BOTSWANA METALS LIMITED
AND ITS CONTROLLED ENTITY

ACN 122 995 073

HALF-YEAR REPORT
31 DECEMBER 2016

Lodged with the ASX under Listing Rule 4.2A
This information should be read in conjunction with the 30 June 2016 Annual Report.

BOTSWANA METALS LIMITED AND ITS CONTROLLED ENTITIES
HALF-YEAR REPORT – 31 DECEMBER 2016

CONTENTS

	Page
Corporate Directory	2
Directors' Report	3
Auditor's Independence Declaration	8
Consolidated Statement of Profit or Loss and Other Comprehensive Income	9
Consolidated Statement of Financial Position	10
Consolidated Statement of Changes in Equity	11
Consolidated Statement of Cash Flows	12
Notes to the Consolidated Financial Statements	13
Directors' Declaration	18
Independent Auditor's Review Report to the Members	19

CORPORATE DIRECTORY

Directors:	Mr Patrick John Volpe (Executive Chairman) Mr Matthew John Hudson (Non-executive Director) Mr Steven Russell Groves (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 2016.

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
Mr Matthew John Hudson (appointed 23 January 2017)
Mr Steven Russell Groves (appointed 22 February 2017)
Dr Paul Woolrich (resigned 23 January 2017)
Mr Massimo Livio Cellante (resigned 22 February 2017)

REVIEW OF OPERATIONS

CORPORATE ACTIVITY

Cash

The Group had cash of $84,261 as at 31 December 2016.

Options

20,011 options were exercised at 1.5 cents ($0.015) per option prior to the expiry date of 31 December 2016 and 410,213,922 options expired unexercised.

EXPLORATION ACTIVITY

NEW EXPLORATION STRATEGY FOCUSED ON TANTILUM, LITHIUM COBALT AND COPPER-NICKEL

During the year, the Board reviewed its exploration portfolio and revisited past exploration for Tantalum and the potential for Lithium.

A soil program commenced in the September 2016 quarter and was completed in February of 2017. Independent lab results received on selected samples showed elevated Tantalum (Ta), Lithium (Li) and Tin (Sn) levels as measured against lower background levels.

The company is reviewing an exploration plan for 2017 to follow up on these initial encouraging results.

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

There was no work undertaken by the company on this PL for the 6 months to December 2016.

New Licences Granted

Three new licences covering and additional 700km^2 of the Limpopo Mobile Belt were granted to African Metals (Pty) Ltd ("AML") during the period. AML applied for the additional licences because the Group has identified their strong potential for the discovery of Tantalum, Lithium, Nickel, Cobalt, Copper and Gold mineralisation (see tenement map below).

BCL Farm-In Joint Venture Agreement

In April 2014, African Metals (Pty) Ltd, a wholly owned subsidiary of the Company, entered a Farm-in Joint Venture agreement with BCL Limited, a major Botswana mining and smelting company owned by the Botswana Government, and its subsidiary BCL Investments (Pty) Ltd (both referred to as "BCL").

Under the Farm-in Joint Venture Agreement, BCL spent the required initial AUD$4 million on exploration to have earned its 40% interest in PL 110/94, PL 111/94 and PL 54/98 ("the three PLs"), subject only to the necessary formalities, including verification of the expenditure made, which have not been completed.

Under the Farm-in Joint Venture Agreement, BCL has the option to continue to fund the projects to the completion of a Bankable Feasibility Study to earn a 70% interest.

On 9 October 2016 BCL was placed into Provisional Liquidation and Mr Nigel Dixon-Warren of KPMG Botswana was appointed as Provisional Liquidator. The Provisional Liquidator has communicated with the Company and advised that he is assessing the affairs of BCL including the Farm-in Joint Venture Agreement.

Prior to BCL being placed in Provisional Liquidation, both parties were working together to formalise BCL's 40% interest in the three PLs and establish the new joint venture vehicle.

