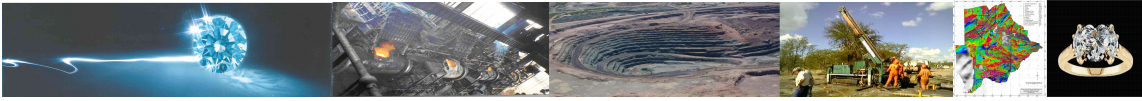




Republic of Botswana

Botswana's Report on the Implementation of the Kimberly Process Certification Scheme (KPCS) Year 2011



Introduction

Botswana has been a founding participant of the Kimberly Process Certification Scheme (KPCS) since the commencement of the scheme in 2003. Mineral Affairs division within the Ministry of Minerals Energy and Water Resources is the administrating authority of the KPCS regulations in accordance with the principles of the KPCS and the country's laws

A. Institutional Framework

The implementation of the KPCS in Botswana is the responsibility of the Ministry of Minerals Energy and Water resources. The Ministry's physical address is;

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Contact: Persons

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2. Gofaone Molefhe/Asnath Chimbombi/Tebogo Selaelo

Tel: +267 391 5311

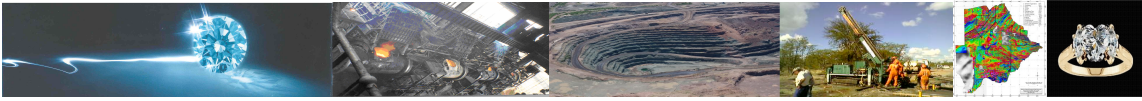
Fax: 3934586

Email: gfmolefhe@gov.bw; achimbombi@gov.bw; tselaelo@gov.bw

The certificates are issued by the Diamond Office under Mineral Affairs Division (MAD), within the Ministry of Minerals Energy and Water Resources.

B. Legal Framework

The Mines and Minerals Act of 1999 is the principal act that controls and regulates exploitation of minerals. Under this Act a mineral concession must first be obtained before one can engage in any exploration or mining activity. In this regard, for an individual to conduct exploration or mining one has to have a mining concession issued by the Minister of Minerals, Energy and water Resources. Two other subsidiary pieces of legislation which apply to the protection and the cutting of diamonds are the Precious and Semi Precious Stones Protection Act and the Diamond Cutting Act. Mineral concession holders have to,



in addition to the Mines and Minerals Act ,comply with the provisions of the Precious and Semi Precious Stones Protection Act.

The Precious and Semi Precious Stones Protection Act prohibits unlawful possession of rough diamonds. Under this Act, all mining areas or buildings in which rough diamonds (precious stones) are dealt with have to be and are declared gazetted security areas. Access to such areas is restricted to holders of valid permits issued in terms of the Act. People and vessels entering and exiting such areas are subject to security searches. The Act also requires submission to the Minister responsible for minerals, monthly returns detailing precious stones won, recovered, received, manufactured, purchased or imported into a precious stones protection area. With the advent of Kimberly Process Certification Scheme (KPCS), further regulations were issued under this Act prohibiting, any import or export of rough diamonds without the Kimberly Process (KP) certificate with effect on the 1st of January 2003.

The Diamond Cutting Act regulates the cutting, sawing, cleaving and polishing of rough diamonds. This Act sets out how diamond –cutting licenses can be obtained and the conditions that go with such licenses. Holders of the diamond cutting license have to comply with the provisions of the Precious and Semi Precious Stones Protection Act with regards to security and the KPCS. License holders must also submit monthly returns detailing purchases, polished, partly manufactured, rejects, etc. Diamond Office with the assistance of technical experts from DTC reviews each factory bi-annually to reconcile the diamonds sourced from DTC Botswana to the polished diamonds and imported roughs. The returns should basically show reconciliation between receipts of rough and the finished products.

The penalty for unlawful dealing in rough diamonds or unlawful possession of rough diamonds shall be guilty of an offence, upon conviction, is sentenced to imprisonment for a period not less than 5 years but not exceeding 15 years. The Import and Export of rough diamonds regulations were last amended in 2004.

