

# Quick Comment

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

Analyst	Date	Price Target
Michael Emery	9 <sup>th</sup> August 2018	\$0.61/sh

### More Special and Coloured Diamonds from Mothae

#### Key Points

Bulk sampling continues to recover large, high-value diamonds outside of the current Resource:

- Importantly, these recoveries are from under-explored zones of the Mothae diamond mine;
- Results point to resource upgrades at Mothae with Specials potential being significant;
- In addition to the recovery of an 89ct, 25ct and 12ct yellow diamond, two pink diamonds have been recovered;



- With Mothae only 5km from Letseng, the highest US\$/ct kimberlite diamond mine in the world, early indications are extremely positive for ongoing Specials recovery;
- Commissioning of the Mothae diamond mine continues on schedule for H2'18;
- Additionally, Brooking follow-up drill results are expected August'18 and another diamond hit will shine the spotlight firmly on LOM, given the closure of Argyle is anticipated before 2020, removing 10% of world diamond production;

#### Investment Thesis

Lucapa is poised for a series of positive announcements for the remainder of CY18. The Brooking project in WA continues an extensive, fully funded drill and TDEM program to follow up a number of exciting targets. The Mothae diamond mine development in Lesotho is on track for H2 2018 commissioning. In Angola, the Lulo alluvial diamond operation remains the world's highest US\$/carat producer, with recent finds including a 46 carat pink and a 43 carat yellow gem. Kimberlite exploration in the Lulo tenements continues to search for the primary source(s) of the alluvial diamonds. Encouragingly, the sovereign risk appears to be substantially moderating with the recently installed Angolan Government.

#### 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 ShareholderTazga Two	8.6%	
Market Capitalisation	126	A\$m			

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## Contact Details

**Euroz Securities Limited** +61 8 9488 1400

### International Toll Free

(If calling to Euroz from the following Countries)

Germany	0800 1800 554
Switzerland	0800 835 385
Hong Kong	800 900 936
Malaysia	1800 805 002
Singapore	800 6161 759
New Zealand	0800 441 271
USA	18 772 804 390
United Kingdom	08 000 929 851

### Research Analysts

Jon Bishop - Head of Research	+61 8 9488 1481
Andrew Clayton - Resources Analyst	+61 8 9488 1427
Michael Emery - Resources Analyst	+61 8 9488 1430
Ben Laird - Industrials Director	+61 8 9488 1429
Gavin Allen - Industrials Analyst	+61 8 9488 1413
Jerome Paz - Associate Research Analyst	+61 8 9488 1414

### Institutional Sales

Andrew McKenzie - Executive Chairman	+61 8 9488 1407
Rob Black - Managing Director	+61 8 9488 1423
Jay Hughes - Executive Director	+61 8 9488 1406
Russell Kane - Executive Director	+61 8 9488 1426
Simon Yeo - Executive Director	+61 8 9488 1404
Timothy Bunney - Executive Director	+61 8 9488 1461
Peter Schwarzbach - Executive Director	+61 8 9488 1492
Stacy Kitsantas - Institutional Adviser	+61 8 9488 1486

### Private Client Advisers

Chris Webster - Head of Private Clients	+61 8 9488 1412
Ben Statham - Executive Director	+61 8 9488 1417
Brian Bates - Executive Director	+61 8 9346 0314
Cameron Murray - Executive Director	+61 8 9488 1440
James Mackie - Executive Director	+61 8 9488 1416
Lucas Robinson - Executive Director	+61 8 9488 1424
Ryan Stewart - Executive Director	+61 8 9488 1441
Tim Lyons - Executive Director	+61 8 9346 0324
Brett Stapleton - Associate Director	+61 8 9488 1435
Giles McCaw - Associate Director	+61 8 9488 1462
Michael Bowden - Associate Director	+61 8 9346 0307
Richard Gardner - Associate Director	+61 8 9488 1444
Paul Berson - Associate Director	+61 8 9346 0314
Paul Cooper - Associate Director	+61 8 9346 0316
Phil Grant - Associate Director	+61 8 9346 0306
Lauren Walker - Investment Adviser	+61 8 9488 1495
Michael Bartley - Investment Adviser	+61 8 9346 0352
Steve Wood - Investment Adviser	+61 8 9346 0305
Tom Kenny - Associate Adviser	+61 8 9488 1431

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