



14th December 2020

Botswana Diamonds PLC
("Botswana Diamonds" or the "Company")

Annual Results for the Year Ended 30 June 2020

Botswana Diamonds plc (AIM: BOD) today announces its audited annual results for the year ended 30 June 2020.

Chairman's Statement

Botswana Diamonds is a diamond development company focused on Southern Africa. To find diamonds you must go to the few areas in the world where they can be found. You must temper your choices with the political risk in countries where the diamonds may be, meaning rule of law and title, and with the logistical / environmental risks of some locations i.e. they are too remote, too challenged by climate and / or too costly to operate profitably.

Sub Saharan Africa has, we believe, a good mix of the above factors. Botswana, our primary focus is, without doubt, the best diamond address. Very prospective for diamonds, with low political risk, somewhat offset by the challenges of operating in the Kalahari Desert, which covers 93% of the country. Our second base of operations is South Africa. This choice is not obvious to everyone. For long the world's leading diamond producer, South Africa has fallen from a world ranked diamond producer as mines have run out and political risk has risen. Exploration has fallen yet, it remains a highly prospective area for diamonds and we believe that the fiscal regime and local ownership provisions have added some certainty to the business environment, so we began work there two years ago.

Our final area of interest is Zimbabwe, a country ravaged by political and economic uncertainty, which we believe is now emerging as a location where overseas companies can invest. Zimbabwe has some interesting diamond geology and has seen little exploration in recent decades.

Lockdowns have made recent times very difficult for explorers. Botswana and South Africa banned international travel so only some local field work was possible. Closed borders made journeys to site impossible for directors, consultants and international technical experts. The drastic fall in world economic activity had a spill over effect on diamond sales and prices. Demand effectively stalled with many auctions abandoned, while prices, where deals were done were down by as much as 40 per cent. Few diamond mines are profitable in that type of business environment. Thankfully, there are signs of a substantial recovery in both demand and prices.

Botswana

Despite the challenges we believe that we have made significant progress during the period under review in Botswana, South Africa and in Zimbabwe.

In Botswana we made what could be a transformative acquisition of Sekaka Diamonds. Sekaka not only has one of the largest diamond databases but also holds title to a significant diamond discovery, KX36 and two surrounding licences.

KX36 is a 3.5 hectare high grade kimberlite pipe in the Kalahari about 260km northwest of Gaborone, the capital of Botswana. It has an indicated diamond resource of 17.9 million tonnes at 35 carats per hundred tonnes (cpht) and a further 6.7 million inferred at 36 cpht. Original values were \$65 per carat. We believe and, recent work done by us

reinforces that belief, that diamond breakages during exploration produced a lower size frequency with consequent lower diamond values per carat.

It is very rare to find a standalone kimberlite pipe. We, and others, believe that additional pipes lie hidden in the ground surrounding KX36. Discovering these will be our primary focus. There is a fully functioning sampling plant on site which we have acquired. There are significant challenges where KX36 is located. Infrastructural costs are very high particularly for power, fuel and logistics. Alternatives are being examined.

While our focus will be on KX36, do not forget the database which contains extensive, geophysical, geochemical and drilling data with many potential targets already identified and can save participants in the Botswana diamond sector years of preliminary work.

The Maibwe saga has also made progress. Significant kimberlite discoveries were made on a 4 licence block in the Kalahari. One of the kimberlites contained large quantities of microdiamonds. The operator of the Maibwe joint venture is BCL, a large copper company which went into liquidation in 2016 leaving all activities at Maibwe in limbo. There are recent signs that the liquidation may be coming to a close. Some talks between the Maibwe parties have taken place.

Further analyses of our Sunland block of twelve licences, also in the Kalahari, defined a list of priority targets which need to be drilled.

South Africa

Our flagship project is Thorny River / Marsfontein. There is a long history of diamond mining of dykes in this area. Dykes can be very narrow but can be of high grade. Ideally, you map the dykes which tend to be in echelon or swarms looking for “blows”. A blow is where a dyke swells out to enable quarry type mining. The Marsfontein “blow” was a 0.4 hectare blow of very high grade where the capital investment was recovered in just four days. The blow was mined out in fifteen months.

We have mapped and drilled the Thorny River dykes over a length of 7km. We have tested a number of anomalies but until the most recent drilling campaign, had failed to find “blows”.

Recent drilling has discovered a 0.4 hectare blow, the so called River Anomaly. We do not yet know the diamond grade but the average on this dyke is 55cpht. We have sufficient data to construct 3D models of the blow. Core drilling will take place in early 2021.

Advanced geophysical techniques have identified other potential blows on the dykes and these will be drilled in 2021.

