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## LULO EXPLORATION UPDATE

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### HIGHLIGHTS

- **Ongoing grid drilling program has increased the estimated surface area of the priority Se251 kimberlite at the Lulo Diamond Concession to more than 220 hectares. All 17 core holes drilled to date at Se251 have intersected kimberlitic rocks**
- **First bulk samples of coarse kimberlite breccias from Se251 have been excavated. This bulk sample will be treated through Lucapa's new 50 tonne per hour Dense Media Separation diamond plant, which remains on target to be completed by the end of September 2013**
- **52 diamonds weighing 52.45 carats recovered from the BLK\_14 alluvial bulk sample, enhancing expectations of an economic diamond resource from widespread gravels discovered in this area**
- **First bulk sample extracted from the Se046 kimberlite, which could be the source of the BLK\_14 alluvial diamonds**



Diamonds from BLK\_014

Lucapa Diamond Company Limited (ASX: LOM) is pleased to provide the following progress report from exploration at the Lulo Diamond Concession in Angola, where the Company is well advanced in the search for the kimberlite source, or sources, of the world-class alluvial diamonds being recovered from within the concession.

Se251 Kimberlite

Lucapa continues to advance its systematic grid drilling program at the Se251 kimberlite, which was identified from the recent aeromagnetic survey as the Company’s highest priority kimberlite target at Lulo.

To date, 17 core (narrow diameter) holes have been drilled in the area with Bauer’s specialist Prakla drilling rig. All 17 holes have intersected kimberlitic material (Figure 1).

