



Quarterly Update

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

Quarterly Update and Commencement of Commercial Production

Firestone Diamonds plc, the AIM-quoted diamond company, is pleased to provide its quarterly update on commissioning activities at its Liqhobong Diamond Mine ("Liqhobong" or the "Project") for the quarter ended June 2017 (Q4 of the Company's financial year). Liqhobong is owned 75% by Firestone and 25% by the Government of Lesotho.

Highlights for the quarter ended 30 June 2017

- Plant commissioning activities completed and full nameplate targets reached for all three months of the quarter
- 925,000 tonnes treated (Q3: 639,000 tonnes) bringing total for the financial year to 1,966,000 tonnes, at upper end of guidance range of 1,800,000 to 2,000,000 tonnes
- 204,000 carats recovered at a grade of 22 carats per hundred tonnes ("cpht") (Q3: 103,000 carats at a grade of 16.1 cpht) bringing total carats recovered for the financial year to 365,000 at an average grade of 18.6 cpht, ahead of guidance (360,000 carats)
- Recovery of 54 special stones (larger than 10.8 carats) as well as the continued recovery of fancy yellow diamonds (Q3: 31 special stones), a total of 112 special stones were recovered during the financial year
- Two scheduled diamond sales held during the quarter in Antwerp saw 182,786 carats sold, generating total sale proceeds of US\$14.1 million, achieving an average price of US\$77 per carat, due to different sales mix compared to previous quarter
- Diamond sales for the financial year saw 310,376 carats sold, generating total sale proceeds of US\$27.8 million, achieving an average price of US\$90 per carat
- Continued strong operating cost management resulting in US\$11.3 per tonne treated for the quarter and US\$11.6 per tonne treated for the year, slightly below bottom end of guidance
- Following the completion of commercial production testing, Firestone commenced commercial production and ceased capitalising Project expenditure from 1 July 2017
- As at 30 June 2017, cash on hand was US\$17.3 million, which includes the US\$5.0 million drawn down from the extended US\$15.0 million standby facility, with US\$10.0 million still available
- Zero lost time injury record maintained, with over 4.4 million hours worked since the start of the Project over three years ago
- Post the period end, second ABSA debt repayment of US\$4.1 million made

Stuart Brown, Chief Executive Officer, commented:

"I am delighted to report that Firestone has finished its financial year with another extremely strong quarter. The

commissioning and ramp up process at Liqhobong has been very successful, particularly in terms of mining and treatment and to have achieved commercial production within eight months of start-up is an exceptional record. I am exceedingly proud of the team's performance and in particular the safety record, which we continue to strive to protect. I look forward to reporting on the next financial year where Firestone expects to realise its vision of becoming a mid-tier diamond producer."

Mine Performance - Commercial Production Testing Complete

Liqhobong's plant has performed to nameplate design during the 4th quarter ended 30 June 2017, treating 925,000 tonnes (Q3: 639,000 tonnes) bringing the total for the financial year to 1,966,000 tonnes. This tonnage achievement is at the top end of guidance and confirms that Liqhobong has completed its commercial production testing programme. As a result of the commencement of commercial production, Firestone ceased to capitalise Project expenditure from 1 July 2017.

As mining operations at Liqhobong have advanced and the cuts and benches are being established to follow the detailed mine plan, the Company's ability to access more areas of the pit increases, with the Company moving into the higher grade K5 ore during the quarter. The ability to further access K5 and K4 and other areas of the pit will continue to increase over the coming months as the infrastructure for cut one is established.

Of the 1,966,000 tonnes treated for the year, 80% came from the lower grade K2 material in the pit with some dilution. 7% of the tonnage came from the K4 material also with some dilution. 8% of tonnage came from K5, with the balance of the material treated coming from historic mixed stockpiles used during the initial commissioning stages.

It is important to note that the tonnes treated to date, and therefore the grade and value, are not yet representative of Liqhobong's true production profile. This will only start to become evident as more representative volumes of all ore facies are treated and the characteristics of the ore body becomes more fully understood.

