

31 January 2018

## QUARTERLY REPORT – 31 DECEMBER 2017

**ABN:**

96 122 995 073

**Issued Securities:**

426,169,820 ordinary shares

89,769,699 options

(exercise price \$0.015 expiry date 01/07/2021)

**Directors:**

Mr Edwin Bulseco (Chairman)

Mr Steve Groves (Director/Geologist)

Mr Joshua Letcher (Non-executive)

**Registered Office:**

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**Contact:**

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**About Six Sigma Metals:**

Six Sigma Metals is exploring for nickel, copper, cobalt, tantalum and lithium within its ~1,500 square kilometre exploration portfolio in Botswana. These “new world” metals are becoming increasingly important as the world switches to cleaner sources of energy.

The company announced a maiden JORC Inferred Resource of 2.38Mt on 28 April 2015 from drilling within a small 185 square kilometre section of its exploration portfolio in which it had entered a joint venture with BCL. At the time cobalt was not included in the resource calculation.

Historical drilling outside of the joint venture ground has intercepted further nickel as well as significant intercepts of copper and cobalt.

A soil sampling program detected traces of lithium and tantalum which warrant further exploration.

Large tracts of the Company’s exploration portfolio remain unexplored.

**Highlights:**

• **Copper and Silver:**

- A 22-hole RC drilling program was completed at the Dibete and Airstrip Copper projects.
- All Independent laboratory results have been received
- Exceptional shallow, high-grade copper and silver mineralisation revealed.

• **Lithium, Tantalum + Tin:**

- Highly anomalous soil levels of Lithium (Li), Tantalum (Ta), and Tin (Sa) exist across the Maibele North – Takane area and are being followed up with further exploration and analysis.

• **Corporate Activity:**

- Cash at the end of the quarter was \$2,247,000
- Successful capital raisings in the December quarter 2017 include:
  - \$448,722 (before costs) under a share purchase plan of fully paid ordinary shares.
  - \$1.325 million (before costs) via a share placement.
  - \$1.6 million in new funds and commitments over two tranches in a placement.

• **Future:**

The company continues to assess new ventures which we believe would be value accretive.

The Board of Six Sigma Metals ('SI6' or 'the Company') is pleased to outline the below activities for the quarter ended 31 December 2017 ('Quarter').

## **EXPLORATION ACTIVITIES TO THE DATE OF THIS REPORT:**

### ***Copper and Silver***

During the Quarter, the Company completed a 1,525m Reverse Circulation (RC) drill program targeting high-grade copper and silver mineralisation at the Dibete and Airstrip Copper projects in North-eastern Botswana (see ASX announcement 26 September 2017). As of the date of this report, results for all of the 22 holes have been received and have revealed exceptional shallow high-grade copper and silver intersections at the Dibete Prospect (see ASX announcement 18 December 2017) and deep extensions to mineralisation at the Airstrip Prospect (ASX announcement 12 January 2018).

### **HIGHLIGHTS – DIBETE PROSPECT**

#### **Dibete 6100N Zone**

**DBRC123:** 17m @ 1.48% Cu, 45g/t Ag, from 15m  
Including: 3m @ **5.44% Cu, 175g/t Ag**, from 25m

**DBRC124:** **25m @ 2.17% Cu, 77g/t Ag**, from 27m  
Including: 4m @ **5.16% Cu, 104 g/t Ag**, from 32m  
And 3m @ **6.9% Cu, 388 g/t Ag** from 49m

**DBRC129:** 13m @ 2.11% Cu, 37.8g/t Ag from 37m  
Including: 2m @ **7.09% Cu, 178g/t Ag** from 46m

**DBRC130:** 13m @ 1.9% Cu, 61.9g/t Ag from 41m  
Including: 3m @ **5.39% Cu, 240g/t Ag** from 51m

**DBRC131:** 2m @ **5.07% Cu**, <1g/t Ag from 30m  
And **6m @ 4.46% Cu, 162 g/t Ag** from 38m  
Including: 2m @ **10.9% Cu, 445 g/t Ag** from 42m

