

TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED

DATE: 29 JANUARY 2016

QUARTERLY REPORT TO 31 DECEMBER 2015

Highlights:

- 2015 Drilling program completed, with over 12,043 m of drilling completed during the year.
- Further significant sulphide zones intersected directly along strike to the east and west from Maibele North Orebody.
- Further zones of high-grade Ni-Cu mineralisation revealed in assays received subsequent to the quarter.
- Total strike length of drilled, continuous sulphide mineralisation is approximately 1,375m, open in all directions.
- Pre-Feasibility Study and EIA at Maibele North commence:
 - the study will include a revised Resource Estimate.
- Applications for 2-year extensions for the three JV PLs submitted to the Department of Mines (DoM) in Botswana.
- Drilling completed on BML's 100% Owned PL 59/2008:
 - Two holes intersect significant sulphide zones coincident with SQUID conductor targets.

Cash Position:

Cash Balance at 31 December 2015 was ~\$184,000. An Appendix 5B report is attached.

Operational Highlights for the quarter.

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BML has four focused business objectives:

1. PL 110/94 MAIBELE NORTH:

TO EXPAND KNOWN RESOURCE FOR POTENTIAL MINING.

- Grow and reclassify the current JORC resource status from inferred to indicated or Measured by infill drilling and met drilling.
- Extend the known resource by step out drilling of new SQUID TDEM and DHEM conductor targets.

Action:

- The 2015 Drilling Program was completed during the quarter with over 12,170m drilled for the year, 2348m in the quarter.
- **Numerous significant sulphide intersections returned both from within, and along strike to the east and west of the orebody.**
- **Assay results continue to confirm high-grade Ni+Cu+Co mineralisation in strong sulphide zones both within, and outside of, the existing resource.**
- **Strike of mineralisation extended over 475m to the east and over 125m to the west.**
- Independent consultant commenced new Resource Estimate, Pre-Feasibility Study and EIA.
- **Applications for 2-year extensions for the three JV PLs 110/94, 111/94 and 54/98 submitted to DoM in Botswana.**

2. PL 54/98 TAKANE:

TO EXPLORE THE UNTAPPED POTENTIAL FOR SEVERAL NEW DISCOVERIES

Action:

- Trenching designed to enhance targets and facilitate drill hole design commenced at the 4 priority prospects.

The BML board believes this area has the potential to be declared a new mineralised province located along the well-known Limpopo Belt as it extends into Botswana on its eastern border from Zimbabwe.

3. PL 59/2008: 100% OWNED BY BML

TO EXPLORE FOR THE EASTERN EXTENSION TO MAIBELE NORTH ORE BODY.

Action:

- **Three Hole, 775m drill program completed at Maibele North Extension in October:**
 - **Two holes intersect significant sulphide zones coincident with SQUID conductor targets.**

4. BML EXPLORATION PORTFOLIO:

TO GROW THE CURRENT PORTFOLIO FOCUSING ON THE EASTERN BORDER OF BOTSWANA ALONG THE LIMPOPO BELT.

- 1000sq km under licence of which
- 184sq km under JV with BCL Limited.

Action:

- 3000sq km of new PL applications were lodged in 2015 and are pending processing by the DOM.
- During the quarter, work continued on BML's 100% owned PL 59/2008.

BML is committed to its total exploration portfolio of which **184km** is under JV with BCL Limited.

In 2015 BML made applications for several new prospecting licences that if granted will significantly increase the total exploration area secured by BML under its management.

The board strategy is to secure the most prospective ground along the Limpopo belt where BML has accumulated in-depth geological and geophysical knowledge during nearly 10 years of exploration. (see Figure 2)

Progress achieved in the quarter to 31 December 2015:

SUMMARY

PL 110/94: Maibele North JV with BCL Limited

The JV completed the aggressive resource infill and extension drilling program at Maibele North with a total of 12,043m completed to for 2015.

- A total of 54 holes were completed.
- Step out holes continue to intersect significant sulphides outside the existing resource with mineralisation now extending to over 475m to the east and over 125m to the west.
- Total strike length of drilled, continuous mineralisation is approximately 1,375m, open in all directions.

Step out holes have intersected significant sulphides:

- 200m beneath the known ore body.
- 250 m to the east of the known ore body.
- 480m to the north-east of the known ore body.
- 125m south west of the known are body.

It should be noted that none of the new extents of mineralisation have been included in the 2015 Maiden Inferred Resource and will be considered for the new resource estimate.

The drilling program also continued to confirm:

- Numerous thick sulphide intersections within the existing orebody.
- Highly encouraging sulphide intersections at SQUID EM conductor targets along strike and adjacent to existing orebody.
- Evidence that the mineralising system continues at depth as well as along strike to the east and west.

PL 54/98: Takane JV with BCL Limited

- A program of trenching at the priority SQUID TDEM targets identified during the June 2015 quarter commenced in preparation for drill testing in 2016.

PL 59/2008: Shashe South

- A three Hole, 775m drill program completed at Maibele North Extension in October:
 - Two holes intersected significant sulphide zones coincident with SQUID conductor targets.

Corporate:

Cash Position and Capital Raising

As at 31 December 2015 cash at bank was ~\$184,000.

Exploration Activities for the December 2015 quarter:

Location Map and Schedule of Prospecting Licences held by BML.

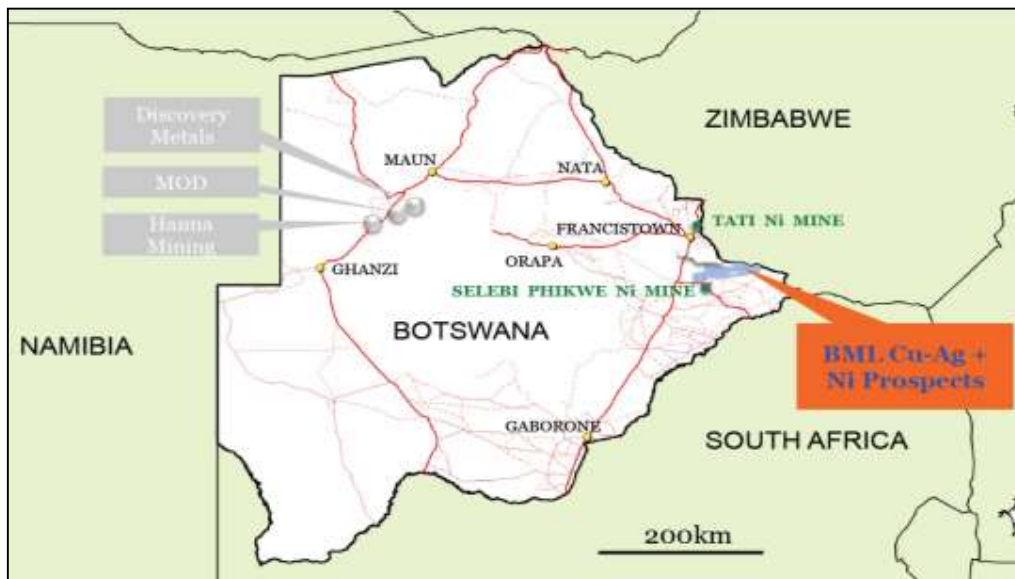


Figure 1: Location of Botswana Metals Limited Exploration portfolio in Botswana

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	31/03/2016	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14.
Mokoswane PL 111/94	31/03/2016	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14
Takane PL 54/98	31/03/2016	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Renewal granted until 30/09/16
Central PL 070/2008	30/09/2016	100	African Metals (Pty) Ltd	Renewal granted until 30/09/16
Central Sampa PL 111/2011	30/06/2014	100	African Metals (Pty) Ltd	Renewal application lodged 31/03/14

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 & PL 54/98.

PL 110/94, PL 111/94 and PL 54/98 were extended for a further two years to 31 March 2016.

On 1 April 2014 a **Farm-In Joint Venture agreement with BCL Limited** became effective where BCL Limited can earn an initial 40% interest in 3 PLs based on making certain expenditure commitments. If BCL Limited funds to the end of a Bankable Feasibility Study then BCL can earn a 70% equity interest in the 3 JV PL's being 110/94, 111/94 and 54/98.

