LUCAPA
DIAMOND COMPANY

ASX Announcement 11 September 2017

KIMBERLITE DRILLING UPDATE

- *Lucapa continues to advance its systematic kimberlite and lamproite drilling programs at three diamond projects - Lulo (Angola), Brooking (Western Australia) and Orapa Area F (Botswana)*

Lulo Diamond Project, Angola

- **Drilling now completed on 19 kimberlite targets on the updated priority list, leaving the Lulo partners on track to drill the majority of all priority targets in 2017**
- **Three drilling rigs now focused on the cluster of kimberlite targets in drainage systems feeding into the prolific Mining Block 8 alluvial area. This drilling phase will include a deep hole in the large L259 target**
- **Laboratory results from first batch of kimberlite drill core expected next month (October); second batch scheduled to be sent for laboratory analysis in the next quarter**
- **Drilling aims to identify the hard rock sources of the exceptional Lulo alluvial diamonds, which achieved the highest average per carat prices in the world in 2016**

Brooking Diamond Project, Western Australia

- **Heritage survey completed and program of work submitted for 19-hole (~1,425 metre) drilling program at Brooking in the Ellendale lamproite field**
- **Drilling will test eight key lamproite targets up to 50 hectares in size located within 40km of the Ellendale mine, formerly the world's leading producer of rare fancy yellows**

Orapa Area F Diamond Project, Botswana

- **Approvals being finalised for a 5-hole deep drilling program at Orapa Area F, located within 40km of Botswana's prolific Orapa diamond mine**

Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") is pleased to update progress on the kimberlite and lamproite exploration programs being conducted by the Company and its partners across three separate projects.

These exploration programs are being advanced at the flagship Lulo diamond project in Angola, the Brooking diamond project in Western Australia and the Orapa Area F diamond project in Botswana.

Lulo Diamond Project, Angola

The Lulo kimberlite exploration program aims to locate the primary hard rock sources of the large and premium-value Lulo alluvial diamonds, production from which achieved the highest per carat sale prices (US$2,983) in the world in 2016.

As announced to the ASX on 24 July 2017, Lucapa and its Lulo partners, Empresa Nacional de Diamantes E.P. and Rosas & Petalas, updated the priority kimberlite target list following interpretation of an 8,566 line km Time Domain Electro Magnetic ("TDEM") survey flown over the Cacuilo River valley area, where the Lulo alluvial mining operations are focused.

Since that announcement, a further 12 kimberlite targets have been drilled, with kimberlite core being extracted from seven of them (Figure 1). Further drilling will be required at two other targets, the core from which is considered inconclusive (Appendix 1).

