



LUCAPA FULL YEAR CY2021 GUIDANCE

A strong growth year following a COVID impacted 2020

FULL YEAR CY2021 GUIDANCE

- Total forecast production of 40,400 - 42,600 carats, on an attributable basis, is based on Lucapa's ownership in the Lulo mine (40%) and Mothae mine (70%)
- Weighted average price of US\$957 - 1,034/ carat, with prices back to higher levels last seen in 2018
- Attributable revenue of A\$50 - 56m
- Attributable total cash operating cost of US\$638 - 657/ carat
- Attributable Cash Operating Margin of A\$17 - 21m, representing a 33-36% margin
- Attributable All-in Sustaining Cost ("AISC") of US\$660 - 680/ carat
- Exploration/ development budget of A\$6 - 9m, focussing on Lulo JV and Merlin
- Growth capex budget of A\$5 - 8m, including a screening plant at the Lulo alluvial operations to reduce haulage costs and a 45% plant expansion at Mothae, which was completed in Q1 2021

Lucapa Diamond Company Limited ACN 111 501 663 (ASX: **LOM**) ("**Lucapa**" or "**the Company**") is pleased to announce its CY2021 full year attributable guidance, with significant growth expected in 2021 compared to a difficult COVID impacted 2020 year.

For the full CY2021 year (on an attributable basis), Lucapa is expecting to produce between 40,400 - 42,600 carats (compared to 18,890 carats in CY2020). The increased production is due to both mining operations being in full production for the remainder of the year at their expanded capacities, whilst in CY2020 Mothae was placed in care and maintenance for 6 months and Lulo operated at a reduced capacity due to COVID restrictions.

Forecast weighted average price of US\$957 - 1,034/ carat in CY2021 (compared to US\$745/ carat in CY2020), with the increase due to strong demand and a re-balanced and far more robust diamond market that has emerged from the pandemic returning diamond prices to levels last seen in 2018. Diamond prices in 2020 during the height of the pandemic, were up to 30% lower.

Forecast cash operating cost of US\$638 - 657/ carat in CY2021 (compared to US\$878/ carat in CY2020), with the per unit operating cost decreasing due to higher volumes forecast for the year as a result of higher capacities. Forecast Cash Operating Margin of A\$17 - 21m in CY2021 (compared to loss of A\$4m in CY2020).

CY2021 attributable guidance is outlined below in Table A, with the comparative CY2020 actual results shown in Table B.

Exploration/ development budget

CY2021 exploration/ development spend budget of A\$6 - 9m, to be spent on:

- Lulo JV kimberlite exploration - excavation and treatment of high-priority targets selected for bulk sampling in and adjacent to the Canguge catchment area and drilling of kimberlite targets;
- Merlin - investigations, geotechnical drilling of existing kimberlites, exploration drilling of prioritised unresolved anomalies and feasibility study (refer ASX announcement of 24 May 2021 with respect to Merlin acquisition and capital raising).

Growth capital

CY2021 growth capital budget of A\$5 – 8m, to be spent on:

- Lulo alluvial mine – an in-field screening plant proximal to Mining Block 46 to significantly reduce the volume of gravels trammed to the processing plant approximately 20km away and earthmoving fleet;
- Mothae kimberlite mine – capital works for 45% expansion in plant processing capacity to 1.6 Mtpa and peripheral infrastructure (refer ASX announcement 6 November 2020). The construction works and refurbishments to effect the plant expansion were completed in Q1 2021 and the plant is ramping up to full capacity in Q2 2021.

TABLE A: FULL YEAR CY2021 ATTRIBUTABLE OPERATIONAL GUIDANCE

| | | Lulo (40% attributable) | Mothae (70% attributable) | Corporate & Other exploration | CY2021e Lucapa (Total Attributable)¹ |
|---|-------------|--|--|--|--|
| Production | Carats | 12,400 – 13,200 | 28,000 – 29,400 | n/a | 40,400 – 42,600 |
| Average price | US\$/ carat | 1,672 – 1,759 | 640 – 708 | n/a | 957 – 1,034 |
| Cash operating cost | US\$/ carat | 949 – 1,008 | 414 – 428 | n/a | 638 – 657 |
| Revenue | A\$m | 27 – 30 | 23 – 27 | n/a | 50 – 56 |
| Cash operating cost | A\$m | 15 – 17 | 15 – 16 | 3 | 33 – 36 |
| Cash operating margin* | A\$m | 11 – 13 | 8 – 11 | -3 | 17 – 21 |
| Margin | % | 43% | 33% – 42% | n/a | 33% – 36% |
| AISC | US\$/ carat | 997 – 1,058 | 422 – 437 | n/a | 660 – 680 |
| Exploration/ development spend [^] | A\$m | n/a | n/a | 6 – 9 | 6 – 9 |
| Growth capital | A\$m | 3 – 5 | 2 – 3 | n/a | 5 – 8 |

