



2017 Final Results,
Firm Placing & Open Offer to Raise \$25 million and ABSA Debt Restructure

Agenda



- Introduction
- Operational update
- Exceptional and large stones recovered to date
- Market and sales to date
- Financial results
- Proposed firm placing and open offer
- ABSA debt restructuring
- Revised mine plan
- Market outlook
- Summary

Introduction

A challenging year

Completed on time and budget

Completed construction in Q4 2016 ahead of revised schedule and within US\$185 million budget

First plus 100 carat

First plus 100 carat diamond recovered in April 2017

Production commenced

Ramp-up of operations commenced in October 2016

Commercial production

Commercial production achieved on 30 June 2017

First sale

First diamond sale conducted in Antwerp in February 2017

Zero LTI's

Zero lost time injury record maintained, with approximately 5 million man hours worked

Production

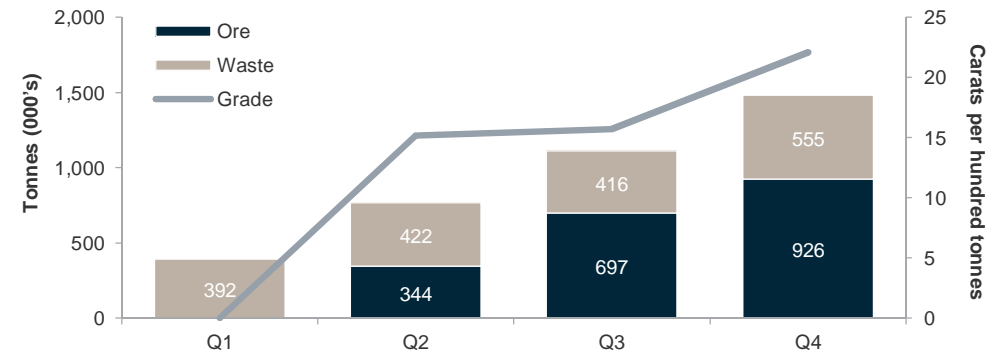


Successful delivery on Lihobong's ramp-up in relation to factors within the Company's control

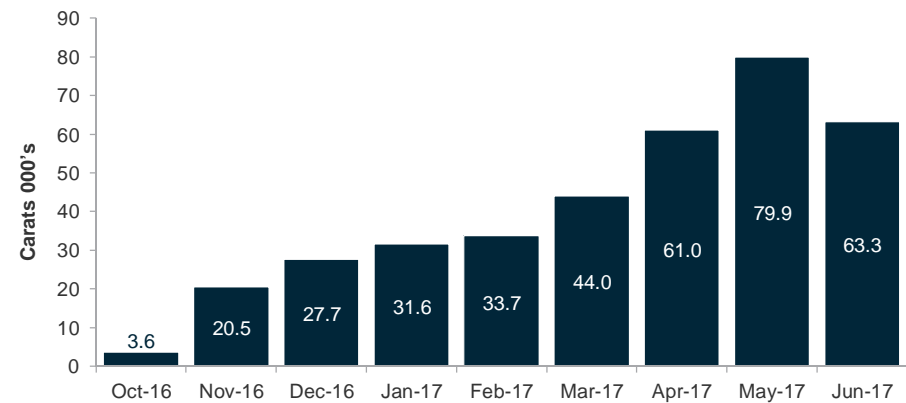
Operational targets met

- 
Lihobong construction complete largely on-time and on-budget in October 2016 with zero LTIs
- 
Consistent 500 tph plant throughput achieved since February 2017
- 
3.6 Mtpa run-rate ore treatment achieved since April 2017
- 
81% overall plant utilisation achieved since May 2017
- 
Waste stripping ahead of target
- 
Operating costs below budget for FY 2017

