter to follow up conductors with in-fill survey lines to improve resolution. Ground follow up will include AMT survey profiles and IP surveying to confirm position, gauge depth to source and the presence of disseminated sulphides prior to drilling. In this way Kavango will not have to wait until the end of the EM survey (4 months) before follow-up and drilling can commence. Since most of the gabbro feeder zones are thought to lie reasonably close to surface, only those lying above 500m depth will (initially) be followed up with drilling.

## Thick cover has hampered exploration in Botswana

It is reasonable to assume that most of the really large outcropping mineral deposits have already been discovered and that the next world-class deposit to be discovered is probably concealed under geological cover. Recent advances in exploration technology have been stimulated by the need to explore under cover and to greater depths. New geochemical and geophysical techniques are having increasing success in detecting these hidden deposits.

The thick sequence of Karoo sedimentary rocks and Kalahari sand that covers much of Botswana has certainly hampered historical exploration. Recent advances in helicopter-borne Time-Domain EM in particular has demonstrated the potential to identify previously unknown massive sulphide bodies buried beneath significant depths of cover.

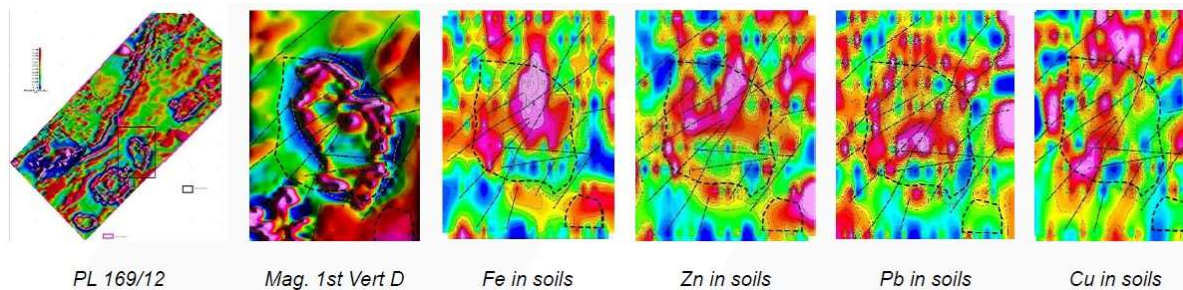
Kavango themselves have developed a specialist soil sampling technique to detect mineralisation buried beneath significant depths of cover. The technique involves the collection of a surface “duricrust”, extremely fine sieving (-50µm) and detection of metal ions thought to have been brought to the surface by capillary action. The use of portable X-ray diffraction technology has allowed soil sampling results to be obtained in “real time”.

This has had a huge impact on the speed at which results can be obtained and discoveries made. Although Botswana has seen several phases of exploration, it is the advances in exploring at depth that are likely to unlock the country’s mineral potential, in our view.

## Ditau Prospect – walk up drill target

Kavango has also followed up on interested regional anomalies. At Ditau, situated 70km to the east of the main KSZ zone, Kavango has outlined a 7km long magnetic body coincident with gravity and base-metal geochemical anomalies. A sub-circular anomaly (see aeromag data, two images bottom left) has been defined and interpreted by Kavango to represent a mafic, possibly layered, intrusion below relatively thin (<55 m) sedimentary cover. The anomalies are already well defined, and Ditau represents a compelling walk-up drill target, and will likely be the first target drilled as part of the KSZ programme.

*Figure 7 - Geophysical (magnetic) and geochemical anomalies at the Ditau prospect*



