

QUARTERLY REPORT – 30 JUNE 2017**ABN:**

96 122 995 073

Issued Capital:

1,462,315,814 ordinary shares

Directors:

Mr Patrick Volpe (Chairman)

Mr Matt Hudson (Non-Executive Director)

Mr Steve Groves (Non-Executive Director)

Registered Office:

Suite 506, Level 5

1 Princess Street, Kew

Victoria, Australia, 3101

Contact:

p: +61 (3) 9855 1885

e: info@botswanametals.com.au**About Botswana Metals Limited:**

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

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

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

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

Large tracts of BML’s exploration portfolio remain unexplored.

Exploration:**• Cobalt:**

- Over 1.5km of Cobalt mineralisation confirmed at shallow depth (open to the east and west of **Maibele**).
- Further high grade intercepts at **Maibele North Prospect** including grades of 4m @ 1227ppm Co from MARC0096.
- **Airstrip, Maibele North, Maibele Extension, and Takane** are four of many targets with Cobalt potential.

• Lithium, Tantalum + Tin:

- Highly anomalous soil levels of Lithium (Li), Tantalum (Ta), and Tin (Sn) exist across the Maibele North – Takane area and are being followed up with further exploration and analysis.

• Nickel and Copper:

- Reviews of SQUID EM conductor at Hole 94 which previously intercepted 6.82m of massive and semi-massive sulphides at 0.75% Ni, 0.25% Cu + PGEs and Cobalt (ASX release 13/01/2015) at **Maibele North** are ongoing.
- This drill intercept and the SQUID EM Conductor were not followed up by the joint venture and remain a high priority target.

• Copper and Silver:

- Reviewing Copper and Silver prospects at **Dibete**
- Reviewing Copper prospects at **Airstrip Copper**

Corporate:**• BCL:**

- The Board has received written advice that BCL Limited (“BCL”) has been placed in final liquidation and that BCL Investments (Pty) Ltd, a subsidiary of BCL, and the counterparty to the Farm-in Joint Venture Agreement in respect of PL 110/94, PL 111/94 and PL 54/98, has had its provisional liquidation extended. The length of the extension was not advised.
- Given the current uncertainty regarding BCL and the Farm-in Joint Venture Agreement, the Company will review its options moving forward which may include seeking potential new business opportunities for BML.

• Cash:

- Cash at the end of the quarter was \$148,000.
- Given the current cash position the Board is also considering a recapitalisation strategy which may include on or more of a rights issue, share purchase plan or placement to professional, sophisticated and other exempt investors.

• Shares:

- 53,950,000 shares were issued during the quarter at a deemed issue price of 0.2 cents (\$0.002) per share pursuant to the Directors’ Fee Plan approved by shareholders in satisfaction of accrued fees for director, management and corporate services provided to the Company.

Botswana Metals Limited

Suite 3, 16 Cotham Road, Kew, Victoria 3101

P: +61 3 9855 1885 F: +61 3 9855 2885

Email: info@botswanametals.com.auwww.botswanametals.com.au

The Board of Botswana Metals ('BML' or 'the Company') is pleased to outline the below activities for the quarter ended 30 June 2017 ('Quarter').

EXPLORATION ACTIVITIES:

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

Cobalt:

Cobalt Prices have continued to increase to over US\$61,000 (AUD\$80,000) per tonne.

1 Year Cobalt (US\$ per tonne), as at 6 July 2017



Source: Infomine: <http://www.infomine.com/investment/metal-prices/cobalt/1-year/>

The recent surging demand for cobalt has led BML to conduct an in-depth review over its historical and recent drilling data, focussing during June on potential cobalt intercepts in existing samples from recent drilling that were never assayed for cobalt.

Samples from a total of seven holes at Maibele North containing no previous Co assays were located for this exercise. Hole MARC0096 was a vertical metallurgical RC hole drilled by former JV partner BCL Limited and the Company received the first assay results for cobalt from this hole during the quarter. The Company will continue to review the existing drill hole database to identify any additional samples or holes that have not been tested for Cobalt from within the Maibele North and Takane projects

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.

