



LUCAPA
DIAMOND COMPANY

INTERIM FINANCIAL REPORT
FOR THE SIX MONTHS ENDED 30 JUNE 2014

ASX Code: LOM

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Competent Person's Statement

Information in this report that relates to exploration results, mineral resources or ore reserves is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm, Director Lucapa Diamond Company Limited and David Jones BSc (Hons) MSc of Ascidian Prospecting Pty Ltd, who are both Corporate Members of the Australasian Institute of Mining and Metallurgy. Mr Thamm and Mr Jones have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as Competent Persons as defined in the 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Thamm and Mr Jones consent to the inclusion in the report of the matters based on this information in the form and context in which it appears.

Forward-Looking Statements

This report has been prepared by Lucapa Diamond Company Limited. This document contains background information about Lucapa Diamond Company Limited and its related entities current at the date of this report. This is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this report. This report is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

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No responsibility for any errors or omissions from this document arising out of negligence or otherwise is accepted. This document does include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Lucapa Diamond Company Limited. Actual values, results, outcomes or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements.

Any forward-looking statements in this report speak only at the date of issue of this report. Subject to any continuing obligations under applicable law and ASX Listing Rules, Lucapa Diamond Company Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2014
DIRECTORS' REPORT

The directors present their report together with the financial report of Lucapa Diamond Company Limited (**Lucapa or the Company**) for the six months ended 30 June 2014 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.

Name	Period of directorship
Miles A Kennedy, Chief Executive Officer	Appointed 12 September 2008
Gordon Gilchrist, Non-executive Chairman	Appointed 27 March 2012
Albert Thamm, Non-executive Technical Director	Appointed 9 May 2014
David Jones, Executive Technical Director	Appointed 26 February 2010, resigned 21 May 2014

2. Review of operations

OVERVIEW

Lucapa Diamond Company Limited is recovering rare and valuable alluvial and kimberlite diamonds from the Lulo Diamond Concession in Angola. Lulo covers an area of 3,000km² and is located in the Cuango River Basin within Angola's diamond-rich Lunda Norte Province (Figure 1).

The Lulo Concession hosts two major kimberlite fields and extensive diamond-bearing alluvials occurring along the Caculo and Lulo Rivers. The concession is located about 150km west of Catoca, the world's fourth biggest kimberlite diamond mine, and on the same favourable geological structure.

Lucapa has recovered numerous rare Type IIa alluvial white diamonds of up to 131.4 carats and fancy pink diamonds from the exploration phase at Lulo. The Company has, to date, sold two parcels of alluvial diamonds weighing a total of 867.5 carats for gross proceeds of more than \$A6 million.

This represents an exceptional average price of approximately \$A6,960/carats, underlining the premium value of the diamonds being recovered from Lulo.



Diamonds from the second parcel of Lulo gems (371.35 carats) which sold for \$A2.92 million

Lucapa has commenced a preliminary kimberlite testing program which involves excavating surface samples from priority pipes at Lulo to identify the primary source, or sources, of the rare alluvial gems being recovered within the concession.



10.15 Carat D-Colour Type IIa gem from BLK_20

Lucapa achieved another significant milestone in May 2014 when both the alluvial and kimberlite exploration licences covering the 3,000km² concession were extended for two years until May 2016 by Angola's Minister of Geology and Mines, Hon Francisco Manuel Monteiro de Queiroz (See ASX announcement 30 May 2014).

Encouraged by the exceptional alluvial diamond results achieved at Lulo in recent years, Lucapa has also applied for a mining licence over alluvial deposits within a 218km² area in the valley of the Caculo River (See ASX announcement 5 March 2014).

The outline of the area covered by the mining licence application is shown in Figure 1.

Lucapa has been encouraged by the progress of this mining licence application and is hopeful of a positive outcome in the short term.

The Company continues to gear up for the alluvial mining phase at Lulo with the leasing of a fleet of new earthmoving equipment (See ASX announcement 1 August 2014) and the recruitment of key operational and management personnel.

The Lulo diamond 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, 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.

