



Liqhobong Mine Development Project Update

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

Liqhobong Mine Development Project Update

Firestone Diamonds plc, the AIM-quoted diamond company, is pleased to provide an update on the Liqhobong Mine Development Project ("Liqhobong" or the "Project"). The Project, which commenced in June 2014, is expected to take 24 months to construct and includes the construction of the new 500 tonne per hour main treatment plant and supporting infrastructure to treat 3.6 million tonnes of ore and recover plus 1 million carats per year. Initial production is expected to commence at the end of Q2 2016.

HIGHLIGHTS

- Project commenced in June 2014, following completion of the Project financing in May 2014;
- The Project is currently on time and on budget;
- The Company has now secured all major contracts and placed orders for all long lead items;
- Approximately ZAR400 million has been spent on the Project to date;
- The grid power project is progressing on time and connection to grid power is expected to be achieved during the second half of 2015;
- The final conditions precedent for the US\$82.4 million Absa project debt facility ("Absa Facility") are expected to be completed well before the need to draw down the Absa Facility, which is expected to be late March 2015; and
- The Project team is now in place. The Project has created over 400 jobs and Liqhobong has maintained its target of zero lost time injuries.

Following completion of the Project financing, in May 2014, the Company commenced the Project in June 2014 with the finalisation of the major contracts and the commencement of the site establishment, general earthworks and the decommissioning and removal of the pilot plant.

To date the Project is progressing well and is on time and on budget, with the pilot plant having now been removed and the earthworks progressing on schedule. Fortunately the winter season was mild, with no snow, which allowed the Project team to progress certain work streams ahead of schedule, in advance of the rainy season, which commenced in late October.

A total of ZAR1.28 billion in orders out of the total budget of the ZAR1.43 billion Engineering, Procurement, Construct and Manage ("EPCM") contract have been placed. The three largest contracts under the EPCM contract, totalling ZAR943 million, have been agreed on a fixed price basis to remove the escalation risk. The Project team's budget of ZAR280 million, which contains, *inter alia*, the escalation, contingency and Project team salary costs is in line with the budget. To date, approximately ZAR400m has been spent on the Project, which is as per the budgeted schedule.

The provision of electrical infrastructure to connect the mine to grid power is a separate project which is also progressing as planned. The total project cost is ZAR165 million with Firestone funding ZAR145 million with the balance, ZAR20 million, being funded by the local company engaged to construct the power infrastructure. All equipment and long lead item orders have been placed and site preparation for the substations is well advanced. Connection to grid power is expected to be achieved during the second half of 2015, ahead of the initial schedule, which will enable the Company to realise savings against the Project's budget, as it will be able to use grid power instead of diesel-generated power.

The final conditions precedent for draw down of the US\$82.4 million Absa Facility are progressing on schedule and are expected to be completed well before the need to draw down on the Absa Facility, which is likely to be late March 2015.

The Project team is now in place and Firestone has already created over 400 jobs at Liqhobong, which will continue to rise over the course of the Project. The rainy season has now commenced and the increased project execution risk, due to the potential of heavy rainfall, is being well managed. Liqhobong has maintained its target of zero lost time injuries.

The Company will shortly make available a number of photos showing the Project's progress on its website www.firestonediamonds.com.

The support from the Government of Lesotho has been positive with keen interest in the Project's progress being expressed. The ongoing difficulties that the coalition Government has been experiencing have not disrupted the Project in any way. Firestone remains supportive of the Government and hopes that they continue along the agreed Southern African Development Community (SADC) brokered solution. Elections are expected to be held in early 2015, and Firestone looks forward to a continued positive relationship with the Government, the Company's 25% partner in the Liqhobong Diamond Mine.

****ENDS****

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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 Mine Development Project in Lesotho to become a plus 1 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.

This information is provided by RNS
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