The High Court of Botswana decided in February 2017 to grant a stay for 30 days before deciding to appoint Mr Dixon-Warren as formal Liquidator of BCL. The Court granted this extension at the request of the Botswana Government to negotiate or otherwise a position for its investment in BCL.

Following the appointment of the Provisional Liquidator, BCL stopped funding exploration activities on the three PLs.

Accordingly, the Group has fully impaired the amount of $104,462 owed by BCL to African Metals (Pty) Ltd.

Notwithstanding the Provisional Liquidation of BCL, the Directors have alternative courses of action available to enable exploration to continue in respect of the minimum expenditure targets on PLs for the joint activities planned with BCL and accordingly, no impairment of previously capitalised expenditures is considered appropriate at report date.

Works performed before the appointment of a Liquidator to BCL

Mining Feasibility Studies

- WorleyParsons were appointed to perform an upgraded resource calculation which resulted in the previous inferred resource of ~2.3m tonnes being upgraded to a measured resource in status and in compliance with the JORC requirements.

- WorleyParsons also prepared a mining scoping/ pre-feasibility study based on the results of the upgraded resource. As a result of this report, BCL had indicated that it was going ahead to look at the feasibility of an open pit mine operation at Maibele North.

- AquaLogic were appointed to undertake an Environmental Impact Assessment (EIA) at the project.

All joint venture activities were put on hold when BCL was placed in Provisional Liquidation in October 2016.

Takane PL 54/98 (subject to Farm-in Joint Venture Agreement with BCL)

The three priority Nickel-sulphide targets (Mak1, Kudu1 & Mmats1) previously identified by BML were drilled based on surveys using the SQUID EM technique to identify drilling targets.

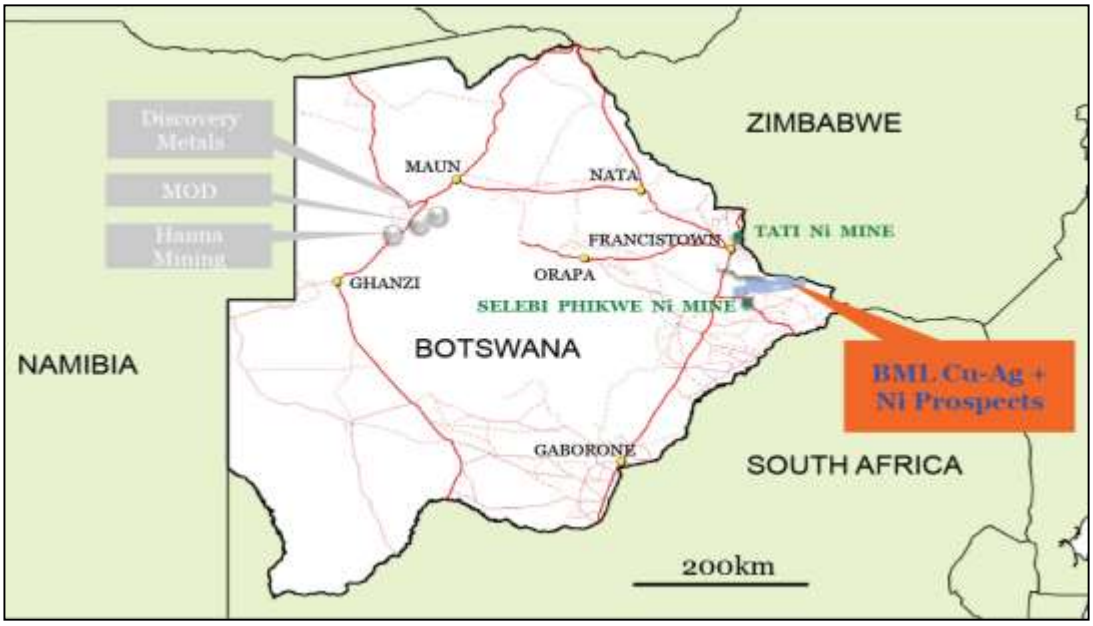
A summary of the 1100m of diamond drilling is as follows:

