



LUCAPA
DIAMOND COMPANY
(ASX: LOM)

A Growing Producer and Explorer
Premium-Quality Diamonds

121 Mining Conference
Cape Town, South Africa
February 2017



A Growing Premium Diamond Mining Company

...Built on a solid track record

- **Producing:** mining large, premium-quality diamonds
 - Lulo, Angola delivered the highest per carat sale prices of any run of mine diamond production in the world in 2016 - US\$2,983
- **Exploring:** Lulo kimberlite exploration program has “game changing” potential
- Asset portfolio boosted with Mothae acquisition:
 - advanced kimberlite project that can be in production in 12 months
 - located in a cluster of mines in Lesotho just 5km from Letšeng, the world’s highest \$ per carat kimberlite diamond mine
 - large, high-value Mothae diamonds complementary fit with Lulo
- Orapa (Botswana) and Brooking (WA) kimberlite exploration projects provide further exploration upside



Corporate Snapshot

...Potential for significant cash in-flows

Current price (A\$ cents) ¹	37.5
Shares in issue (million)	324.9
Listed options on issue (million, LOMOA) ²	46.4
Unlisted options on issue (million) ³	9.9
Market capitalisation (A\$ million, undiluted)	A\$122m
Market capitalisation (A\$ million, diluted)	A\$143m
Cash at bank (US\$ million) ⁴	US\$4.3m
Cash in Lulo mining venture SML (US\$ million) ^{4,5}	US\$14.1m

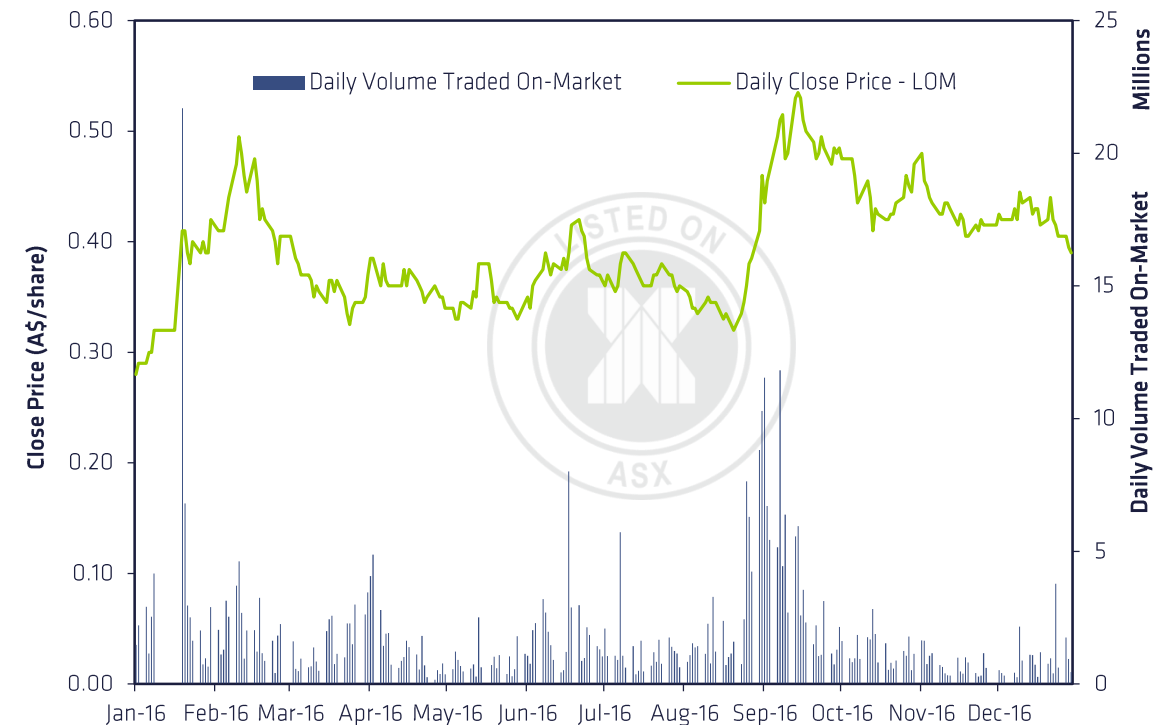
1. As at 3 February 2017

2. 46.4m listed 20c options in issue expiring Sept 2017 (ASX: LOMOA), which will provide A\$9.3m cash to LOM if converted

