LUCAPA
DIAMOND COMPANY

ASX Announcement 5 November 2018

NEW ALLUVIAL SOURCE OF LARGE TOP-QUALITY DIAMONDS AT LULO

- *Recovery of large and premium-value diamonds along the previously-untested flood plains at Lulo*
- *17 Specials recovered from first area of flood plains tested, including an exceptional 55 carat Type IIa D-colour white*
- *Potential to open up significant new alluvial mining areas*

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 announce the discovery of a new alluvial source of large and premium-value diamonds at the Lulo diamond project in Angola.

To date, the diamonds mined from Lulo – the world's highest average US$ per carat alluvial production – have been sourced predominantly from the terrace deposits along the Cacuilo River valley. The Lulo partners recently began exploring the extensive flood plains (leziria areas) along the ~50km stretch of Cacuilo River valley within the Lulo diamond concession to determine whether these areas were also host to exceptional alluvial diamonds (Refer ASX announcement 29 October 2018).

The positive results from the first of these flood plain areas tested – adjacent to Mining Block 31 – where regular Specials (diamonds >10.8 carats) were recovered, demonstrate the potential to open additional and expansive new mining areas at Lulo (Figure 3). The exploration results include:

- 17 Specials, including an exceptional 55 carat Type IIa D-colour white (Figures 1-2)
- A total of 1,502 carats recovered so far from 11,155 bulk cubic metres processed, achieving a diamond grade of 13.5 carats per 100 cubic metres (Table 1)

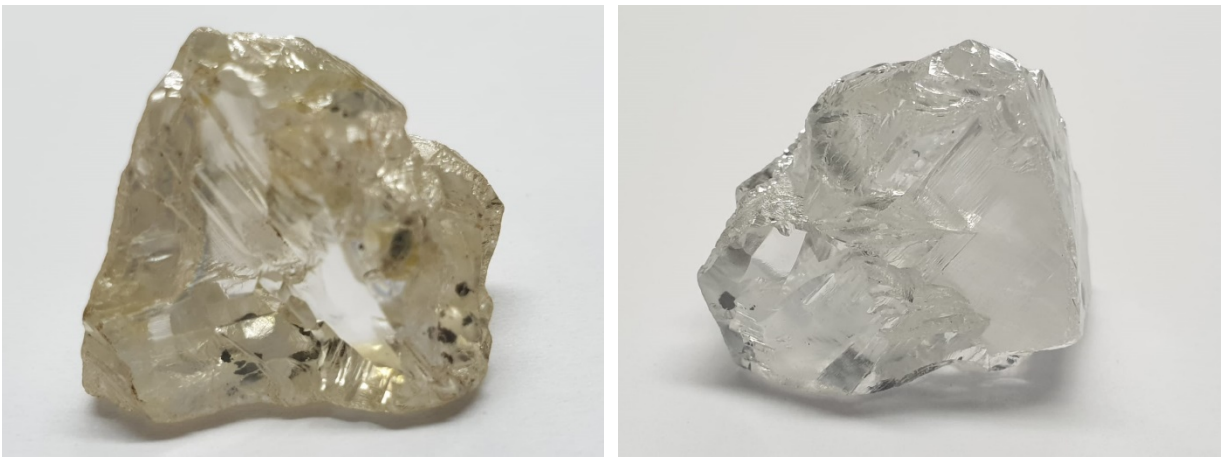

Figure 1: 55 carat Type IIa D-colour white from flood plains adjacent to Mining Block 31 in the Lulo (left: pre-boiling and right: post boiling)

Given the results from the flood plains adjacent to Mining Block 31, Lucapa and its partners will continue testing other flood plain areas at Lulo in parallel with alluvial mining activities in established areas.

23 carats

20 carats

17 carats

14 carats

12 carats

12 carats

11 carats (faint pink)

11 carats

10 carats

Figure 2: Selection of other Specials (above) and run of mine diamond recoveries (below) to date from the flood plains adjacent to Mining Block 31

The extent of the flood plains adjacent to the alluvial terraces along the Cacuilo River valley at Lulo are highlighted in green in Figure 3 below.

