



Liqhobong Diamond Mine

June 2014 update



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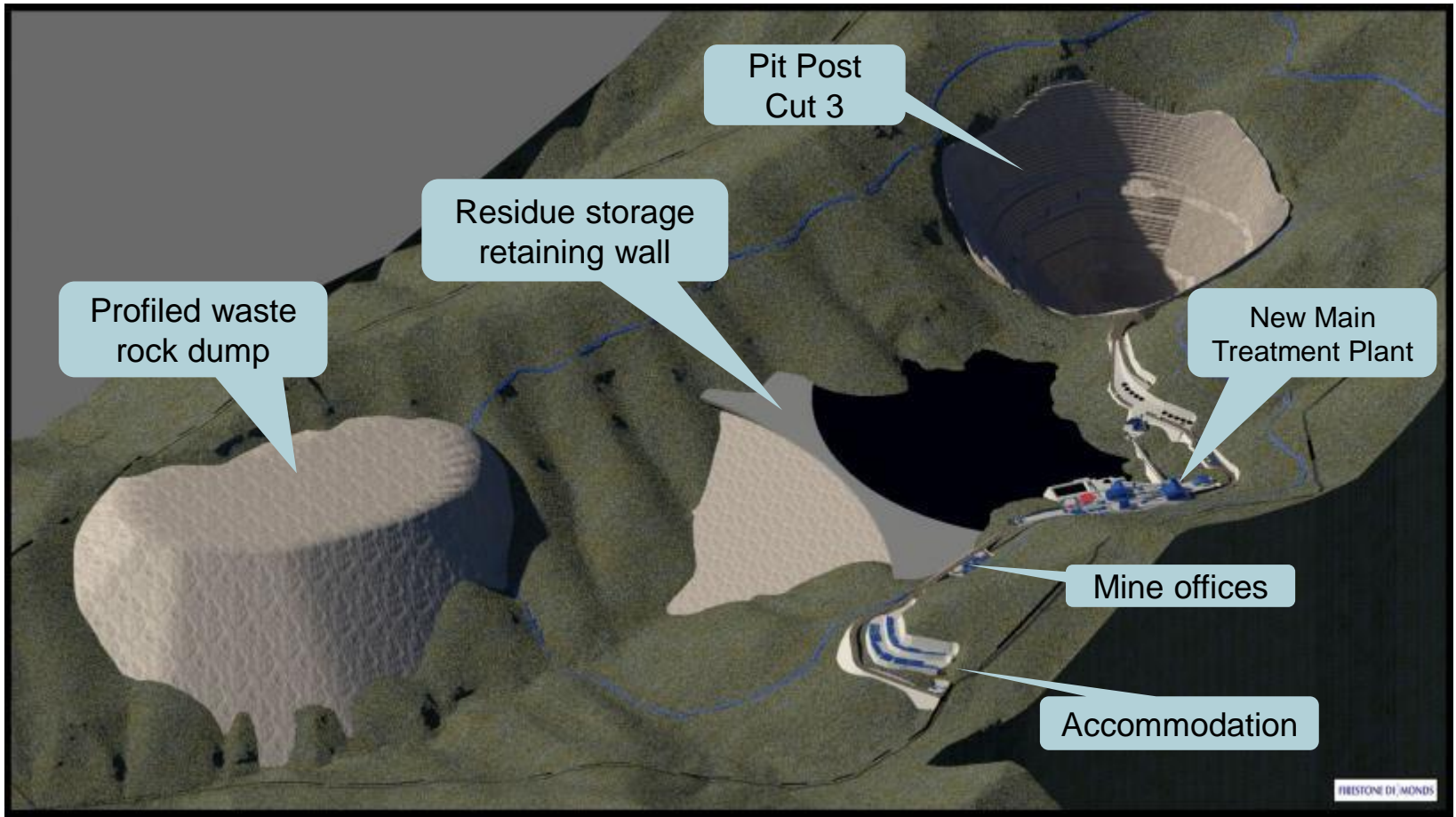
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Liqhobong Diamond Mine

