



LUCAPA
DIAMOND COMPANY

Mothae Diamonds

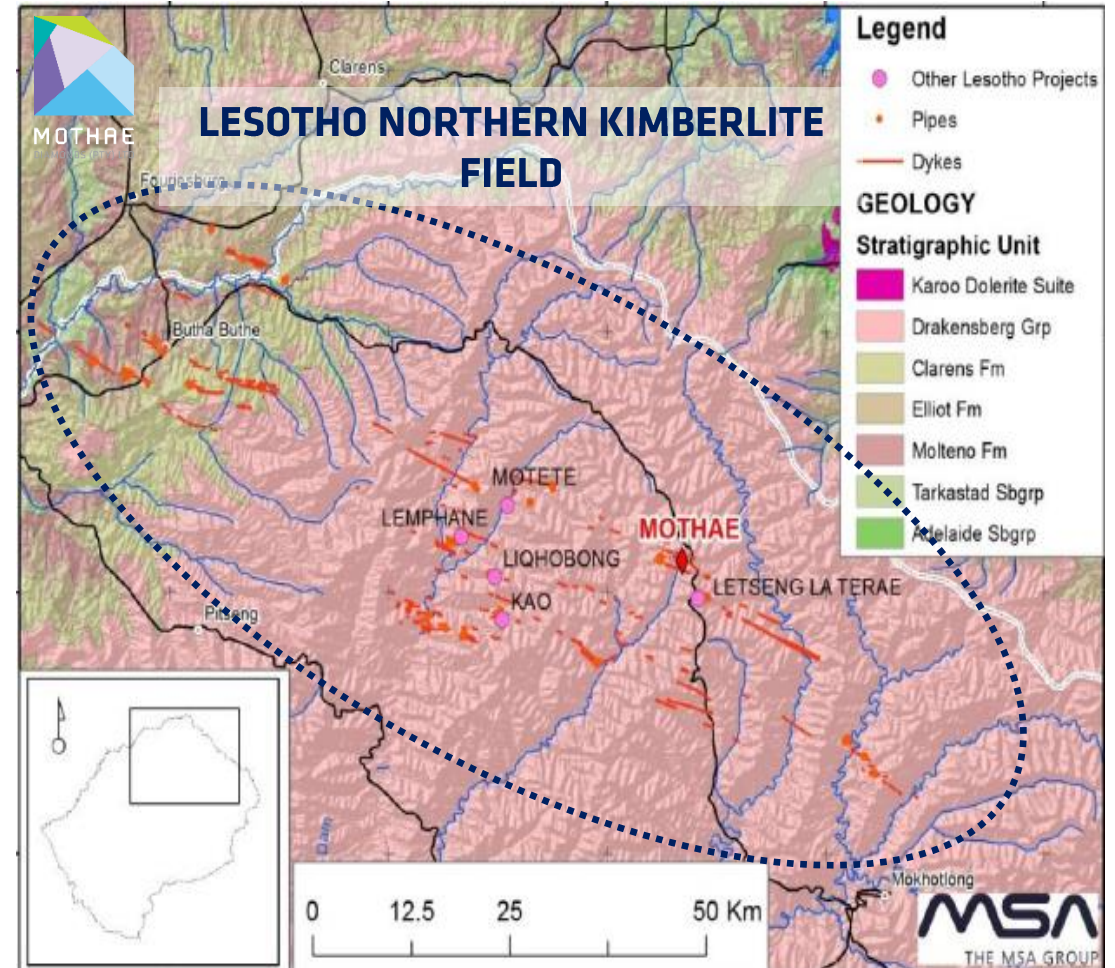
Developing the next diamond mine in
the Kingdom of Lesotho

New Mine Development Plan - October 2017

Mothae Kimberlite Project, Lesotho

...Background snapshot

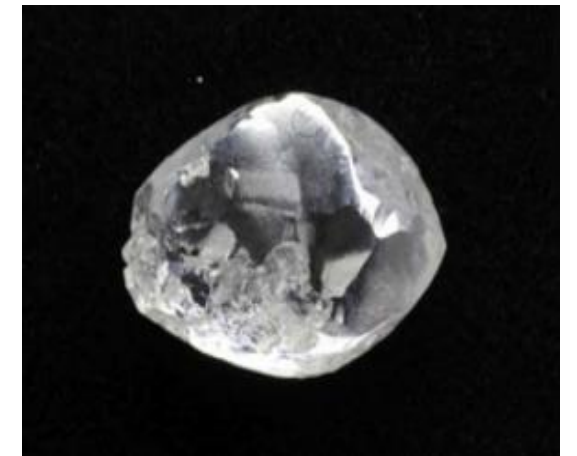
- Lucapa secured 70% of the advanced, high \$ per carat Mothae kimberlite project from the Government of the Kingdom of Lesotho (“GoL” - 30%) for US\$9m
- Located in the heart of the highest-value cluster of kimberlite mines and within 5km of Letšeng – the world’s highest \$ per carat kimberlite mine
- Lesotho has the highest average \$ per carat production for any country in the world
- Mothae is a source of large and premium-value diamonds, the global demand for which remains strong - world’s second highest JORC resource modelled diamond value of +US\$1,000 per carat
- JORC resource of +1 million carats with much upside potential
- New 10 year mining licence awarded (renewable)



