BOTSWANA METALS LIMITED
AND ITS CONTROLLED ENTITIES
ACN 122 995 073

ANNUAL REPORT
30 JUNE 2013

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CORPORATE DIRECTORY

Directors:	Patrick John Volpe (Executive Chairman) Massimo Livio Cellante Paul Woolrich
Company Secretary:	Richard Charles Baker
Registered Office:	Suite 5, Level 1 310 Whitehorse Road BALWYN VICTORIA 3103 Telephone (03) 9830 7676 Facsimile (03) 9836 3056
Share Registry:	Advanced Share Registry Services Limited 150 Stirling Highway NEDLANDS WA 6009 Telephone (08) 9389 8033 Facsimile (08) 9389 7871
Banker:	Bank of Melbourne Level 8 530 Collins Street MELBOURNE VIC 3000
Auditor:	William Buck Audit (Vic) Pty Ltd Level 20, 181 William Street MELBOURNE VIC 3000
Lawyers:	Mills Oakley Lawyers Level 6 530 Collins Street MELBOURNE VIC 3000
Stock Exchange:	ASX Limited Level 45, Rialto South Tower 525 Collins Street MELBOURNE VIC 3000

CHAIRMAN'S REPORT

On behalf of the Botswana Metals Limited ("BML" or "the Company") Board, I present the Annual Report audited as at 30 June 2013.

Botswana Metals Limited made two significant achievements in the 2013 financial year.

These two achievements are:

- Entering into a Farm-in Joint Venture Agreement with BCL Limited ***SUBJECT TO*** the granting of three Retention Licences, the details which are provided in the Directors' Report; and
- The lodgment of these three Retention Licence applications over the same area that form part of the BCL Agreement with the Department of Mines ("DOM") in Botswana.

The Retention Licence applications cover a selected area of 107sq km over areas of Prospecting Licences (PLs) 110/94, 111/94 and 54/98 where three discoveries known as Airstrip Copper, Dibete and Maibele North have been made for Copper-Silver and Nickel-Copper mineralisation.

A decision by the DOM to grant these Retention Licenses is pending, however, on 5 August 2013 the DOM advised the Company that;

- BML has been granted an extension to these three PLs until 31 December 2013; and
- the Company is required to provide within 90 days from the 5 August 2013 more information in order to support the Feasibility Studies already lodged by the Company that the DOM believes to contain deficiencies. The Directors' Report provides the details of the requests and requirements of the DOM as per their letter of 5 August 2013.

Whilst your Board is communicating with the DOM in respect to these matters, the uncertainty over these licences has made the task of raising funds difficult for the Company.

After a lack of response from shareholders for cash, the Company approached BCL to consider an equity position in order to raise funds to provide working capital to BML for its other exploration plans whilst the Joint Venture decision is pending.

If BCL do not agree to provide equity funding, then the Board will source funds immediately and will look to shareholders for their support.

Your Board believes that the Agreement with BCL will be extremely beneficial to our Company and to shareholders but cannot provide any assurances as to the outcome of the above licence situation.

BCL Limited is a Botswana Mining and Smelting company with the majority shareholder being the Botswana Government with Norilsk Nickel, one of the world's largest nickel-copper producers, holding a small interest.

BCL has been operating an underground Nickel and Copper mine and a processing plant including a smelter at Selebi Phikwe since the 1960s.

BML's other exploration activities during the year has identified two other priority exploration areas outside of the Retention Licence application areas, being **PL59/2008 – Shashe South and PL111/2011 Sampa Central.**

Shashe South will be tested to see if it is a mineralised extension of the Maibele North Nickel Copper and PGE mineralisation zone, situated to the west.

The coming years focus is very much dependant on BML's licencing position in Botswana and on recapitalising the Company with cash to allow for continued exploration on our priority areas.
.
I wish to thank our shareholders for their understanding in a year of uncertainty.

Your Board trusts that shareholders will support BML with its future plans.

Pat Volpe
Chairman
19 August 2013

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 2013.

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

The Company Secretary is Richard Charles Baker, M.Commercial Law, B.Ec., CPA. Mr Baker has qualifications in both law and economics and has held similar positions with other listed companies over the past 9 years. Previously he worked in accounting positions for many years.

PRINCIPAL ACTIVITIES

The Company's principal activities during the year have been the continuing exploration in the mining industry.

There were no significant changes in the nature of the Company's principal activities during the financial year.

OPERATING RESULTS

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

	2013	2012
	$	$
Operating loss after income tax	**(1,760,015)**	(1,107,274)
Net loss attributable to members of the Group	**(1,760,015)**	(1,107,274)

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 ("BML" or the "Company") activities during the year follows.

BOTSWANA THE COUNTRY

Botswana Metals Limited ("BML") was born as its own entity in 2008 after being spun out (demerged) of A-Cap Resources Limited as a Base and Precious Metal Exploration Company focused solely in Botswana. As far back as 1998 when A-Cap Resources Limited exploration assets were held as a subsidiary of Cardia Mining Limited, Botswana was identified by its founders and by current members of the BML Board as a grossly underexplored country.

That vision is now shared internationally as Botswana is being recognised as Africa's most favourable mining destination and ranked as the fifth most attractive investment destination in the world.

With a strong economy and political stability, this English speaking country has enjoyed remarkable progress since its independence in 1966. It is now amongst the world's most successful developing countries and is "a place to be" for mining exploration.

Botswana is known as the "Switzerland of Africa" and is attractive to International companies because of the:

- vast potential for mineral deposits;
- practical and compactable Mining Act and laws;
- predictable environmental regulations;
- stable Government and established parliamentary system;
- clear and concise legal system;
- easy access to banking, airports, road and rail infrastructure;
- accessibility to educated and experienced local technical expertise and services as a result of Botswana's historical involvement in exploration and mining activities;
- Government that has enjoyed the fruits of its vast mineral resources and encourages more mining success to contribute to its economic growth; and
- workable tax regime.

BML is well established in Botswana.

OUR STRATEGY

Your Board has put together an impressive portfolio of base and precious metals assets in the Limpopo belt of eastern Botswana.

These assets are strategically positioned in between two existing nickel mines with a smelter also in close proximity (55km to the southwest).

The Company's strategy is to progress its discoveries to the mine development stage. In September 2012 the Company applied for Retention Licences over areas of PL110/94, PL111/94 and PL54/98, collectively which contain the Maibele North Ni-Cu-PGE Project and the Airstrip Copper & Dibete Cu-Ag Project. At the same time our Company will continue to explore and work to identify other exploration targets with the potential to further value add to the Company's portfolio with the objective of advancing projects from exploration to defined mineral resources.

In November 2012 the Company signed a Farm-in Joint Venture Agreement ("the Agreement") with BCL Limited. Under the Agreement, BCL will spend an initial AUD4 million on a drilling program to earn 40%

of the projects over these areas covered by the Retention Licences, should they be granted. A condition precedent of the Agreement commencing is that the Company must be granted the Retention Licences.

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.

BML's objective is to expand its exploration activities and grow its mineral resources into a cash flow positive and profitable business.

PROSPECT LOCATIONS

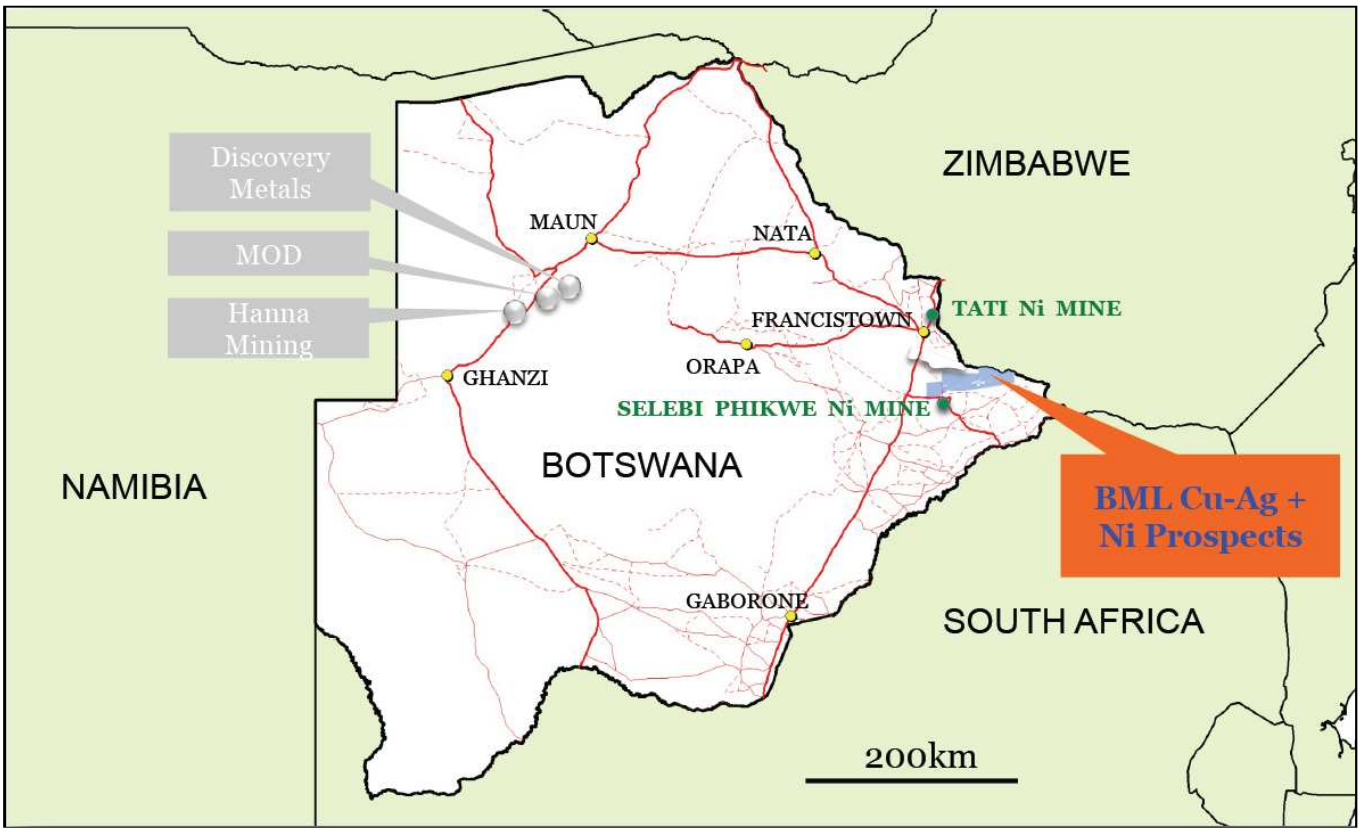

Figure 1: Overview of BML's exploration portfolio of Prospecting Licences and their location in Botswana.

BML's tenements (Figure 1) are situated in northeast f Botswana on the Limpopo belt that extends from Zimbabwe into Botswana. The tenements are between the major nickel producing mines of Selebi Phikwe to the southwest, and Tati Nickel to the north. BML controls circa 1,500 square kilometres of highly prospective exploration ground in its Prospecting Licence ("PL") portfolio (Figure 2).

