

BOTSWANA METALS LIMITED
AND ITS CONTROLLED ENTITIES

ACN 122 995 073

ANNUAL REPORT
30 JUNE 2015

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CORPORATE DIRECTORY

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Massimo Livio Cellante
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CHAIRMAN'S REPORT

On behalf of the Board, it is with pleasure that I present the audited Annual Financial Report for the year ending 30 June 2015.

It has been an active year with BCL Limited our joint venture partner commencing its exploration spend with an aggressive drilling program of almost 20,000 metres scheduled to be completed by the end of the drilling season this November 2015.

The drilling has proven successful and the joint venture has delivered its first maiden JORC compliant resource, a major achievement in 2015. Drilling is continuing with the objective of reclassifying the JORC resource status from inferred to indicated.

The joint venture partners are working at full pace to have a mining licence application ready for lodgement with the Department of Mines in Botswana by the end of the 2015 year. In order to achieve this a pre-feasibility study and Environmental Impact Study have commenced.

The 2015 year saw active exploration with up to 5 drilling rigs deployed to the Maibele North project and this activity has resulted in not only a maiden resource but also the mineralised strike length growing and remaining open to the east, west and at depth which should significantly increase the known resource tonnage. Future drilling has the potential to again increase the current resource size.

Your Board remains confident, subject to the economics of the feasibility study, that Maibele North will be mined to provide feedstock for the BCL plant and operations at Selebi Phikwe in Botswana. BCL Limited is now 100% owned by the Botswana Government and has been mining at Selebi Phikwe since the 1960's. BCL currently has 5,000 employees and the township has a population of 50,000 people.

The joint venture partner BCL, can earn a 70% interest in the three PLs under the agreement and the focus is to achieve a mining licence for potential mining to commence in 2016.

The joint venture partners have set a strategic path for the company for 2016 that includes the commencement of mining operations at Maibele North and transporting ore to the BCL plant for processing just 50 km to the South West. BCL can fund the projects to the end of a feasibility study to earn a 70% interest in the projects that cover three prospecting licences.

Whilst Maibele North has been the major focus of the Joint Venture in 2015, BML is excited with the untapped regional potential for new discoveries at Takane where 23 prominent VTEM anomalies have been prioritised down to 4 high priority targets. Leading edge SQUID EM survey technology has been used and has identified drill targets for immediate testing.

The BML board believes this area has the potential to be declared a new mineralised province located along the well-known Limpopo Belt as it extends into Botswana on its eastern border from Zimbabwe.

Our exploration portfolio includes PL 59/2008 which is 100% owned by BML where SQUID technology has recently been used to identify drill targets for planned initial drilling scheduled before the end of 2015 drill season. To date every SQUID EM target within our portfolio has encountered sulphide mineralisation.

This licence is particularly exciting as it is strategically located along strike to the east of Maibele North discovery. BCL has a first right of refusal over all of BML's prospecting licences.

BML is committed to its total exploration portfolio of which **184km** is under JV with BCL Limited.

Your Board has made applications for several new prospecting licences that if granted will significantly increase the total exploration area held by BML.

The Board's strategy aims to secure the most prospective ground along the Limpopo belt where BML has accumulated in-depth geological and geophysical knowledge during nearly 10 years of exploration.

BML has continued to provide solid logistical support and our excellent infrastructure to the joint venture.

Further details on the joint venture terms, exploration progress and operations for the period are provided in the Review of Operations section of the Directors' Report.

I am very proud of your staff and management team who are experienced personnel with many years knowledge of operations in Botswana.

I wish to thank our shareholders for the ongoing support and understanding over the recent difficult years for exploration companies.

Your Board believes that 2015 was a significant year forward for BML and has positioned the Company into a solid position. We have made considerable achievements in difficult times and believe that, with BCL as our partner, the opportunity to be in production in 2016 is real with the potential for additional major discoveries to be made in the coming year and beyond.



Patrick Volpe
Chairman
30 September 2015

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 2015.

DIRECTORS

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

Patrick John Volpe (Executive Chairman)

Massimo Cellante

Paul Woolrich

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 10 years.

PRINCIPAL ACTIVITIES

The Company'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 Company's tenement portfolio located over the Limpopo belt on the eastern side of Botswana.

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

OPERATING RESULTS

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

	2015	2014
	\$	\$
Operating loss after income tax	(725,374)	(831,634)
Net loss attributable to members of the Group	(725,374)	(831,634)

DIVIDENDS

As the Company'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.

DURING FINANCIAL YEAR 2015 BOTSWANA METALS LIMITED FOCUSED ON FOUR MAIN BUSINESS OBJECTIVES:

1. PL 110/94 MAIBELE NORTH:

TO ESTABLISH AND GROW A RESOURCE FOR POTENTIAL MINE DEVELOPMENT

- Establish a Maiden JORC compliant resource.
- Grow and upgrade the JORC resource status in preparation for Feasibility Studies.
- Extend the known resource by step out drilling of new SQUID TDEM and DHEM conductor targets.

Achievements:

- 6,100m Drill Program completed in 2014.
- Maiden Resource estimation completed by independent consultants.
- DHEM and SQUID EM surveys over resource and along strike to east and west:
 - discovered numerous additional, untested targets.
- 12,500m infill and step-out drill program commenced during 2015.

2. PL 54/98 TAKANE:

TO EXPLORE THE UNTAPPED REGIONAL POTENTIAL FOR NEW DISCOVERIES.

Achievements:

- Comprehensive Regional Exploration Review:
 - 23 prominent VTEM anomalies prioritised down to 4 high priority targets for immediate work
- SQUID EM survey completed over the 4 targets areas during the first half of 2015.
- SQUID and VTEM being interpreted for drill targets to be presented to the JV.

The BML board believes this area has the potential to be declared a new mineralised province located along the well-known Limpopo Belt as it extends into Botswana on its eastern border from Zimbabwe.

3. PL 59/2008: 100% OWNED BY BML

TO RENEW TENURE AND EXPLORE FOR THE EASTERN EXTENSION TO MAIBELE NORTH ORE BODY.

Achievements:

- PL 59/2008 renewed for a further 2 years during FY15.
- Highly prospective anomalies identified within PL 59 are "along trend" and within 4km of the Maibele North orebody.
- SQUID EM ground surveys commenced at the end of FY15.
- Drill planning is underway to test the best conductor targets prior to end of 2015.

4. BML EXPLORATION PORTFOLIO:

TO GROW THE CURRENT PORTFOLIO FOCUSING ON THE EASTERN BORDER OF BOTSWANA ALONG THE LIMPOPO BELT.

- 1,000 km² under licence of which 184 km² is under JV with BCL Limited.

Achievements:

- 2,000 km² of new PL applications were lodged in 2015 and are pending processing by the DOM.
- During FY15 work commenced on BML's 100% owned PL59/2008.

BML is committed to its total exploration portfolio of which **184 km** is under JV with BCL Limited.

In 2015 BML made applications for several new prospecting licences that if granted will significantly increase the total exploration area held by BML.

The Board's strategy is to secure the most prospective ground along the Limpopo belt where BML has accumulated in-depth geological and geophysical knowledge during nearly 10 years of exploration.

PROSPECTING LICENCE EXTENSION

During the year the Board of Botswana Metals Limited was pleased to receive confirmation from the Department of Mines in Botswana that PL 59/2008 and PL 70/2008 had been renewed for a period of two years to September 2016.

EXPLORATION ACTIVITIES FOR FY15

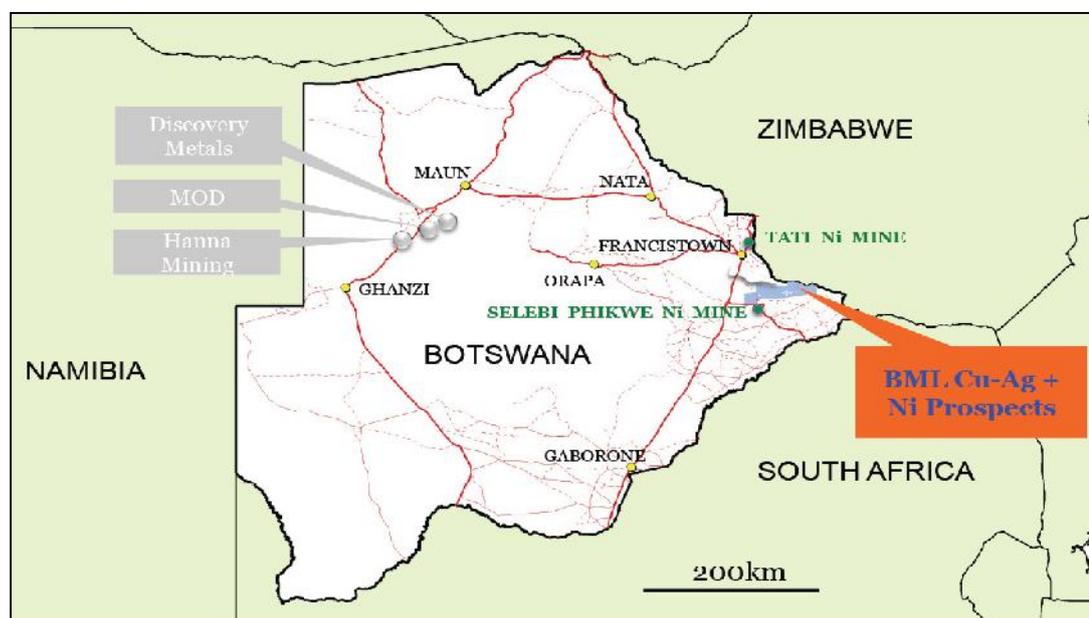


Figure 1: Location of Botswana Metals Limited Exploration portfolio in Botswana.

JOINT VENTURE EXPLORATION ACTIVITIES

PL 110/94 - MAIBELE NORTH

The extensive work program at Maibele North continued during FY15 with two aggressive and resource-focussed drilling campaigns plus additional geophysical surveys comprising ground Electro-magnetic (EM), down hole EM and ground magnetic surveying completed and/or currently underway. An initial resource calculation was successfully completed by MSA consultants of South Africa.

2014 DRILL PROGRAM

Phase one of the Joint Venture drilling program commenced at Maibele North in June 2014 and concluded during December 2014 after having completed 39 drill holes for a total of 6130m (Figure 2, Table 2). The program was designed to test the mineralisation at depth and down dip of the known nickel-copper and platinum group element mineralisation and employed up to 3 drill rigs utilising a combination of RC and diamond drill methods. All sulphide intersections were penetrated with diamond core. The program was designed to infill gaps in the historic drill pattern and step out along strike to test the lateral continuation

and down plunge extents of the ore body. The program provided metallurgical samples by twinning a number of existing mineralised holes as well as ensuring a sufficient drill hole spacing and sample density to enable the first JORC-compliant mineral resource to be calculated for the deposit.

The program was highly successful, with salient observations including:

- All holes intersected sulphides and most contained significant nickel mineralisation.
- 986 samples were submitted for assay and results show the sulphide zones to contain significant levels of Ni and Cu as well as elevated Platinum Group Elements including **Pt, Pd, Rh, Ru** along with cobalt and gold.
- Ni-mineralised sulphide intersections range from metre thick scale up to over 20m thick zones (down hole thickness).
- Mineralisation occurs close to surface and demonstrates potential for both open pit and underground mining.
- Step out drilling along strike and down plunge to the east was successful with the 500m deep hole MADD0094 intersecting 12.05m of disseminated and massive sulphides at a vertical depth of approximately 400m
- Hole MADD0094, located 750m north east of hole MADD0057, increased the strike length and depth of the mineralisation significantly and opened up a huge area of untested mineralised potential.
- Hole MADD0095, drilled beneath the known extents of mineralisation, intersected disseminated and stringer sulphides, demonstrating that the mineralised horizon continues at depth below the main body of mineralisation and great potential exists for further discovery deeper in the system.

PROGRAM RESULTS

The assay results confirmed the potential of the project with many of the sampled intersections returning weighted intercepts of Ni, Cu, Co, Au and PGEs in excess of the historic drill results in the twinned or surrounding holes (Table 1). The historic holes were often selectively sampled in the most sulphide rich zones and the 2014 program provided for the first time complete sample profiles through the wide disseminated and massive sulphide zones. In addition to the success of drilling within the known extents of the orebody, the highly significant intersection obtained in MARD0094 some 250m along strike from Maibele North showed a 12.05m thick (down hole) sulphide zone containing significant Ni, Cu, Co and PGE levels at a vertical depth of approximately 400m. This new zone opened up both the strike and depth potential of the mineralised horizon.

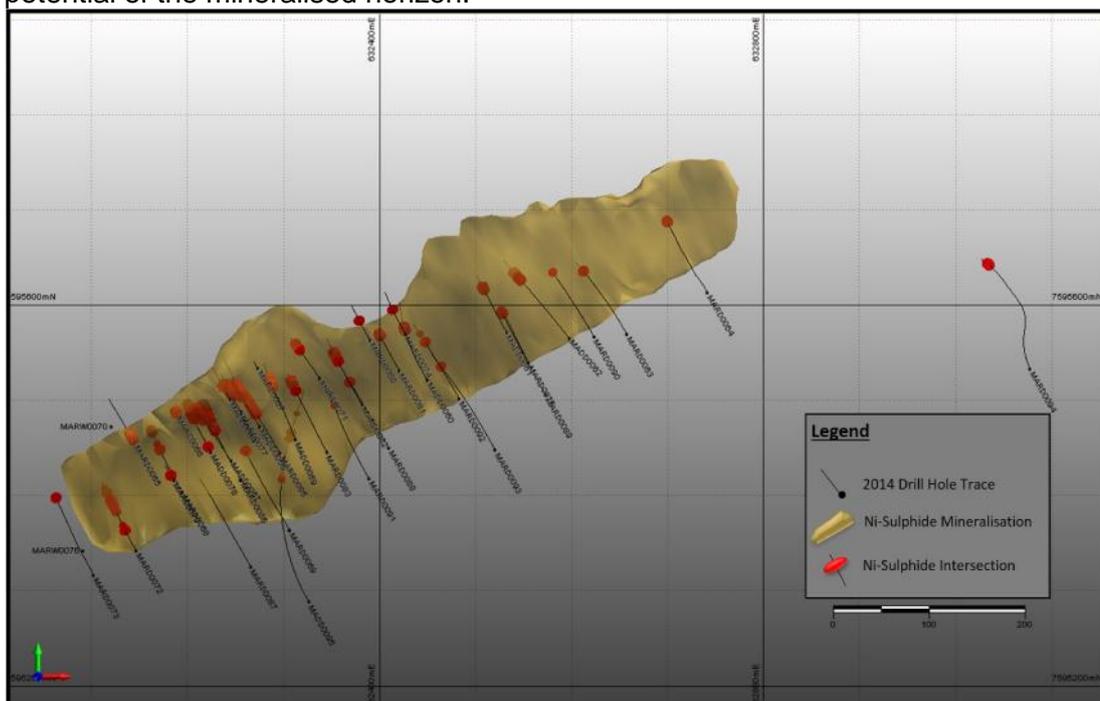


Figure 2: Collar Plan of the ~6130m 2014 Drill program.

