BOTSWANA METALS LIMITED AND ITS CONTROLLED ENTITIES

ACN 122 995 073

HALF-YEAR REPORT 31 DECEMBER 2007

Lodged with the ASX under Listing Rule 4.2A
This information should be read in conjunction with the 30 June 2007 Annual Report.

BOTSWANA METALS LIMITED AND ITS CONTROLLED ENTITIES
HALF-YEAR REPORT – 31 DECEMBER 2007

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CORPORATE DIRECTORY

Directors:	Mr Patrick John Volpe (Chairman) Dr Andrew James Tunks (Chief Executive Officer) Mr Henry James Stacpoole Dr Paul Woolrich (appointed 22 January 2008)
Company Secretary:	Mr Richard Baker (appointed 3 July 2007) Mr John Wilson (resigned 3 July 2007)
Registered Office:	Suite 5.10, Level 5 737 Burwood Road HAWTHORN VICTORIA 3122 Telephone (03) 9813 5888 Facsimile (03) 9813 2668
Share Registry:	Computershare Investor Services Pty Limited Level 19 307 Queen Street BRISBANE QLD 4000 Telephone (07) 3237 2100 Facsimile (07) 3229 9860
Bankers:	National Australia Bank 110 Church Street RICHMOND VIC 3121
Auditors:	Webb Audit Pty Ltd Cnr Toorak & Auburn Roads HAWTHORN EAST VIC 3123
Lawyers:	Menzies and Partners Level 9, 356 Collins Street MELBOURNE VIC 3000
Stock Exchange:	ASX Limited Level 45, Rialto South Tower 525 Collins Street MELBOURNE VIC 3000

DIRECTORS' REPORT

Your Directors submit the financial report on the consolidated entity consisting of Botswana Metals Limited ("BML") and the entities it controlled at the end of, or during the half-year ended 31st December 2007.

DIRECTORS

The following persons were Directors of Botswana Metals Limited ("BML") during or since the end of the half-year:

Mr Patrick John Volpe
Dr Andrew James Tunks
Mr Henry James Stacpoole
Dr Paul Woolrich (appointed 22 January 2008)

REVIEW OF OPERATIONS

Corporate

Appointment of Director

On 22 January 2008 the Company announced the appointment of Dr Paul Woolrich as a Non-executive Director of the Company.

Capital Raising

The BML public offer raised a total of $10,208,024 by the issue of 51,064,633 shares through its prospectus dated 26 October 2007. The offer opened on 6 November 2007 and closed on 7 December 2007.

Tenements Granted

On 8 November 2007 the Company's subsidiary in Botswana, African Metals (Pty) Ltd, received notification from the Department of Geological Survey in Botswana that the following prospecting licences transferred from A-Cap Resources Limited had been approved:

Prospecting Licence Number	Name	Area in square kilometres	Expiry Date
PL 044/2004	Shashe River East	131	30 June 2009
PL 046/2004	Sampowane	533	30 June 2009
PL 047/2004	Gobe Shear	100	30 June 2009
PL 048/2004	Shashe River West	226	30 June 2009

The following prospecting licences were awaiting ministerial approval for their transfer from A-Cap Resources Limited and its controlled entities to African Metals (Pty) Ltd:

Prospecting Licence Number	Name
PL 110/94	Magogaphate
PL 111/94	Mokoswane
PL 18/2004	Jim's Luck
PL 54/98	Takane
PL 14/2003	Majante
PL 130/2005	Boboning

EVENTS SUBSEQUENT TO REPORTING DATE

De-merger of non-uranium assets

On 9 January 2008 the Implementation Agreement in relation to the de-merger Scheme of Arrangement to de-merge Botswana Metals Limited by distribution of the 55,047,637 shares in Botswana Metals Limited to the members of A-Cap Resources Limited was implemented.

Also on 9 January 2008 as part of the abovementioned Scheme of Arrangement the asset base of A-Cap Resources Limited was split into two divisions: the assets pertaining to the Uranium Tenements and the assets pertaining to the Non-Uranium Tenements and ownership transferred of both divisions so that they are held by the Scheme Members in separate entities with the Uranium Tenement assets being held by A-Cap Resources Limited and the Non-Uranium Tenement assets being held by Botswana Metals Limited.

Other than the matters detailed above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of Botswana Metals Limited to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

AUDITOR'S DECLARATION

The auditors' independence declaration under section 307C of the Corporations Act 2001 is set out on page 5.