Mothae's Diamonds

...Proven source of large and premium-quality diamonds

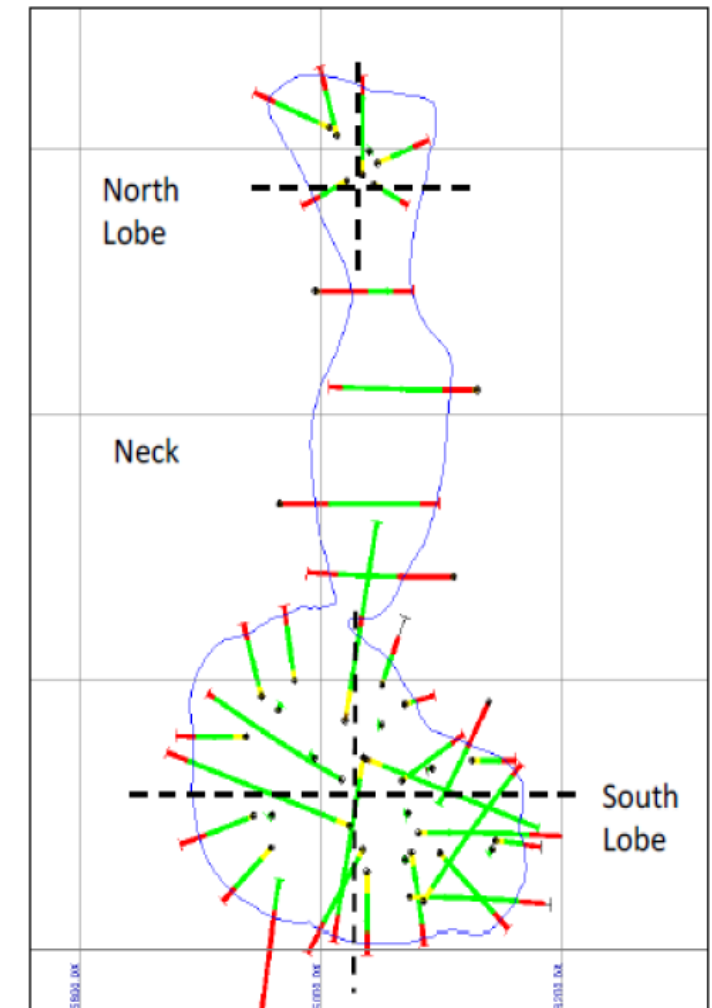
- Extensive trial mining (>600,000 tonnes) has proven Mothae hosts large and valuable diamonds
- 23,400 carats recovered
- Trial mining sales of ~US\$17m; individual diamond prices of up to US\$41,500 per carat
- Trial mining diamonds recovered included:
 - 254 carat boart diamond
 - 82 carat octahedron 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 individual diamonds of more than 10 carats
- Production will complement Lulo high-value premium quality diamond production



New Development Plan

...Overview

- New Mothae mine development plan now based on larger 150 tonne per hour plant and deeper pit design (307m depth)
- New plan set to enhance project economics including targeted production, cash flows and mine life
- Funding in place for US\$17m Phase 1 development capital targeting diamond production in early H2 2018
- US\$15m loan facility secured from Equigold (Simon Lee AO)
- GoL has deferred US\$4.5m in Mothae consideration payments to June 2018



New Development Plan

...Key outcomes of new plan

 MOTHAE DIAMONDS (PTY) LTD	Original 100 tph Plan	New 150 tph Plan	Value Difference	% Difference
Kimberlite mined (m tonnes)	19.5	25.3	+5.8	+29.7
Waste mined (m tonnes)	28.8	37.1	+8.3	+28.8
Stripping ratio (waste:ore tonnes)	1.5	1.5	-	-
Life of mine (years)	12	13.5	+1.5	+12.5
Carats recovered (k carats)	405.5	497.7	+92.2	+22.7
Gross revenues (US\$m)	600.5	776.5	+176.0	+29.3
Net operating cashflows (US\$m)	248.0	312.5	+64.5	+26.0
Capital estimate - Phase 1 (US\$m)	11.9	17.0	+5.1	+42.9
Capital estimate - Phase 2 (US\$m)	78.5	60.5	-18.0	-22.9
Total capital estimate (US\$m)	90.3	77.5	-12.8	-14.2
Project pre financing NPV @ 10% (US\$m)	65.1	85.4	+20.3	+31.2
Project pre financing IRR (%)	36	41	+5	+13.9



