BOTSWANA Metals Limited

ASX:BML

ASX ANNOUNCEMENT

29 SEPTEMBER 2017

2017 ANNUAL REPORT

Attached is the Annual Report of Botswana Metals Limited and its controlled entities for the year ended 30 June 2017.

Mr Patrick Volpe
Chairman

ABN:
96 122 995 073

Issued Capital:
1,824,315,814 ordinary shares

Directors:
Mr Patrick Volpe (Chairman)
Mr Steve Groves (Director/Geologist)
Mr Josh Letcher (Non-executive)
Mr Ed Bulseco (Non-executive)

Registered Office:
Suite 506, Level 5
1 Princess Street, Kew
Victoria, Australia, 3101

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About Botswana Metals

Botswana Metals 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 on 28th 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.

BOTSWANA METALS LIMITED
AND ITS CONTROLLED ENTITIES
ACN 122 995 073

ANNUAL REPORT
30 JUNE 2017

CONTENTS

CORPORATE DIRECTORY

Directors:	Mr Patrick John Volpe (Executive Chairman) Mr Steven Russell Groves Mr Edwin Edward Bulseco Mr Joshua Alan Letcher
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 Services Limited 110 Stirling Highway NEDLANDS WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9262 3723
Banker:	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 45 Rialto South Tower 525 Collins Street MELBOURNE VIC 3000

DIRECTORS' REPORT

The Directors present their report on the consolidated entity consisting of Botswana Metals Limited and its controlled entities ("the Group") for the year ended 30 June 2017.

DIRECTORS

The following persons were Directors of the Company during the whole of the financial year and up to the date of this Report:

Mr Patrick John Volpe (Executive Chairman)

Mr Steven Russell Groves (appointed 22 February 2017)

Mr Edwin Edward Bulseco (appointed 21 August 2017)

Mr Joshua Alan Letcher (appointed 21 August 2017)

Mr Matthew John Hudson (appointed 23 January 2017 and resigned 21 August 2017)

Mr Massimo Cellante (resigned 22 February 2017)

Mr Paul Woolrich (resigned 23 January 2017)

COMPANY SECRETARY

Ramon Jimenez held office as Company Secretary during the year. Mr Jimenez has qualifications in law and has completed a Bachelor of Commerce with an Accounting major. He has held similar positions with listed and unlisted companies over the past 12 years.

PRINCIPAL ACTIVITIES

The Group's principal activities during the year have been the continuing exploration in the mining industry. The main business activities in recent years have been focused on the exploration development for base metals and in particular for nickel and copper and PGEs within the Group's tenement portfolio located over the Limpopo belt on the eastern side of Botswana.

There were no significant changes in the nature of the Group's principal activities and, with the exception of applying for several new prospecting licences covering the Limpopo Mobile Zone, the Group did not expand its exploration activities during the financial year.

OPERATING RESULTS

The consolidated loss for the year attributable to the members of the Company was:

	2017	2016
	$	$
Operating loss after income tax	**(1,772,286)**	(945,679)
Net consolidated loss attributable to members of the Company	**(1,772,286)**	(945,679)

DIVIDENDS

As the Group's principal activities are minerals exploration it has not as yet paid any dividends and does not see any short–term return to shareholders via dividend payments.

REVIEW OF OPERATIONS

A summary of Botswana Metals Limited activities during the year follows.

ANNUAL REPORT TO 30 JUNE 2017

HIGHLIGHTS

BCL and BML JOINT VENTURE:

- ✓ Regional drill program totaling three holes for over 1,100m of diamond drilling across PL 54/98 – Takane completed
  - Every hole intersected significant zones of disseminated to semi-massive pyrrhotite, pyrite and chalcopyrite (copper sulphide)

- ✓ Nickel and Copper:
  - Reviews at Maibele North identify Squid EM conductor adjacent to 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)

COBALT:

- ✓ Over 1.5km of Cobalt mineralisation confirmed at shallow depth across Maibele North area
  - High grade shallow intercepts at Maibele North and Airstrip Copper Prospect
  - Airstrip, Maibele North, Maibele Extension, and Takane are four of many targets with Cobalt potential.

COPPER and SILVER:

  - Reviews of high-grade copper and silver mineralisation at Dibete and Airstrip Copper leads to drill program for early FY18

Li –Ta EXPLORATION

- ✓ Ground exploration for Ta - Li continued with soil sampling completed across four priority Ta-Li target areas during the year
  - Independent laboratory analysis of recent soil sampling program revealed anomalous levels of Lithium (Li), Tantalum (Ta), and Tin (Sn)

NEW LICENCES GRANTED

- ✓ Three new prospecting licences covering ~700km^2 of prospective Limpopo Mobile Zone granted to BML for three years

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

EXPLORATION ACTIVITIES FOR FY17

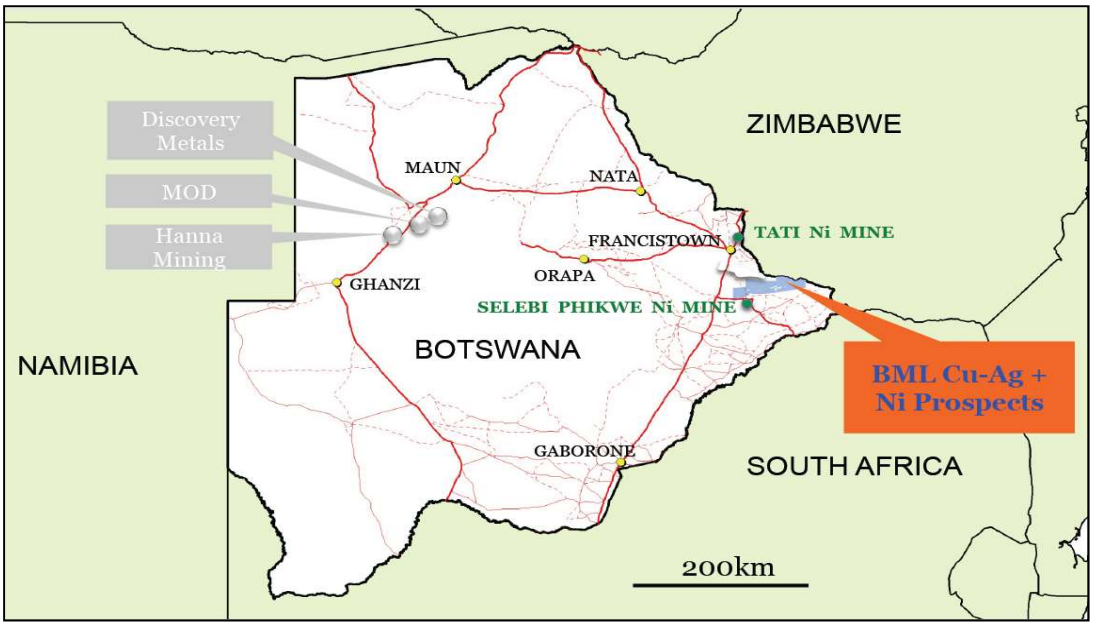

Figure 1: Location of Figure 1: Botswana Metals Limited Exploration portfolio in Botswana.

JOINT VENTURE EXPLORATION ACTIVITIES

BML-BCL JOINT VENTURE STATUS

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 resolved to continue exploration notwithstanding that a stay has been put on the joint venture licences which does not require minimum expenditures to be met until the provisional liquidation is resolved. Refer to After Balance Date Events later in this Report for further information. Accordingly, no impairment of previously capitalised expenditures is considered appropriate at report date.

On 15 June 2017 BCL Limited was placed in final liquidation. BCL Investments (Pty) Ltd) remains in provisional liquidation.

WORK PROGRAM

Due to the onset of provisional and final liquidation of the Joint Venture partner, exploration on BML's most advanced project, Maibele North, was kept to a minimum during the year. Prior to the liquidation, the JV partner completed three drill holes on the regional PL 54/98 – Takane licence in the search for new Ni-Cu mineralisation.

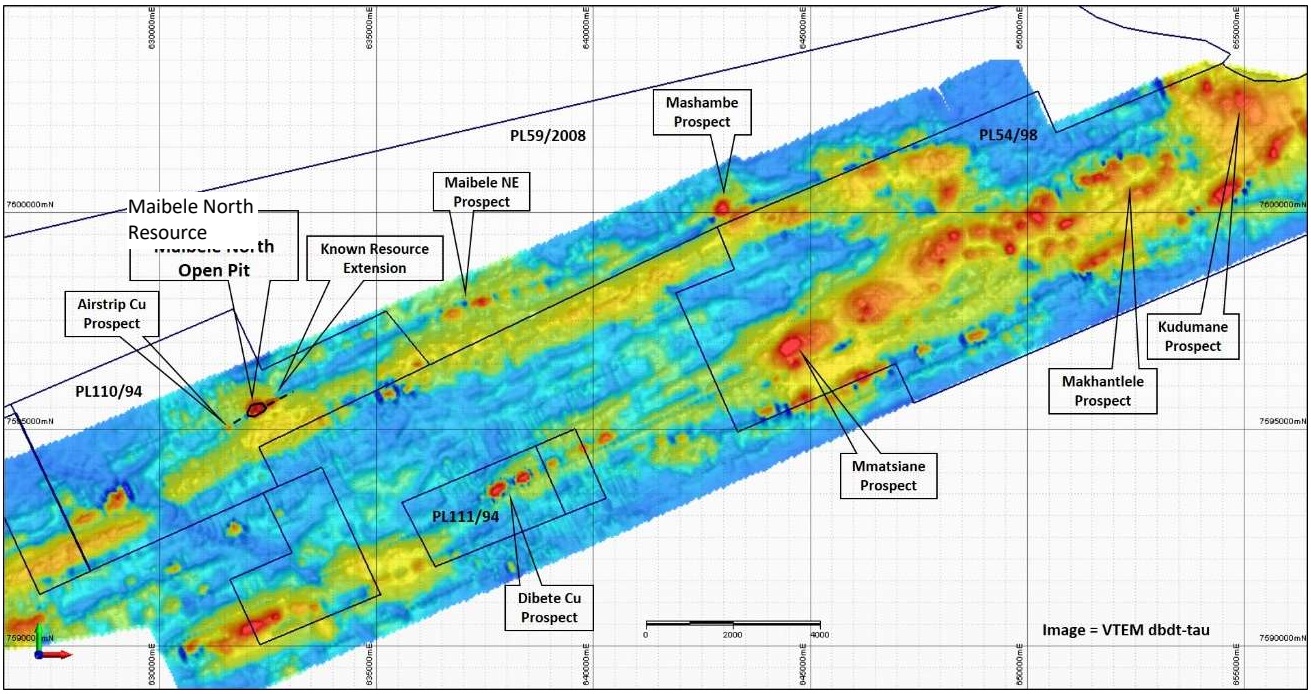

Figure 2: Aerial view of BML's tenements in Eastern Botswana showing the Maibele North Prospect and the priority regional prospects.

PL 54/98 - TAKANE

The Takane Licence PL 54/98 is approximately 10km east of the Maibele North Prospect and is one of three licences covered by the BCL Joint Venture. The licence represents ~80 sq km of the total ~185 sq km included in the JV agreement. The licence contains 23 anomalous VTEM conductors, with four having been prioritised for immediate follow-up based on geological characteristics such as strong conductors coincident with ultramafic rocktypes and soil geochemistry that are all considered potentially indicative of Ni-sulphide mineralisation. Ground SQUID EM surveying was undertaken at the four priority prospects in 2015 and three were prioritised for initial drill testing in 2016/17

Drilling Program

Prior to being placed in provisional liquidation the Joint Venture partners completed drilling of three holes into three high priority Ni-sulphide targets on PL 54/98 (Figure 3). These targets were identified through the combination of geological mapping, geochemical sampling and detailed airborne and ground geophysics. A total of 1,133m of diamond core was completed in the drilling program. All holes intersected significant zones of disseminated, semi-massive and minor massive sulphide mineralisation in areas coincident with the positions of modelled EM conductor plates, once again confirming the effectiveness of the SQUID EM technology for the discovery of sulphides in the Magogophate Shear Zone.

Due to the success of the drilling in discovering a number of significant new sulphide zones, a program of down-hole EM surveying was subsequently undertaken by BML.

