



Building a Leading Diamond Company in West Africa

June 2011



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Overview of Stellar Diamonds

- A leading West African diamond exploration, development and production company
- Ten year track record of exploration, development and mining in Sierra Leone and Guinea
- Focussed on value creation through the development of high grade kimberlite projects
- Raised £6.2 million (before expenses) in March 2011
- Fully funded to define initial resources at Droujba and Tongo

Board and Management

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

Geologist and MBA with 23 years' African experience, including 11 in West Africa. Senior management positions with De Beers, SouthernEra and African Aura Mining.

Rowan Carr, COO

Geologist with 25 years' experience in the diamond mining industry under De Beers and Stellar where he managed operations in Botswana, South Africa, Angola, CAR, DRC, Sierra Leone, Liberia and Guinea.

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 Afferro 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.

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. Previously Managing Director of African Diamonds Plc. Recently appointed as CEO and President of Rockwell Diamonds.

Corporate Information

Stock Data

Ticker	AIM:STEL
Share Price	£0.065
Shares in Issue	216,766,659
Market Capitalisation	£14.1 million

Significant Shareholders

Aureus Mining	14.2%
Richmond Cap.	9.5%
Blackrock	9.1%
Barclays Nominees	3.4%
Directors	3.0%

Capital Structure

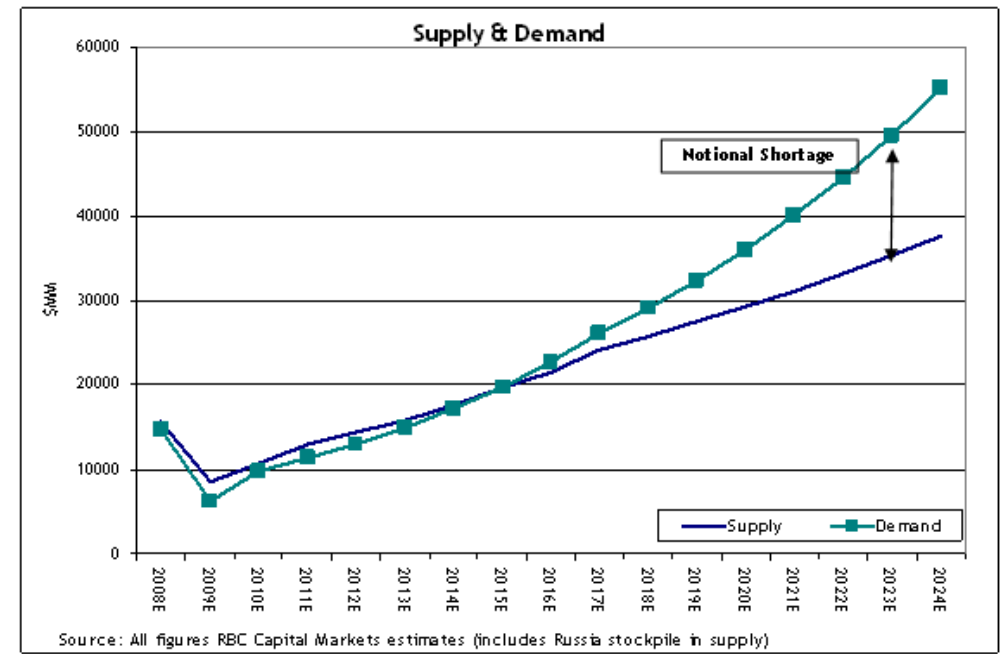
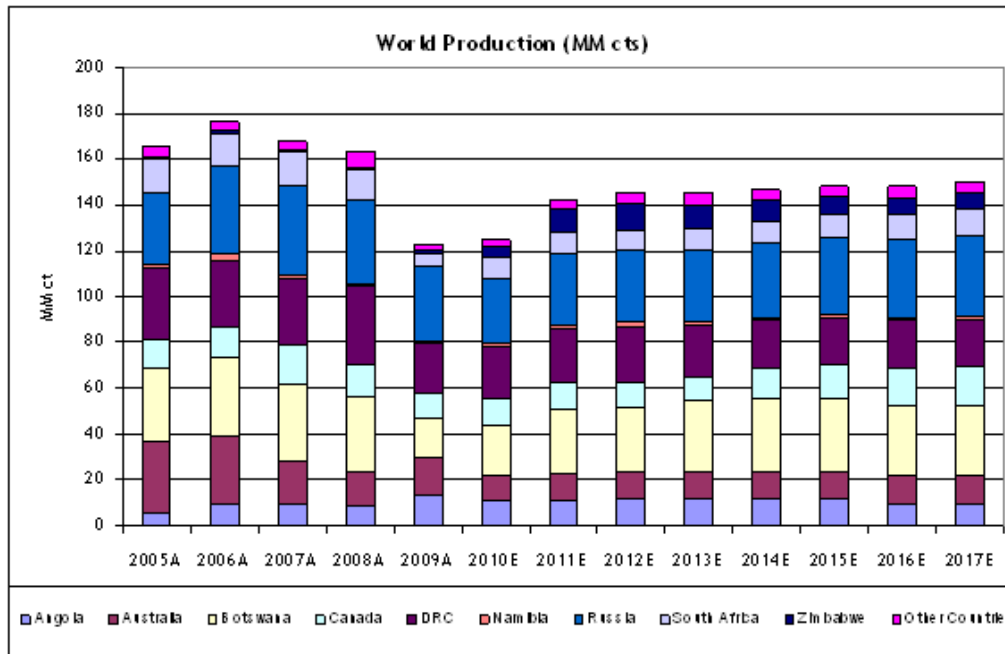
	Exercise Price	Number of Shares
Shares Outstanding		216,766,659
Warrants (expiry 14-Apr-12)	£0.12	23,064,383
Share Options		7,944,675
Fully Diluted		247,775,717

