



**LUCAPA**  
DIAMOND COMPANY

ASX:LOM  
[www.lucapa.com.au](http://www.lucapa.com.au)



**On track to expand production of top-quality diamonds in 2018**

*Euroz Conference – March 2018*

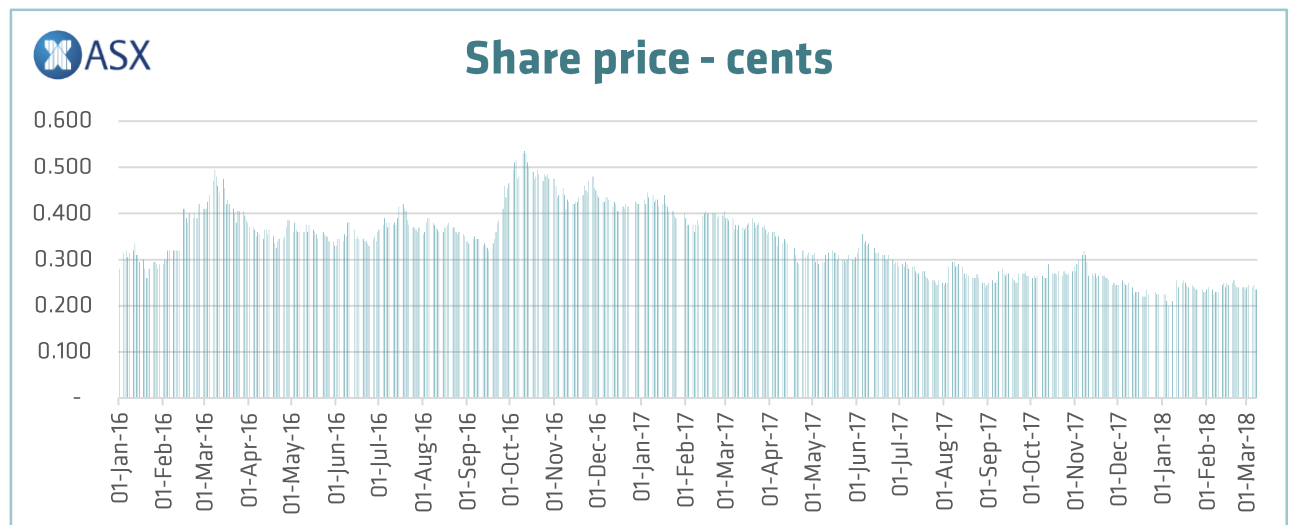
# Lucapa Diamond Company Limited

## Corporate snapshot



Australia (ASX: LOM)	Germany (FSE: NHY)
Share price (A\$ cents)	24c
Shares on issue (million)	382
Cash and facilities <sup>1</sup>	US\$13.6m
Market capitalisation	A\$92m
52-week share price range	20c - 40c
<p>1. As at 31 December 2017. Includes US\$5m undrawn Equigold loan facility. Excludes US\$9.6m cash and receivables held by Lulo mining company SML (Lucapa 40% owner and operator)</p>	

Share Register	
No of shareholders	~7,500
% held by top 40	30%
Institutional/corporate holding (Institutional holdings increased)	~9%
Board/management holding	~3.2%



# Board & management

## Global diamond expertise



Stephen Wetherall  
Managing Director/  
Chief Executive Officer

A qualified chartered accountant with 20+ years' experience in financial and operational management, corporate transactions and strategic planning. Held senior financial/executive roles with 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. At Gem, Mr Wetherall served as a director of Letšeng Diamonds and gained a valuable understanding of the mining sector in Lesotho.

Nick Selby  
Executive Director/  
Chief Operating Officer

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

Neil Kaner  
Chief Technical Officer

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

Richard Price  
Group Exploration  
Manager

A geologist with ~30 years' experience in diamond exploration, diamond evaluation projects and diamond mine production in Australia and southern Africa. He spent 20+ years with De Beers and held a variety of exploration and mining roles, including Geological Evaluation Projects Manager at the Jwaneng mine in Botswana. Also led the exploration team responsible for the discovery of the Marange diamond deposits in Zimbabwe. He is a member of the AusIMM.

Miles Kennedy  
Non-Executive  
Chairman

Has held directorships of Australian listed resource companies for 30+ years. Was a founder and former Chairman of the original Kimberley Diamond Co, which developed the Ellendale diamond mine in Western Australia, which became the world's biggest producer of fancy yellow diamonds before being taken over by London-listed Gem Diamonds.

Gordon Gilchrist  
Non-Executive Director

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. Was CEO of Rio Tinto Diamonds from 2002 until 2005, based in Antwerp, Belgium.

Albert Thamm  
Non-Executive Director

Has almost 30 years' experience in exploration and mining project development in Australia, Africa and South America. 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.

