Financial Report

For the year ended 31 December 2024

LUCAPA
DIAMOND COMPANY

ASX Code: LOM

ACN: 111 501 663

www.lucapa.com.au

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LUCAPA
DIAMOND COMPANY

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Directors' Report

The Directors present their report together with the financial report of Lucapa and the Group for the financial year ended 31 December 2024 and independent auditor's report thereon.

Directors

The Directors of the Company at any time during or since the end of the financial period are:

Name	**Position**	**Period of directorship**
S Brown	Non-Executive Chairman	Appointed 8 April 2024
A Kidman	Chief Executive Officer/ Managing Director	Appointed 21 November 2024
R Beevor	Non-Executive Director	Appointed 8 April 2024
M Kennedy	Non-Executive Director Previous Non-Executive Chairman	Effective from 8 April 2024 Effective to 8 April 2024 Appointed 12 September 2008
N Selby	Previous Non-Executive Director Previous Chief Executive Officer/ Managing Director Interim Chief Executive Officer/ Managing Director Previous Chief Operating Officer/ Executive Director	Resigned 31 December 2024 Effective to 21 November 2024 Effective from 5 October 2023 1 August 2023 to 4 October 2023 Appointed 4 September 2017
R Stanley	Previous Non-Executive Director	Resigned 8 April 2024 Appointed 26 July 2018

The qualifications, experience and other directorships of the Directors in office at the date of this report are:

Stuart Brown

Mr Brown has over 30 years of diamond knowledge and Africa experience as the former Interim CEO and CFO of major diamond producer De Beers with which he had a 20-year career. Stuart is a former CEO of both Firestone Diamonds and Mountain Province Diamonds. Stuart is a non-executive director of London-listed Ukrainian iron-ore miner Ferrexpo Plc and a member of the audit and remuneration committees. Stuart is also a non-executive director and chair of the audit committee of Digby Wells Environmental Holdings Limited, a provider of ESG consulting services to the mining industry. He currently also runs a consulting business focused on the mining and luxury goods sectors. Stuart holds a Bachelor of Accounting Science degree from the University of South Africa and lives in Herefordshire, England.

Alex Kidman

Mr Kidman is a geologist with 20 years' experience in the diamond mining industry. He started his career exploring for alluvial diamonds in Angola and joined the Gem Diamonds group in 2006 where he held a number of technical and project management roles throughout the company. He subsequently settled in Australia working for the Ellendale mine and consulting on other Australian diamond projects before joining Lucapa in 2017. Mr Kidman has experience operating in multiple jurisdictions around the world including Angola, DRC, Botswana, Indonesia, Australia, South Africa and Lesotho. He holds a Masters in Science (Geology) from the

University of Birmingham and is a member of the Australasian Institute of Mining and Metallurgy. He lives in Perth, Western Australia.

Ronnie Beevor

Mr Beevor has 40 years of collective experience that spans investment banking and mining. Ronnie is a former head of investment banking of Rothschild Australia and has served on the boards of many mining companies in Australia and internationally. He is currently a director of Canadian iron-ore miner Champion Iron Limited, a director of Canadian explorer Mont Royal Resources and serves as chairman of Felix Gold, a gold explorer with assets in the United States. Ronnie qualified as a chartered accountant in England and Wales, holding an honours degree in Philosophy, Politics and Economics from Oxford University. Ronnie resides in Sydney, Australia.

Miles Kennedy

Mr Kennedy has held directorships of Australian listed companies for more than 30 years. He was previously Chairman of companies including Sandfire Resources, Kimberley Diamond Company, Blina Diamonds, Macraes Mining Company, MOD Resources and Auris. He has extensive experience in the management of public companies with specific emphasis in the resources industry. He lives in Dunsborough, Western Australia.

Nick Selby *(resigned 31 December 2024)*

Mr Selby is an extraction metallurgist with over 35 years' experience in the mining industry. He began his career with De Beers, where he spent 19 years in a range of technical roles. Mr Selby joined Gem Diamonds in 2005, where he was responsible for establishing diamond projects in various countries including Angola, Australia, DRC, Central African Republic, Indonesia, Lesotho and Botswana. He lives in Perth, Western Australia.

Ross Stanley *(resigned 8 April 2024)*

Mr Stanley has an extensive background in the resources industry in Australia and Africa, specialising in drilling and related exploration and mining services. He was the founder and Managing Director of ASX-listed Stanley Mining Services prior to its merger with Layne Christensen in 1997. Mr Stanley was also a major shareholder and Non-Executive director of Perth-based gold miner Equigold NL, which was taken over by Lihir Gold for A$1.1 billion in 2008. He is a Non-Executive director of ASX listed Emerald Resources NL. He lives in Dunsborough, Western Australia.

Company Secretary

Daniel Coletta

Mr Coletta was appointed Company Secretary on 31 May 2024 and holds a Bachelor of Commerce degree from the University of Western Australia. He is a Member of the Institute of Chartered Accountants, an Associate of the Governance Institute of Australia and the Chartered Governance Institute. Mr Coletta currently holds the position of company secretary with a number of other ASX listed companies and has experience in accounting and administration, capital raising and ASX Compliance and regulatory requirements.

Mark Clements *(resigned 31 May 2024)*

Mr Clements was appointed Company Secretary on 2 July 2012. Mr Clements holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants of Australia, a Fellow of the Governance Institute of Australia and member of the Australian Institute of Company Directors. Mr Clements has experience in corporate governance, finance, accounting and administration, capital raising, ASX compliance and regulatory requirements.

Directors' Meetings

The number of Directors' meetings and the number of meetings attended by each of the Directors of the Company during the financial year are:

Director	Meetings attended	Number of meetings held during Directors' appointment
S Brown	5	5
M Kennedy	6	6
N Selby	6	6
R Beevor	5	5
R. Stanley	1	1
A Kidman	1	1

Nature of Operations and Principal Activities

Lucapa Diamond Company is a diamond miner and explorer with assets in Africa and Australia. It has a 40% stake in Sociedade Mineira do Lulo ("SML") the operator of the Lulo Alluvial Mine in Angola and a 39% stake in the Lulo Kimberlite Exploration Joint-Venture. The Company also owns the Merlin Diamond Project in the Northern Territory of Australia through its wholly owned subsidiary Australian Natural Diamonds Pty Ltd.

In 2024, following a strategic review by the newly restructured board, the Group took the decision to divest non-core assets to streamline the portfolio. The Company divested its 70% stake in the Mothae Mine in Lesotho in 2024. It also did not renew its 100% owned exploration asset in Botswana (Orapa Area F) in 2024. The board has decided to sell its 80% share in the Brooking lamproite diamond exploration tenements in Western Australia held through its wholly owned subsidiary Brooking Diamonds Pty Ltd.

Operating and Financial Review

Overview

Lucapa is a producer of large and high-quality diamonds from its Lulo Alluvial Mine ("SML") in Angola, which attract the highest price per carat for alluvial diamonds globally.

The Company's 100% owned subsidiary, Australian Natural Diamonds Pty Ltd acquired the Merlin Diamond Project ("Merlin") in the Northern Territory in 2021. In November 2024, Lucapa released a production target, detailing the re-start plan for the Merlin Diamond Mine.

Lucapa is also advancing exploration and evaluation activities on two projects, in Angola and in Australia. The most advanced of these programs is the prospective Lulo Kimberlite Exploration Joint Venture in Angola exploring for the primary source of the large, high-value alluvial diamonds regularly recovered at Lulo. Exploration at Merlin also commenced in 2024 to detect kimberlite and base metal targets. An advanced electromagnetic (EM) survey was flown over the tenements, the first modern EM survey carried out in 25 years.

2024 Group Highlights

(figures exclude Mothae unless stated):

Financial

- Rough diamond revenue: US$54.5 million (A$82.8 million) on a 100% basis at an average price of US$1,980 per carat;
- EBITDA: US$5.9 million (A$8.9 million) on 100% basis; and
- Repatriation of US$2.5 million (A$3.8 million) in capital loan repayments and SML dividends.

Operations

- 45,180 carats recovered on a 100% basis from Lulo and Mothae;
- Lulo recovered 25,341 carats and sold 27,364 carats in 2024;
- Lulo recovered 5 +100 carat diamonds in 2024;
- Mothae recovered a total of 19,839 carats to 31 July;
- Mothae sold 19,798 carats at an average price per carat of US$515 to 31 July, 2024;
- A plan for the re-start of production at Merlin was announced; and
- Improved safety performance at Lulo.

Exploration

- Lucapa initiated an exploration program at Merlin to increase the kimberlite resources and potentially identify other minerals including base metals; and
- The Lulo Kimberlite Bulk Sampling Program processed a total of 22 samples in 2024.

Corporate:

- Stuart Brown appointed Non-executive Chairman;
- Ronnie Beevor appointed Non-executive Director;
- Miles Kennedy stood down as Chairman to become Non-executive director;
- Nick Selby stepped down as CEO and MD for health reasons with Alex Kidman appointed CEO and MD;
- Strategic review resulted in divestment of Mothae Mine in Lesotho and non-renewal of Orapa Area F exploration licence in Botswana; and
- Lucapa initiated a capital raise including a Placement and Share Purchase Plan.

Diamond market

Challenging and uncertain market conditions continued for the diamond industry in 2024 as the gap between supply and demand of natural diamonds widened.

These market dynamics impacted on the price of rough and polished diamonds which continued to soften. Other contributing factors to the weakness in diamond prices, were geopolitical tensions and high finance costs.

The mid-stream pipeline remained overstocked in 2024 as lab-grown diamonds continued to capture market share. The industry also felt the impact from the lack in Chinese demand for diamonds as domestic stimulus measures did little to increase discretionary spend.

In the second half of the 2024 calendar year, some of the large diamond mining companies curtailed rough supply to try to bring the market back into balance. This was done in the hope of seeing price recovery once midstream inventories were depleted.

Demand for large diamonds over 10.8 carats remained robust in 2024, with smaller diamonds suffering greater price pressure with some sellers forced to discount inventory by more than 10 percent at year end.

Financial Review

The Group results from continuing operations for the year were a loss after tax of US$5.5 million (2023: profit of US$2.1 million).

Lucapa's share of SML's after tax earnings was a loss of US$0.9 million, compared to a profit of US$4.2 million in 2023. SML reported an EBITDA of US$8.1 million (2023: US$23.6 million) for the year, which was impacted by flooding caused by a severe end to the wet season and poor management of a temporary river crossing by a government contractor tasked with upgrading the main highway from Luanda to Saurimo that crosses through the Lulo concession. This impacted the mine's ability to mine in planned areas throughout the year and led to lower carat recoveries and revenues during the second half of 2024.

Corporate expenses for the year were US$2.8 million, down US$0.4 million on the prior year mainly due to savings in employment expenses.

The profit after tax from discontinued operations for the year was US$3.9 million (2023: loss of US$19.4 million) and includes the trading results of Mothae until its effective disposal on 31 July 2024 as well as the impairment of previously capitalised exploration andevaluation cost of the Brooking and Botswana projects.

The consolidated loss after tax from all operations was US$1.5 million (2023: US$17.2 million) consisting of a loss attributable to members of the Company of US$20.5 million (2023: US$9.1 million) and a gain of US$18.9 million (2023: loss of US$8.2 million) allocated to non-controlling interests with the disposal of Mothae.

During the year, Lucapa received US$0.7 million against the SML receivable as well as half of the US$4 million (US$1.8 million, net of 10% withholding tax) dividend declared by SML in 2023. The balance of US$2 million was delayed due to cash flow constraints at SML and was outstanding as at 31 December 2024.

The Company continued during the year with pursuing development options for the Merlin project and incurred US$1.8 million on related studies, site maintenance and exploration work. A short-term loan of US$0.6 million was arranged in this regard from New Azilian Pty Ltd, an entity associated with former non-executive Director Ross Stanley.

Following the delay in the second half of the SML dividend as per above, Lucapa undertook a gross US$1.9 million (A$ 3 million) capital raising through a two-tranche share placement and Share Purchase Plan (A$0.4 million) in terms of which US$0.6m (net of fees) were received during the period. The funds for the second tranche, which were subject to shareholder approval, was received after the reporting date.

The Group had a cash balance of US$0.2 million at 31 December 2024 (31 December 2023: US$1.7 million).

Group net assets as at 31 December 2024 amounted to US$64.8 million (31 December 2022: US$71.3 million).

The Board has considered the financial position and prospects of the Group as set out in the basis of preparation of the financial statements and is satisfied that the going concern basis of preparation of the financial statements is appropriate.

Additional performance measures

To enable users of the Financial Report to gain a better insight into the extent and nature of activities of the Group, the Board has decided to provide the following financial disclosures, in addition to the AIFRS requirements:

- a pro-forma Consolidated Statement of Profit & Loss by entity including the full results of SML (refer page 10); and
- a summary of the attributable EBITDA by entity (refer page 11).

Lucapa is extensively involved in the operating activities of SML, has funded the development and has a 40% ownership interest in the mine. It therefore provides useful information to incorporate SML's results on a consolidated basis and providing an alternative view of the make-up of the profit after tax attributable to owners of the Company.

The additional information is not presented in terms of AIFRS but reconciliations have been prepared to the statutory Operating Profit/ Loss per the Interim Consolidated Statement of Profit or Loss as set out below.

On the pro-forma consolidated basis as per above, the Group recorded an EBITDA from continuing operations of US$5.9 million (2023: US$20.5 million) for the year and a loss after tax from continuing operations of US$6.5 million (2023: profit of US$8.9 million). On a per carat sold basis rough diamond revenue from continuing operations decreased from US$2,700 in 2023 to US$1,980 for the current period whilst EBITDA from continuing operations decreased from US$714 to US$214 per carat.

On an attributable basis, the Group recorded an EBITDA from continuing operations of US$1.0 million (2023: US$6.3 million) for the year. Per carat sold, attributable rough diamond revenue from continuing operations decreased as above and EBITDA from continuing operations decreased from US$548 to US$92.

