Botswana Diamonds plc

(“Botswana Diamonds” or the “Company”)

Fundraising of £1.51 million

Botswana Diamonds (AIM: BOD) announces that it has conditionally raised £1.51 million (approximately £1.47 million, net of expenses) through a placing and direct subscriptions with the Company of, in aggregate, 37,750,000 new ordinary shares of £0.01 each (the “New Shares”) at a price of 4 pence per share (the "Fundraising"). The Fundraising price represents a discount of [11] per cent. to the closing price of [4.5] pence per Ordinary Share on [16] February 2012, being the last trading day before this announcement.

Highlights

The majority of the net proceeds of the Fundraising will be deployed on the Company’s exploration projects in Botswana, Cameroon and Zimbabwe.

Work is on-going with the Company’s partner in Botswana with first results due in Q3 of this year. The Directors are hopeful that the analysis will identify large anomalies in the hard-to-explore north east of the country. A second stage exploration programme is about to begin in Cameroon. The work will involve bulk sampling on previously identified palaeoplacer conglomerates to confirm whether they contain diamonds. A follow-up larger bulk sample to identify diamond grade and quality is likely to commence toward year end. A small bulk sampling of a two hectare kimberlite is underway in Zimbabwe. This kimberlite, which was previously identified by Rio Tinto, is known to contain diamonds. When and if mining licences are obtained on Chimanimani and Marange in Zimbabwe, Botswana Diamonds will immediately mobilise.

John Teeling, Chairman of Botswana Diamonds, said:

"The strong support we have received for the placing is a further vote of confidence in Botswana Diamonds’ strategy.

“The proceeds of the Fundraising will enable the Company to continue its exploration programme in conjunction with its partner in Botswana where first results will come through in Q3, in Cameroon where first results are due mid-year and in Zimbabwe where sampling is on-going.”

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 [22 February 2012].

Following the issue of the New Shares there will be a total of 138,282,267 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 FSA’s Disclosure and Transparency Rules.

The Fundraising is being undertaken using the authority granted to the Directors at the time of the Company’s admission to trading on AIM.

Related Parties

Two Directors have agreed to subscribe for New Shares as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>No. of New Shares</th>
<th>Resulting shareholding</th>
<th>Resulting percentage holding in the Enlarged Share Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Teeling</td>
<td>4,175,000</td>
<td>13,669,320</td>
<td>9.89</td>
</tr>
<tr>
<td>James Finn</td>
<td>1,675,000</td>
<td>4,970,820</td>
<td>3.59</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 Directors (being David Horgan, Andre Fourie and Robert Bouquet, the Directors who are not participating in the Fundraising), having consulted with the Company’s nominated adviser, Westhouse Securities Limited, consider that the terms of the transaction are fair and reasonable insofar as the shareholders are concerned.

Enquiries:

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