



Ubika Base Metals 20 Index

May 28, 2018

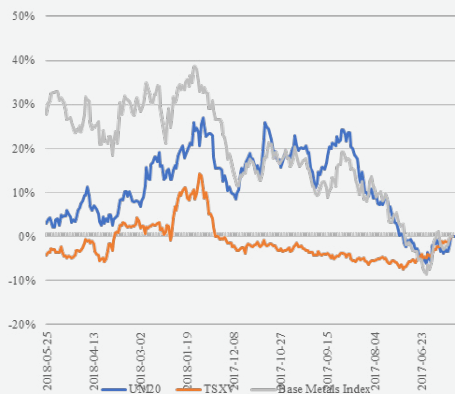
Ubika Base Metals 20 Index

April 9, 2018 - May 25, 2018

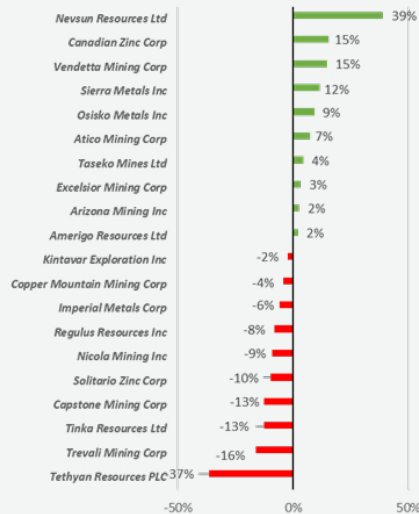
UBM20:	-0.5% (2.9% Y/Y)
TSX-V:	1.3% (-4.2% Y/Y)
Base Metals Index:	5.6% (27.9% Y/Y)

Dollar amounts in CAD unless otherwise stated.

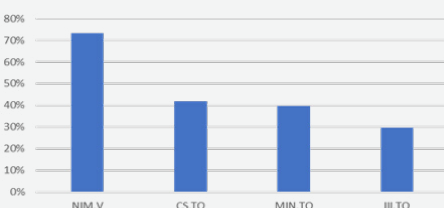
UBM20 Vs. Benchmarks Y/Y Performance



Ubika Base Metals 20: Performance Distribution



Top Volume Gainers (m/m)



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Base Metals: Ubika Base Metals 20 Update

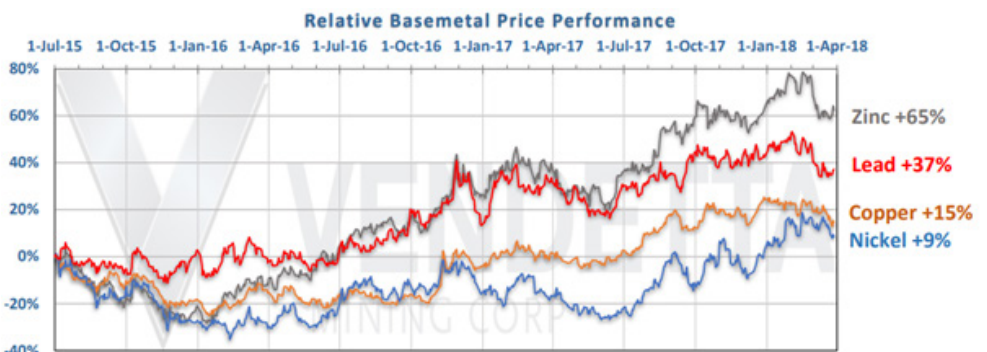
The Ubika Base Metals 20 Index has slipped 0.5% since our last report dated April 9, 2018, underperforming its benchmarks, the TSX-V and the Base Metal Juniors indices, which have increased 1.3% and 5.6% over the same period. Notable performers for this report include:

- **Nevsun Resources (TSX:NSU)**, which gained 39%, after rejecting an acquisition proposal led by Euro Sun Mining Inc. and Lundin Mining Corporation.
- **Vendetta Mining Corp. (TSXV:VTT)**, which climbed 15%, due to the initiation of the Pegmont Project's field program.
- **Tethyan Resources Corp. (TSXV:TETH)**, which fell 37%, following its negative Q4/2017 performance.

Industry Highlights

- **Base metals prices are falling, apart from nickel**, which increased to US\$6.7/lb, from \$6.4/lb in the last 30 days. Below is a chart of several base metals and their historical performance.

