



LUCAPA
DIAMOND COMPANY
(ASX: LOM)

Chairman's Address

Annual General Meeting - 30 May 2017



Forward-Looking & Competent Person's Statements



LUCAPA
DIAMOND COMPANY

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 included in this report on the Lulo Inferred Alluvial Resource is based on and fairly represents information and supporting documentation prepared, compiled and supervised 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.

Information included in this announcement that relates to the stone frequency, grade and size frequency valuation and validation in the alluvial resource estimate is based on and fairly represents information and supporting documentation prepared and compiled by Sean Duggan (Pri.Sci.Nat 400035/01) and David Bush (Pri.Sci.Nat 400071/00). Messers Duggan and Bush are Directors and employees of Z Star Mineral Resource Consultants (Pty) Ltd, of Cape Town, South Africa. Both hold qualifications and experience such that they qualify as members of a Recognised Overseas Professional Organisation (ROPO) under relevant ASX listing rules. Mr Duggan and Mr Bush have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Duggan and Mr Bush consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.



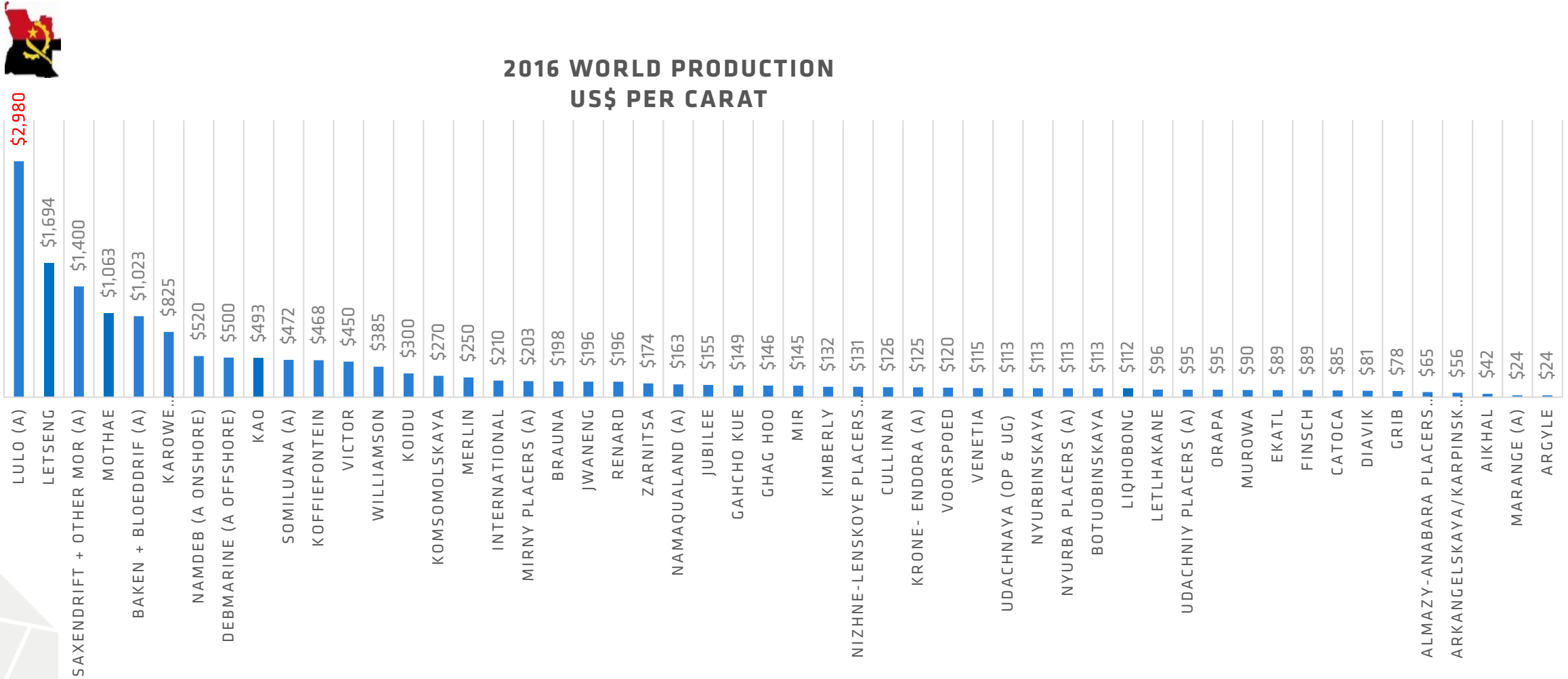
Lucapa - 2016 Achievements

- Lucapa Maiden Profit – US\$2.76 million
- Lucapa Net Assets – US\$53 million
- Lulo Diamond Production (Lucapa 40%):
 - Gross diamond sales up 440% to US\$51m
 - Carats recovered up 136% to 19,832
 - Recovered grade up 54% to 10.5 cphm³
 - Specials (>10.8 carats) recovered up 213% to 269
 - Volumes treated up 68% to 189,334 bcm³



World's Highest Diamond Values

- Lulo delivered the world's highest price per carat production in 2016 of US\$2,983



