

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 30 JANUARY 2014

QUARTERLY REPORT TO 31 DECEMBER 2013

Summary

- Cash Balance at 31 December 2013 was \$386,000. An Appendix 5B form is attached.
- Rights issue raises full amount of \$564,471.
- Unsecured loan of \$50,000 was repaid.
- Cost restructure programme was effective in reducing costs in the quarter with a moratorium on Directors and Executive fees maintained for a second quarter and expiring on 31 December 2013.
- Minimum expenditure on exploration continues until advice received from the Department of Mines in Botswana ("DOM") on certainty of tenure as detailed below.
- DOM acknowledged receipt of application for the extension of PL 110/94, PL 111/94 and PL 54/98 ("the three PLs").
- Communication continued with the DOM to assist with the data required for the processing of the extension of the three PLs.
- In January 2014 BCL Investments (Pty) Limited ("BCL") executed the amended Farm-In Joint Venture agreement with the condition precedent being that the DOM extends the three PLs.
- The Company and BCL continued to communicate on potential exploration plans for 2014 subject to the DOM extending the three PLs.
- No advice has been received from the DOM in the quarter on the following PLs:
 - PL 110/94, PL 111/94 and PL 54/98 extension applications lodged in September 2013 following withdrawal of retention licence applications.
 - PL 59/2008 and PL 70/2008 second renewal application lodged in June 2013.
 - PL 158/2009 and PL 360/2008 first renewal application. The application for the renewal of these PLs was lodged in September 2012 and the DOM rejected the applications in June 2013. The Company objected to the decision and the DOM acknowledged receipt of the objection in October 2013.

Botswana Metals Limited

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The Directors of Botswana Metals Limited (“the Company”) report as follows:

Cash Position and Capital Raising

As at 31 December 2013, cash at bank was \$386,000.

The Company’s rights issue closed in October 2013 and raised the full subscription amount of \$564,471.

The funds raised from the rights issue were used for the working capital requirements of the operations in Australia and Botswana. The current cash at the end of December 2013, based on the new cost structure, is sufficient to cover the current expenditure requirements of the company for the next two quarters to 30 June 2014.

The Board’s strategy is to ensure adequate funding is available on the basis that the DOM will make a determination on the extension of the three PLs before the end of June 2014. However the Company has no control of this process and timing cannot be guaranteed as the DOM gives no advice as to the time it will take to make its decisions.

Within the next two quarters, if one of the following options eventuates then the Board will review its funding strategy accordingly:

- a positive decision is received from DOM but BCL has not commenced exploration activities;
- a positive decision is received from DOM and BCL commences exploration activities;
- no decision is received by the DOM and the applications are still pending; or
- a decision is made which is not in favour of the Company.

Unsecured Loan Repayment

The Company repaid \$50,000 previously received as unsecured loans from Trayburn Pty Ltd, a company associated with Mr Pat Volpe. The funds were used to pay creditors and for working capital until the funds were raised by the rights issue.

The loan was unsecured and interest free and was repaid out of the proceeds of the rights issue in accordance with the terms under which the funds were borrowed.

Cost Restructure Program

The Company also implemented a cost restructure programme from 1 July 2013 which included all Directors agreeing not to take any fees from 1 July 2013 with matter to be reviewed at the end of December 2013.

The Executive Chairman also agreed to suspend his remuneration from 1 July 2013 on the same terms as the Directors with the matter to be reviewed at the end of December 2013 if a decision on the extension of the three PLs was not made before that date.

The Board accepts that Executives and Directors cannot be expected to provide services for no remuneration for an unreasonable amount of time and accordingly the situation was reviewed following the end of the quarter.

