



ABN 96 122 995 073

TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED

DATE: 23 JULY 2013

UPDATE ON FUNDING OPTIONS

The Board of Botswana Metals Limited wishes to advise that as part of its review of funding options the Company has:

1. Approached a potential strategic Botswana company to take an equity interest.

BML has approached BCL Limited, a Botswana mining company, to consider a strategic - equity investment.

2. Consider a rights issue to shareholders.

Failing any participation from BCL as per 1 above, the Board will reconsider a rights issue to shareholders and seek a potential underwriter.

3. Seeking to secure a short term funding facility

A short term funding facility may be required in order to bridge the timing gap required to put option 1 or 2 in place.

1. BCL Limited approach by BML.

Whilst BML has approached BCL Limited ("BCL") to consider an equity interest in BML, it is still very early in the process.

BCL has responded with a request for details of a proposal. These enquiries are very preliminary and no terms or conditions have been agreed to at this stage.

However, your Board believes that, if successful, BCL as a shareholder would be very beneficial and could underwrite BML's immediate short term cash requirements.

Other than the request mentioned above, BCL has not indicated that it is interested in making or not making an equity investment in BML.

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BCL is familiar with BML's position and is aware of the company's status in respect to applications lodged with the Department of Mines ("DOM") for three retention licences.

More importantly, BML and BCL entered into a Farm-In Joint venture agreement in September 2012 which is conditional on BML being granted retention licences over three areas of interest that relate to Copper –Silver and Copper -Nickel discoveries made by BML contained in the areas of former PL110/94, PL111/94 and PL54/98.

Despite our visit and subsequent correspondence to the DOM, no formal advice has been received as at the end of the June 2013 quarter. Verbally the DOM has advised that it is still reviewing the licence applications.

If these Retention Licences are granted, BCL Limited, under the joint venture agreement, will 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.

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

2. Rights Issue to shareholders.

Failing any equity commitment from BCL, the company will consider a rights issue back to shareholders to raise capital. If the company follows this route it will seek to have the issue underwritten.

The terms and conditions of any possible rights issue will be addressed if and when agreed to by the Board.

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3. Short term funding facility.

The Board acknowledges the time required to put either 1 or 2 above in place. Because of this, the Board is considering to secure a short term funding facility that can be used if required to fund operations whilst either option 1 or 2 above can be put in place.

Given the current cash position of the company, it will be seeking to have a commitment as soon as possible.

General

The Board of BML is continuing to communicate with the DOM in Botswana in order to get a formal response in respect to the issue of Retention Licences applied for.

Your Board is committed to do all it can in order to achieve an outcome as soon as possible. Your Board understands that until a formal response is received from the DOM uncertainty surrounding the Retention Licence approvals and the funding needs of the Company will exist. These concerns have been communicated to the DOM.

As soon as any information regarding the above matters is known, the market will be informed.

Pat Volpe
Chairman

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