

Diamcor Mining Inc. Closes Initial Tranche of Financing

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October 20, 2020 - [Diamcor Mining Inc.](#) (TSXV:DMI) / (OTC:DMIFF), (the "Company") announces that, pursuant to a Conditional Acceptance provided by the TSX Venture Exchange, the Company has closed an initial tranche of the convertible loan financing (the "Financing") announced in its news release of September 29, 2020. The initial tranche includes subscriptions from 5 investors for aggregate gross proceeds of \$954,500.00. The Financing consists of unsecured convertible promissory notes (the "Notes") having a term of two (2) years from the closing date and bearing interest at the rate of 10% per annum. During the first year, interest will accrue and be payable at the one year anniversary of the Note. In the second year, interest will accrue and be payable semi-annually. No principal payments will be required until maturity. The principal amount of the Notes will be convertible at the election of the noteholder into Class "A" Common Shares in the capital of the Company (the "Common Shares") at the rate of CDN\$0.07 per share in the first year and at the rate of CDN\$0.10 per share in the second year. As provided in Policy 5.2 of the TSX Venture Exchange Corporate Finance Policy Manual (the "Corporate Finance Manual"), accrued and unpaid interest will be convertible at the election of the noteholder into Common Shares of the Company at the Market Price as at the date such accrued interest becomes payable. Conversion of interest is subject to TSX Venture Exchange acceptance. The Notes also provided that if the conversion of the Note would cause the holder to become a "Control Person" (as defined in the Corporate Finance Manual) such that prior Shareholder approval is required before issuance of the corresponding Common Shares, then the issuance of those Common Shares for which such prior approval is required shall be deferred until such approval has been obtained and all other associated requirements under the Corporate Finance Policy have been satisfied.

In addition to the Notes, the Company has issued an aggregate of 2,727,142 non-transferable share purchase warrants to the participating investors, with each share purchase warrant entitling the holder thereof to purchase one (1) Common Share at a price of CDN\$0.15 for a period of two (2) years from the date of issuance (the "Warrants"). The number of Warrants issued to each participating investor is equal to 20% of the number of Common Shares into which the principal amount of the investor's Note is convertible in the first year ($\text{Principal Amount} / \text{CDN}\0.07×0.2).

The Company has also received subscriptions for an aggregate amount of approximately CDN\$1,603,998.67 representing principal and accrued interest under the one year term loans which matured on August 26, 2020 and other outstanding debts (the "Existing Debt") have been tendered into the Financing and will be exchanged for Notes and Warrants, to the extent permitted in accordance with the policies of the TSX Venture Exchange, in a second and final tranche of the Financing. In accordance with applicable TSV Venture Exchange policies, no Warrants may be issued in respect of any amount of Existing Debt held by Non-Arm's Length Parties (as defined in the Corporate Finance Manual) that is tendered into the Financing.

The proceeds from the Financing will be used for general corporate purposes, the resumption of operations, and the continued advancement of the work programmes previously underway prior to the COVID-19 related shut down at the Company's Krone-Endora at Venetia Project (the "Project"). As first announced in the Company's news release dated March 30, 2020, the Project was subject to a national lockdown directive issued by the Government of South Africa effective on March 26, 2020, which was originally announced as being intended to be for a duration of 21 days. This initial directive was subsequently extended several times and modified to reduce certain levels of restrictions under the original directive as deemed appropriate by the Government of South Africa in their efforts to manage the ongoing risks associated with COVID-19. On October 1, 2020, the Government of South Africa moved the directive to LEVEL 1, which is the least restrictive level to date but which maintains certain restrictions. The move to LEVEL 1 restrictions provides for the suspension of the previous restrictions preventing the resumption of operations at the Project and the Company is currently implementing plans for a staged resumption of operations at the Project. As is the case in most countries at present, the decision to increase, maintain or reduce COVID-19 related public health restrictions is determined by the applicable governmental authorities and, accordingly, the decision to maintain a LEVEL 1 status and/or increase or reduce restrictions affecting the Project operations will continue to be determined by the Government of South Africa.

The Financing transaction is subject to regulatory approval of the TSX Venture Exchange along with

completion of all definitive documentation and filings as required. All securities issued pursuant to the above will be subject to a hold period of four months plus one day expiring on February 20, 2021.

About Diamcor Mining Inc.

[Diamcor Mining Inc.](#) is a fully reporting publicly traded junior diamond mining company which is listed on the TSX Venture Exchange under the symbol V.DMI, and on the OTC QB International under the symbol DMIFF. The Company has a well-established operational and production history in South Africa and extensive prior experience supplying rough diamonds to the world market.

About the Tiffany & Co. Alliance

The Company has established a long-term strategic alliance and first right of refusal with Tiffany & Co. Canada, a subsidiary of world famous New York based Tiffany & Co., to purchase up to 100% of the future production of rough diamonds from the Krone-Endora at Venetia Project at then current prices to be determined by the parties on an ongoing basis. In conjunction with this first right of refusal, Tiffany & Co. Canada also provided the Company with financing to advance the Project. Tiffany & Co. is a publicly traded company which is listed on the New York Stock Exchange under the symbol TIF. For additional information on Tiffany & Co., please visit their website at www.tiffany.com.

About Krone-Endora at Venetia

In February 2011, Diamcor acquired the Krone-Endora at Venetia Project from De Beers Consolidated Mines Limited, consisting of the prospecting rights over the farms Krone 104 and Endora 66, which represent a combined surface area of approximately 5,888 hectares directly adjacent to De Beers' flagship Venetia Diamond Mine in South Africa. On September 11, 2014, the Company announced that the South African Department of Mineral Resources had granted a Mining Right for the Krone-Endora at Venetia Project encompassing 657.71 hectares of the Project's total area of 5,888 hectares. The Company has also submitted an application for a mining right over the remaining areas of the Project. The deposits which occur on the properties of Krone and Endora have been identified as a higher-grade "Alluvial" basal deposit which is covered by a lower-grade upper "Eluvial" deposit. The deposits are proposed to be the result of the direct-shift (in respect to the "Eluvial" deposit) and erosion (in respect to the "Alluvial" deposit) of material from the higher grounds of the adjacent Venetia Kimberlite areas. The deposits on Krone-Endora occur in two layers with a maximum total depth of approximately 15.0 metres from surface to bedrock, allowing for a very low-cost mining operation to be employed with the potential for near-term diamond production from a known high-quality source. Krone-Endora also benefits from the significant development of infrastructure and services already in place due to its location directly adjacent to the Venetia Mine.

Qualified Person Statement:

Mr. James P. Hawkins (B.Sc., P.Geo.), is Manager of Exploration & Special Projects for [Diamcor Mining Inc.](#), and the Qualified Person in accordance with National Instrument 43-101 responsible for overseeing the execution of Diamcor's exploration programmes and a Member of the Association of Professional Engineers and Geoscientists of Alberta ("APEGA"). Mr. Hawkins has reviewed this press release and approved of its contents.

On behalf of the Board of Directors

Mr. Dean H. Taylor

President & CEO

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This press release contains certain forward-looking statements. While these forward-looking statements represent our best current judgement, they are subject to a variety of risks and uncertainties that are beyond the Company's ability to control or predict and which could cause actual events or results to differ materially from those anticipated in such forward-looking statements. Further, the Company expressly disclaims any obligation to update any forward looking statements. Accordingly, readers should not place undue reliance on forward-looking statements.

WE SEEK SAFE HARBOUR

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