BOTSWANA DIAMONDS PLC

Annual Report 2018

Front cover: Drilling in the Kalahari region of Botswana.

Chairman's Statement

The period under review, mid 2017 to the end of June 2018, saw progress on a number of fronts. The most significant advance was at Thorny River in South Africa where drilling extended the diamond bearing dyke. A number of development options were examined and a decision to contract out the development was recently finalised. If approvals can be finalised royalty revenue should begin to flow to Vutomi, the Company's associate, by end 2019. This will also allow Botswana Diamonds to work towards a maiden resource at negligible cost.

The Maibwe project in Botswana continued to grind forward. This exciting prospect has been mired in the liquidation of the main shareholder – BCL. A prospectus on the project has been produced by BCL for the purpose of selling their stake.

Significant changes are taking place in the Sunland Minerals joint venture on eight licences in the Kalahari Desert. New directors in Alrosa attached a low priority to small scale early stage prospecting projects. While discussing the future of the joint venture with Alrosa, Botswana Diamonds took over operatorship and explored in the first half of 2018. We identified drillable targets. Alrosa has recently transferred its 50% holding in Sunland to Botswana Diamonds. Discussions are at an advanced stage with a diamond producer to step into the shoes of Alrosa by acquiring the 50% of Sunland Minerals which Alrosa has transferred to Botswana Diamonds. This producer has an experienced diamond exploration team in place.

During the period under review Botswana Diamonds pursued a new joint venture with Vast Resources Plc ("Vast") on a block in the Marange Diamond fields in Zimbabwe. This has recently been finalised. The initial review suggests very good potential.

Despite making progress we have struggled to attract investors. We are not alone. The junior exploration sector is out of favour. We believe our share price and those of our peer companies languish at or near the bottom of their price range. This makes funding difficult, expensive and dilutive. Over decades of experience your directors have had success, providing significant returns to investors. We had a rare success in diamonds with the discovery and development of the Karowe mine in Botswana – one of the world's highest per carat value mines. We believe that we can reduce the very high risk in exploration by country selection, ground selection and the application of not only the latest exploration technology but also the knowledge, experience and "savvy" of our prospector's, technicians and management. It remains high risk but we believe that our approach significantly reduces the risk.

In Botswana Diamonds we have a portfolio of projects which we believe has good potential. We operate in three sub- Saharan countries – Botswana, South Africa and Zimbabwe. Each of the three has different political risk profiles but share one crucial factor – they are geologically favourable for diamonds. We must explore in locations where we can find diamonds. While this seems obvious it is not. Very few places on earth are thought to contain diamond bearing rocks.

The focus of our activities since we set up has been and remains Botswana. An excellent country in which to operate, good governance, educated people, the rule of law and, above all else, very good diamond ground. Some of the best diamonds mines in the world are in Botswana. But, exploration there is not easy. The country is covered in sand- the Kalahari Desert and it can be extremely hot. The sand depth ranges from 50 / 100 metres. The very best exploration techniques struggle with this. They cannot tell you with any certainty what is beneath the sand. Add to this, a lack of water, few roads and poor communication and you can see the challenges.

Botswana
We have two ongoing projects in Botswana – Sunland Minerals and Maibwe.

Sunland Minerals was established in 2014 as a 50:50 equal contribution joint venture between ourselves and Alrosa, the Russian diamond producer. The logic was simple. Use Alrosa exploration technology with our huge data base and on the ground knowledge. We worked together very well. Results were mixed. Once again the Kalahari geology defied the best technology. Targets were identified and drilled with no strong results. Lack of processing facilities in Botswana itself was a problem. However, as we worked together, we refined our approach and believed we were moving closer to discoveries. Top level changes in Alrosa in 2017 and again in early 2018 led to a revised strategy. Small early stage projects fell down the list of priorities. Operatorship of the Sunland joint venture was passed to Botswana. Alrosa have recently agreed to transfer ownership of their Sunland shares to Botswana. We continue to have an excellent relationship with Alrosa and the new executive team and will keep in touch with them.

Alrosa agreed that we (Botswana Diamonds) could talk to interested parties while the share transfer was being finalised. We did not have to look too far. A large diamond producer would like to step into the shoes of Alrosa. They know the country and the ground and they believe in the potential. They have an experienced team of diamond explorers in place. We would be delighted to have them as a partner. Detailed negotiations are ongoing. We are hopeful that a new arrangement can be finalised by the end of 2018 which will see exploration commence in the first half of 2019. During 2018 we continued to work the Sunland licences in the Kalahari – particularly in the Gope Area and we have identified a number of drillable targets.

Chairman's Statement *(continued)*

The second project – the Maibwe joint venture has been mired in an ongoing liquidation in Botswana. It should be noted that drilling in the Gope region of the Kalahari on four of the Maibwe licences produced very good results in 2016. Maibwe is a joint venture between BCL, a State owned copper company in Botswana (51%), local interests 20% and Siseko, a South African company controlled 51% by Botswana Diamonds. This means the net interest to Botswana is 15%. BCL is in a protracted liquidation. I am pleased to report that progress has been made. BCL has recently produced a prospectus on the Maibwe project in the hope of disposing of their interest. There are pre-emption rights in Maibwe. I hope to report progress to shareholders in the coming months.

South Africa

We entered South Africa two years ago by earning into Vutomi, a privately owned venture with a portfolio of ground. The flagship project is Thorny River a long narrow kimberlite dyke stretching over 7km. During calendar year 2018 we have examined options to develop the project. We have signed an agreement with an experienced mining contractor to mine up to 30,000 tons a month from the dyke. The contractor has arranged to process the material at a nearby diamond processing facility. Apart from a small drilling programme and ongoing supervisory costs there will be no cost to Vutomi. It is estimated that the revenue to Vutomi will be between US$2m and US$7m a year for up to 6 years. In addition to providing revenue to the Company, this will also significantly contribute towards delivering a maiden resource at negligible cost.

That income will be enough to fund all current Vutomi plans. It is anticipated that Botswana will have earned into 40% of Vutomi by the end of 2018. We then have the option to acquire up to 72% of Vutomi by the issuance of 96 million shares in Botswana Diamonds as well as repaying £300,000 in shareholder loans. The remaining 28% of Vutomi is the Black Economic Empowerment stake.

Vutomi has a number of ongoing prospects. The most advanced is the Free State project where eight kimberlites worked in the 1870's were rediscovered. Our work to date suggests they have high potential to be diamond bearing. A phased drilling programme is the next step.

Other Vutomi projects are Mooikloof a 2.5 hectare pipe which needs to be re-explored. New ground was awarded in July 2018 adjacent to the former Palmietgat Mine. The Ontevreden Pipe was worked on and found to be smaller than hoped for. The licence has been relinquished.

Zimbabwe

An exciting opportunity has been acquired in the Marange Diamond Fields in Zimbabwe. A special purpose vehicle (SPV) has been established with Vast to develop diamond ventures in Zimbabwe. Vast has exclusive access to the Hermitage Concession (Block T1A) in Marange. Initial work done has identified several targets for placer deposits, as well as potential for the older conglomerates mined elsewhere in the area. Botswana has an initial 13% interest which could rise with subsequent funding. The first US$1m funding will be supplied by Vast.

Future

In better times for junior explorers we believe Botswana Diamonds would be riding high, getting access to the Marange diamond fields, anticipating a new partner in Sunland seeing progress on the Maibwe Project and receiving revenue and working towards a maiden resource at Thorny River. There is likely to be significant activity on the Maibwe joint venture. A number of potential options exist including that of Botswana Diamonds increasing their stake. A new partner in Sunland will energise the exploration efforts and bring renewed focus to our activities. We are very excited about Zimbabwe. We know the geological potential of Marange. We as yet do not know the commercial terms. We will continue our corporate and investor relations programme to bring our potential to the attention of new investors.

John Teeling

John Teeling
Chairman

16th November 2018

Managing Director's Statement

Introduction & Strategy

Finding mines is a risky endeavour, with no guaranteed rewards. Junior explorers are typically leaner and nimbler than more established mining companies and coupled with experienced management these qualities translate into lower overheads and accelerated project timeframes without compromising quality of work. We believe that the agility and flexibility of Botswana Diamonds plc ('BOD') is an advantage, particularly during the early exploration stages.

The Company is actively exploring in Botswana and South Africa and will soon be active in Zimbabwe. The Kaapvaal Craton, which straddles the three countries, is a highly prospective region for diamond exploration: the craton hosts a substantial number of kimberlites and has a history of diamond production dating back to 1866. Despite the long history of diamond production on the Kaapvaal, BOD believes that there remain significant opportunities for commercial discoveries, particularly due to the lack of recent advanced exploration techniques being deployed in much of the region due to perceived political risk factors. Future discoveries may include the re-discovery of previously mined, long forgotten, diamondiferous kimberlites, as well as the re-assessment of known historic discoveries using modern exploration techniques. A very striking example of the latter is BOD's predecessor African Diamonds plc ('AFD') which developed the AK6 deposit, now the world-famous Karowe Mine, in Botswana.

Whilst some investors may be enticed by a junior explorer's value proposition, most are discouraged by perceptions of hostile investment environments and excessive bureaucracy which translates into higher risk. The onus thus rests on the junior explorer to build investors' confidence through demonstrable competence, agility, tenacity and of course a strong track record.

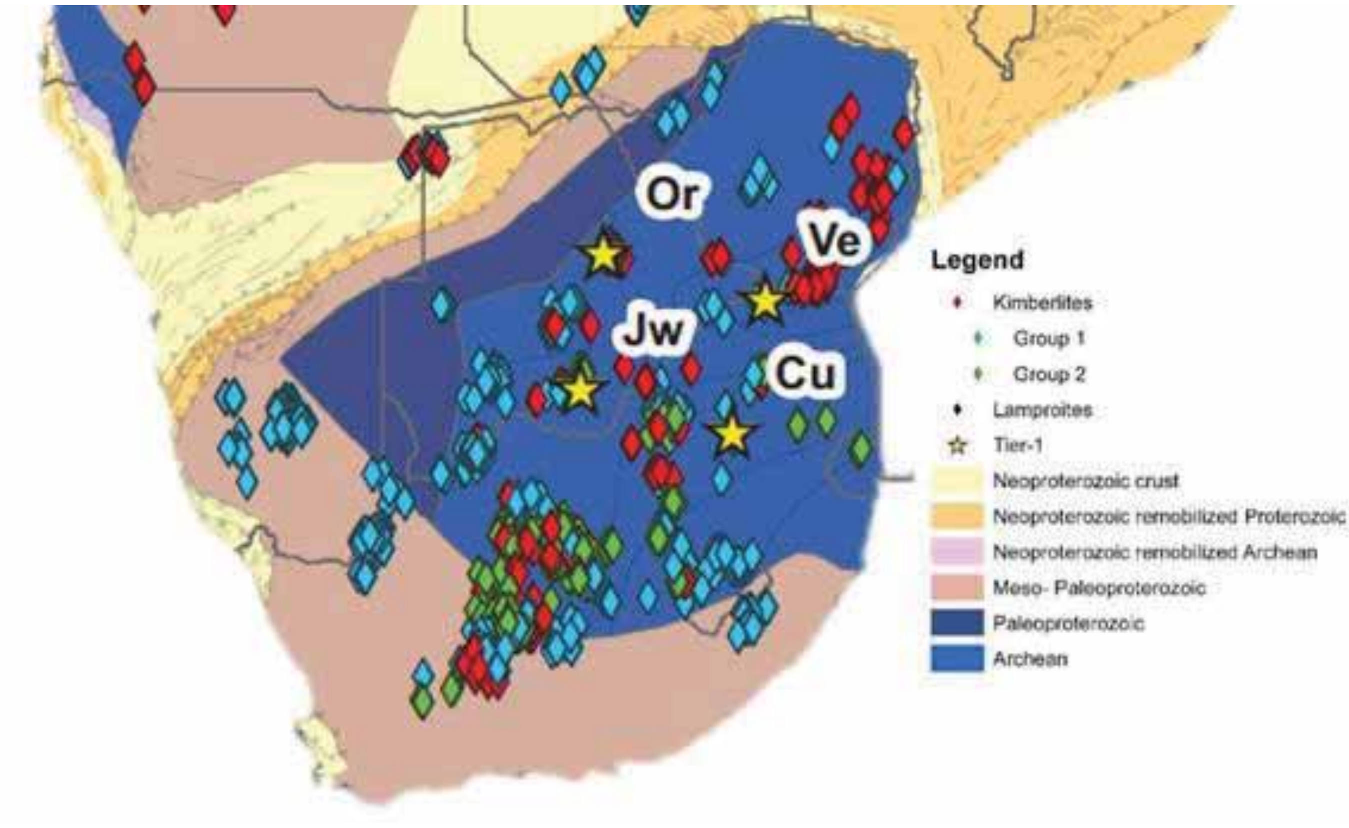

Figure 1: Kaapvaal Craton

Results of an economic competitiveness analysis across five southern African mining and fiscal regimes conducted by the Company indicate diamond project valuations to be most impacted by resource nationalism brought on by varying degrees of free carry and mineral royalties, as well as perceptions of the political risk environment.

