

Disposal of Interest in Kalahari Metals Limited

Metal Tiger plc (AIM: MTR, ASX: MTR), the AIM and ASX listed investor in natural resource opportunities, is pleased to announce that it has entered into a Share Purchase Deed with Cobre Limited (ASX: CBE) to sell up to all of its 49% interest in Kalahari Metals Limited ("**KML**") (the "**Transaction**"). Cobre Limited currently holds a 51% interest in KML, via its wholly owned subsidiary, Cobre Kalahari Pty Ltd.

Highlights:

- Cobre (or its nominee) will acquire 24.5% of the shares in KML from Metal Tiger (increasing its interest to 75.5%) for total cash consideration of £750,000 (the "**Initial Acquisition**") expected to be payable in September 2022, which MTR will use for general working capital purposes;
- Metal Tiger will grant Cobre a call option for it or its nominee to acquire the remaining 24.5% of Metal Tiger's shares in KML, exercisable for either £750,000 cash or the equivalent in Cobre shares (based on a 90-trading day VWAP), (the "**Call Option**") at the sole election of Cobre, providing Cobre a pathway to 100% ownership of KML;
- The Call Option will lapse 12 months after completion of the Initial Acquisition, and if not exercised by Cobre, Metal Tiger will remain a 24.5% shareholder in KML; and
- Metal Tiger will retain certain rights in KML until such time as the Call Option has been exercised.

Conditions:

The Transaction, including the Initial Acquisition, is subject to the following conditions:

- Cobre shareholder approval to the Transaction for the purposes of ASX Listing Rule 10.1 and item 7 of section 611 of the *Corporations Act 2001* (Cth), to be sought at a general meeting of Cobre shareholders anticipated to be held in late August 2022;
- an Independent Expert Report concluding that the Transaction is fair and reasonable to Cobre's shareholders;
- no legal or government agency restraints preventing the Transaction; and
- the obtaining of any required approvals to the Transaction by government agencies in Botswana.

A further update on the satisfaction of these conditions will be provided in due course.

Transaction summary:

The parties have agreed to temporarily amend the terms of the existing Shareholders Deed and Loan Agreements between Kalahari Metals Limited, Metal Tiger plc, Cobre Limited and Cobre



Kalahari Pty Ltd. For the period until the earlier of termination of the Transaction, or 12 months following completion of the Initial Acquisition:

- Cobre Kalahari Pty Ltd will have sole control regarding the adoption, approval and variation of KML's Business Plan and Budget, and KML's activities will be conducted in accordance with that Business Plan and Budget;
- MTR waives its rights and is released from its obligations in relation to the Business Plan and Budget;
- Cobre Kalahari will be solely responsible for contributing any capital and funding requirements of the Company pursuant to the Business Plan and Budget, and any such funding during the initial 12-month period will be provided in a manner that is non-dilutive to Metal Tiger's interest and will not otherwise impact the Shareholders Deed;
- Metal Tiger's two nominee Directors will resign from the Board of KML effective immediately, and Metal Tiger will waive the right to appoint Directors;
- Certain KML board matters will continue to require approval by Metal Tiger (or its representatives) on the basis that Metal Tiger will have voting power equivalent to two directors (with Cobre representatives constituting the remaining two directors) in considering such matters;
- In the event that the Call Option is not exercised before its expiry, the parties will promptly amend the Shareholders Deed to restore MTR's rights (including board representation rights), protections and obligations to the equivalent of those which it held as a 49% shareholder in KML prior to completion of the Initial Acquisition;
- Cobre undertakes not to change, or seek to change in any way whatsoever, the Group's accounting policy or practice during the 2022 and 2023 Financial Years; and
- In the event that MTR receives shares by way of consideration, these will be managed alongside its existing investment in the company.

