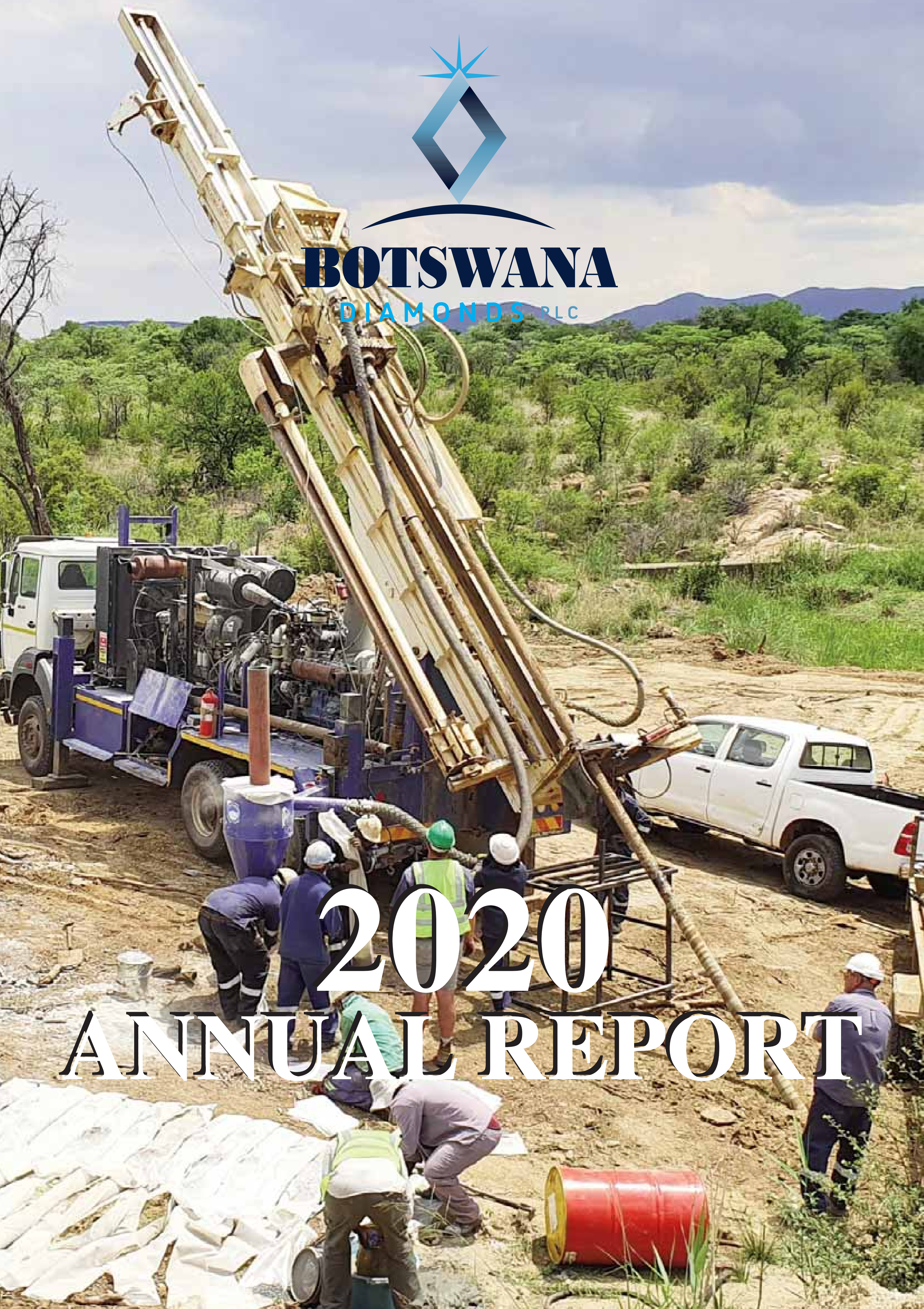
BOTSWANA
DIAMONDS PLC



2020 ANNUAL REPORT

Front cover: Thorny River drilling

Contents

Chairman's Statement

Botswana Diamonds is a diamond development company focused on Southern Africa. To find diamonds you must go to the few areas in the world where they can be found. You must temper your choices with the political risk in countries where the diamonds may be, meaning rule of law and title, and with the logistical / environmental risks of some locations i.e. they are too remote, too challenged by climate and / or too costly to operate profitably.

Sub Saharan Africa has, we believe, a good mix of the above factors. Botswana, our primary focus is, without doubt, the best diamond address. Very prospective for diamonds, with low political risk, somewhat offset by the challenges of operating in the Kalahari Desert, which covers 93% of the country. Our second base of operations is South Africa. This choice is not obvious to everyone. For long the world's leading diamond producer, South Africa has fallen from a world ranked diamond producer as mines have run out and political risk has risen. Exploration has fallen yet, it remains a highly prospective area for diamonds and we believe that the fiscal regime and local ownership provisions have added some certainty to the business environment, so we began work there two years ago.

Our final area of interest is Zimbabwe, a country ravaged by political and economic uncertainty, which we believe is now emerging as a location where overseas companies can invest. Zimbabwe has some interesting diamond geology and has seen little exploration in recent decades.

Lockdowns have made recent times very difficult for explorers. Botswana and South Africa banned international travel so only some local field work was possible. Closed borders made journeys to site impossible for directors, consultants and international technical experts. The drastic fall in world economic activity had a spill over effect on diamond sales and prices. Demand effectively stalled with many auctions abandoned, while prices, where deals were done were down by as much as 40 per cent. Few diamond mines are profitable in that type of business environment. Thankfully, there are signs of a substantial recovery in both demand and prices.

Botswana

Despite the challenges we believe that we have made significant progress during the period under review in Botswana, South Africa and in Zimbabwe.

In Botswana we made what could be a transformative acquisition of Sekaka Diamonds. Sekaka not only has one of the largest diamond databases but also holds title to a significant diamond discovery, KX36 and two surrounding licences.

KX36 is a 3.5 hectare high grade kimberlite pipe in the Kalahari about 260km northwest of Gaborone, the capital of Botswana. It has an indicated diamond resource of 17.9 million tonnes at 35 carats per hundred tonnes (cpht) and a further 6.7 million inferred at 36 cpht. Original values were $65 per carat. We believe and, recent work done by us reinforces that belief, that diamond breakages during exploration produced a lower size frequency with consequent lower diamond values per carat.

It is very rare to find a standalone kimberlite pipe. We, and others, believe that additional pipes lie hidden in the ground surrounding KX36. Discovering these will be our primary focus. There is a fully functioning sampling plant on site which we have acquired. There are significant challenges where KX36 is located. Infrastructural costs are very high particularly for power, fuel and logistics. Alternatives are being examined.

While our focus will be on KX36, do not forget the database which contains extensive, geophysical, geochemical and drilling data with many potential targets already identified and can save participants in the Botswana diamond sector years of preliminary work.

The Maibwe saga has also made progress. Significant kimberlite discoveries were made on a 4 licence block in the Kalahari. One of the kimberlites contained large quantities of microdiamonds. The operator of the Maibwe joint venture is BCL, a large copper company which went into liquidation in 2016 leaving all activities at Maibwe in limbo. There are recent signs that the liquidation may be coming to a close. Some talks between the Maibwe parties have taken place.

Further analyses of our Sunland block of twelve licences, also in the Kalahari, defined a list of priority targets which need to be drilled.

Chairman's Statement *(continued)*

South Africa

Our flagship project is Thorny River / Marsfontein. There is a long history of diamond mining of dykes in this area. Dykes can be very narrow but can be of high grade. Ideally, you map the dykes which tend to be in echelon or swarms looking for “blows”. A blow is where a dyke swells out to enable quarry type mining. The Marsfontein “blow” was a 0.4 hectare blow of very high grade where the capital investment was recovered in just four days. The blow was mined out in fifteen months.

We have mapped and drilled the Thorny River dykes over a length of 7km. We have tested a number of anomalies but until the most recent drilling campaign, had failed to find “blows”.

Recent drilling has discovered a 0.4 hectare blow, the so called River Anomaly. We do not yet know the diamond grade but the average on this dyke is 55cpht. We have sufficient data to construct 3D models of the blow. Core drilling will take place in early 2021.

Advanced geophysical techniques have identified other potential blows on the dykes and these will be drilled in 2021.

Bulk samples of 58 tons of fresh kimberlite were taken from Marsfontein and a further 62 tons from a residual stockpile. The kimberlite has a grade of 50 cpht and the stockpile 16 cpht.

The company has an interest in Mooikloof, a 25 hectare pipe and at Palmietgat, a cluster of six kimberlite pipes.

Zimbabwe

We have long had a connection to Zimbabwe. It is prospective for diamonds, the Marange field was prolific, but recent years have been very difficult politically and economically. Diamond exploration has all but ceased. There have been recent signs of a limited revival. We would like to be part of the revival.

To that end we have an agreement with Vast Resources to assist them in relation to a possible licence in the Marange area. We have a 5% carried interest up to a certain expenditure.

We are also looking at a project in an area known to contain kimberlite pipes. It is early stage. The current law demands 51% local ownership. We have no issues with a joint venture as long as there is sufficient financial incentive for Botswana Diamonds.

Future

The future looks good. The demand for diamonds is recovering. We are exploring in prospective areas for gem quality diamonds. We have made progress in Botswana. The acquisition of a known diamond reserve, KX36 opens doors. The discovery of a “blow” on Thorny River was positive. We will now look at the commerciality.

John J Teeling

John Teeling
Chairman

11 December 2020

Managing Director's Statement

REVIEW OF OPERATIONS

Executive Summary

This has been a tough year for field operations with the various lockdown restrictions imposed on our business by the Covid-19 Pandemic, but notwithstanding this good progress has been made on many fronts.

The highlight of the year was the acquisition of Sekaka Diamonds Pty Ltd ('Sekaka'), the diamond exploration arm of Petra Diamonds Ltd in Botswana. This acquisition includes the high grade KX36 kimberlite pipe, which contains the Company's maiden Indicated Resource, three Prospecting Licenses, a fit-for-purpose kimberlite bulk sampling plant and an extensive diamond exploration database which contains the results of exploration activities in Botswana over fifteen years.

The company has also made solid progress on developing its Marsfontein and Thorny River projects in South Africa through detailed ground programmes in respect of geophysics, drilling programmes and bulk sampling.

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

Introduction & Strategy

The Company focuses on the Kaapvaal craton which straddles the Southern African countries of Botswana, South Africa, Zimbabwe, eSwatini and Lesotho. The craton hosts some of the oldest rocks on earth and is host to a long legacy of diamond production and is thus highly prospective for new discoveries.

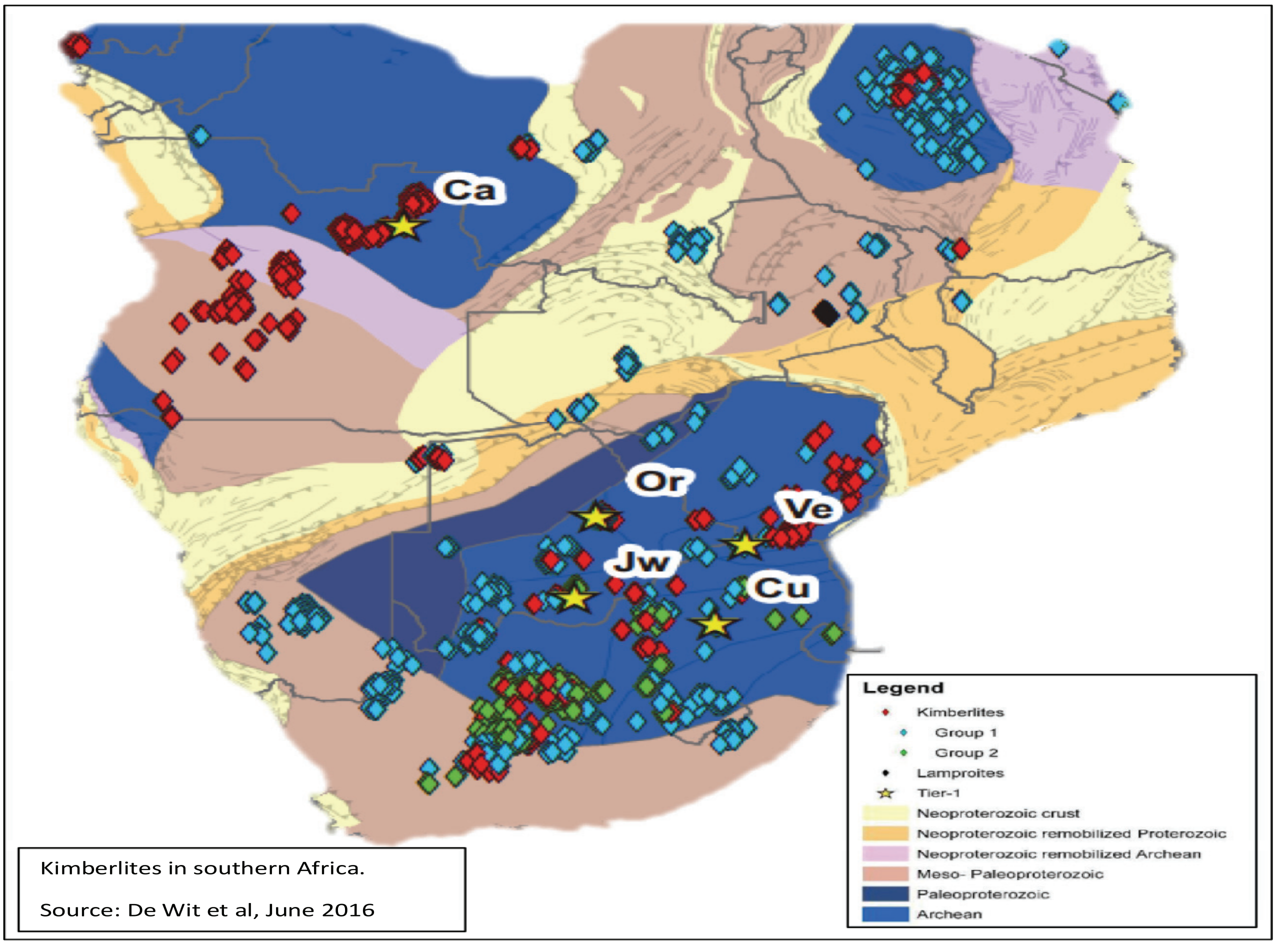


Figure 1: The Kaapvaal Craton

Managing Director's Statement *(continued)*

The Company's strategy has a primary focus on geology ('prospectivity') followed by political risk. In Botswana, the country remains highly prospective and has low political risk whilst in South Africa, which is also highly prospective, political risk has been higher in the past but is trending lower and thus diamond exploration is beginning to re-commence; this is evidenced by De Beers who are more active in South Africa than in recent years. Zimbabwe is also highly prospective and there are positive signs that the country is gradually 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 evaluation. This portfolio, combined with a risk sharing model, gives both 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'.