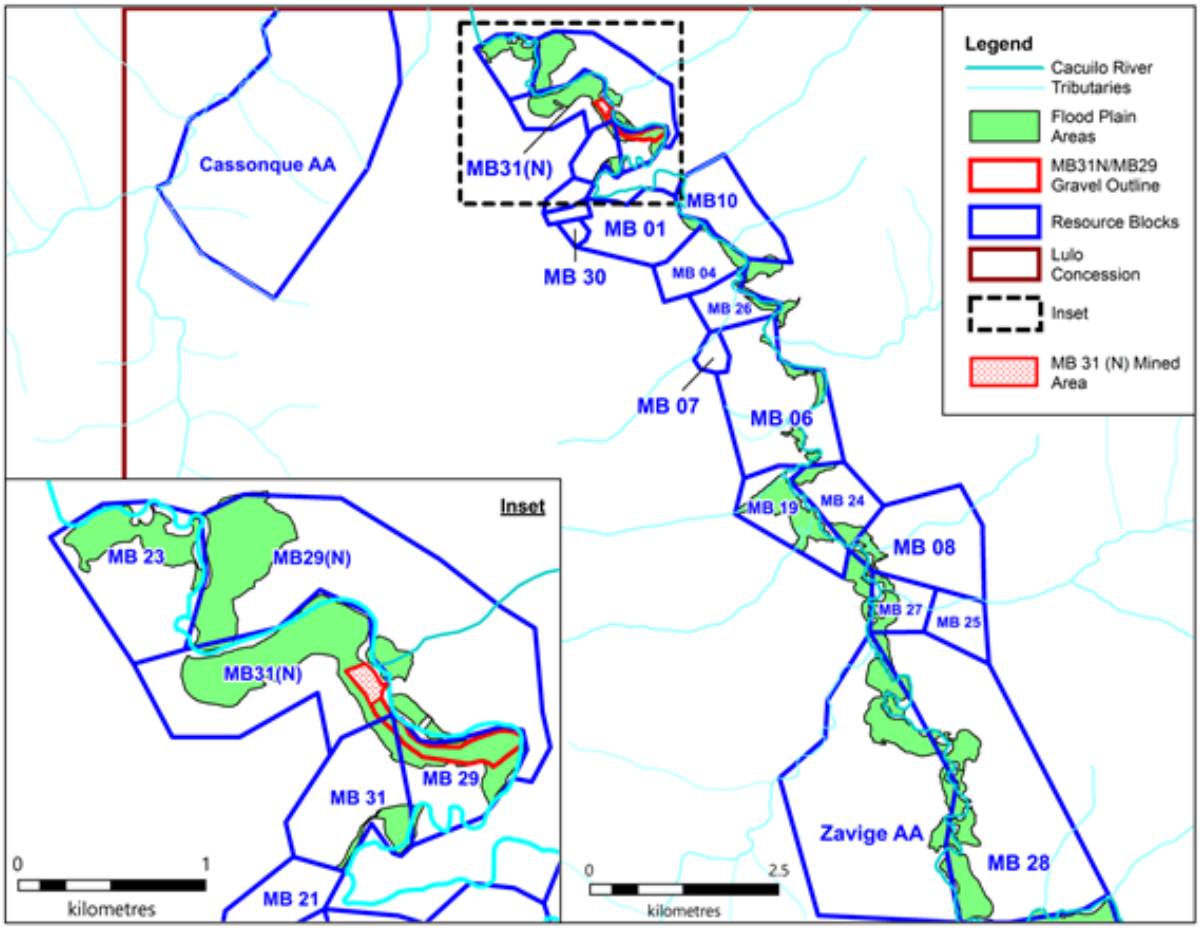

Figure 3: Map showing the extent of the flood plain (leziria) areas along the Cacuilo River adjacent to the mining areas (alluvial terraces)

Actual Treated m^3 (bulked)	**11,155**
Actual Carats Recovered	**1,502**
Actual Grade Recovered ($cphm^3$)	**13.5**
Average Size of Diamonds Recovered (carats)	**1.4**
Specials Recovered	**17**
Largest Special Recovered (carats)	**55.3**

Table 1: Diamond recoveries to date from flood plains adjacent to Mining Block 31 at Lulo

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

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

Lucapa's flagship asset is the Lulo Diamond Project in Angola, which is a prolific producer of large and premium-value alluvial diamonds. Lulo has produced 11 +100ct diamonds to date and is the highest US$ per carat alluvial diamond production in the world. Lucapa and its Lulo partners continue to advance their search for the primary kimberlite sources of these exceptional alluvial gems, with three drill rigs available in the ongoing kimberlite exploration program.