# Strategic delivery

## What we've done in just 3 years

### Lulo, Angola

- Delivered on development goals on a highly prospective diamond concession
  - Established a new globally-renowned diamond mine
    - Generating the world's highest US\$ per carat alluvial production
    - Generating profit and cash returns to Lucapa and partners
  - Developed and implemented a self-funded drilling program to locate the primary source



### Mothae, Lesotho

- Acquired 70% of a second known source of large and premium-value diamonds
  - +1m carat JORC resource at a modelled price of >US\$1,000 per carat
  - Construction on schedule for H2 2018 production
  - Delivered a bulk sampling program with potential to add to the resource



### Brooking, Western Australia

- Acquired 80% of prospective project in Ellendale lamproite province
  - Delivered significant diamond discovery on Ellendale's doorstep
  - Considered Australia's best diamond exploration results for decades



### Orapa, Botswana

- Acquired 100% of prospective project in prolific Orapa diamond field
  - Drilling program scheduled for 2018



# Lucapa's key point of difference

## High-end diamond assets

*"Lucapa is developing into a globally significant producer of large, high value diamonds, a segment of the diamond industry which we believe offers the most attractive pricing dynamics for the foreseeable future."*

**Kieron Hodgson, Panmure Gordon**

*"Exposure to large stones is attractive, given this part of the rough market continues to hold up."*

**Richard Hatch, RBC**

*"Over the past two decades the price per carat for large diamonds appears to have improved substantially, in line with the increase in the number of billionaires."*

**Martin Potts, Finncap**



**When Mothae is commissioned this year, Lucapa will be the only listed company in the world producing diamonds from two mines with an average price per carat in excess of US\$1,000**



# Lulo Diamond Project

(Angola)

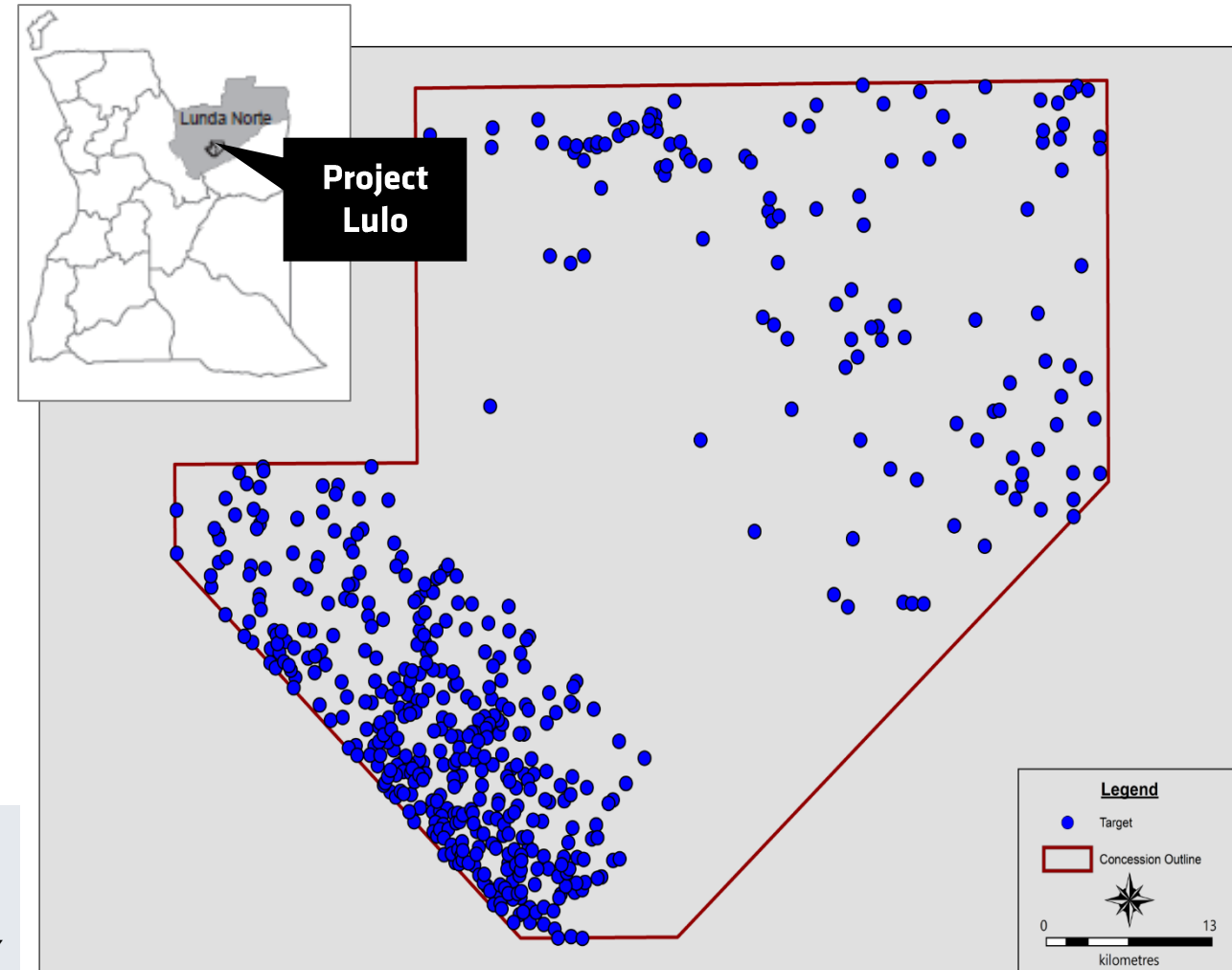
- *The highest US\$ per carat alluvial diamond production in the world*
- *Searching for a significant source discovery*

