



FIRESTONE DIAMONDS

Firestone Diamonds Results Presentation
November 2011



Transforming Firestone into a Major Diamond Producer

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Topics

1 Liqhobong Mine

2 BK11 Mine

3 Outlook

1 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)



Liqhobong Background



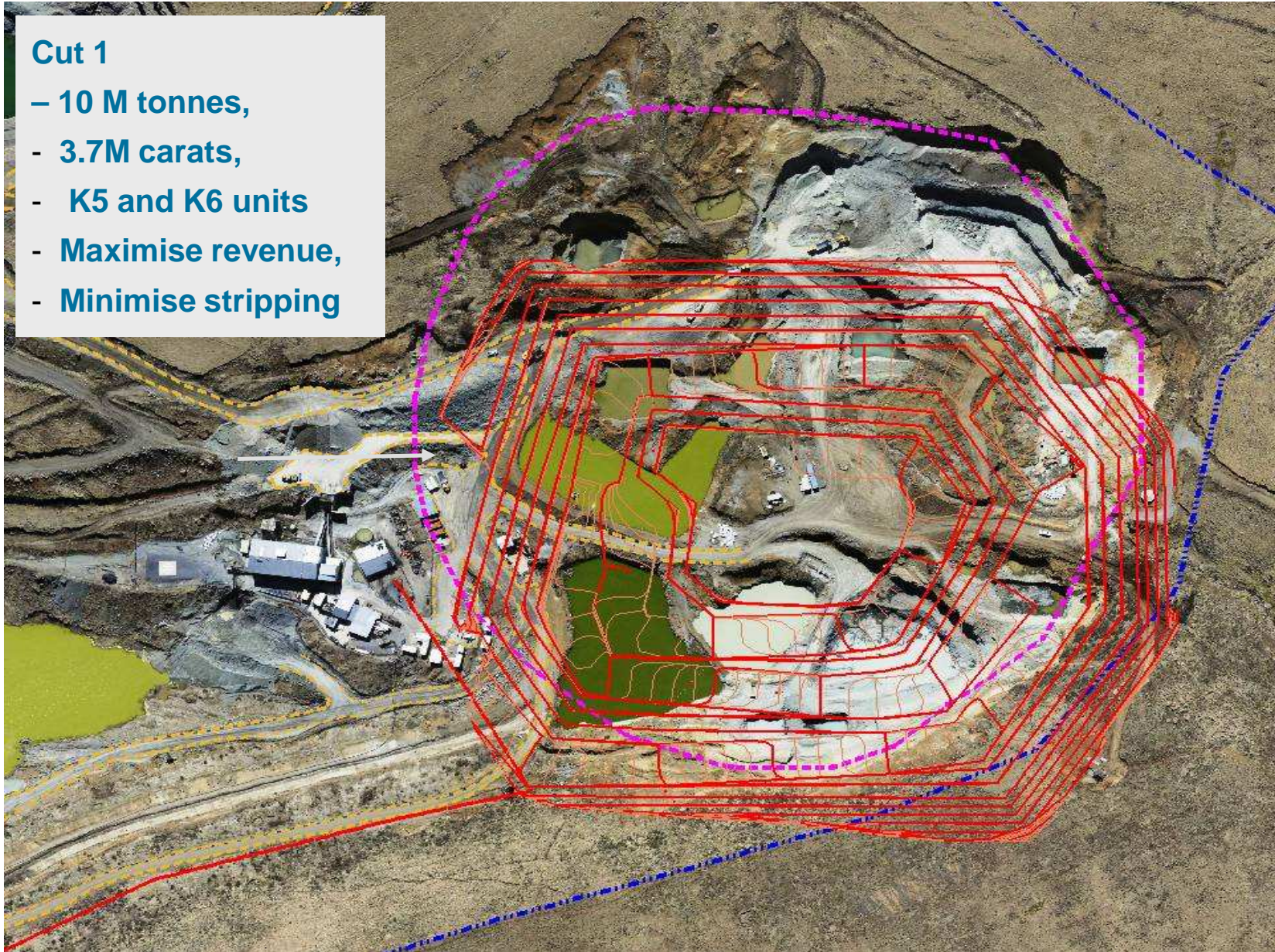
Liqhobong Mineral Resource			
	Tonnes (M)	Grade (cpht)	Carats (M)
Indicated	38.5	31.3	12.0
Inferred	52.3	33.9	17.7
Total Resource	90.8	32.8	29.7

Note: Resource signed off by ACA Howe and MPH Consulting

Cut 1 – 2011 to 2015

Cut 1

- 10 M tonnes,
- 3.7M carats,
- K5 and K6 units
- Maximise revenue,
- Minimise stripping



