



21st March 2018

Botswana Diamonds PLC (“Botswana Diamonds” or the “the Company”)

Interim Results for the Six Months Ended 31st December 2017

Botswana Diamonds plc (AIM: BOD) ("Botswana Diamonds" or "the Company") today announces financial results for the six months ended 31st December 2017.

Recent months have been a very active exploration period for Botswana Diamonds:

- ❖ Significant drilling and exploration has taken place on our advanced project at Thorny River in South Africa. We are undertaking a Scoping Study into its commerciality;
- ❖ Drilling is ongoing on the Ontevreden kimberlite in order to delineate size and diamond content;
- ❖ Nine kimberlites in the Northwest and Free State Provinces of South Africa were discovered or re-discovered;
- ❖ Exploration is continuing in the Central Kalahari Game Reserve (CKGR) in Botswana through Sunland Minerals, the Company’s joint venture with Alrosa. Botswana Diamonds personnel are currently engaged in a work programme;
- ❖ Progress is being made in our Maibwe joint venture in Botswana. A prospectus is being drawn up by the liquidator of BCL, to identify options; and
- ❖ £500,000 (before expenses) has been raised early in 2018 to fund the ongoing exploration activities.

South Africa

Significant progress has been made on the Thorny River Project in South Africa. This is a kimberlite dyke/pipe system which is contiguous to the former Marsfontein and Klipspringer Mines. Exploration work which consisted of several phases of percussion and core drilling and microdiamond and petrographic analyses were undertaken and concluded with the extraction and processing of a bulk sample for macrodiamond recovery. A Scoping Study is now underway and should be concluded by mid-2018.

A drilling programme has started to extract samples for microdiamond analysis and to delineate the size of the kimberlite pipe at Ontevreden in the Northwest Province. This follows geochemistry, geophysical and mineral chemistry analyses.

In the Free State, ground work resulted in the discovery of eight kimberlites which were assessed using geochemistry and detailed geophysics. The results of this work were encouraging. The next stage comprises further sampling for mineral chemistry analysis, to determine the diamond bearing potential of these kimberlites. This work should be concluded during the first half of 2018.

Botswana

In Botswana, the Company continues to actively explore in the CKGR as part of the Sunland Minerals joint venture with Alrosa. The objective of the work is to follow-up on fifteen previously identified priority geophysical targets. Ground magnetics will be used to supplement the airborne gravity and airborne magnetic data obtained in earlier work. A soil sample programme will operate in conjunction with the magnetic surveys. The objective is to turn geophysical targets into drill targets. This phase of the work is being undertaken by an exploration team from Botswana Diamonds. A review of the joint venture is underway.

In order to progress the impasse on the Maibwe joint venture (15% BOD) following the liquidation of joint venture partner BCL), several corporate options have been proposed to BCL's liquidator. The liquidator has decided to produce a prospectus on the licences to encourage outside investor interest. This is due to be completed by mid-2018.

Corporate

In early 2018 the Company raised £500,000 (before expenses) to fund the work outlined above.

Apart from ongoing exploration activity on four projects and active involvement in bringing the Maibwe situation toward a conclusion, management and directors are examining certain proposals which have been presented to the Board. Over the coming months shareholders can expect regular updates on both exploration and corporate activities.

John Teeling
Chairman
20th March 2018

This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

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Enquiries:

Botswana Diamonds PLC

John Teeling, Chairman +353 1 833 2833

James Campbell, Managing Director +27 83 457 3724

Jim Finn, Director

Northland Capital Partners Limited

David Hignell/Gerry Beaney (Corporate Finance) +44 (0) 203 861 6625

John Howes (Broking)

SVS Securities Plc +44 (0) 203 700 0100

Tom Curran

Ben Tadd

Blytheweigh +44 (0) 207 138 3204

Camilla Horsfall +44 (0) 781 784 1793

Nick Elwes +44 (0) 783 185 1855

Teneo PSG

Luke Hogg +353 (0) 1 661 4055

Alan Tyrrell +353 (0) 1 661 4055

www.botswanadiamonds.co.uk

Botswana Diamonds plc
Financial Information (Unaudited)

