LUCAPA
DIAMOND COMPANY

ASX Announcement 26 April 2017

QUARTERLY ACTIVITIES REPORT
FOR THE PERIOD ENDED 31 MARCH 2017

LULO DIAMOND PROJECT, ANGOLA

Sociedade Mineira Do Lulo ("SML") (Lucapa 40% and operator)

Mining and Production

- Record quarterly volumes treated – up 92% to 70,967 bulk cubic metres ("bcm")
- Angola's second largest diamond on record recovered at 227 carats
- Diamond production up 33% to 4,098 carats
- Specials recovered up 65% to 38
- New mining areas identified hosting large Specials, including 227, 92 and 62 carat stones

Strong Cash Generation

- US$10.7m gross proceeds (A$14.0m) from two diamond sales at US$2,370 per carat
- US$8.0m loan repayment/distribution declared (Lucapa's gross share US$5.6m)
- SML available cash balance US$11.1m at 31 March (after accounting for the US$8.0m loan repayment/distribution)
- 2,545 carats of diamond inventory, including the 92 carat gem
- Strong cash generation enhances prospects of further loan repayments in 2017

Projecto Lulo – Exploration

- Highly-encouraging coarse near-surface kimberlite intersected in drilling at priority target L15, within 3.5km of Lulo's most prolific source of large and premium-value diamonds at Mining Block 8
- Three rigs available to drill kimberlite targets, including new high-capability Hanjin D&B35
- Helicopter-borne Time Domain Electromagnetic ("TDEM") survey completed over entire Cacuilo valley area – data interpretation currently underway
- JORC alluvial diamond resource increased despite mining depletion which generated US$55m in gross sales. 54% increase in modelled diamond value to US$1,246 per carat

MOTHAE KIMBERLITE PROJECT, LESOTHO

- 70% interest acquired in the high-value, advanced Mothae kimberlite project, Lesotho, which is in the heart of the highest $ per carat cluster of kimberlite diamond mines in the world
- Independent JORC classified resource of >1m carats declared at average modelled diamond value of US$1,063 per carat – the second highest declared kimberlite resource price in the world
- Plans advanced for staged, low-risk development to generate early cash flows

LUCAPA, AUSTRALIA – CORPORATE

- US$2.1m cash balance
- US$5.6m SML loan repayment/distribution paid post-Quarter end
- Non-dilutive financing offers for Mothae being assessed
- Lucapa admitted to the ASX All Ordinaries Index effective 20 March 2017
- Dual listing on the AIM listing in London being re-considered following strong interest in Lucapa from UK institutions and funds

INTRODUCTION

Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") is a growing diamond producer and explorer with a portfolio of quality high-value assets in Angola, Lesotho, Botswana and Australia.

Lucapa's flagship asset is the Lulo Diamond Project ("Lulo") – a 3,000km^2 concession in Angola's Lunda Norte diamond heartland. Lucapa operates Lulo in partnership with Empresa Nacional da Diamantes E.P. ("Endiama") and Rosas & Petalas.

Lulo, through mining company SML, generates strong cash flows mining large and premium-value alluvial diamonds. Lulo has produced Angola's two biggest diamonds on record, weighing 404 carats and 227 carats.

227 carat Type IIa D-colour Lulo diamond recovered and sold during the Quarter

Lucapa and its partners are also advancing their search for the primary kimberlite source or sources of the exceptional alluvial diamonds, with three rigs now available for drilling the priority kimberlite targets at Lulo.

To add to its quality asset portfolio and complement the high-value production from Lulo, Lucapa has acquired a 70% interest in the advanced, high-quality Mothae kimberlite project in Lesotho.

Mothae is complementary to the Lulo production in that it also hosts large and premium-value diamonds. It is situated in the heart of the highest $ per carat cluster of kimberlite diamond producing mines in the world, within 5km of Letšeng, the world's highest $ per carat kimberlite diamond mine and close to the Kao and Liqhobong kimberlite mines.

Lucapa has also identified drilling targets at its two earlier-stage projects - Orapa Area F in Botswana's Orapa diamond field and Brooking in the West Kimberley lamproite province in Western Australia.

Lucapa has a primary listing on the ASX and was included in the All Ordinaries Index on 20 March 2017. Lucapa has a secondary listing on the Frankfurt Stock Exchange.

