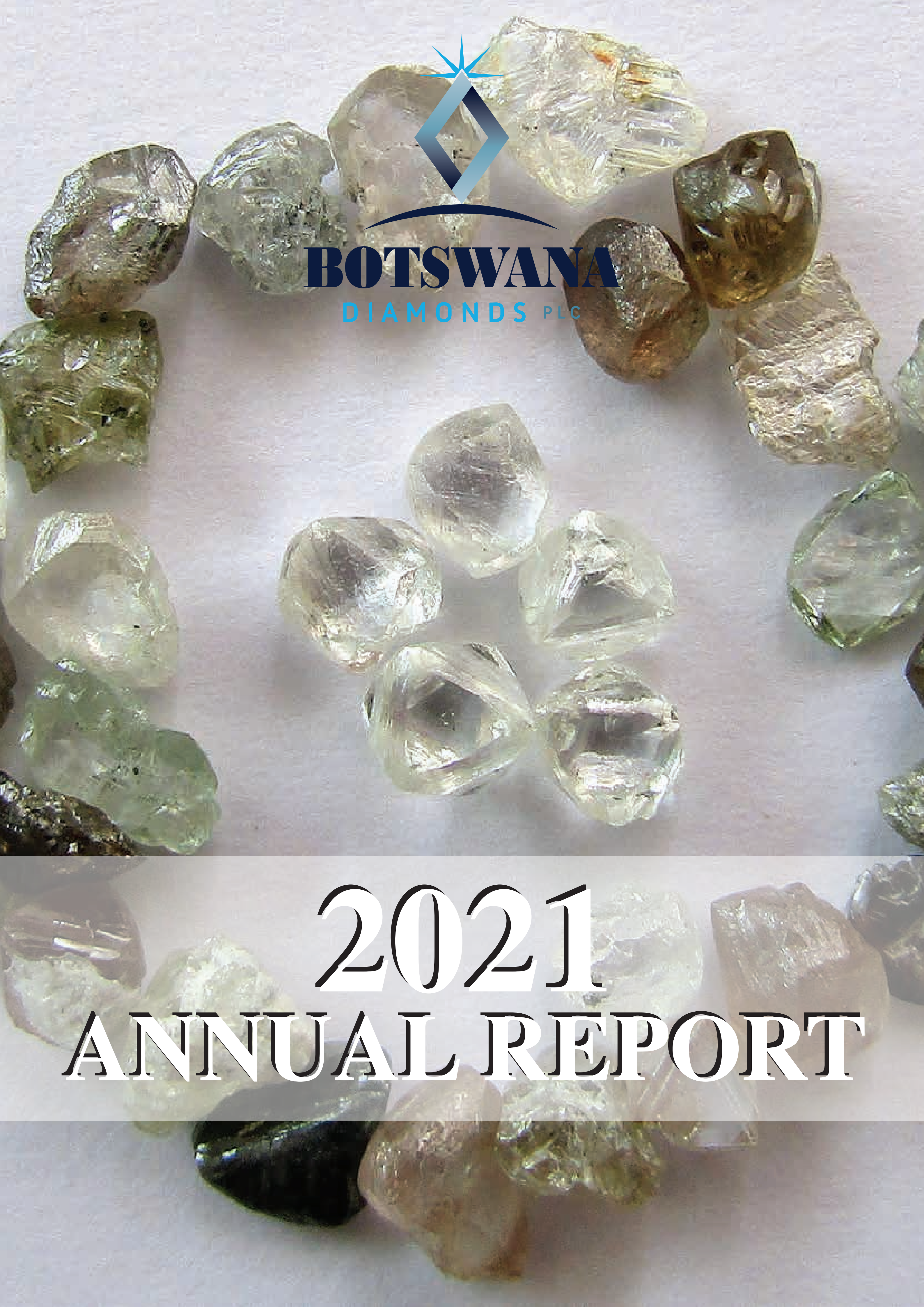


BOTSWANA
DIAMONDS PLC

2021 ANNUAL REPORT

Front cover: Diamonds from Thorny River

CHAIRMAN'S STATEMENT

Botswana Diamonds (BOD) is evolving from a pure diamond explorer to a diamond producer. We have an expectation that one or more of our advanced projects will in the near future potentially turn into a diamond mine. Our focus remains Botswana and South Africa, particularly the geology at the Kaapvall craton which straddles the border between the two countries. This area has produced many of the biggest and most valuable diamonds ever discovered from some of the largest diamond mines ever developed. We believe that more discoveries are likely particularly using modern techniques and technology.

Before turning to a review of our projects let me look at the diamond market. Prices have rebounded in recent times after a severe fall in the past two years. Demand is strong for gem quality diamonds in the emerging markets and in the US. Meanwhile supply is at best static with closures in Australia and production problems in Siberia among other problems. The long-term future looks strong as more people enter the middle class and want the things that most European and American consumers buy. Who would have thought that a pandemic would be positive for the diamond traders? As we re-emerge from the shadow of the pandemic we believe that the middle market of the industry (traders and cutters) is in the best shape for many years. Stocks are low, liquidity is good, prices are going up and demand for both rough and polished is very strong. The post-Covid years should see very strong diamond acquisition and gifting. We expect good times ahead for the industry.

Botswana

Botswana, the country, is the largest diamond producer by value in the world with up to 80% of annual production being gem quality.

The management and directors of BOD have extensive experience of operating in the country. They were part of the team which discovered in 2004 the Karowe diamond mine which in operation since 2012, has produced some of the largest diamonds ever found. BOD emerged from the exploration arm of African Diamonds, which in joint venture with De Beers, discovered Karowe.

We are very active with a series of actual and potential operations in the country both 100% owned and in joint venture. The operations range from an existing closed mine (Ghaghoo), a significant diamond discovery (KX36), late stage exploration (Sunland), to early stage prospecting using a very large data base (Sekaka).

Ghaghoo is a well-known diamond mine located in the Central Kalahari. As announced earlier this year in August, Okwa Diamonds, a joint venture with Vast Resources plc in which we have an initial 10% carried interest, conditionally agreed to acquire Gem Diamonds Botswana whose primary asset is the fully permitted Ghaghoo diamond mine in central Botswana which is currently under care and maintenance. BOD in a joint venture with Vast Resources, are proposing to acquire the mine and plant. BOD can also earn up to a further 20% interest in Okwa through funding 20% of expenditure.

A resource estimate for Ghaghoo was prepared by Venmyn with an effective date of 1 January 2014 which reported SAMREC compliant Indicated Resource based on which the Ghaghoo deposit is estimated to contain 20.5 million carats at a value likely to be in excess of $200 a carat. The mine and plant, currently on care and maintenance, has an output capacity of between 300,000 and 400,000 carats a year. The mine operated for a short period of time but a combination of lower diamond prices and operational difficulties with water and sand ingress led to a shutdown. BOD has done extensive due diligence and believes that the difficulties with sand and water can be handled and that changes to operating equipment such as solar power instead of diesel and new diamond sorting technology can make the mine cash positive. It is expected that the acquisition should complete in the early part of 2022.

This is a very rare opportunity to acquire a proven deposit of good gem quality stones together with a built mine and full plant. Initial work will involve processing the dumps, mine dewatering and an updated feasibility study. We will work closely with the Botswana authorities who are eager to see the mine restart.

Some 70kms south of Ghaghoo lies the 100% BOD owned KX36 deposit with a historic SAMREC compliant Indicated Resource containing 8.6m carats of diamonds. This deposit was hailed as a new frontier in diamonds when first discovered by Petra Diamonds. The site contains an inventory of plant and equipment which is being maintained. Resource estimates in 2016 include an Indicated Resource of 17.9m tonnes at 35 carats per hundred tonnes (cpht) and an Inferred Resources of 6.7m tonnes at 36 cpht. The overall value per carat ranges from $65-107 per carat. More recent modelling by BOD suggest improved overall grades of between 57 and 76 cpht. BOD acquired the property plant and database for $300,000 US and a 5% royalty on diamond production.

CHAIRMAN'S STATEMENT (continued)

Kimberlite pipes normally come in clusters; so it is believed that other pipes exist in the vicinity. BOD holds two prospecting licences adjacent to KX36. Exploration is planned on the licences.

KX36, being located in the Kalahari desert, is remote with almost no infrastructure; so a restart of Ghaghoo some 70kms away will help with infrastructure and supplies and enhances the possibility of development. The possibility of mining at KX36 and processing at Ghaghoo is one such scenario. I cannot over-emphasise the value of having a combined inferred and indicated resource of 29 million carats of diamonds. Diamonds are hard to find, very hard. 29 million carats is significant. The two discoveries, though remote, are in the best diamond address in the world. BOD is working to reopen Ghaghoo after which the feasibility of KX36 will be examined.

Turning now to our exploration activities.

BOD has a JV with Diamexstrat / Burgundy whereby the extensive BOD diamond database is being analysed by Diamexstrat, with the objective of targets being identified and drilled. Depending on the licence BOD has either a carry or an earn-in. The first phase work is completed and targets identified.

BOD holds 100% of licences in the Kalahari in areas adjacent to Ghaghoo and KX36. Extensive early-stage work has been done on the ground. Assuming positive mineral chemistry on the samples recovered, a decision will be made on a drilling programme.

BOD has a 15% interest in the Maibwe joint venture, where BCL, a state-owned copper nickel producer, owns 51%. BCL was due to complete an exploration programme but went into liquidation. After some years in limbo it is expected that BCL will shortly be sold. It is also expected that Maibwe will be sold off. BOD, in partnership with a local Botswana company, Future Minerals, has made an offer for the BCL stake. Maibwe identified 4 kimberlite pipes. Work to date has found extensive diamonds in one of these pipes.

South Africa

We believe that South Africa has become more competitive for investment due to lower royalties and clarification of the shares to be given to local investors (26%). The extensive history of diamonds in South Africa has left a treasure trove of data. The best chance to find a new diamond mine is often where there is or was a mine. The uncertainties of recent years has meant that many companies have abandoned the country leaving open ground. BOD personnel have identified a series of potential opportunities in the country.

Our exploration vehicle in South Africa is Vutomi Mining and we announced in September that we had exercised our pre-emptive right to acquire the outstanding third-party interests and which, on completion, will be 74% owned by BOD and 26% owned by Baroville our local empowerment partner when final approvals are granted. The focus of Vutomi is the Thorny River advanced stage project.

Thorny River is a kimberlite dyke system located close to the fabled Marsfontein and Klipspringer mines. BOD has a very specific focus in Thorny River – to identify blows or swells in the kimberlite dykes which could contain high concentrations of good quality diamonds. Significant work has been undertaken on potential blows discovered by geophysics. Three drilling programmes have been undertaken with success, discovering the River Blow, the River Expansion Blow and recently a drilling programme joined the two blows into one orebody. Work is ongoing to produce a 3D model of the combined structures which will enable BOD to estimate the overall volume of kimberlite. Analysis of the River Blow indicated 46-74 cpht with a diamond value of $120 to 220 US per carat. These figures are consistent with results in the overall dyke system. The stones recovered to date are of good size, clarity, colour and quality.

The next step is to look at the feasibility of commercial production by open cast mining. In addition we need to continue to explore to increase the volume. Ongoing work has identified ten possible blows of which four are close to the existing discoveries.

Other opportunities exist on the ground in the area, particularly the Marsfontein gravels which have a potential for low-cost mining. This opportunity plus others on Vutomi-owned licences are on the back burner while Thorny River is being evaluated.

CHAIRMAN'S STATEMENT (continued)

Future

This is a time of great opportunity for BOD but the market has not yet realised it. As a junior explorer we have punched well above our weight by joint venturing with companies with finance and/or projects.

The coming months will be very significant. . While we are a minority partner, when the acquisition of Ghaghoo is completed we will be the operator. A recovering diamond price improves value of the 10% carry and the 20% earn-in gives us potentially a significant stake at no upfront cost. The joint venture with Diamexstrat has identified some exciting targets which need to be drilled, again at no cost to BOD. I am sure that the inclusion of the 100% owned KX36 diamond discovery will be a powerful asset to our portfolio as activities in Botswana grow.

The drilling campaign in South Africa has been positive. The current modelling will assist in evaluating the commerciality of what we have; but note that our work has identified other anomalies likely to be blows, some of which are bigger than anything we have to date. The Marsfontein mine within kilometres of our blows was so rich in diamonds that the capital investment was paid back in 4.5 days.

Following outside interest in acquiring Vutomi Mining, we exercised our pre-emptive right to acquire the shares we did not own at the same price as the offer and we will have 74% of the equity when all approvals are granted.

The stock markets in recent years has been a hostile place for junior explorers including diamonds. Explorers need continued funding at least until a discovery goes into commercial production. A small group of investors have supported placings in BOD and I anticipate that this will continue. We have moved a very long way from a greenfield explorer. We now have a pipeline of projects at various stages of development.

John Teeling

John Teeling
Chairman

6 December 2021

MANAGING DIRECTOR'S STATEMENT

Botswana Diamonds plc ('BOD' or 'the Company') is focused on the exploration and development of commercial diamond deposits in Southern Africa with specific emphasis on the Kalahari of Botswana and the Thorny River and Marsfontein kimberlite complex in South Africa.

In Botswana, the company has signed an agreement to conditionally acquire the Ghaghoo diamond mine in partnership with Vast Resources plc ('VAST'). Nearby is the 100% owned KX36 deposit which was acquired from Petra Diamonds Ltd ('Petra') last year and is in the process of evaluation. Across the Kalahari and in Botswana in general, the company has entered into a farm-in arrangement with Diamexstrat Botswana ('DESB') and Burgundy Diamond Mining ('BDM') to discover new kimberlites.

