



Lucapa Diamond Company Limited

Australia's Growing Global Producer
of High-Value Diamonds



Preliminary Interim Financial Results

August 2021

ersonal use only



Cautionary Statements

Forward-Looking Statements

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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.



Operations Highlights



- **Alluvial mining**

- 100% capacity available for the full period
- Expanded fleet in operation
 - Record volumes/ mitigated extended wet season
- Mine plan focused on high-value areas as opposed to high-grade areas
 - E46 adjacent to the Canguie catchment area
- Significant large and fancy colour stones recovered
- Multi-channel marketing (including tenders, preferred buyers & polishing partnerships)
 - Record revenues
- Loan repayments (US\$10m) and dividends (US\$10m) approved by SML board and recommended to SML shareholders

- **Kimberlite exploration**

- Bulk sampling of priority kimberlites recommenced
 - Samples already excavated for transport to plant
 - Crusher circuits and additional fleet en route
 - Stand alone bulk sampling plant to be ordered
- Seeking majority interest





Operations Highlights



MOTHAE



- **Kimberlite mining**

- As announced, capacity was restricted during the period
 - COVID-19 closure/ plant taken down for expansion tie ins and ramp up thereafter
 - Effective operation for ~4 months
- Expansion completed & ramp up continuing
 - Record volumes in Q2
 - Mass balance adjustments being attended to as we transition into more competent kimberlite
 - Technology trial planned
- Mine plan focused on southern lobe
- Significant large and fancy colour stones recovered
- Multi-channel marketing (including polishing partnerships)
 - Record revenues
- Repayments already made to Lucapa against capital loan

