



LUCAPA
DIAMOND COMPANY
(ASX: LOM)

Premium Quality Diamonds

Production Exploration Growth

*Euroz Rottnest Institutional Conference
March 2017*



A Growing Premium Diamond Company

...Production, exploration and growth in high-value diamonds

- **Production:** Lulo alluvial mine in Angola consistently producing large and premium-quality diamonds
 - US\$51m in sales in 2016 at US\$2,983 per carat – highest average \$ per carat prices in the world in 2016
 - US\$11m in sales in 2017 to date at US\$2,370 per carat
 - Overall Lulo sales > A\$100 million – high profit margins
- **Exploration:** Established kimberlite exploration program has “game changing” potential at Lulo
 - Drilling also planned at Lucapa’s exploration projects in Botswana and Australia
- **Strong Growth:** Advanced Mothae kimberlite development project in Lesotho. History of producing large, high-value diamonds and can be in production in 12 months



Corporate Snapshot

...Potential for significant cash in-flows

Current price (A\$ cents) ¹	36.5
Shares on issue (million)	324.9
Listed options on issue (million, LOMOA) ²	46.4
Unlisted options on issue (million) ³	9.9
Market capitalisation	A\$118m
Cash at bank (US\$ million) ^{4,5}	US\$4.3m
Cash in Lulo mining venture SML (US\$ million) ^{4,5,6,7}	US\$14.1m

1. As at 14 March 2017

2. 46.4m listed 20c options expiring Sept 2017 (ASX: LOMOA) - **A\$9.3m** to LOM if converted

3. Includes 7m 30c Board/management options expiring April/May 2017 - **A\$2.1m** to LOM if converted

4. As reported at 31 December 2016

5. **US\$8m** capital repayment/distribution declared in March 2017 - LOM's 70% share **US\$5.6m**

6. Excludes **~US\$11m** from diamond sales in 2017 to date as well as inventory including high-value 62 carat and 65 carat diamonds

7. LOM is the operator and 40% equity owner

8. Included in ASX All Ordinaries Index effective 20 March 2017



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Global Exchanges

Australia (ASX: LOM)⁸

Germany (FSE: NHY)

Board and Management

Miles Kennedy (NE Chairman)

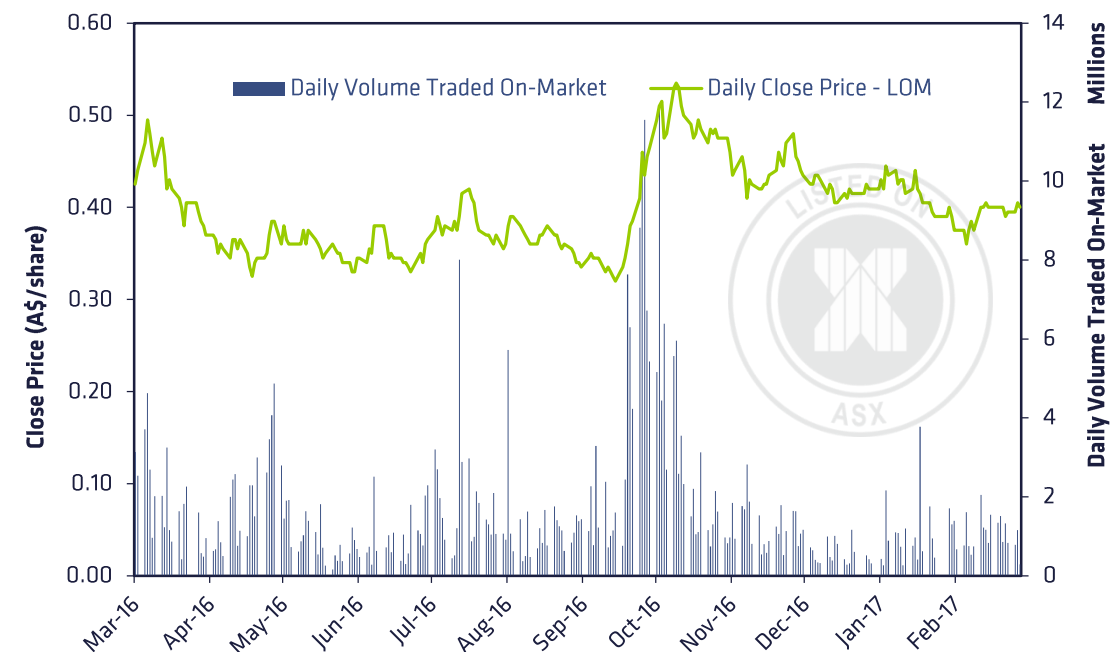
Gordon Gilchrist (NE)