In South Africa, two diamondiferous blows were discovered on its Thorny River property, and this follows an extensive ground geophysical survey and three drilling campaigns. The company has also acquired the outstanding third-party interests in Vutomi Mining subject to regulatory approval whilst maintaining compliance with local Black Economic Empowerment ('BEE') legislation.

STRATEGY

The Company is focused 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, particularly using new technology and fresh thinking.

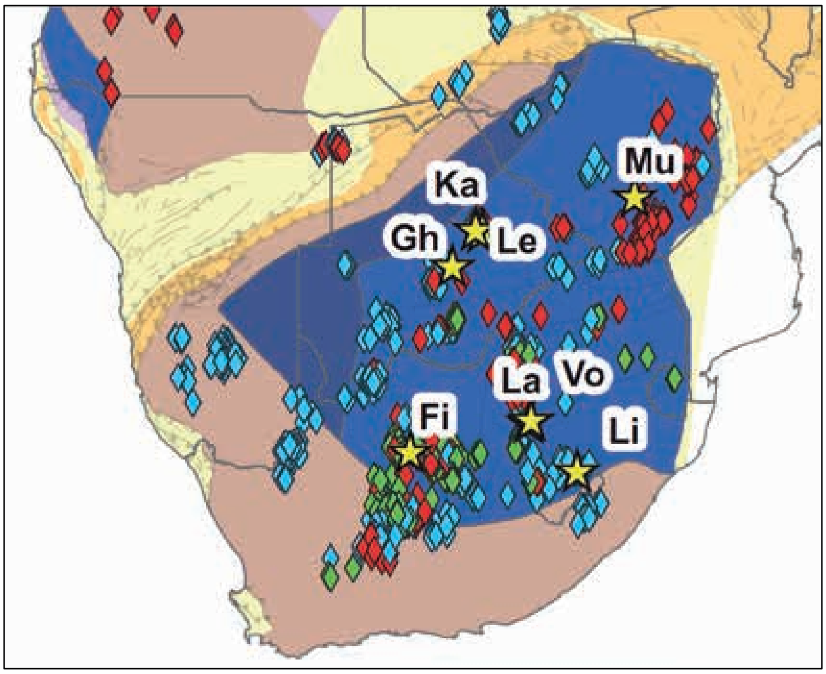


Figure 1: Geological map of the Pre-Cambrian basement of Southern Africa (de Wit and Linol, 2015) with Group 1 (red) and Group 2 (blue) highlighting Tier-2 diamond deposits including Karowe and Ghaghoo.

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. Zimbabwe is also highly prospective and there are positive signs that the country is gradually opening for business.

The Company has a portfolio which comprises projects over the exploration continuum from early stage through to more advanced stages of evaluation and mine development with specific focus on the Kalahari of Botswana and the Thorny River Marsfontein kimberlite complex in South Africa. 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 ie, maximise 'bang for the buck'.

MANAGING DIRECTOR'S STATEMENT (continued)

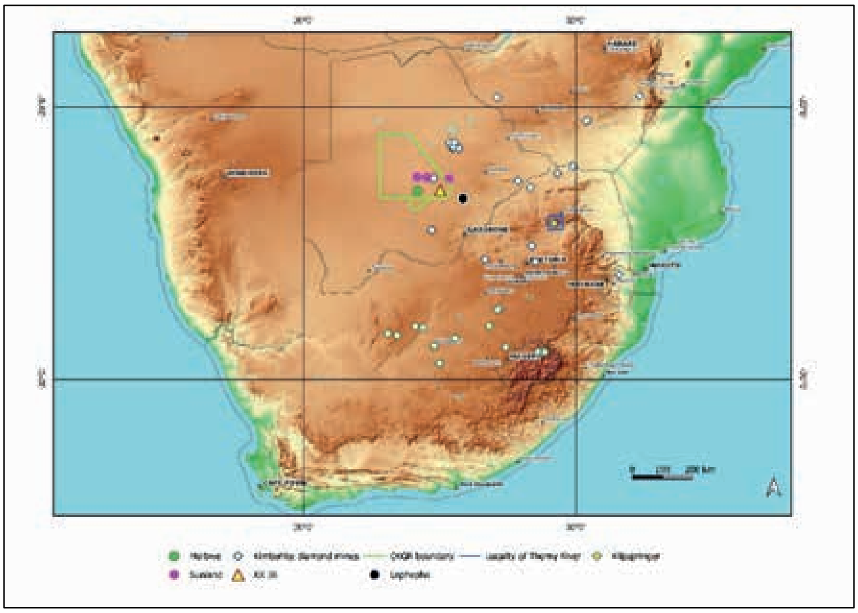


Figure 2: BOD's portfolio of projects (image: John Shelton)

The Company keeps fully 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.

With the increase in diamond prices post the Covid pandemic and industry experts forecasting the continuation of this as the diamond supply demand gap widens, the Company is also continually assessing older discoveries and mines in its considerable database through the lens of revised diamond pricing and new technologies.

MANAGING DIRECTOR'S STATEMENT (continued)

BOTSWANA

Introduction

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.

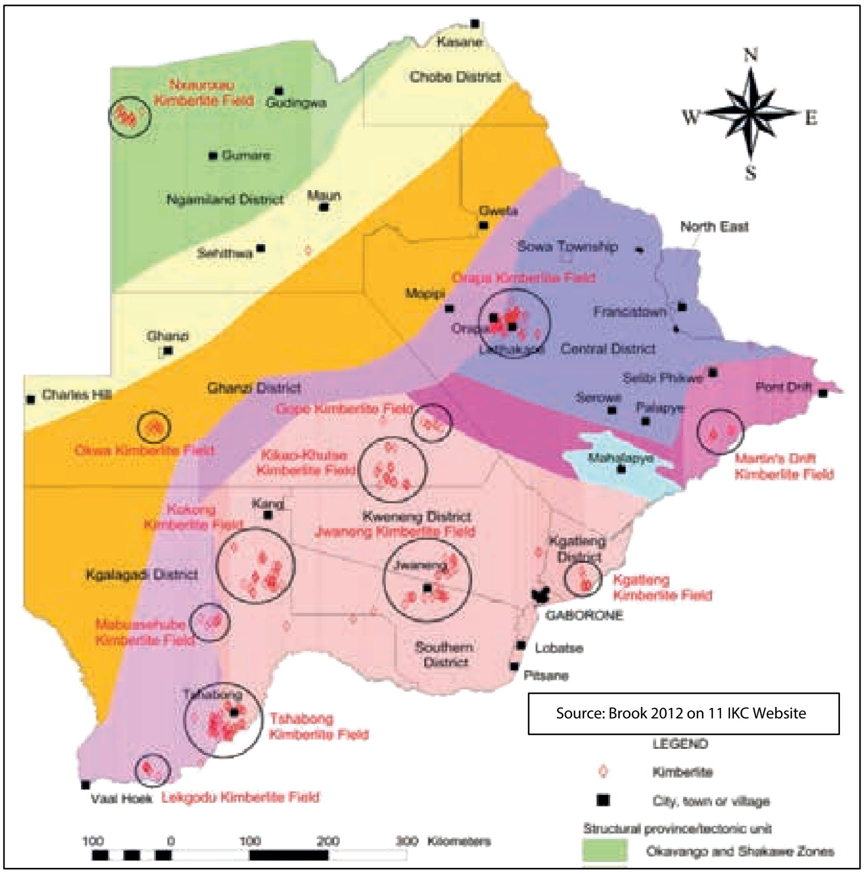


Figure 3: Kimberlite clusters of Botswana (Map: Brook, 2012 on 11IKC website)

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 in the world.

The company is primarily focused in the Kalahari region of Botswana where it is active in several ventures.

MANAGING DIRECTOR'S STATEMENT (continued)

Ghaghoo acquisition

Background

Ghaghoo is a 10.8 hectare kimberlite pipe located in the Central Kalahari of Botswana and was discovered in 1982 by Falconbridge Mining (later called Xstrata) and evaluated in joint venture with De Beers up to 2007. Gem Diamonds Ltd ('Gem') acquired Ghaghoo from De Beers and Xstrata in May 2007. Gem continued to evaluate the project and a study was undertaken in 2010 to determine the most viable way in which to exploit the deposit. A Mining License was awarded to Gem Diamonds Botswana ('GDB') in 2010. Further work on the kimberlite was deemed appropriate, and GDB embarked on underground development to bulk sample the pipe in 2011/2012 through a decline shaft, and this developed into commercial production in 2015.

Figure 4: Drone image of plant and mining area (photo: John Shelton)

GDB is the holder of mining licence 2010/97L issued in terms of Section 41 of the Botswana Mines and Minerals act which grants GDB a mining licence for 25 years until 21 December 2036. The Government of Botswana does not have any equity in GDB but a royalty of 10% is payable to the Government of Botswana on all diamonds produced and sold.

Operations were based on a small underground mine that was ultimately not profitable due largely to the poor diamond market conditions at that time and operational issues. Accordingly, in February 2017, GDB placed the mine on care and maintenance after recovery of just under 150,000 carats of diamonds.

There is extensive infrastructure on-site including a diamond processing plant comprising an autogenous ('AG') mill, dense media separation plant ('DMS'), x-ray recovery and sort house. BOD's due diligence has identified that there is a small low-grade kimberlite stockpile and DMS tailings of up to approximately 80,000 m3 and which contains 70-80% kimberlite.

MANAGING DIRECTOR'S STATEMENT (continued)

Figure 5: The Autogenous Mill

A resource estimate for Ghaghoo, which uses a bottom cut-off ('BCOS') of +1.5mm was prepared by Venmyn with an effective date of 1 January 2014. This estimate had a reported SAMREC compliant Indicated Resource of 79,390,000 tons with an average grade of 19.51 cpht and diamond value of $242/ct and an Inferred Resource of 28,777,000 tons with an average grade of 17.52 cpht and an average diamond value of $239/ct.

Share Sale Agreement

Under the Share Sale Agreement entered into between BOD, VAST, Okwa and Gem on 23 August 2021, Okwa conditionally agreed to acquire GDB, a wholly owned subsidiary of Gem Diamonds, for a cash consideration of US$4M. In addition, the Purchase Price will be adjusted upwards or downwards by an amount equal to net current assets (excluding agreed inventory items) as per the final balance sheet of GDB to be prepared on the effective date (being the tenth business day following the date on which the last condition has been satisfied) – this amount is expected to be minimal.

Completion is subject to a number of conditions (with a long stop date of 31 January 2022 unless otherwise agreed between the parties) including:

- Written confirmation of requisite financing undertakings from a bank acceptable to Gem guaranteeing payment of 80 per cent of the Purchase Price;
- Okwa providing a replacement guarantee of US$3M in terms of section 38 of the Mines and Minerals Act with accompanying evidence of acknowledgement and consent by the Government of Botswana of the cancellation of the GDB's Guarantee;
- Written approval from the Government of Botswana approving the transaction in accordance with section 50 of the Mines and Minerals Act; and
- Written approval from the Competition Authority of Botswana approving the transaction in accordance with the provisions contained in Part X of the Botswana Competition Act (CAP 46:09).

MANAGING DIRECTOR’S STATEMENT (continued)

Joint Venture with VAST

BOD and VAST are the shareholders in Okwa, which was established as a special purpose vehicle (‘SPV’) to carry out due diligence and acquire GDB. Conditional on completion of the Share Sale Agreement, BOD and VAST have agreed the terms of shareholders agreement. On completion of the acquisition, the board of Okwa will constitute a technical subcommittee for oversight of the operation of the mine and to determine funding requirements and VAST will be entitled to appoint two directors (of which one will be Chairman) and BOD will be entitled to appoint one director.

VAST is responsible for funding Okwa with the first US$15M of funding required for the purposes of carrying out due diligence, acquiring GDB and placing the mine back into production. BOD has a 10% free carry in consideration of the services it has provided to Okwa up to maximum total expenditure of US$15M (including the acquisition consideration) and may not be diluted below 2.5% thereafter. BOD also can earn-in up to a further 20% interest in Okwa (thereby increasing its total interest to 30%) through funding 20% of expenditure.

Under the joint venture agreement, the parties have agreed that BOD will be responsible for leadership and technical advice until the mine reaches steady state production and will be appointed (subject to agreement of the relevant documentation) as the operator of the Ghaghoo mine until such time as an agreed management team is in place. BOD will oversee the recruitment of the operational team which will be directly employed by Okwa. BOD also has diamond marketing rights equivalent to its shareholding in Okwa.

The shareholder agreement contains standard rights of pre-emption over each parties’ shareholding and shareholder loans and drag and tag rights in the event of the sale of Okwa to a third party.

Ghaghoo development plans

BOD and VAST have jointly undertaken extensive internal and third-party due diligence work on Ghaghoo including technical (Paradigm Project Management or ‘PPM’), financial, legal (Khan corporate law), diamonds (QTS Kristal Dinamika) and mine potential (Interlaced) which indicates that there is significant potential upside in both the potential diamond grade and value as well as various operational efficiencies. A detailed risk assessment was also carried out which included the resource, mining method (in particular with respect to the ingress of sand into the first underground mining level) and infrastructure.

The next stage is expected to include the preparation of an updated feasibility study which is chiefly focused on producing a detailed underground mine plan as much of the other work has already been done. Continuation of the underground mine plan was determined as the most commercial option in PPM’s desktop study and is line with the terms of the currently awarded Mining License.