Operational performance - tonnes and grade



Operational performance – diamond production



Exceptional and large stones recovered

38 carat

US\$ 1.45 million

US\$ 38,520 per carat

Flawless white makeable



30 carat

US\$ 0.27 million

US\$ 9,009 per carat

White makeable



109 carat

US\$ 0.60 million

US\$ 5,485 per carat

Yellow makeable



25 carat

US\$ 0.25 million

US\$ 10,111 per carat

Fancy yellow makeable



18 carat

US\$ 0.56 million

US\$ 30,575 per carat

Vivid yellow sawable



15 carat

US\$ 0.23 million

Purple makeable



53 carat

US\$ 0.28 million

US\$ 5,340 per carat

Yellow makeable



28 carat

US\$ 0.14 million

US\$ 5,166 per carat

Yellow makeable

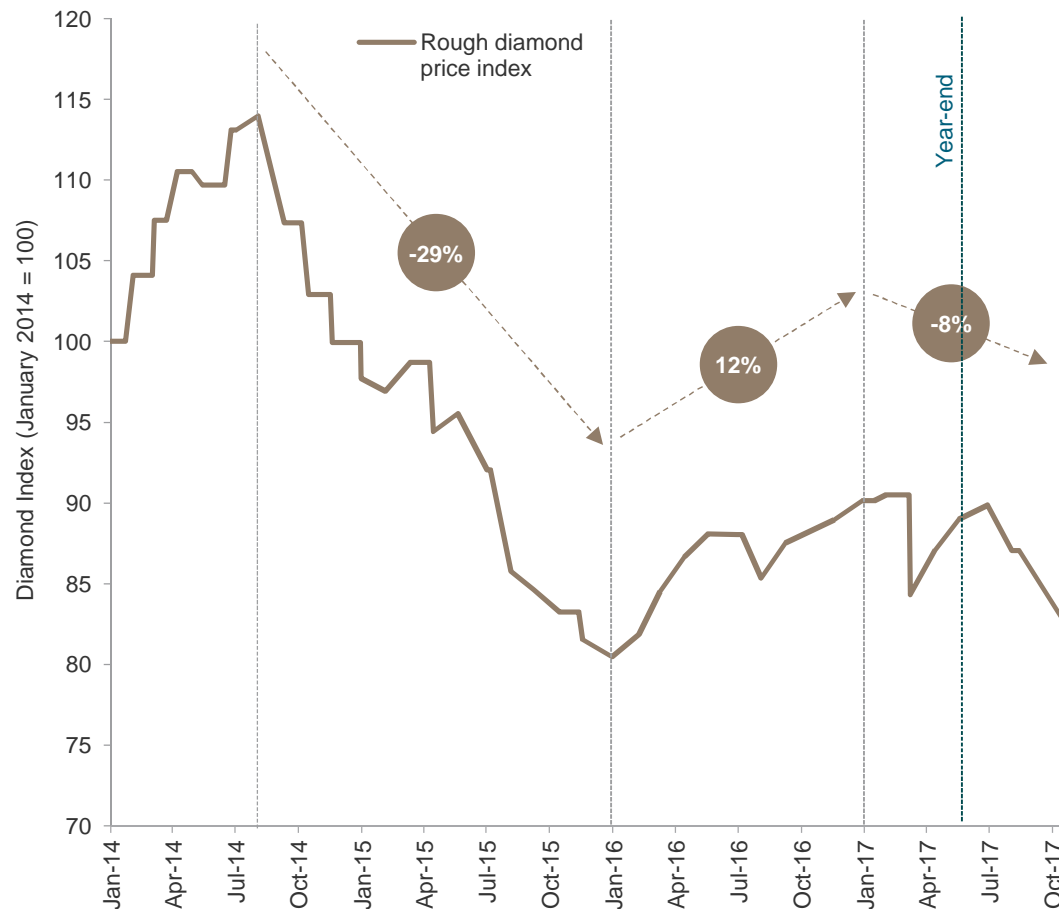


- 94 diamonds larger than 10.8cts sold during the year
- In April 2017 Firestone recovered a 109 carat gem-quality light yellow diamond
- Incidence of valuable Type 2A stones which include 38ct (\$1.4m) and 45ct (\$1.2m) (~\$30,000/ct)
- Besides the potential for large stones, Lihobong has a high incidence of fancy yellow and coloured stones

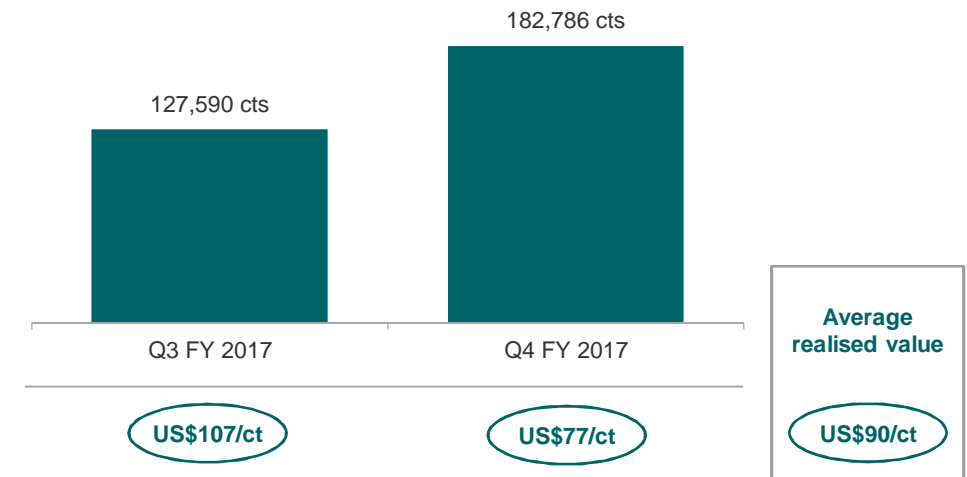
Market & sales - 2017

Realised diamond values have been impacted by weak market conditions and a lower than expected initial recovery of large, higher quality stones

Rough diamond price index – last 3 years



Historical Firestone sales summary¹



● Realised pricing has been particularly impacted from weaker demand for finer sized stones

Source: Bloomberg as at 25-Oct-17, January 2014 = 100
 1) Each bar represents 2 sales

2017 Financial Results - Overview



CONSTRUCTION

- Completed on time and on the revised schedule
- Cost of US\$183.3 million against budget of US\$185.4 million - saving of US\$2.1 million
- Sufficient cash of US\$12.0 million heading into production

PRODUCTION

- 365 891 carats recovered
- Sales of US\$27.8 million, 310 376 carats sold at an average price of US\$90/ct
- Costs of US\$12.26 per tonne treated (incl. waste stripping)
- Operating profit from Liphobong of US\$10.3 million, capitalised to the statement of Financial Position

CHALLENGING MARKET CONDITIONS RESULTING IN IMPAIRMENT CHARGE OF US\$122.6 MILLION

- Average price of US\$90/ct for the year and US\$82/ct for the seven tenders to date resulting in US\$14.5 million less cash than expected
- Lower average prices due to:
 1. Indian demonitisation
 2. Oversupply of smaller, lower quality goods

2017 Financial Results



Consolidated statement of comprehensive income

US\$m	2017	2016	Diff.
Revenue	27.8	-	27.8
Less: production costs	15.9	-	15.9
Gross profit	11.9	-	11.9
Selling and admin	1.6	-	1.6
LMDC operating profit (capitalised to the mine asset)	10.3	-	10.3
Other income	1.2	0.5	0.7
Admin and other	1.0	0.8	0.2
Corporate costs	3.2	3.3	(0.1)
Impairment	122.6	-	122.6
Depreciation	2.3	2.5	(0.2)
Share-based payments	1.3	0.8	0.5
Net finance costs	0.8	2.1	(1.3)
Loss before tax	(130.0)	(9.0)	(121.0)
Tax charge/(credit)	21.7	(22.6)	44.3
Loss/(profit) after tax	(151.7)	13.6	(165.3)

KEY ITEMS:

- Operating profit from Lihobong of US\$10.3 million
- EBITDA of US\$4.6 million
- Low corporate costs of US\$3.2 million
- Impairment charge of US\$122.6 million
- Loss before tax of US\$130.0 million
- Loss after tax of US\$151.7 million

