



LUCAPA
DIAMOND COMPANY

ESG REPORT

2022

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ACKNOWLEDGEMENT

Lucapa would like to acknowledge the Traditional Owners of the land on which the Merlin Diamond Project in the Northern Territory and the Brooking Exploration Project in Western Australia are located.



CEO Letter

We are conscious that as a company with African operations, the most important role that we can play in the community is the one that offers opportunities to those who want to work with us.

Which is why our focus is on social impact in our ESG initiatives. We view support for the basics like education, training and healthcare, fundamental to help build opportunities in our communities.

This year in Angola, we committed significant funds, along with our partners, to build a new school in the local village so the children of our employees can learn in a stimulating environment.

It means that the students will have proper facilities like clean water, electricity and equipment to learn and play sport.

We hope they go on to become Angola's next generation of engineers, educators and health professionals. The school will be completed in 2023.

Our focus on education also extends to the community in Lesotho where the Mothae operation supports students through scholarships, refurbishing classrooms, equipment purchases and the supply of uniforms.

Social impact is not just about allocating money to a problem, it is about helping people to help themselves to strive for a better life. It is about listening to the community and asking, not assuming, what they want for the future and then setting about facilitating the end result.

We hope you enjoy reading about our activities in 2022.

STEPHEN WETHERALL

CEO, Lucapa Diamond Company Limited

Our Purpose

Lucapa produces natural diamonds sustainably and cares for its people, communities and the countries in which we operate.

Our Values

SAFETY

We conduct operations in a safe, responsible and environmentally conscious manner.

INTEGRITY

We interact with all stakeholders with integrity, respect, honesty, transparency and fairness.

TEAMWORK

We attract and employ the best skillsets, encourage teamwork, diversity and reward performance.

PARTNERSHIP

We partner with the local communities and governments in the countries we operate for mutual benefit.



ICMM PRINCIPLES

Lucapa's sustainability program is aligned with the objectives of the United Nations Sustainable Development Goals and we have adopted the International Council on Mining and Metals (ICMM) Principles framework.



ETHICAL
BUSINESS



DECISION-
MAKING



HUMAN
RIGHTS



RISK
MANAGEMENT



HEALTH
& SAFETY



ENVIRONMENTAL
PERFORMANCE



CONSERVATION
OF BIODIVERSITY



RESPONSIBLE
PRODUCTION



SOCIAL
PERFORMANCE



STAKEHOLDER
ENGAGEMENT

2022 PRIORITY GOALS



1. HEALTH & SAFETY

Safety is our number one priority throughout Lucapa's operations. The safety of our people sees us investing time and resources into training of employees and cultivating a safe working environment. Our goal is for zero harm.



2. COMMUNITY

Our operations are located in some of the most disadvantaged areas in Africa. Together with our partners, we provide employment for more than one thousand people across the two mines and use our resources to address shortages in education, health and social facilities.



3. ENVIRONMENT

Our operations sit in remote areas surrounded by sensitive ecosystems. We are focused on rehabilitating the disturbed land caused by our mines and regularly monitor our impact on the environment.



THE KIMBERLEY PROCESS

The historical threat to human rights from conflict diamonds is recognised and taken very seriously by Lucapa and its partners. All diamond mining and sales in the Group are performed in accordance with the Kimberley Process and in adherence to the World Diamond Council's System of Warranties.

Policies and procedures have been put in place to ensure that all businesses within the Group comply with the legislation of host countries and incorporate international best practice in respect of human rights and ethical standards.

Health, Safety & People





LTIFR	Lulo	Mothae
2022	0.40	0.35
2021	0.16	0.21

HEALTH & SAFETY AT OUR SITES

We employ more than 1,200 staff across the Group. The workforce consists of a diverse range of ages, experience and nationalities. We have one common goal and that is to ensure that everyone goes home safe from work.

Since the commencement of commercial production at Mothae, employees have received annual inflationary cost of living pay increases. Mothae employees remuneration and conditions are reviewed regularly and compare favourably to local industry benchmarks. At Lulo, pay and conditions are negotiated through the workers union.

At our operations we have daily toolbox meetings, regular random drug and alcohol testing and education and training to encourage continuous improvement. We have systems and processes to report safety concerns and breaches. To date, the operations have recorded zero operational fatalities.

Health education is also provided by staff at the on-site clinics at our operations. At Lulo, the HSE team has trained to extinguish fires and test the fire fighting equipment. During the year, representatives from Volvo and CAT attended site to train and test new operators on the ADT's.

