



QUARTERLY ACTIVITIES REPORT FOR PERIOD ENDED 30 SEPTEMBER 2015

HIGHLIGHTS

KIMBERLITE EXPLORATION

- L259 kimberlite identified and is now the highest-priority kimberlite and a close potential primary source of the large valuable diamonds recovered from the Mining Block 8 alluvial diamond field
- L46 kimberlite near the higher-grade E46 alluvial terraces confirmed as the fifth diamond-bearing pipe

ALLUVIAL DIAMOND MINING

- 45 specials (diamonds >10.8 carats) recovered from Mining Block 8 since 10 August 2015 including large Type IIa D-colour gems weighing 90.3 carats and 74.5 carats together with four other >50 carat diamonds
- Significant expansion of Mining Block 8 alluvial diamond field, which will remain the focus of future diamond mining operations
- Diamond sales continue to evidence high quality of the diamonds - overall average selling prices of A\$4,500/carats for Mining Block 8 diamonds
- Diamond mining and processing operations doubled to 20,000 bulk cubic metres/month. Diamond recoveries up 143% in the Quarter to 3,479 carats

LONG-TERM INVESTOR SUPPORT

- Funding secured from long-term investors including \$3.5 million placement and first right of refusal to provide a further \$8.5 million in funding



Figure 1: 90.32 carat Type IIa D-colour diamond, fancy pink and yellows recovered from Mining Block 8, immediately adjacent to the high-priority L259 kimberlite

INTRODUCTION

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or the “Company”) is a miner of and explorer for diamonds. Lucapa is the operator of the 3,000km² Lulo Diamond Concession in Angola’s Lunda Norte Province. Lulo is located within 150km of Catoca, the world’s fourth biggest kimberlite diamond mine, and on the same favourable geological trend (Lucapa Graben).

Lucapa operates Lulo in partnership with Endiama, the Angolan Government’s diamond concessionary, and private group, Rosas & Petalas.

Lucapa and its partners commenced commercial alluvial diamond mining operations at Lulo in January 2015.

Significant advancements have also been made to locate the sources of these exceptional alluvial diamonds. To date, 296 kimberlite targets have been identified at Lulo, of which 97 have so far been classified as proven or probable kimberlites and five confirmed as diamond-bearing pipes.

ALLUVIAL DIAMOND MINING

After scaling up to 10,000 bulk cubic metres (bcm) in the June 2015 quarter, Lucapa and its Lulo partners were successful in doubling mining and processing rates to 20,000 bcm/month by the end of the Quarter following the delivery of additional earth moving equipment in July 2015.



Figure 2: Alluvial diamond mining operations at Lulo

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The highlight of the Quarter was the move to, and significant expansion of, Mining Block 8 at Lulo, which continues to produce regular large special diamonds (individual stones weighing more than 10.8 carats).

Special Stone Recoveries from Mining Block 8 since 10 August 2015		
	Number of Stones	Total Weight
+10.8 to 15 carats	12	162
+15 carats to 20 carats	11	180
+20 carats to 30 carats	9	221
+30 carats to 50 carats	7	268
+50 carats to 70 carats	4	219
+70 carats to 90 carats	1	75
+90 carats	1	90
Total	45	1,215

As announced to the ASX on 19 October 2015, Lucapa has recovered 45 large special diamonds from Mining Block 8 since alluvial mining commenced in this area on 10 August 2015.

These specials include Type IIa D-colour gems weighing 90.3 carats (Figure 1) and 74.5 carats (Figure 3), along with four other diamonds weighing more than 50 carats each. The diamonds recovered from Mining Block 8 also include fancy pinks and yellows (Figures 1 and 7).