Several new PL applications were lodged with the Department of Mines in the March 2015 quarter which are still being processed. These are shown in light green in figure 2 below.

Prior to the end of the December quarter, the Company submitted 2-year extension applications for the JV PLs 110,94, 111/94 and 54/98, in accordance with the requirements of the Mining Act in Botswana.

Other than the details above, the Company did not acquire or dispose of any other tenements or beneficial interests in farm-in agreements during the quarter.

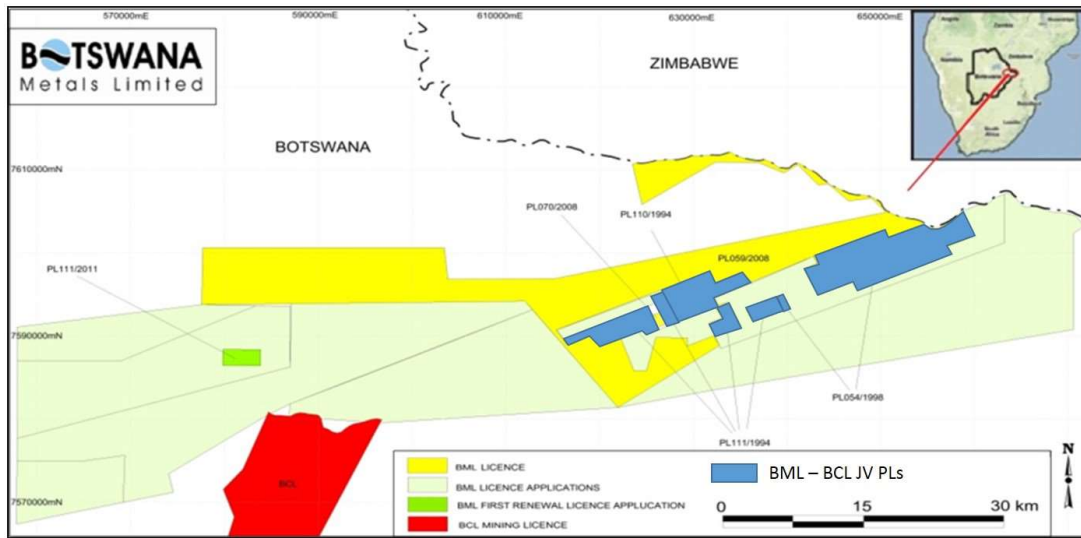


Figure 2: BML exploration tenement portfolio in Botswana. Prospecting Licences subject to the Joint Venture with BCL are shaded light blue.

JOINT VENTURE EXPLORATION ACTIVITIES FOR THE QUARTER

LODGEMENT OF EXTENTION APPLICATIONS FOR THE 3 PROSPECTING LICENCES UNDER JOINT VENTURE WITH BCL LIMITED.

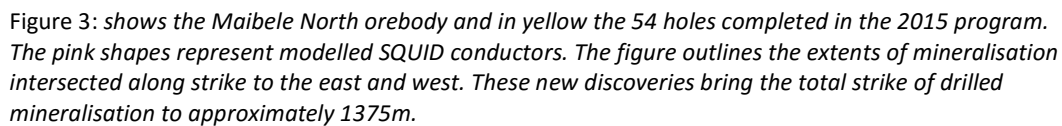
Prior to 31 December 2015, BML lodged three extension applications with the Department of Mines (DOM) in Botswana for PL 110/94, PL 111/94 and PL 54/98, in accordance with Botswana's *Mines and Minerals Act (1999)*. These three Prospecting Licences (PL's) are currently under Joint Venture with BCL Limited. It is expected that the DOM will advise the company of the outcome of its applications after the licences expire on 31 March 2016 (most likely in the second quarter of 2016).

WORK PROGRAM – PL 110/94 - Maibele North

During the December 2015 Quarter, the Joint Venture partners, BCL Limited, completed the extensive program of Infill, Metallurgical and Extension drilling at the Maibele North deposit. Totalling 12,043m the program was divided between in-resource drill holes and extension holes targeting the number of significant conductor targets along strike and adjacent to the main orebody (Figure 3, Table 3). A total of 2347.5m was completed during the December quarter.

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At a 0.3% Ni cut-off the resource stands at:

By the end of December, a total of 54 holes had been completed for a total of ~12,043m drilled at Maibele North during 2015.

The drill program continued to intersect broad zones of sulphide mineralisation within the Maibele North orebody as well as significant massive and disseminated sulphide zones along strike to the east and west. The continuing good results are extremely encouraging and demonstrate the size and potential of the mineralised system at Maibele North. The strong commitment of the Joint Venture partners, BCL Limited, to progressing Maibele North shows the importance of this resource to potentially add

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additional tonnes for processing at the nearby Selebi Phikwe plant and smelter. The results have so far highlighted the potential to upgrade the resource to an Indicated or Measured status and also the great potential to increase the resource size with additional sulphide zones discovered along strike and at depth.

Highlights of the December Quarter drilling include:

Table 1: All Significant sulphide intersections from the holes completed in the December quarter

HOLE ID	PURPOSE	TOTAL DEPTH (m)	Min FROM	Min TO	WIDTH	TYPE	COMMENTS
MADD0143	Extension to East	250	219.74	220.30	0.56	Disseminated	Moderate
MADD0144	Extension to East	300					No significant intersection
MADD0145	Extension to East	280	254.37	255.20	0.83	Sulphide stringers	
MADD146	Extension to East	292	251.15	255.52	4.37	Massive and Semi-massive sulphide	Incl. 0.15m massive and 0.14m + 0.72m semi massive
MADD0147	Extension to East	323.3	189.13	189.6	0.47	Sulphide stringers	
MADD0148	Extension to East	302.35	278	283	5	Massive sulphides and stringers	
MADD0149	Extension to East	253.0				No Sig Int.	Stopped Short of min?
MADD0150	Extension to East	320	274.20	278.71	4.51	Weak to mod disseminated	
MADD0151	Extension to West	260.3	201.55	224.00	22.45	Weak to mod disseminated	Numerous stringers
MADD0152	Extension to West	158.3	129.90	137.00	7.10	Weak to mod disseminated	

