



MOTHAE DIAMOND PROJECT – FUNDING UPDATE

- *Funding package of up to A\$19 million keeps Lucapa on track to develop the high-value Mothae kimberlite diamond mine*

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) is pleased to announce the conclusion of a funding package of up to A\$19 million to fund the acquisition and advancement of the high-value Mothae kimberlite diamond project in Lesotho, southern Africa (“Mothae”).

The funding package includes the underwriting of LOMOA options, a bridging loan and the issue of new options. When combined with the cash repatriated from the Lulo diamond mine in Angola (See ASX announcement 25 May 2017), the funding package leaves Lucapa on track to commence commissioning Mothae in the first quarter of 2018 under a staged, low-risk development plan.

Mothae’s production will complement the high-value production from the Lulo alluvial diamond mine, which delivered the world’s highest average US\$ per carat prices in 2016.

Like Lulo, Lucapa considers Mothae to be a premium-quality diamond asset. Mothae has recovered large and valuable diamonds from historical bulk sampling and is located in the heart of the highest-price cluster of kimberlite diamond mines in the world - within 5km of Letseng (the highest \$ per carat kimberlite mine in the world) and close to the Liqhobong and Kao mines.

Lucapa is able to commit to developing Mothae because the 8.8 hectare kimberlite pipe has been well defined through drilling and trial mining. The trial mining produced more than 23,000 carats of diamonds, which included individual stones of up to 254 carats and Type IIa diamonds which achieved actual sale prices of up to US\$41,500 per carat.

The high-value nature of the resource is also reflected in the independent JORC resource estimate for Mothae of more than 1 million carats of diamonds at a modelled average diamond value of US\$1,063 per carat – the second highest JORC average price per carat in the world.

While the JORC classified resource has been estimated to a depth of 300m, independent (unclassified) modelling of the Mothae kimberlite pipe extends to 500m (See ASX announcement 24 March 2017).



The Mothae kimberlite project in Lesotho -
located in the heart of the world’s highest-price cluster of kimberlite mines

The Mothae funding package comprises:

- A \$9.2 million underwriting agreement with Westar Capital Limited (“Westar”) for the 46.2 million listed A\$0.20 options due to expire on 30 September 2017 (“LOMOA”). Westar will earn a 5% underwriting fee, due at the LOMOA option expiry date, and a 1% management fee, due on signing. Westar’s sub-underwriting agreements were supported by Lucapa’s two largest share and option holders.
- A \$5.5 million six-month secured bridging loan facility (“Facility”) with First Class Securities Pty Ltd. This facility will be used to meet the second acquisition payment of US\$4.1m for Mothae.
- The issue to Westar of 11.6 million unlisted A\$0.35 options (“Fee Options”), expiring 12 months from issue. The Fee Options are expected to be issued around 30 September 2017. If exercised, the Fee Options will generate additional cash proceeds of approximately A\$4.1 million for Lucapa at a time when Lucapa commences the studies for the 2 million tonne per annum Phase 2 development of Mothae.

The funding package, when combined with Lucapa’s existing cash resources (including the cash repatriated from Lulo), will enable Lucapa to meet the staged payment schedule to acquire the Company’s 70% interest in Mothae from the Government of the Kingdom of Lesotho and to further the Phase 1 development.

Under the Phase 1 Mothae development plan, Lucapa plans to process ~2 million tonnes of mainly weathered, near-surface kimberlite material at 720,000 tonnes per annum over the first three years. This material is primarily free-dig, which means it will require limited drilling and blasting. Lucapa will scope the Phase 2 development plan for Mothae once Phase 1 is fully commissioned.

In developing Mothae, Lucapa will also leverage off the significant operating experience its Board and management team have in Lesotho, including at the neighbouring Letseng and Kao mines.

Lucapa continues to advance additional project financing options to complete its development plan and timetable for Mothae, as set out in the ASX announcement of 31 January 2017.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

About Lucapa

Lucapa Diamond Company Limited is a growing ASX listed diamond company with a portfolio of high-quality producing, development and exploration assets in Angola, Lesotho, Botswana and Australia. The Company's near-term focus on high-value diamond production is designed to protect cash flows as pricing in this sector of the diamond market remains robust.

Lucapa's flagship asset is the Lulo Diamond Project in Angola, which produced the highest \$ per carat price of any run of mine diamond production in the world in 2016 and continues to produce some of the largest diamonds on record from that region. Lucapa and its Lulo partners are also well-advanced in their search for the primary source of these large and premium-value alluvial diamonds, with three rigs now available to drill priority kimberlite targets.

In keeping with the Company's growth strategy, Lucapa secured a 70% ownership in the advanced, high-quality Mothae kimberlite project in Lesotho, which is located in the heart of the world's highest-price cluster of kimberlite mines.

Lucapa is also progressing two earlier-stage diamond projects - Orapa Area F in Botswana's Orapa diamond field and Brooking in the West Kimberley lamproite province in Western Australia - where it has established a number of targets which will be drilled this year.

Lucapa's Board and management team have extensive diamond industry experience with companies including De Beers, Rio Tinto and Gem Diamonds. The Company was included in the ASX All Ordinaries Index in March 2017.

Competent Person's Statement

Information included in this announcement that relates to previously released exploration data disclosed under JORC Code 2012. The information has not materially changed since it was last reported and 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 and 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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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 or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.