

# Resources

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## Successful first sale for Lucapa

*Lucapa Diamond Company has reported strong results from the first sale of diamonds from its new Mothae mine in Lesotho*

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**Resources Rising Stars**

Lucapa Diamond Company has reported strong results from the first sale of diamonds from its new Mothae mine in Lesotho, realising A\$5.3 million in revenue (reports *MiningNews*).

The parcel of 5411 carats of rough diamonds sold at tender in Antwerp for US\$3.8 million (A\$5.3 million).

The sale represented an overall average price per carat of US\$707 for the total run of mine parcel. The highest price achieved for an individual Mothae diamond was US\$36,664 per carat.

The efficiency of the new 1.1 million tonne per annum Mothae plant in treating the near surface weathered material has resulted in the liberation of additional diamonds, primarily small stones below the plant's 3mm bottom cut-off screen size.

Most of these additional small diamonds are in the -11 and below sieve size fractions. While these small diamonds generate additional revenue, they also reduce the overall average price per carat.

The roughly 4100 carats of Mothae diamonds included in the sale parcel in the +11 sieve size fraction and above sold for about \$3.78 million, representing an average price per carat of about US\$900.

The average was dragged down by the roughly 1300 carats of small Mothae diamonds in the -11 sieve size fraction, which sold for a total of US\$46,000, representing an average price per carat of just US\$36.

Lucapa expects the recovery of the small diamonds to reduce or diminish as mining progresses into the more competent kimberlite material at depth.

Mothae, which started commercial production in January, is a 70:30 joint venture between Lucapa and the government of Lesotho.

Lucapa managing director Stephen Wetherall said Lucapa and the government were extremely pleased with the results of the first sale of Mothae diamonds.

"The solid bidding we witnessed in Antwerp for this first commercial parcel has certainly marked Mothae's arrival on the international scene as a producer of top-quality goods, complementing those from our Lulo mine," he said.

"The strong sales prices achieved for our quality run of mine production, in the absence of a single stand-out stone, represent a great start for Mothae which augurs well for its future as a producer of exceptional diamonds and its contribution to the Basotho nation."

Lucapa plans to update guidance for the Mothae mine in respect of volume, grade and price in the June quarter after the first quarter of commercial mining operations.

Panmure Gordon analyst Kieron Hodgson, who is widely regarded as the world's best diamond analyst, visited Mothae earlier this month.

"In our view, Mothae is an asset that is going to deliver significant value to Lucapa shareholders," he said.

"We believe the propensity for large, high-value diamonds to be recovered from Mothae, as well as the potential for a significant expansion of resources, can complement the existing Lulo production perfectly, creating a globally significant producer of large, high-value diamonds."

Hodgson has a buy rating and A50c price target for Lucapa.

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