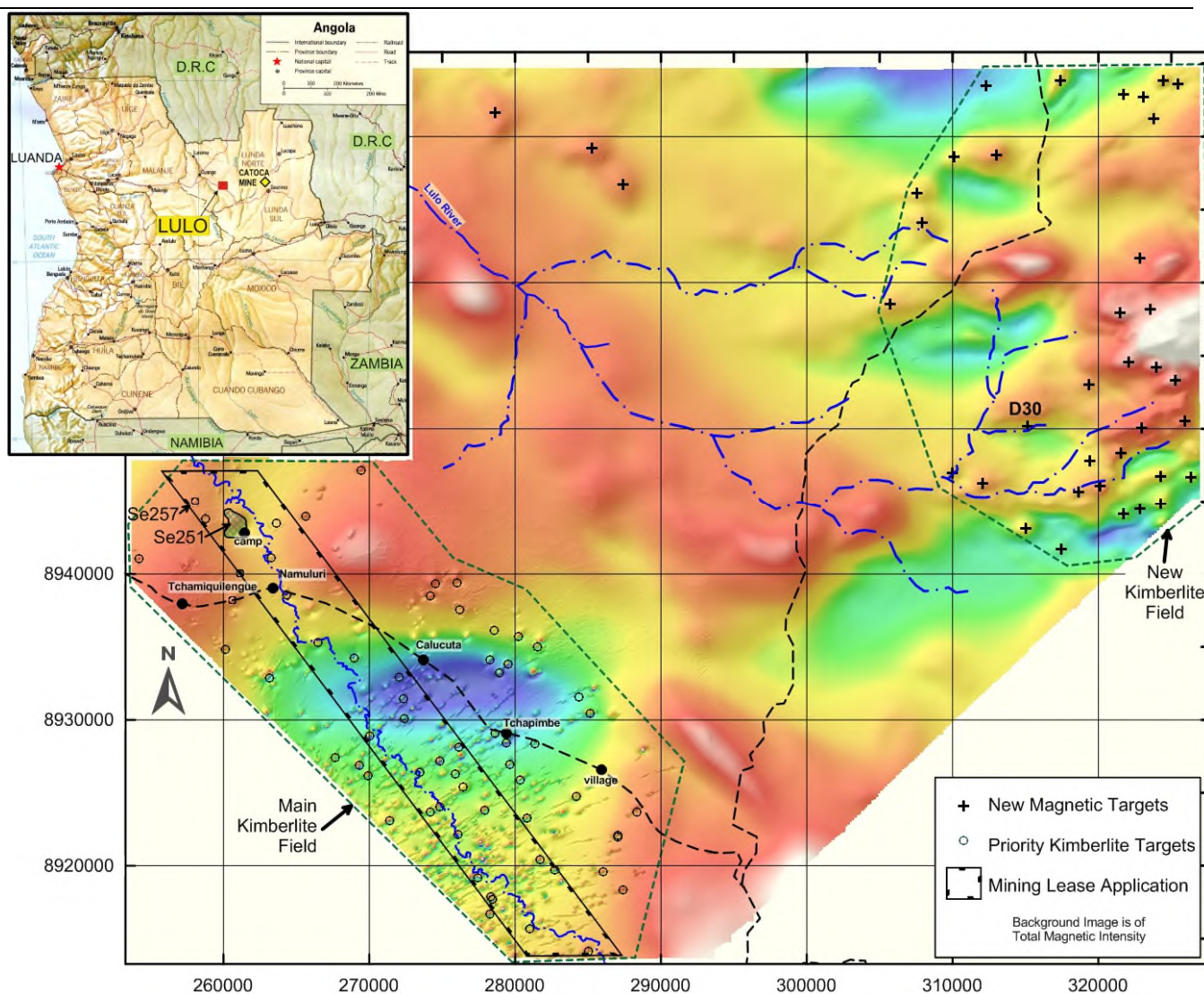


Figure 1: Lulo Diamond Concession – location of operations

LULO DIAMOND SALES

During the reporting period, Lucapa sold a 371.35 carat parcel of Lulo alluvial diamonds for gross proceeds of \$A2.92 million. This represented an exceptional average price of \$A7,873/carats for the Lulo diamonds (See ASX announcement 27 May 2014).