Stephen Wetherall (MD)

Albert Thamm (NE)

Nick Selby (COO)

Johan van Wyk (FM)





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Lulo Diamond Mine

Delivered the highest average price per carat in the world in 2016

The Lulo Diamond Mine

...Cornerstone asset

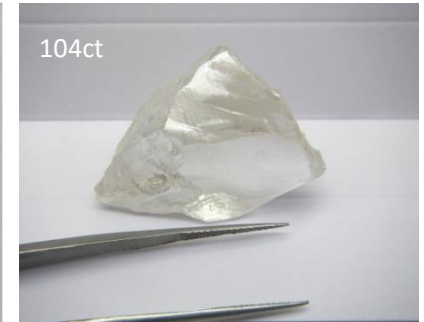
- A 3,000km² concession in the diamond heartland of Angola – the world's 5th largest diamond producing nation
- One of Africa's most under-developed areas with significant potential for major kimberlite discoveries
- Promoting international investment through an improved Mining Code
- Lucapa has a 40% 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 90% of total value
- High proportion of top-tier Type IIa diamonds and fancy colours
- Lulo has already produced:
 - The record 404 carat *4th February Stone* which sold for US\$16m
 - 227 carat Type IIa D-colour gem
 - 5 other +100 carat diamonds
 - 39 carat fancy pink diamond
 - US\$51m sales in 2016 at US\$2,983/carat
 - US\$11m sales to date in 2017 at US\$2,370/carat
 - Overall sales > A\$100m



The Lulo Diamond Mine

...Strong cash generation – high profit margins

- Net **US\$5.9m** returned to Lucapa from Lulo in March 2016 from sale of 404 carat diamond
- US\$8m distribution/capital repayment declared by Lulo in March 2017. Lucapa's share **US\$5.6m**
- Strong 2017 sales and diamond recoveries to date enhances prospect of further Lulo distributions/capital repayments:
 - Lucapa entitled to 70% share until ~**US\$33m** capital investment in Lulo repaid
- High profit margins:
 - 2016 revenue per m³ = **US\$288**
 - 2016 cash operating costs per m³ = **US\$82**
 - 2016 total operating costs per m³ = **US\$121** (including non-cash items)



