



FIRESTONE DIAMONDS

Firestone Diamonds Corporate Overview

July 2011

Transforming Firestone into a Major Diamond Producer

Disclaimer

The information contained in this presentation ("Presentation") has been prepared by Firestone Diamonds plc (the "Company") and is being communicated for general background informational purposes only. The Presentation has not been independently verified and the information contained within is subject to updating, completion, revision, verification and further amendment. While the information contained herein has been prepared in good faith, neither the Company, nor its shareholders, directors, officers, agents, employees, or advisors give, has given or has authority to give, any representations or warranties (express or implied) as to, or in relation to, the accuracy, reliability or completeness of the information in this Presentation, or any revision thereof, or of any other written or oral information made or to be made available to any interested party or its advisers (all such information being referred to as "Information") and liability therefore is expressly disclaimed. Accordingly, neither the Company nor any of its shareholders, directors, officers, agents, employees or advisers take any responsibility for, or will accept any liability whether direct or indirect, express or implied, contractual, tortious, statutory or otherwise, in respect of the accuracy or completeness of the Information or for any of the opinions contained herein or for any errors, omissions or misstatements or for any loss, howsoever arising from this Presentation. In communicating this Presentation, the Company does not undertake or agree to any obligation to provide the recipient with access to any additional information or to update this Presentation or to correct any inaccuracies in, or omissions from, this Presentation which may become apparent. Information contained in this Presentation is the property of the Company. It is made available strictly for the purposes referred to above. The Presentation and any further information made available to any recipient may not be reproduced, used or disclosed without the prior written consent of the Company. This Presentation is confidential and shall not be copied, published, reproduced, or distributed in whole or in part at any time without the prior written consent of the Company.

This Presentation should not be considered as the giving of investment advice by the Company or any of its shareholders, directors, officers, agents, employees or advisers. Each party to whom this Presentation is made available must make its own independent assessment of the Company after making such investigations and taking such advice as may be deemed necessary. In particular, any estimates or projections or opinions contained herein necessarily involve significant elements of subjective judgment, analysis and assumption and each recipient should satisfy itself in relation to such matters. Neither the communication of this Presentation nor any part of its contents is to be taken as any form of commitment on the part of the Company to proceed with any transaction. In no circumstances will the Company be responsible for any costs, losses or expenses incurred in connection with any appraisal or investigation of the Company. This Presentation does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer to subscribe for or purchase any securities in the Company, nor shall it, or the fact of its communication, form the basis of, or be relied upon in connection with, or act as any inducement to enter into, any contract or commitment whatsoever with respect to such securities.

The communication of this Presentation in or to persons in certain jurisdictions may be restricted by law and persons who may receive communication of this Presentation should inform themselves about, and observe any such restrictions in advance of communication to them of this Presentation. Any failure to comply with these restrictions may constitute a violation of the laws of the relevant jurisdiction. In particular, this Presentation has not been approved by an authorised person pursuant to Section 21 of the Financial Services and Markets Act 2000 ("FSMA") and accordingly it is being delivered in the United Kingdom only to persons to whom this Presentation may be delivered without contravening the financial promotion prohibition in Section 21 of the FSMA. Those persons are described in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("Order") and include persons who have professional experience in matters relating to investments and who fall within the category of person set out in Article 19 (investment professionals) of the Order and high net worth entities as defined in Article 49(2) of the Order. Any activity to which this Presentation relates in the United Kingdom is available to, and will only be engaged with such persons and this Presentation should not be acted or relied upon in the United Kingdom by persons of any other description. This Presentation has not been approved as a prospectus by the United Kingdom Listing Authority ("UKLA") under Section 87A of FSMA and has not been filed with the UKLA pursuant to the United Kingdom Prospectus Rules. This Presentation nor any copy of it may be taken or transmitted into the United States of America or its territories or its possessions (the "US") or distributed directly or indirectly into the US or to any US person as defined in Regulation S under the Securities Act 1933 as amended, including U.S resident corporations or other entities organised under the laws of the United States or any state thereof or non-U.S branches or agencies of such corporations or entities. Nor shall this Presentation be taken, transmitted or distributed into Australia, Canada, Japan, Singapore, South Africa, or any other jurisdiction which prohibits the same except in compliance with applicable securities laws. The Presentation is not an offer of securities for sale in the United States. Securities may not be offered or sold in the United States absent registration under the US Securities Act or an exemption there from. The Company has not registered and does not intend to register any shares or securities under the US Securities Act. By accepting communication of this Presentation, the recipient represents and warrants that it is a person to whom this Presentation may be communicated without a violation of the laws of any relevant jurisdiction. This Presentation is not to be communicated to any other person or used for any other purpose and any other person who receives communication of this Presentation should not rely or act upon it.

Mirabaud Securities LLP and Brewin Dolphin Limited, which are authorised and regulated in the United Kingdom by the Financial Services Authority, are acting exclusively for the Company and no-one else in connection with the matters described in this Presentation and will not be responsible to anyone other than the Company for providing the protections afforded to clients of Mirabaud Securities LLP or Brewin Dolphin Limited.