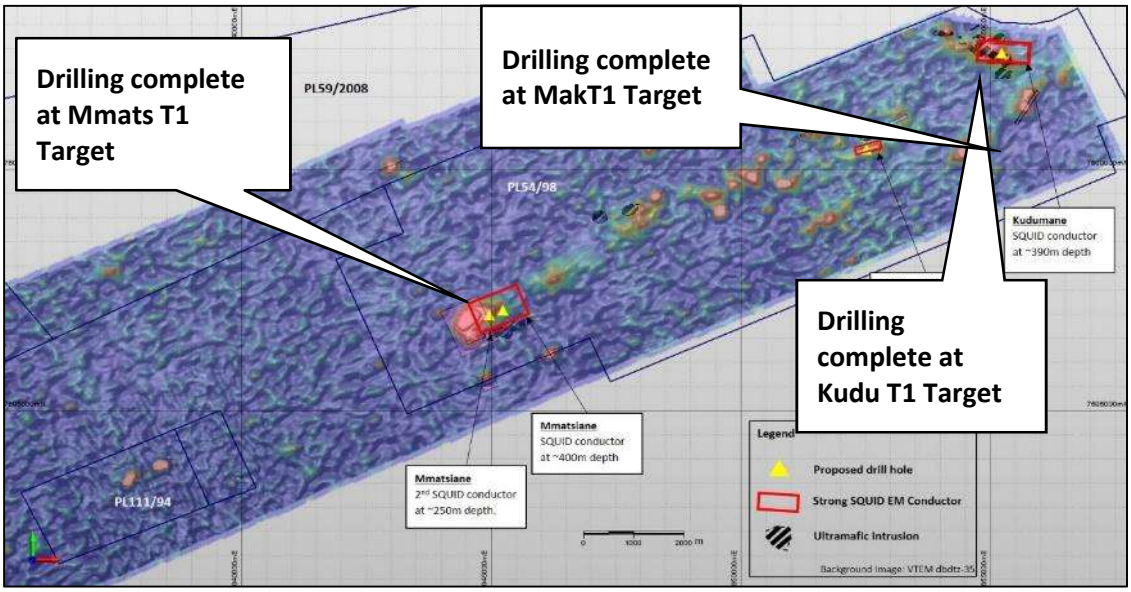

Figure 3: Regional plan view of PL 54/98 showing the SQUID EM conductors (Red Rectangles) targeted by diamond drilling (Holes indicated by yellow triangles).

Down Hole Surveying

The program of down hole EM surveying of each of the three holes was completed during the year. This program was designed to enable more accurate modelling of the target conductors and highlight further targets for follow up drilling. Two out of the three holes were able to be re-entered and surveyed fully. The hole at the Mak1 target was blocked at 30m depth.

EXPLORATION ACTIVITIES FOR "NEW-WORLD METALS" DURING FY17

COBALT

The recent surging demand for cobalt led BML to conduct an in-depth review over all of BML's historical drilling data, focussing on further cobalt intercepts in addition to the cobalt results announced in 2016 (ASX: 30 April, 2016).

Examination of historical drilling results confirmed the presence of significant (>900ppm) cobalt mineralisation over a strike length of at least 1.5km at Maibele North (Figure 4). This included intercepts at Maibele North and Airstrip Copper:

HOLE	INTERVAL (m)	GRADE (ppm)	FROM (m)
MADD57	26.00m	891ppm	94m
including	*6.47m*	*1,145ppm*	
including	*9.57m*	*1,169ppm*	
MADD58	29.00m	565ppm	125m
including	*1.85m*	*1,451ppm*	
including	*1.43m*	*1,392ppm*	
MADD59	19.00m	595ppm	68m
including	*0.80m*	*2,155ppm*	
including	*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
ACRC006	1.00m	1020ppm	30m (Airstrip)
ACRC022	1.00m	965ppm	54m (Airstrip)

Table 1: Highlights from previously announced cobalt intercepts

The Company also noted that several drill holes from Takane and Maibele North were previously not assayed for cobalt. Samples from a total of seven holes at Maibele North containing no previous Co assays were re-submitted for Co analysis.

Highlights from the new results received include:

Hole MARC0096

- **2m @ 1168ppm from 54m depth; and**
- **1m @ 928ppm from 67m depth; and**
- **1m @ 1330ppm from 89m depth; and**
- **1m @ 1220ppm from 103m depth; and**
- **4m @ 1227ppm from 113m depth; and**
- **1m @ 979ppm from 122m depth**

Hole MADD117

- **0.14m @ 1010ppm from 252.44m depth.**

The Company is highly encouraged by these results and is continuing to review the cobalt potential of its licences in Eastern Botswana.

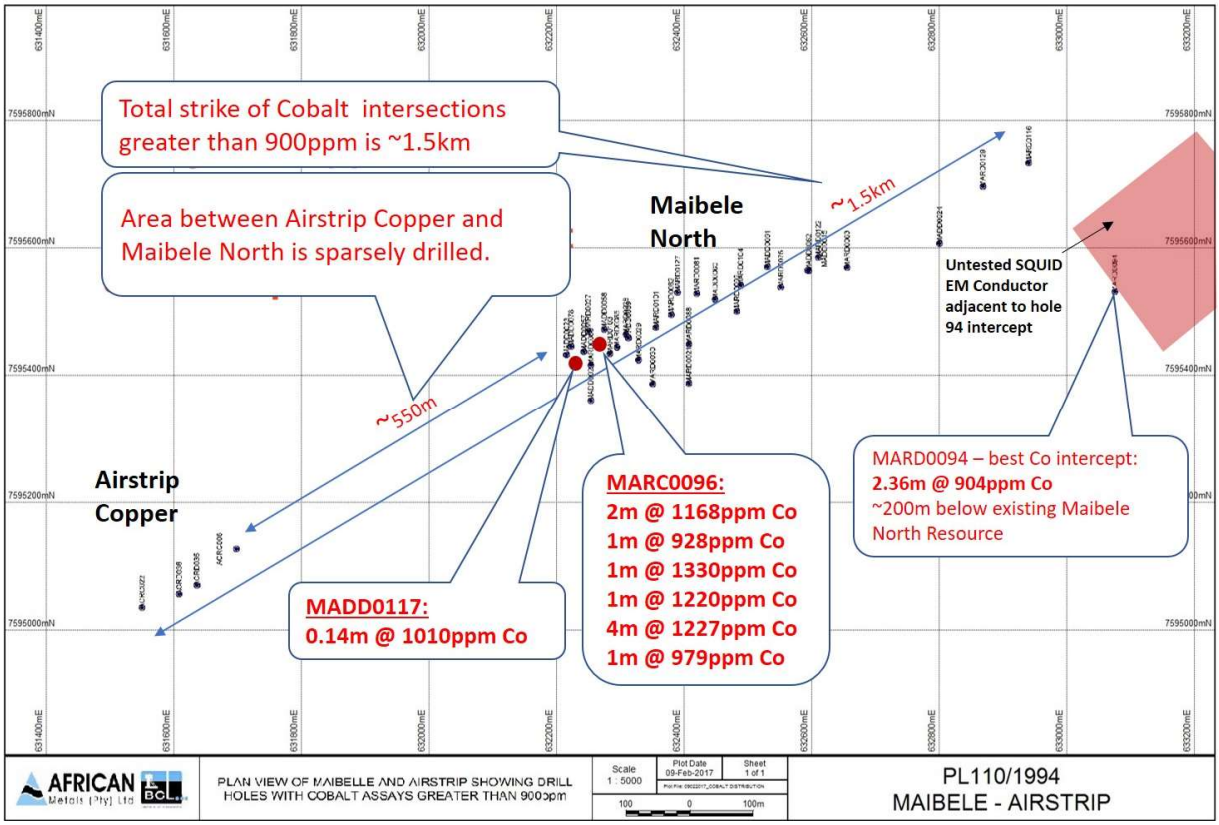

Figure 4: Plan view of Maibele North showing drill holes with greater than 900ppm Co. The two recently assayed holes, MARC0096 and MADD0117 are highlighted in red.

TANTALUM AND LITHIUM

During the year BML continued the new exploration focus for pegmatite-hosted tantalum and lithium mineralisation on their exploration licences in eastern Botswana. Historic exploration had previously revealed substantial tantalum anomalies in stream sediment sampling that had remained unexplained. Similar rock types to those in BML's licences exist along strike in Zimbabwe and host one of the world's largest pegmatite-hosted Li-Ta mines. The potential for similar mineralisation to occur in BML's portfolio has been recognised and exploration for pegmatite-hosted tantalum-lithium mineralisation continued on the Group's licences. Ground exploration is focused on locating pegmatites as well as determining the source of the extremely strong historical tantalum stream sediment anomalies (*BML ASX release 23 May 2016)*).

Work commenced with geological mapping in areas of historically anomalous tantalum, particularly where anomalies are coincident with outcropping felsic lithology. (Figure 5, *refer ASX announcement 18 July 2016*). Follow up work including grid-based soil sampling was undertaken in priority Ta-anomalous areas.

Any areas containing verified Ta or Li mineralisation will ultimately be drill-tested.

Soil Sampling Program

The soil sampling programme was designed to cover four priority target areas initially defined by historical stream sediment anomalies. Target Areas 1 to 4 were completed and a selection of samples from Area 1 submitted for analysis at an independent laboratory to compare with the handheld XRF results. A total of 86 samples were submitted to SGS South Africa for analysis (Figure 6 & 7).

Results

The program 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. 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 highly encouraging results (Figure 6) show the potential for the area to host Tantalum, Lithium and Tin mineralisation and warrant follow up exploration. Work is ongoing to identify further samples for laboratory analysis from the four areas surveyed.

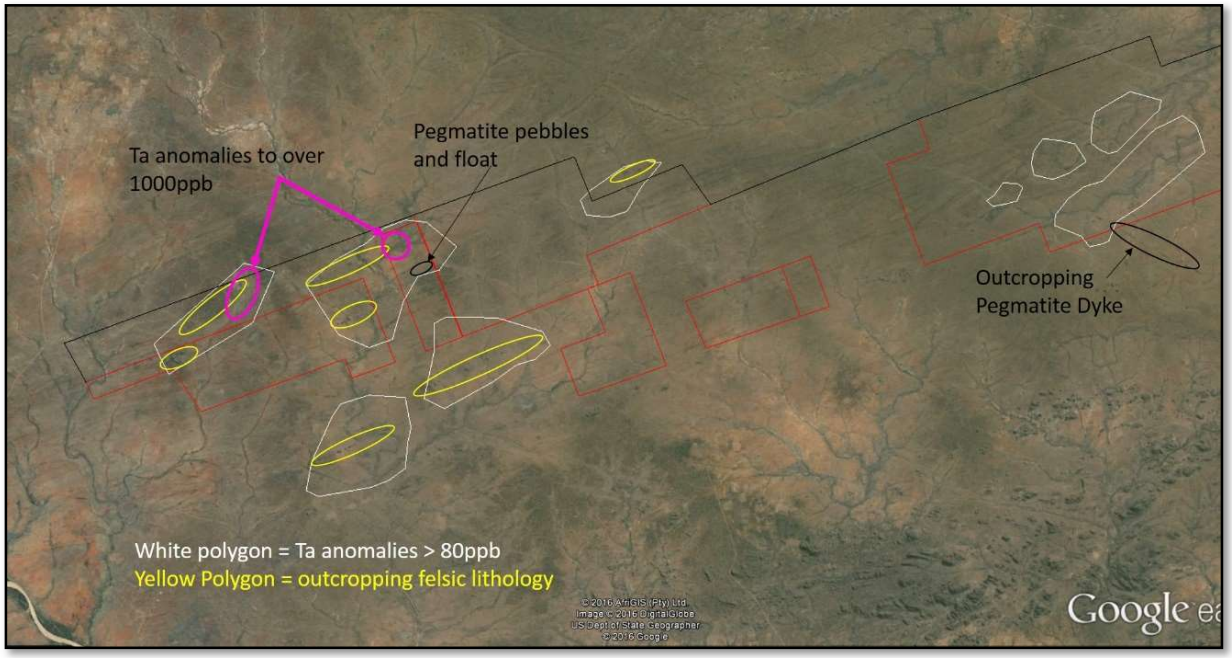

Figure 5: Aerial view of BML's tenements in Eastern Botswana showing areas of tantalum anomalism (white polygons > 80ppb, purple polygons > 1000ppb), outcropping felsic rocks (yellow polygons) and areas containing pegmatitic outcrop and/or float (black polygons)

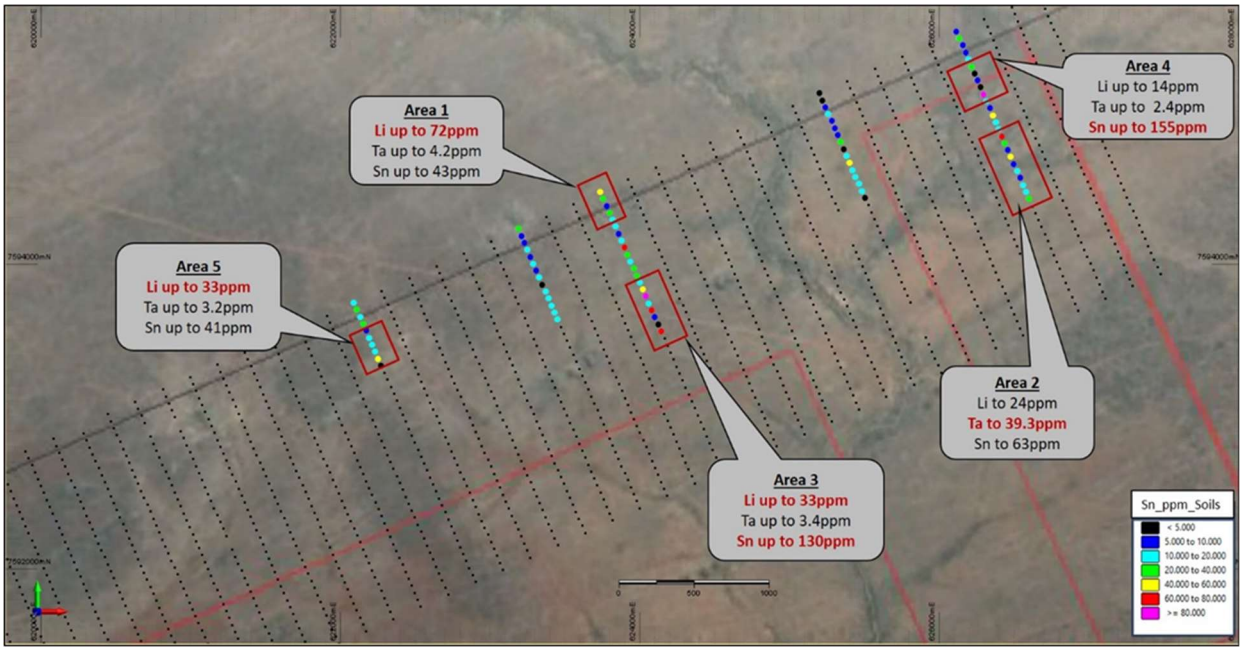

Figure 6: Map showing the 5 anomalous areas identified for follow up detailed exploration. Note that in each area, at least two of the three elements of Li, Ta and Sn are elevated, as would be expected in a zoned mineralised pegmatite body. The limited laboratory analysis was undertaken as a check on 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.

