

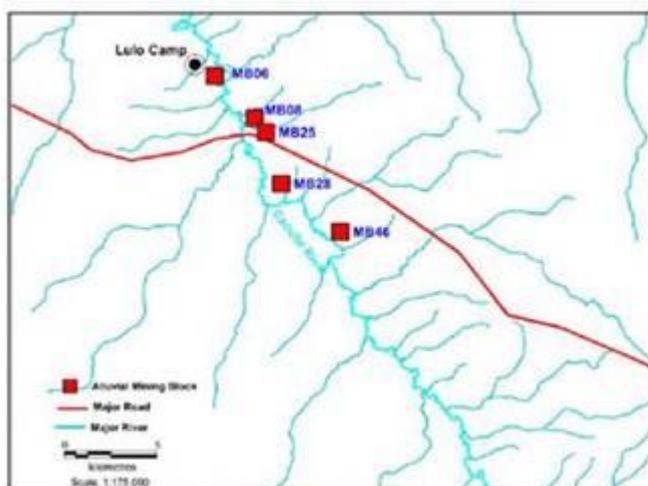
Lucapa Diamond Co (LOM \$0.395) - Speculative Buy

Analyst	Date	Price Target
Greg Chessell	23 rd February	\$0.66/sh

62ct Type IIa diamond recovered from new area

Key Points

- A 62 carat diamond has been recovered from new mining area, MB25.
- MB25 is directly adjacent to the fruitful MB08 at Lulo.



- The 227 carat diamond recovered from new mining area MB28 in early February, is scheduled to be sold in early March.
- Both MB25 & MB28 are new areas that are not currently within the JORC mineral resource inventory. We are encouraged that alluvial mineral operations will continue well beyond the 4 year life implied the Inferred mineral resources.

Investment Case

Lucapa's Lulo alluvial diamond mining operations continue to impress, with strong implications for extending the life beyond the JORC inventory. The recovery of a another large diamond at Lulo reinforces the prospect for dividend to Lucapa (from operating subsidiary SML), supporting the acquisition of Mothae which was recently announced, but yet to be settled. Lulo alluvial mining is the cashflow platform from which Lucapa can grow shareholder value significantly through exploration and discovery of source kimberlite at Lulo, and completing acquisition, development and subsequent mining at Mothae in Lesotho. Our valuation remains \$0.66/sh.

Lucapa Diamond Co (LOM)

Share Price	\$0.395	A\$/sh
Price Target	\$0.66	A\$/sh
Valuation	\$0.66	A\$/sh
Shares on issue	325	m(dil)
Market Capitalisation	\$128	A\$m

Enterprise Value	\$120	A\$/m
Debt	\$1	A\$/m
Cash	\$9	A\$/m
Largest Shareholder	Carrington	6.1%

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