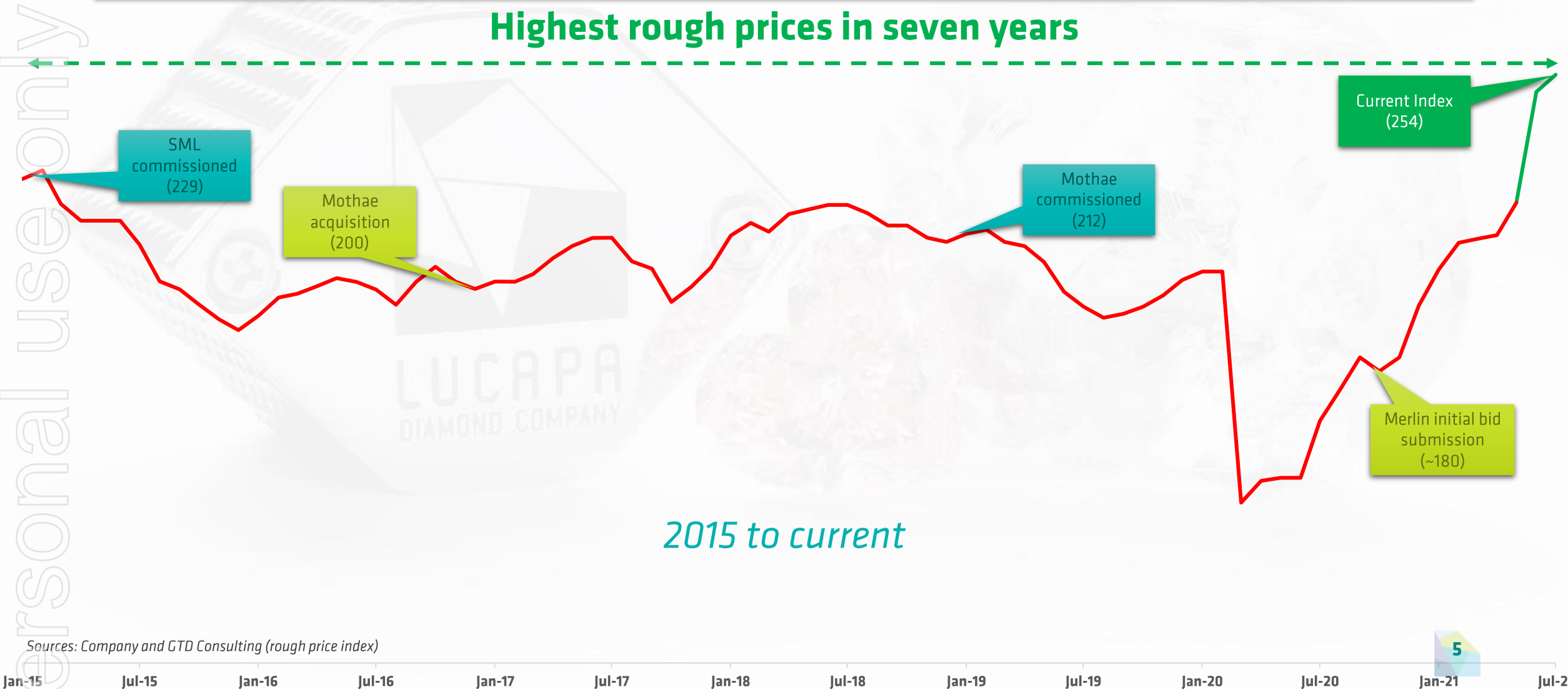




Diamond Market

LUCAPA MINE DEVELOPMENT & GLOBAL ROUGH PRICE INDEX

Highest rough prices in seven years



Sources: Company and GTD Consulting (rough price index)



Six months to June 2021

PRELIMINARY PHYSICAL & FINANCIAL HIGHLIGHTS (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%

- Expecting mining operations to perform as planned
- H2 2020 capacity improvement work streams
 - Infield screening plant
 - Continuous miner trial
- Normal diamond market

Guiding market to upper-end of A\$17 – A\$21 million cash operating margin guidance

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



Corporate Highlights

ACQUISITION, BALANCE SHEET & MARKET

• Merlin Acquisition

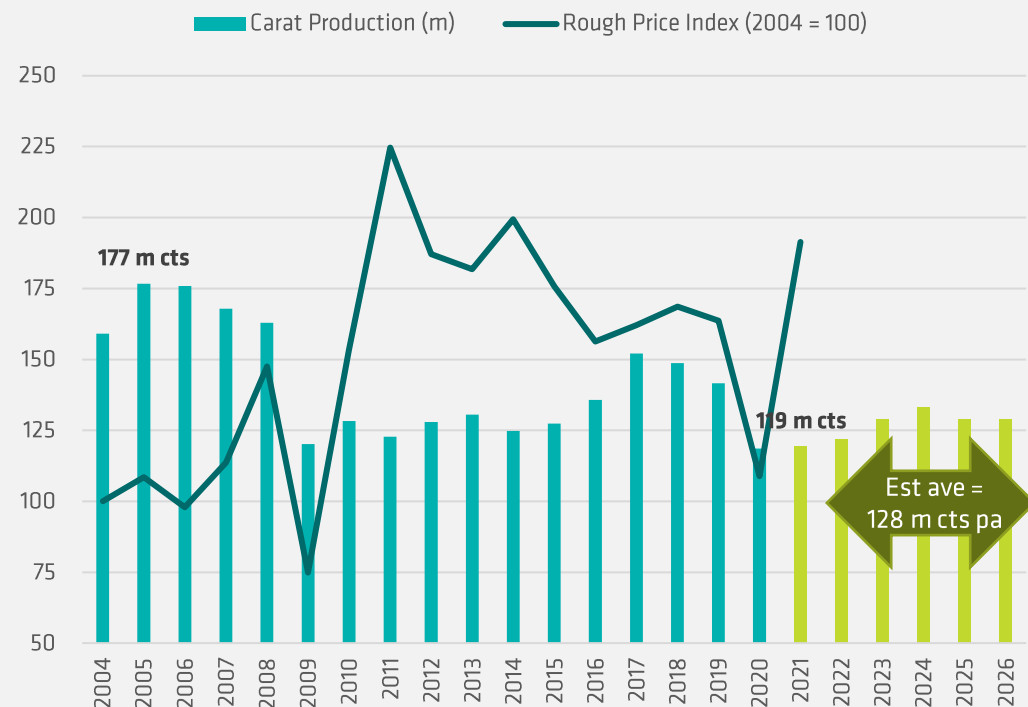
- Signed binding agreement
 - Acquire 100% of historic Merlin diamond mine in Australia
 - 4.4 million carat resource and +70 unresolved anomalies (refer ASX announcement 24 May 2021)
 - A\$8.5 million or A\$2/ resource carat
 - Attending to conditions precedent
- Bring into production within 24 months
- Australia's largest commercial diamond mine

