



Lucapa Diamond Company Limited

Growing production of high-value diamonds

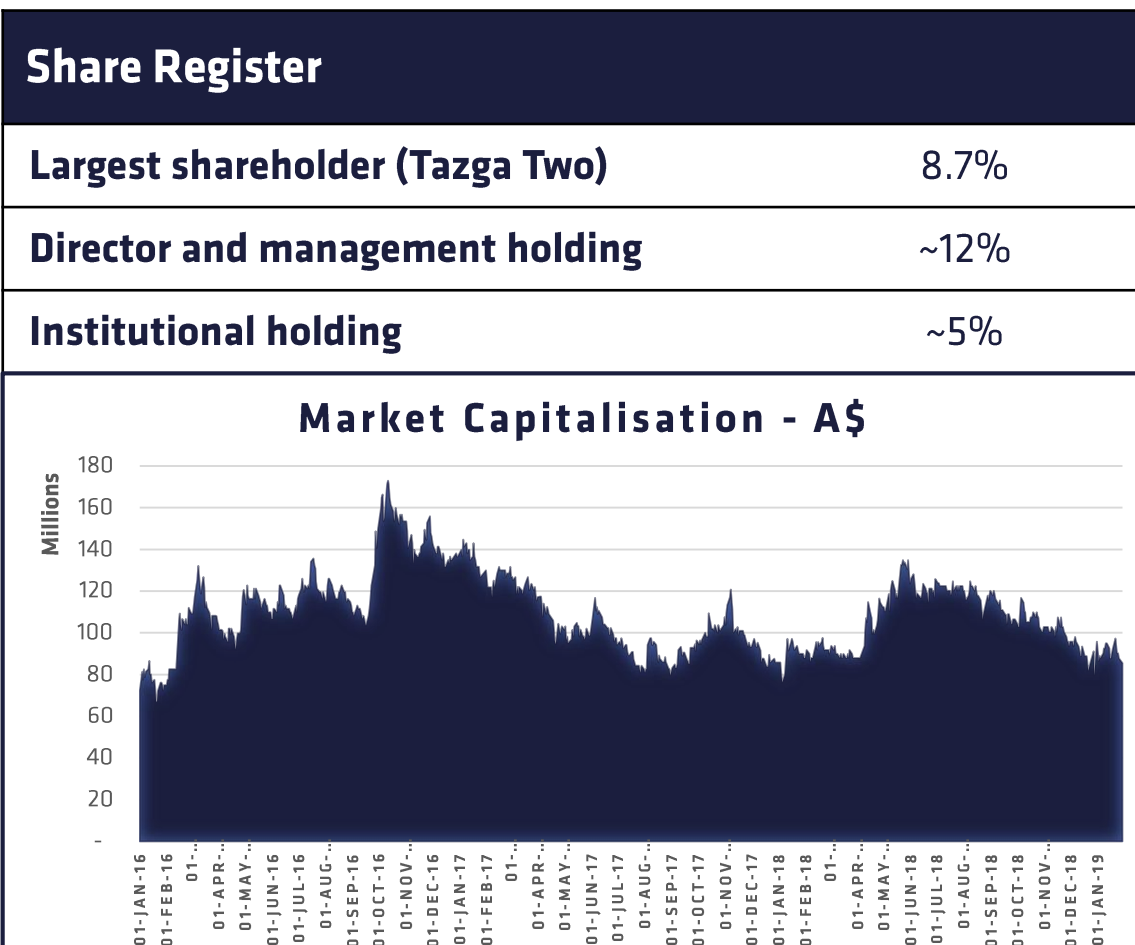
121 Mining Investment Conference, Hong Kong – March 2019



Corporate snapshot



Australia (ASX: LOM) Germany (FSE: NHY)	
Share price (A\$ cents)	19c
Shares on issue (million)	472
Market capitalisation	A\$90m
52-week share price range (A\$ cents)	16.5c – 31.5c
Group cash (31 Dec 2018) ¹	US\$8.2m
Diamond inventory (carats) (31 Dec 2018) ²	5,024
Debt ³	US\$20m
<p>¹ Excludes US\$4m SML loan repayment to Lucapa to be received in Q2 2019; and US\$1.6m (40%) of US\$4m pro-rata distribution to Lulo partners</p> <p>² Comprises 3,089 carats held by Mothae and 1,935 carats held at Lulo; Seven Specials comprising 498 Lulo carats sold for US\$16.7m on tender at end Jan 2019</p> <p>³ Comprises US\$13m Equigold facility; and US\$7m Mothae development facility with IDC (South Africa). Lower-cost debt refinancing options being considered</p>	



