



LULO DIAMOND PRODUCTION UPDATE

- June Quarter diamond production up 63% to 4,203 carats
- Number of Specials (large diamonds >10.8 carat) diamonds recovered up 97% to 57
- Mining volumes up 55% to 57,283 bcm, leaving Lulo on track to achieve record and targeted 2017 annual volumes of 240,000 bcm
- Diamond inventory on hand up 37% to 1,716 carats at June 30 following diamond sales of US\$4.8 million in Quarter and US\$15.4 million for the half year

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) and its partners, Empresa Nacional de Diamantes E.P. (“Endiama”) and Rosas & Petalas, are pleased to provide an update on diamond production in the June 2017 Quarter (“the Quarter”) from the Lulo Diamond Project in Angola.

Lulo alluvial mining company, Sociedade Mineira Do Lulo (“SML”) (in which Lucapa is a 40% owner and the operator) produced 4,203 carats of diamonds during the Quarter, an increase of 63 per cent on the previous corresponding period (Table 1).

Lulo continued to regularly produce large and premium-value diamonds during the Quarter, with the number of Special diamonds recovered up 97% to 57. The total weight of Specials produced during the Quarter was up 76% to 1,199 carats. These Specials included two +50 carat diamonds.



60 carat D-Colour diamond recovered from Mining Block 28 during the Quarter

The diamond production increases were generated from a 55% rise in mining volumes to 57,283 bulk cubic metres (“bcm”), leaving SML on track to achieve record and targeted annual production of 240,000 bcm for calendar 2017.

The grade of the diamonds recovered during the Quarter improved 5% to 7.3 carats per 100 cubic metres, while the average size of the diamonds recovered was steady at 1.3 carats.

SML held diamond inventory of 1,716 carats on hand at 30 June 2017 (up 37%) after sales totalling US\$4.8 million during the Quarter (up 58%). This took total sales for the first half of 2017 to US\$15.4 million.

As previously advised, mining operations in April and May 2017 were focused on Mining Block 28, but have since returned to the higher-value Mining Blocks 8 and 6 in June 2017.



Premium-value white and fancy coloured diamonds from Lulo June Quarter production

	Q2 2015	Q2 2016	H1 2016	Q2 2017	H1 2017	Var Q2 2017 to Q2 2016	Var H1 2017 to H1 2016
Treated m³ (bulked)	17,264	37,031	74,239	57,283	128,250	55%	73%
Carats Recovered	1,430	2,581	5,668	4,203	8,301	63%	46%
Grade Recovered (cphm³)	8.28	7.0	7.6	7.3	6.5	5%	-15%
No of Stones Recovered	1,818	2,051	4,310	3,336	6,880	63%	60%
Avg Stone Size Recovered	0.8	1.3	1.3	1.3	1.2	0%	-8%
Number of Specials Recovered	3	29	53	57	95	97%	79%
Specials Carat Weight	96	683	1,967	1,199	2,328	76%	18%
Diamond Inventory (carats)	855	1,256	1,256	1,716	1,716	37%	37%

Table 1: SML physicals and recoveries for the June Quarter and prior year comparatives

Further to the above, Lucapa expects to update shareholders shortly on the results and interpretation of the helicopter-borne Time Domain Electromagnetic (“TDEM”) survey flown over the Cacuilo Valley area at Lulo once this work is finalised.

The TDEM survey results will assist the Lulo kimberlite drilling program, which aims to locate the primary source or sources of the exceptional alluvial diamonds being recovered within the concession. Drilling will also be assisted by the results of laboratory analysis of kimberlite core in South Africa.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa Diamond Company Limited is a growing diamond company with a portfolio of high-quality production, development and exploration assets in Angola, Lesotho, Botswana and Australia. The Company's focus on high-value production is designed to protect cash flows as pricing in this sector of the diamond market remains robust.

Lucapa's flagship asset is the Lulo Diamond Project in Angola, which produced the highest \$ per carat price of any run of mine diamond production in the world in 2016 and continues to produce some of the largest diamonds on record from that region. Lucapa and its Lulo partners are also well-advanced in their search for the primary source of these large and premium-value alluvial diamonds, with three rigs now available to drill priority kimberlite targets.

In keeping with the Company's growth strategy, Lucapa has secured a 70% interest in the advanced, high-quality Mothae kimberlite project in Lesotho, which is located in the heart of the world's highest-value cluster of kimberlite mines. Lucapa plans to commence production at Mothae in 2018.

Lucapa has also defined drilling targets at two earlier-stage diamond projects – Orapa Area F in Botswana's Orapa diamond field and Brooking in the West Kimberley lamproite province in Western Australia.

Lucapa's Board and management team have extensive diamond industry experience with companies including De Beers, Rio Tinto and Gem Diamonds. The Company was included in the ASX All Ordinaries Index in March 2017.

Competent Person's Statement

Information included in this announcement that relates to previously released exploration data disclosed under JORC Code 2012. The information has not materially changed since it was last reported and is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm MSc FAusIMM (CP), who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Thamm is a Director of Lucapa Diamond Company Limited. 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 and consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Forward-Looking Statements

This announcement has been prepared by the Company. This document contains background information about the Company and its related entities current at the date of this announcement. This is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement. This announcement is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

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