



LUCAPA
DIAMOND COMPANY

Annual General Meeting

30 July 2020



Corporate snapshot

LUCAPA IS AN AUSTRALIAN DIAMOND COMPANY

Delivering on a growth vision...

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

Share price (A\$ cents) ¹	6.8c
Shares on issue	641m
Listed options (June 2022 exercisable at 10c)	113m
Market capitalisation	A\$44m
52-week share price range (A\$ cents)	4.2c – 16.5c
Corporate debt ²	~US\$14m

¹ As at 29 July 2020

² Financing raised primarily for acquisition and development of Mothae mine
Excludes ~US\$6m debt held at Mothae subsidiary company level

➤ Experienced Board

Miles Kennedy Non-executive Chairman	Ross Stanley Non-executive Director
Stephen Wetherall Chief Executive Officer/ Managing Director	Nick Selby Chief Operating Officer/ Executive Director

➤ Share Register

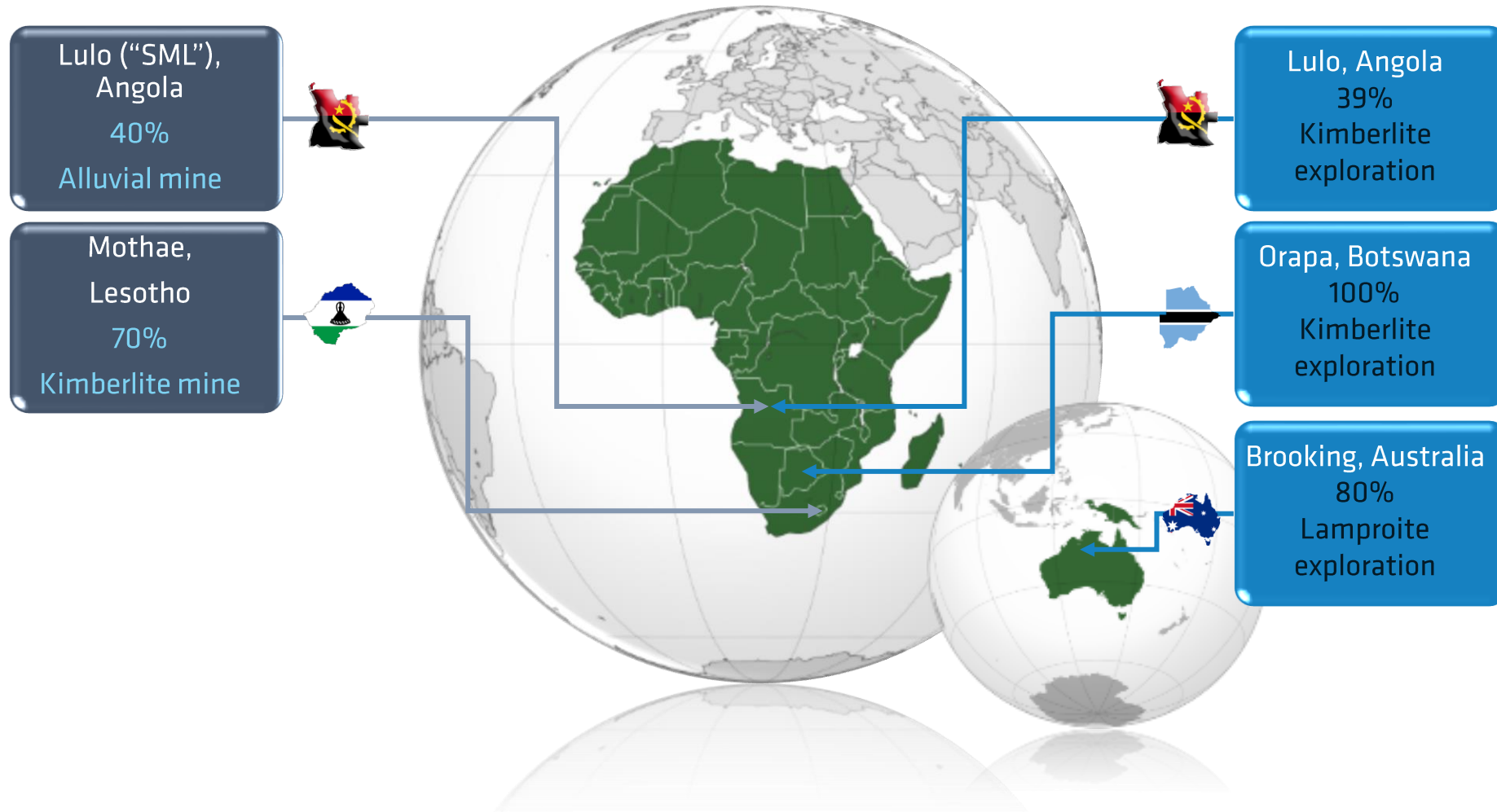
Shareholders > 5%	
Equigold – Simon Lee	~8.1%
Tazga Two – Ross Stanley	~7.9%
Board & management holding	~10.0%