Selection of Lulo diamonds from March Quarter production

LULO DIAMOND PROJECT, ANGOLA

Alluvial Diamond Sales

After achieving diamond sales of more than US$51.0 million in 2016 at an exceptional average price per carat of US$2,983 – the highest $ per carat production in the world – Lulo started 2017 strongly.

During the Quarter, SML sold two parcels of Lulo alluvial diamonds weighing a total of 4,498 carats for total gross proceeds of US$10.7 million, representing an increase of 133% in carat sales on the comparative quarter at an exceptional average price per carat of US$2,370 (Table 1). The 2017 Quarter sales were lower than the comparative quarter as a result of the recovery and sale of the record 404 carat *4th February Stone* for US$16 million in the comparative quarter.

The unsold diamond inventory at Quarter end stood at 2,545 carats (2016: 1,346 carats), an increase of 89%.

	Q1 15	Q1 16	Q1 17	Var Q1 17 to Q1 16
Actual Sales (carats)	-	1,931	**4,498**	133%
Actual Sales (US$)	-	23,138,649	**10,660,855**	(54%)
Actual Price per Carat (US$)	-	11,983	**2,370**	(80%)
Actual Sales (A$)	-	32,499,916	**13,953,726**	(57%)
Actual Price per Carat (A$)	-	16,831	**3,102**	(82%)
Diamond Inventory (carats)	2,418*	1,346	**2,545**	89%

Table 1: Diamond sales and averages prices for the Quarter and comparative quarters

* Includes 1,084 of exploration carats carried over from 2014

Subsequent to the Quarter, SML sold a third parcel of Lulo diamonds for US$2.5 million, taking gross sales to date in 2017 to US$13.2 million (A$17.3 million).

The diamond inventory for the next sale includes a 92 carat gem (See ASX announcement 3 April 2017).

The Quarter saw Lulo achieve further milestones, with total gross sales now exceeding A$100 million and total weight of Specials (diamonds weighing more than 10.8 carats) produced from the mining campaign now exceeding 10,000 carats.

The strong cash generation from the Lulo alluvial mining operations enabled the Lulo board to declare an US$8.0 million loan repayment/distribution during the Quarter (See ASX announcement 8 March 2017).

Lucapa's gross share totalled US$5.6 million – comprising a US$4.0 million loan repayment on the Company's eight-year investment in the development of Lulo's alluvial mining operations – and a pro-rata US$1.6 million distribution on its 40% interest in the alluvial project.

Lucapa is proceeding with the application to the National Bank of Angola to repatriate the US$4.0 million loan repayment and will utilise the US$1.6 million distribution to fund the ongoing Lulo kimberlite exploration program.

Post the loan repayment/distribution, SML's available cash balance stood at US$11.1 million at 31 March, with the post-Quarter diamond sale generating further gross proceeds of US$2.5 million (See ASX announcement 11 April 2017). SML's continued strong cash generation from the Lulo alluvial mining operations enhances the prospect of further loan repayments to Lucapa during the year.

Alluvial Diamond Mining

SML processed a total of 70,967 bcm of alluvial gravels during the Quarter, which was a quarterly record and an increase of 91% on the previous corresponding period. Significantly, this record result was achieved during the Angolan wet season, which is about to end.

This resulted in a 33% increase in production to 4,098 carats. This included a 58% increase in Specials to 38, further underling Lulo's ability to regularly produce large and high-value diamonds.

These Specials included Angola's second biggest recorded diamond – a 227 carat Type IIa D-colour gem – along with other large stones weighing 92 carats, 62 carats and 65 carats.

The record volumes came as Lucapa and its partners continued to explore for new mining blocks along the Cacuilo River while access to known large stone-producing Mining Blocks 8 and 6 was largely restricted during the Angolan wet season.

As a result, two new alluvial mining blocks - 28 and 25 – were confirmed as new sources of large and premium-value diamonds. Mining Block 28 producing the 227 carat and 92 carat gems, with Mining Block 25 producing the 62 carat Type IIa D-colour stone.

227 carats

92 carats

62 carats and 65 carats

27 carats

The 227 carat diamond was also the biggest diamond recovered from the new XRT large diamond recovery circuit installed at the 150 tonne per hour plant in the previous quarter.

