



LULO TO RECEIVE \$7.0 MILLION UNDER PARTNERSHIP AGREEMENT

- *US\$1.5m (A\$2.6m) from Lulo's first share of cutting & polishing profits under the SML/ Safdico partnership agreement*
- *US\$2.5m (A\$4.4m) from the sale of the 46 carat Lulo pink rough diamond to Safdico, under a similar cutting & polishing partnership*

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 Lulo alluvial mining company, Sociedade Mineira Do Lulo ("SML"), is to receive US\$4.0 million (A\$7.0 million) under the partnership agreement with leading international diamond manufacturer Safdico International ("Safdico").

The US\$4.0 million comprises:

- A US\$1.5 million (A\$2.6 million) payment in respect of SML's share of profits from the cutting & polishing and/ or sale of run of mine Lulo diamonds sold to Safdico in 2019 under the partnership agreement; and
- US\$2.5 million (A\$4.4 million) payment for the purchase of the Lulo 46 carat pink rough diamond. SML will retain a share in the margins generated from the resultant sale of diamonds polished from this exceptional rough stone



The 46 carat Lulo pink diamond

The US\$1.5 million payment is a milestone for Lucapa, its project partners and SML (Lucapa 40% and operator) as it represents the first share of profits paid to SML under the Safdico partnership agreement (Refer ASX announcement 29 January 2020).

Under this partnership agreement, SML is paid up front for the rough market value of the Lulo diamonds sold to Safdico, with both companies sharing in the resultant margins generated.

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Safdico, as a preferred buyer of SML, can purchase up to 60% of Lulo's annual rough production from SML, as is permitted under Angola's transformative new diamond marketing regulations.

Safdico is a subsidiary of Graff International ("Graff"), one of the world's finest high-end jewellery houses. Safdico supplies Graff with some of the most iconic and valuable polished diamonds sold in Graff stores.

The 46 carat pink is the latest Lulo diamond to be sold to Safdico under the partnership agreement. SML will receive US\$2.5 million for the rough value of the stone, and retains a share in the margins generated beyond the mine gate.

Lucapa Managing Director Stephen Wetherall commented:

"Given the recent market uncertainty and disruption caused by coronavirus, we and our Lulo partners believe the sale of the 46 carat pink diamond to Safdico under a partnership agreement will unearth the true potential and value of this exceptional stone."

"We look forward to seeing the polished diamonds produced from this exceptional Lulo gem, which we are confident will see additional value created by the partnership."

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa is a growing diamond company with high-value mines in Angola (Lulo) and Lesotho (Mothae).

The Lulo alluvial mine and Mothae kimberlite mine both produce large and high-value diamonds, with >75% of revenues generated from the recovery of +4.8 carat stones.

Lulo has produced 14 +100 carat diamonds to date and is one of the highest average US\$ per carat alluvial diamond producers in the world. Lucapa and its *Project Lulo* partners have also received highly-encouraging results from their search to discover the primary hard-rock source of the high-value Lulo alluvial diamonds.

The new 1.1 Mtpa Mothae kimberlite mine in diamond-rich Lesotho commenced commercial mining operations in January 2019. It produced > 30,000 carats in its first year of production, including 3 +100 carat diamonds.

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

No New Information

To the extent that 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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