LUCAPA
DIAMOND COMPANY

Interim Financial Report
for the six months ended 30 June 2019

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The directors present their report together with the financial report of Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or the "Company") for the six months ended 30 June 2019 ("June half" or "H1") and the auditor's review report thereon. The Company and its subsidiaries (collectively "the Group") are primarily involved in the mining and exploration of diamond projects in Africa and Australia.

1. DIRECTORS

The directors of the Company at any time during or since the end of the June half are as follows.

Name	**Date of appointment**
Miles Kennedy, Non-executive Chairman	12 September 2008
Stephen Wetherall, Chief Executive Officer/ Managing Director	13 October 2014
Nick Selby, Chief Operating Officer/ Executive Director	4 September 2017
Ross Stanley, Non-executive Director	26 July 2018

2. REVIEW OF OPERATIONS

OVERVIEW

Lucapa Diamond Company Limited is a growing diamond group with high-value mines in Lesotho (Mothae) and Angola (Lulo), where the Company is also exploring a highly-prospective kimberlite field.

Lucapa's vision is to become a leading global producer of premium-quality diamonds from alluvial and kimberlite sources. Mothae and Lulo produce large and high-value diamonds, with >75% of revenues from both mines generated from the recovery of +4.8 carat stones.

Lucapa's Board and management team have decades of global experience across all facets of the diamond industry with companies including De Beers and Gem Diamonds.

Lucapa delivered on key development and operational goals at Mothae and Lulo during the June half, enabling the Group to report a consolidated net profit after tax of US$1.1 million (compared with a US$4.3m loss in the comparative June 2018 half). This was achieved during a challenging period for many diamond miners globally, particularly those producing primarily lower-value goods. The June half result has put Lucapa on track for a stronger performance in the second half of 2019 ("H2") as mining at Mothae transitions to higher-margin diamond zones and the production expansion at Lulo is delivered.

TOTAL PRODUCTION AND SALES FOR THE JUNE HALF			
	Mothae[1]	**Lulo[2]**	**Total**
Tonnes treated	548,450	241,164*	**789,614**
Carats recovered	13,267	7,236	**20,504**
Diamond sales (US$)	US$7.3m	US$22.1m	**US$29.4m**
Diamond sales (A$)	A$10.5m	A$29.9m	**A$41.4m**
+4.8 carat diamonds recovered	229	216	**445**
Closing diamond inventories (carats)	3,855	3,147	**7,001**

Table 1: Production and sales for the June half.
[1] 70% subsidiary; [2] 40% associate. * Converted from bulk cubic metres to tonnes

Mothae kimberlite mine, Lesotho:

- Diamond carat production 36% ahead of plan in first six months of commercial operations
- Recovery of 229 +4.8 carat diamonds, including 126 carat gem-quality stone, confirms Mothae as a large-diamond resource
- 14% lower than planned cash operating costs of US$12.56/ tonne contribute to US$0.7m EBITDA
- Dewatering of southern pit provides access to higher-margin diamond zones in H2
- Support from major shareholders for refinancing of Mothae development debt

Lulo alluvial mine and kimberlite project, Angola:

- Historic first international tender of Lulo diamonds contributes to June half sales of US$22.1m at US$3,668/ carat

- Recovery of 216 +4.8 carat diamonds including two more +100 carat stones
- Cash operating costs of US$76/ m^3 contribute to US$11.3m EBITDA
- Arrival of part of the extensive new earthmoving fleet to expand production and cash flows
- 90% increase in in-situ carats in updated JORC alluvial diamond resource
- Value-adding strategy launched with first diamonds sold into cutting & polishing agreement and own manufacturing initiative
- Launch of next kimberlite exploration phase following extensive technical review

White and fancy-coloured diamonds from the new Mothae mine in Lesotho

Diamonds from the unsold inventory at 30 June 2019 (left to right): 46 carat Lulo pink, 130 carat Lulo diamond and 126 carat Mothae diamond

MOTHAE DIAMOND PROJECT, LESOTHO
Kimberlite Diamond Mining – *Mothae Diamonds (Pty) Ltd*
(Lucapa 70%; Government of the Kingdom of Lesotho 30%)

Mining and operations

Commercial diamond mining and processing operations commenced at the new 1.1 Mtpa Mothae kimberlite plant on 1 January 2019 after successful commissioning and ramp-up phases in H2 2018.

Mining and processing operations performed ahead of plan in Mothae's first six months of commercial operations, even though mining was predominantly restricted to the lower-margin sections of the kimberlite pipe, including the northern and neck zones.

Production for the June half totalled 13,267 carats, which was 36% ahead of plan. This was due to the efficiency of the new plant and better than planned recovered grades from weathered material of 2.42 carats per 100 tonnes - 25% higher than plan.

The new 1.1 Mtpa Mothae diamond plant which commenced commercial operations on 1 January 2019

The mine confirmed its status as a large stone producer, with a total of 229 +4.8 carat diamonds recovered in the June half. This included five +50 carat stones, the largest being a gem-quality 126 carat diamond. Production also included rare Type IIa, Type IIb, fancy pink and yellow diamonds.

Cash operating costs for the June half were US$12.56/ tonne, 14% better than plan. This, combined with June half sales and inventory movement, delivered positive earnings before interest, tax, depreciation and amortisation ("EBITDA") for Mothae of M10m (US$0.7m)[3], despite mining operations being predominantly restricted to the lower-margin zones of the Mothae kimberlite pipe as previously referred to.

Mining will transition to the higher-margin kimberlite material in the southern pit in H2 after very good progress was made in the June half raising the wall of the new main 500,000m^3 water dam (Dam 4).

The increased height of the Dam 4 wall enabled the dewatering of the southern pit to commence late in the June half, with this water being pumped into Dam 4 for storage thereby providing access to the southern pit zones.

Mothae achieved two key safety milestones during the June half – one million lost time injury ("LTI") free man hours and one-year LTI free, resulting in a zero LTI frequency rate for the mine. Apart from commercial mining in the June half, these safety milestones covered the plant construction, which is generally considered a high-risk period.

