

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 15 OCTOBER 2013

RIGHTS ISSUE SUPPLEMENTARY PROSPECTUS

Botswana Metals Limited (“the Company”) refers to its previous announcement to the market titled “ASIC Interim Stop Order” released on 26 September 2013.

In order to address the concerns raised by the Australian Securities and Investments Commission (“ASIC”), the Company has prepared and lodged a Supplementary Prospectus with ASIC, a copy of which is attached.

The Company anticipates that ASIC will now revoke the Interim Stop Order and that deferred settlement trading of the securities of the Company will resume shortly.

Pat Volpe
Chairman

Botswana Metals Limited

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BOTSWANA METALS LIMITED

ABN 96 122 995 073

SUPPLEMENTARY PROSPECTUS

A renounceable offer to Eligible Shareholders of 3 New Shares for every 2 existing Shares held, plus 1 free Attaching Option for each New Share subscribed for ("**Rights Issue**") to raise a total of approximately \$564,471 before costs.

The Rights Issue closes at 5:00pm on 23 October 2013.

AN INVESTMENT IN BOTSWANA METALS LIMITED IS SPECULATIVE

IMPORTANT NOTICE

This Supplementary Prospectus is dated 15 October 2013 and is supplementary to the Replacement Prospectus dated 16 September 2013 ("Replacement Prospectus") issued by Botswana Metals Limited ACN 122 995 073 ("Company").

This Supplementary Prospectus was lodged with the Australian Securities and Investments Commission ("ASIC") on 15 October 2013. Neither ASIC nor ASX Limited ("ASX") takes any responsibility as to the contents of this Supplementary Prospectus.

This Supplementary Prospectus must be read together with the Replacement Prospectus. To the extent of any inconsistency between this Supplementary Prospectus and the Replacement Prospectus, the provisions of this Supplementary Prospectus will prevail. Unless otherwise indicated, terms defined and used in the Replacement Prospectus have the same meaning in this Supplementary Prospectus.

This document is important. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser.

Neither Botswana Metals Limited nor any other person guarantees the performance of the Securities offered pursuant to the Replacement Prospectus, or the performance of Botswana Metals Limited, or the return of any investment.

The information below is intended to supplement and amend the information contained in the Replacement Prospectus.

1. ASIC Interim Stop Order

On 24th September 2013 ASIC issued an Interim Stop Order in respect of the Replacement Prospectus. This Supplementary Prospectus is issued to address ASIC's concerns.

BML securities began trading on a deferred settlement basis on 26 September 2013. The ASX suspended deferred settlement trading as a result of the Interim Stop Order and it is expected that trading will resume shortly after the Interim Stop Order is revoked.

2. Important Dates

The Company has extended the Closing Date of the Offer and as a result certain important dates have changed as follows:

Event	Date
Final date and time for receipt of acceptances and payment in full (Closing Date)*	23 October 2013 5:00 pm (AEST)
Company to notify ASX of under subscriptions	28 October 2013
Despatch of holding statements	By 30 October 2013
Deferred settlement trading ends	30 October 2013
Date of quotation of Securities issued under the Rights Issue	By 31 October 2013

* The Company reserves the right (subject to the Corporations Act, the ASX Listing Rules and other applicable laws) to vary the dates of this timetable including (without limitation) extending the Closing Date or accepting late Applications, either generally or in particular cases, without notice. As such the date the Securities are expected to commence trading on ASX may therefore vary.

All references to Closing Date in the Replacement Prospectus are to be read as a reference to 5:00 pm AEST on 23 October 2013.

3. Amendment to Replacement Prospectus – Minimum subscription

Section 1.5 of the Replacement Prospectus is deleted and replaced with the following:

“Minimum Subscription is \$417,853 which is the full amount of the offer less the amount of \$146,618 shown in the Application of Funds Statement clause 2.4 of the Replacement Prospectus as being for additional working capital. In the event that the Company does not succeed in raising \$417,853 under the Offer or through applications under the shortfall Offer within the period allowed by both the ASX Listing Rules and the Corporations Act, or such earlier period determined by the Directors, then the Company will not issue any securities under the Replacement Prospectus and all monies subscribed by Applicants will be refunded in full.”