Pro-forma consolidated earnings overview (including SML)

Consolidated Statement of Profit or Loss

	SML		Corporate & other		Group		Group*	
	2024	2023	2024	2023	2024	2023	2024	2023
			US$000s				A$000s	
CONTINUING OPERATIONS								
Rough revenue & polished margin	54,468	78,556	-	-	**54,468**	**78,556**	**82,778**	**121,921**
Royalty & selling costs	(5,917)	(8,496)	-	-	**(5,917)**	**(8,496)**	**(8,992)**	**(13,186)**
Operating costs	(40,446)	(46,423)	(2,237)	(3,174)	**(42,683)**	**(49,597)**	**(64,868)**	**(76,976)**
EBITDA	**8,105**	**23,637**	**(2,237)**	**(3,174)**	**5,868**	**20,463**	**8,918**	**31,759**
Depreciation	(9,497)	(8,862)	(158)	(159)	**(9,655)**	**(9,021)**	**(14,673)**	**(14,001)**
Rehabilitation	(1,100)	-	-	-	**(1,100)**	**-**	**(1,672)**	**-**
Net finance cost	-	-	(34)	(271)	**(34)**	**(271)**	**(52)**	**(421)**
Fx & FV adjustments and other	-	1,787	(1,562)	491	**(1,562)**	**2,278**	**(2,374)**	**3,536**
Profit/ (loss) before income tax	**(2,492)**	**16,562**	**(3,991)**	**(3,113)**	**(6,483)**	**13,449**	**(9,853)**	**20,873**
Income tax	281	(4,243)	(310)	(217)	**(29)**	**(4,460)**	**(44)**	**(6,922)**
Profit/ (loss) after income tax	**(2,211)**	**12,319**	**(4,301)**	**(3,330)**	**(6,512)**	**8,989**	**(9,897)**	**13,951**
DISONTINUED OPERATIONS (Mothae, Brooking & Orapa)								
Profit from discontinued operation, after tax	**-**	**-**	3,682	**(19,930)**	**3,682**	**(19,930)**	**5,596**	**(30,932)**
Profit for the period	**(2,211)**	**12,319**	**(619)**	**(23,260)**	**(2,830)**	**(10,941)**	**(4,301)**	**(16,981)**
Attributable to:								
Owners of the Company	(884)	4,928	(19,603)	(13,977)	**(20,487)**	**(9,049)**	**(31,135)**	**(14,045)**
Non-controlling interests	(1,327)	7,391	18,984	(9,283)	**17,657**	**(1,892)**	**26,834**	**(2,936)**
	(2,211)	**12,319**	**(619)**	**(23,260)**	**(2,830)**	**(10,941)**	**(4,301)**	**(16,981)**
Per carat sold:			US$				A$	
Rough diamond revenue	1,980	2,700	-	-	**1,980**	**2,700**	**3,008**	**4,190**
EBITDA	296	825	-	-	**214**	**714**	**326**	**1,109**

Consolidated EBITDA Reconciliation

	2024	2023
	US$000	
Operating loss as per statement of profit or loss	**(5,133)**	**262**
Remove equity accounted earnings:		
SML equity accounted income	885	(4,195)
Add consolidated earnings (100%):		
SML EBITDA	8,105	23,637
Add back non-cash items:		
Foreign exchange translation	1,562	32
LOM depreciation and impairment	158	159
Mothae - intergroup transactions	291	568
Consolidated EBITDA	**5,868**	**20,463**

** Results converted to A$ at an average rate US$: A$ exchange rate for the period of 0.658 (2023:0.644)*

Attributable performance overview

Attributable EBITDA by entity

	SML (40%)		Corporate & other (100%)		Group		Group*	
	2024	2023	2024	2023	2024	2023	2024	2023
	US$000s						A$000s	
Rough revenue & polished margin	21,787	31,422	-	-	**21,787**	**31,422**	**33,111**	**48,768**
Royalty & selling costs	(2,367)	(3,398)	-	-	**(2,367)**	**(3,398)**	**(3,597)**	**(5,274)**
Operating costs	(16,178)	(18,569)	(2,236)	(3,176)	**(18,414)**	**(21,745)**	**(27,985)**	**(33,749)**
EBITDA	**3,242**	**9,455**	**(2,236)**	**(3,176)**	**1,006**	**6,279**	**1,529**	**9,745**
Per carat sold:	US$						A$	
Rough diamond revenue	1,979	2,700	-	-	**1,979**	**2,699**	**3,008**	**4,190**
EBITDA	296	825	-	-	**92**	**548**	**140**	**850**

Attributable EBITDA Reconciliation

	2024	2023
	US$000	
Operating loss as per statement of profit or loss	**(5,133)**	**262**
Eliminate intergroup entries:		
Mothae - intergroup transactions	291	568
Add back non-cash items:		
Foreign exchange translation	1,562	32
LOM depreciation and impairment	158	159
SML depreciation, rehabilitation and tax	4,128	5,258
Attributable EBITDA	**1,006**	**6,279**

** Results converted to A$ at an average rate US$: A$ exchange rate for the period of 0.658 (2022:0.644)*

Review of Financial Condition

Given the Group's mix of mining, evaluation and exploration assets, and given their various stages of development, the Group may require funding for continued exploration, evaluation, development and/ or mining activities. To the extent that sufficient cash is not generated by the Group's activities or mining operations for the payment of loan, interest and/ or dividends, funding will be required.

As a result of the current general economic uncertainties, and the potential unknown future impact on the assumptions contained in the Group's cash flow forecasts over the next 12 months, the Directors recognise that the Group may have to source funding solutions in order to ensure the realisation of assets and extinguishment of liabilities as and when they fall due.

The ability of the Group to continue to pay its debts as and when they fall due for the 12-month period from the date the financial report is signed is dependent on:

- The Group's staff, operations, partners and the global diamond industry not being adversely impacted by the economic environment or Russia/ Ukraine conflict, thereby impacting key forecast assumptions and scheduled loan, interest and/ or dividend payments;
- The Group, as required, successfully sourcing equity, raising new debt facilities with financiers;
- The Group continuing to achieve success with its exploration and development projects, such as the Lulo kimberlite exploration program in Angola and Merlin mine development in Australia;
- The continued achievement of targeted cash operating margins at SML; and
- The current Mining Investment Contract for the Lulo Kimberlite JV being renewed in 2025.

The Directors believe that the going concern basis is appropriate for the preparation of the financial statements due to the following reasons:

- The diamond market is relatively stable for higher value production despite recent volatility experienced in the overall market;
- The book value of the Group's assets exceeds its liabilities by US$64.8 million;
- The Group has historically been successful in raising equity for the furtherance of its projects and under ASX Listing Rule 7.1 the Company has the capacity to place securities to raise equity: and
- The Group has historically been successful in raising and restructuring debt facilities.

The above conditions represent a material uncertainty that might cause significant doubt about the ability of the Company to continue as a going concern. Should the Company be unable to continue as a going concern it may be required to realise its assets and extinguish its liabilities other than in the normal course of business and at amounts different to those stated in the financial statements. The financial statements do not include any adjustments relating to recoverability and classification of asset carrying amounts or to amounts and classification of liabilities that might result should the Company be unable to continue as a going concern.

Significant Changes in the State of Affairs

General

Challenging market conditions continued for the diamond industry in 2024 although this was offset to a certain extent by strong demand for diamonds in excess of 10.8 carats.

Angola

The alluvial mining operations at Lulo were impacted during the year by flooding caused by a severe end to the wet season and management of a temporary river crossing by a government contractor tasked with upgrading the main highway that crosses through the Lulo concession. This impacted the mine's ability to follow the original mine plan throughout the year and led to lower carat recoveries and revenues during the second half of 2024, resulting in the mine underperforming against internal targets and prior years in terms of recoveries and revenue.

The Kimberlite Bulk Sampling program to locate the source(s) of the alluvial diamonds at Lulo was continued during the year.

The current Mineral Investment Contract (MIC) for the Kimberlite JV expired in May 2024 but has been extended while the new MIC is being finalised and implemented. Under the new MIC Lucapa will obtain a majority stake in the Joint-Venture.

Lesotho

The Board decided to dispose of its 70% stake in the Mothae mine following a strategic review of the Group's assets. The sale, to a locally owned business in Lesotho was concluded effective at 31 July2024.

Australia

NORTHERN TERRITORY

Following the suspension of the Merlin Diamond Project Feasibility Study during 2023, a low-cost, smaller-scale pathway to development was developed in 2024. The Group is currently in the process of considering alternative sources of funding for the plan.

WESTERN AUSTRALIA

Following an extensive program conducted in 2023, further targets were selected for testing during the current year and results from drilling and geochemical and heavy mineral samples were announced to the ASX on 2 April 2024. Certain targets/areas of interest were identified but require further work and the Board has put the future of Brooking under review.

Botswana

A drilling program was conducted during H1 to confirm if kimberlite was present in a geophysical target at the project. None was observed from the results and therefore no further work was planned. The exploration licence was allowed to lapse in June 2024.

Corporate

In February 2024, a general meeting of shareholders approved a 1 for 5 share consolidation which was completed in March 2024.

A short-term loan of US$0.6 million was arranged during the year from New Azilian Pty Ltd, an entity associated with former non-executive Director, Ross Stanley, for purposes of advancing exploration work at Merlin.

In December 2024, Lucapa undertook a gross US$1.9 million (A$ 3 million) capital raising through a two-tranche share placement in terms of which US$0.6m (net of fees) were received during the period. The funds for the second tranche and the Share Purchase Plan, which were subject to shareholder approval, were received after the reporting date.

Business Risks

Diamond prices and marketability

The ultimate profitability of the Company's operations will be dependent upon the market price and marketability of diamonds. There is a risk that a profitable market may not exist for the sale of diamonds produced by the Company.

Commodity prices, including diamond prices fluctuate widely and are affected by numerous factors beyond the control of the Company. General economic factors as well as the world supply of mineral commodities in general, the stability of exchange rates and political developments can all cause significant fluctuations in diamond prices. The prices of mineral commodities have fluctuated widely in recent years and future diamond price declines could cause commercial production to be uneconomic, thereby having a material adverse effect on the Company's business, financial condition and results of operations.

Moreover, resource and reserve estimates and studies using different diamond prices than the prevailing market price could result in material write-downs of the Company's investment in the assets and even a reassessment of the economic feasibility of the Company's projects which could result in putting one or more projects on care and maintenance and slowing down operations until there is a change in diamond prices. Despite the high quality of the diamond production from the Company's operation, an increase in the acceptance of manufactured (synthetic or lab-grown) gem-quality diamonds for the jewellery industry could negatively affect the market for natural stones.

Sovereign risks

In addition to its activities in Australia, the Company is also involved in operations in Angola and may explore other opportunities in other countries in the future.

Whilst the Directors are of the opinion that the democratic and regulatory systems in those countries are relatively stable, the Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors. There can be no assurance that the political environment in these jurisdictions will continue and this could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

The Company's projects and businesses may be adversely impacted by acts of terrorism or war. While the Company will undertake all reasonable due diligence in assessing the risks of terrorism and war in the countries and regions in which it invests, the risks of acts of terrorism and war cannot be fully mitigated.

Other risks and uncertainties include, but are not limited to, high rates of inflation, labour unrest, mass migration, pandemics, shortages of food, water, currency exchange fluctuations, limitations or delays in repatriation of profits, renegotiation or nullification of existing licences, changes in taxation policies, currency controls and regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens, or purchase supplies from, a particular jurisdiction.

The occurrence of any of these risks or any material changes in government policies, attitude or legislation that affect foreign investment, repatriation of foreign currency, taxation or mineral exploration, development or mining activities, may adversely affect the viability and profitability of the Company's assets and operations in Angola or other southern African jurisdictions in a highly material manner. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral tenure and development, could result in loss, reduction or expropriation of entitlements.

Industry profitability can be affected by changes in government within Angiola, South Africa, Australia and elsewhere, which are not within the control of the Company. The Company's activities are subject to extensive laws and regulations controlling not only the activities of the Company, and the possible effects of those activities on the environment and on the interests of local inhabitants, among other things.

Licences and permits from regulatory authorities are required for many aspects of the Company's activities. There is no guarantee that the required licences in Angola or Australia will continue to be extended past the current expiry dates and this could materially affect the Company's prospects, operations, financial condition and results of operations.

Whilst the Company is satisfied that it has taken reasonable measures to ensure an unencumbered right to explore, develop its licence areas in Angola and Australia some of these countries are subject to greater risks than more developed markets, including significant legal, economic and political risks. Title to mining properties in Angola and Australia is subject to potential litigation by third parties claiming an interest in them and the failure to comply with all applicable laws and regulations, including failure to pay taxes, meet minimum expenditure requirements or carry out and report assessment work may invalidate title to mineral rights held by the Company.

Regulatory delays

The business of mineral exploration, project evaluation, development, mining and processing is subject to various national and local laws and plans relating to, amongst others, licencing and maintenance of title; environmental consents; taxation; employee relations; heritage or historic matters; health and safety; royalties; land acquisition and other matters.

Although the Board believe that the Company is well placed to have all of its licences issued or renewed in relation to its material assets, should the Company identify future development opportunities or operations there is a risk that the necessary concessions, permits, licences, consents, titles, authorisations and agreements to implement planned exploration, project development, or mining may not be obtained or renewed under conditions or within time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

Risks and hazards inherent in exploration, development and mining

Exploration, evaluation, development and mining generally involves a high degree of risk. The Company's operations are and will continue to be subject to all the hazards and risks normally incidental to exploring for, evaluating, developing and mining diamond resources.

Whilst the Company has taken, and will continue to take, all precautions necessary to minimize risk, the Company's operations will be exposed to hazards including, but not limited to: environmental hazards, periodic interruptions due to bad or hazardous weather conditions, unusual or unexpected geology or grade problems, unanticipated changes in the gravels or ore-body characteristics and diamond recovery, difficulties in sourcing, commissioning and operating plant and equipment, mechanical failure or plant breakdown, unexpected shortages, delays or increases in the sourcing or cost of consumables, spare parts, plant and equipment, industrial or labour disputes, seismic activity, flooding, fire, equipment failure, pit wall failure and other conditions involved in the exploration, evaluation, development and mining activities.

Dividends

No dividends were paid or declared by the Company during the current or prior financial year.

Environmental Regulation

The Group's mining and exploration activities are subject to various environmental regulations. The respective Company, subsidiary and associate Boards are responsible for the regular monitoring of environmental exposures and compliance with environmental regulations.

The Group is committed to achieving a high standard of environmental performance and conducts its activities in a professional and environmentally conscious manner and in accordance with applicable laws and permit requirements.

The Board believes the Group has adequate systems in place for the management of its environmental requirements and is not aware of any material breach of those environmental requirements as they apply to the projects.

Events Subsequent to Reporting Date

On 21 January 2025, Lucapa announced the results from the first modern geophysical survey conducted in 25 years at its Merlin project. A preliminary review of the electromagnetic survey data has identified two large and highly conductive base metal targets.

On 22 January 2025, Lucapa announced that all resolutions put to shareholders in respect of the A$3 million capital raising announced on 5 December 2024, were carried and decided by way of a poll.

On 22 January 2025, Lucapa announced the completion of its Share Purchase Plan (SPP) following the closing of applications on 23 January 2025. The SPP was announced on 11 December 2024 with terms of the SPP offer detailed in the Prospectus dated 23 December 2024. The SPP raised A$405,000 and 20,250,000 new fully paid ordinary shares in the Company were issued under the SPP on 30 January 2025.

On 29 January 2025, Lucapa announced that it has completed Tranche 2 of the capital raising previously announced on 5 December 2024. The Company has raised A$1.8M (before costs) via the placement of 90,006,901 new fully paid ordinary shares (Placement Shares) at an issue price of A$0.02 per share. The issue of the Placement Shares was approved by Shareholders at a General Meeting held 22 January 2025 and rank equally with the existing fully paid ordinary shares on issue. In addition to the Placement Shares, the Company has issued 16,474,800 new fully paid ordinary shares (Employee Shares) to directors and senior management at a deemed issue price of A$0.02 per share to convert A$329k of accrued fees, remuneration and expenses. The issue of the Employee Shares was approved by Shareholders at a General Meeting held 22 January 2025 and rank equally with the existing fully paid ordinary shares on issue.

On 3 February 2025, Lucapa announced that operations at Lulo have been disrupted following a blockade of all entrances to the mine by the local community leaders.

On 20 February 2025, Lucapa announced the recommencement of mining operations at Lulo following the peaceful end to the blockade by local community leaders. Processing of existing stockpiles was able to continue throughout the blockade, ensuring that monthly carat targets remained on track against targets. SML has reiterated its commitment to its existing social programs and is also revieing its alluvial mining plan to attempt to mitigate the impact caused by the stoppage.

Likely Developments

The Directors consider the following as a summary of the likely developments and expected results for the next 12 months.

Lulo, Angola

It is expected that Lucapa and its partners will continue alluvial mining and mine development at Lulo in 2025 alongside the alluvial exploration program. Further sales of Lulo diamonds are planned, with more diamonds continuing to be delivered into the cutting & polishing partnership with Safdico.

It is expected the new Mineral Investment Contract for the Project Lulo Kimberlite Exploration JV will be signed with Lucapa to receive a majority stake in the JV. The exploration program to find the kimberlite source of the alluvial diamonds will be continued.

Merlin Diamonds, Northern Territory, Australia

An investment decision will be made in connection with the Merlin development in terms of a smaller scale low-cost development plan with an appropriate funding solution to maximise the benefits for all stakeholders.

Exploration for kimberlite and base metal targets will continue at Merlin in 2025.

Brooking, Western Australia

The Board will review its strategic options following the decision not to pursue further exploration work on the project.