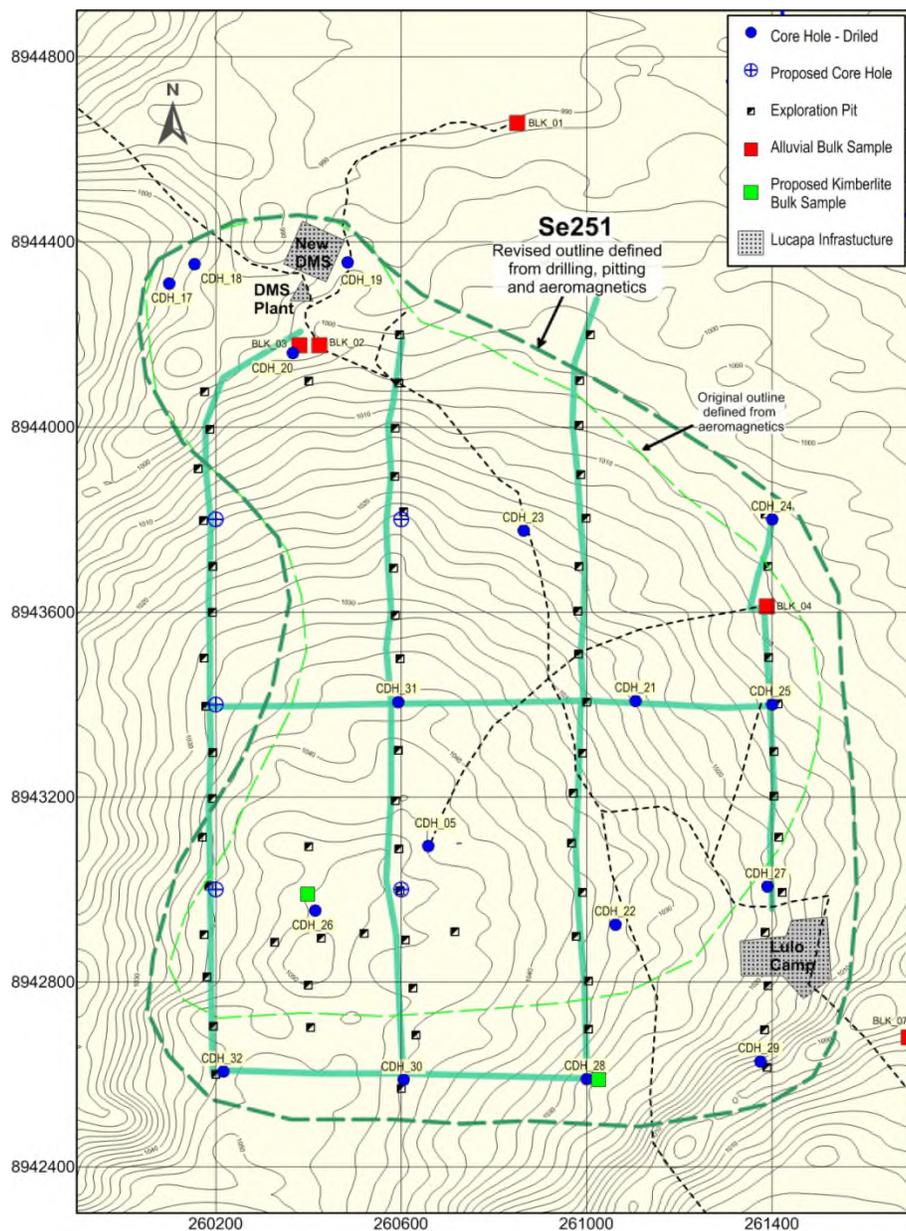


Figure 1: Se251 exploration and revised >220ha estimated surface area

While Se251 was originally estimated to have a surface area of ~150 hectares, the latest drilling has extended the known surface area of the kimberlite considerably. It is now estimated that the Se251 pipe has a surface area in excess of 220 hectares (Figure 1).

Five holes still to be drilled to complete the grid drilling program at Se251 could further increase the surface area of the pipe.

Most of the pipe surface is underlain by fine grained crater-lake sediment. Coarse kimberlitic breccias have been identified in several drill holes beneath this crater-lake sediment. At at least two localities, these breccias lie below thin sand cover and have been subject to recent erosion.

Lucapa has commenced bulk sampling of the coarse kimberlite breccias at Se251 with an excavator. The Company plans to process this material through its new DMS plant, which remains on track to be completed by the end of September 2013.

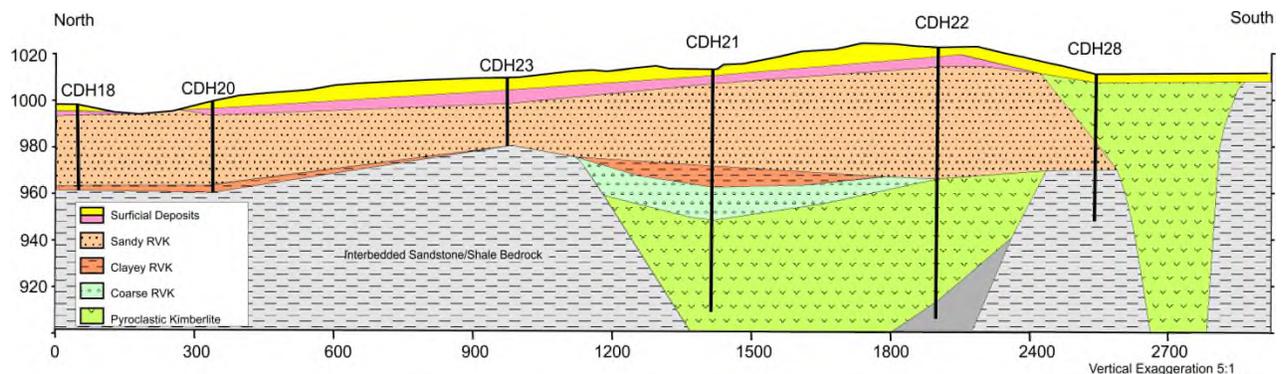


Figure 2: North-south drill section through kimberlite Se251

### E46 Alluvials and Se046 Kimberlite

In addition to the drilling program at Se251, Lucapa has also completed processing of the BLK\_14 alluvial bulk sample. BLK\_14 is located in an area of gravels known as the E46 alluvial area, close to the Se046 kimberlite (Figure 3). This area is located about 12km south-east of the Se251 kimberlite.

A total of 256 cubic metres of sample from BLK\_14 yielded 52 diamonds weighing a total of 52.45 carats. The results from BLK\_14 are considered particularly encouraging, with grades in excess of 20 carats per 100 cubic metres (cphm) at an average diamond size of just over one carat (Table 1).

An exploration pitting program in the area is ongoing. To date, exploration pitting has identified gravels over a strike length of more than 1100m and up to 400m wide. The gravel is typically less than 1m thick, although thicknesses of up to 1.6m have been recorded.

The gravel horizon in the E46 area appears open to both the north-east and the south-west. It is hoped that additional pitting and bulk sampling in the area will define a mineable alluvial diamond deposit.

Encouraged by the diamond recoveries from the BLK\_14 alluvial bulk sample, Lucapa has excavated a bulk sample from the Se046 kimberlite. This material will be processed to determine whether this kimberlite is contributing to the diamonds being recovered from the closely associated E46 alluvial gravels.

The most recent diamond recoveries from BLK\_14 have increased Lucapa's diamond inventory to 71 diamonds weighing 83.3 carats.

