

QUARTERLY REPORT TO 31 MARCH 2017

ABN:
96 122 995 073

Issued Capital:
1,462,315,814 ordinary shares

Directors:
Mr Patrick Volpe (Chairman)
Mr Matt Hudson (Non-Executive Director)
Mr Steve Groves (Non-Executive Director)

Registered Office:
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Victoria, Australia, 3101

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About Botswana Metals Limited:
BML is exploring for **nickel, copper, cobalt, tantalum** and **lithium** within its **1,500 square kilometre exploration portfolio**. These “**New world Metals**” are becoming increasingly important as the world switches to cleaner sources of energy.

The company announced a maiden **JORC Inferred Resource of 2.38Mt at 0.72% Ni, 0.21% Cu, and 0.73g/t PGE + Au** on 28 April 2015 from drilling within a small 185 square kilometre section of its exploration portfolio in which it had entered a joint venture with BCL. At the time cobalt was not included in the resource calculation.

Historical drilling outside of the joint venture ground has intercepted further nickel as well as significant intercepts of **copper and cobalt**.

A soil sampling program detected traces of **lithium** and **tantalum** which warrant further exploration.

Large tracts of BML’s exploration portfolio remain unexplored.

HIGHLIGHTS DURING THE QUARTER:

- **Cobalt review:**
 - over 1.5km of Cobalt mineralisation confirmed at shallow depth (open to the east and west of **Maibele**)
 - High grade shallow intercepts at **Airstrip Copper Prospect** including grades of 917ppm Co (ACRC006) and 1,020ppm Co (ACRC022).
 - **Airstrip, Maibele North, Maibele Extension, and Takane** are four of many targets with Cobalt potential.
- **Lithium, Tantalum + Tin:**
 - Independent laboratory analysis of recent soil sampling program received revealed anomalous levels of Lithium (Li), Tantalum (Ta), and Tin (Sa), which warrants further exploration and follow up analysis.
- **Nickel and Copper:**
 - Squid conductor at Hole 94 which previously intercepted 6.82m of massive and semi-massive sulphides at 0.75% Ni, 0.25% Cu + PGEs and Cobalt (ASX release 13/01/2015) at **Maibele** was reviewed.
 - Reviewing downhole and Squid electromagnetic (EM) surveys which revealed a large conductive anomaly that is adjacent to Hole MARD0094 at **Maibele** and has not yet been drill tested by the joint venture.
- **Copper and Silver:**
 - Reviewing Copper and Silver prospects at **Dibete**
 - Reviewing Copper prospects at **Airstrip Copper**
- **Placement heavily oversubscribed:**
 - Successful placement of 250 million shares at 0.2 cents (\$0.002) per share to professional and sophisticated investors raised \$500,000 before costs.
- **Board Changes:**
 - Appointment of Mr. Steven Groves to the Board.
 - Resignation of Mr. Massimo Cellante
- **BCL Provisional Liquidation**
 - The Board has received written advice that KPMG, the Provisional Liquidator appointed to BCL Limited (“BCL”), is in confidential discussions but no more information is at hand as to who the party or parties are, despite recent media speculation. The status of those negotiations, and whether BML is affected by any outcome from those negotiations, is not known by BML.

The Board of Botswana Metals ('BML' or 'the Company') is pleased to outline the below activities for the quarter ended 31 March 2017 ('Quarter').

BOARD CHANGES

Appointment of Mr Steven Groves

Mr Steven Groves was appointed as a non-executive Director of the Company in February 2017.

Mr Groves has a Bachelor of Applied Geology (Honours) and completed a Master's of Economic Geology at the University of Tasmania. He is also a member of the Australian Institute of Geoscientists.

He has had over 20 years of geological experience in the mining industry including exploration and management roles with BHP Billiton (ASX: BHP), Newcrest Mining Limited (ASX: NCM), A-Cap Resources Limited (ASX: ACB) and Botswana Metals Limited.

