Standby facility & restructuring of mezz facility

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Firestone Diamonds plc
("Firestone" or the "Company") (AIM: FDI)

Proposed standby debt facility and restructuring of the existing mezzanine facility

Firestone Diamonds plc, the AIM-quoted diamond development company, is pleased to announce that it has agreed, conditional on shareholder approval, a US$15.0 million standby debt facility with Resource Capital Fund VI L.P. ("**RCF**") to satisfy one of the remaining conditions to the drawdown of the Absa Debt Facility. Firestone has also agreed a restructuring of its existing US$30.0 million Mezzanine Facility with no changes to its commercial terms.

A circular to Shareholders (the "**Circular**") will be posted today which will include, *inter alia*, the notice of the General Meeting to be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU on 11 May 2015 at 10.00 a.m.

Highlights:

- US$15.0 million standby debt facility, to be provided by RCF, which will satisfy one of the remaining conditions of the Absa Debt Facility to allow the Company to drawdown the Absa Debt Facility. The purpose of the standby debt facility is to fund any potential cost over-runs or delays in respect of the development of the Main Treatment Plant.

- The Project currently remains within budget and on schedule to achieve initial production at the end of H1 2016 and, accordingly, the Board does not currently envisage that it will need to drawdown the US$15.0 million standby debt facility.

- The standby debt facility, if required, will be drawn down at the option of the Company in up to three equal tranches and will be structured by way of Eurobonds, quoted on the Cayman Islands Stock Exchange, attracting an interest rate of 8 per cent. per annum.

- In order to facilitate RCF's ability to elect to receive shares, as opposed to cash on the redemption of the standby debt facility, upon drawdown of the facility, the Company will also issue RCF with Warrants that can only be exercised by way of a redemption of the standby debt facility. The standby debt facility is subject to Shareholder approval to enable the Company to issue the Warrants.

- The Company, RCF and Pacific Road have amended the US$30.0 million Mezzanine Facility Agreement entered into as part of the Financing completed in 2014. It has been agreed that it would be more efficient to restructure the Mezzanine Facility as a put option to issue quoted Eurobonds to RCF and Pacific Road. The commercial terms of the Mezzanine Facility have not changed as a result of the restructuring. The Company has not drawn down on the mezzanine facility to date.

- The proposed transactions are related party transactions for the purposes of the AIM Rules for Companies as

RCF and Pacific Road are both substantial shareholders in the Company.

Stuart Brown, Chief Executive Officer of Firestone, commented:

"We are pleased that we have now completed, subject to shareholder approval, one of the final conditions to access the Absa Debt Facility. The standby facility provided by RCF is a sign of their and Firestone's confidence in the Project and further strengthens the contingency reserves should it be needed in the future. We look forward to the continued performance of the project team who remain on budget and on track to achieve initial production at the end of H1 2016."

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Background information on Firestone

Firestone is an international diamond development company with operations focused on Lesotho. Firestone is currently in the process of developing the Liqhobong Mine Development Project in Lesotho to become a plus one million carat per annum producer.

Lesotho is emerging as one of Africa's significant new diamond producers, and hosts Gem Diamonds' Letseng Mine, Firestone's Liqhobong Mine, as well as Namakwa Diamonds' Kao Mine and the Mothae development project.

For more information please visit: www.firestonediamonds.com.

Introduction

On 27 May 2014, the Company announced that it had raised, in aggregate, approximately US$225.2 million (before expenses) to build and commission the Main Treatment Plant and supporting infrastructure at the Liqhobong Diamond Mine (the "**Project**"), located in the Lesotho Highlands (the "**Financing**"). As part of the Financing, the Company entered into the Absa Debt Facility whereby Absa agreed to grant LMDC (75.0 per cent. owned by the Company and 25.0 per cent. owned by the Lesotho Government) which owns 100.0 per cent. of the Project, a project debt finance facility of up to US$82.4 million.