Plant 1, Q1 2011



Project Update

► Plant 1 condition at start up, Q1 2011

- mothballed plant not used for 2.5 years
- 65tph head feed name plate
- Designed to treat satellite pipe kimberlite (not weathered clay-rich main pipe)
- Secondary & tertiary crushers in series (diamond damage)
- Secondary crusher defective
- Plant not optimally designed (space constraint) – challenges with maintenance & equipment replacement
- Old & inefficient gensets
- Poor security in recovery & sort house
- Inadequate water supply
- Limited fines tailings disposal capacity

K5 pit, Q1 2011



Project Planning

◇ P65 – Commissioning & startup (+/-US\$1.3M)

- ◇ General plant refurbishment as part of re-commissioning
- ◇ Replacement of generators
- ◇ Security upgrades
- ◇ Access road refurbishment
- ◇ Camp upgrade

To re-start the plant at 65tph (0.440Mtpa)

◇ Project 100 (+/-US\$1M)

- ◇ Install wet front-end (grizzly feeder, scrubber, screen, slimes disposal line & associated conveyors & feed chutes)
- ◇ Install de-grit plant

To increase production from 65tph (0.440Mtpa) to 100tph (0.700Mtpa/0.3Mcts)

◇ Project 200 (+/-US\$6M)

- ◇ Second DMS, secondary/tertiary crushers, surge bins, X-ray machines etc.

To increase production from 100tph to 200tph (1.4Mtpa/0.5Mcts)

2011 Progress

► P65 – getting the plant operational

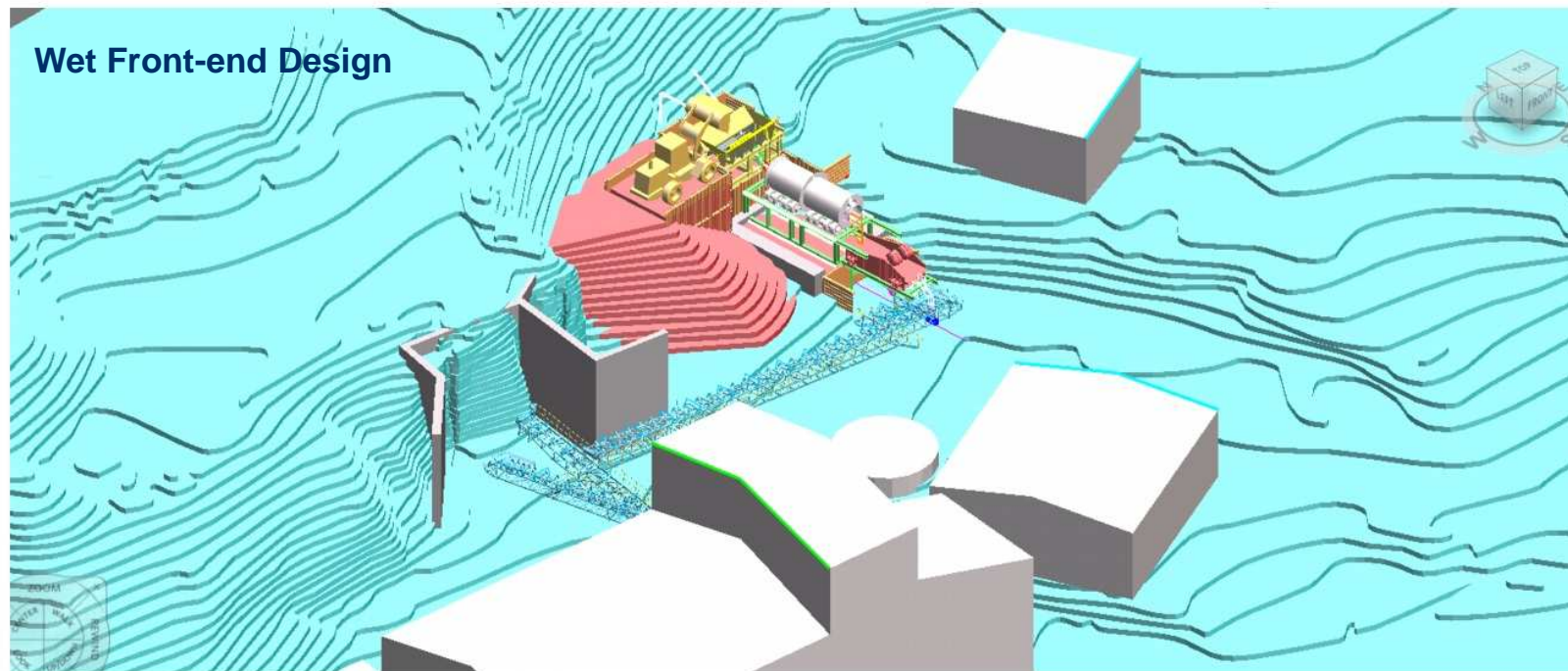
- Refurbishing the plant – replace pumps/screens/cyclones
- Replaced secondary crusher in April 2011
- Replaced 2 gensets in Aug 2011
- Installed new security surveillance cameras
- Installed sort boxes
- Capex – US\$1.3M

