

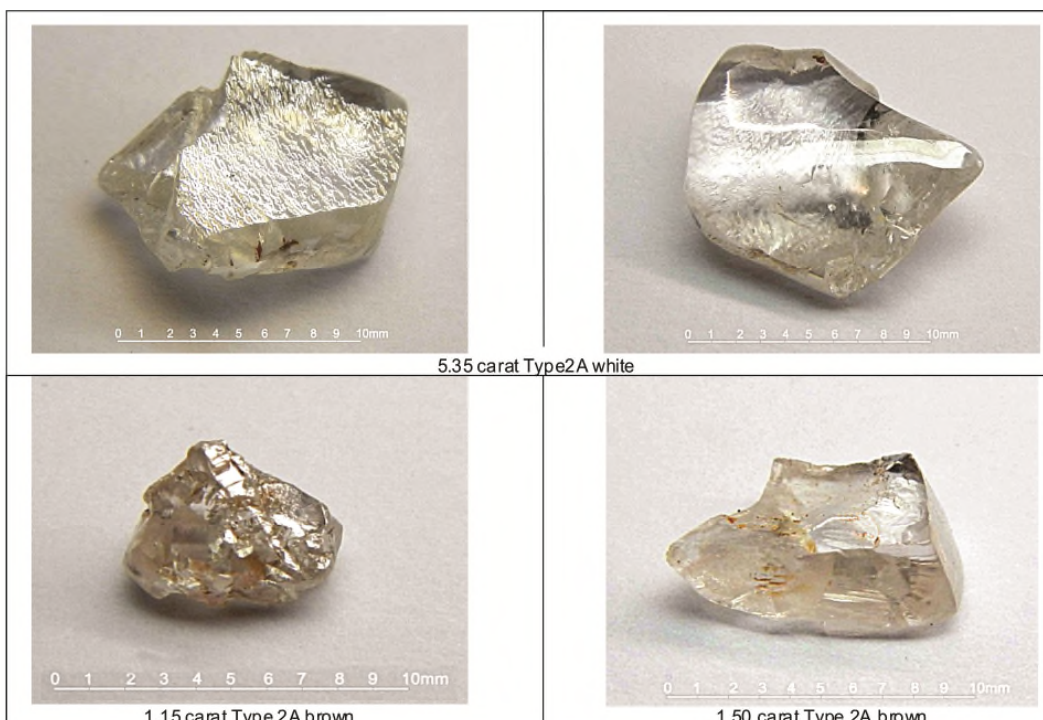


**LUCAPA DIAMOND COMPANY LIMITED (ASX: LOM)
QUARTERLY REPORT FOR PERIOD ENDED 30 SEPTEMBER 2013**

HIGHLIGHTS

Lulo Diamond Concession, Angola

- Final completion and commissioning phase underway for new \$US5 million DMS diamond plant
- New alluvial diamond discovery hosting high-value Type2A gems made near the Se251 kimberlite pipe
- Drilling identifies coarse pyroclastic kimberlite in near-surface parts of high-priority Se251 kimberlite pipe. Samples taken for processing through the new DMS diamond plant
- Highly-encouraging diamond grades of up to 27.7 carats per 100m³ support expectations of a mineable diamond resource in the E46 alluvial area
- First parcel of Lulo diamonds weighing 496.2 carats sold for \$A3.12 million (average of \$6,287 per carat)
- Probable kimberlite identified in the northern part of the concession, which could indicate a new kimberlite province at Lulo



A selection of Type2A diamonds discovered near the Se251 kimberlite pipe at Lulo during the Quarter

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OVERVIEW

Lucapa Diamond Company Limited (ASX: **LOM**) is exploring for diamonds within the Lulo Diamond Concession in Angola. The Lulo Project covers an area of 3,000km² and is located in the Cuango River Basin within Angola's Lunda Norte Province.