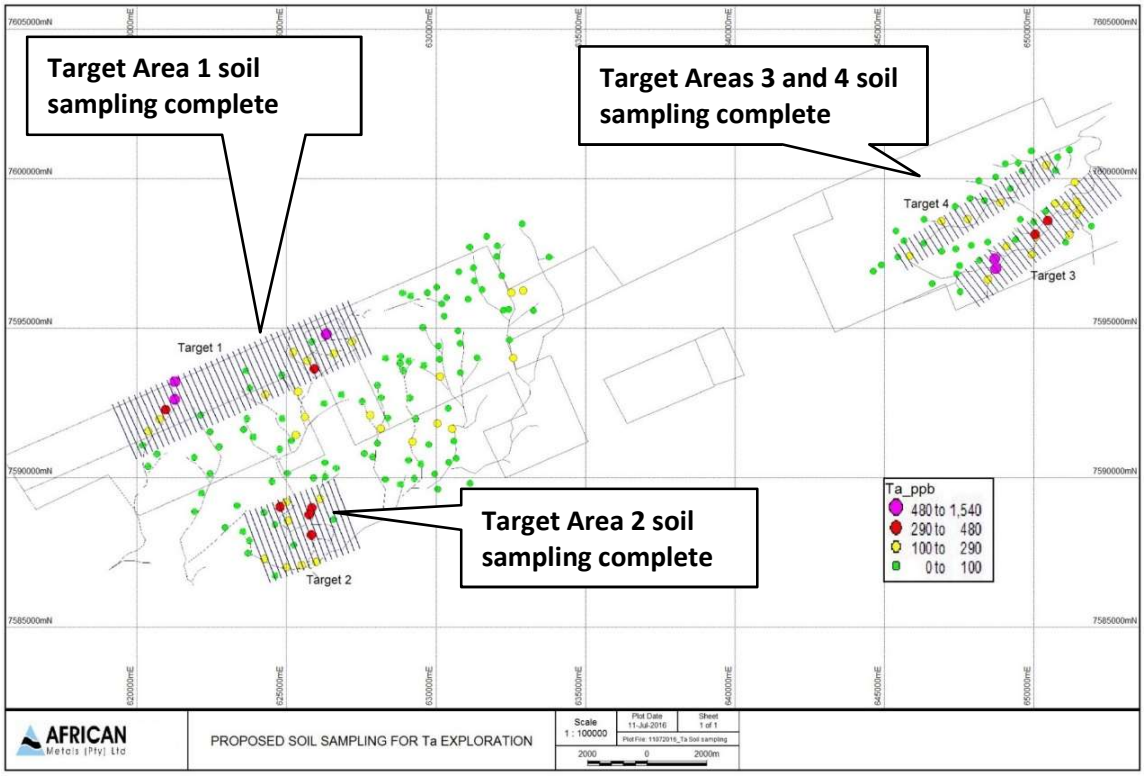

Figure 7: A map showing soil sampling grids planned over stream sampling anomalies

TARGET	No. OF Lines	SAMPLES	LINE SPACING	SAMPLE SPACING	Progress
1	43	1804	200	50	Complete
2	17	884	200	50	Complete
3	30	840	200	50	Complete
4	30	600	200	50	Complete
TOTAL	120	4128			

Table 2: Details of soil sampling program

EXPLORATION AREAS HELD IN BOTSWANA

Three New Prospecting Licences Granted

During the September 2016 quarter, the Group was granted three new Prospecting Licences for metals in the Limpopo Mobile Zone in eastern Botswana (Table 3, Figure 8). The licences are adjacent to the Group's existing tenure in the region and are prospective for base and precious metals including nickel, copper, gold, silver as well as tantalum and lithium in pegmatites. The licences add a further 700km^2 to BML's portfolio in the Limpopo Mobile Zone and have been issued for a first term of three years and can be renewed on 30 September 2019.

Licence No.	Area (km^2)
193/2016	**96.5**
194/2016	**348.3**
195/2016	**255.9**

Table 3: Details of the new licences

The Group 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	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016 subject to completion of necessary formalities.
Mokoswane PL 111/94	31/03/2018	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016 subject to completion of necessary formalities.
Takane PL 54/98	31/03/2018	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016 subject to completion of necessary formalities.
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Application for renewal submitted 30 June 2016.
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. During the year PL 070/2008 was relinquished and PL 111/2011 was not renewed.
4. 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 Limited is now in final liquidation and BCL Investments (Pty) Ltd is in provisional liquidation.
5. 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.
6. All other pending applications/renewals not referred to in the above table did not proceed.
7. Other than as detailed above, the Group did not acquire or dispose of any other tenements or beneficial interests in farm-in agreements during the year.

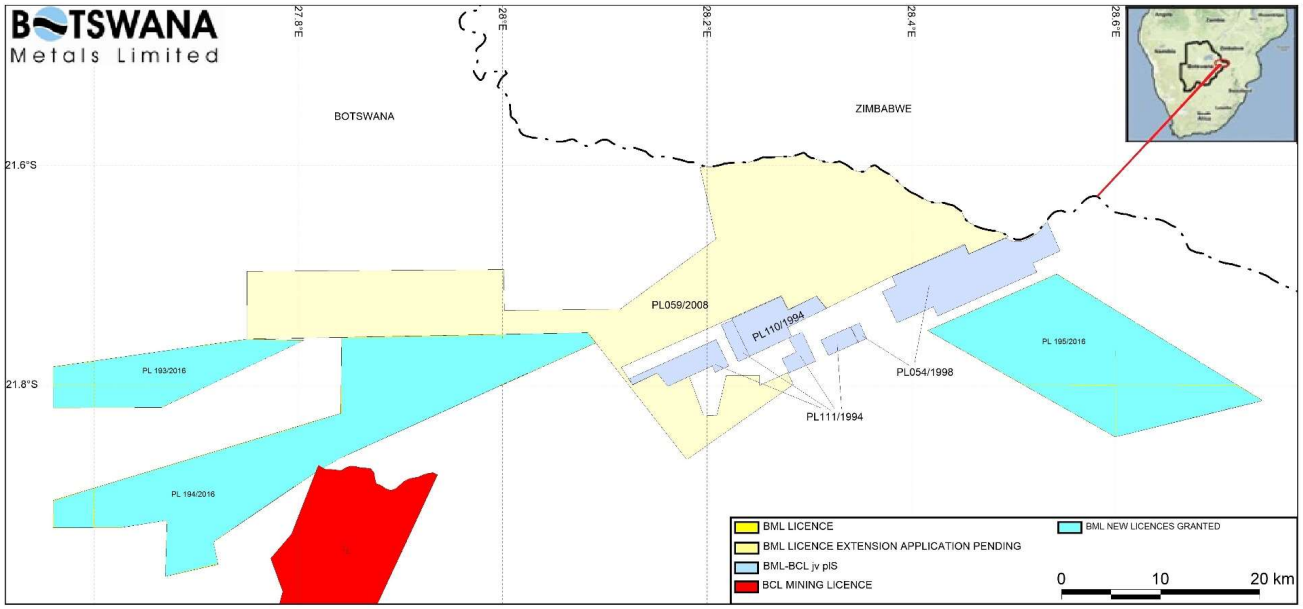

Figure 8: BML exploration tenement portfolio in Botswana. Prospecting Licences were subject to the Joint Venture with BCL are shaded light blue. New licences granted are coloured cyan.

Competent Person

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 Australian Institute of Geoscientists. Mr Groves is Director of, and 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.

CORPORATE ACTIVITY

Financial Position

During the financial year ended 30 June 2017 the following changes in financial position ocurred:

- Net assets decreased by $924,632 to $6,569,054.
- Total assets decreased by $869,983 to $7,035,100.
- Total liabilities increased by $54,649 to $466,046.

The Directors believe the Group is in a stable financial position and able to expand and grow its current operations.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the Group during the financial year were as follows:

New Licences Granted

Three new licences covering an additional 700 km^2 of the Limpopo Mobile Belt were granted to African Metals (Pty) Ltd ("AML"). AML applied for the additional licences because the Group identified their strong potential for the discovery of Tantalum, Lithium, Nickel, Cobalt, Copper and Gold mineralisation. The licences were issued for a first term of three years and can be renewed on 30 September 2019.

Impairment of exploration expenditure relating to PL 059/2008

As PL 059/2008 had been pending renewal for in excess of 12 months, the Group elected to impair the capitalised exploration expenditure of $943,797 in respect of this licence.

BCL Group

On 9 October 2016 BCL Limited and BCL Investments (Pty) Ltd were placed into provisional liquidation and Mr Nigel Dixon-Warren of KPMG Botswana was appointed as provisional liquidator. As a result, BCL ceased funding exploration activities pursuant to the Farm-in Joint Venture Agreement between African Metals (Pty) Ltd and BCL Investments (Pty) Ltd. Accordingly, the Group fully impaired the amount of $104,462 owed to African Metals (Pty) Ltd.

Prior to BCL being placed in provisional liquidation, both parties were working together to formalise BCL's 40% interest in PL 110/94, PL 111/ 94 and PL 54/98. On 15 June 2017 BCL was placed in final liquidation. BCL Investments (Pty) Ltd remains in provisional liquidation.

Board Changes

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

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

Placement

On 22 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.

Directors' Fee Plan

On 11 April 2017 the Company issued 53,950,000 fully paid ordinary shares to Trayburn Pty Ltd (of which Mr P J Volpe is a Director and substantial shareholder) in satisfaction of accrued fees of $107,900 for director, management and consulting services. The shares were issued at a deemed issue price of 0.2 cent ($0.002) per share being the closing price of the shares on the ASX on the day before Trayburn Pty Ltd elected to be issued with the shares. The shares were issued pursuant to the Directors' Fee Plan approved by shareholders of the Company at the Annual General Meeting on 30 November 2016.

After Balance Date Events

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the Group, the results of these operations or the state of affairs of the Group in subsequent years.

Placement

On 18 August 2017 the Company issued 362,000,000 fully paid ordinary shares at an issue price of 0.1 cent ($0.001) per share pursuant to a Placement managed by Xcel Capital Pty Ltd ("Xcel"). The shares were placed to professional and sophisticated investors. The Placement raised $362,000 (before costs) and the Company paid Xcel a commission of $18,100 (being 5% of the funds raised) plus GST. Mr E E Bulseco, a Director of the Company, is a Director and substantial shareholder of Xcel.

Board Changes

On 21 August 2017 Mr J A Letcher and Mr E E Bulseco were appointed as Non-executive Directors of the Company and Mr M J Hudson resigned as a Non-executive Director of the Company.

Drilling Program – Dibete and Airstrip Copper

On 2 September 2017 the Company announced that a drill program had commenced targeting high-grade copper and silver mineralisation at the Dibete and Airstrip Copper projects in North-eastern Botswana.

Capital Raisings, Consolidation and Unmarketable Parcels

On 8 September 2017 the Company announced its intention to undertake a Share Purchase Plan and Placement to raise up to $1,698,782 (before costs). The Company will seek shareholder approval to consolidate its fully paid ordinary shares on a 1-for-12 basis and to issue shares to creditors to convert outstanding debt of up to $182,500 to equity. Finally, the Company will establish a share sale facility for holders of unmarketable parcels of shares in the Company.

Ministry approved stay (suspension) of joint venture prospecting licences

On 25 September 2017, the Company announced that the Ministry of Mineral Resources, Green Technology and Energy Security in Botswana had suspended (put on hold) the renewal date of the three Prospecting Licences (PL 110/94, PL 11/94 and PL 54/98) that are subject to the Farm-in Joint Venture Agreement with BCL. This decision means that the licences are protected against expiring until the provisional liquidation is resolved.

Future Developments

The Group's main exploration efforts will be focussed on continuing to develop value from exploration across its tenement package in Botswana.

Environmental Issues

The Group holds a 100% interest in a number of exploration licences and has participating interests in others. The various authorities granting such licences require the licence holder to comply with directions given to it under the terms of the grant of licence. There have been no known breaches of the Group's licence conditions.