While the thicker diamond-bearing gravel seams delineated at Mining Block 28 contributed to the record volumes, the gravel was lower grade. This resulted in a 30% reduction in grade to 5.8 carats per 100 cubic metres ("cphm^3") and a 15% reduction in the average size per stone to 1.2 carats (Table 2).

Mining operations will continue predominantly at Mining Block 28 during the current quarter until ground conditions permit access to Mining Blocks 8 and 6 as the Angolan wet season finishes.

	Q1 15	Q1 16	Q1 17	Variance Q1 17 vs Q1 16
Actual Treated m^3 (bulked)	12,912	37,208	**70,967**	91%
Actual Carats Recovered	1,335	3,087	**4,098**	33%
Actual Grade Recovered (cphm^3)	10.3	8.3	**5.8**	(30%)
Actual No of Stones Recovered	1,317	2,259	**3,544**	57%
Actual Avg Stone Size Recovered	1.0	1.4	**1.2**	(15%)
Number of Specials Recovered	12	24	**38**	58%
Specials Carat Weight	195	1,285	**1,129**	(12%)

Table 2: Alluvial diamond production for the Quarter and comparative quarters

Alluvial Resource Update

During the Quarter, Lucapa and its partners delivered an updated JORC classified Inferred Diamond Resource for Lulo. This was based on alluvial pitting, trenching, auger drilling programs and mining activities conducted in the previous quarter.

The updated Diamond Resource – announced to the ASX on 27 March 2017 - was independently estimated on a depletion and addition basis by Z Star Mineral Resources Consultants in South Africa, updating the maiden Lulo Diamond Resource dated 31 October 2015.

The updated alluvial Diamond Resource (Table 3) was estimated after:

- 15 months of mining depletion to 31 January 2017, where ~220,000 bcm was mined;
- Continued exploration, sampling, trial mining and mining of new alluvial blocks; and
- Actual diamond sales at prices significantly higher than the maiden Diamond Resource estimate.

Notwithstanding the depletion above, the updated Diamond Resource:

- Increased 10% in volume from the maiden Diamond Resource to 606,600 m^3;
- Included a 54% increase in the average modelled diamond value to US$1,246 per carat.

The updated Diamond Resource volume (with an average mining dilution of 20cm and an average swell factor of 1.1) continues to infer more than four years of alluvial diamond mining operations at Lulo at the rate of ~20,000 bcm per month.

The average modelled diamond value of US$1,246 is still much lower than the actual achieved average gross sale price of US$2,983 for Lulo diamonds in 2016 or US$2,350 from all diamonds recovered and sold from exploration and mining to date.

Lucapa and its partners will continue to conduct alluvial exploration activities in parallel with alluvial mining and kimberlite exploration operations at Lulo, with a view to keeping a rolling four to five-year inferred mine life in the alluvial Diamond Resource on the Cacuilo River.

Classified, Depleted & Reconciled Lulo Alluvial Diamond Resource as at 31 January 2017								
Inferred	**Area (m^2)**	**Insitu volume (m^3)**	**Grade (stns/m^3)**	**Cts/stn**	**Stones**	**Carats**	**Insitu grade ($cphm^3$)**	**Modelled value (US$)**
Total	**1,167,300**	**606,600**	**0.07**	**1.07**	**45,200**	**48,200**	**7.95**	**$1,246**
Classified, Depleted & Reconciled Lulo Alluvial Diamond Resource as at 31 October 2015								
Inferred	**Area (m^2)**	**Insitu volume (m^3)**	**Grade (stns/m^3)**	**Cts/stn**	**Stones**	**Carats**	**Insitu grade ($cphm^3$)**	**Modelled value (US$)**
Total	**1,187,275**	**550,200**	**0.09**	**1.02**	**52,100**	**51,000**	**9.27**	**$806**
Notes: $cphm^3$: carats per 100 cubic metres; $Stns/m^3$: stones per cubic metre								
Special stones are not excluded in the modelling stage, in terms of size or assortment								
Average realised sales may be significantly higher in value than the modelled values shown above								
Bottom screen size: effective -1.5mm								

Table 3: Inferred and depleted Lulo alluvial Diamond Resource as at 31 January 2017

In preparation for exploration to commence on the larger Lulo River (after which the concession is named), a road was opened to the Lulo River during the Quarter. Auger drilling and sampling is planned to commence during the June quarter. Results will be published as the exploration sampling is completed.

