

LUCAPA DIAMOND COMPANY



## Africa Down Under Conference Presentation

September 2014

# Corporate Overview



## 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

## Shares on Issue:

- 181.7 million (ASX: LOM)

## Listed Options:

- 112.2 million @ 30c<sup>1</sup> (ASX:LOMO)

## Unlisted Options:

- 5 million @ 57c – 90c<sup>2</sup>

## Market Cap:

- \$74.5 million @ 41c

## Website:

- [www.lucapa.com.au](http://www.lucapa.com.au)

<sup>1</sup> Expiring 29 August 2015

<sup>2</sup> Expiring 25 September 2014 and 2 December 2014





# Lulo: Home to Large Valuable Diamonds



131.4 carats



95.45 carats



53.3 carats



LUCAPA  
DIAMOND COMPANY



32.2 carats

# Lulo Diamonds: Top Quality



- High provenance of type IIa diamonds - the rarest and most valuable category of diamonds in the world
- Lulo diamonds include large D-colour exceptional whites and fancy colours – pinks and yellows
- High end diamond price > \$25,000 per carat





# Lulo Diamonds: Exceptional Average Sale Prices



- Two parcels of Lulo alluvial diamonds weighing 867.5 carats have sold for \$6 million
- This represents an exceptional average price of \$6,960 per carat. World average is ~\$US120 per carat
- Exceptional average prices due to:
  - ❑ Large stone population: 10 “special” diamonds (> 10.8 carats)
  - ❑ Fancy coloured diamonds (pinks and yellows)
  - ❑ Significant type IIa content (multiples above world average)