*Note: All intersections are quoted as down-hole lengths

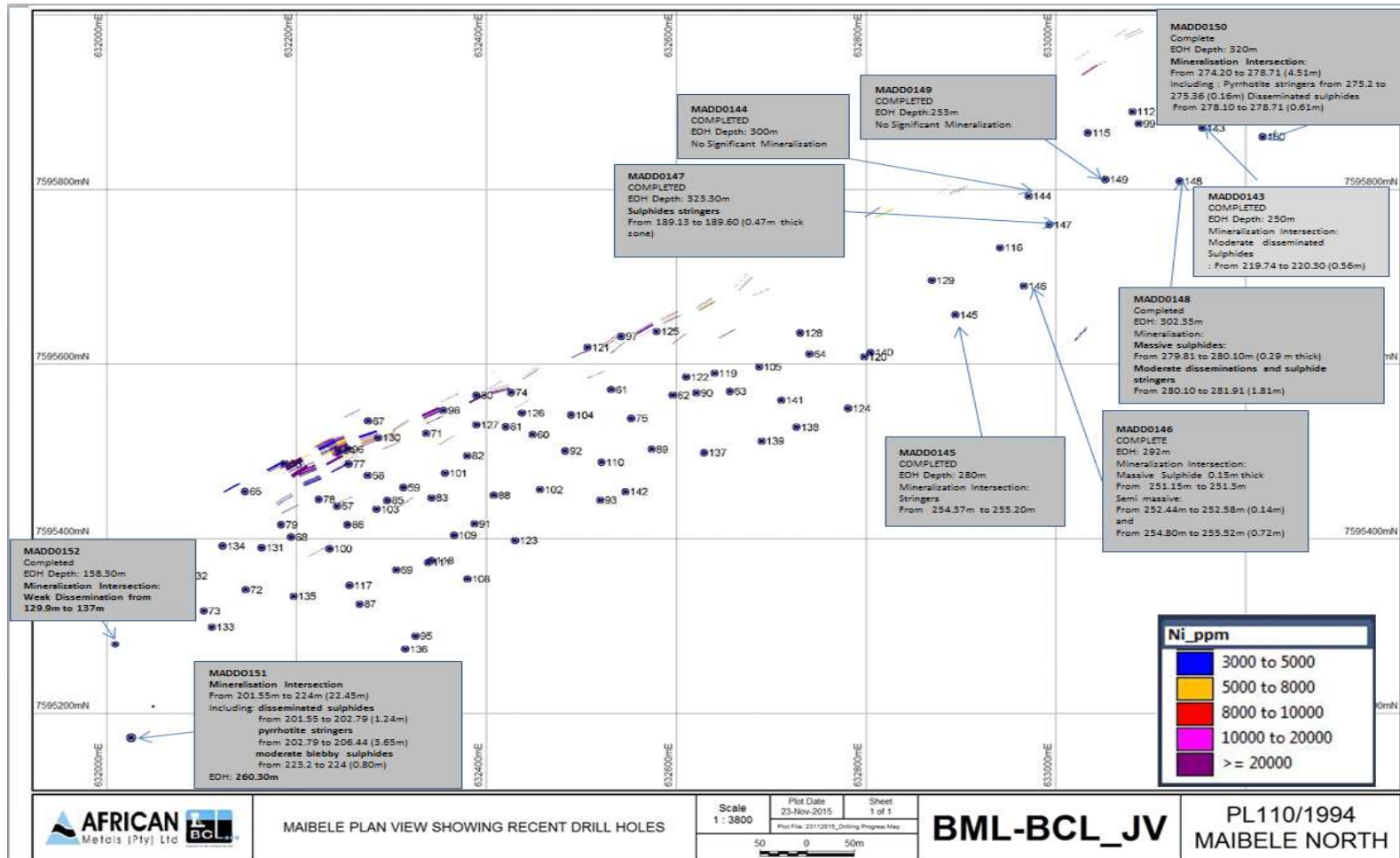


Figure 4: Results from drill holes completed during the December 2015 Quarter

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Assays

A total of 403 samples were prepared and submitted for assay during the quarter. The first batch of assay results were received during the September quarter and significant results are included in the table 2 below.

All outstanding results are expected during 2016 and will be released when received.

Table 2: All Significant intercepts from the recently received first batch of assay results

Hole ID	From (m)	Thick (m)	Ni%	Cu%	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Comment
MARD0103	112.47	4.26	1.07	0.39	611	0.08	0.04	0.37	0.08	0.18	RESOURCE INFILL HOLES
incl.	112.47	0.75	2.09	0.88	1260	0.09	0.05	0.66	0.16	0.34	
incl.	114.47	0.83	1.44	0.49	766	0.07	0.06	0.52	0.11	0.31	
and	133	5.23	1.85	0.4	852	0.08	1.06	0.63	0.07	0.2	
incl.	134.86	3.37	2.67	0.53	1196	0.1	1.15	0.9	0.1	0.27	
MARD0108	208.33	1.36	0.79	0.24	485	0.02	0.11	0.26	0.04	0.08	
incl.	208.33	0.36	2.07	0.34	1140	0.01	0.01	0.64	0.1	0.13	
MARD0101	119.28	3.17	0.71	0.14	299	0.03	0.06	0.23	0.04	0.17	
incl	119.28	1.24	1.58	0.27	599	0.01	0.09	0.46	0.09	0.41	
incl	119.96	0.56	2.89	0.06	1040	0.01	0.01	0.7	0.17	0.72	
MARD0104	110.54	0.98	2.64	0.48	1330	0.02	0.3	0.67	0.13	0.39	RESOURCE EXTENSION HOLES
and	115.46	0.29	2.5	0.26	1410	0.07	0.01	0.7	0.16	0.25	
MARD0105	171.32	3.55	0.55	0.25	318	0.03	0.06	0.16	0.02	0.03	
and	178.59	0.62	1.59	0.2	712	0.03	0.02	0.56	0.05	0.07	
and	181.73	1.52	0.24	0.25	159	0.02	0.68	0.3	0.05	0.17	
MARD0112	185	3	0.2	0.05	181				0.02	0.03	
incl	187.57	0.43	0.45	0.05	387	0.03	0.01	0.23	0.05	0.04	
MARD0113	171	16.58	0.18	0.1	169				0.01	0.02	
incl.	187	0.58	0.39	0.16	359	0.2	0.03	0.2	0.01	0.01	
MARD0106	357	2	0.14	0	119	0.01	0.01	0.05	0.01	0.01	

Note: Holes MARD00100, 102, 107, 109 and 110 returned no significant intersections above 0.3%Ni. All widths are down hole thicknesses.

Assay Results Received Subsequent to the end of the December Quarter

Botswana Metals Limited was pleased to receive a second batch of assay results from Joint Venture partners, BCL Limited, for the ~12,000m drilling campaign completed in 2015 at Maibele North. (Table 3 – Significant Intersections). The company received results from further 26 completed infill and extension holes from assays that were undertaken at an offsite independent laboratory as well as from onsite analysis at BCL's in-house laboratory facilities at both the Tati-Ni and Selebi Phikwe Ni-Cu mines during mid-January. Results from the final 5 holes are all that remain to complete the analysis of the program.

Highlights of the second batch of assay results include:

MARD0122:

- **4.0m @ 1.80% Ni, 0.59% Cu, 882 ppm Co, 0.08g/t Au, 1.51g/t 4PGEs from 134.23m.**

Including:

- **1.59m @ 2.17% Ni, 0.74% Cu, 1,054ppm Co, 0.06g/t Au, 2.07g/t 4PGEs from 134.23m.**
- **1.23m @ 2.21% Ni, 0.4% Cu, 1,040ppm Co, 0.04g/t Au, 1.64g/t 4PGEs from 137m.**

MARD0129:

- **2.18m @ 1.55% Ni, 1.28% Cu, 917 ppm Co from 200.27m.**

Including:

- **1.03m @ 2.17% Ni, 2.22% Cu, 1,300ppm Co from 200.27m.**
- **0.40m @ 1.7% Ni, 0.38% Cu, 900ppm Co from 202.05m.**

(note: Assays performed at BCL Limited in-house laboratory - Au and PGEs not assayed for)

MARD0127:

- **0.59m @ 2.35% Ni, 0.56% Cu, 1130 ppm Co, 0.12g/t Au, 1.05g/t 4PGEs from 73.46m.**

MARC0099:

- **1.0m @ 2.27% Ni, 2.02% Cu from 240m.**

(Note: Assays performed at BCL Limited in-house laboratory - Co, Au and PGEs not assayed for. MARC0099 is a RC hole)

MARD0146:

- **0.14m @ 2.13% Ni, 0.15% Cu from 252.58m.**
- **0.72m @ 1.17% Ni, 0.54% Cu from 254.80m.**

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(Note: Assays performed at BCL Limited in-house laboratory - Co, Au and PGEs not assayed for)

All widths are down hole thicknesses. A full compilation of significant intersections is included in Table 3 below. Samples assayed at BCL's in-house facilities were analysed mostly at the laboratory at the Selebi Phikwe Ni-Cu mine, with checks undertaken at the company's Phoenix Laboratory at the Tati Ni Mine. The Phoenix laboratory at Tati-Ni is SANAS accredited to the ISO 17025 international standard. The laboratory at the Selebi Phikwe Ni-Cu mine is currently un-certified. Identical QAQC protocols were applied to samples for all three laboratories and QAQC results were deemed to be acceptable for all sample batches.

The drilling of SQUID EM conductors along strike to the east of the resource has returned laterally continuous mineralisation for over 480m. Drilling of this extension is in the early stage but the series of 80m spaced fences of have intersected sulphide mineralisation that remains open at depth and along strike. This exciting new zone of mineralisation has the potential to add significant tonnes to the Maibele North resource. Further deep potential exists at Maibele North, with the mineralisation open at depth across the entire deposit to date.

