



**LUCAPA DELIVERS H1 PROFIT, ENTERS H2 DEBT FREE**

Key Highlights

**H1 FINANCIAL RESULTS**

**Attributable to Lucapa**

- ❖ EBITDA US\$3.6m (A\$5.5m) up 210% from US\$1.2m (A\$1.6m) in (H1/22)
- ❖ Profit after tax US\$3.2m v US\$13.4m loss (H1/22)
- ❖ EBITDA Margin 15%
- ❖ Rough diamond revenue US\$23m
- ❖ Enters second half debt free
- ❖ Received US\$5.0m in SML dividends and capital loan repayments

**100% Basis**

- ❖ EBITDA US\$8.2m (A\$12.6m) up 72% from US\$4.8m (A\$6.7m) (H1/22)
- ❖ EBITDA margin 17%
- ❖ Lulo EBITDA US\$6.1 m v US\$6.2m in H1/22
- ❖ Mothae EBITDA US\$3.3m v US\$307k loss in H1/22
- ❖ Rough diamond revenue US\$46.8m v US\$34.8m (H1/22)
- ❖ Average price per carat US\$1,633/carat v US\$1,201/carat (H1/22)

**H1 OPERATIONAL RESULTS**

- ❖ Total carats recovered 30,927
- ❖ Lulo recovered 15,367 carats from 317,247 bulked m<sup>3</sup> processed
- ❖ Mothae recovered 15,560 carats from 692,080 tonnes processed
- ❖ Mothae plant upgrade drives turnaround and part reversal of impairment charge

**Reporting period:** For the half year ended 30 June 2023

**Previous reporting period:** For the half year ended 30 June 2022

**1. Results for announcement to the market**

		% up/ down	30 June	
			2023	2022
Revenue from ordinary activities	US\$'000	+12%	14,441	12,912
Profit/ (loss) after tax from ordinary activities attributable to members	US\$'000	n/a	3,238	(13,357)
Net profit/ (loss) attributable to ordinary members	US\$'000	n/a	3,238	(13,357)
Attributable EBITDA*	US\$'000	+210%	3,579	1,156
Net tangible asset per security	A\$	+10%	0.106	0.096

\* Attributable ownership in the projects based on Lucapa's holding. This is a non-AIFRS measure. For statutory reporting purposes, SML's results are included on an equity accounted basis and Mothae is consolidated.

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**2. Dividends**

Not applicable.

**3. Commentary**

Refer to the review of operations contained in the directors' report of the Interim Financial Report for the six months ended 30 June 2023 and the subsequent events.

**4. Review**

The consolidated interim financial statements for the half year ended 30 June 2023 have been reviewed by the Company's auditors.

Additional information supporting the Appendix 4D disclosure requirements can be found in the review of operations, consolidated interim financial statements and accompanying notes.

For and on behalf of the Lucapa Board.

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**ABOUT LUCAPA**

Lucapa is an ASX listed diamond miner and explorer with assets in Africa and Australia. It has interests in two producing diamond mines in Angola (Lulo, in which LOM holds 40%) and Lesotho (Mothae, in which LOM holds 70%). The large, high-value diamonds produced from these two niche African diamond mines attract some of the highest prices/ carat globally.

The Lulo mine has been in commercial production since 2015, while the Mothae mine commenced commercial production in 2019.

In 2021, through its wholly owned subsidiary, Australian Natural Diamonds Pty Ltd, Lucapa completed the strategic and transformative acquisition of the Merlin Diamond Project, an historic Australian mine in the Northern Territory of Australia. A feasibility study is expected to be completed in 2023.

Lucapa and its project partners are also exploring for potential primary source kimberlites or lamproites at the prolific Lulo concession in Angola, the Brooking project in Australia and the Orapa Area F project in Botswana.

The Board, management and key stakeholders in Lucapa have deep global diamond industry experience and networks all through the value chain from exploration to retail.

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## No New Information

To the extent that this announcement contains references to prior exploration results, a production target and financial information derived from a production target 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 a production target and financial information derived from a production target and 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.

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Actual values, results, outcomes or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. 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.