In the event that the Offer does not proceed because the Company does not achieve Minimum Subscription then the Directors will review all available funding options.

4. Clarification regarding the Offer being fully subscribed

Prospective Applicants were advised in the "Questions and Answers" section of the Replacement Prospectus that the Offer was not underwritten. However, in Section 3.2(d) of the Replacement Prospectus the Directors expressed the view that, as a result of discussions with existing and potential new Shareholders following the announcement of the Offer to the ASX, they were confident that the Company would raise the full amount sought under the Offer. That expression of confidence was based on communications from investors and brokers who expressed interest in subscribing for any shortfall in acceptances by members of their respective entitlements under the terms of the offer. At this stage the Company has received applications for Shares and Options in an amount of \$250,000.

Additionally various brokers have expressed interest in subscribing for more than the presently unsubscribed balance of the Issue by subscription for Shares under the Shortfall Offer to the extent that Shortfall might arise as a result of Members not subscribing for their respective entitlements.

Notwithstanding the above, there can be no guarantee that Minimum Subscription or Full Subscription will be achieved because it is possible that those Members who have indicated that they intend to apply for Shares and Options may fail to do so and, additionally, the expressions of interest in applying for Shortfall received from the various brokers may not eventuate for various reasons.

Further, the Company has decided to grant all Applicants who have lodged Applications one month from the date of this Supplementary Prospectus to withdraw their Applications for Shares.

The change to the Minimum Subscription amount means that, if the Issue proceeds and achieves Minimum Subscription, this will, barring unforeseen circumstances, ensure that the six month's funding for Corporate and Administration in Australia, funding for operations in Botswana, including licence fees and administration and the costs of the issue as detailed in the Application of Funds Statement in clause 2.4 of the Replacement Prospectus can be achieved.

If the Minimum Subscription level is not achieved, including as a result of existing Applicants withdrawing their present Applications, then the Offer will lapse and all funds subscribed will be repaid in accordance with the provisions of Corporations Act.

The Directors and/or their associates that are entitled to participate under the Offer intend to apply for their full entitlements.

Further, the Company advises that Applicants for Shares in an amount of \$185,000 (out of a total of \$250,000 presently held by the Company) have advised the Company that they do not intend to withdraw their present applications for Shares. The Company has not yet contacted the Applicants for the balance of the Shares subscribed for.

5. Clarification in relation to the effect of the Offer on the Company

The information set out in Section 3 and 4 of this Supplementary Prospectus, clarifies that unless Minimum Subscription is \$417,853 is achieved, then the Offer will not proceed. In that case the Directors will determine what other funding options are available.

The options that may be considered include the scaling back, or closing, of the operations in Botswana, the sale, joint venture or relinquishment of all or part of the exploration licence portfolio in Botswana, the raising of further equity or debt capital and the possibility of seeking other opportunities that may enhance the ability of the Company to raise funds for the benefit of shareholders.

There can be no guarantee that any or all of these events will occur in which case the Company may not be able to continue as a going concern.

6. Clarification and update regarding the Farm-in Joint Venture Agreement (“Agreement”) with BCL Investments Limited (“BCL”) and the status of PL 110/94, PL 111/94 and PL 54/98 (“the PLs”)

As foreshadowed in the Replacement Prospectus and in the Company’s announcement to the ASX on 16th September 2013 titled “Company Update”:

On 27th September 2013:

- The Company applied to the Department of Mines in Botswana (“DOM”) for the extension of the PLs for a period of 24 months. As advised in the Replacement Prospectus there can be no guarantee that the extensions will be granted and the decision whether or not to extend the PLs is entirely at the discretion of the DOM and an extension may not be granted or may be granted for a period less than is sought by the Company.
- The Company advised the DOM that the Retention Licence applications over the areas covered by the PLs were withdrawn.

On 30th September 2013 the Company wrote to BCL:

- Advising of the lodgement of applications for the extension of the PLs and the withdrawal of the applications for Retention Licences;
- Advising that the Company is unable to satisfy the condition precedent under the Agreement, being the granting of the Retention Licences, and therefore the Agreement is at an end;
- Requesting that BCL advise its position as to any further involvement in respect of the PLs; and
- Requesting that BCL confirm in writing by 8th October 2013 that BCL will agree to proceed with a joint venture agreement under which the condition precedent is the extension of the PLs and not the granting of Retention Licences.

