



## **LUCAPA PREPARES TO MINE HIGH GRADE DIAMOND AREAS AT LULO**

- *Diamond mining at Lulo to focus on areas which produced large diamonds weighing 131.4 carats, 95.4 carats, 53.2 carats, 38.4 carats, 32.2 carats and 24.4 carats*

### **HIGHLIGHTS**

- **Earthmoving equipment mobilised to the high grade BLK\_08 and BLK\_06 & 19 areas to prepare for the next phase of diamond mining at the Lulo Diamond Concession**
- **These areas are where the largest diamonds were recovered from previous alluvial bulk sampling programs, including stones weighing 131.4 carats, 95.4 carats, 53.2 carats, 38.4 carats, 32.2 carats and 24.4 carats**
- **Lucapa remains on track to achieve its Phase 1 diamond mining targets after exceeding monthly processing rates for February**
- **Sale of third parcel of Lulo diamonds rescheduled for March/April 2015 to take advantage of improving market conditions**

**Lucapa Diamond Company Limited** (ASX: LOM) ("Lucapa" or the "Company") is pleased to announce that earthmoving equipment has been mobilised to the BLK\_08 and BLK\_06 & 19 areas at the Lulo Diamond Concession in Angola to prepare for mining of these high grade areas.



The 131.4 carat D colour Type IIa diamond recovered from bulk sample BLK\_08 in 2012

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The BLK\_08 area (Figure 1) is where Lucapa and its Angolan partners recovered the biggest and most valuable diamond to date – a spectacular 131.4 carat D colour Type IIa gem found during initial bulk sampling programs in 2012 (See ASX announcement 21 August 2012).

The BLK\_08 bulk sample produced an exceptional in-situ diamond grade of 95.05 carats per 100 cubic metres (cphm<sup>3</sup>) (See ASX announcement 18 December 2014), which also included a 38.4 carat stone. Excluding the 131.4 carat diamond, the diamond grade of the BLK\_08 bulk sample was still 28.98 cphm<sup>3</sup>.

The BLK\_06 and BLK\_19 bulk samples (Figure 1) also produced exceptional in-situ diamond grades of 40.24 cphm<sup>3</sup> and 32.82 cphm<sup>3</sup> respectively (See ASX announcement 18 December 2014).

The individual diamonds recovered from the adjoining BLK\_06 and BLK\_19 bulk samples included large special stones weighing 95.45 carats, 53.2 carats, 32.2 carats and 24.4 carats (See ASX announcements 23 November 2011 and 28 January 2014). The biggest three diamonds were all high-quality and colour Type IIa gems.



Diamonds from the BLK\_06 and BLK\_19 bulk samples including large special stones weighing 95.45 carats, 53.2 carats and 32.2 carats

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Large special Lulo diamonds – including those from BLK\_08 and BLK\_06 & 19 – have achieved sale valuations well in excess of US\$20,000/carat, compared with an average of approximately US\$400/carat for the remainder of the diamonds recovered.

