



LULO DIAMOND PROJECT - UPDATE

HIGHLIGHTS

- **Sign-off on technical due diligence by US\$15 million debt provider**
- **Extension of time granted to allow completion of legal formalities and provision of security, being conditions precedent to provision of funds**
- **Interim placement raising \$4.8 million to allow continuation of ramp-up of diamond mining operations at Lulo**
- **Diamond mining and processing rates at Lulo for the months of January and February are in line with internal targets**

Lucapa Diamond Company Limited (ASX: LOM) (“Lucapa” or the “Company”) is pleased to provide a funding and operational update for the Lulo Diamond Project in Angola.

As announced to the ASX on 21 January 2015, Lucapa signed a term sheet for a US\$15 million bridge finance facility with a well-established international mining investment group to assist the Company to ramp up its alluvial diamond mining operations at Lulo.

The US\$15 million facility was subject to various approvals and documentation, as set out in the 21 January 2015 ASX announcement, including an exclusive 40-day due diligence period.

Lucapa is pleased to announce that the investment group has completed detailed operational, technical and resource potential reviews as part of its due diligence and has formally advised Lucapa that no material concerns or fatal flaws were raised. The due diligence included on-site inspections of the Lulo diamond field and alluvial mining operations by independent experts appointed by the investment group.



Diamond mining operations at the Lulo diamond project

Furthermore, the investment group has confirmed the US\$15 million bridge facility offer will remain in place for a further three months to enable Lucapa to complete the gazetting and incorporation formalities which are required to provide the necessary in-country security for the investment group.

Lucapa is confident that these formalities, which are part of the 35 year Lulo alluvial mining licence signed in November 2014 (See ASX announcement 26 November 2014), can be satisfactorily achieved within the three month timeframe.

In the interim, Lucapa is pleased to announce the Company has raised \$4.8 million, subject to the clearance of funds, via an issue of new shares to enable the Company to continue ramping up alluvial diamond mining operations at Lulo and to order long lead-time items required for proposed efficiency and technology improvements to the Company's 150 tonne per hour diamond treatment plant.



Selection of exceptional Lulo alluvial diamonds

The placement involved the issue of 24 million ordinary fully paid Lucapa shares at an issue price of 20c per share, with an attached one-for-one listed option, exercisable at 30c on or before 29 August 2015, at no additional cost. Far East Capital was lead manager to the issue.

Lucapa Chief Executive Stephen Wetherall said he was pleased by the support shown for Lucapa and the Lulo diamond project by both the bridge finance facility provider and the Australian and overseas investors who participated in the \$4.8 million share placement.

As announced to the ASX on 22 January 2015, Lucapa successfully commenced alluvial diamond mining at Lulo in January, starting at the Block 29 area. Lucapa has been restricted to mining areas it can access near the diamond treatment plant, including Block 29, during the Angolan wet season. Lucapa is pleased to report that alluvial diamond mining and processing rates for the months of January and February 2015 are in line with internal targets. Grades recovered are in line with the bulk sample results and management estimates for the areas mined. In line with the ASX announcement of 18 December 2014, once ground conditions permit, mining activities will broaden to include those areas that produced higher grades during the alluvial bulk sampling programs. This includes areas where the large special diamonds were recovered.

“2015 looms as an extremely busy and exciting year for Lucapa as we continue scaling up our diamond mining operations at Lulo, continue recovering world class alluvial diamonds and launch a new kimberlite exploration program to find the source of these exceptional gems,” said Mr Wetherall.

“Lulo is producing rare and unique diamonds and we and our Angolan partners are fully committed to unlocking the full potential of this new diamond province.”



Lucapa's 150 tonne per hour diamond treatment plant

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ABOUT LUCAPA DIAMOND COMPANY LIMITED

Lucapa Diamond Company Limited (ASX: LOM) is miner of world-class diamonds. Lucapa is the operator of the 3,000km² Lulo Diamond Concession in Angola's Lunda Norte diamond heartland. Lulo is located within 150km of Catoca, the world's fourth biggest kimberlite diamond mine, and on the same favourable geological trend (Lucapa Graben).

Lucapa has been undertaking diamond bulk sampling activities continuously at Lulo since 2008, during which time the Company has proven up two major kimberlite provinces and extensive areas of diamond-rich alluvial gravels along the Caculo River.

In November 2014, Lucapa and its partners signed a 35 year mining licence agreement to mine the alluvial diamonds at Lulo within a 218km² area which includes more than 50km of the Caculo River, its valley and terraces. Alluvial diamond mining commenced in January 2015.

Lucapa has also identified approximately 300 kimberlite targets at Lulo and is preparing to launch a new kimberlite exploration program to find the primary source, or sources, of the rare alluvial diamonds being recovered from the concession. Already, four Lulo kimberlites have been confirmed as diamond bearing pipes. Lucapa's board and management team has extensive diamond mining experience with companies including De Beers, Rio Tinto and Gem Diamonds.

Lucapa operates Lulo in partnership with Endiama, the Angolan Government's diamond concessionary, and private group Rosas & Petalas.

ABOUT ANGOLA

Angola is the world's fourth biggest producer of diamonds by value and is actively seeking foreign investment in its diamond industry. Angola is forecasting annual diamond production of 10 million carats in 2014. Angola introduced a new Mining Code in 2012.

Angola's potential for new diamond discoveries has been recognised by the world's two biggest diamond mining companies, Alrosa and De Beers. Alrosa operates the giant Catoca mine (annual production ~6.5 million carats), which is the world's fourth biggest kimberlite mine, while De Beers has announced plans to secure exploration concessions in Angola.

Angola will chair the Kimberley Process Certification Scheme from 2015.