

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 31 July 2012

QUARTERLY REPORT TO 30 JUNE 2012

Highlights

Cash Position:

- Cash at bank as at 30 June 2012 was \$1.45M

Resource Calculation and Remodeling:

- **At PL 111/94, Dibete:**

A JORC compliant resource was calculated from previous drilling on one (only) IP line 6100E with the mineralised zone remaining open to the north and other anomalies remain untested.

- This resource totals 1.03 million tonnes (Indicated & Inferred) at 0.4%Cu and 2.7g/t Ag at 0.1% Cu equivalent cut off grade, including
- 265,000 tonnes (Indicated & Inferred) at 0.9% Cu and 4.2 g/t Ag at 0.4% Cu equivalent cut off grade
- Additional potential remains along strike and particularly to the north.

- **At PL110/94 Maibele North:**

A detailed review of historical data with new geological modeling showed that the nickel-copper mineralisation at Maibele North can be up to 20m thick, with potential for additional shoots at depth. The Exploration Target was previously reported to be between 4M to 7M tonnes at 0.6% Ni at a cut off grade of 0.3% Ni. This mineralisation is now being reassessed to determine what additional exploration work, including down hole EM logging and drilling, will be required to achieve a JORC compliant resource classification.

Soils conducted:

- **At PL 111/94 Dibete:** Detailed soil grids were sampled and analysed with the results indicating extensive new copper anomalies predominantly to the west of known mineralisation that have not yet been tested.
- **At PL126/2011, Xia2:** Soils sample results over a gossan area has shown coincident nickel and copper anomalies associated with a significant ultramafic body indicating potential for nickel-copper sulphide mineralisation.
- **At PL 54/98 Takane:** Soil geochemical surveys have been completed over PL 58/94, east of Dibete, over previously identified VTEM and/or IP anomalies including Jumbo, Mmatsiane, Kudumane and Makhantlele. This soil data is currently being evaluated.

Market Cap

approx \$3.76M at 2c per share

Cash

\$1.45M (30 June 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 7.8%
3. Bell IXL Investments Ltd 5.9%

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

Highlights continued

Corporate:

- Discussions continued with a local Botswana smelter during the quarter. Whilst no formal proposal has been agreed to, discussions are continuing on a possible involvement in the BML exploration portfolio.

Tenement Status:

- BML was granted extensions to PL 46/2004 and PL47/2004 during the quarter.
- The company expects to have a response from the Botswana Department of Geological Survey within the next quarter regarding its application for an extension to PL 110/94.
- During the September 2012 quarter, BML will be preparing its application for a retention licence over several of its PL's where recent copper-silver and nickel-copper discoveries have been made.

Detailed Report

PL 111/94 Mocoswane

Dibete Copper Project

Significant copper-silver mineralisation was located at Dibete in 2010 and subsequent drilling has shown that the mineralisation is associated with cross cutting shear zones. The mineralisation consists of an upper oxide zone and underlying primary and secondary sulphides. The mineralogy of the oxide zone, based on mineragraphy and drill hole logging, consists of malachite, minor azurite, possible chrysocolla with probable chalcocite. The sulphide zone consists predominantly of chalcocite, bornite and chalcopyrite. Silver content is variable and discrete silver minerals have been identified in thin section.

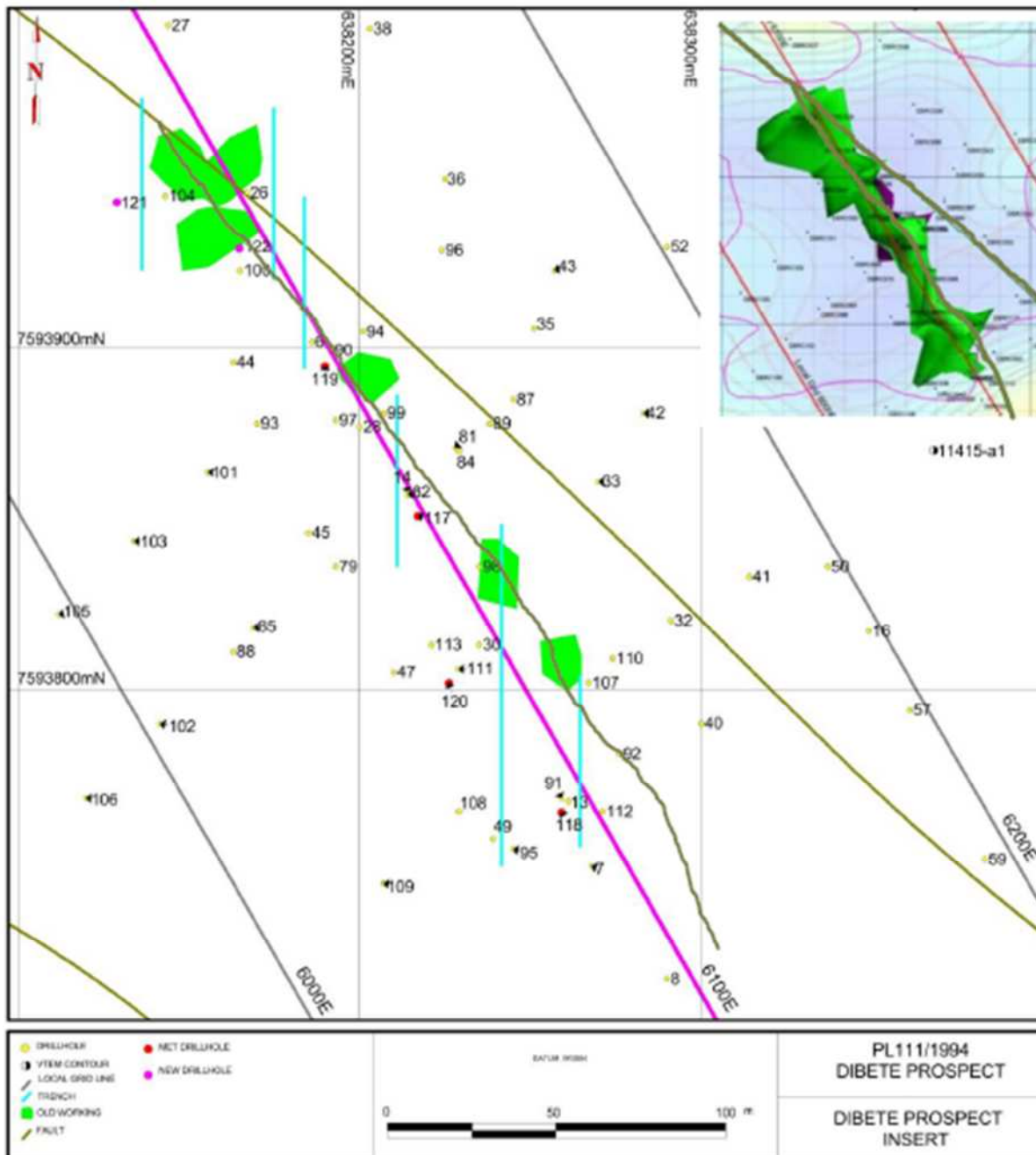


Figure 1 Plan showing the drilling carried out at Dibete prospect. Insert plan indicates the mineralised envelope at the 6100E shoot.

Hilmac Pty Limited (Hilmac) carried out a Mineral Resource estimation over the 6100E shoot (Figures 1 & 2) during the quarter using Ordinary Kriging techniques on back-transformed normalised 1m composites. Data from 121 drill holes totaling 5200 metres of drilling was assessed and the resource is contained within a zone down to 60m below surface. Results are summarised in Table1 and include:-

1.03 million tonnes (Indicated & Inferred) at 0.4%Cu and 2.7g/t Ag at 0.1% Cu equivalent cut-off grade, including

265,000 tonnes (Indicated & Inferred) at 0.9% Cu and 4.2 g/t Ag at 0.4% Cu equivalent cut-off grade

Additional potential remains along strike and particularly to the north.

Table 1 Mineral Resources at Dibete Prospect using various cut off grades and by ore type.