A sinkhole, caused by the partial collapse of a portion of the crown pillar possibly due to over mining, covers an area on the first level of eight in the kimberlite pipe and limits the access to this particular zone of higher-grade kimberlite. Upper production levels will need to have reduced stope extraction so as to better manage the crown pillar and thereby reduce any potential further sand ingress into the underground workings. The changes to the mine plan are not expected to delay access to first ore as there are existing pre-developed crosscuts in place.

MANAGING DIRECTOR'S STATEMENT (continued)

Figure 6: Entrance to the underground portal

The Ghaghoo mine will also need to be de-watered. A rare large earthquake with an epicentre approximately 40km east of Ghaghoo in 2017 resulted in the rupture of an underground water seal leading to a large influx of water into the underground workings. A site visit indicated that the water seal has been repaired and that this has significantly reduced the water ingress into the underground workings and which should result in limiting the mine dewatering time to about 4 months.

Preliminary work has also started on investigating alternative technologies in the diamond sorting section to improve diamond recovery. The re-commissioning programme for the plant will need to include an audit of the DMS operating parameters and optimisation of the autogenous mill to help minimise any loss of diamonds to the DMS tailings.

Sampling is in process on the DMS tailings to assess the diamond potential of the tailings and to establish a Total Content Curve ("TCC") for the kimberlite. The results of this exercise will be used as an input to the feasibility study and could possibly provide the potential for an upgrade in the resource estimate.

MANAGING DIRECTOR'S STATEMENT (continued)

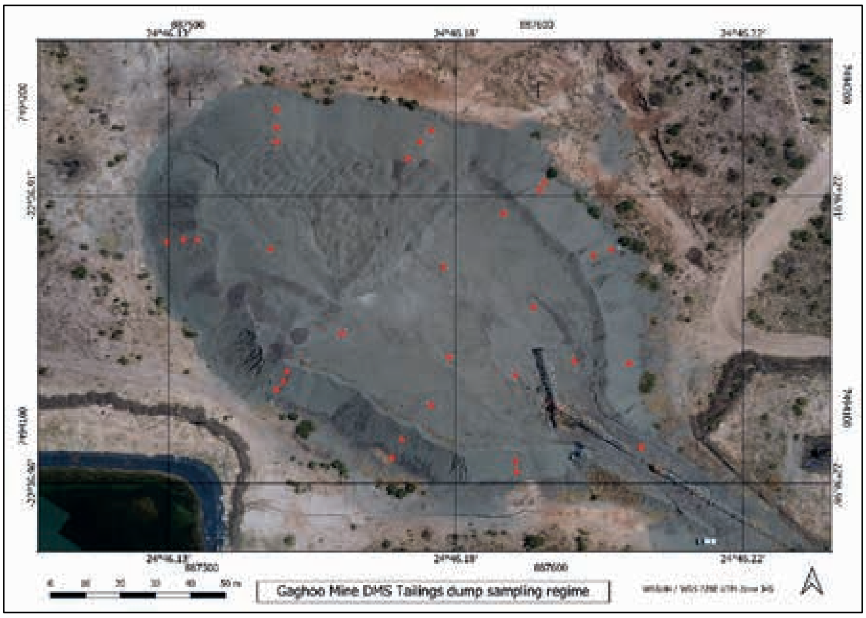


Figure 7: Sample locations on the DMS tailings dump (photo: John Shelton)

The economic performance (and long-term viability) of the mine will also depend on significantly lower unit power costs, such as conversion of the existing diesel generators to solar power or feed from the national grid, together with improvements in road access and potential fiscal concessions.

Sekaka Diamonds

The company entered into a Sale of Shares Agreement with 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.

MANAGING DIRECTOR'S STATEMENT (continued)

Figure 8: KX36 Bulk sampling plant (photo: Petra Diamonds Ltd)

The transaction consideration comprises a deferred cash payment of US$300,000 of which US$150,000 has been paid 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$2M.

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

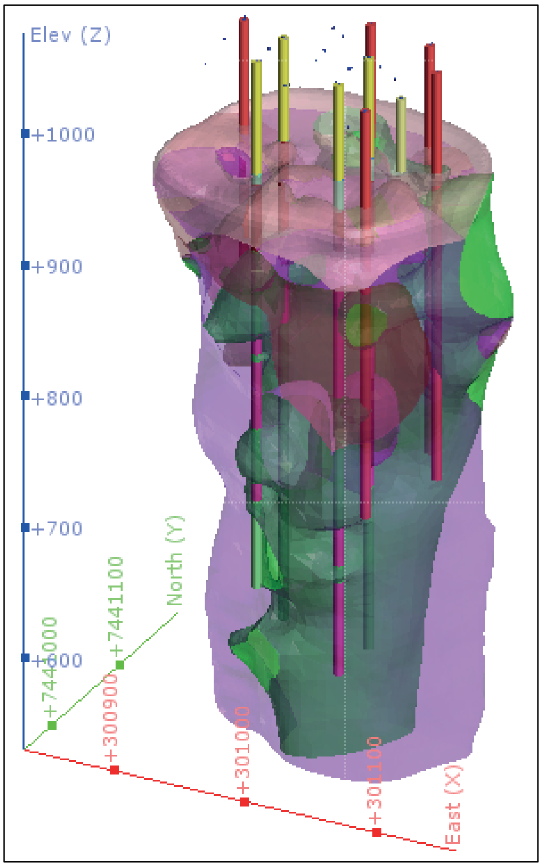


Figure 9: Geological model of KX36 (photo: Petra Diamonds Ltd)

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 17.9M tonnes at 35 cpht exists over the kimberlite, with an Inferred Resource of 6.7M 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 57-76 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 BCOS (+3 DTC diamond sieve).

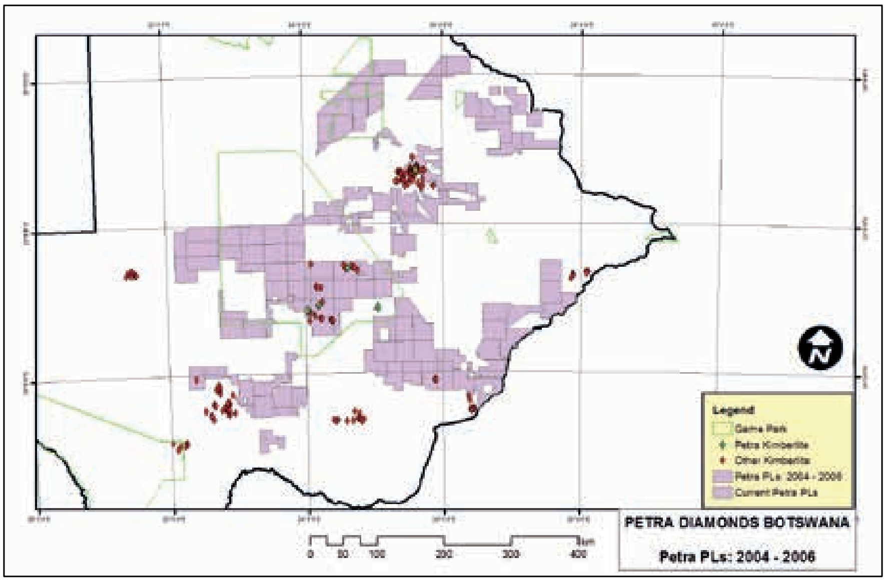


Figure 10: Sekaka historic ground holdings, viz, company database

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.

Diamexstrat / Burgundy Diamond Mining strategic alliance

Corporate

The cooperation agreement with Diamexstrat, which has a back-to-back strategic alliance with Burgundy has four sections, each with different conditions, relating to discoveries on:

- Prospecting Licences held by BOD or any subsidiary of BOD.
- Prospecting Licences held by DESB or any subsidiary of DESB.
- Areas where Prospecting Licences for diamonds are held by third parties.
- Areas where new Prospecting Licences are applied for.

Under the Agreement, the parties have agreed to utilise BOD's diamond exploration database, which it acquired in 2020 as part of the acquisition of Sekaka. The database contains the results of work undertaken by Sekaka's former owner, Petra since 2005, and includes data in respect of airborne (including the Falcon survey) and ground magnetics (including gravity and EM), in addition to heavy mineral sampling.

Prospecting Licences held by BOD or its subsidiaries

DESB has six months to conduct an initial review of BOD's database, to identify exploration targets within any of BOD's existing Sunland and Sekaka Prospecting Licences (excluding the KX36 Kimberlite held by Sekaka) (the "Designated PL"). DESB will be entitled to earn a 50% interest in a Designated PL by meeting the annual minimum Exploration Expenditure commitment on the

MANAGING DIRECTOR'S STATEMENT (continued)

Designated PL and in addition either discovering a kimberlite through the intersection of kimberlite in any drill holes or a potential secondary diamondiferous alluvial deposit through the intersection of gravels in a drill hole or pit. DESB shall be entitled to earn an additional 1%, to hold 51% in any Designated PL, by proving the primary kimberlite or alluvial deposit to be diamondiferous through funding the required micro-diamond analysis or bulk sampling. DESB will also be entitled to earn a further 19%, to hold 70% in the Designated PL, by subsequently funding and delivering a bankable feasibility study. Any Prospecting Licence not selected by DESB at the end of the six-month period (which was extended by mutual agreement) will remain wholly owned by BOD.

Prospecting Licences held by DESB or any subsidiary of DESB

Where it is agreed that geological data present in the database that was not previously available to DESB has assisted in the discovery of a kimberlite or a secondary alluvial deposit within the Exploration Area BOD shall be granted a 15% free carry for the initial approved US$1.5 million of Exploration Expenditure by DESB on the discovery. Once the Exploration Expenditure has been incurred, each party will contribute funding in accordance with its interest or be diluted pro-rata.

Any area where Prospecting Licences for diamonds are held by third parties

The Parties will jointly negotiate an Earn In arrangement with any third party holding more than 50% in any Prospecting Licence.

Any areas where new licences are applied for

For any new ground BOD will initially hold 75% falling to 30% upon completion of a bankable feasibility study.

Operational

The combination of BOD and DESB's datasets has resulted in the creation of a formidable diamond exploration database the size and comprehensiveness of which is unprecedented in the history of diamond exploration in Botswana.

Detailed interrogation analyses of this combined database has identified several fresh targets. Significant progress has been made in the collation and analyses of the data and the consequent identification of significant gaps in DESB's data, infilled by Petra data, and areas for which DESB's data has been substantially complemented. This has created the opportunity to bring to bear new data mining and machine learning techniques developed by DESB to identify areas of interest in which it is strongly believed that there exists potential for new kimberlite discoveries.

Work is still in progress, but one area in particular has been highlighted which, based on machine learning and innovative data mining techniques, there exists compelling evidence for the presence of undiscovered kimberlites. Analysis of this area is currently being finalised in order that a discovery work programme can be implemented.

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.

MANAGING DIRECTOR'S STATEMENT (continued)

Figure 11: 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)

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.

MANAGING DIRECTOR'S STATEMENT (continued)

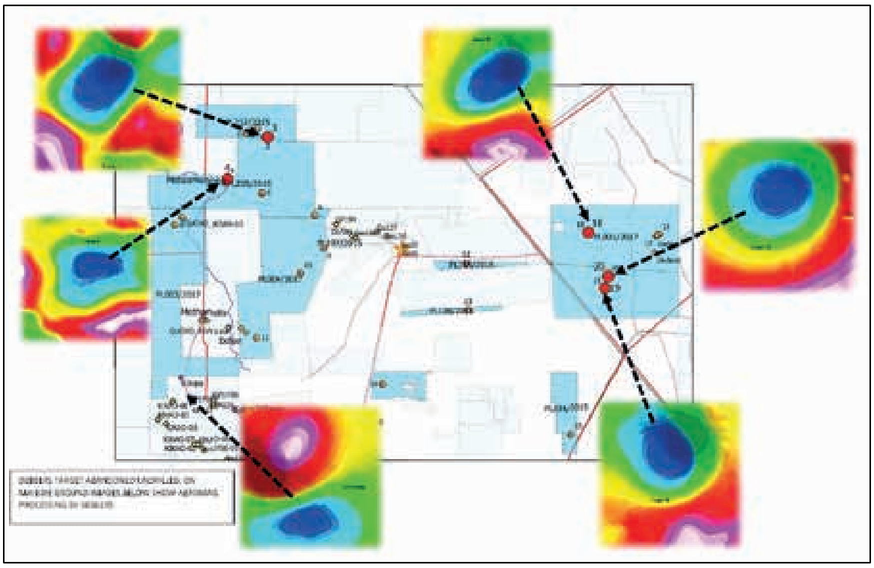


Figure 12: Geophysical targets in Sunland Minerals Kalahari project

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.

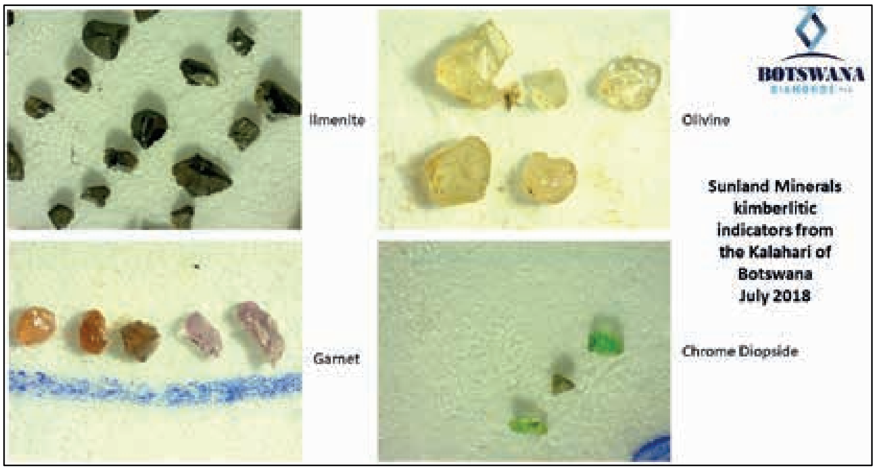


Figure 13: Kimberlitic indicators from Sunland's Kalahari project.

