

BOTSWANA METALS LIMITED

ABN 96 122 995 073

PROSPECTUS

A non-renounceable offer to Eligible Shareholders of 1 New Share for every 3 existing Shares held, plus 1 free Attaching Option for each New Share subscribed for (“**Rights Issue**”) to raise a total of \$1,916,238 before costs.

The Rights Issue closes at 5:00pm on 2 March 2012.

The Rights Issue is partially underwritten by Bell Potter Securities Limited up to \$1 million.

IMPORTANT NOTICE

You should consider the Securities offered by this Prospectus a speculative investment. In particular, you should refer to Section 3 for further details concerning the risk factors applicable to the Company, its operations, the Securities and the Rights Issue.

This document is important. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

Neither Botswana Metals Limited nor any other person guarantees the performance of the Securities offered pursuant to this Prospectus, or the performance of Botswana Metals Limited, or the return of any investment.

Corporate Directory

Registered Office

Suite 5, Level 1
310 Whitehorse Road
BALWYN VIC 3103
Telephone (03) 98307676
Facsimile (03) 98363056

Solicitors to the Offer

Mills Oakley Lawyers
Level 6, 530 Collins Street
MELBOURNE VIC 3000

Auditors

William Buck Audit (Vic) Pty Ltd
Level 1, 465 Auburn Road
HAWTHORN EAST VIC 3123

Directors

Patrick John Volpe
(Executive Chairman)
Massimo Livio Cellante
(Non Executive Director)
Paul Woolrich
(Non Executive Director)

Company Secretary

Richard Baker

Underwriter

Bell Potter Securities Limited
Level 29, 101 Collins Street
MELBOURNE VIC 3000

Share Registry

Advanced Share Registry
Services Limited *
Unit 2 150 Stirling Highway
NEDLANDS WA 6009

Stock Exchange

ASX Limited *
Level 45, Rialto South Tower
525 Collins Street
MELBOURNE VIC 3000

**These entities have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus. They are named for information purposes only.*

Important Notices

1. Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.
2. This Prospectus is dated 3 February 2012 and a copy of this Prospectus was lodged with ASIC on that date. ASIC and ASX take no responsibility for the content of this Prospectus. The Expiry Date of the Prospectus is 13 months after the date the Prospectus was lodged with the ASIC. No Securities will be allotted or issued on the basis of this Prospectus after the Expiry Date. Securities allotted or issued pursuant to this Prospectus will be allotted or issued on the terms and conditions set out in this Prospectus.
3. No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.
4. Certain terms and abbreviations used in this Prospectus have defined meanings, which are explained in Section 8 of this Prospectus.
5. The distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and therefore persons into whose possession this document comes should seek advice on and observe any such restrictions. Any failure to comply with these restrictions constitutes a violation of those laws. No action has been taken to register or qualify the Securities the subject of this Prospectus or otherwise permit a public offering of the Securities the subject of this Prospectus in any jurisdiction outside Australia or New Zealand.
6. This Offer is only open to Eligible Shareholders. No offer of Securities will be made to Shareholders resident outside Australia or New Zealand. In accordance with the ASX Listing Rules, and having regard to:
 - a. the number of holders resident outside Australia and New Zealand;
 - b. the number and value of New Shares the holders of Shares resident outside of Australia and New Zealand would be offered; and
 - c. the cost of complying with the legal requirements and the requirements of regulatory authorities in places other than Australia and New Zealand,
7. The Directors consider that it is unreasonable to make an offer to such persons and accordingly the Company will send each Shareholder to whom it will not make the offer details of the Rights Issue and advice that the Company will not offer Securities to that Shareholder.
8. The Offer contained in this Prospectus to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the Securities Act (Overseas Companies) Exemption Notice 2002 (New Zealand). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any Securities.
9. Recipients may not send or otherwise distribute this Prospectus or the Application Form to any person outside Australia or New Zealand (other than to Eligible Shareholders).
10. An investment in the Company is speculative. Eligible Shareholders should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus. For further information in relation to the risk factors applicable to the Company, its operations and the Securities, please refer to Section 3 of this Prospectus.

TABLE OF CONTENTS

Corporate Directory	2
Important Dates and Summary of the Rights Issue	4
Chairman’s Letter	5
Questions and Answers	6
1 Details of the Offer	8
2 Purpose and Effect of the Offer	12
3 Risk Factors	16
4 Rights and Liabilities attaching to Securities	21
5 Additional Information	24
6 Continuous Disclosure Obligations	29
7 Director’s authorisation	31
8 Glossary	32

Important Dates and Summary of the Rights Issue

Important Dates

Event	Date
Announcement of the Offer	1 February 2012
Lodge Appendix 3B with the ASX	1 February 2012
Lodge Prospectus with ASIC and ASX	3 February 2012
Notice sent to shareholders containing information required by Appendix 3B	6 February 2012
Existing Shares quoted on "ex" basis	7 February 2012
Record Date to determine Entitlements under the Offer	13 February 2012 5:00pm (AEST)
Prospectus and Entitlement and Acceptance Forms despatched to Eligible Shareholders (Opening Date)	16 February 2012 9:00am (AEST)
Final date and time for receipt of acceptance and payment in full (Closing Date)*	2 March 2012 5:00pm (AEST)
Securities quoted on a deferred settlement basis	5 March 2012
Despatch of holding statements	By 13 March 2012
Date of quotation of Securities issued under the Rights Issue	By 14 March 2012

The Company [in consultation with the Underwriter] reserves the right (subject to the Corporations Act, the ASX Listing Rules and other applicable laws) to vary the dates of this timetable including extending the Closing Date or accepting late Applications, either generally or in particular cases, without notice. As such the date the Securities are expected to commence trading on ASX may therefore vary.

Summary of the Rights Issue

Non Renounceable Rights Issue

Issue price per New Share of \$0.04 (4 cents)

Issue price per Attaching Option is nil (exercise price of \$0.10 (10 cents))

Offer of \$1,916,238 worth of New Shares

Eligible Shareholders' entitlement: 1 New Share for every 3 Shares held on the Record Date plus 1 Attaching Option for each New Share subscribed for

Rights to New Shares in BML are non-renounceable and not tradeable

Partially underwritten to the amount of \$1,000,000

Chairman's Letter

Dear Shareholder,

I am pleased to offer Shareholders the opportunity to participate in this Rights Issue ("the Offer") to raise up to approximately \$1.9 million (before issue costs).

The Offer is partially underwritten by Bell Potter Securities Limited up to \$1 million.

Under the terms of this Offer, Eligible Shareholders will be offered 1 New Share at an issue price of 4 cents, for every 3 Shares held at the Record Date along with 1 Attaching Option for nil consideration. Each Attaching Option has an exercise price of 10 cents and is exercisable at any time up until 5pm AEST on 30 June 2013. More details about the rights and liabilities attaching to these Securities are set out in Section 4 of this Prospectus.

The purpose and application of the funds to be raised by the Offer are detailed in Section 4 of this Prospectus and I have summarised these as follows.

The funds are planned to be used to continue exploration on our three discovery areas in Botswana, at Airstrip Copper, Maibele North and Dibete and to test additional new targets (particularly several VTEM anomalies to the east of these discoveries at Takane (PL54/98)) over the next 12 months. The exploration will be designed with the objective of adding to our current resource inventory and to seek additional targets with the potential for mineralisation within our Botswana portfolio.

These discoveries are on three of four Prospecting Licences that were granted an extension in 2010 and 2011. One of these, PL110/94, which holds the Airstrip Copper and Maibele North discoveries, expires on 30 March 2012. An application to the Department of Geological Survey in Botswana for a future extension of tenure was made in December 2011 on the basis that the new discoveries require further time to explore and understand their complexities. No official response is expected until after the expiration date of 30 March 2012.