Drawdown of the Absa Debt Facility is subject to certain conditions, including the Company securing a separate standby debt facility to fund any potential cost over-runs or delays in respect of the development of the Main Treatment Plant. Accordingly, RCF, a substantial shareholder of the Company, has conditionally agreed to grant a standby debt facility of US$15.0 million. Following the completion of such facility all conditions precedent under the Absa Debt Facility requiring shareholder approval will have been satisfied and the Board anticipates that all other conditions precedent will be satisfied prior to the scheduled drawdown, which is expected to be during Q3 2015. The Project currently remains within budget and on schedule to achieve initial production at the end of H1 2016 and, accordingly, the Board does not currently envisage that it will need to drawdown the US$15.0 million standby debt facility.

The standby debt facility will be structured by way of the Company issuing up to US$15.0 million principal amount of secured quoted US$1,000 denomination Eurobonds with an interest rate of 8.0 per cent. per annum (the "**Series B Bonds**"), which will be listed on the Cayman Islands Stock Exchange. Pursuant to the terms of the Bond Subscription Agreement, further details of which are set out in the section headed 'Series B Bonds' below, RCF will subscribe for up to three tranches of Series B Bonds on the exercise of the put option(s) by the Company. At the time of such subscription(s), the Company will also issue Warrants to RCF (that can only be exercised by way of a redemption of the Series B Bonds) in order to facilitate a potential conversion of the Series B Bonds into new Ordinary Shares on their redemption.

The issue of the Warrants will exceed the Directors' existing authorities to grant rights to subscribe for shares in the Company for cash on a non pre-emptive basis. Accordingly, a general meeting is being convened to seek Shareholders' approval to grant new share issuance authorities to enable the Directors to issue the Warrants. Details of the Resolutions for which approval will be sought at the General Meeting will be set out in the Circular to be sent to Shareholders which will, *inter alia*, include the notice of the General Meeting. The subscription of the Series B Bonds is conditional on the approval by Shareholders of the Resolutions. If Shareholders do not approve the Resolutions, the Company: (i) will not be able require RCF to subscribe for the Series B Bonds; and (ii) will have to put in place arrangements for an alternative standby debt facility (of which there can be no guarantee that it will be able to do so) before the Absa Debt Facility can be drawn down.

The Financing also included the grant by Pacific Road and RCF of a Mezzanine Facility to the Company for, in aggregate, US$30.0 million. It has now been agreed between the Mezzanine Parties that it is more efficient for the Mezzanine Facility to be restructured by way of an issue of quoted Eurobonds. Accordingly, the Mezzanine Parties have agreed that the Company will issue up to, in aggregate, US$30.0 million principal amount of secured quoted US$1,000 Eurobonds (the "**Series A Bonds**"), which will be listed on the Cayman Islands Stock Exchange, to replace the existing Mezzanine Facility. The Series A Bonds shall have the same commercial terms as the Mezzanine Facility. Pacific Road and RCF will subscribe for the Series A Bonds following the exercise of one or more put options by the Company. No warrants will be issued upon the exercise of a put option in relation to the Series A Bonds.

Project update

The Project commenced in June 2014 and, following a relatively mild winter, the Company was able to get ahead on a number of work streams across the Project before the start of the rainy season in November, during which the Project experienced above average rainfall which, together with the requirement to remove excess top soil, had an initial negative impact, necessitating a re-scheduling of certain works and an increased work load.

The Board is however pleased to report that the Project continues to progress well with the Project team continuing to effectively manage the Project's risks and that, as a result, the Project currently remains within budget and on schedule to achieve initial production at the end of H1 2016.

As at the end of March 2015, ZAR1.3 billion worth of orders had been placed out of a total budget of ZAR1.4 billion relating to the Engineering, Procurement, Construct and Manage contract. The Project team's budget of ZAR280.0 million continues to be spent according to the Project schedule. In total, as at the end of March 2015, approximately ZAR635 million had been spent on the Project, which is in line with the forecast completion schedule.

In addition, the grid power project to connect the Project to the grid power, which also commenced in June 2014, is a separate project (budgeted at ZAR165.0 million) which is proceeding well and is expected to be completed during the second half of 2015, ahead of the initial schedule.