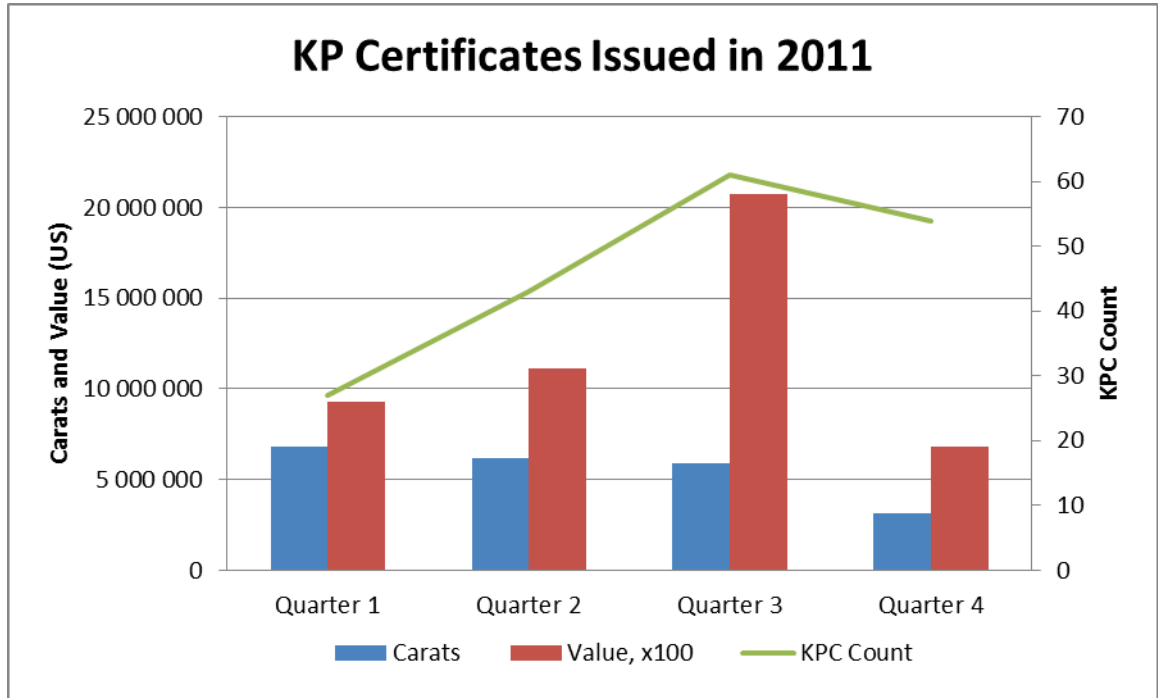
In terms of law enforcement, the Botswana Police Service through the division of Diamond and Narcotics Squad advise on diamond security among other things as well as deal with the prevention of illegal diamond dealings.

