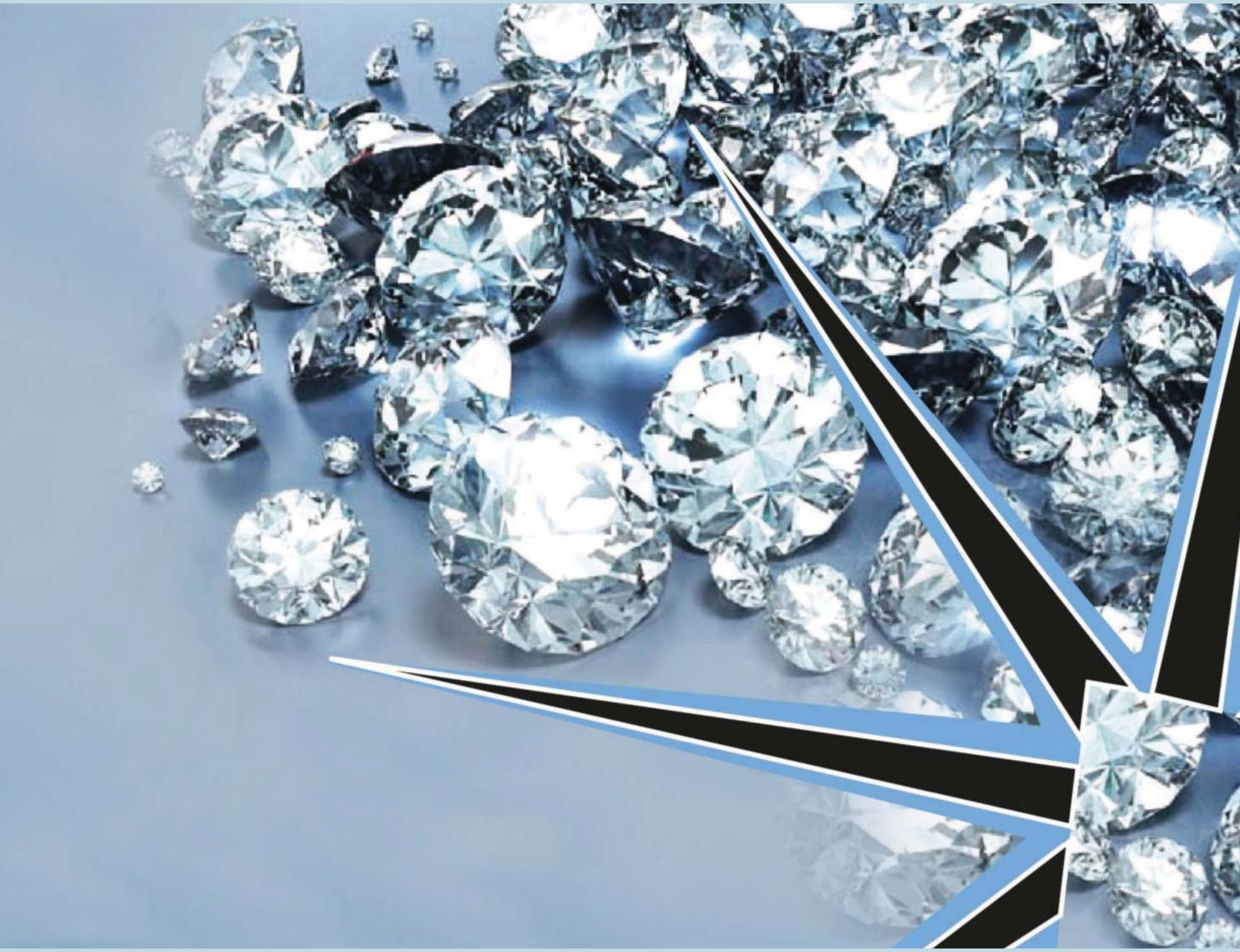
BOTSWANA
DIAMONDS PLC



ANNUAL REPORT 2017

Contents

Chairman's Statement

As the Natural Resources Exploration Sector shows signs of life we are well positioned to take advantage of emerging investor interest.

The past nine years have been difficult for Directors of stock exchange listed explorers. There has been virtually no new money available. Survival was the task so exploration spending declined. Not all survived.

Companies have disappeared while many more languish at miniscule valuations often at prices less than 5% of their highs. What funding was available was generally from Directors, their families and friends.

In recent times there has been a significant improvement. A long bull market on the stock exchange has given investors renewed confidence. The commodity cycle has turned upwards with prices of many metals showing significant rises. New opportunities have also arisen. Prospective ground which was held by mining companies is now available as the companies are unable to pay the ongoing costs and/or spend money on exploration.

The market for diamond jewellery continues to grow. As hundreds of millions around the world enter the middle classes, diamond jewellery becomes a "must have" item. Supply is currently sluggish and set to decline. There are few new mines while existing mines get more expensive to operate or simply run out of diamonds. The collapse of the structures put in place by De Beers to control prices has led to more volatility, yet over a 20 year period prices have grown more than inflation.

While market sentiment has played a part in the recent revival of Botswana Diamonds, your Board has also been decisive. We are delighted that James Campbell joined us as Managing Director in December 2016. He brings knowledge, experience, contacts and energy to the Company. James previously worked with us in African Diamonds where he was responsible for turning the AK6 diamond discovery into what became the world-class Karowe Diamond Mine.

His impact is obvious. In joining BOD he brought with him the Vutomi projects; Thorny River, Ontevreden and 6 prospecting rights in the Free State Province. The Thorny River Project is the most advanced with a 7.5 km diamond bearing kimberlite dyke. A bulk sample is currently being taken. An inferred resource is expected by end of 2017. On Ontevreden, a kimberlite pipe has been discovered in an area close to Petra's high-grade Helam Diamond Mine. The 6 Free State licences cover 40,000 ha and contain fourteen known kimberlite occurrences.

Since its foundation in 2011 the focus of BOD has been on Botswana, a country blessed with good government, good title and good ground. We have two significant joint ventures there – a 50/50 venture with Alrosa of Russia, the world's largest diamond company and a 15% stake in Maibwe (BCL 51%, Future Minerals 20%, Siseko 29%, BOD owns 51% of Siseko) which holds 12 licences in the Gope Region of the Kalahari.

The Alrosa joint venture, Sunland, holds 15 licences in Botswana, 4 in the Orapa area and 11 in the Gope area. Extensive geophysical and geochemical work has been conducted on these licences by Alrosa teams. Drilling has been undertaken by local contractors supervised by BOD personnel. The results to date after three years of work are encouraging. Excellent anomalies have yielded little when drilled. But that is the nature of exploration. A number of drill targets have been identified on certain Gope licences. Also, permits are needed to drill in the Central Kalahari Game Reserve (CKGR). We are in the process of applying for these.

The Maibwe joint venture is at an interesting stage of development. BCL, the operator who purports to own 51% of the joint venture company has not spent or invested the capital to acquire the stake, and is now in liquidation. It is a large Botswana state-owned copper and nickel miner. The liquidator is dealing with a number of options including the sale of assets as a unit and/or a piecemeal sale. Decisions are due by end February 2018.

The time period to conduct work on the 12 Maibwe licences, 3 years plus extensions, has been suspended by the Botswana Government until such time as ultimate ownership of the BCL assets is decided.

BOD made an offer to acquire the BCL interest in Maibwe. The liquidator appointed experts to evaluate the assets and to report on the offer.

Chairman's Statement
(continued)

Future

Alrosa has had significant management changes. The new team has expressed an interest in expanding their African interests. We are meeting the new team in the coming weeks to analyse and evaluate what we have in Botswana and to look at ways to progress.

The coming months should see developments in Maibwe, with most likely new owners of BCL. Until we know who they are and their attitude towards diamonds, little progress can be made.

Major developments are likely on the South African projects. With a maiden Mineral Resource Estimate to be published for Thorny River. High hopes exist for the kimberlite pipe discovered at Ontevreden. A number of other projects are being looked at.

We are rebuilding investor interest in BOD. The funds raised in August 2017 will fund operations into 2018. This will continue as we attempt to expand and improve our investor base in the United Kingdom, South Africa and Botswana.

John Teeling
Chairman

26th October 2017

Managing Director's Statement

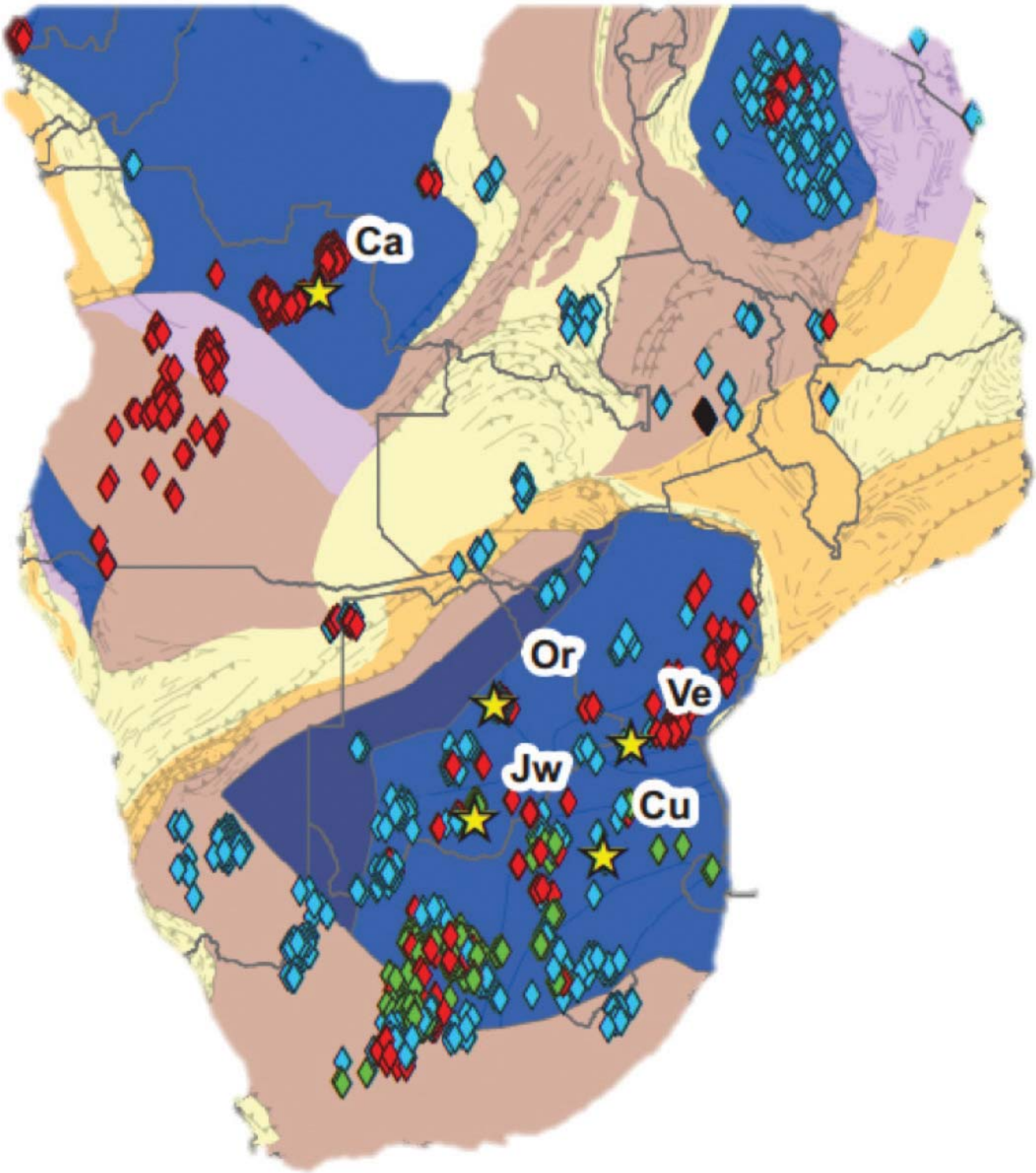
Introduction

Botswana Diamonds plc ('BOD') is a diamond exploration and project development company. Our focus is the identification of new diamondiferous kimberlite opportunities by securing high potential ground in the most prospective diamond provinces of Africa and leveraging our extensive African experience and diamond knowledge through partnerships with like-minded companies.

As any diamond explorer knows, this is a business of high uncertainty and risk, with no guarantee of rewards.

Location is key to improving the odds of discovery in any exploration programme: one must explore where diamonds are most likely to be found, i.e. in geologically prospective areas and preferably in the vicinity of known economic diamond deposits.

Brownfields projects are the most logical place to start from. This is why we have been actively exploring in Botswana and have recently expanded our exploration footprint beyond the Botswana border into South Africa.



Kimberlites in southern Africa. Source: De Wit et al, June 2016

Context

As the older mines become deeper and more expensive to operate, and with no new major resources having come on stream to supplement diamond production, the global supply of rough diamonds is plateauing. Pressure is on both producers and explorers to discover and develop new viable diamond deposits, but this is a process with long lead times.

Exploration is the tough end of the diamond pipeline; the odds are stacked against explorers, given the dearth of major discoveries of late.

To further compound the challenge, investment in exploration has been declining for the past several years, reaching an eleven-year low early in 2017. Funding for diamond exploration is extremely tight, as investors' appetite for diamond projects and exploration companies has been declining in response to the lack of new significant discoveries, with the exception of Alrosa's Luaxe kimberlite in Angola and Lucara's Karowe Mine (which incidentally the management team of BOD originally developed under the African Diamonds plc banner). One may argue, however, that no significant discoveries have been made because mining companies have not invested in exploration.

