



FIRESTONE DIAMONDS

An Emerging Force in Diamonds in Botswana

BRSC 2009

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Topics

1 Company Background

2 Orapa Projects

3 Jwaneng MTTP

5 Tsabong

6 Outlook

1 Company Background

Company Background

- ▶ Management team
 - Philip Kenny – CEO;
 - Tim Wilkes – COO, formerly Competent Person at De Beers,
 - Jan Louw – Director of Operations, ex Anglo,
 - Polite Khutjwe – Chief Geologist, Ex Debswana
- ▶ Focused on kimberlite exploration in Botswana
 - largest land position in Botswana kimberlite fields – 29,000 sq km
 - 95 kimberlites
 - 18 discoveries in past 24 months
 - 24 diamondiferous, 14 at bulk sampling, 2 at advanced evaluation
- ▶ Developing toll treatment business since 2006
 - 3 years operating for De Beers in South Africa
 - Preferred bidder for Jwaneng tailings project in Botswana

Why Botswana?

- ▶ World's largest diamond producer
 - 30% by value
 - geology is favourable for new discoveries
- ▶ World's lowest cost producer
 - good climate and infrastructure
 - stable politics - multiparty democracy since 1966
 - A2 credit rating by Moody's (same as Poland, South Korea)
- ▶ Lowest economic threshold of major kimberlite producing regions
 - Northern Canada, Russia ~ \$100-120/tonne
 - Angola, DRC ~ \$25-50/tonne
 - Botswana ~ \$8-10/tonne

Botswana Kimberlite Fields

Gope

- ▶ 1 out of 9 economic
- ▶ Gem doing feasibility

Kokong

- ▶ 79 kimberlites
- ▶ 19 with diamonds
- ▶ Rio Tinto evaluating

Tsabong

- ▶ Firestone evaluating

Orapa

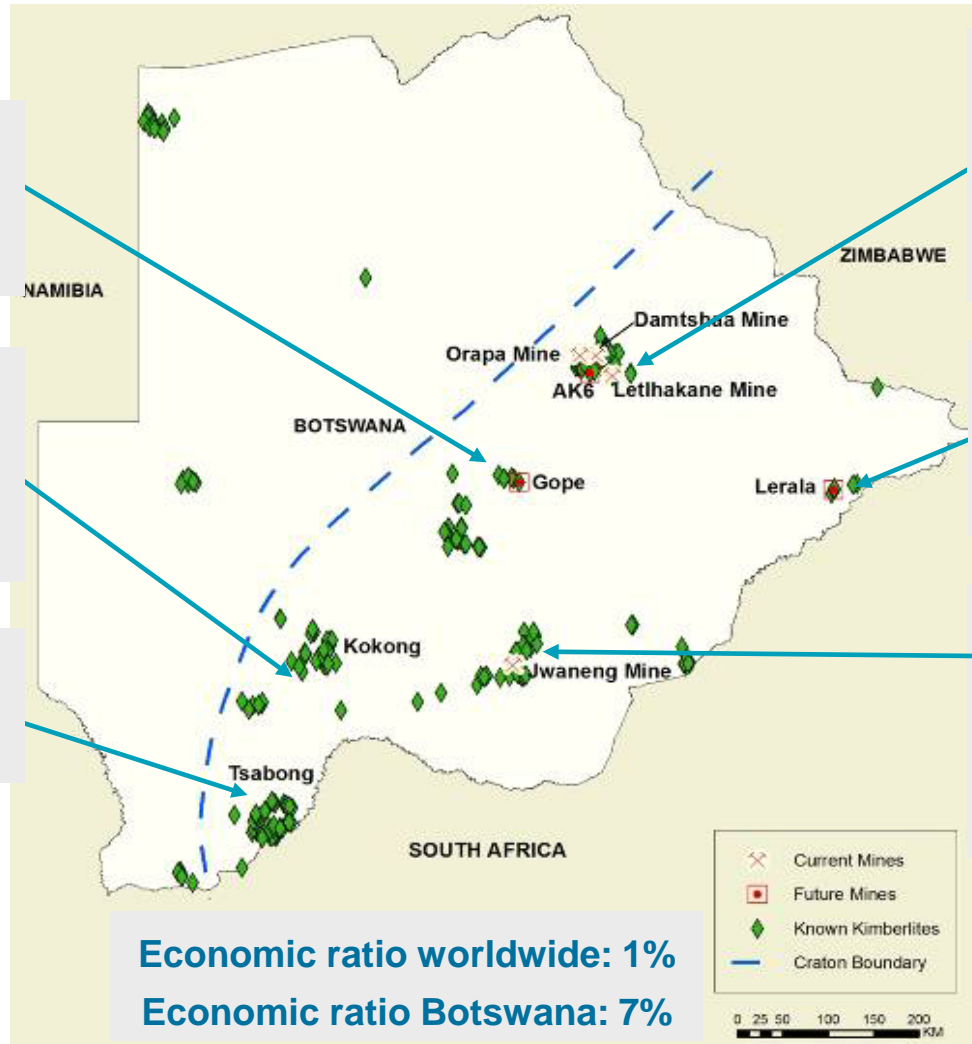
- ▶ 8 out of 75 economic
- ▶ Orapa Mine ~ \$1B revenue p.a., 70% margin

