

**TO: COMPANY ANNOUNCEMENTS OFFICE  
ASX LIMITED**

**DATE: 31 October 2012**

**QUARTERLY REPORT TO 30 SEPTEMBER 2012**

**Cash Balance 30 September 2012 \$1.05M:**

**Potential Joint Venture Partner**

During the quarter the Company continued its negotiations with a local major mining company that has mining and smelting operations in Botswana. The negotiations centered around BML's most advanced projects with the objective of the local mining company funding these projects to possible and potential mining operations for an equity interest in the projects and entering into an off-take agreement. Whilst negotiations have advanced in the quarter, no formal agreement has been executed as at the date of this report.

**Retention Licence**

**PL110/54 (covering Maibele North and Airstrip Copper), PL 111/54 (covering Dibete) and PL 54/98 (covering various anomaly extensions to the east of Dibete)**

During the quarter the Company completed and lodged a Retention Licence application to cover the three known discovery areas in the PL's as per above.

The Retention Licence application covers:

**Maibele North: Nickel, Copper and PGE**

A Retention Licence application has been lodged to enable more detailed drilling within and around the Maibele orebody to increase the size of the resource and improve the economics of the deposit.

**Airstrip Copper: Copper and Silver:**

Only 2 of 17 known IP conductors have been drilled to JORC compliant status. All of the 13 IP conductors drilled to date are mineralised but have not been drilled to JORC compliant status.

Further drilling of the other 15 conductors will be carried out once the Retention Licence has been granted in order to assess whether the mineralisation is economic. An extension to the west of Airstrip Copper, based on soil geochemistry and geophysics has been identified with evaluation required.

**Dibete: Copper Silver:**

A JORC compliant resource was calculated to assist in determining the economics of this discovery. The deposit remains open and additional drilling will be required to better define the deposit to see if it can be economically viable.

**Market Cap**

approx \$5.6M at 3c per share

**Cash**

\$1.05M (30 September 2012)

**Issued Capital**

188,135,317 ordinary shares  
116,275,143 listed options at 10c

**Substantial shareholders**

1. Vermar Pty Ltd 15.7%
2. Polarity B Pty Ltd 8.3%
3. Bell IXL Investments Ltd 5.9%

**Directors**

Mr Patrick Volpe (Chairman)  
Mr Massimo Cellante  
(Non-executive Director)  
Dr Paul Woolrich  
(Non-executive Director)

[www.botswanametals.com.au](http://www.botswanametals.com.au)

**Registered Office**

Suite 5, Level 1,  
310 Whitehorse Road  
Balwyn, Victoria, 3103

P +61 3 9830 7676

F +61 3 9836 3056

**Contact**

Pat Volpe  
P +61 3 9830 7676

ABN 96 122 995 073

The Company completed and lodged its application for a Retention Licence over the Maibele North, Dibete and Airstrip Copper mineral deposits following advice from the Department of Geological Services (“DGS”) that a Retention Licence application was the appropriate way to allow for ongoing evaluation of the mineralised deposits within the application area.

JORC compliant resources were estimated previously for Dibete and Airstrip Copper deposits and additional potential at both these deposits will now be able to be tested with the programs submitted to the Department of Mines for approval in the Retention Licence application.

## EXPLORATION

**In the quarter, an extensive review was conducted on those PL’s outside the Retention Licence area with the objective of identifying new exploration targets. A summary of all activities is provided below by Prospecting Licence (“PL”).**

### PL 110/94 Magogphate

#### Airstrip Copper Prospect

During the quarter work focused on preparing the appropriate reports required to support the Retention Licence application to the Department of Mines.

#### Maibele North

The review of the Maibele North project is now giving additional targets which will be drilled to improve confidence in the resource and allow for a JORC compliant resource estimate to be made which will influence the economics of the project.

This drilling program is part of the planned program of evaluation which has been submitted in support of the Retention Licence application to the Department of Mines.

A mapping program has commenced to look for surface extensions of the Maibele North mineralised host sequence which is believed to outcrop to the east of the current deposit. These possible extensions are supported by the presence of anomalous geochemistry in stream sediments which include platinum anomalies which are usually only present close to Ni-Cu-PGE mineralisation.

The mapping program is ongoing and will be completed in the December Quarter. Mapping completed to date is shown in Figure 1.

