



LUCAPA
DIAMOND COMPANY

A Rare Diamond Company

Africa Down Under Conference

Perth, Western Australia

September 2019



Cautionary 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.

Cautionary statements



Competent Person's Statements

Information included in this presentation that relates to exploration results and resource estimates on the Lulo Diamond Resource and Mothae Diamond Resource 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 the Company. 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.

Information included in this report that relates to the stone frequency, grade and size frequency valuation and validation in the Lulo 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 both 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 Joint Ore Reserves Committee (JORC) Code. Both Mr. Duggan and Mr. Bush consent to the inclusion in the 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 Mothae resource estimate is based on and fairly represents information and supporting documentation prepared and compiled by Dr Friedrich Johannes Reichhardt, Pri.Sci.Nat. Dr Reichhardt is an employee of The MSA Group, Johannesburg, South Africa and holds qualifications and experience such that he qualifies as a member of a Recognised Overseas Professional Organisation (ROPO) under relevant ASX listing rules. Dr Reichhardt 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. Dr Reichhardt has consented to the inclusion in the presentation of the matters based on this information in the form and context in which it appears.

Lucapa corporate snapshot



Australia (ASX: LOM) Germany (FSE: NHY)	
Share price (A\$ cents)	16c
Shares on issue	496m
Market capitalisation	A\$79m
52-week share price range (A\$ cents)	14c – 27c
Group cash (as at 30 June 2019) ¹	US\$5.2m
Diamond inventory (as at 30 June 2019) ²	7,001 carats
Debt ³ (Corporate)	US\$14.3m
<p>¹ Lucapa group only - excludes US\$9m cash and equivalents held by associate Lulo mining company, SML</p> <p>² Comprised 3,855 carats held by Mothae and 3,147 carats held by SML for sale in H2 2019</p> <p>³ Excludes US\$7m Mothae project-level debt</p>	

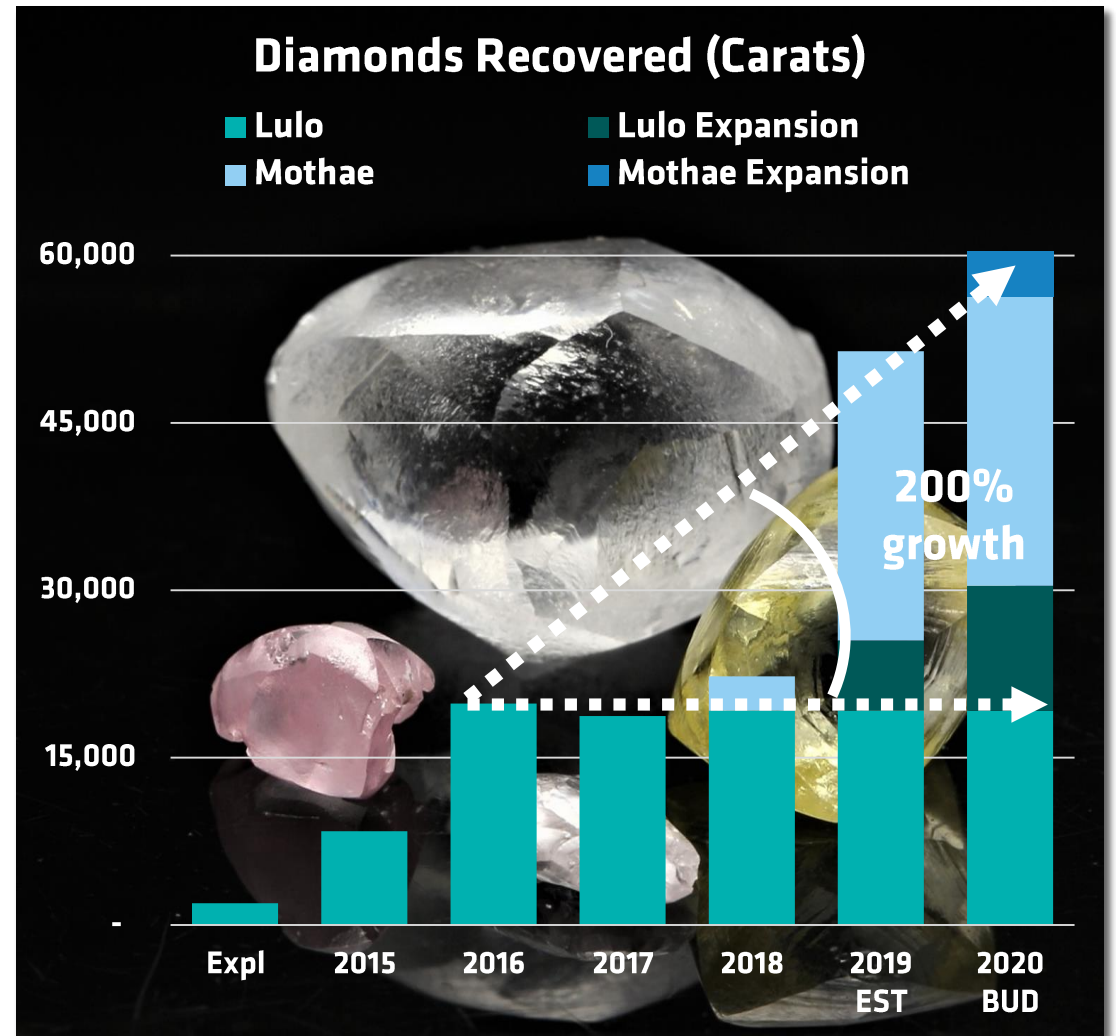
Shareholdings	
Tazga Two	8.7%
Equigold	7.7%
Directors' and management holding	~12%
Institutional holding	~5%