**DBRC133:** 10m @ 2.04% Cu, 15.6g/t Ag from 7m  
Including: 2m @ **7.03% Cu**, 9g/t Ag from 12m

#### **Dibete 6400N Zone**

**DBRC135:** 9m @ 1.79% Cu, 32.7g/t Ag from 24m  
Including: 1m @ **5.25% Cu, 69g/t Ag** from 27m

The Board of SI6 is highly encouraged by the thick, high-grade tenor of copper and silver returned in the drilling results. The drilling at Dibete has now defined a cumulative strike length of mineralisation from two lodges of over 400m with both zones remaining open and untested by drilling along strike and at depth. Future exploration programs will target the strike extensions of the shallow mineralised zones as well as the deeper source to this significant mineralisation.

### **HIGHLIGHTS – AIRSTRIP PROSPECT**

**ACRC135:** **8m @ 1.0% Cu**, 34g/t Ag from 90m  
Including: 2m @ 2.21% Cu, 3g/t Ag from 91m

**ACRC134:** 1m @ 1.10% Cu, 110g/t Ag from 126m

The holes drilled at Airstrip were designed to test steeply-plunging mineralised shoots at depth to add further support to the Messina Copper Mine model interpreted to be controlling mineralisation at the prospect (see ASX announcement 4 September 2017). The Board of SI6 is encouraged by the

intersection of significant Cu+Ag sulphide mineralisation where predicted by modelling in every hole and believes great potential exists for the discovery of a copper sulphide orebody at depth.