Figure 1: Commodity Prices



Source: Vendetta Mining Corp Presentation

- **A copper smelter in India shutdown, followed by a price rise.** Vedanta Resources Plc, one of the largest copper smelters in India, has a 35% share of the copper market in India and is a large exporter to the Gulf and Asian countries. The shutdown has lasted for more than 50 days, causing a lack of supply in the country and impacting prices, availability in the region.



- **Lead continues to recover from its nine-month lows.** Throughout 2014-2016, global mined lead supply fell by 10%, and it is forecasted that the decline will continue into the future. Roughly 60% of the primary lead supply comes from China. Recent restriction on the Chinese private sector mining further depleted supply, continuing to push the lead prices higher.

Upcoming Events

Mining Investment Europe – Frankfurt, Germany, June 6-7, 2018. This is a strategic mining conference and exhibition for the leaders in mining, quarrying and construction materials to discuss and develop new partnerships and opportunities within the industry. The event brings together about 250 attendees from more than 20 countries.

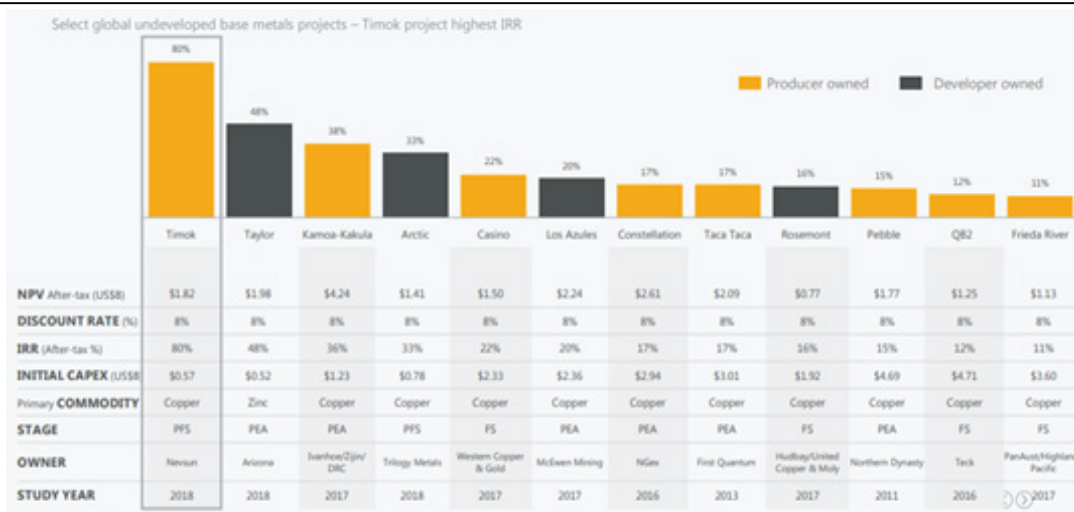
Notable Performers:

Nevsun Resources Ltd. (TSX:NSU)

Nevsun Resources is a Canadian copper, gold, silver and zinc producer with operations in Eastern Europe. The Company’s stock price increased 39%, after rejecting an acquisition proposal led by Euro Sun Mining Inc. and Lunding Mining Corporation.

Nevsun’s primary properties include the Timok Project, a copper-gold development in Serbia, and the Bisha Mine, a zinc-copper mine in Eritrea. Nevsun is currently focused on the development of the Timok Project, with construction expected to begin this quarter and production in 2022. The Timok Project consists of two deposits, the Upper Zone and the Lower Zone, and is located in the Bor mining district, which has the highest concentration of copper developments in the Tethyan Belt. The Pre-Feasibility study done in Q1/2018 for the Upper Zone estimated a mine life of 10 years and payback period of less than a year. The Proven and Probable mineral reserves are estimated to be 27M tonnes at 3.3% Cu and 2.1 g/t Au. The summary of the Pre-Feasibility study below concludes that based on the IRR, Timok might be one of the world’s best copper projects.

Figure 2: Comparison of the Global Undeveloped Base Metals Projects



Source: Nevsun Presentation

The Company owns 100% of the Upper Zone and 46% of the Lower Zone, a joint venture with Freeport. Resource drilling worth \$20M was completed earlier in 2018, and according to the Company demonstrated high grades of copper and gold. These results will be released in mid-2018.