The other three Prospecting Licences (PL111/94, PL54/98 and PL14/2003) have been granted extensions to 31 December 2012 and dependant on the exploration carried out and the results achieved, the Company is likely to apply for a further extension of these licences as well.

Shareholders need to be aware that there is a risk that PL110/94, PL111/94, PL54/98 and PL14/2003 may not be extended by the Ministry and you are guided to the risk factors in Section 5 of this Prospectus for further details.

Whilst your Board is encouraged with the results of recent exploration and the potential for future exploration, any investment in Botswana Metals Limited is speculative. Shareholders should consult with their professional advisors before making any investment decision pursuant to this Prospectus.

Yours sincerely,



Pat Volpe

Chairman

Questions and Answers

Information about the Offer is summarised below. For detailed information, refer to Sections of the Prospectus listed in the right hand column.

<p>What is the Offer?</p>	<p>The Offer means the offer of approximately 47,905,948 New Shares and 47,905,948 free Attaching Options, by means of the Rights Issue and the Shortfall Offer.</p> <p>The Rights Issue is partially underwritten (up to \$1,000,000) by the Underwriter.</p>	<p>Sections 1 and 5.1</p>
<p>What is the purpose of the Offer?</p>	<p>The key purpose of the Offer is to ensure adequate funding is available for the Company's proposed 12 month exploration and drilling program and for general working capital purposes.</p>	<p>Section 2.1</p>
<p>What is the Rights Issue?</p>	<p>Shareholders who are registered holders as at 5pm AEST on the Record Date (Monday 13 February 2012) and whose address on the register is in Australia or New Zealand will receive an entitlement allocation.</p> <p>If you are an Eligible Shareholder, your Entitlement is to an allocation of one (1) New Share for every three (3) Shares you hold on the Record Date.</p> <p>Rights are non-renounceable.</p> <p>New Shares not subscribed for under the Rights Issue will be made available under the Shortfall Offer and can be subscribed for by, among others, Eligible Shareholders who wish to acquire more than their Entitlement.</p> <p>All allocations of Shortfall Shares is at the discretion of the Company in consultation with the Underwriter.</p>	<p>Section 1</p>
<p>Can foreign Shareholders participate in the Rights Issue?</p>	<p>Only Eligible Shareholders will receive an allocation under the Rights Issue.</p>	<p>Important Notes</p>
<p>Can Eligible Shareholders apply for more than their Entitlement?</p>	<p>Each Eligible Shareholder will receive an entitlement to subscribe for one (1) New Share for every three (3) Shares held by them at the Record Date.</p> <p>Eligible Shareholders who have applied for their full Entitlement may apply for New Shares in excess of their pro rata Entitlement by completing a Shortfall Application Form. However, any such Application may be declined or scaled back at the absolute discretion of the Company in consultation with the Underwriter. Applications in excess of Eligible Shareholders' Entitlements will be satisfied from the Shortfall, if any.</p>	<p>Sections 1.4 and 1.6</p>
<p>What is the Shortfall Offer?</p>	<p>Shortfall means the number of New Shares comprising the difference between the number of New Shares the subject of the Rights Issue and the number of New Shares for which valid Entitlement and Acceptance Forms have been received and accepted by BML by the Closing Date.</p> <p>The Shortfall Offer is the offer of the Shortfall to Eligible Shareholders and any other persons located and receiving this Prospectus in Australia, including such persons selected by the Underwriter.</p> <p>The offer of New Shares under the Shortfall Offer is a separate offer independent from the Rights Issue.</p> <p>The issue price of any new Shares issued under the Shortfall Offer will</p>	<p>Sections 1.4 and 1.6</p>

	be the same as the Issue Price under the Rights Issue being, \$0.04 (4 cents) per New Share.	
What rights attach to the New Shares?	New Shares will have the same voting rights as existing Shares.	Section 4
What rights attach to the Attaching Options?	Each Attaching Option will expire at 5.00pm EST on 30 June 2013. The exercise price of an Attaching Option is \$0.10 (10 cents).	Section 4

1 Details of the Offer

1.1 Offer

By this Prospectus, the Company is making a non-renounceable offer of Securities on the basis that for every three (3) Shares held by Eligible Shareholders at the Record Date, Eligible Shareholders will have the right (but not the obligation) to subscribe for one (1) New Share at an issue price of \$0.04 (4 cents) per New Share, plus one (1) free Attaching Option per New Share for nil consideration ("**Rights Issue**").

The Rights Issue is non-renounceable and Eligible Shareholders may not sell or transfer all or any part of their Entitlement to this Rights Issue on ASX or otherwise.

In addition to the Rights Issue, Eligible Shareholders and other persons located and receiving this Prospectus in Australia, including such persons selected by the Underwriter, are invited to apply for any Shortfall Shares pursuant to the Shortfall Offer. For further details in relation to the Shortfall Offer, please refer to Section 1.4 of this Prospectus.

As at the date of this Prospectus, the Company currently has 143,717,844 Shares on issue and 71,857,670 Options on issue. Holders of existing Options will not be entitled to participate in the Rights Issue; however they may exercise their existing Options prior to the Record Date if they wish to participate in the Rights Issue. Assuming none of these existing Options are exercised prior to the Record Date, the number of New Shares offered under this Prospectus will be 47,905,948 and the number of Attaching Options will be 47,905,948.

Eligible Shareholders may accept their Entitlement in whole or in part, or may decide not to accept their Entitlement at all. Shareholders who do not accept their Entitlement in full will, as a result of the Rights Issue, have their percentage shareholding in the Company diluted.

Eligible Shareholders wishing to take up all or part of their Entitlement under the Rights Issue can only do so by completing the Entitlement and Acceptance Form which accompanies this Prospectus.

1.2 Opening and Closing Dates of the Offer

The Opening Date of the Offer will be 16 February 2012 at 9.00am AEST and the Closing Date will be 2 March 2012 at 5.00pm AEST. The Directors reserve the right to close the Offer early or extend the Closing Date (as the case may be), should it be considered by them necessary to do so. Entitlement and Acceptance Forms received after the Closing Date will be rejected and Application Moneys will be returned without interest.

1.3 Entitlements and Acceptance

The Entitlement and Acceptance Form accompanying this Prospectus shows your Entitlement to New Shares for which you may apply and the total amount you would have to pay should you choose to take up all your Rights. Your Entitlement to New Shares is based on the number of Shares registered in your name on the Record Date. If you have fractions of entitlements then they will be rounded down to the next whole number in determining your share entitlements.

The Company will also issue you with one (1) Attaching Option for every one (1) New Share issued to you under the Offer for nil consideration.

You may subscribe for all or part of your Entitlement to New Shares prior to the Closing Date. You can also subscribe for any Shortfall Shares, as referred to in Section 1.4, should you take up your full Entitlement. You can only accept this Offer by completing the Entitlement and Acceptance Form. There is no minimum subscription level.

A completed and lodged Entitlement and Acceptance Form, together with a cheque for the Application Moneys or a BPAY® payment, constitutes a binding and irrevocable contract to buy the number of New Shares specified in the Entitlement and Acceptance Form or indicated by the amount of the BPAY® payment.

Completed Entitlement and Acceptance Forms together with the appropriate Application Moneys must reach the Company's share registry at the following address on or before the Closing Date:

Advanced Share Registry Services Limited

P.O. Box 1156

NEDLANDS WA 6909

or

Unit 2, 150 Stirling Highway

NEDLANDS WA 6009

Telephone (08) 9389 8033

Facsimile (08) 9389 7871

Payments by cheque must be made to "Botswana Metals Rights Issue Account" and crossed "not negotiable".

