

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 1 FEBRUARY 2012

BML TO RAISE \$1.9M: NON-RENOUNCEABLE RIGHTS ISSUE & APPENDIX 3B

Botswana Metals Limited (BML) announced a rights issue to raise up to \$1.9m underwritten for a minimum amount of \$1m by Bell Potter Securities Limited. The funds will be used to continue exploration at BML's three discovery areas at Airstrip Copper, Maibele North and Dibete. The funds will also be used to test additional new targets identified as VTEM anomalies to the East at Takane (PL54/98) and cash for general working capital requirements over the next 12 months.

Details are as follows.

The Board of Botswana Metals Limited ("the Company") announces a non-renounceable rights issue to eligible shareholders on the following terms ("Rights Issue"):

- One (1) new ordinary fully paid share ("New Share") for every three (3) shares held at the Record Date, at an issue price of four cents (\$0.04) per new share.
- For every one New Share subscribed, one (1) option exercisable at 10 cents (\$0.10) each at any time up to 5pm AEST on 30 June 2013 ("Expiry Date") will be issued to the subscriber at nil cost.
- The Rights Issue is expected to raise approximately \$1.9M before expenses.
- Bell Potter Securities is the Lead Manager and underwriter to the Rights Issue which is underwritten to a minimum of \$1 million.
- The New Shares will rank pari passu with the existing issued shares of the Company.
- The funds raised will be used to continue exploration on our three discovery areas in Botswana, at Airstrip Copper, Maibele North and Dibete and to test additional new targets particularly several VTEM anomalies to the East at Takane (PL54/98) over the next 12 months. The exploration will be designed with the objective of adding to our current resource inventory and to seek additional targets with the potential for mineralisation within our Botswana portfolio.

An Appendix 3B in relation to the Rights Issue is attached.

Pat Volpe
Chairman

Market Cap

approx \$5.7M at 4c per share

Cash

\$1.3M (31 Dec 2011)

Issued Capital

143,717,844 ordinary shares
71,857,670 listed options at 10c

Substantial shareholders

1. Vermar Pty Ltd 16.20%
2. Bell IXL Investments Ltd 7.65%
3. Polarity B Pty Ltd 6.23%

Directors

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

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Contact

Pat Volpe
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ABN 96 122 995 073

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

BOTSWANA METALS LIMITED

ABN

96 122 995 073

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|--|
| 1 | +Class of +securities issued or to be issued | 1. ORDINARY SHARES
2. OPTIONS EXPIRING 30 JUNE 2013 ("ATTACHING OPTIONS") |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | 1. 47,905,948 ORDINARY SHARES
2. 47,905,948 ATTACHING OPTIONS |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | 1. FULLY PAID ORDINARY SHARES
2. ATTACHING OPTIONS EXERCISABLE AT 10 CENTS (\$0.10) EXPIRING 30 JUNE 2013 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

4 Do the ⁺securities rank equally in all respects from the date of allotment with an existing ⁺class of quoted ⁺securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment	1. ORDINARY SHARES WILL RANK EQUALLY WITH ORDINARY SHARES ALREADY ON ISSUE. 2. ATTACHING OPTIONS – UPON EXERCISE THE SHARES WILL RANK EQUALLY WITH ORDINARY SHARES ALREADY ON ISSUE.						
5 Issue price or consideration	1. SHARES – 4 CENTS (\$0.04) 2. ATTACHING OPTIONS – NIL CONSIDERATION						
6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)	RIGHTS ISSUE – FUNDS RAISED BY THE ISSUE WILL BE USED PRIMARILY TO ADVANCE EXPLORATION ACTIVITIES IN BOTSWANA AND FOR COMPANY ADMINISTRATION.						
7 Dates of entering ⁺securities into uncertificated holdings or despatch of certificates	12 MARCH 2012						
8 Number and ⁺class of all ⁺securities quoted on ASX (including the securities in clause 2 if applicable)	<table> <tr> <th data-bbox="694 1590 997 1624">Number</th><th data-bbox="997 1590 1283 1624">⁺Class</th></tr> <tr> <td data-bbox="694 1624 997 1668">191,623,792</td><td data-bbox="997 1624 1283 1668">ORDINARY SHARES</td></tr> <tr> <td data-bbox="694 1668 997 1758">119,763,618</td><td data-bbox="997 1668 1283 1758">ATTACHING OPTIONS</td></tr> </table>	Number	⁺ Class	191,623,792	ORDINARY SHARES	119,763,618	ATTACHING OPTIONS
Number	⁺ Class						
191,623,792	ORDINARY SHARES						
119,763,618	ATTACHING OPTIONS						

⁺ See chapter 19 for defined terms.

9 Number and ⁺class of all ⁺securities not quoted on ASX (including the securities in clause 2 if applicable)	<table border="1"> <thead> <tr> <th>Number</th><th>⁺Class</th></tr> </thead> <tbody> <tr> <td>N/A</td><td>N/A</td></tr> </tbody> </table>	Number	⁺ Class	N/A	N/A
Number	⁺ Class				
N/A	N/A				
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	THE COMPANY DOES NOT YET HAVE A DIVIDEND POLICY. PAYMENT OF FUTURE DIVIDENDS WILL DEPEND UPON THE FUTURE PROFITABILITY AND FINANCIAL POSITION OF THE COMPANY.				

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	NO
12 Is the issue renounceable or non-renounceable?	NON-RENOUNCEABLE
13 Ratio in which the ⁺securities will be offered	ONE NEW SHARE FOR EVERY THREE SHARES HELD ON THE RECORD DATE PLUS ONE ATTACHING OPTION FOR EACH NEW SHARE SUBSCRIBED.
14 ⁺Class of ⁺securities to which the offer relates	ORDINARY SHARES AND ATTACHING OPTIONS
15 ⁺Record date to determine entitlements	13 FEBRUARY 2012
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	YES
17 Policy for deciding entitlements in relation to fractions	ENTITLEMENTS WILL BE ROUNDED DOWN TO NEAREST SHARE.

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	ALL COUNTRIES IN WHICH THE ENTITY HAS SECURITY HOLDERS EXCEPT AUSTRALIA AND NEW ZEALAND.
19	Closing date for receipt of acceptances or renunciations	2 MARCH 2012
20	Names of any underwriters	BELL POTTER SECURITIES
21	Amount of any underwriting fee or commission	5% COMMISSION ON UNDERWRITTEN AMOUNT. 1% MANAGEMENT FEE ON TOTAL ISSUE.
22	Names of any brokers to the issue	BELL POTTER SECURITIES
23	Fee or commission payable to the broker to the issue	
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	16 FEBRUARY 2012
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	1 FEBRUARY 2012
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A

⁺ See chapter 19 for defined terms.

	applicable)	
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

- 32 How do ⁺security holders dispose of their entitlements (except by sale through a broker)? N/A
- 33 ⁺Despatch date 12 MARCH 2012

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

- 34 Type of securities
(tick one)
- (a) ☒ Securities described in Part 1
- (b) ☐ All other securities
Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

- 35 ☐ If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders
- 36 ☐ If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over
- 37 ☐ A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

38	Number of securities for which +quotation is sought					
39	Class of +securities for which quotation is sought					
40	Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? If the additional securities do not rank equally, please state: • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment					
41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)					
42	Number and +class of all +securities quoted on ASX (including the securities in clause 38)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 100px;"></td> <td style="height: 100px;"></td> </tr> </tbody> </table>	Number	+Class		
Number	+Class					

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Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:


.....
(Company secretary)

Date: ..1 FEBRUARY 2012..

Print name: RICHARD BAKER.....

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+ See chapter 19 for defined terms.