Diamond market fundamentals

Demand in the downstream market for polished diamonds is fairly stable, and jewellery demand in the major consumer markets (US, China, India and the Gulf) is increasing in low single digits over the last few years. In the absence of any major shocks, demand for polished diamonds should remain strong, on the back of increased urbanisation and a surging middle class in both India and China as well as sustained strong growth in the largest diamond market, the US which accounts for almost half the world's diamond jewellery consumption.

The rough diamonds business is in fairly good shape for now. The main producers all had a strong first half of 2017 with solid volumes of rough sold into the market. H2 has been more difficult with lower demand and therefore prices. Top-end producers of diamonds valued over US$100/ct typically experience less volatility in diamond prices.

Global rough diamond production is estimated at about 140-million carats for 2017, valued at $16-billion, and expected to peak over the next three to four years. Given the dearth of new discoveries and the long lead time from discovery to production, diamond supply is anticipated to decline, with a predictable impact on global market dynamics.

With falling supply and rising demand, analysts anticipate a widening supply gap which will lead to a rebound in diamond prices. Irrespective of any short-term market angst, the medium to longer term diamond market fundamentals remain solid.

Our approach to exploration

Finding and developing new diamond deposits is a challenge which entails being in the right location at the right time, with the right team and with access to the right technology.

Timing is a crucial factor in the success or failure of exploration endeavours.

The commercial viability of a new diamond deposit is determined primarily by demand for diamonds in the downstream market at a particular point in time.

Sustainability of diamond operations depends on the timing of capital expenditure and the reduction of unit operating costs in relation to prices achieved for rough diamonds. These are common challenges faced by diamond producers.

With analysts expecting a supply-demand gap to develop in the years ahead, which is expected to drive diamond prices upwards, we believe that this is a very opportune time for new diamond deposits to be discovered and developed.

Our exploration philosophy is simple, but rigorous: we go where the geology is best; where there are or were mines and remember that we cannot find a mine in an office.

By ensuring that our people are based in the field for most of their time, we are able to keep our overheads to a minimum and, more importantly, stay nimble and accelerate our decision-making processes. For example, by carrying out mineralogical analyses of heavy concentrate samples in field-based laboratories, we are able to make rapid, informed decisions and direct further fieldwork without unnecessary delays.

We believe that technology is a differentiator enabling explorers to relook at previously explored areas and find new answers. We embrace modern technology - geophysical, drilling and analytical - thoroughly, yet selectively in terms of techniques.

Our team's collective experience and long history in the diamond business enables us to appreciate the context of certain past decisions and to reconsider some of these with confidence when re-looking at previously known historical projects, discoveries or geophysical anomalies.

BOD's in-house experience is amplified through an extensive network of deep industry expertise giving us access to best-in-class specialists to support our exploration activities and decision processes.

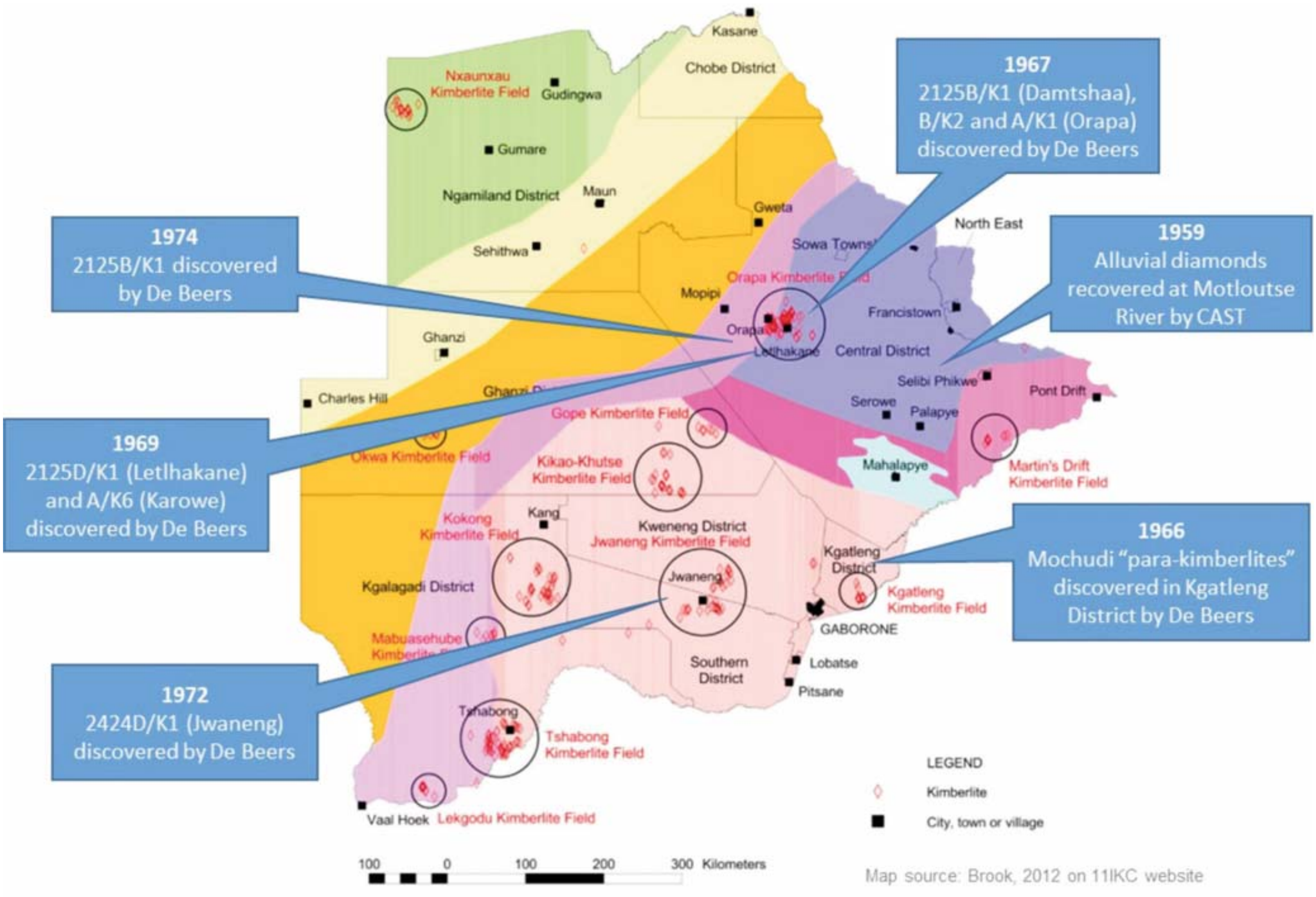
Ground holding

Botswana

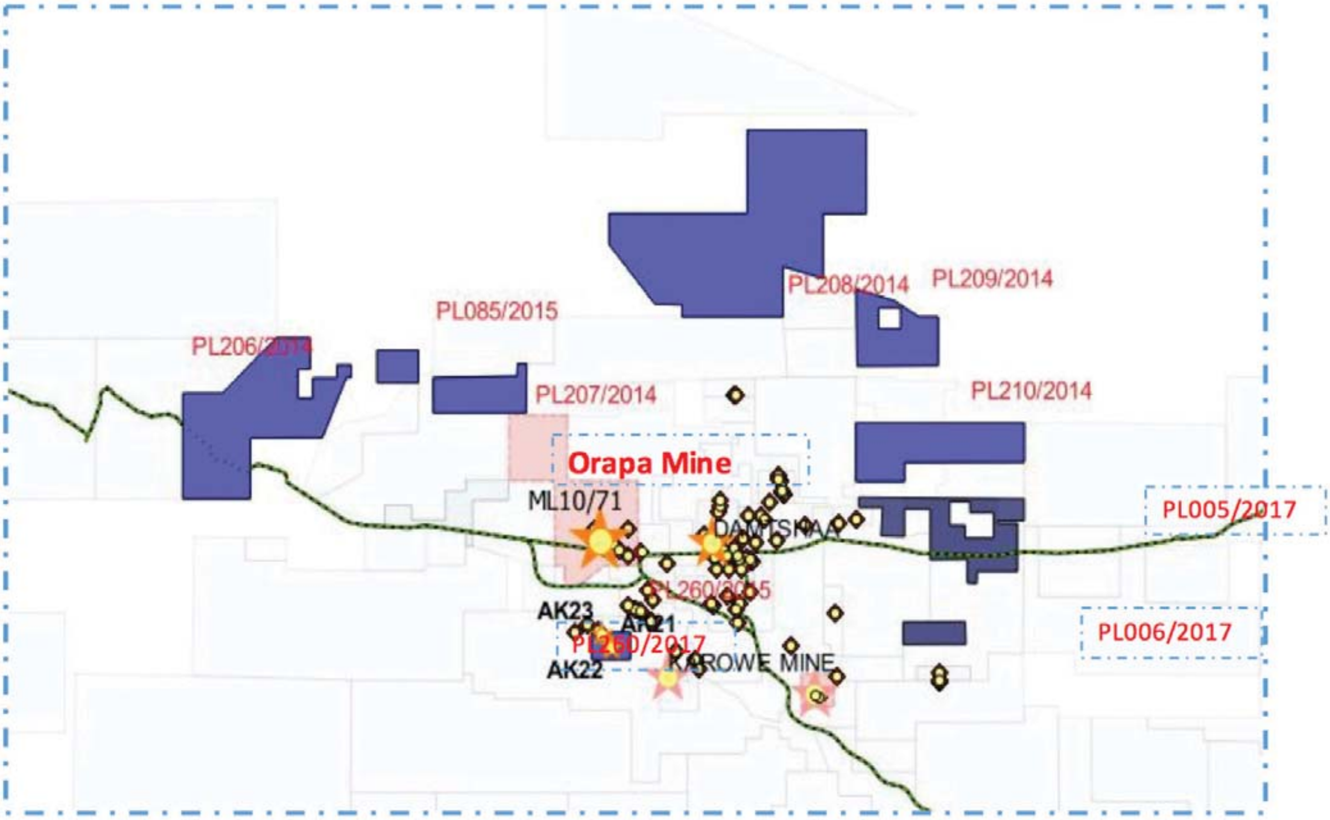
Botswana is one of the best diamond addresses in the world. It is a country endowed with mineral resources and gifted with a stable democracy, solid rule of law and an internationally recognized transparent mining regulation.

Botswana has one of the highest credit ratings in Africa; it maintains one of the highest and most consistent economic growth rates in the world.

Diamond explorers must go where diamonds can be found and Botswana is the largest diamond producer in the world by value, with a high percentage of large gemstone quality diamonds. There are thirteen known kimberlite fields in Botswana, containing over four hundred kimberlites, eight of which have become mines. The country hosts two of the biggest diamond mines in the world, Orapa and Jwaneng, producing about 15% of the world's diamonds, as well as the highly profitable Karowe mine. Amongst many other large stone produced here, the second largest diamond ever found, the 1,109ct Lesedi La Rona was unearthed from Karowe mine in 2015.



Botswana kimberlites



Location of Sunland PLs in the Orapa area of Botswana

BOD operates within two of the kimberlite clusters: Orapa in the northeast of the country and Gope in the Central Kalahari Game Reserve (‘CKGR’).

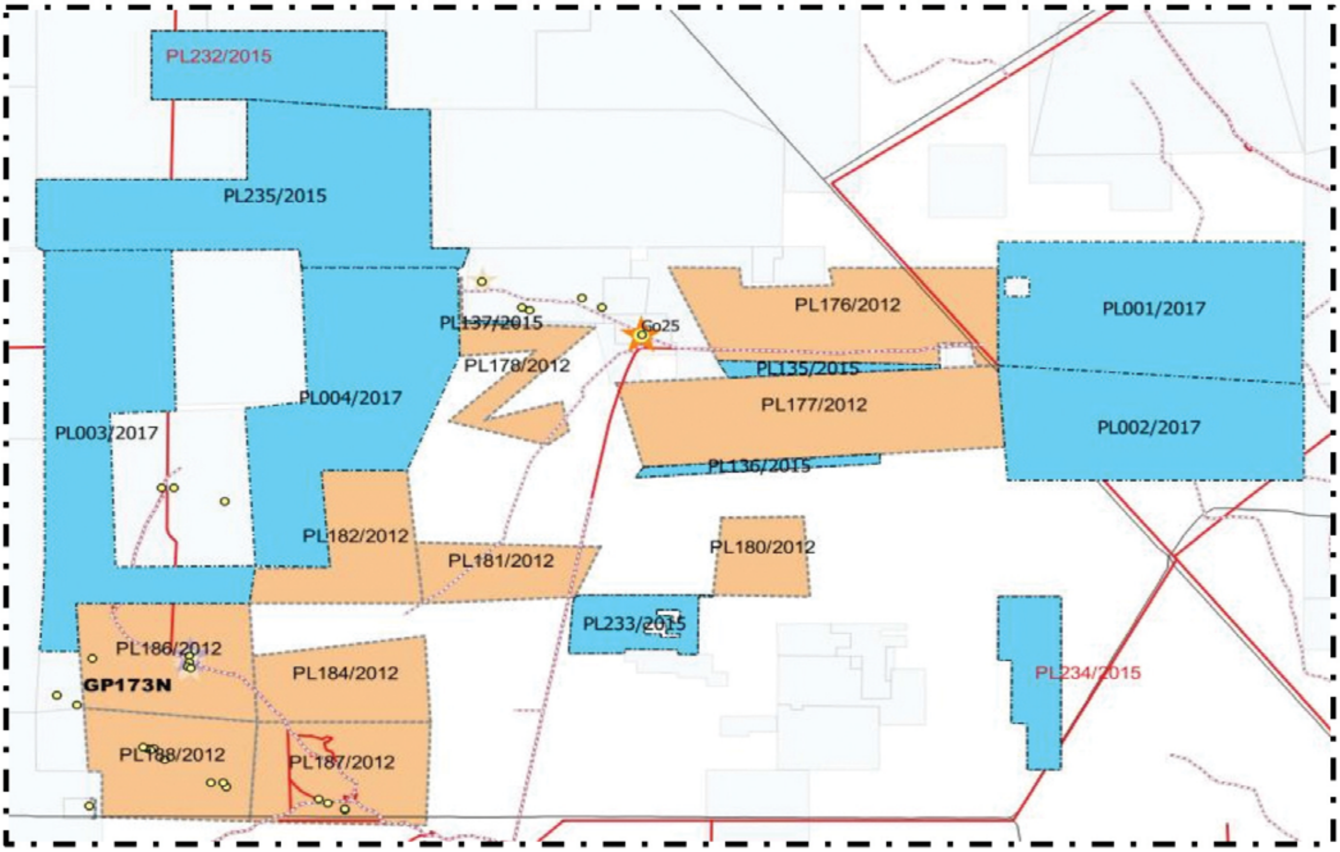
Our Orapa operations are carried out under Sunland Minerals Ltd, a 50/50 joint venture with Alrosa of Russia, which is the largest diamond producer, by volume, in the world. The Sunland Minerals partnership merges the extensive geological and local expertise of BOD with Alrosa’s in-house technological expertise, such as the advanced geophysical technology to look for kimberlites under cover (i.e. not outcropping on the surface).

