

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LUCAPA DIAMOND COMPANY LIMITED

ABN

44 111 501 663

Quarter ended ("current quarter")

30 September 2017

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 mths) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(93)	(933)
(b) development	(142)	(396)
(c) production		
(d) staff costs	(607)	(1,413)
(e) administration and corporate costs	(509)	(1,651)
1.3 Dividends received		
1.4 Interest received	31	52
1.5 Interest and other costs of finance paid	(197)	(205)
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	US\$(1,517)	US\$(4,546)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(150)	(178)
(b) tenements		
(c) investments	(4,196)	(4,831)
(d) other non-current assets		

Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 mths) US\$'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received		
2.5	Other (provide details if material) ¹	1,479	3,834
2.6	Net cash from / (used in) investing activities	US\$(2,867)	US\$(1,175)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options ²	3,588	4,415
3.4	Transaction costs related to issues of shares, convertible notes or options	(11)	(93)
3.5	Proceeds from borrowings		4,090
3.6	Repayment of borrowings		(408)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	US\$3,577	US\$8,004

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	7,833	4,349
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,517)	(4,546)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(2,867)	(1,175)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	3,577	8,004
4.5	Effect of movement in exchange rates on cash held	(48)	346
4.6	Cash and cash equivalents at end of period ³ (US\$'000)	US\$6,978	US\$6,978

Note:

¹ Following the incorporation of SML in May 2016 and in terms of the Mining Investment Contract and agreements with the Company's JV partners, alluvial exploration and capital expenditure incurred by the

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Company is to be repaid from alluvial mining operations. As such, alluvial exploration and capital expenditure are recognised under investing activities. Included in the amount for the September quarter is US\$1.47 million received from Lulo as the final portion of the US\$4m capital repayment declared in the first quarter.

² Relates to the exercise of listed A\$0.20 options (ASX: LOMOA) which expired on 30 September 2017. In addition, the Company received a further US\$3.7 million post-Quarter end from option holders and underwritten conversions of the options.

³ As the investment in the alluvial mining company, SML, is recognised on an equity-accounted basis in terms of the Company's accounting policy and Australian International Financial Reporting Standards, the closing cash balance at 4.6 above does not include the funds held by SML in Angola of US\$9.4 million and US\$1.3m held for the account of Lucapa for the kimberlite exploration funding.

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1	Bank balances	6,978	7,833
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	US\$6,978	US\$7,833

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2 ⁴
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter US\$'000
194

⁴ The amount reflected under 6.1 includes payments for directors' fees (including superannuation), payments in respect of office rent to entities associated with non-executive director Miles Kennedy and payments for Competent Person services to non-executive director Albert Thamm.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3 ⁵
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter US\$'000
-
(581)

⁵ Relates to intergroup funding payment to subsidiaries. As the cash flow statement is prepared on consolidated basis these amounts are eliminated and therefore reflected as zero at item 2.3.

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1 Loan facilities ⁶	4,312	4,312
8.2 Credit standby arrangements	-	-
8.3 Finance lease facility	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

⁶ The loan facility consists of a six-month secured bridging loan with First Class Securities Pty Ltd as part of the funding package (announced to the ASX on 26 May 2017) to acquire 70% of Mothae Diamonds (Pty) Ltd ("Mothae"). Interest is payable at a fixed amount of 9% of the loan. The loan is repayable on or before the 30 November 2017.

9. Estimated cash outflows for next quarter	US\$'000
9.1 Exploration and evaluation ⁷	300
9.2 Development ⁸	4,938
9.3 Production	-
9.4 Staff costs	607
9.5 Administration and corporate costs	655
9.6 Other (provide details if material) ⁹	4,800
9.7 Total estimated cash outflows ⁸	US\$11,300

⁷ The intention is to fund the kimberlite exploration expenditure at Lulo from Lucapa's US\$1.3 million share of the gross distribution declared by Lulo during the first quarter and held for Lucapa's account.

⁸ The Company expects to meet its expenditure obligations for the next quarter, as and when they fall due from current cash at the bank, the full proceeds that have been received pre and post-Quarter end of exercised LOMOA options (See section 3.2 above, footnote 2) and the recently announced US\$15m financing facility entered into with private Singaporean company Equigold Pte Ltd, (See ASX announcement 9 October 2017).

⁹ Relates primarily to the repayment of the bridging loan provided by First Class Securities (See ASX announcement 26 May 2017) as noted under 8.1 above (and note 6).

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Mark Clements

Company Secretary

16 October 2017

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.