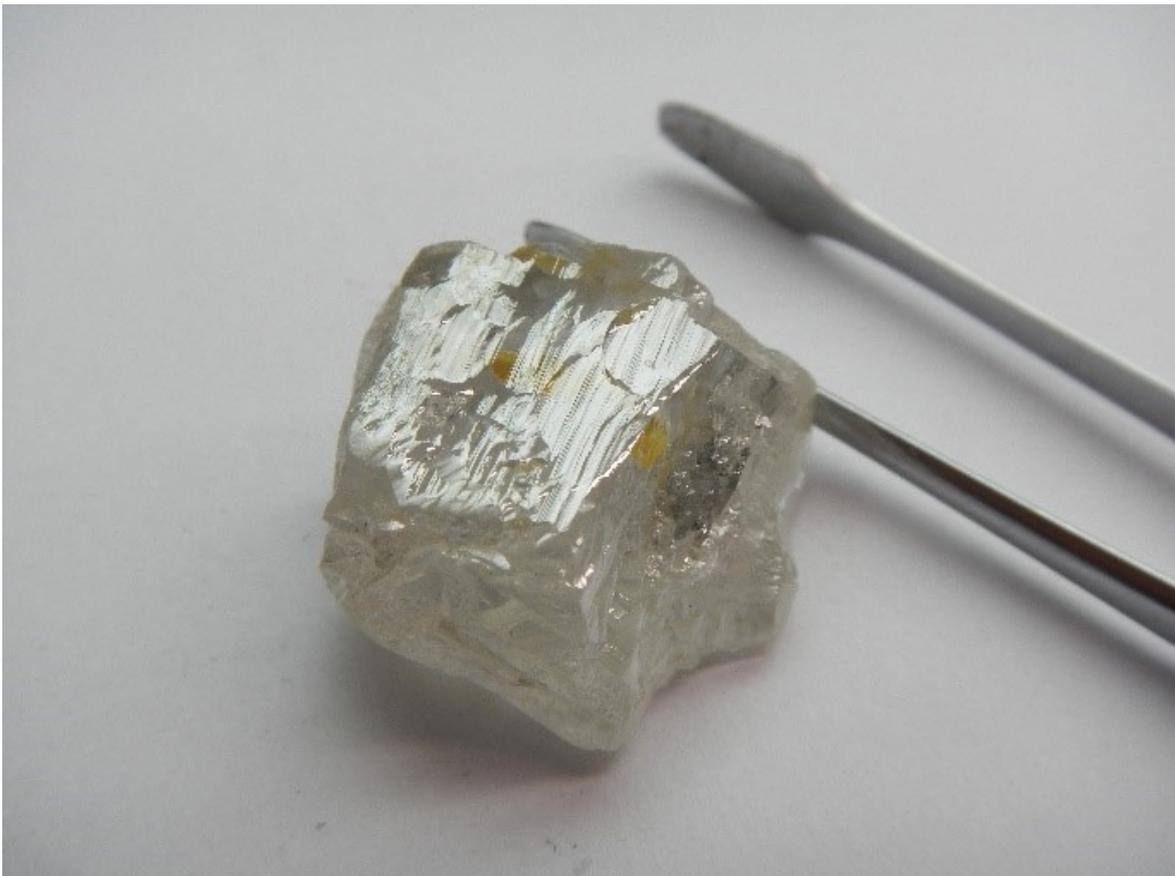


Figure 3: 74.5 carat Type IIa D-colour diamond recovered from Mining Block 8

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As announced to the ASX on 6 October 2015, grade control pitting at Mining Block 8 resulted in a significant expansion of this alluvial mining area (Figure 8), which will be the immediate focus of Lucapa's alluvial diamond mining operations (See Kimberlite Exploration section).

The successful scaling up of alluvial diamond mining operations resulted in a 155% increase in processing to 44,009 bcm for the Quarter. This resulted in a 143% increase in diamond recoveries to 3,479 carats (Table 1).

