



LUCAPA
DIAMOND COMPANY

4 July 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 2 July 2013 in relation to the Lucapa Diamond Company Limited (the Company) Quarterly Report in the form of Appendix 5B for the period ended 31 May 2013, released to ASX on 28 June 2013.

We respond as follows:

1. The Company's exploration program is managed according to its financial capabilities as is evident by the estimated exploration expenditure forecast in Section 4 of the Appendix 5B. The rate of historical exploration expenditure is not indicative of the future exploration expenditure rate.

As disclosed in the Company's 2013 Annual Report, released to ASX on 28 June 2013, the Company is seeking to realise proceeds from the sale of diamonds recovered from the Lulo Diamond Concession, or will seek to raise funds via alternative means.

As previously announced, the Company has negotiated a revenue-sharing agreement with joint venture partner Endiama to enable the Company to sell diamonds recovered from Lulo, including the 131.4 carat gem independently valued at approximately \$US3.5 million, in the absence of a Mining Licence.

In recent weeks, the Company has been able to clarify the process for this diamond sale to occur and is now awaiting a sale timetable.

2. As per the response to 1, 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 capital 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;

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COMPANY SECRETARY
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2 July 2013

Mr Mark Clements
Company Secretary
Lucapa Diamond Company Limited
34 Bagot Road
SUBIACO WA 6008

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 31 May 2013, released to ASX Limited ("ASX") on 28 June 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 \$2,017,000.
3. Cash at end of quarter of \$522,000.

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 **3.00 p.m. W.S.T. on Thursday, 4 July 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)