Final results for the year ended 30 June 2015

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

Final results for the year ended 30 June 2015

Firestone Diamonds plc, the AIM-quoted diamond development company, is pleased to announce its final audited results for the year ended 30 June 2015.

HIGHLIGHTS

LIQHOBONG DIAMOND MINE ("Liqhobong", "the Project" or "the Mine")

- On budget of US$184.5 million and Project completion at 49% as of 30 September 2015;
- Earthworks nearing completion and civil and plant construction commenced;
- 892,318 zero Lost Time Injury hours recorded during the year; and
- Project on schedule for completion in Q4 2016 and fully funded through to production ramp up.

FINANCIAL

- Capital investment of US$82.9 million in Liqhobong during the year;
- Group net loss decreased to US$10.4 million (2014: US$11.2 million loss);
- Eurobond debt facility of US$30.0 million available to the Group;
- ABSA Project Debt Facility of US$82.4 million available to the Project; and
- Standby facility of US$15.0 million available to the Project.

RESTRUCTURING

- Conditional agreement entered into for the disposal of the Groups Botswana assets for US$8.0 million; and
- Sale of South African alluvial assets concluded for US$0.2 million.

OUTLOOK

- Focused on completing the Project, within budget, by Q4 2016; and
- Becoming a one million carats per annum producer.

Capital Markets Day

Firestone is hosting a capital markets day ("CMD") today from 09:45 to 12:30 British Summer Time ("BST"). A live audio webcast from 09:45 BST can be accessed through the following URL:

http://www.anywhereconference.com?UserAudioMode=DATA&Name=&Conference=131662150&PIN=97798483

The presentation slides are also available for download from Firestone's website: http://www.firestonediamonds.com/investors/reports-circulars-presentations

Participants may also access the CMD by dialling one of the following numbers below:

From UK (toll free):	08082 370 030
From the rest of the world:	+44 (0)20 3139 4830
Participant PIN code:	97798483#

Extracts from the Company's Annual Report and Accounts appear below. The full version will be made available on the Company's website today.

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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 Diamond Mine in Lesotho to become a 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.

Chairman's statement

This has been a period of tremendous progress for the Company and our flagship Liqhobong Diamond Mine ("Liqhobong", "the Project" or "the Mine") in the Kingdom of Lesotho ("Lesotho"). If last year can be characterised as the year in which we successfully concluded the financing arrangements for the Project, this year can be seen as the period in which we not only broke ground at site but moved into full scale construction mode. The speed at which the Company was able to mobilise at site and begin earthworks and construction activities post financing, was a result of several years of planning and I congratulate Stuart Brown and his team on their approach to ensuring the Project started so swiftly.

We have worked hard in difficult terrain and the first year of construction is now behind us. At the time of writing construction is 49% complete and we remain on track to meet the revised timeline of first production in the fourth quarter of next year. Once in full production, Liqhobong is expected to produce one million carats a year with the potential for large stones, placing it in the mid-tier of diamond mines globally, a goal which we remain entirely focused on reaching.

On 1 May 2015, the Board was further strengthened by the appointment of Mr Keith Johnson (as Non-executive Director nominated by Resource Capital Funds VI L.P.). Keith has considerable experience in the mining sector and I look forward to his valuable contribution to the Group.

Operations

Every large project comes with its challenges but it is how you manage each situation that provides the platform for future success. I have been thoroughly impressed with the team's approach and attitude in managing the unforeseen challenges the Company has experienced since construction began in July 2014. It is important to remember Liqhobong's remote location, nature of terrain and the adverse weather conditions that have impacted construction activities. We were unfortunately reminded of the latter in November 2014, just after the major earthworks had commenced, when Liqhobong received double the average rainfall in a matter of a few days. The team, led by the extremely capable Chief Project Officer, Glenn Black, worked tirelessly to ensure the impact on the construction schedule was minimised. However, the increased level of overburden that had to be removed from the primary crusher and plant terraces led to an unavoidable change in the timetable. While any delay is unwelcome, I am pleased to confirm that despite the increased cost of the Project in ZAR terms to, in aggregate, ZAR2.1 billion, as a result of, inter alia, the revised Project schedule, the US Dollar cost of the Project remains within the Project's original US$185.4 million budget.

With the initiatives introduced by the Project team to recover lost time, I am pleased to report that the critical earthworks are complete and the civil and plant construction has now commenced. Each month the Company uploads images to illustrate the process at site on Firestone's website: www.firestonediamonds.com/media.

I am also pleased to confirm that the grid power project for Liqhobong has been completed well ahead of schedule, on budget and that the mine has now been connected to the national grid. This represents an important milestone for the Group as it will allow Liqhobong to use grid power on site during construction earlier than planned, thus realising a small saving.

The newly appointed Government of Lesotho, elected at the end of February 2015, is now in position. We were delighted to host the Minister of Mines and senior government officials at site in September 2015 and we remain fully committed to working alongside the Government with a continued strong positive relationship.

Botswana

In 2014 Firestone commenced a disposal process for all its assets in Botswana and in July 2015, just after our financial year-end, the Company announced it had entered into a conditional agreement for the disposal of these operations, including the BK11 mine, to Tango Mining Limited ("Tango") for a total cash consideration of US$8.0 million. Subsequent to year-end, on 2 October 2015, Tango formally requested an extension of time regarding the second tranche of a deposit that was payable on 30 September 2015 of US$0.3 million. We are in discussions with Tango and still anticipate the agreement will be finalised in early 2016 and following conclusion of this process, the Company will be focussed solely on its flagship asset, the Liqhobong Diamond Mine.

Financial

The Project finances are well managed and controlled by our Chief Financial Officer, Grant Ferriman, who keeps careful control on all Project costs and overheads. The Project expenditure remains within the original US$185.4 million budget. Using hedges and the deterioration of the South African Rand against the US Dollar, Firestone has managed to fund the Project acceleration and delay cost overrun within the original budget.

Once again I would like to extend my sincere thanks to the management team for their efforts and commitment to constructing the Project, whose sole focus is clearly on delivering the Project to the revised schedule on time and on budget. I look forward to updating shareholders on our construction activities during the coming year as we near completion of construction and prepare for commencement of production.

Lucio Genovese

Non-Executive Chairman

5 October 2015

Strategic report

Introduction to strategy

Firestone is a diamond development company focused on bringing its principal asset, the Liqhobong in Lesotho, into production during Q4 2016.

Liqhobong is owned 75% by Firestone with the Government of Lesotho holding the remaining 25%. The diamond deposit was first discovered in the late 1950s and over the past 60 years it has been through a series of feasibility studies and trial mining phases which, due to various reasons, did not reach funding success. In 2010, Firestone acquired its 75% interest and successfully completed all the required work to finalise a detailed definitive feasibility study ("DFS") and subsequently raised the necessary funds to begin building the Project in 2014.

Liqhobong is on schedule to commence production during Q4 2016. At full production, Liqhobong will produce one million carats per annum, which would place it in the mid-tier of diamond mines globally.