These PLs cover two important geological domains, each of which hosts major Nickel-Copper deposits. To the north the tenements are situated on the south eastern edge of the Zimbabwe Craton, an Archean age granite greenstone terrain that hosts the well-known Tati Nickel deposits currently being mined by Norilsk Nickel. The Mupane Gold Mine also operates in this vicinity.

The southern tenements cover the Northern Limpopo Mobile Belt. This area hosts the well-known Selebi Phikwe Nickel – Copper deposits operated by BCL, which have been in operation since the 1970s.

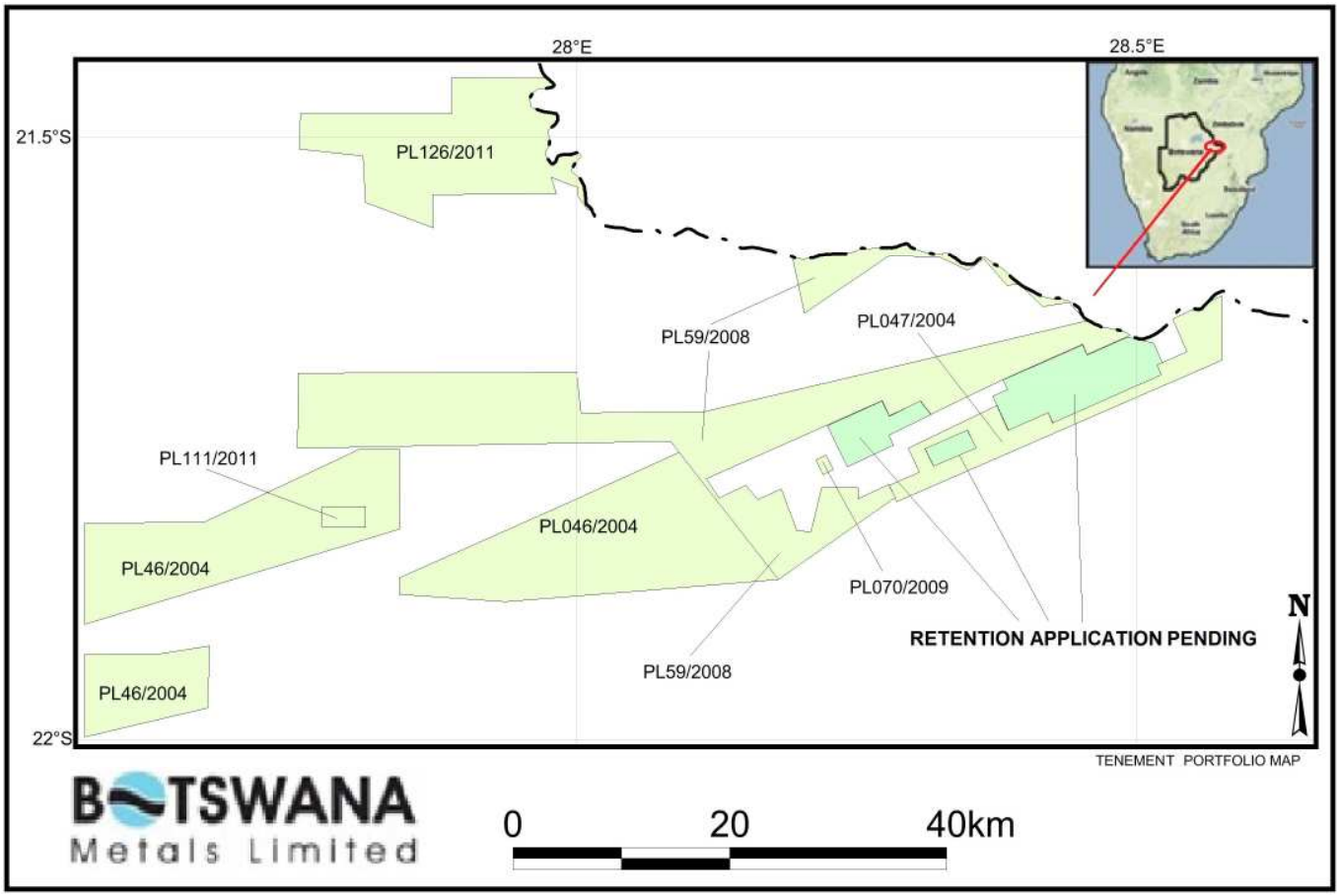

Figure 2: Current BML Tenement that cover circa 1,500km along the Limpopo Belt on the East of Botswana.

EXPLORATION REPORT

Summary

- Retention Licence applications for areas of the former Prospecting Licences 110/94, 111/94 and 54/98 totalling 107.4 square kilometres submitted to the Department of Mines in Botswana;
- In addition to the areas subject to the Retention Licence application, BML's exploration portfolio covers approximately 1,362 square kilometres;
- The Company relinquished its interests in Prospecting Licences 14/2003, 360/2008 and 158/2009 and impaired the full value of capitalised exploration expenditure during the year for Prospecting Licences 14/2003, 360/2008, 158/2009, 46/2004 and 47/2004.
- Three discoveries: Airstrip Copper copper-silver, Maibele North nickel-copper and Dibete copper-silver projects;
- Initial JORC compliant Resources at Airstrip and Dibete;
- Within the exploration portfolio other prospective targets identified;
- 55km from Selebi Phikwe smelter;
- BML successful in negotiations with local smelter (BCL Limited) as potential strategic partner;
- Local village support for potential mine development; and
- The Company received notice from the Department of Mines in Botswana to provide additional information within 90 days from 5 August 2013 pertaining to the Feasibility Studies submitted as part of the Retention Licence applications that were lodged during the year. The DOM also

stated that it had granted extensions to Prospecting Licences 110/94, 111/94 and 54/98 to 31 December 2013.

The Company has obtained an initial JORC compliant resource at both Airstrip and Dibete with additional drilling required to bring Maibele North to JORC compliant status.

Feasibility studies completed at both Maibele North nickel-copper and Airstrip / Dibete copper-silver deposits. An Environmental Impact Assessment ("EIA") commenced with a Preliminary Environmental Impact Assessment report and scoping study completed and lodged with the Department of Environmental Affairs. Meetings with the local village authorities confirm their support for any potential mining operations within our licences.

Farm-in Joint Venture Agreement with BCL Limited

In November 2012, the Company signed a Farm-in Joint Venture Agreement ("the Agreement") with BCL Limited. Under the Agreement, BCL will spend an initial AUD4 million on a drilling program to earn 40% of the projects over the areas covered by the Retention Licences, should they be granted.

A condition precedent of the Agreement commencing is that the Company must be granted the Retention Licences.

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.

BCL also has the option to participate in exploration of any other Prospecting Licences held by BML.

Exploration during the year

The Company's other exploration tenements have been reviewed and some work carried out in the 2012 year. This will be prioritised for additional exploration in 2013 but will be dependent on available cash resources and other priorities.

PL111/2011 – Sampa Central

The mapping program conducted in the December 2012 and March 2013 quarters, concluded that several targets were recommended for further exploration based on their lithology and tectonic structure. The area mapped has been divided into seven separate targets for future soil sampling and trenching programs to test mineralisation presence and tenor of numerous gossans, EM conductors, fold closures and inferred faults.

Mapping that commenced in the December 2012 quarter was completed during the March 2013 quarter. The area covered by this mapping program includes PL111/2011 Sampa Central and areas within PL46/2004 Sampowane that surround PL111/2011.

From the program it was determined that significant mineralisation may occur on or near contacts of mafic and ultramafic bodies as is the case with the Maibele North prospect. The outcrop exposure of the two rock contacts were observed at three locations and a gossan of approximately 5cm width was

observed at one of these locations within the area mapped. The presence of gossan is seen as very positive and many mineralised lenses tend to pinch and swell over short distances. Several targets are recommended for further exploration based on their lithology and tectonic structure (see Figure 3).

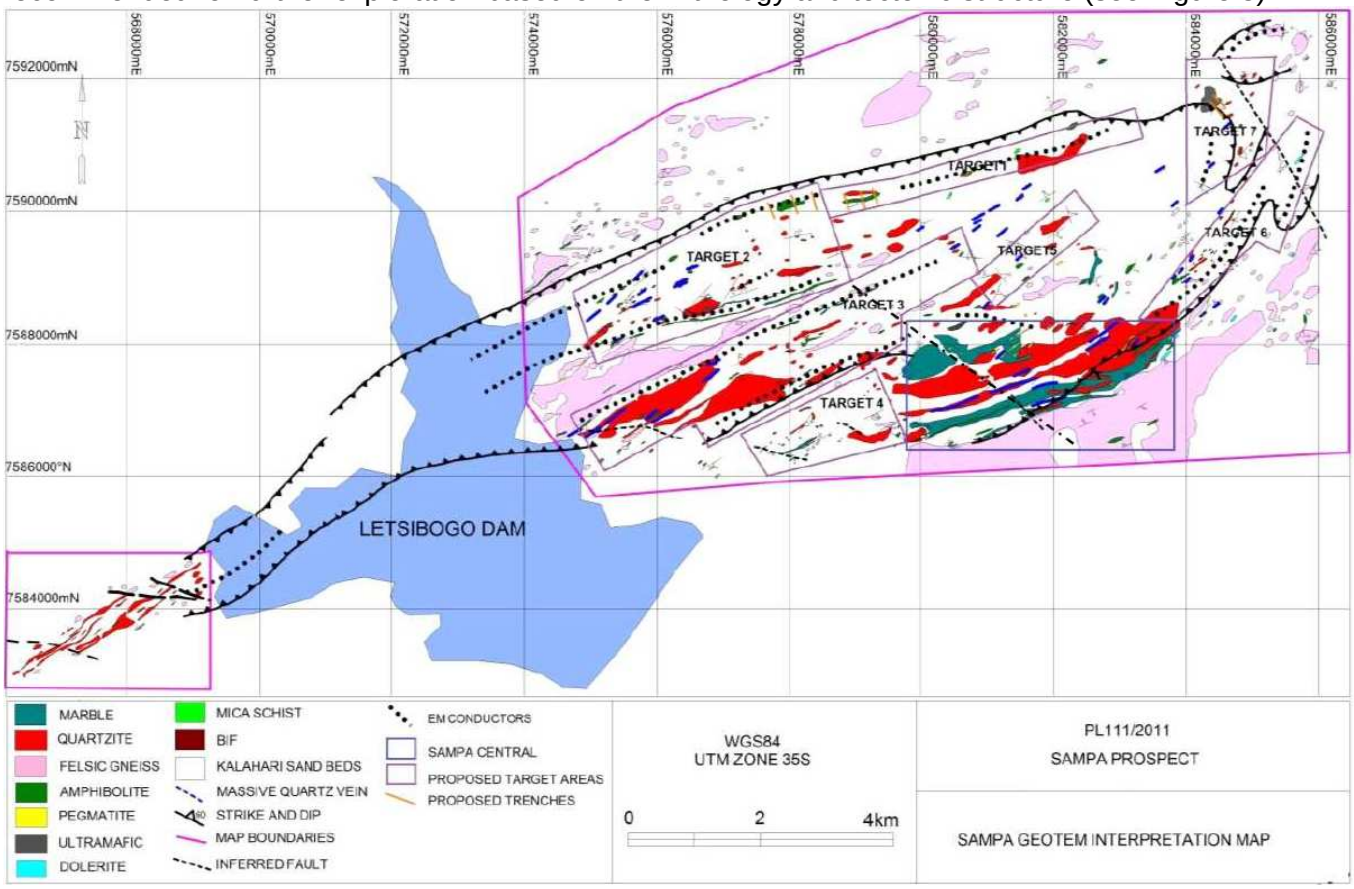

Figure 3: Geological map of Sampowane and Sampa Central area showing proposed targets.