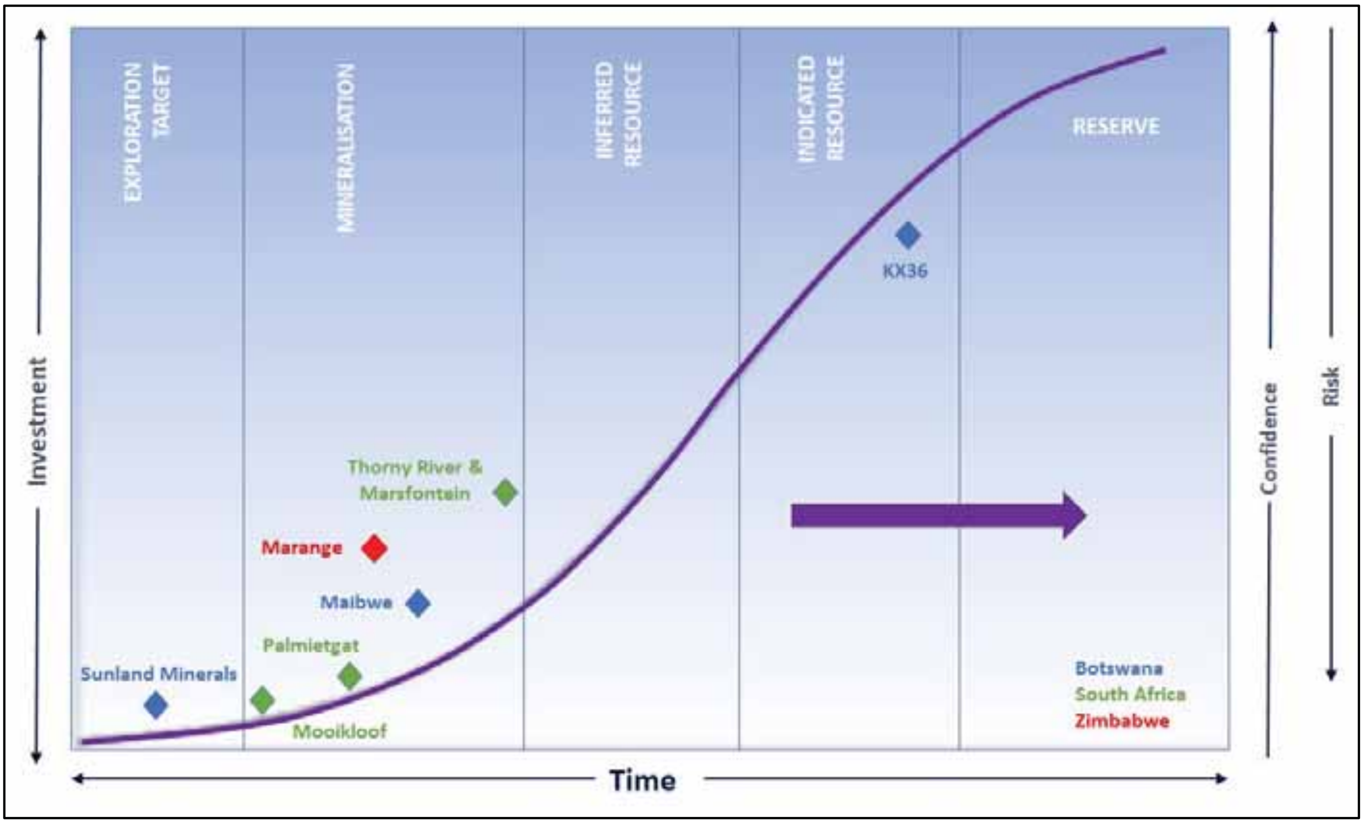


Figure 2: BOD project portfolio – evaluation continuum

A balanced portfolio of projects which span the evaluation continuum is desirable for a diamond exploration company. Our early stage projects generate news flow whilst the more advanced stage projects give the potential for commercial production. As projects progress along the continuum with increased confidence (i.e. Thorny River including Marsfontein), they become increasingly more resource intensive, and challenging to fund. The risk sharing approach mitigates this such that capital to fund development is reduced.

The company keeps abreast of exploration technology developments particularly those which are able to 'see' through both the deeper Kalahari (Botswana) and Karoo (South Africa) covers which have the potential to open up significant 'new' frontiers of exploration in addition to early or 'lead' indicators of diamond bearing kimberlites, particularly those which may host more desirable categories of diamonds.

Managing Director's Statement *(continued)*

Operations

Botswana

Geopolitical

Botswana is the world's largest diamond producer by value and the second largest by volume. The country hosts three world class diamond mines, namely the Orapa, Jwaneng, and Karowe mines, which are all highly profitable. 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 the Karowe mine in 2015.

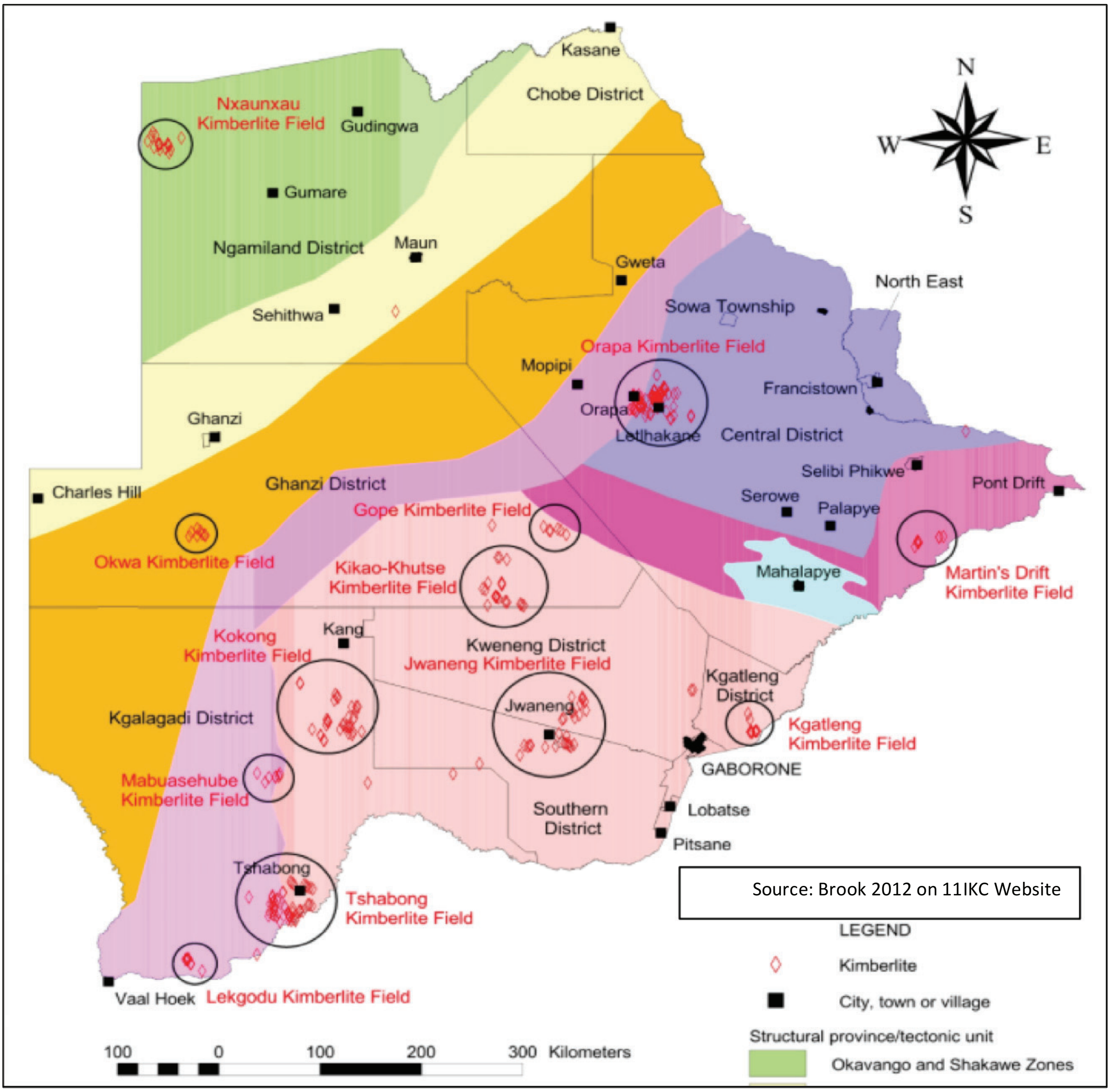


Figure 3: Kimberlite clusters of Botswana

Managing Director's Statement *(continued)*

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

The company is exploring in the Kalahari region of Botswana both under its own wholly owned subsidiary Sunland Minerals and in joint venture with BCL in Maibwe Diamonds. It will also commence work on its newly acquired Sekaka licenses next year which are also in the Kalahari.

Sekaka Diamonds

The company entered into a Sale of Shares Agreement with Petra Diamonds Limited ('Petra') and Kalahari Diamonds Limited ('Kalahari Diamonds') on 18 July 2020 to acquire the entire issued share capital of Sekaka held by Kalahari Diamonds, a wholly-owned subsidiary of Petra. The transaction was closed on 27 November 2020.

Sekaka, which was Petra's exploration vehicle in Botswana, holds three Prospecting Licenses in the Central Kalahari Game Reserve ('Kalahari') (PL's 169/2019, 058/2007 and 224/2007) which incorporate the high grade KX36 kimberlite pipe. Sekaka also holds a recently constructed, kimberlite bulk sampling plant on site which includes crushing, scrubbing, dense media separation and x-ray recovery modules all within a secure area. The acquisition also includes an extensive exploration database, built up over fifteen years of exploration activity.

Figure 4: KX36 Bulk sampling plant (photo courtesy of Petra Diamonds Ltd)

The transaction consideration comprises a deferred cash payment of US$300,000 of which US$150,000 is payable on or before 27 November 2021 with the balance on or before 27 November 2022. In addition, Petra is entitled to a 5% royalty on the sale of any diamonds that might be commercially produced from KX36 in the future. The royalty is also payable on diamonds recovered from any kimberlite discovered using information from Sekaka's database. BOD has the option to buy-out the royalty for a cash payment of US$2 million.

Managing Director's Statement *(continued)*

KX36 is a 3.5 hectare kimberlite pipe, discovered by Sekaka, in the Kalahari. The kimberlite is situated approximately 70 km from Gem Diamonds' Ghaghoo Mine, and 260 km north-west of Botswana's capital Gaborone.