New Production Targets & Financial Forecasts



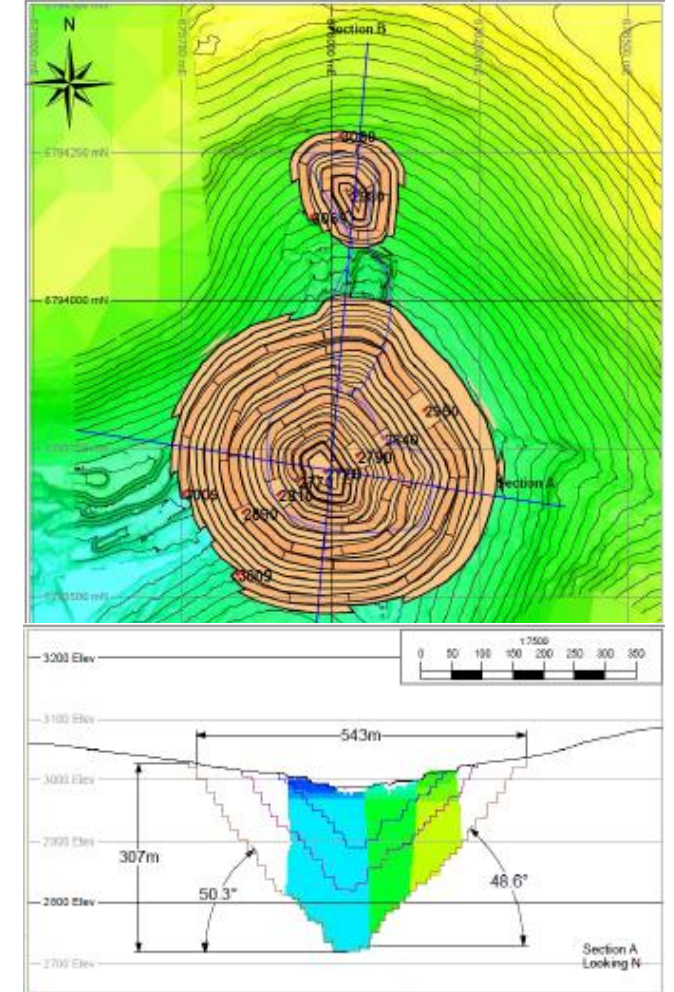
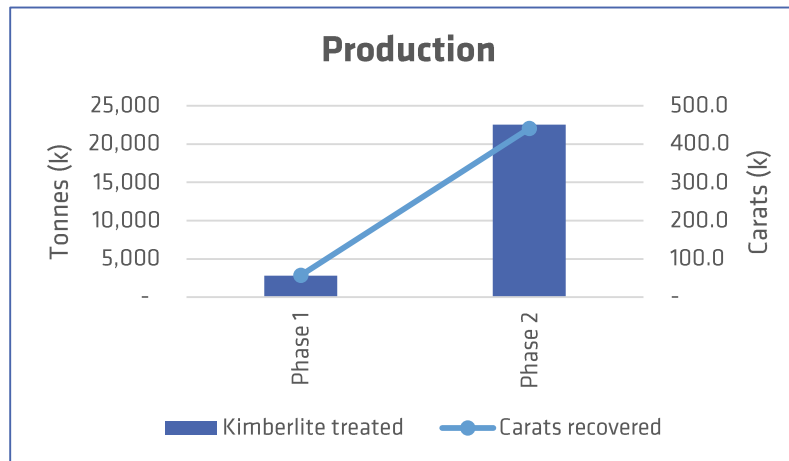
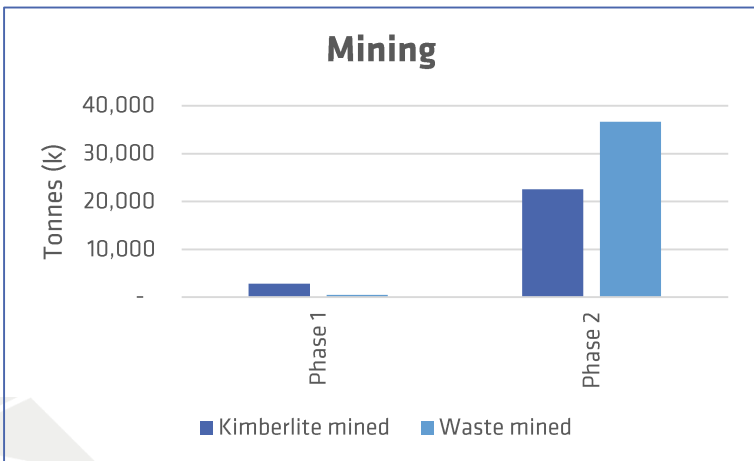
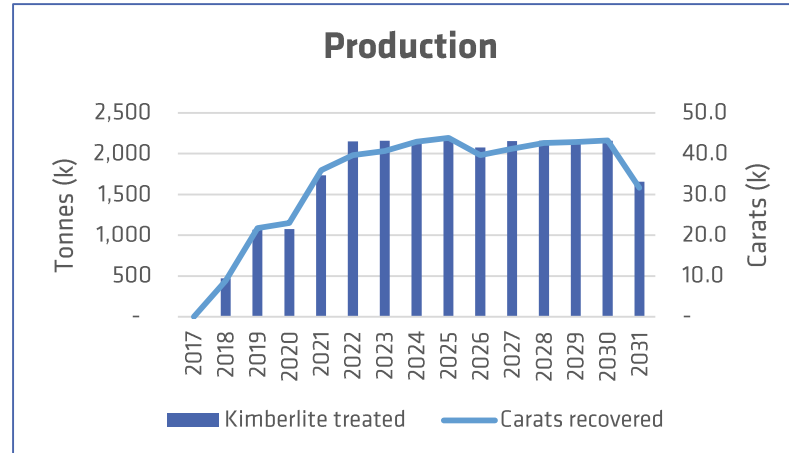
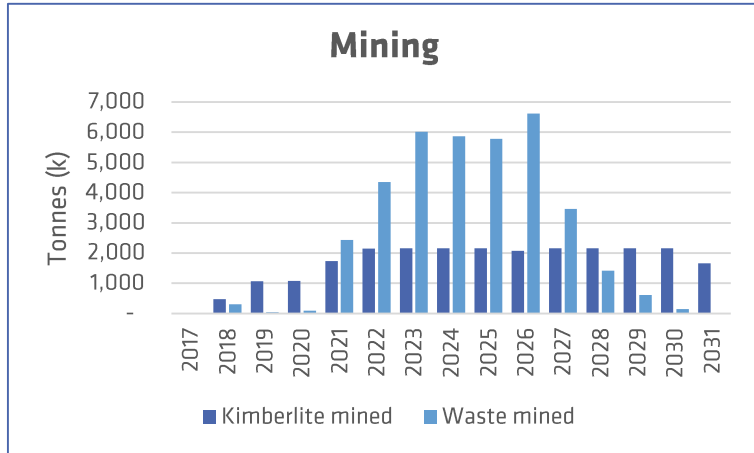
	Unit	TOTAL	Phase 1	Phase 2	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
					Ph 1	Ph 1	Ph 1	Ph 1	Ph 1/2	Ph 2	Ph 2	Ph 2	Ph 2	Ph 2	Ph 2	Ph 2	Ph 2	Ph 2	Ph 2
Kimberlite mined	K tpa	25,337	2,798	22,539	-	472	1,069	1,077	1,733	2,150	2,156	2,157	2,160	2,075	2,154	2,158	2,159	2,160	1,656
Waste mined	K tpa	37,145	510	36,636	-	301	42	96	2,438	4,349	6,020	5,870	5,784	6,619	3,464	1,412	608	143	0
Stripping ratio	Waste/ ore	1.5	0.2	1.6	-	0.6	0.0	0.1	1.4	2.0	2.8	2.7	2.7	3.2	1.6	0.7	0.3	0.1	0.0
Kimberlite treated	K tpa	25,337	2,798	22,539	-	472	1,069	1,077	1,733	2,150	2,156	2,157	2,160	2,075	2,154	2,158	2,159	2,160	1,657
Carats recovered	K carats	497.7	57.4	440.3	-	8.8	21.7	23.0	36.0	39.6	40.6	42.9	43.9	39.6	41.2	42.6	42.9	43.2	31.6
Grade	Cpht	2.0	2.1	2.0	-	1.9	2.0	2.1	2.1	1.8	1.9	2.0	2.0	1.9	1.9	2.0	2.0	2.0	1.9
Carats sold	K carats	496.4	53.5	442.9	-	5.4	21.4	22.8	32.8	40.1	40.3	42.6	43.9	40.4	40.6	42.6	42.8	43.2	37.6
Diamond Price	US\$ per carat	1,564	1,386	1,583	-	1,474	1,497	1,481	1,443	1,277	1,432	1,569	1,619	1,502	1,473	1,581	1,693	1,787	1,896
Operating costs (per tonne treated)	US\$ per tonne	13.5	12.2	13.7	-	15.0	11.4	11.5	11.7	13.3	15.8	16.3	16.8	19.1	14.4	11.5	10.4	9.8	9.9