In Botswana, Firestone holds a 90% interest in the BK11 diamond mine, a low-grade high-value mine, currently under care and maintenance. In July 2015 Firestone entered into a conditional agreement, which is yet to be completed, for the disposal of its Botswana operations, including its interest in the BK11 mine, to Tango Mining Limited (TSXV: TGV).

Our vision

Firestone's vision is to become a mid-tier diamond producer and preferred trusted partner of choice by all of its stakeholders and local communities alike.

Our strategy

Firestone's strategy to become a mid-tier diamond producer, producing one million carats a year, is based on:

- It's African operating experience

  We have a strong team of highly experienced industry executives who have an in depth understanding of project execution, diamond mining and the sector.
- Skills development

  We create in-country skills and capacity through careful recruitment of citizen employees who are then trained and deployed in front-line positions, thereby realising the skills transfer requirements for our partner, the Government of Lesotho.

- Trusted expertise

  By demonstrating that our actions mirror our words, we will become the preferred investment vehicle for investors and partners in Africa.

- High quality management

  The formation of a highly skilled and experienced management team, which is able to execute mine construction projects and operate mines to ensure the Company's planned returns are realised for all stakeholders.

Risk review

Firestone's current activity is the successful execution of Liqhobong in Lesotho. The Project entails the construction and commissioning of a new main treatment plant capable of treating 500 tonnes per hour, as well as the required infrastructure to ensure that the mine successfully operates over its planned life and once built, operates at the designed specification to deliver the anticipated returns.

The Company is exposed to a number of risks and uncertainties, which, if they occur or manifest, could have a material impact on the successful achievement of its goals. Management of these risks and uncertainties is a key function of the Board and management of the Company.

The following risks have been identified as the main risks that potentially impact on the Company achieving its goals.

Strategic risk

Retention of key personnel

The Company is heavily reliant on a small group of key staff to achieve its objectives.

Responsibility

The Board carries the responsibility through its Executive Directors, the Remuneration Committee and the Nomination Committee to ensure appropriate remuneration structures are adequate to attract and retain staff with the required skills and experience to ensure that the project and operational requirements are met.

Mitigation

Firestone believes that it has mitigated this risk by implementing competitive remuneration structures and practices to attract the appropriate individuals to the team. Furthermore the team and employees have been given the authority to fulfil their potential and have been empowered to achieve the desired results.

External risk

Country and political risk

Liqhobong is situated in Lesotho and BK11 in Botswana, both southern African countries. Whilst Botswana has been politically stable over its history the same is not true for Lesotho. Lesotho is currently experiencing a period of political instability. This is not uncommon in emerging markets which can be subject to greater volatility and political risk.

Responsibility

The responsibility for managing this risk lies with the executive management.

Mitigation

The Firestone team has extensive experience of operating in southern Africa. The Company keeps in close contact with representatives of the Government in Lesotho to ensure it keeps abreast of all political and regulatory developments. In relation to Lesotho, the political developments in 2015 have not materially disrupted the Company's operations directly but they have caused uncertainty which is being managed as closely as possible under the circumstances and will continue to be monitored.

Operational risks

Health, safety, environmental and community risk

Failure to comply with any of the legislative or social requirements would cause a delay or suspension of the Company's operational activities in Lesotho or Botswana.

Responsibility

The Executive Directors and the Safety, Health, Environment and Corporate Social Responsibility Committee.

Mitigation

Firestone is establishing its operational footprint in Lesotho and has been very thorough in the execution of its strategy in engaging with the local community in Liqhobong as well as local and central government representatives to manage expectations and requirements. These relationships are maintained and monitored on a regular basis.

Project delivery risk

Firestone is reliant on the Project's construction being executed and completed on time and on budget with initial production to commence during Q4 2016. Should the Company not achieve the completion on time and on budget, this will possibly impact on the Group's ability to complete the project with existing cash and debt facilities, which could result in a further cash requirement.

Responsibility

The Executive Directors and the Chief Project Officer.

Mitigation

The Company has assembled an experienced team, members of which have a track record of successful project delivery in the diamond industry.

The engineering, procurement and contract management partner also has extensive experience in the diamond industry and importantly, a history of working in the Lesotho Highlands.

The Project design has been selected to mitigate time overruns and is closely monitored and measured by the Project Management Steering Committee.
The Group has a US$15 million overrun facility in place which has been provided by Resource Capital Fund VI L.P. in full.

Financial risk

The Company raised, what it believes to be sufficient funding, through a combination of debt and equity, to fund the Group through to the production ramp up. A project cost overrun or delay in commissioning could lead to a further funding requirement.

Responsibility

The Executive Directors, the Audit Committee and the senior management.

Mitigation

Management has prepared detailed capital expenditure plans and budgets for the construction phase of the Project and whilst these have been carefully considered, it is often the case that actual expenditure can differ from that which is budgeted. The Company has implemented a detailed cash and expenditure monitoring system to ensure that expenditure remains within approved capital and contingency budgets. Cash flow planning is continually updated to take into account historic cash outflow against budget, exchange rate movements as well as budget shifts. The Audit Committee considers cash flow forecasts on a regular basis to ensure that the Company is adequately funded. Project spending is tightly controlled and managed.

Currency risk

The Company is exposed to currency risk as a result of its operations in various jurisdictions which includes Lesotho, South Africa, Botswana and the UK. The most substantial currency risk for the Group relates to the Project costs which are incurred in South African Rand ("Rand") and Lesotho Maloti ("Maloti"), which is pegged to the Rand, from funds raised through a combination of US Dollars ("USD") or ("US$") and Pounds Sterling ("GBP") or ("£"). Should the Rand, which is a volatile emerging market currency, strengthen against the US$ or £ beyond the rates budgeted, the Group could have a potential funding shortfall.

Responsibility

The Executive Directors and the Audit Committee.

Mitigation

The Company monitors the movement of the Rand against the US$ and £ on a daily basis. By applying the Company's hedging policy, a number of hedging contracts were entered into during financial year, thereby reducing the risk to an acceptable level at this stage of the Project.

Chief Executive Officer's review

Liqhobong and the Project

The 2015 financial year has been a year where our focus has been almost exclusively on the construction and delivery of the Project in Lesotho. The equity and debt funding was successfully secured by the end of the 2014 financial year, allowing Firestone to sign all the relevant contracts and begin the construction phase of the Project. Project team recruitment was finalised by early November 2014 and the team has now formed into a highly motivated and effective unit, driving the Project towards successful completion. The Group employed a total of 55 full time employees and 550 contractors on the Project as at 30 June 2015.

The Project began during June 2014 with the major contractors responsible for the earth works and the construction of the water management and residue storage facility starter wall establishing their site operations. Construction and earthworks began in earnest late in July 2014. Contracts worth US$104 million were signed at the beginning of the financial year and 73% of the Engineering, Procurement and Construction Management budget was committed to secure financial certainty against the US$185 million budget.

So far, our safety performance has been outstanding and we are very pleased to report that we have had no lost time injuries to date. This is exceptional when taking into account the nature of the terrain, the adverse weather conditions and the number of contractors we have working on site. The million lost time injury free man hours worked target was achieved shortly after the year-end, a milestone that we are extremely proud of. We remain committed to our target of zero harm.

