



ZAR100m IDC FINANCING FACILITY FOR MOTHAE

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) and the Government of the Kingdom of Lesotho (“GoL”) are pleased to announce the receipt of an approved Term Sheet from the Industrial Development Corporation of South Africa Limited (“IDC”) for a ZAR100 million (US\$7 million) development facility for the high-quality Mothae kimberlite diamond mine in Lesotho (Lucapa 70%; GoL 30%) (“Mothae”).

The financing agreement with IDC, which is one of the largest development financiers in southern Africa, followed an extensive period of due diligence and site visits where the legal, technical and financial modelling of the two-Phase development of the Mothae mine were reviewed (Refer page 15 of ASX announcement 25 July 2018).

The Lesotho Minister of Mining, the Honourable Keketso Sello, said he was delighted the IDC was supporting the development of Lesotho’s newest diamond mine, which would bring considerable economic benefits to the country.

“The IDC’s support for the new Mothae mine, coupled with the significant investment being made by our partner Lucapa, underlines Lesotho’s reputation as having the world’s highest average \$ per carat diamond production,” said Hon Sello.

“We look forward to the new Mothae mine coming into production very soon as the next step in the continued growth of Lesotho’s diamond mining industry.”



The 1.1Mtpa Mothae diamond treatment plant in Lesotho

The financing agreement with IDC comes as the commissioning phase commences at the 1.1Mtpa Mothae diamond plant, with first commercial diamond recoveries scheduled for early November 2018 (Refer ASX announcement 22 October 2018).

The commercial terms of the IDC facility are standard for a loan of this nature. The facility is for a period of four years and includes a 12-month moratorium on capital repayments. Interest is calculated at the Johannesburg Interbank Average Rate (JIBAR) plus 8.6%, which currently equates to a rate of 15.6% per annum.

The loan is secured through notarial bonds against assets of Mothae, its mining right and a proportionate guarantee from Lucapa in line with its 70% ownership. Following approval by GoL and Lucapa as shareholders, Mothae and the IDC are working to finalise the loan and respective security agreements in the next few weeks.

The IDC facility will considerably strengthen Mothae's cash position, which, subject to the IDC loan covenants being met, will also enable repayments of shareholder loans from Mothae to Lucapa.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa is a growing diamond company with a portfolio of high-quality production, development and exploration assets in Angola, Lesotho, Australia and Botswana. The Company's focus on high-value diamond production is designed to protect cash flows in a sector of the diamond market where demand remains robust.

Lucapa's flagship asset is the Lulo Diamond Project in Angola, which is a prolific producer of large and premium-value alluvial diamonds. Lulo has produced 11 +100ct diamonds to date and is the highest US\$ per carat alluvial diamond production in the world. Lucapa and its Lulo partners continue to advance their search for the primary kimberlite sources of these exceptional alluvial gems, with three drill rigs available in the ongoing kimberlite exploration program.

Lucapa has a 70% interest in the advanced Mothae kimberlite project in diamond-rich Lesotho. The Mothae kimberlite pipe is a high-quality diamond resource located within 5km of Letšeng, the highest US\$ per carat kimberlite diamond mine in the world. Lucapa has commenced commissioning the new 1.1Mtpa diamond treatment plant at Mothae, complete with XRT recovery technology, under its Phase 1 development program.

Lucapa is also furthering two exploration projects in known diamond provinces, including an extensive exploration program at Brooking in the West Kimberley lamproite province in Western Australia to follow up on the discovery of lamproite with very high concentrations of micro- and macro-diamonds. Lucapa plans to drill kimberlite targets at the Orapa Area F project in Botswana's Orapa diamond field in Q1 2019. Lucapa's Board and management team have extensive diamond industry experience across the globe with companies including De Beers and Gem Diamonds.

Forward-Looking Statements

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