



COMPANY UPDATE
MERLIN DIAMOND MINE SALE PROCESS

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) wishes to advise that, in keeping with the Company’s goal of growing as a diamond producer, Lucapa continues to identify and review prospective diamond development projects that offer near term production and value enhancing opportunities for its shareholders.

In that regard, Lucapa advises that it is participating in the sale process being conducted by the liquidators of Merlin Diamonds Limited (in Liquidation) (“MDL”) to acquire certain assets of MDL, which include the Merlin kimberlite diamond mine (“Merlin”) located in the Northern Territory, Australia.

The Lucapa Board considers that Merlin would be complementary to the Company’s existing niche operating mines and exploration projects in Angola, Australia, Botswana and Lesotho and is a development opportunity that would significantly benefit from the proven capability of Lucapa’s experienced development and operational teams.

Merlin is a multi-pit mine development opportunity with underground mining potential and is home to Australia’s largest recovered diamond of 104 carats. Lucapa is of the view that the tenements also have considerable exploration potential with a significant number of unresolved exploration targets.

Following the finalisation of due diligence in a competitive bid process, Lucapa is advancing to final stage negotiations which includes finalisation of transaction structure and drafting of legal documentation. Until such time as the legal documentation is in agreed form and executed, there can be no assurance that the acquisition of Merlin will be completed.

The Lucapa Board will update the market of material developments as they occur.

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa is a niche diamond producer and explorer with a unique mix of high-value mines in Angola (Lulo) and Lesotho (Mothae) and exciting exploration projects.

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, Lucapa's first mine brought into production in 2015, has produced 16 +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 being mined on the same concession.

The 1.1Mtpa Mothae kimberlite mine in diamond-rich Lesotho, which is the second mine Lucapa has developed and brought into production, commenced commercial mining and processing operations in January 2019. It produced >30,000 carats in its first year of production, and to date has produced four +100 carat diamonds. Lucapa has recently secured funding to commission a ~45% expansion in the processing capacity of the Mothae kimberlite mine from 1.1Mtpa to 1.6Mtpa which is scheduled for completion in Q1 2021.

Lucapa is also advancing exploration programs at two other diamond projects – Brooking in the West Kimberley lamproite region in Western Australia, where the Company has already discovered lamproite with high concentrations of micro and macro diamonds, and Orapa Area F in Botswana's Orapa diamond field, where identified targets are planned to be drilled.

Lucapa's Board, management team and new strategic investors have decades of diamond industry experience across the globe and right through the diamond pipeline, particularly in the large and high-quality diamond sector.

No New Information

To the extent that this 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.

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