



LUCAPA
DIAMOND COMPANY

A Rare Diamond Company

**Resources Rising Stars
Gold Coast Conference
June 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.

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 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.

Corporate snapshot



Australia (ASX: LOM) Germany (FSE: NHY)

Share price (A\$ cents)	15.5c
Shares on issue	496m
Market capitalisation	A\$77m
52-week share price range (A\$ cents)	14.5c - 29.0c
Group cash (as at 31 March 2019) ¹	US\$7m
Diamond inventory (as at 31 March 2019) ²	9,423 carats
Debt ³	US\$23.6m

¹ Lucapa consolidated - excludes cash held by Lulo mining company, SML, as accounted for as an associate

² Comprised 4,871 carats held by Mothae and 4,552 carats held by SML for sale in Q2 2019

³ Includes US\$7.0m Mothae subsidiary/ project-level debt. Refinancing arrangements announced to the ASX on 4 April 2019

Share Register

Largest shareholder (Tazga Two)	8.7%
Director and management holding	~12%
Institutional holding	~5%



A rare diamond portfolio



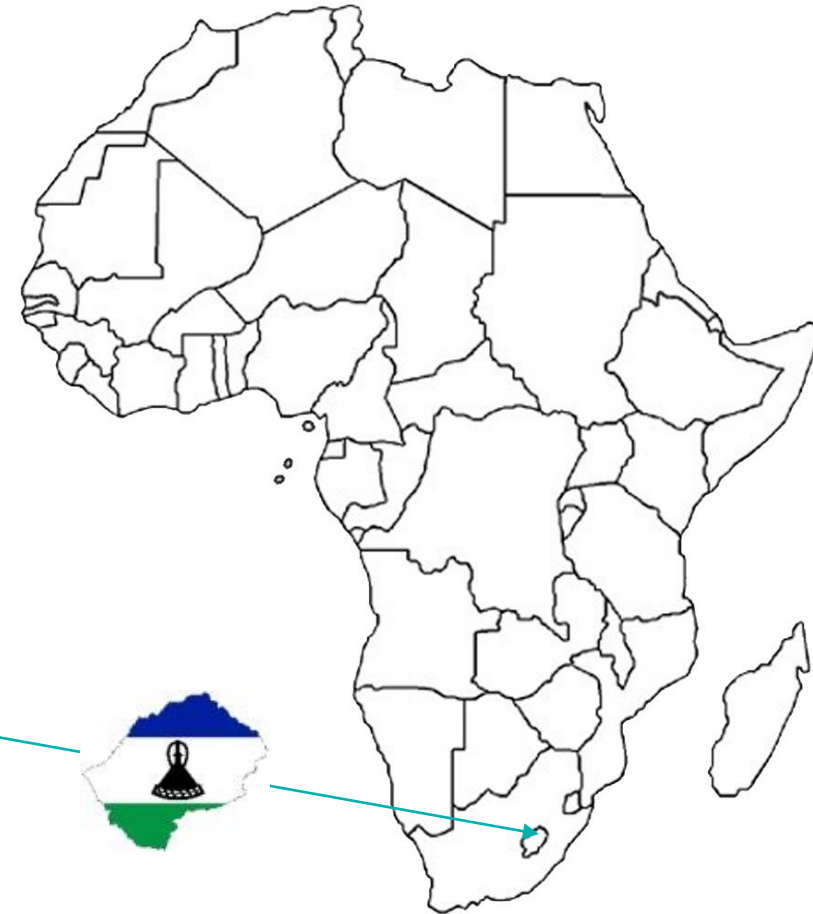
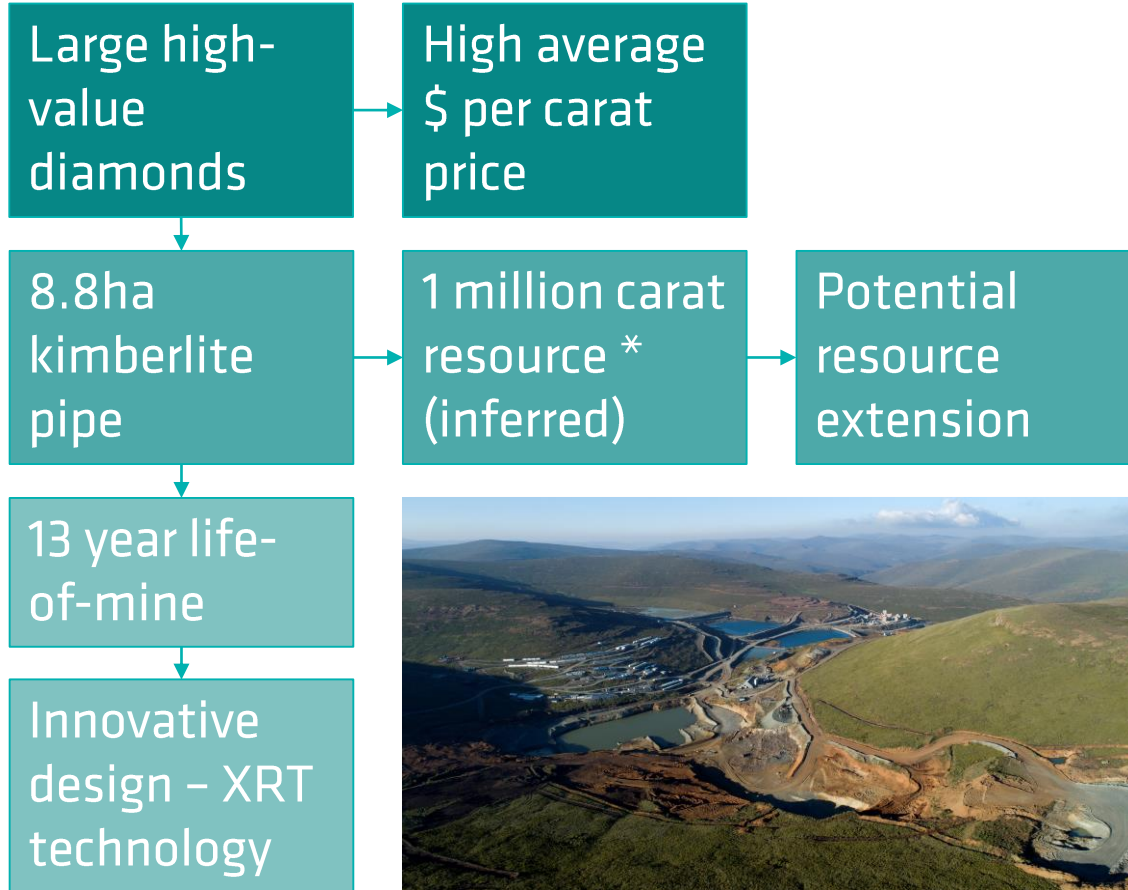
- Lucapa mines rare, large and high-value diamonds at Lulo and Mothae
 - Lulo, Angola - world's highest US\$ per carat alluvial diamond mine
 - Mothae, Lesotho - new high-value kimberlite mine in one of the world's best diamond addresses
 - Both mines produce multi-million dollar gems
- Lucapa also offers investors rare exposure to a potential hard rock discovery in a big diamond province
 - The new Lulo kimberlite exploration program has been designed to narrow down the search for the big prize
- This rare portfolio is unique in the global diamond space
 - Two natural sources of high-value production - single asset risk mitigated
 - These unique assets protect Lucapa from pricing pressures experienced by producers of smaller low-value diamonds and the perceived threat from lab grown diamonds



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*

Mothae – kimberlite mine



- In mountainous diamond-rich Kingdom of Lesotho
 - 3 existing diamond mines within 20km
- Partnership with Government of Lesotho who own 30%
- Acquired 70%, built and commissioned for US\$38m, including pre-production bulk sampling program in 2018
- 10 year mining lease - renewable
- State-of-the-art 1.1 Mtpa kimberlite diamond plant featuring two XRT large and medium diamond recovery circuits
- Commenced commercial production in January 2019 just two years following acquisition of project
- Scalable/ expandable operations