Our Gope/CKGR operations are in two joint ventures: Alrosa/BOD, and Maibwe Diamonds, a three-way joint venture between BCL, a Botswana state-owned copper/nickel producer (51%), Future Minerals, a local company (20%) and Siseko Minerals (29%), a South African company controlled 51% by BOD. Siseko and Future have a free carry up to Bankable Feasibility Study. BCL is the operator.

The Sunland Minerals joint venture currently holds 15 Prospecting Licences (PLs) of which 4 are in the Orapa area and 11 in the Gope/CKGR area.

The second joint venture, Maibwe Diamonds, spans 10 licences in the Gope/CKGR region.

The Gope region of the Kalahari Desert is a very inhospitable, remote part of the world. Exploration activities in this area require significant effort in planning and logistics; this is partly the reason why few mining companies have ventured there before.



Location of Sunland and Maibwe PLs in the Gope/CKGR area of Bostwana

Typical CKGR scene

South Africa

BOD began exploring in South Africa early in 2017. With its long legacy of profitable diamond production and sophisticated finance and banking infrastructure, South Africa remains an attractive destination for diamond exploration. Perceptions of high business risk, complex bureaucratic hurdles and barriers to development have resulted in limited competition for exploration ground, especially since De Beers' exploration focus shifted elsewhere.

In South Africa we see an immediate opportunity to upgrade historical deposits into viable operations, by applying a modern, technology-based, exploration approach.

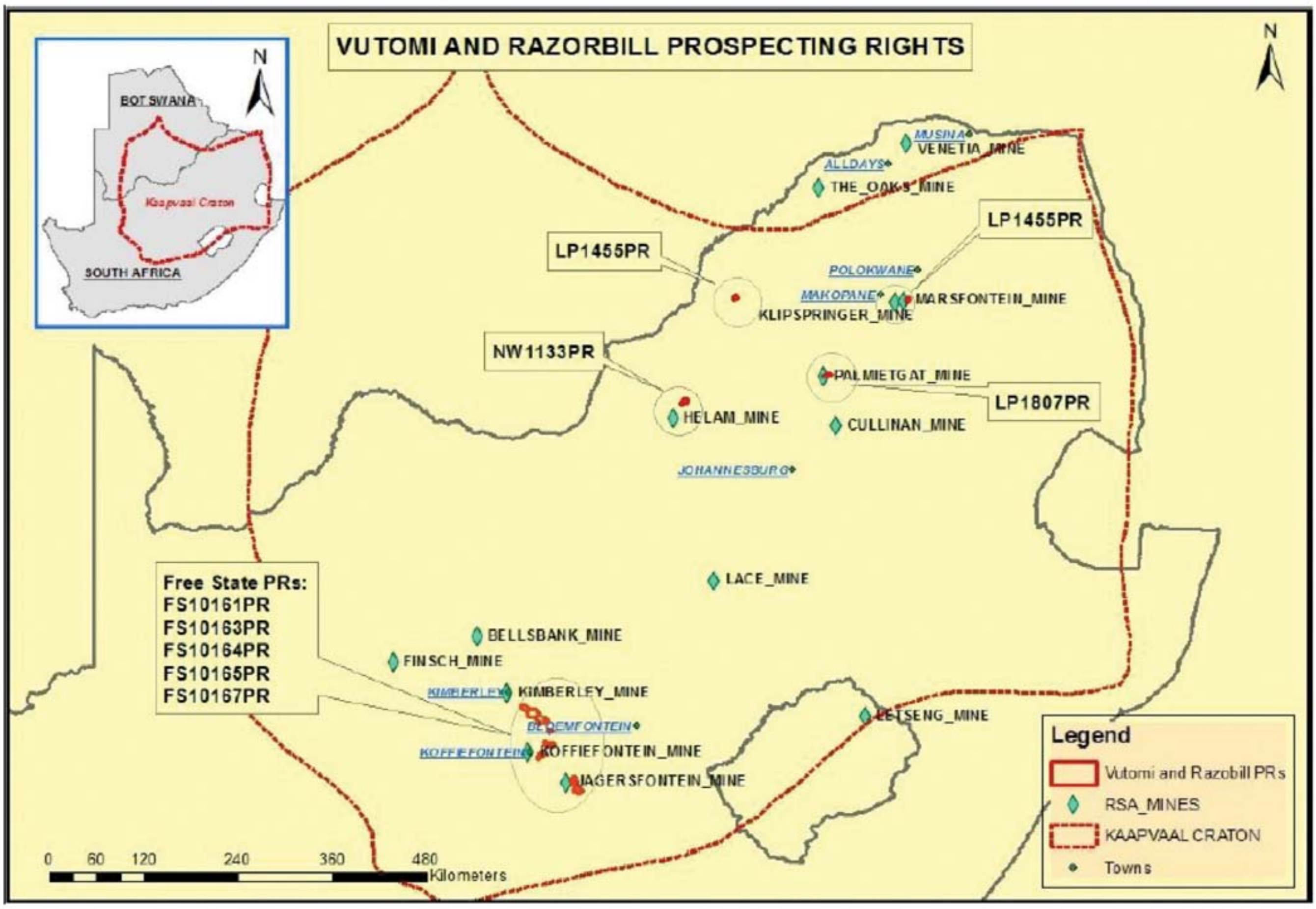
In February 2017, BOD entered into an Option and Earn In Agreement with Vutomi Mining Pty Ltd, a private diamond exploration and development firm in South Africa.

Vutomi has a portfolio of over twenty high interest kimberlites, many of which are diamondiferous, spanning the Limpopo, North-West and Free State Provinces of South Africa.

These kimberlites are housed in ten prospecting rights encompassing over 50,000 hectares of ground.

The flagship Thorny River project encompassing the Frischgewaagt, Hartbeesfontein and Doornrivier farms is located 300km north of Johannesburg in the Limpopo Province. It is immediately adjacent to the Marsfontein Mine, which was operated very profitably by De Beers in the 1990's.

The Marsfontein mine operated for only two years, but the diamond grade and quality were such that the entire capital cost was repaid in under four days.



Location of Vutomi prospecting rights in South Africa.

Managing Director’s Statement
(continued)

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

The Vutomi joint venture has potential for commercial diamond mining in the short to medium-term. It also represents a new strategic direction for BOD, a new endeavour outside of Botswana, yet still in diamonds.

My tenure with Botswana Diamonds began in December 2016; my association with the team, however, dates back many years. I have all confidence that our efforts will deliver the results that we anticipate in the months to come.

James AH Campbell
Managing Director

Botswana

BOD holds substantial ground in Botswana and has active exploration programmes ongoing in two separate joint ventures: Sunland Minerals and Maibwe Diamonds.

Orapa area

The Sunland Minerals joint venture currently holds 4 Prospecting Licences (PLs) in the Orapa area. These are PL 005, PL 006, PL 085 and PL 260.

PL 260 covers an area of 25 sq km between the Karowe and Orapa diamond mines. It contains three kimberlites AK21, AK22 and AK23, which are known to be diamondiferous. These had been discovered, explored and abandoned in 2008 by De Beers who believed that the diamond grades of about 1.5 carats per hundred tonnes (cpht) were not commercial.

The PL was awarded in 2015. Upon evaluation of existing data in H1 2016, Alrosa and BOD agreed that significant potential existed within the block.

A joint exploration programme on PLs 260 and PL 210 (since relinquished), consisting of soil sampling, ground geophysics, diamond drilling and reverse circulation large diameter drilling on AK21, begun late in March 2016. Transient Electro Magnetic ('TEM') soundings were carried out in April 2016 on kimberlites AK21, AK22 and AK23 in order to delineate size and morphology to a depth of 300m.

Re-analysis by Alrosa in Botswana of concentrate from two large diameter holes drilled on AK21 in April 2016 recovered a 1mm octahedral diamond in October and another diamond in November 2016. The same concentrate had been previously analysed inconclusively in South Africa.

Two core holes were drilled on AK22 in October 2016 (for a total of 440m), with the aim of comparing the mineralogy of the kimberlite with historical results. Fresh kimberlite was intercepted and one diamond was visually identified in the kimberlite core, which was submitted for microdiamond analysis. Two 200kg samples have been submitted for mineralogical analysis.

Targeted geophysics and soil sampling were conducted on PL 210, with the aim of recovering heavy mineral concentrate and selecting sites for follow-up diamond drilling to identify the source of the kimberlitic indicator minerals recovered in 2015. Drilling of geophysical anomalies on PL 210 encountered picrites and other non-kimberlitic rock types; no further work was carried out.

Drilling conducted on PL 085 in October 2016 encountered a dolerite sill and no additional work was carried out.

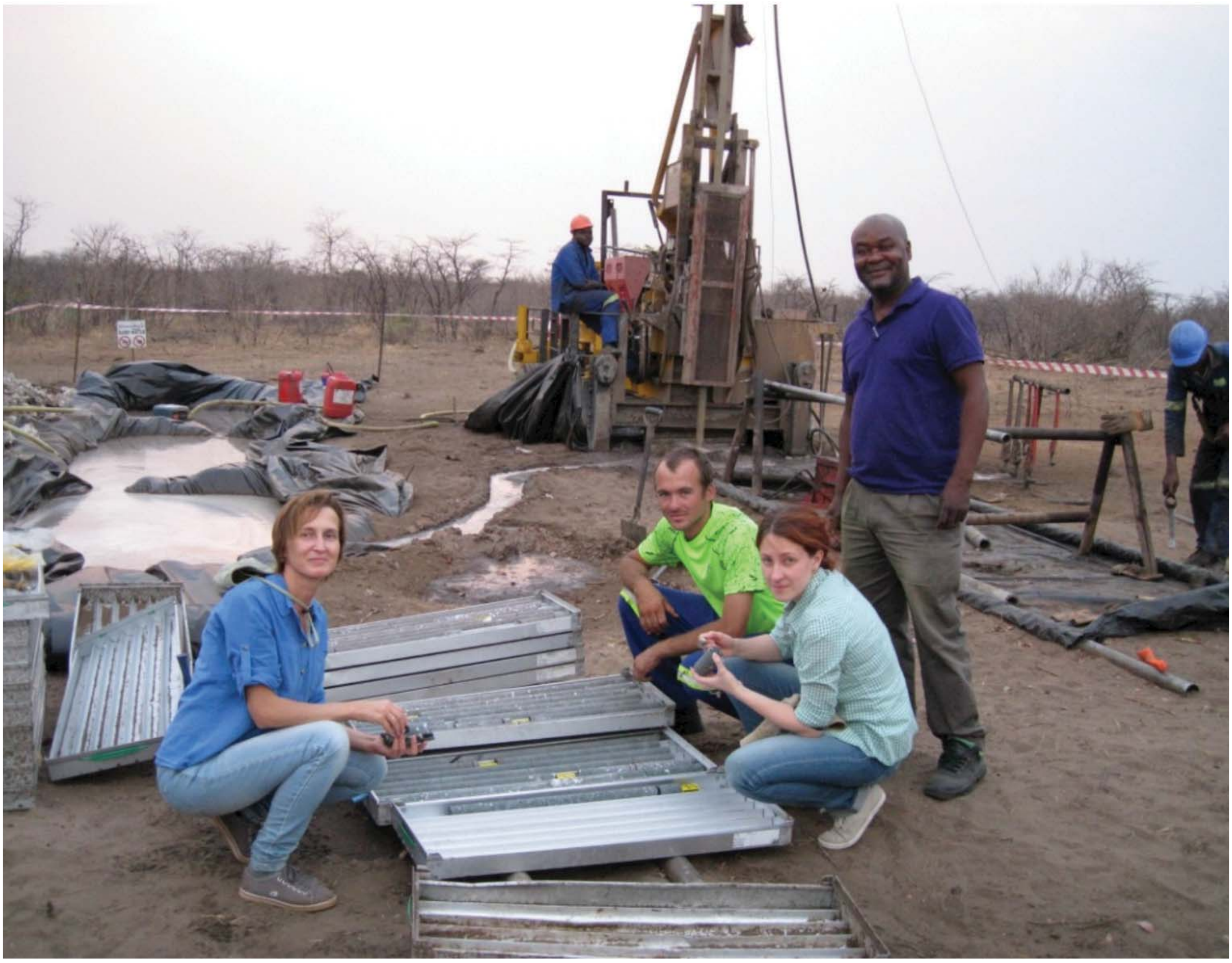
Orapa Area	Objective	Technique	Outcome
PL210/2014	Identify source of KIMs	Geophysics, soil sampling	
	Testing of geophysical anomalies	Percussion drilling	No kimberlite
PL260/2015	Delineation of AK21/22/23	TEM	
	Test AK21 for macrodiamonds	LDD	
	Mineralogy of AK22	Core drilling	2 diamonds
PL085/2015	Testing of geophysical anomalies	Percussion drilling	No kimberlite

Gope/CKGR area

The Sunland Minerals joint venture currently holds 11 PLs in the Gope/CKGR area: PL 001, PL 002, PL 003, PL 004, PL 135, PL 136, PL 137, PL 232, PL 233, PL 234 and PL 235.