Health and Safety at Mothae focuses on improving risk assessments and implementing remedial actions to mitigate risk.

In 2022, Mothae recorded a Lost Time Injury Frequency Rate (LTIFR) of 0.35 amongst its workforce of 468 employees and contractors. This was an increase on the previous year which was 0.21. There were two Lost Time Injuries at Mothae during 2022, compared with one in 2021.

Lulo recorded an LTIFR of 0.40 in 2022 for its workforce of 756. This is higher than the previous year's 0.16 due to three Lost Time Injuries recorded during 2022.

Our employees have access to fully staffed
24 hour health clinics at our operations



Total Employees and Contractors

Lucapa

14

Mothae

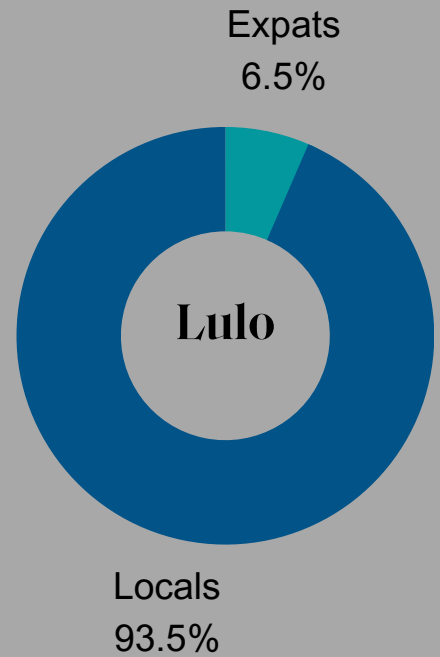
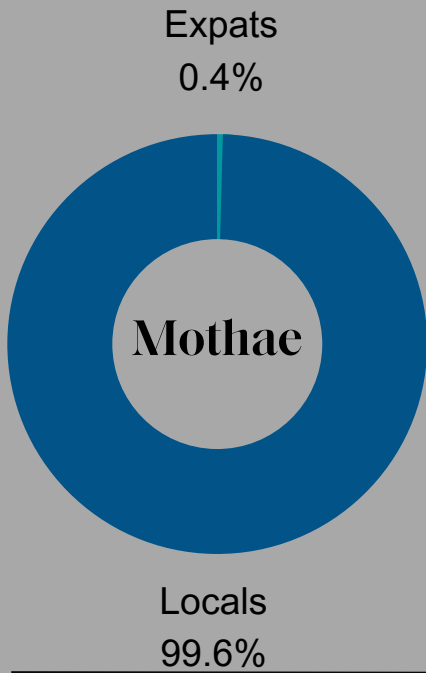
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Lulo