2017 Financial Results



Operating performance

	2017
Revenue (US\$m)	27.8
Average price per carat (US\$)	90
Carats sold	310,376
Unit costs (US\$)	
Direct cash costs (before waste) per tonne treated	10.05
Operating expense per tonne treated ¹	16.35
Waste cash cost per waste tonne mined	2.44
Exchange rate (LSL:US\$)	13.62
Unit costs (Maloti)	
Direct cash costs (before waste) per tonne treated	136.88
Operating expense per tonne treated ¹	222.70
Waste cash cost per waste tonne mined	33.22

1 – Includes waste amortisation and depreciation

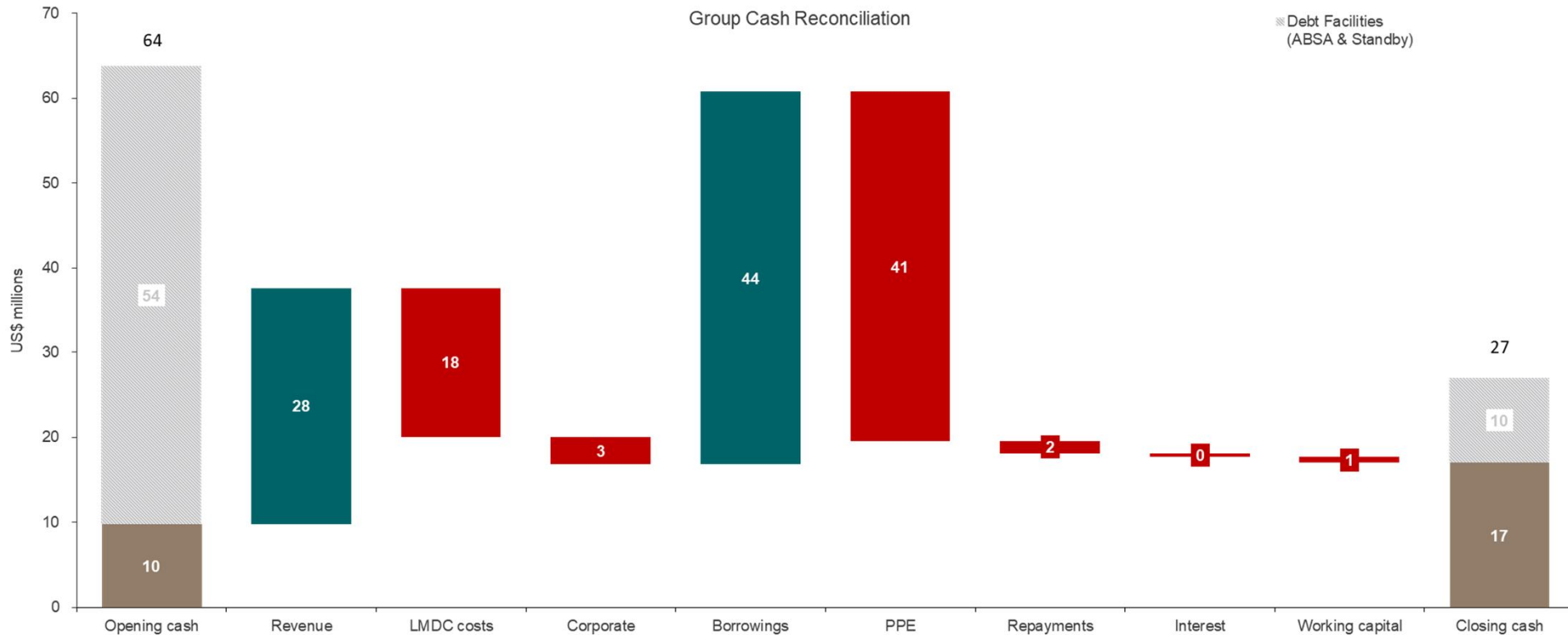
2017 Financial Results



Consolidated cash flow

- US\$7.0 million generated by operations¹
- Capex of US\$41.0 million, mainly on the project¹
- US\$44.0 million from debt facilities
- Closing cash of US\$17.0 million

Note: 1 - Operating profit from Lihobong of US\$10.3 million was capitalised to asset as commercial production only achieved on 30 June 2017.



2017 Financial Results



Post year-end

- Average value of US\$82 per carat since commencement compared to an expected US\$107/ct
- Unable to repay the ABSA facility on the original repayment profile
- Finalised a nine year mine plan in order to operate on a sustainable basis at lower average diamond values

Capital position – 31 October 2017

- Cash and Diamond inventory of US\$5.6 million
- Standby facility of US\$8.0 million available

Solution

- ABSA debt restructuring
- US\$25.0 million Capital raise

...a more robust financial position, able to operate sustainably at the current lower than expected diamond prices.

Debt Restructure



ABSA has agree to conditional terms, including:

- December 2017 capital repayment of US\$5.2 million to be made according to the original schedule;
- An 18 month standstill of capital repayments until June 2019;
- An extension of debt tenor by 2½ years to December 2023;
- Re-profiled debt repayments;
- Amendments to covenants and reporting requirements;
- A credit review in 12 months time;
- Ability to call a credit review should the average price achieved for any three consecutive sales be below US\$70 per carat;
- An increase of between 0.25% and 0.50% in the margin rates payable;
- An increase in the cash sweep from 40% to 50% of excess operational cash generated; and
- A restructuring fee of US\$169,000

Subject to:

1. Completion of a US\$20.0 to US\$25.0 million equity fund raise;
2. ECIC approval; and
3. No default

Proposed Firm Placing and Open Offer



- Firm Placing of 147,888,528 shares with existing and new investors at 10p per share to raise US\$20m before expenses
- Open Offer of 36,954,356 shares on the basis of 3 new shares at 10p per share for every 26 shares held
- Any shares taken up under the Open Offer to be clawed back from the Firm Placing
- Firm Placing and Open Offer subject to shareholder approval
- Placing and Open Offer price represents a discount of 49.4% to the closing price on 30 November 2017

