



**LUCAPA**  
DIAMOND COMPANY

INTERIM FINANCIAL REPORT  
FOR THE FOUR MONTHS ENDED 30 JUNE 2013

ASX Code: LOM

INTERIM FINANCIAL REPORT FOR THE FOUR MONTHS ENDED 30 JUNE 2013  
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# INTERIM FINANCIAL REPORT FOR THE FOUR MONTHS ENDED 30 JUNE 2013

## DIRECTORS' REPORT

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The directors present their report together with the financial report of Lucapa Diamond Company Limited (**Lucapa or the Company**) for the four months ended 30 June 2013 and the auditor's review report thereon. The Company changed its financial year end to 31 December to synchronise with that of its operations in Angola, effective 1 March 2013.

### 1. Directors

The directors of the Company at any time during or since the end of the interim period are as follows.

<b>Name</b>	<b>Period of directorship</b>
Miles Kennedy, Chief Executive Officer/Managing Director	Since 12 September 2008
David Jones, Executive Technical Director	Since 26 February 2010
Gordon Gilchrist, Non-Executive Chairman	Since 27 March 2012

### 2. Review of operations

#### OVERVIEW

Lucapa Diamond Company Limited is exploring for diamonds at the Lulo Diamond Concession in Angola. Lulo covers an area of 3,000km<sup>2</sup> and is located in the Cuango River Basin within Angola's Lunda Norte Province.

Lulo hosts a major kimberlite field identified within the concession and extensive diamond-bearing alluvials occurring along the Caculo and Lulo Rivers. Lulo is located about 150km west of the world-class Catoca diamond mine, operated by Russia's Alrosa, and on the same favourable geological structure (Lucapa Graben).

After more than four years of regional exploration and surface sampling, Lucapa is now conducting the most critical exploration phase at Lulo. This involves the drilling, excavating and bulk sampling of more than 60 priority kimberlite targets to find the source, or sources, of the world class alluvial diamonds of up to 131.4 carats which Lucapa has recovered from within the Lulo concession.

This program has now been advanced to a point where kimberlite Se251 has become the focus of the Company's exploration efforts. With an estimated surface area of ~150 hectares, Se251 is the largest kimberlite discovered within the Lulo concession.

Lucapa believes Se251 may be the source of many of the high value diamonds recovered from the alluvial workings at Lulo.

The Lulo Project is operated as a joint venture between Lucapa and the Government-owned diamond company Endiama, which is the exclusive concessionary for Angolan diamond mining rights. Under the joint venture arrangement, Lucapa holds a 40 per cent interest in the concession relating to alluvials (39 per cent for kimberlites), with Endiama and private Angolan interests holding the balance.

#### DIAMOND SALES

Lucapa achieved a significant milestone in July 2013 with the sale of the first parcel of alluvial diamonds from the Lulo Diamond Concession.

The parcel of Lulo diamonds, weighing 496.2 carats, sold for gross proceeds of \$US2.875 million in a sale process conducted by Angolan Government agency SODIAM in the Angolan capital of Luanda.

As announced to the ASX on 5 August 2013, net diamond sale proceeds of \$US2.486 million were paid into the Lulo Project's bank account after the payment of fees, commissions, royalties, corporate tax and other costs.

Lucapa will use the diamond 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 (DMS) diamond plant and further evaluating diamondiferous gravels discovered recently near the Se046 kimberlite target (See ASX announcement 26 July 2013).

### NEW DENSE MEDIA SEPARATION DIAMOND PLANT

Another recent milestone achieved by Lucapa was the arrival at Lulo of the Company's new 50 tonne per house Dense Media Separation (DMS) diamond plant. The new DMS plant was manufactured in South Africa by Bond Industries, which is overseeing the on-site assembly and construction following the completion of civil works.

Lucapa expects to complete the commissioning of the new DMS plant in the September 2013 quarter.

The new DMS plant will greatly improve both the efficiency and throughput of kimberlite and alluvial samples processed through the plant.

### KIMBERLITE DIAMOND PROGRAM

Lucapa's kimberlite evaluation program aims to find the kimberlite source, or sources, of the alluvial diamonds recovered from the Lulo concession. Central to this kimberlite evaluation program is a specialist drilling program being conducted by Bauer.

Bauer is using a multi-purpose, Prakla drilling rig imported from South Africa to systematically test priority kimberlite targets at Lulo.

The Prakla rig can drill both narrow-diameter core (or diamond) holes and wide-diameter reverse circulation holes. The core holes are designed to locate the kimberlite, while wide-diameter RC holes are drilled to collect small bulk samples of the kimberlite to test for diamonds through the Company's Dense Media Separation diamond plant.

