

# Regulatory Story

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Company	<a href="#">Gemstones of Africa Group PLC</a>
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Gemstones of Africa Group PLC  
03 March 2010

Gemstones of Africa Group plc  
3 March 2010

## Gemstones of Africa Group plc

Proposed acquisition of Edenville International Limited  
Proposed placing of 200,000,000 Ordinary Shares of 0.02  
pence each  
in the capital of the Company at 0.5p per share  
Approval of the waiver of the obligation to make a  
mandatory offer  
under Rule 9 of the City Code on Takeovers and Mergers  
Change of name to Edenville Energy Plc  
Application for Admission to AIM  
Adoption of New Articles of Association  
and  
Notice of General Meeting  
(together the "Proposals")

### 1. INTRODUCTION

Gemstones of Africa Group Plc (the "Company") has today announced that terms have been agreed for the conditional acquisition of Edenville

International Limited ("Edenville"), which, through its 99.5 per cent. owned subsidiary, Edenville Tanzania, is the owner of six prospecting licences in Tanzania with a particular focus on uranium and coal (the "Acquisition"). The aggregate consideration for the Acquisition is approximately £6.9 million to be satisfied by the issue and allotment of an aggregate of 1,393,941,536 Ordinary Shares (the "Consideration Shares") to Grandinex International Corp and David Richardson (the "Vendors").

The Acquisition is classified as a reverse take-over pursuant to Rule 14 of the AIM Rules for Companies and is therefore conditional, inter alia, on the approval of Shareholders at a general meeting. Such approval is being sought at the General Meeting (the "GM").

The Company has further announced today that it has conditionally raised £1,000,000 (before expenses) by way of the Placing. The funds from the Placing will be used to meet the costs of the Proposals and to provide additional working capital for the Enlarged Group.

As the terms of the Acquisition give rise to certain considerations and consequences under the City Code, the Takeover Panel has granted Grandinex, being one of the current shareholders of Edenville, and those acting in concert with it, a waiver from making a general offer to the existing shareholders of the Company. This waiver is subject to Shareholder approval which will be sought at the GM.

At the GM, Shareholders will be asked, amongst other things, to approve the proposed change of name of the Company to Edenville Energy plc and the adoption of new articles of association (the "New Articles").

Certain shareholders of the Company have entered into irrevocable undertakings to vote or sign a proxy in favour of the chairman of the GM for the purpose of voting thereat, in favour of passing the Resolutions in respect of 944,578,571 Ordinary Shares beneficially owned by them, representing approximately 67.73 per cent. of the issued share capital of the Company.

## 2. BACKGROUND TO AND REASONS FOR THE PROPOSALS

Since October 2008, the Company's strategy has been investing, participating in joint ventures or acquiring one or more companies or businesses in the natural resource sector in Africa (and other geographical areas where considered appropriate). On 13 March 2009, the Company entered into a collaboration and option agreement leading to a joint venture agreement with Obtala Resources Plc, on a group of emerald mining licences in Tanzania.

On 29 June 2009, the Company set out its intention to identify and pursue

a suitable acquisition target which would be fitting to the overall strategy of developing the Company into a successful natural resources exploration business. Set out below are the additional benefits that the Board believes can be derived from focusing attention on energy commodities as opposed to gemstones.

The Company's Ordinary Shares were suspended from trading on AIM on 30 September 2009, following the Company's failure to implement its original investment strategy and the Ordinary Shares remain suspended. Unless the Proposals are implemented, pursuant to Rule 41 of the AIM Rules, the London Stock Exchange will cancel the admission of the Ordinary Shares to trading on AIM on 31 March 2010, being six months since the Ordinary Shares were suspended. Successful completion of the Proposals prior to 31 March 2010 will avoid a cancellation of the listing of the Ordinary Shares.

The Board is of the opinion that the Acquisition will broaden the Company's strategy as set out above, and further believes that energy commodities have a broader market appeal than gemstones which should allow greater access to development funds. The six prospecting licences held by Edenville Tanzania are located in a region displaying viable prospects for both uranium and coal and occur in a country where the government's policy for development of the mineral sector aims at attracting and enabling the private sector to take the lead in exploration mining, development, mineral beneficiation and marketing.

The Board is confident that there is a shift towards uranium exploration and development which is supported by the steady growth in demand, in particular from China and India, for energy for the foreseeable future. There are a number of nuclear power station construction projects ongoing globally with the World Nuclear Association reporting 53 reactors under construction and a further 469 reactors either planned or proposed for construction.