Lulo hosts a major kimberlite field identified within the concession and extensive diamond-bearing alluvials occurring along the Cacuilu and Lulo Rivers. Lulo is located about 150km south-west of the world-class Catoca diamond mine operated by Russia's Alrosa and on the same favourable geological structure (Lucapa Graben).



Pit excavation work at the Lulo Diamond Concession

After more than four years of regional exploration and surface sampling, Lucapa is now undertaking the most critical exploration phase at Lulo. This phase involves the drilling, excavating and bulk sampling of priority kimberlite targets to find the source, or sources, of the rare alluvial diamonds of up to 131.4 carats recovered by Lucapa from within the Lulo concession.

The Se251 kimberlite pipe continued to be the focus of the Company's exploration efforts during the September Quarter. With an estimated surface area of ~220 hectares, Se251 is the largest kimberlite discovered to date within the Lulo concession. Lucapa believes Se251 may be the source of many of the high-value diamonds recovered from the alluvial workings at Lulo.

Lucapa continues to identify significant alluvial diamond areas within the Lulo Concession. Of particular interest is the recently discovered E46 alluvial area, where initial sampling is returning encouraging quantities of high-value diamonds.

The Lulo Project is operated as a joint venture between Lucapa and the Government-owned diamond company Endiama, which is the exclusive concessionary for Angolan diamond mining rights. Under the joint venture arrangement, Lucapa holds a 40 per cent interest in the concession relating to alluvials (39 per cent for kimberlites), with Endiama and private Angolan interests holding the balance.