- Every drill hole intercepted significant zones of disseminated to semi-massive pyrrhotite, pyrite and chalcopyrite (copper sulphide).
- Targets identified by the Squid EM survey again all showed significant sulphide mineralisation and demonstrated the effectiveness of the technique in identifying sulphide mineralisation.
- A down hole EM program was completed and the results are pending.
- No samples were sent to the lab by BCL and therefore no independent lab results have been received. The samples were not sent for assaying as BCL went into Provisional Liquidation and all works stopped.

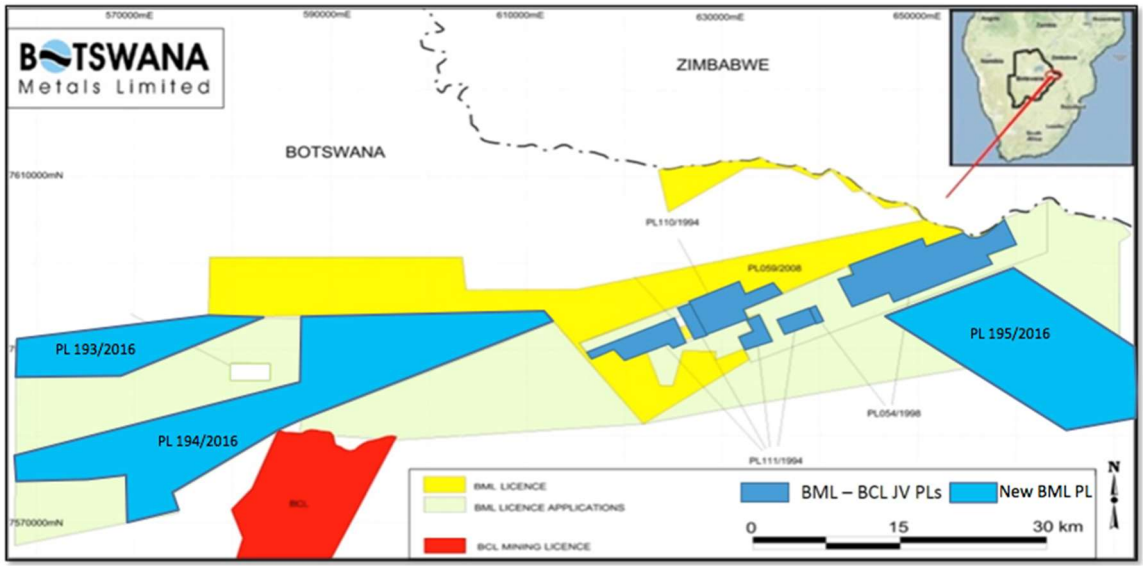
The Group will review this position once the future of BCL is determined.

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.



Tenement	Renewal / Expiry Date	Percentage Holding	Title Holder	Comment
Magogaphate PL 110/94	31/03/2018	100	African Metals (Pty) Ltd	Farm-in agreement with BCL. See note 5 below.
Mokoswane PL 111/94	31/03/2018	100	African Metals (Pty) Ltd	Farm-in agreement with BCL. See note 5 below..
Takane PL 54/98	31/03/2018	100	African Metals (Pty) Ltd	Farm-in agreement with BCL. See note 5 below..
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Application for renewal submitted 30/06/16.
PL 193/2016	30/09/2019	100	African Metals (Pty) Ltd	
PL 194/2016	30/09/2019	100	African Metals (Pty) Ltd	
PL 195/2016	30/09/2019	100	African Metals (Pty) Ltd	

Notes:

