



Lucapa pivots Merlin Study to focus on smaller scale, lower-cost development

Key Highlights

- ❖ **Original Merlin Feasibility Study paused due to diamond and capital market environments.**
- ❖ **Company is advancing alternative study on smaller scale, lower-cost pathway to development**
- ❖ **Part of a wider strategy to prioritise strengthening the balance sheet in the near term**

Lucapa Diamond Company Limited (ASX:LOM) (“Lucapa” or the “Company”) wishes to advise that delivery of the Merlin Diamond Project Feasibility Study is on pause while a smaller scale, lower cost alternative path to development is examined.

Against the current capital market environment and softening of diamond prices in 2023, the Company believes it is prudent to place the large-scale Merlin Feasibility Study on pause in favour of a study which considers lower production and capital cost options. The alternate Study will examine, among other things, using existing resources such as the trial mining plant and front-end scrubber to get Merlin into production.

Managing Director Nick Selby said *“Lucapa is in the fortunate position to be debt free and have two profitable producing mines. For the next 12 months we will focus on further strengthening our balance sheet. Rather than raise capital to fund the original Merlin development, we will focus on a lower cost pathway to development using existing resources. We believe that this is in the best interests of shareholders”*.

Work on the smaller-scale development option is well advanced as it utilises some of the existing modelling and key workstreams of the original Feasibility Study.

The finalisation of the capital and operating estimates for the smaller-scale, lower cost development is expected in 2024.

The Company will provide updates to shareholders on the progress of the lower cost development plan.

For and on behalf of the Lucapa Board.

Nick Selby
MANAGING DIRECTOR

For more information:

Candice Sgroi
Head of Investor Relations and Corporate Communications
Mob: +61 400 49 22 85 | csgroi@lucapa.com.au



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.

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

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