Managing Director's Statement *(continued)*

The study found that the viability of marginal projects is diminished in Botswana due to the high rates of diamond royalties in that country. Conversely it found that South Africa's comparatively lower royalties and cost of operation, relative to other southern African diamond producers, augment the potential return on investment. However, perceptions of South Africa's political and legislative regimes add to risk and discount rates despite a far improved Mining Charter which was recently promulgated.

Political risk in both Zimbabwe and South Africa has lowered in recent months and thus diamond exploration is beginning to regain momentum, as demonstrated by some majors staking ground in both countries.

The latest Fraser Institute mining investment attractiveness rankings support our strategy: overall rankings for South Africa and Zimbabwe have improved despite the unresolved challenges, while Botswana remains the highest ranked country in Africa from a policy perspective. Certainty around title to ground and ownership rights is key to investors who are prepared to commit beyond the early speculative phase.

Explorers cannot afford to be too selective over political demarcations of their areas of interest, as geology does not follow any political boundaries. Certain diamond producing countries, like Botswana, have achieved prosperity and political stability thanks to the sensible exploitation of the very diamond resources that explorers seek to discover. Others still have some way to go.

BOD has adopted a prospect generator model, whereby, the Company's significant level of technical expertise and diamond industry networks are leveraged to secure prospective early-stage projects and assess the initial potential of these projects using low-cost advanced exploration methods such as geophysics and geochemical sampling. Subsequently depending on the opportunity, the Company may seek to risk share or joint venture a project or advance it through the drilling and resource estimation stage, if significant value can be added with limited exploration risk and cost.

As a result of this strategy, the Company has assembled a portfolio of projects in Botswana and South Africa and is expanding this by acquiring additional ground in Zimbabwe in partnership with Vast Resources plc ('Vast'). Risk is balanced through a mix of ownership models, stages of project development and optionality within the project portfolio.

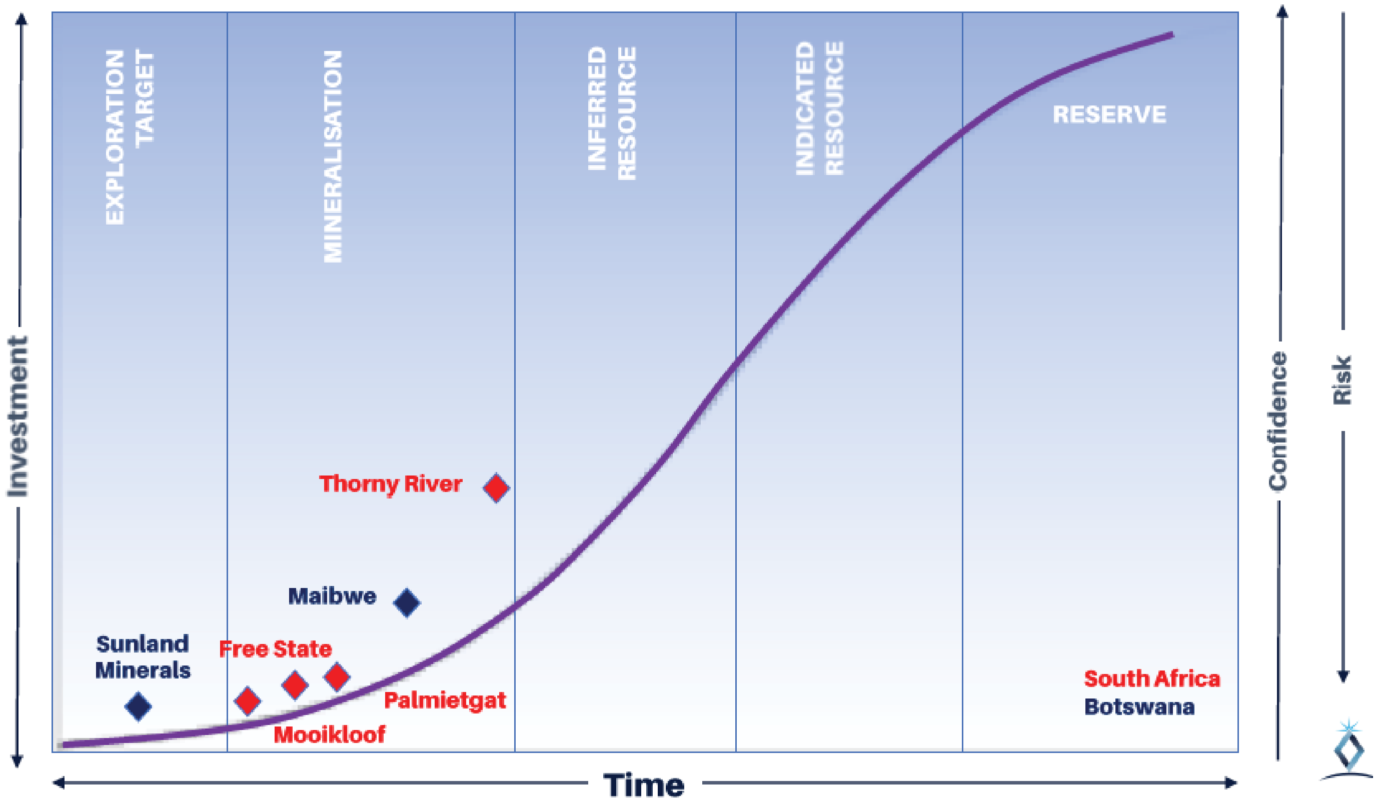

Figure 2: BOD's project portfolio

Managing Director's Statement *(continued)*

Operations

Botswana

Botswana is the world's largest diamond producer by value and the second largest by volume. This country hosts world leading diamond mines, such as Orapa and Jwaneng, as well as the highly profitable Karowe mine. Three quarters of Botswana's annual diamond production is of gem quality. The second largest diamond ever found, the 1,109ct Lesedi La Rona, was unearthed from Karowe mine in 2015.

Due to Botswana's long track record of prudent economic management and the build-up of substantial financial reserves, the country has consistently been awarded the highest credit ratings in Africa. Botswana is long accepted as the best address for diamond investment.

BOD is actively exploring in two areas in Botswana: the Orapa and the Kalahari regions. Exploration in the Orapa region is carried out under Sunland Minerals, a 50/50 Joint Venture between BOD and ALROSA, the world's largest diamond producer by volume. The JV presently holds 2 active Prospecting Licences (PLs) in the Orapa area, as well as 6 PLs in the Gope/CKGR (Kalahari) area. We are in the process of applying for a further 6 licences.

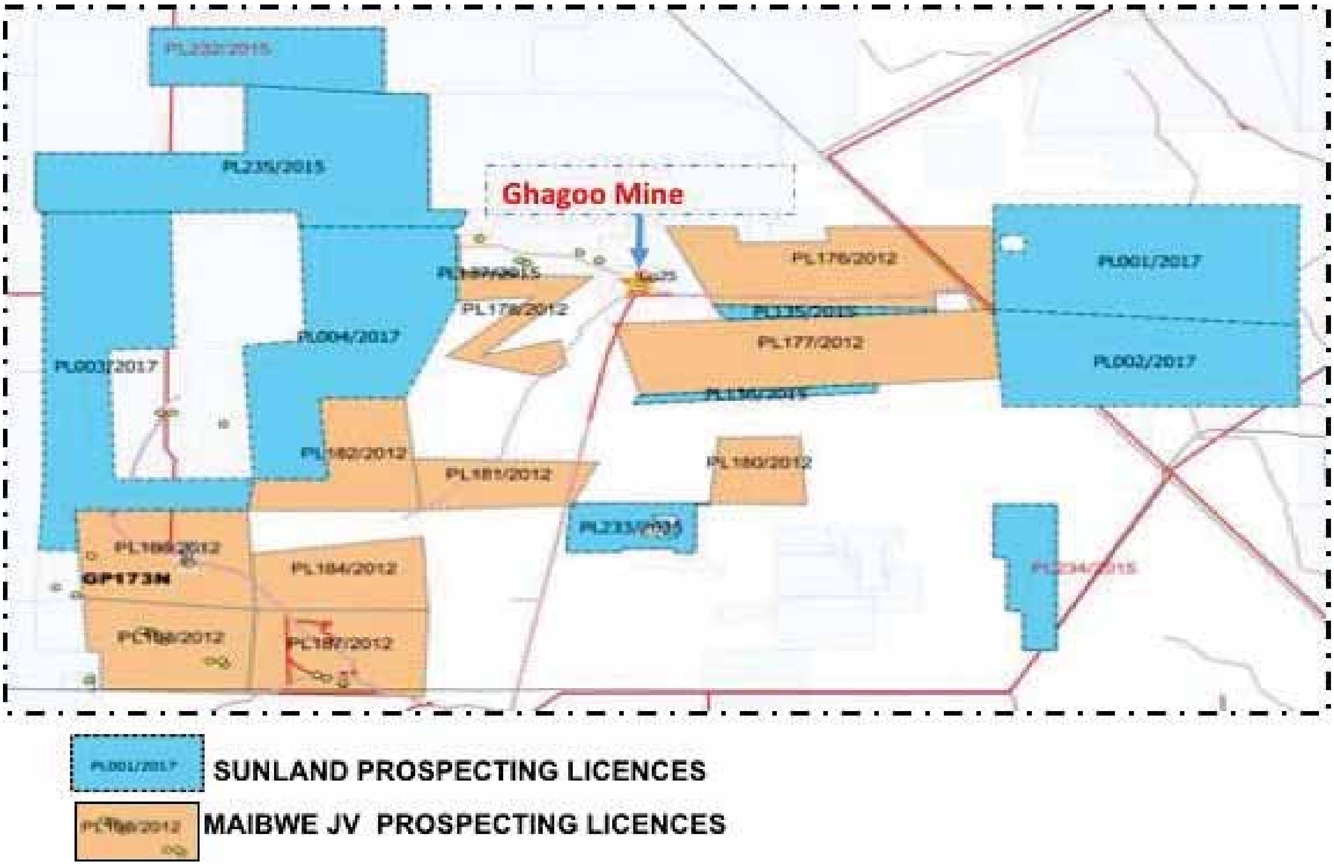

Figure 3: Sunland & Maibwe JV ground holdings in the Kalahari region of Botswana

Managing Director's Statement *(continued)*

BOD became operators of the Sunland JV in the Kalahari region in early 2018. A number of high-grade geophysical anomalies were discovered by the JV in the Kalahari region of Botswana.

