



KIMBERLITE DRILLING COMMENCES AT LULO

- *Cash generation also continues with the sale of another parcel of Lulo diamonds for A\$1.2 million*

KEY POINTS

- **Drilling of high-priority kimberlite targets has commenced at Lulo to identify the primary source or sources of the exceptional alluvial diamonds being mined**
- **First kimberlite target to be drilled is L259 – beneath where large premium-value diamonds have been recovered including the record 404 carat gem which sold for A\$22.5 million**
- **Lulo kimberlite drilling program scheduled to continue throughout 2016**
- **Options being considered for a second drilling rig with a deeper and wider capability to assist in expediting the drilling program**



Drilling at the L259 kimberlite target at Lulo

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Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) and its partners are pleased to announce the commencement of a drilling program to test high-priority kimberlite targets at the Lulo Diamond Project in Angola.

The aim of the drilling program is to help identify the primary kimberlite source, or sources, of the large, high-value alluvial diamonds being recovered from Lulo, which include Angola’s biggest recorded diamond – a 404 carat Type IIa D-colour gem which sold for \$22.5 million in February 2016 (See ASX announcements 15 February 2016 and 29 February 2016).

The drilling program has now commenced at the L259 kimberlite target, where previous gravity and ground electro-magnetic (EM) surveys identified a 78-108 hectare body consistent with a weathered near-surface expression of a kimberlite pipe (Figure 1).

Drill sites have been prepared for 10 scheduled holes to be drilled at L259 in the initial drilling phase.

Other proximal kimberlites scheduled to be drilled include L13, L15, E217 and L248. These kimberlites are all close to alluvial Mining Blocks 8 at 6, which have been regular sources of large, premium-value special diamonds (Figure 2).

The kimberlite drilling is being conducted using the Landcruiser-mounted Sedidrig rig purchased by the Lulo partners. The diamond rig can drill 61mm diameter holes to extract core from a depth of up to 70 metres. The Sedidrig rig also has auger drilling capacity.

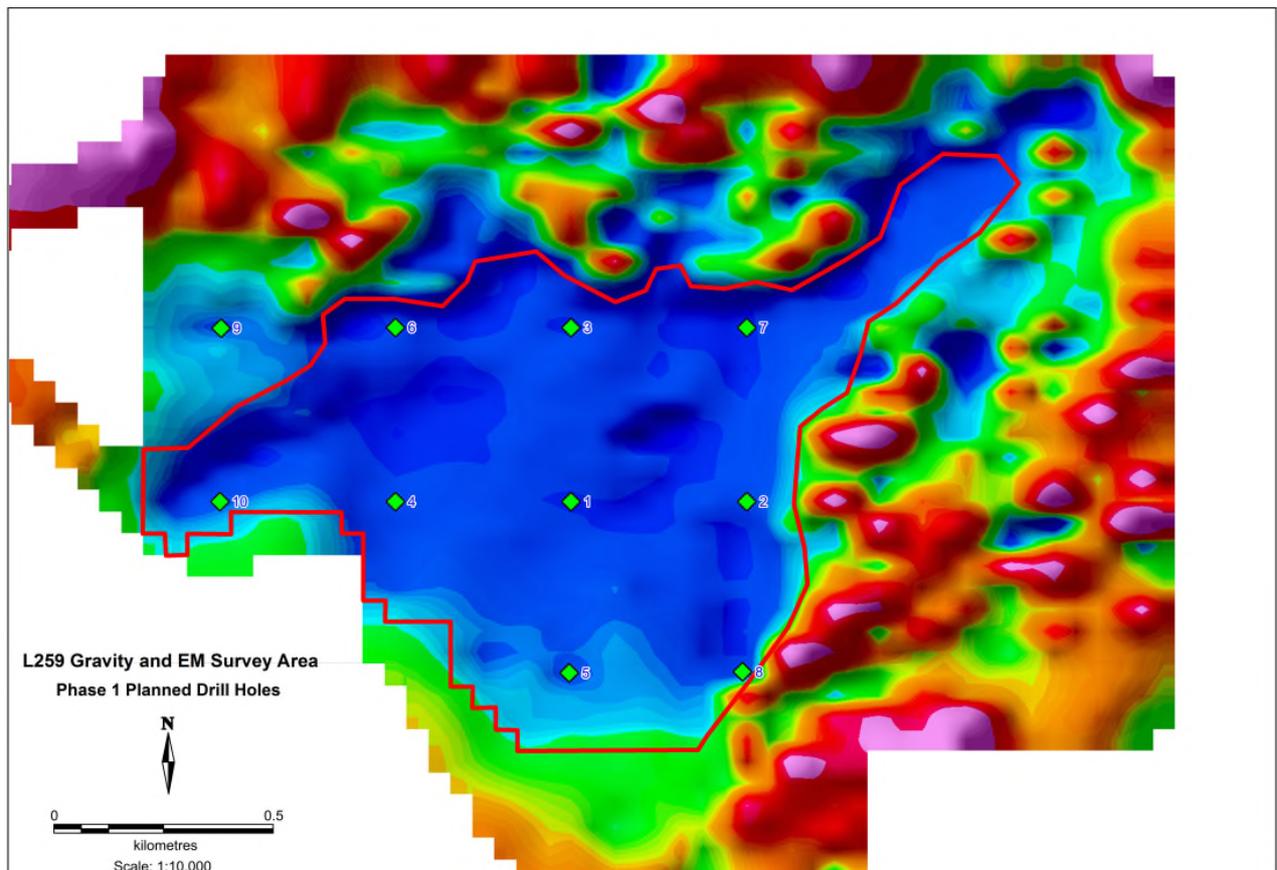


Figure 1: Drill sites for the initial 10 scheduled holes at the L259 kimberlite target