### Exploration Approach

The Company will actively manage geological exploration on the licences by implementing a phased strategy that will progressively increase the level of geological understanding for each licence to facilitate more focused exploration and resource development in the longer term. All field work will be conducted by citizens of Tanzania under the direct supervision of Edenville Tanzania, who in return report directly to the Board of Edenville.

Initial work will consist of a desk-top review involving the collection, collation and re-interpretation of all available historical data, supplemented by regional-scale geological reconnaissance mapping and

sampling. This will define the host geological units for mineralisation and allow for progressively more focused and detailed exploration that will potentially lead into a drilling campaign and ultimately ore body delineation and subsequent mineral resource estimations.

### 3. BACKGROUND INFORMATION ON THE LICENCES

Edenville is a private limited company registered in the Seychelles and is the parent company of Edenville Tanzania, a company registered in Tanzania, which has interests in undeveloped uranium and coal prospects in Tanzania.

Tanzania is the focus for Edenville's initial exploration activities and is a country that has seen mining and exploration activity increase significantly since the implementation of the Tanzanian Mining Act 1998. This legislation introduced a structured and transparent licensing system. As a result, there are several new mining projects in development and coming on-stream within the next few years as well as a number of large, longstanding, operations. Though there are no uranium extractive operations at present, there is currently a good deal of exploration for uranium being undertaken, particularly in the southwest and Dodoma regions where Edenville's licence areas are located.

The Matiri South Licence, Matiri North Licence and the Kyela-Rungwe Licence all lie within the Mtwara Development Corridor, which is a Spatial Development Initiative with the aim of creating an economic growth zone of transborder trade and investment, linking Malawi, Mozambique, Tanzania and Zambia. The main objective of the Mtwara Development Corridor is to utilise the inherent economic and growth potential of the area largely through mining and the exploitation of natural resources. As a result, there are a considerable number of joint initiatives with the Tanzanian government, particularly in the development of coal resources.

The geological settings of the six prospecting licences are considered to have the potential to host uranium mineralisation, three of which also have potential to host coal deposits.

#### Matiri South Licence

Edenville Tanzania acquired the uranium and coal targeted Matiri South Licence in November 2009. This prospecting licence covers an area of 76.65km<sup>2</sup> which is located in the Mbinga District of Tanzania, approximately 80km west of Songea in the southwest of Tanzania, which itself is approximately 1200km from Dar es Salaam and 600km from the Zambian border. Links to both Songea and Dar es Salaam are provided by major tarmac roads. The Matiri South Licence Area and is situated southwest of the Matiri North Licence Area (described below). The Matiri South Licence has been granted for all minerals other than building

materials or gemstones and is effective until 12 November 2012.

#### Matiri North Licence

Edenville Tanzania acquired the uranium and coal targeted Matiri North Licence in November 2009. This prospecting licence covers an area of 28.50km<sup>2</sup> which is located in the Mbinga District of Tanzania, approximately 80km west of Songea in the southwest of Tanzania. Matiri North is easily accessible from the village of Kitai, located on the main Songea to Mbamba Bay gravel road. The road from Kitai leads directly to the licence area and runs all the way through it. The Matiri North Licence Area and is situated northwest of the Matiri South Licence. The Matiri North Licence has been granted for all minerals other than building materials or gemstones and is effective until 11 November 2012.

The Matiri North Licence Area is also prospective for so-called sandstone hosted uranium deposits, which typically occur in medium to coarse-grained sandstones deposited in a continental fluvial or marginal marine sedimentary environment, such as the karoo deposits that occur in the Matiri North Licence Area and represent a type of deposit that is currently the focus of much interest in Tanzania.

Both the Matiri South Licence and the Matiri North Licence Areas are currently considered the most prospective areas with potential for the occurrence of economic uranium mineralisation as well as hosting coal. As mentioned above the Matiri North Licence Area is within the favorable karoo host rocks which are present on both the Matiri South and Matiri North properties. In addition the presence of the Ngaka Coalfield to the north west of the properties indicates that there is further potential for coal mineralisation.

#### Kyela-Rungwe Licence

Edenville Tanzania acquired the uranium targeted Kyela-Rungwe Licence in September 2009. Located in both the Kyela and Rungwe Districts of Tanzania which are approximately 90km south of Mbeya in the southwest of Tanzania. Access to the Kyela-Rungwe Licence Area is good, with a tarmac road from the large town of Mbeya, located approximately 64km to the north, to Tukuyu from where a gravel road leads south to the Kyela-Rungwe Licence. The Kyela-Rungwe Licence Area covers approximately 102.70km<sup>2</sup>. The Kyela-Rungwe Licence has been granted for all minerals other than building materials or gemstones and is effective until 5 May 2011.