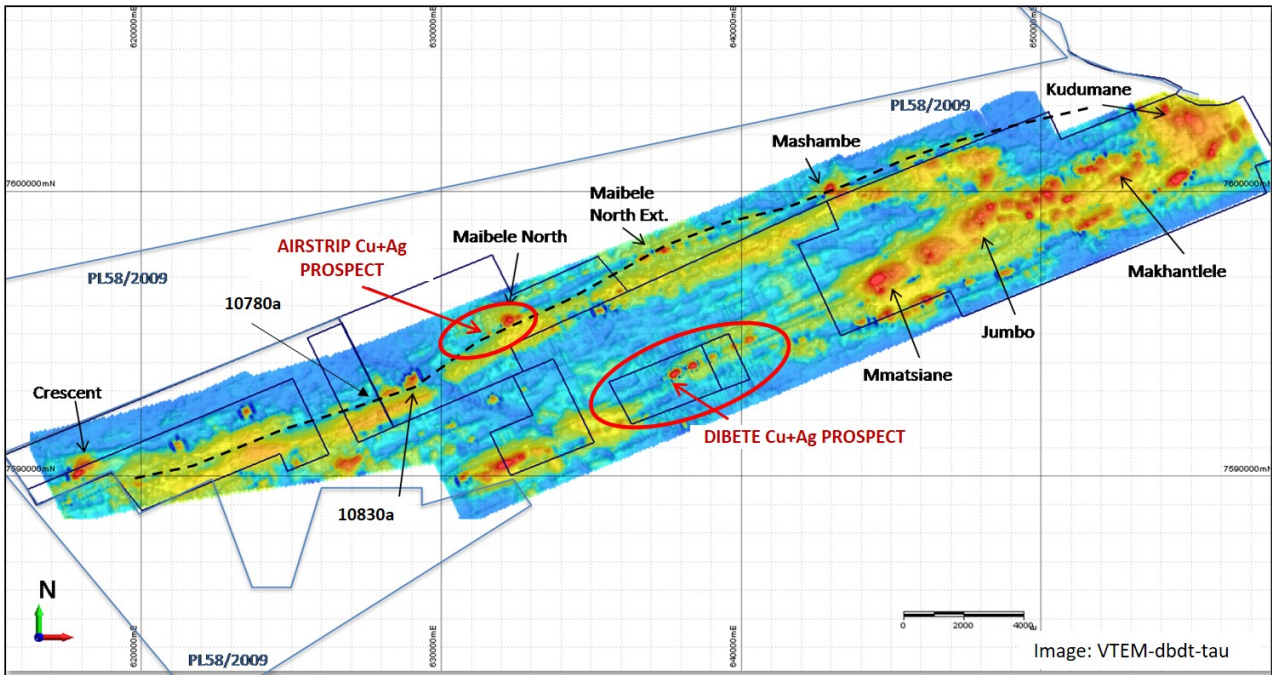


Figure 1: Location of the Airstrip and Dibete Prospects (highlighted in red) within BML's Magogapate exploration portfolio in North-eastern Botswana, 18 holes were completed at Dibete and 4 holes at Airstrip.

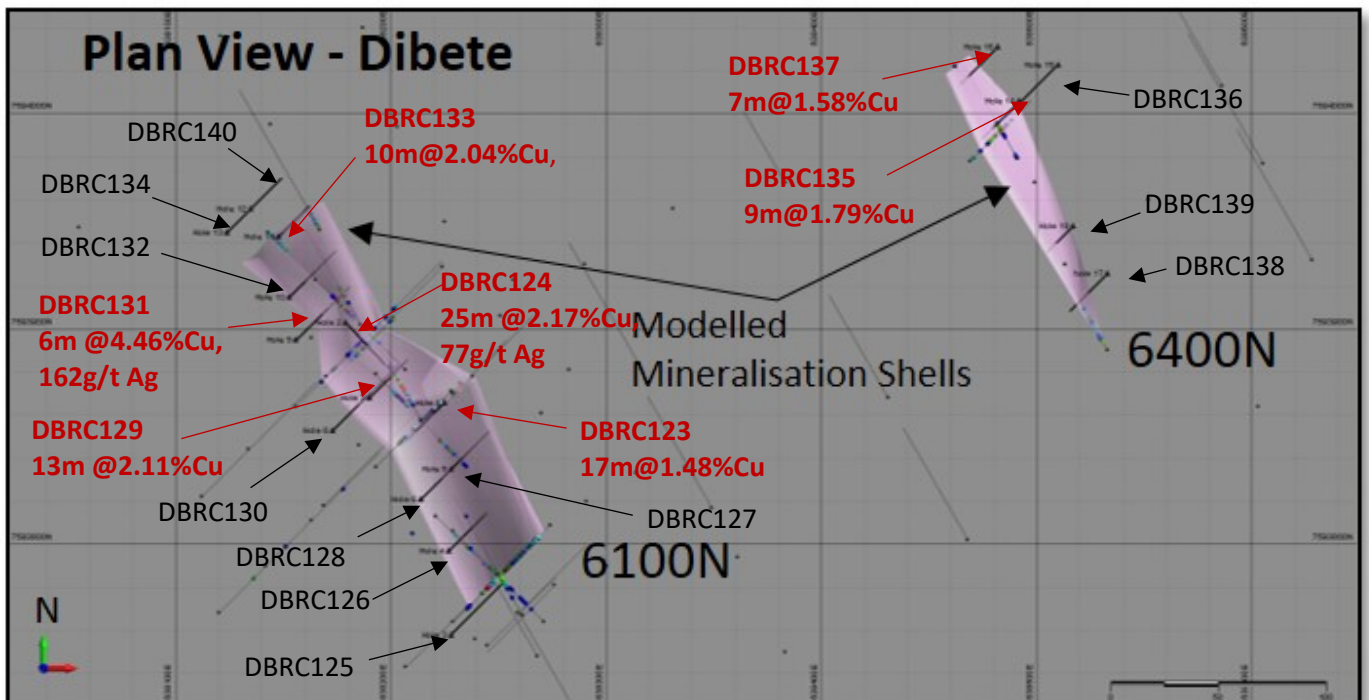


Figure 2: Plan view of the Dibete Project showing modelled mineralisation shells (pink), previous drill holes (thin grey traces) and completed holes (thicker black traces) indicated by red text and arrows.

