



29th March 2021

**Botswana Diamonds PLC (“Botswana Diamonds” or the “the Company”)
Unaudited Interim Statement and Financial Results for the Six Months Ended 31 December 2020**

Botswana Diamonds (AIM: BOD) is pleased to announce its unaudited interim results for the six months ended 31 December 2020 ("Period") during which time the Company has made significant progress on its diamond development projects in both Botswana and South Africa.

Highlights

- A new Diamond bearing kimberlite discovered at Thorny River. A three-dimensional model of the newly discovered River Kimberlite pipe on the Thorny River property in South Africa was published in December following a successful reverse circulation drilling campaign. A sample of these drill chips produced eleven diamonds and abundant kimberlitic indicators including G10 and eclogitic garnets.
- Following the Period end, the company entered into a cooperation agreement to fund exploration of its prospecting licence assets in Botswana with Diamexstrat Botswana Pty Ltd (“DESB”), which in turn has an alliance agreement with Burgundy Diamond Mines Limited (“Burgundy” ASX: BDM).
- Progress has been made on the Maibwe joint venture with core being further sampled for fresh microdiamond work.

Botswana

- Following the Period end, the company entered into a cooperation agreement to fund exploration of its prospecting licence assets in Botswana with Diamexstrat Botswana Pty Ltd (“DESB”), which in turn has an alliance agreement with Burgundy Diamond Mines Limited (“Burgundy” ASX: BDM).
- BOD’s prospecting assets comprise the recently acquired Sekaka Diamonds Exploration Pty Ltd (‘Sekaka’) database and Prospecting Licences, as well as the Prospecting Licences held by BOD’s subsidiary, Sunland Minerals Pty Ltd (“Sunland Minerals”). Highlights of this agreement include:
 - DESB (and its partner, Burgundy) can earn up to a 70% interest in BOD's Botswana Sunland Minerals and Sekaka's Prospecting Licences.
 - BOD can earn a 15% interest in Prospecting Licences held by DESB (and partners) on the first US\$1.5m spent on exploration by DESB where BOD's database assists in the discovery of a primary kimberlite.
 - On 3rd party Prospecting Licences where targets are identified in BOD's database, a joint earn-in will be negotiated at the time.
 - For new Botswana Prospecting Licences, DESB (and its partner, Burgundy) can earn up to 70%.
 - The KX36 diamond discovery is not part of the agreement and remains 100% BOD owned.



- Progress has been made on the Maibwe joint venture with core being further sampled for fresh microdiamond work being undertaken in Canada. The results of this microdiamond work will enable the liquidator to make a decision on the value of the joint venture so it can progress.

South Africa

- A three-dimensional model of the newly discovered kimberlite pipe on Thorny River, known as the River Kimberlite was published in December following a high resolution ground gravity survey and a reverse circulation drilling campaign. The best fit model showed an East – West trending body gently dipping to the east with a surface expression of 80 x 40m.
- Samples from this drilling campaign were taken at one metre intervals and twenty of these totalling about 500kg were selected and submitted to an independent processing facility for assessment through screening, dense media separation and hand sorting.
- Following the Period end, the Company announced that 11 diamonds, 172 G10 pyrope garnets, 623 G9 pyrope garnets, 555 eclogitic garnets, 438 chromites and 268 chromium diopsides (clinopyroxene) were recovered at sizes between -1.0+0.3mm. Recoveries of a specific mineral species were capped at 20 grains and thus this picture is a snapshot of the overall sample indicator content.
- Importantly, all the samples contained abundant kimberlitic indicators. The diamonds are all notably of good colour and clarity and are of commercial quality and in high demand by the market.
- The next step is a detailed core drilling programme which is planned for the dry season.

Corporate

In January 2021 the company arranged a placing with existing and new investors to raise £363,000 via the issue of 60,500,000 new ordinary shares at a placing price of 0.6p per placing share. Each placing share had one warrant attached with the right to subscribe for one new ordinary share at 0.6p per new ordinary share for a period of two years from 22 January 2021.

