



LULO DIAMOND CONCESSION - UPDATE

Lucapa Diamond Company Limited (ASX: LOM) is pleased to report on the progress made by the Company in preparation for the awarding of a diamond mining licence and the commencement of alluvial mining operations at the Lulo Diamond Concession in Angola (Lulo).

Lucapa would also like to welcome the recent appointment of Hon. Joaquim Duarte da Costa David as Angolan Minister of Geology, Mines and Industry. Lucapa will continue with partner Endiama to work closely with the Ministry in the furtherance of both the Company's and State's diamond development objectives.

The new fleet of leased earthmoving equipment referred to in the ASX announcement of 1 August 2014 has arrived in Angola from South Africa. Lucapa has paid the import duty and transport costs on this equipment and is currently making preparations for it to be moved to site.

As referred to in the ASX announcement dated 3 September 2014, in preparation for scaled development and exploration programs, Lucapa has expanded its operational and management team with the recruitment of key diamond industry experts.



Figure 1: Lucapa's Dense Media Separation (DMS) diamond treatment plant at Lulo

This team is well advanced with a detailed review and optimisation of the Company's Dense Media Separation (DMS) diamond treatment plant in preparation for the awarding of the alluvial mining licence and the commencement of commercial mining operations at Lulo. As announced to the ASX on 3 September 2014, Lucapa has finalised all commercial terms and conditions precedent for the awarding of the alluvial mining licence.

This review includes modifications and improvements to the DMS treatment plant designed to significantly increase current processing rates, as well as other maintenance program improvements. Lucapa's original smaller diamond processing plant provides the project with additional processing and sampling options for the ongoing kimberlite and alluvial exploration programs at Lulo.

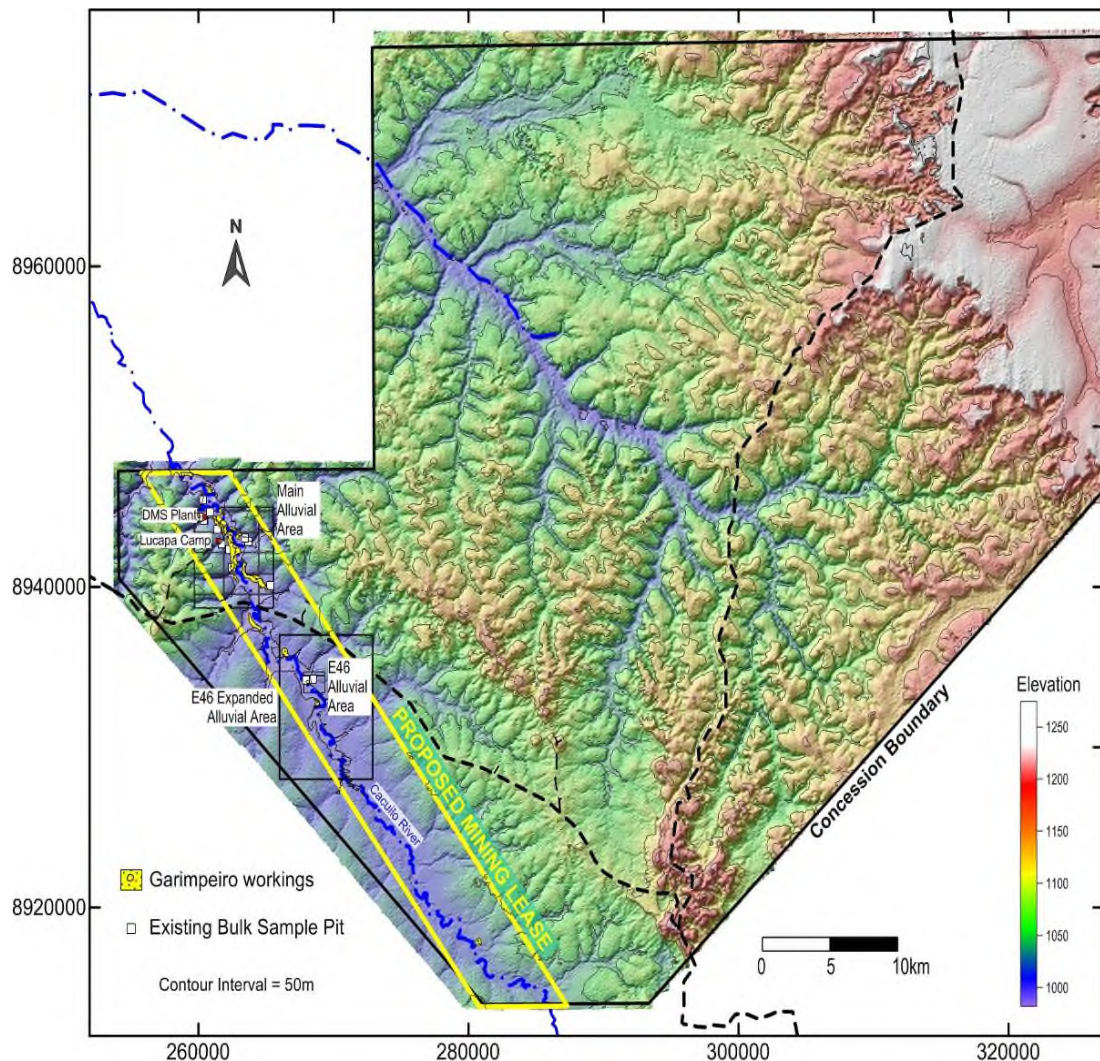


Figure 2: Outline of the alluvial mining licence application within the Lulo Diamond Concession

Lucapa's new operational and management team is also well advanced with mine planning and scheduling work for the upcoming alluvial mining phase.

As referred to in the ASX announcement of 3 September 2014, the diamond-rich elevated terraces adjacent to the Caculo River within the 218km² alluvial mining licence application area will be a priority focus of the mining phase, as sampling work conducted in these elevated terraces in the E46 area produced diamond grades of 27 carats per 100 cubic metres.

Lucapa continues to build its exploration diamond inventory at Lulo from the processing of alluvial and kimberlite bulk samples. The Company intends to concentrate on building stockpiles of bulk sample material for processing through the DMS plant during the upcoming Angolan wet season.

Lucapa's new operational and management team will also conduct a systematic review of the Company's kimberlite diamond exploration program to determine the next critical phase of work in this area.

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Competent Person's Statement

Information in this announcement that relates to exploration results is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Thamm is a Director of Lucapa Diamond Company Limited. The exploration results included in this announcement relates to previously released exploration data disclosed in the ASX announcement dated 31 October 2013 under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that 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 Mr Thamm. 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 consents to the inclusion in this announcement of the matters based on this information in the form and context in which it appears.

Forward-Looking Statements

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