1. African Metals (Pty) Ltd is a wholly owned subsidiary of the Company.
2. Minerals Holdings (Botswana) Pty Ltd holds a 5% net profit share interest in PL 110/94, PL 111/94 and PL 54/98.
3. PL 110/94, PL 111/94 and PL 54/98 were extended for a further two years to 31 March 2018.
4. During the half-year, PL 070/2008 was relinquished and PL 111/2011 was not renewed.
5. BCL Limited and BCL Investments (Pty) Ltd (both referred to as "BCL") and African Metals (Pty) Ltd are parties to a Farm-in Joint Venture Agreement ("the Agreement") covering PL 110/94, PL 111/94 and PL 54/98 ("the three PLs"). Under the Agreement, BCL spent the required initial AUD $4 million on exploration to have earned its 40% interest in the three PLs, subject only to the necessary formalities, including verification of the expenditure made, which have not been completed. Under the Agreement, BCL has the option to continue to fund the projects to the completion of a Bankable Feasibility Study to earn a 70% interest. BCL was placed in Provisional Liquidation on 9 October 2016.

6. Several new PL applications were lodged with the Department of Mines in the March 2015 quarter which resulted in the grant of PL 193/2016, PL 194/2016 and PL 195/2016 during the half-year.
7. 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 2016.

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 23 January 2017 Dr Paul Woolrich resigned as a non-executive Director of the Company and Mr Matthew Hudson was appointed in his place.
- On 17 February 2017 Foxfire Capital Pty Ltd successfully placed 250,000,000 fully paid ordinary shares at 0.2 cents ($0.002) per share to raise $500,000 for the Company (before costs). The issue was well supported and closed oversubscribed.
- On 22 February 2017 Mr Massimo Livio Cellante resigned as a non-executive Director of the Company and Mr Steven Groves was appointed in his place.

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 16 March 2017.



MR P J VOLPE
Director

Dated 16 March 2017.
Kew, Victoria

William Buck

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

I declare that, to the best of my knowledge and belief during the half-year ended 31 December 2016 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 16th day of March, 2017

CHARTERED ACCOUNTANTS & ADVISORS

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

William Buck is an association of independent firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		Consolidated	
		31/12/2016	31/12/2015
	Note	**$**	$
Revenue			
Interest and other income		**1,324**	4,853
Administrative and corporate expenses		**(85,268)**	(33,362)
Bad and doubtful debts	**6**	**(104,462)**	-
Depreciation		**(4,105)**	(9,289)
Directors' remuneration and fees		**(195,000)**	(195,000)
Employment and consultancy		**(48,619)**	(45,963)
Professional fees		**(8,751)**	(12,501)
Travel and marketing		**(5,855)**	(34,195)
Other expenses from ordinary activities		**(36,835)**	(44,061)
Loss from Ordinary Activities before Income Tax Expense		**(487,571)**	(369,518)
Income Tax Expense		-	-
Loss from Ordinary Activities after Income Tax Expense attributable to owners of the parent		**(487,571)**	(369,518)
Other Comprehensive Income that may be subsequently reclassified to profit or loss			
Exchange differences from translation of foreign operations		**346,464**	(628,031)
Total Comprehensive Loss for the half-year attributable to owners of the parent		**(141,107)**	(997,549)
Loss per share:			
Basic and diluted loss per share (cents per share)		**(0.04)**	(0.06)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

		Consolidated	
		31/12/2016	30/06/2016
	Note	**$**	$
Assets			
Current Assets			
Cash and cash equivalents		**84,261**	488,249
Trade and other receivables		**51,033**	203,522
Total Current Assets		**135,294**	691,771
Non-Current Assets			
Plant and equipment		**4,781**	4,138
Capitalised exploration and expenditure	**6**	**7,721,299**	7,209,174
Total Non-Current Assets		**7,726,080**	7,213,312
Total Assets		**7,861,374**	7,905,083
Current Liabilities			
Trade and other payables		**508,795**	411,397
Total Current Liabilities		**508,795**	411,397
Total Liabilities		**508,795**	411,397
Net Assets		**7,352,579**	7,493,686
Equity			
Issued capital	**7**	**16,958,181**	16,958,181
Reserves		**(2,244,730)**	(2,531,194)
Accumulated losses		**(7,360,872)**	(6,933,301)
Total Equity		**7,352,579**	7,493,686

