



FY2018 Final Results

28 September 2018

Introduction



- Firestone Diamonds is an AIM-listed (ticker: 'FDI') diamond mining company, holds a 75% interest in the Liqhobong Diamond Mine, located in the Lesotho highlands, with its 25% partner - Government of Lesotho
- Construction of the mine completed early Q4 2016, ahead of revised schedule and on budget (US\$185.4m)
- Firestone joined the short list of diamond producers in late October 2016 when first diamond recoveries commenced
- Commercial production achieved June 2017
- Successful ramp up with operations working well and to plan, with excellent safety record
- Challenges when average diamond values were lower than anticipated
- New shorter-term mine plan adopted to maximise cash generation
- Shareholder support for a US\$25 million capital raise in December 2017
- Support by ABSA Bank to restructure the debt, concluded in June 2018

New CEO, Paul Bosma



- Paul took over in July on the departure of Stuart Brown
- More than 24 years' experience in the mining industry, of which 14 years have been in the diamond sector with De Beers
- Joined Firestone in 2014 as the Mineral Resources Manager on the project team and in 2016 became General Manager of Lihobong Mine:
 - managed and implemented the commissioning and ramp up to commercial production
 - managed day to day site operations
 - produced the revised mine plan
- Qualified geologist with BSc and MSc, MBA from the University of Cape Town's Graduate School of Business

FY2018 - Highlights



Operationally a good year, a mixed year in respect of the value of diamonds recovered

Zero LTI's

Zero lost time injury record maintained, with approximately 1.8 million man hours worked in the year and 6.2 million since project commencement

835 832 carats

recovered at a grade of 22 carats per hundred tonnes ("cpht") (2017: grade of 18.6cpht)

US\$11.62/t treated*

FY 2018 operating cost below guidance proves continued strong operating cost management

** Includes waste stripping*

3.8m tonnes treated

Rainfall caused more disruptions to operations than planned for during the wet season

831 637 carats sold

realising proceeds of US\$62.2 million (2017: US\$27.8 million)

US\$75/ct average value

Rough diamond market for run of mine product has remained weak

Highest US\$ per carat

realised to date was US\$112,781 per carat for a 3.7 carat fancy pink diamonds

Largest diamond

recovered to date was a 133 carat gem quality light yellow diamond

FY2018 – Production Results

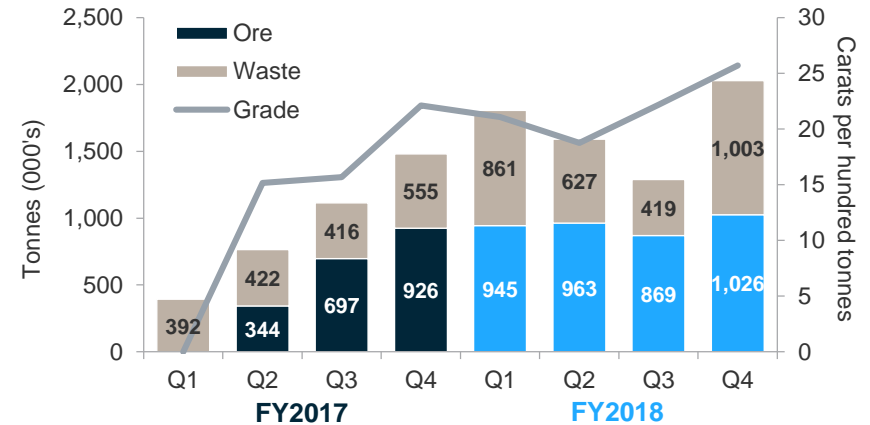


Successful delivery against market guidance

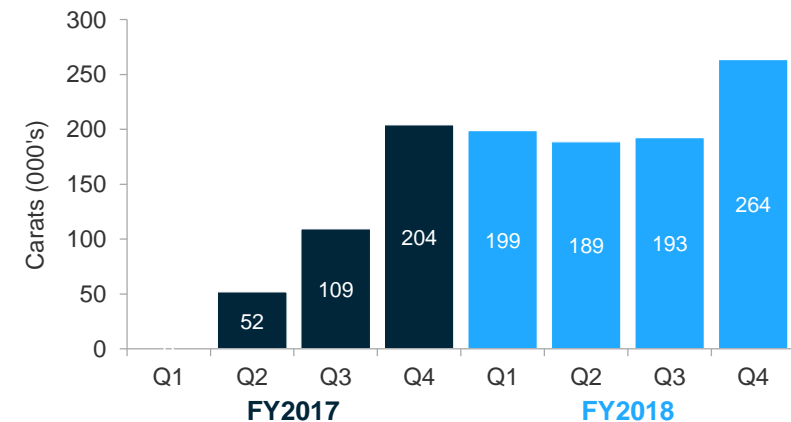
Operational targets, meeting or exceeding guidance