Strategy

- Deliver shareholder value through advancing the high-grade kimberlite portfolio towards production
- Accelerate development of priority kimberlites Tongo and Droujba
- Position Stellar to become a significant diamond producer in the medium term, maximising exposure to rising diamond prices



Positive Diamond Supply and Demand Fundamentals



Static production levels and increasing demand will lead to growing supply/demand imbalance

Stellar Diamonds' Projects



Kimberlites – the key to unlocking value

High grade kimberlites in the Stellar portfolio:

	Kono (Sierra Leone)	Droujba (Guinea)	Tongo (Sierra Leone)	Bouro (Guinea)
Expected /Forecast In-situ grades:	>65cpht	>100cpht	>100cpht	>400cpht
	Trial mining Stage (C&M)	Drilling and bulk sampling	Bulk Sampling	Bulk sampling



Peer Kimberlite In-situ Value Comparisons in Africa

Kimberlite	In-situ Grade (cpht)	Diamond Value (\$/ct)	In-Situ Value \$/t	Company
Tongo Dyke 1	110	169	186	Stellar
Kono Pol-K	65	152	99	Stellar
Fissures	45	192	86	Petra
Bouro North	240	35	84	Stellar
Droujba	100	50	50	Stellar
Cullinan	37	120	44	Petra
Letseng	1.3	3,291	43	Gem
Kimberley	14	285	40	Petra
AK6	16	243	39	Lucara
Liquobong	34	90	30	Firestone
Koffiefontein	6	470	28	Petra
Kao	8	311	25	Namakwa
Mothae	2.4	800	19	Lucara
BK11	9	155	14	Firestone

Droujba Kimberlite Pipe Guinea

- Discovered in the 1960s and mined down to 20m depth by Russians
- Russian sampling grades of up to 5.84ct/m (>200cpht)
- 270-ct stone discovered by local diggers in alluvials near to pipe
- Drilling programme commenced in November 2010
- 18 holes completed for 3,000m
- Pipe intersected at 222m, open at depth
- Surface area delineated at 3-hectares
- Initial microdiamond results significantly positive
- Phase-2 drilling to delineate resource to 250m