By letter dated 3rd October 2013, the General Manager of BCL advised in writing that BCL is “amenable” to the variation of the conditions precedent under the joint venture agreement so that the condition precedent thereto became the “granting of extensions” to the prospecting licences in lieu of the “grant of retention licences” in respect of the Prospecting Licences but that “all other terms and conditions of the agreement were to remain in force.”

This letter agreement will be sought to be incorporated in a formal variation to the joint venture agreement and constitutes a ratification of, or re-affirmation of the continuation of the joint venture agreement.

Notwithstanding the above, there can be no guarantee that the extension of the PLs will be granted and therefore the Company may again find itself in a position where it cannot meet this revised condition precedent, in which case the joint venture agreement would be at an end.

Clearly, also, if the DOM refuses to grant extensions to the 3 PLs in question, being PLs 110/94 Magogaphate, 111/94 Mokoswane and 54/98 Takane, then those PLs will have expired and the Company will have lost its entire right title and interest therein.

It is possible that one or more, but not all of the PLs will be extended, but not all and, in that circumstance the Company would re-open discussions and negotiations with BCL about the scope of the joint venture agreement and its continued operation.

The Issue is not conditional upon the extension of the PLs or on BCL continuing with the joint venture agreement in the event that none or not all of the PLs are extended.

Because of the revised minimum subscription level (increased from nil to \$417,853) and assuming minimum subscription is achieved, the Company will still have sufficient funds to sustain its operations for at least two quarters. Please refer to the replacement section 3.2(d) set out below for information of the funding of the Company beyond two quarters.

If BCL continues its involvement in the projects, and the proposed new condition precedent is satisfied, then the costs of the Botswana operations, including the cost of all technical and geological staff and other operating expenses, will be paid by BCL as the joint venture funder resulting in a reduction in the overall funding requirements of the Company. The Botswana operating costs are budgeted at \$260,000 for the next two quarters as disclosed in Section 2.4 of the Replacement Prospectus.

Prospective Applicants must note that there can be no assurance that BCL will continue its involvement in the projects because, even though BCL has agreed to vary the condition precedent, there can be no assurance that the varied condition precedent will be met or satisfied because there can be no certainty that the DOM will extend the PLs so as to satisfy that amended condition precedent.

7. Modification of Risk Factors

The Replacement Prospectus included commentary in clause 3.2 (“**Key Risks**”) relating to “*Capital, funding and going concern*” risks. That commentary caused concern to ASIC and was one of the bases of the interim stop order issued by ASIC. ASIC’s concern was to the effect that there were no reasonable grounds disclosed for the statement that:

“ . . . the Directors are confident that the Company will raise the full amount sought under the Offer.”

In part, those concerns are sought to be addressed by the commentary and information in clause 4 above and in part the underlying issue is sought to be resolved by changing the minimum subscription level from nil to the present amount of \$417,853.

However clause 3.2 (d) of the Replacement Prospectus is hereby deleted and in lieu thereof the following is inserted.

“(d) **Capital, funding and going concern risks**

The Company can only continue as a going concern if it is able to raise equity or debt capital to fund its operations. A previous rights issue undertaken by the Company closed in July this year heavily undersubscribed. As a consequence, the Company has priced the securities under this Offer at a level intended to make subscription for those securities attractive for investment by both existing and new Shareholders.

If Minimum Subscription is achieved, then barring unforeseen circumstances arising, the funds raised under the Offer are expected to enable the Company to meet its operating and administrative costs in Australia and Botswana for a minimum of two quarters. However if Minimum Subscription only is achieved, the Company will have no funds available for general working capital purposes, which could be applied to fund additional costs related to operations in Botswana or additional costs related to its Australian operations.