# Angola – Where Diamond Discoveries Are Made

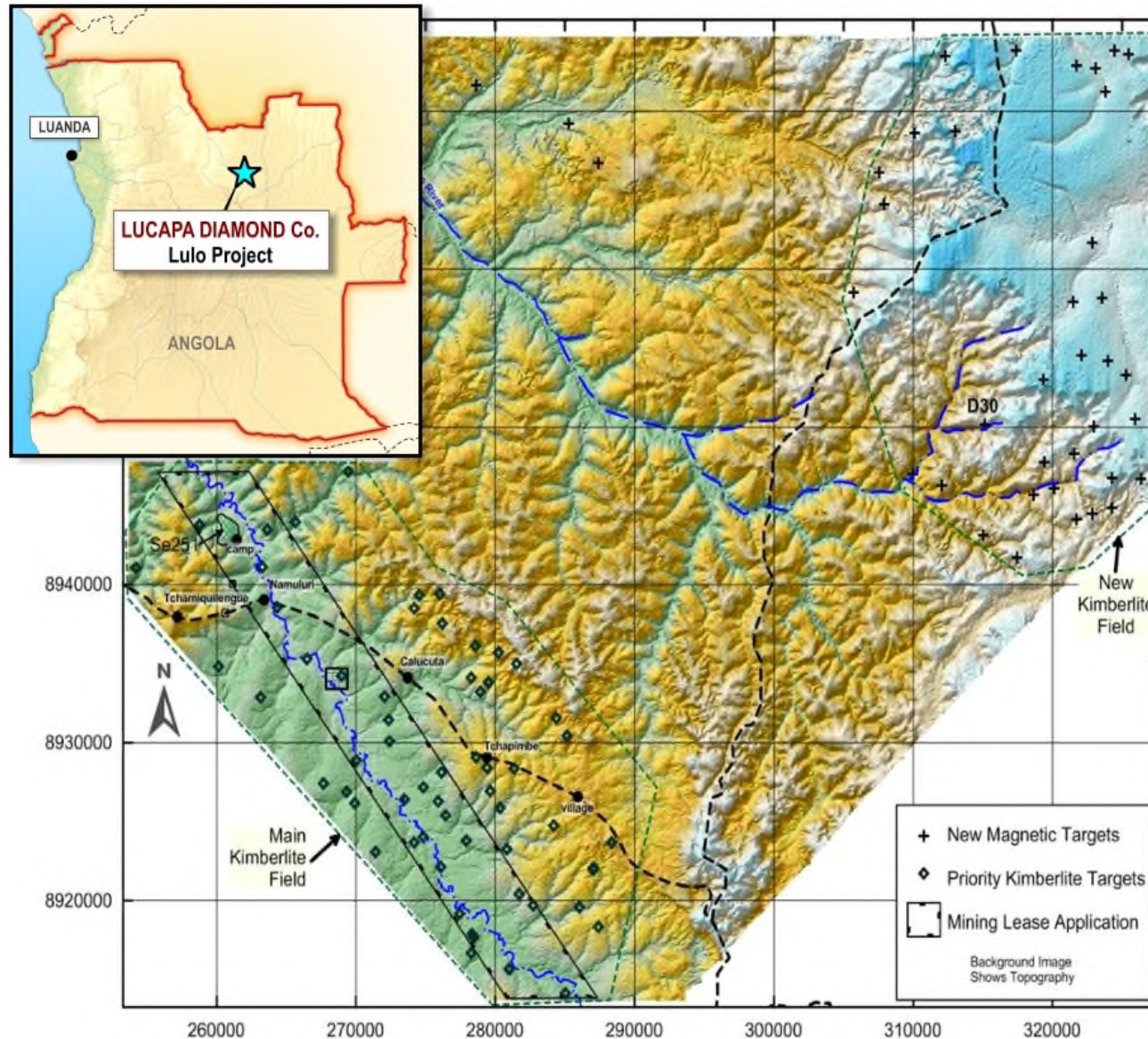


- Angola is the world's 4th largest producer of diamonds by value
- Forecast production of 10 million carats in 2014
- New era of post-civil war stability has paved the way for significant new investment in diamond exploration
- Angola's potential for new discoveries has been recognised by the world's biggest diamond miners, De Beers and Alrosa
- Lulo has been described as "perhaps currently the hottest diamond exploration property in Angola"<sup>1</sup>
- 1. Luís Chambel, Exploration & Research, XMBL





# The Lulo Diamond Concession



- A 3,000km<sup>2</sup> concession in the heartland of Angola's diamond-rich Lunda Norte province
- Easy access via good sealed roads
- Workforce readily sourced from local townships
- Lucapa has operated continuously at Lulo for six years
- Lulo hosts extensive diamond-bearing alluvial gravels and two major kimberlite provinces



# Extensive Alluvial Diamond Deposits Identified

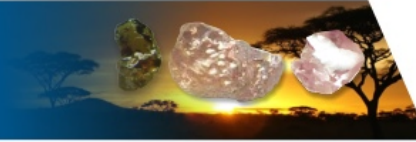


- Lucapa has discovered extensive areas of exposed and near-surface Calonda Formation gravels at Lulo covering hundreds of square km
- Bulk sampling has confirmed these gravels host alluvial diamonds of exceptional quality and size