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Six Months Ended 31 Dec 17 unaudited £'000	Six Months Ended 31 Dec 16 unaudited £'000	Year Ended 30 Jun17 Audited £'000
REVENUE	-	-	-
Cost of sales	-	-	-
GROSS PROFIT	-	-	-
Administrative expenses	(178)	(136)	(311)
OPERATING LOSS	(178)	(136)	(311)
LOSS BEFORE TAXATION	(178)	(136)	(311)
Income tax expense	-	-	-
LOSS AFTER TAXATION	(178)	(136)	(311)
Exchange difference on translation of foreign operations	1	197	149
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD	(177)	61	(162)
LOSS PER SHARE- basic and diluted	(0.04p)	(0.04p)	(0.09p)

CONDENSED CONSOLIDATED BALANCE SHEET

	31 Dec 17 unaudited £'000	31 Dec 16 unaudited £'000	30 Jun17 audited £'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	8,155	7,238	7,766
Financial assets	1	1	1
	8,156	7,239	7,767
CURRENT ASSETS			
Trade and other receivables	50	45	60
Cash and cash equivalents	230	60	106
	280	105	166
TOTAL ASSETS	8,436	7,344	7,933
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	(237)	(206)	(429)
TOTAL LIABILITIES	(237)	(206)	(429)
NET ASSETS	8,199	7,138	7,504
EQUITY			
Share capital - deferred shares	1,796	1,796	1,796
Share capital - ordinary shares	1,148	846	949
Share premium	9,751	8,598	9,085
Share based payments reserve	104	97	97
Retained deficit	(3,690)	(3,337)	(3,512)
Translation reserve	73	121	72
Other reserves	(983)	(983)	(983)
TOTAL EQUITY	8,199	7,138	7,504

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
As at 30 June 2016	2,642	8,598	90	(3,201)	(76)	(983)	7,070
Share based payment	-	-	7	-	-	-	7
Total comprehensive loss	-	-	-	(136)	197	-	61
At 31 December 2016	2,642	8,598	97	(3,337)	121	(983)	7,138
Ordinary shares issued	103	508	-	-	-	-	611
Share issue expenses	-	(21)	-	-	-	-	(21)
Total comprehensive loss	-	-	-	(175)	(49)	-	(224)
As at 30 June 2017	2,745	9,085	97	(3,512)	72	(983)	7,504
Ordinary shares issue	199	670	-	-	-	-	869
Share issue expenses	-	(4)	-	-	-	-	(4)
Share based payment	-	-	7	-	-	-	7
Total comprehensive loss	-	-	-	(178)	1	-	(177)
At 31 December 2017	2,944	9,751	104	(3,690)	73	(983)	8,199

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 31 Dec 17 unaudited £'000	Six Months Ended 31 Dec 16 unaudited £'000	Year Ended 30 Jun 17 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(178)	(136)	(311)
Exchange movements	4	188	145
	(174)	52	(166)
Movements in Working Capital	(182)	40	232
NET CASH USED IN OPERATING ACTIVITIES	(356)	92	66
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration costs capitalised	(382)	(541)	(994)
NET CASH USED IN INVESTING ACTIVITIES	(382)	(541)	(994)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	869	-	550
Share issue costs	(4)	-	(21)
NET CASH GENERATED IN INVESTING ACTIVITIES	865	-	529
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	127	(449)	(399)
Cash and cash equivalents at beginning of the period	106	500	500
Effect of foreign exchange rate changes	(3)	9	5
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	230	60	106

Notes:**1. INFORMATION**

The financial information for the six months ended 31 December 2017 and the comparative amounts for the six months ended 31 December 2016 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 2017 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 17 £	Six Months Ended 31 Dec 16 £	Year Ended 30 Jun 17 £
Numerator			
For basic and diluted EPS retained loss	(178,390)	(136,055)	(310,798)
	No.	No.	No.
Denominator			
Weighted average number of ordinary shares	444,239,174	338,411,181	351,659,107
Loss per share – Basic and Diluted	(0.04p)	(0.04p)	(0.09p)

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 17 £'000	31 Dec 16 £'000	30 June 17 £'000
Exploration and evaluation assets:			
Cost:			
Opening balance	8,415	7,339	7,339
Additions	389	548	1,076
	<u>8,804</u>	<u>7,887</u>	<u>8,415</u>
Impairment:			
Opening balance	649	649	649
Provision for impairment	-	-	-
	<u>649</u>	<u>649</u>	<u>649</u>
Carrying Value:			
Opening balance	<u>7,766</u>	<u>6,690</u>	<u>6,690</u>
Closing balance	<u>8,155</u>	<u>7,238</u>	<u>7,766</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.

