



Diamond production increases. Compelling base metals targets identified at Merlin

Q4 Summary

All figures 100% unless stated

- **Lulo production improved, with boosts to grade and carats recovered**
- **Large stone recoveries up 43% compared with Q4/2023**
- **Exploration program commenced at Merlin with outstanding initial results**
- **Placement and SPP launched to fund Merlin exploration and bolster working capital**
- **Progress in Lulo Joint Venture Minerals Investment Contract**
- **Merlin restart plan announced, targeting first diamond production this year**
- **MD & CEO Nick Selby stepped down, with Alex Kidman appointed MD & CEO**

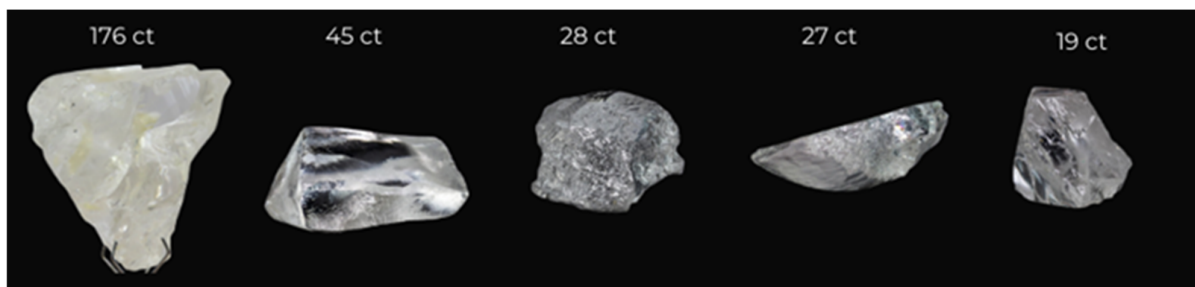
Lucapa Diamond Company Limited (ASX: LOM) (“Lucapa” or “the Company”) announces its Quarterly Activities Report for the period ended 31 December 2024 (the “Quarter” or “Q4”).

In Q4, 8,012 carats were recovered at Lulo as mining concentrated on the higher grade leziria (floodplain) areas following the completion of the second river diversion for the year. This saw the number of special sized diamonds (over 10.8 carats) surge 43% to 77 compared with the same period last year. Most of these diamonds were held as inventory at year end, to be sold during Q1/2025.

During the Quarter, 8,016 carats were sold through two tenders and two run of mine sales for revenue of US\$10 million at an average price per carat of US\$1,251, down 80 percent from the previous corresponding period when two +200 carat and two +100 carat diamonds were sold.

Lucapa Managing Director, Alex Kidman, said: “Production at Lulo continued to improve in Q4, following the completion of the second river diversion, leading to better grades and carat recoveries, however most of the larger high value stones recovered during the Quarter will only be sold in Q1 2025. With the next river diversion already being excavated, we look forward to further production improvements in 2025.

“The busy Quarter also saw us announce our low-capital, re-start plan for Merlin and commence a Capital Raise to fund exploration at Merlin. Subsequent to the end of the Quarter, Lucapa completed an airborne geophysics survey over the entire Merlin tenement area. The outstanding preliminary results, highlighted two large base metals targets, leading us into an exciting period in early 2025. We look forward to announcing the final, more detailed results of the survey later this Quarter”.



Picture: Special sized Lulo diamonds sold during Q4 at two tenders in Angola



LULO ALLUVIAL MINE - ANGOLA

(conducted by Sociedade Mineira Do Lulo, Lda (“SML” or “Lulo”) Lucapa 40%, Endiama 32%, Rosas & Petalas 28%)

TABLE 1: LULO Q4 PRODUCTION AND SALES RESULTS

	100% Project					
	Q4			Q4 YTD		
	2023	2024	Var	2023	2024	Var
PRODUCTION:						
Volume mined (bulk Mm ³)	2.17	2.13	-1%	8.29	7.99	-4%
Volume processed (bulk m ³)	166,332	158,550	-5%	625,548	628,960	1%
Carats recovered	7,640	8,012	5%	30,585	25,341	-17%
Grade recovered (cphm ³)	4.6	5.1	10%	4.9	4.0	-18%
+10.8 carat diamonds (Specials)	54	77	43%	322	234	-27%
SALES & OTHER:						
Rough carats sold	5,653	8,016	42%	28,646	27,364	-4%
Rough diamond revenue (US\$m)	34.9	10.0	-71%	77.3	54.2	-30%
Rough price/carat (US\$)	6,170	1,251	-80%	2,700	1,980	-27%
Diamond inventories (carats)	6,040	4,065	-33%			
Cash and receivables (US\$m)	11.6	0.0	-100%			
Development loan owing to Lucapa (US\$m)	3.7	1.3	-65%			