Revenue escalation			1.0%	1.0%	0.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Gross revenue	US\$ million	776.5	79.6	697.0	-	7.9	32.1	33.8	47.4	51.2	57.7	66.8	71.0	60.7	59.8	67.3	72.5	77.1	71.2
Royalties and marketing costs	US\$ million	54.4	5.6	48.8	-	0.6	2.2	2.4	3.3	3.6	4.0	4.7	5.0	4.2	4.2	4.7	5.1	5.4	5.0
Operating costs	US\$ million	341.9	34.1	307.8	0.2	7.1	12.2	12.4	20.4	28.5	34.2	35.1	36.3	39.7	31.1	24.8	22.4	21.2	16.4
Taxation paid	US\$ million	67.8	-	67.8	-	-	-	-	-	-	2.2	6.6	7.3	4.0	6.0	9.3	11.1	11.4	10.0
Net operating cash flows	US\$ million	312.5	39.9	272.6	(0.2)	0.3	17.6	19.0	23.7	19.1	17.3	20.5	22.5	12.7	18.5	28.5	33.9	39.2	39.8
Capital estimate	US\$ million	77.5	17.0	60.5	6.3	11.7	16.2	27.7	2.7	0.6	0.7	0.7	0.7	0.8	0.6	0.5	0.4	2.8	5.0
- Phase 1 (incl pre-prod o/h)	US\$ million	17.0	17.0		6.3	10.7	-	-	-	-	-	-	-	-	-	-	-	-	-
- Phase 2	US\$ million	60.5		60.5	-	1.0	16.2	27.7	2.7	0.6	0.7	0.7	0.7	0.8	0.6	0.5	0.4	2.8	5.0
Net cash flows (US\$)	US\$ million	234.9	22.9	212.0	(6.5)	(11.4)	1.4	(8.7)	21.0	18.6	16.6	19.8	21.8	11.9	17.9	28.0	33.4	36.4	34.8
Discount factor	%	10%																	
Net present value (US\$)	US\$ million	85.4	15.1	70.3															
Project IRR	%	41%	54%	36%															
A\$/US\$ exchange rate		0.78																	
Net cash flows (A\$)	A\$ million	301.2	29.4	271.8	(8.4)	(14.6)	1.8	(11.2)	26.9	23.8	21.3	25.3	28.0	15.3	23.0	35.9	42.9	46.7	44.6