[3] EBITDA excludes pre-production revenues from the sale of 3,089 carats allocated to the development asset (refer footnote 4).

Diamond sales

The first two tenders of rough Mothae diamonds (5,411 carats and 7,008 carats) were completed in Antwerp during the June half, generating gross proceeds of US$7.3m (A$10.5m)[4].

This represented an average overall price of US$588 per carat for the entire run of mine production or US$729 per carat for diamonds in the +11 sieve size fraction[5]. The highest price per carat achieved for an individual Mothae diamond in the two tenders was US$36,664.

Members of the Government of Lesotho, including the Honourable Minister of Mining, Keketso Sello, Lucapa management, including CEO Stephen Wetherall, and Mothae Board members visiting the Antwerp World Diamond Centre during the inaugural Mothae tender

Mothae had 3,855 carats in inventory at the end of the June half. Three further sales of Mothae diamonds are planned for H2.

Mothae diamonds in the unsold inventory at 30 June 2019

[4] The total sale proceeds of US$7.3m (A$10.5m) includes US$1.5m (A$2.2m) relating to 3,089 carats recovered during the pre-production phase and which under International Financial Reporting Standards ("IFRS") are to be recognised as a reduction in the development asset and not in 2019 revenue.

[5] As detailed in the ASX announcement of 27 February 2019, the efficiency of the new Mothae plant in treating the near surface weathered material has resulted in the liberation of additional diamonds, primarily small stones below the plant's 3mm bottom cut-off screen size. These additional diamonds are in the -11 and below sieve size fractions. While these diamonds generate additional value and a higher grade, they do reduce the overall average US$ per carat price.

LULO DIAMOND PROJECT, ANGOLA
Alluvial Diamond Mining - *Sociedade Mineira Do Lulo ("SML")*
(Lucapa 40% associate and operator)

Mining and operations
Mining at Lulo during the June half was predominantly in areas which, while producing lower grades and volumes, delivered higher value diamonds (Refer Diamond Sales section).

Production totalled 7,236 carats and included 216 +4.8 carat stones. The largest two diamonds recovered weighed 130 carats and 128 carats – bringing to 13 the total number of +100 carat diamonds recovered from Lulo up until the end of the June half. Other recoveries of note included a 7.5 carat fancy purple pink gem.

Run of mine Lulo production sold during the June half

Cash operating costs for the June half were in line with plan at US$76/ m^3. This, combined with the sales and inventory movements, delivered SML an EBITDA result of US$11.3m for the June half.

Diamond recoveries are expected to improve in H2 following the move to flood plain blocks which are expected to produce average grades much higher than those achieved during the June half.

Production volumes will also be significantly boosted by the arrival of a new fleet of Volvo and Caterpillar earthmoving equipment, comprising six excavators, eight trucks and three bulldozers. The new fleet is part of the SML-funded US$12m expansion of alluvial mining operations aimed at increasing annualised throughput to 450,000 bulk cubic metres ("bcm").

This expansion is designed to increase SML's diamond production and cash generation, which will in turn accelerate distributions to the Lulo partners and loan repayments to Lucapa.

Like Mothae, Lulo achieved both the one million LTI free man hour and one-year LTI free milestones during the June half, resulting in a zero LTI frequency rate for the mine.

SML held a 3,147 carat diamond inventory at the end of the June half, which included the 46 carat pink held over from sale earlier in the year (Refer Diamond Sales section).

Diamond Sales
The June half marked an historic occasion for Lulo and the Angolan diamond sector when the first sale of Angolan diamonds was conducted via international tender under the new diamond marketing reforms enacted by the Angolan President, His Excellency Joao Lourenco.

Having operated in Angola for a decade, Lucapa and its partners Empresa Nacional de Diamantes E.P. ("Endiama") and Rosas & Petalas were delighted to be given the opportunity to showcase special diamonds from the Lulo mine in this inaugural international tender, which was organised by Sodiam in Luanda and concluded on 31 January 2019.

The seven large, top-quality Lulo diamonds weighing 498 carats offered for sale in the electronic tender achieved total highest bids of US$16.7m (A$22.9m). Payment for one of the seven diamonds – the 46 carat pink – was not received within the terms of the tender and SML is reviewing cutting & polishing options for this exceptional stone to maximise revenues.

SML completed a second sale during the June half taking total sales to US$22.1m at an exceptional average price per carat of US$3,668, further underling Lulo's status as the world's highest average price alluvial diamond production.

Lucapa CEO Stephen Wetherall (third from left) at the successful conclusion of the historic inaugural international tender of Lulo diamonds during the June half with representatives from the Angolan Ministry of Petroleum and Natural Resources, Endiama, Rosas & Petalas, Sodiam and SML

JORC resource upgrade

During the June half, SML announced that the auger drilling program to define new sources of diamond-bearing alluvial gravels at Lulo had resulted in an updated JORC Classified Inferred Alluvial Diamond Resource ("Lulo Diamond Resource") containing a 90% increase in in-situ resource carats (Refer ASX announcement 21 March 2019 and Tables 2 and 3).

The updated Lulo Diamond Resource was independently estimated by consultants Z Star Mineral Resource Consultants ("Z Star").

Significantly, the 90% increase to 80,400 in-situ resource carats in the updated Lulo Diamond Resource came after 19 months of mining depletion to 31 December 2018, during which time >30,000 carats of diamonds were recovered and sold for ~US$62m.

In addition, the average US$ per carat value for Lulo diamonds modelled by Z Star in the updated Lulo Diamond Resource of US$1,420 per carat was up 17% on the previous modelled estimate.

The updated total of in-situ carats equates to more than four times SML's calendar 2018 production of 19,196 carats. The auger drilling program will continue, with additional exploration targets of 250,000 – 300,000 bcm of alluvial gravels already identified.