LULO KIMBERLITE EXPLORATION – ANGOLA

(conducted by Project Lulo Joint Venture (“Project Lulo JV”) – Lucapa 39%, Endiama 51% and Rosas & Petalas 10%)

Results of the Kimberlite Bulk Sampling Program and the Mineral Investment Contract committee meeting was announced to the ASX on 28 January 2025 (“Lulo Kimberlite JV Minerals Investment Contract and Exploration Update”).

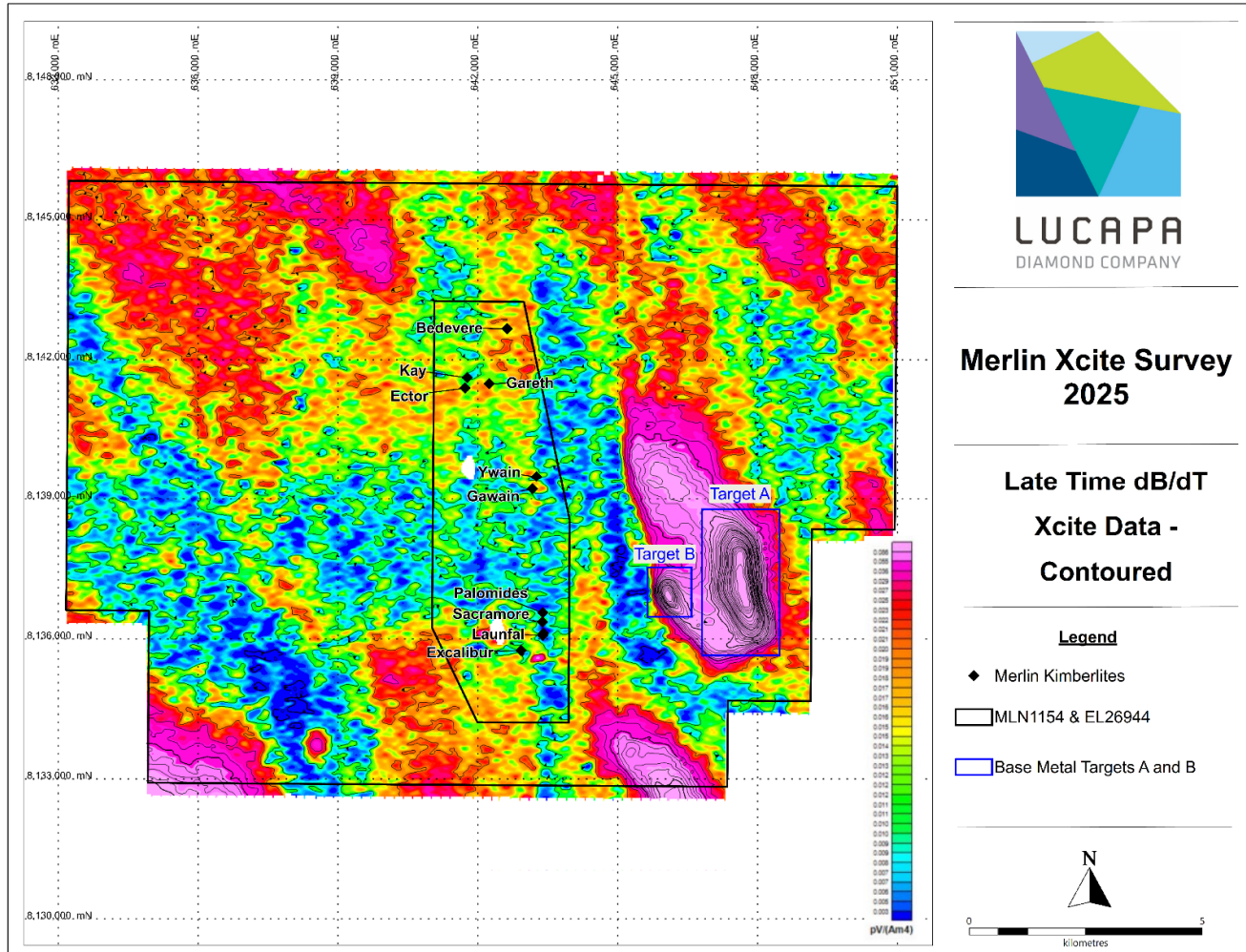
MERLIN DIAMOND PROJECT – AUSTRALIA

(conducted by Australian Natural Diamonds Pty Ltd – Lucapa 100%)

During the Quarter, the first modern electromagnetic survey (EM) in 25 years was flown over Merlin to identify potential targets on the tenements including kimberlites and base metals. The new generation geophysics survey is the first modern Time-Domain airborne survey to be completed over the tenements in 25 years.



Post Quarter-end, the outstanding initial results from the Xcite™ EM survey, flown by NRG were announced to the ASX on 21 January 2025.



Map: Late Time dB/dT Xcite data showing two conductive targets (Targets A (dimensions ~2.5km x ~1km) and B (dimensions ~0.75km x ~0.5km)) within an inlier of Proterozoic sediments

On 25 November 2024, the Company announced the two stage re-start plan for returning Merlin to production ("Production re-start plan for Merlin Diamond Project in NT"). The 18-months-long first phase of the plan will use excavator dredging to mine to a depth of 15 metres from the base of five existing open pits. Phase 2 will follow for 27 months and use Vertical Pit mining to extract ore from the Gawain pit.

Phase 1 requires A\$15m in funding with A\$9m as pre-production capital and Phase 2 requires A\$10m in funding for a proposed 5 year mine life with possible extension. The plan has forecast a pre-tax NPV (10%) of A\$40m and a projected pre-tax internal rate of return of 75 percent. It is anticipated that the Merlin re-start will be funded at a project level and discussions are underway with several parties.



A summary of the key outcomes from the new optimised approach to developing Merlin are as follows:

	Units	Phase 1	Phase 2	Total Project
