



## **RECORD DIAMOND RECOVERIES AT LULO**

- *Lulo achieves a series of production records in July 2016, including more Special diamonds in one month than in the entire previous half year*

### ***Production Highlights - July 2016 month***

- Record recovery of 59 large Special diamonds (diamonds >10.8 carats in weight)
- Record diamond production of 3,164 carats
- Record diamond grade of 15 carats per 100 cubic metres
- Record processing volumes of 21,114 bulk cubic metres (bcm)

### ***Exploration Highlights***

- Drilling at kimberlite target L259 continues after early commissioning delays were experienced. Re-sedimented volcanoclastic kimberlite ("SRVK"), or crater lake sediments, were intersected in initial hole - drilling targeting pyroclastic kimberlite ("PK")
- Additional larger drill rig scoped, identified and will be ordered shortly to accelerate kimberlite drilling program
- New zone of terrace gravels identified from ongoing alluvial exploration ~3km further upstream of the delineated JORC diamond resource, highlighting the potential for the entire 51km stretch of Cacuilo River at Lulo to host large alluvial diamonds



Selection of Lulo diamonds from record July 2016 production -  
66 carat, 49 carat and 31 carat in the foreground

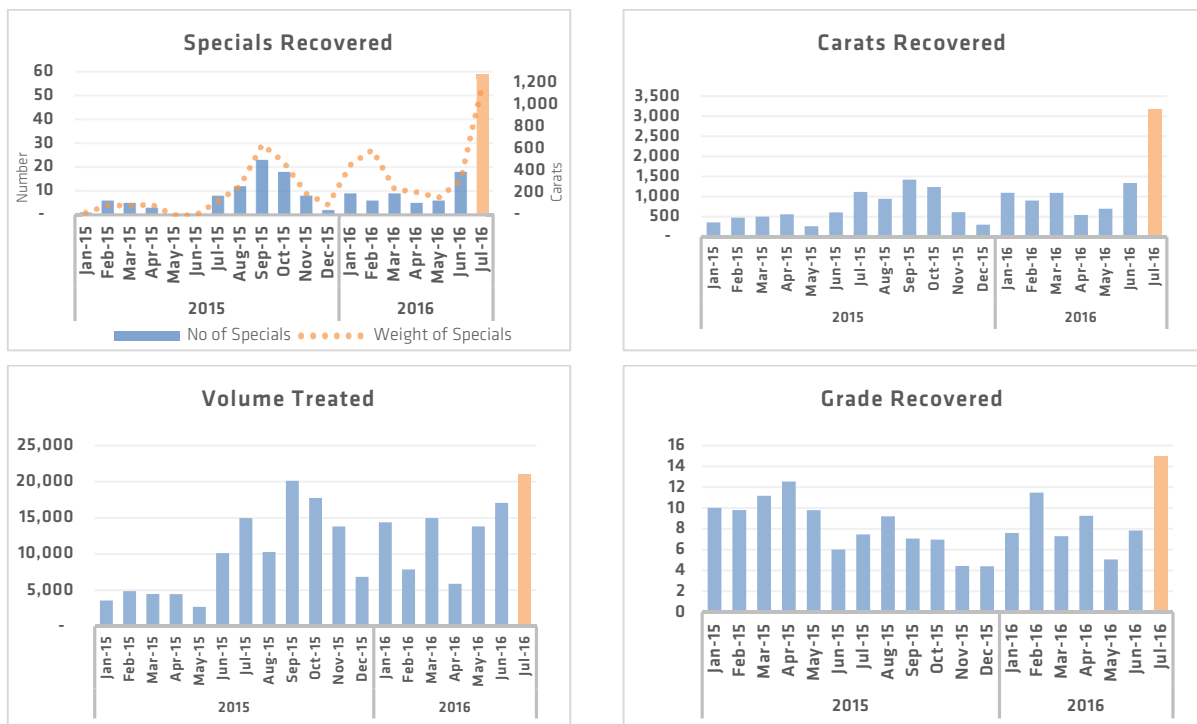
## RECORD DIAMOND RECOVERIES AT LULO

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) and its partners, Endiama and Rosas & Petalas, are pleased to provide an update on diamond production operations and exploration activities at the Lulo Diamond Project in Angola.

While it is Lucapa's policy to provide formal diamond production updates on a quarterly basis, the record production figures for the month of July 2016 are considered exceptional and significantly ahead of internal forecasts and market guidance.

Alluvial diamond production for the month of July 2016 included:

- The recovery of a record 59 Special diamonds, exceeding the total number of Specials (53) recovered in the entire first six months of 2016 (June half year)
- The record total recovery of 3,164 carats for the month. This included a record daily recovery of 448 carats, eclipsing the day on which the record 404 carat Lulo diamond was recovered
- Record monthly plant throughput levels achieved of 21,114 bcm
- Record monthly diamond grade of 15 carats per 100 cubic metres



The average stone size for July was an exceptional 2.0 carats per stone, up from 1.3 carats in the June half year.