Consequently, to extend its operations beyond two quarters it will be necessary for the Company to do one or more of the following:

- Raise equity or debt capital of at least a further \$400,000 to meet the operating costs in Australia and Botswana for a further two quarters (as based on the current level of budgeted expenditure); or
- meet the pre-conditions to the Agreement with BCL so that BCL commences funding the Company's operating costs in Botswana through the joint venture; or
- further reduce its operating costs, for example, by closing its offices and retrenching staff in Botswana; or
- sell, joint-venture or relinquish all or part of its exploration assets.

There can be no guarantee that the Company will be able to raise additional equity or debt capital, meet the pre-conditions to the Agreement with BCL, or further reduce operating costs or sell, joint-venture or relinquish assets. If the Company is unable to achieve all or any of these steps then the financial and operating position of the Company may be adversely affected.

In that case the value of your investment in the Company may be adversely affected or, at worst, become valueless."

The Replacement Prospectus included commentary in clause 3.2 ("**Key Risks**") relating to "**Expiry of Tenements**" risk in Clause 3.2(c) wherein it stated that:

"The Company will apply to extend the term of Prospecting Licences 110/94, 111/94 and 54/98 for a further term. The application will be made on or before 30th September 2013 being the date that is three months before the PLs expire as required by section 17 of the Mines and Minerals Act 1999 of Botswana."

The Company applied for such extensions to those PLs on 27th September 2013 and is awaiting the response of the DOM to such applications. Any extension is at the sole discretion of the DOM. If the extensions are not granted then the PLs will expire on 31st December 2013.

8. ASX Releases

The following documents have been lodged with/released by ASX since the Replacement Prospectus was lodged on 16th September 2013.

Title of Notice as lodged with ASX	Lodgement Date
Company Update – BCL Joint Venture	8 October 2013
Trading Halt	7 October 2013
Suspension of BMLOB	2 October 2013
Revised Timetable For Issue & Appendix 3B	1 October 2013
Company Update	30 September 2013
Suspension of BMLNA	27 September 2013
ASIC Interim Stop Order	27 September 2013
Trading Halt	25 September 2013
Renounceable Rights Issue Replacement Prospectus	16 September 2013

During the period that the Offer remains open, the Company will provide copies of the above documents to any person on request, free of charge.

9. Application for Securities

The Directors of the Company believe that the matters raised in this Supplementary Prospectus are not materially adverse from the point of view of the investor, however any Shareholder who has already taken up their Entitlement or applied for Shortfall under the Replacement Prospectus prior to the date of the Supplementary Prospectus will be given this Supplementary Prospectus and a replacement Application form and be notified of their right under section 724(2)(b) of Corporations Act to withdraw their application within one month and be refunded the amount of money they have provided for the purpose of subscribing under the Rights Issue in full. The new factual matters and circumstances disclosed herein and the changes to the Offer are considered not materially adverse for the following reasons

- First, they reflect a modification of the joint venture agreement with BCL which is to the Company's advantage and which means that the joint venture agreement will continue until the DOM determines whether to extend the PLs whereas, without that modification the joint venture agreement would have become terminated. If the DOM grants the applications for extension then the prospect that BCL will spend up to the earning amount under that joint venture agreement is enhanced.
- Secondly, with the Minimum Subscription level being increased from nil to \$417,853, applicants will have a greater level of certainty that the Company will continue to operate for at least the next six month period. Without such a Minimum Subscription level each applicant faced the risk that his or her funds would be applied to subscription for shares with insufficient moneys being raised to meet the objectives set out in the Application of Funds Statement.

10. Directors' authorisation and responsibility

Each of the Directors of the Company has authorised the issue of this Supplementary Prospectus and accepts responsibility for the information contained in this Supplementary Prospectus.

All of the other details in relation to the terms of the Offer and other matters recorded under the Replacement Prospectus remain unchanged. The Directors believe that the matters in this Supplementary Prospectus are not materially adverse from the point of view of an investor.

This Supplementary Prospectus has been signed by Patrick Volpe on behalf of all of the Directors of the Company, each of whom has consented to the signature, lodgement and issue of this Supplementary Prospectus and has not withdrawn that consent before lodgement.

Dated 15 October 2013.



Signed for and on behalf of Botswana Metals Limited
By Patrick Volpe
Chairman