



DIAMOND ANALYSIS SUPPORTS SEARCH FOR LULO KIMBERLITE SOURCE

- Detailed analysis of diamond size distributions for each alluvial mining block further supports the focus of the Lulo kimberlite exploration program

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) and its *Project Lulo* partners Empresa Nacional de Diamantes E.P. (“Endiama”) and Rosas & Petalas are pleased to provide a further update on the search for the hard-rock sources of the high-value alluvial diamonds being mined at the Lulo project in Angola.

As set out in the ASX announcement of 23 March 2020, the Canguige catchment area has become the focus of the Lulo kimberlite exploration program following the recovery of 45 diamonds of up to 3.75 carats in individual size from a stream sample taken from the Canguige tributary (Figure 2).

The Canguige tributary flows into the Cacuilo River, where Lucapa and its partners have been mining alluvial diamonds for the past five years, with regular recoveries of large and high-value Type IIa gems.

The Canguige catchment area hosts five kimberlite pipes rated in a 2019 technical review as being among the most prospective to host diamonds. Delineation drilling of those five kimberlites is ongoing in preparation for bulk sampling to test each pipe for diamonds. Two other priority anomalies in the Canguige catchment will also be drilled to confirm whether they are kimberlites (Figure 2).

In parallel with that ongoing drilling and bulk sampling program, the Lucapa and Lulo geological teams have conducted detailed analysis of the diamond size frequency distributions (“SFD”) of the alluvial diamonds recovered during mining and processing activities from each of the individual alluvial mining blocks along the Cacuilo River (Figure 1).

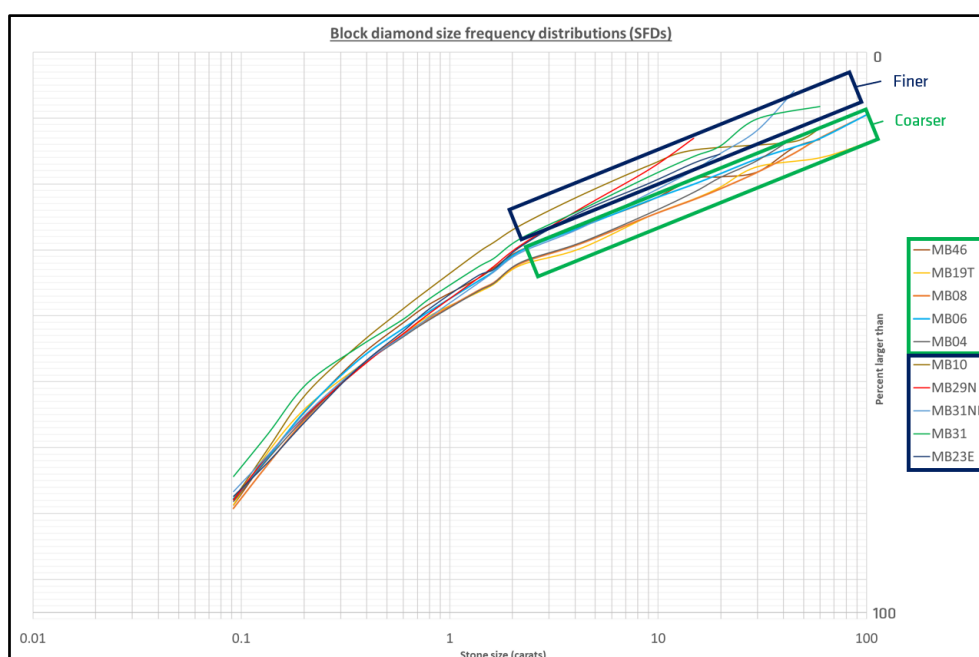


Figure 1: Graph showing the SFDs of the alluvial mining blocks along the Cacuilo River valley at Lulo (Green box = coarser distribution, Dark blue box = finer distribution)

The SFDs reveal a distinct change around Mining Block 4. The alluvial mining blocks downstream (north) of Mining Block 4 show a decrease in both the average diamond stone size and the frequency of recovery of a +50 carat diamond (finer SFDs are highlighted in the dark blue box in Figure 1).

The diamond SFDs from the mining blocks upstream (south) of Mining Block 4 indicate recoveries of larger diamonds through to Mining Block 46 (coarser SFDs are highlighted in the green box in Figure 1). As highlighted in Figure 2, the higher frequency of recovery of +50 carat diamonds appears to be maintained in the mining blocks upstream of Mining Block 4 through to Mining Block 46.

As also shown in Figure 2, one +50 carat diamond is recovered on average every ~131,500m³ of alluvial gravels processed in Mining Block 31 downstream (north) of Mining Block 4. This compares with an average of one +50 carat diamond every ~7,000m³ of gravels in Mining Block 8 and a similar average of one +50 carat diamond from every ~8,500m³ of gravels in Mining Block 46 - both of which are upstream (south) of Mining Block 4.