Ore Type	COG Cu equiv %	Indicated tonnes	Cu %	Ag g/t	Inferred tonnes	Cu %	Ag g/t	Totals
Oxide - carbonate	0.04	362,000	0.295	2.5	745,000	0.299	2.3	1,107,000
Primary and secondary Sulphide	0.04	86,000	0.187	2.3	215,000	0.338	2.6	301,000
Totals		448,000	0.275	2.5	950,000	0.307	2.3	1,408,000
Oxide - carbonate	0.1	252,000	0.396	2.9	510,000	0.405	2.8	762,000
Primary and secondary Sulphide	0.1	52,000	0.266	2.0	215,000	0.338	2.6	267,000
Totals		304,000	0.374	2.7	725,000	0.385	2.7	1,029,000
Oxide - carbonate	0.4	74,000	0.848	4.2	133,000	1.001	4.5	206,000
Primary and secondary Sulphide	0.4	3,000	1.681	8.9	56,000	0.676	3.2	59,000
Totals		77,000	0.883	4.4	188,000	0.905	4.1	265,000
Oxide - carbonate	0.5	55,000	0.987	4.5	100,000	1.189	5.1	155,000
Primary and secondary Sulphide	0.5	2,000	2.470	12.1	30,000	0.849	3.7	32,000
Totals		57,000	1.040	4.8	130,000	1.106	4.8	187,000

Note Cu equiv =
LME 14 June 2012 prices

$$\text{Cu_ppm} + (\text{Ag_ppm} * \text{AgPrice} / \text{CuPrice})$$

AgPrice = 927.55 USD/kg CuPrice = 7.384 USD/kg

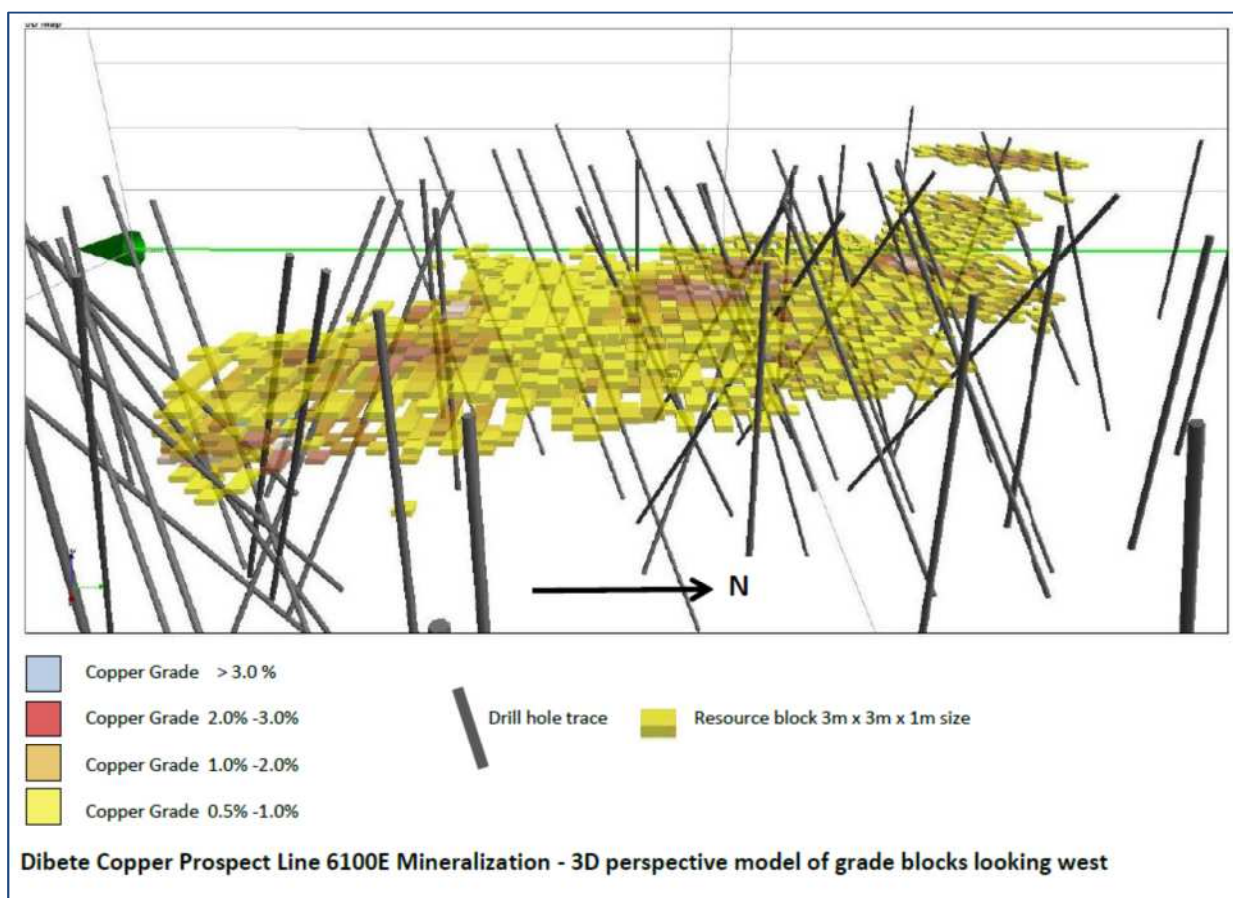


Figure 2 Dibete Copper 3D perspective model of grade blocks Line 6100E

An extensive new soil grid was sampled during the quarter (Figure 3) which covers the original FEB soils grid area as well as significant extensions to the north, south west and to a lesser extent, to the east. Additional significant copper anomalies were identified to the south and west of the previous grid (Figure 3), suggesting potential for additional mineralisation outside areas previously explored. The large copper anomaly to the west of the FEB grid (Figure 3) is still open, and additional potential also lies to the east of the FEB grid.

Follow up drilling and IP are planned over these new soil anomalies and around the 6100E shoot to define additional mineralisation.

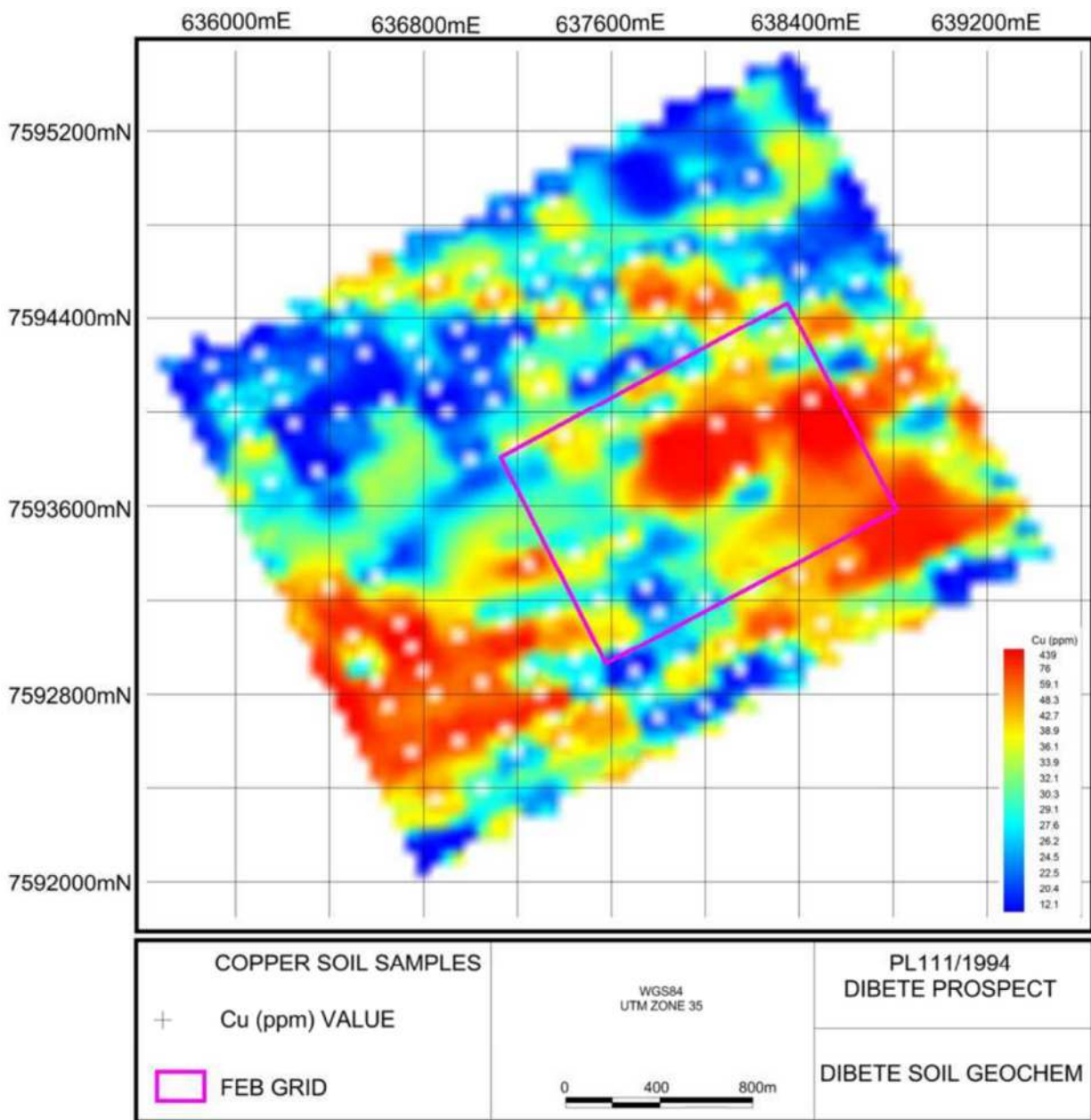


Figure 3 Extended soils grid at Dibete Copper Project.