- Lihobong safety record of zero LTI's maintained at year-end
- 3.8 Mt of ore treated (FY2017: 2.9 million)
- 835 832 cts recovered (FY2017: 365 891)
- 83% overall plant utilisation (FY2017: 81%)
- Waste stripping ahead of target
- Cash Operating cost per tonne treated (incl. stripping) of US\$11.62 (2017: US\$12.26) waste

Operational performance - tonnes and grade



Operational performance – diamond production



Selection of special stones sold in FY2018

45 carat

US\$ 1.19 million
US\$ 26,455 per carat
Flawless white clivage



133 carat

US\$ 0.92 million
US\$ 6,880 per carat
Yellow makeable



4 carat

US\$ 0.42 million
US\$112,781 per carat
Fancy Pink



51 carat

US\$ 0.26 million
US\$4,986 per carat
Yellow clivage



62 carat

US\$ 0.36 million
US\$5,775 per carat
Yellow Clivage



9 carat

US\$ 0.15 million
US\$16,360 per carat
Fancy Vivid Yellow



9 carat

US\$ 0.13 million
US\$14,764 per carat
Fancy Intense Yellow



24 carat

US\$ 0.28 million
US\$11,518 per carat
Sawable fancy yellow



30 carat

US\$ 0.26 million
US\$8,401 per carat
White makeable



52 carat

US\$ 0.3 million
US\$5,759 per carat
Yellow Clivage



FY2018 - Financial Results



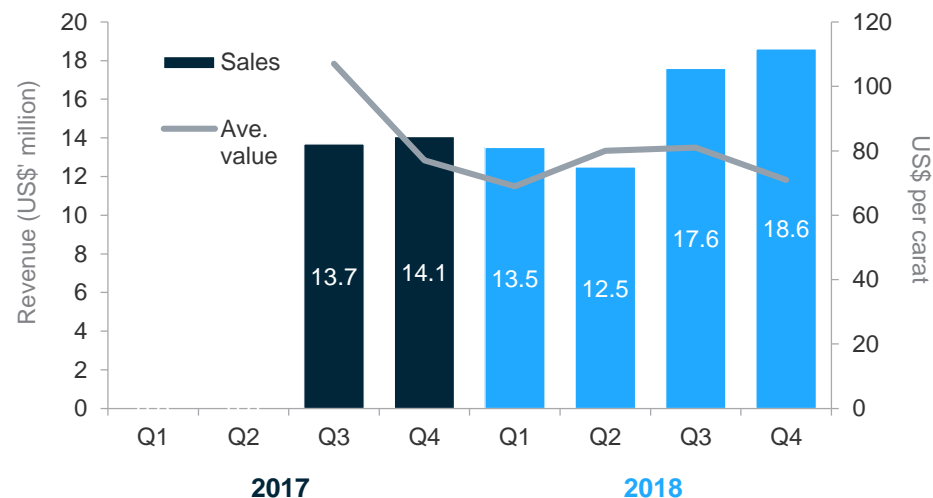
Financial

- Revenue of US\$62.2 million 831 637 carats sold at an average price of US\$75/ct (2017: US\$90)
- Costs of US\$11.62 per tonne treated including waste stripping (2017: US\$12.26)
- EBITDA of US\$5.8 million (2017: US\$5.8 million)
- Mine operations cash positive
- Loss after tax of US\$14.2 million (2017: US\$151.7 million, including impairment of US\$122.6 million)
- Cash balance at year end of US\$18.4 million (2017: US\$17.1 million)

Supporting The 9 Year Life Of Mine Plan

- Successful capital raise of US\$25.0 million
- Restructuring of the Group's ABSA debt facility - maturity extended to December 2023, 18 month standstill on capital repayments

Diamond Sales



Average value per carat impacted by:

- The recovery of fewer large and better quality diamonds
- Oversupply of smaller, lower quality goods
- Weakness in the Indian Rupee

FY2018 Financial Results



Consolidated statement of comprehensive income

US\$'m	2018	2017	Diff.
Revenue	62.2	27.8	34.4
Less: Cost of sales ¹	57.1	15.9	41.2
Gross profit	5.1	11.9	(6.8)
Selling and admin	4.3	1.6	2.7
LMDC operating profit²	0.8	10.3	(9.5)
Other income	1.3	1.2	0.1
Admin and other	2.3	1.0	1.3
Corporate costs	3.4	3.2	0.2
Impairment	-	122.6	(122.6)
Depreciation	2.4	2.3	0.1
Share-based payments	1.3	1.3	-
Net finance costs	10.2	0.8	9.4
Loss before tax	(17.5)	(130.0)	111.7
Tax credit/(charge)	3.3	(21.7)	25.0
Loss after tax	(14.2)	(151.7)	86.7

KEY ITEMS:

- Gross profit from Lihobong of US\$5.1 million, impacted by:
 - Lower average diamond value of US\$75/ct compared to US\$90/ct in 2017
 - Includes US\$8.6 million waste stripping cost. (2017: excludes waste stripping cost of US\$4.4 million which was capitalised)
- EBITDA of US\$5.8 million
- Low corporate costs of US\$3.4 million (2017: US\$ 3.2 million)
- Loss after tax of US\$14.2 million (2017: US\$151.7 million)

1 - 2017 excludes waste stripping cost of US\$4.4 million which was capitalised

2018 includes waste stripping cost of US\$8.6 million.

2 - capitalised to the mine asset in 2017

FY2018 Financial Results



Operating performance

	2018	2017	Diff.
Revenue (US\$m)	62.2	27.8	34.4
Average price per carat (US\$)	75	90	(15.0)
Carats sold	831,637	310,376	521,261
Unit costs (US\$)			
Direct cash costs (before waste) per tonne treated	9.36	10.05	0.7
Cash operating cost per tonne treated	11.62	12.26	0.6
Accounting cost per tonne treated ¹	14.45	11.69	(2.8)
Waste cash cost per waste tonne mined	2.95	2.44	(0.5)
Exchange rate (LSL:US\$)	12.86	13.62	(0.8)
Unit costs (Maloti)			
Direct cash costs (before waste) per tonne treated	120.39	136.84	16.5
Cash operating cost per tonne treated	149.41	166.98	17.6
Accounting cost per tonne treated ¹	185.77	159.22	(26.5)
Waste cash cost per waste tonne mined	37.92	33.21	(4.7)