The Lulo Diamond Mine

...Sustaining production and cash generation



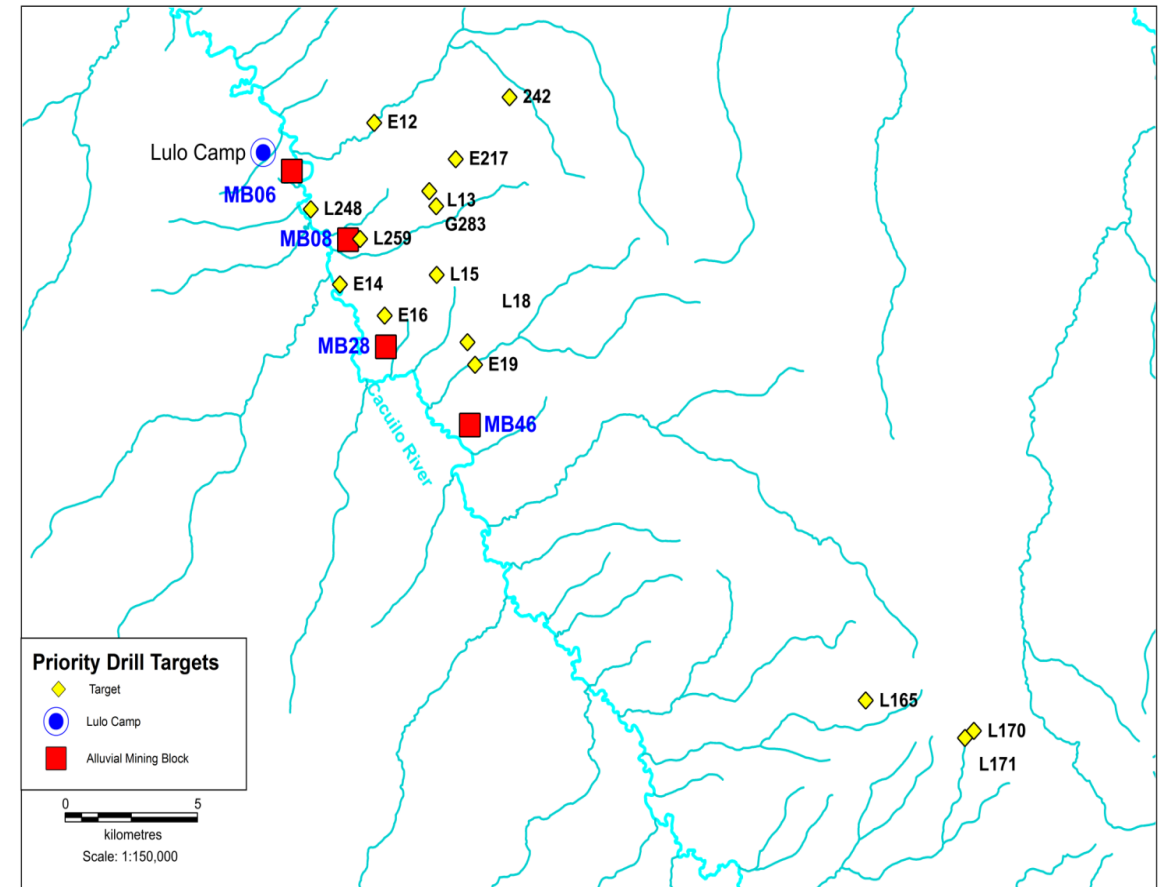
- Plant investment and upgrades including XRT technology, wet front-end and diamond deep boiling facility designed to sustain strong production and cash generation
- Recently installed XRT technology provides capacity to recover diamonds up to 1,100 carats. Has already produced 227 carat stone
- Continued focus on high-value Mining Blocks 8 and 6 and new Mining Blocks 28 and 25
- Updated JORC resource scheduled for end of March 2017



The Lulo Diamond Exploration Project

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

- Targeting the primary hard rock source(s) of the world’s highest \$ per carat alluvial diamonds
- Program based on extensive exploration
- New 5 year exploration permit approved. Mineral Investment Contract being finalised
- Drilling program being accelerated – third high-capability rig on site can drill deeper holes
- Helicopter-borne TDEM survey being flown to improve target definition and identify any non-magnetic targets
- Priority focus on large, high-value alluvial diamond areas where strong geological evidence exists 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

Location, Location, Location...