Topics

1 Introduction

2 Liqhobong Mine

3 BK11 Mine

4 Orapa Satellite Kimberlites

5 Tsabong

6 Kokong

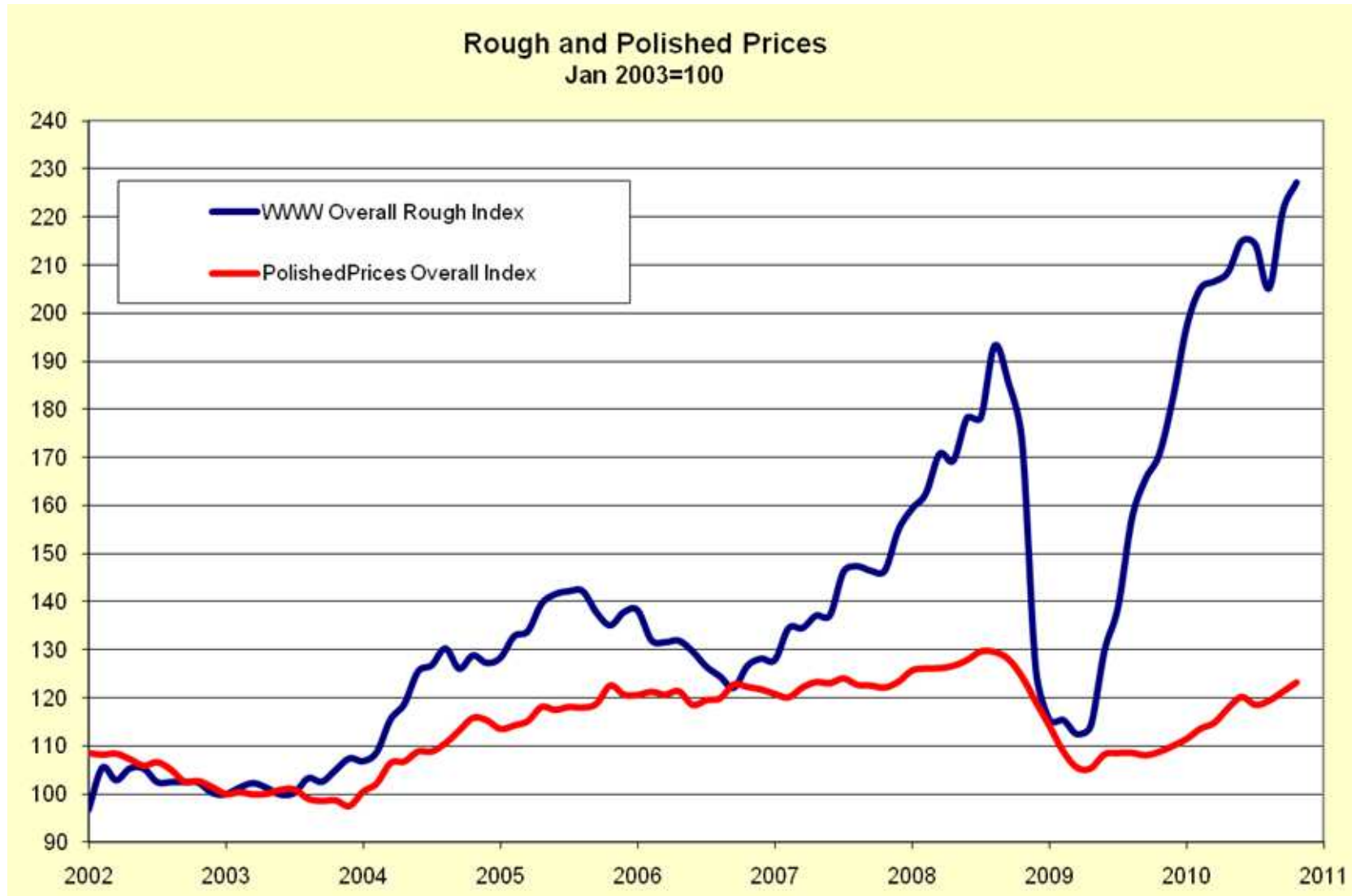
7 Outlook

1 Introduction

Company Background

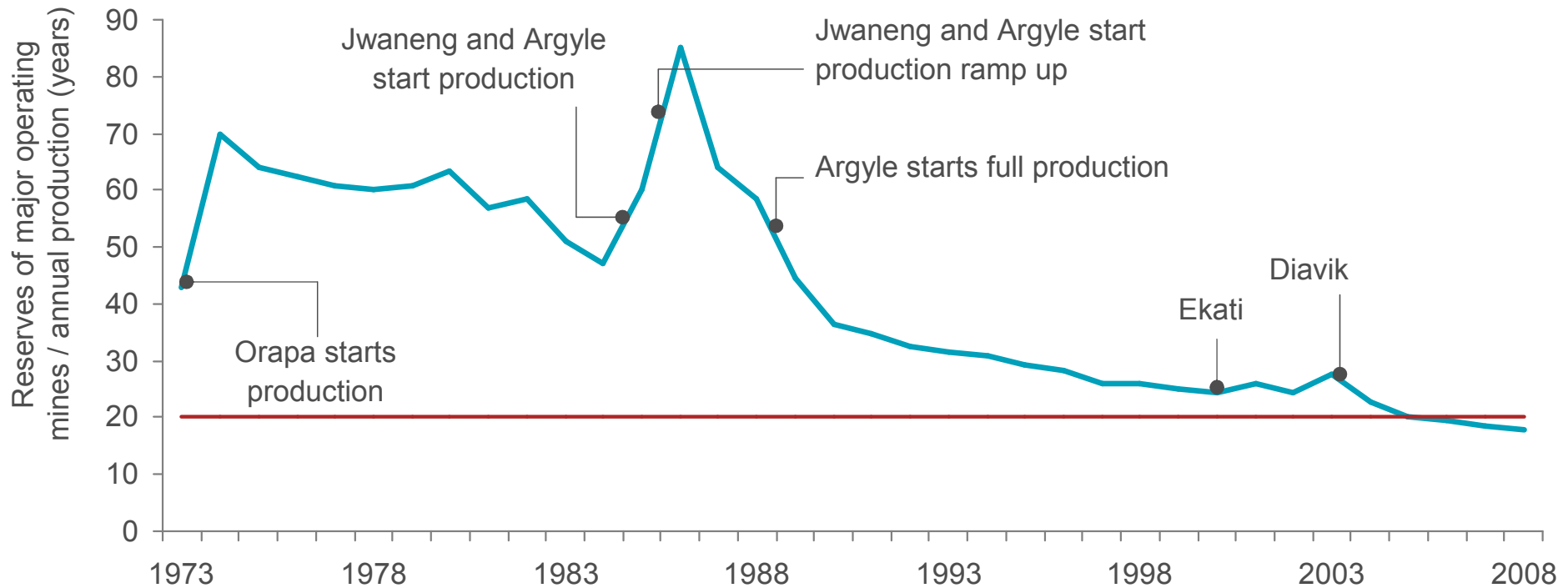
- ▶ **Focused on Lesotho and Botswana**
 - Lesotho is emerging as a significant, high-value diamond producer
 - Botswana is world's biggest and lowest cost diamond producer
 - Both countries stable economically and politically
- ▶ **High quality portfolio of projects**
 - Production - Lihobong & BK11
 - Evaluation – 176 kimberlites in the Orapa, Tsabong and Kokong kimberlite fields
 - Exploration – significant potential for further discoveries at Tsabong and Kokong
- ▶ **One of 3 listed kimberlite producers outside the majors**

Diamond prices have recovered strongly...



... and reserves are declining

Reserves of major operating mines / annual production



Source: BHP Billiton, De Beers, Firestone estimates

Location of Firestone's projects



2 Liqhobong Mine

Liqhobong

- ▶ **One of the most attractive undeveloped kimberlite resources in the world**
 - Third largest in contained carats after Gahcho Kue & Star (both in Canada)
 - Fourth largest in tonnes after Star and Orion South (both in Canada) and Gope (Botswana)
 - Capital costs expected to be very substantially lower



Liqhobong Background

- ▶ **Situated in the Lesotho Highlands**
- ▶ **Originally discovered in 1950's**
 - Main Pipe
 - 8.6 ha
 - 90Mt @ 34cpht and \$130/ct
 - Revenue \$51/t; est. costs \$13/t
 - \$4.6B gross value
- ▶ **Mining licence in place**
 - Produced from 2005-2008
 - Firestone acquired in Q4 2010, and resumed production in Q1 2011
- ▶ **75% owned by Firestone and 25% by Government**



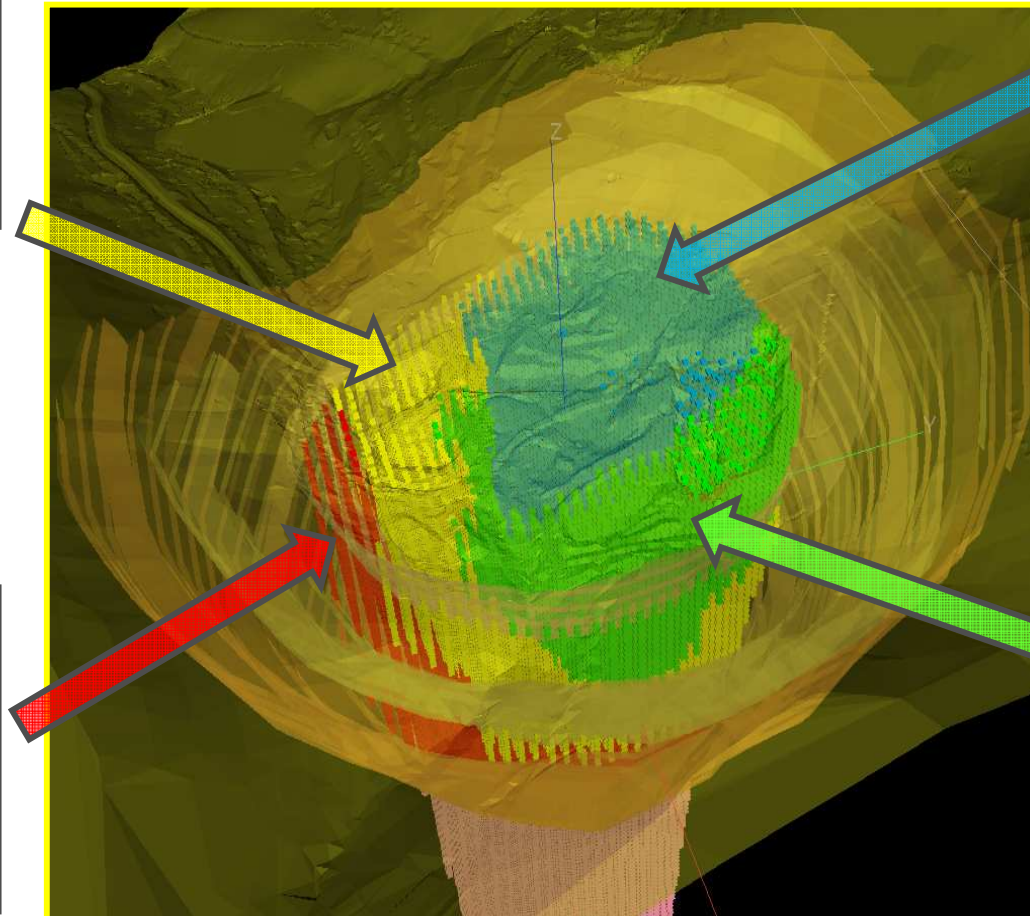
Main Pipe Geological Model

K5

- Approx. 33.1% of Main Pipe
- High grade (43 cpht)
- Enlarges at depth
- Contains large & high value stones

K2

- Comprises 37.1% of Main Pipe
- Grade of 26 cpht
- Decreases in volume at depth



K6

- Approx. 22.7% of Main Pipe
- High grade (36 cpht)
- Enlarges at depth
- Large framesite diamond found (>250 cts)