Mothae Kimberlite Development



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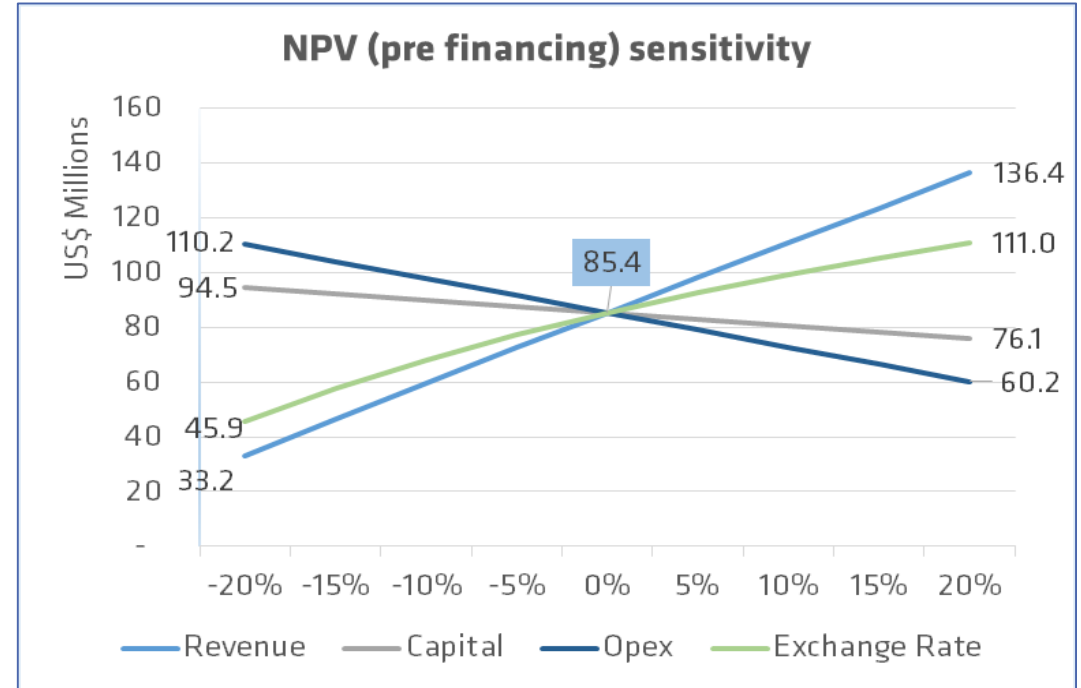
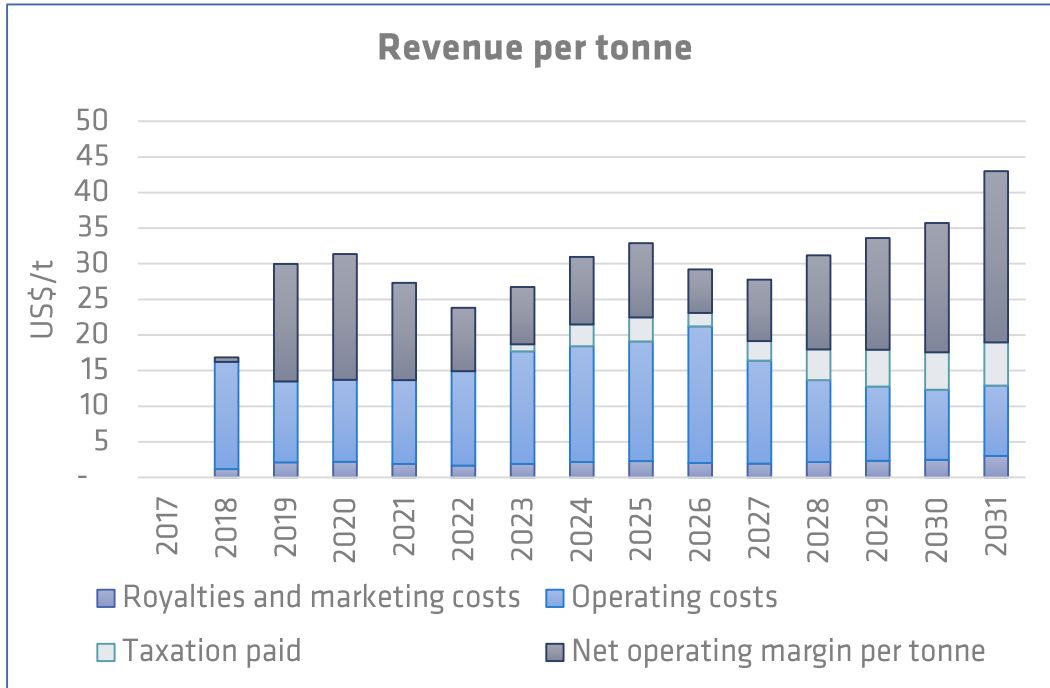
...Physicals



Section of Final Pit and south lobe

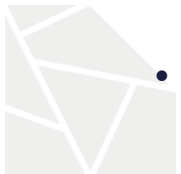
Mothae Kimberlite Development

...US\$ per tonne metrics and sensitivity analysis



* Notes on sensitivities:

- Diamond revenues are generated in US\$. Predominantly, the capital and operating costs are incurred in the local Maloti currency (which is pegged 1 to 1 with the South African Rand). As such, the exchange rate assumed impacts on the financial modelling and returns.
- The exchange rate on 20 October 2017 was M13.67 to US\$1. A more conservative rate of M13.0 to US\$1 has been used by Lucapa in the financial modelling and targets presented. The comparative NPV at the current exchange rate would be US\$92.9m (compared to US\$85.4m).



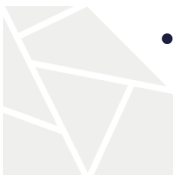
Sensitivities – Net Present Value Range

...Pre financing project NPV (US\$m) at various price escalation & discount factors

Discount Factor	12%	10%	8%
Annual Price Escalation			
0%	55.4	67.8	83.0
1%	70.3	85.4	103.8
2%	86.5	104.4	126.3
3%	103.9	124.9	150.7

Notes on targets and financial modelling:

- Diamond revenues are generated in US\$. Predominantly, the capital and operating costs are incurred in the local Maloti currency (which is pegged 1 to 1 with the South African Rand). As such, the exchange rate assumed impacts on the financial modelling and returns.