Operations snapshot

Diamond Production...

Diamond Exploration...



Vision

To become a leading global producer of large and premium-quality diamonds from alluvial and kimberlite sources



Base

- ✓ Niche **high-value** production
 - **Two** of the industries top 3 highest-value/ carat diamond mines
 - **Diversified** both resource & jurisdiction
- ✓ Delivered significant production **growth**
- ✓ Delivered **unique polished marketing** solutions
- ✓ **Experienced** board and management **team**



Growth

- ✓ **Kimberlite** exploration
 - 3 countries
 - **Advanced** programs
 - Prolific **high-value diamond environments**
 - Source discovery would be a **game-changer**
- ✓ **Organic** and **inorganic expansion** opportunities



Opportunity

- ❖ Continued **delivery of vision**...production, tailored marketing partnerships to underpin cash flows **in parallel** with source discovery programs
- ❖ All diamond **equities at lows**
 - Significantly **undervaluing companies/** projects in diamond space

Anchors to shareholder value

Soft diamond market...

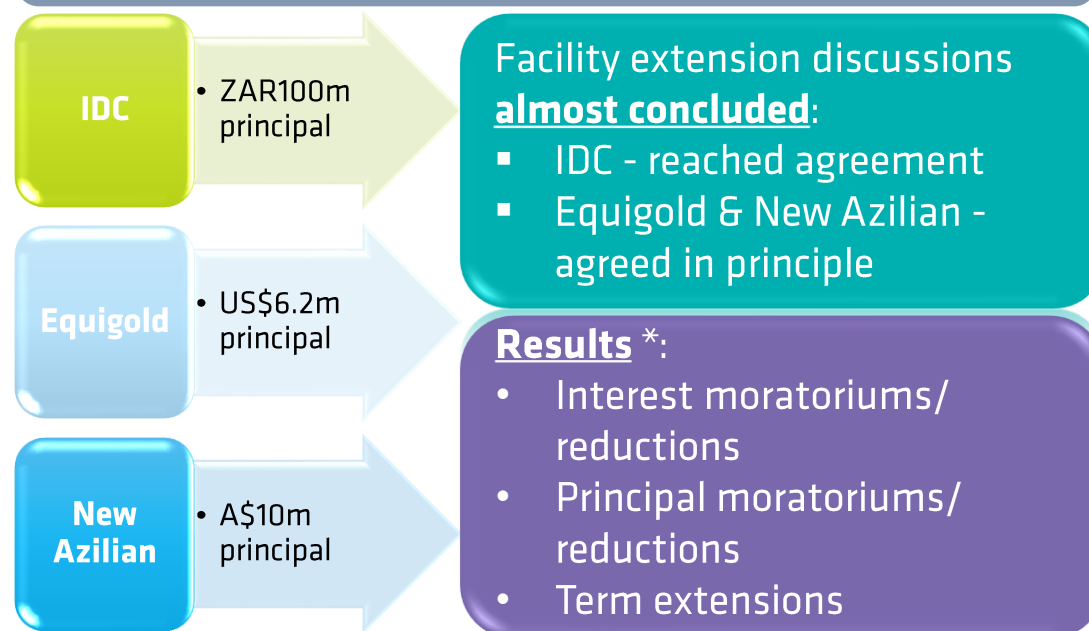
Mid-stream illiquidity – high polished inventories - US/China trade war...impacted diamond equities globally...



