ANNUAL REPORT 2016 | 2017

POWERING THE ECONOMY

Botswana Oil Limited (BOL) was established in order to achieve the Government's broader economic objectives of ensuring the security of fuel supply, management of the Government's strategic storage facilities and the facilitation of active citizen involvement in the petroleum industry.

As the National Oil Company of Botswana, BOL serves as the Government's transformation agent charged with this important responsibility. Botswana Oil Limited is a company incorporated under the Companies Act of Botswana. It is wholly owned by the Government of Botswana, represented by the Ministry of Minerals, Energy and Water Resources (MMEWR). The company operates under defined governance and operating principles.

VISION

"To be a significant player in the oil and gas industry"

MISSION

"Ensuring security and efficiency of supply of petroleum products for Botswana and facilitation of citizen emerging companies."

Botswana Oil Limited
Brand Philosophy

INTEGRITY
We are honest with others and ourselves. We meet the highest ethical standards in all business dealings. We do what we say we will do. We accept responsibility and hold ourselves accountable for our work and our actions.

TEAMWORK
We encourage individual contribution and responsibility and believe the best ideas should be allowed to surface from anywhere within the organization. We appreciate the value of multiple perspectives.

BOTSWANA OIL
Your Fuel. Your Future

COMMERCIAL FOCUS
We commit to fostering a business mindset within our organization which promotes profitability, efficiency and the implementation of best practice business practices.

CONTINUOUS IMPROVEMENT
We are committed to excellence in all we do and continually strive to improve. We are passionate about achieving results that exceed expectations -our own and those of others. We drive for results with energy and a sense of urgency.

SOCIAL RESPONSIBILITY
We endevour to create a clean, safe, healthy workplace and environment in accordance with statutory requirements

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BOTSWANA OIL LIMITED ANNUAL REPORT 2016 | 2017

Go online to download a copy of the annual report
www.botswanaoil.co.bw/publications

Comprehensive Statement of **Income**

for the year ended 31 March 2017

Figures in BWP	***Notes***	***2017 Pula***	***2016 Pula***
Revenue	1	250,385,746	230,976,015
Cost of Sales		(250,604,598)	(181,303,499)
Gross Profit		***(218,852)***	***49,672,516***
Other Operating Income	2	9,461,197	3 ,493,110
Administrative Expenses		(53,985,302)	(42,719,080)
Profit from Operations	***3***	***(44,742,956)***	***10,446,546***
Finance Income	4	4,247,772	5,179,358
Finance Cost	4	(2,368,648)	-
Profit Before Income Tax Expense		***(42,863,832)***	***15,625,904***
Income Tax Expense	5	9,414,983	(3,379,564)
Profit After Income Tax Expense		***(33,448,849)***	***12,246,340***
Other Comprehensive Income			-
Total Comprehensive Income		***(33,448,849)***	***12,246,340***

Corporate Profile, Governance
Structure & Strategy

Botswana Oil Limited (BOL) was incorporated through the Companies Act of Botswana in 2011. The Company is wholly owned by the Botswana Government and operates under defined governance and operating principles. BOL was established to achieve the Botswana Government's broader economic objectives of ensuring the security of fuel supply, management of the Government's strategic storage facilities and the facilitation of active citizen involvement in the petroleum industry.

Corporate Profile, Governance
Structure & Strategy

continued

As the National Oil Company of Botswana, BOL serves as the Government transformation agent charged with this important responsibility. Over the three years since establishment, the Company has amassed assets valued over P10 **million.**

STRATEGIC OBJECTIVES

In keeping with its vision ***"To be a significant player in the oil and gas industry"*** BOL needs to be adequately prepared to fully assume this mandate once all enabling legal instruments are in place and to be able to deliver adequately on this mandate and in compliance with internationally accepted corporate governance practices.

TO THIS END BOL IDENTIFIED KEY STRATEGIC OBJECTIVES TO GUIDE ITS ACTIVITIES, BUSINESS FOCUS AND THE ALLOCATION OF RESOURCES FOR ITS PLANNING PERIOD 2015-2018. THESE ARE:

"TO ENSURE THE SECURITY OF FUEL SUPPLY IN THE COUNTRY"

Board Chairman's Remarks

I am delighted to present the third Annual Report of Botswana Oil Limited. In the short time it has been in existence, the Company has made great strides towards delivering on its mandate. Its successes are evident for all to see. The Company has delivered exceptionally on its key mandate, which is, to ensure the security of petroleum products in the country. Since it commenced operations in 2013, fuel shortages, which had become regular occurrences in our country, have not been recorded.

OPERATIONS

47m³
Products sold during the year

97%
Products sold to International Oil Companies (IOLs)

3%
Products sold to Emerging Citizen Companies (CECs)

BOL'S CAPITALIZATION BY THE SHAREHOLDER WERE ONGOING BY THE CLOSE OF THE YEAR, FOLLOWING THE COMPANY'S SUBMISSION OF A CABINET MEMORANDUM ON THE SAME.

With the Act and capitalization in place, BOL's financial position is set to improve as the mandate will allow BOL to be the sole importer and procure product in bulk to benefit from economies of scale which it will pass down to the consumer.

Dr. Joel Sentsho
Board Chairman

Board Chairman's **Statement**

continued

This report covers BOL's performance in line with the objectives and targets it set itself in its strategic plan covering the years 2013-2019 as reviewed in 2016. The theme of this report and BOL's tagline, ***"Powering the Economy"*** encapsulates BOL's efforts during the reporting period. Guided by its Corporate Strategy, the Company's energies were expended on ensuring the security of petroleum products for all as well as demystifying the oil and gas industry by lowering the barriers of entry for citizens interested in exploring available business opportunities in the industry.

OPERATIONS

The Company sold $47M^3$ of product during the year, with 97% of that sold to International Oil Companies (IOCs) and the remaining 3% to Emerging Citizen Companies (CECs). BOL continued to operate on a willing seller willing buyer model while it awaited the passing of Petroleum Products Bill (PPB) which will give it the mandate to be the sole importer of petroleum products into Botswana.

The absence of a relevant Legislative Framework to enable BOL to deliver fully on its mandate continues to have an adverse impact on the Company's financial performance. Discussions on BOL's capitalization by the shareholder were ongoing by the close of the year, following the Company's submission of a Cabinet Memorandum on the same. With the Act and capitalization in place, BOL's financial position is set to improve as the mandate will allow BOL to be the sole importer and procure product in bulk to benefit from economies of scale which it will pass down to the consumer.

CORPORATE GOVERNANCE

Guided by its Board Charter, the Board remained committed to its fiduciary duties. All Board positions remained filled during the year, ensuring sustainable corporate performance and the sound management of the Company's business and associated risks. Board Members' skills, expertise and experience remained relevant to BOL's various operations. Members possessed a wide range of skills and knowledge in the various aspects of the Corporation's operations to ensure a balanced pool of skills.

To remain relevant to the business and the ever-changing operational environment, the Board adopted the triple bottom line sustainability framework to evaluate its, and by extension, the Corporation's performance. Safety, Health and Risk issues were emphasized, with policies and Standard Operating Procedures (SOPs) for the various operations introduced or reviewed, enforced and monitored. Health, Safety and environment issues were streamlined into the Company's operations and given the emphasis due to them in an organization dealing in volatile products such as fuels. Stakeholders were segmented and their varied needs and interests managed accordingly.

FINANCIAL PERFORMANCE

BOL recorded a loss before tax of P42.8m during the period under review which is its third full year of operation. This was mainly driven by high costs of imports as compared to the published slate, coupled with increased Administrative Expenses as the company prepares itself for the mandate. The organization had budgeted for a significant loss as the mandate to import product is yet to be approved.

Overall, the results reflect a challenging reporting period for the Company. This is mainly attributable to the Company operating in the absence of enabling legislation. During the review period, BOL also had to contend with rising international crude prices. Going forward, the Company will focus on ensuring that it earns an adequate margin to enable it to return to profitability. The Board will also continue lobbying the Shareholder to implement the sole importer mandate.

Board Chairman's Statement

continued

STRATEGIC PLANNING

To keep the Company relevant, the Board, together with Management, reviewed the Company's Corporate Strategy and aligned it with the Company's operations and planned initiatives. Going forward, BOL will be diversifying its supply sources and routes to minimize the risk that comes with having a single source of supply. The Company will also progress work on the construction of storage facilities and a cross border fuel supply pipeline from South Africa to augment road and rail transportation. My Board remains committed to work with Management to ensure the passing of the Petroleum Products Bill (PPB) which will give BOL the sole importer mandate for petroleum products and empower the Company to fully deliver on its mandate of ensuring fuel security in the country.

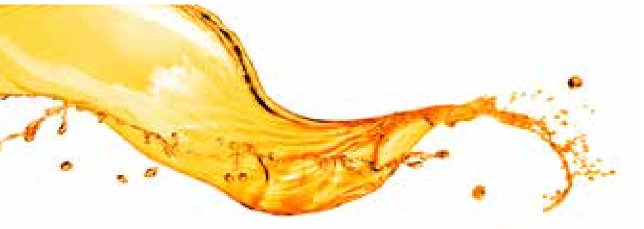
APPRECIATION

On behalf of the Board, Management and staff of BOL, I would like to thank all our stakeholders for nurturing and supporting us as we embed our roots in our quest to keep Botswana oiled.

Dr. Joel Sentsho
Board Chairman

Corporate Governance

Botswana Oil Limited subscribes to and is committed to the accepted practices of good governance and international best practice. As an establishment incorporated under the Companies' Act BOL is compelled to ensure that its processes and practices comply with the requirements of the Companies Act (Cap 42:01) of the Laws of Botswana and its amendments and directives.



Corporate Governance

continued

OWNERSHIP OF THE COMPANY

Botswana Oil Limited is a company wholly owned by the Botswana Government. The BOL Constitution defines the raison d'etre for the Corporation as well as the limits within which it can operate, including the roles for the Minister of Minerals Resources Green Technology and Energy Security (MMGE), the Board, and the Executive Management.

THE BOARD

The Board of the Corporation is appointed by the Minister of Mineral Resources, Green Technology and Energy Security. In appointing the Board members, the Minister takes into consideration their areas of expertise, experience and ability to make meaningful contributions to the business of the Company. The composition of the Board at any one time does not exceed eight members, including the Chairman.

The present Board comprises a fair balance of expertise, skills, knowledge and experience to meet this requirement.

The role of the BOL Board is to determine corporate policy and provide strategic direction. In carrying out this mandate, it is expected to bring to bear the highest standards of ethical conduct and good governance, in line with laid down statutes and generally accepted international practice. During the year under review, Botswana Oil Limited's Board was constituted as follows:

Directors	Position
Dr. Joel Sentsho	Board Chairman
Willie Mokgatlhe	Executive Director
Kenneth Kerekang	Board Member
Mbako Mbo	Board Member
Golekanye Rabasha	Board Member
Ogomoditse Maruapula	Board Member
Batsho Dambe-Groth	Board Member
Stephen Kebakile	Board Member

BOARD MEETINGS

The Board meets at least quarterly. It follows a structured approach of delegation, reporting and accountability. This includes reliance on four Board Committees to carry out delegated duties, namely the Board Tender Committee (BTC), Finance, Audit and Risk Committee (FARC), Nominations and Human Resources Committee(NHRC) and the Social and Ethics Committee. During the year under review, the Board convened four ordinary meetings and two special meetings.

Corporate Governance

continued

MEMBERS' DECLARATION OF INTEREST

Members declare their interest at every meeting in relation to the matters before them for their decision.

BOARD REMUNERATION

Board remuneration rates are determined by the Government of Botswana. Fees for members are assigned to BOL Board by MMGE Minister. The applicable rates (per sitting) during this year were as follows;

Position	Amount
Chairman	P1 545
Member	P1 236

Chairmen of the Committees are also remunerated at P1 545.

BOARD TENDER COMMITTEE (BTC)

The Tender Committee is tasked with approving tenders in accordance with the Procurement Policy and Procurement Procedures. The Committee comprises at least three members made up of two non-executive members of the Board, one of whom shall be nominated as Chairman.

In addition, the Committee has two appointed members, the Chief Executive Officer, and an external professional.

The Committee may appoint a professional adviser/s to attend any specific meeting or all meetings at its discretion. The executive member may however, not vote on resolutions of the Board Tender Committee. The Committee meets as and when there are tender issues for its consideration. During the reporting period it met twice.

THE FINANCE AUDIT AND RISK COMMITTEE (FARC)

The Audit Committee comprises three members of the Board. Its activities are governed by the Internal Audit Charter which has been approved by the Board and empowers the Committee primarily to assist the Board carry out its duties based on the Corporation's accounting policies, internal controls and accepted financial practices.

The Committee provides assurance to the Board on matters relating to compliance with the corporate policy, laws and regulations, and the ethical conduct of daily business operations. It reviews budgets and the annual financial reports with Management before consideration and approval by the Board.

The Committee also provides advice on corporate risk management.

The Committee convened four meetings during the review period.

SOCIAL AND ETHICS COMMITTEE (SEC)

The mission of the Committee is to advise the Board on ethical issues that are related to the BOL's activities by producing opinions and reports on issues referred to it. , amongst other responsibilities, it oversees the monitoring, assessment and measurement of the Company's activities relating to good corporate citizenship, including the Company's activities relating to the environment, health and public safety, including the impact of the Company's activities and of its products or services.

It also provides oversight on the monitoring, assessment and measurement of the Company's compliance to the terms of the International Labour Organization Protocol on decent work and working conditions, the Company's employment relationships, and its contribution toward the educational development of its employees;

The Committee is scheduled to meet four times a year and during the year it meet twice.