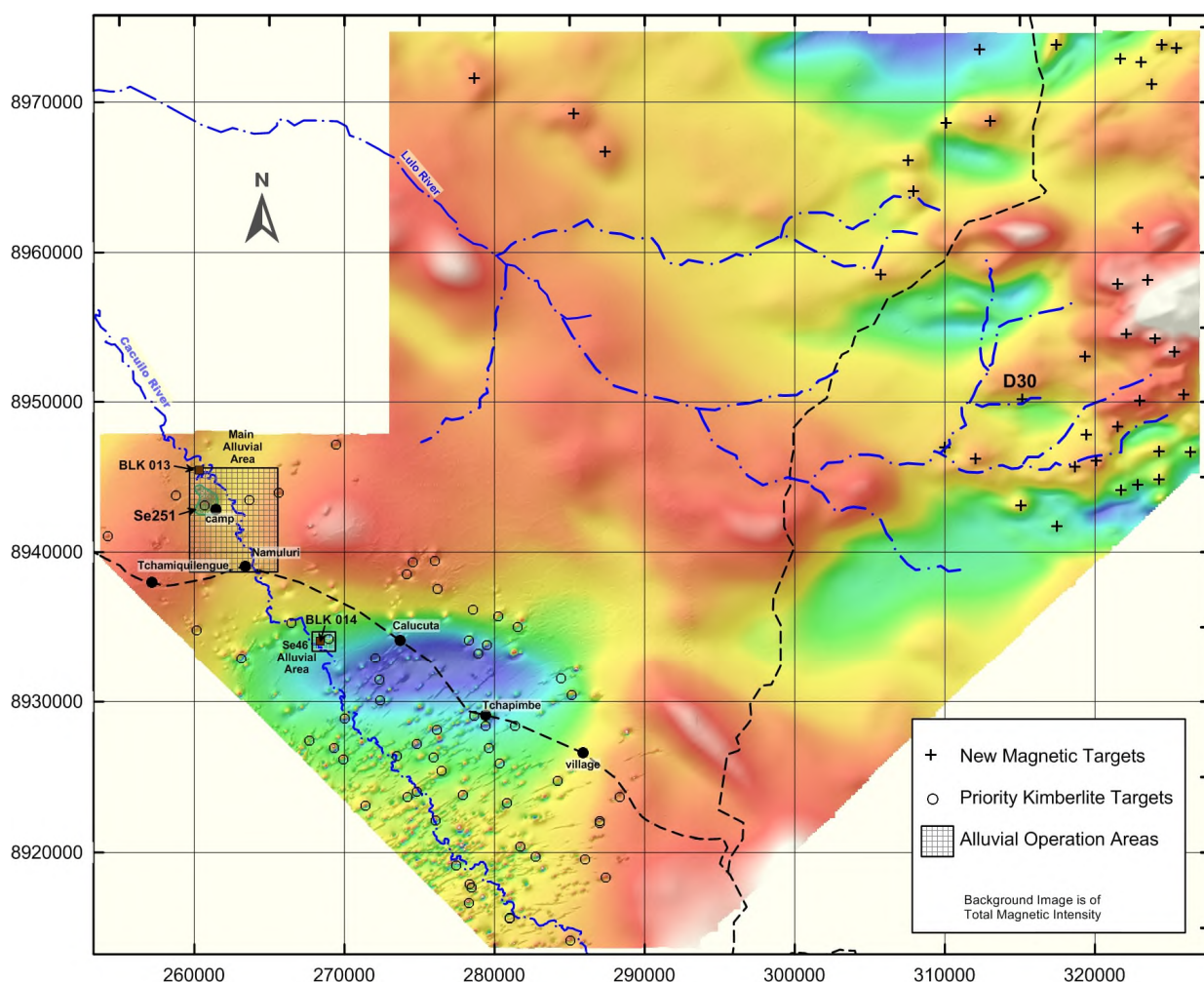


Figure 1: Lulo Diamond Concession – location of operations

KIMBERLITE DIAMOND PROGRAM

Lucapa’s kimberlite evaluation program aims to find the kimberlite source, or sources, of the valuable alluvial diamonds being recovered from within the Lulo concession. Two aeromagnetic surveys flown by Lucapa over the concession (in 2008 and 2013) have identified more than 250 anomalies with magnetic signatures similar to known kimberlite pipes.

At this stage, Lucapa has classified ~70 of the magnetic anomalies as confirmed or probable kimberlite pipes. This work is ongoing.

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During the Quarter, priority Se251 kimberlite (Figures 1 and 2) remained the focus of Lucapa's kimberlite exploration program. With an estimated surface area of ~220ha, Se251 is the largest kimberlite pipe identified within the Lulo field to date. Se251 is strategically located adjacent to, and within, the main alluvial diamond workings of the Caculo Valley.

Lucapa believes Se251 is a likely source for many of the alluvial diamonds that have been recovered from gravels on, or adjacent to, the kimberlite pipe.

Lucapa is continuing a systematic drilling, pitting and bulk sampling program over the Se251 kimberlite to establish the internal geometry and locate all the eruptive phases within the pipe.

To date, 19 core (narrow diameter) holes have been drilled in the area with Bauer's specialist Prakla drilling rig as part of this evaluation process (Figure 2). Significantly all 19 holes have intersected kimberlitic material.

