

Regulatory Story

Company [Pangea DiamondFields PLC](#)
TIDM PDF
Headline Loan Facility
Released 07:00 11-Feb-2010
Number 9807G07



RNS Number : 9807G
Pangea DiamondFields PLC
11 February 2010

Pangea DiamondFields plc

('Pangea' or the 'Company')

Loan Facility

Pangea DiamondFields plc (AIM:PDF), the diamond producer and exploration company announces that a wholly owned subsidiary of the Company has entered into a US\$2.8 million convertible loan facility (the 'Loan'), to be provided by Pangea Exploration (Proprietary) Limited ('Panex').

Background to the Loan

On 23 December 2009, the Company announced that it had commissioned the upgraded processing facilities at its Cassanguidi project in Angola, but that production in December had been negatively impacted by logistical challenges and breakdowns with the project's mining fleet. These interruptions were reported as likely to hamper throughput to the plant and production in January 2010.

The Cassanguidi upgrade was achieved by purchasing equipment from dormant third party projects within Angola at prices well below market values. A result of the extended dormancy of this equipment is that a number of breakdowns are occurring. These breakdowns combined with long lead times in obtaining spare parts are constraining the productivity of the project. As a result management has taken the decision to increase the capacity of the mining fleet in order to reach the targeted plant throughput of 30,000m³ of in situ gravels per month.

To achieve this an additional new excavator has already been purchased, to be on site by mid February 2010, and dump trucks and a front end loader are being redeployed from the Company's Bakerville project in South Africa. In addition a larger inventory of fast moving spares is being built up on site. The enhanced mining fleet is expected to be fully operational by the end of March 2010 at which point the ramp up to targeted production levels will commence. By June 2010 management plan to reach the previously announced steady state production target of 6,000 carats per month.

Following the successful completion of pilot mining at Bakerville, mining activities are currently suspended pending the transition to a full scale commercial operation on receipt of a Mining Right which is targeted for August 2010. The Company is currently well ahead of the required submission dates in relation to this application. The transfer of equipment from Bakerville will not hinder the development of that project in the interim.

As a result of the reduced production levels the Company requires additional cash to fund operational expenses in addition to the capital expenditure associated with the enhancement of the Cassanguidi mining fleet. To satisfy these requirements, Panex has made a facility of US\$2.8 million available to the Company. The Company has diamond inventory of 2,800 carats that will be sold in mid February 2010 and further sales of diamond production are planned. Together with these diamond sales, the Loan will fund the ramp up of production at Cassanguidi and pay other operating expenses for a period of around three months. A production rate of approximately 4,500 carats per month is planned to occur at

Cassanguidi in April 2010 and management expects the Company to become self financing at this level of production. Thereafter, a ramp up to the projected steady state production of 6,000 carats per month targeted for June 2010 will start generating positive cash flows to the group for general working capital requirements and loan repayments.

Summary Terms of the Loan

The Loan is to be advanced and repaid in South African Rand. The Loan will incur interest at South African Bank Prime rate (currently 10.5%) and is repayable by 30 November 2011.

Panex will have the option to convert the Loan at any time into new ordinary shares in the Company ('Shares') at a price of 1.5p per Share against the drawn down amount.

Related Party Transaction

Panex is a mineral exploration company in which a trust associated with Rob Still, the Company's Deputy Chairman, is a substantial shareholder. Pursuant to Rule 13 of the AIM Rules for Companies, the provision of the Loan therefore constitutes a related party transaction. The Board of Pangea (excluding Rob Still), having consulted with Ambrian Partners Limited, the Company's Nominated Adviser, considers that the terms of the Loan are fair and reasonable insofar as its shareholders are concerned.

Chief Executive Boris Kamstra said "With the processing plants able to treat 30,000m³ per month, we needed to augment the mining fleet to have sufficient capacity to deal with inevitable breakdowns. The new excavator and additional front end loader and trucks will add a significant buffer to the current fleet which puts us in a position to attain our targeted production."

Further information:

Pangea DiamondFields plc	Ambrian Partners Limited	Walbrook PR Ltd
Boris Kamstra	Richard Brown / Richard Greenfield	Louise Goodeve / Leah Kramer
T: +27 11 438 4100	T: +44 (0) 20 7634 4700	T: +44 (0) 20 7933 8780

Notes to Editors:

About Pangea Diamondfields PLC

Pangea DiamondFields plc (AIM: PDF) is an emerging diamond producer and exploration company with a portfolio of eight projects each with multiple resource targets, located in the Central African Republic, Democratic Republic of the Congo, South Africa and Angola. The Company aims to minimise risk by diversifying its projects geographically.

PDF listed on AIM in October 2006 and is led by a strong management team, with a track record for creating shareholder value in mineral exploration.

For more information on PDF, please visit: <http://www.pangeadiamondfields.com/>

This information is provided by RNS
The company news service from the London Stock Exchange

END