Corporate **Governance**

continued

NOMINATIONS AND HUMAN RESOURCES COMMITTEE (NHRC)

The Committee is mandated with reviewing the balance of skills, experience and composition of the Board and its Committees, ensuring that they remain appropriate. In addition, the Committee keep under review the leadership needs of, and succession planning for the Company in relation to both its executive directors and other senior executives. The committee deals with policies relating to the management of human resources, including organization structure, terms and conditions of service, remuneration, the appointment and dismissal of senior staff other than those appointed by the Board, pensions and any other matters delegated to it by the Board.

The Committee meets at least quarterly. During the year under review it met five times.

REPORTING TO THE SHAREHOLDER

As a Company wholly owned by the Botswana Government, the BOL Board reports to the Minister of Mineral Resources Green Technology and Energy Security regularly as guided by the Shareholder Compact. Management reports to the Shareholder regularly through meetings with the Minister as well as with Permanent Secretary in the Ministry of Minerals, Energy Resources and Green Technology. Quarterly briefings are done for H.E. the President Lt. Ge. Dr. Seretse Khama Ian Khama to apprise him of the operations of the Company, its successes and challenges.

GOING CONCERN

Since it commenced operations in 2013, BOL has had unqualified accounts. The financial statements for the year ending 31st March 2017 have also been prepared on a going concern basis. The Board is satisfied with the Company's future performance projections, particularly in anticipation of the approval of the sole importer mandate.

STATUTORY REPORTING REQUIREMENTS

The Companies' Act stipulates that, following the close of the financial year, Companies registered under it should prepare an Annual Report on the affairs of the Company during the accounting period.

The Board is satisfied that the Company has complied with this and other statutory requirements for the year ended 31st March 2017.

A statement by the Board members on their responsibility for the maintenance of adequate accounting records, the preparation and integrity of the financial statements and related information is detailed at page 24 to 27 of this Report.

EXECUTIVE MANAGEMENT

The management and daily running of the BOL is the responsibility of the Chief Executive Officer with the assistance of the Executive Management Team (EXCO). The role of the Exco is to implement the strategic direction and objectives as set out by the Board within the confines of the corporate vision, mission and values, assisted by the Senior Management Team.

"TO ACHIEVE FINANCIAL SUSTAINABILITY AND PROFITABILITY WITHIN THE CONTEXT OF ACCEPTABLE CORPORATE GOVERNANCE STRUCTURES"

Board of Directors

Board of Directors

Dr. Joel Sentsho
Board Chairman

Tenure 2015- 2018

Dr. Sentsho holds a PhD in Economics from the University of Strathclyde, Glasgow, Scotland. He has been the Trade Policy Advisor in the Ministry of Trade and Industry (MTI) since 2008.

Dr. Sentsho is responsible for among others, Botswana's economic policy formulation, strategy development and their implementation as well as the country's global competitiveness. Before he joined MTI, Dr. Sentsho worked as a Lecturer at the University of Botswana and a Senior Research Fellow at BIDPA. He has published several journal articles and books. Dr.Sentsho is a Board Member of the Bank of Botswana, SPEDU and the Assembly of God Bible College.

Stephen Kebakile
Board Member

Tenure 2015 – 2018

Stephen Kagiso Kebakile holds a MA Development Economics Degree as well as BA Economics Degree, and a Diploma in Statistics, all from the University of Botswana. Stephen's twenty-seven-year career began in 1990 in the Ministry of Labour and Home Affairs, where he was an Assistant Economist. In 1993, he joined the Ministry of Finance and Development Planning as an Economist, where he was charged with the evaluation and monitoring of development projects. He progressed to other senior roles within the Government including Principal Economist in the Ministry of Health and Principal Economist in the Ministry of Finance and Development Planning. Stephen is currently the Chief Economist-Development Cooperation in the Ministry of Finance and Development Planning.

Board of Directors

Willie Mokgatlhe
Board Member

Tenure – tied to his appointment to BOL

Willie Mokgatlhe holds a Master of Science Degree in Air Transport Management from Cranfield Institute of Technology (United Kingdom) and a Bachelor of Commerce Degree from the University of Botswana. He has held senior positions in large private and parastatal organisations in Botswana, Namibia, South Africa and the Netherlands.

As the founding CEO of Botswana Oil Limited, he brings to the company a wealth of experience in Strategy Development and Business Planning, Finance, Marketing and Stakeholder Management.

Mbako Mbo
Board Member

Tenure 2015 – 2019

Mbako Mbo holds an MBA from the University of Derby, United Kingdom. He is also an ACCA qualified Accountant with additional Professional Qualifications in Corporate Treasury (AMCT - UK). He has held financial and treasury management as well as auditing positions in various organisations including BTC, BPC, Barclays Bank and Deloitte. He is currently the Chief Risk Officer at the Botswana Development Corporation (BDC). He has previously worked for the African Development Bank Group covering a large investment and country programme portfolio across seven African countries on issues of financial management and fiduciary risk. Mbako has sat on several Boards including that of the Botswana National Youth Council.

Board of **Directors**

Golekanye Rabasha
Board Member

Tenure 2015 -2019

Golekanye Gobuamang Rabasha holds a Bachelor of Law from the University of Botswana as well as an LLM Degree from the University of South Africa. In his career spanning close to thirty years he has amassed great experience in criminal and civil litigation, drafting regulatory legislation, commercial law, mineral, energy and water laws, undertaking legal research and has been involved in a number of legislative reviews.

He is currently the Principal State Counsel, International and Commercial Division in the Attorney General's Chambers. He is on secondment to the Ministry of Minerals, Energy and Water Resources (MMEWR) where he serves as a Legal Advisor to the Ministry.

Kenneth Kerekang
Board Member

Tenure 2015 – tied to his appointment to MMGE

Kenneth Kerekang holds an MSc in Energy Management from the New York Institute of Technology as well as a BA in Economics from the University of Botswana. An accomplished Petroleum Economist with more than eighteen years in the petroleum industry, Kenneth brings a wealth of experience to the Botswana Oil Limited Board. He is currently the Director in the Department of Energy (DoE). In this role, he acts as the Chief Advisor to the Government of Botswana on energy matters. He is also charged with developing and implementing energy policies.

Board of Directors

Batsho Dambe-Groth
Board Member

Tenure 2015–2019

Batsho Dambe-Groth has a Bachelor of Science (Hons) in Occupational Psychology from the University of Wales Institute of Science and Technology. She has a strong background in Human Resource Management and has held senior and executive positions in the parastatal and financial services sectors.

She has extensive skills in corporate culture building, organisation development, operational efficiency and remuneration. She holds several Board positions including Council Member of Maru-A-Pula School and Chairperson of Botswana Insurance Holdings. She is the Managing Director of Resource Logic, a business and human resource management consultancy firm.

Ogomoditse Maruapula
Board Member

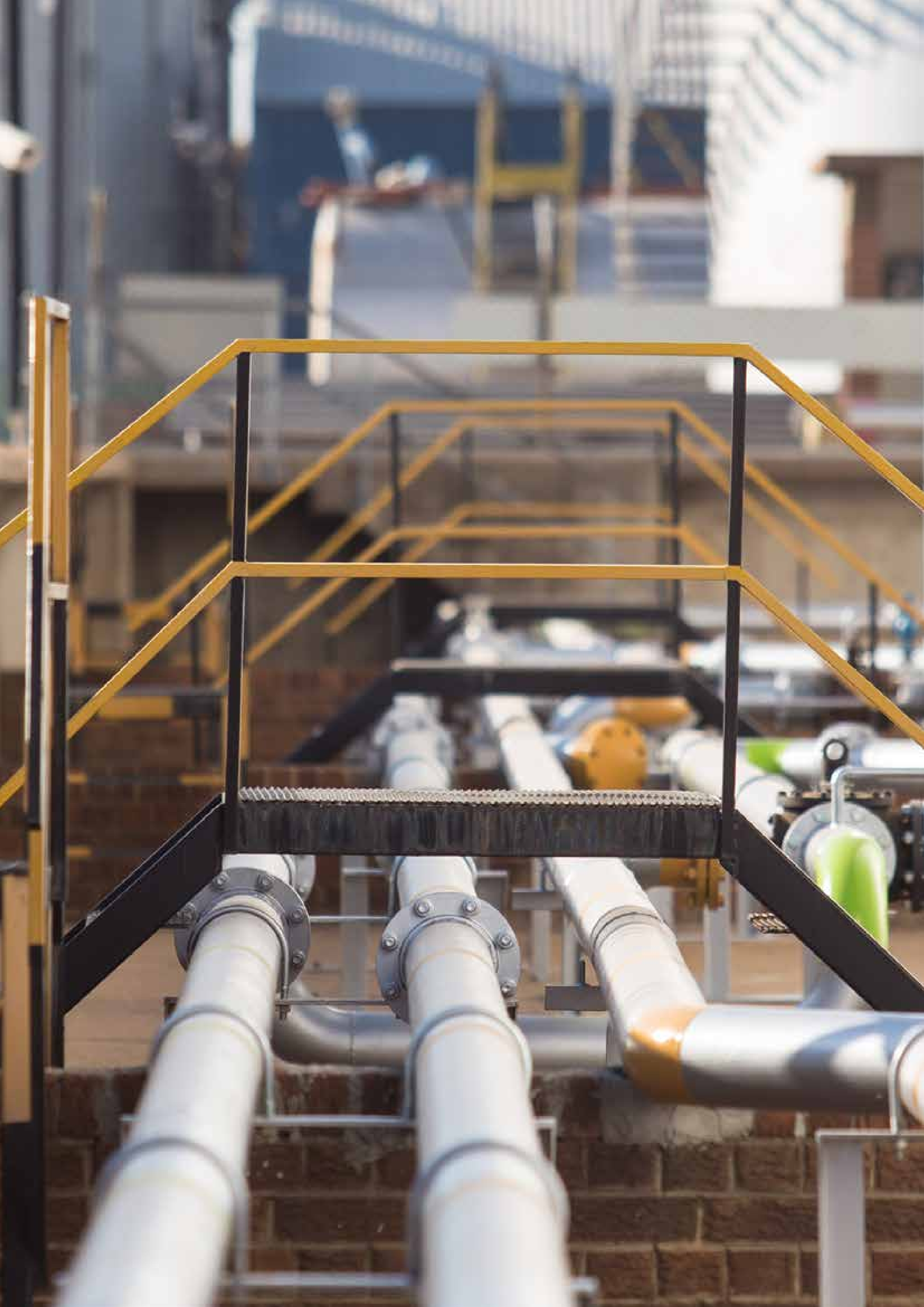
Tenure 2015 –2019

Ogomoditse B. Maruapula holds an MSc in Environmental Planning from the University of Botswana as well as several post-graduate qualifications. He has contributed substantially in various disciplines of research and advisory services throughout his career.

He is a Life Fellow with the Institute of Management Specialists (FIMS), England, United Kingdom as well as a Full and Life Member of the Institute of Professional Managers and Administrators (MInstPM) Jersey, United Kingdom. He is currently the General Director at EBAT Consultants, a company he owns.

Chief Executive Officer's Statement

To establish itself in the market and create a footprint, BOL emphasized awareness creation and relationship building with its various stakeholders during this, its third year of operation. The Company took its brand out and used various innovative ways to educate its stakeholders and the nation at large on its mandate, product and service offerings and roadmap into the future.




2017
Personal HSSE Commitment

Chief Executive Officer's Statement

continued

OPERATIONAL HIGHLIGHTS

2017 was a good year in terms of keeping the Botswana's strategic stocks healthy and ensuring that the country is kept wet. Although there were some supply interruptions experienced at source due to old refineries downtime, geo-political situations and weather conditions, due to BOL's prudent management of the product, these interruptions were not felt at home. Strategic stock volumes days cover remained around ten days during the year. During the reporting period, BOL expended its energies on efforts to get the sole importer mandate bill passed, in line with the document that founded the Company. Upon establishment, BOL, amongst others, was mandated with ensuring the security and efficiency of petroleum products in Botswana.

This would mean having a legislative framework that would enable BOL to be in-charge of importing petroleum products into the country to level the playing field for all other actors in the marketing and retail space getting their supplies from BOL. The delay in giving BOL this mandate had an adverse impact on the operations of the Company as it continued to trade on a willing-buyer willing seller model. Due to this, minimal volumes were traded during the year and the Company did not experience any major growth.

The Company sold 47M3 of product during the year, with 97% of that sold to International Oil Companies (IOCs) and the remaining 3% to Emerging Citizen Companies (CECs).

Management's hopes remained on the passing of a relevant Legislative Framework to enable BOL to deliver fully on its mandate and ensure increased volumes for BOL as it will consolidate national volumes and at the same time achieve economies of scale which it will pass down to the consumer.

By the close of the review period, BOL awaited a response from the Shareholder on the Company's capitalisation. With the capitalisation and the sole importer mandate in place, BOL is set to realise significant growth.

FINANCIAL PERFORMANCE

Financial Performance deteriorated for the period as compared to the previous period. This was mainly driven by high costs of imports as compared to the slate. This was mainly attributed to the fact that the Company was not adequately funded nor legislatively enabled to be a sole importer, a move that will see the Company procure product in bulk. During the year discussions with the Shareholder were ongoing on the funding of the Company and the sole importer mandate Bill was yet to be tabled in Parliament. BOL recorded a loss before tax of P42.8m during the period under review, coupled with increased Administrative Expenses as the company prepares itself for the sole importer mandate. The Company had budgeted for a significant loss, as it awaited the mandate to import product.

Overall, the results reflect a challenging reporting period for the Company. This is mainly attributable to the Company operating in the absence of enabling legislation. During the review period, BOL also had to contend with rising international crude prices. Going forward, the Company will focus on ensuring that it earns an adequate margin to enable it to turn to profitability. The Board will also continue lobbying the Shareholder to implement the sole importer mandate.

