



Option Agreement in respect of Botswana operations

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

Option Agreement in respect of Botswana operations

Firestone Diamonds plc, the AIM-quoted diamond company, is pleased to announce that it has entered into a conditional option agreement (the "Option Agreement") for the potential disposal of its Botswana operations, which include its interest in the BK11 mine, to Amulet Diamond Corporation ("Amulet") for a total potential consideration of US\$5.1 million in cash (the "Disposal").

Further information on the Disposal

Pursuant to the Option Agreement, Amulet, a Canadian special purpose vehicle formed for the purpose of the Disposal by a group of private investors led by Gareth Penny and Diacore Diamond Group (PTY) Limited, a multinational diamond company with diversified interests in the diamond industry, will acquire an option, effective from 1 June 2017 for a period of up to 14 months (the "Option Period"), to acquire Firestone's wholly owned subsidiary Firestone Diamonds (Botswana) (PTY) Limited ("Firestone Botswana") and its 90 per cent. interest in Monak Ventures (PTY) Limited ("Monak") (together the "Botswana Companies"), which hold Firestone's interests in Botswana, for a total consideration of US\$5.1 million in cash (the "Option"). Pursuant to the Option Agreement, US\$0.1 million is payable immediately with the balance, being US\$5.0 million, to be placed in escrow no later than 10 days following the exercise of the Option.

If Amulet exercises the Option during the Option Period, completion of the Disposal is subject to, *inter alia*, satisfaction of the following conditions within 12 months of the date of the exercise of the Option:

- the parties gaining approval from the Botswana Competition Authority; and
- the parties obtaining Botswanan ministerial approval for the transfer of the controlling interest in Monak to Amulet.

Furthermore Amulet will fund the construction and operation of a bulk sample plant and the carrying out of a bulk sample programme at the BK 11 mine during the Option Period to further assess the deposit. In addition, Amulet will, during the Option Period and, in the event it exercises the Option, from the time it exercises the Option up and until completion of the Disposal, pay the ongoing cost of BK11's care and maintenance programme up to a maximum of US\$30,000 per month. The Company will also be entitled to retain 10% of the proceeds from diamonds sold from the bulk sampling programme (after royalties and agreed expenses) during this period.

As at 30 June 2016, the aggregate net assets for the Botswana Companies was US\$4.1 million and for the year ended 30 June 2016, the Botswana Companies achieved an aggregate loss of US\$2.0 million before foreign exchange losses on conversion from local currencies.

The proceeds of the Disposal will be used by the Company for general working capital purposes.

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ("MAR").

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Background information on Firestone

Firestone is an international diamond mining company with operations focused in Lesotho. Firestone is currently in the process of commencing production at the Lihobong Diamond Mine in Lesotho.

Lesotho is emerging as one of Africa's significant new diamond producers, hosting Gem Diamonds' Letseng Mine, Firestone's Lihobong Mine and Namakwa Diamonds' Kao Mine.

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

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