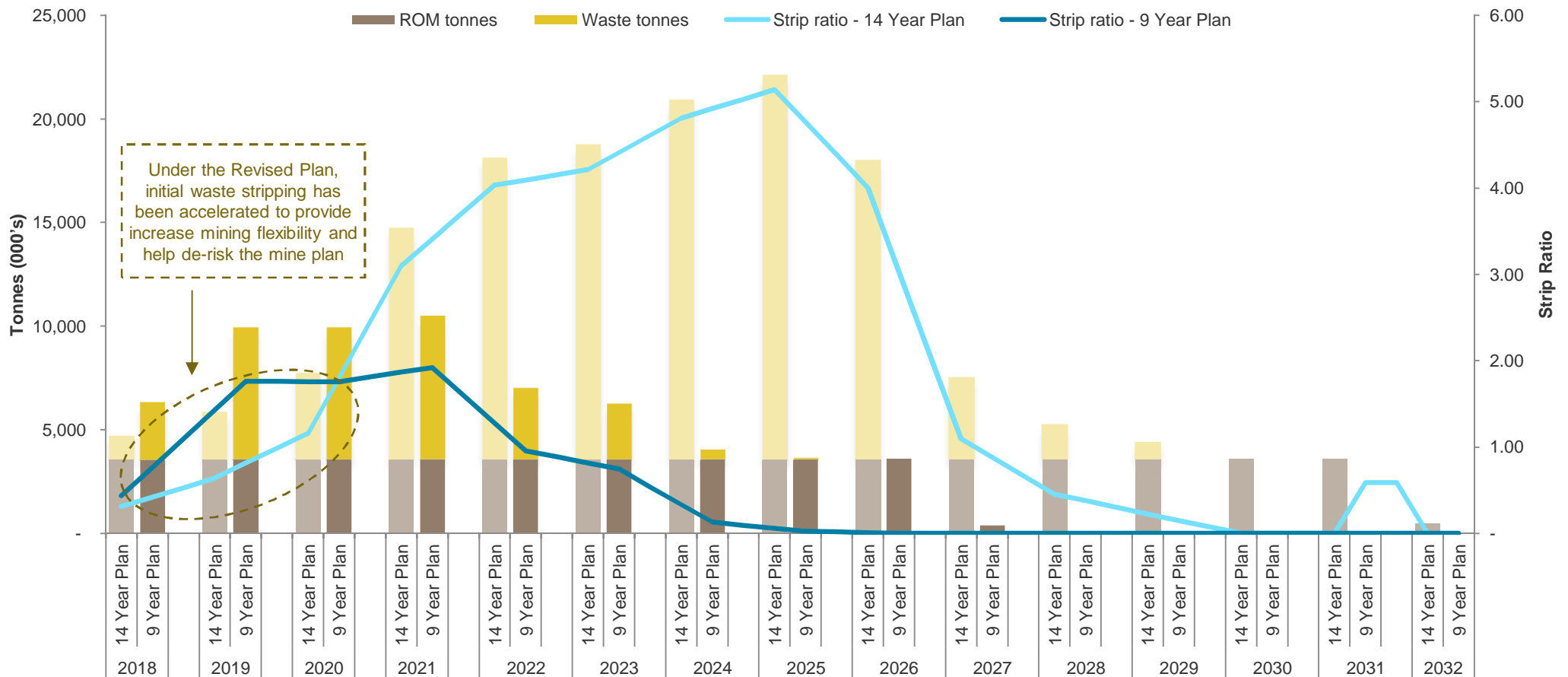
Overview of Expected Timetable:

Record Date and time for entitlement under the Open Offer	5.30 p.m. on 30 November
Announcement of the Firm Placing and the Placing and Open Offer	1 December
Announcement of the results of the Firm Placing and Placing	1 December
Existing Ordinary Shares marked 'ex' entitlement by the London Stock Exchange	4 December
General Meeting	10.00 a.m. on 20 December
Announcement of results of the General Meeting	20 December
Expected date of Admission and commencement of dealings in New Ordinary Shares	21 December
Expected date for CREST accounts to be credited with New Ordinary Shares	21 December
Share certificates in relation to New Ordinary Shares dispatched by	29 December

Revised mine plan – improved cash flow

In response to lower than expected prices realised to date, a revised mine plan has been formulated to optimise cash flow generation and mitigate weak market conditions

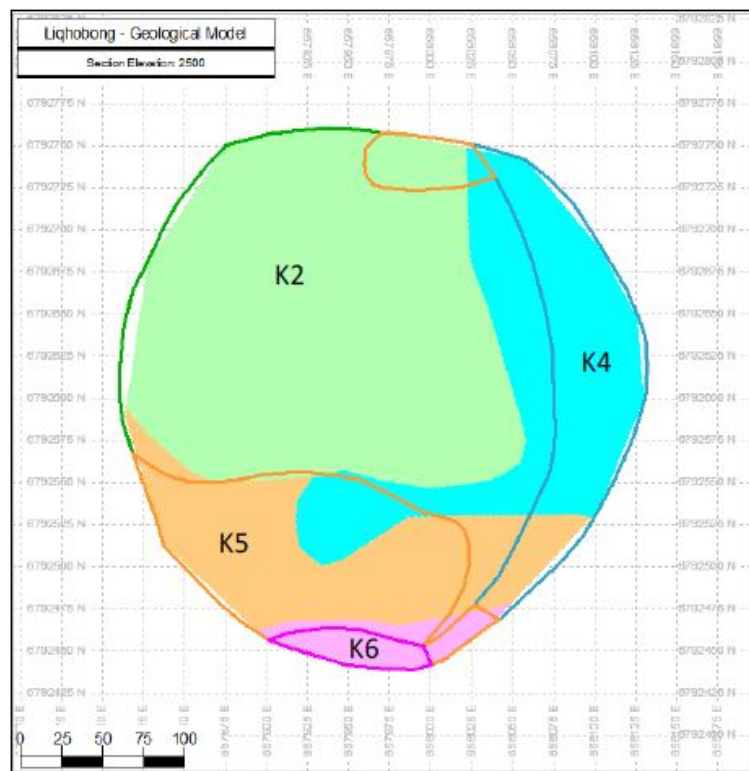
Tonnage profile



Notes: Years refer to fiscal years (June year end)

