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## **NEW OPTIMISED MOTHAE MINE PLAN SET TO ENHANCE RETURNS**

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### **Highlights**

- **New development plan adopted for the Mothae kimberlite diamond project results in increases in targeted production, cash flows and mine life**
- **US\$15m funding facility for Phase 1 Mothae development augmented by Government of Lesotho agreement to defer remaining US\$4.5m Mothae acquisition payments**

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) is pleased to provide an update on the new mine development plan and financing of the 70% owned Mothae kimberlite diamond project in Lesotho, southern Africa (“Mothae”).

Lucapa has been reviewing the development plan and optimising the pit design and mine plan for Mothae to maximise targeted diamond production and cash flows from the advanced, high-value kimberlite project. The review and optimisation work has now been completed and the new mine development plan has been adopted by both the Mothae and Lucapa Boards and the Government of the Kingdom of Lesotho (“GoL”), which retains a 30% interest in Mothae.

The new mine development plan has resulted in improvements to the original targeted Mothae development plan, as set out in the ASX announcements of 31 January 2017 and 31 May 2017. These improvements to targeted production and cash flows include:

- A 29% increase in gross project revenues to **US\$776 million**
- A 26% increase in net operating cash flows to **US\$312 million**
- A 22% increase in diamond production to **498k carats**
- A 30% increase in kimberlite material mined to **25 million tonnes**
- A 12% increase in mine life to **13.5 years** (notwithstanding higher Phase 1 throughput)
- A 31% increase in modelled pre financing project NPV to **US\$85 million** (range of **US\$55 million-US\$151 million**)



Mothae project with current infrastructure

The improvements in targeted kimberlite to be mined, carat production, net cash flows and mine life are derived primarily from increasing the size of the Phase 1 diamond plant from 100 tonnes per hour (“tph”) to 150 tph and pit optimisation reviews.

The targeted mining and treatment period under Phase 1 remains unchanged at approximately 34 months, with first production scheduled for early H2 2018. During Phase 1, scoping and other studies will be undertaken for the Phase 2 development, which is planned to follow thereafter.

Significantly, the larger 150 tph plant can also be utilised more completely in the proposed Phase 2 Mothae development plan, under which a second 150 tph module is designed to be installed in parallel to the Phase 1 plant to achieve the targeted 300 tph Phase 2 throughput.

In addition to the larger plant, the pit design resulting from the new mine plan has been optimised and is now set to extract kimberlite to approximately 300 metres (Figure 1). This compares with a total depth of 255 metres in the original pit design and mining plan.

Further details relating to the new Mothae mine development plan and the project are set out in the Mothae presentation released with this announcement. In addition, Lucapa has concurrently published a detailed independent competent person’s report for the Mothae project prepared by consultants MSA Group<sup>1</sup>.

Lucapa is also adding a new drone video of the Mothae kimberlite project to the Company’s website ([www.lucapa.com.au](http://www.lucapa.com.au)).