The impact of dilution from softer ground in the Mining Block 8 area contributed to a 5% reduction in the overall grade achieved in the Quarter to 7.90 carats per 100 cubic metres. However, this was more than offset by an improvement in the average stone size (up ~50% to 1.2 carats), the regular recovery of special diamonds and the better quality of diamond recovered which has increased the US\$ value per bcm mined and planned from Mining Block 8 area (See Diamond Sales section).

	Q1 15	Q2 15	Q3 15	YTD 15	Var Q3/Q2
Actual Treated m³ (bulked)	12,912	17,264	44,009	74,185	155%
Actual Carats Recovered	1,335	1,430	3,479	6,243	143%
Actual Grade Recovered (cphm³)	10.34	8.28	7.90	8.42	-5%
Actual Avg Stone Size Recovered	1.01	0.79	1.20	1.04	53%

Table 1: Diamond mining and production for the March, June and September 2015 Quarters

Lucapa and its partners have moved to ensure alluvial diamond mining operations can be maintained at the expanded rate of 20,000 bcm/month rate during the upcoming Angolan wet season by sourcing additional earth moving equipment, developing the support infrastructure and road network and making modifications to the 150 tonne per hour (tph) diamond processing and recovery plants.

As foreshadowed in the ASX announcement of 14 September 2015, the investment in additional equipment will, for the first time, enable Lucapa to feed the diamond plant from two separate alluvial mining areas – Mining Block 8 and Mining Block 31 - to ensure volume delivery during the wet season.

The new earthmoving and mining equipment will also enable Lucapa to operate alluvial diamond mining operations in parallel with its kimberlite exploration program at the high priority L259, which is immediately adjacent to the Mining Block 8 alluvial diamond field (See ASX announcement 6 October 2015).

Improvements to the recovery plant include the installation and commissioning of two double-pass Flowsort x-ray machines to improve the capacity and efficiency of diamond recoveries (Figure 5). In addition, the design and process guarantee for the new wet-front end for the 150 tph diamond plant are complete, with delivery scheduled for mid-December 2015.



Figure 5: New double pass Flowsort x-ray diamond recovery machines installed to improve capacity and efficiency of diamond recoveries

DIAMOND SALES

Since the June 2015 Quarter, Lucapa and its partners have sold two more parcels of Lulo alluvial diamonds weighing 4,181 carats for total gross revenues of A\$6.1 million.

The May 2015 and October 2015 sales demonstrate the impact that large special diamonds have on the average per carat selling prices.

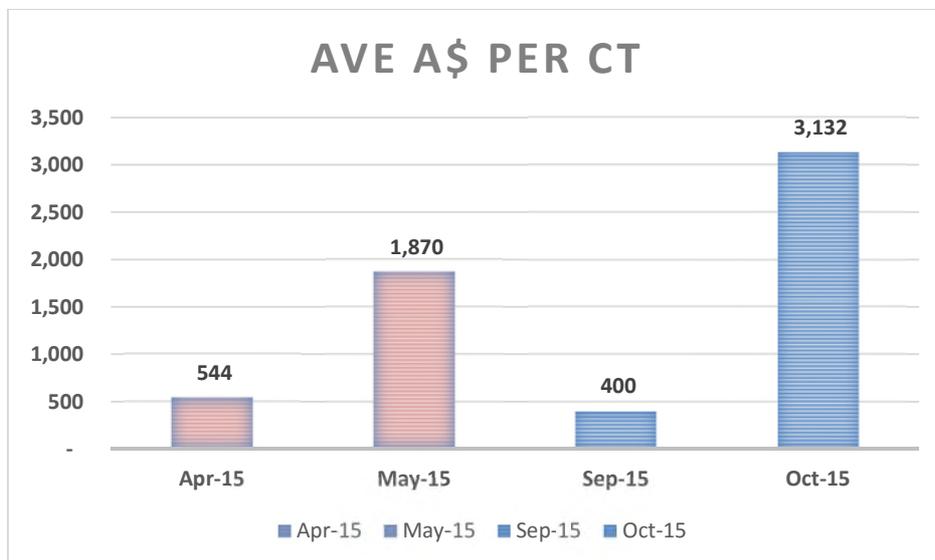


Figure 6: Average A\$ per carat for diamonds sales since mining commenced in January 2015 illustrating superior average pricing for Mining Block 8 production sold in October 2015

The first parcel of 2,559 carats of diamonds sold in the Quarter, which did not include any significant premium-value gems, generated gross proceeds of A\$1.02 million for an average sale price of ~A\$400/carats (See ASX announcement 14 September 2015 and Figure 6).