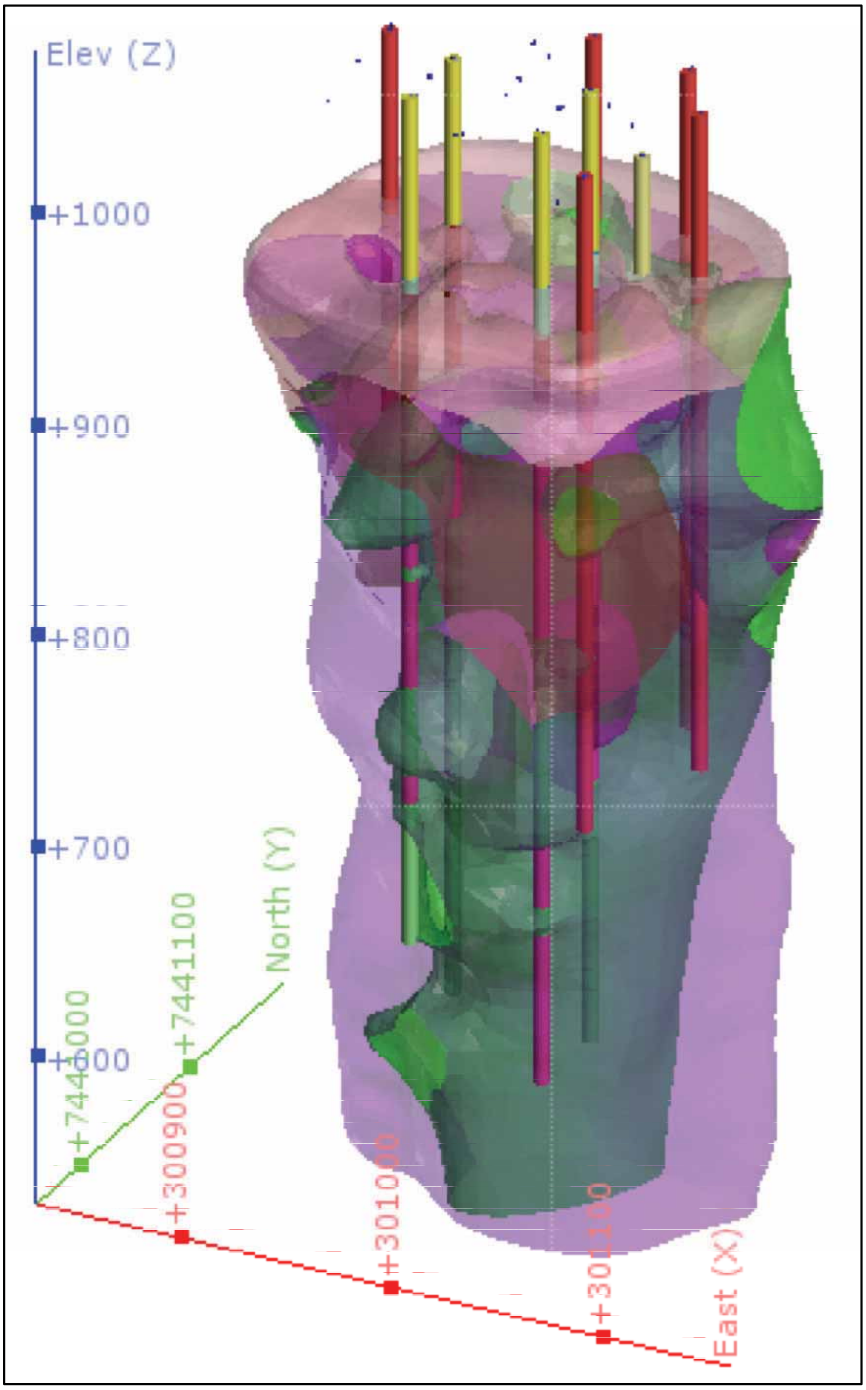


Figure 5: Geological model of KX36 (photo courtesy of Petra Diamonds Ltd)

Managing Director’s Statement *(continued)*

Sekaka has undertaken considerable exploration work on KX36, including core and Large Diameter Drilling (‘LDD’). A historic SAMREC compliant Indicated Resource of 17.9 million tonnes at 35 cpht exists over the kimberlite, with an Inferred Resource of 6.7 million tonnes at 36 cpht, estimated for the pipe by Z-Star in 2016. The Company has not independently verified the historic resource estimate. Modelling of these grade estimates however suggests overall grades of between 57 cpht and 76 cpht. The estimated diamond value from the LDD is $65/ct, with an upside range of between $97/ct and $107/ct, all assuming a +1.15mm Bottom Cut-Off (‘BCOS’) or +3 DTC diamond sieve.

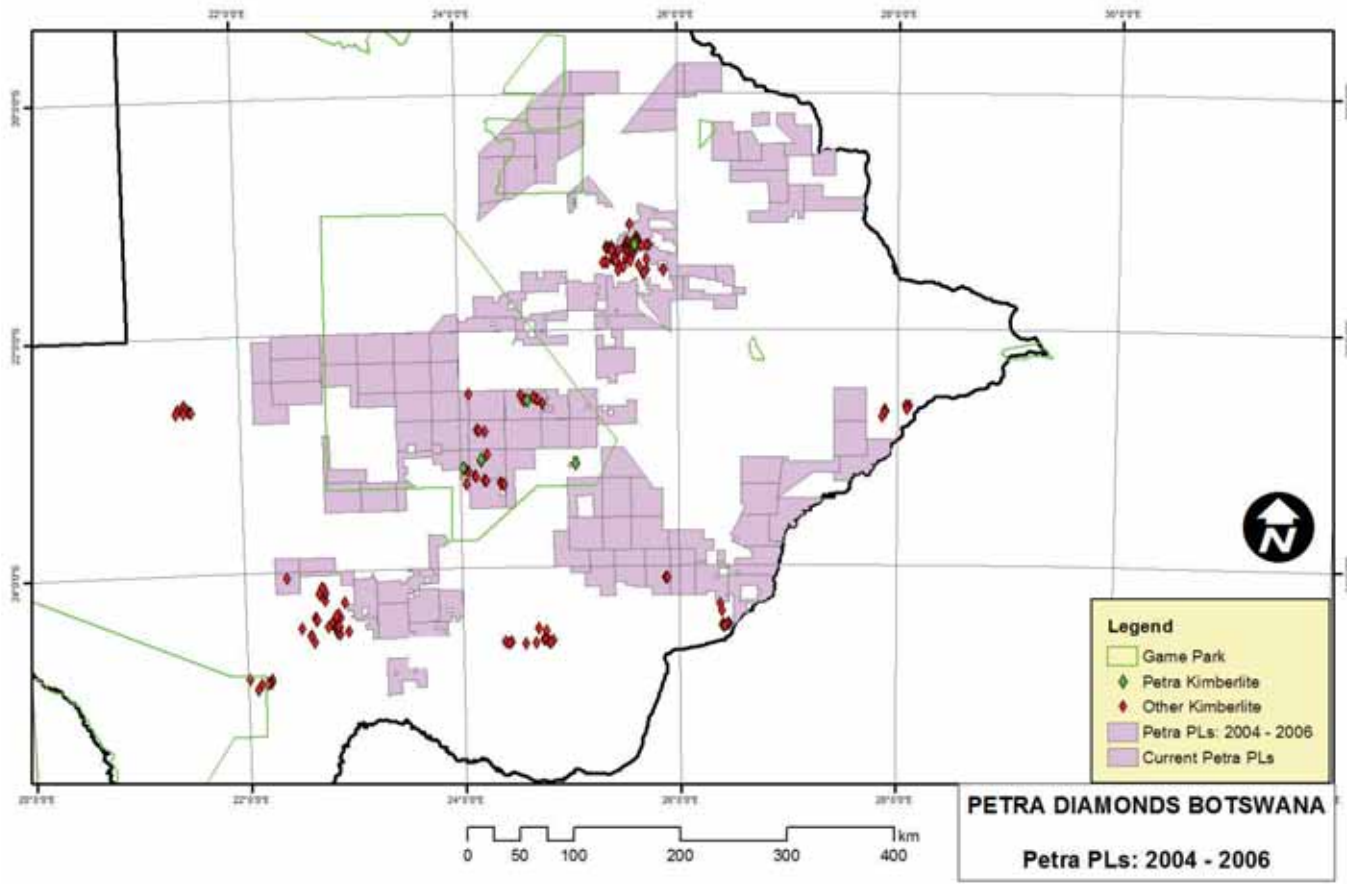


Figure 6: Sekaka historic ground holdings

Sekaka’s extensive diamond exploration database contains the results of work undertaken since 2004. The database comprises the results of airborne and ground-based electro magnetics work (inclusive of the Falcon survey), as well as heavy mineral sampling. The Company believes that the information contained in the database will provide substantial support to its future kimberlite exploration activities in Botswana. The area of initial specific focus will be the heavy mineral train flowing from KX36 as it is likely that there are undiscovered buried kimberlites in the vicinity of KX36 as kimberlites generally occur in clusters and not in isolation.

Managing Director's Statement *(continued)*

Sunland Minerals

BOD became operators of Sunland Minerals in 2018.

Several high-grade geophysical anomalies were discovered by Sunland in the Kalahari in areas adjacent to the Ghaghoo mine and KX36 discovery. The anomalies were found after collecting and collating all historical exploration data for all of Sunland Minerals' Kalahari Prospecting Licences.

Data collection focussed on open file regional and semi-regional datasets (mainly airborne magnetic and deflation sampling). Some data re-processing 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 the Falcon airborne gravity gradiometer (AGG) single sensor magnetic survey (typically acquired at 125 - 150m line spacing at a flying height of ca. 80m) or the 2004 - 2012 Xcalibur High-resolution horizontal gradient airborne magnetic survey acquired at 100 – 120m line spacing at a nominal flying height of 15 - 20m.

Potential kimberlite targets were selected and categorised as Priority One to Three for each of the prospecting licences. A total of twenty Priority One, sixty-eight Priority Two and one hundred and seventy- nine Priority Three targets were identified in these licences. Two of the twenty Priority One were already known and had been surveyed in detail so consequently the remaining eighteen targets were followed up with detailed ground walk magnetic survey and soil sampling.

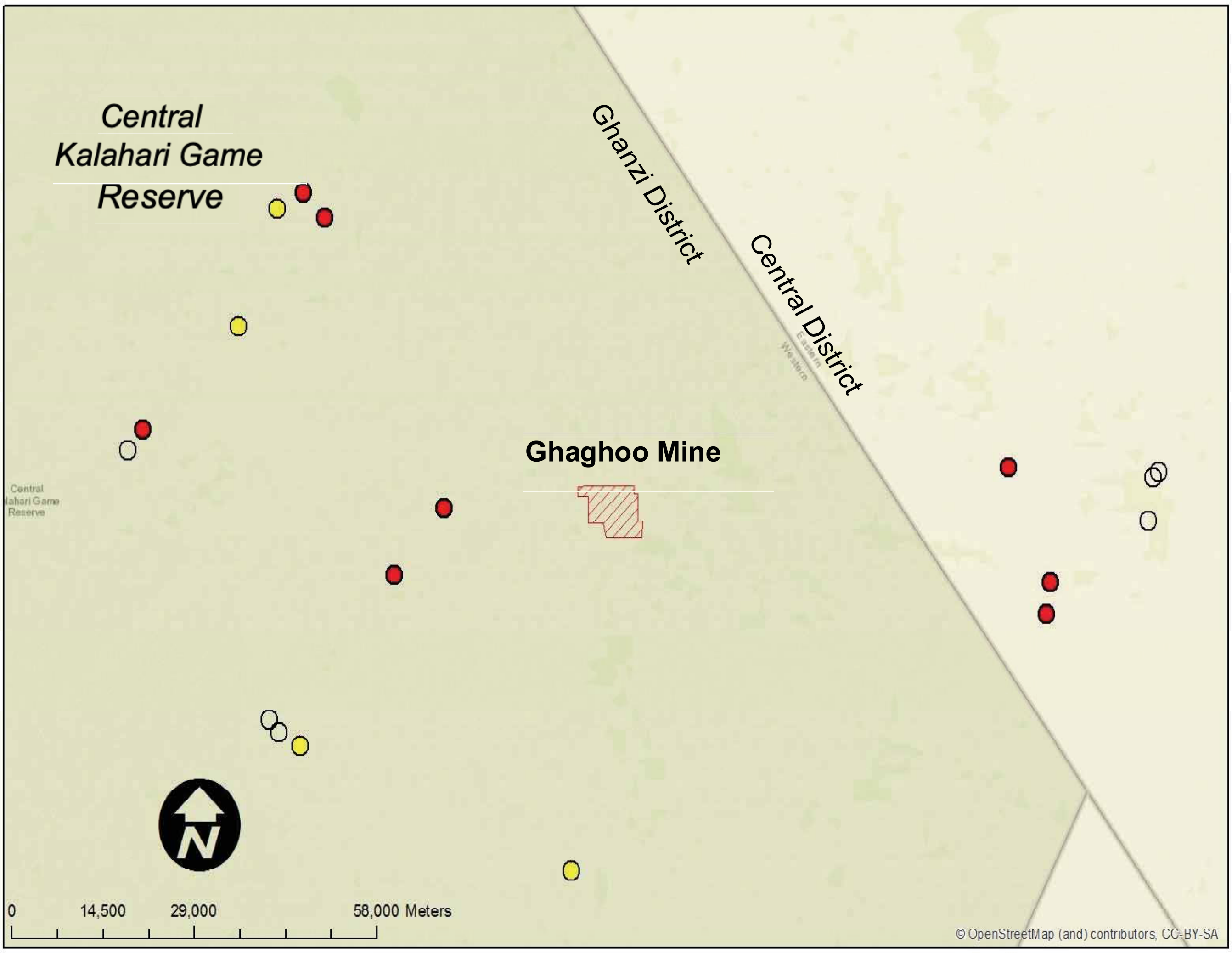


Figure 7: Location of high priority aeromagnetic targets (Red = 8 high interest targets; Yellow: low priority targets; Black empty circles: targets discarded on the basis of poor walk magnetic response)

Managing Director's Statement *(continued)*

Three types of responses were noted during modelling of the survey data:

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

2. Dipole type magnetic high anomalies similar to known kimberlites TB4 and Go25 (Ghaghoo mine) that are also hosted in basalt

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

Only eight of the high interest targets were selected for Heavy Mineral sampling and four low interest anomalies were identified for follow-up in future.

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.