Source: Kavango

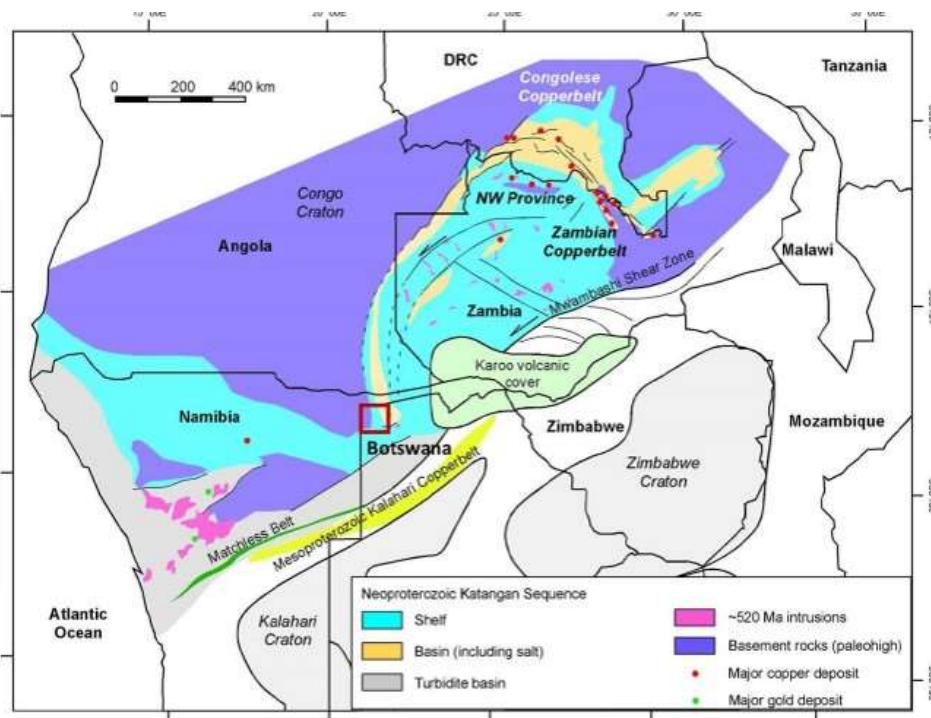
# Kavango Copper Project (KCP)

## An extension to the Zambian Copperbelt?

Kavango holds three prospecting licences (869km<sup>2</sup>) in north-west Botswana, close to the Namibian border. One of these licences is currently subject to a joint venture agreement with Rio Tinto Mining & Exploration (RTME). Under the terms of the agreement, RTME can earn up to a 90% interest in the licence in three stages. To complete all three stages, RTME must complete a BFS, or incur total project expenditure of \$8m. On completion of the earn-in, RTME will pay Kavango a cash payment of \$2.5m. Kavango can maintain its 10% interest by funding pro-rata or convert its interest to a \$75m royalty.

Meanwhile, RTME is required to pay Kavango a \$100,000 annual stipend which the company has previously used to subsidise the KSZ exploration programme. The prospectivity of the KCP project is intriguing, holding the potential for the discovery of an entirely new copper district in Botswana. RTME is solely responsible for managing and funding exploration on the licence, leaving Kavango free to pursue exploration opportunities on its KSZ project.

*Figure 8 - Location of the KCP project, and inferred continuation of the Zambian Copperbelt*