Power Supply – New gensets



2011 Progress

- ▶ **P100 – Installation of wet front-end & degrit plant**
 - Plant design
 - Civils construction commenced in June 2011
 - Plant commissioned in September 2011
 - Name plate tonnage achieved in October 2011
 - Capex +/-US\$1.0M



P100 – wet front-end civils



P100 – Wet front-end complete



P100 – The product!



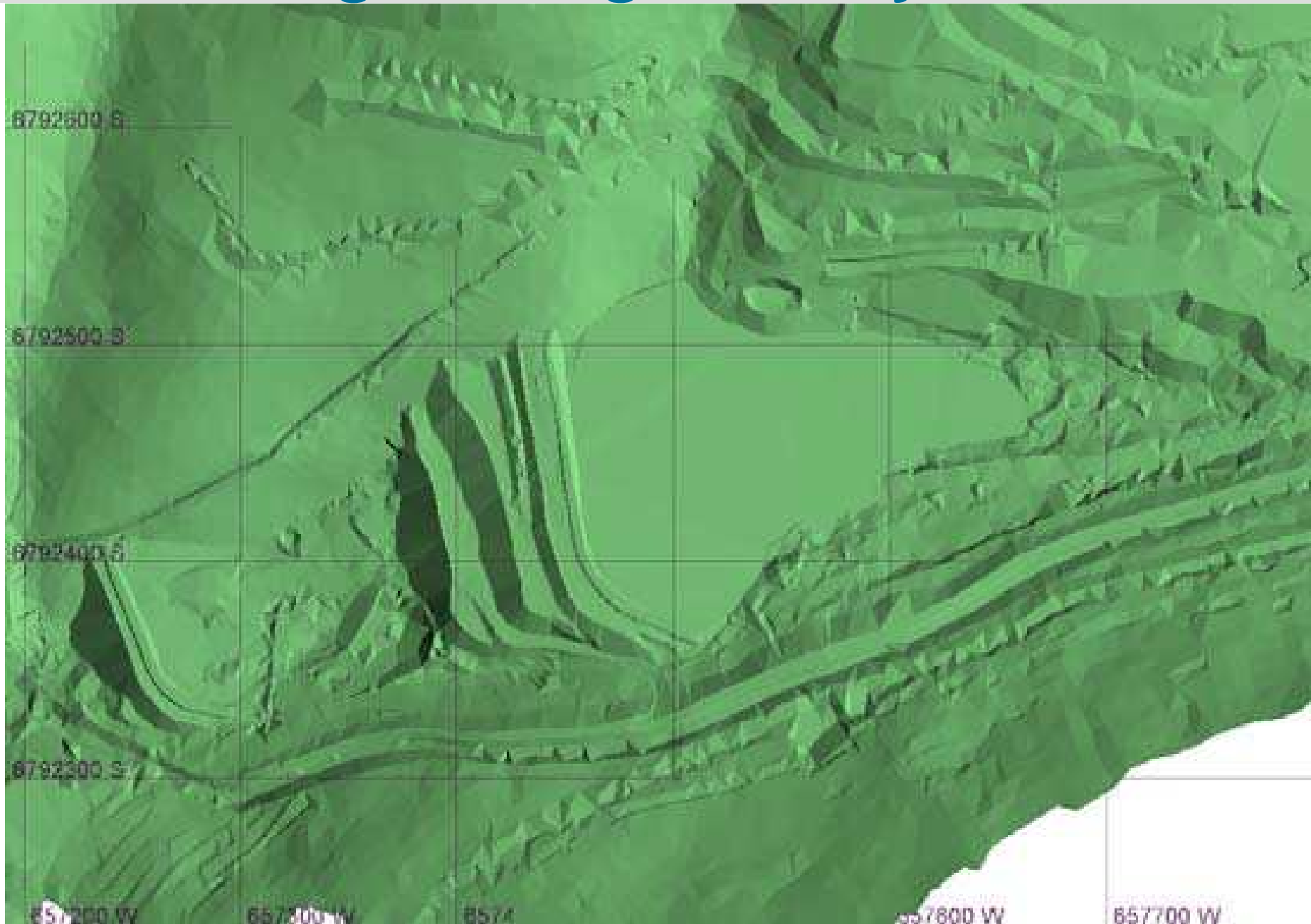
2011 Progress

- ▶ **Fines Tailings Storage Facility (Slimes Dam)**
 - Limited capacity in existing facility
 - Engaged Golder & Associates to audit & review existing facility
 - Recommendation to increase height of existing dam wall by 4m
 - Extended life of facility by 12 – 18 months
 - Use mining fleet to move required construction material – ongoing
 - Installed de-grit plant – reduces amounts of material deposited inside dam
 - Significant savings on capex

