

# Lucapa Diamond soars on 35-year mining licence for Lulo

[Cecilia Jamasmie](#) | November 26, 2014



Kimberlite drilling rig at Lulo.

Shares of Australia-based Lucapa Diamond (ASX:LOM) skyrocketed Wednesday after the miner announced [it had secured a 35-year mining licence over its Lulo concession](#) in Angola.

The stock price jumped up 47 cents in early trading to close almost 17% higher at 41.5 cents.

The permit, which covers an area of 218sqkm, was the culmination of six years of continuous investment in exploration and bulk sampling programs of kimberlite and alluvial diamonds at the deposit, [the company said](#).

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Lulo, about 700 kilometers (435 miles) east of Angola's capital Luanda, could be even more valuable than the country's biggest gem producer, Catoca, which is also the world's fourth-largest kimberlite mine, Lucapa Managing Director Miles Kennedy [told Bloomberg in June](#).

The project, a joint venture between the company and the Angolan government, hosts type-2a diamonds, which the company qualifies as "the world's rarest and most valuable gems". These kinds of precious rock account for less than 1% of global supply and, according to Lucapa, the world's most famous large, white, flawless diamonds belong to this category.

Using existing processing infrastructure, the company's initial production plan targets building up to a throughput rate of 14,000 bulk cubic metres of diamond-bearing alluvial gravels a month by early in the second quarter of next year.

Angola is the world's No.4 diamond producer by value and No.6 by volume. Its industry, which began a century ago under Portuguese colonial rule, is successfully emerging from a long period of difficulty as a result of a civil war that ended in 2002.

The government has [recently reduced taxes and cut state ownership requirements](#) as it seeks to rekindle the industry after the global financial crisis forced mines to close.