PL 110/94 Magogphate

Airstrip Copper Prospect

Continued data assessment was conducted at Airstrip as the company is awaiting a response from the Department of Geological Survey regarding the extension of this licence.

Maibele North

A major review of the Maibele nickel-copper project is in progress focusing on a re-interpretation of the geological and structural model and a review of the analytical database. This is as a follow up to the recent resource estimation completed by Hilmac which indicated an Exploration Target of around 4-7 million tonnes of mineralisation at a grade of around 0.6% Ni using a cut-off grade of 0.3% Ni.

The aim of this review is to clearly identify the additional work required to bring the Maibele North deposit up to JORC compliant resource status.

New geological cross sections have been constructed for approximately 760 metres of strike length of the Maibele deposit (see Figures 4 & 5), and this data indicates good continuity of the mineralisation along strike, which was also confirmed in Hilmac’s geostatistical analysis.

The nickel-copper mineralisation occurs at or near the footwall of a major serpentinite body (Figure 5) and occasionally close to the hangingwall of the serpentinite.

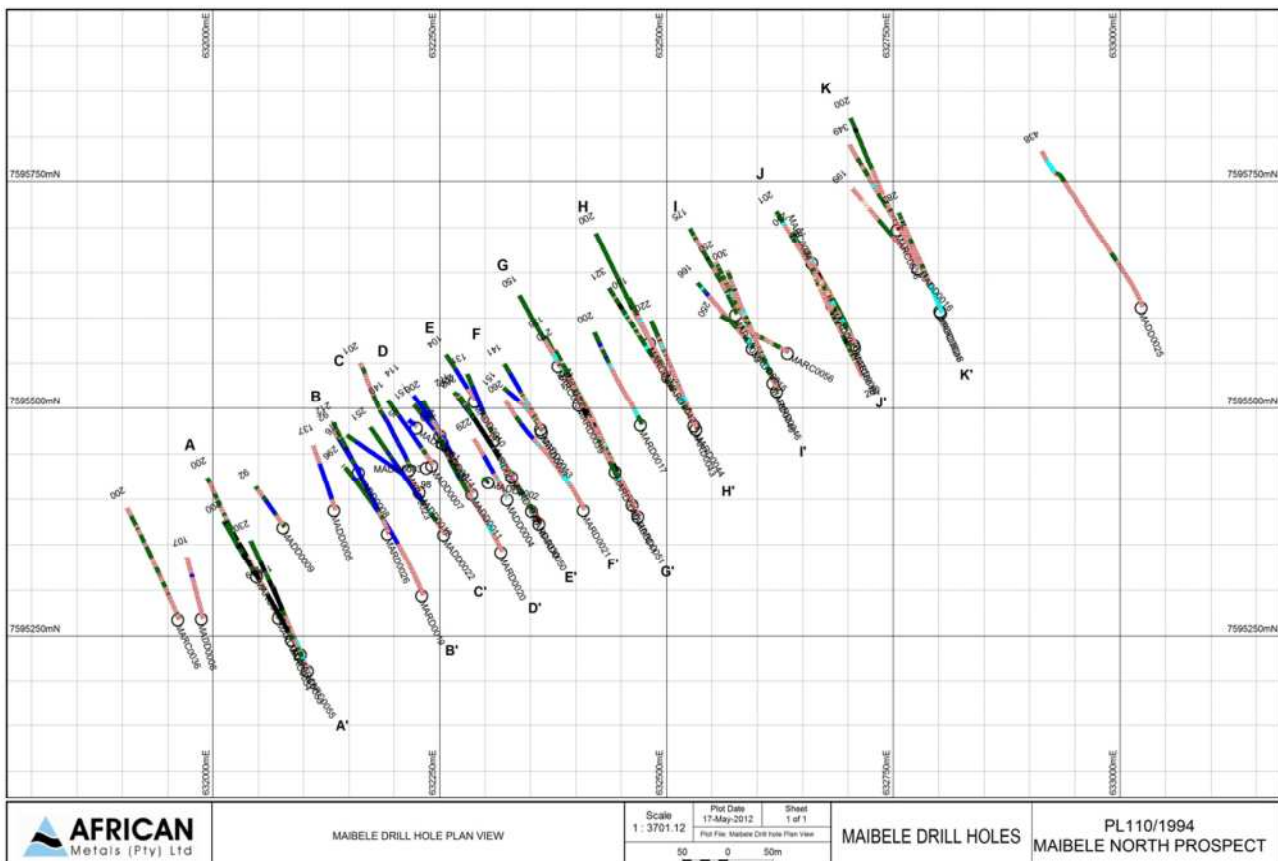


Figure 4 Maibele North Prospect showing section locations and drill holes with geology.

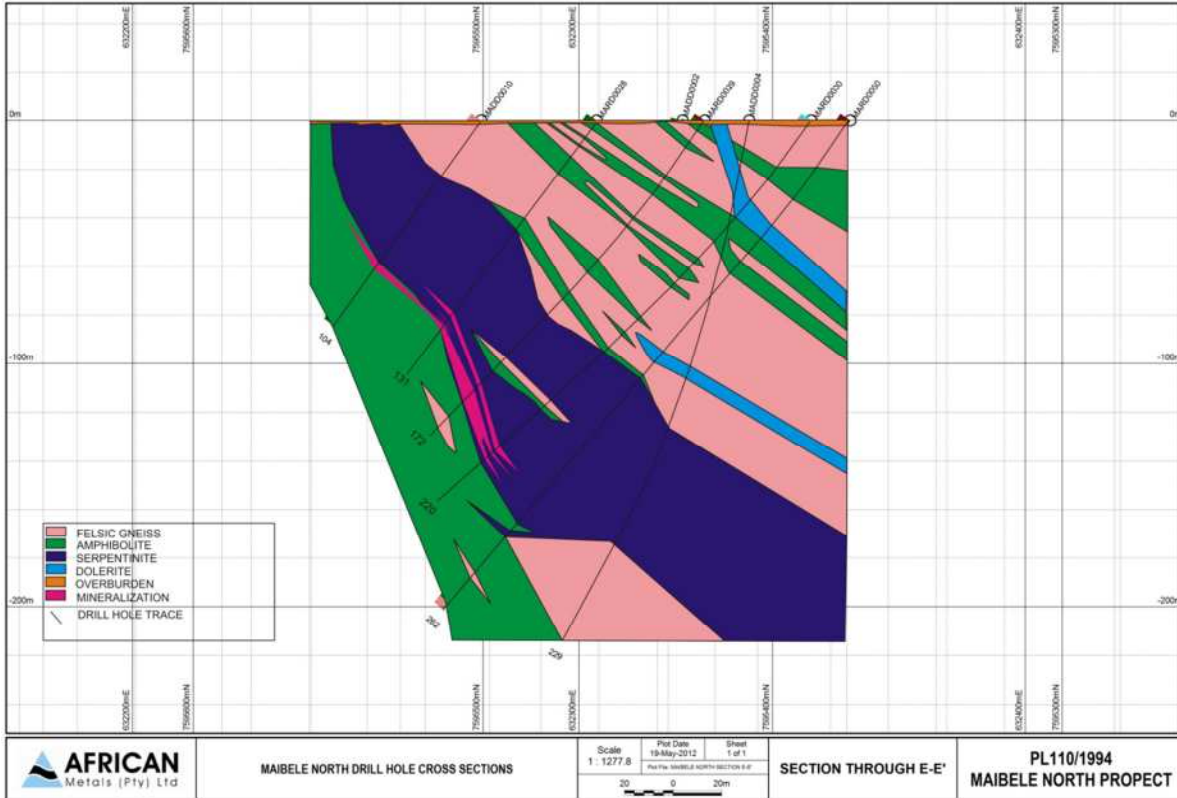


Figure 5 Maibele North Prospect showing section E-E'. Mineralisation shown on this section has approximately 100 m continuity down dip in this section and a maximum aggregate thickness of approximately 20 metres.