K4

- Approx. 7.1% of Main Pipe
- Only found in upper levels
- Grade of 32 cpht

Mineral Resource Statement

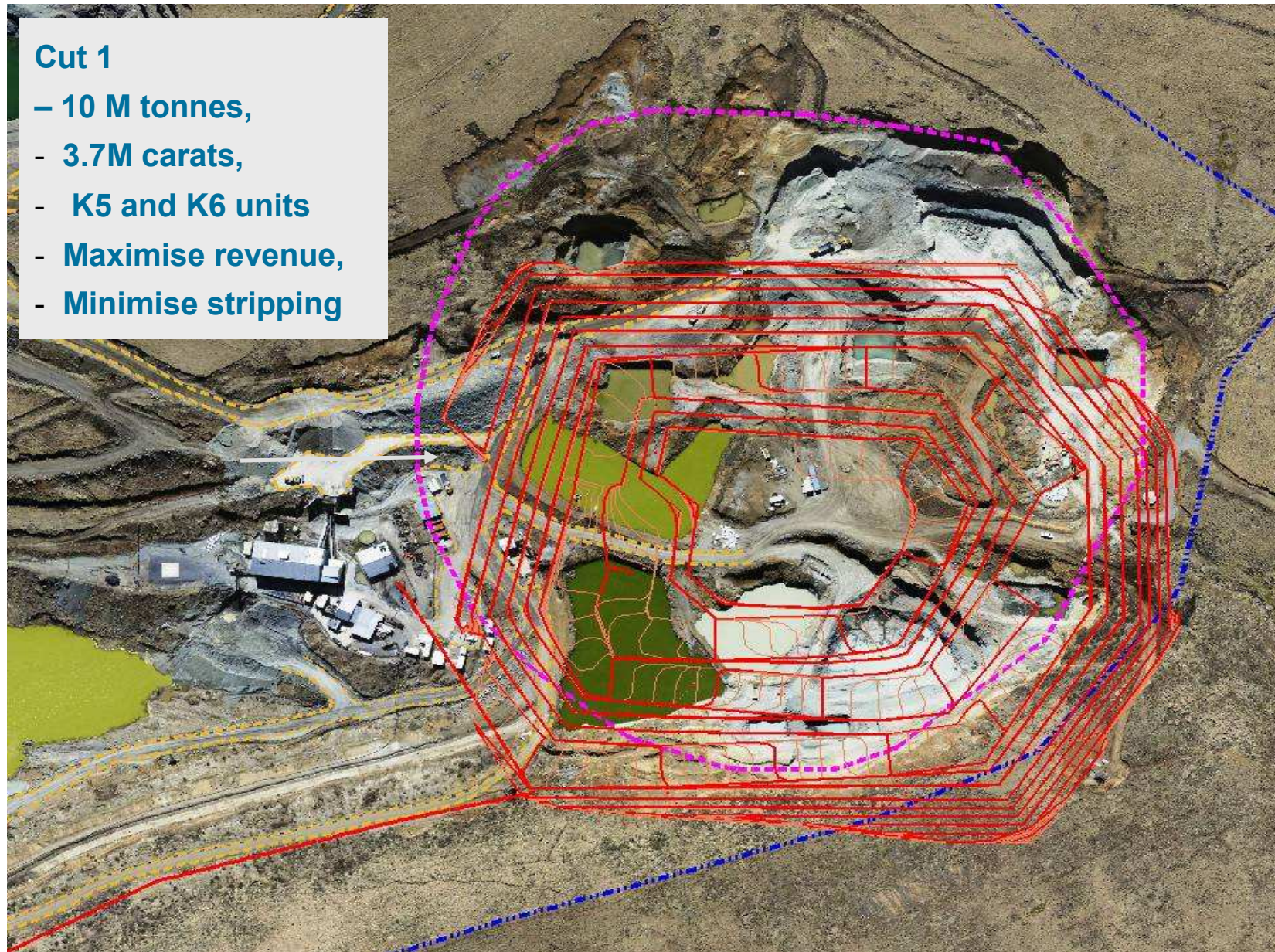
Liqhobong Mineral Resource			
	Tonnes (M)	Grade (cpht)	Carats (M)
Indicated	38.5	31.3	12.0
Inferred	52.3	33.9	17.7
Total Resource	90.8	32.8	29.7

Note: Signed off independently by ACA Howe and MPH Consulting

Open pit optimisation scenarios

	Revenue (\$/ct)		
	86	130	170
Reserves (M tonnes)	61	70	80
Carats (M)	19.5	23	26
Av. Grade (cpht)	32	32	33
Av. Strip Ratio	1.9	1.9	2.5
Pit Depth (m)	390	520	560
Open Pit Life (years)	17	20	22

Cut 1 – 2011 to 2015



Plant 1, Q1 2011

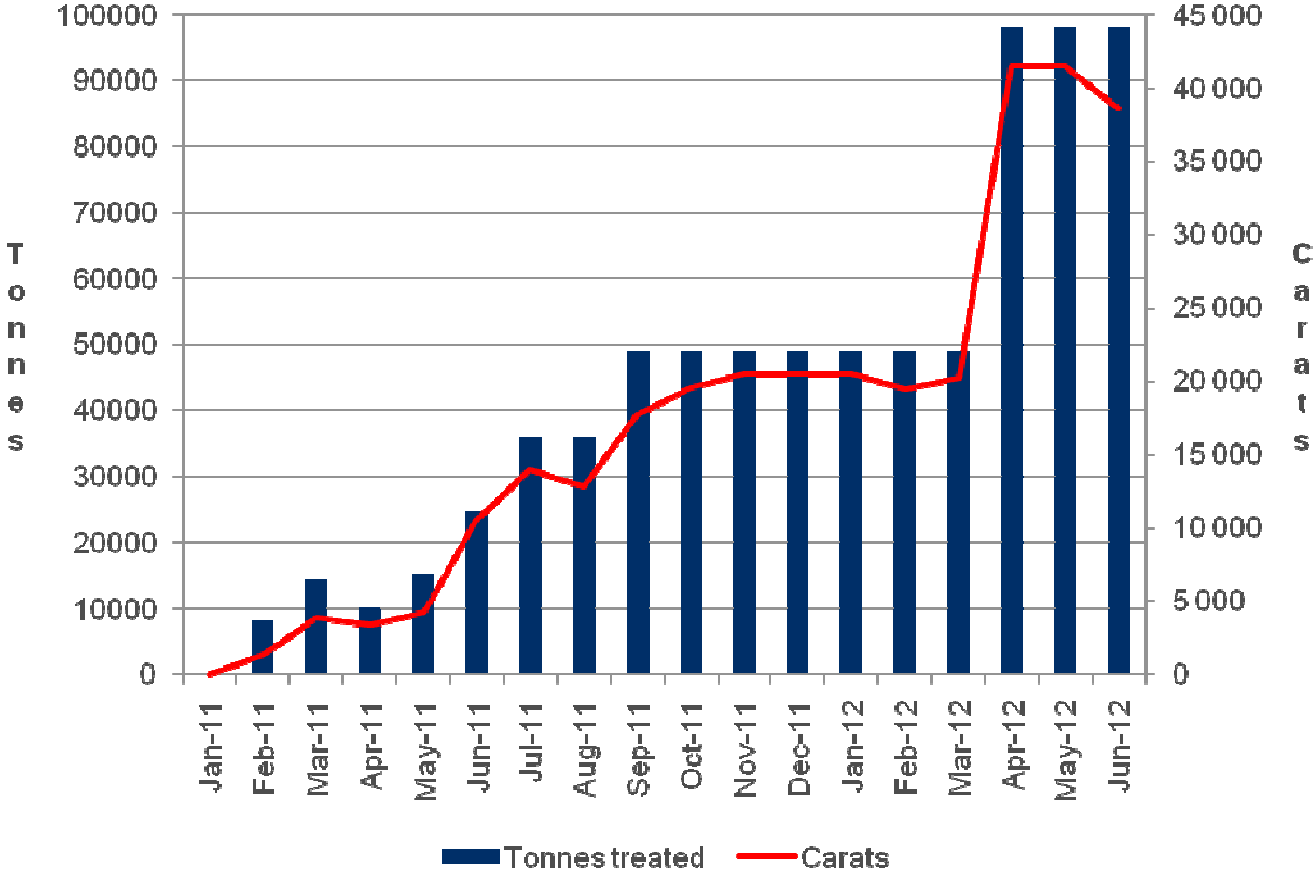


Plant 1 and 2 Expansion Plans

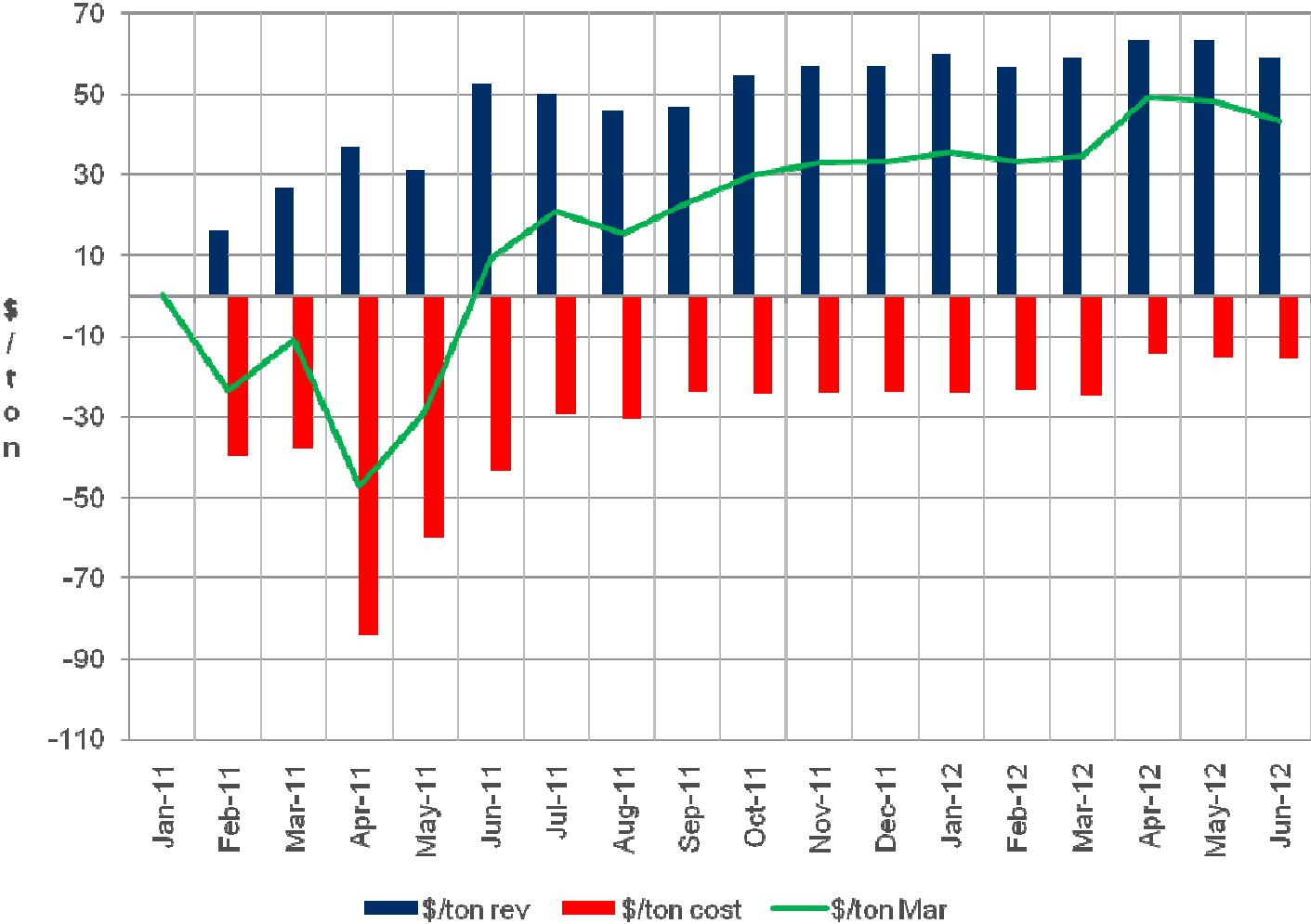
Plant	Capacity (mtpa)	Development schedule	Monthly Carats	Annual revenue (\$m)
1	0.36	Q1 '11	11,500	\$18
1	0.65	Q2 '11	18,500	\$29
1	1.3	Q1 '12	37,000	\$57
2	4.2	Q1 '14	122,000	\$200

