

Corporate Governance Statement

Botswana Metals Limited (“the Company”) has prepared this statement that sets out its corporate governance practices during the financial year to 30 June 2015.

The Company has adopted and substantially complies with the ASX Corporate Governance Principles and Recommendations (Third Edition) (“the Recommendations”) to the extent appropriate to the size and nature of the operations of the Company and its controlled entities.

This statement is current as at 30 September 2015 and has been approved by the Board of Directors of the Company.

The various charters and policies are all available upon request from the Company.

ASX Recommendation	Status	Reference / Comment
Principle 1 – Lay solid foundations for management and oversight		
1.1	<p>A listed entity should disclose:</p> <p>(a) the respective roles and responsibilities of its board and management; and</p> <p>(b) those matters expressly reserved to the board and those delegated to management.</p>	<p>Complying</p> <p>The Board’s role is to govern the Company rather than to manage it. 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.</p> <p>The Board’s responsibilities include:</p> <ul style="list-style-type: none"> • Leadership of the organisation. • Strategy formulation. • Overseeing planning activities. • Shareholder liaison. • Monitoring compliance and risk management. • Company finances. • Human resources. • Remuneration policy. <p>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.</p>
1.2	<p>A listed entity should:</p> <p>(a) undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director; and</p> <p>(b) provide security holders with all material information in its possession relevant to a decision whether or not to elect or re-elect a director.</p>	<p>Complying</p> <p>Appropriate checks will be undertaken on any candidate standing for election as a director and any material adverse information revealed by those checks will be provided to shareholders including any matters that may impact on the candidate’s ability to act independently or in the best interests of the Company.</p> <p>In the case of any director standing for election or re-election the Company will provide information to shareholders to enable them to make an informed decision regarding the matter. Information may include the relevant qualifications and experience of the</p>

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			period, details of directorships of other listed entities within the past three years, whether the person is considered independent and a recommendation by the Board whether to vote for or against the election or re-election
1.3	A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.	Complying	In respect of all directors and executives there is either: <ul style="list-style-type: none"> • a written agreement; • a letter of appointment; or • a formal job description, setting out the terms of appointment.
1.4	The company secretary of a listed entity should be accountable directly to the Board, through the Chair, on all matters to do with the proper functioning of the Board	Complying	The Company Secretary provides administrative assistance to the Board and manages the relationship between the Company and the ASX, other regulators, the Company's share registry and other service providers. The Company Secretary assists in the conduct of Board meetings by despatching agendas and board papers and taking minutes of the meetings. All Directors have access to the Company Secretary who is accountable to the Board. The Board has the power to appoint or remove the Company Secretary.
1.5	A listed entity should: (a) have a diversity policy which includes requirements for the Board or a relevant committee of the Board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them; (b) disclose that policy or a summary of it; and (c) disclose as at the end of each reporting period the measurable objectives to achieving gender diversity set by the Board or a relevant committee of the Board in accordance with the entity's diversity policy and its progress towards achieving them and either: (i) the respective proportions of men and women on the Board, in senior	Part Complying	Due to the size and nature of its operations the Company has not adopted a gender diversity policy. The Group's workforce is comprised of people from different 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. The Group maintains an office at Selebi Phikwe that provides the opportunity to increase community participation in the Group's workforce. As at 30 June 2015 the Group had 11 employees of which three were female. There are three Directors on the Board and none are female. It is not considered practical to set measurable targets with regard to diversity at this point in time. The Company is

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	<p>executive positions and across the whole organisation (including how the entity has defined “senior executive”) for these purposes); or</p> <p>(ii) if the entity is a “relevant employer” under the Workplace Gender Equality Act, the entity’s most recent “Gender Equality Indicators”, as defined in and published under that Act.</p>		<p>nonetheless committed to recruiting employees from a diverse pool of qualified candidates.</p> <p>A senior executive is the CEO and those executives that report to the CEO.</p> <p>All executives, managers and employees are responsible for promoting workforce diversity.</p>
1.6	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of the Board, its committees and individual directors; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in accordance with that process.</p>	Complying	<p>The Board is responsible for evaluating its performance and in doing so may engage independent external advisers if thought appropriate to do so.</p> <p>The Board has a formal process to evaluate the performance of directors at least annually and such performance is monitored on a regular basis with appropriate feedback and necessary training given to such executives.</p> <p>A performance evaluation of the directors was undertaken during the year.</p>
1.7	<p>A listed entity should:</p> <p>(a) have and disclose a process for periodically evaluating the performance of its senior executives; and</p> <p>(b) disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.</p>	Complying	<p>The Board is responsible for evaluating the performance of senior executives and in doing so may engage independent external advisers if thought appropriate to do so.</p> <p>The Board has a formal process to evaluate the performance of senior executives and such performance is monitored on a regular basis with appropriate feedback and necessary training given to such executives.</p> <p>A performance evaluation of senior executives was undertaken during the year.</p>
Principle 2 – Structure the Board to add value			
2.1	<p>The Board of a listed entity should:</p> <p>(a) have a nomination committee which:</p> <p>(i) has at least three members, a majority of whom are independent</p>	Complying	<p>Due to the size and nature of its operations, the Company does not have a nomination committee. The Board fulfills the role of a nomination committee.</p> <p>The Board understands the benefits in having a diversity of Directors with a mix of skills, knowledge, experience and independence to</p>