...In diamond-rich Lesotho next to the world's richest kimberlite mine

- Acquiring 70% of Mothae. GOL retains 30%
- Conditions precedent being fulfilled – new 10 year mining licence issued
- In one of the best quality diamond producing countries
 - Within 5km of Letšeng – the highest \$ per carat kimberlite mine in the world – and close to the Lqhobong and Kao kimberlite mines
- US\$9m consideration payable over 10 months:
 - US\$0.4m on execution
 - US\$4.1m within 60 days thereafter
 - US\$4.5m over the following 8 months
- Funding from combination of cash, Lulo distributions, option conversions, financing and/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
- Existing infrastructure
- Independent NI43-101 compliant resource of >1m carats released in 2013
- Resource being converted to JORC 2012 standards (ASX) in March 2017

Classified Mothae Kimberlite NI43-101 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

* Independently prepared by the MSA Group Pty Ltd, 2013

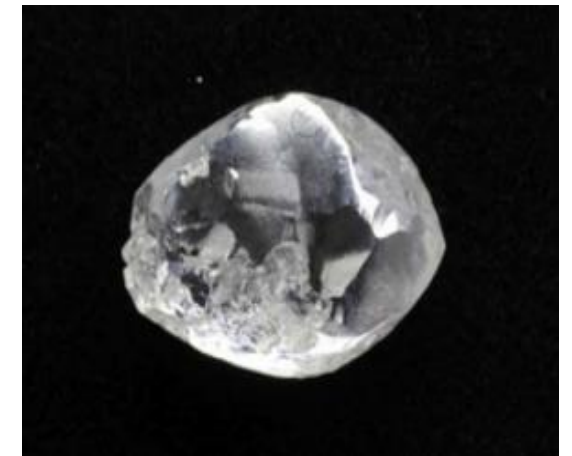
Note: The MSA Resource estimate is a foreign estimate and is not reported in accordance with the JORC Code. A competent person has not done sufficient work to classify the foreign estimate as mineral resources in accordance with the JORC Code and it is uncertain that following evaluation and/or further 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 recovered from trial mining at Mothae and sold for up to US\$41,500 per carat
- Trial mining diamonds included:
 - 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
- Complementary fit with Lulo – focus on large and high-value diamonds, the market for which remains resilient



The Mothae Kimberlite Project

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



Phase 1

- Targeting production in 12 months. Preliminary modelling indicates sufficient free cash flow in first 18 months to repay project funding
- 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-dig” weathered material to 55m depth (limited drilling/blasting/waste stripping)

Phase 2

- Targeting ~2m tonnes per annum of unweathered open-pit material to ~255m depth



	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 Targeted ³		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

¹These inputs will be the subject of a Scoping and/ or Feasibility studies to be conducted during Phase 1 mining.

²The Bottom Cut Off Screen Size will be higher than the resource BCOS of 2mm. This is considered more efficient to treat the finer weathered material. As a result, a lower grade is expected, however this should also result in a higher average US\$ per carat selling price

³The NI43-101 Resource is being converted to a JORC 2012 compliant resource and published within the March 2017 Quarter.

Mothae: 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, lower-risk, staged development, which can achieve production and cash flows in 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

