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Stellar seeks cash for Sierra Leone  
diamond mine development

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## Stellar seeks cash for Sierra Leone diamond mine development

Diamonds

[www.stellar-diamonds.com](http://www.stellar-diamonds.com)

**Stellar Diamonds** believes that it could have the second-largest kimberlite diamond mine in West Africa following its deal with Octea Mining in April. Stellar retains ownership of the Tongo licence and will contract mine the adjacent Tonguma licence in Sierra Leone. These licences have already had £33.5m spent on them, £28m by Octea.

The two licences have a combined JORC resource of 4.5 million carats, with 4 million carats classified as recoverable. There is potential to treble this resource. The aim is to reach production of 200,000 carats in

STELLAR DIAMONDS (STEL)	3.18p
12 MONTH CHANGE %	-55.4
MARKET CAP £m	1.94

the third year of production and that could generate annual revenues of \$45m. The existing resource can last 21 years, with potential to extend the mine life.

The initial development costs will be repaid to Stellar out of the first revenues and Octea will then receive a payment of \$5m. Once these have been paid, Octea will have a 10% revenue share. After five years of production Octea will receive a one-off payment of \$5.5m.

It will take \$30m to start commercial production and initial production could begin from 12 months of commencing the project. The cash for development has to be secured before that can happen. Potential partners may invest in the BVI-registered subsidiary that holds the licences.

The placing and open offer raised £530,000 at 3.25p a share. The open offer was oversubscribed. This cash is required for the business while it seeks the finance to develop the mine, which management hopes could be secured by the end of the year.

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