INFORMATION ON DIRECTORS

Mr Patrick John Volpe *B.Bus (Acc), P.G.(Tax), CPA*	Experience:	Executive Chairman for 10 years Background in mining, media, transport, manufacturing, banking and stockbroking with a particular emphasis on corporate restructuring, business acquisitions, investment advising and capital raisings.
	Special Responsibilities:	Corporate finance and investment. Chairman of the Audit and Compliance Committee
	Interest in securities at date of Directors Report:	241,777,897 Ordinary Shares
	Directorships held in other Listed Entities:	He was formerly: • Chairman of Bisan Limited (from 18 December 2013 to 7 September 2015). • Director of Bisan Limited (from 18 December 2013 to 1 February 2016). • Deputy Chairman of Cohiba Minerals Limited (from 27 November 2013 to 5 August 2015). • Director of Cohiba Minerals Limited (from 24 July 2013 to 5 August 2015). All the above are ASX-listed companies. He has not held any other directorships of listed entities over the last 3 years.
Mr Steven Russell Groves *B.App.Sci (App. Geol - Hons)* *M.Sc (Economic Geol)* *MAIG, MSEG*	Experience:	Non-Executive Director appointed 22 February 2017 Mr Groves is a Geologist with over 24 years' experience exploring for a variety of commodities across the globe. Prior to his current role with BML, he was based in Botswana for approximately six years, initially as the Exploration Manager for Botswana

		Metals and then as the General Manager – Exploration for A-Cap Resources. During his time in Botswana, Steve led a geological team that successfully grew the Letlhakane Uranium Deposit from to over 350Mlbs U3O8 to become one of the largest, undeveloped uranium deposits in the world, as well as discovering two large coal deposits containing high quality domestic and export thermal coal. He has previously worked all over Australia as well as in South America for companies such as BHP Billiton, Newmont and Newcrest.
	Interest in securities at date of Director's Report:	5,261,904 Ordinary Shares
	Directorships held in other Listed Entities:	None.
Mr Edwin Edward Bulseco *B.Com (Merit)*	Experience:	Non-Executive Director appointed 21 August 2017. Mr Bulseco has a wealth of experience in capital markets and corporate strategic planning. From 2010 to 2015, Mr Bulseco has served as a senior equity research analyst at two of Australia's oldest stockbrokers. Edwin has more recently worked in corporate finance for numerous boutique East Coast based corporate advisories. During this period, Mr Bulseco has gained considerable capital markets and corporate experience.
	Interest in securities at date of Director's Report:	Nil.
	Directorships held in other Listed Entities:	Currently a Non-executive Director of Greenpower Energy Ltd (ASX: GPP) and Transcendence Technologies Ltd (ASX: TTL). From 2 March 2014 to 18 December 2015 he was a Non-executive Director of Red Gum Resources Ltd (ASX: GRX) now known as MCS Services Ltd. He has not held any other directorships of listed entities over the last 3 years.
Mr Joshua Alan Letcher *Mechanical Engineer*	Experience:	Non-Executive Director appointed 21 August 2017. Mr Letcher has experience working in various operational and technical roles within the African and Australian mining industry. He was the founder of Allotropes Diamonds Pty Ltd and was responsible for its acquisition by Newfield Resources Ltd (ASX: NWF) which provided the company with A$4M in working

		capital. As CEO of Allotropes, Mr Letcher was responsible for the development of the project from exploration to trial mining. The roles in that capacity included project management, plant construction and commissioning, exploration management and asset acquisition. Mr Letcher served in the Royal Australian Navy and trained as a Mechanical Engineer.
	Interest in securities at date of Director's Report:	Nil.
	Directorships held in other Listed Entities:	Mr Letcher was an Executive Director of Newfield Resources Ltd (ASX: NWF) from 31 March 2014 to 16 November 2015. He has not held any other directorships of listed entities over the last 3 years.
Mr Matthew John Hudson *B. Com*	Experience:	Non-Executive Director from 23 January 2017 to 21 August 2017 Mr Hudson completed a Bachelor of Commerce at the University of Melbourne. Following this he worked with Credit Suisse and Arthur Andersen as an analyst up until 2002. He has since operated through his own corporate advisory businesses which have consulted to both listed and unlisted public companies in Australia, Europe and the United States. Mr Hudson is actively involved in the oil and gas sector and is now focusing on mining and exploration projects as both an advisor and founding shareholder. He is also a non-executive Director of two unlisted public companies in the financial technology sector where his task is to assist with the achievement of an ASX listing for these companies.
	Interest in securities at date of resignation:	27,680,606 Ordinary Shares
	Directorships held in other Listed Entities:	None.
Mr Massimo Livio Cellante *B. Com (Deakin)*	Experience:	Non-Executive Director from 4 September 2009 to 22 February 2017 Chairman and Managing Director of Bell IXL Investments Pty Ltd, a strategic investment company where his role includes identifying and investing in undervalued publicly-listed companies and he is experienced in negotiation, investment analysis, capital

		raisings, capital returns and corporate acquisitions.
	Special Responsibilities:	Member of the Audit and Compliance Committee
	Interest in securities at date of resignation:	73,941,742 Ordinary Shares
	Directorships held in other Listed Entities:	None.
Dr Paul Woolrich *BSc (honours), MSc, PhD*.	Experience:	Non-executive director from 22 January 2008 to 23 January 2017 Dr Woolrich has over 40 years of experience in the international exploration and mining industry focussed on gold, base metals and PGEs, with the last 20 years spent in senior management positions with Western Mining Corporation, Ranger Minerals Ltd, Orion Resources, Gallery Gold and Platmin Ltd. He was Project Manager in charge of the feasibility study of Platmin's Pilanesberg PGE Project in South Africa in 2004-2006. He holds degrees in Geology (BSc honours), Geochemistry (MSc) and Metallurgy (PhD).
	Interest in securities at date of resignation:	3,902,777 Ordinary Shares
	Directorships held in other Listed Entities:	He was formerly a director of A-Cap Resources Limited (from 18 December 2007 to 20 September 2016), an ASX-listed company. He has not held any other directorships of listed entities over the last 3 years.

DIRECTORS' MEETINGS

The number of meetings of the Company's Board of Directors and the Audit and Compliance Committee held during the year ended 30 June 2017, and the numbers of meetings attended by each director were:

Name	Board of Directors		Audit and Compliance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
P J Volpe	4	4	-	-
P Woolrich	1	1	-	-
M L Cellante	2	2	-	-
S R Groves	1	1	-	-
M J Hudson	2	2	-	-

The Audit and Compliance Committee did not meet during the year and all audit and compliance issues were considered by the full Board of Directors.

REMUNERATION REPORT (AUDITED)

Remuneration Policy

The remuneration policy of Botswana Metals Limited has been designed to align Director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives. The Board of Botswana Metals Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and Directors to run and manage the Group, as well as create goal congruence between Directors, executives and shareholders.

The Board's policy for determining the nature and amount of remuneration for executive directors and other key management personnel of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and other key management personnel, was originally developed by independent external consultants and approved by the Board based on the professional advice of those consultants.

- All executive directors and key management personnel receive a base salary (which is based on factors such as length of service and experience) and superannuation.

- The Board reviews executive directors and key management personnel remuneration packages annually by reference to performance.

Executives and employees are entitled to participate in the Executive and Employee Option Plan at the discretion of the Board; however Directors are not permitted to participate.

The Directors and key management personnel receive a superannuation guarantee contribution when classified as employees, required by the government, which is currently 9.5%, and do not receive any other retirement benefits.

All remuneration paid to Directors and executives is valued at the cost to the Group and expensed.

Non-executive remuneration policy

The Board's policy is to remunerate non-executive Directors at market rates for time, commitment and responsibilities. The Board determines payments to the non-executive Directors and reviews their remuneration annually, based on market practice, duties and accountability. Independent external advice may be utilised in the future should the Directors deem such advice necessary. The maximum aggregate amount of fees that can be paid to non-executive Directors is subject to approval by shareholders at a General Meeting. Fees for non-executive Directors are not linked to the performance of the Group. However, to align Directors' interests with shareholder interests, the Directors are encouraged to hold shares in Botswana Metals Limited.

With effect from 1 July 2013 remuneration payable to Directors was frozen as a temporary measure to assist the Company to stabilise its financial position. Since 1 January 2014 the Company has paid only part of the Directors remuneration entitlement in cash with the balance accrued. The part payment of remuneration did not constitute a waiver by the Directors of their entitlement to receive their proper remuneration from the Company. The full amount of Directors remuneration, less payments made, has been accrued as a liability of the Company as at 30 June 2017 and will be paid out to Directors once the financial position of the Company is sufficiently strong.

Performance-based Remuneration

No performance based remuneration was paid during the year.

REMUNERATION REPORT (CONTINUED)

Group Performance, Shareholders Wealth and Directors' and Executives' Remuneration

Remuneration of Directors is determined by the Board within the maximum amount approved by the shareholders from time to time, and the Group's broad remuneration policy is to ensure that remuneration packages properly reflect a person's duties and responsibilities and are set at levels that are intended to attract and retain people of the highest quality.

Cash remuneration is based upon market practice, duties and accountability at this stage of the Group's evolution and not linked to Group performance and shareholders wealth. The Group's focus is to discover a mineable deposit and generate future revenue from sales and production of resources. The Group is presently in the exploration phase and as such has no revenue from production and has incurred losses. All expenditure directly attributable to prospecting activities on the Group's tenement portfolio is capitalised and is not expensed in the Statement of Comprehensive Income unless an impairment event occurs. No dividends have been paid to shareholders.

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of key management personnel for the Group is as follows:

The remuneration structure for executive directors and key management personnel is based on a number of factors, including length of service and particular experience of the individual concerned. The contracts for service are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement executive directors and key management personnel are paid employee benefit entitlements accrued at the date of retirement. Any options not exercised before or on the date of termination lapse.

KMP Remuneration for the year ended 30 June 2017

Details of the nature and amount of each major element of the remuneration of each KMP of Botswana Metals Limited for the year ended 30 June 2017 are:

Name	Short-term Benefits	Post-employment Benefits	Share-Based Payments	
	Cash Salary & Fees $	Superannuation $	Directors' Fee Plan $	Total $
Mr P J Volpe (Executive Chairman)	180,000	-	107,900	287,900
Mr M L Cellante	27,350	2,598	-	29,948
Dr P Woolrich	10,000	-	-	10,000
Mr S R Groves	10,000	-		10,000
Mr M J Hudson	13,065	-		13,065
Mr R Jimenez (Co. Secretary)	50,000	-	-	50,000
Total	290,415	2,598	107,900	400,913

In April 2017 Trayburn Pty Ltd (a company of which Mr P J Volpe is a Director and substantial shareholder) was issued 53,950,000 fully paid ordinary shares pursuant to the Directors' Fee Plan (approved by the shareholders of the Company at the Annual General Meeting held on 30 November 2016) in satisfaction of accrued fees of $107,900 due to Trayburn Pty Ltd for director, management and consulting services.

REMUNERATION REPORT (CONTINUED)

The Directors' Fee Plan provided a mechanism by which Directors (or their related entities) could elect to take up shares in satisfaction of accrued remuneration and fees. As at 30 June 2017 no further shares can be issued under the Directors' Fee plan without shareholder approval.

In May 2017 Mr M L Cellante was paid $17,350 of his accrued remuneration due as at 30 June 2016.

Salary and fees were accrued and unpaid as at 30 June 2017 to Directors (or their related entities) as follows: Mr P J Volpe ($312,100), Dr P Woolrich ($34,700) and Mr M L Cellante ($17,350). The total unpaid remuneration of $364,150 has been accrued as a liability owing to the Directors (or their related entities) at year ended (2016: $321,900). The liability is disclosed at Note 13 of the Financial Report.

KMP Remuneration for the year ended 30 June 2016

Details of the nature and amount of each major element of the remuneration of each KMP of Botswana Metals Limited for the year ended 30 June 2016 are:

Name	Short-term Benefits	Post-employment Benefits	Share-Based Payments	
	Cash Salary & Fees $	Superannuation $	Directors' Fee Plan $	Total $
Mr P J Volpe (Executive Chairman)	380,000	-	-	380,000
Mr M L Cellante	34,000	3,230	-	37,230
Dr P Woolrich	34,000	-	-	34,000
Mr R Jimenez (Co. Secretary)	50,000	-	-	50,000
Total	498,000	3,230	-	501,230

Salary and fees were accrued and unpaid as at 30 June 2016 for Directors as follows: Mr P J Volpe ($270,000), Dr P Woolrich ($25,950) and Mr M L Cellante ($25,950).

In March and May 2016 the Directors were paid part of their accrued remuneration owing at 30 June 2015 as follows: Mr P J Volpe ($200,000), Dr P Woolrich ($19,000) and Mr M L Cellante ($19,000).

Close family members of Mr P J Volpe were employed on a casual basis. Mrs C A Pfeffer was paid $2,400 plus superannuation guarantee contributions and Mr P A Volpe was paid $2,400 plus superannuation guarantee contributions.

Service Companies

The services of certain current and former 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 provided 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 disclosed are shown exclusive of any GST.