**LUCAPA**  
DIAMOND COMPANY



For the six months ended 30 June 2023

ASX Code: LOM

ACN: 111 501 663

[www.lucapa.com.au](http://www.lucapa.com.au)

# Interim Financial Report

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**LUCAPA**  
DIAMOND COMPANY

## Directors' Report

The Directors present their report together with the interim financial report of Lucapa Diamond Company Limited (ASX: LOM) ("the Company") for the six months ended 30 June 2023 and the auditor's review report thereon. The Company, its subsidiaries and associates (collectively "the Group") are primarily involved in exploration, mine development and diamond mining projects in Africa and Australia.

### Directors

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

<b>Name</b>	<b>Position</b>	<b>Appointment date</b>
<i>M Kennedy</i>	Non-Executive Chairman	12 September 2008
<i>R Stanley</i>	Non-Executive Director	26 July 2018
<i>S Wetherall</i>	Chief Executive Officer/ Managing Director	13 October 2014 (Resigned 31 July 2023)
<i>N Selby</i>	Chief Operating Officer/ Executive Director Acting Chief Executive Officer	4 September 2017 1 August 2023

## Review of Operations

### Overview

Lucapa is a producer of large and high-quality diamonds from its Lulo Alluvial Mine ("SML") in Angola and the Mothae Kimberlite Mine ("Mothae") in Lesotho.

Both mines produce diamonds which attract some of the highest prices per carat in the world.

The individual mines earn extra returns from beyond the mine gate form cutting and polishing margins which are generated through a partnership with a high-end diamantaire.

The Company's 100% owned subsidiary, Australian Natural Diamonds Pty Ltd acquired the Merlin Diamond Project in the Northern Territory in 2021. A Feasibility Study into the development of the Merlin Diamond Project is expected to be completed in 2023.

The Company is also advancing exploration and evaluation activities on several projects in Africa and Australia. The most advanced of these programs is the prospective Lulo kimberlite exploration joint venture in Angola which is searching for the primary source of the large, high-value alluvial diamonds regularly recovered by SML's mining operations.

Highlights for the June half include:

- Rough diamond revenue: US\$46.8 million (A\$69.2 million) on a 100% basis at an average price of US\$1,633 per carat;
- EBITDA: US\$8.2 million (A\$12.6 million) on 100% basis;
- Attributable Rough diamond revenue: US\$22.8 million (A\$33.6 million);
- Attributable EBITDA: US\$3.6 million (A\$5.5 million)
- 30,927 carats recovered on a 100% basis;
- Net profit before tax: US\$1.1 million (A\$1.8 million)
- Group is debt free after expunging interest-bearing debt post H1 end;
- Mothae plant upgrade drives turnaround;
- Part reversal of Mothae impairment charge;
- Repatriated US\$5.0 million (A\$7.4 million) in capital loan repayments and SML dividends.



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## Lulo Alluvial Mine, Angola

(CONDUCTED BY SOCIEDADE MINEIRA DO LULO ("SML") LUCAPA 40% ASSOCIATE, ENDIAMA 32%, ROSAS & PETALAS 28%)

### Mining and Operations

Operations at SML in H1 2023 benefited greatly from the previous year's expansion strategy. The heavy rains during the wet season which runs until April most years, only allowed access to the lower grade terraces rather than the higher grade leziria areas. Gravel was predominantly sourced from the terraces in Q1 and from the leziria areas in Q2 once the wet weather had subsided.

Total grade for H1 was 4.8 cphm<sup>3</sup> compared to 4.9 cphm<sup>3</sup> in the previous corresponding period. However, the slightly lower grade was more than offset by a rise in throughput as

approximately 317,000 cubic metres was treated. This included screened gravel from the in-field screening plant and the reprocessing of flowsort tailings.

A total of 15,367 carats was recovered from Lulo in H1. High-value recoveries of note include a 180 carat Type IIa white diamond, found in June, which is the third largest ever to be recovered from the mine, a 150-carat white Type IIa diamond recovered in February and several pink and yellow coloured diamonds recovered throughout H1.