Bulk samples of 58 tons of fresh kimberlite were taken from Marsfontein and a further 62 tons from a residual stockpile. The kimberlite has a grade of 50 cpht and the stockpile 16 cpht.

The company has an interest in Mooikloof, a 25 hectare pipe and at Palmietgat, a cluster of six kimberlite pipes.

Zimbabwe

We have long had a connection to Zimbabwe. It is prospective for diamonds, the Marange field was prolific, but recent years have been very difficult politically and economically. Diamond exploration has all but ceased. There have been recent signs of a limited revival. We would like to be part of the revival.

To that end we have an agreement with Vast Resources to assist them in relation to a possible licence in the Marange area. We have a 5% carried interest up to a certain expenditure.

We are also looking at a project in an area known to contain kimberlite pipes. It is early stage. The current law demands 51% local ownership. We have no issues with a joint venture as long as there is sufficient financial incentive for Botswana Diamonds.

Future

The future looks good. The demand for diamonds is recovering. We are exploring in prospective areas for gem quality diamonds. We have made progress in Botswana. The acquisition of a known diamond reserve, KX36 opens doors. The discovery of a “blow” on Thorny River was positive. We will now look at the commerciality.

John Teeling Chairman

11th December 2020

Annual Report and Notice of Annual General Meeting

The Company’s Annual Report and Accounts for the year ended 30 June 2020 (the "Annual Report") will be mailed only to those shareholders who have elected to receive it on or around 18th December 2020. Otherwise, shareholders will be notified that the Annual Report and Accounts will be available on the website at www.botswanadiamonds.co.uk. Copies of The Annual Report will also be available for collection from the company’s registered office at Suite 1, 3rd Floor, 11-12 St. James’s Square, London, SW1Y 4LB

The Annual General Meeting (“AGM”) is due to be held on Thursday 28th January 2021 at The Granite Exchange, 5-6 Kildare Street, Newry, Northern Ireland, BT34 1DQ at 11.00am. A Notice of the AGM will be included in the Annual Report.

We are closely monitoring the Coronavirus (COVID-19) situation. The Board takes its responsibility to safeguard the health of its shareholders, stakeholders and employees very seriously and so certain measures will be put in place for the AGM in response to the COVID-19 pandemic. Details of these measures will be provided in a letter that will be attached to the Notice of AGM.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 (“MAR”). The person who arranged for the release of this announcement on behalf of the Company was John Teeling, Director.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2020

	2020	2019
	£	£
Administrative expenses	(356,831)	(336,965)
Impairment of exploration and evaluation assets	(34,394)	(435,139)
OPERATING LOSS	(391,225)	(772,104)
LOSS FOR THE YEAR BEFORE TAXATION	(391,225)	(772,104)
Income tax expense	-	-
LOSS AFTER TAXATION	(391,225)	(772,104)
Items that may be reclassified subsequently to profit or loss		
Exchange difference on translation of foreign operations	(103,715)	(132,947)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(494,940)	(905,051)
Loss per share – basic	(0.06p)	(0.14p)
Loss per share – diluted	(0.06p)	(0.14p)

CONSOLIDATED BALANCE SHEET AS AT 30 JUNE 2020

	30/06/2020	30/06/2019
	£	£
ASSETS:		
NON CURRENT ASSETS		
Intangible assets	8,086,573	8,035,152
	<u>8,086,573</u>	<u>8,035,152</u>
CURRENT ASSETS		
Other receivables	25,387	40,229
Cash and cash equivalents	17,994	13,812
	<u>43,381</u>	<u>54,041</u>
TOTAL ASSETS	<u>8,129,954</u>	<u>8,089,193</u>
LIABILITIES:		
CURRENT LIABILITIES		
Trade and other payables	(432,488)	(397,787)
TOTAL LIABILITIES	<u>(432,488)</u>	<u>(397,787)</u>
NET ASSETS	<u>7,697,466</u>	<u>7,691,406</u>
EQUITY		
Called-up share capital – deferred shares	1,796,157	1,796,157
Called-up share capital – ordinary shares	1,678,055	1,441,388
Share premium	10,564,712	10,300,379
Share based payment reserves	111,189	111,189
Retained deficit	(5,232,698)	(4,841,473)
Translation reserve	(236,662)	(132,947)
Other reserve	(983,287)	(983,287)
TOTAL EQUITY	<u>7,697,466</u>	<u>7,691,406</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Translation Reserve £	Other Reserves £	Total £
At 30 June 2018	3,069,363	10,098,561	104,238	(4,069,369)	-	(983,287)	8,219,506
Share based payment		-	6,951	-	-	-	6,951
Issue of shares	168,182	201,818	-	-	-	-	370,000
Loss for the year and total comprehensive income		-		(772,104)	(132,947)	-	(905,051)
At 30 June 2019	3,237,545	10,300,379	111,189	(4,841,473)	(132,947)	(983,287)	7,691,406
Issue of shares	236,667	281,333	-	-	-	-	518,000
Share issue expenses		(17,000)		-	-	-	(17,000)
Loss for the year and total comprehensive income		-		(391,225)	(103,715)	-	(494,940)
At 30 June 2020	3,474,212	10,564,712	111,189	(5,232,698)	(236,662)	(983,287)	7,697,466