LULO CLASSIFIED DIAMOND RESOURCE - 31 December 2018 LOM 40% attributable									
Resource Classification	Date	Area (m^2)	Insitu volume (m^3)	Grade ($stns/m^3$)	cts/stn	Stones	Carats	In-situ grade ($cphm^3$)	Modelled value (US$/carat)
Inferred	31-Dec-18	1,313,900	454,400	0.15	1.14	70,400	80,400	17.70	1,420
Inferred	31-May-17	1,158,100	603,700	0.06	1.13	37,370	42,200	6.99	1,215

Notes:
(i) $Cphm^3$: carats per 100 cubic metres; $Stns/m^3$: stones per cubic metre
(ii) Average realised sales may be significantly higher in value than the modelled values shown above
(iii) Bottom screen size: effective 1.5mm
(iv) Undiluted grade at 31 December 2018. Diluted grade at 31 May 2017

Table 2: Lulo Classified Inferred Alluvial Diamond Resource

Inferred diluted resource	Area (m^2)	Resource volume incl. dilution (m^3)	Stones	Carats	Diluted grade ($cphm^3$)	Modelled value (US$/carat)
31-Dec-18	1,313,900	1,132,700	70,400	80,400	7.1	1,420

Table 3: Estimated Diluted Lulo Inferred Alluvial Diamond Resource

Kimberlite Exploration - *Project Lulo*
(Lucapa 39% joint venture partner and operator)

Late in the June half, Lucapa and its partners launched the next kimberlite exploration phase at Lulo to locate the hard-rock sources of the high-value alluvial diamonds (Refer ASX announcement 6 June 2019).

The new program was based on an extensive technical review of all Lulo kimberlite exploration results to date, including those from the extensive 2018 drilling program which increased to more than 100 the total known kimberlites within the 3,000km^2 concession.

This technical review included input from some of the world's leading independent diamond consultants. Key features of the new exploration phase include:

- A stream sampling program in which 5,000m^3 bulk samples of alluvial gravels will be excavated and processed from six major tributaries feeding from high-interest areas into the Cacuilo River upstream of Mining Blocks 8 and 6;
- Follow-up delineation drilling of 16 Lulo kimberlite pipes rated most prospective to host diamonds; and
- Drilling eight additional kimberlite targets highlighted in the technical review based on various factors, including anomalies demonstrating reversely polarised magnetic signatures, indicating a different intrusion age to the other Lulo kimberlites.

This work is scheduled to be completed over 12 months at a budgeted cost of US$3.3m. As in the past, Lucapa will fund the exploration costs from a portion of its returns from Lulo alluvial mining company SML. Exploration programs thereafter will be results-driven.

BROOKING DIAMOND PROJECT, WESTERN AUSTRALIA
(Brooking Diamonds (Pty) Ltd - Lucapa 100% subsidiary - project tenements owned 80% Lucapa; 20% Leopold Diamond Company)

Brooking is located in the West Kimberley region of WA within 50km of the Ellendale mine which, until its recent closure, produced more than 50% of the world's fancy yellow diamonds.

In late 2018, Lucapa launched an exploration program at Brooking to follow up on the significant micro- and macro-diamond counts from the first two holes drilled at the Little Spring Creek lamproite discovery.

This exploration program included excavating a ~100 tonne bulk sample of lamproite material from Little Spring Creek to test for macro-diamond population.

While the laboratory results confirmed the diamondiferous nature of the Little Spring Creek bulk sample, the diamond counts were considered below the Company's commercial hurdle (Refer ASX announcement 18 February 2019).

Lucapa's exploration program has proven that Brooking hosts source rocks with extremely high diamond counts within a known diamond province. The primary sources of anomalous levels of diamonds and indicator minerals recovered from other distinct target areas within the Brooking project remain undiscovered. For these reasons, Lucapa believes Brooking remains prospective for diamondiferous lamproite discoveries.

Lucapa is reviewing the scope and timing of future exploration programs at Brooking in line with the Company's focus on maximising revenue generation from its Mothae and Lulo mines, as set out in the ASX announcement of 20 February 2019.

ORAPA AREA F PROJECT, BOTSWANA
(*Lucapa Diamonds (Botswana) Pty Ltd* - Lucapa 100% subsidiary)

Orapa Area F is ~40km east of the prolific Orapa diamond mine in Botswana. Previous exploration programs completed by Lucapa at Orapa Area F were successful in defining kimberlite drilling targets.

No exploration was conducted at Orapa Area F during the period. As per Brooking above, Lucapa is reviewing the scope and timing of future exploration programs at Orapa Area F.

CORPORATE

Lucapa had a group cash balance of US$5.2m at 30 June 2019, while Lulo mining company SML (which is treated as an associate and not consolidated into Lucapa's accounts in accordance with IFRS) held US$9m in cash and equivalents.

New Azilian Pty Ltd (a company associated with Non-executive Director Mr Ross Stanley) and Equigold Pte Ltd (a company associated with Mr Simon Lee AO) increased their shareholdings in the Company to 8.5% and 7.7% respectively during the June half.

Lucapa refinanced its Mothae project funding during the June half under agreements with New Azilian and Equigold. The refinancing was designed to improve Lucapa's financial position and reduce its funding costs, while also providing flexibility on the scheduling of future Mothae diamond tenders to maximise diamond sales revenues. These refinancing arrangements also reflected the de-risking of Mothae, which has now been in commercial production for six months.

Under the agreements, which were ratified by Lucapa shareholders at the Company's AGM on 27 May 2019, New Azilian provided Lucapa with a A$10m (US$7m) one-year loan facility at an annual interest rate of 10%.

Lucapa utilised the New Azilian facility to pay three Mothae acquisition instalments and to pre-pay two quarterly US$1.9m capital repayments on the existing Equigold debt facility, with Equigold waiving its right to early settlement fees. In addition, Equigold and Lucapa agreed to bring forward the right under the loan agreement for Equigold to convert a US$1.9m quarterly capital repayment into ordinary fully paid Lucapa shares, the net effect being a reduction in the Equigold debt facility to US$7.5m at 30 June 2019.

3. FINANCIAL POSITION

Following a solid operational performance from Mothae and SML for the six months ended 30 June 2019, the Group recorded a profit after tax of US$1.1m (June 2018 half: loss of US$4.3m).

This included a positive fair value adjustment of US$2.2m on the loan balances due from SML, reflecting the expected acceleration of future loan repayments to Lucapa following the self-funded expansion of alluvial mining operations, which commenced during the June half.