Lucapa has a 70% interest in the advanced Mothae kimberlite project in diamond-rich Lesotho. The Mothae kimberlite pipe is a high-quality diamond resource located within 5km of Letšeng, the highest US$ per carat kimberlite diamond mine in the world. Lucapa has commenced commissioning the new 1.1Mtpa diamond treatment plant at Mothae, complete with XRT recovery technology, under its Phase 1 development program.

Lucapa is also furthering two exploration projects in known diamond provinces, including an extensive exploration program at Brooking in the West Kimberley lamproite province in Western Australia to follow up on the discovery of lamproite with very high concentrations of micro- and macro-diamonds. Lucapa plans to drill kimberlite targets at the Orapa Area F project in Botswana's Orapa diamond field in Q1 2019.

Lucapa's Board and management team have extensive diamond industry experience across the globe with companies including De Beers and Gem Diamonds.

Competent Person's Statement

Information included in this announcement that relates to exploration results and resource estimates is based on and fairly represents information and supporting documentation prepared and compiled by Richard Price MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Price is an employee of Lucapa Diamond Company Limited. Mr Price 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 Price consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

No New Information

To the extent that announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

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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Appendix 2

Reporting of alluvial diamond production results for the Lulo Project – JORC Code (2012) requirements – Sampling Techniques and Data

Criteria	JORC Code Explanation	Lucapa Commentary
Sampling techniques	• *Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.) These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.*	• New results are from production area MB31N. • Mining production results are reported to JORC 2012. The mined gravel was collected from surface excavations using an excavator and trucks. Overlying sandy alluvium was stripped to expose the gravel. • The gravel + some underlying basement material (~30cm) was excavated and transported to the production plant for processing. • The production data is used for grade control and generally is seeking to identify diamond bearing lithologies. • The production information is based on a relatively large sample of the material available, It is uncertain how representative this material is of the available material overall. • Diamonds occur in very low concentrations in most lithologies. They also occur as discrete crystal particles and these must be physically separated and recovered to determine grade. Individual diamonds are unique and their value depends on factors including size, shape, colour and clarity. • Large samples in the order of tens of or hundreds of thousands of tonnes are required to establish reliable grade and value for diamond deposits
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).*	• No drilling is reported in this document.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No drilling is reported in this document • Production ore is recovered using an excavator. The production area is visually inspected and all gravels excavated to basement. • No relationship appears to exist between sample recovery and grade. All material within the gravel interval is collected for treatment.

Criteria	JORC Code Explanation	Lucapa Commentary
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.* • *The total length and percentage of the relevant intersections logged.*	• Production pits are surveyed to determine volumes. • No further logging is undertaken. • Visual estimates of gravel are noted for each production shift. • Volume of gravel treated is measured based on bucket loads.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Not core. No sub-samples are taken. All material excavated is processed to recover diamonds. • The production material is excavated dry and all material is taken. • Sample size is appropriate for the material being sampled.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Production material is processed through a Dense Media Separation (DMS) plant. Recovery in the size fractions used on the plant is considered total. • Production material is processed through the Company's DMS Plant to produce a heavy concentrate. Diamonds are recovered from the heavy concentrate using a Flowsort x-ray sorting machine followed by visual sorting. A XRT sorting unit is used to recover diamonds from the larger size fractions. • DMS efficiency is monitored using density beads • XRT efficiency is monitored using tracer beads.
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No verification of sample data at an independent facility has been undertaken due to the very large size of the samples and the lack of appropriate facilities in Angola. • Twinned holes not applicable. • Entry of primary data has been checked and loaded into a production spreadsheet. • Assay data are not adjusted.

