BOTSWANA Metals Limited

ABN 96 122 995 073

ASX Code: BML

TO: **COMPANY ANNOUNCEMENTS OFFICE**
ASX LIMITED

DATE: **30 APRIL 2014**

QUARTERLY REPORT TO 31 MARCH 2014

Highlights

- The Department of Mines (DOM) in Botswana granted a two year (2) extension to PL 110/94, PL 111/94 and PL 54/98 ("the three PLs") from 1 April 2014.
- The extension to the three PLs activated a Farm-In Joint Venture Agreement with BCL Limited, a world class Botswana mining and smelting operation owned by the Botswana Government and Russian giant Norilsk.
- The Joint Venture partners expect to commence drilling during the June 2014 quarter with the initial focus on Maibele North nickel and copper prospect and then followed by drilling at Airstrip and Dibete copper and silver prospects.
- A current review of Maibele North Nickel prospect shows potential for an extension of the Maibele Ultramafic to the west and it appears this Ultramafic is close to the Airstrip Copper anomaly. A final review report is expected by late May 2014.
- Cash Balance at 31 March 2014 was $584,000. An Appendix 5B report is attached.
- Share Placement of 62.5M ordinary fully paid shares at $0.008 raised $500,000.
- Proposed issue of free options attaching to the shares issued (on a 1 for 1 basis) is subject to shareholder approval at a general meeting to be held in the June 2014 quarter. The terms and conditions of the options are the same as the currently listed BMLOB series.

The Directors of Botswana Metals Limited ("the Company" and "BML") report as follows:

Cash Position and Capital Raising

As at 31 March 2014, cash at bank was $584,000.

During the quarter the Company placed 62,500,000 fully paid ordinary shares at $0.008 per share with one free listed option (ASX: BMLOB) exercisable at $0.015 cents at any time up to 31 December 2016.

The issue was managed by Foxfire Capital Pty Ltd and the shares were placed with professional and sophisticated investors pursuant to Section 708 of the Corporations Act 2001 under the Company's 15% placement capacity.

The free attaching one-for-one options (62,500,000) will require the approval of shareholders and a meeting will be held in the June 2014 quarter.

A Schedule of Prospecting Licences held can be found at the end of this report.

Granting of an extension over PL110/94 Airstrip and Maibele North, PL 111/94 Dibete and PL 54/98 Takane ("the three PLs")

During the quarter, the Botswana Government, through the Department of Mines, granted an extension to three PLs: **PL 110/94**, **PL 111/94** and **PL 54/98** for a period of two years effective from 1 April 2014.

The granting of the extensions activated a Farm-In Joint Venture agreement with BCL Limited, a world class Botswana mining and smelting operation owned by the Botswana Government and Russian giant Norilsk.

Under the agreement BCL Limited ("BCL") can fund up to the completion of a bankable feasibility study (BFS) to earn a 70% interest in the three prospecting licences (PLs) that cover circa 141 sq km of BML's 1,500 sq km (approx.) exploration portfolio.

The Joint Venture partnership is in line with BCL's overall strategy of defining potential minable ore in the area to feed its mine and smelter operations. The BML and BCL agreement makes sense as the BML discovery projects:

- Are only 55 km from BCL's nickel-copper mine, process plant and smelter.
- At Maibele North, the Ni + Cu + PGE mineralisation is similar to that being mined by BCL.
- BCL has established crushing, milling, flotation and smelter plants available that can in effect "toll treat" the Joint Venture ore. This will significantly reduce any capital outlay in developing the project(s).
- BCL has the marketing and sales team in place with international client base to sell the final product.
- BCL will provide BML and the Joint Venture with the expertise, logistics and access to plant and equipment.

BCL also has a first right of refusal to fund the exploration on the balance of BML's exploration portfolio that covers the extension of the Limpopo belt into Eastern Botswana from Zimbabwe.

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 has a population of 50,000.

The Joint Venture partnership can fast track BML's efforts towards commencing an operation within the three PLs.

BML's projects provide the potential for additional ore particularly for nickel and copper that can be trucked to the BCL plant which has been operating at Selebi Phikwe since the 1960s.

Of the three BML projects, Maibele North nickel prospect will be given priority for drilling as previous diamond drilling intercepted nickel mineralisation at around a depth of 50 m. If the economics stack up then 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.

