BOTSWANA METALS LIMITED
AND ITS CONTROLLED ENTITIES

ACN 122 995 073

HALF-YEAR REPORT
31 DECEMBER 2015

Lodged with the ASX under Listing Rule 4.2A
This information should be read in conjunction with the 30 June 2015 Annual Report.

BOTSWANA METALS LIMITED AND ITS CONTROLLED ENTITIES
HALF-YEAR REPORT – 31 DECEMBER 2015

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CORPORATE DIRECTORY

Directors:	Mr Patrick John Volpe (Executive Chairman) Dr Paul Woolrich (Non-executive Director) Mr Massimo Cellante (Non-executive Director)
Company Secretary:	Mr Ramon Jimenez
Registered Office:	Suite 506, Level 5 1 Princess Street KEW VIC 3101 Telephone (03) 9855 1885 Facsimile (03) 9855 2885
Share Registry:	Advanced Share Registry Limited 110 Stirling Highway NEDLANDS WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9262 3723
Bankers:	Bank of Melbourne Level 8 530 Collins Street MELBOURNE VIC 3000
Auditor:	William Buck Level 20 181 William Street MELBOURNE VIC 3000
Stock Exchange:	ASX Limited Level 4 Rialto North Tower 525 Collins Street MELBOURNE VIC 3000

DIRECTORS' REPORT

Your Directors submit the financial report on the consolidated entity consisting of Botswana Metals Limited ("BML" and "the Company") and the entities it controlled ("the Group" or "the consolidated entity") at the end of, or during the half-year ended 31 December 2015.

DIRECTORS

The following persons were Directors of the Company during or since the end of the half-year and were in office for the entire period unless otherwise stated:

Mr Patrick John Volpe
Dr Paul Woolrich
Mr Massimo Cellante

REVIEW OF OPERATIONS

CORPORATE ACTIVITY

Cash

The Consolidated Entity had cash of $185,191 as at 31 December 2015.

Securities

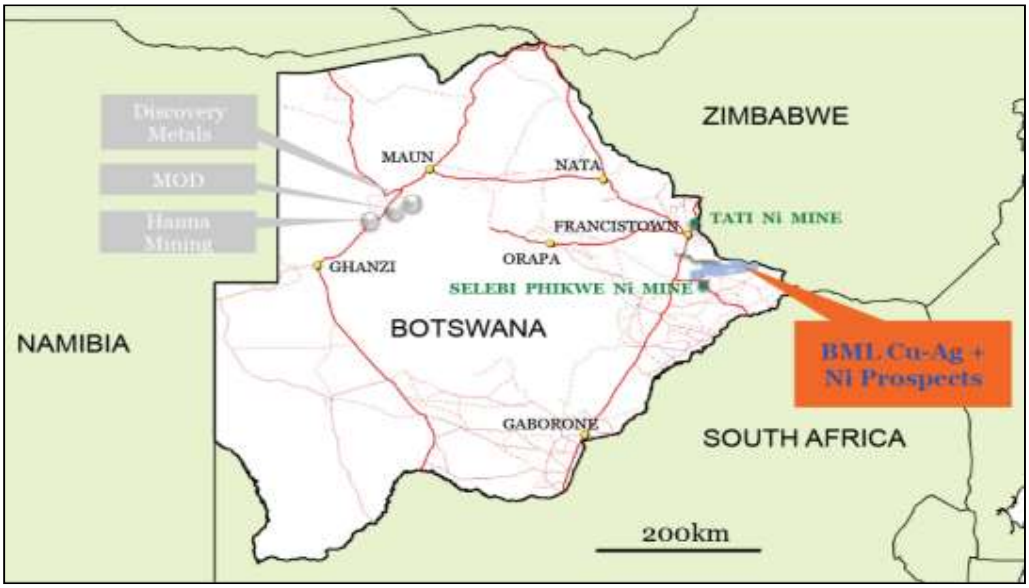
The Company issued 77,699,969 fully paid ordinary shares to applicants under a Share Purchase Plan at an issue price of 0.75 cent ($0.0075) per share to raise $582,750 before costs.

