

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

LUCAPA DIAMOND COMPANY LTD

ABN

44 111 501 663

Quarter ended ("current quarter")

31 December 2014

Consolidated statement of cash flows

	Current quarter (31 December'14) \$A'000	Year to date (12 months to 31 December'14) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(2,981) - - (715)	(8,261) - - (2,298)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	-
1.5 Interest and other costs of finance paid	-	1
1.6 Income taxes paid	-	-
1.7 Other (Legal settlement)	-	(317)
Net Operating Cash Flows	(3,696)	(10,875)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets	- - -	- - -
1.10 Loans made to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(3,696)	(10,875)

+ See chapter 19 for defined terms.

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1.13	Total operating and investing cash flows (brought forward)	(3,696)	(10,875)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	11	12,785
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (costs of share issue)	-	(644)
	Net financing cash flows	11	12,141
	Net increase (decrease) in cash held	(3,685)	1,266
1.20	Cash at beginning of quarter/year to date	5,257	306
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,572¹	1,572

Note:

¹The cash balance at 1.22 excludes the cash balance on hand in the JV bank account.

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	293
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

The amount at 1.23 includes payments of directors' fees including superannuation and payment of office rent and management fee for provision of BAS services to entity associated with director Miles Kennedy.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

None.

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

None.

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	600
4.2 Development	-
4.2 Production	1,200
4.3 Administration	700
Total	2,500^{2,3}

Note:

² As previously announced, the Company expects to generate additional revenue during the current quarter from diamond sales.

³ As previously announced, the Company has signed a heads of agreement for a US\$15 million bridge finance facility, which is subject to the satisfactory completion of due diligence, legal documentation and various other approvals, as set out in the ASX announcement of 21 January 2015. If this bridge finance facility is finalised, the Company intends to place orders and incur additional mining and development expenditure in the quarter.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,572	5,257
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,572¹	5,257

Note:

¹The cash balance at 1.22 excludes the cash balance on hand in the JV bank account.

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Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements acquired or increased	-	-	-

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3)	Amount paid up per security (see note 3)
7.1	Preference securities (description)	N/A		
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	+Ordinary securities	181,872,742	181,872,742	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	37,797 -	37,797 -	
7.5	+Convertible debt securities (description)	N/A		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted			

+ See chapter 19 for defined terms.

7.7	Options (description and conversion factor)	112,054,385	112,054,385	Exercise price \$0.30	Expiry date 29 August 2015
7.8	Issued during quarter	-	-	-	-
7.9	Exercised during quarter	(37,797)	(37,797)	\$0.30	29 August 2015
7.10	Expired during quarter	(833,334)	-	\$0.90	2 December 2014
7.11	Debentures (totals only)	N/A			
7.12	Unsecured notes (totals only)	N/A			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Mark Clements
Company Secretary
29 January 2015

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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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