BOTSWANA
DIAMONDS PLC

2019

ANNUAL REPORT

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 3100 Lake Drive Citywest Business Campus Dublin 24 D24 AK82
NOMINATED ADVISOR & BROKER	Beaumont Cornish Limited 10th Floor 30 Crown Place London EC2A 4EB
BANKERS	Barclays Bank Ireland plc Two Park Place Hatch Street Lower Dublin 2 Ireland

Contents

	PAGE
CHAIRMAN'S STATEMENT	2
MANAGING DIRECTOR'S STATEMENT	4
STRATEGIC REPORT	18
DIRECTORS' REPORT	22
CORPORATE GOVERNANCE REPORT	25
DIRECTORS' RESPONSIBILITIES STATEMENT	29
INDEPENDENT AUDITOR'S REPORT	30
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	36
CONSOLIDATED BALANCE SHEET	37
COMPANY BALANCE SHEET	38
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	39
COMPANY STATEMENT OF CHANGES IN EQUITY	40
CONSOLIDATED CASH FLOW STATEMENT	41
COMPANY CASH FLOW STATEMENT	43
NOTES TO THE FINANCIAL STATEMENTS	43
NOTICE OF AGM	66
DIRECTORS AND OTHER INFORMATION	Inside back cover

Chairman's Statement

Botswana Diamonds has become a diamond miner. Our project on the Marsfontein gravels has begun production and we expect it to ramp up in the coming weeks.

The general business environment is currently very uncertain. International trade faces restrictions, and the European Union is facing the first exit of a member state. Chinese growth rates which have under-pinned global economic growth are weak while in the United States the economic expansion which has lasted a record length of time is now looking fragile. Zero or negative interest rates are becoming more prevalent. This economic oddity is causing severe stress in banking and among economic/political policy makers.

Gem-quality diamonds are purely a "luxury item". In the last year prices have been weak due more to economic uncertainty than an increase in supply. Laboratory-grown diamonds (LGD) have received a great deal of publicity and though they make up a tiny percentage of gem sales the impact on sentiment has been very negative.

Rough diamond prices have generally fallen as have the share prices of diamond producers and explorers. Yet the long term fundamentals of the industry are solid. A "diamond is forever", but diamond mines are not. As an economy grows, a growing number of individuals generate significant disposable income and the demand for jewellery grows in turn. Producing diamond mines are running out or are producing at higher costs as they access deeper levels.

Asian economies are showing the fastest increase in diamond consumption. There is a long way to go until the latent demand in these markets is satisfied. There are not enough gemstone quality diamonds to provide a diamond ring for half of the population of China and India. Remarkably, the United States has continued to be an engine of growth for jewellery. Almost 50% of all diamond jewellery is purchased in the US. The technology behind LGD is improving and bigger stones can now be grown.

We believe that giving a gift of a diamond is more than a gift of a piece of carbon. LGD while perfect are not the "real thing". The Mona Lisa can be reproduced by the best painters in the world but it will not be the Mona Lisa. A 2,500 million year old diamond which came from 180 kilometres down in the earth's mantle is not the same as the stone grown in a sterile factory in Europe or China.

Turning to operations, the political situation in each of the three countries where we operate has improved. Fresh democratic elections in Botswana have led to continuity and stability. There is a slow improvement in the investment attractiveness of South Africa. In Zimbabwe there are glimmers of hope. Botswana Diamonds has made significant strides in the period under review. Delays in our projects in Botswana caused a redirection of focus onto the properties held in South Africa by our associate company Vutomi.

Initial focus was on the Thorny River, kimberlite dyke system which hosted former mines Klipspringer and Marsfontein. Both mines were discovered on the dyke system in the area. Dykes are often narrow, maybe a metre or less. A blow is where the dyke balloons out to a size capable of being mined as a conventional open pit. The Marsfontein blow was such a rich source of diamonds that the CAPEX was recovered in less than 4 days.

Vutomi explored the Thorny River dykes which are 4 kilometres away from the Klipspringer mine and processing plant. Exploration exposed a dyke system over seven kilometres long.

We negotiated both a contract mining agreement and a contract processing agreement. Vutomi would receive a 12% royalty. The Klipspringer processing plant struggled to process fresh kimberlite in a satisfactory manner and was losing diamonds to the waste dumps so we suspended operation. Meanwhile work was ongoing on a license over the nearby Marsfontein gravels. A mining permit was obtained in September 2019. Once again contract mining and processing is being employed, this time on a 15% royalty. Two plants are processing the gravels and initial results are positive. Throughput is being increased to 400 tons of gravel per day. At the same time there is ongoing exploration on the Thorny River dyke system looking for blows. State of the art structural geophysical and geochemical techniques are being employed to identify targets. Early results are promising.

The objective of the Thorny River / Marsfontein Project is to produce a cash flow to fund exploration in South Africa, Botswana and Zimbabwe but as we have developed the projects we believe that a real prospect now exists to identify one or more blows on Thorny River which could be very rich in high quality diamonds.

While the focus of activities is in South Africa we have continued to develop our interests in Botswana. We hold eight prospecting licenses in Botswana with applications lodged for a further six. We also hold a 15% net interest in the Maibwe joint venture in the Southern Kalahari. Our interest is held through a 51% owned South African company, Siseko Minerals.

Other partners in Maibwe are BCL 51% and Future Minerals 20%. BCL is a large state-owned copper nickel company which is in liquidation. Future Minerals is a locally owned Botswana company. Diamonds were discovered on the Maibwe licences. The operator, BCL, was placed into liquidation prior to them completing the agreed exploration programme. Botswana Diamonds has made an offer to the liquidator to buy the BCL holding. We are told that the Botswana government wants more work done on the licenses before making a decision.

Work done by Botswana Diamonds on their 100% owned licences contract continues to be focused on the Central Kalahari Game Reserve (CKGR).

Extensive geophysical and geochemical analysis was conducted in 2017 and 2018 which led to the identification of high priority targets. Interest was shown by third parties to participate in the exploration of these targets. Agreement was reached with one large diamond producer but that has not come to fruition. In the view of the board it is unlikely to be finalised. Alternatives are being considered.

We also have interests in Zimbabwe. The Marange area of Zimbabwe has in recent years produced large quantities of diamonds. The geology is complex and the rocks very hard. Botswana Diamonds directors have extensive experience in mining in Zimbabwe and were pleased to agree a joint venture with Vast Resources, an AIM-traded company, over a concession in the Marange area. We will have 13.3% of the joint venture and will provide technical and geological input to Vast. Vast agreed to provide the first US$1 million to the project in the form of loan. We understand that Vast are hopeful that a final agreement with the Zimbabwe authorities is imminent.

Outlook

There are four strands to our strategy for the future:

1. Ramp up the Marsfontein gravel production to generate immediate cash flow.

2. Restore production at Thorny River whilst exploring for blows on the ground.

3. Undertake reconnaissance work on the licenses in the Central Kalahari to identify specific drill targets and then drill them whilst continuing to work with the BCL liquidator to unlock the Maibwe project.

4. Assuming Vast Resources obtain the concession in the Marange area of Zimbabwe, to start work most probably with a pilot production plant.

Very significant strides have been taken by Botswana Diamonds in recent times. I am confident that the results from the efforts will flow to the shareholders.

John Teeling

John Teeling
Chairman

14 November 2019

REVIEW OF OPERATIONS

Executive Summary

The highlight of the reporting year is that the first diamonds were recovered from the processing of the residual tailings and gravels on the Marsfontein Mining Permit and that the project is now ramping-up to full production. In the same project area (the Thorny River project), the company has partnered with Subterrane to deploy highly innovative thinking and technology focusing on discovering partially or fully obscured kimberlite blows/pipes similar to Marsfontein.

In Botswana a new liquidator has been appointed on the Maibwe project and there is now greater impetus to find a commercial solution and thus progress this important project.

Whilst in Zimbabwe, the company is preparing to re-enter the country focusing on both short-term production targets in Marange and advanced kimberlite pipe projects elsewhere in partnership with Vast Resources plc.

Introduction & Strategy

The company is currently focused on the Kaapvaal craton which straddles Botswana, South Africa, Zimbabwe, eSwatini and Lesotho. The craton hosts some the oldest rocks on earth and is home to a long legacy of diamond production; it thus is highly prospective for new discoveries.

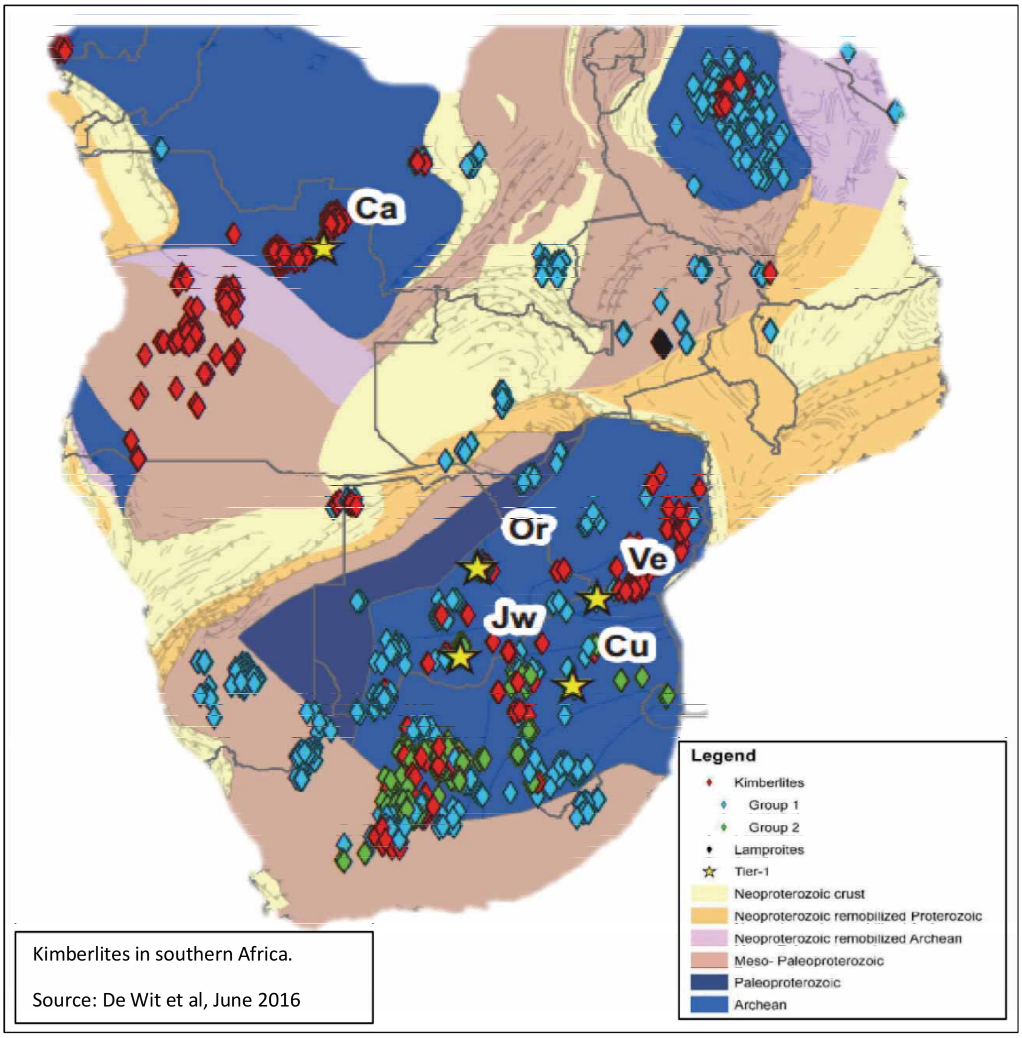

Figure 1: Kaapvaal Craton

The Company's strategy has a primary focus on geology followed by political risk. In Botswana, the country remains highly prospective and has low political risk whilst in South Africa, the political risk is generally lower than in recent years and thus diamond exploration is beginning to re-commence; this is evidenced by De Beers who are conducting more activity in South Africa following the recent grant to them of Prospecting Rights. Zimbabwe is equally highly prospective and there have been positive signs that the country is re-opening for business.