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

MANAGING DIRECTOR'S STATEMENT (continued)

Maibwe JV

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.

The liquidator announced in February 2021 that Canada's Premium Nickel Resources ('PNR') plans to acquire the BCL copper mine with a view to restarting operations within three years, PNR was awarded an exclusive right to undertake six months of due diligence on BCL. These rights have been subsequently extended.

As a result of this sound corporate progress, Siseko in JV with Future Minerals has a made a third offer for BCL's share in the Maibwe JV.

Figure 14: 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.

MANAGING DIRECTOR’S STATEMENT (continued)

SOUTH AFRICA

Introduction

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 and project development.

Botswana Diamonds is in the process of increasing its interest in Vutomi Mining Pty Ltd (‘Vutomi’) to 76%, Vutomi is BOD’s exploration vehicle in South Africa.

Acquisition

Following outside interest in acquiring Vutomi Mining Pty Ltd (‘Vutomi’) the South African associate company of BOD, the Company exercised its pre-emptive right to acquire the outstanding third-party interests in Vutomi and Razorbill Properties 12 Pty Ltd (“Razorbill”).

Vutomi holds the mineral rights to the Thorny River Diamond Project as well as other exploration assets. The consideration for Vutomi comprises 56,989,330 new ordinary shares in the Company which, at the closing mid-market price on 28 September 2021 of 1.10p per share, is valued at £627k.

The Company has agreed that immediately on completion of the acquisition, the Company will sell 26% of Vutomi for a deferred consideration of US$316,333 to the Company’s local South African Empowerment partner, Baroville Trade and Investments 02 Proprietary Limited in order to comply with South African requirements on empowerment ownership, which will be funded by a loan from BOD. On completion, the Company will own 76% of Vutomi.

The acquisition of Vutomi is conditional on, inter alia, customary regulatory and competition authority approvals in South Africa, including MPRDA Section 11 approval for the transaction, which are expected to complete during the first half of 2022.

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.

MANAGING DIRECTOR'S STATEMENT (continued)

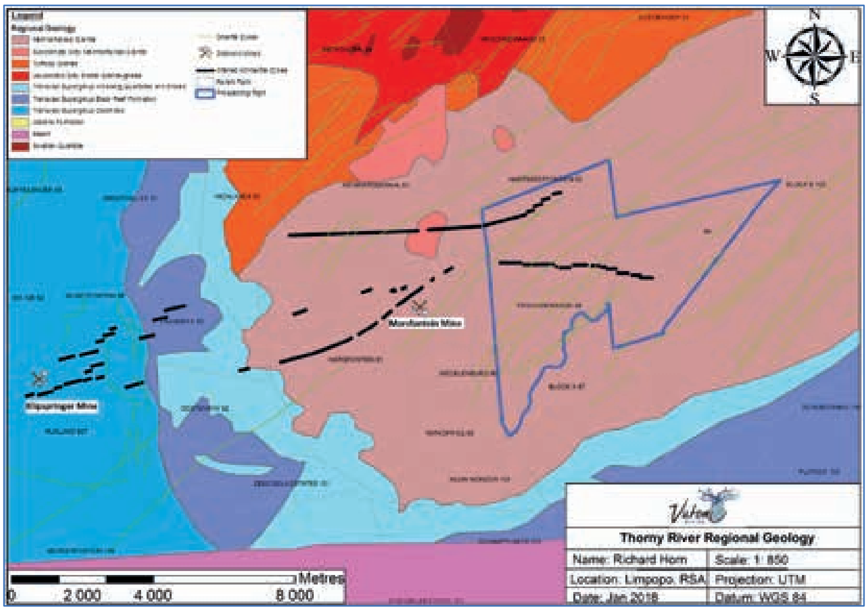


Figure 15: The Thorny River project area

The company has been active at Marsfontein and Thorny River through the conduct of detailed ground geophysics and drilling.

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 (ie. pipes).

A detailed ground geophysics programme was conducted over ten priority targets. Several geophysical techniques and technologies were applied (including gravity, electromagnetics, magnetics and ground penetrating radar). Out of the ten areas surveyed, four high 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.

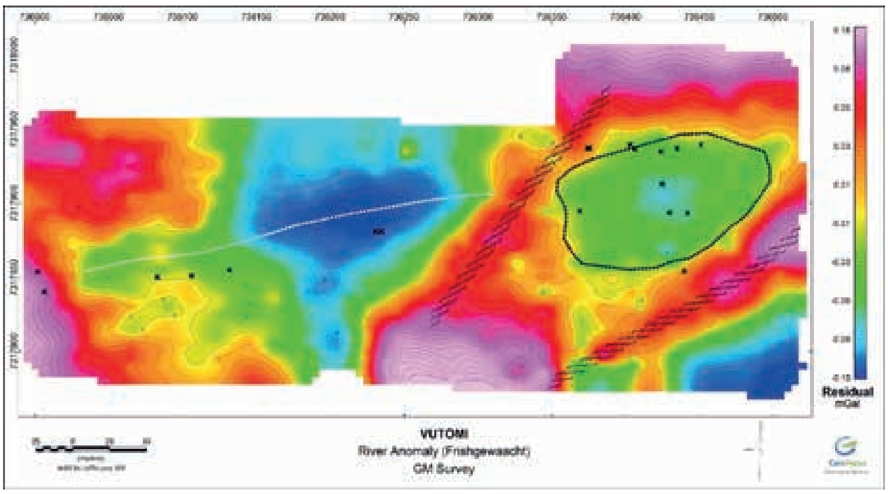


Figure 16: Gravity results over the River and River extension blows on Thorny River

An initial programme of six Reverse Circulation ('RC') holes were drilled into this significant gravity anomaly, which has been resultantly named the 'River Blow'. A combined total of 39.5m intersected kimberlite while an additional 55m intersected a weathered kimberlite breccia. The best hole contained a down-the-hole (at forty-five degrees dip) intersection of kimberlite and kimberlite breccia of 19m.

MANAGING DIRECTOR'S STATEMENT (continued)

Figure 17: Reverse circulation drilling into the River blow

Data from the RC holes was reconciled with the ground gravity data to construct a three-dimensional model of the kimberlite pipe using advanced forward modelling and inversion techniques. The best fit model showed an East – West trending body gently dipping to the east with a surface expression of 80 x 40m.

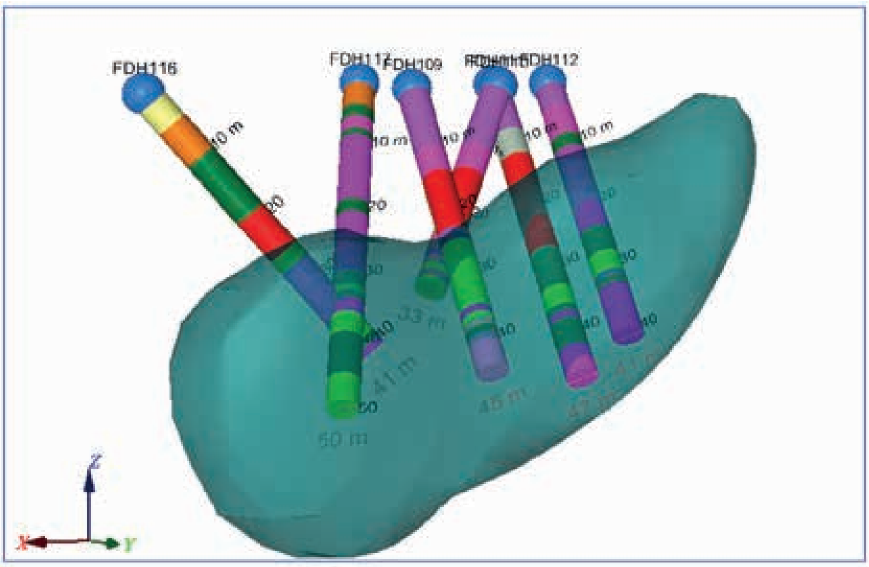


Figure 18: 3D model of River Blow

MANAGING DIRECTOR'S STATEMENT (continued)

Samples from these RC drill holes were taken at one metre intervals and twenty of these totalling about 500kg were selected and submitted to an independent processing facility for assessment through screening, dense media separation and hand sorting. 11 diamonds, 172 G10 pyrope garnets, 623 G9 pyrope garnets, 555 eclogitic garnets, 438 chromites and 268 chromium diopsides (clinopyroxene) were recovered at sizes between -1.0+0.3mm. Recoveries of a specific mineral species were capped at 20 grains and thus this picture is a snapshot of the overall sample indicator content. Importantly, all the samples contained abundant kimberlitic indicators.

The diamonds are all notably of good colour and clarity and are of commercial quality and in high demand by the market. The diamonds were not weighed as the sample size was small and they are not representative of a possible population.

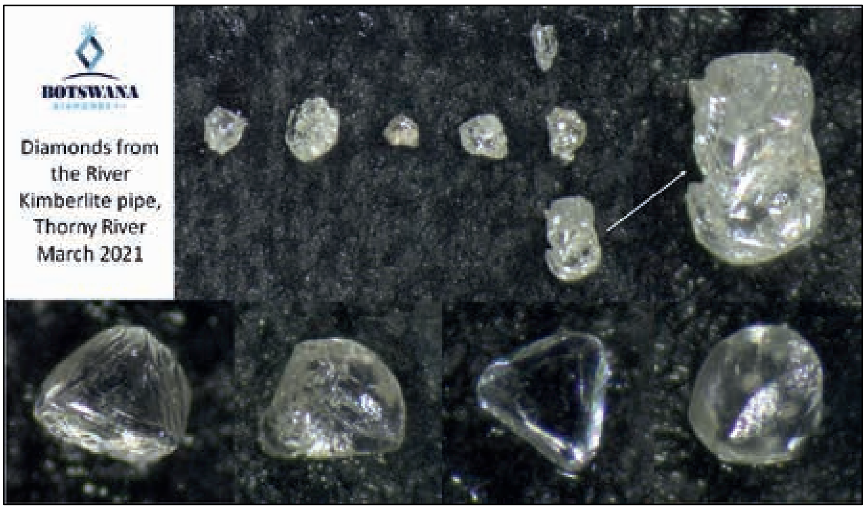


Figure 19: Diamonds from the River Blow

Pyrope garnets are common in peridotite xenoliths from kimberlite pipes, some of which are diamond-bearing. Pyrope found in association with diamond commonly has a Chromium Oxide content of three to eight percent which imparts a distinctive violet to deep purple colouration. These are called G10 and G9 pyrope garnets. Eclogites typically result from high to ultrahigh pressure metamorphism of mafic rocks at low thermal gradients as they were subducted to the upper mantle in a subduction zone. Garnets found in eclogitic xenoliths tend to have a deep orange colour. Diamonds in kimberlite come from both peridotitic and eclogitic xenoliths so the abundance of both types of garnet in this sample is noteworthy and this is supported by the recovery of diamonds from a relatively small drill sample.

MANAGING DIRECTOR'S STATEMENT (continued)

Figure 20: Kimberlitic Indicators from the River Blow

Following the discovery of the River blow, the Company upgraded the potential of the property. An area with a similar geological and geophysical footprint immediately to the east of the River blow was identified and was drilled using RC technology. A total of 71m of kimberlite was intersected in the 12 holes, with an additional 19m of kimberlitic breccia. The widest kimberlite down-the-hole intersection was 18m. The drilling programme outlined a significant swell on the kimberlite dyke with a minimum strike length of 75m and significantly the results are consistent with those of the contiguous River Blow.

Samples from these holes were also taken at one metre intervals and twelve of these totalling about 320kg were selected and submitted to an independent processing facility for assessment through screening, dense media separation and hand sorting. 4 diamonds, 211 G10 pyrope garnets, 219 G9 pyrope garnets, 226 eclogitic garnets, 215 chromites, 154 ilmenites and 172 chromium diopsides (clinopyroxene) were recovered at sizes between -1.0+0.3mm. Recoveries of a specific mineral types were capped at 20 grains and thus this picture is a snapshot of the overall rich kimberlitic indicator content. Importantly, all the samples contained abundant kimberlitic indicators. The diamonds are all notably of good colour and clarity and are of commercial quality and in high demand by the market.

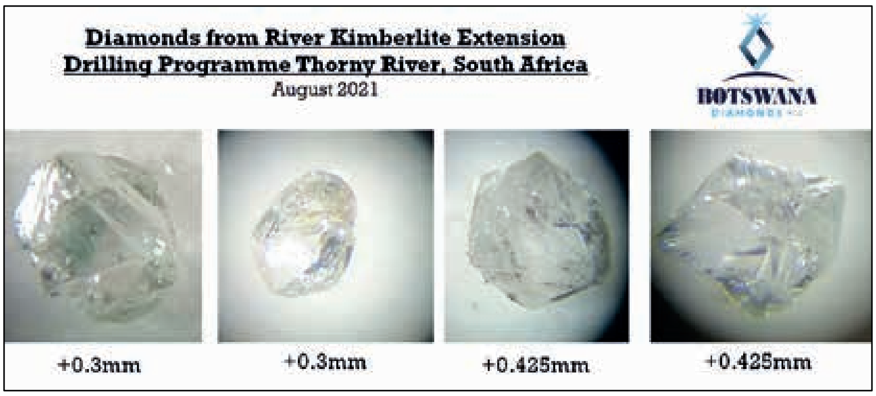


Figure 21: Diamonds discovered from the River Extension blow

MANAGING DIRECTOR'S STATEMENT (continued)

Following the discovery of the River and River Extension blows a third RC drilling programme was undertaken between the two blows to assess kimberlite continuity. Nine percussion holes totalling 483m was drilled. One hole intersected 19.1m of kimberlite zone, which encouragingly is the thickest kimberlite intersection found in all three drilling programmes. Another hole intersected a thickness of 13.5m of kimberlite zone. These two intersections came from extending the River blow toward the Extension Blow. The average kimberlite zone intersection was between 1.5 and 5m.

