



DIAMOND PRODUCTION UPDATE

Lucapa Diamond Company Limited (**ASX: LOM**) ("Lucapa" or "the Company") provides the following update on its alluvial diamond mining operations at the Lulo Diamond Project in Angola.

As part of Lucapa's strategy to generate regular and increasing cash flows, three diamond sales were completed during the December Quarter (See ASX announcements 13 October 2015, 16 November 2015 and 18 December 2015). These diamond sales generated gross revenues of A\$8.1 million, the highest quarterly sales result achieved to date. The average selling price of A\$2,141 per carat in the December Quarter was also the highest quarterly average achieved since mining commenced in January 2015 (Table 1).

A total of 28 specials (diamonds weighing more than 10.8 carats) were recovered during the December Quarter with the two biggest diamonds recovered weighing 74.5 carats and 66.3 carats (See ASX announcements 18 December 2015 and 19 October 2015).

The average stone size increased to 1.35 carats in the December Quarter, up from 1.2 carats in the September quarter (Table 1).

Processing rates increased by 173 per cent to 82,410 bulk cubic metres (bcm) in the second half of calendar 2015 as the delivery of additional earth moving equipment enabled mining operations to be scaled up (Table 1).

	Q1 15	Q2 15	H1 15	Q3 15	Q4 15	H2 15	FY 15
Actual Treated m³ (bulked)	12,912	17,264	30,176	44,009	38,401	82,410	112,586
Actual Carats Recovered	1,335	1,430	2,765	3,479	2,151	5,630	8,394
Actual Grade Recovered (cphm³)	10.34	8.28	9.16	7.90	5.60	6.83	7.46
Actual Avg Stone Size Recovered	1.01	0.79	0.88	1.20	1.35	1.25	1.10
Specials Recovered	12	3	15	43	28	71	86
Actual Sales (A\$)	-	3,666,929	3,666,929	1,023,644	8,091,593	9,115,237	12,782,166
Actual Price per Ct (A\$)	-	1,227	1,227	400	2,141	1,438	1,370

Table 1: Diamond production and sales results by quarter for full year 2015

Processing rates in the December Quarter were below the previous quarter due to a mechanical issue with the diamond plant's dense media separation module which impacted processing for two weeks.

Mining of gravels continued during this period of plant downtime and as at December 31, approximately 9,231 bulk cubic metres (bcm) of diamond-bearing alluvial gravels were stockpiled for processing through the diamond plant.

Excluding the 9,231 bcm of stockpiles, a total of 38,401 bcm of alluvial gravels were processed in the December Quarter (Table 1).

Mining operations during the December Quarter were impacted by heavy rains and the utilisation of earth moving equipment to progress other project activities including alluvial and kimberlite exploration, excavation of trial mining pits in new areas, construction activities and ongoing road and bridge maintenance as a result of the rains.

Access to higher-grade and value areas such as Mining Block 8 were restricted by the rain which contributed to lower average grades and reduced diamond recoveries to 2,151 carats in the December Quarter (Table 1). The diamonds being recovered from the 9,231 bcm of stockpiled alluvial gravels will be included in the recoveries for the March 2016 quarter.

Additional pumping equipment has arrived on site at Lulo to assist with the underfoot conditions.

During the December Quarter, Lucapa's kimberlite exploration program focused on geophysical survey work at the high-priority L259 and L13/L15 kimberlites and surrounds, which are considered potential sources of the large and valuable alluvial diamonds recovered from the adjacent Mining Block 8 (See ASX announcement 23 November 2015). Lucapa expects to have the initial results from this geophysical survey work shortly.



Impact of heavy rains at Mining Block 8 during the December Quarter.
More pumping equipment has since arrived on site

For and behalf of the Board.

STEPHEN WETHERALL
CHIEF EXECUTIVE OFFICER

ABOUT LUCAPA

Lucapa Diamond Company Limited operates the Lulo Diamond Project in Angola's Lunda Norte diamond heartland. The 3,000km² Lulo Diamond Concession is located within 150km of Catoca, the world's fourth biggest kimberlite diamond mine, and on the same favourable geological trend (Lucapa Graben).

Lucapa and its partners commenced alluvial diamond mining operations at Lulo in January 2015. To date, the >10,000 carats of Lulo alluvial diamonds sold have achieved exceptional average selling prices of A\$1,846 per carat.

Lulo also hosts 296 kimberlite targets in two separate provinces, of which 97 have already been classified as proven and probable kimberlites and five 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.

Competent Person's Statement

Information included in this announcement that relates to previously released exploration data disclosed under JORC Code 2012. 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 FAusIMM (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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