



LULO DIAMOND PRODUCTION UPDATE

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 December 2016 Quarter from the Lulo Diamond Project in Angola.

Lulo alluvial mining company Sociedade Mineira Do Lulo (“SML”) (Lucapa 40% owner and operator) produced 5,313 carats in the Quarter (Table 1). This was an increase of 147% on the corresponding quarter in 2015 and also the highest quarterly production achieved during the Angolan wet season.

SML sold two parcels of Lulo diamonds totalling 4,676 carats for total gross proceeds of US\$14.6 million (A\$19.2 million) during the Quarter, achieving exceptional average prices of US\$3,111 per carat.

The December Quarter sales took total gross sales for calendar 2016 to US\$51 million (A\$69.5 million) at an average price per carat of US\$2,983 – the highest price per carat achieved for any run of mine diamond production in the world in 2016.

SML’s unsold diamond inventory stood at 2,938 carats at the end of the Quarter. These diamonds will be included in the next sale, which is scheduled for January 2017.



Selection of Lulo Specials from December Quarter production including 72 carat Type IIa D-colour white (top left)

The December Quarter production included 79 specials (individual diamonds weighing more than 10.8 carats), up from 28 in the previous corresponding period, further underlining Lulo's ability to regularly produce large premium-value diamonds. These specials included four +70 carat diamonds and a 54 carat gem.

The average size of the diamonds produced in the Quarter was an exceptional 1.9 carats per stone, compared to 1.3 carats in the previous corresponding quarter. The average diamond grade was 10.6 carats per 100 cubic metres (cphm³), up from 5.6 cphm³ in the previous corresponding quarter (Table 1).



72 carat Type IIa D-colour white and 7 carat fancy yellow from December Quarter production

Lucapa Chief Executive Stephen Wetherall said the Lulo partners looked forward to building on the exceptional 2016 achievements in 2017 in what loomed as an extremely exciting year.

"In 2016, Lucapa and its partners achieved record gross diamond sale revenues of more than US\$51 million at an average of US\$2,983 per carat – the highest price achieved from any run of mine production in the world," said Mr Wetherall.

"As a result, SML ended the year with a significant cash balance and a large unsold diamond inventory of ~3,000 carats."

"With our XRT large diamond recovery circuit now fully operational, we look forward to continued recoveries of large top-tier diamonds and strong cash flows in 2017 as we step up our exciting kimberlite drilling and exploration programs, which will soon involve three drilling rigs."

Lucapa is preparing separate updates on its exploration activities at the Lulo, Orapa Area F (Botswana) and Brooking (Western Australia) projects for release to the ASX ahead of the Company's December 2016 Quarterly Activities Report.

	Q4 15	FY 15	Q4 16	FY 16	Var Q4 16 to Q4 15	Var FY 16 to FY 15
Actual Treated m³ (bulked)	38,402	112,587	50,349	189,366	31%	68%
Actual Carats Recovered	2,151	8,394	5,313	19,833	147%	136%
Actual Grade Recovered (cphm³)	5.6	7.5	10.6	10.5	88%	40%
Actual No of Stones Recovered	1,594	7,625	2,838	11,709	78%	54%
Actual Avg Stone Size Recovered	1.3	1.1	1.9	1.7	46%	54%
Number of Specials Recovered	28	86	79	269	182%	213%
Specials Carat Weight	764	2,084	1,898	7,075	148%	239%

Table 1: SML alluvial diamond production for the December Quarter and calendar year

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
CHIEF EXECUTIVE OFFICER

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

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