Martin's Drift

- ▶ 5 out of 7 economic
- ▶ Mine being developed

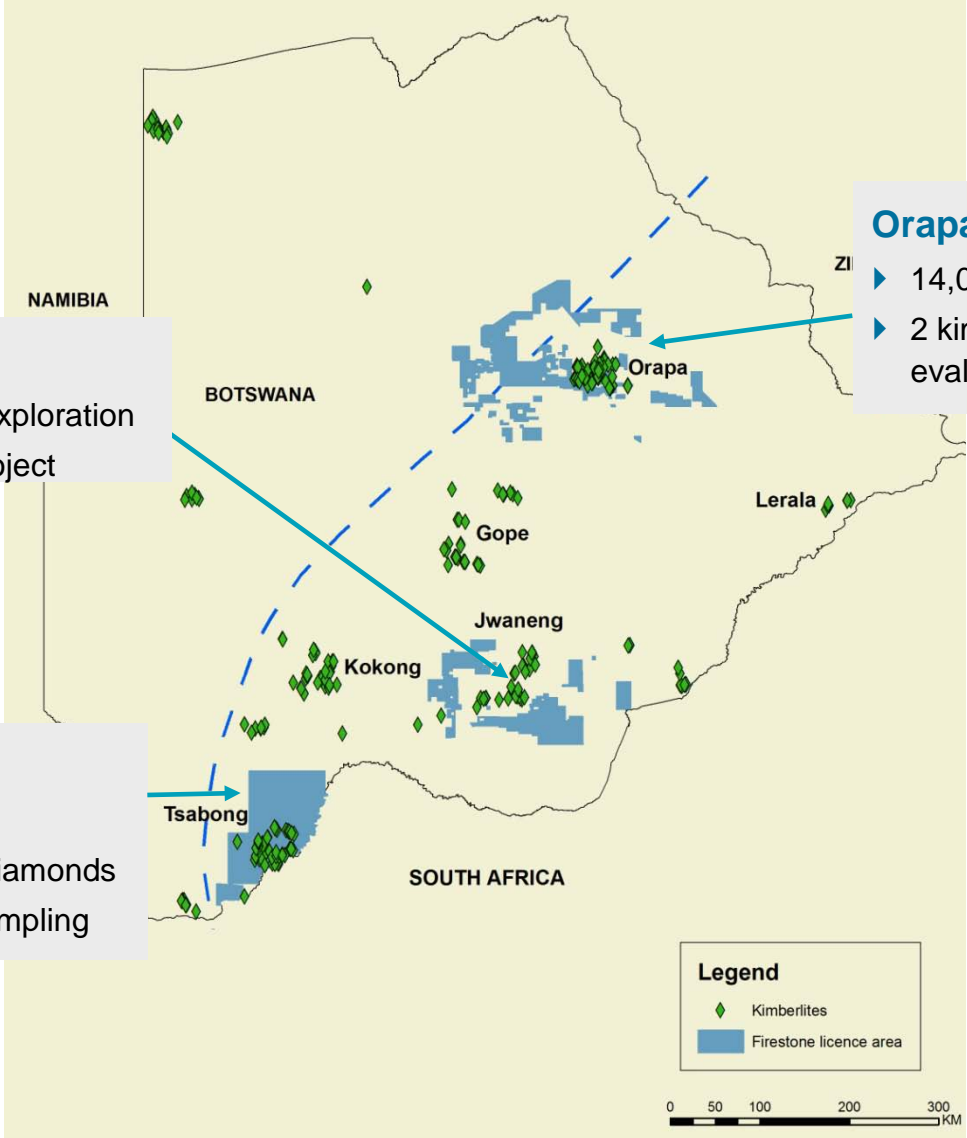
Jwaneng

- ▶ 3 out of 11 economic
- ▶ Jwaneng Mine ~ \$2B revenue p.a., >90% margin



Economic ratio worldwide: 1%
Economic ratio Botswana: 7%

Firestone Interests in Botswana



Jwaneng

- ▶ 4,600 sq km under exploration
- ▶ Jwaneng Tailings Project

Orapa

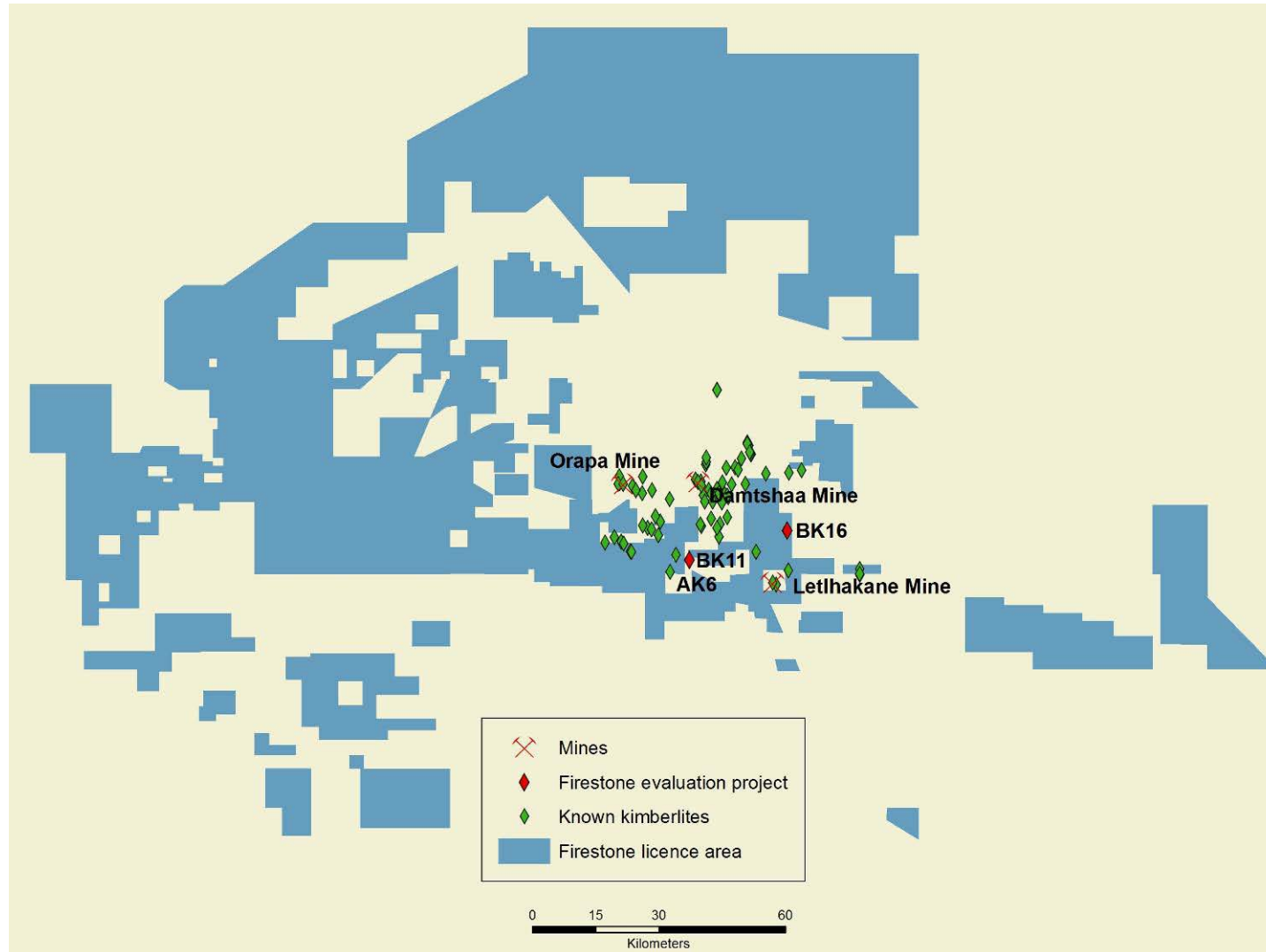
- ▶ 14,000 sq km
- ▶ 2 kimberlites at advanced evaluation