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New Production Targets & Financial Forecasts



...Material assumptions

		Phase 1	Phase 2
Capital		Development - US\$17.0m	Development - US\$60.5m (inclusive of rehabilitation cost estimate) Sustaining - 2% of operating cost
Mining	Method	Conventional open-pit. Weathered kimberlite - by free dig load and haul Unweathered kimberlite and waste - by drill, blast, load and haul	
	Ore cost per tonne (treated)	US\$2.4	US\$3.3
	Waste cost per tonne (treated)	US\$0.2	US\$4.9
	Depth cost escalator	-	6% per annum
Treatment	Rate per tonne/ annum	150tph/ 1,080,000 tpa	300tph/ 2,160,000 tpa
	Method	Ore preparation and concentration by two stage crushing, scrubbing, screening and DMS (dense medium separation)	
	Bottom cut off screen size	3.0mm	
	Cost per tonne (treated)	US\$5.9	US\$3.8
Recovery	Method	Diamond recovery and sorting by XRT (X-ray transmission) and XRL (X-ray luminescence)	
	Factor	100% (as based on 600,000 tonne bulk sample and plant derived grades)	
Site services	Cost per tonne (treated)	US\$2.8	US\$1.1
Off mine services	Cost per tonne (treated)	US\$1.4	US\$0.5

Notes: Phase 1 capital spend is scheduled to be repaid predominantly from the processing of Indicated mineral resource (under Phase 1 operations). There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of Indicated mineral resources or that the production target itself will be realised.