Steve was based in Botswana for six years where he led several geological teams in his roles as Exploration Manager intermittently with A-Cap Resources Limited and BML.

The Board is delighted to have appointed Steve to the Board as he brings a wealth of experience and local knowledge of Botswana.

Resignation of Mr Massimo Cellante

Mr Cellante resigned as a non-executive Director of the Company in February 2017 due to other commitments. The Board records its sincere appreciation to Mr Cellante for his service and acknowledges his extremely valuable contribution to the Company. The Board wishes him well with his future endeavours.

PLACEMENT CLOSED HEAVILY OVERSUBSCRIBED

Foxfire Capital Pty Ltd successfully placed 250 million fully paid ordinary shares at 0.2 cents (\$0.002) per share to raise \$500,000 for the Company. The issue was well supported and closed oversubscribed on Friday 17 February 2017. The Directors resolved to issue the shares on that date.

EXPLORATION ACTIVITIES:

BML has directed its focus on “**New World Metals**” which are essential ingredients in modern battery technologies. The surging demand for lithium-ion batteries has created a significant requirement for high-grade **cobalt** (Co) and **lithium** (Li), which has seen global shortages of these vital inputs.

Cobalt:

Cobalt Prices have recently increased to over US\$55,000 (AUD\$73,000) per tonne.



The recent surging demand for cobalt has led BML to conduct an in-depth review over its historical drilling data, focussing on potential cobalt intercepts in addition to the cobalt results announced on 30 April 2016.

Historical drilling results has confirmed **cobalt mineralisation over at least 1.5km open at depth**, with a cutoff of 900ppm (see figure 1). This included intercepts at Airstrip Copper, to the west of Maibele including:

- **Hole ACRC006: 917ppm from 30m depth; and**
- **Hole ACRC022 1,020ppm from 54m depth**