Directors' Interests

The relevant interest of each Director in the shares and options over such instruments issued by the Company and other related bodies corporate, as notified by the Directors to the ASX in accordance with S205G(1) of the Corporations Act 2001, at the date of this report is as follows:

Director	Fully paid ordinary shares	Performance rights - various expiry dates [1]
M Kennedy	623,364	-
R Beevor	766,667	-
A Kidman	308,012	737,645

[1] *Performance rights issued following shareholder approval at the annual general meetings held 30 May 2022 and 30 May 2023, subject to various vesting conditions.*

Share Options and Performance Rights

Unissued Shares Under Options and Performance Rights

At the date of this report unissued ordinary shares of the Company under option and performance rights are set out below. These options and performance rights over unissued shares do not entitle the holder to participate in any share issue of the Company or any other body corporate.

Expiry date	Exercise price (A$)	Number of securities	Quoted
Share options			
30 July 2025	$0.08	1,000,000	-
Performance rights			
Various expiry dates [1]	$0.00	5,586,219	-

[1] *Performance rights issued following shareholder approval at the annual general meetings held 30 May 2022 and 30 May 2023, subject to various vesting conditions.*

Remuneration Report (Audited)

Principles of Compensation

Key management personnel ("KMP") have authority and responsibility for planning, directing and controlling the activities of the Group. KMP comprises the Directors of the Company.

Compensation levels for KMP are competitively set to attract and retain appropriately qualified and experienced Directors and Executives. The Directors of the Company obtain independent advice on the appropriateness of compensation packages of KMP given trends in comparative companies both locally and internationally, and the objectives of the Group's compensation strategy.

The compensation structures are designed to attract and retain suitably qualified industry experts and candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. Compensation packages include a mix of fixed compensation, equity-based compensation as well as employer contributions to superannuation funds.

Shares, options and performance rights may only be issued to Directors subject to approval by shareholders at a general meeting.

Fixed Compensation

Fixed compensation consists of base compensation, determined from a market review, to reflect core performance requirements and expectations of the relevant position and statutory employer contributions to superannuation funds. Compensation levels are generally reviewed annually by the Board through a process that considers individual, segment, comparable peers and overall performance of the Group.

Directors' Fees

Total compensation for Directors is set based on advice from external advisors with reference to fees paid to other Directors of comparable companies. Non-Executive Directors' fees are presently limited to an aggregate total of US$500,000 per annum, excluding the fair value of any options or performance rights granted. Directors' fees cover all main Board activities and membership of any committee and subsidiary Boards. The Board has no established retirement (other than superannuation) or redundancy schemes in relation to Directors. The Directors' contracts contain a service bonus in the event of a takeover or change of control, subject to shareholder approval where required.

Use of Remuneration Consultants

The Board has previously engaged an independent remuneration consultant, BDO Reward WA Pty Limited (BDO) to review the pay and rewards for Directors and senior executives including independent benchmarking as the Company continues to maximise operating performance from its existing mines and exploration programs and moves toward the development of the Merlin Project in the Northern Territory, Australia.

The recommendations were incorporated into the Group's Incentive and Retention Plan (Plan), which was approved by shareholders at the annual general meeting held on 30 May 2022.

Equity-based Compensation

The purpose of the Plan is to assist in the incentivisation, reward and retention of Directors and management, align their interests with those of the shareholders of the Company and to focus on the Company's development strategy through the award of equity-based incentives in the form of options or performance rights.

Short-term and Long-term Incentive Structure and Consequences of Performance on Shareholder Wealth

Given the Group's principal activities during the course of the financial period consisting of exploration, evaluation, development and mining of mineral resources, successful expansion and acquisition workstreams, the Board has for 2023 given significance to service criteria, performance criteria and overall market related criteria in setting the Group's incentive and retention schemes.

The Board does not consider the Group's earnings to be the only appropriate key performance indicator for setting remuneration packages. In addition, the issue of options and performance rights as part of the remuneration package of Directors, management, employees and contractors is an established practice for listed exploration, development and mining companies and has the benefit of conserving cash whilst appropriately rewarding and retaining the recipient.

In circumstances where cash flow permits, the Board may approve the payment of a discretionary cash bonus as a reward for performance.

In considering the relationship between the Group's remuneration policy and the consequences for the Company's shareholder wealth, changes in the Company's share price are also considered.

The Board currently monitors and reviews the remuneration level and policy of the Group as the Company does not have a Remuneration Committee given the size of the Board. However it is intended that a Remuneration Committee will be established comprised by a majority of independent Directors as the Company transitions to become a mid-tier producer and explorer.

Remuneration Outcomes (FY24 & FY23)

The Board believes that the current remuneration framework is appropriate and fit-for-purpose based on the Company's development and growth profile and to drive and deliver the outcomes desired by all shareholders.

The FY23 framework for STI's in the form of cash and equity and LTI's in the form of equity, were to be measured against the Company's relevant targets and individual key performance indicators (KPI's) in FY23 such as:

STI's

- Company Targets
  - Production
  - Operating and Capital Expenditures
  - ESG/ Safety
  - Exploration
- Individual KPI's for participants in the Incentive Plan

LTI's

- Absolute Shareholder return

A Performance Right is exercisable, at no cost, on satisfaction of relevant performance hurdles, into a Share. The Performance Rights proposed to be granted to the Executive Directors will vest based on the achievement of short term, project based and long-term incentive performance hurdles respectively and as a key staff retention mechanism, employment with the Company at time of vesting.

For 2024, the incentive and retention portion of the Plan was not implemented due to various changes in the Group as well as in the composition of the Board.

Details for the remuneration outcomes for the year ended 31 December 2024 are summarised below.

EXECUTIVE FIXED REMUNERATION

In FY24, Mr Selby's total annual fixed remuneration was adjusted for the increased superannuation guarantee to A$597,838 and Mr Kidman was appointed as Managing Director/ Chief Executive Officer at a total annual fixed remuneration of A$505,000.

EXECUTIVE INCENTIVES

Short-term incentives (STI)

The Company's STI framework was established in FY22 following the recommendations from BDO whereby performance measures set for the KMP and key staff based upon the Company's relevant targets for the year in relation to production, operating & capital expenditure, ESG/safety and exploration, together with personal performance indicators (KPIs).

No STI awards were made to KMPs during FY24.

Long-term incentives (LTI)

The Company's LTI framework was established in FY22 following the recommendations from BDO whereby performance measures set for the KMP and key staff based upon the Company's Absolute Shareholder Return over a three year period.

No LTI awards were made to KMPs during FY24.

NON-EXECUTIVE DIRECTOR REMUNERATION

In FY24 Mr Kennedy's total annual fixed remuneration was reduced to A$133,800 after stepping down as Chairman and Mr Stanley's total annual fixed remuneration remained at A$ 127,827 until his resignation. Mr Brown was appointed as Chairman at a total annual fixed remuneration of

A$178,400 and Mr Beevor as non-executive Director at A$133,800.

Service contracts (as at the date of these financial statements)

NICK SELBY

Mr Selby resigned as the Company's Managing Director/ Chief Executive Officer on 21 November 2024 and as Director on 31 December 2024. Mr Selby was entitled to receive remuneration of A$595,000 (gross, including superannuation) per annum which is subject to review by the Board from time to time.

ALEX KIDMAN

Mr Kidman has been engaged to act as the Company's Managing Director/ Chief Executive Officer. Mr Kidman is entitled to receive remuneration of A$505,000 (gross, including superannuation) per annum which is subject to review by the Board from time to time. He will be eligible to participate in any future incentive and retention plans implemented by the Board. Shareholder approval will be sought for his participation in any incentive plan involving equity of the Company. The appointment may be terminated for various causes of a standard nature. Upon termination, no benefits are due unless approved by shareholders.

STUART BROWN

Mr Brown has been engaged to act as a non-executive Chairman of the Company. Mr Brown is entitled to receive Director fees of A$178,400 (gross) per annum, which is subject to review by the Board from time to time. The appointment may be terminated for various causes of a standard nature. Upon termination, no benefits are due unless approved by shareholders.

RONNIE BEEVOR

Mr Beevor has been engaged to act as a non-executive Director of the Company. Mr Beevor is entitled to receive Director fees of A$133,800 (gross) per annum, which is subject to review by the Board from time to time. The appointment may be terminated for various causes of a standard nature. Upon termination, no benefits are due unless approved by shareholders.

MILES KENNEDY

Mr Kennedy has been engaged to act as a non-executive Director of the Company. Mr Kennedy is entitled to receive Director fees of A$133,800 (gross) per annum, which is subject to review by the Board from time to time. The appointment may be terminated for various causes of a standard nature. Upon termination, no benefits are due unless approved by shareholders.

Mr Kennedy is entitled to be reimbursed all his travel, accommodation, food and other expenses in the conduct of his role as non-executive Director of the Company and to a rate of A$500 a day in respect of each day worked by him in excess of 4 days in any calendar month.

KMP Remuneration

Details of the nature and amount of each major element of remuneration (in USD) of each KMP of the Company are:

Key management personnel	Period ended	Short-term benefits: Salary & fees	Short-term benefits: Bonus	Post employment benefits: Superannuation benefits	Equity-settled share based payments: Options and performance rights[1]	Total (US$)
Executive Directors						
Alex Kidman, Chief Executive Officer/ Managing Director	Dec 24	28,837	-	1,652	(279)	**30,210**
appointed as CEO/MD 21 Nov 2024, formerly employed as Group Operations Manager	Dec 23	-	-	-	-	**-**
Nick Selby, former Chief Executive Officer/ Managing Director	Dec 24	375,161	-	19,000	(73,220)	**320,942**
resigned as CEO/MD 21 Nov 2024 and as director 31 Dec 2024	Dec 23	333,537	166,614	18,144	105,996	**624,291**
Stephen Wetherall, former Chief Executive Officer/ Managing Director	Dec 24	-	-	-	-	**-**
resigned 31 Jul 2023	Dec 23	527,649	-	15,120	81,656	**624,425**
Non-Executive Directors						
Stuart Brown, Non-Executive Chairman	Dec 24	86,990	-	-	-	**86,990**
appointed 8 Apr 2024	Dec 23	-	-	-	-	**-**
Ronnie Beevor, Non-Executive Director	Dec 24	60,479	-	6,573	-	**67,052**
appointed 8 Apr 2024	Dec 23	-	-	-	-	**-**
Miles Kennedy, Non-Executive Director	Dec 24	88,754	-	12,860	-	**101,614**
Non-executive Chairman until 8 Apr 2024	Dec 23	114,575	-	18,144	-	**132,719**
Ross Stanley, Non-Executive Director	Dec 24	20,490	-	2,254	-	**22,744**
resigned 8 Apr 2024	Dec 23	73,478	-	7,905	-	**81,383**
Total	**Dec 24**	**660,712**	**-**	**42,339**	**(73,499)**	**629,552**
	Dec 23	**1,049,239**	**166,614**	**59,313**	**187,652**	**1,462,818**

Equity Investments

All options refer to options and performance rights over ordinary shares of the Company, which are exercisable on a one-for-one basis.

Analysis of movements in options, performance rights and shares

OPTIONS AND PERFORMATION RIGHTS OVER EQUITY INSTRUMENTS

The movement during the reporting period in the number of options and performance rights over ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

	Held at 1 January or date of appointment	Adjustment for share consolidation (5:1) on 13 Mar 24	Exercise of options and performance rights	Expired without exercise	Options and performance rights granted	Held at 31 December or date of resignation	Vested & exercisable
2024							
Directors							
S Brown *(appointed 8 Apr 24)*	-	-	-	-	-	**-**	-
R Beevor *(appointed 8 Apr 24)*	-	-	-	-	-	**-**	-
M Kennedy	-	-	-	-	-	**-**	-
R Stanley *(resigned 8 Apr 24)*	-	-	-	-	-	**-**	-
A Kidman *(appointed 21 Nov 24)*	737,645	-	-	-	-	**737,645**	289,718
N Selby *(resigned 31 Dec 24)*	7,176,494	(5,741,195)	(240,099)	(896,400)	-	**298,800**	-
2023							
Directors							
M Kennedy	-	-	-	-	-	**-**	-
R Stanley	-	-	-	-	-	**-**	-
N Selby	7,644,300	-	-	(467,806)	-	**7,176,494**	1,200,494
S Wetherall *(resigned 31 July 2023)*	14,234,220	-	-	(9,333,469)	-	**4,900,751**	4,900,751

MOVEMENTS IN SHARES

The movement during the reporting period in the number of ordinary shares in the Company held, directly, indirectly or beneficially, by each KMP, including their related parties, is as follows:

Directors	Held at 1 January or date of appointment	Adjustment for share consolidation (5:1) on 13 Mar 24	Received upon exercise of options and performance rights	Sales	Purchases	Held at 31 December or date of resignation
2024						
Directors						
S Brown *(appointed 8 Apr 24)*	-	-	-	-	-	**-**
R Beevor *(appointed 8 Apr 24)*	766,667	-	-	-	-	**766,667**
M Kennedy	3,116,819	(2,493,455)	-	-	-	**623,364**
R Stanley *(resigned 8 Apr 24)*	87,156,600	(69,725,280)	-	-	-	**17,431,320**
A Kidman *(appointed 21 Nov 24)*	308,012	-	-			**308,012**
N Selby *(resigned 31 Dec 24)*	2,187,350	(1,749,880)	240,099	-	-	**677,569**
2023						
Directors						
M Kennedy	3,116,819	-	-	-	-	**3,116,819**
R Stanley	80,940,347	-	-	-	6,216,253	**87,156,600**
N Selby	2,187,350	-	-	-	-	**2,187,350**
S Wetherall *(resigned 31 July 2023)*	4,425,100	-	-	-	-	**4,425,100**

No shares were granted to KMP during the reporting period as compensation in 2024 or 2023.

End of audited section.

Indemnification and Insurance of Officers and Directors

The Company has entered into deeds of indemnity, insurance and access ("Deeds") with each of its Directors. Under these Deeds, the Company indemnifies each Director or officer to the maximum extent permitted by the Corporations Act 2001 from liability to third parties and in successfully defending legal and administrative proceedings and applications for such proceedings. The Company must use its best endeavours to insure a Director or officer against any liability, which does not arise out of conduct constituting a wilful breach of duty or a contravention of the Corporations Act 2001. The Company must also use its best endeavour to insure a Director or officer against liability for costs and expenses incurred in defending proceedings whether civil or criminal.

The Company has, during and since the end of the year, in respect of any person who is an officer of the Company or a related body corporate, paid a premium in respect of Directors and Officer liability insurance which indemnifies Directors, officers and the Company of any claims made against the Directors, officers of the Company and the Company, subject to conditions contained in the insurance policy. The Directors have not included details of the premium paid in respect of the Directors' and officers' liability and legal expenses' insurance contracts, as such disclosure is prohibited under the terms of the contract.

The Company has not entered into any agreement to indemnify the auditors against any claims by third parties arising from their reports on the financial report for the year ended 31 December 2024 and prior period ended 31 December 2023.

Auditor Independence and Non-Audit Services

The Directors received the following declaration from the Company's auditors, Elderton Audit Pty Ltd:

ELDERTON
AUDIT PTY LTD

Auditor's Independence Declaration

To those charged with the governance of Lucapa Diamond Company Limited

As the lead auditor for the audit of Lucapa Diamond Company Limited for the year ended 31 December 2024, 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 audit; and

ii. no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lucapa Diamond Company Limited and the entities it controlled during the year.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Sajjad Cheema

Director

27 February 2025

Perth

Limited Liability by a scheme approved under Professional Standards Legislation

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During the period Elderton Audit Pty Ltd have not performed any other services for the Company in addition to their statutory audit and as a result the Directors are satisfied that auditors have not compromised the auditor independence requirements of the Corporations Act 2001.

Details of the amounts paid to the current auditor of the Company, Elderton Audit Pty Ltd are set out below:

	31 Dec 2024	31 Dec 2023
	US$	
Audit services	35,840	40,027
Other services	-	-
	35,840	**40,027**

Signed in accordance with a resolution of the Directors, on behalf of the Directors.