PROPOSED WORK PROGRAM

Both BCL and BML plan to commence exploration including drilling in the June 2014 quarter on these three prospecting licences **PL110/94** (Maibele North Project for: Ni + Cu + PGEs and Airstrip Project for: Cu +Ag), **PL111/94** (Dibete Project for: Cu + Ag) and **PL54/98** (23 identified VTEM anomalies) with the objective of completing a feasibility into the potential of mining and trucking ore to the BCL operations at Selebi Phikwe just 55 km to the south of BML's projects.

In the March 2014 quarter and into April 2014, the exploration management team of both companies have been working on a proposed drilling program to be put to the joint venture partners in a meeting of the executive management to be held in early May 2014. It is expected that this drilling program will be approved for immediate commencement at that time.

Potential Western extension of Maibele Ultramafic:

During the quarter a review commenced assessing the distribution of the known nickel intersections and host ultramafic unit at Maibele North with the aim of determining the possible extensions of this host unit along strike and down dip. Nickel intersections reported in some of the Airstrip drilling carried out in 2012 and located 400-500m west of Maibele North may indicate the host unit is more extensive to the west. This area will be targeted in our future drilling program. .

It is expected that the results of this study will be available in May 2014.

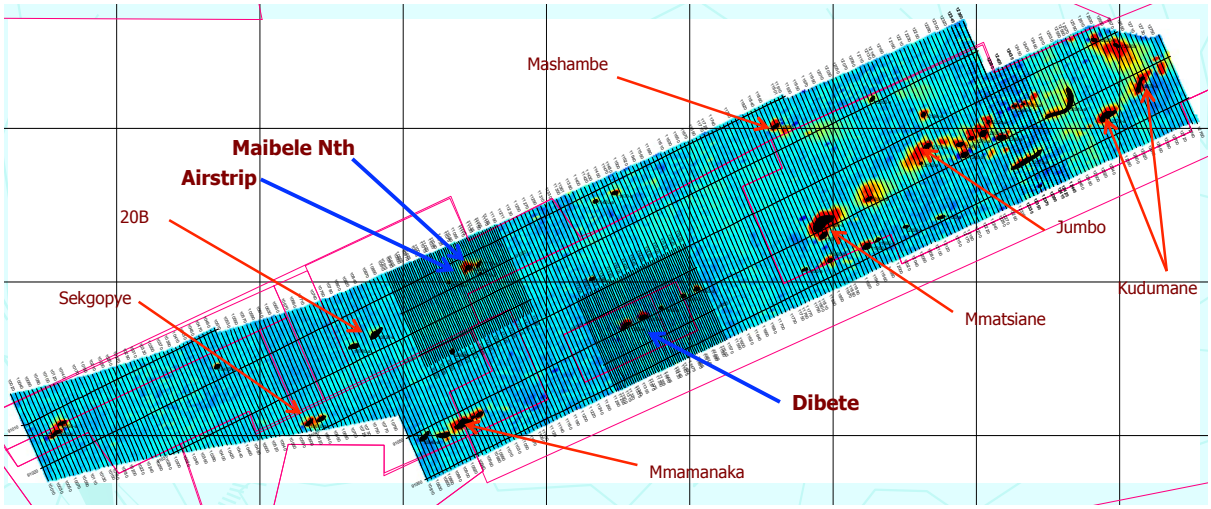

Figure 1: shows location of the three discovery projects: Maibele North, Airstrip and Dibete on a VTEM survey which also identified another 23 VTEM anomalies with potential exploration

targets. These project areas are covered in the three PLs extended by the Department of Mines for a further two years to 31 March 2016.

About BCL Limited

BCL Limited is a mining and smelting company owned by the Botswana Government (94%) and Norilsk Nickel (6%). 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.

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.

Under the Farm-In Joint Venture Agreement, BCL can spend AUD$4M on drilling and exploration to earn a 40% interest in the PLs. BCL then has the option to continue to fund the projects to the completion of a Bankable Feasibility Study to earn a 70% interest. At that point BCL will have the off-take rights at commercial prices, to any ore mined. BCL also has a first

right of refusal to participate in exploration on the Company's other prospecting licences in Botswana.

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.

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.

BCL and the Company have recently been working together to prepare an exploration plan.

PL 59/2008 and PL 70/2008

Following a meeting with the DOM during the quarter, the DOM advised that they are reviewing the second renewal application over PL 59/2008 and PL 70/2008 lodged in June 2013. The market will be advised when a decision is made by the DOM.