All payments must be made in Australian dollars.

If you decide not to accept your Entitlement, you need not do anything; however, your percentage shareholding in the Company will be diluted.

1.4 Shortfall Offer

Any Entitlement not taken up by Shareholders will become part of the Shortfall and be offered under the Shortfall Offer.

The offer of New Shares under the Shortfall Offer is a separate offer pursuant to this Prospectus and is independent from the Rights Issue and will remain open after the Rights Issue has closed to the extent permitted by the ASX Listing Rules. The issue price of any Shares issued pursuant to the Shortfall Offer shall be \$0.04 (4 cents), being the price at which the Entitlement has been offered to Eligible Shareholders pursuant to this Prospectus.

In addition to being able to apply for New Shares pursuant to section 1.3, Eligible Shareholders who subscribe for their full Entitlement will also have the opportunity to apply for New Shares pursuant to the Shortfall Offer, subject to the limitations discussed below.

The Underwriter has been engaged to act a lead manager to place the Shortfall under the Shortfall Offer and has agreed to partially underwrite up to \$1 million of the Shortfall. Any Shortfall above the Underwriter's underwriting commitment will be placed on an "all reasonable endeavours" basis. The Company will pay a commission to the Lead Manager for any Shortfall placed. Further details of this engagement are set out in Section 5.1 of this Prospectus.

The Directors will at their discretion allot additional New Shares to Eligible Shareholders who apply for New Shares in excess of their full Entitlement under the Shortfall Offer if there is a Shortfall. The Directors retain the right to place any other part of the Shortfall Offer to the Underwriter or to professional and sophisticated investors at their discretion.

Shortfall Shares will be issued at the same price and on the same terms as the New Shares and an Eligible Shareholder may only make an application for New Shares pursuant to the Shortfall Offer if they apply for their maximum Entitlement.

Shortfall Shares will only be issued if the Offer is undersubscribed and will only be issued to the extent necessary to make up any shortfall in subscriptions. If Botswana Metals receives applications for Shortfall Shares that would result in the Offer being oversubscribed then the Company will not accept such oversubscriptions and will reject applications at its absolute discretion.

The Directors reserve the right to reject any application for Shortfall Shares or to allot a lesser number of Shortfall shares than applied for. Application Monies received but not applied towards subscriptions for Shortfall Shares will be refunded as soon as practicable. No interest will be paid on Application Monies held and returned. Furthermore, the Company will not issue Shortfall shares where to do so would result in a breach of the Corporations Act or the Listing Rules.

The Company will ensure that no person, entity or Shareholder will, through the allocation of Shortfall Shares, acquire a holding of, or (in the case of existing Shareholders) increase their holding to, an amount in excess of 19.9% of all the Shares on issue following the completion of the Offer.

1.5 Underwriting

The Rights Issue is partially underwritten by of the Underwriter up to \$1 million, being 25,000,000 New Shares.

Further details regarding the Underwriting Agreement entered into with the Underwriter are contained in Section 5.1 of this Prospectus.

1.6 Allotment of the New Shares

Allotment of the New Shares and Attaching Options will take place as soon as practicable after the Closing Date. The Company will determine the allottee(s) of the New Shares and Attaching Options and reserves the right to reject any application.

Until allotment and issue of the New Shares and Attaching Options, the Application Moneys will be held in trust in a separate bank account opened and maintained for that purpose only. Any interest earned on the Application Moneys will be for the benefit of the Company and will be retained by it irrespective of whether allotment and issue of the New Shares and Attaching Options takes place.

1.7 ASX Listing

The Company will make application to ASX within 7 days following the date of this Prospectus for official quotation of the Securities offered pursuant to this Prospectus. If approval is not granted by ASX within 3 months after the date of this Prospectus, the Company will not allot the Securities and will repay all Application Moneys (where applicable) as soon as practicable, without interest.

A decision by ASX to grant official quotation of the Securities is not to be taken in any way as an indication of ASX's view as to the merits of the Company, or the Securities.

1.8 Privacy Act

Shareholders provide personal information to the Company (directly or indirectly to the Company's share registry). The Company collects, holds and will use that information to service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act, the Corporations Act and certain rules such as the ASIC Settlement Rules. You should note that if you do not provide the information required on the application for New Shares, the Company may not be able to accept or process your application.

1.9 Enquiries

Any questions concerning the Offer should be directed to the Company Secretary, Mr Richard Baker on +61 3 9830 7676.

2 Purpose and Effect of the Offer

2.1 Purpose of the Offer

The purpose of the Offer is to ensure adequate funding is available for the Company's proposed 12 month exploration and drilling program over its Prospecting Licence ("PL") exploration portfolio and for general working capital purposes. The main focus will remain on developing a resource at Airstrip Copper, Maibele North and Dibete as well as to test the VTEM anomalies identified at Takane on PL54/98. The programs will be prioritised in accordance with results and cash funds available at any given time. A Preliminary Environmental Impact Assessment (PEIA) has commenced in 2012 to cover these discovery areas as it is required if a mining application is to be made in the future. A general review for additional targets over the entire exploration PL portfolio is ongoing and will continue in 2012 using funds the Company has at hand.

For these reasons, the Board needs to raise funds to continue to explore these new discoveries. The exploration strategy will be to add to the Company's already known resource at Airstrip and Maibele and to bring Dibete into a resource category.

2.2 Effect of the Offer on capital structure

The effect of the Offer on the capital structure of the Company (on an undiluted basis) is set out below.

Shares

Shares currently on issue	143,717,844
New Shares offered pursuant to the Offer	47,905,948
Total Shares on issue after the Closing Date	191,623,792

Options

Options currently on issue exercisable at \$0.10 (10 cents) per option at any time up until 5pm AEST on 30 June 2013.	71,857,670
Attaching Options offered pursuant to the Offer exercisable at \$0.10 (10 cents) per option at any time up until 5pm AEST on 30 June 2013.	47,905,948
Total Options on issue after the Closing Date	119,763,618

(Exercisable at \$0.10 (10 cents) per option at any time up until 5pm AEST on 30 June 2013)

Note – the Company will apply for the New Shares and Attaching Options issued pursuant to this Rights Issue to be listed on the Australian Securities Exchange ("ASX"). See Section 1.7 for further details.

Assuming no existing Options are exercised prior to the Record Date, the issue of New Shares under this Prospectus will raise approximately \$1,916,238, before expenses. In addition to the issue of the New Shares, if all new Attaching Options are exercised prior to the Option Expiry Date, the Company will raise approximately \$4.8 million in addition to the amount raised by the issue of New Shares.

The effect of the Offer on the capital structure of the Company (on a fully diluted basis) is set out below.

Shares currently on issue	143,717,844
New Shares offered pursuant to the Offer	47,905,948
Total Shares on issue after the Closing Date	191,623,792
If all Options exercised before expiry date (30 June 2013)	119,763,618
Total Shares after issue and exercise of options	311,387,410

Note – the above table showing dilution of shares upon the exercise of options assumes no existing options (being the 71,857,670 options already on issue before the Offer) are exercised by the Record Date and that those existing options and the new Attaching Options to be issued pursuant to this Offer are exercised after the Offer ends but before the Expiry Date (30 June 2013).

2.3 Use of Funds

The funds are planned to be used to continue exploration on our three discovery areas in Botswana at Airstrip Copper, Maibele North and Dibete and to test additional new targets, particularly several VTEM anomalies to the east of these discoveries at Takane (PL54/98) over the next 12 months. However the exploration results will determine whether additional funding will be required within the 12 months budget to further advance the Company's assets.

