

Quick Comment

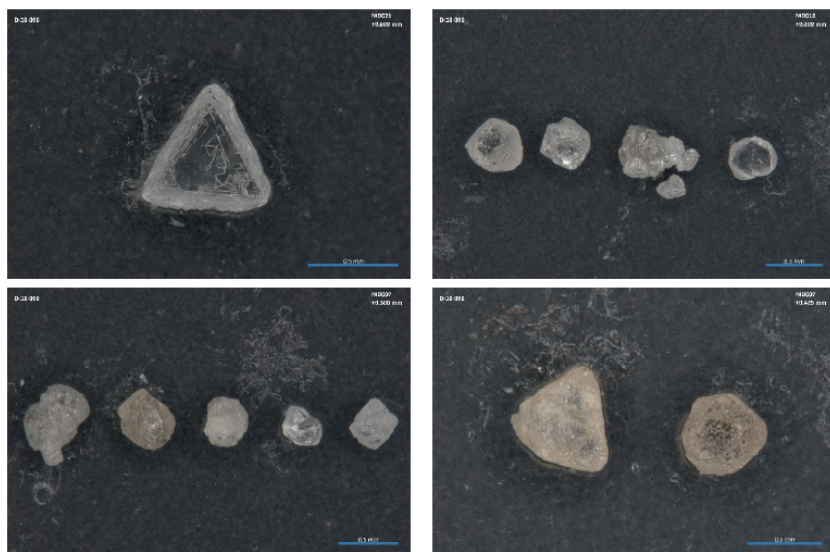
Lucapa Diamond Co Ltd (LOM \$0.27) Speculative Buy

Analyst	Date	Price Target
Michael Emery	28 th August 2018	\$0.61/sh

Exceptional recovery of 1,100 diamonds at Brooking, more targets found

Key Points

- First follow up hole after discovery at Little Spring Creek has produced an exceptional result, recovering 1,100 diamonds, including 18 macro-diamonds;
- The diamonds were recovered from a 178kg sample of core, taken from surface to a 70m depth;



Photos of micro- and macro-diamonds recovered from LSC/DH002

Source: Lucapa Diamond Co. Ltd

- On a diamonds per kg sample basis, the micro-diamond count is approx. 3x that of the discovery hole, a remarkable result and a strong indication that LOM has made a genuine new discovery in WA;
- The remaining drill holes at LSC all intersected lamproitic material and, importantly, this result confirms the lamproite is diamondiferous;
- LOM is now investigating options in respect of trenching and bulk sampling at LSC;
- Additionally, the TDEM survey has been analysed and 11 new targets identified;

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- Included in the new targets is a -7 hectare anomaly at Katie’s Bore, where 20 diamonds and lamproite indicator minerals were recovered from previous stream sampling;

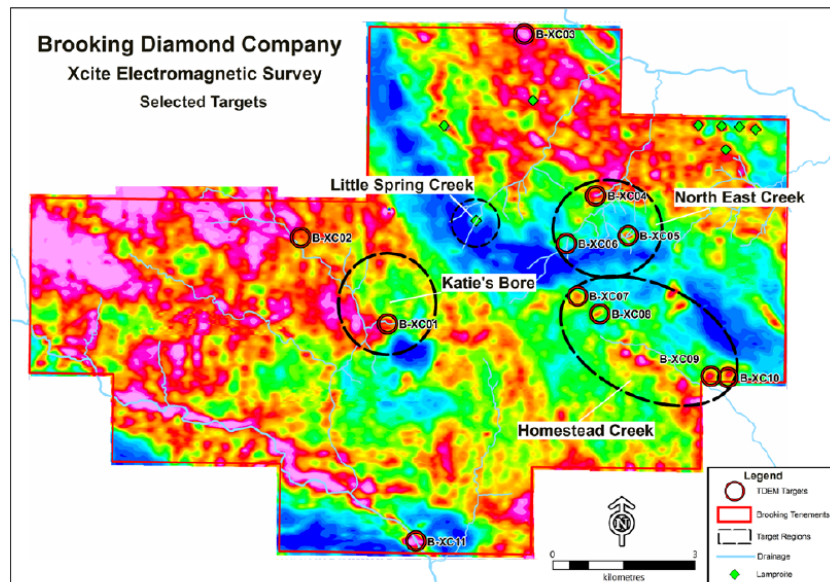


Figure 2: Map showing the 11 new geophysical targets identified at Brooking by the TDEM survey, including those within the Katie’s Bore, Homestead Creek and North East Creek areas

Source: Lucapa Diamond Co. Ltd

- LOM is preparing a Program of Works and Heritage clearances to commence a drilling program to test the new lamproite targets identified;

Investment Thesis

The first follow up to LOM’s Discovery hole at LSC has produced an exceptional result, with 1,100 diamonds recovered from a single drill hole sample. Importantly, the result proves that LSC lamproite is diamondiferous and warrants follow up in the form of bulk sampling. This is an exciting new discovery in WA at a time when the Argyle diamond mine life is coming to an end. In addition, TDEM surveys have identified a further 11 lamproite targets at Brooking, including a 7 hectare anomaly at Katie’s Bore, which previously returned 20 diamonds from stream sampling. A Program of Works and Heritage clearances are being prepared for a new drill program to test the new targets identified.

Lucapa Diamond Co Ltd (LOM)

Share Price	0.27	A\$/sh	Enterprise Value	132	A\$/m
Price Target	0.61	A\$/sh	Debt	19	A\$/m
Valuation	0.61	A\$/sh	Cash	13	A\$/m
Shares on issue	475	m(dil)	Largest Shareholder	Tazga Two	8.6%
Market Capitalisation	126	A\$m			

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