3. Includes 7m unlisted 30c options owned by management/ board expiring April/May 2017 providing a further \$A2.1m to LOM if converted

4. As reported in December 2016 Quarterly Cash Flow Report

5. LOM operator and 40% equity interest



Board and Management



...Significant weight in diamonds, with the ability to deliver

Miles Kennedy
Non-Executive Chairman

Mr Kennedy has held directorships of Australian listed resource companies for the past 30 years. He was formerly the Chairman of Kimberley Diamond Co, which developed the Ellendale diamond mine in Western Australia before being taken over by London-listed Gem Diamonds. He is Chairman of Marine Produce Australia.

Stephen Wetherall
Managing Director/CEO

Mr Wetherall is a qualified chartered accountant with over 20 years experience in financial and operational management, corporate transactions and strategic planning. He has held senior financial and executive roles with global diamond giant De Beers and Gem Diamonds, where he developed their marketing and manufacturing arms which allowed him to gain an enviable understanding of the diamond industry right through to retail. In his role at Gem Diamonds, Mr Wetherall served as a director of Letšeng Diamonds and gained a valuable understanding of the mining sector in Lesotho.

Gordon Gilchrist
Non-Executive Director

Mr Gilchrist was previously employed by Rio Tinto from 1974 to 2005. He was CEO of Argyle Diamond Mines from 1993 to 2002, and under his leadership Argyle become the largest diamond mine, producing 30% by volume of the world's rough diamonds. He was CEO of Rio Tinto Diamonds from 2002 until 2005 based in Antwerp, Belgium.

Albert Thamm
Non-Executive Director

Mr Thamm has 28 years' experience in exploration and mining project development in Australia, Africa and South America. He was formerly Chief Geologist with the Ellendale diamond mine. Mr Thamm is a Fellow and Chartered Professional of the AIMM and a Fellow of the Society of Economic Geologists (USA). His background covers base metals, gold, iron ore, nickel, diamonds, uranium, coal and industrial minerals.

Nick Selby
Chief Operating Officer

Mr Selby is an extraction metallurgist with 35 years' experience. He began his career with De Beers, where he spent 19 years in a range of technical roles. Mr Selby joined Gem Diamonds in 2005 as group metallurgist, where he was responsible for providing assurance on the metallurgical process and expansion planning at Letšeng. He was also responsible for establishing diamond projects in Angola, Australia, the DRC, the Central African Republic, Indonesia and Botswana.





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Lulo Diamond Mine

Delivered the highest average price per carat of any diamond production in the world in 2016

The Lulo Diamond Mine

...Flagship asset

- A 3,000km² concession in the diamond heartland of Angola – the world's 5th largest diamond producing nation
- One of Africa's most under-developed areas with significant potential for major kimberlite discoveries
- Promoting international investment through an improved Mining Code
- Lucapa has a 40% equity interest and operator of Lulo mining operations in partnership with Endiama and Rosas & Petalas
- Endiama is one of the world's biggest diamond companies with production of 9m carats in 2016



The Lulo Diamond Mine

...Producing large, premium-value diamonds

- “Specials” (>10.8 carats) account for ~30% of diamond weight and 90% of total value
- High proportion of top-tier Type IIa diamonds and fancy colours
- Lulo has produced:
 - The 404 carat “*4th February Stone*” which sold for US\$16 million
 - Five other +100 carat diamonds
 - 39 carat fancy pink diamond
 - Over 30 +50 carat diamonds
 - All from just ~320,000m³ of gravel