Kimberlite Exploration

The Lulo kimberlite exploration program aims to locate the primary source, or sources, of the exceptional alluvial diamonds being mined along the Cacuilo River and valley, within the concession.

This program is focused on priority kimberlite targets identified in the alluvial mining areas which have produced large and premium-value diamonds, and where there is also supporting geological evidence of proximal kimberlites.

As is expected during the wet season, kimberlite exploration was affected by the wet conditions and lightning, restricting drilling to areas where access was available and ground conditions permitted.

In addition, the contracted Rosanstroi rig's drilling crew advised they were taking their scheduled break following the end of their first contract period in the Quarter, leaving just the Sedidrill rig in operation for the remainder of that period. The Rosanstroi team has since been re-engaged for a further contract and are back on site drilling.

Despite the wet season and drilling limitations, 768 metres were drilled during the Quarter at seven separate kimberlite targets - L15, L18, L19, E16, E217, L248 and L252 (Figure 1).

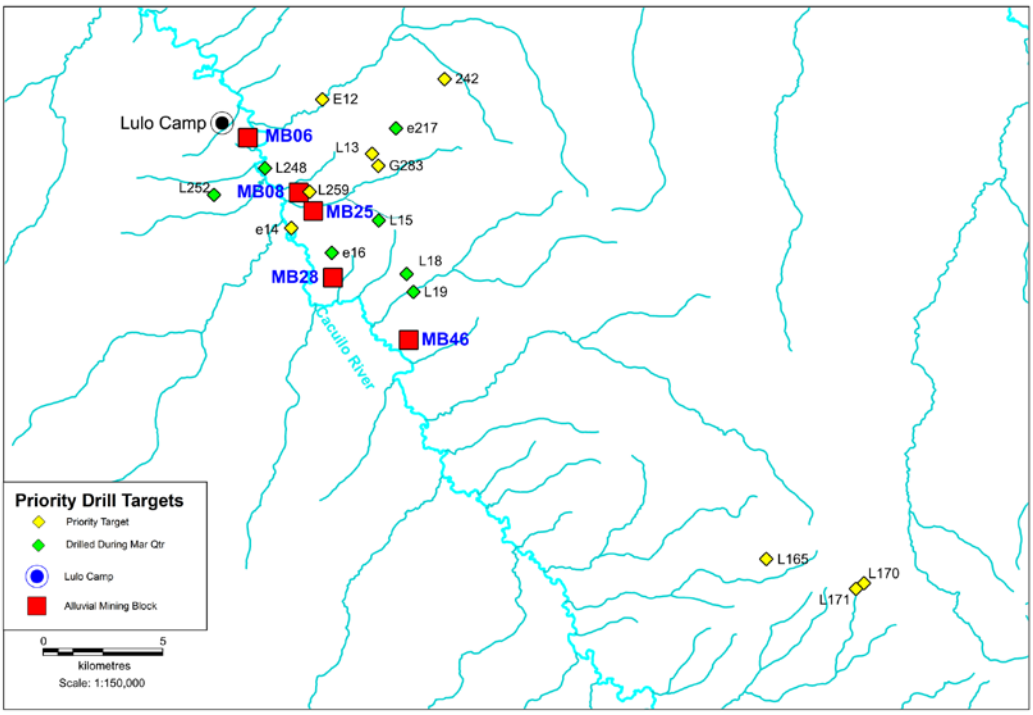

Figure 1: Priority Lulo kimberlite targets

Coarse volcaniclastic kimberlite material was intersected in four of those targets – L15, L18, L19 and L252.

Of particular significance was the shallow, coarse resedimented volcaniclastic kimberlite ("RVK") core intersected in the first hole drilled at L15 (Figure 2), a high-priority target.

L15 is located just 3.5km to the south- east of the prolific Mining Block 8 along a small drainage (Figure 1) into the west- running Cachuma stream that meets the Cacuilo River at Mining Block 8. As such, this target is of high interest as a potential proximal source of the large and high-quality diamonds recovered from the alluvial deposits in the area.

RVK represents one of the key target lithologies for the kimberlite exploration program and the coarse drill core from L15 is considered highly-encouraging.

Figure 2: Core tray 11 from L15 (RS/015/01), illustrating the fining-upward sequence from coarse- to fine-grained RVK in the 35.5m and 38.5m interval

Drilling will continue at L15 to follow-up on these early results, with at least a further five holes planned.