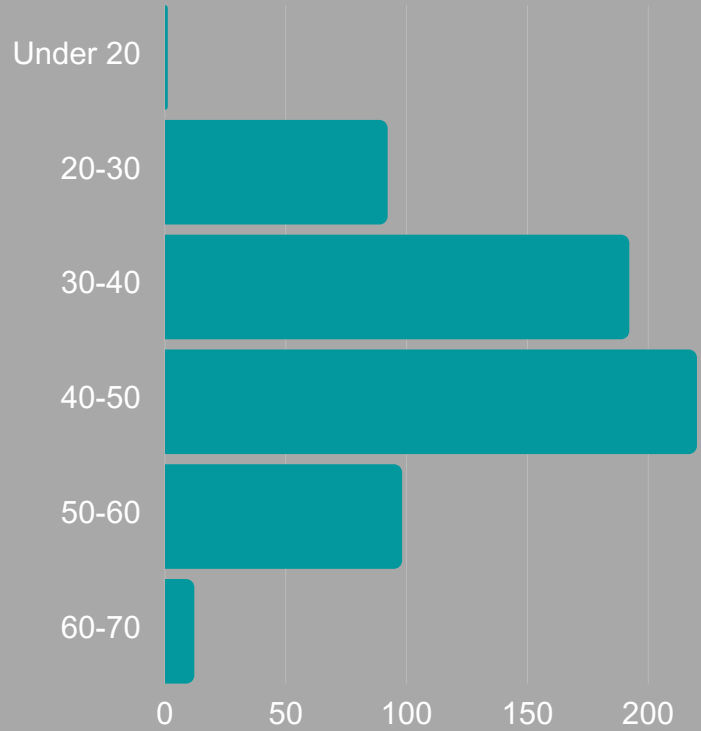
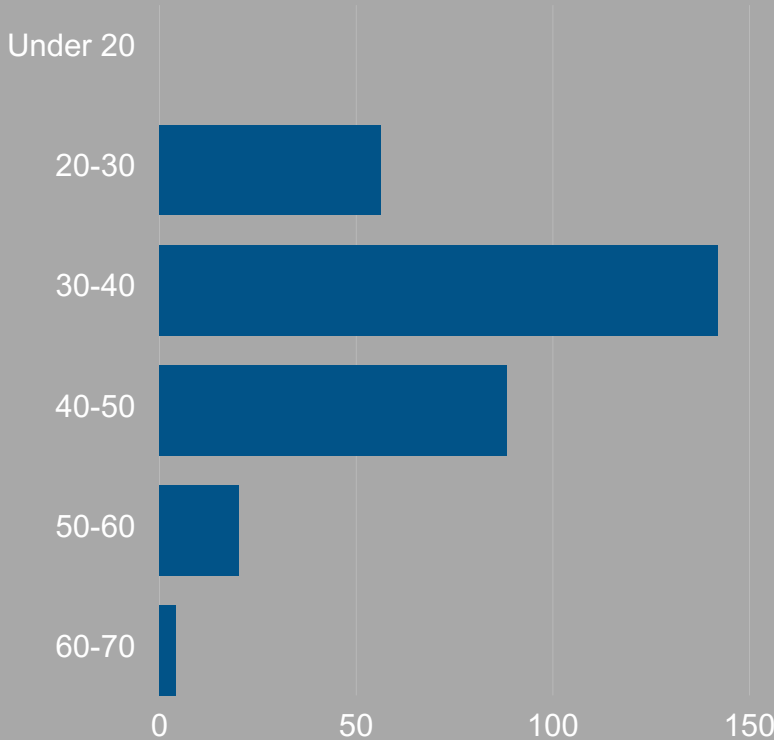
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Merlin