Emergent opportunities are available in southern Africa; the company has a portfolio which comprises projects over the exploration continuum from early through to more advanced stages of exploration. This portfolio, combined with the adopted risk sharing model, gives a great deal of flexibility and optionality in choice of operating focus as well as the ability to leverage the benefit from exploration monies spent, i.e. maximise 'bang for the buck'.

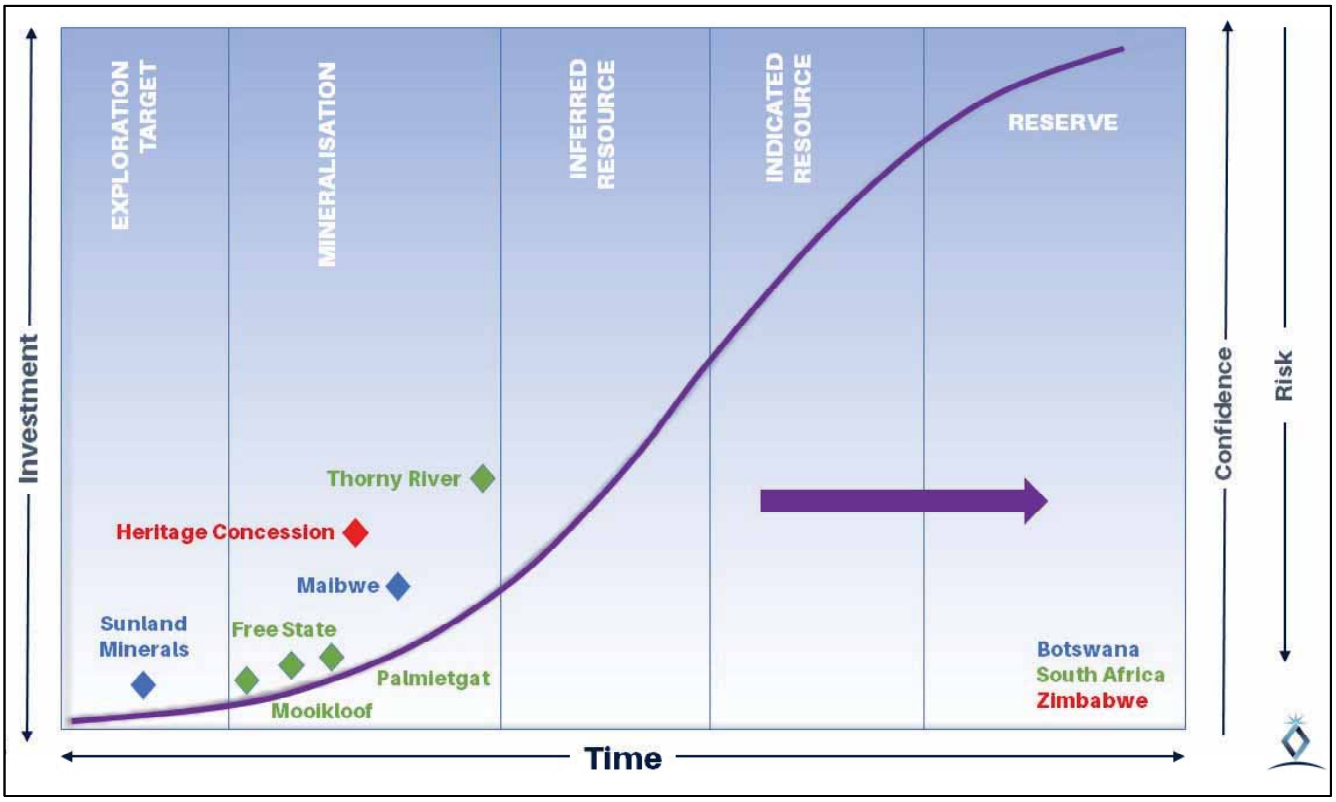

Figure 2: BOD project portfolio – evaluation continuum

For a diamond exploration company there needs to be a balanced portfolio of projects which span the exploration continuum. Our early stage projects generate good news flow whilst the more advanced stage projects give the potential of commercial production. As projects progress along the continuum with increased confidence (i.e. Thorny River which now includes Marsfontein), they become increasingly more resource intensive, and difficult to fund. The risk sharing approach mitigates this such that minimal capital and development costs are required to fund activities.

The company is continually abreast of exploration technology developments particularly those which are able to 'see' through both the deeper Kalahari (Botswana) and Karoo (South Africa) covers which will open up a significant 'new' frontier of exploration on the Kaapvaal craton in addition to early or 'lead' indicators of diamond bearing kimberlites.

Operations

Botswana

Geopolitical

Botswana is the world's largest diamond producer by value and the second largest by volume. This country hosts world class 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.

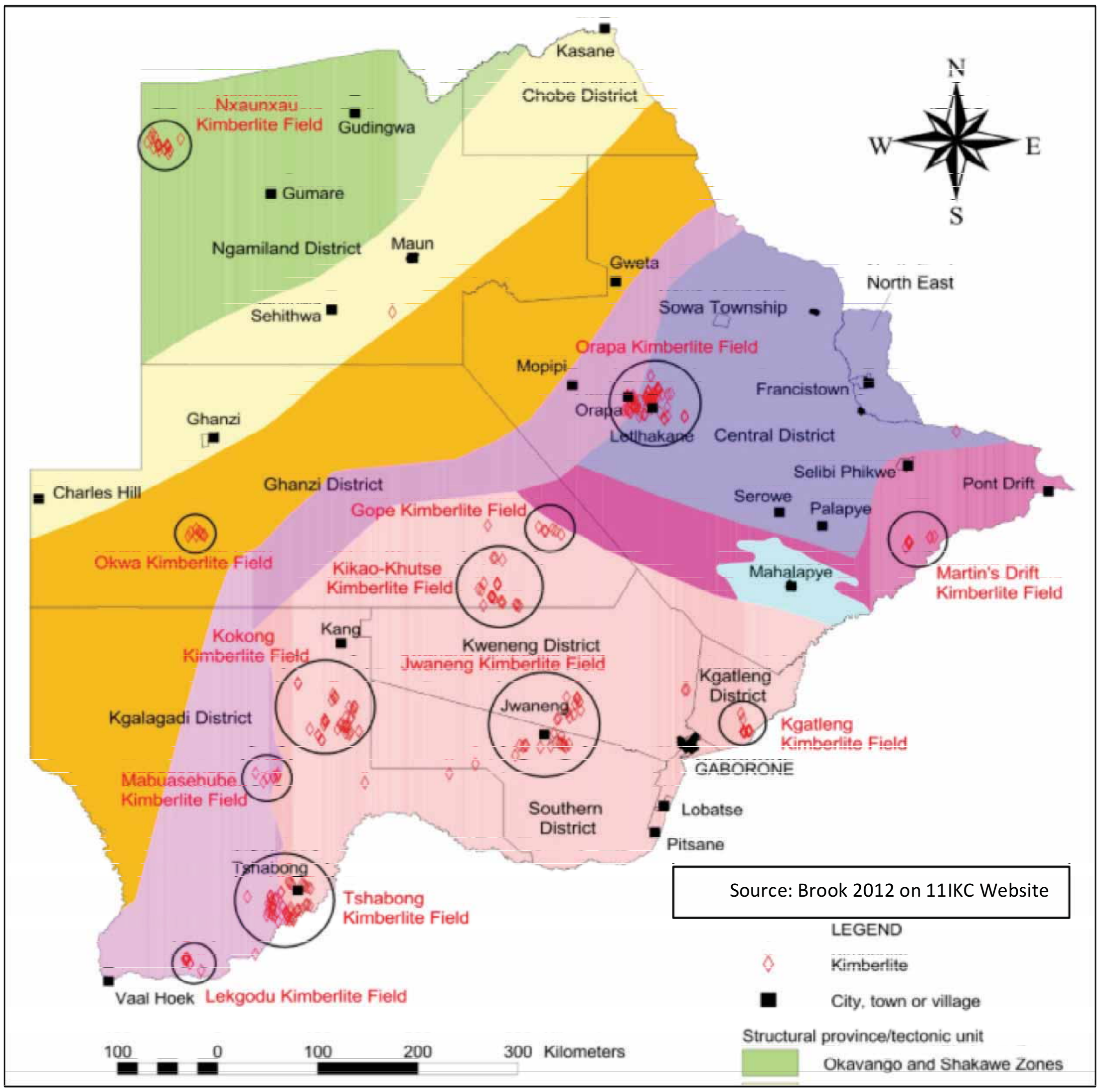

Figure 3: Kimberlites of Botswana

Botswana's long track record of conservative economic management has allowed it to build-up substantial financial reserves. The country has consistently been awarded the highest credit ratings in Africa and, with good governance and a strong democracy, is considered to have low political risk; it has long been accepted as the best address for diamond investment.

BOD is actively exploring in the Kalahari region of Botswana both under its own wholly owned subsidiary Sunland Minerals and has a joint venture with BCL in Maibwe Diamonds.

Sunland Minerals

BOD became operators of the Sunland Minerals in the Kalahari region in 2018.

Several high-grade geophysical anomalies were discovered by Sunland in the Kalahari region of Botswana in areas adjacent to the Ghagoo mine and KX36 discovery. The anomalies were found after collecting and collating all historical exploration data for all of Sunland Minerals' Central Kalahari Game Reserve (CKGR) prospecting licences.

Data collection focussed on open file regional and semi-regional datasets (mainly airborne magnetic and deflation sampling). Some data re-processing and production and image enhancement of value-added (filtered) geophysical products was undertaken to assist with the identification of potential kimberlite targets.

All licences were covered by either Falcon Airborne Gravity Gradiometer (AGG) single sensor magnetic data (typically acquired at 125 - 150m line spacing at a flying height of ca. 80m) or 2004 - 2012 Xcalibur High-resolution horizontal gradient airborne magnetic data acquired at 100 – 120m line spacing at a nominal flying height of 15 - 20m.

Potential kimberlite targets were selected and categorised as Priority One (1) to Three (3) targets for each of the prospecting licences. Target prioritisation is relative to a particular prospecting licence only i.e. a Priority 2 target in an area viewed as highly prospective might in fact be a better (overall) target than a Priority 1 target in a smaller prospecting licence which might be viewed as relatively less prospective.