Pits to be mined		Gawain, Ywain, Palomides, Sacramore, Excalibur	Gawain	
Ore mined	t	213,000	773,000	1,000,000
Carats expected to be recovered	ct	67,000	247,000	314,000
Average price per carat	US\$	415	545	517
Total expected revenue	A\$	42 million	204 million	246 million
Funding requirement	A\$	15 million	10 million	25 million
Net operating cashflow	A\$	11 million	99 million	110 million
Pre-tax NPV (10%)	A\$			40 million
Pre-tax IRR	%			75

Rough Diamond Market

The diamond industry continued to face headwinds in Q4, with rough supply from major and independent miners curtailed to support the stabilisation of the market. According to Independent Diamond Analyst Paul Zimmisky's estimates, the total carats produced in 2024 has fallen below 100 million carats for the first time since 1989. Zimmisky estimates that inventory levels at the end of 2024, at major diamond producers De Beers and Alrosa were sitting higher than previous years at above 20 million carats each.

On the retail side, the November and December festive period saw mixed results in the jewellery trade. In India, luxury jewellers were reporting increases in sales of 20%+ year over year, while the global luxury jewellery brands, reported upticks in sales for the same period of 2%+. Signet, the US's largest jeweller, recently downgraded its full-year earnings guidance to January 31 2025, by 6 percent. In China, weak consumer sentiment and a slowing economy has continued to weigh on demand for luxury goods as Chinese consumers increasingly shopped for jewellery outside of the mainland especially Japan, to capitalise on cheaper prices.

The overall consensus is that rough diamond prices will likely remain relatively stable over 2025 with small single digit percentage increases possible.

Corporate

During the Quarter, the Company undertook a Capital Raise receiving firm commitments from new and existing institutional, sophisticated, professional investors and the Lucapa Board, for 133.5 million fully paid ordinary shares (Shares) in the Company at an issue price of A\$0.02 per share to raise gross proceeds of approximately A\$2.67 million via the two-tranche placement ("Placement").