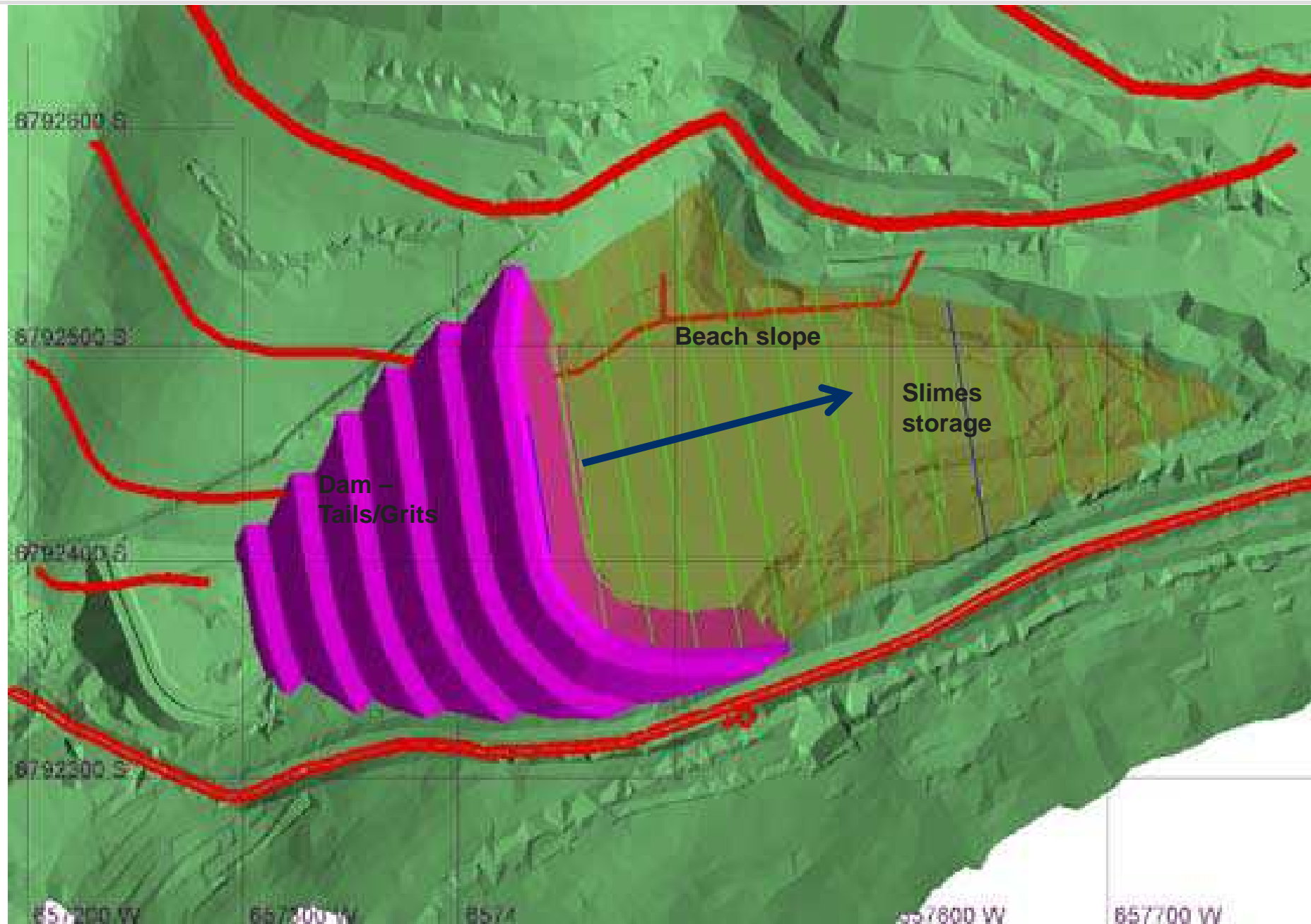
De-grit plant



Fines Tailings Storage Facility - Current



Fines Tailings Storage Facility - Extension



Fines Tailings Storage Facility – Oct 2011



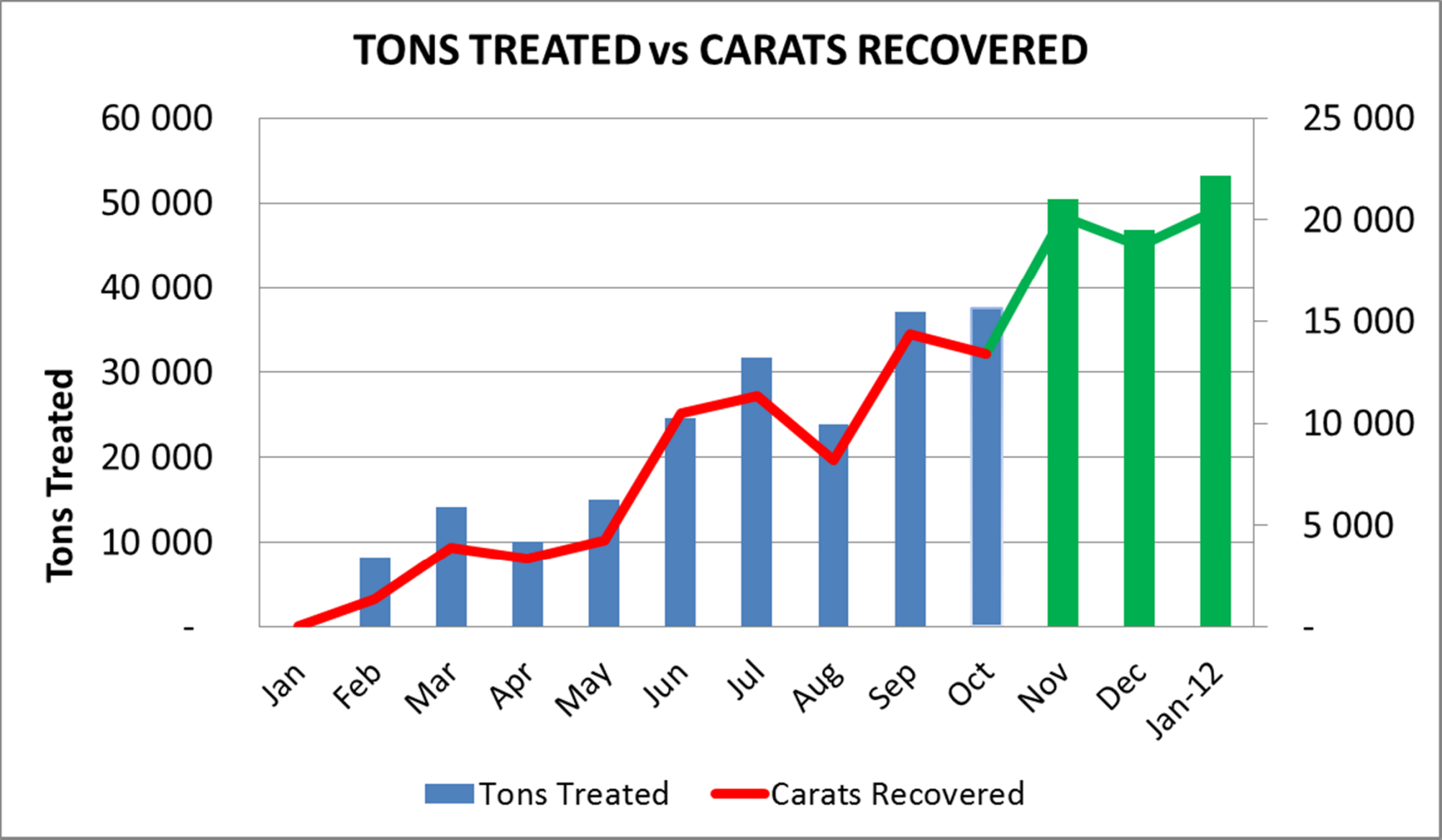
K5 Mining – Oct 2011



Production Statistics

	Q3 FY 2011	Q4 FY 2011	Q1 FY 2012
Production plant throughput (t)	22,421	49,796	92,659
Production (cts)	5,210	18,158	33,930
Production grade (cpht)	23.2	36.5	36.6

Production Statistics



Further Plant Modifications

► P100+ - Enhancing plant performance

Completed:

- Increased bottom cut-off (BCO) screen sizes – ongoing
- Implemented security in recovery & sorthouse (Sort boxes + cages + cameras)
- Created raw water storage facility in satellite pipe pit (3 month buffer)
- Installation of de-grit Plant (increase life of fines tailings facility)
- Capex – 0.65M

