BOTSWANA Metals Limited

ABN 96 122 995 073

ASX Code: BML

TO: **COMPANY ANNOUNCEMENTS OFFICE**
ASX LIMITED

DATE: **27 of January 2015**

QUARTERLY REPORT TO 31 DECEMBER 2014

Highlights:

Maibele North:

Under joint venture with BCL Limited Botswana's major international mining and smelting operations

Progress achieved in the quarter to 31st December 2014.

Drilling:

- completed 6130m drill program at Maibele North (commenced June 2014).
- drilling included metallurgical holes, infill and a step out holes over the historical Maibele mineralised zone.
- all drill core sample assays received from SGS laboratory.

Laboratory results successfully concluded that:

- major sulphide intercepts of Ni+Cu+PGEs including multiple zones in excess of 20m in thickness were encountered.
- **new ZONE of Ni-sulphide mineralisation** discovered 250m east along strike of the known mineralisation (**discovery hole MARD0094**) at a vertical depth of ~400m.
- drilled mineralisation zone extends to over 900m and remains open at depth and to the East and West
- mineralisation occurs close to surface and demonstrates potential for both open pit and underground mining.
- **Maibele mineralised horizon has the potential to extendfor 16km strike length**
  (refer figure 2).

Best results from the drill program include:-

MADD0057: 26.3M @ 1.65% Ni, 0.54% Cu, 891 ppm Co, 0.14g/t Au, 0.99g/t 4PGEs
MADD0058: 29.12m @ 0.90% Ni, 0.40% Cu, 526 ppm Co, 0.12g/t Au, 0.63g/t 4PGEs

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MADD0059: 19.00m @ 0.73% Ni, 0.29% Cu, 565 ppm Co, 0.09g/t Au, 0.77g/t 4PGEs
MADD0060: 5.45m @ 1.00% Ni, 0.73% Cu, 416 ppm Co, 0.09g/t Au, 0.66g/t 4PGEs
MADD0077: 17.12m @ 0.60% Ni, 0.19% Cu, 365 ppm Co, 0.09g/t Au, 0.67g/t 4PGEs
MADD0078: 7.36m @ 0.91% Ni, 0.29% Cu, 533 ppm Co, 0.07g/t Au, 0.54g/t 4PGEs
MARD0081: 4.48m @ 1.15% Ni, 0.49% Cu, 734 ppm Co, 0.09g/t Au, 0.91g/t 4PGEs
MARD0082: 9.80m @ 1.98% Ni, 0.53% Cu, 986 ppm Co, 0.09g/t Au, 1.01g/t 4PGEs
MARD0085: 6.75m @ 2.23% Ni, 0.63% Cu, 1003 ppm Co, 0.09g/t Au, 1.16g/t 4PGEs
MADD0086: 12.32m @ 1.36% Ni, 0.33% Cu, 625 ppm Co, 0.35g/t Au, 0.76g/t 4PGEs
MARD0094: 6.82m @ 0.75% Ni, 0.25% Cu, 485 ppm Co, 0.06g/t Au, 0.54g/t 4PGEs

Appointments in the quarter:

- MSA Group appointed to carry out a JORC complicate resource estimation by first quarter of 2015
- Subject to resource estimation result, MSA Group commissioned to prepare a scoping study expected to commence in second quarter of 2015.

- **The joint venture partners agreed to**
  - commissioning of a metallurgical study with results expected towards the end of the first quarter of 2015
  - down hole EM to commence in first quarter 2015 to select additional drill targets
  - recommence drilling in the first quarter of 2015 to extend the known resource.

The Maibele North drill program achieved all JV milestones

Takane

- Exploration field work continued on the six VTEM targets selected (four for nickel and two for gold) in the quarter. The work included mapping and soil sampling which will be used to plan a program of trenching and geophysics using TDEM (Time Domain Electro Magnetics) which will commence in the next quarter to identify drill targets.

Maibele North Extension PL59/2009

- Prospecting License PL59/2009 was renewed by the Botswana Department of Mines for a further 2 years until 30 September, 2016.
- A review of the PL59/2009 held 100% by BML identified several potential drill targets for nickel and copper where surface outcropping ultramafic indicators similar to Maibele North are present. The Board is considering its options for 2015.

Cash at Bank

- Cash Balance at 31st December 2014 was ~$480,000. An Appendix 5B report is attached.

Detailed report follows:

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

Cash Position and Capital Raising

As at 31 December 2014, cash at bank was ~$480,000

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

Exploration Activities for the quarter:

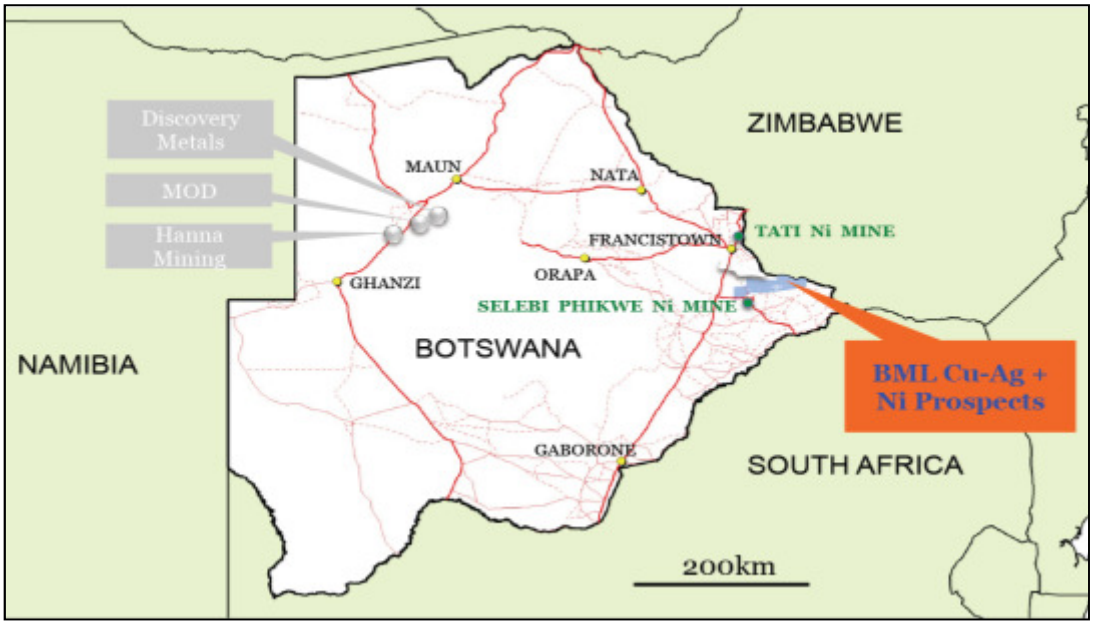

Figure 1: Location of Botswana Metals Limited Exploration portfolio in Botswana

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JOINT VENTURE EXPLORATION ACTIVITIES FOR THE QUARTER

PL110/94 - Drilling Program at Maibele North

The proposed 6,000m diamond drill program that commenced at Maibele North on 16th June 2014 concluded during the December quarter after having completed 39 drill holes for a total of 6130m. The program was designed to test the mineralisation at depth and down dip of the known nickel-copper and platinum group element mineralisation at Maibele North and employed up to 3 drill rigs utilising a combination of RC and diamond drill methods. All sulphide intersections were penetrated with diamond core. The holes were designed to infill gaps in the historic drill pattern and step out along strike to test the lateral continuation and down plunge extents of the ore body. The program has provided metallurgical samples by twinning a number of existing mineralised holes as well as ensuring a sufficient drill hole spacing and sample density to enable the first JORC-compliant mineral resource to be calculated for the deposit.