This report is made in accordance with a resolution of the Directors made on 13 March 2008.

P.J. VOLPE
Director

Dated this 13th day of March 2008
Hawthorn, Victoria

13 March 2008

The Board of Directors
Botswana Metals Limited
Suite 5.10, Level 5
737 Burwood Road
HAWTHORN VIC 3122

Dear Board Members

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

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the directors of Botswana Metals Limited.

As lead audit partner for the review of the financial report of Botswana Metals Limited for the half-year ended 31 December 2007, I declare that to the best of my knowledge and belief, there have been no contraventions of:

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

(ii) any applicable code of professional conduct in relation to the review.

Yours sincerely

Jeffrey Luckins
Director
Webb Audit Pty Ltd

Dated in Melbourne on this 13th day of March 2008

Webb Audit Pty Ltd
ABN 59 116 151 136

A member of the Webb Group
Cnr Toorak & Tooronga Roads Hawthorn East Vic 3123 Australia
PO Box 185 Toorak Vic 3142 Australia
Telephone +61 3 9822 8686 Facsimile +61 3 9824 8578
audit@webbgroup.com.au www.webbgroup.com.au

CONSOLIDATED INCOME STATEMENT
FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Economic Entity 31/12/2007 $
Revenue	**43,579**
Administration	**(49,127)**
Directors' Remuneration	**(85,000)**
Employment & Consultancy	**(174,054)**
Marketing & Promotion	**(2,825)**
Loss from Ordinary Activities before Income Tax Expense	**(267,427)**
Income Tax Expense	**-**
Loss from Ordinary Activities after Income Tax Expense	**(267,427)**
Earnings per share:	
Basic earnings per share (cents per share)	**(3.04)**
Diluted earnings per share (cents per share)	**(3.04)**

The accompanying notes form part of these financial statements

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2007

	Economic Entity	
	31/12/2007	30/6/2007
	$	$
Assets		
Current Assets		
Cash and cash equivalents	**10,254,162**	1
Other Assets	**15,976**	1,550
Total Current Assets	**10,270,138**	1,551
Non-Current Assets		
Other Assets	**1,523**	-
Total Non-Current Assets	**1,523**	-
Total Assets	**10,271,661**	1,551
Current Liabilities		
Trade and other payables	**629,599**	25,500
Total Current Liabilities	**629,599**	25,500
Non-Current Liabilities		
Trade and other payables	**392,228**	965
Total Non-Current Liabilities	**392,228**	965
Total Liabilities	**1,021,827**	26,465
Net Assets	**9,249,834**	(24,914)
Equity		
Issued capital	**9,527,176**	(14,999)
Reserves	**-**	-
Accumulated losses	**(277,342)**	(9,915)
Total Equity	**9,249,834**	(24,914)

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF- YEAR ENDED 31 DECEMBER 2007

	Issued Share Capital	Reserves & Accumulated Losses	Foreign Currency Translation Reserve	Total Equity
	$	$	$	$
Balance at 1/7/2007	(14,999)	(9,915)	-	(24,914)
Shares/Options issued during the year	9,542,175	-	-	9,542,175
Movement of foreign currency translation Reserve	-	-	-	-
Profit/(Loss) attributable to members of Botswana Metals Limited	-	(267,427)	-	(267,427)
Balance at 31/12/2007	**9,527,176**	**(277,342)**	**-**	**9,249,834**

The accompanying notes form part of these financial statements

CONSOLIDATED CASH FLOWS STATEMENT
FOR THE HALF- YEAR ENDED 31 DECEMBER 2007

	Economic Entity
	31/12/2007
	$
Cash Flows from Operating Activities	
Payments to suppliers and employees	277,145
Interest received	43,579
Net cash provided by (used in) operating activities	320,724
Cash Flows from Investing Activities	
Loans to related parties	391,263
Net cash provided by (used in) investing activities	391,263
Cash Flows from Financing Activities	
Proceeds for issue of shares	9,542,175
Net cash provided by (used in) financing activities	9,542,175
Net increase (decrease) in cash held	10,254,162
Cash at *1 July 2007*	1
Effect of exchange rates on cash holding in foreign currencies	-
Cash at *31 December 2007*	10,254,163
Non-Cash Financing and Investing Activities	-

The accompanying notes form part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF- YEAR ENDED 31 DECEMBER 2007

NOTE 1 BASIS OF PREPARATION OF HALF-YEAR FINANCIAL REPORT

The half-year condensed financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Botswana Metals Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The half-year report does not include full disclosures of the type normally included in an annual financial report.