Mothae commenced commercial production at the beginning of the year and its results include post-production revenue recognised from the first two tenders completed in Antwerp of US$5.8m. Operating costs were well controlled and ahead of plan. As previously referred to, SML's June half results included the sale of several high-value diamonds conducted via the first international tender under Angola's new diamond marketing system and the Group's share of its profit amounted to US$1.6m (June 2018 half: loss of US$1.2m).

As at 30 June 2019 the Group had net assets of US$71.5m (Dec 2018: US$67.1m).

The Board of Directors have considered the financial position and prospects of the Group as set out below in note 2. b) to the financial statements and are satisfied that the going concern basis of preparation of the financial statements is appropriate.

4. Auditor's independence declaration

The directors received the following report from the Company's auditors, Greenwich & Co:

Greenwich & Co

Greenwich & Co Audit Pty Ltd | ABN 51 609 542 458
Level 2, 267 St Georges Terrace, Perth WA 6000
PO Box 983, West Perth WA 6872
T 08 6555 9500 | F 08 6555 9555
www.greenwichco.com

Auditor's Independence Declaration

To those charged with the governance of Lucapa Diamond Company Limited

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2019 there have
been no contraventions of:

- the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and

- any applicable code of professional conduct in relation to the review.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Rafay Nabeel
Audit Director

Perth

2 September 2019

This report is made with a resolution of the directors:

Miles Kennedy
Non-executive Chairman

Dated at Subiaco this 2nd day of September 2019

	Note	30 Jun 2019 US$	Restated* 30 Jun 2018 US$
Revenue	5	5,788,775	-
Cost of sales		(5,544,175)	-
Gross profit		**244,600**	**-**
Share of profit/ (loss) of associate	10	1,571,673	(1,202,736)
Royalties and selling expenses		(380,701)	-
Corporate expenses		(1,573,879)	(2,394,924)
Share-based payments		(209,346)	(400,494)
Foreign exchange gain		736,628	92,792
Operating profit/ (loss)	6	**388,975**	**(3,905,362)**
Finance expense		(2,406,719)	(1,632)
Finance income		42,317	30,213
Fair value adjustments		3,052,849	(365,668)
Profit/ (loss) before income tax		**1,077,422**	**(4,242,449)**
Income tax expense		(24,434)	(48,779)
Profit/ (loss) after income tax		**1,052,988**	**(4,291,228)**
Other comprehensive income/ (loss)		32,050	(273,158)
Total comprehensive income/ (loss) for the year		**1,085,038**	**(4,564,386)**
Earnings/ (loss) per share			
Basic earnings/ (loss) per share (cents)	7	0.22	(1.09)
Diluted earnings/ (loss) per share (cents)	7	0.22	(1.08)

** Refer to Note 3 for more information regarding prior year restatement*

The Consolidated Interim Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the accompanying notes.

	Note	30 Jun 2019 US$	31 Dec 2018 US$
Assets			
Cash and cash equivalents		5,233,747	8,200,090
Trade and other receivables		2,006,148	1,950,361
Inventories		2,415,184	212,832
Financial assets	8	-	113,927
Total current assets		**9,655,079**	**10,477,210**
Property plant and equipment	9	59,683,289	58,271,608
Non-current financial assets	8	23,870,519	23,087,130
Investment in associate	10	6,138,973	6,167,300
Total non-current assets		**89,692,781**	**87,526,038**
Total assets		**99,347,860**	**98,003,248**
Liabilities			
Trade and other payables	11	4,838,926	5,995,451
Borrowings	12	12,896,740	9,500,299
Total current liabilities		**17,735,666**	**15,495,750**
Non-current provisions		878,323	860,115
Non-current borrowings	12	9,192,468	14,455,339
Deferred tax liabilities		42,566	42,189
Total non-current liabilities		**10,113,357**	**15,357,643**
Total liabilities		**27,849,023**	**30,853,393**
Net assets		**71,498,837**	**67,149,855**
Equity			
Share capital	13	116,567,369	112,920,199
Reserves		(4,610,318)	(3,943,651)
Accumulated losses		(40,458,214)	(41,826,693)
Total equity		**71,498,837**	**67,149,855**

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

Consolidated Interim Statement of Changes in Equity
for the six months ended 30 June 2019

	Issued capital US$	Share based payments reserve US$	Foreign currency translation US$	Accumulated losses US$	Total US$
Balance at 1 January 2018	96,981,417	5,302,281	(5,288,860)	(37,343,915)	59,650,923
Comprehensive income for the period					
Loss for the period	-	-	-	(4,291,228)	(4,291,228)
Other comprehensive loss	-	-	(273,158)	-	(273,158)
Total comprehensive loss for the period	**-**	**-**	**(273,158)**	**(4,291,228)**	**(4,564,386)**
Transactions with owners, in their capacity as owners					
Issue of share capital	13,035,016	-	-	-	13,035,016
Issue of options	1,499,741	(913,804)	-	-	585,937
Share issue expenses	(382,014)	-	-	-	(382,014)
Total transactions with owners	**14,152,743**	**(913,804)**	**-**	**-**	**13,238,939**
Balance at 30 June 2018	**111,134,160**	**4,388,477**	**(5,562,018)**	**(41,635,143)**	**68,325,476**
Balance at 1 January 2019	**112,920,199**	**1,682,468**	**(5,626,119)**	**(41,826,693)**	**67,149,855**
Comprehensive income for the period					
Profit for the period	-	-	-	1,052,988	1,052,988
Other comprehensive income	-	-	32,050	-	32,050
Total comprehensive income for the period	**-**	**-**	**32,050**	**1,052,988**	**1,085,038**
Transactions with owners, in their capacity as owners					
Issue of share capital	3,069,262	-	-	-	3,069,262
Issue of options	-	211,062	-	-	211,062
Expiry of options	-	(315,491)	-	315,491	-
Transfer of reserves on exercise of options	594,288	(594,288)	-	-	-
Share issue expenses	(16,380)	-	-	-	(16,380)
Total transactions with owners	**3,647,170**	**(698,717)**	**-**	**315,491**	**3,263,944**
Balance at 30 June 2019	**116,567,369**	**983,751**	**(5,594,069)**	**(40,458,214)**	**71,498,837**