New Production Targets & Financial Forecasts



...Material assumptions continued

		Phase 1	Phase 2
Royalty	As a % of revenue	5%	5% (will be reviewed after Phase 1)
Marketing	As a % of revenue	2%	
	Method	Tender and/or auction in international market in the rough	
	Beneficiation	To be considered (no value for cutting and polishing is included in modelling)	
Exchange rate	Maloti (parity to ZAR)	M13.0:US\$1 (current exchange rate M13.67:US\$1)	
	A\$:US\$	A\$1:US\$0.78	
Diamond prices by pit zone	South west	US\$1,798 per carat	
	South centre	US\$963 per carat	
	South east	US\$803 per carat	
	North	US\$1,017 per carat	
Overall diamond prices	Per phase (escalated)	US\$1,386	US\$1,583
	Overall (escalated)	US\$1,564 per carat	
	Cash flow receipt timing	Revenue is modelled to be received 2 months following recovery of diamonds to allow for reporting, exporting, cleaning, tender/ auction and receipt of proceeds	
	Price escalation	1% real escalation	
	Note	The diamond value variance above compared to the Resource statement diamond value of US\$1,063 is due to a 3.0 mm bottom cut off being planned as compared to the 2.0 mm used for the Resource estimation and the price escalation as above	

New Production Targets & Financial Forecasts



...Material assumptions continued

Year	Work performed to date
2008 - 2012	Drilling campaign
	Bulk sampling campaign
2013	NI43-101 Technical Report and Resource estimate completed by MSA (Pty) Ltd
	Preliminary Economic Assessment was completed by ADP Projects (Pty) Ltd
2016 - 2017	Mine planning, including pit optimisation, pit design and mining scheduling, by Foundation Resources (Pty) Ltd in 2016 and MSA (Pty) Ltd in 2017
	Plant optimisation & fixed sum turnkey and EPCM quotations obtained for Phase 1 processing plant received from experienced engineering contractors and Company
	JORC Technical Report and Resource estimate completed by MSA (Pty) Ltd
	Operational, capital budget preparation and optimisation by Company and Foundation Resources (Pty) Ltd
	Environmental audit completed by Sustainability (Pty) Ltd
	Life of mine financial modelling by Company and Foundation Resources (Pty) Ltd
	Diamond price modelling by Foundation Resources (Pty) Ltd

Environmental approvals

Environmental approval for the project was given by the Lesotho Government in 2011. An environmental audit has been completed and a Construction EMP for Phase 1 is underway, incorporating the results of the audit.

Planned timing of project

Construction of 150 tph plant will be completed and hot commissioned early Q3 2018. Infrastructure upgrades have already commenced on site.

New Production Targets & Financial Forecasts



...Material assumptions continued

Power

Phase 1 power has been modelled on diesel generated power with a diesel price of M8.06 per litre. Phase 2 power has been modelled on grid power being connected. The expected capital cost for the grid power connection and operational costs are included in the financial modelling.

Project financing

The Company expects to meet its development expenditure obligations for Phase 1 as and when they fall due from (i) cash at bank (ii) the balance of the proceeds received post September Quarter from the exercised LOMOA options of US\$3.7m (iii) anticipated capital loan repayments and distributions from Lulo and (iv) the recently announced US\$15m financing facility entered into with private Singaporean company Equigold Pte Ltd, (See ASX announcement 9 October 2017). In addition, the Government of the Kingdom of Lesotho has deferred the eight monthly instalments to meet the remaining US\$4.5m consideration payment to now commence in June 2018. Phase 2 financing will be investigated following the results of the Phase 2 studies.

Government and legal

A detailed Share Purchase and Sale Agreement and Mining Agreement has been concluded with the Government of the Kingdom of Lesotho which specifies financial, commercial, legal, social, environmental and human resources aspects of the project. A new 10 year mining licence has been granted to Mothae Diamonds Pty Ltd, which is renewable. As such, there are reasonable grounds to expect that all other necessary environmental and other approvals will be received from Government.