STUART BROWN

Chairman

Dated this 27th FEBRUARY 2025

Consolidated Financial Statements

Consolidated Statement of Profit or Loss

FOR YEAR ENDED 31 DECEMBER 2024

	Note	31 Dec 2024	31 Dec 2023
		US$000	
CONTINUING OPERATIONS			
Share of (loss)/ profit of associate	11	(885)	4,195
Corporate expenses	3	(2,769)	(3,160)
Share-based payments	13	83	(741)
Foreign exchange loss		(1,562)	(32)
Operating (loss)/ profit		**(5,133)**	**262**
Finance cost	4	(41)	(282)
Finance income	4	7	11
Fair value adjustments	8	-	2,354
(Loss)/ profit before income tax		**(5,167)**	**2,345**
Income tax expense	5	(310)	(217)
(Loss)/ profit after income tax from continuing operations		**(5,477)**	**2,128**
DISCONTINUED OPERATIONS			
Profit/ (loss) from discontinued operations, after tax	6	3,973	(19,363)
Loss for the period		**(1,504)**	**(17,235)**
Attributable to:			
Owners of the Company		(20,488)	(9,051)
Non-controlling interests		18,984	(8,184)
		(1,504)	**(17,235)**
Earnings per share	7	**Cents**	**Cents**
Basic loss per share		(7.02)	(3.14)
Basic (loss)/ profit per share - continuing operations		(1.88)	0.74
Diluted loss per share		(6.79)	(3.02)
Diluted (loss)/ profit per share - continuing operations		(1.82)	0.71

The Consolidated Statement of Profit or Loss is to be read in conjunction with the accompanying notes.

Consolidated Statement of Other Comprehensive Income

FOR YEAR ENDED 31 DECEMBER 2024

	31 Dec 2024	31 Dec 2023
	US$000	
Loss for the period	(1,504)	(17,235)
Other comprehensive (loss)/income	(5,269)	2,471
Total comprehensive loss for the year	**(6,773)**	**(14,764)**
Attributable to:		
Owners of the Company	(24,210)	(7,323)
Non-controlling interests	17,437	(7,441)
	(6,773)	**(14,764)**

The Consolidated Statement of Other Comprehensive Income is to be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 31 DECEMBER 2024

	Note	31 Dec 2024	31 Dec 2023
		US$000	
Assets			
Cash and cash equivalents	*8a*	194	1,317
Trade and other receivables	*8b*	260	2,466
Contract assets		-	833
Inventories	*9*	25	2,351
Other current financial assets	*8c*	1,142	3,923
Total current assets		**1,621**	**10,890**
Property plant and equipment	*10*	52,005	51,863
Non-current financial assets	*8c*	635	699
Investment in associate	*11*	13,396	18,281
Total non-current assets		**66,036**	**70,843**
Total assets		**67,657**	**81,733**
Liabilities			
Trade and other payables	*8d*	1,691	8,231
Current borrowings	*8e*	623	235
Total current liabilities		**2,314**	**8,466**
Non-current provisions	*12*	542	1,956
Deferred tax liabilities	*5*	26	26
Total non-current liabilities		**568**	**1,982**
Total liabilities		**2,882**	**10,448**
Net assets		**64,775**	**71,285**
Equity			
Share capital	*13*	155,027	154,230
Reserves		(5,647)	(1,344)
Accumulated losses		(84,605)	(64,164)
Equity attributable to owners of the Company		**64,775**	**88,722**
Non-controlling interests		-	(17,437)
Total equity		**64,775**	**71,285**

The Consolidated Statement of Financial Position is to be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR YEAR ENDED 31 DECEMBER 2024

	Note	Issued capital	Share based payments reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
				US$000				
Balance at 1 January 2023		154,230	158	(3,956)	(55,129)	95,303	(9,996)	85,307
Comprehensive income for the period								
Loss for the period		-	-	-	(9,051)	(9,051)	(8,184)	(17,235)
Other comprehensive income		-	-	1,728	-	1,728	743	2,471
Total comprehensive income/ (loss) for the period		**-**	**-**	**1,728**	**(9,051)**	**(7,323)**	**(7,441)**	**(14,764)**
Transactions with owners, in their capacity as owners								
Issue of options	*13*	-	742	-	-	742	-	742
Expiry of options		-	(16)	-	16	-	-	-
Total transactions with owners		**-**	**726**	**-**	**16**	**742**	**-**	**742**
Balance at 1 Janaury 2024		**154,230**	**884**	**(2,228)**	**(64,164)**	**88,722**	**(17,437)**	**71,285**
Comprehensive income for the period								
(Loss)/ profit for the period		-	-	-	(20,488)	(20,488)	18,984	(1,504)
Other comprehensive (loss)/ income		-	-	(3,769)	47	(3,722)	(1,547)	(5,269)
Total comprehensive (loss)/ income for the period		**-**	**-**	**(3,769)**	**(20,441)**	**(24,210)**	**17,437**	**(6,773)**
Transactions with owners, in their capacity as owners								
Issue of share capital		555	-	-	-	555	-	555
Issue of options	*13*	-	373	-	-	373	-	373
Expiry of options	*13*	-	(456)	-	-	(456)	-	(456)
Transfer of reserves on exercise of options		324	(451)	-	-	(127)	-	(127)
Share issue expenses		(82)	-	-	-	(82)	-	(82)
Total transactions with owners		**797**	**(534)**	**-**	**-**	**263**	**-**	**263**
Balance at 31 December 2024		**155,027**	**350**	**(5,997)**	**(84,605)**	**64,775**	**-**	**64,775**

The Consolidated Statement of Changes in Equity is to be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR YEAR ENDED 31 DECEMBER 2024

	Note	31 Dec 2024 US$000	31 Dec 2023
Cash flows from operating activities			
Receipts from products and related debtors		9,638	24,817
Cash paid to suppliers and employees		(12,353)	(26,739)
Interest and finance cost		(6)	(997)
Interest received		8	17
Net cash used in operating activities		**(2,713)**	**(2,902)**
Cash flows from investing activities			
Payments for exploration costs		(535)	(1,031)
Payments for development		(1,483)	(3,345)
Dividend and receivable proceeds from associate		2,500	7,875
Payments for property plant and equipment		(171)	(692)
Net cash generated from investing activities		**311**	**2,807**
Cash flows from financing activities			
Proceeds from issue of share capital		555	-
Share issue costs		(81)	-
Repayment of borrowings		-	(5,463)
Proceeds from borrowings		644	-
Net cash generated from/ (used in) financing activities		**1,118**	**(5,463)**
Net decrease in cash and cash equivalents		**(1,284)**	**(5,558)**
Cash and cash equivalents at beginning of period		1,317	6,905
Exchange loss on foreign cash balances		-	(30)
Cash and cash equivalents disposed of	6	161	-
Cash and cash equivalents at end of period	*8a*	**194**	**1,317**
Reconciliation of loss after tax to cash flows from operations:			
Loss for the period (including discontinued operations)		(2,824)	(17,235)
Adjustments for:			
Depreciation expense		2,422	5,841
Loss on disposal of assets		1,320	1
Impairment (gain)/ charge		(3,451)	13,370
Director and employee options	*3*	(83)	741
Exchange gains		-	29
Interest and other finance costs paid		694	(463)
Fair value loss on financial assets		-	(2,354)
Share of profit of associate		885	(4,195)
Other non cash items		(30)	(867)
Working Capital adjustments:		-	
Change in inventory		306	6
Change in trade and other receivables		(63)	(844)
Change in trade and other payables relating to operating activities		(1,889)	3,068
Net cash used in operating activities		**(2,713)**	**(2,902)**

The Consolidated Statement of Cash Flows is to be read in conjunction with the accompanying notes.

Notes to the Consolidated Financial Statements

1. Basis of Preparation

Corporate Information

Lucapa Diamond Company Limited ("Lucapa" or "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, its subsidiaries and associates (collectively "the Group") are primarily involved in the exploration, evaluation, development and mining on diamond projects in Africa and Australia.

Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards ("AASBs") (including Australian Interpretations) adopted by the Australian Accounting Standards Board ("AASB") and the Corporations Act 2001. The financial report of the Group complies with International Financial Reporting Standards ("IFRSs") and interpretations adopted by the International Accounting Standards Board ("IASB").

The basis of preparation of the financial report is set out below and in the notes to the consolidated financial statements. The financial statements were authorised for issue by the Board of Directors on the date of the Directors' report.

Basis of measurement

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activities and the realisation of assets and settlement of current liabilities in the ordinary course of business.

Going concern

The Group incurred a net loss of US$1.5 million during the year ended 31 December 2024 and incurred cash outflows of US$2.7 million from operating activities with a net decrease of US$1.3 million in cash and cash equivalent for the year then ended.

The Directors believe that the going concern basis is appropriate for the following reasons:

- The diamond market is relatively stable for higher value production despite volatility experienced in the overall market during 2024;
- Prior year inflationary environment pressures on costs and the supply chains have improved;
- The book value of the Group's assets exceeds its liabilities by US$64.8 million;
- All approvals for SML to repay Lucapa's alluvial investment loan are in place and are expected to follow directly following SML shareholder approval;
- The Group has historically been successful in raising equity for the furtherance of its projects and under ASX Listing Rule 7.1 the Company has the capacity to place securities to raise equity: and
- The Group has historically been successful in raising and restructuring debt facilities.

However, despite the Group's previous track record in sourcing new funds for its projects, there remains no assurance that the Group in future will be successful in obtaining funding as and when needed.

In the event that the Group is unsuccessful in the matters set out above in relation to obtaining future funds, there is a material uncertainty whether the Group will continue as a going concern, and therefore whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial statements

The financial statements do not include any adjustments relating to recoverability and classification of asset carrying amounts or to amounts and classification of liabilities that might result should the Company be unable to continue as a going concern.

Notes to the Consolidated Financial Statements

2. Segment Reporting

Financial Overview

		Exploration & Evaluation		Mining		Corporate & other	Discontinued operations	Total
		Angola	Australia	Angola	Australia	Australia	Various*	
				US$000				
Period ended 31 December 2024	**Profit or loss**							
	External revenue	-	-	-	-	-	10,571	**10,571**
	Inter-segment	-	-	-	-	-	-	**-**
	Total revenue	**-**	**-**	**-**	**-**	**-**	**10,571**	**10,571**
	Depreciation	-	-	-	-	158	2,264	**2,422**
	Share-based payments	-	-	-	-	(83)	-	**(83)**
	Segment operating profit/ (loss)	-	-	(885)	-	(4,248)	1,209	**(3,924)**
	Net finance (costs)/ income	-	-	-	-	(34)	(694)	**(34)**
	Profit/ (loss) before income tax	-	-	(885)	-	(4,282)	3,973	**(1,194)**
	Other segment information							
	Capital expenditure	4,793	-	-	1,791	4	10,451	**17,039**
As at 31 December 2024	**Assets and liabilities**							
	Segment assets	36,221	96	15,102	15,815	418	5	**67,657**
	Segment liabilities	-	26	-	695	2,151	10	**2,882**
Period ended 31 December 2023	**Profit or loss**							
	External revenue	-	-	-	-	-	27,999	**27,999**
	Inter-segment	-	-	-	-	-	-	**-**
	Total revenue	**-**	**-**	**-**	**-**	**-**	**27,999**	**27,999**
	Depreciation	-	-	148	-	11	4,928	**5,087**
	Share-based payments	-	-	-	-	741	-	**741**
	Segment operating profit/ (loss)	-	-	4,047	-	(2,841)	(20,061)	**(18,855)**
	Net finance (costs)/ income	-	-	-	-	6,704	(7,221)	**(517)**
	Impairment loss	-	-	-	-	-	(13,370)	**(13,370)**
	Profit/ (loss) before income tax	-	-	4,550	-	5,714	(27,282)	**(17,018)**
	Other segment information							
	Capital expenditure	4,036	-	-	3,240	5	2,601	**9,882**
As at 31 December 2023	**Assets and liabilities**							
	Segment assets	31,428	-	22,914	15,601	1,554	10,236	**81,733**
	Segment liabilities	-	-	-	658	993	8,797	**10,448**

** Lesotho (Mothae), Botswana (Orapa Area F) and Australia (Brooking)*

Notes to the Consolidated Financial Statements

Segment Reporting (continued)

Additional Information

The Group engages in business activities within the following business segments:

- exploration & evaluation in Angola;
- mining in Angola, mine development and exploration & evaluation in Australia;
- mining in Lesotho and exploration & evaluation in Botswana and Western Australia were discontinued during 2024; and
- corporate and other administrative functions in Western Australia to support and promote its activities.

The Group's operating segments are managed by geographical region as the risks and required rates of returns are largely affected by differences in the regions in which they operate.

Accounting policy

Segment disclosures are based on information that is provided to the Board of Directors, which is the Group's chief decision-making body.

An operating segment is a component of the Group that engages in business activities from which it may expend capital and generate revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components.

All operating segments' operating results, for which discrete financial information is available, are reviewed by the Group's Managing Director and management to assess their performance and make decisions with respect to the allocation of resources to that segment.

Notes to the Consolidated Financial Statements

3. Expenses

Financial Overview

	Note	31 Dec 2024 US$000	31 Dec 2023
Breakdown of expenses by nature			
Employee benefits expenses (excluding share based payments)		1,619	2,213
Depreciation and amortisation		158	159
Auditors remuneration		36	40
Mining and short term leases		120	119
Consulting fees and other administrative expenses		836	629
Total expenses		**2,769**	**3,160**
Breakdown of expenses by function			
Corporate expenses		2,769	3,160
Total expenses		**2,769**	**3,160**
Employee benefits expenses			
Wages, salaries and director remuneration		1,409	2,078
Superannuation costs		121	116
Share-based payments	13	(83)	741
Other associated employee expenses		89	19
		1,536	**2,954**
Auditors remuneration			
Elderton Pty Ltd (Auditors of parent company & consolidation)			
Audit services		36	40
Other services		-	-
		36	**40**
Other group auditors (for subsidiary companies)			
Audit services		-	10
Other services		-	-
		-	**10**
		36	**50**

Accounting policy

Expenses recognised in profit or loss are classified and presented on a functional basis.

Employee benefits

SHORT-TERM EMPLOYEE BENEFITS

Liabilities for employee benefits for wages, salaries and annual leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at the reporting date including related on-costs, such as workers compensation insurance and payroll tax.

Notes to the Consolidated Financial Statements

Expenses (continued)

LONG-TERM EMPLOYEE BENEFITS

The Group's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on-costs: that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

TERMINATION BENEFITS

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Share based payments

Refer note 13.

Notes to the Consolidated Financial Statements

4. Finance Cost and Income

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Finance cost		
Finance cost on borrowings	16	258
Unwinding of discount rate on rehabilitation liability	25	24
	41	**282**
Finance income		
Interest income on bank deposits	7	11
	7	**11**
Net finance cost on financial instruments	**34**	271

Accounting policy

Finance income and expenses comprises interest income on funds invested, interest expense on borrowings calculated using the effective interest method and unwinding of discounts on provisions.