▶ Plant 2 capex of \$70m to be funded by 70% debt/30% equity and out of cash flow

12 Month Tonnage and Carat Forecast



12 Month Revenue Forecast



Daily Production

June 3rd 2011 - 565 carats



June 15th 2011 - 532 carats



“Specials” not included in \$149/ct valuation



- ▶ 13.3 Vivid yellow \$35,136/ct \$468,000
- ▶ 9.9 Fancy yellow \$10,149/ct \$100,000
- ▶ 6.0 Fancy yellow \$10,066/ct \$60,000

“Specials” not included in \$149/ct valuation

140ct D colour stone crushed at plant



27 ct fragment
sold for \$748K
(\$27,000/ct)

Liqhobong Update – July 2011

▶ Mining

- Satellite pipe
 - Excavation for raw water dam complete
 - +100,000 tonnes of ore stockpiled
 - Water being transferred from Main Pipe dams
- Main Pipe
 - Mining of K2 progressing well
 - Draining of dams commenced in preparation to mine K5

▶ Production

- No 1 Plant tonnage throughput above plan
- Recovered grade higher than reserve grade (125% MCF's)
- Revenue is up to \$51/ton
- Sorthouse revamped, increased security
- Diamond production for August tender on track

Liqhobong Update – July 2011 -cont

▶ Main Pipe

- ~3,000 tonnes of K5 mined and treated as test for 3 days
 - 4 high quality diamonds recovered
 - Excessive fines reduced DMS performance
 - New wet front end will address the problem
 - K5 processed through new frontend in August and September

July Recoveries from K5



Outlook

▶ Opportunities

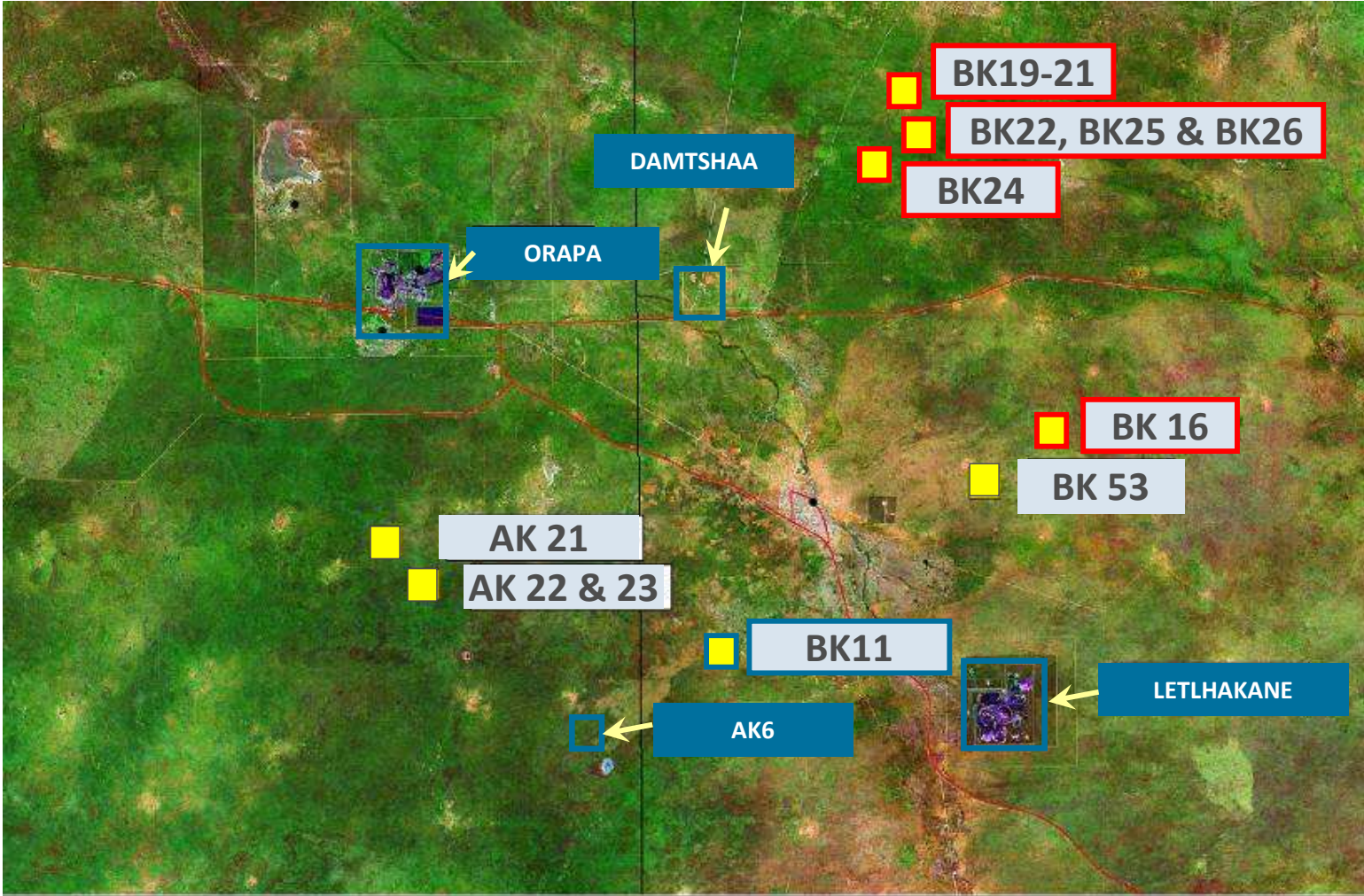
- Grade increases
 - Positive mine call factors recorded ~20% higher than resource
 - Higher grade of K5/K6 with depth
- \$/ct upside
 - Supply demand and market conditions
 - Recovery of specials, fancies and large stones
- Tonnage Throughput
 - Engineering availability @68% should be bettered



▶ Challenges

- Water Supply
 - Prolonged dry season (Aug-Nov) will put pressure on water supply to plant
 - Heavy rainy season (Nov-Feb) may delay civils on plant expansion

3 BK11 Mine

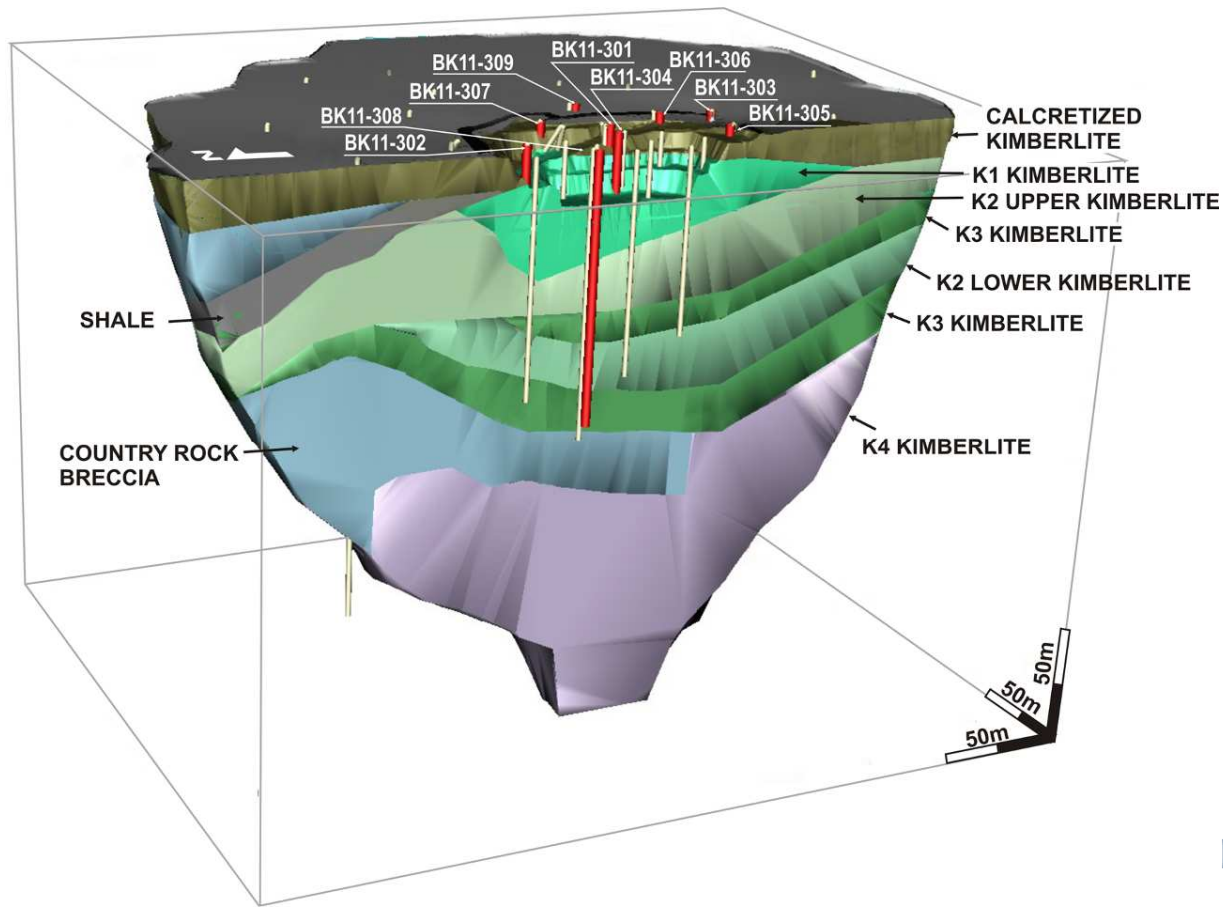
Firestone kimberlites in the Orapa area



-  Producing mines/development projects
-  Firestone kimberlites/development projects