Target 1
100m x 25m soil sampling is proposed in this area to target a small gossan and EM conductor picked up by the 1989 GEOTEM survey. Trenching is also proposed to test the extent and nature of gossans in this area.
Target 2
Soil sampling and trenching is proposed to test mineralisation along EM conductors and gossan rubble observed at 100m x 25m spacing.
Target 3
Soil sampling is proposed to test anomalies along two EM conductors picked up by the GEOTEM survey and the inferred fault in this area at 100m x 25m spacing.
Target 4
Soil sampling proposed will test the potential for mineralisation along faults inferred in this area at 200m x 25m spacing.
Target 5
Soil sampling proposed will test the potential for mineralisation in fold closures of this area at 200m x 25m spacing.
Target 6
A proposed soil sampling program will test the potential for mineralisation along EM conductors, banded iron formation and a fold closure identified in this area at 200m x 25m spacing.
Target 7
Soil sampling is proposed at 100m x 25m spacing which will test for anomalies along an EM conductor picked up by the 1989 GEOTEM survey. Trenching is also proposed to test for mineralisation along a mafic-ultramafic contact.

PL59/2008 – Shashe South

In 2012-13 work carried out over PL59/2008 included mapping of an area interpreted to be an extension of the Maibele North host sequence to the Ni-Cu mineralisation (see Figure 4). Soil sampling was also carried out over parts of this extension.

Soils were analysed by hand held Innovex portable XRF machine which produce semi-quantitative results that are adequate to pick up anomalous responses associated with mineralisation. Plots and interpretation of the copper, nickel, zinc, lead and iron responses in the soils are shown in Figures 5-9.

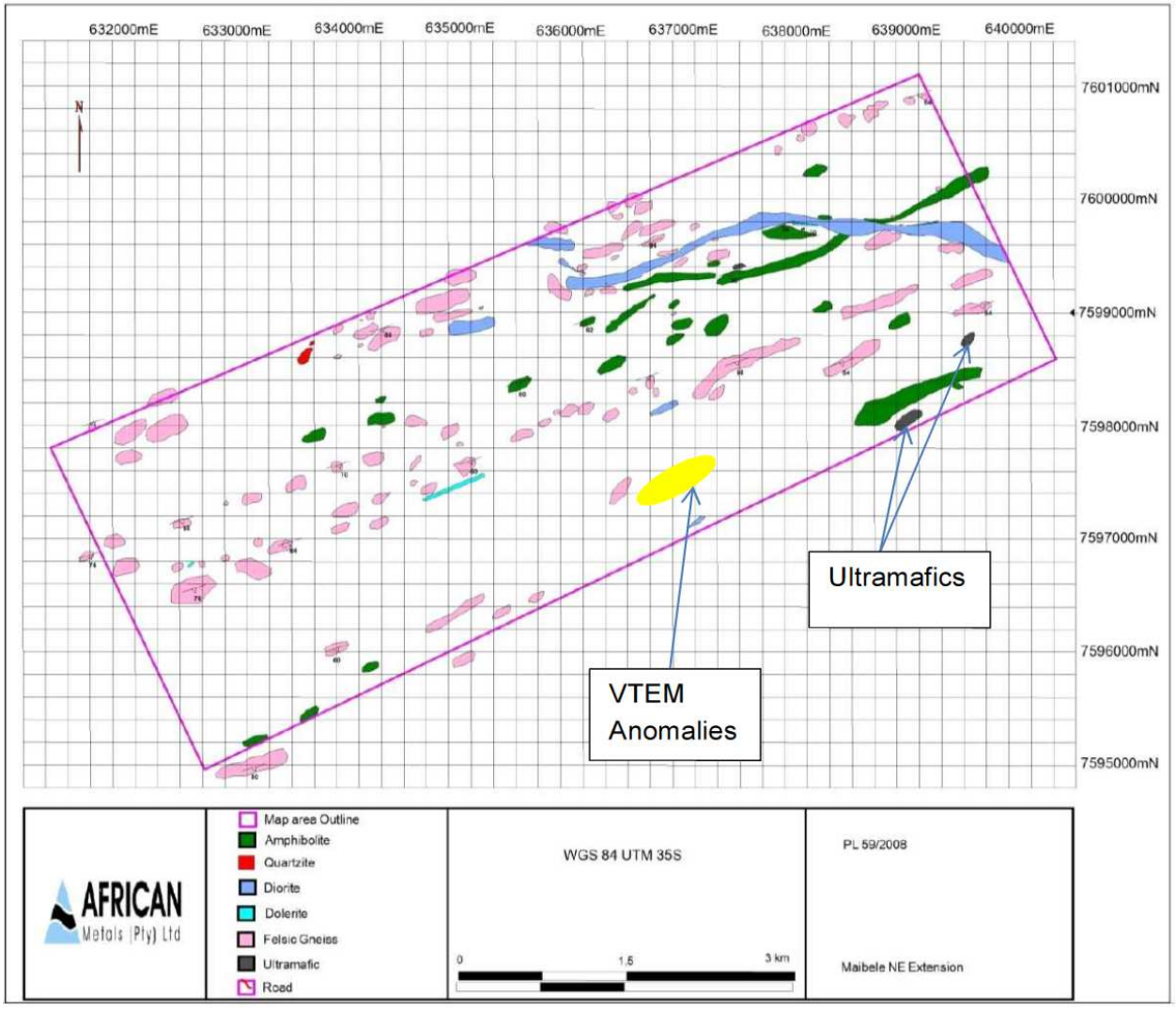

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Figure 4. Geological fact map of the area interpreted to contain extensions to the Maibele North Prospect.

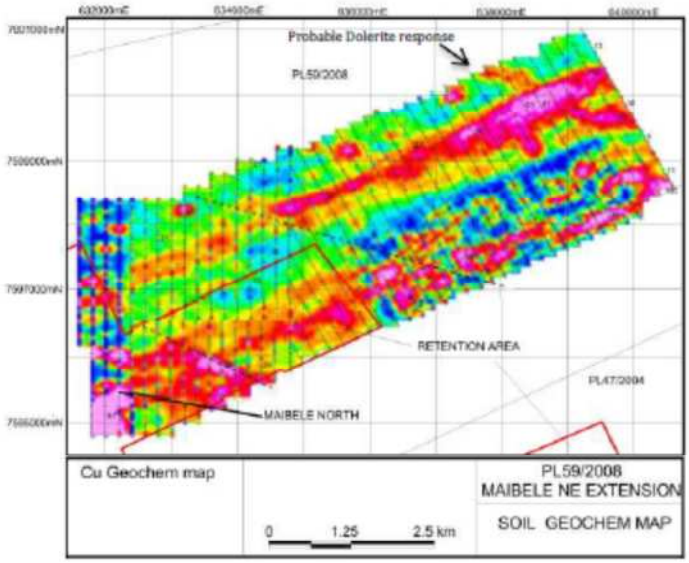

Figure 5 Copper in Soil Plot

Note the strong copper response at Maibele North, due partly to the response from the mafic and ultramafic rocks and also partly due to the presence of Cu-Ni mineralization in this area.

Interpreted faults are shown as thin dashed lines.

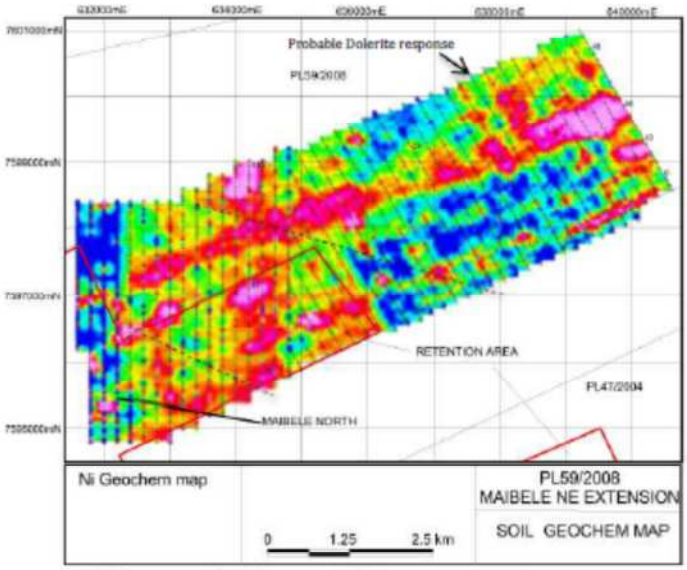

Figure 6 Nickel in Soil Plot

Note the strong but restricted nickel response at Maibele North, due partly to the response from the mafic and ultramafic rocks and also partly due to the presence of Cu-Ni mineralization in this area.

The nickel responses are quite limited at Maibele North which may be due to leaching of much of the nickel from surface soils and exposure of nickel bearing material only from pitting.

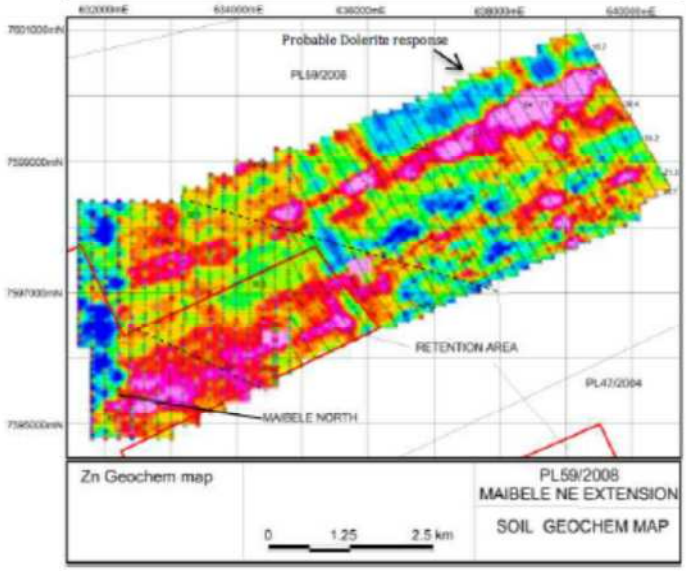

Figure 7. Zinc in Soil Plot

Note the strong zinc response at Maibele North, due mainly to the response from the mafic and ultramafic rocks.

The parallel zone of zinc anomalies to the north are considered to be predominantly lithological in nature and indicating mafic rock types. This is compatible with early satellite imagery mapping shown on figure 3 and also with the fact mapping shown in figure 4.