- Diamond market conditions since 2018
 - Soft demand has impacted prices and revenues
 - All equities down
 - Higher-value per carat producers initially fared the best
 - Companies with lower-value commercial production fared worst – not helped by high debt levels
- Majors reduced supply mid 2019 – prices improved quickly
- Pandemic impact – March 2020
- Strong marketing strategy to see through volatile times

Debt...

Financier's intentions...supportive?
Market uncertain...~US\$20m debt...US\$95m asset value



Strong support from financiers
Principal repayments materially deferred

* Subject to finance documents being amended/ executed
Market related re-financing fees will apply
Amendments to facility agreement with New Azilian to be approved by shareholders

A producer of niche high-value diamonds

Lucapa has successfully developed two of the world's highest-value per carat diamond mines...

Mothae



- Kimberlite diamond mine
- Producer of high-quality diamonds
 - ~US\$600 – US\$750/ carat on average (pre pandemic)
 - 2nd highest average value per carat kimberlite mine in the world
 - 3 +100ct diamonds recovered
- 2nd year of commercial production
- 1.1mt per annum processing plant capacity (incl XRT)
- Exploring value-adding cutting & polishing marketing opportunities
- Investigated increasing plant capacity - > 60%
- Proposal provided to Government of Lesotho, including a marketing plan – update market accordingly

SML (Lulo)



- Alluvial diamond mine
- Producer of high-quality diamonds
 - ~US\$1,500 – US\$2,000/ carat on average (pre pandemic)
 - Highest average value per carat alluvial mine in the world
 - 15 +100 carat diamonds produced in total
- 6th year of commercial production
- 0.5mbcm per annum processing plant capacity (incl XRT)
- Implemented value-adding cutting & polishing partnership with Graff subsidiary Safdico
- US\$12m expansion program completed early 2020 - ~50% increase in production capacity



