



***Australia's growing  
global producer  
of high-value  
diamonds***

***Africa Down Under  
Conference***

***September 2021***



# ***Cautionary Statements***

## **Forward-Looking Statements**

This Presentation has been prepared by Lucapa Diamond Company Limited (“the Company”). This document contains background information about the Company current at the date of this Presentation. The Presentation 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 Presentation. This Presentation is for information purposes only. Neither this Presentation 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 Presentation 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 Presentation 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.

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## **No New Information**

To the extent that this 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.

## **Competent Person’s Statements**

Information included in this presentation that relates to exploration results and resource estimates on the Lulo Diamond Resource, Mothae Diamond Resource and Merlin 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.



# Executive Summary

## Multi-asset diamond producer, focussing on developing next production asset in Australia

- Lucapa developed **two high-value diamond mines**, located in Africa
  - ❖ **Lulo** alluvial mine in Angola (40% owned and operated by Lucapa)
  - ❖ **Mothae** kimberlite mine in Lesotho (70% owned and operated by Lucapa)
- Strong cash flow generation with attributable **CY2021 cash operating margin estimated at upper end of A\$17-21m guidance**<sup>1,2</sup>
  - ❖ **Strong Half Year generating A\$13.5m** attributable cash operating margin<sup>2</sup>
- Recently **acquired a strategic near-term development asset in Australia**<sup>1</sup>
  - ❖ Merlin has existing 4.4m carat JORC compliant resource, and +70 unresolved exploration anomalies
  - ❖ Would be Australia's largest producing diamond mine once in production
- **Exploring for primary kimberlite source** of Lulo's exceptional alluvial diamonds
- **Strong balance sheet** with A\$27.6m of attributable cash & receivables<sup>2</sup>
- **Diamond market resurgent** and well-balanced
- Significant **re-rating potential**
  - ❖ Trading at only 0.58x book value of net assets
  - ❖ Diamond equities significantly lagging the strong diamond price recovery



<sup>1</sup> As per ASX announcement 24 May 2021

<sup>2</sup> As per ASX announcement 10 August 2021



# Niche Production Assets

Strong growth year following COVID impacted 2020 – full year CY2021 Guidance



SML/ Lulo (alluvial)	
Location	Lunda Norte, Angola
Ownership	40% Lucapa 32% Endiama (Govt) 28% Rosas & Petalas
Status	Producing (7 <sup>th</sup> year)
Quality	Highest price/ carat alluvial production



Mothae (kimberlite)	
Location	Mokhotlong, Lesotho
Ownership	70% Lucapa 30% Govt of Lesotho
Status	Producing (3 <sup>rd</sup> year)
Quality	2 <sup>nd</sup> highest price/ carat kimberlite production



Lucapa (Corporate)	
Location	Perth, Australia
Ownership (mines)	40% SML 70% Mothae
Status	Producer & explorer
Cost (A\$m)	3

CY2021		
	100% basis	Attributable basis (40%)
Plant throughput	490k bcm pa	
Production (carats)	31,000 – 33,000	12,400 – 13,200
Price (US\$/ carat)	1,672 – 1,759	
Cost (US\$/ carat)	949 – 1,008	
Margin (US\$/ carat)	723 – 751	
Margin (%)	43%	
Revenue (A\$m)	66 – 74	27 – 30
Cost (A\$m)	38 – 43	15 – 17
Margin (A\$m) CY2021	28 – 32	11 – 13
Margin (A\$m) H12021	27.6	11.0

CY2021		
	100% basis	Attributable basis (70%)
Plant capacity	1.4 Mt pa	
Production (carats)	40,000 – 42,000	28,000 – 29,400
Price (US\$/ carat)	640 – 708	
Cost (US\$/ carat)	414 – 428	
Margin (US\$/ carat)	226 – 280	
Margin (%)	33% – 42%	
Revenue (A\$m)	33 – 38	23 – 27
Cost (A\$m)	21 – 22	15 – 16
Margin (A\$m) CY2021	11 – 16	8 – 11
Margin (A\$m) H12021	5.8	4.1