Table 1: All Significant intercepts from the December 2014 completed drill program

Hole ID	From (m)	Down Hole Thick. (m)	Ni %	Cu %	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Total PGE	Comment
MADD0057	94.26	26.43	1.65	0.54	891	0.14	0.03	0.59	0.13	0.24	0.99	Dissem. and mass sulphide
incl.	94.26	6.74	2.58	0.90	1417	0.10	0.07	1.03	0.22	0.46	1.78	Mass. sulphide
	105.00	1.50	1.83	0.59	1040	0.11	0.01	0.89	0.18	0.30	1.38	Mass. sulphide
	110.86	9.57	2.27	0.71	1169	0.25	0.01	0.66	0.14	0.26	1.07	Mass. sulphide
MADD0058	67.88	29.12	0.90	0.40	526	0.12	0.11	0.41	0.05	0.06	0.63	Dissem. and mass sulphide
incl.	67.88	1.81	2.52	1.75	1451	0.41	0.03	1.17	0.12	0.13	1.45	Mass. sulphide
	75.16	1.15	1.79	0.55	1036	0.09	1.73	0.51	0.07	0.08	2.39	Mass. sulphide
	84.40	1.40	1.58	0.13	904	0.06	0.00	0.61	0.05	0.06	0.72	Mass. sulphide
	93.50	1.43	2.93	0.47	1392	0.07	0.02	0.85	0.17	0.31	1.35	Mass. sulphide
MADD0059	100.00	19.00	0.73	0.29	565	0.09	0.34	0.34	0.04	0.05	0.77	Dissem. and mass sulphide
incl.	102.33	0.97	2.72	0.43	1373	0.07	0.03	0.92	0.19	0.13	1.27	Mass. sulphide
	109.44	0.78	1.84	2.11	2155	0.40	5.04	2.51	0.16	0.30	8.01	Mass. sulphide
	112.64	0.95	1.89	0.73	971	0.10	0.04	0.88	0.04	0.00	0.96	Mass. sulphide
MADD0060	104.55	5.45	1.00	0.73	416	0.09	0.21	0.31	0.06	0.08	0.66	Semi Mass. Sulphide
incl.	104.55	1.21	1.69	0.24	1043	0.08	0.04	0.64	0.19	0.28	1.15	Mass. sulphide
	106.04	0.96	0.34	3.22	217	0.12	0.07	0.31	0.06	0.03	0.47	Semi Mass. Sulphide
and	113.70	0.56	0.84	0.25	321	0.06	2.18	0.31	0.03	0.00	2.52	Semi Mass. Sulphide
MADD0061	91.34	2.66	0.50	0.10	293	0.06	0.04	0.51	0.03	0.13	0.71	Semi-mass sulphide
MADD0062	149.04	1.02	2.05	0.63	1099	0.07	0.05	0.89	0.18	0.28	1.40	Mass. sulphide
and	153.20	0.85	0.89	0.30	544	0.05	0.10	0.34	0.09	0.07	0.60	Semi Mass. Sulphide
MADD0063	171.57	1.27	1.98	0.17	1079	0.05	0.06	0.72	0.07	0.09	0.94	Semi Mass. Sulphide
MADD0064	233.90	1.63	0.30	0.06	272	0.04	0.00	0.16	0.00	0.00	0.16	Semi Mass. Sulphide
MADD0065	19.00	3.00	0.32	0.05	255	0.04	0.00	0.08	0.00	0.00	0.08	Oxide Zone - EOH
MADD0066	0.00	7.00	0.44	0.17	250	0.04	0.02	0.23	0.01	0.02	0.28	Oxide Zone - EOH
MADD0068	-	-	-	-	-	-	-	-	-	-	-	No sig int
MARD0069	208.00	1.00	0.37	0.07	202	0.04	0.09	0.09	0.00	0.00	0.18	Semi Mass. Sulphide
MARD0074	54.65	0.09	1.82	0.35	856	0.28	0.04	0.78	0.18	0.39	1.39	sulphide stringer

DIRECTORS' REPORT

Hole ID	From (m)	Down Hole Thick. (m)	Ni %	Cu %	Co ppm	Au g/t	Pt g/t	Pd g/t	Rh g/t	Ru g/t	Total PGE	Comment
MADD0075	144.00	1.19	2.26	0.42	1072	0.19	0.42	0.73	0.02	0.07	1.24	Semi Mass. Sulphide
MADD0077	44.00	6.71	0.47	0.17	230	0.06	0.07	0.17	0.01	0.02	0.27	Diss. sulphide
and	56.70	17.12	0.60	0.19	365	0.09	0.30	0.31	0.02	0.04	0.67	Diss. sulphide
incl.	64.12	0.49	1.79	0.13	989	0.07	0.13	0.87	0.04	0.05	1.09	Mass. sulphide
and	67.15	3.59	1.02	0.19	553	0.07	1.07	0.47	0.05	0.07	1.66	Mass. sulphide
and	73.29	0.53	1.64	0.02	784	0.04	0.02	0.60	0.05	0.14	0.81	Mass. sulphide
MADD0078	11.53	4.76	0.07	1.57	64	0.05	0.07	0.07	-	-	0.14	oxides
and	91.72	0.37	2.17	0.35	1179	0.06	0.02	1.03	0.14	0.21	1.40	Mass. sulphide
and	103.00	7.36	0.91	0.29	533	0.07	0.10	0.38	0.03	0.03	0.54	Diss. sulphide
incl.	108.22	2.14	2.31	0.73	1279	0.08	0.01	0.83	0.07	0.08	0.99	Mass. sulphide
MARD0079	11.00	3.00	0.18	0.39	144	0.07	0.02	0.15	0.01	0.01	0.19	Semi Mass. Sulphide
MARD0081	85.00	4.48	1.15	0.49	734	0.09	0.12	0.49	0.08	0.22	0.91	Mass. sulphide
incl.	88.28	0.75	2.18	0.88	1325	0.10	0.19	1.21	0.20	0.58	2.18	Semi Mass. Sulphide
MARD0082	89.30	1.58	1.86	0.32	1081	0.09	0.01	0.89	0.11	0.27	1.28	Dissem. and mass sulphide
and	100.00	9.80	1.98	0.53	986	0.09	0.01	0.69	0.19	0.12	1.01	Mass. sulphide
incl.	100.00	2.75	2.73	0.97	1326	0.20	0.01	0.91	0.13	0.17	1.22	Mass. sulphide
incl.	105.37	4.43	2.50	0.54	1240	0.04	0.02	0.86	0.12	0.15	1.15	Mass. sulphide
MARD0083	118.00	1.00	1.37	0.10	551	0.61	0.22	0.48	0.08	0.12	0.90	Semi Mass. Sulphide
and	133.89	0.61	2.60	0.69	1283	0.10	0.01	0.76	0.06	0.08	0.91	Mass. sulphide
and	138.00	1.90	0.95	0.26	525	0.06	0.03	0.42	0.02	0.03	0.50	Dissem. and mass sulphide
MARD0084	26.43	2.57	0.62	4.90	274	0.03	0.01	0.40	0.10	0.25	0.76	Oxide
MARD0085	108.43	0.30	2.11	0.29	943	0.04	0.12	0.61	0.15	0.44	1.32	Semi Mass. Sulphide
and	114.50	1.00	0.62	0.13	390	0.05	0.08	0.42	0.02	0.05	0.57	sulphide stringers
and	122.00	1.58	0.54	0.51	329	0.09	0.08	0.41	0.02	0.08	0.59	Diss. sulphide
and	132.00	6.95	2.23	0.63	1003	0.09	0.12	0.83	0.10	0.11	1.16	Mass. sulphide
incl.	132.00	5.00	2.86	0.82	1234	0.09	0.03	1.05	0.13	0.14	1.35	Mass. sulphide
MADD0086	103.00	8.40	0.43	0.13	276	0.18	0.06	0.21	0.01	0.01	0.29	Diss.Sulphide
and	125.00	12.32	1.36	0.33	625	0.35	0.11	0.54	0.05	0.06	0.76	Dissem. and mass sulphide
incl.	125.65	0.70	2.43	0.24	985	0.15	0.01	1.23	0.02	0.01	1.27	Mass. sulphide
and	135.63	1.69	2.74	0.55	1172	0.16	0.02	0.98	0.10	0.10	1.20	Mass. sulphide
MADD0088	153.48	1.37	1.18	0.11	557	0.05	0.02	0.39	0.07	0.09	0.57	
MARD0071	84.44	0.12	0.70	0.49	452	0.10	0.09	0.28	0.21	0.48	1.16	Sulphide stringer

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

Note: Holes MARD0076, 70, 71, 72, 73, 76, 80, 87, 90, 91, 93, 95 returned no significant intercepts above 0.3%Ni. All widths are down hole thicknesses.

RESOURCE CALCULATION AND SCOPING STUDY

Subsequent to receiving the results of the 2014 drilling program, Joint Venture partners BCL Limited and Botswana Metals Limited appointed consulting company MSA Group ("MSA") to prepare an initial resource calculation for the Maibele North project. A maiden JORC compliant Inferred Resource Estimate for the sulphide portion of the Maibele North ore was received early in 2015 (Figure 3).

At a 0.3% Ni cut-off the resource stands at:

Cut-off (%Ni)	Tonnes (Mt)	Ni (%)	Cu (%)	Pt (g/t)	Pd (g/t)	Rh (g/t)	Ru (g/t)	Au (g/t)
0.30	2.38	0.72	0.21	0.08	0.36	0.04	0.05	0.10

The resource was highly encouraging and has the potential to improve given that:

- No historic drilling was included in the estimate due to QA/QC issues.
- Drill hole MARD0094, which intersected 6.82m @ 0.75% Ni and 0.25%Cu, was not included and lies some 250m east of the current resource.
- No oxide mineralisation has been included in the calculation due to insufficient metallurgical testing on this material.
- Significant levels of cobalt occur in the Maibele North mineralisation yet cobalt has not been included in the resource estimate. It is anticipated that the inclusion of cobalt will add valuable credits to the Maibele North ore and the resource is to be upgrade with the cobalt grade in due course.
- Numerous untested geophysical conductors lie along strike, and adjacent to, the existing resource and show signatures reminiscent of sulphide mineralisation similar to that at Maibele North.
- The orebody is open along strike to the east and west as well as at depth and lies within a 2.4km long corridor of potential strike,

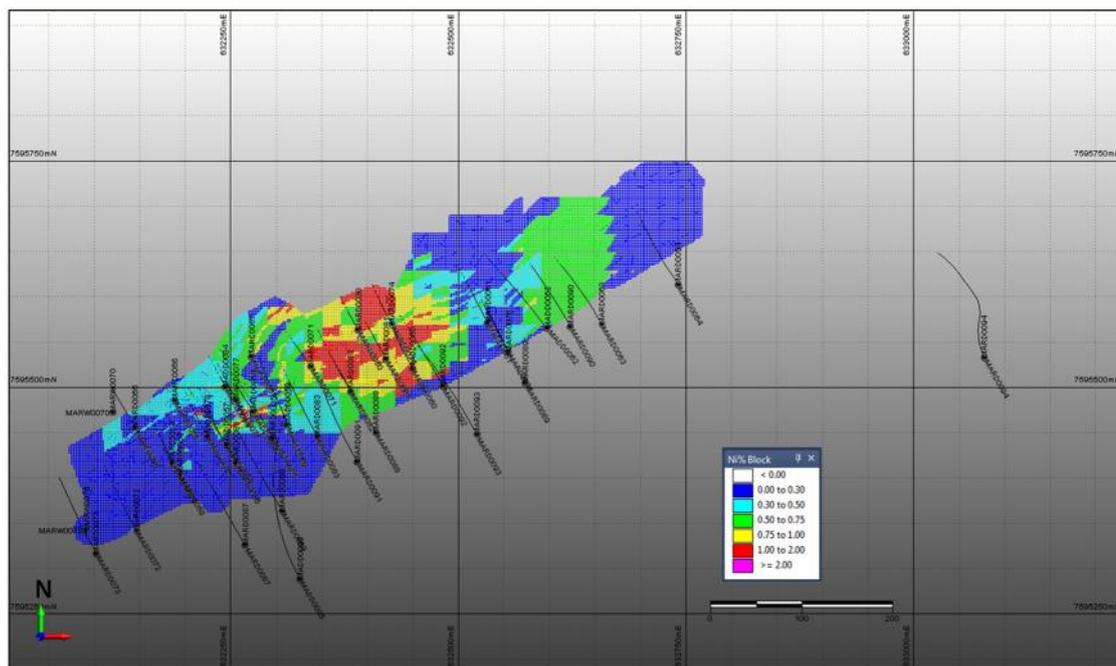


Figure 3: Plan view of the 2015 Inferred Resource block model with 2014 drill traces

GEOPHYSICAL SURVEYS

Ground Electromagnetic surveys employing a variety of techniques were undertaken at Maibele North following the successful 2014 drill program. Work included:

- Down-Hole Electromagnetic (DHEM) surveys on seven holes,
- Fixed Loop Time Domain Electromagnetic Surveys (TDEM) along strike to the east and west
- SQUID EM across orebody and along strike to the east and west to search for deeper conductors

Results of this work are highly encouraging and led to the commencement of a 12,500m drilling program towards the end of FY15.

DHEM RESULTS

During February, 2015, Spectral Geophysics of Gaborone, Botswana undertook Time Domain Down-Hole Electromagnetic (DHEM) surveys at Maibele North on a number of deeper drill holes from the 2014 drill program. The program was designed to locate deeper conductive anomalies that might represent continuation of the Maibele North Ni-sulphide mineralisation. Six holes were successfully surveyed and a seventh was abandoned due to shallow blockages.

RESULTS

The boreholes logged included MARD0064, 73, 87, 92, 93, 94 and 95. MARD0073 was blocked at 50m and did not yield any useful data. Good off-hole conductive responses were detected in the majority of boreholes logged. These responses were modelled in terms of 3 conductive plates in a 3-dimensional space and the resultant models imported and viewed in relation to BML's 3D geological models of Maibele North. The off-hole conductors from holes MARD0064, 92, 93 and 95 accurately marked the position of the existing mineralisation but new and untested conductors were detected from holes MARD0087 and MARD0094 (Figure 4).

Due to a less than ideal location and the interpreted depth of conductors in the vicinity of MARD0094, the fixed loop TDEM survey did not detect any significant conductors.

All targets detected at Maibele North present as very good conductors with responses in the order of 4000S.

DETAILS OF THE NEW CONDUCTORS

MARD0094

A very good off-hole response was recorded in MARD0094. The conductor models at approximately 110m to the north of the hole, immediately beneath historic hole MADD0025. Cas Lotter, geophysicist from Spectral Geophysics states:

"It is clear that MARD0094 intersected the bottom of a steeply dipping conductor. The bulk of the conductive body, probably a lens of massive sulphide, is located above the borehole towards the north-west."

It is interpreted that this conductor possibly represents a different lens of mineralisation to that intersected in MARD0094 (6.82m @ 0.75%Ni).

MARD0087

The measured EM response from MARD0087 indicates that an off-hole conductor plate exists at depth below MARD0087, towards the south-east. This conductor sits in the hanging wall of the Maibele North mineralisation and possibly represents a previously untested lens of sulphide mineralisation.

PREVIOUS DHEM FROM MADD0025 RE-EXAMINED

Spectral Geophysics' examination of the data provided for the previous survey of MADD0025 have confirmed that an off-hole conductor is present immediately beneath the hole and remains untested by drilling. It is likely that this conductor is the same as that indicated by the survey in MARD0094 and is a priority drill target.

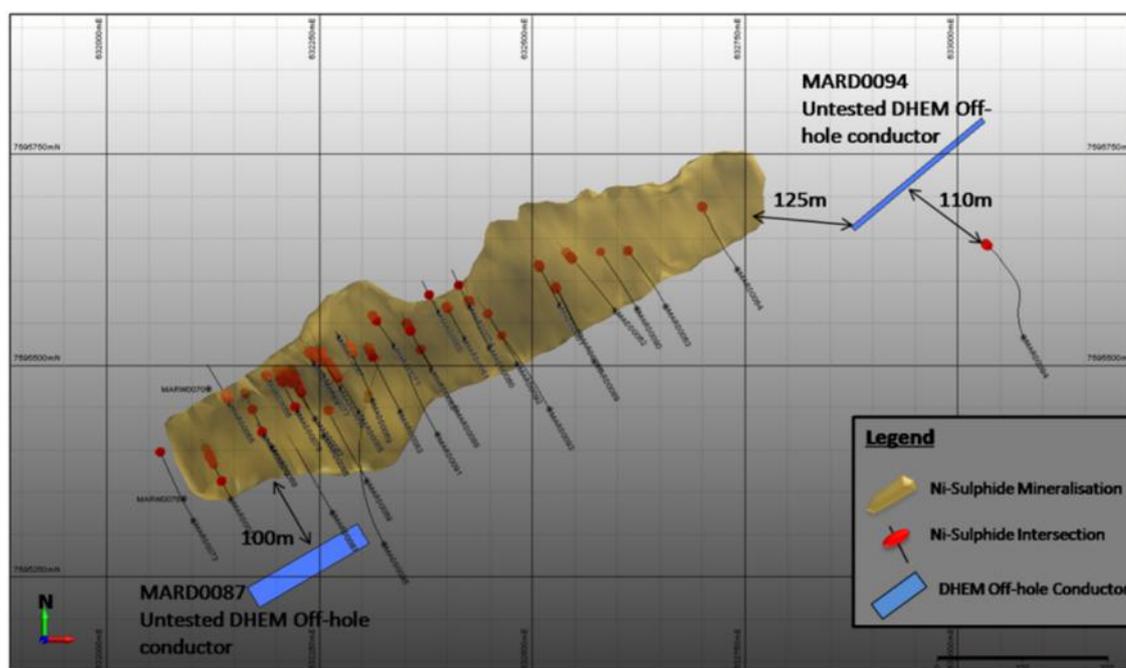


Figure 4: Plan view of the Maibele North Ni-sulphide orebody (gold shape) showing the Ni-intersections (red circle) from the 2014 drilling program and the position of significant off-hole conductors from the 2015 DHEM survey (blue rectangles)

2015 TIME DOMAIN ELECTROMAGNETIC (SQUID) SURVEY

Spectral Geophysics commenced a SQUID system for Time Domain Electromagnetics over the northeast, along strike from the existing mineralisation and the southeast end of Maibele North early in 2015. The SQUID TDEM survey was designed to resolve the deeply plunging conductors on both ends of the orebody that were poorly identified by previous geophysical methods. Four, fixed loop Time Domain Electromagnetic (TDEM) surveys were undertaken using the latest Jena SQUID (**S**uper **C**onducting **Q**uantum **I**nterference **D**evice) which represents the most sensitive EM sensor commercially available in the world today.