Share Premium

The share premium reserve comprises of a premium arising on the issue of shares. Share issue expenses are deducted against the share premium reserve when incurred.

Share Based Payment Reserve

The share based payment reserve arises on the grant of share options under the share option plan.

Retained Deficit

Retained deficit comprises of losses incurred in the current and prior years.

Translation Reserve

The translation reserve arises from the translation of foreign operations.

Other Reserves

During 2010 the Company acquired certain assets and liabilities from African Diamonds plc, a Company under common control. The assets and liabilities acquired were recognised at their book value and no goodwill was recognised on acquisition. The difference between the book value of the assets acquired and the purchase consideration was recognised directly in reserves.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	30/06/2020	30/06/2019
	£	£
CASH FLOW FROM OPERATING ACTIVITIES		
Loss for the year	(391,225)	(772,104)
Foreign exchange gains	4,796	1,248
Impairment of exploration and evaluation assets	34,394	435,139
	<u>(352,035)</u>	<u>(335,717)</u>
MOVEMENTS IN WORKING CAPITAL		
Increase in trade and other payables	19,701	82,689
Decrease/(increase) in other receivables	14,842	(15,343)
NET CASH FROM OPERATING ACTIVITIES	<u>(317,492)</u>	<u>(268,371)</u>
CASH FLOW FROM INVESTING ACTIVITIES		
Additions to exploration and evaluation assets	(174,530)	(347,211)
NET CASH USED IN INVESTING ACTIVITIES	<u>(174,530)</u>	<u>(347,211)</u>
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from share issue	518,000	370,000
Share issue costs	(17,000)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES	<u>501,000</u>	<u>370,000</u>
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	<u>8,978</u>	<u>(245,582)</u>
Cash and cash equivalents at beginning of the financial year	13,812	260,642
Effect of foreign exchange rate changes	(4,796)	(1,248)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	<u><u>17,994</u></u>	<u><u>13,812</u></u>

1. ACCOUNTING POLICIES

The accounting policies and methods of computation followed in these financial statements are consistent with those published in the Group's Annual Report for the year ended 30 June 2019.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). The financial statements have also been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union.

The financial information set out below does not constitute the Group's financial statements for the year ended 30 June 2020 or 30 June 2019, but is derived from those accounts. The financial statements for the year ended 30 June 2019 have been delivered to the Registrar of Companies and those for the year ended 30 June 2020 will be delivered to the Registrar of Companies shortly

The auditors have reported on the 2020 statements; their report was unqualified with an emphasis of matter in respect of considering the adequacy of the disclosures made in the financial statements concerning the valuation of intangible assets, and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

2. GOING CONCERN

The Group incurred a loss for the year, after exchange differences on retranslation of foreign operations, of £494,940 (2019: loss of £905,051) at the balance sheet date. The Group had net current liabilities of £389,107 (2019:£343,746) and the Company £382,560 (2019:£340,349) at the balance sheet date. These conditions represent a material uncertainty that may cast doubt on the Group's ability to continue as a going concern.

The directors have prepared cashflow projections and forecasts for a period of not less than 12 months from the date of this report which indicate that the group will require additional finance to fund working capital requirements and develop existing projects. The cashflow projections include any anticipated impacts of the Covid-19 pandemic on the Group. As the Group is not revenue or cash generating it relies on raising capital from the public market. On 7 September 2020 the Group raised £300,000 by placing 50,000,000 new ordinary shares. Further details are outlined in Note 9.

