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## **LUCAPA SET FOR INCREASED CASHFLOW FROM DEAL TO DOUBLE DIAMOND MINING RATES**

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### **Key Points**

- **Lucapa has agreed key terms for A\$4.5m in funding for new Caterpillar fleet**
- **Deal will see new Caterpillar earth moving equipment used to double diamond mining operations at Lulo to 20,000 bulk cubic metres per month**
- **Strategy is aimed at accelerating and increasing cashflow from alluvial diamond mining**
- **New Caterpillar equipment will also enable a standalone fleet to operate the kimberlite exploration program at Lulo in parallel with alluvial diamond mining**
- **Commercial terms of Caterpillar deal are favourable compared to the original debt financing offer and mean Lucapa can double mining rates and increase cashflow with minimal debt**
- **New fleet is available ex-stock in Angolan capital of Luanda for immediate delivery**

**Lucapa Diamond Company Limited (ASX: LOM)** (“Lucapa” or “the Company”) is pleased to announce the Company has agreed on key terms of a financing deal aimed at doubling its alluvial diamond mining operations and growing cashflow significantly.

The A\$4.5 million deal will see Lucapa source new Caterpillar earthmoving fleet which will enable diamond mining at the Lulo Diamond Concession in Angola to be scaled up ahead of schedule to 20,000 bulk cubic metres (bcm) per month. The fleet is available for immediate delivery.

The new Caterpillar equipment to be acquired under the financing deal includes three 740B trucks, one 374F LR excavator, one 140M grader and a D8R bulldozer. Once dispatched, this equipment can be operational on site at Lulo within a very short timeframe.

Utilising its existing earth moving fleet, Lucapa and its partners are on track to achieve their initial Phase 1 diamond mining target of processing 10,000 bcm/month of diamond-bearing alluvial gravels through the 150 tonne per hour diamond plant at Lulo by the end of June 2015.

The new fleet of earth moving equipment will enable the Phase 2 target of 20,000 bcm/month to be achieved ahead of schedule. This will result in a significant increase in anticipated cashflows earlier than originally planned.

Significantly, the Lulo partners will also be able to dedicate a standalone fleet to kimberlite exploration so this program can occur in parallel with alluvial diamond mining operations. As previously announced, priority kimberlite targets to be bulk sampled in the June 2015 quarter include the L46 kimberlite, which is considered a likely source of the higher grade diamonds recovered in previous alluvial bulk sampling at the E46 alluvial area at Lulo.

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Lucapa Chief Executive Officer Stephen Wetherall said the commercial terms offered on the Caterpillar financing deal over a 12-month term were the best of a number of financing proposals received by the Company to fund the scaling up of diamond mining operations at Lulo. The terms will be announced once the legal documents have been signed.



Diamond mining operations at Lulo, which can be scaled up to 20,000 bcm/month with the new Caterpillar earth moving fleet

*"Since we signed the term sheet for the original US\$15 million financing proposal back in January 2015, we have made significant funding progress. Lucapa has raised A\$4.8 million in fresh equity via a share placement and the Lulo partners have continued to recover high value diamonds which have sold for A\$3.7 million, leaving the project well-funded. We are also now finalising a A\$4.5 million fleet financing arrangement for new Caterpillar earth moving equipment on favourable financing terms."*

*"To procure this equipment externally and have it shipped into Angola would have taken approximately four months, so we are obviously delighted the equipment required to scale up our diamond mining operations is both in-country and in-stock."*

*"The Caterpillar deal also provides us with an opportunity to use a similar financing structure to source the additional earth moving fleet required to ultimately scale up to a processing rate of 40,000 bcm/month in the future once the short-term financing agreement is completed."*

Mr Wetherall said the gazetting and incorporation formalities for the Lulo mining venture which were required as a final condition of the original US\$15 million debt facility proposal were progressing following the issuance of a Ministerial Directive, but were not yet completed.

*"While the original financier remains supportive, having already completed their due diligence, the terms secured for the Caterpillar equipment financing deal are more favourable for this type of asset purchase and level of investment. Lucapa does however still look forward to working together with them in time to come as we scale up."*



Alluvial gravels being fed into the front end of the 150 tonne per annum diamond processing plant at Lulo

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### **ABOUT LUCAPA DIAMOND COMPANY LIMITED**

Lucapa Diamond Company Limited is a miner of world-class diamonds. Lucapa is the operator of the 3,000km<sup>2</sup> Lulo Diamond Concession in Angola's Lunda Norte diamond heartland. 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 proven up two major kimberlite provinces at Lulo, as well as extensive areas of diamond-rich alluvial gravels along the Cacuilo River.

In November 2014, Lucapa and its partners signed a 35 year mining licence agreement to mine the alluvial diamonds at Lulo. Alluvial diamond mining commenced in January 2015. The Lulo alluvial diamonds sold to date have achieved exceptional average sale prices of more than A\$2,500 per carat.

Lulo hosts 296 kimberlite targets in two separate provinces, of which 96 have been classified as proven and probable kimberlites and four 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.

**ABOUT ANGOLA**

Angola is the world's fourth biggest producer of diamonds by value with forecast annual production of 10 million carats in 2014.

Angola introduced a new Mining Code in 2012 and is actively seeking foreign investment in its diamond industry.

Angola's potential for new diamond discoveries has been recognised by the world's two biggest diamond mining companies, Alrosa and De Beers.

Angola was appointed to chair the Kimberley Process Certification Scheme in 2015.