Update on Exploration Activities in Botswana

The focus of our current exploration programme in Botswana is to refine the grade per ton and value per carat of diamonds discovered by prior work in kimberlites AK9, AK8 and BK5.

During a review of earlier work on AK9, prior to beginning the bulk sampling, it was discovered from an analysis of micro diamonds that a potential high grade kimberlite could exist under the overburden and basalt layer. The historic overall grade of 2.5 to 3.5 cpht could be low due to basalt dilution. The 3 hectare AK9 kimberlite has significant overburden and high basalt dilution to a depth of at least 90 metres. The micro diamond analysis of the undiluted kimberlite indicates the possibility of grades of between 80 – 160 cpht. This transforms the potential of AK9. We are preparing to drill one or more core holes to a depth of 300 metres to test the kimberlite.

On AK8 the first pass processing of the bulk sample is complete. The recovered stones are larger than anticipated which should result in higher value per carat, but the grade is below expectations. The tailings material will be recrushed for final recovery. The anticipated final grade is now expected to be 5 cpht or lower.

The processing of the historic stockpile material on BK5 produced no diamonds during first pass processing. An additional bulk sample of 1,000 tons was excavated and is now being processed.

A full report on both AK8 and BK5 kimberlites can be expected by mid August.

Application was made on 16 March 2011 to the Geological Survey of Botswana to extend the life of two licences PL04/2002 which contains AK8, AK9 and BK5 and PL07/2004, both of which were due to expire on June 30th. The application was well received. We are informed that the paperwork granting the extension is being processed and will be issued in due course.

A thorough review of available ground in Botswana has led to application being made for a number of additional areas.
John Teeling, Chairman, commented:

“Our ongoing operations in Botswana are producing interesting results. On the very positive side a review of micro-diamond work done on the AK9 kimberlite prior to our bulk sampling programme starting, suggested that below the thick basalt and overburden layers up to 90 metres thick, that grades of over 100 cpht might be present. There is evidence that grades from prior work were diluted by basalt. We now intend to test the grade with one or more core holes 300 metres into the kimberlite.

The second piece of encouraging news is that preliminary results from bulk sampling AK8 has produced a population of bigger diamonds than anticipated. This has positive implications for value per carat, but the overall grade in the sample is below expectation, likely to be 5 cpht or less when the programme is completed.

BK5 is a disappointment. The surface material produced no diamonds when processed. We have now completed a bulk sample of fresh kimberlite and it is being analysed.

The potential unearthed in AK9 offers exciting upside potential which is over and above what we expected when we started this programme.”

This release has been approved by Andre Fourie, Hons BSc (Geology), who is a registered professional geologist with the South African Council for Natural Scientific Professions. Mr Fourie is the Technical Director of Botswana Diamonds and has over 13 years of experience in diamond exploration and mineral resource management.

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