The Bauer drilling program is targeting more than 60 priority kimberlite targets identified from aeromagnetic surveys flown over the Lulo concession in 2008 and 2013.

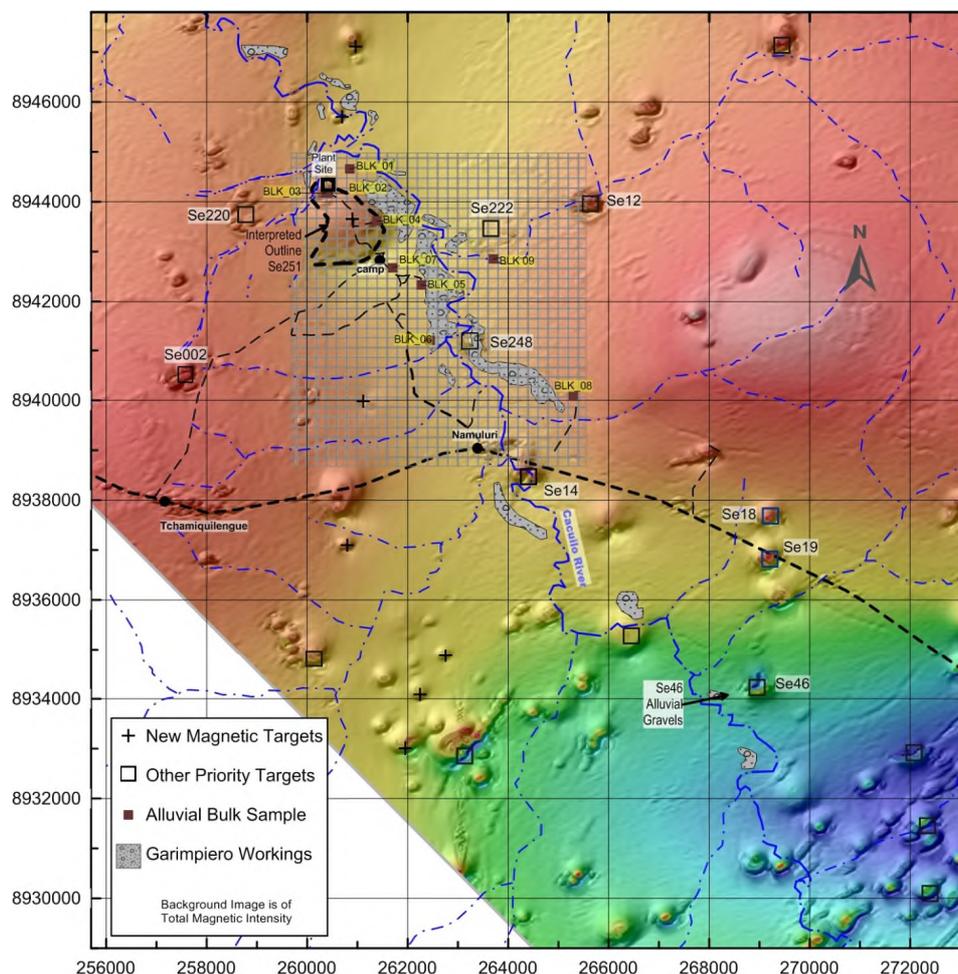


Figure 1: Regional magnetics - alluvial area

# INTERIM FINANCIAL REPORT FOR THE FOUR MONTHS ENDED 30 JUNE 2013 DIRECTORS' REPORT

Significantly, the 2013 aeromagnetic survey identified a large kimberlite target near the main alluvial sampling area at Lulo, where Lucapa has recovered large world-class alluvial diamonds.

With a surface area of more than 150 hectares, this target, Se251 (Figures 1, 2 and 3), is the largest discovered at Lulo. Preliminary drilling has confirmed Se251 is a kimberlite pipe or pipes.

Se251 is strategically located adjacent to, and within, the main alluvial workings of the Caculo Valley. Lucapa believes Se251 is a likely source for many of the alluvial diamonds recovered from this area.

In May 2013, Lucapa commenced a systematic drilling and sampling program to fully evaluate the Se251 pipe. The Company needs to establish the internal geometry of the kimberlite to identify and locate all eruptive phases within the kimberlite.

To this end, a grid drilling program on 400x400m centre is being undertaken. Once the internal structure of kimberlite is established, a comprehensive bulk sampling program to establish diamond grade variation will then be undertaken.

During the month of June 2013, Lucapa constructed drill access tracks and drill pads within Se251. In addition, a systematic surface pitting program on a 400x100m pattern was completed over the kimberlite. Details of this work are shown in Figure 2.