**TABLE 1: LULO PRODUCTION RESULTS AND RECOVERIES**

	100% Project			40% Attributable
	H1 '22	H1 '23	% Var	H1 '23
Volume processed (bulked m <sup>3</sup> )	264,500	317,247	20%	126,899
Carats recovered	13,018	15,367	18%	6,147
Grade recovered (cphm <sup>3</sup> )	4.9	4.8	-2%	4.8
+4.8 carat diamonds	475	603	27%	241
+10.8 carat diamonds (Specials)	163	206	26%	82

### Diamond Sales

SML completed six diamond sales in the first half of the year, selling 14,337 carats at US\$2,326 per carat. Five of the sales were run-of-mine, along with one tender of exceptional diamonds which netted a total of US\$10.7 million in rough revenue.

The tender, conducted by Sodiam, sold the 150 carat diamond recovered from Lulo in February, along with three

other high-value stones, weighing, 115 carats, 83 carats and 50 carats.

SML earned US\$1.0 million in polishing margin for the half year from its cutting and polishing partnership with Safdico.



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## Mothae Kimberlite Mine, Lesotho

(CONDUCTED BY MOTHAE DIAMONDS (PTY) LTD (“MOTHAE”) LUCAPA 70% AND GOVERNMENT OF LESOTHO (“GOL”) 30%)

### Mining and Operations

Following changes to the plant in the first quarter of the year, along with upgrades to both the XRT’s resulting in the elimination of several plant bottlenecks, plant throughput for H1 was substantially increased. Mothae processed 692,080 tonnes of ore in the first half of the year, with the modifications to the plant enabling an improved overall revenue per hour to be achieved in the second quarter of the year. The improved processing capacity more than offset the lower grade (caused by the lower recoveries of smaller low

value stones due to the changes to the plant flowsheet) with the mine continuing to deliver the higher value +4.8 carat and +10.8 carat stones. By the end of the second quarter, Mothae’s revenue per hour had risen to US\$4,180 from the US\$3,000/hour as at 31 December 2022. The average diamond price achieved in the first half of the year for Mothae goods was US\$940, a 45% increase over the previous corresponding period.

**TABLE 2: MOTHAE PRODUCTION RESULTS AND RECOVERIES**

	100% Project			70% Attributable
	H1 '22	H1 '23	% Var	H1 '23
Tonnes processed (t)	634,686	692,080	9%	484,456
Carats recovered	17,493	15,560	-11%	10,892
Grade recovered (cpht)	2.8	2.2	-18%	2.2
+4.8 carat diamonds	389	395	2%	277
+10.8 carat diamonds (Specials)	121	121	0%	85

### Diamond Sales

Mothae completed six diamond sales through the partnership during the period. A total of 14,344 carats were sold at an average of US\$940 per carat for US\$ 13.5 million in first half revenue.

In addition, Mothae earned US\$0.8 million polishing margin for the half year from the cutting and polishing partnership with Safdico.



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## Merlin Kimberlite Mine Development, Australia

(CONDUCTED BY AUSTRALIAN NATURAL DIAMONDS PTY LTD (“AusND”) – 100% LUCAPA)

The Merlin Feasibility Study continued to progress throughout the first half of the year with several workstreams completed or near completion. In Q2, AusND purchased the Ellendale alluvial diamond sampling plant from Burgundy Diamonds, following Burgundy’s decision to exit the Ellendale Diamond Project. The plant was dismantled and most parts transported to Merlin over the period, with the remaining modules arriving post period end.