Significant observations from the program included (Figure 5):

- The SQUID survey revealed numerous conductors *directly* along strike from Maibele North for at least 1km.
- The survey also revealed a second “trend” of conductors at depth and parallel to the Maibele North trend.
- This second trend correlates well with the deep mineralisation intersected in MARD0094 (2014) and also the DHEM conductor and subsequent sulphides intersected in MARD0106.
- Reprocessing of the VTEM data set at Maibele North has also revealed a deep, late-time anomalous response east of Maibele North, along the trend of the second conductive trend.

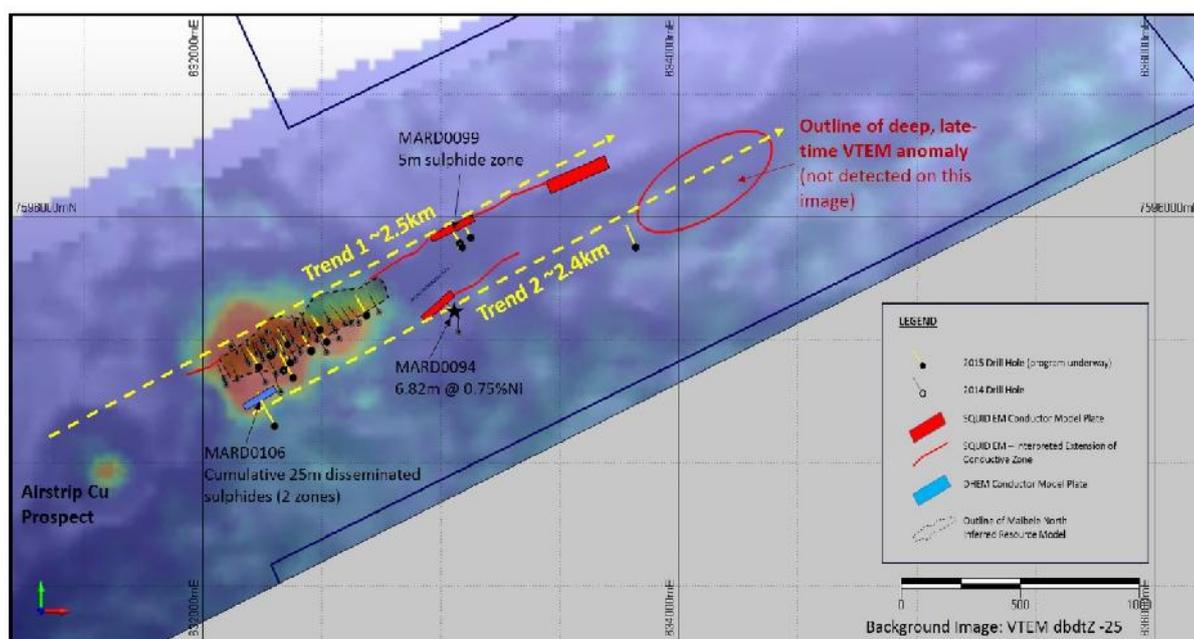


Figure 5: VTEM image showing the position of the SQUID EM conductors and interpreted conductive trends at Maibele North

2015 DRILL PROGRAM (COMMENCED IN JUNE 2015 AND CURRENTLY ONGOING)

The JV committed to a further 12,500m of drilling at Maibele North which commenced in June 2015. This extensive program consists of Infill, Metallurgical and Extension drilling at and along strike from the Maibele North resource (Figure 6). The allocated drill metres are divided more-or-less evenly between resource infill drill holes and extension holes targeting the number of significant conductor targets along strike and adjacent to the main orebody. To the end of August 2015, 36 holes had been completed and further 5 were underway for a total of 7481m drilled as part of the new program.

The drilling has continued to intersect broad sulphide intersections from within the existing resource extents as well as discovering a number of new sulphides zones 400m along strike to the east and is providing great encouragement for the future success of the project.

A further ~5350m of drilling is scheduled and when complete, the results will facilitate an upgrade of the current resource status and will also indicate the potential to increase the resource along strike and at depth.

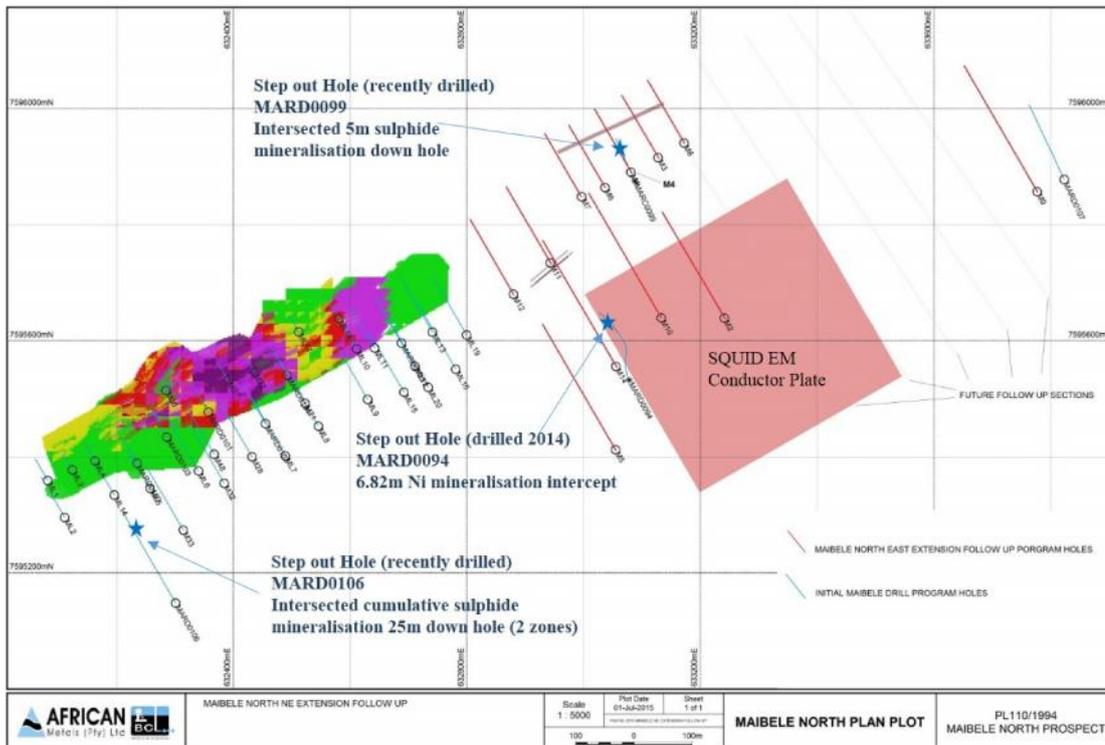


Figure 6: shows the Maibele North orebody and the collar positions of the planned drill holes

Highlights of the Drilling to date include:

Infill Holes

- **MARD0101:**
 - Mineralised intersection between 119.28 and 123.91m (4.63m down hole) including 0.56m thick zone of massive sulphides.
- **MARD0103:**
 - Mineralised intersection between 112.47m to 121.67m (9.2m down-hole) and 125.36m to 147.27m (21.91m down-hole).
 - Several zones of disseminated, semi-massive and massive sulphide mineralisation were intersected.
- **MARD0104:**
 - Mineralised intersection from 111.53m to 115.73 (4.2m down hole).
 - Significant zone:
 - 0.97m of massive sulphide.
- **MARD0105:**
 - Mineralised intersection from 171.32m to 192m (20.68m down hole) of sulphide mineralisation.
 - Significant zone:
 - 0.24m of massive sulphide.
- **MARD0108:**
 - Mineralised intersection from 206.1m to 212m (5.9m down hole) of disseminated sulphide mineralisation.

- Significant zone:
 - 0.34m of semi-massive sulphide.
- **MARD0117**
 - Mineralised intersection: 162.03m to 188.80 (26.77 m) - Moderate to strong disseminated sulphides.
- **MARD0119**
 - Mineralised intersection: 137.15m to 160.72m (23.57m).
 - Significant zones:
 - 137.15m to 146.77m contains Cumulative 0.93m Semi-Massive Sulphide in 3 zones.
 - 147.13m to 151.78m contains Cumulative 0.68m Massive Sulphide in 3 zones.
- **MARD0122**
 - Mineralised intersection: 127.55m to 141.91m (14.36m).
 - Significant zones:
 - 127.55m to 127.85m - 0.30m Massive Sulphide.
 - 134.30m to 135.73m - 1.43m Massive Sulphide.
 - 136.64m to 138.22m - 1.58m Massive Sulphide.
 - **Cumulative 3.31m Massive Sulphide within intersection**
- **MARD0127**
 - Mineralised intersection:
 - 73.46m to 74m (0.54m) - Massive Sulphides.
- **MARD0128**
 - Mineralised intersection:
 - 159.60m to 175.07m (15.47m) Strong Disseminated Sulphides.
 - Including 174.75 to 175.07m – Semi-Massive Sulphides.
- **MARD0130**
 - Mineralised intersection:
 - 66.42m to 67.32m (0.90m) – Semi-Massive Sulphides.

*Note: All intersections are quoted as down-hole lengths.

Highlights of Step-out Holes targeting DHEM and SQUID EM Conductors

- **MARC0099**
 - 5m sulphide intersection from 245m.
- **MARD0106** (targeting DHEM conductor adjacent to the orebody)
 - 25m of mineralised sulphides over 2 zones:
 - 9m from 289m; and
 - 16m from 359m.
- **MARD0112 (EOH 244.13m)**
 - Mineralised intersection: 175.05 to 194.24 (19.19m down hole).
 - Significant zones:
 - 185m to 187.59m (2.59m) disseminated + sulphide stringers.
 - 187.59m to 187.95m (0.36m) moderate to strong sulphide stringers.
 - 187.95m to 189m (1.05m) disseminated sulphides.
- **MARD0113 EOH: 215.10m**
 - Mineralised intersection: 178m to 187.85m (9.85 m).
 - Significant zones:
 - 179.10m to 181.86m (2.76m) Moderate to strong disseminated sulphides.
 - 181.86m to 185.42m (3.56m) disseminated sulphides + stringers.

- 185.42m to 187.71m (2.29m) Mod to strong disseminated sulphides + sulphide stringers.
- **MARD0115 (EOH 250.15m)**
 - Mineralised intersection:
 - 187.45m to 188.71m disseminated sulphide and stringers.
- **MARD0116 (EOH 248.15m)**
 - Mineralised intersection:
 - 206.59m to 207.19m (0.60m) - Massive Sulphides.

The continuing good results of the current drilling are extremely encouraging and demonstrate the quality of the mineralised system at Maibele North. The strong commitment of the joint venture partner, BCL Limited, to progressing Maibele North shows the importance of this resource to potentially add additional tonnes for processing at the nearby Selebi Phikwe plant and smelter. The results have so far highlighted the potential to upgrade the resource to an indicated status and also the great potential to increase the resource with additional sulphide zones discovered along strike and at depth.

All sulphide zones are currently being prepared for assay and results will be released as soon as they are available.

SQUID technology: all SQUID Conductors drilled to date have returned significant sulphide intersections returning a 100% success rate. Due to down hole deviations, all of the holes targeting SQUID conductors have pierced the conductor plates on their peripheries and great anticipation for even better intersections exists for future holes that pierce the centre of these targets.

Table 2: Details of holes drilled to 31 August 2015 from the 12,500m Maibele North program.

Hole Number	Easting	Northing	RL	Total	Dip	Azi
MARC0099	633090	7595876	849	255.00	-60	335
MARD0107	633820	7595876	851	550.4	-75	335
MARD0106	632303	7595149	840	376.18	-60	330
MARD0100	632236	7595388	841	183.05	-55	330
MARD0101	632357	7595479	841	140.1	-55	330
MARD0102	632458	7595454	843	175.05	-55	330
MARD0104	632493	7595541	842	125.10	-55	330
MARD0105	632690	7595598	846	203.10	-55	330
MARD0103	632286	7595434	845	156.75	-55	330
MARD0110	632523	7595490	844	180.06	-55	330
MARD0108	632381.00	7595345.00	843	227.1	-55	330
MARD0109	632366.9	7595404.6	843	212.05	-55	330
MADD0111	632340.3	7595375.5	843	19.23	-55	330
MARD0113	633127.50	7595915.70	843	215.1	-60	330
MARD0112	633081.00	7595890.60	843	244.13	-60	330
MARD0114	633174	7595946	852	185.02	-60	330
MARD0115	633036	7595862	848	250.15	-60	330
MARD0116	632942	7595734	848	248.15	-60	330
MARD0117	632256	7595347	842	152.2	-60	330
MARD0118	632340	7595375	842	53.32	-55	330
MARD0119	632642.00	7595587.50	842.00	170.10	-55	330
MARD0120	632799.65	7595609.96	850.00	260.00	-60	330
MARD0121	632511.82	7595615.22	849.00	85.20	-55	330
MARD0122	632611.00	7595586.00	849.00	150.06	-55	330
MARD0123	632431.70	7595400.20	845.00	170.00	-55	330
MARD0124	632781.00	7595551.00	849.00	300.00	-60	330
MARD0125	632580.52	7595638.25	851.00	100.00	-55	330
MARD0126	632436.40	7595545.80	845.00	110.00	-55	330
MARD0127	632391.00	7595532.00	845.00	80.00	-55	330
MARD0128	632730.80	7595635.80	851.00	200.20	-55	330
MARD0129	632868.10	7595698.90	853.00	110.00	-55	330
MARD0130	632284.70	7595514.50	850.00	80.20	-55	330
MARD0131	632163.10	7595393.10	850.00	124.20	-55	330
MARD0132	632082.00	7595359.00	846.00	95.15	-55	330
MARD0133	632111.00	7595295.50	847.00	140.15	-55	330
MARD0134	632124.30	7595377.50	845.00	92.20	-55	330
MARD0135	632196.00	7595334.10	845.00	170.20	-55	330
MARD0136	632313.90	7595273.90	845.00	179.60	-55	330
MARD0137	632630.00	7595499.00	845.00	167.30	-55	330
MARD0138	632733.70	7595519.80	845.00	230.00	-55	330
MARD0139	632692.18	7595511.39	845.00	240.00	-55	330

Table 3: Collar Details of holes drilled at Maibele North during the 2014 campaign.

Hole Number	Easting (UTM)	Northing (UTM)	RL	Total (m)	Sampling	Progress
MADD0057	632242	7595438	837	140.10	Sampled	COMPLETE
MADD0058	632277	7595473	842	150.07	Sampled	COMPLETE
MADD0059	632310	7595463	848	142.65	Sampled	COMPLETE
MADD0060	632449	7595518	844	161.25	Sampled	COMPLETE
MADD0061	632534	7595572	844	122.24	Sampled	COMPLETE
MADD0062	632596	7595566	847	155.25	Sampled	COMPLETE
MARD0063	632659	7595569	847	199.30	Sampled	COMPLETE
MARD0064	632741	7595612	850	240.00	Sampled	COMPLETE
MARD0065	632147	7595455	838	98.30	Sampled	COMPLETE
MARC0066	632189	7595488	840	7.00	Sampled	COMPLETE
MARC0067	632275	7595536	847	16.00	Sampled	ABANDONED
MARD0068	632199	7595397	840	149.27	Sampled	COMPLETE
MARD0069	632304	7595369	847	220.00	Sampled	COMPLETE
MARW0070	632122	7595474	846	120.00	Sampled	WATER HOLE
MARC0071	632336	7595520	848	60.00	Sampled	ABANDONED
MARD0072	632144	7595344	847	185.40	Sampled	COMPLETE
MARD0073	632104	7595314	845	194.31	Sampled	COMPLETE
MARD0074	632425	7595569	843	92.25	Sampled	COMPLETE
MARD0075	632553	7595537	848	170.30	Sampled	COMPLETE
MARW0076	632091	7595343	846	65.00	Sampled	WATER HOLE
MARD0077	632255	7595437	854	98.28	Sampled	COMPLETE
MADD0078	632227	7595442	844	130.77	Sampled	COMPLETE
MARD0079	632185	7595416	845	39.00	Sampled	COMPLETE
MARD0080	632391	7595564	849	83.30	Sampled	COMPLETE
MARD0081	632421	7595529	849.0	103.49	Sampled	COMPLETE
MARD0082	632383	7595494	844.0	137.30	Sampled	COMPLETE
MARD0083	632345	7595446	842.0	152.30	Sampled	COMPLETE
MADD0084	632246	7595503	845.0	70.00	Sampled	COMPLETE
MARD0085	632299	7595443	846.0	146.30	Sampled	COMPLETE
MARD0086	632254	7595416	852.0	168.78	Sampled	COMPLETE
MARD0087	632266	7595325	844.0	220.00	Sampled	COMPLETE
MARD0088	632409	7595450	849.0	167.30	Sampled	COMPLETE
MARD0089	632575	7595501	847.0	200.30	Sampled	COMPLETE
MARD0090	632624	7595570	846.0	170.30	Sampled	COMPLETE
MARD0091	632387	7595413	846.0	215.45	Sampled	COMPLETE
MARD0092	632485	7595503	851.0	188.30	Sampled	COMPLETE
MARD0093	632522	7595541	844	230.00	Sampled	COMPLETE
MARD0094	633080	7595533	847.0	500.00	Sampled	COMPLETE
MADD0095	632327	7595284	839	380.30	Sampled	COMPLETE

REGIONAL POTENTIAL OF MAIBELE NORTH TREND

Examination of regional geological and geophysical images shows linear features that correlate strongly with the zone of mineralisation and extend a considerable distance to the east towards the Maibele North Extension prospect and further still towards the Mashambe Prospect (Figure 7). Both prospects are marked by prominent VTEM anomalism and the presence of ultramafic lithology and geochemical anomalies. PL 59/2008 "Maibele Extension and Mashambe lie some 5km and 6km respectively east of the Maibele "new zone" and exhibit similar surface geological indicators to those at Maibele North that mark the presence of significant Ni + Cu + PGEs mineralisation.

