



LULO DIAMOND PRODUCTION UPDATE

- *Record quarterly mining and treatment volumes generate strong increases in diamond production, Special recoveries and diamond inventories*

- **Lulo June Quarter diamond production up 20% to 5,058 carats**
- **Weight of Specials (large diamonds >10.8 carats) recovered up 18% to 1,412 carats**
- **Mining volumes up 27% to a record 72,671 bulk cubic metres**
- **Diamond inventory up 61% to 2,755 carats following quarterly sales of US\$5m for total H1 2018 sales of US\$15.9m at US\$1,642 per carat average**

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 mining operations in the June 2018 Quarter (“the Quarter”) at the Lulo Diamond Project in Angola.

Lulo alluvial mining company Sociedade Mineira Do Lulo (“SML”) (Lucapa 40% owner and operator) produced 5,058 carats of diamonds during the Quarter, an increase of 20% 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 7% to 61, bringing to 118 the total number of Specials produced in H1 2018 (up 24%).



Figure 1: Sample of Lulo diamonds sold during the June 2018 Quarter

	Q2 17	H1 17	Q2 18	H1 18	Var Q2 17 to Q2 18	Var H1 17 to H1 18
Actual Treated m ³ (bulkied)	57,283	128,250	72,671	134,540	27%	5%
Actual Carats Recovered	4,203	8,301	5,058	9,566	20%	15%
Actual Grade Recovered (cphm ³)	7.3	6.5	7.0	7.1	-5%	10%
Actual No of Stones Recovered	3,336	6,880	3,230	5,943	-3%	-14%
Actual Avg Stone Size Recovered	1.3	1.2	1.6	1.6	24%	33%
Number of Specials Recovered	57	95	61	118	7%	24%
Specials Carat Weight	1,199	2,328	1,412	2,838	18%	22%
Diamond Inventory (carats)	1,716	1,716	2,755	2,755	61%	61%

Table 1: SML production and diamond recoveries for the June Quarter and H1 2018 and prior year comparatives

The total weight of Specials produced during the Quarter was up 18% to 1,412 carats for an H1 2018 total of 2,838 carats (up 22%). Specials recovered during the Quarter included the largest coloured diamond recovered to date from Lulo (46 carats) and three +70 carat diamonds.

The diamond production increases were generated from a 27% rise in mining volumes to 72,671 bulk cubic metres – a record quarterly result.



Figure 2: Selection of Lulo Specials in the unsold diamond inventory

SML held a diamond inventory of 2,755 carats at 30 June 2018, up 61% on the previous corresponding period. This inventory included several large high-value Special diamonds held over from the most recent diamond sale (Refer ASX announcement 18 June 2018), including those shown in Figure 2.

	Q2 17	H1 17	Q2 18	H1 18	Var Q2 17 to Q2 18	Var H1 17 to H1 18
Actual Sales (carats)	5,033	9,531	3,413	9,656	-32%	1%
Actual Sales (US\$)	4,783,952	15,444,807	5,047,670	15,855,298	6%	3%
Actual Price per Carat (US\$)	950	1,620	1,479	1,642	56%	1%
Actual Sales (A\$)	6,363,005	20,316,731	6,702,875	20,205,476	5%	-1%
Actual Price per Carat (A\$)	1,264	2,132	1,964	2,093	55%	-2%

Table 2: SML revenue for the June Quarter and H1 2018 and prior year comparatives

This inventory was after sales totalling US\$5 million during the Quarter (up 6%) and US\$15.9 million for H1 2018, an increase of 3%. These diamonds were sold at an average price per carat of US\$1,479 for the Quarter and US\$1,642 for H1 2018 (Table 2). These positive sales revenues and prices were achieved notwithstanding the decision to withhold from sale the large high-value Specials referred to earlier.

The grade recovered during the Quarter was slightly lower at 7.0 carats per 100 cubic metres (cphm³), although the overall grade for H1 2018 improved 10% to 7.1 cphm³.

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 10 +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.

In keeping with the Company's growth strategy, Lucapa has acquired 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 is constructing a 150 tonne per hour (90,000 tonnes per month) diamond treatment plant, complete with XRT recovery technology, under its Phase 1 development program and is scheduled to commence high-value production at Mothae in H2 2018. A bulk sampling plant has also been refurbished and Lucapa has commenced testing areas of the kimberlite pipe either not included in the JORC resource or where additional sampling is required. Large diamonds including two yellows weighing 89 carats and 25 carats have already been recovered from these areas in the bulk sampling program.

Lucapa is also furthering two exploration projects in known diamond provinces. This includes an extensive exploration program launched at Brooking in the West Kimberley lamproite province in Western Australia to follow up on the discovery of lamproite with high concentrations of micro and macro diamonds. Lucapa is also scheduled to drill its kimberlite targets at the Orapa Area F project in Botswana's Orapa diamond field in H2 2018.

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

Forward-Looking Statements

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