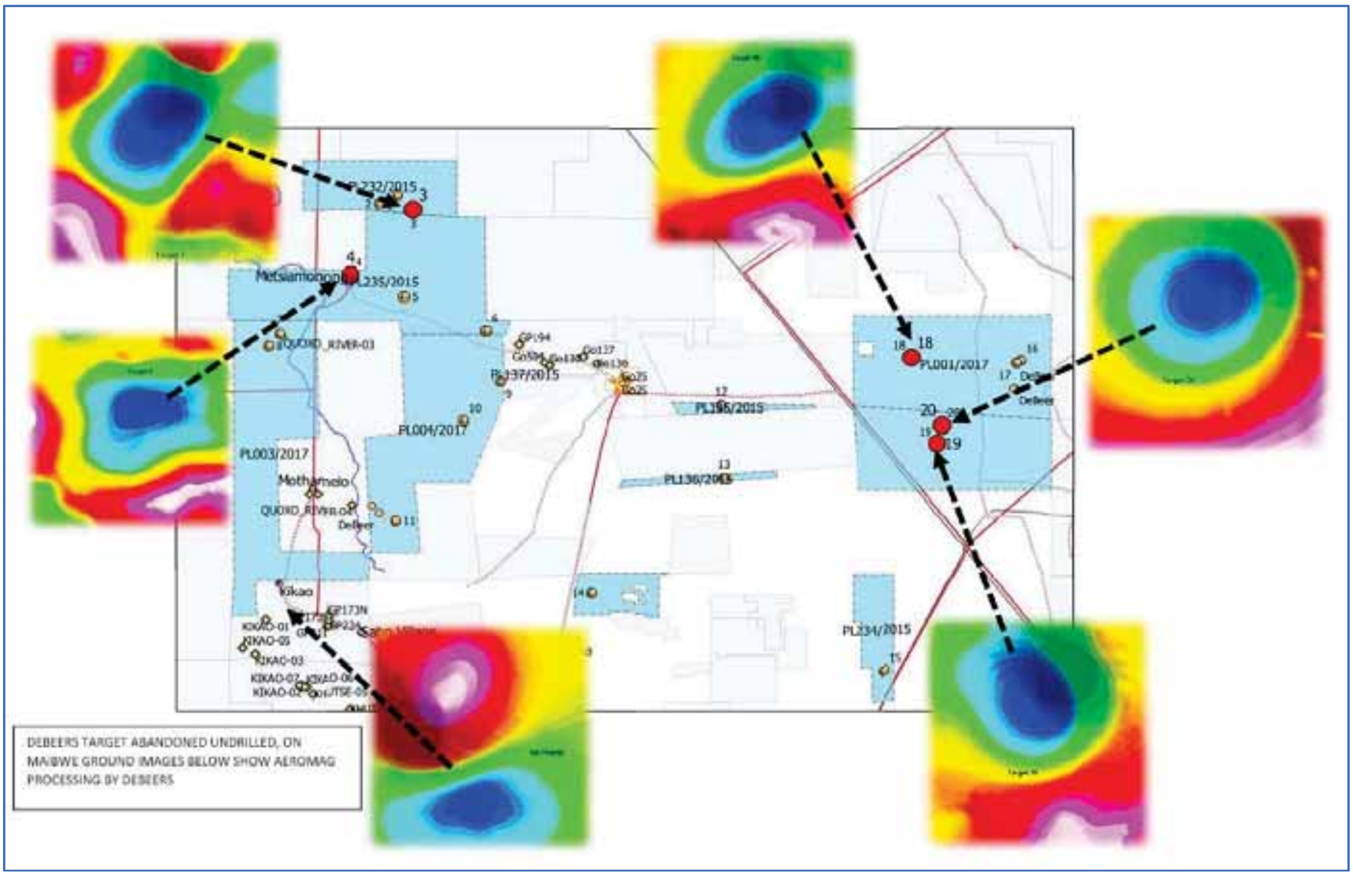

Figure 4: Sunland JV geophysical anomalies in the Kalahari

Following the identification of these high-grade geophysical anomalies, heavy mineral sampling for kimberlitic indicators was undertaken on eight of the geophysical anomalies. A total of 267 kimberlitic indicator minerals ("KIMs") were discovered. All 8 anomalies had KIMs. The KIMs included 41 garnets, 13 chromites, 139 ilmenites, 4 chrome diopsides and 70 olivines. An analysis of the grains by Remote Exploration Services of Cape Town concluded that the sources were likely to be local due to the abundance, size and fresh surface textures of the KIMs. The next step is to determine the mineral chemistry of the grains and thus determine their diamond bearing potential.

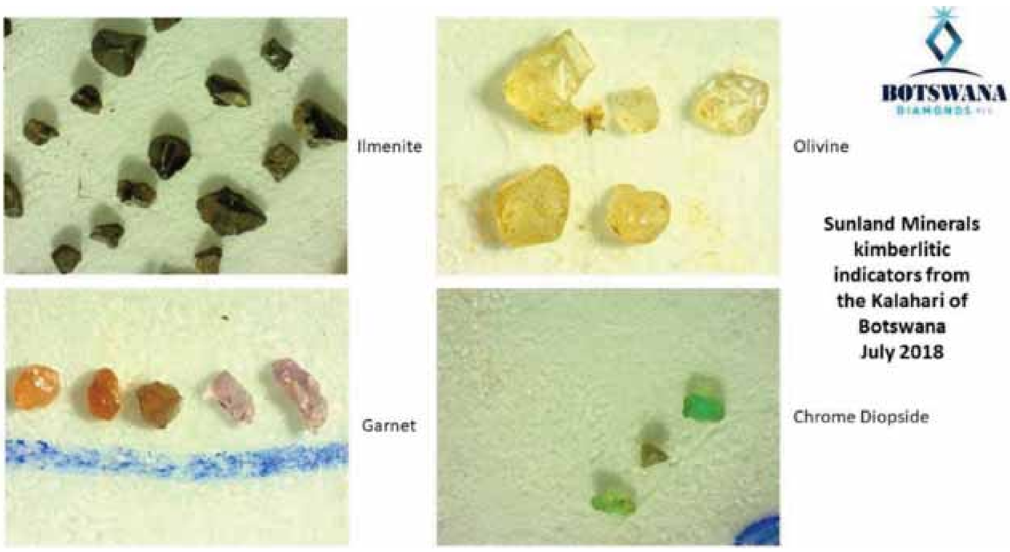

Figure 5: KIMs recovered from sampling of geophysical anomalies in the Kalahari

Managing Director's Statement *(continued)*

Assuming positive mineral chemistry results a drilling programme will be considered. Meanwhile, applications for the renewal of two PLs expiring in September 2018 are in the process of being renewed and a further block of 6 licences have been applied for. During the year some licences were relinquished, the directors decided to impair the cost of exploration on these licences of £179,524.

Sunland was also active in the Orapa area of Botswana in particular re-assessing older kimberlites through the lens of new technology.

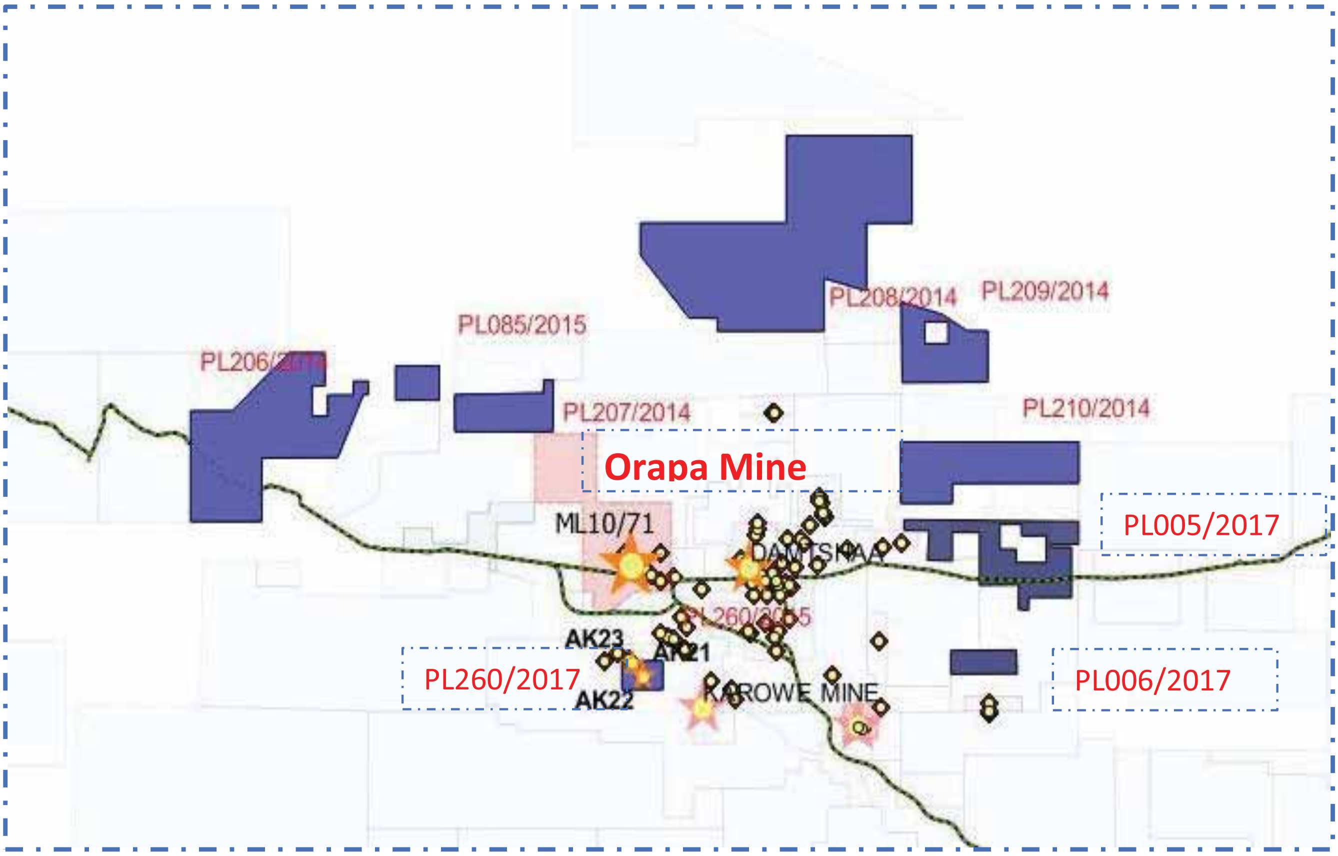

Figure 6: Sunland JV ground holdings in the Orapa area

During the course of November 2018, Alrosa decided to exit the Sunland JV with full ownership of the JV going to BOD. Negotiations are at an advanced stage with a new JV partner though these could not be concluded until Alrosa had officially exited the JV. Meanwhile Sunland continues to hunt for new opportunities as the region in which it is operating remains highly prospective.