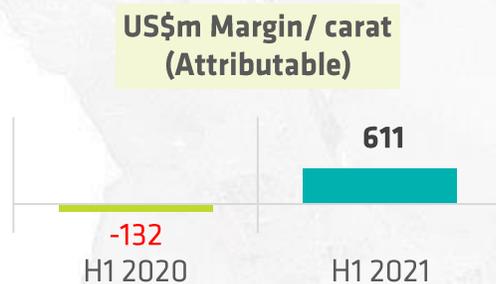
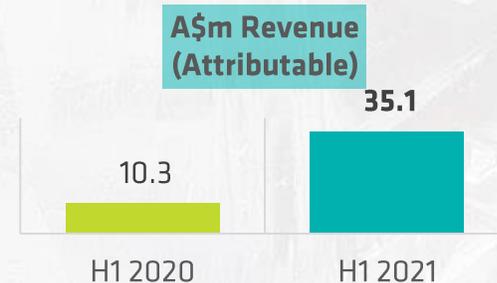
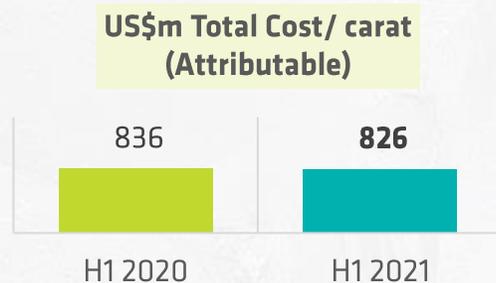
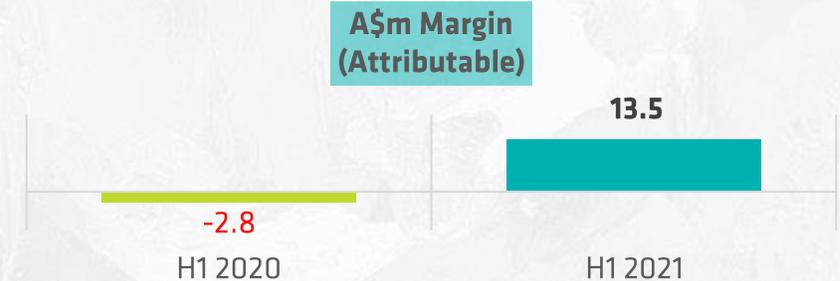
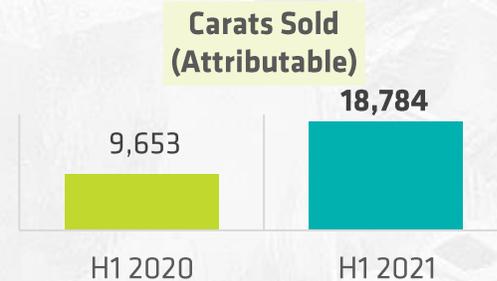
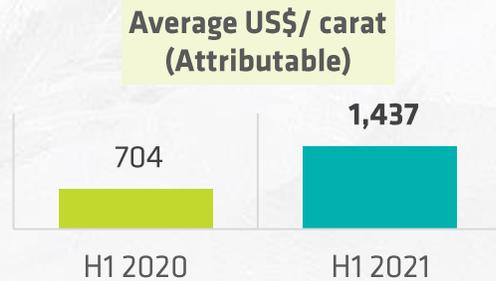
Combined CY2021		
	100% basis	Attributable basis
Production (carats)	71,000 – 75,000	40,400 – 42,600
Price (US\$/ carat)	957 – 1,034	
Cost (US\$/ carat)	638 – 657	
Margin (US\$/ carat)	319 – 377	
Margin (%)	33% – 36%	
Revenue (A\$m)	99 – 112	50 – 56
Cost (A\$m)	62 – 68	33 – 36
Margin (A\$m) CY2021	37 – 44	17 – 21
Margin (A\$m) H12021	31.8	13.5

Note: Margin is calculated as rough revenue after total costs (cash operating costs, inventory movements, royalties, selling costs and polishing margins) and is a non-AIFRS measure. A\$m guidance rounded to nearest whole numbers