Mothae – already hitting its straps



- First 5 months of commercial production in 2019
 - Strong safety and operational performance
 - Throughputs, grades and carats recovered above plan
 - Regular recoveries of Specials
 - 126 carat gem-quality and five other +50 carat stones
 - Rare Type IIa gems, fancy pinks and yellows
 - Mining included a significant portion from lower-margin zones
 - Tender sales to date in 2019 of US\$7.3m (A\$10.5m)
 - Average run of mine price of US\$588/ carat
 - US\$729/ carat for diamonds in the +11 sieve size fraction
 - Sale prices up to US\$36,000/ carat achieved for individual diamonds
 - Third tender, which will include the 126 carat diamond, being considered for Q2 2019



Mothae – getting to the good stuff

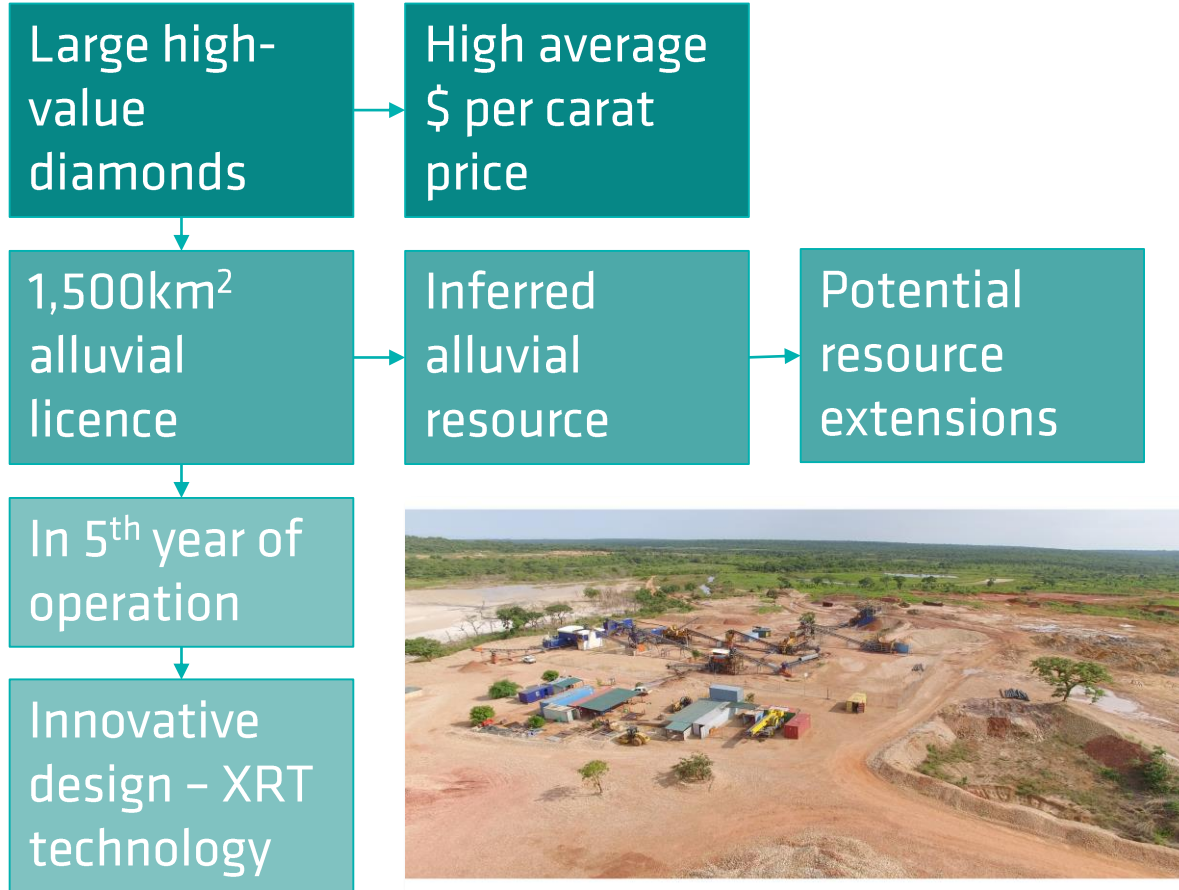


- About to transition to mine predominantly higher-margin zones
 - Dewatering of the main southern pit will provide first access to the higher-margin zones in H2 2019
 - Dewatering postponed to ensure Mothae retained appropriate water supplies to increase plant throughput in H2 2019
- Trial mining recoveries from these southern pit zones included a 56 carat Type IIa gem which sold for US\$2.1m and a broken 254 carat boart diamond
- These higher-margin zones comprise 77% of the total ore currently planned to be mined
- Operational guidance and revised mine plan will be published once mining has transitioned into these higher-margin zones