Tsabong

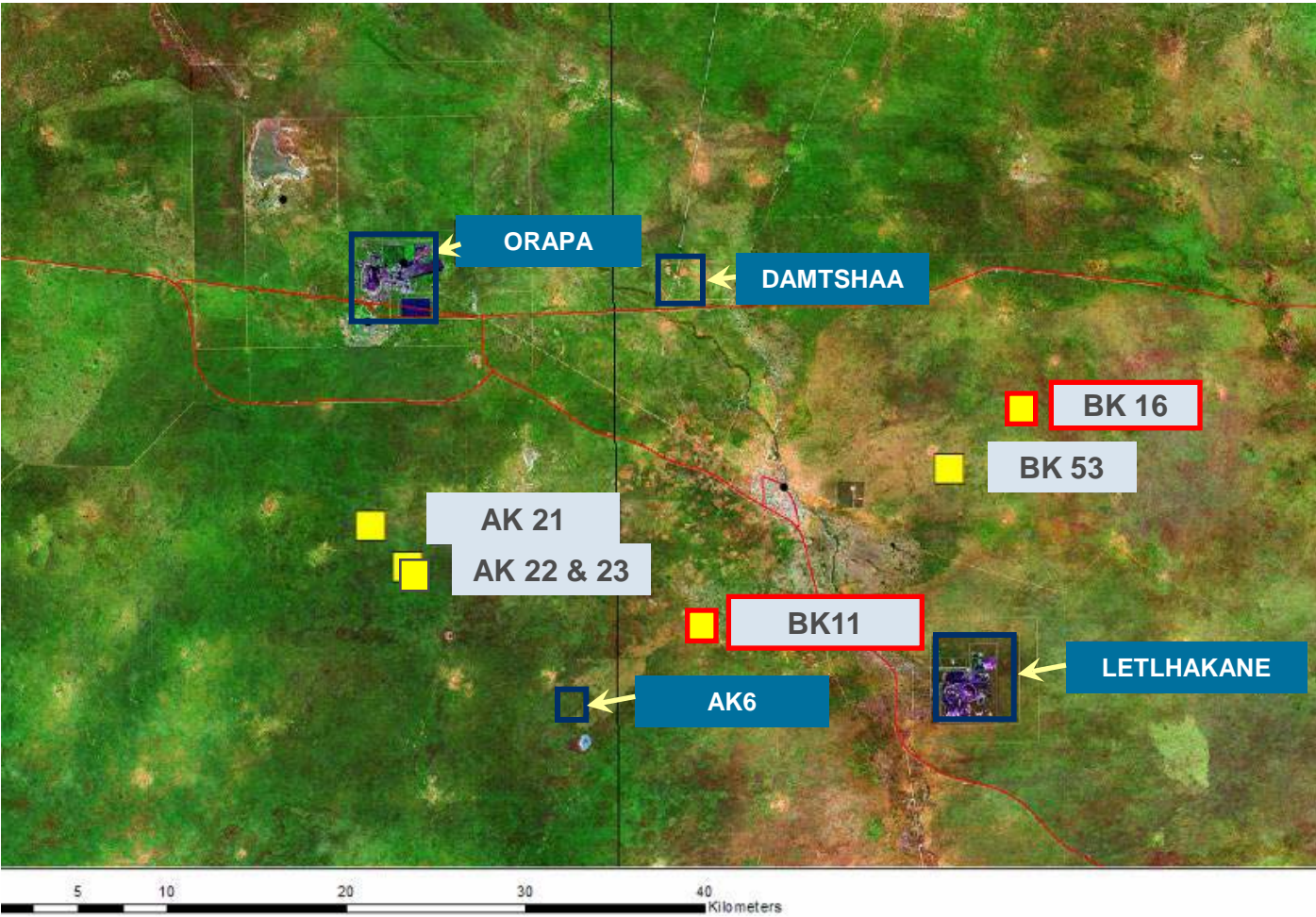
- ▶ 7,500 sq km
- ▶ 85 kimberlites, 18 with diamonds
- ▶ 14 kimberlites at bulk sampling