Another Joint Venture, Maibwe Diamonds, holds 10 PLs in the Gope/CKGR area. Maibwe Diamonds is a three-way JV between Botswana state-owned copper-nickel producer BCL, Future Minerals and Siseko Minerals (51% owned by BOD).

Under the original JV agreement, BCL was the operator and had to complete and fund an agreed work programme, whereas JV partners Future and Siseko have a free carry up to the Bankable Feasibility Study stage. The project came to a halt during 2016, due to BCL being unable to finance the agreed work programme, and subsequently BCL was placed under provisional liquidation. The liquidator is in the process of completing a prospectus with a view to selling BCL's 51% interest in the Maibwe project while BOD and the other partners have been developing alternative scenarios to move the project forward including an offer to acquire BCL's share in the project at the cost of exploration. With the prospectus being at an advanced stage, a commercial solution is now in sight.

To date the Maibwe JV has identified a cluster of four diamond bearing kimberlite pipes on PL186, with surface sizes of 5ha, 6ha, 2ha and 1ha respectively. Significant quantities of microdiamonds have been found in one of these pipes.

Managing Director's Statement *(continued)*

Figure 7: Verification drilling at Maibwe

South Africa

South Africa continues to be a prime diamond exploration destination from a geological viewpoint, in spite of perceptions of being bureaucratic and of higher political risk. BOD has been exploring in South Africa since 2017, when it entered into an Option and Earn-In Agreement with Vutomi Mining Pty (Ltd) ('Vutomi') to explore Vutomi's Prospecting Rights spanning 50,000 hectares of prospective ground in the Limpopo, North-West and Free State Provinces of South Africa. BOD currently has a 15% interest in Vutomi. On completion of its commitments for Phase 2, BOD's interest will increase to 40%. The Company will then have the option to increase its interest to 72% of Vutomi by issuing 96.8m shares and settling Vutomi's shareholder loan accounts of £300,000 within 90 days of the completion of Phase 2.

A revised Mining Charter, which was promulgated in October 2018 following extensive consultation with the mining industry, banks and others, is a significant step forward in terms of improving long-term certainty and investor confidence compared with previous drafts of this document.

Key highlights of the revised Charter include:

- A minimum black ownership remains at 26% in respect of the tenure of existing mining rights which addresses concerns of dilution of existing right holders. For new rights granted, black ownership will be 30%.
- No required local ownership is required for prospecting rights. This is a significant step forward given the high-risk nature of exploration.
- The 'once empowered, always empowered' principle has been entrenched. This allows black-empowerment shareholders to exit from projects without impacting empowerment credentials. If control over the mining rights change credentials will need to be re-established.
- The cost of free carry ownership on a project may be recovered from a project as a first claim on the asset (although this interpretation is to be confirmed). In addition, there is an option to settle free carries by way of an 'equity-equivalent' in favour of employees or communities.
- The requirement for specified minimum dividends to employees and communities in previous drafts has been removed.

Managing Director's Statement *(continued)*

Figure 8: Vutomi ground holding

A Technical and Economic Evaluation Report ('TEE Report') for the Thorny River project in the Limpopo Province was received in June 2018 and this followed earlier work by the Company, which included bulk sampling. The TEE Report provided the Company with sufficient information to warrant further development of the Thorny River project.

Figure 9: Bulk sampling at Thorny River

Managing Director's Statement *(continued)*

The volume of the Thorny River deposit has been modelled at between 1.2 and 2.0 million tonnes (to 100m); it has a diamond grade ranging between 46 and 74 cpht and diamond values in the range of US$120 and US$220 per carat. The diamond parcel recovered from the trench sample collected at Frischgewaagt in late 2017 proved insufficient for a full economic valuation, particularly in the large stone size range. Despite this, the TEE Report indicates that the project has commercial potential.

Thorny River Diamonds
January 2018

+9 Diamond Sieve **+11 Diamond Sieve**

Figure 10: Diamonds recovered from Thorny River

In November 2018 a mining contract was concluded with Palaeo Minerals Pty Ltd covering both bulk sampling activities and potentially future full-scale mining. The contract will enable the Company to self-fund the Thorny River project from bulk sampling through to mine development, assuming positive results, with indicated net royalties of between US$2 to US$7 million annually based on current estimates.

Palaeo is an experienced mining contractor which has several mining contracts in South Africa and Zimbabwe. The key terms of the Contract are as follows:

- A net revenue royalty of 12% will accrue to Vutomi.
- 8% will accrue to Vutomi to cover State Mineral Royalties, sales and security expenses.
- 80% will accrue to Palaeo to cover its mining and processing costs.
- A processing target of up to 30,000 tons of kimberlite per month.
- Diamonds will be recovered using a processing facility at a nearby diamond mine.

Regulatory approvals from the South African Department of Mineral Resources have been applied for. An advance in-fill drilling programme will allow detailed planning prior to commencing bulk sampling in 2019 and the revenue and information from this project will enable the Company to consider further long-term options for Thorny River and the surrounding kimberlite field.

Managing Director's Statement *(continued)*

Eight kimberlites were "re-discovered" in late 2017 within the Free State Project area. These eight kimberlites were identified through the integration of satellite imagery with research conducted in the SA National Archives, where evidence was uncovered that a number of diamond mines were operational between Jagersfontein and Kimberley in the late 1870's, these diamond producing operations stopped during the Anglo Boer War (1899-1901) and never restarted. Surface size estimates based on detailed ground geophysical surveys are in the range of 0.3 – 1.15 hectares (minimum sizes). Kimberlite mineral chemistry work has rated these kimberlites as high interest from a diamond-bearing potential perspective. Whole-rock geochemistry analyses of the kimberlites have revealed a Group 1 geochemistry, similar to the Kimberley, Koffiefontein and Jagersfontein diamond mines. The Company is planning a phased drilling programme in this area.

Figure 11 One of the eight Free State kimberlites

In June 2018, Vutomi was awarded a Prospecting Right over the remaining extent of the farm Mooikloof, which hosts the 2.5-hectares Mooikloof kimberlite pipe. A subsequent claim by a South African company in respect of an allegedly overlapping Mining Permit is under review by the South African Department of Mineral Resources. BOD has followed all due process in its PR application and is confident that it holds valid title to the ground.

The Mooikloof pipe was last assessed in the late 1980's by De Beers when the focus shifted to the advancement of the nearby Oaks mine. BOD intends to re-assess the kimberlite with modern exploration techniques, as its size and economic potential might have been underestimated at the time of its assessment.

Managing Director's Statement *(continued)*

Figure 12: The Mooikloof kimberlite pipe

In July 2018, Vutomi was awarded new prospecting rights over a portion of the Palmietgat farm in the Limpopo Province, approximately 50 km north of Petra's Cullinan diamond mine. The Palmietgat area hosts six diamondiferous kimberlite pipes, three of which fall within the new granted prospecting rights. The new ground is adjacent to the Palmietgat Mine, formerly operated by Trivalence.

Drilling at the Ontevreden kimberlite, discovered by BOD in July 2017, revealed a smaller pipe size than previously indicated by geophysics. No further work is planned on this kimberlite and the Prospecting License has been relinquished.

Figure 13: Site of the former Palmietgat Mine

Managing Director's Statement *(continued)*

Zimbabwe

Zimbabwe's long legacy of diamond exploration and mining had all but vanished during the many years of economic isolation under President Robert Mugabe's political regime. Following Mugabe's downfall in November 2017, and on the back of the new government's favourable stance on foreign investment, investors' interest has been rising steadily. Recent amendments to the country's mining bill have reaffirmed the new government's intention to open up to foreign investors. The controversial indigenisation policy which had caused concern among foreign mining firms has been amended. The requirement for 51% local ownership of foreign mining companies continues to be applicable to diamonds and platinum mining entities, where the government or one of its entities must own a majority stake. Notwithstanding this, the indications are clear that Zimbabwe is indeed open for business and that the local ownership requirements for diamonds and platinum may soon be amended.

In May 2018 BOD signed a MoU with Vast, an AIM listed exploration company. In terms of the MoU, the two companies would be exchanging past exploration information and forming a special purpose vehicle ('SPV') to jointly develop the diamond potential of Zimbabwe. The initial focus of this agreement is on the Marange Diamond Fields ('MDF') of eastern Zimbabwe. Vast holds exclusive access to key diamond concessions within the MDF ("Heritage Concession") through an agreement with a community organisation.

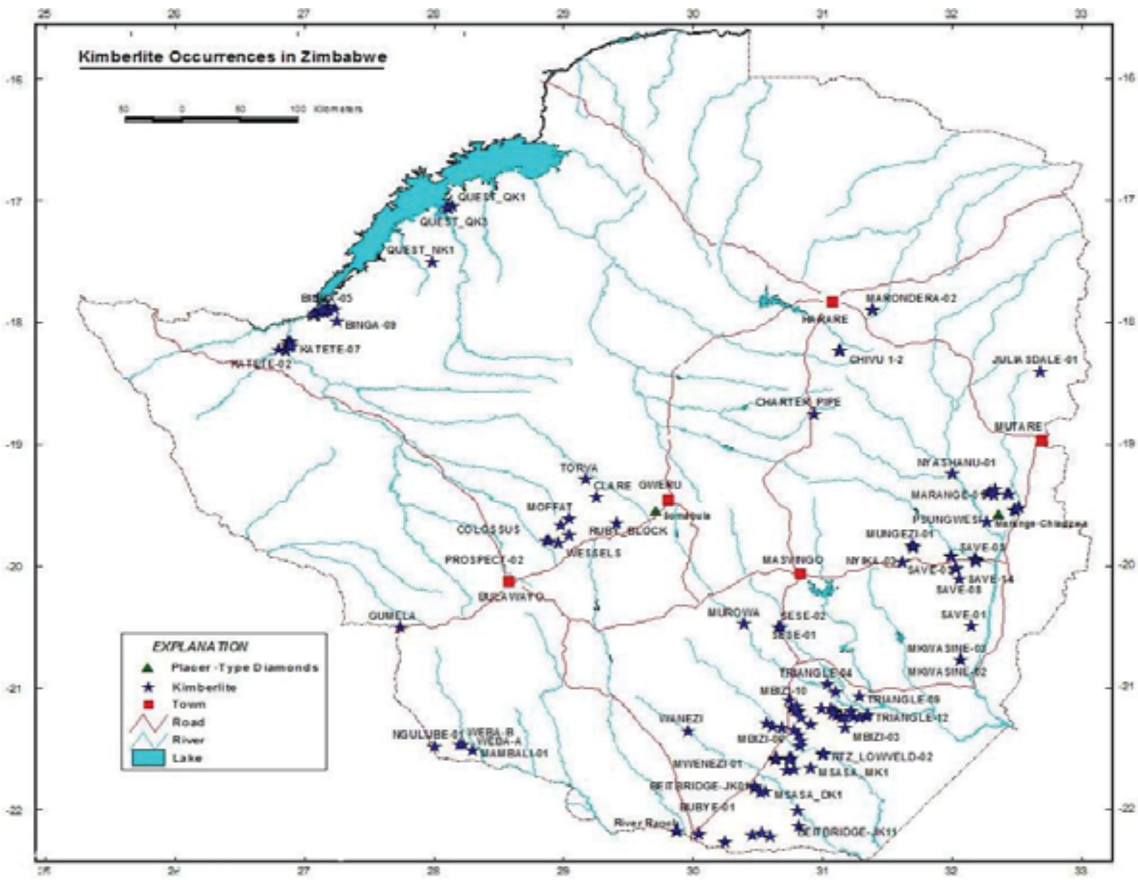

Figure 14: Distribution of kimberlites in Zimbabwe

The 6,913 hectares Heritage Concession (also named Block T1A) contains several targets for modern alluvial diamond placer deposits. The grades of the known modern alluvial placers which drain the MDF range from 50-500 carats per hundred tons ("cpht"), most typically 100-200 cpht. Moreover, there is potential for remnants of the basal Umkondo (conglomerate) unit, which has grades of 100-3,000 cpht elsewhere in the MDF. It is generally estimated that over 60 million carats have been recovered from the entire MDF to date.