Interest income is recognised in the statement of profit or loss and other comprehensive income as it accrues, using the effective interest method. All borrowing costs are recognised in the statement of profit or loss and other comprehensive income using the effective interest method.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Exchange differences arising from foreign currency borrowings used to acquire qualifying assets are regarded as an adjustment to the interest cost and included in the capitalised amount. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Notes to the Consolidated Financial Statements

5. Income Tax

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Current tax expense		
Current income tax charge	310	217
Current income tax adjustments relating to prior years	-	-
Deferred tax expense		
Relating to origination and reversal of temporary differences	-	-
Total income tax expense - Continuing operations	**310**	**217**
Total income tax expense - Discontinued operations	**-**	**-**
Reconciliation of tax expense and the accounting profit multiplied by Australia's domestic tax rate		
Net (loss)/ profit before tax - Continuing operations	(5,167)	2,345
Net profit/ (loss) before tax - Discontinued operations	3,973	(19,363)
	(1,194)	**(17,018)**
Income tax benefit using the Australian domestic tax rate of 30%	(358)	(5,105)
Increase in income tax due to tax effect of:		
Non-deductible expenses	1,641	481
Tax rate differential on foreign income	(1,894)	1,313
Net current year tax losses not recognised	-	2,325
Impact of movement in unrecognised temporary differences	8,261	-
Foreign taxes paid	310	217
Derecognition of previously recognised tax losses	5	4,209
Decrease in income tax expense due to:		
Non-assessable income	(57)	(608)
Share of profit of associate	266	(1,259)
Impact of movement in unrecognised temporary differences	-	(446)
Utilisation of previously unrecognised tax losses	(7,833)	(879)
Deductible equity raising costs	(31)	(31)
Income tax expense	**310**	**217**
Recognised deferred tax assets and liabilities		
Recognised deferred tax assets		
Tax losses	213	638
Accruals & provisions	246	565
Other	15	-
	474	**1,203**
Less: Set off of deferred tax liabilities	(474)	(1,203)
Net deferred tax assets	**-**	**-**
Recognised deferred tax liabilities		
Property plant and equipment	(26)	(627)
Capitalised interest and foreign exchange adjustments	(471)	-
Other	(3)	(602)
	(500)	**(1,229)**
Less: Set off of deferred tax assets	474	1,203
Net deferred tax liabilities	**(26)**	**(26)**
Deferred tax assets not recognised		
Tax revenue losses	875	20,028
Tax capital losses	4,089	4,501
Deductible temporary differences	29	16,233
	4,993	**40,762**

Notes to the Consolidated Financial Statements

Income Tax (continued)

Additional information

The estimated tax losses above may be available to be offset against taxable income in future years. The availability of these losses is subject to satisfying taxation legislative requirements. The deferred tax asset attributable to tax losses has not been brought to account in these financial statements because the Directors believe it is not presently appropriate to regard realisation of the future income tax benefits as probable.

Accounting policy

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit/ (loss) for the period. Taxable profit differs from net profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date for each jurisdiction.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit/ (loss) and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill (or negative goodwill) or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit/ (loss) nor the accounting profit/ (loss).

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited in the statement of profit or loss and other comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis

Notes to the Consolidated Financial Statements

6. Discontinued Operations

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Revenue	10,571	27,999
Cost of sales	(11,814)	(41,173)
Gross profit/(loss)	**(1,243)**	**(13,174)**
Royalties and selling expenses	(504)	(1,297)
Corporate expenses	(569)	(823)
Foreign exchange gain/(loss)	3,525	(3,823)
Operating profit/ (loss)	**1,209**	**(19,117)**
Finance cost	(694)	(246)
Gain on disposal of subsidairy	4,195	-
Reclassification of foreign currency translation reserve	1,593	-
Profit / (loss) from discontinued operations - Mothae	**6,303**	**(19,363)**
Impairment of capitalised exploration cost - Orapa & Brooking	(2,330)	-
Profit/ (loss) from discontinued operations - Group	**3,973**	**(19,363)**
Profit/ (loss) from discontinued operations - Mothae as above	6,303	(19,363)
Gain/(loss) on reversal of loan and interest with Lucapa	57,270	(6,975)
Profit /(loss) from discontinued operations - Mothae entity	**63,573**	**(26,338)**
Attributable to:		
Owners of the Company (before intergroup elimination)	44,589	(18,154)
Non-controlling interests	18,984	(8,184)
	63,573	**(26,338)**
Effect of the disposal of Mothae on the financial postion of the Group		
Assets		
Cash and cash equivalents	(161)	-
Trade & other receivables and Contract assets	3,192	-
Diamond and other inventory	1,995	-
Property, plant and equipment	2,385	-
Right of Use Assets	8,296	-
Assets disposed	**15,707**	**-**
Liabilities		-
Trade and other payables	9,784	-
Provisions	1,500	-
Lease liabilities	8,612	-
Liabilities disposed	**19,896**	**-**
Net assets disposed of	(4,189)	-
Amounts included in accumulated OCI		
Foreign currency translation reserve	(5,153)	2,479
Cash flows for the period		
Operating	(537)	330
Investing	(351)	(878)
Financing	656	(550)
Net cash flow	**(232)**	**(1,098)**
Earnings per share	**Cents**	**Cents**
Basic(loss)/earnings per share	(5.14)	(3.88)
Diluted (loss)/earnings per share	(4.98)	(3.74)

Notes to the Consolidated Financial Statements

Discontinued Operations (continued)

Additional information

As per the ASX announcements of 15 May 2024 and 25 June 2024 the Board decided to divest Mothae and a sale agreement was executed in this regard during June with local Lesotho company, Lephema Executive Transport (Pty) Ltd. The sale was fully completed with effect from 31 July 2024. Mothae's assets and liabilities have been derecognised and its trading results treated as a discontinued operation in the Statement of Profit or Loss.

As per the ASX announcement on 2 April 2024 the Group completed exploration work at the Orapa Area F Project in Botswana. No further work is planned on the project and the exploration licence has lapsed. The Board has also decided not to continue with further exploration work on the Brooking tenements and put the project up for sale. The previously capitalised exploration cost for both projects were expensed during the current period and classified as discontinued operations.

7. Earnings per Share

Financial Overview

	31 Dec 2024	31 Dec 2023
	Cents	Cents
Basic loss per share	(7.02)	(3.14)
Basic loss per share - continuing operations	(1.88)	0.74
Diluted loss per share	(6.79)	(3.02)
Diluted loss per share - continuing operations	(1.82)	0.71
Loss used in calculating earnings per share	**US$000**	**US$000**
Attributable to members of the Company used in calculating:		
- basic earnings per share	(20,488)	(9,051)
- basic earnings per share - continuing operations	(5,477)	2,128
- diluted earnings per share	(20,488)	(9,051)
- diluted earnings per share - continuing operations	(5,477)	2,128
Weighted average number of shares used as the denominator	**Number**	**Number**
Weighted average number of ordinary shares outstanding during the period used in calculation of:		
- basic earnings per share	291,817,266	287,911,975
- diluted earnings per share	301,555,004	299,250,671

Accounting Policy

Basic earnings/ (loss) per share is calculated by dividing the net profit/ (loss) attributable to the ordinary shareholders of the Company by the weighted average number of ordinary shares of the Company during the period. Diluted earnings/ (loss) per share is determined by adjusting the net profit/ (loss) attributable to the ordinary shareholders and the number of shares outstanding for the effects of all dilutive potential shares, which comprise share options.

Notes to the Consolidated Financial Statements

8. Financial Instruments and Financial Risk Management

Financial Overview

	Note	31 Dec 2024	31 Dec 2023
		US$000	
Summary of carrying value of financial instruments			
Financial assets			
Cash and cash equivalents	8a	194	1,317
Trade and other receivables	8b	260	2,466
Other current financial assets	8c	1,142	3,923
Non-current financial assets	8c	635	699
		2,231	**8,405**
Financial liabilities			
Trade and other payables	8d	1,691	8,231
Current borrowings	8e	623	235
		2,314	**8,466**
Summary of amounts recognised in profit or loss			
Fair value adjustments			
Gain in respect of the alluvial project receivable		-	1,832
Gain on borrowing embedded derivatives		-	522
		-	**2,354**
Foreign exchange loss			
On financial instruments		(1,562)	(32)
		(1,562)	**(32)**
Net finance cost/ (income) on financial instruments	4	34	517

Additional information

Financial risk management

The Group has exposure to market, credit and liquidity risks from the use of financial instruments. This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

MARKET RISK

COMMODITY PRICE RISK

The Group is focussed on its diamond mining and exploration interests in Africa and Australia. Accordingly, the Group is exposed to the global pricing structures of the diamond market.

Notes to the Consolidated Financial Statements

Financial Instruments and Financial Risk Management (continued)

FOREIGN EXCHANGE RISK

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Australian dollar, South African rand and Angolan kwanza. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are not in the individual business unit's functional currency. The Group manages its foreign exchange risk by monitoring its net exposures, maintaining an appropriate balance between foreign currency assets and liabilities and making use of hedging instruments. The Group does not speculate with the use of hedging instruments and derivatives. The extent of the Group's exposure to foreign currency risk at balance date is disclosed below for each category of financial instrument.

CASH FLOW INTEREST RATE RISK

Cash flow interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments. The Group does not currently use derivatives to mitigate these exposures. The extent of the Group's exposure to interest rate risk at balance date is disclosed below for each category of financial instrument.

CREDIT RISK

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group's potential concentration of credit risk mainly relates to amounts advanced to SML (Note 8c). The Group's short-term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by their carrying values as at the balance sheet date.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining adequate cash reserves, or from funds raised in the market, or by debt and by continuously monitoring forecast and actual cash flows. The liquidity profile of the Group's financial liabilities are disclosed in the relevant notes below.

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so as to maintain a strong capital base sufficient to maintain future exploration and development of its projects. In order to maintain or adjust the capital structure, the Group may return capital to shareholders, issue new shares, raise debt finance or sell assets to reduce debt. The Group's focus has been to raise sufficient funds through equity and debt finance to fund exploration & evaluation, mine development and corporate overheads.

Fair value hierarchy

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed below.

Notes to the Consolidated Financial Statements
Financial Instruments and Financial Risk Management (continued)

The financial assets and liabilities are classified as follows in terms of the fair value hierarchy:

- the SML receivable (Note 8c): level 3 due to the use of unobservable inputs; and
- other financial assets and liabilities approximate their net fair value, determined in accordance with the accounting policies.

Accounting policy

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets of the Group are classified into either the amortised cost or fair value through profit or loss ("FVPL") categories. Classifications are determined by both the Group's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

FINANCIAL ASSETS AT AMORTISED COST

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVPL):

- they are held with the objective to hold the assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, trade and most other receivables fall into this category of financial instruments.

FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorised at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for at FVPL. All derivative financial instruments fall into this category.

Subsequent measurement of financial liabilities

The Group's financial liabilities include borrowings, trade and other payables and derivative financial instruments. Subsequent to initial recognition, financial liabilities are measured at amortised cost using the effective interest method, except for derivatives and financial liabilities designated at FVPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss.

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

Notes to the Consolidated Financial Statements
Financial Instruments and Financial Risk Management (continued)

Leases

Contracts are assessed at inception to determine whether a contract is, or contains, a lease. It is classified as such if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

A single recognition and measurement approach is applied for all leases, except for short-term leases, leases of low-value assets and leases to explore for or mine minerals and similar non-regenerative resources. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets are included under Property Plant and Equipment (refer note 10).

Lease liabilities are recognised at the commencement date of the lease and measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

The Group uses its incremental borrowing rate at the lease commencement date to calculate the present value of lease payments, if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Lease liabilities are included in interest-bearing loans and borrowings.

Lease payments for short-term leases, leases of low-value assets and leases to explore for or mine minerals as well as variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

Determination of fair values

TRADE AND OTHER RECEIVABLES

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date.

FINANCIAL LIABILITIES

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

Significant accounting judgements, estimates and assumptions

FINANCIAL ASSETS

The Group's financial assets include the receivable in respect of associate, SML, that represents the future reimbursement in US dollars of the Group's historic alluvial exploration and development costs incurred at Lulo. The recoverable amount of the receivable is reassessed using calculations which incorporate various key assumptions as per above.

Notes to the Consolidated Financial Statements
Financial Instruments and Financial Risk Management (continued)

8a. Cash and Cash Equivalents

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Balances on hand		
Bank balances	194	1,317
	194	**1,317**
Foreign exchange risk		
Cash balances exposed to foreign currency risk, based on notional amounts	178	103
Interest rate risk		
Cash balances held at variable interest rates	194	1,317
Average rate for 2024: 2.2% (2023: 2.1%)		

Additional Information

Foreign exchange sensitivity analysis

A sensitivity analysis has been prepared to demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant.

A change of 10 percentage points in foreign exchange rates at the reporting date would have an estimated impact of US$18k (2023: US$100k) before tax on the statement of profit of loss and other comprehensive income. There would be no effect on the equity reserves other than those directly related to the statement of profit of loss and other comprehensive income. The analysis is performed on the same basis as for the prior period.

Notes to the Consolidated Financial Statements
Financial Instruments and Financial Risk Management (continued)

8b. Trade and Other Receivables

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Current		
GST/ VAT receivable	54	1,307
Prepayments and other receivables	206	1,159
	260	**2,466**
Foreign exchange risk		
Receivable balances exposed to foreign currency risk, based on notional amounts	186	229
Interest rate risk		
Non-interest bearing balances	260	2,466

Additional Information

Foreign exchange sensitivity analysis

A sensitivity analysis has been prepared to demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant.

A change of 10 percentage points in foreign exchange rates at the reporting date would have an estimated impact of US$0.02 million (2022: US$0.02million) before tax on the statement of profit of loss and other comprehensive income. There would be no effect on the equity reserves other than those directly related to the statement of profit of loss and other comprehensive income. The analysis is performed on the same basis as for the prior period.

Credit risk

The Group is not exposed to any significant credit risk.

Notes to the Consolidated Financial Statements
Financial Instruments and Financial Risk Management (continued)

8c. Financial Assets

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Non-current financial assets		
Receivable in respect of SML		
At 1 January	3,923	12,643
Investment during the period	2,378	565
Repayment received	(700)	(5,781)
Transferred to Deferred exploration and evaluation costs for Kimberlite JV	(4,459)	(3,504)
At end of period	**1,142**	**3,923**
Less: Current portion of receivable	(1,142)	(3,923)
Non-current receivable	**-**	**-**
Security deposit for environmental rehabilitation in respect of Merlin	635	699
Total non-current financial assets	**635**	**699**
Current financial assets		
Receivable in respect of SML		
Current portion of receivable	1,142	3,923
Interest rate risk		
Non-interest bearing balances	1,142	3,923

Additional information

The receivable in respect of SML was transferred from Alluvial development in 2016 and represents the future reimbursement in US dollars of the Company’s historic alluvial exploration and development costs incurred at Lulo. The receivable was classified as a current asset from 2023. Prior to 2023 it was re-measured to its estimated fair value using the income approach, which is a valuation technique that converts future cash flow into a single discounted present value and is classified as level 3 in the fair value hierarchy due to the use of unobservable inputs.

Significant unobservable inputs are the timing and amounts of future repayments which are based on the expected cash flows per the Company’s forecast model for SML. Sensitivity factors which could impact the valuation include operational recoveries, prices and delays in the timing of repayments which will decrease the fair value estimate.

Notes to the Consolidated Financial Statements
Financial Instruments and Financial Risk Management (continued)

8d. Trade and Other Payables

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Trade payables	548	1,275
Short-term advance	-	2,213
Employee related accruals	711	1,875
Accruals and other payables	432	2,868
Total	**1,691**	**8,231**
Foreign exchange risk		
Payable balances exposed to foreign currency risk, based on notional amounts	1,528	1,493
Interest rate risk		
Non-interest bearing balances	1,691	8,231
Liquidity risk		
Contractual maturities profile		
Payable within one year	1,691	8,231

Additional Information

The short-term advance under 2023 relates to monies advanced to Mothae in terms of the minimum cash price of US$630/ carat contained in the partnership agreement with Safdico International Limited. The advance was non-interest bearing and repayable from future sales, polished partnership profits, in cash by 31 December 2022, or as otherwise agreed.

Foreign exchange sensitivity analysis

A sensitivity analysis has been prepared to demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant.

A change of 10 percentage points in foreign exchange rates at the reporting date would have an estimated impact of US$153k (2023: US$100k) before tax on the statement of profit of loss and other comprehensive income. There would be no effect on the equity reserves other than those directly related to the statement of profit of loss and other comprehensive income. The analysis is performed on the same basis as for the prior period.