The “two speed” rough diamond sector



- ❑ **The global rough diamond market has divided into two distinct and contrasting sectors**
 - ❑ Producers of low volume, large and high-quality diamonds (>US\$500/carat average) are still achieving robust and record prices for their production
 - ❑ Producers of mass market, low-quality goods (~US\$70-120/carat average) are currently facing excess supply/ low demand headwinds
 - ❑ These headwinds are unfortunately weighing on investor sentiment across the board - all global diamond equities, regardless of quality of production, have been affected
 - ❑ This suggests investors are yet to distinguish between the two divergent sectors of the rough diamond market
- ❑ **This represents an opportunity to invest in the right company**



Why high-value production is best



- ❑ Large and top-quality diamonds make up a very small part of world wide production
- ❑ Type IIa diamonds (purest form) are even more rare
- ❑ Generally, buyers are HNWI's and UHNWI's
- ❑ There is growing investment demand for these diamonds as a store of wealth
- ❑ There are only a very small number of mines in the world that produce these rare diamonds as their mainstay production
- ❑ No new sources of high-quality production discovered to impact supply




Lucapa's quality diamond portfolio



❑ High-value production assets

- ❑ Strong revenue generation from two high-value diamond mines

 Lulo, Angola - world's highest US\$ per carat alluvial mine now in 5th year of production

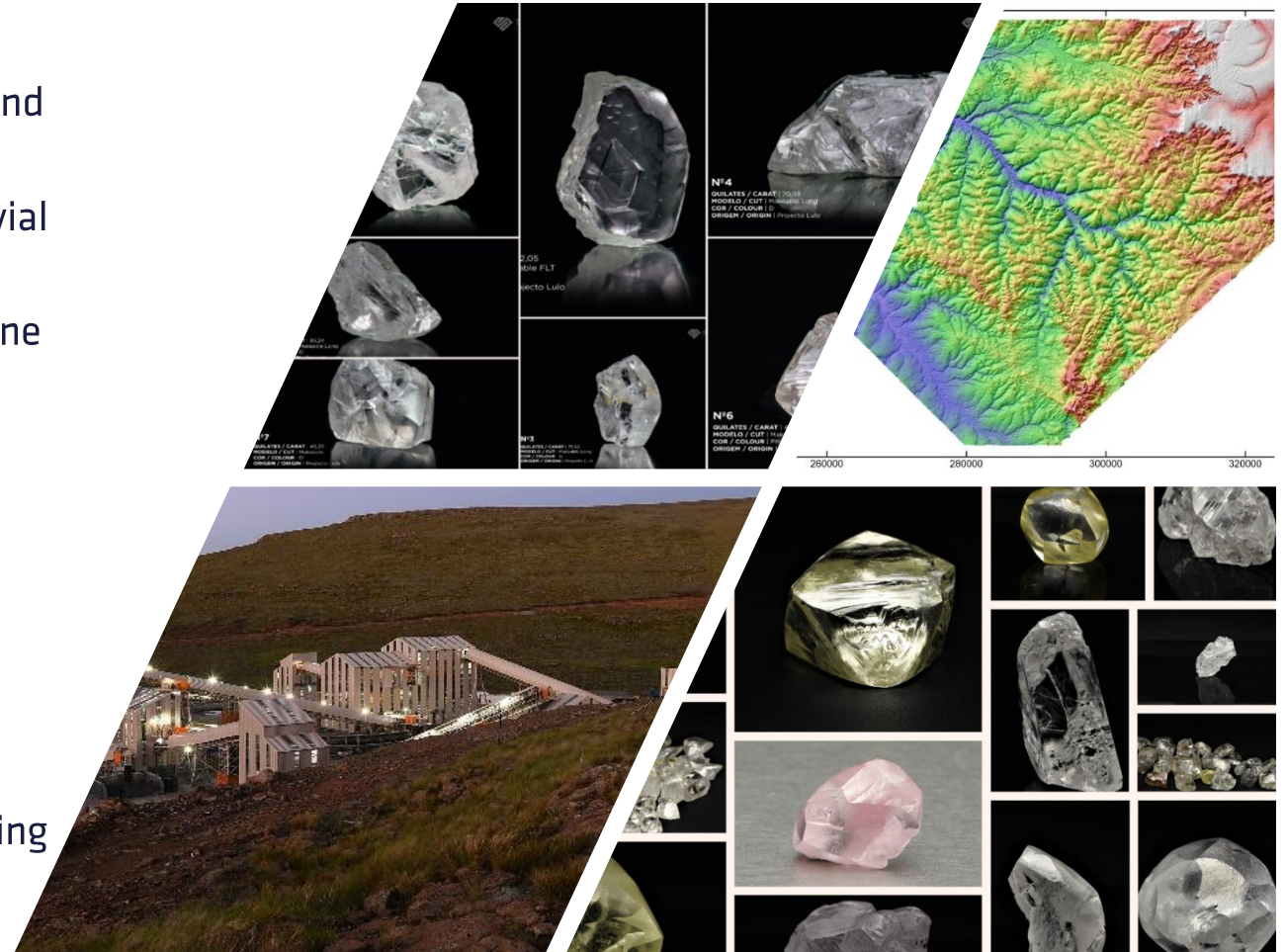
 Mothae, Lesotho - new high-value kimberlite mine in world's best quality diamond address