The Lulo Diamond Mine

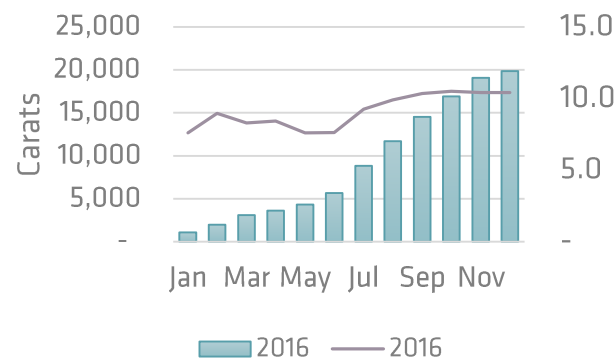


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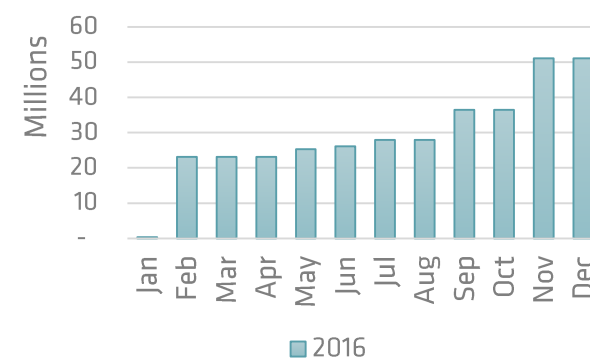
...Growing production + premium prices = strong cash flows

- Lulo mining company (“SML”) has achieved significant increases in mining volumes
- Improved mining methods and plant optimisation have also increased diamond grades
- SML delivered gross diamond sales of **US\$51m in 2016** (up from \$US9.4m in 2015)
- SML diamonds sold at an **average price of US\$2,983 per carat** – the highest run of mine production in the world in 2016
- Strong cash flows increased SML’s cash balance to US\$14.1m

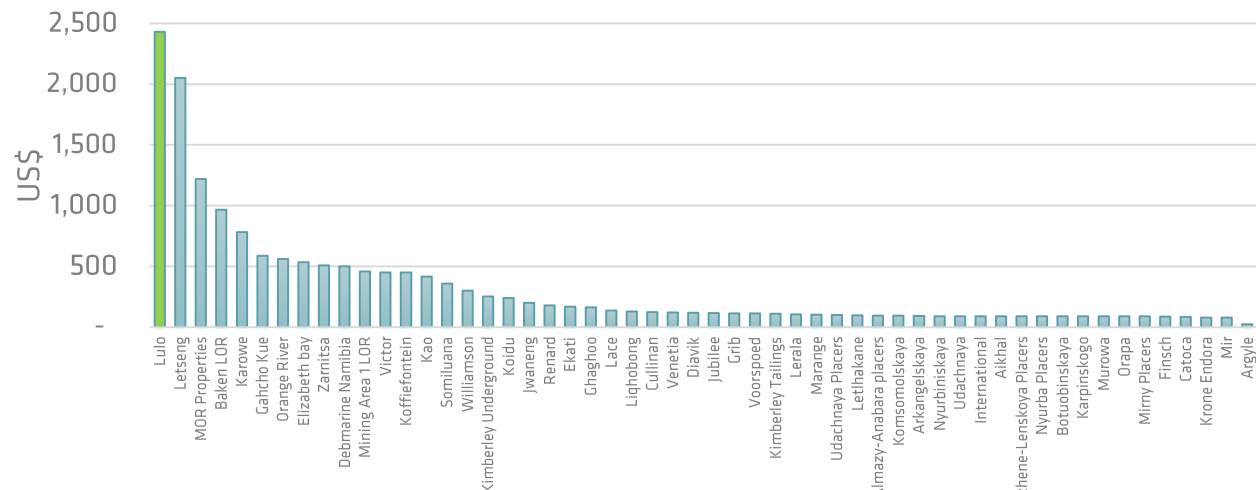
YTD Carats and Grade



YTD Sales (US\$)



Average US\$ Price Per Carat



Average of prices from multiple sources (company releases, analyst research and industry data)