PL 59/2008 is 100% owned by BML and not currently subject to the JV with BCL.

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

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

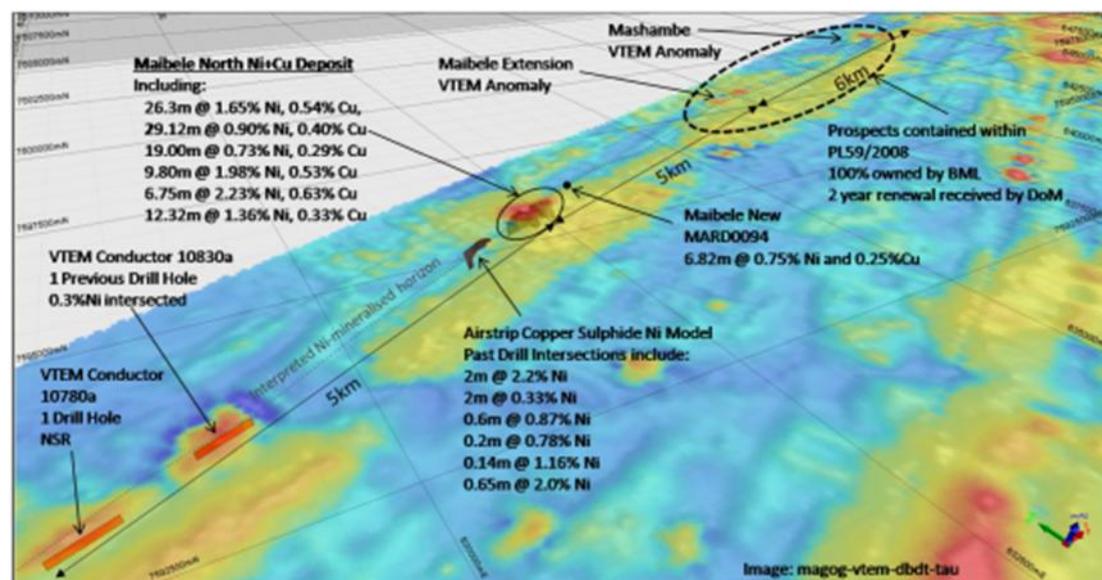


Figure 7: Regional perspective view from above, looking northeast, of the linear horizon along which the Maibele North Airstrip mineralised trend lies. Background image is VTEM db/dt Tau and shows numerous prominent conductive anomalies along the horizon. Sulphide Ni mineralisation has been intersected at Airstrip, Maibele North + Maibele new zone and conductor 10830a.

OTHER JV AREAS OF INTEREST PL54/98 - TAKANE

During the latter half of 2014, the Joint Venture partners undertook a comprehensive review of the exploration potential of all the exploration licences included in the JV agreement. This work included a full review of the regional exploration potential of PL 54/98 that identified an initial total of 10 prospective target areas worthy of follow-up work. The Takane area is approximately 10 km from the Maibele North Prospect and covers the eastern portion of the Limpopo Mobile Belt that extends into eastern Botswana from Zimbabwe where it hosts several significant mineral discoveries. The majority of targets identified are potential ultramafic-associated Ni-Cu sulphide bodies but a number of possible base-metal (Zn+Cu) VMS targets and structurally-hosted gold prospects were also identified.

Further review and analysis highlighted 4 highly prospective Ni-Cu targets and 2 gold targets for immediate exploration ground-work. Exploration targets are typically defined by prominent VTEM anomalies coincident with favourable geological features and often encouraging historic surface geochemistry.

The six VTEM targets selected for initial exploration are shown in Figures 8 and 9 below. All targets are contained within the four Prospect areas:

1. **Mmatsiane Prospect:**

- “Mmats T1” target for nickel and copper will be the first anomaly to be tested on this prospect (Figure 11).

2. **Jumbo prospect:**

- “JUM T1” target for nickel and copper will be the first anomaly to be tested on this prospect (Figure 10).

3. **Makhantlele prospect:**

- “MAK T1” target for nickel and Copper will be the first anomaly to be tested on this prospect (Figure 13).

4. **Kudumane prospect:**

- Three anomalies will initially be tested at Kudumane:
 - “KUDU T1” target for nickel and copper (Figure 12).
 - “KUDU2” and “KUDU3” are targeting gold anomalies.

Initial exploration commenced with infill soil sampling and geological mapping aimed at assessing the VTEM anomalies and confirming regional maps and historic geochemical results. This work was completed late in 2014.

Soil samples were assessed in the field using a handheld portable INNOVEX XRF analyser and the results examined for anomalism in elements such as Ni, Cu, Co, Cr that are considered positive indicators of possible Ni-sulphide mineralisation. Results from the work were encouraging, with samples from the prospective Ni-sulphide targets confirming geochemical anomalism in soil Ni and Cu levels at Mmats T1 and Jum T1 and showing elevated coincident Ni and Cu in the previously untested Mak T1 and Kudu T1 prospects. All of these prospective Ni-sulphide targets contain ultramafic rocktypes coincident with prominent VTEM conductors and elevated soil geochemistry.

The JV partners are highly encouraged by the initial reconnaissance sampling and mapping at the projects and approved stage two of the program including ground geophysical surveys and drill hole design.

Stage two was completed prior to the end of FY15 and included a detailed ground geophysical survey program aimed at providing drill targets at the 4 priority Ni-sulphide prospects at Takane (PL 54/98). The program included 21 line km of ground SQUID EM and 100 line km of ground magnetic surveying (Figure 14).

Data processing and a report detailing the new SQUID targets as well as priority VTEM targets recommended for drilling are ongoing with the results expected in the September quarter.

The JV partners are highly encouraged by the initial reconnaissance sampling and mapping at the projects and believe good potential exists for further discovery of significant base and precious metal deposits.

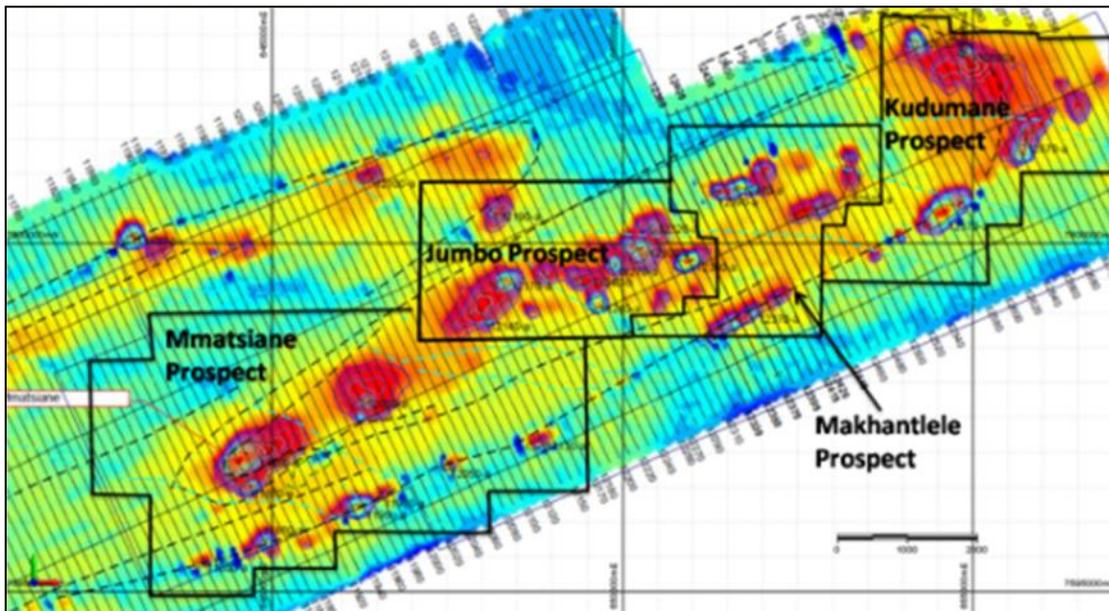


Figure 8: 23 identified VTEM anomalies have been classified into four Prospect zones.

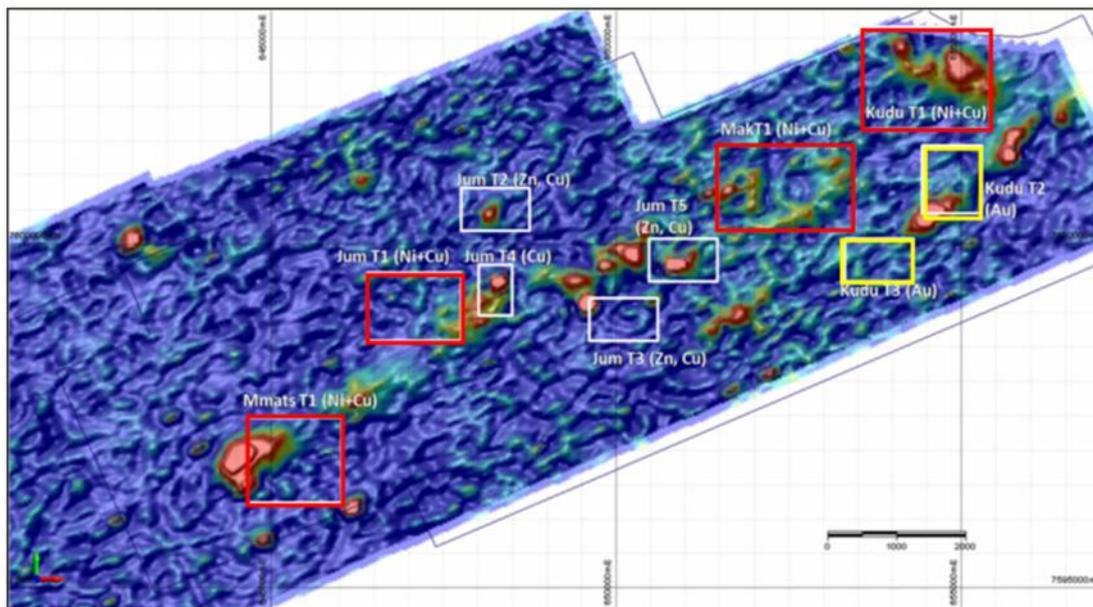


Figure 9: Location of the 10 target areas, including the 6 priority areas earmarked for follow up Exploration. The Ni-Cu targets to undergo ground geophysics are marked by Red Squares, and the 2 gold prospects are marked by yellow Squares. Background is the regional VTEM image

Table 4: Takane: Four priority target areas from PL54/98 selected by the Joint Venture for detailed ground geophysical surveys

TARGET	PROSPECT	Geochem	VTEM	Other Features	Current Work	Work Required
Mmats T1	Mmatsiane	Ni	11880a	Ultramafic present	12 km TDEM 12 km ground mag	Trenching, Drilling
Jum T1	Jumbo	Ni, Cu, Au	N/A	Ultramafic present	12 km TDEM 22.5km ground mag	Trenching, Drilling
Mak T1	Makhantlele	Ni, Cu	12390a, 12410a, 12510a	Ultramafic, fold nose, 'bullseye'	10.8 km TDEM 39 km ground mag	Trenching, Drilling
Kudu T1	Kudumane	Ni, Cu	12620a 12660a	Ultramafic, fold nose	14.5 km TDEM 14.5 km ground mag	Trenching, Drilling

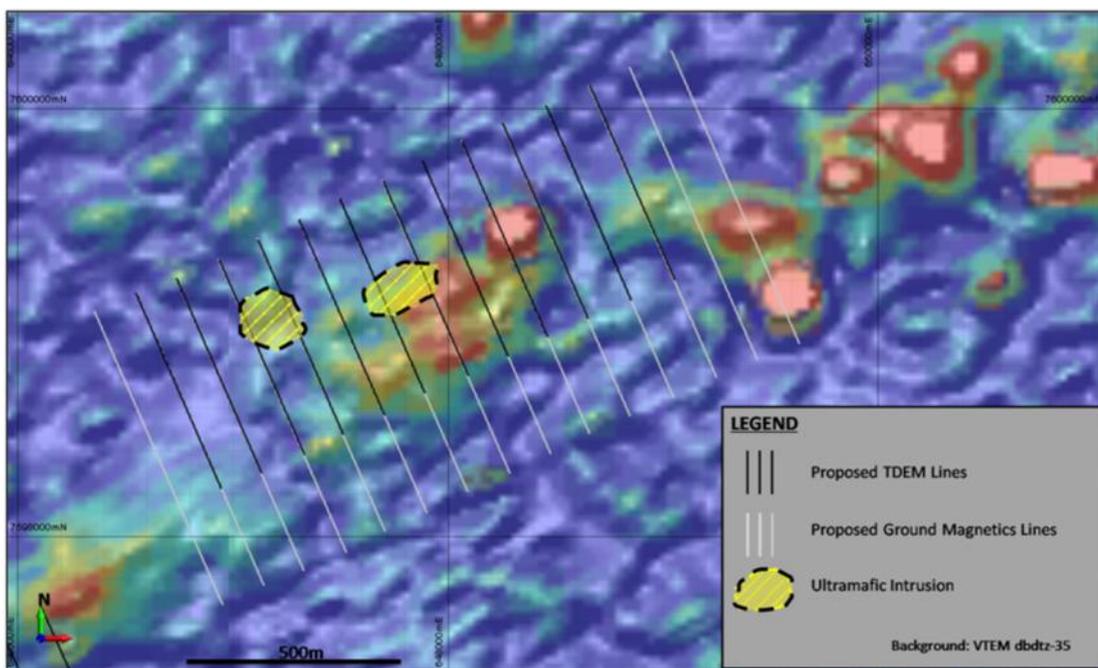


Figure 10: Jum T1 Prospect: Location of the proposed TDEM and ground mag survey lines over the regional VTEM image. Red blobs = strong VTEM conductors. Hashed yellow shape = mapped ultramafic.

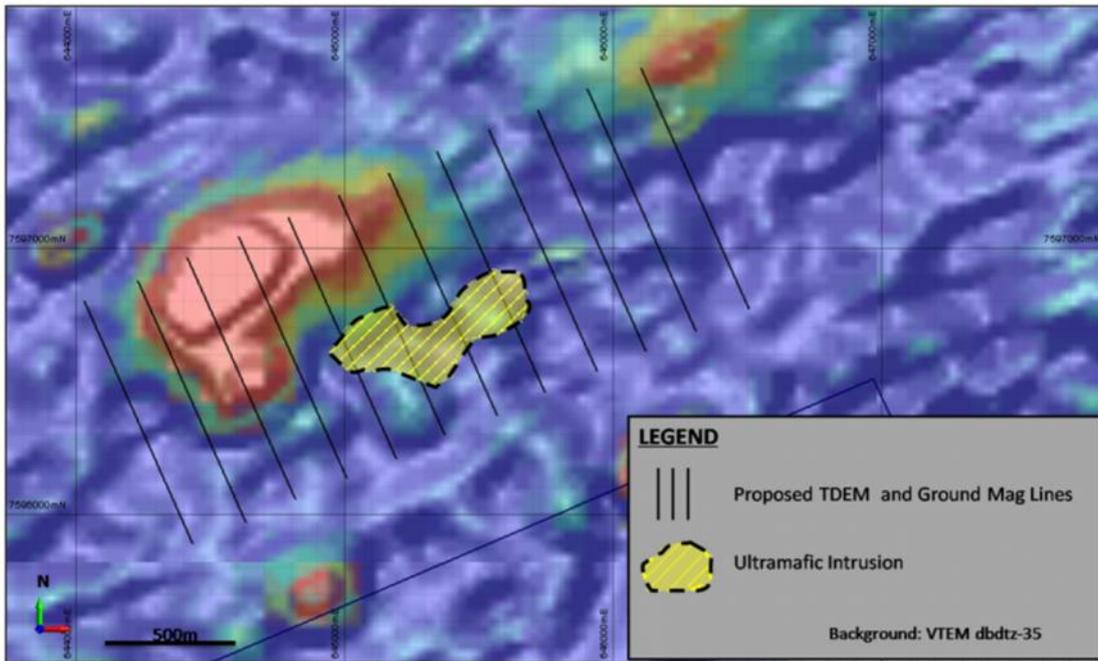


Figure 11: Mmats T1 Prospect: Location of the proposed TDEM and ground mag survey lines over the regional VTEM image. Red blobs strong VTEM conductors. Hashed yellow shape = mapped ultramafic.