CAPITAL PROJECTS

BOL made great strides towards achieving its mandate during the year. During the year BOL took over the management of the Gaborone Depot from Puma Energy. The takeover is a significant move towards the achievement of BOL's mandate to manage the government's strategic reserve facilities.

Chief Executive Officer's Statement

continued

By the close of the year, plans were underway to take over the remaining Francistown Depot so that all strategic fuel reserve facilities are managed by BOL in line with the Company's mandate.

Several other initiatives geared towards ensuring the security and efficiency of fuel products in the country were delivered on during the review period. The transformation of the Gaborone Depot into a common user facility was completed. This will see the depot double up as a commercial depot which will be able to service BOL customers. To support this new added function, a new gantry was also commissioned at the depot.

COOPERATION AGREEMENTS

BOL maintained its relationship with other oil companies nationally, regionally and internationally. The Company has formal cooperation agreements with some of these oil companies and it is from its dealings with that that it benchmarks on international best practice. Amongst those that BOL has working relationships with are Namibia's NAMCOR, South Africa's Petro SA and Mozambique's Petromoc During the year BOL also entered talks with some major oil producers in the Middle East. It is through such cooperation that BOL will ensure a sustainable petroleum product supply in Botswana.

CORPORATE SOCIAL RESPONSIBILITY

Botswana Oil's Social Responsibility Policy (CSR) emphasizes the Company's involvement and improvement of the lives of the communities in which it operates. During the review period, BOL participated in and supported several projects under its CSR programme. In a quest to contribute in the development of science based education, BOL worked hand in hand with institutions of higher learning and took in their students for practical industry experience.

INTO THE FUTURE

Being in a specialized industry, it has not been easy for BOL to find the relevantly qualified staff with the relevant petroleum industry skills for some of its specialist positions to take the Company into the future. This means that going forward, BOL will invest in industry related training for its staff.

To expand its operations and work towards efficiency, the Company will embark on an active analysis of the development of alternative routes of supply (Mozambique/Namibia), and work towards the conclusion of its Business Readiness project which will bridge its operations from the current to when it gets the sole importer mandate.

CONCLUSION

I would like to thank the BOL Board, Management, Staff and our valued stakeholders for helping BOL in its quest to establish itself as an oil company of note in the region and indeed internationally. Without your support, the Company would not have come thus far.

Ke a leboga!

Willie R. Mokgatlhe
Chief Executive Officer

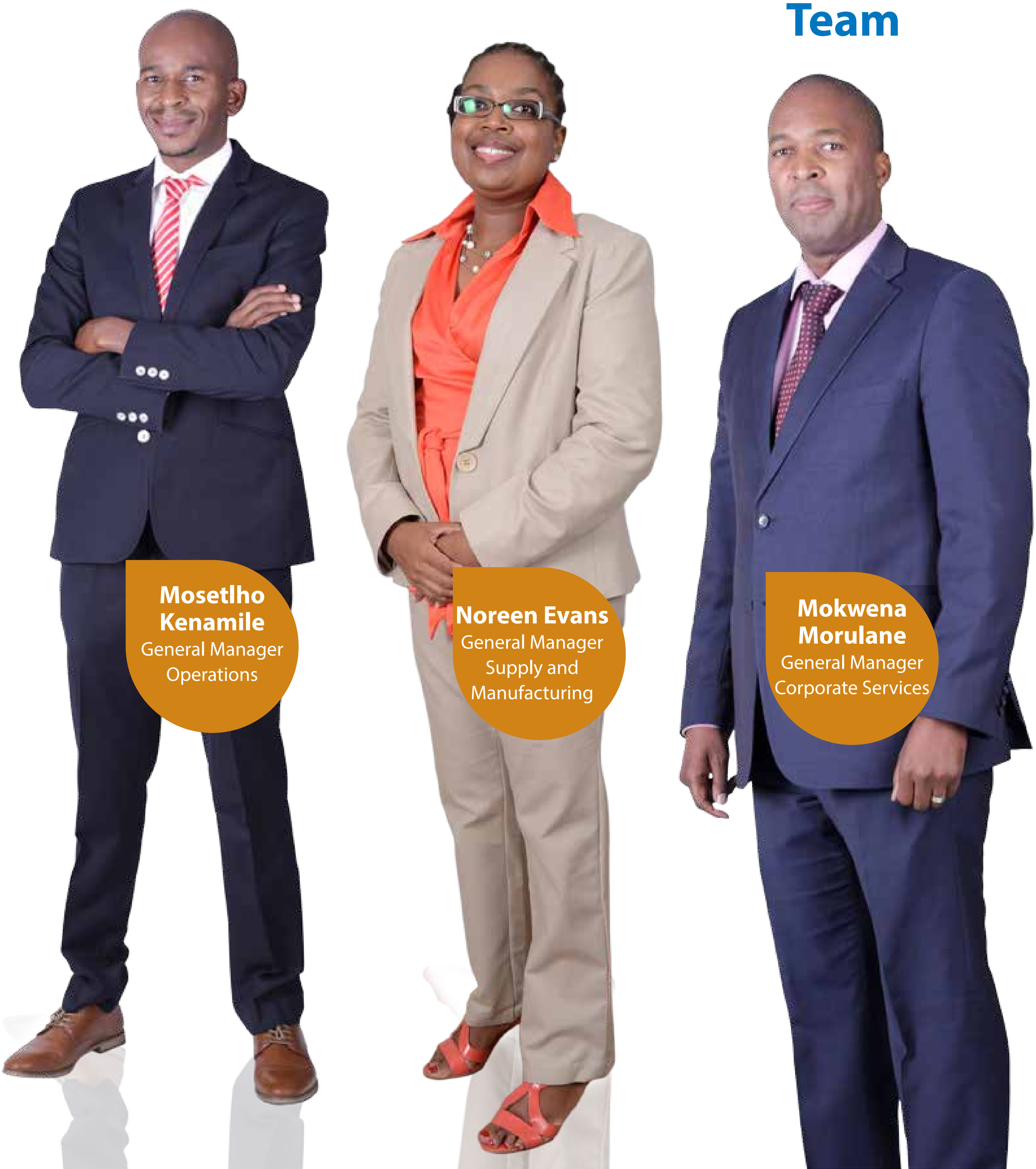
Executive Management **Team**

Executive Management
Team

Willie Mokgatlhe
Chief Executive Officer

Modise Koofhethile
General Manager Strategy & Business

Executive Management Team



Mosetlho Kenamile
General Manager Operations

Noreen Evans
General Manager Supply and Manufacturing

Mokwena Morulane
General Manager Corporate Services

Senior Management
Team

Senior Management **Team**

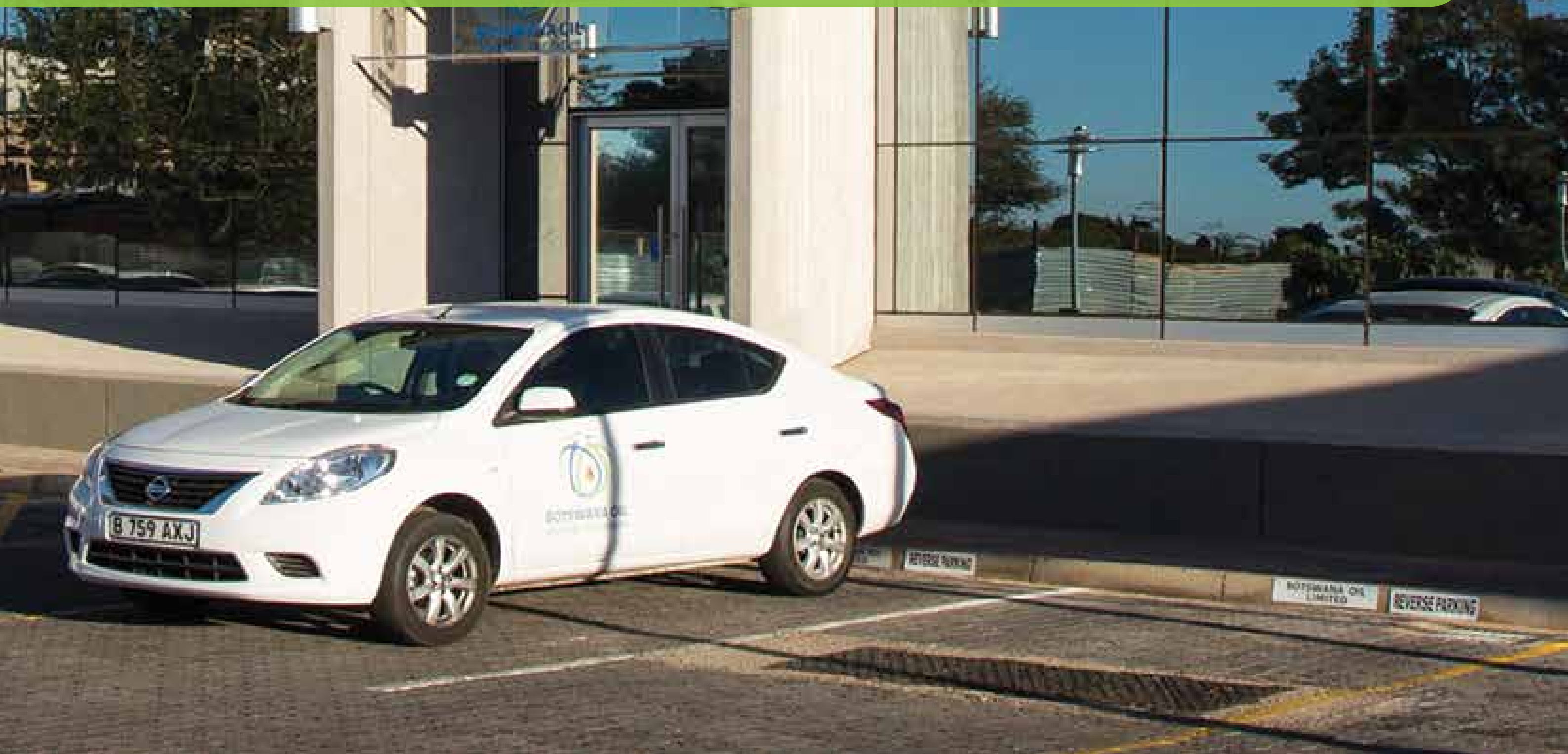
Senior Management Team

Senior Management **Team**

Senior Management Team

Operational Highlights

In establishing BOL, it became apparent that a supportive regulatory environment which promotes competition and fair allocation of resources for all industry players will be a critical enabler. During the year, BOL lobbied for the passing of the Petroleum Products Bill (PPB). This bill will enablen BOL to import in large volumes, resulting in economies of scale which will be passed down to the consumer.




BOTSWANA OIL LIMITED
REVERSE PARKING

Operational Highlights

continued

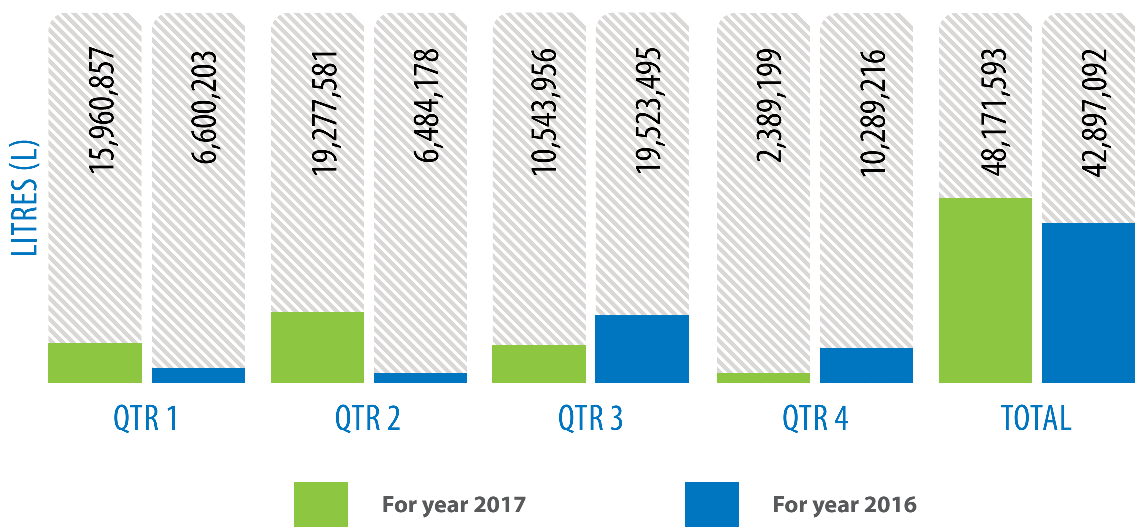
The Botswana Energy Regulatory Authority (BERA) Act, which provides for the establishment of a Regulatory Authority, came into effect during the reporting period. The Regulatory Authority shall be responsible for providing an efficient regulatory framework for the Energy Sector, which includes sustainable security of supply ofpetroleum products in the country.

With its key mandate being to ensure the security and efficiency of petroleum products supply in Botswana, to manage the Government's strategic fuel reserves, as well as to facilitate the meaningful participation of citizens in the Oil and Gas industry. During the review period BOL expended its energies on delivering on these aspects of its mandate. One of the main hurdles to the Company's operations was the lack of adequate funding. At establishment, BOL was funded through loans of 20million litres of product and a BWP20 million cash which the Company has since settled. These loans have however, not been adequate to fund the set up and sustain the operations of the Company. The need for capitalisation of BOL has always remained, and during the year, the Company worked on sourcing funding. BOL submitted a Cabinet Memorandum through the Ministry of Mineral Resources, Green Technology and Energy Security (MMGE) seeking the introduction of a Security of Supply Margin of 17.5 thebe per litre on regulated petroleum products excluding Illuminating Paraffin, over a period of five years. The margin will be used to fund strategic projects including the construction of the Tshele Hill Depot.

