



# A Leading Diamond Producer and Explorer in West Africa

Investor Presentation  
July 2010



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July 2010

## Overview of Stellar Diamonds

- A leading West African diamond producer and explorer with a key focus on Guinea and Sierra Leone
- **Diversified project base with a balance of production, development and exploration:**

**Two producing alluvial mines**  
delivering cash flow

**Four high-grade kimberlite projects**  
at various stages of development

- Focussed on value creation through the development of high grade kimberlite projects
- Experienced management team with ten year track record in West African mining

## Why West Africa?

- Prolific diamond region  
**Historic production estimated at >196 million carats  
valued at > \$15 billion**
- Favourable geology of the Man Craton

### High grade kimberlites in the Stellar portfolio:

**Koidu/Kono**  
(Sierra Leone)

**>60cpht**

**Tongo**  
(Sierra Leone)

**>300cpht**

**Droujba**  
(Guinea)

**>150cpht**

**Bouro**  
(Guinea)

**>500cpht**

- Relatively unexplored
- Improved politics
- Favourable mining codes and significantly increasing investment in the mining sector



## Enlarged Group Strategy

- Create a strong financial platform for growth increasing current production and revenue at two producing mines in Guinea
- Utilise strengthened financial position to accelerate development of key high-grade kimberlite projects (Tongo, Kono, Droujba, Bouro)
- Pursue further regional consolidation in the diamond sector and emerge as the leading integrated diamond miner in West Africa



# Stellar Diamonds' Projects



## Production

# Mandala Mine

## Mine in production

- 790,000 carat resource
- Commenced production April 2009
- >80,000 carats produced to date at an average grade of 40cpht (model grade is 25cpht)
- >\$3m in sales completed
- Largest diamonds 37, 31, 13, 12, 11 carats, some high value gems and fancy colours present
- Production expansion in progress to >12,000cts/month giving monthly revenue of ~ \$450,000



1. Mandala gems
2. 100tph plant at Mandala

Trial Production

## Bomboko Mine

### Mine in development

- 40,600 carat inferred resource, exploration target of 750,000 carats
- >4,100 carats produced from early trial mining at grades of around 4 to 7cpht, average stone size of 0.5/ct
- Diamond value of \$120/ct
- Largest diamonds 16.3, 9.5, 9.3, 9.1 carats, 53% gem quality
- Diamonds of 100-ct and 125-ct reported from past artisanal mining
- Capital expansion programme in process to increase monthly production to 4,000cts by end 2010 and provide revenues of ~ \$480,000

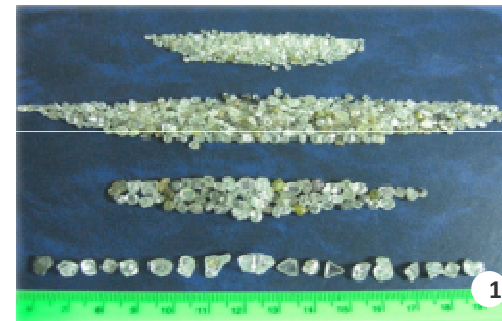


Bomboko Run of Mine Diamonds

# Tongo Kimberlite Project Sierra Leone

## Key value driver for growth

- 4 high grade kimberlite dykes, 3km strike length that extends into adjacent licence held by Koidu Holdings
- Mini bulk sampling grades of ~90cpht from Dyke 1 and ~100 cpht from Dyke 2, 100% gem quality
- Valued at \$189/ct in Nov-08 by Sierra Leone government valuator, re-valued at \$144/ct
- Koidu Holdings bulk sample grades of 196, 248 and 288cpht were obtained from adjacent licence
- Larger-scale bulk sampling planned, to determine grade and value with more confidence
- 15tph head feed, 5tph DMS plant being installed in Q3-10, to process kimberlite bulk samples