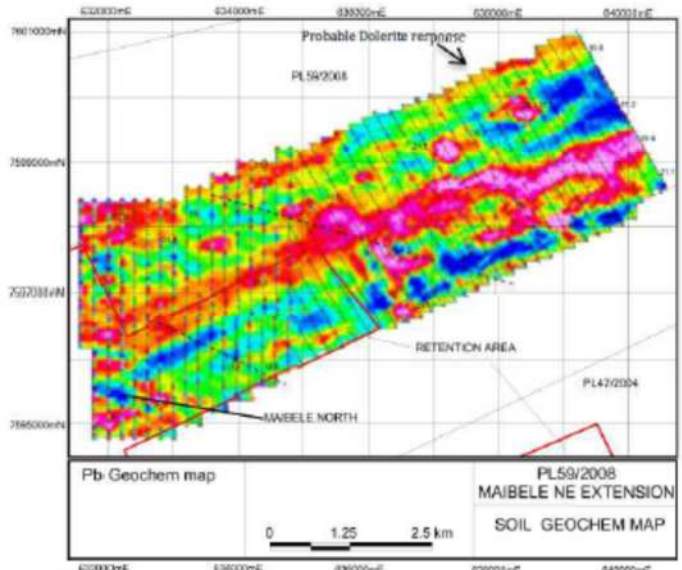

Figure 8. Lead in Soil Plot

Note the strong lead response has no overlap with the mafic rocks and is predominantly in areas of mapped acidic gneisses

Differences in levels between different areas are evident for both lead and for all other elements and suggest either different sampling conditions or changes to the way the XRF machine was used.

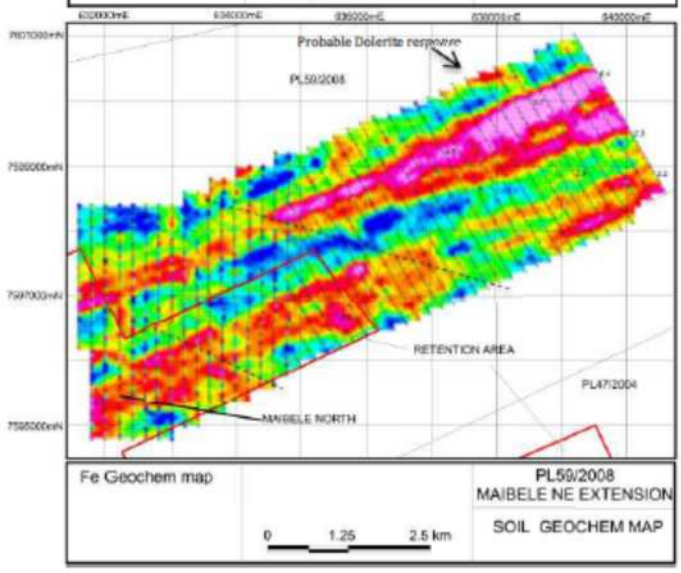

Figure 9. Iron in Soil Plot

Note the strong iron responses have complete overlap with the mafic rocks and is predominantly a lithological response.

Tenement Status

A list of all of BML's Prospecting Licences (PLs) is given on page 64.

During the year the Company lodged three Retention Licence applications over areas of PLs 110/94, 111/94 and 54/98 with the Department of Mines (DOM) in Botswana. On 5 August 2013 the Company received notice from the DOM to provide additional information within 90 days from that date pertaining to the Feasibility Studies submitted as part of the Retention Licence applications. The DOM also stated that it had granted extensions to Prospecting Licences 110/94, 111/94 and 54/98 to 31 December 2013. The Farm-in Joint Venture Agreement with BCL Limited is conditional on the Retention Licences being granted.

Also during the year the DOM formally advised the Company that its applications for renewals of PLs 360/2008 and 158/2009 were not granted. The Company is presently reviewing its position with regard to these PLs.

Competent Persons Statement

(*The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Temby, who is a member of The Australian Institute of Geoscientists.*

Mr Temby has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Temby consents to the inclusion in this report of 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 $1,803,765 to $7,288,171 as at 30 June 2013.

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:

Retention Licence Applications Lodged

In September 2012 the Company applied for three Retention Licences over areas covered by the former Prospecting Licences 110/94 (containing the Maibele North Ni-Cu-PGE Project and the Airstrip Copper & Dibete Cu-Ag Project), 111/94 (containing the Airstrip Copper & Dibete Cu-Ag Project) and 54/98.

On 5 August 2013 the Department of Mines ("DOM") in Botswana stated that the Company has 90 days from the date of the letter to provide additional information to remedy deficiencies in the Feasibility Studies submitted as part of the Retention Licence applications and to show cause why the Retention Licence applications should not be rejected. The DOM also stated that it had granted extensions to Prospecting Licences 110/94, 111/94 and 54/98 to 31 December 2013.

Farm-in Joint Venture Agreement with BCL Limited

In November 2012 the Company signed a Farm-in Joint Venture Agreement ("the Agreement") with BCL Limited. Under the Agreement, BCL will spend an initial AUD4 million on a drilling program to earn 40% of the projects over these areas covered by the Retention Licences, should they be granted. A condition precedent of the Agreement commencing is that the Company must be granted the Retention Licences.

A condition precedent of the Agreement commencing is that the Company must be granted the Retention Licences.

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.

Impairment of capitalised exploration expenditure

During the year the Company impaired the value of capitalised exploration expenditure for Prospecting Licences that were either not renewed or are of low priority that funds will not be allocated to exploration of those Prospecting Licences within the next 12 months.

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.

Refund of subscriptions from Non-renounceable Rights Issue

The Company closed its Non-renounceable Rights Issue ("the Issue") on 11 July 2013. The Issue was undersubscribed. A total of $43,216 was subscribed leaving a shortfall of $709,415.

The Issue was on a 2 for 5 basis plus one free attaching option. Pursuant to the Replacement Prospectus dated 19 June 2013 (and the Supplementary Prospectus dated 28 June 2013) the Company was to apply for listing of the options issued, however due to the poor response to the Issue there was not sufficient spread of those options to enable those options to be listed with the ASX.

As a consequence of the above, the Company refunded amounts subscribed by shareholders who applied for shares pursuant to the Replacement Prospectus (and the Supplementary Prospectus).

Future funding options

On 23 July 2013 the Company announced that it was reviewing its funding options and stated that:

1. It had approached a company in Botswana, BCL Limited, to take a strategic equity investment in BML. No response from BCL Limited has been received as at the date of this Report;
2. Failing participation of BCL Limited discussed above, the Board would reconsider a rights issue to shareholders and seek a potential underwriter; and
3. Seek a short term funding facility to bridge the timing gap required to put the abovementioned options in place.

Retention Licence Update

On 6 August 2013, the Company announced that it had received correspondence from the Department of Mines ("DOM") in Botswana. The DOM stated that the Company has 90 days from the date of the letter to provide additional information to remedy deficiencies in the Feasibility Studies submitted as part of the Retention Licence applications and to show cause why the Retention Licence applications should not be rejected. The DOM also stated that it had granted extensions to Prospecting Licences 110/94, 111/94 and 54/98 to 31 December 2013.

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 particular, the outcome of the Retention Licence applications referred to below and the success of any capital raisings would determine the future developments of the Company.

If the Retention Licences are granted then the Company will commence a Farm-in Joint Venture Agreement with BCL Limited and if not, the Company's exploration strategy will be reviewed. On 5 August 2013 the Department of Mines ("DOM") requested the Company provide additional information to remedy deficiencies in the Feasibility Studies submitted as part of the Retention Licence applications and to show cause why the Retention Licence applications should not be rejected. The DOM also stated that it had granted extensions to Prospecting Licences 110/94, 111/94 and 54/98 to 31 December 2013.

The Company has lodged applications for Retention Licences over the areas subject to the Farm-in Joint Venture Agreement ("the Agreement") and is awaiting approval of those Licences by the DOM in order to satisfy the condition precedent of the Agreement and commence operations under the Agreement.

The future funding requirements of the Company are dependent upon the outcome of the DOM decision that will influence whether the BCL Farm-in Joint Venture Agreement is implemented.

The Company has proposed that BCL take an equity investment to provide immediate working capital. Should this not proceed the Company will look the either shareholders or the capital markets to raise funds required for working capital purposes.

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

Patrick John Volpe *B.Bus (Acc), P.G.(Tax), CPA*	Experience:	Executive Chairman for 7 years Background in mining, media, transport, manufacturing, banking and stockbroking with a particular emphasis on corporate restructuring, business acquisitions, investment advising and capital raisings.
	Age:	55
	Special Responsibilities:	Corporate finance and investment. Chairman of the Audit and Compliance Committee
	Interest in Shares and Options:	29,531,159 Ordinary Shares
	Directorships held in other Listed Entities:	He is currently a Director of Cardia Bioplastics Limited (appointed 23 May 1994), Genesis Resources Limited (appointed 11 May 2012) and Cohiba Minerals Limited (appointed 23 July 2013), all ASX-listed companies, but has not held any other directorships of listed entities over the last 3 years.
Massimo Livio Cellante *B. Comm (Deakin)*	Experience:	Non-Executive Director for 4 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.
	Age:	39
	Special Responsibilities:	Member of the Audit and Compliance Committee
	Interest in Shares and Options:	10,529,729 Ordinary Shares
	Directorships held in other Listed Entities:	He is currently an executive director of Bell IXL Investments Pty Limited, formerly an NSX-listed company, but has not held any other directorships of listed entities over the last 3 years.

Paul Woolrich
BSc (honours), MSc, PhD.

Experience:	Non-executive director for 6 years. Dr Woolrich has over 35 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:	68
Interest in Shares and Options:	977,778 Ordinary Shares
Directorships held in other Listed Entities:	He is currently a director of A-Cap Resources Limited, 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 2013, 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	18	18	2	2
P Woolrich	18	18	-	-
M L Cellante	18	18	2	2

REMUNERATION REPORT

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 based upon benchmarked industry standards. 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 specified executives of the economic entity is as follows:

- The remuneration policy, setting the terms and conditions for the executive Directors and other specified executives, was developed by independent external consultants and approved by the Board based on the professional advice of those consultants.
- All executive directors and specified executives receive a base salary (which is based on factors such as length of service and experience) and superannuation.
- The Board reviews executive directors and specified executives remuneration packages annually by reference to performance and by comparison to industry benchmarks.

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 specified executives receive a superannuation guarantee contribution when classified as employees, required by the government, which is currently 9%, 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.

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.

At the Annual General Meeting of shareholders of Botswana Metals Limited, the adoption of the Remuneration Report as contained in the Company's Annual Report for the financial year ended 30 June 2012 was not approved by shareholders. The Board did not revise remuneration for the year ended 30 June 2013, however as noted in "After Balance Day Events" section of the Directors Report and "Note 21 Events after the end of the reporting period", remuneration paid the Directors was frozen effective 1 July 2013 and the Company Secretary's remuneration was reduced to a total of $60,000 p.a.

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 Profit of Loss and Other 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 specified executives 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 specified executives are paid employee benefit entitlements accrued at the date of retirement. Any options not exercised before or on the date of termination lapse.