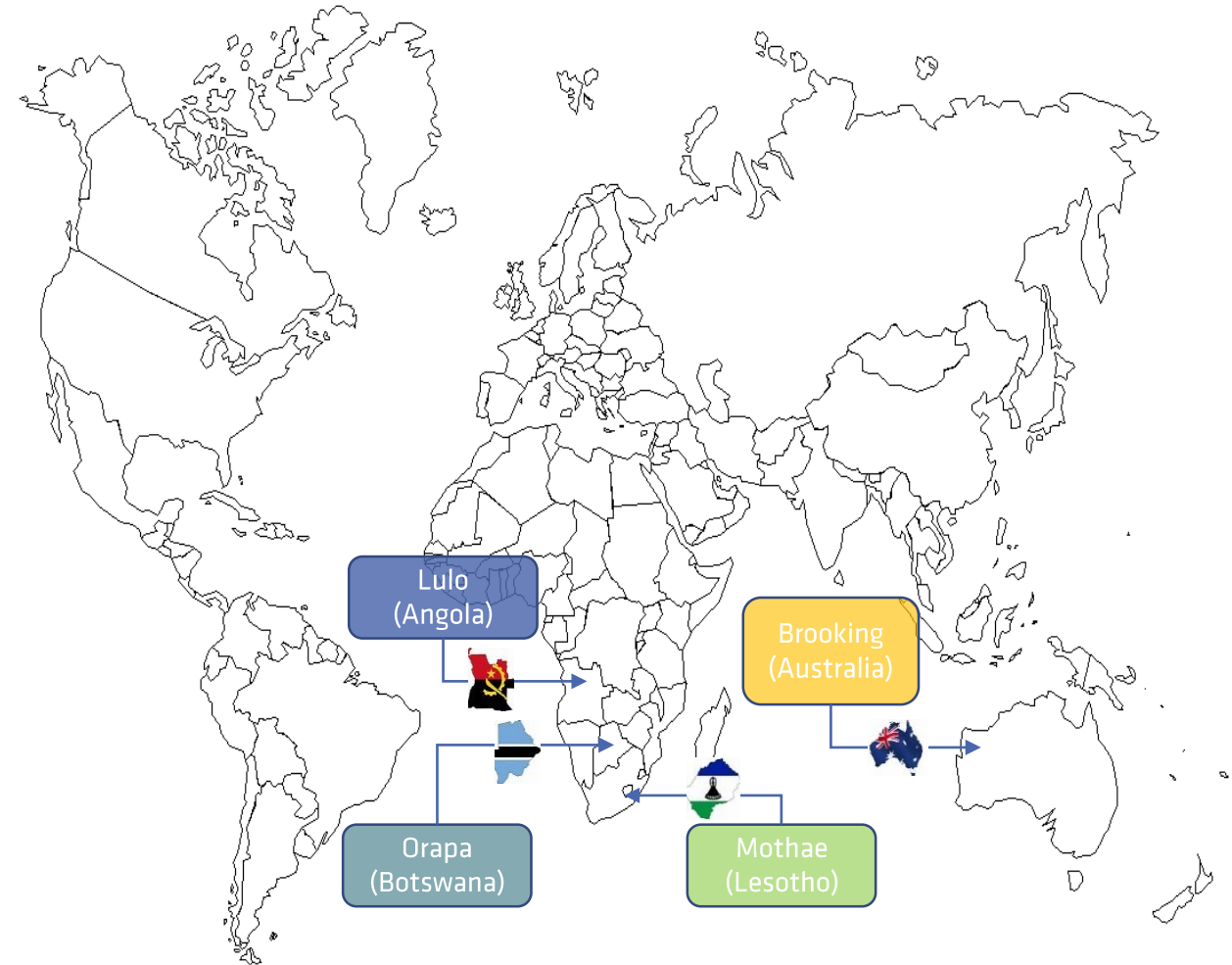


Lucapa Diamond Company



...A high-quality diamond producer with strong growth potential

- Diversified portfolio of high-quality producing and exploration assets in established diamond countries:
 - Alluvial production from Lulo delivering strong cash flows - consistent recoveries of large and premium-value diamonds
 - Established Lulo kimberlite exploration program - represents a potential “game changer”
 - Advanced kimberlite project at Mothae. Historical production of large and premium-value diamonds - can be producing in 12 months
 - Drilling targets identified at Brooking (Australia) and Orapa Area F (Botswana)





