



Project Finance Update

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Firestone Diamonds PLC
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Firestone Diamonds plc

("Firestone" or the "Company") (AIM: FDI)

Project Finance Update

Firestone Diamonds plc, the AIM-quoted diamond mining and exploration company, is pleased to provide an update on its on-going finance initiatives for the Main Treatment Plant ("MTP") at the Company's flagship asset, the Lihobong Diamond Mine, in Lesotho.

HIGHLIGHTS

- Mandate signed with leading international bank (the "Bank") to lead the project finance in relation to the Company's MTP ;
- Discussions are progressing well for the large forward sale agreement to significantly reduce the Company's required equity contribution towards the MTP; and
- A US\$6 million forward sale agreement has been signed in relation to the Company's smaller stones as part of the on-going strategy to strengthen the Company's working capital position.

The project finance discussions in respect of the MTP remain on track and an international bank has recently been mandated to lead the process on behalf of the Company. The Bank has appointed independent advisors and has commenced its due diligence process. The process is expected to last approximately six months and is subject to the satisfactory completion of the due diligence and the Bank's standard internal approval process as well as debt insurance to be provided by the Export Credit Insurance Corporation of South Africa.

Firestone is also progressing well in its discussions to secure a large forward sale agreement as an added source of finance for the MTP. In addition, the Company continues to explore ways to optimise the MTP and further reduce the capital requirements. If successful, the above steps are expected to significantly reduce the equity contribution required to fully fund the MTP. As announced in the Definitive Feasibility Study back in October 2012, the initial capital expenditure required for the plant and associated infrastructure was calculated to be US\$167 million.

In addition the Company announces that it has signed a US\$6 million forward sale agreement in relation to its smaller stones. This agreement is part of an on-going initiative to strengthen Firestone's working capital position and it provides the Company with an immediate cash injection.

Lucio Genovese, Non-Executive Chairman of Firestone commented: "Our financing efforts remain on track and, if successful, would significantly reduce the equity required to fund the Main Treatment Plant at Lihobong.

The recent signing of the US\$6 million forward sale agreement is also a very positive step in strengthening the Company's cash and working capital position in a way that avoids equity dilution in these markets."

For more information, please visit the Company's website at: www.firestonediamonds.com or contact:

Firestone Diamonds Tim Wilkes	+27 (79)8719686 / +44 20 8741 7810
Mirabaud Securities (Broker) Rory Scott	+44 20 7878 3360
N+1 Singer (Nominated Adviser)	+44 20 7496 3000

Jonny Franklin-Adams
Alex Wright

Tavistock Communications
Jos Simson
Emily Fenton

+44 20 7920 3150 / +44 7899 870 450

Background information on Firestone Diamonds:

Firestone Diamonds plc is an international diamond mining and exploration company with operations focused on Lesotho and Botswana. Firestone currently operates the Lihobong Mine in Lesotho and is also one of the largest holder of mineral rights in Botswana's diamondiferous kimberlite fields, controlling approximately 5,510 square kilometres including prospecting licenses around the major Orapa mine, as well as the entire Kokong and Tsabong kimberlite fields.

Lesotho is emerging as one of Africa's significant new diamond producers, and hosts Gem Diamonds' Letseng Mine, Firestone's Lihobong Mine as well as Namakwa Diamonds'Kao Mine and the Mothae development project.

This information is provided by RNS
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