Of particular encouragement is the intersection in 2014 drill hole MARD0094, where nearly 7m of Ni sulphide mineralisation was intersected some 200m below, and potentially down-dip, of the recently discovered extension zone (Figures 5 and 6).

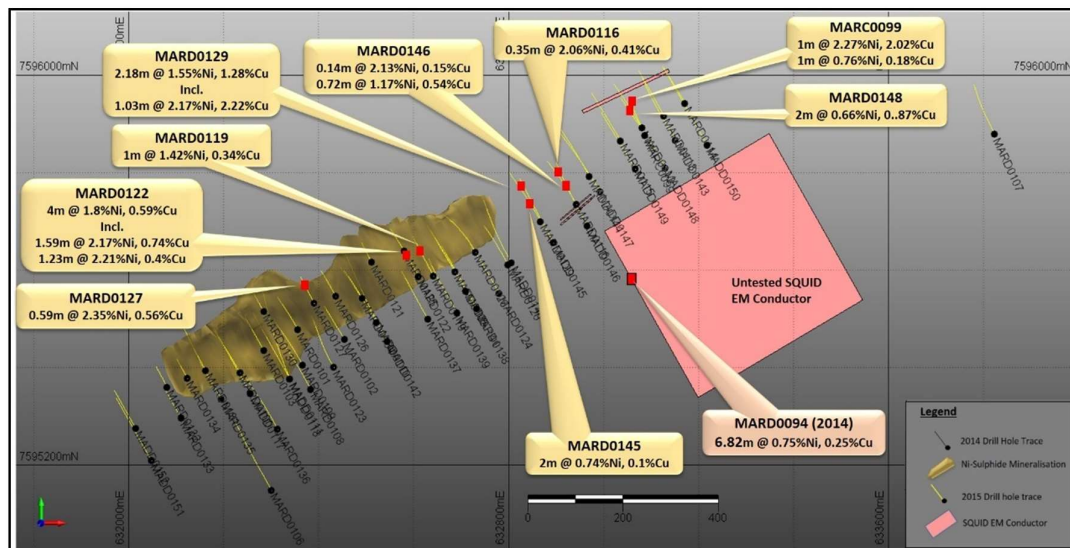


Figure 5: Plan view of the 2015 drill hole traces (yellow) showing the highlight intersections from the recent batch of assay results. Pink shapes represent SQUID EM conductor plates.

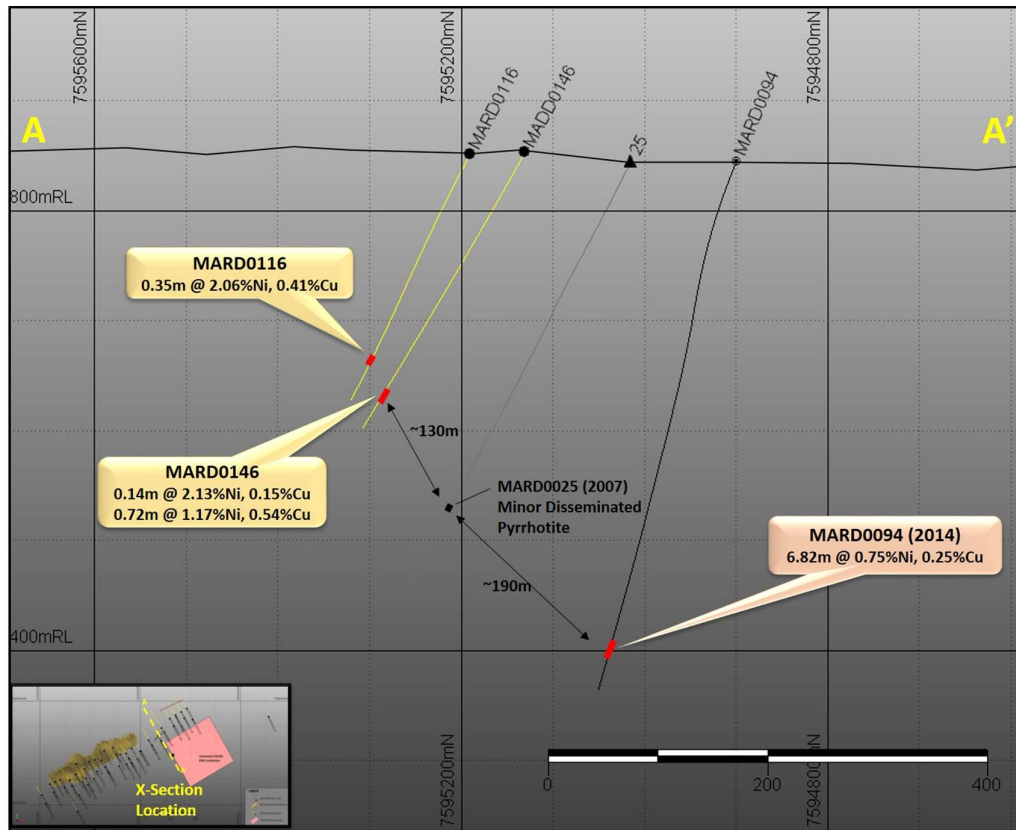


Figure 6: Cross section through holes MARD0116, 0146, 0025 and 0094. The section is located approximately 180m northeast of the current resource and shows the relationship between recently discovered massive and semi-massive sulphide mineralisation hole MARD0116 and MADD0146. Hole MARD0094 was drilled in 2014 and possibly marks the extension of this mineralisation, some 320m down dip and ~225m vertically below the recently discovered sulphide zone. Historic hole, MADD0025, intersected minor pyrrhotite disseminations approximately 130m down dip of MADD0146.

The Board of Botswana Metals is highly encouraged by the continuing good results from the Maibele North Project. This batch of results has continued to return encouraging Ni, Cu, Co, Au and 4PGE (Pt, Pd, Rh, Ru) from sulphide zones both within the existing resource and along strike for over 400m to the east of the current resource. The results now complete assaying on holes from MARC0099 through to MADD0146. Results from the final five holes, MADD0147 to MADD0152 remain outstanding.

Table 3: All Significant intercepts from the recently received batch of assay results

Hole ID	From (m)	Thick (m)	Ni%	Cu%	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Comment
MADD0117*	92	0.65	0.31	0.07	n/a	n/a	n/a	n/a	n/a	n/a	
and	188.8	1	0.33	0.07	n/a	n/a	n/a	n/a	n/a	n/a	