Series A Bonds

On 26 May 2014, the Company entered into the Mezzanine Facility Agreement whereby US$15.0 million is to be provided by each of Pacific Road and RCF to the Company (US$30.0 million in aggregate). Under the terms of the Mezzanine Facility Agreement, the Mezzanine Facility has an interest rate of 8.0 per cent. per annum payable quarterly in arrears. All interest payments are payable in cash save that the Group may, at its discretion, provided that no event of default is subsisting and no requirement under Rule 9 of the City Code to make a mandatory offer would be triggered, elect to satisfy such payment by way of the issue of new Ordinary Shares at an issue price equal to the 20 day VWAP of an Ordinary Share.

The Mezzanine Facility has a maximum term of 84 months from first drawdown and is repayable at the earlier of this date or on any event of default. The Group has the option voluntarily to repay the Mezzanine Facility, without the relevant investor's consent, at any time after the fourth anniversary of the last drawdown, subject to the Absa Debt Facility having been repaid in full and to certain early repayment fees on the amount repaid.

The Mezzanine Facility has the benefit of fixed and floating security over the Project, supported by Group guarantees and encumbrances, with such security ranking second behind the Absa Debt Facility.

The Mezzanine Facility Agreement also provides that, whilst the Mezzanine Facility remains outstanding, the Company is not able to pay any dividends or reduce its capital without the prior consent of Pacific Road and RCF (or any third party to whom the Series A Bonds have been transferred) (acting reasonably).

The Company has not, as at the date of this announcement, drawn down on the Mezzanine Facility.

It has now been agreed between the Mezzanine Parties that it is more efficient for the Mezzanine Facility to be restructured by way of an issue of quoted Eurobonds. Accordingly, the Mezzanine Parties have agreed that the Company will issue up to, in aggregate, US$30.0 million principal amount of Series A Bonds, which will be listed on the Cayman Islands Stock Exchange, to replace the existing Mezzanine Facility. The Series A Bonds shall have the same commercial terms (described above) as the Mezzanine Facility (including the amount of interest payable and the ability to satisfy such payments by way of new Ordinary Shares).

Under the terms of the Bond Subscription Agreement, the Company has a put option to require each of Pacific Road and/or RCF to purchase Series A Bonds at a price of US$1,000 per Series A Bond in three equal tranches of US$5.0 million each, up to a maximum of US$15.0 million each (a "**Series A Option**"). On exercise of the Series A Options in full, the Company will have raised, in aggregate, US$30.0 million.

The Company may exercise a Series A Option at any time up to 23 January 2016.

Upon exercise of a Series A Option, the Company shall apply for the listing and admission of such Series A Bonds to the Cayman Islands Stock Exchange and accordingly, at such time, the Series A Bonds will be freely transferrable. In the event that the Series A Bonds are transferred, all rights attaching to such Series A Bonds will also transfer and accordingly, any consent required prior to the Company paying a dividend or reducing its capital would subsequently be required from the holders of two thirds of the Series A Bonds (which may or may not include RCF and/or Pacific Road).

The Series A Bonds shall be redeemed by the Company on the earlier of: (a) voluntary repayment in full by the Company or (b) the date falling 84 months after the date of the first exercise of a Series A Option.

Series B Bonds

As stated above, the Company has entered into the Absa Debt Facility, which will be used for the purposes of building and commissioning the Project. Under the terms of the Absa Debt Facility, the Company is required to secure a separate standby debt facility to fund any potential cost over-runs or delays in respect of the Project. RCF has agreed to provide this facility by subscribing for the Series B Bonds.

The subscription for the Series B Bonds is governed by the Bond Subscription Agreement, pursuant to which the Company has been granted put options by RCF to require RCF to purchase any or all of the Series B Bonds at a price of US$1,000 per Series B Bond in three equal tranches of US$5.0 million, up to a maximum of US$15.0 million (the "**Series B Option**").