Planned:

- De-coupling secondary/tertiary crushers
- Install surge bin to ensure steady state feed to DMS
- Install wet X-Ray machine for coarse fraction

Expected Results

- To Achieve 120 – 150tph once all changes implemented end Q1 2012
- 120tph achieved in October 2011
- Capex – US\$1.2M

Challenges & Opportunities

► Challenges

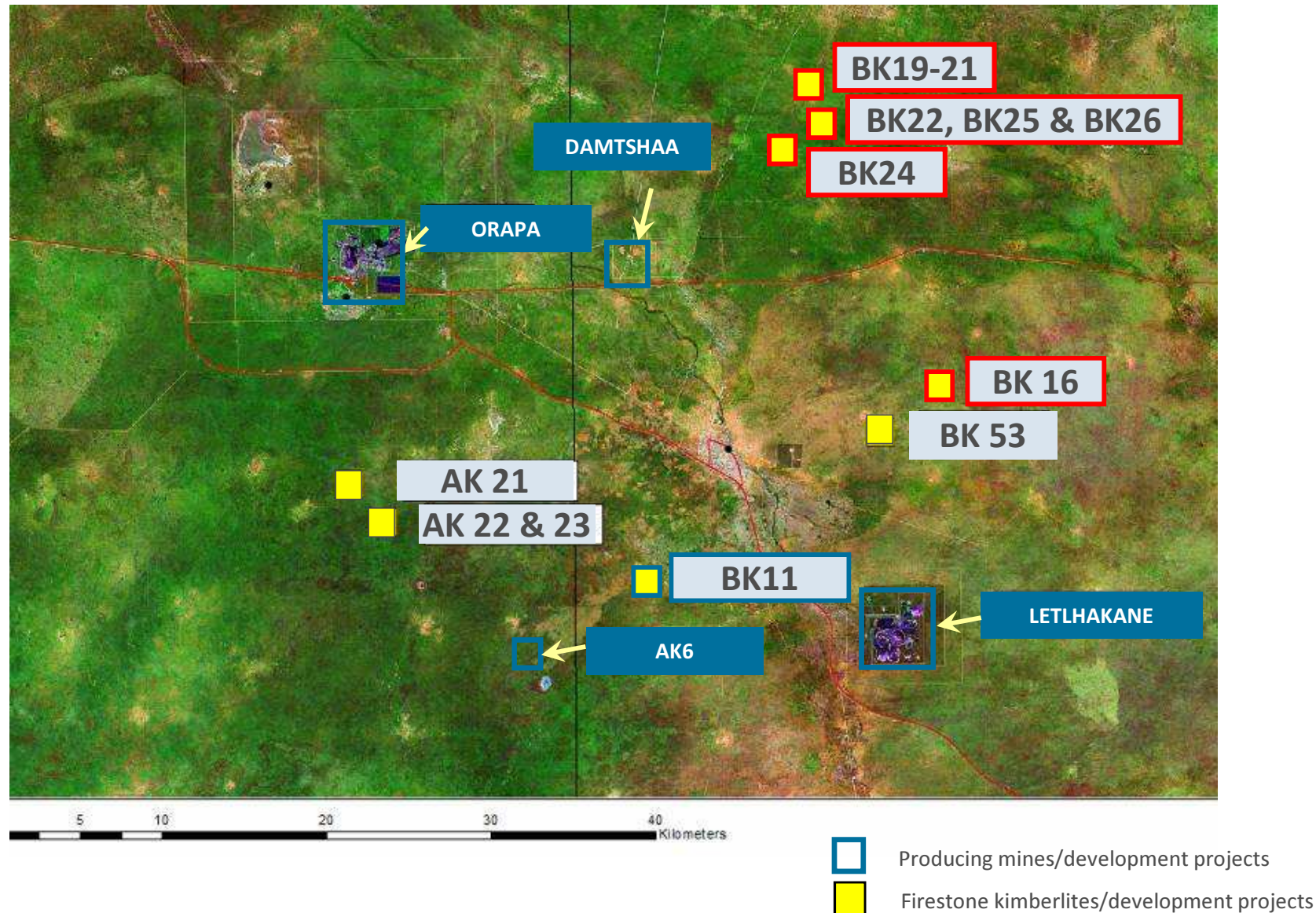
- ◇ Diamond damage/breakage
- ◇ Access roads in inclement weather

