

**TO: COMPANY ANNOUNCEMENTS OFFICE  
ASX LIMITED**

**DATE: 23 FEBRUARY 2016**

---

**NON-RENOUNCEABLE RIGHTS ISSUE  
SECTION 708AA NOTICE**

Botswana Metals Limited (ASX: BML) ("the Company") has announced a pro-rata non-renounceable rights issue on a 7-for-9 basis of up to 505,572,770 new fully paid ordinary shares ("New Shares") at an issue price of 0.2 cent (\$0.002) cash per share payable in full on application ("Offer" or "Rights Issue").

The Rights Issue will raise up to \$1,011,145 before costs.

The Offer will be made to holders of ordinary shares in the Company with a registered address in Australia or New Zealand ("Eligible Shareholders") as at 5:00 pm (Melbourne time) on 18 February 2016 ("Record Date"). Eligible shareholders have the right to take up seven new shares for every nine shares held as at the Record Date ("Entitlement"). No nominee has been approved by ASIC to act as nominee to sell the New Shares that might have otherwise been issued to shareholders outside Australia and New Zealand.

The Rights Issue is subject to a minimum subscription of \$300,000 and is partially underwritten by Trayburn Pty Ltd and Monvale Investments Pty Ltd as trustee for The Omissam Trust ("the Underwriters"). In the event that following the close of the Offer a shortfall remains ("Shortfall"), Foxfire Capital Pty Ltd ("Foxfire") will manage the placement of the Shortfall to persons interested in subscribing for shares in the Company. Any such placement will occur within three months of the close of the Offer subject to the *Corporations Act 2001* (Cth) ("the Act") and the ASX Listing Rules.

The Company reserves the right not to proceed with the whole or part of the Offer at any time prior to the issue date specified in the timetable for the Offer which has been released to ASX and is contained in the Offer Document. In that event, application monies will be refunded in full without interest.

The Company provides the following information in accordance with section 708AA(2)(f) of the Act:

- (a) the New Shares will be offered for issue without disclosure to investors under Part 6D.2 of the Act;
- (b) this notice is given under section 708AA(2)(f) of the Act;
- (c) as at the date of this notice, the Company has complied with:
  - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
  - (ii) section 674 of the Act;

**Botswana Metals Limited**

**Mailing Address** Suite 3, 16 Cotham Road, Kew, Victoria 3101  
**Registered Office** Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101  
P: +61 3 9855 1885; F: +61 3 9855 2885  
Email [info@botswanametals.com.au](mailto:info@botswanametals.com.au)  
[www.botswanametals.com.au](http://www.botswanametals.com.au)

- (d) as at the date of this notice, there is no information that is 'excluded information' (as defined in sections 708AA(8) and 708AA(9) of the Act); and
- (e) the potential effect that the issue of the new shares will have on the control of the Company and the consequences of that effect is described below.

### **What is the effect of the Offer on Shareholders and on control of the Company**

If Eligible Shareholders take up their full Entitlement under the Offer they will not be diluted by the Offer. If Eligible Shareholders do not exercise their Entitlement under the Offer, or only exercise part of their Entitlement, they will be diluted. Ineligible shareholders, being those shareholders with a registered address outside Australia or New Zealand, will have their holdings diluted by the Offer. The extent of any dilution will depend on the level of participation in the Offer.

Although an Eligible Shareholder can avoid dilution of their interest by taking up their full Entitlement, such Shareholders will be diluted by subsequent capital raisings by the Company which are not made on a pro-rata basis.

The effect of the Offer on control of the Company will depend upon a number of factors including:

- the level of Eligible Shareholder participation in the Offer and the identity of Eligible Shareholders who do participate in the Offer; and
- if applicable, the level of Shortfall remaining following the close of the Offer, the identity of investors who participate in any placement of the Shortfall and the level of such investor participation; and
- if applicable, the number of New Shares taken up by the Underwriters.