The exercise of a Series B Option is conditional upon the satisfaction or waiver of certain conditions including, *inter alia*, the passing of the Resolutions. If Shareholders do not approve the Resolutions, the Company: (i) will not be able require RCF to subscribe for the Series B Bonds; and (ii) will have to put in place arrangements for an alternative standby debt facility (of which there can be no guarantee that it will be able to do so) before the Absa Debt Facility can be drawn down. Following the satisfaction or waiver of such conditions, the Company may exercise a Series B Option at any time up to 1 January 2017 or such later date as is agreed between the Company and RCF, save that it may not deliver more than two exercise notices in relation to a Series B Option in any calendar month.

Upon exercise of a Series B Option, the Company shall apply for the listing and admission of such Series B Bonds to the Cayman Islands Stock Exchange and accordingly, at such time, the Series B Bonds will be freely transferrable. In the event that the Series B Bonds are transferred, all rights attaching to such Series B Bonds, including the Warrants as described below, will also transfer and, accordingly, any consent required prior to the Company paying a dividend or reducing its capital would then be required from the new holder of the Series B Bonds.

The Series B Bonds also have the benefit of a fixed and floating security over the Project, supported by Group guarantees and encumbrances, such security ranking third behind the Absa Debt Facility and the Series A Bonds.

The Bond Subscription Agreement also provides that whilst the Series B Bonds remain outstanding, the Company will not be able to pay any dividends or reduce its capital without the prior consent (acting reasonably) of RCF (or two thirds of Bondholders following any transfer of Series B Bonds by RCF to one or more third parties).

Upon issue, the Series B Bonds shall accrue interest at the rate of 8.0 per cent. per annum. Interest shall be accrued daily, compounded quarterly and payable in full on redemption. If the Series B Bonds have not already been voluntarily redeemed by the Company, the Company will redeem any outstanding Series B Bond in full, being both the principal amount (US$1,000 per Series B Bond) and accrued interest (together the "**Redemption Amount**"), upon the later of: (i) the date falling 36 months after the first Series B Option is exercised; or (ii) the date on which withdrawals may be made from the proceeds account maintained by LMDC in accordance with the provisions of the Absa Debt Facility Agreement, but in any event the final redemption date shall be no later than 60 months following the first exercise of a Series B Option (the "**Maturity Date**").

In order to facilitate the holder of Series B Bonds' ability to elect to receive new Ordinary Shares, as opposed to cash on the redemption of the Series B Bonds by the Company, the Company has agreed that, upon the exercise of a Series B Option, the Company will also issue RCF with the Warrants.

The Warrants will be attached to the Series B Bonds and, on redemption of the Series B Bonds by the Company, RCF (or any third party to whom the Series B Bonds have been transferred) may exercise the Warrants such that they will receive such number of new Ordinary Shares as is equal to the Redemption Amount divided by the applicable Exercise Price, as opposed to the Redemption Amount in cash.

Under the terms of the Warrant Instrument, the Exercise Price shall be determined at the time of issue of each tranche of Series B Bonds and shall be the lower of: (a) an amount equal to a 10.0 per cent. premium to the VWAP of an existing Ordinary Share calculated over the 30 day period immediately prior to the issue of the relevant tranche of Series B Bonds; and (b) 37.5 pence.

The Warrant Instrument further provides that the new Ordinary Shares to be issued on exercise of the Warrants will be fully paid up by the Company voluntarily redeeming the Series B Bonds and the Redemption Amount of the Series B Bonds will be set off against the Exercise Price payable on exercise of the Warrants.

Warrants can only be paid up by the redemption of the Series B Bonds and by the Warrantholder electing to exercise the Warrant. On exercise of the Warrants, the Warrantholder will receive new Ordinary Shares in respect of the redemption of the Series B Bonds and will no longer retain any interest in the Series B Bonds or the Warrants.

The Warrantholder is under no obligation to exercise the Warrants on the redemption of the Series B Bonds. However, if the Warrantholder does not exercise the Warrant, it will not receive new Ordinary Shares and will instead receive the Redemption Amount in cash and will no longer retain any interest in the Series B Bonds or the Warrants.