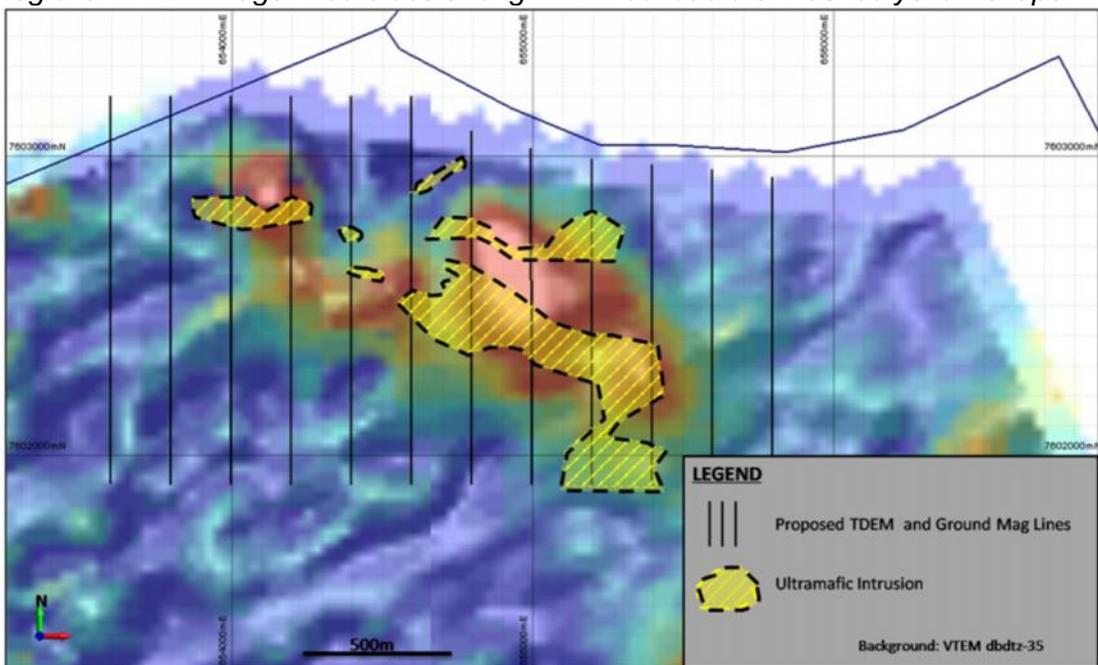


Figure 12: Kudu T1 Prospect: Location of the proposed TDEM and ground mag survey lines over the regional VTEM image. Red blobs strong VTEM conductors. Hashed yellow shape = mapped ultramafic.

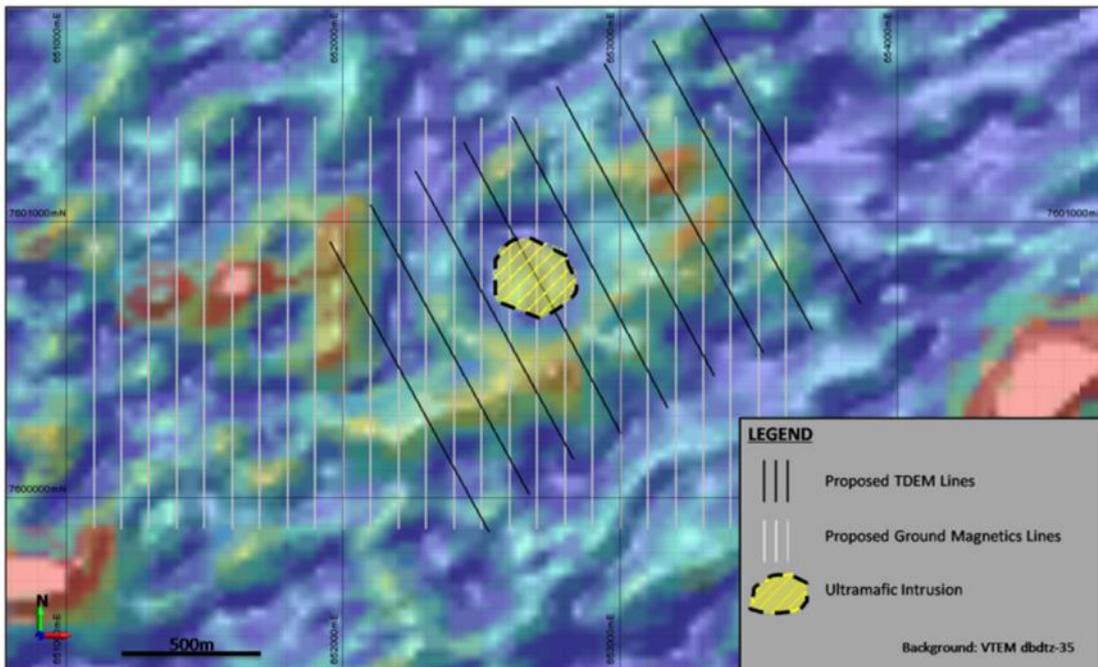


Figure 13: Mak T1 Prospect: Location of the proposed TDEM and ground mag survey lines over the regional VTEM image. Red blobs strong VTEM conductors. Hashed yellow shape = mapped ultramafic.

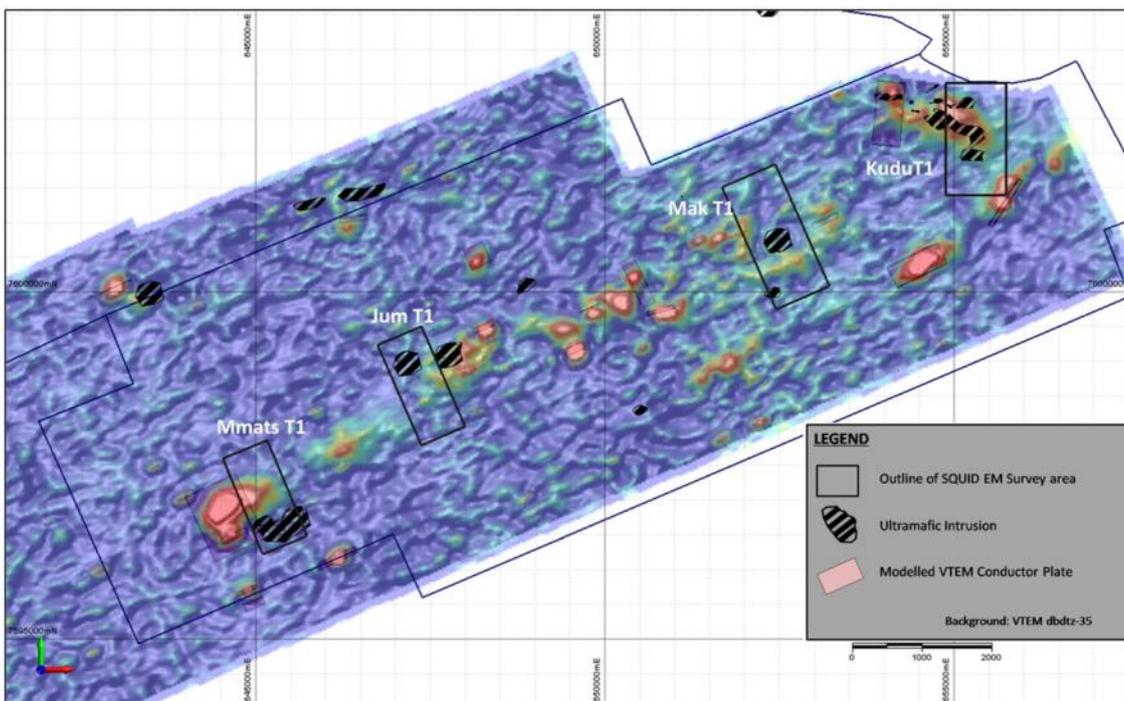


Figure 14: Location of the 4 priority target areas on the regional VTEM image. The outline of the SQUID survey areas are shown (black rectangle) along with ultramafic intrusions and modelled VTEM conductors (faint pink rectangles).

EXPLORATION ACTIVITIES OUTSIDE THE JV PLs DURING THE YEAR PL 59/2008 MAIBELE NORTH EXTENSION

During the year the Board of Botswana Metals Limited was pleased to receive confirmation from the Department of Mines in Botswana that PL 59/2008 and PL 70/2008 had been renewed for a period of two years to September 2016.

The approval of these two 100% owned licences has allowed BML to plan its exploration strategy outside of the BCL Limited Joint Venture ground for 2015/16. Of particular importance is PL 59/2008 where indicators of potential Ni-Cu mineralisation similar to that displayed at Maibele North have been recognised. Previous soil geochemical surveys, geological mapping and airborne VTEM surveys have shown coincident strong conductors at a number of prospects that lie along an interpreted geological horizon that contains the Maibele North orebody and appears to be a preferential host to Ni - Cu mineralisation in the region (Figures 15 and 16).

The PL contains two priority prospects, Maibele North Extension and Mashambe, which both show good indicators of potential Ni + Cu mineralisation similar to that displayed at Maibele. Strong conductors that are coincident with elevated Ni + Cu soil geochemistry and ultramafic rocktypes are present at both prospects. The prospects lie along an interpreted geological horizon that contains a number of Ni + Cu occurrences including the Maibele North Resource, with Maibele Extension some 4 km east of Maibele North and Mashambe a further 6km east of Maibele North Extension.

A third target, Mashambe Northeast, lies some 5km along strike from Mashambe and, although it displays similar geological and geophysical features, is a second priority due to less exploration having been undertaken there to date.

It should also be noted that highly elevated Zinc soil geochemical anomalies exist at Mashambe and rock chips of up to 0.79g/t Au have been collected at Mashambe Northeast. These, along with any other features of interest will be followed up in the course of the exploration program.

Subsequent to the end of FY15, exploration work including geophysical surveys, ground mapping and drill hole design commenced.

Joint Venture partner BCL Limited has a first right of refusal over this area however BML will carry out its own exploration activities over this ground initially.

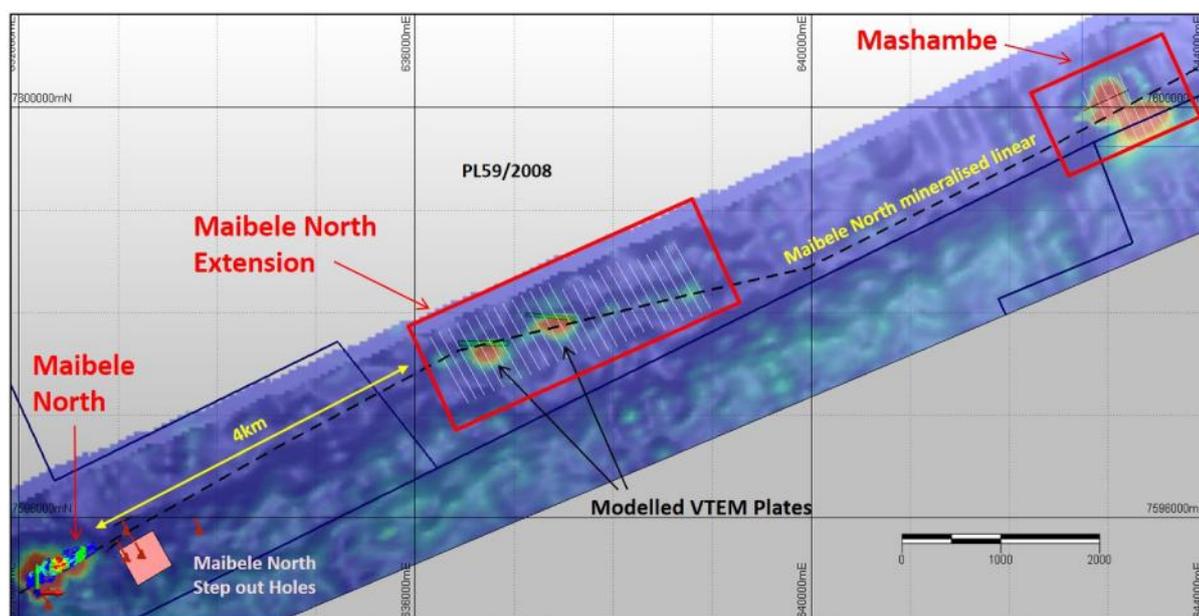


Figure 15: VTEM image showing the position of the PL59 prospects along strike from Maibele North.

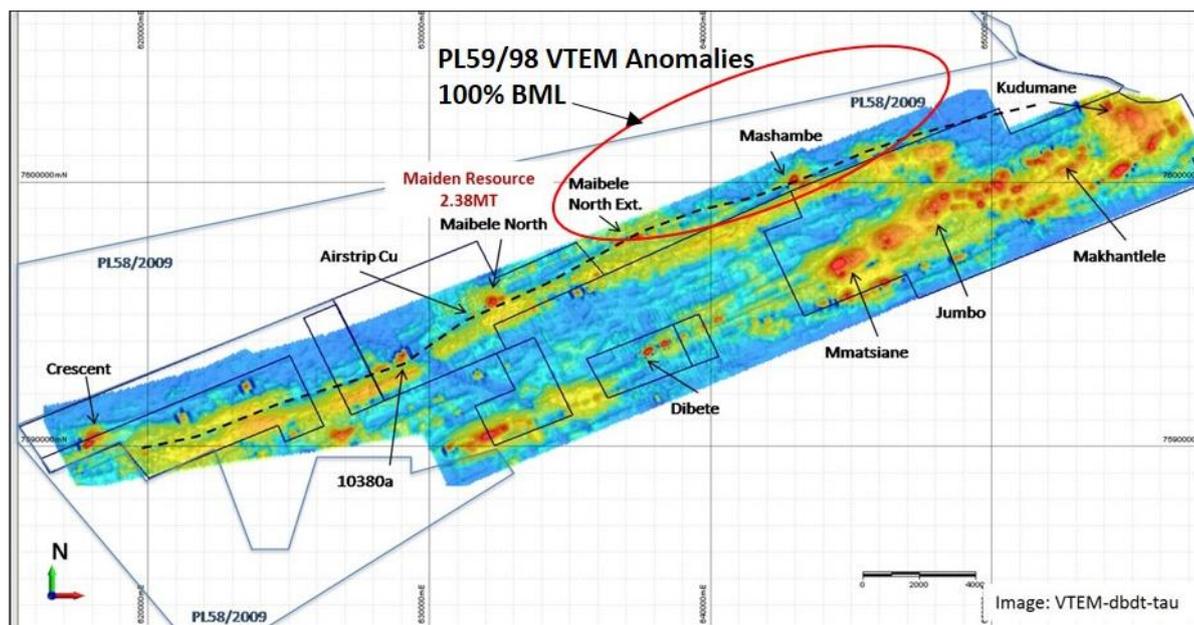


Figure 16: Shows the potential strike length and its direction through BMLs 100% owned PL59/2008. The three VTEM anomalies show up in red at Maibele North Extension and Mashambe.

PROSPECTING LICENCE STATUS 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	31/03/2016	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14
Mokoswane PL 111/94	31/03/2016	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14
Takane PL 54/98	31/03/2016	100	African Metals (Pty) Ltd	J/V with BCL Ltd effective 01/04/14
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Renewal granted until 30/09/16
Central PL 070/2008	30/09/2016	100	African Metals (Pty) Ltd	Renewal granted until 30/09/16
Central Sampa PL 111/2011	30/06/2014	100	African Metals (Pty) Ltd	Renewal application lodged 31/03/14

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 & PL 54/98.
3. PL 110/94, PL 111/94 and PL 54/98 were extended for a further two years to 31 April 2016.
4. 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 three PLs based on meeting 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.

5. Several new PL applications were lodged with the Department of Mines in the March 2015 quarter which are still being processed. These are shown in light green in figure 14 below.
6. PL 126/2011 expired on 30 September 2014 and was not renewed.
7. Other than the details above, the Company did not acquire or dispose of any other tenements or beneficial interests in farm-in agreements during the quarter.

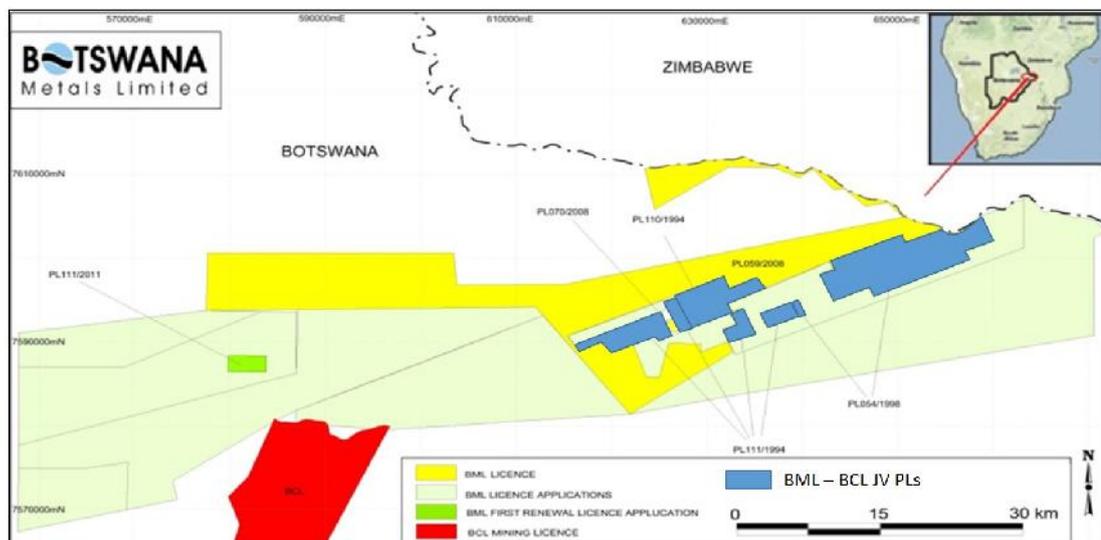


Figure 17: BML exploration tenement portfolio in Botswana. Prospecting Licences subject to the Joint Venture with BCL are shaded light blue.