BK11 History

- ▶ Firestone has 90% interest, local partners 10%
- ▶ Resource of 12 Mt to 120 metres
 - Revenue up to \$24/t; operating costs of ~\$9/t
- ▶ Commercial production commenced July 2010
- ▶ Expected 10 year mine life



BK11 Diamonds



- ▶ 8 grainers (2 caraters) high colour and quality - \$1,200/ct

BK11 Pit – Q2 2011



Processing Plant – Q1 2011



Secondary crusher being commissioned



BK11 Update – July 2011

▶ Mining

- Stripping ahead of plan
- Mining on bench 4 exposing less diluted ore

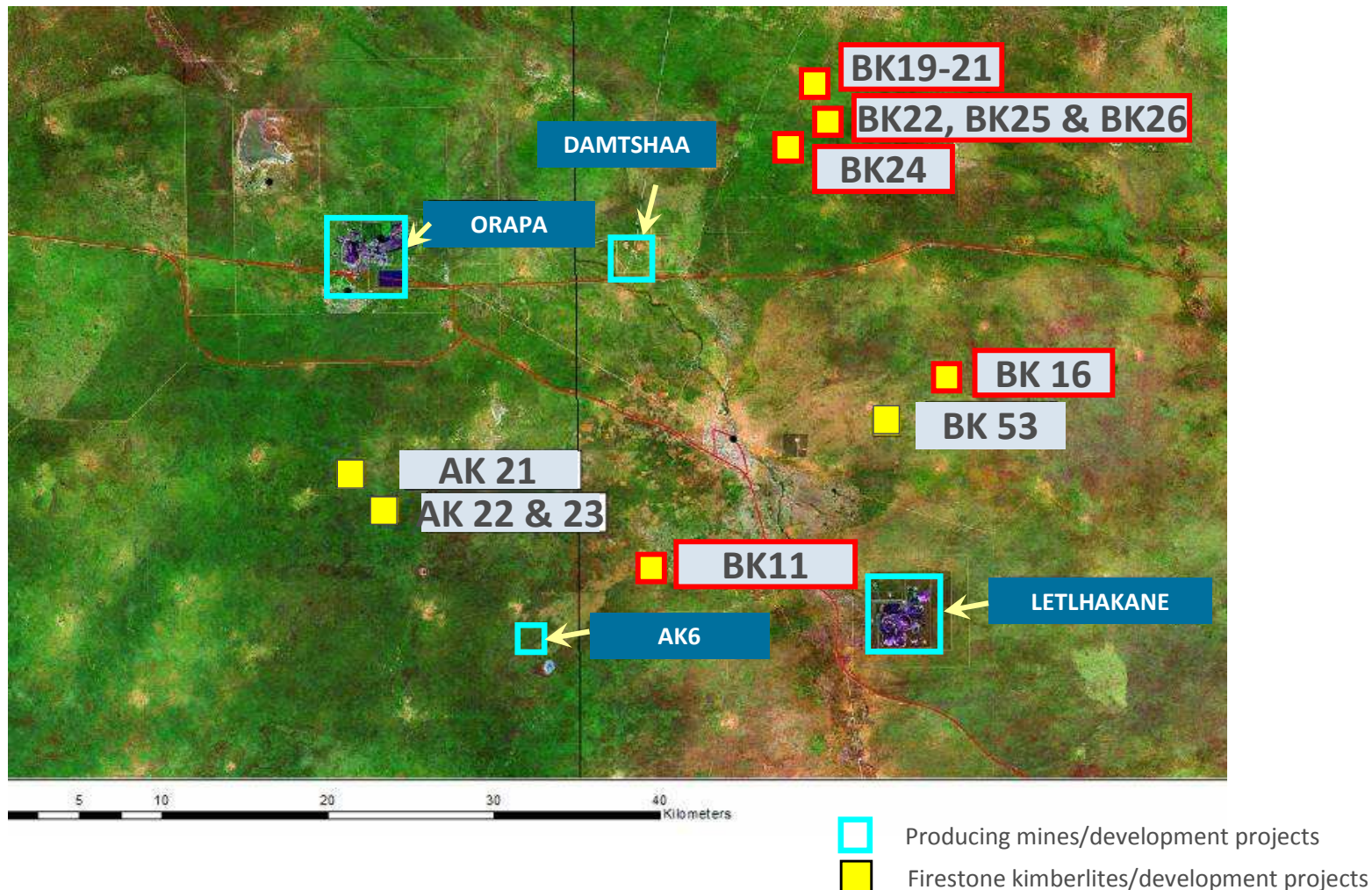
▶ Production

- Plant tonnage throughput on plan
- Mobile secondary crushers in production ~ 2 weeks
- Marked increase in grade noted from bench 4 (from 2cpht to 4cpht)
- Recrushing of bench 4 oversize in progress
- NB economic cut-off grade ~ 5cpht

4 Orapa Satellite Kimberlites

Orapa Satellite Kimberlites

- ▶ Firestone has 21 kimberlites in the Orapa area, 14 with diamonds



BK16

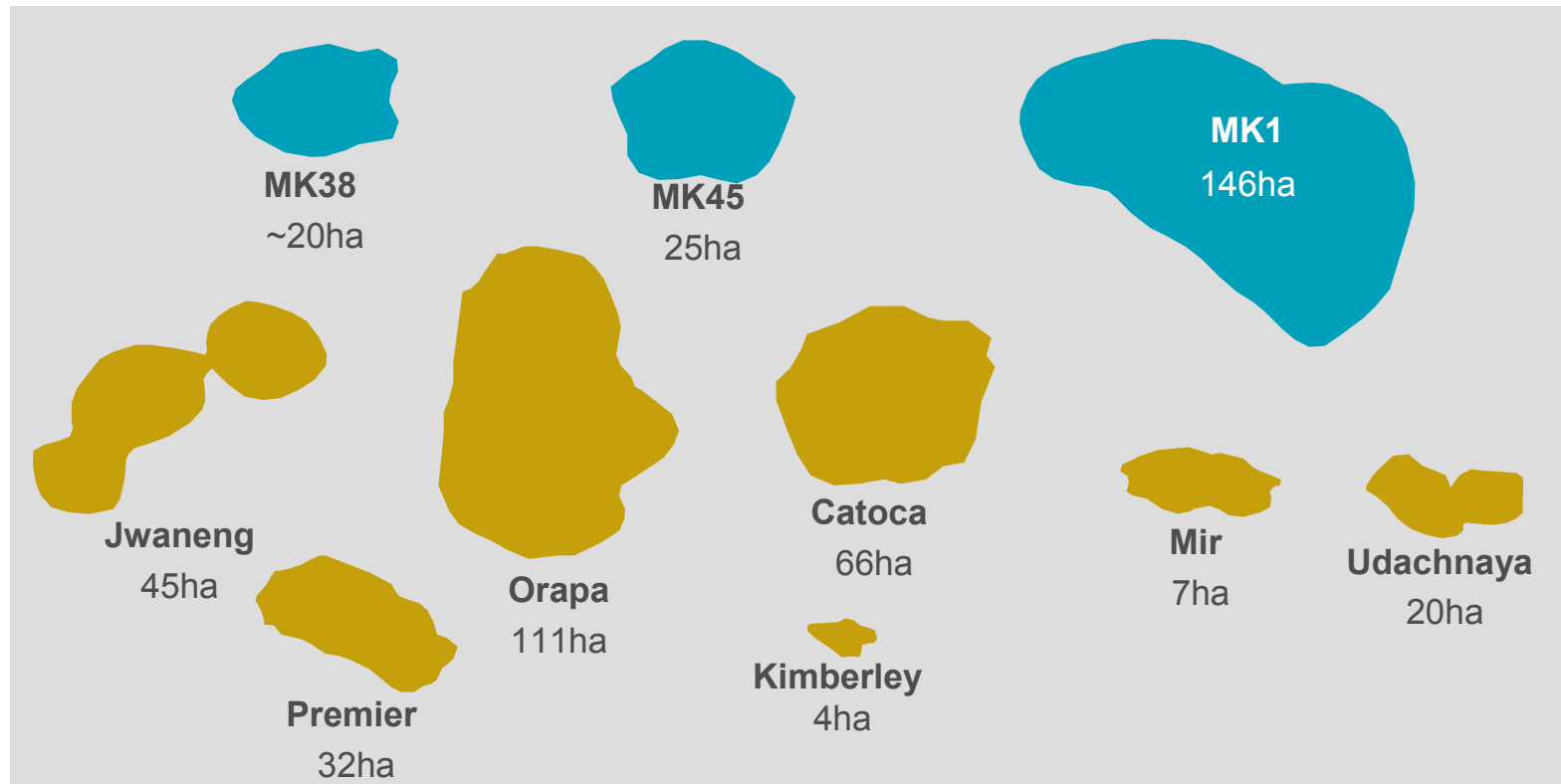
- ▶ **Sampled by De Beers in 1990's**
 - 15 cph; contains high value diamonds, similar to BK11
- ▶ **Bigger resource potential than BK11**
 - 17m tonnes to 200m
- ▶ **Firestone earning 87.5% interest for carrying to bankable feasibility**
 - Evaluation to commence once BK11 in full production