Drilling has also recently commenced at L13, which is another high-priority target located adjacent and to the north east of Mining Block 8 (Figure 1).

Additional holes are also planned at E16, L248 and E217 as drilling of these targets was constrained by access limitations during the wet season.

No holes were drilled at L259 during the Quarter due to the access and very wet ground conditions. However, further modelling of gravity data identified an area of interest in the south-east of this target, close to the Cachuma stream. A 200-300m hole is planned to test this new target area, as soon as surface conditions permit.

This deep hole will be drilled with the new high-capability Hanjin D&B35 rig, which arrived on site at Lulo during the Quarter and has now been commissioned.

The high-capability Hanjin D&B35 drilling rig, which arrived on site during the Quarter and has since been commissioned

Preliminary logging and photography of the drill core was undertaken during the Quarter, with coarse kimberlite core samples being selected for dispatch to laboratories in South Africa for analysis. Samples will be analysed for petrography, heavy mineral abundance, mineral chemistry and dating.

The drill core has also been measured for magnetic susceptibility to assist in the interpretation of the internal geology of the kimberlite and to improve the modelling of the aeromagnetic data.

Another significant advancement in the kimberlite exploration program achieved during the Quarter was the flying of an 8,500 line km helicopter-borne TDEM survey over the Cacuilo River and valley area. This survey has now been completed, with data processing and interpretation underway.

The Lulo kimberlite drilling program will be boosted significantly during the June quarter, which marks the end of the Angolan wet season, for several reasons:

- The new high-performance Hanjin D&B35 drill rig is now operational, bringing to three the number of rigs now involved in the kimberlite drilling program;
- The TDEM survey data, once processed and interpreted, will be integrated with the drilling results to date to assist the kimberlite drilling program; and
- Despite the heavy rain, the Lulo partners made significant progress during the Quarter building and preparing access roads/tracks to other higher lying kimberlite targets, which will help expedite the drilling program as the wet season finishes.

The helicopter-borne TDEM survey over the Cacuilo River valley block at Lulo is now complete

MOTHAE KIMBERLITE PROJECT, LESOTHO

Throughout 2016, Lucapa continued to assess projects in known diamond provinces with the potential to provide opportunities for the Company to grow its production profile and revenues.

On 31 January 2017, Lucapa announced the Company had been successful in securing a 70% ownership in Mothae Diamonds (Pty) Ltd ("MDL") which owns the high-quality, advanced Mothae Kimberlite Project in Lesotho, southern Africa ("Mothae"). This followed an international tender run by the Government of the Kingdom of Lesotho ("GoL"), who has retained a 30% interest in MDL.

Mothae is located in the heart of the highest $ per carat cluster of kimberlite diamond pipes in the world. It is within 5km of Letšeng, the world's highest US$ per carat kimberlite diamond mine and close to the Kao and Liqhobong kimberlite mines.

The ability of this small area in the Maluti mountains in the Lesotho Highlands to produce large and premium-value diamonds was again recently underlined in April 2017, when Gem Diamonds announced the recovery of a 114 carat Type IIa D-colour gem from Letšeng and fellow London-listed miner Firestone Diamonds recovered a 110 carat gem-quality yellow diamond from Liqhobong.

The Mothae kimberlite project, located in the heart of the highest $ per carat cluster of producing kimberlite mines in the world

The 46.8km^2 Mothae project contains a well-defined 8.8 hectare kimberlite pipe, as well as existing infrastructure with an historic cost of ~US$35 million.

Mothae is very complementary to the Lulo high-end production in that it is also a host to large and premium-value diamonds, the market for which remains resilient. Previous sampling and trial mining at Mothae produced more than 23,000 carats of diamonds, which sold for prices up to US$41,500 per carat.

The diamonds recovered from Mothae during this trial mining phase included a 254 carat boart diamond, an 82 carat octahedron and Type IIa gems weighing 56 carats (sold for US$1.7 million), 29 carats (sold for US$1.2 million) and 14 carats (sold for US$400,000).

Mothae diamonds recovering from trial mining (clockwise from top left) weighing 29 carats, 56 carats, 14 carats and 82 carats

As part of the Mothae acquisition, Lucapa engaged independent consultants, The MSA Group in South Africa, to update and convert the existing Canadian-standard NI 43-101 Mothae Resource Estimate, dated 28 February 2013, into a JORC 2012 code compliant estimate.

