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## DIAMOND AGREEMENT TO ENHANCE LULO PROFITS

- *Cutting & polishing partnership agreement with Safdico, a subsidiary of leading international jeweller Graff*
- *First share of partnership profits expected this quarter. Additional cutting & polishing revenues, together with production expansion, to grow Lulo diamond revenues and returns*

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Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) is pleased to announce another key advancement in the Company’s cutting & polishing strategy, with Lulo alluvial mining company *Sociedade Mineira Do Lulo* (“SML”) entering into a cutting & polishing agreement with leading diamond manufacturing group Safdico International (“Safdico”).

Safdico is a subsidiary of Graff International (“Graff”), one of the world’s finest high-end jewellery houses. Safdico supplies Graff with some of the most iconic and valuable polished diamonds sold in Graff stores.

Safdico, as a Preferred Buyer, can purchase up to 60% of Lulo’s annual alluvial rough production from SML (Lucapa 40% and operator), as is permitted under Angola’s transformative new diamond marketing regulations.

The Lulo diamonds purchased by Safdico are placed into the cutting & polishing partnership. Once procurement and manufacturing costs are deducted, the profits generated beyond the mine gate from the sale of the resultant polished diamonds are shared equally between SML and Safdico.

To date, Safdico has purchased ~4,900 carats of run of mine rough diamonds from SML under this commercial partnership. SML is due its first share of the partnership profits from Safdico this quarter (Q1 2020).

This new Lulo revenue stream represents another key milestone for Lucapa’s value-adding strategy.

The new revenues streams come as SML completes a self-funded US\$12 million capital investment program designed to expand total group production to >60,000 carats in 2020 (on a 100% basis).

This production increase, coupled with the new revenue streams generated from the cutting & polishing agreement with Safdico, will enable SML to generate higher returns for its partners and make more regular loan repayments to Lucapa.

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 (Lulo) and Lesotho (Mothae).

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 has produced 14 +100 carat diamonds to date and is one of the highest average US\$ per carat alluvial diamond producers in the world. Lucapa and its Lulo partners continue to advance exploration programs which aim to identify the primary kimberlite sources of these exceptional alluvial gems.

The new 1.1 Mtpa Mothae kimberlite mine in diamond-rich Lesotho commenced commercial diamond mining operations in January 2019. It produced > 30,000 carats in its first year of production, including 10 +50 carat diamonds.

Lucapa's Board and management team have decades of diamond industry experience across the globe with companies including De Beers and Gem Diamonds.

## **Forward Looking Statements**

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