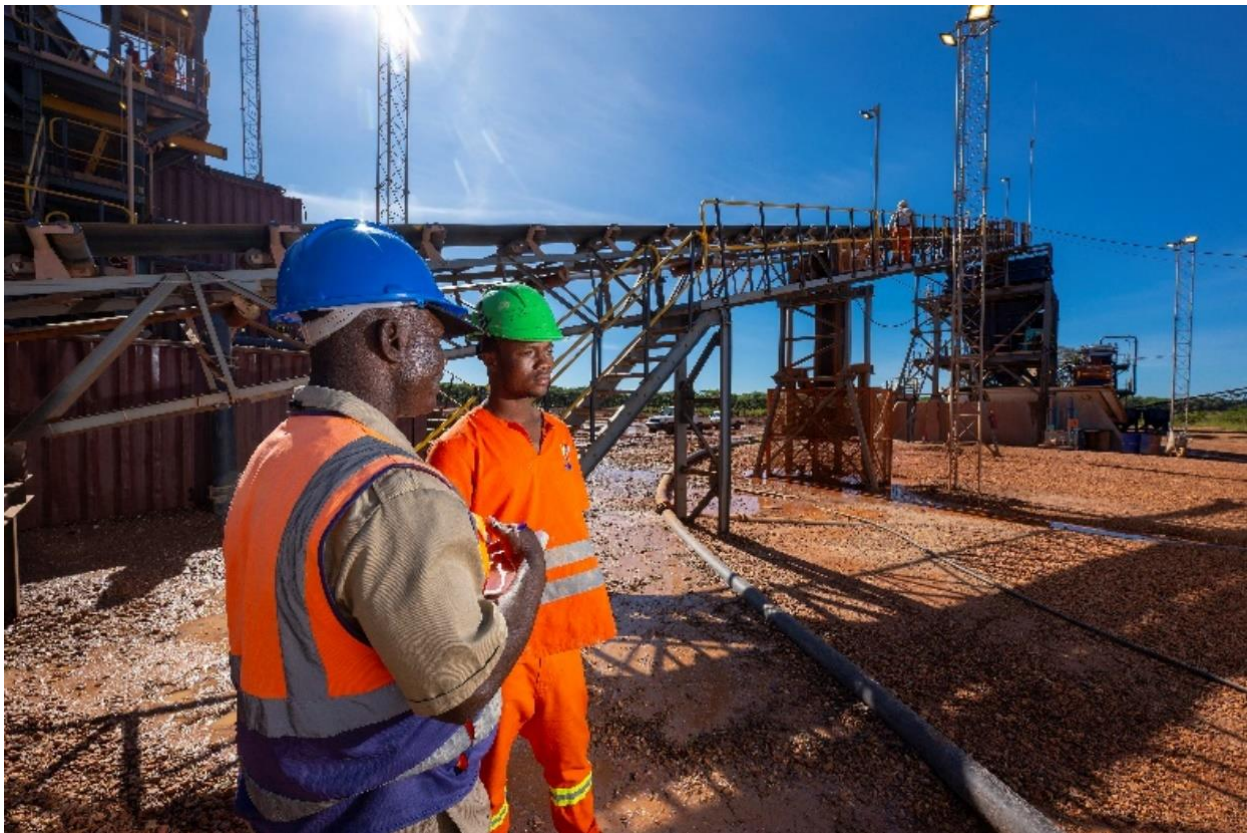
A diamond scrubbing and screening module which was ordered by the previous Merlin owners was purchased by Lucapa for US\$200,000. It was delivered to site post the period end. Importantly, the purchase of the two modules provides Lucapa with optionality regarding a low-cost trial mining program to restart the operation. This option is being considered as a potential alternative to a large-scale development in the Feasibility Study which is expected to be completed in the second half of 2023.

## Kimberlite Exploration, Angola

(CONDUCTED BY PROJECT LULO JOINT VENTURE (“PROJECT LULO JV”) LUCAPA 39%, ENDIAMA 51%, ROSAS & PETALAS 10%)

The Kimberlite exploration program advanced significantly during the period, with the dedicated kimberlite bulk sampling plant operating continuously to process approximately a total of 16 bulk samples during the first half of the year, nine returning diamonds with the remaining samples barren. Seven new kimberlites were confirmed will now be assessed for inclusion in the bulk sampling program.

More than 110 carats of diamonds were recovered from three samples taken from L164. The third sample consisting of 1,272m<sup>3</sup> of weathered kimberlite and overburden (L164/03) could not be classified as indicative of the underlying kimberlite, however, 33 diamonds totalling 28.29 carats were recovered from it. A total of 110.6 carats with an average stone size of 1.14 carats have now been recovered from kimberlite L164, with two special sized (>10.8 carats) diamonds among the recoveries.