5 Tsabong

Tsabong Background

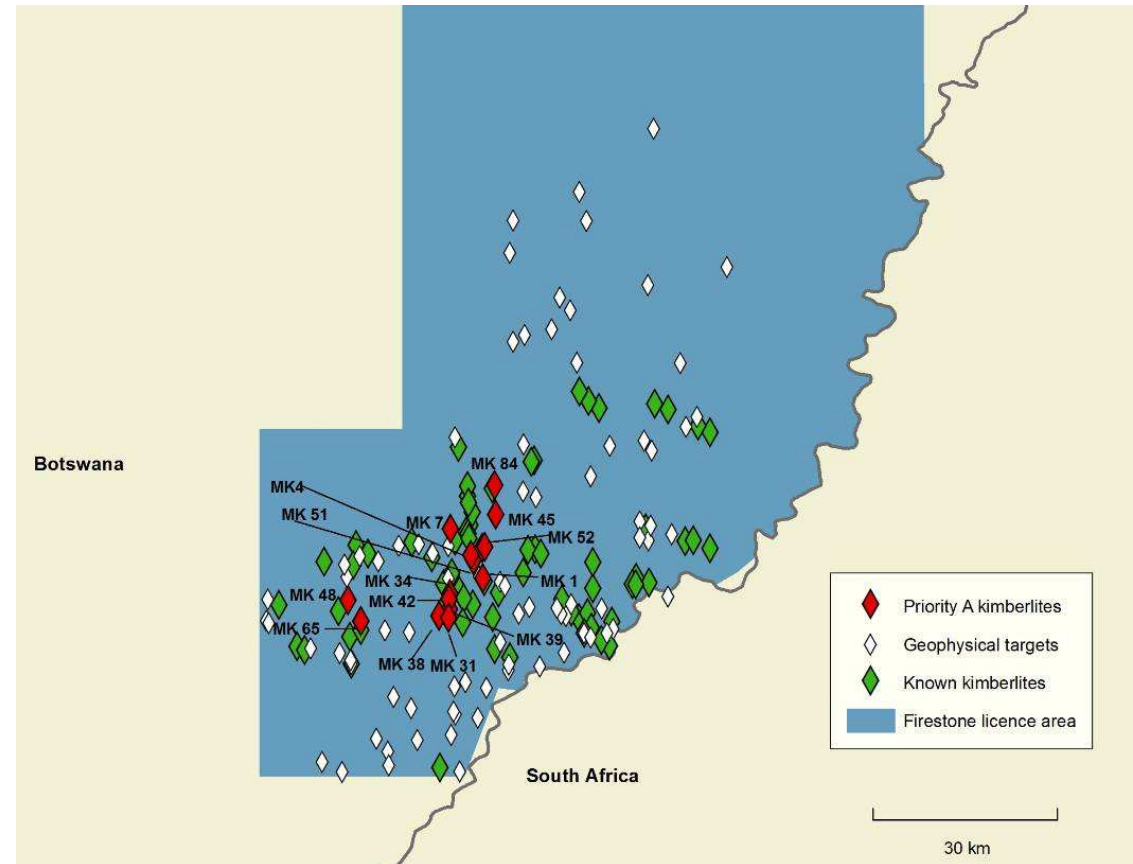
- ▶ One of the largest diamondiferous kimberlite fields in the world
 - 84 known kimberlites; 20 diamondiferous
 - MK1 kimberlite - 146 hectares, diamondiferous



■ Kimberlite mine ■ Firestone kimberlite

Tsabong Summary

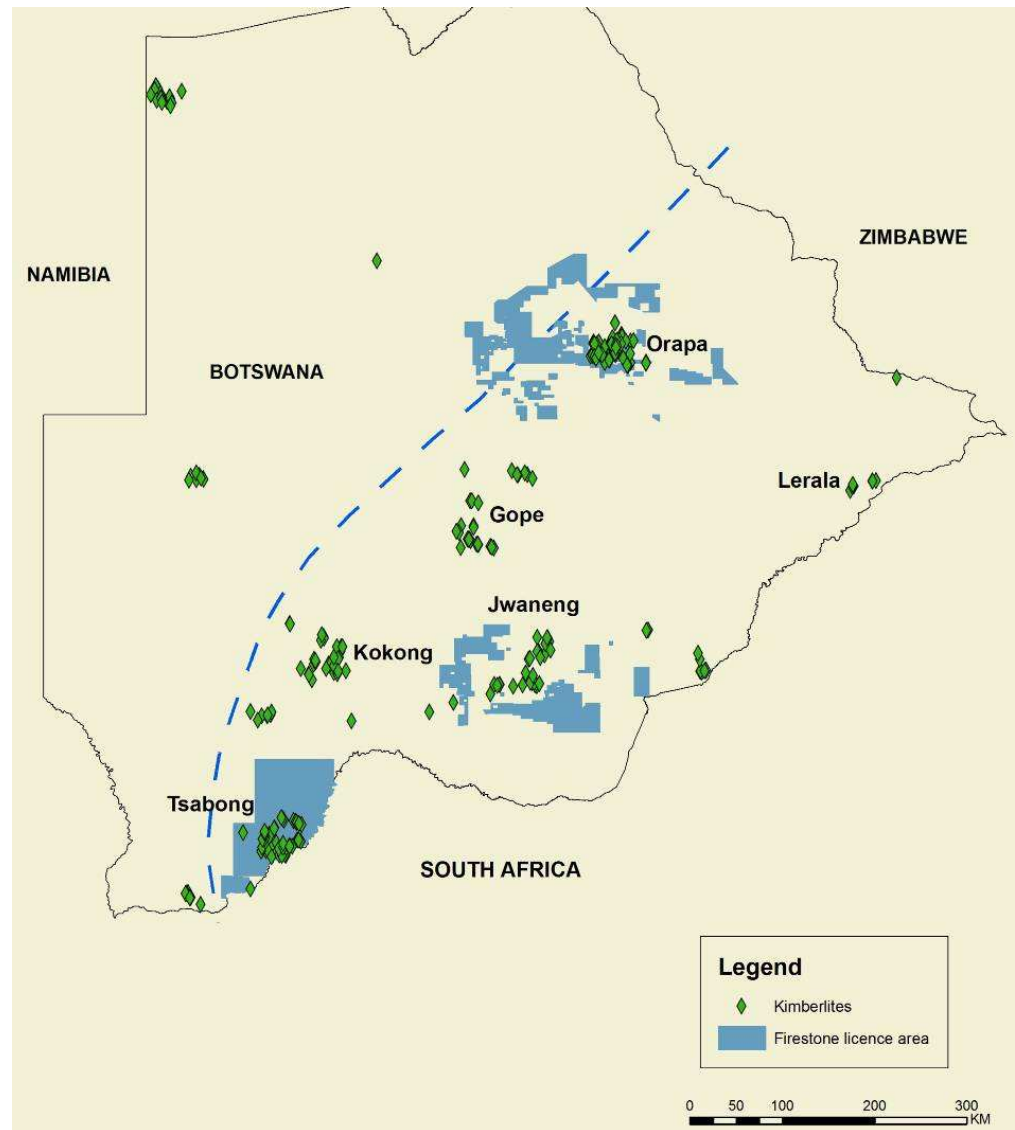
- ▶ **Limited evaluation since first discoveries in the 1980's**
- ▶ **Substantial exploration carried out by Firestone**
 - 50 sq km ground geophysics
 - 22,000 metres of drilling
 - 2 t of microdiamond samples
 - 6 kimberlites bulk sampled
- ▶ **Prospects for economic discovery are good**
 - Similar geological setting to Jwaneng
 - Macrodiamonds recovered from 5 kimberlites
 - Botswana economic ratio of 8% is in our favour