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

	30 Jun 2019 US$	30 Jun 2018 US$
Cash flows from operating activities		
Receipts from products and related debtors	5,788,775	-
Cash paid to suppliers and employees	(7,787,585)	(3,285,577)
Interest and finance costs	(687,594)	(4,166)
Interest and finance income	42,317	30,214
Net cash used in operating activities	**(2,644,087)**	**(3,259,529)**
Cash flows from investing activities		
Payments for exploration costs	(397,588)	(468,268)
Proceeds from associate	1,926,279	-
Payments for property plant and equipment	(1,779,375)	(11,275,812)
Net cash used in investing activities	**(250,684)**	**(11,744,080)**
Cash flows from financing activities		
Proceeds from issue of share capital	-	12,504,079
Share issue costs	(16,380)	(202,829)
Repayment of borrowings	(6,980,261)	(1,723)
Proceeds from borrowings	6,952,778	5,000,000
Borrowing transaction costs	(20,379)	(250,000)
Net cash (used in)/ generated from financing activities	**(64,242)**	**17,049,527**
Net increase in cash and cash equivalents	**(2,959,013)**	**2,045,918**
Cash and cash equivalents at beginning of period	8,200,090	8,296,887
Exchange loss on foreign cash balances	(7,330)	(352,235)
Cash and cash equivalents at end of period	**5,233,747**	**9,990,570**

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

1. Corporate information

Lucapa Diamond Company Limited 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 and its subsidiaries (collectively "the Group") are primarily involved in the mining and exploration of diamond projects in Africa and Australia.

2. Basis of preparation

a) Statement of compliance

The interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the annual financial report of the Company as at and for the year ended 31 December 2018.

This interim financial report was approved by the Board of Directors on 2 September 2019.

b) Basis of measurement

The financial statements have been prepared on the going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the ordinary course of business. Whilst the Group has achieved diamond exploration, alluvial development and mining success at the Lulo Diamond Project and anticipates positive cashflows to continue from Mothae following the completion of the mine development and commencement of commercial operations, the directors recognise that the Group may have to seek funding in the future in order to continue to exploit and develop its four diamond projects.

For the six months ended 30 June 2019, the Group recorded a profit after tax of US$1.1m (June 2018: loss of US$4.3m). As at 30 June 2019 the Group had net current liabilities of US$ 8.1m and net assets of US$71.5m (Dec 2018: US$67.1m).

During the current period the Group strengthened its financial position by refinancing its Mothae project funding as detailed in the Directors' report. Future funding sources include anticipated loan repayments and distributions based on projected net positive cash flows to be generated by both Mothae and SML.

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

- continued success of the Lulo alluvial mine to generate sufficient cash to repay its capital investment loans to Lucapa and make continued distributions to the partners;
- commercial production at Mothae to continue as planned to generate the forecast cashflows in order to repay its development loans to Lucapa and make distributions to shareholders; and
- continued successful cash management and ability to source project/ debt finance as required.

In addition, Lucapa has the capacity to place securities under ASX Listing Rule 7.1.

The Directors believe that the above funding strategies can be achieved and the going concern basis is appropriate for the following reasons:

- The Group manages its income and expenditures to ensure sufficient funds are either on hand or forecast to continue operations for the foreseeable future, whilst at the same time continuing the diamond mining and furthering its exploration projects in an effective manner; and
- The successful historical ability of the Group to raise capital via debt and/ or equity placements given the forecast cash flows anticipated from Lulo and Mothae as well as the prospectivity of its primary source exploration projects.

However, should the Group be unable to obtain sufficient funding as advised above, there is a material uncertainty which may cast doubt as to whether or not the Group will be able to continue as a going concern and whether it will realise its assets and extinguish 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 the recoverability and classification of recorded asset amounts nor to the amounts and classification of liabilities that might be necessary should the Company not continue as a going concern.

3. Significant accounting policies

The financial statements have been prepared using consistent accounting policies to those used for the year ended 31 December 2018, except as set out below.

Effective from the beginning of the half year, the Group changed the classification basis of expenses presented in profit or loss from using the nature of expenses to being based on function. Previously, during the exploration and development phases of the Group's businesses, the nature of expenses was considered to be most appropriate classification basis. Following the commencement of commercial production at Mothae, the Board decided that using a functional classification is more appropriate going forward. The comparative expenses for the previous period have been re-stated on a similar basis. This change in presentation has had no impact on the bottom-line results of the Group.

New or revised accounting standards

The Group has applied the following standards and amendments for the first time for the annual reporting period commencing 1 January 2018:

- AASB 16 Leases.

The adoption of this standard has not resulted in any material changes to the Group's financial statements. Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the interim condensed consolidated financial statements of the Group.

The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

4. Segment reporting

	Mining		Exploration & Evaluation		Corporate		Total	
	30 Jun 2019 US$	31 Dec 2018 US$	30 Jun 2019 US$	31 Dec 2018 US$	30 Jun 2019 US$	31 Dec 2018 US$	30 Jun 2019 US$	31 Dec 2018 US$
Assets								
Cash and cash equivalents	411,702	3,874,248	3,610	1,810	4,818,435	4,324,032	5,233,747	8,200,090
Trade and other receivables	1,522,770	1,568,451	-	-	483,378	381,910	2,006,148	1,950,361
Inventory	2,415,184	212,832	-	-	-	-	2,415,184	212,832
Financial assets	-	113,927	-	-	-	-	-	113,927
Total current assets	**4,349,656**	**5,769,458**	**3,610**	**1,810**	**5,301,813**	**4,705,942**	**9,655,079**	**10,477,210**
Property plant and equipment	40,807,135	40,964,216	18,441,068	17,253,385	435,086	54,007	59,683,289	58,271,608
Non-current financial assets	23,870,519	23,087,130	-	-	-	-	23,870,519	23,087,130
Investment in associate	6,138,973	6,167,300	-	-	-	-	6,138,973	6,167,300
Total non-current assets	**70,816,627**	**70,218,646**	**18,441,068**	**17,253,385**	**435,086**	**54,007**	**89,692,781**	**87,526,038**
Total assets	**75,166,283**	**75,988,104**	**18,444,678**	**17,255,195**	**5,736,899**	**4,759,949**	**99,347,860**	**98,003,248**
Liabilities								
Trade and other payables	4,417,541	5,450,766	-	-	421,385	544,685	4,838,926	5,995,451
Borrowings	12,896,740	8,217,735	-	-	-	1,282,564	12,896,740	9,500,299
Total current liabilities	**17,314,281**	**13,668,501**	**-**	**-**	**421,385**	**1,827,249**	**17,735,666**	**15,495,750**
Non-current provisions	878,323	860,115	-	-	-	-	878,323	860,115
Non-current borrowings	9,192,468	14,455,339	-	-	-	-	9,192,468	14,455,339
Total non-current liabilities	**10,070,791**	**15,315,454**	**-**	**-**	**-**	**-**	**10,070,791**	**15,315,454**
Total liabilities	**27,385,072**	**28,983,955**	**-**	**-**	**421,385**	**1,827,249**	**27,806,457**	**30,811,204**