# Niche Production Assets

## H1 2021 vs H1 2020



**CY 2021 Full Year Attributable Cash Operating Margin Guidance**

**A\$17 – 21 million**

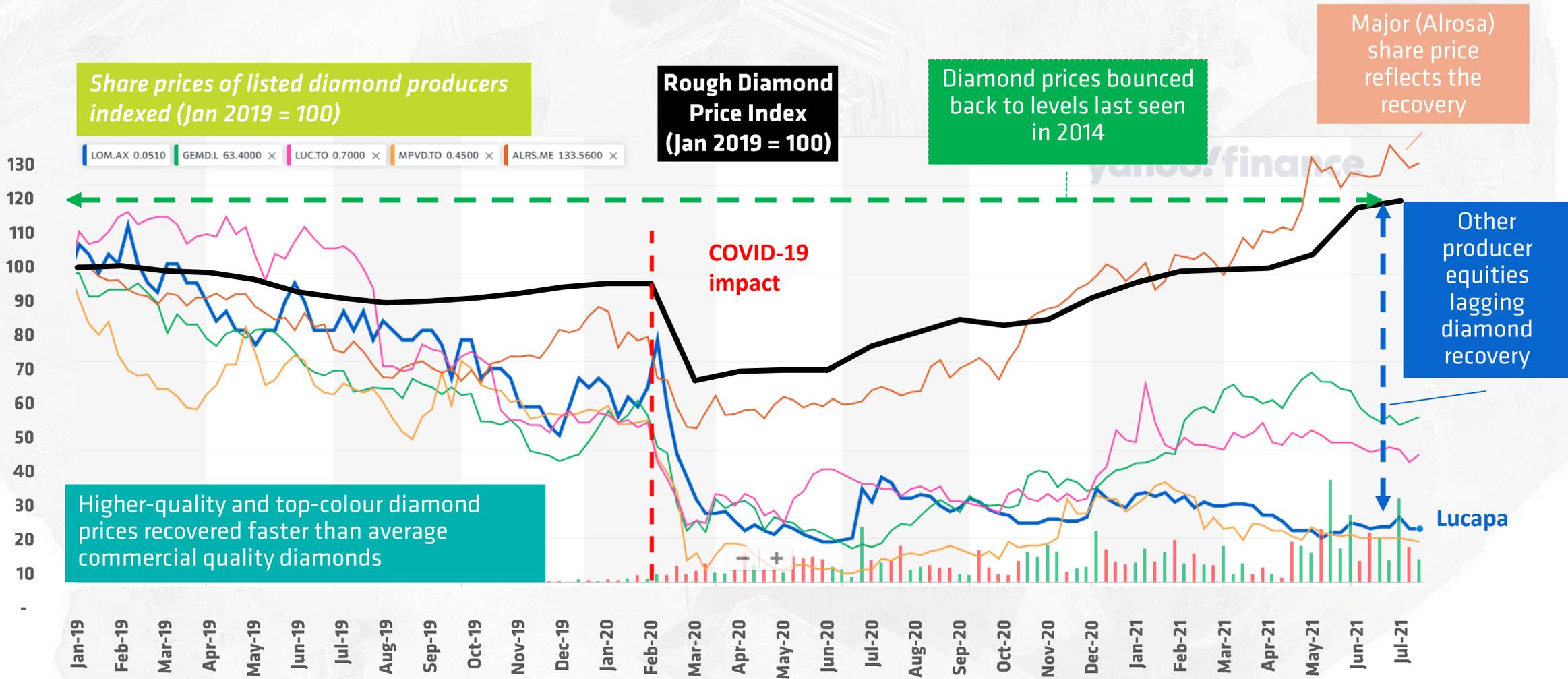
**On track to achieve upper-end of Margin guidance**

Notes: Attributable is calculated taking into account 40% of SML (Lulo) and 70% of Mothae metrics. Margin is calculated as rough revenue after total costs of carats sold (cash operating costs, inventory movements, royalties, selling costs and polishing margins). These are non-AIFRS measures