Whilst the Project was initially able to get ahead on a number of work streams before the start of the 2014/2015 summer rainy season, above average rainfall experienced at critical times of the earthworks hampered progress, and together with an increase in the quantity of overburden to be removed from the primary crusher and plant terraces, as previously announced, has resulted in the civil work programme being extended by six months. Accordingly, the Company now expects initial production to occur during Q4 of 2016 as opposed to the end of H1 2016 as previously indicated.

The additional work required to achieve the revised project schedule is forecast to cost ZAR156 million which will be funded from the Project's surplus cash generated from realised foreign exchange gains, savings on the grid power project, and from contingency reserves included in the original project budget of US$185.4 million.

Despite the increase in ZAR cost of the Project to, in aggregate, ZAR2.1 billion, the US Dollar cost of the Project remains well within the Project's original US$185.4 million budget.

Accordingly, the Project continues to be fully funded through to production ramp up, with the Group, having finalised all of the outstanding conditions required to drawdown of the Absa US$82.4 million project finance facility (the "Facility"). The Group has drawn down its first monies under the Facility in September 2015.

During the year we were also pleased to complete the restructuring of the existing US$30 million mezzanine financing with Resource Capital Fund VI L.P. ("RCF") and Pacific Road Resources Fund II L.P. and Pacific Road Resources Fund II ("Pacific Road"), through the issue of Eurobonds, of which US$20 million was drawn down subsequent to the year-end. In addition, we also put in place a US$15 million standby facility with RCF, to fund any potential cost over-runs or delays in respect of the Project, to satisfy one of the remaining conditions of the Facility.

The Project team has been working hard to seek to recapture some of the time lost to the delays and acceleration plans have been investigated and are being implemented as additional work crews are deployed. This work will carry on throughout the remainder of 2015 and into 2016.

Critical earthworks are now complete and we are progressing with the civil and plant construction at a stable and established site. Measured against the original delivery schedule the Project was 29.1% complete against the plan of 45.0% at the end of June 2015. Taking the revised schedule into account, that allows for the delay of up to six months to the original schedule, at the end of September 2015 we are at 49% complete compared to the 50% required target.

Grid power project

The grid power project for Liqhobong has been completed on schedule and having been connected to the national grid is undergoing final commissioning. This is an important milestone for the Group as it will allow Liqhobong to use grid power on site during construction earlier than planned, thus reducing the diesel generating costs and realising a small saving.

Apart from the early availability of grid power, the Company has been able to significantly reduce its cost of delivering the grid power project by involving Storm Mountain Diamonds, the owners of the Kao Mine in Lesotho, which neighbours Liqhobong. The capacity of the line is sufficient to cater for the expected maximum demand requirements of both mines. Whilst the cost of the project has increased from the original budget of ZAR165 million to a total of ZAR189 million to extend the line over the mountain to Kao Mine, Storm Mountain Diamonds has agreed to contribute half of the costs of the revised total project resulting in a saving of ZAR70.5 million to the Company.

Project optimisation

During 2014 we stated that we would be reviewing internally the key inputs of the Project's DFS, originally completed in October 2012 and updated in November 2013, to further improve the economics of the Project and review execution risks and mitigate these where necessary. I am pleased to report that we have now completed the three key work streams, with the proposed changes now reflected in the long-term business plan. The first work stream was to recalibrate the existing Diamond Resource and Reserve estimates which included the exclusion of the boart carats and increasing the bottom cut off ("BCO") from 1mm to 1.25mm, to align to the new treatment plant's BCO which was determined as being optimal during the DFS. As detailed below, this has obviously resulted in a reduction in Diamond Resource and Diamond Reserve estimates from 29.1 million carats and 11.4 million carats to 23.1 million carats and 9.5 million carats respectively. The mine plan has been completely reviewed to see if it could be optimised and pleasingly we have managed to adjust the early years of the mine plan to reduce the waste stripping requirements compared to the initial concentric design. The third work stream was to create a new refined long term mine plan for Liqhobong. All cost areas were re-calculated and the resultant zero based model has also been completed. The new plan incorporates some additional necessary risk mitigation capital and working costs but has benefited from the weakening of the Lesotho Maloti, which is pegged to the Rand, against the US Dollar. Overall, taking into account the revised mine plan for Liqhobong but with a significantly de-risked operational start up and delivery, the returns show an improvement when compared to the 2013 DFS. Project NPV has increased from US$379 million to US$389 million at an 8% discount rate, and the IRR has increased from 30% to 42%. The 2015 mine plan is however post financing whereas the 2013 DFS was pre-financing.

All the work executed during 2015 by the motivated owner's team has been to ensure the Project is successfully concluded and that the desired returns are achieved.

The Project remains robust and when complete and in full production both Firestone and Government of Lesotho shareholders will have cause to be satisfied with the economic and social benefits that Liqhobong will deliver.

During the financial year there was a change of Government in Lesotho. In February 2015 a new coalition was formed after the elections were held some three years earlier than planned. The relationships with the new key stakeholders within Government are being built and I believe that with time will deliver the required support and understanding needed to ensure the project is successful.

Diamond Resource and Reserve update for Liqhobong

Diamond Resource

As set out above, as part of the optimisation of the life of mine plan, we undertook further work and commissioned an independent Competent Person to update the 2009 SAMREC compliant Diamond Resource estimate for Liqhobong. The new Diamond Resource reflects a number of changes, which include a new geological model with reduced volumes at depth due to the pipe tapering, the removal of the boart carats, as the Company is focusing on gem diamonds, an increase in the BCO to 1.25mm from 1mm, to reflect the new treatment plant's BCO, and depletions as a result of the pilot plant production which was closed in October 2013.

This process started with a detailed re-logging of the main pipe borehole core, enabling the construction of a new 3D geological solid model for the Project. As part of the re-logging exercise, new density measurements were also collected which allowed for a local block estimate of density for the first time. The previous grade estimate was also based on the wide diameter holes drilled during 2008 but has now been updated to exclude the boart component. The US Dollar per carat ("US$/ct") diamond revenue estimates have also been updated. The independent work, undertaken in accordance with the SAMREC guidelines (2009), estimated that Liqhobong's main pipe contains:

- an Indicated Diamond Resource to a depth of 2,467 metres above sea level ("masl") (183 metres below surface), estimated to comprise 9.5 million carats ("mct") in 35 million tonnes ("mt") of kimberlite at an average grade of 27 carats per hundred tonnes ("cpht"); and
- an Inferred Diamond Resource below 2,467 masl, estimated to contain 13.5 mct in 48 mt at an average grade of 28 cpht.

SAMREC compliant Diamond Resource statement for Liqhobong Main Pipe as at 30 September 2015 (including Reserves)

		DIAMOND RESOURCE				
Diamond Resource Category	Depth from and to	Volume in m^3 (millions)	Specific Gravity (tonnes/m^3)	Metric Tonnes (Millions)	Grade (cpht)	Carats (Millions)
Indicated	Surface (2,650 masl) to 2,467 masl	13.547	2.61	35.364	27	9.533
Inferred	2,467 masl to 2,127 masl	18.135	2.65	48.064	28	13.553
Total diamond resource		31.682	2.63	83.428	28	23.086

The above Diamond Resource is stated at a 1.25mm bottom cut-off.