❑ Exploration assets with the potential for source discoveries

- ❑ Lulo kimberlite exploration program
- ❑ Brooking (Australia) and Orapa (Botswana)

❑ Board and management team with decades of global diamond industry experience

- ❑ From building and operating mines to cutting & polishing and marketing of high-end diamond jewelry



The platform laid in 2018



□ Production assets

Lulo mining

- New production record (4th consecutive year)
- Continued production and sale of large and top-quality diamonds – maintaining pedestal as world’s highest US\$ per carat alluvial mine
- Upgraded alluvial resource pending, including new diamond areas discovered
- Historic marketing policy change – led to first diamond sale by international tender – major positive impact on prices going forward

Mothae mining

- Financed, designed, constructed and commissioned new 1.1Mtpa Mothae high-value resource mine
- Achieved first commercial recoveries and sales in Q1 2019



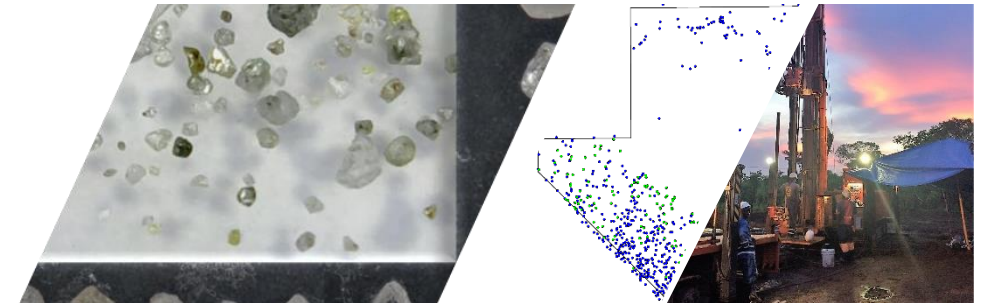
□ Exploration assets

Lulo kimberlite exploration

- New 5-year Mineral Investment Contract for Lulo kimberlite exploration licence
- Extensive drilling program completed across +90 targets

Brooking lamproite exploration

- Discovery of source lamproite at Brooking with high concentrations of diamonds



2019 value drivers



- ❑ **Grow production and profitability of producing assets**
 - ❑ Expand carat production at Mothae and Lulo
 - ❑ Optimise revenues through new competitive rough sales channels
 - ❑ Reduce unit operating costs
- ❑ **Access new profit streams beyond the mine gate**
 - ❑ Enter into branding partnerships with leading diamantaires to cut & polish select diamonds to accrete polished margins
- ❑ **Reduce cash outflows**
 - ❑ Review Brooking and Orapa exploration programs
 - ❑ Post commissioning de-risking of Mothae provides opportunities to refinance higher-cost development debt