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## Brooking Exploration, Western Australia

(CONDUCTED BY BROOKING PTY LTD – LUCAPA 100%; LEOPOLD DIAMONDS HOLDING 20% INTEREST IN THE TENEMENTS)

Approvals for augur drilling on heavy mineral targets were obtained during the half, however no exploration drilling activities occurred until after the period ended. Tenement E04/2502 was relinquished as no lamproite targets were identified.

## Orapa Exploration, Botswana

(CONDUCTED BY LUCAPA DIAMONDS (BOTSWANA) PTY LTD; LUCAPA 100%)

The renewal of environmental and land-use permits were sought during the first half, to allow drilling over identified targets to commence in the second half of the year.

## Corporate

On 31 July 2023 the Managing Director and CEO, Stephen Wetherall resigned and on 1<sup>st</sup> August 2023, Nick Selby, Executive Director Operations was appointed Interim CEO while an executive search for a new Managing Director and CEO is undertaken.

Lucapa enters the second half of the year with a strong balance sheet, having repaid ~US\$20.8 million in principal and interest over an 18 month period and expunging all of its interest-bearing debt just after the end of the half.

Lucapa launched an unmarketable parcel facility in June for the more than 2,500 shareholders who hold less than \$500 in value of the Company's fully paid ordinary shares without having to use a broker or pay brokerage. The offer closed on 4 August 2023. A total of 1,931 shareholders collectively holding 10,216,253 fully paid ordinary LOM shares participated in the share sale. Lucapa Non-executive director Ross Stanley acquired 6,216,253 of the fully paid ordinary shares sold at A\$0.04 per share.

All resolutions at the Annual General Meeting on 30 May 2023 passed by way of poll, while resolutions 3 and 4 were withdrawn at the request of Mr Wetherall and Mr Selby respectively.

Corporate cost for the June half amounted to US\$1.6 million (H1 2022: US\$1.7 million) and a share-based payments charge of US\$0.3 million (H1 2022: zero) has been recognised in respect of the performance rights issued in 2022 (refer note 11 of the financial statements).

## Tenements

**TABLE 3: SCHEDULE OF TENEMENTS**

Project	Country	Type	Size (km <sup>2</sup> )	Period (yrs)	Interest (%)	End date
<b>Brooking</b>	Australia	Exploration Licence	72	5	80	Dec-24
		Exploration Licence	13	5	80	Mar-24
		Exploration Licence	29	5	80	Jun-27
<b>Lulo</b>	Angola	Kimberlite (primary source) exploration	3000	5	39	May-24
		Alluvial (secondary source) mining and exploration	1500	10	40	Jul-25
<b>Merlin</b>	Australia	Mineral lease	24	25	100	Dec-47
		Exploration Licence	210	2	100	Apr-25
<b>Mothae</b>	Lesotho	Mining Licence	47*	10	70	Jan-27
<b>Orapa</b>	Botswana	Reconnaissance	8	2	100	Jun-24

\* Area includes the protection and production area

## Financial Review

Due to continued solid demand for high-value production in the diamond market and strong operational performances from both mines, the Group recorded a much-improved result with a profit after tax of US\$0.9 million for the half year compared to a prior period loss of US\$15.9 million. The profit after tax attributable to members of the Company amounted to US\$3.2 million (H1 2022: loss of US\$13.4 million).

The results include, amongst others:

- US\$5.3 million reversal of the US\$10.6 million impairment charge recognised in the 2022 June half year in respect of Mothae's PPE; and
- an unrealised foreign exchange loss of US\$ 5.1 million (H1 2022: US\$1.3 million) on the intergroup development loan to Mothae because of the weakening of the South African rand against the United States dollar during the reporting period.

Following plant modifications made during the first quarter, which resulted in improved revenue and with lower operating costs, Mothae achieved an EBITDA of US\$3.3 million for the half year, compared to a loss of US\$0.3 million for the prior corresponding period. Management has been focused on keeping operating costs to a minimum in view of recent volatile economic conditions, inflationary pressures and the fact that the VAT Amendment Bill (refer ASX announcement 9 June 2022) has not yet been repealed by the Lesotho government.