City Code

Under Rule 9 of the City Code (to which the Company is subject), any person who acquires, whether by a series of transactions over a period of time or not, an interest in shares of a company which (when taken together with shares in which any person(s) acting in concert with him are interested) carry 30 per cent. or more of the voting rights of that company, or any person, together with persons acting in concert with him, who is interested in shares which, in aggregate, carry not less than 30 per cent. of the voting rights of a company but does not hold shares carrying more than 50 per cent. of such voting rights and such person, or any other person acting in concert with him, acquires an interest in any other shares which increases the percentage of shares carrying voting rights in which he is interested, such person will normally be required to make an offer to the holders of shares in that company to acquire all of the shares in that company not held by him or persons acting in concert with him. Such an offer would have to be made in cash, or be accompanied by a cash alternative, at not less than the highest price paid for any interest in shares by that person or by any person acting in concert with him within the 12 months prior to the announcement of such offer.

RCF currently holds 71,146,887 Ordinary Shares (equal to 23.0 per cent. of the current issued share capital). Each of RCF and Pacific Road also holds warrants to subscribe for 24,393,218 Ordinary Shares at an exercise price of 37.5 pence which were issued in 2014 as part of the Financing (the "**2014 Warrants**"). If RCF exercised its 2014 Warrants in full, RCF would, assuming the Company has not issued any further Ordinary Shares, Pacific Road has not exercised its 2014 Warrants and RCF does not dispose of any Ordinary Shares, be interested in 28.7 per cent. of the Company's then enlarged issued share capital.

The number of new Ordinary Shares to be issued on exercise of the Warrants cannot be calculated as at the date of this announcement as it will be determined by reference to the Redemption Amount (calculated at the time of exercise of the Warrants), the Exercise Price (calculated at the time of issue of each tranche of Series B Bonds) and the 20-day average exchange rate of the £:US$ currency exchange rate at the time of issue of each tranche of Series B Bonds. Accordingly, the issue of the new Ordinary Shares upon exercise of the Warrants could result in RCF's shareholding being equal to or greater than 30.0 per cent. of the then issued share capital of the Company.

For illustrative purposes only, and based on the following assumptions:

- the Company exercises the Series B Options in full and US$15.0 million of Series B Bonds are issued to RCF immediately following the conclusion of the General Meeting;
- RCF exercises the 2014 Warrants in full on or prior to 10 May 2020 (being the latest possible Maturity Date if the Series B Bonds are issued to RCF immediately following the conclusion of the General Meeting);
- RCF exercises the Warrants attached to the Series B Bonds in full on 10 May 2020, resulting in the allotment of 39,625,264 new Ordinary Shares to RCF (assuming a 20-day average exchange rate of £1.00/US$1.50 and an Exercise Price of 37.5 pence per new Ordinary Share (being the maximum Exercise Price)); and
- save for the above mentioned, the Company does not issue any other Ordinary Shares, Pacific Road does not exercise its 2014 Warrants and RCF does not dispose of any Ordinary Shares, on or prior to such date,

then, following the allotment of the new Ordinary Shares on 10 May 2020, RCF would hold 135,165,370 Ordinary Shares, representing approximately 36.2 per cent. of the Company's then enlarged issued share capital. Shareholders should note that, if the Exercise Price is less than 37.5 pence and/or the 20-day average £:US$ exchange rate decreases from £1.00/US$1.50, the number of new Ordinary Shares to be issued to RCF on exercise of the Warrants, depending upon the timing of the exercise of the Series B Options and the exercise of the Warrants, could increase and consequently lead to greater dilution to Shareholders.

Accordingly, if RCF retains its existing holding of Ordinary Shares and elects to exercise the 2014 Warrants and Warrants in full, the resulting issue of the new Ordinary Shares upon such exercise would result in RCF's shareholding (together with shares in which any person(s) deemed by the Panel to be acting in concert (as defined in the City Code) with it are interested) being equal to or greater than 30.0 per cent. of the Company's then enlarged issued share capital, pursuant to Rule 9 of the City Code, RCF would then be obliged to make a mandatory offer in cash (or accompanied by a cash alternative) for the entire issued Ordinary Share capital not held by it (or any person(s) deemed by the Panel to be acting in concert with it) at the highest price paid by RCF (or any person(s) deemed by the Panel to be acting in concert with it) for any interest in Ordinary Shares acquired in the previous 12 months.

