

SECTION 172 STATEMENT

The Directors are aware of their duty under Section 172(1) of the Company Act 2006, to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

- a. the likely consequences of any decision in the long term;
- b. the interests of the Company's employees;
- c. the need to foster the Company's business relationships with suppliers, customers, and others;
- d. the impact of the Company's operations on the community and the environment;
- e. the desirability of the Company maintaining a reputation for high standards of business conduct; and
- f. the need to act fairly between members of the Company.

The following disclosure describes how the Directors have had regard to the matters set out in Section 172(1)(a) to (f) and forms the Directors' statement under section 414CZA of The Companies Act 2006.

Our key stakeholders and how we engage with them

The Board considers its key stakeholders to be the Group's employees, suppliers, contractors, the communities situated close to the Liqhobong mine, the Government of Lesotho (its partner and 25% shareholder in Liqhobong), its Bondholders, the senior debt provider Absa and its insurer, ECIC, and its shareholders.

Stakeholders	Stakeholder key interests	How we engage
Our People		
Having the right people with appropriate qualifications, skills and experience, and work ethic is crucial to our longer-term success.	<ul style="list-style-type: none"> • Career development • Reward • Engagement • Morale and motivation • Reputation • Training and development • Health and safety 	<ul style="list-style-type: none"> • Direct engagement through the Group's flat organisational structure • Board meetings are held at the Firestone Group and Liqhobong Mining Development Company (Pty) Ltd ("LMDC") level – direct engagement with key management
Suppliers and contractors		
We need to maintain trusting relationships with our strategic suppliers and contractors for mutual benefit and to ensure that they are meeting our technical and safety standards.	<ul style="list-style-type: none"> • Mine procurement from local sources where possible • Quality management • Cost-efficiency • Long-term relationships 	<ul style="list-style-type: none"> • Meetings with key strategic suppliers and contractors • Ongoing communication and feedback • Contract negotiation and contract renewals
Local communities		
We need to maintain a trusting relationship with our local communities to understand and mitigate the impact that our operation has on the immediate surroundings, and the benefits that local communities can derive therefrom.	<ul style="list-style-type: none"> • Long-term relationships • Community support • Developing sustainable community enhancement projects 	<ul style="list-style-type: none"> • Regular meetings with the Community Forum • Open lines of communication, with an active response where appropriate • Compensation agreement in place
Government of Lesotho		
We need to maintain a trusting relationship with our partner and 25% shareholder in the Liqhobong mine for mutual benefit and to ensure that the Mine operates for the benefit of all stakeholders.	<ul style="list-style-type: none"> • Long-term relationship • Sustainable benefits for the Kingdom of Lesotho • Commercially viable operation • Source of local employment 	<ul style="list-style-type: none"> • Through Government appointed directors on the board of LMDC • Regular interaction with various government departments, particularly the Ministry of Natural Resources • Letters, presentations, and electronic communication • Open lines of communication
Debt Providers		
We need to maintain a trusting relationship with our Bondholders, Absa, and the ECIC who have supported the Project since it commenced in 2014.	<ul style="list-style-type: none"> • Success of the Project • Repayment of senior and subordinated debt 	<ul style="list-style-type: none"> • Monthly operational reports including financial forecasts • Regular interaction with debt provider representatives with open lines of communication
Shareholders		
We ensure that we provide fair, balanced, and comprehensive information to Shareholders on as regular basis as possible, to ensure that they have a strong understanding of our strategy and performance.	<ul style="list-style-type: none"> • Financial performance • Appropriate corporate governance and transparency • Operating and financial information • Confidence and trust in the Group's leadership team 	<ul style="list-style-type: none"> • Individual meetings • Quarterly updates • Annual report and accounts • Annual General Meeting

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Key Board decisions during the year

The Board considers the following to be the key decisions and considerations it has made during the year to 30 June 2022. In addition to these decisions, the Board assessed and reviewed the liquidity position of the Group every month and continued to closely manage and facilitate the debt restructuring and refinancing process between the Company, Absa, the ECIC, and the Bondholders.

Board Decision	Considerations
Residue storage dam stability The Board considered whether appropriate steps had been taken and procedures adopted to ensure the stability of the residue storage facility situated at the Liqhobong mine.	An appropriate construction methodology had been adopted, therefore, ensuring that maintenance and control measures and risk monitoring were adequate and applied, and that risks had been sufficiently dealt with.
Debt restructuring and refinancing The Board considered the financial position of the Group, the debt carrying capacity of the business, and the requirement for capital to restart the Liqhobong mine and initiated a debt restructuring and refinancing process with Absa and the ECIC, supported by its Bondholders, which resulted in the conclusion of a Bridge Facility Agreement: ZAR31 560 000 Term Facility and an extension of the Facility to a Bridge Facility Agreement: ZAR182 184 000 Term Facility, to provide funding for ongoing care and maintenance and the capital required to restart Liqhobong mine.	To refinance the Group and restructure the senior Absa project debt to levels in line with an independent assessment of the debt carrying capacity of the business, to ensure a sustainable level of senior debt and sufficient capital to restart and operate the Liqhobong mine.
Liqhobong Care and Maintenance The Board considered the financial position of the Group, the resurgent diamond market post the COVID-19 pandemic and the progress with the Absa debt restructuring and refinancing, and decided to continue to temporarily keep the Liqhobong mine on care and maintenance until the Liqhobong mine could be restarted.	The need to conserve the Group's limited cash resources during the period of uncertainty while negotiations with Absa and ECIC were underway, and to retain the ability to efficiently restart the Liqhobong mine at the appropriate time. Recognition of ongoing obligations to the local communities. The need to preserve the employment of key staff required for restarting the Mine and to re-employ former operational staff and contractor's employees.
Board and management structure Directors' fees and senior management pay were adjusted following the reductions in the prior year.	The need to retain the benefit of the Board and key management's knowledge, skills and experience required to successfully complete the Absa debt restructuring and refinancing, and to manage the efficient and timely restart of the Liqhobong mine.