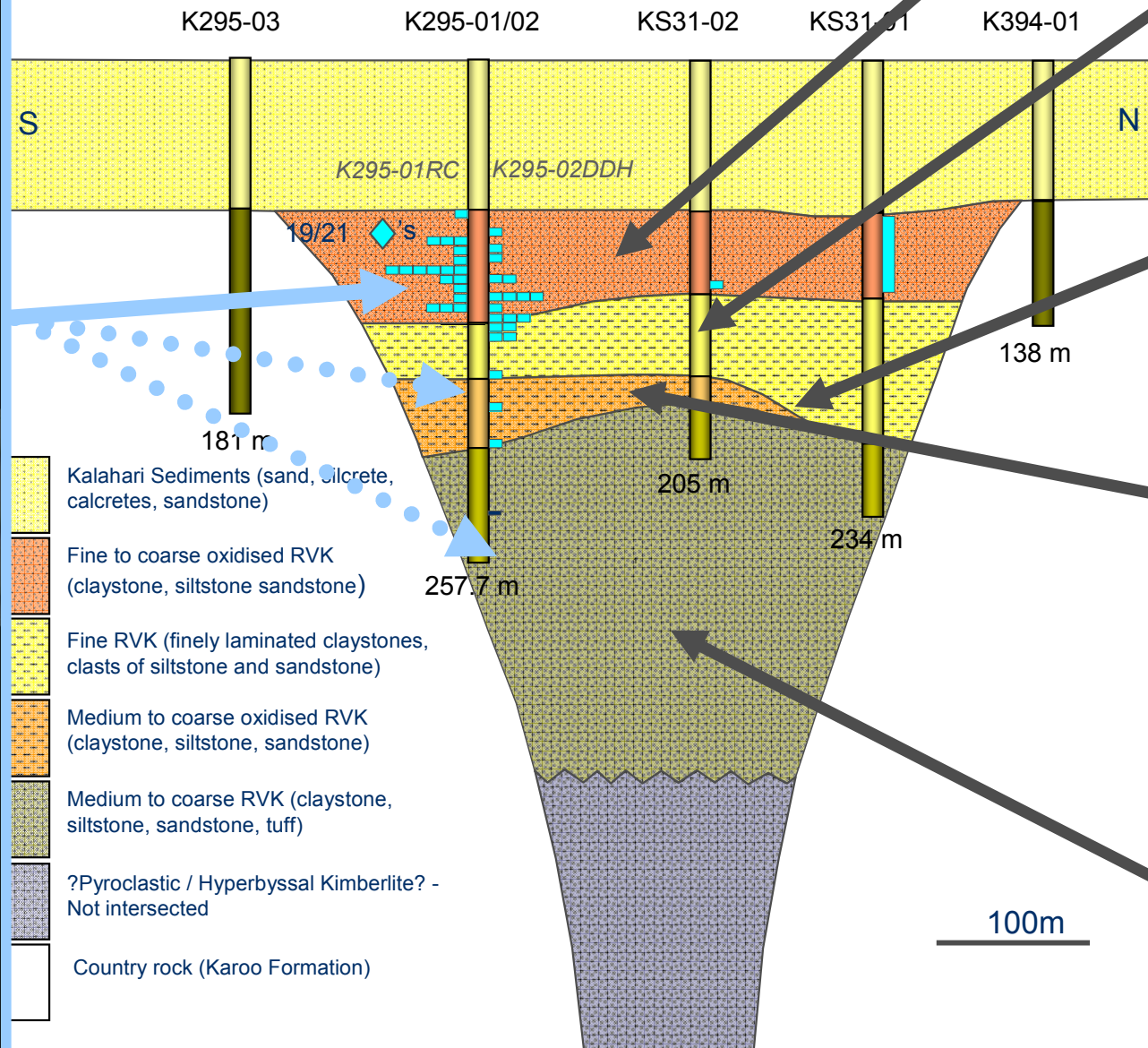
6 Kokong








Kokong Summary

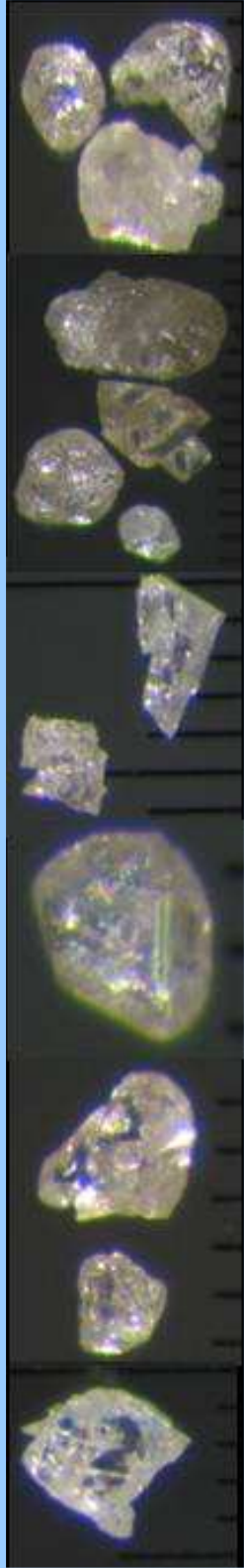
- ▶ Limited evaluation since first discoveries in the 1980's
- ▶ Substantial exploration carried out by Rio Tinto from 2002-2007, little evaluation undertaken
- ▶ Prospects for economic discovery are good
 - 76 kimberlites, 18 diamondiferous
 - Similar geological setting to Jwaneng
 - 1 ton samples taken from 6" RC holes
 - Botswana economic ratio of 8% is in our favour
 - Average size of Kimberlites 38ha, biggest 155ha
 - K295, 70ha, has yielded 40 diamonds
 - Some 200 targets untested



BEST DRILLING RESULTS - K295



-  Kalahari Sediments (sand, silcrete, calcretes, sandstone)
-  Fine to coarse oxidised RVK (claystone, siltstone sandstone)
-  Fine RVK (finely laminated claystones, clasts of siltstone and sandstone)
-  Medium to coarse oxidised RVK (claystone, siltstone, sandstone)
-  Medium to coarse RVK (claystone, siltstone, sandstone, tuff)
-  ?Pyroclastic / Hyperbyssal Kimberlite? - Not intersected
-  Country rock (Karoo Formation)



7 Outlook

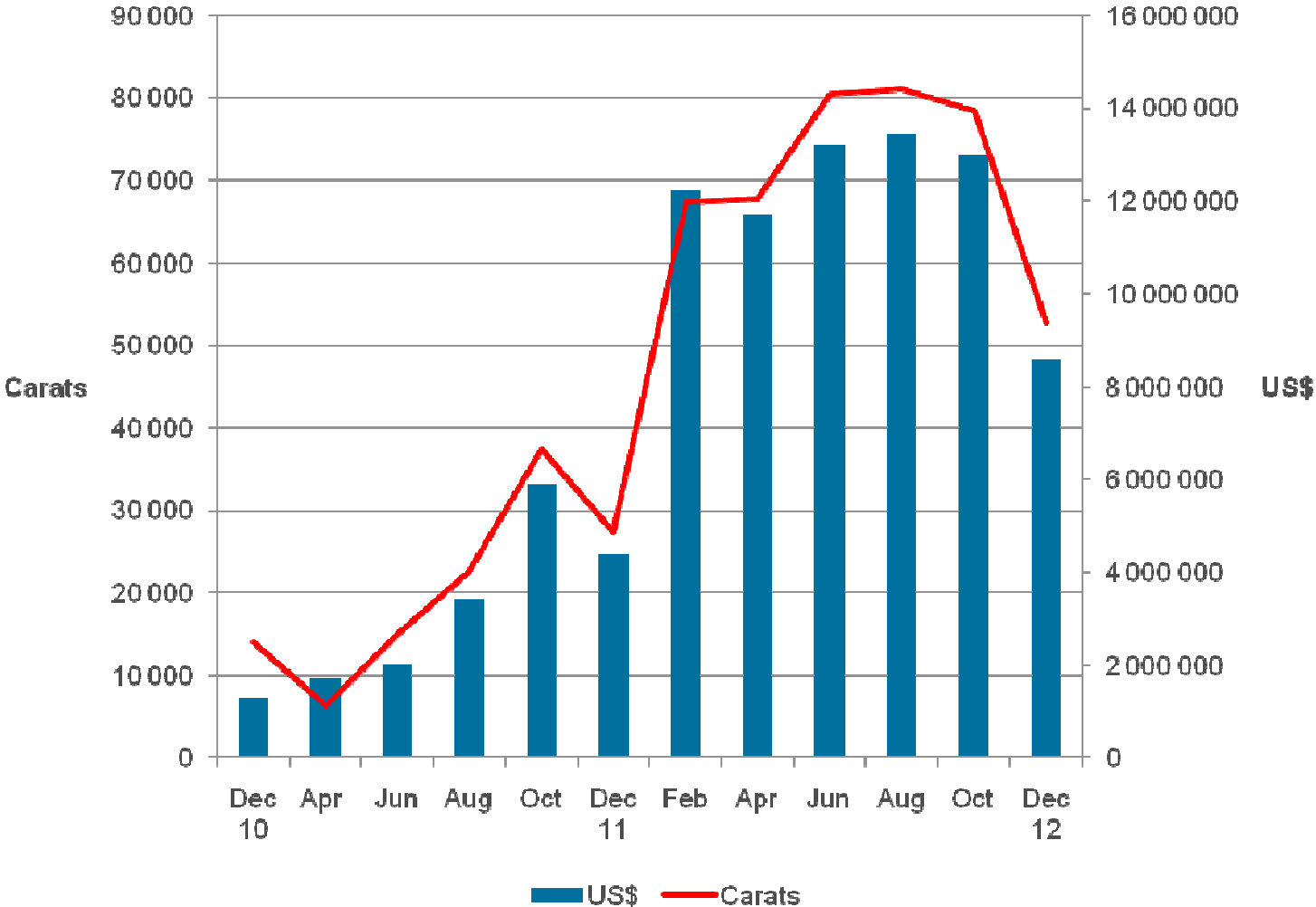
Tenders and Prices

- ▶ BK11 and Liqhobong diamonds cleaned and sold locally in Gaborone under contract by independent consultants – First Element Pty Ltd
- ▶ To date, 2 international diamond tenders held in Dec 2010 and April 2011
- ▶ Third tender currently in progress, with 32 international buyers attending from India, Israel, Belgium, RSA and Botswana

	Liqhobong	Liq Main	BK11
Sep 10	65	86	155
Dec 10 - Tender	98	110	177
Apr 11 - Tender	110	130	202
Jun 11 - Tender	123	149	235