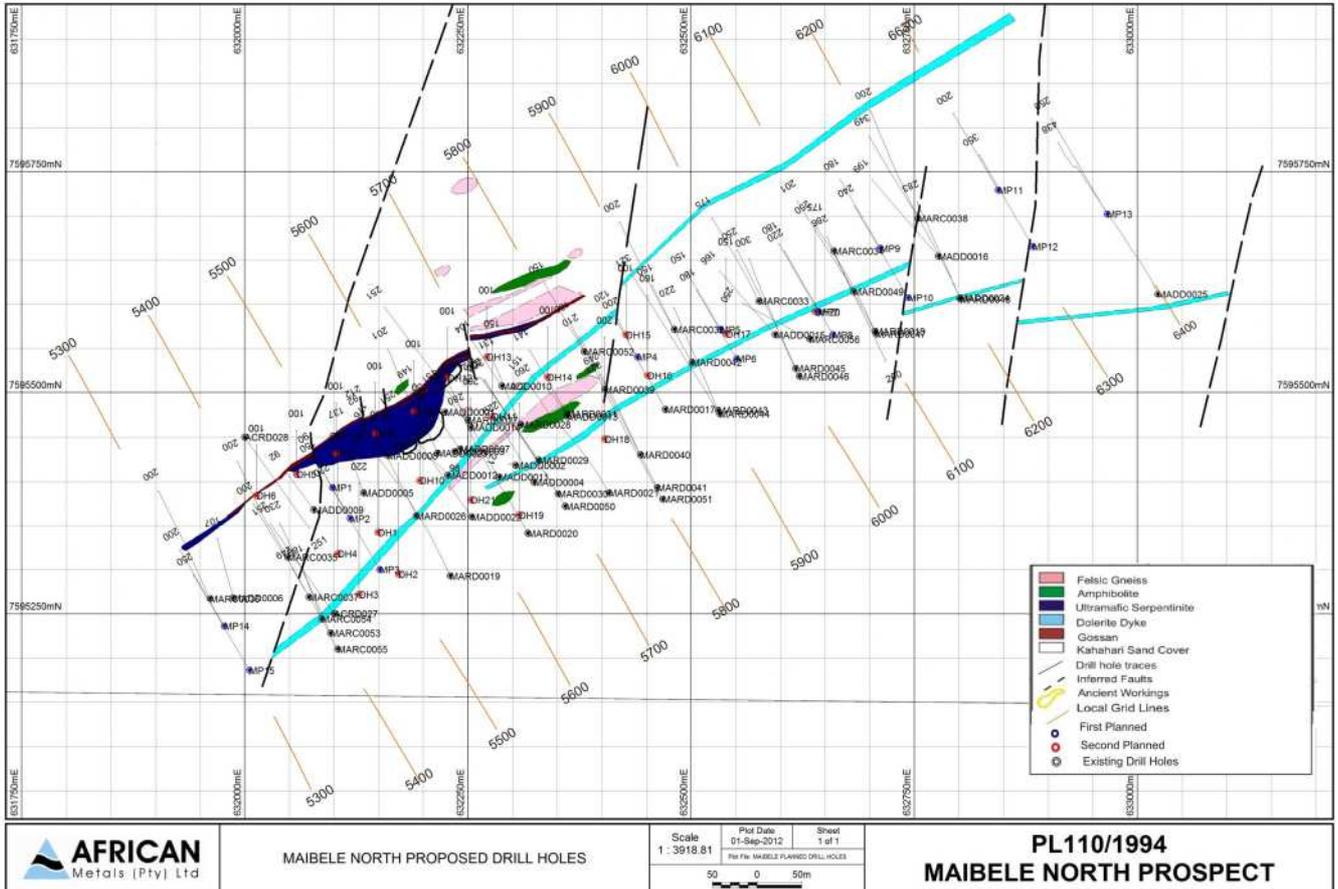


Figure 1 Maibele North Prospect area showing proposed drill holes targeting areas where additional geological or geostatistical data is required.

## PL 111/94 Mokoswane Dibete

All work was focused on the preparation of data and reports required for the submission of the Retention Licence over this PL.

## PL 54/98 Takane

All work was focused on the preparation of data and reports required for the submission of the Retention Licence over this PL.