	30 Jun 2019 US$	30 Jun 2018 US$	30 Jun 2019 US$	30 Jun 2018 US$	30 Jun 2019 US$	30 Jun 2018 US$	30 Jun 2019 US$	30 Jun 2018 US$
Profit or loss								
Profit/ (loss) before income tax	2,546,204	(2,064,024)	-	(862)	(1,468,782)	(2,177,563)	1,077,422	(4,242,449)

The Group engages in business activities within the following business segments: diamond mining in Africa, diamond exploration & evaluation projects in Africa and Australia and a corporate and administrative office in Western Australia to support and promote the Group's activities.

	30 Jun 2019 US$	30 Jun 2019 US$
5. Revenue		
Revenue from contracts with customers		
Sale of goods	5,788,775	-
	5,788,775	**-**
6. Operating profit/ (loss)		
Operating profit/ (loss) include the following:		
Employee benefits expenses	3,067,509	1,912,464
Depreciation	1,083,286	100,479

	30 Jun 2019	30 Jun 2018
7. Earnings/ (loss) per share		
	Cents	Cents
Basic earnings/ (loss) per share	0.22	(1.09)
Diluted earnings/ (loss) per share	0.22	(1.08)
	US$	US$
Earnings/ (loss) used in calculating earnings per share		
Earnings/ (loss) attributable to members of the Company used in calculating basic earnings per share	1,052,988	(4,291,228)
Earnings/ (loss) attributable to members of the Company used in calculating diluted earnings per share	1,052,988	(4,291,228)
	Number	Number
Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares outstanding during the period used in calculation of basic earnings per share	475,997,078	392,113,431
Weighted average number of ordinary shares outstanding during the period used in calculation of diluted earnings per share	478,352,242	396,081,073

	30 Jun 2019 US$	31 Dec 2018 US$
8. Financial assets		
Current financial assets		
Other short-term financial assets	-	113,927
Total	**-**	**113,927**
Non-current financial assets		
Receivable in respect of the alluvial project		
At 1 January	23,087,130	25,778,095
Investment during the period	1,633,363	101,218
Repayment received	(2,109,643)	-
Transferred to deferred exploration and evaluation costs (note 13)	(892,671)	(3,450,300)
	21,718,179	**22,429,013**
Fair value adjustment due to discounting	2,152,340	658,117
At end of period	**23,870,519**	**23,087,130**

The receivable in respect of the alluvial project 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 has been 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 Group's forecast model for SML. Sensitivity factors which could impact the valuation include operational recoveries and delays in the timing of loan repayments and distributions which will decrease the fair value estimate. A discount rate of 14.6% has been applied in the fair value calculation.

9. Property plant and equipment

	Deferred exploration and evaluation US$	Mine development US$	Plant and equipment US$	Stripping activity assets US$	Decom-missioning assets US$	Right-of-use assets US$	Other assets[1] US$	Total US$
Cost								
Balance at 1 January 2018	12,722,761	13,323,327	8,558,267	-	-	-	128,222	34,732,577
Additions	7,524,386	3,742,457	15,601,197	-	58,896	-	205,430	27,132,366
Reclassifications	552,935	(54,351)	(492,660)	-	-	-	(5,924)	-
Disposals	-	-	-	-	-	-	(13,989)	(13,989)
Foreign currency movements	(298,150)	(422,941)	(2,294,685)	-	(4,849)	-	(23,326)	(3,043,951)
Balance at 31 December 2018	**20,501,932**	**16,588,492**	**21,372,119**	**-**	**54,047**	**-**	**290,413**	**58,807,003**
Additions	1,172,686	694,175	459,855	151,997	-	388,510	293,972	3,161,195
Reclassifications and pre-production revenue	(834,190)	1,180,013	(2,554,269)	-	-	-	834,590	(1,373,856)
Disposals	-	-	-	-	-	-	(4,258)	(4,258)
Foreign currency movements	62,953	211,505	355,032	909	1,144	-	84,329	715,872
Balance at 30 June 2019	**20,903,381**	**18,674,185**	**19,632,737**	**152,906**	**55,191**	**388,510**	**1,499,046**	**61,305,956**
Accumulated depreciation								
Balance at 1 January 2018	-	337,645	-	-	-	-	24,135	361,780
Amortisation/ depreciation charge for the year	-	154,874	1,365	-	-	-	26,568	182,807
Disposals	-	-	-	-	-	-	(7,548)	(7,548)
Foreign currency movements	-	-	(112)	-	-	-	(1,532)	(1,644)
Balance at 31 December 2018	**-**	**492,519**	**1,253**	**-**	**-**	**-**	**41,623**	**535,395**
Amortisation/ depreciation charge for the year	-	499,853	399,909	13,253	1,766	31,346	137,159	1,083,286
Disposals	-	-	-	-	-	-	(1,962)	(1,962)
Foreign currency movements	-	1,515	1,650	110	15	-	2,658	5,948
Balance at 30 June 2019	**-**	**993,887**	**402,812**	**13,363**	**1,781**	**31,346**	**179,478**	**1,622,667**
Net carrying amounts								
At 31 December 2018	20,501,932	16,095,973	21,370,866	-	54,047	-	248,790	58,271,608
At 30 June 2019	**20,903,381**	**17,680,298**	**19,229,925**	**139,543**	**53,410**	**357,164**	**1,319,568**	**59,683,289**

Deferred exploration costs represent the cumulative expenditure incurred in relation to the Lulo, Mothae, Orapa Area F and Brooking projects on diamond exploration and evaluation including plant and equipment. The Company continues to explore for the primary kimberlite sources of the alluvial diamonds being recovered on the Lulo concession, explore the neck and other areas of the Mothae kimberlite resource, explore for kimberlite in Botswana and for lamproite in Australia.