SML produced another good performance and reported an EBITDA of US\$6.1 million (H1 2022: US\$6.2 million) for the half year.

During the half year, Lucapa received a US\$1.4 million net dividend from SML as well as US\$3.5 million investment loan repayments.

The Group continued to settle its debt obligations to the IDC and Equigold and resulted in closing debt reducing from US\$6.4 million to US\$2.0 million during the period. The IDC debt was fully expunged by period end and the final repayment was made to Equigold post 30 June, leaving the Group debt free, other than for capitalised lease obligations.

The Group had a cash balance of US\$4.4 million at 30 June 2023 (31 December 2022: US\$6.9 million). In addition, SML which is treated as an associate and not consolidated into Lucapa's financial statements, held US\$5.7 million in cash and diamond receivables.

Group net assets as at 30 June 2023 amounted to US\$90.1 million (31 December 2022: US\$85.3 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 are satisfied that the going concern basis of preparation of the financial statements is appropriate.

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 table 4 below); and
- a summary of the attributable EBITDA by entity (refer table 6).

Lucapa is extensively involved in the operating activities of SML, have 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 (refer tables 5 and 7).

On the pro-forma consolidated basis as per above, the Group recorded an EBITDA of US\$8.2 million (H1 2022: US\$4.8 million) for the June half year and a profit after tax of US\$2.3 million (H1 2022: loss of US\$13.4 million). On a per carat sold basis rough diamond revenue increased from US\$1,201 in H1 2022 to US\$1,633 for the current period and EBITDA from US\$165 to US\$287.

On an attributable basis, the Group recorded an EBITDA of US\$3.6 million (H1 2022: US\$1.2 million) for the June half year. Per carat sold, attributable rough diamond revenue increased from US\$1,022 in H1 2022 to US\$1,444 for the current period and EBITDA from US\$67 to US\$227.

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## Pro-forma consolidated earnings overview (including SML)

TABLE 4: CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	SML		Mothae		Corporate & other		Group		Group*	
	H1 '23	H1 '22	H1 '23	H1 '22	H1 '23	H1 '22	H1 '23	H1 '22	H1 '23	H1 '22
	US\$000s								A\$000s	
Rough revenue & polished margin	34,386	23,449	14,277	12,641	-	-	48,663	36,090	74,672	50,378
Royalty & selling costs	(3,522)	(2,260)	(900)	(802)	202	180	(4,220)	(2,882)	(6,475)	(4,023)
Operating costs	(24,744)	(14,993)	(10,095)	(12,146)	(1,368)	(1,287)	(36,207)	(28,426)	(55,559)	(39,680)
<b>EBITDA</b>	<b>6,120</b>	<b>6,196</b>	<b>3,282</b>	<b>(307)</b>	<b>(1,166)</b>	<b>(1,107)</b>	<b>8,236</b>	<b>4,782</b>	<b>12,638</b>	<b>6,675</b>
Depreciation	(4,231)	(4,093)	(2,416)	(2,086)	(422)	(547)	(7,069)	(6,726)	(10,847)	(9,389)
Impairment	-	-	5,304	(10,608)	-	-	5,304	(10,608)	8,139	(14,808)
Net finance cost	-	(62)	(3,433)	(2,673)	3,028	1,420	(405)	(1,315)	(621)	(1,836)
Fx & FV adjustments and other	-	-	(5,059)	(1,257)	111	(452)	(4,948)	(1,709)	(7,593)	(2,386)
<b>Profit/ (loss) before income tax</b>	<b>1,889</b>	<b>2,041</b>	<b>(2,322)</b>	<b>(16,931)</b>	<b>1,551</b>	<b>(686)</b>	<b>1,118</b>	<b>(15,576)</b>	<b>1,716</b>	<b>(21,744)</b>
Income tax expense	1,392	2,618	-	-	(190)	(439)	1,202	2,179	1,844	3,042
<b>Profit/ (loss) after income tax</b>	<b>3,281</b>	<b>4,659</b>	<b>(2,322)</b>	<b>(16,931)</b>	<b>1,361</b>	<b>(1,125)</b>	<b>2,320</b>	<b>(13,397)</b>	<b>3,560</b>	<b>(18,702)</b>
<b>Attributable to:</b>										
Owners of the Company	1,312	1,864	(1,625)	(11,852)	3,551	(3,369)	3,238	(13,357)	4,969	(18,645)
Non-controlling interests	1,969	2,795	(697)	(5,079)	(2,190)	2,244	(918)	(40)	(1,409)	(56)
	<b>3,281</b>	<b>4,659</b>	<b>(2,322)</b>	<b>(16,931)</b>	<b>1,361</b>	<b>(1,125)</b>	<b>2,320</b>	<b>(13,397)</b>	<b>3,560</b>	<b>(18,702)</b>
<b>Per carat sold:</b>										
	US\$								A\$	
Rough diamond revenue	2,326	2,177	940	650	-	-	1,633	1,201	2,505	1,842
EBITDA	427	593	229	(17)	-	-	287	165	441	230