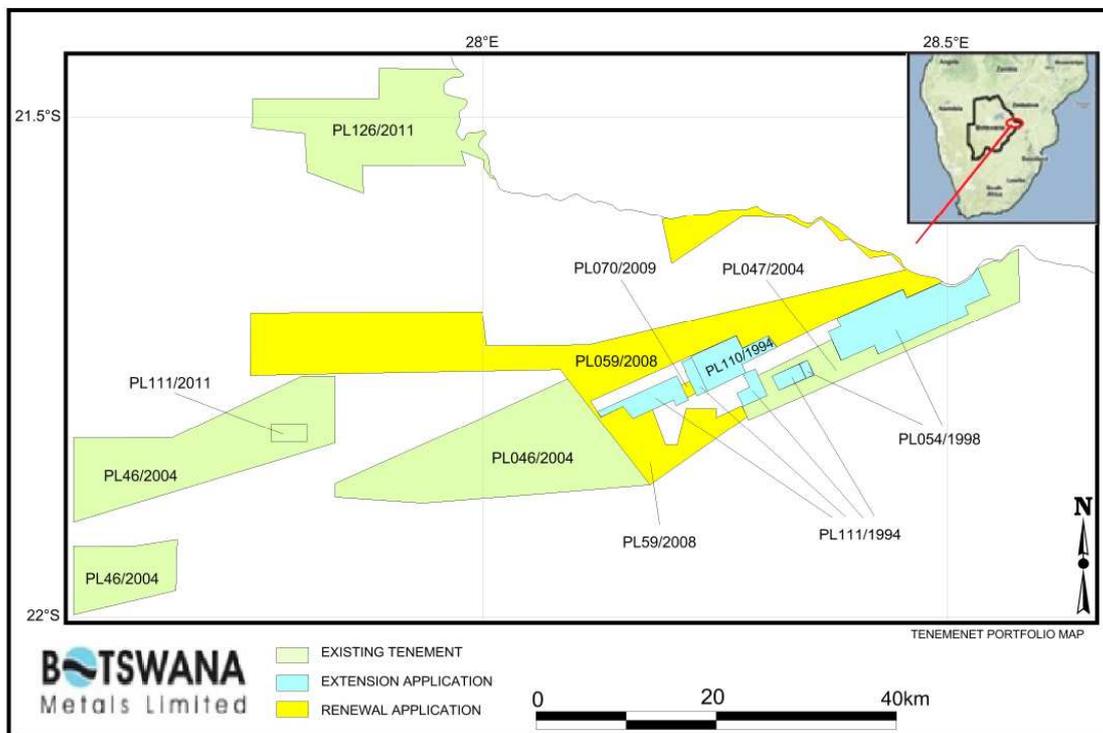
The Company has now approved the following payments to Directors to commence from 1 January 2014. Non-Executive Directors fees will be set at \$15,000 per year per director payable as to \$7,500 in cash and \$7,500 accrued until the company raises additional working capital or the Board approves the calling of a general meeting to consider resolutions for the conversion of accrued remuneration into equity in the Company.

The remuneration package of the Executive Chairman will remain suspended. However in the interim, effective from 1 January 2014, the Executive Chairman will receive fees of \$10,000 per month payable as to \$5,000 + GST in cash and \$5,000 + GST accrued and will be payable on the same terms as fees to Directors.

Operations in Botswana are being maintained for the present on the basis that the expertise, staff and facilities will be required to perform the activities under the joint venture agreement between the Company and BCL. However, the Company may have to review the level of operations in Botswana should the DOM not act promptly on the pending applications.

Tenure: Prospecting Licences (PL) Portfolio

The following is a location map of the PL tenements held by the Company in Botswana:



A Schedule of Prospecting Licences held can be found at the end of this report.

Progress of extension application lodged over PL110/94 Airstrip and Maibele North, PL 111/94 Dibete and PL 54/98 Takane (“the three PLs”)

During the quarter, the Company worked to expedite the processing of the applications for an extension of its prime exploration assets being PL 110/94, PL 111/94 and PL 54/98.

The Company has applied for a 24 month extension of the three PLs which, if granted by the DOM, will take effect from 1 January 2014.

However, it is at the full discretion of the DOM as to the length of time the licences may be extended, or if the PLs will be extended at all. It is possible that the DOM may only extend one or two of the three PLs.

Therefore the Company gives no assurances as to the granting of any extension of the PLs and cannot guarantee any of the possible outcomes.

The Company believes from past experience only that, at best, the DOM may formally advise its determination before the second quarter of 2014.

The Company raised funds for working capital in October 2013 from a rights issue to fund the administration and operations in both Australia and Botswana. The Board believes that the cash balance as at the end of December 2013 will be sufficient to cover at least the next two quarters subject to no change to the current operations occur.

Exploration activities have been scaled back to preserve funds until it is clear whether the three PLs will be extended or not. The Company will decide the most appropriate strategy once it has received feedback for the DOM and the market will be informed accordingly.

PL 59/2008 and PL 70/2008

No advice was received from the DOM in the quarter in respect to the second renewal application over PL 59/2008 and PL 70/2008 lodged in June 2013. The market will be advised when a decision is made by the DOM.

PL 46/2004 and PL 47/2004.

No activities were carried out in respect of these PLs.

PL 111/2011 & PL 126/2011

Review of previous exploration activities were conducted during the quarter along with data base updating with the objective of setting exploration plans for 2014.

PL 158/2009 and PL 360/2008

In June 2013 the Company was advised that the DOM had rejected the first renewal application on these two prospecting licences on the basis that the Company did not drill the anomalies identified.

The rejection was made even though the Company exceeded the proposed budget work expenditure program detailed in the application for these licences.

The Company has objected to this determination and in October 2013 received confirmation from the DOM that the objection had been received.

There was no other advice received in the quarter as to the status of this objection.

