

29th March 2023

Botswana Diamonds PLC ("Botswana Diamonds" or the "the Company")
Unaudited Interim Statement and Financial Results for the Six Months Ended 31 December 2022

Botswana Diamonds PLC (AIM:BOD) is a diamond explorer in Sub-Saharan Africa with startup diamond production in South Africa. We are one of the most active players in this field and offer one of the few high-potential opportunities to invest in junior diamond exploration in Africa, or elsewhere.

Highlights:

- The first diamonds have now been produced from the Marsfontein dumps and gravels project in South Africa.
- Plans to begin production on the nearby Thorny River hard rock kimberlite dyke system are well advanced.
- In Botswana, we expanded our additional stake in the prospective Maibwe concession.

Despite global political and economic turbulence, diamond prices have been resilient. The United States stands-out with growing diamond jewellery sales. Expected growth in Asian markets has been disrupted, but long-term trends remain positive.

Supply disruptions support prices. Alrosa - the world's largest diamond producer by volume - continues to supply - though more smaller stones could hit the market. Diamonds from Botswana and South Africa, where we operate, tend on average to be bigger and of higher quality.

The industry is in a period of adjustment, as lab grown diamonds find their market niche as an entry-level "value" diamond for those not yet able to afford the real thing. But the re-sale value of non-natural stones shows that they constitute a separate segment. Consider the automotive industry, which offers excellent economy and mid-priced cars but luxury car sales grow. There will be (consumer) room for both.

Natural diamonds are more than compressed carbon. Owning them represents a mix of human emotions, aspirations and feelings. Diamonds are forever.

Operations: South Africa

Our recent focus has been bringing two operations into production: Marsfontein dumps and gravels and the adjacent Thorny River Dyke system. Diamonds are now being produced from Marsfontein, which is a proof-of-concept trial project. We have contracted out all production operations in return for a 15% production royalty on Run-of-Mine goods, and 25% on special diamonds. This plant, plus operational experience gained, will facilitate operations this year on the larger Thorny River project.

Teething issues at Marsfontein, along with plant delivery delays and adverse weather delayed the first production by a month. Current operations are processing 500 tons of dumps and gravels per day. Diamonds are now being produced although as yet we do not have a true representation of the average grade and quality.

Over the past two years we conducted drilling campaigns on the Thorny River kimberlite dyke system and have identified several areas where dykes have expanded, making mining more commercial. We

plan to mine these hot-spots using the same operational approach as at Marsfontein - for a 15% production royalty agreement using the same plant and equipment. These projects will thus deliver cash to BOD with no further capital expenditure.

BOD is obtaining two full mining permits over the Thorny River licences. Once the permits have been issued and the gravels mined out at Marsfontein, the plant and equipment will move to Thorny River. Production at Thorny River is expected to commence in the second half of 2023.

Botswana:

Current Botswanan activities are in the under-explored Kalahari. Negotiations with the receiver of BCL (a former Botswana copper producer), allowed Siseko (of which BOD owns 51%) and our local partner Future Minerals, to acquire 50% each of the ten Prospecting Licenses in the central Kalahari. Diamonds were confirmed in earlier drilling. Given the Kalahari's potential, we allowed certain low potential licences to expire.

Prevailing circumstances during 2022 complicated our efforts to secure a new joint venture partner to acquire the Ghaghoo mine, which is close to our KX36 project. This fully equipped diamond mine was placed on care and maintenance by the owner, Gem Diamonds.

There now seems reviewed market interest in Ghaghoo, and we will report as appropriate.

Outlook:

In January 2023, we raised £350,000 new capital via the exercise of outstanding warrants. The cash came from a small group of investors, including directors. Assuming operational success, royalties from the Marsfontein /Thorny River operations are expected to fully fund ongoing activities by end 2023.

Recent years have been difficult for junior diamond explorers with little new cash available. But without exploration there can be no new mines. And most new greenfield discoveries are made by juniors.

Botswana Diamonds has raised money and prospected for ten years with some limited success to date; most of our early-stage investors continue to support new funding efforts and I hope that their loyalty can be rewarded shortly.