Highlights

- A robust project with over 11 million carats in reserve. **Open pit resource contains 17+ million carats to 393m below surface level**
- Definitive Feasibility Study (DFS) completed in Oct 2012 and revised in Oct 2013, total project capital, including power, \$185.4m:
 - Base case project **NPV@8% \$379m, IRR 30%**
 - Upside including large stones, **NPV@8% \$728m and IRR 45%**
- Mine plan: **open pit mining** down to 393 metres over **15 years**
- **Fully funded:** equity funds raised \$112.5m. Project and mezzanine debt (\$112.4m) funding documentation signed
- Project documentation and main early start **construction contracts signed** in May/ June '14
- **Overhead grid power line**, retaining wall and civil works commenced
- Decommissioning and **removal of the pilot plant** commenced

Plant and infrastructure layout post 15 years of phase 1 mining



Proposed plant layout

- Custom built plant: simple scrubbing, screening, crushing and concentration design
- 2 x 250 tonne per hour streams = 500 tonne per hour capacity, at 3.6 million tonnes per annum



Project progress

- The EPCM, earthworks and civils, residue storage facility contracts have been signed
- Site mobilisation and overhead grid power line has started
- All major equipment long lead items have been approved by the Lihobong Mining Development Company tender board committee and contracts have been placed
- All major equipment deliveries are aligned to current baseline development schedule

Drawing issue status

- The following earthworks - Issued for Construction (IFC) drawings have been issued to the contractor for an immediate start on site
 - ❑ Main plant terraces;
 - ❑ Accommodation terraces; and
 - ❑ New access road.

- The following structural drawings have been issued for civil and structural detailed design
 - ❑ Fines and coarse dense medium buildings (on project critical path);
 - ❑ Recovery building (on project critical path); and
 - ❑ Primary crushing and Run of Mine (ROM) area.

Commitments – as at 20 June 2014

Major Equipment & Major Contract Commitments	ZAR (Million)	Comments
Residue Storage Facility (RSF)	330	Fixed and Firm Contract Signed 4 May 2014
Civils & Earthworks	263	Fixed and Firm Contract Signed 10 June 2014
Structural, Mechanical, Piping & Platework (SMPP)	327	Fixed & Firm Letter of Intent Issued, Contract Signing July 2014
Major Mechanical Equipment	69	Long Lead Crushers, Scrubbers, Apron Feeder, Vibrating Screens & Primary Rock Breaker
Infrastructure Buildings & Accommodation	56	On Critical Path for Contractor Mobilisation Contract Awarded 19 June 2014
Total	1,045	

Key milestone dates

MILESTONE DESCRIPTION	BASELINE	ACTUAL
EP&CM contract commencement date	10/06/14	04/06/14
Residue storage facility contract signed Turnkey Civils Lesotho (TCL)	01/05/14	04/05/14
TCL establish site	02/06/14	14/06/14
Civil and earthworks contract signed Stefanutti Stocks (SS)	13/06/14	10/06/14
SS establish site	17/06/14	17/06/14
First earthworks drawings issued	10/06/14	12/06/14
Signed overhead power line contract Infrastructure Projects (IP)	18/06/14	18/06/14
Structural, mechanical, platework and piping contract agreed with Structural Mechanical Electrical and Instrumentation (SMEI)	July 2014	
First structural steel drawing issued	H2 2014	
First civil drawing issued	Q4 2014	
First three accommodation buildings ready for occupation	Q4 2014	
SMEI establish site	Q1 2015	
Major earthworks complete	Q1 2015	
Overhead line and main substation commissioned	Q2 2015	
Plant C2 commissioning start	Q1 2016	
Plant C3 commissioning start	Q2 2016	

Risk management

Risk	Mitigation
Approval of work permits for all contractor expatriate staff	<p>A number of engagements by the CEO and senior Firestone and DRA staff have been made with the major stakeholders in the necessary government departments:</p> <ul style="list-style-type: none"> • Continuous monitoring and engagements has been instituted
Availability of adequate contractor accommodation to support site construction activities	<p>Contractors have mobilised temporary accommodation. The accommodation supply contract has been awarded and if it meets the current build schedule this will be mitigated:</p> <ul style="list-style-type: none"> • Building contractor progress will be closely monitored
Deepening of the satellite pit to provide adequate process water for start of production prior to 2015 rainy season	<p>The contract for the deepening of the pit has been placed and contractors have site established.</p>
Excessive inclement winter weather	<p>Contractor progress and productivity tracking during open weather windows. Flexibility to change contractor R&R dates if extended bad weather is encountered.</p>
Delays in C2 & C3 commissioning as a result of any of the above	<p>The major contracts are placed for all of the above together with the contract awards for all major long lead equipment:</p> <ul style="list-style-type: none"> • Contractor progress & performance will receive the necessary amount of management attention during the project lifecycle