# Diamond Market

## Listed diamond producers lagging diamond market recovery



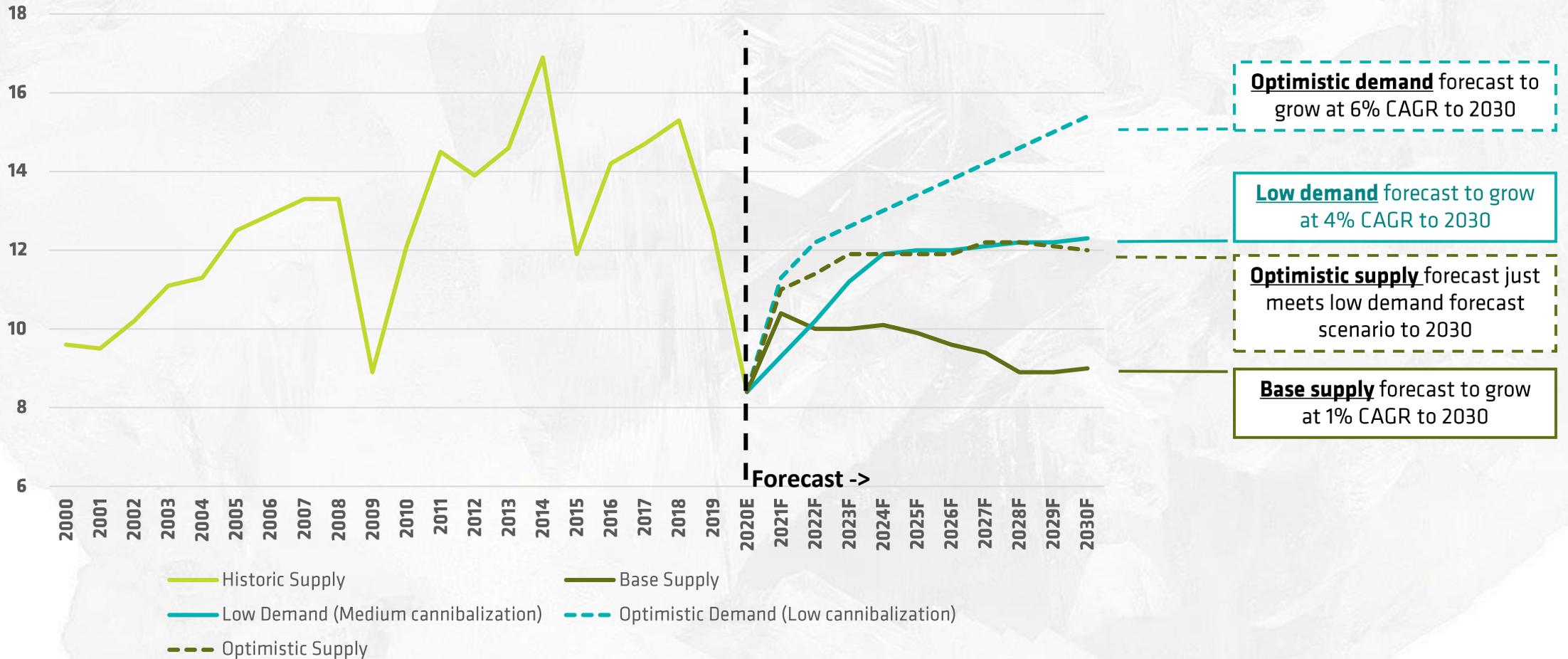
Source: GTD Consulting/ Yahoo! Finance - 27 August 2021



# Diamond Supply & Demand

Well balanced market – outlook remains strong supported by supply constraints

Natural rough diamond supply and demand (US\$bn)



Source: Bain & Company - The Global Diamond Industry Report 2020-21 (data updated to February 2021)



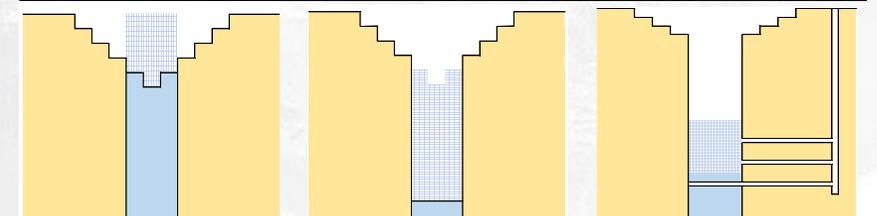
# Merlin - A Strategic Development Asset