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	<p>directors; and (ii) is chaired by an independent director, and disclose, (iii) the charter of the committee; (iv) the members of the committee; and (v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of those members at those meetings; or (b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the Board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.</p>		<p>enable the Board to discharge its duties and responsibilities effectively.</p> <p>The Board will seek external advice where necessary in connection with the recruitment and appointment of additional Directors.</p>
2.2	<p>A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the Board currently has or is looking to achieve in its membership</p>	<p>Part Complying</p>	<p>The Company has not disclosed a Board skills matrix. Instead, in the Director's Report included in the Annual Report of the Company, the skills, experience and expertise of each Director is disclosed.</p> <p>The Company seeks a diverse Board with differing skills, knowledge, experience and independence to enable the Board to discharge its duties and responsibilities effectively and add value for shareholders.</p>
2.3	<p>A listed entity should disclose: (a) the names of the directors considered to be independent directors; (b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the Board is of the opinion that it does not compromise the</p>	<p>Complying</p>	<p>The Board considers that Mr Massimo L Cellante and Dr Paul Woolrich are independent Directors having regard to the factors described in Box 2.3.</p> <p>Dr Woolrich occasionally provides consultancy services to the Company in addition to his services as a non-executive Director and the fees paid for those services are disclosed in the Annual Report. The Board is satisfied that the fees paid to Dr Woolrich are of a level which does not compromise his independence.</p>

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	<p>independence of the director, the nature of the interest, position or association or relationship in question and an explanation of why the Board is of that opinion; and</p> <p>(c) the length of service of each director.</p>		The period of service of each Director is set out in the Director's Report including in the Annual Report of the Company.
2.4	A majority of the Board of a listed entity should be independent directors.	Complying	The Board comprises three Directors, of which two are considered to be independent and non-executive.
2.5	The Chair of the Board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.	Non Complying	<p>Mr Patrick J Volpe has been the Chairman of the Company since 2007. He is not considered by the Board to be an independent director.</p> <p>Mr Volpe as Executive Chairman performs the function of a Chief Executive Officer.</p> <p>The Non-executive Directors are satisfied that Mr Volpe is the most appropriate person for the position of Chairman at this stage in the Company's development and that Mr Volpe's expertise and relationship with relevant stakeholders in Botswana (including the Government, BCL Limited and local authorities) negates any perceived lack of independence.</p>
2.6	A listed entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Complying	<p>Newly appointed Directors will be provided with an effective induction process during which they receive information on the Company's strategies, objectives and operations.</p> <p>All Directors have ongoing access to information on the Company's activities and operations.</p> <p>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. The written approval of the Chairman must be obtained before any expenditure is incurred on behalf of the Company. Directors are also able to request the assistance of the Company Secretary to enable them to fulfil their duties.</p>
Principle 3 – Promote ethical and responsible decision-making			

