

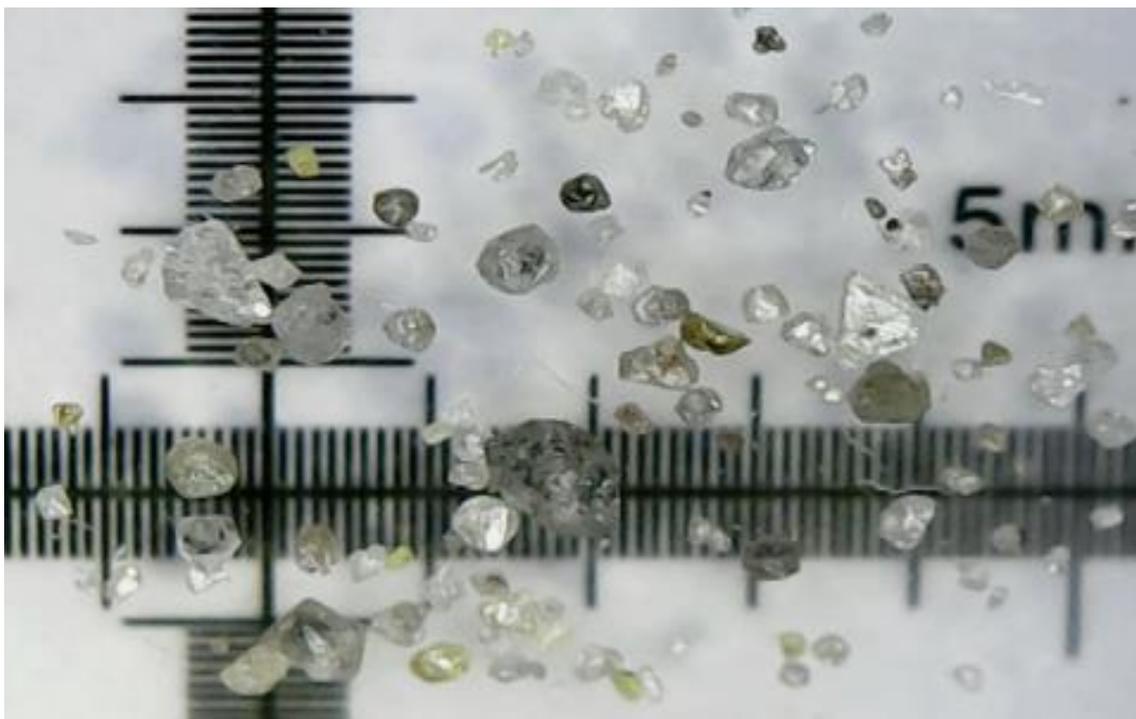


LUCAPA SECURES MAJOR INVESTMENT BACKING

- *Lucapa's financial position significantly strengthened as it advances its diamond projects*
 - *Extensive exploration program to be launched at Brooking*

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- **Firm commitments received at no discount to the prevailing market price from new and existing long-term investors for a A\$16.5 million placement**
 - **Placement leaves the Company completely funded to immediately launch Brooking exploration program and advance its other diamond projects**
 - **Brooking program will include drilling, geophysics, mineral chemistry analysis, trenching and bulk sampling to follow-up on the spectacular Little Spring Creek diamond discovery**
 - **Placement will see a cornerstone investor emerge as a significant shareholder**

Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") is pleased to announce the Company has secured major investment backing from a new cornerstone investor and existing shareholders to advance its diamond projects and continue delivering on its growth strategy. The A\$16.5 million placement, at no discount to market price, will enable Lucapa to immediately launch an extensive follow-up exploration program, including further drilling, at the Brooking diamond discovery in Western Australia's West Kimberley region.



Diamonds recovered from the drill core of the discovery hole at the Brooking project, including white and yellow diamonds

The A\$16.5m placement was backed by firm commitments received from three major investors who collectively committed to invest A\$13 million at the prevailing market closing price of 23c. The placement was also strongly supported by a Perth-based investment fund.