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Issued Share Capital	Share-based Payments Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$	$
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**
Balance at 1 July 2016	**16,958,181**	**60,000**	**(6,933,301)**	**(2,591,194)**	**7,493,686**
Net loss for the half-year	**-**	**-**	**(487,571)**	**-**	**(487,571)**
Other comprehensive income for the half-year	**-**	**-**	**-**	**346,464**	**346,464**
Total comprehensive income for the period	**-**	**-**	**(487,571)**	**346,464**	**(141,107)**
Expiry of options	**-**	**(60,000)**	**60,000**	**-**	**-**
Balance at 31 December 2016	**16,958,181**	**-**	**(7,360,872)**	**(2,244,730)**	**7,352,579**

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF- YEAR ENDED 31 DECEMBER 2016

	Consolidated	
	31/12/2016	31/12/2015
	$	$
Cash Flows from Operating Activities		
Payments to suppliers and employees	**(243,790)**	(421,375)
Interest and other income received	**1,324**	2,450
Net cash and cash equivalents provided by (used in) operating activities	**(242,466)**	(418,925)
Cash Flows from Investing Activities		
Purchase of plant and equipment	**(4,748)**	(5,248)
Exploration expenditure	**(156,774)**	(156,659)
Net cash and cash equivalents provided by (used in) investing activities	**(161,522)**	(161,907)
Cash Flows from Financing Activities		
Proceeds from issue of shares	**-**	506,250
Costs of capital raising	**-**	(17,149)
Net cash and cash equivalents provided by (used in) financing activities	**-**	489,101
Net increase (decrease) in cash held	**(403,988)**	(91,731)
Cash and cash equivalents at 1 July	**488,249**	276,922
Cash and cash equivalents at 31 December	**84,261**	185,191

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

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 2016 annual financial report for the financial year ended 30 June 2016.

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 reported position or performance of the consolidated financial statements.

Going Concern

During the half-year the Group generated a loss after tax of $487,571 (31 December 2015: $369,518) and incurred net cash outflows from operations of $242,466 (31 December 2015: $418,925). As at 31 December 2016 the Group had available cash reserves of $84,261 ($488,249 as at 30 June 2016) and a net working capital deficiency of $373,501 (surplus of $280,374 as at 30 June 2016) and a net working capital deficiency excluding amounts owing to Trayburn Pty Ltd (Mr P J Volpe) of $28,501 (net available working capital of $602,274 as at 30 June 2016). Net investment outflows for the half-year attributable to its exploration program were $156,774 (31 December 2015: $156,659). 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:

- The Group has secured the renewal of its key tenements PL 110/94, PL 111/94 and PL 54/98 which are now valid until 31 March 2018.
- The Group has been granted three new licences PL 193/2016, PL 194/2016 and PL 195/2016.
- The Group has applied to renew PL 59/2008 and is awaiting a decision on the application.
- There is strong investor interest in the Group as demonstrated by the private placement completed after balance date which was well supported and closed oversubscribed raising the full amount of $500,000 (before costs) to fund the ongoing operations of the Group.
- The Group, principally through its Executive Chairman, Mr P J Volpe, has a track record of raising substantial additional capital. The sum of $1,599,397 (before costs) was raised by the Group in the year to 30 June 2016 to funds its ongoing operations.
- The Group has the option to fund its own exploration activities either by raising capital or by entering into further joint venture arrangements. The Group successfully funded its own exploration activities over many years prior to entering into the Farm-in Joint Venture Agreement with BCL Limited and BCL Investments (Pty) Ltd