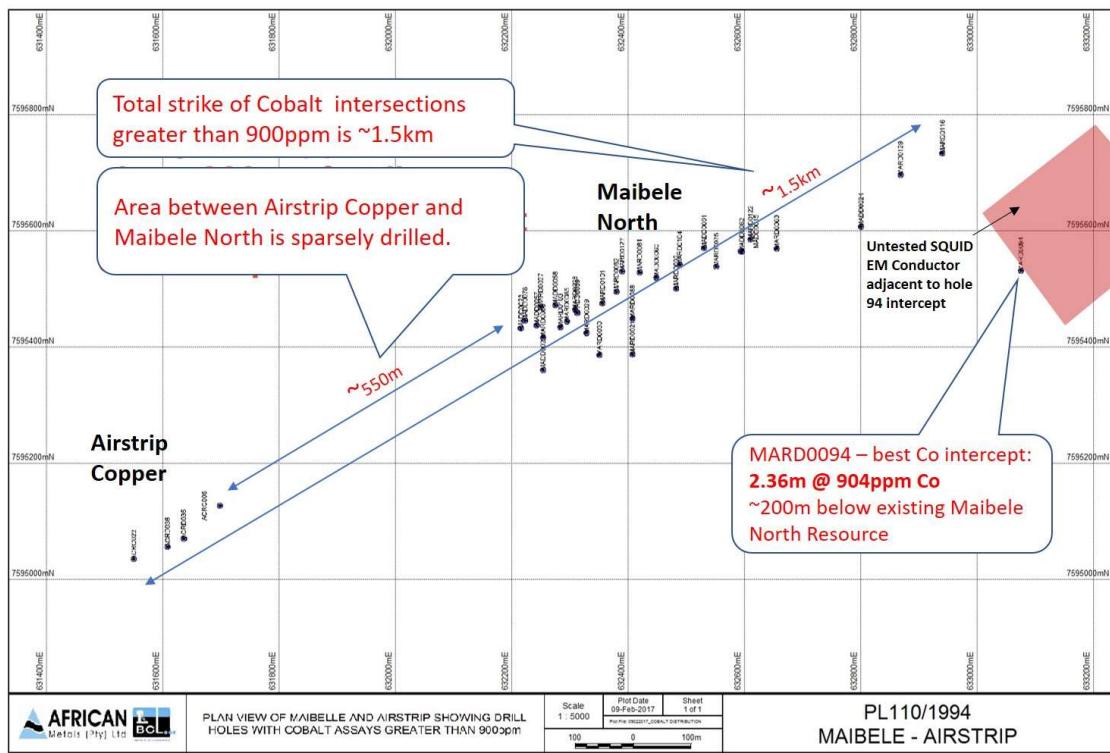


Figure 1: 1.5km of Cobalt Strike

The Company also noted that several drill holes from drilling at Takane and Maibele were previously not assayed for cobalt. The presence of a drill intercept of .21m at 4,790ppm from 141m (MADD0015) in the existing drill core have prompted the Company to assay those drill cores.

HOLE	INTERVAL (m)	GRADE (ppm)	FROM (m)
MADD57	26.00m	891ppm	94m
<i>including</i>	6.47m	1,145ppm	
<i>including</i>	9.57m	1,169ppm	
MADD58	29.00m	565ppm	125m
<i>including</i>	1.85m	1,451ppm	
<i>including</i>	1.43m	1,392ppm	
MADD59	19.00m	595ppm	68m
<i>including</i>	0.80m	2,155ppm	
<i>including</i>	1.00m	1,373ppm	
MADD86	12.32m	625ppm	125m
MADD82	9.80m	986ppm	100m
MADD78	7.30m	533ppm	103m
MADD85	6.95m	1,003ppm	132m
MADD63	1.27m	1,079ppm	171m
MADD147	0.50m	3,200ppm	189m
MADD129	1.00m	1,300ppm	200m

Table 1: Highlights from previously announced cobalt intercepts

Lithium, Tantalum and Tin

The Company received the results of independent laboratory analysis of samples tested from the recent soil sampling program.

The program was undertaken to help establish the accuracy of in-house handheld XRF analysis and the results have revealed anomalous levels of Lithium (Li), Tantalum (Ta) and Tin (Sn).

The best results included:

**Lithium: 72ppm
 33ppm (in two different areas)**

Tantalum: 39.3ppm (considered highly anomalous)

**Tin: 155ppm
 130ppm**

The anomalous results often occur coincident with elevated levels of all three elements which is a pattern that could be expected if they are related to mineralised pegmatites (Figure 2).

The peak levels of Li, Ta and Sn from this limited analysis are similar in tenor to those recorded from soil sampling in other areas of the world where Li, Ta and Sn mineralised pegmatites occur.

These anomalies were identified from 86 samples submitted from a total of 1700 soil samples collected over 8 km in the Maibele area. Samples were collected at 50m intervals from 42, 1km long lines spaced 200m apart to be analysed in-house with the companies handheld INNOVEX XRF unit.

These highly encouraging results (Figure 2) show the potential for the area to host Tantalum, Lithium and Tin mineralisation and warrant detailed follow up work. The 86 samples selected for laboratory analysis were from only 5 of the 42 lines of soils collected and the elevated levels of Li, Ta and Sn span across the approximately 5km tested.

The independent Laboratory results for geochemical analysis of soils sampled in a second area south of Maibele (Figure 3), is also currently under interpretation by BML and will be reported to the market when completed.