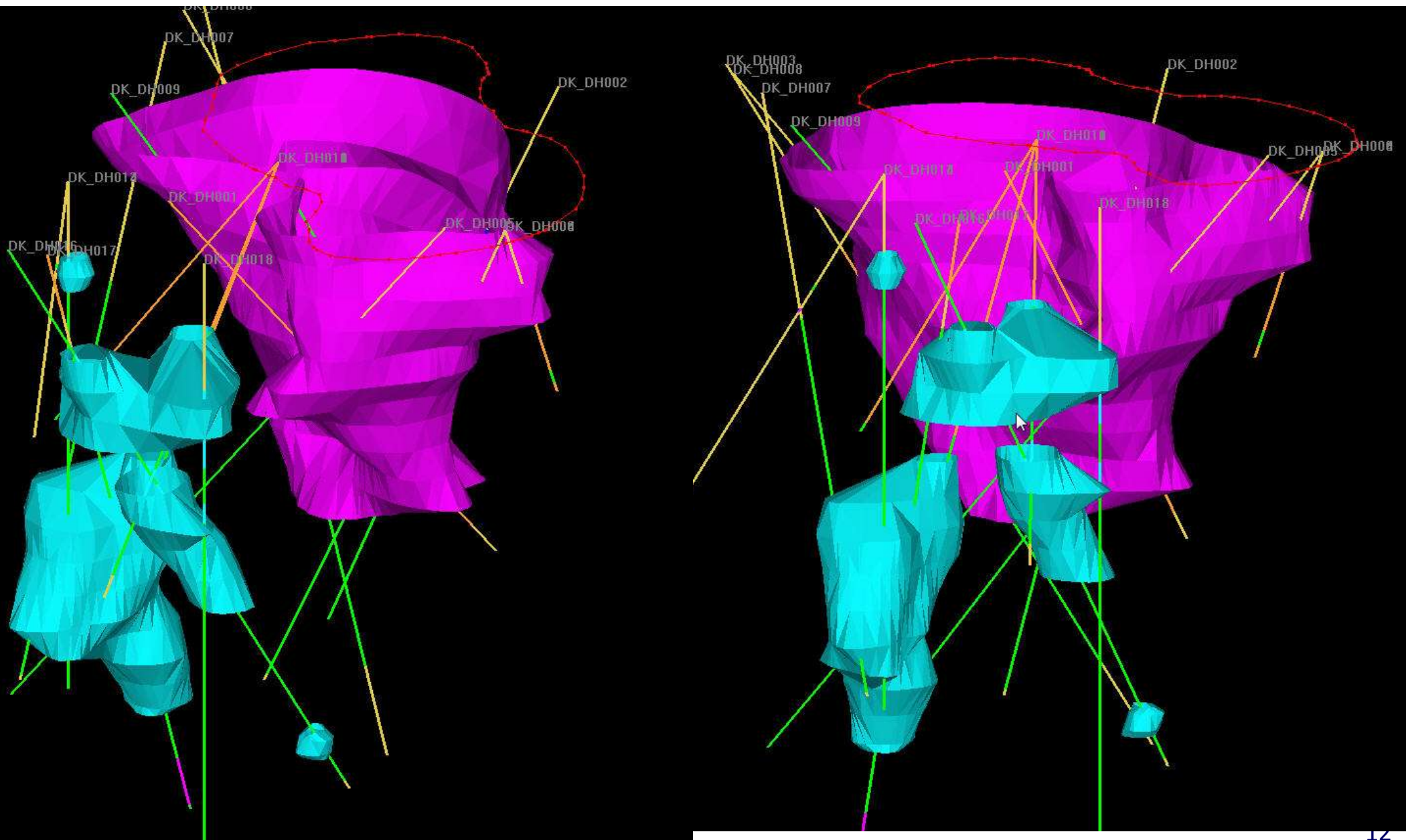
Aerial view of the Droujba Kimberlite pipe