Work conducted in 2016 included follow-up of anomalies identified in 2015 on PLs 135, 136 and 137, as well as reconnaissance fieldwork on PLs 001, 002, 003 and 004. Ground geophysical surveys and TEM soundings were carried out on anomalies, followed by sampling to recover a heavy mineral concentrate for analysis in a field laboratory.

Core drilling of an anomaly in PL 135 in October-November 2016 encountered intensively weathered basalt under sand cover up to 150m; no additional work was carried out.



Alrosa and BOD geologists collaborating in the field

Maibwe Diamonds JV

The Maibwe Diamonds joint venture currently holds 10 PLs in the Gope/CKGR area.

Ground magnetic surveys and drilling carried out on PL 186 by BCL in 2015 had identified a cluster of four diamond-bearing kimberlite pipes with surface areas of 5ha, 6ha, 2ha and 1ha respectively. The mineral chemistry had shown these pipes have diamond compositions similar to Orapa. Significant quantities of microdiamonds have been recovered following acid digestion of the kimberlite drill core.

Exploration work planned on PL186 for 2016 entailed large diameter drilling on these kimberlites for macrodiamond evaluation to confirm prior results and improve the understanding of diamond grade and size frequency distribution. This work was severely delayed due to the liquidation of BCL, the main shareholder and operator. After extensive discussions with the two remaining shareholders, Future Minerals and Siseko (51% BOD), it was agreed that BOD would fund a verification drilling programme. The drilling programme on PL 186 was completed in March 2017. In order to assess the accuracy of earlier result, three reverse circulation percussion holes were drilled in the immediate vicinity of previously drilled holes where significant quantities of diamonds were discovered. Samples have been submitted for analysis and results are pending.

Verification drilling at Maibwe

South Africa

All exploration activities in South Africa are currently based in the Limpopo, North-West and Free State Provinces and carried out within the ambit of the Vutomi joint venture.

Thorny River project

The Thorny River (formerly called Zebediela) project encompasses the farms of Frischgewaagt, Hartbeesfontein and Doornrivier in the Limpopo Province.

This project consists of a +7.5km long kimberlite dyke/blow system averaging c.1.4m in width. Vutomi had undertaken detailed ground geophysics, percussion drilling and surface sampling prior to the signing of the agreement.

The sampling programme, which was undertaken in 2016, yielded a raw diamond value of US$180/ct and modelled value of US$259/ct from 247 carats. Kimberlite intersections in the dyke/blow system have been between 1-17m, with an average of 1.4m.

A core and percussion drilling programme was conducted early in 2017, targeting a better indication of size and grade.

The first phase of drilling comprised of 34 percussion and 9 diamond drill holes with the aim of increasing the geological confidence in the system and was completed in April 2017. The width of the system was revised at 1-1.7m and two “blows” (thickening of the system, i.e. possible pipes) were identified along strike. High interest olivines and G9/G10 garnets were recovered.

Sample concentrate from the diamond drill holes (160kg) consigned for microdiamond analyses returned 223 microdiamonds. These were modelled in June to an estimated grade range of 20-270 carats per hundred tonnes (cpht) at a bottom cut-off of 0.6mm. A refined grade estimate in July indicated a medium grade of 78cpht in a range of 64-110cpht. The wide range in the estimated sample grade reflects the small sample; a larger sample is required to refine this estimate.

Core drilling on Frischgewaagt.

Detailed ground geophysical test work was carried out to identify the most suitable techniques for further delineation of lateral extension of the system.

Initial results from a ground geophysical programme indicate that the dyke system covers 7.5km (up from previous estimates of 4 and 6 km) and three more possible blows have identified.

A new anomaly was identified on the Hartbeesfontein farm early in October 2017 through detailed geophysical work. Drilling is in progress to test if the anomaly may be a kimberlite.

Twenty reverse circulation percussion holes have been drilled in Thorny River to further delineate the extensive dyke/pipe system. The large diameter drilling ('LDD') programme planned for October is being replaced by a geological sampling programme, with the aim to recover enough diamonds to increase the total diamond recovery on site to 500 carats. Such a diamond parcel would result in more accurate grade and diamond value estimations, enabling the estimation of an Inferred Mineral Resource by year end.

Assuming that the results of the Inferred Mineral Resource estimation are positive, we would advance the project down the resource pipeline towards commercialisation and proceed with prefeasibility studies working towards an Indicated Mineral Resource.

Conducting a max/min EM survey on Doornrivier.

Reverse circulation percussion drilling on Frischgewaagt.

Ontevreden

Ontevreden is located in the North West Province, some 400 km from Thorny River in a separate kimberlite cluster. It is close to Petra Diamonds' Helam diamond mine. Helam has a diamond grade of 85cpht.

Initial prospecting work on the Ontevreden license held by Vutomi has identified a Group 2 kimberlite pipe. Initial detailed ground geophysical work indicates a minimum surface size of 100x70m in an area containing high interest garnets.

Samples collected for kimberlitic indicator mineral analyses were processed at in-house facilities and submitted for microprobe analysis at the University of Johannesburg. Abundant G10 and G9 garnets with a complementary suite of eclogitic garnets were identified in the samples. This mix of garnets is typically associated with high-grade kimberlite pipes.

Detailed drilling of the area is planned for later in 2017 to confirm the size and whether it contains commercial diamonds.

Free State Rights

Vutomi holds 6 prospecting rights in the Free State Province, comprising a very large acreage of over 40,000 hectares. The rights are situated within significant kimberlite clusters, in the vicinity of top tier diamond mines such as Kimberley, Koffiefontein and Jagersfontein.

Very little historical work and analysis has been carried out on the fourteen known kimberlite occurrences within Vutomi's prospecting rights. Very little other exploration work has been carried out on the prospecting areas, leaving a number of magnetic and mineral anomalies unresolved. We believe that the area holds excellent potential for more discoveries.

Outlook

Exploration activities continue to gain momentum in Botswana and South Africa.

An Alrosa team of geologists and mineralogists arrived in Botswana in April to begin the 2017 exploration programme. This focused on sampling and ground geophysics over PL 260 in the Orapa area and PLs 135, 234 and 235 in the Gope area.

BOD was awarded six new PLs in April 2017. Of these, four are in the CKGR and two in the Orapa area. Future work will include early stage exploration and drilling for the assessment of these recently awarded areas.

The resolution of the corporate structure and JV partner for Maibwe Diamonds remains a high priority, and further evaluation work is anticipated on the high interest kimberlites.

In July 2017 BOD was granted a further 1,000 hectares of ground in on the Thorny River project in South Africa, immediately to the east of and contiguous to Frischgewaagt. There are strong indications that the Frischgewaagt dyke system extends further to the east.

Further drilling and evaluation work is planned on the Frischgewaagt, Hartbeesfontein and Doornrivier farms. A geological sampling programme will commence shortly at Thorny River, with the aim to declare an Inferred Resource by year-end. Meanwhile, we will proceed with more sampling, detailed drilling and first stage evaluation work at Ontevreden. Initial ground geophysical work and geochemistry work will be carried out in the Free State project areas, in order to prioritise decisions on the next work phase.

Strategic Report

The directors present their annual reports and the audited financial statements of the Group and Company for the year ended 30 June 2017.

STRATEGY

Our strategy is the appraisal and exploitation of the assets currently owned. Simultaneous with this process, the Group's management expects to continue to use its expertise to acquire further licence interests for diamond exploration and development. The Group has exploration interests in Botswana and South Africa. The Group also holds an investment in Stellar Diamonds plc which operates in Sierra Leone and Guinea.

BUSINESS REVIEW

Botswana Diamonds plc is a UK registered Company, focused on diamond exploration and development. Further information concerning the activities of the Group and its future prospects is contained in the Chairman's Statement and the Review of Operations.

The consolidated loss for the year after taxation was £310,798 (2016: £303,254).

The directors do not propose that a dividend be paid.

FURTHER DEVELOPMENTS

The directors intend to continue their involvement with the licences as disclosed in the Chairman's Statement, Managing Director's Statement and Review of Operations. They continue to seek further acquisition opportunities in relation to diamond exploration.

KEY PERFORMANCE INDICATORS

The Group's main key performance indicators include measuring:

- ability to raise finance on the alternative investment market; and
- quantity and quality of potential diamond reserves identified by the Group.

In addition, the Group reviews expenditure incurred on exploration projects and ongoing operating costs. As detailed in Note 3 the directors are examining options available to them for the raising of additional finance and expect that adequate resources will become available to meet the Group's committed obligations as they fall due.

IMPAIRMENT

The directors monitor and assess the recoverability of intangible assets and successful development of economic reserves. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use.

GOING CONCERN

Refer to Note 3 for details in relation to Going Concern.

RISKS AND UNCERTAINTIES

The Group is subject to a number of potential risks and uncertainties, which could have a material impact on the long-term performance of the Group and could cause actual results to differ materially from expectation. The management of risk is the collective responsibility of the Board of Directors and the Group has developed a range of internal controls and procedures in order to manage risk. The following risk factors, which are not exhaustive, are the principal risks relevant to the Group's activities:

Risk	Nature of risk and mitigation
Licence obligations	Operations must be carried out in accordance with the terms of each licence agreed with the relevant ministry for natural resources in the host country. Typically, the law provides that operations may be suspended, amended or terminated if a contractor fails to comply with its obligations under such licences or fails to make timely payments of relevant levies and taxes. The Group has regular communication and meetings with relevant government bodies to discuss future work plans and receive feedback from those bodies. Country Managers in each jurisdiction monitor compliance with licence obligations and changes to legislation applicable to the Company and report as necessary to the Board.
Requirement for further funding	The Group may require additional funding to implement its exploration and development plans as well as finance its operational and administrative expenses. There is no guarantee that future market conditions will permit the raising of the necessary funds by way of issue of new equity, debt financing or farming out of interests. If unsuccessful, this may significantly affect the Group's ability to execute its long-term growth strategy The Board regularly reviews Group cash flow projections and considers different sources of funds. The Group regularly meets with shareholders and the investor community and communicates through their website and regulatory reporting.
Geological and development risks	Exploration activities are speculative and capital intensive and there is no guarantee of identifying commercially recoverable reserves. The Group activities in Botswana and South Africa are in proven resource basins. The Group uses a range of techniques to minimise risk prior to drilling and utilises independent experts to assess the results of exploration activity.
Title to assets	Title to diamond assets in Botswana can be complex. The Directors monitor any threats to the Group's interest in its licences and employ the services of experienced and competent lawyers in relevant jurisdictions to defend those interests, where appropriate.
Exchange rate risk	The Group's expenses, which are primarily to contractors on exploration and development, are incurred primarily in Sterling, US Dollars and the Botswana Pula. The Group's policy is to conduct and manage its operations in Sterling and therefore it is exposed to fluctuations in the relative values of the other currencies. The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and maintaining a level of cash in foreign denominated currencies sufficient to meet planned expenditure in that currency.

RISKS AND UNCERTAINTIES (CONTINUED)

Risk	Nature of risk and mitigation
Political risk	The Group holds assets in Botswana and South Africa and therefore the Group is exposed to country specific risks such as the political, social and economic stability of these countries. The countries in which the Group operates are encouraging foreign investment. The Group's projects are longstanding and we have established strong relationships with local and national government which enable the Group to monitor the political and regulatory environment.
Financial risk management	Details of the Group's financial risk management policies are set out in Note 21.

In addition to the above there can be no assurance that current exploration programmes will result in profitable operations. The recoverability of the carrying value of exploration and evaluation assets is dependent upon the successful discovery of economically recoverable reserves, the achievement of profitable operations, and the ability of the Group to raise additional financing, if necessary, or alternatively upon the Group's and Company's ability to dispose of its interests on an advantageous basis. Changes in future conditions could require material write down of the carrying values of the Group's assets.

FINANCIAL RISK MANAGEMENT

Details of the Group's financial risk management policies are set out in Note 21 to the Financial Statements.

EMPLOYEE CONSULTATION

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings.

CORPORATE SOCIAL RESPONSIBILITY

The Group is subject to best practice standards and extensive regulations, which govern environmental protection. The Group is committed to uphold these standards and regulations as a minimum and to keep these important matters under continuous review. When appropriate, adequate action and provision is immediately taken to ensure full compliance with the standards expected of an international exploration and development Company.

The Group works towards positive and constructive relationships with government, neighbours and the public, ensuring fair treatment of those affected by the Group's operations. In particular, the Group aims to provide employees with a healthy and safe working environment whilst receiving payment that enables them to maintain a reasonable lifestyle for themselves and their families.

SUPPLIER PAYMENT POLICY

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment.

Trade payable days for Group and Company for the year were 30-40 days.

APPROVAL OF THE BOARD

This Strategic Report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the natural resources exploration industry. While the directors believe the expectation reflected within the Annual Report to be reasonable in light of the information available up to the time of their approval of this report, the actual outcome may be materially different owing to factors either beyond the Group's control or otherwise within the Group's control, for example owing to a change of plan or strategy.