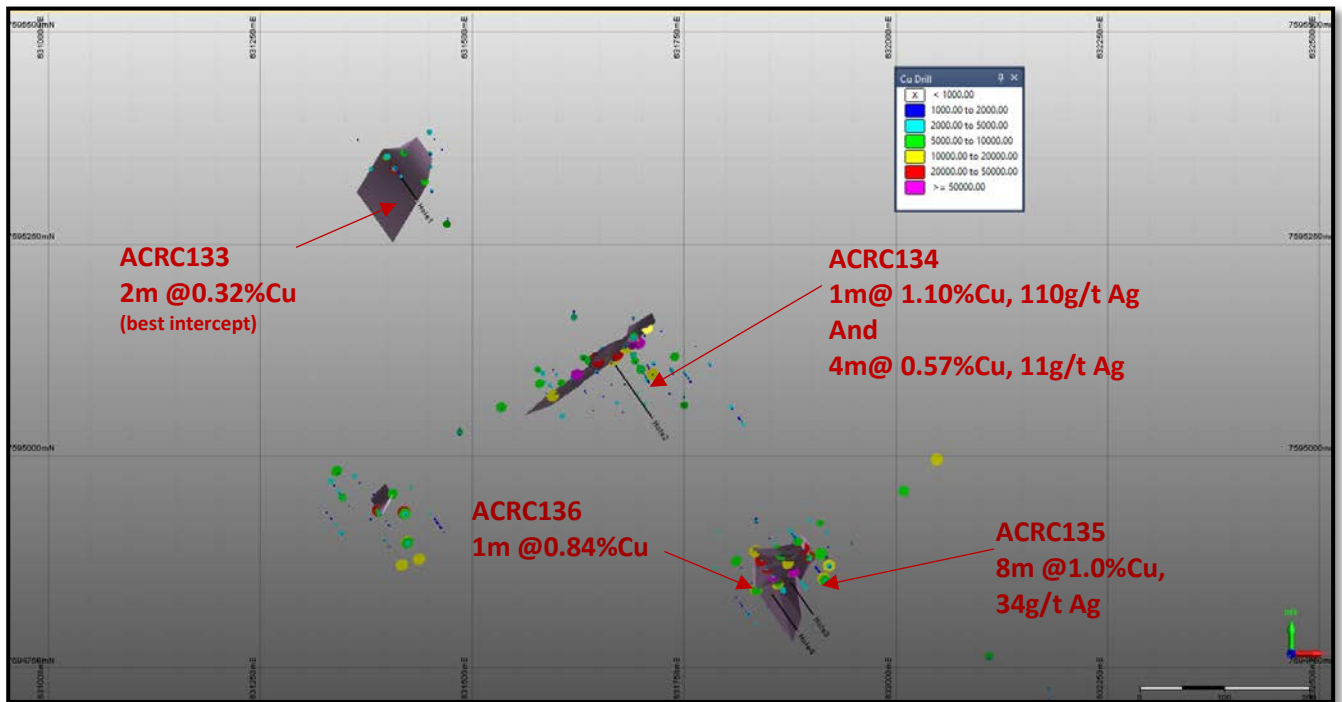


Figure 3: Plan view of the Airstrip Project showing modelled mineralisation shells (pink), previous Cu drill intercepts and completed holes (thicker black traces) indicated by red text and arrows.

