

## 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")**

**31 March 2017**

<b>Consolidated statement of cash flows</b>	<b>Current quarter US\$'000</b>	<b>Year to date (3 mths) US\$'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(556)	(556)
(b) development		
(c) production		
(d) staff costs	(362)	(362)
(e) administration and corporate costs	(400)	(400)
1.3 Dividends received		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid	(4)	(4)
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>US\$(1,318)</b>	<b>US\$(1,318)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(158)	(158)
(b) tenements (see item 10)	(411)	(411)
(c) investments		
(d) other non-current assets		

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<b>Consolidated statement of cash flows</b>		<b>Current quarter US\$'000</b>	<b>Year to date (3 mths) US\$'000</b>
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) <sup>1</sup>	(146)	(146)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>US\$(715)</b>	<b>US\$(715)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options	172	172
3.4	Transaction costs related to issues of shares, convertible notes or options		
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings <sup>2</sup>	(408)	(408)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>US\$(236)</b>	<b>US\$(236)</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	4,349	4,349
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,318)	(1,318)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(715)	(715)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(236)	(236)
4.5	Effect of movement in exchange rates on cash held	31	31
<b>4.6</b>	<b>Cash and cash equivalents at end of period <sup>3</sup> (US\$'000)</b>	<b>US\$2,111</b>	<b>US\$2,111</b>

**Note:**

<sup>1</sup> 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.

<sup>2</sup> Relates to finance payments in respect of earthmoving fleet acquired in 2016. The last repayment was made in February 2017 and as such the liability is fully repaid.

<sup>3</sup> As Australian International Financial Reporting Standards require the investment in the alluvial mining company, SML, to be recognised on an equity-accounted basis, the closing cash balance at 4.6 above does not include the funds available to SML in Angola of US\$11.1 million. To further note, the available SML cash balance of US\$11.1 million is after deducting the gross US\$5.6 million loan repayment and distribution declared to the Company (as announced to the ASX on 8 March 2017), US\$4 million of which is pending repatriation.

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter</b> <b>US\$'000</b>	<b>Previous quarter</b> <b>US\$'000</b>
5.1	Bank balances	2,111	4,349
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>US\$2,111</b>	<b>US\$4,349</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2 <sup>4</sup>
- 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

<b>Current quarter</b> <b>US\$'000</b>
185

<sup>4</sup> 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
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

<b>Current quarter</b> <b>US\$'000</b>
-
-

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<b>8. Financing facilities available</b>	<b>Total facility amount at quarter end US\$'000</b>	<b>Amount drawn at quarter end US\$'000</b>
<i>Add notes as necessary for an understanding of the position</i>		
8.1 Loan facilities	-	-
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.		

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<b>9. Estimated cash outflows for next quarter</b>	<b>US\$'000</b>
9.1 Exploration and evaluation <sup>5</sup>	414
9.2 Development	185
9.3 Production	-
9.4 Staff costs	362
9.5 Administration and corporate costs	607
9.6 Other (provide details if material) <sup>6</sup>	4,663
<b>9.7 Total estimated cash outflows <sup>7</sup></b>	<b>US\$6,231</b>

<sup>5</sup> The intention is to fund this expenditure from Lucapa's US\$1.6 million share of the distribution declared by Lulo during the Quarter.

<sup>6</sup> This amount reflects the consideration payments due in respect of the acquisition of 70% of Mothae Diamonds (Pty) Ltd ("Mothae"). As outlined in the Quarterly Activities Report for 31 March 2017, the Company is in the process of reviewing non-dilutive financing proposals presented to the Company for the acquisition and development of Mothae. These financing arrangements are expected to be concluded during the current quarter

<sup>7</sup> The Company expects that the finalisation of the Mothae financing proposals referred to above, the available cash balance, the repatriation of the US\$4 million loan repayment from Lulo, the US\$1.6m distribution payment from Lulo and the conversion of in-the-money options expiring in April and May 2017, will enable it to meet its expenditure obligations for the current quarter, as they fall due.

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
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	Mothae, Lesotho Mining Lease No. 001-16/17	Direct interest	-	70%

### **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**

26 April 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.