## Successful development would elevate Lucapa to mid-tier producer

- Signed binding agreements to **acquire 100%**<sup>1</sup>
- **Historic Australian mine**
  - ❖ ~500,000 carats mined and sold at by Rio Tinto/ Ashton from 1999-2003
  - ❖ ~US\$103/ carat - global rough diamond index increased threefold since
- Produced **Australia's largest diamond** on record - 104 carat
- **Significant 4.4 million carats** JORC compliant indicated and inferred resource
  - ❖ ~500% increase in Lucapa's attributable resource carats
- **Low acquisition cost**
  - ❖ Asset in liquidation sale
  - ❖ A\$8.5m (~A\$2/ resource carat compares to Mothae acquisition ~A\$12/ resource carat)
- **Multiple** development opportunities
  - ❖ **Near-term production** - planning within 24 months
    - Open pit - conventional & vertical mining
  - ❖ Medium-term/ **long-term production**
    - Open pit - kimberlites continue below current resource cut-off
    - Underground - multi-pipe clusters
  - ❖ **Exploration** - ~70 unresolved anomalies - all previous discoveries diamondiferous
- **Australia's largest commercial mine** when in production
  - ❖ Would be Lucapa's **3<sup>rd</sup> producing asset**
- Currently **progressing scoping studies** for each potential development phase - publish independent studies on open-pit end Q3/ early Q4



104 carat Type IIa - largest diamond recovered in Australia. Recovered from Gareth pipe in 2002



Open-pit (conventional)

Open-pit (vertical)