A rare diamond company



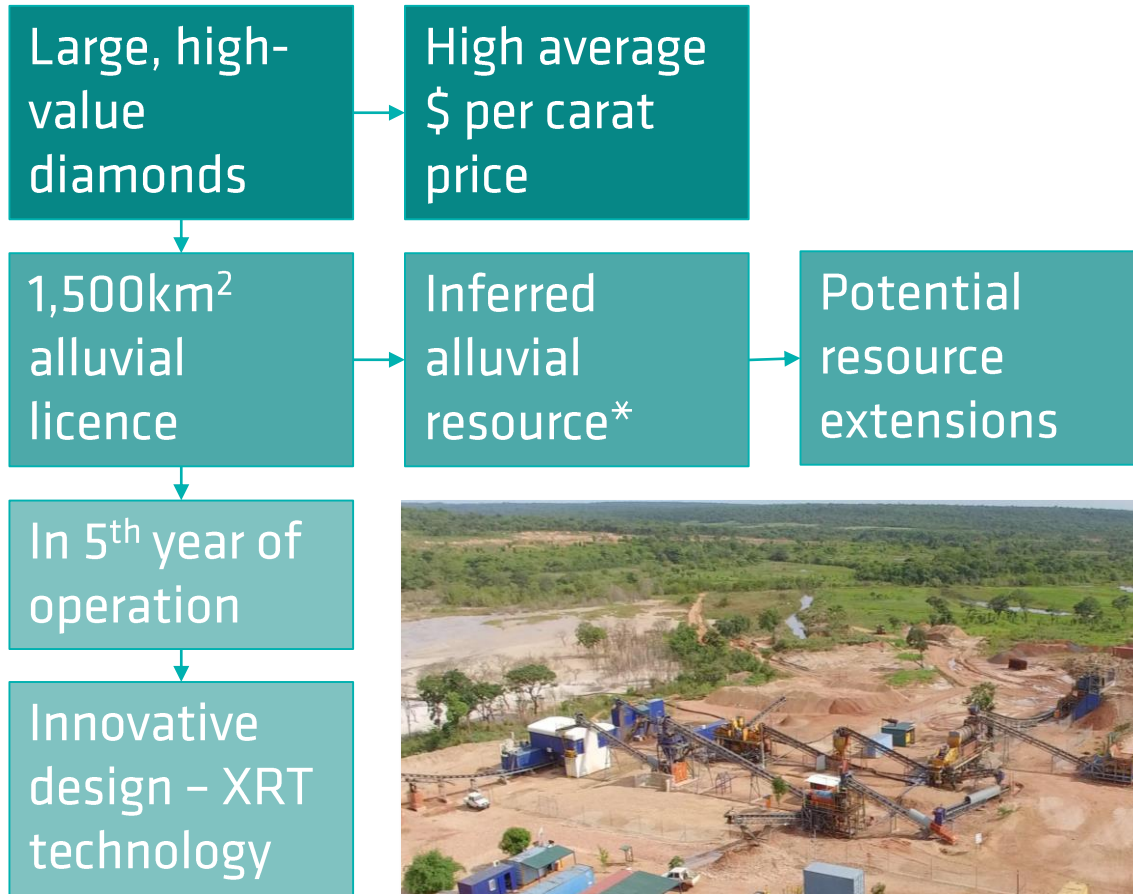
- Successfully implementing its **production strategy**
 - ❖ Transitioned from a single asset explorer to a **multi-asset producer**
 - ❖ Specific focus on **rare, high-quality production**
 - Both Lulo and Mothae derive **>75%** of revenue from:
 - **+4.8 carat** diamonds/ high-value **Type IIa** diamonds/ fancy **coloured** stones (pinks and yellows)
 - Combined run of mine diamond price H1 2019 **>US\$1,300/ carat**
 - Scarcity and demand for these diamonds underpins a more **robust pricing environment** in a challenging global market
 - Group reported a H1 2019 **profit**
- Successfully delivering its **growth strategy**
 - ❖ 2019 **production & revenue increased**
 - Major production **expansion at Lulo**
 - First commercial **production and expansion at Mothae**
 - First diamonds into margin accretive **cutting & polishing strategy**
 - ❖ Production **records** achieved at both mines **in August 2019**
 - ❖ Further **potential to increase production**
- Successfully advancing the **highly prospective kimberlite exploration program**