The weighted average diamond price per carat is estimated at US$132/ct.

Tonnes are metric tonnes and totals are rounded.

The 22% carat reduction in the total Diamond Resource from 2009 is mainly a result of the reduced volume due to the new geological model and the pipe tapering at depth, the removal of the boart carats, the increase in the BCO to 1.25mm from 1.0mm and depletions due to the pilot plant.

Diamond Reserve

The derivation of a new Diamond Resource and block model provided us with the opportunity to compile a new life of mine plan for Liqhobong. After signing off of the relevant operating and economic assumptions and modifying factors, a Whittle pit optimisation study was conducted by independent Competent Persons for both concentric and split shell mine designs. A split shell design was selected as the most optimal mine plan. Based on this work, a Diamond Reserve statement was prepared in accordance with SAMREC guidelines (2009), to update the existing 2012 Diamond Reserve. The 2015 Probable Diamond Reserve contains some 9.5 mct in 36 mt at an average recovered grade of 26.4 cpht. In addition to the Probable Diamond Reserve, the 2015 split shell mine plan also assumes the mining of a portion of the Inferred Diamond Resource totalling some 17 mt and 4.7 mct.

SAMREC compliant Diamond Reserve statement for the Liqhobong Main Pipe as at 30 September 2015

		DIAMOND RESERVE		
Diamond Reserve Category	Depth from and to	Metric tonnes (millions)	Grade (cpht)	Carats (Millions)
Probable	Surface (2,650 masl) to 2,467 masl	36.046	26.4	9.523
Total diamond reserve		36.046	26.4	9.523

The above Diamond Reserve is stated at a 1.25mm bottom cut-off.

The weighted average diamond price per carat is estimated at US$131/ct.

Reserve tonnes and grade include dilution as a result of external waste.

Tonnes are metric tonnes and totals are rounded.

The 16% carat reduction in the Diamond Reserve from 2012 is predominantly due to the reduction in the Diamond Resource described above.

Further detailed information on the Diamond Resource and Diamond Reserve, which have been prepared in accordance with SAMREC guidelines (2009), can be found within the Company's internal Technical Report, which will shortly be available on the Company's website. The internal Technical Report does not constitute a Competent Persons Report as defined in the AIM Rules.

Diamond market

The diamond market over the last 12 months has been difficult with rough prices coming under pressure in all markets as the global economic situation has been challenging, especially towards the middle of 2015 when weaker economic data came out of China. The supply demand fundamentals of the diamond industry are still favourable when taking a medium to long term view and, in time, the stability and steady growth in prices that we all desire will return. The major producers have acknowledged the challenges facing the industry and over the coming 18 months we hope to see a steady improvement, as rectifying actions are taken to normalise the industry. Retail growth remains key to the success of the diamond industry and while China has certainly slowed down, when compared to its phenomenal growth experienced between 2010 and 2013, it remains a very large growth market that will help drive future demand for diamond jewellery. I remain convinced that being part of an industry where long term demand is forecast to out strip supply is far better than being a participant in an industry where supply is capable of being increased dramatically to meet demand.

Botswana

As reported in 2014, Firestone has pursued a structured disposal process for all of its assets in Botswana. Shortly after the end of the financial year the Group entered into a conditional agreement for the disposal of all of the Botswana operations to Tango Mining Limited, a TSX listed mining company, for a total consideration of US$8.0 million in cash. We are currently in discussions with Tango following a request to extend the timetable although we still anticipate the disposal being finalised in early 2016. The conclusion of this process will ensure that Firestone is exclusively focussed on its flagship asset, Liqhobong.

Conclusion

The 2015 financial year has been extremely successful for Firestone, we have a fully funded project that is well run and well managed by an experienced team. We are confident that we will be able to meet our deadlines with the ongoing help and support of our partners The Government of Lesotho, our contractors and finally our shareholders who all play an important part in the future success of the Company.

The successful commissioning of Liqhobong in 2016 is expected to place Firestone in the mid-tier of diamond producing mines globally. I am very pleased that we have assembled the right team at Firestone that will help shape the future of the Company for years to come.

Stuart Brown
Chief Executive Officer
5 October 2015

Financial review

Results for the year ended 30 June 2015 reflect the Group's focus on the Project and the initiatives to further streamline the Group. Operations during the year under review were substantially different to the prior year. The prior year included operating results from the Liqhobong pilot plant which produced for the first four months of the year, before being placed on care and maintenance in October 2013 pending completion of the funding package in respect of the Project, which was achieved towards the end of the 2014 financial year.

For reasons mentioned above, the previous financial year's results are not a meaningful comparison. Commentary on each of the pro-forma statements is therefore aimed at providing additional insight into the results for the period under review rather than to draw direct comparisons against the results of the preceding year.

Statement of profit and loss

	LMDC		BK11[a]		CORP		TOTAL	
US$ million	2015	**2014**	2015	**2014**	2015	**2014**	2015	**2014**

Revenue	-	3.9	-	-	-	-	-	3.9
Cost of sales	-	(8.5)	-	-	-	-	-	(8.5)
Operating loss excluding depreciation	-	(4.6)	-	-	-	-	-	(4.6)
Administrative expenses	0.5	1.8	-	-	-	-	0.5	1.8
Care and maintenance expenses	-	0.8	0.5	0.6	-	-	0.5	1.4
Corporate expenses	-	-	-	-	3.6	3.4	3.6	3.4
Depreciation and amortisation	-	-	-	-	0.1	0.1	0.1	0.1
Impairment losses	-	-	2.6	-	-	-	2.6	-
Share-based payments	-	-	-	-	0.8	0.5	0.8	0.5
Rehabilitation provision	-	-	0.1	-	-	-	0.1	-
Loss before finance charges	(0.5)	(7.2)	(3.2)	(0.6)	(4.5)	(4.0)	(8.2)	(11.8)
Finance income	-	-	-	-	0.1	0.6	0.1	0.6
Finance cost	-	-	-	-	(2.3)	-	(2.3)	-
Loss before tax	(0.5)	(7.2)	(3.2)	(0.6)	(6.7)	(3.4)	(10.4)	(11.2)

a - This business segment is classified as held for sale. Operating losses of this segment is disclosed as losses from discontinued operations in the consolidated statement of profit and loss.

The Group incurred a loss before tax of US$10.4 million for the year which is slightly lower than the prior year's loss of US$11.2 million. The loss for LMDC reduced by US$6.7 million to US$0.5 million, which now comprises only costs incurred which are not directly related to the Project. All costs incurred that relate directly to the Project have been capitalised to the cost of the asset as reflected in the Statement of Financial Position. The loss for the Group excluding LMDC increased by US$5.9 million to US$9.9 million (2014: US$4.0 million) and includes an impairment charge of US$2.6 million in respect of the BK 11 mine, an increase in losses on foreign exchange of US$2.9 million (included in finance cost) and an increase in the share-based payment charge from the previous year of US$0.3 million.

