

Big discovery tipped for Lucapa

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DIAMONDS

DIAMOND industry veterans Miles Kennedy and Gordon Gilchrist appear to be on the cusp of another significant discovery.

Lucapa Diamonds entered a trading halt yesterday, pending the announcement regarding the recovery of diamonds at its Lulo project in Angola.

The statement suggests that Lucapa may have found a diamond-bearing kimberlite pipe, the ultimate prize in diamond exploration.

If confirmed, Lucapa may have found the source of the large, high-quality alluvial diamonds that it and thousands of local arti-

sanal miners have been unearthing from gravels and river beds in the area.

Mr Kennedy is the managing director of Lucapa, having previously led Kimberley Diamond Co through the development of the Ellendale diamond mine in Western Australia's Kimberley region. Lucapa chairman Mr Gilchrist is the former head of Rio Tinto's global diamond business, and also oversaw the massive Argyle diamond mine.

While only some kimberlite pipes contain diamonds, almost all diamonds originally come from kimberlites.

Lucapa has identified numerous kimberlite pipes across its Lulo holding, but only recently began testing their potential after

renewing its exploration licence with Angola.

The company has been testing a pipe called Se251, which sits below the area where Lucapa has been recovering its biggest and most valuable alluvial diamonds.

The Se251 kimberlite has been described by Lucapa as huge, covering an area of about 220ha. The pipe sits 150km from Angola's Catoca kimberlite pipe, the fourth-biggest kimberlite diamond mine in the world.

Lucapa's alluvial workings have already yielded \$6 million worth of diamond sales.

Lucapa shares last traded at 24c, giving it a market capitalisation of just over \$38m. The company expects to make an announcement by Monday.