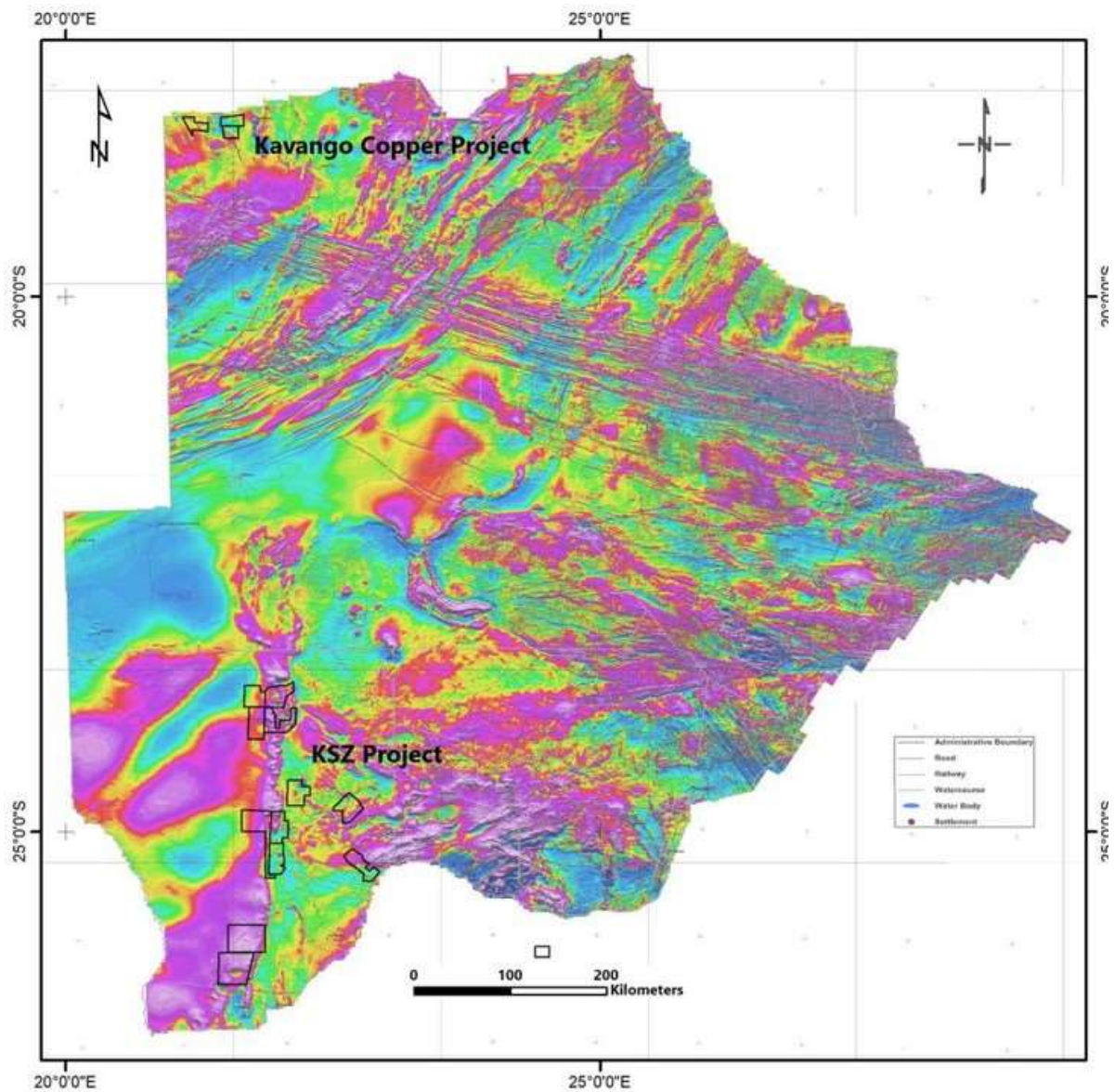
Source: Kavango, RTME

Historical work was undertaken in 2008 by Tsodilo Resources Limited who identified the base-metals potential of the area, concluding that drill core intersections in northwest Botswana correlate with the sequence hosting the Central African Copperbelt and were interpreted as an extension of this sequence. This was later confirmed by First Quantum Minerals who drilled in the area in 2014, and demonstrated the similarities in the stratigraphy, structure and alteration between the Zambian Copperbelt and northwest Botswana. The target mineral deposit type is sediment-hosted copper, as typified by similar-age sequences in Zambia and the DRC.

RTME are exploring for this type of deposit beneath the relatively shallow Kalahari Group cover. Soil sampling, airborne geophysics and drilling have been carried out and further drilling is scheduled by RTME. It is understood that RTME have spent approximately \$1.5m on the JV to date. Kavango has delineated geophysical and geochemical targets ready for follow up within the other two licences in the KCP area, although we understand that the KSZ project remains the company's near-term priority. Thus, at present, no work is planned on Kavango's other two licences in the area.

# Appendix

Figure 9 - Location of KSZ and KCP, Total Magnetic Intensity map of Botswana



Source: Kavango Resources, MSA CPR

#### General disclaimers

OSL's investment research products are paid for by corporate clients as part of their retainer fee. As such, this document falls under Article 12 3 (b) of the European Commission's Delegated Directive of 7 April 2016 and it qualifies as an 'acceptable minor non-monetary benefit' and does not qualify as 'chargeable research'. OSL are therefore able to send this document to investors without the requirement for any compensation to be paid to OSL from the recipients – it is 'freely available'.