A total of twenty (20) Priority 1, sixty-eight (68) Priority 2 and one hundred and seventy- nine (179) Priority 3 targets were identified in these licences.

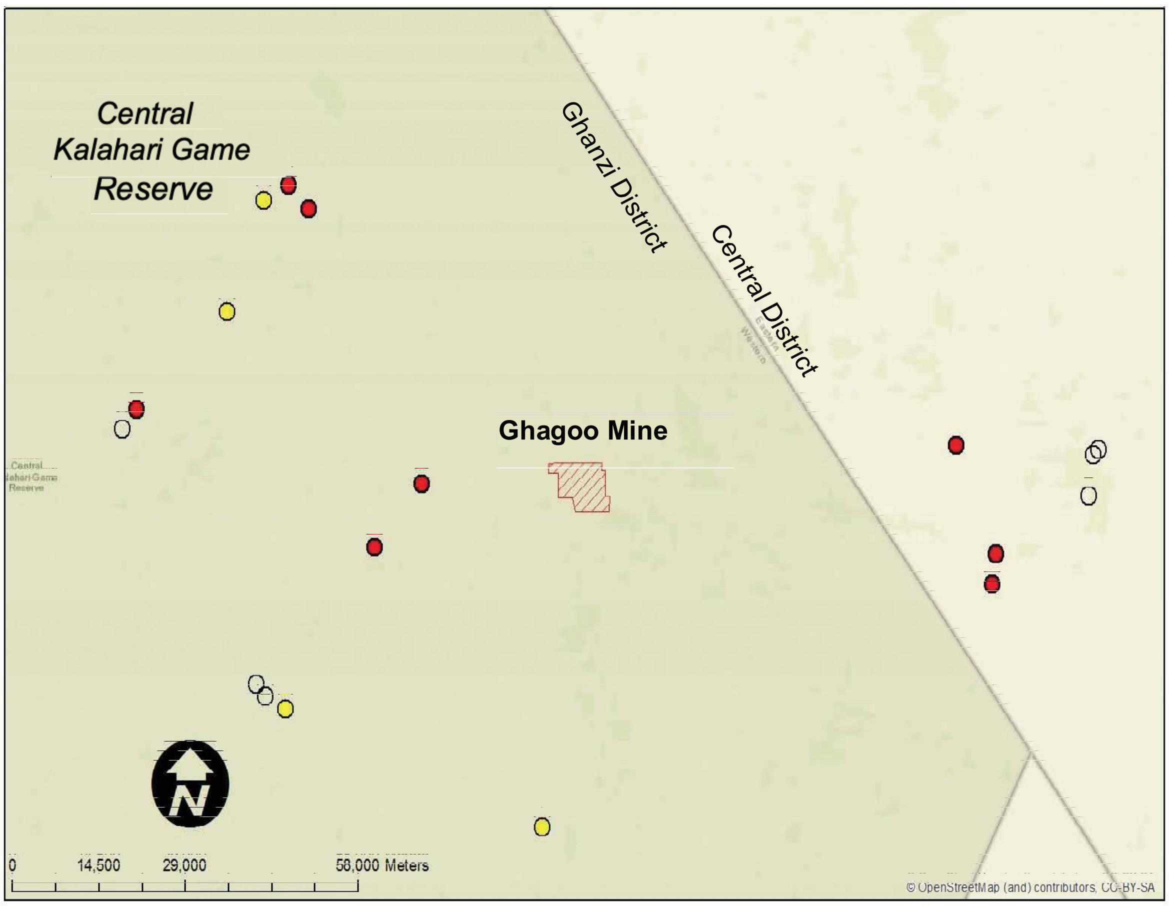

Figure 4: Location of high priority aeromagnetic targets (Red = 8 high interest targets; Yellow: low priority targets; Black empty circles: targets discarded on the basis of poor walk magnetic response)

Eighteen (18) Priority 1 targets were followed up with detailed ground walk- magnetic Survey and soil sampling.

A total of 18 Geosoft grids and databases (mostly measuring about 500m x 500m) were processed. This amounted to a total of 110, 182 line-km of walk-magnetic data.

Three types of responses were noted during modelling of this data:

1. Magnetic low anomalies similar to known kimberlites Go194 and KX36 that exist in the same geological setting as the investigated anomalies

2. Dipole type magnetic high anomalies similar to known kimberlites TB4 and Go25 (Ghagoo mine) that are also hosted in basalt as the anomalies investigated herein

3. Magnetic high anomalies at the end of linear structures /dykes as the known Quoqo kimberlite K7 also hosted in basalt within the CKGR.

Only eight of the high interest targets were selected for Heavy Mineral sampling and four (4) low interest anomalies were also identified and listed as anomalies to be considered for follow-up at a later stage.

Anomalies selected for detailed soil sampling are shown below. From each anomaly, five 100 litre samples were taken in a cross pattern across each anomaly and were analysed for heavy minerals using Tetrabromoethane (TBE) at specific gravity of 2.9.

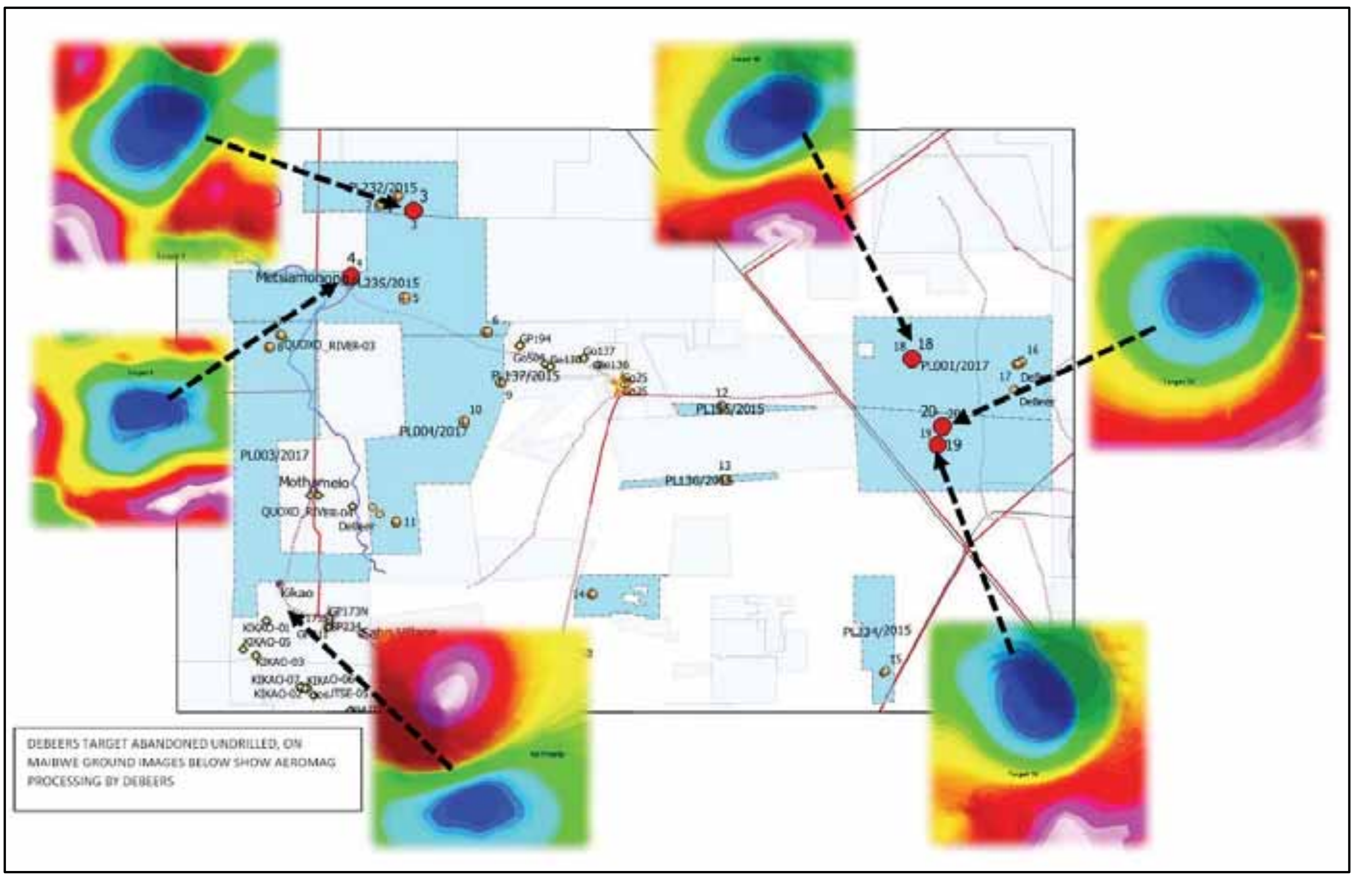

Figure 5: Geophysical targets in Sunland Minerals Kalahari project

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 and also follow up the Priority 2 anomalies with walk- magnetics and soil sampling as some of these may actually turn out to be better than the Priority 1 targets upon ground truthing.

The same process of target picking using high resolution aeromagnetic survey data and previous regional soil sampling will be applied to the new licences that Sunland is awaiting approval of from the Department of Mines.

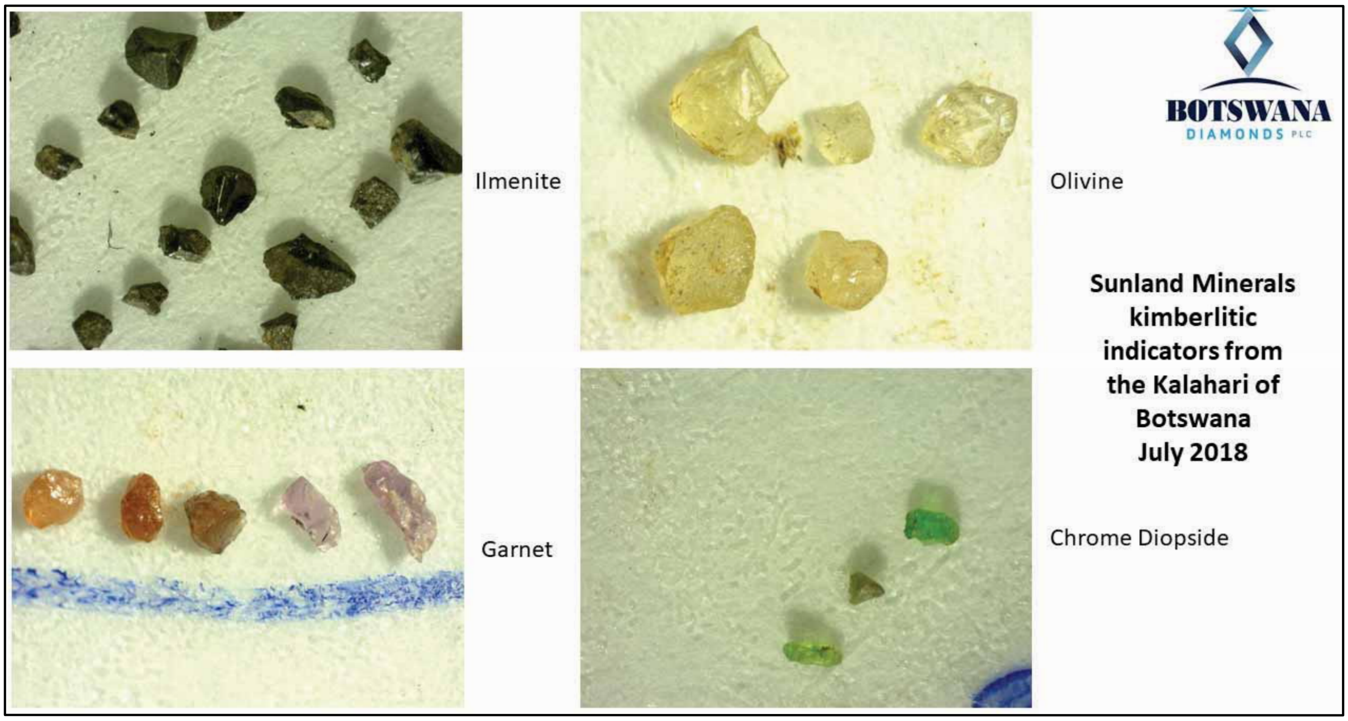

Figure 6: Kimberlitic indicators from Sunland's Kalahari project

Assuming positive mineral chemistry results, decision will be made on a drilling programme.