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

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

- Notwithstanding the Provisional Liquidation of BCL, the Directors have alternative courses of action available to enable exploration to continue in respect of the minimum expenditure targets on PLs for the joint activities planned with BCL and accordingly, no impairment of previously capitalised expenditures is considered appropriate at report date.
- The Group can sell one or more tenements should there be a need to scale down operations.
- The Group may carry out exploration at its discretion and subject to the availability of funds, there is no obligation to carry out such exploration.
- The Group is not obligated to renew its Prospecting Licences, and therefore has the ability to scale down its operations sufficiently in required.
- The Group has no material contracts with suppliers or employees (aside from standard employee entitlements).
- The Group has continued to reduce overheads wherever possible. A partial freeze on the payment of remuneration to Directors remains in place. Mr P J Volpe, on behalf of Trayburn Pty Ltd, has confirmed his intention and ability to forebear from seeking cash payments from the Group in respect of accrued remuneration owing as at 31 December 2016 for a period of at least 12 months from the date of singing of these accounts, or to such point in time that the Group can satisfy its commitments and obligations to suppliers and employees without such help and without jeopardizing its available working capital position. Directors will continue to be paid part of their remuneration in cash and the balance will be accrued.

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.

NOTE 2 CONTINGENT LIABILITIES

The Group's contingent liabilities have not changed materially since 30 June 2016.

NOTE 3 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 23 January 2017 Dr Paul Woolrich resigned as a non-executive Director of the Company and Mr Matthew Hudson was appointed in his place.

- On 17 February 2017 Foxfire Capital Pty Ltd successfully placed 250,000,000 fully paid ordinary shares at 0.2 cents ($0.002) per share to raise $500,000 for the Company (before costs). The issue was well supported and closed oversubscribed.

- On 22 February 2017 Mr Massimo Livio Cellante resigned as a non-executive Director of the Company and Mr Steven Groves was appointed in his place.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 4 SEGMENT INFORMATION

For the six months to 31 December 2016 the Group continued to operate solely on exploration of mineral resources in Africa.

NOTE 5 CAPITAL AND LEASING COMMITMENTS

The Group's capital commitments and planned levels of exploration expenditure have not changed materially since 30 June 2016.

NOTE 6 CAPITALISED EXPLORATION AND EVALUATION

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

	Consolidated Group	
	31/12/2016	30/06/2016
	$	$
Capitalised exploration and evaluation (at cost)	**7,721,299**	7,209,174
Movements in carrying values		
Balance at beginning of period	**7,209,174**	7,654,934
Expenditure during the period	**170,793**	269,703
Expenditure impaired during the period	**-**	(181,803)
Foreign currency translation	**341,332**	(533,560)
Balance at period end	**7,721,299**	7,209,174

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

BCL Limited and BCL Investments (Pty) Ltd (both referred to as "BCL") and African Metals (Pty) Ltd are parties to a Farm-in Joint Venture Agreement covering PL 110/94, PL 111/94 and PL 54/98 ("the three PLs"). Under the Farm-in Joint Venture Agreement, BCL spent the required initial AUD$4 million on exploration to have earned its interest in the three PLs, subject only to the necessary formalities, including verification of the expenditure made, which have not been completed. Prior to BCL being placed in Provisional Liquidation, both parties were working together to formalise BCL's 40% interest in the three PLs and establish the new joint venture vehicle.

As at 31 December 2016, the Group has fully impaired the amount of $104,462 owed by BCL to African Metals (Pty) Ltd.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 7 ISSUED CAPITAL

	Company	
	31/12/2016	30/06/2016
	$	$
1,158,345,803 Fully Paid Ordinary Shares (30 June 2016 – 1,158,345,803)	**16,958,181**	16,958,181
	16,958,181	16,958,181

Movements in ordinary share capital

	31/12/2016		31/12/2015	
	No.	**$**	No.	$
Fully paid ordinary shares				
At the beginning of the period	**1,158,345,803**	**16,958,181**	568,822,164	15,425,548
Shares issued during the period	**-**	**-**	81,199,969	610,750
Share issue costs	**-**	**-**	-	(18,660)
At the end of the period	**1,158,345,803**	**16,958,181**	650,022,133	16,017,638

Exercise and expiry of options

In previous reporting periods the Company has issued and granted 410,233,933 options to acquire fully paid ordinary shares, which had vested in full. 20,011 options were exercised at 1.5 cents ($0.015) per option prior to the expiry date of 31 December 2016 and 410,213,922 options expired unexercised.