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3.1	<p>A listed entity should:</p> <p>(a) have a code of conduct for its directors, senior executives and employees; and</p> <p>(b) disclose that code or a summary of it.</p>	<p>Part Complying</p>	<p>Due to the size of the Company and the nature of its operations, the Board does not consider that a formal Code of Conduct for Directors, Executives and Employees is required.</p> <p>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, executives and employees are required to:</p> <ul style="list-style-type: none"> • 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 behavior; and • comply with the Company's Securities Trading Policy. <p>Directors are obliged to be independent in judgment and take all reasonable steps to see that due care is taken by the Board in making sound decisions.</p> <p>The Company has a Securities Trading Policy that regulates dealings by directors, officers and employees in shares, options and other securities issued by the Company.</p> <p>Under the Policy an executive, director, company secretary or employee must not trade in any securities when they are in possession of unpublished price sensitive information in relation to those securities.</p> <p>Approval of the Board must be obtained before securities are purchased or sold. The purpose of the policy is to enhance awareness of, and compliance with, legal restrictions on the trading in securities while in possession of unpublished price sensitive information.</p>
<p>Principle 4 – Safeguard integrity in financial reporting</p>			
4.1	<p>The board of a listed entity should:</p> <p>(a) have an audit committee which:</p> <p>(i) has at least three members, all of whom are non-executive directors and a majority of whom are</p>	<p>Part Complying</p>	<p>The Company has established an Audit and Compliance Committee. The members of the Committee as at 30 June 2015 were Mr Patrick J Volpe (Executive Chairman) and Mr Massimo L Cellante (Non-executive Director).</p> <p>Mr Massimo L Cellante is considered to be an independent Director.</p>

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<p>independent directors; and</p> <p>(ii) is chaired by an independent director, who is not the chair of the board, and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the relevant qualifications and experience of the members of the committee; and</p> <p>(v) in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of those members at those meetings; or</p> <p>(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.</p>		<p>The Board selected the members of the Committee based upon those Directors considered to have the most expertise in the area.</p> <p>The Committee was established by the Board to give additional assurance regarding the quality and reliability of financial information used by the Board.</p> <p>The members of the Committee meet on an ad hoc basis as required.</p> <p>The qualifications and experience of the members of the Committee are set out in the Director's Report included in the Annual Report.</p> <p>Details of the meetings of the Committee are set out in the Director's Report included in the Annual Report of the Company.</p> <p>The Committee does not have a formal charter.</p>
<p>4.2 The Board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p>	<p>Complying</p>	<p>The persons performing the CEO and CFO functions provide written declarations to the Board confirming that, in their opinion, the financial records of the entity have been properly maintained, that the financial statements comply with appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.</p> <p>The Board reviews all financial statements and then approves them for issue.</p> <p>The Board does and will continue to seek these declarations prior to approving the half-year and annual financial statements.</p>

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4.3	A listed entity that has an AGM should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	Complying	The Company makes arrangements for its external auditor to attend the AGM and shareholders are given a reasonable opportunity to ask the auditor questions.
Principle 5 – Make timely and balanced disclosure			
5.1	A listed entity should: (a) have a written policy for complying with its continuous disclosure obligations under the Listing Rules; and (b) disclose that policy or a summary of it.	Part Complying	<p>Due to the size of the Company and the nature of its operations, the Company achieves compliance with its continuous disclosure obligations without the need for formal policies and procedures, however there are specific processes followed by the Board and officers with regard to ensuring that the Company complies with its obligations.</p> <p>The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX.</p>
Principle 6 – Respect the rights of shareholders			
6.1	A listed entity should provide information about itself and its governance to investors via its website.	Complying	<p>The Company maintains a website which contains information about the Company and its governance.</p> <p>Information published on the website includes:</p> <ul style="list-style-type: none"> • all relevant announcements made to the market, including annual and half-year reports; • the full text of notices of meeting and explanatory memoranda; and • investor presentations, research notes and other documents concerning the Company.
6.2	A listed entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complying	<p>Due to the size and nature of operations of the Company, it does not have a formal policy regarding the promotion of effective communications with shareholders.</p> <p>The Company respects the rights of its shareholders and to facilitate the effective exercise of those rights the Company is committed to:</p> <ul style="list-style-type: none"> • Communicating effectively with shareholders through ongoing releases to the market via the ASX. • Giving shareholders ready access to balanced and understandable

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			<p>information about the Company.</p> <ul style="list-style-type: none"> • Providing annual and half-year reports. • Providing information through the Company's website. • Encouraging shareholder engagement with the Company through attending general meetings, in particular, the AGM. • Engaging investor relations consultants to facilitate shareholder understanding of the Company and its operations.
6.3	A listed entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complying	<p>Due to the size and nature of the operations of the Company it does not have a formal policy regarding the facilitation and encouragement of shareholder participation in general meetings.</p> <p>The Company encourages shareholder engagement through attendance, or participation, in general meetings by:</p> <ul style="list-style-type: none"> • Giving clear and adequate notice of meetings as required by the Company's Constitution, the Corporations Act and the ASX Listing Rules. • Providing appropriate explanatory materials for the business to be considered at meetings. • Enabling shareholders who cannot attend the meeting in person to vote by proxy, attorney or representative. • Providing an opportunity for shareholders to put questions to the Board. • Arranging for the external auditor to attend the AGM and take questions as to the conduct of the audit and the preparation and content of the auditor's report.
6.4	A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complying	<p>Shareholders are able to register their email address with the Company's share registry to receive communications electronically.</p> <p>Shareholders are also able to communicate with the Company electronically by emailing the Company Secretary.</p> <p>Shareholders can also communicate with the share registry by email or through the share registry's website.</p>
Principle 7 – Recognise and manage risk			