Maibwe

Maibwe Diamonds, holds PLs in the Kalahari. 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 due to BCL being unable to finance the agreed work programmes. BCL subsequently was placed under provisional liquidation. The complex nature of BCL has resulted in an impasse over the liquidation process. The original liquidator has been replaced and there is now greater impetus to find a commercial solution to moving forward with Maibwe.

Figure 7: Drilling on the Maibwe JV

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.

<u>South Africa</u>

Geopolitical

South Africa has a long legacy as a diamond producer extending back over a century to the early days of the founding of De Beers in Kimberley. However, in recent years the apparent complexity of doing business in the country combined with a perception that it is the exclusive domain of majors has resulted in mineral exploration activity being limited. The result of this has been that prospecting rights have been allowed to lapse on the part of these majors which has paved the way for smaller operators and individuals to stake claims over what would be considered highly prospective ground in other domains.

A recent review of fiscal regimes in southern Africa has shown South Africa to be most competitive from an investment point of view, mainly due to lower royalties payable to the state on revenues, and lower rates of citizen free carry. The country thus represents a new frontier and an opportunity for diamond exploration. This view is also supported by De Beers who are returning to South Africa after a number of years and have been granted a number of prospecting rights over substantial areas in the country.

Thorny River (including Marsfontein)

Extensive exploration work has been undertaken on Thorny River which culminated in both a Competent Persons Report ('CPR') and Technical Economic Evaluation ('TEE'). The former delineated the following exploration parameters for the kimberlite dyke system in the Limpopo Province of South Africa:

- Grade: 46 - 74 cpht (+1mm BCOS);
- Diamond value: USD120 - 220/ct (+1mm BCOS) and
- Volume: 1.2 – 2.1 M tons.

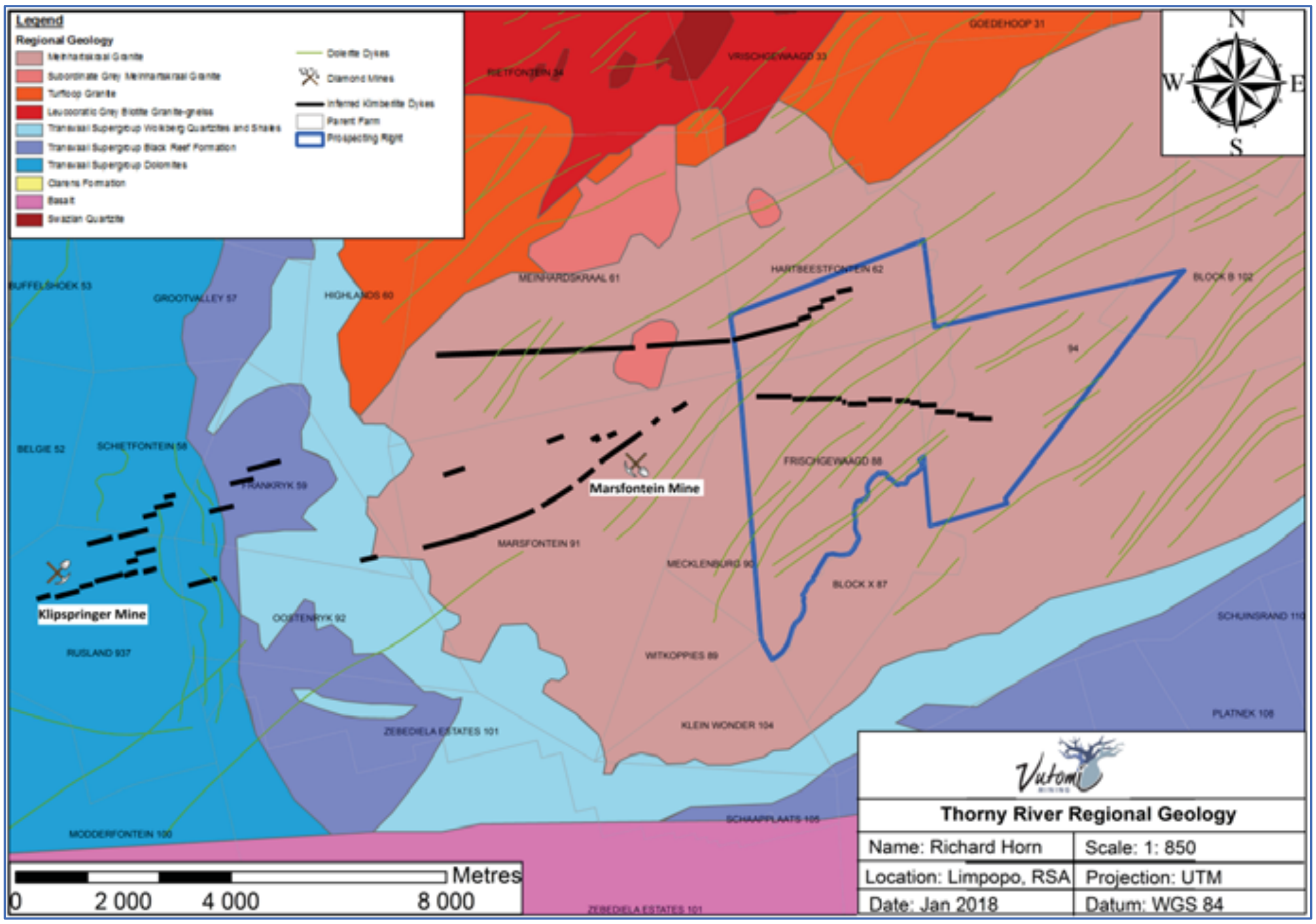

Figure 8: The Thorny River project area

Further definition of the kimberlite dyke/blow system continued following an intensification drilling programme which was concluded during early 2019.

Figure 9: Drilling at Thorny River March 2019

Much of the Thorny River area geology is comprised of a dolerite dyke swarm which has a similar magnetic signature to kimberlite; this has resulted in the inability of conventional geophysical techniques to detect kimberlites on the property. Subterrane, a UK partner using its proprietary technology called Sigmoid Tectonics, is working with the company to explore geophysical anomalies and structures buried beneath the dolerite. This could lead to the discovery of kimberlites similar to Marsfontein. Thus far Subterrane has identified five such target areas within the Thorny River project.

A Mining Permit has been granted over a portion of Marsfontein which is host to diamondiferous gravels, dumps and the M8 kimberlite dyke.

Figure 10: Inspecting the Marsfontein gravels along with Riaan Timm (CEO of EDC), Baxter Brown (Consulting Geologist) and James Campbell (Photo: Andreas Stelzer)

A royalty mining deal was awarded to Eurafrican Diamond Corporation ('EDC') at Marsfontein and bulk sampling on other areas in Thorny River. This deal gives EDC the rights to mine and process material with 25% of the revenue from larger or high value "Special Stones" (any stones weighing 10.8 carats or more or valued at more than $8,000 per carat) and 15% from the standard "Run of Mine") stones accruing to Vutomi (pre-tax, non-attributable). This agreement also allows for the mutual first right of refusal between EDC and Vutomi, on all their South African diamond exploration and development projects.

Site establishment and commissioning of the plant has commenced with the initial area of focus being the Marsfontein dumps and alluvial deposits.

The first diamonds have already been recovered and ramp-up leading to full production will commence towards the latter part of calendar 2019.

Figure 11: Plant commissioning on the Marsfontein Mining Permit

Free State

The potential of the Free State to host further commercial kimberlites was identified following research in various archives into the history of diamond mining in South Africa. This research found that in addition to the well documented iconic operations at Jagersfontein, Koffiefontein and Kimberley, a number of smaller diamond mines existed both to the east of Bloemfontein and extending west to Kimberley.

Aerial imagery and ground truthing have enabled the company to focus its attention on areas within its Koppiesfontein, Poortjie, Swartrandsdam and Tafelbergsdam properties where historic workings and abandoned equipment are clearly evident. Available archived diamond certificates in respect of limited exploration activities around Tafelbergsdam issued in 1898 disclosed recovery of 111 carats of diamonds valued at approximate £93 each which is estimated by the Company to be in excess of US$300/ct in today's money.

The results of whole rock geochemistry tests by the Council for Geosciences and observations confirm the existence of eight kimberlites and categorise the kimberlites as Group 1 type similar to the larger producing mines of Kimberley and Koffiefontein in the region.

Figure 12: First diamonds from the Marsfontein Mining Permit

Figure 13: Swartrandsdam kimberlite (Photo: John Shelton)

Detailed ground geophysics have produced minimum sizes for the two clusters of eight kimberlite pipes of between 0.3 and 1.15 Hectares. This excludes extensive kimberlite dyke development along some of the properties.

The analyses of 3,100 garnets and spinels at the University of Johannesburg indicate high abundances of diamond inclusion type chemical compositions, thereby rating these kimberlites as being of high interest in terms of diamond bearing potential. The results also indicate a preponderance of G9 and a few G10 garnets, similar to the chemical signatures present in the neighbouring iconic mines at Jagersfontein and Koffiefontein.

The next step is to drill the kimberlites.

Mooikloof

The Mooikloof kimberlite is a 2.5 hectare pipe discovered by De Beers in 1986. It is part of the Marnitz kimberlite cluster which also hosts the now worked out The Oaks mine which was established by De Beers in 1998. The Oaks, which was a 1 hectare kimberlite pipe, produced 1.4M carats at a grade of 53 cpht and diamond value of $156/ct at a BCOS of +1.2mm. The Marnitz kimberlite cluster is intruded into the Limpopo Mobile Belt which also hosts the nearby Venetia Mine owned by De Beers as well as several other kimberlites in South Africa, Botswana and Zimbabwe. Mooikloof was targeted by Vutomi as the last known (unpublished) work was done by De Beers some 30 years ago, and this indicated positive diamond results.

The legal challenge to the Company's executed and registered Prospecting Right over Mooikloof by a group of businessmen is continuing. The Company has fully complied with and responded to requests for information by the South African DMR regulator and awaits the final verdict to the DMR's review process.