The sale was conducted via tender through Angolan Government diamond sale agency SODIAM in the Angolan capital of Luanda.

It followed the sale in July 2013 of a parcel of Lulo diamonds for gross proceeds of \$A3.12 million. In total, the two sales of rough diamonds from Lulo have generated gross proceeds of more than \$A6 million for an exceptional average sale price of approximately \$A6,960/carats.

As at 13 July 2014, Lucapa's diamond inventory stood at 385.4 carats (See Alluvial and Kimberlite Diamond Program sections).



Lulo diamonds from current inventory – (L-R) 10.15 carats, 24.4 carats, 13.3 carats

KIMBERLITE DIAMOND PROGRAM

Magnetic surveys undertaken by Lucapa in recent years have identified approximately 250 anomalies at Lulo with magnetic signatures similar to known kimberlite pipes. In addition, a separate province of kimberlite targets to the north of the concession has also been identified.



Excavating kimberlite samples from the diamond-bearing Se251 kimberlite pipe

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2014

DIRECTORS' REPORT

To date, Lucapa's field geologists have successfully classified ~100 of the anomalies as confirmed or probable kimberlite pipes.

The extension of the exploration licences at Lulo in May 2014 enabled Lucapa to commence a preliminary surface bulk sampling program to test a cluster of high-priority kimberlite targets. This program aims to identify the source, or sources, of the valuable alluvial diamonds being recovered by Lucapa within the concession.



Kimberlite diamonds from Lulo including Type IIa gems

As at 1 August 2014, Lucapa had recovered a total of 15 kimberlite diamonds from the kimberlite sampling program. The largest diamond kimberlite diamond recovered in this program weighed 1.65 carats (See ASX announcement 1 August 2014).

This total included 12 diamonds recovered from the priority Se251 kimberlite pipe at Lulo from five separate surface samples. As announced on 9 July 2014, five of the kimberlite diamonds recovered from Se251 were subsequently confirmed as Type IIa gems, the rarest category of diamonds in the world.

This testing was carried out by independent diamond consultant Mr Ray Ferraris of Independent Diamond Valuers using a Yehuda ZVI colorimeter (See ASX announcement 9 July 2014).

Lucapa also recovered a diamond from the Se257 kimberlite pipe after previously discovering a diamond at the Se019 pipe and a 0.33mm micro diamond from the Se170 kimberlite. The diamond from Se257 was also confirmed as a Type IIa gem.

The number of diamondiferous kimberlites - as well as confirmed and probable kimberlites - is expected to rise as more anomalies are tested.

ALLUVIAL DIAMOND PROGRAM

In tandem with its kimberlite exploration programs, Lucapa continues to evaluate alluvial diamond deposits within the southern part of the Lulo concession. The alluvial deposits contain outstanding diamonds including the very large, high value stones.

As announced to the ASX on 21 May 2014, Lucapa resumed processing alluvial sample through the Company's DMS plant following the end of the Angolan wet season.

By 30 June 2014, the Company had completed processing alluvial bulk samples BLK_20 and BLK_21 and was well advanced with the processing of bulk sample BLK_22 (See ASX announcement 28 July 2014).

The BLK_20 bulk sample is located in Alluvial Area 5, where exploration pitting has defined an extensive zone of terrace gravels. A total of 1,280m³ of gravel was processed from BLK_20 and 87 diamonds weighing 110.3 carats were recovered.

The largest diamond weighed 13.3 carats, with another stone weighing 10.15 carats.



Lulo alluvial diamonds

The 10.15 carat stone was classified as a Type IIa stone of the highest quality and D in colour. The average diamond size in the sample was well in excess of one carat.

BLK_21 is located near the southern end of Alluvial Area 5 and just to the north of Se251. Approximately 1,290m³ of gravel was processed from BLK_21 and 124 diamonds weighing 69.75 carats were recovered. The largest stone weighed 6.25 carats and the average diamond weight was just over half a carat (See ASX announcement 28 July 2014).