2.4 Application of Funds

Currently Botswana Metals Limited has three known Copper-Silver deposits (C6, C12 & Dibete) within its tenement portfolio. BML's aim in 2012 is to test the following targets in order to add to the resource inventory and to seek additional new targets with the potential for mineralisation: The funds raised will be applied towards further advancing:

- **Airstrip Copper conductors** - target the numerous conductors with potential to host near surface high grade mineralisation.
- **NW-W Airstrip Copper soil anomaly** - evaluate the recently discovered 1.3km (at least) anomalous Cu-Ag soil zone over an extended 1.3km to the NW-W of Airstrip.
- **Maibele North** - BML will require funds to review this project in more detail this year with the objective of achieving a JORC compliant resource if additional exploration and drilling is successful in improving the continuity of the known mineralisation.
- **Dibete Cu-Ag mineralisation** - more drilling is required to close off this mineralisation. Two step out Reverse Circulation holes to the north of the current known mineralised zone on line 6100E were completed in December 2011 and results are awaited. Both holes showed visible secondary copper mineralisation. Four metallurgical diamond holes, twinning RC holes DBRD 6, 13, 14 and 111, were completed in December 2011 for preliminary mineralogical and metallurgical test work and results are pending. Funding will be required for a program to test the extension to the North and other anomalies at Dibete.
- **Takane** - Some 27 VTEM anomalies have been identified on PL54/98 Takane from the recent airborne survey and have potential for base metal mineralisation. These targets have now been ranked for soil surveys along with an IP program to prioritise drilling. Two of these VTEM anomalies at Jumbo and Mmatsiane had some initial drilling carried out in late December 2011 with assay results pending. Funds will be allocated to further explore at least four of these VTEM anomalies known as Jumbo, Mmatsiane, Makhantiele and Kudumane in 2012.
- A general review on the potential of the Company's entire Exploration Portfolio in Botswana.

Assuming the Rights Issue and Shortfall Offer are fully subscribed, the funds raised will be allocated as follows:

Item	
Drilling Programs on abovementioned Prospecting Licences	500,000
IP Surveying	50,000
Assaying	150,000
Preliminary Environmental Impact Assessment	120,000
Geological Consultants and services	150,000
Botswana geologists, field crews and general ground operating costs	450,000
Corporate, administration and general working capital	357,386
Costs of this issue	<u>138,852</u>
Total	<u>1,916,238</u>

Note: the funds have been budgeted for the above purposes but this may vary should exploration success require targeted and accelerated drilling on any of the anomalies. It is possible that additional funds exceeding the funds at hand after the issue may be required to further accelerate exploration. Also refer to Section 3 (Risk Factors) as some or all of these PL's will expire in 2012. Whilst the Company will apply for extensions no guarantee can be made that these will be granted by the Government of Botswana.

If the Rights Issue and Shortfall Offer are not fully subscribed, assuming only the partially underwritten amount of \$1 million is raised, the funds raised will be allocated as follows:

Item	
Drilling Programs on abovementioned Prospecting Licences	200,000
IP Surveying	20,000
Assaying	20,000
Preliminary Environmental Impact Assessment	30,000
Geological Consultants and services	10,000
Botswana geologists, field crews and general ground operating costs	271,865
Corporate, administration and general working capital	357,386
Costs of this issue	<u>90,749</u>
Total	<u>1,000,000</u>

Note: the funds have been budgeted for the above purposes but this may vary should exploration success require targeted and accelerated drilling on any of the anomalies. It is possible that additional funds exceeding the funds at hand after the issue may be required to further accelerate exploration. Also refer to Section 3 (Risk Factors) as some or all of these PL's will expire in 2012. Whilst the Company will apply for extensions no guarantee can be made that these will be granted by the Government of Botswana.

2.5 Financial effect

Set out below is the un-audited pro forma statement of financial position of the Company as at 31 December 2011 which presents the audited statement of financial position as at 30 June 2011, as audited by William Buck Audit (VIC) Pty Ltd, and the unaudited statement of financial position which has been adjusted for the impact of the proposed Rights Issue.

	Consolidated Group		
	Audited 30 June 2011	Unaudited 31 December 2011	Proforma 31 December 2011
	\$	\$	\$
Current Assets			
Cash and cash equivalents	3,265,791	1,348,990	3,126,376
Trade and other receivables	166,731	135,041	135,041
Total Current Assets	<u>3,432,522</u>	<u>1,484,031</u>	<u>3,261,417</u>
Non-Current Assets			
Plant and equipment	324,416	266,172	266,172
Capitalised exploration and evaluation	6,089,251	6,949,378	6,949,378
Total Non-Current Assets	<u>6,413,667</u>	<u>7,215,550</u>	<u>7,215,550</u>
Total Assets	<u>9,846,189</u>	<u>8,699,581</u>	<u>10,476,967</u>
Current Liabilities			
Trade & Other Payables	461,183	567,569	567,569
Total Current Liabilities	<u>461,183</u>	<u>567,569</u>	<u>567,569</u>
Non-Current Liabilities	-	-	-
Total Non-Current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>461,183</u>	<u>567,569</u>	<u>567,569</u>
Net Assets	<u>9,385,006</u>	<u>8,132,012</u>	<u>9,909,398</u>
Equity			
Issued Capital	12,417,267	12,417,267	14,194,653
Costs of capital raising	-	-	-
Reserves	1,043,999	335,674	335,674
Accumulated Losses	(4,076,260)	(4,620,929)	(4,620,929)
Total Equity	<u>9,385,006</u>	<u>8,132,012</u>	<u>9,909,398</u>

Note: in the event that some or all of Prospecting Licences 110/94, 46/2004 and 47/2004 are not extended and BML loses the right to explore those tenements there will be a write-off of Capitalised Exploration & Evaluation Expenditure in the financial accounts of the Company.

3 Risk Factors

3.1 Speculative Nature of Investment

The below list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The below risk factors, and others not specifically referred to below, may in the future materially effect the financial performance of the Company and the value of the Securities.

Therefore the Securities carry no guarantee with respect to the payment of dividends, returns of capital or their market value. An investment in the Company is speculative. Eligible Shareholders and potential investors should consult their professional advisers before deciding whether to invest.

3.2 Key risks

(a) *Title risks and Native Title*

The Company has interests in tenements in Botswana. Interests in tenements in Botswana are governed by legislation and are evidenced by the granting of Prospecting Licences (PLs). Each PL is for a specific term and carries with it annual expenditure and reporting commitments, as well as other conditions requiring compliance.

The Company may lose title to its interest in tenements if licence conditions are not met or if insufficient funds are available to meet expenditure commitments.

It is also possible that, in relation to tenements which the Company has an interest in or will in the future acquire such an interest, there may be areas over which legitimate native title rights exist. If native title rights do exist, the ability of the Company to gain access to tenements (through obtaining consent of any relevant landowner), or to progress from the exploration phase to the development and mining phases of operations, may be adversely affected. The Directors will closely monitor the potential effect of native title claims involving tenements in which the Company has or may have an interest.

(b) *Expiry of tenements*

Several of BML's key PLs will expire within 12 months.

The current extension of PL 110/94, which contains the Airstrip and Maibele North projects in north-eastern Botswana, expires on 30 March 2012. An application to extend this PL has been made in compliance with the *Mines and Minerals Act (Act no. 17 of 1999) Botswana* however the decision to extend the PL is entirely within the discretion of the Department of Geological Survey ("DGS") in Botswana. Should the DGS not grant an extension to the PL, BML will not be permitted to conduct further exploration on the PL and exploration expenditure that has been capitalised as an asset in the accounts of BML will have to be written-off thereby negatively impacting the Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position of BML. In the event that the DGS does not grant BML an extension to the PL, BML may apply for the PL again within 3 months, whereby its application will be assessed along with any other competing applications by other explorers.