It is not possible for the Directors to predict the final level of participation and Shortfall under the Offer, or the identity of Eligible Shareholders who will subscribe for their Entitlements.

The Directors are also unable to state with certainty the identity of any prospective subscribers under the Shortfall, or the total number of Shortfall Shares which will or can be placed.

Assuming that none of the subscribers for the Shortfall are existing Shareholders, then the maximum dilutionary effect on existing Shareholders will be as follows based on the assumptions stated.

### **75% of the Shortfall Shares are placed**

<b>Event</b>	<b>Number of New Shares issued under Entitlements</b>	<b>Number of New Shares issued under Shortfall</b>	<b>Total number of Shares on issue post Offer</b>	<b>Maximum dilution to existing Shareholders</b>
Offer fully subscribed	505,572,770	0	1,155,594,903	0.00%
Offer 75% subscribed	379,179,578	94,794,895	1,123,996,606	42.17%
Offer 50% subscribed	252,786,385	189,589,789	1,092,398,307	40.50%
Offer 25% subscribed	126,393,193	284,384,684	1,060,800,010	38.72%
No subscriptions	0	379,179,578	1,029,201,711	36.84%

### **Botswana Metals Limited**

**Mailing Address** Suite 3, 16 Cotham Road, Kew, Victoria 3101  
**Registered Office** Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101  
P: +61 3 9855 1885; F: +61 3 9855 2885  
Email [info@botswanametals.com.au](mailto:info@botswanametals.com.au)  
[www.botswanametals.com.au](http://www.botswanametals.com.au)

**50% of the Shortfall Shares are placed**

Event	Number of New Shares issued under Entitlements	Number of New Shares issued under Shortfall	Total number of Shares on issue post Offer	Maximum dilution to existing Shareholders
Offer fully subscribed	505,572,770	0	1,155,594,903	0.00%
Offer 75% subscribed	379,179,578	63,196,597	1,092,398,308	40.50%
Offer 50% subscribed	252,786,385	126,393,193	1,029,201,711	36.84%
Offer 25% subscribed	126,393,193	189,589,789	966,005,115	32.71%
No subscriptions	0	252,786,385	902,808,518	28.00%

**25% of the Shortfall Shares are placed**

Event	Number of New Shares issued under Entitlements	Number of New Shares issued under Shortfall	Total number of Shares on issue post Offer	Maximum dilution to existing Shareholders
Offer fully subscribed	505,572,770	0	1,155,594,903	0.00%
Offer 75% subscribed	379,179,578	31,598,298	1,060,800,009	38.72%
Offer 50% subscribed	252,786,385	63,196,596	966,005,114	32.71%
Offer 25% subscribed	126,393,193	94,794,895	871,210,221	25.39%
No subscriptions	0	126,393,193	776,415,326	16.28%

**None of the Shortfall Shares are placed**

Event	Number of New Shares issued under Entitlements	Number of New Shares issued under Shortfall	Total number of Shares on issue post Offer	Maximum dilution to existing Shareholders
Offer fully subscribed	505,572,770	0	1,155,594,903	0.00%
Offer 75% subscribed	379,179,578	0	1,029,201,711	36.84%
Offer 50% subscribed	252,786,385	0	902,808,518	28.00%
Offer 25% subscribed	126,393,193	0	776,415,326	16.28%
No subscriptions	0	0	650,022,133	0.00%

**Botswana Metals Limited**

**Mailing Address** Suite 3, 16 Cotham Road, Kew, Victoria 3101  
**Registered Office** Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101  
P: +61 3 9855 1885; F: +61 3 9855 2885  
Email [info@botswanametals.com.au](mailto:info@botswanametals.com.au)  
[www.botswanametals.com.au](http://www.botswanametals.com.au)

