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**LUCAPA DIAMOND COMPANY LIMITED (ASX: LOM)  
QUARTERLY REPORT FOR PERIOD ENDED 30 JUNE 2013**

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**HIGHLIGHTS**

**Lulo Diamond Concession, Angola**

- 28 diamonds weighing 24.7 carats recovered from the BLK\_14 bulk sample near kimberlite Se046
- Excavation of bulk sample from highest-priority kimberlite target Se251 commences
- Meeting scheduled for 26 July 2013 in Luanda regarding the sale of Lulo diamonds



Diamonds from BLK\_014

**Lucapa Diamond Company Limited** (ASX: **LOM**) is pleased to update its activities at the Lulo Diamond Concession in Angola for the period ended 30 June 2013. This report updates the quarterly report for the three months ended 31 May 2013 which Lucapa announced to the ASX on 19 June 2013. This report is required to comply with the Company's revised periodic reporting obligations as Lucapa transitions to a 31 December year end, in accordance with instructions from ASX as announced on 29 May 2013.

Reference is also made to the Managing Director's Address to shareholders at the Company's Annual General Meeting, a copy of which has been released to the ASX today (26 July 2013).

### OVERVIEW

Lucapa is exploring for diamonds at the Lulo Diamond Concession in Angola. Lulo covers an area of 3,000km<sup>2</sup> and is located in the Cuango River Basin within Angola's Lunda Norte Province.

Lulo hosts a major kimberlite field identified within the concession and extensive diamond-bearing alluvials occurring along the Caculo and Lulo Rivers. Lulo is located about 150km west of the world-class Catoca diamond mine operated by Russia's Alrosa.

After more than four years of regional exploration and surface sampling, Lucapa commenced the most critical exploration phase at Lulo in late 2012. This phase involves the drilling, excavating and bulk sampling of more than 60 priority kimberlite targets to find the source, or sources, of the world class alluvial diamonds of up to 131.4 carats recovered by Lucapa from within the Lulo concession.

This program has now been advanced to a point where kimberlite Se251 has become the focus of the Company's exploration efforts. With an estimated surface area of ~150 hectares, Se251 is the largest kimberlite discovered within the Lulo concession.

Lucapa believes Se251 may be the source of many of the high value diamonds recovered from the alluvial workings at Lulo.

The Lulo Project is operated as a joint venture between Lucapa and the Government-owned diamond company Endiama, which is the exclusive concessionary for Angolan diamond mining rights. Under the joint venture arrangement, Lucapa holds a 40 per cent interest in the concession relating to alluvials (39 per cent for kimberlites), with Endiama and private Angolan interests holding the balance.

### KIMBERLITE DIAMOND PROGRAM

Lucapa's kimberlite evaluation program aims to find the kimberlite source, or sources, of the alluvial diamonds recovered from the Lulo concession. At the centre of the kimberlite evaluation program is Bauer's multi-purpose, Prakla drilling rig imported from South Africa to test priority kimberlite targets at Lulo.

The Prakla rig can drill both narrow-diameter core (or diamond) holes and wide-diameter reverse circulation holes. The core holes are designed to locate the kimberlite, while wide-diameter RC holes are drilled to collect small bulk samples of the kimberlite to test for diamonds through the Company's Dense Media Separation diamond plant.

Aeromagnetic surveys over the south western section of the Lulo Concession have highlighted more than 250 targets with magnetic signatures consistent with kimberlite pipes. The large diamonds recovered from the alluvial samples (up to 131.4 carats) suggests that a source of large diamonds lies very close to the alluvial evaluation area at Lulo.