Other PLs that expire within the next 12 months are PL111/94, containing the Dibete project, PL 54/98 and PL 14/2003, in north-eastern Botswana, which all expire on 31 December 2012. The risks and consequences for PL 111/94, PL 54/98 and PL 14/2003 are similar to those outlined above.

PL 46/2004 and PL 47/2004 expired on 30 June 2011 and extension applications were lodged by the Company within the required timeframe. However, as at the date of this Prospectus, the DGS has not confirmed or denied BML's application for extension to these PLs. Potential investors should be aware that these PLs may not be extended by the DGS, in which case the consequences are similar to those outlined above.

(c) *Resource and Reserve estimates*

There is a risk that the mineral resources and ore reserves of BML, which are estimated and published on a regular basis by BML in accordance with ASX Listing Rules and the Australasian Code for Reporting of Mineral Resources and Ore Reserves, are incorrect. If those estimates are materially in excess of the recoverable mineral content of the tenements, the production and financial performance of BML would be adversely affected.

(d) *Discovery risk*

Any discovery by the Company may not be commercially viable or recoverable: that is no resources within the meaning of the JORC Code may be able to be established and it may be that consequently no reserves can be established.

(e) *Profitability*

The Company is not presently profitable and may never be so.

(f) *Ability to attract personnel*

BML's success depends, in part, on its ability to identify, attract, motivate and retain suitably qualified management personnel. Competition for qualified staff is strong. The inability to access and retain the services of a sufficient number of qualified staff could be disruptive to BML's development efforts or business development and could materially adversely affect its exploration activity and its operating results.

(g) *Operating risk*

The nature of exploration, mining and mineral processing involves hazards which could result in BML incurring uninsured losses and liabilities to third parties. These could include rock falls, flooding, unfavourable ground conditions or seismic activity, ore grades being lower than expected and the physical or metallurgical characteristics of the ore being less amenable to mining or treatment than expected.

(h) *Insurance risk and hazards*

The Company, as an active participant in exploration programs, may become subject to liability for hazards that cannot be insured against or against which it may elect not to be insured because of high premium costs. The Company may incur a liability to third parties (in excess of its insurance cover) arising from pollution, environmental damage or other damage, injury or death.

(i) *Contract risks*

The Company's subsidiaries operate through a series of contractual relationships with operators and sub-contractors. All contracts carry risks associated with the performance by third parties of their obligations as to time and quality of work performed. Any disruption to services or supply may have an adverse effect on the financial performance of the Company's operations.

(j) *Environmental risks*

The Company's projects are subject to various environmental laws. Many of the activities and operations of the Company cannot be carried out without prior approval from and compliance with all relevant authorities. Resource activities can be environmentally sensitive and give rise to substantial costs for environmental rehabilitation, damage control and losses.

The Company may be:

- (i) subject to potential liability related to the exploration, mining and extraction of metals; or
- (ii) prevented from exploration and mining due to the environmental impact of its activities on an area.

Any such developments might impact adversely on the Company's share price.

It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

(k) *Regulatory risk*

Operations by the Company may require approvals from regulatory authorities which may not be forthcoming or which may not be able to be obtained on terms acceptable to the Company. While the Company has no reason to believe that all requisite approvals will not be forthcoming and whilst the Company's obligations for expenditure will be predicated on any requisite approvals being obtained, Eligible Shareholders should be aware that the Company cannot guarantee that any requisite approvals will be obtained. A failure to obtain any approvals would mean that the ability of the Company to develop or operate any project, or possibly acquire any project, may be limited or restricted either in part or absolutely.

The regulatory environment for BML's operations could change in ways that could substantially increase BML's liabilities, tax liability or costs of compliance. This could materially and adversely affect BML's financial position.

(l) *Equipment risk*

The exploration operations of BML could be adversely affected if essential equipment failed, which if uninsured could result in BML incurring additional expenses and delays in exploration programs with consequences for tenure.

(m) *Sovereign risk*

The Company's exploration activities are carried out in Botswana. As a result, the Company will be subject to political, social, economic and other uncertainties including, but not limited to, changes in policies or the personnel administering them, foreign exchange restrictions, changes of law affecting foreign ownership, currency fluctuations, royalties and tax increases in that country. Other potential issues contributing to uncertainty such as repatriation of income, exploration licensing, environmental protection and government control over mineral properties should also be considered.

Potential risk to the Company's activities may occur if there are changes to the political, legal and fiscal systems which might affect the ownership and operation of the Company's interests in Botswana. This may also include changes in exchange control systems, expropriation of mining rights, changes in government and in legislative and regulatory regimes.

3.3 Other risks

(a) *Joint Ventures*

The Company may wish to develop its projects or its future projects through joint venture arrangements. Any joint ventures entered into by, or interests in joint ventures assigned to, the Company could be affected by the failure or default of any of the joint venture participants.

Should the Company achieve less than the full subscription under the offer it may have to obtain joint venture partners to meet expenditure commitments specified by the Botswana regulatory authorities when the tenements were granted. There is a risk that the Company may not readily be able to obtain such joint venture partners prior to the expiry date of the tenements. Should an expenditure commitment not be met for a tenement the Botswana regulatory authorities have the discretion to cancel that tenement.

(b) *Climatic risk*

Adverse weather conditions may affect production and exploration.

(c) *War and terrorist attacks*

War or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region. There could also be a resultant material adverse effect on the business, financial condition and financial performance of BML.

(d) *Commodity price risk*

As the Company's potential earnings from any future operations would be largely derived from the sale of commodities in US dollars, the Company's earnings would be subject to fluctuations in the price of commodities and the Company's earnings and costs would be subject to movements in currency exchange rates (particularly the Australian dollar against the US dollar).

Commodity prices fluctuate and are affected by factors including the relationship between global supply and demand for minerals, forward selling by producers, the cost of production and general global economic conditions.

Commodity prices are also affected by the outlook for inflation, interest rates, currency exchange rates, and supply and demand issues. These factors may have an adverse effect on the Company's exploration and any subsequent development and production activities, as well as its ability to fund its future activities.

(e) *Foreign exchange risk*

Revenue and expenditure in overseas jurisdictions are subject to the risk of fluctuations of international currency exchange markets. Foreign taxes, limitation on repatriation of earnings, compliance with foreign accounting and business laws, and cultural differences, carry a certain amount of risk. Fluctuations in exchange rates may adversely affect the Company and its share price. The Company does not at present have any currency hedging in place. *Economic risk and external market factors*

Factors, such as, but not limited to, political movements, stock market trends, changing customer preferences, interest rates, inflation levels, commodity prices, exchange rates, industrial disruption, environmental impacts, international competition, taxation changes and legislative or regulatory changes, may all have an adverse impact on BML's operating costs, profit

margins and share price. These factors are beyond the control of BML and BML cannot, to any degree of certainty, predict how they will impact on BML.

3.4 Risks associated with the Securities

(a) *Attaching Options may be “out of the money”*

The Attaching Options are currently “out of the money” and may remain so until the Option Expiry Date.

(b) *Dilution*

The interests of Eligible Shareholders who do not participate in the Rights Issue in full and Ineligible Shareholders will be diluted as a result of the Company undertaking the Rights Issue.

(c) *On-going capital requirements for BML*

If BML requires access to further funding at any stage in the future, BML may be adversely affected in a material way if, for any reason, access to that capital is not available. There can be no assurance that additional funds will be available. If additional funds should be raised by issuing equity securities, this might result in dilution to the interests of then existing Shareholders.

