



NEXT EXPLORATION PHASE LAUNCHED TO LOCATE KIMBERLITE SOURCE OF LULO ALLUVIAL DIAMONDS

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 announce the launch of the next exploration phase to locate the kimberlite source of the high-value alluvial diamonds at the Lulo project in Angola.

The next 12-month program is based on an extensive technical review of Lulo kimberlite exploration results to date, including those of the extensive 2018 drilling program which confirmed a further 70 kimberlites within the Lulo alluvial diamond field, which increased the total known kimberlites within the concession to more than 100.

As set out in the ASX announcement of 27 May 2019, this technical review included input from some of the world’s leading independent diamond consultants.

Lulo is the world’s highest-value alluvial diamond field, producing diamond sales of US\$146 million to date at an average price per carat of >US\$2,000. Lulo has produced 13 +100 carat alluvial diamonds, including Angola’s two biggest recorded diamonds weighing 404 carats and 227 carats.

The next kimberlite phase builds on all the previous drilling, sampling and exploration work completed by Lucapa and its Lulo partners to narrow down the hard-rock diamond source or sources of the exceptional Lulo alluvial diamonds. Key features of the next phase include:

- An extensive stream bulk sampling program focusing on six major tributaries feeding from high-interest areas into the Caculo River upstream of Mining Blocks 8 and 6, where some of the largest and most valuable alluvial diamonds have been recovered at Lulo
- Follow-up delineation drilling of 16 Lulo kimberlite pipes rated most prospective to host diamonds. This drilling will help define the structure and surface area of each pipe, including surface volcanoclastic kimberlite material for later bulk sampling
- Drilling eight additional kimberlite targets, including anomalies highlighted in the technical review demonstrating reversely polarised magnetic signatures

The new kimberlite exploration program will be completed over the next 12 months at a budgeted cost of US\$3.3 million. As in the past, Lucapa will fund the exploration costs from a portion of its returns from Lulo alluvial mining company *Sociedade Mineira Do Lulo*. Exploration thereafter will be results-driven.

Further to the ASX announcement of 27 May 2019, the new exploration phase has been reviewed by the Lulo partners, with delineation drilling commencing at the L14 kimberlite pipe upstream of Mining Block 8 (Refer also ASX announcement 30 May 2017).

Lucapa Managing Director Stephen Wetherall stated: *“The next phase of the kimberlite program builds on the great body of exploration work completed over many years at Lulo to pin-point the source pipes hosting the world’s best alluvial diamonds.”*

NEXT EXPLORATION PHASE LAUNCHED TO LOCATE KIMBERLITE SOURCE OF LULO ALLUVIAL DIAMONDS

“Like the diamond experts involved in our recent technical review, we remain convinced that the kimberlite source of these diamonds awaits discovery beneath our prolific alluvial diamond field.”

Further details of the new kimberlite exploration program are set out below.

Bulk stream sampling of tributaries

The characteristics and size distribution of diamonds within the feeder tributaries of the Caculo River have been highlighted as an important indicator to the location of the source of the alluvial diamonds being mined at Lulo.

As such, with a greater understanding of the geomorphology of the area, six major tributaries feeding into the Caculo River upstream of Mining Blocks 8 and 6 have been identified for gravel bulk sampling (Figure 1).