Significant kimberlite exploration upside

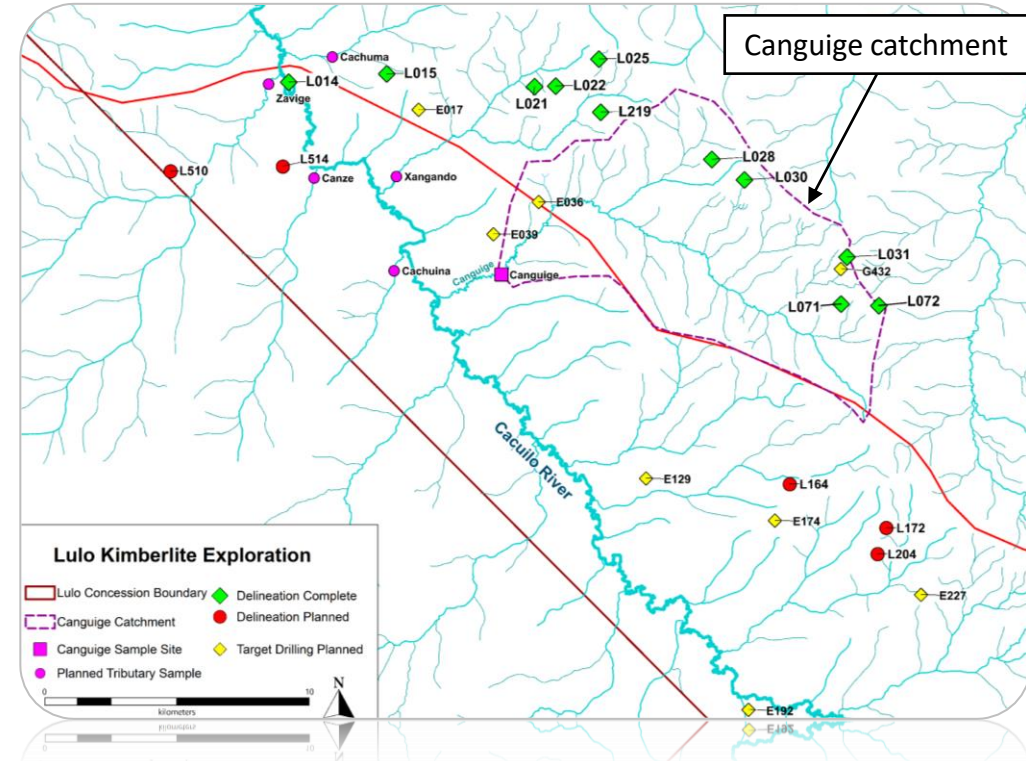


Closing in on the primary source at Lulo...

- 3,000 km² kimberlite exploration licence granted to April 2023
- Primary hard rock source(s) of Lulo alluvial diamonds await discovery - extensive kimberlite province identified beneath the exceptional alluvial diamond fields
- ~100 kimberlites discovered
- Frequent recovery of large, irregular shaped and high-value diamonds - with little signs of travel - point to a nearby source



- 16 kimberlites selected for delineation drilling (10 complete) and a further 8 magnetic targets selected for drilling
- Additional stream bulk samples planned to identify most prospective catchment areas



- Negotiations continuing with Government for a majority holding
- Majors are back investing in Angola - Anglo American is the first



Canguige catchment area



Kimberlite bulk sampling...

- Sampled the Canguige tributary
- Recovered 45 diamonds including D colour and Type IIa diamonds – indicates a source containing these qualities of diamonds in the Canguige catchment area
- Current focus on Canguige catchment area – includes 5 of the 16 priority kimberlites
- Delineation drilling of 4 Canguige kimberlites completed
- Bulk sampling of L071 completed and L072 underway
- Treatment to begin in August
- Continue bulk sampling program on tributaries



Results of bulk samples will direct the future program on each kimberlite

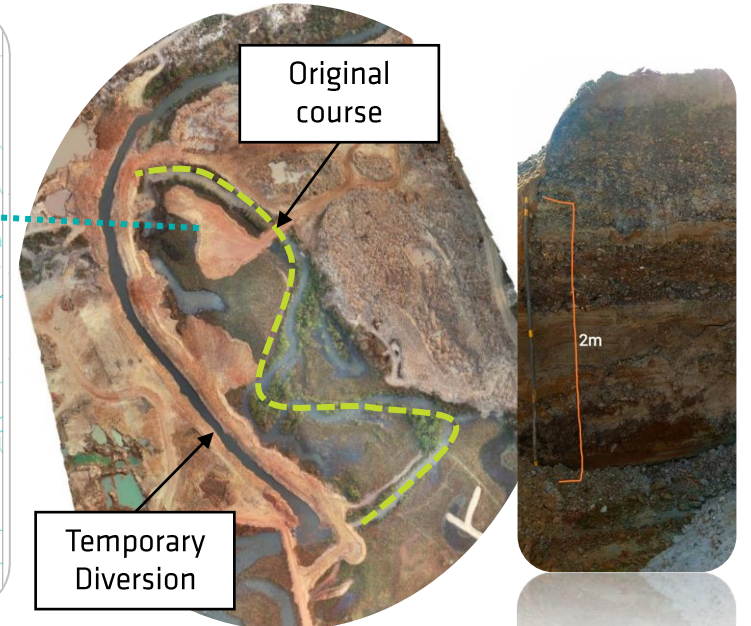
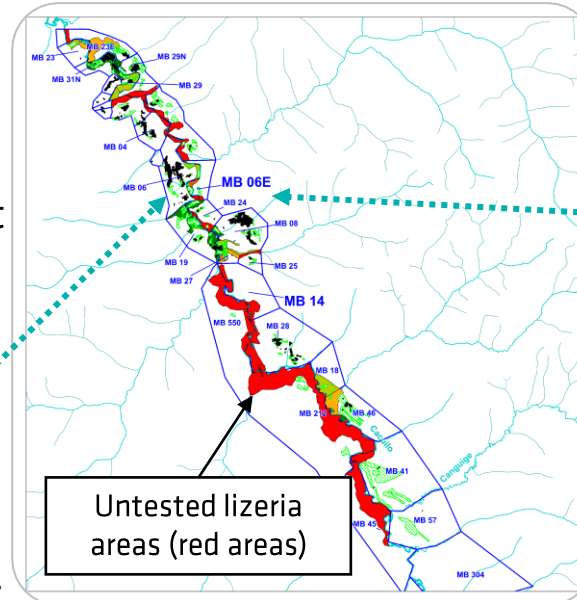