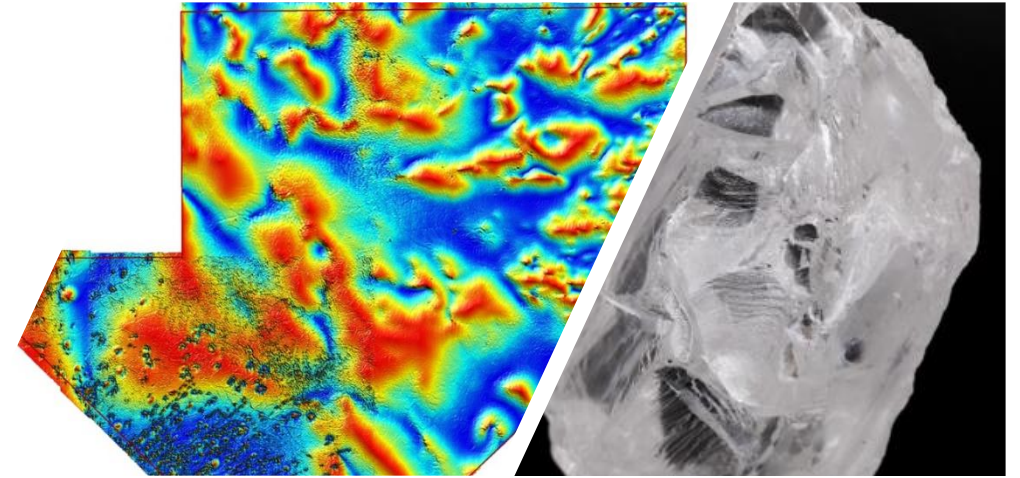


Lulo, Angola

An exceptional diamond province



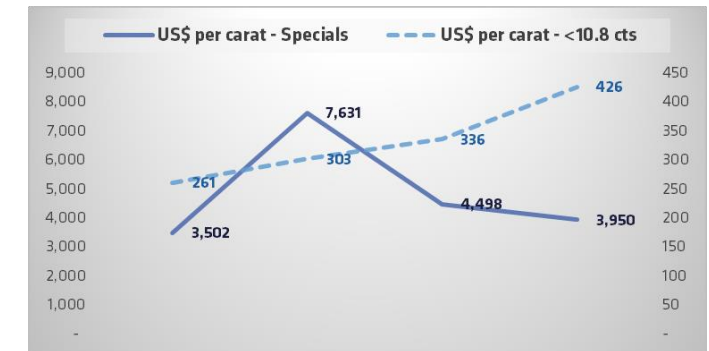
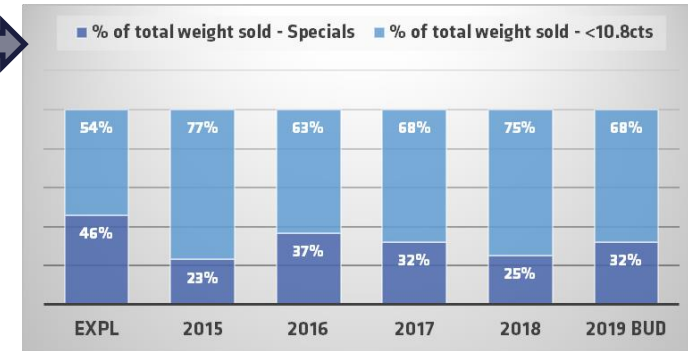
- ❑ One of the world's most prolific high-quality diamond fields in Angola's Lunda Norte diamond heartland
- ❑ Decade-long exploration and mining partnership with Endiama (Angolan state diamond mining company) and Rosas & Petalas (local Angolan partner)
- ❑ Primary (source exploration) and secondary (alluvial mining/ exploration) licences
- ❑ Home to the world's highest-value alluvial diamonds and Angola's two largest recorded diamonds (404 carats and 227 carats)
- ❑ Large population of Specials (>10.8 carats) and rare Type IIa diamonds, as well as pinks and yellows
- ❑ Extensive kimberlite province underlying alluvial mining blocks