• Balance sheet

- Lucapa in strongest financial position ever
 - Strong operational performances generating solid cash flows
 - Strong investor support for Merlin acquisition
 - A\$25.0 million current cash balance
- Long-term debt reduced/ expedite repayments
- A\$112 million net asset value (as at 30 June 2021)

• Diamond market well balanced for the future

Global carat production and rough price index

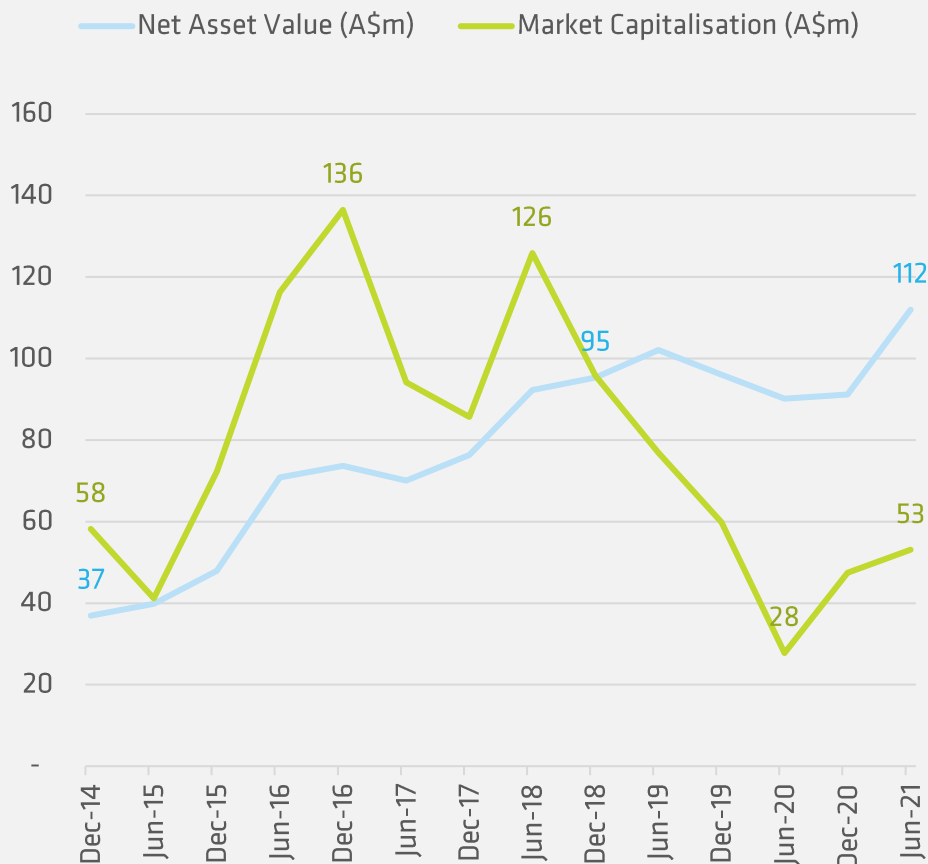


Sources: Production in carat millions – historic and estimates to 2026 (Paul Zimmisky);
Global rough price index – annual peaks for all years except 2009 & 2020 which are annual lows (GTD Consulting)