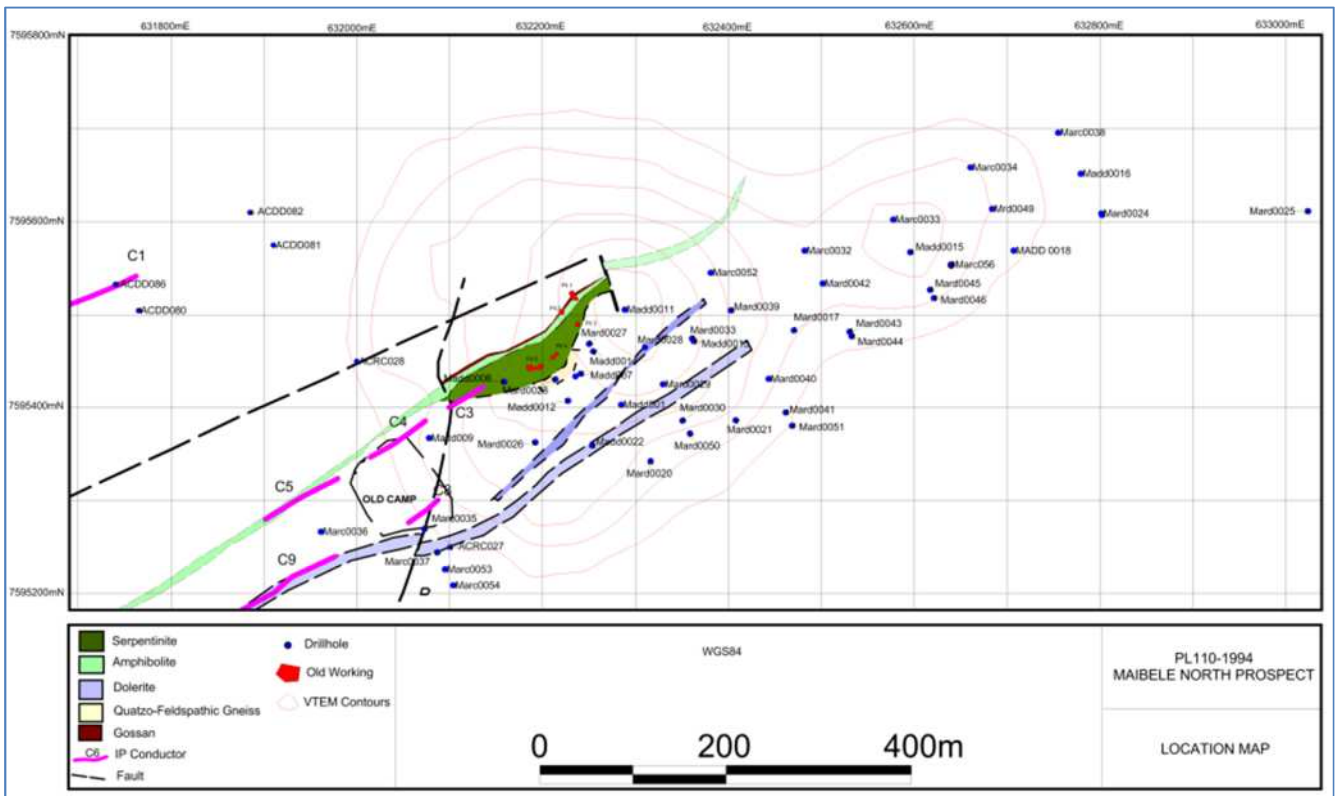


Figure 6 Plan of Maibele North Prospect area showing holes targeted for Down Hole EM surveys.

Planning of Down Hole EM to look for off hole conductors associated with the hole MARC 056 and with two previous holes ACRD 027 and ACRD 028 (Figure 6) is at an advanced stage.

The EM surveys are expected to define additional targets that may have been missed by previous drilling.

PL 54/98 Takane

A series of VTEM anomalies were identified on the Takane tenement and soil sampling was undertaken to test several of these targets. Some older existing soil data was used to commence work on the Jumbo and Mmatsiane prospects which has now been superseded by new soil grids over the two prospects which was designed to give full coverage over the clusters of anomalies that make up the Jumbo and Mmatsiane prospects.

Location of the VTEM targets and named prospects in the Takane PL are shown in Figure 7.

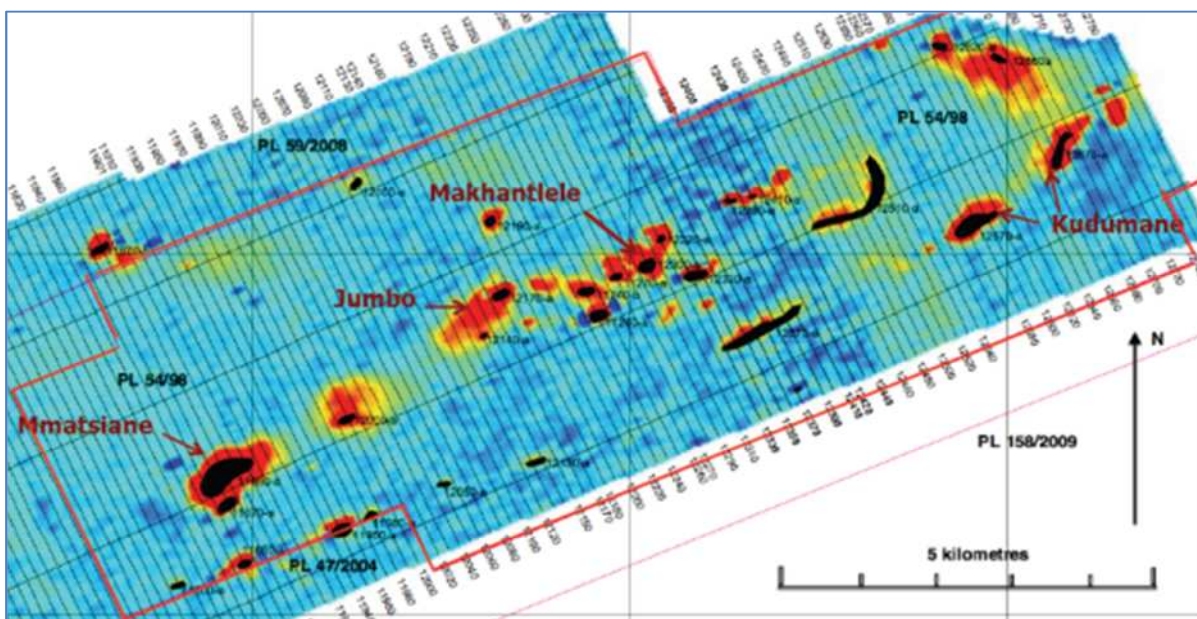


Figure 7 Location of VTEM anomalies and named prospects on PL54/98 Takane.

Mmatsiane

Two holes were drilled at Mmatsiane targeting IP conductors that appeared to be extensions of the VTEM conductors along regional strike to the west. Assays of these two holes did not indicate any economic sulphide intersections. To further assess the VTEM anomalies a new soil grid was sampled.

Interpretation of the new soil geochemistry is now in progress to determine how to optimise future drilling at the Mmatsiane prospect.

The location of the new soils grid in relation to the Mmatsiane VTEM target, IP and drill holes is shown in Figure 8.