## All the Shortfall Shares are placed

Event	Number of New Shares issued under Entitlements	Number of New Shares issued under Shortfall	Total number of Shares on issue post Offer	Maximum dilution to existing Shareholders
Offer fully subscribed	505,572,770	0	1,155,594,903	0.00%
Offer 75% subscribed	379,179,578	126,393,193	1,155,594,904	43.75%
Offer 50% subscribed	252,786,385	252,786,385	1,155,594,903	43.75%
Offer 25% subscribed	126,393,193	379,179,578	1,155,594,904	43.75%
No subscriptions	0	505,572,770	1,155,594,903	43.75%

The potential effect of the Offer on the control of the Company is as follows:

1. If all Eligible Shareholders take up their full Entitlements, there would be no significant effect on the control of the Company, as the Offer is made pro-rata and in that case no Entitlements would lapse or revert to the Shortfall.
2. If Eligible Shareholders do not take up their full Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted.
3. The proportional interests of Ineligible Shareholders will be diluted because those Ineligible Shareholders are not entitled to participate in the Offer.

The effect of the Offer, and in particular, the effect of the placement of any Shortfall Shares, on control of the Company are mitigated for the following reasons:

- no nominee will be appointed for the purposes of section 615 of the Corporations Act and accordingly an Eligible Shareholder or an Underwriter is not permitted to acquire New Shares under the Rights Issue if the acquisition results in the Shareholder having a voting power in excess of 20% on a post-Offer basis;
- any Shortfall Shares are to be placed to a spread of investors if possible and no Shortfall Shares will be issued or allotted to any person which would result in that person having a voting power in excess of 20% after placement of any Shortfall Shares;
- no related party of the Company (including Directors and their Associates) may acquire any Shortfall Shares; and
- the agreements with the Underwriters specifically provide that the number of New Shares to be taken up by the Underwriters will be scaled back to ensure that neither of the Underwriters nor their Associates has a voting power in excess of 20% on a post-Offer basis.

## Shares held by Directors and Substantial Shareholders

Directors and related entities are Eligible Shareholders and may participate in the Rights Issue however they may not acquire any Shortfall Shares.

### **Botswana Metals Limited**

**Mailing Address** Suite 3, 16 Cotham Road, Kew, Victoria 3101  
**Registered Office** Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101  
P: +61 3 9855 1885; F: +61 3 9855 2885  
Email [info@botswanametals.com.au](mailto:info@botswanametals.com.au)  
[www.botswanametals.com.au](http://www.botswanametals.com.au)

Furthermore:

- Trayburn Pty Ltd (“Trayburn”) has agreed to partially underwrite the Rights Issue up to a maximum of 151,135,489 New Shares for a total underwritten value of \$302,270.98. The underwriting is strictly on the basis that the number of New Shares to be allocated to Trayburn will be scaled back so that the voting power of Trayburn and its Associates in the Company does not exceed 20% after the issue of shares to Applicants, the placement of any Shortfall and the issue of the New Shares to the Underwriters;
- Mr Patrick John Volpe, the Chairman and a substantial shareholder of Botswana Metals Limited, is a director and substantial shareholder of Trayburn.
- Monvale Investments Pty Ltd as trustee for The Omissam Trust (“Monvale”) has agreed to underwrite the Rights Issue up to a maximum of 25,000,000 New Shares for a total underwritten value of \$50,000.00. The underwriting is strictly on the basis that the number of shares to be allocated to Monvale will be scaled back so that the voting power of Monvale and its Associates in the Company does not exceed 20% after the issue of shares to Applicants, the placement of any Shortfall and the issue of the New Shares to the Underwriters; and
- Mr Massimo Livio Cellante, a Director and shareholder of Botswana Metals Limited, is a Director of Monvale and a beneficiary of The Omissam Trust.

Directors currently have the following holdings of Shares:

Director	Registered Holder of Shares	Number of Shares held	Voting power %
Patrick John Volpe	Vermar Pty Ltd Trayburn Pty Ltd Patrick John Volpe	78,827,897	12.13%
Massimo Livio Cellante	Bell IXL Investments Pty Ltd Cellante Securities Pty Ltd	27,529,729	4.24%
Paul Woolrich	Paul Woolrich Anne Woolrich Woolrich & Associates Pty Ltd	3,902,777	0.60%

Mr Patrick John Volpe, and his Associates Vermar Pty Ltd and Trayburn Pty Ltd, are currently the only substantial shareholders in the Company.

