



# Liqhobong Commences Production Ramp-up

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

## **Liqhobong Diamond Mine Commences Production Ramp-up**

Firestone Diamonds plc, the AIM-quoted diamond company, is pleased to provide its quarterly update on activities at its Liqhobong Diamond Mine ("Liqhobong" or the "Project") as at the end of September 2016 and to also announce the recovery of the first diamonds as the Project moves into the production ramp-up phase. Liqhobong is owned 75% by Firestone and 25% by the Government of Lesotho.

### **Post period: Ramp-up production highlights as at 20 October 2016**

- **Recovery of first diamonds**
  - First ore treated through plant as scheduled with diamonds reporting to the sort house
  - Initial recoveries are as expected and confirm presence of fancy yellow diamonds
- Commissioning at 96% complete
- First ore blast in the main pit successfully completed
- Waste stripping on target
- Ramp-up to commercial production now commenced
  - Production guidance for financial year ending June 2017 remains as announced in July 2016, with 1.8 to 2 million tonnes ("Mt") treated and between 380,000 and 450,000 carats recovered
  - Full production rates expected to take at least six months

### **Construction highlights as at the end of September 2016**

- All major construction activities complete
- Plant 91% commissioned, ahead of revised target of 50%
- Revised capital budget of ZAR2.1 billion, remains within the original project budget of US\$185.4 million
- Zero lost time injury record maintained, with approximately 3.2 million man hours worked

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

*"It is extremely exciting to have reached the end of the construction phase and to start the next chapter of the Liqhobong Diamond Mine, as we ramp-up production to become a one million carat per annum producer.*

*Discovered in the 1950's this exciting diamond deposit is on the cusp of entering commercial production and I commend the team for completing construction ahead of revised schedule and achieving over three million man*

*hours without a lost time injury - a truly exceptional accomplishment."*

### **Project Update**

Liqhobong has completed all major construction activities and at the end of September 2016 the Project was 98% complete and well ahead of schedule. The teamwork and cooperation of all staff and contractors has allowed the Project to achieve commissioning well ahead of plan. The commissioning phase was 91% complete at the end of the quarter and we have been able to commence the ramp-up to commercial production.

The remaining 2% of the Project construction relates to minor construction activities, such as cladding and final non-essential items, which will all be completed before the end of 2016.

### **Health & Safety**

At the end of the quarter, the Project had maintained its remarkable safety record, having reached 3.2 million man hours worked without a single Lost Time Injury.

### **Financial**

The Project continues to remain within the original US\$185.4 million budget and as at 30 September 2016, ZAR1.8 billion (US\$157 million) or 83% had been spent on the Project against the revised capital budget of ZAR2.1 billion. The cash on hand at the end of September 2016 was US\$4.6 million and the Company also had US\$29.0 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 completion of all major construction and commissioning stages, the production ramp-up phase has now successfully started. As per the announcement of 20 July 2016, 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.

As set out previously, during the initial ramp-up phase, 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 therefore influence the recovery of run of mine carats and it is difficult at this stage to predict the average dollar per carat that will be achieved from the early diamond sales. The Company expects to treat between 1.8 and 2.0 Mt of ore, recovering between 380,000 and 450,000 carats, during the financial year ending June 2017. Costs are projected to be in the region of US\$12 to US\$14 per tonne processed.

### **Diamond Recovery**

Diamonds recovered to date are in line with the low grade stockpiles and diluted ore that has been fed through the plant. Pleasingly the first fancy yellow diamond has been recovered. As the Company continues with the ramp-up of production and begins treatment of run of mine ore from the main pit, Firestone expects that the quality and size of the diamonds recovered will improve.

### **Diamond Sales**

Firestone has scheduled its first diamond sale to take place in Antwerp in January 2017. The sale will complete early in February 2017. Thereafter the Company expects to host two sales per quarter. As the Company increases production through the ramp-up phase and begins to treat larger volumes of kimberlite from the main pit, it will obtain an enhanced 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).

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**Background information on Firestone**

Firestone is an international diamond mining company with operations focused on Lesotho. Firestone is currently in the process of commencing production at the Lihobong Diamond Mine in Lesotho to become a one million carat per annum producer.

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

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

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

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