TABLE 5: CONSOLIDATED EBITDA RECONCILIATION

	H1 '23	H1 '22
	US\$000	
Operating (loss)/ profit as per statement of profit or loss	24	(14,801)
<b>Remove equity accounted earnings:</b>		
SML equity accounted income	(912)	(1,662)
<b>Add consolidated earnings (100%):</b>		
SML EBITDA	6,120	6,196
<b>Add back non-cash items:</b>		
Foreign exchange translation	5,469	1,807
Mothae & LOM depreciation and impairment	(2,465)	13,242
<b>Consolidated EBITDA</b>	<b>8,236</b>	<b>4,782</b>

\* Results converted to A\$ at an average US\$: A\$ exchange rate for the period of 0.652 (H1 2022: 0.716)

## Attributable earnings overview

TABLE 6: ATTRIBUTABLE EBITDA BY ENTITY

	SML (40%)		Mothae (70%)		Corporate & other (100%)		Group		Group*	
	H1 '23	H1 '22	H1 '23	H1 '22	H1 '23	H1 '22	H1 '23	H1 '22	H1 '23	H1 '22
	US\$000s								A\$000s	
Rough revenue & polished margin	13,754	9,380	9,994	8,848	-	-	23,748	18,228	36,441	25,444
Royalty & selling costs	(1,409)	(904)	(631)	(562)	-	-	(2,040)	(1,466)	(3,130)	(2,046)
Operating costs	(9,898)	(5,997)	(7,067)	(8,501)	(1,164)	(1,108)	(18,129)	(15,606)	(27,818)	(21,784)
<b>EBITDA</b>	<b>2,447</b>	<b>2,479</b>	<b>2,296</b>	<b>(215)</b>	<b>(1,164)</b>	<b>(1,108)</b>	<b>3,579</b>	<b>1,156</b>	<b>5,493</b>	<b>1,614</b>
	US\$								A\$	
<i>Per carat sold:</i>										
Rough diamond revenue	2,326	2,177	940	650	-	-	1,444	1,022	2,215	1,568
EBITDA	427	593	229	(17)	-	-	227	67	348	94

TABLE 7: ATTRIBUTABLE EBITDA RECONCILIATION

	H1 '23	H1 '22
	US\$000	
<b>Operating (loss)/ profit as per statement of profit or loss</b>	<b>24</b>	<b>(14,801)</b>
<b>Adjust for non-attributable entries:</b>		
Mothae - 30% minority share	(984)	296
<b>Add back non-cash items:</b>		
Foreign exchange translation	5,469	1,603
Mothae & LOM depreciation and impairment	(2,466)	13,242
SML depreciation, tax and fair value adjustments	1,536	816
<b>Attributable EBITDA</b>	<b>3,579</b>	<b>1,156</b>

\* Results converted to A\$ at an average US\$: A\$ exchange rate for the period of 0.652 (H1 2022: 0.716)



## Auditor's Independence Declaration

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

I declare that, to the best of my knowledge and belief, during the half-year ended 30 June 2023 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.