Accordingly, no reliance may be placed on the forward-looking statements.

On behalf of the Board:

John Teeling
Chairman

26 October 2017

DIRECTORS

The current directors are:

John Teeling
James Finn
David Horgan
Robert Bouquet
Anne McFarland
James Campbell (appointed 1 December 2016)

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors holding office at 30 June 2017 had the following interests in the ordinary shares of the Company:

			30 June 2017			1 July 2016	
		Ordinary Shares of £0.0025 each Shares	**Ordinary Shares of £0.0025 each Options**	**Ordinary Shares of £0.0025 each Warrants**	Ordinary Shares of £0.01 each Shares	Ordinary Shares of £0.01 each Options	Ordinary Shares of £0.01 each Warrants
	Nationality	**Number**	**Number**	**Number**	Number	Number	Number
John Teeling	Irish	44,154,868	2,500,000	7,529,450	44,154,868	2,500,000	7,529,450
James Finn	Irish	19,147,689	2,000,000	4,705,950	19,147,689	2,000,000	4,705,950
David Horgan	Irish	12,231,034	2,000,000	2,352,950	12,231,034	2,000,000	2,352,950
James Campbell	British	-	1,000,000	-	-	-	-
Robert Bouquet	British	-	250,000	-	-	250,000	-
Anne McFarland	Irish	1,207,100	250,000	1,207,100	1,207,100	250,000	1,207,100

There were no share options exercised by the directors during the year (2016: Nil).

DIRECTORS' REMUNERATION REPORT

The remuneration of the directors for the years ended 30 June 2017 and 30 June 2016 was as follows:

	SALARIES AND FEES	
	2017	2016
	£	£
John Teeling	**30,000**	30,000
James Finn	**30,000**	30,000
David Horgan	**20,000**	20,000
James Campbell	**58,758**	-
Robert Bouquet	**15,966**	13,386
Anne McFarland	**5,356**	3,878

Directors' Remuneration is disclosed in Note 6 of these financial statements.

SUBSTANTIAL SHAREHOLDINGS

The share register records that the following shareholders, excluding directors, held 3% or more of the issued share capital of the Company at 30 June 2017 and 16 October 2017:

	30 June 2017		16 October 2017	
	No. of shares	**%**	No of shares	%
Pershing International Nominees Limited (DSCLT)	**29,979,985**	**7.90**	35,117,992	7.65
Rene Nominees (IOM) Limited	**18,229,784**	**4.80**	19,896,451	4.33
HSBC Global Custody Nominee (UK) Limited	**18,173,321**	**4.79**	20,526,221	4.47
SVS Nominees Limited (POOL)	**12,983,181**	**3.42**	25,554,463	5.57
TD Waterhouse Nominees (Europe) Limited	**11,771,488**	**3.10**	13,216,387	2.88

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 30 November 2017 in accordance with the Notice of Annual General Meeting on page 58 of the annual report. Details of the resolutions to be passed are included in this notice.

CHARITABLE AND POLITICAL CONTRIBUTIONS

The Group made no political or charitable donations during the year.

CAPITAL STRUCTURE

Details of the authorised and issued share capital, together with details of movements in the Company's issued share capital during the year are shown in Note 16. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company.

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. With regard to the appointment and replacement of directors, the Company is governed by the Articles of Association, the Companies Act, and related legislation.

DIRECTORS' INDEMNITIES

The Company does not currently maintain directors' or officers' liability insurance.

POST BALANCE SHEET EVENTS

Post balance sheet events are disclosed in Note 22 of these financial statements.

AUDITORS

Each of the persons who is a director at the date of approval of this report confirms that:

1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
2) the director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte will be proposed at the forthcoming Annual General Meeting.

By order of the Board and signed on its behalf by:

James Finn	John Teeling
Secretary	Director

26 October 2017

Directors' Responsibilities Statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent Company financial statements under IFRSs as adopted by the EU. Under Company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Botswana Diamonds plc

Independent auditor's report to the members of Botswana Diamonds plc

Report on the audit of the financial statements

Opinion on the financial statements of Botswana Diamonds plc

In our opinion the Group and Parent Company financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company as at 30 June 2017 and of the loss of the Group for the period then ended; and
- have been properly prepared in accordance with the relevant financial reporting framework and, in particular, with the requirements of the Companies Act 2006.

The financial statements we have audited comprise:

- the Consolidated Statement of Comprehensive Income;
- the Consolidated Balance Sheet;
- the Company Balance Sheet;
- the Consolidated Statement of Changes in Equity;
- the Company Statement of Changes in Equity;
- the Consolidated Cash Flow Statement;
- the Company Cash Flow Statement;
- the related notes 1 to 22, including a summary of significant accounting policies as set out in note 1.

The relevant financial reporting framework that has been applied in the preparation of the Group and Parent Company financial statements is the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as adopted by the European Union ("the relevant financial reporting framework").

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the Group financial statements, the Group in addition to complying with its legal obligation to apply IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the Group financial statements comply with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are described below in the "*Auditor's responsibilities for the audit of the financial statements*" section of our report.

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Revised Ethical Standard 2016 as issued by the Financial Reporting Council ("FRC"), as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to Note 3 to the financial statements concerning the Group's ability to continue as a going concern. The Group incurred a net loss for the year of £310,798. This condition indicates the existence of a material uncertainty in respect of the Group's ability to continue as a going concern. The going concern assumption of the Group is dependent on the Group obtaining additional finance to meet its working capital needs for a period of not less than twelve months from the date of approval of the financial statements. The directors have prepared the financial statements of the Group on the basis that the Group is a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty relating to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of Intangible Assets - Group and Parent Company	
Key audit matter description	As of 30 June 2017, the value of intangible assets amounted to £7,766,256 (company: £3,934,978) which accounts for more than 90% of the Group's total assets and 50% of the company's total assets. These intangible assets relate to costs capitalised in relation to the Group's exploration activities in both the consolidated balance sheet and Parent Company. As disclosed in note 10 to the financial statements, the recoverability and realisation of these assets is dependent on the discovery and successful development of economic diamond reserves and the ability of the Group to raise sufficient finance to develop the projects. Accordingly, due to the significance of the balances to the financial statements as a whole, combined with the uncertainty of discovery and successful development of economic reserves, recoverability of the intangible assets is considered to be a key audit matter for both the Group and Parent Company. Refer to the accounting policy on page 39 and the disclosures in note 10 of the financial statements.
How the scope of our audit responded to the key audit matter	We considered and challenged the directors' assessment of indicators of impairment in relation to these exploration and evaluation assets. We performed a review of the board of directors' minutes of meetings and press releases in relation to the status of the exploration activities and funding strategies, including a review of the Group's budgeted expenditure for the next 12 months. We also considered the adequacy of the disclosures provided in the financial statements.
Key observations	An Inherent uncertainty exists in relation to the ability of the Group to realise the exploration and evaluation assets capitalised as intangible assets. As noted above, recoverability of these assets is dependent on the discovery and successful development of economic diamond reserves and the ability of the Group to raise sufficient finance to develop the projects. The financial statements do not include any adjustments relating to this uncertainty and the ultimate outcome cannot, at present, be determined. Our opinion is not modified in respect of this matter.

Capitalisation of Intangible Assets – Group and Parent Company	
Key audit matter description	A risk exists that exploration costs not meeting the criteria of IFRS 6 are incorrectly capitalised rather than expensed to the Statement of Comprehensive Income. As a level of management judgement is required to be applied to certain costs, therefore we determine this to be a key audit matter. The Group capitalised exploration and evaluation expenditure during the year ended 30 June 2017 amounting to £1,076,609 including an amount of £493,437 capitalised by the Parent Company. Refer to the accounting policy on page 39 and the disclosures in notes 10 of the financial statements.
How the scope of our audit responded to the key audit matter	We selected a sample of additions to intangible assets in the current year and determined the appropriateness of capitalising these costs as exploration and evaluation expenditure, in line with Group policy and IFRS 6 *Exploration for and Evaluation of Mineral Resources*. We also evaluated management's assessment of these costs with reference to the IFRS 6 criteria.
Key observations	No observations were identified.

Recoverability of Investments and Intercompany Receivables - Parent Company	
Key audit matter description	Due to the uncertainty in recoverability of investments and intercompany receivables, which is dependent on the discovery and successful development of economic diamond reserves a risk exists that the balances are not recorded correctly at year end correctly. This was considered to be a Key audit matter. As of 30 June 2017, the intercompany receivables balance was fully provided for, as was the investment in subsidiaries balance of £500,000, as disclosed in notes 11 and 13 to the financial statements. Refer to the accounting policy on page 38 and 40 and the disclosures in note 13 of the financial statements.
How the scope of our audit responded to the key audit matter	We assessed and challenged the directors' impairment review for these investment and receivable balances. We also performed a review of the board of directors' minutes of meetings and press releases in relation to the status of the exploration activities and funding strategies and reviewed the status of the related exploration licenses. We considered the underlying assets of the subsidiary companies and their ability to repay these balances.
Key observations	No observations were noted in relation to the provisions for impairment of these assets.

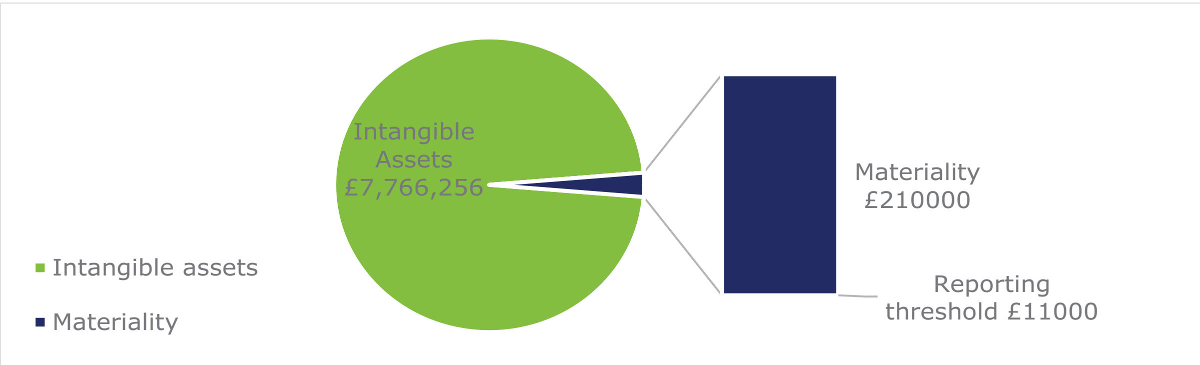
Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person, relying on the financial statements, would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £210,000, which is approximately 2.5% of the Group's Intangible Assets. We determined materiality for the company to be £97,000, which is approximately 2.5% of Intangible Assets. We have determined that intangible assets is the appropriate benchmark considering this makes up more than 90% of the Group's total assets and the Group is not yet in a profit-making position.

Group materiality



We agreed with the Board of Directors that we would report to them all audit differences for the Group in excess of £11,000 and all audit differences for the Company in excess of £4,800 as well as differences below those thresholds that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

In approaching the audit, we considered how the Group is organised and managed. We assessed the Group to be made up of four significant components being Botswana Diamonds plc, Kukama Mining and Exploration (Proprietary) Limited, Atlas Minerals (Botswana) (Pty) Limited and Sunland Minerals (Pty) Limited. Full scope audits were performed on each of these four significant components by either Deloitte Ireland or a Deloitte network firm in Botswana.

The work performed by component audit teams was directed by the Group audit team and performed to component materiality levels applicable to each component which were lower than Group materiality.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report 2016, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2006, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group and Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the Group) to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that the auditor identifies during the audit.

This report is made solely to the company's members, as a body, in accordance with Section 393 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on other legal and regulatory requirements

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the provisions in the Companies Act 2006 which require us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by law are not made.