Lulo diamond mine, Angola



Africa's best alluvial diamond mine



**Refer ASX announcement 21 March 2019. All material assumptions continue to apply and have not changed materially*

A prolific diamond field



- One of the world's most prolific concessions in diamond-rich Angola
- Strong decade-long partnership
 - ❖ Lucapa – operator (40%)
 - ❖ Angolan Government - Endiama (32%)
 - ❖ Local partner Rosas & Petalas (28%)
- SML owner mining operation
- 10-year alluvial mining licence – renewable in 2025
- Ongoing alluvial exploration and resource delineation increased diamond JORC resource carats by 90% in 2018
 - ❖ Potential for significant mine life – less than 25% of Caculo valley explored to date

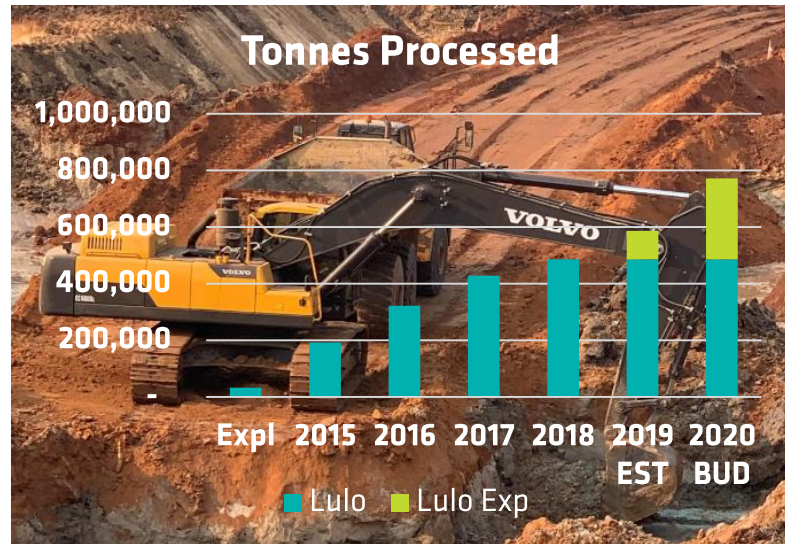
Producing exceptional diamonds



- >US\$150m in alluvial revenues to date
 - ❖ World's highest average price of ~US\$2,000/ carat for an alluvial mine
- Consistent large and high-value stone producer
 - ❖ 13 +100 carat diamonds recovered
 - ❖ Angola's two largest recorded diamonds (404 carats and 227 carats)
 - ❖ Specials (+10.8 carat diamonds) comprise
 - 30% by weight AND 87% by value
 - 28 diamonds sold for > US\$1m each
 - ❖ High proportion of rare Type IIa diamonds
 - ❖ Fancy colours (pinks and yellows)



Growing production and returns

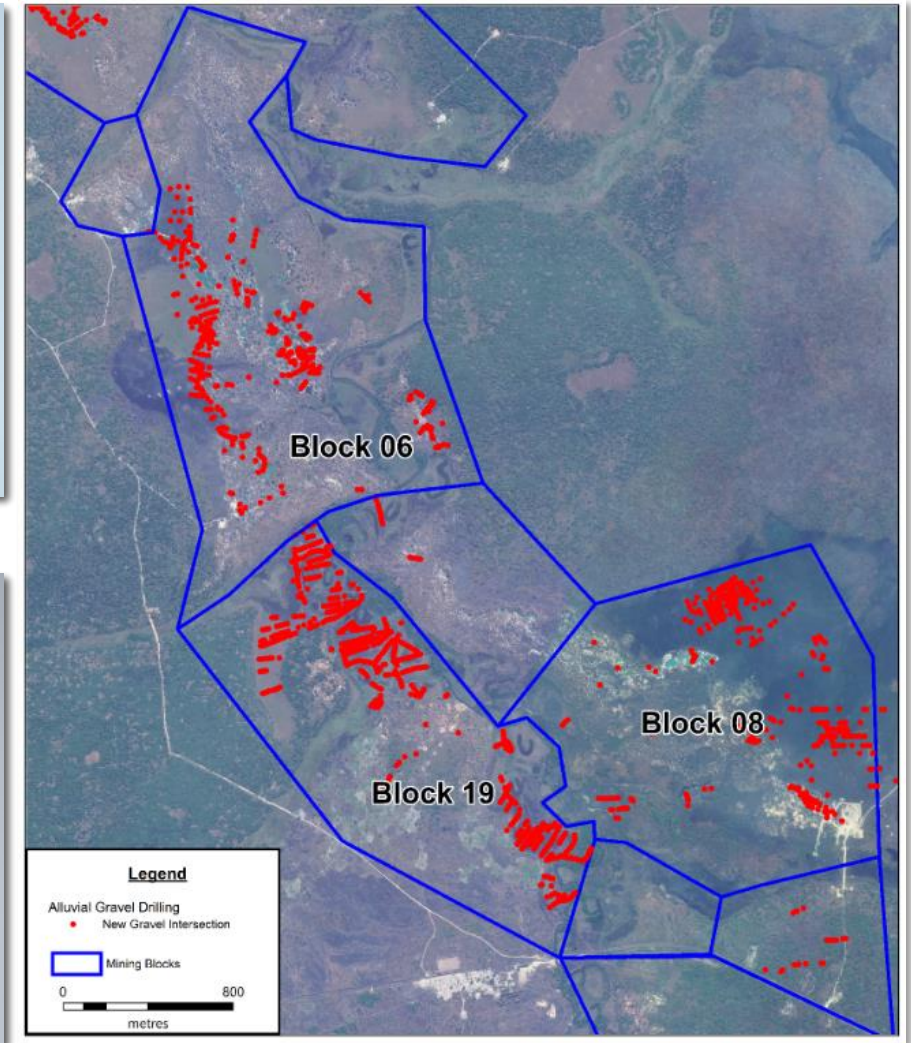
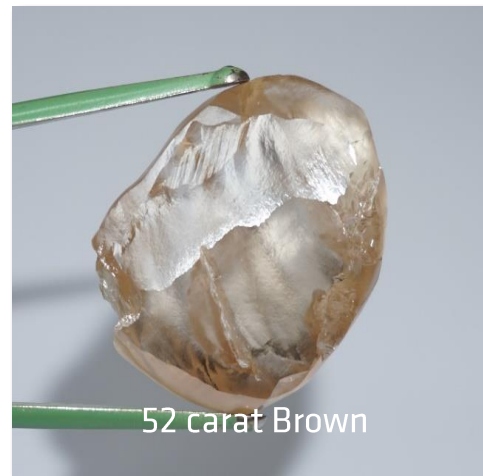