A review of the 1980's regional airborne geophysical survey shows a radiometric anomaly covering most of the Kyela-Rungwe Licence Area. This radiometric anomaly or feature may be the result of underlying karoo-

aged sedimentary units that are observed outcropping at surface to the southwest of the Kyela-Rungwe Licence Area host the Songwe and Kiwira Coalfield. This suggests the potential for coal mineralisation within the karoo-aged rocks, in addition to the primary uranium exploration targets.

### Ikungu Licence

Edenville Tanzania acquired the uranium targeted Ikungu Licence in September 2009. Located in the Singida District of Tanzania, approximately 240km northwest of Dodoma, the capital city of Tanzania. Access to the Ikungu Licence Area is accessed via a tarmac road that is currently being resurfaced leading from Dodoma. The Ikungu Licence Area covers approximately 81.73km<sup>2</sup>. The Ikungu Licence has been granted for all minerals other than building materials or gemstones and is effective until 18 March 2012.

There are calcrete-hosted deposits identified to the south of the Ikungu Licence, namely Vannex NL's Manyoni Project, which are comparable to those of Australia. The Manyoni Project comprises uranium mineralisation as near surface secondary enrichment within a sequence of unconsolidated sediments that are associated with several playa lakes. The mineralisation is characterised by an upper schrockingerite zone approximately one metre thick overlying a lower carnotite zone.

### Mwitikila West Licence and Mwitikila East Licence

Edenville Tanzania acquired a 75 per cent. interest with an option to acquire the remaining 25 per cent. in the uranium targeted Mwitikila West Licence and the Mwitikila East Licence. These prospecting licences have been granted for all minerals other than building materials or gemstones and are effective until 18 March 2012; they cover a continuous area of 308.49km<sup>2</sup>. Access to the Mwitikila West and Mwitikila East Licence Areas is excellent; from Dodoma, to the west, the Mwitikila West and Mwitikila East Licence Areas can be accessed via the main Dodoma to Morogoro road from which there is a graded gravel road leading towards Handali. The edge of the Mwitikila West Licence Area is reached after 10km and the road runs directly through both the Mwitikila West and Mwitikila East Licence Areas. Notably the railway line between Dodoma and Msagali also runs through both these licence areas from the northwest to the southeast.

Strong airborne radiometric anomalies were identified by the 1980s regional airborne survey, conducted by Geosurvey, which associated with favourable lithologies, indicates the potential for both the Mwitikila East and West Licence Areas to host uranium mineralisation.

#### 4. DETAILS OF THE ACQUISITION

On 3 March 2010 the Company entered into a sale and purchase agreement (the "Acquisition Agreement") with the Vendors, pursuant to which the Company has conditionally agreed to acquire the entire issued share capital of Edenville. The consideration payable by the Company to the Vendors is the issue and allotment to the Vendors of the Consideration Shares. Under the terms of the Acquisition Agreement, completion of the Acquisition is conditional on the following conditions having been either satisfied or waived prior to 31 March 2010 or such later date as may be agreed between the parties:

- the Resolutions having been passed at the GM;
- the delivery of legal opinions relating to Grandinex and Edenville; and
- the Company having conditionally raised not less than £750,000 pursuant to the Placing.

If any of the conditions set out above has not been satisfied or waived on or before 31 March 2010 or such later date as may be agreed between the parties, the Acquisition Agreement shall automatically terminate. In addition, the Company may (but is not obliged to) terminate the Acquisition Agreement:

- if any steps are taken or application is made for the winding up or bankruptcy (as applicable) of the Vendors, Edenville or Edenville Tanzania;
- on the occurrence of certain insolvency events in respect of Edenville or Edenville Tanzania; or
- if either of the Vendors is in breach of certain covenants relating to Edenville and Edenville Tanzania in the period between execution of the Acquisition Agreement and Completion or if either of the Vendors is in breach of any of the warranties;
- on the occurrence of a material adverse change relating to either Edenville or Edenville Tanzania; or
- if either of the Vendors discloses an event, fact, matter or circumstance in the period between execution of the Acquisition Agreement and Completion that (other than by virtue of it having been disclosed) constitutes a material breach of the warranties.

