



LUCAPA SIGNS 35 YEAR DIAMOND MINING LICENCE AGREEMENT

HIGHLIGHTS

- **Lucapa to become a miner of world-class diamonds at the Lulo Diamond Concession after signing comprehensive 35 year alluvial mining licence agreements**
- **The licence term is the maximum allowable under Angola's new Mining Code and also includes rolling 10-year extension options**
- **Existing kimberlite and alluvial exploration licences remain in place until May 2016**
- **Mining licence enables continuous diamond mining operations at Lulo**
- **Agreements enable Lucapa to recover 100% of its alluvial exploration and development expenditure (past and future) from free cash flow**
- **Agreements enable Lucapa to repatriate dividends and capital gains**
- **New mining company incorporated and shareholder agreements finalised, including pre-emptive rights**
- **Mining licence covers a 218km² area at Lulo and includes more than 50km of the Caculo River, its valley and terraces, where Lucapa has been recovering exceptional world-class diamonds through bulk sampling**



Televised signing ceremony for 35 year Lulo alluvial mining licence in Luanda on Friday 21 November 2014

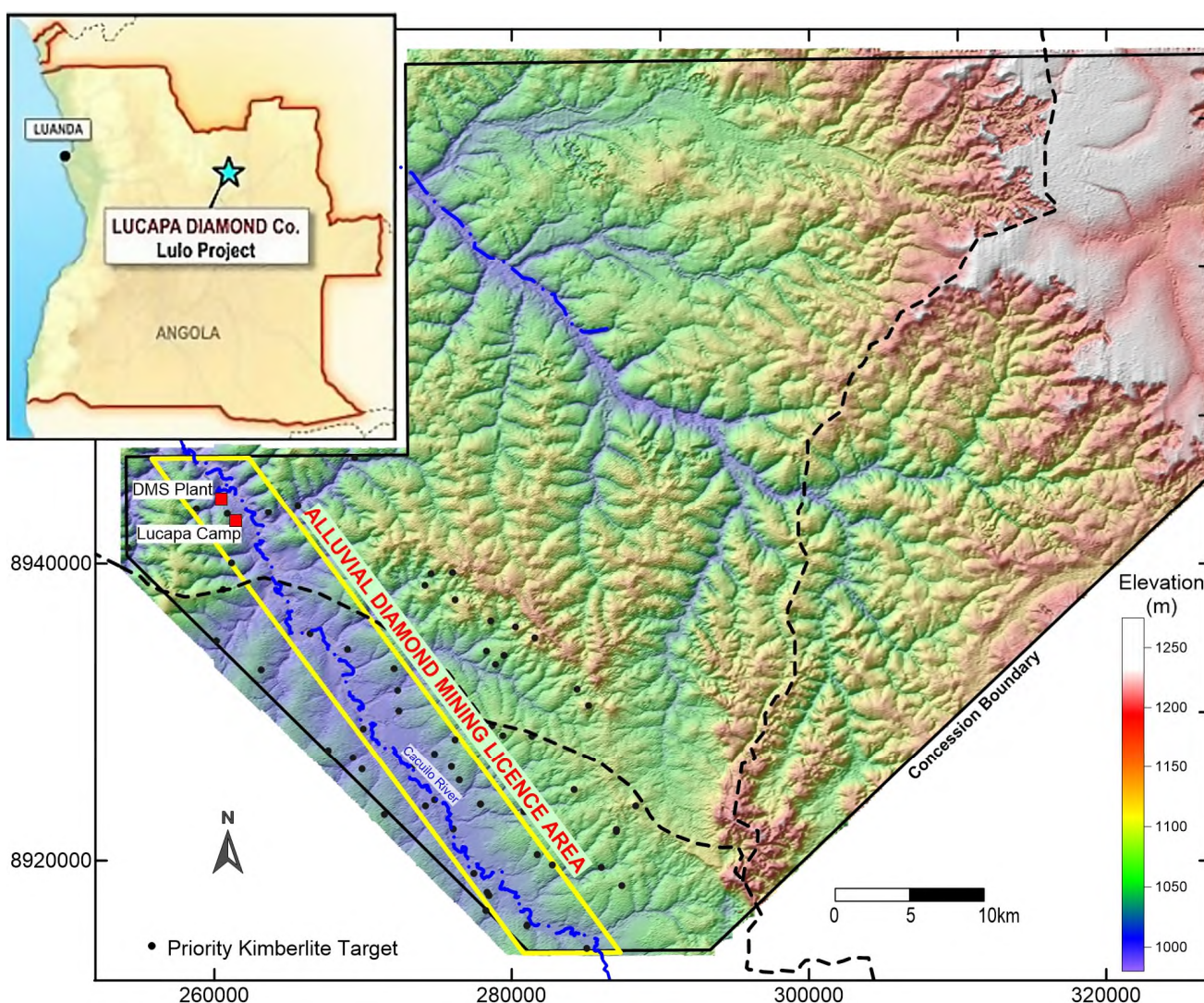
LUCAPA SIGNS 35 YEAR DIAMOND MINING LICENCE AGREEMENT

Lucapa Diamond Company Limited (ASX: LOM) is delighted to announce the Company has signed agreements for a 35 year licence to mine the exceptional world-class alluvial diamonds at the Lulo Diamond Concession in Angola's Lunda Norte diamond province.

Lucapa and its mining partners Endiama (the Angolan Government's diamond concessionary) and Rosas & Petalas (a private company controlled by Angolan lawyer Dr Celso Rosas) signed the diamond mining licence agreements in a ceremony held in the Angolan capital of Luanda late on Friday (21 November 2014) evening Perth time.

The mining licence is the culmination of six years of continuous investment in exploration and bulk sampling programs for kimberlite and alluvial diamonds at Lulo and represents the most critical milestone yet towards Lucapa's goal of building a premium diamond mining house.

The mining licence covers a 218km² area within the 3,000km² Lulo Diamond Concession, which includes more than 50km of the Cacuilo River, its valleys and terraces.



Alluvial diamond mining licence area and priority kimberlite targets

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In parallel with the mining licence agreement, Lucapa has negotiated a new shareholders' agreement with Endiama and Rosas & Petalas as well as By Laws for a newly-incorporated diamond mining company. Lucapa retains a 40% shareholding in the new mining company and continues as sole operator of the Lulo diamond mine.