- Year-on-year growth since first year of mining at SML - 2015
- H1 2019 - US\$11.3m EBITDA for SML in challenging global diamond market
- H2 2019 - significant capacity expansion underway
 - ❖ Targeting ~50% annualised increase to ~450,000 bcm (765,000 tonnes) and ~30,000 carats in 2020
 - Earthmoving fleet additions/ third operating shift on the treatment plant
 - US\$12m capital self-funded by SML
- Expansion decision follows transformative Angolan diamond sector reforms
 - ❖ New marketing regulations introduced
 - Access to multiple new sales channels/ producers select contract buyers
 - Ability to access new margins - cutting & polishing
 - Potential for further capacity expansions
- Expanded operations will accelerate
 - ❖ Revenues and cash flows from SML mining operations
 - ❖ Dividends paid to Lulo partners; and
 - ❖ Repayment of Lucapa's ~US\$30m investment loans provided to explore and develop alluvial mining operations at Lulo

Exciting new diamond resources



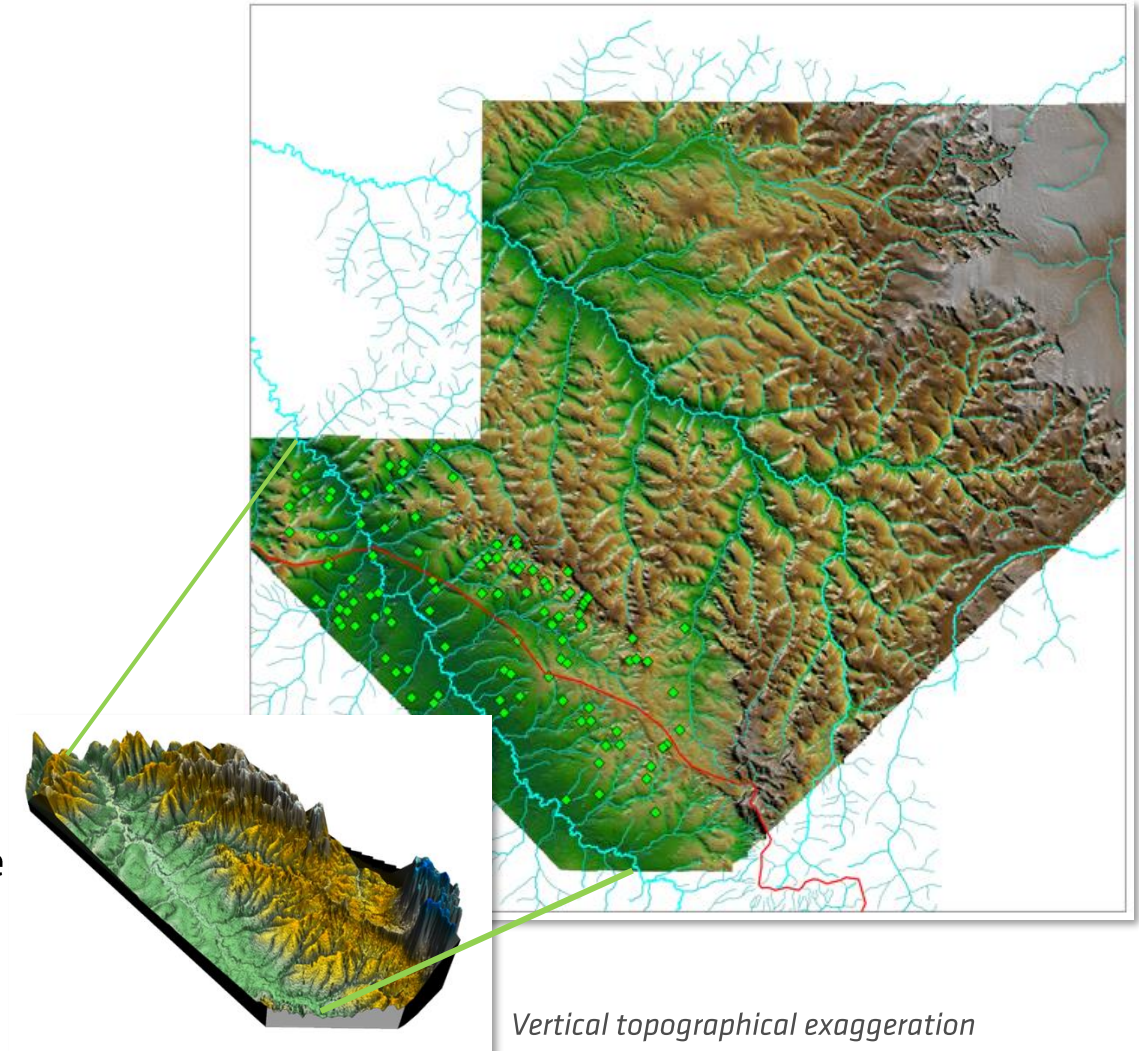
- Continuous/ parallel alluvial exploration
- Identified extensive diamondiferous gravels in existing mining blocks and previously-untested flood plains (no prior artisanal activity)
- Diamond grades from recent flood plain gravels mined well above plan – Mining Blocks 19 and 31
 - ❖ Both producing >10 cphm³ grades and regular Specials
 - ❖ Mining Block 19 located between the prolific Mining Blocks 6 and 8 - which produced Angola's largest recorded diamond weighing 404 carats
 - ❖ Flood plains have potential to expand the Lulo JORC resource
- Contributed to record Lulo carats recovered in August 2019
 - ❖ +4.8ct and Specials recovered in just Jul & Aug production outnumber those recovered in whole of H1 2019



