Interim Statement
For the six months ending
Dec 31st 2012

BOTSWANA
DIAMONDS PLC

Interim Results for the Six Months Ended 31 December 2012

The six months to the end of 2012 were very active for Botswana Diamonds (AIM and BSE: BOD). Our focus is Botswana but we also have operations in Cameroon and Mozambique. Botswana is the best diamond address in the world. It is the largest diamond producer by value, has five kimberlite diamond mines including the richest, Jwaneng, and the second largest in the world, Orapa. The newest mine, Karowe, discovered by the principals of Botswana Diamonds and operated by Lucara Diamond Corp., is producing large beautiful and rare diamonds.

We have three programmes on-going in Botswana: a joint venture with a large diamond multinational to identify new diamondiferous kimberlites, an exploration programme on our wholly owned licences in the Orapa region and, finally, an option on 13 blocks in the Gope region of Botswana.

Results from the first year's work with our international partner produced a series of targets in the Orapa region. We have applied for ground covering these targets and await the award of licences. It is important to note what is different about this approach. Our partner has a technology which they believe can identify diamondiferous kimberlites. The technology which has contributed to positive findings in a different global region is centred on the use of computer based algorithms and uses as much geophysical and geochemical data as can be gathered. It identifies very specific areas ranging in size from 3 sq km to 20 sq km.

The partners have agreed the outline of an operating joint venture on the target areas. This awaits final approval by the Board of our partner. At the same time both parties have agreed to extend the original Technical Co-operation Agreement to cover additionally the Gope and Jwaneng areas of Botswana. This lasts until June 30th 2014.

While awaiting new licences and partner Board approval we have been active on our own account. We completed our review of PL170, our wholly owned licence in the Orapa region, and identified drill targets. We drilled four holes in early 2013 and while all four hit the expected intrusions they were not kimberlites. A review of this licence is on-going.

In early 2013 we entered into an agreement with a private South African company to option 13 licences in the Gope area of Botswana. This area has a number of known kimberlites as well as the developing Ghaghoo mine of Gem Diamonds and the recent KX36 discovery by Petra Diamonds. We are gathering and reviewing all available data on the ground. We will use the services of our partner to outline and identify any targets on the block. Following this we will negotiate long-term agreements on selected areas. We have a team of experienced geologists working with us on a contractual basis. They are managed by a senior executive also on a contract basis.

While our focus is Botswana, we have been active on our licence in Cameroon and we have recently also optioned two blocks on the Save River in western Mozambique.

Cameroon has great potential but is a very difficult operating environment due to remoteness and two rainy seasons. We hope to reach agreement on a joint venture with our adjacent neighbours, CNK of Korea, who are developing a new diamond mine. Discussions are slow and cover a wide range of possibilities.

Our entry to Mozambique arises from our frustrated attempts to develop diamond operations in Zimbabwe. The Save River drains the Marange area of Zimbabwe where several mines are producing collectively up to 12 million carats a year. The belief and hope is that the Save contains alluvial diamonds washed down from Marange. We have a 180 day option on two good blocks along the river. We will explore the blocks and, if results are positive, negotiate a joint venture with the licence holder, Morminas of Portugal.

Future

While the fundamentals for diamonds look extremely robust with the Bain report predicting until 2020 and beyond a 6 per cent annual growth rate in diamond demand against an expected 2.5 per cent growth rate in supply, this is not transferring into diamond companies share prices. Explorers in general are out of favour. This is normal at this stage of the economic and stock market cycles. As confidence returns to economies, investors will be prepared once again to take greater risks. Exploration is risky, but to the victor go the spoils. Botswana Diamonds has good ground in the best diamond address in the world. It has an outstanding partner with technology never before used in Botswana. These factors decrease the risk and improve the chances of our success.

John Teeling
Chairman

22 March 2013

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended 31 Dec 12 unaudited £'000	Six Months Ended 31 Dec 11 unaudited £'000	Year Ended 30 June 12 audited £'000
REVENUE	-	-	-
Cost of sales	-	-	-
GROSS PROFIT	-	-	-
Administrative expenses	(256)	(177)	(419)
OPERATING LOSS	(256)	(177)	(419)
Finance income	1	-	2
Provision for losses in Associate	-	-	(100)
Loss on investment held at fair value	(4)	(30)	(29)
LOSS BEFORE TAXATION	(259)	(207)	(546)
Income tax expense	-	-	-
LOSS AFTER TAXATION	(259)	(207)	(546)
Exchange difference on translation of foreign operations	(23)	(23)	(35)
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD	(282)	(230)	(581)
LOSS PER SHARE - basic and diluted	(0.19p)	(0.21p)	(0.48p)