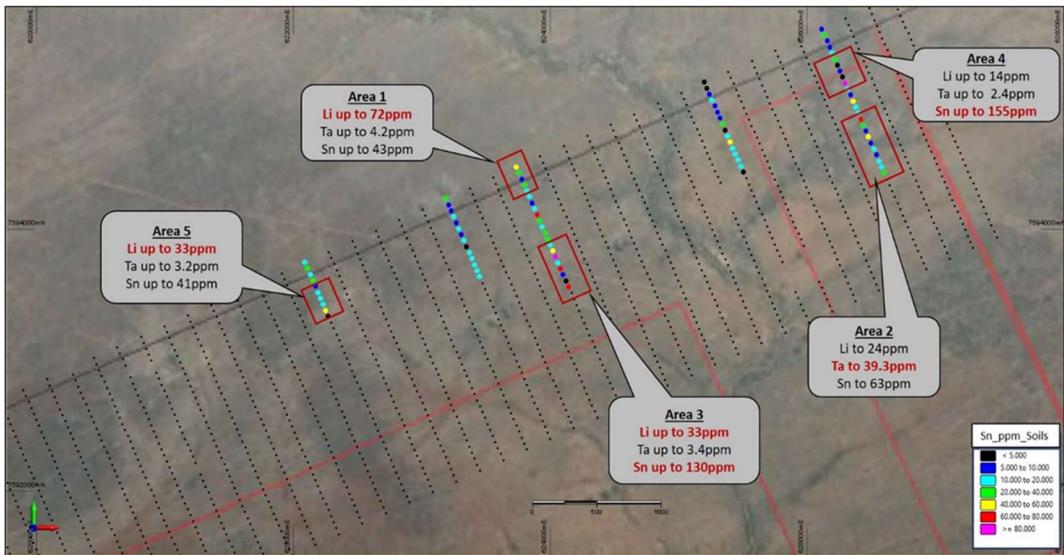


Figure 2: Map showing the 5 anomalous areas identified for follow up detailed exploration. Note that in each area, at least two of the three elements of Li, Ta and Sn are elevated, as would be expected in a zoned mineralised pegmatite body. The limited laboratory analysis was undertaken as a check on the accuracy of handheld XRF analysis undertaken by BML in the field. Interpretation of the results in this regard is still ongoing. The 86 samples submitted for analysis are coloured by their Sn content in ppm. The minor black dots represent the 1700 soil samples collected, most of which are yet to be laboratory analysed.

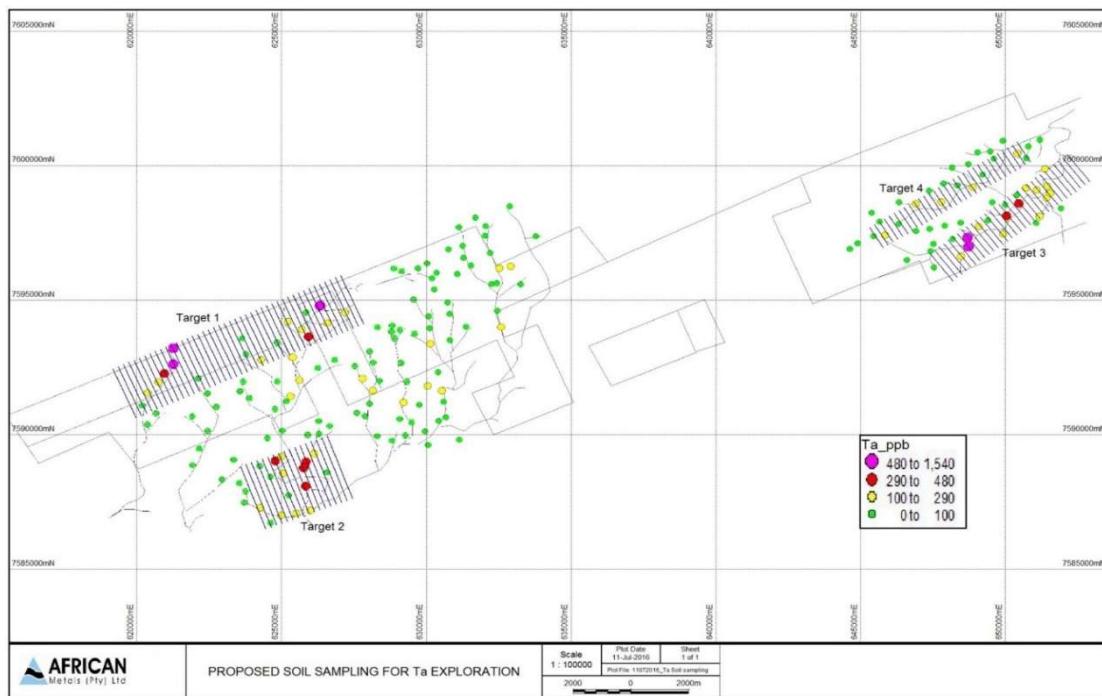


Figure 3: Map showing soil sampling grids planned over all BML's tenements based on historic stream sediment sampling anomalies (colored spots)