During the quarter ended June 2017, 204,000 carats were recovered at a higher grade of 22 cpht (Q3: 103,000 at a grade of 16.1 cpht). The continued increase in grade is a result of the Company processing higher grade K5 ore as well as the successful plant modifications implemented in the previous quarters. A total of 54 special stones were recovered larger than 10.8 carats (Q3: 31 special stones) bringing the total for the financial year to 112 special stones, as well as the continued recovery of fancy yellow diamonds throughout. A total of 365,000 carats were recovered during the financial year, at an average grade of 18.6 cpht, marginally beating the production guidance. In addition, the Company's diamonds continue to be recovered with minimal damage.

Costs per tonne treated for the quarter were US\$11.3, below the lower end of guidance of US\$12.0 to US\$14.0 per tonne, which was a particularly pleasing result as the Company had to work with a significantly stronger ZAR:US\$ exchange rate of ZAR12.9 compared to the budgeted ZAR14.5. The average cost per tonne treated for the year is US\$11.6 also below the lower end of guidance.

The waste stripping programme is currently ahead of schedule and the main pit is now completely dewatered. Waste moved for the year was 1,785,000 tonnes against a budget of 1,424,000 tonnes, with the increase being to allow the Company to complete the Residue Storage Facility 3 wall uplift ahead of schedule to further protect the mine in case of above average downpours during the rainy season which normally runs from October to April each year. It is expected that the wall uplift will be completed during the current quarter.

The summer rainy season was slightly above average and all the storage facilities on site were filled to required levels. As at 30 June 2017 Firestone had 560,000m³ of water on site, which is more than sufficient to last until the next rainfall season later in 2017.

Health & Safety

At the end of the quarter and financial year, the Project maintained its outstanding health and safety record, having reached over 4.4 million hours worked without a single Lost Time Injury since the Project commenced over three years ago. A total of 2,626,640 hours worked have been recorded for the 2017 financial year.

Diamond Sales

During the period, Firestone held two diamond sales in May and June 2017 in Antwerp. The diamond sales saw all 182,786 carats offered for sale sold, achieving an average price of US\$77 per carat for total sale proceeds of US\$14.1 million.

Diamond sales for the end of the financial year therefore amounted to 310,376 carats sold, generating total sale proceeds of US\$27.8 million, achieving an average price of US\$90 per carat.

The average price per carat for the quarter was lower than the Company's internal projections and is a result of an increase in the recovery of finer carats at Liqhobong, as the Company modified its plant during the commissioning stages as previously reported. The exceptional recoveries included in the first two sales (March and April 2017) were also slightly better than the exceptional recoveries included in the May and June sales, hence the decline in the average realised price.

The Indian demonetisation programme has also impacted the Company's sales results when compared to the Company's initial price book and historic sales of our run of mine goods. Firestone has estimated that the impact of the Indian demonetisation programme has reduced sale proceeds by approximately 8% for the Company's sales to date.

Firestone does not expect a recovery in the lower priced category goods in the short to medium term, as supply remains readily available and demand is seen to be reducing slightly. Firestone has however, continued to see strong interest and support for its higher quality and better value goods in all four of its sales.

In line with previous guidance, the Company will continue to hold two diamond sales per quarter and the Company will update the market on the result of such sales in the next quarterly update expected in October 2017 for the quarter ended 30 September 2017.

Financial

As at 30 June 2017, the Company had US\$17.3 million cash on hand, which included the compulsory drawdown of the US\$5.0 million from the extended US\$15.0 million standby facility as announced 22 June 2017, with US\$10.0 million still available.

In addition, post the quarter end, the second ABSA debt repayment of US\$4.1 million was made as scheduled (US\$3.3 million in capital with interest of US\$0.8 million).

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 Liqhobong Diamond Mine in Lesotho.

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

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

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