Mr Pat Volpe and Dr Paul Woolrich exercised 3,000,000 and 500,000 Performance Rights (respectively) and a total of 3,500,000 fully paid ordinary shares were issued.

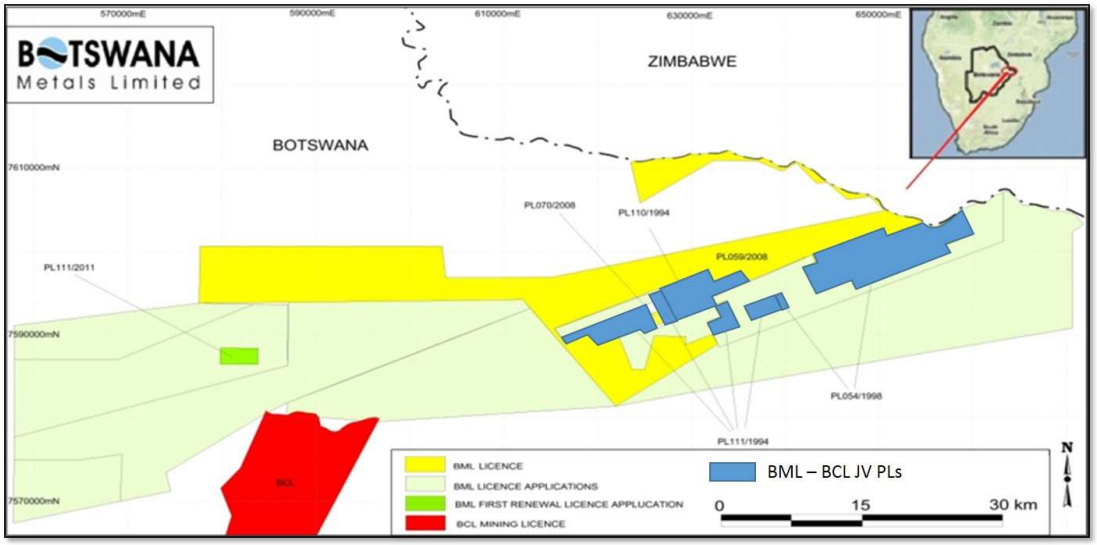
EXPLORATION ACTIVITY

Tenement Portfolio

The following map shows the location of the Group's exploration portfolio in Botswana.



A map of the tenement areas is as follows.



A Schedule of Prospecting Licences held by the Group in Botswana is listed in the following table.

Tenement	Renewal / Expiry Date	Percentage Holding	Title Holder	Comment
Magogaphate PL 110/94	31/03/2016	100	African Metals (Pty) Ltd	Renewal pending
Mokoswane PL 111/94	31/03/2016	100	African Metals (Pty) Ltd	Renewal pending
Takane PL 54/98	31/03/2016	100	African Metals (Pty) Ltd	Renewal pending
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 pending

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

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

Application was made to renew PL 111/2011 in the June 2014 quarter and a decision is still pending.

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 the tenement figure above.

Applications were made to renew PL 110/94, PL 111/94 and PL 54/98 in the December 2015 quarter and a decision on the applications by the Department of Mines in Botswana is pending.

The Group did not acquire or dispose of any other tenements or beneficial interests in farm-in agreements during the half-year to 31 December 2015.

Maibele North PL 110/94 (subject to farm-in agreement with BCL Limited)

Drilling

Working with its Joint Venture partner, BCL Limited, a 12,043m drill program was completed.

- The 54 hole drilling program was designed to:
    - provide further infill drill holes for the current Maibele North resource to enable and upgrade of resource status to indicated and/or measured category;
    - test interpreted extensions to the resource along strike to the east and west where significant geophysical targets exist; and
    - collect geotechnical information and metallurgical samples for planned mining feasibility work.
- Drilling was a mix of percussion (mostly pre-collars) and diamond drill core.
- Samples were analysed either at an independent laboratory SGS in South Africa or at BCL Limited's in-house laboratory facilities at the Selebi Phikwe or Tati Nickel mines.