Commentary on significant observations from the program includes:

- All holes drilled have intersected sulphides and most contain significant nickel mineralisation.
- 986 samples were submitted for assay and results received from the program show the sulphide zones to contain significant levels of Nickel and Copper as well as elevated Platinum Group Elements including **Pt, Pd, Rh, Ru** along with cobalt and gold.
- Ni-mineralised sulphide intersections range from metre thick scale up to over 20m thick zones (down hole thickness).
- Mineralisation occurs close to surface and demonstrates potential for both open pit and underground mining.
- Potential economic sulphide intersections have been encountered from between 50m to 150m vertical depth below the ground surface in the main ore zone, and at ~400m along strike in the new zone discovered in MARD0094
- Step out drilling along strike and down plunge to the east has been successful with the 500m deep Hole MADD0094 intersecting 12.05m of disseminated and massive sulphide.
- Hole MADD0094, located 750m north east of hole MADD0057 increases the strike length and depth of the mineralisation significantly and opens up huge area of untested mineralised potential.
- Hole MADD0095 demonstrates that the mineralised horizon continues at depth below the main body of mineralisation and great potential exists for further discovery deeper in the system

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Program Results

The 986 assay results recently received confirm the potential of the project with many of the sampled intersections returning weighted intercepts of Ni, Cu, Co, Au and PGEs in excess of the historic drill results in the twinned or surrounding holes. The historic holes were often selectively sampled in the most sulphide rich zones and the current program provides for the first time complete sample profiles through the wide disseminated and massive sulphide zones. In addition to the success of drilling within the known extents of the orebody, the highly significant intersection obtained in MARD0094 some 250m along strike from Maibele North shows a 12.05m thick (down hole) sulphide zone containing significant Ni, Cu, Co and PGE levels at a vertical depth of approximately 400m. This new zone opens up both the strike and depth potential of the mineralised horizon and will be followed up with down hole EM and drill testing in 2015.

Figure 2 indicates the potential 16km anomalous zone where nickel has been intersected at Airstrip Copper, Maibele North, Maibele new intercept (hole 94) and VTEM anomaly 10830a. Within this zone several VTEM conductors (10780a, 10830a, Maibele Extension and Mashambe) require further testing.

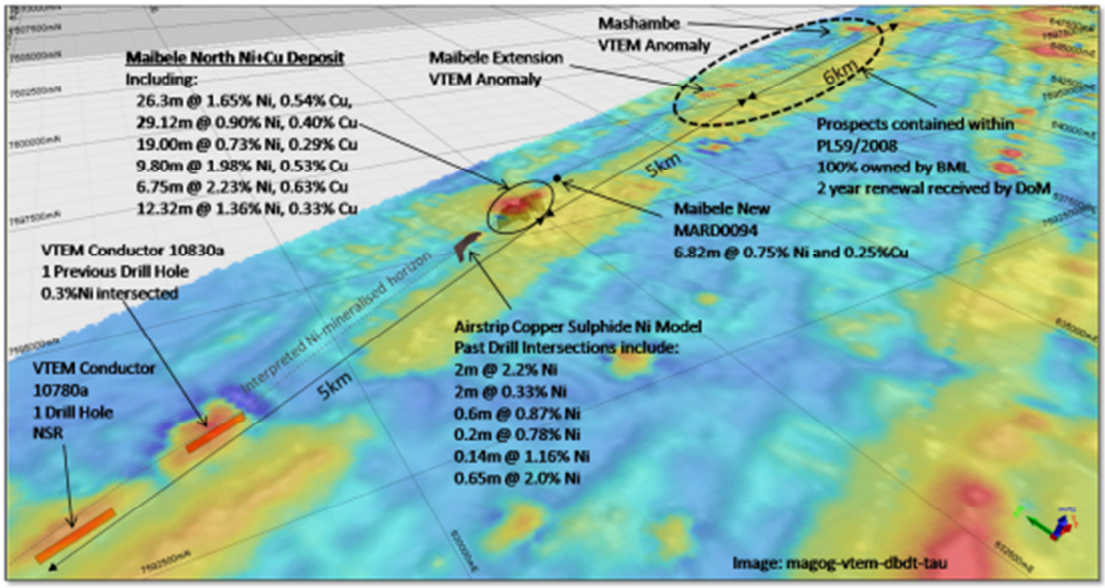

Figure 2: Regional perspective view from above, looking northeast, of the linear horizon along which the Maibele North-Aistrip mineralised trend lies. Background image is VTEM db/dt Tau and shows numerous prominent conductive anomalies along the horizon. Sulphide Ni mineralisation has been intersected at Airstrip, Maibele North + Maiblele new zone and conductor 10830a.

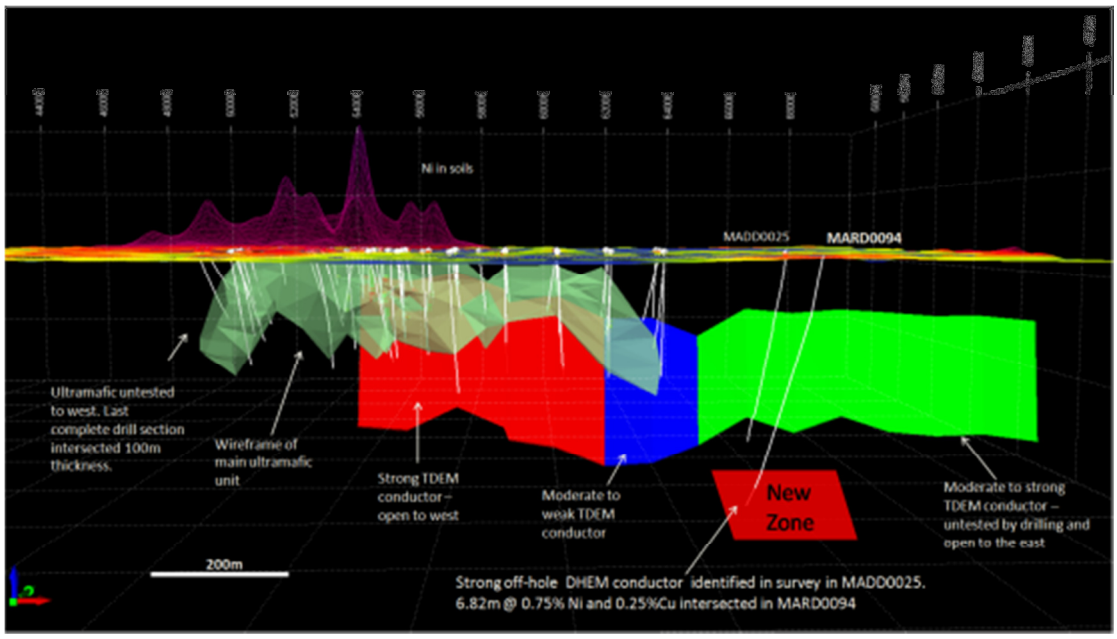

Figure 3: 3D long Section, looking northwest showing the modelled ultramafic body and coincident 3D conductor models from ground TDEM surveys. Drill hole MARD0094 is shown intersecting the off-hole conductor. No drill holes exist between MARD0094 and the extents of the current drill program or east into either the TDEM or DHEM conductors.

