

Appendix 5B

Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

Name of entity

LUCAPA DIAMOND COMPANY LIMITED

ABN

44 111 501 663

Quarter ended ("current quarter")

30 September 2019

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (9 mths) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,385	7,793
1.2 Payments for		
(a) exploration & evaluation	(37)	(433)
(b) development		
(c) production	(2,621)	(7,015)
(d) staff costs	(1,519)	(4,455)
(e) administration and corporate costs ¹	69	(29)
1.3 Dividends received		
1.4 Interest received	9	51
1.5 Interest and other costs of finance paid	(863)	(1,551)
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)	(75)	1,851
1.9 Net cash from / (used in) operating activities	US\$(2,652)	US\$(3,788)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment	(317)	(960)
(b) tenements		
(c) investments	(1,125)	(2,250)
(d) other non-current assets		

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Consolidated statement of cash flows		Current quarter US\$'000	Year to date (9 mths) US\$'000
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment		
	(b) tenements (see item 10)		
	(c) investments		
	(d) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received		
2.5	Other (provide details if material)		
2.6	Net cash from / (used in) investing activities	US\$(1,442)	US\$(3,210)

3.	Cash flows from financing activities		
3.1	Proceeds from issues of shares		
3.2	Proceeds from issue of convertible notes		
3.3	Proceeds from exercise of share options		
3.4	Transaction costs related to issues of shares, convertible notes or options		(16)
3.5	Proceeds from borrowings		6,941
3.6	Repayment of borrowings	(32)	(7,012)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	US\$(32)	US\$(87)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	5,234	8,200
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,652)	(3,788)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,442)	(3,210)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(32)	(87)
4.5	Effect of movement in exchange rates on cash held	(25)	(32)
4.6	Cash and cash equivalents at end of period ^{2,3} (US\$'000)	US\$1,083	US\$1,083

Notes:

¹The amount under 1.2 (e) includes US\$0.4m value added tax (VAT) refunds received during the Quarter.

² Additional gross proceeds of US\$4.1m generated from a Mothae diamond sale concluded immediately post Quarter-end.

³ Lucapa's investment in Lulo alluvial mining company SML is recognised on an equity-accounted basis under the Company's accounting policy and Australian International Financial Reporting Standards. As such, the closing cash balance at 4.6 above does not include the US\$4.1m cash and equivalents balance held at Quarter end by SML.

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter US\$'000	Previous quarter US\$'000
5.1 Bank balances	1,083	5,234
5.2 Call deposits		
5.3 Bank overdrafts		
5.4 Other (provide details)		
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	US\$1,083	US\$5,234

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2 ⁴
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 3.5 & 3.6
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter US\$'000
(332)

⁴ The amount reflected under 6.1 includes payments for directors' fees (including superannuation), payments in respect of office rent to an entity associated with non-executive director Miles Kennedy and loan interest with New Azilian Pty Ltd, an entity associated with non-executive director Ross Stanley.

7. Payments to related entities of the entity and their associates

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash inflow/(outflow) from loans to these parties included in item 2.3 ⁵
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

Current quarter US\$'000
-
(1,385)

⁵ Relates to intergroup funding payments to and from subsidiaries, primarily Mothae. As the cash flow statement is prepared on a consolidated basis loans to subsidiaries are eliminated on consolidation and reflected as nil at item 2.3.

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8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end US\$'000	Amount drawn at quarter end US\$'000
8.1 Loan facilities ⁶	21,620	21,620
8.2 Credit standby arrangements	-	-
8.3 Finance lease facility	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

⁶ The loan facilities consist of:

- A three-year secured financing facility with private Singaporean entity, Equigold Pte Ltd;
- The four-year secured project development facility for Mothae with the Industrial Development Corporation of South Africa Limited (“IDC”); and
- A one-year loan facility with New Azilian Pty Ltd, an entity associated with non-executive Director Ross Stanley on normal commercial arms-length terms.

9. Estimated cash outflows for next quarter	US\$'000
9.1 Exploration and evaluation	(10)
9.2 Development	(300)
9.3 Production	(3,535)
9.4 Staff costs	(1,444)
9.5 Administration and corporate costs	(51)
9.6 Other ⁷	(510)
9.7 Total estimated net cash outflows ⁸	US\$(5,850)

⁷ Includes interest on loan facilities.

⁸ The outflows pertaining to Mothae above (9.2; 9.3 and majority of 9.4) to be funded by Mothae Q4 diamond sales (which includes the proceeds of US\$4.1m generated from a post Quarter-end sale). Other outflows to be funded from cash balances, planned cash flows generated by Mothae and SML and polished diamond sales.

10. Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Mark Clements
Company Secretary

24 October 2019

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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.