John Teeling
Chairman
29th March 2023

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 22 unaudited £'000	Six Months Ended 31 Dec 21 unaudited £'000	Year Ended 30 Jun 2022 audited £'000
Administrative expenses	(330)	(228)	(486)
Impairment of exploration and evaluation assets	-	-	(253)
OPERATING LOSS	(330)	(228)	(739)
LOSS BEFORE TAXATION	(330)	(228)	(739)
Income tax expense	-	-	-
LOSS AFTER TAXATION	(330)	(228)	(739)
Exchange difference on translation of foreign operations	(24)	(159)	23
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	(354)	(387)	(716)
LOSS PER SHARE - basic and diluted	(0.04p)	(0.03p)	(0.09p)

CONDENSED CONSOLIDATED BALANCE SHEET

	31 Dec 22 unaudited £'000	31 Dec 21 unaudited £'000	30 Jun 2022 audited £'000
ASSETS:			
NON-CURRENT ASSETS			
Intangible assets	8,764	8,126	8,185
Plant and equipment	207	207	207
	8,971	8,333	8,392
CURRENT ASSETS			
Other receivables	38	16	49
Cash and cash equivalents	95	318	159
	133	334	208
TOTAL ASSETS	9,104	8,667	8,600
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	(1,041)	(650)	(734)
TOTAL LIABILITIES	(1,041)	(650)	(734)

NET ASSETS	8,063	8,017	7,866
EQUITY			
Share capital - deferred shares	1,796	1,796	1,796
Share capital - ordinary shares	2,392	2,124	2,198
Share premium	11,844	11,383	11,487
Share based payments reserve	111	111	111
Retained Deficit	(6,774)	(5,933)	(6,444)
Translation Reserve	(323)	(481)	(299)
Other reserves	(983)	(983)	(983)
TOTAL EQUITY	8,063	8,017	7,866

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 2021	3,778	10,984	111	(5,705)	(322)	(983)	7,863
Ordinary shares issued	142	418	-	-	-	-	560
Share issue expenses	-	(19)	-	-	-	-	(19)
Total comprehensive loss				(228)	(159)	-	(387)
As at 31 December 2021	3,920	11,383	111	(5,933)	(481)	(983)	8,017
Ordinary shares issued	74	104	-	-	-	-	178
Total comprehensive loss			-	(511)	182	-	(329)
As at 30 June 2022	3,994	11,487	111	(6,444)	(299)	(983)	7,866
Ordinary shares issued	194	357	-	-	-	-	551
Share issue expenses	-	-	-	-	-	-	-
Total comprehensive loss	-		-	(330)	(24)	-	(354)
As at 31 December 2022	4,188	11,844	111	(6,774)	(323)	(983)	8,063

CONDENSED CONSOLIDATED CASH FLOW

	Six Months Ended 31 Dec 22 unaudited £'000	Six Months Ended 31 Dec 21 unaudited £'000	Year Ended 30 Jun 2022 audited £'000
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the period	(330)	(228)	(739)
Impairment of exploration and evaluation assets	-	-	253
Foreign exchange losses	(2)	2	16
	(332)	(226)	(470)
Movements in Working Capital	76	(69)	(17)
NET CASH USED IN OPERATING ACTIVITIES	(256)	(295)	(487)
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets	(105)	(91)	(222)
NET CASH USED IN INVESTING ACTIVITIES	(105)	(91)	(222)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from share issue	295	560	738
Share issue costs	-	(19)	(19)
NET CASH GENERATED FROM FINANCING ACTIVITIES	295	541	719
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(66)	155	10
Cash and cash equivalents at beginning of the period	159	165	165

Effect of foreign exchange rate changes	2	(2)	(16)
CASH AND CASH EQUIVALENT AT THE END OF THE PERIOD	95	318	159

Notes:

1. INFORMATION

The financial information for the six months ended 31 December 2022 and the comparative amounts for the six months ended 31 December 2021 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 2022 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 22 £'000	Six Months Ended 31 Dec 21 £'000	Year Ended 30 Jun 22 £'000
Numerator			
For basic and diluted EPS retained loss	<u>(330)</u>	<u>(228)</u>	<u>(739)</u>
Denominator			
Weighted average number of ordinary shares	<u>924,921,167</u>	<u>813,171,948</u>	<u>844,141,491</u>
Loss per share - Basic and Diluted	<u>(0.04p)</u>	<u>(0.03p)</u>	<u>(0.09p)</u>

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	<u>11,410,000</u>	<u>11,410,000</u>	<u>11,410,000</u>

4. **INTANGIBLE ASSETS**

	31 Dec 22	31 Dec 21	30 June 22
	£'000	£'000	£'000
Exploration and evaluation assets:			
Cost:			
Opening balance	9,807	9,563	9,563
Additions	603	91	222
Exchange variance	(24)	(159)	22
	<u>10,386</u>	<u>9,495</u>	<u>9,807</u>
Impairment:			
Opening balance	1,622	1,369	1,369
Provision for impairment	-	-	253
	<u>1,622</u>	<u>1,369</u>	<u>1,622</u>
Carrying Value:			
Opening balance	<u>8,185</u>	<u>8,194</u>	<u>8,194</u>
Closing balance	<u>8,764</u>	<u>8,126</u>	<u>8,185</u>
Regional Analysis	31 Dec 22	31 Dec 21	30 Jun 22
	£'000	£'000	£'000
Botswana	6,638	6,925	6,636
South Africa	2,126	1,201	1,549
Zimbabwe	-	-	-
	<u>8,764</u>	<u>8,126</u>	<u>8,185</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 recorded an impairment charge of £253,380 on expenditure incurred exploring for new licences in Botswana and South Africa and expenditure incurred on the Ghaghoo diamond mine as the Group was unsuccessful in securing a joint venture partner to complete the acquisition.

