

Diamondcorp Plc

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Diamondcorp pushes back placing deadline as talks continue

Southern Africa-focused miner Diamondcorp Plc (LON:DCP) has pushed back the deadline for its recent placing, the conditions of which have still yet to be met.

Discussions with the state-owned Industrial Development of South Africa (IDC) are continuing but the agreement in principle reached last week with the Association of Mining & Construction Union (AMCU) has been thrown into doubt.

The mine workers' union is trying to make "material amendments" to the agreement, Diamondcorp said.

A condition of the placing is that a labour agreement is reached with the AMCU union over back wages and staff reductions, without which the miner has said it faces insolvency.

Diamondcorp added today that if it couldn't finalise the terms of the original deal in the "very near term", it would affect the company's planned maintenance and remediation programme at the Lace mine in South Africa.

As a result, the board has delayed admission of the placing shares to AIM by two weeks to 28 February 2017.

The company currently has a standstill agreement with South African bondholders until 13 March 2017 or until the Business Rescue proceedings at Lace have been concluded; whichever comes first.

The delays in obtaining arrangements with the IDC and AMCU have cast doubts over the timing of the next bond payment due on 14 March.

Johannesburg stock exchange rules state that Diamondcorp must let the holders know if they intend to pay by 23 February.

Because of this, the firm is now speaking with the bondholders to try and extend the standstill.

If Diamondcorp is able to get the IDC and AMCU on side and conclude the placing, the next phase will start to ramp up operations at Lace again.

That will see more money raised and a new management team join the company.

Diamondcorp is Lace's largest creditor with £36mIn owed through a subordinated loan.

South Africa's IDC is the next largest creditor with an £18mIn project loan.

On a more positive note, the Lace diamond mine has received an insurance pay out of around £82,000.

Share Information

Code: DCP

Listing: AIM

Sector: General Mining -
Diamonds & Gemstones

Website: www.diamondcorp.plc.uk

Company Synopsis:

DiamondCorp plc is an emerging diamond producer focused on maximising shareholder value through the development of high-margin diamond production assets. The company is incorporated in the UK, and operates in the long established diamondiferous regions of southern Africa.

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Diamondcorp shares remain suspended.

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