Underground

<sup>1</sup> As per ASX announcement 24 May 2021



# Merlin Diamond Project

Strategic opportunity to develop Australia's largest diamond mine



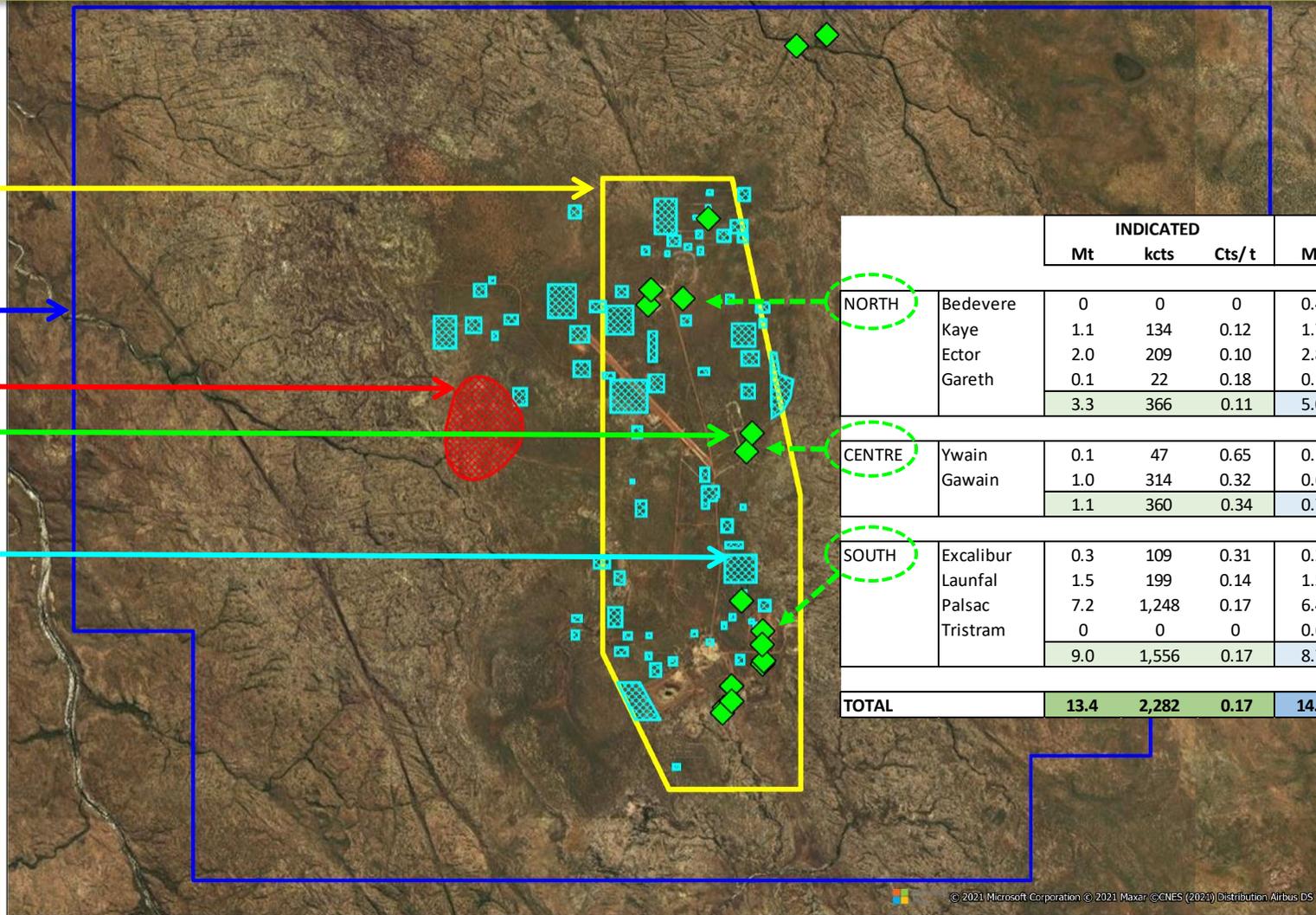
Mining tenement

Orbit tenement

Mag anomaly

Kimberlites

Anomalies



		INDICATED			INFERRED			TOTAL RESOURCE		
		Mt	kcts	Cts/t	Mt	kcts	Cts/t	Mt	kcts	Cts/t
NORTH	Bedereve	0	0	0	0.4	87	0.22	0.4	87	0.22
	Kaye	1.1	134	0.12	1.7	158	0.09	2.9	293	0.10
	Ector	2.0	209	0.10	2.8	248	0.09	4.9	457	0.09
	Gareth	0.1	22	0.18	0.1	10	0.17	0.2	32	0.18
		3.3	366	0.11	5.0	504	0.10	8.3	869	0.10
CENTRE	Ywain	0.1	47	0.65	0.1	37	0.55	0.1	83	0.60
	Gawain	1.0	314	0.32	0.6	180	0.30	1.6	493	0.31
		1.1	360	0.34	0.7	216	0.32	1.7	576	0.33
SOUTH	Excalibur	0.3	109	0.31	0.2	60	0.26	0.6	169	0.29
	Launfal	1.5	199	0.14	1.5	200	0.14	2.9	399	0.14
	Palsac	7.2	1,248	0.17	6.4	1,057	0.16	13.7	2,305	0.17
	Tristram	0	0	0	0.6	36	0.06	0.6	36	0.06
		9.0	1,556	0.17	8.7	1,352	0.15	17.8	2,908	0.16
<b>TOTAL</b>		<b>13.4</b>	<b>2,282</b>	<b>0.17</b>	<b>14.4</b>	<b>2,072</b>	<b>0.14</b>	<b>27.8</b>	<b>4,354</b>	<b>0.16</b>

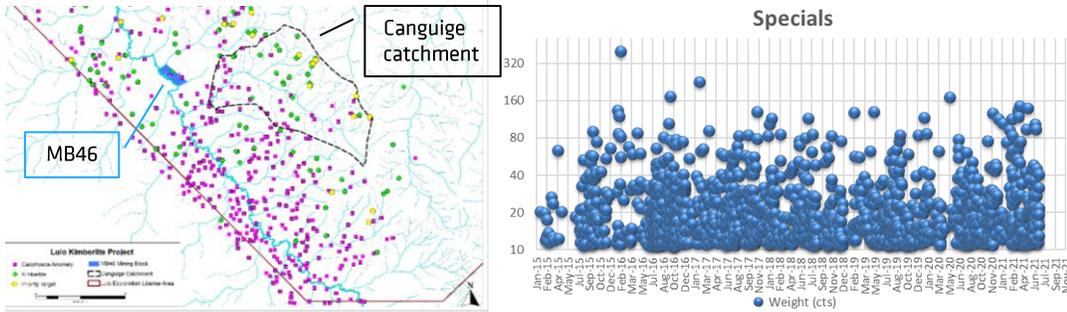
Note: Mineral Resource as per ASX announcement 24 May 2021



# Prospective Exploration Assets

Across three countries

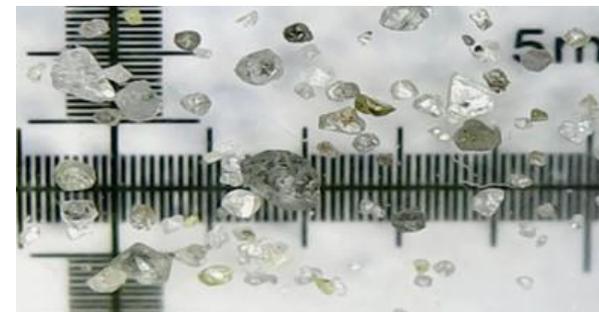
## Angola



<b>Project (Location)</b>	Lulo JV (Lunda Norte)
<b>Ownership</b>	39% Lucapa 51% Endiama 10% Rosas & Petalas
<b>Status</b>	<b>Advanced</b> – bulk sampling priority kimberlites
<b>Spend to date</b>	~US\$20 million