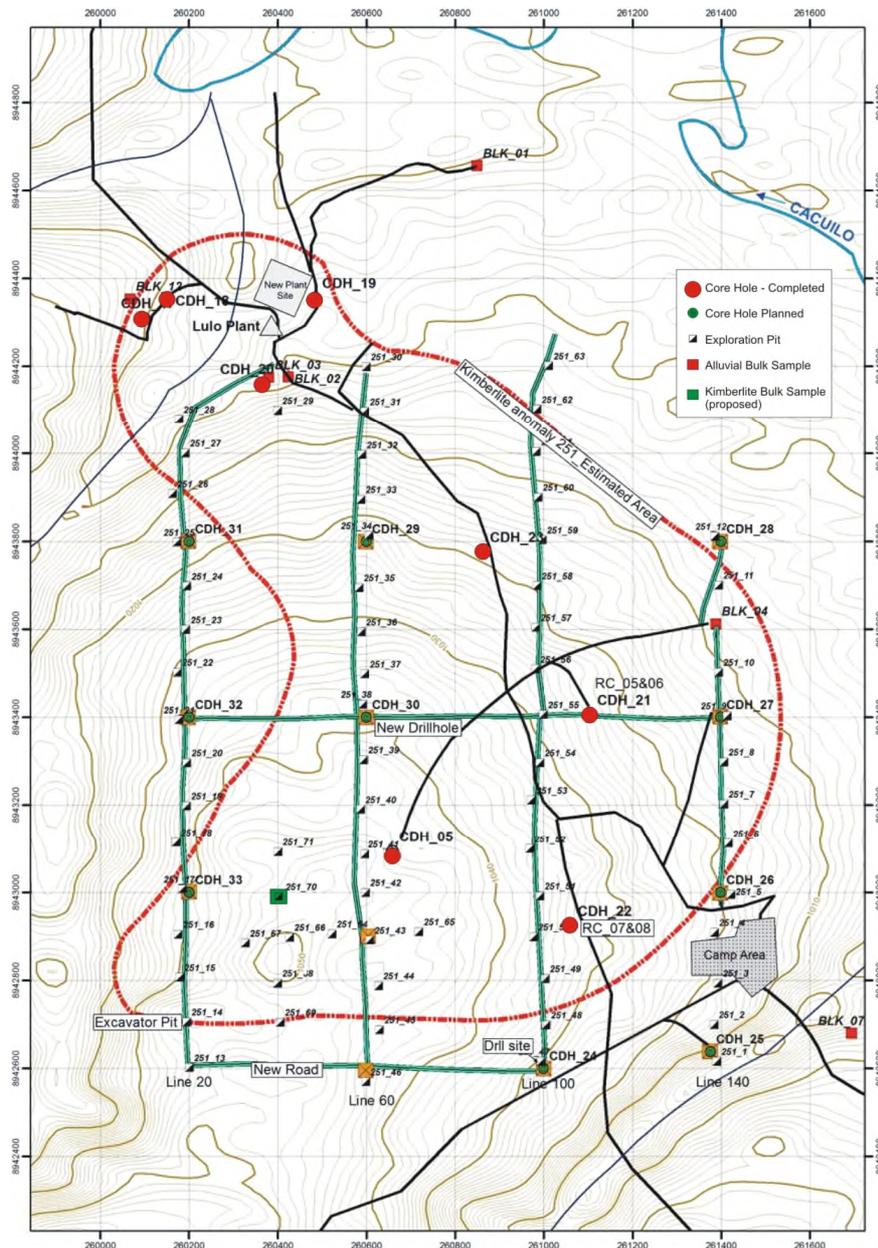


Figure 2: Exploration program - Se251

# INTERIM FINANCIAL REPORT FOR THE FOUR MONTHS ENDED 30 JUNE 2013

## DIRECTORS' REPORT

All eight initial holes drilled at Se251 intersected kimberlitic material. A preliminary north-south drill section of Se251 is presented as Figure 3.

