



PRELIMINARY FINANCIAL RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2021

KEY HIGHLIGHTS

- **Record first half results**
 - Attributable¹ revenue of A\$35.1 million from 18,784 attributable carats at US\$1,437/ carat
 - Attributable cash operating margin² of A\$13.5 million
- **Strong balance sheet with expected ~A\$43 million in cash to be available to Lucapa**
 - A\$25.0 million in cash as at date of this release (inclusive of A\$6.3 million in capital loan repayments received from Mothae and SML)
 - ~A\$13 million (US\$10 million) additional Lulo capital loan repayment approved by SML board and subject to SML shareholder approval
 - ~A\$5 million from 40% net share of a ~A\$13 million (US\$10 million) Lulo interim dividend approved by SML board and subject to SML shareholder approval
- Signed binding agreement to **acquire 100% of the Merlin Diamond Project** containing a JORC-compliant **resource of 4.4m carats** with significant **kimberlite exploration upside potential**
- Diamond **market continues to rebound** – global rough price index up 23% in first six months of CY2021
- Lucapa guides the market to **the upper-end of its attributable cash operating margin guidance** for CY2021 of A\$17 million – A\$21 million

Lucapa Diamond Company Limited (ASX: **LOM**) (“**Lucapa**” or “**the Company**”) is pleased to present preliminary (unreviewed) financial results for the six months ended 30 June 2021 (“**Half Year**”).

Group

- Combined³ revenue of A\$71.8 million at an average price of US\$1,731/ carat
- Attributable revenue of A\$35.1 million at an average price of US\$1,437/ carat
- Attributable cash operating margin of A\$13.5 million
- A\$16.5 million held in cash or A\$27.6 million attributable cash & receivables
- Group net asset value of A\$112.0 million

SML (Lulo alluvial) – 100% basis

- Record revenue of A\$50.6 million from 11,856 carats at an average price of US\$3,275/ carat
- Polishing partnership margins of A\$2.3 million
- Cash operating margin of A\$27.6 million
- A\$30.3 million held in cash and receivables

Mothae (kimberlite) – 100% basis

- Record revenue of A\$21.2 million from 20,060 carats at an average price of US\$818/ carat
- Polishing partnership margins of A\$0.4 million
- Cash operating margin of A\$5.8 million
- A\$3.2 million held in cash
- A\$1.0 million repaid of the Industrial Development Corporation of South Africa development loan

Managing Director, Stephen Wetherall commented “As a result of a solid overall operational performance combined with the resurgent demand and constrained supply driving rough prices to levels last seen in 2014, Lucapa is, notwithstanding Mothae expansion ramp up limitations, guiding the market to the upper end of the cash operating margin guidance of A\$17 million – A\$21 million.”

¹ Attributable ownership in the projects. This is a non-AIFRS measure. For statutory reporting purposes, SML is equity accounted given Lucapa holds a 40% interest and Mothae is consolidated given Lucapa holds a 70% interest

² Cash operating margin, a non-AIFRS measure, adjusted for inventory movements

³ 100% project

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"With the support of our shareholders, Lucapa, its mine partners and the operational boards and management teams worked determinedly during the height of the pandemic in 2020 to ensure our assets were well positioned to produce expected returns when the diamond market normalised. The diamond market has now normalised and these record financial results for the first six months of 2021 are a testament to our strategy and the efforts of all our teams."

"We continue to look at avenues to grow margins at our operations, with additional production improvements and technologies already in the pipeline, such as the Lulo infield screening plant ordered and continuous miner technology about to be trialled at Mothae which will have a read across for Merlin."

"We are pushing the kimberlite exploration program at Lulo forward, with kimberlite bulk samples already excavated for processing in Q3. In addition, a standalone crushing module, bulk sampling plant and support fleet are scoped, with some orders already placed. With this kimberlite sampling plant, we will be able to continually process kimberlite bulk samples without impacting alluvial diamond production."

"The conditions precedent to the Merlin acquisition are being addressed feverishly by both Lucapa and the liquidators and given where the market has moved to since we took an interest in Merlin and how we see the natural supply and demand fundamentals going forward, we look forward to bringing what will be Australia's largest diamond mine into operation in the not-too-distant future."

Preliminary physical and financial results for the six months ended 30 June 2021 (unreviewed):

	Lulo ^A	Mothae ^A	Total ^A	Attributable ^B	Var to 2020 ^B
Processed	245k bcm	503k t			75%
Carats recovered	11,206	14,868	26,074	14,890	88%
Carats sold	11,856	20,060	31,916	18,784	95%
Diamond price (US\$/carat)	3,275	818	1,731	1,437	104%
Rough revenue (A\$m)	50.6	21.2	71.8	35.1	241%
Cash operating costs (A\$m) *	23.0	15.4	38.4	21.6	65%
Cash operating margin (A\$m)	27.6	5.8	33.4	13.5	585%
Cash & receivables (A\$m)	30.3	3.2	33.5	27.6 ^	228%

Notes:

^A 100% project

^B Attributable ownership in projects (including corporate office cost). This is a non-AIFRS measure. For statutory reporting purposes, SML is equity accounted given Lucapa holds a 40% interest and Mothae is consolidated given Lucapa holds a 70% interest

* Included in cash operating costs are government royalties, selling costs, polishing margins and inventory movements. Inventory movements of A\$2.5m and A\$4.6m relate to Lulo and Mothae respectively with A\$4.3m attributable

[^] Includes A\$13.3m held at corporate as at 30 June 2021

Lucapa will provide full financial results and operations overview in its Interim Financial Report for the six months ended 30 June 2021 due for release in September 2021.

The Company is holding an investor and analyst webinar discussing the financial results for the six months ended 30 June 2021 at **11:00am AEST (9:00am AWST) today**. Shareholders and investors who wish to participate in the webinar need to register at:

<https://attendee.gotowebinar.com/register/961325423157917966>

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

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

The 0.5 million bulk cubic metre per annum Lulo alluvial mine and 1.6 million tonnes per annum (“Mtpa”) Mothae kimberlite mine both produce large and high-value diamonds, with >75% of revenues generated from the recovery of +4.8 carat stones.



The Lulo mine has been mining commercially since 2015 and has produced over twenty +100 carat diamonds to date, including a 404 carat D-colour Type IIa stone, and is the highest average US\$ per carat alluvial diamond producer in the world. Lucapa and its Project Lulo JV partners have also achieved highly encouraging results from their search to discover the primary hard-rock source of the high-value Lulo alluvial diamonds.



The Mothae mine in diamond-rich Lesotho commenced commercial mining in 2019 and has produced five +100 carat diamonds to date, including a 213 carat D-colour Type IIa stone. Lucapa has funded a ~45% expansion in the processing capacity of the Mothae mine, to increase capacity from 1.1 Mtpa to 1.6 Mtpa.



Lucapa has also recently signed a binding agreement to acquire the Merlin tenements and assets in the Northern Territory of Australia. Merlin is well known for being Australia's large stone producer with significant exploration potential. It consists of two tenements - a 24km² tenement with a mining lease and a 283km² exploration tenement encompassing the Mining Lease, approximately 720km south-east of Darwin, NT. The Mining Lease contains 11 previously discovered kimberlite pipes in three kimberlite clusters with an existing 4.4m carat JORC 2012 resource. The acquisition is subject to the fulfilment of transaction specific and usual conditions precedent.

Lucapa's Board, management team and strategic investors have decades of diamond industry experience across the globe and right through the diamond pipeline, particularly in extracting value from large and high-quality 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 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.

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.

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