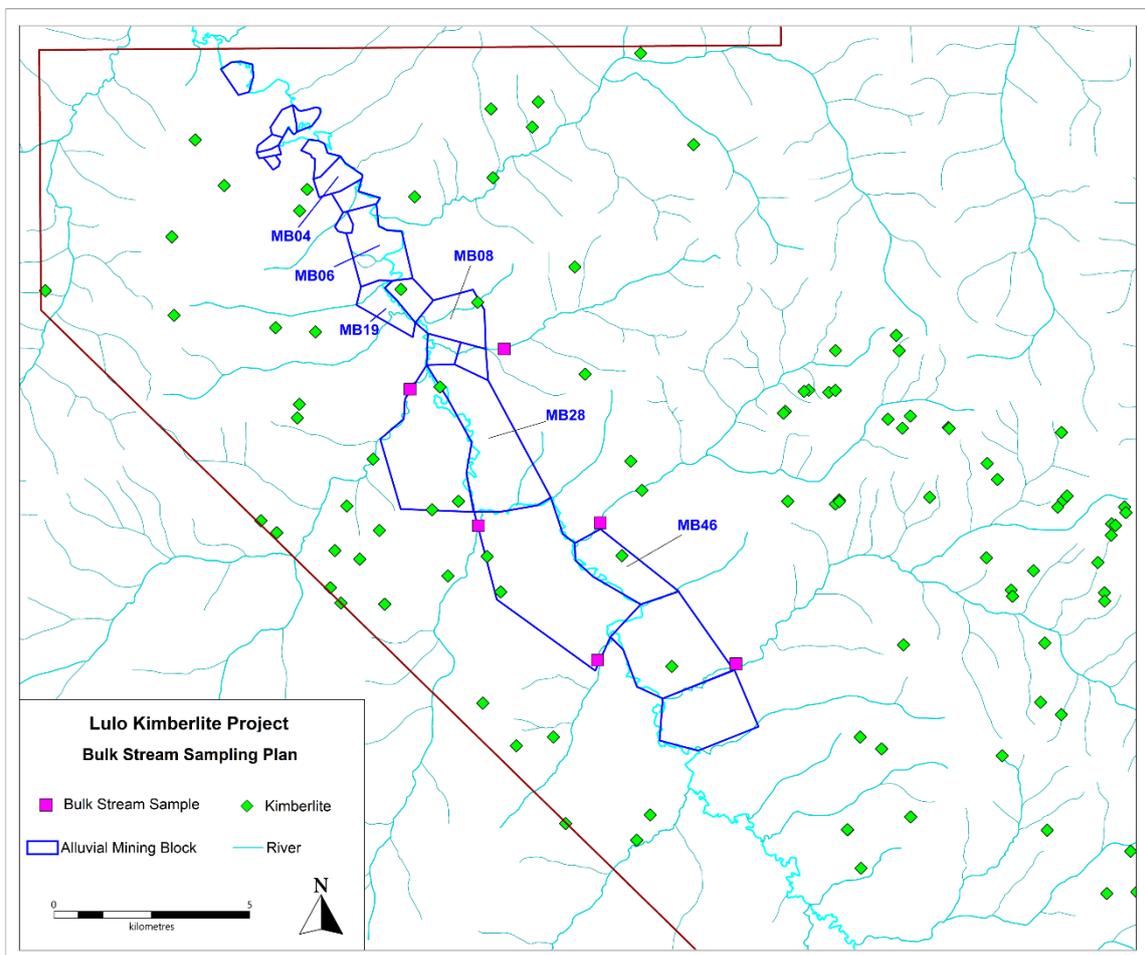


Figure 1: Location of the six stream bulk sampling sites and identified kimberlites within the Caculo valley catchment area

It is planned that 5,000m³ bulk samples of alluvial gravels will be excavated from each of these six tributaries.

These bulk samples will be processed to identify the catchment areas with significant diamond concentrations, in particular those with similar diamond characteristics and sizes to the mining blocks where the largest Lulo diamonds have been recovered to date.

NEXT EXPLORATION PHASE LAUNCHED TO LOCATE KIMBERLITE SOURCE OF LULO ALLUVIAL DIAMONDS

Delineation drilling of priority kimberlites

A total of 16 Lulo kimberlites have been highlighted for further testing from the >100 kimberlites confirmed to date in the Lulo diamond field (Figure 2).

These kimberlites were prioritised based on a range of factors, including their size, location, facies type, dilution, olivine levels, mineral chemistry and the presence of diamonds in proximal streams, pits or garimpeiro workings.

An ~8,800 metre delineation drilling program will be undertaken to define the internal lithologies and structures of each of the 16 pipes. This drilling will ensure that surface volcanoclastic kimberlite material is identified for later bulk sampling of the pipes to assess their diamond content.