Notes to the Consolidated Financial Statements
Financial Instruments and Financial Risk Management (continued)

8e. Borrowings

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Current borrowings		
Lease liabilities	-	235
Other short-term loans	623	-
Total	**623**	**235**
Foreign exchange risk		
Borrowings exposed to foreign currency risk, based on notional amounts	623	-
Interest rate risk		
Refer interest rate sensitivity analysis below		
Balances at fixed interest rates	623	235
Average rate for 2024: 10% (2023: 9.8%)		
Liquidity risk		
Contractual maturities profile, including estimated interest payments and excluding the impact of netting agreements		
Borrowings		
Payable within one year	623	-
Payable after one year but less than five years	-	-
Payable after more than five years	-	-
Leases		
Payable within one year	-	240
Payable after one year but less than five years	-	-
Payable after more than five years	-	-
Other disclosures in respect of leases		
Cash outflow	135	1,726
Low value lease expense	273	168
Expense relating to variable lease payments not included in the measurement of lease liabilities	-	5,170
Non-cash financing recognised	-	-

Notes to the Consolidated Financial Statements
Financial Instruments and Financial Risk Management (continued)

Borrowings - additional Information

Terms and conditions

LEASE LIABILITIES

The prior period lease liabilities consist of the amounts due in respect of the following:

- Mining equipment and plant at Mothae, leased on a monthly basis until May 2024; and
- Various lease contracts for office space, office and other equipment used in its operations. Lease terms vary between 1 and 3 years.

Generally, the Group's obligations under its leases are secured by the lessor's title to the leased assets. Certain lease contracts include extension and termination options.

OTHER LOANS

The short-term loan amount reflects the balance due to New Azilian Pty Ltd, an entity associated with former non-executive director Ross Stanley. The terms of the loan include the following:

- Loan facility of A$1 million, fully utilised;
- The principal balance and accrued interest is payable in April 2025;
- Interest is payable at 10% pa;
- Security: New Azilian holds security over Lucapa's shares in and intergroup loan to its subsidiary, Australian Natural Diamonds Pty Ltd.

Cash flow sensitivity analysis for variable rate instruments

A sensitivity analysis has been prepared to demonstrate the sensitivity to a reasonably possible change in interest rates, with all other variables held constant through the impact on floating rate interest rates.

A change of 100 basis points in interest rates at the reporting date would have an estimated impact of US$6k (2023: US$10k) before tax on the statement of profit of loss and other comprehensive income. There would be no effect on the equity reserves other than those directly related to the statement of profit of loss and other comprehensive income. The analysis is performed on the same basis as for the prior period.

Foreign exchange sensitivity analysis

A sensitivity analysis has been prepared to demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant. A change of 10 percentage points in foreign exchange rates at the reporting date would have an estimated impact of US$62k (2023: US$0k) before tax on the statement of profit of loss and other comprehensive income. There would be no effect on the equity reserves other than those directly related to the statement of profit of loss and other comprehensive income. The analysis is performed on the same basis as for the prior period.

Notes to the Consolidated Financial Statements

9. Inventories

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Diamond inventory	-	922
Consumables and other inventory	25	1,429
	25	**2,351**

Additional Information

During the year, US$3.2 million (2023: US$6.8 million) was recognised as an expense under cost of sales for inventories carried at net realisable value.

Accounting policy

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Notes to the Consolidated Financial Statements

10. Property Plant and Equipment

Financial Overview

	Deferred exploration and evaluation	Mine development*	Plant and equipment	Decom-missioning assets	Stripping activity assets	Right-of-use assets	Other assets	Total
				US$000				
Cost								
Balance at 1 January 2023	31,727	30,808	18,565	1,307	855	3,132	1,945	88,339
Additions	4,221	59	3,516	5	284	1,651	146	9,882
Disposals	-	-	(11)	(418)	-	(3,875)	(2)	(4,306)
Foreign currency movements	(146)	(466)	(1,257)	(58)	(59)	(232)	(122)	(2,340)
Balance at 31 December 2023	**35,802**	**30,401**	**20,813**	**836**	**1,080**	**676**	**1,967**	**91,575**
Additions	4,955	1,851	103	30	-	10,075	25	17,039
Disposals	-	(6,878)	(16,603)	(337)	(1,058)	(10,739)	(1,738)	(37,353)
Foreign currency movements	(2,116)	(1,595)	(448)	(55)	(22)	(12)	(45)	(4,293)
Balance at 31 December 2024	**38,641**	**23,779**	**3,865**	**474**	**-**	**-**	**209**	**66,968**
Accumulated depreciation								
Balance at 1 January 2023	2,040	15,206	3,279	133	322	3,037	1,212	25,229
Amortisation/ depreciation charge for the year	-	1,324	2,033	25	617	1,515	352	5,866
Impairment	-	154	12,420	126	136	190	344	13,370
Disposals	-	-	(11)	-	-	(3,875)	(2)	(3,888)
Foreign currency movements	(144)	(129)	(267)	(9)	(18)	(223)	(75)	(865)
Balance at 31 December 2023	**1,896**	**16,555**	**17,454**	**275**	**1,057**	**644**	**1,831**	**39,712**
Amortisation/ depreciation charge for the year	-	208	159	6	2	2,019	39	2,433
Impairment	2,325	-	-	-	-	-	-	2,325
Disposals	-	(7,318)	(14,128)	(275)	(1,037)	(2,652)	(1,684)	(27,094)
Foreign currency movements	(1,898)	(128)	(307)	(6)	(22)	(11)	(41)	(2,413)
Balance at 31 December 2024	**2,323**	**9,317**	**3,178**	**-**	**-**	**-**	**145**	**14,963**
Net carrying amounts								
At 31 December 2023	33,906	13,846	3,359	561	23	32	136	51,863
At 31 December 2024	**36,318**	**14,462**	**687**	**474**	**-**	**-**	**64**	**52,005**

**** Mine Development includes Merlin Exploration and Evaluation cost of US$13.9m.***

Notes to the Consolidated Financial Statements

Property Plant and Equipment (continued)

Additional Information

Deferred exploration and evaluation costs

Deferred exploration and evaluation costs represent the cumulative expenditure incurred in relation to the Lulo Kimberlite Project including plant and equipment. The Company continues to explore for the primary kimberlite sources of the alluvial diamonds being recovered on the Lulo concession. The diamond exploration and evaluation projects in Botswana (Orapa Area F) and Australia (Brooking) were discontinued in 2024.

The Group has a 39% interest in the Project Lulo Kimberlite Venture ("the JV"), an unincorporated entity classified as a joint operation that operates under the terms of a Mineral Investment Contract entered into between the partners. Accordingly, the Group's interest in the assets, liabilities, revenues and expenses attributable to the JV have been included in the appropriate line items in the consolidated financial statements. Deferred exploration and evaluation costs of US$36.3 million (31 December 2023: US$31.4 million) in the schedule above are related to the JV.

Other assets

Other assets comprise vehicles, computer equipment, furniture & fittings and office equipment.

Impairment testing

The Group recognised an impairment charge in 2023 in respect of Mothae. The following key assumption averages were used in the value-in-use model for impairment testing:

- Ore volume treated: 1.4 Mtpa (2022: 1.4 Mtpa);
- US$/ carat sold: 823 (2022: 1,351);
- Discount rate: 10% (2022: 10%);
- ZAR/ US$ exchange rate: 18.8 (2022: 17.0).

The first three assumptions are considered to be level three fair value measurements in both years as they are derived from valuation techniques that include inputs that are not based on observable market data.

Previously capitalised exploration and evaluation cost in respect of Botswana and Brooking amounting to US$2.3 million were impaired during the year.

As at the reporting date the mineral exploration licences for the Lulo Kimberlite Project in Angola were under application for renewal. The Group believes it has complied with all licence conditions, including minimum expenditure requirements, and is not aware of any matters or circumstances that have arisen that would result in the application for renewal of the exploration licences not being granted in the ordinary course of business. The Group has determined that no impairment of the capitalised exploration and evaluation expenditure relating to these exploration licences is necessary as it is considered that there is a reasonable basis to expect that the renewal applications will be granted and that the Group is otherwise proceeding with exploration and development activities on the exploration licences. Should any of the exploration licences not be renewed, the relevant capitalised amount as at the reporting date will be expensed in the statement of profit or loss and other comprehensive income.

Accounting policy

Recognition and measurement

Items of property plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of property plant and equipment have different useful lives, they are accounted for as separate items (major components) of property plant and equipment.

Notes to the Consolidated Financial Statements

Property Plant and Equipment (continued)

Gains and losses on disposal of an item of property plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property plant and equipment and are recognised net within "other income" in the statement of profit or loss and other comprehensive income.

Subsequent costs

The cost of replacing part of an item of property plant and equipment is recognised in the carrying amount of an item if it is probable that the future economic benefits embodied within the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other costs are recognised in the statement of profit or loss and other comprehensive income as an expense incurred.

Depreciation

Depreciation is recognised in the statement of profit or loss and other comprehensive income on a reducing balance basis over the estimated useful lives of each part of an item of property plant and equipment.

The estimated useful lives in the current and comparative periods are as follows:

- Computer equipment: 3-5 years
- Office equipment : 5-10 years
- Mine development: Lesser of life of mine or period of lease
- Mine infrastructure and plant facilities: Based on resources on a unit of production basis

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

Mine development

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings, plant and equipment is capitalised as Mine development. Development includes previously capitalised exploration and evaluation costs, pre-production development costs, certain mining assets, development studies and other subsurface expenditure pertaining to that area of interest. On completion, development cost is depreciated as per above. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount is written off to profit and loss.

Deferred exploration and evaluation

Exploration and evaluation expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that the right to tenure of each identifiable area of interest are current, and either the costs are expected to be recouped through successful development of the area, or activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves. Exploration assets that are not available for use are not amortised.

Exploration and evaluation assets are initially measured at cost and include acquisition of mining tenements, studies, exploratory drilling, trenching and sampling and associated activities and an allocation of depreciation of assets used in exploration activities. General and administrative costs are only included in the measurement of exploration costs where they are related directly to operational activities in a particular area of interest.

Deferred exploration and evaluation costs in relation to an abandoned area are written off in full against profit or loss in the period in which the decision to abandon that area is made.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

Stripping activity assets

Costs associated with removal of waste overburden are classified as stripping costs. Stripping activities that are undertaken during the production phase of a surface mine may create two benefits, being either the production of inventory or improved access to the ore to be mined in the future.

Notes to the Consolidated Financial Statements

Property Plant and Equipment (continued)

Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where production stripping costs are incurred and where the benefit is the creation of mining flexibility and improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset' and included as a separate category of Property plant and equipment, if:

- future economic benefits (being improved access to the orebody) are probable;
- the component of the orebody for which access will be improved can be accurately identified; and
- the costs associated with the improved access can be reliably measured.

If all the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs. The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset. If the costs of the stripping activity asset and the inventory produced are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset.

The stripping activity asset is subsequently amortised over the expected useful life of the identified component of the orebody that became more accessible as a result of the stripping activity. The expected average stripping ratio over the average life of the area being mined is used to amortise the stripping activity. As a result, the stripping activity asset is carried at cost less amortisation and any impairment losses.

The average life of area cost per tonne is calculated as the total expected costs to be incurred to mine the orebody divided by the number of tonnes expected to be mined. The average life of area stripping ratio and the average life of area cost per tonne are recalculated annually in light of additional knowledge and changes in estimates. Changes in the stripping ratio are accounted for prospectively as a change in estimate.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of a lease (i.e., the date the underlying asset is available for use) and are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

Joint operations

A joint arrangement in which the Group has direct rights to underlying assets and obligations for underlying liabilities is classified as a joint operation.

Interests in joint operations are accounted for by recognising the Group's assets (including its share of any assets held jointly); its liabilities (including its share of any liabilities incurred jointly); its revenue from the sale of its share of the output arising from the joint operation; its share of the revenue from the sale of the output by the joint operation; and its expenses (including its share of any expenses incurred jointly).

Notes to the Consolidated Financial Statements

Property Plant and Equipment (continued)

Significant accounting judgements, estimates and assumptions

ASSET USEFUL LIVES AND RESIDUAL VALUES

Property, plant and equipment are depreciated over its useful life taking into account residual values where appropriate. The actual useful lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re–assessing asset useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

VALUATION OF MINERAL PROPERTIES

The Group carries the acquisition of its mineral properties at cost less any provision for impairment. The Group undertakes a periodic review of the carrying values of mineral properties and whenever events or changes in circumstances indicate that their carrying values may exceed their fair value. In undertaking this review, management of the Group is required to make significant estimates. These estimates are subject to various risks and uncertainties, which may ultimately have an effect on the expected recoverability of the carrying values of the mineral properties and related expenditures.

EXPLORATION AND EVALUATION ASSETS

The Group assesses the carrying value of exploration and evaluation assets in accordance with the accounting policy noted above. The basis of determining the carrying value involves numerous estimates and judgements resulting from the assessment of ongoing exploration activities, as per the accounting policy note.

DEVELOPMENT

Development activities commence after commercial viability and technical feasibility of the project is established. Judgement is applied in determining when a project is commercially viable and technically feasible. In exercising this judgement, management is required to make certain estimates and assumptions, with inherent uncertainty, as to the future events.

MINERAL RESOURCE, ORE RESERVES AND PRODUCTION TARGET* ESTIMATES

Ore reserves and production target estimates are estimates of the amount of ore that can be economically and legally extracted from the mineral resources of the Group's mining properties. An ore reserve is the economically mineable part of a measured and/ or indicated resource. A production target may include lower confidence inferred resources under certain circumstances and if there are reasonable grounds to do so. Such production target estimates and changes to them may impact the company's reported financial position and results, in the following way:

- The carrying value of exploration and evaluation assets, mine properties, property plant and equipment, and goodwill may be affected due to changes in estimated future cash flows;
- Depreciation and amortisation charges in the statement of profit or loss and other comprehensive income may change where such charges are determined using the unit of production method, or where the useful life of the related assets change;
- Capitalised stripping costs recognised in the statement of financial position, as either part of mine properties or inventory or charged to profit or loss, may change due to changes in stripping ratios;
- Provisions for rehabilitation and environmental provisions may change where reserve estimate changes affect expectations about when such activities will occur and the associated cost of these activities;
- The recognition and carrying value of deferred income tax assets may change due to changes in the judgements regarding the existence of such assets and in estimates of the likely recovery of such assets.

* The term "production target" is defined to mean a projection or forecast of the amount of mineral to be extracted from a particular mining tenement or tenements for a period that extends past the current year and the forthcoming year.

Notes to the Consolidated Financial Statements
Property Plant and Equipment (continued)

The Group estimates its mineral resource, ore reserves and production targets based on information compiled by appropriately qualified persons relating to the geological and technical data on the size, depth, shape and grade of the ore body and suitable production techniques and recovery rates. Such an analysis requires complex geological judgements to interpret the data. The estimation of ore reserves and production targets are based upon factors such as estimates of foreign exchange rates, commodity prices, future capital requirements and production costs, along with geological assumptions and judgements made in estimating the size and grade of the ore body

The Group estimates and reports ore reserves and mineral resources in line with the principles contained in the Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2012) published by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and Minerals Council of Australia ("JORC Code").

Notes to the Consolidated Financial Statements

11. Investment in Associate

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Summarised financial information of SML		
Current assets	18,824	30,450
Non-current assets	19,376	28,322
Current liabilities	6,394	15,856
Non-current liabilities	3,944	2,844
Equity	**27,862**	**40,072**
Group's carrying amount of the investment	13,396	18,281
Contingent liabilities	-	-
Revenue	54,468	78,556
Cost of sales	(43,791)	(39,914)
Administrative and selling expenses	(13,169)	(22,079)
Fair value adjustments	-	(1,831)
(Loss)/ profit before tax	**(2,492)**	**14,732**
Income tax expense	281	(4,243)
(Loss)/ profit for the period	**(2,211)**	**10,489**
Total comprehensive (loss)/ income for the period	**(2,211)**	**10,489**
Group's share of (loss)/ profit for the period	**(885)**	**4,195**
EBITDA	**8,105**	**23,637**
Capital commitments		
Payable within one year		
- Approved, not yet contracted	3,348	2,237
- Approved and contracted	760	1,637

Additional Information

The Group has a 40% ownership in SML and has recognised its share of SML's results since its formal incorporation in May 2016.