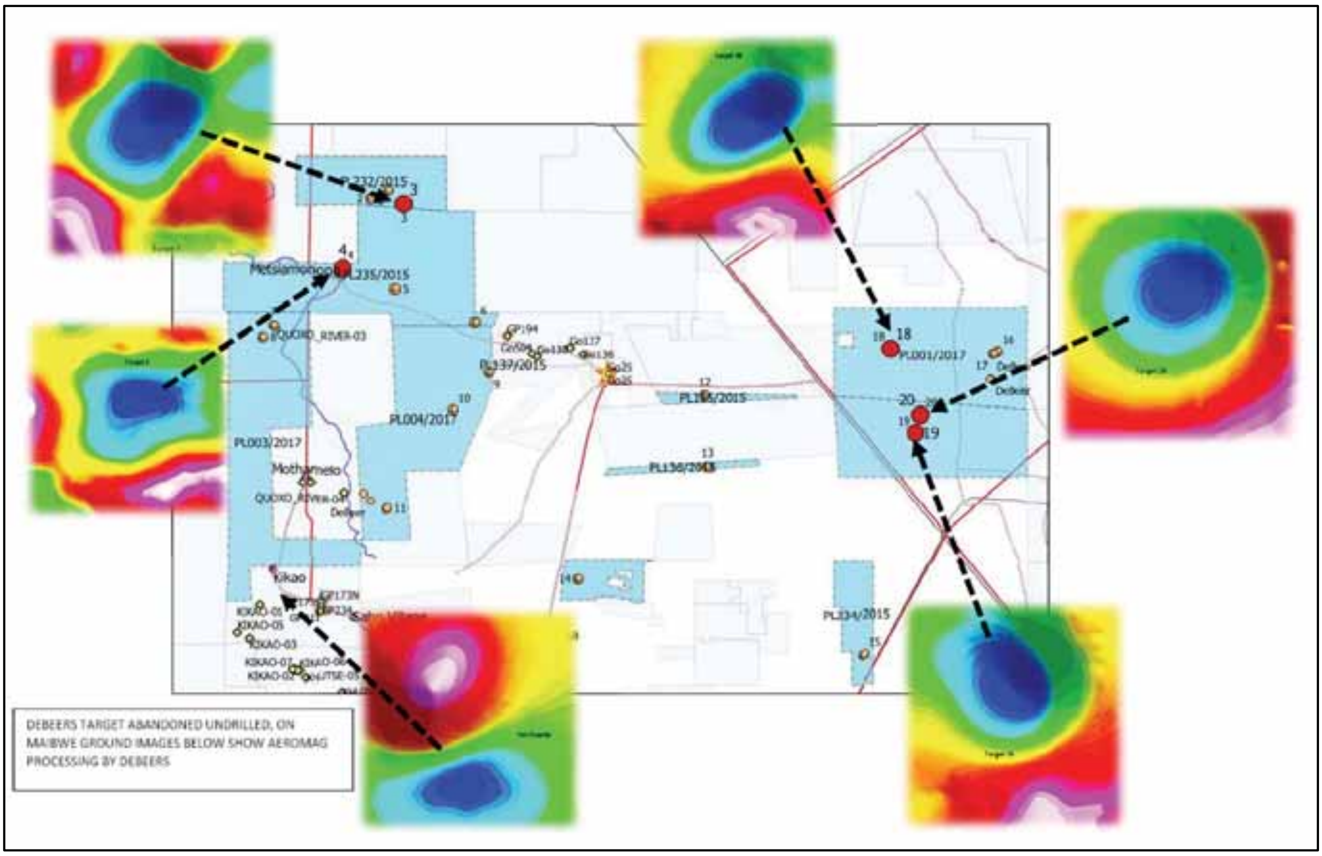


Figure 8: Geophysical targets in Sunland Minerals Kalahari project

A total of 267 kimberlitic indicator minerals ('KIMs') were discovered. All eight 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 steps are to determine the mineral chemistry of the grains and thus determine their diamond bearing potential and to follow up the Priority Two anomalies with walk- magnetics and soil sampling as some may be reassessed with a higher priority following ground truthing.

The same process of target picking using high resolution aeromagnetic survey data and previous regional soil sampling will be applied to new licences that the company has been issued.

Managing Director’s Statement *(continued)*

Figure 9: Kimberlitic indicators from Sunland's Kalahari project.

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

Maibwe

Maibwe Diamonds holds PLs in the Kalahari. Maibwe 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 an abrupt halt due to BCL’s inability to finance the agreed work programme as result of its being placed into 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 following a corporate impasse going back four years.

Managing Director's Statement *(continued)*

Figure 10: 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.

South Africa

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. Prospecting rights have thus been allowed to lapse on the part of the majors which has paved the way for smaller operators and individuals to stake claims over what would be considered in other domains as highly prospective ground.

A 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 therefore represents a new frontier and an opportunity for diamond exploration. This opportunity has been taken-up by De Beers who have returned to South Africa after a number of years with the granting of a number of prospecting rights over substantial areas in the country.

Botswana Diamonds has a 40% interest in Vutomi Mining Pty Ltd ('Vutomi') which is its exploration vehicle in South Africa. Vutomi is also the operator for the South African exploration projects.

Managing Director's Statement *(continued)*

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.

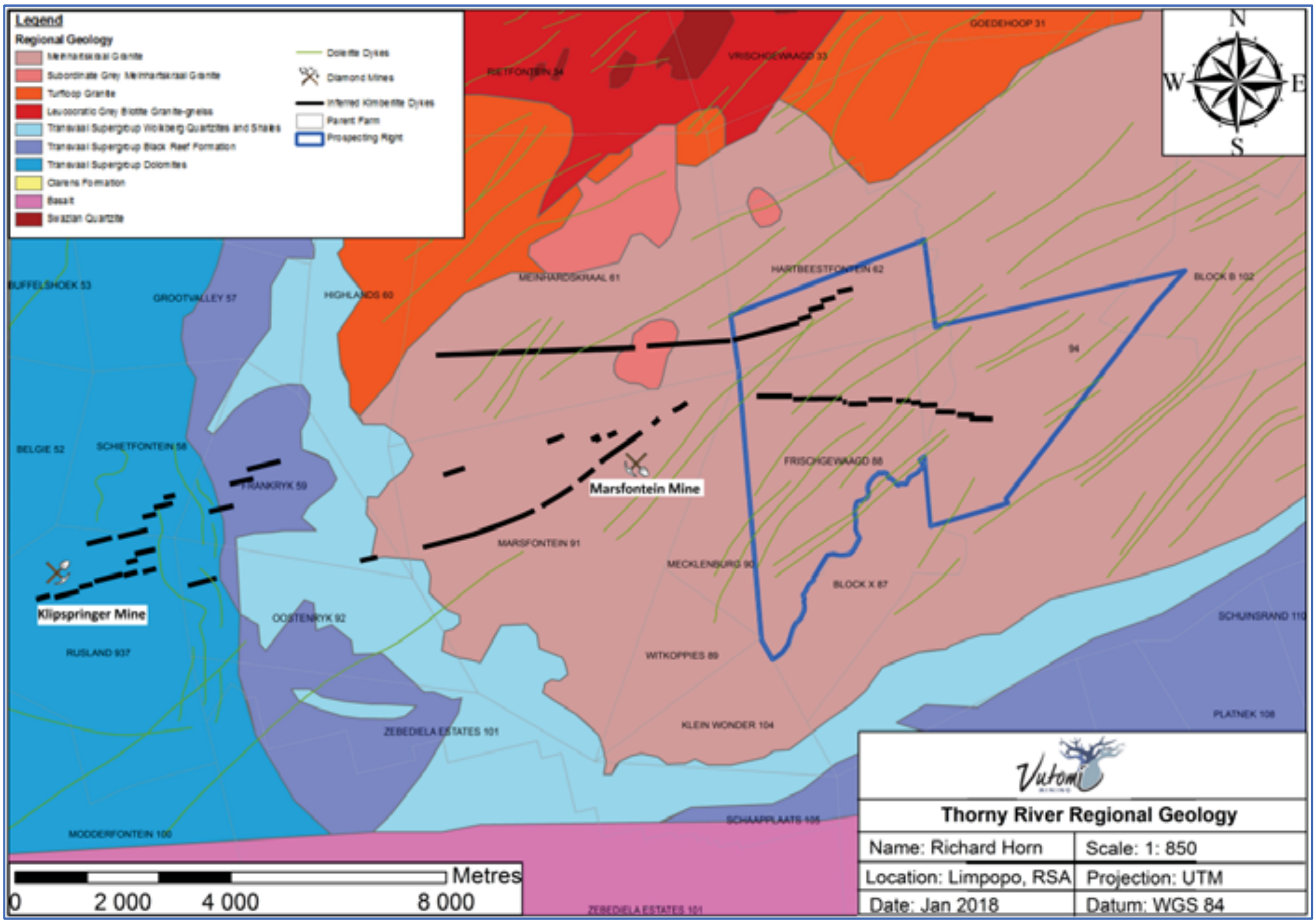


Figure 11: The Thorny River project area

The company has been active at Marsfontein and Thorny River through the conduct of detailed ground geophysics, bulk sampling and three drilling programmes. There was also a technical review undertaken to assess the diamond potential of the Marsfontein gravels.

The kimberlite has been found to be consistent with that found at Klipspringer Mine in the west and Frischgewaagt in the east and this consistency applies not just to the geology but to grade and diamond value. Therefore, the primary objective of the company's work is to explore for significant swells in the kimberlite dyke or blows (i.e. pipes).

Managing Director's Statement *(continued)*

A detailed ground geophysics programme was conducted by Geofocus. Several geophysical techniques and technologies were applied (including gravity, electromagnetics, magnetics and ground penetrating radar). Out of the ten areas surveyed, four priority target areas were identified, which included a potential blow of up to 0.25 hectares within a target area of 0.4 hectares and swells in the kimberlite dyke system of up to 10m. These results formed the basis for the third and final drilling programme of the year.

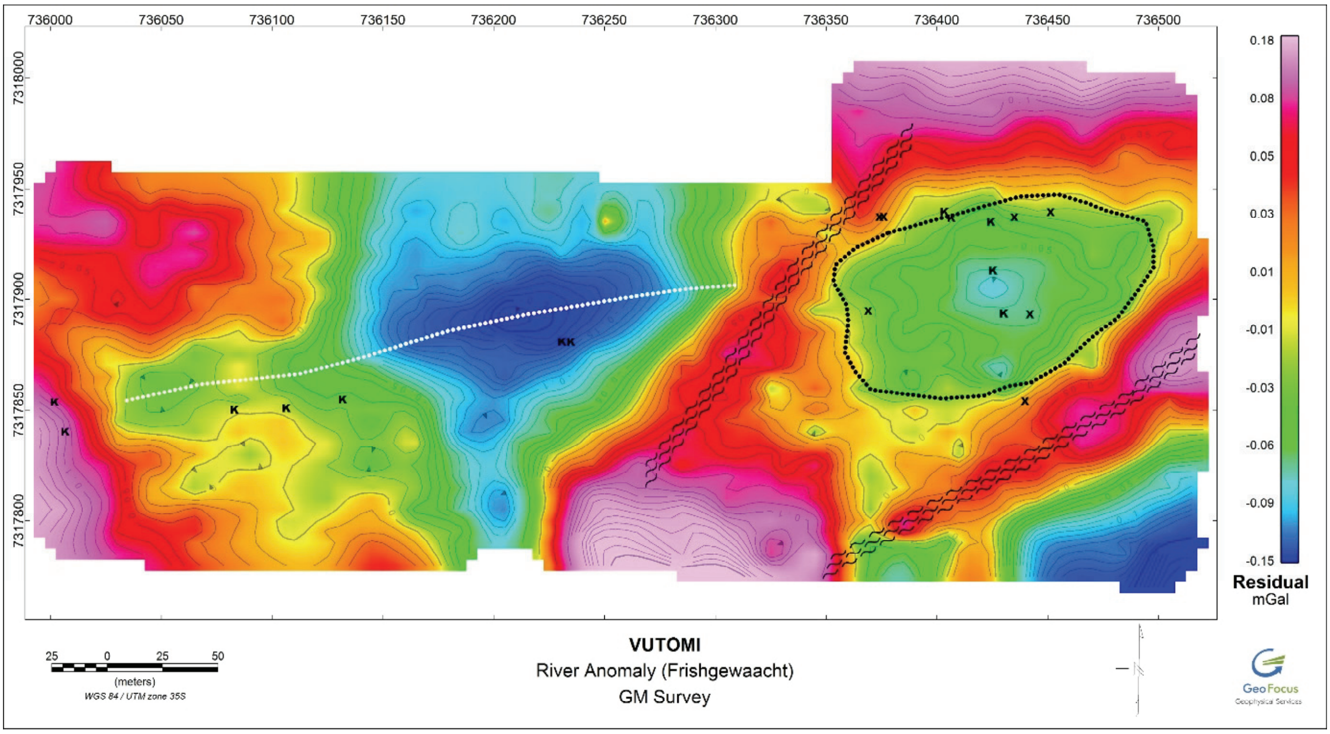


Figure 12: Gravity results over a target on Thorny River

Two bulk samples taken from Marsfontein comprising 58-tons of fresh high-interest kimberlite and 62-tons of kimberlitic material from one of the residual stockpiles, known as 'Dump E'. The results of the bulk sampling programme, including modelled results are illustrated in the table below:

Source	Sample Size (tons)	No of stones	Carats	Raw Grade (cpht) +1.7mm BCOS	Average stone size cts	Largest stone cts	Modelled Grade (cpht) +1.5mm BCOS	Modelled Grade (cpht) +1.0mm BCOS
Kimberlite	58	87	16.53	28.5	0.19	2.28	50	53
Dump E	62	24	6.77	10.9	0.28	1.38	16	21

Managing Director's Statement *(continued)*

The fresh kimberlite was identified as originating from the M8 dyke system, which extends to the Klipspringer diamond mine c.11 km to the west and the company's Thorny River project c.5 km to the east. The Dump E material was predominantly a mix of M8 kimberlite and dolerite. Following the bulk sampling exercise, the company liaised with the University of Johannesburg to undertake various analytical work including mineral chemistry, petrography and dating.