(d) *Securities Investment*

Eligible Shareholders and potential investors should be aware that there are risks associated with investment in shares of companies listed on a stock exchange. The value of shares can be expected to fluctuate depending on various factors including general worldwide economic conditions, changes in government policies, investor perceptions, movements in interest rates and stock markets, variations in the operating costs and costs of capital replacement which BML may in the future require. Accordingly, assuming that the Securities are granted official quotation by ASX, they may trade on ASX at higher or lower prices than the issue price.

Each Eligible Shareholder and potential investor should consider whether Securities are a suitable investment for them before deciding to invest in the Securities. Any Eligible Shareholder or potential investor in doubt about investing in shares should consult their stockbroker, accountant, lawyer or other professional adviser immediately.

4 Rights and Liabilities attaching to Securities

4.1 Rights attached to New Shares

New Shares will, once issued, rank pari passu with existing Shares. The rights attached to Shares are:

- (a) set out in the Company's Constitution which may be examined free of charge by appointment between 9.00am and 5.00pm on normal business days at the registered office of BML at Suite 5, Level 1, 310 Whitehorse Road, Balwyn, Victoria, 3103; and
- (b) in certain circumstances, regulated by the Corporations Act, the ASX Listing Rules and the general law.

Set out below is a summary of the principal rights attaching to Shares:

(a) *General meetings*

Members are entitled to be present in person, or by proxy, attorney or representative to speak and vote at general meetings of the Company. Members may requisition general meetings in accordance with the Corporations Act and the Constitution of the Company.

(b) *Ranking*

The New Shares will be ordinary shares and rank equally in all respects with the existing Shares of the Company. Prior to the issue of this Prospectus the Company has issued options to Directors. These options are not listed, nor is quotation being sought for these particular classes of options, however the shares issued on exercise of these options will rank equally with existing Shares.

(c) *Reports and Notices*

Members are entitled to receive all notices, reports, accounts and other documents required to be furnished to members under the Constitution of the Company and the Corporations Act.

(d) *Voting rights*

At a general meeting of the Company every ordinary member present in person, or by proxy, attorney or representative shall on a show of hands, have one vote and upon a poll every member present in person or by proxy, attorney or representative has one vote for every Share held. A qualification to the above is that where a person is present at a meeting as proxy or representative for more than one member then on a show of hands that person shall have only one vote and not one vote for each person represented by him.

(e) *Issue of further Shares*

The allotment and issue of Shares is under the control of the Directors of the Company. Subject to restrictions on the allotment of Shares to Directors or their associates contained in the Constitution, the Corporations Act, and the ASX Listing Rules, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

(f) *Variation of rights*

The rights, privileges and restrictions attaching to Shares can be altered with the approval of a resolution passed at a separate general meeting of the holders of Shares by a three-quarters majority of those holders who, being entitled to do so, vote at that meeting or with the written consent of the holders of at least

three-quarters of the Shares on issue, within two months of that general meeting.

(g) *Winding up*

Members will be entitled in a winding up to share in any surplus assets of the Company in proportion to the Shares held by them respectively, less any amount which remains unpaid on their Shares at the time of distribution.

(h) *Dividends*

The Directors may declare and authorise the distribution, from the profits of the Company, of dividends to be distributed to members according to their rights and interests.

(i) *Transfer of Shares*

Subject to the Constitution of the Company and the Corporations Act the New Shares will be freely transferable.

(j) *Reduction of Capital*

The Company may only reduce its capital in such manner as may be permitted by the provisions of the Corporations Act from time to time.

(k) *Borrowing and Lending Powers*

The Company may borrow and lend in such manner as may be permitted by the provisions of the Corporations Act from time to time.

(l) *Directors*

The Constitution of the Company contains provisions relating to the rotation of Directors (other than Managing Directors / Executive Directors and Alternate Directors).

4.2 **CHESS and BML Sponsorship**

BML participates in CHESS. ASTC, a wholly owned subsidiary of ASX, operates CHESS in accordance with the ASX Listing Rules, the ASTC Settlement Rules and the ACH Clearing Rules. Holders of New Shares will not be issued a certificate but will be issued and sent a confirmation of their allotment of their holding of New Shares.

If you are a sponsored holder in CHESS, you will be sent a confirmation notice by the Share Registry which will set out the number of New Shares issued to you under this Prospectus and provide details of your HIN (holder identification number).

If you are registered on the issuer sponsored sub-register, your holding statement will contain the number of New Shares issued to you under this Prospectus and your SRN (security holder reference number).

A CHESS holding statement or issuer sponsored holding statement will otherwise be sent to Shareholders at the end of any calendar month during which the balance of their shareholding changes. Shareholders may request a statement at any other time; however a charge may be made for additional statements.

4.3 **Terms and Conditions of Attaching Options**

The Attaching Options will be issued to successful Applicants under the Offer on the basis of one (1) Attaching Option for every one (1) New Share issued.

Each Attaching Option will expire at 5.00pm EST on 30 June 2013 (**Option Expiry Date**). Each Attaching Option may be exercised at any time prior to the Option Expiry Date in accordance with the notice provisions set out below and any Attaching Options not so exercised shall automatically expire on the Option Expiry Date.

The exercise price for the Attaching Options is \$0.10 per Attaching Option.

The following is a summary of the rights and liabilities attaching to all Options and which will attach to the Attaching Options once issued.

(a) *Ranking of Share allotted on Exercise of Option*

Each Share allotted as a result of the exercise of an Attaching Option will rank in all respects pari passu with the existing Shares in the Company on issue at the date of allotment.

(b) *Voting*

Attaching Options issued by the Company do not have any voting rights at general meetings of the Company.

(c) *Transfer of an Attaching Option*

Subject to the Constitution of the Company and the Corporations Act the Attaching Options will be freely transferable.

(d) *Method of Exercise of an Attaching Option*

An optionholder may exercise Attaching Options at any time prior to the Option Expiry Date by submitting the relevant Option Exercise Form to the Company's share registry. Forms for exercising Attaching Options are available from the Company's share registry, the Company's website or by contacting the Company directly.

(e) *Participation in New Share Issues*

Attaching Options issued by the Company do not entitle the optionholder to participate in new issues by the Company.

(f) *Change of Options' Exercise Price or the Number of Underlying Shares*

In the event of any reconstruction (including a consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of holders of Attaching Options will be changed to the extent necessary to comply with the Listing Rules at the time of the reorganisation.

5 Additional Information

5.1 Underwriting Agreement

Pursuant to the Underwriting Agreement dated 1 February 2012, Bell Potter Securities Limited (**Underwriter**) has agreed to underwrite the Rights Issue. The Underwriters' underwriting commitment is up to \$1 million.

The Underwriter will also act as lead manager to the Shortfall Offer and the Company has agreed to pay to the Underwriter:

- (a) a management fee equal to 1% of the gross amount raised under the Rights Issue and Shortfall Offer, namely \$19,160 (**Management Fee**);
- (b) an underwriting fee of 5% of the total amount underwritten by the Underwriter, namely up to \$50,000 (**Underwriting Fee**); and
- (c) 5% commission on any other New Shares placed to clients of the Underwriter above the underwritten amount.

In addition, the Company must pay the Underwriter for all costs incurred by the Underwriter in connection with the Offer, including legal fees and disbursements and the costs of travel and accommodation, marketing and communication costs.

The Underwriter will be paid in cash, subject to the terms and conditions of the Underwriting Agreement, which is on arms-length commercial terms and which is considered standard for agreements of this nature.