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In contrast, the latest parcel of 1,621 carats of Lulo diamonds sold in October 2015, included some high value specials from Mining Block 8, generated gross proceeds of ~A\$5.1 million, equating to an exceptional overall average selling price of A\$3,132/carat (See ASX announcement 13 October and Figure 6).

All diamonds recovered from mining and earlier preliminary bulk sampling at Mining Block 8 have achieved average selling prices of ~A\$4,500/per carat, underlining the unique size and quality of diamonds from this alluvial diamond field and its ability to generate strong operational cash flows. These prices compare with a global sales average of approximately US\$120/carat.

The latest sales bring to A\$15.8 million (US\$12.9m in invoiced US\$ sales) the total proceeds generated from the sale of six parcels of Lulo diamonds totalling 8,037 carats for an overall average selling price of A\$1,966/carat (US\$1,600/carat in invoiced US\$ sales).

Lucapa expects to conclude one or possibly two more diamond sales in the December 2015 quarter.



Figure 7: Special Type IIa diamonds (incl. the 90.3ct) (left) and fancy yellow and pink stones (right) from the latest diamond sale

KIMBERLITE EXPLORATION

The High-Priority L259 Kimberlite

Lucapa and its partners made significant advancements during the Quarter with their kimberlite exploration program. This included the identification of the high-priority L259 kimberlite which will remain the focus of Lucapa's kimberlite exploration program and will also involve testing the proximal L13 and L15 kimberlite pipes.

As announced to the ASX on 31 August 2015, Lucapa launched a systematic pitting program at the E259 kimberlite target on the back of strong supporting evidence pointing to this target being a potential primary source of the large special diamonds being recovered from the adjoining Mining Block 8 alluvial field.

This evidence suggesting a proximal primary source included the kimberlite-like diamonds being recovered from Mining Block 8 (large diamonds, irregular shaped and jagged edged), the abundance of coarse indicator minerals (garnets and ilmenite) and the fact that E259 and the two other proximal kimberlites (L13 and L15) sat on, or close to, natural river drainages feeding past Mining Block 8.

This view was supported by one of the world's most experienced diamond geologists, Dr John Ward, who visited Lulo during the Quarter after being engaged to assist the Lulo geological team with the kimberlite exploration program.

In his report, Dr Ward stated: "From the photos of the garnets, kimberlite clasts in the gravel (in particular as these are fragile) and the ilmenite layers, it is highly likely the excavation locality is less than 1.5km from the primary source (probably closer to 0.5km)."