Closing in on the source



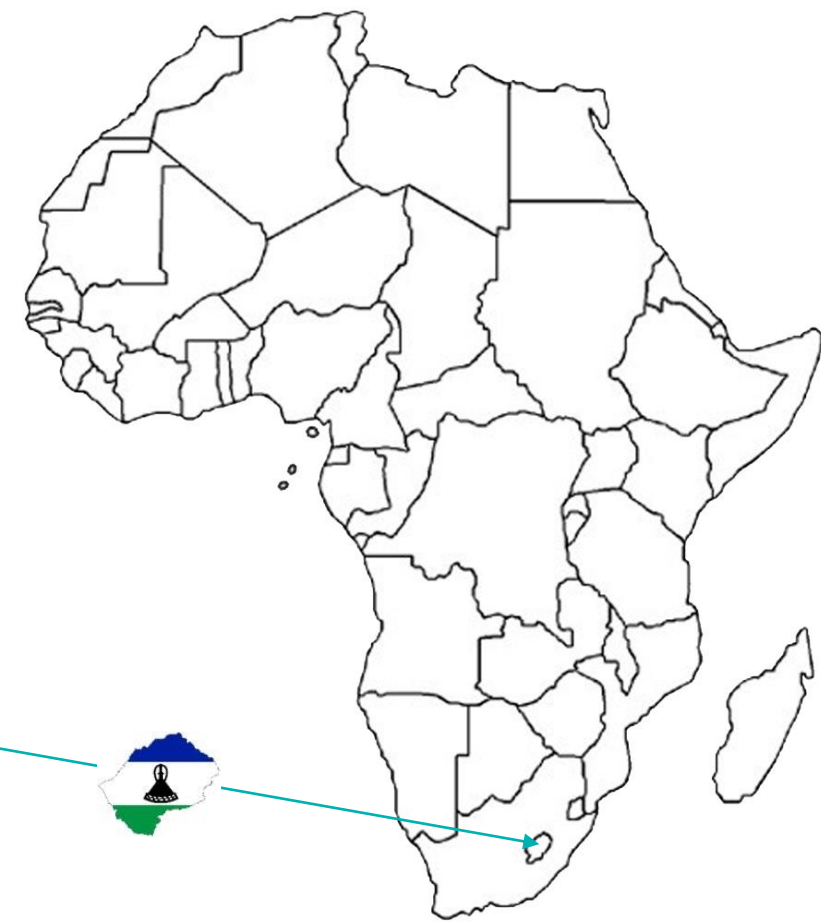
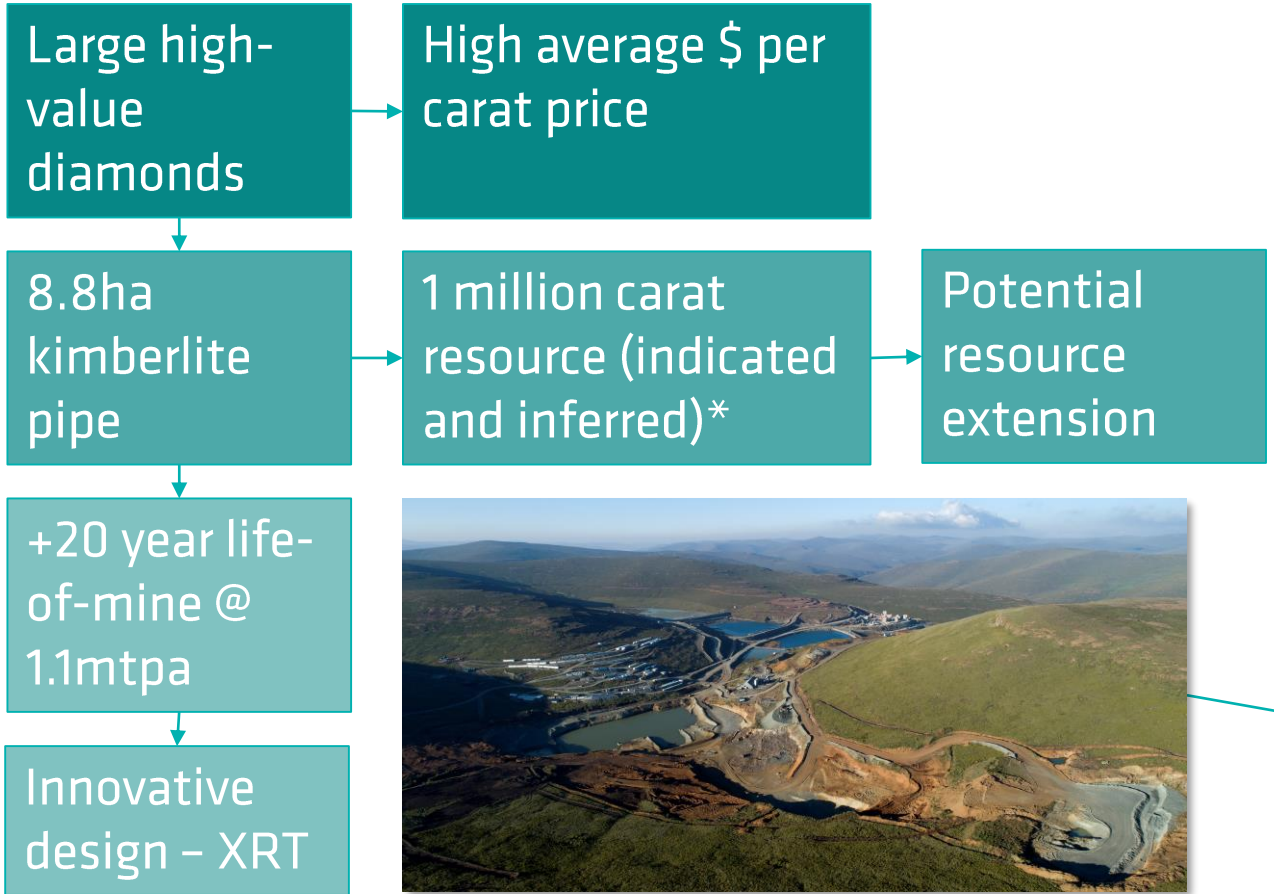
- 3,000 km² kimberlite exploration licence granted to April 2023
- Extensive kimberlite province beneath the exceptional alluvial diamond fields
- Primary hard rock source(s) of Lulo alluvial diamonds await discovery
- Frequent recovery of large, irregular shaped and high-value diamonds – with little signs of travel – point to a proximal source
- 2019 launched next phase of kimberlite exploration program including bulk sampling of tributaries from priority kimberlite areas feeding into high-value alluvial mining blocks
- Exploration currently funded by Lucapa's returns from the alluvial diamond mining operations