The discovery of deeper mineralisation at both Dibete and Airstrip Copper indicates that a deeper, hydrothermal source for the mineralising fluids is likely to be feeding the shallow mineralisation and provides confidence in the search for a major Cu-sulphide orebody at depth. The Company notes similarities in the geological setting, mineralisation and geometry of the Dibete and Airstrip deposits to the historically-mined Messina Cu deposits in South Africa, where over 40Mt of ore (historical estimate) was extracted from large copper orebodies at depth with only narrow veins and shoots extending to the surface.

### ***Lithium, Tantalum and Tin***

The Company continued to review its exploration tenure for Lithium, Tantalum and Tin potential. No further sample results were received during the quarter.

## **CORPORATE**

Following receipt of shareholder approval at the AGM held on 27 November 2017, the Company announced on, 5 December 2017, that it was changing its name from Botswana Metals Limited to Six Sigma Metals Limited.

On 5 December 2017, the Company announced that it had completed an issue of 547,294,744 fully paid ordinary shares (pre-consolidation) under a share purchase plan (SPP) at an issue price of \$0.00082 per share, raising \$448,782 for working capital purposes.

On 6 December 2017, the Company announced that it had completed a placement to raise \$1.325 million (before costs) via the issue of 1,615,853,617 (pre-consolidation) fully paid ordinary shares at an issue price of \$0.00082 per share (Placement). The Company also issued 222,560,975 (pre-consolidation) fully paid ordinary shares at an issue price of \$0.00082 per share to creditors being, former and current directors in part satisfaction of \$182,000 fee and remuneration due.

On 8 December 2017, the Company completed a share consolidation of 12:1.

On 11 December 2017, the Company announced the issue of 89,769,699 quoted options (exercisable at \$0.015 per option, expiring on 1 July 2021). The options were free attaching regarding the issue of shares under the SPP, Placement and in part satisfaction of fees and remuneration due to former and current directors.

### **Completion of Tranche 1 of \$1.6M Placement**

On 21 December 2017, the Company announced that it had received commitments from sophisticated investors to raise \$1.6 million in new funds in two tranches at \$0.015 per share. Xcel Capital Pty Ltd acted as lead manager and bookrunner to the Placement. At completion of Tranche 1 of the Placement on 3 January 2018, the Company raised \$1.13 million. Options (SI6OC) will be also be issued (2 options for every 5 shares subscribed) as part of the placement subject to shareholder approval.

- **Future:**

The company continues to assess new ventures which we believe would be value accretive.

### **JV STATUS - BCL LIQUIDATION**

On 1 April 2014 a **Farm-In Joint Venture agreement with BCL Limited and BCL Investments (Pty) Ltd** became effective where BCL Investments (Pty) Limited could earn an initial 40% interest in three PLs based on making certain expenditure commitments. If BCL funds to the end of a Bankable Feasibility Study then BCL can earn a 70% equity interest in the three JV PL's being PL 110/94, PL 111/94 and PL 54/98.

KPMG were appointed as Provisional Liquidator of BCL Limited and related companies by the High Court of Botswana on 9 October 2016. During June 2017, the Board of Botswana Metals Limited was advised by KPMG Botswana that the High Court of Botswana placed BCL Limited into final Liquidation at the hearing on 15 June 2017.

BCL Investments (Pty) Ltd, a subsidiary of BCL Limited, and the counterparty to the Farm-in Joint Venture Agreement in respect of PL 110/94, PL 111/94 and PL 54/98 had its Provisional Liquidation extended however the length of the extension was not advised.

BML's ASX announcement titled "Update Regarding BCL Limited" dated 13 October 2016 provided details of BML's rights arising out of the Provisional Liquidation of BCL.

In summary:

Under the Farm-in Joint Venture Agreement if a party becomes insolvent (including being placed in Provisional Liquidation) then:

- (a) during the earning period (until a party has formally earned its interest) the solvent party may terminate the farm-in by notice to the insolvent party;
- (b) if a participant has earned its interest then:
  - (i) the solvent party may compulsorily acquire the interest of the insolvent party at an agreed price or, if a price cannot be agreed, at a

- price recommended by a qualified person as the fair market value of the interest; or
- (ii) if there is no acquisition of the insolvent party's interest, the joint venture can be terminated, and the assets are to be realised and the net proceeds, after paying any liabilities of the joint venture, are to be distributed to the participants in proportion to their interests.