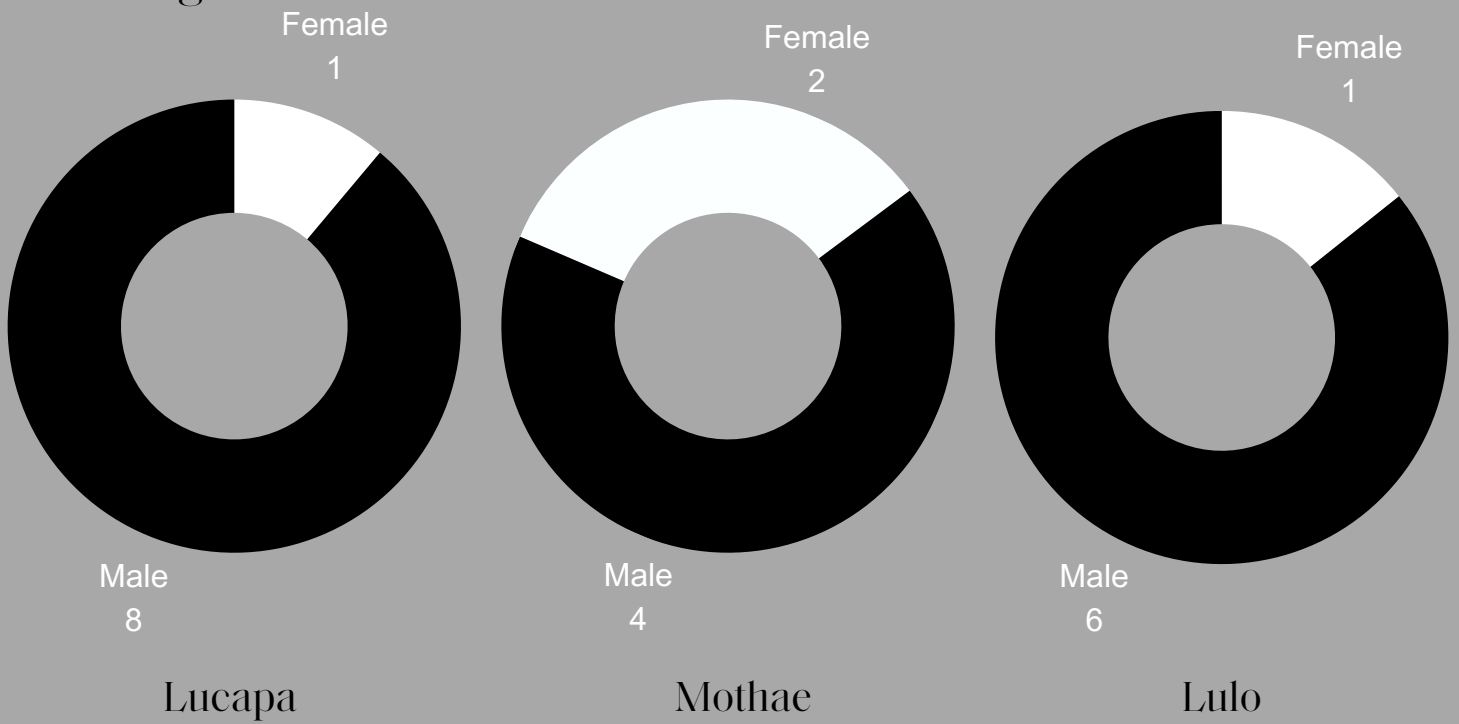
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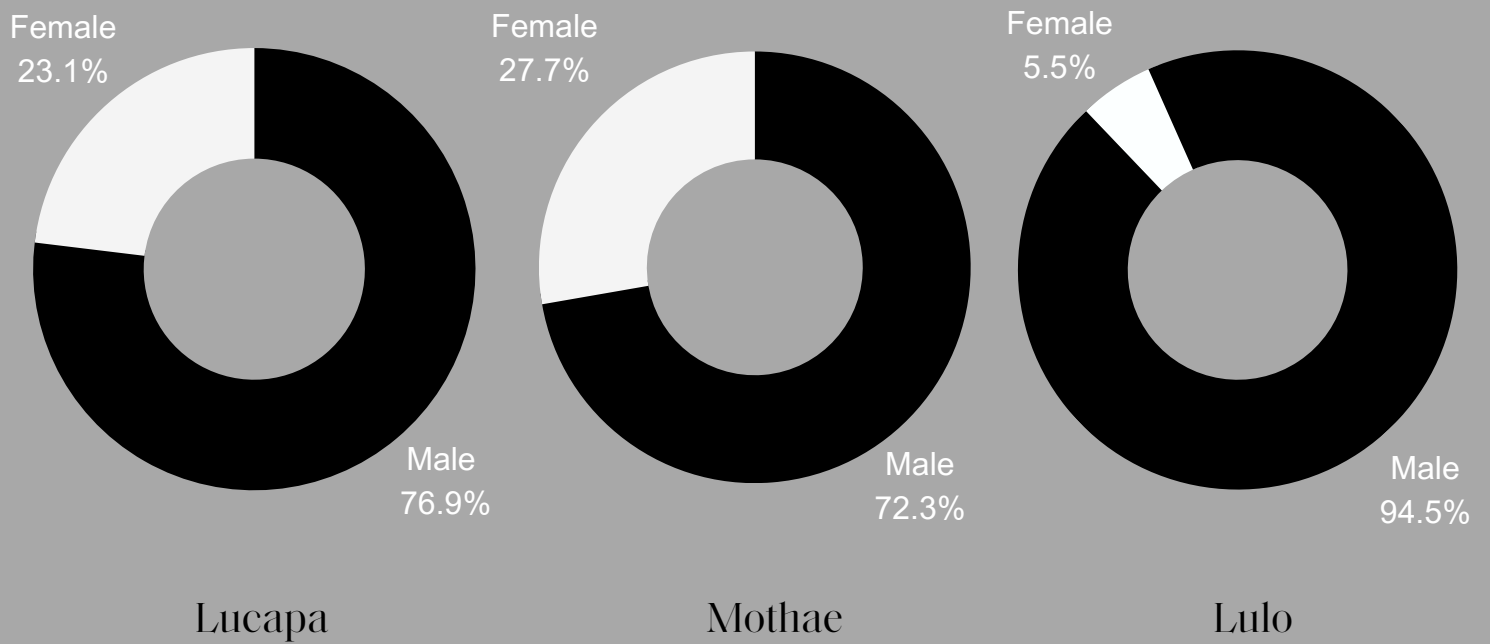
Employees by age



Management



Total Employees



Community



Xamiquelengue School

In December 2021, SML committed US\$1.5 million to finance the establishment of a new school in the village of Xamiquelengue, which is 5km from the Lulo Mine and houses a majority of the mines employees.