BML’s focus in the past was solely on Copper and Nickel. However, the recent increase in Cobalt prices has led the Company to revisit historical drilling data. The Company will continue to review other historic drilling data, with a focus on intercepts falling within the 1,315 km² of exploration licenses that fall outside of the 185km² joint venture area.

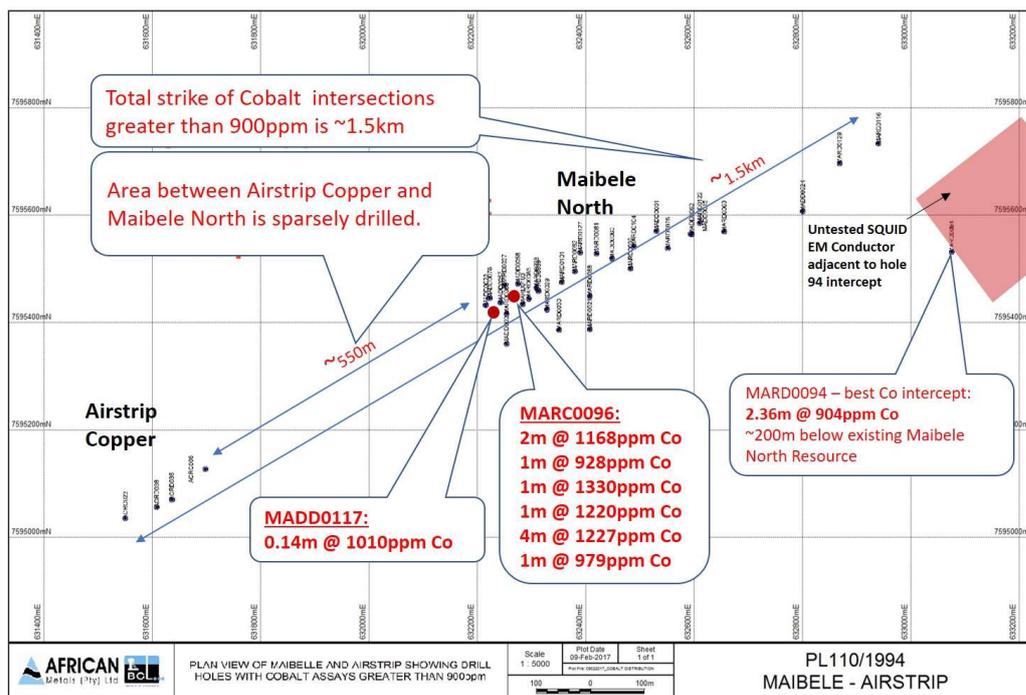


Figure 1: Plan view of Maibele North showing drill holes with greater than 900ppm Co. The two recently assayed holes, MARC0096 and MADD0117 are highlighted in red.

Lithium, Tantalum and Tin

The Company continued to review its exploration tenure for Lithium, Tantalum and Tin potential. No further sample results were received during the quarter.

BCL LIQUIDATION:

During June 2017, the Board of Botswana Metals Limited was advised by KPMG Botswana that the High Court of Botswana placed BCL Limited into final liquidation at the hearing on 15 June 2017.

BCL Investments (Pty) Ltd, a subsidiary of BCL Limited, and the counterparty to the Farm-in Joint Venture Agreement in respect of PL 110/94, PL 111/94 and PL 54/98 has had its provisional liquidation extended however the length of the extension was not advised.

These three licences cover ~185km² out of BML's ~1500km² exploration portfolio.

KPMG have been appointed as Provisional Liquidators / Liquidators and BML has requested that they advise of their intentions in respect to the JV agreement. BML's ASX announcement titled "Update Regarding BCL Limited" dated 13 October 2016 provided details of BML's rights arising out of the provisional liquidation of BCL.

In summary:

Under the Farm-in Joint Venture Agreement if a party becomes insolvent (including being placed in provisional liquidation) then:

- (a) during the earning period (until a party has formally earned its interest) the solvent party may terminate the farm-in by notice to the insolvent party;
- (b) if a participant has earned its interest then:
 - (i) the solvent party may compulsorily acquire the interest of the insolvent party at an agreed price or, if a price cannot be agreed, at a price recommended by a qualified person as the fair market value of the interest;
or
 - (ii) if there is no acquisition of the insolvent party's interest, the joint venture can be terminated and the assets are to be realised and the net proceeds, after paying any liabilities of the joint venture, are to be distributed to the participants in proportion to their interests.