## PL 14/2003 Majante

Desk top review conducted in the quarter with no action items recommended.

## PL46/2004 Sampowane

The tenement is pending renewal and on receipt a proposed exploration program is expected to commence.

## **PL59/2008 Shashe South**

Review of the VTEM anomalies that lie midway between Maibele North and Mashambe prospects suggests that further work including mapping and stream sediment sampling should be undertaken. Previous stream sediment sampling showed that anomalous nickel-PGE was present in the catchment which contains the VTEM anomalies.

The area lies within the review area for Maibele North discussed previously and over which the mapping program will extend. It is anticipated that new geological information, in conjunction with the known VTEM anomalies and further soil sampling will generate new targets for additional Ni-Cu-PGE mineralisation to be added to the inventory of mineralisation at Maibele North.

## **PL 70/2008 Central**

A desk top analysis was conducted during the quarter.

## **PL47/2004 Gobe Shear**

A desk top analysis was conducted during the quarter.

## **PL360/2008 Mmadinare**

A desk top analysis was conducted during the quarter.

## **PL158/2009 Lepokole**

A desk top analysis was conducted during the quarter.

## **PL126/2011 Xia2**

Field reconnaissance continued in the quarter.

## **PL111/2011 Sampa Central**

A mapping program was undertaken to allow the previous stream sediment sample anomalies, which included a platinum anomaly, to be put in perspective.

Figure 2 shows the mapping superimposed over a satellite image and Figure 3 shows a solid geological interpretation of the mapping.

Geochemical images of laboratory results for soil samples taken over the Sampo Central tenement have been interpreted to show coincident Ni-Cu anomalies which are thought to potentially contain significant Ni-Cu-PGE mineralisation. Proximity to the Selibi-Phikwe smelter complex would make any significant discovery in this area commercially attractive.