Lucapa's Dense Media Separation diamond plant

INTERIM FINANCIAL REPORT FOR THE SIX MONTHS ENDED 30 JUNE 2014

DIRECTORS' REPORT

As at 6 July 2014, a total of 427m³ of material from BLK_22 had been processed. A total of 37 diamonds weighing 23.05 carats had been recovered. The largest diamond recovered weighed 6.25 carats and the average stone size is 0.62 carats. Both the grade and average stone size are higher than expected for this type of gravel.

Lucapa intends to process alluvial gravels relatively close to the Company's Dense Media Separation (DMS) diamond plant until the mining licence is granted and the additional fleet of leased earthmoving equipment is mobilised.

As at 13 July 2014, Lucapa's kimberlite and alluvial diamond inventory stood at 385.4 carats.

3. Financial position

For the six months ended 30 June 2014, the Company recorded a loss of \$1,024,702 and had a working capital surplus of \$901,907. The Company had cash assets of \$1,383,627. The cash assets represent funds on hand in the corporate office as at 30 June 2014. In addition, the cash balance on hand in the Lulo JV available for exploration and evaluation was \$1,247,129.

The Company is focused on its Angolan diamond exploration interests in the Lulo Project. This Project requires ongoing exploration work and funding. As noted in Note 8, subsequent to period end, the Company received significant funds from the exercise of options and issue of ordinary shares to investors (\$6.63m). Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate.

4. Lead auditor's independence declaration

The Lead auditor's independence declaration is set out on page 8 and forms part of the directors' report for the six months ended 30 June 2014.

This report is made with a resolution of the directors:



MILES KENNEDY
CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

Dated at Subiaco this 10th day of September 2014.

Auditor's Independence Declaration

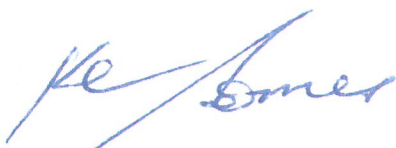
To those charged with the governance of Lucapa Diamond Company Limited

As auditor for the review of Lucapa Diamond Company Limited for the period ended 30 June 2014, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.



Somes Cooke



Kevin Somes
Partner

Perth

10 September 2014

INTERIM STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	30 Jun 2014 (6 months) \$	30 Jun 2013 (4 months) \$
Finance income	867	656
Consulting expenses	(168,575)	(15,000)
Depreciation expense	(1,181)	(983)
Employee benefits expense	(422,326)	(241,506)
Other expenses	(433,487)	(112,665)
Profit / (loss) before income tax	(1,024,702)	(369,498)
Income tax expense	-	-
Profit / (loss) after income tax for the period	(1,024,702)	(369,498)
Other comprehensive income	-	-
Total profit or loss and other comprehensive income for the period attributable to members of the Company	(1,024,702)	(369,498)
Earnings (loss) per share		
Basic earnings (loss) per share (cents)	(1.47)	0.77
Diluted earnings (loss) per share (cents)	(1.47)	0.77

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

INTERIM STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2014

	Note	30 Jun 2014 \$	31 Dec 2013 \$
Assets			
Cash and cash equivalents		1,383,627	305,960
Trade and other receivables		76,726	78,819
Total current assets		1,460,353	384,779
Deferred exploration costs	5	30,584,654	28,344,568
Property, plant and equipment		11,719	10,601
Total non-current assets		30,596,373	28,355,169
Total assets		32,056,726	28,739,948
Liabilities			
Trade and other payables		558,446	1,463,304
Total current liabilities		558,446	1,463,304
Total liabilities		558,446	1,463,304
Net assets		31,498,280	27,276,644
Equity			
Share capital	7	69,376,903	64,130,565
Reserves		1,896,623	1,896,623
Accumulated losses		(39,775,246)	(38,750,544)
Total Equity		31,498,280	27,276,644

