



UPGRADE TO LUCAPA FULL YEAR CY2021 GUIDANCE

- Full year cash operating margin increases ~ 45% to A\$26 – 28 million

UPGRADED FULL YEAR CY2021 GUIDANCE

- Full Year CY2021 attributable cash operating margin (EBITDA) increased by ~45% to A\$26 – 28 million (previously A\$17-21 million)¹
- Attributable diamond production of 35,000 - 37,200 carats
- Attributable revenue of A\$66 – 71 million
- Weighted average price of US\$1,242 - 1,312/ carat, with prices back to higher levels last seen in 2012
- Attributable total cash operating cost of US\$828 - 844/ carat
- Forecast exploration/ development capex of A\$8 – 10 million, with a focus on the Merlin and Lulo JV projects
- Attributable growth capex of A\$6 – 9 million, which includes the in-field screening plant for the Lulo mine to reduce haulage costs and the recently completed 45% plant expansion at Mothae

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) is pleased to report a significant upgrade to its CY2021 full year attributable guidance, which sees its full year EBITDA increase ~ 45% to A\$26 – 28 million following solid operational performances from both the Lulo and Mothae mines, notwithstanding expansion ramp up and weather challenges at Mothae.

Managing Director, Stephen Wetherall commented “Lucapa and our partners set ambitious 2021 operational and financial targets for both mining operations as the diamond industry began to emerge from the pandemic. With nine months now behind us, we are extremely pleased to provide revised full-year guidance that sees an uplift of approximately 45% in our EBITDA guidance to A\$26 – 28 million”.

“The forecast record financial performance at Lulo this year, is expected to accelerate returns to Lulo shareholders and the capital loan repayments to Lucapa, which in turn we expect to utilise in reducing the corporate debt levels”.



¹ Attributable ownership in the projects based on Lucapa’s holding. 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

Lucapa updates the guidance for the full year CY2021 (on an attributable basis) to:

TABLE 1: REVISED FULL YEAR CY2021 ATTRIBUTABLE GUIDANCE

| | | Lulo (40% Attributable) | Mothae (70% Attributable) | Corporate & Other Exploration | Revised CY2021 Lucapa (Total Attributable ¹) |
|------------------------------------|-------------|-------------------------------|---------------------------------|-------------------------------------|---|
| Production | Carats | 11,200 – 12,000 | 23,800 – 25,200 | - | 35,000 – 37,200 |
| Sales | Carats | 11,400 – 11,800 | 27,300 – 27,650 | - | 38,700 – 39,450 |
| Average price | US\$/ carat | 2,600 – 2,700 | 675 – 720 | - | 1,242 – 1,312 |
| Cash operating cost | US\$/ carat | 1,125 – 1,175 | 500 – 525 | - | 828 – 844 |
| Revenue | A\$m | 41 – 44 | 25 – 27 | - | 66 – 71 |
| Cash operating cost | A\$m | 18 – 19 | 19 – 20 | 3 – 4 | 40 – 43 |
| EBITDA* | A\$m | 23 – 25 | 6 – 7 | (3) – (4) | 26 – 28 |
| Margin | % | 56% – 57% | 26% – 27% | - | 39% – 40% |
| AISC | US\$/ carat | 1,125 – 1,175 | 500 – 525 | - | 828 – 844 |
| Exploration/ development spend^ | A\$m | - | - | 8 – 10 | 8 – 10 |
| Growth capital | A\$m | 3 – 5 | 3 – 4 | - | 6 – 9 |

¹ Total attributable metrics are non-AIFRS measures. Lulo is equity accounted in Lucapa's financial reporting given Lucapa hold a 40% interest

* EBITDA, is a non-AIFRS measure, is equal to rough diamond revenue less total cash operating costs (including ore/ gravel and waste/ overburden mining, processing, on- and off-site costs, royalties and selling costs and inventory movements)

^ Exploration/ development spend relates to the investments to be made by Lucapa in the Merlin and Lulo JV projects