Work has now begun to create a model of the combined blows with a view to possible open cast mining.

Following a detailed review of all the data, four new targets have been identified close to the current area. These could also be blows and will be drilled.

Field work on the targets identified by the UK group Subterrane will recommence during Q4 2021 following a long delay due to Covid related travel restrictions.

ZIMBABWE

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.

In terms of policy, new entrants into Zimbabwe are not allowed to apply for licenses for the exploration and development of diamond resources and must joint venture with one of the following four companies: ZCDC, Alrosa, Anjun or Rio Zim. It is hoped that the sector will soon open-up.

Vast Joint Venture

BOD has signed an MoU with VAST. In terms of the MoU, the two companies would be exchanging past exploration information and forming an 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.

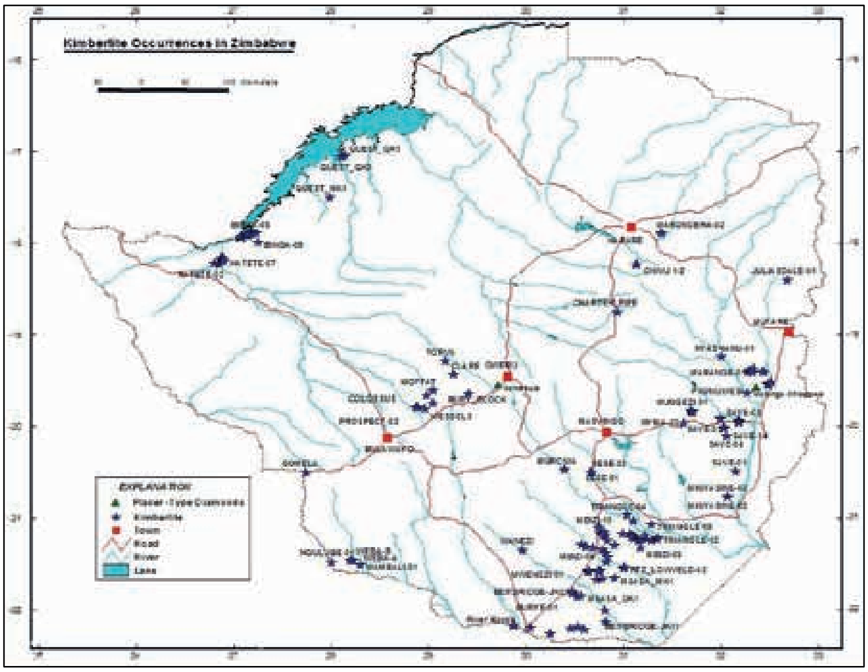


Figure 22: Diamond deposits of Zimbabwe

MANAGING DIRECTOR'S STATEMENT (continued)

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.

MEDIA ACTIVITY

The Company has presented and participated in several conferences this year, including:

- Junior Mining Indaba (virtual) in Johannesburg where the MD chaired a session on junior mining financing.
- African Mining Summit (virtual) where the MD chaired a panel on Junior Mining and presented a paper entitled '*Attracting Funds to Develop Southern Africa's Diamond Exploration and Mining Potential*'.
- SAIMM Diamonds Source to Use (virtual) conference, the MD co-authored with Dr Stephen Coward a paper entitled '*Analytics for Effective Investment in Early-Stage Diamond Projects*'.
- The GSSA ESG (virtual) Inquisition, the MD presented a paper entitled 'Is there any overlap between Corporate Governance and Public Reporting'.
- At a University of the Witwatersrand (virtual) seminar on compliance and reporting in the minerals industry, the MD presented a paper entitled '*Corporate governance for South African Mining Companies (a practitioners view)*'.
- At the GSSA African Exploration (virtual) Showcase, the MD presented a paper entitled '*Technological approaches to diamond exploration on the Thorny River prospect, South Africa*'.

Figure 23: Cover of Dr Coward and Mr Campbell's paper to the 2021 SAIMM Diamond Conference

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

MANAGING DIRECTOR'S STATEMENT (continued)

OUTLOOK

The company's focus is on the Kalahari of Botswana and Thorny River.

In the Kalahari of Botswana, the company is focused on several projects:

- The development of the **Ghaghoo** diamond mine.
- A detailed review of the resource to plan focused bulk sampling and optimise diamond grade and value as well as a review of innovative mining techniques to improve capex and opex estimates on **KX36**.
- New discoveries flowing from the **DESB** strategic alliance.
- Bringing **Maibwe** to a commercial resolution and re-commencing work.
- Determining the diamond bearing potential of the source of the high interest kimberlitic indicators on the **Sunland Minerals** properties.

On **Thorny River**, the focus is on concluding the three-dimensional model of the combined River and River Extension blows and evaluating commercial opportunities. The company will also look at commercialising the **Marsfontein diamondiferous gravels**.

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 assess and pursue diamond opportunities where there is potential value accretion to shareholders.

James AH Campbell
MANAGING DIRECTOR

6 December 2021

STRATEGIC REPORT

The directors present their annual reports and the audited financial statements of the Group and Company for the year ended 30 June 2021.

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 £472,107 (2020: £391,225).

The directors do not propose that a dividend be paid.

FUTURE 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. The directors recognise the importance of climate change and the effect that its business operations can have on the environment. The Group is committed to operating in an environmentally responsible manner and to minimising the impact from its activities.

The Group recognises that its activities require it to have regard to the potential impact that it, its subsidiaries and partners may have on the environment. Where exploration and development works are carried out, care is taken to limit the amount of disturbance and where any remediation works are required they are carried out as and when required.

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	**2021**	2020
	£	£
Exploration and evaluation costs capitalised during the year	**314,247**	189,530
Funds raised on the alternative investment market	**729,000**	518,000

During the year, cash increased by £146,664 (2020: increase of £4,182).

The KPIs for 2021 will continue to focus on the company's ability to raise funds for 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 and warrant issue was successfully completed in October 2021 and has been disclosed as a subsequent event in Note 22.
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 is actively aware of the potential impacts that Covid-19 may have on the Group's ability to carry out the exploration activities noted above. 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)

Exchange rate risk	The Group's expenses, which are primarily to contractors on exploration and development, are incurred primarily in Sterling, US Dollars and Euro. The Group's policy is to conduct and manage its operations in Sterling and therefore it is exposed to fluctuations in the relative values of the other currencies. The Group seeks to minimise its exposure to currency risk by closely monitoring exchange rates and maintaining a level of cash in foreign denominated currencies sufficient to meet planned expenditure in that currency.
Political risk	The Group holds assets in Botswana and South Africa and therefore the Group is exposed to country specific risks such as the political, social and economic stability of these countries. The countries in which the Group operates are encouraging foreign investment. The Group's projects are longstanding and we have established strong relationships with local and national government which enable the Group to monitor the political and regulatory environment.
Covid-19	There has been a gradual easing of Covid-19 related restrictions throughout the areas in which the Group operates resulting in an increase in mobility and operational activities. With the roll-out of the vaccination programs continuing in various jurisdictions in which the Group operates, it is expected that the impact of Covid-19 will gradually subside to a point where operational activities will return to what will be the new normal going forward. The situation and guidance being given in respect of Covid-19 is an evolving one, which the Board will continue to actively monitor.
Financial risk management	Details of the Group's financial risk management policies are set out in Note 21.
Going Concern	Group cashflows are rigorously monitored and managed to ensure that Group is in a liquid position and able to meet its ongoing commitments. The Director's and management regularly meet to agree the appropriate course of action to ensure that any matters that significantly, positively and negatively, impact the cash generation of the Group, are resolved in the best interest of the Group and its shareholders.

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 funding, 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 £70,018 (2020: £34,394) due to challenges obtaining licenses. Refer to Note 10 in relation to the impairment of the intangible assets.

STRATEGIC REPORT (continued)

GOING CONCERN

The Group's consolidated Financial Statements have been prepared on a going concern basis as detailed in Note 3.

The Directors have given careful consideration to the appropriateness of the going concern basis in the preparation of the financial statements.

In performing their assessment of going concern, the Directors have reviewed operating and cash forecasts in respect of the group's assets to 30 June 2021. The expected cash flows, plus available cash on hand, after allowing for funds required for administration and development costs and working capital requirements are expected to cover these activities.

The Directors are of the view that the Group is sufficiently funded for the twelve-month period from the date of approval of these Financial Statements. However, the Directors note that there are material uncertainties as set out in Note 3, which if any should eventuate, would require the Group to raise additional funds in 2021.

Although the Directors consider the likelihood of all uncertainties eventuating to be remote, they are confident additional funding can be accessed should it be required. On the basis of the considerations set out above, the Directors have concluded that it is appropriate to prepare the Financial Statements on a going concern basis. These Financial Statements do not include any adjustments to the carrying amount and classification of assets and liabilities that may arise if the Group was unable to continue as 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 AIM rules, the company has adopted the QCA Corporate Governance Code to ensure compliance. Information is available on the company's website botswanadiamonds.co.uk and in the corporate governance report from pages 35 to 39.

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 Group.

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	–
Employees in other senior executive positions	–	1
Other employees of the Group	–	1
Total Employees of the Group	**5**	**2**

STRATEGIC REPORT (continued)

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.

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 35.

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

6 December 2021

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the Group and Company for the year ended 30 June 2021.

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 (Resigned 28 January 2021)
James Campbell

There were no changes in directors since year end.

DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors holding office at 30 June 2021 had the following interests in the ordinary shares of the Company:

	Nationality	Ordinary Shares of £0.0025 each Shares Number	%	30 June 2021 Ordinary Shares of £0.0025 each Options Number	Ordinary Shares of £0.0025 each Warrants Number	Ordinary Shares of £0.0025 each Shares Number	%	1 July 2020 Ordinary Shares of £0.0025 each Options Number	Ordinary Shares of £0.0025 each Warrants Number
John Teeling	Irish	54,084,318	6.82	2,500,000	–	54,084,318	8.06	2,500,000	–
James Finn	Irish	34,235,459	4.32	2,000,000	4,590,910	29,644,549	4.42	2,000,000	4,590,910
David Horgan	Irish	15,783,984	1.99	2,000,000	–	15,783,984	2.35	2,000,000	–
James Campbell	British	1,311,406	0.16	3,000,000	412,545	898,861	0.13	3,000,000	412,545
Robert Bouquet	British	–		250,000	–	–		250,000	–

There were no share options exercised by the directors during the year (2020: Nil).

DIRECTORS' REMUNERATION REPORT

The remuneration of the directors for the years ended 30 June 2021 and 30 June 2020 was as follows:

	Salaries and Fees 2021 £	2020 £
John Teeling	**30,000**	30,000
James Finn	**30,000**	30,000
David Horgan	**20,000**	20,000
James Campbell	**67,404**	82,546
Robert Bouquet	**5,000**	5,000
Anne McFarland	**2,774**	4,437
	155,178	171,983

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 2021 and 23 November 2021:

	30 June 2021 No. of shares	**%**	23 November 2021 No of shares	%
Pershing International Nominees Limited (DSCLT)	**115,783,653**	**14.61**	118,187,651	13.94
Davycrest Nominees (DLC)	**70,495,406**	**8.89**	67,941,301	8.01
HSBC Global Custody Nominee (UK) Limited (354399)	**45,014,239**	**5.68**	45,014,239	5.31
Interactive Investor Services Nominees Limited	**41,072,713**	**5.18**	51,460,985	6.07
Euroclear Nominees Limited (EOC01)	**34,289,228**	**4.33**	32,402,451	3.82
Hargreaves Lansdown (Nominees) Limited (HLNOM)	**27,910,008**	**3.52**	29,290,246	3.46
Jim Nominees Limited (Jarvis)	**4,075,276**	**0.51**	26,468,495	3.12

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on 27 January 2022 in accordance with the Notice of Annual General Meeting on page 81 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 16. 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 22 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
Secretary

John Teeling
Director

6 December 2021

CORPORATE GOVERNANCE REPORT

The Group's securities are traded on the AIM Market of the London Stock Exchange ("AIM"). The Group has accomplished the requirements of 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 5 directors: Executive Chairman; Managing Director; Financial Director (and Company Secretary) and two Non-Executive Directors. The Board considers that appropriate oversight of the Company is provided by the currently constituted Board.

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

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

The Company is an African focused diamond exploration company and has a clearly defined strategy and business model that has been adopted by the Board. This strategy is set out in the Strategic Report on page 27 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. Contact details are also provided on the website.

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 consultants 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 pages 28 to 29. 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 two non-executive directors, David Horgan and Robert Bouquet. 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.

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.

CORPORATE GOVERNANCE REPORT (continued)

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 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 and Company Secretary 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.

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.

CORPORATE GOVERNANCE REPORT (continued)

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.

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually. In 2021, the performance evaluation process was conducted internally.

Board Evaluation Process in June 2021

The Chairman John Teeling appraised the Board on the performance of each of the Directors during the year. The Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman.

Analysis of 2021 evaluation

The evaluation indicated a high level of satisfaction with the composition, performance and effectiveness of the Board, its Chair and Committees. It found that there are good communications both within the Board/ Committees and with management.