The new agreements also include pre-emptive rights for Lucapa and its fellow shareholders.

Key points of the mining licence agreements include:

- Licence is for an initial 35 year term, the maximum period under Angola's new Mining Code
- Licence includes rolling 10 year extension options
- Lucapa is able to repatriate its share of dividends and capital gains
- Licence agreement enables Lucapa to be repaid all past and future alluvial exploration and development expenditures from free cash flow
- Favourable tax and royalty regime including 25% corporate tax rate and 5% royalty rate
- Ability for continuous (24 hour) mining operations
- Lucapa's kimberlite and alluvial exploration licences at Lulo remain valid and in place until May 2016. Lucapa may re-apply for extensions to these exploration licences towards the end of their terms, in line with the Mining Code.

Lucapa is making this all-important transition to a diamond miner after the Company's exploration programs at Lulo were successful in identifying extensive areas of diamond-bearing Calonda Formation gravels, hosting diamonds of exceptional size, quality and value within the 218km² mining licence area. These include fancy pink and fancy yellow gems, a significant population of Type IIa diamonds and exceptional large stones of up to 131.4 carats.

Lucapa Commercial and Development Executive Director Stephen Wetherall said the signing of the agreements represented a significant transforming event for Lucapa, giving the Company security of tenure over one of the best and relatively unexplored diamond addresses in the world.

"We have been recovering some of the best diamonds in the world from both our alluvial and kimberlite bulk exploration activities at Lulo and we look forward with tremendous excitement to recovering more of them when mining commences on a commercial scale," said Mr Wetherall.

"The A\$6 million of Lulo diamonds recovered from our bulk sampling at Lulo and sold have achieved average selling prices of close to A\$7,000 per carat, which is extraordinary when compared to the average global sale price of just US\$120 per carat."

"These diamonds include large exceptional stones, rare Type IIa diamonds, fancy pinks and fancy yellows – making Lulo a truly unique and exceptional concession."

"We would like to thank the Angolan Government and our partners, Endiama and Rosas & Petalas for their continued support, which is evidenced by the fact that the 35 year diamond mining licence we have negotiated is for the maximum period allowable under Angola's Mining Code and has occurred within five months of our formal licence application being lodged."