PL 111/2011 AND PL 126/2011

The Company applied to renew PL 111/2011 on 31 March 2014. No correspondence has yet been received with respect to the application. PL 126/2011 expired on 30 September 2014.

NEW APPLICATIONS

In line with the Company's strategy of securing a majority holding of the highly prospective Limpopo Mobile Zone, in March 2015 the Company applied for several new applications for a Prospecting Licences with the Department of Mines in Botswana. The success of these applications are pending. These are highlighted in light green in the **Figure 17** above.

Competent Persons Statement

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

CORPORATE ACTIVITY

Financial Position

The net assets of the consolidated entity have decreased by \$79,496 to \$7,511,883 as at 30 June 2015.

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:

Prospecting Licences Extended – PL 059/2008 and PL 070/2008

The Department of Mines in Botswana granted the Company's application and the two Prospecting Licences were extended for a period of two years from 1 October 2014 to 30 September 2016.

Farm-in Joint Venture Agreement with BCL Limited

Exploration continued under the Farm-in Joint Venture Agreement with BCL Limited ("BCL"). BCL is spending an initial AUD 4 million on a drilling program to earn 40% of the projects over the areas covered by PL 110/94, PL 111/94 and PL 54/98.

A maiden inferred resource of 2.38 million tonnes at 0.72% Ni, 0.21% Cu and 0.63 g/t 4PGE+Au using a 0.3% Ni cut-off was defined at Maibele North based on the primary (sulphide) mineralisation only.

BCL has the option to continue to fund the projects to the completion of a Bankable Feasibility Study ("BFS") to earn a 70% interest.

At that point, BCL will have the off-take rights at commercial prices, to any ore mined. It is planned to truck ore to the BCL smelter operations at Selebi Phikwe for processing, which is situated 55km to the southwest of our project.

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

Exercise of Listed Options

A total of 215,675 options exercisable at 1.5 cents (\$0.015) per option expiring on 31 December 2016 were exercised and \$3,236 was received by the Company. The Company issued 215,675 new fully paid ordinary shares on the exercise of the options.

Share Purchase Plan

On 19 June 2015 the Company issued an Offer Document for a Share Purchase Plan under which shareholders in Australia or New Zealand were given the opportunity to purchase up to 2,000,000 new fully paid ordinary shares in the company at a cost of up to \$15,000.

The offer was open at the end of the financial year.

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 consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

Share Purchase Plan

The Company issued a total of 77,699,969 new fully paid ordinary shares to successful applicants under the Company's Share Purchase Plan following valid subscriptions totalling \$582,750.

Performance Rights

The Company issued 3,500,000 new fully paid ordinary shares following the exercise of Performance Rights held by two Directors. Mr P J Volpe was issued 3,000,000 shares and Dr P Woolrich was issued 500,000 shares. The Company has recognised an expense of \$28,000 relating to the issue of the Performance Rights in the year 30 June 2015.

Exploration Activities – BCL Joint Venture

BCL approved additional drilling at Maibele North taking the total number of drill metres in the current program to 12,350. Drilling in July at Maibele North confirmed the discovery of a new sulphide zone and continuation of the known Nickel mineralisation. Sulphide intersections up to 19m were encountered.

Further drilling of resource infill holes at Maibele North in August encountered numerous wide sulphide intersections with strongly disseminated, disseminated, massive and semi-massive sulphides.

Exploration Activities – PL 59/2008

Exploration commenced on the Company's 100% owned prospective licence using SQUID TDEM technology with the objective of identifying further conductive anomalies at the three priority VTEM anomalous target zones, two at Maibele North Extension and one at Mashambe.

Future Developments

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

In addition to extensive exploration being undertaken in conjunction with BCL, the Group will also carefully consider its other exploration assets. The Group intends to continue to engage with DOM for a successful resolution of:

- The application to renew PL 111/2011;
- The objection to the decision by the Department of Mines in Botswana to refuse the first renewal of PL 360/2008 and PL 158/2009 in 2013; and
- The applications for new PLs as outlined in the Review of Operations.

Environmental Issues

The consolidated entity holds 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 consolidated entity's licence conditions.

INFORMATION ON DIRECTORS

<p>Patrick John Volpe <i>B.Bus (Acc), P.G.(Tax), CPA</i></p>	<p>Experience:</p>	<p>Executive Chairman for 8 years Background in mining, media, transport, manufacturing, banking and stockbroking with a particular emphasis on corporate restructuring, business acquisitions, investment advising and capital raisings.</p>
	<p>Age:</p>	57
	<p>Special Responsibilities:</p>	<p>Corporate finance and investment. Chairman of the Audit and Compliance Committee</p>
	<p>Interest in securities at date of Directors Report:</p>	<p>78,827,897 Ordinary Shares 44,296,738 Options to acquire Ordinary Shares exercisable at 1.5 cents (\$0.015) expiring 31/12/2016</p>
	<p>Directorships held in other Listed Entities:</p>	<p>He is currently a Director of Bisan Limited (appointed 18 December 2013).</p> <p>He was formerly:</p> <ul style="list-style-type: none"> • Chairman of Bisan Limited (from 18 December 2013 to 7 September 2015). • Chairman of Cardia Bioplastics Limited (from 23 May 1994 to 22 November 2013); • Deputy Chairman of Cohiba Minerals Limited (from 27 November 2013 to 5 August 2015) and Director (from 24 July 2013 to 27 November 2013). • Director of Genesis Resources Limited (from 11 May 2012 to 17 June 2014); <p>All the above are ASX-listed companies. He has not held any other directorships of listed entities over the last 3 years.</p>
<p>Massimo Livio Cellante <i>B. Comm (Deakin)</i></p>	<p>Experience:</p>	<p>Non-Executive Director for 6 years. 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.</p>
	<p>Age:</p>	41

DIRECTORS' REPORT

Special Responsibilities: Member of the Audit and Compliance Committee

Interest in securities at date of Directors Report: 27,529,729 Ordinary Shares
15,000,000 Options to acquire Ordinary Shares exercisable at 1.5 cents (\$0.015) expiring 31/12/2016

Directorships held in other Listed Entities: None.

Paul Woolrich
BSc (honours), MSc, PhD.

Experience: Non-executive director for 7 years.
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).

Age: 70

Interest in securities at date of Directors Report: 3,902,777 Ordinary Shares
1,841,666 Options to acquire Ordinary Shares exercisable at 1.5 cents (\$0.015) expiring 31/12/2016

Directorships held in other Listed Entities: He is currently a director of A-Cap Resources Limited (appointed 18 December 2007), an ASX-listed company, but 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 2015, and the numbers of meetings attended by each director were:

Name	Board		Audit and Compliance Committee	
	Number eligible to attend	Number attended	Number eligible to attend	Number attended
P J Volpe	3	3	-	-
P Woolrich	3	3	-	-
M L Cellante	3	3	-	-

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 consolidated 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 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 consolidated 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. The payment of remuneration recommenced at reduced rates from 1 January 2014. The full amount of Directors remuneration, less payments made, has been accrued as a liability of the Company as at 30 June 2015 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)**Company 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.

Remuneration is based upon market practice, duties and accountability at this stage of the Group's evolution and not linked to Company 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 2015

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 2015 are:

Name	Short-term Benefits	Post-employment Benefits	Share-Based Payments	Total
	Cash Salary & Fees \$	Superannuation \$	Performance Rights \$	
P J Volpe (Executive Director)	180,000	-	24,000	204,000
M L Cellante	15,000	1,425	-	16,425
P Woolrich	15,000	-	4,000	19,000
R Jimenez	36,000	-	-	36,000
Total	246,000	1,425	28,000	275,425

Salary and fees were accrued and unpaid as at 30 June 2015 for Directors as follows: P J Volpe (\$320,000), P Woolrich (\$29,950) and M L Cellante (\$29,950).

In October 2014 the Directors were paid part of their accrued remuneration owing at 30 June 2014 as follows: P J Volpe (\$100,000), P Woolrich (\$8,800) and M L Cellante (\$8,800).

REMUNERATION REPORT (CONTINUED)

Close family members of Mr P J Volpe were employed on a casual basis. Mrs C A Pfeffer was paid \$8,400 plus superannuation guarantee contributions and Mr P A Volpe was paid \$8,400 plus superannuation guarantee contributions.

With effect from 1 July 2013 the Directors voluntarily froze the payment of remuneration pending the clarification of the situation regarding the BCL joint venture and the tenure of the Company's principal exploration assets being PL 110/94, PL 111/94 and PL 54/98. No remuneration was paid to Directors during the period from 1 July 2013 to 31 December 2013. From 1 January 2014 the Company recommenced paying remuneration to Directors in part by cash with the balance accrued.

The remuneration freeze did not constitute a waiver by the Directors to receive their proper remuneration from the Company and accordingly, the total unpaid remuneration of \$379,900 has been accrued as a liability owing to the Directors at year end (2014: \$317,500). The liability is disclosed at Note 13 of the Financial Report.

KMP Remuneration for the year ended 30 June 2014

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 2014 are:

Name	Short-term Benefits	Post-employment Benefits	Share-Based Payments	Total
	Cash Salary & Fees \$	Superannuation \$	Performance Rights \$	
P J Volpe (Executive Director)	60,000	-	-	60,000
M L Cellante	6,250	578	-	6,828
P Woolrich	6,250	-	-	6,250
R C Baker	8,333	-	-	8,333
R Jimenez	31,000	-	-	31,000
Total	111,833	578	-	112,411

Salary and fees were accrued and unpaid as at 30 June 2014 for Directors as follows: P J Volpe (\$270,000), P Woolrich (\$23,750) and M L Cellante (\$23,750).

P J Volpe was paid accrued leave of \$84,482 during the year in addition to the above remuneration.

R C Baker was paid accrued leave of \$14,533 during the year in addition to the above remuneration.

Options Issued as part of remuneration

No options were issued to Directors and other Key Management Personnel as part of their remuneration during the year.

Performance Rights

On 27 February 2015 the Company issued a total of 3,500,000 Performance Rights to two Directors pursuant to the approval of shareholders given at the Annual General Meeting of the Company held on 28 November 2014.

REMUNERATION REPORT (CONTINUED)

Mr P J Volpe was issued 3,000,000 Performance Rights and Dr P Woolrich was issued 500,000 Performance Rights.

The Performance Rights were issued on the basis that they would only be exercisable into Ordinary Shares if the following performance conditions were met:

- the Company defined a JORC compliant inferred resource prior to 30 June 2015; and
- the Director was still a Director of the Company on 30 June 2015.

Upon the conditions being met the Performance Rights would vest and be exercisable into Ordinary Shares on a one-for-one basis.

The rights were exercised subsequent to 30 June 2015 and 3,500,000 were issued to the two Directors.

The Company has recognised an expense of \$28,000 relating to the issue of the Performance Rights in the year 30 June 2015.

Shares Issued on Exercise of Options or Performance Rights

No options or performance rights were exercised by Key Management Personnel during the financial year.

Number of Options Held by Key Management Personnel

2015	Balance 1.7.2014	Granted as Compensation	Exercised	Expired	Net Change Other	Balance 30.6.2015 or date of resignation	Vested and exercisable	Vested and Unexercisable
Mr P J Volpe	44,296,738	-	-	-	-	44,296,738	44,296,738	-
Mr M Cellante	15,000,000	-	-	-	-	15,000,000	15,000,000	-
Dr P Woolrich	1,841,666	-	-	-	-	1,841,666	1,841,666	-
Mr R Jimenez	3,750,000	-	-	-	-	3,750,000	3,750,000	-
Total	64,888,404	-	-	-	-	64,888,404	64,888,404	-

2014	Balance 1.7.2013	Granted as Compensation	Exercised	Expired	Net Change Other*	Balance 30.6.2014 or date of resignation	Vested and exercisable	Vested and Unexercisable
Mr P J Volpe	-	-	-	-	44,296,738	44,296,738	44,296,738	-
Mr M Cellante	-	-	-	-	15,000,000	15,000,000	15,000,000	-
Dr P Woolrich	-	-	-	-	1,841,666	1,841,666	1,841,666	-
Mr R C Baker #	-	-	-	-	-	-	-	-
Mr R Jimenez #	-	-	-	-	3,750,000	3,750,000	3,750,000	-
Total	-	-	-	-	64,888,404	64,888,404	64,888,404	-

* Net Change Other refers to free attaching options issued as part of capital raisings undertaken by the company.

Mr R C Baker resigned on 21/08/2013 and Mr R Jimenez was appointed in his place.

Number of Shares held by Key Management Personnel

2015	Balance 1.7.2014	Received as Compensation	Issued on Exercise of Options	Net Change Other	Balance 30.6.2015 or date of resignation
Mr P J Volpe	73,827,897	-	-	-	73,827,897
Mr M L Cellante	25,529,729	-	-	-	25,529,729
Dr P Woolrich	3,069,444	-	-	-	3,069,444
Mr R Jimenez	3,750,000	-	-	-	3,750,000
Total	106,177,070	-	-	-	106,177,070

REMUNERATION REPORT (CONTINUED)

2014	Balance 1.7.2013	Received as Compensation	Issued on Exercise of Options	Net Change Other*	Balance 30.6.2014 or date of resignation
Mr P J Volpe	29,531,159	-	-	44,296,738	73,827,897
Mr M L Cellante	10,529,729	-	-	15,000,000	25,529,729
Dr P Woolrich	1,227,778	-	-	1,841,666	3,069,444
Mr R C Baker #	169,978	-	-	-	169,978
Mr R Jimenez #	-	-	-	3,750,000	3,750,000
Total	41,458,644	-	-	64,888,404	106,347,048

* Net Change Other refers to shares purchased during the financial year.

Mr R C Baker resigned on 21/08/2013 and Mr R Jimenez was appointed in his place.

Employment Contracts of Directors and Senior Executives

There are no employment contracts with Directors or executive officers.

Other transactions

	2015 \$	2014 \$
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/payable to Woolrich & Associates Pty Ltd, a company of which Dr P Woolrich is a Director and shareholder.	14,375	4,750
Rent received from Cardia Bioplastics Limited, a listed public company of which Mr P J Volpe was a Director and shareholder.	-	(17,502)
Capital raising fees paid to Foxfire Capital Pty Ltd, a company of which Mr P J Volpe is a consultant and shareholder.	-	41,811
Fees and disbursements for printing, postage and processing relating to the Company's Share Purchase Plan paid to CAP Holdings Pty Ltd, a company of which close family members of Mr P J Volpe are Directors and shareholders.	8,829	-
Transactions with Cohiba Minerals Limited ("CHK"), a company of which Mr P J Volpe was a Director and shareholder:		
• Payment of rent to CHK.	12,403	5,278
• IT costs received from CHK;	(850)	-
• Purchase of computer from CHK; and	2,472	-
• Fees received from CHK for office facilities.	-	(9,000)
Transactions with Bisan Limited ("BSN"), a company of which Mr P J Volpe was a Director and shareholder:		
• IT costs received from BSN; and	(850)	-
• EGM costs received from BSN.	(779)	-
Transactions with Cam Bow Holdings (Pty) Ltd ("CBH"), a wholly-owned subsidiary of Cam Bow Limited, a company of which Mr P J Volpe is a Director and shareholder:		
• Contracting fees charged by CBH to African Metals (Pty) Ltd;	22,285	-
• Payments by African Metals (Pty) Ltd for CBH.	-	9,575
	57,885	34,912

REMUNERATION REPORT (CONTINUED)

In addition expenses paid by, or for, Directors and related entities were reimbursed at cost.

During the year ended 30 June 2014 the Company borrowed \$50,000 from Trayburn Pty Ltd ("Trayburn"). Mr P J Volpe is a Director and substantial shareholder of Trayburn. The loan was unsecured, interest free and was fully repaid out of the proceeds of the Company's rights issue.

This concludes the Remuneration Report, which has been audited.

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.

OPTIONS

At the date of this Report, there are 410,233,933 (2014: 410,449,608) unissued ordinary shares of Botswana Metals Limited under option.

A total of 215,675 shares were issued during the year on the exercise of options. No other shares have been issued on the exercise of options. All issued shares are fully paid.

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 2015.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2015 has been received and can be found on page 40 of this Report.

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

A handwritten signature in black ink, appearing to read 'P J Volpe', is positioned above the printed name.