Managing Director's Statement *(continued)*

Figure 15: Artisinal workings in the Heritage Concession

The initial MoU has since matured into a formal agreement over the MDF, which includes the following terms:

- An SPV between BOD and Vast to develop diamond resources in the MDF.
- Initial shareholdings will be BOD - 13.33% and Vast - 86.67%.
- Vast will contribute up to US$1 million as initial funding.
- If any additional funds are required, this will be via an equity raise.
- BOD and Vast may contribute to any future equity raise on a pro rata basis. If either party does not take up its allocation, the other may contribute further and increase their relative shareholding.

A separate agreement between BOD and Vast will cover the joint development of diamond properties outside of the MDF in a 50/50 joint venture model.

Preliminary results from a due diligence review of Block T1A have highlighted potential for modern alluvial placers and the possibility for older conglomerates. Next steps will be to investigate the potential of the modern alluvial diamond deposits and older conglomerates on the property. Assuming positive results, field work will be closely followed by drilling, pitting and bulk sampling which will form part of a pre-feasibility study. This may entail further funding beyond the initial US$1 million committed to the programme by Vast.

Managing Director's Statement *(continued)*

Media Activity

The Company has presented at a number of conferences this year, including:

- Junior Mining Indaba in South Africa, where BOD presented on opportunities for junior miners in a panel discussion;
- Southern African Institute of Mining and Metallurgy Diamonds - Source to Use Conference, where papers were presented on diamond project financing and the use of microdiamonds in exploration;
- Botswana Resource Sector Conference;
- African Mining Summit, where a paper on the economic competitiveness of southern African mining regimes: attracting the exploration dollar was presented.

At the 2018 Mining Indaba in Cape Town, BOD was awarded runner-up position in the prestigious Livingstone and Stanley Award for African Exploration, with first prize going to Randgold Resources.

The Company continues to be active on social media with dedicated Twitter, Facebook, LinkedIn and YouTube accounts.

Outlook

Over the coming months, BOD will continue to actively engage with the liquidators and other interested parties to bring the **Maibwe JV** in Botswana towards a commercial resolution, so that exploration activities may resume.

Within the **Sunland JV** in the Kalahari, the next step will be to determine the diamond-bearing potential of the source of the high interest kimberlitic indicators; this will be followed by a drilling programme.

Following advance in-fill drilling and customary regulatory approvals on the **Thorny River project** in South Africa a bulk sampling campaign is planned which will allow the Company to self-fund the future development of the project.

A phased drilling programme is planned for the eight **Free State kimberlites** during the course of 2019. Further decisions will be informed accordingly.

Mineral chemistry and petrography work will be conducted on the **Mooikloof** kimberlites.

A desktop study will be undertaken at **Palmietgat** ahead of planning any field work for 2019.

Depending on the outcome of the initial assessment on the **T1A Block** in Zimbabwe, additional funding may be required in order to advance the project to pre-feasibility stage drilling and sampling. Additional exploration for kimberlites beyond the MDF will begin once a separate JV agreement with Vast is in place.

BOD will continue to pursue and assess opportunities to balance its exploration pipeline by developing new early stage projects to complement the Company's current portfolio of active, more advanced projects.

James AH Campbell
Managing Director

16th November 2018

Strategic Report

The directors present their annual reports and the audited financial statements of the Group and Company for the year ended 30 June 2018.

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.

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 £557,657 (2017: £310,798).

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. During the year the group recorded an impairment provision of £179,524. Further details are outlined in Note 10.

GOING CONCERN

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

Strategic Report *(continued)*

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 and South Africa can be complex due to changing political climate. 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.

Strategic Report *(continued)*

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.

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 company's securities are traded on the AIM market of the London Stock Exchange ("AIM"). In line with recent amendments to AIM rules for Companies which came into effect from 28 September 2018, the company has adopted the QCA Corporate Governance Code to ensure compliance with the new AIM rules. Information is available on the company's website.

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.

Strategic Report *(continued)*

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

16 November 2018

Directors' Report

DIRECTORS

The directors who served throughout the year were as follows:

John Teeling
James Finn
David Horgan
Robert Bouquet
Anne McFarland
James Campbell

There were no changes in directors in the financial year or since year end.

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors holding office at 30 June 2018 had the following interests in the ordinary shares of the Company:

			30 June 2018			1 July 2017	
		Ordinary Shares of £0.0025 each Shares	**Ordinary Shares of £0.0025 each Options**	**Ordinary Shares of £0.0025 each Warrants**	Ordinary Shares of £0.0025 each Shares	Ordinary Shares of £0.0025 each Options	Ordinary Shares of £0.0025 each Warrants
	Nationality	**Number**	**Number**	**Number**	Number	Number	Number
John Teeling	Irish	54,084,318	2,500,000	-	44,154,868	2,500,000	7,529,450
James Finn	Irish	25,053,639	2,000,000	-	19,147,689	2,000,000	4,705,950
David Horgan	Irish	15,783,984	2,000,000	-	12,231,034	2,000,000	2,352,950
James Campbell	British	486,316	2,000,000	-	486,316	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 (2017: Nil).

On 3 August 2017 the directors John Teeling, James Finn and David Horgan exercised their warrants. (2017: 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	
	2018	2017
	£	£
John Teeling	**30,000**	30,000
James Finn	**30,000**	30,000
David Horgan	**20,000**	20,000
James Campbell	**100,590**	58,758
Robert Bouquet	**8,524**	15,966
Anne McFarland	**4,419**	5,356

Directors' Remuneration is disclosed in Note 6 of these financial statements. During 2017 James Campbell was granted 3,000,000 options vesting over 3 years. 1,000,000 of those options vested in the current year. Further details are disclosed in Note 17.

Directors' Report *(continued)*

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 2018 and 23 October 2018:

	30 June 2018		23 October 2018	
	No. of shares	**%**	No of shares	%
Pershing International Nominees Limited (DSCLT)	**44,841,272**	**8.80**	49,139,185	9.65
HSBC Global Custody Nominee (UK) Limited (915810)	**24,079,171**	**4.73**	24,079,171	4.73
Roy Nominees Limited (128146)	**22,151,651**	**4.35**	22,151,651	4.35
SVS Nominees Limited (POOL)	**17,039,000**	**3.35**	14,664,000	2.88
TD Waterhouse Nominees (Europe) Limited (SMKTNOMS)	**15,768,858**	**3.10**	15,906,571	3.12

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 14 December 2018 in accordance with the Notice of Annual General Meeting on page 63 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.

Directors' Report *(continued)*

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 Ireland LLP 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

16 November 2018

Corporate Governance Report

The Company's securities are traded on the AIM Market of the London Stock Exchange ("AIM"). The Company has adopted in September 2018 the Quoted Company Alliance ("QCA") corporate governance guidelines for AIM companies relevant to the Company but due to the size and nature of its current business has not adopted the UK Corporate Governance Code in its entirety.

In addition, the Company has an established code of conduct for dealings in the shares of the Company by directors and employees.

John Teeling, in his capacity as Chairman, has assumed responsibility for ensuring that the Company has appropriate corporate governance standards in place and that these requirements are communicated and applied.

The Board currently consists of 6 directors: Executive Chairman; Managing Director; Financial Director (and Company Secretary) and three Non-Executive Directors. The Board considers that appropriate oversight of the Company is provided by the currently constituted Board.

The 10 principles set out in the QCA Code are listed below, with an explanation of how Botswana Diamonds applies each of the principles and the reason for any aspect of non-compliance.

1. Establish a strategy and business model which promote long-term value for shareholders

The Company is an African focused diamond exploration company and has a clearly defined strategy and business model that has been adopted by the Board. This strategy is set out in the Strategic Report on page 17 of the Annual Report.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

Investors also have access to current information on the Company through its website www.botswanadiamonds.co.uk and through James Campbell, Managing Director who is available to answer investor relations enquiries. The Company provides regulatory, financial and business news updates through the Regulatory News Service in accordance with the AIM Rules.

3. Take into account wider stakeholder and social responsibilities and their implications for long term success

The Board is committed to having the highest degree possible of Corporate Social Responsibility in how the company undertakes its activities. We aim to have an uncompromising stance on health, safety, environment and community relations. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities. This is carried out by James Campbell and local management in Botswana and South Africa.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

The Board regularly reviews the risks to which the Company is exposed and ensures through its meetings and regular reporting that these risks are minimised as far as possible whilst recognising that its business opportunities carry an inherently high level of risk. The principal risks and uncertainties facing the Company at this stage in this development and in the foreseeable future are detailed on pages 18 and 19 together with risk mitigation strategies employed by the Board.

Corporate Governance Report *(continued)*

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board's role is to agree the Company's long-term direction and strategy and monitor achievement of key milestones against its business objectives. The Board meets formally at least four times a year for these purposes and holds additional meetings when necessary to transact other business. The Board receives reports for consideration on all significant strategic, operational and financial matters.

The Board is supported by the audit and remuneration and the nomination committees, detailed below.

The Board comprises Chairman. John Teeling (Chairman), the Managing Director James Campbell, Financial Director and Company Secretary, James Finn, and three non-executive directors, David Horgan, Robert Bouquet and Anne McFarland. Currently James Campbell is a full time employee. Executive and non-executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. On appointment the director receives a letter of appointment from the Company. The Non- Executive Directors receive a fee for their services as a director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. The non-executive Directors are reimbursed for travelling and other incidental expenses incurred on Company business.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board considers the current balance of sector, financial and public market skills and experience which it embodies is appropriate for the size and stage of development of the Company and that the Board has the skills and requisite experience necessary to execute the Company's strategy and business plan whist also enabling each director to discharge his or her fiduciary duties effectively.

Details of the current Board of Directors biographies are as follows:

John Teeling Executive Chairman
John Teeling is executive chairman of Botswana Diamonds. He has 40 years' resources experience. Teeling is also involved in a number of other AIM exploration companies. He is a founder of a number of companies in the resource sector including African Diamonds, Pan Andean Resources, Minco, African Gold, Persian Gold and West African Diamonds, all listed on AIM. John Teeling holds degrees in Economics and Business from University College Dublin, an MBA from Wharton and a Doctorate in Business Administration from Harvard. He lectured for 20 years in business and finance at University College Dublin.

James Campbell Managing Director
James Campbell has spent over 30-years in the diamond industry in a variety of roles. Previous roles include Chief Executive Office and President of Rockwell Diamonds Inc, Non-Executive Director of Stellar Diamonds plc, Vice President - New Business for Lucara Diamond Corp, Managing Director of African Diamonds plc and Executive Deputy Chairman of West African Diamonds plc. Prior to that James spent over twenty years at De Beers, with notable appointments including General Manager for Advanced Exploration and Resource Delivery and Nicky Oppenheimer's Personal Assistant. James holds a degree in Mining and Exploration Geology from the Royal School of Mines (Imperial College, London University) and an MBA with distinction from Durham University. James is a Fellow of the Institute of Mining, Metallurgy & Materials, South African Institute of Mining & Metallurgy and Institute of Directors of South Africa. He is also a Chartered Engineer (UK), Chartered Scientist (UK) and a Professional Natural Scientist (RSA).