SUPPLY AND SALES

During the year, the Company performed satisfactorily/well, recording a 13% increase in sales

YEAR ENDED MAR 2017 VS FY ENDED MAR 2016



Operational
Highlights

continued

volumes from the previous review period. The Company traded a combined 48.2 million litres of product. 96% of this was to IOCs, 3% to CECs and the remaining 1% to Government. There were no major supply disruptions and BOL successfully offered supply back up to all Oil Companies trading in Botswana, ensuring security of Supply.

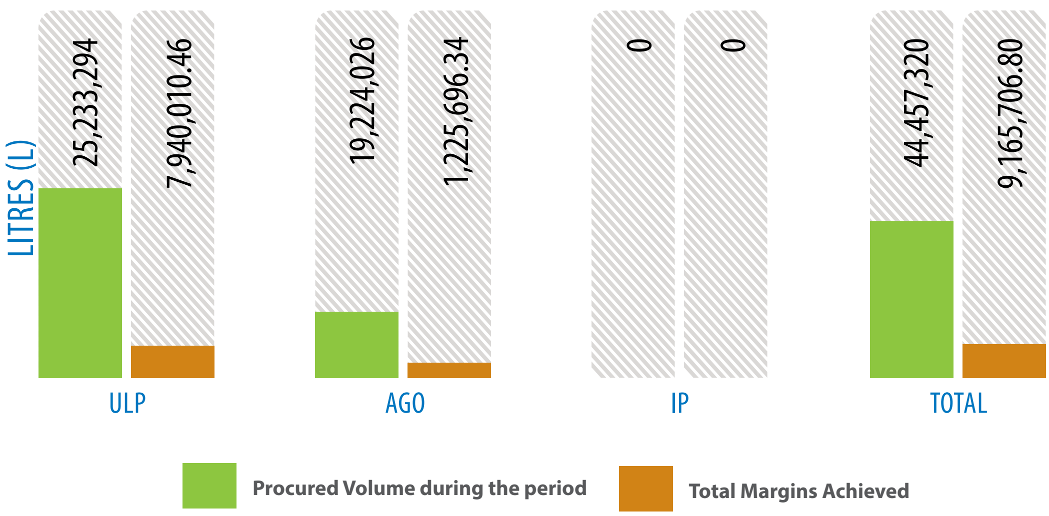
Generally, BOL experienced smooth and shortened deal closures and movement from some suppliers. The Company maintained its credit facility with Puma and opened accredit facility with Sasol. All this facilitated smooth trading.

The positive margins above were despite ad-hoc purchases of product. BOL continued to lobby for the approval of a legislative framework that will give it an exclusive import license so that it can benefit from economies of scale and in turn pass the benefit down to consumers.

The erratic Supply of new cleaner fuels in the region posed a challenge during the year as it disrupted the product supply chain. It is BOL's plan to gradually phase out old fuels and leave the market with new, cleaner fuels only. In consultation with the DoE, BOL will develop a strategy to phase out old fuels from the Botswana market.

SALES PERFORMANCE

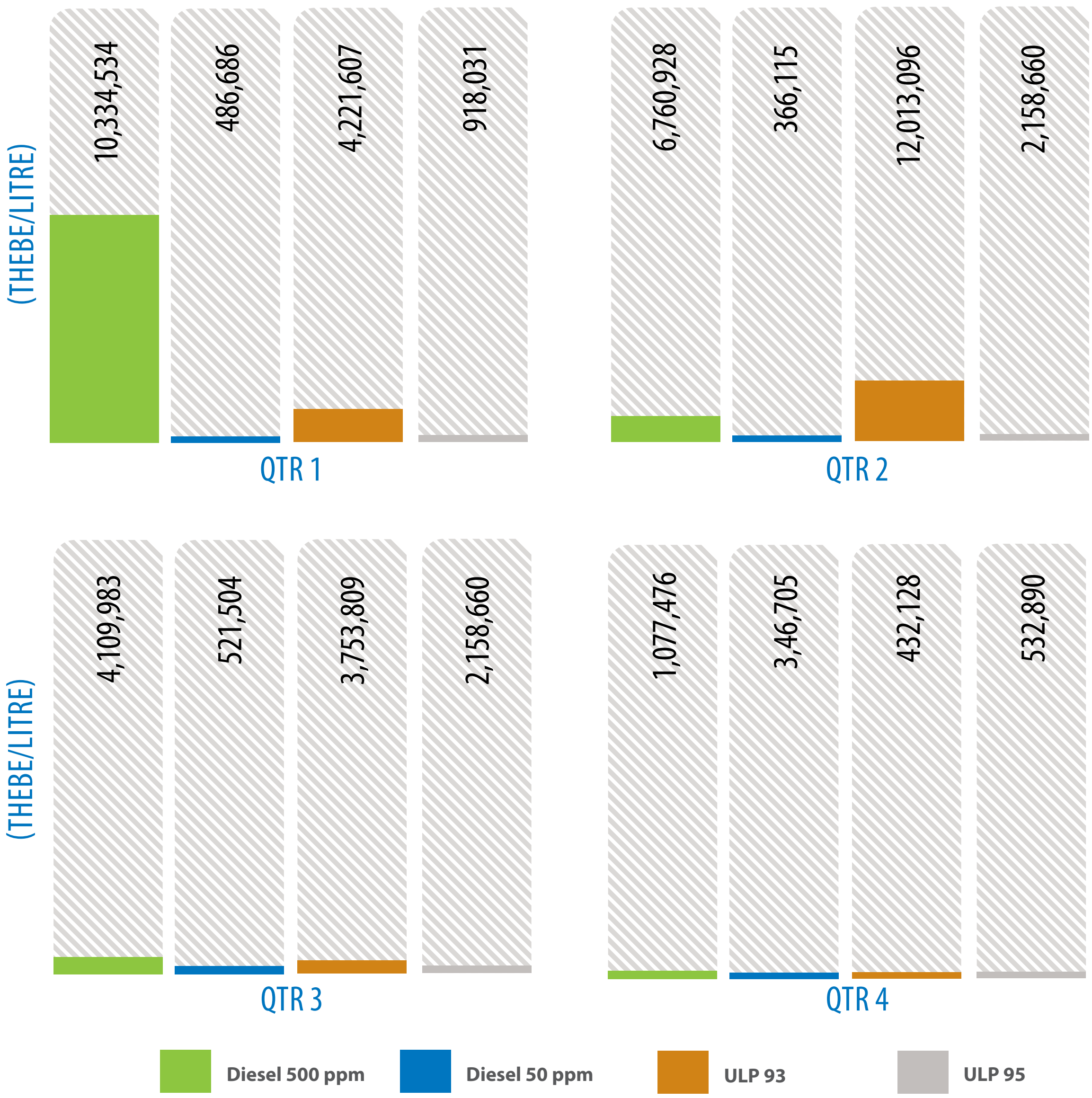
The figure below illustrates actual Sales Volume by product, per quarter, during the review period.



Operational Highlights

continued

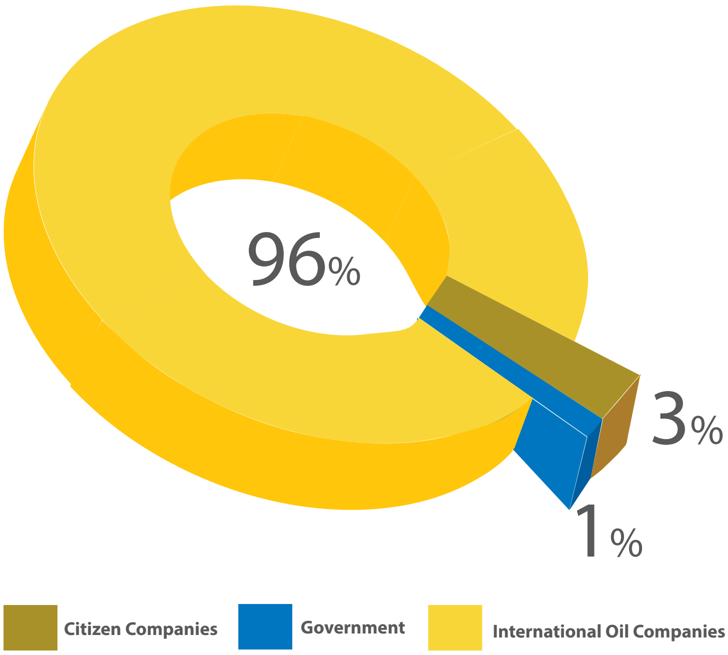
SALES VOLUME BY PRODUCT



Operational
Highlights

continued

SALES PERCENTAGE BY CUSTOMER TYPE



SALES VOLUME BY CUSTOMER TYPE

Of the 48.2 million litres of product BOL traded in during the year, 96% of this was sold to IOCs, 3% to CECs and the remaining 1% to Government customers.

GOVERNMENT RESERVE STORAGE FACILITIES

One key aspect of Botswana Oil Limited's mandate is to manage the Government's strategic fuel storage reserves. In a quest to achieve this, taking over operations and maintenance of Government Reserves Storage (GRS) Depots from the multinationals is one of the short-term initiatives in the approved BOL company strategy.

The takeover of the depots is also expected to increase BOL's ability to develop and service its customers. This is expected to have a positive impact on the overall company business in the long term hence contributing to the company's mandate of ensuring security and efficiency of supply.

This is also expected to stimulate BOL business activities as well as give confidence to other International Oil Companies and possibly pull them to want to use the GRS facilities uninhibited.

The process to take over Government fuel reserve facilities from multinationals under whose management they have been, was kick started during the year. BOL took over the operations of GRS Depot in Gaborone from Puma Energy, with minimal interruptions in February 2017 following the development of processes, standards, engineering and other systems necessary for the seamless takeover of the operations of the Gaborone Depot. The recruitment of key personnel for the safe and efficient operation of the depot was completed before the takeover.

The conversion of Gaborone Depot from a purely Strategic Fuel Reserve facility to a Common User Facility continued during the year.

Operational **Highlights**

continued

This means that the depot now does not just hold strategic reserves but commercial stock as well which BOL sells to its customers. The depot conversion works are expected to continue into the next reporting period.

Works to convert the breathing systems on Gaborone Depot Tanks G4 and G5 were nearing completion by the close of the reporting period. Once all the tanks in Gaborone are restored, the maintenance programme for the Francistown infrastructure which was suspended during the year, will resume.

STOCK MANAGEMENT

The average GRS stock cover during the year was generally 18 days. However, due to tank maintenance, this fell to 10 days. These levels are far below the government's desires 60 days cover and the World Bank's recommended 90 days for landlocked countries like Botswana. The various storage facilities construction projects that the Government is currently undertaking will increase the strategic reserves to 60 days.

GABORONE TRUCK STAGING FACILITY

During the year, BOL resolved to construct a truck staging facility to ease the congestion at the Gaborone Depot and the access Haile Selassie Road. Land for this facility was secured in Old Naledi Industrial Area. By the close of the review period, the process to source the Design and Construction of the Truck Staging Facility was underway.

Engagements will the DoE on funding requirements of the project had been done and BOL awaited their response.

STOCK MOVEMENT	STRATEGIC STOCK POSITION				
	ULP93	ULP95	ADO500PPM	ADO50PPM	TOTAL
Opening stock (As at 1 Apr-2016)	12,548,744	0	20,337,372	77,057	32,963,173
Closing Stock (As at 31 March 2017)	**10,181,267**	**3,831,001**	**20,843,832**	**291,257**	**35,147,357**

Operational Highlights

continued

MAJOR PROJECTS

From the year's operations, it was apparent that the days stock cover remained far below the recommended number for a landlocked country such as Botswana and there is a need to address this. To increase days stock cover and work towards compliance with the World Bank's recommendation of 90 days cover for landlocked countries such as Botswana., the Government, together with Botswana Oil Limited, embarked on several key strategic projects to ensure the availability of strategic storage facilities. These include:

Tshele Hills Depot Project

The Tshele Hills project which is being carried out by Ministry of Mineral Resources, Green Technology and Energy Security The project will deliver a 186 million litre depot in Tshele, just outside Gaborone. The depot will mainly receive product throough South Africa and will service south central area. The project is part of the Government strategy to increase storage facilities and ensure the security and efficiency of petroleum products in the country. By the close of the reporting period construction of the access road and the road over the rail bridge was complete.

Other aspects of the project including the construction of the tank farm and associated works as well as housing and buildings had temporarily been put on hold as funding for these projects was still being sourced. Funds permitting, the project is scheduled for completion in 2018.

Francistown Expansion Project

The Francistown Depot expansion project which aims to deliver an additional 60million litres got underway during the year. BOL appointed an Engineering Procurement Construction Management (EPCM) contractor in August 2016 for the project. By the close of the reporting period, Concept designs were complete and work had commenced on the detailed engineering designs. The scheduled completion date for the depot is November 2018.

Ghanzi Storage Project

Land to construct a 20 million litre depot in Ghanzi has been secured. The depot will receive product mainly through Namibia and will serve the western part of the country.

Coastal Storage Project

As part of the security of supply and the development of alternative routes and sources, BOL has resolved to secure 30 million litres coastal storage in Mozambique, Namibia and South Africa, respectively. These reserves will cushion any disruptions in supply that may arise in the major producer supply areas.

By the close of the reporting period engagements with the National Oil Company of Namibia and prospective investors on coastal storage were ongoing. In the interim, BOL had stored petroleum products in Matola, Mozambique.

Coal to Liquids Project (CTL)

Botswana Oil Limited (BOL) has the responsibility of ensuring security of supply and efficiency in the distribution of petroleum products in the country. In delivering this mandate, BOL is aggressively promoting the development of CTL as it will bring immense benefits for the country, including; creation of jobs, self-sufficiency and the potential for exports.