Appendices



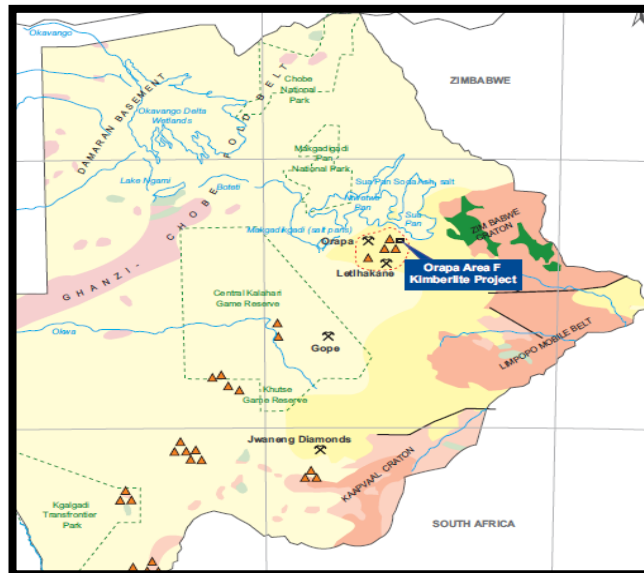
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Earlier-Stage Diamond Projects

...Kimberlite exploration in known diamond provinces

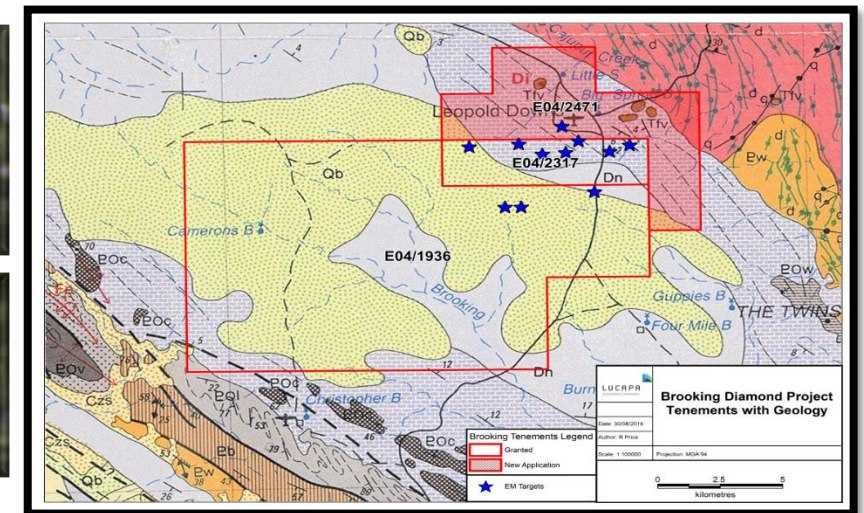
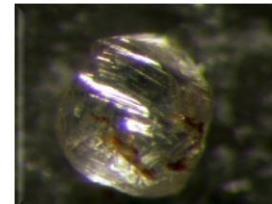
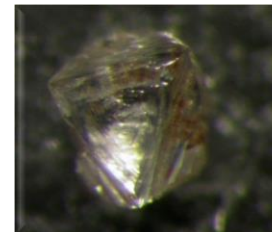
Botswana

- Orapa Area F licence within ~40km of the Orapa diamond field in Botswana
- Well-defined coincident magnetic anomaly
- Drilling planned in June 2017 Quarter
- Results will determine scale of future work



Western Australia

- Brooking within ~40km of Ellendale, which once produced >50% of world's fancy yellow gems
- Drilling targets defined
- Drilling planned in June 2017 Quarter
- Results will determine scale of future work



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 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 almost 30 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

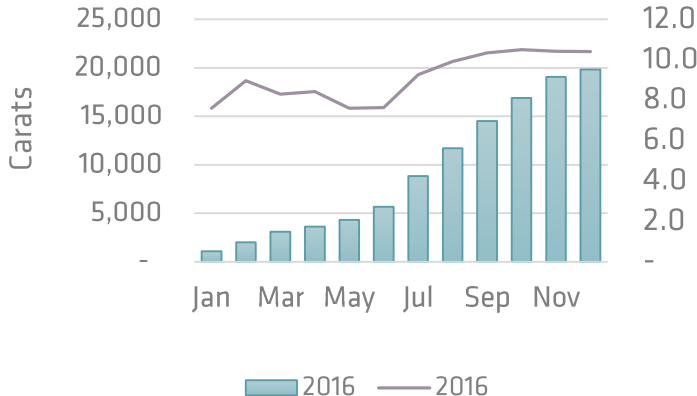
Mr Selby is an extraction metallurgist with 35 years' experience. He began his career with De Beers, where he spent 19 years in a range of technical roles. Mr Selby joined Gem Diamonds in 2005 as group metallurgist, where he was responsible for providing assurance on the metallurgical process and expansion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