2 Orapa Projects

Orapa Licence area



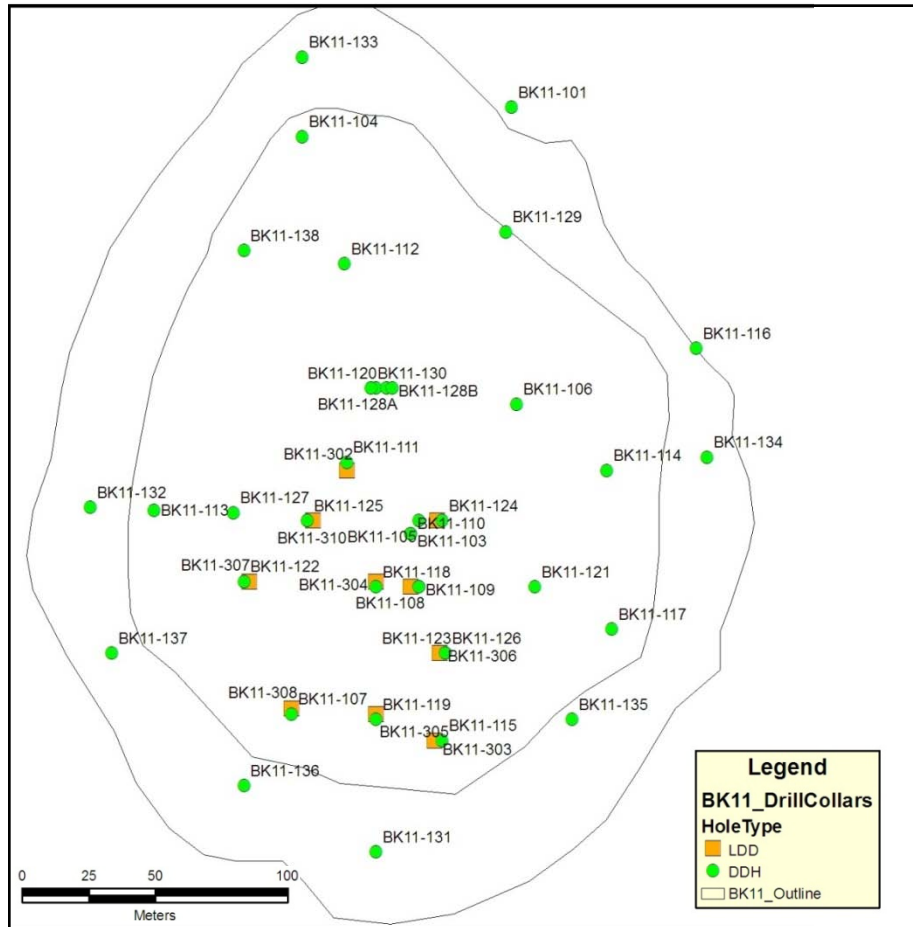
Firestone kimberlites



Bulk sampling equipment



Phase 1 & 2 Evaluation Programme



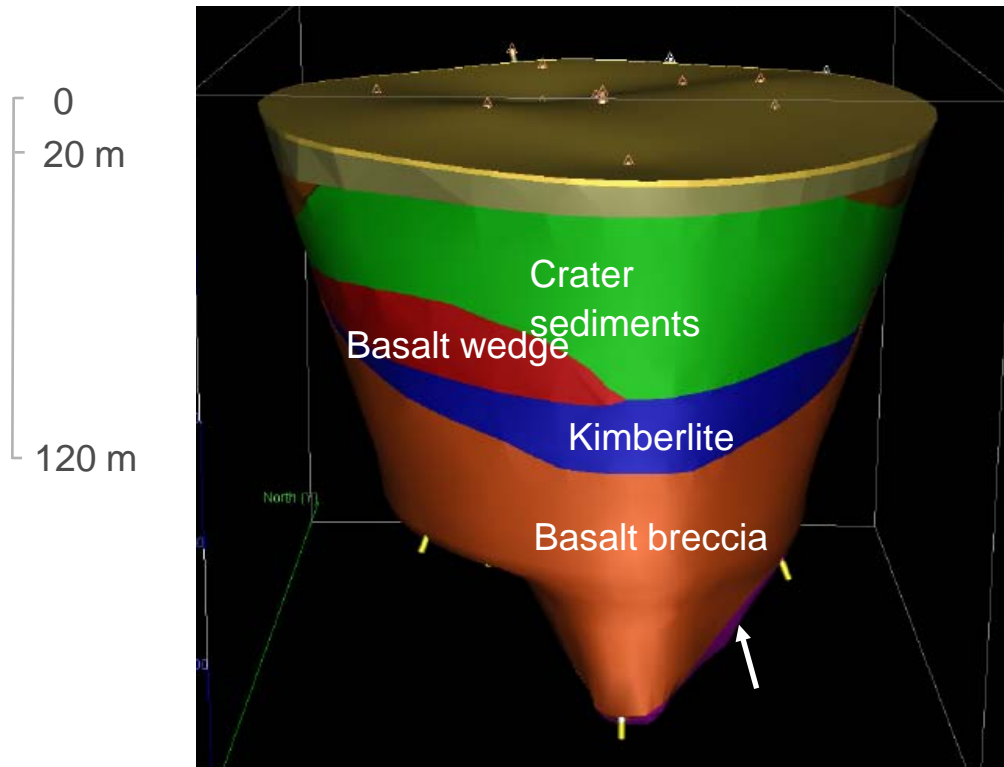
- ▶ 6,300m of 4" core drilling
- ▶ 3 x 24" and 6 x 36" LDD holes
- ▶ 900 tonnes of kimberlite sampled
- ▶ Sample grades of 9-15 cpht and \$175/ct on west side (KW area)

BK11 Diamonds

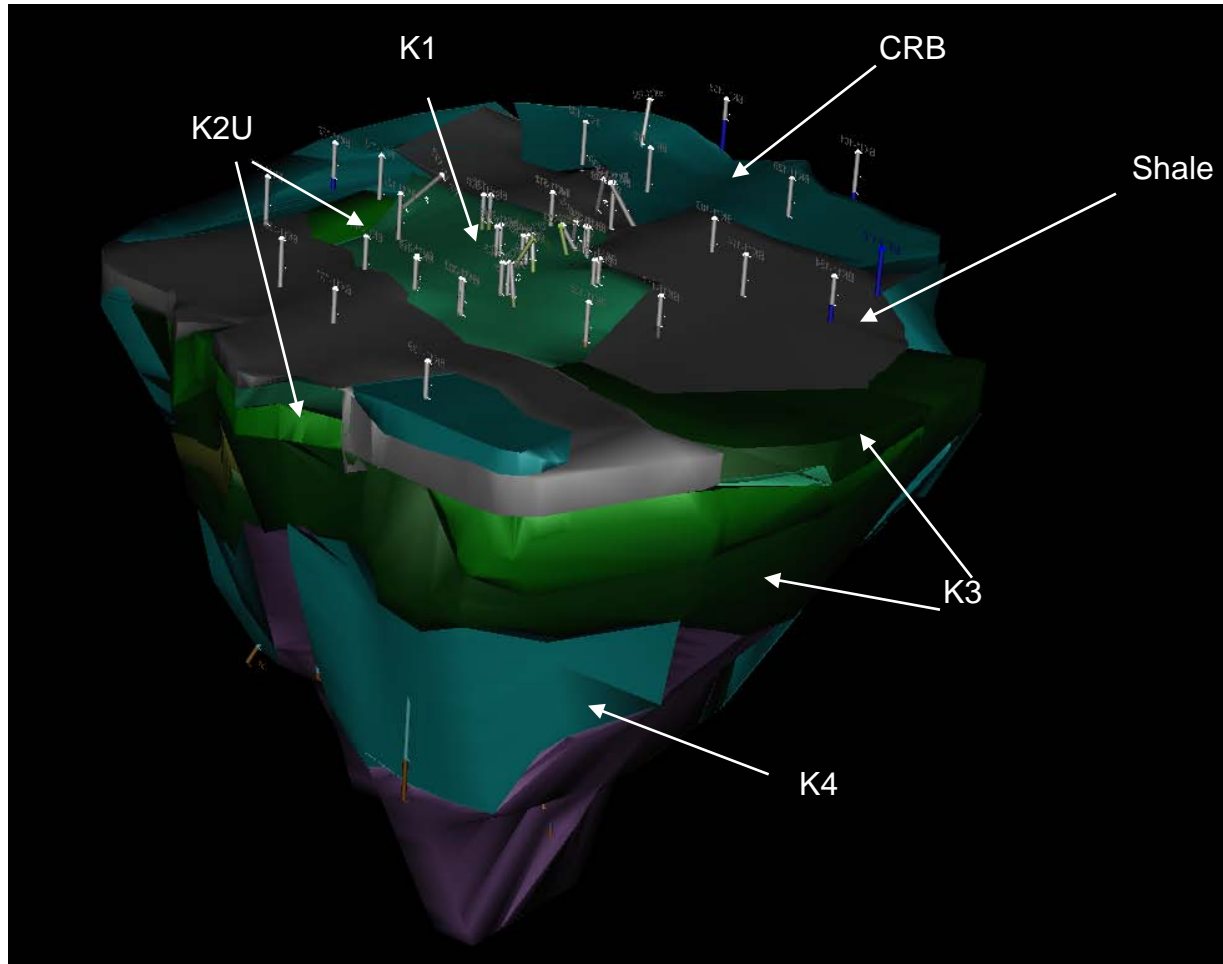


- ▶ High quality colours and shapes for kimberlite parcel
- ▶ Relatively large average diamond size
- ▶ Minimal industrial diamonds – typical kimberlite is 20-50% industrial
- ▶ High value
 - Estimated at \$200/ct in June 2008; prices dropped 50% since then
 - Independent valuation \$126/ct March 2009

