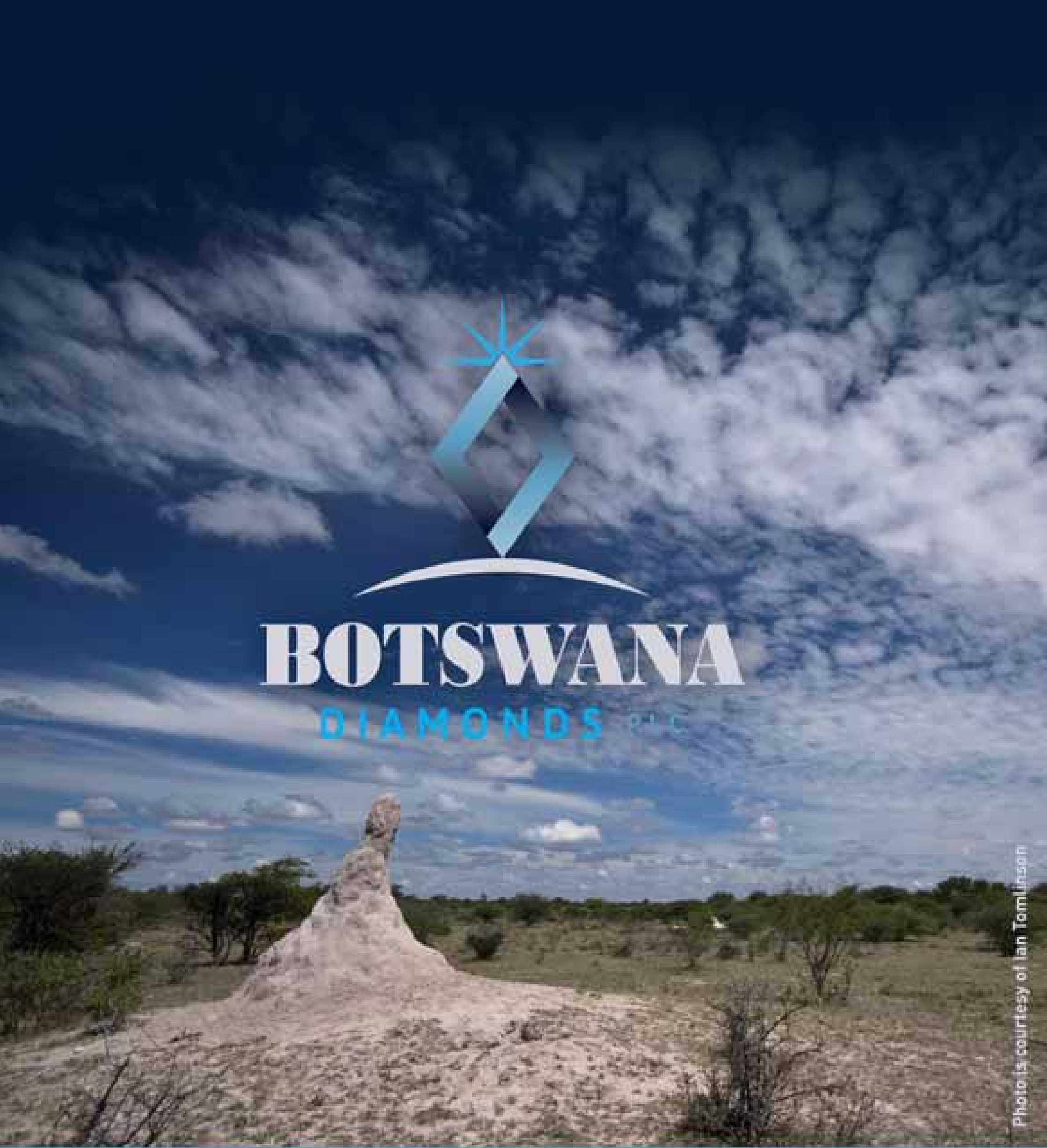

Interim Statement
For the six months ending Dec 31st

2011

Interim Results for the Six Months Ended 31 December 2011

Botswana Diamonds (BOD) has active exploration programmes in three African countries, Botswana, Cameroon and Zimbabwe. The strategy of the Company is to combine the technical skills and African exploration experience of the management team with potential opportunities to discover large high-volume, high-value diamond mines.

Markets

The fundamentals of diamonds are very strong. Diamonds are scarce and hard to find. Some of the existing hard rock mines are coming toward the end of their lives. In contrast demand for diamond jewellery is booming. China, India and other Asian countries are on target to be bigger by 2020 in total diamond consumption than the US is today – about 40% of world demand. Annual growth rates in these countries are in double digits in contrast to flat European demand and annual growth rates of 5% in the United States.