Sustained alluvial revenues and returns



- ❑ Rare large stone, high-value resource →
- ❑ US\$141m sales to date @ ~US\$2,100/carat by Lulo alluvial mining company SML (LOM 40%)
- ❑ SML 2018 EBITDA of ~US\$8m (adj for diamonds recovered in 2018 and held over for Jan 2019 international tender)
- ❑ US\$4m loan repayment of Lucapa's development loans and US\$1.6m (40%) of pro-rata US\$4m distribution declared from 2017 earnings¹
- ❑ US\$11.5m already paid to Lucapa in loan repayments and distributions in 2016 and 2017²
- ❑ 2019 production expansion to deliver increased revenues, returns and loan repayments for US\$32m in development loan remaining³



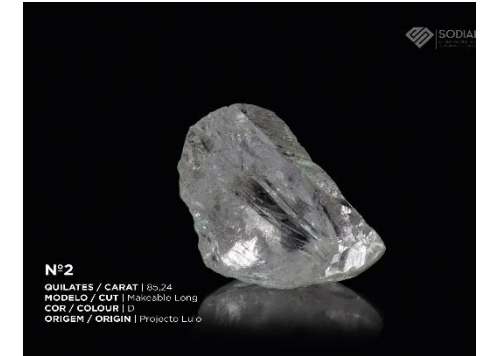
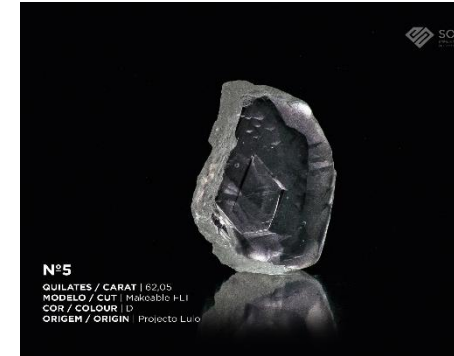
¹ To be received by Lucapa in Q2 2019

² Includes US\$9.9m repatriated to Lucapa in Australia and US\$1.6m distribution used to fund ongoing Lulo kimberlite exploration program in Angola

³ Gross outstanding loan balance at 31 Dec 2018

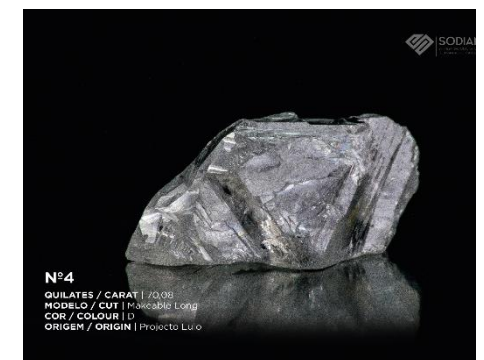
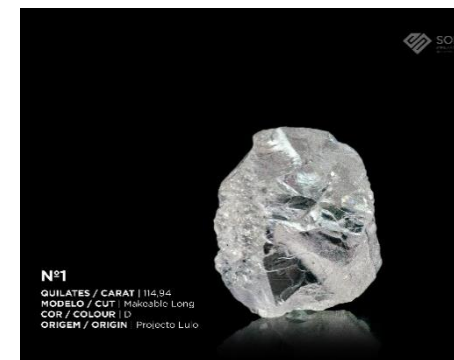
Angolan reforms

- ❑ **New diamond marketing policy signals positive new era for Angola's diamond mining sector**
 - ❑ Leading to historic Angolan tender of seven exceptional Lulo diamonds recovered in 2018
 - ❑ >30 international diamantaires participated in inaugural tender in January 2019
 - ❑ Diamonds sold for US\$16.7m
 - ❑ Average price of US\$33,530/carats
 - ❑ Premiums in prices compared to previous policy