MSA completed its independent validation of the Mothae Diamond Resource during the Quarter, and this was announced to the ASX on 24 March 2017.

In summary, MSA estimated the total Indicated and Inferred Mothae Diamond Resource to be 38.96 million tonnes at a diamond grade of 2.7 carats per 100 tonnes, containing 1.04 million carats of diamonds at an average modelled price of US$1,063 per carat (to 300m below surface, at a 2mm bottom screen – Refer Table 4). This resource price represents the second highest declared kimberlite resource price in the diamond space.

In its report, MSA also highlighted the potential upside to its diamond revenue model, stating: "There is upside potential for the average diamond value based on the model value of large stones."

While the JORC classified Indicated and Inferred Diamond Resource of 38.96 million tonnes is calculated to a depth of 300m, MSA modelled the Mothae kimberlite to a total depth of 500m below surface, corresponding to a total estimated 77.4 million tonnes.

MOTHAE CLASSIFIED DIAMOND RESOURCE – 21 MARCH 2017					
To 300m Below Surface; 2mm Bottom Screen					
Resource Classification	**Tonnes (Mt)**	**Grade (cpht)**	**Average Revenue Modelled (US$/ carat)**	**Average Value Per Tonne (US$/ tonne)**	**Total Resource (Million carats)**
Indicated (to 50m)	2.39	3.0	1,196	34	0.07
Inferred (50m-300m)	36.57	2.7	1,053	28	0.97
TOTAL	**38.96**	**2.7**	**1,063**	**28**	**1.04**
Notes:					
(i) Table contains rounded figures					
(ii) Grade figures are based on recovery factors derived from total content curves for each geological domain, and actual plant recoveries achieved					
(iii) The Diamond Resource estimate was originally reported in accordance with Canadian NI 43-101 standard in February 2013 and has been re-stated in accordance with JORC 2012 guidelines					
(iv) The estimate is global in nature					
(v) Unclassified kimberlite exists from 300m to 500m below surface					

Table 4: Inferred and Indicated depleted kimberlite resource as at 21 March 2017

Apart from updating and converting the Mothae Diamond Resource, other advancements with the MDL transaction during the Quarter included:

- The issuance to MDL of a new 10-year mining licence for Mothae by the GoL;
- The registration of Lucapa as a 70% shareholder in MDL;
- The appointment of Lucapa representatives to the MDL Board;
- The payment to GoL of the first consideration instalment of US$400,000; and
- The formal issuance to Lucapa of share certificates for its 70% interest in MDL.

Under the terms of the US$9 million consideration schedule, Lucapa has until late May 2017 to pay the next consideration payment of US$4.1 million to GoL. The remaining US$4.5 million is payable in monthly instalments over the eight months thereafter.

As mentioned earlier, Lucapa has had various funding proposals presented to the Company and is currently furthering the non-dilutive proposals to finance the consideration and development of Mothae.

Lucapa's Phase 1 plan is part of a measured, low-risk and lower capital development approach that plans to first process ~2 million tonnes of weathered surface material, to a depth of ~50m, over a minimum three year period. This will also include above ground stockpiled kimberlite material.

BROOKING DIAMOND PROJECT, WESTERN AUSTRALIA

Brooking is located within 40km of the Ellendale diamond field in Western Australia's Kimberley region, which was formerly the world's leading producer of rare, fancy yellow diamonds.

During the previous quarter, Lucapa identified a series of well-defined conductors at Brooking potentially associated with lamproite, a host rock for diamonds (Refer ASX announcement 9 January 2017).

The Company is planning to drill test these lamproite targets this year once heritage clearances are secured and ground conditions permit.

ORAPA AREA F DIAMOND PROJECT, BOTSWANA

Orapa Area F is located ~40km east of the prolific Orapa diamond mine in Botswana and within 4km of the BK02 kimberlite being bulked sampled by TSX-listed Lucara Diamond Corp.

During the previous quarter, Lucapa was successful in defining a doubled-lobed coincident gravity/magnetic feature at the AN01 anomaly, measuring approximately 350 metres x 150 metres (Refer ASX announcement 9 January 2017).

A drilling program is planned this year at AN01 when weather and ground conditions permit.