# Lulo

## A unique diamond concession

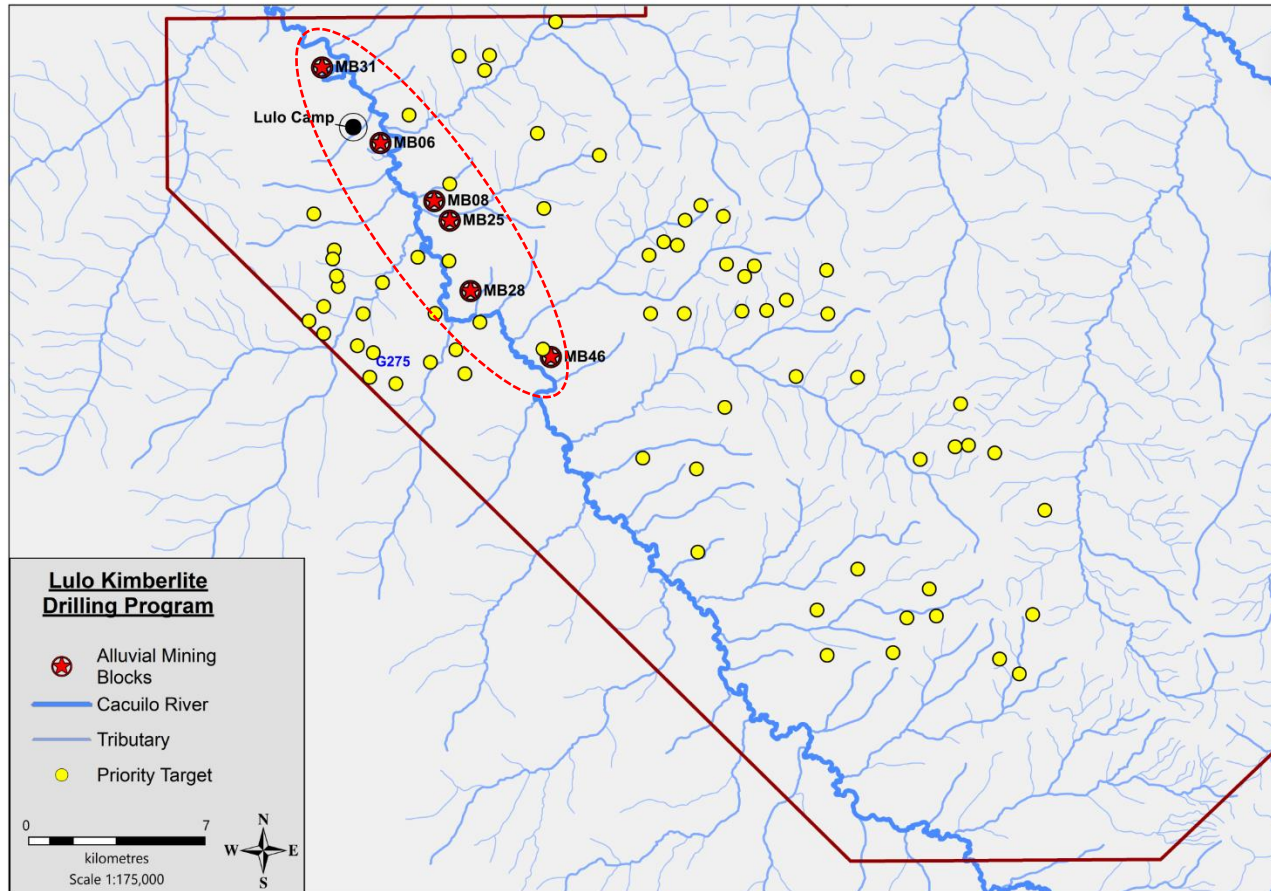
- 3,000 km<sup>2</sup> concession in Lunda Norte Province, Angola
- Angola is the world's 5<sup>th</sup> largest producer
- A 10-year partnership with the Angolan Government and one local partner
- Alluvial mine
  - Lucapa 40% owner and operator
  - Significant explored/ unexplored deposits
  - Record and large high-value diamonds
- Kimberlite exploration
  - Lucapa 39% owner and operator
  - Large known kimberlite provinces

**“Recent political changes in Angola....have led to optimism of a more transparent and investible diamond industry...”** *Diamond analyst, Paul Zimnisky*

