25th January 2018

Botswana Diamonds PLC
(“Botswana Diamonds” or the “Company”)

Thorny River Project – Grade & Volume update

The board of Botswana Diamonds (AIM: BOD) is pleased to provide an update on its Thorny River Project which is part of the Vutomi earn-in arrangement in South Africa.

Highlights:
- Estimated Total Content grade range of 46 - 74 carats per hundred tonnes (cpht)
- Kimberlite dyke system estimated to contain between 1.20 – 2.1 M tons

John Teeling, chairman, commented:
“We have made rapid progress at Thorny River with the generation of volume and grade estimates following intensive exploration field work. We recovered insufficient diamonds, particularly the bigger sizes, to produce a valuation which could be used in economic modelling. This will be addressed. The next work programme will include options to determine the economic viability of the resource.”

Further Detail:
The Thorny River Project area consists of the farms Frischgewaagt, Hartbeesfontein and Doornrivier, which are located within the Limpopo Province of South Africa. The Project area encompasses the eastern extent of a kimberlite pipe/dyke complex, along which the former Marsfontein and current mothballed Klipspringer diamond mines occur. Both operations were previously mined by De Beers and SouthernEra in a joint venture and are currently owned by ASA Resources plc and are in the process of being disposed of.

A sample equivalent to 305.38 dry tons of kimberlite and host rock was taken late last year from a 42-metre trench on Frischgewaagt, along the strike of the dyke. 512 diamonds weighing 62.883 carats were recovered from this sample following treatment through an independent integrated processing facility, which comprised crushing and re-crush circuits, a Dense Media Separation (‘DMS’) plant and grease and x-ray technology for final recovery.
The data generated from the sample was assessed together with the results of the 2015 sampling campaign, as well as last year’s microdiamond work, to derive an estimated (modelled) macro grade. The modelling, which was undertaken by Interlaced Consulting, considered host rock dilution, metallurgical process efficiencies and the various diamond size frequency distributions; the result is an estimated Total Content grade range of 46-74 cpht (at a bottom cut-off (‘BCOS’) of +1 mm). Modelling work was also undertaken by Busiswe Carol Ringane Pr.Sci.Nat and Dr Kurt Petersen, with consistent results. These correlate with the published resource grade of the neighbouring Klipspringer Mine of 49 cpht (BCOS of +1mm).

The valuation of the diamonds recovered, which was undertaken by international diamantaire Ray Ferraris, indicated the parcel average to be US$89/ct in the +11 diamond sieve class, which compares favourably with US$77/ct achieved in the same diamond sieve class from the 2015 sampling campaign. The average published diamond values achieved by Klipspringer were US$130/ct (at a BCOS of +1mm). However, the diamonds recovered were insufficient to produce a modelled diamond valuation; therefore the 2016 modelled diamond value of US$259/ct (at a BCOS of +2mm) continues to apply.

Gem quality diamonds comprised approximately two thirds of the value of the parcel. Less than 40% of the parcel illustrated medium or high fluorescence and less than 10% of the stones were chipped or broken. Yellow stones were also present and there was a small population of unusual colours which were near fancy. Large stones were expected. Their absence is being investigated.

The overall kimberlite volume has been modelled at 450,000 m³ – 470,000 m³ with additional potential volumes of 250,000 m³ – 330,000 m³ on which work is currently being undertaken. This equates to between 1.2 M tons – 2.1 M tons using an assessed density of 2.67t/m³.

The trenching exercise allowed for the verification of drilling and geophysical work. More geological work will be conducted at Thorny River to further refine grade and revenue estimates and extend volume estimates. The processed concentrates produced by the DMS will also be subject to further work. We will do more work to tighten the grade range, to expand the volume to find out where the large stones are and to examine economic development opportunities.

This release has been approved by James Campbell, Managing Director of Botswana Diamonds plc, a qualified geologist (Pr.Sci.Nat), a Fellow of the South African Institute of Mining and Metallurgy, a Fellow of the Institute of Materials, Minerals and Mining with over 32-years’ experience in the diamond sector.

This announcement contains inside information for the purposes of Article 7 of Regulation (EU) 596/2014.

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