FY2018 Financial Results

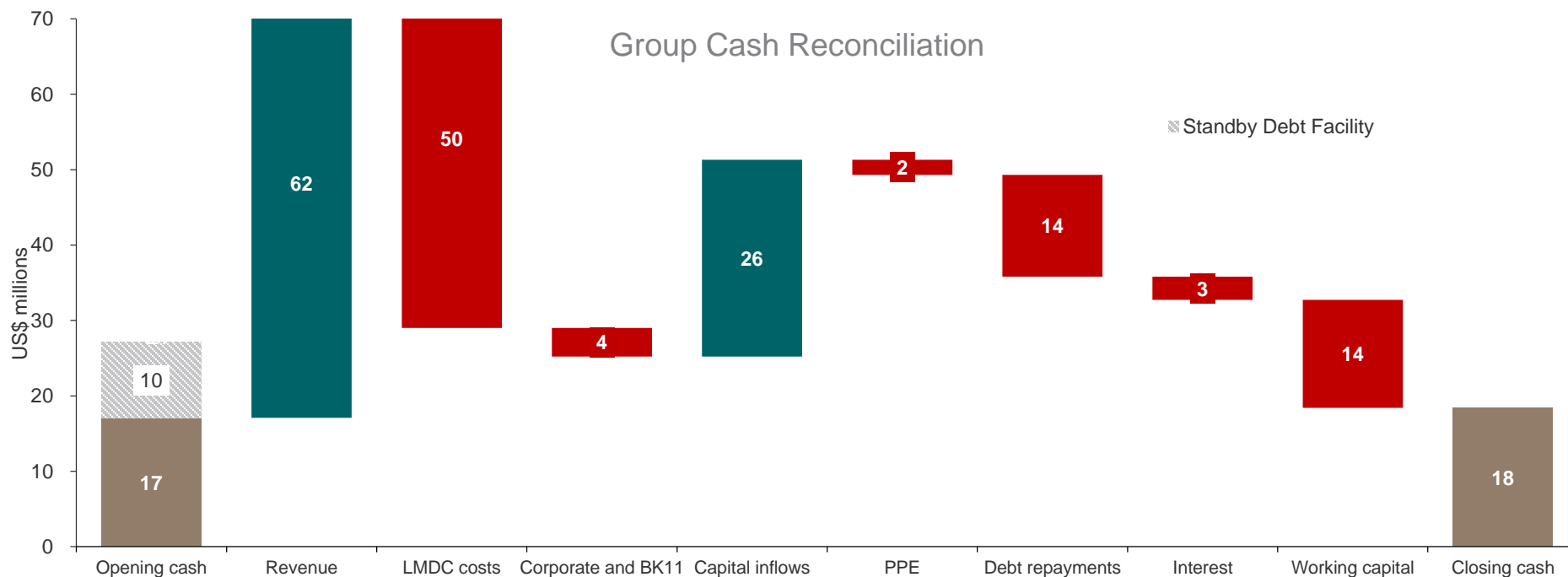


Consolidated cash flow

KEY ITEMS

- US\$8.1 million generated by operations
- US\$25.0 million from capital raise and US\$2.0 million from Eurobonds issued
- US\$14.0 million capital debt repayments
- US\$14.7 million working capital outflow includes US\$10.4 million from the June 2018 sale which was received shortly after year end
- Closing cash of US\$18.4 million

Group Cash Reconciliation



FY2019 Outlook



- Target to treat 3.6 - 3.8 million tonnes of ore
- Total cash costs per tonne treated expected to be US\$15-16*
- Target to strip 4.3 - 4.8 million tonnes of waste rock
- Cost per tonne to move waste expected to be US\$3.0 - 3.5*
- Seeking to recover between 820 000 and 870 000 carats per year
- Re-run of Life of Mine plan underway to ensure optimal value for shareholders
- Rough diamond market expected to remain weak for run of mine product in the short term but demand for quality stones continues strong
- For the rest of the FY, continue to mine across the orebody and treat the various kimberlite facies to conclusively determine overall diamond value and \$/ct

*based on exchange rate of US\$1=ZAR12.50

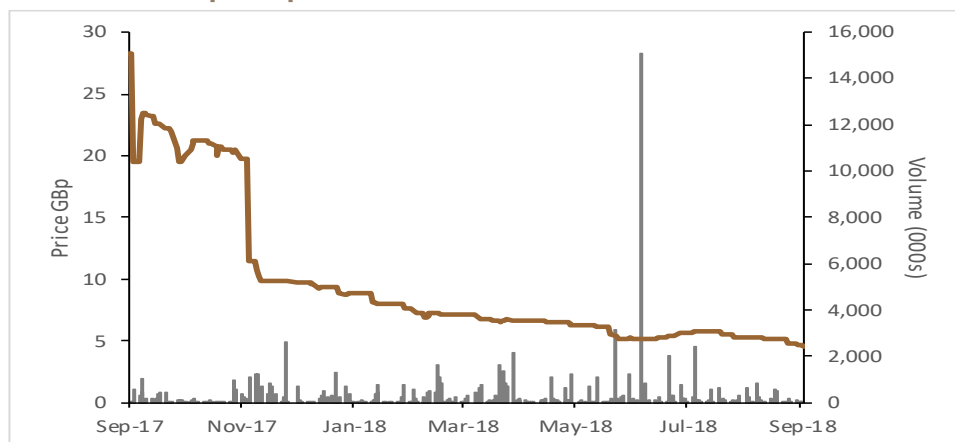


Appendix

Firestone Diamonds capital structure



LTM share price performance



Major shareholders (November 2017, pre-placing)

Shareholder	Shares	% O/S
RCF	141,254,410	26.96%
Pacific Road	123,386,165	23.55%
Edwards Family Holdings	63,472,355	12.31%
Sustainable Capital	59,128,295	11.47%
Pacific Road II	17,272,923	3.30%
Other Shareholders	119,423,700	22.79%
Total	523,937,848	100%

