



# DiamonEx Limited

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**BSE ANNOUNCEMENT  
BOTSWANA STOCK EXCHANGE**

**31 JULY 2009**

## **QUARTERLY REPORT FOR THE QUARTER ENDING 30 JUNE 2009**

- **Continuing suspension in trading of DiamonEx Limited (“DiamonEx” or the “Company”) Shares**
- **Execution of formal agreement for sale of majority interest of Diamonex Botswana Limited delayed**
- **Lerala mine and plant on care and maintenance**

### **Background**

#### **Diamonex Botswana Limited under Judicial Management**

As previously announced the impact of the global financial crisis on world diamond markets has rendered the production of diamonds by Diamonex Botswana Limited (**DBL**), DiamonEx’s fully owned subsidiary uneconomic.

A decision was made to apply to the High Court of Botswana for DBL to be placed under Judicial Management. The Judicial Management Order was confirmed on 27 March 2009 (Botswana time) and provides DBL with a period of immunity from claims from its creditors.

The restructuring plan (**Restructure**) previously announced to the market was expected to be completed by end of May 2009.

### **Status**

As previously announced one of the key issues for the completion of the Restructure was obtaining the agreement of DBL’s finance providers to the Restructure and to enter into interim settlement arrangements with those finance providers. Delays in finalising these arrangements with the finance providers have delayed the completion of the Restructure.

The European Investment Bank (**EIB**) is a key finance provider for DBL. Notwithstanding efforts by the Board and the proposed purchaser of the majority interest in DBL to reach an interim arrangement with EIB, EIB has elected to seek an order from the Botswana Courts to terminate the Judicial Management process. The hearing of EIB’s application was held on 26 June 2009 and a decision is pending. The Restructure can not progress until judgement is given. The Company is unable to give any indication of the result of the case, however, the Board is proceeding on the basis that the decision should confirm the Judicial Management order and possibly impose certain conditions.

In addition, EIB have made an application to the Botswana Courts seeking an order regarding the enforceability of the Deed of Pledge and Cession of Claims executed by DiamonEx and EIB. DiamonEx has engaged a Gaborone, Botswana based law firm to advise on this matter and subject to the advice provided intends to be in a position to defend EIB's claim. No date has been set for the hearing of this application.

### **Suspension of Trading**

Upon obtaining the initial Judicial Management order, application was made to the Australian Securities Exchange, the Botswana Stock Exchange and the Alternative Investment Market of the London Stock Exchange to suspend trading in DiamonEx's shares. The Company's shares remain in suspension and will remain so until such time as the Company has completed the Restructure subject to all necessary regulatory approvals being obtained.

The timing for the completion of the Restructure and the re-admission of the shares to trading will be in part determined by the conclusion of the legal proceedings in Botswana. The Board anticipates that its shares will remain suspended from trading up until 31 December 2009.

### **The Future**

Completion of the Restructure will require the holding of a general meeting of DiamonEx shareholders to approve the sale of 80% of DBL and the restructuring process. All efforts of DiamonEx and the purchaser of the majority interest in DBL are being applied to bring this transaction to completion.

### **Lerala under care and maintenance**

Currently the Lerala diamond mine is under care and maintenance, supervised by the court appointed judicial manager.

### **Exploration activities**

No exploration activities have been undertaken by the Company in the last quarter.

### **OUTLOOK FOR THE NEXT QUARTER**

The focus for the current quarter will be finalising the arrangements to complete the Restructure, on developing a funding strategy for DiamonEx that will provide a stable financial basis and in acquiring a suitable development project to take DiamonEx forward.

For and on behalf of the Board

**Paul Crawford**  
Company Secretary

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