

'WE WILL FIND THE SOURCE'

Rare 2a diamond fires Miles Kennedy

SPINIFEX

■ Nick Sas

Although it isn't on the hot list right now, yesterday a diamond float managed to create a stir among investors.

More than 210 million shares in Lucapa Diamond Company (formerly Lonrho Mining) traded hands yesterday after the Perth micro-cap announced the 131.5 carat diamond it found in August at its Lulo deposit in Angola was a type 2a category stone.

According to the company, the 2a diamonds are the rarest and most sought after in the world. An independent assessment of the 131.5 carat diamond estimated it could be sold for up to \$4 million.

Although the market release did create some excitement, it also has to be put into perspective.

With more than 3 billion shares on issue, yesterday's trade was only about 7 per cent of the company. And despite the find, Lucapa's shares remained anchored at 0.8¢ — valuing the company at \$25 million.

Yet the company, headed by former Sandfire chairman Miles Kennedy, was adamant Lucapa was on to something big.

Mr Kennedy said yesterday he was sure Lucapa would find the source — or kimberlite pipe — of the diamond (which was found sitting in the Caculo River) before Christmas.

"I think then you will see a very, very different value proposition," Mr Kennedy said. "This announcement will attract the attention of the world's big diamond floats.

"We're drawing a circle of 5km radius around where we've found these diamonds, and somewhere



Value proposition: Miles Kennedy

in that radius we will find the source."

Despite the 3 billion shares on issue, Mr Kennedy said no share consolidation was on the cards for the company.

It was an eventful day for Mr Kennedy.

The well-known mining identity also sits on the board of MOD Resources, which yesterday announced former Western Areas boss Julian Hanna was its new managing director.

MOD counts Andrew Forrest, Tim Roberts, James Packer and John Poynton as investors.

According to Mr Kennedy, Mr Hanna, who took the role as non-executive director and technical consultant at MOD's Sams Creek project in January, has been "walking up, over, around, in and about" the mine for the past few months.

"He then told me more about it (Sams Creek) than I knew and said: 'I've got to be in this'," Mr Kennedy said.

Mr Hanna will run the company from New Zealand.

MOD, valued at \$26 million, will be hoping Mr Hanna's experience can give its share price a much-needed jump-start.

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