Table 1: All Significant intercepts from the recently completed drill program

Hole ID	From (m)	Down Hole Thick. (m)	Ni %	Cu %	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Total PGE	Comment
MADD0057	94.26	26.43	1.65	0.54	891	0.14	0.03	0.59	0.13	0.24	0.99	Disseminated and massive sulphide
Incl.	94.26	6.74	2.58	0.90	1417	0.10	0.07	1.03	0.22	0.46	1.78	Massive sulphide
	105.00	1.50	1.83	0.59	1040	0.11	0.01	0.89	0.18	0.30	1.38	Massive sulphide
	110.86	9.57	2.27	0.71	1169	0.25	0.01	0.66	0.14	0.26	1.07	Massive sulphide
MADD0058	67.88	29.12	0.90	0.40	526	0.12	0.11	0.41	0.05	0.06	0.63	Disseminated and massive sulphide
Incl.	67.88	1.81	2.52	1.75	1451	0.41	0.03	1.17	0.12	0.13	1.45	Massive Sulphide
	75.16	1.15	1.79	0.55	1036	0.09	1.73	0.51	0.07	0.08	2.39	Massive Sulphide
	84.40	1.40	1.58	0.13	904	0.06	0.00	0.61	0.05	0.06	0.72	Massive Sulphide
	93.50	1.43	2.93	0.47	1392	0.07	0.02	0.85	0.17	0.31	1.35	Massive Sulphide
MADD0059	100.00	19.00	0.73	0.29	565	0.09	0.34	0.34	0.04	0.05	0.77	Disseminated and massive sulphide
Incl.	102.33	0.97	2.72	0.43	1373	0.07	0.03	0.92	0.19	0.13	1.27	Massive Sulphide
	109.44	0.78	1.84	2.11	2155	0.40	5.04	2.51	0.16	0.30	8.01	Massive Sulphide

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Hole ID	From (m)	Down Hole Thick. (m)	Ni %	Cu %	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Total PGE	Comment
	112.64	0.95	1.89	0.73	971	0.10	0.04	0.88	0.04	0.00	0.96	Massive Sulphide
MADD0060	104.55	5.45	1.00	0.73	416	0.09	0.21	0.31	0.06	0.08	0.66	Semi Massive Sulphide
incl.	104.55	1.21	1.69	0.24	1043	0.08	0.04	0.64	0.19	0.28	1.15	Massive Sulphide
	106.04	0.96	0.34	3.22	217	0.12	0.07	0.31	0.06	0.03	0.47	Semi-massive sulphide
and	113.70	0.56	0.84	0.25	321	0.06	2.18	0.31	0.03	0.00	2.52	Semi-massive sulphide
MADD0061	91.34	2.66	0.50	0.10	293	0.06	0.04	0.51	0.03	0.13	0.71	Semi-massive sulphide
MADD0062	149.04	1.02	2.05	0.63	1099	0.07	0.05	0.89	0.18	0.28	1.40	Massive Sulphide
and	153.20	0.85	0.89	0.30	544	0.05	0.10	0.34	0.09	0.07	0.60	Semi-massive sulphide
MADD0063	171.57	1.27	1.98	0.17	1079	0.05	0.06	0.72	0.07	0.09	0.94	Semi-massive sulphide
MADD0064	233.90	1.63	0.30	0.06	272	0.04	0.00	0.16	0.00	0.00	0.16	Semi-massive sulphide
MADD0065	19.00	3.00	0.32	0.05	255	0.04	0.00	0.08	0.00	0.00	0.08	Oxide Zone - EOH
MADD0066	0.00	7.00	0.44	0.17	250	0.04	0.02	0.23	0.01	0.02	0.28	Oxide Zone - EOH
MADD0068	-	-	-	-	-	-	-	-	-	-	-	No sig int
MARD0069	208.00	1.00	0.37	0.07	202	0.04	0.09	0.09	0.00	0.00	0.18	Semi-massive sulphide
MARD0074	54.65	0.09	1.82	0.35	856	0.28	0.04	0.78	0.18	0.39	1.39	sulphide stringer
MADD0075	144.00	1.19	2.26	0.42	1072	0.19	0.42	0.73	0.02	0.07	1.24	semi-massive sulphide
MADD0077	44.00	6.71	0.47	0.17	230	0.06	0.07	0.17	0.01	0.02	0.27	Disseminated sulphide
and	56.70	17.12	0.60	0.19	365	0.09	0.30	0.31	0.02	0.04	0.67	Disseminated sulphide
incl.	64.12	0.49	1.79	0.13	989	0.07	0.13	0.87	0.04	0.05	1.09	Massive Sulphide
and	67.15	3.59	1.02	0.19	553	0.07	1.07	0.47	0.05	0.07	1.66	Massive Sulphide
and	73.29	0.53	1.64	0.02	784	0.04	0.02	0.60	0.05	0.14	0.81	Massive Sulphide
MADD0078	11.53	4.76	0.07	1.57	64	0.05	0.07	0.07	-	-	0.14	oxides
and	91.72	0.37	2.17	0.35	1179	0.06	0.02	1.03	0.14	0.21	1.40	Massive Sulphide

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Hole ID	From (m)	Down Hole Thick. (m)	Ni %	Cu %	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Total PGE	Comment
and	103.00	7.36	0.91	0.29	533	0.07	0.10	0.38	0.03	0.03	0.54	Disseminated sulphide
incl.	108.22	2.14	2.31	0.73	1279	0.08	0.01	0.83	0.07	0.08	0.99	Massive Sulphide
MARD0079	11.00	3.00	0.18	0.39	144	0.07	0.02	0.15	0.01	0.01	0.19	Semi-massive sulphide
MARD0081	85.00	4.48	1.15	0.49	734	0.09	0.12	0.49	0.08	0.22	0.91	Massive Sulphide
incl.	88.28	0.75	2.18	0.88	1325	0.10	0.19	1.21	0.20	0.58	2.18	Semi-massive sulphide
MARD0082	89.30	1.58	1.86	0.32	1081	0.09	0.01	0.89	0.11	0.27	1.28	Massive and disseminated Sulphide
and	100.00	9.80	1.98	0.53	986	0.09	0.01	0.69	0.19	0.12	1.01	Massive Sulphide
incl.	100.00	2.75	2.73	0.97	1326	0.20	0.01	0.91	0.13	0.17	1.22	Massive Sulphide
incl.	105.37	4.43	2.50	0.54	1240	0.04	0.02	0.86	0.12	0.15	1.15	Massive Sulphide
MARD0083	118.00	1.00	1.37	0.10	551	0.61	0.22	0.48	0.08	0.12	0.90	Semi-massive sulphide
and	133.89	0.61	2.60	0.69	1283	0.10	0.01	0.76	0.06	0.08	0.91	Massive Sulphide
and	138.00	1.90	0.95	0.26	525	0.06	0.03	0.42	0.02	0.03	0.50	Massive and disseminated Sulphide
MARD0084	26.43	2.57	0.62	4.90	274	0.03	0.01	0.40	0.10	0.25	0.76	Oxide
MARD0085	108.43	0.30	2.11	0.29	943	0.04	0.12	0.61	0.15	0.44	1.32	Semi-massive sulphide
and	114.50	1.00	0.62	0.13	390	0.05	0.08	0.42	0.02	0.05	0.57	sulphide stringers
and	122.00	1.58	0.54	0.51	329	0.09	0.08	0.41	0.02	0.08	0.59	Disseminated sulphide
and	132.00	6.95	2.23	0.63	1003	0.09	0.12	0.83	0.10	0.11	1.16	Massive Sulphide
incl.	132.00	5.00	2.86	0.82	1234	0.09	0.03	1.05	0.13	0.14	1.35	Massive Sulphide
MADD0086	103.00	8.40	0.43	0.13	276	0.18	0.06	0.21	0.01	0.01	0.29	Disseminated Sulphide
and	125.00	12.32	1.36	0.33	625	0.35	0.11	0.54	0.05	0.06	0.76	Massive and disseminated Sulphide
incl.	125.65	0.70	2.43	0.24	985	0.15	0.01	1.23	0.02	0.01	1.27	Massive sulphide
and	135.63	1.69	2.74	0.55	1172	0.16	0.02	0.98	0.10	0.10	1.20	Massive sulphide
MADD0088	153.48	1.37	1.18	0.11	557	0.05	0.02	0.39	0.07	0.09	0.57	