The Acquisition Agreement contains customary warranties given by the Vendors for a transaction of this kind.

#### 5. INFORMATION ON THE EXISTING DIRECTORS, PROPOSED DIRECTORS AND SENIOR MANAGEMENT

The Directors of the Company as at the date of this announcement are Simon Rollason and Rakesh Patel. Simon Rollason is currently Non-Executive Chairman of the Company, however he will become Executive Chairman and Mr Patel will become an executive director on Admission. It is proposed that Mark Pryor and Sally Schofield will join the Board as Chief Executive Officer and a Non Executive Director respectively on Admission.

**Existing** Directors

Simon Rollason, BSc (Hons) Geology, MIMMM, FGS,  
**Non-Executive Chairman**, Aged 43

Simon graduated from the University of the Witwatersrand, South Africa in 1990 with a B.Sc (Hons) degree in Geology. He has gained 20 years international experience working in both mining and geological exploration. During this time, Simon has worked in Africa, the Middle East, Central Asia and the Far East with both multi-nationals and junior resources companies. Simon has worked on gold, nickel, copper, base metals, uranium and gemstone projects, ranging from grassroots to producing assets. He has been involved with and managed operations that have varied from exploration and evaluation projects to successful feasibility studies. Simon moved back to the UK in 2008 to take up the role of Managing Director of Obtala Resources Plc, and was appointed to the Board of the Company in June 2009. Simon is a Fellow of the Geological Society and a member of the Institute of Materials, Minerals and Mining, the Society of Economic Geologists and the Society of Mining, Metallurgy and Exploration.

Rakesh Patel, BA Economics, FCCA, CF, **Finance Director**, Aged 46

Rakesh Patel qualified as a chartered certified accountant in 1991. From 1992, he led the corporate finance division of Gerald Edelman, chartered accountants, dealing with acquisitions, disposals, mergers, private placings and stock market flotations. Rakesh was involved in advising on the acquisition of Ryman the Stationer and left the firm in 1996 to become group financial controller of Chancerealm Limited, a group including Ryman Limited where he was involved in the acquisition and integration of Contessa Ladieswear Limited.

Rakesh returned to Gerald Edelman in 1997 until leaving in March 2003 to join Adler Shine LLP, chartered accountants, where he heads the firm's corporate finance division.

Rakesh has acted in over 30 transactions including companies quoted on AIM as Reporting Accountant and has also acted as interim or part-time

director to a number of private and public companies. He is currently chief executive officer of The Niche Group plc and non-executive director of Deo Petroleum plc and Mountfield Group plc, which are quoted on AIM. Rakesh will have responsibilities for the finance function of the Enlarged Group.

### **Proposed** Directors

Mark Pryor, BSc (Hons) Geology & Mineralogy, FGS, FSEG, Pr.Sci.Nat, **Chief Executive Officer**, Aged 50

Mark Pryor is an Independent Geological Consultant working with private mining and exploration groups, based out of the United Kingdom and holds a B.Sc (Hons) degree from the University of Aberdeen. He has 25 years of management experience in advanced stage exploration and mine development projects worldwide. He is a 'Qualified Person' as defined by the Securities Commission and regularly submits Independent Technical Reports for companies wishing to list on the Stock Exchange as well as Independent Technical Reports and press releases for quoted companies. Mark has worked for major and mid-tier mining companies and has many contacts within the venture capital sector of the mining industry. Mark has extensive global experience having worked in Mexico, EurAsia, China, Southern Africa and South America, holding management positions in recognised companies in the industry including Placer Dome, Minefinders, Monarch Resources and Anglo American. Mark is an associate of SRK (UK) Ltd and is a Fellow of the Geological Society, Society of Economic Geologists and is a registered Natural Scientist (Pr. Sci. Nat).

Sally Schofield, BEng (Hons) Industrial Geology, ACSM, FGS, MIMMM, **Non Executive Director**, Aged 38

Sally's career has seen her work in commercial, technical and operational capacities in geographically and politically diverse regions including Kazakhstan, Albania, Central America, Brazil and Chile. She gained early exposure to the technical, corporate and investor relations functions of the mining business before crossing sectors to work with RMC, now part of CEMEX, the global building materials giant. Sally returned to mining in 2003 and became a Director of AIM - listed Latitude Resources plc, a company with copper and gold assets in Chile. As Chief Operating Officer of that company she relocated to Santiago, Chile, in 2006 with direct responsibility for an exploration program that developed a portfolio of exploration projects into a saleable asset. Sally then worked for a natural resource focused fund identifying potential assets. Her business skills have been recognised by several external parties, including Management Today, Courvoisier Future 500 and HM The Queen. Sally graduated from the Camborne School of Mines with a First Class B. Eng (hons) Industrial Geology in 1995, is a Fellow of the Geological Society (FGS) and a

professional member of IOM3 (MIMMM).

