

**TO: COMPANY ANNOUNCEMENTS OFFICE
ASX LIMITED**

DATE: 26 SEPTEMBER 2013

**ASIC INTERIM STOP ORDER
RIGHTS ISSUE REPLACEMENT PROSPECTUS**

Botswana Metals Limited ("the Company") advises that, on 24 September 2013, the Australian Securities and Investments Commission ("ASIC") made an Interim Stop Order in respect of the Rights Issue Replacement Prospectus dated 16 September 2013 ("Prospectus").

ASIC has raised the following concerns:

- The Prospectus contains a disclosure on page 17 of the proposed use of funds and the effect of the offer in the event that the full offer amount is raised. ASIC is concerned that the Prospectus does not disclose the effect of the offer on the Company in the event that less than the full offer amount is raised, including:
 - How such funds are to be used;
 - Whether certain activities will be scaled back; and
 - Whether the Company will be able to continue as a going concern.
- The Prospectus contains a statement on page 22 that the Directors of the Company are confident that the full amount sought under the offer will be raised yet the Prospectus does not disclose commitments from existing or potential new shareholders to take up to shares, nor does it indicate whether the directors intend to take up their full entitlement under the Offer. As there is no underwriting agreement, ASIC believes there is significant uncertainty of the offer being fully subscribed.
- The Prospectus contains a statement on page 5 that the Company will make a formal request to BCL Investments Limited ("BCL") to vary the Farm-in Joint Venture Agreement so that the extension of PL 110/94, PL 111/94 and PL 54/98 becomes the condition precedent to that agreement in lieu of the grant of Retention Licences. ASIC is of the view that this statement implies that there is a reasonable prospect that BCL will amend the condition precedent and there appears to be no basis to assume that BCL would agree to the amendment and accept instead the extension of the prospecting licences while maintaining its expenditure commitments under the agreement. ASIC also states there is no indication as to the likelihood of the extension of the PLs being granted. ASIC considers that, given that the agreement is predicated

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on both the conditions precedent and the PLs being granted, ASIC concludes that the likelihood of the agreement coming into effect is currently contingent on what ASIC has characterised as two extremely uncertain factors.

The Company will address these issues with ASIC and will keep the market informed accordingly.

Pat Volpe
Chairman

Botswana Metals Limited

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