



CHAIRMAN'S AGM ADDRESS

Ladies and Gentlemen,

Thank you very much for your attendance here today.

Before we get to the business of today to vote on the resolutions before you, and with your leave, I would like to start this address by saying how tremendously excited I am about the future of our Company and I'll tell you why as I spend a few minutes reviewing and highlighting what I regard as significant achievements during 2022 and 2023 to date.

So, if you are in agreement, let me list these achievements in no particular order of priority:

1. For the past 14 years we have methodically, and cost effectively, looked for the primary sources of our alluvial diamonds that remain the highest average price and the most beautiful diamond production in the world, bar none. The primary sources we are searching for, unlike the transported gravel terraces and flood plains we have been mining for the last decade, are ancient hard rock diamond bearing volcanoes known in our industry as kimberlite pipes. We have come a long way since we identified over 500 anomalies or targets, discovering approximately 130 kimberlite pipes from the 156 targets tested. This will continue to be added to as we further our discovery drilling program.

As I said in my Chairman's Letter in the 2022 Annual Report, finding the holy grail is a long, hard and expensive road. Over the last century over 7,000 kimberlite pipes have been discovered, of which only 1,000 proved to contain diamonds and only 60 of these have proved to be economically viable. But finding one or more of these economically viable diamond pipes, are invariably company makers and transformative in terms of company value.

I regard it as incredibly significant that our first two samples from kimberlite pipe L164 yielded 64 diamonds, weighing 82 carats, including two big diamonds weighing more than 10.8 carats, so-called "Special Diamonds". L164 is not large, but we are further encouraged by its nearby larger sister pipe, L165 about a kilometre away. As we emerge from another heavy wet season, we have L165, L021, L015, L129 and a second sample from L056 lined up for processing in the forthcoming dry season.

These early-stage results from our priority kimberlite bulk sampling program are exciting indeed. We did not expect, and we do not hope for, diamonds to be recovered from every priority sample. This could indicate that many sparsely diamondiferous kimberlites could have deposited the alluvial diamonds over many years. The fact that we are getting strong results from very few builds on our belief that we are searching for only a handful of significant diamondiferous kimberlites.

As I have said many times, and now with our kimberlite bulk sampling plant commissioned, operating on a 24/7 basis and program growing, I believe we are on the cusp of a major kimberlite discovery.

Importantly, the team have been working hard on the majority stake negotiations and we are confident in achieving a result in the near term.



2. From an Alluvial exploration perspective, we drilled over 9,000 auger holes last year and excavated over 2,100 pits, which resulted in a new, updated JORC Classified Inferred Alluvial Diamond Mineral Resource of 2.6 million m³ of diamond bearing alluvial gravels, containing approximately 154,000 carats of diamonds at a modelled value of over A\$3,000 per carat. That's an average of 24 drill holes and 6 pits per day, for every day of the year. This is the 5th consecutive year that we have added to our diamond resource.

In context, since commercial mining began at Lulo in 2015 to end 2022, we have mined, recovered and sold over 167,000 carats for nearly A\$0.5 billion from these alluvial gravels. With the expanded plant capacity at Lulo, it would take approximately 4 years to mine and treat the current 2.6 million m³ resource. This resource is expected to grow as we continuously and concurrently explore to add to our alluvial resources and we are going to be exploring the Lulo River for the very first time this year.

3. As you all may know, our Company funded 100% of the Lulo alluvial exploration and mine development. However, as we only have a 40% minority ownership we cannot consolidate our Angolan operations into our financial statements on a line by line basis, recording these only as investments or loans to be repaid from future production.

Last year, the alluvial mining operations had another stellar year with many new records being achieved. SML processed a record 573,000 m³ of alluvial gravel (or approximately 1.14 million tonnes), this 18% up on the previous year. We recovered a record 35,398 carats of diamonds, this 44% up on the previous year. The recoveries of large diamonds in both the +4.8 carat and +10.8 carat Special Diamonds were up 68% and 74% respectively. This operational performance culminated in SML achieving a record revenue of A\$117.3 million.

As a result of this, and after capital re-investment in operations, SML was able to repatriate A\$22.9 million in dividends and capital repayments to Lucapa. This in turn allowed Lucapa to reduce our interest-bearing debt by A\$18.6 million.

Interest-bearing debt has been further reduced since year end, to just under A\$3 million as it stands now, and as it stands, we will be interest-bearing debt free during the third quarter of this year.

We have made a significant dent in the debt and our balance sheet is all the stronger for it.

4. At Mothae, record processing of 1.2 million tonnes was achieved and whilst carats were down 5% to 30,740 carats, revenue per carat was up to a record average sale price of A\$987 per carat. We had challenges at Mothae this year, and we put significant effort into attending to the inflated mining costs, processing and contractor logistical constraints.