Reporting Basis and Conventions

The half- year report has been prepared on an accruals basis and is based on historical costs modified by revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

(a) Principles of Consolidation

A controlled entity is any entity controlled by Botswana Metals Limited whereby Botswana Metals Limited has the power to control the financial and operating policies of an entity so as to obtain benefits from its activities. All controlled entities have a June financial year end.

All inter-company balances and transactions between entities in the economic entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the economic entity during the year, their operating results have been included/excluded from the date control was obtained or until the date control ceased.

Minority equity interests in the equity and results of the entities that are controlled are shown as a separate item in the consolidated financial report.

(b) Income Tax

The charges for current income tax expense are based on the profit for the half- year adjusted for any non-assessable or disallowed items. It is calculated using tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is credited in the income statement except where it relates to items that may be credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income taxation legislation and the anticipation that the economic entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

(c) Exploration and Development Expenditure

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Costs of site restoration are provided over the life of the facility from when exploration commences and are included in the costs of that stage. Site restoration costs include the dismantling and removal of mining plant, equipment and building structures, waste removal, and rehabilitation of the site in accordance with clauses of the mining permits. Such costs have been determined using estimates of future costs, current legal requirements and technology on an undiscounted basis.

Any changes in the estimates for the costs are accounted on a prospective basis. In determining the costs of site restoration, there is uncertainty regarding the nature and extent of the restoration due to community expectations and future legislation. Accordingly the costs have been determined on the basis that the restoration will be completed within one year of abandoning the site.

(d) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Overheads are applied on the basis of normal operating capacity. Costs are assigned on the basis of weighted average costs.

(e) Plant and Equipment

Plant and equipment are measured on the cost basis less depreciation and impairment losses.

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

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the economic entity commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	**Depreciation Rate**
Plant and equipment - vehicles	25%
Plant and equipment – computer hardware and software	21%
Plant and equipment – furniture and fittings	14%
Plant and equipment – geophysical equipment	20%
Plant and equipment – containers and sheds	15%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

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

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement.

(f) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(g) Financial Instruments

Recognition
Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Financial assets at fair value through profit and loss
A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges. Realised and unrealised gains and losses arising from changes in the fair value of these assets are included in the income statement in the period in which they arise.

Loans and receivables
Loans and receivable are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments
These investments have fixed maturities, and it is the group's intention to hold these investments to maturity. Any held-to-maturity investments held by the group are stated at amortised cost using the effective interest rate method.

Available-for-sale financial assets
Available for sale financial assets include any financial assets not included in the above categories. Available-for-sale financial assets are reflected at fair value. Unrealised gains and losses arising from changes in fair value are taken directly to equity.

Financial Liabilities
Non-derivative financial liabilities are recognized at amortized cost, comprising original debt less principal payments and amortization.

Derivative instruments
Derivative instruments are measured at fair value. Gains and losses arising from changes in fair value are taken to the income statement unless they are designated as hedges.

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

Impairment
At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognized in the income statement.

(h) Impairment of Assets

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset being the higher of the asset's fair value less costs to sell and value in use, is compared to the assets carrying value. Any excess of the assets carrying value over its recoverable amount is expensed to the income statement.
Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.
Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(i) Foreign Currency Transactions and Balances

Functional and Presentation currency
The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.
Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.
Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in the income statement.

Group Companies
The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

- Assets and liabilities are translated at year-end exchange rates prevailing at that reporting date.
- Income and expenses are translated at average exchange rates for the period.
- Retained profits are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed.

(j) Employee Benefits

Provision is made for the group's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

(k) Provisions

Provisions are recognised when the group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

(l) Cash and Cash Equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

(m) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.
Dividend revenue is recognised when the right to receive a dividend has been established. Dividends received from associates and joint venture entities are accounted for in accordance with the equity method of accounting.
Revenue from the rendering of a service is recognised upon the delivery of the service to the customers.

(n) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.
Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which are disclosed as operating cash flows.

(o) Comparative Figures

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

Critical Accounting Estimates and Judgements

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group. No impairment has been recognised in respect of plant and equipment.