James Finn Finance Director
James Finn is finance director of Botswana Diamonds. He has over 20 years' experience in working with exploration companies. Finn has extensive experience in the administration of oil and gas and minerals companies. He has been responsible for listing several resource sector companies on AIM in London, including two of the first companies ever listed on AIM, Pan Andean Resources and African Gold. Finn was previously finance director of African Diamonds and West African Diamonds. He holds a degree in Management and an Association of Chartered Certified Accountants (ACCA) qualification.

Corporate Governance Report *(continued)*

David Horgan Non-Executive Director
David Horgan has extensive African experience. David has over 20 years' experience in oil and gas and resources projects in Latin America, Africa and the Middle East through a number of AIM listed companies including Clontarf Energy, Petrel Resources and Pan Andean Resources. He previously worked at Kenmare where he raised finance, captured the premium graphite worldwide market and evaluated investment opportunities. Prior to that he worked with Boston Consulting Group internationally for seven years. He holds a first class law degree from Cambridge and an MBA with distinction from the Harvard Business School.

Robert Bouquet Non-Executive Director
Robert Bouquet has 20 years' experience in the diamond industry, 14 of which he spent with De Beers and Rio Tinto Diamonds in a variety of strategic and commercial roles. On the commercial side Bouquet has worked in strategic roles as well as a sales manager for Rio Tinto and as a rough diamond buyer for De Beers in the Democratic Republic of Congo and Guinea. He has wide experience in diamond producing countries, particularly in Africa, as well as in all diamond cutting centres. He has a degree in Management and French from the University of Leeds.

Anne McFarland Non-Executive Director
Anne McFarland has extensive experience in resources in Russia. She is an experienced financial director having worked abroad extensively, particularly in Europe and Russia. She worked in finance, commodity trading and manufacturing with Glencore, BP and Russian conglomerates. She is fluent in Russian and has considerable experience in acquisitions and restructuring. She qualified as a chartered accountant with KPMG in London, holds a BA from Trinity College Dublin and recently completed the Diploma in Corporate Governance from University College Dublin.

All Directors have access to the Company Secretary who is responsible for ensuring that Board procedures and applicable rules and regulations are observed.

The Board as a whole considers the Non-Executive Directors to be independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgement.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Review of the Company's progress against the long terms strategy and aims of the business provides a means to measure the effectiveness of the Board. This progress is reviewed in Board meetings held at least four times a year. The Managing Director performance is reviewed once a year by the rest of the Board and measured against a definitive list of short, medium and long-term strategic targets set by the Board.

Succession planning is considered periodically by the Board as a whole, although at present the current Board is focused on successfully executing the Company's growth strategy.

8. Promote a corporate culture that is based on ethical values and behaviours
The corporate culture of the Company is promoted throughout its employees and contractors and is underpinned by compliance with local regulations and the implementation and regular review and enforcement of various policies: Health and Safety Policy; Share Dealing Policy; Code of Conduct; Privacy Policy and Social Media Policy. The Company policy is that all Company activities are carried out in compliance with safety regulations, in a culture where the safety of personnel is paramount. The Company will ensure an appropriate level of contact and negotiation with all stakeholders including landowners, community groups and regional and national authorities.

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company and the way that employees behave. The exploration for and development of mineral resources can have significant impact in the areas where the Company and its contractors are active and it is important that the communities in which we operate view Company's activities positively. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this is reflected in all the Company does. The Company has an established code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM, and is in accordance with Rule 21 of the AIM rules and the Market Abuse Regulation.

Corporate Governance Report *(continued)*

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

The Board has overall responsibility for all aspects of the business. The Chairman is responsible for overseeing the running of the Board, ensuring that no individual or group dominates the Board's decision-making and ensuring the Non-Executive Directors are properly briefed on all operational and financial matters. The Chairman has overall responsibility for corporate governance matters in the Company and chairs the Nomination Committee. The Managing Director has the responsibility for implementing the strategy of the Board and managing the day-to-day business activities of the Company. The Company Secretary is responsible for ensuring that Board procedures are followed and applicable rules and regulations are complied with.

The following committees were set up in September 2018:

<u>The Nomination Committee</u>
The Nomination Committee comprises the Chairman, Managing Director, Company Secretary and the Non-Executive Directors and meets at least once per year to examine Board appointments and to make recommendations to the Board in accordance with best practice and other applicable rules and regulations.

<u>The Audit Committee</u>
The Audit Committee, which is chaired by Managing Director, James Campbell, and also includes David Horgan meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. James Finn, the Company's Financial Director also attends these meetings. The Audit Committee also keeps under review the scope and results of the audit. It also considers the cost-effectiveness, independence and objectivity of the Auditor taking account of any non-audit services provided by them.

<u>The Remuneration Committee</u>
The Remuneration Committee is comprised of Non-Executive Directors, David Horgan, Robert Bouquet and Anne McFarland. The Remuneration Committee meets at least once a year to determine the appropriate remuneration for the Company's executive directors, ensuring that this reflects their performance and that of the Company. The Company has a share option scheme and also issues warrants to subscribe for shares to executive directors and employees.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company.

Investors also have access to current information on the Company through its website www.botswanadiamonds.co.uk and through James Campbell, Managing Director who is available to answer investor relations enquiries. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

The Company's financial reports can be found on their website www.botswanadiamonds.co.uk

In addition, the Company also uses Social Media platforms and provides access to news releases and general news relating to the Company's business through twitter (@BotswanaDiamond), Facebook (BotswanaDiamondsPLC) and the Company page on LinkedIn (linkedin.com/company/Botswana Diamonds/).

Directors' Responsibility 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.

We confirm that to the best of our knowledge that the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the company's position and performance, business model and strategy.

This responsibility statement was approved by the board of directors on 16 November 2018 and is signed on its behalf by:

James Finn	John Teeling
Secretary	Director

Independent Auditor's Report to the Members of Botswana Diamonds Plc

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements of Botswana Diamonds plc (the 'parent company') and its subsidiaries (the 'group') give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and IFRSs as issued by the International Accounting Standards Board (IASB);
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which 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 financial reporting framework that has been applied in their preparation is applicable law and IFRSs as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

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 the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard 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 in the financial statements, which indicates that the Group incurred a net loss for the year of £557,657 (Company Loss of £417,943). This condition indicates the existence of a material uncertainty in respect of the Group's and Company's ability to continue as a going concern. The going concern assumption of the Group and Company is dependent on the Group and Company 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.

In response to this, we:

- Obtained an understanding of the group's and company's controls over the preparation and review of cash flow projections and assumptions used in the cash flow forecasts to support the going concern assumption and assessed the design and implementation of these controls;

Independent Auditor's Report to the Members of Botswana Diamonds Plc *(continued)*

Material uncertainty relating to going concern (Continued)

- Tested the key assumptions used in the cash flow by agreement to historical run rates, expenditure commitments and other supporting documentation;
- Tested the clerical accuracy of the cash flow forecasts;
- Assessed the adequacy of the disclosures in the financial statements.

As stated in note 3, these events or conditions, along with the other matters as set forth in note 3 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the group's and the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Summary of our audit approach

Key audit matters	The key audit matters that we identified in the current year were: • Going Concern (see material uncertainty relating to going concern section) • Recoverability of Intangible Assets – Group and Parent Company • Capitalisation of Intangible Assets – Group and Parent Company
Materiality	The materiality that we used for the group financial statements was £210,000, which was determined as a percentage of the carrying value of intangible assets.
Scoping	We identified two significant components, which were the holding company Botswana Diamonds plc and Sunland Minerals (Pty) Limited, and a full audit was carried out on both components.
Significant changes in our approach	No significant changes in our audit approach.

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.

Recoverability of Intangible Assets - Group and Parent Company	
Key audit matter description	As of 30 June 2018, the value of intangible assets amounted to £8,234,076 (company: £4,509,758) which accounts for more than 90% of the Group's total assets and 90% 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 in note 1(vii) and the disclosures in note 10 of the financial statements.

Independent Auditor's Report to the Members of Botswana Diamonds Plc *(continued)*

Key Audit Matters (Continued)

Recoverability of Intangible Assets - Group and Parent Company (Continued)	
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 and Company 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 determined this to be a key audit matter. The Group capitalised exploration and evaluation expenditure during the year ended 30 June 2018 amounting to £647,344 including an amount of £574,780 capitalised by the Parent Company. Refer to the accounting policy in note 1(vii) and the disclosures in note 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.

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.

Independent Auditor's Report to the Members of Botswana Diamonds Plc *(continued)*

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 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Group financial statements	Parent company financial statements
Materiality	£210,000	£112,000
Basis for determining materiality	2.5% of Intangible Assets	2.5% of Intangible Assets
Rationale for the benchmark applied	*We have determined that intangible assets is the appropriate benchmark considering this makes up more than 90% of the Group's total assets.*	*We have determined that intangible assets is the appropriate benchmark considering this makes up more than 90% of the Company's total assets.*

We agreed with the Board of Directors that we would report all audit differences in excess of £10,500 for Group and £5,600 for the Company, as well as differences below that threshold 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 components being Botswana Diamonds plc, Kukama Mining and Exploration (Proprietary) Limited, Atlas Minerals (Botswana) (Pty) Limited and Sunland Minerals (Pty) Limited. We identified two significant components, which were the holding company Botswana Diamonds plc and Sunland Minerals (Pty) Limited, and a full audit was carried out on both components by either Deloitte Ireland or a Deloitte network firm in Botswana.

The work performed by the component audit team was directed by the Group audit team and performed to component materiality levels applicable to the 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 2018, 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 respect of these matters.

Independent Auditor's Report to the Members of Botswana Diamonds Plc *(continued)*

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.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e gives a true and fair view).
- Where we are required to report on consolidated financial statements, obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.
- 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.

For listed entities and public interest entities, we also provide those charged with governance with a statement that the auditor has complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard, and communicates with them all relationships and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

Independent Auditor's Report to the Members of Botswana Diamonds Plc *(continued)*

Auditor's responsibilities for the audit of the financial statements (Continued)

Where we are required to report on key audit matters, from the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in the auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 group and parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Directors' Report.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records
Under the Companies Act 2006 we are required to report to you if, in our opinion:
- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration
Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made.

We have nothing to report in respect of this matter.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 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.