The Lulo Diamond Mine

...Sustaining production and cash generation

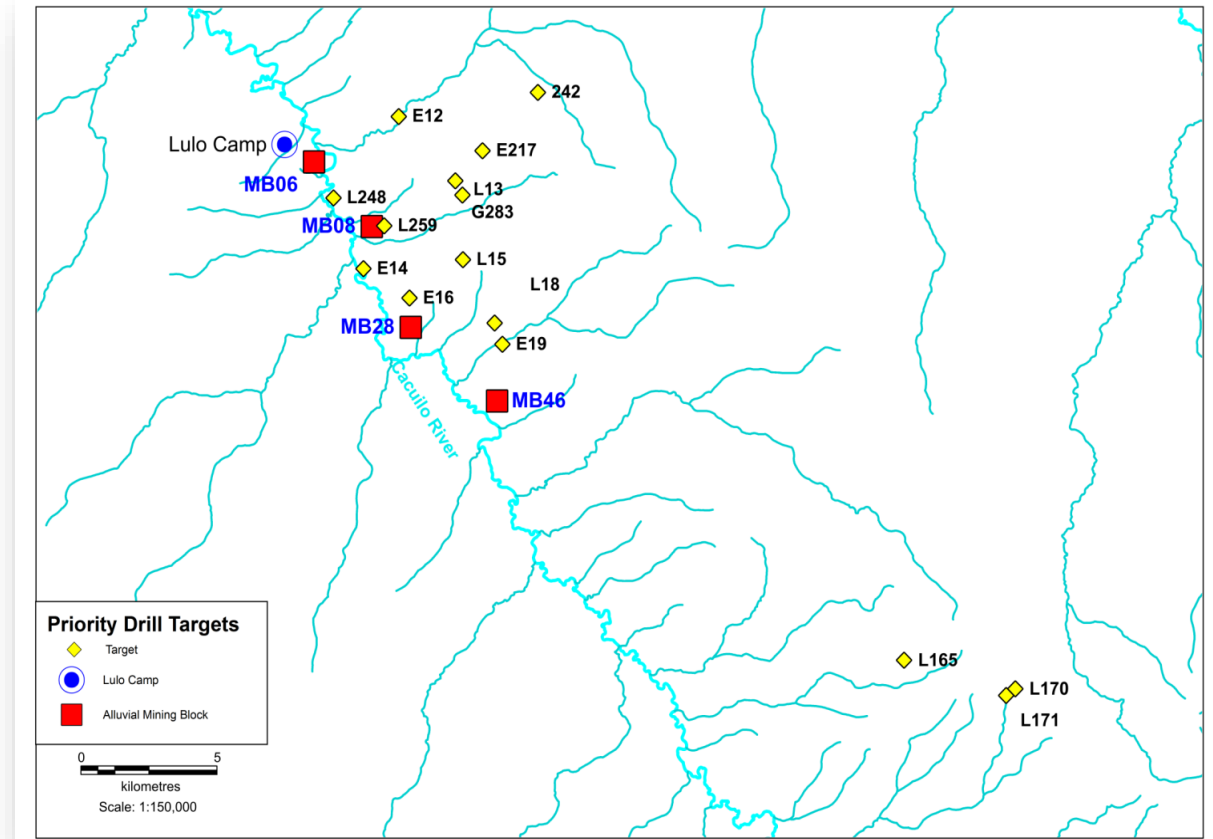
- Plant investment and upgrades including XRT technology, wet front-end and diamond deep boiling facility designed to sustain strong production and cash generation
- XRT technology provides capacity to recover diamonds up to 1,100 carats
- Continued focus on high-value Mining Blocks 8 and 6
- Updated JORC resource scheduled for March 2017 Quarter



The Lulo Diamond Exploration Project

...Kimberlite exploration – the potential “game changer”

- Program based on extensive exploration since 2008
- Targeting the primary kimberlite source(s) of the world’s highest \$ per carat alluvial diamonds
- New 5 year exploration permit awarded
- Drilling programs being accelerated - 2017 will see 3 rigs drilling multiple targets
- Focus on priority areas around alluvial Mining Blocks 8 and 6, where there is strong geological evidence of a proximal kimberlite source



“It appears almost certain that the alluvial diamonds found in the Caculo River valley have been derived from one or more of the local kimberlite sources.” *Diamond expert Manfred Marx, June 2011.*