Lulo diamond mine, Angola

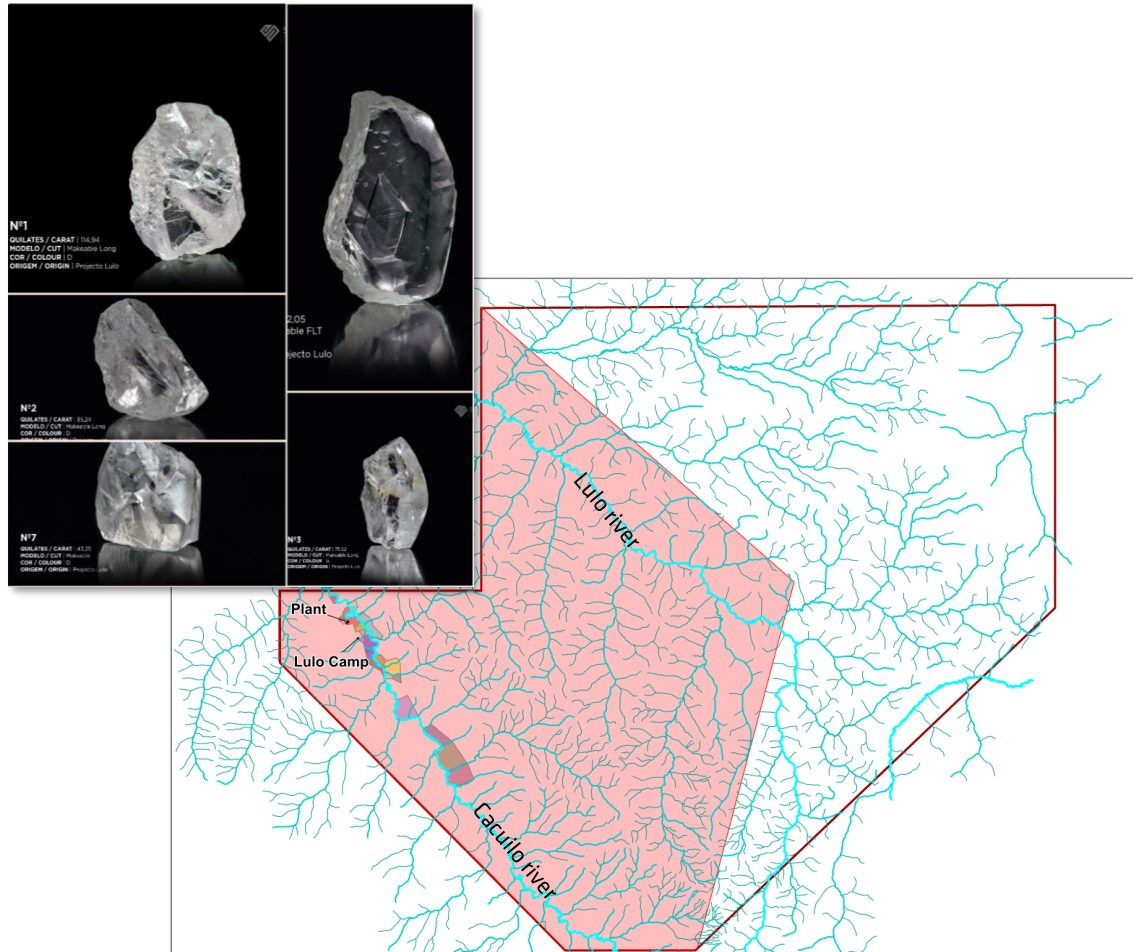


Africa's best alluvial diamond mine



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

Lulo – alluvial mine

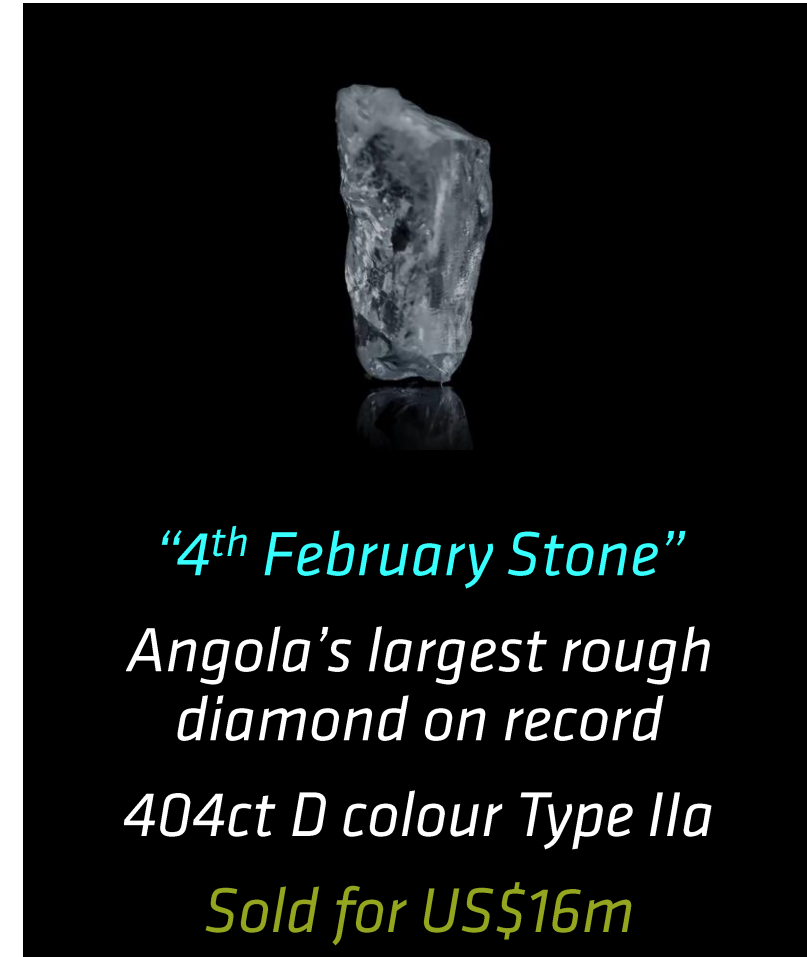


- In diamond rich and under-explored Angola
- One of the world's most prolific diamond fields
- Lucapa is 40% partner and operator
 - Angolan Government - Endiama (32%) and local partner Rosas & Petalas (28%)
- 10 year mining licence over 1,500km² – renewable
- 1.1 Mtpa kimberlite diamond plant featuring XRT large diamond recovery circuit
- Commenced commercial mining in January 2015
- Scalable/ expandable operations

Lulo – stellar results



- Five years of commercial mining operations
- Strong safety and operational record
- US\$146m in alluvial diamond sales to date
 - World's highest average price of ~US\$2,000/ carat for an alluvial mine
- Consistent large stone, high-value producer
 - 13 +100 carat stones
 - Including Angola's largest recorded diamonds weighing 404 carats and 227 carats
 - > 1,000 Specials (+10.8 carat diamonds) recovered to date
 - 30% by weight and 88% by value
 - 28 diamonds sold for > US\$1m
 - High percentage of rare Type IIa whites
 - Fancy colours, including +40 carat pinks and yellows
- Potential for significant mine life extension – less than 25% of Caculo valley explored