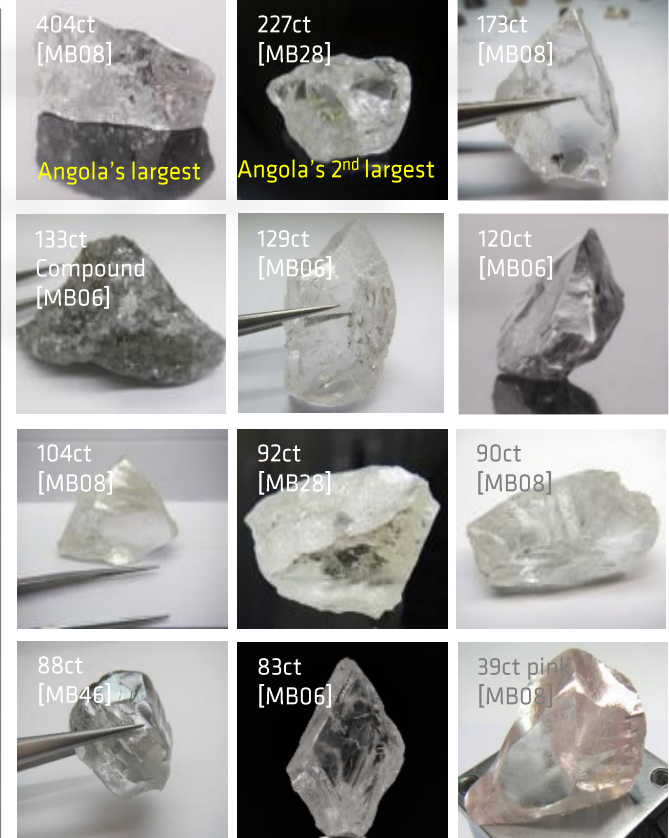


## Regular recovery of large and high-value diamonds

### Large diamond exploration recoveries



### Large diamond mining recoveries



Majority of 51km Caculo River still to be explored – approached by Government to consider expanding Lucapa operations in Angola



## Potential of the hard rock prize

- Large diamond recovery comparisons with highest and 2nd highest price kimberlites in the world

	As reported for 2017	Letšeng <sup>1</sup>	Mothae <sup>2</sup>	Lulo <sup>3</sup>
<b>US\$ per carat</b>		1,930	1,063	1,669
<b>Grade (cpht)</b>		1.74	2.7	3.53*
<b>Annual throughput (tonnes)</b>		6,439,299	603,819	529,133*
<b># diamonds &gt; 20 carats recovered</b>		214	23	113
<b>Ave tonnes processed to recover a diamond &gt; 20 carat</b>		<b>30,090</b>	<b>26,253</b>	<b>4,683</b>

Notes:

<sup>1</sup> Letšeng - low grade high US\$ per carat kimberlite mine in Lesotho - *2017 reported results*

<sup>2</sup> Mothae - low grade high US\$ per carat kimberlite development - *historical bulk sampling recoveries*

<sup>3</sup> Lulo - low grade high US\$ per carat alluvial mine in Angola - *2017 reported results*

\* Lulo average carats per hundred cubic metres (cphm) recovered and bulk cubic metres (bcms) processed have been adjusted to cpht and tonnes respectively by accounting for average density