Emer O'Shaughnessy (Senior Statutory Auditor)
For and on behalf of Deloitte
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

26 October 2017

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2017

	Notes	2017 £	2016 £
Administrative expenses		**(310,898)**	(262,779)
Impairment of exploration and evaluation assets	10	**-**	(33,625)
OPERATING LOSS		**(310,898)**	(296,404)
Gain/(Loss) due to fair value volatility	12	**100**	(6,850)
LOSS FOR THE YEAR BEFORE TAXATION		**(310,798)**	(303,254)
Income tax expense	8	**-**	-
LOSS AFTER TAXATION		**(310,798)**	(303,254)
Exchange difference on translation of foreign operations		**148,930**	103,408
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(161,868)**	(199,846)
Loss per share – basic	5	**(0.09p)**	(0.11p)
Loss per share – diluted	5	**(0.09p)**	(0.11p)

Consolidated Balance Sheet
as at 30 June 2017

	Notes	30/06/2017 £	30/06/2016 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**7,766,256**	6,689,647
Financial assets	12	**1,250**	1,150
		7,767,506	6,690,797
CURRENT ASSETS			
Other receivables	13	**60,622**	30,625
Cash and cash equivalents	14	**106,188**	500,426
		166,810	531,051
TOTAL ASSETS		**7,934,316**	7,221,848
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	**(429,484)**	(152,098)
TOTAL LIABILITIES		**(429,484)**	(152,098)
NET ASSETS		**7,504,832**	7,069,750
EQUITY			
Called-up share capital – deferred shares	16	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	16	**948,907**	846,028
Share premium	16	**9,085,128**	8,598,008
Share based payment reserves	17	**97,287**	90,336
Retained deficit		**(3,511,712)**	(3,200,914)
Translation reserve		**72,352**	(76,578)
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**7,504,832**	7,069,750

The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 26 October 2017 and signed on its behalf by:

John Teeling
Director

Company Balance Sheet
as at 30 June 2017

	Notes	**30/06/2017**	30/06/2016
		£	£
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**3,934,978**	3,441,541
Investment in subsidiaries	11	**17**	500,017
Financial assets	12	**1,250**	1,150
		3,936,245	3,942,708
CURRENT ASSETS			
Other Receivables	13	**8,979**	2,853,652
Cash and cash equivalents	14	**13,429**	359,027
		22,408	3,212,679
TOTAL ASSETS		**3,958,653**	7,155,387
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	**(414,459)**	(85,637)
NET ASSETS		**3,544,194**	7,069,750
EQUITY			
Called-up share capital – deferred shares	16	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	16	**948,907**	846,028
Share premium	16	**9,085,128**	8,598,008
Share based payment reserves	17	**97,287**	90,336
Retained deficit		**(7,399,998)**	(3,277,492)
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**3,544,194**	7,069,750

The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 26 October 2017 and signed on its behalf by:

John Teeling
Director

Consolidated Statement of Changes in Equity

for the year ended 30 June 2017

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Translation Reserve £	Other Reserve £	Total £
At 30 June 2015	2,394,876	7,825,081	89,908	(2,897,660)	(179,986)	(983,287)	6,248,932
Share based payment	-	-	428	-	-	-	428
Issue of shares	247,309	810,208	-	-	-	-	1,057,517
Share issue expenses	-	(37,281)	-	-	-	-	(37,281)
Loss for the year and total comprehensive income	-	-	-	(303,254)	103,408	-	(199,846)
At 30 June 2016	2,642,185	8,598,008	90,336	(3,200,914)	(76,578)	(983,287)	7,069,750
Share based payment	**-**	**-**	**6,951**	**-**	**-**	**-**	**6,951**
Issue of shares	**102,879**	**508,121**	**-**	**-**	**-**	**-**	**611,000**
Share issue expenses	**-**	**(21,001)**	**-**	**-**	**-**	**-**	**(21,001)**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(310,798)**	**148,930**	**-**	**(161,868)**
At 30 June 2017	**2,745,064**	**9,085,128**	**97,287**	**(3,511,712)**	**72,352**	**(983,287)**	**7,504,832**

Share Premium
The share premium reserve comprises of a premium arising on the issue of shares.

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 Reserve
During 2010 the Company acquired certain assets and liabilities from African Diamonds plc, a Company under common control. In accordance with accounting standards 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.

Company Statement of Changes in Equity

for the year ended 30 June 2017

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Other Reserve £	Total £
At 30 June 2015	2,394,876	7,825,081	89,908	(3,077,646)	(983,287)	(6,248,932)
Share based payment	-	-	428	-	-	428
Issue of shares	247,309	810,208	-	-	-	1,057,517
Share issue expenses	-	(37,281)	-	-	-	(37,281)
Loss for the year and total comprehensive income	-	-	-	(199,846)	-	(199,846)
At 30 June 2016	2,642,185	8,598,008	90,336	(3,277,492)	(983,287)	7,069,750
Share based payment	**-**	**-**	**6,951**	**-**	**-**	**6,951**
Issue of shares	**102,879**	**508,121**	**-**	**-**	**-**	**611,000**
Share issue expenses	**-**	**(21,001)**	**-**	**-**	**-**	**(21,001)**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(4,122,506)**	**-**	**(4,122,506)**
At 30 June 2017	**2,745,064**	**9,085,128**	**97,287**	**(7,399,998)**	**(983,287)**	**3,544,194**

Share Premium
The share premium reserve comprises of a premium arising on the issue of shares.

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.

Other Reserve
During 2010 the Company acquired certain assets and liabilities from African Diamonds plc, a Company under common control. In accordance with accounting standards 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 2017

	Note	30/06/2017 £	30/06/2016 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(310,798)**	(303,254)
(Profit)/Loss on investment held at fair value		**(100)**	6,850
Foreign exchange losses/(gains)		**144,661**	100,426
Impairment of exploration and evaluation assets		**-**	33,625
		(166,237)	(162,353)
MOVEMENTS IN WORKING CAPITAL			
Increase in trade and other payables		**262,386**	110,783
Increase in trade and other receivables		**(29,997)**	(14,197)
NET CASH FROM OPERATING ACTIVITIES		**66,152**	(65,767)
CASH FLOW FROM INVESTING ACTIVITIES			
Exploration costs capitalised		**(993,658)**	(546,215)
NET CASH USED IN INVESTING ACTIVITIES		**(993,658)**	(546,215)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**550,000**	970,857
Share issue costs		**(21,001)**	(37,281)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**528,999**	933,576
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(398,507)**	321,594
Cash and cash equivalents at beginning of the financial year		**500,426**	175,850
Effect of foreign exchange rate changes		**4,269**	2,982
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	**106,188**	500,426

Company Cash Flow Statement

for the year ended 30 June 2017

	Note	**30/06/2017**	30/06/2016
		£	£
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(4,271,436)**	(303,254)
(Profit)/Loss on investment held at fair value		**(100)**	6,850
Foreign exchange gains		**(4,269)**	(2,982)
Provision for intercompany receivable		**4,109,568**	103,408
Impairment of exploration and evaluation assets		**-**	33,625
		(166,237)	(162,353)
MOVEMENTS IN WORKING CAPITAL			
Increase in trade and other payables		**313,822**	60,111
Increase in trade and other receivables		**(615,965)**	(546,821)
NET CASH FROM OPERATING ACTIVITIES		**(468,380)**	(649,063)
CASH FLOW FROM INVESTING ACTIVITIES			
Exploration costs capitalised		**(410,486)**	(63,050)
NET CASH USED IN INVESTING ACTIVITIES		**(410,486)**	(63,050)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**550,000**	970,857
Share issue costs		**(21,001)**	(37,281)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**528,999**	933,576
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(349,867)**	221,463
Cash and cash equivalents at beginning of the financial year		**359,027**	134,582
Effect of foreign exchange rate changes		**4,269**	2,982
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	**13,429**	359,027

1. PRINCIPAL ACCOUNTING POLICIES

The principal accounting policies adopted by the Group and Company are summarised below:

(i) Basis of preparation
The financial statements have been prepared on a historical cost basis, except for certain financial instruments that have been measured at fair value. The consolidated financial statements are presented in sterling pounds and comply with the Companies Act 2006.

(ii) Statement of compliance
The financial statements of Botswana Diamonds plc and all its subsidiaries (the Group) 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.

(iii) Basis of consolidation
The consolidated financial statements comprise the financial statements of Botswana Diamonds plc and its subsidiaries as at 30 June 2017. Subsidiaries are fully consolidated from the date of acquisition, being the date which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as the parent Company, using consistent accounting policies. All intraGroup balances, income and expenses and unrealized gains and losses resulting from intraGroup transactions are eliminated in full.

(iv) Investment in subsidiaries
The Company's investments in subsidiaries are stated at cost, less any accumulated impairment losses.

(v) Operating loss
Operating loss represents revenue less cost of sales, administrative expenses and listing expenses. It is stated before finance revenue, finance costs and fair value gains/losses on financial assets.

(vi) Foreign currencies
The presentation currency of the Group financial statements is pounds sterling and the functional currency and the presentation currency of the parent Company is pounds sterling. The individual financial statements of each Group Company are maintained in the currency of the primary economic environment in which it operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each Group Company are expressed in pounds sterling, the presentation currency.

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re-determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in the Statement of Comprehensive Income for the year, other than when a monetary item forms part of a net investment in a foreign operation; then exchange differences on that item are recognised in equity. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in the Statement of Comprehensive Income for the year except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(vi) Foreign currencies *(continued)*

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the year, unless exchange rates fluctuate significantly during that year, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the year in which the operation is disposed of.

(vii) Intangible fixed assets

Exploration and evaluation assets

Exploration expenditure relates to the initial search for deposits with economic potential in Botswana and South Africa. Evaluation expenditure arises from a detailed assessment of deposits that have been identified as having economic potential.

The costs of exploration rights and costs incurred in exploration and evaluation activities are capitalised as part of exploration and evaluation assets.

Exploration costs are capitalised until technical feasibility and commercial viability of extraction of reserves are demonstrable. Exploration costs include an allocation of administration and salary costs (including share based payments) attributable to exploration activities as determined by management.

Exploration and evaluation assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

Prior to reclassification to property, plant and equipment, exploration and evaluation assets are assessed for impairment, and any impairment loss is recognised immediately in the statement of comprehensive income.

Impairment of intangible assets

The Company reviews and tests for impairment on an ongoing basis and specifically if the following occurs:

a) the period for which the Group has a right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed;
b) substantive expenditure on further exploration for and evaluation of diamond resources in the specific area is neither budgeted nor planned;
c) exploration for an evaluation of diamond resources in the specific area have not led to the discovery of commercially viable quantities of diamond resources and the Group has decided to discontinue such activities in the specific area; and
d) sufficient data exists to indicate that although a development in the specific area is likely to proceed the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full from successful development or by sale.

(viii) Financial Instruments

Financial instruments are recognised in the Group and Company's balance sheet when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Where the fair value of a financial asset can be reliably measured the financial asset is initially recognised at fair value through the profit and loss account. At each balance sheet date gains or losses arising from a change in fair value are recognised in the Statement of Comprehensive Income, as other gains or losses.

Financial assets for which the fair value cannot be reliably measured are carried at cost.

1. **PRINCIPAL ACCOUNTING POLICIES *(continued)***

(viii) Financial Instruments *(continued)*

Cash

Cash comprises cash held by the Group and short-term bank deposits with an original maturity of three months or less.

Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into, mainly trade payables and accruals.

Receivables

Receivables are measured at initial recognition at invoice value, which approximates to fair value. Appropriate allowances for estimated irrecoverable amounts are recognised in the consolidated income statement when there is objective evidence that the carrying value of the asset exceeds the recoverable amount.

Receivables are classified as loans and receivables which are subsequently measured at amortised cost, using the effective interest method.

Trade payables and accruals

Trade payables are classified as financial liabilities, are initially measured at fair value, and are subsequently measured at amortised cost using the effective interest rate method.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(ix) Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The current tax payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the Statement of Comprehensive Income because it excludes items of income or expense that are taxable or deductible in other years and excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences arising on investments in subsidiaries and associates, only to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(ix) Taxation *(continued)*

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(x) Share based payments

The Group issues equity-settled share based payments only to certain employees and directors. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period based on the Group's estimate of shares that will eventually vest and adjusted for the effect of market based vesting conditions.

Where the value of the goods or services received in exchange for the share based payment cannot be reliably estimated the fair value is measured by use of a Black-Scholes valuation model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

(xi) Warrants

Warrants will be transferred to Share Capital once the warrants are exercised in accordance with IFRS.

(xii) Critical accounting judgements and key sources of estimation uncertainty

Critical judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies above, management has made the following judgements that have the most significant effect on the amounts recognised in the financial statements (apart from those involving estimations, which are dealt with below).

Exploration and evaluation expenditure

The assessment of whether general administration costs and salary costs are capitalised or expensed involves judgement. Management considers the nature of each cost incurred and whether it is deemed appropriate to capitalise it within intangible assets. Costs which can be demonstrated as project related are included within exploration and evaluation assets. Intangible assets relate to prospecting, exploration and related expenditure in Botswana and South Africa. 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.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(xii) Critical accounting judgements and key sources of estimation uncertainty *(continued)*
Critical judgements in applying the Group's accounting policies (continued)

Impairment of intangible assets
The assessment of intangible assets for any indications of impairment (Note 1.vii) involves judgement. If an indication of impairment exists, a formal estimate of recoverable amount is performed and an impairment loss recognised to the extent that carrying amount exceeds recoverable amount. Recoverable amount is determined as the higher of fair value less costs to sell and value in use.

The assessment requires judgement as to: the likely future commerciality of the asset and when such commerciality should be determined; future revenues; capital and operating costs, and the discount rate to be applied to such revenues and costs.

Going concern
The assessment of the Group's ability to execute its strategy by funding future working capital requirements involves judgement. Further information regarding going concern is outlined in Note 3.

Recoverability of amount due from subsidiaries
The carrying value of amounts due by Group undertakings 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.

Key sources of estimation uncertainty
The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the period. The nature of estimation means that actual outcomes could differ from those estimates. The key sources of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Impairment of intangible assets
The assessment of intangible assets for any indication of impairment involves uncertainty. There is uncertainty as to whether the exploration activity will yield any economically viable discovery. Aspects of uncertainty surrounding the Group's intangible assets include the amount of potential reserves, ability to be awarded exploration licences, and the ability to raise sufficient finance, to develop the Group's projects. If the directors determine that an intangible asset is impaired, an allowance is recognised in the Statement of Comprehensive Income.

Share-based payments
The estimation of share-based payment costs requires the selection of an appropriate valuation model and consideration as to the inputs necessary for the valuation model chosen. The Group has made estimates as to the volatility of its own shares, the probable life of options granted and the time of exercise of those options. The model used by the Group is the Black-Scholes valuation model.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group did not adopt any new International Financial Reporting Standards (IFRS) or Interpretations in the year that had a material impact on the Group's Financial Statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

	Effective date
IFRS 9 Financial Instruments	1 January 2018
IAS 12 (amendment) Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
IFRS 16 Leases	1 January 2019
IFRS 15 Revenue from Contracts with Customers	1 January 2018

The Directors are currently assessing the impact in relation to the adoption of these Standards and Interpretations for future periods of the Group, however, at this point they do not believe they will have a significant impact on the financial statements of the Group in the period of initial application.

3. GOING CONCERN

The Group incurred a loss for the year of £161,868 after exchange differences on retranslation of foreign operations (2016: £199,846) and had a retained deficit of £3,511,712 (2016: £3,200,914) 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. On 3 August 2017 the Group raised £867,576 by placing of 48,240,000 new ordinary shares and the exercise of 31,244,300 warrants. Further details are outlined in Note 22.