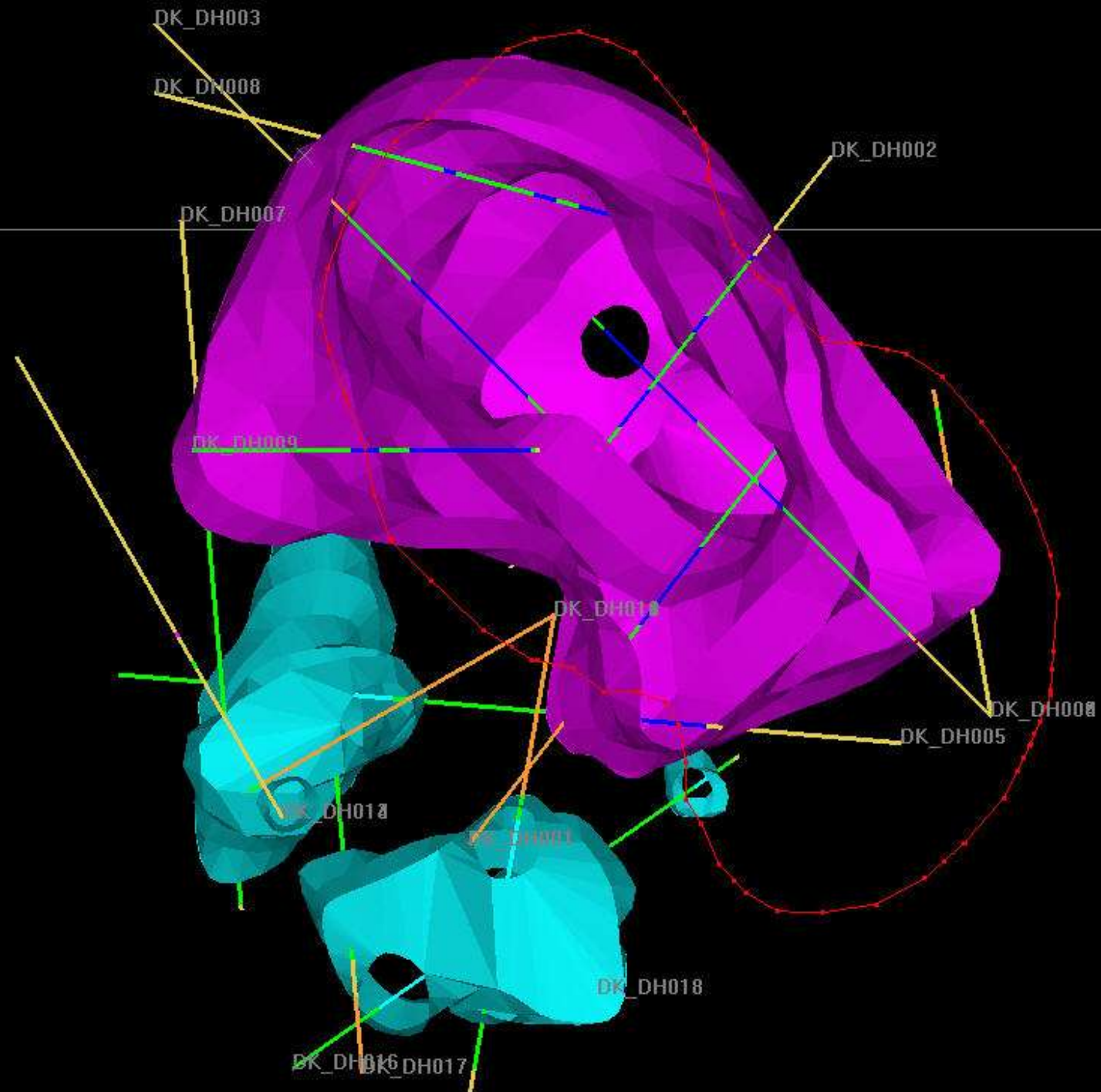
Drilling around Droujba Pipe

Droujba in 3D viewed from different directions

Although the computer depicts three separate parts of the Southern Blind Intrusion, it is likely to form one body surrounded by country rock breccia of varying grade



