



LUCAPA RAISES \$4 MILLION TO BOOST CASH FLOWS AT LULO

HIGHLIGHTS

- **Lucapa has received firm commitments for a placement of \$4 million with attaching options**
- **Proceeds will fund modifications to the diamond plant at Lulo allowing continuous mining operations throughout the wet season at the increased rate of 20,000 bulk cubic metres (bcm)/month**
- **Increased processing capacity throughout the wet season aimed at maximising cash flows all year round**
- **Diamond mining operations at Lulo generated positive net operating cash flow in June Quarter**
- **New Caterpillar fleet has enabled diamond mining to resume at the high-grade BLK_08 area and work to commence on the high-priority L46 kimberlite pipe as per the kimberlite exploration program**

Lucapa Diamond Company Limited (ASX: LOM) (“Lucapa” or “the Company”) has raised \$4 million from a placement of shares as part of a strategy to grow cash flows at the Lulo Diamond Project in Angola.

The placement involved the issue of 22.2 million ordinary fully-paid shares at an issue price of \$0.18 per share with an attached one-for-one unlisted option exercisable at \$0.20 on or before 30 September 2017. Far East Capital Limited was Lead Manager to the issue.

Lucapa will use the proceeds to fund modifications to the Company’s 150 tonne per hour diamond processing plant and additional equipment for increased wet season mining preparations which will allow mining and processing operations to operate at the increased rate of 20,000bcm/month through the Angolan wet season, boosting operational cash flows.

This follows the arrival on site at Lulo of a new fleet of Caterpillar earth moving equipment, which will enable Lucapa and its partners to double alluvial diamond mining operations from the 10,000bcm/month rate achieved in the month of June.

Reaching the 10,000bcm/month processing target enabled Lucapa and its partners to successfully achieve their goal of generating positive net operating cash flow in the June Quarter.

This positive cash flow result was achieved despite the decision to defer the fifth sale of Lulo diamonds originally scheduled for June. The Lucapa Board has now decided to hold this diamond sale in late August, or early September, when diamond market conditions are expected to be stronger.

The unsold Lulo diamond inventory currently stands at more than 1,600 carats.

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As outlined in the Company's June 2015 Quarterly Activities Report to be released to the ASX today, the arrival of the new earth moving fleet at Lulo this month has also enabled Lucapa and its partners to resume diamond mining at the high-grade BLK_08 area and advance the Lulo kimberlite exploration program at L46 in tandem with the alluvial diamond mining operations.

The BLK_08 area is where the Lulo partners recovered their biggest and most valuable diamond from preliminary bulk sampling programs – a 131.4 carat Type IIa D-colour gem.

The high-priority L46 kimberlite pipe is considered by the Lulo geological team to be a potential source of the high-grade diamonds recovered from the E46 alluvial diamond field at Lulo.



Diamonds from the unsold >1,600 carat inventory at Lulo, including fancy yellows, pinks and Type IIa gems

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ABOUT LUCAPA DIAMOND COMPANY LIMITED

Lucapa Diamond Company Limited is a 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 proven up two major kimberlite provinces at Lulo, as well as 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. Alluvial diamond mining commenced in January 2015. The Lulo alluvial diamonds sold to date have achieved exceptional average sale prices of more than A\$2,500 per carat.

Lulo hosts 296 kimberlite targets in two separate provinces, of which 96 have been classified as proven and probable kimberlites and four 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.

Lucapa is dual listed on the Australian Securities Exchange and the Frankfurt Stock Exchange.

ABOUT ANGOLA

Angola is the world's fourth biggest producer of diamonds by value with forecast annual production of 10 million carats in 2014.

Angola introduced a new Mining Code in 2012 and is actively seeking foreign investment in its diamond industry.

Angola's potential for new diamond discoveries has been recognised by the world's two biggest diamond mining companies, Alrosa and De Beers.

Angola was appointed to chair the Kimberley Process Certification Scheme in 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.

Forward-Looking Statements

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