The Company also operates a mine in Eritrea, the Bisha Mine, which originally produced gold and silver in 2011, and expanded into copper and zinc in 2016. The state of Eritrea owns 40% of the mine. The mine has 2018 production guidance of 20-30M lbs Cu with cash costs of \$1.55-\$1.75/lb Cu and 210-240M lbs Zn with cash costs of \$0.7-\$0.9/lb Zn. The Company also has a \$10M budget for exploration in Eritrea.

The Company had a strong Q1/2018 performance, increasing its revenues and copper sold while decreasing their zinc cash costs. The summary of its performance is provided below.

Figure 3: Q1/2018 Performance Highlights

	% Change (Q4/17 to Q1/18)	Q1 2018	Q4 2017	Q3 2017 (restated)	Q1 2017 (restated)
Revenues	+32%	106.7	80.6	71.0	71.6
Earnings (loss) from mining operations		23.4	15.0	12.3	11.8
Net income (loss)		0.5	2.2	(8.4)	(9.1)
Net income (loss) attributable to NSU shareholders		(4.5)	(3.8)	(11.6)	(11.6)
Basic earnings (loss) per share		(0.01)	(0.01)	(0.04)	(0.04)
Zinc C1 cash cost (by-product)	-49%	0.58	1.13	0.75	0.89
Zinc sold (payable pounds)	+20%	53.4	44.6	43.4	52.9
Copper sold (payable pounds)	+117%	7.8	3.6	3.1	-
Average realized zinc price		1.51	1.54	1.44	1.25
Average realized copper price		3.01	3.26	2.99	-

Source: Nevsun Presentation

On April 26, the Company announced strong financial results. The Company's costs per payable pound of zinc sold was below the 2018 cash-cost guidance. Nevsun's zinc recovery was 81.1%, an 8.5% improvement Q/Q, and copper recovery was 61.5%, a 34.1% improvement Q/Q. Strong operating performance increased their cash balance by \$125M to \$150M. Nevsun currently has no debt. Since then the stock price increased by 27%.

On May 7, the Company rejected the non-binding unsolicited proposal to be acquired by Euro Sun Mining Inc. and Lundin Mining Corporation for \$5 per share. The proposal was rejected due to the Timok Project being undervalued along with an overvaluation placed on Euro Sun's Rovina project. Additionally, 60% of the notional consideration was offered in shares that have been historically volatile. Within three days the stock went up by 25%.

The Company has an average price target of \$4.85, representing a 11% upside. The Company has 3 Strong Buy ratings, 5 Buy ratings, 2 Hold ratings and no Sell ratings.

Vendetta Mining Corp. (TSXV:VTT)

Vendetta Mining Corporation is a Canadian junior exploration company focused on the acquisition, development and exploration of lead and zinc properties in Australia. The Company's stock price increased 15%, due to the initiation of the Pegmont Project's field program.

Vendetta does not own any producing facilities at the moment, but has an option to acquire 100% of Pegmont, a lead-zinc property in northwest Queensland, Australia. Pegmont is in the heart of this mining district and is in close proximity to zinc and lead smelters, mine haul roads, a port and a natural gas pipe line. To complete the acquisition, the Company must pay the remaining AUD\$1M by November 2018. Over the previous three years, the Company has invested \$3M in exploration expenditures and drilled a total of 17,000m.

The Company expects the mine's life to exceed 10 years with over a million tonnes of lead and zinc produced per annum. Summary of the drilling results below show high-grade zinc and lead for the entirety of the area.

Figure 4: Drill Results

Area	Classification	Material type	Tonnes (kt)	Pb %	Zn %	Ag g/t
Open Pit (Zones 1,2,3, & BHZ)	Indicated	Transition	685	5.2	2.5	9
		Sulphide	1,379	5.7	2.7	11
		Total	2,064	5.5	2.6	10
	Inferred	Transition	1,035	5.3	2.6	8
		Sulphide	5,276	5.5	2.4	9
		Total	6,311	5.4	2.4	9
Underground (Zones 4 and 5)	Indicated	Sulphide	181	5.7	2.6	8
	Inferred	Sulphide	3,336	4.1	3.8	6
Total	Indicated	Transition	685	5.2	2.5	9
		Sulphide	1,560	5.7	2.7	10
		Total	2,245	5.6	2.6	10
	Inferred	Transition	1,035	5.3	2.6	8
		Sulphide	8,612	4.9	2.9	8
		Total	9,647	5.0	2.9	8

Source: Vendetta Presentation

On March 15, Resource Capital Fund VI exercised 5,350,000 warrants of the Company for an equal number of common shares costing \$405,500.