Results and Observations

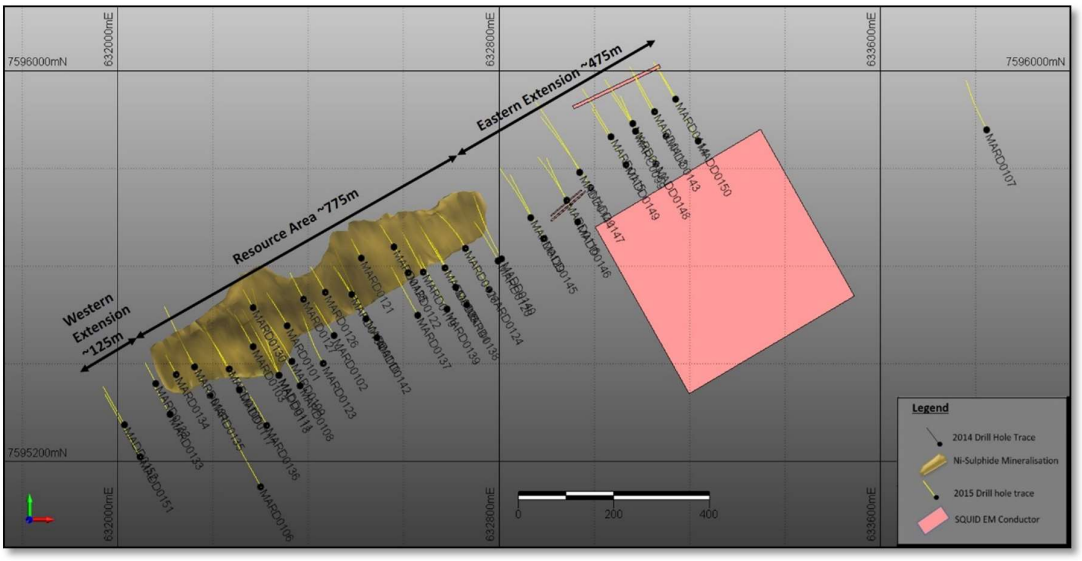
- Thick intersections of disseminated, massive and semi-massive Ni+Cu+PGEs intersections continued to be encountered within the existing resource area.
- Assay results continue to confirm high-grade Ni+Cu+Co mineralisation in strong sulphide zones both within, and outside of, the existing resource.
- New discovery of a continuous, 475m long extension to the orezone was intersected east of the orebody by drilling prominent SQUID EM (Electro-magnetic) targets outlined by ground geophysical surveys.
- Step out holes to date have intersected significant sulphides:
    - 200m beneath the known ore body;
    - 250 m to the east of the known ore body;
    - 475m to the north-east of the known ore body; and
    - 125m south west of the known are body.
- All SQUID EM targets intersected at Maibele North have returned sulphides and demonstrate the effectiveness of this technique for sulphide discovery in the Magogophate Shear Zone.
- The total continuous strike of mineralization extends to approximately 1.4km and remains open to the east, west and at depth.
- Mineralization occurs at or close to the surface and demonstrates potential for both open pit and underground mining.

Mining Feasibility Studies

- Worley Parsons have been appointed to perform an upgraded resource calculation incorporating the new drilling information.
- Worley Parsons will also prepare a mining Pre-feasibility study based on the results of the upgraded resource.
- AquaLogic were appointed to undertake an Environmental Impact Assessment (EIA) at the project.

Further Work

The Maibele North Project continued to return outstanding results, including the discovery of a further 475m of mineralization that remains open along strike and at depth. Depending on the results of the new resource calculation, the project is ready to proceed to more detailed mining feasibility studies with a view to determining an economic mining scenario. Further exploration success either along strike or at depth will only enhance the project.