Criteria	JORC Code Explanation	Lucapa Commentary
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample sites were located using drone aerial photography, located by ground control points surveyed by a deferential GPS • The grid system is WGS84 Zone 34L. • The topographic control is from data acquired by the Drone.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data in this report comes from production pits where all the material from that pit has been, or will be processed. • The pit spacing is currently related to production and is not appropriate for Mineral Resource and Ore Reserve estimation. • Sample compositing has not been applied
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The samples are considered production samples within an alluvial body. • Insufficient data exists to determine whether sample bias is present but given the nature of the body, bias is considered unlikely. Independent review opines the samples, being bulk, are representative.
Sample security	• *The measures taken to ensure sample security.*	• Production stockpiles are located near the company's processing facility and are guarded by armed security personnel at all times. • Security of processing and diamond recovery is monitored by company and Angolan State Diamond Security personnel.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The production techniques are industry standard and audits or reviews have been undertaken to validate the Maiden Resource.

Section 4

Estimation and Reporting of Diamonds and Other Gemstones

Criteria	JORC Code Explanation	Lucapa Commentary
Indicator minerals	• *Reports of indicator minerals, such as chemically/physically distinctive garnet, ilmenite, chrome spinel and chrome diopside, should be prepared by a suitably qualified laboratory.*	• No indicator minerals were recovered.
Source of diamonds	• *Details of the form, shape, size and colour of the diamonds and the nature of the source of diamonds (primary or secondary) including the rock type and geological environment.*	• The diamonds reported have a variety of sizes, shapes and colours. The diamonds were recovered from alluvial gravels located within the current Cacuilo River flood plain
Sample collection	• *Type of sample, whether outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment or soil, and purpose (e.g. large diameter drilling to establish stones per unit of volume or bulk samples to establish stone size distribution).* • *Sample size, distribution and representivity.*	• Samples reported are production samples of alluvial gravels. The samples are designed to determine stone size distribution and eventually diamond values. • Lucapa and its JV partners are conducting exploration activities to locate and evaluate diamondiferous lithologies. The sample size, distribution and representivity are appropriate for this activity.
Sample treatment	• *Type of facility, treatment rate, and accreditation.* • *Sample size reduction. Bottom screen size, top screen size and re-crush.* • *Processes (dense media separation, grease, X-ray, hand-sorting, etc.).* • *Process efficiency, tailings auditing and granulometry.* • *Laboratory used type of process for micro diamonds and accreditation.*	• Samples are processed through a production DMS plant. The plant uses a 420mm diameter cyclone and has a nominal treatment rate of 150 tonnes per hour. The plant is not accredited. • Samples are disaggregated during excavation and washed through a scrubber. The bottom screen size is 1.6mm (slotted) (2mm effective) and the top size is 55mm. • The recovery process involves DMS separation with X-ray sorting of the heavy concentrate, A coarse fraction (18-55mm) is processed through a Tomra XRT unit. The concentrates are hand sorted for final diamond recovery. Larger diamonds are characterised using a ZVI Yehuda F1000 Colorimeter. • Lulo are processing the material through a recently commissioned DMS plant. Processing efficiency has been demonstrated in density bead recovery tests. Tails auditing and granulometry studies have not been completed. • Microdiamonds are not reported.
Carat	• *One fifth (0.2) of a gram (often defined as a metric carat or MC).*	• Reported as carats.