Strong Cash Generation

- Lucapa 31 December cash balance US\$4.3m
- Lulo mining company SML 31 December cash US\$14.1m
- US\$5.9m returned to Lucapa in March 2016
- US\$5.6m declared to Lucapa in March 2017:
 - A\$3.2m loan repayment repatriated to Australia
 - A\$2.1m loan repayment being processed
 - US\$1.6m allocated to fund Lulo kimberlite program
- Lucapa to receive 70% of future SML cash declared until US\$35.6m loan repaid in full
- Continued strong SML cash generation enhances prospect of further loan repayments



Market Movements

- Lucapa's share price increased 50% in 2016 from 28c to 42c
- Market capitalisation increased 89% from \$72m to \$136m
- Trading liquidity: turnover of 334 million shares in 2016 exceeded issued capital
- Number of individual shareholders increased from ~4,000 to 7,215
- Lucapa 31 December cash balance up from US\$622,000 to US\$4.3 million
- Current quoted share capital 329 million ordinary shares and 46.2 million 20c options (LOMOA)
- Lucapa Board and management have invested >A\$1.05 million in Lucapa in the past month through conversion of options
- Funding package of up to A\$19 million in place for Mothae project - \$5.5m bridging loan received

Growing the Diamond Resource

- Lulo JORC diamond resource increased - even after US\$55m of diamond sales
- Resource continues to infer +4 years of alluvial diamond mining
- Modelled average diamond price up > 50% to US\$1,246 per carat price - significant revenue increase
- Aim is to maintain a rolling inferred mine life of +4 years
- Production rates of >20,000 bcm³ per month achieved during wet season



Classified, Depleted & Reconciled Lulo Alluvial Diamond Resource as at 31 January 2017								
Inferred	Area (m ²)	Insitu volume (m ³)	Grade (stns/m ³)	Cts/stn	Stones	Carats	Insitu grade (cphm ³)	Modelled value (US\$)
Total	1,167,300	606,600	0.07	1.07	45,200	48,200	7.95	\$1,246
Classified, Depleted & Reconciled Lulo Alluvial Diamond Resource as at 31 October 2015								
Inferred	Area (m ²)	Insitu volume (m ³)	Grade (stns/m ³)	Cts/stn	Stones	Carats	Insitu grade (cphm ³)	Modelled value (US\$)
Total	1,187,275	550,200	0.09	1.02	52,100	51,000	9.27	\$806
Notes: cphm ³ : carats per 100 cubic metres; Stns/m ³ : stons per cubic metre								
Special stones are not excluded in the modelling stage, in terms of size or assortment								
Average realised sales may be significantly higher in value than the modelled values shown above								
Bottom screen size: effective -1.5mm								

Reference is made to the Company's ASX announcement of 27 March 2017 titled "Updated Lulo JORC Diamond Resource". All material assumptions underpinning the resource estimate continue to apply and have not materially changed.



Fully Equipped Mine Site

- Lulo diamond plant (including new XRT unit, wet front-end etc) and earth moving fleet are paid for in full
- The extensive Caterpillar/Bell earth moving fleet includes:
 - 2 bulldozers, 7 excavators, 12 articulated dump trucks, 4 front-end loaders, 1 grader, 12 light vehicles
- Other on-site equipment includes:
 - Grove crane, tele-handler, compactor, Hanjin crawler, Hanjin drive rig, Sedidrill rig, Scania 60-seater bus, Mitsubishi 20-seater bud, New Holland tractor, 8 generators, 3 lighting towers etc



Kimberlite Exploration Advanced

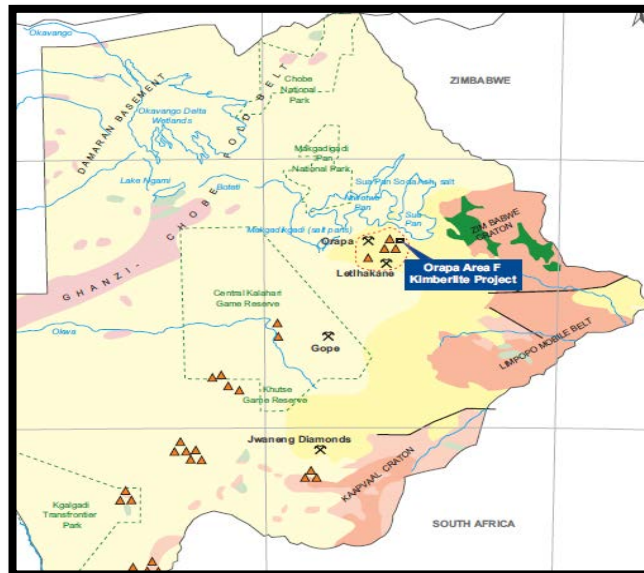
- 5-year extension to Lulo kimberlite exploration licence approved – MIC being negotiated. Funded from alluvial mining cash flows
- Three rigs now available for priority kimberlite drilling program
- Helicopter-borne TDEM survey completed to assist drilling program and identify new targets in priority areas
- Multiple coarse near-surface kimberlite core intersections in priority areas - samples being sent to South Africa for lab analysis



Progress at Other Diamond Projects

Botswana

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