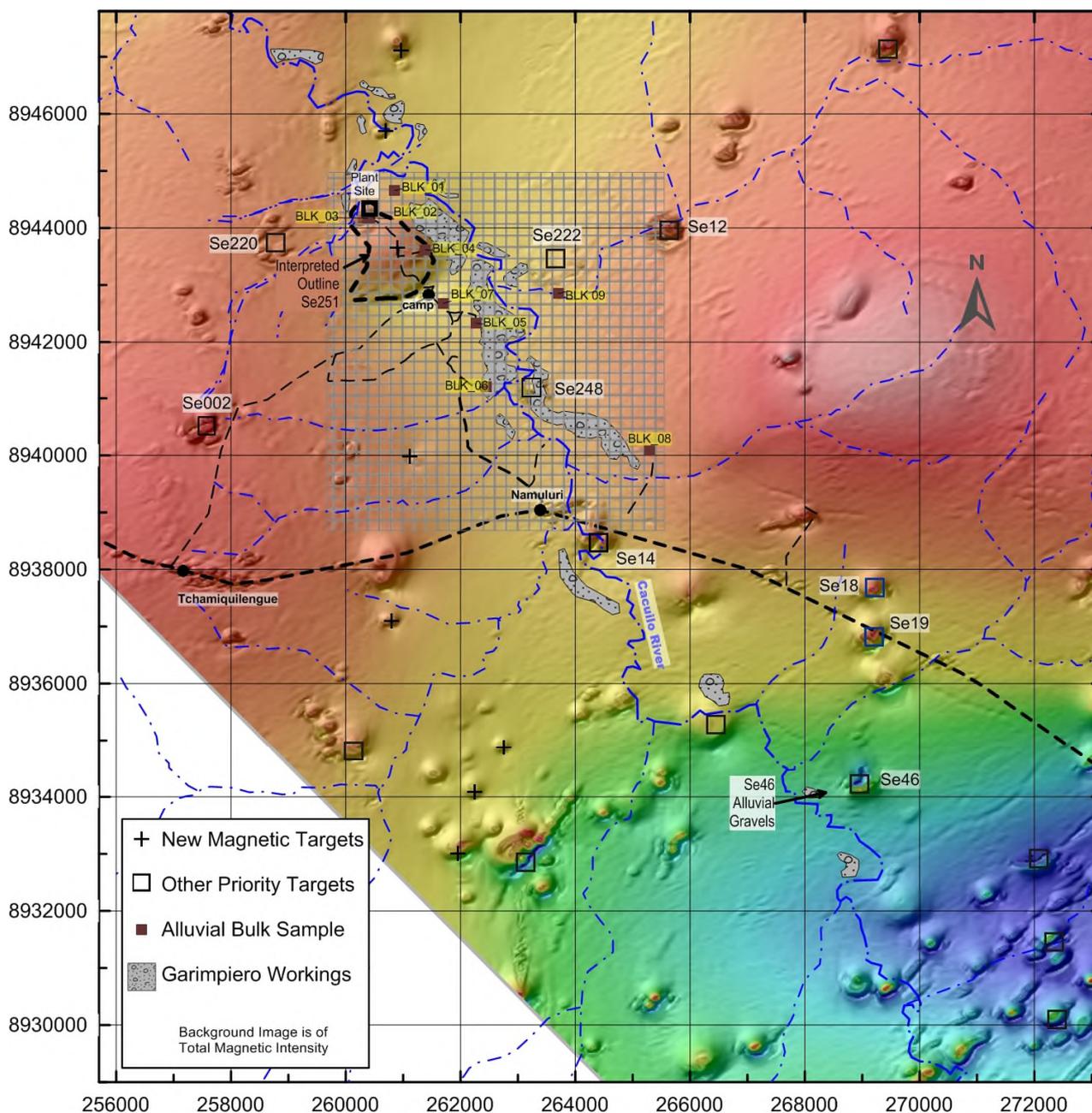


Figure 1: Regional magnetics – alluvial area

During the reporting period Lucapa continued exploration on the Se251 kimberlite. This large kimberlite was identified during a recent aeromagnetic survey and is considered the largest kimberlite pipe in the Lulo field. The kimberlite is estimated to have a surface area in excess of 150 hectares and is strategically located adjacent to, and within, the main alluvial workings of the Caculo Valley. The Company considers Se251 to be a likely source for many of the alluvial diamonds recovered from this area.

Lucapa has commenced a comprehensive drilling and sampling program designed to evaluate the Se251 pipe. The Company needs to establish internal geometry of the kimberlite to identify and locate all eruptive phases within the kimberlite. To this end a grid drilling program on 400x400m centres will be undertaken over the body. When the internal structure of kimberlite is established, a comprehensive bulk sampling program to establish diamond grade variation will be undertaken.

During the month of June 2013, Lucapa constructed drill access tracks and drill pads within Se251. In addition, a systematic surface pitting program on a 400x100m pattern was completed over the kimberlite. Details of this work are shown in Figure 2.