The figure above shows the Maibele North orebody (gold shape) and in yellow the 54 holes completed in the 2015 program. The pink shapes represent modelled SQUID conductors. The figure outlines the extents of mineralisation intersected along strike to the east and west. These new discoveries bring the total strike of drilled mineralisation to approximately 1375m.

Takane PL 54/98 (subject to farm-in agreement with BCL Limited)

The four priority Nickel-sulphide targets (Mak1, Jum1, Kudu1, Mmats1) previously identified by BML were surveyed using the SQUID EM technique.

- Further strong conductors indicative of a sulphide response were detected.
- The four targets are currently undergoing a trenching and interpretation program in preparation for drill-hole design.

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

SQUID EM surveying was undertaken over the three high-priority VTEM targets (Maibele North Extension, Mashambe, Mashambe NE) identified along the 16km long Maibele North trend that occurs across the PL.

- A total of 6 high-quality conductors indicative of sulphide mineralization were discovered across the three prospects.
- A small program of RC percussion drilling totalling 775m in three holes was undertaken at the Maibele North Extension prospect, some 4km northeast along strike from the Maibele North orebody.
- Significant disseminated sulphide intersections were observed in the modelled conductor positions in two of the three holes, indicating the strong potential for the discovery of mineralization in this area.

Assay results are awaited.

Further work.

Down hole EM surveying will be undertaken at Maibele North Extension in an effort to further define the sulphide targets at the prospect.

PL 70/2008

This prospecting licence is current until 30 September, 2016. No exploration activities were undertaken during the half-year.

PL 111/2011

The Company applied to renew PL 111/2011 on 31 March 2014. No correspondence was received in the December 2015 half on the status of this application. No exploration activities were undertaken during the half-year pending a decision on the renewal application.

License Applications

Two-year renewal applications were submitted for the three Joint Venture tenements PL 110/94, PL 111/94 and PL 54/98

Applications were submitted early in 2015 for an additional 3000km^2 of ground that surrounds BML's current tenement portfolio in the Limpopo Belt

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

In April 2014, BML entered into a Joint Venture agreement with BCL, a major Botswana mining and smelting company owned by the Botswana Government.

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.

SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD

The Group is not aware of any subsequent events after the end of the reporting period to be included in these financial statements other than:

- On 27 January 2016 the Company announced that it has received the second batch of assay results from its joint venture partner BCL Limited.

- On 9 February 2016 the Company announced its intention to undertake a non-renounceable rights issue to raise up to $1,011,145 before costs through an offer of seven (7) new fully paid ordinary shares for every nine (9) shares held at the record date at an issue price of 0.2 cent ($0.002) cash per new share payable in full on application.

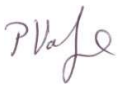
- On 11 February 2016 the Company announced that it had received the final batch of assay results from its joint venture partner, BCL Limited.

- On 10 March 2016 the Company announced that the sum of $580,948.05 had been raised to date under the rights issue thereby exceeding the minimum subscription.

AUDITOR'S DECLARATION

The auditors' independence declaration under section 307C of the Corporations Act 2001 is attached to this Directors' report.

This report is made in accordance with a resolution of the Directors made on 11 March 2016.



P.J. VOLPE
Director

Dated 11 March 2016.
Kew, Victoria

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BOTSWANA METALS LIMITED AND ITS CONTROLLED ENTITIES

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2015 there have been:

— no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

— no contraventions of any applicable code of professional conduct in relation to the review.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director

