

Lucapa Diamond Company

Project location: Lunda Norte Province, Angola**Commodity / resources:** Diamonds**Company summary**

ASX-listed Lucapa Diamond Company is an emerging diamond miner which has been recovering alluvial gems of exceptional quality and size from the company's Lulo Diamond Concession in Angola's diamond heartland. Lucapa has also discovered two major kimberlite provinces at Lulo, which is located within 150km of Catoca, the world's fourth biggest kimberlite diamond mine.



Lucapa poised to begin mining world-class Lulo diamonds

Few diamond companies in the world could boast a remarkable average sale price of US\$6,450/ct, which compares with a world average of about US\$120/ct.

But that is what Perth-based and ASX-listed Lucapa Diamond Company Ltd has achieved from the sale of diamonds worth US\$5.6 million from the company's 3,000km² Lulo Diamond Concession, which has been described as perhaps the hottest diamond exploration property in Angola.

And after six years of exploration and development work at Lulo, Lucapa is now gearing up to begin commercial mining of the world-class diamonds it has recovered from the concession during the exploration and pilot mining phases.

To add to the excitement, Lucapa has also discovered two major kimberlite provinces within the concession and is well advanced with a sampling programme to identify the main sources of the rare and valuable alluvial diamonds the company is poised to mine. Surface excavation at Lulo has already produced 15 diamonds from four separate kimberlite pipes.

Significantly, the Lulo concession lies within 150km of Catoca, which is the world's fourth-largest kimberlite diamond mine producing about 6.5Mct/y.

Lucapa has been achieving such extraordinary sale prices for its Lulo diamonds for three reasons. The gems include a large stone population, with 10 specials of more than 10.8ct including individual gems of up to 131.4ct. The Lulo diamonds also include fancy-coloured pinks and whites, as well as a significant content of type IIa stones, the rarest category of diamonds.

Mining fancy diamonds is nothing new for the key people behind Lucapa. Chairman Gordon Gilchrist was the former MD of the Argyle diamond mine in Western Australia (famous for its fancy pinks) before heading up Rio Tinto's global diamond operations. Lucapa CEO Miles Kennedy was former chairman of West Australian diamond miner Kimberley Diamond Co (famous for its fancy yellows sold to Tiffany's), taken over by Gem Diamonds in 2007.

Lucapa is in good company in Angola. Both of the world's largest diamond mining companies, Alrosa and De Beers, have flagged plans to expand their presence in the country.

In a recent company presentation, Lucapa said it had finalised all material terms and conditions with the Angolan authorities for an alluvial mining licence at Lulo, having completed all the necessary economic viability and environmental reports. Lucapa described its impending move from an explorer to a diamond miner as a "company-defining transformation".

Board of Directors**Chairman: Gordon GILCHRIST**

> Former head of Rio Tinto's global diamond operations and MD of Argyle Diamonds

Managing Director: Miles KENNEDY

> Former Chairman of WA diamond miner Kimberley Diamond Co

Exploration Director: Albert THAMM

> 28 years global industry experience. Former Chief Geologist at the Ellendale diamond mine

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"The Lulo concession is, by any measure, one of the most exciting and prospective diamond projects in the world today," said Mr Kennedy.

"I do not know of another company in the world achieving the average sale prices achieved for the rare and valuable gems we are recovering from Lulo. We look forward to the commercial mining of these world-class diamonds with great excitement."

"And the fact that we have already recovered diamonds from four kimberlite

pipes at Lulo so early in our preliminary kimberlite sampling programme gives us great confidence that we will achieve our ultimate goal of discovering the next Catoca."

Lucapa has been gearing up for mining by purchasing an additional fleet of leased earthmoving equipment which will enable it to campaign mine alluvial diamonds while also continuing with its kimberlite sampling. The company has also expanded its operational and management teams by recruiting key diamond industry experts.

Lucapa commissioned a new Dense Media Separation diamond plant in November 2013 and also has a second DMS plant to provide additional processing options.

The Lulo project offers two other key advantages. The concession is easily accessed via good sealed roads, while the kimberlite targets prioritised by Lucapa are easy to excavate as they have little or no sand cover.

Lucapa operates the Lulo concession in a joint venture with Endiama, Angola's national diamond enterprise. The exploration licences for both the alluvial and kimberlites at Lulo were recently extended until May 2016.