Alluvial Exploration



Exploration continues to reap positive results...extend mine life...

- Recent inferred JORC resource update:
 - Carats up 25% to ~100,000 carats
 - Grade up 8% to ~8.8cphm³
 - Diamond value up 14% to ~US\$1,620/ carat
- Flood plain (lizeria) areas identified as a major new source:
 - Large areas/ volumes
 - Good grades
 - Same large diamond population
 - Significant untested areas south of MB14
- Latest area - MB06 lizeria
 - High-value diamonds
 - Thick gravels up to ~2.5m
 - Grades over ~20cphm³
- Temporary river diversion
 - Provides access to full flood plain area



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Thank you
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Questions





Appendix





An experienced team

Particularly in Africa, diamonds and mining...

Stephen Wetherall Managing Director/ Chief Executive Officer	A qualified chartered accountant with +20 years' experience in financial and operational management, corporate transactions and strategic planning. Held senior financial/ executive roles with De Beers and Gem Diamonds, where he developed their marketing and manufacturing arms and gained an enviable understanding of the diamond industry right through to retail. At Gem, Stephen served as a director of Letšeng Diamonds and gained a valuable understanding of the mining sector in Lesotho.
Nick Selby Executive Director/ Chief Operating Officer	An extraction metallurgist with +35 years' experience. Began his career with De Beers, where he spent 19 years in a range of technical roles. Joined Gem Diamonds in 2005 as group metallurgist, responsible for providing assurance on the metallurgical process and expansion planning at Letšeng. Was also responsible for establishing diamond projects in Angola, Australia, the DRC, the Central African Republic, Indonesia and Botswana.
Neil Kaner Chief Technical Officer	A qualified mining engineer with +35 years of operational, corporate and consulting experience, predominantly in diamonds and base metals in Africa, Asia and Australia. Has extensive operating experience in Lesotho and was the Consulting Mining Engineer at Letšeng. A JORC Competent Person for diamond reserves.
Richard Price Group Exploration Manager	A geologist with +30 years' experience in diamond exploration, diamond evaluation projects and diamond mine production in Australia and southern Africa. Spent +20 years with De Beers and held a variety of exploration and mining roles, including Geological Evaluation Projects Manager at the Jwaneng mine in Botswana. Also led the exploration team responsible for the discovery of the Marange diamond deposits in Zimbabwe. A member of the AusIMM.
Miles Kennedy Non-Executive Chairman	Has held directorships of Australian listed resource companies for +30 years. Was a founder and former Chairman of the original Kimberley Diamond Co, which developed the Ellendale diamond mine in Western Australia, which became the world's biggest producer of fancy yellow diamonds before being taken over by London-listed Gem Diamonds.
Ross Stanley Non-Executive Director	The largest shareholder in Lucapa and a well-respected mining executive with extensive experience in Australian and African mining enterprises. Formerly the majority shareholder and Managing Director of ASX listed Stanley Mining Services prior to its merger with Layne Christensen in 1997. Stanley Mining was the dominant drill services provider in Ghana in the 1990's. Also served as a Non-executive director of Equigold NL.