Revised mine plan – near-term focus

Liqhobong – overview of kimberlite facies



Proportion of total mining	K2	K4	K5	K6
Until June 2017	82%	8%	10%	0%
July 2017 - June 2019	51%	23%	23%	3%
Overall Life of Mine	53%	10%	34%	3%

Mining over the next 24 months will be substantially more representative of ore accessed over the total LOM

Comments

- Company continues to treat ore at nameplate capacity and is recovering the grades within operating cost expectations
- Variability in average diamond values experienced to date not uncommon in the early stages of production
- Mining activities to date have focused around the K2 facies, however, in time mining will progress into all areas of the pit
- **The Board's near-term focus is on mining and treating ore over the whole pit to obtain a more representative footprint of the orebody**

Mineral Resource as at 30 June 2017¹

Resource Category		Metric Tonnes (Thousands)	Grade (cpht)	Carats (Kcts)
Indicated	K2	18,448	24	4,373
	K4	3,500	29	1,008
	K5	9,877	32	3,185
	K6	1,178	31	369
Total Indicated Resource		33,002	27	8,935
Inferred	K2	12,667	22	2,847
	K4	46	29	14
	K5	32,522	30	9,883
	K6	2,829	29	810
Total Indicated Resource		48,064	28	13,553
Total Resource		81,065	28	22,488

1) Resources as at 30 June 2017, reported inclusive of reserves. Stated at a bottom cut off of 1.25mm square aperture. The plant is currently using a BCO configuration of 1.25mm slotted screens which necessitates the application of a resource to reserve modifying factor of 0.84 for mine planning purposes.

Market outlook

Demand drivers led by US consumers, millennials and emerging market middle class, long-term supply is constrained

Positive demand outlook

- Continued increase in household wealth in the US and China
- Growing middle class in the emerging markets

Millennials present a significant demand opportunity

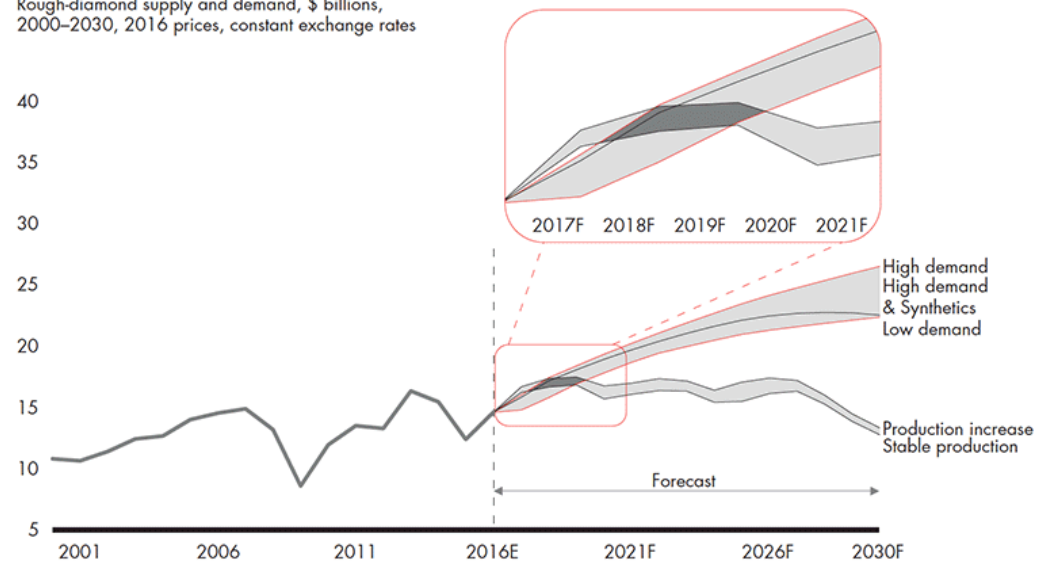
- The biggest age cohort in the US and other major diamond markets
- Focused on self-expression, positive for design jewellery

Supply expected to decline in the medium to long term

- Production expected to peak between 2020 and 2025 as several new mines and brownfield expansions come into production
- Poor pipeline of new projects

Supply-demand balance ⁽¹⁾

Rough-diamond supply and demand, \$ billions, 2000–2030, 2016 prices, constant exchange rates



Note: Stable production assumes delayed start of production for new mines and earlier end of production for several existing mines; rough-diamond demand has been converted from polished-diamond demand using historical ratio of rough diamonds and polished diamonds values
Sources: Kimberley Process; Euromonitor; EIU; expert interviews; Bain analysis

1) Source: The Global Diamond Industry 2016, Bain & Company, The Diamonds Insight Report 2016, De Beers

Summary



- Busy year with significant milestones
- Revenue challenge
 - Diamond Market
 - Mine performance
- Near-term focus on mining and treating ore over the whole pit at Lihobong to obtain a more representative footprint of the orebody
- Revised mine plan will deliver higher cash flows sustainable at lower prices
- Flexibility to revert to the longer term mine plan in the future
- Additional equity and debt reschedule provides financial strength and flexibility
- Working capital headroom of US\$9-10 million
- Bank and shareholders support
- Diamond demand expected to grow, supply to reduce in the medium term