The voting power of Directors in the Company may increase as a result of the Rights Issue depending on the following factors:

- the level of participation by Directors and related entities;
- the number of New Shares taken up by Eligible Shareholders other than the Directors and their related entities;
- the number of Shortfall Shares placed; and

**Botswana Metals Limited**

**Mailing Address** Suite 3, 16 Cotham Road, Kew, Victoria 3101  
**Registered Office** Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101  
 P: +61 3 9855 1885; F: +61 3 9855 2885  
 Email [info@botswanametals.com.au](mailto:info@botswanametals.com.au)  
[www.botswanametals.com.au](http://www.botswanametals.com.au)

- the number of New Shares taken up by the Underwriters.

### Effect of the Offer on the voting power of the Underwriters and their associates

The following table demonstrates the effect that the Rights Issue will have on the voting power of the Trayburn and its Associates Patrick John Volpe (Director of the Company) and Vermar Pty Ltd assuming that Trayburn and its Associates fully take up their Entitlements and Trayburn takes up the maximum number of New Shares permitted under the relevant Underwriting Agreement.

% take up by other holders	Number of New Shares issued to other holders	Number of New Shares issued to Trayburn and Associates	Total number of New Shares issued	Total number of Shares on issue post Offer	Voting power of Trayburn and Associates
100%	444,262,184	61,310,587	505,572,770	1,155,594,903	12.13%
75%	333,196,638	147,100,000	480,296,638	1,130,318,771	19.99%
50%	222,131,092	119,350,000	341,481,092	991,503,225	19.99%
25%	111,065,546	91,650,000	202,715,546	852,737,679	19.99%
0%	0	63,850,000	63,850,000	713,872,133	19.99%

The following table demonstrates the effect that the Rights Issue will have on the voting power of Monvale and its Associates Bell IXL Investments Pty Ltd and Cellante Securities Pty Ltd assuming that Monvale's Associates fully take up their Entitlements and Monvale takes up the maximum number of New Shares permitted under the relevant Underwriting Agreement.

% take up by other holders	Number of New Shares issued to other holders	Number of New Shares issued to Monvale and Associates	Total number of New Shares issued	Total number of Shares on issue post Offer	Voting power of Monvale and Associates
100%	484,160,759	21,412,011	505,572,770	1,155,594,903	4.24%
75%	363,120,569	46,412,011	409,532,580	1,059,554,713	6.98%
50%	242,080,379	46,412,011	288,492,390	938,514,523	7.88%
25%	121,040,190	46,412,011	167,452,201	817,474,334	9.05%
0%	-	46,412,011	46,412,011	696,434,144	10.62%

The above tables do not take into account any placement of the Shortfall. As the Underwriters and their Associates are related parties and cannot take up any Shortfall Shares, any placement of the Shortfall will reduce the voting power of the Underwriters and their Associates.

Trayburn and Monvale will each be paid a fee of 5% (plus GST) of the amount underwritten. The agreements entered into by the Company with the Underwriters are on normal commercial terms and conditions and give each Underwriter the right to withdraw in certain circumstances.

### Botswana Metals Limited

**Mailing Address** Suite 3, 16 Cotham Road, Kew, Victoria 3101  
**Registered Office** Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101  
P: +61 3 9855 1885; F: +61 3 9855 2885  
Email [info@botswanametals.com.au](mailto:info@botswanametals.com.au)  
[www.botswanametals.com.au](http://www.botswanametals.com.au)

## **Allocation of Shortfall**

The Directors are aware that if the Offer is significantly undersubscribed, any placement of the Shortfall may have control effects on the Company. Accordingly the Directors have instructed Foxfire to allocate the Shortfall (if any) in accordance with the policy described below, which is designed to mitigate potential control effects of any placement of the Shortfall.