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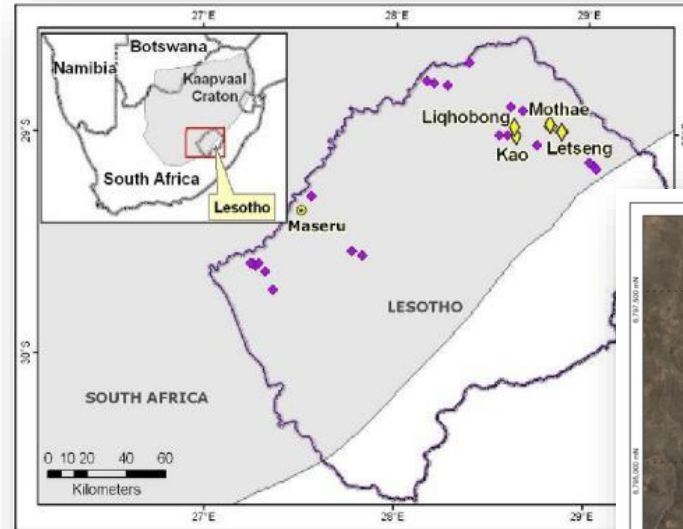
Mothae Kimberlite Project

“There is only one thing better than owning one diamond mine that produces large, high-value diamonds – and that is owning two.”

Location, Location, Location...

...Next to the world's richest kimberlite diamond mine

- Lesotho is an independent Kingdom surrounded by South Africa, and one of the best quality diamond producing countries in the world
- Mothae located just 5km from Letšeng – the highest \$ per carat kimberlite mine in the world (*Gem Diamonds LSE – US\$203m*)
- Close to 3 other kimberlite mines including Lihobong (*Firestone Diamonds LSE – US\$182m*) and Kao



The Mothae Kimberlite Project

...Landmark acquisition for Lucapa

- Lucapa has acquired 70% of Mothae following an extensive international tender process
- Acquired from the Government of the Kingdom of Lesotho (“GOL”), which retains 30% ownership
- Lucapa’s operating prowess and track record at Lulo were critical factors in securing Mothae



The Mothae Kimberlite Project

...Competitive tender process – competitive acquisition price

- GOL to issue a new 10 year mining licence - with automatic right of renewal
- Staggered \$US9m consideration payments:
 - US\$0.4m on execution
 - US\$4.1m within 60 days
 - US\$4.5m over the following 8 months
- Acquisition includes all on-site infrastructure with historical spend of ~US\$36m
- Funding from combination of existing cash, anticipated Lulo distributions, in-the-money option conversions, financing or equity



The Mothae Kimberlite Project

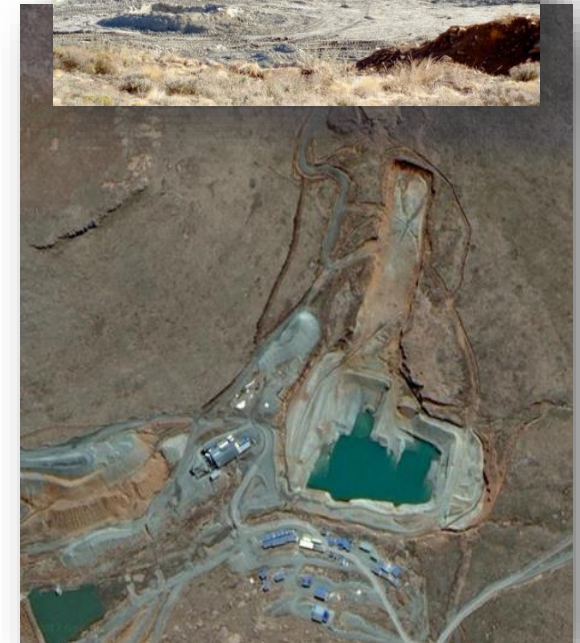
...Advanced kimberlite project

- A well-defined 8.8ha diamondiferous kimberlite pipe
- Extensive drilling, bulk sampling and trial mining already completed
- Independent NI43-101 compliant resource of >1m carats released in 2013
- Experts engaged to convert resource to JORC 2012 standards

Classified Mothae Kimberlite NI 43-101 Resource as at 28 February 2013

Classification	Tonnes (m)	Grade (cpht)	Carats contained (millions)
Indicated	2.39	3.0	0.07
Inferred	36.57	2.7	1.00
Total	38.96	2.7	1.06

Note: The MSA Resource estimate is a foreign estimate and is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the foreign estimate as mineral resources in accordance with the JORC Code and it is uncertain that following evaluation and/or further exploration work that the foreign estimate will be able to be reported as mineral resources in accordance with the JORC Code.