Very pleasingly, and as per recent ASX releases, we have made a number of modifications to the plant and with a lower diesel price and processing operations going well, we believe the mine has turned a corner and has a good future ahead of it.

The mooted VAT and Income Tax amendment bills have not as yet been repealed, but we and the other mines, through the Chamber of Mines, are attending to this matter and we will keep you updated.



5. Overall performance, taking into account the tougher year at Mothae and corporate overhead, we recorded an attributable EBITDA of A\$14.9 million for 2022.

As noted earlier, our balance sheet also ended the year much stronger. After allocating approximately A\$4.9 million to exploration, A\$6.9 million to mine development and A\$21.5 million (including interest) to financiers we ended the year with approximately A\$10.5 million in the group (excluding SML). At the end of 2022, the Company had a Net Asset Value of US\$85 million – in today’s money, that is approximately A\$129 million.

A very much improved financial position.

6. Looking at our growth objectives, as you know, we completed the acquisition of the Merlin Diamond Project in the Northern Territory in late 2021 for ~A\$8.5 million. As you saw from the results of the Updated Scoping Study published in early 2022, it illustrated strong economics for a 14 year life at Merlin, delivering a production target of 2.1 million carats. During the year, the team renewed the Mineral Lease to 2047 and signed all Native Title deeds of assignments.

This project has the potential to be a significantly transformative asset for Lucapa, with material upside, and we look forward to publishing the results of our Feasibility Study, which is in the final stages, shortly.

But today I also want to tell you, that Lady Luck has recently provided us with a great and unforeseen opportunity. We were recently approached by a Chinese plant manufacturer with regards to a diamond washing and screening plant that was commissioned by the previous vendors for Merlin, but which, although brand new, has remained unpaid for in their warehouse for many years. Whilst it was not a complete diamond plant – merely the front-end scrubbing and screening modules – we moved quickly to acquire it quickly at an extremely attractive cost as we could use it at any of our diamond operations.

However, where this becomes relevant, is that in the last month, we were given the opportunity by our fellow travellers in the Australian diamond industry, Burgundy Diamonds (who recently announced they were not going to exercise their option to acquire the Ellendale Diamond Project), to buy their “State of the Art” alluvial diamond sampling plant. Equally, we moved to secure this plant too.

The upshot of these two recent events, is that it opens up the possibility for us to get up and going early at Merlin, recovering commercial diamonds from each major pipe that is forecast per the production target to contribute to the value of the larger mine development. As a result of these recent acquisitions, the team are not only concluding the Feasibility Study, but also designing a “Pilot Program” that could see some ~10,000 carats recovered from each major pipe well ahead of any larger development.

We are designing this program to be a “nil cost” program as a result of the expected value of the diamonds to be recovered, making it an attractive proposition for potential financiers – especially in what will be a debt free Company.

7. Finally, our ESG report for 2022 has been released today, and I invite you to take a copy or visit our website, so that you can see some of the many activities that we have been involved with in helping the communities where we operate.



So, in summary, I think we actually had a very good year, and quite honestly, I don't really know what more could be expected of our teams – we had record operational performances in our mining operations – where we had production constraints, those were attended to - we constructed our third diamond plant at Lulo to process kimberlite bulk samples, achieving our best ever results in our kimberlite quest in Angola, and we have furthered a significant growth opportunity in a Tier One jurisdiction with Merlin.

As I said at the beginning of my address, I am tremendously excited about the future of our Company.

Thank you,

MILES KENNEDY
CHAIRMAN

ABOUT LUCAPA

Lucapa is an ASX listed diamond miner and explorer with assets in Africa and Australia. It has interests in two producing diamond mines in Angola (Lulo, in which LOM holds 40%) and Lesotho (Mothae, in which LOM holds 70%). The large, high-value diamonds produced from these two niche African diamond mines attract some of the highest prices/ carat globally.

The Lulo mine has been in commercial production since 2015, while the Mothae mine commenced commercial production in 2019.

In 2021, through its wholly owned subsidiary, Australian Natural Diamonds Pty Ltd, Lucapa completed the strategic and transformative acquisition of the Merlin Diamond Project, an historic Australian mine in the Northern Territory of Australia. A feasibility study is expected to be completed in Q2 2023.

Lucapa and its project partners are also exploring for potential primary source kimberlites or lamproites at the prolific Lulo concession in Angola, the Brooking project in Australia and the Orapa Area F project in Botswana.

The Board, management and key stakeholders in Lucapa have deep global diamond industry experience and networks all through the value chain from exploration to retail.

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 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 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 Price 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 this announcement contains references to prior exploration results, a production target and financial information derived from a production target 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 a production target and financial information derived from a production target and 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.

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