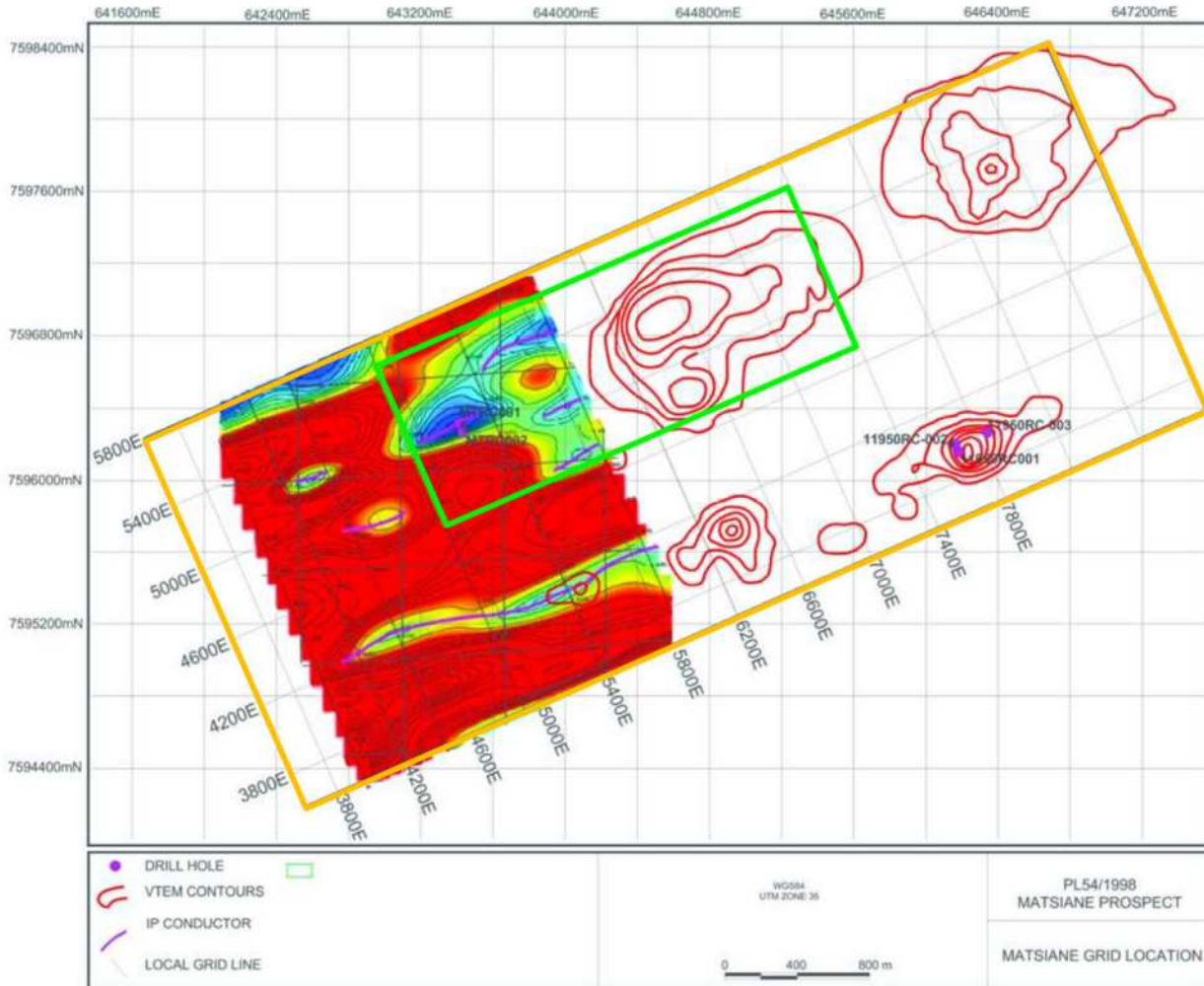


Figure 8 Plan of the Mmatsiane Grid showing drill holes targeting IP conductors and the Mmatsiane cluster of VTEM anomalies. Background is IP Resistivity coloured image with old soils grid outlined in green and new soils grid outlined in brown.

Jumbo

Soil sampling was completed over a broader area than the previous Falconbridge geochemical sampling grid. The soil geochemical sample results have been received and are now being interpreted.

The location of the soil sampling grid in relation to the VTEM target, drill holes and IP is shown in Figure 9.

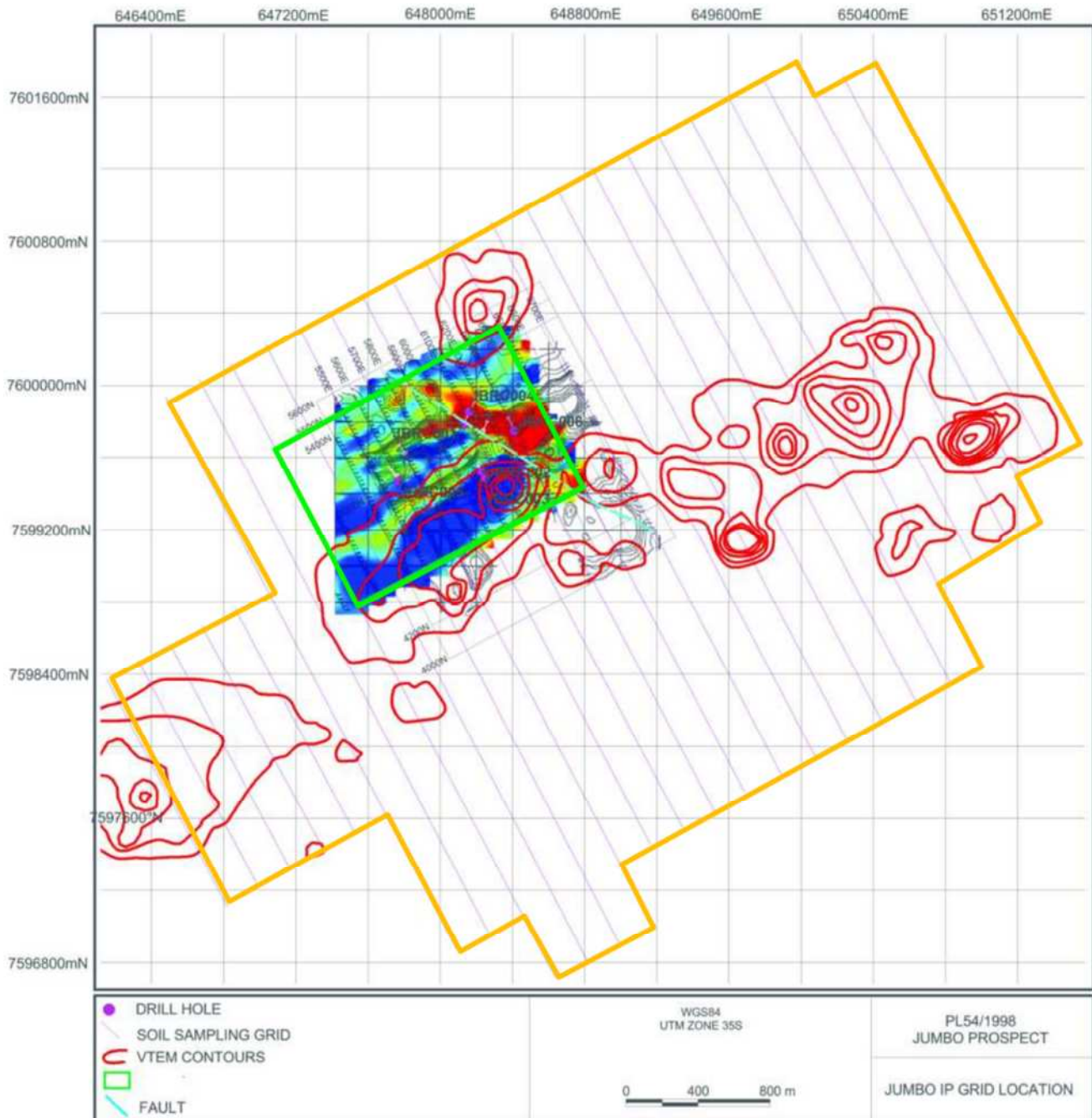


Figure 9 Drill hole locations at the Jumbo prospect in relation to the IP and VTEM conductors. Old soils grid outlined in green, new grid outlined in brown.

PL 14/2003 Majante

Mmamanaka

No field work was undertaken during the quarter.

PL46/2004 Sampowane

No field work was undertaken during the quarter.

During the quarter the Company received confirmation the Prospecting Licence was extended to 30 March 2014.

PL47/2004 Gobe Shear

Soil sampling is planned for the next quarter to infill between the Dibete prospect in PL111/94, Dibete Extended in PL54/98 and Dibete East in PL 47/2004. The aim of the sampling program is to fully define the copper-silver and nickel anomalies found from previous work.

During the quarter the Company received confirmation the Prospecting Licence was extended to 31 March 2014.