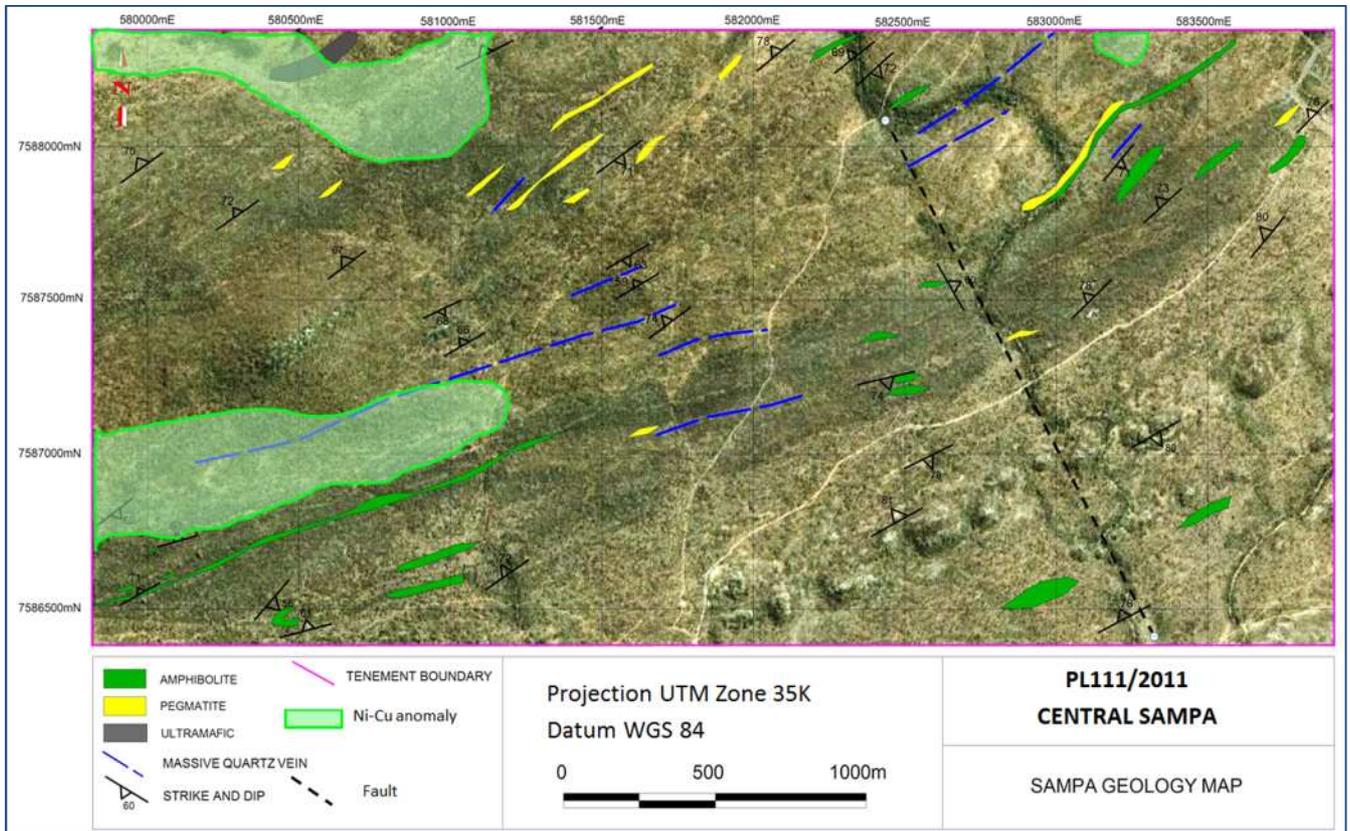


Figure 2 PL111/2011 Satellite image with selected geology and coincident Ni-Cu anomalies.