The Mothae Kimberlite Project

...Recoveries include large, premium-quality and Type IIa diamonds

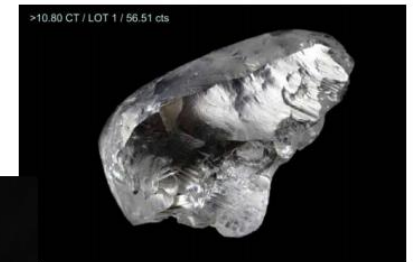
- > 21,000 carats of diamonds recovered from trial mining at Mothae and sold for prices up to \$US41,500 per carat
- Proven large stone population
 - 254 carat boart diamond
 - 84 carat octahedron diamond (broken)
 - 56 carat Type IIa - sold for US\$1.7m
 - 29 carat Type IIa - sold for US\$1.2m
 - 14 carat Type IIa - sold for US\$0.4m
 - 96 diamonds of more than 10 carats
- Global market for large high-value diamonds like those from Mothae and Lulo remains robust

Table 6: Value of +10ct Size Fractions as at September 2012

	Sale 001 (Mar-2011)		Sale 002 (Dec-2011)		Sale 003 (Sep-2012)		TOTAL	
	Carats Sold	Avg \$ per carat	Carats Sold	Avg \$ per carat	Carats Sold	Avg \$ per carat	Carats Sold	Avg \$ per carat
+20ct	360	\$5,983	224	\$15,216	223	\$1,069	807	\$7,196
10ct - 20ct	480	\$3,749	239	\$2,609	242	\$1,918	961	\$3,005
	840	\$4,706	463	\$8,720	465	\$1,512	1,768	\$4,918



84ct Type Ia recovered in two pieces



56.5ct Type IIa – Sold for \$ 2.09M (\$ 37,019 per carat)



13.8ct Type IIa – Sold for \$ 530,400 (\$ 43,000 per carat)



3gr Run-of-mine



28.9ct Type IIa – Sold for \$ 1.65M (\$ 57,113 per carat)

Sold under previous owner - Pictures (only) reflect Canadian \$ amounts



The Mothae Kimberlite Project



...Phased development - low capital, low risk, early pay-back

■ Phase 1

- Targeting early cash flows within 12 months
- Capital cost of US\$12m to optimise plant feed, XRT technology and upgrade capacity
- Plant capacity 720,000 tonnes per annum
- Targeting ~2m tonnes weathered material over 3 years
- Reduced mining costs – “free-digging” weathered material to 55m depth (limited drilling/blasting/waste stripping)
- Will provide metallurgical data, diamond grade & value information at deeper levels to optimise Phase 2

■ Phase 2

- Larger scale development targeting ~2m tonnes per annum of unweathered open-pit material to ~255m depth

	Historical Exploration/Trial Mining/Bulk Sampling Actual	Phase 1 Plan	Phase 2 Plan
Development Capital Invested/ Planned	US\$36m	~US\$12m	1
Actual/ Planned Plant Capacity (tph)	75	100	300
Effective Plant Capacity (tonnes per annum)		720k	2m
Plant Bottom Cut Off Screen Size (mm)	-2.0	3.0 ²	3.0 ²
Actual Recovered Grade During Sampling (cpht)	3.88		
NI43-101 Resource Grade (cpht)		3.0 ³	2.7 ³
NI43-101 Resource Classification Targeted³		Indicated ³	Inferred ³
Mining Method		Open pit “Free dig” Limited drill and blast	Open pit Conventional drill and blast
Depth Of Pit At End Of Phase (metres below ground level)		~55m	~255m



Development Points of Difference

...Key differences in Lucapa's Mothae development strategy

1. Scale: Previous plans to develop Mothae primarily based on large-scale, very high capital cost studies. In contrast, Lucapa's phased development strategy is a **smaller, low-risk, staged development**, to achieve production and cash flows within 12 months
2. Exchange rate: The economic feasibility of developing Mothae is highly sensitive to exchange rates. The South African Rand/Maloti has devalued by ~60% against the US\$. This has significantly improved the economics of Mothae
3. Operating knowledge: Lucapa's board and management have significant experience in Lesotho, including at Letšeng, and developing African mining projects