It is pleasing to note that cash costs of the Group have been contained during the year and that the Groups focus has been firmly on the Project where significant progress was achieved during the year.

Liqhobong

The main focus during the year was the Project which commenced in June 2014. LMDC incurred a loss of US$0.5 million for the year, which comprises administrative expenses. As stated previously, administrative costs incurred during the year that were not directly related to the Project were expensed through the statement of profit and loss. All other expenses incurred by LMDC which related to the Project were capitalised to the mine asset, which is included within non-current assets in the Statement of Financial Position.

BK11

The Group continued with its strategy of disposing of its Botswana assets during the year and on 9 July, shortly after the year-end, announced that it had signed a conditional agreement with Tango Mining Limited in respect of the sale of all the Botswana assets for a total consideration of US$8.0 million before expenses. A non-refundable deposit of US$0.35 million was received upon signature and a further US$0.3 million was due at the end of September 2015. On 2 October 2015, Tango formally requested an extension of time regarding payment of the second tranche of the deposit and the Company is in discussions with Tango to resolve this. The remaining balance of the purchase price is due on completion of the transaction, which is subject to approvals including Botswana Competition Authority approval, Ministerial consent to the transaction, and the requisite approvals by the TSX Venture Exchange, the exchange on which the purchaser is listed.

The loss incurred during the year of US$3.2 million was US$2.6 million greater than the previous year's loss of US$0.6 million mainly as a result of an additional impairment charge of US$2.6 million. The impairment charge was necessary in order to reduce the carrying value of the Botswana assets to their net recoverable value less costs of disposal, which is calculated at US$7.7 million. Care and maintenance costs during the year of US$0.5 million were in line with the previous year.

The Botswana assets remain classified as held for sale pending conclusion of the transaction.

SA Alluvial assets

The Group is pleased to report that it concluded the sale of these assets during the year for total cash consideration of US$0.2 million.

Corporate

The loss at the corporate level increased by US$3.3 million to US$6.7 million (2014: US$3.4 million), mainly as a result of a loss on foreign exchange during the year of US$2.3 million (2014: US$0.6 million profit) and an increase in the share-based payment expense of US$0.3 million, which relates to the retention of key members of the Firestone management team. Other corporate costs incurred during the year were in line with the previous year.

Foreign exchange

The Group reports a foreign exchange loss of US$2.3 million for the year, mainly as a result of GBP funds being converted to US Dollars at consistently stronger USD rates throughout the year, which saw the US Dollar increase by 7.7% year on year to US$1.57 against the pound sterling (2014: US$1.7:GBP1.0). Capital raised in the prior year included US$74.7 million in US Dollars and US$34 million in Pound Sterling which were raised specifically for the purposes of constructing the Project and funding the Group through to completion and ramp up of production. Certain of the funds raised by the Group in USD's and GBP's were hedged in line with the Group's currency hedging policy in order to protect their value in ZAR terms, thereby ensuring that a rate more favourable than the budgeted rate of ZAR10:US$1 could be achieved. However, the Group's presentation currency is the USD, and therefore although an average hedge rate of ZAR10.97:US$1 was achieved during the year, a loss has nevertheless been recorded reflecting the rampant strength of the US Dollar.

Statement of financial position

	LMDC		BK11		CORP		TOTAL	
US$ million	2015	**2014**	2015	**2014**	2015	**2014**	2015	**2014**
ASSETS								
Non-current assets	**121.2**	**50.1**	**-**	-	**0.1**	-	**121.3**	50.1
Non-current assets held for sale	**-**	**-**	**9.2**	13.8	**-**	-	**9.2**	13.8
Current assets (excl. cash)	**13.4**	**0.3**	**-**	-	**0.2**	0.4	**13.6**	0.7
Cash equivalents	**4.7**	**15.9**	**-**	-	**13.0**	91.1	**17.7**	107.0
	139.3	**66.3**	**9.2**	13.8	**13.3**	91.5	**161.8**	171.6
LIABILITIES								
Rehabilitation provisions	**1.7**	**1.5**	**-**	-	**-**	-	**1.7**	1.5
Deferred tax liabilities	**3.5**	**4.0**	**-**	-	**-**	-	**3.5**	4.0
Liabilities of a disposal group	**-**	**-**	**1.5**	2.1	**-**	-	**1.5**	2.1
Current liabilities	**19.4**	**3.0**	**-**	-	**1.0**	1.7	**20.4**	4.7
	24.6	**8.5**	**1.5**	2.1	**1.0**	1.7	**27.1**	12.3
EQUITY VALUE	**114.7**	**57.8**	**1.5**	11.7	**12.3**	89.8	**134.7**	159.3

The Group's equity value decreased by US$24.6 million to US$134.7 million (2014: US$159.3 million) mainly as a result of the losses recognised through profit and loss of US$10.4 million and net foreign exchange translation losses of US$14.3 million reflecting the impact of the strengthening of the US Dollar on the value of the Group's non-US$ denominated assets and liabilities. The Groups assets and liabilities are mainly denominated in currencies other than the US Dollar, particularly the Lesotho Maloti, which devalued against the US Dollar during the year by 16.1% to ZAR12.28:US$1 (2014: ZAR10.58:US$1), resulting in lower values being reported in US Dollar terms.

As a result of activity during the year being focussed on the Project, the value of non-current assets has increased as further asset capitalisation took place, the value of current assets decreased as cash was spent on the Project and the value of current liabilities increased in line with the additional activity on the Project.

Non-current assets increased by US$71.2 million to US$121.3 million (2014: US$50.1 million) and include capitalised development costs for the Project of US$83.9 million foreign exchange translation losses of US$12.7 million.

The value of current assets decreased by US$81.0 million to US$40.5 million (2014: US$121.5 million), mainly as a result of the US$89.3 million decrease in cash balances as cash was used to fund development expenditure of US$82.9 million and other Group requirements. Trade and other receivables increased by US$13.1 million to US$13.6 million (2014: US$0.5 million), and include advance payments to major contractors to the Project of US$4.6 million, deposits paid on currency hedging contracts of US$3.1 million, value-added tax receivable of US$3.5 million which is due mainly from the Lesotho Revenue Authority and other prepayments and receivables of US$0.3 million. Also included are advance borrowing costs of US$2.1 million which will be amortised to profit and loss on the effective interest rate basis.

Assets held for sale comprise only the Botswana assets in the current year, as the South African assets were disposed of during the year for cash consideration of US$0.2 million. The carrying value of the Botswana assets have been impaired to their net carrying value of US$7.7 million based on the sale price, less estimated cost to sell, as announced on 9 July 2015.

Assets held for sale include:

	2015 US$'m	**2014** **US$'m**
Non-current assets	**9.0**	13.1
Inventories	**0.2**	0.3
Cash equivalents	**-**	0.4
Non-current assets held for sale	**9.2**	13.8
Rehabilitation provisions	**1.3**	1.9
Current liabilities	**0.2**	0.2
Liabilities of a disposal group	**1.5**	2.1

The increase in current liabilities by US$15.1 million to US$21.9 million (2014: US$6.8 million) is mainly a reflection of the increased activity on the Project. Liabilities excluding those related to the disposal group amounted to US$20.4 million and include hedge liabilities of US$2.4 million which are mark to market adjustments on open forward exchange hedge contracts directly related to the Project, trade and other payables of US$17.1 million related to the Project and US$0.9 million to other corporate items.