- One of the most prospective advanced programs globally
  - Highest-value alluvial diamond deposit (being mined by SML)
  - Significant diamondiferous kimberlite province lies underneath
  - High frequency of recovery of large, irregular shaped and brittle diamonds - proximity indicators to source
- Commenced excavating bulk samples upstream from high-priority kimberlites in and adjacent to Canguige catchment for processing
  - Frequency of recovery of large, high-value diamonds from MB46 (which is adjacent & downstream), underpins the prospectivity of the catchment

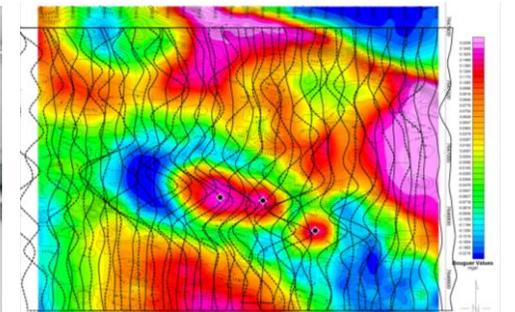
## Australia



<b>Project (Location)</b>	Brooking (WA)
<b>Ownership</b>	80% Lucapa 20% Leopold
<b>Status</b>	Early (drill ready targets)
<b>Spend to date</b>	~US\$2.0 million

- ~ 40km southeast of the Ellendale diamond field
- Little Spring Creek discovered & drilled
  - High micro diamond count
  - Commercial diamonds recovered – assessed as uneconomic
- Diamonds recovered at or close to 6 additional targets identified for geophysics & sampling

## Botswana



<b>Project (Location)</b>	Orapa Area F (Orapa)
<b>Ownership</b>	100% Lucapa
<b>Status</b>	Early (drill ready targets)
<b>Spend to date</b>	~US\$200k

- 40km east of prolific Orapa diamond mine – a tier one De Beers mine
- Exploration identified target for drilling
- Awaiting license extension



# Why Lucapa?

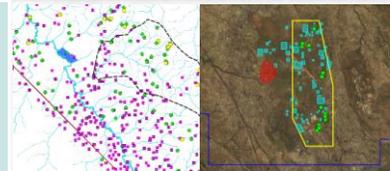
## Australia's global growing producer of high-value diamonds

- |   |   |  |
|---|---|--|
| 1 | Two producing high-value diamond mines                              | <ul style="list-style-type: none"> <li>✓ <b>Two cash flow generating assets</b> in Lulo, Angola (40%) and Mothae, Lesotho (70%)</li> <li>✓ Two of the three <b>highest US\$/carat diamond productions</b> globally</li> <li>✓ Strong team - successfully brought these two projects from <b>exploration/ evaluation to production</b></li> <li>✓ <b>Unique partnerships</b> – deriving returns from polishing margins</li> </ul>             |
| 2 | CY2021 Operational Guidance   | <ul style="list-style-type: none"> <li>✓ <b>CY2021 Cash Operating Margin of A\$17 – A\$21m</b> on an attributable basis (33 – 36% margin)</li> <li>✓ A\$13.5m cash operating margin generated in H1 2021</li> </ul>  |
| 3 | Addition of near-term development opportunity in Australia (Merlin) | <ul style="list-style-type: none"> <li>✓ Strategic low-cost <b>acquisition of Merlin</b> (Australia) adds a 100% owned near-term mine development opportunity</li> <li>✓ Australia's <b>largest producing diamond mine</b> and <b>Lucapa's 3<sup>rd</sup> mine</b> when brought in production</li> <li>✓ Significant existing <b>4.4m carat JORC compliant resource</b></li> <li>✓ Development studies currently being progressed</li> </ul> |
| 4 | Significant exploration upside                                      | <ul style="list-style-type: none"> <li>✓ <b>Advanced program</b> exploring for the primary source of the exceptional alluvial diamonds at Lulo</li> <li>✓ Kimberlite <b>bulk sampling phase commenced</b></li> <li>✓ <b>Merlin adds further significant exploration</b> upside with ~70 unresolved anomalies in a diamondiferous province</li> </ul>   |
| 5 | Diamond market thematics  | <ul style="list-style-type: none"> <li>✓ Demand continues to be driven by rising middle class in <b>Asia and resurgent America</b></li> <li>✓ <b>Diamond prices recovered quickly</b> following the pandemic and have already returned to levels last seen in 2014</li> <li>✓ Listed <b>diamond equities lagging</b> the strong diamond price recovery</li> <li>✓ Natural rough <b>diamond supply materially constrained</b></li> </ul>      |
| 6 | Strong balance sheet for upcoming catalysts                         | <ul style="list-style-type: none"> <li>✓ <b>Strong cash balance</b></li> <li>✓ Significant returns expected from Lulo shortly <b>would result in significant increase in cash held</b></li> <li>✓ <b>Very well funded</b> to progress Merlin development studies and all exploration programs</li> <li>✓ <b>Debt reduction</b> focus</li> </ul>  |



