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## **LUCAPA TO RECEIVE A\$7.3 MILLION FROM LULO**

- *Lulo Board declares US\$8 million in distribution and capital repayment*
- *Lucapa's gross entitlement approximates US\$5.6 million (A\$7.3 million)*

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Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") and its partners Empresa Nacional de Diamantes E.P. ("Endiama") and Rosas & Petalas are pleased to announce that the Lulo alluvial diamond venture in Angola has declared US\$8 million in a combined distribution and capital repayment.

Lucapa - as operator and funder of both the Lulo alluvial mining and kimberlite exploration programs - will be entitled to receive a gross amount of US\$5.6 million (A\$7.3 million).

Under the terms of the alluvial mining investment agreements with its Lulo partners, Lucapa is entitled to the first 50% of the US\$8 million total to commence the repayment of the Company's eight-year investment in exploration and the development of the Lulo alluvial mining operations. This capital investment is currently recorded in Lucapa's unaudited accounts at a net present value of US\$33 million.

In addition to the capital repayment, Lucapa is entitled to a gross US\$1.6 million (A\$2.1 million) from its pro-rata 40% equity interest in the remaining US\$4 million being distributed to the Lulo partners.

The US\$8 million in distribution and capital repayment was declared from the significant cash balance held by Lulo on the back of its strong operational performance (Refer ASX announcement 23 January 2017).

### **Comment from Lucapa Managing Director Stephen Wetherall**

Lucapa Managing Director Stephen Wetherall said he was delighted that the Lulo partners had approved the first distribution to all the partners and a capital repayment to Lucapa as funder, on the back of the cash-generative alluvial mining operations.

*"This meets one of our primary objectives in developing the Lulo alluvial mining operations, which was to generate free cash flow sufficient to generate returns for the partners and to repay Lucapa's significant capital investment in the project. This in turn would also provide Lucapa with a source of funding for our exciting Lulo kimberlite exploration program," said Mr Wetherall.*

*"The distribution and capital repayment declared will, on repatriation, also provide a potential source of funding for the high-quality, advanced Mothae kimberlite project in Lesotho, which we plan to have in production generating its own cash flows within 12 months of completion of the acquisition."*

*"Already 2017 has started very positively with just two diamond sales already generating an additional ~US\$11m in gross revenues. Such continued strong performance and the recovery of more large premium-value diamonds will enhance the prospect of further distributions and capital repayments."*

For and on behalf of the Lucapa Board.

**STEPHEN WETHERALL**  
**MANAGING DIRECTOR**

### Forward-Looking Statements

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