



31st March 2022

**Botswana Diamonds PLC (“Botswana Diamonds” or the “the Company”)
Unaudited Interim Statement and Financial Results for the Six Months Ended 31 December 2021**

Botswana Diamonds (AIM: BOD) is pleased to announce its unaudited interim results for the six months ended 31 December 2021 during which time the Company has made significant progress on its diamond development projects at Thorny River in South Africa and in the Kalahari of Botswana.

Highlights

- The Thorny River project is progressing. A mine development model will be completed within a month. New gravity surveys have identified four new targets, three close to existing discoveries.
- An agreement has been reached for the existing shareholders in Maibwe to acquire 100% of the company.
- An extension to the long stop date of 31st March to 10th May 2022 to acquire the Ghaghoo Mine has been agreed to finalise discussions with interested financiers.

Market

The diamond market has seen a rapid and dramatic recovery in recent months with prices rising by upwards of 40%. Pent up demand and reductions in supply have led to this rise. If sanctions impact on the supply from Alrosa, the world’s biggest producer then prices will rise further. The increased demand has come from across the world and in most if not all categories of diamonds.

South Africa

Substantial and significant progress has been made on the Thorny River project. Additional detailed ground geophysical surveys have identified four new targets adjacent to the existing discoveries. Three of these are within two hundred metres of the River and River Extension blows. These four targets will be drilled in the dry season from June through August. Any discoveries will add to the current resource. A mine plan for the complex will be completed within a month.

The acquisition by BOD of the minority shareholding in Vutomi, the holders of the Thorny River assets, is expected to be completed during Q2 2022 with only regulatory approval for the transaction outstanding.

Botswana

Agreement has finally been reached with the liquidators of BCL to acquire the remaining 51% of Maibwe. Following completion of the acquisition Maibwe will be owned by Future Mineral (50%), Siseko (29%) and BOD (21%). BOD owns 51% of Siseko so the net interest of BOD will be 36%.

A new work programme will be prepared including modelling of the current diamond results to optimise a fresh drilling programme.

It has been agreed between Gem Diamonds and BOD to extend the long stop date of 31st March 2022 for the acquisition of the Ghaghoo Mine to 10th May 2022 to enable BOD to finalise discussions with interested financiers.

Work continues on the Diamexstrat JV. One area in particular has been identified which using the most modern evaluation techniques shows compelling evidence for the presence of undiscovered kimberlites. The analysis is almost complete after which an exploration programme will be launched.

Corporate

A Company-arranged placing was successfully completed in October 2021 with existing and new investors to raise £550,000 via the issue of 55,000,000 new ordinary shares at a placing price of 1p per Placing Share. Each Placing Share has one warrant attached with the right to subscribe for one new ordinary share at 2p per new ordinary share for a period of three years from 25 October 2021.

John Teeling
Chairman
30th March 2022

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, the Institute of Materials, Metals and Mining (UK) and the Geological Society of South Africa and who has over 35-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 21 unaudited £'000	Six Months Ended 31 Dec 20 unaudited £'000	Year Ended 30 Jun 21 audited £'000
Administrative expenses	(228)	(195)	(402)
Impairment of exploration and evaluation assets	-	-	(70)
OPERATING LOSS	<u>(228)</u>	<u>(195)</u>	<u>(472)</u>
LOSS BEFORE TAXATION	<u>(228)</u>	<u>(195)</u>	<u>(472)</u>
Income tax expense	-	-	-
LOSS AFTER TAXATION	<u>(228)</u>	<u>(195)</u>	<u>(472)</u>
Exchange difference on translation of foreign operations	(159)	48	(85)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u><u>(387)</u></u>	<u><u>(147)</u></u>	<u><u>(557)</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 21 unaudited £'000	31 Dec 20 unaudited £'000	30 Jun 21 audited £'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	8,126	8,287	8,194
Plant and equipment	207	-	207
	<u>8,333</u>	<u>8,287</u>	<u>8,401</u>
CURRENT ASSETS			
Other receivables	16	5	41
Cash and cash equivalents	318	39	165
	<u>334</u>	<u>44</u>	<u>206</u>
TOTAL ASSETS	<u><u>8,667</u></u>	<u><u>8,331</u></u>	<u><u>8,607</u></u>
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	(650)	(486)	(744)
TOTAL LIABILITIES	<u>(650)</u>	<u>(486)</u>	<u>(744)</u>
NET ASSETS	<u><u>8,017</u></u>	<u><u>7,845</u></u>	<u><u>7,863</u></u>
EQUITY			
Share capital - deferred shares	1,796	1,796	1,796
Share capital - ordinary shares	2,124	1,803	1,982
Share premium	11,383	10,734	10,984
Share based payments reserve	111	111	111
Retained Deficit	(5,933)	(5,427)	(5,705)
Translation Reserve	(481)	(189)	(322)
Other reserves	(983)	(983)	(983)
TOTAL EQUITY	<u><u>8,017</u></u>	<u><u>7,845</u></u>	<u><u>7,863</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 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	3,599	10,734	111	(5,427)	(189)	(983)	7,845
Issue of shares	179	250	-	-	-	-	429
Total comprehensive loss				(278)	(133)	-	(411)
At 30 June 2021	3,778	10,984	111	(5,705)	(322)	(983)	7,863
Issue of shares	142	418	-	-	-	-	560
Share issue expenses	-	(19)	-	-	-	-	(19)
Total comprehensive loss	-			(228)	(159)	-	(387)
At 31 December 2021	3,920	11,383	111	(5,933)	(481)	(983)	8,017