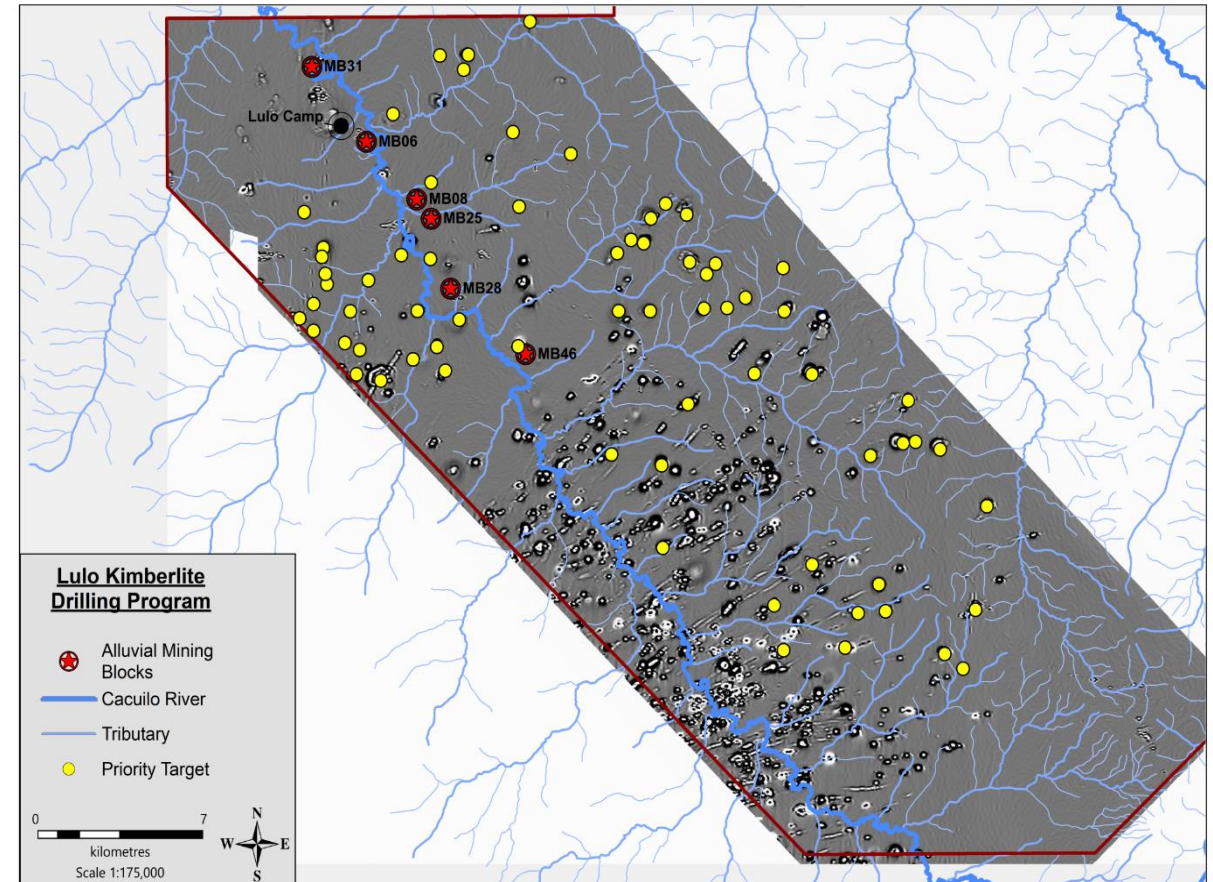


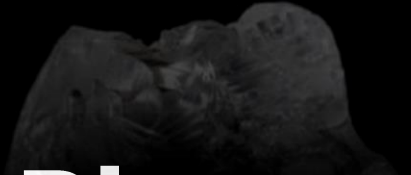
# Lulo

## Searching for the big prize

**“Canada and Angola arguably remain the two most prospective jurisdictions for grass roots diamond exploration.” *Diamond analyst, Paul Zimnisky***

- Systematic kimberlite drilling program – funded by Lucapa’s alluvial returns
- Scheduled completion of priority target list in 2018
- Current focus in south west of concession
  - Large, irregular shaped and brittle diamonds showing no signs of transport
- Kimberlite drill core samples regularly collated and dispatched to Cape Town
- Mineral chemistry to provide data on which targets likely to be diamond-bearing
- Continuous flow of results throughout 2018 as the Lulo partners close in on the big prize





# Mothae Diamond Project

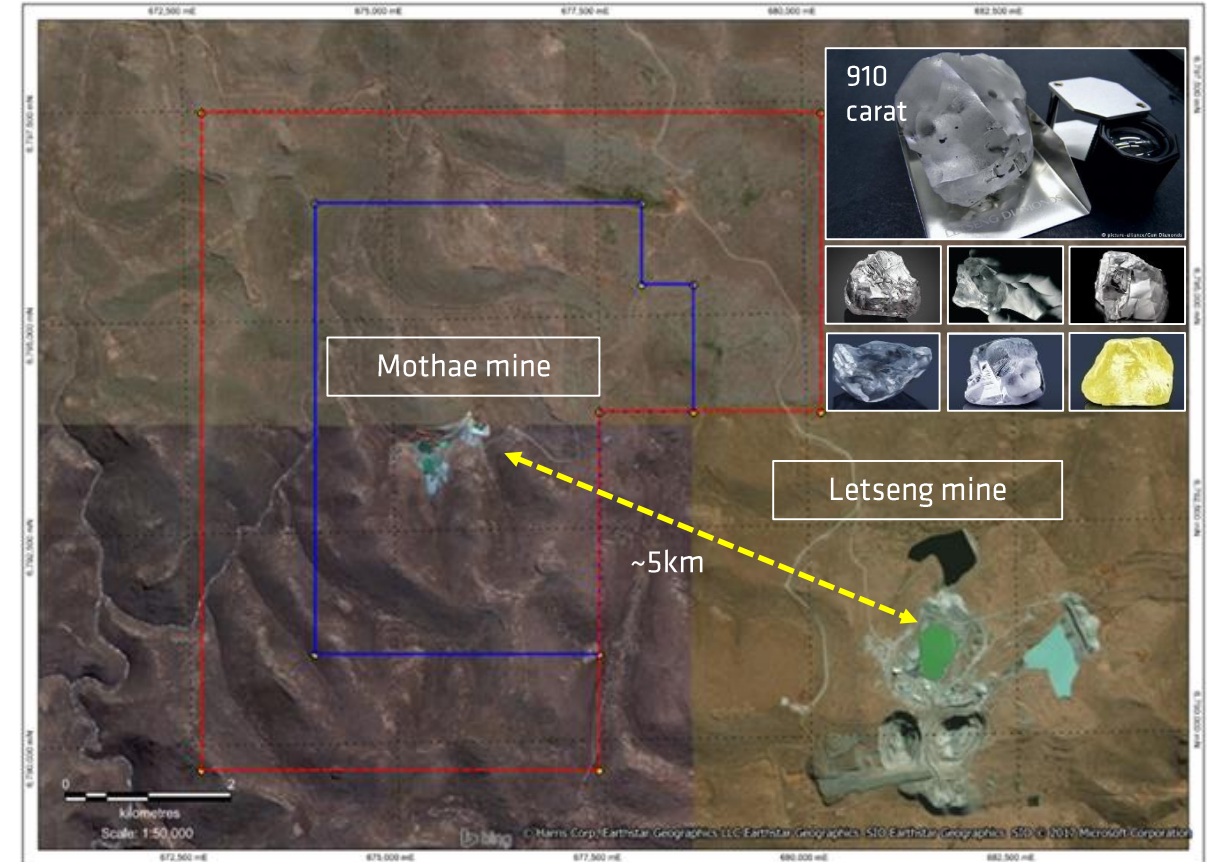
(The Kingdom of Lesotho)