Comunicado de Imprensa

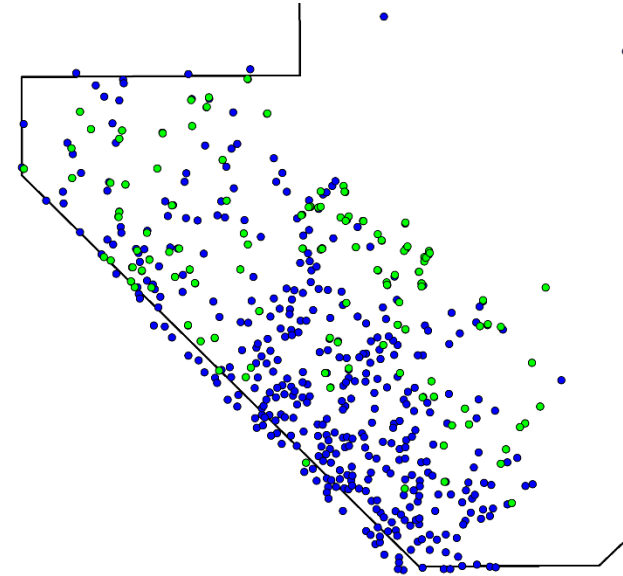
**1º LEILÃO DIAMANTES BRUTOS EM ANGOLA
 PROMOTORES ARRECADAM 16,7 MILHÕES
 DE DÓLARES**



Exploring for the primary diamond source

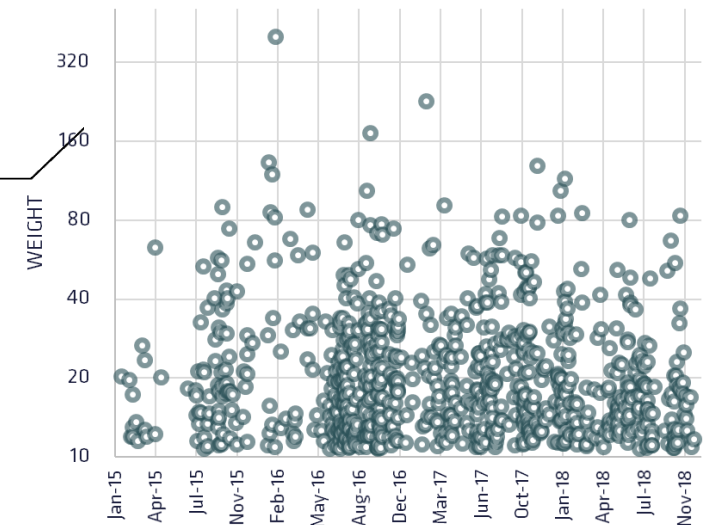


- ❑ Identified vast kimberlite province below alluvial mining blocks
- ❑ Frequent recovery of large, irregular shaped alluvial diamonds – with little signs of travel – considered proximal to source
- ❑ Recovered 133 carat compound diamond
- ❑ Ongoing year-round drilling and exploration program to discover the primary source(s) of the exceptional alluvial diamonds
 - ❑ Drilling campaign extracting drill core from 92 anomalies for mineral chemistry analysis
 - ❑ 68 kimberlites confirmed from targets
 - ❑ 11 kimberlites identified for follow-up; six diamond-bearing kimberlites confirmed



133.4 carat

Special Recoveries



Source: Company





**Mothae,
Lesotho**

A second high-quality mine in production



- ❑ **Acquired 70% of Mothae in 2017 for US\$9m from the Government of the Kingdom of Lesotho**
- ❑ **Neighbours Letšeng mine in Lesotho's diamond-rich Maluti mountains**
- ❑ **+1m carat high-value JORC Resource¹**
- ❑ **Fully-financed US\$28m² 1.1Mtpa Phase 1 plant built - incorporating DMS and two XRT diamond recovery circuits**
- ❑ **Commercial production commenced Q1 2019**
- ❑ **Plant scalable to 2.2Mtpa under a parallel layout Phase 2 development**

¹Refer ASX announcement 24 March 2017. All material assumptions continue to apply and have not changed materially

²Includes investments in bulk sampling plant refurbishment, bulk sampling program, capitalised interest and forex movements



Already producing the goods



- ❑ **New plant efficiencies leading to improved diamond recoveries**
- ❑ **Regular Specials recovered, including four +50 carat diamonds already to underline large stone resource**
- ❑ **US\$3.8m from first run-of-mine tender in Antwerp in Feb 2019, including prices up to US\$36,664/carat**
- ❑ **US\$707 per carat for entire parcel; ~US\$900 per carat for diamonds in the +11 sieve fraction**
- ❑ **Potential to expand Phase 1 plant throughput with minor modifications well ahead of Phase 2 plan**
- ❑ **Revised operational guidance planned for Q2 2019 (volume, grade and price)**