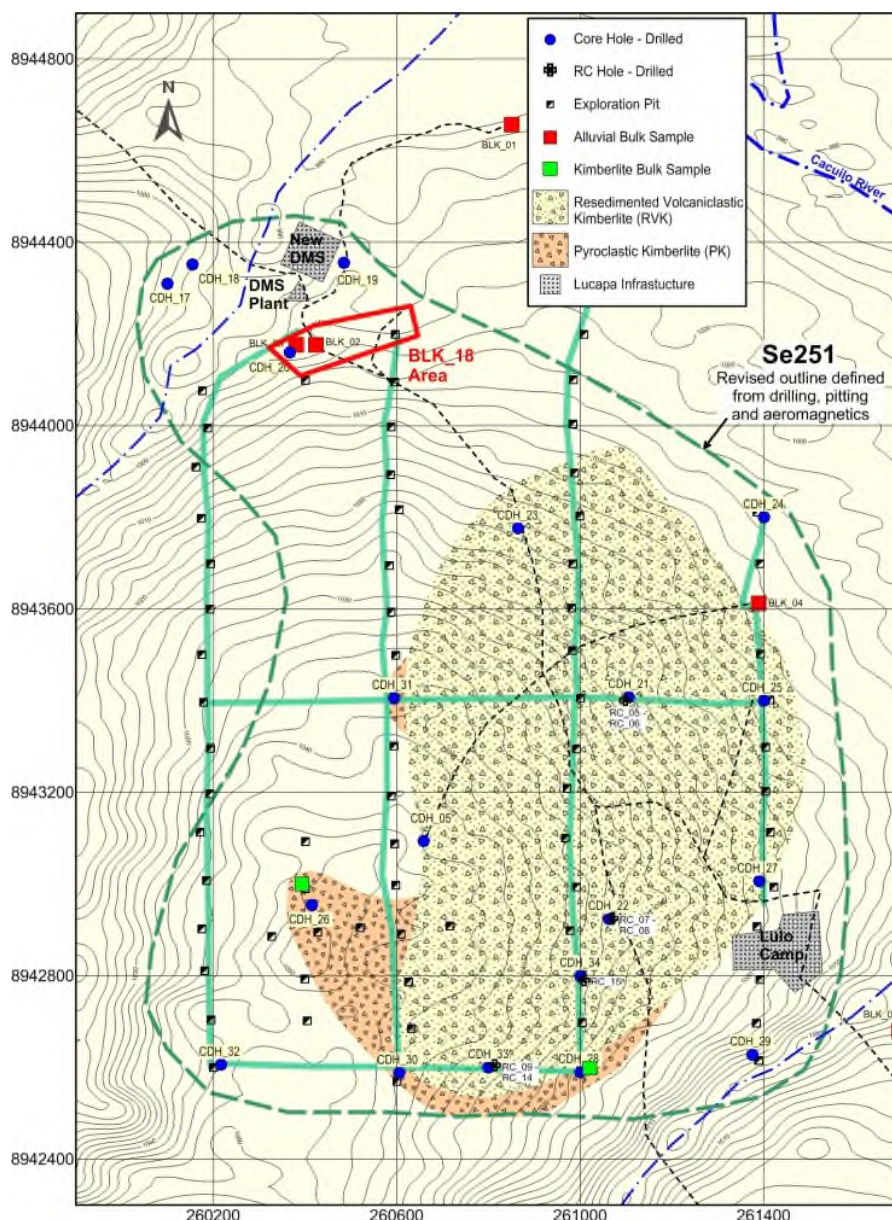


Figure 2: Se251 kimberlite - geology and sampling

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The focus is on areas where coarse kimberlitic lithologies (breccias) are exposed at, or near, the surface at Se251.

Recent work has targeted the southern section of the pipe where coarser resedimented volcanoclastic kimberlite (RVK) and pyroclastic kimberlite (PK) have been identified close to the surface (Figure 2).

Lucapa has commenced bulk sampling of the coarse kimberlite breccias at Se251 with an excavator (Figure 2). Lucapa plans to process this material through the Company's new Dense Media Separation (DMS) diamond plant, which is in the final completion and commissioning phase.



Lucapa's new 50 tonne per hour DMS diamond plant

Late in the Quarter, clusters of wide-diameter RC holes were drilled near CDH33 and CDH44 at Se251 (Figure 2). These holes were drilled to get more material for processing and to provide a representative sample. This material is being bagged and trucked to Lucapa's existing DMS plant for processing.

Early in 2013, Lucapa completed a detailed aeromagnetic survey that covered about 2000km² of the northern part of the Lulo concession. A number of magnetic targets suggestive of kimberlites were recognised in the area (Figure 1). During the Quarter, Lucapa geologists visited one of these targets (D30) and collected alluvial samples from tributaries of the Lulo River which drain the area.