*The world's best address for large and premium-value diamonds*

# Why Lesotho?

## And why Mothae?

- Lesotho's diamond industry is supported by significant foreign investment
- Renowned for the world's highest average US\$ per carat production
- Lucapa is building on its success at Lulo, and diversifying its production profile, with a second complementary high-value mine at Mothae
- Mothae located ~5km from Letšeng, the world's highest US\$ per carat kimberlite mine - owned by London listed Gem Diamonds
- Lucapa's board and management team have extensive experience in Lesotho, including key board and operating roles at Letšeng



**"In our view, Mothae is an asset with significant potential. Geographically proximal to Letšeng and sharing many of its characteristics.."** *Panmure Gordon resource analyst Kieron Hodgson*

# Mothae

## A premium-value diamond mine

- Advanced kimberlite project
- Trial mining has demonstrated that like Letšeng, Mothae also hosts large and premium-value diamonds
- 23,400 carats recovered from Mothae trial mining
- Sold for US\$17m; highest sale price >US\$57,000 per carat
- Recoveries included:
  - Large diamonds (including 254 carat boart and 84 carat octahedron)
  - Rare large white Type IIa diamonds (including 54 carats and 29 carats)
  - 96 diamonds larger than 10 carats
  - Fancy colours including 3 carat pink
- All from just ~600,000 tonnes processed



# Mothae

## H2 2018 plant commissioning well on track


- New 10 year mining licence issued (renewable)
- US\$15m Phase 1 development financing in place from Equigold
- Construction well advanced and on track for H2 2018 commissioning
- Delivery of key components of new 150 tph treatment plant commencing, including XRT large diamond recovery circuit
- Phase 1 targeting annual production of 20,000 carats of high-value diamonds
- Plant scalable with second module to 300 tph for Phase 2 (40,000 carats per annum)
- Highly experienced in-country management team in place to drive construction and commissioning phases



# Mothae

## Base case financial modelling showing positive cash flows, returns and NPV



	
Kimberlite mined (m tonnes)	25.3
Waste mined (m tonnes)	37.1
Stripping ratio (waste:ore tonnes)	1.5
Life of mine (years)	13.5
Carats recovered (k carats)	497.7
Gross revenues (US\$m)	776.5
Net operating cashflows (US\$m)	312.5
Capital estimate - Phase 1 (US\$m)	17.0
Capital estimate - Phase 2 (US\$m)	60.5
Project pre financing NPV @ 10% (US\$m)	85.4
Project pre financing IRR (%)	41

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

### Note:

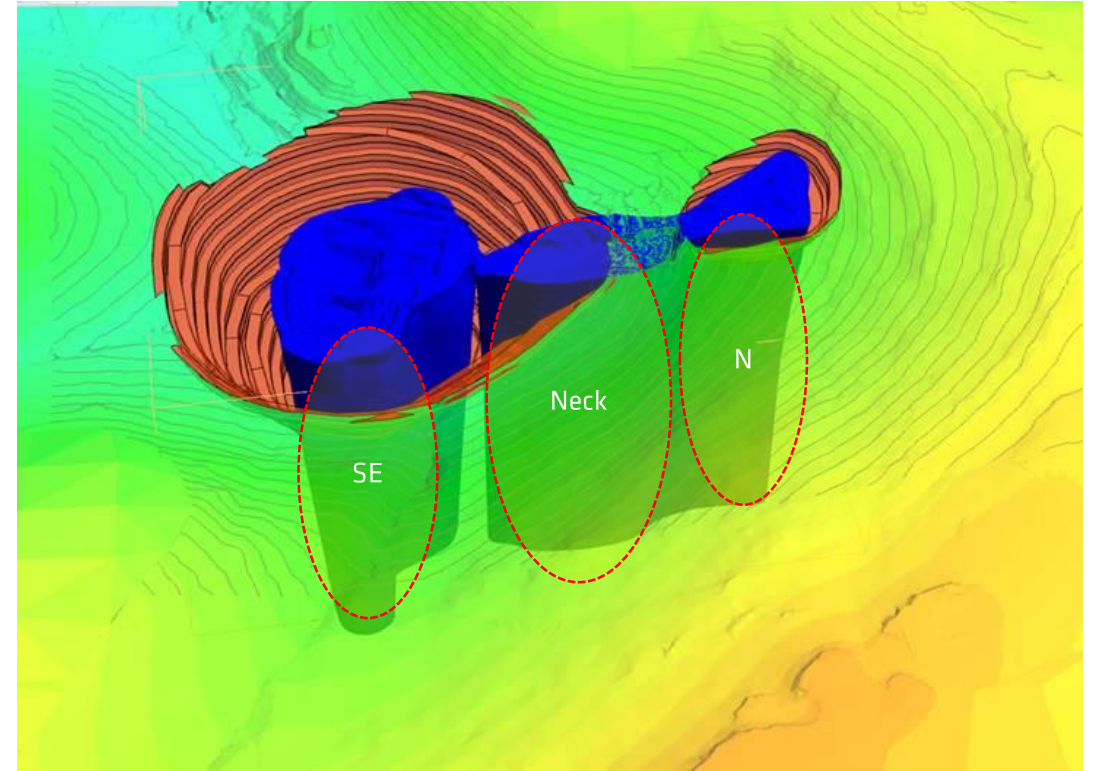
Detailed assumptions used in the financial modelling are contained in the ASX releases on the Mothae development dated 23 October 2017