Hole ID	From (m)	Thick (m)	Ni%	Cu%	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Comment
MARD0100*	126	1	0.35	0.04	n/a	n/a	n/a	n/a	n/a	n/a	RESOURCE INFILL HOLES
and	130	1	0.34	0.06	n/a	n/a	n/a	n/a	n/a	n/a	
MARD0119	137	1	0.39	0.29	263	0.03	0.07	0.19	0	0.07	
and	140.52	1.24	0.47	0.69	352	0.07	0.02	0.32	0.08	0.1	
and	146.1	1.9	0.99	0.27	589	0.03	0.03	0.38	0.1	0.18	
incl	147	1	1.42	0.34	874	0.03	0.03	0.56	0.14	0.25	
and	151.5	0.35	0.73	0.05	367	0.02	0.02	0.04	0.06	0.12	
MARD0121*	NSR										
MARD0122	127.55	0.35	1.85	0.1	880	0.03	0.07	0.59	0.24	0.72	
and	134.23	4	1.8	0.59	882	0.08	0.07	0.8	0.18	0.46	
incl	134.23	1.59	2.17	0.74	1054	0.06	0.05	1.02	0.27	0.73	
incl	137	1.23	2.21	0.4	1040	0.04	0.03	0.83	0.14	0.33	
and	139.88	1.12	0.33	0.08	208	0	0.03	0.12	0.02	0.04	
MARD0123*	NSR										
MARD0125*	NSR										
MARD0126	74	0.65	1.22	0.48	594	0.09	0.05	0.48	0.11	0.29	
MARD0127	73.46	0.59	2.35	0.56	1130	0.12	0.04	0.81	0.2	0.59	
MARD0128	162	1	0.35	0.06	242	0	0.04	0.19	0.07	0.22	
	174.72	0.32	1.84	0.16	541	0.19	0.33	0.89	0.24	0.58	
MARD0130	66.42	0.9	0.66	0.25	360	0.01	0.03	0.25	0.04	0.03	
MARD0131	NSR										
MARD0132	67.3	1.7	0.52	0.06	362	0.02	0.04	0.15	0.03	0.04	
and	76	2.1	0.38	0.09	222	0.04	0.06	0.22	0.02	0.01	
MARD0134*	NSR										
MARD0135	NSR										
MARD0136	NSR										
MARD0138*	228	1	0.4	0.02	300	n/a	n/a	n/a	n/a	n/a	
MADD0140*	NSR										
MADD0143*	219.74	0.46	0.37	0.2	n/a	n/a	n/a	n/a	n/a	n/a	RESOURCE EXTENSION HOLES
and	225	0.52	0.3	0.08	n/a	n/a	n/a	n/a	n/a	n/a	
MADD0145*	256	2	0.74	0.1	n/a	n/a	n/a	n/a	n/a	n/a	
MADD0146*	251.15	4.37	0.38	0.12	n/a	n/a	n/a	n/a	n/a	n/a	
incl	252.58	0.14	2.13	0.15	n/a	n/a	n/a	n/a	n/a	n/a	
incl	254.8	0.72	1.17	0.54	n/a	n/a	n/a	n/a	n/a	n/a	
MADD0148*	279	2	0.66	0.87	n/a	n/a	n/a	n/a	n/a	n/a	
incl	279.82	0.28	1.06	0.47	n/a	n/a	n/a	n/a	n/a	n/a	
MARC0099*	240	1	2.27	2.02	n/a	n/a	n/a	n/a	n/a	n/a	
and	245	1	0.76	0.18	n/a	n/a	n/a	n/a	n/a	n/a	
MARD0115	NSR										

Hole ID	From (m)	Thick (m)	Ni%	Cu%	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Comment
MARD0116	206.59	0.35	2.06	0.41	914	0.14	0.05	0.99	0.15	0.2	
MARD0129*	200.27	2.18	1.55	1.28	917	n/a	n/a	n/a	n/a	n/a	
incl	200.27	1.03	2.17	2.22	1300	n/a	n/a	n/a	n/a	n/a	
incl	202.05	0.4	1.7	0.38	900	n/a	n/a	n/a	n/a	n/a	

NSR = No Significant Result

** Holes marked by an asterisk were analysed at BCL Limited's in-house mining laboratory at the Selebi Phikwe Ni-Cu mine, with checks undertaken at the company's Phoenix Laboratory at the Tati Ni Mine. All other holes were assayed by SGS South Africa. Identical QAQC protocols and sample handling/preparation techniques were employed across all holes. QAQC analysis for all samples from each laboratory was deemed to be within acceptable limits. The BCL Limited laboratory at Tati-Ni is SANAS accredited to the ISO 17025 international standard. The in-house laboratory at the Selebi Phikwe Ni-Cu mine is currently un-certified.*

Feasibility Study

During the September Quarter the Joint Venture partners appointed Worley Parsons RSA (Pty) Ltd to perform a Pre-Feasibility Study on the Maibele North Project. AquaLogic was also appointed to carry out an Environmental Impact Assessment (EIA) at the project. These appointments confirm the Joint Venture plan is to complete a Pre-feasibility study in order to proceed to a Bankable Feasibility in preparation for a mining licence application.

The Botswana Metals Board is extremely pleased with BCL's decision to progress to Feasibility Studies at Maibele North. The aggressive 2015 drilling campaign is now complete, and will allow the reclassifying of the known resource from a JORC inferred status to a JORC indicated or measured status to facilitate the Study. Feasibility and EIA studies are necessary requirements in the application for a mining licence with the Department of Mines in Botswana.

Table 4: Details of holes drilled to 31 December 2015 from the Maibele North Prospect

Hole ID	East (UTM)	North (UTM)	Dip	AZI	Depth (m)	RL
MARC0099	633088	7595875	-60	335	255.00	849
MARD0107	633823	7595878	-75	335	550.40	851
MARD0106	632301	7595148	-60	330	376.18	840
MARD0100	632235	7595389	-55	330	183.05	841
MARD0101	632357	7595477	-55	330	140.10	849
MARD0102	632455	7595457	-55	330	175.05	843
MARD0104	632492	7595541	-55	330	125.10	842

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Hole ID	East (UTM)	North (UTM)	Dip	AZI	Depth (m)	RL
MARD0105	632688	7595596	-55	330	203.10	846
MARD0103	632285	7595434	-55	330	156.75	845
MARD0110	632523	7595492	-55	330	180.06	844
MARD0126	632436	7595546	-55	330	110.00	845
MARD0127	632391	7595532	-55	330	110.15	839
MARD0123	632432	7595400	-55	330	242.30	846
MARD0130	632285	7595515	-55	330	80.20	850
MARD0108	632384	7595354	-55	330	227.1	843
MARD0136	632314	7595274	-55	330	275.60	840
MARD0109	632367	7595405	-55	330	212.05	846
MARD0132	632082	7595359	-55	330	95.15	846
MARD0133	632111	7595296	-55	330	140.15	847
MARD0134	632124	7595378	-55	330	92.20	845
MARD0131	632163	7595393	-55	330	124.2	844
MARD0137	632630	7595499	-55	330	220.00	844
MARD0122	632611	7595586	-55	330	150.06	849
MARD0119	632642	7595588	-55	330	170.10	845
MARD0128	632731	7595636	-55	330	200.20	851
MARD0135	632196	7595334	-55	330	170.20	844
MARD0139	632692	7595511	-55	330	246.00	847
MARD0124	632781	7595551	-60	330	300.90	849
MARD0121	632512	7595615	-55	330	85.20	849
MARD0125	632581	7595638	-55	330	100.00	851
MARD0120	632800	7595610	-60	330	260.00	850
MARD0138	632734	7595520	-55	330	263.25	851
MADD0117	632258	7595346	-55	330	229.56	842
MADD0111	632340	7595376	-55	330	19.23	847
MADD0118	632340	7595376	-55	330	260.12	847
MADD0142	632546	7595453	-55	330	240	845
MADD0141	632711	7595556	-55	330	270	850
MARD0113	633128	7595916	-60	330	215.10	859
MARD0112	633081	7595891	-60	330	244.13	850
MARD0115	633036	7595864	-60	330	250.15	848
MARD0114	633172	7595941	-60	330	185.02	852
MARD0116	632943	7595734	-60	330	248.15	851

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Hole ID	East (UTM)	North (UTM)	Dip	AZI	Depth (m)	RL
MARD0129	632868	7595699	-55	330	245.60	853
MADD0140	632807	7595614	-55	330	250	853
MADD0144	632971	7595791	-55	330	296	853
MADD0143	633152	7595866	-55	330	250	853
MADD0145	632894	7595656	-55	330	280	854
MADD0146	632966	7595689	-55	330	292	853
MADD0147	632992	7595757	-55	330	323.3	850
MADD0148	633132	7595810	-55	330	302.35	849
MADD0149	633067	7595807	-55	330	253	856
MADD0150	633218	7595856	-55	330	320	857
MADD0151	632048	7595209	-55	330	260.3	846
MADD0152	632015	7595275	-55	330	158.3	846

Regional Potential of Maibele North Trend

Examination of regional geological and geophysical images shows linear features that correlate strongly with the zone of mineralisation and extend a considerable distance to the east towards the Maibele North Extension prospect and further still towards the Mashambe Prospect (see Figure 5). Both prospects are marked by prominent VTEM anomalism and the presence of ultramafic lithology and geochemical anomalies. PL 59/2008 “Maibele Extension and Mashambe lie some 5km and 6km respectively east of the Maibele “new zone” and exhibit similar surface geological indicators to those at Maibele North that mark the presence of significant Ni + Cu + PGEs mineralisation.

PL 59/2008 is 100% owned by BML and not currently subject to the JV with BCL.