Market information

	AIM: FDI
Daily average trading volumes (last 90 days)	452,032
Shares in issue	523 937 848
Free float	22.80%
Share price (27 September 2018)	4.62p
Market capitalisation	24,205,928

Directors and officers

Paul Bosma	Chief Executive Officer
Lucio Genovese	Non-Executive Chairman
Ken Owen	Non-Executive Director
Paul Sobie	Non-Executive Director
Patrick Meier	Non-Executive Director
Niall Young	Non-Executive Director
Keith Johnson	Non-Executive Director
Grant Ferriman	Chief Financial Officer

Liqhobong Diamond Mine - overview






Liqhobong is located within an area of potentially the highest density of kimberlite occurrences in the world



Satellite pipe	1.6 ha
Main pipe	8.5 ha
Discovery blow	0.15 ha
Blow	~ 0.1 ha
Dyke	2.5 km strike

- Mountain kingdom landlocked by South Africa
- Gained independence in 1966
- Four operating mines in the country
- Population approximately 2.3 million

Timeline

2010	Reverse takeover of Kopane Diamonds	
Feb 2011 - Oct 13	Pilot plant production	
May 2014	Financing of US\$225.2 million in place	
July 2014	Construction commenced at Lihobong	
October 2016	Production ramp-up commenced	
February 2017	First diamond sale - 75 936 carats sold for US\$8.14 million (US\$107/ct)	
April 2017	109 carat diamond recovered	
June 2017	Commercial production achieved	
December 2017	Capital raise, revised mine plan implemented, ABSA debt restructured	

Existing mine plan – key features

The mine plan mitigates against the lower diamond values 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

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 6 million man hours worked to year end
- No significant environmental incidents
- Approved environmental management plan in place
- Total workforce of 617 employees and contractors as of Aug-18 (Sep-17: 579) 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: Independent needs analysis conducted; road rehabilitation
- Employment from local communities on-going