It is at RCF's sole discretion in relation to the Series B Bonds (or any other Warrantholder, to the extent that the Warrants have been transferred) as to whether it elects to exercise the Warrants and if the Warrants are not exercised, the Company will accordingly redeem the Series B Bonds for cash at the Maturity Date.

As detailed in the Company's circular dated 11 April 2014 in respect of the Financing, the terms of the 2014 Warrants also include certain mandatory exercise provisions. However, if such an exercise would result in Pacific Road or RCF's respective interests (together with Ordinary Shares in which any person(s) deemed by the Panel to be acting in concert with Pacific Road or RCF) in the Company being equal to or greater than 30.0 per cent. of the Company's then issued share capital, resulting in an obligation on Pacific Road or RCF (together with the any person(s) deemed by the Panel to be acting in concert with them) to make a mandatory offer for the Company in accordance with Rule 9 of the City Code, then the mandatory exercise period shall be extended until such time as the exercise of the 2014 Warrants would not result in an obligation on Pacific Road or RCF (together with the any persons deemed by the Panel to be acting in concert with them) to make a mandatory bid pursuant to the City Code.

Related party transactions

Pacific Road and RCF are both substantial Shareholders as defined in the AIM Rules, in that they currently each have an interest in more than 10.0 per cent. of the Company's prevailing issued share capital.

Accordingly, the entry into the Bond Subscription Agreement and, pursuant to the terms of such agreement, the issue of the Bonds to Pacific Road and the Bonds and Warrants to RCF constitute related party transactions in accordance with Rule 13 of the AIM Rules.

The Directors (apart from Mr Niall Young who is Pacific Road's nominee on the Board and therefore not deemed to be independent) consider, having consulted with the Company's nominated adviser, Strand Hanson, that the terms of the Bond Subscription Agreement, the Bond Instruments and Warrant Instrument and the issue of the Bonds and the Warrants are fair and reasonable insofar as its Shareholders are concerned.

Shareholder approval for the issue of Warrants and the disapplication of pre-emption rights

The Company does not currently have in place sufficient share authorities to issue the Warrants and therefore certain Shareholder approvals will be sought at the General Meeting.

As a result, Shareholders will need to authorise the issue of the Warrants and approve the disapplication of statutory pre-emption rights in relation to the issue of shares in the capital of the Company up to a nominal aggregate amount of £800,000 to be issued pursuant to the exercise of the Warrants.

The Company will issue a Circular to Shareholders today, which will include, *inter alia*, the notice of the General Meeting and will shortly be available on the Company's website: www.firestonediamonds.com.

DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

"2006 Act"	the UK Companies Act 2006
"2014 Warrants"	has the meaning given to it in the section headed 'City Code' of this announcement
"Absa" or **"Absa Bank"**	Absa Bank Limited, acting through its Corporate and Investment Banking division
"Absa Debt Facility"	the project debt finance facility of up to US$82.4 million (£50.3 million), to be provided by Absa to LMDC
"Absa Debt Facility Agreement"	the senior secured term facility agreement between Liqhobong Mining Development Company (PTY) Limited, ABSA Bank Limited (acting through its Corporate and Banking division) and Bowwood and Main No. 109 (RF) Proprietary Limited dated 23 May 2014 relating to the Absa Debt Facility
"AIM"	the market of that name operated by the London Stock Exchange
"AIM Rules"	the AIM Rules for Companies, as published and amended from time to time by the London Stock Exchange
"Board" or **"Directors"**	the directors of the Company from time to time
"Bonds"	the Series A Bonds and the Series B Bonds as constituted by the Bond Instruments
"Bond Instruments"	the bond instruments both dated 23 April 2015 constituting the Series A Bonds and the Series B Bonds respectively
"Bond Subscription Agreement"	the bond subscription agreement governing the issue of the Bonds between the company, Pacific Road and RCF
"Circular"	the circular to be posted to Shareholders today which will include, *inter alia*, the notice of the General Meeting
"City Code"	the City Code on Takeovers and Mergers
"Company" or **"Firestone"**	Firestone Diamonds plc
"Eurobonds"	the Series A Bonds and/or Series B Bonds, as appropriate
"Exercise Price"	a price per new Ordinary Share which is the lesser of (a) an amount equal to a 10.0 per cent. premium to the VWAP of an existing Ordinary Share calculated over the 30 day period immediately preceding the date of each issue of the Series B Bonds; and (b) 37.5 pence
"FCA"	the Financial Conduct Authority of the United Kingdom
"Financing"	has the meaning given to it in the section headed 'Introduction' of this announcement
"FSMA"	the Financial Services and Markets Act 2000 (as amended)
"General Meeting"	the general meeting of Shareholders to be held at the offices of Wragge Lawrence Graham & Co LLP, 4 More London Riverside, London SE1 2AU at 10.00 a.m. on 11 May 2015
"Group"	the Company together with its subsidiaries from time to time
"Liqhobong" or "Liqhobong Diamond Mine" or the "Project"	the Liqhobong Diamond Mine which is located in the Lesotho Highlands
"London Stock Exchange"	London Stock Exchange plc

