
LULO PROJECT UPDATE

HIGHLIGHTS

- § Processing of the first alluvial bulk sample at Lulo, BLK-2, completed with 14 diamonds weighing 39.8 carats recovered at a diamond grade of 13.57cphm.
- § Most diamonds recovered were of gem quality with an average stone size of 2.84 carats. The largest diamond weighed 22.25 carats.
- § After clearing the Angolan border, Lonrho's Flowsort X-ray machine has arrived on site at Lulo. Once the Flowsort is commissioned, the concentrate and oversize material from BLK-2 will be reprocessed through the DMS plant, which could result in the recovery of additional diamonds.
- § Upgrades to the feed preparation section of the DMS plant will increase through-put of wet sample and improve efficiencies.
- § Negotiations commenced to use Bauer Resources to drill kimberlite targets at Lulo.

Lonrho Mining Limited (ASX: LOM) (the Company) has completed processing of the first alluvial bulk sample collected from the Company's Lulo Project in northern Angola. The sample, BLK-2, is the first of a number of samples which Lonrho will treat through the Company's Dense Media Separation (DMS) plant as part of an evaluation program targeting alluvial diamond deposits in a section of the Caculo River within the Company's 3000km² Lulo lease.

Processing of 293 cubic metres of gravel from BLK-2 resulted in the recovery of 14 diamonds weighing 39.8 carats at a grade of 13.57 carats per 100 cubic metres (cphm). The average diamond size for the sample was 2.84 carats, with the largest diamond recovered weighing 22.25 carats. Most of the diamonds were considered to be of gem quality, with 11 of the 14 stones recovered weighing more than one carat. A summary of results for BLK-2 is given in the accompanying table.

Sample Number	Gravel Volume (m ³)	Size Distribution ^{1,2}				Number of Diamonds	Diamond Weight (ct)	Average Size (ct)	Grade ³ (ct/100m ³)	Largest Diamond (ct)
		<1ct	1-2ct	2-5ct	>5ct					
BLK-2	293	3	7	3	1	14	39.8	2.84	13.57	22.25

Notes:

- 1) The DMS plant treats sample in the +2mm -18mm size range.
- 2) Additional smaller diamonds could be recovered when the concentrate is re-treated through the Flowsort x-ray machine.
- 3) Grade is quoted in carats per 100 cubic metres of gravel. Previous grades have been quoted in carats per 100 tonnes, however as volumes will be measured in cubic metres the Company has decided to also quote grades on this basis.

The grade reported for BLK-2 is considered preliminary because diamonds from the sample were recovered after hand sorting of the DMS concentrate. Experience in other areas suggests that hand sorting is often inefficient; a more accurate result will be obtained when the concentrate is retreated through an x-ray concentrator (Flowsort).

Late in 2010, Lonrho purchased a Flowsort x-ray machine to speed up sorting and improve the efficiency of diamond recoveries. Lonrho is pleased to confirm this equipment has arrived on site at Lulo and will be set-up and commissioned during February. It is hoped that the Flowsort machine will be fully operational by the beginning of March.

The Lulo area is reputed to produce occasional large diamonds and the recovery of a 22.25 carat stone from BLK-2 tends to support this reputation. The Flowsort is capable of treating material up to 30mm in diameter. In addition to retreating the DMS concentrate from BLK-2, the oversize material (+18mm) from the DMS will be reprocessed and the +18-30mm sized gravel will also be treated through the Flowsort. Any additional diamonds recovered will increase the grade of the BLK-2 sample.

Lonrho is also making improvements to the feed preparation section of the DMS plant. The parts required for these upgrades arrived on site at Lulo with the Flowsort machine. The upgrades should improve processing rates for wet and clayey samples and allow the DMS plant to achieve planned through-puts.

Lonrho has now commenced processing the second alluvial bulk sample, BLK-1. This is an exploration sample designed to test one of the widespread lateritic gravel units which occur within the area. While these gravels are relatively young and are rarely significantly diamondiferous, the Company believes it is important to test the lateritic gravels because they overlie the Calonda Formation in many areas.

In parallel with the alluvial diamond testing program, Lonrho is negotiating with Bauer Resources (a subsidiary of Bauer Maschinen GmbH of Germany) to use that company to drill kimberlite targets on the Lulo concession. Bauer has RB30 Prakla rigs operating in Angola and has experience drilling and sampling kimberlites in the country. Lonrho hopes to commence drilling kimberlite targets at the end of the Angolan wet season.

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Competent Persons Statement

Information in this report that relates to exploration results, mineral resources or ore reserves is based on information compiled by David Jones BSc (Hons) MSc of Ascidian Prospecting Pty Ltd, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Jones is a director of Lonrho Mining Ltd and 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 2004 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Jones consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.