Criteria	JORC Code Explanation	Lucapa Commentary
Sample grade	• *Sample grade in this section of Table 1 is used in the context of carats per units of mass, area or volume.* • *The sample grade above the specified lower cut-off sieve size should be reported as carats per dry metric tonne and/or carats per 100 dry metric tonnes. For alluvial deposits, sample grades quoted in carats per square metre or carats per cubic metre are acceptable if accompanied by a volume to weight basis for calculation.* • *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive sample grade (carats per tonne).*	• Production grade is quoted in the text in units of carats per 100 cubic metres for alluvials. • The table in the report reports average carats per m^3 of recovered gravel. • Grades are presented as carats per unit volume. Density is not measured for this material.
Reporting of Exploration Results	• *Complete set of sieve data using a standard progression of sieve sizes per facies. Bulk sampling results, global sample grade per facies. Spatial structure analysis and grade distribution. Stone size and number distribution. Sample head feed and tailings particle granulometry.* • *Sample density determination.* • *Per cent concentrate and undersize per sample.* • *Sample grade with change in bottom cut-off screen size.* • *Adjustments made to size distribution for sample plant performance and performance on a commercial scale.* • *If appropriate or employed, geostatistical techniques applied to model stone size, distribution or frequency from size distribution of exploration diamond samples.* • *The weight of diamonds may only be omitted from the report when the diamonds are considered too small to be of commercial significance. This lower cut-off size should be stated.*	• Production results are reported to 2mm bottom cut-off size. • As grades are reported as carats per unit volume, no density is required to be calculated. • Percent concentrate and undersize have not been measured and are not considered material to the understanding of this report. • Variation in grade with changes in bottom cut-off screen size has not been determined. Lulo's DMS plant was commissioned in November 2013 and this plant is used for commercial production as well as bulk sample treatment. • Geostatistical studies have not been undertaken because of the relatively small number of diamonds recovered and uncertainties of using this data for alluvial deposits. • The total weight of diamonds recovered is reported in the text as are the upper and lower cut-off sizes.
Grade estimation for reporting Mineral Resources and Ore Reserves	• *Description of the sample type and the spatial arrangement of drilling or sampling designed for grade estimation.* • *The sample crush size and its relationship to that achievable in a commercial treatment plant.* • *Total number of diamonds greater than the specified and reported lower cut-off sieve size.* • *Total weight of diamonds greater than the specified and reported lower cut-off sieve size.* • *The sample grade above the specified lower cut-off sieve size.*	• Updated Mineral Resources are not included in the report. • No Mineral Reserves are reported.

Criteria	JORC Code Explanation	Lucapa Commentary
Value estimation	• *Valuations should not be reported for samples of diamonds processed using total liberation method, which is commonly used for processing exploration samples.* • *To the extent that such information is not deemed commercially sensitive, Public Reports should include:* o *diamonds quantities by appropriate screen size per facies or depth.* o *details of parcel valued.* o *number of stones, carats, lower size cut-off per facies or depth.* • *The average $/carat and $/tonne value at the selected bottom cut-off should be reported in US Dollars. The value per carat is of critical importance in demonstrating project value.* • *The basis for the price (e.g. dealer buying price, dealer selling price, etc.).* • *An assessment of diamond breakage.*	• No valuation has been conducted on the recovered diamonds to date. • The diamonds will be sold as part of normal production and will be reported as such.
Security and integrity	• *Accredited process audit.* • *Whether samples were sealed after excavation.* • *Valuer location, escort, delivery, cleaning losses, reconciliation with recorded sample carats and number of stones.* • *Core samples washed prior to treatment for micro diamonds.* • *Audit samples treated at alternative facility.* • *Results of tailings checks.* • *Recovery of tracer monitors used in sampling and treatment.* • *Geophysical (logged) density and particle density.* • *Cross validation of sample weights, wet and dry, with hole volume and density, moisture factor.*	• There has been no accredited process audit. • Production is monitored by armed guards after excavation and the process operation was monitored by Angolan State Diamond Security personnel. • Diamonds recovered are stored in a locked vault or in vaults in Sodiam's secure offices in Luanda. The diamonds have not yet been cleaned or valued. • Microdiamonds were not processed. • No audit samples were collected because of the size of the bulk samples. • Tailings have not been checked. • Tracer monitors were used in sample treatment with tracer recovery in all tested size fractions >95% for tracers of density 3.5 g/cc. • Geophysical densities were not determined. • Gross validation of weights with hole volume and density is not considered appropriate for the stage of production.
Classification	• *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive grade (carats per tonne). The elements of uncertainty in these estimates should be considered, and classification developed accordingly.*	• No resource has been calculated based on this information.