Sample of Lulo diamonds

Mr Wetherall said mining and recovering alluvial diamonds of exceptional quality at Lulo should enable Lucapa to generate sustainable cash flows to support the Company's continued pursuit of its main goal – to locate the primary kimberlite source, or sources, of these gems.

Lulo is located within 150km of the Catoca, which is currently Angola's biggest diamond mine and the fourth biggest producing kimberlite pipe in the world. Lulo and Catoca are located on the same geological belt, the Lucapa Graben.

"We are well advanced in our goal to find the next large kimberlite diamond mine in Angola. We have identified ~300 kimberlite targets in two distinct clusters or provinces within the concession area and have already confirmed that four kimberlite pipes are diamond-bearing. We remain confident that the kimberlite source, or sources, of the exceptional alluvial diamonds we have been recovering awaits discovery within the Lulo Diamond Concession."

Mr Wetherall said the next phase of Lucapa's kimberlite diamond exploration program, which necessarily slows during the wet season, was the subject of a review scheduled to be completed in the first quarter of 2015.

He said it was likely that kimberlite bulk samples would be processed through the Company's original 15 tonne per hour Dense Media Separation (DMS) diamond plant to enable the Company's new diamond plant, which has a front end feed rate of 150 tonnes per hour, to be used almost exclusively for alluvials.



Lucapa's 150 tonne per hour diamond plant at Lulo

While there is a statutory gazetting requirement for the new agreements, Lucapa is able to operate under the terms of the mining licence agreement immediately.

Using existing on-site infrastructure, Lucapa's initial plan targets building up to a throughput rate of approximately 14,000 bulk cubic metres of diamond-bearing alluvial gravels per month by early in the second quarter of 2015.

Thereafter, through additional earth moving fleet, infield screens and efficiency improvements, Lucapa plans to progressively ramp up throughput to a target of 40,000 bulk cubic metres per month within approximately 12 months. (Note: Under JORC and ASX guidelines, Lucapa is unable to make specific production targets for alluvial diamond mining at Lulo as the Company does not currently have a JORC Code compliant diamond resource.)

During the current Angolan wet season, Lucapa will source alluvial gravels for mining from areas close to the Company's diamond plant. Thereafter, Lucapa will source gravel from other areas within the mining licence area including the higher grade E46 alluvial area.

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ABOUT LUCAPA DIAMOND COMPANY LIMITED

Lucapa Diamond Company Limited (ASX: LOM) is an emerging miner of world-class diamonds. Lucapa is the operator of the 3,000km² Lulo Diamond Concession in Angola's Lunda Norte diamond province. 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 been undertaking diamond bulk sampling activities continuously at Lulo since 2008, during which time the Company has proven up two major kimberlite provinces and extensive areas of diamond-rich alluvial gravels along the Caculo River.

Lucapa has now signed a 35 year mining licence agreement to mine the alluvial diamonds at Lulo within a 218km² area which includes more than 50km of the Caculo River, its valley and terraces.

Lucapa has also identified approximately 300 kimberlite targets at Lulo and is planning ongoing exploration programs to find the primary source, or sources, of the rare alluvial diamonds being recovered from the concession. Already, four kimberlites at Lulo have been confirmed as diamond bearing pipes.

Lucapa's board and management team has extensive diamond mining experience with companies including De Beers, Rio Tinto, Gem Diamonds and Kimberley Diamond Co.

Lucapa operates Lulo in partnership with Endiama, the Angolan Government's diamond concessionary, and private group Rosas & Petalas.

ABOUT ANGOLA

Angola is the world's fourth biggest producer of diamonds by value and is actively seeking foreign investment in its diamond industry. Angola is forecasting annual diamond production of 10 million carats in 2014.

Angola's potential for new diamond discoveries has been recognised by the world's two biggest diamond mining companies, Alrosa and De Beers. Alrosa operates the giant Catoca mine (annual production ~6.5 million carats), which is the world's fourth biggest kimberlite mine. De Beers has recently stated it is at an "advanced stage of negotiations for new licences" in Angola.

Angola will chair the Kimberley Process Certification Scheme from 2015.

Competent Person's Statement

Information in this announcement that relates to exploration results is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Thamm is a Director of Lucapa Diamond Company Limited. The exploration results included in this announcement relates to previously released exploration data disclosed in the ASX announcements dated 5 March 2014 and 30 October 2014 under the JORC Code 2012. 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 this announcement of the matters based on this information in the form and context in which it appears.

Forward-Looking Statements

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