Cash flow statement

	LMDC		BK11		Other Firestone Group		Total	
US$ million	2015	**2014**	2015	**2014**	2015	**2014**	2015	**2014**
Opening cash at 1 July	**15.9**	0.6	**-**	0.5	**91.1**	3.0	**107.0**	4.1
Operations	**0.6**	(0.7)	**(0.4)**	(0.6)	**(4.6)**	(1.9)	**(4.4)**	(3.2)
Operating cash flow adjusted for non-cash items	**(0.5)**	(3.0)	**(0.5)**	(0.6)	**(3.6)**	(2.5)	**(4.6)**	(6.1)

Change in working capital	**1.1**	2.3	**0.1**	-	**(1.0)**	0.6	**0.2**	2.9
Capital development	**(82.9)**	(5.8)	**-**	-	**0.2**	-	**(82.7)**	(5.8)
Capital expenditure	**(82.9)**	(5.8)	**-**	-	**-**	-	**(82.9)**	(5.8)
Proceeds of disposal of subsidiaries	**-**	-	**-**	-	**0.2**	-	**0.2**	-
Cash financing	**72.9**	21.8	**0.4**	0.1	**(73.7)**	90.0	**(0.4)**	111.9
Equity issues	**-**	-	**-**	-	**-**	114.5	**-**	114.5
Minority contribution	**1.9**	-	**-**	-	**-**	-	**1.9**	-
Loans repaid	**-**	-	**-**	(2.6)	**-**	-	**-**	(2.6)
Finance cost	**-**	-	**-**	-	**(2.3)**	-	**(2.3)**	-
Inter-group transfers	**71.0**	21.8	**0.4**	2.7	**(71.4)**	(24.5)	**-**	-
FX Loss on opening balance	**(1.8)**	-	**-**	-	**(0.1)**	-	**(1.9)**	-
Closing cash at 30 June	**4.7**	15.9	**-**	-	**12.9**	91.1	**17.6**	107.0

The Group began the year with cash of US$107 million (2014: US$4.1 million). During the year, a further US$1.9 million was raised from financing activities from local Lesotho partners involved in the grid power project to construct the powerline to Liqhobong. During the year US$4.4 million was spent on operations, US$82.9 million on the Project, offset by the proceeds on the sale of the South African subsidiaries of US$0.2 million. The Group incurred US$2.3 million foreign exchange loss mainly as a result of GBP funds being converted to US Dollars at consistently stronger USD rates throughout the year. The above mentioned resulting in net cash movement of US$87.5 million and a closing cash balance at the end of the year, after adjusting for the effects of foreign exchange movements of US$17.6 million.

Liqhobong

Liqhobong began the year with cash of US$15.9 million. Net cashflows from operations of US$0.6 million were generated mainly as a result of an increase in working capital, where, due to increased development activities, creditors' balances increased from US$3.0 million to US$19.4 million and receivables from only US$0.3 million to US$13.4 million at the end of June 2015. During the year, US$82.9 million was spent on the Project representing 45% of the Project budget in ZAR terms of ZAR2.1 billion. Funding for Liqhobong's development activities was made available from Group loans provided to it during the year of US$71.0 million and US$1.9 million received from shareholders in the grid power project.

Construction activities on the Project during the year mainly involved earthworks, which included the removal of additional over-burden material which was encountered on the main plant terrace area. Terraces for the various areas of the mine such as the main plant, primary crushing and scrubbing, electrical substations and accommodation had to be established. At the end of June, in addition to establishment of the various terraces, significant work had been carried out on the starter wall for the tailings facility, the raw water storage dam, and 3 out of a total of 24 accommodation units had been constructed. As at year-end, 45% had been spent against the project budget and physical completion of 29.1% had been achieved.

Grid power project

The Company announced on 23 June 2015 that the cost of the grid power project had increased from ZAR165 million to ZAR189 million to extend the 28 km powerline that will link the Liqhobong Mine to Ha Lejone, a nearby town, over the mountain to Kao Mine, and that Storm Mountain Diamonds, the owners of Kao Mine agreed to contribute half of the costs of the revised total project. By the year end ZAR73.0 million of the ZAR94.5 million held in escrow had been received from Storm Mountain Diamonds.

During the year under review, US$13.8 million was spent on the revised grid power project and construction progress recorded 89% completion by year-end. Apart from being hugely beneficial once in production, the provision of grid power during construction will result in a small cost saving against the expensive alternative of diesel generated supply.

BK11 mine

The ongoing cost of care and maintenance of US$0.5 million during the year was offset by a decrease in working capital of US$0.1 million with the balance of US$0.4 million funded by Group loans.

Corporate

Corporate began the year with US$91.1 million in cash and spent US$6.9 million on operations which includes a US$0.1 million increase in working capital and foreign exchange losses of US$2.3 million as explained previously. Cash advances to operations include US$71.0 million of further investment in the Project and US$0.4 million to BK 11 to fund the ongoing cost of the care and maintenance programme. Corporate incurred US$2.3 million foreign exchange loss mainly as a result of GBP funds being converted to US Dollars at consistently stronger USD rates throughout the year.

The Group's cash requirements during the year were financed from opening cash balances and neither the Eurobond facility of US$30 million nor the ABSA debt facility of US$82.4 million were drawn against during the year. Subsequent to the year end, monies have been drawn against the Eurobond and ABSA debt facility.

Conclusion

In conclusion, I am pleased to report on an eventful year during which construction activities ramped up on the US$185.4 million Project.

The Project commenced in earnest in July 2014 and the Group has spent US$82.9 million during the year. Despite challenges encountered with weather delays and additional overburden, which resulted in additional Project cost of ZAR156 million, the Project remains within its original US Dollar budget. This is due to the successful implementation of our hedging strategy and the benefit from further deterioration of the Rand.

Although our focus during the year was firmly on the Project's development, we also managed to finally conclude the sale of the Group's South African alluvial assets and shortly after the end of the financial year, entered into an agreement for the disposal of the Group's Botswana assets. Operational costs have been kept under control across the Group and we are currently fully funded through to completion of the project and production ramp up.

Grant Ferriman
Chief Financial Officer
5 October 2015

Strategic report

This Strategic report was approved by the Board on 5 October 2015 and is signed on its behalf by:

Lucio Genovese
Non-Executive Chairman

5 October 2015

DIRECTORS' REPORT

The Directors present their annual report and the audited financial statements for the year ended 30 June 2015. The disclosure requirements of the Companies Act 2006 and AIM Rules and, where the Directors have deemed it appropriate, the Listing Rules and the UKLA Disclosure and Transparency Rules have been met by the contents of this Report, along with the Strategic Report and the Directors' Remuneration Report which should, therefore, be read in conjunction with this report.