A number of key focus areas were identified for the Board to consider. These include:

- Continued consideration of succession planning at Board and management level
- Increased allocation of Board meeting time to consideration of strategic issues
- Increased diversity on the Board

Arising from the evaluation process, a number of actions were agreed by the Board which will be implemented by the Chairman during the current year.

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 met once this year to discuss the resignation of Anne MacFarland, a non-executive director.

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 and Company Secretary 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 and Robert Bouquet. 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 41 and provides further details on the committee's activities during 2021, 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' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. The Directors are required by the AIM Rules of the London Stock Exchange to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006. The financial statements also comply with International Financial Reporting Standards (IFRSs) as issued by the IASB and have elected to prepare the parent Company financial statements under IFRSs as issued by the IASB.

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 6 December 2021 and is signed on its behalf by:

James Finn
Secretary

John Teeling
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. During the year the Company's internal financial reporting and control systems were both expanded and streamlined in compliance with good corporate governance guidelines outlined in the QCA Corporate Governance Code (2018) and with advice from our Nomad. This report details how the Audit Committee has met its responsibilities under its Terms of Reference and the UK Companies Act over the last twelve months.

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 2021.

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 three times during the year, to review the 2020 annual accounts and the interim accounts to 31 December 2020 and audit planning for the year ended 30 June 2021. 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 2021 financial statements. In particular, the committee discussed the significant audit risks and the audit report.

James Campbell
Chairman Audit Committee

6 December 2021

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 2021 and of the group's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and International Financial Reporting Standards (IFRSs) as adopted by the European Union; 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 company balance sheets;
- the consolidated and company statements of changes in equity;
- the consolidated and company cash flow statements; and
- the related notes 1 to 22, including a summary of significant accounting policies as set out in note 1.

The financial reporting framework that has been applied in their preparation is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006 and IFRSs as adopted by the European Union.

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)

Material uncertainty related to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We draw attention to note 3 in the financial statements concerning the group and parent company's ability to continue as a going concern. The group incurred a net loss for the year of £557,499 after exchange differences on retranslation of foreign operations of £85,392 (parent company net loss of £432,686) and had net current liabilities of £537,453 (parent company net current liabilities of £454,967) 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. These events and 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 parent company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our evaluation of the directors' assessment of the group's and parent company's ability to adopt the going concern basis of accounting included:

- Obtaining an understanding of the group and parent company's relevant controls over the preparation and review of cash flow projections and assumptions used in the cash flow forecasts to support the going concern assumption and assessed the design and implementation of these controls;
- Challenging the key assumptions used in the cash flow forecasts by agreement to historical run rates, expenditure commitments and other supporting documentation;
- Testing the clerical accuracy of the cash flow forecasts;
- Sensitivity analysis on the cash flow forecasts to assess the amount of headroom available to the group and parent company based on its year end cash position;
- Assessment of the group and parent company's ability to raise additional finance; and
- Assessment of the adequacy of the disclosures in the financial statements with a particular focus on appropriate disclosure of the key uncertainties relating to going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 above)* • *Recoverability of intangible assets* Within this report, key audit matters are identified as follows:	
		Newly identified
		Increased level of risk
		Similar level of risk
		Decreased level of risk
Materiality	The materiality that we used for the group financial statements was £210,000 (parent company £128,000) which was determined on the basis of the carrying value of intangible assets.	
Scoping	We identified two significant components, Botswana Diamonds plc and Sunland Minerals (Pty) Limited, and a full scope audit was performed on each of these.	
Significant changes in our approach	A key audit matter presented in the prior year relating to capitalisation of intangible assets has been removed based on our audit risk assessment and consideration of the fact that the procedures in the current year did not involve especially challenging or subjective auditor judgement.	

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 2021 amounted to £8,194,032. During the year, the group recognised an impairment charge of £70,018. 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 intangible 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 licences 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	In response to the risk identified our procedures included the following: • We considered management's assessment of indicators of impairment in relation to the intangible assets in accordance with IFRS 6 and challenged whether the assessment was consistent with our knowledge of the business and evidence obtained throughout the audit; • We evaluated the design and determined the implementation of relevant key controls in relation to the impairment of intangible assets; • We inspected the licenses held by the group and parent company to identify terms and commitments in relation to those licenses; • Reviewed management's budgets for and challenged whether such plans indicated that substantive expenditure is planned in relation to exploration and performed a retrospective review to establish the historical accuracy of the budgets; • We reviewed 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 a period of 12 months from the date of authorisation of the financial statements. • We also considered the adequacy of the disclosures included in the financial statements in accordance with IFRS.
Our key observations	An inherent uncertainty exists in relation to the ability of the group and parent company to realise the exploration and evaluation assets capitalised as intangible assets. As noted above, the 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 and parent company 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)

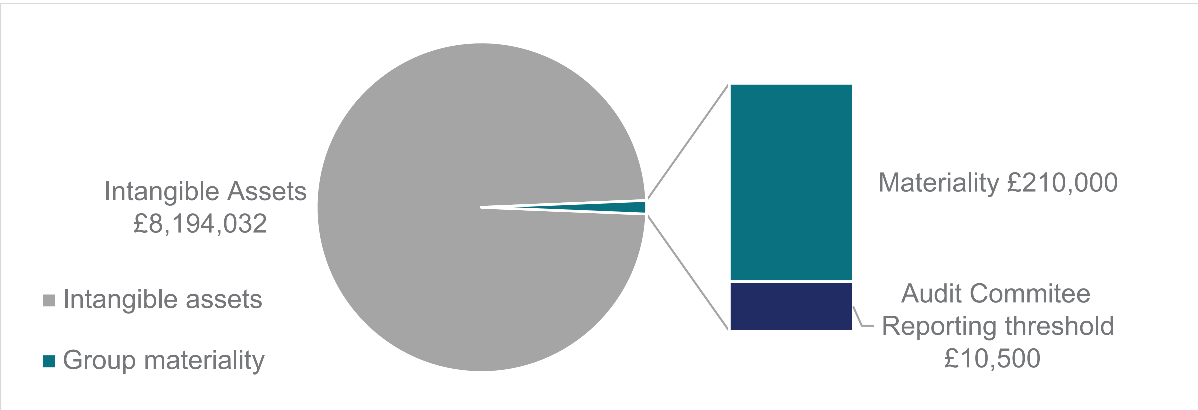
Our application of materiality

Materiality

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

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

	Group financial statements	Parent company financial statements
Materiality	£210,000 (2020: £206,100)	£128,000 (2020: £124,800)
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 95% 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.



Performance materiality

We set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA DIAMONDS PLC (continued)

	Group financial statements	Parent company financial statements
Performance materiality	80% (2020: 80%) of group materiality	80% (2020: 80%) of parent company materiality
Basis and rationale for determining performance materiality	We have incorporated a number of factors in determining what level to set performance materiality at for the current year. The nature of the business has remained consistent to that of the prior year. We have been the group and parent company auditors for a number of years and thus have factored in our experience with and understanding of the group and parent company's control environment including entity-level controls and any turnover of key personnel. We have also taken into the account the group and parent company's history of uncorrected misstatements as well as those areas which require significant judgement during the year. As a result of the points noted above, we determined it was appropriate to set performance materiality at a level similar to that of the previous year. The amount determined is 80% of materiality.	

Error reporting threshold

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of £10,500 (2020: £10,100), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Identification and scoping of components

The structure of the group's finance function is such that they provide support to group entities for the accounting of the majority of transactions and balances.

In establishing the overall approach to the Group audit, we determined the type of work that needed to be performed by us, as the Group engagement team, or by component auditors. Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those components to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Based on that assessment, we focused our Group audit work on two significant components whilst the other components were subject to specified audit procedures or analytical reviews. A full scope audit was performed on Botswana Diamonds plc company and Sunland Minerals (Pty) Limited. In relation to Sunland Minerals (Pty) Limited we were assisted by a component team in auditing specified balances, while certain audit procedures were performed centrally by the group team. In relation to Sekaka Diamonds, we were assisted by a non-Deloitte component auditor in auditing specified balances.

As part of our procedures in relation to component auditors, we assess the competence of all component auditors and provide oversight and guidance through issuance of referral instructions, team briefings and detailed workpaper reviews. At the group level, we also tested the consolidation process and carried out review procedures to confirm our conclusion that there were no additional risks of material misstatement within the aggregated financial information of the remaining components not subject to a full scope audit or specified audit procedures.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA DIAMONDS PLC (continued)

Other information

The other information comprises the information included in the Reports and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.	**We have nothing to report in respect of these matters.**

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the group's and 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 judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group and parent company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group and parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the group and parent company 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 the auditor is 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 we identify during the audit.

For listed entities and public interest entities, we also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, including the FRC's Ethical Standard, and communicate with them all relationships and other matters that may reasonably be thought to bear on our 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)

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the industry and sector, control environment and business performance including the design of the group's remuneration policies, key drivers for directors' remuneration, bonus levels and performance targets;
- results of our enquiries of management and the audit committee about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud
    - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations
- the matters discussed among the audit engagement team and relevant internal specialists, including tax, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the opportunities and incentives that may exist within the organisation for fraud and identified the greatest potential for fraud in the following areas: Management override of controls.

We also obtained an understanding of the legal and regulatory framework that the group operates in, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act, relevant tax legislation and AIM Listing Rules.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included employment law, health and safety legislation, data protection and legislation in relation to mining and exploration in the countries in which the group operates.

Audit response to risks identified

As a result of performing the above, we did not identify any key audit matters related to the potential risk of fraud or non-compliance with laws and regulations.

Our procedures to respond to risks identified included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management and the audit committee concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOTSWANA DIAMONDS PLC (continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with 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 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

Heather Doolin (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

8 December 2021

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2021

	Notes	**2021**	2020
		£	£
Administrative expenses	4	**(402,089)**	(356,831)
Impairment of exploration and evaluation assets	10	**(70,018)**	(34,394)
OPERATING LOSS		**(472,107)**	(391,225)
LOSS FOR THE YEAR BEFORE TAXATION		**(472,107)**	(391,225)
Income tax expense	8	**-**	-
LOSS AFTER TAXATION		**(472,107)**	(391,225)
Items that may be reclassified subsequently to profit or loss			
Exchange difference on translation of foreign operations		**(85,392)**	(103,715)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(557,499)**	(494,940)
Loss per share – basic	5	**(0.06p)**	(0.06p)
Loss per share – diluted	5	**(0.06p)**	(0.06p)

Consolidated Balance Sheet
as at 30 June 2021

	Notes	30/06/2021 £	30/06/2020 £
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**8,194,032**	8,086,573
Plant and equipment	11	**206,788**	-
		8,400,820	8,086,573
CURRENT ASSETS			
Other receivables	13	**42,038**	25,387
Cash and cash equivalents	14	**164,658**	17,994
		206,696	43,381
TOTAL ASSETS		**8,607,516**	8,129,954
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	**(744,149)**	(432,488)
TOTAL LIABILITIES		**(744,149)**	(432,488)
NET ASSETS		**7,863,367**	7,697,466
EQUITY			
Called-up share capital – deferred shares	16	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	16	**1,981,805**	1,678,055
Share premium	16	**10,984,362**	10,564,712
Share based payment reserves		**111,189**	111,189
Retained deficit		**(5,704,805)**	(5,232,698)
Translation reserve		**(322,054)**	(236,662)
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**7,863,367**	7,697,466

The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 6 December 2021 and signed on its behalf by:

John Teeling
Director

Company Balance Sheet
for the year ended 30 June 2021

	Notes	**30/06/2021**	30/06/2020
		£	£
ASSETS:			
NON CURRENT ASSETS			
Intangible assets	10	**5,133,327**	4,995,039
Investment in subsidiaries	12	**224,850**	17
		5,358,177	4,995,056
CURRENT ASSETS			
Other Receivables	13	**124,780**	20,947
Cash and cash equivalents	14	**153,539**	12,962
		278,319	33,909
TOTAL ASSETS		**5,636,496**	5,028,965
LIABILITIES:			
CURRENT LIABILITIES			
Trade and other payables	15	**(733,286)**	(416,469)
NET ASSETS		**4,903,210**	4,612,496
EQUITY			
Called-up share capital – deferred shares	16	**1,796,157**	1,796,157
Called-up share capital – ordinary shares	16	**1,981,805**	1,678,055
Share premium	16	**10,984,362**	10,564,712
Share based payment reserves		**111,189**	111,189
Retained deficit		**(8,987,016)**	(8,554,330)
Other reserve		**(983,287)**	(983,287)
TOTAL EQUITY		**4,903,210**	4,612,496

The company reported a loss for the financial year ended 30 June 2021 of £432,686 (2020: Loss of £356,831). The financial statements of Botswana Diamonds plc, registered number 07384657, were approved by the Board of Directors on 6 December 2021 and signed on its behalf by:

John Teeling
Director

Consolidated Statement of Changes in Equity
for the year ended 30 June 2021

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Translation Reserve £	Other Reserves £	Total £
At 30 June 2019	3,237,545	10,300,379	111,189	(4,841,473)	(132,947)	(983,287)	7,691,406
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
Issue of shares	**303,750**	**425,250**	**-**	**-**	**-**	**-**	**729,000**
Share issue expenses	**-**	**(5,600)**	**-**	**-**	**-**	**-**	**(5,600)**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(472,107)**	**(85,392)**	**-**	**(557,499)**
At 30 June 2021	**3,777,962**	**10,984,362**	**111,189**	**(5,704,805)**	**(322,054)**	**(983,287)**	**7,863,367**