India remains the principal diamond manufacturing centre where most of the rough stones are physically turned into polished; we are seeing a greater manufacturing presence in Botswana driven by local beneficiation policies; Antwerp, Tel Aviv, Mumbai and Dubai remain the main trading centres for rough and polished diamonds.

Differences in the demand profile should be noted. India takes the bulk of small diamonds and cuts and polishes them to set in gold. China has a demand for larger stones as part of wedding ceremonies.

Prices fluctuate due to the nature of the market. The decline of the De Beers virtual monopoly has led to increased volatility in prices which is likely to continue. Overall the future looks very bright with an increasing gap between global rough supply and diamond jewellery demand.

Botswana

The best place to find a mine is where there is or was a mine. Botswana is the home of diamonds, the biggest producer by value in the world and home to five of the world's 20 producing hard rock kimberlite mines, including Orapa, the second biggest producer by volume in the world and Jwaneng, the richest diamond mine in the world. The newest mine, Karowe, was discovered by the principals of BOD and sold to Lucara Diamond Corp. (TSX: LUC) of Canada. Prospects look good for additions. The small Lerala mine is being commissioned whilst progress is being made by Petra Diamonds at Kukama.

The Orapa cluster of kimberlites, over 80 in total, is the centre of diamond exploration activity. BOD holds ground in the area and expects to be awarded a new licence near the Letlhakane mine but the principal focus is on our agreement with an international resources company to apply new thinking and new technology in the expectation of identifying previously undiscovered kimberlites. Sand and salt up to 80 metres thick cover much of North Eastern Botswana. This has made diamond exploration difficult. Our partner believes that using conventional exploration data which they reprocess and reinterpret, they can identify anomalies which are likely to be kimberlites. Further, they believe that they can pinpoint areas likely to be diamondiferous. BOD is actively providing data to our partner. This will take some months.

If and when targets are identified the partners will form a 50/50 joint venture to lodge licence applications and to undertake fieldwork. The agreement is heads-up which means that from the identification of the targets we will pay our share. First results are expected in the second half of 2012.

Cameroon

Eyebrows are raised when the diamonds in the Cameroon are mentioned. They rise even higher when a Korean diamond mining company is mentioned. Neither exist, yet there is a Korean company building a 1 million carat a year mine in Mobilong, eastern Cameroon. The Korean explorers found diamonds in palaeoplacer rocks. BOD applied for ground adjacent to Mobilong and was awarded a concession covering over 8,000 sq kms. A prospecting programme in 2011 discovered palaeoplacer rock on the concession. Currently a sampling programme is underway recovering up to 300 tonnes of rock from three areas identified in the earlier work. The objective is to demonstrate that the rocks are diamondiferous. Assuming they are, and we are confident of the outcome, we will undertake a larger bulk sample to identify grade and diamond value. Results from the current work are due mid 2012 with the next phase beginning at the end of this year.

Zimbabwe

The political uncertainty in the country makes investment difficult. It is likely that the Marange palaeoplacer diamond fields will become the world's biggest diamond producer (by carats) in the very near future. The area covers over 250,000 hectares containing ore about 2 metres thick with grades of up to 8,000 carats per hundred tonnes. BOD would seek to participate in the development of Marange.

About 50 kms northeast of Marange, in an area called Chimanimani, BOD discovered diamondiferous palaeoplacers. It has proven difficult to get a licence so we have agreed with local interests to allow them to own the concession while BOD would build and operate. This is similar to arrangements made on oil concessions in the Middle East. Progress is being made in this area and we are hopeful of an agreement.

Zimbabwe has two hardrock kimberlite mines, the Rio Tinto mine at Murowe and the now closed River Ranch. BOD has joint ventured with local interests (BOD 49%/Locals 51%) on a series of claims in the Masvingo/Beitbridge area thought to contain kimberlites. A small bulk sample is underway to demonstrate whether or not they contain diamondiferous kimberlites.

Finance

BOD recently completed a £1.5m placing at 4p a share. These funds cover currently budgeted expenditure plans for at least a year.

Future

The future for diamonds is bright. BOD is well placed with good ground, funds and skills to successfully explore. Exploration is a high risk venture but the potential rewards make the risk worthwhile.