Accounting policy

Associates are those entities over which the Group is able to exert significant influence, but which are not subsidiaries. A joint venture is an arrangement that the Group controls jointly with one or more other investors, and over which the Group has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities.

Investments in associates and joint ventures are accounted for using the equity method

Any goodwill or fair value adjustment attributable to the Group's share in the associate or joint venture is not recognised separately and is included in the amount recognised as investment.

Notes to the Consolidated Financial Statements
Investment in Associate (continued)

The carrying amount of the investment in associates and joint ventures is increased or decreased to recognise the Group's share of the profit or loss and other comprehensive income of the associate and joint venture, adjusted where necessary to ensure consistency with the accounting policies of the Group.

Unrealised gains and losses on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

Notes to the Consolidated Financial Statements

12. Non-Current Provisions

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$000	
Provision for environmental rehabilitation		
At 1 January	1,956	2,329
Increase/ (decrease) during the year	(19)	(413)
Unwinding of discount rate	25	167
Foreign exchange difference	(43)	(127)
Disposal of subsidiary	(1,377)	-
At end of period	**542**	**1,956**

Additional Information

The provision for rehabilitation has been recognised in respect of Merlin and Mothae projects. Mothae was disposed of during 2024.

Merlin

The estimate is based on the Mining Management Plan for Merlin as approved by the government of the Northern Territory of Australia and discounted back to present value using a pre-tax discount rate that reflects current market assessments. Assumptions include an estimated rehabilitation timing of 15 years (2023:16 years), an annual inflation rate of 3.0% (2023:3.0%) and a discount rate of 4.6% (2023: 4.2%).

Accounting policy

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, when appropriate, the risks specific to the liability.

Asset retirement obligations

The Group recognises a liability for an asset retirement obligation on long-lived assets when a present legal or constructive obligation exists, as a result of past events and the amount of the liability is reasonably determinable. The obligations are initially recognised and recorded as a liability based on estimated future cash flows discounted at a credit adjusted risk free rate. This is adjusted at each reporting period for changes to factors including the expected amount of cash flows required to discharge the liability, the timing of such cash flows and the credit adjusted risk free discount rate. Corresponding amounts and adjustments are added to the carrying value of the related long-lived asset and amortised or depleted to operations over the life of the related asset.

Environmental liabilities

Environmental expenditures that relate to current operations are expensed or capitalised as appropriate. Expenditures that relate to an existing condition caused by past operations and which do not contribute to current or future revenue generation are expensed. Liabilities are recorded when environmental assessments and/ or remedial efforts are probable, and the costs can be reasonably estimated.

Significant accounting judgements, estimates and assumptions

Included in liabilities at the end of each reporting period is an amount that represents an estimate of the cost to rehabilitate the land upon which the Group has carried out its exploration and evaluation for mineral resources. Provisions are measured at the present value of management's best estimate of the costs required to settle the obligation at the end of the reporting period. Actual costs incurred in future periods to settle these obligations could differ materially from these estimates. Additionally, future changes to environmental laws and regulations, life of mine estimates, and discount rates could affect the carrying amount of this provision.

Notes to the Consolidated Financial Statements

13. Share Capital and Share-Based Payments

Financial Overview

	31 Dec 2024	31 Dec 2024
	Number	**US$000**
Listed securities		
Movement in ordinary shares (ASX code: LOM)		
On issue at beginning of period	1,439,559,875	154,230
Share consolidation (5:1)	(1,151,647,935)	-
Issue of shares on exercise of options and performance rights	2,210,059	324
Issue of shares	43,518,299	555
Transaction costs	-	(82)
On issue at end of period	**333,640,298**	**155,027**
Unlisted securities		
Movement in unlisted options (A$0.08 exercise price; expire 30 July 2025)		
On issue at beginning of period	5,000,000	-
Share consolidation (5:1)	(4,000,000)	-
On issue at end of period	**1,000,000**	**-**

Additional Information

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

Share-based payments

	31 Dec 2024	31 Dec 2023
	US$000	
Share-based payment recognised		
Profit or Loss		
Director and employee options	(83)	742
Non-cash financing and investing activities		
Share issue expenses	-	-
Loan funding	-	-
Deferred exploration and evaluation costs	-	-
	(83)	**742**
Weighted average remaining contractual life of share options and performance rights in issue (years)	1.12	1.82
Weighted average Lucapa share price during the period/ year (A$) *(after 5:1 share consolidation)*	0.066	0.195

Notes to the Consolidated Financial Statements
Share-based payments (continued)

Movement in Share options and Performance rights in issue and other share-based payment disclosures

	Share options	Performance rights					Weighted average price (A$)
	Unlisted	**Unlisted**	**Unlisted**	**Unlisted**	**Unlisted**	**Unlisted**	
Exercise price (A$)	**$0.08**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	**$0.00**	
Expiry date	**30-Jun-25**	**31-Dec-25**	**31-Jan-27**	**29-Nov-27**	**31-Dec-26**	**30-Jun-28**	
Number on issue at beginning of period	5,000,000	22,959,090	8,206,295	10,497,030	11,027,380	9,875,264	0.01
Share consolidation (5:1)	(4,000,000)	(18,367,272)	(6,565,036)	(8,397,624)	(8,821,903)	(7,900,211)	
Issue of options/ performance rights	-	-	-	-	-	-	-
Exercise of options/ performance rights	-	-	(1,641,259)	(568,800)	-	-	-
Expiry/ lapsing of options/ performance rights	-	(4,591,818)		-	(124,917)	-	-
On issue at end of period	**1,000,000**	**0**	**(0)**	**1,530,606**	**2,080,560**	**1,975,053**	0.01
Exercisable at end of period	1,000,000	-	-	-	2,080,560	-	

Notes to the Consolidated Financial Statements

Share Capital and Share-based Payments (continued)

Accounting policy

Share capital

Equity instruments, including preference shares, issued by the Company are recorded at the proceeds received. Incremental costs directly attributable to the issue of equity instruments are recognised as a deduction from equity, net of any tax effects.

Share based payments

The fair value of options and rights granted is measured using the Black-Scholes or binomial option pricing models, taking into account the terms and conditions upon which the instruments were granted. The fair value is recognised in employee benefits expense together with a corresponding increase in equity (share-based payment reserve), over the period in which the service and, where applicable, the performance conditions are fulfilled. The cumulative expense recognised at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/ or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/ or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/ or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The amounts carried under share-based payment reserves are allocated to share capital when underlying shares are issued upon the conversion of options or rights, and to accumulated income/ losses upon the expiry of option or rights.

DETERMINATION OF FAIR VALUES

The fair value of options issued is measured using the Black-Scholes or binomial option pricing models. Measurement inputs include share price on measurement date, exercise price of the instrument, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behaviour), expected dividends, and the risk-free interest rate (based on government bonds). Service and non-market performance conditions attached to the transactions are not taken into account in determining fair value.

Notes to the Consolidated Financial Statements

Share Capital and Share-based Payments (continued)

SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Where required, the fair value of options granted is measured using valuation models, taking into account the terms and conditions as set out above. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period, but may impact expenses and reserves.

Notes to the Consolidated Financial Statements

14. Commitments and Contingencies

	31 Dec 2024	31 Dec 2023
	US$000	
Operating lease commitments iro mining and exploration rights		
Minimum lease payments under non-cancellable operating lease agreements		
Payable within one year	74	126
Payable after one year but less than five years	238	285
Payable after more than five years	1,063	-
	1,375	**411**
Capital commitments		
Payable within one year		
Approved, not yet contracted	-	1,130
Approved and contracted	-	-

Contingencies

The Group did not have any contingent liabilities as at 31 December 2024 (2023: Nil).

15. Parent Entity Information

	31 Dec 2024	31 Dec 2023
	US$000	
Current assets	1,506	5,848
Total assets	69,828	74,053
Current liabilities	2,151	1,493
Total liabilities	2,151	1,493
Share capital	155,027	154,230
Reserves	(5,182)	(4,775)
Accumulated losses	(82,169)	(76,895)
	67,676	**72,560**
Loss for the period	(5,276)	(36,259)
Total comprehensive loss for the period	(5,276)	(36,259)
Contingent liabilities		
Guarantees issued in favour of suppliers of subsidiaries	-	1,639

Notes to the Consolidated Financial Statements

16. Related Party Disclosures

Financial Overview

	31 Dec 2024	31 Dec 2023
	US$	
Key management personnel compensation		
Short-term employee benefits	660,712	1,215,853
Post-employment benefits	42,339	59,313
Share-based payments	(73,499)	187,652
	629,552	**1,462,818**
Other related party transactions		
Remuneration of spouse of Director Alex Kidman for period since his appointment	7,769	-
Director Miles Kennedy for reimbursement of travel, accommodation, food and other expenses incurred on behalf of the Company*	-	62,611
Loan facility agreement with an entity associated with former non-executive Director Ross Stanley:		
Amount due to New Azilian Pty Ltd	623,302	-
Finance cost for period	9,488	-
Amount paid to previous Director Stephen Wetherall for consulting and services supplied in respect of the Group's cutting & polishing business (from 1 August 2023)	19,681	103,554

**Relates to an amount approved by the Board payable to Mr Kennedy for expenses incurred in the conduct of his role as non-executive Chairman of the Company since September 2017. Mr Kennedy previously took the view that until such time as the Group had repaid substantial amounts of debt owing to three different entities, he would not make any claim for reimbursement of Company-related expenses.*

Additional Information

Individual Directors' and executives' compensation disclosures

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the Directors' report. Apart from the details disclosed in this note, no Director has entered into a material contract with the Company since the end of the previous financial year and there were no other material contracts involving Director's interests at period-end.

Notes to the Consolidated Financial Statements

17. Group Information

Subsidiaries

The consolidated financial statements of the Group include the following subsidiaries:

	31 Dec 2024	31 Dec 2023
	%	%
Lucapa Diamonds (Botswana) (Proprietary) Limited		
Incorporated in Botswana		
Equity interest held	100	100
Australian Natural Diamonds Pty Ltd		
Incorporated in Australia		
Equity interest held	100	100
Brooking Diamonds Pty Ltd		
Incorporated in Australia		
Equity interest held	100	100
Heartland Diamonds Pty Ltd		
Incorporated in Australia		
Equity interest held	100	100
Mothae Diamonds (Pty) Ltd		
Incorporated in the Kingdom of Lesotho		
Equity interest held	0	70
Lucapa (Mauritius) Holdings Limited		
Incorporated in Mauritius		
Equity interest held	100	100

Summarised financial information of subsidiaries with non-controlling interests

Mothae Diamonds (Pty) Ltd

	31 Dec 2024	31 Dec 2023
	US$000	
Assets and liabilities at the end of the period		
Current assets	-	5,084
Non-current assets	-	2,436
Current liabilities	-	7,430
Non-current liabilities	-	58,211
Profit or loss and cash flow items for the period		
Revenue	10,571	27,999
Profit/ (loss) for the period	63,573	(27,282)
Total comprehensive income/ (loss) for the period	58,420	(19,841)
Cash flows (used in)/ from operating activities	(537)	330
Cash flows used in investing activities	(351)	(687)
Dividends paid to non-controlling interests	-	-

Notes to the Consolidated Financial Statements

18. Other Significant Accounting Policies

The financial statements have been prepared using consistent accounting policies to those used for the prior year, except as set out below.

New or revised accounting policies

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2024:

- AASB 2020-1 Amendments to AASs – Classification of Liabilities as Current or Non-current;
- AASB 2022-5 Amendments to AASs – Lease Liability in a Sale and Leaseback;
- AASAB 2022-6 Amendments to AASs – Non-current Liabilities with Covenants;
- AASB 2022-10 Amendments to AASs – Fair Value Measurement of Non-financial Assets of Not-for-Profit Public Sector Entities;
- AASB 2023-1 Amendments to AASs – Amendments to AASB 107 and AASB 7 – Disclosures of Supplier Finance Arrangements;
- AASB 2023-3 Amendments to Australian Accounting Standards – Disclosure of Non-current Liabilities with Covenants: Tier 2; and
- AASB 2024-1 Amendments to Australian Accounting Standards Disclosures of Supplier Finance Arrangements: Tier 2 Disclosures.

The adoption of these standards has not resulted in any material changes to the Group's financial statements.

The following new/ amended standards have been issued, but are not yet effective:

- AASB 2014-10 Amendments to AASs – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, effective 1-Jan-28;
- AASB 2022-9 Amendments to AASs – Insurance Contracts in the Public Sector, effective 1-Jan-26;
- AASB 2023-5 Amendments to Australian Accounting Standards – Lack of Exchangeability, effective 1-Jan-25;
- AASB 18 Presentation and Disclosure in Financial Statements, effective 1-Jan-27;
- AASB 2024-2 Amendments to AASs – Classification and Measurement of Financial Instruments, effective 1-Jan26; and
- AASB 2024-3 Amendments to AASs – Annual Improvements Volume II, effective 1-Jan-26:
    - Amendments to AASB 1
    - Amendments to AASB 7
    - Amendments to AASB 9
    - Amendments to AASB 10
    - Amendments to AASB 107.

The requirements of these standards are currently being reviewed, but it is not currently expected to have a material impact on the Group's financial statements.

Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed where relevant in the individual notes above.

Management discusses with the Board the development, selection and disclosure of the Group's critical accounting policies and estimates and the application of these policies and estimates.

Principles of consolidation

The Group financial statements consolidate those of the Company and all its subsidiaries as at the end of the period. The Company controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

All transactions and balances between Group companies are eliminated on consolidation, including unrealised gains and losses on transactions between Group companies.

Notes to the Consolidated Financial Statements

Other Significant Accounting Policies (continued)

Where unrealised losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Profit or loss and other comprehensive income of subsidiaries acquired or disposed of during the year are recognised from the effective date of acquisition, or up to the effective date of disposal, as applicable.

Non-controlling interests, presented as part of equity, represent the portion of a subsidiary's profit or loss and net assets that is not held by the Group. The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

Functional and presentation currency

An entity's functional currency is the currency of the primary economic environment in which it operates. All items included in the financial statements of entities in the Group are measured and recognised in the functional currency of the entity. The Group's presentation currency is US dollars, which is also the functional currency of the Company.

Foreign currency transactions and balances

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the foreign exchange rate at that date. Foreign exchange differences arising on retranslation are recognised in the statement of profit or loss and other comprehensive income.

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to US dollars at foreign exchange rates ruling at the reporting date. The income and expenses of foreign operations are translated to US dollars at exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised directly in a separate component of equity.

When a foreign operation is disposed of in part or in full, the relevant amount in equity is transferred to the statement of profit or loss and other comprehensive income.

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of the net investment in a foreign operation and are recognised directly in equity.

Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is a risk of default. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the statement of profit or loss and other comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the statement of profit or loss and other comprehensive income.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

Notes to the Consolidated Financial Statements

Other Significant Accounting Policies (continued)

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

Significant accounting judgements, estimates and assumptions

The Group assesses impairment at the end of each reporting year by evaluating specific conditions that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using calculations which incorporate various key assumptions, including estimating diamond prices, foreign exchange rates, production levels & recoverable diamonds, operating costs, capital requirements & its eventual disposal and latest life of mine plans.

Future cash flows expected to be generated by the assets are projected, taking into account market conditions and the expected useful lives of the assets. The present value of these cash flows, determined using an appropriate discount rate, is compared to the current net asset value and, if lower, the assets are impaired to the present value. If the information to project future cash flows is not available or could not be reliably established, management uses the best alternative information available to estimate a possible impairment.

Goods and services tax/ value added tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax ("GST") or value added tax ("VAT"), except where the amount of GST or VAT incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense. Receivables and payables are stated with the amount of GST or VAT included.

The net amount of GST and VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables.

Cash flows are included in the statement of cash flows on a gross basis. The GST and VAT component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the taxation authority is classified as operating cash flows.