During the year, BOL has appointed Technical Advisors for Phase I of the project. The project will be private sector led, with BOL and the Government providing the necessary support and guidance to ensure delivery of the project for the benefit of the country. Due to other priorities, the Government is not able to finance the development of CTL at this stage which requires

Operational Highlights

continued

an investment of approximately US$4billion for a plant that meets the country's petroleum products demand.

Due to the interest shown by the private sector in developing the CTL industry in recent years in Botswana, BOL has resolved to pre-qualify companies that it can facilitate in the project. The pre-qualification tender will be issued during the next reporting period. It is anticipated that significant progress will be made in the project during the next reporting period.

Remote Areas Energy Centres

BOL furthered its mandate to ensure the security of petroleum products in the country by progressing its project of introducing Remote Areas Energy Centres. These will service remote areas which are traditionally under-serviced by International Oil Companies.

During the review period, five areas were selected for piloting the project. Standards to guide the construction of the mobile units were developed in conjuction with BOL and by the close of the year the standards were yet to be finalised by the Botswana Bureau of Standards (BOBS)

Liquefied Petroleum Gas and Lubricants

To ensure the security of liquefied petroleum gas (LPG) in the country and to increase its products offering, BOL is working on a medium to long term strategy which includes the development of an LPG depot facility in Palapye. This will be the main depot, supported by private sector companies' satellite depots around the country. By the close of the year, the project was at the conceptual phase.

There are various lubricants companies locally and internationally approaching BOL for partnership in driving the lubricants agenda. In preparation for its sole supplier mandate approval, by the close of the reporting period, BOL was considering sourcing a reputable strategic partner to operate in the lubricants market. Once it gets an exclusive import licence for petroleum products, BOL plans to couple the wholesale distribution of petroleum products with a reputable brand of lubricants.

Citizen Emerging Companies (CECs)

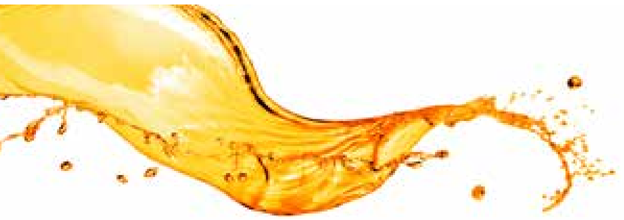
In delivering its mandate, to facilitate the meaningful participation of citizen companies in the oil and gas sector. BOL has put in place various strategies to lower the barrier of entry into the petroleum products market for Citizen Emerging Companies (CECs). These include the dedication of storage space for lease to citizen oil companies, thus removing the need for the companies to construct their own facilities.

BOL also supports citizen oil companies by selling products to them at competitive prices enabling them to compete with the multinationals. During the year, BOL continued with awareness creation on opportunities that exist in the Oil and Gas value chain. It facilitated the activities of CECs in the marketing and distribution of petroleum products, not only in Botswana, but for export.

In future BOL plans to support capacity building for citizen companies through targeted industry training that will ensure that they are equipped to operate in the petroleum industry, understand the importance of safety and the pricing mechanism.

During the review period, there were thirteen CECs that were active in the marketing and distribution of petroleum products, trading in 1.4million litres of petroleum product.

With the nurturing, they receive from BOL, some of the CECs have grown over the years and have spread their



Operational Highlights

continued

business operations into neigbouring countries, particularly Zambia and Zimbabwe.

Aviation Fuels

There has been persistent outcry from the aviation industry over the high cost of aviation fuels in Botswana, compared to the rest of the region. In 2013, aviation fuel charges in Botswana were found to be amongst the highest in the world. In response to these concerns, during the year, BOL was mandated by the Department of Energy (DoE) to investigate the high cost of aviation fuels in Botswana.

A task team comprising employees from BOL, DoE, the Civil Aviation Authority of Botswana (CAAB) and the current aviation fuels sole supplier in Botswana. The Task Team's finding formed the basis request to Cabinet to review aviation fuel costs downwards. If the request is acceded to, this will lead to a significant reduction in Jet A1 and Aviation Gas charges in Botswana, contributing to the competitiveness of the aviation industry in the Country.

SAP

One of BOL's major projects during the review period was the SAP System which the Company introduced and streamlined into its business. BOL won a Bronze Medal in the Fast Delivery Category at the prestigious SAP Quality Awards for its implementation of SAP. BOL won the award for its Project Sesigo (grain storage in Setswana) which involved the implementation of Oil-In-One, a SAP Business All-in-One (BAiO) template with Finance and Controlling (FICO), Supply Chain (SCM), Plant Maintenance, Sales and Distribution and IS -Oil modules.

The successful implementation made BOL one of the pioneers in the use of the fast-start Oil-in-One application that was developed for the oil and gas industry. During the year, SAP proved to be a technological solution at a level that competes with the best in the world and has helped BOL achieve its business objectives.

STAKEHOLDER MANAGEMENT & CORPORATE SOCIAL RESPONSIBILITY

In a quest to understand its varied stakeholders' needs and be in a better position to address the, BOL embarked on a Customer Satisfaction Survey during the year. The survey which will, amongst other things assess the impact of BOL operations on its customers, will be completed in the next review period.

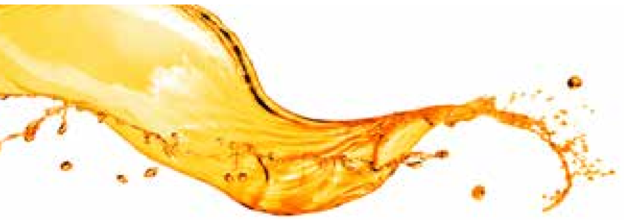
Guided by its Corporate Social Responsibility policy, BOL remained committed to cushioning the effects of its operations on the communities in which it operates and the nation at large. This was done through minimizing the Corporation's environmental footprint for all its projects. The BOL CSR Policy places emphasis on community upliftment. In line with this, BOL engaged in several projects in some areas. The projects include sponsorship and donations to worthy causes, amongst them, the Gabane Community Home Based Care, Tripple Diamond Aid destitute children, Y-Charitable Trust, Lady Khama Endurance Horse Race, amongst others.

The Company continued to maintain a community presence in line with its Stakeholder Management Strategy. Stakeholder consultations were done at every level, through briefings to Cabinet, the Minister, Parliament, Ntlo ya Dikgosi, community general kgotla meetings and various interest groups such as Business Botswana, IOCs and CECs.

Internally, communication lines were kept open between Management and staff. Quarterly Lekgotla engagement sessions were also used to apprise staff on the Company's operations and ensure alignment of all to the Company's Strategy.

Our Employees

Botswana Oil Limited remains cognizant of the value of its human capital and values it as one of its greatest assets. To promote dialogue with employees, quarterly



Operational **Highlights**

continued

Lekgotla Engagements which are attended by all employees were held. These engagements create a platform to brief employees on the performance of the Company and planned initiatives. To motivate its employees and cushion any negative effects of a stressful professional life, BOL has programmes in place to contribute to the employees' social upliftment. One such initiative is the free gym membership for all its employees. The findings of the study will, amongst other things, seek to address the bottom scoring dimensions by developing a retention strategy for BOL to benchmark and align with relevant market segments as well as attract and retain talent.

Anonymous Tip-Off Programme

The Tip-Off Anonymous programme introduced in 2015 recording a minimal number of reports. Of these, only one was found to be worth investigating further and this was done and concluded. The Tip- Off Anonymous programme is an innovative business solution aimed at strengthening the ethics culture and combating fraud within the structures of BOL. In addition to providing a fraud and ethics hotline for all stakeholders to anonymously report any dishonest, suspicious and inappropriate behaviour in the workplace, the service ensures that the whistle-blower's identity is protected. For transparency, objectivity and independence the programme administration remained in the hands of an external firm.

HEALTH SAFETY SECURITY AND ENVIRONMENT

BOL aims to have an excellent HSSE performance to be proud of, to earn the confidence of customers, shareholders and society, to be a good neighbour and to contribute to sustainable development BOL recorded positive HSSE performance experienced during the year, recording no significant safety incident. BOL recorded a positive performance against set HSSE key performance indicators/ targets which are aligned to the corporate strategy. The set Key Performance indicators guide the Company in achieving its HSSE Commitment. BOL's HSSE commitment is ***"Goal zero: Protect personnel, environment, reputation and information against security threats"***.

The Health Safety Security Environment and Quality (HSSEQ) Management System (MS) implemented in the previous reporting period was maintained during the year. The HSSEQ Framework assists the Company in its implementation and management of HSSEQ in its operations. The framework will assist BOL to effectively address and manage safety, health, environment as well as quality issues in line with statutory requirements. Compliance with oil and gas industry, national and international standards will also be addressed through the framework.

The framework is intended to meet the requirements of, and BOL's qualification for accreditation to the National and international standards that include, but are not limited to:

- OHSAS 18001: Occupational Health & Safety management
- ISO 14001: Environmental Management
- ISO 9001: Quality Management
- Process safety management,
- Responsible care, and anyother applicable standards

By the close of the review period, the project had progressed to 80%, covering Elements Standard and Standard Operating Procedures. The project is scheduled for progression to implementation, readiness review and management

Operational Highlights

continued

Key Performance Indicator	Actual 2015/2016	Targets 2016/2017	Actual 2016/2017
Zero Days (of Days without LTI)	365	365	365
No of Fatalities	0	0	0
No. of spills>100KG	0	0	0
LTFR (Lost Time Frequency Rate)	**0**	0	**0.0**
No. of significant HSSE audit findings	**N/A**	2% of red audit findings	**0**
HSSE intergrated HSSE management system	**N/A**	80% by Q4	**80%**

review in the next review period.

In its quest to build capacity and HSSE competencies in the Company, staff was trained in various relevant courses, amongst them:

- Defensive driving training
- Process Safety training
- HAZOP:
- HRA (health Risk Assessment)
- ISO 14001 Environmental Management
- OHSAS 180001 standards (Occupational Health Safety Standards)
- Tank inspection
- HSSE Risk management and Quality

To uphold, live and encourage positive HSSE culture in the Company, BOL commemorated the following events during the year:

- HSSE culture day
- World Environment Day
- World Aids Day
- World Remembrance Day for ROAD traffic accidents Victims
- Safety Stand Down

Annual Financial Statement

For the year ended 31 March 2017

Corporate **Information**

For the year ended 31 March 2017

REGISTRATION NUMBER

CO2011/10626

NATURE OF BUSINESS

Botswana Oil Limited serves as the Government of Botswana's transformation agent and is mandated to ensure security and efficiency of supply of petroleum products for Botswana, to manage state-owned strategic fuel reserve facilities and to facilitate participation of citizen emerging companies in the petroleum sector.

DIRECTORS

Joel Sentsho	Chairman
Reetsang Willie Mokgatlhe	Member / CEO
Stephen Kagiso K Kebakile	Member
Golekanye Rabasha	Member
Kenneth Kerekang	Member
Batsho Dambe Groth	Member
Mbako Mbo	Member
Ogomoditse Maruapula	Member

REGISTERED OFFICE

Plot 54373,
Petroleum House
Matante Mews,
Central Business District

COMPANY SECRETARY

Desert Secretarial Services (Pty) Ltd
Plot 64518,
Fairgrounds Office Park,
Gaborone

AUDITORS

PricewaterhouseCoopers
Plot 50371,
Fairground Office Park,
Gaborone.

BANKERS

Stanbic Bank of Botswana
Banc ABC
Standard Chartered Bank Botswana
Barclays Bank Botswana
First National Bank Botswana

(The financial statements are expressed in Pula, the currency of Botswana)

Statement of **Directors' Responsibility**

For the year ended 31 March 2017

The directors of Botswana Oil Limited are responsible for the financial statements and all other information presented therewith. Their responsibility includes the maintenance of true and fair financial records and the preparation of annual financial statements in accordance with International Financial Reporting Standards.

The company maintains systems of internal controls, which are designed to provide reasonable assurance that the records accurately reflect its transactions and to provide protection against serious misuse or loss of company assets. The directors are also responsible for the design, implementation, and maintenance and monitoring of these systems of internal financial control. Nothing has come to the attention of the directors to indicate that any significant breakdown in the functioning of these systems has occurred during the year under review.

The going concern basis has been adopted in preparing the annual financial statements. The directors have no reason to believe that the company will not be a going concern in the foreseeable future based on forecasts and available cash resources. In support of this assertion, the company has been able to secure capitalisation of 17.5 thebe a litre on petroleum products for a 5 year period effective July 2017.

Prior to this, the Government had also approved the write off of the 20m litre product loan facility and P20m cash loan facility in April 2017 and August 2017 respectively. Our external auditors conduct an examination of the financial statements in conformity with International Standards on Auditing, which include tests of transactions and selective tests of internal accounting controls. Regular meetings are held between management and our external auditors to review matters relating to internal controls and financial reporting. The external auditors have unrestricted access to the Board of Directors.

The annual financial statements set out on pages 56 to 89 were authorised for issue by the Board of Directors and are signed on its behalf by.

Chief Executive Officer
Willie Mokgatlhe
14 September 2017

Director

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDER OF BOTSWANA OIL LIMITED

OUR OPINION

In our opinion, the financial statements give a true and fair view of the financial position of Botswana Oil Limited (the "Company") as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

Botswana Oil Limited's financial statements set out on pages 56 to 89 comprise:

- the statement of financial position as at 31 March 2017;
- the statement of comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the Botswana Institute of Chartered Accountants Code of Ethics (the "BICA Code") and the ethical requirements that are relevant for an audit of financial statements in Botswana. We have fulfilled our other ethical responsibilities in accordance with these requirements and the BICA Code. The BICA Code is consistent with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (Parts A and B).