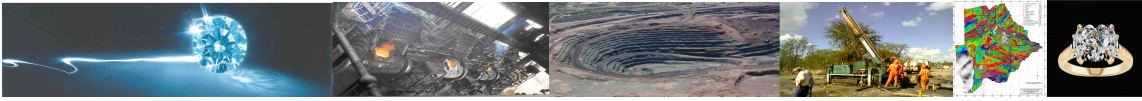


C. Import and Export Regime

Outgoing Shipments

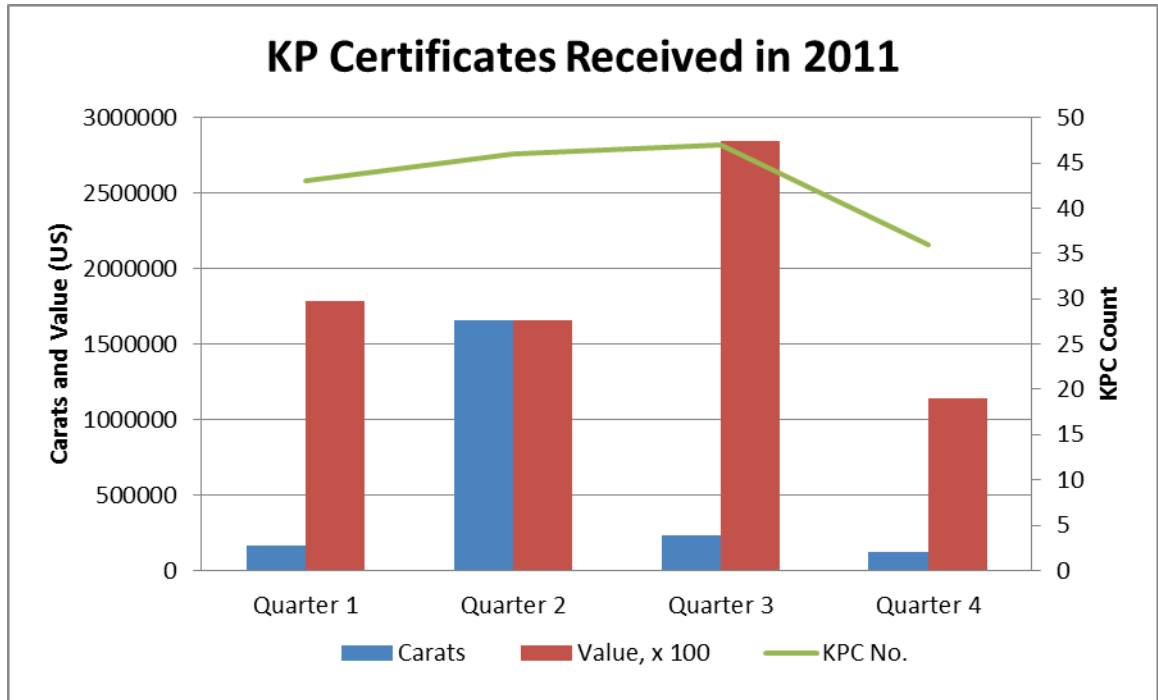
Up to date no changes have been made to Botswana diamond export regime, refer to Botswana's 2003 and 2004 annual reports for details. In the year 2011, Botswana issued 223 KP certificates for a total of carats 22 014 037.70 valued at \$ 4 792 925 172.12

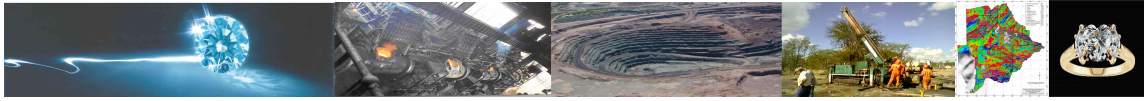




Incoming Shipments

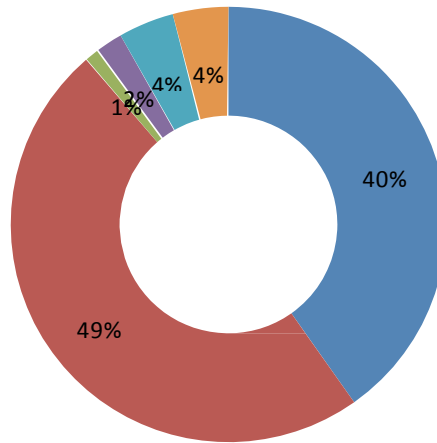
No changes were made in diamond imports regime in Botswana. For details please refer Botswana's previous annual reports, 2003 and 2004





% of KPC's Received in Botswana in 2011

■ Israel
 ■ EC
 ■ China
 ■ Thailand
 ■ South Africa
 ■ India

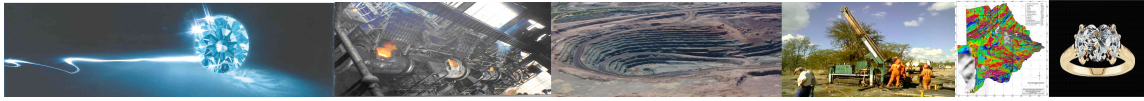


D. System of internal controls and Industry Self-Regulation

The legal framework forms the platform on which internal controls of Botswana diamond industry is based. The Precious and Semi Precious Stones Act has prescribed under it, regulations prescribing how the diamond industry should be conducted with specific emphasis on diamond security, record keeping, returns to be submitted and their frequency, employment of people in the diamond industry as well as the requirements for compliance with the KPCS.