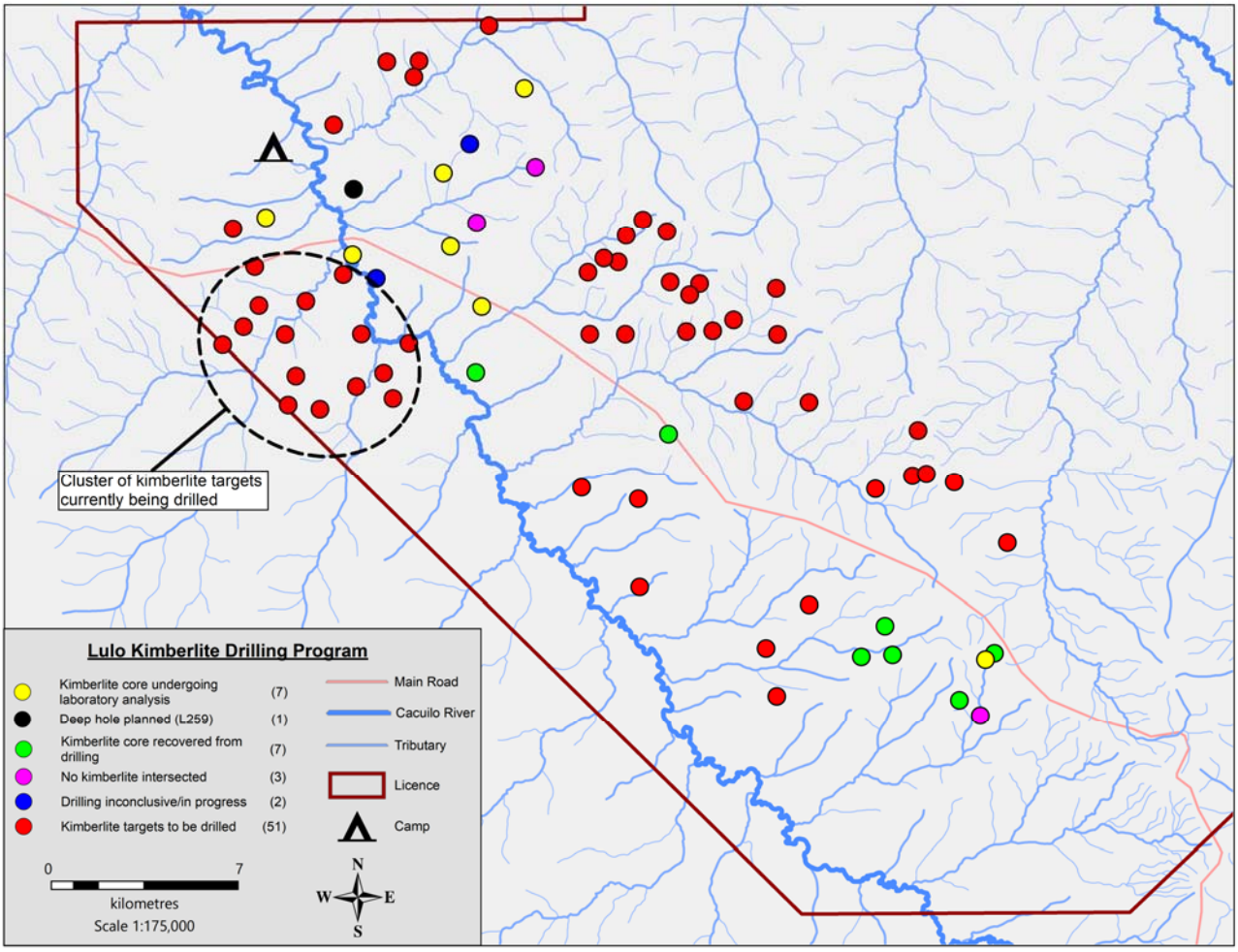

Figure 1: Map showing the updated kimberlite target list, showing progress of the drilling program to date and the cluster of kimberlite targets on drainage systems feeding into Mining Block 8 now being drilled

The Lulo kimberlite drilling program is currently focusing on the cluster of kimberlite targets located in tributaries draining from the south into the Mining Block 8 area (Figure 1), which has been a regular source of large and premium-value alluvial diamonds. Significantly, these alluvial diamonds are irregular shaped and jagged-edged, indicating a proximal kimberlite source.

This drilling phase will also include a deep hole (200-300m) in the large L259 target (Figure 1), where previous shallow drilling did not intersect visible kimberlite material (See ASX announcements 26 April 2017 and 23 January 2017).

As previously advised, the Lulo partners now have three rigs on site drilling the priority kimberlite targets in a systematic program.

The progress being achieved to date leaves the Lulo partners on track to complete the drilling of the majority of the updated targets by the end of 2017.

The core from this ongoing drilling program will be dispatched to Cape Town for laboratory analysis periodically throughout the program. The laboratory analysis process involves crushing the drill core and extracting kimberlite indicator minerals (including garnet, ilmenite, chrome spinel, chrome diopside and zircon) from heavy liquid concentrates. These indicator minerals are then analysed using an electron microprobe to determine their mineral chemistry.

The mineral chemistry results will in turn be used to prioritise likely diamondiferous kimberlite pipes for follow up geological work, including further drilling and bulk sampling to test for diamond content and grade.

The laboratory results from the first batch of kimberlite core currently being analysed in Cape Town are expected to be received by Lucapa next month. This drill core was from seven of the kimberlite targets shown on Figure 1.

The second batch of kimberlite core from the ongoing drilling program is also due to be dispatched to the laboratory next quarter.

Brooking Diamond Project, Western Australia

Lucapa's 80% owned Brooking diamond exploration project is located in the Ellendale lamproite province in Western Australia and within 40km of the Ellendale mine, which was formerly the world's leading producer of rare, fancy yellow diamonds.

As previously announced, Lucapa has defined a series of priority drilling targets at Brooking targeting lamproite, a host rock for diamonds.

This drilling will target conductors identified from detailed ground EM surveys in drainage basins where diamonds and lamproite indicator minerals were recovered from both Lucapa's sampling and previous field sampling programs.

Lucapa has submitted a program of work for a 19-hole (~1,425m) core drilling program at Brooking following the recent completion of a Heritage Survey. This drilling will focus on eight targets ranging in sizes of up to 50 hectares.

Drilling is expected to commence next month, subject to approval of the program of work.

Heritage Survey being conducted at the Brooking diamond project in the Ellendale lamproite field

Orapa Area F Diamond Project, Botswana

Lucapa's Orapa Area F diamond exploration project is located within 40km of the prolific Orapa diamond mine in Botswana.

As previously advised, preliminary exploration programs conducted at Orapa Area F – including ground magnetic, EM and gravity surveys – successfully defined kimberlite drilling targets.