Revenue

To determine whether to recognise revenue, the following 5-step process is followed:

- Identifying the contract with a customer;
- Identifying the performance obligations;
- Determining the transaction price;
- Allocating the transaction price to the performance obligations; and
- Recognising revenue when/ as performance obligation(s) are satisfied.

The transaction price is the amount to which the Group expects to be entitled to in exchange for the transfer of goods and services and is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Notes to the Consolidated Financial Statements

Other Significant Accounting Policies (continued)

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue from the sale of rough diamonds is recognised on a point in time basis.

Revenue from cutting and polishing partnerships:

- is considered to be variable consideration and is recognised to the extent that it is highly probable that its inclusion will not result in a significant revenue reversal in the future when the uncertainty has been resolved. This is generally the case when cutting and polishing work has substantially been completed and relative certainty exists over the quality of the final product or when the polished diamonds have been sold;
- is recognised once a high level of certainty exists regarding factors that influence the sale prices including the size, quality and colour of the final polished diamonds. These factors are considered per individual stone.

If the Group satisfies a performance obligation before it receives the consideration, either a contract asset or a receivable is recognised in the statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

Determination of fair values

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either in the principal market or, in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Rounding of amounts

The company is of a kind referred to in ASIC Legislative Instrument 2016/191, relating to the 'rounding off' of amounts in the financial statements. Amounts in the financial statements have been rounded off in accordance with the instrument to the nearest thousand dollars, or in certain cases, the nearest dollar.

Notes to the Consolidated Financial Statements

19. Events Subsequent to Reporting Date

On 21 January 2025, Lucapa announced the results from the first modern geophysical survey conducted in 25 years at its Merlin project. A preliminary review of the electromagnetic survey data has identified two large and highly conductive base metal targets.

On 22 January 2025, Lucapa announced that all resolutions put to shareholders in respect of the A$3 million capital raising announced on 5 December 2024, were carried and decided by way of a poll.

On 22 January 2025, Lucapa announced the completion of its Share Purchase Plan (SPP) following the closing of applications on 23 January 2025. The SPP was announced on 11 December 2024 with terms of the SPP offer detailed in the Prospectus dated 23 December 2024. The SPP raised A$405,000 and 20,250,000 new fully paid ordinary shares in the Company will be issued under the SPP on 30 January 2025.

On 29 January 2025, Lucapa announced that it has completed Tranche 2 of the capital raising previously announced on 5 December 2024. The Company has raised A$1.8M (before costs) via the placement of 90,006,901 new fully paid ordinary shares (Placement Shares) at an issue price of A$0.02 per share. The issue of the Placement Shares was approved by Shareholders at a General Meeting held 22 January 2025 and rank equally with the existing fully paid ordinary shares on issue. In addition to the Placement Shares, the Company has issued 16,474,800 new fully paid ordinary shares (Employee Shares) to directors and senior management at a deemed issue price of A$0.02 per share to convert A$329k of accrued fees, remuneration and expenses. The issue of the Employee Shares was approved by Shareholders at a General Meeting held 22 January 2025 and rank equally with the existing fully paid ordinary shares on issue.

On 3 February 2025, Lucapa announced that operations at Lulo have been disrupted following a blockade of all entrances to the mine by the local community leaders.

On 20 February 2025, Lucapa announced the recommencement of mining operations at Lulo following the peaceful end to the blockade by local community leaders. Processing of existing stockpiles was able to continue throughout the blockade, ensuring that monthly carat targets remained on track against targets. SML has reiterated its commitment to its existing social programs and is also revieing its alluvial mining plan to attempt to mitigate the impact caused by the stoppage.

No other matters or circumstances have arisen since the end of the financial period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in subsequent financial periods.

Consolidated Entity Disclosure Statement

Name of entity	Type of entity	Trustee, partner or participant in joint venture	% of share capital held	Country of incorporation	Australian resident of foreign resident (for tax purposes)	Foreign tax jurisdiction (s) of foreign residents
Lucapa Diamond Company Limited	Body corporate	n/a	n/a	Australia	Australian	n/a
Australian Natural Diamonds Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
Brooking Diamonds Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
Heartland Diamonds Pty Ltd	Body corporate	n/a	100	Australia	Australian	n/a
Lucapa Diamonds (Botswana) (Proprietary) Limited	Body corporate	n/a	100	Botswana	Foreign	Botswana
Lucapa (Mauritius) Holdings Limited	Body corporate	n/a	100	Mauritius	Foreign	Mauritius

Director's Declaration

1. In the opinion of the Directors of Lucapa Diamond Company Limited:

   a. the financial statements and notes, and the remuneration report in the Directors' Report, as set out on pages 4 to 72, are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the Group's financial position as at 31 December 2024 and of its performance for the financial period ended on that date; and

      ii. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;

   b. the financial report also complies with International Financial Reporting Standards as disclosed in the Statement of compliance on page 31; and

   c. Subject to the uncertainty outlined in the Directors' report and basis of measurement sections, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

2. The Directors have been given the declarations required by section 295A of the Corporations Act 2001 for the financial year ended 31 December 2024.

3. The consolidated entity disclosure statement on page 73 is true and correct.

Signed in accordance with a resolution of the Directors.

STUART BROWN

Chairman

Dated this 27th FEBRUARY 2025

Independent Auditor's Report

ELDERTON
AUDIT PTY LTD

Independent Auditor's Report
To the members of Lucapa Diamond Company Limited

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Lucapa Diamond Company Limited ("Lucapa" or "the Company") and its subsidiaries ("the Group"), which comprises the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, consolidated entity disclosure statement and accompanying basis of preparation as at 31 December 2024, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the Group's financial position as at 31 December 2024 and of its financial performance for the year then ended; and

(ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatements. Our responsibilities under those standards are further described as in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* ("the Code") that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Group incurred a net loss of US$1.5 million during the year ended 31 December 2024 and incurred cash outflows of US$2.7 million from operating activities with a net decrease of US$1.3 million in cash and cash equivalent for the year then ended. As stated in Note 1, these events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be key audit matters to be communicated in our report.

Investment in Associate
Refer to Note 11

Key Audit Matter	How our audit addressed the key audit matter

The Group holds a 40% ownership interest (carrying value as at 31 December 2024 of US$13.4m) in Sociedade Mineira Do Lulo Lda ("SML"), an associate in Angola, as disclosed in Note 11 to the financial statements. This investment has been accounted for using the equity method under AASB 128 *Investments in Associates and Joint Ventures*, and the Group has recognized its share of SML's results since its formal incorporation in May 2016.
 	
We identified the equity method accounting and the associated impairment assessment as a key audit matter due to the significance of the investment and the recent financial performance and operational issues faced by SML. In FY24, SML experienced a significant financial underperformance, reporting a US$2.2 million loss compared to profits in the previous two years. The operational challenges, including severe weather conditions, flooding, and infrastructure disruptions, further raised concerns about the potential for impairment under AASB 136 *Impairment of Assets*. The declining financial results and operational disruptions triggered the need to assess whether an impairment of the carrying value of the investment was necessary.
	Our audit procedures focused on the equity method accounting for the investment in SML and the impairment assessment in light of the recent financial underperformance and operational challenges. Specifically, our work included, but was not limited to, the following:
	• We confirmed Lucapa's 40% ownership interest in SML to ensure the Group's share of results was correctly calculated.
	• We reviewed the current year financial statements of SML and performed detailed tests of the key areas. This review was essential to assess the carrying value of the investment and whether any impairment indicators existed.
	• We obtained the latest audited accounts of the Associate and compared with the amount recorded in the Group's financial statements.
	• We reviewed subsequent adjustments to the investment for Lucapa's share of SML's profit or loss and other comprehensive income.
	• Given the recent financial performance of SML and the operational disruptions caused by severe weather and infrastructure issues, we closely evaluated the impairment assessment performed by management. This included:
	    o Reviewing the ASX announcements and other relevant public information regarding the performance of SML, which highlighted the adverse impact of flooding and infrastructure work on operations.
	    o Testing the assumptions used in the impairment assessment, including the forecasted cash flows, market conditions, and external factors, to determine whether the carrying value of the investment was supported by the expected future performance.
	
	Through these procedures, we concluded that the investment in SML was appropriately accounted for under the equity method, and the impairment assessment was reasonable in light of the recent financial and operational challenges faced by SML. Based on the evidence obtained, we did not identify a need for impairment at this time.

Deferred Exploration and Evaluation Costs
Refer to Note 10 Property Plant and Equipment

Key Audit Matter	How our audit addressed the key audit matter
At 31 December 2024, the Group has significant capitalised exploration and evaluation expenditure, including US$36.3 million relating to the Lulo Kimberlite Venture ("Lulo JV"). This expenditure represents a significant asset and is subject to assessment under AASB 6 *Exploration for and Evaluation of Mineral Resources* to determine whether it is recoverable. The recoverability of these capitalised costs is contingent on several factors, including the Group's decision to exploit the lease or successfully recover the asset through sale. Given that the Lulo JV's Mineral Investment Contract (MIC) expired in May 2024, but was subsequently extended while a new MIC is being finalised, the potential for impairment was an area of significant audit focus. The future recoverability of the capitalised expenditure is dependent on various factors, such as the renewal of the MIC, future exploration results, and the potential for commercial viability of the discovered resources. The Group capitalises exploration and evaluation expenditure in line with AASB 6 *Exploration for and Evaluation of Mineral Resources*. The assessment of each asset's future viability requires significant judgement. There is a risk that amounts are capitalised which no longer meet the recognition criteria of AASB 6.	Our audit work included, but was not restricted to, the following: • We obtained evidence that the Group has valid rights to explore in the areas represented by the capitalised exploration and evaluation expenditures by obtaining valid contracts giving the Group rights to explore, for a sample of capitalised exploration costs. • With respect to Lulo JV, we confirmed the validity of the Mineral Investment Contract (license) and obtained evidence that the Group retains exploration rights during the renewal process, including a letter from the Angolan Ministry of Mineral Resources confirming the extension. • We enquired with management and reviewed budgets to ensure that substantive expenditure on further exploration for and evaluation of the mineral resources in the Group's area of interest were planned. • We inspected a sample of capitalised costs, ensuring they are directly related to exploration activities, and recalculated amounts for accuracy. • We examined recent ASX announcements for exploration reports and geological studies, confirming that positive results and support continued exploration. • We enquired with management, reviewed announcements made and reviewed minutes of directors' meetings to ensure that the company had not decided to discontinue activities in any of its areas of interest. • We evaluated the reasonableness of management's assumptions about the likelihood of MIC renewal, the economic potential of discovered resources, and the justification for continued exploration investment, comparing these assumptions with historical results and industry data. • We enquired with management to ensure that the Group had not decided to proceed with development of a specific area of interest, yet the carrying amount of the exploration and evaluation asset was unlikely to be recovered in full from successful development or sale.

Disposal of Subsidiary
Refer to Note 6 Discontinued Operations

Key Audit Matter	How our audit addressed the key audit matter
During the financial year, the Group disposed of its entire interest in Mothae. The transaction resulted in the derecognition of the subsidiary's assets, liabilities, and non-controlling interests, as well as the recognition of a gain of US$4.2 on disposal in the consolidated financial statements. The disposal was a significant transaction for the Group and involved judgment in determining the appropriate accounting treatment, the measurement of consideration received, and the assessment of any contingent liabilities or indemnities. Given the financial impact and complexity of the disposal, we considered this to be a key audit matter. Additionally, the disposal met the criteria for classification as a discontinued operation in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. This standard requires that discontinued operations be presented separately in the statement of profit or loss and that relevant disclosures be provided in the notes to the financial statements, which added complexity to the financial reporting process.	Our audit procedures included, but were not limited to, the following: • Evaluated the appropriateness of the accounting treatment applied in accordance with AASB 5 *Non-current Assets Held for Sale and Discontinued Operations* requirements. • Examined the sale and purchase agreement to understand the key terms and conditions of the transaction. • Verified the consideration received and assessed whether it was appropriately measured and recognized. • Assessed management's calculations of the gain or loss on disposal, including the derecognition of assets, liabilities, and any non-controlling interests. • Reviewed any contingent liabilities, warranties, or indemnities arising from the transaction and assessed their adequacy. • Evaluated the classification and presentation of the disposed subsidiary as a discontinued operation, ensuring compliance with AASB 5 – *Non-current Assets Held for Sale and Discontinued Operations*. • Considered the adequacy of the disclosures in the consolidated financial statements concerning the disposal and discontinued operations, ensuring they provide sufficient and transparent information to users of the financial statements.

Other Information

The directors are responsible for the other information. The other information comprises the Review of Operations and Directors Report and other information included in the Group's annual report for the year ended 31 December 2024 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included on pages 18-22 of the directors' report for the year ended 31 December 2024.

In our opinion the Remuneration Report of Lucapa Diamond Company Limited for the year ended 31 December 2024 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Elderton Audit Pty Ltd

Elderton Audit Pty Ltd

Sajjad Cheema

Director

27 February 2025

Perth

Definitions and Abbreviations

A$	Australian dollar
AIFRS	Australian International Financial Reporting Standards
AGM	Annual general meeting of shareholders
ASX	Australian Securitues Exchange
Attributable	Attributable ownership in projects based on Lucapa's % shareholding. This is a non-AIFRS measure
AusND	Australian Natural Diamonds Pty Ltd (Lucapa 100% held; registered in Australia)
Brooking	Brooking Pty Ltd
EBITDA	Earnings before interest, taxation, depreciation & amortisation and other non-trading items EBITDA is a non-AIFRS measure
Endiama	Endiama E.P. (Angola's national diamond mining company)
ESG	Environmental, Social and Governance
GoL	Government of the Kingdom of Lesotho
GTD Index	GTD Consulting Overall Rough Diamond Price Index
June half, the half year or H1	The six months ended 30 June
LTI	Lost time injury
Lucapa, the Company or LOM	Lucapa Diamond Company Limited (ASX code: LOM)
MB	Mining block
Merlin	Merlin Diamond Project, owned by AusND
Mothae	Mothae Diamonds (Pty) Ltd, registered in Lesotho (Shareholding: Lucapa 70% (***disposed 31 Jul24***) and GoL 30%). For AIFRS reporting, Mothae's results are consolidated
Mtpa	Million tonnes per annum
New Azilian	New Azilian Pty Ltd
Orapa	Orapa Area F, Botswana
P&L	Profit or Loss; Statement of Profit or Loss
PPE	Property plant and equipment
Rosas & Petalas	Rosas & Petalas S.A. (Private venture partner in Lulo, registered in Angola)
QX 20XX	Reference to one of the quarter periods in a calendar year
Safdico	Safdico International, a subsidiary of Graff International
SFD	Size frequency distribution
SML	Sociedade Mineira Do Lulo Lda, registered in Angola (Shareholding: Lucapa 40%, Endiama 32% and Rosas & Petalas 28%). For AIFRS reporting, SML's results are included on an equity accounted basis
Specials	Diamonds individually weighing in excess of 10.8 carats
the Board	The Lucapa Board of Directors
the Group	The Company, its subsidiaries and associates
the Second Half or H2	The six months ended/ ending 31 December
US$	United States dollar
XRT	X-Ray transmission
Z Star	Z Star Mineral Resource Consultants Pty Ltd
ZAR, R or Rand	South African rand

Corporate Directory

Registered Office & Principal Place of Business

34 Bagot Road, Subiaco
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Contact Details

Phone:	+61 8 9381 5995
E-mail:	general@lucapa.com.au
Internet:	www.lucapa.com.au

Directors

Stuart Brown:	Non-Executive Director, Chairman
Miles Kennedy:	Non-Executive Director
Ronnie Beevor:	Non-Executive Director
Alex Kidman:	Managing Director/ Chief Executive Officer

Company Secretary

Daniel Coletta

Share Registry

Automic Pty Ltd
Level 5
191 St Georges Terrace, Perth
Western Australia 6000

Share Trading Facilities

The Company's ordinary shares are listed on the Australian Securities Exchange (Code: LOM)
The Home exchange is Perth.

Auditor

Elderton Audit Pty Ltd
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152 St Georges Terrace, Perth
Western Australia 6000