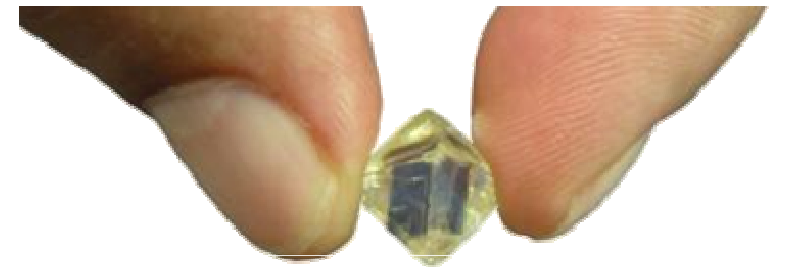
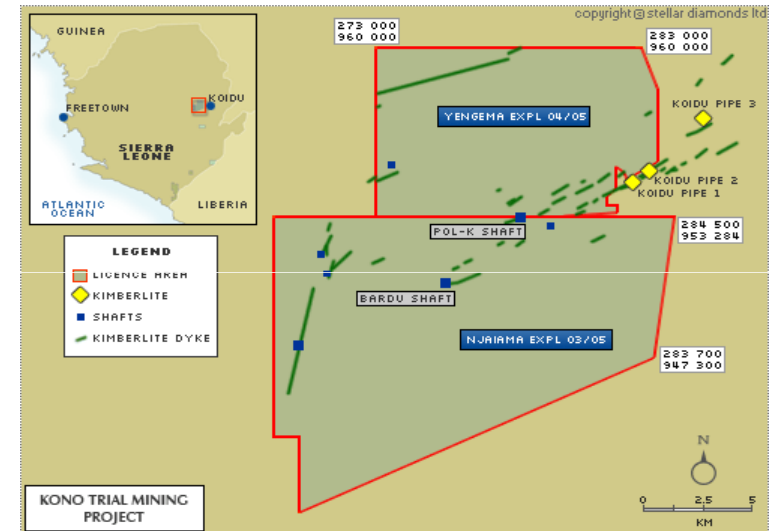


1. Dyke 1 diamonds 100% gem quality
2. Sampling plant to be installed at Tongo

# Kono Trial Mine Sierra Leone

## Project at trial mining stage

- US\$17 million spent to date – project almost fully capitalised
- Focus on high value Pol-K and Bardu kimberlites
- Underground trial mining of Pol-K at 65m depth (Level 1)
- 4,200 carats produced to end Apr-09
- 11.96, 11.39 and 10.51 carat stones from Pol-K Shaft
- In-situ grades of 66cpht (Pol-K), 140cpht (Bardu)
- \$152/ct for Pol-K “pre-crash”
- Due to weak diamond market the project was temporarily put onto care and maintenance in May-09 to preserve cash
- Rebound in diamond prices suggests trial mining should resume



10.55 carat stone from Pol-K

# Droujba Kimberlite Guinea

## Undeveloped Kimberlite Pipe

- High grade kimberlite pipe discovered in the 1960's by the Soviet Aid Mission
- 1 hectare in size
- Ground geophysics indicates that the pipe could be larger than mapped surface area
- Previously mined down to 20m depth by Russians
- Russian sampling grades of up to 5.84ct/m (>200cpht)
- Diamond value unknown
- Drilling and bulk sampling is planned to define resource for a pre-feasibility study

