LONRHRO REPORTS KIMBERLITE DISCOVERY AND UPGRADES POTENTIAL OF LULO DIAMOND PROJECT

HIGHLIGHTS

- Significant results from field-based exploration at Lulo Diamond Concession, Angola.
- High counts of kimberlitic indicator minerals reported from all six aeromagnetic targets sampled in December 2008.
- K72 and adjacent K71 targets reported both pyrope-garnets and picro-ilmenites, with K72 positively identified as a Group 1 kimberlite pipe.
- K72 discovery supported by high alluvial diamond grades of 9-20cpht from historical bulk sampling from nearby Canguige River.
- Increases confidence that most of the 217 aeromagnetic anomalies in the Lulo field are related to kimberlite pipes.
- Planning underway for dry season drilling and bulk sampling program at K72 and eight other selected targets.

Australian-based diamond exploration company Lonrho Mining Limited (ASX: LOM) is pleased to report highly encouraging results from its first major field-based exploration program at the Lulo Diamond Concession in north-eastern Angola.

Field-based inspection and surface sampling of the first six of a total of 217 targets derived from a high-resolution aeromagnetic/radiometric survey completed last year has returned very high levels of kimberlitic indicator minerals, with one of the anomalies, K72, positively identified by Lonrho’s exploration team as a Group 1 kimberlite pipe.

The high counts of indicator minerals pyrope-garnets and picro-ilmenite, combined with the presence of indicator-rich kimberlite outcrop, has substantially upgraded the potential of the Lulo Concession to host multiple diamond-bearing kimberlite pipes. A total of 217 magnetic anomalies have been identified in the field, possibly related to kimberlite pipes.
The new results have been reviewed by Lonrho’s Consulting Geologist, Manfred Marx, and independently reviewed by highly experienced Consulting Geophysicist, E.O. Kostlin, and experienced Australian-based diamond geologist, David Jones.

They are considered to be comparable to some of the best early-stage exploration results seen in the diamond industry, including those achieved in the early stages of the world-class Oropa Diamond Mine in Botswana – a discovery with which Mr Marx was closely involved.

The Lulo Concession covers an area of 3,000km² on the eastern margin of the Cuango River catchment area, 650km east of Luanda in the Lunda Norte Province of north-eastern Angola.

Lonrho has signed Joint Venture agreements with Endiama, the national diamond company of Angola and exclusive concessionary for the Angolan diamond mining rights, to develop this highly prospective Concession. The Company will have an initial 39% interest in all kimberlite deposits discovered on the Concession, decreasing to 30% after recoupment of its investment, and a 40% interest in all alluvial deposits discovered on the tenements.

December 2008 Field Exploration Program

During December, Lonrho’s exploration team completed detailed field inspection of six priority targets derived from a helicopter-borne high resolution MIDAS system aeromagnetic/radiometric survey completed by Fugro Airborne Surveys in early 2008.

This survey covered an area of 1,000km² over the diamond bearing Cacuilo and Lulo River catchments. The north-south flight lines were flown at an altitude of 25 metres above the surface and at 100m line spacing. The resulting data is of exceptionally high quality.

The interpretation of this data was completed by Consulting Geophysicist E.O. Kostlin, who was employed for 37 years by Anglo American Corporation and De Beers Diamond Mines and their subsidiary companies. He concluded that the 217 dipolar magnetic anomalies identified are in all likelihood due to kimberlites and/or kimberlite magma blows. This is supported by the 27 kimberlite pipes reported within the Lulo concession area during colonial times.

The objective of the field program was to map the surface geology of the kimberlite targets and to collect a 20kg to 40kg surface loam sample from each. The presence of kimberlitic indicator minerals within these soil samples would point to an underlying kimberlite pipe; secondly, the geochemistry of the grains is generally a reflection of the diamond grade of the host rock.

Heavy Mineral Results

At the six locations, a single -2 mm screened soil sample was collected, weighing 20kg to 40kg, at the central point of the anomaly. The material was then concentrated using a gold pan, dried, packaged and delivered to the MSA Group laboratories in Johannesburg, South Africa.

Significantly, all six of these locations produced significant counts of kimberlitic indicator minerals; as such, they are considered to have a high probability of being related to underlying kimberlite pipes.
In addition, a pyrope-garnet/picro-ilmenite rich kimberlite outcrop was identified on the summit of hill at the K72 target, which has a surface area of about 30 hectares (see Figures 1 and 2 below). The K72 aeromagnetic/satellite/topographic feature was identified from field-based inspection as a Group 1 kimberlite pipe.