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.

4. LOSS BEFORE TAXATION

	2017	2016
	£	£
The loss before taxation is stated after charging:		
Auditor's remuneration	**20,000**	20,000
The analysis of auditor's remuneration is as follows:		
Fees payable to the Group's auditors for the audit of the Group's annual accounts	**18,000**	18,000
Fees payable to the Group's auditors and their associates for other services to the Group	**2,000**	2,000
Total audit fees	**20,000**	20,000

4. LOSS BEFORE TAXATION *(continued)*

	2017	2016
	£	£
Administrative expenses comprise:		
Professional fees	**106,712**	110,909
Foreign exchange gains	**(4,269)**	(2,982)
Directors' remuneration (Note 6)	**86,322**	82,264
Wages and salaries	**43,938**	24,264
Other administrative expenses	**78,195**	48,324
	310,898	262,779

5. 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):

	2017	2016
	£	£
Numerator		
For basic and diluted EPS retained loss	**(310,798)**	(303,254)
Denominator	**No.**	No.
For basic and diluted EPS	**351,659,107**	278,469,644
Basic EPS	**(0.09p)**	(0.11p)
Diluted EPS	**(0.09p)**	(0.11p)

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	**9,410,000**	8,410,000

6. RELATED PARTY AND OTHER TRANSACTIONS

Group and Company
Key Management Compensation and Directors' Remuneration
The remuneration of the directors, who are considered to be the key management personnel, is set out below.

	Salary or fees £	**Share based payments £**	**2017 Total £**	Salary or fees £	Share based payments £	2016 Total £
John Teeling	**30,000**	**-**	**30,000**	30,000	-	30,000
James Finn	**30,000**	**-**	**30,000**	30,000	-	30,000
David Horgan	**20,000**	**-**	**20,000**	20,000	-	20,000
Robert Bouquet	**15,966**	**-**	**15,966**	13,386	-	13,386
Anne McFarland	**5,356**	**-**	**5,356**	3,878	-	3,878
James Campbell	**58,758**	**6,951**	**65,709**	-	-	-
	160,080	**6,951**	**167,080**	97,264	-	97,264

All remunerations related to short term employee benefits.

The number of directors to whom retirement benefits are accruing is Nil.

Included in the above is £73,758 (2016: £15,000) of salary payments and £6,951 (2016: £Nil) of share based payments which were capitalised within intangible assets.

Other
The Company shares offices and overheads with a number of other companies also based at 162 Clontarf Road. These companies have some common directors.

Transactions with these companies during the year are set out below:

	Clontarf Energy Plc £	**Connemara Mining Company Plc £**	**Petrel Resources Plc £**	**Total £**
At 1 July 2015	-	-	-	-
Office and overhead costs recharged	16,519	(7,910)	6,679	15,288
Repayments	(16,519)	7,910	(6,679)	(15,288)
At 30 June 2016	-	-	-	-
Office and overhead costs recharged	**13,436**	**(13,771)**	**7,887**	**7,552**
Repayments	**(13,436)**	**13,771**	**(7,887)**	**(7,552)**
At 30 June 2017	**-**	**-**	**-**	**-**

Amounts due to and from the above companies are unsecured and repayable on demand.

6. RELATED PARTY AND OTHER TRANSACTIONS *(continued)*

Company
At 30 June 2017 the following amounts were due to the Company by its subsidiaries:

	2017	2016
	£	£
Kukama Mining & Exploration (Pty) Ltd	**-**	1,101,636
Atlas Minerals (Pty) Ltd	**-**	1,743,991
	-	2,845,627

7. EMPLOYEE INFORMATION

The average number of persons employed by the Group and Company including directors during the year was:

	2017	2016
	Number	Number
Management and administration	**8**	7
Staff costs for the above persons were:	**£**	£
Wages and salaries	**220,024**	136,277
Share based payments	**6,951**	-
Pension costs	**-**	-
	226,975	136,277

Included in the above is £89,764 (2016: £29,749) of salary payments (including director costs) and £6,951 (2016: £Nil) of share based payments which were capitalised within exploration assets.

8. INCOME TAX EXPENSE

	2017	2016
	£	£
Current tax:		
Tax on loss	**-**	-
	-	-
Factors affecting the tax expense:		
Loss on ordinary activities before tax	**(310,798)**	(303,254)
Tax calculated at 24% (2016: 24%)	**(74,592)**	(72,781)

8. INCOME TAX EXPENSE *(continued)*

	2017	2016
	£	£
Effects of:		
Unutilised Losses	**74,592**	72,781
Tax charge	**-**	-

No charge to corporation tax arises in the year due to losses incurred.

At the balance sheet date the Group had unused tax losses of £2,949,657 (2016: £2,638,859) which equates to an unrecognised deferred tax asset of £707,918 (2016: £633,326).

No deferred tax asset has been recognised due to the unpredictability of future profit streams.

9. SEGMENTAL ANALYSIS

Operating segments are identified on the basis of internal reports about the Group that are regularly reviewed by the chief operating decision maker. The Board is deemed the chief operating decision maker and the Group is organised into two segments: Botswana and South Africa.

9A. Segment revenue and segment result

Group	**Segment Revenue 2017 £**	**Segment Result 2017 £**	Segment Revenue 2016 £	Segment Result 2016 £
Botswana	**-**	**-**	-	-
South Africa	**-**	**-**	-	(33,625)
Total continuing operations	**-**	**-**	-	(33,625)
Unallocated head office	**-**	**(310,798)**	-	(269,629)
	-	**(310,798)**	-	(303,254)

9B. Segment assets and liabilities

Group	**Assets 2017 £**	**Liabilities 2017 £**	Assets 2016 £	Liabilities 2016 £
Botswana	**7,615,693**	**35,184**	6,853,646	66,461
South Africa	**294,965**	**-**	-	-
Total continuing operations	**7,910,658**	**35,184**	6,853,646	66,461
Unallocated head office	**23,658**	**394,300**	368,202	85,637
	7,934,316	**429,484**	7,221,848	152,098

9. SEGMENTAL ANALYSIS *(continued)*

9B. Segment assets and liabilities *(continued)*

Company	**Assets 2017 £**	**Liabilities 2017 £**	Assets 2016 £	Liabilities 2016 £
Botswana	**3,640,030**	**20,159**	6,787,185	-
South Africa	**294,965**	**-**	-	-
Total continuing operations	**3,934,995**	**20,159**	6,787,185	-
Unallocated head office	**23,658**	**394,300**	368,202	85,637
	3,958,653	**414,459**	7,155,387	85,637

9C. Other segmental information

Additions to non current assets	**Group 2017 £**	Group 2016 £	**Company 2017 £**	Company 2016 £
Botswana	**781,644**	540,815	**198,472**	57,650
South Africa	**294,965**	13,328	**294,965**	13,328
Total continuing operations	**1,076,609**	554,143	**493,437**	70,978
Unallocated head office	**-**	-	**-**	-
	1,076,609	554,143	**493,437**	70,978

10. INTANGIBLE ASSETS

Exploration and evaluation assets:

	2017 Group £	2016 Group £	**2017 Company £**	2016 Company £
Cost:				
At 1 July	**7,339,068**	6,784,925	**3,672,398**	3,601,420
Additions	**1,076,609**	554,143	**493,437**	70,978
At 30 June	**8,415,677**	7,339,068	**4,165,835**	3,672,398
Impairment:				
At 1 July	**649,421**	615,796	**230,857**	197,232
Provision for impairment	**-**	33,625	**-**	197,232
At 30 June	**649,421**	649,421	**230,857**	230,857

10. INTANGIBLE ASSETS *(continued)*

Exploration and evaluation assets: ***(continued)***

	2017 Group £	2016 Group £	**2017 Company £**	2016 Company £
Carrying Value:				
At 1 July	**6,689,647**	6,169,129	**3,441,541**	3,404,188
At 30 June	**7,766,256**	6,689,647	**3,934,978**	3,441,541

Segmental analysis	**2017 Group £**	2016 Group £	**2017 Company £**	2016 Company £
Botswana	**7,471,291**	6,689,647	**3,640,013**	3,441,541
South Africa	**294,965**	-	**294,965**	-
	7,766,256	6,689,647	**3,934,978**	3,441,541

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 16 August 2013 the Group entered into a joint venture agreement with Alrosa Overseas SA a wholly owned subsidiary of OJSC Alrosa of Russia to explore for diamonds in Botswana. Further details are outlined in Note 11.

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 a further 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.

10. INTANGIBLE ASSETS *(continued)*

As at 30 June 2017, Botswana Diamonds plc made cash advances totaling £130,694 under Phase 1 of the Option and Earn-In Agreement.

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.

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 in Note 1 (xii).

Included in additions for the year are £6,951 (2016: £428) of share based payments , £16,006 (2016: £14,749) of wages and salaries and £73,758 (2016: £15,000) of directors remuneration.

11. INVESTMENT IN SUBSIDIARIES

	2017	2016
	£	£
At 1 July	**500,017**	500,017
Provision against investment	**(500,000)**	-
At 30 June	**17**	500,017

As Kukama and Atlas no longer hold exploration licences a provision has been made against Investments in subsidiaries. This provision has no impact on the group profit and loss account.

On 8 October 2013 Botswana Diamonds plc, through its subsidiary Atlas Minerals (Pty) Ltd, acquired 50% shareholding in Sunland Minerals (Pty) Ltd. Sunland Minerals (Pty) Ltd was formed as per the joint venture agreement entered into between Botswana Diamonds plc and OJSC Alrosa Russia to explore for diamonds in Botswana.

In the opinion of the directors, at 30 June 2017, the fair value of the investments in subsidiaries is not less than their carrying amounts.

11. INVESTMENT IN SUBSIDIARIES *(continued)*

The subsidiaries of the Company at 30 June 2017 were:

Name of subsidiary	Total allotted Capital	Country of incorporation and operation	% Ownership	Principal activity
***Kukama Mining and Exploration (Proprietary) Limited	2 Ordinary shares of BWP1 each	Botswana	100%	Prospecting and exploration for diamonds
Kukama Diamonds Investments Limited	50,000 shares of US$1,000 each	British Virgin Islands	100%	Holding Company
Orapa Diamonds plc	5,000,000 shares of £0.01 each	United Kingdom	100%	Dormant
Kukama Diamonds Cameroon Limited SARL	100 shares of FCA 10,000 each	Cameroon	85%	Dormant
Botswana Coal plc	5,000,000 shares of £0.01 each	United Kingdom	100%	Dormant
Congo Diamonds plc	5,000,000 shares of £0.01 each	United Kingdom	100%	Dormant
***Sisekco Minerals	517 shares	South Africa	51.7%	Prospecting and exploration for diamonds
***Sunland Minerals (Pty) Limited	5,000 shares of BWP1 each	Botswana	50%	Prospecting and exploration for diamonds
Atlas Minerals (Botswana) (Pty) Limited	200 shares of BWP1 each	Botswana	100%	Prospecting and exploration for diamonds

****indirectly held.*

The carrying value of investments in subsidiaries is dependent on the successful discovery and development of economic diamond reserves 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 in Note 1 (xii).

12. FINANCIAL ASSETS

	2017 £	2016 £
Group and Company		
Financial assets carried at fair value through profit or loss (FVTPL):		
Non-derivative financial assets designated as at FVTPL	**1,250**	1,150
Investment at FVTPL		
At 1 July 2016	**1,150**	8,000
Fair value movement	**100**	(6,850)
At 30 June 2017	**1,250**	1,150

In 2015, the Group held 1,000,000 shares in Stellar Diamonds plc. In November 2015 Stellar Diamonds plc consolidated the shares from 50 existing 1p shares into 1 new share of 50p. This was then sub-divided into 1 Ordinary share of 1p and 1 deferred share of 49p. This resulted in Group holding 20,000 ordinary shares and 20,000 deferred shares. At the year end this investment represented 0.036% (2016: 0.063%) of the issued share capital of Stellar Diamonds plc. Stellar Diamonds plc is listed on the London AIM market. In the opinion of the directors, the Company does not have significant influence over Stellar Diamonds plc.

Fair value at 30 June 2017 is based on the market value of the shares of Stellar Diamonds plc at that date. Investment in Stellar Diamonds plc is classified in Level 1 hierachy.

13. OTHER RECEIVABLES

	2017 Group £	2016 Group £	2017 Company £	2016 Company £
Other receivables	**60,622**	30,625	**8,979**	8,025
Due by Group undertakings (Note 6)	**-**	-	**-**	2,845,627
	60,622	30,625	**8,979**	2,853,652

The carrying value of the other receivables approximates to their fair value.

As Kukama and Atlas no longer hold exploration licences a provision has been made against intercompany receivables and Investments in Subsidiaries. This provision has no impact on the group profit and loss account.

14. CASH AND CASH EQUIVALENTS

	2017 Group £	2016 Group £	**2017 Company £**	2016 Company £
Cash and cash equivalents	**106,188**	500,426	**13,429**	359,027

Cash at bank earns interest at floating rates based on daily bank deposit rates.

15. TRADE AND OTHER PAYABLES

	2017 Group £	2016 Group £	**2017 Company £**	2016 Company £
Trade payables	**261,681**	79,279	**259,433**	24,589
Accruals	**167,803**	72,819	**155,026**	61,048
	429,484	152,098	**414,459**	85,637

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 payment is made between 30 – 40 days. The carrying value of trade and other payables approximates to their fair value.