Dated this 11th day of March, 2016

CHARTERED ACCOUNTANTS & ADVISORS

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Melbourne VIC 3000

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Consolidated	
	31/12/2015	**31/12/2014**
	$	**$**
Revenue		
Other income	**4,853**	18,373
Administrative expenses	**(33,362)**	(34,191)
Depreciation	**(9,289)**	(1,752)
Directors' remuneration	**(195,000)**	(195,000)
Employment & consultancy	**(45,963)**	(50,849)
Professional fees	**(12,501)**	(10,501)
Travel & marketing	**(34,195)**	(58,111)
Other expenses from ordinary activities	**(44,061)**	(58,614)
Loss from Ordinary Activities before Income Tax Expense	**(369,518)**	(390,645)
Income Tax Expense	-	-
Loss from Ordinary Activities after Income Tax Expense attributable to owners of the parent	**(369,518)**	(390,645)
Other Comprehensive Income that may be subsequently reclassified to profit or loss		
Exchange differences from translation of foreign controlled operations	**(628,031)**	346,561
Total Comprehensive Loss for the half-year attributable to owners of the parent	**(997,549)**	(44,084)
Loss per share:		
Basic and diluted loss per share (cents per share)	**(0.06)**	(0.07)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2015

		Consolidated	
		31/12/2015	30/06/2015
	Note	$	$
Assets			
Current Assets			
Cash and cash equivalents		**185,191**	276,922
Trade and other receivables		**218,479**	114,770
Total Current Assets		**403,670**	391,692
Non-Current Assets			
Plant and equipment		**8,409**	12,552
Capitalised exploration and expenditure	**6**	**7,229,725**	7,654,934
Total Non-Current Assets		**7,238,134**	7,667,486
Total Assets		**7,641,804**	8,059,178
Current Liabilities			
Trade and other payables		**563,380**	547,295
Total Current Liabilities		**563,380**	547,295
Total Liabilities		**563,380**	547,295
Net Assets		**7,078,424**	7,511,883
Equity			
Issued capital	**7**	**16,017,638**	15,425,548
Reserves		**(2,582,074)**	(1,926,043)
Accumulated losses		**(6,357,140)**	(5,987,622)
Total Equity		**7,078,424**	7,511,883

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2015

	Issued Share Capital	Share-based Payments Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
Balance at 1 July 2014	15,431,357	60,000	(5,262,248)	(2,637,730)	7,591,379
Net loss for the half-year	-	-	(390,645)	-	(390,645)
Other comprehensive income for the half-year	-	-	-	346,561	346,561
Total comprehensive income for the period	**-**	**-**	**(390,645)**	**346,561**	**(44,084)**
Issue of ordinary shares	3,236	-	-	-	3,236
Cost of capital raising	-	-	-	-	-
Balance at 31 December 2014	**15,434,593**	**60,000**	**(5,652,893)**	**(2,291,169)**	**7,550,531**
Balance at 1 July 2015	15,425,548	88,000	(5,987,622)	(2,014,043)	7,511,883
Net loss for the half-year	-	-	(369,518)	-	(369,518)
Other comprehensive income for the half-year	-	-	-	(628,031)	(628,031)
Total comprehensive income for the period	**-**	**-**	**(369,518)**	**(628,031)**	**(997,549)**
Issue of ordinary shares	582,750	-	-	-	582,750
Cost of capital raising	(18,660)	-	-	-	(18,660)
Exercise of performance rights	28,000	(28,000)	-	-	-
Balance at 31 December 2015	**16,017,638**	**60,000**	**(6,357,140)**	**(2,642,074)**	**7,078,424**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF- YEAR ENDED 31 DECEMBER 2015

	Consolidated	
	31/12/2015	31/12/2014
	$	$
Cash Flows from Operating Activities		
Payments to suppliers and employees	**(421,375)**	(365,146)
Interest received	**2,450**	3,288
Other income	**-**	16,209
Net cash and cash equivalents provided by (used in) operating activities	**(418,925)**	(345,649)
Cash Flows from Investing Activities		
Purchase of plant and equipment	**(5,248)**	-
Exploration expenditure	**(156,659)**	(69,251)
Net cash and cash equivalents provided by (used in) investing activities	**(161,907)**	(69,251)
Cash Flows from Financing Activities		
Proceeds from issue of shares	**506,250**	3,236
Costs of capital raising	**(17,149)**	-
Net cash and cash equivalents provided by (used in) financing activities	**489,101**	3,236
Net increase (decrease) in cash held	**(91,731)**	(411,664)
Cash and cash equivalents at 1 July	**276,922**	894,729
Cash and cash equivalents at 31 December	**185,191**	483,065

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31 DECEMBER 2015

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

Statement of compliance

The half-year financial report is a general purpose financial report prepared in accordance with the *Corporations Act 2001* and AASB 134: *Interim Financial Reporting*. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 *Interim Financial Reporting*. The half-year report does not include notes of the type normally included in an annual financial report and should be read in conjunction with the most recent annual financial report.