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the corporate information, statement of directors' responsibility and the detailed statement of comprehensive income for the year ended 31 March 2017 (but does not include the financial statements), which we obtained prior to the date of this auditor's report.

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
T: (267) 395 2011, F: (267) 397 3901, www.pwc.com/bw

Country Senior Partner: B D Phirie
Partners: R Binedell, A S Edirisinghe, L Mahesan, R van Schalkwyk, S K K Wijesena

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers

Individual practicing member: Rudi Binedell
Registration number: 20040091

14 September 2017
Gaborone

PricewaterhouseCoopers, Plot 50371, Fairground Office Park, Gaborone, P O Box 294, Gaborone, Botswana
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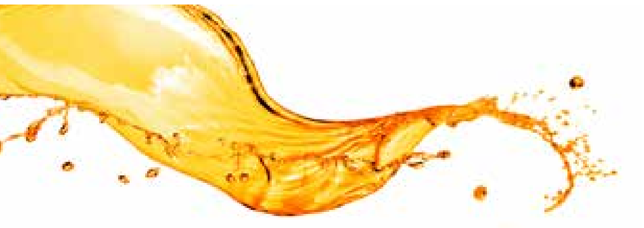
Statement of Comprehensive Income
For the year ended 31 March 2017

	Notes	2017 Pula	2016 Pula
Revenue	1	250,385,746	230,976,015
Cost of sales		(250,604,598)	(181,303,499)
Gross (Loss) / Profit		***(218,852)***	***49,672,516***
Other operating income	2	9,461,197	3,493,110
Administrative expenses		(53,985,302)	(42,719,080)
(Loss) / Profit from Operations	***3***	***(44,742,956)***	***10,446,546***
Finance income	4	4,247,772	5,179,358
Finance cost	4	(2,368,648)	-
(Loss) / Profit before income tax expense		***(42,863,832)***	***15,625,904***
Income Tax credit / (expense)	5	9,414,983	(3,379,564)
(Loss) / Profit after income tax expense		***(33,448,849)***	***12,246,340***
Other comprehensive income		-	-
Total comprehensive income		***(33,448,849)***	***12,246,340***



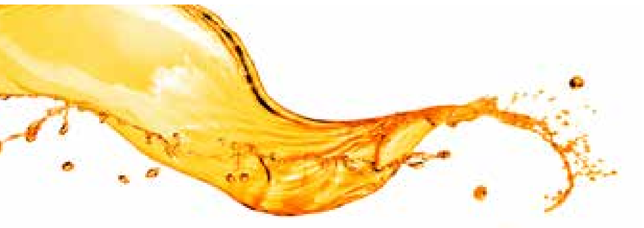
Statement of
Financial Position
As at 31 March 2017

	Notes	2017 Pula	2016 Pula
ASSETS			
Non Current Assets			
Property, plant & equipment	6	13,668,096	10,445,882
Deferred tax assets	7	5,084,743	-
		18,752,839	10,445,882
Current Assets			
Inventories	8	10,021,625	5,546,584
Trade and other receivables	9	74,000,965	15,123,135
Cash and bank balances	10	93,287,341	248,022,792
		177,309,931	268,692,511
Total Assets		***196,062,770***	***279,138,393***
Capital and Reserves			
Stated capital	11	1	1
Retained earnings		(18,204,501)	15,244,348
		(18,204,500)	15,244,349
Non Current Liabilities			
Deferred tax liabilities	7	-	4,330,240
Current Liabilities			
Shareholder's loan	12	64,432,887	114,958,631
Government advances	13	54,827,882	93,332,575
Trade and other payables	14	95,006,501	51,272,598
		214,267,270	259,563,804
Total Liabilities		***214,267,270***	***263,894,044***
Total Equity and Liabilities		***196,062,770***	***279,138,393***

Statement of Change in Equity

For the year ended 31 March 2017

	Stated Capital	*Retained Earnings*	*Total Equity*
	Pula	***Pula***	***Pula***
Balance as at 1 April 2015	1	2,998,008	2,998,009
Profit for the year	-	12,246,340	12,246,340
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	12,246,340	12,246,340
Balance at 31 March 2016	1	15,244,348	15,244,349
Balance as at 1 April 2016	1	15,244,348	15,244,349
Loss for the year	-	(33,448,849)	(33,448,849)
Other comprehensive income	-	-	-
Total comprehensive income for the year	-	(33,448,849)	(33,448,849)
Balance at 31 March 2017	1	(18,204,501)	(18,204,500)



Statement of **Cash Flow**

For the year ended 31 March 2017

	Notes	2017 Pula	2016 Pula
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before Income tax expense		(42,863,832)	15,625,904
Adjustments for:			
Profit on disposal of assets		(537)	(4,322)
Depreciation	6	3,018,202	1,503,836
Product loan - drawn from Government reserves	12	32,573,967	(4,805,538)
Interest income	4	3,969,166	(4,810,519)
Cash flows before working capital changes		(3,303,034)	7,509,361
Inventories	8	(4,475,041)	(5,546,584)
Trade and other receivables	9	(58,877,830)	249,528
Trade and other payables	14	43,733,903	20,369,765
Net cash (utilised in) / generated from operations		(22,922,003)	22,582,070
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant & equipment)	6	(6,245,114	(5,781,295)
Proceeds from disposal of assets		5,235	17,349
Interest received	4	(3,969,166)	4,810,519
Net cash utilised in investing activities		(10,209,045)	(953,427)
CASH FLOWS FROM FINANCING ACTIVITIES			
Shareholder loan settled		(83,099,711)	(12,000,000)
Government advance received for projects	13	20,752,500	59,692,976
Government advance utilised for projects)	13	(14,516,176)	(9,854,683)
Government advance refunded to Department of Energy	13	(1,491,628)	-
Government procurement loan received	13	-	63,805,108
Government procurement loan utilised	13	(43,249,389)	(40,220,502)
Net cash (utilised in) / generated from financing activities		(121,604,404)	61,422,899
Net (decrease) / Increase in cash and cash equivalents		(154,735,452)	83,051,542
Cash and cash equivalents at the beginning of the year		248,022,792	164,971,250
Cash and cash equivalents at the end of the year	10	93,287,341	248,022,792

Notes to the Financial Statements
For the year ended 31 March 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1 GENERAL

Botswana Oil Limited is a company incorporated in the Republic of Botswana. The address of its registered office and principal place of business is disclosed in the corporate information section of the financial statements. The company undertakes bulk sale of petroleum products to customers. The current customer base consists of citizen own companies and international oil companies active in the local market.

The company's financial statements were authorised for issue by the Board of directors.

2 BASIS OF PREPARATION

The financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements are prepared under the historical cost convention and on a going concern basis. The principal accounting policies applied in the preparation of the company financial statements are set out below. These policies have been consistently applied in the last year, unless otherwise stated.

The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency.

Changes in accounting policies and disclosures

(a) International Financial Reporting Standard and amendments effective for the first time for 31 March 2017 year end		
IFRS	**Effective Date**	**Executive summery**
Amendments to IAS 1,'Presentation of financial statements' disclosure initiative	1 January 2016	In December 2014 the IASB issued amendments to clarify guidance in IAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. The amendment is not expected to significantly impact the company.
Amendment to IAS 16, 'Property, plant and equipment' and IAS 38,'Intangible assets', on depreciation and amortisation.	1 January 2016	In this amendment the IASB has clarified that the use of revenue based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset. The IASB has also clarified that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The amendment does not impact the entity.

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

(b) International Financial Reporting Standards and amendments issued but not effective for 31 March 2017 year end

IFRS	Effective Date	Executive summery
Amendment to IAS 12 – Income taxes Recognition of deferred tax assets for unrealised losses.	Annual periods beginning on or after 1 January 2017 (published Feb 2016)	The amendment was issued to clarify the requirements for recognising deferred tax assets on unrealised losses. The amendment clarifies the accounting for deferred tax where an asset is measured at fair value and that fair value is below the asset's tax base. It also clarifies certain other aspects of accounting for deferred tax assets. The amendment clarifies the existing guidance under IAS 12. It does not change the underlying principles for the recognition of deferred tax assets. The amendment will not significantly impact the entity.
Amendment to IAS 7 – Cash flow statements	1 January 2017	In January 2016, the International Accounting Standards Board (IASB) issued an amendment to IAS 7 introducing an additional disclosure that will enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendment responds to requests from investors for information that helps them better understand changes in an entity's debt. The amendment will affect every entity preparing IFRS financial statements. However, the information required should be readily available. Preparers should consider how best to present the additional information to explain the changes in liabilities arising from financing activities. The amendment will not significantly impact the entity.
IFRS 15 – Revenue from contracts with customers.	1 January 2018	The FASB and IASB issued their long awaited converged standard on revenue recognition on 29 May 2014. It is a single, comprehensive revenue recognition model for all contracts with customers to achieve greater consistency in the recognition and presentation of revenue. Revenue is recognised based on the satisfaction of performance obligations, which occurs when control of good or service transfers to a customer. Management is yet to assess the impact of the standard.

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

(b) International Financial Reporting Standards and amendments issued but not effective for 31 March 2017 year end

IFRS	Effective Date	Executive summery
IFRS 9 – Financial Instruments (2009 &2010) • Financial liabilities • Derecognition of financial instruments • Financial assets General hedge accounting	1 January 2018	This IFRS is part of the IASB's project to replace IAS 39. IFRS 9 addresses classification and measurement of financial assets and replaces the multiple classification and measurement models in IAS 39 with a single model that has only two classification categories: amortised cost and fair value. The IASB has updated IFRS 9, 'Financial instruments' to include guidance on financial liabilities and derecognition of financial instruments. The accounting and presentation for financial liabilities and for derecognising financial instruments has been relocated from IAS 39, 'Financial instruments: Recognition and measurement', without change, except for financial liabilities that are designated at fair value through profit or loss. Management is yet to assess the impact of the standard.
IFRS 16 – Leases	Annual periods beginning on or after 1 January 2019 – earlier application permitted if IFRS 15 is also applied. (published January 2016)	This standard replaces the current guidance in IAS 17 and is a far reaching change in accounting by lessees in particular. Under IAS 17, lessees were required to make a distinction between a finance lease (on balance sheet) and an operating lease (off balance sheet). IFRS 16 now requires lessees to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. The IASB has included an optional exemption for certain short-term leases and leases of low-value assets; however, this exemption can only be applied by lessees. For lessors, the accounting stays almost the same. However, as the IASB has updated the guidance on the definition of a lease (as well as the guidance on the combination and separation of contracts), lessors will also be affected by the new standard. At the very least, the new accounting model for lessees is expected to impact negotiations between lessors and lessees. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 supersedes IAS 17, 'Leases', IFRIC 4, 'Determining whether an Arrangement contains a Lease', SIC 15, Operating Leases – Incentives' and SIC 27, 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. Management is yet to assess the impact of the standard.

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

FOREIGN CURRENCY TRANSLATION

(a) Functional and presentation currency
Items included in the financial statements of the entity are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Botswana Pula, which is the company's functional and presentation currency.

(b) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the statement of comprehensive income within 'finance income or cost'. All other foreign exchange gains and losses are presented in the statement of comprehensive income.

PROPERTY, PLANT AND EQUIPMENT

Property Plant & Equipment are tangible items that are held for use in the production or supply of goods or services, for rental to others or for administrative purposes; and are expected to be used during more than one period.

Costs include costs incurred initially to acquire or construct an item of property plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.
Property, plant and equipment is carried at costs less accumulated depreciation and any impairment losses. Depreciation is provided using the straight line method to write down the cost, less estimated residual value over the useful life of the property, plant and equipment, which is as follows.

Item	Useful life time
Leasehold Improvements	Over the operating lease period
Buildings – Porto-cabins	10 years
Plant & Machinery	7 years
Furniture and Fixtures	10 years
Motor Vehicles	4 years
Office Equipment	7 years
IT equipment	4 years
SAP-Oil-in-one	5 years

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

The residual values and useful lives of property, plant and equipment are reviewed at each reporting date. If appropriate, adjustments are made and accounted for prospectively as a change in estimate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

IMPAIRMENT OF NON-FINANCIAL ASSETS

In respect of assets that are subject to depreciation or amortisation, the company assesses at each reporting date whether there is any indication of impairment. If any such indication exists, the recoverable amount is estimated. An asset's recoverable amount is the higher of its fair value less cost to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying values exceed the estimated recoverable amounts, the tangible assets concerned are written down to their estimated recoverable amounts. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

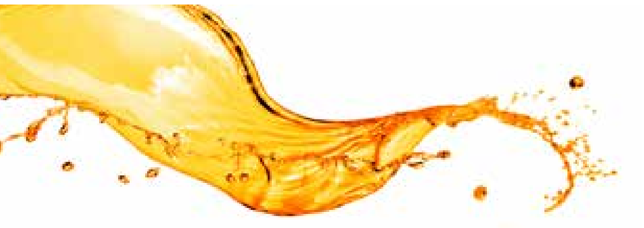
An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of comprehensive income. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

FINANCIAL ASSETS

Classification
The company classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These arise when the company provides goods or services directly to a debtor with no intention of trading the receivable and are carried at amortised cost using the effective interest rate method.

They are included in current assets, except for maturities greater than 12 months after the reporting date; these are classified as non-current assets. Loans and receivables are classified as trade and other receivables in the statement of financial position.



Notes to the Financial Statements

For the year ended 31 March 2017

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

DE-RECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is de-recognised where:

- the right to receive cash flows from the asset has expired:
- the company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without
  material delay to a third party under a "pass-through" arrangement; or
- the company has transferred its rights to receive cash flows from the asset and either
  (a) has transferred substantially all the risks and rewards of the asset or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the first-in, first-out (FIFO) basis and is the net of the invoice price, insurance, freight, customs duties and discounts. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and its recoverable amount, being the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for trade or other receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in the statement of comprehensive income. Bad debts are written off in the year in which they are identified.