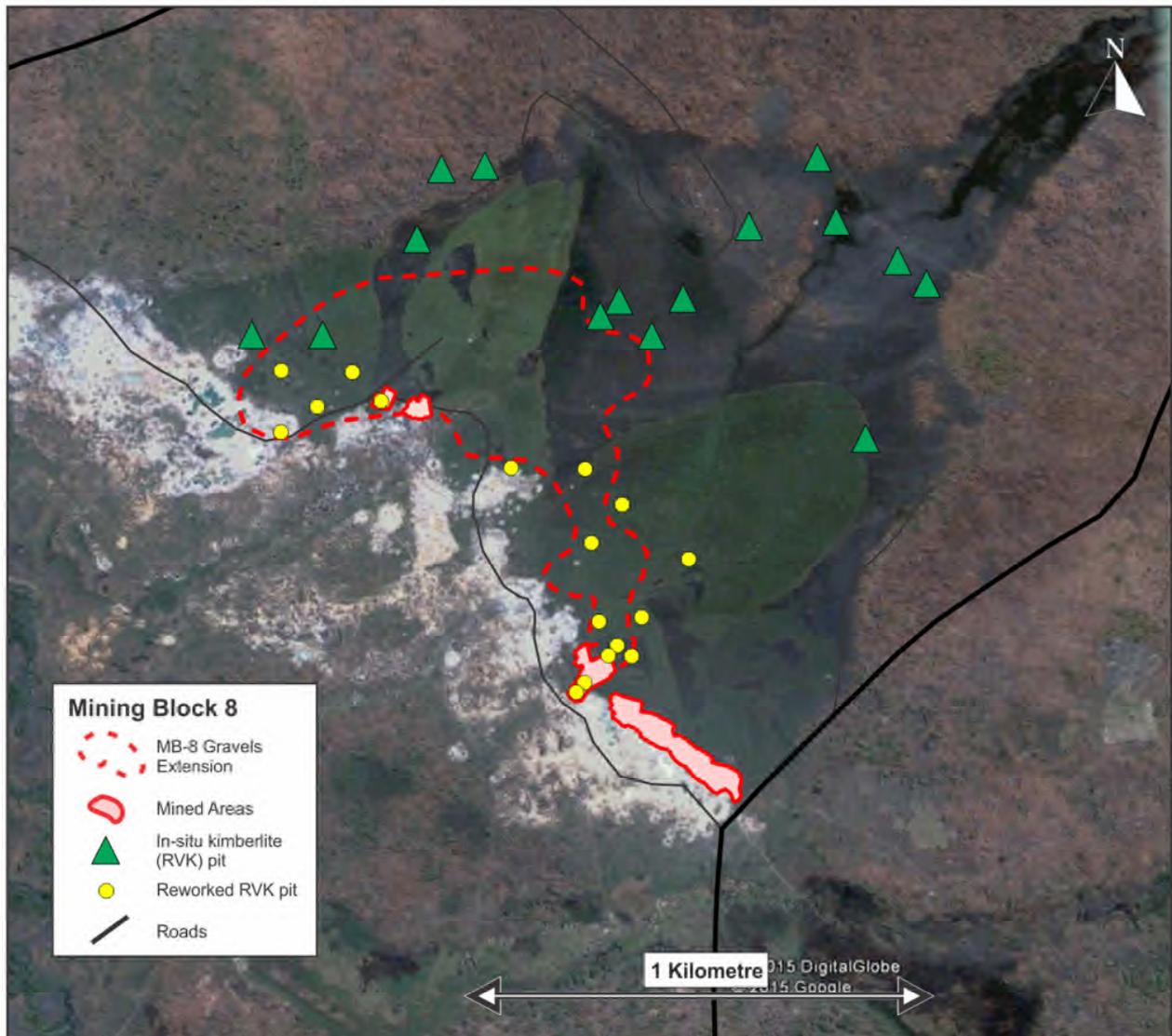


Figure 8: Map indicating significant extension of Mining Block 8 alluvial gravels and adjacent L259 kimberlite material

As announced to the ASX on 6 October 2015, 83 prospecting pits were excavated within an area of approximately 1 km² to test for (1) sub-cropping geology to locate the existence of any non-magnetic kimberlite in the immediate vicinity and (2) to extend the boundaries of the known gravels in the Mining Block 8 alluvial area.

This preliminary pitting program was successful in identifying a confirmed kimberlite (L259) after in-situ red-brown sandy re-sedimented volcanoclastic kimberlite ("RVK") (Figures 8 and 9) was intersected in 15 northerly prospecting pits (Figure 8 – green triangles). Significantly, this RVK material has so far been identified in pits more than 1km apart.

Kimberlite L259 is located approximately 500m north-east of the area where mining first commenced in the Mining Block 8 area and is immediately adjacent to the extended Mining Block 8 alluvial diamond field (Figure 8).