Mothae diamond mine, Lesotho



Africa's newest kimberlite diamond mine

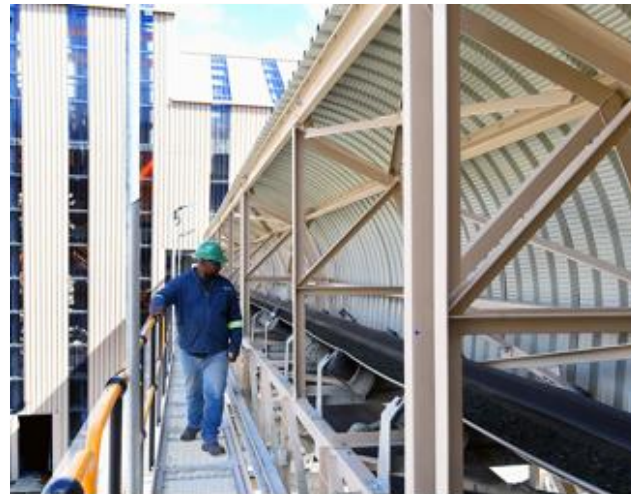


**Refer ASX announcement 24 March 2017. All material assumptions continue to apply and have not changed materially*

Africa's newest kimberlite mine



- In the diamond-rich Maluti Mountains within 20km of three other diamond mines
- Acquired 70% in 2017 – partnership with Government of Lesotho (30%)
- Completed bulk sampling campaign, plant and surrounding infrastructure establishment for ~US\$38m (~M540m)
- Commenced commercial production on 1 January 2019
- 10-year mining licence – renewable in 2027



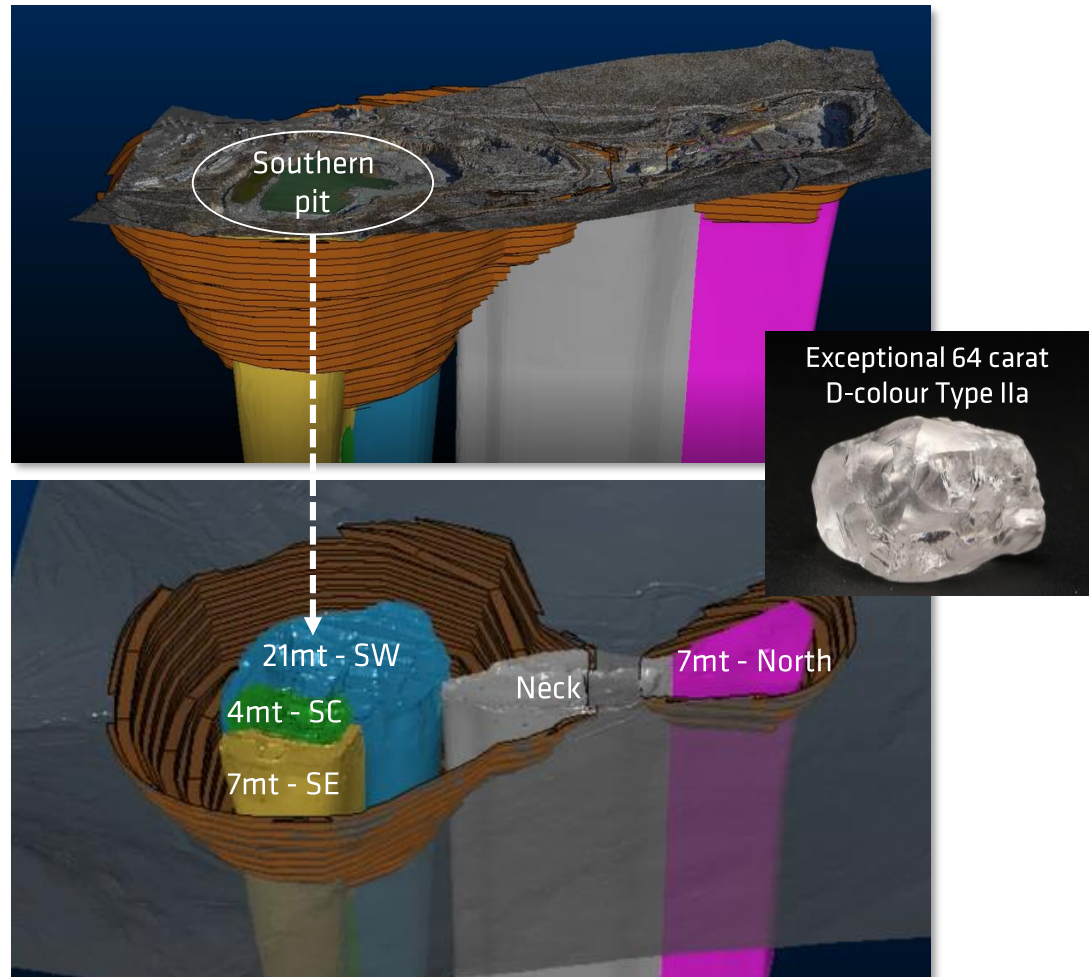
Proving its value



- First six months of commercial production
 - ❖ Strong operational performance
 - Volumes treated, grades and carats recovered all above plan
 - Regular recoveries of rare, high-value diamonds
 - +4.8 carats
 - Largest 126 carat - six other +50 carat stones
 - Rare Type IIa stones, fancy pinks and yellows
- 2019 sales to date of US\$9.0m (A\$12.9m)
 - ❖ Average run of mine tender price of US\$539/ carat
 - ❖ US\$661/ carat for +11 sieve size fraction diamonds
 - ❖ Sales prices up to US\$36,000/ carat
 - ❖ Two more tenders planned for H2 2019 (Oct & Dec)
- M10m EBITDA for H1 2019
 - ❖ Notwithstanding challenging global diamond market and
 - ❖ Sourcing a significant portion of ore from lower-margin north & neck zones to preserve water storage in the southern pit