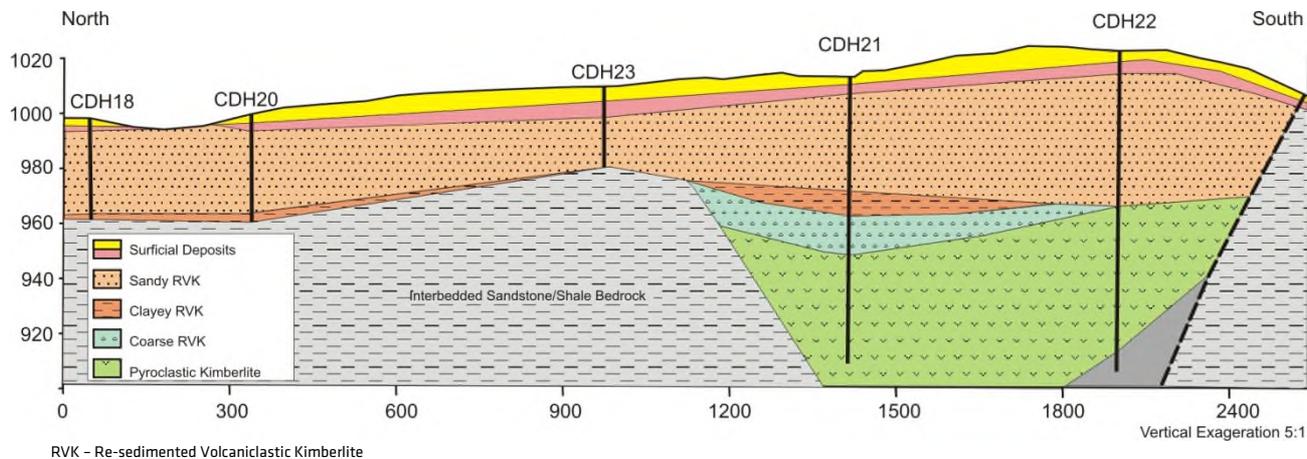


Figure 3: Preliminary north-south drill section through Se251

Lucapa has applied for the kimberlite licence at Lulo to be extended for a further two years until June 2015. This application to the Minister of Geology and Mines in Angola has been recommended by the Company's joint venture partner Endiama and Lucapa expects the extension to be granted in the normal course of business. Lucapa's request for a two year extension to the alluvial licence at Lulo (until December 2014) was granted in March 2013.

### ALLUVIAL DIAMOND PROGRAM

With the Bauer drill crew on break during the month of June, Lucapa was able to continue with work in the Se046 alluvial area (Figure 4). The Se046 alluvials comprises an area of recently discovered gravels located immediately to the south-west of the Se046 kimberlite.

The gravels have not previously been mined by artisanal miners (garimpeiros), though recent illegal activity has occurred close to the new gravel discoveries.

The relationship between the diamondiferous gravels and the Se046 kimberlite is still being determined. Kimberlite was identified in one of the excavator pits and a Company geologist is examining the possibility of collecting a bulk sample from this area.

The gravels exposed in the pitting were up to 1.6m thick and have now been identified over an area of about 31 hectares. At this stage it is believed the gravels are part of the Calonda Formation, but there is the possibility that they are much younger and relate to an old channel of the Caculo River. It is anticipated that further pitting and sampling will clarify this issue. While only a small sample has been processed from the area, results have been relatively consistent and very encouraging.

By 26 July 2013, two bulk samples from the Se046 area had been collected (Table 1). BLK\_11 was collected from garimpeiro diggings to the west of newly discovered alluvial area. BLK\_14 lies within the new alluvial area at a location where the excavated gravels were relatively thick (~1.6m).

Processing of gravels from BLK\_14 is continuing. By 26 July 2013, 28 diamonds weighing a total of 24.7 carats had been recovered from 83.2m<sup>3</sup> of gravel processed. The diamonds are considered of good quality with the largest diamond recovered weighing 5.25 carats. Sampling results for BLK\_11 and progressive results for BLK\_14 are shown in Table 1.

These results are considered extremely encouraging and additional exploration pitting and bulk sampling is proposed for the Se046 alluvial area. As well as determining the nature and age of the gravels, it is hoped that this work will confirm the high diamond grades so far recorded from the area.

Lucapa believes that a significant volume of mineable gravels will be discovered in the Se046 alluvial area.

Table 1 – Diamond recoveries - Se046 alluvial area

Sample Number	Gravel Processed (m <sup>3</sup> )	Size Distribution <sup>1</sup>				Number of Diamonds	Diamond Weight (ct)	Average Size (ct)	Grade <sup>2</sup> (ct/100m <sup>3</sup> )	Largest Diamond (ct)
		<1ct	1-2ct	2-5ct	>5ct					
BLK_11	31.2	1	2	2		5	8.65	1.73	27.7	2.75
BLK_14 <sup>3</sup>	83.2	19	6	2	1	28	24.70	0.88	29.7	5.25

**Notes:**

1) Lucapa is treating gravel in the +2mm -34mm size range.  
 2) Grade is quoted in carats per 100 cubic metres of gravel.  
 3) Processing is incomplete. Approximately 250m<sup>3</sup> of gravel was excavated