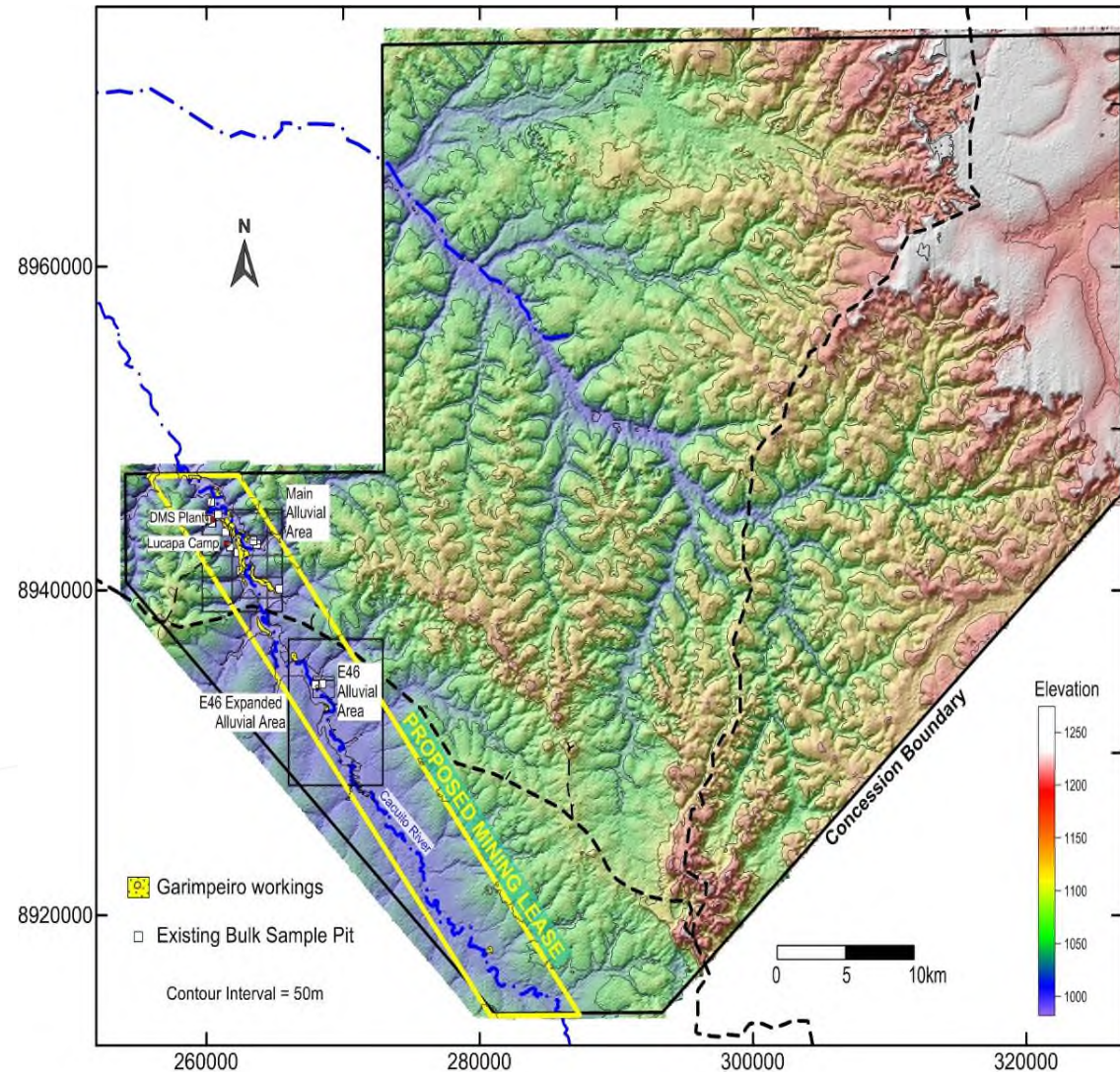




# Mining of Lulo Diamonds Set to Commence



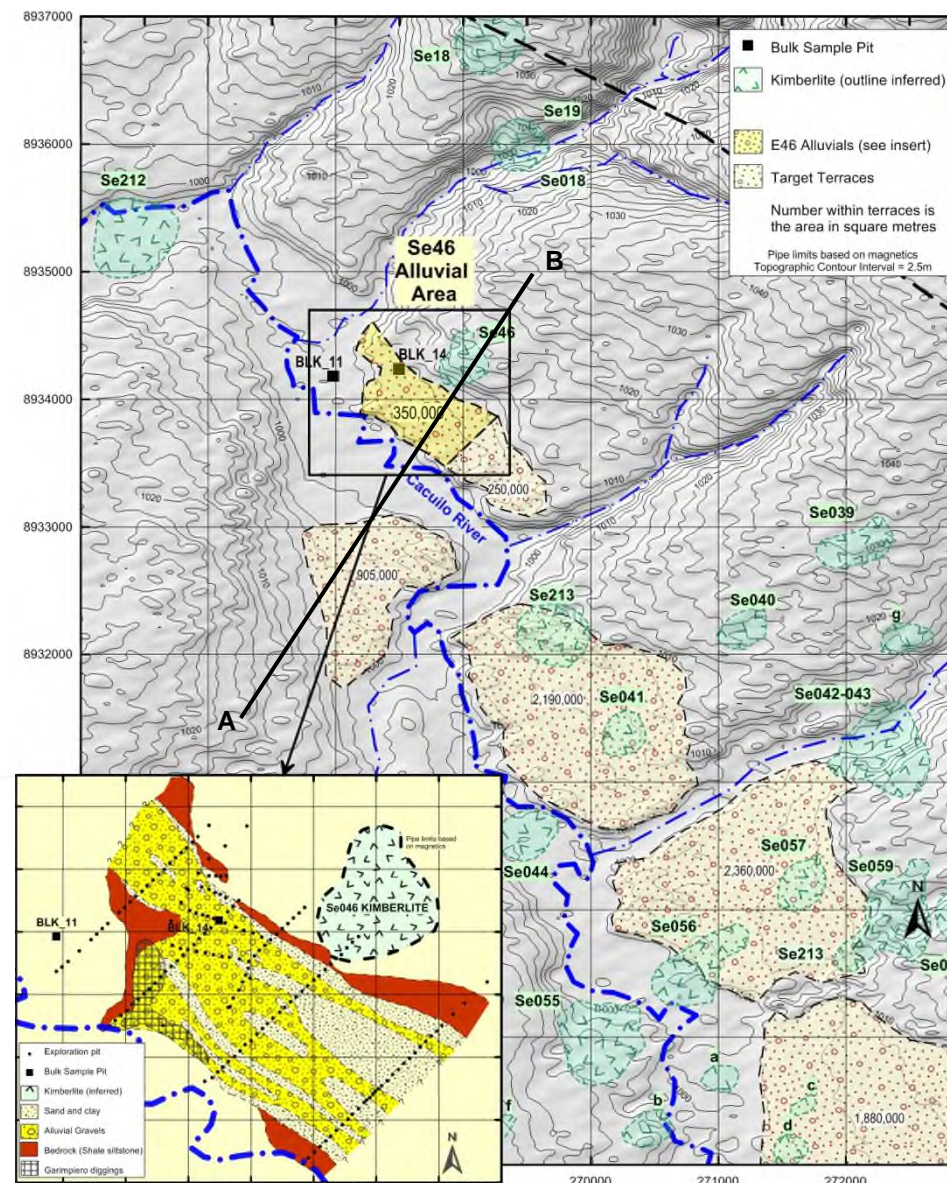
- All material commercial terms and conditions for alluvial mining licence finalised
- The mining licence covers 218km<sup>2</sup> along the Cacuiro River where Lucapa has been recovering large and valuable alluvial diamonds
- Economic viability and environmental reports supporting the mining licence all completed