Images: pilot plant



Pilot plant

Images: dismantled pilot plant



Pilot plant being dismantled



Pilot plant being dismantled

Images: drainage of satellite pit



Satellite pit being drained



Satellite pit fully drained in preparation for deepening

Images: temporary water storage, main pipe



Main pit November 2013



Main pit temporary water storage complete

Images: dismantled thickener



Thickener prior to being dismantled



Thickener dismantled

Images: arrival of earthworks fleet



Arrival of new fleet



Arrival of new fleet

Diamond market overview



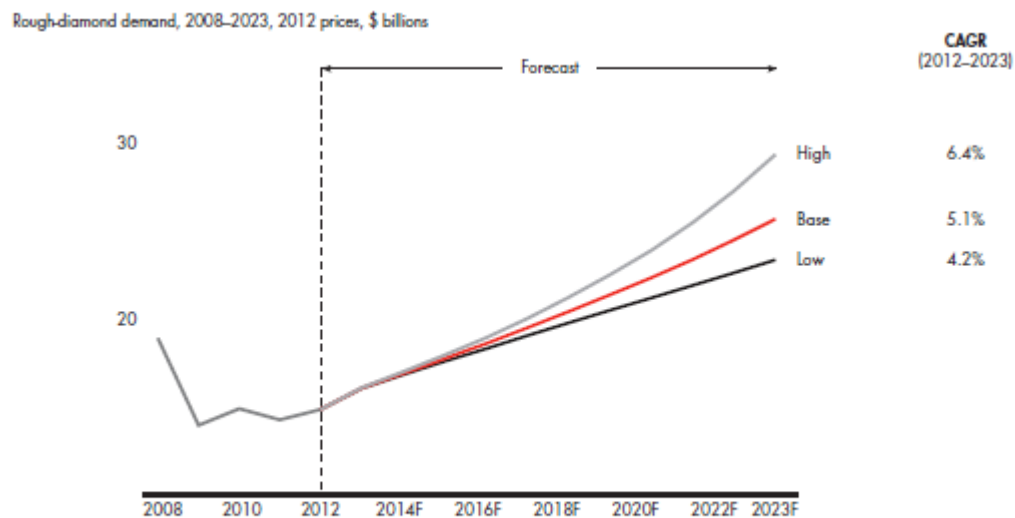
Diamond Market Overview

- Rough diamond market remains strong in 2014, average of 10% price growth year to date
- Demand for polished diamonds is in line with increasing demand from retail off-take
- Las Vegas show mood was generally positive
- China remains above 10% growth in the retail luxury jewellery sector
- Supply and demand are in balance

Source: De Beers

Diamond Market Overview

Rough value growth



Source: IDEX, Tacx Ltd. and Chaim Even-Zohar; publication analysis; expert interviews; Bain analysis

Global rough-diamond demand in value terms is expected to grow at a compound annual rate of 4.2% to 6.4%