Conceptual Model June 2008



Geological Model March 2009



Inferred Resource

- ▶ Grade and diamond value modelled by Zstar
 - Former De Beers Minerals Resource Management team
 - Still do all MRM for De Beers
- ▶ 12m tonnes delineated
- ▶ Modelled diamond value \$126/carat
- ▶ Modelled grades 4-12 cpht; high grade area in the west
- ▶ Resource summary (need in gray)

	East	West		Total
	Tonnes	Tonnes	%	Tonnes
K1	560,560	840,840	12	1,401,400
K2U	1,588,400	2,382,600	34	3,971,000
K2L	403,040	604,560	9	1,007,600
K3	2,023,120	3,034,680	44	5,057,800
K4	48,400	72,600	1	121,000
Total	4,623,520	6 935 280	100	11,558,800

Economic assessment

- ▶ Build 1.5 mtpa plant for \$7.5m
- ▶ Operating costs \$6.50/t

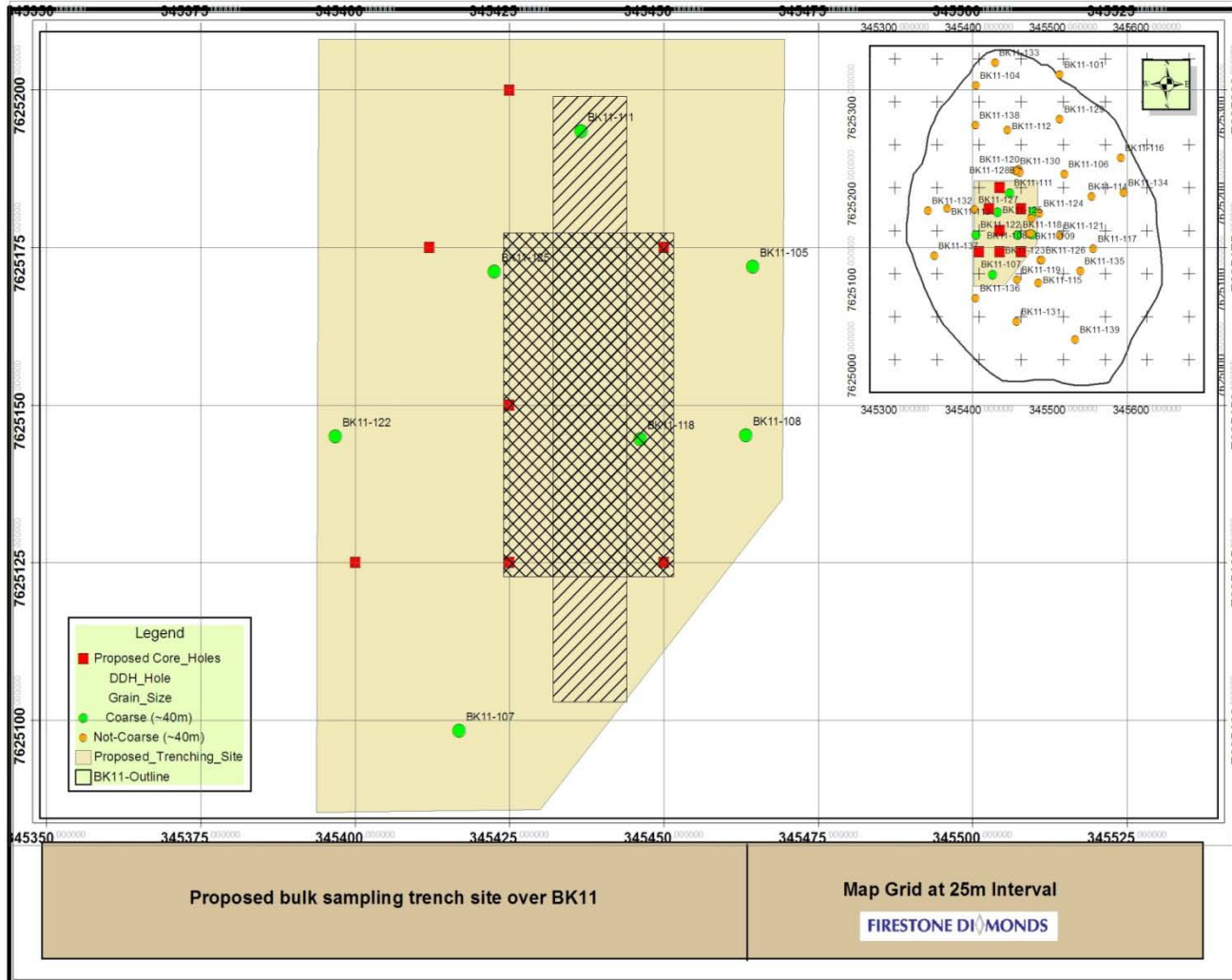
2009 diamond prices					
Zone	Tonnes (m)	Revenue/t (\$m)	Margin (%)	Annual revenue (\$m)	Annual profit (\$m)
KWU	3	\$20	68%	\$30	\$20
KW	7	\$15	57%	\$23	\$13

2008 diamond prices					
Zone	Tonnes (m)	Revenue/t (\$m)	Margin (%)	Annual revenue (\$m)	Annual profit (\$m)
KWU	3	\$40	84%	\$60	\$50
KW	7	\$30	78%	\$45	\$35

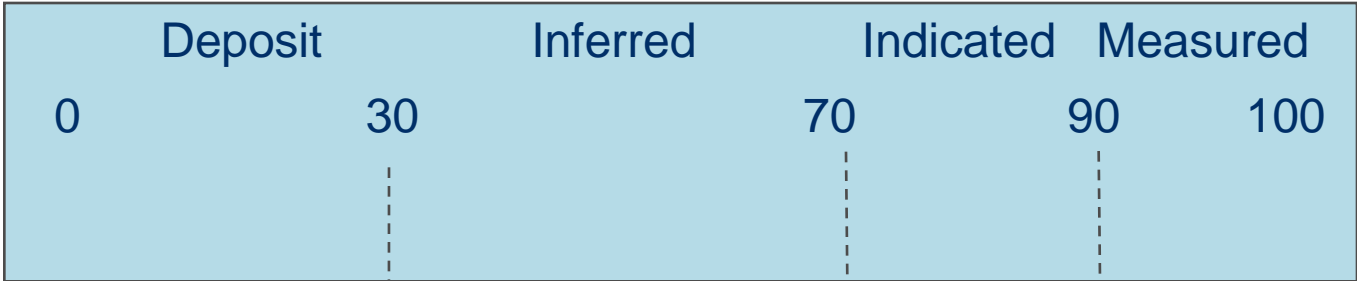
BK11 Phase 3 evaluation Q2-Q3 2009

- ▶ 20,000 t bulk sample trench
 - Recover 2,000 carats for high confidence diamond valuation
 - Higher confidence grade estimate for KW,
 - Will allow mine development decision
- ▶ 25tph pilot plant being constructed at BK11, commissioning in June,
- ▶ Mining in progress,
- ▶ Bulk sampling and treatment to commence 1st July 2009,
- ▶ Initial results September 2009,
- ▶ Positive results will action the transfer of Bontekoe Production plant to BK11,
- ▶ Full production June 2010.

