



# Liqhobong Diamond Mine Construction Update

Released : 20 Jul 2016 07:00

RNS Number : 6712E  
Firestone Diamonds PLC  
20 July 2016

**20 July 2016**

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

## **Liqhobong Diamond Mine Construction Update**

Firestone Diamonds plc, the AIM-quoted diamond development company, is pleased to announce an update on construction activities at its Liqhobong Diamond Mine ("Liqhobong" or the "Project") as at the end of June 2016. Liqhobong is owned 75% by Firestone and 25% by the Government of Lesotho.

### **Highlights as at the end of June 2016**

- Construction 85% complete, ahead of revised target of 81%
- Plant 18% commissioned, ahead of target
- Initial production now expected in early Q4 2016, with full production rates expected to take at least six months
- Revised capital budget of ZAR2.1 billion, remains within the original project budget of US\$185.4 million
- Production guidance for financial year ending June 2017 between 1.8 - 2.0 million tonnes ("Mt")
- First diamond sales anticipated in January 2017
- Zero lost time injury record maintained, with approximately 2.6 million man hours worked

### **Stuart Brown, Chief Executive Officer, commented:**

*"I am pleased to report that construction activities at the Liqhobong Diamond Mine have continued to progress well over the last quarter. As at the end of June, construction was ahead of schedule and initial production is now expected in early Q4 2016. The Company remains fully financed throughout its ramp-up period and expects to host its first diamond sale in January 2017.*

*"The excitement and momentum is building nicely and we are looking forward to the recovery of our first carats in Q4 2016."*

### **Project Construction**

Liqhobong has continued the momentum achieved during Q1 2016 and as at 30 June 2016 the Project was 85% complete and ahead of schedule. The strong performance is once again attributed to hard work from the dedicated Project and construction teams. Pleasingly, the Project team have been able to accelerate the commissioning phase of Liqhobong and at the end of June this was 18% complete. As a result, the Company now anticipates initial production to commence in early Q4 2016.

The remaining 15% of the Project relates to the continued completion of the final equipment installation together with the installation of the electrical and control cabling and is expected to be completed early in Q4 2016.

Liqhobong has fully harvested its water requirements for its first year of production, with in excess of 400,000 cubic metres of water on site.

Currently the Company's total workforce at Liqhobong stands at 779 (March: 795) which includes both employees and contractors. The operational staffing of the mine is progressing well with all senior positions filled and the remaining required positions to be completed prior to the start of production ramp-up.

In May 2016 the Company received approval for the updated Environmental Management Plan and the revised standards and targets have been implemented. In addition, the Company is working alongside the local community to implement agreed local community improvement and sustainability projects.

### **Health & Safety**

Firestone continues to impose a rigorous safety policy and is very pleased to have maintained its Lost Time Injury free record, with approximately 2.6 million man hours worked as at the end of June 2016. This is a remarkable achievement and the entire Project team on site is committed to ensuring that all members of the team start and end their shifts safely.

### **Financial**

As at the end of June 2016, the Project was 85% complete, against the revised target of 81%. The Project also remains within the original US\$185.4 million budget and as at 30 June 2016, ZAR 1.6 billion (US\$142 million) or 76% had been spent on the Project against the revised capital budget of ZAR2.1 billion. The cash on hand at the end of June 2016 was US\$10.7 million and the Company also had US\$39.0 million available pursuant to the ABSA debt facility, resulting in forecast headroom available to the Company of approximately US\$9.0 million as at the end of December 2016. This does not include the US\$15.0 million standby facility available to the Company.

### **Production Guidance**

Following the successful construction progress achieved in Q2 2016, Liqhobong is expected to commence initial production in early Q4 2016. Once initial production has started, Firestone anticipates that the ramp up process to full nameplate capacity, being 3.6 million tonnes per annum or 500 tonnes per hour to recover up to 1 million carats per annum, will take at least six months.

During commissioning, ore from mixed low grade stockpiles and diluted ore from the main pit will be processed through the plant. The variability of this ore will influence the recovery of run of mine carats. It is difficult at this stage to predict the average dollar per carat expected for early sales of diamonds. The Company expects to treat between 1.8 and 2.0 Mt of ore during the financial year ending June 2017. Within this period, it is estimated that between 380,000 and 450,000 carats will be produced at Liqhobong. Costs are projected to be in the region of US\$12 to US\$14 per tonne processed.

### **Diamond Sale**

Firestone has scheduled its first diamond sale for January 2017, in Antwerp. Thereafter the Company will aim to host two sales per quarter. As mentioned, during the initial stages of commissioning and ramp-up, the plant will be treating lower grade ore and not run of mine production. It is expected that with a purpose built plant and mining larger volumes of kimberlite across the main pit, we will get a better understanding of the occurrence and value of large stones over time.

### **Image Gallery**

Each month the Company updates its media gallery to include images to illustrate the Project's progress and these can be found on Firestone's website: [www.firestonediamonds.com/media](http://www.firestonediamonds.com/media).

### **For more information contact:**

Firestone Diamonds plc  
Stuart Brown

+44 (0)20 8741 7810

**Strand Hanson Limited (Nomad)** +44 (0)20 7409 3494  
Stuart Faulkner  
Richard Tulloch  
James Dance

**Macquarie Capital (Europe) Limited (Joint Broker)**  
Raj Khatri +44(0)20 3037 2000  
Nick Stamp

**Mirabaud Securities LLP (Joint Broker)**  
Rory Scott +44 (0)20 7878 3360  
Ed Haig-Thomas +44 (0)20 7878 3447

**Tavistock (Public and Investor Relations)** +44 (0)20 7920 3150  
Jos Simson +44 (0)7788 554 035  
Barney Hayward

**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 Lihobong Mine Development Project in Lesotho to become a one 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 Lihobong Mine, as well as Namakwa Diamonds' Kao Mine.

For more information please visit: [www.firestonediamonds.com](http://www.firestonediamonds.com).

**\*\*ENDS\*\***

This information is provided by RNS  
The company news service from the London Stock Exchange

END

MSCRLMBTMBJBTF