Samples were processed in the field and were found to contain significant concentrations of coarse (+1mm) kimberlitic indicator minerals (picroilmenite and chrome spinel). Many of these indicator minerals retained primary surface textures suggesting they were coming from a very close source.

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Based on the indicator mineral results, Lucapa has classified D30 as a probable kimberlite. The cluster of magnetic anomalies that include D30 is geographically distinct from the main kimberlite cluster and, as such, this could indicate a new kimberlite province at Lulo.

ALLUVIAL DIAMOND PROGRAM

Lucapa is evaluating several alluvial diamond deposits within the southern section of the Lulo Concession. The alluvial deposits contain high-value diamonds including occasional very large stones.

During the Quarter the Company completed processing bulk sample BLK_14 and commenced processing a new bulk sample, BLK_13, located within the main alluvial area.

BLK_14 is located in an area of gravels known as the E46 alluvial area, close to the Se046 kimberlite (Figure 3). The area is located about 12km south-east of the priority Se251 kimberlite. BLK_14 is the second sample processed from the Se046 alluvial area.



Selection of diamonds from BLK_14

The much smaller BLK_11 sample was collected from around garimpeiro workings and returned an exceptionally encouraging grade of 27.7 cphm (Table 1).

A larger sample was excavated to determine whether diamonds occurred throughout the gravels. A total of 256m³ of sample from BLK_14 yielded 52 diamonds weighing a total of 52.45 carats. The results from BLK_14 are considered particularly encouraging, with grades in excess of 20 carats per 100m³ (cphm) at an average diamond size of just over one carat (Table 1).

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An exploration pitting program in the area is ongoing. To date, pitting has identified gravels over a channel length of more than 1100m and covering a surface area of ~ 38ha. The gravel is typically less than 1m thick, although thicknesses of up to 1.6m have been recorded.

Significantly, the gravel horizon in the E46 area appears open to both the north-east and the south-west. It is hoped that additional pitting and bulk sampling in the area will define a mineable alluvial diamond deposit. At this stage it is believed the gravels are part of the Calonda Formation, but there is the possibility that they are much younger and relate to an old channel of the Caculo River.

Encouraged by the diamond recoveries from the BLK_14 alluvial bulk sample, Lucapa has excavated a bulk sample from the Se046 kimberlite (Figure 3). This material will be processed to determine whether this kimberlite is contributing to the diamonds being recovered from the closely associated alluvial gravels.