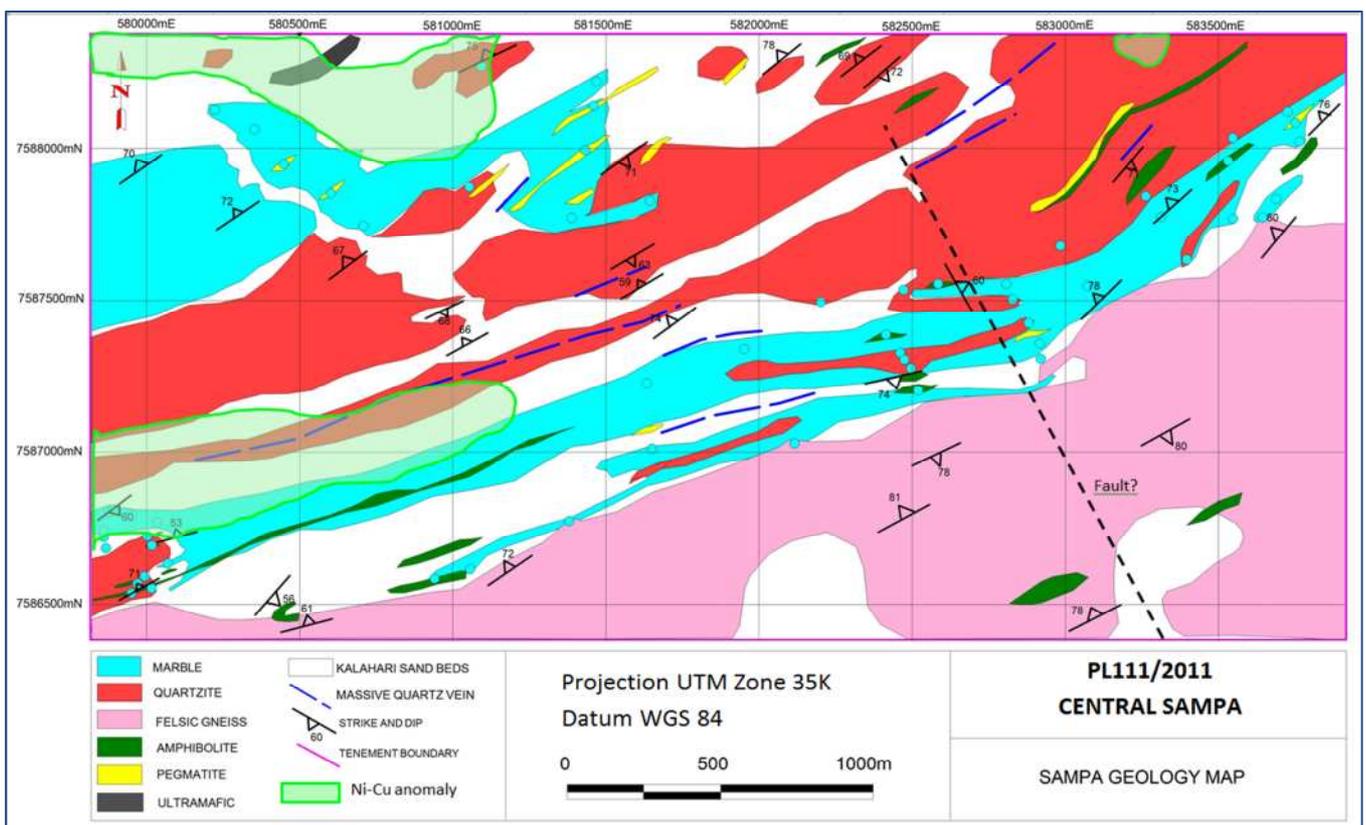


Figure 3 PL111/2011 Solid geology map and coincident Ni-Cu anomalies.

## TENEMENT UPDATE

During the quarter there was the following activity with regard to the Company's portfolio of Prospecting Licences:

- An application for a Retention Licence over Airstrip Copper (PL110/94), Maibele North (PL110/94) and Dibete (PL111/94) was submitted to the Department of Mines as the first step in obtaining a mining licence over these projects. A Retention Licence application is required to be submitted 3 months prior to the end of the respective PL expiry date and the Company will work with the Department of Mines to provide the further information requested by the Department within the 3 months to expiry. In respect of PL110/94 which expired on 31 March 2012, the Company has lodged an application for an extension of the PL to 31 December 2012 which will align the expiry date with those of PL's 111/94 and 54/98. The Company was verbally advised by the DGS that this extension application has been approved however no official confirmation has yet been received by the Company.
- A Preliminary Environmental Impact Assessment (PEIA) was approved by the DGS in support of the initial application for a Retention Licence and a full EIA has now been requested.

The Company is still awaiting confirmation from the DGS regarding the first renewal applications lodged for PL59/2008 and PL70/2008.