Details of the nature and amount of each major element of the remuneration of each Director of Botswana Metals Limited for the year ended 30 June 2013 are:

Name	Short-term Benefits	Post-employment Benefits	Total
	Cash Salary & Fees $	Superannuation $	$
PJ Volpe (Executive Director)	330,000	-	330,000
P Woolrich	30,000	-	30,000
ML Cellante	30,000	2,700	32,700
Total	390,000	2,700	392,700

REMUNERATION REPORT (CONTINUED)

Information in respect of specified executive officers within the consolidated entity receiving the highest emoluments for the year ended 30 June 2013 are:

Name	Short-term Benefits	Post-employment Benefits	Total
	Cash Salary & Fees $	Superannuation $	$
R C Baker	150,000	13,500	163,500

Details of the nature and amount of each major element of the remuneration of each Director of Botswana Metals Limited for the year ended 30 June 2012 are:

Name	Short-term Benefits	Post-employment Benefits	Total
	Cash Salary & Fees $	Superannuation $	$
P J Volpe (Executive Director)	302,752	27,248	330,000
P Woolrich	30,000	-	30,000
M Cellante	30,000	2,700	32,700
Total	362,752	29,948	392,700

Information in respect of specified executive officers within the consolidated entity receiving the highest emoluments for the year ended 30 June 2012 are:

	Short-term Benefits	Post-employment Benefits	
Name	**Cash Salary & Fees** **$**	**Superannuation** **$**	**Total** **$**
R C Baker	150,000	13,500	163,500

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.

Shares Issued on Exercise of Options

No options were exercised by Directors and other Key Management Personnel during the financial year.

Employment Contracts of Directors and Senior Executives

There are no employment contracts with Directors or executive officers.

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.

OPTIONS

At the date of this Report, there are no unissued ordinary shares of Botswana Metals Limited under option.

No further shares have been issued since year end. No amounts are unpaid on any of the shares.

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 2013.

AUDITOR'S INDEPENDENCE DECLARATION

The lead Auditor's Independence Declaration for the year ended 30 June 2013 has been received and can be found on page 24 of this Report.

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

P J Volpe
Director
Dated this 19th day of August 2013
Balwyn, Victoria

William Buck

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF BOTSWANA METALS LIMITED

I declare that, to the best of my knowledge and belief during the year ended 30 June 2013 there have been:

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

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

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

H. D. Paton
Director

Dated this 19th day of August, 2013

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | **Hawthorn:** Level 1, 465 Auburn Road, Hawthorn East VIC 3123
PO Box 185, Toorak VIC 3142 • Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580
williambuck.com

CORPORATE GOVERNANCE STATEMENT

This Statement reflects Botswana Metals Limited's corporate governance policies and practices as at 30 June 2013 and which were in place throughout the year.

The Board's philosophy is to adopt practices that are consistent with the best practice recommendations of the ASX Corporate Governance Council and in the best interests of the Company. The governance practices are reviewed regularly.

A description of the Company's main corporate governance practices is set out below.

PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

The Board's role is to govern the Company rather than to manage it. In governing the Company, the Directors must act in the best interests of the Company as a whole. It is the role of senior management to manage the Company in accordance with the direction and delegations of the Board and the responsibility of the Board to oversee the activities of management in carrying out these delegated duties.

The Board's responsibilities include:

- Leadership of the organisation
- Strategy formulation
- Overseeing planning activities
- Shareholder liaison
- Monitoring compliance and risk management
- Company finances
- Human resources
- Remuneration policy

The Board has delegated the responsibility for management of the Company to the Executive Chairman and senior management who implement the Board's strategies and compliance activities. The Board constantly monitors the performance of the Executive Chairman and senior management in their undertaking of these duties.

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

The Board has been formed so that it has an effective mix of personnel who are committed to discharging their responsibilities and duties, and being of value to the Company.

The names of the Directors, and their qualifications and experience are contained in the Directors' Report on pages 18 – 19 along with the term of office held by each.

At present there are no Directors on the Board that could be classified as 'Independent'. Independent Directors are likely to be appointed as the Company develops and the Board believes that it can attract appropriate independent directors with the necessary industry experience.

When determining whether a Non-executive Director is independent, the Director must not fail any of the following materiality thresholds:

PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE (CONTINUED)

- less than 5% of Botswana Metals Limited shares are held by the Director and any entity or individual directly or indirectly associated with the Director;
- no sales are made to or purchases made from any entity or individual directly or indirectly associated with the Director; and
- none of the Directors' income or the income of an individual or entity directly or indirectly associated with the Director is derived from a contract with any member of the Group other than income derived as a Director of the entity.

Where any Director has material personal interest in a matter and, in accordance with the *Corporations Act 2001,* the Director will not be permitted to be present during discussion or to vote on the matter. The enforcement of this requirement aims to ensure that the interest of shareholders, as a whole, is pursued and that their interest or the Director's independence is not adversely affected.

The Company believes that at this stage in its development, the most appropriate person for the position of Chairman is an Executive Officer of the Company. The Executive Officer's overall expertise has been crucial to the Company's development and negates any perceived lack of independence.

The Company does not have a Nomination Committee because the Board considers that selection and appointment of Directors is such an important task that it should be the responsibility of the entire Board to consider the nominations process.

The Board is responsible for evaluating its performance and that of individual Directors and key executives and in doing so may engage independent external advisors if thought appropriate to do so. The Company has not established a formal process to evaluating the performance of the Board, its committees and individual Directors; however the performance of the Board, the Directors, officers and employees is monitored on a regular basis by the Board, with appropriate feedback and necessary training given to those parties.

Directors collectively or individually have the right to seek independent professional advice at the Company's expense to assist them to carry out their responsibilities. Written approval must be obtained from the Chair prior to incurring any expense on behalf of the Company. All advice obtained is made available to the full Board.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Due to the size of the Company and the resources available to it, the Board does not consider that a formal Code of Conduct for Directors and other key executives is appropriate. Rather, it is agreed by the Board that all officers of the Company will act ethically and in the best interests of the Company. In maintaining the highest standards of corporate governance and ethical conduct Directors and employees are required to:

- act honestly and in good faith;
- exercise due care and diligence in fulfilling the functions of office;
- avoid conflicts and make full disclosure of any possible conflict of interest;
- comply with the law;
- encourage the reporting and investigating of unlawful and unethical behaviour; and
- comply with the Securities Trading Policy.

Directors are obliged to be independent in judgment and ensure all reasonable steps are taken to ensure due care is taken by the Board in making sound decisions.

PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING (CONTINUED)

Securities Trading Policy

The Company has a Securities Trading Policy that regulates the dealings by directors, officers and employees, in shares, options and other securities issued by the Company.

Under the Botswana Metals Limited Securities Trading Policy, an Executive, including a Director, Company Secretary, or employee (and any employee of any subsidiary) must not trade in any securities of the Botswana Metals Limited at any time when they are in possession of unpublished price sensitive information in relation to those securities or the Group's operations.

Before commencing to trade, an executive or any other specified party must first obtain the approval of the Board to purchase (including the exercise of any options) or sell any securities of the Company.

The policy has been formulated to ensure that directors, officers, employees and consultants who work on a regular basis for the Company are aware of the legal restrictions on trading in company securities while in possession of unpublished price-sensitive information.

Diversity Policy Statement

The Company's workforce is comprised of people from diverse backgrounds with a range of skills, values and experiences. Diversity includes, but is not limited to, gender, age, ethnicity and cultural background. The Company is committed to providing an environment in which all employees are treated with fairness and respect, and have equal access to opportunities available in the workplace.

Many years ago the Company established regional offices in Botswana at Francistown (Botswana's second largest city) and Tshokwe, which is approximately 20 kilometres from the location of the Company's Prospecting Licence portfolio, with one of the objectives being to increase community participation in the Group's workforce.

Presently there are only four employees based in Australia so it is not practical to set measurable targets with regard to diversity, however the Company aims to continue with its diversity policy over the next few years as director and senior executive positions become vacant and appropriately qualified candidates become available.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

The Executive Chairman and Chief Financial Officer provide written declarations to the Board confirming that the Company's financial statements present a true and fair view of the Company's financial condition and operational results and in accordance with the relevant accounting standards.

As the Company is small with a Board of three members it has not established a series of committees to address specific areas of corporate governance such as risk management, strategic review, operations and remuneration but has established an Audit and Compliance Committee.

The members of the Committee at the date of this report are Patrick Volpe (Chairman), who is also Chairman of the Board of Directors and Massimo Cellante (Non-executive Director). The Audit and Compliance Committee was established by the Board to give additional assurance regarding the quality and reliability of financial information used by the Board and financial information provided by the Company pursuant to its statutory reporting requirements. The members of the committee meet formally twice a year and on an ad hoc basis as required.

PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING (CONTINUED)

The Board selected the members of the Audit and Compliance Committee based upon those members who are considered to have the most expertise in the area and are therefore not necessarily independent or non-executive directors.

PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the Australian Securities Exchange ("ASX") as well as communicating with the ASX. In accordance with the ASX's 'Listing Rules' the Company immediately notifies the ASX of information concerning the Company:

1. that a reasonable person would or may expect to have a material effect on the price or value of the Company's securities; and
2. that would, or would be likely to influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

Due to the size of the Company, it achieves compliance with ASX 'Listing Rules' disclosure requirements without the need for formal policies and procedures, however there are specific processes followed by the Board and officers with regard to ensuring the Company complies with its disclosure requirements.

PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Due to the size of the Company, it does not have a formal policy regarding the promotion of effective communications with shareholders and encouraging their participation at general meeting, the Company respects the rights of its Shareholders, and to facilitate the effective exercise of those rights, the Company is committed to:

1. Communicating effectively with shareholders through ongoing releases to the market via the ASX, and the general meetings of the Company;
2. Giving shareholders ready access to balanced and understandable information about the Company and Corporate Proposals;
3. Providing annual and interim financial statements;
4. Making it easy for shareholders to participate in general meetings of the Company and providing appropriate notice periods and disclosure for general meetings, the ability to appoint proxies and lodge questions to by the Board and / or the Executive Chairman; and
5. Requesting the External Auditor to attend the Annual General Meeting and be available to answer shareholders' questions about the conduct of the audit, and the preparation and content of the Auditor's Report.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK

The Company has not established formal policies for the oversight and management of material business risks. Due to the size of the Company and the size of the Board, the Board monitors all key areas of the Company's risk management on an ongoing basis and keeps shareholders informed of any changes in the risk profile of the Company.

The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. A yearly assessment of the Groups risk profile is undertaken by the Board as a whole, covering all aspects of the Group's activities from the operational level through to strategic level risks.

PRINCIPLE 7: RECOGNISE AND MANAGE RISK (CONTINUED)

The Board has delegated the responsibility of designing risk management and internal control systems to the Executive Chairman and senior management who manage the Company's material business risks and report to the Board on the effectiveness of those systems. The effectiveness of these controls is reviewed and assessed regularly.

The Board seeks assurance from the Executive Chairman and the Chief Financial Officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material aspects in relation to financial reporting risks and discloses accordingly.

PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Due to the size of the Company, it has not established a Remuneration Committee and it currently uses independent external consultants to determine the level and components of remuneration for the Directors. Botswana Metals Limited presently has four employees. The remuneration paid to executive Directors and senior executives is distinguished from that paid to non-executive Directors.