Lucapa Chief Executive Stephen Wetherall said the record recoveries and grades for July were the result of the Company's continued investment in new earth moving fleet and plant upgrades – and a production focus on the high-value Mining Block 8 diamond area.

## RECORD DIAMOND RECOVERIES AT LULO

*“The exceptional results we are seeing at Lulo, including the recovery of 59 Special diamonds in a single month, show that we are in the heart of a unique large diamond province,”* said Mr Wetherall.

*“The new Caterpillar earth moving fleet that arrived on site in June 2016 helped Lulo achieve a monthly processing record of more than 21,000 bulk cubic metres in July and we expect this improvement to continue throughout the September Quarter.”*

*“The successful commissioning of the new wet front module has also contributed to our record July results, enabling Lulo to better liberate diamonds from clay rich gravels and increase the maximum feed rate of the plant to 200 tonnes per hour.”*



Wet front end commissioned in July 2016

Mr Wetherall said the new XRT diamond recovery technology unit was expected to be installed and operational at Lulo closer to the end of the current September 2016 Quarter.

*“We secured the XRT module as soon as we recovered the record 404 carat diamond in February 2016, when we also started stockpiling all oversize material. Once introduced into the plant flow, the XRT technology and larger screens will give us the capacity to recover individual diamonds of up to 1,100 carats.”*

*“Significantly, Lucapa and its partners have achieved these diamond production records while also advancing our ongoing kimberlite and alluvial exploration programs at Lulo.”*



Selection of Lulo special diamonds from record July 2016 production including – 66 carats, 49 carats, 45 carats, 34 carats, 33 carats, 32 carats and 31 carats

### **Exploration Update**

#### ***Kimberlite Exploration***

At the end of June 2016, Lucapa and its partners commenced a drilling program focusing on L259 and other priority kimberlite targets around alluvial Mining Blocks 6 and 8 (See ASX announcement 27 June 2016).

Commissioning issues were encountered with the core drilling component of the mobile Sedidrill rig in July which required additional equipment to be flown into Angola. In the interim, the mobile rig continued drilling using its auger capability to assist the mining team at Mining Block 8 and the exploration team at the E41 alluvial terraces (refer Alluvial Development). These commissioning issues were resolved in mid-July and core drilling continues.

The first core hole drilled at L259 intersected re-sedimented volcanoclastic kimberlite (“SRVK”) material, or crater lake sediments, near surface. This round of drilling is designed to target the pyroclastic kimberlite (“PK”) material.

As was announced in June 2016, to assist in accelerating the kimberlite drilling program, an additional, larger, track-mounted diamond drill rig has been scoped, identified and will be ordered shortly.



Core drilling of L259 with the mobile Sedidrig rig

### **Alluvial Development**

Lucapa and its partners have also been carrying out delineation programs on alluvial terraces along the Caculo River with the aim of extending the previously-announced JORC alluvial diamond resource at Lulo, and thus the life of mine (See ASX announcement 15 December 2015).

During July 2016, pitting and trenching programs were conducted on the E41 alluvial terraces, located approximately 3km upstream of the E46 alluvial terraces, where trial mining has produced 22 Special diamonds of up to 88 carats (See ASX announcements 29 March 2016, 12 April 2016 and 26 April 2016).

The work program at E41 has identified alluvial gravels over a ~1.6km area. Pitting and trenching will continue at E41 ahead of a sampling program to assess diamond grade. The results will be reported when the sampling program is completed.

### **Diamond Sale**

Lulo and its partners completed the sale of another parcel of Lulo diamonds in July 2016, adding to the cash resources of mining company Sociedade Mineira do Lulo ("SML"), which Lucapa operates and has a 40% interest in.

The parcel of 1,985 carats of diamonds achieved gross sale proceeds of A\$2.4 million (US\$1.8 million) representing an average price per carat of A\$1,211 (US\$905).

The diamonds sold were from production up to 8 July 2016. As at 31 July 2016, SML held an unsold diamond inventory of 2,440 carats from the record July production, including 50 Special diamonds weighing 1,057 carats.

This inventory will be included in the next diamond sale, which is currently scheduled for August 2016.

For and on behalf of the Lucapa Board.

**STEPHEN WETHERALL**  
**CHIEF EXECUTIVE OFFICER**

### **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 and consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

### **No New Information**

To the extent that announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

### Forward-Looking Statements

This announcement has been prepared by the Company. This document contains background information about the Company and its related entities current at the date of this announcement. This is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement. This announcement is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

This announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction.

This document does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

No responsibility for any errors or omissions from this document arising out of negligence or otherwise is accepted. This document does include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. Actual values, results, outcomes or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements.

Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, the Company does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.