CONDENSED CONSOLIDATED BALANCE SHEET

	31 Dec 12 unaudited £'000	31 Dec 11 unaudited £'000	30 June 12 audited £'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	6,095	5,607	5,881
Investment in associate	100	200	100
Financial assets	27	30	31
	6,222	5,837	6,012
CURRENT ASSETS			
Trade and other receivables	6	9	49
Cash and cash equivalents	332	169	764
	338	178	813
TOTAL ASSETS	6,560	6,015	6,825
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	(532)	(814)	(515)
TOTAL LIABILITIES	(532)	(814)	(515)
NET ASSETS	6,028	5,201	6,310
EQUITY			
Share capital	1,383	1,005	1,383
Share premium	7,111	6,032	7,111
Share based payments reserve	80	88	80
Other reserves	(983)	(983)	(983)
Retained deficit	(1,563)	(941)	(1,281)
TOTAL EQUITY	6,028	5,201	6,310

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Share based Payment Reserves £'000	Retained Deficit £'000	Other Reserves £'000	Total Equity £'000
As at 30 June 2011	1,005	6,032	88	(711)	(983)	5,431
Total comprehensive loss				(230)	-	(230)
As at 31 December 2011	1,005	6,032	88	(941)	(983)	5,201
Share based payment	-	-	3	-	-	3
Ordinary shares issued	378	1,132				1,510
Share issue expenses		(53)				(53)
Share option expenses			(11)	11		-
Total comprehensive loss			-	(351)	-	(351)
As at 30 June 2012	1,383	7,111	80	(1,281)	(983)	6,310
Total comprehensive loss			-	(282)	-	(282)
As at 31 December 2012	1,383	7,111	80	(1,563)	(983)	6,028

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 31 Dec 12 unaudited £'000	Six Months Ended 31 Dec 11 unaudited £'000	Year Ended 30 June 12 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(259)	(207)	(546)
Finance revenue	(1)	-	(2)
Provision for losses in Associate	-	-	100
Loss on investment held at fair value	4	30	29
Exchange movements	(18)	(16)	(29)
	(274)	(193)	(448)
Movements in Working Capital	60	402	65
CASH (USED)/GENERATED BY OPERATIONS	(214)	209	(383)
Finance revenue	1	-	2
NET CASH (USED)/GENERATED IN OPERATING ACTIVITIES	(213)	209	(381)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets	(214)	(324)	(596)
NET CASH USED IN INVESTING ACTIVITIES	(214)	(324)	(596)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	-	-	1,510
Share issue costs	-	-	(53)
NET CASH GENERATED IN FINANCING ACTIVITIES	-	-	1,457
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(427)	(115)	480
Cash and cash equivalents at beginning of the period	764	291	291
Effect of foreign exchange rate changes	(5)	(7)	(7)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	332	169	764

Notes:

1. **Information**

The financial information for the six months ended 31 December 2012 and the comparative amounts for the six months ended 31 December 2011 are unaudited. The financial information above does not constitute full statutory accounts within the meaning of section 434 of the Companies Act 2006.

The Interim Financial Report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union.

The accounting policies and methods of computation used in the preparation of the Interim Financial Report are consistent with those used in the Group 2012 Annual Report, which is available at www.botswanadiamonds.co.uk

The interim financial statements have not been audited or reviewed by the auditors of the Group pursuant to the Auditing Practices board guidance on Review of Interim Financial Information.

2. No dividend is proposed in respect of the period.

3. **Loss per share**

Basic loss per share is computed by dividing the loss after taxation for the period available to ordinary shareholders by the weighted average number of ordinary shares in issue and ranking for dividend during the year.

Diluted loss per share is computed by dividing the loss after taxation for the period by the weighted average number of ordinary shares is issue, adjusted for the effect of all dilutive potential ordinary shares that were outstanding during the year.

The following table sets forth the computation for basic and diluted earnings per share (EPS):

	Six months Ended 31 Dec 12 £	Six months Ended 31 Dec 11 £	Year Ended 30 June 12 £
Loss per share – Basic and Diluted	(0.19p)	(0.21p)	(0.48p)

The following table sets out the computation for basic and diluted earnings per share (EPS):

Numerator			
For basic and diluted EPS retained loss	(258,889)	(207,271)	(545,985)
Denominator			
Weighted average number of ordinary shares	138,282,267	100,532,267	114,494,596

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of shares for the purposes of the diluted earnings per share:

	No.	No.	No.
Share options	7,910,000	8,000,000	7,750,000

4. **Intangible Assets**

	31 Dec 12 £'000	31 Dec 11 £'000	30 June 12 £'000
Exploration and evaluation assets:			
Cost			
Opening balance	5,881	5,283	5,283
Additions	214	324	598
Closing balance	**6,095**	**5,607**	**5,881**

Exploration and evaluation assets relate to expenditure incurred in exploration for diamonds in Botswana, Zimbabwe and Cameroon. The directors are aware that by its nature there is an inherent uncertainty in exploration and evaluation assets and therefore inherent uncertainty in relation to the carrying value of capitalized exploration and evaluation assets.