# Diamond-Rich Terraces Throughout the Mining Area

- In the E46 Alluvial Area, Lucapa has identified rich diamondiferous gravels in elevated terraces adjacent to the Caculo River
- Gravels from these elevated terraces sampled up to 27 carats per 100m<sup>3</sup>
- Significantly, project geologists have confirmed these elevated terraces occur at similar elevations south of the Caculo River within the 218km<sup>2</sup> mining licence area
- Lucapa has also discovered a cluster of kimberlites in this area. These are considered likely sources of the high-quality diamonds in the elevated terraces



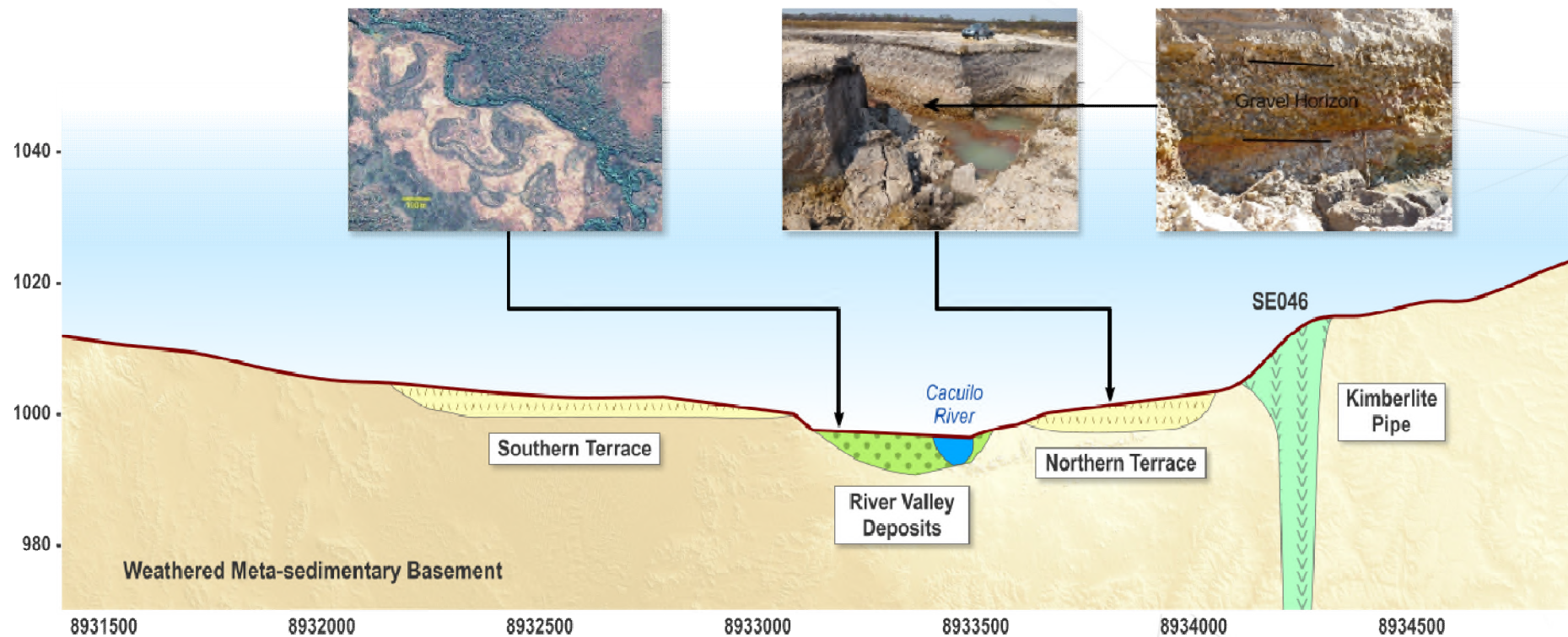


# The Diamond-Rich E46 Area - Schematic Section

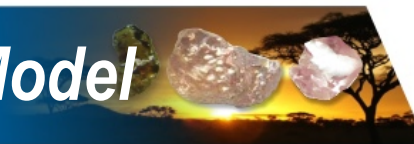


Aerial view of Cacuiro River Valley showing current river and outlines of old river courses within the valley. The Northern Terrace occurs in the upper right section of the image

Bulk sample pit in the E46 alluvial area showing the main gravel horizon. This pit had a diamond grade of >20 carats per 100m<sup>3</sup>



# Alluvial Diamond Mining – The Exploration Model



- Lucapa's mining licence application is based on an exploration target generated by the project's geologists
- Lucapa believes the mining licence area has the exploration potential to host economic alluvial diamond deposits containing at least 500,000 carats of diamonds with an average value of ~\$US500 per carat

Metric	Range (Low)	Range (High)
Volume (Mbcm)	5	10
Grade (cphm)	5	15
USD/ct value	465	6,954
Carats (millions)	0.5	1.5

Note: Lucapa emphasises that the potential quality, grade and diamond value described in the exploration target is conceptual in nature. There has been insufficient exploration to estimate a JORC 2012 compliant Mineral Resource and it is uncertain, due to the nature of alluvial deposits, if further exploration will result in the estimation of a Mineral Resource. (Also refer ASX announcement 30 June 2014 and slide 21)



# Alluvial Diamond Mining - Scaling Up



- Additional fleet of leased earthmoving equipment scheduled to arrive in Angola in the first week of September 2014. This extra equipment will enable parallel alluvial mining and kimberlite exploration activities
- Operational and management teams being expanded with recruitment of key diamond industry experts
- Diamond mining and kimberlite exploration strategies being refined



# *DMS Diamond Plant: Capacity For Increased Throughput*



- New Dense Media Separation diamond plant commissioned in November 2013
- Improved sampling results due to more efficient treatment and recovery processes
- Can be operated on double shifts under mining scenario
- Ability to campaign mine alluvial diamonds and then process kimberlite sample
- Lucapa's second original DMS plant provides additional processing options