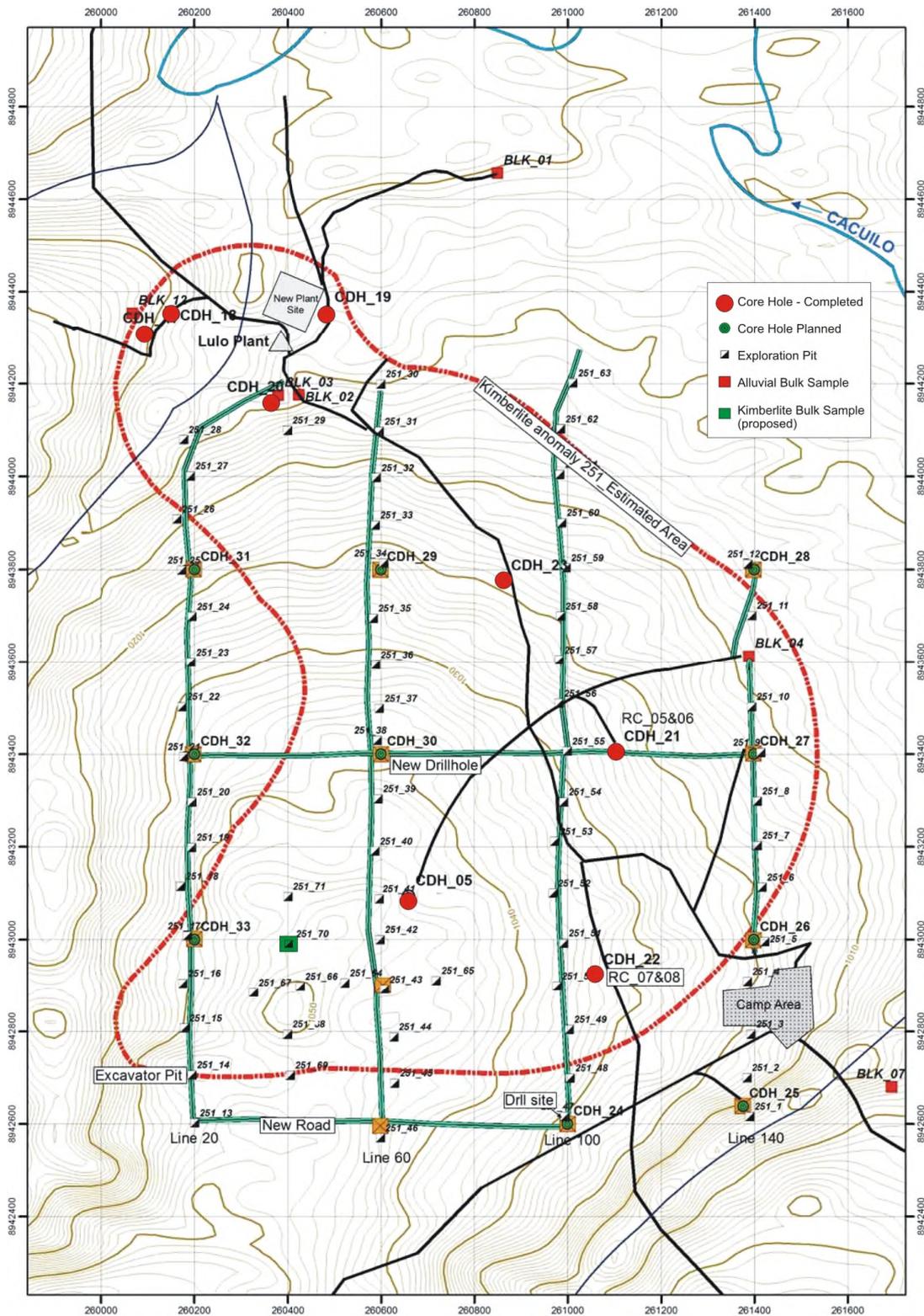


Figure 2: Exploration program - Se251

A total of 71 exploration pits were excavated to a maximum depth of 7.4m. All pits were lithologically logged. Re-sedimented volcanoclastic kimberlite (RVK) material was recognised in a number of the pits, with most of this material relatively fine grained. RVK material was most common in pits excavated on the 60 Line (Figure 2) and a number of follow-up pits were excavated east and west of this line.

Coarser weathered kimberlite was recognised in pit 251-70 (Figure 2) and it was decided to excavate a bulk sample of this material. Excavation of this sample has now commenced.

To date, eight core holes have been completed and a further nine are planned. All eight holes have intersected kimberlitic material. A preliminary north-south drill section of Se251 is presented as Figure 3.