This is a marketing communication under the rules of the Financial Conduct Authority ("FCA"). It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This document, which presents the Optiva Securities Limited ("OSL") research department's view, cannot be regarded as "investment research" in accordance with the FCA definition. The contents are based upon sources of information believed to be reliable but no warranty or representation, expressed or implied, is given as to their accuracy or completeness. Any opinion reflects OSL's judgement at the date of publication and neither OSL, nor any of its affiliated or associated companies, nor any of their directors or employees accepts any responsibility in respect of the information or recommendations contained herein which, moreover, are subject to change without notice. OSL accepts no liability whatsoever (in negligence or otherwise) for any loss howsoever arising from any use of this document or its contents or otherwise arising in connection with this document (except in respect of wilful default and to the extent that any such liability cannot be excluded by the applicable law).

The document is confidential and is being supplied solely for your information. It must not be copied or re-distributed to another person / organisation without OSL's prior written consent.

This is not a personal recommendation, offer, or a solicitation, to buy or sell any investment referred to in this document. The material is general information intended for recipients who understand the risks associated with investment. It does not take account of whether an investment, course of action, or associated risks are suitable for the recipient.

OSL manages its conflicts in accordance with its conflict management policy. For example, OSL may provide services (including corporate finance advice) where the flow of information is restricted by a Chinese Wall. Accordingly, information may be available to OSL that is not reflected in this document. OSL and its affiliated or associated companies may have acted upon or used research recommendations before they have been published.

This document is approved and issued by OSL for publication only to UK persons who are authorised persons under the Financial Services and Markets Act 2000 and to professional clients, as defined by Directive 2004/39/EC as set out in the rules of the Financial Conduct Authority. Retail clients (as defined by rules of the FCA) must not rely on this document.

#### Specific disclaimers

OSL acts as joint broker to Kavango Resources plc. OSL's private and institutional clients may hold shares in Kavango Resources plc.

This document has been produced by OSL independently of Kavango Resources plc. Opinions and estimates in this document are entirely those of OSL as part of its internal research activity. OSL has no authority whatsoever to make any representation or warranty on behalf of Kavango Resources plc.

NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO THE UNITED STATES OF AMERICA, OR DISTRIBUTED, DIRECTLY OR INDIRECTLY, IN THE UNITED STATES OF AMERICA OR TO ANY US PERSON AS DEFINED IN REGULATION S UNDER THE UNITED STATES SECURITIES ACT OF 1933. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF UNITED STATES SECURITIES LAWS.

NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO CANADA OR DISTRIBUTED IN CANADA OR TO ANY INDIVIDUAL OUTSIDE CANADA WHO IS A RESIDENT OF CANADA, EXCEPT IN COMPLIANCE WITH APPLICABLE CANADIAN SECURITIES LAWS.

NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO AUSTRALIA OR DISTRIBUTED IN AUSTRALIA OR TO ANY RESIDENT THEREOF EXCEPT IN COMPLIANCE WITH APPLICABLE AUSTRALIAN SECURITIES LAWS. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF AUSTRALIAN SECURITIES LAWS.

NEITHER THIS DOCUMENT NOR ANY COPY OF IT MAY BE TAKEN OR TRANSMITTED INTO OR DISTRIBUTED INTO JAPAN OR TO ANY RESIDENT THEREOF FOR THE PURPOSE OF SOLICITATION OR SUBSCRIPTION OR OFFER FOR SALE OF ANY SECURITIES. ANY FAILURE TO COMPLY WITH THIS RESTRICTION MAY CONSTITUTE A VIOLATION OF JAPANESE SECURITIES LAWS.

NEITHER THIS REPORT NOR ANY COPY HEREOF MAY BE DISTRIBUTED IN ANY JURISDICTION OUTSIDE THE UK WHERE ITS DISTRIBUTION MAY BE RESTRICTED BY LAW. PERSONS WHO RECEIVE THIS REPORT SHOULD MAKE THEMSELVES AWARE OF AND ADHERE TO ANY SUCH RESTRICTIONS.

Copyright © 2018 Optiva Securities, all rights reserved. Additional information is available upon request.

Optiva Securities Limited, 49 Berkeley Square, Mayfair, London, W1J 5AZ  
Tel: 0203 137 1902, Fax: 0870 130 1571

Member of the London Stock Exchange. Authorised and regulated by the Financial Conduct Authority.