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank borrowings.

STATED CAPITAL

Ordinary shares are classified as equity and stated at the fair value of the consideration received. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

BORROWINGS

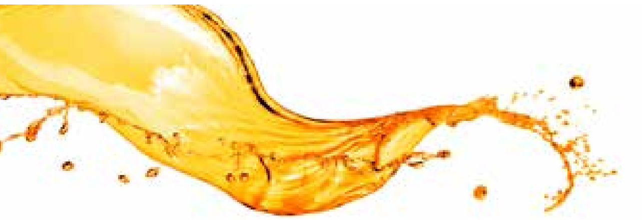
Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

TRADE AND OTHER PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

PROVISIONS

A provision is recognised when the company has a present obligation (legal or constructive) as a result of a past event, for which it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.



Notes to the Financial Statements
For the year ended 31 March 2017

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

EMPLOYEE BENEFITS

The company operates a defined contribution retirement fund. The company's contributions to the fund are charged to the statement of comprehensive income in the year to which they relate. Severance benefits are payable in terms of the Employment Act to all employees not belonging to the retirement fund. These benefits are recognised when they accrue to the employees.

Employee entitlements to annual leave, gratuities and bonuses are recognised when they accrue to employees. The company recognises a liability and expense for bonuses based on contractual and constructive obligations.

REVENUE RECOGNITION

Revenue ismeasured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

(a) Sales of goods – fuel
The entity sells Petrol, Diesel and Illuminating Paraffin from the government storage. Sales are recognised when the product has been loaded to the customers' tankers at the product uplift point at which point the risk and rewards of ownership is transferred to the buyer. The quantity of the product shall be determined as per the facility managers' report at loading point and the tankers will be sealed before departure. There are no unfulfilled obligations that would affect the buyers' acceptance of the product.

(b) Sales of Services - Management fee - Fuel procurement
The entity sources fuel on behalf of the Government to supplement the Government Reserve Stocks managed by the entity. These costs are borne by the Government through the Ministry of Minerals, Energy and Water Resources. The entity earns a management fee for the service provided. Management fee is recognised when the service is provided.

COST OF SALES

Cost of sales represents the purchase cost of fuel for resale, duties, levies and includes all overheads appropriate to the sale.

CURRENT AND DEFERRED INCOME TAX

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent it relates to items recognised directly in other comprehensive income. In this case, tax is also recognised in other comprehensive income.

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUES)

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided for in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. However, if the deferred income taxes arise from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss, it is not accounted for.

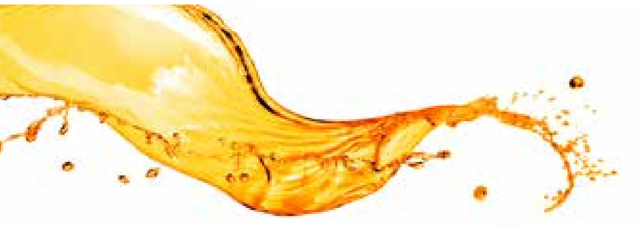
Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted at the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

FINANCIAL RISK MANAGEMENT

Financial risk factors
The Company's activities expose it to a variety of financial risks: market risk (including currency risk, price risk and cash flow interest rate risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.
The Board of Directors regularly reviews these risks and approves the risk management policies, which covers the management of these risks.

MARKET RISK

(i) Foreign currency risk
The company principally operates in Botswana and uses the pula as the reporting currency. The company is exposed to foreign exchange rate fluctuations arising primarily with respect to Unites State Dollar and South African Rand. Foreign exchange risk arises from import of fuel. However, as the financial instruments held in foreign currencies are denominated in the functional currencies of the respective trading partners, the company`s risk to foreign currency fluctuations is largely mitigated through the operation of such natural hedges.



Notes to the
Financial Statements
For the year ended 31 March 2017

continued

FINANCIAL RISK MANAGEMENT (CONTINUES)

At 31 March 2017 the company's financial assets and liabilities denominated in foreign currencies are:

	2017 Debit/(Credit)	2016 Debit/(Credit)
Bank balances		
United States Dollar	2 147	353 872
South African Rands	31 843	48 131 195
Trade payables		
United States Dollar	(50 851 947)	Nil
South African Rands	(3 995 589)	(19 841 055)

At 31 March 2017, if the Botswana Pula had weakened by 10% against the USD with all other variables held constant, post-tax profit for the year would have been P 3 966 283 (2016: P 27 603) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated bank balances and payables.

At 31 March 2017, if the Botswana Pula had strengthened/weakened by 10% against the ZAR with all other variables held constant, post-tax profit for the year would have been P 334 009 (2015: P 2 206 631) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US dollar denominated bank balances and payables.

(ii) Cash flow and fair value interest rate risk
The company`s exposure is limited to cash flow interest rate risk arising from the cash and cash equivalents held with banks and their investment in money market funds. The cash flow vary according to movements in underlying market rates.

The balances held with counter parties are callable at the option of the company and are exposed to an insignificant risk of change in value. The counterparties are generally with financial institutions of high repute only. These include subsidiaries of international and regional institutions.

Amount subject to cash flow interest rate risk.

	2017	2016
Stanbic Bank Botswana Limited	65 860 001	160 307 674
First National Bank Botswana Limited	4 869 811	17 155 456
African Alliance Botswana	22 393 473	21 766 999

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

FINANCIAL RISK MANAGEMENT (CONTINUES)

(iii) Price risk
As disclosed in Note 12 to the financial statements, the outstanding quantity of fuel loaned from the Government strategic reserve at the yearend date was 11.6 million litres. The monetary value of drawdowns on this loan is determined with reference to the value of fuel drawn from government reserves measured at the published slate price per litre on the day of drawdown. Subsequently, the value of this liability will fluctuate based on changes in the published slate price per litre. During the current financial year, the company accounted for a gain of P 2 184 664 (2016: P 41 643 819) through reduction of this liability as a result of reductions in the published slate price per litre subsequent to the initial drawdown. At the financial year end, a 1% increase/(decrease) in the published slate price per litre would result in an increase/(decrease) of the liability by P 6 443 400 (2016: P 11 495 920).

Credit risk
The financial assets of the company which are subject to credit risk consists mainly of cash resources and debtors. Cash resources are placed with reputable financial institutions. Financial institutions are not rated, however the company`s policy is to hold cash resources in subsidiaries of rated United Kingdom and South African Banks. The company ensures that sales of petroleum products and services are made to customers with appropriate credit history and vetting. The company`s exposure to credit risk is limited to the carrying value of financial assets as at 31 March 2017.

The Board, has delegated responsibility for the oversight of credit risk to the CEO and the heads of business units.

The maximum amount subject to credit risk is as follows.

	2017	2016
Trade and other receivables	72 644 891	14 532 412
Cash and cash equivalents	93 287 341	248 022 792
	165 932 232	262 555 204

Cash, cash equivalents and similar deposits are placed with financial institutions of high repute only. The company monitors the outcomes of regulatory inspections and reports with respect to these counter parties. The company is not aware of any facts and circumstances which would indicate that the counterparty is exposed to such risks beyond those normally associated with such relationship. In respect of trade customers,management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. For some of the trade receivables the entity may obtain security in the form of guarantees, lien over property, where necessary. The company's management considers all financial assets which were fully performing and past due for each of the reporting dates under review as being of good quality.

Notes to the **Financial Statements**
For the year ended 31 March 2017

continued

FINANCIAL RISK MANAGEMENT (CONTINUES)

The table below shows an age analysis of trade receivables at their carrying value respectively as at the balance sheet date.

	Total Pula	*Fully performing Pula*	*Past due Pula*	*Impaired Pula*
At 31 March 2017				
Trade receivables	71 468 978	66 252 462	4 229 296	987 220
At 31 March 2016				
Trade receivables	12 647 074	6 772 300	4 869 794	1 004 980

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The company manages its liquidity needs by carefully managing cash outflows due in day to day business and by ensuring that borrowing facilities could be made available at short notice from their principal banker Stanbic Bank Botswana Limited. The entity currently has sufficient cash flows to manage its operations.

The table below analyses the company's financial liabilities based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Total Pula	*Less than 1 year Pula*	*Between 21 and 2 years Pula*	*Between 2 and 5 years Pula*
At 31 March 2017				
Trade and other payables (excluding statutory liabilities)	94 077 150	94 077 150	-	-
At 31 March 2016				
Trade and other payables (excluding statutory liabilities)	50 961 960	50 961 960	-	-

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

Capital risk management
The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide returns and benefits for stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

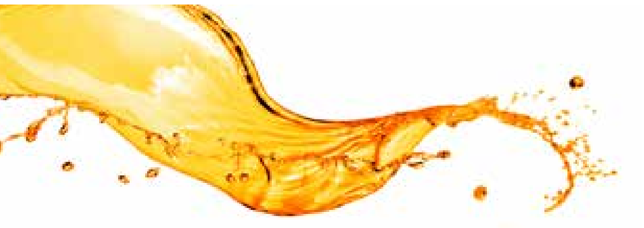
In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Fair value estimation
The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities approximate their carrying amounts at the balance sheet date.

The entity makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment loss on debtors
The entity reviews its debtors to assess impairment on a monthly basis. In determining whether an impairment loss should be recorded in the statement of comprehensive income, the entity makes judgements as to whether there is any observable data indicating that there is a measurable decrease in estimated cash flows from individual debtors. Management uses estimates based on historical loss experience of assets. The assumptions used for estimating the amount and timing of cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Residual values and useful lives
Residual values are based on current estimates of the value of these assets at the end of their useful lives.



Notes to the **Financial Statements**

For the year ended 31 March 2017

continued

	2017 Pula	2016 Pula
1. Revenue		
Sale of petroleum products	250,385,746	230,976,015
	250,385,746	230,976,015
2. Other operating income		
Management fee	9,169,605	3,228,730
Tender fee	82,812	164,803
Other income	208,780	99,577
	9,461,197	3,493,110
3. Profit before income tax is stated after charging the following items:		
Auditors' remuneration - audit fees	(426,786)	(128,908)
Depreciation	(3,018,202)	(1,503,836)
Directors fees	(70,842)	(42,951)
Employee costs include		
Salaries and allowances	(21,448,170)	(15,907,840)
Gratuity, pension and severance	(4,536,387)	(3,042,235)
Lease rental expense	(1,005,218)	(993,228)
Cost of inventories expensed	(250,604,598)	(181,303,499)
4. Finance income and costs		
Finance cost		
Exchange loss - realised	(2,368,648)	-
	(2,368,648)	-
Finance income		
Interest income on call deposit	3,969,166	4,810,519
Exchange gains - realised	-	192,738
Exchange gains - unrealised	278,606	176,101
	4,247,772	5,179,358
Net finance income	**1,879,124**	**5,179,358**

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

	2017 Pula	2016 Pula
5 Income tax expense		
Current income tax	-	-
Deferred income tax	(9,414,983)	3,379,564
	(9,414,983)	3,379,564
The entity is liable to income tax at the rate of 22%.		
Reconciliation of accounting (Loss) / Profit to Income Tax		
(Loss) / Profit before tax	(42,863,832)	15,625,904
Income tax @ 22%	(9,430,043)	3,437,699
Expenses not deductible for tax purposes	15,060	12,518
Adjustment in respect of prior period	-	(70,653)
Income tax (credit) / expense	(9,414,983)	3,379,564

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

6. Property plant & equipment

Year-ended 31 March 2016	Building Porto cabins Pula	Plant & Equipment Pula	Motor Vehicles Pula	Furniture & Fittings Pula	Computers & Software Pula	SAP Oil-in-one Pula	Leasehold Improvements Pula	Office Equipment Pula	Capital Work in progress Pula	
Opening net book amount	247,286	201,017	617,686	2,216,919	1,587,113	-	1,265,795	45,634	-	6,181,450
Additions	67,700	72,896	832,000	8,424	591,060	-	369,854	22,283	3,817,078	5,781,295
Disposals	-	-	-	-	(13,027)	-	-	-	-	(13,027)
Depreciation charge	(28,274)	(38,879)	(227,884)	(246,022)	(619,837)	-	(334,753)	(8,187)	-	(1,503,8-36)
Closing net book amount	286,712	235,034	1,221,802	1,979,321	1,545,309	-	1,300,896	59,730	3,817,078	10,445,882
At cost	344,793	312,081	1,674,203	2,461,998	2,623,278	-	1,950,170	73,294	3,817,078	13,256,895
Accumulated depreciation	(58,081)	(77,047)	(452,401)	(482,677)	(1,077,969)		(649,274)	(13,564)	-	(2,811,013)
Net book amount	286,712	235,0-34	1,221,8-02	1,979,321	1,545,309	-	1,300,896	59,730	3,817,078	10,445,882
Opening net book amount	286,712	235,034	1,221,802	1,979,321	1,545,309	-	1,300,896	59,730	3,817,078	10,445,882
Additions	-	-	-	184,977	658,002	-	28,000	45,306	5,328,829	6,245,114
WIP capitalised	-	-	-	-	-	9,100,227	-	-	(9,100,227)	-
Disposals	-	-	-	(10,738)	-	-	-	-	-	(10,738)
Depreciation charge	(34,513)	(36,027)	(413,162)	(275,954)	(1,015,843)	(982,644)	(237,671)	(22,388)	-	(3,018,202)
Depreciation on disposals	-	-	-	-	6,0-40	-	-	-	-	6,0-40
Closing net book amount	252,199	199,007	808,640	1,888,344	1,182,770	8,117,583	1,091,225	82,648	45,680	13,668,096
At cost	344,793	312,081	1,674,203	2,646,975	3,270,542	9,100,227	1,978,170	118,600	45,680	19,491,271
Accumulated depreciation	(92,594)	(113,074)	(865,563)	(758,631)	(2,087,772)	(982,644)	(886,945)	(35,952)	-	(5,823,175)
Net book amount	252,199	199,007	808,640	1,888,344	1,182,770	8,117,583	1,091,225	82,648	45,680	13,668,096