The Lucapa Board believes the funding package to be overwhelmingly positive for the Company and its shareholders for the following reasons:

- The placement shares are being issued at no discount to the prevailing market price, demonstrating the confidence major investors have in the Company, its projects and its growth strategy
- It enables Lucapa to launch an aggressive fully-funded drilling and exploration program at the Brooking diamond discovery without diluting the Company's 80% interest in the project
- It positions Lucapa to be a first mover in Angola as the new Angolan President seeks to attract foreign direct investment by addressing key investment hurdles
- It provides a working capital buffer for the high-value Mothae diamond mine development and early bulk sampling program in Lesotho, which remains on budget and on schedule for commercial production in H2 2018
- The cornerstone investor has significant global resource development experience and has been invited to join the Lucapa Board
- It removes a perceived overhang in Lucapa shares associated with project funding concerns
- It enables Lucapa to launch a buy-back of unmarketable share parcels held by more than 1,300 individual shareholders

Approximately 51 million new shares will be issued under Lucapa's existing 7.1 placement capacity and 20.7 million new shares will be issued under the Company's existing 7.1A placement capacity ahead of the Company's upcoming Annual General Meeting.

Lucapa is also pleased to advise the appointment of Perth based Euroz Securities Limited ("Euroz") as financial advisor as the Company targets increased institutional and large fund interest. Euroz acted as lead manager and bookrunner to the placement.

New drilling and exploration program launched at the Brooking diamond discovery

The funding package will enable Lucapa to immediately launch an extensive exploration program at the Brooking project to follow up on the spectacular Little Spring Creek discovery, in which 119 micro and macro diamonds were recovered from an 86.8kg sample, including white and yellow diamonds (Refer ASX announcements 11 January 2018 and 1 February 2018).

Brooking is located within 50km of the Ellendale mine in the West Kimberley's which, until its recent closure, produced more than 50% of the world's fancy yellow diamonds.

Lucapa has an 80% stake in the Brooking tenements and works very closely with its Leopold partners on the project. The Company has a pre-emptive right over Leopold's 20% interest in the event they wish to exit.

The follow-up exploration program will include drilling at both the Little Spring Creek discovery, a second geophysical target about 350 metres to the north-east and other anomalies of interest (Figure 1) (Refer ASX announcement 9 January 2017).

In addition, Lucapa will undertake extensive geophysical surveys – including airborne and detailed ground-based EM, magnetics and gravity as well as ground penetrating radar - to better define the lamproitic target at Little Spring Creek and position drilling co-ordinates on targets at other prospective target areas within the broader Brooking project where concentrations of diamonds and lamproite indicator minerals were also recovered from previous surface sampling programs¹.

The program will also encompass trenching and bulk sampling. Weather-permitting, Lucapa expects to regain access to Brooking later this month, with drilling expected to resume in May 2018.

Lucapa also intends to review the work completed on previously identified lamproite discoveries within the tenement, which could warrant additional work programs.