LUCAPA – CORPORATE

At the end of the Quarter, Lucapa's cash balance stood at US$2.1 million (A$2.8 million). This excludes the US$5.6 million paid post-Quarter to Lucapa from SML, comprising a US$4 million loan repayment which is in the process of being repatriated, and the US$1.6 million distribution, which will remain in Angola for use in the Lulo kimberlite exploration program.

As noted above, SML had a US$11.1 million available cash balance at the end of the Quarter (after accounting for the US$8.0 million loan repayment/distribution), with a further US$2.5 million generated from a post-Quarter sale of Lulo diamonds.

Also as noted above, Lucapa is currently furthering a number of non-dilutive proposals received to finance the consideration and development of Mothae.

On 20 March 2017, Lucapa was included in the ASX All Ordinaries Index.

Following road shows conducted in London and Australia following the acquisition of Mothae and the very strong interest from UK based institutions in the Company, the Board is re-considering dual listing on the AIM market in London. Further information will be provided once a decision is made.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

Schedule of Tenements as at 31 March 2017					
Country	**Type**	**Size (km^2)**	**Period**	**Interest (%)**	**End date**
Angola	Exploration (primary) Kimberlite	3,000	5 years	39	*
Angola	Exploration (secondary) Alluvial	1,500	5 years	40	*
Angola	Mining (secondary) Alluvial	1,500	10 years	40	07/2025
Lesotho	Mining License	46.85	10 years	70	01/2027
Botswana	Reconnaissance	16.2	3 years	75	09/2018
Australia	Exploration License	120.99	5 years	80	12/20
Australia	Exploration License	13.08	5 years	80	03/19
Australia	Exploration License (Application)	29.44	5 years	80	

** These 5-year license extensions were approved by the Angolan Minister of Geology & Mines in November 2016 and require the attaching Mining Investment Contract to be finalised. This is currently underway.*

Competent Person's Statement

Information included in this announcement that relates to previously released exploration data was disclosed under JORC Code 2012. That 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.

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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Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, the Company does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

Appendix 1
Reporting of kimberlite exploration 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.*	• Drilling was undertaken using a combination of a Sedidrill conventional core drill rig, a Hanjin D&B 35 wireline coring rig, both owned by the company and a contract wireline rig provided by Rosanstroi. • The Sedidrill, drills a 76mm diameter hole recovering 61.7mm core. • The Hanjin rig drills HQ diameter core • The Rosanstroi rig has drilled both PQ and 112mm hole/96mm core diameters.
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.).*	• The drilling to date has consisted of diamond core drilling.
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.*	• Core is recovered from the core barrel and stored in core boxes, before being transported by light vehicle to the core shed, where it is visually logged. • Core recovery is generally high.

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.*	• The core is visually logged • No quantitative analysis of the core is reported.
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.*	• No sub-samples have been taken
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.*	• No assay or lab tests are reported.

Criteria	JORC Code Explanation	Lucapa Commentary
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 samples has been undertaken.
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 initially located using a hand held GPS with a nominal accuracy of about 5m. The final location was measured using a Trimble Real-Time differential GPS system. • The grid system is WGS84 Zone 34L.
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.*	• Drill spacing is variable and dependent on the size of the target being investigated. • No sample compositing is 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 spot samples within a kimberlitic body. • Insufficient data exists to determine whether sample bias is present but given the nature of the bodies, bias is considered unlikely.
Sample security	• *The measures taken to ensure sample security.*	• Security of the drilling and core storage area, 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 sampling techniques are industry standard and no audits or reviews have been undertaken to validate the information presented at this stage.

