

# Diamonds deliver for Lucapa

Lucapa Diamond Company Ltd had plenty to celebrate last month as the good news kept flowing from its diamond projects in Angola and Lesotho.

A high-value 129.59ct diamond was recovered from alluvial mining at the Lulo project in Angola, along with another large stone weighing 78.61ct. Tests have confirmed both diamonds are premium Type IIa D-colour gems.

It is the eighth 100ct-plus diamond Lucapa and its project partners Endiama and Rosas & Petalas have recovered from Lulo, and the seventh in just 2.5 years of commercial mining.

Lucapa managing director Stephen Weatherall said erosive geological forces had deposited these “very rare and valuable” diamonds in a relatively localised area at Lulo.

“These localised recoveries, and other indicators, point to the huge potential of a large stone primary kimberlite source at Lulo,” Weatherall said.

“We continue to systematically advance our efforts to locate that primary diamond source with an ongoing drilling programme funded from the strong returns being generated from the Lulo alluvial mining operations.

“Having started with a list of more than 200 anomalies, the Lulo partners are now working through a list of 70 prioritised drilling targets, systematically eliminating low interest kimberlites. We continue to assess ways to speed up this systematic drilling and sampling programme – an approach we believe provides the best opportunity to unlock Lulo’s true value.”

The large diamond finds preceded another successful sale of alluvial gems from Lulo, yielding gross proceeds of \$US7.3 million at an average price of \$US1,770/ct.

Lulo diamond sales have totalled \$US31.6 million, averaging \$US1,668/ct, from eight sales events in 2017, with the recent finds potentially up for tender in December.

Record monthly treatment of 29,657 bcm of alluvial gravels was achieved at Lulo in October, putting the mine on course to exceed its annual operational target of 240,000 bcm.

October also saw 49 large special diamonds produced from Lulo – the second highest monthly total on record.

Meanwhile, Lucapa received a boost from the Simon Lee-backed Equigold Pte Ltd as it seeks to advance phase one development of the Mothae kimberlite



Lucapa recovered two high-value diamonds weighing 129.58ct and 78.61ct respectively from alluvial mining of its Lulo project in Angola

project in Lesotho.

Equigold has elected to convert its fees relating to a \$US15 million financing facility for Mothae – immediately adjacent to Gem Diamonds Ltd’s Letseng diamond mine – into Lucapa shares.

Singapore-based Equigold was issued more than 2.4 million ordinary fully paid shares in Lucapa at a VWAP price of 26.9c/share. Under the terms of the financing facility, Equigold was able to further increase its shareholding in ASX-listed Lucapa by converting the last two scheduled quarterly repayments, totalling \$US3.75 million, into Lucapa shares.

Lucapa has drawn down \$US10 million of the Equigold facility and hopes to have Mothae – a former Lucara Diamonds plc asset which Lucapa acquired earlier this year – in production by Q2 2018.

On the back of securing the \$US15

million loan funding from Equigold, Lucapa decided not to pursue a secondary listing on London’s AIM market as previously flagged to shareholders.



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