16. CALLED-UP SHARE CAPITAL

Allotted, called-up and fully paid:

	Number	**Share Capital £**	**Share Premium £**
At 1 July 2015			
Deferred shares of 0.75p	239,487,648	1,796,157	-
Ordinary shares of 0.25p	239,487,648	598,719	7,825,081
Issued during the year	98,923,533	247,309	810,208
Share issue expenses	-	-	(37,281)
At 30 June 2016	338,411,181	846,028	8,598,008
Issued during the year	41,151,727	102,879	508,121
Share issue expenses	-	-	(21,001)
At 30 June 2017	**379,562,908**	**948,907**	**9,085,128**

16. CALLED-UP SHARE CAPITAL *(continued)*

Movements in share capital

On 22 December 2015, the Company raised £458,656 through the issue of 53,959,400 new ordinary shares of 0.25p each at a price of 0.85p per share to provide additional working capital and fund development costs. In addition, the Company settled £86,660 of existing liabilities with the directors of the Company through the issue of 10,195,450 new ordinary shares at a price of 0.25p at a price of 0.85p.

On 22 December 2015, 64,154,850 warrants were granted to the subscribers of the placing at a price of 0.85p per share. These warrants were exercisable for a period of three years from 24 December 2015.

On 6 May 2016, the Company raised £500,000 through issue of 33,333,333 new ordinary shares at a price of 1.5p to provide additional working capital and fund development costs.

On 15 June 2016, 588,250 warrants were exercised at a price of 0.85p per warrant for £5,000.

On 28 June 2016, 847,100 warrants were exercised at a price of 0.85p per warrant for £7,000.

On 27 February 2017, the Company raised £525,000 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. Further details are outlined in Note 10.

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

17. 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.

	30/06/2017 Options	**2017 Weighted average exercise price in pence**	30/06/2016 Options	2016 Weighted average exercise price in pence
Outstanding at beginning of year	**8,410,000**	**6.35**	8,410,000	6.35
Issued	**3,000,000**	**1.75**	-	-
Outstanding at end of the year	**11,410,000**	**5.14**	8,410,000	6.35
Exercisable at end of the year	**9,410,000**	**5.14**	8,410,000	6.35

17. **SHARE-BASED PAYMENTS *(continued)***

The options outstanding at 30 June 2017 had a weighted average exercise price of 5.14p, and a weighted average remaining contractual life of 0.64 years.

During the year ended 30 June 2017, 3,000,000 options were granted with a fair value of £20,853. These fair values were calculated using the Black-Scholes valuation model. These options will vest over a 3 year period contingent on the provision of services over the vesting period and will be capitalized on a straight line basis over the vesting period.

The inputs into the Black-Scholes valuation model were as follows:

Grant 30 November 2016	
Weighted average share price at date of grant (in pence)	1.75p
Weighted average exercise price (in pence)	1.75p
Expected volatility	37.8%
Expected life	7 years
Risk free rate	0.5%
Expected dividends	none

Expected volatility was determined by management based on their cumulative experience of the movement in share prices over the year.

The terms of the options granted do not contain any market conditions within the meaning of IFRS 2.

The Group capitalised expenses of £6,951 (2016: £428) and expensed costs of £Nil (2016: £Nil) relating to equity-settled share-based payment transactions during the year.

Warrants

	30/06/2017 Options	**2017 Weighted average exercise price in pence**	30/06/2016 Options	2016 Weighted average exercise price in pence
Outstanding at beginning of year	**62,719,500**	**0.85**	-	-
Issued	**-**	**-**	64,154,850	0.85
Exercised	**(2,941,200)**	**0.85**	(1,435,350)	0.85
Outstanding at end of the year	**59,778,300**	**0.85**	62,719,500	0.85

18. **MATERIAL NON-CASH TRANSACTIONS**

Material non-cash transactions during the year have been outlined in Notes 10, 11, 16 and 17.

19. **CAPITAL COMMITMENTS**

There is no capital expenditure authorised or contracted for which is not provided for in these accounts.

20. PARENT COMPANY INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the parent Company's income statement has not been presented in this document. The loss after taxation, as determined in accordance with IFRS, for the parent Company for the year is £4,122,506 (2016: loss of £199,846).

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Group and Company
The Group's financial instruments comprise of cash and cash equivalent balances, investments at fair value and various items such as trade receivables and trade payables which arise directly from trading operations.

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Group holds cash as a liquid resource to fund obligations of the Group. The Group's cash balances are held in euro, US dollar and sterling. The Group's strategy for managing cash is to maximise interest income whilst ensuring its availability to match the profile of the Group's expenditure. This is achieved by regular monitoring of interest rates and monthly review of expenditure.

The Group has a policy of not hedging due to no significant dealings in currencies other than the reporting currency and euro denominated transactions and therefore takes market rates in respect of foreign exchange risk; however, it does review its currency exposure on an ad hoc basis.

The Group does not enter into any derivative transactions and it is the Group's policy that no trading in derivatives shall be undertaken.

The main financial risks arising from the Group's financial instruments are as follows:

Interest rate risk
The Group has no outstanding bank borrowings at the year end. New projects and acquisitions are financed by a combination of existing cash surpluses and through funds raised from equity share issues. The Group may use project finance in the future to finance exploration and development costs on existing licences.

Liquidity risk
As regards liquidity, the Group's policy is to ensure continuity of funding primarily through fresh issues of shares. Short-term funding is achieved through utilising and optimising the management of working capital. The directors are confident that adequate cash resources exist to finance operations in the short term, including exploration and development.

Capital management
The capital structure of the Company consists primarily of equity raised through issue of share capital, which it has invested in operations in Botswana and South Africa.

The primary objective of the Company's capital management is to maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions.

Credit Risk
The maximum credit exposure of the Group as at 30 June 2017 amounted to £166,810 (2016: £531,051) relating to the Group's cash and cash equivalents and receivables. The directors believe there is limited exposure to credit risk as the Group's cash and cash equivalents are held with major financial institutions. The aging of receivables is reviewed on a regular basis to ensure the timely collection of amounts owing to the Group.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT *(continued)*

Credit Risk *(continued)*
The Group manages its credit risk in cash and cash equivalents by holding surplus funds in high credit worthy financial institutions and maintains minimum balances with financial institutions in remote locations.

	2017	2016
	£	£
Cash held in institutions with S&P A- rating or higher	**106,188**	500,426

The credit risk on receivables from subsidiaries can be significant and their recoverability is dependent on the discovery and successful development of economic reserves by those subsidiary undertakings. Given the nature of the Group's business, significant amounts are required to be invested in exploration and evaluation activities at different locations. The directors manage this risk by reviewing expenditure plans and budgets in relation to projects before any monies are advanced to subsidiary undertakings in respect of those projects. This review ensures that any expenditure is value-enhancing and as a result the recovery of amounts receivable is subject to successful discovery and development of economic reserves. During the year ended 30 June 2017 a provision for receivables from subsidiaries was made.

Foreign currency risk
In the normal course of business, the Group enters into transactions denominated in foreign currencies (US Dollar, Sterling and Euro). As a result, the Group is subject to exposure from fluctuations in foreign currency exchange rates; however it does review its currency exposures on an ad hoc basis.

The carrying amounts of the Group and Company foreign currency denominated monetary assets and monetary liabilities at the reporting dates are as follows:

Group	**Assets**		**Liabilities**	
	2017	2016	**2017**	2016
	£	£	**£**	£
Euro	**6,396**	26,200	**43,699**	12,685
US Dollar	**83,277**	100,317	**-**	-

Company	**Assets**		**Liabilities**	
	2017	2016	**2017**	2016
	£	£	**£**	£
Euro	**6,396**	26,200	**43,699**	12,685
US Dollar	**665**	200	**-**	-

22. POST BALANCE SHEET EVENTS

On 3 August 2017 the company announced that it had raised £868,576. The details of the placing are as follows:

- £543,000 was raised through a private placing of 43,440,000 shares at a price of £0.0125.
- The directors John Teeling, James Finn and David Horgan subscribed for 2,400,000, 1,200,000 and 1,200,000 new ordinary share respectively on the same terms as the placing to raise £60,000.
- 31,244,300 warrants were also exercised following the placing at £0.0085 a share to raise £265,576.

On 29 September 2017, the company moved into Phase 2 of the Earn-In Agreement with Vutomi Mining (Pty) Ltd and Razorbill Properties 12 (Pty) Ltd.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Botswana Diamonds plc (the "Company") will be held on Thursday 30th November 2017 at 10.30am at the Hilton London Paddington Hotel, 146 Praed Street, London W2 1EE for the following purposes:

Ordinary Business

1. To receive and consider the Director's Report, Audited Accounts and Auditor's Report for the year ended 30 June 2017.
2. To elect Director: Anne McFarland retires in accordance with the Articles of Association and seeks re-election.
3. To elect Director: James Cambell retires in accordance with the Articles of Association and seeks re-election.
4. To re-elect Deloitte as auditors and to authorise the Directors to fix their remuneration.
5. To transact any other ordinary business of an annual general meeting.

Special Business
Ordinary Resolution

6. That, in accordance with section 551 of the Companies Act 2006 ("2006 Act"), the Directors be and are generally and unconditionally authorised to exercise all powers of the Company to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (" Rights") up to an aggregate nominal amount of £3,000,000 provided that this authority shall, unless renewed, varied or revoked by the Company, expire on a date no longer than five years from the date the resolution is passed save that the Company may, before such expiry, make an offer or agreement which would or might require shares to be allotted or Rights to be granted and the Directors may allot shares or grant Rights in pursuance of such offer or agreement notwithstanding that the authority conferred by this resolution has expired.

   This authority is in substitution for all previous authorities conferred on the Directors in accordance with section 80 of the Companies Act 1985 or section 551 of the 2006 Act but without prejudice to any allotment of shares or grant of Rights already made, offered or agreed to be made pursuant to such authorities.

Special Resolution

7. "THAT, subject to the passing of resolution 6 and in accordance with section 570 and 573 of the 2006 Act, the Directors be and are generally empowered to allot equity securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority conferred by resolution 6, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall:

a. be limited to the allotment of equity securities up to an aggregate nominal amount of £3,000,000; and
b. expire on a date no longer than five years from the date the resolution is passed (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board.

James Finn
Secretary

Registered Office:
Registered in England and Wales with company number: 07384657

26 October 2017

Notes:

1. A member who is unable to attend and vote at the above Annual General Meeting is entitled to appoint a proxy to attend, speak and vote in his stead. A proxy need not be a member of the Company. The appointment of a proxy will not preclude a member from the Meeting and voting in person.

2. To be effective, the completed Form of Proxy duly signed, together with the power of attorney (if any) or other authority under which it is executed, or a notarially certified copy thereof, must be deposited at the Company's Registrars, Computershare Investor Services (Ireland) Ltd., Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, not less than forty-eight hours before the time appointed for the Meeting or any adjournment thereof at which the person named in the form of Proxy is to vote. A shareholder wishing to appoint a proxy by electronic means may do so on www.eproxyappointment.com. A shareholder who wishes to appoint more than one proxy by electronic means must contact the Registrar by sending an email to clientservices@computershare.ie.

3. A shareholder may appoint more than one proxy to attend, speak, ask questions and vote at the meeting provided each proxy is appointed to exercise rights attached to different shares held by that shareholder. To appoint more than one proxy, an additional proxy form(s) may be obtained by contacting the Registrar's helpline on +353 1 216 3100 or you may photocopy the proxy form. Please indicate in the box next to the proxy holder's name on the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy. Please also indicate by ticking the box provided in the Form of Proxy if the proxy instruction is one of multiple instructions being given. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the box next to the proxy holder's name on the Form of Proxy the number of shares in relation to which they are authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if the Form of Proxy has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account). All Forms of Proxy must be signed and should be returned together in the same envelope. Where a poll is taken at the Meeting, a shareholder, present in person or proxy, holding more than one share is not required to cast all their votes in the same way.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5. The 'Vote Withheld' option is provided to enable you to abstain on any particular resolution. However, it should be noted that a' Vote Withheld' is not a vote in law and will not be counted in the calculation of the proportion of the votes 'For' and 'Against' a resolution.

6. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company at close of business on 28th November 2017 (or in the case of an adjournment as at close of business on the day that is two days before the adjourned meeting). Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.

7. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID number 3RA50) not later than 10.30a.m. on 28th November 2017 (or in the case of an adjournment as at 48 hours before the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Directors and other information

DIRECTORS	Dr. John Teeling James Finn David Horgan Robert Bouquet Anne McFarland James Campbell (appointed 1 December 2016)
SECRETARY	James Finn
REGISTERED OFFICE	Suite 1, 3rd Floor 11-12 St. James's Square London, SW1Y 4LB United Kingdom
BUSINESS ADDRESS	162 Clontarf Road Dublin 3 Ireland
REGISTERED AUDITORS	Deloitte Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
COMPANY REGISTRATION NUMBER	07384657
SOLICITORS	McEvoy Corporate Law 22 Fitzwilliam Place Dublin 2 Ireland
NOMINATED ADVISOR & BROKER	Northland Capital Partners Limited 60 Gresham Street 4th Floor London EC2V 7BB
REGISTRARS	Computershare Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland
BANKERS	Barclays Bank Ireland Plc Two Park Place Hatch Street Upper Dublin 2 Ireland

Directors: John Teeling - *Executive Chairman*, Jim Finn - *Finance Director*, James Campbell - *Managing Director,*
David Horgan - *Director*, Robert Bouquet - *Director,* Anne McFarland - *Director.*
162 Clontarf Road, Dublin 3, Ireland. t: +353 1 833 2833 f: +353 1 833 3505 e: info@botswanadiamonds.co.uk www.botswanadiamonds.co.uk
A company incorporated and registered in England & Wales under the Companies Act 2006 with registered number 07384657