The bulk samples were processed at Eurafrican Diamond Corporation's ('EDC') processing facility in Gauteng. The samples were subjected to primary and secondary crushing, pan plant concentration, grease and x-ray recovery and jigging with a nominal bottom cut-off of +1.7mm. The tailings have been retained for future analyses, if and when required. The grade modelling was undertaken by Interlaced Consulting of Perth Australia and assumed a conventional kimberlite processing plant, including a re-crush circuit (to recover more finer diamonds). Modelled results determined are in line with previous estimates and diamond recoveries from the nearby Klipspringer diamond mine.

Figure 13: Processing the Marsfontein bulk sample (photo courtesy of Andreas Stelzer)

Three phased drilling programmes were conducted over Thorny River and at Marsfontein. The first programme targeted anomalies identified by UK specialist geophysical and structural geology consultancy group Subterrane, and the M8 kimberlite on Marsfontein. The second programme also focused on the M8 kimberlite and the third a more extensive programme covered both kimberlites at Marsfontein and Thorny River. These programmes established further extensions to the kimberlite fissure system, though the most significant was a discovery of a blow on the Thorny River property which has been designated the River Anomaly. A total of six holes with accumulative meterage of 257.5m were drilled into this anomaly resulting in its resolution as a kimberlite blow. A combined total of 39.5m intersected kimberlite while an additional 55m intersected a weathered transition zone of kimberlite and granite ("kimberlite breccia"), granite being the country rock on the property. The hole of most significance contained a continuous intersection of kimberlite and kimberlite breccia of 19m.

Managing Director's Statement *(continued)*

Figure 14: Drilling an anomaly on Thorny River

Mooikloof

The Mooikloof kimberlite is a 2.5 hectare pipe discovered in 1986. It is part of the Marnitz kimberlite cluster which also hosts the now worked out The Oaks mine which was established in 1998. 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.

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.

Mooikloof was targeted by Vutomi as the last known (unpublished) work was done 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.

Managing Director's Statement *(continued)*

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 changed strategy to focus on oil. The results of their mining at Palmietgat were influenced by what appear to be significant metallurgical issues.

The company is currently working through the available literature to determine a work plan.

<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, investors' appetite to invest in the country has been rising on the strength of the new government's favourable stance to foreign investment. Recent amendments to the country's mining law have reaffirmed the new government's intention to further open 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 apply to diamonds and platinum mining, 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 Resources plc, 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.

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.

Managing Director's Statement *(continued)*

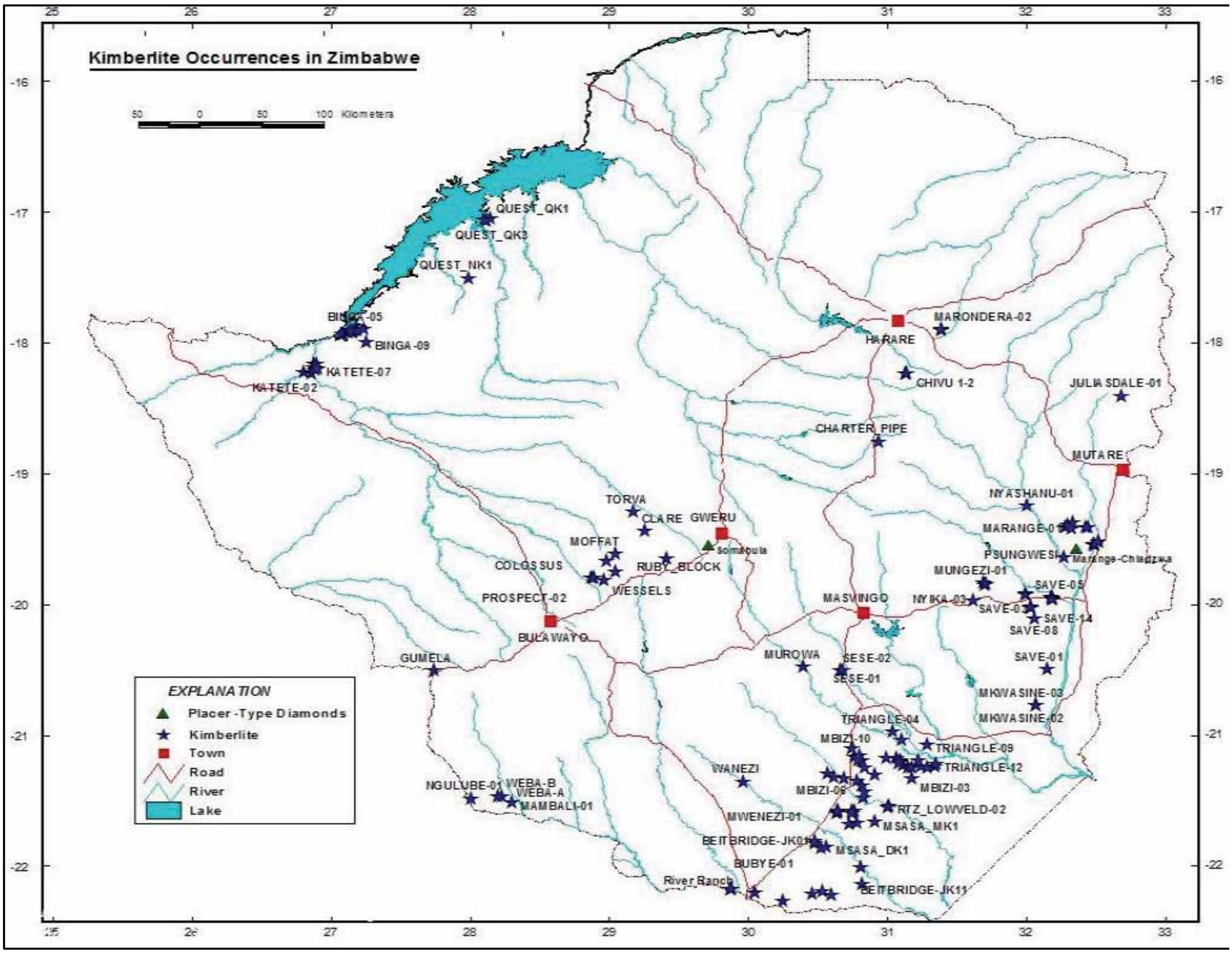


Figure 15: Diamonds of Zimbabwe

Media Activity

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

- Prospectors and Developers Association of Canada ('PDAC') where the MD gave a keynote presentation on Raising Exploration Capital in Southern Africa: A Diamonds Perspective;
- Junior Mining Indaba (virtual edition) in Johannesburg where the MD chaired a session on junior mining financing;
- African Mining Summit (virtual edition) where the MD presented on Raising Exploration Capital in Southern Africa: A Diamonds Perspective;
- Geological Society of South Africa where the MD presented on The role of Geoscientists in a Junior Exploration Company.

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

Managing Director's Statement *(continued)*

Outlook

On **Sekaka**, a detailed review of the resource to plan focused bulk sampling and optimise diamond grade and value is planned as well as a review of innovative mining techniques to improve capex and opex estimates on KX36. We will also target new discoveries using the Sekaka database.

The company 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.

At **Marsfontein and Thorny River**, the focus will be on the River Anomaly where both the kimberlite and kimberlite breccia will be analysed for heavy mineral content including diamonds. Three-dimensional modelling of all past and current geophysical and drill data will be conducted to provide a tangible profile of the blow and potential volumes. Both sets of outputs will allow advancement of this project to the next step which will include core drilling and resource definition.

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

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

Approval is awaited for the granting to Vast of permitting to progress the various projects in **Zimbabwe**, in particular the Marange project.

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

James AH Campbell
Managing Director

11 December 2020

Strategic Report

The directors present their annual reports and the audited financial statements of the Group and Company for the year ended 30 June 2020.

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 Director's Statement.

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

The consolidated loss for the year after taxation was £391,225 (2019: £772,104).

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 KPIs for the Group are as follows.

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

KPI	**2020** **£**	2019 £
Exploration and evaluation costs capitalised during the year	**189,530**	369,161
Finance raised on the alternative investment market	**518,000**	370,000

During the year, cash increased by £4,182 (2019: decrease of £245,582).

The KPIs 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 Managing Directors' Statement.

Strategic Report *(continued)*

RISKS AND UNCERTAINTIES

The Group is subject to a number of 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. The Directors will continue to monitor the impacts of Covid-19 on the Group's ability to raise external finance. A share issue was successfully completed in September 2020 and has been disclosed as a subsequent event in Note 21.
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. The Group are actively aware of the potential impacts that Covid-19 may have on the Groups ability to carry out the exploration activities noted above. To date no issues have come to light, however, the Board will continue to monitor developments.
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.

Strategic Report *(continued)*

RISKS AND UNCERTAINTIES (CONTINUED)

Risk	Nature of risk and mitigation
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. The Group are actively aware of the potential impacts that Covid-19 may have on the foreign dominated currencies held by the Group. To date no issues have come to light, however, the Board will continue to monitor developments.
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.
Covid-19	General economic uncertainty following the unprecedented spread of Covid-19 across the world represents a risk for the Group. The Directors continue to monitor the situation closely.
Financial risk management	Details of the Group's financial risk management policies are set out in Note 20.

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.

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 charge of £34,394 (2019: £435,139) 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.

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 botswanadiamonds.co.uk and in the corporate governance report from pages 29 to 33.

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

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

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.

DIRECTORS' STATEMENT UNDER SECTION 172 (1) OF THE COMPANIES ACT 2006

Section 172 (1) of the Companies Act obliges the Directors to promote the success of the Company for the benefit of the Company's members as a whole. This section specifies that the Directors must act in good faith when promoting the success of the Company and in doing so have regard (amongst other things) to:

a. the likely consequences of any decision in the long term,
b. the interests of the Company's employees,
c. the need to foster the Company's business relationship with suppliers, customers and others,
d. the impact of the Company's operations on the community and environment,
e. the desirability of the Company maintaining a reputation for high standards of business conduct, and
f. the need to act fairly as between members of the Company.

The Board of Directors is collectively responsible for formulating the Company's strategy which is the appraisal and exploitation of the assets currently owned.

Strategic Report *(continued)*

The Directors believe this key strategic decision will generate value for our shareholders in the long term. In executing the Company's strategy, the Directors remain focused on responsible and ethical business practices, and the Company strives to be a responsible corporate citizen in all its territories of operation.

The Board places equal importance on all shareholders and strives for transparent and effective external communications, within the regulatory confines of an AIM-listed company. The primary communication tool for regulatory matters and matters of material substance is through the Regulatory News Service, ("RNS"). The Company's website is also updated regularly, and provides further details on the business as well as links to helpful content such as our latest investor presentations.

Further detail illustrating how Directors adhere to the requirement set out in Section 172 (1) a to f above, are included in the Corporate Governance Report which begins on page 29.

The Directors believe they have acted in the way they consider most likely to promote the success of the Company for the benefit of its members as a whole, as required by Section 172 (1) of the Companies Act 2006.

This Strategic Report was approved by the Board and signed on its behalf by:

John Teeling
Chairman

Date: 11 December 2020

Directors' Report

The directors present their annual report and the audited financial statements of the Group and Company for the year ended 30 June 2020.

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 in the financial year or since year end.

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors holding office at 30 June 2020 had the following interests in the ordinary shares of the Company:

			30 June 2020			1 July 2019	
		Ordinary Shares of £0.0025 each Shares	**Ordinary Shares of £0.0025 each Options**	**Ordinary Shares of £0.0025 each Warrants**	Ordinary Shares of £0.0025 each Shares	Ordinary Shares of £0.0025 each Options	Ordinary Shares of £0.0025 each Warrants
	Nationality	**Number**	**Number**	**Number**	Number	Number	Number
John Teeling	Irish	54,084,318	2,500,000	-	54,084,318	2,500,000	-
James Finn	Irish	29,644,549	2,000,000	4,590,910	29,644,549	2,000,000	4,590,910
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	898,861	3,000,000	412,545
Robert Bouquet	British	-	250,000	-	-	250,000	-
Anne McFarland	Irish	1,207,100	250,000	-	1,207,100	250,000	-

There were no share options exercised by the directors during the year (2019: Nil).