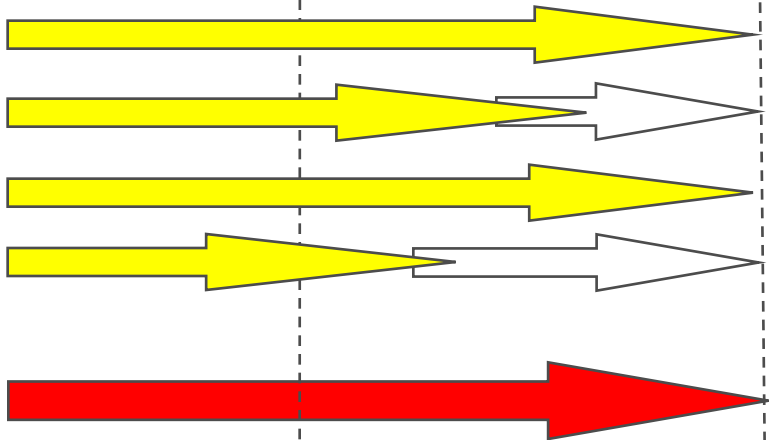
Trench sample position



Resource Status – Q3 2009



Geological Model
 Grade Model
 Volume Model
 Revenue Model
 Overall

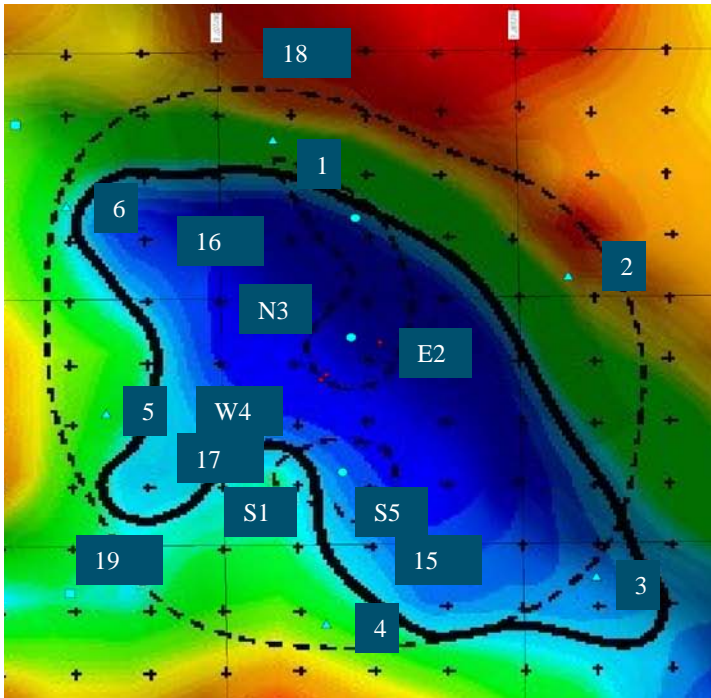


Sufficient confidence for mine development decision

BK16

- ▶ Background
 - Sampled by De Beers in 1990's – 15 cph
 - Contains high value diamonds; similar to BK11
 - ~20 km from BK11
 - Firestone earning 87.5% interest for carrying to bankable feasibility
- ▶ Similar resource potential to BK11
 - 17m tonnes to 200m
- ▶ Firestone evaluation
 - Core hole indicates primary kimberlite to minimum 250m
 - LDD bulk sample planned for H2 2009

BK16 evaluation



- ▶ Diamonds similar to/better quality than BK11
 - Mostly good quality white gemstones
 - Few industrial stones
- ▶ Estimated value approx \$200/ct (June 2008)

3 Jwaneng Tailings

Debswana Modular Tailings Project

- ▶ Objective
 - Prove economics and capability of modular tailings plants
- ▶ Background
 - Pre-qualification June 2007
 - Request for proposal June 2008
 - Selected as preferred bidder Feb 2009
- ▶ Initially deploy at Jwaneng coarse tailings dump
 - >30 million tonnes
- ▶ Roll out to tailings dumps at other mines
 - Estimated to be >200 million tonnes

Jwaneng Mine



Jwaneng Coarse Tailings Dump

- ▶ First tailings dump at the mine
 - Materials only crushed to 35 mm (currently crushed to 12 mm)
 - >30 million tonnes
- ▶ Initial production rate >2 million tonnes per annum
- ▶ Timetable
 - Sign contracts - Q3 2009
 - Commence construction – Q4 2009
 - Commence commissioning –Q1 2011
 - Full production – 2011
 - Roll out more plants – 2012+
- ▶ Debswana supplies power, water and tailings facilities