Palmietgat

De Beers discovered six diamondiferous kimberlite pipes and a number of dykes and fissures at Palmietgat which is approximately one hours' drive, north of Johannesburg. Initial prospecting work started in 1977 followed by an extensive percussion drilling and diamond drilling, trenching and sinking of shafts between 1978 and 1981. This was followed by a further program of large diameter drilling in 1994. The three main pipes (K14, K15 and K16) are intensely weathered and altered down to a depth of approximately 30 meters.

Some of the kimberlites were mined by Trivalence Mining Corporation Inc for a brief period until they offloaded their core assets to focus on their oil investments. The results of their work on Palmietgat suffered from what appears to be significant metallurgical issues, therein our interest in the property.

The company is currently working through the available literature to assess a sensible work plan. Agreement has been reached with EDC to process samples to be extracted from the Palmietgat property.

<u>Zimbabwe</u>

Geopolitical

Zimbabwe's history 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 and on the back of the new government's favourable stance on foreign investment, investors' appetite to invest in the country has been rising. Recent amendments to the country's mining laws have reaffirmed the new government's intention to further open up the country to foreign investment. 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 that Zimbabwe is open for business and that the local ownership requirements for diamonds and platinum may be liberalised.

Vast Joint Venture

BOD has signed an 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 understanding 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 and it is currently in negotiation with the Zimbabwe Government, the community and the Zimbabwe Diamond Development Corporation. Once this has been concluded a final agreement will be concluded with BOD.

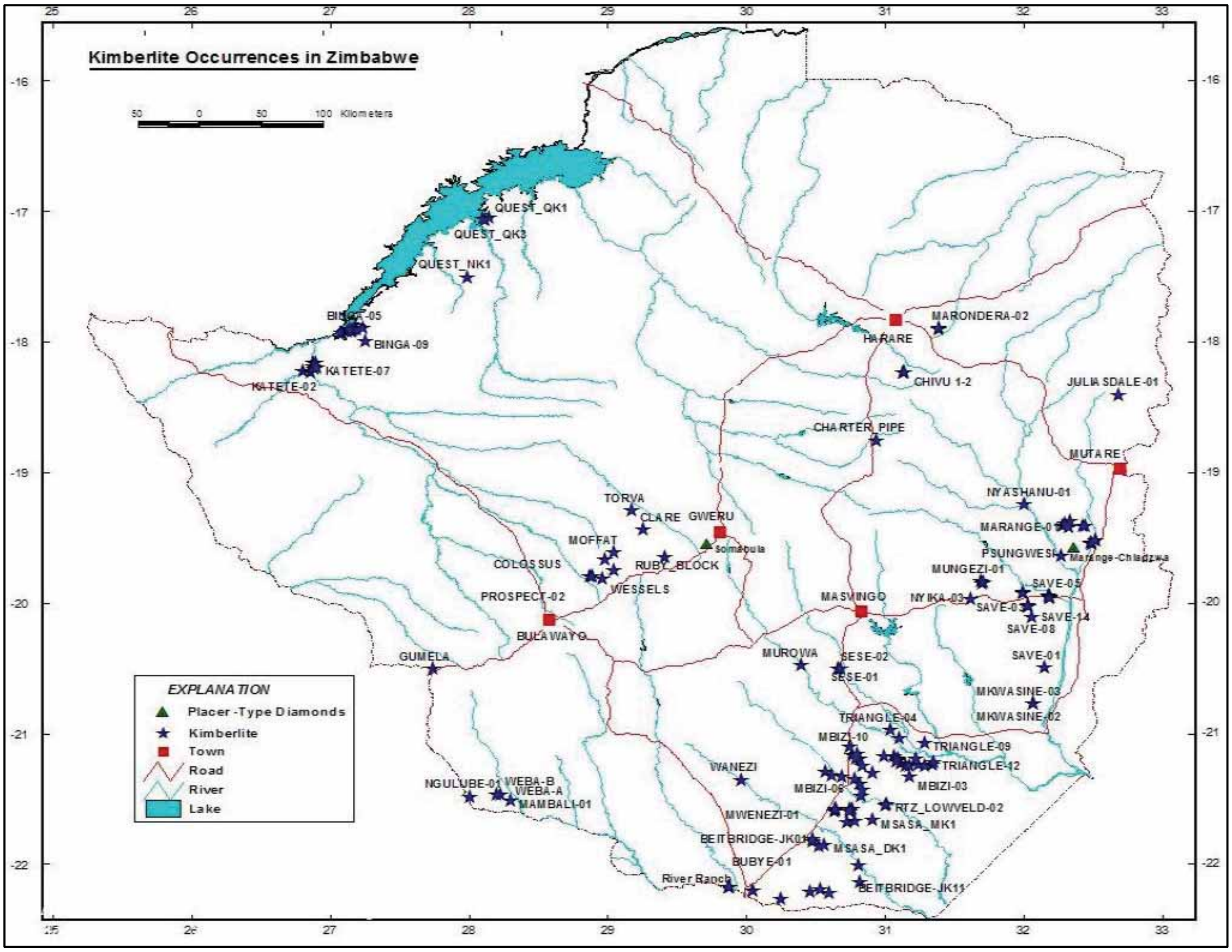

Figure 14: Diamonds of Zimbabwe

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.

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.

Media Activity

The Company has presented and participated in a number of panels at the following conferences this year, including:

- Junior Mining Indaba in Johannesburg where the MD chaired the session on junior mining financing as well as the second day of the conference;
- Botswana Resource Sector Conference where the MD presented on BOD;
- African Mining Summit in Botswana where the MD chaired the conference as well as the ministerial session, mining finance and junior mining sessions;
- Mining Leaders Africa in Pretoria, where the MD presented on solutions for mining in South Africa.

At the 2019 Mining Indaba in Cape Town, BOD was a finalist in the prestigious Excellence in Diamonds category.

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 Granting of the **Marsfontein Mining Permit**, site establishment and commissioning and with the first diamonds already being recovered, work will rapidly commence to mine the diamondiferous dumps and gravels on the site and this will extend to bulk sampling at **Thorny River**.

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

Mineral chemistry and petrography work will be conducted on the **Mooikloof** kimberlites once there is greater certainty on the license.

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

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 bulk 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

14 November 2019

The directors present their annual reports and the audited financial statements of the Group and Company for the year ended 30 June 2019.

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 Managing Directors' Statement.

The company ordinary shares are traded on the Alternative Investment Market (AIM) by the London Stock Exchange.

The consolidated loss for the year after taxation was £772,104 (2018: £557,657).

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 and Managing Directors' Statement. They continue to seek further acquisition opportunities in relation to diamond exploration.

KEY PERFORMANCE INDICATORS

The two main KPI's for the Group are as follows.

These allow the Group to monitor costs and plan future exploration and development activities:

KPI	**2019**	2018
	£	£
Exploration and evaluation costs capitalised during the year	**369,161**	647,344
Ability to raise finance on the alternative investment market	**370,000**	1,370,577

During the year, cash decreased by £245,582 (2018: increase of £158,447). The company raised gross funds from share placements of £370,000 in 2019 in comparison to £1,370,577 in 2018.

Exploration costs capitalized in the year amounted to £369,161 (2018: £647,344).

The KPI's for 2020 will continue to focus on the company's ability to raise finance to fund future exploration and development activities.

In addition, the group reviews ongoing operating costs which relate to the Group's ability to run the corporate function. As detailed in Note 3, the directors expect that adequate resources will be available to meet the Group's committed obligations as they fall due. Further details are set out in the Chairman's Statement and the Managing Directors' Statement.

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 current year, the Group recognized an impairment allowance of £435,139 (2018: £179,524) in relation to the licenses held by the Group in its subsidiary company Sunland Minerals (Pty) Ltd which were relinquished. Refer to Note 10 in relation to the impairment of the intangible assets.

GOING CONCERN
Refer to Note 3 for details in relation to Going Concern

RISKS AND UNCERTAINTIES

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

Risk	Nature of risk and mitigation
Licence obligations	Operations must be carried out in accordance with the terms of each licence agreed with the relevant ministry for natural resources in the host country. Typically, the law provides that operations may be suspended, amended or terminated if a contractor fails to comply with its obligations under such licences or fails to make timely payments of relevant levies and taxes. The Group has regular communication and meetings with relevant government bodies to discuss future work plans and receive feedback from those bodies. Country Managers in each jurisdiction monitor compliance with licence obligations and changes to legislation applicable to the group 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.

RISKS AND UNCERTAINTIES (continued)

Risk	Nature of risk and mitigation
Title to assets	Title to diamond assets in Botswana and South Africa can be complicated due to different regulation in different jurisdictions. 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. The Managing Director is based in Africa and monitors the situation based on his expertise and experience of working many years in the diamond industry.
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.
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 and in the Corporate Governance Report from pages 25 to 28.

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.

CORPORATE SOCIAL RESPONSIBILITY (continued)

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.

EMPLOYEE GENDER DIVERSITY

	Male	Female
Directors of the Company	5	1
Employees in other senior executive positions	-	1
Other employees of the Group	-	1
Total Employees of the Group	5	3

SUPPLIER PAYMENT POLICY

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

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

APPROVAL OF THE BOARD

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

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

On behalf of the Board:

John Teeling
Chairman

Date: 14 November 2019

DIRECTORS

The directors who served at any time during the financial year except as noted were as follows:

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

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

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors holding office at 30 June 2019 had the following interests in the ordinary shares of the Company:

			30 June 2019			1 July 2018	
	Nationality	**Ordinary Shares of £0.0025 each Shares Number**	**Ordinary Shares of £0.0025 each Options Number**	**Ordinary Shares of £0.0025 each Warrants Number**	Ordinary Shares of £0.0025 each Shares Number	Ordinary Shares of £0.0025 each Options Number	Ordinary Shares of £0.0025 each Warrants Number
John Teeling	Irish	**54,084,318**	**2,500,000**	**-**	54,084,318	2,500,000	-
James Finn	Irish	**29,644,549**	**2,000,000**	**4,590,910**	25,053,639	2,000,000	-
David Horgan	Irish	**15,783,984**	**2,000,000**	**-**	15,783,984	2,000,000	-
James Campbell	British	**898,861**	**3,000,000**	**412,545**	486,316	2,000,000	-
Robert Bouquet	British	**-**	**250,000**	**-**	-	250,000	-
Anne McFarland	Irish	**1,207,100**	**250,000**	**-**	1,207,100	250,000	1,207,100

There were no share options exercised by the directors during the year (2018: Nil).

DIRECTORS' REMUNERATION REPORT

The remuneration of the directors for the years ended 30 June 2019 and 30 June 2018 was as follows:

	Salaries and Fees	
	2019	2018
	£	£
John Teeling	**30,000**	30,000
James Finn	**30,000**	30,000
David Horgan	**20,000**	20,000
James Campbell	**99,494**	100,590
Robert Bouquet	**5,000**	8,524
Anne McFarland	**4,380**	4,419

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

SUBSTANTIAL SHAREHOLDINGS

The share register records that the following shareholders, excluding directors, held 3% or more of the issued share capital of the Company at 30 June 2019 and 6 November 2019:

	30 June 2019		6 November 2019	
	No. of shares	%	No of shares	%
Pershing International Nominees Limited (DSCLT)	**73,257,619**	**12.71**	97,851,757	15.62
HSBC Global Custody Nominee (UK) Limited (915810)	**32,673,330**	**5.67**	32,673,330	5.21
SVS (Nominees) Limited (POOL)	**8,512,000**	**1.48**	24,047,000	3.84
Roy Nominees Limited (128146)	**22,151,651**	**3.84**	22,151,651	3.54
Interactive Investor Services Nominees Limited	**17,523,445**	**3.04**	20,795,605	3.32

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on Thursday 12 December 2019 in accordance with the Notice of Annual General Meeting on page 66 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.

