

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 2018

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	(303)	(771)
(b) development		
(c) production		
(d) staff costs	(443)	(2,047)
(e) administration and corporate costs	(970)	(2,501)
1.3 Dividends received		
1.4 Interest received	42	72
1.5 Interest and other costs of finance paid	(2)	(6)
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\$(1,676)	US\$(5,253)
2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment ¹	(4,208)	(15,484)
(b) tenements		
(c) investments ²	(1,125)	(1,125)
(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)	(176)	(326)
2.6	Net cash from / (used in) investing activities	US\$(5,509)	US\$(16,935)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		12,504
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options	(6)	(209)
3.5	Proceeds from borrowings		5,000
3.6	Repayment of borrowings	(1)	(3)
3.7	Transaction costs related to loans and borrowings		(250)
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	US\$(7)	US\$17,042

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	9,990	8,297
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,676)	(5,253)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(5,509)	(16,935)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(7)	17,042
4.5	Effect of movement in exchange rates on cash held	162	(191)
4.6	Cash and cash equivalents at end of period ³ (US\$'000)	US\$2,960	US\$2,960

Note:

¹ Relates to mine development and bulk sampling program expenditures at the Mothae Project, Lesotho.

² Relates to instalment payments on the US\$9m acquisition of the Mothae kimberlite diamond project.

³ 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. As such, the closing cash balance at 4.6 above does not include the US\$7.2 million cash balance held at the end of the reporting quarter by SML in Angola.

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	2,960	9,990
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\$2,960	US\$9,990

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
(248)

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

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
-
(4,728)

⁵ Relates to intergroup funding payment to subsidiaries, primarily Mothae Diamonds (Pty) Ltd. As the cash flow statement is required to be prepared on a consolidated basis these loans to subsidiaries are eliminated on consolidation 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	15,000	15,000
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 three-year secured financing facility entered into with a private Singaporean entity, Equigold Pte Ltd (Refer details in ASX announcement 9 October 2017).

9. Estimated cash outflows for next quarter	US\$'000
9.1 Exploration and evaluation ⁷	(548)
9.2 Development ⁸	(6,170)
9.3 Production	-
9.4 Staff costs	(468)
9.5 Administration and corporate costs ⁹	(1,976)
9.6 Other (estimated Cash Inflows) ¹⁰	11,650
9.7 Total estimated cash (outflows) inflow ¹¹	US\$2,488

⁷ Relates primarily to Brooking exploration program.

⁸ Relates to the Mothae mine development and bulk sampling program.

⁹ Includes corporate overhead and instalments to the Government of Lesotho for the acquisition of Mothae.

¹⁰ Total estimated cash inflows forecast for the December 2018 Quarter including debt facilities, loan repayment from SML and proceeds from the first sale of Mothae diamonds.

¹¹ **THE US\$2.488M TOTAL IN 9.7 ABOVE IS AN ESTIMATED NET CASH INFLOW FOR THE DECEMBER 2018 QUARTER**

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

29 October 2018

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.