The same linear trend can be traced 5km to the west of Maibele North and Airstrip Copper to VTEM Anomaly 10380a, where a single historic drill hole into a conductor plate returned 0.3%Ni in sulphides down hole.

Evidence is mounting that Maibele North – Airstrip Copper lie on a regional geological horizon of at least 16km in length prospective for Ni-Cu sulphide mineralisation and containing a number of prominent conductive anomalies associated with ultramafic lithology. BML believes this trend is grossly under explored.

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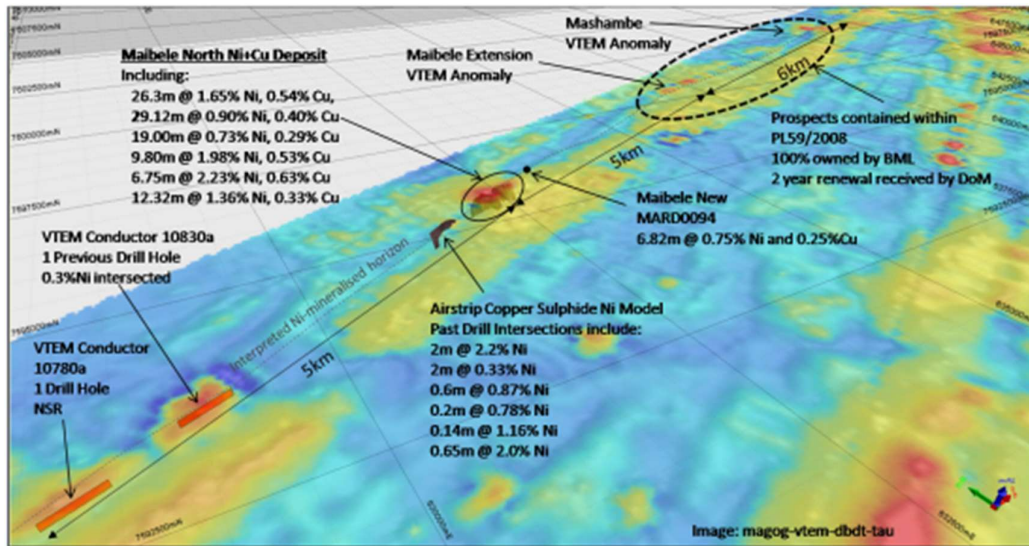


Figure 7: Regional perspective view from above, looking northeast, of the linear horizon along which the Maibele North-Airstrip mineralised trend lies. Background image is VTEM db/dt Tau and shows numerous prominent conductive anomalies along the horizon. Sulphide Ni mineralisation has been intersected at Airstrip, Maibele North + Maibele new zone and conductor 10830a.

Other JV areas of interest:

Regional Exploration – PL 54/98 Exploration

Takane is one of three licences covered by the joint venture and represents ~80 sq. km of the total ~185 sq. km included in the JV agreement. The JV tenements form part of BML's extensive exploration portfolio in Botswana which covers over 1000 sq. km of highly prospective terrain.

Ground work commenced on the 4 priority Ni-sulphide prospects previously identified at Takane (PL 54/98) via geological review and ground geophysical surveys. One trench of 240m length was completed at the Kudu1 Prospect and further trenches will be completed at the remaining prospects in 2016. The aim is to gather information to help design drill holes to test the potential at these exciting targets.

The Takane area is approximately 10 km from the Maibele North Prospect. The JV partners are highly encouraged by the recent exploration work on the tenement and believe good potential exists for further discovery of significant base and precious metal deposits on PL 54/98.

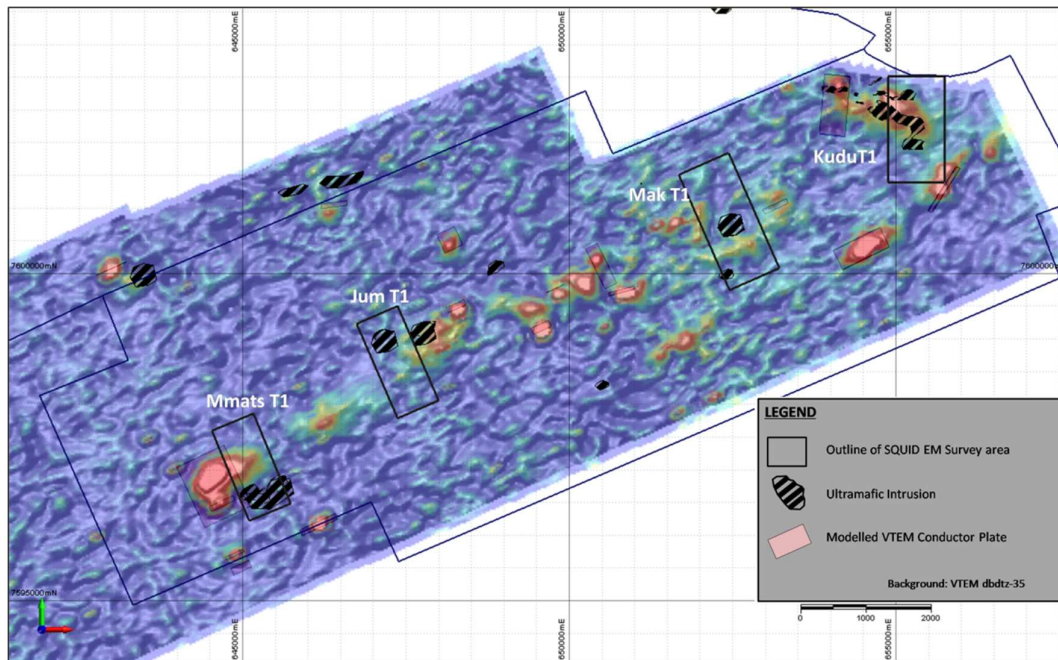


Figure 8: Location of the 4 priority target areas on the regional VTEM image. The outline of the SQUID survey areas are shown (black rectangle) along with ultramafic intrusions and modelled VTEM conductors (faint pink rectangles)

Exploration Activities outside the JV PLs during the Quarter

Activities outside the Prospecting Licences not covered by the JV with BCL included the completion of a small drilling program testing SQUID TDEM anomalies at 3 prospects along strike from Maibele North on BML's 100% owned PL 59/2008.

The Company has retained the services of Mr Steve Groves (MAIG, MSEG) as its competent person to review exploration activities of the Company.

PL 59/2008 Maibele North Extension (100% BML)

A SQUID TDEM program was undertaken over 3 prospects on PL 59 that are interpreted to lie directly along strike from Maibele North during the September Quarter. The surveys detected significant conductors at all three prospects.

During the December Quarter, a 3 hole, 775m exploratory RC drill program designed to test a number of the prominent EM Conductors identified by the recent SQUID EM surveys was completed. Significant sulphide zones reminiscent of the host sulphide mineralisation from the nearby Maibele North JV project were intersected in 2 out of the 3 holes.

The first hole, MNRC001, was drilled to a depth of 250m into conductor E4 and intersected a thick zone of disseminated pyrrhotite within a medium grained amphibolite body from between 200 to 218m down hole. The intersection lies close to the predicted downhole position of the modelled SQUID conductor plate.

The third hole, MNRC003, was drilled to a depth of 275m into conductor E1 and intersected a 6m zone of disseminated pyrrhotite from 250m down hole, with a number of semi-massive fragments evident in the interval from 250m to 251

The second hole, MNRC002, intersected a broad zone of disseminated pyrite that was not thought sufficiently conductive to explain the SQUID EM anomaly.

These intersections are highly significant because:

- They are the first and only drill holes into the new prospect which lies between 4km to 7km east of Maibele North along an interpreted Ni-mineralised horizon.
- They have confirmed that the large (>3km long) VTEM and SQUID EM anomaly are associated with sulphide mineralisation.
- They demonstrate that sulphide mineralising processes similar to that occurring at Maibele North are possibly present at Maibele North Extension.
- They verify the interpretation of a preferential regional geological horizon for sulphide mineralisation that encompasses Maibele North, Airstrip Cu, anomaly 10380a and the three 100%-owned BML projects Maibele North Extension, Mashambe and Mashambe NE.
- They confirm the mineralised potential of the area and highlight the vast area of unexplored prospective terrain within BML's portfolio.