# Mothae

## Significant resource upside

- Existing +1m carat resource at world's 2nd highest JORC price of US\$1,063/carats (2mm BCOS)
- Significant potential for increase:
  - Resource only estimated to 300m; kimberlite is modelled to 500m (open at depth)
  - Known but untested kimberlite material in the “neck zone” (~10mt to 300m)
  - Resource for “south east and north” kimberlite zones inadequately sampled to establish true potential for high value diamonds
  - Untreated above ground stockpiles - kimberlite and residual material
- Original bulk sampling plant refurbished to process these samples; diamonds already being recovered
- Could materially increase life of mine







# Brooking

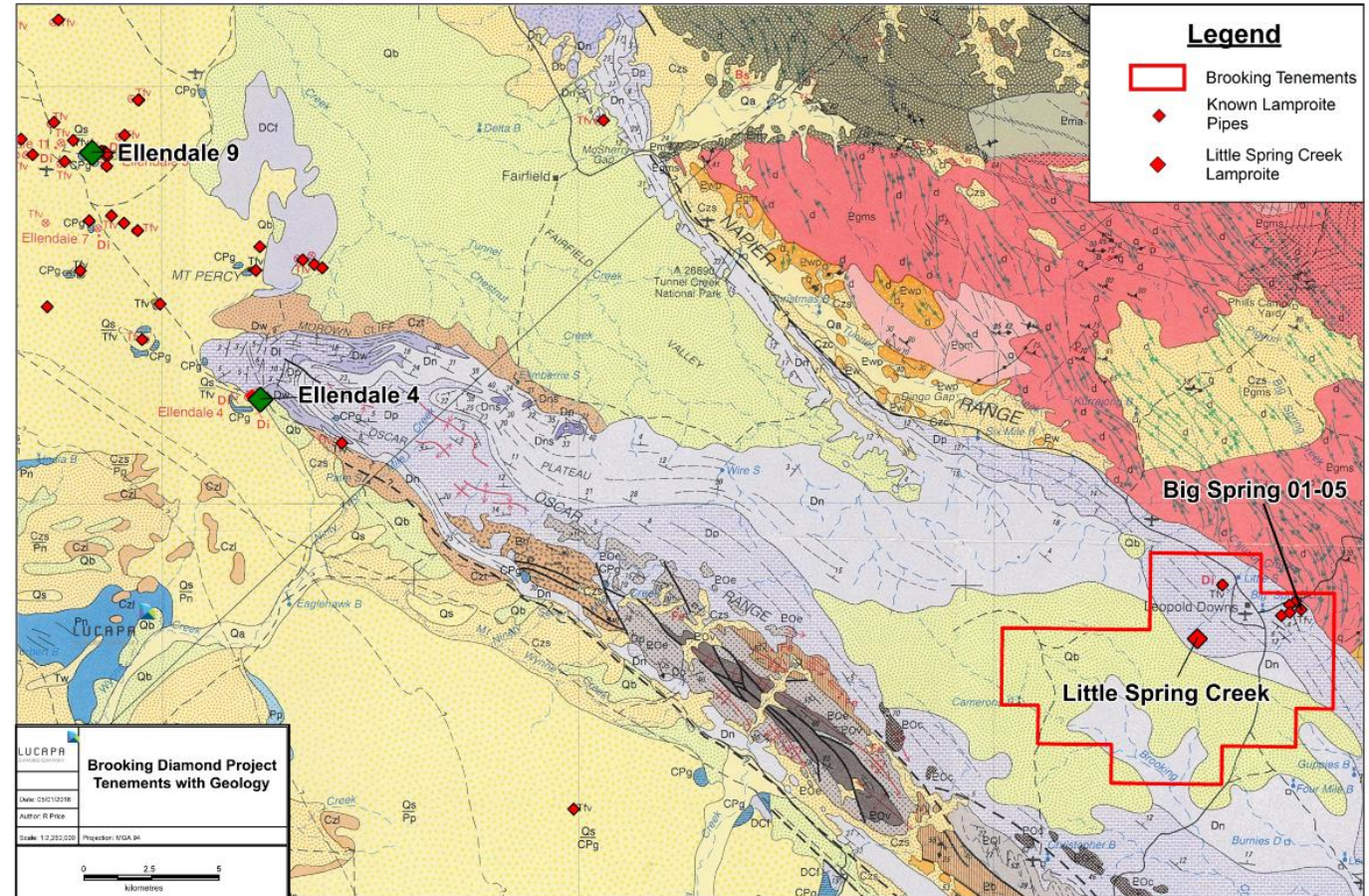
(Western Australia)