Lulo – growing strong mining returns

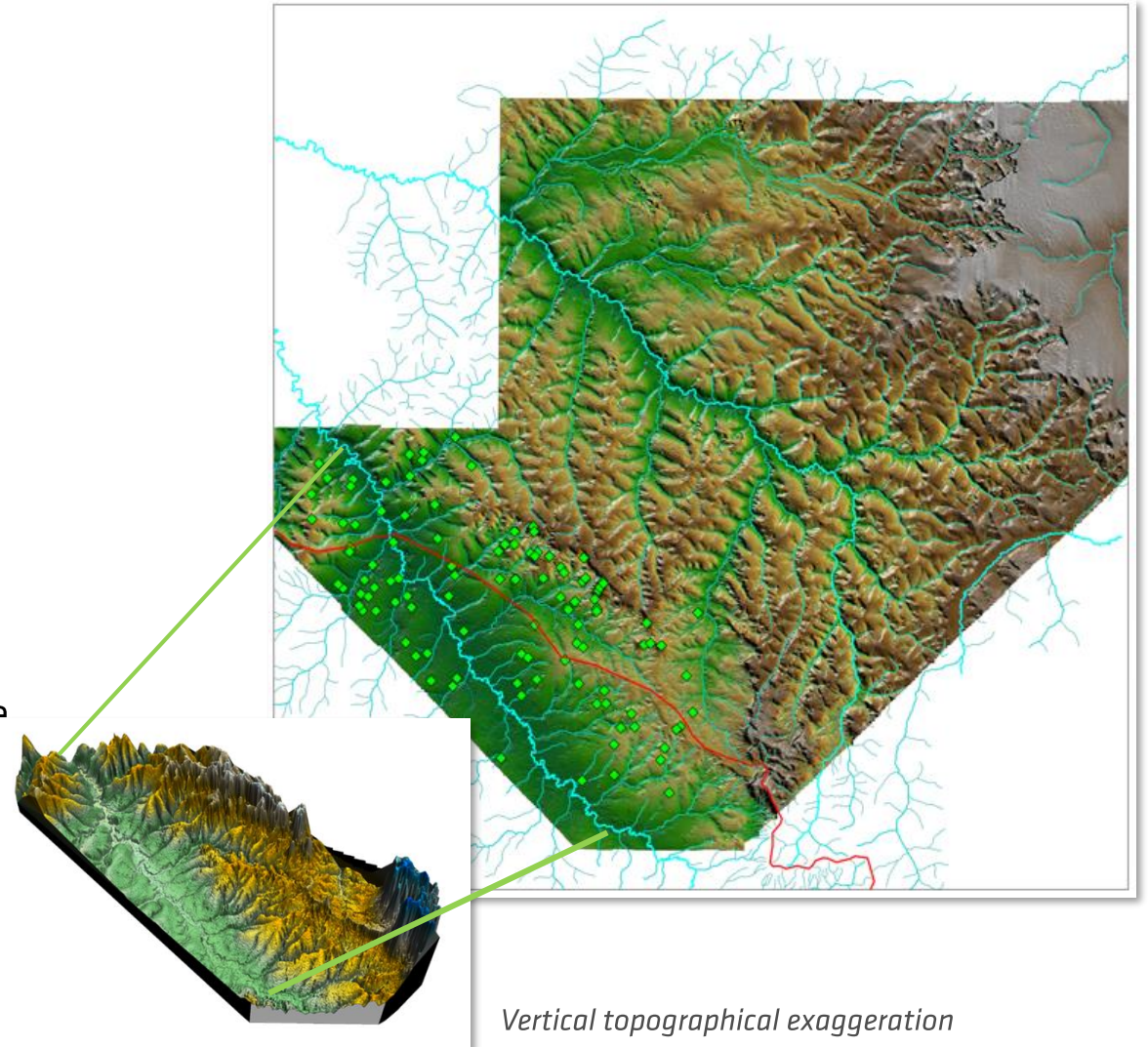


- Grown year-on-year every year
- Solid free cash flow generator
- Alluvial exploration increased JORC diamond carat resource by 90% in 2018
- 2019 will see:
 - 50% expansion in capacity in H2 2019
 - 3rd shift implemented on plant
 - SML self-funded US\$12m expansion
 - Growth in sales prices following transformative Angolan diamond sector reforms, including access to international sales channels and cutting and polishing
- Expanded operations will accelerate returns:
 - Dividend returns, and
 - Return of ~US\$30m to Lucapa in investment loans provided to SML to explore for and develop the alluvial mining operations