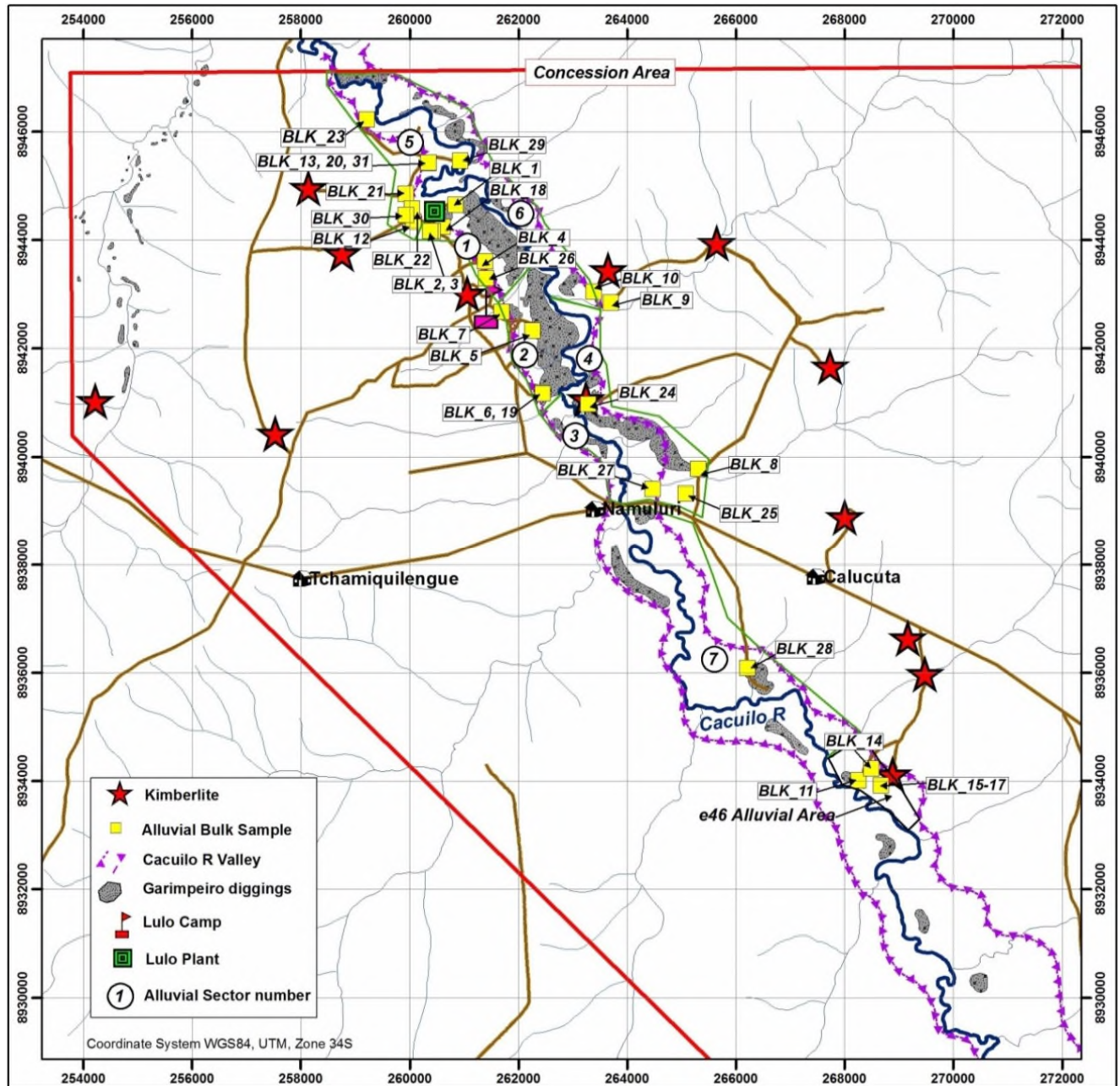


Figure 1: Location of alluvial bulk samples including the high grade BLK\_08 and BLK\_06 & 19 areas

Lucapa and its Angolan partners have mobilised earthmoving equipment to these high grade areas to undertake the necessary site works to enable mining to commence as soon as weather conditions permit.

Lucapa expects to mine the BLK\_08 and BLK\_06 & 19 areas throughout the second quarter of 2015, with the first gravels expected to be trucked to the 150 tonne per hour diamond plant in April 2015 for processing.



### DIAMOND MINING UPDATE

Since commencing alluvial diamond mining at Lulo in January 2015, Lucapa and its partners have initially been restricted to mining river terraces close to the diamond treatment plant due to the Angolan wet season, which traditionally runs to the end of March.

Despite those constraints, Lucapa exceeded its February plant throughput target after processing close to 5,000 bulk cubic metres (bcm) of alluvial gravels through the diamond treatment plant during that month.

Furthermore, initial diamond recovery grades from the areas mined to date are consistent with the original bulk sample results for those areas, which averaged around 10 cphm<sup>3</sup> (See ASX announcements 29 January 2015 and 27 February 2015).

Lucapa remains on track to achieve its Phase 1 mining throughput target of 10,000 to 14,000 bcm per month by the end of H1 2015.

The Phase 1 plan involves the progressive scaling up of monthly throughput of alluvial gravels from 3,500 bcm/month in January 2015 to 10,000 bcm/month by June 2015.

The final Phase 1 step-up to 14,000 bcm/month will be achieved via additional earthmoving equipment, which Lucapa is negotiating to secure (via purchase or lease) with part of the proceeds from the recent A\$4.8 million share placement (See ASX announcement 27 February 2015).

The Phase 1 plan targets an average diamond grade of 15 cphm<sup>3</sup>, which factors in the upcoming move to high grade areas including BLK\_08 and BLK\_06 & 19.

The Phase 2 mining plan targets throughput of 40,000 bcm/month at an average diamond grade of 10 cphm<sup>3</sup>. This step-up will be achieved via additional earthmoving equipment and the in-field screening of alluvial gravels to create a concentrated feed for trucking to the diamond treatment plant.

### SALE OF THIRD PARCEL OF LULO DIAMONDS

As previously announced, Lucapa and its partners have sold two parcels of diamonds recovered from the bulk sampling exploration phase at Lulo for gross proceeds of ~A\$6 million, underlining the unique and premium value of Lulo diamonds and the potential of the Lulo diamond field.

As announced on 29 January 2015, preparations have been made for the sale of a third parcel of Lulo diamonds weighing more than 1,500 carats.

This sale had originally been scheduled for February 2015. However, Lucapa and its partners have opted to hold over the sale of these diamonds to March/April to potentially benefit from more favourable market conditions and possibly supplement additional diamonds to increase the parcel size.

The decision to defer the sale is supported by anecdotal evidence that sentiment in the diamond market is improving following good tender results in Antwerp.

Further and more regular sales of Lulo diamonds are expected to take place as mining and processing achieves scale.

### FURTHER UPDATES

Lucapa expects to soon be in a position to provide further updates, including the ordering of long lead time items for the diamond treatment plant and the new kimberlite exploration program, once these matters are approved by the Lulo board.

For further information, please contact:

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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 3,000km<sup>2</sup> 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 218km<sup>2</sup> 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.

### **Competent Person's Statement**

Information included in this announcement that relates to previously released exploration data disclosed under the JORC Code 2004 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 the announcement of the matters based on this information in the form and context in which it appears.

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