Results and dividends

The Group made a loss after taxation of US$10.4 million (*2014: US$11.2 million*). Further details are shown in the consolidated statement of other comprehensive income on page 58.

The Directors do not recommend a dividend (*2014: US$nil*).

Capital structure

The Company's share capital consists of one class of ordinary shares. At the date of this report the ordinary share capital of the Company was 308,992,814 ordinary shares of 1 pence each. (*2014: 308,992,814 ordinary share of 1 pence each*).

Other than the general provision of the Articles (and prevailing legislation) there are no specific restrictions on the size of a holding or on the transfer of ordinary shares.

The Directors are not aware of any agreement between holders of the Company's shares that may result in the restriction of the transfer or securities or on voting rights. No shareholder holds any securities carrying any special rights or control over the Company's Share Capital.

At the date of this report the Company had been notified of the following interests in the issued ordinary share capital:

	Shares	% Holding
Pacific Road Resources[1]	71,146,887	23.0
Resource Capital Fund VI L.P.	71,146,887	23.0
Edwards Family Holdings Limited	28,296,842	9.2
FIL Ltd	15,601,540	5.0
Sustainable Capital Limited	15,501,170	5.0

1. Includes Pacific Road Resources Fund II L.P. (PRC LP) and Pacific Road Resources Fund II (PC Trust)

Directors

Biographies of the current Directors as at the date of this report are set out on pages 26 and 30.

The Directors who served during the year and up to the date of this report were as follows:

Director	Position	
S M Brown	Chief Executive Officer	
R L Genovese	Non-Executive Chairman	
K Johnson	Non-Executive Director	Appointed 21 May 2015
A Jonker	Non-Executive Director	
K Owen	Non-Executive Director	
P Sobie	Non-Executive Director	
M Wittet	Non-Executive Director	
N Young	Non-Executive Director	

Details of Directors' emoluments and fees are shown in note 7 of the financial statements and further details of their remuneration and share interests are shown in the Remuneration Report on pages 35 to 40.

The Company maintains Directors' and Officers' Liability Insurance which in the view of the Directors, should provide appropriate cover for any potential legal action brought against its Directors. The Company has also provided in its articles of association an indemnity for its Directors, which is a qualifying third party indemnity provision for the purposes of section 234 of the Companies Act 2006. This was in place throughout the financial year under review and up to the date of the approval of the financial statements.

Employees

The Group had 55 full time employees at the year-end.

Employee involvement

The Company's policy is to actively involve its employees in the business and to ensure that matters of concern to them, including the Group's aims and objectives and the financial and economic factors which impact thereon are communicated in an open and regular manner. This is achieved through regular management briefs.

Financial Instruments

Eurobond arrangements (April 2015)

On 23 April 2015, Firestone entered into a bond subscription agreement and various related arrangements with its existing mezzanine lenders (Resource Capital Fund VI L.P. ("RCF"), Pacific Road Resources Fund II L.P. and Pacific Road Resources Fund II ("Pacific Road" and together the "Lenders")) in connection with the Project, located in the Lesotho Highlands.

Under that bond subscription agreement, Firestone was granted a put option:

(a) to raise from the Lenders up to US$30 million in aggregate by way of the issue of Series A Eurobonds to such lenders; and

(b) to raise up to US$15 million in aggregate by way of the issue of Series B Eurobonds to RCF.

The Series A Eurobond structure has been created in order to restructure the existing mezzanine facility from the Lenders on a more efficient basis. The commercial terms of the facility has not changed as a result of such restructuring and Firestone had not drawn down on the mezzanine facility at the time of entering into the bond subscription agreement.

The Series B Eurobond represents a standby debt facility provided by RCF, which was one of the remaining conditions to being able to finalise ABSA's US$82.4 million debt facility. The standby debt facility has also been structured as Eurobonds in the interests of efficiency and in order to facilitate RCF's ability to elect to receive shares in Firestone, as opposed to cash on the redemption of the facility

Upon the raising of monies and issuing of Eurobonds, Firestone has agreed to apply for such Eurobonds to be listed on the Cayman Islands Stock Exchange.

Further details of the Group's financial instruments and financial risk management objectives and policies are set out in note 28 of the financial statements.

Post-balance sheet events

Post-balance sheet events are detailed in note 30 to the financial statements.

Going concern

The Directors, after making enquiries and considering uncertainties associated with the Group's operations, believe that the Group and Company have, or have access to the necessary financial resources to continue in operational existence for the foreseeable future. Accordingly, the Directors continue to adopt the going concern basis in preparing the Annual Report and financial statements which do not include any adjustments that would result from the going concern basis of preparation being inappropriate. Further details are included within note 1 Basis of preparation - Going concern on page 66.

Auditor

In the case of each person who was a Director at the time this report was approved:

- so far as that Director was aware, there was no relevant available information of which the Company's auditor is unaware: and

- that Director has taken all steps that the Director ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor was aware of that information.

A resolution to re-appoint BDO LLP as auditor to the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Lucio Genovese
Non-Executive Chairman

5 October 2015

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRESTONE DIAMONDS PLC

We have audited the financial statements of Firestone Diamonds plc for the year ended 30 June 2015 which comprise the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes in equity, consolidated statement of cash flows, Company statement of financial position, Company statement of changes in equity, Company statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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Scott Knight (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom
5 October 2015

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated statement of comprehensive income for the year ended 30 June 2015

	2015	2014
	US$'000	US$'000
Revenue	-	3,954
Cost of sales	-	(8,512)

Gross loss	-	(4,558)
Selling and distribution	-	(507)
Total administrative expenses	**(4,938)**	(5,959)
Other administrative	**(525)**	(2,012)
Share-based payments	**(827)**	(547)
Corporate expenses	**(3,586)**	(3,400)
Loss from continuing operations before finance charges and income tax	**(4,938)**	(11,024)
Finance income	**76**	560
Finance costs	**(2,290)**	(1)
Loss from continuing operations before tax	**(7,152)**	(10,465)
Income tax credit	-	15
Loss from continuing operations after tax for the year	**(7,152)**	(10,450)
Loss from discontinued operations	**(3,234)**	(749)
Loss after tax for the year	**(10,386)**	(11,199)
Loss after tax for the year attributable to:		
Owners of the parent	**(10,304)**	(9,605)
Non-controlling interests	**(82)**	(1,594)
Loss after tax for the year	**(10,386)**	(11,199)
Other comprehensive loss:		
Items that may be reclassified subsequently to profit and loss		
Exchange differences on translating foreign operations net of tax	**(14,588)**	(2,720)
Loss on foreign exchanges hedges	**(2,438)**	-
Other comprehensive loss	**(17,026)**	(2,720)
Total comprehensive loss for the year	**(27,412)**	(13,919)
Total comprehensive loss for the year attributable to:		
Owners of the parent	**(23,702)**	(8,260)
Non-controlling interests	**(3,710)**	(5,659)
Total comprehensive loss for the year	**(27,412)**	(13,919)
Loss per share		
Basic and diluted loss per share from continuing operations (cents)	**(2.3)**	(9.5)
Basic and diluted loss per share from discontinued operations (cents)	**(1.0)**	(0.8)
Total basic and diluted loss per share	**(3.3)**	(10.3)

