



LUCAPA COMPLETES ACQUISITION OF THE 4.4M CARAT MERLIN DIAMOND PROJECT

KEY HIGHLIGHTS

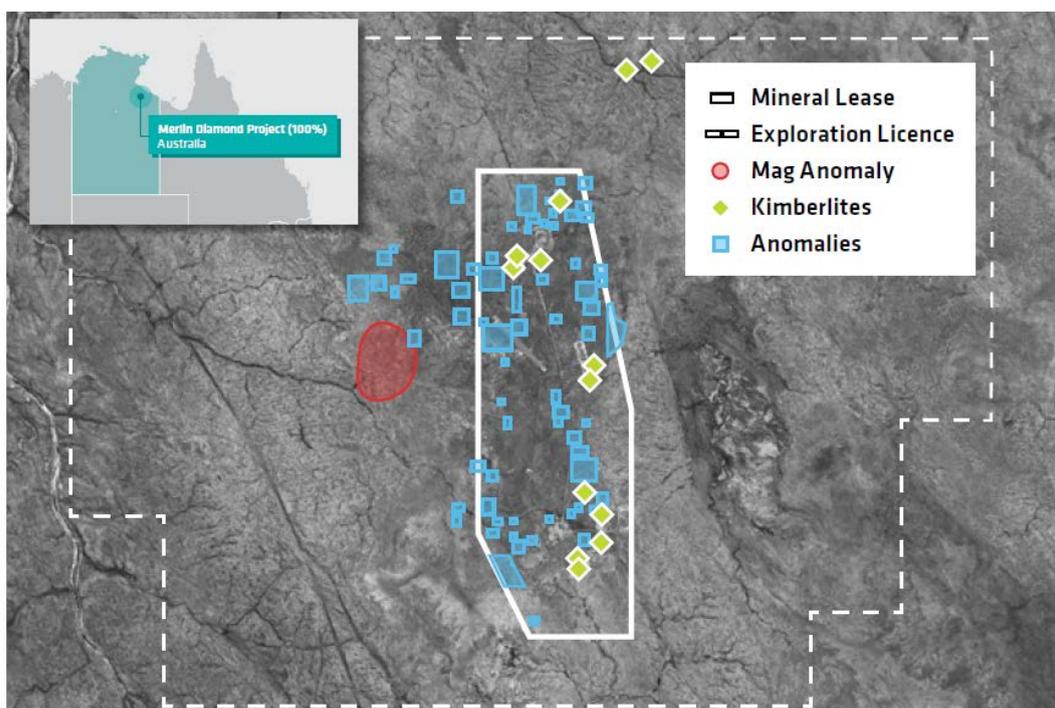
- Lucapa completes acquisition of 100% of Merlin Diamond Project
- A\$8.5 million total consideration now fully settled
- Merlin Scoping Study to be released shortly

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) is pleased to announce the successful completion of the acquisition of the Merlin Diamond Project (“Merlin”) in the Northern Territory of Australia by its wholly owned subsidiary Australian Natural Diamonds Pty Ltd (“AusND”).

AusND has now settled the A\$7.4 million purchase price owing to the Liquidators of Merlin Diamonds Limited (“Liquidators”) to complete the acquisition transaction. The financial security payment of A\$1.1 million in respect of an environmental bond has already been made to the Northern Territory Government (“NTG”) (refer ASX announcement on 18 October 2021 and 24 May 2021).

Under the Asset Sale Agreement (refer ASX announcement 24 May 2021), AusND has acquired the 24km² mineral lease and 283km² exploration licence encompassing the mineral lease. The purchase also includes all existing equipment, infrastructure and assets on the mineral lease and exploration licence.

The mineral lease contains 11 previously discovered kimberlite pipes in three kimberlite clusters with an existing 4.4 million carat JORC 2012 compliant mineral resource. There are two known diamondiferous kimberlites on the exploration licence. Merlin also contains significant exploration upside with over 70 unresolved anomalies where all kimberlite discoveries on the mineral lease and exploration licence are known to be diamondiferous.



Picture: Merlin mineral lease and exploration licence with 13 kimberlites and ~70 anomalies

Lucapa is in the process of finalising a Scoping Study to demonstrate the economics of the planned development and strong potential for the Merlin mine to be a long-life diamond producer.

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All conditions precedent to the completion of the acquisition have now either been satisfied or waived. The assignments of the Native Title Agreements (“NTA”) were unable to be satisfied as contemplated due to Sorry Business in the local community and the latest COVID-19 outbreak delaying the necessary in-person consultations with the Traditional Owners.

The Northern Land Council (“NLC”) has provided a letter of No Objection to the Company and as such, this condition precedent has been waived by Lucapa. Consultations with the Native Title Party and the Local Aboriginal Groups via the NLC will now be sought in 2022, as soon as it is safe to do so.

In addition to the completion of the acquisition, AusND and Legend International Holdings Inc (In Liquidation) (“Legend”) have mutually agreed to terminate the agreements in relation to their buy-back options and milestone payment rights over the Merlin mineral lease and exploration licence.

Managing Director Stephen Wetherall said, *“We are extremely pleased to conclude the strategic acquisition of Merlin and we are thankful to all the Traditional Owners, the NLC, the NTG and Liquidators for working collaboratively with us to finalise the acquisition.*

“The successful development of Merlin will be transformative for Lucapa as the delivery of the Company’s third producing mine will expand our production base and revenues considerably elevating Lucapa into a mid-tier diamond producer. We look forward to releasing the Scoping Study shortly”.

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

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ABOUT LUCAPA

Lucapa Diamond Company Limited is an ASX listed diamond miner and explorer with assets in Africa and Australia. It has interests in two producing diamond mines in Angola (Lulo) and Lesotho (Mothae). The large, high-value diamonds produced from these two niche African diamond mines attract some of the highest prices per carat for rough diamonds globally.

The Lulo mine has been in commercial production since 2015, while the Mothae mine commenced commercial production in 2019.

Lucapa has recently acquired the Merlin Diamond Project in the Northern Territory of Australia. It consists of a 24km² mining lease and a 283km² exploration lease encompassing the mining lease. The mining lease contains 11 previously discovered kimberlite pipes in three kimberlite clusters with an existing 4.4 million carat JORC 2012 compliant resource. There are two known diamondiferous kimberlites on the exploration lease.

Lucapa and its project partners are also exploring for potential primary source kimberlites or lamproites at the prolific Lulo concession in Angola, the Brooking project in Australia and the Orapa Area F project in Botswana.

The Board, management and key stakeholders in Lucapa have deep global diamond industry experience and networks all through the value chain from exploration to retail.

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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