### Senior **Management**

Javan Enock Bidogo, PG Dip. (MRM); Wits, BSc (Geology - Hons), UDSM

Javan is a Tanzania - based geologist and the founder and Managing Director of Javan Investment Company Limited, a private consultancy based in Dar es Salaam. Javan has proven experience in successfully exploring, developing and operating Mines in Tanzania, South Africa and Oman. He is mainly focused on uranium, gold, copper and diamond projects, with exposure to diverse geological terrains, from archaean greenstones through to kimberlitic and alluvial gravel deposits. Javan's expertise includes management of exploration, mine teams and programs, risk analysis in exploration and development, and extensive knowledge of global mineral deposits. He has a wide exposure in mineral resources management, exploration targeting and evaluation, ore extraction methods, quality control practices and mine planning.

## 6. CURRENT TRADING AND PROSPECTS

The Company currently has no trading income and its expenditure relates to costs associated with general corporate overheads and the Acquisition.

Following Admission, the Enlarged Group will have cash resources of approximately £830,000 after paying expenses of the Placing and Admission.

## 7. DETAILS OF THE PLACING

The Company proposes to place a total of 200,000,000 Ordinary Shares (the "Placing Shares") at the Placing Price to raise £1,000,000, before expenses. The Placing Shares will represent, in aggregate, approximately 6.69 per cent. of the Enlarged Issued Share Capital. The Placing Shares will be issued credited as fully paid and will, upon issue, rank *pari passu* in all respects with the Ordinary Shares then in issue, including all rights to receive all dividends and other distributions declared, made or paid following Admission. The Placing has not been underwritten or guaranteed.

The Placing is conditional on the passing of the Resolutions at the GM relating to the Acquisition and authority to allot Ordinary Shares on or before 31 March 2010 or such later time as the Company may agree, being not later than 30 April 2010.

## 8. USE OF PROCEEDS

The funds from the Placing will be used to meet the costs of the

Proposals and to provide additional working capital for the Enlarged Group.

## 9. CHANGE OF NAME

It is proposed that the name of the Company be changed to Edenville Energy Plc. A special resolution to give effect to this will be proposed at the GM.

## 10. CITY CODE ON TAKEOVERS, MERGERS AND CONCERT PARTIES

### The **Takeover** Code

The Takeover Code is administered by the Takeover Panel. The Takeover Code applies, *inter alia*, to all offers for public companies which have their registered office in the UK, Channel Islands and the Isle of Man and which are considered by the Panel to have their place of central management and control in these jurisdictions. Accordingly, Shareholders are entitled to the protections afforded by the Takeover Code.

Under Rule 9 of the Takeover Code, any person who acquires an interest (as defined in the Takeover Code) in shares which (taken together with shares in which he is already interested and in which persons acting in concert with him are interested), carry 30 per cent. or more of the voting rights of a company which is subject to the Takeover Code, is normally required to make a general offer to all of the remaining shareholders to acquire their shares.

Similarly, when any person, together with persons acting in concert with him, is interested in shares which in aggregate carry not less than 30 per cent. of the voting rights of such a company, but does not hold shares carrying more than 50 per cent. of such voting rights, a general offer will normally be required if any further interests in shares, increasing the percentage of shares carrying voting rights, are acquired by any such person.

An offer under Rule 9 must be made in cash and at the highest price paid by the person required to make the offer, or any person acting in concert with him, for any interest in shares acquired during the 12 months prior to the announcement of the offer.

The members of the Concert Party are deemed to be acting in concert for the purposes of the Takeover Code. On Admission, the Concert Party, details of whom are set out below, will be interested in 1,528,670,107 Ordinary Shares representing approximately 51.16 per cent. of the Company's enlarged issued voting capital.