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Hole ID	From (m)	Down Hole Thick. (m)	Ni %	Cu %	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Total PGE	Comment
MARD0071	84.44	0.12	0.70	0.49	452	0.10	0.09	0.28	0.21	0.48	1.16	Sulphide stringer
MARD0092	142.08	0.55	2.18	0.72	1186	0.10	0.01	1.39	0.11	0.11	1.62	Massive Sulphide
MARD0094	460.00	6.82	0.75	0.25	485	0.06	0.01	0.43	0.05	0.05	0.54	Massive sulphide and stringers
Incl.	461.50	1.25	2.05	0.53	1272	0.07	0.02	1.05	0.14	0.14	1.35	Massive Sulphide
	462.90	0.10	1.64	1.67	1040	0.06	0.01	1.04	0.09	0.11	1.25	Sulphide stringer
	463.65	0.21	2.27	0.58	1356	0.10	0.01	1.31	0.15	0.15	1.62	Sulphide stringer
	466.63	0.19	1.62	0.30	1046	0.05	0.02	1.24	0.10	0.04	1.40	Sulphide stringer

Note: Holes MARD0076, 70, 71, 72, 73, 76, 80, 87, 90, 91, 93, returned no significant intercepts above 0.3%Ni. All widths are down hole thicknesses.

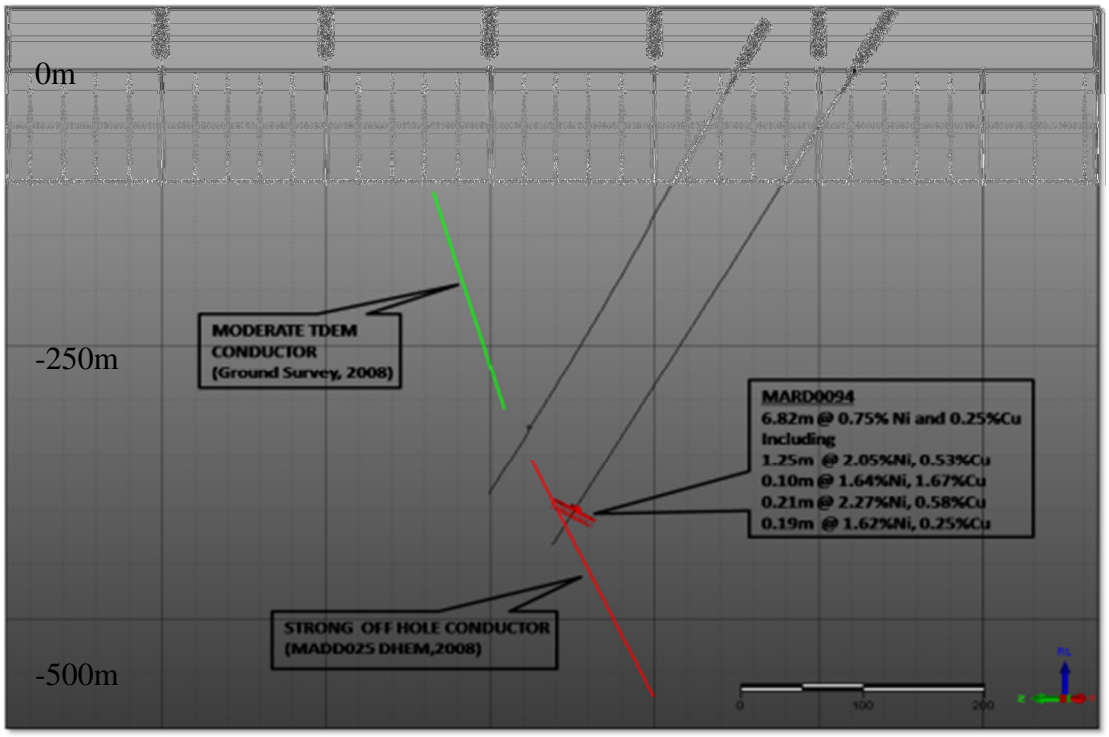

Figure 4: Cross section, looking northeast, through recently completed MARD0094 showing the position of modelled conductors and the coincident sulphide intersection at 460m down hole (~400m vertical depth)

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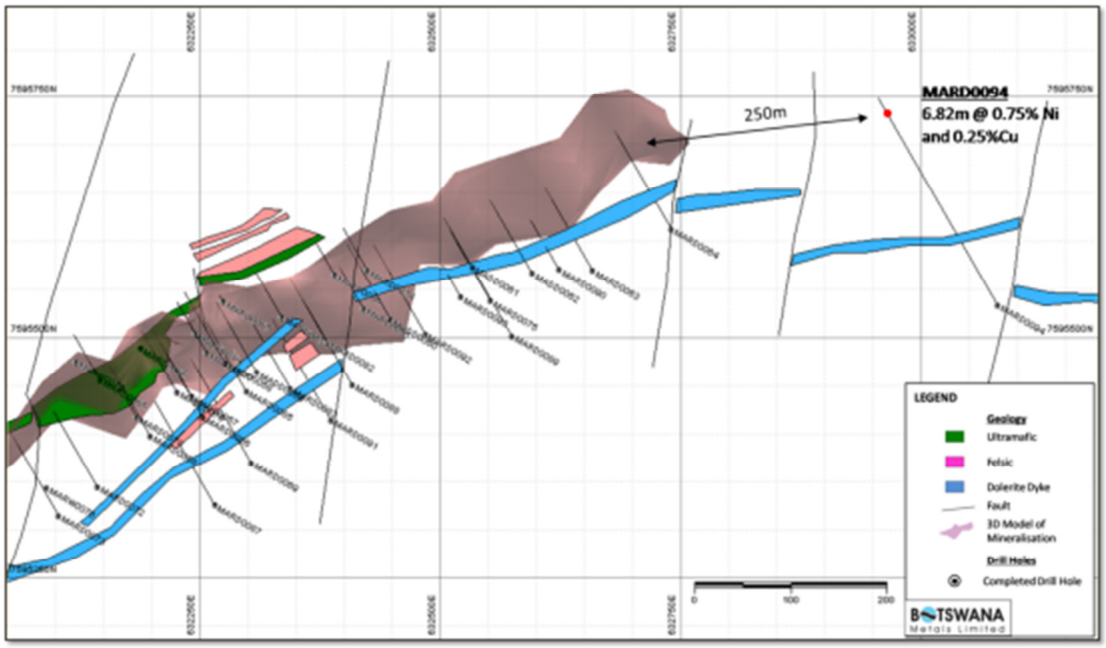