4. Intangible Assets (cont/d)

The directors believe that there were no facts or circumstances indicating that the carrying value of intangible assets may exceed their recoverable amount and thus no impairment review was deemed necessary by the directors. The realisation of these intangible assets is dependent on the successful discovery and development of economic diamond resources and is subject to a number of significant potential risks, as set out below:

- Price fluctuations;
- Foreign exchange rates;
- Uncertainties over development and operational costs;
- Foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- Liquidity risks;
- Funding risks;
- Going concern, and
- Operational and environmental risks.

Included in additions for the period are £428 of share based payments and £25,000 of directors remuneration.

5. Share Capital

	Number	Share Capital £'000	Share Premium £'000
Alloted, called-up and fully paid:			
At 30 June 2011 and 31 December 2011	100,532,267	1,005	6,032
Issued during the period	37,750,000	378	1,079
At 30 June 2012	**138,282,267**	**1,383**	**7,111**
Issued during the period	-	-	-
At 31 December 2012	**138,282,267**	**1,383**	**7,111**

Movements in share capital

37,750,000 new ordinary shares were issued on 16 February 2012 at a price of 4p per share to provide additional working capital and fund development costs.

6. Share-based Payments

The group issues equity-settled share-based payments to certain directors and individuals who have performed services for the group. Equity-settled share-based payments are measured at fair value at the date of grant.

Fair value is measured by use of a Black-Scholes valuation model.

The group plan provides for a grant price equal to the average quoted market price of the ordinary shares on the date of grant.

	Number of Options	Weighted average exercise price in pence
At 30 June 2011	8,000,000	6.94
Issued	-	-
At 31 December 2011	**8,000,000**	**6.94**
Issued	750,000	4.00
Expired	(1,000,000)	6.94
At 30 June 2012	**7,750,000**	**6.65**
Issued	160,000	3.75
Outstanding at 31 December 2012	**7,910,000**	**6.59**
Exercisable at 31 December 2012	**7,290,000**	**6.71**

6. **Share-based Payments (cont/d)**
The options outstanding at 31 December 2012 had a weighted average exercise price of 6.59p, and a weighted average remaining contractual life of 5.18 years.

During the period ended 31 December 2012, 160,000 options were granted with a fair value of £1,712. These fair values were calculated using the Black-Scholes valuation model. These options will vest over a 4 year period contingent on the provision of services over the vesting period and will be capitalised on a straight line basis over the vesting period.

During the year ended 30 June 2012, 750,000 options were granted with a fair value of £8,850. These fair values were calculated using the Black-Scholes valuation model. These options will vest over a 3 year period contingent on the provision of services over the vesting period and will be capitalised on a straight line basis over the vesting period.

The inputs into the Black-Scholes valuation model were as follows:

Grant 21 December 2012	
Weighted average share price at date of grant (in pence)	3.75p
Weighted average exercise price (in pence)	3.75p
Expected volatility	26.2%
Expected life	7 years
Risk free rate	0.5%
Expected dividends	none

Expected volatility was determined by the movement in share prices over the years.

The terms of the options granted do not contain any market conditions within the meaning of IFRS 2.

The group capitalised expenses of £428 (June 2012: £2,950) and expensed costs of £Nil (June 2012: £Nil) relating to equity-settled share-based payments transactions during the year.

7. The Interim Report for the period to 31 December 2012 was approved by the Directors on 22 March 2013.

8. Copies of this announcement will be mailed shortly only to those shareholders who have elected to receive it. Otherwise, shareholders will be notified that the Interim Statement will be available on the website at www.botswanadiamonds.co.uk. Copies of the Interim Statement will also be available for collection from the companies Registered Office at 20-22 Bedford Row, London WC1R 4JS.

BOTSWANA DIAMONDS PLC
162 Clontarf Road, Dublin 3, Ireland.
t: +353 1 833 2833 f: +353 1 833 3505
e: info@botswanadiamonds.co.uk
www.botswanadiamonds.co.uk

Registrars & Transfer Office
Computershare Services plc
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
T: +353 1 216 3100
F: +353 1 216 3150