Figure 9: Excavator pitting over the kimberlite target area (left) and in-situ RVK material (right) recovered from pits adjacent to the expanded Mining Block 8

In addition, reworked crater like sediment or transported RVK (or SRVK) material was intersected in 17 southerly gravel pits (Figure 8 – yellow circles) between Mining Block 8 and kimberlite L259, indicating a proximal kimberlite.

The recent arrival on site at Lulo of a new Caterpillar 374LR excavator (See ASX announcement 14 October 2015) will enable Lucapa to step up its pitting program at L259 to better define the locality, size and structure of the kimberlite and to determine the types of kimberlite present.

As announced to the ASX on 6 October 2015, this pitting program will aim to locate the outer rim of the L259 kimberlite structure to determine if and where surface bulk samples can be excavated for processing through the 150tph diamond plant. A planned ground-based electromagnetic and/ or gravity survey will also assist in defining the outer limits of L259 for bulk sampling.

Lucapa also plans to prioritise test work on two other proximal kimberlites – L15 and L13 – which are also considered high-priority kimberlites (Figure 10). The L15 and L13 kimberlites are both located on, or close to, natural river drainages feeding into the Cachuma River tributary that run past Mining Block 8.

The gravels identified from the grade control pitting ahead of mining at Mining Block 8 also contained coarse-grained ilmenite and garnets (kimberlite indicator minerals) in a pebble to cobble sized gravel, which also contained reworked coarse RVK clasts in many cases.

The fragile clasts and boulders of RVK preserved within the gravel also provide evidence that the terrace or “confluence target” is both alluvial and elluvial in origin and that the primary source of the clasts is proximal.

L46 Diamond-Bearing Kimberlite

As announced to the ASX on 27 July 2015, Lucapa and its partners commenced what was planned to be an extensive bulk sampling program at L46 during the Quarter after this kimberlite was identified as one of the potential sources of the higher-grade diamonds recovered from the E46 alluvial terraces (Figure 10).

However, only two surface bulk samples were excavated from L46 before a decision was taken to redeploy the earth moving equipment and geology teams to E259 when this high-priority kimberlite target was identified as a potential source of the large valuable diamonds and coarse kimberlite indicator minerals being recovered from the Mining Block 8 alluvial diamond area.