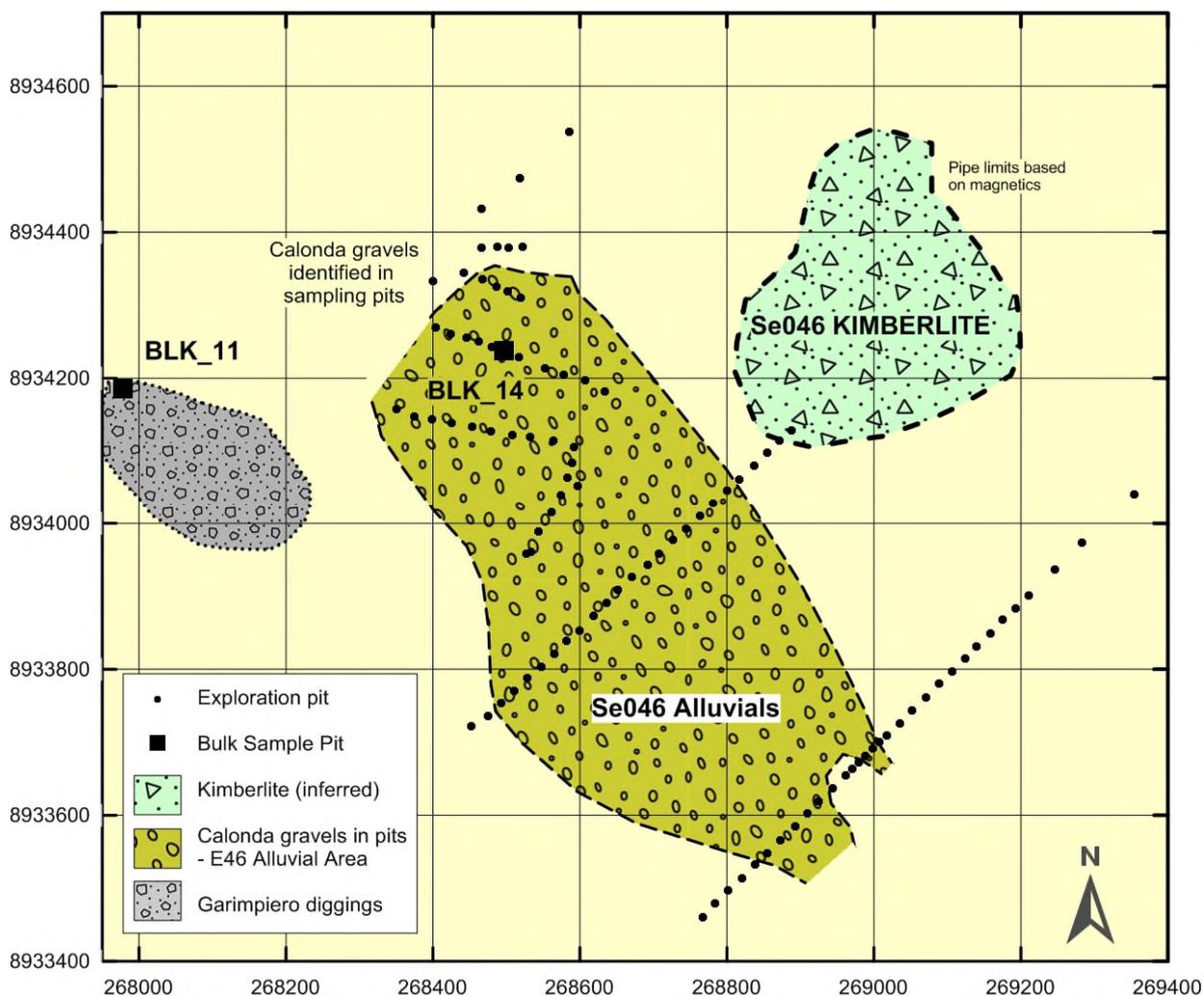


Figure 4: Se046 alluvial exploration program

### 3. Financial position

For the four months ended 30 June 2013, the Company recorded a profit of \$2,445,025 and had a working capital deficit of \$31,477. The Company had cash assets of \$165,743.

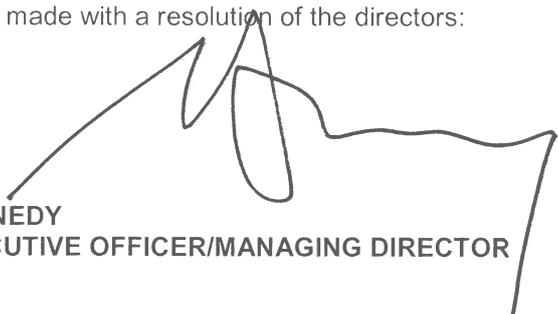
The Company is focused on its Angolan diamond exploration interests in the Lulo Project. This project requires ongoing exploration work and funding. Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate.