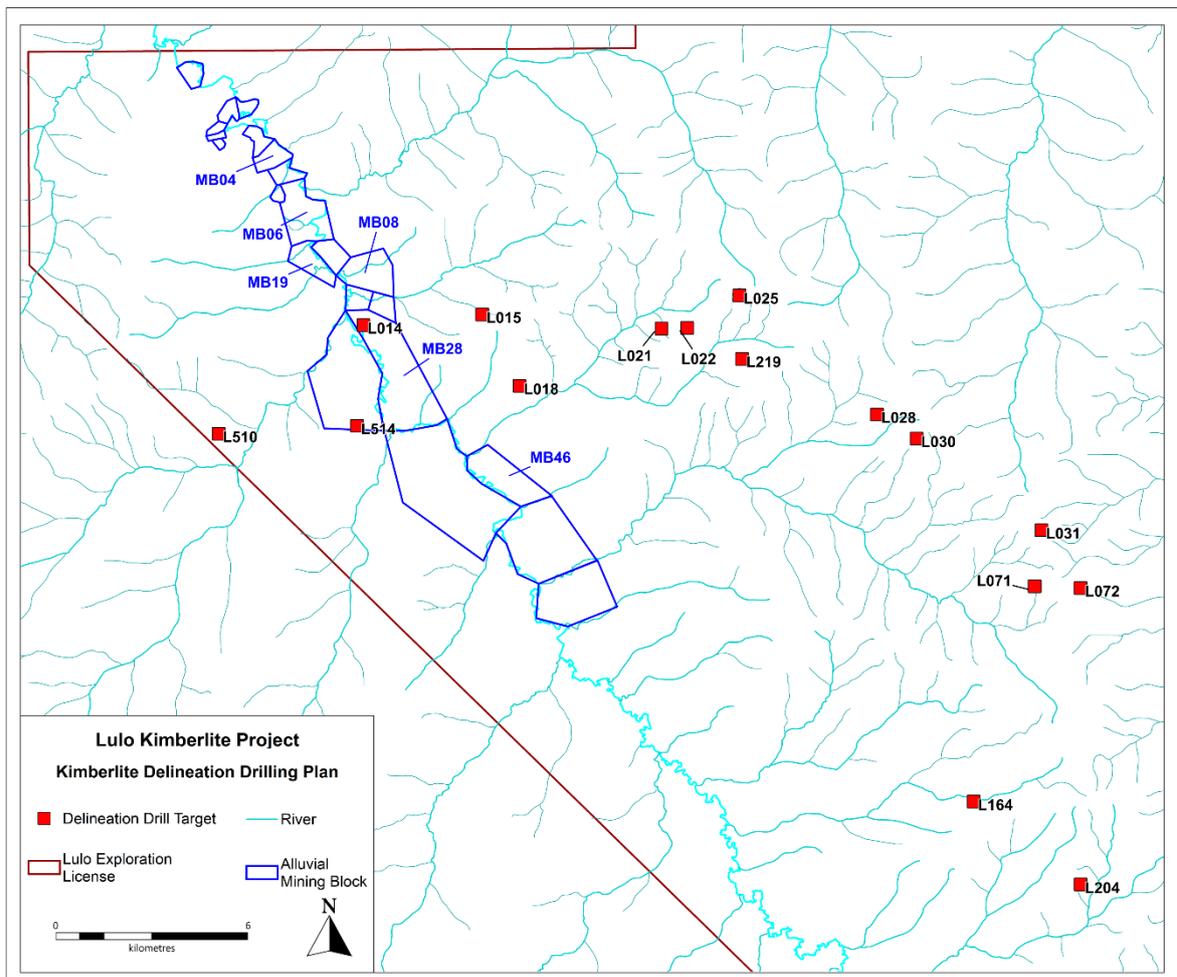


Figure 2: Location of the 16 kimberlites prioritised for delineation drilling

New kimberlite drilling targets

Eight additional kimberlite targets will be drilled in the next phase (Figure 3). These new targets were highlighted in the detailed technical review based on various factors, including anomalies demonstrating reversely polarised magnetic signatures, indicating a different intrusion age to the other Lulo kimberlites.