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

7. Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

	2017 Pula	2016 Pula
Deferred income tax (assets)/ liabilities		
Deferred income tax (asset)/liability to be crystallised after more than 12 months	(5,084,743)	4,330,240
Total net deferred income tax (asset)/liability	(5,084,743)	4,330,240

The gross movement on the deferred income tax account is as follows:

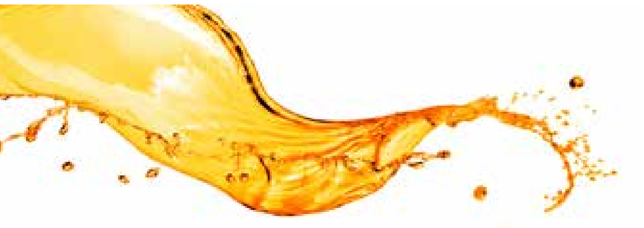
At beginning of the year	4,330,240	950,676
Accelerated capital allowance for tax purposes	1,678,562	(17,636)
Straightlining impact of operating leases	2,723	(11,602)
Timing difference from unrealised exchange gains / (losses)	22,551	141,056
Unrealised gain / (loss) on remeasurement of product loan	(8,681,014)	5,767,844
Prepaid expenses allowed as deduction for tax	-	(501,784)
Tax losses Utilised	(2,437,805)	(1,998,314)
At end of the year	(5,084,743)	4,330,240

8. Inventories

Fuel supplies in transit	10,021,625	5,546,584
	10,021,625	5,546,584

9. Trade & other receivables

Trade receivables	71,468,978	12,345,546
Withholding tax receivables	382,129	301,527
Impairment provision	(987,220)	(1,004,980)
	70,863,887	11,642,093
Value added tax receivable	1,356,074	590,723
Other receivables	1,781,004	2,890,319
	74,000,965	15,123,135



Notes to the
Financial Statements
For the year ended 31 March 2017

continued

As of 31 March 2017, trade receivables of P 66 252 462 (2016 - P 6 772 300) were fully performing.
Trade receivable of P 4 229 296 (2016 - P 4 869 794) were past due but not impaired.
Trade receivable of P 987 220 (2016 - P 1 004 980) were impaired and provided during the year.

	2017 Pula	***2016 Pula***
The age analysis of these trade receivable is as follows;		
Upto 3 months 6	66,252,462	6,772,300

10. Cash & Cash Equivalents

	2017 Pula	***2016 Pula***
Cash at Bank	93,283,125	248,017,354
Cash in Hand	4,216	5,438
	93,287,341	248,022,792

The Company secured a letter of credit facility from Stanbic bank for 10 million USD.The facility is granted to enable Botswana Oil Ltd to purchase and import fuel from suppliers. The facility is secured by a pledge and cession of funds held in BOL`s call deposit accounts up to an amount of 7.5 million USD. As at the year end date, the bank had issued LC`s for an amount of 2 830 190 USD.(equivalent P 29 791 474). The cash and cash equivalents disclosed above are restricted to the extent of P 29 791 474 towards the letter of credit facility utilised at the balance sheet date.

11. Stated Capital		
11.1 Issued number of shares	10,000,000	10,000,000
(10 million shares of no par value)		
11.2 Stated Capital		
Balance as at 31 March	1	1
12. Shareholder's Loan		
Product loan	64,432,887	114,958,631
	64,432,887	114,958,631

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

Product Loan

The movement of the product loan is reflected below:

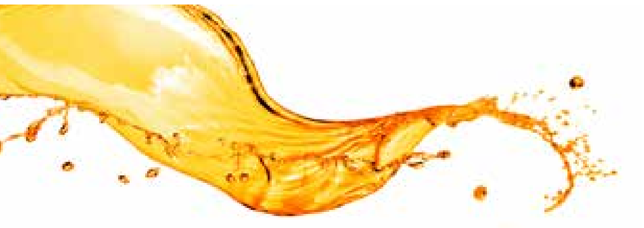
	2017		2016	
	Qty in Ltrs	Pula	Qty in Ltrs	Pula
Opening balance	24,605,337	114,958,631	20,296,189	119,764,169
Utilisation by BOL	45,631,057	242,405,820	43,435,744	223,208,517
Replenishment to the strategic reserves	(42,713,624)	(207,647,189)	(39,126,596)	(186,370,236)
Settlements	(15,874,408)	(83,099,711)		
Measurement adjustment to cost of sales	-	(2,184,664)	-	(41,643,819)
Closing Balance	**11,648,362**	**64,432,887**	**24,605,337**	**114,958,631**

The measurement adjustment at each month-end resulted in a gain of P 2 million representing the impact of the slate prices at each measurement date with the carrying value in the accounting records for the outstanding quantities. This amount has been credited to Cost of Sales in the Statement of comprehensive income.

13. Government Advances

	2017	2016
	Pula	Pula
Government advance - BOL procurement	245,142	43,494,531
Government advance - Francistown Expansion Project	39,721,554	48,346,416
Government advance - Gantry Project	-	1,491,628
Government advance - Tank conversion Project	14,861,186	-
	54,827,882	93,332,575

The Government advance procurement loan represents the specific amounts received by BOL to procure strategic reserve stock on behalf of the Government directly and through CEC's (Citizen Emerging Companies) in order to facilitate these companies to participate in the petroleum sector. BOL earns management fees as a result of the sourcing on behalf of the Government strategic stock reserves. The advance does not attract interest. BOL received funding through the department of Energy towards specific projects during the year. Expenses relating to these projects are charged to the specific accounts. As at the year end date the balances represent the amounts remaining to be spent for the projects.



Notes to the
Financial Statements
For the year ended 31 March 2017

14. Trade & other Payables

Trade payables	71,557,458	27,678,222
Other payables		
- Accruals	13,603,465	17,569,423
- Gratuity and severance provision	3,742,480	3,142,675
- Other	6,103,099	2,882,278
	95,006,501	51,272,598

15. Financial Assets by Category
The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial assets of the company are classified as follows:

	2017	**2016**
	Pula	**Pula**
Trade and other receivables	72,644,891	14,532,412
Cash and cash equivalents	93,287,341	248,022,792
	165,932,232	262,555,204

16. Financial Liabilities by Category
The accounting policies for financial instruments have been applied to financial assets and financial liabilities as applicable. Financial liabilities of the company are classified as follows:

Trade and other payables	94,077,150	50,961,960
	94,077,150	50,961,960

17. Commitment and Contingencies

Lease Commitments	**Non cancellable operating lease**	
	-	687,065
Not later than one year	-	687,065

Notes to the
Financial Statements
For the year ended 31 March 2017

continued

18. Events Occuring After the Balance Sheet Date
On 19th April 2017, after the balance sheet date a Presidential Directive was issued (CAB 10(A)/2017) confirming a decision taken by Cabinet to write-off the 20 million litres of fuel advanced to Botswana Oil Limited in order to ease the company`s financial obligations. Subsequent to this, government took a further decision to write off the P20m cash loan facility provided to the company. Management is expected to convert both loans to equity. Effective July 2017, Cabinet approved the capitalisation of the company by way of introduction of a Security of Supply Margin of 17.5 thebe per litre on regulated petroleum products excluding Paraffin over a 5 year period, which is expected to adequately capitalise the company over the long term.

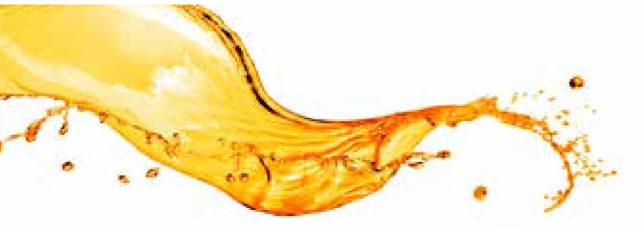
19. Assets Pledged
No assets were pledged as security for liabilities.

20. Related Party Balances and Transactions
The entity has availed the exemption under Para 25 of IAS 24: Related Party Disclosures, from the disclosure requirements in relation to related party transactions and outstanding balances. Botswana Oil Limited is wholly owned by the Government of the Republic of Botswana.

During the year BOL utilised inventory from the strategic reserves owned by the Government and obtained advances to manage projects on behalf of the Government. These have been disclosed under note 12 and note 13 of the annual financial statements.

BOL generates revenue through sale of fuel to government departments in the normal course of their operations.

	2017 Pula	2016 Pula
Details of transactions during the year:		
Value of inventory (replenished) / utilised	(48,341,080)	36,805,249
Sales of fuel to government departments	4,026,842	3,509,123
Details of balances at the year end date:		
Amounts receivable from government owned entities	62,294,022	7,368,650
Amounts payable to government owned entities	(119,260,769)	(208,291,206)
Key Management Personnel		
Directors Emoluments		
For services as directors	70,842	42,951
For managerial services	2,735,652	1,311,036
	2,806,494	1,353,987
Gratuity payable	194,278	819,708



Notes to the
Financial Statements
For the year ended 31 March 2017

continued

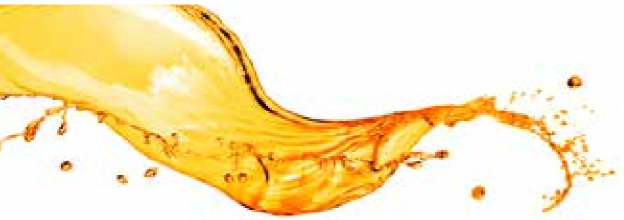
	2017 Pula	2016 Pula
Revenue		
Sale of petroleum products	250,385,746	230,976,015
Cost of sales	(250,604,598)	(181,303,499)
Gross (loss) / profit	**(218,852)**	**49,672,516**
Other operating income		
Management fee	9,169,605	3,228,730
Tender fee	82,812	164,803
Other income	208,780	99,577
	9,461,197	**3,493,110**
Finance income	4,247,772	5,179,358
Finance cost	(2,368,648)	-
Administration Expenses		
Accommodation and travelling expenses	(2,163,411)	(3,198,126)
Advertising	(2,738,701)	(4,036,164)
Audit fee	(426,786)	(128,908)
Bad debt Provision	17,760	(1,006,936)
Bank charges	(360,319)	(156,234)
Cleaning expenses)	(140,050	(167,441)
Computer software maintenance	(3,446,849)	(997,162)
Consultancy fee	(5,598,782)	(3,383,262)
Courier Charges	(5,378)	(7,398)
Depreciation	(3,018,202)	(1,503,836)
Director fee	(70,842)	(42,951)
Donation	(68,450)	(49,370)
Entertainment	(30,916)	(41,137)
Fuel expenses	(27,676)	(30,521)
Group personal insurance	(171,137)	(185,056)
Health Safety Security Environment expenses	(364,372)	(246,733)
Insurance	(249,355)	(80,279)

Detailed Statement of Comprehensive Income

For the year ended 31 March 2017

	2017 Pula	2016 Pula
Lease rent expenses	(1,005,218)	(993,228)
Leave pay provision	(1,480,552)	(544,326)
License and permits	(1,151,328)	(1,154,615)
Legal expenses	(114,912)	(71,168)
Machine rental	(323,269)	(268,124)
Medical	(443,914)	(382,210)
Penalties	-	(7,540)
Pension, gratuity and severance	(4,536,387)	(3,042,235)
Performance Bonus	(1,720,352)	(1,343,948)
Power & water	(188,461)	(134,848)
Printing and stationary	(156,475)	(104,174)
Repair and maintenance	(139,886)	(101,815)
Salaries	(19,967,618)	(15,363,514)
Secretarial charges	(4,550)	(6,510)
Security	(184,761)	(80,521)
Staff recruitment expenses)	(388,589	(409,135)
Subscriptions & memberships	(252,914)	(218,508)
Tax and accounting services	(34,286)	(125,974)
Telephone charges	(1,102,345)	(825,640)
Tender Costs	(87,980)	(119,563)
Tip off Anonymous	(103,680)	(96,000)
Training and conference expenses	(554,757)	(1,655,347)
Training levy	(174,708)	(91,718)
VAT recovered -	-	111,383
Welfare expenses	(1,004,895)	(428,288)
	(53,985,302)	**(42,719,080)**
Total Comprehensive (Loss)/ Income for the year	**(42,863,832)**	**15,625,904**

(The detailed statement of comprehensive income does not form part of the audited financial statement covered by the audit opinion)



Acronyms

Botswana Energy and Water Regulating Authority	**BEWRA**
Botswana Oil Limited	**BOL**
Citizen Emerging Company	**CEC**
Coal-to-Liquids	**CTL**
Department of Energy	**DoE**
Gas-to-Liquids	**GTL**
Hazard and Operability Study	**HAZOP**
International Oil Company	**IOC**
Liquified Petroleum Gas	**LPG**
Management Tender Committee	**MTC**
Ministry of Minerals, Energy and Water Resources	**MMEWR**
Mobile Filling Stations	**MFS**
Mozambique NOC	**PetroMoc**
Namibia NOC	**NamCor**
National Oil Companies	**NOC**
National Strategy Office	**NSO**
Non-Bank Financial Institutions Regulatory Authority	**NBFIRA**
Oil Marketing Company	**OMC**
Petroleum Products Supply Bill	**PPSB**
Public Enterprises Evaluation and Privatisation Agency	**PEEPA**
Public Procurement and Asset Disposal Board	**PPADB**
South Africa NOC	**PetroSA**
Underground Coal Gasification	**UCG**
Village Development Committee	**VDC**

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Your Fuel. Your Future

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