

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")

31 March 2019

Consolidated statement of cash flows	Current quarter US\$'000	Year to date (3 mths) US\$'000
1. Cash flows from operating activities		
1.1 Receipts from customers	2,168	2,168
1.2 Payments for		
(a) exploration & evaluation	(293)	(293)
(b) development		
(c) production	(2,113)	(2,113)
(d) staff costs	(1,396)	(1,396)
(e) administration and corporate costs	(662)	(662)
1.3 Dividends received		
1.4 Interest received	18	18
1.5 Interest and other costs of finance paid	(308)	(308)
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)	(108)	(108)
1.9 Net cash from / (used in) operating activities	US\$(2,694)	US\$(2,694)

2. Cash flows from investing activities		
2.1 Payments to acquire:		
(a) property, plant and equipment ¹	521	521
(b) tenements		
(c) investments		
(d) other non-current assets		

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Consolidated statement of cash flows		Current quarter US\$'000	Year to date (3 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\$521	US\$521

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	(7)	(7)
3.5	Proceeds from borrowings	4,269	4,269
3.6	Repayment of borrowings	(3,230)	(3,230)
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\$1,032	US\$1,032

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	8,200	8,200
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(2,694)	(2,694)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	521	521
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,032	1,032
4.5	Effect of movement in exchange rates on cash held	31	31
4.6	Cash and cash equivalents at end of period ² (US\$'000)	US\$7,090	US\$7,090

Note:

¹ The amount under 2.1(a) includes US\$1.4m inflow, relating to the sale of diamonds recovered during the Mothae mine development or pre-commissioning phase which is required to be credited against the development asset in terms of Australian International Financial Reporting Standards ("AIFRS").

² The cash balance of US\$7.1m above does not include the loan repayment and distribution declared by SML in Q4 2018 which is expected to be received in Q2 2019. The investment in the alluvial mining company, SML, is recognised on an equity-accounted basis in terms of the Company's accounting policy and AIFRS. As such, the closing cash balance at 4.6 above does not include the US\$10.8m cash balance held at the end of the reporting quarter by SML in Angola.

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	7,090	8,200
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\$7,090	US\$8,200

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2 ³
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 3.5 & 3.6 ⁴
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

Current quarter US\$'000
(309)
2,954

³ The amount reflected under 6.1 includes payments for directors' fees (including superannuation) and payments in respect of office rent to an entity associated with non-executive director Miles Kennedy.

⁴ The amount reflected under 6.2 reflects the net cash flow from loans with New Azilian Pty Ltd, an entity associated with non-executive director Ross Stanley. The amount consists of a US\$1.3m repayment made by Lucapa in February in respect of the 2018 loan facility and US\$4.2m advanced to Lucapa during the Quarter in terms of the one-year loan facility proposed to be concluded during Q2 (refer ASX announcement of 4 April 2019).

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7. Payments to related entities of the entity and their associates	Current quarter US\$'000
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	2,414
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

⁵ Relates to intergroup funding payments to and from subsidiaries, primarily with 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. The net amount above consists of loan repayments made by Mothae to Lucapa during the quarter and amounts advanced by Lucapa to Mothae and other group companies.

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	23,686	23,686
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 entered into with a private Singaporean entity, Equigold Pte Ltd (refer details in ASX announcement 9 October 2017);
- 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 proposed to shareholders to be concluded with New Azilian Pty Ltd, an entity associated with non-executive director Ross Stanley on normal commercial terms (refer foot note 4 above and ASX announcement of 4 April 2019).

9. Estimated cash outflows for next quarter	US\$'000
9.1 Exploration and evaluation	-
9.2 Development	(706)
9.3 Production	(2,846)
9.4 Staff costs	(1,596)
9.5 Administration and corporate costs	(517)
9.6 Other ⁷	(4,773)
9.7 Total estimated net cash outflows ⁸	US\$(10,438)

⁷ Includes US\$3.8m loan repayments due on loans from Equigold in terms of the funding and refinancing arrangements recently agreed (refer ASX announcement of 4 April 2019), down payments due in respect of the acquisition cost of Mothae and interest on the IDC loan facility.

⁸ The outflows pertaining to Mothae above are planned to be funded from Mothae diamond sales. Other outflows are planned to be funded from existing cash balances, inflows from the refinancing per footnotes 4 & 6 above and from the anticipated net positive cash flows generated by Mothae and SML.

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

9 April 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.