2016 Lulo Diamond Production



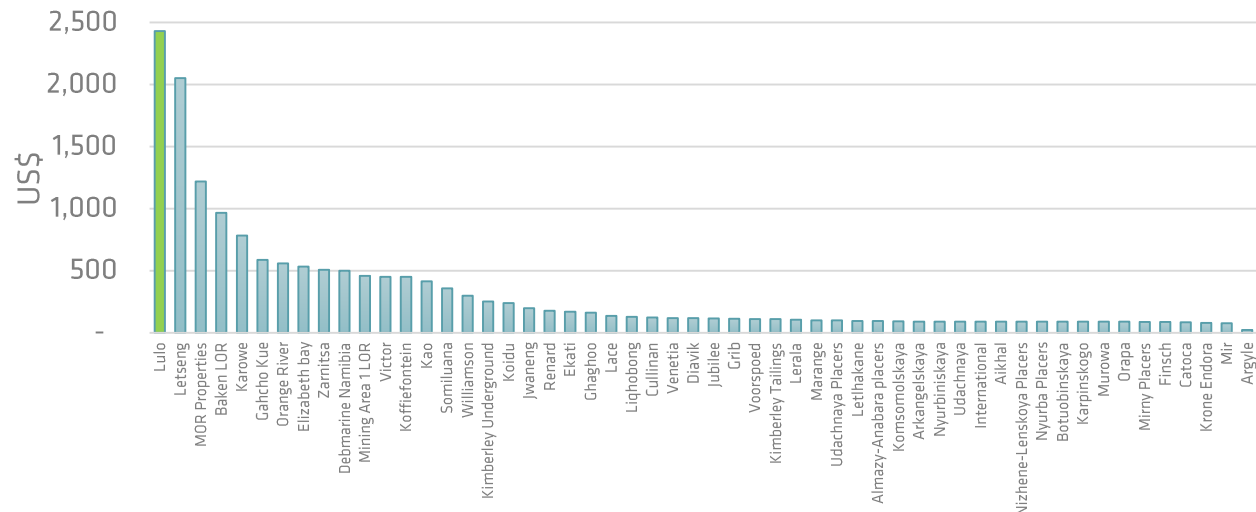
YTD Carats and Grade



YTD Sales (US\$)



Average US\$ Price Per Carat



Average of prices from multiple sources (company releases, analyst research and industry data). Lucapa averages since first sales in 2013.

The 227-carat gem discovered at Lulo.



Lulo delivers second stunner for Lucapa

■ Stuart McKinnon

Lucapa Diamond Company has discovered the second-biggest diamond from its Lulo project a year after finding the biggest stone at the Angolan mine.

The 227-carat gem represents the seventh 100-carat-plus diamond recovered at Lulo and second only to a 404-carat stone discovered on February 4 last year.

The stone also represents the second-biggest diamond ever

recovered in Angola after the February 4 stone and is the biggest diamond recovered by a new XRT large diamond recovery circuit recently installed at Lulo.

Lucapa managing director Stephen Wetherall said he was delighted that after delivering the highest dollars-per-carat prices from run-of-mine diamond production in the world in 2016, Lulo had continued to demonstrate its ability to produce world-class diamonds.

Lulo generated gross diamond

sales of \$70 million in 2016.

"It is fitting that within a week of the anniversary of recovering Angola's biggest diamond, the 404-carat February 4 stone, we have now recovered Angola's second-biggest diamond on record, our 227-carat Lulo gem," Mr Wetherall said.