Lulo – closing in on the major prize



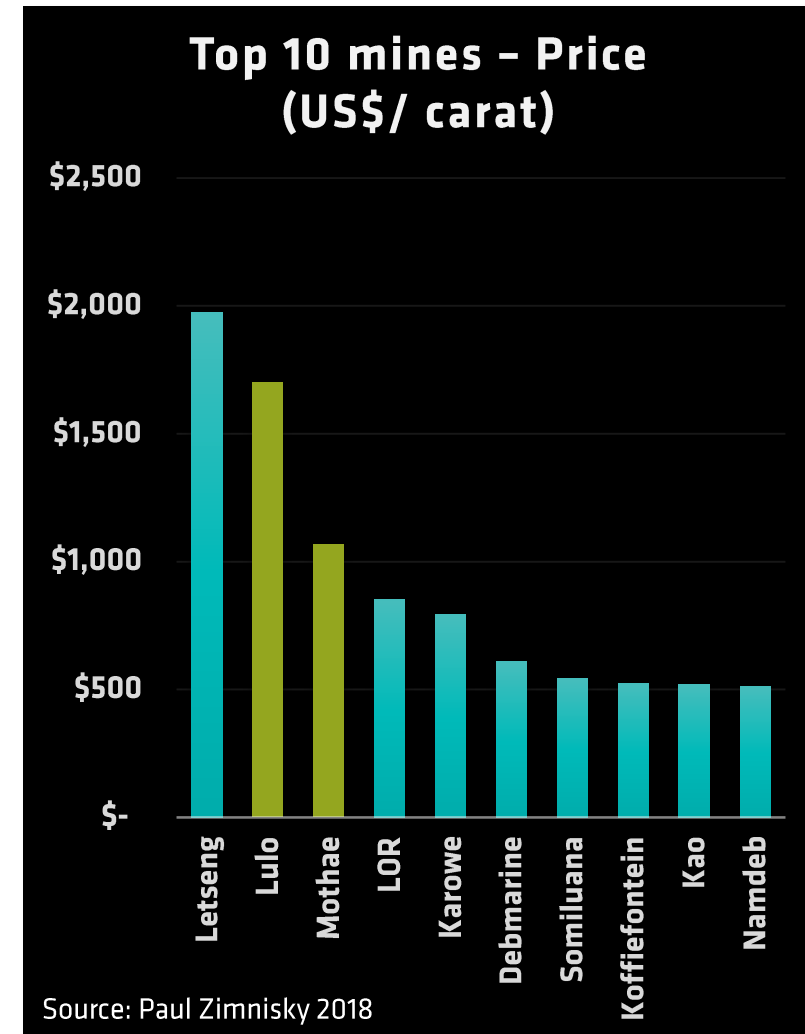
- The hard rock diamond source at Lulo awaits discovery
- Extensive kimberlite province beneath the exceptional alluvial diamond fields
- Frequent recovery of large and irregular shaped alluvial diamonds – with little signs of travel – point to that source being close
- 3,000 km² kimberlite exploration licence granted to April 2023
- New 12 month exploration program
 - Based on review of all kimberlite results and data, supported by international diamond experts
 - Building on extensive 2018 drilling program, which confirmed 70 targets as kimberlites
 - Testing priority kimberlites and tributaries feeding the high-value alluvial mining blocks
- This program is funded from a portion of Lucapa's returns from the alluvial diamond operations



Lucapa – a rare diamond company



- Lucapa produces rare diamonds
- Lucapa owns **two** of the highest US\$ per carat operating mines in the world
- Top-quality, high-value run of mine production - multi million-dollar diamonds
- Two operating mines, unique industry position
- Both mines ramping up production significantly in 2019 – improved cash flows and returns
- Growing rough revenue organically and introducing new revenue streams, such as cutting and polishing own diamonds
- The Lulo kimberlite exploration provides investors with the exposure to the discovery of a potential source of the world's highest-price alluvial diamonds
- Lucapa has an experienced and driven management team
- Regular news flow in H2 2019 as mining at Mothae transitions into the higher-value kimberlite zones; operations at Lulo return to the higher-value mining blocks; rolling out of cutting and polishing strategy; and launch of the new Lulo kimberlite exploration program