Thank you

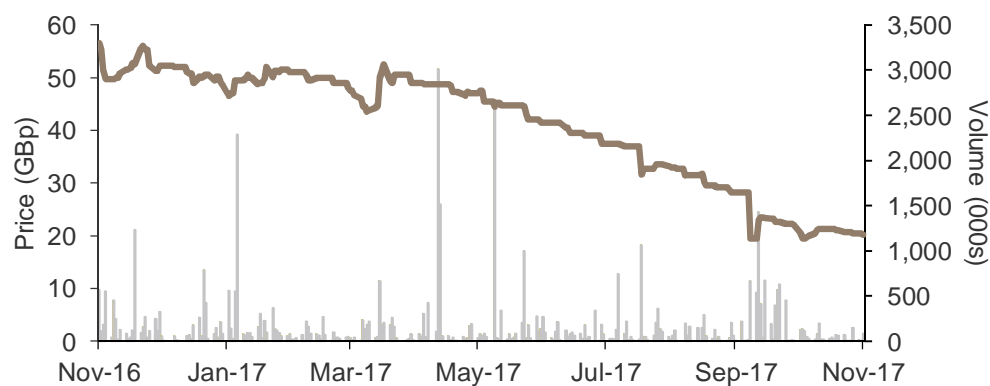


Appendices

Firestone Diamonds capital structure



LTM share price performance



Major shareholders (November 2017, pre-placing)

Shareholder	Shares	% O/S
RCF	77,083,679	24.07%
Pacific Road	76,488,367	23.88%
Edwards Family Holdings	31,653,000	9.88%
Sustainable Capital	26,168,661	8.17%
Other shareholders	108,877,379	34.00%
Total	320,271,086	100%

Market information

	AIM: FDI
Daily average trading volumes (last 6 months)	154,303
Shares in issue (November 2017, pre-placing)	320,271,086
Free float	40.20%
Share price (22 November 2017)	20.25p
Market capitalisation	64,854,895

Directors and officers

Stuart Brown	Chief Executive Officer
Lucio Genovese	Non-Executive Chairman
Deborah Thomas	Non-Executive Director
Ken Owen	Non-Executive Director
Paul Sobie	Non-Executive Director
Mike Wittet	Non-Executive Director
Niall Young	Non-Executive Director
Keith Johnson	Non-Executive Director
Grant Ferriman	Chief Financial Officer

Revised mine plan – key features

The Revised Mine Plan mitigates against the lower diamond values currently realised by decreasing waste tonnes mined while maintaining ore tonnes treated

9 Year mine plan

Key assumptions	Unit	Total	2018	2019	2020	2021	2022	2023	2024	2025	2026
Ore mined/treated	<i>mt</i>	32.4	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6	3.6
Waste mined	<i>mt</i>	29.0	2.8	6.3	6.3	6.9	3.4	2.7	0.5	0.1	-
Total mined	<i>mt</i>	61.4	6.4	9.9	9.9	10.5	7.0	6.3	4.1	3.7	3.6
Average strip ratio	<i>waste/ore</i>	0.9	0.8	1.8	1.8	1.9	1.0	0.7	0.1	-	-
Recovered grade	<i>cpht</i>	23.5	23.7	23.9	27.0	27.0	24.0	20.1	21.1	20.7	24.3
Annual production (avg.)	<i>mcts pa</i>										
Total carats	<i>million</i>	7.7	0.9	0.9	1.0	1.0	0.9	0.7	0.7	0.7	0.9
Opex cost	<i>ZAR/t treated</i>	175.5	186.2	198.7	199.0	204.9	176.9	170.7	151.1	144.6	144.1
Opex cost	<i>US\$/t treated</i>	13.0	13.8	14.7	14.7	15.2	13.1	12.7	11.2	10.7	10.7
Steady state operating exp	<i>US\$/carat</i>	55.2	58.3	61.6	54.5	56.2	54.7	62.8	53.1	51.7	44.0

The Company retains full optionality in the medium-term to revert to a mine plan with greater ore mined and carats recovered, optimising value subject to an increase in realised prices

Notes: Average incorporates 3% real escalation.

2017 Financial Results



Consolidated statement of financial position

US\$m	2017	2016	Diff.
Non-current assets	122.4	200.1	(77.7)
Property, plant & equipment	118.6	177.1	(58.5)
Deferred tax	3.8	20.2	(16.4)
Loan receivable	-	2.8	(2.8)
Current assets	27.0	13.8	13.2
Inventory	6.4	0.2	6.2
Receivables	3.6	3.4	0.2
Cash	17.0	10.2	6.8
Total assets	149.4	213.9	(64.5)
Non-current liabilities	83.9	53.4	30.5
Debt	79.7	50.1	29.6
Rehabilitation provision	4.2	3.3	0.9
Current liabilities	42.3	21.1	21.2
Debt	23.1	4.7	18.4
Payables	18.8	15.9	2.9
Provisions	0.4	0.5	(0.1)
Total liabilities	126.2	74.5	51.7
Equity value	23.2	139.4	(116.2)

KEY ITEMS:

- 2017 Equity value US\$116.2 million lower mainly due to US\$122.6 million impairment charge
- Cash balance of US\$17.0 million
- Total debt of US\$102.8 million (2016: US\$54.8 million)

2017 Financial Results



Consolidated cash flow statement

US\$m	2017	2016	Diff.
Opening cash¹	9.8	16.8	(7.0)
Operations	(3.8)	0.3	(4.1)
Operating cash	(3.1)	(6.2)	3.1
Working capital changes	(0.7)	6.5	(7.2)
Capital expenditure	(31.1)	(68.2)	37.1
Financing	42.1	61.3	(19.2)
Net debt funding	42.5	73.4	(30.9)
Net finance costs	(0.4)	(12.1)	11.7
Closing cash	17.0	10.2	6.8

KEY ITEMS:

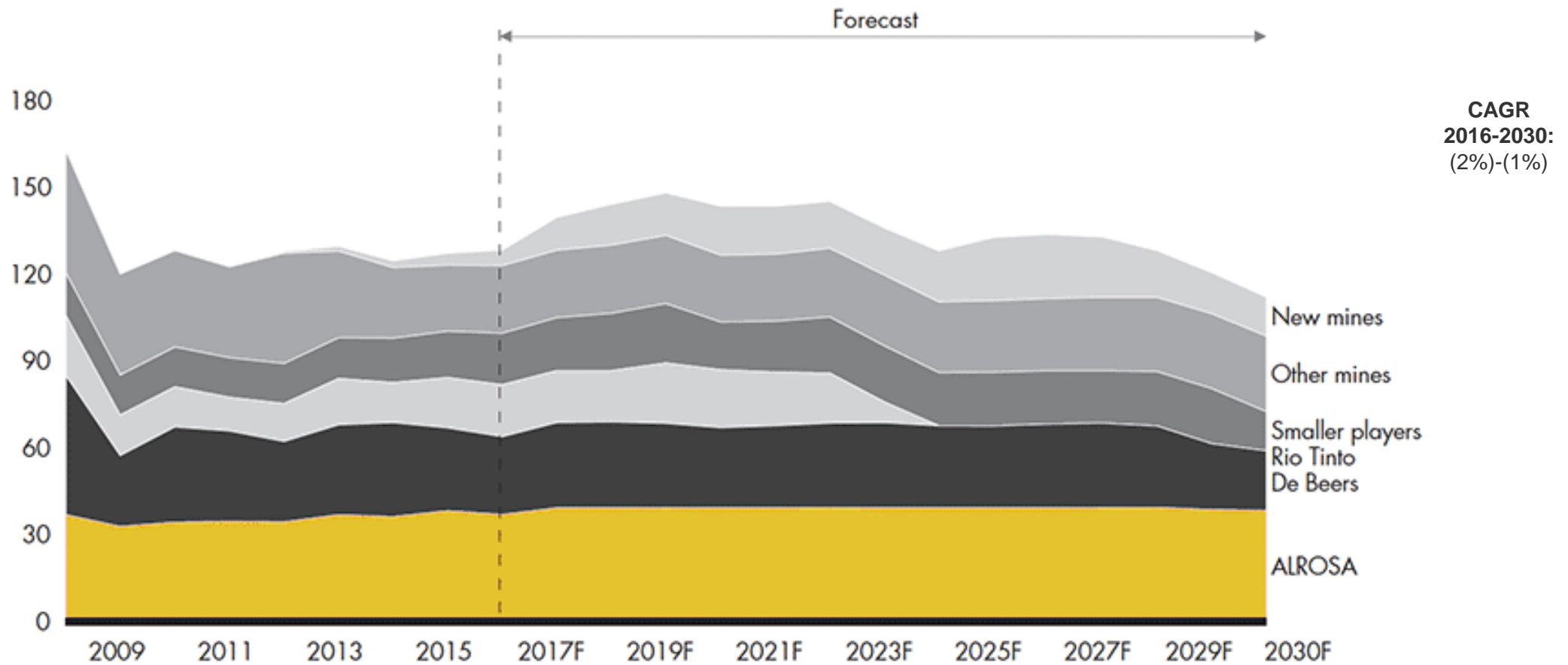
- US\$3.8 million cash used in operations
- Capex of US\$31.1 million
 - US\$[x] million on the project
 - US\$[x] million on other assets
- US\$42.5 million from debt facilities
- Closing cash of US\$17.0 million

¹ Adjusted for foreign exchange movement on opening cash balances.

Market outlook

Global supply of diamonds is expected to decline at 1-2% CAGR in the next 15 years due to aging and depletion of existing mines