Consolidated statement of financial position as at 30 June 2015

.	**2015** **US$'000**	2014 US$'000
ASSETS		
Non-current assets		
Property, plant and equipment	**121,266**	50,098
Total non-current assets	**121,266**	50,098
Current assets		
Inventories	**67**	173
Trade and other receivables	**13,605**	538
Cash and cash equivalents	**17,628**	107,003
Total current assets	**31,300**	107,714
Non-current assets held for sale	**9,230**	13,810
Total assets	**161,796**	171,622
EQUITY		
Share capital	**163,441**	163,441
Share premium	**163,600**	163,600

Reserves	**(39,183)**	(25,637)
Accumulated losses	**(134,250)**	(125,103)
Total equity attributable to equity holders of the parent	**153,608**	176,301
Non-controlling interests	**(18,975)**	(16,999)
Total equity	**134,633**	159,302
LIABILITIES		
Non-current liabilities		
Deferred tax	**3,480**	4,038
Rehabilitation provisions	**1,746**	1,460
Total non-current liabilities	**5,226**	5,498
Current liabilities		
Other financial liabilities	**2,438**	-
Trade and other payables	**17,777**	4,692
Provisions	**192**	41
Total current liabilities	**20,407**	4,733
Liabilities of a disposal group	**1,530**	2,089
Total liabilities	**27,163**	12,320
Total equity and liabilities	**161,796**	171,622

Consolidated statement of changes in equity for the year ended 30 June 2015

	Share capital	Share premium	Merger reserve	Hedging reserve	Share-based payment reserve	Translation reserve	Accumulated losses	Equity attributable to holders of the parent	Non-controlling interests	Total equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance as at 30 June 2013	**121,703**	**88,361**	**(1,614)**	**-**	**5,256**	**(29,058)**	**(117,611)**	**67,037**	**(11,340)**	**55,697**
Comprehensive loss										
Loss for the year	-	-	-	-	-	-	(9,605)	(9,605)	(1,594)	(11,199)
Other comprehensive loss for the year										
Exchange differences on translating foreign operations	-	-	-	-	-	1,345	-	1,345	(4,065)	(2,720)
Total comprehensive loss for the year	**-**	**-**	**-**	**-**	**-**	**1,345**	**(9,605)**	**(8,260)**	**(5,659)**	**(13,919)**
Contributions by and distributions to owners										
Shares issued in the year	41,738	80,424	-	-	-	-	-	122,162	-	122,162
Share issue expenses	-	(5,185)	-	-	-	-	-	(5,185)	-	(5,185)
Share-based payment transactions	-	-	-	-	547	-	-	547	-	547
Share-based payments lapsed/expired	-	-	-	-	(2,113)	-	2,113	-	-	-
Total contributions by and distributions to owners	**41,738**	**75,239**	**-**	**-**	**(1,566)**	**-**	**2,113**	**117,524**	**-**	**117,524**
Balance as at 30 June 2014	**163,441**	**163,600**	**(1,614)**	**-**	**3,690**	**(27,713)**	**(125,103)**	**176,301**	**(16,999)**	**159,302**
Comprehensive loss										
Loss for the year	-	-	-	-	-	-	(10,304)	(10,304)	(82)	(10,386)
Other comprehensive loss for the year										

Exchange differences on translating foreign operations	-	-	-	-	-	(11,570)	-	(11,570)	(3,018)	(14,588)
Loss on foreign exchanges hedges	-	-	-	(1,828)	-	-	-	(1,828)	(610)	(2,438)
Total comprehensive loss for the year	**-**	**-**	**-**	**(1,828)**	**-**	**(11,570)**	**(10,304)**	**(23,702)**	**(3,710)**	**(27,412)**
Contributions by and distributions to owners										
Non-controlling interest in subsidiary	-	-	-	-	-	-	-	-	1,734	1,734
Share-based payment transactions	-	-	-	-	1,009	-	-	1,009	-	1,009
Share-based payments lapsed/expired	-	-	-	-	(1,157)	-	1,157	-	-	-
Total contributions by and distributions to owners	**-**	**-**	**-**	**-**	**(148)**	**-**	**1,157**	**1,009**	**1,734**	**2,743**
Balance as at 30 June 2015	**163,441**	**163,600**	**(1,614)**	**(1,828)**	**3,542**	**(39,283)**	**(134,250)**	**153,608**	**(18,975)**	**134,633**

Consolidated statement of cash flows for the year ended 30 June 2015

	2015	2014
	US$'000	US$'000
Cash flows used in continuing operating activities		
Loss from continuing activities before taxation	**(7,152)**	(10,465)
Adjustments for:		
Depreciation and amortisation	**35**	3,958
Inventory write-off	**-**	406
Environmental asset de-recognition	**-**	516
Effect of foreign exchange movements	**(396)**	933
Equity-settled share-based payments	**827**	547
Equity-settled creditors	**-**	2,532
Loss on sale of assets	**17**	-
Changes in provisions	**43**	(1,150)
Finance income	**(76)**	(560)
Finance cost	**2,290**	1
Net cash flows used in operating activities before working capital changes	**(4,412)**	(3,282)
Decrease in inventories	**95**	1,054
(Increase)/decrease in trade and other receivables	**(14,142)**	1,968
Increase/(decrease) in trade and other payables	**14,542**	(2,424)
Net cash flows used in continuing operating activities	**(3,917)**	(2,684)
Net cash flows used in discontinued operating activities	**(373)**	(505)
Net cash flows used in operating activities	**(4,290)**	(3,189)
Cash flows used in investing activities		
Additions to property, plant and equipment	**(83,122)**	(5,922)
Proceeds on disposal of investments	**214**	-
Proceeds on disposal of property, plant and equipment	**29**	178
Net cash used in continuing investing activities	**(82,879)**	(5,744)

Net cash used in discontinued investing activities	-	(361)
Net cash used in investing activities	**(82,879)**	(6,105)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	-	119,630
Share issue expenses	-	(5,185)
Minority investment in subsidiary	**1,861**	-
Finance income	**76**	560
Finance cost	**(2,290)**	(1)
Net cash from continuing financing activities	**(353)**	115,004
Net cash used in discontinued financing activities	-	(2,727)
Net cash (used in)/from financing activities	**(353)**	112,277
Net (decrease)/increase in cash and cash equivalents	**(87,522)**	102,983
Cash and cash equivalents at beginning of the year	**107,003**	4,088
Exchange rate movement on cash and cash equivalents at beginning of year	**(1,853)**	(68)
Cash and cash equivalents at end of the year	**17,628**	107,003

Basis of preparation

The Group's financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) and International Financial Reporting Interpretations Committee (IFRIC) interpretations, issued by the International Accounting Standard Board (IASB) as endorsed for use in the EU and those parts of the Companies Act 2006 that are applicable to companies that prepare their financial statements under IFRS.

The Group's financial statements were approved by the Directors on 5 October 2015.

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