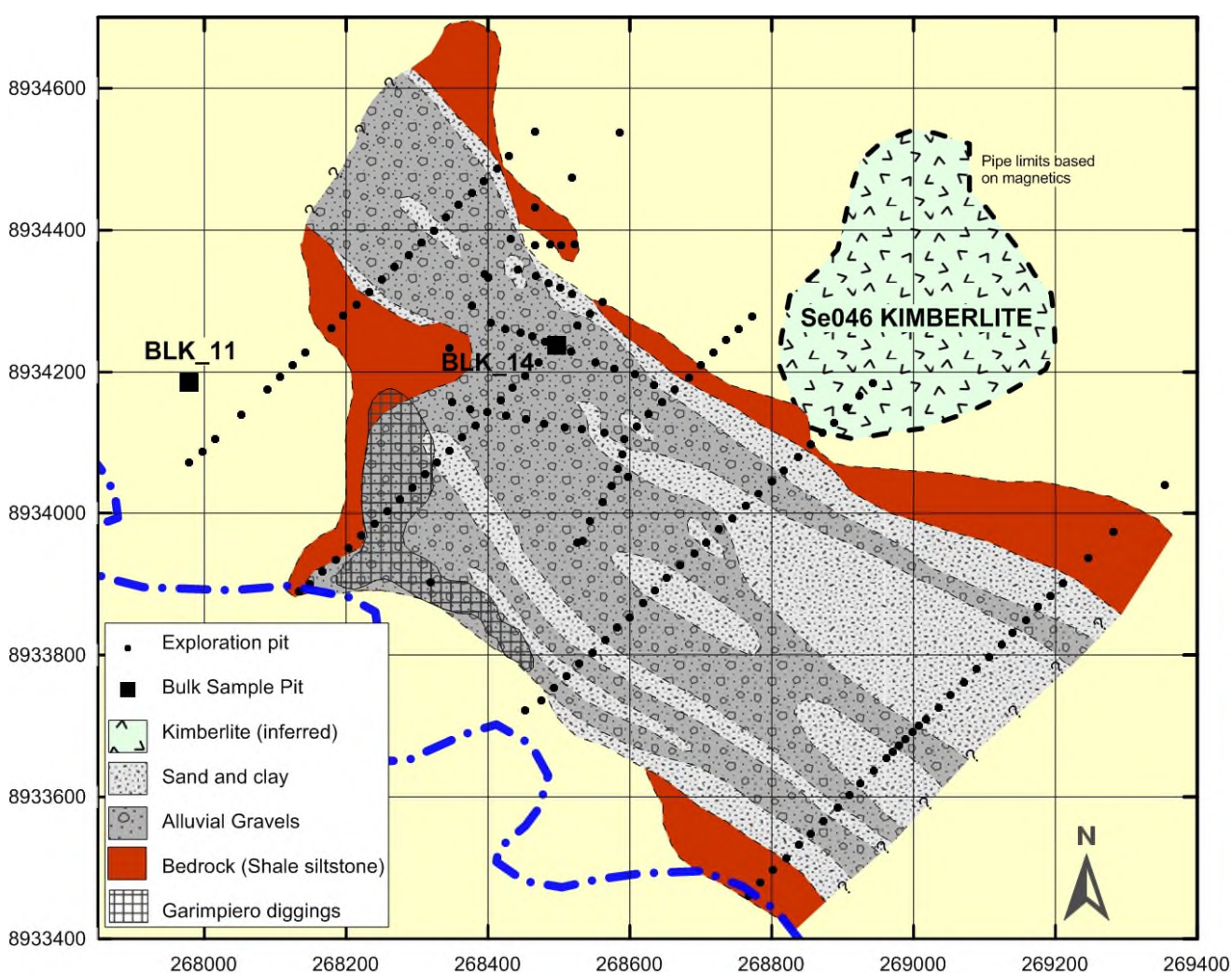


Figure 3: E46 alluvial area – geology and sampling

During the Quarter, Lucapa commenced processing alluvial gravels from the BLK_13 sample, which is located ~1km north of the Company's new DMS site (Figure 1).

Processing of the BLK_13 sample is ongoing. To date, 11 diamonds weighing 13.45ct have been recovered from 114m³ of gravel processed. At least three of the diamonds recovered from BLK_13 have been confirmed as high-value Type2A gems (See Diamond Sales and Assessment).

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Sample Number	Sample Location	Gravel Processed (m ³)	Number of Diamonds	Diamond Weight (ct)	Average Size (ct)	Grade ² (ct/100m ³)	Largest Diamond (ct)
BLK_11	Se46 Alluvial Area	31.2	5	8.65	1.73	27.7	2.75
BLK_13 ³	Main Alluvial Area	114	11	13.45	1.22	11.8	5.35
BLK_14	Se46 Alluvial Area	256	52	52.45	1.01	20.5	6.95
Notes:							
1) Lucapa is treating gravel in the +2mm -34mm size range.							
2) Grade is quoted in carats per 100 cubic metres of gravel.							
3) Processing of BLK_13 is not complete							

Table 1: Diamond recoveries – alluvial bulk samples



Pit excavation work at the Lulo Diamond Concession

DIAMOND SALES AND ASSESSMENT

As announced to the ASX on 31 July 2013, Lucapa achieved another significant milestone with the successful sale of the first parcel of Lulo diamonds.