John Teeling

John Teeling
Chairman

23 March 2012

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended 31 Dec 11 unaudited £'000	Period from 22 Sep 10 to 31 Dec 10 unaudited £'000	Period from 22 Sep 10 to 30 June 11 audited £'000
REVENUE	-	-	-
Cost of sales	-	-	-
GROSS PROFIT	-	-	-
Listing costs	-	-	(343)
Administrative expenses	(176)	(5)	(350)
OPERATING LOSS	(176)	(5)	(693)
Finance income	-	-	2
Finance costs	(1)	(1)	(1)
Profit/(Loss) on investment held at fair value	(30)	44	(4)
LOSS BEFORE TAXATION	(207)	38	(696)
Income tax expense	-	-	-
LOSS AFTER TAXATION	(207)	38	(696)
Exchange difference on translation of foreign operations	(23)	(21)	(15)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE PERIOD	(230)	17	(711)
LOSS PER SHARE - basic and diluted	(0.21p)	0.64p	(1.32p)

CONDENSED CONSOLIDATED BALANCE SHEET

	31 Dec 11 unaudited £'000	31 Dec 10 unaudited £'000	30 June 11 audited £'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	5,607	4,496	5,283
Investment in associate	200	200	200
Financial assets	30	108	60
	5,837	4,804	5,543
CURRENT ASSETS			
Trade and other receivables	9	148	25
Cash and cash equivalents	169	1,367	291
	178	1,515	316
TOTAL ASSETS	6,015	6,319	5,859
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	(814)	(248)	(428)
	-	-	-
TOTAL LIABILITIES	(814)	(248)	(428)
NET ASSETS	5,201	6,071	5,431
EQUITY			
Share capital	1,005	1,005	1,005
Share premium	6,032	6,032	6,032
Reserves	(1,836)	(966)	(1,606)
TOTAL EQUITY	5,201	6,071	5,431

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 22 September 2010	-	-	-	-	-	-
Preference shares issued	50	-	-	-	-	50
Preference shares redeemed	(50)	-	-	-	-	(50)
Ordinary shares issued	1,005	6,032	-	-	-	7,037
Arising on acquisition- Note 4	-	-	-	-	(983)	(983)
Total comprehensive profit	-	-	-	17	-	17
As at 31 December 2010	1,005	6,032	-	17	(983)	6,071
Share based payment	-	-	88	-	-	88
Total comprehensive loss	-	-	-	(728)	-	(728)
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

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 31 Dec 11 unaudited £'000	Period from 22 Sep 10 to 31 Dec 10 unaudited £'000	Period from 22 Sep 10 to 30 June 11 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(207)	38	(696)
Finance revenue	-	-	(2)
Finance costs	1	1	1
Loss on investment held at fair value	30	(44)	4
Share based payments	-	-	75
Exchange movements	(16)	(21)	30
	(192)	(26)	(588)
Movements in Working Capital	402	5	308
CASH GENERATED BY OPERATIONS	210	(21)	(280)
Finance revenue	-	-	2
Finance costs	(1)	(1)	(1)
NET CASH GENERATED IN OPERATING ACTIVITIES	209	(22)	(279)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for intangible assets	(324)	(29)	(803)
Cash acquired on acquisition (Note 4)	-	1,418	1,418
NET CASH GENERATED IN INVESTING ACTIVITIES	(324)	1,389	615
NET INCREASE IN CASH AND CASH EQUIVALENTS	(115)	1,367	336
Cash and cash equivalents at beginning of the period	291	-	-
Effect of foreign exchange rate changes	(7)	-	(45)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	169	1,367	291

Notes:

1. **Information**

The financial information for the six months ended 31 December 2011 and the comparative amounts for the period 22 September 2010 (date of incorporation) to 31 December 2010 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 2011 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. **Profit per share**

Basic profit or loss per share is computed by dividing the profit or 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 profit or loss per share is computed by dividing the profit or 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 11 £	Period from 22 Sep 10 to 31 Dec 10 £	Period from 22 Sep 10 to 30 June 11 £
Profit/(Loss) per share – Basic and Diluted	(0.21p)	0.64p	(1.32p)

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

Numerator			
For basic and diluted EPS retained profit/(loss)	(207,271)	38,696	(696,472)
Denominator			
Weighted average number of ordinary shares	100,532,267	6,076,127	52,882,727

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	8,000,000	-	8,000,000

4. **Acquisitions**

On 20 December 2010, the company completed the acquisition of all mining interests and other assets and liabilities of African Diamonds plc (“AFD”) and its subsidiaries, Atlas Minerals (Botswana) (Pty) Ltd (“Atlas Minerals”) and Kukama Mining & Exploration (Pty) Ltd (“Kukama Exploration”), except for African Diamond's interests in the AK6 diamond resource in Botswana. The cost of the acquisition was satisfied by the issue of shares in Botswana Diamonds plc to the African Diamonds plc shareholders on a one-for-one basis in respect of each share acquired. The fair value of the shares issued was £7,037,259.