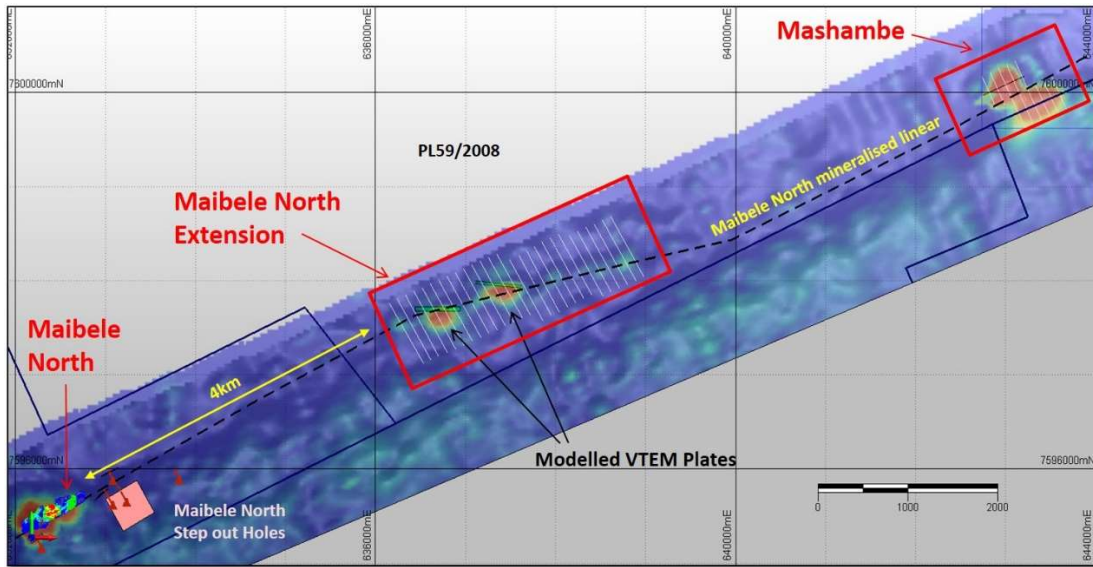


Figure 9: VTEM image showing the position of the PL 59 prospects along strike from Maibele North.

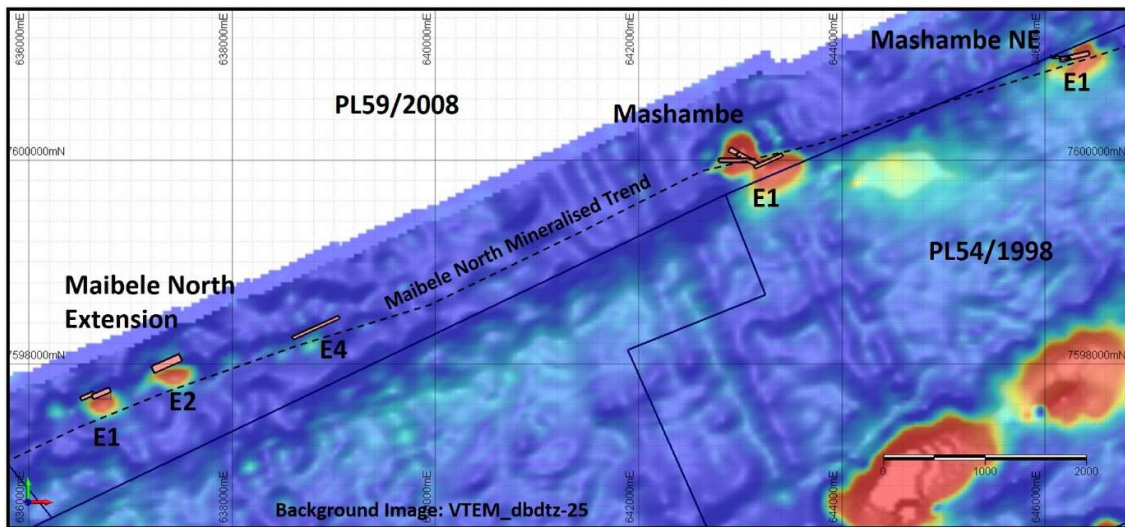


Figure 10: Location of the PL 59 SQUID conductors (pink rectangles) at the 3 prospects over the regional VTEM image.

The Board of Botswana Metals is extremely excited by the discovery of sulphide mineralisation so far along strike from Maibele North. The drill program has demonstrated the great mineral potential of the region and supports BML's exploration strategy of securing a majority landholding over the Limpopo Mobile Belt in Botswana.

Furthermore, the Board is highly encouraged by the continuing high success rate of the SQUID EM technique in identifying sulphide mineralisation in the region. These holes are the first regional test of SQUID EM conductors and provide confidence for testing of the

additional strong conductors evident at a further 6 high priority targets on both 100% owned BML ground and JV ground with BCL. All of the high priority targets contain conductors associated with ultramafic rock types and encouraging geochemical anomalies and remain to be tested.

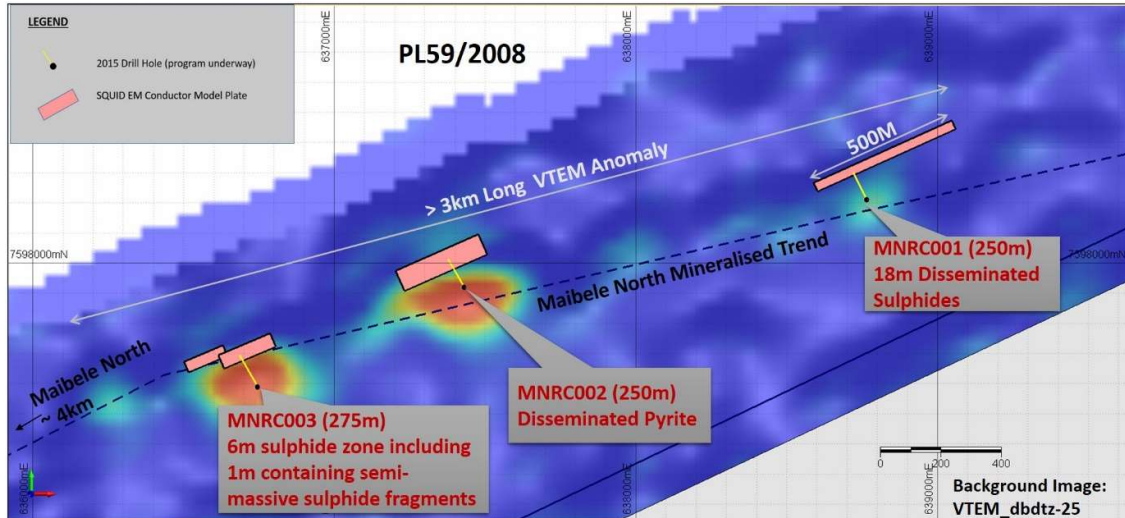


Figure 11: Location of the PL 59/2008 drill holes at Maibele North Extension showing the >3km long VTEM anomaly (light blue to red colours on background image) and recently detected SQUID EM conductors (Pink Rectangles). The current holes are marked as MNRC001, 002, 003. Background = regional VTEM image.

It is common within the Maibele North orebody for thick disseminated sulphide intersections to coalesce into narrower massive and/or semi-massive zones within a very short distance. The presence of sulphides at Maibele North Extension provides proof of the geological model and targeting strategy employed by BML and provides great encouragement for the future discovery of potential massive sulphide accumulations at the prospect.

Drill Program Details

The program of 3 drill holes of RC drilling was designed to test the conductors at the Maibele North Extension prospect. These conductors ranked as the highest priority targets due to:

- Close proximity along strike to Maibele North.
- Multiple conductors of increasing conductivity (to over 1500s).
- Shallow depth (~165m).
- Multiple targets of a cumulative strike to 900m – possibly indicates a large system with potential for numerous orebodies.

Table 5: Details of the proposed holes for Maibele North Extension.