REMUNERATION REPORT (CONTINUED)

Number of Options Held directly or indirectly by Key Management Personnel

2017	Balance 1.7.2016 or date of appointment	Granted as Compensation	Exercised	Expired	Net Change Other	Balance 30.6.2017 or date of resignation	Vested and exercisable	Vested and Unexercisable
Mr P J Volpe (Ex. Chair.)	44,296,738	-	-	(44,296,738)	-	-	-	-
Mr M Cellante	15,000,000	-	-	(15,000,000)	-	-	-	-
Dr P Woolrich	1,841,666	-	-	(1,841,666)	-	-	-	-
Mr S R Groves	-	-	-	-	-	-	-	-
Mr M J Hudson	-	-	-	-	-	-	-	-
Mr R Jimenez (Co. Sec.)	3,750,000	-	-	(3,750,000)	-	-	-	-
Total	**64,888,404**	**-**	**-**	**(64,888,404)**	**-**	**-**	**-**	**-**

No options were issued to KMP as part of their remuneration during the year. No options were exercised by KMP during the financial year. A total of 64,888,404 options held by KMP expired during the year.

Number of Shares held directly or indirectly by Key Management Personnel

2017	Balance 1.7.2016 or date of appointment	Received as Compensation	Issued on Exercise of Options / Performance Rights	Net Change Other*	Balance 30.6.2017 or date of resignation
Mr P J Volpe (Executive Chairman)	187,827,897	-	-	53,950,000	241,777,897
Mr M L Cellante	73,941,742	-	-	-	73,941,742
Dr P Woolrich	3,902,777	-	-	-	3,902,777
Mr S R Groves	5,261,904	-	-	-	5,261,904
Mr M J Hudson	27,680,606	-	-	-	27,680,606
Mr R Jimenez (Company Secretary)	10,222,223	-	-	-	10,222,223
Total	**308,837,149**	**-**	**-**	**-**	**362,787,149**

* Net Change Other refers to 53,950,000 fully paid ordinary shares pursuant to the Directors' Fee Plan (approved by the shareholders of the Company at the Annual General Meeting held on 30 November 2016) in satisfaction of accrued fees of $107,900 due to Trayburn Pty Ltd for director, management and consulting services. Mr P J Volpe is a Director and substantial shareholder of Trayburn Pty Ltd.

Employment Contracts of Directors and Senior Executives

There are no employment contracts with Directors or executive officers.

Other transactions with Directors and related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.	**2017**	2016
	$	$
Key Management Personnel		
Consulting fees paid to Woolrich & Associates Pty Ltd, a company of which Dr P Woolrich is a Director and substantial shareholder.	**9,375**	6,500
Underwriting fee paid to Trayburn Pty Ltd, a company of which Mr P J Volpe is a Director and substantial shareholder.	**-**	15,114
Capital raising fees paid to Foxfire Capital Pty Ltd, a company of which Mr P J Volpe is a consultant and substantial shareholder.	**25,000**	28,090
Underwriting fee paid to Monvale Investments Pty Ltd as trustee for the Omissam Trust, Mr M L Cellante is a Director of Monvale Investments Pty Ltd and a beneficiary of the Omissam Trust.	**-**	2,500
Transactions with CAP Holdings Pty Ltd ("CAP"), a company of which close family members of Mr P J Volpe are Directors and shareholders:		
• printing, postage and processing of documents relating to capital raisings undertaken by the Company;	**-**	21,000

REMUNERATION REPORT (CONTINUED)

• printing and posting the Annual Report of the Company and the notices and proxy forms for the Company's Annual General Meeting; and	**8,000**	9,000
• administration and clerical costs.	**20,800**	16,000
Transactions with Cohiba Minerals Limited ("CHK"), a company of which Mr P J Volpe was a Director and substantial shareholder:		
• payment of rent to CHK;	**-**	792
• IT/office costs received from CHK; and	**-**	(387)
• purchase of computer from CHK.	**-**	2,060
Transactions with Cam Bow Holdings (Pty) Ltd ("CBH"), a wholly-owned subsidiary of Cam Bow Limited ("CBL"). Mr P J Volpe is a Director of CBH and CBL and a substantial shareholder of CBL:		
• contracting fees charged by CBH to African Metals (Pty) Ltd.	**10,470**	13,597
	73,645	114,266

The Group was owed $2,655 by CBL/CBH at year end. This amount is unsecured and interest free.

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

Transactions with Mr S R Groves prior to his appointment as a Director

Prior to his appointment as a Director of the Company on 22 February 2017, Mr S R Groves had been engaged as a consulting geologist by the Company. From 1 July 2016 to 30 November 2016, Mr Groves was paid consultancy fees of $50,000 on normal commercial terms and conditions.

This concludes the Remuneration Report, which has been audited.

OPTIONS

At the date of this report, the unissued ordinary shares of the Company under option are as follows:

Grant / Exercise Date	Expiry Date	Exercise Price	No. Options
Issued in prior years:			
30-10-2013	31-12-2016	$0.015	282,235,323
30-05-2014	31-12-2016	$0.015	62,500,000
10-06-2014	31-12-2016	$0.015	35,714,285
10-06-2014	31-12-2016	$0.015	30,000,000
Exercised in prior years:			
09-07-2014	31-12-2016	$0.015	(200,000)
03-09-2014	31-12-2016	$0.015	(15,675)
Balance as at 1 July 2016			**410,233,933**
Issued in current year:			
Nil			
Exercised in current year:			
31-12-2016	31-12-2016	$0.015	(20,011)
Expired in current year:			
31-12-2016	31-12-2016	$0.015	(410,213,922)
Balance as at 30 June 2017			**-**

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has agreed to indemnify all the current Directors and Officers of the Company and of its controlled entities against all liabilities incurred as an officer except where the liability arises out of conduct involving a lack of good faith. The Indemnity includes costs and expenses in successfully defending any legal proceedings, and applied, from 9 January 2008 when BML ceased to be a controlled entity of A-Cap Resources Ltd. The Company has paid a premium to insure the Directors and Officers against liabilities incurred in their respective capacities.

INDEMNIFICATION AND INSURANCE OF AUDITORS

The Company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the Company or any related entity against a liability incurred by the auditor.

DIVIDENDS

No dividends have been paid during the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

NON-AUDIT SERVICES

There were no fees for non-audit services paid to the external auditors during the year ended 30 June 2017.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2017 has been received and can be found on page 27 of this Report.

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

Mr Patrick J Volpe
Director
Dated 28 September 2017
Kew, Victoria

CORPORATE GOVERNANCE STATEMENT

The Company has elected to publish its Corporate Governance Statement on its website in accordance with ASX Listing Rule 4.10.3.

A copy of the Corporate Governance Statement can be found at:

http://botswanametals.com.au/wp-content/uploads/2016/02/corporate_governance_statement-1.pdf

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 year ended 30 June 2017 there have been:

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

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

William Buck

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

J.C. Luckins
Director

Dated 28 September 2017

CHARTERED ACCOUNTANTS & ADVISORS
Level 20, 181 William Street
Melbourne VIC 3000
Telephone: +61 3 9824 8555
williambuck.com

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	Consolidated Group 2017 $	2016 $
Income from Ordinary Activities	2	**47,468**	37,561
Administration	3	**(228,632)**	(243,670)
Corporate		**(52,737)**	(108,329)
Employment and consultancy		**(490,126)**	(449,338)
Impairment of bad and doubtful debts		**(104,462)**	-
Impairment of capitalised exploration expenditure		**(943,797)**	(181,903)
Loss before Income Tax Expense		**(1,772,286)**	(945,679)
Income Tax Expense	4	**-**	-
Loss for the year attributable to owners of Botswana Metals Limited		**(1,772,286)**	(945,679)
Other Comprehensive Income for the year that may be subsequently reclassified to the profit or loss			
Exchange differences on translating foreign controlled operation		**269,992**	(577,151)
Total Comprehensive Loss attributable to owners of Botswana Metals Limited		**(1,502,294)**	(1,522,830)
Basic Loss per Share (cents per share)	7	**(0.14)**	(0.13)
Diluted Loss per Share (cents per share)	7	**(0.14)**	(0.13)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2017

	Notes	Consolidated Group 2017 $	2016 $
Current Assets			
Cash and cash equivalents	8	**147,039**	488,249
Trade and other receivables	9	**62,374**	203,522
Total Current Assets		**209,413**	691,771
Non-Current Assets			
Plant and equipment	11	**29,785**	4,138
Capitalised exploration and evaluation	12	**6,795,902**	7,209,174
Total Non-Current Assets		**6,825,687**	7,213,312
TOTAL ASSETS		**7,035,100**	7,905,083
Current Liabilities			
Trade and other payables	13	**466,046**	411,397
Total Current Liabilities		**466,046**	411,397
TOTAL LIABILITIES		**466,046**	411,397
Net Assets		**6,569,054**	7,493,686
Equity			
Issued capital	14	**17,535,843**	16,958,181
Reserves	15	**(2,321,202)**	(2,531,194)
Accumulated losses		**(8,645,587)**	(6,933,301)
TOTAL EQUITY		**6,569,054**	7,493,686

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For year ended 30 June 2017

Consolidated Group

	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
Loss after income tax for the year	-	-	(945,679)	-	(945,679)
Other Comprehensive Loss	-	-	-	(577,151)	(577,151)
Exercise of Performance Rights	28,000	(28,000)	-	-	-
Transactions with owners in their capacity as owners					
Shares issued during the period	1,599,397	-	-	-	1,599,397
Share issue costs	(94,764)	-	-	-	(94,764)
Balance at 30 June 2016	**16,958,181**	**60,000**	**(6,933,301)**	**(2,591,194)**	**7,493,686**
Balance at 1 July 2016	**16,958,181**	**60,000**	**(6,933,301)**	**(2,591,194)**	**7,493,686**
Loss after income tax for the year	**-**	**-**	**(1,772,286)**	**-**	**(1,772,286)**
Other Comprehensive Loss	**-**	**-**	**-**	**269,992**	**269,992**
Expiry of Options	**-**	**(60,000)**	**60,000**	**-**	**-**
Transactions with owners in their capacity as owners					
Shares issued during the period	**608,200**	**-**	**-**	**-**	**608,200**
Share issue costs	**(30,538)**	**-**	**-**	**-**	**(30,538)**
Balance at 30 June 2017	**17,535,843**	**-**	**(8,645,587)**	**(2,321,202)**	**6,569,054**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2017

	Notes	Consolidated Group 2017 $	2016 $
Cash Flows from Operating Activities			
Cost recoveries		**4,485**	-
Payments to suppliers and employees		**(564,050)**	(901,998)
Interest received		**1,523**	3,560
Net Cash Used In Operating Activities	19b	**(558,042)**	(898,438)
Cash Flows from Investing Activities			
Exploration expenditure		**(271,010)**	(269,703)
Purchase of plant and equipment		**(31,876)**	(5,615)
Sale of plant and equipment		**44,848**	-
Net Cash Used In Investing Activities		**(258,038)**	(275,318)
Cash Flows from Financing Activities			
Issue of share capital		**500,300**	1,522,898
Payments of share capital issue costs		**(30,538)**	(94,763)
Net Cash Received From (Used In) Financing Activities		**469,762**	1,428,135
Net Increase/(Decrease) in Cash and cash equivalents held		**(346,318)**	254,379
Cash and cash equivalents at the Beginning of the Financial Year		**488,249**	276,922
Foreign currency effect on cash held		**5,108**	(43,052)
Cash and cash equivalents at the End of the Financial Year	19a	**147,039**	488,249

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements include the consolidated financial statements and notes of Botswana Metals Limited and controlled entities ('Group').

Basis of Preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* as appropriate for for-profit oriented entities.

Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of these financial statements are presented below. They have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs modified, where applicable, by the impairment (where required) of selected non-current assets, financial assets and financial liabilities.

Going Concern

The Group reported a net loss for the period after income tax of $1,772,286 (30 June 2016: $945,679) and operating cash outflows of $558,042 (30 June 2016: $898,438). The Group had $147,039 in cash and cash equivalents at 30 June 2017 (30 June 2016: $488,249).

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

- The Company raised $362,000 (before costs) in August 2017 by a Placement of shares to provide working capital and to fund an exploration program at Dibete and Airstrip. The Placement was successfully managed by Xcel Capital Pty Ltd.
- The Company has announced its intention to raise $1,698,782 by undertaking a Share Purchase Plan and a Placement to sophisticated and professional investors. Xcel Capital Pty Ltd has been appointed to manage the capital raising on a best endeavours basis.
- The Company has a record of successfully raising new capital with $500,000 (before costs) raised in the year to 30 June 2017 and $1,599,397 (before costs) raised in the year to 30 June 2016.
- The Group has tenure to its key exploration assets being PL 110/94, PL 111/94 and PL 54/98 and those licences currently run to 31 March 2018. In addition, subsequent to balance date, the Department has suspended (put on hold) the renewal date of these licences. Refer to Note 21 for further information.
- The Group has other exploration licences, including three which run to 30 September 2019.
- The Group has prepared a cashflow budget which demonstrates that the Group can continue as a going concern for a period of 12 months from the date of this report.
- Trayburn Pty Ltd, a company of which Mr. P J Volpe is a Director and substantial shareholder, was owed $312,100 at 30 June 2017 for director, management and consulting services. Subject to shareholder approval, Trayburn Pty Ltd will accept fully paid ordinary shares in the Company on the same terms as the shares to be issued under the Share Purchase Plan and Placement to extinguish 50% of the debt with the balance of the debt to be paid once the capital raisings are completed.
- The Group will continue to reduce overheads wherever possible.
- The Company can issue shares to raise funds, settle creditors and pay operating and exploration costs.
- The Group is not obligated to renew its Prospecting Licences, and therefore has the ability to scale down its operations sufficiently if required.
- The Group can enter a joint venture or sale arrangement over some of the tenements should there be a need to scale down operations.
- The Group has no material contracts with suppliers or employees (aside from standard employee entitlements).