Basis of preparation

Except for cash flow information, these financial statements have been prepared on an accruals basis and are based on historical costs.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the Group's 2015 annual financial report for the financial year ended 30 June 2015.

The consolidated entity has adopted all of the new and revised accounting standards issued and effective for the current period. The adoption of these new and revised standards had no material impact on the reporting position or performance of the consolidated financial statements.

Going Concern

During the half-year the Group generated a loss after tax of $369,518 (31 December 2014: $390,645) and incurred net cash outflows from operations of $418,925 (31 December 2014: $345,649). As at 31 December 2015 the Group had available cash reserves of $185,191 ($276,922 as at 30 June 2015) and a net working capital deficiency of $159,710 ($155,603 as at 30 June 2015) and net available working capital excluding amounts owing to related parties of $310,190 ($224,297 as at 30 June 2015). Net investment outflows for the half-year attributable to its exploration program were $156,659 (31 December 2014: $69,251). All future planned exploration expenditures are cancellable at the discretion of the Group.

The Directors consider that the going concern basis is appropriate for the following reasons:

- BCL is funding exploration activities on PL 110/94, PL 111/94 and PL 54/98 ("the three PLs") and is reimbursing the bulk of the administrative and other costs incurred by the Group in Botswana.
- The terms of the BCL farm-in joint venture agreement required that BCL meet all expenditure required to meet the licence conditions of the three PLs.
- Application has been made to renew the three PLs.
- The Group has secured the renewal of other tenements PL 59/2008 and PL 70/2008 to 30 September 2016.
- The Company, principally through its Chairman Pat Volpe, has a track record of raising substantial additional capital. The sum of $1,564,471 (before costs) was raised in the year to 30 June 2014. Subsequent to 30 June 2015 the Company's Share Purchase Plan closed and the Company raised $582,750 (before costs) to meet its corporate and administration overheads, provide working capital and possibly fund exploration activities on areas outside the BCL farm-in joint venture agreement.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT (CONTINUED)

- The Group has continued to reduce overheads wherever possible. A partial freeze on the payment of remuneration to Directors remains in place. Directors will continue to be paid part of their remuneration in cash and the balance will be accrued.
- Subsequent to 31 December 2015 the Company made a non-renounceable rights issue of 7 new shares for every 9 shares held on the record date at an issue price of 0.2 cent ($0.002) cash per new share payable in full on application to raise up to $1,011,145 (before costs). The rights issue has been partially underwritten by Trayburn Pty Ltd (Mr Pat Volpe, the Chairman and a substantial shareholder of the Company, is a Director and substantial shareholder of Trayburn Pty Ltd) and by Monvale Investments Pty Ltd as trustee for The Omissam Trust (Mr Massimo Cellante, a Director of the Company, is a Director of Monvale Investments Pty Ltd and a beneficiary of The Omissam Trust). On 10 March 2016 the Company announced that the sum of $580,948.05 had been raised to date under the rights issue thereby exceeding the minimum subscription.

Should the Group not successfully achieve these assumptions set out in its cash flow forecast as described above, it may be unable to realise its assets, nor acquit its liabilities, in accordance with its basis of preparation on these financial statements.

The financial statements do not include any adjustments relating to the recoverability and classification of assets and liabilities that may be necessary should the Group be unable to continue as a going concern.

PL 110/94, PL 111/94 and PL 54/98 – tenements subject to joint venture

The Group has entered into an amended Farm-in Joint Venture Agreement ("the Agreement") with BCL Limited ("BCL"), a major Botswana mining and smelting company owned by the Botswana Government.