* Cash operating margin, which is a non-AIFRS measure, is defined as rough diamond revenue less all total operating costs to mine and sell (including ore/ gravel and waste/ overburden mining, treatment, on-site and off-site costs, royalties and selling costs)

[^] Exploration spend relates to the investments to be made on the Merlin and Lulo JV exploration programs

TABLE B: COMPARATIVE CY2020 ATTRIBUTABLE OPERATIONAL RESULTS

| | | Lulo (40% attributable)^A | Mothae (70% attributable)^B | Corporate & Other exploration | CY2020 Lucapa (Total Attributable) |
|--------------------------------|-------------|--|--|--|---|
| Production | Carats | 9,468 | 9,422 | n/a | 18,890 |
| Average price | US\$/ carat | 1,370 | 402 | n/a | 745 |
| Cash operating cost | US\$/ carat | 993 | 621 | n/a | 878 |
| Revenue | A\$m | 16 | 4 | n/a | 20 |
| Cash operating cost | A\$m | 14 | 8 | 2 | 24 |
| Cash operating margin | A\$m | 3 | -4 | -2 | -4 |
| Margin | % | 16% | -103% | n/a | -18% |
| AISC | US\$/ carat | 1,042 | 634 | n/a | 909 |
| Exploration/ development spend | A\$m | n/a | n/a | 2 | 2 |
| Growth capital | A\$m | 0 | 1 | n/a | 1 |

^A Due to the pandemic, Lulo mine was suspended in April 2020. Lulo returned to operation in June 2020 at 50% capacity and by the end of the year was able to return to near full capacity following the lifting of COVID restrictions.

^B Due to the pandemic, Mothae was suspended in March 2020. Following a more than 6 month care and maintenance period, Mothae returned to operations in October 2020 at a reduced capacity for remainder of the year. Mothae has undergone a 45% capacity expansion in Q1 2021 and is being ramped up to full capacity in Q2 2021.

¹ Total attributable metrics are non-AIFRS measures. Lulo is equity accounted in Lucapa's financial reporting given Lucapa hold a 40% interest

Basis of forecasting

The basis of forecasting to prepare the operational budgets informing the CY2021 guidance has taken into account the following:

- Historical capacities and performance against operational targets and budgets. CY2020 actuals, as a result of the pandemic impact on capacities, operations, costs and prices, are not a reliable indicator for 2021 guidance;
- Recent completion of capacity expansions at both Lulo and Mothae and their expected impact. A sustaining capital estimate as a % of operating costs has also been included in the AISC estimate;
- Resource areas to be accessed as per the CY2021 mine plans. The mining blocks for the Mothae mine plan are from indicated resource and the mining blocks for the Lulo mine plan are sourced predominantly from areas both in the inferred resource and targeted leziria (floodplain) areas not included in the resource;
- Estimated diamond prices for CY2021 based on current diamond market demand and expectations for the remainder of CY2021. As both mining entities have recently updated their JORC resources, the JORC resource pricing and recent historic pricing has been used as a base. To note, the rough prices exclude any returns expected from cutting & polishing;
- The operational expenditures, capacity and inflation adjusted, material contracts for essential services and the capital budgets have been approved by the mine partners via the operating mine boards in each country;
- The corporate costs predominantly relate to the Perth corporate office, technical services to group mining and exploration programs and listing compliance costs.
- Exchange rate US\$/ A\$ of 0.77 and ZAR/ US\$ of 15.50;

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

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

The 0.5 million bulk cubic metre per annum Lulo alluvial mine and 1.6 million tonnes per annum (“Mtpa”) Mothae kimberlite mine both produce large and high-value diamonds, with >75% of revenues generated from the recovery of +4.8 carat stones.



The Lulo mine has been mining commercially since 2015 and has produced over twenty +100 carat diamonds to date, including a 404 carat D-colour Type IIa stone, and is one of the highest average US\$ per carat alluvial diamond producers in the world. Lucapa and its Project Lulo JV partners have also achieved highly encouraging results from their search to discover the primary hard-rock source of the high-value Lulo alluvial diamonds.



The Mothae mine in diamond-rich Lesotho commenced commercial mining in 2019 and has produced five +100 carat diamonds to date, including a 213 carat D-colour Type IIa stone. Lucapa has funded a ~45% expansion in the processing capacity of the Mothae mine, which when ramped up in early Q2 2021 will see capacity grow from 1.1 Mtpa to 1.6 Mtpa.

Lucapa’s Board, management team and strategic investors have decades of diamond industry experience across the globe and right through the diamond pipeline, particularly in extracting value from large and high-quality 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 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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