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

INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	Issued capital \$	Options reserve \$	Accumulated losses \$	Total \$
For the four months ended 30 June 2013				
Opening balance at 1 March 2013	61,836,670	1,815,963	(37,878,455)	25,774,178
Total profit and loss and other comprehensive income of the period				
Profit for the period	-	-	(369,498)	(369,498)
Other comprehensive income	-	-	-	-
Total profit and loss and other comprehensive income for the period	-	-	(369,498)	(369,498)
Transactions with owners in their capacity as owners				
Other	28,777	-	-	28,777
Balance as at 30 June 2013	61,865,447	1,815,963	(38,247,953)	25,433,457
For the six months ended 30 June 2014				
Opening balance at 1 January 2014	64,130,565	1,896,623	(38,750,544)	27,276,644
Total profit and loss and other comprehensive income of the period				
Loss for the period	-	-	(1,024,702)	(1,024,702)
Other comprehensive income	-	-	-	-
Total profit and loss and other comprehensive income for the period	-	-	(1,024,702)	(1,024,702)
Transactions with owners in their capacity as owners				
Issue of share capital	5,614,340	-	-	5,614,340
Share issue expenses	(368,002)	-	-	(368,002)
Total transactions with owners	5,246,338	-	-	5,246,338
Balance as at 30 June 2014	69,376,903	1,896,623	(39,775,246)	31,498,280

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

INTERIM STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2014

	30 June 2014 (6 months) \$	30 June 2013 (4 months) \$
Cash flows from operating activities		
Cash paid to suppliers and employees	(849,128)	(372,270)
Interest received	867	656
Net cash outflow from operating activities	(848,261)	(371,614)
Cash flows from investing activities		
Advances to joint venture operation	(3,318,920)	(1,818,890)
Payments for property, plant and equipment	(1,491)	-
Net cash outflow from investing activities	(3,320,411)	(1,818,890)
Cash flows from financing activities		
Proceeds from issue of share capital	5,614,340	-
Share issue costs	(368,001)	-
Net cash inflow from financing activities	5,246,339	-
Net increase / (decrease) in cash and cash equivalents	1,077,667	(2,190,504)
Cash and cash equivalents at the beginning of the period	305,960	2,356,247
Cash and cash equivalents at the end of the period	1,383,627	165,743

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 SIX MONTHS ENDED 30 JUNE 2014

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 31 December 2013.

This interim financial report was approved by the Board of Directors on 10th September 2014.

3. Significant accounting policies

In 2013, the Company changed one of its accounting policies as a result of new or revised accounting standards that became effective for the reporting periods commencing on 1 January 2013. Certain comparative amounts have been reclassified to conform with the current period's presentation.

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 its interest in the JV in accordance with the standards applicable to the particular assets and liabilities.

The aggregate effect of the change in accounting policy on the Statement of Profit or Loss and Other Comprehensive Income for the period ended 30 June 2013 is as follows;

	Previous Policy \$	Adjustment \$	Revised Policy \$
Finance income	656	-	656
Consulting expenses	(15,000)	-	(15,000)
Depreciation expense	(983)	-	(983)
Employee benefits expense	(241,506)	-	(241,506)
Foreign exchange gain on loan receivable	2,814,523	(2,814,523)	-
Other expenses	(112,665)	-	(112,665)
Profit / (loss) before income tax	2,445,025	(2,814,523)	(369,498)
Income tax expense	-	-	-
Profit / (loss) after income tax for the period	2,445,025	-	(369,498)
Other comprehensive income	-	-	-
Total profit and loss and other comprehensive income for the period attributable to members of the Company	2,445,025	(2,814,523)	(369,498)
Earnings (loss) per share			
Basic earning (loss) per share (cents)	0.77	-	(0.04)
Diluted earnings (loss) per share (cents)	0.77	-	(0.04)

CONDENSED NOTES TO THE INTERIM FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2014

The Company adopted all or new revised accounting standards that became effective for reporting periods commencing on 1 January 2014. 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 Lulo Project. The Project requires ongoing exploration work and funding. As noted in Note 8, subsequent to period end, the Company received significant funds from the exercise of options and issue of ordinary shares to investors (\$6.63m). Based on the cash flow forecasts, the directors are satisfied that the going concern basis of preparation is appropriate.

