



Diamond Sales Results and Operational Update

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

Diamond Sales Results and Operational Update

Firestone Diamonds plc, the AIM-quoted diamond company, announces the results of its latest diamond sales, held in July and September 2017 in Antwerp, and provides a further update on the process of revising the life of mine ("LOM") plan for its Liqhobong Diamond Mine ("Liqhobong"), which was first referred to in the announcement of 8 August 2017.

HIGHLIGHTS OF JULY AND SEPTEMBER SALES

- Total of 195,330 carats sold including another >US\$1 million stone
- Average value of US\$69 per carat ("/ct")
- Total sale proceeds of US\$13.5 million
- Since commencement of production in Q4 CY2016, the Company has sold all 505,706 carats recovered, for US\$41.3 million, at an average value of US\$82/ct

The July and September 2017 diamond sales saw all 195,330 carats offered for sale sold for US\$13.5 million, which included the Company's second >US\$1 million stone, achieving an average value of US\$69/ct.

This average realised value per carat represents the continued lower than expected occurrence of larger, better quality diamonds and a subdued market, as was experienced in the previous quarter. The board of Firestone (the "Board") believes that this is due to two factors;

- Firstly, the overall market environment, where a combination of oversupply and the previously reported Indian de-monetisation programme is still having an impact on the lower quality Run of Mine goods, as well as the fact that the summer months are traditionally the quietest time in the rough selling season; and,
- Secondly, the lower-than-expected occurrence of larger, better quality diamonds at Liqhobong. The Board believes that the lower frequency of higher value diamonds to date is potentially a function of the mining that has taken place since commissioning in the lower grade areas within the open pit, and which is now nearing completion. Over time, mining will progress into all areas of the open pit and the Board expects the average value per carat to improve.

From an operational perspective, the Company continues to treat ore at nameplate capacity, and is recovering the anticipated reserve grades within operating cost expectations.

The Board anticipates an improvement in the occurrence of higher quality diamonds as the higher grade kimberlite areas are mined and treated. Management continues to analyse the variability in average diamond values that it has experienced to date, which has seen the average values achieved range from US\$107/ct to US\$69/ct.

In the Board's view, this is not an uncommon situation in the early production stages of a new mine, and, in

Liqhobong's case, the Board believes that the Company's true value proposition will become clearer as more representative volumes of all the ore facies are mined and treated.

Firestone continues to work with its consultants in regards to finalising a new mine plan based on a revision of the expected average LOM dollar per carat value which it anticipates will be higher than the average value realised at its two most recent sales of US\$69/ct, albeit it expects the average value to be lower than the original figure of US\$107/ct used in the Bankable Feasibility Study, which is due to current market conditions, as set out above.

Whilst, over the medium term, both market conditions and diamond values are expected to improve, the Board recognises that a revised mine plan needs to be developed in the context of the short-term pricing pressures currently being experienced, and with a view to achieving optimal value for shareholders in the longer term.

It should be noted therefore, that at current values, the Company would require additional financing and would need to restructure its existing debt obligations in order to be able to deliver such a revised mine plan.

In this regard, the Company has been in productive discussions with both its major shareholders and its debt provider ABSA Bank Limited, with a view to reaching a solution.

Firestone will update the market further once those discussions are complete and the revised mine plan is agreed, which is expected to take place in Q4 CY2017.

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.

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Background information on Firestone

Firestone is an international diamond mining company with operations focused in Lesotho. Firestone commenced commercial production in July 2017 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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