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 2021

	Called-up Share Capital £	Share Premium £	Share Based Payment Reserve £	Retained Deficit £	Other Reserve £	Total £
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 based payment	-	-	-	-	-	-
Issue of shares	**303,750**	**425,250**	**-**	**-**	**-**	**729,000**
Share issue expenses	**-**	**(5,600)**	**-**	**-**	**-**	**(5,600)**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(432,686)**	**-**	**(432,686)**
At 30 June 2021	**3,777,962**	**10,984,362**	**111,189**	**(8,987,016)**	**(983,287)**	**4,903,210**

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 Statements
for the year ended 30 June 2021

	Notes	30/06/2021 £	30/06/2020 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year	4	**(472,107)**	(391,225)
Foreign exchange losses		**(4,187)**	4,796
Impairment of exploration and evaluation assets	10	**70,018**	34,394
		(406,276)	(352,035)
MOVEMENTS IN WORKING CAPITAL			
Increase in trade and other payables		**112,417**	19,701
(Increase)/decrease in other receivables		**(16,651)**	14,842
NET CASH USED IN OPERATING ACTIVITIES		**(310,510)**	(317,492)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		**(262,869)**	(174,530)
NET CASH USED IN INVESTING ACTIVITIES		**(262,869)**	(174,530)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**729,000**	518,000
Share issue costs		**(5,600)**	(17,000)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**723,400**	501,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**150,021**	8,978
Cash and cash equivalents at beginning of the financial year		**17,994**	13,812
Effect of foreign exchange rate changes	4	**(3,357)**	(4,796)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	14	**164,658**	17,994

Company Cash Flow Statement
for the year ended 30 June 2021

	Notes	**30/03/2021 £**	30/06/2020 £
CASH FLOW FROM OPERATING ACTIVITIES			
Loss for the year		**(432,686)**	(356,831)
Foreign exchange losses		**(4,187)**	4,796
Impairment		**59,815**	-
		(377,058)	(352,035)
MOVEMENTS IN WORKING CAPITAL			
Increase in trade and other payables		**99,528**	18,583
(Increase)/Decrease in other receivables		**(103,833)**	13,952
NET CASH FROM OPERATING ACTIVITIES		**(381,363)**	(319,500)
CASH FLOW FROM INVESTING ACTIVITIES			
Additions to exploration and evaluation assets		**(198,103)**	(171,380)
NET CASH USED IN INVESTING ACTIVITIES		**(198,103)**	(171,380)
CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from share issue		**729,000**	518,000
Share issue costs		**(5,600)**	(17,000)
NET CASH GENERATED FROM FINANCING ACTIVITIES		**723,400**	501,000
NET INCREASE IN CASH AND CASH EQUIVALENTS		**143,934**	10,120
Cash and cash equivalents at beginning of the financial year		**12,962**	7,638
Effect of foreign exchange rate changes	4	**(3,357)**	(4,796)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	14	**153,539**	12,962

Notes to the Financial Statements
for the year ended 30 June 2021

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 issued by the IASB.

(iii) Basis of consolidation
The consolidated financial statements comprise the financial statements of Botswana Diamonds plc and its subsidiaries as at 30 June 2021. 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).

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.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

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 2021 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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) Plant and Equipment

Plant and Equipment are carried at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to the location and condition necessary for its intended use.

(i) Plant and equipment

Plant, equipment and machinery and fixtures and fittings are carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Depreciation and residual values

Depreciation on plant and equipment assets is calculated, using the straight-line method over their estimated useful lives, as follows:

- Plant and Equipment 20% per annum

The assets' residual values and useful lives are reviewed, and adjusted, if appropriate, at the end of each financial year. The effect of any change in either residual values or useful lives is accounted for prospectively.

(iii) Subsequent additions and major components

Subsequent costs, including major inspections, are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that economic benefits associated with the item will flow to the Company and the cost can be measured reliably.

The carrying amount of any replaced component is derecognised. Major components are treated as separate assets where they have significantly different patterns of consumption of economic benefits and are depreciated separately over their useful lives. Repairs, maintenance and minor inspection costs are expensed as incurred.

(v) Derecognition

Plant and equipment assets are derecognised on disposal or when no future economic benefits are expected. On disposal, the difference between the net disposal proceeds and the carrying amount is recognised in profit or loss.

(ix) 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.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(ix) Financial Instruments (continued)

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.

(x) 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.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

(x) Taxation (Continued)
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.

(xi) 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.

(xii) Warrants
Warrants issued are classified separately as equity or as a liability at FVTPL in accordance with the substance of the contractual arrangement.

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.

(xiii) 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.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

1. PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

2. INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Group has applied a number of amendments to IFRS Standards and Interpretations issued by the IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

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

- Amendments to References to the Conceptual Framework in IFRS Standards
- Amendments to IFRS 3 (October 2018): Definition of Business
- Amendments to IAS 1 and IAS 8 (October 2018): Definition of Material
- Amendments to IFRS 9, IAS 39 and IFRS 7 (September 2019): Interest Rate Benchmark Reform
- Covid-19-Related Rent Concessions (Amendment to IFRS 16)

Standards in issue but not yet effective:
The following standards, amendments to the existing standards and new interpretations, have been issued by

the IASB but are not yet mandatorily effective and have not been early adopted by the company.

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2
- Amendments to IAS 16: Property, Plant and Equipment –Proceeds before intended use
- Annual Improvements to IFRS Standards 2018-2020 (May 2020)
- Amendments to IFRS 3 (May 2020): Reference to the Conceptual Framework
- Amendments to IAS 37 (May 2020): Onerous Contracts –Cost of Fulfilling a Contract
- IFRS 17: Insurance Contracts
- Amendments to IFRS 17
- Amendments to IAS 1: Classification of liabilities as current or non-current
- Amendments to IAS 1: Classification of liabilities as current or non-current –Deferral of effective date
- Amendments to IFRS 4: Extension of the Temporary Exemption from applying IFRS 9
- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of accounting policies
- Amendments to IAS 8: Definition of accounting estimates
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)

The Directors are currently assessing the impact in relation to the adoption of these standards, amendments to the existing standards and a new 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 financial year of initial application.

3. GOING CONCERN

The Group incurred a net loss for the year of £557,499 (2020: loss of £494,940) after exchange differences on retranslation of foreign operations of £85,392 (2020: £103,715) at the balance sheet date (Company net loss of £432,686). The Group had net current liabilities of £537,453 (2020: £389,107) and the Company £454,967 (2020: £382,560) at the balance sheet date. These conditions represent material uncertainties 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 funding for working capital requirements and develop existing projects. As the Group is not revenue or cash generating it relies on raising capital from the public market. On 25 October 2021 the Group raised £550,000 by placing 55,000,000 new ordinary shares and related warrants. Further details are outlined in Note 22.

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

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

4. LOSS BEFORE TAXATION

	2021 £	2020 £
The loss before taxation is stated after charging:		
Auditor's remuneration	**37,050**	29,108
The analysis of auditor's remuneration is as follows:		
Fees payable to the Group's auditor for the audit of the Group's annual accounts	**33,300**	25,358
Fees payable to the Group's auditor and their associates for other services to the Group	**3,750**	3,750
Total audit fees	**37,050**	29,108
Administrative expenses comprise:		
Professional fees	**194,393**	163,196
Foreign exchange (losses)/gains	**(4,187)**	4,796
Directors' remuneration (Note 6)	**89,625**	95,073
Wages and salaries	**48,303**	44,444
Other administrative expenses	**44,740**	49,322
Security and maintenance	**29,215**	-
	402,089	356,831

Excluded from Directors' Remuneration above is £65,553 (2020: £76,910) of salary payments which were capitalised within intangible assets. This is for time spent directly on the operations rather than on corporate activities.

Further details of directors' remuneration is provided in note 6

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

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):

	2021	2020
	£	£
Numerator		
For basic and diluted EPS Loss after taxation	**(472,107)**	(391,225)
Denominator	**No.**	No.
For basic and diluted EPS	**739,571,217**	642,643,820
Basic EPS	**(0.06p)**	(0.06p)
Diluted EPS	**(0.06p)**	(0.06p)

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

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

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 £**	**2021 Total £**	Salary or fees £	Share based payments £	2020 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	**2,774**	**-**	**2,774**	4,437	-	4,437
James Campbell	**67,404**	**-**	**67,404**	82,546	-	82,546
	155,178	**-**	**155,178**	171,983	-	171,983

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 £65,553 (2020: £ 76,910) of salary payments and £Nil (2020: £ Nil) 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 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	-	-	-	-
Office and overhead costs recharged	**12,111**	**(8,975)**	**11,360**	**14,496**
Repayments	**(5,068)**	**8,975**	**(4,212)**	**(305)**
At 30 June 2021	**7,043**	**-**	**7,148**	**14,191**

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

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

7. EMPLOYEE INFORMATION

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

	2021 Number	2020 Number
Management and administration	**7**	8

Staff costs for the above persons were:	**£**	£
Wages and salaries	**217,706**	231,026
Share based payments	**-**	-
Pension costs	**-**	-
	217,706	231,026

Included in the above is £79,778 (2020: £91,509) of salary payments (including director costs) and £Nil (2020: £ Nil) of share based payments which were capitalised within exploration assets.

8. INCOME TAX EXPENSE

	2021 £	2020 £
Current tax:		
Tax on loss	**-**	-
	-	
Factors affecting the tax expense:		
Loss on ordinary activities before tax	**(472,107)**	(391,225)
Tax calculated at 19% (2020: 24%)	**(89,700)**	(74,333)
Effects of:		
Unutilised Losses	**(89,700)**	74,333
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 £5,145,750 (2020: £4,673,643) which equates to an unrecognised deferred tax asset of £977,693 (2020: £887,992).

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

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

9. SEGMENTAL ANALYSIS

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

9A. Segment revenue and segment result

Group	**Segment Revenue 2021 £**	**Segment Result 2021 £**	Segment Revenue 2020 £	Segment Result 2020 £
Botswana	**-**	**(40,418)**	-	(34,394)
South Africa	**-**	**-**	-	-
Zimbabwe	**-**	**(58,815)**	-	-
Total continuing operations	**-**	**(99,233)**	-	(34,394)
Unallocated head office	**-**	**(372,874)**	-	(356,831)
	-	**(472,107)**	-	(391,225)

9B. Segment assets and liabilities

Group	**Assets 2021 £**	**Liabilities 2021 £**	Assets 2020 £	Liabilities 2020 £
Botswana	**7,267,281**	**(228,152)**	7,033,858	(16,019)
South Africa	**1,151,412**	**-**	1,038,411	-
Zimbabwe	**-**	**-**	23,773	-
Total continuing operations	**8,418,693**	**(228,152)**	8,096,042	(16,019)
Unallocated head office	**188,823**	**(515,997)**	33,912	(416,469)
	8,607,516	**(744,149)**	8,129,954	(432,488)

Company	**Assets 2021 £**	**Liabilities 2021 £**	Assets 2020 £	Liabilities 2020 £
Botswana	**4,296,261**	**(217,289)**	3,932,872	-
South Africa	**1,151,412**	**-**	1,038,411	-
Zimbabwe	**-**	**-**	23,773	-
Total continuing operations	**5,447,673**	**(217,829)**	4,995,056	-
Unallocated head office	**188,823**	**(515,997)**	33,909	(416,469)
	5,636,496	**(733,286)**	5,028,965	(416,469)

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

9. SEGMENTAL ANALYSIS (CONTINUED)

9C. Other segmental information

Additions to non-current assets	**Group 2021 £**	Group 2020 £	**Company 2021 £**	Company 2020 £
Botswana	**113,826**	105,907	**49,060**	102,757
South Africa	**113,001**	65,606	**113,001**	65,606
Zimbabwe	**36,042**	18,017	**36,042**	18,017
Total continuing operations	**262,869**	189,530	**198,103**	186,380
Unallocated head office	**-**	-	**-**	-
	262,869	189,530	**198,103**	186,380

10. INTANGIBLE ASSETS

Exploration and evaluation assets:

Cost:	**2021 Group £**	2020 Group £	**2021 Company £**	2020 Company £
At 1 July	**9,385,051**	9,299,236	**5,225,896**	5,039,516
Additions	**262,869**	189,530	**198,103**	186,380
Exchange losses	**(85,392)**	(103,715)	**-**	-
At 30 June	**9,562,528**	9,385,051	**5,423,999**	5,225,896
Impairment:				
At 1 July	**1,298,478**	1,264,084	**230,857**	230,857
Impairment	**70,018**	34,394	**59,815**	-
At 30 June	**1,368,496**	1,298,478	**290,672**	230,857
Carrying Value:				
At 1 July	**8,086,573**	8,035,152	**4,995,039**	4,808,659
At 30 June	**8,194,032**	8,086,573	**5,133,327**	4,995,039

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

10. INTANGIBLE ASSETS (CONTINUED)

Segmental analysis	**2021 Group £**	2020 Group £	**2021 Company £**	2020 Company £
Botswana	**7,042,620**	7,024,389	**3,981,915**	3,932,855
South Africa	**1,151,412**	1,038,411	**1,151,412**	1,038,411
Zimbabwe	**-**	23,773	**-**	23,773
	8,194,032	8,086,573	**5,133,327**	4,995,039

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.

To date the Group incurred expenditure of £58,815 on exploring for new licences in Zimbabwe and £11,203 miscellaneous costs. As at year end no licences have been granted. Therefore, the directors have decided to impair the costs. Accordingly, an impairment of £70,018 (2020: £34,394) 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. More recently a separate agreement for funding of exploration resulted in the Company’s interest in Vutomi increasing from 40% to 45.94%.

