

**Statement of extent of following best practice recommendations set by the ASX
Corporate Governance Council**

Principle No.	Best Practice Recommendation	Compliance	Reasons for Non-compliance
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	The Board is responsible for the overall corporate governance of the Company. The responsibilities of the Board's are disclosed in section 7 of the Replacement Prospectus of the Company dated 26 October 2007 ("Replacement Prospectus"). The charter adopted by the Board formalises its roles and responsibilities into a and defines the matters reserved for the Board and has approved specific matters which are delegated to management.	Not applicable.
2.1	A majority of the Board should be independent directors.	Currently, the Company has 2 independent directors and 2 non-independent directors (refer section 7 of the Replacement Prospectus).	The Company does not have a policy of requiring a majority of independent directors, given the size and scope of the activities of the Company. Persons have been selected as directors to bring specific skills and experience relevant to the Company.
2.2	The Chairman should be an independent director.	The Chairman, Mr Patrick Volpe, is not an independent director (refer to section 7 of the Replacement Prospectus).	Given the size and scope of the activities of the Company, the Board has determined that an independent Chairman is not currently feasible.
2.3	The roles of Chairman and Chief Executive Officer should not be exercised by the same individual.	Mr Patrick Volpe is the executive Chairman and Dr Andrew Tunks is the Chief Executive Officer.	Not applicable.

2.4	The Board should establish a nomination committee.	The Board has established a nomination committee.	Not applicable.
2.5	Provide the information indicated in Guide to reporting on Principle 2.	The information relating to the structure of the Board is contained in sections 5 and 7 of the Replacement Prospectus. The Company's website is presently being updated to include a Corporate Governance link.	Not applicable.
3.1	Establish a code of conduct to guide the directors, the chief executive officer and any other key executives as to the practices necessary to maintain confidence in the company's integrity and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	The Board has not yet formalised its roles and responsibilities into a charter for the conduct of directors and other key executives. The Board's policy is to ensure, on an informal basis, that all directors, executives and employees act with utmost integrity and objectivity in their dealings with all legitimate stakeholders and other parties that they come in contact with during the performance of their duties. This is regularly reviewed by the Board.	Given the size and scope of the operations of the Company and the composition of the Board, it is impracticable to comply with Best Practice Recommendation 3.1.
3.2	Disclose the policy concerning trading in company securities by directors, officers and employees.	The Board operates a strict policy for trading in the Company's securities and is included in the Corporate Governance Statement referred to in 2.5.	Not applicable.
3.3	Provide the information indicated in Guide to reporting Principle 3.	There are no departures from best practice recommendations 3.1, 3.2 and 3.3.	Not applicable.
4.1	Require the chief executive officer (or equivalent) and the chief financial officer (or equivalent) to state in writing to the Board that the company's financial reports present a true and fair view, in all material respects, of the company's financial condition and operating results and are in accordance with relevant accounting standards.	The executive Chairman and the Company Secretary are required to provide the Board with this statement.	Not applicable.

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4.2	The Board should establish an audit committee.	The Board has established an Audit and Compliance Committee, referred to in Section 7 of the Replacement Prospectus. .	Not applicable.
4.3	Structure the audit committee so that it consists of: • Only non-executive directors • A majority of independent directors • An independent chairperson, who is not chairperson of the board • At least three members	The Audit and Compliance Committee presently consists of two members, being the Chairman and the Company Secretary.	Given the size and scope of the operations of the Company and the composition of the Board, it is impracticable to comply with Best Practice Recommendation 4.3.
4.4	The audit committee should have a formal charter	The role and responsibilities of the Audit and Compliance Committee are contained in Section 7 of the Replacement Prospectus.	Not applicable.
4.5	Provide the information indicated Guide to reporting on Principle 4.	The information has been disclosed in Section 7 of the Replacement Prospectus.	Not applicable.
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance.	The Company presently does not have written policies regarding ASX Listing Rules disclosure requirements.	Due to the size of the Company, it achieves compliance with ASX Listing Rules disclosure requirements without the need for formal policies and procedures.
5.2	Provide the information indicated in Guide to reporting on Principle 5.	The company secretary has primary responsibility for all communication with the ASX in relation to Listing Rule matters.	Not applicable.