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7.1	<p>The board of a listed entity should:</p> <p>(a) have a committee or committees to oversee risk, each of which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p> <p>(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.</p>	Complying	<p>Due to its size and the nature of operations of the Company, it has not established a committee to oversee risk.</p> <p>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.</p> <p>The Board considers identification and management of key risks associated with the business as vital to maximise shareholder wealth. The Board monitors the risk profile from the operational level through to strategic level risks.</p> <p>The Board oversees the Company's internal control structure and risk management systems. The goal is to ensure that risks are identified, assessed and appropriately managed.</p>
7.2	<p>The board or a committee of the board should:</p> <p>(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound; and</p> <p>(b) disclose, in relation to each reporting period, whether such a review has taken place</p>	Complying	<p>The Group's major business units, organisational structure and accounting controls and processes are reviewed by the Board on a regular basis and at least annually; the Board is satisfied that the processes in place to identify the Company's material business risks are appropriate and that these risks are being effectively managed. The Company's risk management processes continue to be monitored and reported against on an ongoing basis.</p> <p>A review of risk management was undertaken in the year to 30 June 2015.</p>

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7.3	<p>A listed entity should disclose:</p> <p>(a) if it has an internal audit function, how the function is structured and what role it performs; or</p> <p>(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	Complying	<p>Due to size and nature of operations of the Company it does not have an internal audit function.</p> <p>The Board is responsible for ensuring that the Company has appropriate systems and controls in place, and for overseeing the effectiveness of those systems and controls. The Board is also responsible for investigating breaches or potential breaches of those controls.</p> <p>The Company's external auditors also provide recommendations to the Board where internal control weaknesses have been identified.</p>
7.4	<p>A listed entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	Complying	<p>The operations of the Company are not subject to any significant environmental regulations under the Commonwealth or State legislation.</p> <p>There are specific risks inherent in the mineral exploration activity undertaken by the Company's subsidiary however it is not considered that these activities result in extraordinary exposure to economic, environmental or social sustainability risks.</p>
Principle 8 – Remunerate fairly and responsibly			
8.1	<p>The board of a listed entity should:</p> <p>(a) have a remuneration committee which:</p> <p>(i) has at least three members, a majority of whom are independent directors; and</p> <p>(ii) is chaired by an independent director,</p> <p>and disclose:</p> <p>(iii) the charter of the committee;</p> <p>(iv) the members of the committee; and</p> <p>(v) as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or</p>	Complying	<p>Due to the size and nature of the operations of the Company it has not established a remuneration committee.</p> <p>The Board as a whole reviews remuneration package and practices applicable to executive directors, non-executive directors, senior executives and employees.</p> <p>The Board also reviews share option schemes, incentive performance packages and retirement and termination entitlements.</p> <p>Remuneration levels are competitively set to attract the most qualified and experienced people. Remuneration is reviewed by reference to Company performance, director/executive performance, comparable information from industry sectors and other listed companies.</p> <p>The Board seeks independent advice from external consultants when required.</p>

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	(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and compensation of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.		
8.2	A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.	Complying	<p>Details of the remuneration of Directors and Key Management Personnel are contained in the Remuneration Report, which is included in the Annual Report of the Company.</p> <p>Remuneration paid to executive directors and senior executives is distinguished from that paid to non-executive directors.</p>
8.3	<p>A listed entity which has an equity-based remuneration scheme should:</p> <p>(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and</p> <p>(b) disclose that policy or a summary of it.</p>	Complying	<p>The Company introduced the Botswana Metals Performance Rights Plan as approved by shareholders at the Annual General Meeting of the Company on 28 November 2014.</p> <p>The are no rights outstanding under the Plan at this time.</p> <p>The Company's existing Securities Trading Policy (discussed above) requires the approval of the Board of Directors for any dealings by directors or executives in securities (including derivatives).</p> <p>The Company will adopt a policy in accordance with Recommendation 8.3 if further rights are issued under the Plan or if any other equity-based remuneration scheme is introduced.</p>