



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 on Commissioning and Production Ramp Up Activities

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 March 2017 (Q3 of the Company's financial year). Liqhobong is owned 75% by Firestone and 25% by the Government of Lesotho.

Highlights for the quarter ended 31 March 2017

- Commissioning activities largely complete, final ramp up progressing on track
- 639,000 tonnes treated with nameplate capacity continuing to be achieved on numerous occasions (Q2: 402,000 tonnes)
- 103,000 carats recovered at a grade of 16.1 carats per hundred tonnes ("cpht") (Q2: 58,000 carats at a grade of 14.1 cpht)
- Scheduled plant commissioning modifications carried out in the quarter resulted in a higher grade of 20.1 cpht achieved for March
- Grade expected to continue to rise post the implemented plant modifications and the mining of higher grade ore in the main pit in the coming months
- Recovery of over 31 special stones larger than 10.8 carats as well as the continued recovery of fancy yellow diamonds (Q2: 27 special stones)
- First two diamond sales held during the quarter in Antwerp saw all 127,590 carats offered for sale sold, achieving an average price of US\$107 per carat for total sale proceeds of US\$13.7 million
- Continued strong operating cost management of US\$12 per tonne treated at bottom end of guidance
- First debt repayment of US\$1.4 million made at the end of March 2017 as scheduled
- As at 31 March, cash on hand was US\$5.0 million, which excludes proceeds of the second diamond sale of US\$5.5 million received post quarter end, with a further US\$15.0 million available under the standby facility
- Zero lost time injury record maintained, with approximately 4 million man hours worked
- Post the period end, the Company announced the recovery of a 110 carat gem-quality light yellow diamond, Firestone's largest diamond to date.

Stuart Brown, Chief Executive Officer, commented:

"It is pleasing to see that the improvements and modifications made to the plant during commissioning have improved performance."

During the quarter, we have seen a steady improvement in the grade with our daily recovery exceeding 20 cpht at the end of March following the implemented modifications. 103,000 carats were recovered in the quarter including 31 special stones larger than 10.8 carats and post the period, we were delighted to recover our first plus 100 carat stone.

The final commissioning phase has seen the mine achieve nameplate capacity on numerous occasions which is very positive, particularly during the rainy season.

We are now starting to move towards the better quality ore areas which will be treated towards the end of the current quarter and I look forward to providing further updates as we complete the final ramp up phase over the coming months."

Mine Performance Commissioning Update

Following the completion of construction in the previous quarter, Firestone's efforts principally focused on completing commissioning activities and fine tuning its operations. Good progress continues to be made and the Company remains on track to complete the ramp up phase in the coming months.

During the quarter ended March 2017 the plant treated 639,000 tonnes (Q2: 402,000 tonnes), achieving nameplate production rates on numerous occasions. 103,000 carats were recovered in the quarter (Q2: 58,000 carats), including 31 special stones larger than 10.8 carats, as well as the continued recovery of fancy yellow diamonds.

During the quarter, the Company continued to calibrate the processing plant with scheduled shut downs as part of the normal commissioning activities. The modifications implemented were primarily designed to address the low carat recoveries experienced in the previous quarter. While these modifications impacted on the volume of tonnes treated, and in turn carats recovered, the modifications have proven to be effective with the grade rising to 20.1 cpht at the end of March compared to an average grade of 16.1 cpht for the quarter (Q2: 14.1 cpht). In addition, the Company's diamonds are being recovered with less than 1% measured diamond damage which is extremely positive.

The waste stripping is on schedule and the Company is in the process of dewatering the south-eastern side of the main pit, to begin accessing better quality ore later in the current quarter.

The rainy season is coming to an end and the Company has been able to harvest and store sufficient water to sustain production over the course of the year until the next rainy season.

Due to the Company's focus on implementing the final modifications to the plant in the quarter, the Company expects to finish the financial year end having recovered approximately 300,000 carats. While this is below the lower end of previous estimates, the Company is very pleased with the increasing grade and recovery rates which puts Lihobong in a strong position ahead of processing the better quality ore in the coming months.

Post the period end, the Company was delighted to announce the recovery of a 110 carat gem-quality light yellow diamond, Firestone's largest diamond recovered to date.

Health & Safety

At the end of the quarter, the Project maintained its outstanding health and safety record, having reached 4 million man hours worked without a single Lost Time Injury.

Financial

During the quarter, the US\$82.4m ABSA debt facility was fully drawn in line with the Project timeline and the Company successfully made its first capital repayment of US\$1.4 million.

As at 31 March, the Company had US\$5.0 million cash on hand, which excludes proceeds of the second diamond sale of US\$5.5 million received post quarter end, with a further US\$15.0 million available under the standby facility.

Diamond Sales

During the period, Firestone held two diamond sales in February and March 2017 in Antwerp. The diamond sales saw all 127,590 carats offered for sale sold achieving an average price of US\$107 per carat for total sale proceeds of US\$13.7 million.

In line with previous guidance, the Company will 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 July 2017 for the quarter ended 30 June 2017.

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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