

Stellar Diamonds PLC

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Stellar Diamonds reflects on "extremely difficult" market for funding and looks ahead to sale of company

Stellar Diamonds PLC (LON:STEL) chief executive Karl Smithson reflected on the "extremely difficult" market to raise new funds as the mine developer issued results for a period which preceded its agreement to sell the company.

"The interim reporting period has primarily been focused on sourcing the necessary funding to bring the Tongo-Tonguma project into production. The capital markets in the UK have proven extremely difficult to raise funds for junior mining companies in recent years," Smithson said.

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"Furthermore, the market capitalisation of Stellar during the last six months hovered around the US\$2m level, which provided additional challenges of raising capital to develop the mine in Sierra Leone."

The Australian Securities Exchange listed buyer, Newfield Resources' takeover proposal, which came in early February, was pitched at a premium price and the buyer also provided a US\$3m loan to keep the diamond project moving forward while the deal is progressed to completion.

"The loan will also be used to pay legal and corporate financial advisor costs including those related to the possible offer for the company.

"Working capital will therefore remain constrained as we continue discussions with Newfield Resources regarding the possible offer."

Among the milestones highlighted in Stellar's results statement was the disposal of the group's Guinean assets, for a total of US\$1.25m, which took place in the first half of 2017.

In terms of its financial results, the company reported a US\$984,928m loss for the year, and it ended 2017 with just over US\$50,000 of cash and equivalents.

Price: 5.9p

Market Cap: £3.66M

1 Year Share Price Graph



Share Information

Code: STEL

Listing: AIM

52 week High Low
8.8704334917p 2p

Sector: General Mining - Diamonds & Gemstones

Website: stellar-diamonds.com

Company Synopsis:

Advancing two diamond projects with multi-million carat potential to production in West Africa with a focus on imminent trial mining at Baoulé to generate early cash flow.

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