Lucapa is awaiting final environmental approvals to commence a 5-hole deep core drilling program at two targets – AN01 and BK38. Drilling is expected to commence next quarter, subject to final approvals.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa Diamond Company Limited is a growing diamond company with a portfolio of high-quality production, development and exploration assets in Angola, Lesotho, Botswana and Australia. The Company's focus on high-value production is designed to protect cash flows as pricing in this sector of the diamond market remains robust.

Lucapa's flagship asset is the Lulo Diamond Project in Angola, which produced the highest $ per carat price of any run of mine diamond production in the world in 2016 and continues to produce some of the largest diamonds on record from that region. Lucapa and its Lulo partners are also well-advanced in their search for the primary sources of these large and premium-value alluvial diamonds, with three rigs now available to drill priority kimberlite targets.

In keeping with the Company's growth strategy, Lucapa has secured a 70% interest in the advanced, high-quality Mothae kimberlite project in Lesotho, which is located in the heart of the world's highest-value cluster of kimberlite mines. Lucapa plans to commence production at Mothae in 2018.

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

Lucapa's Board and management team have extensive diamond industry experience with companies including De Beers, Rio Tinto and Gem Diamonds. The Company was included in the ASX All Ordinaries Index in March 2017. Lucapa is also considering a dual listing on London's AIM market.

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 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 owned by the company and a contract wireline rig provided by Rosanstroi and a Hanjin wireline coring rig owned and operated by the company. • The Sedidrill, drills a 76mm diameter hole recovering 61.7mm core. • The Rosanstroi rig has drilled both PQ and 112mm hole/96mm core diameters. • The Hanjin rig drills HQ diameter core.
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 collar information is tabulated below. • Intercept information is currently unverified and is not presented here.
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.* *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• 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.

Criteria	JORC Code Explanation	Lucapa Commentary
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').*	• 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 December 2015 and January 2016. • All other targets have been drilled based on the aeromagnetic surveys conducted in 2008 and 2013, as well as a TDEM survey carried out in 2017.
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.

Table 2: Kimberlite Drilling Project - Drill Collar Details

HOLE-ID	Drilling type	Easting	Northing	Elevation	Azi	Dip	Total Depth
RS/046/01	Core	269,037.4	8,934,184.6	1,008.3	0	-90	63.5
HJ/014/02	Core	264,517.5	8,938,493.6	993.2	0	-90	43.5
HJ/014/03	Core	264,434.3	8,938,588.1	995.3	225	-70	150.0
HJ/013/05	Core	267,818.9	8,941,643.8	1,045.2	0	-90	39.0
HJ/217/05	Core	268,704.9	8,942,490.5	1,082.0	0	-90	75.0
HJ/242/02	Core	270,828.2	8,944,800.3	1,052.2	0	-90	105.0
HJ/242/03	Core	270,670.9	8,944,571.9	1,054.0	30	-60	120.0
RS/046/02	Core	269,008.5	8,934,401.3	1,009.9	0	-90	70.5
SD/170/02	Core	288,187.6	8,923,683.1	1,103.3	0	-90	15.3
SD/170/01	Core	288,302.2	8,923,825.2	1,115.0	0	-90	63.5
HJ/524/01	Core	271,173.5	8,941,881.7	1,052.9	125	-60	150.0
RS/046/03	Core	268,829.0	8,934,030.9	1,002.1	0	-90	18.5
RS/046/04	Core	268,633.5	8,934,104.2	1,000.8	0	-90	20.0
RS/556/01	Core	287,637.3	8,921,290.0	1,046.9	0	-90	31.0
SD/165/01	Core	284,223.4	8,924,750.5	1,089.2	0	-90	71.1
RS/172/01	Core	287,047.9	8,922,035.3	1,081.8	0	-90	97.5
HJ/524/02	Core	271,172.7	8,941,882.4	1,052.9	0	-90	81.0
HJ/524/03	Core	271,175.0	8,941,882.0	*	61	-60	87.0
HJ/529/01	Core	269,013.0	8,939,726.0	*	1	-60	102.0
SD/556/02	Core	287,940.0	8,921,475.0	*	0	-90	17.6
HJ/529/02	Core	269,018.0	8,939,725.0	*	230	-60	84.0
SD/046/05	Core	268,830.0	8,934,027.0	*	0	-90	20.3
SD/064/01	Core	276,076.0	8,931,842.0	*	0	-90	18.6
RS/173/01	Core	284,495.0	8,923,662.0	*	0	-90	97.5
HJ/549/01	Core	265,232.0	8,937,748.0	*	177	-60	30.5
HJ/549/01-B	Core	265,231.0	8,937,749.0	*	0	-90	120.0
SD/064/02	Core	276,286.0	8,932,027.0	*	0	-90	50.1
RS/164/01	Core	283,332.0	8,923,620.0	*	0	-90	16.5
HJ/549/02	Core	265,253.0	8,937,827.0	*	0	-90	18.0

* Location measured using handheld GPS only. No accurate elevation.