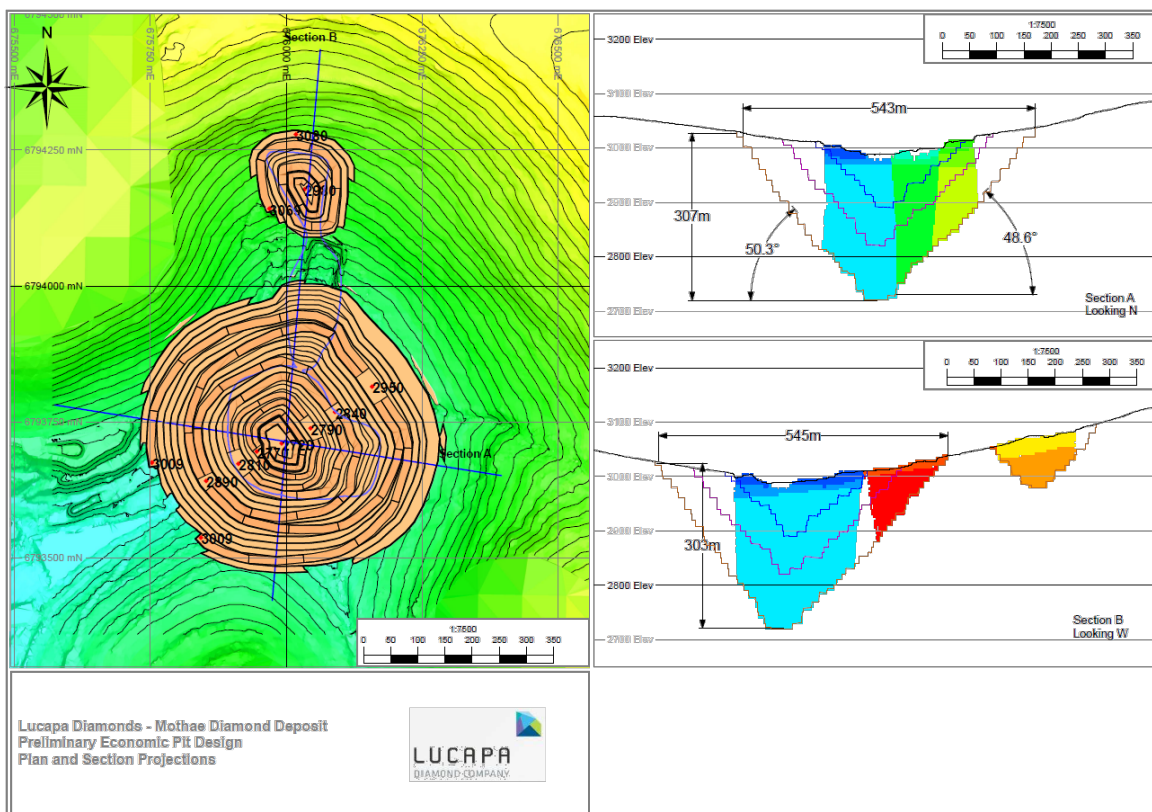


Figure 1: Optimised pit design for the Mothae kimberlite project

### Mothae Funding In Place

Under the new mine development plan, Phase 1 is budgeted to cost US\$17 million<sup>2</sup> (including estimated pre-production overheads), of which approximately US\$1.5 million has already been funded by Lucapa to date through various long lead item deposits and work streams, as set out in the ASX announcement of 16 October 2017.

The larger 150 tph plant and resultant larger water reservoir account for most of the US\$5 million increase over the US\$12 million budget estimated for the original 100 tph development.

In addition to the Company's cash resources (as detailed in the ASX announcement of 16 October 2017), Lucapa has secured a US\$15 million facility to fund the Phase 1 Mothae development from Equigold Pte Ltd, a company associated with prominent Singaporean-based resources investor Simon Lee AO.

Further to this, the Company is also pleased to advise that the GoL has - as a result of the increased direct foreign investment into Lesotho from the new mine development plan - agreed to assist Lucapa with the additional up-front investment by deferring the remaining consideration payments due from Lucapa on the US\$9 million purchase price of the Company's 70% interest in Mothae (See ASX announcement 31 January 2017).

Lucapa has already paid the GoL US\$4.5 million of the US\$9 million Mothae consideration to date and was due to pay the US\$4.5 million balance in eight monthly instalments starting in October 2017. With the consent of the GoL, the payment of this US\$4.5 million in monthly instalments has been deferred, and will now commence in June 2018.



Mothae kimberlite project - view of south lobe pit, to be sampled neck zone and the north lobe pit

<sup>1</sup>The MSA Group report has an effective date of 8 September 2017 and as such, assumptions, exchange rates and inputs relating to the optimised Mothae development mine plan may vary from this announcement.

<sup>2</sup>As set out in the Mothae presentation released with this announcement a key sensitivity to the budgeted Phase 1 capital expenditure, operational costs and resultant cash flows relates to potential exchange rate fluctuations between Lesotho's currency, the Maloti (which is pegged 1-1 with the South African Rand) and the US\$.



Lucapa Managing Director Stephen Wetherall said Lucapa looked forward to delivering on the new and optimised Mothae mine development plan to complement the high-value diamond production from the Lulo mine in Angola.

*“Mothae was already a compelling project and the optimised mine plan is set to enhance both the economics and production profile, targeting improved returns for all direct and indirect stake holders in the project,”* said Mr Wetherall.

*“We now look forward to bringing Mothae into production early in the second half of 2018 to add a high-value kimberlite production source to our exceptional Lulo alluvial production.”*

For and on behalf of the Lucapa Board.

### **STEPHEN WETHERALL MANAGING DIRECTOR**

### **ABOUT LUCAPA**

Lucapa Diamond Company Limited is a growing diamond company with a portfolio of high-quality production, development and exploration assets in Angola, Lesotho, Botswana and Australia. The Company's focus on high-value production is designed to protect cash flows as pricing in this sector of the diamond market remains robust.

Lucapa's flagship asset is the Lulo Diamond Project in Angola, which produced the highest \$ per carat price of any run of mine diamond production in the world in 2016 and continues to produce some of the largest diamonds on record from that region. Lucapa and its Lulo partners are also well-advanced in their search for the primary source of these large and premium-value alluvial diamonds, with three rigs now available to drill priority kimberlite targets.

In keeping with the Company's growth strategy, Lucapa has secured a 70% interest in the advanced, high-quality Mothae kimberlite project in Lesotho, which is located in the heart of the world's highest-value cluster of kimberlite mines. Lucapa plans to commence production at Mothae in 2018.

Lucapa has also defined drilling targets at two earlier-stage diamond projects – Orapa Area F in Botswana's Orapa diamond field and Brooking in the West Kimberley lamproite province in Western Australia.

Lucapa's Board and management team have extensive diamond industry experience with companies including De Beers, Rio Tinto and Gem Diamonds. The Company was included in the ASX All Ordinaries Index in March 2017.

### **Competent Person's Statement**

Information included in this announcement that relates to exploration results and resource estimates is based on and fairly represents information and supporting documentation prepared and compiled 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.

### **No New Information**

To the extent that announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous 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 relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

### **Forward-Looking Statements**

This announcement has been prepared by the Company. This document contains background information about the Company and its related entities current at the date of this announcement. This 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 announcement. This announcement is for information purposes only. Neither this document 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.

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