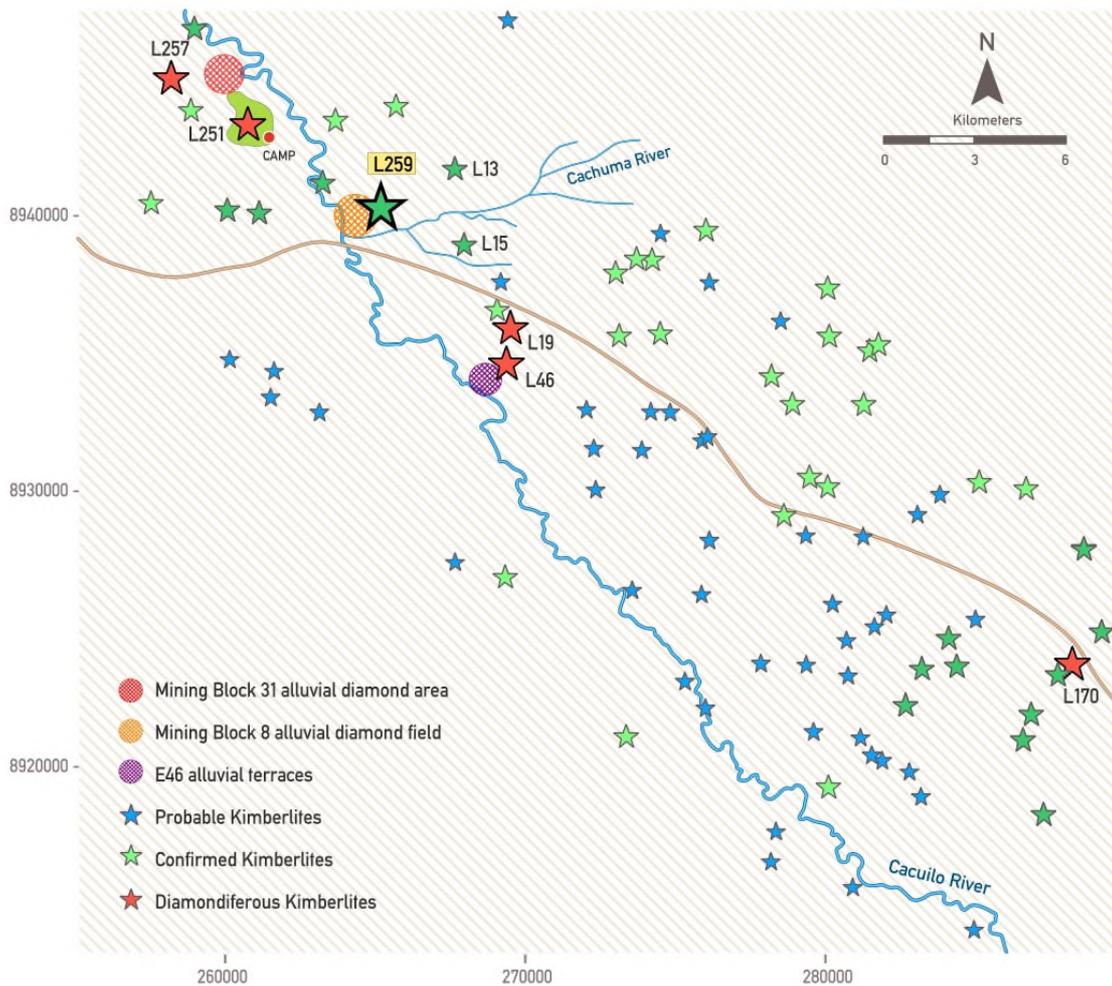


Figure 10: Location of L259, L13 and L15 kimberlites near the Mining Block 8 alluvial diamond field and the diamond-bearing L46 kimberlite near the higher-grade E46 alluvial terraces

As announced to the ASX on 16 October 2015, two Type I diamonds weighing a total of 1.24 carats (Figure 11) were recovered when the two bulk samples excavated from L46 were processed through the 150 tph diamond plant.

L46 is the fifth confirmed diamond-bearing kimberlite at Lulo, with diamonds previously recovered from the L257, L251 and L19 kimberlites and a micro diamond recovered from kimberlite L170 (Figure 10).

As previously announced, Lucapa has sent drill core from L251 and L19, amongst other samples, to Cape Town for laboratory analysis and the results are expected soon.

The L46 kimberlite is located approximately 8km south of L259. Lucapa believes the L46 and L259 kimberlites could be potential sources of separate alluvial diamond fields at Lulo, being the E46 alluvial terraces and Mining Block 8 respectively (Figure 10).



Figure 11: 0.78 carat kimberlite diamond (left) and 0.46 carat kimberlite diamond (right) from L46

DIAMOND MINING LICENCE

As announced to the ASX on 6 August 2015, Lucapa and its partners were advised by the Angolan Minister of Geology and Mines that their new company being formed to mine alluvial diamonds at Lulo, Sociedade Mineira do Lulo Lda, had been granted an alluvial diamond mining licence covering an expanded area of 1,500km² – or half the Lulo concession.

This compares to the original mining licence area of 218km² (See ASX announcement 26 November 2014).

The expanded licence area extends well beyond the Caculo River to include the Lulo River and its numerous large southern tributaries which drain the main Lulo kimberlite field in the south and the kimberlite province in the north, which Lucapa discovered in 2013.