If the Company is successful in having these licences renewed then the renewal will be for a further two years.

If the objection is not successful then the licences will remain lapsed.

Again the decision on whether the objection will be successful, and the timing as to when the decision will be made, is not known to the Company so there can be no assurances on the outcome.

BCL Investments (Pty) Limited - Farm-in Joint Venture Agreement

BCL executed the revised Farm-In Joint Venture Agreement on 22 January 2014 with the only condition precedent being that the DOM grants extensions to PL 110/94, PL 111/94 and PL 54/98 ("the three PLs").

The Company has made base metal discoveries within the three PLs: Maibele North (nickel, copper and platinum group elements), Airstrip Copper (copper and silver) and Dibete (copper and silver). A total of 23 VTEM base and precious metal anomalies have been identified to the east of the discoveries.

Under the Farm-In Joint Venture Agreement, BCL can spend US\$4M on drilling and exploration to earn a 40% interest in the PLs. BCL then has the option to continue to fund the projects to the completion of a Bankable Feasibility Study to earn a 70% interest. At that point BCL will have the off-take rights at commercial prices, to any ore mined. BCL also has a first right of refusal to participate in exploration on the Company's other prospecting licences in Botswana.

The Company believes that the agreement with BCL, subject to satisfaction of the condition precedent, could substantially benefit the Company and its shareholders. The BCL group has been operating a nickel, copper and platinum group elements mine and smelter facility at Selebi Phikwe since the 1970s. Both operations are only 55km to the southwest of the PLs.

The economics of bringing these potential projects to production will be significantly enhanced by the fact that the BCL group mining and smelting facilities are already in existence and logistically close enough for ore to be trucked to the Selebi Phikwe site.

BCL and the Company have recently been working together to prepare an exploration plan and are ready to commence exploration should the DOM extend the three PLs.

Further progress of the joint venture is dependent upon the DOM granting an extension of the three PLs and there can be no guarantee that this will occur. The decision whether or not to extend the three PLs is entirely at the discretion of the DOM.

Exploration Activities during the quarter

Activities in the quarter, were kept to a minimum as the Company focused on providing information as requested by the DOM in respect to the three extension applications lodged in September 2013 and to amending the contractual agreement with BCL.

There were no material exploration activities for the quarter other than desktop reviews, data base management and data interpretation. It is expected that exploration will be kept to a minimum until the tenure position of the company's PLs is clear. As noted above decisions are pending on applications for extensions and renewals. The Company also awaits a decision on the objection lodged against the decision not to renew two PLs.

Under these uncertain conditions the Board is adopting a prudent risk management strategy until its position with the DOM on all matters in respect to PL tenure is known.

As there were no substantial exploration activities and no results received in the quarter, a competent person's statement is not required.

The Company still maintains Mr Peter Temby as its competent person to review exploration activities of the Company.

Additional Information

A Supplementary Prospectus dated 15/10/2013 in respect to the rights issue offer was also lodged and dispatched to shareholders in the quarter and is available on the ASX and the Company's web site.

Mr Volpe is a shareholder in, and a consultant to, Foxfire Capital Pty Ltd (holder of an AFSL). Foxfire Capital Pty Ltd assisted the Company in placing the shortfall from the rights issue and was paid a commission on the shortfall funds it raised at commercial commission rates.

Pat Volpe Chairman

About Botswana Metals Limited

Botswana Metals Limited ("BML") is listed on the Australian Securities Exchange (ASX) and its stock code (ticker) is BML. BML is a mineral exploration company fully focused on its portfolio of exploration tenements covering approximately 2,000 sq. km all located in Botswana.

BML's objective is to discover an economic base and precious metals resource in eastern Botswana on the well-known Limpopo Belt, which extends into Botswana from its neighbouring country Zimbabwe.

Recent exploration has resulted in three discoveries of Nickel-Copper and Copper-Silver mineralisation known as Airstrip Copper, Maibele North and Dibete. The Ni-Cu deposit at Maibele North is just east of Airstrip Copper whilst Dibete is 7 km to the south of Airstrip Copper.

To the east of these discoveries, a recent VTEM program has identified at least 23 new VTEM anomalies that are planned to be part of the Company's exploration focus in the future dependent upon licence tenure being maintained.

BML has solid logistical support and the projects benefit from excellent infrastructure. The Company is managed by experienced personnel with many years experience in Botswana, as well as other African countries. Botswana is considered to be one of the most advanced African countries in respect to its mining and exploration laws, and for safety and education where English is spoken freely.

BML has offices in Australia (Melbourne) and Botswana (Tobane).