Rough-diamond supply, millions of carats, 2008-2030, base scenario

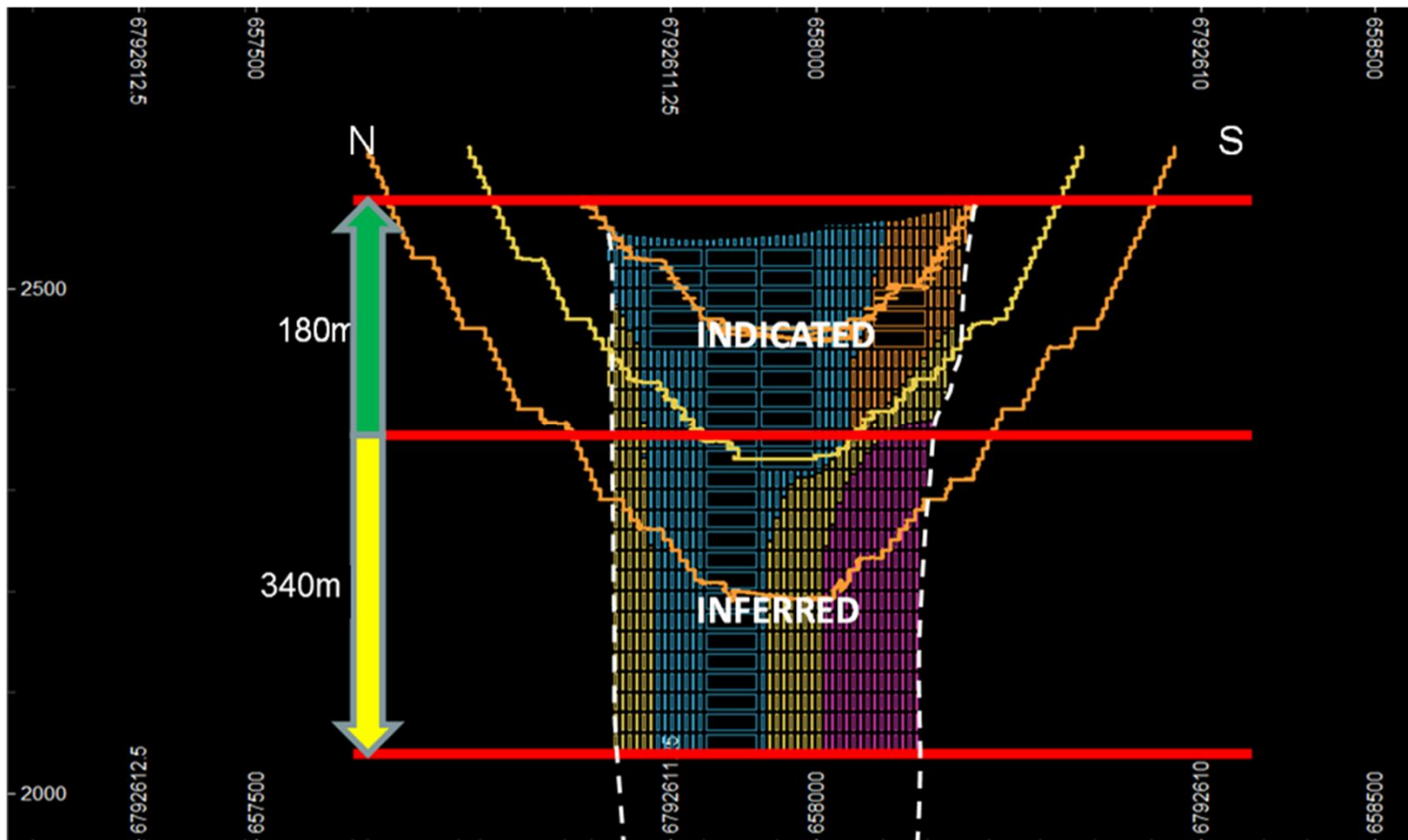


Source: The Global Diamond Industry 2016, Bain & Company, The Diamonds Insight Report 2016, De Beers
 Notes: Smaller players are Dominion Diamond, BHP Billiton for 2008-2012, Petra Diamonds, Gem Diamonds and Catoca

Significant diamond resource and potential

8.5-hectare kimberlite pipe containing total resource of 22.5 Mcts and open at depth, providing additional upside potential from future LOM extension

Diamond resource



- Diamond Resources extends to approximately 520m below surface totalling around 22.5 Mcts at an average grade of 28 cpht at a 1.25mm BCO using square mesh screens
- Diamond Resource open at depth – deepest vertical hole drilled terminated in kimberlite at 650m below surface

Outstanding HSE record

Commitment to continually achieve exceptional HSE standards and beneficial engagement with the local communities

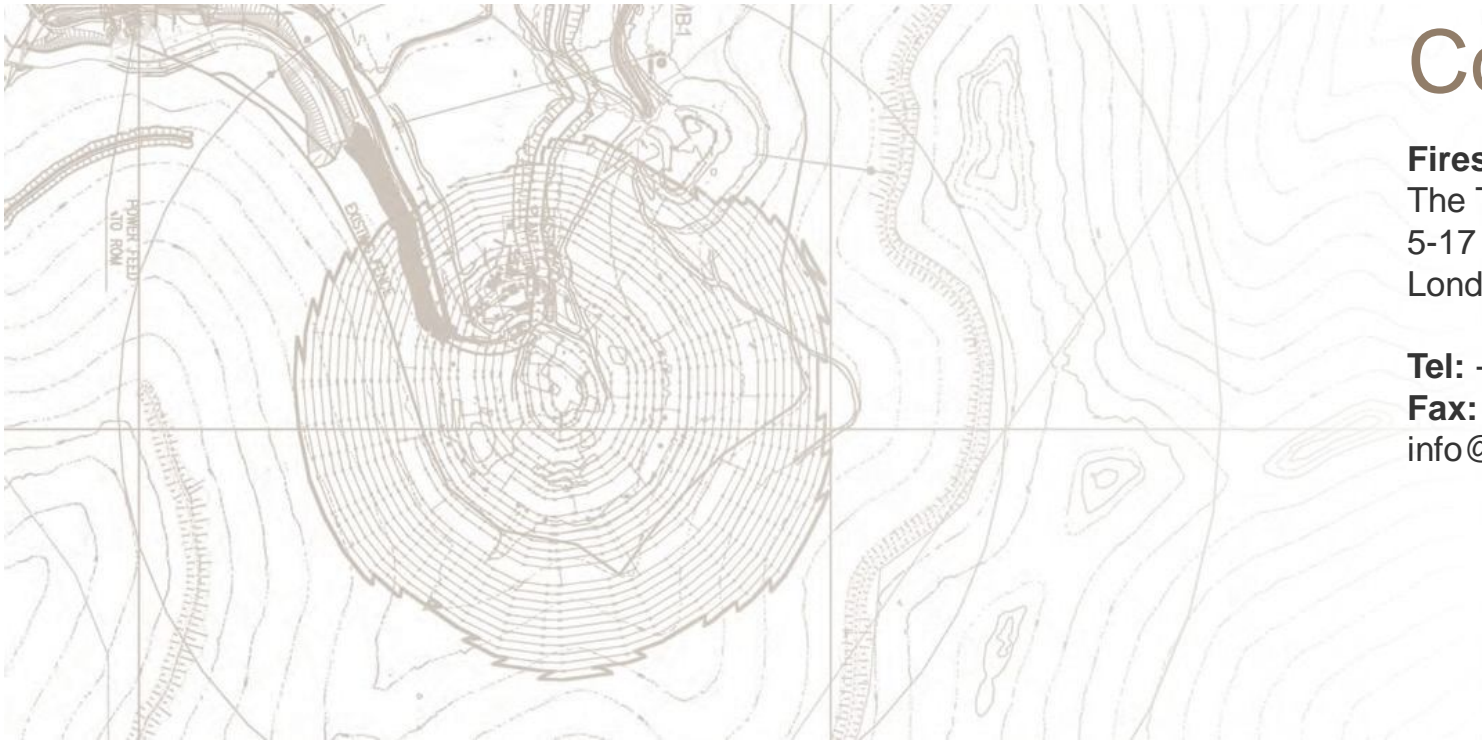
Health, Safety & Environment

- Zero lost time injuries with over 5 million man hours worked to date
- No significant environmental incidents since start up
- Approved environmental management plan in place
- Total workforce of 579 employees and contractors as of Sep-17 (Dec-16: 952) of which 94% are Basotho citizens
- Dedicated equipped clinic for mine employees on-site manned by qualified nurses and paramedics

Local communities engagement

- Compensation structure for loss of grazing and farming land agreed with local community and annual payments up to date
- Community improvement projects: school classrooms built, crèche completed, water supply project to two villages, road rehabilitation
- Relocation of 24 families
- Employment from local communities on-going





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