Figure 4: Location of BML's PLs in eastern Botswana in relation to the world class Li-Ta pegmatite Bikita mine in Zimbabwe. The Bikita Mine lies just to the north of the LMZ and it is interpreted that the LMZ would contain re-worked equivalent rocks to those that host the Bikita Mine.

BCL PROVISIONAL LIQUIDATION:

The Board can confirm that it has received written advice that KPMG, the Provisional Liquidator appointed to BCL Limited (“BCL”), is in confidential discussions but no more information is at hand as to who the party or parties are, despite media speculation.

The status of those negotiations, and whether BML is affected by any outcome from those negotiations, is not known by BML.

When KMPG are in a position to advise further they will be contacting BML as the JV partner for three prospecting licences PL 110/94, PL 111/94 and PL 54/98.

BCL and BML previously agreed to proceed to a Bankable Feasibility Study (BFS) ahead of applying for a mining licence, for the Maibele North JORC minable resource based on “open pit mining” (ASX announcement 26 June 2016). This decision followed a pre-feasibility study report prepared by WorleyParsons received by BCL. The recent increase in the Cobalt price is expected to have a positive impact on the resource statistics.

No decision was made by BCL and BML as to the underground mining opportunities, however the Board can confirm that the JV was focused on continuing exploration to expand the known underground resource. (refer ASX announcement 27 June 2016).

BCL has previously advised BML that it has spent the required AUD \$4M to earn a 40% interest in the three PLs, subject only to completion of the necessary formalities required under the JV agreement (refer ASX announcement 27 June 2016).

BCL was to fund to the end of a BFS to earn a 70% interest in the three PLs under the JV agreement.

As the Board receives further information it will advise the ASX and shareholders accordingly.

BOTSWANA METALS LIMITED EXPLORATION OVERVIEW

Location Map and Schedule of Prospecting Licences held by BML.



Figure 4: Location of Botswana Metals Limited Exploration portfolio in Botswana.

Exploration areas held in Botswana

The Company holds the following prospecting licences in Botswana:

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

There were no changes in the tenements held during the quarter.

Additional Tenement Information:

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 have been extended for a further two years to 31 April 2018.

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

BCL Limited was placed in Provisional Liquidation during October 2016. KPMG were appointed Provisional Liquidator of BCL Limited and related companies by the courts on the 9th of October 2016. The Provisional Liquidator has communicated with BML during the quarter and reported that they are assessing the status of the affairs of BCL Limited that will include the JV agreement between BML and BCL. Once this review has been completed (which is expected in the first of quarter of 2017), BML will be advised of the outcome.

During June 2016, the Botswana Government, through the Department of Mines, granted an extension to the three of BML's JV licences PL 110/94, PL 111/94 and PL 54/98 for a period of two years effective from 1 April 2016 to 31 March 2018.

A renewal application for a further 2-year period in accordance with the Mines and Minerals Act 1999 was submitted for PL 59/2008 to the Department of Mines.

In the March 2015 quarter, the company applied for several new applications for Prospecting Licences with the Department of Mines in Botswana. Three of these were granted during the September quarter (see section above) and the remainder are pending processing. The new licences are highlighted in light blue and those pending are highlighted in light green in the Figure 5 below.