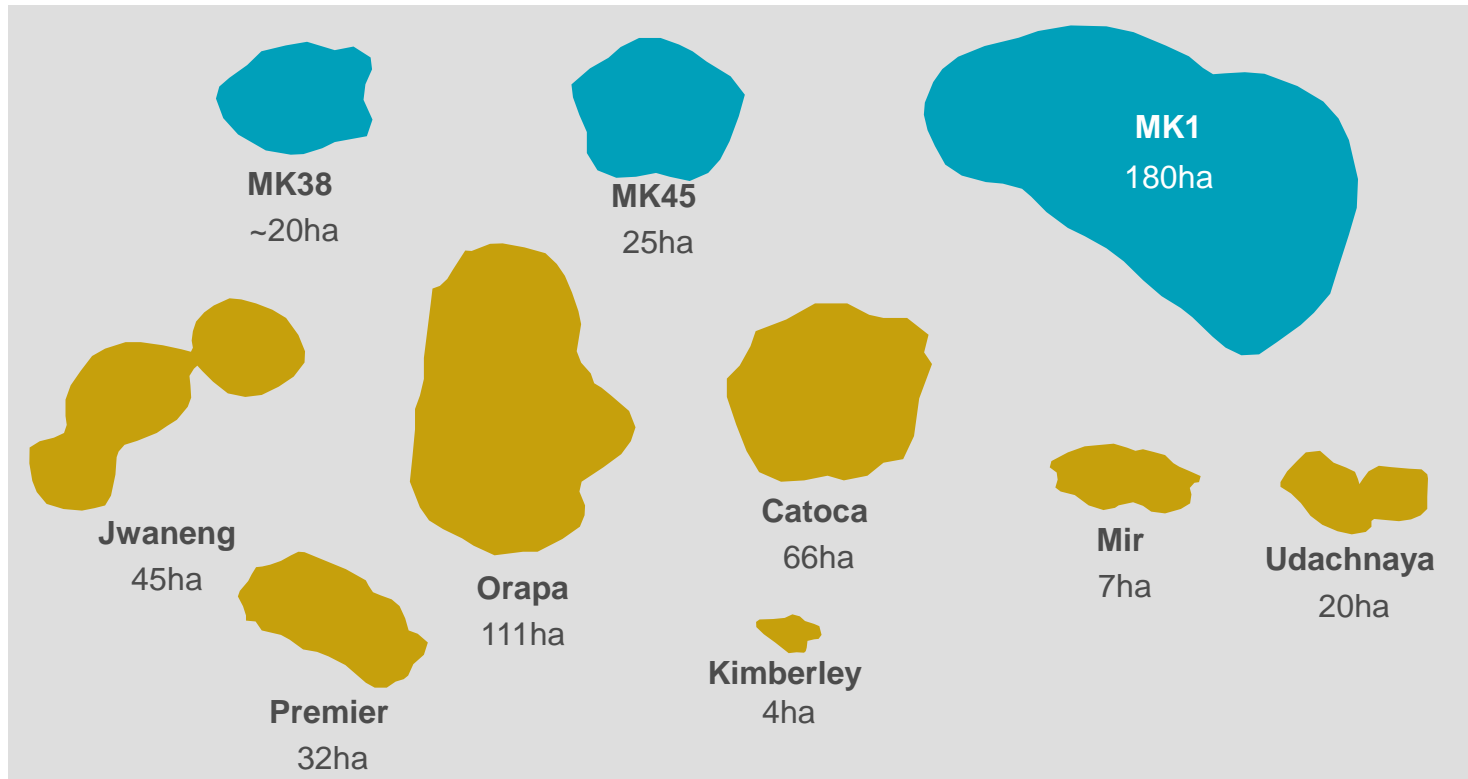
Summary

- ▶ Long term, predictable revenue stream
 - Jwaneng dump
 - Other Debswana dumps
- ▶ Low capital and operating cost risk
 - Similar scale and complexity as Bonte Koe toll treatment project in SA
 - Bonte Koe built on time and on budget
 - Operated successfully to De Beers' standards for 3 years
- ▶ Other benefits
 - Shares overhead with BK11 and other Botswana projects
 - Strategic relationship with Debswana

4 Tsabong

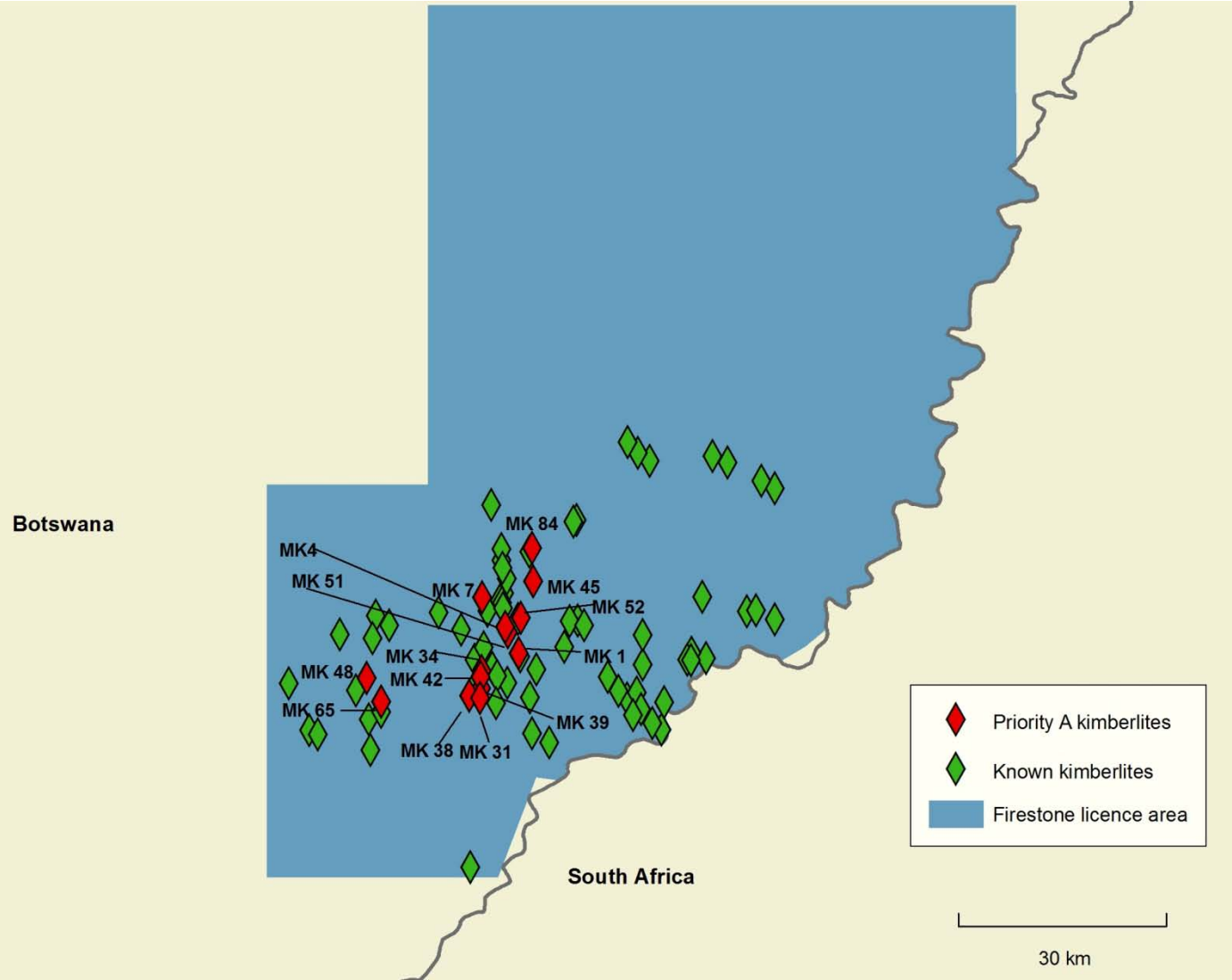
Tsabong Kimberlite Field

- ▶ One of the largest diamondiferous kimberlite fields in the world
- ▶ 85 known kimberlites; 18 diamondiferous
- ▶ MK1 kimberlite - 180 hectares, diamondiferous