John Teeling

Chairman

29th March 2021



This release has been approved by James Campbell, Managing Director of Botswana Diamonds plc, a qualified geologist (Pr.Sci.Nat), a Fellow of the Southern African Institute of Mining and Metallurgy, a Fellow of the Institute of Materials, Metals and Mining (UK) and with over 34-years' experience in the diamond sector.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014. The person who arranged for the release of this announcement on behalf of the Company was James Campbell, Director

A copy of this announcement is available on the Company's website, at www.botswanadiamonds.co.uk

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Botswana Diamonds plc
Financial Information (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended 31 Dec 20 unaudited £'000	Six Months Ended 31 Dec 19 unaudited £'000	Year Ended 30 Jun 20 audited £'000
Administrative expenses	(195)	(194)	(357)
Impairment of exploration and evaluation assets	-	-	(34)
OPERATING LOSS	<u>(195)</u>	<u>(194)</u>	<u>(391)</u>
LOSS BEFORE TAXATION	<u>(195)</u>	<u>(194)</u>	<u>(391)</u>
Income tax expense	-	-	-
LOSS AFTER TAXATION	<u>(195)</u>	<u>(194)</u>	<u>(391)</u>
Exchange difference on translation of foreign operations	48	-	(104)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(147)</u></u>	<u><u>(194)</u></u>	<u><u>(495)</u></u>
LOSS PER SHARE - basic and diluted	<u><u>(0.03p)</u></u>	<u><u>(0.03p)</u></u>	<u><u>(0.06p)</u></u>

CONDENSED CONSOLIDATED BALANCE SHEET

	31 Dec 20 unaudited £'000	31 Dec 19 unaudited £'000	30 Jun 20 audited £'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	8,287	8,134	8,087
	<u>8,287</u>	<u>8,134</u>	<u>8,087</u>
CURRENT ASSETS			
Trade and other receivables	5	21	25
Cash and cash equivalents	39	13	18
	<u>44</u>	<u>34</u>	<u>43</u>
TOTAL ASSETS	<u><u>8,331</u></u>	<u><u>8,168</u></u>	<u><u>8,130</u></u>
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	(486)	(425)	(433)
TOTAL LIABILITIES	<u>(486)</u>	<u>(425)</u>	<u>(433)</u>
NET ASSETS	<u><u>7,845</u></u>	<u><u>7,743</u></u>	<u><u>7,697</u></u>
EQUITY			
Share capital - deferred shares	1,796	1,796	1,796
Share capital - ordinary shares	1,803	1,569	1,678
Share premium	10,734	10,418	10,564
Share based payments reserve	111	111	111
Retained Deficit	(5,427)	(5,035)	(5,232)
Translation Reserve	(189)	(133)	(237)
Other reserves	(983)	(983)	(983)
TOTAL EQUITY	<u><u>7,845</u></u>	<u><u>7,743</u></u>	<u><u>7,697</u></u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital £'000	Share Premium £'000	Share based Payment Reserves £'000	Retained Deficit £'000	Translation Reserve £'000	Other Reserve £'000	Total Equity £'000
At 30 June 2019	3,237	10,300	111	(4,841)	(133)	(983)	7,691
Issue of shares	128	128	-	-	-	-	256
Share issue expenses	-	(10)	-	-	-	-	(10)
Total comprehensive loss				(194)	-	-	(194)
At 31 December 2019	3,365	10,418	111	(5,035)	(133)	(983)	7,743
Issue of shares	109	153	-	-	-	-	262
Share issue expenses	-	(7)	-	-	-	-	(7)
Total comprehensive loss			-	(197)	(104)	-	(301)
At 30 June 2020	3,474	10,564	111	(5,232)	(237)	(983)	7,697
Issue of shares	125	175	-	-	-	-	300
Share issue expenses	-	(5)	-	-	-	-	(5)
Total comprehensive loss	-		-	(195)	48	-	(147)
At 31 December 2020	<u>3,599</u>	<u>10,734</u>	<u>111</u>	<u>(5,427)</u>	<u>(189)</u>	<u>(983)</u>	<u>7,845</u>

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 31 Dec 20 unaudited £'000	Six Months Ended 31 Dec 19 unaudited £'000	Year Ended 30 Jun 20 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(195)	(194)	(391)
Impairment of exploration and evaluation assets	-	-	34
Exchange movements	1	(4)	5
	<u>(194)</u>	<u>(198)</u>	<u>(352)</u>
Movements in Working Capital	73	46	35
NET CASH USED IN OPERATING ACTIVITIES	<u>(121)</u>	<u>(152)</u>	<u>(317)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration costs capitalised	(152)	(99)	(175)
NET CASH USED IN INVESTING ACTIVITIES	<u>(152)</u>	<u>(99)</u>	<u>(175)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	300	256	518
Share issue costs	(5)	(10)	(17)
NET CASH GENERATED IN INVESTING ACTIVITIES	<u>295</u>	<u>246</u>	<u>501</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	22	(5)	9
Cash and cash equivalents at beginning of the period	18	14	14
Effect of foreign exchange rate changes	(1)	4	(5)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	<u>39</u>	<u>13</u>	<u>18</u>

Notes:**1. INFORMATION**

The financial information for the six months ended 31 December 2020 and the comparative amounts for the six months ended 31 December 2019 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 2020 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. DIVIDEND

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 period.

