

Firestone Restarts Mining Following Long-Term Shutdown



Firestone Diamonds resumed operations at its Liqhobong mine in Lesotho during the past quarter but still faces financial woes, management said Monday.

Mining activities recommenced on August 1 after a two-and-a-half-year closure, the company reported. It received a bridge loan of \$11.6 million from its debtholder, Absa, enabling production to begin again. Firestone is currently working with Absa on a restructuring program to pay back its outstanding balance of \$67.6 million.

“The company’s financial position remains very challenging with its high debt levels, and whilst we seek to repay this heavy debt burden over time, subject to continuing favorable market conditions, we expect this to take a considerable length of time,” said Firestone CEO Rob de Pretto.

During the first fiscal quarter ending September 30, the company rehired 97% of its

original employees, it noted. It also began processing a stockpile of 245,000 tonnes of ore that had previously been mined, from which it recovered 34,997 carats of rough. These factors enabled the company to restart faster and at a lower cost than if it had been extracting new ore, Firestone explained.

The company first [placed Liqhobong on care and maintenance](#) in March 2020 amid the coronavirus outbreak. The deposit remained shut, and Firestone [laid off employees](#) in July of that year when the pandemic halted travel and the miner was unable to sell its goods. Earlier attempts at [refinancing its debt](#) and reopening proved unsuccessful.

Firestone held its first sale since restarting operations on October 14, following the end of its first quarter. The miner brought in \$2 million in revenue from the sale of 25,224 carats, at an average price of \$81 per carat. The per-carat price is approximately 10% higher than the historical value of rough from Liqhobong, even as the sale included fewer high-quality and high-value diamonds than usual, the miner said. The miner expects rough-diamond recoveries to reach between 620,000 and 650,000 carats for the full fiscal year that ends June 30, 2023, it added.

Image: The Liqhobong mine in Lesotho. (Firestone Diamonds)