The Agreement relates to three of the Group's Prospecting Licences in Botswana where BML has made three discoveries: the Maibele North Ni-Cu-PGE project, the Airstrip Copper Cu-Ag project and the Dibete Cu-Ag project.

On 1 April 2014 the farm-in commenced and since that date exploration activities have been conducted on a joint basis with BCL funding all costs. Under the Agreement, following an initial AUD4 million exploration program to earn a 40% interest in the three PLs, BCL has the option to continue to fund the projects to the completion of a Bankable Feasibility Study to earn a 70% interest.

The joint venture agreement funds the Group's exploration activities on the three tenements, including the administration costs in Botswana, for a period of two years.

The Group is not required to make any funding contribution to the joint venture until the completion of a Bankable Feasibility Study. At that time the Group will consider its available options which include commencing contributions to the joint venture (which may require the Group to seek further equity or debt capital) or the sale of the Group's interest in the joint venture.

The Group expects that the expenditure on the tenements and the completion of the Bankable Feasibility Study will enhance the value of the tenements and thereby benefit the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT (CONTINUED)

During the period the Group applied to the Department of Mines in Botswana to extend PL 110/94, PL 111/94 and PL 54/98. A decision on the applications is pending.

Other Prospecting Licences

The Group may carry out exploration on its other areas at its discretion and subject to the availability of funds, however there is no obligation to carry out such exploration. In addition, BCL has a first right of refusal to fund exploration on these other areas and therefore activities may be undertaken at no cost to the Group.

NOTE 2 CONTINGENT LIABILITIES

The Group's contingent liabilities have not changed materially since 30 June 2015.

NOTE 3 SUBSEQUENT EVENTS AFTER THE END OF THE REPORTING PERIOD (CONTINUED)

The Group is not aware of any subsequent events after the end of the reporting period to be included in these financial statements other than:

- On 27 January 2016 the Company announced that it has received the second batch of assay results from its joint venture partner BCL Limited.

- On 9 February 2016 the Company announced its intention to undertake a non-renounceable rights issue to raise up to $1,011,145 before costs through an offer of seven (7) new fully paid ordinary shares for every nine (9) shares held at the record date at an issue price of 0.2 cent ($0.002) cash per new share payable in full on application.

- On 11 February 2016 the Company announced that it had received the final batch of assay results from its joint venture partner, BCL Limited.

- On 10 March 2016 the Company announced that the sum of $580,948.05 had been raised to date under the rights issue thereby exceeding the minimum subscription.

NOTE 4 SEGMENT INFORMATION

For the six months to 31 December 2015 the Group continued to operate solely on exploration of mineral resources in Africa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

NOTE 5 CAPITAL AND LEASING COMMITMENTS

The Group's capital commitments have not changed materially since 30 June 2015.

The Company previously occupied premises provided by Cohiba Minerals Limited (a company of which Mr Pat Volpe was a Director and of which he is still a substantial shareholder) under a monthly tenancy which ended on or about 9 September 2015.

The Company subsequently entered into a direct lease for the office premises at a rent of $3,483 per month which can be terminated by either party on 90 days' notice.

NOTE 6 CAPITALISED EXPLORATION AND EVALUATION

The exploration and evaluation expenditure relates to the Group's projects in Botswana.

	Consolidated Group	
	31/12/2015	30/06/2015
	$	$
Capitalised exploration and evaluation (at cost)	**7,229,725**	7,654,934
Movements in carrying values		
Balance at beginning of period	**7,654,934**	6,874,599
Expenditure during the period	**161,399**	123,639
Expenditure impaired during the period	**-**	-
Foreign currency translation	**(586,608)**	656,696
Balance at period end	**7,229,725**	7,654,934

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of base and precious metals.