All mining areas are fenced and entrance restricted to permit holders. Prior to being issued permits, applicants undergo security background checks. Any criminal activity or previous conviction for criminal activity disqualifies one from obtaining such a permit. Ongoing investments made at the operations are based on state of the art security systems, which include fully integrated sorting facilities to minimize human contact with diamonds at mines site. The goods are weighed and sealed in containers then shipped to a central valuing place being Diamond Trading Company Botswana (DTCB) in Gaborone. Upon arrival in Gaborone these containers are opened and goods are check weighed to confirm shipped weights with supporting documents. Production data is captured into Mineral Affairs Division (MAD) production database.

For privately owned mines there are regionally placed Diamond and Narcotics Division representatives who confirm by signing and sealing the diamond parcels at



mine site before they are shipped to the company's offices in Gaborone where the MAD officials inspect the goods and confirm against supporting documents.

With the advent of DTCB local rough diamond supply to local sight holders, quarterly visits are made to the manufacturing factories for audit and regulatory purposes.

There is Botswana Diamond Manufacturers Association (BDMA) which is an industry self-regulation body. The association is administered by the diamond manufacturing industry.

E. Statistics

Botswana has complied with all statistical requirements during the year 2011 and has submitted quarterly trade and biannual production statistics to the chair of the working group on time

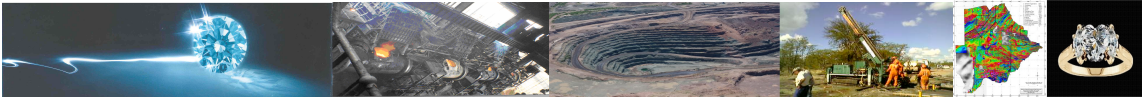
Tables 1 and 2 below summarizes Botswana's imports and exports of rough during 2011

Year 2011	7102.10		7102.21		7102.31	
	Carats	Value US\$	Carats	Value US\$	Carats	Value US\$
Q1	4633.38	372373.64	1173.60	630965.72	151663.84	173782572.71
Q2	12727.17	1261980.16	1846.35	22485.92	1642690.26	158722976.32
Q3	21427.02	2109308.41	6687.94	553422.61	199144.45	281409439.30
Q4	22025.32	1872152.20	41.67	2428.20	86391.47	111271324.08
Total	60812.89	5615814.41	9749.56	1209302.45	2079890.02	725186312.4

Table 1: Rough diamonds Import Summary 2011

Year 2011	7102.10		7102.20		7102.30	
	Carats	Value US\$	Carats	Value US\$	Carats	Value US\$
Q1	0	0	566726.90	1328012.11	6248232.23	929085144.23
Q2	0	0	689767.00	3754343.26	5461204.87	1105859357.22
Q3	44694.88	4008704.50	673855.26	10338970.19	5204731.53	2056916121.71
Q4	0	0	318654.00	1415663.57	2806171.03	680218851.63
Total	44694.88	4008704.50	2249003.16	18252652.7	19720339.66	4772079474.79

Table 2: Rough diamond exports summary 2011



F. Miscellaneous:

Diamond theft cases statistics for 2011

Nationalities	Cases	No. of People Accused		No. of Diamonds	Suspected Origin of Diamonds		Carats	Value
		Male	Female		Zimbabwe	Tanzania		
Botswana 17	9				Zimbabwe		84.7	P 252 777.21 \$30 826.48
Zimbabwe 2					Tanzania 3			
Kenya 1		17	3	95				

During the calendar year 2011, Botswana Police Services registered 9 cases of illegal dealing in rough diamonds of weight **84.7 carats** worth **\$ 30 826.48**