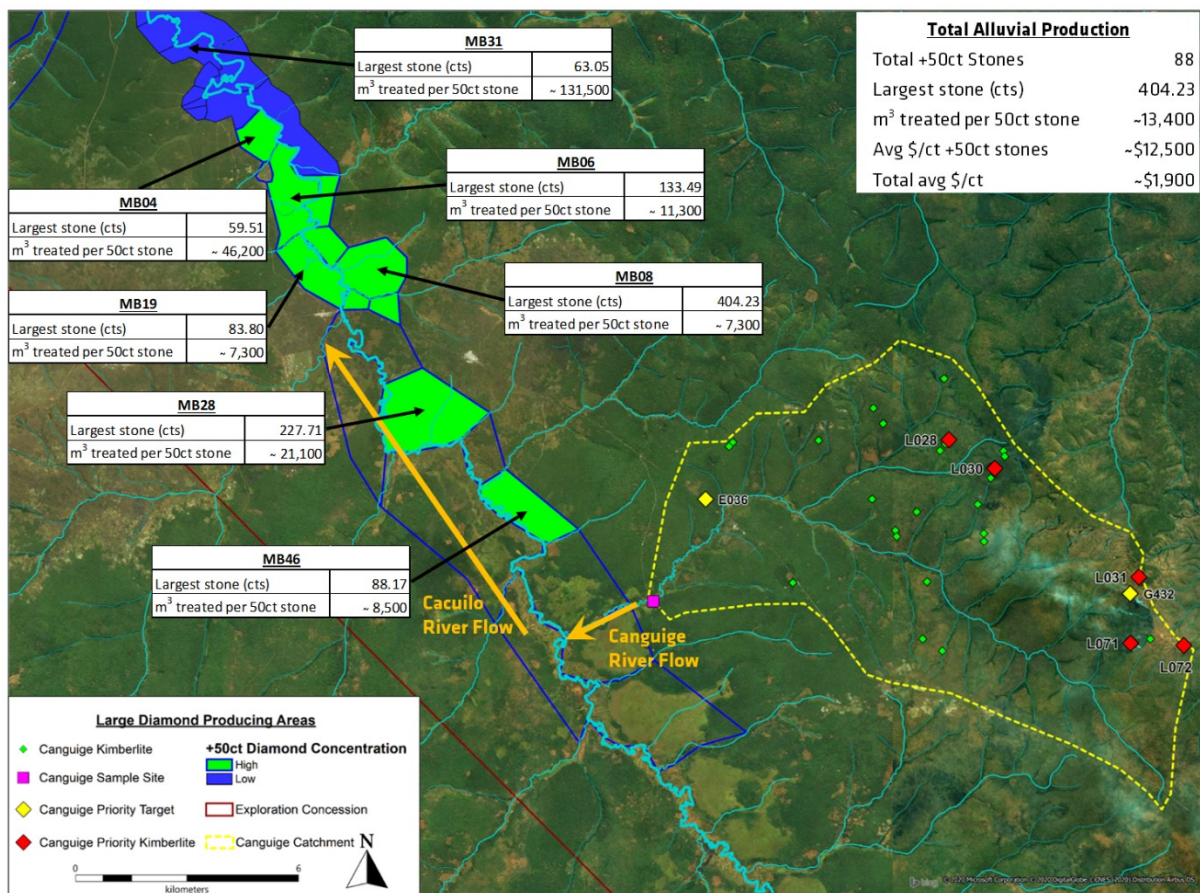


Figure 2: Map showing the frequency of recovery of +50 carat diamonds from each of the Lulo alluvial mining blocks, demonstrating the increase in larger high-value stones upstream (north) of MB04 to MB46 and the proximity to the targeted Canguige catchment

This size analysis indicates that if there is a single source of these large high-value Type IIa diamonds, then it is likely located upstream of Mining Block 46; and if there are multiple sources of these large stones, then they are likely to be upstream (south) of Mining Block 4.

The apparent drop in large stone recoveries downstream of Mining Block 4 supports the long-held view of the Lucapa team that the source or sources of these large stones are more likely to be located in the Cacuilo River valley and catchment areas upstream of Mining Block 4. This includes the Canguige catchment, which is the focus of the kimberlite exploration program.

Lucapa and its partners believe the alluvial production diamond SFD analysis for each of the mining blocks at Lulo further supports the exploration focus on the Canguge catchment, which is considered a priority area because:

- The Canguge tributary enters the Caculo River ~3km upstream of Mining Block 46, which has produced multiple high-value Type IIa diamonds, including Specials weighing 88 carats, 68 carats, 60 carats, 59 carats, 35 carats, 32 carats, 31 carats and two 30 carat gems
- The 45 diamonds recovered from the Canguge tributary stream sample included Type IIa stones
- The presence of Type IIa diamonds in the sample indicates that not only is there a likely diamond source in the Canguge catchment, but that it hosts Type IIa diamonds
- As such, this suggests one of the kimberlite pipes in the Canguge catchment could be a source of the large high-value diamonds being found in the alluvial gravels along the Caculo River



88 carat and 31 carat Type IIa diamonds recovered from Mining Block 46



31 carat Type IIa white diamond and fancy pink and yellow diamonds recovered from Mining Block 46

Lucapa will provide further updates on the search for the Lulo diamond sources as they come to hand.

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa is a growing diamond company with high-value mines in Angola (Lulo) and Lesotho (Mothae).

The Lulo alluvial mine and Mothae kimberlite mine both produce large and high-value diamonds, with >75% of revenues generated from the recovery of +4.8 carat stones.

Lulo has produced 14 +100 carat diamonds to date and is one of the highest average US\$ per carat alluvial diamond producers in the world. Lucapa and its *Project Lulo* partners have also received highly-encouraging results from their search to discover the primary hard-rock source of the high-value Lulo alluvial diamonds.

The new 1.1 Mtpa Mothae kimberlite mine in diamond-rich Lesotho commenced commercial mining operations in January 2019. It produced > 30,000 carats in its first year of production, including 10 +50 carat diamonds.

Lucapa's Board and management team have decades of diamond industry experience across the globe with companies including De Beers and Gem Diamonds.

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 Richard Price MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Price is an employee of Lucapa Diamond Company Limited. Mr Price 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 Price 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.

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