A table showing the interests in the Company's Ordinary Shares held by

the members of the Concert Party on Admission is set out below:

<i>Number of Ordinary Shares at Admission</i>	<i>Percentage of the Issued Share Capital</i>	<i>Number of Existing Ordinary Shares</i>	<i>Number of Consideration Shares</i>	<i>Number of Placing Shares</i>
Grandinex*		- 1,045,456,152		-
1,045,456,152	34.99%			
David Richardson		- 348,485,384		-
348,485,384	11.66%			
Obtala <sup>^</sup>		94,728,571#	-	40,000,000
134,728,571	4.51%			
		94,728,571	1,393,941,536	40,000,000
1,528,670,107	51.16%			

\* Grandinex is wholly owned by Frank Scolaro

<sup>^</sup> Frank Scolaro is executive chairman of Obtala and is a 36.33 per cent. shareholder of Obtala

# Includes 23,400,000 (0.78 per cent.) in which Obtala has an economic interest only by way of a derivative financial instrument with Spreadex Limited

The Panel has agreed, however, to waive the obligation to make a general offer that would otherwise arise as a result of the Proposals, subject to the approval of Independent Shareholders.

Following completion of the Acquisition and formal approval of the other Proposals, the members of the Concert Party will be interested in shares carrying more than 50 per cent. of the voting rights of the Company and (for as long as they continue to be treated as acting in concert) would be able to acquire further shares, without incurring an obligation to make an offer to shareholders of the Company under Rule 9, although individual members of the Concert Party will not be able to increase their percentage interests in shares through 30 per cent. or between 30 and 50 per cent. of the voting rights of the Company without Panel consent.

## 11. LOCK IN AGREEMENTS

Rakesh Patel, Simon Rollason, Mark Pryor, Sally Schofield, David Richardson, Grandinex and Robert Quedsted have undertaken to the Company and ZAI Corporate Finance Limited, subject to certain

exceptions in accordance with the AIM Rules for Companies and the City Code (including the ability to accept a takeover offer for the Company and to give an irrevocable undertaking to accept a takeover offer for the Company), not to dispose of or transfer any Ordinary Shares in which they are interested for a period of 12 months after Admission. Any disposal of Ordinary Shares by the parties subject to these lock-in arrangements before the second anniversary of Admission will be made through the Company's broker from time to time. The number of Ordinary Shares in issue at Admission, which will be subject to such restrictions is 2,017,191,536, representing approximately 67.5 per cent. of the Enlarged Issued Share Capital.

David Richardson and Grandinex's lock-in obligations are contained in the Relationship Agreement.

## 12. RELATIONSHIP AGREEMENT

On Admission the Vendors will hold Ordinary Shares representing approximately 46.65 per cent. of the Enlarged Issued Share Capital with the Concert Party holding 51.16 per cent.

The Directors are satisfied that the Company is capable of carrying on its business independently of the Vendors and that all transactions and relationships between the Vendors and the Company are and will continue to be at arm's length on commercial terms.

To ensure that Shareholders are adequately protected in this regard, the Company and each of the Vendors and Frank Scolaro have entered into the Relationship Agreement under which, inter alia, each of the Vendors and Frank Scolaro has agreed that they will not, either alone or with their associates, appoint a majority of directors to the board and has further agreed that any arrangements and transactions between the Company and the each of the Vendors and Frank Scolaro must be approved by the independent directors of the Company. In addition, each of the Vendors and Frank Scolaro has agreed that they shall not, and that they shall procure that no other person acting in concert with them shall, acquire any additional Ordinary Shares, or rights to such shares.

## 13. WORKING CAPITAL

The Directors and Proposed Directors, having made due and careful enquiry and taking into account the proceeds of the Placing and existing cash resources available to the Enlarged Group, are of the opinion that the Enlarged Group will have sufficient working capital available to it for its present requirements, being for at least 12 months from Admission.

## 14. NEW ARTICLES OF ASSOCIATION

It is proposed that, subject to the Shareholders passing the relevant resolution at the GM, the Company will adopt the New Articles with effect from the conclusion of the GM.

#### 15. ADMISSION TO AIM

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM. It is expected that Admission will become effective and dealings in the Enlarged Issued Share Capital will commence on AIM on 29 March 2010.

The Company's Ordinary Shares were suspended from trading on AIM on 30 September 2009, following its failure to implement its investment strategy. Unless the Proposals are implemented prior to 31 March 2010, pursuant to Rule 41 of the AIM Rules, the London Stock Exchange will cancel the admission of the Ordinary Shares to trading on AIM on 31 March 2010, being six months since the Ordinary Shares were suspended.

If the Resolutions are not passed or the Acquisition is not completed by 31 March 2010, the Existing Ordinary Shares will not continue to be traded on AIM.

#### Contact

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1940	

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