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6.1	Design and disclose a communications strategy to promote effective communications with shareholders and encourage effective participation at general meetings.	The Company places a high priority on communication with shareholders and is aware of the obligations it will have under the Corporations Act and the Listing Rules, to keep the market fully informed of information which is not generally available and which may have a material effect on the price or value of the Company's securities. The rights and liabilities attaching to shares in the Company are contained in Section 7 of the Replacement Prospectus. Information is communicated to shareholders as follows: • Through the ASX company announcements platform; • Through notices of meetings of shareholders; and • By provision of all documents that are released to the public on the Company's website.	Not applicable.
6.2	Request the external auditor to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and preparation and content of the auditor's report.	The Company will request the external auditors to attend the annual general meeting.	Prior to ASX listing the Company was a wholly owned subsidiary, however it has appointed external auditors.

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7.1	The Board or appropriate Board committee should establish policies on risk oversight and management.	The Board monitors and if necessary receives advice on areas of operational and financial risk, and considers strategies for appropriate risk management arrangements. The effectiveness of the control environment of the Company (and its subsidiaries) in relation to operational and balance sheet risk is monitored and reviewed by the Board as a whole. This includes overseeing the adequacy of and compliance of internal control processes in place relating to safeguarding of assets, maintenance of proper accounting records and reliability of financial information.	Not applicable.
7.2	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that: 1. the statement given in accordance with BPR 4.1 is founded on a sound system of risk oversight and management internal control which implements the policies adopted by the Board; 2. the company's risk management and internal control and compliance system is operating effectively and effectively in all material respects.	The Board requires such a statement from time to time from the executive Chairman and Company Secretary.	Not applicable.

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7.3	Provide the information indicated in Guide to reporting on Principle 7.	Refer to 7.1 and 7.2 above.	Not applicable.
8.1	Disclose the process for performance evaluation of the board, its committees and individual directors, and key executives.	Due to the size of the Company there are no formal policies regarding evaluation of the performance of the board, committees, directors and key executives, however the Board regularly evaluates the performance of the abovementioned parties is reviewed regularly on an informal basis.	Not applicable.
9.1	Provide disclosure in relation to the company's remuneration policies to enable investors to understand 1. the costs and benefits of those policies and 2. the link between remuneration paid to directors and key executives and corporate performance.	The remuneration of the directors and key executives is based upon the advice of independent external consultants which has been adopted by the Board. The remuneration of the directors and key executives is disclosed in section 7 of the Replacement Prospectus.	The directors will provide a remuneration report accompanying the annual financial statements as required by law.
9.2	The Board should establish a remuneration committee.	The Board has not yet established a remuneration committee.	Given the size and scope of the operations of the Company the Board as a whole presently undertakes the role of a remuneration committee.
9.3	Clearly distinguish the structure of non-executive directors remuneration from that of executives.	Presently both executive and non-executive directors are entitled to receive fixed fees subject to the maximum limit prescribed in the independent external advice adopted by the Board, however the Board will seek ratification by shareholders at a general meeting. In addition to the above fees, executive directors also receive wages as prescribed by the independent external consultants.	Not applicable.

9.4	Ensure that equity-based executive remuneration is made in accordance with thresholds set in plans approved by shareholders.	Presently, the Company has no equity-based remuneration systems or policies in place, however it intends to implement equity-based remuneration, subject to shareholder approval at a general meeting.	Not applicable.
9.5	Provide the information indicated in Guide to reporting Principle 9.	The information is provided in this statement and will be provided in the remuneration report included with the annual financial reports (Refer to 9.1 and 9.4 above). The Company does not currently have in existence any schemes for retirement benefits for non-executive directors.	Not applicable.
10.1	Establish and disclose a code of conduct to guide compliance with legal and other obligations to legitimate stakeholders.	The Company has not yet established a formal code of conduct, but instead serves stakeholders through an informal system.	Given the size and scope of the operations of the Company and the composition of the Board, it is impracticable to comply with Best Practice Recommendation 10.1.

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