Target	X (UTM36)	Y (UTM36)	ELEV (m)	INCLINATION	AZI	DEPTH (m)	Progress
MNRC003	636747	7597588	865	60	330	275	Complete
MNRC002	637432	7597918	865	60	330	250	Complete
MNRC001	638766	7598208	865	60	335	250	Complete

PL 111/2011

The Company applied to renew PL 111/2011 on 31 March 2014. No correspondence was received in the December 2015 quarter on the status of this application.

Other Areas

In the March 2015 quarter, the company applied for several new application for a Prospecting Licences with the Department of Mines in Botswana which are pending processing. These are highlighted in light green in the **Figure 2** above.

Patrick Volpe Chairman

The information in this report that relates to Exploration Results is based on, and fairly represents, information and supporting documentation compiled by BML staff on site and provided to Mr Steve Groves who is a Member of The Australasian Institute of Mining and Metallurgy. Mr Groves is a consulting geologist to BML and has previously been employed as the Exploration Manager at BML. Mr Groves has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Groves consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

About BCL Limited

BCL Limited is a mining and smelting company owned by the Botswana Government. The company commenced operations in 1959 and is now one of the largest private sector employers in Botswana.

BCL Limited produces two types of finished matte containing nickel, copper and cobalt, and platinum group and precious metals to a smaller extent. The Selebi Phikwe ore deposits are owned and operated by BCL Limited.

The Selebi copper and nickel ore body was discovered in 1963, and higher grade ore was discovered at Phikwe in 1966. Mining of nickel-copper ore commenced in 1973 and since 1980, BCL's smelter has operated at an annual production rate of approximately 50,000 tonnes of nickel-copper matte.

BCL Investments (Pty) Limited is a wholly owned subsidiary of BCL Limited.

About the BCL Limited Farm-In Joint Venture on PL 110/94, PL 111/94 and PL 54/98

BCL Investments (Pty) Limited (“BCL”), under the joint venture agreement, can spend an initial AUD\$4 million on a drilling program to earn 40% of the projects over these areas. BCL has the option to continue to fund the projects to the completion of a Bankable Feasibility Study (“BFS”) to earn a 70% interest.

At that point BCL will have the off-take rights at commercial prices, to any ore mined. It is planned to truck ore to the BCL smelter operations at Selebi Phikwe for processing, which is situated 55 km to the southwest of our projects. BCL also has a first right of refusal to participate in exploration on the Company’s other prospecting licences in Botswana.

The Company will retain a 30% interest after the BFS is completed, at which time the management of the projects will be transferred to BCL.

BCL Investments (Pty) Limited - Farm-in Joint Venture Agreement

BCL executed the revised Farm-In Joint Venture Agreement on 22 January 2014 with the only condition precedent being that the DOM grants extensions to PL 110/94, PL 111/94 and PL 54/98 (“the three PLs”). The DOM subsequently granted the extensions to the three PLs.

The Company has made base metal discoveries within the three PLs: Maibele North (nickel, copper and platinum group elements), Airstrip Copper (copper and silver) and Dibete (copper and silver). A total of 23 VTEM base and precious metal anomalies have been identified to the east of the discoveries.

The Company believes that the agreement with BCL could substantially benefit the Company and its shareholders. The BCL group has been operating a nickel, copper and platinum group elements mine and smelter facility at Selebi Phikwe since the 1970s. Both operations are only 55 km to the southwest of the PLs. BCL has put in place a policy to find business opportunities that can extend the longevity of the mining and smelting operations located at Selebi Phikwe. BCL employs 5,000 people and the township of Selebi Phikwe has a population of 50,000.

The Joint Venture partnership can potentially fast track BML’s efforts towards commencing an operation within the three PLs. The economics of bringing these potential projects to production will be significantly enhanced by the fact that the BCL group mining and smelting facilities are already in existence and logistically close enough for ore to be trucked to the Selebi Phikwe site.

Of the three BML projects, Maibele North nickel prospect has been given priority for drilling as previous diamond drilling intercepted nickel mineralisation at around a depth of 50 m. In March 2015 a maiden resource of 2.82m/t Ni+Cu+PGEs was declared with

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the resource still open to the west, east and at depth. If the economics permit, the capital and operating costs of developing a mine would be significantly reduced due to the availability of BCL's processing plant situated 55 km away from the joint venture exploration areas.

BCL and the Company continue to revise and prepare exploration plans for the JV areas. PL 54/98 - Takane continued exploration activities including trenching, SQUID TDEM and ground magnetics during 2015 over areas of existing prominent VTEM anomalies. Completion of the trenching program and full interpretation of all results to date will determine the level of activities for 2016 for this PL which contains a number of exciting targets as detailed above in this report.

About Botswana Metals Limited

Botswana Metals Limited ("BML") is listed on the Australian Securities Exchange (ASX) and its stock code (ticker) is BML. BML is a mineral exploration company fully focused on its portfolio of exploration tenements covering approximately 1,000 sq. km all located in Botswana and has made new PL applications lodged in the March 2015 quarter that will significantly expand the exploration portfolio of BML along the same Limpopo belt that its current PLs are held.

BML's objective is to discover an economic base and precious metals deposit in eastern Botswana on the well-known Limpopo Belt, which extends into Botswana from its neighbouring country Zimbabwe.

Recent exploration has resulted in three discoveries of Nickel-Copper and Copper-Silver mineralisation known as Airstrip Copper, Maibele North and Dibete. The Ni-Cu deposit at Maibele North is just east of Airstrip Copper whilst Dibete is 7 km to the south of Airstrip Copper.

To the east of these discoveries, a recent VTEM program has identified at least 23 new VTEM anomalies that are planned to be part of the Company's exploration focus in the future.

55km to the south of the three discoveries is the BCL Limited mine and smelter. BML entered into a farm in agreement with BCL that became effective on 1 April 2014.

BML has solid logistical support and the projects benefit from excellent infrastructure. The Company is managed by experienced personnel with many years' experience in Botswana, as well as other African countries. Botswana is considered to be one of the most advanced African countries in respect to its mining and exploration laws, and for safety and education where English is spoken freely.

BML has offices in Australia (Melbourne) and Botswana (Selebi Phikwe).

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

BOTSWANA METALS LIMITED

ABN

96 122 995 073

Quarter ended ("current quarter")

31 DECEMBER 2015

Consolidated statement of cash flows

		Current quarter \$A'ooo	Year to date (6 months) \$A'ooo
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(196)	(298)
	(b) development		
	(c) production		
	(d) administration	(159)	(285)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2	3
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material):		
	Net Operating Cash Flows	(353)	(580)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets	(2)	(2)
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows	(2)	(2)
1.13	Total operating and investing cash flows (carried forward)	(355)	(582)

+ See chapter 19 for defined terms.

Appendix 5B**Mining exploration entity and oil and gas exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(355)	(582)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		506
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		(17)
	Net financing cash flows		489
	Net increase (decrease) in cash held	(355)	(93)
1.20	Cash at beginning of quarter/year to date	539	277
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	184	184

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	74
1.24	Aggregate amount of loans to the parties included in item 1.10	
1.25	Explanation necessary for an understanding of the transactions	
	Director's remuneration	\$A'000 58
	Director's consulting fees	1
	Service fees paid to a company controlled by relatives of a Director	15

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

--

- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

--

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	100

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	184	539
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
- Term deposits with Australian banks		
Total: cash at end of quarter (item 1.22)	184	539

+ See chapter 19 for defined terms.

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities (description)				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	650,022,133	650,022,133		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities (description)				

+ See chapter 19 for defined terms.

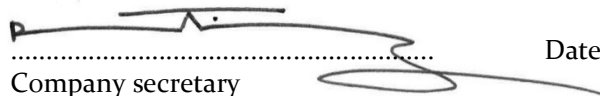
Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)	410,233,933	410,233,933	Exercise price 1.5 cents (\$0.015)	Expiry date 31/12/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures (totals only)				
7.12	Unsecured notes (totals only)				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



.....

Company secretary

Date: 29/01/2016

Print name: RAMON JIMENEZ

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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