Emer O'Shaughnessy (Senior Statutory Auditor)
For and on behalf of Deloitte Ireland LLP
Statutory Auditor
Deloitte & Touche House, Earlsfort Terrace, Dublin 2

Date: 16 November 2018

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2018

	Notes	2018 £	2017 £
Administrative expenses		**(376,883)**	(310,898)
Impairment of exploration and evaluation assets	10	**(179,524)**	-
OPERATING LOSS		**(556,407)**	(310,898)
(Loss)/gain on investments	12	**(1,250)**	100
LOSS FOR THE YEAR BEFORE TAXATION		**(557,657)**	(310,798)
Income tax expense	8	**-**	-
LOSS AFTER TAXATION		**(557,657)**	(310,798)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**(72,352)**	148,930
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(630,009)**	(161,868)
Loss per share – basic	5	**(0.12p)**	(0.09p)
Loss per share – diluted	5	**(0.12p)**	(0.09p)

Consolidated Balance Sheet
as at 30 June 2018

	Notes	**30/06/2018 £**	30/06/2017 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**8,234,076**	7,766,256
Financial assets	12	**-**	1,250
		8,234,076	7,767,506
CURRENT ASSETS			
Other receivables	13	**24,886**	60,622
Cash and cash equivalents	14	**260,642**	106,188
		285,528	166,810
TOTAL ASSETS		**8,519,604**	7,934,316
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	**(300,098)**	(429,484)
TOTAL LIABILITIES		**(300,098)**	(429,484)
NET ASSETS		**8,219,506**	7,504,832
EQUITY			
Called-up share capital – deferred shares	16	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	16	**1,273,206**	948,907
Share premium	16	**10,098,561**	9,085,128
Share based payment reserves	17	**104,238**	97,287
Retained deficit		**(4,069,369)**	(3,511,712)
Translation reserve		**-**	72,352
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**8,219,506**	7,504,832

The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 16 November 2018 and signed on its behalf by:

John Teeling
Director

Company Balance Sheet
as at 30 June 2018

	Notes	30/06/2018 £	30/06/2017 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**4,509,758**	3,934,978
Investment in subsidiaries	11	**17**	17
Financial assets	12	**-**	1,250
		4,509,775	3,936,245
CURRENT ASSETS			
Other Receivables	13	**22,736**	8,979
Cash and cash equivalents	14	**214,630**	13,429
		237,366	22,408
TOTAL ASSETS		**4,747,141**	3,958,653
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	**(276,207)**	(414,459)
NET ASSETS		**4,470,934**	3,544,194
EQUITY			
Called-up share capital – deferred shares	16	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	16	**1,273,206**	948,907
Share premium	16	**10,098,561**	9,085,128
Share based payment reserves	17	**104,238**	97,287
Retained deficit		**(7,817,941)**	(7,399,998)
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**4,470,934**	3,544,194

The company reported a loss for the financial year ended 30 June 2018 of £417,943 (2017: Loss of £4,122,506). The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 16 November 2018 and signed on its behalf by:

John Teeling
Director

Consolidated Statement of Changes in Equity
for the year ended 30 June 2018

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Translation Reserve £	Other Reserve £	Total £
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 based payment	**-**	**-**	**6,951**	**-**	**-**	**-**	**6,951**
Issue of shares	**324,299**	**1,046,278**	**-**	**-**	**-**	**-**	**1,370,577**
Share issue expenses	**-**	**(32,845)**	**-**	**-**	**-**	**-**	**(32,845)**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(557,657)**	**(72,352)**	**-**	**(630,009)**
At 30 June 2018	**3,069,363**	**10,098,561**	**104,238**	**(4,069,369)**	**-**	**(983,287)**	**8,219,506**

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

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. 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 2018

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Other Reserve £	Total £
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 based payment	**-**	**-**	**6,951**	**-**	**-**	**6,951**
Issue of shares	**324,299**	**1,046,278**	**-**	**-**	**-**	**1,370,577**
Share issue expenses	**-**	**(32,845)**	**-**	**-**	**-**	**(32,845)**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(417,943)**	**-**	**(417,943)**
At 30 June 2018	**3,069,363**	**10,098,561**	**104,238**	**(7,817,941)**	**(983,287)**	**4,470,934**

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

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. 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 2018

	Note	30/06/2018 £	30/06/2017 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(557,657)**	(310,798)
Loss/(Profit) on investment held at fair value		**1,250**	(100)
Foreign exchange losses/(gains)		**(68,359)**	144,661
Impairment of exploration and evaluation assets		**179,524**	-
		(445,242)	(166,237)
MOVEMENTS IN WORKING CAPITAL			
(Decrease)/Increase in trade and other payables		**(144,386)**	262,386
Decrease/(Increase) in trade and other receivables		**35,736**	(29,997)
NET CASH FROM OPERATING ACTIVITIES		**(553,892)**	66,152
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		**(625,393)**	(993,658)
NET CASH USED IN INVESTING ACTIVITIES		**(625,393)**	(993,658)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**1,370,577**	550,000
Share issue costs		**(32,845)**	(21,001)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**1,337,732**	528,999
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**158,447**	(398,507)
Cash and cash equivalents at beginning of the financial year		**106,188**	500,426
Effect of foreign exchange rate changes		**(3,993)**	4,269
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	**260,642**	106,188

Company Cash Flow Statement
for the year ended 30 June 2018

	Note	**30/06/2018**	30/06/2017
		£	£
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(417,943)**	(4,122,506)
Loss/(Profit) on investment held at fair value		**1,250**	(100)
Foreign exchange loss/(gains)		**3,993**	(4,269)
Provision for intercompany receivable		**39,810**	3,960,638
		(372,890)	(166,237)
MOVEMENTS IN WORKING CAPITAL			
(Decrease)/Increase in trade and other payables		**(153,252)**	313,822
Increase in trade and other receivables		**(53,567)**	(615,965)
NET CASH FROM OPERATING ACTIVITIES		**(579,709)**	(468,380)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		**(552,829)**	(410,486)
NET CASH USED IN INVESTING ACTIVITIES		**(552,829)**	(410,486)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**1,370,577**	550,000
Share issue costs		**(32,845)**	(21,001)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**1,337,732**	528,999
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**205,194**	(349,867)
Cash and cash equivalents at beginning of the financial year		**13,429**	359,027
Effect of foreign exchange rate changes		**(3,993)**	4,269
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	**214,630**	13,429

Notes To The Financial Statements
for the year ended 30 June 2018

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 2018. 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.

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

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.

Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level on a segment by segment basis

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that is expected to generate cash flows that largely are independent from other assets and groups.

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(vii) Intangible fixed assets *(continued)*
Impairment of intangible assets (continued)

Impairment losses are recognised in the Statement of Comprehensive Income. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

(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.

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

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.

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

Trade payables
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.

Notes To The Financial Statements

for the year ended 30 June 2018 *(continued)*

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(ix) Taxation *(continued)*

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.

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

When a warrant is exercised, the company issues share capital and the capital is accounted for with the par value being recognized in issued share capital and any amount received on the issue of those shares being brought to share premium.

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

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

(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.

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.

Such review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level on a segment by segment basis.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash generating unit is the smallest identifiable asset group that is expected to generate cash flows that largely are independent from other assets and groups.

Impairment losses are recognised in the Statement of Comprehensive Income. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset.

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.

Notes To The Financial Statements

for the year ended 30 June 2018 *(continued)*

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)

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 and warrants
The estimation of share-based payment and warrant 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
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
IFRIC 22 Foreign Currency Transactions and Advance Consideration	1 January 2018
IFRS 2 (Amendment) Share based Payments	1 January 2018
IAS 40 (Amendment) Investment Property	1 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments	1 January 2019
IFRS 17 Insurance Contracts	1 January 2021

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.

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

3. GOING CONCERN

The Group incurred a loss for the year of £630,009 after exchange differences on retranslation of foreign operations and had a retained deficit of £4,069,369 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. Although it is not possible at this stage to predict when financing efforts will be made the directors are confident that they will be able to raise additional finance as required to meet the group's committed obligations as they fall due.

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

	2018	2017
	£	£
The loss before taxation is stated after charging:		
Auditor's remuneration	**21,390**	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	**21,390**	18,000
Fees payable to the Group's auditors and their associates for other services to the Group	**-**	2,000
Total audit fees	**21,390**	20,000
Administrative expenses comprise:		
Professional fees	**156,372**	106,712
Foreign exchange losses/(gains)	**3,993**	(4,269)
Directors' remuneration (Note 6)	**103,090**	86,322
Wages and salaries	**45,818**	43,938
Other administrative expenses	**67,610**	78,195
	376,883	310,898

5. LOSS PER SHARE

Basic loss per share is computed by dividing the loss after taxation for the year attributable 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.

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

5. LOSS PER SHARE *(continued)*

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

	2018	2017
	£	£
Numerator		
For basic and diluted EPS retained loss	**(557,657)**	(310,798)
Denominator	**No.**	No.
For basic and diluted EPS	**470,397,102**	351,659,107
Basic EPS	**(0.12p)**	(0.09p)
Diluted EPS	**(0.12p)**	(0.09p)

The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of shares for the purposes of the diluted earnings per share:

	No.	No.
Share options	**10,410,000**	9,410,000

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	2018 Total	Salary or fees	Share based payments	2017 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	**8,524**	**-**	**8,524**	15,966	-	15,966
Anne McFarland	**4,419**	**-**	**4,419**	35,356	-	5,356
James Campbell	**100,590**	**6,951**	**100,590**	58,758	6,951	65,709
	193,533	**6,951**	**193,533**	160,080	6,951	167,031

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

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

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 £90,443 (2017: £73,758) of salary payments and £6,951 (2017: £6,951) 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 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	-	-	-	-
Office and overhead costs recharged	**12,471**	**(10,161)**	**9,062**	**11,372**
Repayments	**(12,471)**	**10,161**	**(9,062)**	**(11,372)**
At 30 June 2018	**-**	**-**	**-**	**-**

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

Company
At 30 June 2018 the following amounts were due to the Company by its subsidiaries:

	2018 £	2017 £
Kukama Mining & Exploration (Pty) Ltd	**-**	-
Atlas Minerals (Pty) Ltd	**-**	-
	-	-

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

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

7. EMPLOYEE INFORMATION

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

	2018 Number	2017 Number
Management and administration	**8**	8

Staff costs for the above persons were:	**£**	£
Wages and salaries	**254,867**	220,024
Share based payments	**6,951**	6,951
Pension costs	**-**	-
	261,818	226,975

Included in the above is £105,959 (2017: £89,764) of salary payments (including director costs) and £6,951 (2017: £6,951) of share based payments which were capitalised within exploration assets.

8. INCOME TAX EXPENSE

	2018 £	2017 £
Current tax:		
Tax on loss	**-**	-
	-	-
Factors affecting the tax expense:		
Loss on ordinary activities before tax	**(557,657)**	(310,798)
Tax calculated at 24% (2017: 24%)	**(133,838)**	(74,592)
Effects of:		
Unutilised Losses	**133,838**	74,592
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 £3,507,314 (2017: £2,949,657) which equates to an unrecognised deferred tax asset of £841,755 (2017: £707,918).