P J Volpe

Director

Dated 30 September 2015

Kew, Victoria

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 2015 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.

A handwritten signature in blue ink that reads 'William Buck'.

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

A handwritten signature in blue ink that reads 'Jeffrey C. Luckins'.

Jeffrey C. Luckins
Director

Dated 30 September 2015

**CHARTERED ACCOUNTANTS
& ADVISORS**

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Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

PO Box 185, Toorak VIC 3142
Telephone: +61 3 9824 8555
williambuck.com

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://www.botswanametals.com.au/ASXCG1.pdf>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**For the year ended 30 June 2015**

	Notes	Consolidated Group	
		2015	2014
		\$	\$
Revenue from Ordinary Activities	2	71,842	113,143
Administration	3	(175,666)	(273,273)
Corporate Expenses		(106,514)	(131,727)
Employment & Consultancy		(515,036)	(455,702)
Net Foreign Exchange Loss		-	(5)
Impairment of Capitalised Exploration Expenditure		-	(84,070)
Loss before Income Tax Expense		(725,374)	(831,634)
Income Tax Expense	4	-	-
Loss for the year attributable to owners of Botswana Metals Limited		(725,374)	(831,634)
Other Comprehensive Income for the year that may be subsequently reclassified to the profit or loss			
Exchange differences on translating foreign controlled operation		623,687	(370,137)
Total Comprehensive Loss attributable to owners of Botswana Metals Limited		(101,687)	(1,201,771)
Basic Loss per Share (cents per share)	7	(0.13)	(0.21)
Diluted Loss per Share (cents per share)	7	(0.13)	(0.21)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION**At 30 June 2015**

	Notes	Consolidated Group	
		2015	2014
		\$	\$
Current Assets			
Cash and cash equivalents	8	276,922	894,729
Trade and other receivables	9	114,770	196,973
Total Current Assets		391,692	1,091,702
Non-Current Assets			
Plant and equipment	11	12,552	40,194
Capitalised exploration and evaluation	12	7,654,934	6,874,599
Total Non-Current Assets		7,667,486	6,914,793
TOTAL ASSETS		8,059,178	8,006,495
Current Liabilities			
Trade and other payables	13	547,295	415,116
Total Current Liabilities		547,295	415,116
TOTAL LIABILITIES		547,295	415,116
Net Assets		7,511,883	7,591,379
Equity			
Issued Capital	14	15,425,548	15,431,357
Reserves	15	(1,926,043)	(2,577,730)
Accumulated Losses		(5,987,622)	(5,262,248)
TOTAL EQUITY		7,511,883	7,591,379

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For year ended 30 June 2015

Consolidated Group

	Issued Share Capital	Share Based Payments Reserve	Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
	\$	\$	\$	\$	\$
Balance at 1 July 2013	13,986,378	-	(4,430,614)	(2,267,593)	7,288,171
Loss after income tax for the year	-	-	(831,634)	-	(831,634)
Other Comprehensive Loss	-	-	-	(370,137)	(370,137)
Options issued to pay expenses	-	60,000	-	-	60,000
Transactions with owners in their capacity as owners					
Shares issued during the period	1,564,471	-	-	-	1,564,471
Share issue costs	(119,492)	-	-	-	(119,492)
Balance at 30 June 2014	15,431,357	60,000	(5,262,248)	(2,637,730)	7,591,379
	\$	\$	\$	\$	\$
Balance at 1 July 2014	15,431,357	60,000	(5,262,248)	(2,637,730)	7,591,379
Loss after income tax for the year	-	-	(725,374)	-	(725,374)
Other Comprehensive Loss	-	-	-	623,687	623,687
Options issued to pay expenses	-	-	-	-	-
Issue of Performance Rights	-	28,000	-	-	28,000
Transactions with owners in their capacity as owners					
Shares issued during the period	3,236	-	-	-	3,236
Share issue costs	(9,045)	-	-	-	(9,045)
Balance at 30 June 2015	15,425,548	88,000	(5,987,622)	(2,014,043)	7,511,883

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS**For the year ended 30 June 2015**

	Notes	Consolidated Group	
		2015	2014
		\$	\$
Cash Flows from Operating Activities			
Receipts from customers (inclusive of GST)		85,682	115,440
Payments to suppliers and employees (inclusive of GST)		(618,475)	(674,784)
Interest received		5,637	2,424
Net Cash Used In Operating Activities	19b	(527,156)	(556,920)
Cash Flows from Investing Activities			
Exploration Expenditure		(145,553)	(169,607)
Purchase of plant and equipment		(2,419)	(1,922)
Loans to other entities		-	(10,886)
Loans repaid by other entities		-	4,212
Net Cash Used In Investing Activities		(147,972)	(178,203)
Cash Flows from Financing Activities			
Issue of share capital		82,236	1,564,410
Payments of share capital issue costs (inclusive of GST)		(9,045)	(131,440)
Proceeds from borrowings		-	50,000
Repayment of borrowings		-	(50,000)
Net Cash Received From (Used In) Financing Activities		73,191	1,432,970
Net Increase/(Decrease) in Cash and cash equivalents held		(601,937)	697,847
Cash and cash equivalents at the Beginning of the Financial Year		894,729	192,926
Foreign currency effect on cash held		(15,870)	3,956
Cash and cash equivalents at the End of the Financial Year	19a	276,922	894,729

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 measurement at fair value 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 \$725,374 (30 June 2014: \$831,634) and operating cash outflows of \$527,156 (30 June 2014: \$556,920). At 30 June 2015 the Group had \$276,922 in cash and cash equivalents (30 June 2014: \$894,729).

The financial position of the Group has stabilised considerably since the BCL farm-in agreement became effective on 1 April 2014 and the Group intends to continue to conduct future exploration activities. The Directors consider that the going concern basis is appropriate for the following reasons:

- The Group has secure tenure to its key exploration assets being PL 110/94, PL 111/94 and PL 54/98 ("the three PLs") and the licences will now run to 31 March 2016.
- BCL is funding exploration activities on the three PLs and is reimbursing the bulk of the administrative and other costs incurred by the Group in Botswana.
- The terms of the BCL farm-in joint venture agreement required that BCL meet all expenditure required to meet the licence conditions of the three PLs.
- The Group has secured the renewal of other tenements PL 59/2008 and PL 70/2008 to 30 September 2016.
- The Company, principally through its Chairman Pat Volpe, has a track record of raising substantial additional capital. The sum of \$1,564,471 (before costs) was raised in the year to 30 June 2014. Subsequent to 30 June 2015 the Company's Share Purchase Plan closed and the Company raised \$582,750 (before costs) to meet its corporate and administration overheads, provide working capital and possibly fund exploration activities on areas outside the BCL farm-in joint venture agreement.
- The Group has continued to reduce overheads wherever possible. A partial freeze on the payment of remuneration to Directors remains in place. The Directors have confirmed their intention and ability to forebear from seeking cash payments from the Company in respect of accrued remuneration owing as at 30 June 2015 for a period of at least 12 months from the date of signing of these accounts, or to such point in time that the company is able to satisfy its commitments and obligations to its suppliers and employees without such help and without jeopardizing its available working capital position. Directors will continue to be paid part of their remuneration in cash and the balance will be accrued.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

- 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 into 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).

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 2015.

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 or 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

Each class of property, plant and equipment is carried at cost as indicated less, where applicable, any accumulated depreciation and impairment losses.

Plant and Equipment

Plant and equipment are measured on the cost basis.

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 consolidated 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. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

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.

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.

(j) 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 result and that outflow can be reliably measured.

(k) 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.

(l) 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 value added tax (VAT).

(m) 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)****(n) 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.

(o) Comparative Figures

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

(p) 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 111/2011 is pending renewal and, in accordance with past practice, the Group has not impaired any of the capitalised exploration expenditure in respect of that licence. The Group has no reason to believe that the licence will not be renewed by the Department of Mines in Botswana.

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 \$7,654,934 (2014: \$6,874,599).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)****(q) Accounting Standards and Interpretations issued but not yet effective**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective and have not been adopted by the Group for the annual reporting period ending 30 June 2015 are outlined in the tables below.

Standard	Mandatory date for annual reporting periods beginning on or after)	Reporting period standard adopted by the Group
AASB 9 Financial Instruments and related standards	1 January 2018	1 July 2018
AASB 2014-4 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016	1 July 2016
AASB 15 Revenue from Contracts with Customers and AASB 2014-5	1 January 2017*	1 July 2017
AASB 2014-9 Equity method in separate financial statements	1 January 2016	1 July 2016
AASB 2015-1 Annual improvements 2012 – 2014 cycle	1 January 2016	1 July 2016
2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101	1 January 2016	1 July 2016
2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality	1 July 2015	1 July 2015

* On 11 September 2015, the International Accounting Standards Board (IASB) issued an amendment to defer the effective date of IFRS 15 (the international equivalent of AASB 15) from 1 January 2017 to 1 January 2018. It is expected that the AASB will make a corresponding amendment to AASB 15, which will mean that the application date of this standard for [entity] will move from 1 July 2017 to 1 July 2018.

Management are currently assessing the impact of these new and revised standards, however, they are not expected to have a material impact on the company.

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

The consolidated entity 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 consolidated entity.

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 REVENUE

	Consolidated Group	
	2015	2014
	\$	\$
Revenue from Ordinary Activities		
Other income		
Interest	5,637	2,684
Recoveries	66,205	65,804
Rent	-	44,655
	71,842	113,143

NOTE 3 EXPENDITURE

	Consolidated Group	
	2015	2014
	\$	\$
Administration		
Office expenses	42,404	106,023
Depreciation expense	34,836	38,895
Rental expense	12,403	76,293
Travel expenses	39,059	43,740
Other expenses	46,964	8,322
	175,666	273,273

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 INCOME TAX EXPENSE

	Consolidated Group	
	2015	2014
	\$	\$
The prima facie tax on loss from ordinary activities before income tax is reconciled to income tax as follows:		
(Loss) before income tax expense	(725,374)	(831,634)
Prima facie (tax benefit) on (loss) from ordinary activities before income tax at 30% (2014: 30%)	(217,612)	(249,490)
Add:		
Tax effect of:		
- Accrued remuneration to directors and management	54,000	95,250
- Performance rights expense	8,400	-
- Non-deductible expenses	3,835	4,037
Less		
Tax effect of:		
- Accrued expenses paid during the year	(35,280)	(30,920)
- Overprovision from prior years	(782)	-
- Other deductible items	(2,030)	-
	(189,469)	(181,123)
Prior year tax losses not previously brought to account	(2,162,159)	(1,981,036)
The Directors estimate that the potential deferred income tax assets at 30 June in respect of tax losses not brought to account is:	(2,351,628)	(2,162,159)
Tax benefits not recognised during the year		
Income Tax Expense for the year	-	-

Tax benefits are not brought to account for the year ended 30 June 2015 (2014: 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

Mr P Volpe
Mr M Cellante
Dr P Woolrich
Mr R Jimenez

Position

Chairman - Executive
Director - Non-executive
Director - Non-executive
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 5 KEY MANAGEMENT PERSONNEL (CONTINUED)****(b) Remuneration paid to Key Management Personnel**

	Consolidated Group	
	2015	2014
	\$	\$
Short-term employee benefits	246,000	111,833
Post-employment benefits	1,425	578
Share-based payments (Performance Rights)	28,000	-
Total	275,425	112,411

Remuneration of \$379,900 for Key Management Personnel was accrued and unpaid at 30 June 2015 (2014: \$317,500). Refer to the Remuneration Report for further information.

NOTE 6 REMUNERATION OF AUDITORS

	Consolidated Group	
	2015	2014
	\$	\$
Remuneration of the auditor of the entity for:		
- Audit or review of the financial statements	20,000	20,000

NOTE 7 LOSS PER SHARE (“LPS”)

	Consolidated Group	
	2015	2014
	\$	\$
a) Reconciliation of losses to profit or loss		
Loss used to calculate basic and diluted LPS	(725,374)	(831,634)
	No.	No.
b) Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	568,815,012	394,123,782
c) Anti-dilutive options on issue not used in dilutive LPS calculation	410,233,933	410,449,608

NOTE 8 CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2015	2014
	\$	\$
Cash at bank and in hand	276,922	95,054
Call deposit	-	799,675
	276,922	894,729

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2015	2014
	\$	\$
Current		
Trade & Other Receivables	114,770	196,973
	114,770	196,973

NOTE 10 CONTROLLED ENTITIES

	Country of Incorporation	Principal Activity	Class of Share	Equity Holding	
				2015 %	2014 %
African Metals (Pty) Ltd	Botswana	Mineral Exploration	Ordinary	100	100

NOTE 11 PLANT AND EQUIPMENT

	Consolidated Group	
	2015	2014
	\$	\$
Plant and equipment		
At cost	375,803	334,905
Accumulated Depreciation	(363,251)	(294,711)
	12,552	40,194

Movements in Carrying Amounts

	Consolidated Group	
	2015	2014
	\$	\$
Balance at 1 July	40,194	115,845
Additions	4,687	1,614
Disposals	-	-
Depreciation charged	(34,836)	(76,061)
Foreign currency translation	2,507	(1,204)
Balance at 30 June	12,552	40,194

No depreciation was capitalised as exploration expenditure during the year (2014: \$37,166).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 12 CAPITALISED EXPLORATION AND EVALUATION**

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

	Consolidated Group	
	2015	2014
	\$	\$
Capitalised exploration and evaluation (at cost)	<u>7,654,934</u>	<u>6,874,599</u>
Movements in carrying values		
Balance at beginning of year	6,874,599	7,105,794
Expenditure during the year	123,639	200,868
Expenditure impaired during the year	-	(84,070)
Foreign currency translation	656,696	(347,993)
Balance at year end	<u>7,654,934</u>	<u>6,874,599</u>

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 (2014: \$37,166).

NOTE 13 TRADE AND OTHER PAYABLES

	Consolidated Group	
	2015	2014
	\$	\$
Current		
Unsecured liabilities		
Trade Payables	15,276	60,504
Sundry payables and accrued expenses	73,119	37,112
Accrued remuneration owing to Directors	379,900	317,500
Share subscriptions received pending issue of shares	79,000	-
	<u>547,295</u>	<u>415,116</u>

The Company received subscriptions of \$79,000 under a Share Purchase Plan prior to balance date and the amount is disclosed as a liability because the shares were not issued until after 30 June 2015.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 ISSUED CAPITAL

	Consolidated Group
	2015 2014
	\$ \$
568,822,164 (2014: 568,606,489) fully paid ordinary shares	15,425,548 15,431,357

(a) Ordinary Shares

	Date	Number of Shares		Issue Price (\$)		\$	
		2015	2014	2015	2014	2015	2014
At the beginning of the reporting period		568,606,489	188,156,881			15,431,357	13,986,378
Shares issued during the year							
- rights issue	30/10/2013	-	282,235,323	-	0.002	-	564,471
- placement	03/04/2014	-	62,500,000	-	0.008	-	500,000
- placement	10/06/2014	-	35,714,285	-	0.014	-	500,000
- exercise options	09/07/2014	200,000	-	0.015	-	3,000	-
- exercise options	03/09/2014	15,675	-	0.015	-	236	-
Costs associated with capital raising						(9,045)	(119,492)
At reporting date		568,822,164	568,606,489			15,425,548	15,431,357

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 2015 and 30 June 2014 are as follows:

	Note	Consolidated Group	
		2015	2014
Total creditors	13	547,295	415,116
Less cash and cash equivalents	8	(276,922)	(894,729)
Net debt		(270,373)	(479,613)
Total equity		7,511,883	7,591,379
Total capital		7,241,510	7,111,766
Gearing ratio		(3.7%)	(6.7%)

(c) Options

Information relating to employee share option plan is set out in Note 20: Share-based Payments.

During the year a total of 215,675 options to acquire ordinary shares exercisable at 1.5 cents per option expiring 31 December 2016 were exercised and the Company received \$3,236. A total of 215,675 fully paid ordinary shares were issued on the exercise of options.

At 30 June 2015 there were 410,233,933 (2014: 410,449,608) unissued ordinary shares under option each option is exercisable at 1.5 cents per option and expires on 31 December 2016.

During the year ended 30 June 2014 the Company issued:

- 380,449,608 options to acquire ordinary shares exercisable at 1.5 cents per option expiring 31 December 2016 were issued at no cost on a one-for-one attaching basis with fully paid ordinary shares issued under a rights issue and two placements; and
- 30,000,000 of the same options in satisfaction of fees totaling \$60,000 owed by the Company to a third party and otherwise payable by the Company in cash.

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	
	2015	2014
	\$	\$
Planned Exploration Expenditure		
Payable		
- not later than 12 months	2,855,035	2,781,942
- between 12 months and 5 years	232,759	2,957,852
- greater than 5 years	-	-
	3,087,794	5,739,794

The estimated figures include amounts submitted to the Department of Geological Survey in Botswana in order to maintain the Group's current rights of tenure to exploration and mining tenements up until the expiry of the leases including the group's joint venture commitments. These obligations are subject to renegotiation upon expiry of the leases and are not provided for in the financial statements. The activation of the farm-in joint venture agreement with BCL Limited ("BCL") has resulted in BCL being obligated to fund a significant portion of the above planned expenditure.