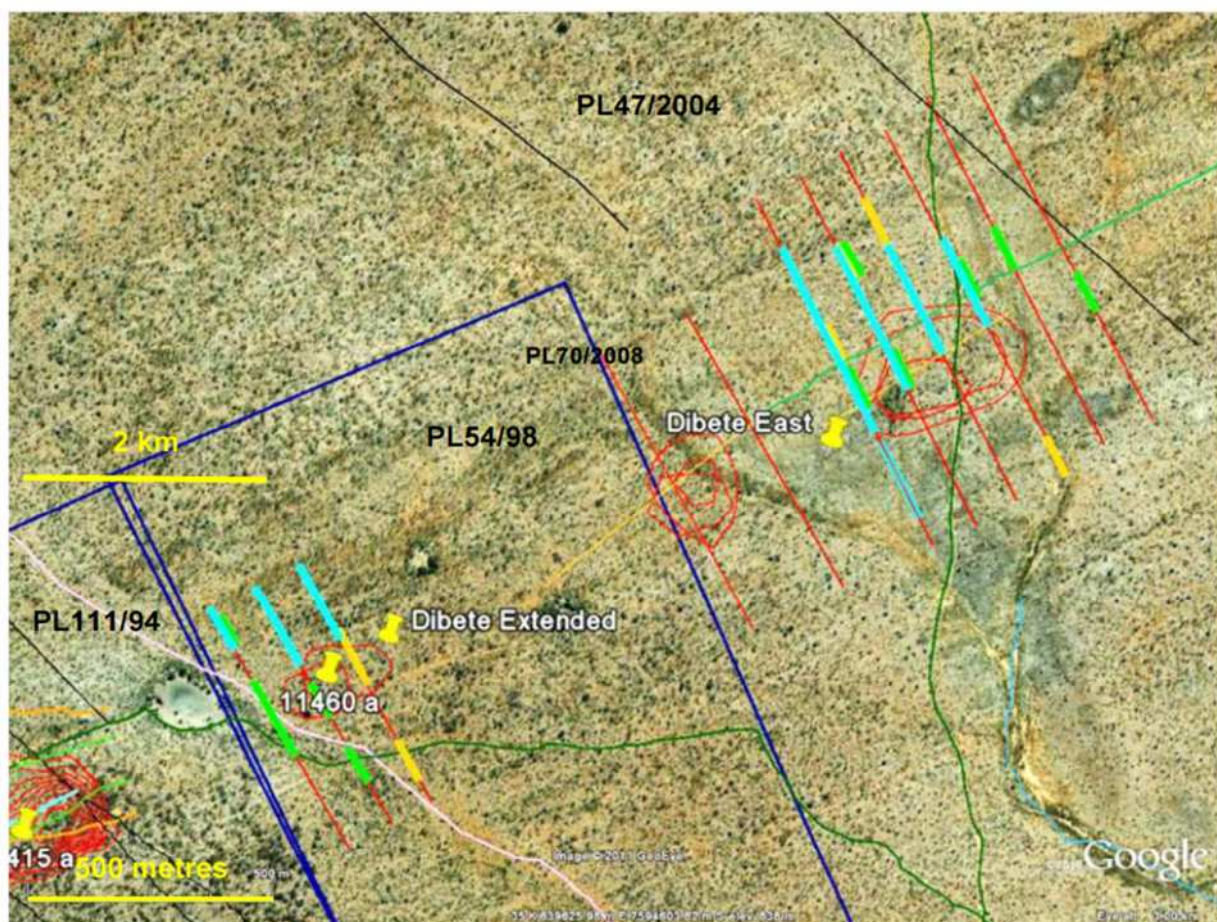


Figure 10 Dibete East and Dibete Extended soil anomalies, (blue=lead, orange=copper, green=nickel) with interpreted structures shown as black lines.

PL59/2008 Shashe South

No field work was undertaken during the quarter. Review of the VTEM anomalies that lie midway between Maibele North and Mashambe prospects suggests that soil sampling of the two VTEM anomalies should be undertaken. Previous stream sediment sampling showed that anomalous nickel was present in the catchment which contains the VTEM anomalies.

The area lies within the review area for Maibele North prospect as discussed in the previous section.

PL 70/2008 Central

No field work was undertaken during the quarter.

PL360/2008 Mmadinare

Desk top review with the objective of planning further exploration was undertaken during the quarter

PL158/2009 Lepokole

Regionally spaced soil lines over PL158/2009 were prioritised for sampling in Q1 2012.

Sample results were received in the June Quarter and infill sampling is now warranted to follow up anomalies which have been defined on lines at 500-1000 metres apart.

Figure 11 shows the soil sample lines which have been completed so far. The remaining lines will be completed in the September Quarter.

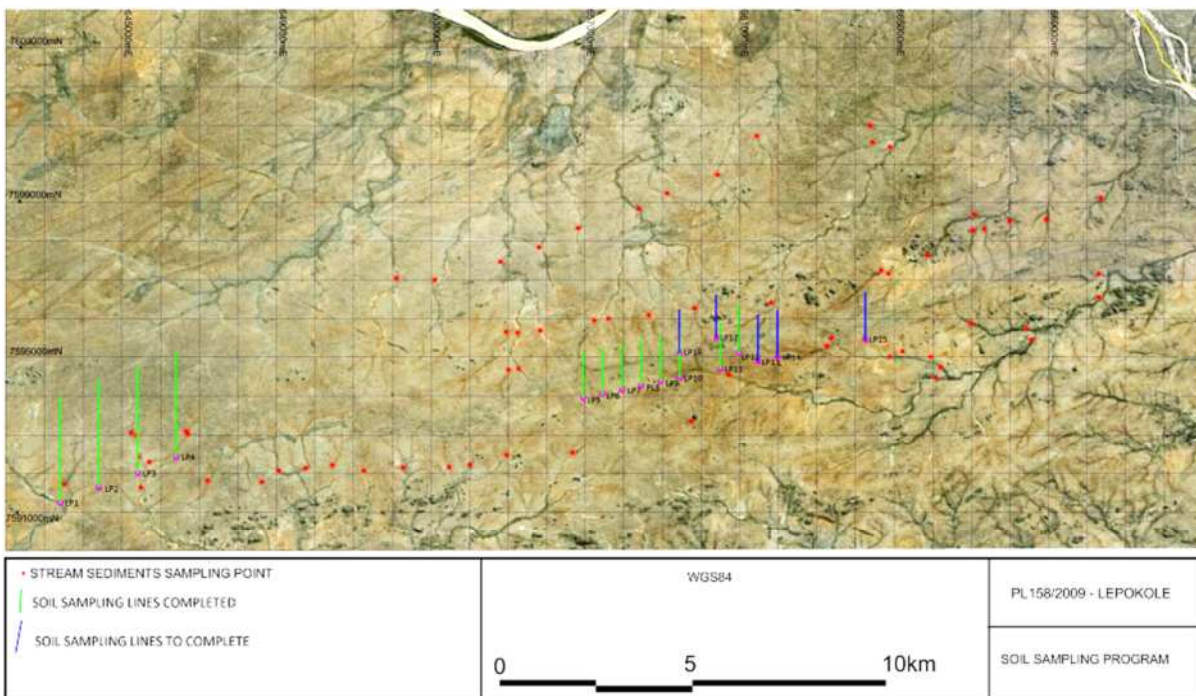


Figure 11

Soil sample traverses over the Lepokole tenement PL 158/2009

PL111/2011 Central Sampa

No Field work was undertaken during the quarter.

PL126/2011 Xia2

A detailed grid was soil sampled at Xia2 over an area containing a nickel gossan. Interpretation of existing data sets indicates a significant sized ultramafic body is present and this body produced some anomalous base metal results in previous stream sediment sampling undertaken in 2004-5. Figure 12 shows the compilation data for the area of principal interest on the Xia2 tenement.