Mining higher-margin zones in H2



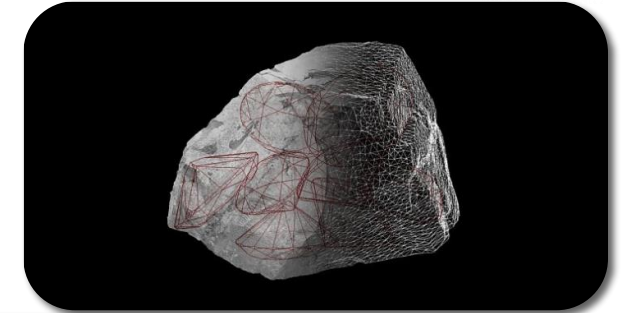
- Southern pit zones (SW, SC, SE) form 83% or 32mt of 39mt total JORC resource* (indicated and inferred)
- Dewatering of southern pit postponed to ensure Mothae retained sufficient water supply for increased plant throughput
 - ❖ ~30% of H1 2019 ore treated sourced from North & Neck
- New Dam 4 wall development now at a height to dewater southern pit
- Southern pit zones
 - ❖ Higher-margin zones
 - ❖ All mining in H2 planned from southern pit
- Impact of production from southern pit already being seen
 - ❖ Exceptional 64 carat Type IIa diamond in August 2019
 - ❖ Record carats recovered in August 2019

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

Accessing new margins - cutting & polishing



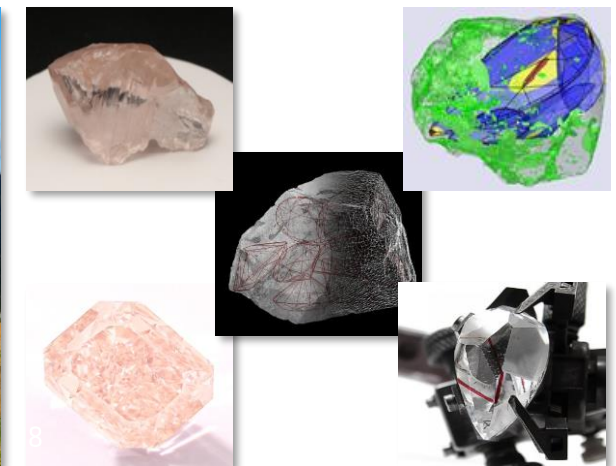
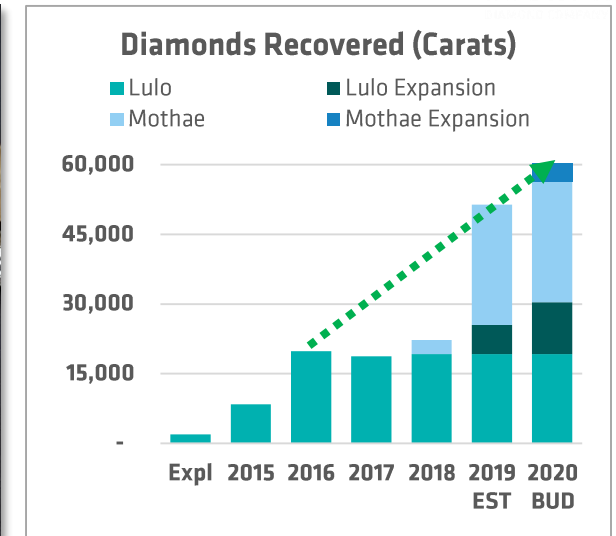
- Rare, high-value diamond production
 - ❖ Small proportion of production account for >75% of rough value
- Ability to capture polished margins through
 - ❖ Partnered manufacturing initiatives
 - Committed supply partnerships with diamantaires, whereby operations receive
 - Rough price at mine gate upfront and
 - % of polished margins derived after manufacturing and sale
 - ❖ Own manufacturing initiatives
- First diamonds delivered into this strategy



Lucapa – a rare diamond company



- A miner of ethically-sourced rare, high-value diamonds
- With two operating mines in Africa
- Actively growing production to generate higher revenues and returns for shareholders
- Accessing new downstream margins - cutting & polishing of select high-value diamonds
- Lulo kimberlite exploration provides blue-sky exposure to a major source discovery
- Very experienced diamond team
- Highly-leveraged to expected near-term recovery in global diamond market





LUCAPA
DIAMOND COMPANY

Corporate Office

34 Bagot Road
Subiaco, Perth
Western Australia

Tel: +61 8 9381 5995

Email: general@lucapa.com.au

Website: www.lucapa.com.au