The Group has a 39% interest in the Project Lulo 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 costs of US$ 16,385,592 (31 December 2018: US$15,360,546) in the schedule above are related to the JV.

[1] *Other assets comprise vehicles, computer equipment, furniture & fittings and office equipment.*

	30 Jun 2019 US$	31 Dec 2018 US$
10. Investment in associate		
Summarised financial information of SML		
Current assets	17,428,308	12,674,945
Non-current assets	31,703,751	27,712,565
Current liabilities	15,543,131	7,582,425
Non-current liabilities	23,870,519	23,015,859
Equity	**9,718,409**	**9,789,226**
Group's carrying amount of the investment	6,138,973	6,167,300

	30 Jun 2019 US$	30 Jun 2018 US$
Revenue	22,095,599	15,855,298
Cost of sales	(9,158,950)	(13,891,232)
Administrative and selling expenses	(4,581,406)	(4,132,768)
Fair value adjustments	(2,223,599)	2,200,708
Profit before tax	**6,131,644**	**32,006**
Income tax expense	(2,202,460)	(3,038,847)
Profit/ (loss) for the period	**3,929,184**	**(3,006,841)**
Total comprehensive income/ (loss) for the period	**3,929,184**	**(3,006,841)**
Group's share of profit/ (loss) for the period	1,571,673	(1,202,736)

The Group has a 40% interest in SML and has recognised its share of SML's results since its formal incorporation in May 2016. In accordance with the Group's accounting policy the 2018 dividend declared by SML of US$1.6m has been netted off the carrying amount of the investment. The earnings of SML include fair value adjustments in relation to the discounting of the financial asset of Lucapa reflected under note 8.

	30 Jun 2019 US$	31 Dec 2018 US$
11. Trade and other payables		
Trade payables	1,384,716	1,474,243
Mothae deferred purchase consideration	2,250,000	3,375,000
Accruals and other payables	1,204,210	1,146,208
Total	**4,838,926**	**5,995,451**

	30 Jun 2019 US$	31 Dec 2018 US$
12. Borrowings		
Current borrowings		
Lease liabilities	97,718	4,818
Other short-term loans	12,764,331	9,495,481
Other short-term loans - Embedded derivative	34,691	-
Total	**12,896,740**	**9,500,299**
Non-current borrowings		
Lease liabilities	203,908	20,113
Other non-current loans	8,403,974	12,959,771
Other non-current loans - Embedded derivative	584,586	1,475,455
Total	**9,192,468**	**14,455,339**

12. Borrowings (continued)

The loan amounts reflect the current and non-current amounts due to Equigold, IDC and New Azilian Pty Ltd. The terms of the loans include the following:

Equigold:

- Loan facility of US$7.5m (31 December 18: US$15m facility fully utilised);
- The principal balance is repayable in four quarterly payments commencing January 2020;
- Market related fees are payable on draw down and with interest payments;
- Equigold, at its election, can convert the last quarterly payment into ordinary shares in the Company at the then market price;
- Interest is payable at 13% pa;
- Lucapa, at its election, can convert fees and quarterly interest into ordinary shares in the Company at the then market price;
- The loan is secured by way of a General Security Deed granted by Lucapa in favour of the lender over collateral consisting of the Company's investment in and loan to Mothae Diamonds (Pty) Ltd.

Equigold embedded derivative:

Recognised at fair value, using a Black Scholes valuation with the following inputs:

- LOM share price at measurement date: A$0.155 (31 December 2018: A$0.205);
- Exercise price: A$0.146 (31 December 2018: A$0.193); Estimated volatility: 65% (31 December 2018: 75%);
- Expiry date: 1 September 2020; Risk-free interest rate: 1.29% (31 December 2018: 2.19%).

IDC:

- Total loan facility of ZAR100m (US$7.1m), fully utilised at the end of the period;
- The capital balance is repayable in nine quarterly payments commencing January 2020;
- Interest is payable quarterly based on the Johannesburg Interbank Average Rate (JIBAR) plus 8.6%;
- The loan is secured by way of:
  - Bonds over Mothae's movable assets, diamond treatment facility and ancillary equipment;
  - Mortgage over the mining right and the land right granted under the mining agreement;
  - A 70% proportional guarantee by Lucapa of all amounts due and payable;
  - A subordination of Lucapa's shareholder claims in and loans to Mothae, back ranking to the Equigold loan agreement;
- A pledge and session by Lucapa of its shares in Mothae and a cession of all its loans and claims against Mothae, once such are released by Equigold;
- A cession of insurance policies and proceeds thereof with the Lender's interest noted thereon;
- Certain negative pledges;
- Certain financial covenants to be maintained.

New Azilian:

- New Azilian is an entity associated with non-executive director Ross Stanley;
- Loan facility of A$10m (US$7m), fully utilised at the end of the period;
- The principal balance is repayable in May 2020;
- Interest is payable quarterly at 10% pa;
- Lucapa and New Azilian can each elect to convert 50% of the quarterly interest into ordinary shares in the Company at the higher of A$0.185 and the then market price;
- The loan is secured by way of a General Security Deed granted by Lucapa in favour of the lender over collateral consisting of all of the Company's present and after acquired property, undertaking and rights, excluding the Company's investment in and loan to Mothae Diamonds (Pty) Ltd.