Non-Executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of non-executive directors. Non-executive Directors do not receive performance based bonuses and do not participate in Equity Schemes of the Company without prior shareholder approval.

The Board as a whole reviews executive packages annually by reference to the Group's performance in meeting its objectives, executive performance, comparable information from industry sectors and other listed companies and independent advice.

Current remuneration details are disclosed in the Directors' Report.

Further information regarding the Company's corporate governance practices and policies has been made publicly available on the Company's website at www.botswanametals.com.au.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2013

	Notes	Consolidated Group 2013 $	2012 $
Revenue from Ordinary Activities	2	**90,940**	128,662
Administration	3	**(307,889)**	(391,451)
Corporate Expenses		**(112,378)**	(134,052)
Employment & Consultancy		**(552,951)**	(704,724)
Net Foreign Exchange Loss		**(429)**	(5,709)
Impairment of Capitalised Exploration Expenditure		**(877,308)**	-
Loss before Income Tax Expense		**(1,760,015)**	(1,107,274)
Income Tax Expense	4	**-**	-
Loss for the year attributable to owners of Botswana Metals Limited		**(1,760,015)**	(1,107,274)
Other Comprehensive Income for the year that may be subsequently reclassified to the profit or loss			
Exchange differences on translating foreign controlled operation		**(32,547)**	(856,926)
Total Comprehensive Loss attributable to owners of Botswana Metals Limited		**(1,792,562)**	(1,964,200)
Basic and Diluted Loss per Share (cents per share)	7	**(0.94)**	(0.71)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 30 June 2013

	Notes	Consolidated Group 2013 $	2012 $
Current Assets			
Cash and cash equivalents	8	**192,926**	1,446,066
Trade and other receivables	9	**41,725**	112,618
Total Current Assets		**234,651**	1,558,684
Non-Current Assets			
Plant and equipment	11	**115,845**	230,894
Capitalised exploration and evaluation	12	**7,105,794**	7,551,554
Total Non-Current Assets		**7,221,639**	7,782,448
TOTAL ASSETS		**7,456,290**	9,341,132
Current Liabilities			
Trade & Other Payables	13	**168,119**	249,196
Total Current Liabilities		**168,119**	249,196
TOTAL LIABILITIES		**168,119**	249,196
Net Assets		**7,288,171**	9,091,936
Equity			
Issued Capital	14	**13,986,378**	14,088,397
Reserves	15	**(2,267,593)**	(2,235,046)
Accumulated Losses		**(4,430,614)**	(2,761,415)
TOTAL EQUITY		**7,288,171**	9,091,936

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For year ended 30 June 2013

Consolidated Group

	Issued Share Capital	Share Options Reserve	Accumulated Losses	Reserves	Total Equity
	$	$	$	$	$
Balance at 1 July 2011	12,326,451	90,816	(4,076,260)	1,043,999	9,385,006
Profit / (Loss) after income tax for the year	-	-	(1,107,274)	-	(1,107,274)
Other Comprehensive Income / (Loss)	-	-	-	(856,926)	(856,926)
Repatriation of Demerger Reserve	-	-	2,422,119	(2,422,119)	-
Transactions with owners in their capacity as owners					
Shares issued during the period	1,776,699	-	-	-	1,776,699
Share issue costs	(105,569)	-	-	-	(105,569)
Balance at 30 June 2012	**13,997,581**	**90,816**	**(2,761,415)**	**(2,235,046)**	**9,091,936**
	$	$	$	$	$
Balance at 1 July 2012	13,997,581	90,816	(2,761,415)	(2,235,046)	9,091,936
Profit / (Loss) after income tax for the year	-	-	(1,760,015)	-	(1,760,015)
Other Comprehensive Income / (Loss)	-	-	-	(32,547)	(32,547)
Repatriation of Share Options Reserve	-	(90,816)	90,816	-	-
Transactions with owners in their capacity as owners					
Shares issued during the period	2,157	-	-	-	2,157
Share issue costs	(13,360)	-	-	-	(13,360)
Balance at 30 June 2013	**13,986,378**	**-**	**(4,430,614)**	**(2,267,593)**	**7,288,171**

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 30 June 2013

	Notes	Consolidated Group 2013 $	2012 $
Cash Flows from Operating Activities			
Receipts from customers (inclusive of goods and services tax)		**38,981**	57,098
Payments to suppliers and employees (inclusive of goods and services tax)		**(864,486)**	(1,367,530)
Interest received		**14,951**	70,972
Net Cash Used In Operating Activities	19b	**(810,554)**	(1,239,460)
Exploration Expenditure		**(470,588)**	(2,204,803)
Purchase of plant and equipment		**(2,843)**	(69,437)
Proceeds from sale of plant and equipment		**31,720**	9,654
Net Cash Used In Investing Activities		**(441,711)**	(2,264,586)
Cash Flows from Financing Activities			
Issue of share capital		**2,156**	1,776,699
Payments of share capital issue costs		**(13,360)**	(105,569)
Net Cash Used In Financing Activities		**(11,204)**	1,671,130
Net Increase/(Decrease) in Cash and cash equivalents held		**(1,263,469)**	(1,832,916)
Cash and cash equivalents at the Beginning of the Financial Year		**1,446,066**	3,265,791
Foreign currency effect on cash held		**10,329**	13,191
Cash and cash equivalents at the End of the Financial Year	19a	**192,926**	1,446,066

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').

The separate financial statements of the parent entity have not been presented within this financial report, as permitted by amendments made to the Corporations Act 2001 on 28 June 2010.

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*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. 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 $1,760,015 (30 June 2012: $1,107,274) and operating cash outflows of $810,544 (30 June 2012: $1,239,460). At 30 June 2013 the Group had $192,926 in cash and cash equivalents (30 June 2012: $1,446,066).

The Group intends to continue to conduct future exploration activities. Based on these future activities, the Group's continuing viability, its ability to continue as a going concern and to meet its debts and commitments and as they fall due, are subject to:

- The Directors advancing negotiations to issue of further shares to raise capital notwithstanding the incomplete capital raising attempt in July 2013 as disclosed in Note 21 to the financial statements. At the date of this report none of the negotiations had reached legally binding agreements;
- On 23 July 2013 the Company announced that it had approached a company in Botswana, BCL Limited, to take a strategic equity investment in BML. No response from BCL Limited has been received as at the date of this Report;
- Attracting longer term investment capital. As disclosed in Note 21, the Company has lodged applications with the Department of Mines in Botswana for retention licences over specific areas of some of its Prospecting Licences. The Company has a conditional agreement in place with BCL Limited who will provide the funding to enable further development of these areas. The agreement is conditional upon the Department of Mines grasning those retention licences. As further disclosed in Note 21 on 6 Augusr 2013 the Department of Mines advised that it requires additional information in respect of these applications before the retention licences will be granted. The Company has 90 days to provide this information;
- The Group not being obligated to renew its Prospecting Licences, and therefore has the ability to scale down its operations sufficiently if required;

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Going Concern (continued)

- The Directors considering entry into a joint venture arrangement over some of the tenements should a suitable joint venture partner be found;
- The Directors considering entry into a sale arrangement of some or all of the tenements should a suitable buyer be found; and
- Employee entitlements owing to Directors included in sundry payables will not be called for a period the lesser of 12 months from the date of this report or until the Company is in a position to pay those employee entitlements owing to Directors.

On 16 July 2013, the Board resolved to implement various initiatives to reduce costs, the most significant of which is the freezing of all Director remuneration and employee entitlements effective 1 July 2013 until such a time as the Board resolves that the Company is in a position to reinstate Director remuneration and the level of Director remuneration will be assessed at that time in line with the cap on Director remuneration. The level of Directors' remuneration for the year ended 30 June 2013 as disclosed in the Remuneration Report was $392,700. Aside from standard employee entitlements in Australia and Botswana, the Company has no material contracts with suppliers or employees as at the date of this report.

Furthermore the Company has reduced its rental costs in Australia by implementing shared rental arrangements.

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) Principles of Consolidation

The consolidated financial statements incorporate the assets, liabilities and results of entities controlled by Botswana Metals Limited at the end of reporting period. A controlled entity is any entity over which Botswana Metals Limited has the power to govern the financial and operating policies so as to obtain benefits from the entity's activities. Control will generally exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. In assessing the power to govern, the existence and effect of holdings of actual and potential voting rights are also considered.

Where controlled entities have entered or left the group during the year, the financial performance of those entities is included only for the period of the year that they were controlled. A list of controlled entities is contained in Note 10 to the financial statements.

In preparing the consolidated financial statements, all inter-group balances and transactions between entities in the group have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with those adopted by the parent entity.

(b) Income Tax

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Income Tax (continued)

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

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

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

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

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

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

When temporary differences exist in relation to investments in subsidiaries, branches, associates and 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.

Current tax assets and liabilities are offset where a legally enforceable right of set-off exists and it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur. Deferred tax assets and liabilities are offset where a legally enforceable right of set off exists, the deferred assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where it is intended that net settlement or simultaneous realisation and settlement of the respective asset and liability will occur in future periods in which significant amounts of deferred tax assets or liabilities are expected to be recovered or settled.

(c) Plant and Equipment

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

Plant and Equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by Directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Plant and Equipment (continued)

The cost of fixed assets constructed within the consolidated group includes the cost of materials, direct labour, borrowing costs and an appropriate proportion of fixed and variable overheads.

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.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

(d) 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.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Exploration and Development Expenditure (continued)

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.

(e) 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, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

Classification and subsequent measurement

Financial instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. *Fair value* represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

a. the amount at which the financial asset or financial liability is measured at initial recognition;
b. less principal repayments;
c. plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the *effective interest method*; and
d. less any reduction for impairment.

The *effective interest method* is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) Financial Instruments (continued)

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At the end of each reporting period, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a significant or prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the Statement of Comprehensive Income.

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.

(f) 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. The assessment will include the consideration of external and internal sources of information including dividends received from subsidiaries, associates 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.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives, or more frequently if facts or circumstances indicate an impairment may have occurred.

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.

(g) Interests in Joint Ventures

The group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated statements of financial performance and financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(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, except where deferred in equity as a qualifying cash flow or net investment hedge.

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.
- 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.

(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 settled within one year have been measured at the amounts expected to be paid when the liability is settled. Employee benefits payable later than 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 government bonds with terms to maturity that match the expected timing of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) Employee Benefits (continued)

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 results 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, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the Statement of Financial Position.

(l) Trade and Other Payables

Trade and other payables represent the liability outstanding at the end of the reporting period for goods and services received by the group during the reporting period which remains unpaid. The balance is recognised as a current liability with the amount being normally paid within 30 days of recognition of the liability.

(m) Revenue and Other Income

Revenue from the sale of goods is recognised at the point of delivery as this corresponds to the transfer of significant risks and rewards of ownership of the goods and the cessation of all involvement in those goods.

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.

All revenue is stated net of the amount of goods and services tax (GST) or valued added tax (VAT).