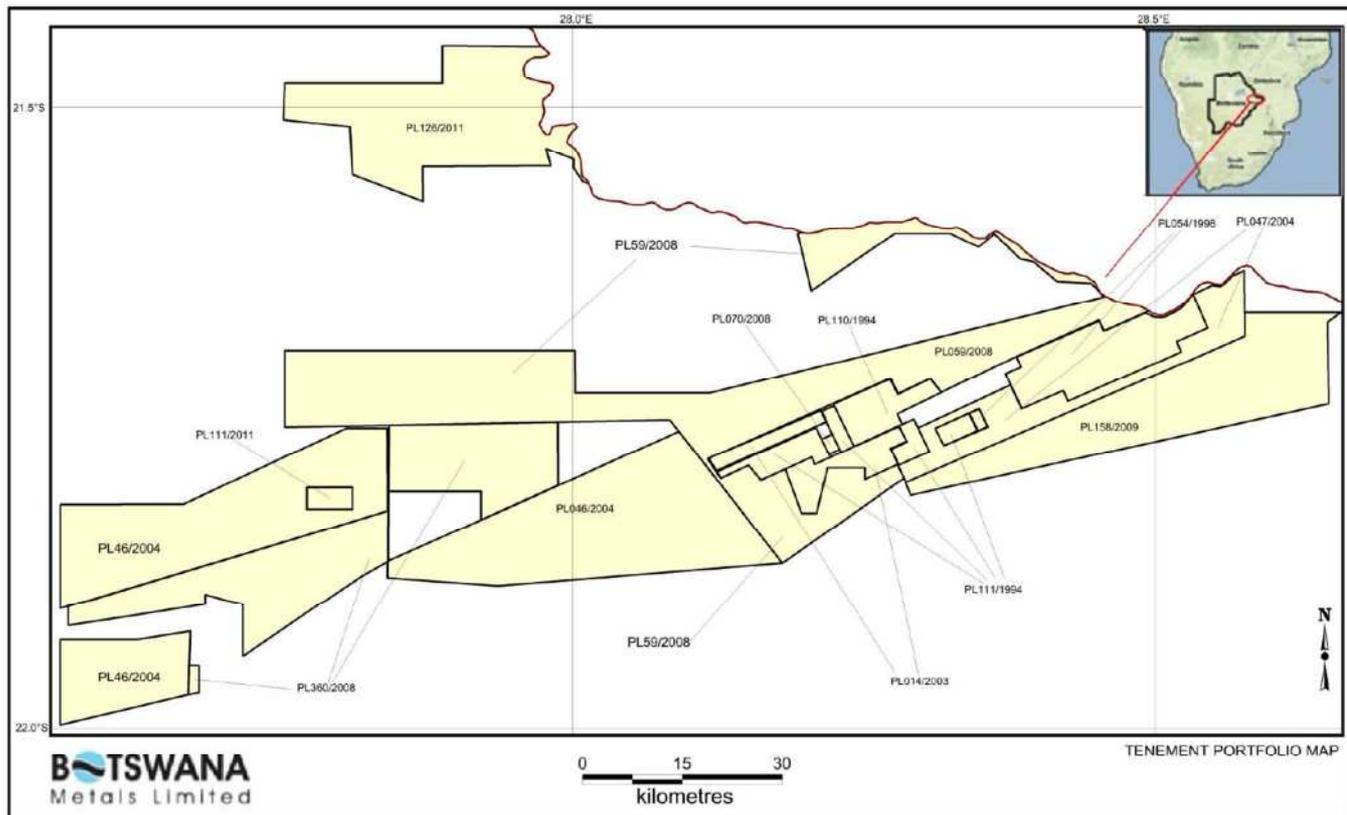


Figure 4 Current tenements held by BML.

**Pat Volpe**  
**Chairman**

### Competent Persons Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Peter Temby, a member of The Australian Institute of Geoscientists.

Mr Temby has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activities which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Temby consents to the inclusion in this report of matters based on his information in the form and context in which it appears.

# Appendix 5B

## Mining 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

Name of entity

BOTSWANA METALS LIMITED

ABN

96 122 995 073

Quarter ended ("current quarter")

30 SEPTEMBER 2012

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date ( 3 months) \$A'ooo
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(140) - - (279)	(140) - - (279)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	4	4
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(415)</b>	<b>(415)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (2)	- - (2)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - 33	- - 33
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(31)</b>	<b>(31)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(384)</b>	<b>(384)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(384)	(384)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	(13)	(13)
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	(13)	(13)
	<b>Net increase (decrease) in cash held</b>	(397)	(397)
1.20	Cash at beginning of quarter/year to date	1,447	1,447
1.21	Exchange rate adjustments to item 1.20	(1)	(1)
1.22	<b>Cash at end of quarter</b>	1,049	1,049

**Payments to directors of the entity and associates of the directors**  
**Payments to 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	110
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

During the quarter the following payments were made to Directors:	
Directors Fees	
Mr M Cellante	\$7,500
Dr P Woolrich	\$5,000
Total Directors Fees	<u>\$12,500</u>
Consulting Fees	
Mr P Volpe	\$82,500
Dr P Woolrich	<u>\$7,625</u>
Total Directors Fees	<u>\$90,125</u>
Superannuation contributions totalling \$7,487 accrued from the prior quarter were also paid during the quarter on behalf of the Directors.	

**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

--

+ See chapter 19 for defined terms.

- 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

--	--

### 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	110
4.2 Development	-
4.3 Production	-
4.4 Administration	250
<b>Total</b>	<b>360</b>

### 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	22	53
5.2 Deposits at call	871	1,238
5.3 Bank overdraft	-	-
5.4 Other (term deposits)	156	156
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,049</b>	<b>1,447</b>

---

+ See chapter 19 for defined terms.

### Changes in interests in mining tenements

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

---

+ See chapter 19 for defined terms.

### 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 <b>Preference +securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	188,135,317	188,135,317		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	116,275,143	116,275,143	<i>Exercise price</i> 10 cents	<i>Expiry date</i> 10 cents
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

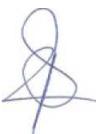
**Appendix 5B**  
**Mining exploration entity quarterly report**

---

7.12	<b>Unsecured notes (totals only)</b>		
------	--------------------------------------	--	--

**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:  ..... Date: ..31 October 2012.....  
(Company secretary)

Print name: .....Richard Baker.....

**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.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining 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, 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.

== == == == ==

---

+ See chapter 19 for defined terms.