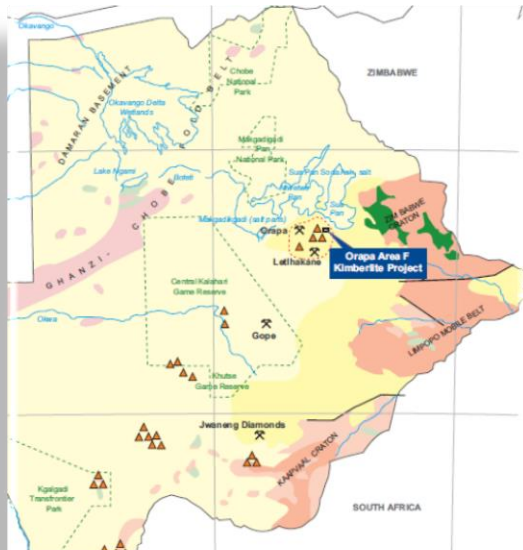


Lucapa's Other Diamond Projects

...Kimberlite exploration in known diamond provinces

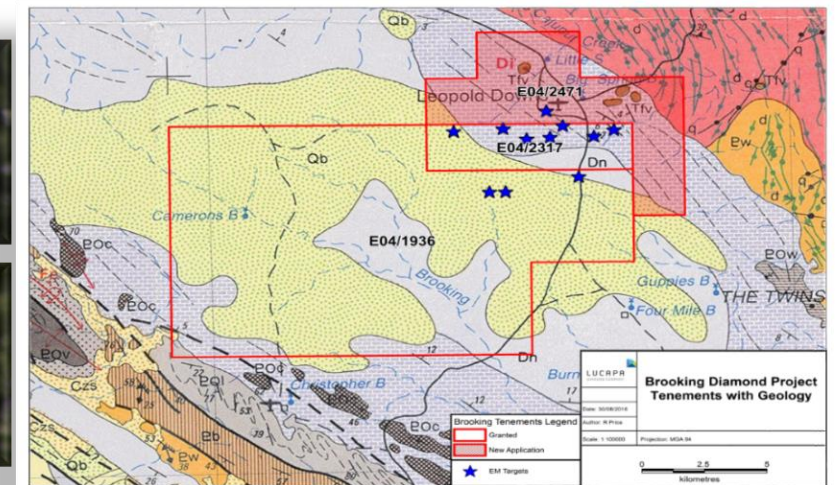
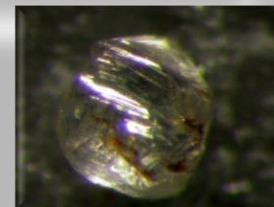
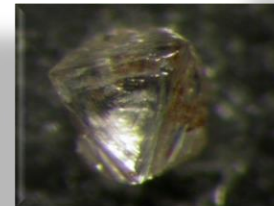
Botswana

- Orapa Area F licence within ~40km of the Orapa diamond field in Botswana
- Well-defined coincident magnetic anomaly defined
- Drilling planned to commence in June 2017 Quarter



Western Australia

- Brooking within ~40km of Ellendale, which once produced >50% of the world's fancy yellow gems
- Pipeline of priority drilling targets defined
- Drilling planned to commence in June 2017 Quarter