- ▶ A further 3 tenders planned for 2011 and 6 in 2012

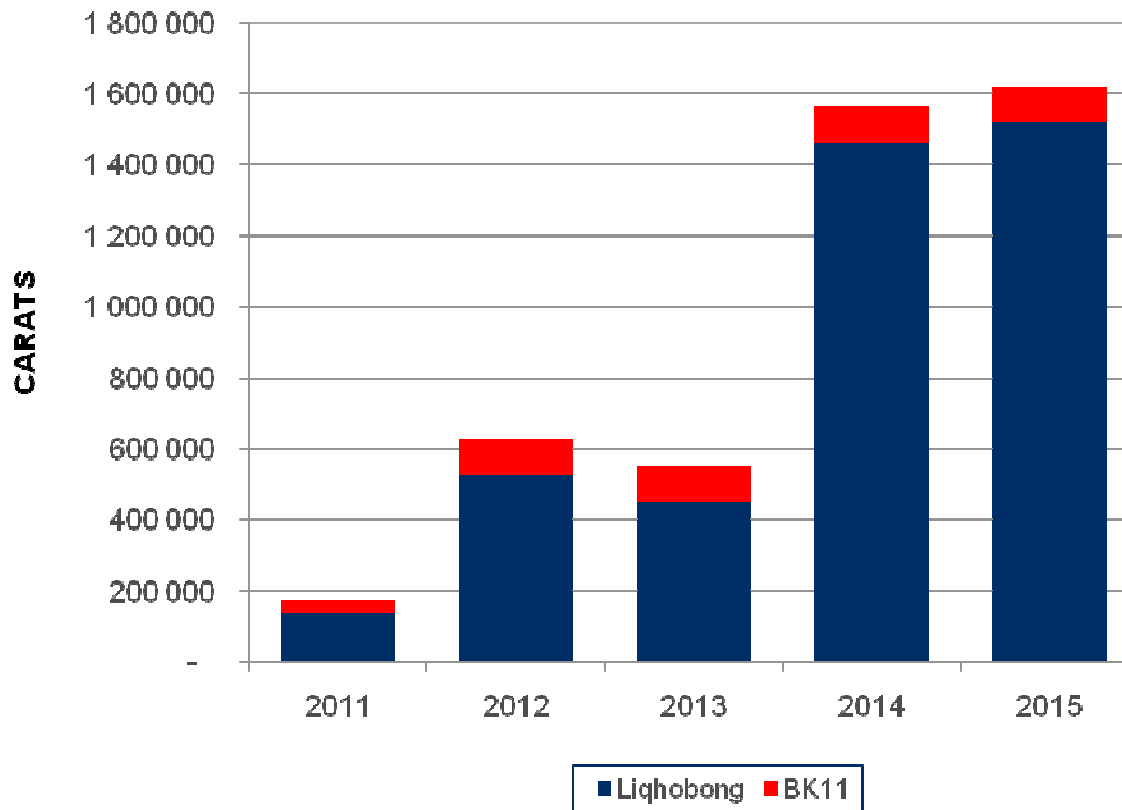
18 Month Sales Forecast



Resource Summary

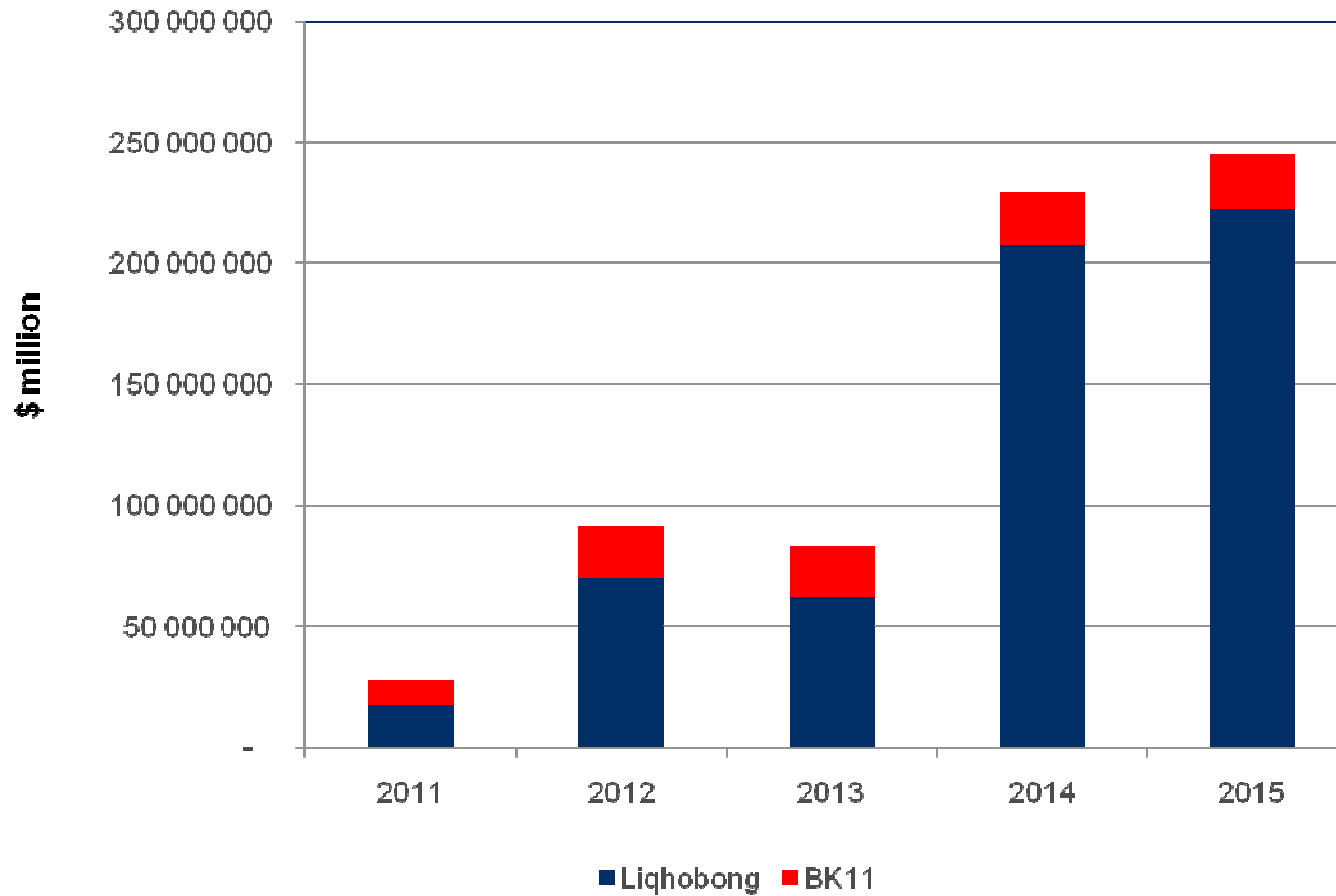
	BK11	Liqhobong
Resource		
Tonnes (Mt)	11.1	90.6
Grade (cpht)	8.5	34.3
Carats (Mcts)	0.9	31.1
Diamond value	\$235	\$149
Gross value (\$m) ¹	\$211	\$4,634
Economics		
Revenue (\$/t)	\$20	\$51
Est operating cost (\$/t)	\$9.5	\$13
Est margin (%)	53%	75%
Production capacity (Mtpa)	1.5	4.2
Annual revenue (\$M)	\$30	\$214
Annual profit (\$M)	\$16	\$160
Life of mine	9-10	20+

5 Year Carat Forecast



5 Year Revenue Forecast

REVENUE PLAN



Firestone's Kimberlite Portfolio

Field	Total Kimberlites	FD Kimberlites	%	FD K's With Diamonds	%
Orapa	75	22	29.3%	15	68.2%
Jwaneng	11	0	0.0%	0	0.0%
Tsabong	86	86	100.0%	18	20.9%
Kokong	76	68	89.5%	18	26.5%
	248	176	71.0%	51	29.0%

Valuation

	<i>Diamond value (\$/ct)</i>	<i>NPV (£m) ¹</i>	<i>Diamond value (\$/ct)</i>	<i>NPV (£m) ²</i>
BK11	\$235	£53	\$255	£60
Liqhobong	\$149	£277	\$170	£402
Orapa Kimberlites				?
Tsabong Kimberlites				?
Kokong Kimberlites				?
Total		£330		£462

Note:

1. Using 10% discount rate and 3% real diamond price inflation.
2. Using 10% discount rate, diamond price 15% above last sales price and 3% real diamond price inflation.

Corporate Information

- ▶ Shares in issue: 324 million
- ▶ Market cap @30p = £97m

- ▶ Major shareholders
 - Audley Capital – 10%
 - Legal & General – 10%
 - Gartmore – 9.8%
 - JPMorgan – 9.8%
 - Lanstead – 4.3%
 - AXA/Framlington – 3.1%



Summary

- ▶ **High quality portfolio of projects**
 - Production - Liphobong & BK11
 - Evaluation – 176 kimberlites in Orapa, Tsabong and Kokong kimberlite fields
 - Exploration – significant potential for further discoveries at Tsabong and Kokong
- ▶ **Strong management team**
- ▶ **Short term cash flow**
- ▶ **Target becoming one of the leading mid-tier diamond producers**
 - Production of >1 million carats pa by 2014

Financing Plans

Item	Amount (£m)
Liqhobong Plant 2 tailings dam	4.4
Liqhobong Plant 2 DFS	1.0
Liqhobong Plant 1 improvements	3.5
BK11 power line	1.3
Botswana kimberlite evaluation	0.5
Working capital and other purposes	2.1
Net proceeds of placing	12.8