Appendices

Analyst coverage



- Views following analyst visit to Mothae, Lesotho

“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



Price target
A\$0.45

“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



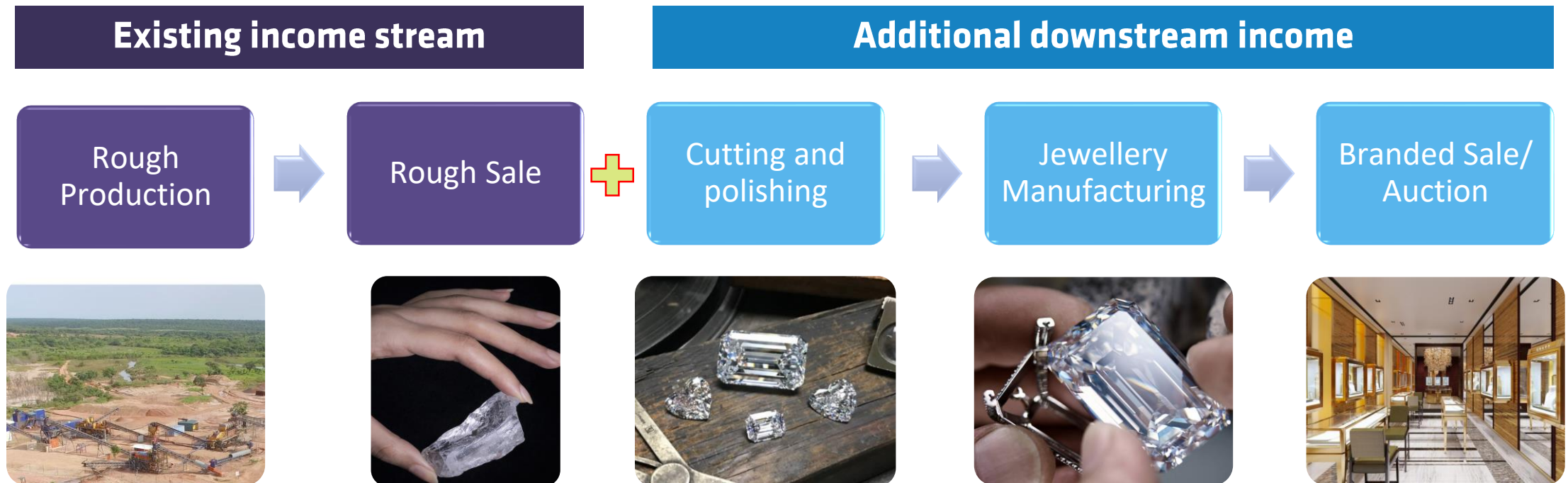
Price target
A\$0.61



Cutting and polishing



- Opportunity to generate new profit streams beyond rough mine gate price
 - Partnerships with leading diamantaires for cutting & polishing
 - Sharing polished margins over and above rough price
 - Own manufacturing



Resources



Lulo JORC Resource

Resource	Volume (m ³)	Carats	Grade (cphm ³)	Revenue (\$/ct)
Indicated				
Inferred	454,400	80,400	17.7	1,420
Total	454,400	80,400	17.7	1,420

Mothae JORC Resource

Resource	Tonnes (Mt)	Carats (Mct)	Grade (cpht)	Revenue (\$/ct)
Indicated	2.39	0.07	3.0	1,196
Inferred	36.57	0.97	2.7	1,053
Total	38.96	1.04	2.7	1,063

Lulo JORC Resource (diluted)

Resource	Volume (m ³)	Carats	Grade (cphm ³)	Revenue (\$/ct)
Indicated				
Inferred	1,132,700	80,400	7.1	1,420
Total	1,132,700	80,400	7.1	1,420

Production grades are based on treated volumes inclusive of the required mining dilution, not in-situ volumes. The quantity of dilution has been estimated by Z-Star (Competent Person), based on historical mining production data, and an Inferred, diluted diamond resource is shown in the table above.

Two sector diamond industry



- The global rough diamond market has divided into two distinct sectors
 - Producers of high-quality diamonds (Lucapa, Gem, Lucara) are achieving solid sale prices
 - High-volume producers of smaller lower-quality goods (~US\$50-120 per carat) are currently facing demand headwinds impacting pricing
 - Significant majority of world supply is smaller lower-quality diamonds (incl. 3 majors De Beers, Alrosa, Rio)
 - Pricing concerns are weighing on overall investor sentiment toward global diamond equities, notwithstanding product differentiation
- Suggests investors are yet to distinguish between the two divergent sectors of the rough diamond market
- This represents an opportunity



Contrasting performance



➤ One year stock performance for peer diamond equities - producers



Source: Yahoo Finance



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