The first tranche of the Placement was unconditional and the proceeds of A\$870k were received during the Quarter for the issue of 43.5 million shares.

The second tranche of the Placement raised a further A\$1.8 million before costs and will see an additional 90.0 million new fully paid ordinary shares issued at A\$0.02 per share. These shares will rank equally with the existing fully paid shares on issue. The second tranche of the Placement includes a contribution of A\$178k by members of Lucapa’s Board.

In addition to the Placement, directors and senior management committed to convert A\$329k of accrued fees, remuneration and expenses at a deemed issue price to A\$0.02 through the issue of 16.4 million new fully paid ordinary shares (“Employee Conversion”).

On 11 December 2024, the Company launched a share purchase plan (SPP) which provided eligible shareholders with the opportunity to subscribe for up to A\$30,000 worth of new fully paid ordinary shares, at an issue price of A\$0.02 per share, on the same terms as the Placement. The SPP closed 5.00 pm WST on 23 January 2025.

Placement, Employee Conversion and SPP participants were entitled to one free attaching option (exercisable at A\$0.06 and expiring 3 years from issue) for every two shares subscribed for.

At a General Meeting held on 22 January 2025, shareholders voted in favour of the second tranche of the Placement, SPP and Employee Conversion.

During the Quarter, the Managing Director and Chief Executive Officer Nick Selby stood down for health reasons. Mr Selby remained on the board until 31 December 2024, during the transition period to former Group Operations Manager, now CEO and MD Alex Kidman.

Lucapa also entered into a A\$1m short-term loan facility with New Azilian Pty Ltd, an entity associated with previous Lucapa Director Ross Stanley. The 6-month facility is on standard commercial terms, is repayable in cash and is secured against Lucapa’s intercompany loan with shares held in the Company’s subsidiary Australian Natural Diamonds Pty Ltd which owns the Merlin Mine in the Northern Territory of Australia.

At 31 December 2024, the Group corporate and financial summary on a 100% basis is as follows:

	100% Project		
	Q4		
	2023*	2024	Var
<i>Diamond inventories (carats)</i>	6,040	4,065	-33%
<i>Interest bearing debt (US\$m)</i>	0.0	0.6	100%
<i>Cash and receivables (US\$m)</i>	12.6	0.2	-98%

*2023 figures exclude 1,872 carats diamond inventory and US\$0.3m cash for Mothae which has since been divested.

For and on behalf of the board

Alex Kidman
Managing Director and CEO



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ABOUT LUCAPA

Lucapa is an ASX listed diamond miner and explorer with assets in Angola and Australia. It has an interest in the Lulo Diamond Mine in Angola which has been in commercial production since 2015, (conducted by Sociedade Mineira Do Lulo, Lda (“SML”) Lucapa 40%, Endiama 32%, Rosas & Petalas 28%).

The large, high-value diamonds produced from Lulo attracts the highest prices per carat for alluvial diamonds globally.

Lucapa also has a 39% interest in the Lulo Kimberlite Exploration Joint-Venture (Endiama 51%, Rosas & Petalas 10%), which is exploring for the potential primary source kimberlites at the prolific Lulo concession in Angola.

In 2021, through its wholly owned subsidiary, Australian Natural Diamonds Pty Ltd, Lucapa completed the strategic and transformative acquisition of the Merlin Diamond Project, an historic Australian mine in the Northern Territory of Australia.

The Board, management and key stakeholders in Lucapa have deep global diamond industry experience and networks all through the value chain from exploration to retail.

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, a production target and financial information derived from a production target 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 a production target and financial information derived from a production target and 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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<i>Project</i>	Country	Type	Size (km²)	Period	Interest (%)	End date
<i>Brooking</i>	Australia	Exploration Licence	72	5 years	80	Dec-24 ^
	Australia	Exploration Licence	13	2 years	80	Mar-26
	Australia	Exploration Licence	29	5 years	80	Jun-27
<i>Lulo</i>	Angola	Kimberlite (primary source) exploration	3,000	5 years	39	May-24^
	Angola	Alluvial (secondary source) mining and exploration	1,500	10 years	40	Jul-25^



<i>Merlin</i>	Australia	Mineral Lease	24	25 years	100	Dec-47
	Australia	Exploration Licence	210	5 years	100	Apr-25

^ Application for licence extensions in progress