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% carried interest.

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 has agreed to pay Vutomi a total of £942,000 in cash, of which £581,000 will be used to fund exploration activities. In addition, the Company will issue 100 million ordinary shares of 0.25p each ("Ordinary Shares") to Vutomi shareholders. The Agreement will be executed in three Phases after which the Company will own 72% of Vutomi. The remaining 28% will continue to be held by Vutomi's Black Economic Empowerment ('BEE') partners. The three Phases are summarised below:

Exclusivity and Option Fee

Botswana Diamonds paid Vutomi an exclusivity and option fee of £122,000, with £61,000 paid in cash and £61,000 paid in the Company's Ordinary Shares at a price of 1.9p. The shares were issued on 3 April 2017. Upon completion of this payment Phase 1 of the earn-in commenced.

Phase 1

Phase 1 will last for 12 months, during which period the Company will, subject to available funding, have the option to pay Vutomi £215,000 to fund exploration activities to earn an initial 15% of Vutomi. During Phase 1 Vutomi will grant the Company the sole and exclusive right to fund exploration activities in, on and under the Vutomi Prospecting Rights Area in order to prepare a conceptual mining and development plan. The required mining permits are in place.

Phase 2

Phase 2 will last for a further 12 months, during which period the Company will, subject to available funding, have the option to pay Vutomi £366,000 to fund exploration activities to earn an additional 25% of Vutomi.

Phase 3

Phase 3 will commence within 90 days of the successful completion of Phase 2. Pursuant to the Agreement, the Company will have the option to issue the outstanding balance of 96.8m Ordinary Shares, priced at VWAP, to Vutomi and, subject to available funding, settle Vutomi's shareholders loan accounts of approximately £300,000 in cash to earn a further 32% of Vutomi.

Termination

At any point the Agreement will lapse if the Company does not exercise its option regarding a specific Phase.

As at 31 December 2017, the Company had completed Phase 1 and entered into Phase 2.

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 year are £6,951 (June 2017: £6,951) of share based payments, £7,989 (June 2017: £16,006) of wages and salaries and £50,277 (June 2017: £73,758) of directors remuneration.

5. SHARE CAPITAL

	Number	Share Capital £'000	Share Premium £'000
At 1 July 2016			
Deferred shares of 0.75p	239,487,648	1,796,157	-
Ordinary shares of 0.25p			
At 1 July 2016	338,411,181	846	8,598
Issued during the period	-	-	-
At 31 December 2016	338,411,181	846	8,598
Issued during the period	41,151,727	103	508
Share issue expenses	-	-	(21)
At 30 June 2017	379,562,908	949	9,085
Issued during the period	79,484,300	199	670
Share issue expenses	-	-	(4)
At 31 December 2017	459,047,208	1,148	9,751

Movements in share capital

On 27 February 2017, the Company raised £525,000 (before expenses) through the issue of 35,000,000 new ordinary shares of 0.25p at a price of 1.5p per share to provide additional working capital and fund development costs.

On 13 March 2017, 1,764,700 warrants were exercised at a price of 0.85p per warrant for £15,000.

On 3 April 2017, the Company issued 3,210,527 new ordinary shares of 0.25p each at a price of 1.9p to Vutomi shareholders for £61,000 as part of the Joint Venture Agreement entered into.

On 11 May 2017, 1,176,500 warrants were exercised at a price of 0.85p per warrant for £10,000.

On 3 August 2017, the Company raised £603,000 (before expenses) through the issue of 43,440,000 new ordinary shares of 0.25p at a price of 1.25p per share to provide additional working capital and fund development costs.

On 3 August 2017, 31,244,300 warrants were exercised at a price of 0.85p per warrant for £265,577.

6. POST BALANCE SHEET EVENTS

On 14th February 2018 the Company announced that they had raised £500,000 (before expenses) via the placing of 50,000,000 new ordinary shares with new and existing investors at a price of 1p per share.

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.

7. APPROVAL

The Interim Report for the period to 31st December 2017 was approved by the Directors on 20th March 2018.

8. AVAILABILITY OF REPORT

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