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

On 28 September 2022 the Group increased its' interest from 45.94% to 74%. The consideration for Vutomi comprised 56,989,330 new ordinary shares of £0.0025 each in the Company. There are no lock-in arrangements, but the Consideration Shares were issued in two equal tranches (three months apart) following Completion. Accordingly, 28,464,665 Consideration Shares ("First Tranche Consideration Shares") were issued to the vendors of Vutomi on 28 September 2022. The Company also agreed that immediately on completion of the Acquisition, the Company would sell 26% of Vutomi for a deferred consideration of US\$316,333 to the Company's local South African Empowerment partner, Baroville Trade and Investments 02 Proprietary Limited, in order to comply with South African requirements on empowerment ownership, which was to be funded by a loan from Botswana Diamonds. On completion, the Company therefore owns 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 £35,854 (June 2022: £71,768) 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 22 £'000	31 Dec 21 £'000	30 Jun 22 £'000
Opening balance	207	207	207
Additions	-	-	-
Closing	<u>207</u>	<u>207</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 2021 and 1 July 2022	<u>239,487,648</u>	<u>1,796,157</u>	-
At 30 June 2022 and 31 December 2022	<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 2021	792,721,902	1,982	10,984
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>
Issued during the period	29,666,667	74	104
Share issue expenses	-	-	-
At 30 June 2022	<u>879,071,902</u>	<u>2,198</u>	<u>11,487</u>
Issued during the period	77,543,877	194	357
Share issue expenses	-	-	-
At 31 December 2022	<u>956,615,779</u>	<u>2,392</u>	<u>11,844</u>

Movements in share capital

At 1 July 2022 956,615,779 2,392 11,844 At 30 June 2022 879,071,902 2,198 11,487

On 4 July 2022, a total of 1,666,667 warrants were exercised at a price of 0.60p per warrant for £10,000.

On 8 September 2022, a total of 47,000,000 warrants were exercised at a price of 0.60p per warrant for £282,000.

On 28 September 2022, a total of 28,464,665 shares were issued at a price of 0.90p per share totalling £256,182 to Vutomi Mining Pty Ltd and Razorbill Properties 12 Pty Ltd (collectively known as 'Vutomi'), as part consideration for the acquisition of the company. Further information is detailed in Note 4 above.

On 6 October 2022, a total of 412,545 warrants were exercised at a price of 0.60p per warrant for £2,475.

7. TRADE AND OTHER PAYABLES

	31 Dec 22	31 Dec 21	30 Jun 22
	£'000	£'000	£'000
Trade payables	82	25	48
Petra Diamonds creditor	123	104	123
Accruals	594	521	563
Consideration due - Vutomi acquisition	242	-	-
	1,041	650	734

It is the Company's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, payment is made accordingly. In the absence of agreed terms it is the Company's policy that the majority of payments are made between 30 - 40 days. The carrying value of trade and other payables approximates to their fair value.

The Company was due to issue a total of 28,524,665 ordinary shares of £0.0025 each in the Company at a price of 0.85p per share as part consideration of the acquisition of Vutomi. These shares were issued after the period end on 27 January 2023. Further information is detailed in Notes 4 and 9.

8. SHARE BASED PAYMENTS

WARRANTS

	Dec 2022		Jun 2022		Dec 2021	
	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	162,816,667	1.07	192,483,334	1.07	139,166,667	0.60
Issued	-	-	-	0.60	55,000,000	2.00
Exercised	(49,079,212)	0.60	(29,666,667)	0.60	(1,683,333)	0.60
Expired	-	-	-	-	-	-
Outstanding at end of the period	113,737,455	1.28	162,816,667	1.07	192,483,334	1.07

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

9. POST BALANCE SHEET EVENTS

On 27 January 2023, the Company issued 28,524,665 ordinary shares of £0.0025 each in the Company in respect of the second tranche of consideration shares due following completion of the acquisition of Vutomi. Further information is detailed in Notes 4 and 7 above.

On 27 January 2023 the Company announced that it had raised £352,425 pursuant to the receipt of conversion notices from holders of 58,737,455 warrants exercisable at 0.60 pence each.

10. APPROVAL

The Interim Report for the period to 31st December 2022 was approved by the Directors on 28th March 2023.

11. AVAILABILITY OF REPORT

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

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