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

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

	Six Months Ended 31 Dec 20 £'000	Six Months Ended 31 Dec 19 £'000	Year Ended 30 Jun 20 £'000
Numerator			
For basic and diluted EPS retained loss	(195)	(194)	(391)
	No.	No.	No.
Denominator			
Weighted average number of ordinary shares	702,728,751	621,741,536	642,643,820
Loss per share – Basic and Diluted	(0.03p)	(0.03p)	(0.06p)

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	11,410,000	11,410,000	11,410,000

4. INTANGIBLE ASSETS

	31 Dec 20 £'000	31 Dec 19 £'000	30 June £'000
Exploration and evaluation assets:			
Cost:			
Opening balance	9,385	9,299	9,299
Additions	152	99	190
Exchange variance	48	-	(104)
	<u>9,585</u>	<u>9,398</u>	<u>9,385</u>
Impairment:			
Opening balance	1,298	1,264	1,264
Provision for impairment	-	-	34
	<u>1,298</u>	<u>1,264</u>	<u>1,298</u>
Carrying Value:			
Opening balance	<u>8,087</u>	<u>8,035</u>	<u>8,035</u>
Closing balance	<u>8,287</u>	<u>8,134</u>	<u>8,087</u>
Regional Analysis			
	31 Dec 20	31 Dec 19	30 Jun 20
	£'000	£'000	£'000
Botswana	7,130	7,106	7,025
South Africa	1,109	1,022	1,038
Zimbabwe	48	6	24
	<u>8,287</u>	<u>8,134</u>	<u>8,087</u>

Exploration and evaluation assets relate to expenditure incurred in exploration for diamonds in Botswana, South Africa and Zimbabwe. 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.

During the prior year, some licences held by the Group in its subsidiary company Sunland Minerals (Pty) Ltd were relinquished. Therefore, the directors decided to impair the costs of exploration on these licences. Accordingly, an impairment of £34,394 (2019: £435,139) had been recorded by the Group in the year ended 30 June 2020.

On 6 February 2017 the Group entered into an Option and Earn-In Agreement with Vutomi Mining Pty Ltd and Razorbill Properties 12 Pty Ltd (collectively known as 'Vutomi'), a private diamond exploration and development firm in South Africa. Pursuant to the terms of the Agreement, Botswana Diamonds earned a 40% equity interest in the project.

On 20 July 2020 the Company agreed to acquire the KX36 Diamond discovery in Botswana, along with two adjacent Prospecting Licences and a diamond processing plant. These interests are part of a package held by Sekaka Diamonds. Botswana Diamonds plc acquired 100% of the shares of Sekaka. The vendor was Petra Diamonds. The consideration comprised a cash payment of US\$300,000 and a 5% royalty on future revenues. The cash consideration is payable on a deferred basis with US\$150,000 payable on 27 November 2021 and the balance on or before 27 November 2022. The acquisition was completed on 30 November 2020.

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 the ability of the Group to raise sufficient finance to develop the projects. It is subject to a number of significant potential risks, as set out below:

- licence obligations;
- exchange rate risks;
- uncertainties over development and operational costs;
- political and legal risks, including arrangements with governments for licenses, profit sharing and taxation;
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- title to assets;
- financial risk management;
- going concern; and
- operational and environmental risks.

Included in additions for the period are £7,223 (June 2020: £14,599) of wages and salaries and £30,210 (June 2020: £76,910) of directors remuneration which has been capitalized. This is for time spent directly on the operations rather than on corporate activities.