CORPORATE

As announced to the ASX on 14 September 2015, Lucapa signed an agreement with a group of high-net-worth investors to raise \$3.5 million in equity and the first right of refusal to match any future financing proposals the Company may consider up to an amount of \$8.5 million.

The \$3.5 million funding has enabled the Company to source new earth moving equipment which will allow the Company to feed the diamond plant from two separate mining areas (Mining Block 8 and Mining Block 31) to optimise volume delivery during the wet season and further the kimberlite exploration program.

On 27 July 2015, Lucapa announced the placement of 22.2 million ordinary shares at an issue price of \$0.18 with a one-for-one attaching option to raise \$4 million, less costs.

On 22 July 2015, Lucapa announced a proposed new offer of options to those option holders registered as the holders of the Company's existing listed (LOMO) options at the time of expiry on 29 August 2015, on the basis of one new option at an issue price of \$0.001 each for every two expired LOMO options. The issue of the options was subsequently approved by Lucapa shareholders on 30 September 2015.

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On 31 August 2015, Lucapa announced that 135.97 million listed \$0.30 options exercisable on or before 29 August 2015 (LOMO) had expired.

BOTSWANA

Lucapa has been awarded Prospecting Licence 265/2015 in the Orapa area of Botswana through a competitive tender process held by the Botswana Department of Mines. The licence covers a total of 16.2km² and has an initial term of 3 years to 30 September 2018.

The licence area is located approximately 40km east of the Orapa mine and lies close to the main Orapa-Francistown road. Two previously discovered kimberlites are located within the licence area. A detailed prospecting program is currently being developed.

Schedule of tenements as at 30 September 2015					
Country	Type	Size (km ²)	Period	Interest (%)	End date
Angola	Exploration (primary) Kimberlite	3,000	2 years	40	05/2016
Angola	Exploration (secondary) Alluvial	1,500	2 years	39	05/2016
Angola	Mining (secondary) Alluvial	1,500	10 years	40	07/2025
Botswana	Reconnaissance	16.2	3 years	75	09/2018

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ABOUT LUCAPA DIAMOND COMPANY LIMITED

Lucapa Diamond Company Limited is a miner of exceptional diamonds. Lucapa is the operator of the 3,000km² Lulo Diamond Concession in Angola's Lunda Norte diamond heartland. Lulo is located within 150km of Catoca, the world's fourth biggest kimberlite diamond mine, and on the same favourable geological trend (Lucapa Graben).

Lucapa and its partners commenced alluvial diamond mining operations at Lulo in January 2015 and have successfully scaled up mining and processing operations to 20,000 bulk cubic metres per month.

The Lulo alluvial diamonds sold to date have achieved exceptional average sale prices of A\$1,966/carat.

Lulo also hosts 296 kimberlite targets in two separate provinces, of which 97 have already been classified as proven and probable kimberlites and five confirmed as diamond-bearing pipes.

Lucapa's board and management team has extensive diamond mining experience with companies including De Beers, Rio Tinto and Gem Diamonds. Lucapa operates Lulo in partnership with Endiama, the Angolan Government's diamond concessionary, and private group Rosas & Petalas.

Lucapa is dual listed on the Australian Securities Exchange and the Frankfurt Stock Exchange.

ABOUT ANGOLA

Angola is the world's fourth biggest producer of diamonds by value with forecast annual production of 10 million carats in 2014.

Angola introduced a new Mining Code in 2012 and is actively seeking foreign investment in its diamond industry.

Angola's potential for new diamond discoveries has been recognised by the world's two biggest diamond mining companies, Alrosa and De Beers.

Angola was appointed to chair the Kimberley Process Certification Scheme in 2015.

Competent Person's Statement

Information included in this announcement that relates to previously released exploration data disclosed under the JORC Code 2004 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 Albert Thamm MSc F.Aus.IMM (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 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 Lucapa Diamond Company Limited. This document contains background information about Lucapa Diamond Company Limited 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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