BOTSWANA METALS LIMITED EXPLORATION OVERVIEW

Location Map and Schedule of Prospecting Licences held by BML

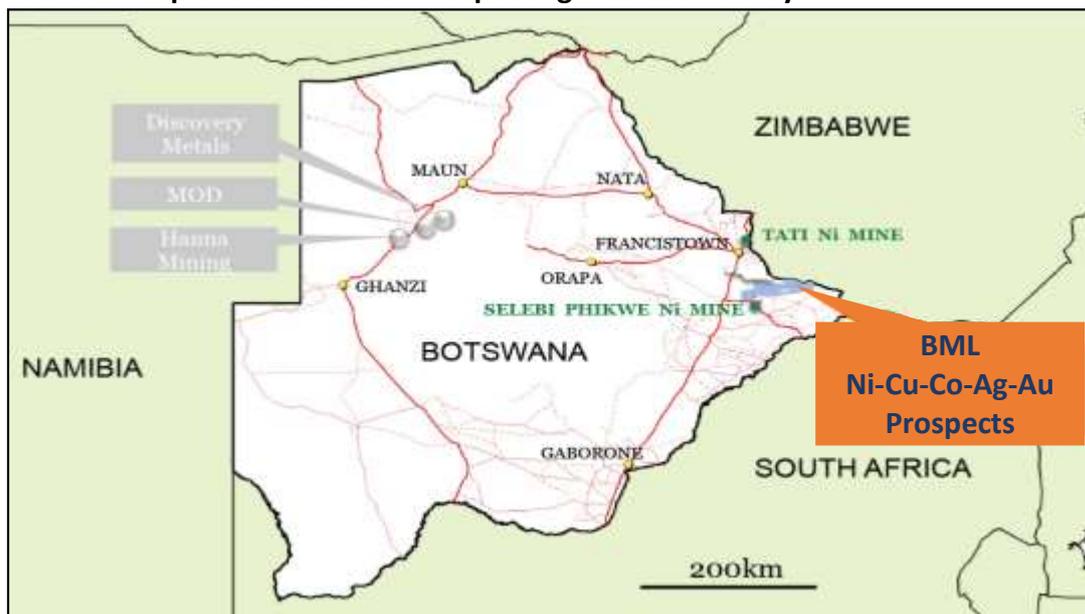


Figure 2: Location of Botswana Metals Limited Exploration portfolio in Botswana.

Exploration areas held in Botswana

The Company holds the following prospecting licences in Botswana:

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

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

Additional Tenement Information

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

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

On 1 April 2014 a **Farm-In Joint Venture agreement with BCL Limited** became effective where BCL Limited can earn an initial 40% interest in 3 PLs based on making certain expenditure commitments. If BCL Limited funds to the end of a Bankable Feasibility Study then BCL can earn a 70% equity interest in the 3 JV PL's being 110/94, 111/94 and 54/98. The three licences are valid until 31 March 2018.

BCL Limited was placed in Provisional Liquidation during October 2016. KPMG were appointed Provisional Liquidator of BCL Limited and related companies on 9 October 2016. KPMG of Botswana, the liquidators of the BCL group, have communicated with BML during the quarter and reported that BCL Investments (Pty) Ltd, a subsidiary of BCL Limited, and the counterparty to the Farm-in Joint Venture Agreement in respect of PL 110/94, PL 111/94 and PL 54/98 has had its provisional liquidation extended however the length of the extension was not advised. BCL Limited was placed into final liquidation.

These three licences cover ~185km² out of BML's ~1500km² exploration portfolio.

A renewal application for a further 2-year period in accordance with the Mines and Minerals Act 1999 was submitted for PL 59/2008 to the Department of Mines. In the March 2015 quarter, the company applied for several new applications for Prospecting Licences with the Department of Mines in Botswana. Three of these were granted during the September 2016 quarter (refer above) and the remainder are pending processing. The new licences are highlighted in light blue and those pending are highlighted in light green below.