DIRECTORS' REMUNERATION REPORT

The remuneration of the directors for the years ended 30 June 2020 and 30 June 2019 was as follows:

	SALARIES AND FEES	
	2020	2019
	£	£
John Teeling	**30,000**	30,000
James Finn	**30,000**	30,000
David Horgan	**20,000**	20,000
James Campbell	**82,546**	99,494
Robert Bouquet	**5,000**	5,000
Anne McFarland	**4,437**	4,380
	171,983	188,874

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

Directors' Report *(continued)*

SUBSTANTIAL SHAREHOLDINGS

The share register records that the following shareholders, excluding directors, held 3% or more of the issued share capital of the Company at 30 June 2020 and 30 November 2020:

	30 June 2020		30 November 2020	
	No. of shares	**%**	No of shares	%
Pershing International Nominees Limited (DSCLT)	**107,062,685**	**15.95**	114,337,885	15.85
Euroclear Nominees Limited (EOC01)	**44,623,804**	**6.65**	22,609,254	3.13
HSBC Global Custody Nominee (UK) Limited (354399)	**35,089,997**	**5.23**	35,923,330	4.98
Interactive Investor Services Nominees Limited	**24,002,220**	**3.58**	36,626,748	5.08
The Bank of New York (Nominees) Limited	**22,511,351**	**3.35**	22,511,351	3.12
Hargreaves Lansdown (Nominees) Limited (HLNOM)	**20,642,642**	**3.08**	24,304,060	3.37

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 28 January 2021 in accordance with the Notice of Annual General Meeting on page 71 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 issued share capital, together with details of movements in the Company's issued share capital during the year are shown in Note 15. The Company has one class of ordinary share which carries no right to fixed income and deferred shares. 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 of 2006, 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 21 of these financial statements.

Directors' Report *(continued)*

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: 11 December 2020

Corporate Governance Report

The Company's securities are traded on the AIM Market of the London Stock Exchange ("AIM"). The Company complies with the Quoted Company Alliance ("QCA") corporate governance guidelines for AIM companies.

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 21 to 25 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. All shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

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

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success
The Company's project areas are located in Botswana and South Africa. Staff and locally appointed representatives at the Company's project offices provide a first point of contact for stakeholders to receive information on the Company's activities and provide feedback on any issues or concerns they may have. The Company has appointed local representatives to communicate with stakeholder groups e.g. local & regional government officials, central government departments, community groups and local suppliers to keep them continuously updated on project activities and plans. Management conveys to the Board in a timely manner through formal reporting channels and at operational review meetings any substantive concerns of stakeholders and where necessary, the Board mandates appropriate action be taken to address these concerns.

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.

Corporate Governance Report *(continued)*

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 Board has considered mechanisms by which the business and the financial risks facing the Group are managed and reported to the Board. The principal business and financial risks have been identified and control procedures implemented. The Board acknowledges its responsibility for reviewing the effectiveness of the systems that are in place to manage risk and to provide reasonable assurance on the safeguarding of the Group's assets against misstatement or loss.

The major risks facing the Company are clearly identified in the Strategic Report on page 22. The Company relies on internal and external assessments of its systems for managing risk and it believes the continuous implementation of recommendations from these reviews provide the Board with adequate assurance that its systems for managing risks are effective.

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 (Executive 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 dedicate as much time as is required for them to fully carry out their duties for the Group including overseeing corporate governance arrangements and serving on board committees. 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 whilst also enabling each director to discharge his or her fiduciary duties effectively.

The Board members' diverse range of skills and experience span technical, financial, operational and legal areas relevant to the management of the Company. Biographies of each Board member are shown below. Directors keep their skill sets up to date by attendance at, and participation in, various events organised by their respective industry sectors and/or by participation in continuing professional development courses. It strives to align directors' responsibilities with their individual skills so they can optimally contribute to its current strategy and business model. While the Board has not yet adopted any formal policy on gender balance, ethnicity or age group, it is committed to fair and equal opportunity and fostering diversity subject to ensuring appointees are appropriately qualified and experienced for their roles. The Company acknowledges that as it expands its operations across different countries, it will be to its benefit to align its Board composition to reflect balance in the ethnicity and gender of its members.

Corporate Governance Report *(continued)*

The Company retains the services of independent advisors across financial, legal, investor relations, technical/engineering and IT fields that are always available to the Board. These advisors provide support and guidance to the Board and complement the Company's internal expertise.

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 and Company Secretary
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.

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.

Corporate Governance Report *(continued)*

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.

Details of the current Board of Directors biographies are on the Company's website at the link below:
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.

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.

The performance of the Board and Management of the Company is evaluated on an on-going basis. The results of these evaluations are reflected in changes in the Executive remuneration levels from time to time and in awards under the Company's Share Option Schemes where it considers such awards are warranted. Performance awards are based on meeting pre-defined milestones such as successful project acquisitions or completion of significant project development phases. As the Company grows, the Board will develop more comprehensive human resource policies to provide both internal and external performance evaluations of its Board, senior management and staff including the provision for upskilling where necessary and to provide for Board member succession planning.

The Board considers that the corporate governance policies it has currently in place for Board performance reviews is commensurate with the size and development stage of the Company.

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

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company and that this will impact performance. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company and the way that employees behave. The exploration for and development of mineral resources can have significant impact in the areas where the Company and its contractors are active and it is important that the communities in which we operate view Company's activities positively. Therefore, 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.

Corporate Governance Report *(continued)*

The Nomination Committee

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.

The Audit Committee

The Audit Committee, which is chaired by Managing Director, James Campbell, and also includes David Horgan meets 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.

The Remuneration Committee

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

The Company's Audit Committee Report is presented on page 35 and provides further details on the committee's activities during 2020, and while a separate report from the Remuneration Committee was not produced due to the size of the company, the Company intends to review this requirement on an annual basis.

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

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

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

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

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

Directors' Responsibility Statement

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

Company law requires the directors to prepare financial statements for each financial year. 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 European Union.

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 Group and Company and of the profit or loss of the Group 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 11 December 2020 and is signed on its behalf by:

James Finn	John Teeling
Secretary	Director

Audit Committee Report

Dear Shareholders,

I am pleased to present this report on behalf of the Audit Committee and to report on the progress made by the Committee during the year.

Aims of the Audit Committee
Our purpose is to assist the Board in managing risk, discharging its duties regarding the preparation of financial statements, ensure that a robust framework of accounting policies is in place and enacted and oversee the maintenance of proper internal financial controls.

The Audit Committee, which is chaired by Managing Director, James Campbell, and also includes David Horgan meets at least twice a year and assists the Board in meeting responsibilities in respect of external financial reporting and internal controls. The Company's Finance Director James Finn is invited to attend meetings of the Committee. 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.

The Audit Committee is committed to:

- Maintaining the integrity of the financial statements of the Company and reviewing any significant reporting matters therein;
- Reviewing the Annual & Interim Report and Accounts and monitoring the accuracy and fairness of the Company's financial statements;
- Ensuring compliance of financial statements with applicable accounting standards and the AIM Rules;
- Reviewing the adequacy and effectiveness of the internal financial control environment and risk management systems; and
- Overseeing the relationship with and the remuneration of the external auditor, reviewing their performance and advising the Board members on their appointment.

The Audit Committee met three times in the financial year to 30 June 2020.

Activities of the Audit Committee during the year
On behalf of the Board, the Audit Committee has closely monitored the maintenance of internal controls and risk management during the year. Key financial risks are reported during each Audit Committee meeting, including developments and progress made towards mitigating these risks.

The Audit committee received and reviewed reports from the Finance Director, other members of management and external auditors relating to the annual accounts and the accounting and internal control systems in use throughout the Group.

The external auditor attended one of the meetings to discuss the planning and conclusions of their work and meet with members of the committee. The committee was able to call for information from management and consult with the external auditor directly as required.

The objectivity and independence of the external auditor was safeguarded by reviewing the auditor's formal declarations and monitoring relationships between key audit staff and the Company.

As noted above, the committee met twice during the year, to review the 2019 annual accounts and the interim accounts to 31 December 2019 and audit planning for the year ended 30 June 2020. Members of the committee reviewed with the independent auditor its judgements as to the acceptability of the Company's accounting principles.

Since the year end, the committee has met further with the auditor to consider the 2020 financial statements. In particular, the committee discussed the significant audit risks and the audit report.

James Campbell
Chairman Audit Committee
11 December 2020

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 2020 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;
- 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 and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the consolidated and parent company cash flow statements; and
- the related notes 1 to 21, including a summary of significant accounting policies as set out in note 3.

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 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.

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

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 related to going concern section below)* • *Recoverability of intangible assets – group and parent company* • *Capitalisation of intangible assets – group and parent company* Within this report, any new key audit matters are identified with and any key audit matters which are the same as the prior year identified.
Materiality	The materiality that we used in the group financial statements was £206,100 (parent company £124,800) which was determined on the basis of the carrying value of intangible assets.
Scoping	We identified two significant components, Botswana Diamonds plc company and Sunland Minerals (Pty) Limited. A full scope audit was performed on Botswana Diamonds plc company. Significant account balances were identified and audited for Sunland Minerals (Pty) Limited.
Significant changes in our approach	No significant changes in our audit approach.

Material uncertainty related 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 £391,225 (parent company net loss of £356,831) and had net current liabilities of £389,107 (parent company net current liabilities of £382,560) at that date. 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
- 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; and
- Assessed the adequacy of the disclosures in the financial statements.

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

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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) that 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. In addition to the matter described in the material uncertainty related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Recoverability of intangible assets	
Key audit matter description	The carrying value of group intangible assets at 30 June 2020 amounted to £8,086,573 (parent company: £4,995,039). During the year the group recorded an impairment charge of £34,394. Intangible assets relate to costs capitalised in relation to the group's exploration activities in both the consolidated balance sheet and parent company balance sheet. 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, which is subject to a number of risks and uncertainties, including obtaining title to licence and the ability of the group to raise sufficient finance to develop the projects. Refer to the accounting policy in note 1 and the disclosure in note 10 of the financial statements.
How the scope of our audit responded to the key audit matter	We evaluated the design and determined the implementation of relevant key controls in relation to the impairment of intangible assets. We considered and challenged the directors' assessment of indicators of impairment in relation to 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 included in the financial statements.
Key observations	An inherent uncertainty exists in relation to the ability of the group to realise the exploration and evaluation assets capitalised as intangible assets. As noted above, recoverability of these assets is dependent on the discovery and the successful exploration of diamonds, obtaining title to the license, the future profitable production or process from the asset 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.

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

Capitalisation of intangible assets	
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 director 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 2020 amounted to £189,530 (group) and to £186,380 (parent company). Refer to the accounting policy in note 1 and the disclosure in note 10 of the financial statements.
How the scope of our audit responded to the key audit matter	We evaluated the design and determined the implementation of relevant key controls in respect of the capitalisation of intangible assets. 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	An inherent uncertainty exists in relation to the ability of the group to realise the exploration and evaluation assets capitalised as intangible assets. As noted above, recoverability of these assets is dependent on the discovery and the successful exploration of diamonds, obtaining title to the license, the future profitable production or process from the asset 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.

Our application of materiality

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

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

	Group financial statements	Parent company financial statements
Materiality	£206,100 (2019: £207,900)	£124,800 (2019: £120,200)
Basis for determining materiality	Approximately 2.5% of intangible assets	Approximately 2.5% of intangible assets
Rationale for the benchmark applied	We have determined that intangible assets is the appropriate benchmark considering this makes up approximately 99% of the group's total assets.	We have determined that intangible assets is the appropriate benchmark considering this makes up approximately 99% of the parent company's total assets.

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

We agreed with the Board of Directors that we would report to them all audit differences for the group in excess of £10,100 (2019: £10,300) and for the parent company in excess of £6,200 (2019: £6,000), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Board of Directors on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

In approaching the audit, we considered how the group is organised and managed. We determined the scope of our group audit on an entity level basis, assessing components against the risk of material misstatement at the group level.
Based on this assessment, we assessed the group to be made up of two significant components being Botswana Diamonds plc company and Sunland Minerals (Pty) Limited, which account for 74% of net assets.
A full scope audit was performed on Botswana Diamonds plc company by Deloitte Ireland and specified account balances for Sunland Minerals (Pty) Limited were audited by a Deloitte member firm.

Component materiality levels applicable to each component were lower than group materiality.
At the parent Company level, we also tested the consolidation process and carried out review procedures to confirm our conclusion that there were no significant risks of material misstatement of the aggregated financial information of the remaining components not subject to a full scope audit or specified audit procedures.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon.

We have nothing to report in respect of these matters.

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.

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 the 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.

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

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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assesses 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 the auditor's 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 entity's (or where relevant, the group'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 entity's (or where relevant, the group's) ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the entity (or where relevant, the group) to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation (i.e gives a true and fair view).
- Where we are required to report on consolidated financial statements, obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. The group auditor is responsible for the direction, supervision and performance of the group audit. The group auditor remains solely responsible for the audit opinion.

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

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

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.

