

Firestone Diamonds Limited

(the Issuer)

ANNOUNCEMENT OF SCALING DOWN OF OPERATIONS

Firestone Diamonds Limited Announces Scaling Down of Operations Due to Weak Global Diamond Market Conditions

Firestone Diamonds Limited announces that, due to the current challenges in the global diamond market, including an oversupplied midstream sector, weak demand in key markets including China, and competition from laboratory-grown diamonds, the Company's operations at the Liqhobong Mine in Lesotho are under significant financial pressure. These challenges have led to a severe and rapid decline in the prices of natural diamonds, and recent sales have returned results well below forecast levels. As a result, the Board has determined that the current operating model is unsustainable in the current market conditions, and immediate adjustments are necessary in order to try to preserve the Group's financial viability and the future of the Mine.

In response, Firestone has developed a strategic plan that involves scaling down mining operations and operating the plant on a single 12-hour day shift from 1 September 2024 as opposed to the current 24-hours per day, at its normal throughput rate (500 tonnes per hour). This plan is designed to reduce the amount of funding required to continue to operate, to retain skills, to align production with the prevailing market conditions, and to preserve the life of the Mine.

The success of this plan is contingent upon, among other factors, the continued support of key stakeholders, including the Government of Lesotho, Liqhobong's senior lender Absa Bank Limited (supported by the Export Credit Insurance Corporation of South Africa), and Pacific Road Capital, the Company's 84% shareholder and Series A and B Bondholder.

The plan provides for the mine to ramp up to full scale production by mid-2025 should the market improve. Diamond market fundamentals over the medium to longer-term support an increase in diamond prices.

For further information in relation to the above announcements, please contact Ian Crozier by email at icrozier@firestonediamonds.com or by telephone at +27 21 816 2940.

DATED 20 August 2024

ENDS