**INTERIM FINANCIAL REPORT FOR THE FOUR MONTHS ENDED 30 JUNE 2013**  
**DIRECTORS' REPORT**

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The Lead auditor's independence declaration is set out on page 7 and forms part of the directors' report for the four months ended 30 June 2013.

This report is made with a resolution of the directors:



**MILES KENNEDY**  
**CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR**

13 September 2013

## AUDITOR'S INDEPENDENCE DECLARATION

To those charged with governance of Lucapa Diamond Company Limited

As auditor for the review of Lucapa Diamond Company Limited for the period ended 30 June 2013, I declare that, to the best of my knowledge and belief, there have been:

- a) No contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) No contraventions of any applicable code of professional conduct in relation to the review.



Somes Cooke



Kevin Somes  
Perth

13 September 2013

INTERIM STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE FOUR MONTHS ENDED 30 JUNE 2013

	Note	30 Jun 2013 (4 months) \$	31 Aug 2012 (6 months) \$
Finance income		656	26,713
Consulting expenses		(15,000)	(1,515)
Depreciation expense		(983)	(1,906)
Employee benefits expense		(241,506)	(611,274)
Foreign exchange gain on loan receivable	5	2,814,523	120,175
Other expenses		(112,665)	(342,969)
<b>Profit / (loss) before income tax</b>		<b>2,445,025</b>	<b>(810,776)</b>
Income tax expense		-	-
<b>Profit / (loss) after income tax for the period</b>		<b>2,445,025</b>	<b>(810,776)</b>
<b>Other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Total profit and loss and other comprehensive income for the period attributable to members of the Company</b>		<b>2,445,025</b>	<b>(810,776)</b>
<b>Earnings (loss) per share</b>			
Basic earnings (loss) per share (cents)		0.77	(0.04)
Diluted earnings (loss) per share (cents)		0.77	(0.04)

The interim statement of profit and loss and other comprehensive income is to be read in conjunction with the accompanying notes.

INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT 30 JUNE 2013

	Note	30 Jun 2013 \$	28 Feb 2013 \$
<b>Assets</b>			
Cash and cash equivalents		165,743	2,356,247
Trade and other receivables		90,842	65,018
<b>Total current assets</b>		<b>256,585</b>	<b>2,421,265</b>
Other receivables	5	27,162,802	22,529,389
Deferred exploration costs	6	1,104,690	1,104,690
Property, plant and equipment		11,965	12,948
<b>Total non-current assets</b>		<b>28,279,457</b>	<b>23,647,027</b>
<b>Total assets</b>		<b>28,536,042</b>	<b>26,068,292</b>
<b>Liabilities</b>			
Trade and other payables		288,062	294,114
<b>Total current liabilities</b>		<b>288,062</b>	<b>294,114</b>
<b>Total liabilities</b>		<b>288,062</b>	<b>294,114</b>
<b>Net assets</b>		<b>28,247,980</b>	<b>25,774,178</b>
<b>Equity</b>			
Share capital	8	61,865,447	61,836,670
Reserves		1,815,963	1,815,963
Accumulated losses		(35,433,430)	(37,878,455)
<b>Total Equity</b>		<b>28,247,980</b>	<b>25,774,178</b>

The interim statement of financial position is to be read in conjunction with the accompanying notes.

INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE FOUR MONTHS ENDED 30 JUNE 2013

	Note	Issued capital \$	Options reserve \$	Accumulated losses \$	Total \$
<b>For the four months ended 30 June 2013</b>					
Opening balance at 1 March 2013		61,836,670	1,815,963	(37,878,455)	25,774,178
<b>Total profit and loss and other comprehensive income of the period</b>					
Profit for the period		-	-	2,445,025	2,445,025
Other comprehensive income		-	-	-	-
Total profit and loss and other comprehensive income for the period		-	-	2,445,025	2,445,025
<b>Transactions with owners in their capacity as owners</b>					
Other		28,777	-	-	28,777
<b>Balance as at 30 June 2013</b>		<b>61,865,447</b>	<b>1,815,963</b>	<b>(35,433,430)</b>	<b>28,247,980</b>
<b>For the six months ended 31 August 2012</b>					
Opening balance at 1 March 2012		48,472,073	3,191,139	(38,833,294)	12,829,918
<b>Total profit and loss and other comprehensive income of the period</b>					
Loss for the period		-	-	(810,776)	(810,776)
Other comprehensive income		-	-	-	-
Total profit and loss and other comprehensive income for the period		-	-	(810,776)	(810,776)
<b>Transactions with owners in their capacity as owners</b>					
Issue of share capital	8	8,729,228	-	-	8,729,228
Share issue expenses	8	(781,037)	-	-	(781,037)
Expiry of options	8	185,962	(768,378)	582,416	-
Share based payments – issue of options	8	-	1,045,991	-	1,045,991
<b>Balance as at 31 August 2012</b>		<b>56,606,226</b>	<b>3,468,752</b>	<b>(39,061,654)</b>	<b>21,013,324</b>

