13 December 2013

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

Fundraising of £740,000

Botswana Diamonds (AIM: BOD) announces that it has conditionally raised cash proceeds of £540,000 through the issue by the Company of, in aggregate, 21,600,000 new ordinary shares of £0.01 each, plus two warrants per new share (together a “Unit”) at a price of 2.5 pence per Unit. In addition the Company has settled a further £200,000 of existing liabilities with directors of the Company (the “Directors’ Loans”) through the issue of Units at the same price as the Units issued for cash. The Directors’ Loans accrued on account of unpaid directors’ fees.

In aggregate the Company has issued a total of 29,600,000 new shares (the “New Shares”) and 59,200,000 warrants (the “Fundraising”). The warrants each have the right to subscribe for one new ordinary share at a subscription price of 2.5 pence per share for a period of six months from 18 December 2013, the expected date of the warrants issue.

Highlights

The funds will be used to fund the Company’s exploration projects in Botswana as well as working capital needs. The Alrosa/Botswana joint exploration project will commence in January 2014 focused on PL117 in the Orapa region of Botswana.

John Teeling, Chairman, Botswana Diamonds said, “The current financing environment facing exploration ventures on AIM is particularly difficult so we are pleased that a small number of existing shareholders and new investors have supported this fundraising.

“We will begin exploring the first target of our joint venture with Alrosa, PL117 in January. This licence, about 10 km from the Karowe diamond mine, is a high potential target for the joint venture.”

Details of the Fundraising
The New Shares will rank pari passu with the Company’s existing ordinary shares. Application will be made for the New Shares to be admitted to trading on AIM and it is expected that such admission will become effective on or around 18 December 2013.

Following the issue of the New Shares there will be a total of 167,882,267 ordinary shares of £0.01 each in issue with each share carrying the right to one vote. The above figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, the Company under the FCA’s Disclosure and Transparency Rules.

Related Parties

The table below sets out the New Shares issued pursuant to the capitalisation of the Directors’ Loans:

<table>
<thead>
<tr>
<th>Director</th>
<th>Directors’ Loans capitalised (£)</th>
<th>No. of New Shares</th>
<th>Resulting shareholding (shares)</th>
<th>Resulting percentage holding in the share capital %</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Teeling</td>
<td>110,000</td>
<td>4,400,000</td>
<td>18,069,320</td>
<td>10.76</td>
</tr>
<tr>
<td>James Finn</td>
<td>50,000</td>
<td>2,000,000</td>
<td>6,970,820</td>
<td>4.15</td>
</tr>
<tr>
<td>David Horgan</td>
<td>40,000</td>
<td>1,600,000</td>
<td>4,895,720</td>
<td>2.92</td>
</tr>
</tbody>
</table>

The Directors’ aggregate participation in the Fundraising constitutes a related party transaction in accordance with Rule 13 of the AIM Rules for Companies. The independent director (being Robert Bouquet), the director of the Company who is not participating in the Fundraising, has consulted with the Company’s nominated adviser, Westhouse Securities Limited, and considers that the terms of the transaction are fair and reasonable insofar as the shareholders are concerned.
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