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

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.

Accounting Policies

(a) Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Group and its subsidiary as at 30 June 2017.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group's voting rights and potential voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Basis of Consolidation (continued)

- de-recognises the assets (including goodwill) and liabilities of the subsidiary;
- de-recognises the carrying amount of any non-controlling interests;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

A list of controlled entities is contained in Note 10 to the financial statements.

(b) Income Tax

The income tax expense (revenue) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current income tax expense charged to profit or loss is the tax payable on taxable income calculated using applicable income tax rates enacted, or substantially enacted, as at the end of the reporting period. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of the profit or loss when tax relates to items that are credited or charged directly to equity.

Deferred tax assets and liabilities are ascertained based on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets also result where amounts have been fully expensed but future tax deductions are available. No deferred income tax will be recognised from initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates enacted of substantially enacted at the end of the reporting period. Their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liability.

Deferred tax assets relating to temporary differences and unused tax losses are recognised only to the extent that it is probable that future taxable profits will be available against which the benefits of deferred tax assets can be utilised.

When temporary differences exist in relation to investments in subsidiaries or joint ventures, deferred tax assets and liabilities are not recognised where the timing of the reversal of the temporary difference can be controlled and it is not probable that the reversal will occur in the foreseeable future.

(c) Farm Out Arrangements

A farm out arrangement is when the owner of a working interest (the farmor) undertakes to transfer all or a portion of its working interest to another party (the farmee) in return for the farmee's performance of agreed upon actions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Farm Out Arrangements (continued)

When the farmee agrees to undertake exploration works, upon the farmee meeting the required performance hurdles, the farmor transfers a portion of the working interest in the property to the farmee.

The farmor will not record any expenditure (whether this would otherwise have been capitalised or expensed immediately) that is settled by the farmee, and the farmor does not recognise a gain or loss on the basis of the partial disposal of any exploration asset that has already been capitalised.

(d) Plant and Equipment

Plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight-line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15% - 25%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

Gains or losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the Statement of Comprehensive Income.

(e) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Exploration and Development Expenditure (continued)

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(f) Financial Instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the Company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial Liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method.

Impairment

At the end of each reporting period, the group assess whether there is objective evidence that a financial instrument has been impaired.

Derecognition

Financial assets are derecognised where the contractual rights to the receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

(g) Impairment of Non-Financial Assets

At the end of each reporting period, the group assesses whether there is any indication that an asset may be impaired.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Impairment of Non-Financial Assets (continued)

The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the Statement of Comprehensive Income.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(h) Foreign Currency Transactions and Balances

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the Statement of Comprehensive Income.

Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the Statement of Comprehensive Income.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at the end of the reporting period.
- Income and expenses are translated at average exchange rates for the period where this approximates the rate at the date of the transaction.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the Statement of Changes in Equity. These differences are recognised in the Statement of Comprehensive Income in the period in which the operation is disposed.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee Benefits

Provision is made for the Group's liability for employee benefits arising from services rendered by employees to the end of the reporting period. Employee benefits that are expected to be wholly settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits expected to be wholly settled after one year have been measured at the present value of the estimated future cash outflows to be made for those benefits. In determining the liability, consideration is given to employee wage increases and the probability that the employee may satisfy vesting requirements. Those benefits are discounted using market yields on national corporate bonds with terms to maturity that match the expected timing of cash flows.

(j) Equity-settled compensation

The group operates equity-settled share-based payment employee share and option schemes. The fair value of the options granted is recognised as an expense over the vesting period, with a corresponding increase to an equity account. The fair value of shares is ascertained as the market bid price. The fair value of options is ascertained using a Black-Scholes pricing model which incorporates all market vesting conditions. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognised for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

Director's Fee Plan

At the Annual General Meeting on 30 November 2016, shareholders of the Company approved the Botswana Metals Limited Director Fee Plan. The purpose of the Plan was to enable Directors (or their related entities) to elect to be issued with fully paid ordinary shares in the capital of the Company in satisfaction of accrued fees and remuneration. No further shares can be issued under the Plan without shareholder approval.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will results and that outflow can be reliably measured.

(l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

(m) Revenue and Other Income

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. Revenue from the rendering of a service is recognised upon the delivery of the service to the customers. Revenue from cost recoveries is recognised either when the right to receive the recoveries has accrued. All revenue is stated net of the amount of goods and services tax (GST) or valued added tax (VAT).

(n) Goods and Services Tax (GST) and Value-Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of GST / VAT, except where the amount of GST / VAT incurred is not recoverable from the relevant taxation authority. In these circumstances the GST / VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST / VAT. Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST / VAT component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Loss per Share

Basic loss per share is calculated as net loss attributable to members of the parent, adjusted to exclude any cost of servicing equity (other than dividends), divided by the weighted average number of ordinary shares.

Diluted loss per share is calculated as net profit attributable to members of the parent, adjusted for:

- Cost of servicing equity other than dividends and preference share dividends;
- The after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- Other non-discretionary changes in revenue or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(p) Comparative Figures

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

(q) Critical Accounting Estimates and Judgements

The Directors evaluate estimates and judgements incorporated into the financial statements based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimate – Impairment

The Group assess impairment at the end of each reporting period by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment indicator exists, the recoverable amount of the assets is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. Directors may impair capitalised expenditure in respect of licences which have, or will shortly expire, or which have been deemed to be a low priority for exploration.

PL 059/2008 has been pending renewal for in excess of 12 months. The Group has elected to impair the capitalised exploration expenditure in respect of this licence.

The Group's right to tenure is subject to ongoing renewal of its Prospecting Licences.

Key Judgements - Exploration and Evaluation Expenditure

The group capitalises expenditure relating to exploration and evaluation where it is considered likely to be recoverable or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves. While there are certain areas of interest from which no reserves have been extracted, the Directors are of the continued belief that such expenditure should not be written off since feasibility studies in such areas have not yet concluded. Such capitalised expenditure is carried at the end of the reporting period at $6,795,902 (2016: $7,209,174).

(r) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the Group for the annual reporting period ending 30 June 2017. The Group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the Group, are set out below.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures.

The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group. Due to the basic nature of the entity's financial instruments, the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

Under AASB 9, the Group anticipates that its financial assets (being cash and trade and other receivables) and its financial liabilities (being trade and other payables) will initially be recognised at fair value plus transaction costs and be subsequently measured at amortised cost. The Group's receivables are all of a short term nature and accordingly new impairment rules will apply requiring recognition of potential credit losses based on forward looking estimates that reflect current and forecast credit conditions. With the exception of the receivables due from the BCL Group, the Group has had no recent history of credit losses and does not expect that significant potential credit losses will be recognised.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New Accounting Standards and Interpretations not yet mandatory or early adopted (continued)

Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgments made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer.

The Group will adopt this standard from 1 July 2018 but the impact of its adoption is yet to be assessed by the Group. As the Group does not currently generate any revenue (other than for cost recoveries and interest) the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2019.

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases.

The Group will adopt this standard from 1 July 2019. The Group does not currently have in place any continuing lease agreements. Therefore the Standard is not expected to have a material impact on the transactions and balances recognised in the financial statements when it is first adopted for the year ending 30 June 2020.

(s) New, revised or amended Accounting Standards and Interpretations adopted

The Group has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are mandatory for the current reporting period.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the Group.

The financial statements were authorised for issue on the date of the signing of the Directors' Declaration by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 INCOME

	Consolidated Group	
	2017	2016
	$	$
Income from Ordinary Activities		
Other income		
Gain on disposal of fixed assets	**35,881**	-
Interest	**1,523**	3,560
Proceeds of insurance claim	**8,966**	-
Recoveries	**1,098**	33,547
Sundry	**-**	454
	47,468	37,561

NOTE 3 EXPENDITURE

	Consolidated Group	
	2017	2016
	$	$
Administration		
Office expenses	**65,320**	42,127
Depreciation expense	**6,070**	13,488
Rental expense	**49,220**	32,458
Travel expenses	**5,994**	72,857
Other expenses	**102,028**	82,740
	228,632	243,670

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 INCOME TAX EXPENSE

	Consolidated Group	
	2017	2016
	$	$
The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:		
(Loss) before income tax expense	**(1,772,286)**	(945,679)
Prima facie (tax benefit) on (loss) from ordinary activities before income tax at 27.5% (2016: 30%)	**(487,379)**	(283,704)
Add:		
Tax effect of:		
- Accrued expenses	**4,716**	3,857
- Accrued remuneration to directors and management	**46,063**	54,000
- Non-deductible expenses	**2,129**	8,174
- Underprovision from prior year	**-**	1,050
Less		
Tax effect of:		
- Accrued remuneration paid during the year	**(34,444)**	(71,400)
- Other deductible items	**(18,997)**	(15,033)
- Performance rights expense	**-**	(8,400)
Tax losses for the period	**(487,912)**	(311,456)
Prior year tax losses not previously brought to account	**(2,663,084)**	(2,351,628)
The Directors estimate that the potential deferred income tax assets at 30 June in respect of tax losses not brought to account is:	**(3,150,996)**	(2,663,084)
Tax benefits not recognised during the year	**3,150,996**	2,663,084
Income Tax Expense for the year	-	-

Tax benefits are not brought to account for the year ended 30 June 2017 (2016: nil) as the certainty of recovery cannot yet be reliably determined at this stage of the Group's development.

NOTE 5 KEY MANAGEMENT PERSONNEL

(a) Names and positions held of economic and parent entity key management in office at any time during the financial year are:

Key Management Person	**Position**
Mr P J Volpe	Executive Chairman
Mr M L Cellante	Non-executive Director
Dr P Woolrich	Non-executive Director
Mr S R Groves	Non-executive Director
Mr M J Hudson	Non-executive Director
Mr R Jimenez	Company Secretary

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Remuneration paid to Key Management Personnel

	Consolidated Group	
	2017	2016
	$	$
Short-term employee benefits	**290,415**	498,000
Post-employment benefits	**2,598**	3,230
Share based payments	**107,900**	-
Total	**400,913**	501,230

Remuneration of $364,150 for Key Management Personnel was accrued and unpaid at 30 June 2017 (2016: $321,900). Refer to the Remuneration Report and Note 13 for further information.

(c) Share based payments to Key Management Personnel

The Company issued 53,950,000 fully paid ordinary shares to Trayburn Pty Ltd (of which Mr P J Volpe is a Director and substantial shareholder) in satisfaction of unpaid fees totalling $107,900. Refer to the Remuneration Report and Note 20 for further information.

NOTE 6 REMUNERATION OF AUDITORS

	Consolidated Group	
	2017	2016
	$	$
Remuneration of the auditor of the entity for:		
- Audit or review of the financial statements	**24,250**	23,000

NOTE 7 LOSS PER SHARE ("LPS")

	Consolidated Group	
	2017	2016
	$	$
a) Reconciliation of losses to profit or loss		
Loss used to calculate basic and diluted LPS	**(1,772,286)**	(945,679)
	No.	No.
b) Weighted average number of ordinary shares used in the calculation of basic and diluted loss per share	**1,258,683,918**	753,478,603
c) Anti-dilutive options not used in dilutive LPS calculation	**410,233,933**	410,233,933

NOTE 8 CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2017	2016
	$	$
Cash at bank and in hand	**147,039**	488,249

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2017	2016
	$	$
Current		
Trade and other receivables	**62,374**	203,522

During the year, as a result of BCL Limited and BCL Investments (Pty) Ltd being placed in provisional liquidation on 9 October 2016, the Group fully impaired an amount of $104,462 owed by BCL to African Metals (Pty) Ltd. BCL Limited was placed in final liquidation on 15 June 2017. BCL Investments (Pty) Ltd remains in provisional liquidation.

NOTE 10 CONTROLLED ENTITIES

	Country of Incorporation	Principal Activity	Class of Share	Equity Holding	
				2017	2016
				%	%
African Metals (Pty) Ltd	Botswana	Mineral Exploration	Ordinary	**100**	100

NOTE 11 PLANT AND EQUIPMENT

	Consolidated Group	
	2017	2016
	$	$
Plant and equipment		
At cost	**309,136**	358,554
Accumulated Depreciation	**(279,351)**	(354,416)
	29,785	4,138

Movements in Carrying Amounts

	Consolidated Group	
	2017	2016
	$	$
Balance at beginning of year	**4,138**	12,552
Additions	**31,586**	5,615
Disposals	**-**	-
Depreciation charged	**(6,070)**	(13,488)
Foreign currency translation	**131**	(541)
Balance at end of year	**29,785**	4,138

No depreciation was capitalised as exploration expenditure during the year (2016: Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 12 CAPITALISED EXPLORATION AND EVALUATION

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

	Consolidated Group	
	2017	2016
	$	$
Capitalised exploration and evaluation (at cost)	**6,795,902**	7,209,174
Movements in carrying values		
Balance at beginning of year	**7,209,174**	7,654,934
Expenditure during the year	**260,979**	269,703
Expenditure impaired during the year	**(943,797)**	(181,903)
Foreign currency translation	**269,546**	(533,560)
Balance at year end	**6,795,902**	7,209,174

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

There was no capitalised depreciation included in exploration expenditure this year (2016: Nil).