The interim statement of changes in equity is to be read in conjunction with the accompanying notes.

INTERIM STATEMENT OF CASH FLOWS  
FOR THE FOUR MONTHS ENDED 30 JUNE 2013

	Note	30 June 2013 (4 months) \$	31 Aug 2012 (6 months) \$
<b>Cash flows from operating activities</b>			
Cash paid to suppliers and employees		(372,270)	(872,580)
Interest received		656	26,292
<b>Net cash (outflow) from operating activities</b>		<b>(371,614)</b>	<b>(846,288)</b>
<b>Cash flows from investing activities</b>			
Advances to joint venture operation	5	(1,818,890)	(7,872,332)
<b>Net cash (outflow) from investing activities</b>		<b>(1,818,890)</b>	<b>(7,872,332)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of share capital		-	5,031,729
Share issue costs		-	(499,496)
<b>Net cash inflow from financing activities</b>		<b>-</b>	<b>4,532,233</b>
<b>Net (decrease) in cash and cash equivalents</b>		<b>(2,190,504)</b>	<b>(4,186,387)</b>
Cash and cash equivalents at the beginning of the period		2,356,247	6,032,728
<b>Cash and cash equivalents at the end of the period</b>		<b>165,743</b>	<b>1,846,341</b>

The interim statement of cash flows is to be read in conjunction with the accompanying notes.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOUR MONTHS ENDED 30 JUNE 2013

**1. Reporting entity**

Lucapa Diamond Company Limited (the Company) is a company domiciled and incorporated in Australia. The address of the Company's registered office is 34 Bagot Road, Subiaco WA 6008. The Company is primarily involved in the exploration, development and commercialisation of diamond projects in Africa, specifically Angola.

**2. Statement of compliance**

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the Corporations Act 2001.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 28 February 2013.

This interim financial report was approved by the Board of Directors on 13 September 2013.

The Company has recently changed its financial year end to 31 December. This interim financial report is for the four months to 30 June 2013. Therefore prior period figures for the six months to 31 August 2012 are not entirely comparable to figures reported in the current period.

**3. Significant accounting policies**

The Company adopted the same accounting policies as in its most recent annual report, except as outlined below:

The Company changed one of its accounting policies as a result of new or revised accounting standards that became effective for reporting periods commencing on 1 January 2013.

Previously the Company accounted for the Lulo Joint Venture ('JV') using proportional consolidation under AASB 131 *Interests in Joint Ventures*. Proportional consolidation is no longer allowed for for-profit entities under Australian Accounting Standards. AASB 131 has been superseded by AASB 11 *Joint Arrangements*. However, the JV does not fall within the scope of AASB 11. Therefore, the Company now accounts for assets and liabilities relating to the JV on the basis of the Company's interest in those assets and liabilities.

The aggregate effect of the change in accounting policy on the Statement of Financial Position as at 28 February 2013 is as follows:

	Previous Policy \$	Adjustment \$	Revised Policy \$
<b>Assets</b>			
Cash and cash equivalents	2,623,512	(267,265)	2,356,247
Trade and other receivables	65,018	-	65,018
Other Assets	702,918	(702,918)	-
<b>Total current assets</b>	3,391,448	(970,183)	2,421,265
Other receivables	13,517,632	9,011,757	22,529,389
Deferred exploration costs	7,248,046	(6,143,356)	1,104,690
Property, plant and equipment	2,606,044	(2,593,096)	12,948
<b>Total non-current assets</b>	23,371,722	275,305	23,647,027
<b>Liabilities</b>			
Trade and other payables	988,992	(694,878)	294,114
<b>Total current liabilities</b>	988,992	(694,878)	294,114
<b>Equity</b>			
Share capital	61,836,670	-	61,836,670
Reserves	1,700,013	115,950	1,815,963
Accumulated losses	(37,762,505)	(115,950)	(37,878,485)
<b>Total Equity</b>	<b>25,774,178</b>	<b>-</b>	<b>25,774,178</b>

**CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOUR MONTHS ENDED 30 JUNE 2013**

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The Company adopted all new or revised accounting standards that became effective for reporting periods commencing on 1 January 2013. Other than as outlined above, adoption of these standards has not resulted in any material changes to the Company's accounting policies.