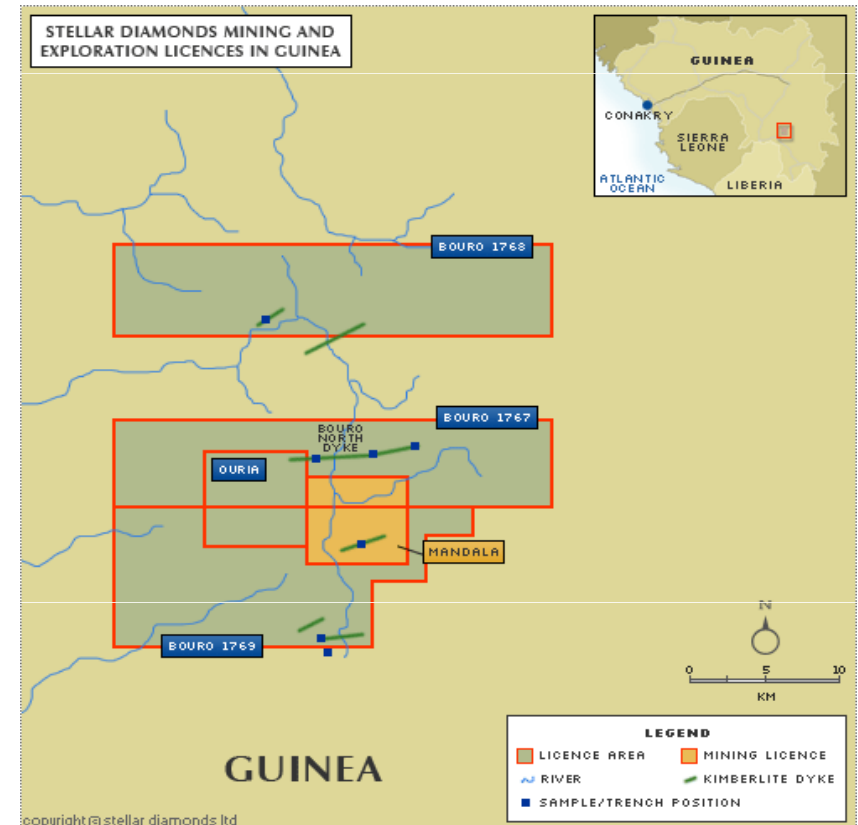


Soviet excavation of the Droujba Kimberlite pipe (c.1964)