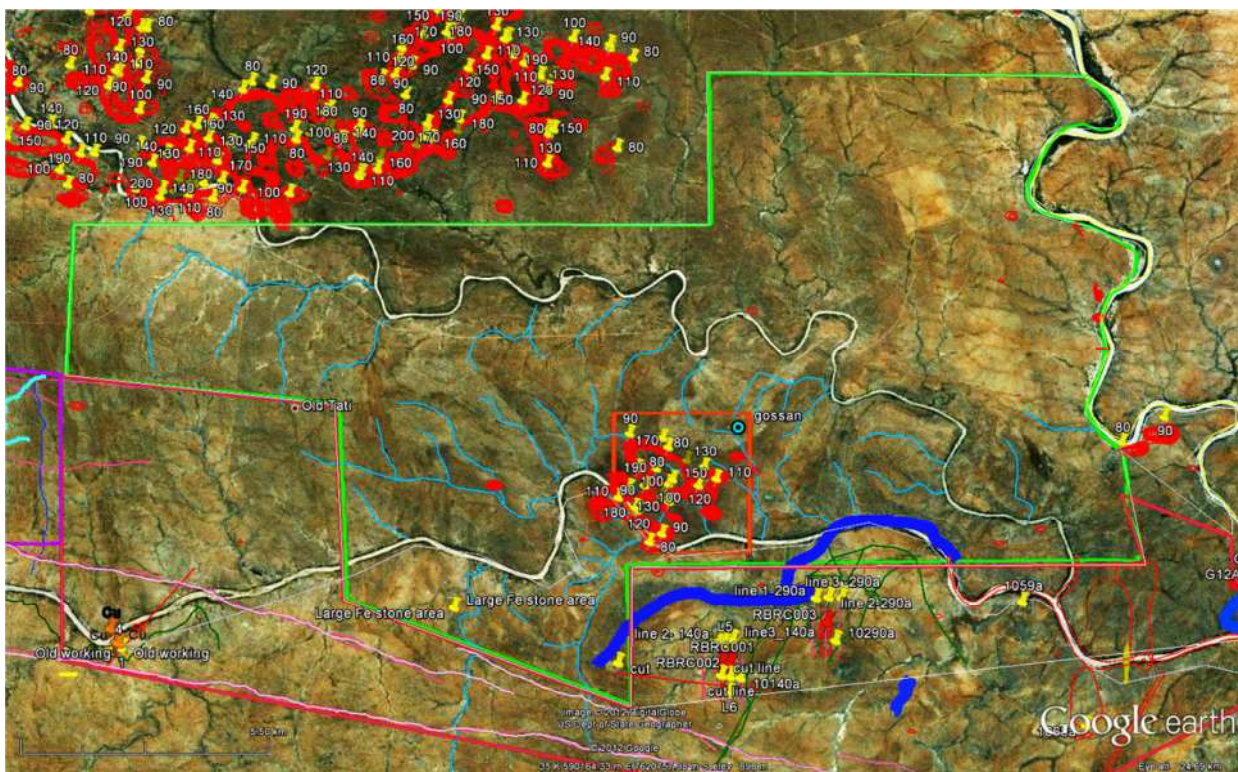


Figure 12 Plan of Xia2 tenement (outlined green) showing contoured GEOTEM anomaly in red associated with ultramafics. Soils grid area is shown outlined in orange.

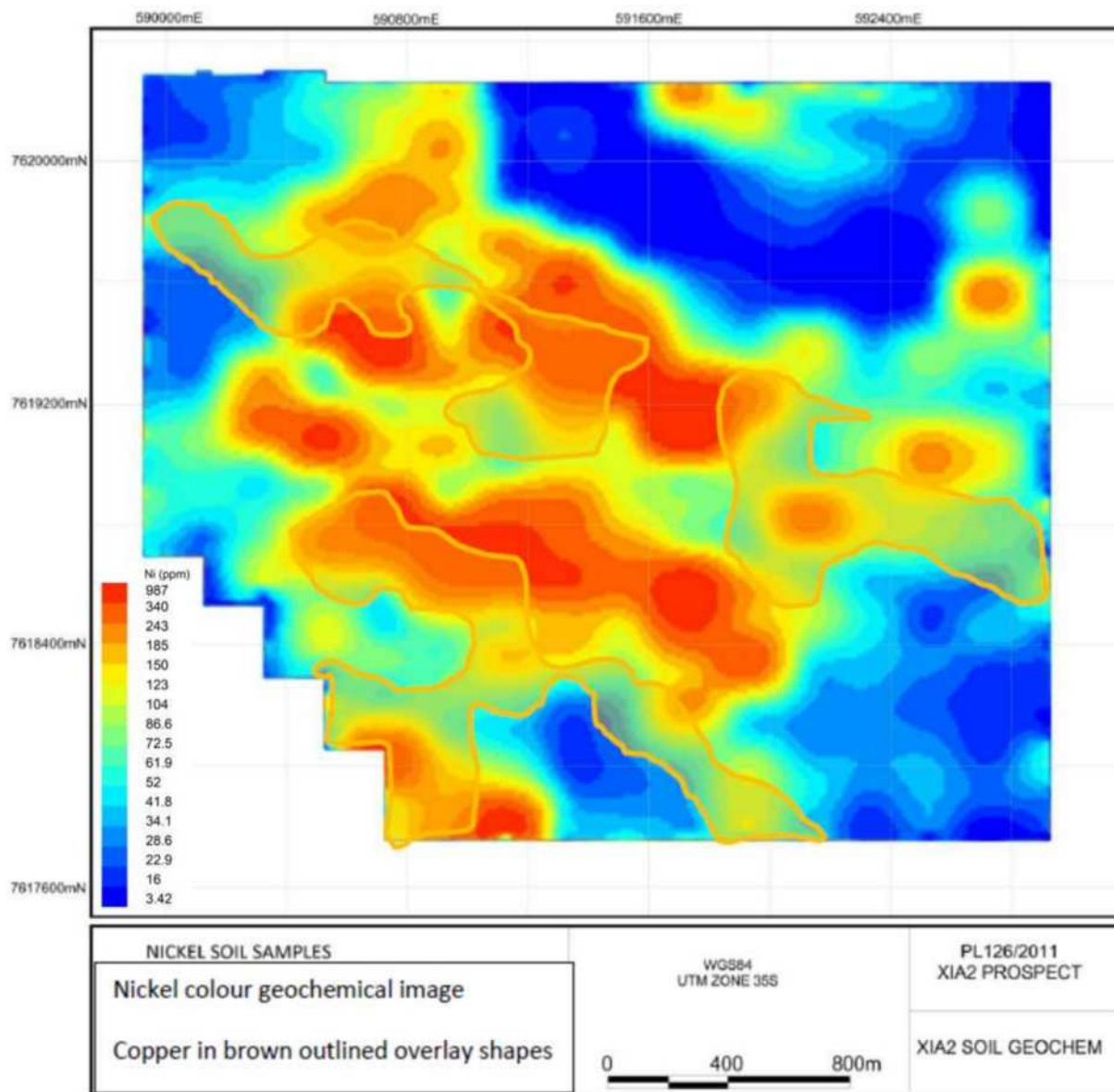


Figure 13 Coloured image of Nickel soil samples showing partially coincident copper anomalies associated with the nickel anomalies.

The coincident Cu-Ni anomaly shown in Figure 13 may indicate mineralised horizons within the ultramafic body and is encouraging as a gossan was also located associated with the ultramafics within the general area.

Interpretation of the gold results shows a gold anomaly cross cutting regional trends and flanked by arsenic anomalies (Figure 14). These gold anomalies maybe associated with a cross cutting shear zone.