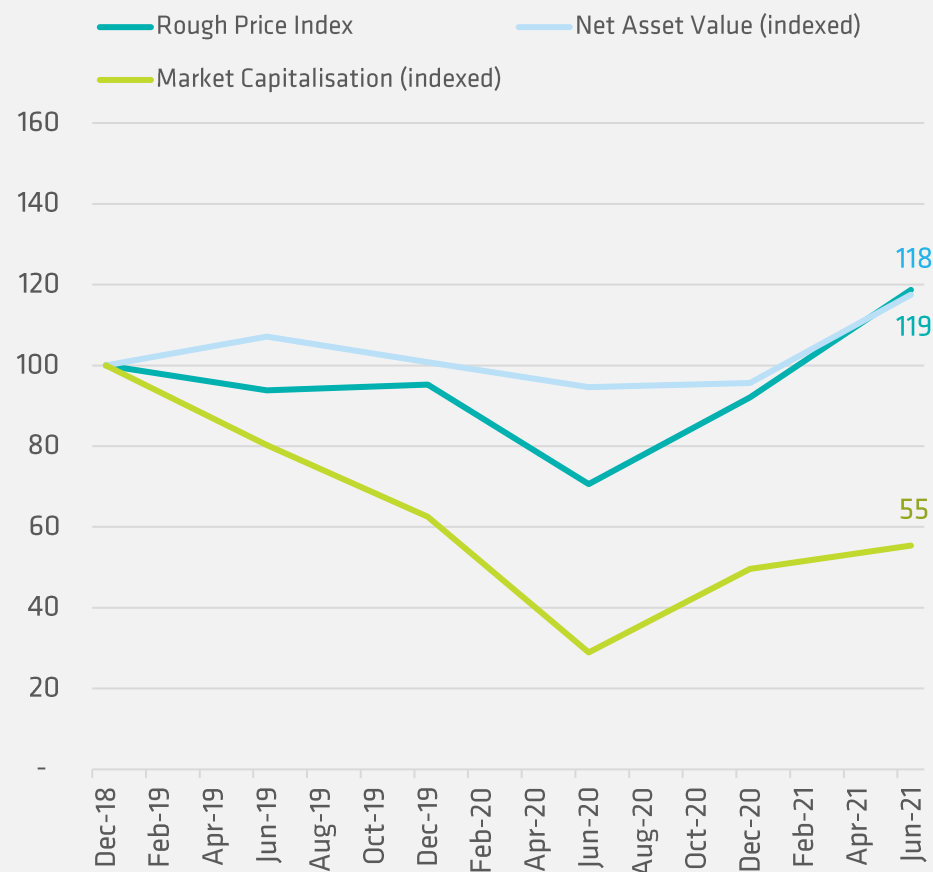
Undervalued relative to assets developed?

Net Asset Value (NAV) & Market Capitalisation (January 2015 = SML commissioned)



Source: Company (NAV and market capitalisation)

Rough Price Index, Market Capitalisation & NAV (January 2019 = 100)



Sources: Company (NAV and market capitalisation indexed); GTD Consulting (rough price index)

Trading at 53% discount to NAV

~A\$43m in cash available to Lucapa in the near-term

1691-1611



Why invest in Lucapa?

Global producer of high-value diamonds with opportunity to build the largest producing mine in Australia

1	Two producing high-value diamond mines	<ul style="list-style-type: none">✓ Two cash flow generating assets in 40% owned Lulo (Angola) and 70% owned Mothae (Lesotho)✓ Two of the three highest US\$/ carat diamond mines globally✓ Management team successfully brought these two projects through exploration/ evaluation to production
2	CY2021 Operational Guidance	<ul style="list-style-type: none">✓ Cash Operating Margin of A\$17 – A\$21 million on an attributable basis (33 – 36% margin on revenue)✓ Well on track, guiding market to upper-end of guidance
3	Addition of near-term development opportunity in Australia (Merlin)	<ul style="list-style-type: none">✓ Strategic acquisition of Merlin (Australia) adds a 100% owned near-term mine development opportunity with a significant existing 4.4m carat JORC compliant resource✓ Attractive acquisition price of only ~A\$2/ resource carat or A\$8.5 million✓ Potential to be the largest producing diamond mine in Australia within 24 months
4	Significant exploration upside	<ul style="list-style-type: none">✓ Advanced program exploring for the kimberlite source of the exceptional alluvial diamonds at Lulo✓ 18 high-priority kimberlites selected - bulk sampling recommenced✓ Merlin adds further significant exploration upside with +70 unresolved anomalies in a diamondiferous province
5	Diamond market thematics	<ul style="list-style-type: none">✓ Diamond prices recovered quickly following the pandemic and have already returned to levels last seen in 2014✓ Listed diamond equities lagging the strong diamond price recovery✓ Natural rough diamond supply material constrained✓ Demand continues to be driven by rising middle class in Asia and resurgent America
6	Strong balance sheet for upcoming catalysts	<ul style="list-style-type: none">✓ Current cash balance of A\$25.0 million✓ Significant cash returns expected from Lulo shortly would result in cash available to Lucapa of ~A\$43 million✓ Very well funded to progress Merlin development studies and all exploration programs✓ Results pointing to making debt payments ahead of schedule



LUCAPA

DIAMOND COMPANY

34 Bagot Road

Subiaco 6008

Western Australia

Tel: +61 8 9381 5995

Email: general@lucapa.com.au

Website: www.lucapa.com.au

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