# Bouro Kimberlite Guinea

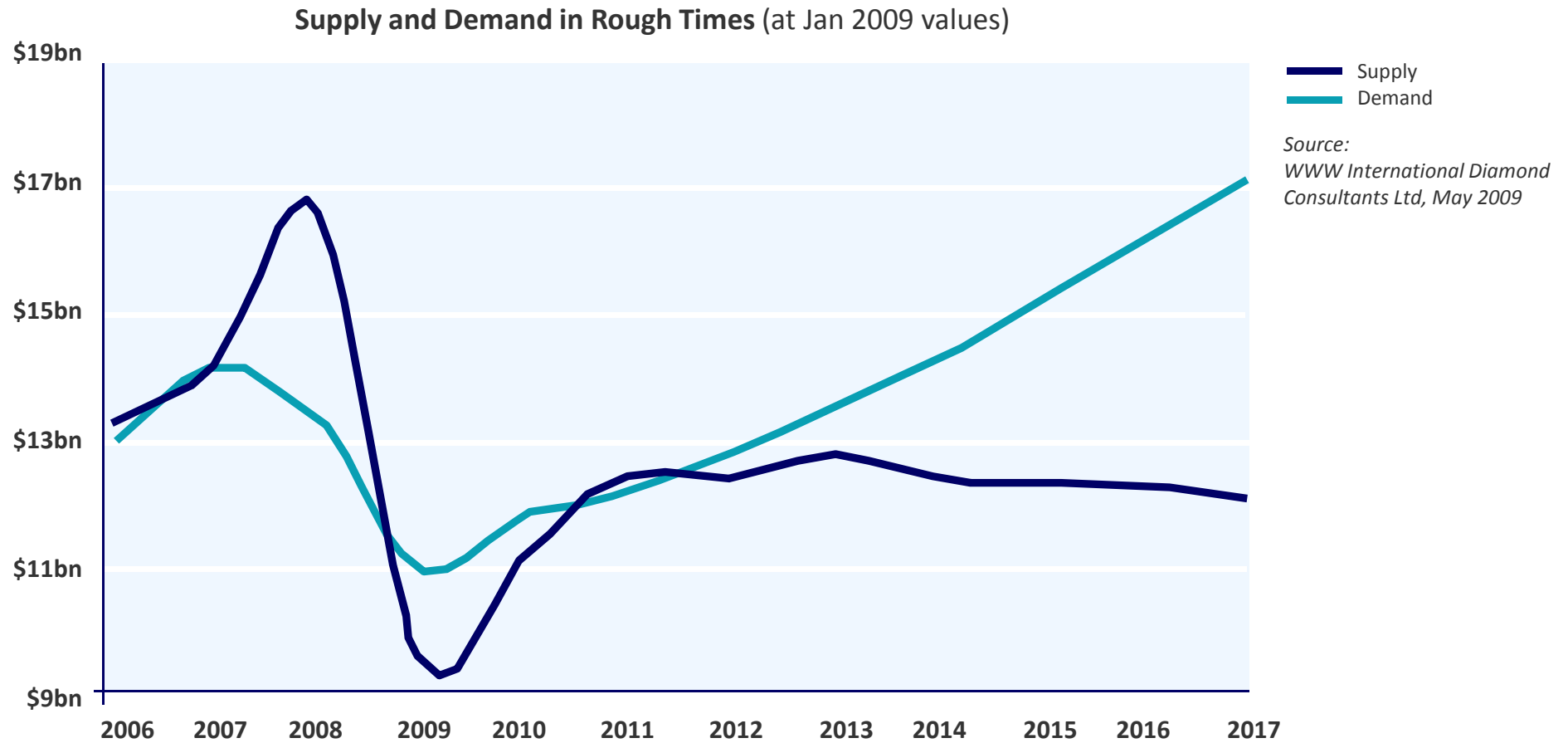
## Long-term production potential

- High grade kimberlite dyke adjacent to Mandala alluvial mine
- Bouro North Dyke - 5km strike length
- Previous sampling grades of up to 500cpht
- Diamond value unknown
- Surface bulk sampling planned to determine diamond grade and quality with more confidence (utilising Mandala infrastructure)
- Underground bulk sampling / trial mining planned if results are encouraging



Mandala, Ouria and Bouro licence areas

# Favourable Outlook for Rough Diamond Market



## Valuation of Stellar

- RBC published research and valuation on Stellar in May-10:

NAV USD	Shares	NAV/share	NAV/share
<b>\$42.28 million</b>	<b>96,694 million</b>	<b>\$0.44</b>	<b>£0.27</b> (at exchange rate of \$1.60)

- Using same RBC valuation but with current share capital and exchange rate:

NAV USD	Shares	NAV/share	NAV/share
<b>\$42.28 million</b>	<b>101,194 million</b>	<b>\$0.42</b>	<b>£0.28</b> (at exchange rate of \$1.50)

- Current share price **£0.12**
- Stellar currently trading at an implied discount to NAV of **-57%**

## Investment Rationale

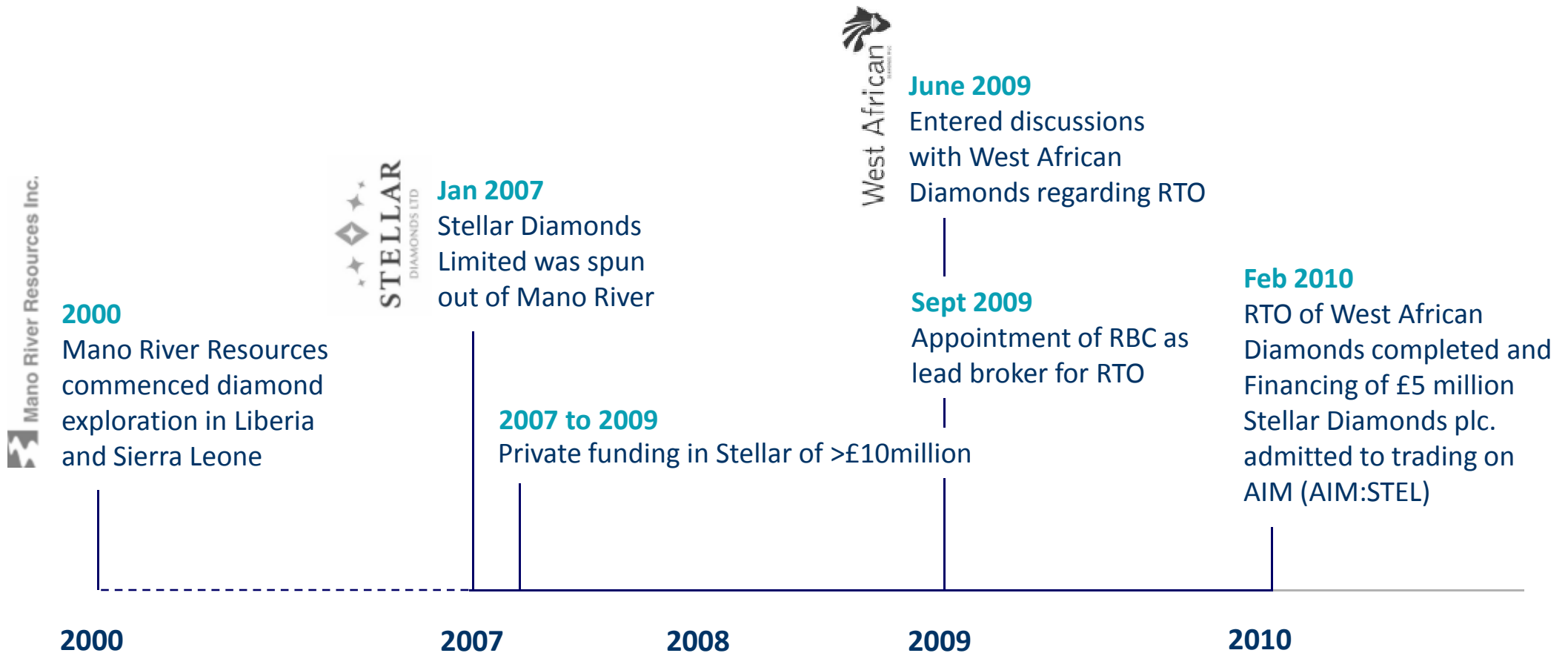
- Diversified diamond producer and explorer focussed on West Africa
- Proven track record of developing mines
- Strong Board with extensive industry experience
- Two producing mines, targeting revenue of ~ \$1million per month by end 2010
- Impressive growth profile through development of high-grade kimberlites that demonstrate economic potential
- Positive outlook for rough diamond prices and diamond producers