5. SHARE CAPITAL

Deferred Shares – nominal value of 0.75p per share	Number	Share Capital £'000	Share Premium £'000
At 1 July 2019 and 1 July 2020	<u>239,487,648</u>	<u>1,796,157</u>	-
At 30 June 2020 and 31 December 2020	<u>239,487,648</u>	<u>1,796,157</u>	-

Ordinary Shares – nominal value of 0.25p per share	Number	Share Capital £'000	Share Premium £'000
At 1 July 2019	576,555,235	1,441	10,300
Issued during the period	51,000,000	128	128
Share issue expenses	-	-	(10)
At 31 December 2019	<u>627,555,235</u>	<u>1,569</u>	<u>10,418</u>
Issued during the period	43,666,667	109	153
Share issue expenses	-	-	(7)
At 30 June 2020	<u>671,221,902</u>	<u>1,678</u>	<u>10,564</u>
Issued during the period	50,000,000	125	175
Share issue expenses	-	-	(5)
At 31 December 2020	<u>721,221,902</u>	<u>1,803</u>	<u>10,734</u>

Movements in share capital

On 18 July 2019, the Company raised £250,000 through the issue of 50,000,000 new ordinary shares of 0.25p each at a price of 0.50p per share to provide additional working capital and fund development costs.

On 18 November 2019, a total of 1,000,000 warrants were exercised at a price of 0.60p per warrant for £6,000.

On 28 January 2020, the Company raised £250,000 through the issue of 41,666,667 new ordinary shares of 0.25p each at a price of 0.60p per share to provide additional working capital and fund development costs. Each placing share has one warrant attached with the right to subscribe for one new ordinary share at 0.6p per share for a period of two years from 28 January 2020.

On 12 June 2020, a total of 2,000,000 warrants were exercised at a price of 0.60p per warrant for £12,000.

On 7 September 2020, The Company raised £300,000 through the issue of 50,000,000 new ordinary shares of 0.25p each at a price of 0.60p per share to provide additional working capital and fund development costs. Each placing share has one warrant attached with the right to subscribe for one new ordinary share at 0.6p per share for a period of two years from 7 September 2020.

6. SHARE BASED PAYMENTS

WARRANTS

	Dec 2020		Jun 2020		Dec 2019	
	Number of Warrants	Weighted average exercise price in pence	Number of Warrants	Weighted average exercise price in pence	Number of Warrants	Weighted average exercise price in pence
Outstanding at beginning of the period	105,939,394	0.60	66,272,727	0.60	67,272,727	0.60
Issued	50,000,000	0.60	41,666,667	0.60	-	-
Exercised	-	-	(2,000,000)	-	(1,000,000)	0.60
Expired	-	-	-	-	-	-
Outstanding at end of the period	155,939,394	0.60	105,939,394	0.60	66,272,727	0.60

Further information of the warrants are detailed in Note 5 above.

7. POST BALANCE SHEET EVENTS

On 22 January 2021 the Company announced that it had raised £363,000 via the placing of 60,500,000 new ordinary shares at a placing price of 0.60p per share. Each placing share has one warrant attached with the right to subscribe for one new ordinary share at 0.6p per new ordinary share for a period of two years from 22 January 2021.

The net proceeds of the placing will fund ongoing diamond exploration in South Africa and Botswana and will also provide the Company with additional working capital.

On 16 February 2021 the Company announced it had entered into a cooperation agreement to fund exploration of its prospecting licence assets in Botswana with Diamexstrat Botswana Pty Ltd ("DESB"), which in turn has an alliance agreement with Burgundy Diamond Mines Limited ("Burgundy" ASX: BDM). Botswana Diamonds prospecting assets comprise the recently acquired Sekaka Diamonds Exploration Pty Ltd database and Prospecting Licences, as well as the Prospecting Licences held by Botswana Diamonds subsidiary, Sunland Minerals Pty Ltd.

Cooperation Agreement highlights;

- DESB (and its partner, Burgundy) can earn up to a 70% interest in BOD's Botswana Sunland Minerals and Sekaka's Prospecting Licences
- BOD can earn a 15% interest in Prospecting Licences held by DESB (and partners) on the first US\$1.5m spent on exploration by DESB where BOD's database assists in the discovery of a primary kimberlite
- On 3rd party Prospecting Licences where targets are identified in BOD's database, a joint earn-in will be negotiated at the time
- For new Botswana Prospecting Licences, DESB (and its partner, Burgundy) can earn up to 70%

8. APPROVAL

The Interim Report for the period to 31st December 2020 was approved by the Directors on 29th March 2021.

9. AVAILABILITY OF REPORT

The Interim Statement will be available on the website at www.botswanadiamonds.co.uk