



16 August 2013

Ms Shannon Nicholson
Senior Adviser, Listings Compliance (Perth)
Level 8
2 The Esplanade
PERTH WA 6000

Dear Ms Nicholson,

We refer to your letter of 14 August 2013 in relation to the Lucapa Diamond Company Limited (the Company) Quarterly Report in the form of Appendix 5B for the period ended 30 June 2013, released to ASX on 31 July 2013.

We respond as follows:

1. As announced on 5 August 2013, the net proceeds of \$US2.486 million (\$A2.79 million) from the sale of the first parcel of diamonds, weighing a total of 496.2 carats, from the Lulo Diamond Concession in Angola was paid into the Lulo Project's bank account.

As stated in that announcement, Lucapa will use the sale proceeds to advance its operations at Lulo, including drilling and exploration at the priority Se251 kimberlite, commissioning the new 50 tonne per hour Dense Media Separation diamond plant and further evaluating the diamondiferous gravels recently discovered near the Se046 kimberlite target.

The Company does not intend to repatriate the sale proceeds to meet corporate costs and is considering alternatives to fund these costs.

2. The Company's future operating cashflows will be managed according to the Company's financial capabilities. The Company has the ability to reduce the rate of expenditure in the event access to additional funding is delayed.
3. The Board continues to be focussed on meeting the Company's business objectives and is mindful of the funding requirements to meet these objectives.
4. The Company can confirm that it is in compliance with the listing rules and in particular, listing rule 3.1.

5. The Company can confirm that it is in compliance with listing rule 12.2 and refers to the Company's Annual Report, released to ASX on 28 June 2013, which disclosed total consolidated assets of \$26,763,170 (2012:\$17,790,230) and total consolidated liabilities of \$988,992 (2012:\$ 4,960,402) as at 28 February 2013. The Company has sufficient financial resources to meet its current activities and has a history of accessing additional working capital to fund future exploration activities when required.

For further information, please contact;

MARK CLEMENTS
COMPANY SECRETARY
Tel +61-8 9489 9200



ASX Compliance Pty Limited
ABN 26 087 780 489
Level 8 Exchange Plaza
2 The Esplanade
PERTH WA 6000

GPO Box D187
PERTH WA 6840

Telephone 61 8 9224 0000
Facsimile 61 8 9221 2020
www.asx.com.au

14 August 2013

Mr Mark Clements
Company Secretary
Lucapa Diamond Company Limited

By email: mclements@minl.com.au

Dear Mark

Lucapa Diamond Company Limited ("Company")

I refer to the Company's Quarterly Report in the form of Appendix 5B for the period ended 30 June 2013, released to ASX Limited ("ASX") on 31 July 2013, (the "Appendix 5B").

ASX notes that the Company has reported the following.

1. Receipts from product sales of \$0.
2. Net negative operating cash flows for the quarter of \$269,000.
3. Cash at end of quarter of \$261,000.

In light of the information contained in the Appendix 5B, please respond to each of the following questions.

1. It is possible to conclude on the basis of the information provided that if the Company were to continue to expend cash at the rate for the quarter indicated by the Appendix 5B, the Company may not have sufficient cash to fund its activities. Is this the case, or are there other factors that should be taken into account in assessing the Company's position?
2. Does the Company expect that in the future it will have negative operating cash flows similar to that reported in the Appendix 5B for the quarter and, if so, what steps has it taken to ensure that it has sufficient funds in order to continue its operations at that rate?
3. What steps has the Company taken, or what steps does it propose to take, to enable it to continue to meet its business objectives?
4. Can the Company confirm that it is in compliance with the listing rules, and in particular, listing rule 3.1?
5. Please comment on the Company's compliance with listing rule 12.2, with reference to the matters discussed in the note to the rule.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in the rule.

In responding to this letter you should consult listing rule 3.1 and the guidance note titled "Continuous disclosure: listing rule 3.1".

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

This letter and your response will be released to the market. If you have any concerns about your response being released, please contact me immediately. Your response should be sent to me on **facsimile number (08) 9221 2020** or **email shannon.nicholson@asx.com.au**. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **2.00 p.m. W.S.T. on Friday, 16 August 2013**.

If you are unable to respond by the time requested you should consider a request for a trading halt in the Company's securities.

If you have any queries please let me know.

Yours sincerely,

[sent electronically without signature]

Shannon Nicholson
Senior Adviser, Listings Compliance (Perth)