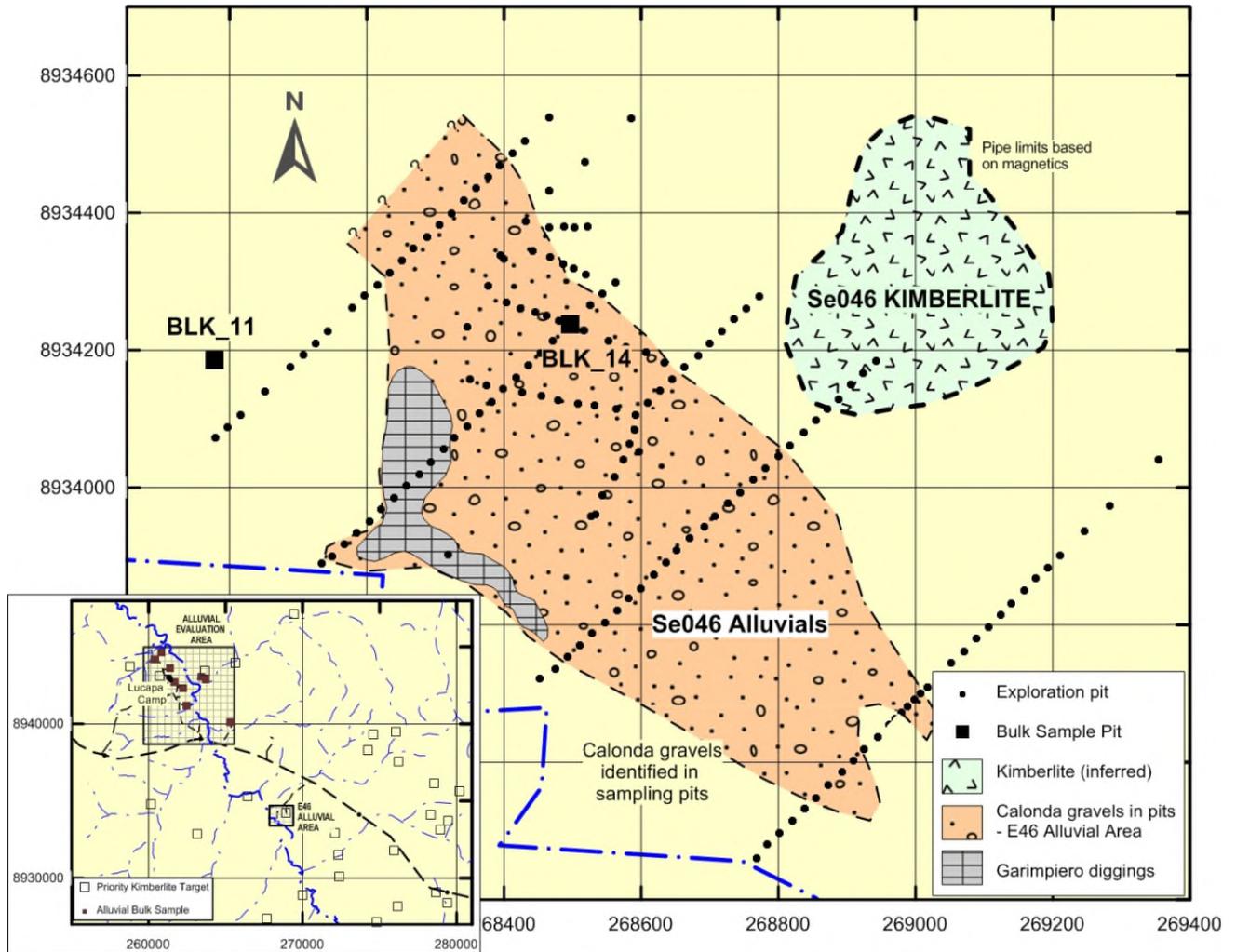


Figure 3: E46 alluvial area

This follows the sale in July 2013 of a parcel of Lulo diamonds weighing 496.2 carats for gross sale proceeds of \$3.1 million (See ASX announcement 31 July 2013). As announced to the ASX on 5 August 2013, net proceeds of \$2.79 million were paid into the Lulo Project’s bank account from the sale of the diamonds.

Sample	Gravel Processed	Number of	Diamond Weight	Average Size	Grade <sup>2</sup>	Largest Diamond
Number	(m <sup>3</sup> )	Diamonds	(ct)	(ct)	(ct/100m <sup>3</sup> )	(ct)
BLK_11	31.2	5	8.65	1.73	27.7	2.75
BLK_14	256	52	52.45	1.01	20.5	5.25

**Notes:**

- 1) Lucapa is treating gravel in the +2mm -34mm size range.
- 2) Grade is quoted in carats per 100 cubic metres of gravel.

Table 1: Diamond recoveries – E46 alluvial area

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**Competent Person's Statement**

Information in this announcement that relates to exploration results, mineral resources or ore reserves is based on information compiled by David Jones BSc (Hons) MSc of Ascidian Prospecting Pty Ltd, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Jones is a director of Lucapa Diamond Company Limited. Mr Jones has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Jones consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

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