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

Report on other legal and regulatory requirements

Opinions 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 of the 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
Chartered Accountants and Statutory Audit Firm
Deloitte & Touche House, Earlsfort Terrace, Dublin 2
Ireland

Date: 14 December 2020

Consolidated Statement of Comprehensive Income
for the year ended 30 June 2020

	Notes	2020 £	2019 £
Administrative expenses	4	**(356,831)**	(336,965)
Impairment of exploration and evaluation assets	10	**(34,394)**	(435,139)
OPERATING LOSS		**(391,225)**	(772,104)
LOSS FOR THE YEAR BEFORE TAXATION		**(391,225)**	(772,104)
Income tax expense	8	**-**	-
LOSS AFTER TAXATION		**(391,225)**	(772,104)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**(103,715)**	(132,947)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(494,940)**	(905,051)
Loss per share – basic	5	**(0.06p)**	(0.14p)
Loss per share – diluted	5	**(0.06p)**	(0.14p)

Consolidated Balance Sheet
as at 30 June 2020

	Notes	30/06/2020 £	30/06/2019 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**8,086,573**	8,035,152
Financial assets	12	**-**	-
		8,086,573	8,035,152
CURRENT ASSETS			
Other receivables	12	**25,387**	40,229
Cash and cash equivalents	13	**17,994**	13,812
		43,381	54,041
TOTAL ASSETS		**8,129,954**	8,089,193
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	14	**(432,488)**	(397,787)
TOTAL LIABILITIES		**(432,488)**	(397,787)
NET ASSETS		**7,697,466**	7,691,406
EQUITY			
Called-up share capital – deferred shares	15	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	15	**1,678,055**	1,441,388
Share premium	15	**10,564,712**	10,300,379
Share based payment reserves		**111,189**	111,189
Retained deficit		**(5,232,698)**	(4,841,473)
Translation reserve		**(236,662)**	(132,947)
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**7,697,466**	7,691,406

The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 11 December 2020 and signed on its behalf by:

John Teeling
Director

Company Balance Sheet
as at 30 June 2020

	Notes	30/06/2020 £	30/06/2019 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**4,995,039**	4,808,659
Investment in subsidiaries	11	**17**	17
		4,995,056	4,808,676
CURRENT ASSETS			
Other Receivables	12	**20,947**	34,899
Cash and cash equivalents	13	**12,962**	7,638
		33,909	42,537
TOTAL ASSETS		**5,028,965**	4,851,213
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	14	**(416,469)**	(382,886)
NET ASSETS		**4,612,496**	4,468,327
EQUITY			
Called-up share capital – deferred shares	15	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	15	**1,678,055**	1,441,388
Share premium	15	**10,564,712**	10,300,379
Share based payment reserves		**111,189**	111,189
Retained deficit		**(8,554,330)**	(8,197,499)
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**4,612,496**	4,468,327

The company reported a loss for the financial year ended 30 June 2020 of £356,831 (2019: Loss of £379,558). The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 11 December 2020 and signed on its behalf by:

John Teeling
Director

Consolidated Statement of Changes in Equity

for the year ended 30 June 2020

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Translation Reserve £	Other Reserve £	Total £
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 based payment	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Issue of shares	**236,667**	**281,333**	**-**	**-**	**-**	**-**	**518,000**
Share issue expenses	**-**	**(17,000)**	**-**	**-**	**-**	**-**	**(17,000)**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(391,225)**	**(103,715)**	**-**	**(494,940)**
At 30 June 2020	**3,474,212**	**10,564,712**	**111,189**	**(5,232,698)**	**(236,662)**	**(983,287)**	**7,697,466**

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 2020

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Other Reserve £	Total £
At 30 June 2018	3,069,363	10,098,561	104,238	(7,817,941)	(983,287)	4,470,934
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 based payment	**-**	**-**	**-**	**-**	**-**	**-**
Issue of shares	**236,667**	**281,333**	**-**	**-**	**-**	**518,000**
Share issue expenses	**-**	**(17,000)**	**-**	**-**	**-**	**(17,000)**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(356,831)**	**-**	**(356,831)**
At 30 June 2020	**3,474,212**	**10,564,712**	**111,189**	**(8,554,330)**	**(983,287)**	**4,612,496**

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 2020

	Note	30/06/2020 £	30/06/2019 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year	4	**(391,225)**	(772,104)
Foreign exchange gains		**4,796**	1,248
Impairment of exploration and evaluation assets	10	**34,394**	435,139
		(352,035)	(335,717)
MOVEMENTS IN WORKING CAPITAL			
Increase in trade and other payables		**19,701**	82,689
Decrease/(increase) in other receivables		**14,842**	(15,343)
NET CASH FROM OPERATING ACTIVITIES		**(317,492)**	(268,371)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		**(174,530)**	(347,211)
NET CASH USED IN INVESTING ACTIVITIES		**(174,530)**	(347,211)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**518,000**	370,000
Share issue costs		**(17,000)**	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**501,000**	370,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**8,978**	(245,582)
Cash and cash equivalents at beginning of the financial year		**13,812**	260,642
Effect of foreign exchange rate changes	4	**(4,796)**	(1,248)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	13	**17,994**	13,812

Company Cash Flow Statement
for the year ended 30 June 2020

	Note	30/06/2020 £	30/06/2019 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(356,831)**	(379,558)
Foreign exchange gains		**4,796**	1,248
		(352,035)	(378,310)
MOVEMENTS IN WORKING CAPITAL			
Increase in trade and other payables		**18,583**	91,679
Decrease/(Increase) in other receivables		**13,952**	(12,163)
NET CASH FROM OPERATING ACTIVITIES		**(319,500)**	(298,794)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		**(171,380)**	(276,950)
NET CASH USED IN INVESTING ACTIVITIES		**(171,380)**	(276,950)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**518,000**	370,000
Share issue costs		**(17,000)**	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**501,000**	370,000
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS		**10,120**	(205,744)
Cash and cash equivalents at beginning of the financial year		**7,638**	214,630
Effect of foreign exchange rate changes	4	**(4,796)**	(1,248)
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	13	**12,962**	7,638

Notes To The Financial Statements
for the year ended 30 June 2020

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) 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 2020. 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 parent, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was re- determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

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

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

(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.

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 on a licence by licence basis 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.

Notes To The Financial Statements
for the year ended 30 June 2020 *(continued)*

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(vii) Intangible fixed assets *(continued)*

Impairment of intangible assets (continued)

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.

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 and Company or Company becomes a party to the contractual provisions of the instrument.

Trade and other Receivables are measured at initial recognition at invoice value, which approximates to fair value and are subsequently measured at amortised cost adjusted for any loss allowance.

A loss allowance for expected credit losses is determined for all financial assets, other than those at FVTPL, at the end of each reporting period. The expected credit loss recognized represents a probability-weighted estimate of credit losses over the expected life of the financial instrument.

For all other financial assets at amortised cost, the Group and Company recognises lifetime expected credit losses when there has been a significant increase in credit risk since initial recognition, which is determined by:

- A review of overdue amounts,
- Comparing the risk of default at the reporting date and at the date of initial recognition, and
- An assessment of relevant historical and forward-looking quantitative and qualitative information.

The Group and Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery.

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.

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, and mainly consist of trade payables. Trade payables 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 in Equity at the proceeds received, net of direct issue costs.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(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.

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.

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

(xi) Warrants

Warrants issued are classified separately as equity or as a liability at FVTPL in accordance with the substance of the contractual arrangement. Warrants classified as liabilities at FVTPL are stated at fair value, with any gains and losses arising on remeasurement recognised in the profit or loss.

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 in excess of the nominal value of the issued 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. The following costs which can be demonstrated as project related are included within exploration and evaluation assets.

- researching and analysing historical exploration data;
- gathering exploration data through topographical, geochemical and geophysical studies;
- exploratory drilling, trenching and sampling;
- determining and examining the volume and grade of the resource;
- surveying transportation and infrastructure requirements; and
- conducting market and finance studies.

Intangible assets relate to prospecting, exploration and related expenditure in Botswana and South Africa. The Group's exploration activities are subject to a number of significant and potential risks including:

- licence obligations;
- exchange rate risks;
- uncertainties over development and operational costs;
- political and legal risks, including arrangements with governments for licenses, profit sharing and taxation;
- foreign investment risks including increases in taxes, royalties and renegotiation of contracts;
- title to assets;
- financial risk management ;
- going concern; and
- operational and environmental risks.

Impairment of intangible assets

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

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

Notes To The Financial Statements
for the year ended 30 June 2020 *(continued)*

1. PRINCIPAL ACCOUNTING POLICIES *(continued)*

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

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.

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

- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement
- Amendments to IAS 28 Long-term Interests in Associates and Joint Ventures
- Amendments to IFRS 9: Prepayment Features with Negative Compensation
- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 16 Leases

Standards in issue but not yet effective
As at 30 June 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 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current

Notes To The Financial Statements
for the year ended 30 June 2020 *(continued)*

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS *(continued)*

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

- Amendments to References to the Conceptual Framework in IFRS Standards
- Definition of Material (Amendments to IAS 1 and IAS 8)
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)
- Definition of a Business (Amendments to IFRS 3)

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, after exchange differences on retranslation of foreign operations, of £494,940 (2019: loss of £905,051) at the balance sheet date. The Group had net current liabilities of £389,107 (2019:£343,746) and the Company £382,560 (2019:£340,349) 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. The cashflow projections include any anticipated impacts of the Covid-19 pandemic on the Group. As the Group is not revenue or cash generating it relies on raising capital from the public market. On 7 September 2020 the Group raised £300,000 by placing 50,000,000 new ordinary shares. Further details are outlined in Note 21.

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

	2020	2019
	£	£
The loss before taxation is stated after charging:		
Auditor's remuneration	**29,108**	29,093
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**	25,358
Fees payable to the Group's auditors and their associates for other services to the Group	**3,750**	3,735
Total audit fees	**29,108**	29,093

Notes To The Financial Statements
for the year ended 30 June 2020 *(continued)*

4. LOSS BEFORE TAXATION *(continued)*

Administrative expenses comprise:

Professional fees	**163,196**	140,380
Foreign exchange losses	**4,796**	1,248
Directors' remuneration (Note 6)	**95,073**	99,254
Wages and salaries	**44,444**	38,645
Other administrative expenses	**49,322**	57,438
	356,831	336,965

Further details of directors' remuneration is provided in note 6

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):

	2020	2019
	£	£
Numerator		
For basic and diluted EPS retained loss	**(391,225)**	(772,104)
Denominator	**No.**	No.
For basic and diluted EPS	**642,643,820**	537,481,761
Basic EPS	**(0.06p)**	(0.14p)
Diluted EPS	**(0.06p)**	(0.14p)

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**	11,410,000

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 £	2020 Total £	Salary or fees £	Share based payments £	2019 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**	5,000	-	5,000
Anne McFarland	**4,437**	**-**	**4,437**	4,380	-	4,380
James Campbell	**82,546**	**-**	**82,546**	99,494	6,951	106,445
	171,983	**-**	**171,983**	188,874	6,951	195,825

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 £76,910 (2019:£ 74,620) of salary payments and £Nil (2019: £6,951) of share based payments which were capitalised within intangible assets. This is for time spent directly on the operations rather than on corporate activities.

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 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	-	-	-	-
Office and overhead costs recharged	**14,020**	**(10,144)**	**11,338**	**15,214**
Repayments	**(14,020)**	**10,144**	**(11,338)**	**(15,214)**
At 30 June 2020	**-**	**-**	**-**	**-**

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:

	2020 Number	2019 Number
Management and administration	**8**	8

Staff costs for the above persons were:	**£**	£
Wages and salaries	**231,026**	243,273
Share based payments	**-**	6,951
Pension costs	**-**	-
	231,026	250,224

Included in the above is £91,509 (2019: £90,374) of salary payments (including director costs) and £Nil (2019: £6,951) of share based payments which were capitalised within exploration assets.

8. INCOME TAX EXPENSE

	2020 £	2019 £
Current tax:		
Tax on loss	**-**	-
	-	-
Factors affecting the tax expense:		
Loss on ordinary activities before tax	**(391,225)**	(772,104)
Tax calculated at 19% (2019: 24%)	**(74,333)**	(185,305)
Effects of:		
Unutilised Losses	**74,333**	185,305
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 £4,673,643 (2019: £4,279,418) which equates to an unrecognised deferred tax asset of £887,992 (2019: £1,027,060).

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 three segments: Botswana, Zimbabwe and South Africa.

9A. Segment revenue and segment result

Group	**Segment Revenue 2020 £**	**Segment Result 2020 £**	Segment Revenue 2019 £	Segment Result 2019 £
Botswana	-	**(34,394)**	-	(435,139)
South Africa	-	**-**	-	-
Zimbabwe	-	**-**	-	-
Total continuing operations	-	**(34,394)**	-	(435,139)
Unallocated head office	-	**(356,831)**	-	(336,965)
	-	**(391,225)**	-	(772,104)

9B. Segment assets and liabilities

Group	**Assets 2020 £**	**Liabilities 2020 £**	Assets 2019 £	Liabilities 2019 £
Botswana	**7,033,858**	**16,019**	7,062,339	14,901
South Africa	**1,038,411**	**-**	972,805	2,880
Zimbabwe	**23,773**	**-**	5,756	-
Total continuing operations	**8,096,042**	**16,019**	8,040,900	17,781
Unallocated head office	**33,912**	**416,469**	48,293	380,006
	8,129,954	**432,488**	8,089,193	397,787

Company	**Assets 2020 £**	**Liabilities 2020 £**	Assets 2019 £	Liabilities 2019 £
Botswana	**3,932,872**	**-**	3,824,359	-
South Africa	**1,038,411**	**-**	972,805	2,880
Zimbabwe	**23,773**	**-**	5,756	-
Total continuing operations	**4,995,056**	**-**	4,802,920	2,880
Unallocated head office	**33,909**	**416,469**	48,293	380,006
	5,028,965	**416,469**	4,851,213	382,886

9. SEGMENTAL ANALYSIS *(continued)*

9C. Other segmental information

Additions to non current assets	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Botswana	105,907	160,703	102,757	90,443
South Africa	65,606	202,702	65,606	202,702
Zimbabwe	18,017	5,756	18,017	5,756
Total continuing operations	189,530	369,161	186,380	298,901
Unallocated head office	-	-	-	-
	189,530	369,161	186,380	298,901

10. INTANGIBLE ASSETS

Exploration and evaluation assets:

	2020 Group £	2019 Group £	2020 Company £	2019 Company £
Cost:				
At 1 July	9,299,236	9,063,021	5,039,516	4,740,615
Additions	189,530	369,161	186,380	298,901
Exchange losses	(103,715)	(132,946)	-	-
At 30 June	9,385,051	9,299,236	5,225,896	5,039,516
Impairment:				
At 1 July	1,264,084	828,945	230,857	230,857
Impairment	34,394	435,139	-	-
At 30 June	1,298,478	1,264,084	230,857	230,857
Carrying Value:				
At 1 July	8,035,152	8,234,076	4,808,659	4,509,758
At 30 June	8,086,573	8,035,152	4,995,039	4,808,659

10. INTANGIBLE ASSETS *(continued)*

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

Segmental analysis	**2020 Group £**	2019 Group £	**2020 Company £**	2019 Company £
Botswana	**7,024,389**	7,056,591	**3,932,855**	3,830,098
South Africa	**1,038,411**	972,805	**1,038,411**	972,805
Zimbabwe	**23,773**	5,756	**23,773**	5,756
	8,086,573	8,035,152	**4,995,039**	4,808,659

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 of £34,394 (2019: £435,139) 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 project.