As in previous years the Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements and believe the going concern basis is appropriate for these financial statements. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

3. LOSS PER SHARE

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

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

	2020 £	2019 £
Numerator		
For basic and diluted EPS retained loss	<u>(391,225)</u>	<u>(772,104)</u>
Denominator	No.	No.
For basic and diluted EPS	<u>642,643,820</u>	<u>537,481,761</u>
Basic EPS	(0.06p)	(0.14p)
Diluted EPS	(0.06p)	(0.14p)

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.
Share options	<u>11,410,000</u>	<u>11,410,000</u>

4. INTANGIBLE ASSETS

Exploration and evaluation assets:

	2020 £	2019 £
Cost:		
At 1 July	9,299,236	9,063,021
Additions	189,530	369,161
Exchange losses	(103,715)	(132,946)
At 30 June	<u>9,385,051</u>	<u>9,299,236</u>
Impairment:		
At 1 July	1,264,084	828,945
Impairment	34,394	435,139
At 30 June	<u>1,298,478</u>	<u>1,264,084</u>
Carrying Value:		
At 1 July	<u>8,035,152</u>	<u>8,234,076</u>
At 30 June	<u>8,086,573</u>	<u>8,035,152</u>

Segmental analysis

	2020 £	2019 £
Botswana	7,024,389	7,056,591
South Africa	1,038,411	972,805
Zimbabwe	23,773	5,756
	<u>8,086,573</u>	<u>8,035,152</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 current year, some licences held by the Group in its subsidiary company Sunland Minerals (Pty) Ltd were relinquished. Therefore, the directors have decided to impair the costs of exploration on these licences. Accordingly, an impairment of £34,394 (2019: £435,139) has been recorded by the Group in the current year.

On 11 November 2014 the Brightstone block was farmed out to BCL Investments (Proprietary) Limited, a Botswana Company, who assumed responsibility for the work programme. Botswana Diamonds will retain a 15% equity interest in the project.

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.

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:

The Group's exploration activities are subject to a number of significant and potential risks including:

- 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 year are £Nil (2019: £6,951) of share based payments, £14,599 (2019: £15,754) of wages and salaries and £76,910 (2019: £74,620) of directors remuneration which has been capitalized. This is for time spent directly on the operations rather than on corporate activities.

5. CALLED-UP SHARE CAPITAL

Deferred Shares– nominal value of 0.75p

	Number	Share Capital £	Share Premium £
At 1 July 2018 and 2019	239,487,648	1,796,157	-
At 30 June 2019 and 2020	239,487,648	1,796,157	-

Ordinary Shares - nominal value of 0.25p

Allotted, called-up and fully paid:

	Number	Share Capital £	Share Premium £
At 1 July 2018	509,282,508	1,273,206	10,098,561
Issued during the year	67,272,727	168,182	201,818
At 30 June 2019	576,555,235	1,441,388	10,300,379
Issued during the year	94,666,667	236,667	281,333
Share issue expenses	-	-	(17,000)
At 30 June 2020	671,221,902	1,678,055	10,564,712

Movements in share capital

On 28 January 2019, the Company raised £370,000 through the issue of 67,272,727 new ordinary shares of 0.25p each at a price of 0.55p 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 2019.

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.

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.

SHARE OPTIONS	30/06/2020	2020	30/06/2019	2019
	Options	Weighted average exercise price in pence	Options	Weighted average exercise price in pence
Outstanding at beginning of year	11,410,000	5.14	11,410,000	5.14
Issued	-	-	-	-
Outstanding at end of the year	11,410,000	5.14	11,410,000	5.14
Exercisable at end of the year	11,410,000	5.14	10,410,000	5.14

WARRANTS	30/06/2020	2020	30/06/2019	2019
	Warrants	Weighted average exercise price in pence	Warrants	Weighted average exercise price in pence
Outstanding at beginning of year	67,272,727	0.60	28,298,700	0.85
Issued	41,666,667	0.60	67,272,727	0.60
Exercised	(3,000,000)	0.60	-	-
Expired	-	-	(28,298,700)	0.85
Outstanding at end of the year	105,939,394	0.60	67,272,727	0.60

Refer to note 5 Called up Share Capital for the details of the share options and warrants.

7. POST BALANCE SHEET EVENTS

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.

On 7 September 2020, the Company announced that they had raised £300,000 via the placing of 50,000,000 new ordinary shares with new and existing investors at a price of 0.6p per share. Each 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 7 September 2020.

8. GENERAL INFORMATION

The Annual Report and Accounts will be mailed on the 18th December 2020 only to those shareholders who have elected to receive it. Otherwise, shareholders will be notified that the Annual Report and Accounts will be available on the website at www.botswanadiamonds.co.uk. Copies of The Annual Report will also be available for collection from the company's registered office at Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB

9. ANNUAL GENERAL MEETING

The Annual General Meeting is due to be held on Thursday 28th January 2021 at The Granite Exchange, 5-6 Kildare Street, Newry, Northern Ireland, BT34 1DQ at 11.00am. A Notice of the Annual General Meeting is included in the Company's Annual Report.

ENDS