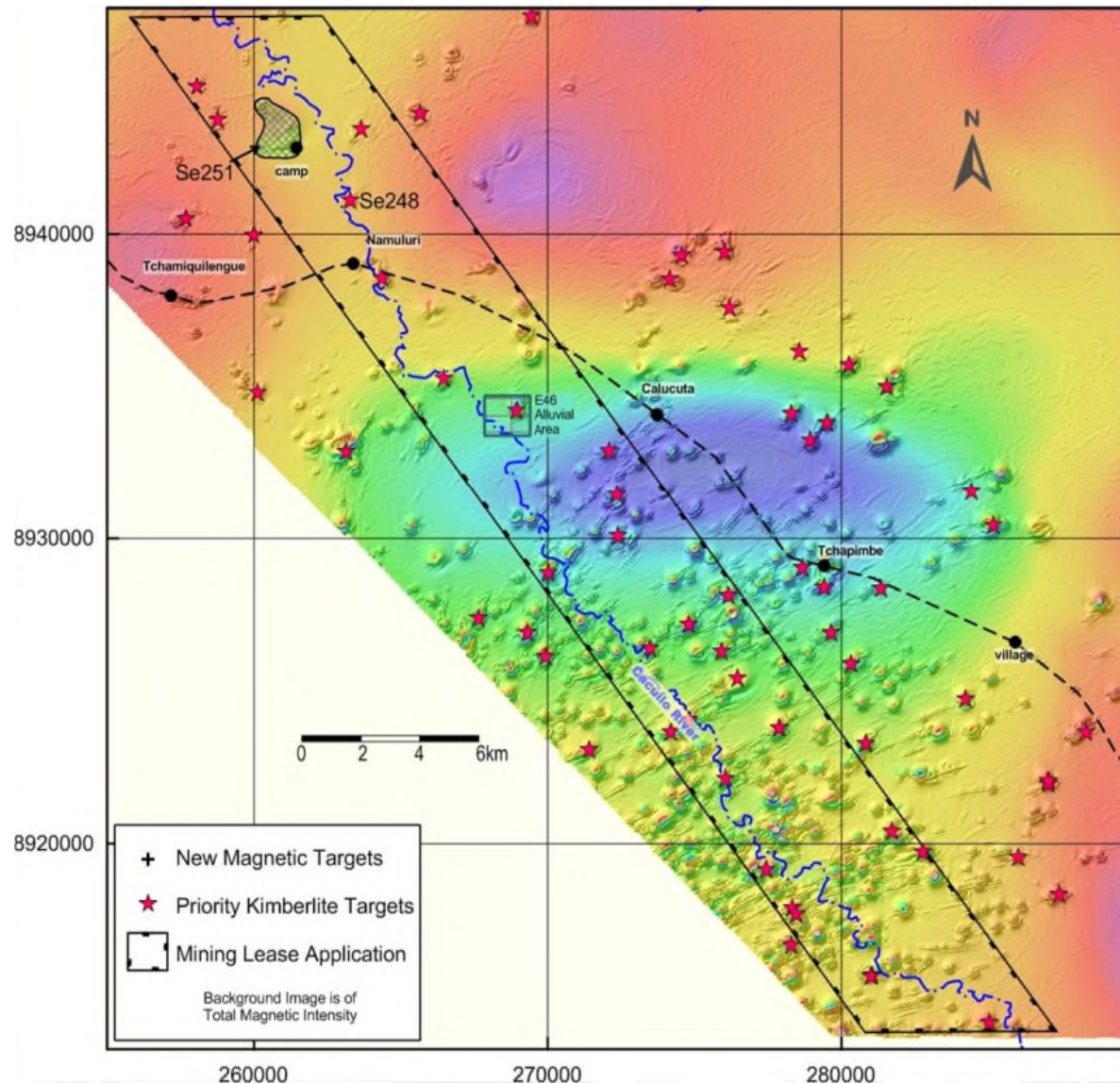


# *The Lulo Kimberlite Story: Finding Another Catoca*

- Lulo is within 150km of the Catoca diamond mine and on the same geological belt (Lucapa Graben)
- Catoca is the world's fourth biggest kimberlite mine with annual production of ~6.5 million carats
- Catoca has an estimated mine life of ~30 years
- Operated by Alrosa, the world's biggest diamond miner (by carats produced)



# Priority Kimberlite Pipes Already Identified



- Lucapa has identified close to 300 kimberlite targets at Lulo in two distinct clusters
- Project geologists have already classified ~100 as confirmed or probable kimberlites
- The Lulo kimberlites prioritised for testing have little or no sand cover
- Lucapa is excavating surface samples from the priority kimberlites to test for diamonds
- Priority kimberlites include the 220 hectare Se251 pipe



# Four Diamond-Bearing Kimberlites Already Confirmed



- As at August 1, Lucapa had recovered 15 diamonds from kimberlite samples excavated from four separate pipes at Lulo
- 12 of those kimberlite diamonds were recovered from the largest pipe, Se251
- Subsequent testing has confirmed half of the Se251 kimberlite diamonds are rare type IIa gems
- Kimberlite sampling program at Lulo is ongoing