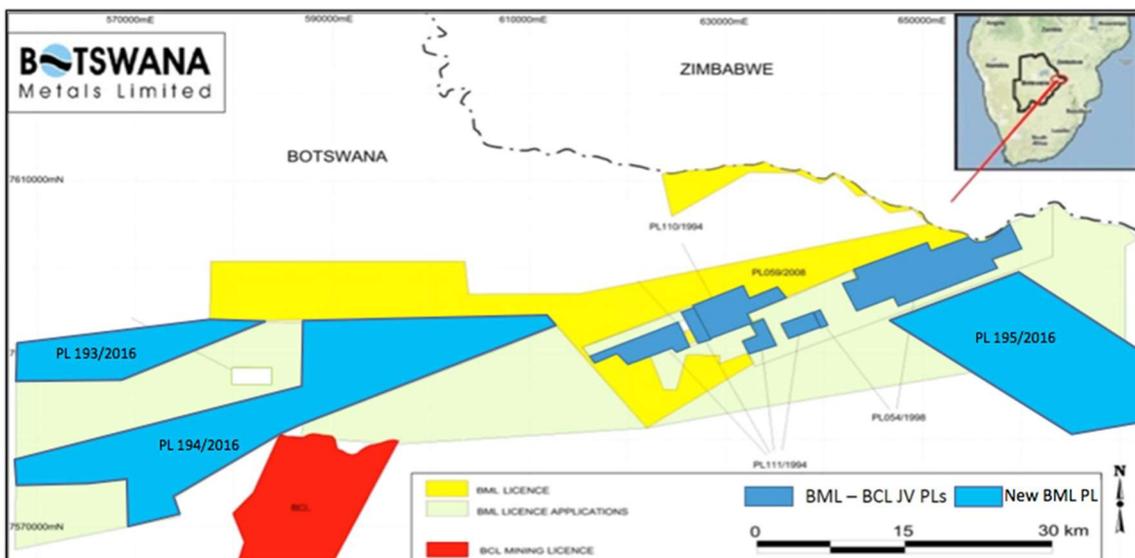


Figure 3: BML exploration tenement portfolio in Botswana. Prospecting Licences subject to the Farm-in Joint Venture Agreement with BCL are shaded dark blue.

Patrick Volpe
Chairman

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

BOTSWANA METALS LIMITED

ABN

96 122 995 073

Quarter ended ("current quarter")

30 JUNE 2017

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (12 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(51)	(318)
(b) development		
(c) production		
(d) staff costs		
(e) administration and corporate costs	(133)	(511)
1.3 Dividends received (see note 3)		
1.4 Interest received		1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)	3	5
1.9 Net cash from / (used in) operating activities	(181)	(823)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(9)	(12)
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	27	27
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	18	15

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

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	310	487
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(181)	(823)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	18	15
4.4	Net cash from / (used in) financing activities (item 3.10 above)		468
4.5	Effect of movement in exchange rates on cash held		
4.6	Cash and cash equivalents at end of period	147	147

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	147	310
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	147	310

6. Payments to directors of the entity and their associates	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	91
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	
<i>Fees paid to Directors or their associated companies for director services and management and corporate services provided to the company during the quarter</i>	63
<i>Part payment of accrued fees to Directors or their associated companies for directors services and management and corporate services provided to the company during past periods</i>	23
<i>Fees paid to a company controlled by relatives of a Director for clerical and administrative services provided to the company during the quarter</i>	5

7. Payments to related entities of the entity and their associates	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

Mining exploration entity and oil and gas exploration entity quarterly report

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

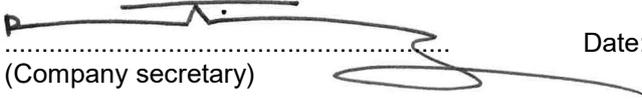
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9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	50
9.2 Development	
9.3 Production	
9.4 Staff costs	
9.5 Administration and corporate costs	125
9.6 Other (provide details if material)	
9.7 Total estimated cash outflows	175

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

Compliance statement

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

Sign here:  Date: 27 July 2017
.....
(Company secretary)

Print name: Ramon Jimenez

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. This is an interim report prepared based on management accounts which are not audited. The final audited cash flow figures may differ from those in this report.