

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")

30 September 2015

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter (30 September '15) \$A'000	Year to date (9 months to 30 September '15) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation (b) development (c) production (d) administration	(3,460) - - (726)	(7,486) - - (2,187)
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	2
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(4,185)	(9,671)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (225)	- - (225)
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	(225)	(225)
1.13 Total operating and investing cash flows (carried forward)	(4,410)	(9,896)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(4,410)	(9,896)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	4,456	9,257
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	250 ¹	250 ¹
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (costs of share issue)	(274)	(622)
	Net financing cash flows	4,432	8,885
	Net increase (decrease) in cash held	22	(1,011)
1.20	Cash at beginning of quarter/year to date	539	1,572
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	561^{2,3,4}	561^{2,3,4}

Note:

¹ Loan to secure early delivery of new long reach excavator which has been repaid in full.

² Subsequent to 30 September 2015, \$3.5 million was received from the placement of shares and options to long-term investors.

³ Subsequent to 30 September 2015, \$2 million was received from the conversion of unlisted \$0.20 options.

⁴ The cash balance at 1.22 does not include cash balances held at the Lulo JV bank account, including proceeds from \$5.1 million diamond sale announced subsequent to 30 September 2015.

**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	205
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 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.

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	250	250
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	4,225 ¹
4.2 Development	-
4.2 Production	-
4.3 Administration	760
Total	4,985

Note:

¹ The exploration and evaluation expenditure includes remaining cash payments on committed development capital for the wet frontend, earth moving fleet, mining and geology equipment and transport vehicles. Refer also to Notes to 1.22

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	561	539
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	561^{1,2,3}	539

Note:

¹ The cash balance at 5.1 does not include cash balances held at the Lulo JV bank account, including proceeds from \$5.1 million diamond sale announced subsequent to 30 September 2015.

² Subsequent to 30 September 2015, \$3.5 million was received from the placement of shares and options to long-term investors.

³ Subsequent to 30 September 2015, \$2 million was received from the conversion of unlisted \$0.20 options.

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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	Botswana	-	75%

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	N/A			
7.2				
7.3	228,722,944	228,722,944		
7.4	22,843,841	22,843,841		
	-	-		
7.5	N/A			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Options (description and conversion factor)			<i>Exercise price</i>	<i>Expiry date</i>
		3,750,000	-	\$0.30	24 April 2017
		3,250,000	-	\$0.30	28 May 2017
		22,207,500	-	\$0.20	30 September 2017
7.8	Issued during quarter	22,485,278	-	\$0.20	30 September 2017
7.9	Exercised during quarter	(80,785) (277,778)	(80,785) -	\$0.30 \$0.20	29 August 2015 30 September 2017
7.10	Expired during quarter	(135,972,239)	(135,972,239)	\$0.30	29 August 2015
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 below).
- 2 This statement does give a true and fair view of the matters disclosed.

Mark Clements
Company Secretary
26 October 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.

+ See chapter 19 for defined terms.

- 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.