NOTE 7 ISSUED CAPITAL

	Company	
	31/12/2015	30/06/2015
	$	$
650,022,133 Fully Paid Ordinary Shares (30 June 2015 – 568,822,164)	**16,017,638**	15,425,548
	16,017,638	15,425,548

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

NOTE 7 ISSUED CAPITAL (CONTINUED)

Movements in ordinary share capital

	31/12/2015		31/12/2014	
	No.	$	No.	$
Fully paid ordinary shares				
At the beginning of the period	**568,822,164**	**15,425,548**	568,606,489	15,431,357
Shares issued during the period	**81,199,969**	**610,750**	215,675	3,236
Share issue costs	**-**	**(18,660)**	-	-
At the end of the period	**650,022,133**	**16,017,638**	568,822,164	15,434,593

In previous reporting periods the Company has issued and granted 410,233,933 options to acquire fully paid ordinary shares, which have vested in full. Each option is exercisable at 1.5 cents ($0.015) and expires on 31 December 2016. No options were exercised or lapsed during the period and no other securities were issued.

NOTE 8 RELATED PARTY TRANSACTIONS

The following related party transactions (other than remuneration of Directors) occurred during the half-year on normal commercial terms and conditions:

- Woolrich & Associates Pty Ltd invoiced for consulting fees of $5,750 (Dr Paul Woolrich is a Director and shareholder of Woolrich & Associates Pty Ltd). The sum of $1,500 was paid during the period and the balance of $4,250 was paid subsequent to the end of the period.

- Cohiba Minerals Limited was paid rent of $792 and $2,060 for the purchase of a computer (Mr Pat Volpe was a Director, and is a substantial shareholder, of Cohiba Minerals Limited.

- Close family members of Mr Pat Volpe were paid wages of $4,800 plus applicable superannuation.

- CAP Holdings Pty Ltd ("CAP") was paid $9,000 for printing, collating and posting the Annual Report of the Company and the notices and proxy forms for the Company's Annual General Meeting and $5,600 for office administration services. Close family members of Mr Pat Volpe are Directors and shareholders of CAP.

- Cam Bow Holdings (Pty) Ltd ("CBH") invoiced the Company's subsidiary African Metals (Pty) Ltd $5,301 for contractor fees (Mr Pat Volpe is a Director and substantial shareholder of Cam Bow Limited, the parent company of CBH, Mr Volpe is also a Director of CBH).

The above amounts are net of any applicable GST.

Related parties were reimbursed for out-of-pocket expenses they paid for the Company and vice versa.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31 DECEMBER 2015 (CONTINUED)

NOTE 9 FAIR VALUE MEASUREMENT

The Directors consider that the carrying amount of the financial assets and financial liabilities that are recognised in the financial report approximate their fair values.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 10 to 19.

a) comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Regulations 2001 and the Corporations Act 2001; and

b) give a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Botswana Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



P J VOLPE
Director

Dated 11 March 2016.
Kew, Victoria

William Buck

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BOTSWANA METALS LIMITED AND ITS CONTROLLED ENTITIES

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Botswana Metals Limited (the company) and the entities it controlled at the half-year's end or from time to time during the half year (the consolidated entity), which comprises the consolidated condensed statement of financial position as at 31 December 2015, the consolidated condensed statement of profit or loss and other comprehensive income, consolidated condensed statement of changes in equity and consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including:

— giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and its performance for the half-year ended on that date; and

— complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

As the auditor of Botswana Metals Limited ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CHARTERED ACCOUNTANTS & ADVISORS

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INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BOTSWANA METALS LIMITED AND ITS CONTROLLED ENTITIES (CONT)

Independence
In conducting our review, we have complied with the independence requirements of the Corporations Act 2001.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Botswana Metals Limited is not in accordance with the Corporations Act 2001 including:

a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2015 and of its performance for the half year ended on that date; and
b) complying with Australian Accounting Standard 134 Interim Financial Reporting and the Corporations Regulations 2001.

Emphasis of Matter
Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that the entity incurred a net loss of $369,518 during the period ended 31 December 2015 and, as of that date, the entity's current liabilities exceeded its current assets by $159,710. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

William Buck

William Buck Audit (Vic) Pty Ltd
ABN 59 116 151 136

J. C. Luckins
Director

Dated this 11th day of March, 2016