New Azilian embedded derivative:

Recognised at fair value, using a Black Scholes valuation with the following inputs:

- LOM share price at measurement date: A$0.155;
- Exercise price: A$0.185; Estimated volatility: 65%;
- Expiry date: Quarterly; Risk-free interest rate: 1.29%.

	30 Jun 2019 Number	30 Jun 2019 US$
13. Share capital		
Listed securities		
Movement in ordinary shares		
On issue at beginning of period	467,188,633	112,920,199
Issue of shares	25,423,850	3,069,262
Issue of shares on exercise of options and performance rights	3,286,594	594,288
Transaction costs	-	(16,380)
On issue at end of period	**495,899,077**	**116,567,369**

Terms and conditions

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.

	30 Jun 2019	31 Dec 2018
Share-based payments		
Weighted average remaining contractual life of share options and performance rights in issue (years)	1.36	1.45
Weighted average Lucapa share price during the period/ year (A$)	0.175	0.25
	US$	US$
Share-based payment recognised		
Profit or Loss		
Director and employee options	209,346	400,494
Non cash financing and investing activities		
Share issue expenses	-	537,462
Loan funding	-	500,000
Deferred exploration and evaluation costs	8,499	110,471
	217,845	**1,548,427**

Share-based payments (continued)

Share options and Performance rights in issue

	Share options						Performance rights			
Exercise price (A$)	**$0.53**	**$0.53**	**$0.45**	**$0.35**	**$0.46**	**$0.4355**	**$0.00**	**$0.00**	**$0.00**	**Weighted average price (A$)**
Expiry date	**02-Jun-19**	**15-May-19**	**24-May-20**	**20-Apr-20**	**31-May-20**	**07-Jun-21**	**31-May-20**	**07-Jun-21**	**01-Apr-22**	
Number on issue at beginning of period	2,925,000	500,000	250,000	2,500,000	2,250,000	1,301,000	585,000	2,832,502	-	0.34
Issue of options/ performance rights	-	-	-	-	-	-	-	-	1,874,520	-
Exercise of options/ performance rights	-	-	-	-	-	-	(112,500)	(2,549,250)	(624,844)	-
Expiry/ lapsing of options/ performance rights	(2,925,000)	(500,000)	-	-	-	-	(410,000)	(283,252)	-	0.44
On issue at end of period	**-**	**-**	**250,000**	**2,500,000**	**2,250,000**	**1,301,000**	**62,500**	**-**	**1,249,676**	0.34
Exercisable at end of period	-	-	250,000	2,500,000	2,250,000	867,333	-	-	-	
Assumptions used in estimating fair value of grants in current period:										
Grant date									01-Apr-19	
LOM share price at grant date (A$)									0.185	
Estimated volatility									65%	
Risk-free interest rate									1.78%	
Fair value per option/ right (A$)									0.185	

14. Events subsequent to reporting date

On 6 August 2019, Lucapa announced the recovery of a 64 carat D-colour Type IIa Mothae diamond, considered to be the best recovery to date from the Mothae mine.

On 8 August 2019, Lucapa announced the results from the latest sale of diamonds from Lulo and Mothae, which took total sales for the year to date from both mines to US$35.5 million at an average price per carat of US$1,347 on a 100% basis.

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.

In the opinion of the directors of Lucapa Diamond Company Limited:

1. the financial statements and notes as set out on pages 10 to 24, are in accordance with the Corporations Act 2001, including:

   (a) giving a true and fair view of the Company's financial position as at 30 June 2019 and of its performance, for the interim period ended on that date; and

   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*; and

2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

Miles Kennedy
Non-executive Chairman

Dated at Subiaco this 2nd day of September 2019

Greenwich & Co

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Independent Auditor's Review Report

To the members of Lucapa Diamond Company Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lucapa Diamond Company Limited, which comprises the consolidated condensed statement of financial position as at 30 June 2019, the consolidated condensed statement of profit or loss, the consolidated condensed statement of comprehensive income, the consolidated condensed statement of changes in equity and the consolidated condensed statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Half-Year Financial Report

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

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410: *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Lucapa Diamond Company Limited's financial position as at 30 June 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting and the Corporations Regulations 2001*. As the auditor of Lucapa Diamond Company Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Lucapa Diamond Company Limited would be in the same terms if given to the directors as at the time of this auditor's review report.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lucapa Diamond Company Limited is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of Lucapa Diamond Company Limited's financial position as at 30 June 2019 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

Emphasis of matter - Inherent uncertainty regarding continuation as a going concern

Without modifying our conclusion, we draw attention to Note 2.b, which outlines that the going concern basis is dependent upon successful completion of funding strategies to generate or raise sufficient funds to pay Lucapa Diamond Company Limited's debts as and when they fall due.

As a result, there is material uncertainty related to events or conditions that may cast significant doubt on Lucapa Diamond Company Limited's ability to continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report.

Greenwich & Co Audit Pty Ltd

Greenwich & Co Audit Pty Ltd

Rafay Nabeel
Audit Director

2 September 2019

Perth
Western Australia

Competent Person's Statement

Information included in this announcement that relates to exploration results and resource estimates is based on and fairly represents information and supporting documentation prepared and compiled by Richard Price MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Price is an employee of Lucapa Diamond Company Limited. Mr Price has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Price consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Information included in this report that relates to the stone frequency, grade and size frequency valuation and validation in the alluvial resource estimate is based on and fairly represents information and supporting documentation prepared and compiled by Sean Duggan (Pri.Sci.Nat 400035/01) and David Bush (Pri.Sci.Nat 400071/00). Messers. Duggan and Bush are directors and employees of Z Star Mineral Resource Consultants (Pty) Ltd, of Cape Town, South Africa. Both hold qualifications and experience such that both qualify as members of a Recognised Overseas Professional Organisation (ROPO) under relevant ASX listing rules. Mr. Duggan and Mr. Bush have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Code. Both Mr. Duggan and Mr. Bush consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

No New Information

To the extent that announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward-Looking Statements

This announcement has been prepared by the Company. This document contains background information about the Company and its related entities current at the date of this announcement. This is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement. This announcement is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

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Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, the Company does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.