



LUCAPA STRENGTHENS ITS FINANCIAL POSITION

- *Successful delivery of Lucapa's new high-value Mothae diamond mine in Q1 2019 paves the way for reduction of higher-cost development debt*

Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") is pleased to announce the Company has agreed funding and refinancing arrangements which will improve its financial position and reduce its financing costs.

As foreshadowed in the corporate presentations released to the ASX announcement on 13 March 2019 and 20 March 2019, Lucapa has been investigating opportunities to replace or reduce the higher-cost debt used to fund the development of the new high-value Mothae diamond mine in Lesotho.

In line with that objective, Lucapa has agreed funding and refinancing arrangements with New Azilian Pty Ltd ("New Azilian") and Equigold Pte Ltd ("Equigold"). These agreements reflect the successful delivery and de-risking of Mothae, which commenced commercial production in January 2019 following a successful commissioning and ramp-up phase and has already produced five +50 carat diamonds (Refer ASX announcement 2 April 2019).

The agreements will enable Lucapa to reduce the Mothae development debt facility with Equigold well ahead of schedule, along with other obligations, while also supplementing working capital.

New Azilian Agreement

Following shareholder approval noted below, New Azilian will enter into a A\$10 million (US\$7 million) one-year loan facility with Lucapa at an annual interest rate of 10%, payable quarterly. The loan principal will be repayable at the end of the term. Lucapa and New Azilian will each have the right to convert up to 50% of the interest payments into ordinary fully-paid Lucapa shares under a standard market-related volume weighted average price ("VWAP") calculation.

Under the ASX Listing Rules, the conversion of any interest payments will require Lucapa shareholder and ASX approval as New Azilian is associated with Mr Ross Stanley, who is a Non-Executive Director and substantial shareholder of Lucapa. As such, a resolution to that effect will be included in the Notice of Meeting for Lucapa's 2019 Annual General Meeting ("AGM"), which is scheduled to be held in late May 2019.

New Azilian has advanced Lucapa A\$6 million (US\$4.2 million) of the loan facility, with the balance to be drawn in May 2019 following the AGM.

Equigold Agreement

Lucapa will utilise the New Azilian funding to pre-pay two quarterly US\$1.9 million capital repayments on the Company's Equigold debt facility (Refer ASX announcement 9 October 2017). Equigold has agreed to waive the early repayment fees in the loan agreement as part of this refinancing. In addition, Equigold and Lucapa have agreed to bring forward the right under the loan agreement for Equigold to convert a US\$1.9 million quarterly capital repayment into ordinary fully-paid Lucapa shares. The net effect of the quarterly capital cash pre-payments and conversion will see the Equigold debt facility reduced to US\$7.5 million.

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The funds from New Azilian will also provide Lucapa and Mothae with flexibility on the scheduling of future diamond tenders in order to maximise diamond revenues. The next tender of Mothae diamonds is scheduled for Q2 2019 in Antwerp.

Lucapa Managing Director Stephen Wetherall said he was delighted that the successful commissioning of the new Mothae diamond mine had drawn the strong support of New Azilian and Equigold.

“The successful delivery and de-risking of Mothae has added a second high-value asset to Lucapa’s growing diamond production base. These new refinancing arrangements will provide Lucapa with added financial strength to continue to build our strategic position in this niche high-value diamond sector.”

“The support from New Azilian and Equigold is also a strong endorsement of Lucapa’s growth strategy and our focus on maximising diamond production and cash generation from our Lulo and Mothae mines, while continuing our search for the hard-rock source at Lulo.”



High-quality diamonds from the new Mothae mine in Lesotho



The new 1.1Mtpa Mothae diamond plant

For and on behalf of the Lucapa Board.

**STEPHEN WETHERALL
MANAGING DIRECTOR**

ABOUT LUCAPA

Lucapa is a growing diamond company with high-value mines in Angola and Lesotho, along with exploration projects in Angola, Australia and Botswana. Lucapa's vision is to become a leading producer of large and premium-quality diamonds - from both alluvial and kimberlite sources - in Africa and other known diamond provinces around the world.

The Company's focus on high-value diamond production is designed to protect cash flows in a sector of the diamond market where demand and prices remain 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 1.1 Mtpa Mothae kimberlite mine in diamond-rich Lesotho and has already recovered five +50 carat diamonds in its own sampling and commercial mining operations.

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 decades of 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 made in the ASX announcement dated 24 March 2017, 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.

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