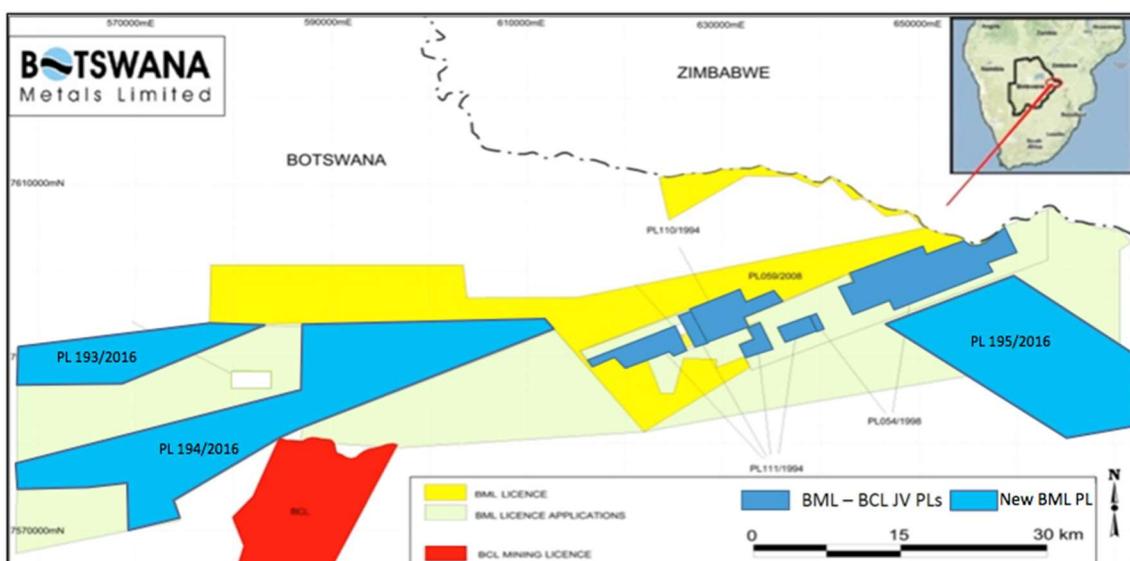


Figure 5: BML exploration tenement portfolio in Botswana. Prospecting Licences subject to the Joint Venture with BCL are shaded light blue.

Patrick Volpe
Chairman

+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, 01/05/13, 01/09/16

Name of entity

BOTSWANA METALS LIMITED

ABN

96 122 995 073

Quarter ended (“current quarter”)

31 MARCH 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(114)	(267)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(127)	(378)
1.3 Dividends received (see note 3)		
1.4 Interest received		1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		2
1.9 Net cash from / (used in) operating activities	(241)	(642)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		(3)

+ See chapter 19 for defined terms

1 September 2016

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

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities		(3)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares	500	500
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(32)	(32)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings		
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	468	468

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	83	487
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(241)	(642)
4.3	Net cash from / (used in) investing activities (item 2.6 above)		(3)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	468	468
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	310	310

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts		Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	310	83
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	310	83

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter \$A'000
97

<i>Fees paid to Directors or their associated companies for director services and management and corporate services</i>	63
<i>Fees paid to a company of which a Director is a shareholder of, and consultant to for capital raising services</i>	28
<i>Fees paid to a company controlled by relatives of a Director for clerical and administrative services</i>	6

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter \$A'000

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>		Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
8.1	Loan facilities		
8.2	Credit standby arrangements		
8.3	Other (please specify)		
8.4	Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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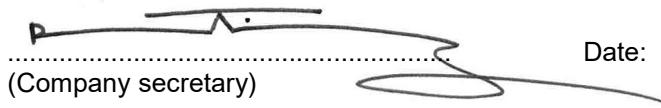
9. Estimated cash outflows for next quarter		\$A'000
9.1	Exploration and evaluation	50
9.2	Development	
9.3	Production	
9.4	Staff costs	
9.5	Administration and corporate costs	100
9.6	Other (provide details if material)	
9.7	Total estimated cash outflows	150

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced			
10.2	Interests in mining tenements and petroleum tenements acquired or increased			

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 27 April 2017

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.