The sample processing at the MSA Group laboratories included screening into 3 size fractions (1.0mm, 0.5mm and 0.3mm) which were weighed and concentrated using TBE heavy liquid.

Where necessary, the concentrates were re-concentrated using magnetic separation. These concentrates were then sorted by experienced observers. Based on the final sorting results, a selected population of kimberlithic indicator mineral grains will be microprobed. The geochemical analyses have a bearing on the diamond content of the host kimberlite.

This allows for the early targeting of the highest priority diamond potential kimberlite pipes for drilling and bulk sampling.

Results are reported in Table 1 below.

<table>
<thead>
<tr>
<th>Anomaly</th>
<th>Pyrope Garnets</th>
<th>Picro Ilmenite</th>
</tr>
</thead>
<tbody>
<tr>
<td>K6</td>
<td>0</td>
<td>204</td>
</tr>
<tr>
<td>K14</td>
<td>0</td>
<td>10</td>
</tr>
<tr>
<td>K50</td>
<td>0</td>
<td>79</td>
</tr>
<tr>
<td>K71</td>
<td>21</td>
<td>79</td>
</tr>
<tr>
<td>K72</td>
<td>113</td>
<td>126</td>
</tr>
<tr>
<td>L6</td>
<td>0</td>
<td>97</td>
</tr>
</tbody>
</table>

Note: Possible spinels were also reported from samples K6 and K14. Possible chrome iopside were reported in sample K50.
SIGNIFICANCE OF RESULTS

Confirmation of the K72 magnetic anomaly as a Group 1 kimberlite pipe, together with the high count of kimberlitic indicator minerals from five other magnetic anomalies, represents a very significant step forward for the Company. The results suggest that a very high percentage of the 217 magnetic anomalies identified at Lulo are probably related to kimberlite pipes.

The anomalies K71 and the adjacent K72 reported pyrope garnets in addition to the picro-ilmenite grains (see Figures 1 and 2). The fact that the kimberlite pipes in this province appear to have distinctive indicator mineral suites could assist in the early identification of the most prospective diamond-bearing pipes.

For example, G10 garnets are often diagnostic of diamondiferous kimberlites. The results of the microprobe analyses of the K72 and K71 pyrope garnets will therefore be eagerly awaited by the Company in early February.

The significance of the K72 kimberlite discovery is enhanced by the alluvial diamond grades of between 9 and 20 cph (carats per hundred tonnes) that were reported during the colonial times in bulk samples taken from the Canguige River which drains this pipe as well as other suspected neighbouring pipes (see Figure 1).

To put this in perspective, the average grade of alluvial diamond deposits for southern Africa is typically much lower – around 1 cph.
FORWARD PROGRAM

In light of these encouraging results, Lonrho is developing a comprehensive three-phase forward work program to fast-track exploration of the Lulo Concession.

Phase 1

- Confirm the existence of kimberlite pipes associated with the heavy mineral at K50, L6, K6, K71 and K14 through a 2,500-3,000m RC drilling program.
- Investigate the nature of anomalies K29, K30 and K212 which were not sampled in December 2008.
- Pattern drill confirmed kimberlite pipes to confirm their dimensions.
- Conduct a limited bulk sampling program of between 800-1,000 tonnes at the highest priority kimberlite pipes.

Phase 2

- Conduct mapping and soil sampling of a selected 50-100 magnetic anomalies including construction of access tracks.

Phase 3

- Commence evaluation of additional magnetic/satellite image anomalies identified in Phase 2.

Commenting on the results, Lonrho Mining’s CEO and Director, Miles Kennedy, said the Company was excited by the results which substantially enhanced the exploration potential of the Lulo Diamond Field.

“While clearly early stage, these results – which have been reviewed by some of the most experienced diamond exploration geologists in the world – bear all the hallmarks of first pass exploration within a substantial diamond field with genuine potential to host multiple kimberlite pipes.”

“We intend to fast-track exploration activities in order to test the K72 pipe and several other priority target areas with a view to confirming the diamond potential of these structures as quickly as possible.”

- ENDS -

Competent Persons Disclosure

The information in this report that relates to Exploration Results, Mineral Resources or Ore Reserves has been prepared by Consulting Geologists Manfred Marx and Consulting Geophysicist, E.O. Kostlin. Messrs Marx and Kostlin are consultants to the Company and have sufficient experience with the relevant style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to be qualified as a Competent Person as defined in the 2004 Edition of the ‘Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves’. Each of Messrs Marx and Kostlin consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.