Mr Wetherall said the recovery of the 227-carat diamond through the company's new XRT circuit also vindicated its investment in the recovery technology, which he said would have more than paid

for itself with the recovery of this stone alone.

The company said it was yet to have the rock valued.

Late last month, Lucapa announced the acquisition of a 70 per cent stake in the Mothae diamond project in the southern African nation of Lesotho for \$US9 million.

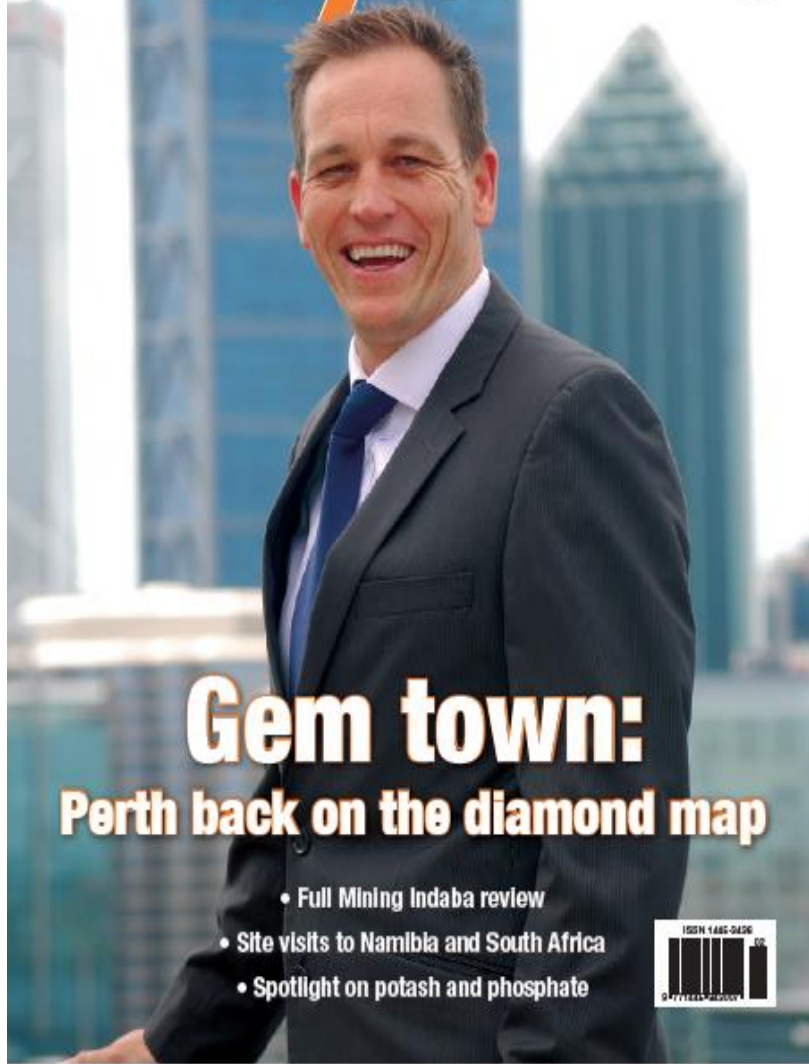
Lucapa is a 40 per cent owner in the Lulo project.

Shares in the company were up 2¢, or 5.33 per cent, to 39.5¢ at the close.

March 2017

VOLUME 6 ISSUE 247 \$11.65

Australia's Paydirt



Gem town: Perth back on the diamond map

- Full Mining Indaba review
- Site visits to Namibia and South Africa
- Spotlight on potash and phosphate



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Clustering of extreme tornado outbreaks p. 1419

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Science

\$15
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AAAS



A GEOLOGIST'S BEST FRIEND

Mantle chemistry and massive diamond formation tie the knot

p. 1403

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.