On 6 February 2017 the Group entered into an Option and Earn-In Agreement with Vutomi Mining Pty Ltd and Razorbill Properties 12 Pty Ltd (collectively known as 'Vutomi'), a private diamond exploration and development firm in South Africa. Pursuant to the terms of the Agreement, Botswana Diamonds earned a 40% equity interest in the project.

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 £Nil (2019: £6,951) of share based payments, £14,599 (2019: £15,754) of wages and salaries and £76,910 (2019: £74,620) of directors remuneration which has been capitalized. This is for time spent directly on the operations rather than on corporate activities.

11. INVESTMENT IN SUBSIDIARIES

	2020	2019
	£	£
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.

In the opinion of the directors, at 30 June 2020, the fair value of the investments in subsidiaries is not less than their carrying amounts.

The subsidiaries of the Company at 30 June 2020 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 International Commerce Park, Gaborone, Botswana	Botswana	100%	Prospecting and exploration for diamonds
Kukama Diamonds Investments Limited	50,000 shares of US$1,000 each	Sea Bank House, P O Box 116, Road Town Tortola, BVI	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, SW1Y 4LB	United Kingdom	100%	Dormant
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, SW1Y 4LB	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, SW1Y 4LB	United Kingdom	100%	Dormant
***Sisekco Minerals	517 shares	Unit 1, Plot 99 Gaborone International Commerce Park, Gaborone, Botswana	South Africa exploration for diamonds	51.7%	Prospecting and

11. INVESTMENT IN SUBSIDIARIES *(continued)*

Name of subsidiary	Total allotted Capital	Registered Office	Country of incorporation and operation	% Ownership	Principal activity
**Sunland Minerals (Pty) Limited	5,000 shares of BWP1 each	Unit 1, Plot 99 Gaborone International Commerce Park, Gaborone, Botswana	Botswana	100% exploration for diamonds	Prospecting and
Atlas Minerals (Botswana) (Pty) Limited	200 shares of BWP1 each	Unit 1, Plot 99 Gaborone International Commerce Park, Gaborone, Botswana	Botswana	100% exploration for diamonds	Prospecting and

*** 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. OTHER RECEIVABLES

	2020 Group £	2019 Group £	**2020 Company £**	2019 Company £
Prepayments	**25,387**	40,229	**20,947**	34,899
Due by Group undertakings (Note 6)	**-**	-	**-**	-
	25,387	40,229	**20,947**	34,899

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

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

13. CASH AND CASH EQUIVALENTS

	2020 Group £	2019 Group £	**2020 Company £**	2019 Company £
Cash and cash equivalents	**17,994**	13,812	**12,962**	7,638

14. TRADE AND OTHER PAYABLES

	2020 Group £	2019 Group £	2020 Company £	2019 Company £
Trade payables	**16,223**	70,779	**10,485**	63,338
Accruals	**416,265**	327,008	**405,984**	319,548
	432,488	397,787	**416,469**	382,886

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.

15. CALLED-UP SHARE CAPITAL

Deferred Shares

Deferred Shares – nominal value of 0.75p per share	**Number**	**Group and Company Share Capital £**	**Share Premium £**
At 1 July 2018 and 2019	239,487,648	1,796,157	-
At 30 June 2019 and 2020	239,487,648	1,796,157	-

Ordinary Shares – nominal value of 0.25p per share

Allotted, called-up and fully paid:	**Number**	**Group and Company Share Capital £**	**Share Premium £**
At 1 July 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
Issued during the year	**94,666,667**	**236,667**	**281,333**
Share issue expenses	**-**	**-**	**(17,000)**
At 30 June 2020	**671,221,902**	**1,678,055**	**10,564,712**

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

Movements in share capital

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.

On 18 July 2019, the Company raised £250,000 through the issue of 50,000,000 new ordinary shares of 0.25p each at a price of 0.50p per share to provide additional working capital and fund development costs.

On 18 November 2019, a total of 1,000,000 warrants were exercised at a price of 0.60p per warrant for £6,000.

On 28 January 2020, the Company raised £250,000 through the issue of 41,666,667 new ordinary shares of 0.25p each at a price of 0.60p 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 28 January 2020.

On 12 June 2020, a total of 2,000,000 warrants were exercised at a price of 0.60p per warrant for £12,000.

16. SHARE-BASED PAYMENTS

SHARE OPTIONS

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.

	30/06/2020 Options	**2020 Weighted average exercise price in pence**	30/06/2019 Options	2019 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**	11,410,000	5.14

16. SHARE-BASED PAYMENTS *(continued)*

WARRANTS	30/06/2020 Warrants	2020 Weighted average exercise price in pence	30/06/2019 Warrants	2019 Weighted average exercise price in pence
Outstanding at beginning of year	**67,272,727**	**0.60**	28,298,700	0.85
Issued	**41,666,667**	**0.60**	67,272,727	0.60
Exercised	**(3,000,000)**	**0.60**	-	
Expired	**-**	**-**	(28,298,700)	(0.85)
Outstanding at end of the year	**105,939,394**	**0.60**	67,272,727	0.60

Refer to note 15 Called up Share Capital for the details of the share options and warrants.

17. MATERIAL NON-CASH TRANSACTIONS

Material non-cash transactions during the year have been outlined in Notes 10, 11, 15 and 16.

18. CAPITAL COMMITMENTS

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

19. 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 £356,831 (2019: loss of £379,558).

20. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

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

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

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

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

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

Notes To The Financial Statements

for the year ended 30 June 2020 *(continued)*

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

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
The responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group and Company's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Cash forecasts are regularly produced to identify the liquidity requirements of the Group.

Group	**Less than 1 year**	**Greater than 1 year**
At 30 June 2020		
Trade and other payables	16,223	-
Accruals	416,265	-
Company		
Trade and other payables	10,485	-
Accruals	405,984	-

Capital management
The primary objective of the Group's capital management is to ensure that it maintains a healthy capital ratio in order to support its business and maximise shareholder value. The capital structure of the Group consists of issued share capital, share premium and reserves.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 30 June 2019. The Group's only capital requirement is its authorised minimum capital as a plc.

Credit Risk
Credit risk arises from cash and cash equivalents and other receivables.

The maximum credit exposure of the Group as at 30 June 2020 amounted to £43,381 (2019: £54,041) relating to the Group's cash and cash equivalents and receivables.

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.

	2020 £	2019 £
Cash held in institutions with S&P A- rating or higher	**17,994**	13,812

20. 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**	
	2020	2019	**2020**	2019
	£	£	**£**	£
Euro	**7,540**	2,297	**5,985**	41,817
US Dollar	**1,616**	1,379	**-**	-

Company	**Assets**		**Liabilities**	
	2020	2019	**2020**	2019
	£	£	**£**	£
Euro	**7,540**	2,297	**5,985**	41,817
US Dollar	**994**	702	**-**	-

21. POST BALANCE SHEET EVENTS

On 20 July 2020 the Company agreed to acquire the KX36 Diamond discovery in Botswana, along with two adjacent Prospecting Licences and a diamond processing plant. These interests are part of a package held by Sekaka Diamonds. Botswana Diamonds plc acquired 100% of the shares of Sekaka. The vendor was Petra Diamonds. The consideration comprised a cash payment of US$300,000 and a 5% royalty on future revenues. The cash consideration is payable on a deferred basis with US$150,000 payable on 27 November 2021 and the balance on or before 27 November 2022. The acquisition was completed on 30 November 2020.

On 7 September 2020, the Company announced that they had raised £300,000 via the placing of 50,000,000 new ordinary shares with new and existing investors at a price of 0.6p per share. Each share has one warrant attached with the right to subscribe for one new ordinary share at 0.6p per new ordinary share for a period of two years from 7 September 2020.

Statement Accompanying Notice of Annual General Meeting

To holders of ordinary shares of 0.25p each in the Company

Dear Shareholder,

This letter accompanies the Notice of the Annual General Meeting of the Company (the "AGM") to be held at The Granite Exchange, 5-6 Kildare Street, Newry, Northern Ireland, BT34 1DQ on Thursday 28th January 2021 at 11.00am.

We are closely monitoring the Coronavirus (COVID-19) situation. The Board takes its responsibility to safeguard the health of its shareholders, stakeholders and employees very seriously and so the following measures will be put in place for the AGM in response to the COVID-19 pandemic.

The holding of the AGM will be kept under review in line with current Covid-19 guidelines. However, it will be attended only by the minimum number of Directors of the Company permissible and other officers and professional advisers will not be in attendance, unless required for the AGM.

In order to reduce the risk of infection, the meeting will end immediately following the formal business of the AGM and there will be no refreshments.

Shareholders are actively encouraged to consider whether their attendance at the AGM is necessary given the current guidelines. In order to safeguard the well-being of our shareholders and employees, we are encouraging shareholders to appoint the Chairman as their proxy (either electronically or by post) with their voting instructions rather than attend the AGM in person.

If you have questions which you would like to discuss in advance of the AGM, please contact the Board by emailing info@botswanadiamonds.co.uk or send them in writing with your Form of Proxy to the Registrar, by no later than four days in advance of the AGM and a member of the Board will respond to you in writing as soon as possible.

Shareholders still wishing to attend the meeting in person should not do so if they or someone living in the same household feels unwell or has been in contact with anyone who has the virus or who feels unwell. The Board will put in place security arrangements and to gain entrance to the meeting, shareholders will be required to sign a certificate to confirm that this is the case.

These requirements and confirmations are subject to change to reflect the latest Covid-19 guidelines at the time of the AGM. The Company will continue to monitor the impact of COVID-19. Any relevant updates regarding the AGM will be available on the Company's website.

By order of the Board

James Finn
Secretary

11 December 2020

Notice of Annual General Meeting

Notice is hereby given that an Annual General Meeting of Botswana Diamonds plc ("the Company") will be held at The Granite Exchange, 5-6 Kildare Street, Newry, Northern Ireland, BT34 1DQ on Thursday 28th January 2021 at 11.00am for the following purposes:

Ordinary Business

1. To receive and consider the Directors' Report, Audited Accounts and Auditor's Report for the year ended 30 June 2020.

2. To re-elect Director: Anne McFarland retires in accordance with the Articles of Association and seeks re-election.

3. To re-elect Director: James Campbell retires in accordance with the Articles of Association and seeks re-election.

4. To re-elect Deloitte as auditors and to authorise the Directors to fix their remuneration.

5. To transact any other ordinary business of an annual general meeting.

Special Business
Ordinary Resolution

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

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

Special Resolution

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

   a. Be limited to the allotment of equity securities up to an aggregate nominal amount of £3,000,000; and

   b. Expire on a date no longer that five years from the date the resolution is passed (unless renewed, varied or revoked by the Company prior to or on that date) save that the Company may, before such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the Board

James Finn
Secretary
11 December 2020

Please refer to the notes on the next page.

Notice of Annual General Meeting *(continued)*

Notes:

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

2. To be effective, the completed Form of Proxy duly signed, together with the power of attorney (if any) or other authority under which it is executed, or a notarially certified copy thereof, must be deposited at the Company's Registrars, Computershare Investor Services (Ireland) 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 e-mail 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 11.00 a.m. on 26 January 2021 (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 26 January 2021 (or in the case of an adjournment as at 48 hours before the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's agent is able to retrieve the message. The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Directors and other information

DIRECTORS	Dr. John Teeling James Finn David Horgan Robert Bouquet Anne McFarland James Campbell
SECRETARY	James Finn
REGISTERED OFFICE	Suite 1. 3rd Floor 11-12 St. James's Square London, SW1Y 4LB United Kingdom
BUSINESS ADDRESS	162 Clontarf Road Dublin 3 Ireland
REGISTERED AUDITORS	Deloitte Ireland LLP Chartered Accountants and Statutory Audit Firm Deloitte & Touche House Earlsfort Terrace Dublin 2 Ireland
COMPANY REGISTRATION NUMBER	07384657
SOLICITORS	Philip Lee 7/8 Wilton Terrace Dublin 2 DO2 KC57 Ireland
REGISTRARS	Computershare Services (Ireland) Limited 3100 Lake Drive Citywest Business Campus Dublin 24 D24 AK82 Ireland
NOMINATED ADVISER & JOINT BROKER	Beaumont Cornish Limited 10th Floor 30 Crown Place London EC2A 4EB United Kingdom
JOINT BROKER	First Equity Limited Salisbury House London Wall Finsbury London EC2M 5QQ United Kingdom
BANKERS	Barclays Bank Ireland plc One, 2 Molesworth Place Dublin 2 Ireland

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