BCL Limited and BCL Investments (Pty) Ltd (both referred to "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. BCL Limited is now in final liquidation and BCL Investments (Pty) Ltd remains in provisional liquidation.

Notwithstanding the liquidation of BCL, the Group considers that the exploration expenditure in respect of the three PLs is not impaired as the Group has defined a JORC (2012) inferred resource of 2.3Mt of mineralised rock containing 0.72% Nickel and 0.21% Copper which is open at depth and at length.

NOTE 13 TRADE AND OTHER PAYABLES

	Consolidated Group	
	2017	2016
	$	$
Current		
Unsecured liabilities		
Trade payables	**8,911**	25,323
Sundry payables and accrued expenses	**90,485**	61,674
Accrued remuneration owing to Directors	**364,150**	321,900
Other	**2,500**	2,500
	466,046	411,397

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 ISSUED CAPITAL

	Consolidated Group	
	2017	2016
	$	$
1,462,315,814 (2016: 1,158,345,803) fully paid ordinary shares	**17,535,843**	16,958,181

(a) Ordinary Shares

	Date	Number of Shares		Issue Price ($)		$	
		2017	2016	**2017**	2016	**2017**	2016
At the beginning of the reporting period		**1,158,345,803**	568,822,164			**16,958,181**	15,425,548
Shares issued during the year							
- SPP	21/07/15		76,033,271		0.0075		570,250
- Performance rights	27/07/15		3,500,000		0.0080		28,000
- SPP	05/08/15		1,666,698		0.0075		12,500
- Rights issue	14/03/16		290,473,741		0.0020		580,947
- Rights issue	24/05/16		217,849,929		0.0020		435,700
- Exercise of options	09/01/17	**20,011**		**0.0150**		**300**	
- Placement	22/02/17	**250,000,000**		**0.0020**		**500,000**	
- Directors' Fee Plan	11/04/17	**53,950,000**		**0.0020**		**107,900**	
Costs associated with capital raising						**(30,538)**	(94,764)
At reporting date		**1,462,315,814**	1,158,345,803			**17,535,843**	16,958,181

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding-up of the Company in proportion to the number of and amounts paid on the shares held. At shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands. The Company's ordinary shares have no par value, and the Company does not have a limited amount of authorised capital.

(b) Capital Management

Management controls the capital of the group in order to maintain a good debt to equity ratio and ensure that the group can fund its operations and continue as a going concern.

The group's debt and capital includes ordinary share capital and financial liabilities, supported by financial assets.

There are no externally imposed capital requirements.

Management effectively manages the group's capital by assessing the group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of debt levels and share issues.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 ISSUED CAPITAL (CONTINUED)

(b) Capital Management (continued)

There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year. The strategy is to ensure that the group's gearing ratio has minimal debt. The gearing ratios for the year ended 30 June 2017 and 30 June 2016 are as follows:

		Consolidated Group	
		2017	2016
	Note		
Total creditors	13	**(466,046)**	(411,397)
Less cash and cash equivalents	8	**147,039**	488,249
Net debt		**(319,007)**	-
Total equity		**6,569,054**	7,493,686
Total capital		**6,250,047**	7,493,686
Gearing ratio		**(5.1)%**	0.0%

(c) Options

There were no options on issue at 30 June 2017 (2016: 410,233,933).

During the year 20,011 fully paid ordinary shares were issued on the exercise of 20,011 options exercisable at 1.5 cents ($0.015) per option expiring on 31 December 2016.

410,213,922 options expired unexercised.

No other options were issued, were exercised or expired during the year.

(d) Performance Rights

There are no performance rights on issue at 30 June 2017 (2016: Nil).

NOTE 15 RESERVES

Nature and Purpose of Reserves

Foreign Currency Translation reserve
The foreign currency translation reserve records exchange differences arising on translation of a foreign controlled subsidiary as described in Note 1(h).

Share based payments reserve
The share based payment reserve records the grant date fair value of options and performance rights issued by the Company and other payments made in equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 16 CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2017	2016
	$	$
Planned Exploration Expenditure		
Payable		
- not later than 12 months	**2,022,480**	**704,375**
- between 12 months and 5 years	**763,200**	**1,629,250**
- greater than 5 years	**-**	**-**
	2,785,680	**2,333,625**

The figures above are extracted from the Prospecting Licences issued to African Metals (Pty) Ltd by the Department of Mines in Botswana. Expenditures are required to maintain the right of tenure to exploration until the expiry of the licences. These obligations are subject to renegotiation upon expiry of the leases and are not provided for in the financial statements.

The Group anticipates future expenditure on its current rights of tenure to exploration and mining tenements up until the expiry of its current Prospecting Licences and on tenement renewals and extensions that have been applied for but not yet granted, which are included in the above table. In the event the Group does not meet the minimum exploration expenditure the licences may be cancelled or not renewed.

On 10 September 2015 the Company entered into a lease of the premises at Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101 from the landlord (an unrelated party). The lease was cancellable by either party by giving 90 days' notice of termination to the other party. On 7 August 2017 the Company gave notice to the landlord that the Company would vacate the premises on or before 6 November 2017.

NOTE 17 CONTINGENT LIABILITIES

Magogaphate Tenement

Although the Group acquired a 100% interest in the Magogaphate group of tenements in Botswana from A-Cap Resources Limited in 2007, Mineral Holdings Botswana (Pty) Ltd ("MHB") has retained a right to a 5% net profits share. The Group therefore, has a contingent liability to MHB should it establish a profitable mining operation on those tenements. The 5% net profits share interest is limited to the three tenements subject to joint venture with BCL, namely PL 110/94, PL 111/94 and PL 54/98. A profitable mining operation has not yet been established and accordingly there have been no payments to MHB.

NOTE 18 SEGMENT INFORMATION

The Group operates in one reportable segment, being the exploration and evaluation of mineral resources in Africa.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 19 CASH FLOW INFORMATION

	Consolidated Group	
	2017	2016
	$	$
(a) Reconciliation of cash		
For the purposes of the statement of cash flows, cash includes cash on hand and at bank and short term deposits at call, net of outstanding bank overdrafts. Cash as at the end of the financial year as shown in the statement of cash flows is reconciled to the related items in the statement of financial position.		
Cash at bank and on hand	**147,039**	488,249
(b) Reconciliation of cash		
Operating Loss after income tax	**(1,772,286)**	(945,679)
Non–cash flows in loss:		
- Depreciation	**6,070**	13,488
- Impairment of capitalised exploration expenditure	**943,797**	181,903
- Impairment of bad and doubtful debts	**104,462**	-
Investing cash flows in loss:		
- Sale of plant and equipment and insurance proceeds	**(35,882)**	-
Working capital:		
- (Increase)/decrease in trade and other receivables	**141,148**	(88,752)
- Increase/(decrease) in trade and other payables	**54,649**	(135,898)
- Shares issued for subscriptions received prior to start of year	**-**	76,500
Net cash (outflow) from operating activities	**(558,042)**	(898,438)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 20 SHARE-BASED PAYMENTS

Executive and Employee Option Plan

The Company established the Executive and Employee Option Plan on 2 July 2008. There are no outstanding options issued under the Plan. No options were issued, exercised or lapsed during the year.

Directors' Fee Plan

At the Annual General Meeting of the Company on 30 November 2016 shareholders approved the Directors' Fee Plan pursuant to which Directors (or their related entities) could elect to be issued shares in satisfaction of accrued and unpaid fees. On 11 April 2017, in response to an exercise notice given by Trayburn Pty Ltd, the Company issued 53,950,000 fully paid ordinary shares at a deemed issue price of 0.2 cents ($0.002) per share to Trayburn Pty Ltd in satisfaction of accrued fees of $107,900 due for director, management and consulting services. Mr P J Volpe is a Director and substantial shareholder of Trayburn Pty Ltd.

For the year ended 30 June 2017 there were no other share-based payments.

NOTE 21 EVENTS AFTER THE END OF THE REPORTING PERIOD

Other than the matters discussed below, there has not arisen in the interval between the end of the financial year and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company to affect the operations of the Group, the results of these operations or the state of affairs of the Group in subsequent years.

Placement

On 18 August 2017 the Company issued 362,000,000 fully paid ordinary shares at an issue price of 0.1 cent ($0.001) per share pursuant to a Placement managed by Xcel Capital Pty Ltd ("Xcel"). The shares were placed to professional and sophisticated investors. The Placement raised $362,000 (before costs) and the Company paid Xcel a commission of $18,100 (being 5% of the funds raised) plus GST. Mr E E Bulseco, a Director of the Company, is a Director and substantial shareholder of Xcel.

Board Changes

On 21 August 2017 Mr J A Letcher and Mr E E Bulseco were appointed as Non-executive Directors of the Company and Mr M J Hudson resigned as a Non-executive Director of the Company.

Drilling Program – Dibete and Airstrip Copper

On 2 September 2017 the Company announced that a drill program had commenced targeting high-grade copper and silver mineralisation at the Dibete and Airstrip Copper projects in North-eastern Botswana.

Capital Raisings, Consolidation and Unmarketable Parcels

On 8 September 2017 the Company announced its intention to undertake a Share Purchase Plan and Placement to raise up to $1,698,782 (before costs). The Company will seek shareholder approval to consolidate its fully paid ordinary shares on a 1-for-12 basis and to issue shares to creditors to convert outstanding debt of up to $182,500 to equity. Finally, the Company will establish a share sale facility for holders of unmarketable parcels of shares in the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 21 EVENTS AFTER THE END OF THE REPORTING PERIOD (CONTINUED)

Ministry approved stay (suspension) of joint venture prospecting licences

On 25 September 2017, the Company announced that the Ministry of Mineral Resources, Green Technology and Energy Security in Botswana had suspended (put on hold) the renewal date of the three Prospecting Licences (PL 110/94, PL 11/94 and PL 54/98) that are subject to the Farm-in Joint Venture Agreement with BCL. This decision means that the licences are protected against expiring until the provisional liquidation is resolved.

NOTE 22 RELATED PARTY INFORMATION

	2017	2016
	$	$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Key Management Personnel		
Consulting fees paid to Woolrich & Associates Pty Ltd, a company of which Dr P Woolrich is a Director and substantial shareholder.	**9,375**	6,500
Underwriting fee paid to Trayburn Pty Ltd, a company of which Mr P J Volpe is a Director and substantial shareholder.	**-**	15,114
Capital raising fees paid to Foxfire Capital Pty Ltd, a company of which Mr P J Volpe is a consultant and substantial shareholder.	**25,000**	28,090
Underwriting fee paid to Monvale Investments Pty Ltd as trustee for the Omissam Trust, Mr M L Cellante is a Director of Monvale Investments Pty Ltd and a beneficiary of the Omissam Trust.	**-**	2,500
Transactions with CAP Holdings Pty Ltd ("CAP"), a company of which close family members of Mr P J Volpe are Directors and shareholders:		
• printing, postage and processing of documents relating to capital raisings undertaken by the Company;	**-**	21,000
• printing and posting the Annual Report of the Company and the notices and proxy forms for the Company's Annual General Meeting; and	**8,000**	9,000
• administration and clerical costs.	**20,800**	16,000
Transactions with Cohiba Minerals Limited ("CHK"), a company of which Mr P J Volpe was a Director and substantial shareholder:		
• payment of rent to CHK;	**-**	792
• IT/office costs received from CHK; and	**-**	(387)
• purchase of computer from CHK.	**-**	2,060
Transactions with Cam Bow Holdings (Pty) Ltd ("CBH"), a wholly-owned subsidiary of Cam Bow Limited ("CBL"). Mr P J Volpe is a Director of CBH and CBL and a substantial shareholder of CBL:		
• contracting fees charged by CBH to African Metals (Pty) Ltd.	**10,470**	13,597
	73,645	114,266

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 RELATED PARTY INFORMATION (CONTINUED)

A net amount of $2,655 was owed by CBL/CBH to the Group at year end. This amount is unsecured and interest free.

All amounts above are exclusive of GST.

Expenses paid by, or for, Directors and related entities were, or will be, reimbursed at cost.

The Company has provided at call interest free unsecured loans to its wholly owned subsidiary African Metals (Pty) Ltd to pay operational and exploration costs.

Directors

The names of persons who were Directors of Botswana Metals Limited at any time during the years ended 30 June 2017 and 30 June 2016 are as follows: Mr P J Volpe, Dr P Woolrich, Mr M L Cellante, Mr S R Groves and Mr M J Hudson.

Other Key Management Personnel

Mr R Jimenez was the only other KMP in office at any time during the years ended 30 June 2017 and 30 June 2016 in his role as Company Secretary.