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

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

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	2018 Segment Revenue £	2018 Segment Result £	2017 Segment Revenue £	2017 Segment Result £
Botswana	-	(179,524)	-	-
South Africa	-	-	-	-
Total continuing operations	-	(179,524)	-	-
Unallocated head office	-	(378,133)	-	(310,798)
	-	(557,657)	-	(310,798)

9B. Segment assets and liabilities

Group	2018 Assets £	2018 Liabilities £	2017 Assets £	2017 Liabilities £
Botswana	7,512,134	23,891	7,615,693	35,184
South Africa	770,104	-	294,965	-
Total continuing operations	8,282,238	23,891	7,910,658	35,184
Unallocated head office	237,366	276,207	23,658	394,300
	8,519,604	300,098	7,934,316	429,484

Company	2018 Assets £	2018 Liabilities £	2017 Assets £	2017 Liabilities £
Botswana	3,739,671	-	3,640,030	20,159
South Africa	770,104	14,259	294,965	-
Total continuing operations	4,509,775	14,259	3,934,995	20,159
Unallocated head office	237,366	261,948	23,658	394,300
	4,747,141	276,207	3,958,653	414,459

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

9. SEGMENTAL ANALYSIS ***(continued)***

9C. Other segmental information

Additions to non current assets	**2018 Group £**	2017 Group £	**2018 Company £**	2017 Company £
Botswana	**172,205**	781,644	**99,641**	198,472
South Africa	**475,139**	294,965	**475,139**	294,965
Total continuing operations	**647,344**	1,076,609	**574,780**	493,437
Unallocated head office	**-**	-	**-**	-
	647,344	1,076,609	**574,780**	493,437

10. INTANGIBLE ASSETS

Exploration and evaluation assets:

	2018 Group £	2017 Group £	**2018 Company £**	2017 Company £
Cost:				
At 1 July	**8,415,677**	7,339,068	**4,165,835**	3,672,398
Additions	**647,344**	1,076,609	**574,780**	493,437
At 30 June	**9,063,021**	8,415,677	**4,740,615**	4,165,835
Impairment:				
At 1 July	**649,421**	649,421	**230,857**	230,857
Provision for impairment	**179,524**	-	**-**	-
At 30 June	**828,945**	649,421	**230,857**	230,857
Carrying Value:				
At 1 July	**7,766,256**	6,689,647	**3,934,978**	3,441,541
At 30 June	**8,234,076**	7,766,256	**4,509,758**	3,934,978

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

10. INTANGIBLE ASSETS *(continued)*

Exploration and evaluation assets: *(continued)*

Segmental analysis	**2018 Group £**	2017 Group £	**2018 Company £**	2017 Company £
Botswana	**7,463,973**	7,471,291	**3,739,655**	3,640,013
South Africa	**770,103**	294,965	**770,103**	294,965
	8,234,076	7,766,256	**4,509,758**	3,934,978

Exploration and evaluation assets relate to expenditure incurred in exploration for diamonds in Botswana and South Africa. The directors are aware that by its nature there is an inherent uncertainty in exploration and evaluation assets and therefore inherent uncertainty in relation to the carrying value of capitalized exploration and evaluation assets.

During the current year, some licences held by the Group in its subsidiary company Sunland Minerals (Pty) Ltd were relinquished. Therefore, the directors have decided to impair the cost of exploration on these licences. Accordingly, an impairment provision of £179,524 has been recorded by the Group in the current year.

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

On 29 September 2017, the company moved into Phase 2 of the Option and Earn-In Agreement.

Notes To The Financial Statements
for the year ended 30 June 2018 ***(continued)***

10. INTANGIBLE ASSETS *(continued)*

Phase 2
Phase 2 will last until 5 January 2019 with an option to extend for a further 90 days, 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 toacquire 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 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 (2017: £6,951) of share based payments, £15,516 (2017: £16,006) of wages and salaries and £90,443 (2017: £73,758) of directors remuneration.

11. INVESTMENT IN SUBSIDIARIES

	2018	2017
	£	£
At 1 July	**17**	500,017
Impairment loss	**-**	(500,000)
At 30 June	**17**	17

As Kukama and Atlas no longer hold exploration licences an impairment loss had been made against Investments in subsidiaries. This impairment loss 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 2018, the fair value of the investments in subsidiaries is not less than their carrying amounts.

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

11. INVESTMENT IN SUBSIDIARIES *(continued)*

The subsidiaries of the Company at 30 June 2018 were:

Name of subsidiary	Total allotted Capital	Country of incorporation and operation	Registered Office	% Ownership	Principal activity
***Kukama Mining and Exploration (Proprietary) Limited	2 Ordinary shares of BWP1 each	Botswana	Unit 1, Plot 99 Gaborone International Commerce Park, Gaborone, Botswana	100%	Prospecting and exploration for diamonds
Kukama Diamonds Investments Limited	50,000 shares of US$1,000 each	British Virgin Islands	Sea Bank House, P O Box 116, Road Town Tortola, BVI	100%	Holding Company
Orapa Diamonds plc	5,000,000 shares of £0.01 each	United Kingdom	Suite 1, 3rd Floor 11-12 St. James's Square London, SW1Y 4LB	100%	Dormant
Kukama Diamonds Cameroon Limited SARL	100 shares of FCA 10,000 each	Cameroon	BP 15277, Yaounde, Cameroon	85%	Dormant
Botswana Coal plc	5,000,000 shares of £0.01 each	United Kingdom	Suite 1, 3rd Floor 11-12 St. James's Square London, SW1Y 4LB	100%	Dormant
Congo Diamonds plc	5,000,000 shares of £0.01 each	United Kingdom	Suite 1, 3rd Floor 11-12 St. James's Square London, SW1Y 4LB	100%	Dormant
***Sisekco Minerals	517 shares	South Africa	Unit 1, Plot 99 Gaborone International Commerce Park, Gaborone, Botswana	51.7% exploration for diamonds	Prospecting and
***Sunland Minerals (Pty) Limited	5,000 shares of BWP1 each	Botswana	Unit 1, Plot 99 Gaborone International Commerce Park, Gaborone, Botswana	50% exploration for diamonds	Prospecting and
Atlas Minerals (Botswana) (Pty) Limited	200 shares of BWP1 each	Botswana	Unit 1, Plot 99 Gaborone International Commerce Park, Gaborone, 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).

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

12. FINANCIAL ASSETS

	2018 £	2017 £
Group and Company		
Financial assets carried at fair value through profit or loss (FVTPL):		
Non-derivative financial assets designated as at FVTPL	**-**	1,250
Investment at FVTPL		
At 1 July 2017	**1,250**	1,150
Fair value movement	**-**	100
Loss on impairment	**(1,250)**	-
At 30 June 2018	**-**	1,250

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. On 26 April 2018 Stellar Diamonds plc was acquired by Newfield Resources Limited. Trading in Stellar shares and its admission on AIM was cancelled with effect from 30 April 2018. The company has not assigned any value to the Newfield Resources shares received and accordingly an impairment loss has been recorded.

13. OTHER RECEIVABLES

	2018 Group £	2017 Group £	2018 Company £	2017 Company £
Other receivables	**24,886**	60,622	**22,736**	8,979
Due by Group undertakings (Note 6)	**-**	-	**-**	-
	24,886	60,622	**22,736**	8,979

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

	2018 Group £	2017 Group £	2018 Company £	2017 Company £
Cash and cash equivalents	**260,642**	260,642	**214,630**	13,429

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

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

15. TRADE AND OTHER PAYABLES

	2018 Group £	2017 Group £	2018 Company £	2017 Company £
Trade payables	**62,931**	261,681	**39,040**	259,433
Accruals	**237,167**	167,803	**237,167**	155,026
	300,098	429,484	**276,207**	414,459

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

Deferred Shares

		Group and Company	
Deferred Shares	**Number**	**Share Capital £**	**Share Premium £**
At 1 July 2016 and 2017	239,487,648	1,796,157	-
At 30 June 2017 and 2018	**239,487,648**	**1,796,157**	**-**

Ordinary Shares

		Group and Company	
Allotted, called-up and fully paid:	**Number**	**Share Capital £**	**Share Premium £**
At 1 July 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
Issued during the year	129,719,600	324,299	1,046,278
Share issue expenses	-	-	(32,845)
At 30 June 2018	**509,282,508**	**1,273,206**	**10,098,561**

Notes To The Financial Statements

for the year ended 30 June 2018 *(continued)*

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

Movements in share capital

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.

On 3 August 2017, the Company raised £603,000 through the issue of 48,240,000 new ordinary shares of 0.25p each at a price of 1.25p per share to provide additional working capital and fund development costs. In addition, 31,244,300 warrants were also exercised at a price of 0.85p per warrant for £265,577

On 20 December 2017, 235,300 warrants were exercised at a price of 0.85p per warrant for £2,000.

On 14 February 2018, the Company raised £500,000 through the issue of 50,000,000 new ordinary shares of 0.25p each at a price of 1p per share to provide additional working capital and fund development costs.

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.

	30/06/2018 Options	**2018 Weighted average exercise price in pence**	30/06/2017 Options	2017 Weighted average exercise price in pence
Outstanding at beginning of year	**11,410,000**	**5.14**	8,410,000	6.35
Issued	**-**	**-**	3,000,000	1.75
Outstanding at end of the year	**11,410,000**	**5.14**	11,410,000	5.14
Exercisable at end of the year	**10,410,000**	**5.14**	11,410,000	5.14

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

17. SHARE-BASED PAYMENTS *(continued)*

The options outstanding at 30 June 2018 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 three years.

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 (2017: £6,951) and expensed costs of £Nil (2017: £ Nil) relating to equity-settled share-based payment transactions during the year.

Warrants

	30/06/2018 Options	**2018 Weighted average exercise price in pence**	30/06/2017 Options	2017 Weighted average exercise price in pence
Outstanding at beginning of year	**59,778,300**	**0.85**	62,719,500	0.85
Issued	**-**	**-**	-	-
Exercised	**(31,479,600)**	**0.85**	(2,941,200)	0.85
Outstanding at end of the year	**28,298,700**	**0.85**	59,778,300	0.85

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

18. MATERIAL NON-CASH TRANSACTIONS

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

Notes To The Financial Statements

for the year ended 30 June 2018 *(continued)*

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 £417,943 (2017: loss of £4,122,506).

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 of £11,371,767 raised through issue of 509,282,508 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.

Notes To The Financial Statements
for the year ended 30 June 2018 *(continued)*

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

Credit Risk
The maximum credit exposure of the Group as at 30 June 2018 amounted to £285,528 (2017: £166,810) 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 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.

	2018	2017
	£	£
Cash held in institutions with S&P A- rating or higher	**260,642**	106,188

The aging of receivables is reviewed on a regular basis to ensure the timely collection of amounts owing to the Group. 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 2018 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	**2018**	2017	**2018**	2017
	Assets	Assets	**Liabilities**	Liabilities
	£	£	**£**	£
Euro	**4,365**	6,396	**13,034**	43,699
US Dollar	**24,608**	83,277	**-**	-

Company	**2018**	2017	**2018**	2017
	Assets	Assets	**Liabilities**	Liabilities
	£	£	**£**	£
Euro	**4,365**	6,396	**13,034**	43,699
US Dollar	**4,864**	665	**-**	-

22. POST BALANCE SHEET EVENTS

On 15 November 2018 Botswana Diamonds plc announced that it now holds 100% equity in Sunland Minerals (Pty) Ltd having acquired for a nominal sum the 50% previously held by Alrosa.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Botswana Diamonds plc (the "Company") will be held on Friday 14th December 2018 at 11.30am 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 2018.
2. To elect Director: John Teeling retires in accordance with the Articles of Association and seeks re-election.
3. To elect Director: David Horgan 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.

By order of the Board.

James Finn
Secretary

Registered Office: Suite 1, 3rd Floor, 11-12 St. James's Square, London, SW1Y 4LB
Registered in England and Wales with company number: 07384657

16 November 2018

Please refer to the notes overleaf.

Notice of Annual General Meeting *(continued)*

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 12th December 2018 (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 11.30a.m. on 12th December 2018 (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
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 Ireland LLP 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
REGISTRARS	Computershare Services (Ireland) Limited Heron House Corrig Road Sandyford Industrial Estate Dublin 18 Ireland
NOMINATED ADVISOR & BROKER	Northland Capital Partners Limited 2nd floor 40 Gracechurch Street London EC3V 0BT
JOINT BROKER	SVS Securities plc 20 Ropemaker Street London EC2Y 9AR
BANKERS	Barclays Bank Ireland plc Two Park Place Hatch Street Lower Dublin 2 Ireland

BOTSWANA
DIAMONDS PLC

Directors: John Teeling - *Executive Chairman*, Jim Finn - *Finance Director*, James Campbell - *Managing Director,*
David Horgan - *Director*, Robert Bouquet - *Director,* Anne McFarland - *Director.*
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A company incorporated and registered in England & Wales under the Companies Act 2006 with registered number 07384657