Figure 5: Collar Plan of all holes from the current drill program. The shaded pink shape represent the 3D modelled body of sulphide mineralisation

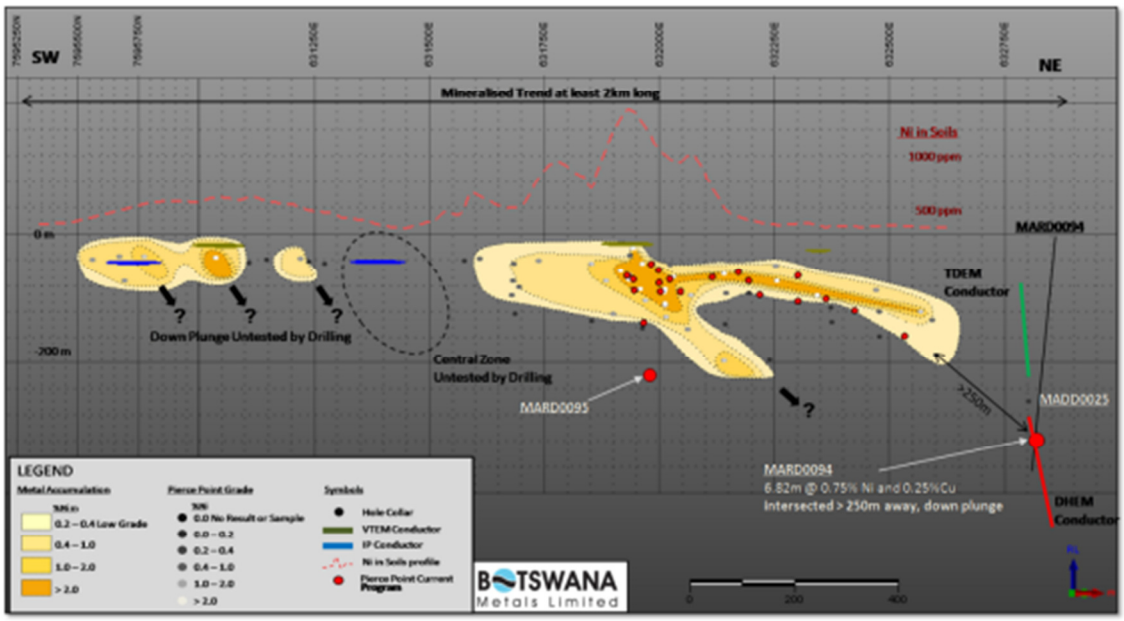

Figure 6: Long Section, looking northwest, showing nickel grade distribution at Maibele North and Airstrip Copper and the position of pierce points from the recent drill program (red dots). Note the position of the intersection in MARD0094 some 250m down plunge of the previously easterly-most intersection. MARD0094is the deepest intersection at Maibele North to date.

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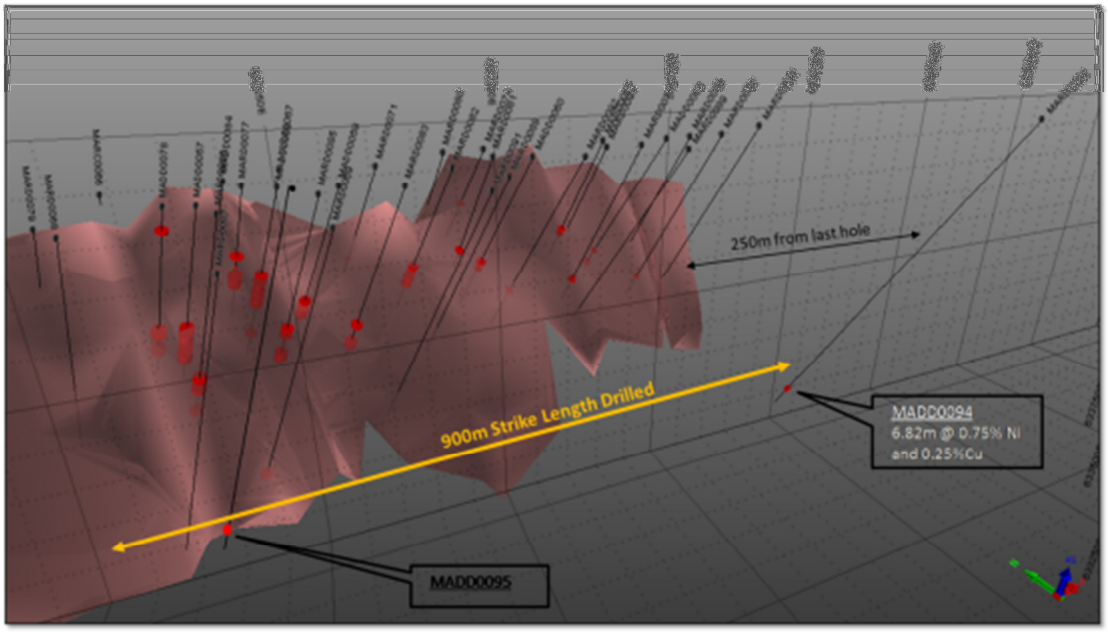

Figure 7: 3D view, looking north, showing the modelled sulphide body (pink shape) and drilltraces from the current drill program. Red shapes on drill traces indicate sulphide percent down hole.

Regional Potential

Examination of regional geological and geophysical images shows linear features that correlate strongly with the zone of mineralisation and extend a considerable distance to the east towards the Maibele North Extension prospect and further still towards the Mashambe Prospect (see Figure 2). Both prospects are marked by prominent VTEM anomalism and the presence of ultramafic lithology and geochemical anomalies. PL 59/2008 "Maibele Extension and Mashambe lie some 5km and 6km respectively east of the Maibele "new zone" and exhibit similar surface geological indicators to those at Maibele North that mark the presence of significant Ni + Cu + PGEs mineralisation. ***PL59/2008 is 100% owned by BML and not currently subject to the JV with BCL.***

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

Evidence is mounting that Maibele North – Airstrip Copper lie on a regional geological horizon of at least 16km in length prospective for Ni-Cu sulphide

mineralisation and containing a number of prominent conductive anomalies associated with ultramafic lithology. BML believes this trend is grossly under explored.