Other standards that have been issued but are not yet effective are considered to have no significant effect on the financial statements.

**4. Going concern**

The Company is focused on its Angolan diamond exploration interests in the JV. This project requires ongoing exploration work and funding. As noted in Note 9, subsequent to period end the Company received significant funds from the sale of diamonds and issue of ordinary shares to investors. Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate.

**5. Other receivables**

<b>Loan receivable</b>	<b>\$</b>
Balance as at 1 March 2013	22,529,389
Advances to the JV	1,818,890
Foreign exchange gain	2,814,523
Balance as at 30 June 2013	<u>27,162,802</u>

This amount is due to the Company from the JV. The Company has advanced the funds to the JV to fund the exploration program under the JV agreement. The amount is denominated in USD, is interest free and has no set repayment date. Recovery of the carrying amount is dependent upon the successful development and commercial exploitation of diamonds under the JV agreement.

**6. Deferred exploration costs**

	<b>30 June 2013</b>	<b>28 Feb 2013</b>
	<b>\$</b>	<b>\$</b>
Deferred exploration costs	<u>1,104,690</u>	<u>1,104,690</u>

Deferred exploration costs relate to the JV. Recovery of the carrying amount is dependent upon successful development and commercial exploitation, or alternatively, sale of the respective area of interest.

**7. Segment reporting**

The Company determines and presents operating segments based on the information that internally is provided to the CEO, who is the Company's chief operating decision maker.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company engages in business activities within one segment, being the exploration, development and commercialisation of diamond projects in Angola. The Company maintains an administrative office in Western Australia to support and promote the exploration activities in Africa, which is presented by the position and results of the Company within the financial statements.

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS  
FOR THE FOUR MONTHS ENDED 30 JUNE 2013

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**8. Issued capital and reserves**

**Movement in ordinary shares**

	Ordinary shares		\$	
	2013	2012	2013	2012
On issue at beginning of period	3,184,366,555	1,674,540,206	61,836,670	48,472,073
Issue of shares for cash	-	872,922,864	-	8,729,228
Expiry of options	-	-	-	185,962
Transaction costs	-	-	-	(781,037)
Other	-	-	28,777	-
On issue at end of period	<u>3,184,366,555</u>	<u>2,547,463,070</u>	<u>61,865,447</u>	<u>56,606,226</u>

**9. Events subsequent to reporting date**

On 31 July 2013 the Company announced the successful sale of a parcel of diamonds weighing 496.2 carats from the Company's Lulo Diamond Concession in Angola for gross proceeds of \$A3.12 million (\$US2.875 million). Net proceeds of \$A2.79 million were received on 5 August 2013.

On 21 August 2013 the Company announced it had raised \$A1.27 million in a placement to advance exploration at the Lulo Diamond Concession in Angola. The placement involved the issue of 318 million new ordinary shares at an issue price of \$0.004 per share, together with 159 million unlisted options at no further consideration on the basis of one option for every two placement shares.

Other than the above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years

**DIRECTORS' DECLARATION  
FOR THE FOUR MONTHS ENDED 30 JUNE 2013**

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In the opinion of the directors of Lucapa Diamond Company Limited ("the Company"):

1. the financial statements and notes as set out on pages 8 to 14 , are in accordance with the Corporations Act 2001, including:
  - (a) giving a true and fair view of the Company's financial position as at 30 June 2013 and of its performance, for the interim period ended on that date; and
  - (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



**MILES KENNEDY**  
**CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR**

13 September 2013

## Independent Auditor's Review Report

To the members of Lucapa Diamond Company Limited

### Report on the Financial Report

We have reviewed the accompanying financial report of Lucapa Diamond Company Limited, which comprises the consolidated statement of financial position as at 30 June 2013, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the period ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

### Directors' Responsibility for the Financial Report

The directors of Lucapa Diamond Company Limited are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Lucapa Diamond Company Limited's financial position as at 30 June 2013 and its performance for the period ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lucapa Diamond Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

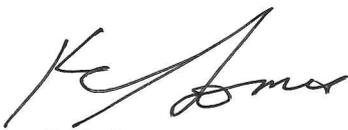
## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the financial report of Lucapa Diamond Company Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the Lucapa Diamond Company Limited's financial position as at 30 June 2013 and of its performance for the period ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Somes Cooke



Kevin Somes

13 September 2013

Perth  
Western Australia