STATEMENT ON RELEVANT AUDIT INFORMATION

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

Date: 14 November 2019

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 pages 18 to 21 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 though 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 19 and 20 together with risk mitigation strategies employed by the Board.

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. In the current year the Board has held four board meetings.

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 time commitment required from the Directors varies year to year depending on the extent of exploration activity being performed by the Company. The non-executive Directors are reimbursed for travelling and other incidental expenses incurred on Company business. None of the Directors are deemed to be independent as they each hold shares in the Company.

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 serial entrepreneur in the resource sector having founded African Diamonds and created Pan Andean Resources, Minco, African Gold, Persian Gold and West African Diamonds, all listed on AIM. The deal which saw Lucara (part of Lundin Group) takeover African Diamonds in 2010 was worth in the region of $90 million. He is also the founder and a former director of Kenmare Resources, a former director of Arcon and he holds interests in a number of industrial ventures. As chairman of Cooley Distillery he recently oversaw its sale to Jim Beam for $95 million. 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 is Managing Director of Botswana Diamonds plc. He 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). As part of his social commitment to South Africa, James is Chairman of the Joburg Ballet, Chairman of the South African Ballet Theatre Trust and Acting Chairman of Common Purpose SA.

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.

Details of the current Board of Directors biographies are as follows: (continued)

David Horgan Non-Executive Director
David Horgan is a director at Botswana Diamonds. He has extensive African experience. Horgan 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. Horgan speaks several languages including Portuguese, Spanish and German.

Robert Bouquet Non-Executive Director
Robert Bouquet is a director at Botswana Diamonds. He 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.

http://www.botswanadiamonds.co.uk/about-us/board-of-directors

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.

8. Promote a corporate culture that is based on ethical values and behaviours (continued)
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.

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.

<u>The Nomination Committee</u>
The Nomination Committee comprises the Chairman, Managing Director, Company Secretary and the Non-Executive Directors and usually 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. The Nomination Committee has not met this year as there have been no changes to the current directors.

<u>The Audit Committee</u>
The Audit Committee, which is chaired by Managing Director, James Campbell, and also includes David Horgan is intended to meet at least twice a year to assist 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. As the Audit Committee was set up in September 2018, they have met once this financial year and have also held a meeting subsequent to year end.

<u>The Remuneration Committee</u>
The Remuneration Committee is comprised of Non-Executive Directors, David Horgan, Robert Bouquet and Anne McFarland. The Remuneration Committee is intended to meet 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. The Remuneration Committee has not met this year as there has been no proposed changes to the directors' remuneration.

The Nomination, Audit and Remuneration Committee's did not hold the required number of meetings during the financial year. Separate reports for the Audit and Remuneration Committees have not been included in the annual report. This is a departure from the QCA Code and the Board has resolved to hold the required meetings of the Committees during FY20 and will include the relevant reporting within the 2020 annual report.

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' Responsibilities Statement

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

Company law requires the directors to prepare financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected 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.

This responsibility statement was approved by the board of directors on 14 November 2019 and is signed on its behalf by:

James Finn Secretary	John Teeling 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 2019 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 statement of accounting policies; and
- the related notes 1 to 22.

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 further 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 £772,104 (parent company net loss of £379,558). This condition indicates the existence of a material uncertainty in respect of the group and parent company's ability to continue as a going concern. The going concern assumption of the group and parent company is dependent on the group and parent company obtaining additional finance to meet the 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 and parent 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;
- Challenged the key assumptions used in the cash flow forecasts 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.

Material uncertainty relating to going concern (continued)

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 and the parent 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 above) • 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 £200,000, which was determined as a percentage of the carrying value of intangible assets.
Scoping	We identified two significant components, which were the parent 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 period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified. These matters included 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 2019, the value of intangible assets amounted to £8,035,152 (parent company: £4,808,659) which accounts for more than 90% of the group's total assets and 90% of the parent 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.

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 parent 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, we determined this to be a key audit matter. The group capitalised exploration and evaluation expenditure during the year ended 30 June 2019 amounted to £369,161 including an amount of £298,901 capitalised by the parent company. Refer to the accounting policy in note 1(vii) and the disclosures in notes 10 of the financial statements.
How the scope of our audit responded to the key audit matter	We selected a sample of additions to intangible assets in the current year and determined the appropriateness of capitalising these costs as exploration and evaluation expenditure, in line with group policy and IFRS 6 *Exploration for and Evaluation of Mineral Resources*. We also evaluated and challenged management's assessment of these costs with reference to the IFRS 6 criteria.
Key observations	No observations were identified.

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.

Our application of materiality (continued)

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	£200,000	£120,200
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 parent company's total assets.*

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10,000 for the group and £6,000 for the parent company, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee 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 parent company Botswana Diamonds plc and Sunland Minerals (Pty) Limited, and a full audit was carried out on both components by Deloitte Ireland and the Deloitte network firm in Botswana, respectively.

The work performed by the component audit team in Botswana 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 2019, 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.

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 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's 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 group or the parent 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 entity's (or where relevant, the consolidated) 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 the group and parent entity 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

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

and other matters that may reasonably be thought to bear on the auditor's independence, and where applicable, related safeguards.

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 FCA (Senior Statutory Auditor)
For and on behalf of Deloitte Ireland LLP
Statutory Auditor
Deloitte & Touche House, Earlsfort Terrace, Dublin 2, Ireland
15 November 2019

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2019

	Notes	2019 £	2018 £
Administrative expenses		**(336,965)**	(376,883)
Impairment of exploration and evaluation assets	10	**(435,139)**	(179,524)
OPERATING LOSS		**(772,104)**	(556,407)
(Loss)/gain due to fair value volatility	12	**-**	(1,250)
LOSS FOR THE YEAR BEFORE TAXATION		**(772,104)**	(557,657)
Income tax expense	8	**-**	-
LOSS AFTER TAXATION		**(772,104)**	(557,657)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**(132,947)**	(72,352)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(905,051)**	(630,009)
Loss per share – basic	5	**(0.14p)**	(0.12p)
Loss per share – diluted	5	**(0.14p)**	(0.12p)

Consolidated Balance Sheet
as at 30 June 2019

	Notes	30/06/2019 £	30/06/2018 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**8,035,152**	8,234,076
Financial assets	12	**-**	-
		8,035,152	8,234,076
CURRENT ASSETS			
Other receivables	13	**40,229**	24,886
Cash and cash equivalents	14	**13,812**	260,642
		54,041	285,528
TOTAL ASSETS		**8,089,193**	8,519,604
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	**(397,787)**	(300,098)
TOTAL LIABILITIES		**(397,787)**	(300,098)
NET ASSETS		**7,691,406**	8,219,506
EQUITY			
Called-up share capital – deferred shares	16	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	16	**1,441,388**	1,273,206
Share premium	16	**10,300,379**	10,098,561
Share based payment reserves		**111,189**	104,238
Retained deficit		**(4,841,473)**	(4,069,369)
Translation reserve		**(132,947)**	-
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**7,691,406**	8,219,506

The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 14 November 2019 and signed on its behalf by:

John Teeling
Director

Company Balance Sheet
as at 30 June 2019

	Notes	30/06/2019 £	30/06/2018 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**4,808,659**	4,509,758
Investment in subsidiaries	11	**17**	17
Financial assets	12	**-**	-
		4,808,676	4,509,775
CURRENT ASSETS			
Other Receivables	13	**34,899**	22,736
Cash and cash equivalents	14	**7,638**	214,630
		42,537	237,366
TOTAL ASSETS		**4,851,213**	4,747,141
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	**(382,886)**	(276,207)
NET ASSETS		**4,468,327**	4,470,934
EQUITY			
Called-up share capital – deferred shares	16	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	16	**1,441,388**	1,273,206
Share premium	16	**10,300,379**	10,098,561
Share based payment reserves		**111,189**	104,238
Retained deficit		**(8,197,499)**	(7,817,941)
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**4,468,327**	4,470,934

The company reported a loss for the financial year ended 30 June 2019 of £379,558 (2018: Loss of £417,943). The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 14 November 2019 and signed on its behalf by:

John Teeling
Director

Consolidated Statement Of Changes In Equity
for the year ended 30 June 2019

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Translation Reserve £	Other Reserve £	Total £
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 based payment	**-**	**-**	**6,951**	**-**	**-**	**-**	**6,951**
Issue of shares	**168,182**	**201,818**	**-**	**-**	**-**	**-**	**370,000**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(772,104)**	**(132,947)**	**-**	**(905,051)**
At 30 June 2019	**3,237,545**	**10,300,379**	**111,189**	**(4,841,473)**	**(132,947)**	**(983,287)**	**7,691,406**

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

Share Based Payment Reserve
The share based payment reserve arises on the grant of share options under the share option plan.

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

Translation Reserve
The translation reserve arises from the translation of foreign operations.

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

Company Statement Of Changes In Equity
for the year ended 30 June 2019

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Other Reserve £	Total £
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 based payment	**-**	**-**	**6,951**	**-**	**-**	**6,951**
Issue of shares	**168,182**	**201,818**	**-**	**-**	**-**	**370,000**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(379,558)**	**-**	**(379,558)**
At 30 June 2019	**3,237,545**	**10,300,379**	**111,189**	**(8,197,499)**	**(983,287)**	**4,468,327**

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

Share Based Payment Reserve
The share based payment reserve arises on the grant of share options under the share option plan.

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

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

Consolidated Cash Flow Statement
for the year ended 30 June 2019

	Note	30/06/2019 £	30/06/2018 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(772,104)**	(557,657)
Loss/(Profit) on investment held at fair value		**-**	1,250
Foreign exchange losses		**(131,699)**	(68,359)
Impairment of exploration and evaluation assets		**435,139**	179,524
		(468,664)	(445,242)
MOVEMENTS IN WORKING CAPITAL			
Increase/(Decrease) in trade and other payables		**82,689**	(144,386)
(Increase)/Decrease in trade and other receivables		**(15,343)**	35,736
NET CASH FROM OPERATING ACTIVITIES		**(401,318)**	(553,892)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		**(214,264)**	(625,393)
NET CASH USED IN INVESTING ACTIVITIES		**(615,582)**	(625,393)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**370,000**	1,370,577
Share issue costs		**-**	(32,845)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**370,000**	1,337,732
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(245,582)**	158,447
Cash and cash equivalents at beginning of the financial year		**260,642**	106,188
Effect of foreign exchange rate changes	4	**(1,248)**	(3,993)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	**13,812**	260,642

Company Cash Flow Statement
for the year ended 30 June 2019

	Note	30/06/2019 £	30/06/2018 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(379,558)**	(417,943)
Loss/(Profit) on investment held at fair value		**-**	1,250
Foreign exchange loss/(gains)		**1,248**	3,993
Provision for intercompany receivable		**-**	39,810
		(378,310)	(372,890)
MOVEMENTS IN WORKING CAPITAL			
Increase/(Decrease) in trade and other payables		**91,679**	(153,252)
Increase in trade and other receivables		**(12,163)**	(13,757)
NET CASH FROM OPERATING ACTIVITIES		**(298,794)**	(579,709)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		**(276,950)**	(552,829)
NET CASH USED IN INVESTING ACTIVITIES		**(276,950)**	(552,829)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**370,000**	1,370,577
Share issue costs		**-**	(32,845)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**370,000**	1,337,732
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(205,744)**	205,194
Cash and cash equivalents at beginning of the financial year		**214,630**	13,429
Effect of foreign exchange rate changes	4	**(1,248)**	(3,993)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	14	**7,638**	214,630

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 pounds sterling 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 2019. 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 pound 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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(vi) Foreign currencies (continued)

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.