Droujba in 3D: Viewed from above, i.e. plain view



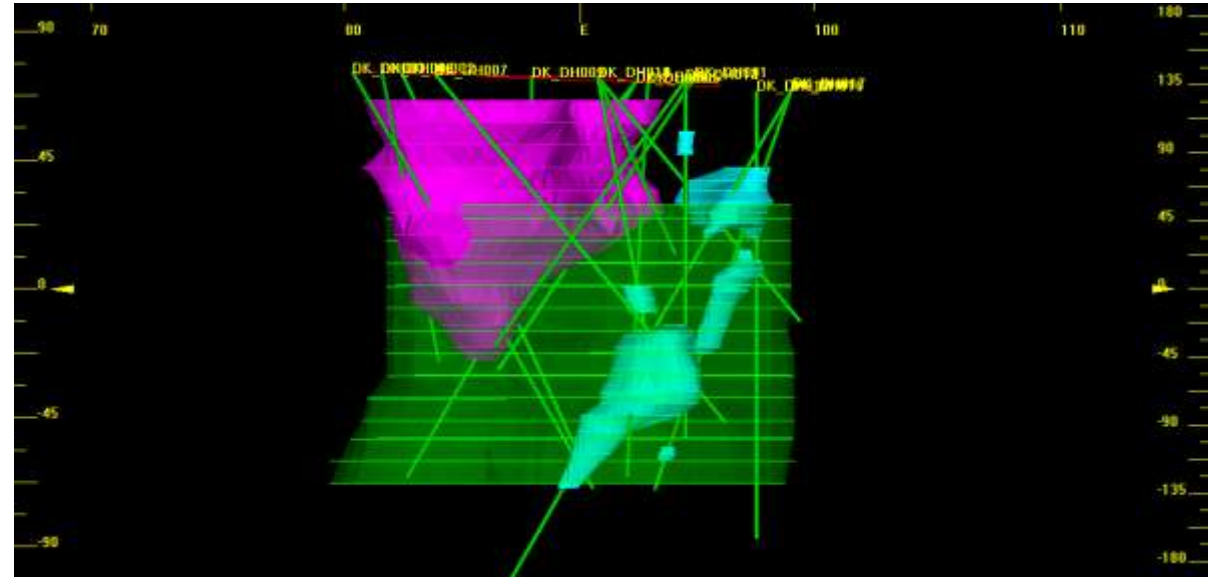
Droujba Kimberlite Pipe Guinea

Current Programme (to Mar-12)

- Initial geological model to 120m
- Ph-2 core drilling to 250m
- Further microdiamond analysis
- Macrodiamond grade forecast
- Surface bulk sampling >5,000t
- Diamond grade and value
- Signed off inferred resource to 250m

Next Phase of Development (to Dec-12)

- 17-inch drilling for grade at depth
- Surface bulk sampling >5,000t
- Establish diamond grade and value
- Signed off indicated resource to 250m



Current geological model



Rowan Carr (COO) and Abdulaye Diallo (Senior Geologist)
studying Droujba drill core

Tongo Kimberlite Project Sierra Leone

Key value driver for growth

- Tongo is a renowned diamond mining area of Sierra Leone
- Stellar commenced exploration in 2007
- Four kimberlites discovered and tested
- Dyke 1 strike length of 2.5km
- Significant tonnage potential to depth
- 2,000 tonne bulk sampling programme in progress



Dyke 1 Bulk Sampling in progress



Stable wall rock = dilution control

Tongo Kimberlite Project Sierra Leone

Bulk Sampling Results

- 2,000 ton bulk sampling ongoing and yielding in-situ grades of 110cpht
- 500 carats produced, to be exported in June
- 90% diamonds classified as gem quality
- 2008 diamond parcel re-valued at \$169/ct
- Calculated \$186 per tonne in situ value kimberlite, some of the highest value rock in the world