Conclusion



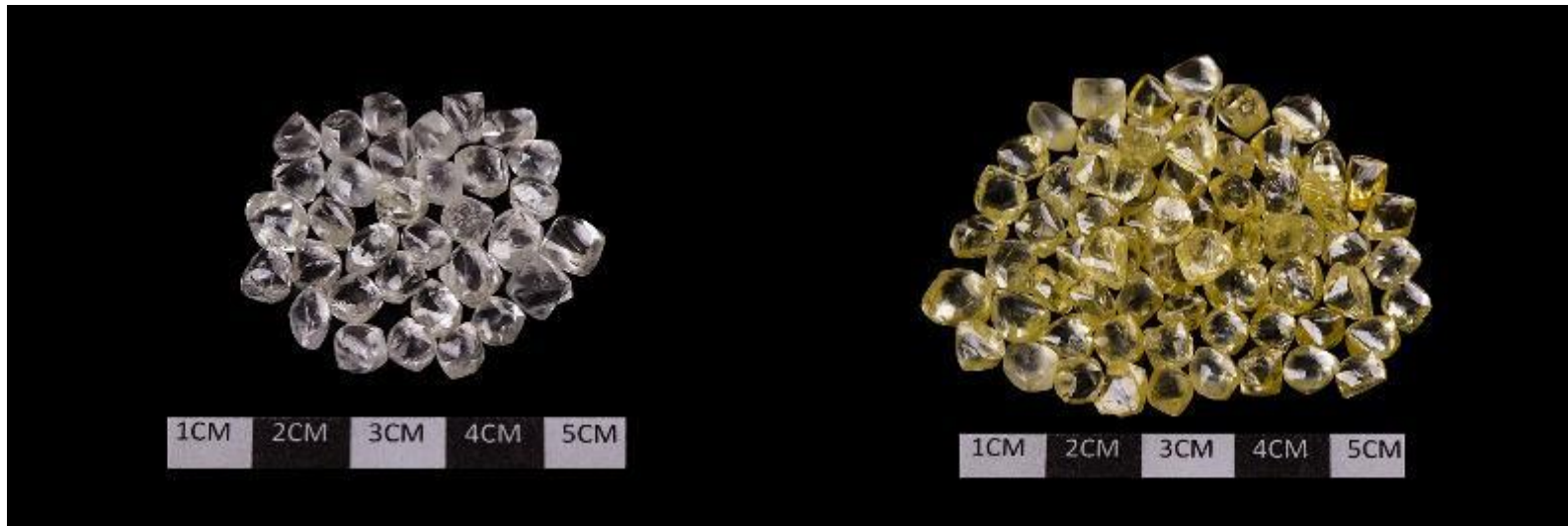
Conclusion

- Two year **construction and commissioning timetable**
- Lihobong is a robust project with over 11 million carats in reserve. The total open pit **resource contains over 17 million carats to 393m below surface level.**
- **DFS well defined and updated** (\$185.4m including grid power solution), passed independent technical reviews
- Simple mine and recovery plant design yielding **1.1 million carats per year for 15 years** (starting 2016)
- All required regulatory licences, permits and approvals received
- Strong management team in place to deliver the project
- Strong project economics with **robust NPV returns** ranging from \$379m to an upside of \$728m with large stone potential included
- Project **fully funded** - documentation and main early start **construction contracts signed** in May/ June '14.