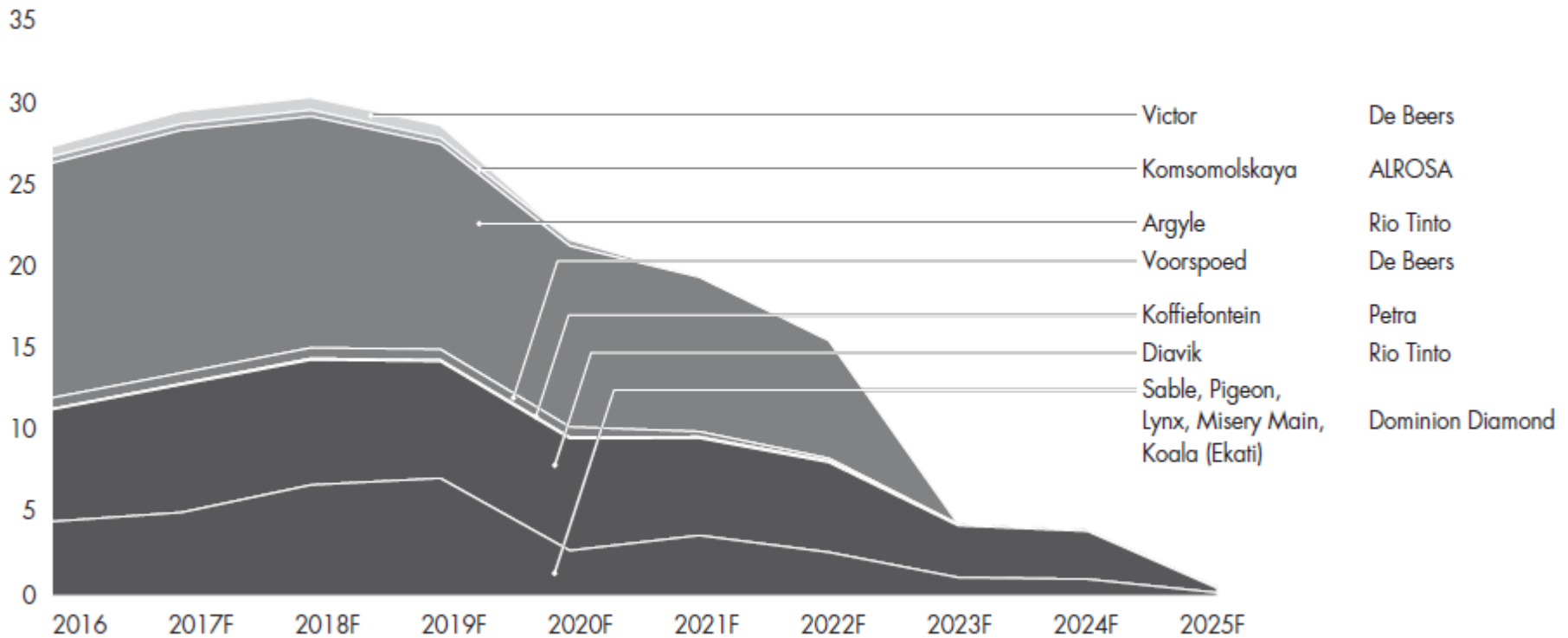


Market outlook



Global supply of diamonds is expected to decline at 1-2% CAGR in the next 12 years due to aging and depletion of existing mines

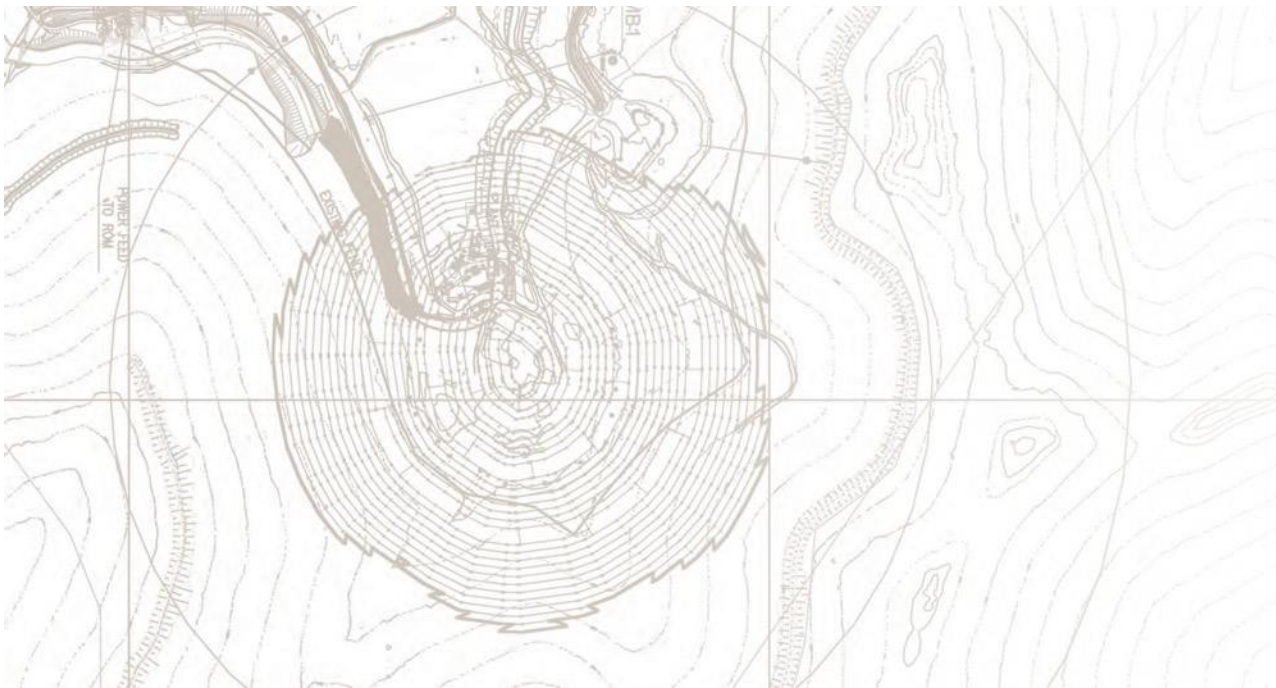
Forecasted rough-diamond production of depleting mines, millions of carats, optimistic scenario



Note: Mines are sorted from top to bottom on the chart and in the legend
Sources: Company data; expert interviews; Bain analysis

1) Source: The Global Diamond Industry 2017, Bain & Company, The Diamonds Insight Report 2016, De Beers

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



Contact Us

Firestone Diamonds plc
The Triangle
5-17 Hammersmith Grove
London W6 0LG

Tel: +44 (0)20 8741 7810
Fax: +44 (0)20 8748 3261
info@firestonediamonds.com