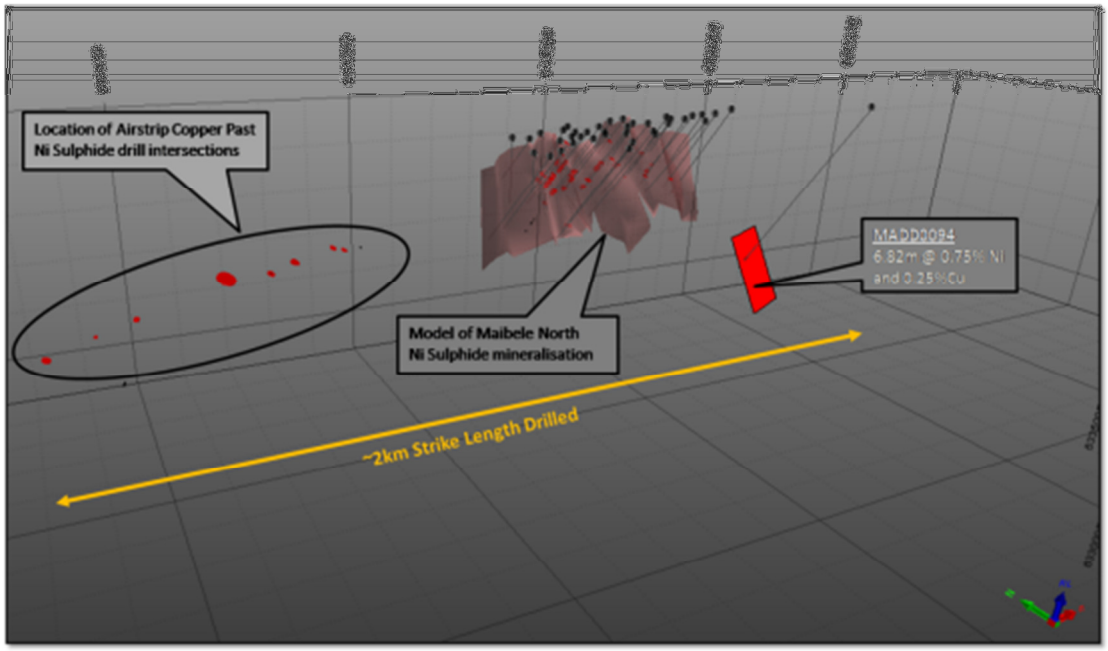

Figure 8: 3D view, looking northeast, showing the modelled Maibele North sulphide body (pink shape) and the past Ni-sulphide drill intersection from the Airstrip Copper Prospect.. Red shapes on drill traces indicate sulphide percent down hole. Note that significant Ni-sulphide results have been intersected over a nearly 2km strike length, that is open in all directions

Resource Calculation and Scoping Study

Joint Venture partners BCL Limited and Botswana Metals Limited recently announced that MSA Group ("MSA") has been selected to prepare both a resource calculation and a scoping study for the Maibele North project. A JORC compliant resource calculation at Maibele North is expected to be completed in the first quarter of 2015 and pending those results a scoping study is expected to be commissioned in the same quarter.

The JV partners are pleased with the progress of the Maibele project following the completion of a 6130m drill program in December 2014. All outstanding drill assays have been received and will be incorporated into the Maibele North drill assay data base in preparation for MSA to commence the task of preparing a JORC compliant resource calculation.

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Table 2: *Details of holes drilled in the current drill program at Maibele North (to 31 Dec 2014)*

Hole Number	Easting (UTM)	Northing (UTM)	RL	Total (m)	Sampling	Progress
MADD0057	632242	7595438	837	140.10	Sampled	COMPLETE
MADD0058	632277	7595473	842	150.07	Sampled	COMPLETE
MADD0059	632310	7595463	848	142.65	Sampled	COMPLETE
MADD0060	632449	7595518	844	161.25	Sampled	COMPLETE
MADD0061	632534	7595572	844	122.24	Sampled	COMPLETE
MADD0062	632596	7595566	847	155.25	Sampled	COMPLETE
MARD0063	632659	7595569	847	199.30	Sampled	COMPLETE
MARD0064	632741	7595612	850	240.00	Sampled	COMPLETE
MARD0065	632147	7595455	838	98.30	Sampled	COMPLETE
MARC0066	632189	7595488	840	7.00	Sampled	COMPLETE
MARC0067	632275	7595536	847	16.00	Sampled	ABANDONED
MARD0068	632199	7595397	840	149.27	Sampled	COMPLETE
MARD0069	632304	7595369	847	220.00	Sampled	COMPLETE
MARW0070	632122	7595474	846	120.00	Sampled	WATER HOLE
MARC0071	632336	7595520	848	60.00	Sampled	ABANDONED
MARD0072	632144	7595344	847	185.40	Sampled	COMPLETE
MARD0073	632104	7595314	845	194.31	Sampled	COMPLETE
MARD0074	632425	7595569	843	92.25	Sampled	COMPLETE
MARD0075	632553	7595537	848	170.30	Sampled	COMPLETE
MARW0076	632091	7595343	846	65.00	Sampled	WATER HOLE
MARD0077	632255	7595437	854	98.28	Sampled	COMPLETE
MADD0078	632227	7595442	844	130.77	Sampled	COMPLETE
MARD0079	632185	7595416	845	39.00	Sampled	COMPLETE
MARD0080	632391	7595564	849	83.30	Sampled	COMPLETE
MARD0081	632421	7595529	849.0	103.49	Sampled	COMPLETE
MARD0082	632383	7595494	844.0	137.30	Sampled	COMPLETE
MARD0083	632345	7595446	842.0	152.30	Sampled	COMPLETE
MADD0084	632246	7595503	845.0	70.00	Sampled	COMPLETE
MARD0085	632299	7595443	846.0	146.30	Sampled	COMPLETE
MARD0086	632254	7595416	852.0	168.78	Sampled	COMPLETE
MARD0087	632266	7595325	844.0	220.00	Sampled	COMPLETE
MARD0088	632409	7595450	849.0	167.30	Sampled	COMPLETE

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MARD0089	632575	7595501	847.0	200.30	Sampled	COMPLETE
MARD0090	632624	7595570	846.0	170.30	Sampled	COMPLETE
MARD0091	632387	7595413	846.0	215.45	Sampled	COMPLETE
MARD0092	632485	7595503	851.0	188.30	Sampled	COMPLETE
MARD0093	632522	7595541	844	230.00	Sampled	COMPLETE
MARD0094	633080	7595533	847.0	500.00	Sampled	COMPLETE
MADD0095	632327	7595284	839	380.30	Sampled	COMPLETE

Other JV areas of interest:

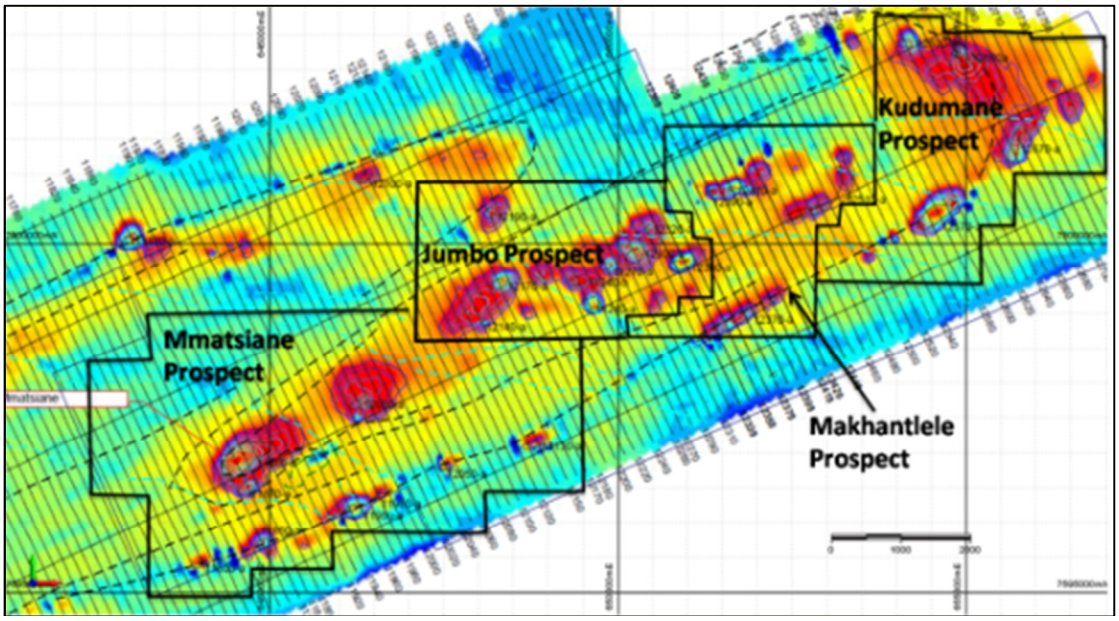
Regional Exploration - PL54/98 Review

During the September quarter, the Joint Venture partners undertook a comprehensive review of the exploration potential of all the exploration licences included in the JV agreement. This work included a full review of the regional exploration potential of PL54/98 that identified a total of 10 priority target areas worthy of follow-up exploration ground work.

