



REFINANCING AND KIMBERLITE BULK SAMPLING UPDATE

- *Lucapa secures support of major financiers and investors*
- *~US\$13.0m of repayments deferred from 2020 & 2021 to 2022 and beyond*
- *Lulo kimberlite bulk sample treatment has commenced*

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) is pleased to announce the Company has concluded facility refinancing discussions and agreed terms with the Company’s major financiers and shareholders, Equigold Pte Ltd (“Equigold”) and New Azilian (“NAZ”), and Mothae’s external financier, the Industrial Development Corporation of South Africa (“the IDC”), with respect to amending the principal repayment terms and finance charges, the net effect of which defers ~US\$13.0m in loan repayments from 2020 & 2021 to 2022 and beyond.

The significant show of support coincides with the very encouraging kimberlite exploration results at Lulo and the Canguige catchment area where the treatment of the first Lulo kimberlite bulk samples from L071 and L072 through the processing plant has now commenced.



Bulk sampling sites at Lulo kimberlites L071 and L072

Delineation drilling and bulk sampling of the 14 other most prospective kimberlites within the Canguige catchment area and wider Cacuilu valley will also continue throughout 2020 and into 2021.

The refinancing terms agreed with the groups’ three major financiers are summarised below. The amendments to the financing arrangements are subject to the execution of variations to the financing agreements and relevant payments as required by the financiers. The NAZ amendment is also subject to Lucapa shareholder, regulatory approvals and/ or waivers as required.

Equigold

Equigold, a company associated with prominent Singaporean-based resources investor and major Lucapa shareholder, Mr Simon Lee AO, has agreed to amend the terms of their facilities agreement.

Under the existing agreement, Lucapa was scheduled to pay the remaining US\$7.5m principal balance by Q1 2022 in US\$0.9m quarterly instalments at an interest rate of 13%. Both parties have agreed to amend these terms as follows:

- Payment of US\$0.9m in respect of the July 2020 principal instalment;
- A ~50% reduction in the next three quarterly instalments to US\$0.5m each to reach a principal outstanding balance of ~US\$5.0m;
- An 18-month principal instalment holiday from April 2021 to September 2022;
- Quarterly principal instalments of US\$1.2m due from October 2022;
- A ~25% reduction in the finance charge from 13.0% to 9.8%;
 - o 100% convertibility reduced to 50% for interest that can be paid in shares at the election of the Company;
- A change in the facility fee from 1.0% to 2.0%; and
- All other material terms and securities remain unchanged.

New Azilian

NAZ, a company associated with prominent Perth-based resources investor and major Lucapa shareholder and Non-executive director, Mr Ross Stanley, has agreed to amend the terms of their facilities agreement. Under the existing agreement, Lucapa was scheduled to pay a principal and interest bullet payment of ~A\$10.5m on 31 August 2020. Both parties have agreed to amend these terms, subject to Company shareholder and regulatory approvals, where required, as follows:

- Payment of A\$0.4m in respect of a principal instalment;
- An 18-month extension in the bullet payment date to end February 2022;
- A reduction in the finance charge from 10.0% to 9.8%;
- Interest payments amended to an annual payment commencing from 1 July 2021;
- Lucapa has the election to pay 70% of the annual interest payment in shares as follows:
 - o at the higher of:
 - the lowest daily VWAP of trading in the immediately preceding 15 days prior to the conversion date; and
 - A\$0.05.
- A payment of a facility restructuring fee of 3.5%;
- The interest convertibility and facility restructuring fee will be subject to shareholder approval at a general meeting; and
- All other material terms and securities remain unchanged.

Industrial Development Corporation of South Africa

The IDC is one of the largest development financiers in southern Africa. Under the terms of the existing agreement between Mothae Diamonds (Pty) Ltd (“Mothae”) and the IDC (“IDC Agreement”), Mothae was required to pay the remaining ZAR100m principal balance in nine quarterly instalments commencing at the beginning of 2020. Both parties have agreed to amend the terms of the IDC Agreement as follows:

- Payment of ZAR4.3m in respect of accrued interest;
- A principal instalment holiday for 2020;
- An interest payment holiday for the quarters ending June 2020 and September 2020;
- A documentation charge; and
- All other material terms and securities remain unchanged.

Managing Director Stephen Wetherall said the amendments agreed by all financiers to the Company’s operations reflect an understanding of the current pandemic affected environment and evidence the strong support for the Company’s operations.

“The refinancing arrangements will give Lucapa and Mothae more flexibility to navigate the pandemic affected diamond and investor markets and the support to continue driving the Company’s strategy on its niche high-end operations and exciting exploration projects,” said Mr Wetherall.

"We extend our sincere thanks and appreciation to Equigold, New Azilian and the IDC for their continued strong support, understanding and trust in our strategy."

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa is a niche diamond producer with high-value mines in Angola (Lulo) and Lesotho (Mothae).

The Lulo alluvial mine and Mothae kimberlite mine both produce large and high-value diamonds, with >75% of revenues generated from the recovery of +4.8 carat stones.

Lulo has produced 15 +100 carat diamonds to date and is one of the highest average US\$ per carat alluvial diamond producers in the world. Lucapa and its *Project Lulo* partners have also received highly encouraging results from their search to discover the primary hard-rock source of the high-value Lulo alluvial diamonds.

The new 1.1 Mtpa Mothae kimberlite mine in diamond-rich Lesotho commenced commercial mining operations in January 2019. It produced > 30,000 carats in its first year of production, including 3 +100 carat diamonds. The mine operations have been suspended as a result of COVID-19.

Lucapa's Board and management team have decades of diamond industry experience across the globe with companies including De Beers and Gem Diamonds.

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 announcement contains references to prior exploration results 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 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.

This announcement is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

This announcement may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction.

This document does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular persons.

Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

No responsibility for any errors or omissions from this document arising out of negligence or otherwise is accepted. This document does include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. Actual values, results, outcomes or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, the Company does not undertake any obligation to update or revise any information.