► Opportunities

- ◇ De-coupling secondary & tertiary crushers will reduce diamond damage/breakage - US\$/ct upside with recovery of big stones
- ◇ Security systems continually reviewed and evolving
- ◇ Increase in Bottom Cut-Off (BCO) will increase plant throughput and increased US\$/ct
- ◇ With P100 fully commissioned & optimised, processing of higher proportion of K5 (higher grade) will increase carats recovered

2 BK11 Mine

Firestone kimberlites in the Orapa area



BK11 Processing Plant – Q1 2011



BK11 Pit – Q2 2011



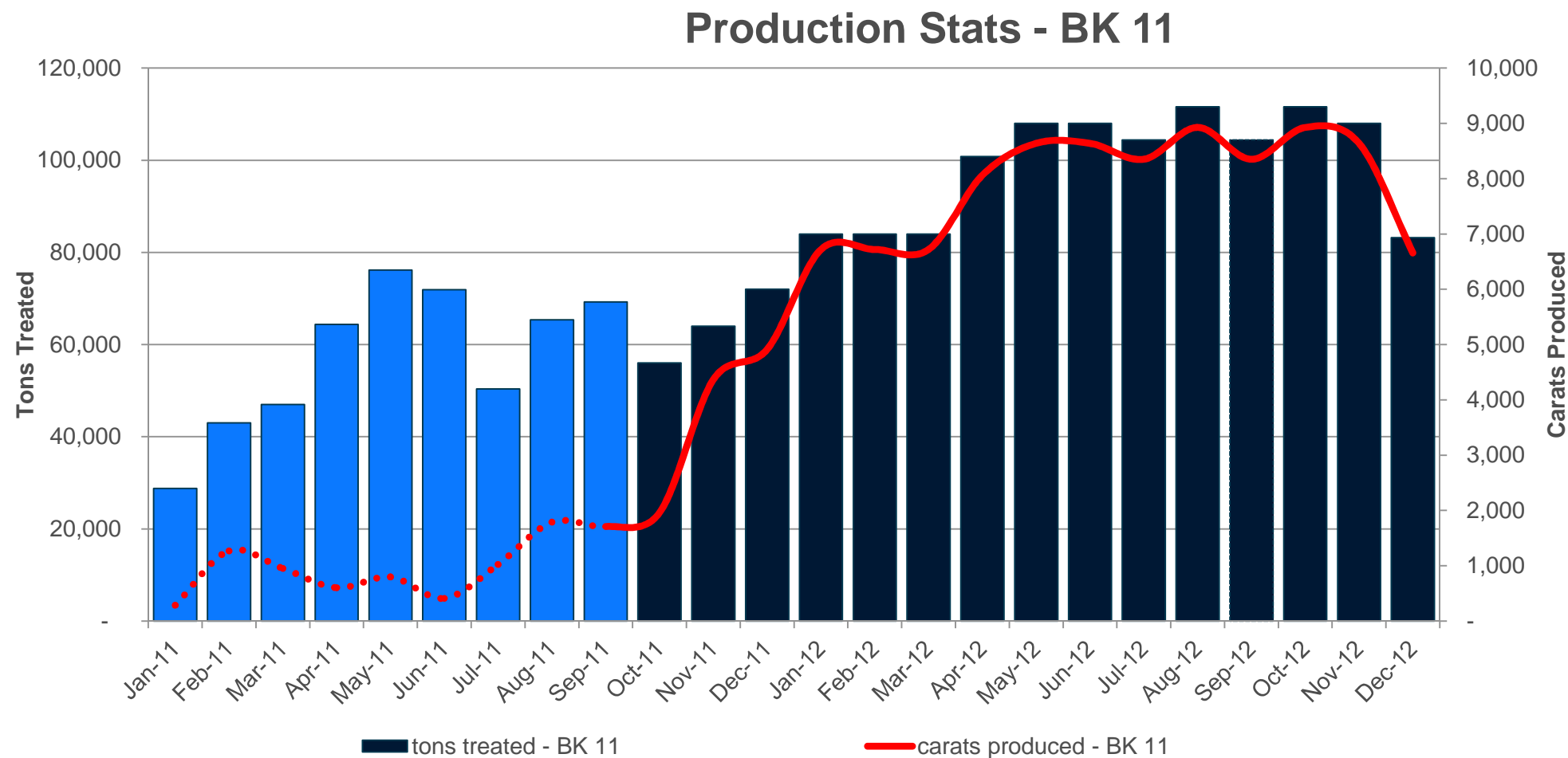
Load & Haul – 990m level

Drilling on K1 Kim-980m level

Production Statistics

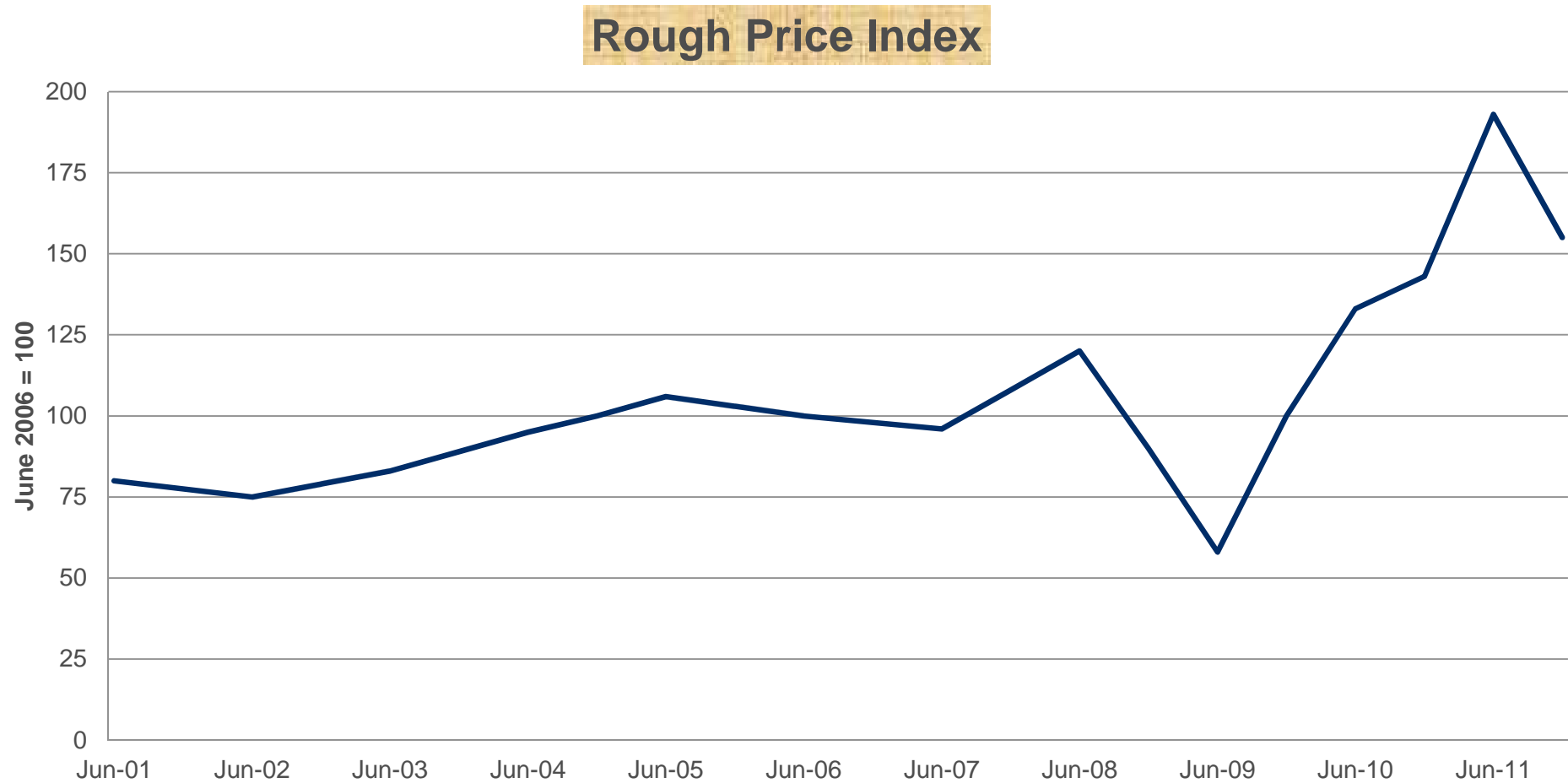
	Q3 FY 2011	Q4 FY 2011	Q1 FY 2012
Production plant throughput (t)	118,745	212,479	185,009
Production (cts)	2,508	1,812	4,523
Recovered grade (cpht)	2.1	0.9	2.4
Estimated ore grade (cpht)	7	3	8

Production Statistics



3 Outlook

Rough Diamond Market



Source: RBC, Company estimates

Outlook

▶ **Diamond market**

- Growth in rough diamond prices expected to resume in 2012, driven by shortfall in supply

▶ **Cash flow**

- Hold on major capital projects until market stability returns
- ~\$15M cash and ~\$3.5M diamond stock in Oct 2011
- Cash flow projections stress tested with significant drop in rough prices

▶ **Production**

- Significant increases in production at Liqhobong and BK11
- \$45m pa revenue run rate targeted for Liqhobong for mid 2012
- Production target of 1 million carats per annum in 2014