Remuneration and shares and options

Information on remuneration of Directors and other KMP is disclosed in the Remuneration Report and Note 5 to the financial statements. Remuneration is paid or accrued to the Director/Executive or to a related company for the provision of the services of the person.

Information on the shares and options held by Directors and other KMP, and the movements in their holdings, is disclosed in the Remuneration Report.

Details of the shares issued under the Directors' Fee Plan are set out in Note 20.

Other Transactions with Directors and Director-Related Entities

There were no other transactions with Directors and Director-Related Entities in the year to 30 June 2017.

Ownership Interests in Related Parties

Interests held in the following classes of related parties are set out in the following notes:

Controlled Entities	Note 10

Transactions with Mr S R Groves prior to his appointment as a Director

Prior to his appointment as a Director of the Company on 22 February 2017, Mr S R Groves had been engaged as a consulting geologist by the Company. From 1 July 2016 to 30 November 2016, Mr Groves was paid consultancy fees of $50,000 on normal commercial terms and conditions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 23 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The Group's financial instruments consist mainly of deposits with banks and accounts receivable and payable.

(i) Treasury Risk Management

The Board of Directors meets on a regular basis to analyse financial risk exposure and to evaluate treasury management strategies in the context of the most recent economic conditions and forecasts. The Board's overall risk management strategy seeks to assist the Group in meeting its financial targets, whilst minimising potential adverse effects on financial performance.

(ii) Financial Risk Exposures and Management

The main risk the group is exposed to through its financial instruments is liquidity risk.

Liquidity Risk

Liquidity risk arises from the possibility that the group might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The group manages liquidity risk by monitoring forecast cash flows and only investing surplus cash with major financial institutions. For further commentary on the Group's liquidity risk profile please refer to the Going Concern note contained in Note 1.

Maturity analysis:

Consolidated 2017	**<6 months $**	**6-12 months $**	**1-5 years $**	**>5 years $**	**Total $**
Financial liabilities					
Trade and other payables	466,046	-	-	-	466,046

Consolidated 2016	**<6 months $**	**6-12 months $**	**1-5 years $**	**>5 years $**	**Total $**
Financial liabilities					
Trade and other payables	411,397	-	-	-	411,397

Trayburn Pty Ltd, a company of which Mr P J Volpe is a Director and substantial shareholder, was owed $312,100 at 30 June 2017 for director, management and consulting services. Subject to shareholder approval, Trayburn Pty Ltd will accept fully paid ordinary shares in the Company on the same terms as the shares to be issued under the proposed Share Purchase Plan and Placement to extinguish 50% of the debt with the balance of the debt to be paid once the capital raisings are completed.

Foreign Currency Risk

The Group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations. The Group also has exposure to foreign exchange risk due to the currency cash reserves and other balances denominated in foreign currencies. The Group does not actively manage foreign currency risk and does not make use of derivative financial instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Policies (continued)

The following sensitivity is based on the foreign currency risk exposures in existence at the reporting date.

At 30 June 2017, had the Australian Dollar/Botswana Pula exchange rate moved, as illustrated in the table below with all other variables held constant, post-tax profit would have been affected as shown.

(ii) Financial Risk Exposures and Management (continued)

Judgments of reasonable possible movements	**Post-tax Loss Higher/(Lower)**		**Other Comprehensive Income Higher/(Lower)**		**Equity Higher/(Lower)**	
	2017	2016	**2017**	2016	**2017**	2016
	$	$	**$**	$	**$**	$
AUD/BWP +5%	**(58,322)**	(8,247)	**13,500**	(28,858)	**341,911**	364,311
AUD/BWP - 5%	**58,322**	8,247	**(13,500)**	28,858	**(341,911)**	(364,311)

Management believes the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments. The higher foreign currency exchange rate sensitivity in loss in 2017 compared with 2016 is attributable to the change in financial performance of African Metals (Pty) Ltd. Equity is less sensitive in 2017 than 2016 because of decreased net assets denominated in BWP.

(b) Net Fair Values

The net fair values of financial assets and liabilities approximate their carrying values due to their short-term nature.

NOTE 24 PARENT ENTITY DISCLOSURES

Financial Position	**2017**	2016
	$	$
Assets		
Current assets	**165,909**	525,665
Non-current assets	**12,579,866**	12,270,854
Total assets	**12,745,775**	12,796,519
Liabilities		
Current liabilities	**392,351**	348,634
Non-current liabilities	**-**	-
Total liabilities	**392,351**	348,634

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24 PARENT ENTITY DISCLOSURES (CONTINUED)

Equity	**2017**	2016
	$	$
Issued capital	**17,535,843**	16,958,181
Reserves	**-**	60,000
Accumulated losses	**(5,182,419)**	(4,570,296)
Total equity	**12,353,424**	12,447,885
Financial Performance		
Loss for the year	**(672,122)**	(781,890)
Other comprehensive income	**-**	-
Total comprehensive loss	**(672,122)**	(781,890)

Guarantees, contingent liabilities and contractual commitments

The subsidiary company has expenditure commitments to maintain its current rights of tenure to exploration and mining tenements up until the expiry of the leases including its joint venture commitments. These obligations are subject to renegotiation upon expiry of the leases and are not provided for in the financial statements. The parent entity may provide funds to ensure the subsidiary company can fulfil these commitments as well as any other operating commitments.

NOTE 25 COMPANY DETAILS

The principal place of business and registered office is:
Suite 506, Level 5
1 Princess Street
Kew, Victoria 3101

DIRECTORS' DECLARATION

1. The Directors declare that the financial statements and notes set out on pages 28 to 56 are in accordance with the *Corporations Act 2001* and:

   a) comply with International Financial Reporting Standards, as stated in Note 1 to the financial statements;

   b) comply with Australian Accounting Standards and the *Corporations Regulations 2001*; and

   c) give a true and fair view of the financial position as at 30 June 2017 and of the performance for the year ended on that date of the Group.

2. The Executive Chairman and Company Secretary have each declared that:

   a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the *Corporations Act 2001*;

   b) the financial statements and notes for the financial year comply with Australian Accounting Standards; and

   c) the financial statements and notes for the financial year give a true and fair view.

3. In the Directors' opinion there are reasonable grounds to believe that the Company 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 Patrick J Volpe
Director
Dated 28 September 2017
Kew, Victoria

William Buck

Botswana Metals Limited

Independent auditor's report to members

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Botswana Metals Limited. (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group, is in accordance with the *Corporations Act 2001*, including:
(i) giving a true and fair view of the Group's financial position as at 30 June 2017 and of its financial performance for the year then ended; and
(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which indicates that the Group incurred a net loss of $1,722,286 during the year ended 30 June 2017 and, as of that date, the Group's current liabilities exceeded its total assets by $256,633. 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 Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

CARRYING VALUE OF EXPLORATION AND EVALUATION ASSETS	
Area of focus **Refer also to notes 1 and 12**	**How our audit addressed it**
The Group have incurred exploration and evaluation costs for the Uranium and Coal projects they have in Botswana over a number of years. One of the Group's tenements has been pending renewal for in excess of 12 months and the Group determined it appropriate to impair the capitalised exploration and evaluation costs for this licence. For the remaining tenements there is a risk that accounting criteria associated with the capitalisation of exploration and evaluation costs may no longer be appropriate. An impairment review is only required if an impairment trigger is identified. Due to the nature of the mining industry, inclusive of Uranium and Coal, indicators of impairment applying the value in use model could include: — Changes to exploration plans; — Loss of rights to tenements; — License renewals not confirmed; — Changes to reserve estimates; — Costs of extraction and production; — Exchange rate factors;	Our audit procedures included: — Assessing and challenging the inputs into the impairment charges recorded by management in the year ended 30 June 2017 in relation the tenement licenses that expired; — An assessment of the level of impairment recognised on the remaining tenements recorded by management in the year ended 30 June 2017; — A review of the directors' assessment of the criteria for the capitalisation of exploration expenditure and evaluation of whether there are any indicators of impairment to capitalised costs of the remaining tenements; and — Performing an assessment for each area of interest of whether any indicators of impairment existed in line with requirements of *AASB6 - Exploration for and Evaluation of Mineral Resources*. We assessed the adequacy of the Group's disclosures in respect of the carrying value of exploration and evaluation assets

— Changing political environment of Botswana; and — Market views to the use of Uranium or Coal	
RELATED PARTY TRANSACTIONS	
Area of focus **Refer also to notes 1 and 22**	**How our audit addressed it**
There have been numerous related party transactions with companies where the group or key management personnel of the group have interests and/or are Directors. As, such, there is a risk that not all related party transactions are disclosed in the financial report or that related party transactions have been made on non arms length basis. This could result in insufficient information being provided in order to enable the reader to understand the nature and effect of the various related party relationships and transactions.	Our audit procedures included: — Assessment of the group's controls to identify and disclose related party transactions and transactions in accordance with the relevant accounting standards and the Corporations Act 2001; — Comparing the list of related parties provided by the Directors with internal sources; — Conducting an ASIC search for external directorships held by the Board members to evaluate whether all related party relationships and transactions had been appropriately identified and disclosed; and — Assessing whether related party transactions were conducted at arms-length by comparing the basis of the transactions to external sources. For each class of related party transaction we compared the financial statement disclosures against the underlying transactions and the accounting and Corporations Act 2001 requirements.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2017, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Directors' Responsibilities

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

— Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included the directors' report for the year ended 30 June 2017.

In our opinion, the Remuneration Report of Botswana Metals Limited for the year ended 30 June 2017, complies with section 300A of the *Corporations Act 2001*.

William Buck

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

William Buck

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

J.C. Luckins
Director

Melbourne, 28 September 2017

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 15 September 2017.

(A) NUMBER OF HOLDERS OF EACH CLASS OF SECURITIES

Ordinary Shares

2,369 holders

(B) DISTRIBUTION OF EQUITY SECURITIES

Analysis of numbers of equity security holders by size of holding:

Ordinary Shares

	Holders	Units	Percentage
1 – 1,000	380	159,290	0.009%
1,001 – 5,000	349	974,412	0.053%
5,001 – 10,000	170	1,359,400	0.075%
10,001 – 100,000	599	26,852,486	1.472%
100,001 and over	871	1,794,970,226	98.391%
	2,369	**1,824,315,814**	**100.00%**

There were 1,900 holders of less than a marketable parcel of ordinary shares.

(C) EQUITY SECURITY HOLDERS

The names of the twenty largest holders of quoted Ordinary Shares are listed below:

	Ordinary Shares	
	Number	Percentage
Vermar Pty Ltd / Trayburn Pty Ltd / Mr Patrick John Volpe	241,777,897	13.253%
Bell IXL Investments Pty Ltd / Cellante Securities Pty Ltd	73,941,742	4.053%
Polarity B Pty Ltd	65,476,611	3.589%
Quartz Mountain Mining Pty Ltd	40,000,000	2.193%
Comp-World Limited	39,640,869	2.173%
Mr Bin Liu	36,650,856	2.009%
Mr Arthur Ioannou + Ms Olivia Keene	30,000,000	1.644%
BNP Paribas Nominees Pty Ltd	21,434,861	1.175%
SJ Capital Pty Ltd	20,000,002	1.096%
Mr Mingyang Zhou	20,000,000	1.096%
Monterosa Capital Pty Ltd	20,000,000	1.096%
Mr Brett Royston Mitchinson	16,283,333	0.893%
JP Morgan Nominees Australia Limited	15,364,613	0.842%
Tromso Pty Ltd	15,000,000	0.822%
Winward Investments Pty Ltd	15,000,000	0.822%
Global Consortium Holdings Pty Ltd	15,000,000	0.822%
Ms Chunyan Niu + Ms Ran Li	15,000,000	0.822%
Mr Shuoheng Shi	15,000,000	0.822%
Mr Michael Charles Ledlin	15,000,000	0.822%
Bushwood Nominees Pty Ltd	15,000,000	0.822%
	745,570,784	**40.866%**

(D) SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

	Ordinary Shares	
	Number	**Percentage**
Vermar Pty Ltd / Trayburn Pty Ltd / Mr Patrick John Volpe	241,777,897	13.253%

(E) VOTING RIGHTS

The voting rights attaching to each class of equity security are set out below:

Ordinary Shares

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(F) RESTRICTED / UNQUOTED SECURITIES

There are no restricted or unquoted securities on issue.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Renewal / Expiry Date	Percentage Holding of Title	Title Holder	Comment
Magogaphate PL 110/94	31/03/2018 (see note below)	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016 subject to completion of necessary formalities.
Mokoswane PL 111/94	31/03/2018 (see note below)	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016 subject to completion of necessary formalities.
Takane PL 54/98	31/03/2018 (see note below)	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. BCL Limited has earned a 40% contractual interest in the licence with effect from 1 July 2016 subject to completion of necessary formalities.
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Application for renewal submitted 30 June 2016.
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	

On 25 September 2017, the Company announced that the Ministry of Mineral Resources, Green Technology and Energy Security in Botswana had suspended (put on hold) the renewal date of the three Prospecting Licences (PL 110/94, PL 11/94 and PL 54/98) that are subject to the Farm-in Joint Venture Agreement with BCL. This decision means that the licences are protected against expiring until the provisional liquidation is resolved.