The parcel of Lulo diamonds weighing 496.2 carats was sold for gross proceeds of \$A3.12 million in a sale process conducted by Angolan Government agency SODIAM in the Angolan capital of Luanda.

As announced on 5 August 2013, a total of \$A2.79 million was paid into the Lulo Project's bank account from the diamond sale proceeds after the deduction of fees, taxes and royalties etc.

Lucapa's diamond inventory now stands at 92.5 carats following the sale of those diamonds. The Company will apply to sell a further parcel of diamonds when the inventory reaches 500 carats.

That diamond inventory includes Type2A gems, which are among the rarest in the world and account for only 1-2% of the world's natural diamonds.

As announced to the ASX on 10 October 2013, Lucapa tested 17 of the larger diamonds recovered from Lulo using a ZVI Yehuda F-1000 colorimeter. Of the 17 diamonds tested, 11 were confirmed as Type2A gems. These included white, brown and mixed stones.

Lucapa considers the results of this testwork to be exceptional. Significantly, the Type2A diamonds came from different sources at Lulo, including BLK_14 in the E46 alluvial area and the new BLK_13 alluvial area near the priority Se251 kimberlite pipe.

NEW DMS DIAMOND PLANT

As announced to the ASX on 23 October 2013, Lucapa is nearing completion of the Company's new 50 tonne per hour DMS plant.

The new state-of-the-art DMS diamond plant was built by Bond Industries in Johannesburg, South Africa, before being shipped in containers to Angola, trucked to Lulo and rebuilt on site.



Lucapa's new 50 tonne per hour DMS diamond plant

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As announced to the ASX on 23 October 2013, Lucapa has been excavating and stockpiling gravels from the BLK_18 area to process through the new DMS plant for the commissioning phase (Figure 2).

The BLK_18 sample is located close to the new DMS site and includes the area where bulk samples BLK_2 and BLK_3 were excavated. Overburden from above the gravels has been used in the construction of the new DMS plant site.

The new DMS plant will produce significant improvements in the throughput and efficiency of Lucapa's diamond sampling programs at Lulo.



Lucapa's new 50 tonne per hour DMS diamond plant

KIMBERLITE LICENCE RENEWAL

As previously reported, Lucapa's application to extend its kimberlite licence at Lulo by a further two years until June 2015 has been recommended by the Company's joint venture partner Endiama, which is the Angolan Government's exclusive concessionary for diamond rights.

During the Quarter, the Company met with the Angolan Minister of Geology and Mines and received assurances that there were no issues with the kimberlite licence extension.

Lucapa also paid the fee for the kimberlite licence renewal during the Quarter.

Lucapa looks forward to the confirmation of this kimberlite licence extension in the near future.

CORPORATE

As announced to the ASX on 2 August 2013, 30 million unlisted \$0.02 options exercisable on or before 1 August 2013 expired without exercise.

As announced to the ASX on 21 August 2013, Lucapa raised \$1.27 million from a placement of 318 million ordinary new shares at an issue price of \$0.004 and up to 318 million unlisted \$0.01 options, exercisable within 24 months of issue, at no further cost. (Refer 21 August 2013 and 17 September 2013 ASX announcements for further details).

At September 30, Lucapa held cash in the Lulo Project account of \$2.03 million and \$398,000 in the corporate (head office) account. Lucapa has no debt and has paid in full for the new \$US5 million DMS plant. The Company also owns the on-site fleet of earthmoving equipment at Lulo.

On 17 September 2013, Lucapa announced a non-renounceable one-for-10 entitlement issue to raise up to \$1.4 million on the same terms as the \$1.27 million placement. (Refer 17 September 2013 ASX announcement for further details).

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Competent Person's 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 Lucapa Diamond Company Limited. Mr Jones 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.

Forward-Looking Statements

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