PL 46/2004 and PL 47/2004

These PLs expired on 31 March 2014 and an extension was not considered necessary by the Company.

PL 111/2011 and PL 126/2011

Review of previous exploration activities were conducted during the quarter along with data base updating with the objective of setting exploration plans for later in 2014. The Company applied to renew PL 111/2011 on 31 March 2014.

PL 158/2009 and PL 360/2008

In June 2013 the Company was advised that the DOM had rejected the first renewal application on these two prospecting licences on the basis that the Company did not drill the anomalies identified.

The rejection was made even though the Company exceeded the proposed budget work expenditure program detailed in the application for these licences.

The Company has objected to this determination and in October 2013 received confirmation from the DOM that the objection had been received.

There was no other advice received in the quarter as to the status of this objection.

Exploration Activities during the quarter

Activities in the quarter, were kept to a minimum as the Company focused on providing information as requested by the DOM in respect to the three extension applications lodged in September 2013 and to amending the contractual agreement with BCL.

There were no material exploration activities for the quarter other than desktop reviews, data base management and data interpretation. It is expected that exploration will now be aggressively accelerated given the granting by the DOM of extension to the Company's major three PLs which in turn triggered the Farm-In Agreement which will see BCL Limited fund the exploration activities on the three PLs.

There were no material or substantial exploration activities and no results received in the quarter, and therefore a competent person's statement is not required.

The Company still maintains Mr Peter Temby as its competent person to review exploration activities of the Company.

Additional Information

Mr Volpe is a shareholder and a director of Foxfire Capital Pty Ltd (holder of an AFSL). Foxfire Capital Pty Ltd assisted the Company in the recent share placement and was paid a commission on the funds it raised at normal commercial rates.

Pat Volpe
Chairman

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 1,500 sq. km all located in Botswana.

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).

BOTSWANA Metals Limited

ABN 96 122 995 073

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	31/03/16	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14
Mokoswane PL 111/94	31/03/16	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14
Takane PL 54/98	31/03/16	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14
Sampowane PL 46/2004	Expired 31/03/2014	0	African Metals (Pty) Ltd	The company did not apply for an extension to this PL
Gobe Shear PL 47/2004	Expired 31/03/2014	0	African Metals (Pty) Ltd	The company did not apply for an extension to this PL
Shashe South PL 059/2008	30/09/2013	100	African Metals (Pty) Ltd	Renewal application lodged 28/06/13
Central PL 070/2008	30/09/2013	100	African Metals (Pty) Ltd	Renewal application lodged 28/06/13
Central Sampa PL 111/2011	30/06/2014	100	African Metals (Pty) Ltd	Renewal application lodged 31/03/14
Xia2 PL126/2011	30/09/2014	100	African Metals (Pty) Ltd	Company is reviewing its position on this PL.

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 46/2004 and PL 47/2004.

PL 46/2004 and PL 47/2004 expired on 31 March 2014.

PL 110/94, PL 111/94 and PL 54/98 were extended for a further two years to 31 April 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 these 3 PLs based on making certain expenditure commitments.

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

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Rule 5.5

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	Quarter ended ("current quarter")
96 122 995 073	31 MARCH 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (9 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(55)	(159)
	(b) development		
	(c) production		
	(d) administration	(109)	(381)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received		2
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material):		
	- GST refund received	13	13
	Net Operating Cash Flows	(151)	(525)
	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		(2)
1.11	Loans repaid by other entities		3
1.12	Other (provide details if material)		
	Net investing cash flows	(2)	(1)
1.13	Total operating and investing cash flows (carried forward)	(153)	(526)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(153)	(526)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	351	916
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		50
1.17	Repayment of borrowings		(50)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	351	916
	Net increase (decrease) in cash held	198	390
1.20	Cash at beginning of quarter/year to date	386	193
1.21	Exchange rate adjustments to item 1.20		1
1.22	**Cash at end of quarter**	584	584

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	19
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Payment of fees for services of Executive and Non-Executive Directors.

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	80
4.2	Development	
4.3	Production	
4.4	Administration	100
	Total	180

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	584	332
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details) - Term deposits with Australian banks		54
	Total: cash at end of quarter (item 1.22)	584	386

+ 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**	470,392,204	470,392,204		
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.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	282,235,323	282,235,323	*Exercise price* 1.5 cents	*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: ..... Date: 30/04/2014
Company secretary

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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