The majority of targets are potential ultramafic-associated Ni-Cu sulphide bodies but a number of possible base-metal (Zn+Cu) VMS targets and structurally-hosted gold prospects have also been identified. All of the targets are at an early stage of exploration and require further groundwork designed to verify concept before proceeding to drill testing.

During the December quarter BCL Limited, through the Joint Venture (JV) with BML, approved funding for exploration to commence on PL 54/98 immediately. Six targets including 4 Ni-Cu and 2 Au prospective anomalies were selected for the initial work program. Exploration in the December quarter included assessing the VTEM anomalies, and undertaking initial soil sampling programs across the 6 prospective areas in an effort to guide follow-up ground geophysical programs and eventual drill hole design. Ground geophysics and drill testing is anticipated to be completed during the 2015 field season.

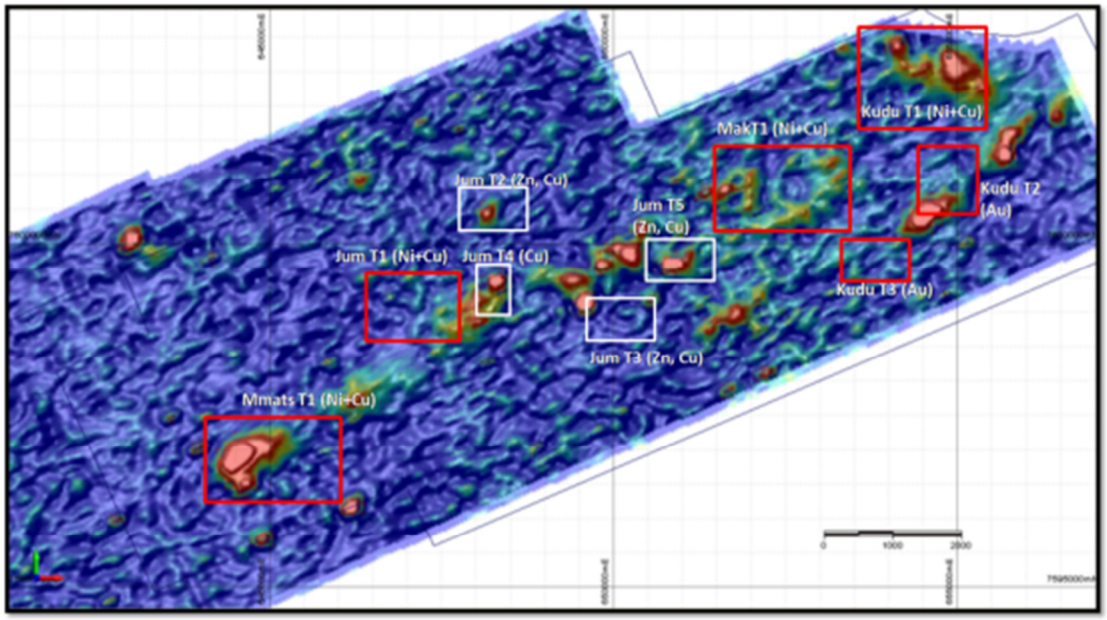
Figure 9: *23 identified VTEM anomolies have been classified into four new Prospect zones.*



The six VTEM targets selected for initial exploration are shown in Figure 10 below. All targets are contained within the four Prospect areas and are named :

1. **Mmastiane Prospect**:
   "Mmats T1" target for nickel and copper will be the first anomaly to be tested on this prospect.
2. **Jumbo prospect:**
   "JUM T1" " target for nickel and copper will be the first anomaly to be tested on this prospect.
3. **Makhantlele prospect**:
   "MAK T1" " target for nickel and Copper will be the first anomaly to be tested on this prospect.
4. **Kudumane prospect:**
   Three anomalies will initially be tested at Kudumane
   i. "KUDU T1" target for nickel and copper
   ii. "KUDU2" and "KUDU3" are targeting gold anomalies.

Figure 10: *Location of the 10 target areas, including the 6 priority areas (Red Squares), over the regional VTEM image.*



TARGET	PROSPECT	Geochem	VTEM	Other Features	Work Required
Mmats T1	Mmatsiane	Ni	11880a	Ultramafic present	Mapping, sampling, trenching, ground mag and EM
Jum T1	Jumbo	Ni, Cu, Au	N/A	Ultramafic present	Mapping, sampling, trenching, ground mag and EM
Mak T1	Makhantlele	Ni, Cu	12390a, 12410a, 12510a	UM, fold nose, 'bullseye'	Mapping, sampling, trenching, ground mag and EM
Kudu T1	Kudumane	Ni, Cu	12620a 12660a	UM, fold nose	Mapping, sampling, trenching, ground mag and EM
Kudu T2	Kudumane	Au	12570a	Anom needs verification	Mapping, sampling, trenching, ground mag
Kudu T3	Kudumane	Au	N/A	Anom needs verification	Mapping, sampling, trenching, ground mag

Table 3: Takane: Six priority target areas PL54/98 selected by the Joint Venture.

Exploration Activities outside the JV PLs during the Quarter

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Activities outside the Prospecting Licences not covered by the JV with BCL focused on a more in depth review of the Maibele North Extension PL59/2008 with work on the other PLs kept to a minimum during the quarter as the Company focused on continued exploration on the Joint Venture prospects as outlined above.

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

PL 59/2008 MaibeleNorth Extension

During the December quarter the Board of Botswana Metals Limited was pleased to receive confirmation from the Department of Mines in Botswana that PL59/2008 and PL70/2008 have been renewed for a period of two years to September 2016.

The approval of these two 100% owned licences now allows BML to plan its exploration strategy outside of the BCL Limited Joint Venture ground for 2015. Of particular importance is PL 59/2008 where indicators of potential Ni-Cu mineralisation similar to that displayed at Maibele North have been discovered through soil geochemical surveys, geological mapping and airborne VTEM surveys showing coincident strong conductors at both Maibele Extension and Mashambe. These two prospects lie along an interpreted geological horizon that appears to be a preferential host to Ni - Cu mineralisation, with Maibele Extension some 5 km east of Maibele North and Mashambe a further 6km east of Maibele Extension. These targets will be considered for drill testing in the New Year.

The Company engaged the services of Mr Steve Groves to review all past data and information on Maibele North Extension.

- Maibele North extension is an additional PL with priority targets outside the Joint Venture. A current review has confirmed outcropping ultramafic bodies identified at surface with similar Ni+Cu+PGE exploration indicators as that at Maibele North. Potential drill targets will be examined in 2015.
- Summary of the exploration at Maibele North Extension included:
    - Soil geochemical sampling and mapping which has identified outcropping ultramafic bodies
    - Soil geochemistry identified Ni-Cu-PGE anomalies similar to Maibele North
    - Vtem anomalies have also been identified on the PL.