New Production Targets & Financial Forecasts



...Notes to material assumptions

The estimated mineral resources underpinning the production target and financial forecast have been prepared by Competent Persons in accordance with the requirements of the JORC code.

There is a low level of geological confidence associated with Inferred resources and there is no certainty that further development work will result in the determination of an Indicated resource or that the production target in respect of that resource will be realised.

Indicated and Inferred Resources in production target

A total of 25.3 million tonnes of the mineral resources will be mined and treated over the ~13.5 year planned life of mine. Of this 2.4 Mt (9.4%) is in the Indicated category and the balance of 22.9 Mt is in the Inferred category.

Due to the quantum of bulk sampling required to define Measured and Indicated resources for diamond deposits, particularly for low grade diamond deposits, it is not unusual for a significant portion of the mining plan for a kimberlite or lamproite mine to consist of resources from the Inferred category. For a low grade deposit, the extension of an Indicated resource is generally only achieved through progressively deeper mining of larger tonnages or large underground bulk samples. As such, by the time Phase 2 commences, the currently Inferred resource identified for mining at that time, is reasonably expected to have been converted to Indicated category through the progression of deeper mining.

The Indicated resources in the mine plan are contained within 50m of the surface datum and will be preferentially mined in the early years of the project (mainly under Phase 1).

Mothae Potential

...Resource upside

- JORC resource estimated to ~300m only - kimberlite pipe has been modelled to 500m by the competent persons
- No resource tonnages included in current resource, targeted production or financial modelling for:
 - The “neck” which is kimberlite material connecting the north and south lobes in the Mothae kimberlite pipe
 - Existing and untreated above ground trial mining stockpiles
- Potential noted for diamond sales to exceed modelled JORC prices



Note: There is a low level of geological confidence associated with inferred mineral resources and there is no certainty that further exploration work will result in the determination of indicated mineral resources or that the production target itself will be realised.

Lucapa and Mothae Team



...In-country experience in Lesotho

Stephen Wetherall
Mothae Board
Lucapa 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 a comprehensive 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**.

Nick Selby
Mothae Board
Lucapa COO

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 in **Lesotho**. He was also responsible for establishing diamond projects in Angola, Australia, the DRC, the Central African Republic, Indonesia and Botswana.

Jan Venter
Mothae Board
General Manager

Mr Venter is a Lesotho citizen, with extensive experience operating civil engineering and diamond mining projects in **Lesotho**, including Letšeng, Kao, Motete and Mothae. He was previously General Manager at Northern Fissures (Pty) Ltd.

Neil Kaner
Lucapa CTO

Mr Kaner is qualified mining engineer with over 35 years of operational, corporate and consulting experience predominantly in diamonds and base metals in Africa, Asia and Australia. Neil has extensive experience of operating in **Lesotho** and was the Consulting Mining Engineer at Letšeng Diamond Mine. He is a JORC Competent Person for diamond reserves.

Richard Price
Lucapa MRM

Mr Price is geologist with almost 30 years' experience in diamond exploration, diamond evaluation projects and diamond mine production in Australia and southern Africa. He spent over 20 years with De Beers and held a variety of roles within exploration and the mining operations, including a role as Geological Evaluation Projects Manager at the Jwaneng Mine in Botswana. He also led the exploration team that was responsible for the discovery of the Marange diamond deposits in Zimbabwe. He is a member of the AusIMM.

Miles Kennedy
Mothae Board
Lucapa 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 also Chairman of Marine Produce Australia.

Keith Whitelock
Mothae Board

Mr Whitelock has extensive experience as a geologist, manager and executive in the diamond mining industry in southern Africa, in particular **Lesotho** on the Letšeng and Kao mines. Mr Whitelock was appointed as an Officer of the Most Loyal Order of Ramatseatsana in 2010. He is currently Executive Director at Northern Fissures (Pty) Ltd.

Forward-Looking & Competent Person's Statements



Forward-Looking Statements

This Presentation has been prepared by Lucapa Diamond Company Limited ("the Company"). This document contains background information about Lucapa Diamond Company Limited current at the date of this Presentation. The Presentation 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 Presentation. This Presentation is for information purposes only. Neither this Presentation 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. This Presentation may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction. This Presentation does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

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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.

Information included in this announcement that relates to the stone frequency, grade and size frequency valuation and validation in the resource estimate is based on and fairly represents information and supporting documentation prepared and compiled by Dr Friedrich Johannes Reichart, Pri.Sci.Nat and Dr Johannes Ferreira, Pri.Sci.Nat. Both are employees of the MSA Group (Pty) Ltd, Johannesburg, South Africa. Both hold qualifications and experience such that both qualify as members of a Recognised Overseas Professional Organisation (ROPO) under relevant ASX listing rules. Dr Reichart and Dr Ferreira 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. Both Dr Reichardt and Dr Ferreira have consented in writing to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.