Operational 5tph DMS plant



Dyke 1 diamonds valued at \$169/ct

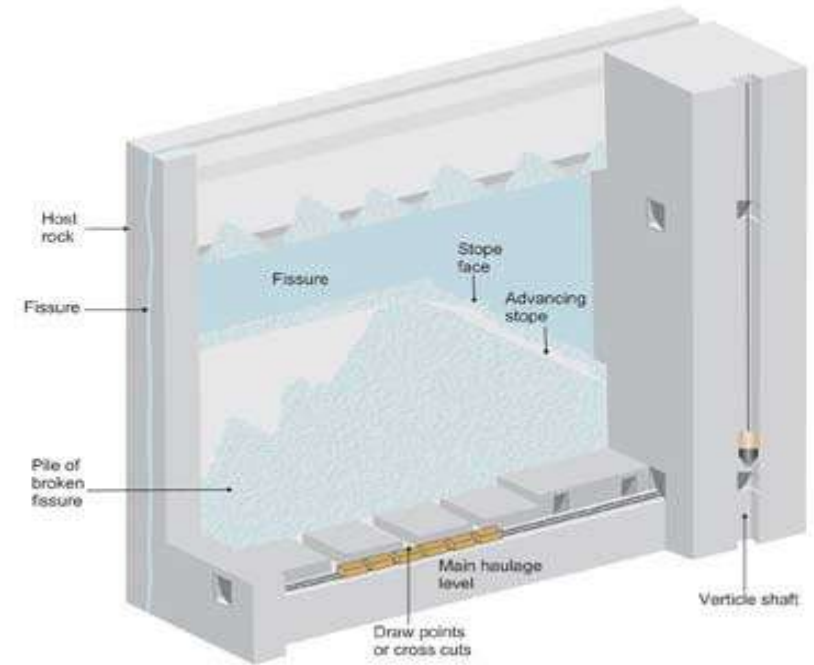
Tongo Kimberlite Project Sierra Leone

Current Programme (to Jul-11)

- Complete 2,000t bulk sample
- Additional surface bulk samples along dyke
- Diamond grade and value estimation

Next Phase of Development (to Aug-12)

- Drilling along strike (3,000m in 20 holes)
- Sink shaft to 85m
- Development drives at 50m and 80m
- Establish diamond grade and value with larger bulk sample, underground mining conditions
- Post Apr-12 trial stope mining between 30m and 60m
- Inferred resource statement



Shaft Head Frame at Pol-K, Kono

Kono and Bouro – bulk sampling to continue

- **Kono**

- 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 66cph (Pol-K), 140cph (Bardu)
- \$152/ct for Pol-K “pre-crash”
- The project was temporarily put onto care and maintenance in May-09 to preserve cash

- **Bouro**

- 5km long kimberlite
- 2km from Mandala plant
- De Beers work suggested grades of over 400cph
- First bulk sample gave grade of 243cph
- 550 carats to be exported in May for valuation
- Additional bulk samples to be collected before end July-11
- Decision on future work will depend on diamond grade and value from these bulk samples

Production

Mandala and Bomboko

- 128,000 carats produced to date
- \$4m in sales completed
- Bomboko closed down due to uneconomic grades
- Mandala to continue in high grade areas (>40cpht) so long as it remains profitable



Mandala gems



Mandala plant



Bomboko run of mine diamonds

Key Anticipated Newsflow in 2011

Project	Q2-2011	Q3-2011	Q4-2011	Q1-Q2 2012
Tongo	Bulk sample grade and diamond value results	Drilling and bulk sampling results, diamond value	Commence shaft sinking	Commence underground trial stope mining
Droujba	Drilling update, initial tonnage model and macrodiamond grade forecast	Updated geological model and macrodiamond grade forecast	Commence surface bulk sampling. First inferred resource statement	17-inch drilling, surface bulk sampling. Indicated resource statement
Bouro and Kono	Bulk sample results (Bouro)	Diamond value (Bouro)	Bulk Sample results (Kono)	Diamond value (Kono)

Investment Rationale

- An established and well diversified diamond company focussed on West Africa
- Advancing high-grade kimberlite portfolio
- 12 month programme of delivering resources on Droujba and Tongo
- Positive outlook for rough diamond prices
- Board considers that substantial value will be created in 2011 and 2012

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