"LMDC"	Liqhobong Mining Development Company (Pty) Limited, which is 75.0 per cent. owned by Firestone and 25.0 per cent. owned by the Government of the Kingdom of Lesotho, which holds 100.0 per cent. of the Liqhobong Diamond Mine
"Main Treatment Plant"	the main treatment plant at the Liqhobong Diamond Mine
"Maturity Date"	has the meaning given to it in the section headed 'Series B Bonds' of this announcement
"Mezzanine Facility"	the mezzanine facility for US$30.0 million in total to be received from Pacific Road and RCF
"Mezzanine Facility Agreement"	the agreement dated 26 May 2014 between Firestone, Pacific Road and RCF relating to the Mezzanine Facility
"Mezzanine Parties"	Firestone, Pacific Road and RCF, being the parties to the Mezzanine Facility Agreement
"Ordinary Shares"	the ordinary shares of one pence each in the capital of the Company
"Pacific Road"	(i) Pacific Road Resources Fund II L.P. represented by Pacific Road Capital Management GP II PTY Limited; and (ii) Pacific Road Resources Fund II represented by Pacific Road Capital II PTY Limited
"RCF"	Resource Capital Fund VI L.P.
"Redemption Amount"	has the meaning given to it in the section headed 'Introduction' of this announcement
"Registrars" or "Capita"	Capita Asset Services, a trading name of Capita Registrars Limited, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU
"Resolutions"	the resolutions which will be set out in the notice of General Meeting to be sent to shareholders shortly
"Series A Bonds"	has the meaning given to it in the section headed 'Introduction' of this announcement
"Series B Bonds"	has the meaning given to it in the section headed 'Introduction' of this announcement
"Series A Option"	has the meaning given to it in the section headed 'Series A Bonds' of this announcement
"Series B Option(s)"	has the meaning given to it in the section headed 'Series B Bonds' of this announcement
"Shareholder"	a holder of Ordinary Shares from time to time
"Sterling", "pounds sterling", "£", "pence" or **"p"**	the lawful currency of the United Kingdom
"Strand Hanson"	Strand Hanson Limited, the Company's nominated adviser
"United Kingdom" or **"UK"**	the United Kingdom of Great Britain and Northern Ireland
"United States" or **"US"**	the United States of America
"US$"	the lawful currency of the United States of America
"VWAP"	volume weighted average price of the Ordinary Shares
"Warrant"	the rights to be issued to holders of the Series B Bonds to subscribe for new Ordinary Shares pursuant to the terms of the Warrant Instrument
"Warrantholder"	the holder of the Warrants

"Warrant Instrument"	the warrant instrument dated 23 April 2015 constituting the Warrants
"ZAR"	the lawful currency of the Republic of South Africa

In this announcement, all times referred to are London time unless otherwise stated.

ENDS