The Company has given warranties and covenants to the Underwriter which are usual in an agreement of this nature. The Underwriting Agreement provides that the Underwriter may terminate its obligations under the Underwriting Agreement at any time without cost or liability to the Underwriter upon the occurrence of any one or more termination events, including:

- (a) (**market movement**) At any time after the date of the Underwriting Agreement:
 - (i) the S&P/ASX All Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement;
 - (ii) the S&P/ASX 200 Index is 10% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement; or
 - (iii) the S&P/ASX Small Ordinaries Index is 10% or more below its level as at the close of trading immediately preceding the date of the Underwriting Agreement.
- (b) (**Prospectus defective**) The Underwriter becomes aware of:
 - (i) information in the prospectus which is untrue, incorrect, misleading or deceptive; or
 - (ii) material omission from the prospectus,
which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect.
- (c) (**disclosure in prospectus**) A statement contained in the prospectus is misleading or deceptive, or a matter required by the Corporations Act is omitted from the prospectus.
- (d) (**material change**) A change occurs after the date of the underwriting agreement affecting or relating to the Company or a subsidiary, or the industry in which the Company or a subsidiary operates, which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect.

- (e) (**ASIC**) An application is made by ASIC for an order under Part 9.5 of the
- (f) (**Withdrawal**) The Company withdraws or terminates the Offer.
- (g) (**Default**) The Company materially breaches the underwriting agreement and fails to remedy the breach to the reasonable satisfaction of the Underwriter or any warranty or representation by the Company under the underwriting agreement is or becomes materially false, misleading or deceptive
- (h) (**Hostilities**) There is an outbreak of new hostilities or a state of war, whether declared or not, or an act of terrorism occurs or arises after the date of the underwriting agreement, or an escalation of hostilities already in existence occurs, involving:
 - (i) Australia;
 - (ii) the United States of America;
 - (iii) Botswana;
 - (iv) any member country of the European Community;
 - (v) Japan;
 - (vi) Russia;
 - (vii) Indonesia;
 - (viii) Peoples' Republic of China,
 - (ix) New Zealand;
 - (x) Hong Kong;
 - (xi) Taiwan;
 - (xii) Singapore;
 - (xiii) Malaysia;
 - (xiv) India; or
 - (xv) Pakistan,

which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect.
- (i) (**Insolvency Event**) An insolvency event occurs with respect to the Company or a subsidiary.
- (j) (**Contravention**) The Company contravenes:
 - (i) any law, regulation, authorisation, ruling, consent, judgment, order or decree of any governmental agency;
 - (ii) its constitution or another constituent document;
 - (iii) the Listing Rules; or
 - (iv) an Encumbrance or document which is binding on the Company or a subsidiary, or an asset of the Company or a subsidiary,

which in the reasonable opinion of the Underwriter has or is likely to have a material adverse effect.
- (k) (**Suspension**) If any of the securities of the Company are removed from the official list of the ASX or suspended from trading for 2 consecutive trading days.
- (l) (**officers and senior managers**) after the date of the underwriting agreement, an officer or senior manager of the Company or a subsidiary resigns or is removed from office, is charged with or convicted of a criminal offence or becomes a bankrupt, or steps are taken to achieve such an outcome.

- (m) **(ASIC hearing or investigation)** ASIC gives notice of its intention to hold a hearing or examination, inspection, investigation, or it requires information to be disclosed, in connection with the Company, a subsidiary or the Offer.

The Underwriter reserves the right to appoint sub-underwriters to the Offer on such terms and conditions as the Underwriter thinks fit.

5.2 Directors' interests and benefits

Other than as set out below or elsewhere in this Prospectus, no Director or proposed Director of BML, and no firm in which a Director or proposed Director of BML is a partner, holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of BML;
- (b) any property acquired or proposed to be acquired by BML in connection with its formation or promotion or in connection with the Offer, or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director or proposed director of BML:

- (a) to induce them to become, or to qualify them as, a Director; or
- (b) for services rendered by them in connection with the formation or promotion of BML or in connection with the Offer.

Directors are not required under BML's constitution to hold any shares in BML.

The table below shows the interest of each Director (whether held directly or indirectly) in securities of BML as at the date of this Prospectus:

Director	Shares	Options
Patrick Volpe	23,281,159	17,500,000
Massimo Cellante	10,989,709	7,500,000
Paul Woolrich	1,227,778	988,888

Directors may hold the relevant interests in Shares and Options shown above directly, or through holdings by companies, trusts or other persons with whom they are associated.

5.3 Interests of other persons

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, and no promoter of BML holds, or held at any time during the last 2 years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of BML;
- (b) any property acquired or proposed to be acquired by BML in connection with its formation or promotion or in connection with the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefit has been given or agreed to be given to any of these persons for services rendered by them in connection with the formation or promotion of BML or in connection with the Offer.

Legal advisers, Mills Oakley Lawyers, are entitled to receive professional fees of approximately \$5,000 in connection with the Offer calculated in accordance with their normal hourly fees.

As discussed in Section 5.1, the Underwriter will be paid a commission of 5% on the underwritten amount plus any Shortfall placed in excess of their underwriting commitment as well as a 1% management fee on the proceeds of the Offer. Expenses will also be reimbursed.

5.4 Consents

Each of the parties referred to in this section:

- (a) has not authorised or caused the issue of this Prospectus;
- (b) does not make, or purport to make, any statement in this Prospectus other than as specified in this section;
- (c) has not made any statement on which a statement in this Prospectus is based, other than as specified in this section; and
- (d) to the maximum extent permitted by law, expressly disclaims all liability in respect of, makes no representation regarding, and takes no responsibility for, any part of this Prospectus other than the reference to its name and the statement (if any) included in this Prospectus with the consent of that party as specified in this section.

Mills Oakley Lawyers have given and, at the time of lodgement of this Prospectus, have not withdrawn their written consent to being named in this Prospectus as legal advisers to BML in respect of the Offer in the form and context in which they are named.

William Buck Audit (Vic) Pty Ltd have given and, at the time of lodgement of this Prospectus, have not withdrawn their written consent to being named in this Prospectus as auditors to BML in respect of the Offer in the form and context in which they are named.

Bell Potter Securities Limited have given and, at the time of lodgement of this Prospectus, have not withdrawn their written consent to being named in this Prospectus as the underwriter and lead manager in respect of the Offer in the form and context in which they are named.

5.5 Expenses of the Rights Issue

The estimated costs of the Offer are:

Fees payable to Underwriter / Lead Manager	\$114,974
ASIC fees	\$2,137
ASX fees	\$6,741
Legal	\$5,000
Printing and postage	<u>\$10,000</u>
TOTAL	<u>\$138,852</u>

These expenses are payable by the Company.

5.6 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the 3 months immediately preceding the date of lodgement of this Prospectus with ASIC and the respective dates of those sales were:

Highest:	6.6 cents per Share	17 November 2011
Lowest:	3.5 cents per Share	11 January 2012.

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 3.6 cents on 2 February 2012.

5.7 Litigation

Neither the Company nor any of its subsidiaries are presently involved in litigation and the Directors are not aware of any basis on which any litigation against the Company or any of its subsidiaries may arise.

5.8 Taxation implications

The Directors do not consider that it is appropriate to give Shareholders or other potential Applicants advice regarding the taxation consequences of applying for New Shares under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Shareholders or other potential Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of subscribing for New Shares offered pursuant to this Prospectus.

5.9 Electronic Prospectus

Pursuant to Class Order 00/44, ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic Entitlement and Acceptance Forms on the basis of a paper prospectus lodged with ASIC, and the publication of notices referring to an electronic prospectus or electronic Entitlement and Acceptance Form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Entitlement and Acceptance Form. If you have not, please phone the Company on +61 3 9830 7676 and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The New Shares will only be issued on receipt of an Entitlement and Acceptance Form issued together with this Prospectus. The Company reserves the right not to accept an Entitlement and Acceptance Form from a person if it has reason to believe that when that person was given access to the electronic Entitlement and Acceptance Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

6 Continuous Disclosure Obligations

6.1 Nature of this Prospectus

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. This enables listed disclosing entities to issue a prospectus with less rigorous disclosure requirements if:

- (a) the securities offered by the prospectus are in a class of securities that have been quoted securities at all times in the 3 months before the date of the prospectus; and
- (b) the company is not subject to certain exemptions or declarations prescribed by the Corporations Act.