Key Estimates- Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

NOTE 2 SEGMENT INFORMATION

Primary Reporting – Business Segments

The consolidated entity only operates within one business segment being that of mineral exploration.

Secondary Reporting – Geographical Segments

Although the consolidated entity's divisions are managed on a global basis they operate in two main geographical areas:

Australia

The home country of the parent entity and is also the main operating entity. The area of operation is in the mineral exploration industry.

Africa

Comprises operations carried on in Botswana.

	Segment revenues from sales to external customers	Carrying Amount of Segment Assets	Acquisitions of property, plant and equipment, intangibles and other non-current segment assets
	2007	2007	2007
	$	$	$
Australia	**43,579**	**10,254,163**	**-**
Africa	**-**	**1,523**	**1,523**
Other / Elimination	**-**	**-**	**-**
	43,579	**10,255,686**	**1,523**

NOTE 3 CONTINGENT LIABILITIES

The directors are not aware of any contingent liabilities or contingent assets existing at the date of this report. The company is not involved in any material, legal or arbitration proceedings and, so far as directors are aware, no such proceedings are pending or threatened against the company.

NOTE 4 EVENTS SUBSEQUENT TO REPORTING DATE

De-merger of non-uranium assets

On 9 January 2008 the Implementation Agreement in relation to the de-merger Scheme of Arrangement to de-merge Botswana Metals Limited by distribution of the 55,047,637 shares in Botswana Metals Limited to the members of A-Cap Resources Limited was implemented.

Also on 9 January 2008 as part of the abovementioned Scheme of Arrangement the asset base of A-Cap Resources Limited was split into two divisions: the assets pertaining to the Uranium Tenements and the assets pertaining to the Non-Uranium Tenements and ownership transferred of both divisions so that they are held by the Scheme Members in separate entities with the Uranium Tenement assets being held by A-Cap Resources Limited and the Non-Uranium Tenement assets being held by Botswana Metals Limited.

Other than the matters detailed above, there has not arisen in the interval between the end of the half-year and the date of this report any item, transaction or event of a material or unusual nature likely, in the opinion of the Directors of Botswana Metals Limited to affect the operations of the consolidated entity, the results of these operations or the state of affairs of the consolidated entity in subsequent years.

DIRECTORS' DECLARATION

The Directors declare that the financial statements and notes set out on pages 6 to 16.

a) comply with Accounting Standard, AASB 134: Interim Financial Reporting and the Corporations Regulations; and

b) give a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half year ended on that date.

In the Directors' opinion there are reasonable grounds to believe that Botswana Metals Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors made on 13 March 2008.

P J VOLPE
Director

Dated this 13th day of March 2008
Hawthorn, Victoria

webb
audit & assurance

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF BOTSWANA METALS LIMITED

ACN 122 995 073

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Botswana Metals Limited and the entities it controlled during the period, which comprises the balance sheet as at 31 December 2007, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration.

Director's Responsibility for the Interim Financial Report

The directors of the company are responsible for the preparation and fair presentation of the interim financial report in accordance with the Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the interim financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us to believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001 and other mandatory financial reporting requirements in Australia. As the auditor of Botswana Metals Limited and the entities it controlled during the period, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Webb Audit Pty Ltd
ABN 59 116 151 136

A member of the Webb Group
Cnr Toorak & Tooronga Roads Hawthorn East Vic 3123 Australia
PO Box 185 Toorak Vic 3142 Australia
Telephone +61 3 9822 8686 Facsimile +61 3 9824 8578
audit@webbgroup.com.au www.webbgroup.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF
BOTSWANA METALS LIMITED
ACN 122 995 073
(Continued)

Independence

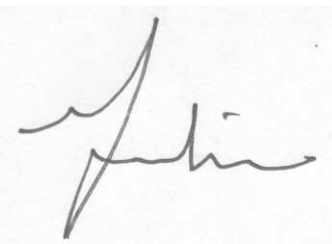
In conducting our review, we have complied with applicable independence requirements of Australian professional ethical pronouncements and the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the Directors' Report.

Conclusion

Based upon our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Botswana Metals Limited and the entities it controlled during the period is not in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and

(ii) complying with Accounting Standard AASB134 Interim Financial Reporting and the Corporations Regulations 2001; and



Jeffrey Luckins
Director
Webb Audit Pty Ltd

Dated in Melbourne on this 13th day of March 2008