2019 operational performance

Ticked all boxes, but prices subdued in a soft diamond market...

Mothae



- ✓ First year of commercial production
- ✓ Tonnes treated, carats recovered and achieved grade all above 2019 plan

	Q1	Q2	Q3	Q4	FY 19
Tonnes treated	283,042	265,408	298,726	308,917	1,156,093
Carats recovered	6,918	6,349	7,007	9,834	30,107
Recovered grade (cpht)	2.44	2.39	2.35	3.18	2.60
+4.8 carat diamonds recovered	138	91	135	167	531
+10.8 carat diamonds	42	18	39	46	145
Closing diamond inventories	4,552	3,855	6,378	4,284	4,284
	Q1	Q2	Q3	Q4	FY 19
Carats sold	5,411	7,008	4,412	11,888	28,720
Sales (US\$m)	3.8	3.5	2.1	7.1	16.5
Price per carat (US\$)	707	495	476	597	575

SML/ Lulo



- ✓ Expansion fleet purchased and commissioned in Q4
- ✓ Continued to show strong sales performance

	Q1	Q2	Q3	Q4	FY 19
m ³ treated	73,257	68,604	72,069	62,383	276,313
Carats recovered	3,369	3,868	7,603	4,170	19,010
Recovered grade (cphm ³)	4.6	5.6	10.55	6.7	6.9
+4.8 carat diamonds recovered	92	124	297	120	633
+10.8 carat diamonds	31	45	97	39	212
Closing diamond inventories	4,871	3,147	4,903	955	955
	Q1	Q2	Q3	Q4	FY 19
Carats sold	451	5,573	5,839	8,198	20,061
Sales (US\$m)	12.1	10.0	6.7	9.7	38.5
Price per carat (US\$)	26,754	1,800	1,143	1,185	1,918

2020 so far

H1 2020...impacted by COVID-19

Mothae



- Mothae suspended in mid-March 2020
- Restart proposal with the Government of Lesotho

	Q1	Q2	H1 20
Tonnes treated	289,012	-	289,012
Carats recovered	6,853	-	6,853
Recovered grade (cpht)	2.4	-	2.4
+4.8 carat diamonds recovered	137	-	137
+10.8 carat diamonds	38	-	38
Closing diamond inventories	4,780	784	784
	Q1	Q2	H1 20
Carats sold	6,306	3,962*	10,268
Sales (US\$m)	2.1	2.0	4.1
Price per carat (US\$)	338	505	402

- Lulo and Mothae both impacted by Covid-19 pandemic & market downturn:
 - Government restrictions/ quarantine
 - Border closures
 - Social distancing/ isolation measures and PPE requirements
 - Diamond market stalled when retail consumption dried up
 - Most diamond mines were stopped/ slowed



SML/ Lulo



- Lulo temporarily halted production in April 2020
- Easing of Government restrictions in Angola has, some supply constraints aside, allowed Lulo to commence returning to full capacity

	Q1	Q2	H1 20
m ³ treated	88,896	50,779	139,675
Carats recovered	4,891	2,944	7,835
Recovered grade (cphm ³)	5.5	5.8	5.61
+4.8 carat diamonds recovered	136	86	222
+10.8 carat diamonds	42	30	72
Closing diamond inventories	3,037	2,647	2,647
	Q1	Q2	H1 20
Carats sold	2,818^	3,346*	6,164
Sales (US\$m)	7.8	2.0	9.8
Price per carat (US\$)	2,758	594	1,583

* Sold into cutting & polishing partnership ^ 46ct pink sold into cutting & polishing partnership



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.

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 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.