



Quarterly Activities Report Quarter Ended 30 September 2018

Kraaipan Gold-Nickel-Copper-Pgm Project, Botswana

Metalsearch Limited's 100% owned Kraaipan Gold-Nickel-Copper-PGM Project comprises Prospecting Licence, PL232/2016 and covers approximately 50 kilometre strike extent of the Kraaipan Greenstone Belt in southern Botswana. The Kraaipan Project is part of the larger NNW trending Amalia-Kraaipan-Greenstone-Terrane ('AKGT') of the Kaapvaal Craton. The AKGT in Botswana is directly along strike from significant gold deposits, as well as adjacent to significant PGM deposits, across the border in South Africa.

Kraaipan West Gold-Nickel-Copper-PGM Project

The Kraaipan West Project covers an approximately 15 kilometre long stretch of the Amalia-Kraaipan Greenstone Terrane (AKGT) in southern Botswana. The AKGT in Botswana is interpreted to be highly prospective for both gold and magmatic nickel-copper-PGM sulphide mineralisation, as these rocks are directly along strike and within the same geological units, as the well-known Kalgold and Kalplats deposits across the border in South Africa.

The Kraaipan West Project comprises Prospecting Licences, PL064/2017 and PL065/2017, which are 584 km² and 446km² in area respectively and are valid for three years. This project is approximately 30 kilometres to the west of the Kraaipan Gold-Nickel-Copper-PGM Project. The southern boundary of the tenures is located along Botswana's southern border with South Africa and can be accessed via well-maintained, all weather roads from Gaborone (capital of Botswana), approximately 180 kilometres to the north.

Collectively, the company's ground holding in southern Botswana is now 1,896km²

Kraaipan Project Proposed Exploration Activities

No on-ground work was carried out during the quarter, the company commencing a review of results to date to determine the best way forward on the tenement areas, with plans to focus on Nickel-Copper-Cobalt-PGM exploration in the northeast sector of the Kraaipan Gold-Nickel-Copper-Cobalt-PGM Project.

The northeast sector of the Kraaipan Project contains a discreet, nickel-copper-cobalt-PGM anomalous zone that was identified from the assay results of soil samples (See ASX Announcement dated 02/10/2017). This anomalous zone is approximately two kilometres long and broadly coincides with a mafic intrusive rock, indicating this target is highly prospective for magmatic nickel-copper-cobalt-PGM sulphide style mineralisation.

On completion of review and planning, Metalsearch proposes to advance the Kraaipan Gold-Nickel-Copper-PGM Project through:



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- 1) Evaluation of the northeast sector nickel-copper-cobalt-PGM soil anomaly;
- 2) Analysis of the remainder (over 8000 samples) of the approximately 14,000 regional soil samples for low detection Au and PGMs, as well as 'Pathfinder' elements such as As, Bi, Ag, Cu, Mo, Sb, Sn, Sc, Zn, etc.; and
- 3) Subject to the results of the evaluation, infill soil sampling in areas of anomalous geochemistry to better define the distribution of anomalism.

Metalsearch is exploring the possibility of funding the above proposed exploration activities through a Farm-in/JV. The actual work undertaken will be agreed in consultation with any JV partner.

Corporate

Project Generation

Metalsearch has significantly increased its project generation activities in order to add another major project to the Company's portfolio of projects, to compliment the Kraaipan Project and to add value to the overall portfolio. The company is initially focusing on African mineral project opportunities.

Capital Raising

In the June 2018 quarter, the Company announced a fully underwritten pro rata non-renounceable entitlement issue on the basis of one (1) New Share for every two (2) Shares at an issue price of \$0.01 each, to raise approximately \$1,529,700 (**Offer**).

At close of the Offer valid acceptances had been received in respect to 87,541,532 Shares for \$875,415. A further \$654,285 was received in July 2018 in respect to the shortfall shares.

The Company completed the issue of 152,970,053 pursuant to the entitlement issue in July 2018 and due to the level of interest from sub-underwriters to the entitlement issue, the Company issued a further 22,000,000 Shares on the same terms as the Shares issued under the entitlement issue to raise an additional \$220,000.

Director Changes

On 1 August 2018, the Company announced the appointment of Mr Jason Brewer as a Non-Executive Director.

Jason Brewer has over 20 years' experience on international mining, financial markets and investment banking. He is a qualified mining engineer, obtaining a Master's degree, with Honours, from the Royal School of Mines at Imperial College, London and worked in both underground and open-cast mining operations in the UK, Australia, Canada and South Africa.

Mr Brewer has worked for a number of major global investment banks, including Dresdner Kleinwort Benson, NM Rothschild & Sons (Australia) Limited and Investec Bank (Australia) Limited in London, Sydney and Perth, where he was responsible for structuring and arranging corporate and project financing facilities for mining and exploration companies with a particular focus on projects in Africa.



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He gained experience in funds management with mining focused LinQ Resources Fund and with New Holland Capital in Australia

Appointment of Corporate Adviser

On 1 August 2018, the Company announced that it had engaged 1620 Capital Pty Limited ("1620 Capital") as its Strategic Adviser.

Perth-headquartered 1620 Capital is a corporate advisory firm with a successful track record of advising ASX-listed and UK-listed mining and exploration companies on investments in Africa's mining and metals sector.

1620 Capital's management have each been actively involved in Africa's natural resources sector for over 20 years and the global corporate finance and investment banking sector for more than 30 years. In that time, they have built a clear track record in identifying high-value resource project opportunities for clients and in advising on supporting debt and equity funding structures, joint-venture arrangements and strategic investment partnerships.

The Company has appointed 1620 Capital to advise and identify, on behalf of the Company, new advanced and brownfield project opportunities in Africa and the introduction of strategic joint venture partners.

CEO Resignation

Dr Quinton Hills stepped down as CEO effective 31 August 2018. Dr. Hills will continue as a consultant to the Company to assist with assessment of new project opportunities.

For further information please visit www.metalsearch.com.au or contact:

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Tenement Information as required by Listing Rule 5.3.3

The following is a table setting out the information as required by ASX Listing Rule 5.3.3, namely:

1. Mining tenements held at the end of the Quarter and their location;
2. Mining tenements disposed during the Quarter and location;
3. Beneficial percentage interests held in farm-in or farm-out agreements at end of Quarter; and
4. Beneficial percentage interests held in farm-in or farm-out agreements acquired or disposed of during the Quarter.

| Location | Tenement | Interest at beginning of quarter (%) | Interests relinquished, reduced or lapsed (%) | Interests acquired or increased (%) | Interest at end of quarter (%) |
|----------|------------|--------------------------------------|---|-------------------------------------|--------------------------------|
| Botswana | PL232/2016 | 100% | Nil | Nil | 100% |
| Botswana | PL064/2017 | 100% | Nil | Nil | 100% |
| Botswana | PL065/2017 | 100% | Nil | Nil | 100% |



Location of the Kraaipan and Kraaipan West Gold-Nickel-Copper-Cobalt-PGM projects in relation to the Harmony's Kalgold Mine and the African Rainbow Minerals' Kalplats Project in South Africa.