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As detailed in the ASX announcements of 16 March 2016 and 13 April 2016, the potential aims of the initial kimberlite drilling program include:

1. To confirm the presence of kimberlite material in areas of coincident gravity and EM and potentially beyond the survey limits;
2. To define pyroclastic kimberlite (PK) material suitable for bulk sampling (using an excavator) and processing through the Lulo diamond plant;
3. To extract kimberlite core samples for detailed petrographic analysis and recovery of indicator minerals, as well as possible geochemical analysis; and
4. To assist in defining the internal geology of the kimberlite

Note: As per all early phase kimberlite drilling programs, the Sedidril drilling does not aim to recover macro diamonds in the drill core. Rather, as set out above, its aim is to define the geology and identify kimberlite material – and its depth below surface – to determine whether that kimberlite material can be bulk sampled using an excavator and processed through the Lulo diamond plant to determine diamond content.

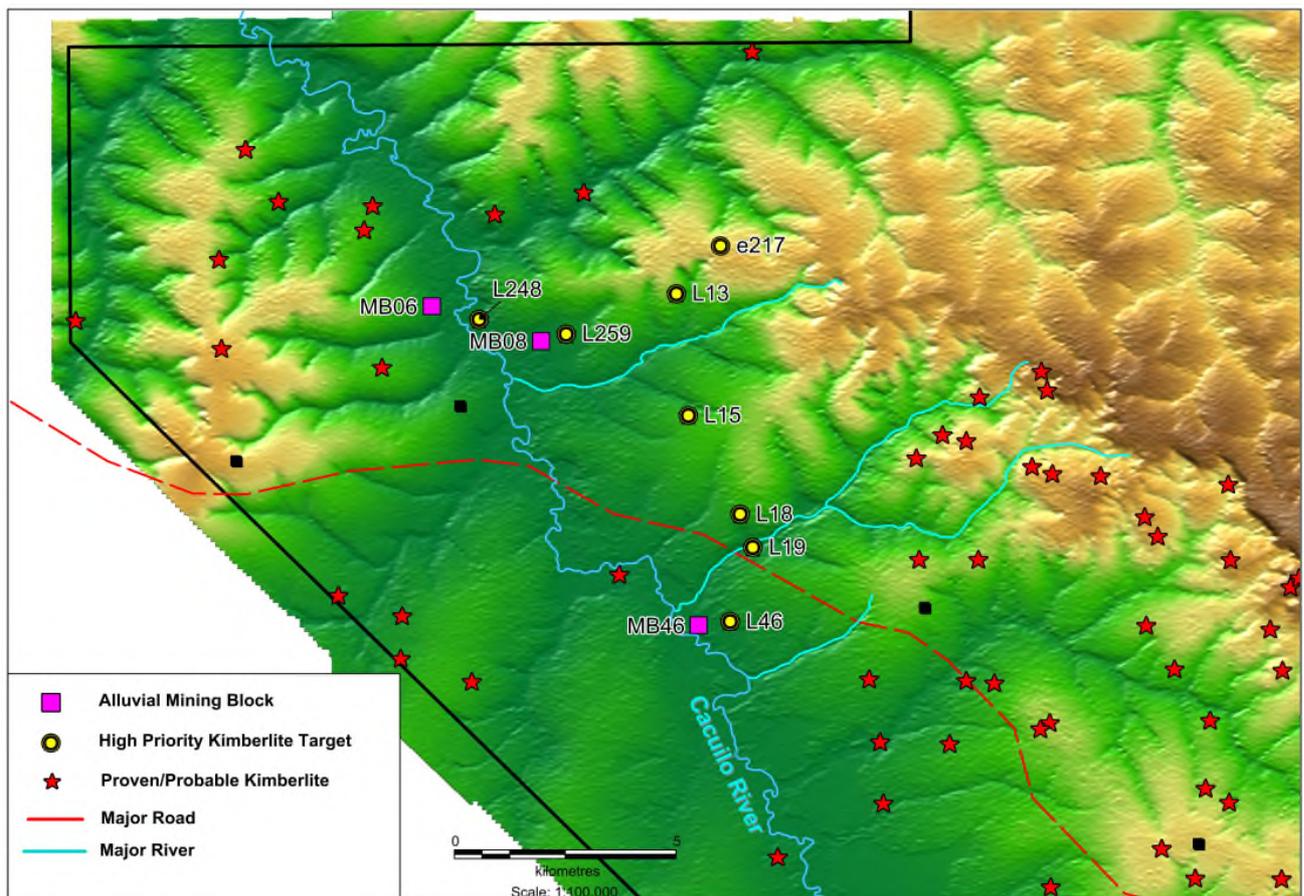


Figure 2: Location of high priority kimberlite targets scheduled to be drilled in the initial drilling phase

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The Lulo kimberlite drilling program is scheduled to continue throughout 2016 and will also include priority targets in the E46 alluvial area, where the Lulo partners have recovered more than 20 special diamonds (individual diamonds weighing more than 10.8 carats) of up to 88 carats from recent trial mining activities.

The targets in this area include the diamondiferous L46 and L19 kimberlites, as well as L18 (Figure 2).

Lucapa and its partners are assessing options for a second drilling rig with a deeper and wider capability that would assist in expediting this drilling program.

Diamond Sale

Lucapa and its partners are also pleased to announce the results of the latest sale of Lulo alluvial diamonds, which has added to the cash resources of mining company Sociedade Mineira do Lulo (SML), which Lucapa operates and has a 40% interest in.

The parcel of 808 carats of Lulo diamonds achieved gross sale proceeds of A\$1.2 million (US\$880,720), representing an average sale price per carat of A\$1,480 (US\$1,090).

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
CHIEF EXECUTIVE OFFICER

Forward-Looking Statements

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