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
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. Exploration and evaluation 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
- requirement for further funding
- geological and development risks
- title to assets
- political risk

The recoverability of these intangible assets is dependent on the discovery and successful development of economic reserves, including the ability to raise finance to develop future projects. Should this prove unsuccessful, the value included in the balance sheet would be written off to the statement of comprehensive income.

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.

Impairment of intangible assets
The assessment of intangible assets for any indications of impairment 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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(vii) Intangible fixed assets (continued)

Impairment of intangible assets (continued)

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.

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.

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.

Deferred tax assets
The assessment of availability of future taxable profits involves judgement. A deferred tax asset is recognised 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.

(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.

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

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(viii) Financial Instruments (continued)

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.

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.

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.

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.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ix) Taxation (Continued)

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.

(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:

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)**

- 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.

Going concern
The preparation of financial statements requires an assessment on the validity of the going concern assumption. The validity of the going concern concept is dependent on finance being available for the continuing working capital requirements of the group and finance for the development of the group's projects becoming available. Based on the assumptions that such finance will become available, the directors believe that the going concern basis is appropriate for these accounts. Should the going concern basis not be appropriate, adjustments would have to be made to reduce the value of the group's assets, in particular the intangible assets, to their realisable values. Further information concerning going concern is outlined in Note 3.

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 recoverability of the asset, which is dependent upon the discovery and successful development of economic 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. Further information concerning the impairment of Intangible Assets is outlined in Note 10.

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group did not adopt any new International Financial Reporting Standards (IFRS) or Interpretations in the year that had a material impact on the Group's Financial Statements. The principal accounting policies adopted are set out below.

New and amended IFRS Standards that are effective for the current year

IFRS 9

Impact of initial application of IFRS 9 Financial Instruments
In the current year, the Group has applied IFRS 9 Financial Instruments (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018. The transition provisions of IFRS 9 allow an entity not to restate comparatives.

Additionally, the Group adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that were applied to the disclosures for 2019 and to the comparative period.

In addition, the application of the ECL model under IFRS 9 has not changed the carrying amounts of the Group's financial assets. The carrying amounts of financial assets continued to approximate their fair values on the date of transition to IFRS 9.

The Group's accounting policies for financial instruments are disclosed below.

IFRS 9 has not resulted in changes in the carrying amounts of the Group's financial instruments due to changes in measurement categories. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be measured at amortised cost. Financial liabilities continue to be classified as amortised cost and measured at amortised cost.

IFRS 15

Impact of application of IFRS 15 Revenue from Contracts with Customers
In the current year, the Group has applied IFRS 15 Revenue from Contracts with Customers (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5 step approach to revenue recognition. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios.

The application of IFRS 15 has not had an impact on the financial position or financial performance of the Group.

IFRS 16

Impact of application of IFRS 16 Leases
IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements for both lessors and lessees. IFRS 16 supersedes the current lease guidance including IAS 17 Leases and the related Interpretations when it becomes effective for accounting periods beginning on or after 1 January 2019. The date of initial application of IFRS 16 for the Group will be 1 January 2019. The application of IFRS 16 is not expected to have an impact on the financial position or financial performance of the Group.

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Standards in issue but not yet effective

As at 31 December 2019, the following standards, amendments to the existing standards and a new interpretation, were not endorsed for use in EU and cannot be therefore applied by the entities preparing their financial statements in accordance with IFRS as adopted by EU.

- IFRS 17 Insurance Contracts
- Amendments to IAS 28 Long‑term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle Amendments to IFRS 3 Business Combinations, IFRS 11 Joint Arrangements, IAS 12 Income Taxes and IAS 23 Borrowing Costs
- Amendments to IAS 19 Employee Benefits Plan Amendment, Curtailment or Settlement
- IFRS 10 Consolidated Financial Statements and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The following standards have been adopted by the EU but are not yet mandatorily effective and have not been early adopted by the company.

- IFRS 16 Leases (1 January 2019)
- Amendments to IFRS 9 Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments

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

3. GOING CONCERN

The Group incurred a loss for the year of £905,051 after exchange differences on retranslation of foreign operations (2018: £630,009) and had a retained deficit of £4,841,473 (2018: £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. On 18 July 2019 the Group raised £250,000 by placing 50,000,000 new ordinary shares. Further details are outlined in Note 22.

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

4. LOSS BEFORE TAXATION

	2019 £	2018 £
The loss before taxation is stated after charging:		
Auditor's remuneration	**29,093**	21,390
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	**25,358**	21,390
Fees payable to the Group's auditors and their associates for other services to the Group	**3,735**	-
Total audit fees	**29,093**	21,390
Administrative expenses comprise:		
Professional fees	**140,380**	156,372
Foreign exchange losses/(gains)	**1,248**	3,993
Directors' remuneration	**99,254**	103,090
Wages and salaries	**38,645**	45,818
Other administrative expenses	**57,438**	67,610
	336,965	376,883

Directors remuneration for the year comprises of:

	Year ended 30 June 2019			
	Short-term benefits £	**Post-employment benefits £**	**Share based payments £**	**Total £**
Executive directors				
John Teeling	30,000	-	-	30,000
James Finn	30,000	-	-	30,000
David Horgan	20,000	-	-	20,000
James Campbell	99,494	-	6,951	106,445
Robert Bouquet	5,000	-	-	5,000
Anne McFarland	4,380	-	-	4,380

4. LOSS BEFORE TAXATION (continued)

Directors and employees' remuneration for the year comprises of: (continued)

	Year ended 30 June 2018			
	Short-term benefits £	Post-employment benefits £	Share based payments £	Total £
Executive directors				
John Teeling	30,000	-	-	30,000
James Finn	30,000	-	-	30,000
David Horgan	20,000	-	-	20,000
James Campbell	100,590	-	6,951	107,541
Robert Bouquet	8,524	-	-	8,524
Anne McFarland	4,419	-	-	4,419

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.

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

	2019 £	2018 £
Numerator		
For basic and diluted EPS retained loss	**(772,104)**	(557,657)
Denominator	**No.**	No.
For basic and diluted EPS	**537,481,761**	470,397,102
Basic EPS	**(0.14p)**	(0.12p)
Diluted EPS	**(0.14p)**	(0.12p)

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	**11,410,000**	10,410,000

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 £	2019 Total £	Salary or fees £	Share based payments £	2018 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	**5,000**	**-**	**5,000**	8,524	-	8,524
Anne McFarland	**4,380**	**-**	**4,380**	4,419	-	4,419
James Campbell	**99,494**	**6,951**	**106,445**	100,590	6,951	107,541
	188,874	**6,951**	**195,825**	193,533	6,951	200,484

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 £74,620 (2018:£75,443) of salary payments and £6,951 (2018: £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 £	Arkle Resources Plc £	Petrel Resources Plc £	Total £
At 1 July 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	-	-	-	-
Office and overhead costs recharged	**13,475**	**(10,481)**	**9,553**	**12,547**
Repayments	**(13,475)**	**10,481**	**(9,553)**	**(12,547)**
At 30 June 2019	**-**	**-**	**-**	**-**

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

7. EMPLOYEE INFORMATION

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

	2019 Number	2018 Number
Management and administration	**8**	8

	2019	2018
Staff costs for the above persons were:	**£**	£
Wages and salaries	**243,273**	254,867
Share based payments	**6,951**	6,951
Pension costs	**-**	-
	250,224	261,818

Included in the above is £90,374 (2018: £90,443) of salary payments (including director costs) and £6,951 (2018: £6,951) of share based payments which were capitalised within exploration assets.

8. INCOME TAX EXPENSE

	2019 £	2018 £
Current tax:		
Tax on loss	**-**	-
	-	-
Factors affecting the tax expense:		
Loss on ordinary activities before tax	**(772,104)**	(557,657)
Tax calculated at 24% (2018: 24%)	**(185,305)**	(133,838)
Effects of:		
Unutilised Losses	**185,305**	133,838
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 £4,279,418. (2018: £3,507,314) which equates to an unrecognised deferred tax asset of £1,027,060. (2018: £841,755).

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

9. SEGMENTAL ANALYSIS

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

9A. Segment revenue and segment result

Group	Segment Segment 2019 £	Segment Result 2019 £	Segment Revenue 2018 £	Segment Result 2018 £
Botswana	-	(435,139)	-	(179,524)
South Africa	-	-	-	-
Total continuing operations	-	(435,139)	-	(179,524)
Unallocated head office	-	(336,965)	-	(378,133)
	-	(772,104)	-	(557,657)

9B. Segment assets and liabilities

Group	Assets 2019 £	Liabilities 2019 £	Assets 2018 £	Liabilities 2018 £
Botswana	7,068,095	14,901	7,512,134	23,891
South Africa	972,805	2,880	770,104	-
Total continuing operations	8,040,900	17,781	8,282,238	23,891
Unallocated head office	48,293	380,006	237,366	276,207
	8,089,193	397,787	8,519,604	300,098

Company	Assets 2019 £	Liabilities 2019 £	Assets 2018 £	Liabilities 2018 £
Botswana	3,830,115	-	3,739,672	-
South Africa	972,805	2,880	770,103	14,259
Total continuing operations	4,802,920	2,880	4,509,775	14,259
Unallocated head office	48,293	380,006	237,366	261,948
	4,851,213	382,886	4,747,141	276,207

9. SEGMENTAL ANALYSIS (continued)

9C. Other segmental information

Additions to non-current assets	Group 2019 £	Group 2018 £	Company 2019 £	Company 2018 £
Botswana	**160,703**	172,205	**90,443**	99,641
South Africa	**208,458**	475,139	**208,458**	475,139
Total continuing operations	**369,161**	647,344	**298,901**	574,780
Unallocated head office	**-**	-	**-**	-
	369,161	647,344	**298,901**	574,780

10. INTANGIBLE ASSETS

Exploration and evaluation assets:

	2019 Group £	2018 Group £	2019 Company £	2018 Company £
Cost:				
At 1 July	**9,063,021**	8,415,677	**4,740,615**	4,165,835
Additions	**369,161**	647,344	**298,901**	574,780
Exchange variance	**(132,946)**	-	**-**	-
At 30 June	**9,299,236**	9,063,021	**5,039,516**	4,740,615
Impairment:				
At 1 July	**828,945**	649,421	**230,857**	230,857
Allowance for impairment	**435,139**	179,524	**-**	-
At 30 June	**1,264,084**	828,945	**230,857**	230,857
Carrying Value:				
At 1 July	**8,234,076**	7,766,256	**4,509,758**	3,934,978
At 30 June	**8,035,152**	8,234,076	**4,808,659**	4,509,758

Segmental analysis	2019 Group £	2018 Group £	2019 Company £	2018 Company £
Botswana	**7,056,591**	7,463,973	**3,830,098**	3,739,655
South Africa	**978,561**	770,103	**978,561**	770,103
	8,035,152	8,234,076	**4,808,659**	4,509,758

10. INTANGIBLE ASSETS (continued)

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

During the current year, some licences held by the Group in its subsidiary company Sunland Minerals (Pty) Ltd were relinquished. Therefore, the directors have decided to impair the costs of exploration on these licences. Accordingly, an impairment allowance of £435,139 (2018: £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% equity interest in the associate.