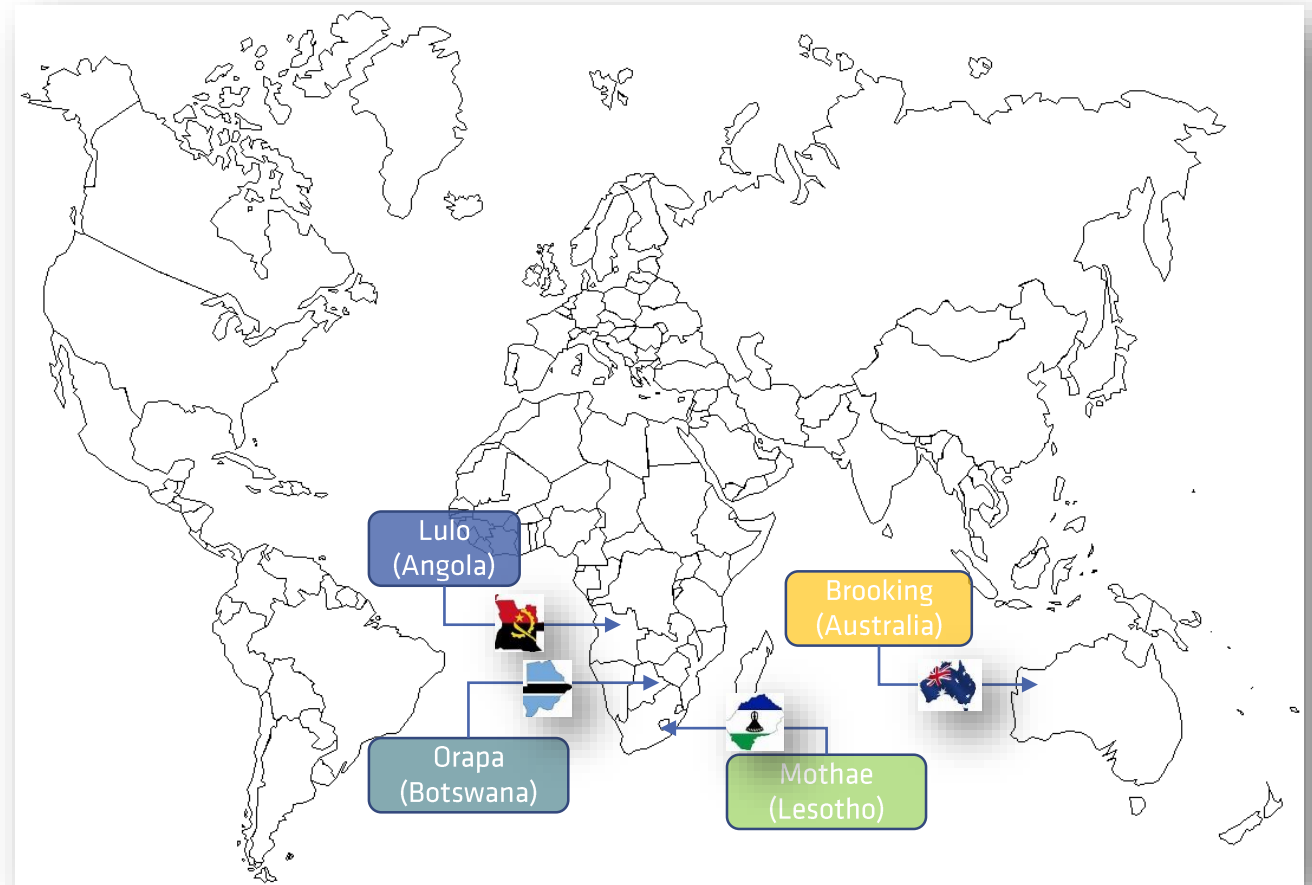


Lucapa Diamond Company



...A high-quality diamond producer with a strong growth outlook

- Lucapa has built a strong and diversified portfolio of high-quality assets in known diamond countries to deliver cash flows and long-term growth
- Lucapa has a strong management team with in-country experience to deliver its growth plans
 - Alluvial production from **Lulo** delivering strong cash flows through consistent recoveries of large and premium-value diamonds
 - An advanced Lulo **kimberlite exploration** program which represents a potential “game changer”
 - An advanced kimberlite project at **Mothae** which can be producing large and premium-value diamonds within 12 months
 - Priority targets identified for drilling at the exciting **Brooking** and **Orapa Area F** projects



Forward-Looking & Competent Person's Statements



Forward-Looking Statements

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No New Information

To the extent that this presentation contains references to prior exploration results which have been included in previous ASX 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 prior relevant market announcements.

Competent Person's Statement

Information in this Presentation that relates to exploration targets, exploration results, mineral resources or ore reserves is based on and fairly represents information and supporting documentation prepared and compiled by Mr Albert Thamm who is a Fellow 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 consents to the inclusion in this Presentation of the matters based on this information in the form and context in which it appears.