■ Kimberlite mine ■ Firestone kimberlite

High Interest Kimberlites



Tsabong Potential

- ▶ Limited evaluation since first discoveries in the 1980's
- ▶ Independent data review indicates similar geological setting to Jwaneng
- ▶ Most attractive large scale kimberlite project in the market

High Interest Kimberlites

Kimberlite	Surface Area	Macros recovered	Micros recovered	Comments
MK 1	180	+	+	Very large size; 13% G10 garnets; microdiamond grade of 25 cpht
MK 31	75	NS	+	Large size
MK 45	25	NS	-	4% G10 garnets; best KIM chemistry
MK 4	20	NS	+	10% G10 garnets
MK 42	20	NS	+	
MK 39	20	NS	+	
MK 38	20	NS	+	24% G10 garnets; best KIM chemistry; microdiamond grade of 25-30 cpht
MK 7	20	NS	-	Group 1 eclogitic garnets
MK 34	20	NS	+	
MK 52	15	NS	+	
MK 51	10	NS	+	17% G10 garnets
MK 84	10	NS	-	10% G10 garnets; best KIM chemistry
MK 65	10	NS	+	Best diamond results
MK 48	10	NS	+	

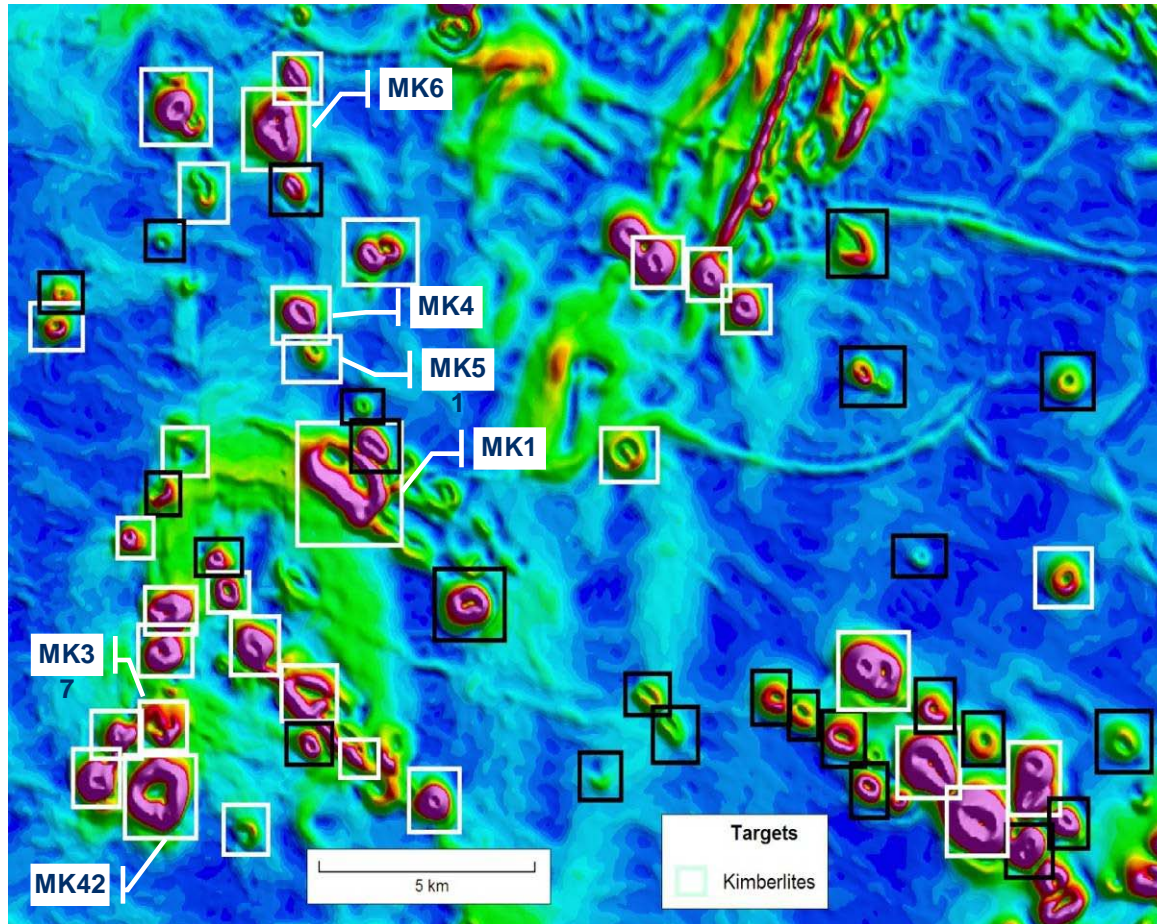
NS = Not yet sampled

Tsabong 2008 results

- ▶ LDD drilling completed on 6 kimberlites
 - MK1, MK38, MK45, M51, MK52 and MK84

Kimberlite	Hole ID	Depth sampled (m)		Sample size (Tonnes)	Macrodiamonds recovered
		From	To		
MK1	MK1-301	184	404	142	2
MK1	MK1-302	125	515	251	19
MK38	MK38-301	99	137	27	5
MK38	MK38-302	90	150	43	1
MK45	MK45-301	68	312	160	0
MK51	MK51-301	75	252	114	2
MK52	MK52-301	84	344	167	1
MK84	MK84-301	30	315	183	1

Tsabong Exploration



▶ >80 geophysical targets identified

▶ 18 kimberlites discovered since Nov 06

Tsabong Planning

▶ Phase 2

- Cratonic mapping of whole license area required
- One 300m core hole in each of 34 targets
- 6,000m of core drilling planned
- Geochemistry and microdiamond analyses
- Ranking
- Cost ~ £2.0M, 12 months work, starting Q3 2009

▶ Phase 3

- 3,000m of LDD drilling
- Cost ~ £4.0M, 12 months work

▶ JV negotiations at advanced stage

Tsabong Summary

- ▶ Prospects for economic discovery remain good
 - Geological setting is right
 - 85 kimberlites, and more being discovered
 - MiDa results and chemistry results are positive
 - Botswana economic ratio of 7%
- ▶ Much work remains to be done

6 Outlook

Corporate Outlook

- ▶ Focus on cash and cash flow
 - Debswana toll treatment provides low risk cash flow
- ▶ Resource development projects
 - BK11 and 2010 production target is primary focus
 - BK16 is next priority
- ▶ Exploration and evaluation projects
 - Significant potential at Tsabong; joint venture discussions under way
 - All other exploration driven by available cash flow from operations



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