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 (2020: £ Nil) of share based payments, £14,225 (2020: £14,599) of wages and salaries and £65,553 (2020: £76,910) of directors’ remuneration which has been capitalized. This is for time spent directly on the operations rather than on corporate activities.

11. PLANT AND EQUIPMENT

	2021 £	2020 £
At 1 July	**-**	-
Additions	**206,788**	-
At 30 June	**206,788**	-

On 18 July 2020 the Group entered into an agreement to acquire the KX36 Diamond discovery in Botswana, along with two adjacent Prospecting Licences and a diamond processing plant. These interests are part of a package held by Sekaka Diamond Exploration (Pty) Ltd. The acquisition was completed on 20 November 2020. The diamond processing plant is a recently constructed, fit-for-purpose bulk sampling plant on site. The sampling plant includes crushing, scrubbing, dense media separation circuits and x-ray recovery modules within a secured area. Further details are set out in Note 12.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

12. INVESTMENT IN SUBSIDIARIES

	2021	2020
	£	£
At 1 July	**17**	17
Additions	**224,833**	-
At 30 June	**224,850**	17

Botswana Diamonds 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 Diamond Exploration (Pty) Ltd ("Sekaka") currently held by Kalahari Diamonds, a wholly-owned subsidiary of Petra. The acquisition was completed on 20 November 2020.

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 and the balance in cash on or before 27 November 2022.

In the opinion of the directors, at 30 June 2021, the fair value of the investments in subsidiaries is not less than their carrying amounts.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

12. INVESTMENT IN SUBSIDIARIES (CONTINUED)

The subsidiaries of the Company at 30 June 2021 were:

Name of subsidiary	Total allotted Capital	Registered Address	Country of incorporation and operation	% Ownership	Principal activity
***Kukama Mining and Exploration (Proprietary) Limited	2 Ordinary shares of BWP1 each	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	100%	Prospecting and exploration for diamonds
Kukama Diamonds Investments Limited	50,000 shares of US$1,000 each	Sea Meadow House Road Town Tortola B.V.I.	British Virgin Islands	100%	Holding Company
Orapa Diamonds plc	5,000,000 shares of £0.01 each	Suite 1, 3rd Floor 11-12 St. James's Square London SW1Y4LB U.K.	United Kingdom	100%	Dormant
Kukama Diamonds Cameroon Limited SARL	100 shares of FCA 10,000 each	BP 15277 Yaounde Cameroon	Cameroon	85%	Dormant
Botswana Coal plc	5,000,000 shares of £0.01 each	Suite 1, 3rd Floor 11-12 St. James's Square London SW1Y4LB U.K.	United Kingdom	100%	Dormant
Congo Diamonds plc	5,000,000 shares of £0.01 each	Suite 1, 3rd Floor 11-12 St. James's Square London SW1Y4LB U.K.	United Kingdom	100%	Dormant
***Siseko Botswana (Pty) Limited	517 shares	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	51.7%	Prospecting and exploration for diamonds
**Sunland Minerals (Pty) Limited	5,000 shares of BWP1 each	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	100%	Prospecting and exploration for diamonds
Atlas Minerals (Botswana) (Pty) Limited	200 shares of BWP1 each	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	100%	Prospecting and exploration for diamonds
Sekaka Diamond Exploration (Pty) Limited	100 shares of BWP1 each	Unit 1, Plot 99 Gaborone Int Commerce Centre Botswana	Botswana	100%	Prospecting and exploration for diamonds

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

**** indirectly held.*

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

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

13. OTHER RECEIVABLES

	2021 Group £	2020 Group £	**2021 Group £**	2020 Company £
Prepayments	**42,038**	25,387	**35,284**	20,947
Due by Group undertakings (Note 6)	**-**	-	**89,496**	-
	42,038	25,387	**124,780**	20,947

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

14. CASH AND CASH EQUIVALENTS

	2021 Group £	2020 Group £	**2021 Company £**	2020 Company £
Cash and cash equivalents	**164,658**	17,994	**153,539**	12,962

15. TRADE AND OTHER PAYABLES

	2021 Group £	2020 Group £	**2021 Company £**	2020 Company £
Trade payables	**15,585**	16,223	**14,739**	10,485
Petra Diamonds creditor (note 12)	**217,289**	-	**217,289**	-
Accruals	**511,275**	416,265	**501,258**	405,984
	744,149	432,488	**733,286**	416,469

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.

Included in Accruals is an amount of £466,258 (2020: £385,984) owed to directors in respect of directors' remuneration due at the balance sheet date. The directors have confirmed that they will not seek settlement of these amounts in cash for a period of at least one year after the date of approval of the financial statements or until the Group has generated sufficient funds from its operations after paying its third party creditors.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

16. CALLED-UP SHARE CAPITAL

	Group and Company		
Deferred Shares – nominal value of 0.75p	**Number**	**Share Capital £**	**Share Premium £**
At 1 July 2019 and 2020	239,487,648	1,796,157	-
At 30 June 2020 and 2021	239,487,648	1,796,157	-

Ordinary Shares – nominal value of 0.25p
Allotted, called-up and fully paid:

	Number	Share Capital £	Share Premium £
At 1 July 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
Issued during the year	**121,500,000**	**303,750**	**425,250**
Share issue expenses	**-**	**-**	**(5,600)**
At 30 June 2021	**792,721,902**	**1,981,805**	**10,984,362**

Movements in share capital
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.

On 7 September 2020, the Company raised £300,000 through the issue of 50,000,000 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 7 September 2020.

On 22 January 2021, the Company raised £363,000 through the issue of 60,500,000 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 23 January 2021.

On 13 May 2021, a total of 11,000,000 warrants were exercised at a price of 0.60p per warrant for £66,000.

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

17. 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.

	30/06/2021 Options	**2021 Weighted average exercise price in pence**	30/06/2020 Options	2020 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

WARRANTS

	30/06/2021 Warrants	**2021 Weighted average exercise price in pence**	30/06/2020 Warrants	2020 Weighted average exercise price in pence
Outstanding at beginning of year	**105,939,394**	**0.60**	67,272,727	0.60
Issued	**110,500,000**	**0.60**	41,666,667	0.60
Exercised	**(11,000,000)**	**0.60**	(3,000,000)	0.60
Expired	**(66,272,727)**	**0.60**	-	-
Outstanding at end of the year	**139,166,667**	**0.60**	105,939,394	0.60

Refer to note 16 Called up Share Capital for the details of the share options and warrants.

18. MATERIAL NON-CASH TRANSACTIONS

Material non-cash transactions during the year have been outlined in Notes 10, 11, 12, 16 and 17.

19. CAPITAL COMMITMENTS

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

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

20. PARENT COMPANY INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the parent Company's income statement has not been presented in this document. The loss after taxation, as determined in accordance with IFRS, for the parent Company for the year is £432,686 (2020: loss of £356,831).

21. 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.

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	**2021 Less than 1 year**	**2021 Greater than 1 year**	2020 Less than 1 year	2020 Greater than 1 year
At 30 June				
Trade payables	**15,585**	**-**	16,223	-
Petra Diamonds creditor	**217,289**	**-**	-	-
Accruals	**511,275**	**-**	416,265	-
Company				
Trade payables	**14,739**	**-**	10,485	-
Petra Diamonds creditor	**217,289**	**-**	-	-
Accruals	**501,258**	**-**	405,984	-

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

21. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (CONTINUED)

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 2021 and 30 June 2020. 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 2021 amounted to £206,696 (2020: £43,381) 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.

	2021	2020
	£	£
Cash held in institutions with S&P A- rating or higher	**164,658**	17,994

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:

	Assets		**Liabilities**	
	2021	2020	**2021**	2020
Group	**£**	£	**£**	£
Euro	**2,789**	7,540	**5,041**	5,985
US Dollar	**1,483**	1,616	**-**	-

	Assets		**Liabilities**	
	2021	2020	**2021**	2020
Company	**£**	£	**£**	£
Euro	**2,789**	7,540	**5,041**	5,985
US Dollar	**340**	994	**-**	-

Notes to the Financial Statements
for the year ended 30 June 2021 (continued)

22. POST BALANCE SHEET EVENTS

On 23 August 2021 the Company announced that Okwa Diamonds Pty Ltd, a joint venture with Vast Resources plc ("VAST") in which Botswana Diamonds has an initial 10% carried interest, had conditionally agreed to acquire Gem Diamonds Botswana Pty Ltd ("GDB"), a wholly owned subsidiary of Gem Diamonds Ltd ("Gem Diamonds"), for a cash consideration of US$4 million. GDB's primary asset is the fully permitted Ghaghoo diamond mine in central Botswana which is currently under care and maintenance.

The Company has an initial free carried interest of 10% in Okwa Diamonds Pty Ltd ("Okwa") for the first US$15 million of expenditure by Okwa, which is being funded by VAST (including the acquisition cash consideration). Thereafter, Botswana Diamonds will not be diluted below 2.5% of Okwa. Botswana Diamonds can also earn up to a further 20% interest in Okwa through funding 20% of expenditure. Under the terms of the joint venture with VAST, Botswana Diamonds will be the operator of the Ghaghoo mine until such time as an agreed management team is in place.

The acquisition of GDB is conditional, *inter alia*, on relevant regulatory and competition authority approvals in Botswana.

On 29 September 2021 the Company exercised its pre-emptive right to acquire the outstanding third-party interests in Vutomi Mining (Proprietary) Limited and Razorbill Properties 12 (Proprietary) Limited.

Vutomi holds the mineral rights to the Thorny River Diamond Project as well as other exploration assets.

The consideration for Vutomi comprises 56,989,330 new ordinary shares in Botswana Diamonds plc which, at the closing mid-market price on 28 September 2021 of 1.10p per share, is valued at £626,883.

There are no lock-in arrangements, but the consideration shares will be issued in two equal tranches (three months apart) following Completion. Completion is subject to a number of conditions (with a long stop date of 22 September 2022 unless otherwise agreed between the parties).

The Company expects the conditions to be fulfilled and the transaction to complete during Q2 2022.

The Company has further agreed that, immediately on completion of the acquisition, the Company will sell 26% of Vutomi for a deferred consideration of US$316,333 to the Company's local South African Empowerment partner, Baroville, in order to comply with South African requirements on empowerment ownership, which will be funded by a loan from Botswana Diamonds.

On completion, the Company will own 74% of Vutomi.

The Company has separately agreed to sell its interests in Evoid to Red Sky Trust. Evoid is currently dormant and holds the Mooikloof prospecting licence and Palmietgat prospecting licence on which very limited work has been carried out to date. Red Sky has agreed that as soon as Evoid has the available cash to do so, Evoid will settle the outstanding shareholder loans provided by the Company to Evoid and which amounts to ZAR320,374 (equivalent to approximately £16,000). There is no further consideration payable. Any consideration received from the sale to Baroville and Red Sky will be retained for working capital.

On 25 October 2021 the Company announced that it had raised £550,000 via the issue of 55,000,000 new ordinary shares at a placing price of 1p per share. Each share has one warrant attached with the right to subscribe for one new ordinary share at 2p per new ordinary share for a period of three years from 25 October 2021 being the date of the warrants issue.

STATEMENT ACCOMPANYING NOTICE OF AGM

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 Hilton London Paddington, 146 Praed Street, London, W2 1EE on Thursday 27 January 2022 at 11.00 am.

The Board continues to closely monitor developments in relation to the Covid-19 pandemic and the health and wellbeing of the Shareholders and the Company's employees continue to remain of paramount importance. Currently there are limited restrictions in England on public gatherings of the nature envisaged for the Meeting, but this situation may have changed at the date of the Meeting. All Shareholders are encouraged to exercise their right to vote by appointing the Chairman of the Meeting as their proxy. If a Shareholder appoints any person other than the Chairman of the Meeting to act as their proxy, that person (for their own safety, and for the safety of others) may not be granted access to the Meeting and in such circumstances their appointing Shareholder's votes would not be counted. If law and/or guidance requires us to restrict entry to the Meeting, it is intended that it would be convened in accordance with the Company's Articles of Association and in line with the UK Government guidance. In such circumstances, the Company would make arrangements such that the legal requirements to hold the Meeting can be satisfied through the physical attendance of a minimum number of people required to form a quorum under the Company's Articles of Association and who are essential for the business of the Meeting to be conducted. These attendees would be officers or employees of the Company.

In view of the continuing risk posed by Covid-19, we reserve the right to put in place arrangements to protect attendees from any risk to their health and may refuse entry to persons who do not comply with such arrangements. In particular, Shareholders are reminded that they should not attend the Meeting in person if they or someone living in the same household feels unwell or has been in contact with anyone who has, or may have, Covid-19."

By order of the Board

James Finn
Secretary

6 December 2021

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that an Annual General Meeting of Botswana Diamonds plc ("the Company") will be held at Hilton London Paddington, 146 Praed Street, London, W2 1EE on Thursday 27 January 2022 at 11.00 am 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 2021.

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

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

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

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

By order of the Board

James Finn
Secretary

6 December 2021

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.

NOTICE OF ANNUAL GENERAL MEETING (continued)

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 at 11.00am on 25 January 2022 (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 11.00am on 25 January 2022 (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 (Resigned 28 January 2021) 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
NOMINATED ADVISOR & BROKER	Beaumont Cornish Limited 10th Floor 30 Crown Place London EC2A 4EB
JOINT BROKER	First Equity Limited Salisbury House London Wall Finsbury London EC2M 5QQ
BANKERS	Barclays Bank Ireland plc One, 2 Molesworth Place Dublin 2 Ireland

BOTSWANA
DIAMONDS PLC

Botswana Diamonds Plc