5. Deferred exploration costs

	30 June 2014 \$	31 December 2013 \$
Deferred exploration costs	30,584,654	28,344,568

Deferred exploration costs represent the cumulative amount of costs incurred by the Company in relation to the Lulo Project. All of the funds advanced to the Lulo Project have been spent on diamond exploration and evaluation and the purchase of plant and equipment required for these activities. The recoupment of funds advanced to the Lulo Project carried forward is dependent upon the successful development and commercialisation of the areas being explored and evaluated. Should a profitable diamond mining operation be established from the Lulo Project in the future, the Angolan government has agreed that all of the funds the Company has transferred to the Lulo Project will be reimbursed to the Company from available profits.

6. 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 SIX MONTHS ENDED 30 JUNE 2014

7. Issued capital and reserves

Movement in ordinary shares

	Ordinary shares		Value (\$)	
	6 months to 30 June 2014	4 months to 30 June 2013	6 months to 30 June 2014	4 months to 30 June 2013
On issue at beginning of period	3,852,603,212	3,184,366,555	64,130,565	61,836,670
Issue of shares for cash	925,000,000	-	5,550,000	-
Share Consolidation (note 1)	(4,618,348,305)	-	-	-
Consolidation 1:30	159,254,907	-	-	-
Exercise of options	214,467	-	64,340	-
Transaction costs	-	-	(368,002)	-
Other	-	-	-	28,777
On issue at end of period	159,469,374	3,184,366,555	69,376,903	61,865,447

- 1) On 29 May 2014, the Company completed a consolidation of the Company's issued capital on a basis that every 30 shares were consolidated into 1 share, as approved at the Annual General Meeting of shareholders held on 21 May 2014.

Movement in options

During the period to 30 June 2014, 537,500,000 listed, free attaching options were issued, accompanying the shares issued for the capital raising undertaken, for a total of 1,332,936,657 shares on issue.

Prior to period end, the Company completed a consolidation of the Company's issued options on a basis that every 30 options were consolidated into 1 option, as approved at the Annual General Meeting of shareholders held on 21 May 2014.

Subsequent to the consolidation, the Company had 43,562,712 listed options on issue, exercisable at 30 cents, expiring 29 August 2015.

8. Events subsequent to reporting date

On the 8 July 2014 the Company announced a pro rata non-renounceable entitlement issue of 1 new option at \$0.005 each for every 2 shares held at the record date to raise up to \$0.4 million before costs, with each new option being listed and exercisable at \$0.30 on or before 29 August 2015.

As of 1 August 2014, the Company had recovered 15 diamonds from the kimberlite samples excavated from four separate pipes at Lulo. Of those kimberlite diamonds, 12 were recovered from the largest pipe Se251. Subsequent testing has confirmed half of the Se251 kimberlite diamonds are rare Type 11a gems.

On 12 August 2014, the Company announced that it had received acceptances for 80,333,460 new options from eligible shareholders under the pro rata non-renounceable entitlement issue. This represented a shortfall of 9,907,010 Loyalty Options based upon the total entitlement of 90,240,470 new options as at the record date of 18 July 2014, which was subsequently dealt with in accordance with the underwriting agreement as outlined in the rights Issue prospectus of 8 July 2014.

Since reporting date a further 22,116,216 listed \$0.30 options expiring 29 August 2015 have been exercised which has raised \$6,634,864.

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 SIX MONTHS ENDED 30 JUNE 2014**

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

1. the financial statements and notes as set out on pages 9 to 15 , 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 2014 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:

A handwritten signature in black ink, appearing to be 'Miles A Kennedy', with a stylized, cursive script.

MILES A KENNEDY
CHIEF EXECUTIVE OFFICER/MANAGING DIRECTOR

Dated at Subiaco this 10th day of September 2014

Independent Auditor's Review Report

To the members of Lucapa Diamond Company Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lucapa Diamond Company Limited, which comprises the statement of financial position as at 30 June 2014, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

The directors of Lucapa Diamond Company Limited are responsible for the preparation of the half-year 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 half-year 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 half-year 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 2014 and its performance for the half-year 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 half-year 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 half-year 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 Lucapa Diamond Company Limited's financial position as at 30 June 2014 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



Somes Cooke



Kevin Somes

10 September 2014

Perth
Western Australia