The school was under construction throughout most of 2022 and is expected to be completed in mid-2023. It will be ready for its first intake of students for the school year starting in January 2024. The school building is designed to provide the best conditions for students and teachers. It consists of seven classrooms, a staff room, office area and male and female ablution facilities. A multipurpose sporting field, outdoor gym and security offices are included as part of the development.

The school building is 815m² and sits within a 5,900m² compound surrounded by a fence and a security gate. Solar energy will power the school which has a septic sewage system and a bore water system.



Supporting Lesotho's Children



The centrepiece of Mothae's Corporate Social Responsibility activities is the support of children's education.

In 2022, Mothae held a Back to School event to raise money to supply students with necessities. The funds raised bought shoes for 22 students of Tšepong Primary School. Other educational equipment was also donated to the school.



Mothae Mine established the "Take a Child to School" initiative, where it provides bursaries for eleven students who attend St. James High School, Seeiso High School and Mokhotlong High School. In 2022, the mine also contributed prize money for the top three academic achievers at a local high school.



Used conveyor belts were donated to St. Peter's Primary School. The rubber belts have been repurposed as flooring in eight classrooms, providing insulation against the winter weather.

The Mine also donated uniforms in collaboration with Universitas Primary.

In the lead up to Christmas, the Mine donated groceries and clothing to the Touching Tiny Lives Orphanage to support 47 children.

Mothae Community Support



In 2022, Mothae continued to support local farmers through its agricultural kickstart program as part of its efforts to relieve poverty and engage the local community.

Under the program, Mothae supplied seed and fertilizer to farmers to grow produce which the mine then purchases to use in the kitchen. The program gives financial support and provides certainty for farmers.

In 2022, Mothae purchased ZAR1.6 million of produce from farmers and local businesses.

The mine also provides poverty relief through rotational employment of casual labour from neighbouring villages.

Supporting Children's Sport

As part of our social impact commitment to supporting initiatives involving children, both of our operations make regular contributions to local sporting organisations in the form of in-kind or direct donations. In Angola the Lulo operations has an ongoing sponsorship of the local soccer club. The Mothae Mine donates sporting equipment to schools in the local area.



Merlin Community Engagement

Following the acquisition of Merlin in December 2021, community engagement stepped up with stakeholders in the Northern Territory including meeting with Traditional Owners and the Northern Land Council in Borroloola.

The purpose of the meeting was to discuss plans for Merlin and to facilitate the signing of the native title deeds of assumption.

Merlin is committed to local and regional procurement where practicable and has engaged a local indigenous employment agency for casual labour.



Lucapa and Australian Natural Diamonds Directors meet with Traditional Owners in Borroloola

