



LUCAPA PRIORITISES HIGH-VALUE DIAMOND PRODUCTION AND RESOURCES

- *Maximising shareholder value and cash generation to be key drivers as Lucapa continues to evolve as a global niche producer of large and premium-value diamonds*

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) advises the Board has performed a review of the Company’s diamond asset portfolio as Lucapa continues its strategy to evolve into a global niche producer of large and high-value diamonds.

The review was undertaken to reflect the current investment climate, where the focus has moved to companies which are maximising cash generation from producing assets. It also accounts for the changing dynamics of the global rough diamond market, where high-value diamond production is favoured.

Lucapa differentiated itself from its diamond peers in 2018 by delivering a second producing asset, putting the Company in the enviable position of having two mines with high-value production. Lucapa will prioritise production and cash generation from these two high-value diamond mines to ensure shareholder value is maximised.



Exceptional diamonds from the Lucapa’s new Mothae mine in Lesotho

In line with these objectives, the Board has determined its immediate priorities will include:

- **Expanding high-value diamond production and accelerating cash generation from the Lulo alluvial mine in Angola and the Mothae kimberlite mine in Lesotho**
- **Advancing the year-round Lulo kimberlite exploration program to identify a possible source of the world's highest-value alluvial diamonds and**
- **Cutting and polishing select Special diamonds to accrete additional value beyond the mine gate**



Exceptional diamonds from Lucapa's Lulo mine in Angola

As a consequence, the timing of future work programs for Lucapa's two earlier-stage diamond exploration assets – the Brooking project in Western Australia and the Orapa Area F project in Botswana – will be reviewed.

Lucapa Managing Director Stephen Wetherall said the review ensured Lucapa kept shareholder value at the forefront while adapting to current market conditions and continuing to grow as a global niche producer of large and high-value diamonds.

“Growing shareholder value is our major imperative which, in the current climate, we believe warrants a complete focus on our high-value and cash-generating assets,” said Mr Wetherall.

“Lulo and Mothae are two of the highest US\$ per carat diamond mines in the world. The ability to increase production at our two mines, coupled with the significant marketing policy changes in Angola, leaves Lucapa ideally positioned to deliver additional value in 2019.”

“Our ongoing Lulo kimberlite exploration program will continue unabated, supported by the strong belief and confidence of the Board and our Angolan partners that the hard-rock source of the world's best alluvial diamonds will be a significant global discovery.”

Capacity to Expand Production of Large & Top-Quality Diamonds

Lucapa's Lulo and Mothae mines both have capacity for material production increases.

While commercial production only commenced at Mothae in January 2019, the new 1.1Mtpa plant has already demonstrated its ability to operate at throughput rates in excess of nameplate capacity.

The Mothae plant layout was originally designed with the intention of doubling throughput to 2.2Mtpa in Phase 2 in 2021. However management believes the capacity of the 1.1Mtpa plant can be significantly increased earlier with relatively minor modifications, which are currently being scoped in detail and will be announced in due course.

After achieving record throughput rates of ~285,000 bulk cubic metres in 2018, the Lulo project partners have approved plans to increase production by at least 25% in 2019.

This increase will be achieved by introducing an additional operating shift on the diamond treatment plant to process alluvial gravels 24 hours a day/seven days a week and expanding the mining fleet accordingly.

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 mines in Angola and Lesotho, along with exploration projects in Angola, 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 12 +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 through a systematic drilling and exploration program.

Lucapa commenced commercial diamond recoveries in January 2019 at the Company's second high-value mine, the 1.1Mtpa Mothae kimberlite project in diamond-rich Lesotho.

Lucapa also has early stage exploration projects at Brooking in Western Australia and Orapa Area F in Botswana.

Lucapa's Board and management team have extensive diamond industry experience across the globe with companies including De Beers and Gem Diamonds.

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

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