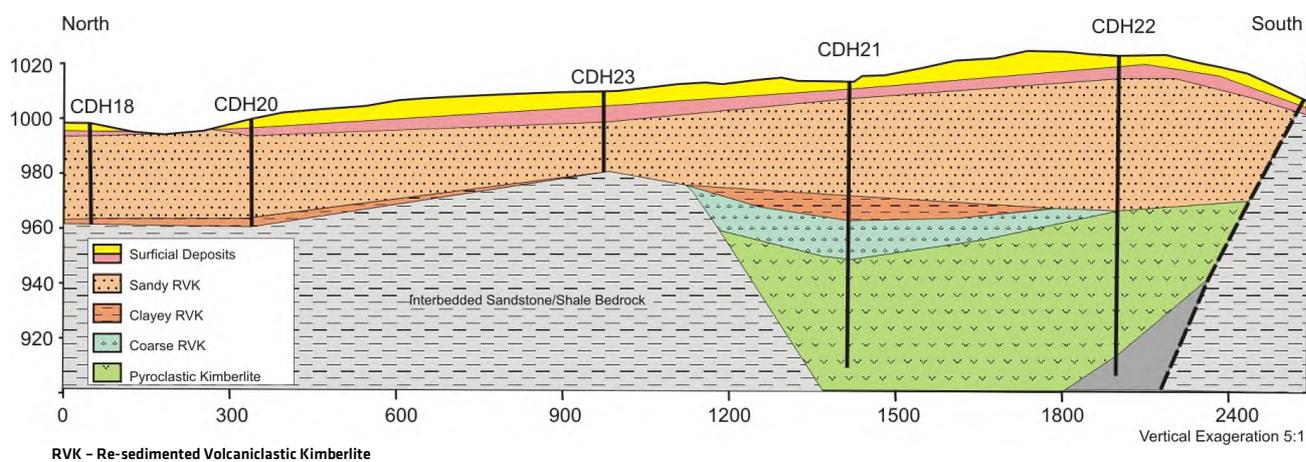


Figure 3: Preliminary north-south drill section through Se251

### ALLUVIAL DIAMOND PROGRAM

With the Bauer drill crew on break during the month of June, Lucapa was able to continue with work in the Se046 alluvial area (Figure 5). The Se046 alluvials comprises an area of recently discovered gravels located immediately to the south-west of the Se046 kimberlite. The gravels have not previously been mined by artisanal miners (garimpeiros), though recent illegal activity has occurred close to the new gravel discoveries.

The relationship between the diamondiferous gravels and the Se046 kimberlite is still being determined. Kimberlite was identified in one of the excavator pits and a Company geologist is examining the possibility of collecting a bulk sample from this area.

The gravels exposed in the pitting were up to 1.6m thick and have now been identified over an area of about 31 hectares. At this stage it is believed the gravels are part of the Calonda Formation, but there is the possibility that they are much younger and relate to an old channel of the Cacuiló River. It is anticipated that further pitting and sampling will clarify this issue. While only a small sample has been processed from the area, results have been relatively consistent and very encouraging.

Two bulk samples from the Se046 area have now been collected (Table 1). BLK\_11 was collected from garimpeiro diggings to the west of newly discovered alluvial area (this sample was incorrectly plotted in a previous Lucapa report). BLK\_14 lies within the new alluvial area at a location where the excavated gravels were relatively thick (~1.6m).

Processing of gravels from BLK\_14 is continuing. To date, 28 diamonds weighing a total of 24.7 carats have been recovered from 83.2m<sup>3</sup> of gravel processed. The diamonds are considered of good quality with the largest diamond recovered weighing 5.25 carats. Final sampling results for BLK\_11 and progressive results for BLK\_14 are shown in Table 1.

Table 1 – Diamond recoveries - Se046 alluvial area

Sample Number	Gravel Processed (m <sup>3</sup> )	Size Distribution <sup>1</sup>				Number of Diamonds	Diamond Weight (ct)	Average Size (ct)	Grade <sup>2</sup> (ct/100m <sup>3</sup> )	Largest Diamond (ct)
		<1ct	1-2ct	2-5ct	>5ct					
BLK_11	31.2	1	2	2		5	8.65	1.73	27.7	2.75
BLK_14 <sup>3</sup>	83.2	19	6	2	1	28	24.70	0.88	29.7	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.
- 3) Processing is incomplete. Approximately 250m<sup>3</sup> of gravel was excavated



Figure 4: Se046 alluvial area – BLK\_14

These results are considered extremely encouraging and additional exploration pitting and bulk sampling is proposed for the Se46 alluvial area. As well as determining the nature and age of the gravels, it is hoped that this work will confirm the high diamond grades so far recorded from the area. Lucapa believes that a significant volume of mineable gravels will be discovered in the Se046 alluvial area.

