

MORNING COMMENT : 5 March 2015	
Botswana Diamonds plc (BOD.L)*	1.38p (1.25p-1.50p)- 52 Wk: High 4.15p Low 1.13p.
Recommendation: BUY	Market Cap: £2.7m

Tracing the Fingerprints, Exploration Update

Today we learnt Botswana Diamonds (BOD.L) had restarted exploration on its three main diamond prospective licences in the Orapa region of Botswana with JV partner Alrosa. All three permits lie to the north of several local diamond mines. A key focus of the exploration programme will be on priority block PL 206, where diamond indicator minerals will be analysed on site in a mobile laboratory and compared to the fingerprints of the same minerals found at the nearby Orapa, Damtshaa and Letlhakane diamond mines. This advanced filtering process helps to speed up the exploration process and minimise costs, with the more prospective samples being taken off site for more detailed analysis at Alrosa's main laboratory.

Comment

With results from the Orapa exploration programme anticipated in May and June, we could see a resurgence of interest from investors in the company and resultant bounce back in the share price. In the absence of recent exploration newsflow, the market may have forgotten and overlooked the potential of Botswana Diamonds. The shares have been recently changing hands at around only one third the price at which they traded back in September last year. The current market cap just about reflects a listing value, rather than attribute any value to the potential of a significant diamond discovery being made.

It is worth highlighting again that the management/director team behind BOD made the AK6 (Karowe) kimberlite discovery in Botswana in 2004, when the ground was held by African Diamonds (AFD) in partnership with De Beers. Karowe was later developed into a mine by TSX listed Lucara after it acquired De Beers' stake and then AFD for around US\$90m. Today's partner is international mining major Alrosa, who are providing advanced and highly innovative exploration techniques in what should be a dream team combination in this prolific diamond discovery region of the world. To this end, and with a ramp up in exploration ahead, we continue to recommend Botswana Diamonds as a 'Buy';

**Dowgate Capital Stockbrokers acts as Joint Broker to Botswana Diamonds PLC.*

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