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.

	Consolidated Group	
	2015	2014
	\$	\$
Lease of Premises		
Payable		
- not later than 12 months	-	8,127
- between 12 months and 5 years	-	-
- greater than 5 years	-	-
	-	8,127

During the year the Company occupied premises provided by Cohiba Minerals Limited which is considered a related party. Further information is contained in Note 22. The head lease ended in February 2015 and the Company continued to occupy the premises on an informal basis.

NOTE 17 CONTINGENT LIABILITIES**Magogaphate Tenement Acquisition**

Although the Company acquired a 100% interest in the Magogaphate group of tenements in Botswana from A-Cap Resources Limited in 2007, Mineral Holdings Botswana (Pty) Ltd has retained a right to a 5% net profits share. The Group therefore, has a contingent liability to Mineral Holdings Botswana (Pty) Ltd should it establish a profitable mining operation on those tenements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 18 SEGMENT INFORMATION**

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

NOTE 19 CASH FLOW INFORMATION

Consolidated Group	
2015	2014
\$	\$

(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	276,922	95,054
Call Deposit	-	799,675
Term Deposit	-	-
	276,922	894,729

(b) Reconciliation of cash

Operating Loss after income tax	(725,374)	(831,634)
Non-Cash flows in loss		
- Depreciation	34,836	38,895
- Impairment of capitalised exploration expenditure	-	84,070
- Expenses settled by issue of options	-	60,000
- Performance Rights expense	28,000	-
Working capital		
- (Increase)/decrease in trade and other receivables	82,203	(155,248)
- Increase/(decrease) in trade and other payables	132,179	246,997
- Cash received for shares issued after year-end	(79,000)	-
Net cash (outflow) from operating activities	(527,156)	(556,920)

Non-Cash Financing and Investing Activities

Capitalised depreciation for Plant and Equipment	-	37,166
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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 20 SHARE-BASED PAYMENTS**

The Company established the Executive and Employee Option Plan on 2 July 2008. All employees are entitled to participate in the scheme at the discretion of the Directors and upon terms stipulated by the directors.

The options are issued for no consideration and carry no entitlements to voting rights or dividends of the group.

There are no outstanding options issued under the Executive and Employee Option Plan.

No options were exercised or lapsed.

Performance Rights

On 27 February 2015 the Company issued a total of 3,500,000 Performance Rights to two Directors pursuant to the approval of shareholders given at the Annual General Meeting of the Company held on 28 November 2014.

Mr P J Volpe was issued 3,000,000 Performance Rights and Dr P Woolrich was issued 500,000 Performance Rights.

The Performance Rights were issued on the basis that they would only be exercisable into Ordinary Shares if the following performance conditions were met:

- the Company defined a JORC compliant inferred resource prior to 30 June 2015; and
- the Director was still a Director of the Company on 30 June 2015.

Upon the conditions being met the Performance Rights would vest and be exercisable into Ordinary Shares on a one-for-one basis.

The rights were exercised subsequent to 30 June 2015 and 3,500,000 fully paid ordinary shares were issued to the two Directors.

The Company has recognised an expense of \$28,000 relating to the issue of the Performance Rights in the year 30 June 2015.

For the year ended 30 June 2015 there were no other share-based payments.

During the year ended 30 June 2014 the Company issued 30,000,000 options to acquire new fully paid ordinary shares exercisable at 1.5 cents (\$0.015) per option and expiring on 31 December 2016. The options were issued in satisfaction of fees of \$60,000 owing by the Company to a third party that were otherwise payable in cash. The market value of the options was \$60,000 at the date that the Company and third party agreed to the issue of the options. Due to the need to obtain shareholder approval, the options were not issued until a later date. There were no other share based payments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**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 consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

Share Purchase Plan

The Company issued a total of 77,699,969 new fully paid ordinary shares to successful applicants under the Company's Share Purchase Plan following valid subscriptions totalling \$582,750.

Performance Rights

The Company issued 3,500,000 new fully paid ordinary shares following the exercise of Performance Rights held by two Directors. Mr P J Volpe was issued 3,000,000 shares and Dr P Woolrich was issued 500,000 shares. The Company has recognised an expense of \$28,000 relating to the issue of the Performance Rights in the year 30 June 2015.

Exploration Activities – BCL Joint Venture

BCL approved additional drilling at Maibele North taking the total number of drill metres in the current program to 12,350. Drilling in July at Maibele North confirmed the discovery of a new sulphide zone and continuation of the known Nickel mineralisation. Sulphide intersections up to 19m were encountered.

Further drilling of resource infill holes at Maibele North in August encountered numerous wide sulphide intersections with strongly disseminated, disseminated, massive and semi-massive sulphides.

Exploration Activities – PL 59/2008

Exploration commenced on the Company's 100% owned prospective licence using SQUID TDEM technology with the objective of identifying further conductive anomalies at the three priority VTEM anomalous target zones, two at Maibele North Extension and one at Mashambe.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 RELATED PARTY INFORMATION

Consolidated Group

	2015	2014
	\$	\$
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/payable to Woolrich & Associates Pty Ltd, a company of which Dr P Woolrich is a Director and shareholder.	14,375	4,750
Rent received from Cardia Bioplastics Limited, a listed public company of which Mr P J Volpe was a Director and shareholder.	-	(17,502)
Capital raising fees paid to Foxfire Capital Pty Ltd, a company of which Mr P J Volpe is a consultant and shareholder.	-	41,811
Fees and disbursements for printing, postage and processing relating to the Company's Share Purchase Plan paid to CAP Holdings Pty Ltd, a company of which close family members of Mr P J Volpe are Directors and shareholders.	8,829	-
Transactions with Cohiba Minerals Limited ("CHK"), a company of which Mr P J Volpe was a Director and shareholder:		
• Payment of rent to CHK;	12,403	5,278
• IT costs received from CHK;	(850)	-
• Purchase of computer from CHK; and	2,472	-
• Fees received from CHK for office facilities.	-	(9,000)
Transactions with Bisan Limited ("BSN"), a company of which Mr P J Volpe was a Director and shareholder:		
• IT costs received from BSN; and	(850)	-
• EGM costs received from BSN.	(779)	-
Transactions with Cam Bow Holdings (Pty) Ltd ("CBH"), a wholly-owned subsidiary of Cam Bow Limited, a company of which Mr P J Volpe is a Director and shareholder:		
• Contracting fees charged by CBH to African Metals (Pty) Ltd;	22,285	-
• Payments by African Metals (Pty) Ltd for CBH.	-	9,575
	57,885	34,912

In addition expenses paid by, or for, Directors and related entities were reimbursed at cost.

Directors

The names of persons who were Directors of Botswana Metals Limited at any time during the years ended 30 June 2015 and 30 June 2014 are as follows: Mr P J Volpe, Dr P Woolrich and Mr M L Cellante.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 RELATED PARTY INFORMATION (CONTINUED)

Other Key Management Personnel

R Jimenez was the only other KMP in office at any time during the year ended 30 June 2015 in his role as Company Secretary.

During the year ended 30 June 2014, Mr R C Baker and Mr R Jimenez were the only other KMP in their roles as Company Secretaries.

Remuneration

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.

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 2015.

During the year ended 30 June 2014 the Company borrowed \$50,000 from Trayburn Pty Ltd ("Trayburn"). Mr P J Volpe is a Director and substantial shareholder of Trayburn. The loan was unsecured, interest free and was fully repaid out of the proceeds of the Company's rights issue.

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

NOTE 23 FINANCIAL RISK MANAGEMENT

(a) Financial Risk Management Policies

The consolidated 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 consolidated 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Policies

(ii) Financial Risk Exposures and Management (continued)

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 2015	<6 months \$	6-12 months \$	1-5 years \$	>5 years \$	Total \$
Financial liabilities					
Trade and other payables	547,295	-	-	-	547,295
Consolidated 2014					
Consolidated 2014	<6 months \$	6-12 months \$	1-5 years \$	>5 years \$	Total \$
Financial liabilities					
Trade and other payables	415,116	-	-	-	415,116

The Directors have confirmed their intention and ability to forebear from seeking cash payments from the Company in respect of accrued remuneration owing as at 30 June 2015 for a period of at least 12 months from the date of signing of these accounts, or to such point in time that the company is able to satisfy its commitments and obligations to its suppliers and employees without such help and without jeopardizing its available working capital position. Directors will continue to be paid part of their remuneration in cash and the balance will be accrued.

Foreign Currency Risk

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

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

At 30 June 2015, 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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 23 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Financial Risk Management Policies

(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)	
	2015	2014	2015	2014	2015	2014
	\$	\$	\$	\$	\$	\$
AUD/BWP +5%	(933)	2,321	31,184	(18,507)	385,519	350,475
AUD/BWP -5%	933	(2,321)	(31,184)	18,507	(385,519)	(350,475)

Management believes the reporting date risk exposures are representative of the risk exposure inherent in the financial instruments.

The lower foreign currency exchange rate sensitivity in profit in 2015 compared with 2014 is attributable to the change in financial performance of African Metals (Pty) Ltd. Equity is more sensitive in 2015 than 2014 because of increased 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	2015	2014
	\$	\$
Assets		
Current assets	290,840	945,426
Non-current assets	11,913,116	11,890,198
Total assets	<u>12,203,956</u>	<u>12,835,624</u>
Liabilities		
Current liabilities	478,814	388,772
Non-current liabilities	-	-
Total liabilities	<u>478,814</u>	<u>388,772</u>
Equity		
Issued capital	15,425,548	15,431,357
Reserves	88,000	60,000
Accumulated losses	(3,788,406)	(3,044,505)
Total equity	<u>11,725,142</u>	<u>12,446,852</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**NOTE 24 PARENT ENTITY DISCLOSURES**

	2015	2014
	\$	\$
Financial Performance		
Loss for the year	(743,901)	(785,552)
Other comprehensive income	-	-
Total comprehensive loss	(743,901)	(785,552)

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 has committed to providing funds to ensure the subsidiary company can fulfil these commitments as well as any other operating commitments.

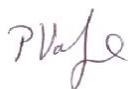
NOTE 25 COMPANY DETAILS

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 42 to 70 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 2015 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.



P J Volpe

Director

Dated 30 September 2015

Kew, Victoria

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA METALS LIMITED AND CONTROLLED ENTITIES

Report on the Financial Report

We have audited the accompanying consolidated financial report of Botswana Metals Limited (the Company) and the entities it controlled at year's end or from time to time during the financial year (the consolidated entity). The consolidated financial report comprises the consolidated statement of financial position as at 30 June 2015, the consolidated statement of comprehensive income¹, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the company and the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

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 Note 1, the directors also state, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements comply with International Financial Reporting Standards.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

CHARTERED ACCOUNTANTS & ADVISORS

Melbourne Office
Level 20, 181 William Street
Melbourne VIC 3000

Hawthorn Office
Level 1, 465 Auburn Road
Hawthorn East VIC 3123

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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA METALS LIMITED AND CONTROLLED ENTITIES (CONT)

Auditor's Opinion

In our opinion:

- a) the financial report of the consolidated entity is in accordance with the Corporations Act 2001, including:
 - i. giving a true and fair view of the Company and consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and
 - ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 of the financial report, which indicates that the consolidated entity incurred a net loss for the period after income tax of \$725,374 (2014: \$831,634) and had net operating cash outflows of \$542,885 (2014: \$556,920) for the year ended 30 June 2015. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the entity's ability to continue as a going concern and therefore the entity may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2015. 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.

Auditor's Opinion

In our opinion, the Remuneration Report of Botswana Metals Limited for the year ended 30 June 2015, complies with section 300A of the Corporations Act 2001.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF BOTSWANA METALS LIMITED AND
CONTROLLED ENTITIES (CONT)**

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report of Botswana Metals Limited for the year ended 30 June 2015 included on the company's web site. The company's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of the company's web site. The auditor's report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

William Buck .

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

Jeffrey C. Luckins

Jeffrey C. Luckins
Director

Dated 30 September 2015

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 28 September 2015.

(A) NUMBER OF HOLDERS OF EACH CLASS OF SECURITIES

Ordinary Shares

2,141 holders

Options - quoted

394 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	274	127,231	0.02%
1,001 – 5,000	320	923,047	0.14%
5,001 – 10,000	177	1,424,613	0.22%
10,001 – 100,000	728	33,821,628	5.20%
100,001 and over	636	613,725,614	94.42%
	2,135	650,022,133	100.00%

There were 1,427 holders of less than a marketable parcel of ordinary shares.

Options - quoted

Exercise price \$0.015 – expiring 31/12/2016

	Holders	Units	Percentage
1 – 1,000	3	1,337	>0.01%
1,001 – 5,000	13	36,401	0.01%
5,001 – 10,000	16	120,266	0.03%
10,001 – 100,000	104	5,382,528	1.31%
100,001 and over	259	404,693,401	98.64%
	395	410,233,933	100.00%

There were 194 holders of less than a marketable parcel of options

(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	73,827,897	12.13%
Polarity B Pty Ltd	27,676,216	4.26%
Bell IXL Investments Pty Ltd / Cellante Securities Pty Ltd	27,529,729	4.24%
J P Morgan Nominees Australia Limited	11,284,101	1.74%

SHAREHOLDER INFORMATION (CONTINUED)

Mr Brentleigh Grant Mezger	8,500,000	1.31%
YAD Investments Pty Ltd	8,270,000	1.27%
Rokeba Nominees Pty Ltd	7,000,000	1.08%
Mrs Ratchaporn Songprasit	6,875,000	1.06%
Pathold No 77 Pty Ltd	6,533,276	1.00%
Mr Kong Loong Wong	6,350,000	0.98%
Riotek Pty Ltd	6,025,084	0.93%
Sir Rupert Grant Alexander Clarke	6,000,000	0.92%
Mr Rex Hsuan Yin Lin	5,133,333	0.79%
Mr Adam Bowen	5,100,000	0.79%
Productfoam Holdings Pty Ltd	5,000,000	0.77%
Claric 182 Pty Ltd	4,889,137	0.75%
Mr Jason David Moon	4,850,302	0.75%
Citicorp Nominees Pty Ltd	4,553,556	0.70%
Kumova Securities Pty Ltd	4,424,364	0.68%
K J Hayes Corporation Pty Ltd	4,200,000	0.65%
	239,021,995	36.80%

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

	Options – quoted	
	Number	Percentage
Vermar Pty Ltd / Trayburn Pty Ltd	44,296,738	10.80%
Polarity B Pty Ltd	20,890,483	5.09%
S H Rayburn Nominees Pty Ltd	16,300,000	3.98%
Cellante Securities Pty Ltd	15,000,000	3.66%
Mr Kong Loong Wong	15,000,000	3.66%
YAD Investments Pty Ltd	10,000,000	2.44%
Mr Roger William Harris Arundell	8,600,000	2.10%
Mr Jason Yin	6,800,000	1.66%
Mr Daniel McKinnirey	6,500,000	1.58%
CBN Enterprises Pty Ltd	6,150,000	1.50%
Kushkush Investments Pty Ltd	5,066,400	1.24%
Mr Rex Hsuan Yin Lin	5,000,000	1.22%
Shenley Pty Ltd	5,000,000	1.22%
Mr Rodham Wilson	4,300,000	1.05%
Mr Graeme Alan Menzies	4,200,000	1.02%
F C Investments Pty Ltd	4,125,000	1.00%
Mr Itzhak Benedikt	4,087,500	1.00%
Mr Sufian Ahmad	4,045,331	0.99%
Tirelem Pty Ltd	4,000,000	0.98%
Toro De Plata Pty Ltd	4,000,000	0.98%
	193,361,452	47.17%

SHAREHOLDER INFORMATION (CONTINUED)

(D) SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

	Ordinary Shares Number	Percentage
Vermar Pty Ltd / Trayburn Pty Ltd	78,827,897	12.13%

(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.

Options

No voting rights.

(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	Title Holder	Comment
Magogaphate PL 110/94	31/03/2016	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. Licence renewed on 1 April 2014 for two years.
Mokoswane PL 111/94	31/03/2016	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. Licence renewed on 1 April 2014 for two years.
Takane PL 54/98	31/03/2016	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd holds 5% net profits share. Licence renewed on 1 April 2014 for two years.
Shashe South PL 059/2008	30/09/2016	100	African Metals (Pty) Ltd	Licence renewed on 1 October 2014 for two years.
Central PL 070/2008	30/09/2016	100	African Metals (Pty) Ltd	Licence renewed on 1 October 2014 for two years.
Central Sampa PL 111/2011	30/06/2014	100	African Metals (Pty) Ltd	Application for renewal submitted 27 March 2014.

In June 2013 African Metals (Pty) Ltd objected to the decision of the Department of Mines in Botswana to reject the renewal applications for PL 360/2008 and PL 158/2009. A formal response is yet to be received.

On 30 September 2014 PL 126/2011 lapsed and was not renewed.

During the year ended 30 June 2015 African Metals (Pty) Ltd applied to the Department of Mines in Botswana for the grant of a number of new prospecting licences. No advice has yet been received as to the outcome of the applications.