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

Revenues, expenses and assets are recognised net of the amount of GST / VAT, except where the amount of GST / VAT incurred is not recoverable from the relevant taxation authority. In these circumstances the GST / VAT is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the Statement of Financial Position are shown inclusive of GST / VAT.

Cash flows are presented in the Statement of Cash Flows on a gross basis, except for the GST / VAT component of investing and financing activities, which are disclosed as operating cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) Earnings per Share

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

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

(p) Comparative Figures

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

(q) Critical Accounting Estimates and Judgements

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

Key Estimate – Impairment

The Group assess impairment at the end of each reporting period by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment indicator exists, the recoverable amount of the assets is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates. The directors have evaluated the recoverable amount of Capitalised Exploration and Evaluation expenditure and impaired the amount of $887,308 (2012: nil) accordingly. During the year the Company impaired the value of capitalised exploration expenditure for Prospecting Licences that were either not renewed or have been resolved by the Board to be of low priority that funds will not be allocated to exploration of those Prospecting Licences within the next 12 months.

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 $7,105,794 (2012: $7,551,554).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(r) New Accounting Standards for Application in Future Periods

A number of Australian Accounting Standards and Interpretations (and IFRS and IFRIC Interpretations) are in issue but are not effective for the current year end. The reported results and position of the group will not change on adoption of these pronouncements as they do not result in changes to information currently disclosed in the financial statements. The Group does not intend to adopt any of these pronouncements before their effective dates.

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	
	2013	2012
	$	$
Revenue from Ordinary Activities		
Other income		
Interest	**14,951**	70,972
Recoveries	**5,756**	5,472
Rent	**38,513**	51,626
Gain on disposal of assets	**31,720**	592
Revenue from ordinary activities	**90,940**	128,662

NOTE 3 EXPENDITURE

	Consolidated Group	
	2013	2012
	$	$
Administration		
Office expenses	**68,296**	89,144
Depreciation expense	**17,828**	26,280
Rental expense	**101,458**	97,700
Travel expenses	**54,342**	97,250
Other expenses	**65,965**	81,077
	307,889	391,451

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 INCOME TAX EXPENSE

	Consolidated Group	
	2013	2012
	$	$
The prima facie tax on profit from ordinary activities before income tax is reconciled to income tax as follows:		
Profit/(loss) before income tax expense	**(1,760,015)**	(1,107,274)
Prima facie tax payable on profit / (loss) from ordinary activities before income tax at 30% (2012: 30%)	**(528,004)**	(332,182)
Add:		
Tax effect of		
- Non- deductible expenses	**6,467**	20,759
Less		
Tax effect of:		
- Overprovision from prior year	**(2,526)**	-
	(524,063)	(311,423)
Prior year tax losses not previously brought to account	**(1,456,973)**	(1,145,550)
The Directors estimate that the potential deferred income tax assets at 30 June in respect of tax losses not brought to account is:	**(1,981,036)**	(1,456,973)
Tax benefits not recognised during the year	**1,981,036**	1,456,973
Income Tax Expense for the year	**-**	-

Tax benefits are not brought to account for the year ended 30 June 2013 (2012: nil) as the certainty of recovery cannot yet be reliably determined at this stage of the Group's development.

NOTE 5 KEY MANAGEMENT PERSONNEL

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

Key Management Person	**Position**
Mr P Volpe	Chairman - Executive
Mr M Cellante	Director - Non-executive
Dr P Woolrich	Director - Non-executive
Mr R Baker	Company Secretary

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 KEY MANAGEMENT PERSONNEL (CONTINUED)

(b) Number of Options Held by Key Management Personnel

2013	Balance 1.7.2012	Granted as Compensation	Exercised	Expired	Net Change Other*	Balance 30.6.2013	Vested and exercisable	Vested and Unexercisable
Mr P Volpe	23,750,000	-	-	23,750,000	-	-	-	-
Mr M Cellante	7,500,000	-	-	7,500,000	-	-	-	-
Dr P Woolrich	488,888	-	-	488,888	-	-	-	-
Mr R Baker	272,488	-	-	272,488	-	-	-	-
Total	**32,011,376**	**-**	**-**	**32,011,376**	**-**	**-**	**-**	**-**

2012	Balance 1.7.2011	Granted as Compensation	Exercised	Expired	Net Change Other*	Balance 30.6.2012	Vested and exercisable	Vested and Unexercisable
Mr P Volpe	17,500,000	-	-	-	6,250,000	23,750,000	23,750,000	-
Mr M Cellante	7,500,000	-	-	-	-	7,500,000	7,500,000	-
Dr P Woolrich	488,888	-	-	-	-	488,888	488,888	-
Mr R Baker	272,488	-	-	-	-	272,488	272,488	-
Total	**25,761,376**		**-**	**-**	**6,250,000**	**32,011,376**	**32,011,376**	**-**

***** Net Change Other refers to options obtained by participation in the Rights Issue on 13 March 2012.

(c) Number of Shares held by Key Management Personnel

2013 Holder	Balance 1.7.2012	Received as Compensation	Issued on Exercise of Option	Net Change Other*	Balance 30.6.2013
Mr P Volpe	23,281,159	-	-	-	29,531,159
Mr M Cellante	10,989,709	-	-	(459,980)	10,529,729
Dr P Woolrich	977,778	-	-	-	977,778
Mr R Baker	169,978	-	-	-	169,978
Total	**35,418,624**	**-**	**-**	**-**	**41,208,644**

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

2012 Holder	Balance 1.7.2011	Received as Compensation	Issued on Exercise of Option	Net Change Other*	Balance 30.6.2012
Mr P Volpe	23,281,159	-	-	6,250,000	29,531,159
Mr M Cellante	10,989,709	-	-	-	10,989,709
Dr P Woolrich	977,778	-	-	-	977,778
Mr R Baker	169,978	-	-	-	169,978
Total	**35,418,624**	**-**	**-**	**6,250,000**	**41,668,624**

* Net Change Other refers to shares purchased by participation in the Rights Issue on 13 March 2012.

(d) Remuneration paid to Key Management Personnel

	Consolidated Group	
	2013	**2012**
	$	**$**
Short-term employee benefits	**540,000**	**512,752**
Post-employment benefits	**16,200**	**43,448**
Total	**556,200**	**556,200**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 6 REMUNERATION OF AUDITORS

	Consolidated Group	
	2013	**2012**
	$	**$**
Remuneration of the auditor of the entity for:		
Audit or review of the financial statements	**18,800**	**24,500**

NOTE 7 EARNINGS PER SHARE ("EPS")

	Consolidated Group	
	2013	2012
	$	$
a) Reconciliation of losses to profit or loss		
Loss used to calculate basic and diluted EPS	**(1,760,015)**	(1,107,274)
	No.	No.
b) Weighted average number of ordinary shares used in the calculation of basic and diluted earnings per share	**188,135,837**	156,732,388
c) Anti-dilutive options on issue not used in dilutive EPS calculation	**-**	116,275,143

NOTE 8 CASH AND CASH EQUIVALENTS

	Consolidated Group	
	2013	2012
	$	$
Cash at bank and in hand	**28,600**	51,869
Call deposit	**111,146**	1,237,792
Term deposit	**53,180**	156,405
	192,926	1,446,066

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 9 TRADE AND OTHER RECEIVABLES

	Consolidated Group	
	2013	2012
	$	$
Current		
Trade & Other Receivables	**41,725**	112,618
	41,725	112,618

NOTE 10 CONTROLLED ENTITIES

	Country of Incorporation	Class of Share	Equity Holding	
			2013	2012
			%	%
African Metals (Pty) Limited	Botswana	Ordinary	**100**	100

NOTE 11 PLANT AND EQUIPMENT

	Consolidated Group	
	2013	2012
	$	$
Plant and equipment		
At cost	**429,241**	496,743
Accumulated Depreciation	**(313,396)**	(265,849)
	115,845	230,894

Movements in Carrying Amounts

	Consolidated Group	
	2013	2012
	$	$
Balance at 1 July	**230,894**	324,416
Additions	**2,843**	69,437
Disposals	**-**	(9,062)
Depreciation charged	**(117,734)**	(128,856)
Foreign currency translation	**(158)**	(25,041)
Balance at 30 June	**115,845**	230,894

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	
	2013	2012
	$	$
Capitalised exploration and evaluation	**7,105,794**	7,551,554
Movements in carrying values		
Balance at beginning of year	**7,551,554**	6,089,251
Expenditure during the year	**470,588**	2,307,379
Expenditure impaired during the year	**(877,308)**	-
Foreign currency translation	**(39,040)**	(845,076)
Balance at year end	**7,105,794**	7,551,554

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

Included in capitalised exploration expenditure during the year was capitalised depreciation of $99,856 (2012: $102,576).

NOTE 13 TRADE AND OTHER PAYABLES

	Consolidated Group	
	2013	2012
	$	$
Current		
Unsecured liabilities		
Trade Payables	**16,211**	35,247
Sundry payables and accrued expenses	**149,108**	206,169
Amounts payable to		
- Amount payable to Director related Entity	**2,800**	7,780
	168,119	249,196

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 ISSUED CAPITAL

	Consolidated Group	
	2013	2012
	$	$
188,156,882 (2012: 188,135,318) fully paid ordinary shares	**13,986,378**	13,997,581
Nil options (2012: 116,275,143 options expiring 30 June 2013)	**-**	90,816
	13,986,378	14,088,397

(a) Ordinary Shares

	Date	Number of Shares		Issue Price ($)		$	
		2013	2012	**2013**	2012	**2013**	2012
At the beginning of the reporting period		**188,135,318**	143,717,845			**13,997,581**	12,326,451
Shares issued during the year							
- rights issue	13/03/2012		41,067,473		0.04		1,642,699
- rights issue	04/04/2012		2,850,000		0.04		114,000
- rights issue	13/04/2012		500,000		0.04		20,000
- exercise of options	17/06/2013	**9,064**	-	**0.10**	-	**907**	-
- exercise of options	26/06/2013	**12,500**	-	**0.10**	-	**1,250**	-
Costs associated with capital raising						**(13,360)**	(105,569)
At reporting date		**188,156,882**	188,135,318			**13,986,378**	13,997,581

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 14 ISSUED CAPITAL (CONTINUED)

(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.

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 2013 and 30 June 2012 are as follows:

		Consolidated Group	
		2013	2012
	Note	**$**	$
Total borrowings	13	**168,119**	249,196
Less cash and cash equivalents	8	**(192,926)**	(1,446,066)
Net debt		**(24,807)**	(1,196,870)
Total equity		**7,288,171**	9,091,936
Total capital		**7,263,364**	7,895,066
Gearing ratio		**(0.3%)**	(15%)

(c) Options

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

During the year 116,253,579 options exercisable at 10 cents each at any time before 5pm AEST on 30 June 2013 expired as at that date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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).