Exploration areas held in Botswana

The Company holds the following prospecting licences in Botswana:

Tenement	Renewal / Expiry Date	Percentage Holding	Title Holder	Comment
Magogaphate PL 110/94	31/12/2013	100	African Metals (Pty) Ltd	Extension application lodged 27/09/13
Mokoswane PL 111/94	31/12/2013	100	African Metals (Pty) Ltd	Extension application lodged 27/09/13
Takane PL 54/98	31/12/2013	100	African Metals (Pty) Ltd	Extension application lodged 27/09/13
Sampowane PL 46/2004	31/03/2014	100	African Metals (Pty) Ltd	The company will not apply for an extension to this PL
Gobe Shear PL 47/2004	31/03/2014	100	African Metals (Pty) Ltd	The company will not apply for an extension to this PL
Shashe South PL 059/2008	30/09/2013	100	African Metals (Pty) Ltd	Renewal application lodged 28/06/13
Central PL 070/2008	30/09/2013	100	African Metals (Pty) Ltd	Renewal application lodged 28/06/13
Central Sampa PL 111/2011	30/06/2014	100	African Metals (Pty) Ltd	Company is reviewing its position on this PL

Xia2 PL126/2011	30/09/2014	100	African Metals (Pty) Ltd	Company is reviewing its position on this PL.
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African Metals (Pty) Ltd is a wholly owned subsidiary of the Company.

Minerals Holdings (Botswana) Pty Ltd holds a 5% net profit share interest in PL 110/94, PL 111/94, PL 54/98, PL 46/2004 and PL 47/2004.

The Company did not acquire or dispose of any tenements or beneficial interests in farm-in agreements during the quarter.

About BCL Limited

BCL Limited is a mining and smelting company owned by the Botswana Government (94%) and Norilsk Nickel (6%). The company commenced operations in 1959 and is now one of the largest private sector employers in Botswana.

BCL Limited produces two types of finished matte containing nickel, copper and cobalt, and platinum group and precious metals to a smaller extent. The Selebi Phikwe ore deposits are owned and operated by BCL Limited.

The Selebi copper and nickel ore body was discovered in 1963, and higher grade ore was discovered at Phikwe in 1966. Mining of nickel-copper ore commenced in 1973 and since 1980, BCL's smelter has operated at an annual production rate of approximately 50,000 tonnes of nickel-copper matte.

BCL Investments (Pty) Limited is a wholly owned subsidiary of BCL Limited.

About the BCL Limited Farm-In Joint Venture

If PL 110/94, PL 111/94 and PL 54/98 are extended, BCL Investments (Pty) Limited ("BCL"), under the joint venture agreement, can spend an initial US\$4 million on a drilling program to earn 40% of the projects over these areas. BCL has the option to continue to fund the projects to the completion of a Bankable Feasibility Study ("BFS") to earn a 70% interest.

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

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

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

BOTSWANA METALS LIMITED

ABN

96 122 995 073

Quarter ended ("current quarter")

31 DECEMBER 2013

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(62)	(104)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	2	2
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(227)	(374)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities	(2)	(2)
1.11 Loans repaid by other entities		3
1.12 Other (provide details if material)		
Net investing cash flows	(2)	1
1.13 Total operating and investing cash flows (carried forward)	(229)	(373)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(229)	(373)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	562	565
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings	30	50
1.17	Repayment of borrowings	(50)	(50)
1.18	Dividends paid		
1.19	Other (provide details if material)		
	Net financing cash flows	542	565
	Net increase (decrease) in cash held	313	192
1.20	Cash at beginning of quarter/year to date	73	193
1.21	Exchange rate adjustments to item 1.20		1
1.22	Cash at end of quarter	386	386

Payments to directors of the entity, associates of the directors, related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	10
1.24	Aggregate amount of loans to the parties included in item 1.10	2

1.25 Explanation necessary for an understanding of the transactions

- | | |
|------|--|
| 1.23 | Payment of accrued annual leave to a Director. |
| 1.24 | Payment of expenses for entities associated with a Director. Will be reimbursed. |

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	80
4.2 Development	
4.3 Production	
4.4 Administration	100
Total	180

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	332	23
5.2 Deposits at call		
5.3 Bank overdraft		(3)
5.4 Other (provide details)		
- Term deposits with Australian banks	54	53
Total: cash at end of quarter (item 1.22)	386	73

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements and petroleum tenements acquired or increased			

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	*Ordinary securities	470,392,204	470,392,204	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	282,235,323	282,235,323	0.2 cents
7.5	*Convertible debt securities (description)			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options <i>(description and conversion factor)</i>	282,235,323	282,235,323	<i>Exercise price</i>	<i>Expiry date</i>
7.8	Issued during quarter	282,235,323	282,235,323	1.5 cents	31/12/2016
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:



 Company secretary

Date: 31/01/2014

Print name: RAMON JIMENEZ

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements and petroleum tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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