**NEXT EXPLORATION PHASE LAUNCHED TO LOCATE
KIMBERLITE SOURCE OF LULO ALLUVIAL DIAMONDS**

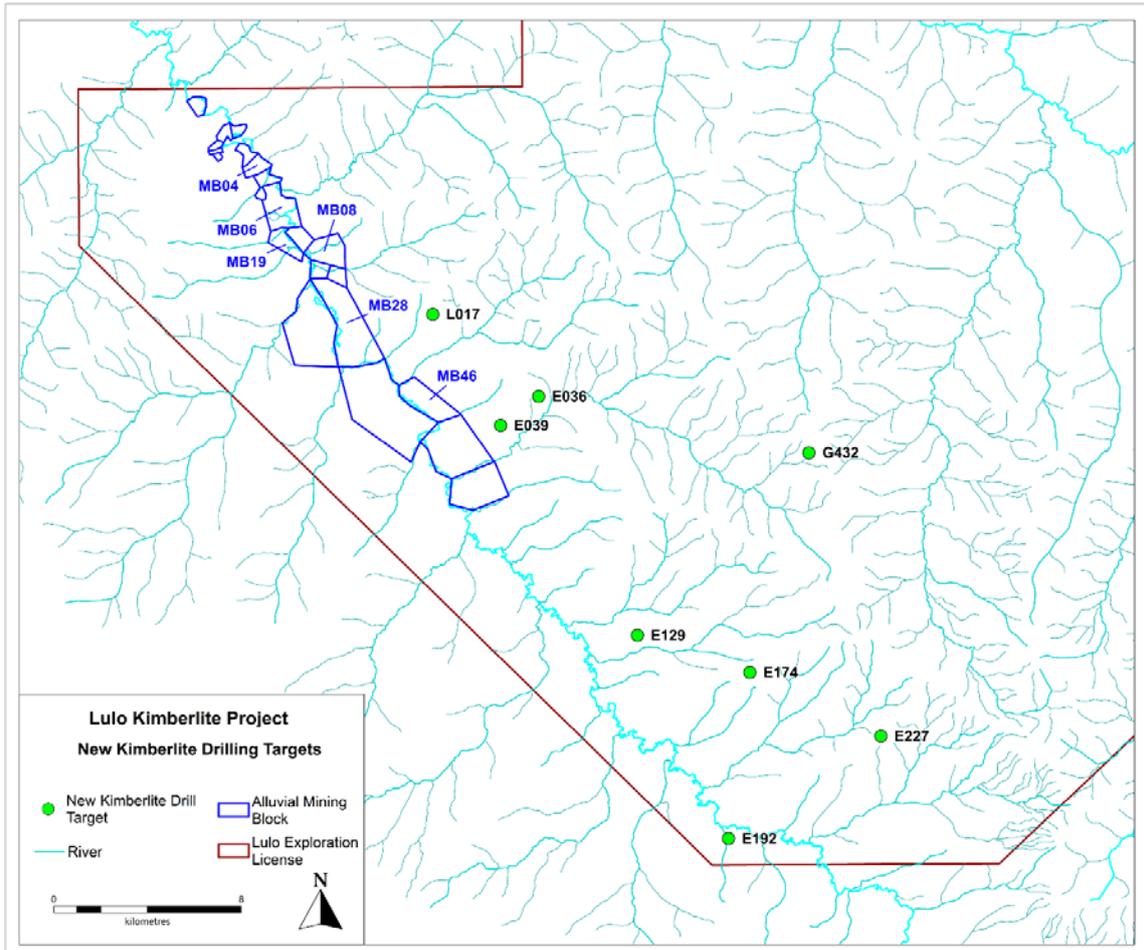


Figure 3: Location of the eight new kimberlite targets highlighted for drilling

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa is a growing diamond company with high-value mines in Angola and Lesotho. Lucapa's vision is to become a leading global producer of large and premium-quality diamonds from alluvial and kimberlite sources.

The Company's focus on high-value diamond production is designed to protect cash flows in a sector of the diamond market where demand and prices remain robust.

Lucapa's flagship asset is the Lulo project in Angola, which is a prolific producer of large and premium-value alluvial diamonds. Lulo has produced 13 +100 carat diamonds to date and is the highest average 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 through a systematic exploration program.

Lucapa's second high-value mine, the 1.1 Mtpa Mothae kimberlite mine in diamond-rich Lesotho, commenced commercial diamond mining operations in January 2019 and has already recovered six +50 carat diamonds under Lucapa's ownership, including a gem-quality 126 carat stone.

Lucapa also has early stage exploration projects at Brooking in Western Australia and Orapa Area F in Botswana, which have been placed on hold to focus on the Lulo and Mothae operations.

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.

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.

NEXT EXPLORATION PHASE LAUNCHED TO LOCATE KIMBERLITE SOURCE OF LULO ALLUVIAL DIAMONDS

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.

This announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction. This document does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular investments to particular persons.

Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

No responsibility for any errors or omissions from this document arising out of negligence or otherwise is accepted. This document does include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. Actual values, results, outcomes or events may be materially different to those expressed or implied in this announcement.

Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. 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.