



LULO DIAMOND PRODUCTION UPDATE

- Record volumes of 70,967 bulk cubic metres processed in the March 2017 Quarter, up 91%
 - Diamond recoveries up 33% to 4,098 carats
 - A\$14.0 million in gross revenues achieved from two diamond sales
- Regular large diamond recoveries continue from Lulo including exceptional 227 carat Type IIa D-colour gem, Angola's second biggest recorded diamond
 - Angolan wet season finishes this quarter

Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") and its partners, Empresa Nacional de Diamantes E.P. ("Endiama") and Rosas & Petalas, are pleased to provide an update on diamond production in the March 2017 quarter ("Quarter") from the Lulo Diamond Project in Angola.

Lulo alluvial mining company, Sociedade Mineira Do Lulo ("SML") (in which Lucapa is a 40% owner and the operator) achieved record plant throughput volumes of 70,967 bulk cubic metres in the Quarter, an increase of 91% on the previous corresponding period. Significantly, this record was achieved during the Angolan wet season, which finishes in the current quarter.

The increased plant throughput resulted in a 33% increase in diamonds recovered to 4,098 carats. Lulo continued to regularly produce large and premium-value diamonds throughout the Quarter, with the number of Specials (individual diamonds weighing more than 10.8 carats) increasing 58% to 38 (Table 1).

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



227 carats



92 carats



62 carats and 65 carats



27 carats

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

This resulted in the conversion of two sampling areas to Mining Blocks 28 and 25 as new sources of large and premium-value diamonds, with Mining Block 28 producing the 227 carat and 92 carat D-colour gems and Mining Block 25 producing the 62 carat Type IIa D-colour stone.

The 227 carat diamond is also the biggest diamond recovered from the new XRT large diamond recovery circuit installed at the 150 tonne per hour Lulo 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 a lower grade. This resulted in a 30% reduction in grade to 5.8 carats per 100 cubic metres and a 15% reduction in the average size per stone to 1.2 carats.

Mining operations will continue predominantly at Mining Block 28 during the current June 2017 quarter until ground conditions permit safe access to Mining Blocks 8 and 6 as the Angolan wet season finishes.

SML's unsold diamond inventory stood at 2,545 carats at 31 March 2017 after diamond sales totalling US\$10.7 million (A\$14.0 million) occurred during the Quarter. Subsequent to the Quarter, SML sold a further parcel of 1,919 carats for gross proceeds of US\$2.5 million (A\$3.3 million) (See ASX announcement 11 April 2017).

	Q1 2015	Q1 2016	Q1 2017	Variance Q1 2017 vs Q1 2016
Actual Treated m³ (bulked)	12,912	37,208	70,967	91%
Actual Carats Recovered	1,335	3,087	4,098	33%
Actual Grade Recovered (cphm³)	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 1: SML alluvial diamond production for the March 2017 Quarter and comparative quarters

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 producing 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 source of these large and premium-value alluvial diamonds, with three rigs now drilling priority kimberlite targets.

In keeping with the Company's growth strategy, Lucapa secured a 70% ownership 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 is also progressing 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 - where it has established a number of targets which will be drilled this year.

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.

Competent Person's Statement

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

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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