Shareholder Loans:

As at the date of [], Metal Tiger currently has circa US\$1.3m in outstanding Shareholder Loans to Kalahari Metals Limited. The Loan Agreement has been amended such that, on completion of the Initial Acquisition, Cobre will guarantee KML's obligation to repay the outstanding Shareholder Loans, plus any interest accruing at a rate of 7% per annum. The Shareholder Loan is for a 5-year period with an automatic extension for an additional 5 years in the event that no JORC Resource Declaration over any of KML's tenements (or indeed by a third-party in the event of a Farm-in) has been made within the initial 5-year period. The Loan can be repaid in cash or shares at any time by Cobre Limited, at Cobre's sole election, and is only required to be repaid early if certain exit events occur (being a JORC Resource Declaration, the occurrence of mining production, an IPO of KML, Cobre's disposal of 75% or more of its shares in KML, an Asset Sale, or a Change of Control of Cobre Limited). The Shareholder Loan may be repaid in cash or in Cobre shares, based on a 90-trading day VWAP.

A link to Cobre's announcement released today is set out below:

https://cdn-api.markitdigital.com/apiman-gateway/ASX/asx-research/1.0/file/2924-02532143-2A1379439?access_token=83ff96335c2d45a094df02a206a39ff4



Michael McNeilly, Chief Executive Officer of Metal Tiger, commented:

“Since our initial investment in KML, we have seen significant exploration activity across the business, increasing our understanding of their licenses. With our 21% shareholding in Cobre we will still be involved in the KML story where we continue to firmly believe in the potential for Copper-Silver discoveries in Botswana and look forward to facilitating the next stage in the Company’s development through this deal.

“Whether or not Cobre elects to acquire the entirety of Metal Tiger’s KML shareholding this deal marks the end of Metal Tiger’s project investment division, and the company will no longer consider joint ventures as part of its strategy. By no longer needing to be committed to funding a project which requires monthly cash calls the company will free up resources to implement operational improvements to optimise the assessment and management of potential and existing investments. This transition amongst other corporate strategies which are in the process of either being implemented or evaluated will allow the company to operate more efficiently, improve the investment story and create a platform from which the team can focus on substantially growing the company’s net assets. We are excited by the transition this deal allows for the business and we will update shareholders on further progress across the business at the appropriate time.”

Project Background

Kalahari Metals Limited, which was incorporated in England & Wales on 3 May 2017, holds interests in twelve highly prospective exploration licences covering a total area of 8,595km² in the Kalahari Copper Belt of Botswana, comprising two 100% owned exploration licences, five exploration licences subject to a binding earn-in agreement with Triprop Holdings (Pty) Limited (includes the Ngami Copper Project), and five exploration licences held by 100% owned subsidiary, Kitlanya Limited.

Metal Tiger holds a 2% net smelter royalty over all KML’s wholly owned licences, being seven licences covering, in aggregate, 6,650km² (together, the “Royalties”) and the main areas. The five exploration licences owned by Triprop Holdings (Pty) Limited (in which KML has a 51% interest) do not form part of the Royalties.

For the year ended 31 December 2021, KML reported net loss of £996,000 and net assets of £2,138,000.

Further details are available under the Project Investments section of the Company’s website at: <https://www.metaltigerplc.com/portfolio/project-investments/kalahari-metals>.

Qualified Person's Statement

The technical information contained in this announcement has been read and approved by Mr Nick O'Reilly (MSc, DIC, MIMMM, MAusIMM, FGS), who is a qualified geologist and acts as the Qualified Person under the AIM Rules - Note for Mining and Oil & Gas Companies. Mr O'Reilly is a Principal consultant working for Mining Analyst Consulting Ltd which has been retained by Metal Tiger PLC to provide technical support.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) No. 596/2014, as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018 (as amended).



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For further information on the Company, visit: www.metaltigerplc.com

This ASX release was authorised on behalf of the Metal Tiger Board by: David Michael McNeilly, Chief Executive Officer.

For more information about this announcement, please contact:

Michael McNeilly

Chief Executive Officer

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