Follow-up work including further sampling, mapping and ground geophysical surveys with a view to planning drill programs to adequately test the mineral potential of the targets is anticipated for the 2015 field season.

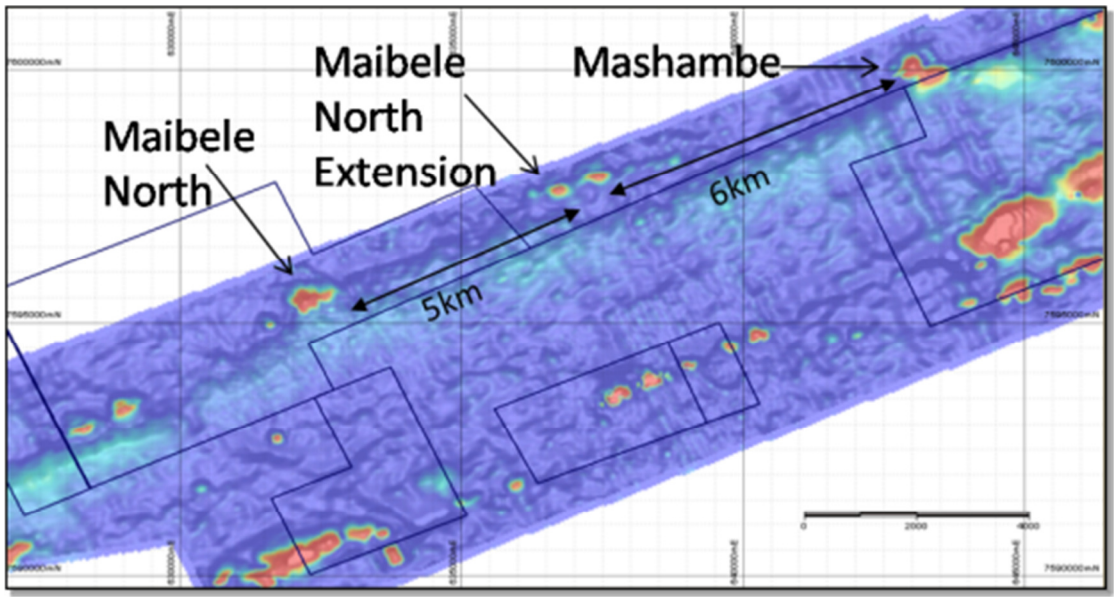

Figure 11: *Location of the Maibele North Extension target areas along strike from Maibele North) over the regional VTEM image.*

BCL has a first right of refusal over this area however BML can carry out its own exploration activities over this ground.

BML still has other interested parties looking to joint venture or assist with the exploration of this Prospecting Licence. The Board will assess and is keeping its options open regarding exploring this tenement and once the Maibele North drill results are known should be in a better position to determine a strategy.

PL 111/2011

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

PL 126/2011

The Company allowed this PL to expire in the quarter and did not seek to re- apply for a renewal.

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. Follow up correspondence was sent to the DOM in the September 2014 quarter. No response has been received from the DOM.

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
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Renewal granted until 30/09/16
Central PL 070/2008	30/09/2016	100	African Metals (Pty) Ltd	Renewal granted until 30/09/16
Central Sampa PL 111/2011	30/06/2014	100	African Metals (Pty) Ltd	Renewal application lodged 31/03/14

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

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

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



Figure 12: BML exploration tenement portfolio in Botswana. Prospecting Licences subject to the Joint Venture with BCL are shaded light blue.

Pat Volpe
Chairman

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

About BCL Limited

BCL Limited is a mining and smelting company owned by the Botswana Government (94%). The company commenced operations in 1959 and is now one of the largest private sector employers in Botswana.

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

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

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

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

BCL Investments (Pty) Limited ("BCL"), under the joint venture agreement, can spend an initial AUD$4 million on a drilling program to earn 40% of the projects over these areas. BCL has the option to continue to fund the projects to the completion of a Bankable Feasibility Study ("BFS") to earn a 70% interest.
At that point BCL will have the off-take rights at commercial prices, to any ore mined. It is planned to truck ore to the BCL smelter operations at Selebi Phikwe for processing, which is situated 55 km to the southwest of our projects. BCL also has a first right of refusal to participate in exploration on the Company's other prospecting licences in Botswana.

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

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

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

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

The Company believes that the agreement with BCL could substantially benefit the Company and its shareholders. The BCL group has been operating a nickel, copper and platinum group elements mine and smelter facility at Selebi Phikwe since the

1970s. Both operations are only 55 km to the southwest of the PLs. BCL has put in place a policy to find business opportunities that can extend the longevity of the mining and smelting operations located at Selebi Phikwe. BCL employs 5,000 people and the township of Selebi Phikwe has a population of 50,000.

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

Of the three BML projects, Maibele North nickel prospect has been given priority for drilling as previous diamond drilling intercepted nickel mineralisation at around a depth of 50 m. If the economics permit, the capital and operating costs of developing a mine would be significantly reduced due to the availability of BCL's processing plant situated 55 km away from the joint venture exploration areas.

BCL and the Company continue to revise and prepare exploration plans for the JV areas. Takane will commence exploration actives in the December 2014 quarter with results to determine the level of activities for 2015 on this PL.

About Botswana Metals Limited

Botswana Metals Limited ("BML") is listed on the Australian Securities Exchange (ASX) and its stock code (ticker) is BML. BML is a mineral exploration company fully focused on its portfolio of exploration tenements covering approximately 1,000 sq. km all located in Botswana.

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.

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ABN 96 122 995 073

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).

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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 DECEMBER 2014

Consolidated statement of cash flows

		Current quarter $A'000	Year to date (6 months) $A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	223	239
1.2	Payments for (a) exploration & evaluation	(111)	(231)
	(b) development		
	(c) production		
	(d) administration	(313)	(427)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	2	3
1.5	Interest and other costs of finance paid		
1.6	Income taxes paid		
1.7	Other (provide details if material):		
	Net Operating Cash Flows	(199)	(416)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of: (a) prospects		
	(b) equity investments		
	(c) other fixed assets		
1.10	Loans to other entities		
1.11	Loans repaid by other entities		
1.12	Other (provide details if material)		
	Net investing cash flows		
1.13	Total operating and investing cash flows (carried forward)	(199)	(416)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(199)	(416)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		3
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows		3
	Net increase (decrease) in cash held	(199)	(413)
1.20	Cash at beginning of quarter/year to date	681	895
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	482	482

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	189
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

	$A'000
Director's remuneration (current quarter)	58
Director's remuneration (accrued in previous quarters)	128
Director's consulting fees	3

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	100
4.2	Development	
4.3	Production	
4.4	Administration	200
	Total	300

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	482	681
5.2	Deposits at call		
5.3	Bank overdraft		
5.4	Other (provide details) - Term deposits with Australian banks		
	Total: cash at end of quarter (item 1.22)	482	681

+ 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**	568,822,164	568,822,164		
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)*	410,233,933	410,233,933	*Exercise price* 1.5 cents ($0.015)	*Expiry date* 31/12/2016
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

2 This statement does give a true and fair view of the matters disclosed.



Sign here: ..... Date: 27/01/2015
Chairman

Print name: PATRICK JOHN VOLPE

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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