*An exciting new diamond discovery on Ellendale's doorstep*

# Brooking

## On Ellendale's doorstep

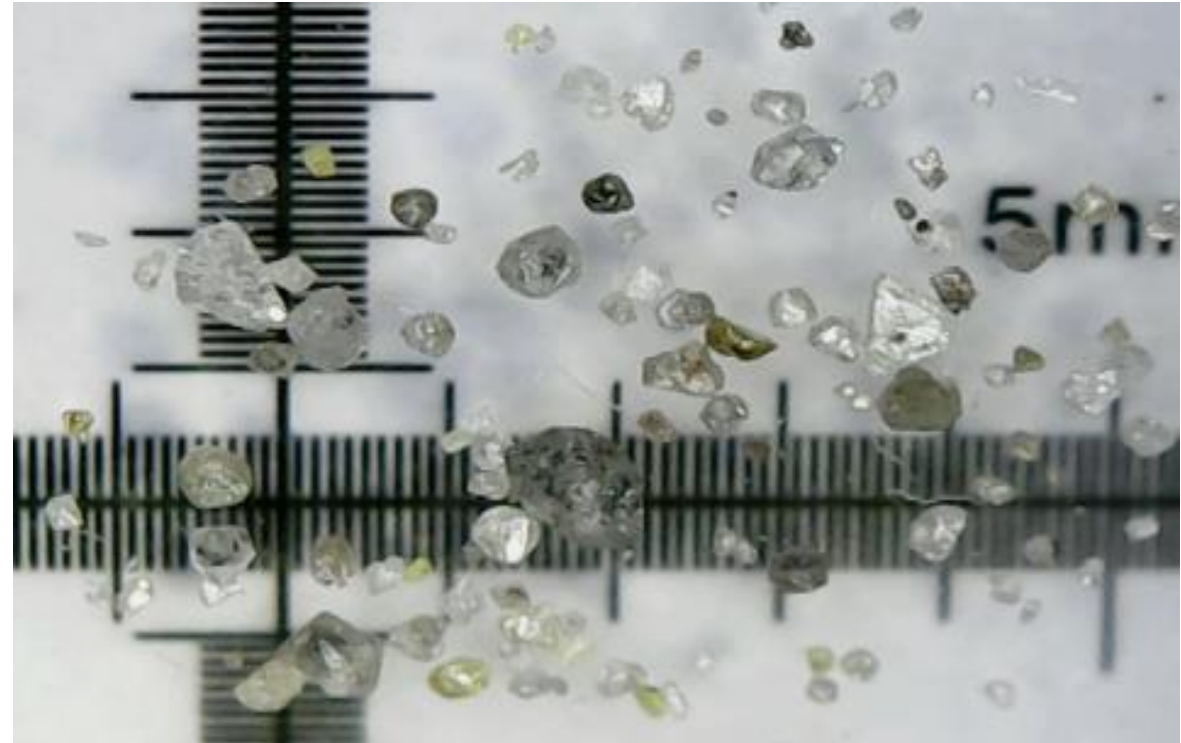
- Within ~50km of Ellendale mine - which produced >50% of world's fancy yellow diamonds until its recent closure
- An area over which the Lucapa management has considerable experience
- Acquired 80% of now 118km<sup>2</sup> tenement area
- Spectacular results from initial drilling program
- Increased focus on new Australian discoveries
- Argyle is responsible for ~10% of worldwide production and this will disappear in 2020



# Brooking

## An exciting discovery

- Initial drilling program recovered:
  - Lamproite (primary diamond source) at Little Spring Creek
  - 119 diamonds - 7 macro- and 112 micro-diamonds from 86.8kg of HQ drill core sample (high concentrations)
- High white diamond content with yellow diamonds
- Little Spring Creek drill core results considered the best in Australia for decades
- Discovery warrants immediate follow up work program on Little Spring Creek and other untested and historic targets
- Will return as soon as wet season allows



# Strategic delivery

## What we'll deliver in 2018

### Mothae

- Commence diamond production
- Deliver additional long-term cash flows from a second mine
- Provide diversification in source (hard rock) & jurisdiction
- Position Lucapa as the only company with two operating mines producing diamonds at >US\$1,000 per carat

### Lulo

- Continue production of large and premium value diamonds
- Repatriate returns to Lucapa from alluvial cash flows
- Further drilling and sampling of remaining kimberlite targets
- Assist Angolan Government's initiative to attract foreign direct investment (mining majors)

### Brooking

- Unlock the potential of the exciting Little Spring Creek discovery and other targets

### Orapa Area F

- Drill kimberlite targets in the prolific Orapa diamond field



# 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.