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 31 Dec 21 unaudited £'000	Six Months Ended 31 Dec 20 unaudited £'000	Year Ended 30 Jun 21 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(228)	(195)	(472)
Impairment of exploration and evaluation assets	-	-	70
Foreign exchange losses	2	1	(4)
	<u>(226)</u>	<u>(194)</u>	<u>(406)</u>
Movements in Working Capital	(69)	73	95
NET CASH USED IN OPERATING ACTIVITIES	<u>(295)</u>	<u>(121)</u>	<u>(311)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets	(91)	(152)	(263)
NET CASH USED IN INVESTING ACTIVITIES	<u>(91)</u>	<u>(152)</u>	<u>(263)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	560	300	729
Share issue costs	(19)	(5)	(5)
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>541</u>	<u>295</u>	<u>724</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	155	22	150
Cash and cash equivalents at beginning of the period	165	18	18
Effect of foreign exchange rate changes	(2)	(1)	(3)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	<u>318</u>	<u>39</u>	<u>165</u>

Notes:**1. INFORMATION**

The financial information for the six months ended 31 December 2021 and the comparative amounts for the six months ended 31 December 2020 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 2021 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 21 £'000	Six Months Ended 31 Dec 20 £'000	Year Ended 30 Jun 21 £'000
Numerator			
For basic and diluted EPS retained loss	(228)	(195)	(472)
	No.	No.	No.
Denominator			
Weighted average number of ordinary shares	813,171,948	702,728,751	739,571,217
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 21 £'000	31 Dec 20 £'000	30 June 21 £'000
Exploration and evaluation assets:			
Cost:			
Opening balance	9,563	9,385	9,385
Additions	91	153	263
Exchange variance	(159)	48	(85)
	<u>9,495</u>	<u>9,586</u>	<u>9,563</u>
Impairment:			
Opening balance	1,369	1,299	1,299
Provision for impairment	-	-	70
	<u>1,369</u>	<u>1,299</u>	<u>1,369</u>
Carrying Value:			
Opening balance	<u>8,194</u>	<u>8,087</u>	<u>8,087</u>
Closing balance	<u>8,126</u>	<u>8,287</u>	<u>8,194</u>
Regional Analysis	31 Dec 21	31 Dec 20	30 Jun 21
	£'000	£'000	£'000
Botswana	6,925	7,130	7,043
South Africa	1,201	1,109	1,151
Zimbabwe	-	48	-
	<u>8,126</u>	<u>8,287</u>	<u>8,194</u>

Exploration and evaluation assets relate to expenditure incurred in exploration for diamonds in Botswana and South Africa. 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, the Group incurred expenditure of £58,815 on exploring for new licences in Zimbabwe and £11,203 miscellaneous costs. As at year end no licences had been granted. Therefore, the directors decided to impair the costs. Accordingly, an impairment of £70,018 had been recorded by the Group in the prior.

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. More recently a separate agreement for funding of exploration resulted in the Company's interest in Vutomi increasing from 40% to 45.94%.

On 29 September 2021 the Company exercised its pre-emptive right to acquire the outstanding third-party interests in Vutomi Mining (Proprietary) Limited and Razorbill Properties 12 (Proprietary) Limited. Vutomi holds the mineral rights to the Thorny River Diamond Project as well as other exploration assets.

The consideration for Vutomi comprises 56,989,330 new ordinary shares in Botswana Diamonds plc which, at the closing mid-market price on 28 September 2021 of 1.10p per share, is valued at £626,883. There are no lock-in arrangements, but the consideration shares will be issued in two equal tranches (three months apart) following Completion. Completion is subject to a number of conditions (with a long stop date of 22 September 2022 unless otherwise agreed between the parties).

The Company expects the conditions to be fulfilled and the transaction to complete during Q2 2022.

The Company has further agreed that, immediately on completion of the acquisition, the Company will sell 26% of Vutomi for a deferred consideration of US\$316,333 to the Company's local South African Empowerment partner, Baroville, in order to comply with South African requirements on empowerment ownership, which will be funded by a loan from Botswana Diamonds.

On completion, the Company will own 74% of Vutomi.

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 £6,500 (June 2021: £14,225) of wages and salaries and £35,831 (June 2021: £65,553) of directors remuneration which has been capitalized. This is for time spent directly on the operations rather than on corporate activities.