NOTE 16 CAPITAL AND LEASING COMMITMENTS

	Consolidated Group	
	2013	2012
	$	$
Planned Exploration Expenditure		
Payable		
- not later than 12 months	**4,442,132**	12,124,022
- between 12 months and 5 years	**248,018**	6,172,019
- greater than 5 years	**-**	-
	4,690,150	18,296,041

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 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	
	2013	2012
	$	$
Lease of Premises		
Payable		
- not later than 12 months	**49,038**	96,192
- between 12 months and 5 years	**-**	49,038
- greater than 5 years	**-**	-
	49,038	145,230

The premises located at Suite 5, Level 1, 310 Whitehorse Road, Balwyn, Victoria are subject to a three year lease that concludes on 10 January 2014.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

Bank Guarantee

The Company has issued a bank guarantee totalling $47,297.25 in favour of Keriani Pty Ltd, the landlord of the premises of the Company's registered office, pursuant to the Lease of the office located at Suite 5, Level 1, 310 Whitehorse Road, Balwyn, Victoria.

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	
	2013	2012
	$	$
(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	**28,600**	51,869
Call Deposit	**111,146**	1,237,792
Term Deposit	**53,180**	156,405
	192,926	1,446,066

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 19 CASH FLOW INFORMATION (CONTINUED)

(b) Reconciliation of Cash Flow from Operations with Profit after Income Tax		
Operating Loss after income tax	**(1,760,015)**	(1,107,274)
Non–Cash flows in profit		
- Depreciation	**104,057**	26,280
- (Profit) / loss on sale of assets	**(31,720)**	(592)
- Impairment of capitalised exploration expenditure	**887,308**	-
Changes in assets and liabilities		
- (Increase)/decrease in receivables	**70,893**	54,113
- Increase/(decrease) in trade and other payables	**(81,077)**	(211,987)
Net cash (outflow) from operating activities	**(810,554)**	(1,239,460)

	Consolidated Group	
	2013	2012
	$	$
Non-Cash Financing and Investing Activities		
Capitalised depreciation for Plant and Equipment	**99,856**	**102,576**

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.

For the year ended 30 June 2013 there were no share-based payments (2012: nil).

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.

Refund of subscriptions from Non-renounceable Rights Issue

The Company closed its Non-renounceable Rights Issue ("the Issue") on 11 July 2013. The Issue was undersubscribed. A total of $43,216 was subscribed leaving a shortfall of $709,415.

The Issue was on a 2 for 5 basis plus one free attaching option. Pursuant to the Replacement Prospectus dated 19 June 2013 (and the Supplementary Prospectus dated 28 June 2013) the Company was to apply for listing of the options issued, however due to the poor response to the Issue there was not sufficient spread of those options to enable those options to be listed with the ASX.

As a consequence of the above the Company refunded amounts subscribed by shareholders who applied for shares pursuant to the Replacement Prospectus (and the Supplementary Prospectus).

Future funding options

On 23 July 2013 the Company announced that it was reviewing its funding options and announced that:

1. It had approached a company in Botswana, BCL Limited, to take a strategic equity investment in BML. No response from BCL Limited has been received as at the date of this Report;
2. Failing participation of BCL Limited discussed above, the Board would reconsider a rights issue to shareholders and seek a potential underwriter; and
3. Seek a short term funding facility to bridge the timing gap required to put the abovementioned options in place.

Retention Licence Update

On 6 August 2013 the Company announced that it had received correspondence from the Department of Mines ("DOM") in Botswana. The DOM stated that the Company has 90 days from the date of the letter to provide additional information to remedy deficiencies in the Feasibility Studies submitted as part of the Retention Licence applications and to show cause why the Retention Licence applications should not be rejected. The DOM also stated that it had granted extensions to Prospecting Licences 110/94, 111/94 and 54/98 to 31 December 2013.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 22 RELATED PARTY INFORMATION

	Consolidated Group	
	2013	2012
	$	$
Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.		
Key Management Personnel		
Consulting fees paid to Woolrich & Associates Pty Ltd, a company of which Dr P Woolrich is a Director and shareholder.	**58,750**	101,375
Rent received from Cardia Bioplastics Limited, a listed public company of which Mr Volpe is a Director and shareholder.	**(29,167)**	(44,068)
Contracting fees paid by African Metals (Pty) Ltd to Cam Bow Holdings (Pty) Ltd, a wholly-owned subsidiary of Cam Bow Limited, a company of which Mr Volpe is a Director and shareholder.	**6,462**	16,057
Contracting fees received by African Metals (Pty) Ltd from Cam Bow Holdings (Pty) Ltd, a wholly-owned subsidiary of Cam Bow Limited, a company of which Mr Volpe is a Director and shareholder.	**(5,973)**	(5,302)
	30,072	43,062

Directors

The names of persons who were Directors of Botswana Metals Limited at any time during the year are as follows: Mr P J Volpe, Dr P Woolrich and Mr M L Cellante. During the year ended 30 June 2012 the names of persons who were Directors of Botswana Metals Limited at any time during the year are as follows: Mr P J Volpe, Dr P Woolrich and Mr M L Cellante.

Specified Executives

Mr R Baker was the only Specified Executive in the role as Company Secretary during the year.

Remuneration

Information on remuneration of Directors and the Specified Executive is disclosed in the Remuneration Report and Note 5 to the financial statements.

Other Transactions with Directors and Director-Related Entities

Amounts owing to Director-related entities are disclosed in Note 13.

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

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.

(b) Net Fair Values

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

NOTE 24 PARENT ENTITY DISCLOSURES

Financial Position

	2013	2012
	$	$
Assets		
Current assets	**224,063**	1,456,348
Non-current assets	**11,648,426**	11,336,425
Total assets	**11,872,488**	12,792,773
Liabilities		
Current liabilities	**145,064**	185,806
Non-current liabilities	**-**	-
Total liabilities	**145,064**	185,806
Equity		
Issued capital	**14,077,194**	14,088,397
Accumulated losses	**(2,349,769)**	(1,481,430)
Total equity	**11,727,425**	12,606,967

Financial Performance

	2013	2012
	$	$
Loss for the year	**(868,338)**	(967,887)
Other comprehensive income	**-**	-
Total comprehensive loss	**(868,338)**	(967,887)

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 5, Level 1, 310 Whitehorse Road,
Balwyn, Victoria, Australia 3103

DIRECTORS' DECLARATION

1. The Directors declare that the financial statements and notes set out on pages 30 to 58 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 Accounting Standards, the Corporations Regulations 2001; and

c. give a true and fair view of the financial position as at 30 June 2013 and of the performance for the year ended on that date of the company and economic entity.

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 the 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

Balwyn
Dated this 19th day of August 2013

William Buck

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 comprising 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 2013, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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.

Sydney
Melbourne
Brisbane
Perth
Adelaide
Auckland

Melbourne: Level 20, 181 William Street, Melbourne VIC 3000 | **Hawthorn:** Level 1, 465 Auburn Road, Hawthorn East VIC 3123
PO Box 185, Toorak VIC 3142 • Telephone: +61 3 9824 8555 • Facsimile: +61 3 9824 8580
williambuck.com

William Buck

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 consolidated entity's financial position as at 30 June 2013 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 above, we draw attention to Note 1 to the financial statements, which describes the consolidated entity's application of the going concern basis of accounting. If the assumptions and statements set out in this Note do not eventuate, there is a material uncertainty that may cast significant doubt about the consolidated entity's ability to continue as a going concern, and therefore the consolidated entity may not be able 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 2013. 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 2013, complies with section 300A of the Corporations Act 2001.

William Buck

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 2013 included on Botswana Metals Limited's web site. The company's directors are responsible for the integrity of the Botswana Metals Limited's web site. We have not been engaged to report on the integrity of the Botswana Metals Limited'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 Audit (Vic) Pty Ltd
ABN 59 116 151 136

H. D. Paton
Director

Dated this 19th day of August, 2013

SHAREHOLDER INFORMATION

The shareholder information set out below was applicable as at 19 August 2013.

(A) NUMBER OF HOLDERS OF EACH CLASS OF

Ordinary Shares

1,645 holders

Options over Ordinary Shares

Nil 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	269	134,041	0.07
1,001 – 5,000	358	1,038,943	0.55
5,001 – 10,000	224	1,795,643	0.95
10,001 – 100,000	563	21,568,158	11.46
100,001 and over	231	163,620,097	86.96
	1,645	**188,156,882**	**100.00**

There were 1,134 holders of less than a marketable parcel of ordinary shares.

(C) EQUITY SECURITY HOLDERS

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

	Ordinary Shares	
	Number Held	Percentage of Issued Shares
Vermar Pty Ltd	29,531,159	15.695
Polarity B Pty Ltd	14,657,292	7.790
Bell IXL Investments Limited	10,529,729	5.596
Mr Michael Hsiau Yun Lan	5,022,786	2.669
Mr Peter & Mrs Marie Young	4,500,000	2.392
J P Morgan Nominees Australia Limited	3,806,577	2.023
Riotek Pty Ltd	3.525,084	1.873
Comp-world Limited	3.239.000	1.721
Claric 182 Pty Ltd	1,889,137	1.004
Agilom Pty Ltd	1,884,666	1.002
Mr Krzysztof Dziemborowicz	1,800,000	0.957
Mrs Ratchaporn Songprasit	1,650,000	0.877
Mrs Judith & Mr Graeme Robertson	1,491,115	0.792
FC Investments Pty Ltd	1,443,997	0.767
Mr Thomas Aboud	1,370,000	0.728
Bretred Pty Ltd	1,300,000	0.691
Mr Luke Anderson	1,300,000	0.691
Miss Andrea Dent	1,290,000	0.686
Mr Peter Hayes	1,250,566	0.665
CBN Enterprises Pty Ltd	1,117,919	0.594
	92,599,027	**49.216**

SHAREHOLDER INFORMATION (CONTINUED)

(D) SUBSTANTIAL SHAREHOLDERS

Substantial shareholders in the Company are:

	Ordinary Shares	
	Number Held	**Percentage of Issued Shares**
Vermar Pty Ltd	29,531,159	15.695
Polarity B Pty Ltd	14,657,292	7.790
Bell IXL Investments Limited	10,529,729	5.596

(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.

SCHEDULE OF INTERESTS IN MINING TENEMENTS

Tenement	Renewal / Expiry Date	Percentage Holding	Title Holder	Comment
Magogaphate PL 110/94	30/03/2012	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share Application for Retention Licence submitted 29 September 2012
Mokoswane PL 111/94	31/12/2012	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share Application for Retention Licence submitted 29 September 2012
Takane PL 54/98	31/12/2012	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share Application for Retention Licence submitted 29 September 2012
Letlhakane PL45/2004	30/06/2013	-	Cardia Mining Botswana (Pty) Ltd	African Metals (Pty) Ltd has an interest in exploration for Base and Precious Metals but excluding Radioactive Metals.
Sampowane PL 46/2004	31/03/2014	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Gobe Shear PL 47/2004	31/03/2014	100	African Metals (Pty) Ltd	Mineral Holdings (Botswana) Pty Ltd Holds 5% net profits share
Shashe South PL 059/2008	30/09/2013	100	African Metals (Pty) Ltd	Application for renewal submitted 28 June 2013
PL 070/2008	30/09/2013	100	African Metals (Pty) Ltd	Application for renewal submitted 28 June 2013
Central Sampa PL 111/2011	30/06/2014	100	African Metals (Pty) Ltd	
Xia2 PL126/2011	30/09/2014	100	African Metals (Pty) Ltd	