These three licences cover ~185km<sup>2</sup> out of BML's ~1500km<sup>2</sup> exploration portfolio.

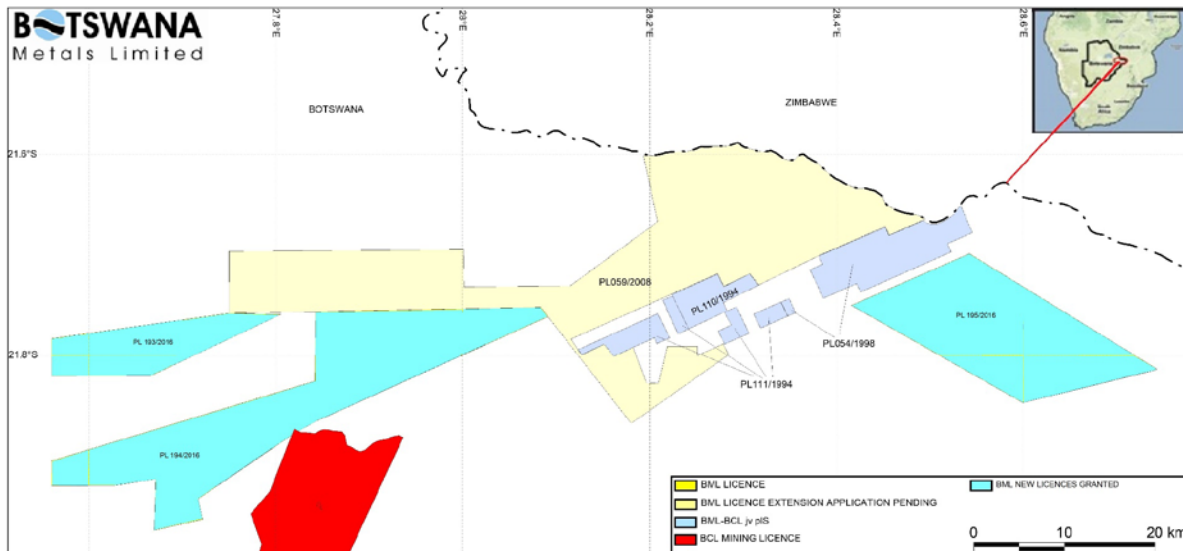


Figure 5: Exploration tenement portfolio in Botswana. Prospecting Licences subject to the Farm-in Joint Venture Agreement with BCL are shaded light blue. New licences granted in the September 2016 quarter are coloured cyan.

## TENURE

The the Ministry of Minerals Resources, Green Technology and Energy Security has suspended (put on hold) the renewal date of the three Prospecting Licences (PL 110/94, PL 111/94 and PL 54/98) that are under a Farm-in Joint Venture Agreement between BCL Investments (Pty) Ltd and African Metals (Pty) Ltd, a 100% subsidiary of Botswana Metals Limited (BML) (*ASX Announcement 25 September 2017*).

This suspension means that the current renewal date of 31 March 2018 has been frozen from 9 October 2016, being the date, the High Court of Botswana placed BCL Limited and BCL Investments (Pty) Ltd into Provisional Liquidation, for an indefinite period pending completion of the Provisional Liquidation.

The Ministry has advised the above to KPMG the Provisional Liquidator, in accordance with the provisions of section 76(1)(C) of the Mines and Minerals Act.

This decision does not affect AML's right to continue exploring these licences and the drilling program currently underway at Dibete (PL 111/94) and Airstrip (PL 110/94) will continue as planned. AML will apply for renewals for all three licences as stipulated in the Mines and Minerals Act when advised by the Ministry of the new renewal dates for the licenses.