On April 26, the Company released its Q3/2017 financial statement. The Company's comprehensive losses for the period were \$728,107, a Q/Q decrease from \$2,187,366 and had \$323,000 in cash.

On May 10, the Company announced the initiation of the Pegmont Project's field program. The aim is to expand the high-grade lead-zinc mineralisation, further the metallurgical drilling and conduct test work on transition mineralization. The program will be financed with the \$5M obtained from 50,000,000 exercised warrants. Since then the stock went up by 14%.

The Company has an average price target of \$0.6, representing a 135% upside. The Company has 1 Buy ratings, and no Hold or Sell ratings.

Tethyan Resources plc (TSXV:TETH)

Tethyan Resources is a junior mining explorer focused on gold and base metals operations in Serbia, Kosovo and Bulgaria. The Company's stock price decreased 37% following its negative Q4/2017 performance.

Tethyan has interest in two projects in Serbia, the Suva Ruda and Gokcanica projects. Suva Ruda has had little drilling to date but numerous drilling results from June 2017, demonstrate strong potential for lead, zinc, and gold, as seen below.

Figure 5: Drill Results

Drill Hole	From (m)	To (m)	Intercept (m)	Pb (%)	Zn (%)	Pb+Zn (%)	Ag (g/t)
PDRC 04-4	161	165	4	1.57	2.67	4.34	16.5
	285	293	8	7.11	3.37	10.48	108
	326	330	4	2.52	0.76	3.28	43
	370	374	4	9.21	11.19	20.4	229
	430	432	2	7.82	0.99	8.81	204
	504	508	4	11	0.2	11.2	154.5

Source: Tethyan Presentation

Tethyan has the option to buy 100% of the Suva Ruda Project by December 2023 for €6M, plus a bonus payment relative to the mine construction cost. For the Company to retain the option, it needs to complete at least 5km of drilling before December 2018, which is estimated to cost €500,000. By 2022, Tethyan also needs to complete a Feasibility Study.

Tethyan also holds an agreement with Rockstone Group LLC, whereby the Company can earn up to an 80% interest in the Gokcanica Project. The Company needs to spend €500,000 on exploration by December 31 2018, to earn 51%, complete a PEA for 70%, and complete a Feasibility Study for 80%. The Company recently collected samples, which aligned with historic samples done by Yugoslavian geological survey confirming gold reserves in the location.

On April 24, the Company closed a private placement for gross proceeds of \$1.3M, issuing 5.2M units priced at \$0.25 each. A unit consists of one share and one half of a three year warrant with exercise price of \$0.35.

On April 26, the Company received \$1M in for 4.5M units with the same terms as the previously-closed deal. The proceeds were received from Southern Arc Minerals Inc. and Dr. Michael Andrews.

On May 1, the Company released their financial results for Q4/2017. The Company's net loss was £1.3M, which is a £1M increase in losses Q/Q. Cash substantially depleted to £57,000 relative to £985,000 in Q4/2016. In one week the stock price dropped by 32%.

Upcoming Catalysts:

Nickel prices may drop after the end of Russia sanctions. As tensions build up related to U.S. sanctioning on United Co. Rusal, the world's second-largest aluminum producer, nickel reached its three-year high of \$15,275/tonne in April. The U.S. Treasury Department extended the deadline to apply the sanctions, decreasing the certainty of sanctions. With the lack of sanctions, the fear of a supply shock is going to fade, and the nickel price is likely to fall from its April peak.

Increased demand for renewable energy could drive up the price of copper. Copper is an essential component of anything ranging from electrical wiring to computer chips. Therefore, the electric car industry and renewable energy in general is heavily reliant on copper. In fact, renewables are five times more copper dependent than other conventional energy systems. In 2016, the net additions in renewables exceeded all other energy types combined. As demand for the adaptation of renewable energy increases, a supply crunch is likely, and the price of copper would most certainly rise.

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