Securities are quoted securities if:

- (a) the company is included in the official list of ASX; and
- (b) the ASX Listing Rules apply to those securities.

The information in this Prospectus principally concerns the terms and conditions of the Offer and the information necessary to make an informed assessment of:

- (a) the effect of the Offer on BML; and
- (b) the rights and liabilities attaching to the New Shares offered by this Prospectus.

As BML has been listed on ASX since 18 January 2008, a substantial amount of information concerning BML has previously been notified to ASX and is therefore publicly available.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to BML which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Eligible Shareholders should therefore also have regard to the other publicly available information in relation to BML before making a decision whether or not to invest in the New Shares. Information can be accessed from ASX or via BML's website at www.botswanametals.com.au.

6.2 Regular reporting and disclosure obligations

BML is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules.

These obligations require BML to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the stock market conducted by ASX. In particular, BML has an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information of which it becomes aware concerning BML which a reasonable person would expect to have a material effect on the price or value of securities in BML.

BML is also required to prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an auditor's report.

All announcements made by BML are available from ASX.

Having taken such precautions and having made such enquiries as are reasonable, BML believes that it has complied with the general and specific requirements of the ASX (as applicable from time to time throughout the 12 months before the issue of this Prospectus) which require BML to notify ASX of information about specified events or

matters as they arise, for the purpose of the ASX making that information available to the market.

BML believes there is no other information that Shareholders or investors would reasonably require for the purposes of making an informed assessment of the assets and liabilities, financial position and performance, profits and losses and prospects of BML and the rights and obligations attaching to the New Shares under this Prospectus, which has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules.

6.3 Your right to obtain copies of BML's documents

Copies of any documents in relation to BML which are lodged with ASIC may be obtained from, or inspected at, an ASIC office.

During the period that the Offer remains open, BML will provide copies of the following to any person on request, free of charge:

- (a) BML's annual financial report for the year ended 30 June 2011 being the last annual financial report that has been lodged with ASIC before lodgement of this Prospectus;
- (b) any continuous disclosure notices used to notify ASX of information relating to BML between 30 September 2011 (being the date of lodgement of the financial report referred to in paragraph (a) with ASIC) and the date of lodgement of this Prospectus.

The following documents were lodged by BML with ASX during this period:

Title of Notice as lodged with ASX	Lodgement Date
BML to raise \$1.9M: Non-renounceable Rights Issue & Appendix 3B	1 February 2012
Trading Halt	30 January 2012
Quarterly Report to 31 December 2011	27 January 2012
Update of PL110/94 Magogaphate	18 January 2012
Drilling Update	23 December 2011
Results of Meeting	25 November 2011
AGM Shareholder Presentation	25 November 2011
Notice of General Meeting	8 November 2011
Quarterly Activities and Cashflow Report	31 October 2011
Airstrip drilling update	27 October 2011
Investorium Presentation	10 October 2011
Annual Report to shareholders	30 September 2011

6.4 Documents available for inspection

The following documents are available for inspection during normal business hours at the registered office of BML:

- (a) this Prospectus;
- (b) the constitution of BML; and
- (c) the consents referred to in section 5.4 of this Prospectus.

7 Director's authorisation

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

The Directors state that they have made all reasonable enquiries and on that basis have reasonable grounds to believe that any statements made by the Directors in this Prospectus are not misleading or deceptive and that, in respect to any other statements made in this Prospectus by persons other than Directors, the Directors have made reasonable enquiries and, on that basis, have reasonable grounds to believe that persons making the statement or statements were competent to make such statements. Those persons have given their consent to the statements being included in this Prospectus, in the form and context in which they are included and have not withdrawn that consent before lodgement of this Prospectus with the ASIC or, to the Directors' knowledge, before any issue of Shares pursuant to this Prospectus.

Each of the Directors of the Company has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act and has not withdrawn that consent.

This Prospectus is signed for and on behalf of the Company pursuant to a resolution of the Board.

Dated: 3 February 2012

A handwritten signature in dark ink, appearing to read 'P Volpe', with a stylized flourish at the end.

Patrick Volpe
Director

8 Glossary

ACH Clearing Rules	The official clearing rules of the Australian Clearing House Pty Ltd ABN 48 001 314 503.
AEST	Australian Eastern Standard Time.
Applicant	An Eligible Shareholder who applies for New Shares.
Application	An application for New Shares.
Application Moneys	Money received by the Company in respect of Applications.
ASIC	Australian Securities & Investments Commission.
ASTC	ASX Settlement and Transfer Corporation Pty Ltd ABN 49 008 504 532.
ASTC Settlement Rules	The official settlement rules of ASTC.
ASX	ASX Limited ABN 98 008 624 691.
ASX Listing Rules	The official listing rules of the ASX.
Attaching Options	The Options offered in this Prospectus to be issued free to successful Applicants under the Offer on the basis of 1 free Attaching Option for every 1 New Share issued, the terms of which are set out in Section 4.
BML or Company	Botswana Metals Limited ABN 96 122 995 073
Board or Board of Directors	The board of directors of the Company.
Business Day	A day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Melbourne, Australia.
CHESS	Clearing House Electronic Subregister System operated by ASTC
Closing Date	5.00pm AEST on 2 March 2012.
Corporations Act	<i>Corporations Act 2001</i> (Cth).
Directors	The directors of the Company.
Eligible Shareholders	A Shareholder whose registered address is in Australia or New Zealand and who is a Shareholder at 5.00 pm (AEST) on the Record Date
Electronic Prospectus	The electronic copy of this Prospectus located at BML's website at www.botswanametals.com.au .
Entitlement or Right	Entitlement of Eligible Shareholders to subscribe for 1 New Share for every 3 Shares held by them as at the Record Date plus 1 Attaching Option, and Rights has a corresponding meaning.
Entitlement and Acceptance Form	The personalised entitlement and acceptance form accompanying this Prospectus,
New Shares	The Shares to be issued in the Company under this Prospectus.
Offer	The offer of New Shares and free Attaching Options pursuant to this Prospectus.

Opening Date	9.00am AEST on 16 February 2012.
Option	An option to acquire a Share.
Option Expiry Date	Has the meaning given to that term in Section 4.3 of this Prospectus.
Privacy Act	<i>Privacy Act 1988</i> (Cth).
Prospecting Licence or PL	A licence to prospect as granted by the Department of Geological Survey in Botswana.
Prospectus	This prospectus of BML.
Record Date	5.00pm on 13 February 2012.
Rights Issue	Has the meaning given to that term on the cover page of this Prospectus.
Securities	The New Shares and the Attaching Options.
Shareholders	Registered holders of Shares.
Share Registry	Advanced Share Registry Services Limited.
Shares	Fully paid ordinary shares in the capital of BML.
Shortfall	The difference between the total number of Securities offered to Eligible Shareholders under the Offer and the number of Securities applied for on a pro rata basis in exercising the Entitlements.
Shortfall Offer	The offer of the Shortfall to Eligible Shareholders or other persons located and receiving this Prospectus in Australia.
Shortfall Shares	New Shares not subscribed for prior to the close of the Offer.
Underwriter	Bell Potter Securities Limited ABN 25 006 390 772.
Underwriting Agreement	The Underwriting Agreement dated 1 February 2012 entered between the Company and the Underwriter and summarised in section 5.1 of this Prospectus.