Other securities

No other securities were issued, exercised or lapsed during the period.

NOTE 8 REMUNERATION OF KEY MANAGEMENT PERSONNEL

During the half-year the following fees were paid to, or accrued in favour of, key management personnel or normal commercial terms and conditions.

		For the period to 31/12/2016			**Total fees accrued up to 31/12/2016**
Name of KMP	**Position held by KMP**	**Fees paid**	**Fees accrued**	**Super paid/due**	
Mr P J Volpe	Executive Chairman	$90,000	$75,000	$0	$345,000
Dr P Woolrich	Non-executive Director	$7,500	$7,500	$0	$33,450
Mr M L Cellante	Non-executive Director	$7,500	$7,500	$713	$33,450
Mr R Jimenez	Company Secretary	$25,000	$0	$0	$0

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016 (CONTINUED)

NOTE 8 REMUNERATION OF KEY MANAGEMENT PERSONNEL (CONTINUED)

The services of certain key management personnel are obtained through arrangements with their related companies as follows:

- Trayburn Pty Ltd provides the services of Mr P J Volpe.
- Woolrich & Associates Pty Ltd provides the services of Dr P Woolrich.
- L.W. Management Services Pty Ltd provides the services of Mr R Jimenez.

Where a company provides the services then the fees disclosed above are paid to, or accrued in favour of, the relevant company. All amounts above are exclusive of any GST.

NOTE 9 RELATED PARTY TRANSACTIONS

The following related party transactions (other than remuneration of Directors disclosed in note 8 above) occurred during the half-year on normal commercial terms and conditions:

- Cam Bow Holdings (Pty) Ltd ("CBH"), of which Mr P J Volpe is a Director and which is a subsidiary of Cam Bow Limited of which Mr Volpe is a Director and substantial shareholder, invoiced the Company's subsidiary African Metals (Pty) Ltd $5,589 for contracting fees. The sum of $2,937 was owed to CBH at the end of the period.
- CAP Holdings Pty Ltd, of which close family members of Mr P J Volpe are Directors and shareholders, was paid $8,000 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 $10,400 for clerical and office administration services.
- Woolrich & Associates Pty Ltd, of which Dr P Woolrich is a Director and shareholder, was paid consulting fees of $9,375.

All amounts above are exclusive of GST. In addition, expenses paid by, or for, Directors and related entities were, or will be, reimbursed at cost.

NOTE 10 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 9 to 17.

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 2016 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.



MR P J VOLPE
Director

Dated 16 March 2017.
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 2016, 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 2016 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

Level 20, 181 William Street
Melbourne VIC 3000

Telephone: +61 3 9824 8555

williambuck.com

William Buck is an association of independent firms, each trading under the name of William Buck across Australia and New Zealand with affiliated offices worldwide. Liability limited by a scheme approved under Professional Standards Legislation other than for acts or omissions of financial services licensees.

Praxity MEMBER GLOBAL ALLIANCE OF INDEPENDENT FIRMS

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 2016 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.

Material Uncertainty Related to Going Concern
We draw attention to Note 1 in the financial report, which indicates that the consolidated entity incurred a net loss of $487,571 during the half year ended 31 December 2016 and, as of that date, the consolidated entitiy's current liabilities exceeded its total assets by $373,501. As stated in Note 1, these events or conditions, along with other matters as set forth in Note 1, indicate that a material uncertainty exists that may cast significant doubt on the consolidated entity's ability to continue as a going concern. Our conclusion is not modified in respect of this matter.

William Buck

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

J. C. Luckins
Director

Dated this 16th day of March, 2017