Analysis of assets and liabilities acquired at the date of acquisition:	**£’000**
Investment in Kukama Exploration	
Exploration and evaluation assets	1,273
Cash and cash equivalents	76
Amounts owing to group companies	(924)
Trade and other receivables	83
Trade and other payables	(8)
Total	**500**

4. Acquisitions (cont/d)

Investment in Atlas Minerals	
Exploration and evaluation assets	143
Cash and cash equivalents	1
Amounts owing to group companies	(121)
Trade and other receivables	6
Trade and other payables	(29)
Total	**-**
Other assets and liabilities of African Diamonds plc	
Exploration and evaluation assets	3,051
Investment in associates	200
Financial assets	64
Cash	1,341
Trade and other receivables	88
Trade and other payables	(235)
Amounts owed by group companies	1,045
Total	**5,554**
Total assets and liabilities acquired	**6,054**

Summary of assets and liabilities acquired by the group	
Exploration and evaluation assets	4,467
Cash and cash equivalents	1,418
Trade and other receivables	177
Trade and other payables	(272)
Investment in associates	200
Financial assets	64
	6,054
Non-cash consideration for acquisition	7,037
Excess of consideration transferred to other reserves	**983**

5. Intangible Assets

	31 Dec 11 £'000	**31 Dec 10 £'000**	**30 June 11 £'000**
Exploration and evaluation assets:			
Cost			
Opening balance	5,283	-	-
Assets acquired (Note 4)	-	4,467	4,467
Additions	324	29	816
Closing balance	**5,607**	**4,496**	**5,283**

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.

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.

6. Financial Assets

Financial assets carried at fair value through profit or loss (FVTPL):

	31 Dec 11 £'000	31 Dec 10 £'000	30 June 11 £'000
Non-derivative financial assets designated as at FVTPL	30	108	60
Investment at FVTPL			
Opening balance	60	-	-
Asset acquired (Note 4)	-	64	64
Fair value movement	(30)	44	(4)
Closing balance	**30**	**108**	**60**

African Diamonds plc held 1,000,000 shares in Stellar Diamonds plc (formerly West African Diamonds plc). On 22 December 2010 this investment was transferred to Botswana Diamonds as per the terms of the demerger agreement. At the year end this investment represented 0.46% of the issued share capital of Stellar Diamonds plc. Stellar Diamonds plc is listed on the London AIM market. In the opinion of the directors, the company does not have significant influence over Stellar Diamonds plc.

Fair value at 31 December 2011 is based on the market value of the shares of Stellar Diamonds plc at that date.

7. Share Capital

	Number	Share Capital £'000	Share Premium £'000
Alloted, called-up and fully paid:			
Issued on incorporation	2	-	-
Issued during the period	100,532,265	1,005	6,032
At 31 December 2010 and 30 June 2011	**100,532,267**	**1,005**	**6,032**
Issued during the period	-	-	-
At 31 December 2011	**100,532,267**	**1,005**	**6,032**

Movements in share capital

On 4 October 2010, 5.000,000 1p redeemable preference shares were issued to African Diamonds plc at par value. On 22 October 2010 these shares were redeemed at par value.

On 22 December 2010 a total of 100,532,265 shares were issued to African Diamonds plc shareholders in consideration of the acquisition of the demerged assets and liabilities of African Diamonds plc. See Note 4 for further details.

Share Options

A total of 8,000,000 share options were in issue at 30 June 2011 and 31 December 2011. These options are exercisable at prices ranging between 5p and 7p up to seven years from the date of granting of the options unless otherwise determined by the board.

8. On 17 February 2012 the company raised £1.51 million (approximately £1.47 million, net of expenses) through a placing of 37,750,000 new ordinary shares of 1 pence each at a price of 4 pence per share. The funds will be used to finance the Company's exploration projects in Botswana, Cameroon and Zimbabwe

9. The Interim Report for the period to 31 December 2011 was approved by the Directors on 22 March 2012.

10. Copies of this announcement will be sent to shareholders and will be available for inspection at the Companies Registered Office at 20-22 Bedford Row, London WC1R 4JS. The Interim Report may also be viewed at Botswana Diamonds plc's website at www.botswanadiamonds.co.uk

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