## Location Map and Schedule of Prospecting Licences held by BML.

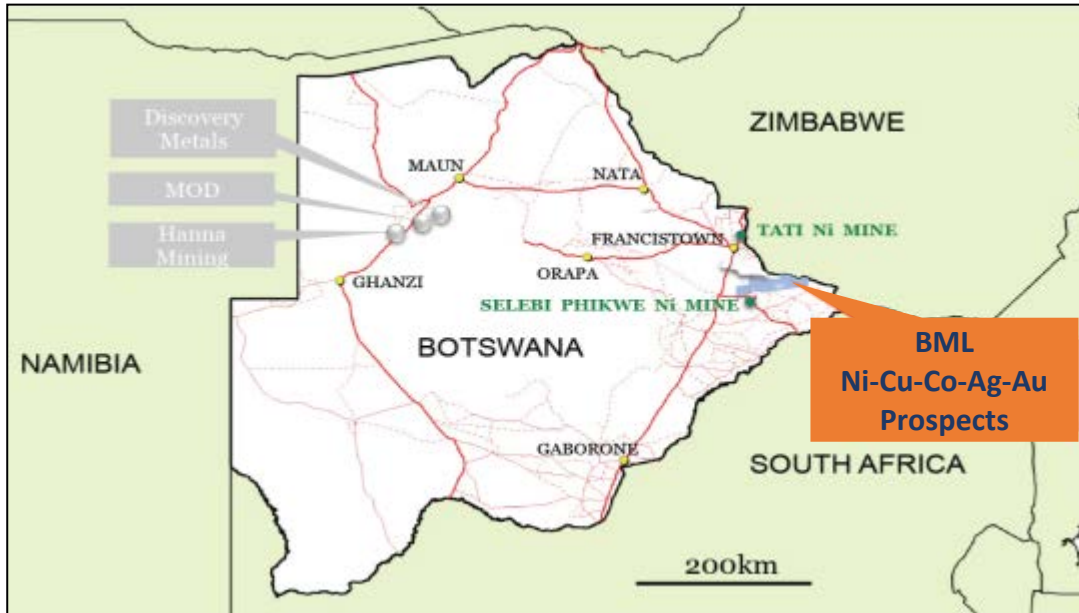


Figure 4: Location of Botswana Metals Limited Exploration portfolio in Botswana.

## Exploration areas held in Botswana

The Company holds the following prospecting licences in Botswana:

Tenement	Renewal / Expiry Date	Percentage Holding	Title Holder	Comment
Magogaphate PL 110/94	31/03/2018	100	African Metals (Pty) Ltd	Farm-in agreement with BCL Ltd
Mokoswane PL 111/94	31/03/2018	100	African Metals (Pty) Ltd	Farm-in agreement with BCL Ltd.
Takane PL 54/98	31/03/2018	100	African Metals (Pty) Ltd	Farm-in agreement with BCL Ltd
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Renewal application submitted 30/06/16
PL 193/2016	30/09/2019	100	African Metals (Pty) Ltd	
PL 194/2016	30/09/2019	100	African Metals (Pty) Ltd	
PL 195/2016	30/09/2019	100	African Metals (Pty) Ltd	

There were no changes in the tenements held during the Quarter.

***Additional Tenement Information:***

African Metals (Pty) Ltd is a wholly owned subsidiary of the Company.

Minerals Holdings (Botswana) Pty Ltd holds a 5% net profit share interest in PL 110/94, PL 111/94 and PL 54/98.

*The Company is not aware of any new information or data that materially affects the information included in the quarterly report and, in the case of estimates of mineral resources or ore reserves, that all material assumptions and technical parameters underpinning the estimates in the quarterly report continue to apply and have not materially changed.*

**Edwin Bulseco**  
**Chairman**