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.

Phase 2
Phase 2 will last for a further 12 months, during which period the Company will, subject to available funding, have the option to pay Vutomi £366,000 to fund exploration activities to earn an additional 25% of Vutomi. It is noted that phase 2 of the earn-in occurred on the 02 April 2019.

Phase 3
Phase 3 will commence within 90 days of the successful completion of Phase 2. Pursuant to the Agreement, the Company will have the option to issue the outstanding balance of 96.8m Ordinary Shares, priced at Volume Weighted Average Price (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.

In accordance with the extension agreement obtained, phase 3 of the earn-in agreement has been extended to 31 December 2019.

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

10. INTANGIBLE ASSETS (continued)

The directors believe that there were no facts or circumstances indicating that the carrying value of intangible assets may exceed their recoverable amount and thus no impairment review was deemed necessary by the directors. The realisation of these intangible assets is dependent on the successful discovery and development of economic diamond resources and the ability of the Group to raise sufficient finance to develop the projects. It is subject to a number of significant potential risks, as set out in Note 1 (xii).

Included in additions for the year are £6,951 (2018: £6,951) of share based payments, £15,754 (2018: £15,516) of wages and salaries and £74,620 (2018: £75,443) of directors remuneration. The remaining balance pertains to the amounts capitalised to the respective licenses held by the entity.

11. INVESTMENT IN SUBSIDIARIES

	2019	2018
	£	£
At 1 July	**17**	17
Impairment loss	**-**	-
At 30 June	**17**	17

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

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

On 14 November 2018 the Company announced that they now holds 100% of the equity in Sunland Minerals (Pty) Ltd having acquired the 50% previously held by Alrosa for a nominal value of $1.

In the opinion of the directors, at 30 June 2019, the fair value of the investments in subsidiaries is not less than their carrying amounts.

The subsidiaries of the Company at 30 June 2019 were:

Name of subsidiary	Total allotted Capital	Registered Office	Country of incorporation and operation	% Ownership	Principal activity
***Kukama Mining and Exploration (Proprietary) Limited	2 Ordinary shares of BWP1 each	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	100%	Prospecting and exploration for diamonds
Kukama Diamonds Investments Limited	50,000 shares of US$1,000 each	Sea Meadow House Road Town Tortola, B.V.I.	British Virgin Islands	100%	Holding Company
Orapa Diamonds plc	5,000,000 shares of £0.01 each	Suite 1, 3rd Floor 11-12 St. James's Square, London SW1Y4LB, U.K.	United Kingdom	100%	Dormant

11. INVESTMENT IN SUBSIDIARIES (continued)

Name of subsidiary	Total allotted Capital	Registered Office	Country of incorporation and operation	% Ownership	Principal activity
Kukama Diamonds Cameroon Limited SARL	100 shares of FCA 10,000 each	BP 15277 Yaounde Cameroon	Cameroon	85%	Dormant
Botswana Coal plc	5,000,000 shares of £0.01 each	Suite 1, 3rd Floor 11-12 St. James's Square, London SW1Y4LB U.K.	United Kingdom	100%	Dormant
Congo Diamonds plc	5,000,000 shares of £0.01 each	Suite 1, 3rd Floor 11-12 St. James's Square, London SW1Y4LB, U.K.	United Kingdom	100%	Dormant
***Siseko Botswana (Pty) Limited	517 shares	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	51.7%	Prospecting and exploration for diamonds
**Sunland Minerals (Pty) Limited	5,000 shares of BWP1 each	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	100%	Prospecting and exploration for diamonds
Atlas Minerals (Botswana) (Pty) Limited	200 shares of BWP1 each	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	100%	Prospecting and exploration for diamonds

**the 100% is held through 50% direct interest and 50% indirect interest (held through the 100% shareholding of Atlas Minerals)
***indirectly held.

The carrying value of investments in subsidiaries is dependent on the successful discovery and development of economic diamond reserves and the ability of the Group to raise sufficient finance to develop the projects. It is subject to a number of significant potential risks as set out in Note 1 (xii).

12. FINANCIAL ASSETS

	2019 £	2018 £
Group and Company		
Financial assets carried at fair value through profit or loss (FVTPL):		
Non-derivative financial assets designated as at FVTPL	**-**	-
Investment at FVTPL		
At 1 July 2018	**-**	1,250
Realised loss on disposal	**-**	(1,250)
At 30 June 2019	**-**	-

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.

13. OTHER RECEIVABLES

	2019 Group £	2018 Group £	**2019 Company £**	2018 Company £
Other receivables	**40,229**	24,886	**34,899**	22,736
Due by Group undertakings (Note 6)	**-**	-	**-**	-
	40,229	24,886	**34,899**	22,736

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

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

14. CASH AND CASH EQUIVALENTS

	2019 Group £	2018 Group £	**2019 Company £**	2018 Company £
Cash and cash equivalents	**13,812**	260,642	**7,638**	214,630

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

15. TRADE AND OTHER PAYABLES

	2019 Group £	2018 Group £	**2019 Company £**	2018 Company £
Trade payables	**70,779**	62,931	**63,338**	39,040
Accruals	**327,008**	237,167	**319,548**	237,167
	397,787	300,098	**382,886**	276,207

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

16. CALLED-UP SHARE CAPITAL

Deferred Shares

		Group and Company	
	Number	**Share Capital £**	**Share Premium £**
At 1 July 2017 and 2018	239,487,648	1,796,157	-
At 30 June 2018 and 2019	239,487,648	1,796,157	-

Ordinary Shares
Allotted, called-up and fully paid:

	Number	**Share Capital £**	**Share Premium £**
At 1 July 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
Issued during the year	67,272,727	168,182	201,818
At 30 June 2019	**576,555,235**	**1,441,388**	**10,300,379**

Movements in share capital

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.

16. CALLED-UP SHARE CAPITAL (continued)

Movements in share capital (continued)

On 28 January 2019, the Company raised £370,000 through the issue of 67,272,727 new ordinary shares of 0.25p each at a price of 0.55p per share to provide additional working capital and fund development costs. Each placing share has one warrant attached with the right to subscribe for one new ordinary share at 0.6p per share for a period of two years from 23 January 2019.

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.

	30/06/2019 Options	**2019 Weighted average exercise price in pence**	30/06/2018 Options	2018 Weighted average exercise price in pence
Outstanding at beginning of year	**11,410,000**	**5.14**	11,410,000	5.14
Issued	**-**	**-**	-	-
Outstanding at end of the year	**11,410,000**	**5.14**	11,410,000	5,14
Exercisable at end of the year	**11,410,000**	**5.14**	10,410,000	5.14

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 vest over a 3 year period contingent on the provision of services over the vesting period and are 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 a period of 3 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 (2018: £6,951) and expensed costs of £Nil (2018: £ Nil) relating to equity-settled share-based payment transactions during the year.

17. SHARE-BASED PAYMENTS (continued)

Warrants

	30/06/2019 Options	**2019 Weighted average exercise price in pence**	30/06/2018 Options	2018 Weighted average exercise price in pence
Outstanding at beginning of year	**28,298,700**	**0.85**	59,778,300	0.85
Issued	**67,272,727**	**0.60**	-	-
Exercised	**-**	**-**	(31,479,600)	0.85
Expired	**(28,298,700)**	**(0.85)**	-	-
Outstanding at end of the year	**67,272,727**	**0.60**	28,298,700	0.85

During the current year 28,298,700 warrants that were granted on 22 December 2015 expired.

As part of the placing on 28 January 2019, the Company issued 67,272,727 warrants to each subscriber of the placing shares. Each placing share has one warrant attached with the right to subscribe for one new ordinary share at 0.6p per share for a period of two years from 23 January 2019.

18. MATERIAL NON-CASH TRANSACTIONS

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

19. CAPITAL COMMITMENTS

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

20. PARENT COMPANY INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the parent Company's income statement has not been presented in this document. The loss after taxation, as determined in accordance with IFRS, for the parent Company for the year is £489,695 (2018: loss of £417,943).

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.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Group and Company (continued)
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. On 18 July 2019 the Group raised £250,000 by placing 50,000,000 new ordinary shares. The directors are confident that adequate cash resources exist to finance operations in the short term, including exploration and development.

Capital management
The capital structure of the Company consists primarily of equity raised through issue of share capital, which it has invested in operations in Botswana and South Africa. During the year the Group raised £370,000 by placing 67,272,727 new ordinary shares. Subsequent to year end on 18 July 2019, the Group raised a further £250,000 by placing 50,000,000 new ordinary shares.

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

Credit Risk
Credit risk arises from cash and cash equivalents.

The maximum credit exposure of the Group as at 30 June 2019 amounted to £54,041 (2018: £285,528) 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.

	2019 **£**	2018 £
Cash held in institutions with S&P A- rating or higher	**13,812**	260,642

The credit risk on receivables from subsidiaries is not considered significant and 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.

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

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

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

Group	**Assets**		**Liabilities**	
	2019	2018	**2019**	2018
	£	£	**£**	£
Euro	**2,297**	4,365	**41,817**	13,034
US Dollar	**1,379**	24,608	**-**	-

Company	**Assets**		**Liabilities**	
	2019	2018	**2019**	2018
	£	£	**£**	£
Euro	**2,297**	4,365	**41,817**	13,034
US Dollar	**702**	4,864	**-**	-

22. POST BALANCE SHEET EVENTS

On 18 July 2019, the Company announced that they had raised £250,000 via the placing of 50,000,000 new ordinary shares with new and existing investors at a price of 0.5p per share.

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Botswana Diamonds plc (the "Company") will be held on Thursday 12 December 2019 at 11.00 am in the London Marriott Marble Arch Hotel, 134 George St, Marylebone, London W1H 5DN 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 2019.
2. To re-elect Director: James Finn retires in accordance with the Articles of Association and seeks re-election.
3. To re-elect Director: Robert Bouquet 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

14 November 2019

Please refer to the notes overleaf.

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) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, D24 AK82, Ireland, 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 10 December 2019 (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 11.00 a.m. on 10 December 2019 (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.

Front cover: John Shelton Photography and Andreas Stelzer design.

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*.
162 Clontarf Road, Dublin 3, Ireland. t: +353 1 833 2833 f: +353 1 833 3505 e: info@botswanadiamonds.co.uk www.botswanadiamonds.co.uk
A company incorporated and registered in England & Wales under the Companies Act 2006 with registered number 07384657

"Site preparation on the Marsfontein Mining Permit with first diamonds recovered November 2019".