# Lulo: Both Alluvial & Kimberlite Diamond Rights



- Lucapa is the manager and operator of the Lulo JV with Endiama, Angola's national diamond mining enterprise
- Lulo JV includes alluvial and kimberlite exploration licences, both extended until May 2016
- Lucapa has a 40% interest in alluvials and a 39% interest in kimberlites<sup>1</sup>
- Commencement of alluvial mining will enable Lucapa to recoup 100% of expenditure from JV profits



<sup>1</sup>Lucapa's interest will reduce to 30% and Rosas & Pétalas' interest will increase to 19% after Lucapa recovers its total expenditure



# One of the Best Emerging Diamond Opportunities



- Lucapa Diamond Co Ltd represents one of the best emerging pure-play diamond investment opportunities
  - ❑ Lulo has been described as “perhaps currently the hottest diamond exploration property in Angola”
  - ❑ The diamonds Lucapa has been recovering from Lulo are best in class
  - ❑ Lucapa is poised to make the company-defining transformation from explorer to diamond miner
  - ❑ Lucapa is also closing in on the main goal – finding the primary (kimberlite) source or sources of the world class alluvial diamonds being recovered at Lulo
  - ❑ Four kimberlites at Lulo already confirmed as diamond-bearing pipes



# Forward-Looking Statements



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# Competent Person's Statement



## Competent Person's Statement

Information in this Presentation that relates to exploration targets, exploration results, mineral resources or ore reserves is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Thamm is a Director of Lucapa Diamond Company Limited. Mr Thamm 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 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Thamm consents to the inclusion in this Presentation of the matters based on this information in the form and context in which it appears.

The information contained in this Presentation in relation to the alluvial area containing an estimated 500,000 carats (Exploration Target) is based upon exploration potential rather than an estimate of production. The material assumptions underpinning the Exploration Target were previously disclosed in the ASX announcement dated 5 March 2014. These assumptions continue to apply and have not materially changed and are listed below;

- (i) The potential quantity, grade and diamond value described as the Exploration Target are conceptual in nature and there has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource;
- (ii) The range of tonnage is based upon an estimated volume of about five million cubic metres which relates only to the elevated terrace gravels. No attempt has been made to determine the volume of lower grade lateritic gravels that will occur within the flood plain of the Caculo River. It is believed that five million cubic metres is probably a minimum volume and the actual combined volume of terrace and lateritic gravels within the proposed MLA could be double this figure;
- (iii) The range of grade to the plant will vary considerably, however it is estimated to be in the range of 5cphm to 15cphm, with 10cphm considered the most likely scenario;
- (iv) The average diamond value is based upon data available as at 5 March 2014 in relation to the sale of the first package of diamonds and valuation of the second package of diamonds, with a total weight of 867.05ct for a total of \$US6,029,614 giving an average price of \$US6,954/ct (See ASX announcement 3 March 2014). Most of the value in the two diamond parcels related to "special" stones, that is, diamonds larger than 10.8 ct or fancy coloured stones. If the special diamonds are not included in the packages, the average value of the remaining diamonds is \$US465/ct. This provides a range of \$US465/ct and \$US6,954/ct. An average per carat value of \$US500 has been attributed to the diamonds for the Exploration Target model. This is probably on the low side as work to date suggests that special stones are a normal part of the Lulo production. The range of values in the Exploration Target is as per the table included in the slide titled "Alluvial Mining – The Exploration Model";
- (v) The proposed exploration activities designed to test the validity of the Exploration Target are estimated to be completed within a 12-18 month timeframe. The extent of the exploration program required will be continually re-evaluated to ensure that it is relevant to local conditions. In general, exploration pitting will be completed on lines 200-400m apart with pits every 25m to 50m. One or two bulk samples of 200 to 500 tonnes will be excavated for each kilometre of channel length identified.
- The geophysical information included in this Presentation relates to previously released exploration data disclosed under the JORC Code 2004 (refer ASX announcements dated 1 May 2013 and 22 May 2013). It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported and is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm MSc F.Aus.IMM (CP), who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Thamm is a Director of Lucapa Diamond Company Limited. Mr Thamm 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 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Thamm consents to the inclusion in this Presentation of the matters based on this information in the form and context in which it appears.

# LUCAPA DIAMOND COMPANY



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