5. PLANT AND EQUIPMENT

	31 Dec 21 £'000	31 Dec 20 £'000	30 Jun 21 £'000
At 1 July	207	-	-
Additions	-	-	207
At 30 June	<u>207</u>	<u>-</u>	<u>207</u>

On 18 July 2020 the Group entered into an agreement 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 Diamond Exploration (Pty) Ltd. The acquisition was completed on 20 November 2020. The diamond processing plant is a recently constructed, fit-for-purpose bulk sampling plant on site. The sampling plant includes crushing, scrubbing, dense media separation circuits and x-ray recovery modules within a secured area.

6. SHARE CAPITAL

Deferred Shares – nominal value of 0.75p per share	Number	Share Capital £'000	Share Premium £'000
At 1 July 2020 and 1 July 2021	<u>239,487,648</u>	<u>1,796,157</u>	-
At 30 June 2021 and 31 December 2021	<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 2020	671,221,902	1,678	10,564
Issued during the period	50,000,000	125	175
Share issue expenses	-	-	(5)
At 31 December 2019	<u>721,221,902</u>	<u>1,803</u>	<u>10,734</u>
Issued during the period	71,500,000	179	250
Share issue expenses	-	-	-
At 30 June 2021	<u>792,721,902</u>	<u>1,982</u>	<u>10,984</u>
Issued during the period	56,683,333	142	418
Share issue expenses	-	-	(19)
At 31 December 2021	<u>849,405,235</u>	<u>2,124</u>	<u>11,383</u>

Movements in share capital

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.

On 22 January 2021, the Company raised £363,000 through the issue of 60,500,000 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 23 January 2021.

On 13 May 2021, a total of 11,000,000 warrants were exercised at a price of 0.60p per warrant for £66,000.

On 25 October 2021, the Company raised £550,000 through the issue of 55,000,000 new ordinary shares of 0.25p each at a price of 1p 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 2p per share for a period of three years from 5 November 2021.

On 3 December 2021, a total of 1,683,333 warrants were exercised at a price of 0.60p per warrant for £10,100.

7. SHARE BASED PAYMENTS

WARRANTS

	Dec 2021		Jun 2021		Dec 2020	
	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	139,166,667	0.60	155,939,394	0.60	105,939,394	0.60
Issued	55,000,000	2	60,500,000	0.60	50,000,000	0.60
Exercised	(1,683,333)	0.60	(11,000,000)	0.60	-	-
Expired	-	-	(66,272,727)	0.60	-	-
Outstanding at end of the period	192,483,334	1	139,166,667	0.60	155,939,394	0.60

Further information of the warrants are detailed in Note 6 above.

8. POST BALANCE SHEET EVENTS

On 20 January 2022 the Company announced pursuant to the receipt of conversion notices from holders of 29,666,667 warrants exercisable at 0.60 pence each, it had issued 29,666,667 ordinary shares of £0.0025 each at the exercise price of 0.60 pence per new share. The proceeds of the exercise of £178,000 will be used for additional working capital.

On 1 February 2022 the Company released a statement regarding a joint venture with Vast Resources plc ("VAST") that was previously announced in August 2021. The company had announced in August 2021 that Okwa Diamonds Pty Ltd ("Okwa"), a joint venture with VAST in which the Company has an initial 10% carried interest, had conditionally agreed to acquire Gem Diamonds Botswana Pty Ltd ("GDB"), a wholly owned subsidiary of Gem Diamonds Ltd ("Gem Diamonds"), for a cash consideration of US\$4 million.

Under the terms of the joint venture agreement, VAST was responsible for funding Okwa with the first US\$15 million of funding required for the purposes of carrying out due diligence, acquiring GDB and placing the mine back into production. Completion was subject to a number of conditions (with a long stop date of 31 January 2022) including relevant regulatory and competition authority approvals within Botswana which have now been fulfilled and written approvals have been obtained from the Competition Authority and, most recently in December 2021, the Ministry of Mineral Resources, Green Energy and Technology of the Government of the Republic of Botswana.

On 1 February 2022 VAST informed the Boards of Botswana Diamonds and Gem Diamonds that they did not intend to proceed with the transaction.

The Board of BOD has identified alternative potential partners to replace VAST as its joint venture partner in Okwa and confirmed to Gem Diamonds its commitment to conclude the transaction as originally envisaged as soon as possible. BOD, VAST and Gem Diamonds have been working together towards a mutually beneficial outcome and agreed initially to extend the long stop date under the sale agreement from 31 January 2022 to 31 March 2022, and which has now been extended further to [DATE] 2022, to allow BOD to secure an alternative joint venture partner. The new partner replacing VAST in the Okwa joint venture may require further approval from the relevant Government of Botswana authorities.

9. APPROVAL

The Interim Report for the period to 31st December 2021 was approved by the Directors on 30th March 2022.

10. AVAILABILITY OF REPORT

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