Reporting of Exploration Results

Criteria	JORC Code Explanation	Lucapa Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.* • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• The 1994 legislation covering the Angolan diamond industry stipulates that only Endiama (Empresa Nacional de Diamantes de Angola, the State Diamond Company) or joint ventures with Endiama, can hold diamond mining rights awarded by the Council of Ministers. • Under the terms of the Lulo Joint Venture Association Agreements, separate titles are granted for alluvial and kimberlite mining. The exploration for both alluvials and kimberlites on the Lulo Concession is a requirement under the Act. • The Angolan Government Gazette, dated 24 December 2007, authorized the formation of a Joint Venture for the purpose of prospecting, evaluation and mining of secondary (alluvial) diamond deposits. These rights were granted for a maximum period of five years. Should the Joint Venture wish to extend the agreement beyond five years, then 50% of the Concession would be relinquished. The equity distribution is: Endiama 32%, Lucapa Diamond Company Ltd 40%, Rosas e Petalas S.A. 28%. • In May 2014, the authorization for the kimberlite exploration and mining was gazetted and equity distribution in this is Endiama 51%, Lucapa Diamond Company Ltd 39%*, Rosas e Petalas S.A. 19% (*This interest will be reduced to 30% after recoupment of the investment). • A new kimberlite licence was awarded by the Angolan Ministry of Mines on 15th November 2016; subject to negotiation of a mining investment contract. • The 10-year alluvial mining licence was signed end July 2015 creating "Sociedade Mineira Do Lulo, LDA.", an Angolan incorporated company with which Lucapa Diamond Company Ltd has a 40% beneficial interest. This entity was incorporated in Angola in May, 2016.

Criteria	JORC Code Explanation	Lucapa Commentary
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Limited exploration has been undertaken by state controlled entities and joint ventures Diamang and Condiama. • Parts of the area have been exploited by artisanal miners – no records of this work are available.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Significant diamond bearing alluvial systems, of Mesozoic to Recent ages overlie a major, but relatively poorly explored, kimberlite field. The kimberlite pipes intrude flat-lying Proterozoic sediments within the Lucapa Graben. The kimberlite field is believed to be the source of the alluvial diamonds.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *down hole length and interception depth hole length.* o *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Drill hole coordinates are shown in Table 5. • All drill holes are vertical. • Intercept information is currently unverified and is not presented here. • Drill hole collar information is tabulated below.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.*	• No weighting, averaging, grade truncations or cut-off grades have been used. • No short or long length aggregation applicable. • No metal equivalent values are used.

	• *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• All drill holes are vertical. • The deposits may be regarded as massive deposits so drill hole orientation is not relevant.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate map and plans for the reported mineralisation with scale and north points are included with the text of the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Results reported are complete.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• The drilling at L259 has been planned based on the ground geophysics work undertaken in Dec 2015 and Jan 2016. • All other targets have been drilled based on the aeromagnetic surveys conducted in 2008 and 2013. • A helicopter-borne Time-Domain Electromagnetic survey, has been flown over the Cacuilo River and valley area. Results are awaited.
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Drilling will continue on the priority targets that have been identified by the company. • Core from the ongoing drilling program will be selected for laboratory testing in South Africa for petrographic and heavy mineral analysis, as well as dating, spectrographic analysis and possibly micro diamond analysis.

HOLE-ID	Drilling type	Easting	Northing	Elevation	Total Depth
RS/016/03	Core	266,088.9	8,937,288.1	1,010.5	53.00
SD/018/07	Core	269,073.4	8,936,808.8	1,034.7	18.75
RS/016/04	Core	265,925.5	8,937,773.9	1,010.6	53.00
SD/018/08	Core	269,162.2	8,936,641.6	1,031.0	50.55
RS/248/01	Core	263,138.8	8,941,063.0	992.3	65.00
RS/248/02	Core	263,490.6	8,941,073.8	1,000.8	44.00
SD/018/09	Core	268,947.9	8,936,611.3	1,029.1	18.75
RS/248/03	Core	263,501.7	8,941,189.7	1,000.9	35.00
SD/018/10	Core	269,044.1	8,936,517.2	1,026.9	16.85
RS/248/04	Core	263,532.2	8,941,351.2	1,000.1	38.00
RS/217/01	Core	268,701.3	8,942,724.5	1,077.7	80.00
SD/019/01	Core	269,474.3	8,935,931.2	1,001.3	19.82
SD/018/11	Core	269,365.3	8,936,713.0	1,035.6	23.35
SD/018/12	Core	269,214.9	8,936,814.1	1,036.7	42.95
RS/L248/05	Core	263,354.0	8,941,042.5	998.0	40.50
RS/L248/06	Core	263,420.2	8,941,097.8	998.8	23.00
RS/E16/05	Core	265,976.5	8,937,429.0	1,008.1	80.0
RS/L15/01	Core	268,046.0	8,938,879.2	1,037.0	47.0
HJ/252/01	Core	261,248.6	8,939,886.1	1,040.4	18.0

Table 5: Kimberlite Drilling Project - drill collar details