**“Increasing production with positive development upside”**

## Appendix

- History
- Board of Directors
- Corporate Information
- Contact Details

# History of Stellar Diamonds plc



## Board of Directors

### **Lord Daresbury (Peter), Non-Executive Chairman**

Involvement in emerging markets since 1994. Previously Non-Executive Chairman of De Vere Group plc 2000-2006, Chairman of KazakhGold Group Ltd 2005-2007 and Executive Chairman of Highland Gold Mining Ltd 2002-2004.

### **Karl Smithson, Chief Executive Officer**

Mining Geologist and MBA with 21 years' African experience, including 10 in West Africa. Senior management positions with De Beers, SouthernEra and African Aura Mining.

### **Angus Ogilvie, Finance Director**

Chartered Accountant with 31 years' industry experience. 10 years experience in Botswana as Mine Accountant for Orapa and Letlhakane Mines and Botswana Ash.

### **Luis da Silva, Non-Exec Director**

Mining Engineer and MBA with operational, technical and corporate experience globally with Blue Circle Industries and Lafarge SA. CEO African Aura Mining.

### **Steven Poulton, Non-Exec Director**

Mining geologist previously 7 years with Mano River. Founder of Ariana, African Aura and Altus Strategies. CEO of Altus Strategies.

### **Paul Rankine, and Non-Exec Director**

Mining engineer MBA with 22 years' experience including Zambezi Nickel (founder and CEO), Citigroup Asset Mgt., and De Beers. Director of Altima Partners.

### **James Campbell, Non-Exec Director**

Mining geologist with 21 years' experience in the diamond mining industry under De Beers, where he held a number of senior positions. Currently Managing Director of African Diamonds Plc.

## Corporate Information

### Stock Data

Ticker	AIM:STEL
Share Price	£0.12
Shares in Issue	101,193,932
Market Capitalisation	£12.14 million

### Significant Shareholders

African Aura	30.4%
JP Morgan	9.4%
Altima Global	8.0%
Lynchwood	4.9%
Petra Diamonds	4.4%

### Capital Structure

	Exercise Price	Number of Shares
Shares Outstanding		101,193,932
Broker Warrants (expiry 21-Feb-12)	£0.20	1,190,125
Warrants (expiry 21-Feb-12)	£0.25	1,507,500
Options	£0.20	3,482,325
Options	£0.15	600,000
Options	£0.87 to £1.23	1,350,138
Fully Diluted		109,324,020

## Contact Details

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