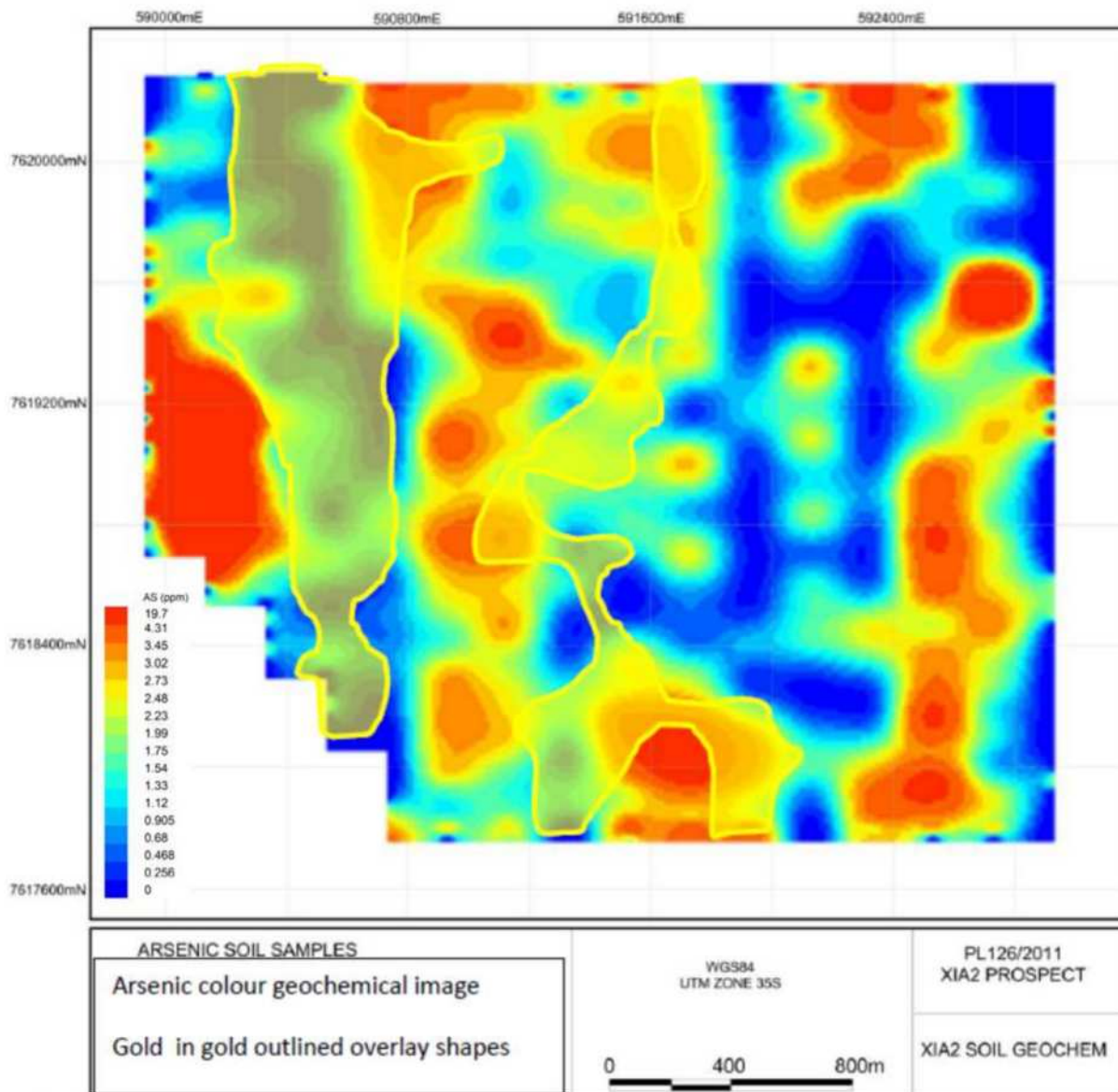


Figure 14 Arsenic geochemical image with the gold anomalies overlaid to show association.

Tenement Update

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

- Prospecting Licences 46/2004 Sampowane and 47/2004 Gobe Shear were both granted extensions to 31 March 2014.
- The Company is still awaiting advice from the Department of Geological Survey ("DGS") regarding the renewal of first renewal applications lodged for Prospecting Licences 360/2008 and 159/2009.
- The Company is still awaiting advice from the DGS regarding the application for an extension of Prospecting Licence 110/94.

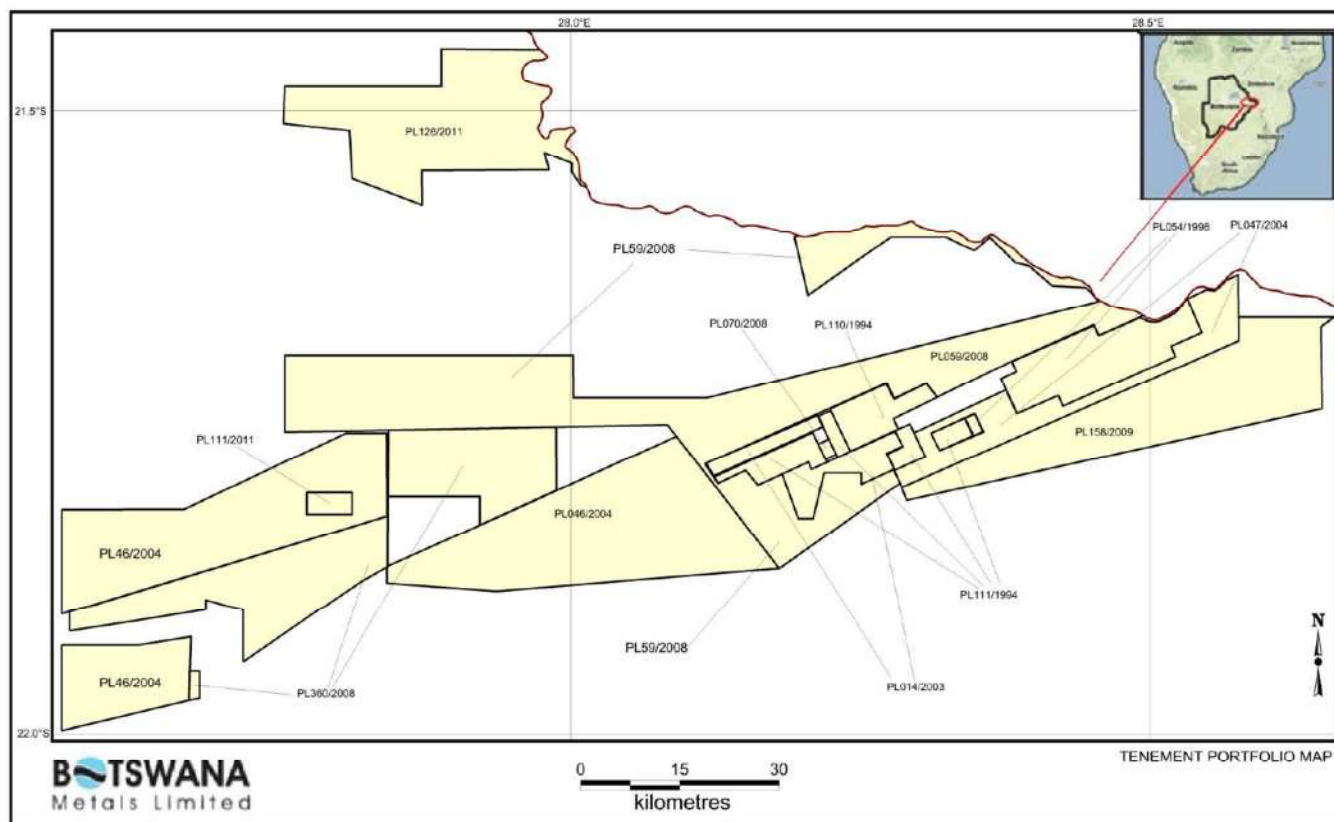


Figure 14 Current tenements held by BML.

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 consultant employed by Anpet Exploration Pty Ltd and 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 JUNE 2012

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'ooo	Year to date (12 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	(380) - - (287)	(2,508) - - (978)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	11	71
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	(2)
Net Operating Cash Flows	(656)	(3,417)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (14)	- - (73)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	(14)	(73)
1.13 Total operating and investing cash flows (carried forward)	(670)	(3,490)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(670)	(3,490)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	121	1,674
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)	-	-
	Net financing cash flows	121	1,674
	Net increase (decrease) in cash held	(549)	(1,816)
1.20	Cash at beginning of quarter/year to date	1,998	3,266
1.21	Exchange rate adjustments to item 1.20	(3)	(3)
1.22	Cash at end of quarter	1,447	1,447

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	111
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:

Salaries
Mr P Volpe \$75,688

Directors Fees
Mr M Cellante \$7,500
Dr P Woolrich \$7,500
Total Directors Fees \$15,000

Dr P Woolrich also received \$12,375 in consulting fees.

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

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+ 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

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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	150
4.2 Development	-
4.3 Production	-
4.4 Administration	280
Total	430

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	53	200
5.2 Deposits at call	1,238	1,646
5.3 Bank overdraft	-	-
5.4 Other (term deposits)	156	152
Total: cash at end of quarter (item 1.22)	1,447	1,998

Changes in interests in mining tenements

Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	188,135,317	188,135,317		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	3,350,000	3,350,000	4 cents	4 cents
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <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	3,350,000	3,350,000	10 cents	10 cents
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				


+ See chapter 19 for defined terms.

Appendix 5B Mining exploration entity quarterly report

7.12	Unsecured notes (<i>totals only</i>)		
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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 July 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.

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+ See chapter 19 for defined terms.