Guiding market to upper end

		INDICATED			INFERRED			TOTAL RESOURCE		
		Mt	kcts	Cts/t	Mt	kcts	Cts/t	Mt	kcts	Cts/t
NORTH	Redevore	0	0	0	0.4	87	0.22	0.4	87	0.22
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	Protram	0	0	0	0.6	36	0.26	0.6	36	0.26
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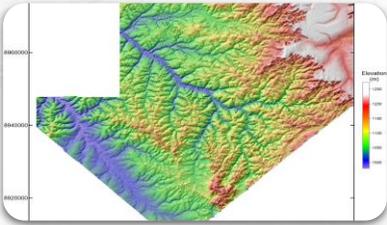
Strongest ever financial position



# Development Snapshot

Successfully transformed into an integrated multi-asset company advancing downstream

## Diamond pipeline



Exploration/  
Evaluation



Design/  
Development



Production/  
Expansion



Rough  
Sales



Cutting &  
Polishing

SML Highest price/ carat alluvial production

Mothae 2<sup>nd</sup> highest price/ carat kimberlite production

Merlin

Opportunity to develop Australia's largest commercial diamond mine  
*Currently progressing development studies for Merlin*

Lulo JV

Brooking

Orapa





# Corporate Snapshot

Integrated multi-asset producer, focussing on developing 3<sup>rd</sup> production asset in Australia

## Capital Structure

Market Details	Units	Value
Shares outstanding	m	1,266.7
Share price (27 August 2021)	A\$/ share	0.051
<b>Market Capitalisation</b>	<b>A\$m</b>	<b>64.6</b>
Cash (attributable) <sup>1</sup>	A\$m	27.6
Loan Assets (JV partners share of loans owing to Lucapa) <sup>2</sup>	A\$m	38.1
Debt <sup>3</sup>	A\$m	31.8

### Notes:

1. Attributable cash at 30 June 2021 (ASX announcement 10 August 2021) and pre-Tranche 2 of the placement received in July. Attributable ownership in projects is a non-AIFRS measure. For statutory reporting purposes, SML is equity accounted as Lucapa holds a 40% interest and Mothae is consolidated given Lucapa holds a 70% interest
2. Loan Assets at 30 June 2021 relate to capital and development loans owed to Lucapa by the Lulo and Mothae mining entities from Lucapa sole funding development. Amounts shown are only those portions attributable to the local JV partners' interests
3. Debt at 30 June 2021 includes all external debt including IFRS16 lease liabilities of A\$2.9m

Options	Units	Value
Listed Options (@ 10c strike exp 5 Jun 22)	m	114.0
Unlisted Options (@ 8c strike exp 18 Dec 22)	m	54.8
Unlisted Options (@ 8c strike exp 30 Jul 25)	m	5.0

## Share price (A\$c) / Volume history (m)



Substantial Shareholders	% of Issued Capital
Ilwella	7.6%
Regal	6.4%
Tazga Two	5.3%
Board/ Management	6.6%

## Board of Directors



Miles Kennedy  
Non-executive chair



Ross Stanley  
Non-executive director



Stephen Wetherall  
Managing director/ CEO



Nick Selby  
Executive director/ COO



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