

BULLS N' BEARS

PUBLIC COMPANIES DOING INTERESTING THINGS



BULLS N' BEARS
SMALL CAP WRAP



UNCUT DIAMONDS from Lucapa's Lulo Diamond Concession in Angola

Lucapa set to mine world class diamonds

Seven years after selling control of Kimberley Diamonds for \$320 million, Miles Kennedy is back in the diamond mining business.

And while Kimberley became famous for the fancy yellow diamonds produced from its Ellendale diamond mine in WA, the diamonds being produced by Kennedy's latest venture Lucapa Diamond Company are among the world's best.

Lucapa has already sold diamonds worth \$6 million from the exploration phase at its Lulo Diamond Concession in Angola, the world's fourth biggest diamond producer. These diamonds, which include rare type IIa gems and fancy yellows and pinks, have sold for extraordinary average prices of \$6,960 per carat – which compares with a global average of \$US120/per carat.

Lucapa is now gearing up to mine the world-class diamonds being recovered from Lulo, having finalised the terms of a mining licence.

The Company, chaired by former Rio Tinto diamond chief Gordon Gilchrist, recently beefed up its operational and management team with the recruitment of former executives from diamond giant De Beers.

Adding to the excitement is that Lucapa is also well advanced in finding the primary source of the rare alluvial diamonds being recovered at Lulo.

Lucapa has discovered two major kimberlite provinces within the 3,000km² Lulo concession containing about 300 kimberlite targets, many of which outcrop, making them easier to test. Already, four Lulo kimberlites have been confirmed as diamond-bearing.

The big prize for Lucapa is to find a kimberlite like the neighbouring Catoca diamond mine, the world's fourth biggest diamond pipe.

Wolf to join elite pack

With many Perth mining companies currently licking their wounds and simply trying to keep the lights on, few are contemplating funding a DFS let alone production.

One Perth mining company however has been beavering away in the rolling hills of southern England having completed a DFS, secured permitting, locked away funding, started construction and signed off take agreements.

Unlike many other Perth mining hopefuls however, Wolf Minerals aren't chasing Gold, Nickel or Iron Ore.

At around USD \$30 000 a ton and with a market of around \$3b annually, "Tungsten" is set to catapult Wolf into producer status by Q3 2015 as they join a small but elite group of tungsten producers around the globe.

Tungsten is well known for its cutting and drilling ability with more and more drill bits now exhibiting tungsten tips.

Cutting wheels used to cut metal are generally tungsten coated and even ball point pens are made with some tungsten.

The mineral is best known however as the filament that keeps blowing in household light globes and it is also used in the massive mobile phone market as a telephone vibrator.

The company's Hemerdon project in politically safe England is now well under construction with Wolf aiming to produce around 3450 tons of Tungsten per annum potentially bringing in revenues of up to \$100m a year for Wolf shareholders.

Balaclava wearing lawyers



Matt Birney

Is it only Perth corporate lawyers that have a Balaclava lurking in their bottom drawer?

Legal fees and billing practices in Perth are now akin to daylight robbery and the old saying "only the lawyers win" couldn't be more accurate.

Instead of getting the Partner for \$600 an hour you get the junior lawyer for \$400 an hour but when it comes to meetings, the partner sits in, rounding the bill up to a tidy \$1000 per hour.

The junior lawyer charges you \$40 to send an email and the senior lawyer "peruses" it for another \$60.

"Attempted calls", "partner to partner discussions", "reviews of the review" and junior lawyer "research" (read education) ensure there is no daylight left to bill out.

A CEO told me recently about receiving a lawyers bill worth \$27 000 and then two weeks later opening another worth \$33 000 – He wrongly thought they had just increased the bill by \$6000 for recent work!

Another told me of a quote to review a notice of meeting that was much the same as the last one for the chiefly sum of \$12 000.

Just make sure you don't run into your Perth lawyer at the cricket and start talking about your case because a bill will show up on Monday.

What do you think? Email Matt Birney at matt.birney@businessnews.com.au.

Matt Birney is the Managing Director of Government, Public and Investor relations firm Birney Corporate.

New strategy for New Standard pays off

A decision by New Standard Energy to focus on the Eagle Ford oil and gas fields of Texas rather than W.A's Canning Basin is paying off for New Standard Energy.

With a market cap of just \$28m New Standard will no doubt be trumpeting their latest proven and probable oil reserve upgrade at Eagle Ford independently valued at \$72m.

When possible reserves are thrown into the mix the company says it could have almost \$150m in reserves at the project which cost just \$24.5m to buy.

New Standard has upgraded its 2P reserves by 83% since January and is currently drilling another 2 producing wells to add to its 7 operating wells.

Grade is King for Orinoco

Even with a depressed gold price there are still a few WA gold explorers that are hurtling towards production but with one key advantage – grade!

Orinoco Gold is one such company and with results of 15m @ 88 g/t or a whopping 2.8 ounces to the ton gold and other samples grading 239 g/t and 842 g/t gold who could blame them.

The company has completed 50m of an exploration decline at their Cascavel Gold project in Brazil with an abundance of coarse free gold regularly visible in the decline walls.

Orinoco have decided to simply start mining rather than spend any more money drilling the project to a JORC standard.

Cradle strikes 197m @ 3.8g/t Au Equivalent

Perth based explorer Cradle Resources recently produced some spectacular drilling results at their Niobium project in Tanzania.

Headlined by a 197m intersection from surface grading .80% Niobium the company says this is the Gold equivalent of an almost unheard of 197m intersection grading 3.8 grams per ton gold.

Other results included 180m @ .81% Niobium and 108m @ .76% Niobium.

Niobium is used to strengthen and lighten metal and is often used in the car manufacturing and construction industries.

It is also used to build pipelines, military armour and jet engines and at around \$40 000 per ton it is easy to understand why the Niobec project in Canada recently sold for USD\$500m.

RUNNERS OF THE WEEK

Company Name	week low	week high
Ultima United	0.070	0.205
Overland Resources	0.008	0.012
BrazIron	0.010	0.015
Alexium International	0.230	0.320
Syndicated Minerals	0.030	0.039
Minerals Commodities	0.105	0.135
Nkwe Platinum	0.075	0.095
Structural Monitoring Systems	0.300	0.380
Strike Energy	0.095	0.120
Enterprise Metals	0.041	0.050

Source: ASX, from 10th to 17th September 2014



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