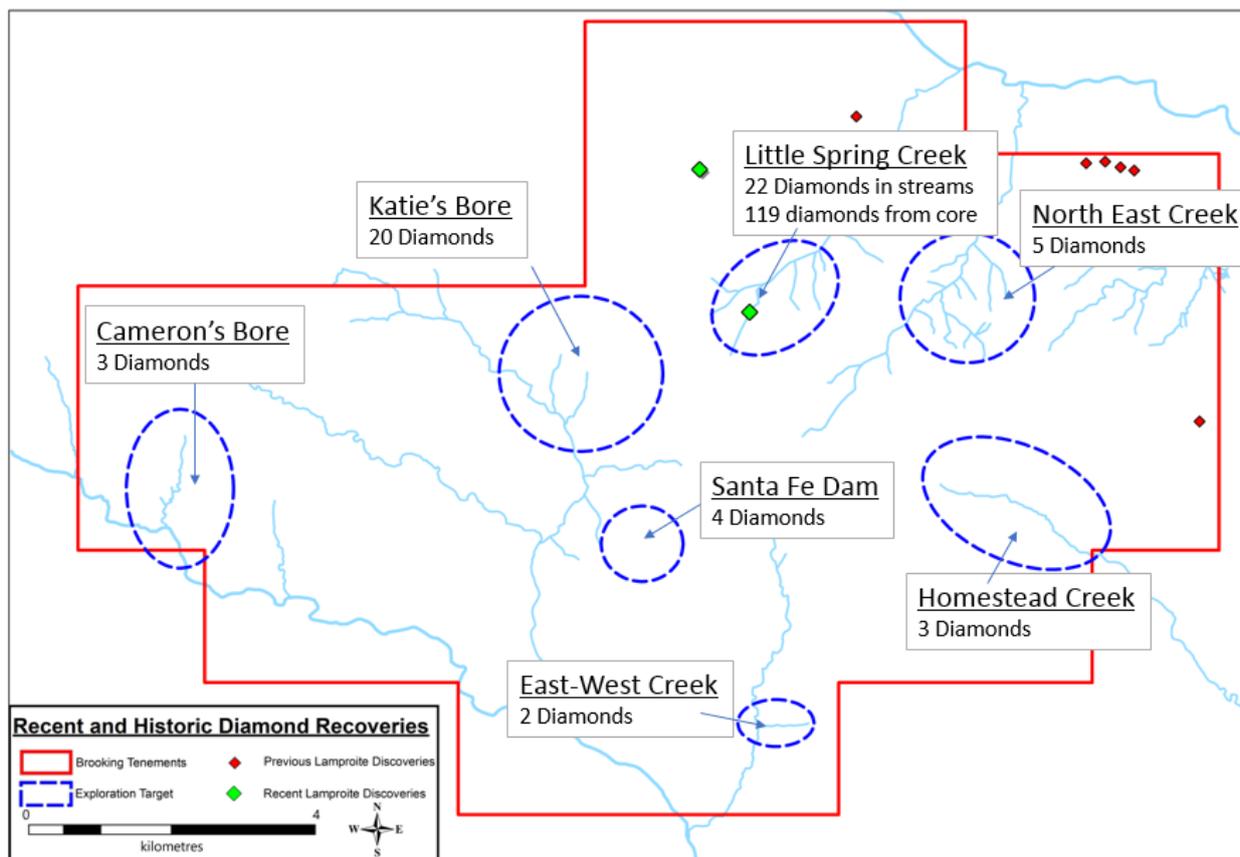


Figure 1: Exploration targets at the Brooking diamond project showing diamond recoveries from previous stream sampling and diamonds from the Little Spring Creek discovery hole¹

Angolan Government initiatives to attract additional foreign investment

The new Angolan President, His Excellency Joao Lourenco, and the new Minister of Mineral Resources and Petroleum, the Honourable Diamantino Azevedo, have set the diamond authority, Endiama E.P., a goal of doubling Angola’s diamond production to 14 million carats within four years.

To do so, President Lourenco has publicly outlined how he believes this could be achieved through the design and implementation of new investment policies and to re-evaluate its marketing policies to attract investors.

Lucapa and other diamond companies have been invited by Minister Azevedo and Endiama E.P to discuss these positive initiatives. As such, and in anticipation of a positive outcome, Lucapa and its local Angolan partners are devising a growth strategy at Lulo, to build on the successful alluvial mining operations and kimberlite exploration venture. Lucapa has been operating successfully in Angola for 10 years and is well positioned to be a first mover and be a part of Angola’s future development. The Company will update developments in this regard when they are finalised.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

¹ *Brooking Diamond Project (Leopold Diamond Company Pty Ltd) Annual Report, December 2015, Department of Mines and Petroleum WA*

ABOUT LUCAPA

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

Lucapa's flagship asset is the Lulo Diamond Project in Angola, which is a prolific producer of large and premium-value alluvial diamonds. Lulo has produced 10 +100ct diamonds to date and is the highest US\$ per carat alluvial diamond production in the world. Lucapa and its Lulo partners continue to advance their search for the primary kimberlite sources of these exceptional alluvial gems, with three drill rigs available in the ongoing kimberlite exploration program.

In keeping with the Company's growth strategy, Lucapa has acquired a 70% interest in the advanced Mothae kimberlite project in diamond-rich Lesotho. The Mothae kimberlite pipe is a high-quality diamond resource located within 5km of Letšeng, the highest US\$ per carat kimberlite diamond mine in the world. Lucapa is constructing a 150 tonne per hour (90,000 tonnes per month) diamond treatment plant, complete with XRT recovery technology, under its Phase 1 development program and is scheduled to commence high-value production at Mothae in H2 2018. A bulk sampling plant has been refurbished and the Company will soon commence testing the Neck Zone of the kimberlite pipe not included in the JORC resource due to no historic bulk sampling and other areas that are included in the JORC resource but could be upgraded by additional sampling.

Lucapa is also furthering two earlier stage exploration assets - commencing with an extensive follow up program at Brooking in the West Kimberley lamproite province in Western Australia, where the Company has recently discovered lamproite with high concentrations of micro and macro diamonds. The Company is also scheduled to drill its targets at the Orapa Area F project in Botswana's Orapa diamond field in 2018.

Lucapa's Board and management team have extensive diamond industry experience across the globe with companies including De Beers, Rio Tinto 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 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 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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