If there is a Shortfall after the close of the Offer, Foxfire has the sole discretion to place the Shortfall with various sophisticated, professional or exempt investors. To the extent that it is commercially practicable and taking into account the Company's funding requirements, Foxfire will endeavour to place the Shortfall to a spread of such investors, in order to mitigate any control effects which may arise from issuing the Shortfall to a single or small number of investors.

In any event, no subscriber will be permitted to acquire New Shares under the Shortfall to the extent that such acquisition would result in that subscriber having a voting power in the Company in excess of 20% (after the close of the Offer and the placement of the Shortfall).

In determining the allottees under the placement of the Shortfall, Foxfire and the Company will ensure that none of the Shortfall is allotted to related parties of the Company.

Foxfire holds an Australian Financial Services Licence and will place the Shortfall Shares on a best endeavours basis. Foxfire will be paid a fee of 5% (plus GST) of the total funds raised from the placement of any such Shortfall Shares. Mr Patrick John Volpe, the Chairman and a substantial shareholder of Botswana Metals Limited, is a consultant to, and substantial shareholder of, Foxfire.

## **Offer Structure**

In structuring the Offer, the Directors considered whether there may be any factors that may give rise to unacceptable circumstances. On the basis of the following key considerations, the Directors determined that the structure of the Rights Issue was appropriate and unlikely to give rise to unacceptable circumstances:

- the Company had cash at bank of approximately \$184,000 at the end of the December 2015 quarter and has an apparent need for funds as demonstrated by an operational budget prepared for the next twelve months;
- funds are required to sustain the operations of the Company;
- the Offer price is 0.2 cent (\$0.002) per New Share, which represents a 50% discount to the last sale price of 0.4 cent (\$0.004) for Shares on 8 February 2016 (being the day before the Rights Issue was announced). The pricing of the Offer was designed to be at a discount to encourage shareholders to take up their Entitlements so as to reduce the level of Shortfall (and any consequent control effects arising from placement of that Shortfall), whilst eliminating the likelihood of any person acquiring a significant voting power in the Company (through the Shortfall placement) at a substantial discount; and
- the structure of the Offer will enable the Company to achieve a fair outcome for its shareholders as all Eligible Shareholders will have a pro-rata entitlement to subscribe for New Shares. It is the Director's view that any facility for Eligible Shareholders to take up New Shares in excess of their Entitlements may have the likely consequence of distorting the relative shareholdings in the Company (contrary to the principles of a pro-rata offer) and that such a distortion will not be in the best interests of the Company or the Shareholders as a whole. If the Offer is not generally taken up by Shareholders, then those participating in a Shortfall facility may otherwise acquire New Shares not in proportion to their shareholdings; on the contrary if the

### **Botswana Metals Limited**

**Mailing Address** Suite 3, 16 Cotham Road, Kew, Victoria 3101  
**Registered Office** Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101  
P: +61 3 9855 1885; F: +61 3 9855 2885  
Email [info@botswanametals.com.au](mailto:info@botswanametals.com.au)  
[www.botswanametals.com.au](http://www.botswanametals.com.au)

Offer is restricted to pro rata entitlements (with no Shortfall facility), all Shareholders have a pro-rata opportunity to contribute and participate. In the event that there is a Shortfall, the Directors consider that their allocation policy (as detailed above) will ensure an even spread of Shortfall allocation such that any control effects are, where possible, mitigated.

**Pat Volpe**  
**Chairman**

**Botswana Metals Limited**

**Mailing Address** Suite 3, 16 Cotham Road, Kew, Victoria 3101  
**Registered Office** Suite 506, Level 5, 1 Princess Street, Kew, Victoria 3101  
P: +61 3 9855 1885; F: +61 3 9855 2885  
Email [info@botswanametals.com.au](mailto:info@botswanametals.com.au)  
[www.botswanametals.com.au](http://www.botswanametals.com.au)