- EBITDA of A\$26 – 28 million in CY2021 (compared to A\$17 – 21 million as previously guided – refer ASX announcement 24 May 2021);
- A weighted average rough diamond price of US\$1,242 – 1,312/ carat (compared to US\$957 – 1,034/ carat as previously guided – refer ASX announcement 24 May 2021). The increase in guidance is primarily due to the prevailing strong market demand, rough supply constraints following the pandemic (seeing current diamond prices at levels last seen in 2012) and large and fancy pink diamond recoveries resultant from the revision of the Lulo mine plan as noted above;
- As a consequence of the diamond market strength and revised Lulo mine plan (which saw an increase in large and fancy pink diamond recoveries), Lucapa is forecasting higher diamond revenues of A\$66 – 71 million (compared to A\$50 – 56 million previously guided – refer ASX announcement 24 May 2021);
- Diamond production of 35,000 – 37,200 carats (compared to 40,400 – 42,600 carats as previously guided – refer ASX announcement 24 May 2021). The reduction in guidance is primarily due to a revision to the Lulo mining plan and decision to source a higher proportion of gravels from lower grade, higher-value Lulo mining blocks (such as Mining Block 46), as well as Mothae experiencing delays in its expansion ramp up (refer ASX announcement 8 July 2021). The forecast lower carats have been offset by the higher achieved and forecast diamond prices;
- Cash operating costs of US\$828 – 844/ carat (compared to US\$638 – 657/ carat as previously guided – refer ASX announcement 24 May 2021). The increase in per unit cash operating cost is primarily a result of the reduced carat production noted above, a stronger South African rand impacting the Mothae mine US\$ operating costs, inventory adjustments and the healthier diamond pricing environment resulting in much higher royalties and selling commissions being paid;
- Exploration/ development spend of A\$8 – 10 million, applied or to be applied to:
 - Lulo JV kimberlite exploration – dedicated bulk sampling plant, supporting fleet, excavation and treatment of priority targets selected for bulk sampling in and adjacent to the Canguige catchment area and drilling of kimberlite targets;
 - Merlin – technical investigations, geotechnical drilling, scoping studies and ongoing feasibility study.

- Growth capital spend of A\$6 – 9 million, applied or to be applied to:
 - Lulo alluvial mine – an in-field screening plant to be established close to Mining Block 46 to reduce the volume of gravels transported to the main processing plant approximately 20km away and earthmoving fleet;
 - Mothae kimberlite mine – capital works for the 45% expansion in plant processing capacity to 1.6Mtpa and peripheral infrastructure (refer ASX announcement 6 November 2020).

Basis of preparation of updated guidance

The revised forecasts for the full year CY2021 operational guidance have taken into account the following:

- Actual performance for the 9 months ended 30 September 2021 against operational targets and budgets;
- Timing of completion of capacity expansions at both Lulo and Mothae and their expected impact on production for the remaining three months of 2021. A sustaining capital estimate as a percentage of total cash operating costs has also been included in the AISC forecast;
- Resource/ mining block areas planned to be accessed for the remaining three months of 2021. The mining blocks for the Mothae mine plan are from indicated resource and the mining blocks for the Lulo mine plan are sourced predominantly from areas both in the inferred resource and targeted leziria (floodplain) areas not included in the resource;
- Estimated average diamond prices for the remaining three months of 2021 based on expectations that the current diamond market demand dynamics will continue, the respective JORC compliant resource pricing and source of gravels/ ore. To note, the rough prices exclude forecast cutting & polishing margins;
- The operational expenditures, plant capacities, material contracts for essential services and capital expenditures have been estimated for the remaining three months of 2021.
- The corporate costs predominantly relate to the Perth corporate office, technical services to group mining and exploration programs and listing compliance costs.
- Exchange rate for Q4 2021 of US\$/ A\$ of 0.73 and ZAR/ US\$ of 15.05;

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

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ABOUT LUCAPA

Lucapa is a unique growing global producer of high-value diamonds with niche 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 one of the highest average US\$ per carat alluvial diamond producers 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 funded a ~45% expansion in the processing capacity of the Mothae mine from 1.1Mtpa to 1.6 Mtpa during the year.



Lucapa has 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 compliant 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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