



Financing agreements entered into for Liqhobong

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

Financing agreements entered into for the Liqhobong Diamond Mine

Firestone Diamonds plc, the AIM-quoted diamond development company, is pleased to announce that it has entered into the Absa Debt Facility, Subscription Agreements and the Mezzanine Facility Agreement, in relation to the Fundraising, pursuant to which the Company has raised, in aggregate, approximately US\$225.2 million (£137.3 million) to build and commission the Main Treatment Plant and supporting infrastructure at the Liqhobong Diamond Mine, located in the Lesotho Highlands.

Accordingly the Placing, Subscription and Open Offer will complete on Admission of the New Ordinary Shares which is expected to occur on 29 May 2014, together with the issue of Warrants to Pacific Road and RCF VI to subscribe for, in aggregate, 487,864,372 new Ordinary Shares at a price of 6.15 US cents per new Ordinary Share (3.75 pence per new Ordinary Share).

Draw down of the Mezzanine Facility and the Absa Debt Facility are subject to the satisfaction of conditions precedent that are standard for facilities of this type. The Company currently anticipates that the majority of the proceeds from the Placing and the Subscription will be utilised prior to the drawdown of the Absa Debt Facility and the Mezzanine Facility.

Drawdown of the Absa Debt Facility is also subject to, *inter alia*, ABSA and the Export Credit Insurance Corporation SOC Ltd ("ECIC"), entering into the binding documentation for the insurance cover in respect of the Absa Debt Facility. ECIC has agreed, subject to payment of the insurance premium by the Company, to provide 100% political risk and 85% commercial risk insurance cover for a period of six years from the first drawdown of the Absa Debt Facility. ECIC is the Republic of South African Government's official Export Credit Agency.

The total cost for the Absa Debt Facility is expected to be approximately 8.9 per cent. per annum, which includes all finance and insurance related charges and costs.

Mining Lease

Following the Group entering into the Revised Mining Lease Agreement in respect of the Liqhobong Diamond Mine, as announced on 28 April 2014, the Company confirms that, in finalising the Mezzanine Facility and the Absa Debt Facility, the Group has entered into a new mining lease which shall govern the terms under which LMDC shall mine diamonds at the Liqhobong Diamond Mine for an initial period now ending on 24 April 2024. All other material terms of the mining lease remain the same as in the Revised Mining Lease Agreement, including the ability to renew the mining lease for two further periods of 10 years each.

Application for trading on AIM and total voting rights

Application will be made for 2,336,174,902 new Ordinary Shares, being the New Ordinary Shares, Creditor Shares and Fee Shares, to be admitted to trading on AIM and it is anticipated that dealings will commence on 29 May 2014. On Admission, the Company will have 3,089,928,136 Ordinary Shares in issue.

The above figure of 3,089,928,136 Ordinary Shares may be used by Shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest in, or a change to their interest in, Firestone under the FCA's Disclosure and Transparency Rules.

Share Capital Reorganisation

As detailed in the circular sent to Shareholders on 11 April 2014 (the "Circular") and approved by Shareholders at the General Meeting, it is intended that the Share Capital Reorganisation will be effected five Business Days following admission of the new Ordinary Shares to AIM, which is anticipated to be 5 June 2014. The Share Capital Reorganisation Record Date will now be 6.00 p.m. on 4 June 2014.

Following the Share Capital Reorganisation, the Company will have 308,992,814 Capital Reorganisation Shares in issue.

Further information on the Share Capital Reorganisation is set out in the Circular.

Stuart Brown, Chief Executive Officer of Firestone, commented:

"Entering into the financing agreements, following receipt of Shareholders' approval for the Fundraising at the General Meeting, is the concluding element to the project financing package required for Firestone to commence building the Main Treatment plant at its Liqhobong Diamond Mine in Lesotho. We look forward to beginning the early earth works on the Project in the coming weeks following receipt of funds from the Placing and Subscription on Admission."

Unless the context otherwise requires, defined terms used in this announcement shall have the meanings given to them in the Circular.

Unless otherwise stated, the basis of translation of pounds sterling into US dollars for the purposes of inclusion in this announcement is £1.00/US\$1.6398, being, for consistency, the exchange rate used to calculate the number of New Ordinary Shares to be issued to Pacific Road and RCF VI pursuant to the Subscription Agreements which was fixed as at the date of the Announcement.

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Background information on Firestone

Firestone is an international diamond development company with operations focused on Lesotho and Botswana. Firestone is currently in the process of developing the Main Treatment Plant at the Lihobong Mine in Lesotho to become a plus-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 and the Mothae development project.

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

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