Environment

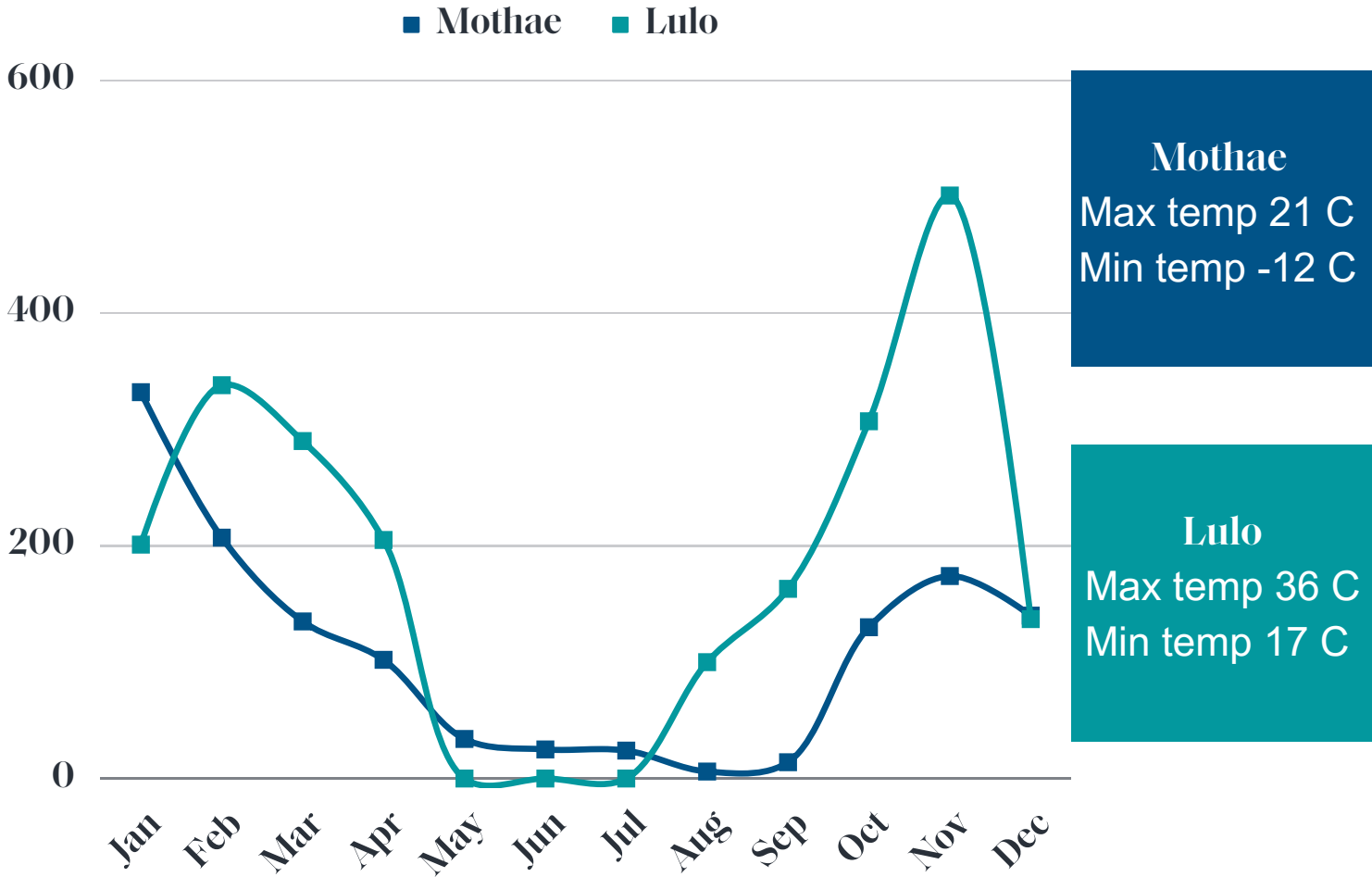


Monthly Rainfall

Mothae yearly total rainfall : 1,323mm

Lulo yearly total rainfall : 2,242mm

Total rainfall/snow (in mm) at Mothae and Lulo in 2022



Diesel

Mothae

3.09 l/t
mined

Lulo

0.68 l/t
mined



Potable &
Process Water

0.85 m³/t
processed

1.08 m³/t
processed

Case Study

Mothae Wastewater Treatment Plant



New Plant Replaces Honeysuckers

In 2022, a new wastewater treatment facility was constructed at Mothae Mine site to dispose of its wastewater in a more environmentally sound way.

Prior to the new plant's installation, the mine was forced to dispose of its wastewater using honeysuckers or sewage trucks which would drive more than 100 kms from the mine several times a day to the nearest disposal facility. It was not only an inefficient use of resources but also a costly disposal method.

A conventional activated sludge treatment plant was constructed at Mothae and commissioned in 2022.

The Maluti Mountains, where Mothae is situated, has extreme weather fluctuations, therefore, the plant has been housed in a facility to ensure that the correct temperature is maintained for optimal biological population growth. Ongoing independent monitoring and testing is conducted at the site.

The plant has a capacity to process up to 80 cubic metres of raw sewage per day and treats the mine's grey and black water producing safe and disposable effluent and waste.



Mothae's wastewater treatment plant in the foreground with the processing plant in the background

Case Study

Lulo Revegetation Project



Revegetating Lulo's Landscape

Sociedade Mineira do Lulo (SML) employs an Environment Manager at the Lulo Mine to monitor and minimise environmental impact across the concession.

The team has set about revegetating the disturbed land by setting up a small trial nursery to germinate plants from seeds of trees native to the surrounding area.

While grassland on the concession regenerates itself, the trees do so at a much slower rate.

Various species of native trees are being grown at the trial nursery and planted over disturbed land to revegetate it. The trial nursery will make way for a larger, more permanent structure at the site.



A trial nursery has been set up on the mine site to germinate native plant species to revegetate disturbed areas on the Lulo concession



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