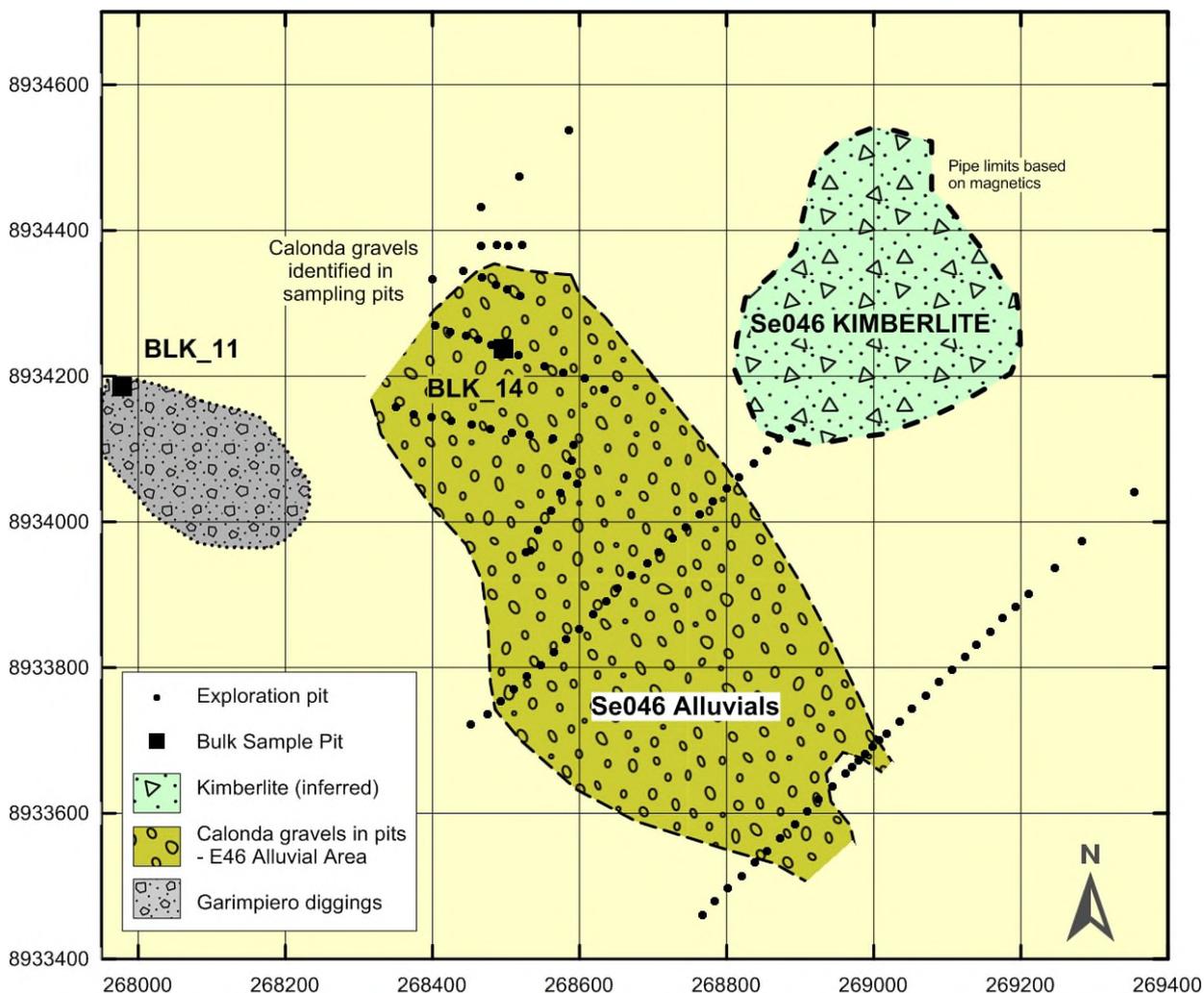


Figure 5: Se046 alluvial exploration program

### DIAMOND SALE PROCESS

Further to the Company's ASX announcement of 19 June 2013, Lucapa has received approval from the Angolan Ministry of Geology and Mines to sell alluvial diamonds recovered from Lulo, including the 131.4 carat diamond independently valued at ~ \$US3.5 million.

A meeting of the Lulo joint venture partners has been scheduled for the evening (Perth time) of 26 July 2013 by SODIAM, which is the Angolan Government agency which conducts diamond sales. Lucapa will report the outcome of this meeting as soon as it is known.

The Lucapa Board has resolved to discontinue its activities at the Lulo Diamond Concession until such time as the diamond sale process has been completed and the Company has received its share of the sale proceeds. Lucapa will resume work at Lulo, including commissioning of the new 50 tonne per hour Dense Media Separation diamond plant and exploration at the priority Se251 kimberlite as soon as the diamond sale proceeds are received.

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**Competent Person's Statement**

Information in this report 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 report of the matters based on this information in the form and context in which it appears.

**Forward-Looking Statements**

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