Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

LUCAPA DIAMOND COMPANY LIMITED	
ABN	Quarter ended ("current quarter")
44 111 501 663	**30 September 2020**

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (9 months) US$'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers		4,191
1.2	Payments for		
	(a) exploration & evaluation (if expensed)		
	(b) development		
	(c) production	(851)	(3,922)
	(d) staff costs	(677)	(2,832)
	(e) administration and corporate costs [1]	(50)	(116)
1.3	Dividends received (see note 3)		
1.4	Interest received		2
1.5	Interest and other costs of finance paid	(51)	(801)
1.6	Income taxes paid		
1.7	Government grants and tax incentives		
1.8	Other (provide details if material)	(81)	(208)
1.9	**Net cash from / (used in) operating activities**	**(1,710)**	**(3,686)**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment	(3)	(81)
	(d) exploration & evaluation (if capitalised)	(54)	(150)
	(e) investments		
	(f) other non-current assets		

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Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (9 months) US$'000**
2.2	Proceeds from the disposal of:		
	(a) entities		
	(b) tenements		
	(c) property, plant and equipment		
	(d) investments		
	(e) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(57)**	**(231)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		5,520
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities	13	(293)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	(1,257)	(1,541)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	**Net cash from / (used in) financing activities**	**(1,244)**	**3,686**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	4,461	1,705
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,710)	(3,686)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(57)	(231)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(1,244)	3,686

Consolidated statement of cash flows		**Current quarter US$'000**	**Year to date (9 months) US$'000**
4.5	Effect of movement in exchange rates on cash held	34	10
4.6	**Cash and cash equivalents at end of period [2]**	**1,484**	**1,484**

Notes:

[1] The amount under 1.2 (e) includes US$0.12m value added tax (VAT) refunds received during the Quarter.

[2] Lucapa's investment in Lulo alluvial mining company ("SML"), is recognised on an equity-accounted basis under the Company's accounting policy. As such, 4.6 above does not include US$10.1m in cash and receivables held at Quarter end by SML.

5.	**Reconciliation of cash and cash equivalents** at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	**Current quarter US$'000**	**Previous quarter US$'000**
5.1	Bank balances	1,484	4,461
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**1,484**	**4,461**

6.	**Payments to related parties of the entity and their associates**	**Current quarter US$'000**
6.1	Aggregate amount of payments to related parties and their associates included in item 1 [3]	(187)
6.2	Aggregate amount of payments to related parties and their associates included in item 2 [4]	(1,011)

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

Notes:

[3] The amount under 6.1 consists of payments for Directors' remuneration (including superannuation) and payments in respect of office rent to an entity associated with Non-executive Chairman, Miles Kennedy. No non-executive Director's fees were paid in the Quarter.

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

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7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end US$'000**	**Amount drawn at quarter end US$'000**
7.1	Loan facilities [5]	21,111	21,111
7.2	Credit standby arrangements		
7.3	Other (lease facilities) [6]	2,487	2,487
7.4	**Total financing facilities**	**23,599**	**23,599**

7.5	**Unused financing facilities available at quarter end**	-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.	

[5] The loan facilities, which include principal, accrued interest and embedded derivatives (non-cash) consist of:

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

As set out in the ASX announcement of 14 August 2020, Lucapa concluded facility refinancing discussions during the Quarter and agreed terms with its major financiers and shareholders with respect to amending the principal repayment terms and finance charges, the net effect of which defers ~US$13.0m in loan repayments from 2020 & 2021 to 2022 and beyond.

[6] Other includes all leases (including the contract for mining equipment and plant) required to be capitalised.

8.	**Estimated cash available for future operating activities**	**US$'000**
8.1	Net cash from / (used in) operating activities (Item 1.9)	(1,710)
8.2	Capitalised exploration & evaluation (Item 2.1(d))	(54)
8.3	**Total relevant outgoings (Item 8.1 + Item 8.2)**	**(1,764)**
8.4	Cash and cash equivalents at quarter end (Item 4.6)	1,484
8.5	Unused finance facilities available at quarter end (Item 7.5)	-
8.6	**Total available funding (Item 8.4 + Item 8.5)**	**1,484**
8.7	**Estimated quarters of funding available (Item 8.6 divided by Item 8.3)**	**0.84**

8.8 If Item 8.7 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

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Answer:

No. The Mothae mine remained on care and maintenance for the Quarter as a result of the COVID pandemic which required operations to stop in late March 2020. As per the ASX announcement dated 8 October 2020, the Mothae mine has now resumed operations and the Company expects this, together with the improving diamond market, to result in better operating cash flows. In addition, and as per the ASX announcement dated 9 September 2020, the Company has investigated solutions and plans to expand the processing capacity at Mothae that should see a material increase in returns from the mine for all stakeholders following implementation. The Company will update the market on the expansion plan in due course.

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

The Company has investigated a number of funding alternatives for the Mothae expansion plan and believes the funding will be successfully secured.

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Yes. Refer 8.8.1 and 8.8.2 above.

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Authorised by the Lucapa Board.

Mark Clements
Company Secretary

30 October 2020

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

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