Appendix



Production from the Main Pipe



Examples of Liqhobong's exceptional large stone potential



74 carat light yellow makeable



26 carat white makeable



9 carat fancy yellow

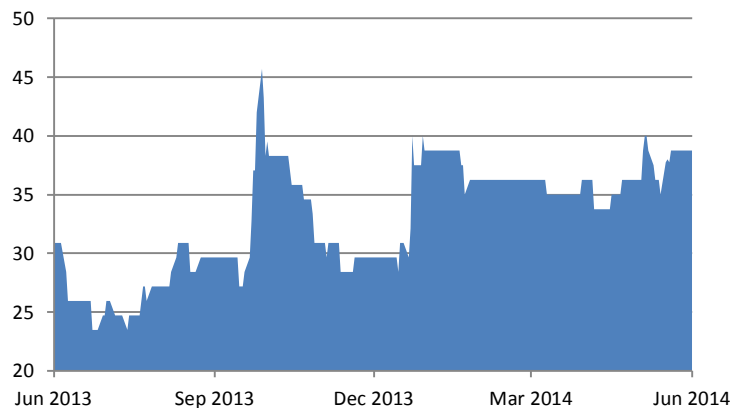


39 carat light yellow makeable

Stuart Brown CEO	Stuart has over 20 years' experience in the diamond industry with De Beers. In 2006, he became Group CFO and in 2010 Stuart was appointed Joint Acting CEO to run De Beers's global activities in tandem with his CFO duties.
Lucio Genovese Chairman	Lucio has 24 years' experience in both the merchant and financial sector of the metals and mining Industry. Lucio is the CEO of Nage Capital Management in Baar, Switzerland, an advisory firm to Audley Investment Management (Ltd.) He is also a member of the board of Ferrexpo PLC, the Armajaro Commodity Funds and Crossbow Partners AG, Baar, Switzerland. He was previously employed at Glencore International AG where he held several senior positions including CEO of the CIS region and manager of the Moscow office.
Paul Sobie Non-Executive	Paul is an economic geologist specializing in the exploration and evaluation of diamond deposits, which included the initial economic evaluations of the Lihobong kimberlites in Lesotho. He has over 20 years' professional experience, including extensive project development for clients in both the junior and senior mining sectors and with a particular focus on Southern Africa. He is currently President and Managing Partner of MPH Consulting Limited of Toronto, Canada, an international mineral exploration, geological and geophysical consultancy. He is a practising member of the Association of Professional Geoscientists of Ontario.
Braam Jonker Non- Executive	Braam was the CFO of Western Coal Corp until its acquisition by Walter Energy Inc. in 2011 and is currently also Chairman of the Board of Mandalay Resources Corporation (MND:TSX). He has almost 20 years of extensive accounting and corporate finance experience mostly in the mining industry.
Mike Wittet Non-Executive	Mike has over 40 years' experience in mining, the majority of which were spent in the diamond industry with De Beers. His career includes various senior positions including GM of Jwaneng, Orapa and Namdeb diamond mines, Consulting Engineer in charge of De Beers SA operations and Deputy Managing Director of Debswana Diamond Company (Pty) Ltd.
Ken Owen Non-Executive	Ken has over 35 years of experience in the mining industry. From 1980 to 1995, Ken held a number of management positions at De Beers. After 15 years with De Beers he moved to Anglo American, where he held a number of senior management positions, culminating with his appointment as Senior VP of Anglo American South Africa. In 2003, Ken became a mining consultant for SRK Consulting, before joining Mwana Africa PLC as the Technical Director in 2006. He retired from the position in 2009.
Niall Young Non-Executive	Niall has over 30 years of experience in the mining industry with Anglo American Resources and De Beers. He left De Beers in 2009, co-founding his own mining and natural resources consultancy, Kleingeld Young & Partners. From 2011 to 2014, Niall was also CEO of Mantle Diamonds Limited.
Grant Ferriman CFO	Grant is a qualified Chartered Accountant with twelve years experience, including five years in the mining industry. Prior to joining Firestone Diamonds, he was the Group Financial Controller for Mwana Africa Plc responsible for reporting and control systems across the Group's assets in South Africa, Zimbabwe and the DRC. He has extensive experience in public company reporting in the United Kingdom and the development and implementation of control systems for companies with assets based in Southern Africa.
Glenn Black Chief Project Officer	Glenn has over 30 year's project experience at a senior management level, having managed the full project life cycle for numerous projects from project conceptual and feasibility studies through to construction, commissioning and steady state production. He spent over 20 years with the De Beers Group of companies working on major projects in Namibia, South Africa, Canada and Botswana and has successfully delivered nine of the largest and most complex projects undertaken by De Beers during this period.

Company overview

Share price performance since June 2013



Source: Factset – rebased for share consolidation

Significant Shareholders (as at June 2014)

Pacific Road Resources	23.0%
Resource Capital Fund VI L.P.	23.0%
Edwards Family Holdings Ltd	6.6%
Legal & General Group PLC	5.8%
FIL Ltd	5.0%
Audley Capital Advisors LLP	4.7%

Analyst forecasts

	Target Price
Charles Stanley – 12 June 2014	63p
GMP Securities – 29 May 2014	60p
Mirabaud Securities – 9 June 2014	80p

London Listed

Current Share Price (25/06/2014)	AIM: FDI 38.88p
Issued Shares	308,992,814
Market Capitalisation	£120.1m

Advisers

Nomad	Strand Hanson
Joint Broker	Mirabaud Securities LLP
Joint Broker	GMP Securities LLP
Auditor	BDO LLP
Financial PR	Tavistock Communications Ltd

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