Generating new profit streams



- ❑ Opportunities to generate new profit streams beyond mine gate
- ❑ Partnerships with leading diamantaires for cutting & polishing
- ❑ Sharing polished margins above rough cost

Existing income stream

Rough
Production



Rough Sale



Additional downstream income

Polishing



Jewellery
Manufacturing



Branded Sale/
Auction



Why invest in Lucapa in 2019



- ❑ Significant production platform laid
- ❑ Strategic portfolio of high-value production assets
- ❑ Focus on production growth, profitability and cashflow generation in 2019
- ❑ Lucapa provides multiple points of difference
 - ❑ A multi-mine producer
 - ❑ High-quality producer – supply scarce, demand strong
 - ❑ Partnership opportunities and access to new profit margins
 - ❑ Exploration upside at Lulo – searching for the source of large high-value alluvial diamonds
 - ❑ Board and management team

The platform laid in 2018

Production assets

Lulo mining

- ❑ New production record (4th consecutive year)
- ❑ Continued production and sale of large and top-quality diamonds - world's highest US\$ per carat alluvial mine
- ❑ Following ongoing extensive auger drilling - upgrading alluvial resource and new diamond areas discovered
- ❑ Historic marketing policy change – led to first diamond sale by international tender – major positive impact on prices going forward

Mothae mining

- ❑ Discovered, designed, constructed and commissioned new Mothae high-value resource mine
- ❑ First commercial recoveries and sales of

Exploration assets

Lulo kimberlite exploration

- ❑ New 5-year Mineral Investment Contract for Lulo kimberlite licence
- ❑ Competed an extensive drilling program across +90 targets

Brooking lamproite exploration

- ❑ Discovery of source lamproite at Brooking with high concentrations of diamonds



2019 value drivers

Grow production and profitability of producing assets

- Expand carat production at Mothae and Lulo
- Optimise revenues through new competitive rough sales channels
- Reduce unit operating costs

Grow profit streams beyond the mine gate

- Develop branding partnerships with leading retailers to cut & polish select diamonds to accrete margins

Improve cash flows

- Expand Orapa exploration programs
- Reducing de-risking of Mothae provides opportunity to replace higher-cost development debt



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 included in this presentation that relates to exploration results and resource estimates is based on and fairly represents information and supporting documentation prepared and compiled by Richard Price MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Price is an employee of Lucapa Diamond Company Limited. Mr Price has sufficient experience which is relevant to the style of mineralisation and type of deposits 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 Price consents to the inclusion in the presentation of the matters based on this information in the form and context in which it appears.

What the analysts have to say



□ Two analysts' views following recent visit to Mothae

“We believe the propensity for large high-value diamonds to be recovered from Mothae, as well as the potential for a significant expansion of resources, can complement the existing Lulo production perfectly, creating a globally significant producer of large high-value diamonds.”

Kieron Hodgson – Panmure Gordon, London, February 2019

**Panmure
Gordon**

EUROZ
LIMITED

“Decades of joint diamond mining experience has culminated in the delivery of a quality expandable project that will underpin the Company’s growth aspirations for at least 14 years of mine life. Mothae truly is a demonstration of what good looks like in diamond mining and will likely be a model operation for peers to follow.”

Michael Emery – Euroz, February 2019



Accounting treatment of operating mines



Lulo

- ❑ 40% interest in Angolan alluvial mining company, Sociedade Mineira Do Lulo
- ❑ SML is an associate - Lucapa is the operator and exerts significant influence, not control
- ❑ SML's results are therefore equity accounted, on a single line basis on the P&L and BS reflecting Lucapa's 40% interest
- ❑ Lucapa reports mining and exploration activities at Lulo to the ASX



Mothae

- ❑ 70% interest in Lesotho kimberlite mining company, Mothae Diamonds (Pty) Limited
- ❑ Mothae is a subsidiary - Lucapa has control based on being exposed, or having rights, to variable returns and the ability to affect those returns
- ❑ Mothae is therefore consolidated into Lucapa's group accounts
- ❑ Full results (100%) thus appear in Lucapa's accounts with minority interest shown separately on P&L and BS



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