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

*Elderton Audit Pty Ltd.*

**Elderton Audit Pty Ltd**



**Sajjad Cheema**  
Director

Perth  
25 August 2023

Limited Liability by a scheme approved under Professional Standards Legislation

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



**MILES KENNEDY**

**Chairman**

*Dated this 25<sup>th</sup> August 2023*

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## Consolidated Interim Financial Statements

### Consolidated Interim Statement of Profit or Loss

for the six months ended 30 June 2023

		30 Jun 2023	30 Jun 2022
	Note	US\$000	
Revenue	3	14,441	12,912
Cost of sales	4	(12,323)	(14,526)
<b>Gross profit/ (loss)</b>		<b>2,118</b>	<b>(1,614)</b>
Impairment gain/ (charge)	4	5,304	(10,608)
<b>Gross profit/ (loss) after impairment</b>		<b>7,422</b>	<b>(12,222)</b>
Share of profit of associate	8	912	1,662
Royalties and selling expenses		(698)	(622)
Corporate expenses	4	(1,573)	(1,766)
Share-based payments	11	(313)	-
Foreign exchange loss		(5,726)	(1,853)
<b>Operating profit/ (loss)</b>		<b>24</b>	<b>(14,801)</b>
Finance cost		(408)	(1,255)
Finance income		3	2
Fair value adjustments		1,522	603
<b>Profit/ (loss) before income tax</b>		<b>1,141</b>	<b>(15,451)</b>
Income tax expense		(190)	(440)
<b>Profit/ (loss) after income tax</b>		<b>951</b>	<b>(15,891)</b>
<b>Attributable to:</b>			
Owners of the Company		3,238	(13,357)
Non-controlling interests		(2,287)	(2,534)
		<b>951</b>	<b>(15,891)</b>
<b>Earnings per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/ (loss) per share	5	0.22	(1.08)
Diluted earnings/ (loss) per share	5	0.22	(1.08)

The consolidated statement of profit or loss is to be read in conjunction with the accompanying notes.

## Consolidated Interim Statement of Other Comprehensive Income

for the six months ended 30 June 2023

	30 Jun 2023	30 Jun 2022
	US\$000	
Profit/ (loss) for the period	951	(15,891)
Other comprehensive income	3,555	471
<b>Total comprehensive income/ (loss) for the year</b>	<b>4,506</b>	<b>(15,420)</b>
<b>Attributable to:</b>		
Owners of the Company	5,711	(13,080)
Non-controlling interests	(1,205)	(2,340)
	<b>4,506</b>	<b>(15,420)</b>

The consolidated statement of other comprehensive income is to be read in conjunction with the accompanying notes.

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## Consolidated Interim Statement of Financial Position

as at 30 June 2023

	Note	30 Jun 2023 US\$000	31 Dec 2022
<b>Assets</b>			
Cash and cash equivalents		4,476	6,905
Trade and other receivables		1,844	2,412
Contract assets		800	-
Inventories		2,688	2,359
Other current financial assets	7	1,500	4,000
<b>Total current assets</b>		<b>11,308</b>	<b>15,676</b>
Property plant and equipment	6	68,687	63,110
Non-current financial assets	7	6,268	7,497
Investment in associate	8	14,998	15,686
<b>Total non-current assets</b>		<b>89,953</b>	<b>86,293</b>
<b>Total assets</b>		<b>101,261</b>	<b>101,969</b>
<b>Liabilities</b>			
Trade and other payables	9	6,923	7,881
Current borrowings	10	2,007	6,393
<b>Total current liabilities</b>		<b>8,930</b>	<b>14,274</b>
Provision for rehabilitation		2,178	2,329
Non-current borrowings	10	-	33
Deferred tax liabilities		26	26
<b>Total non-current liabilities</b>		<b>2,204</b>	<b>2,388</b>
<b>Total liabilities</b>		<b>11,134</b>	<b>16,662</b>
<b>Net assets</b>		<b>90,127</b>	<b>85,307</b>
<b>Equity</b>			
Share capital	11	154,230	154,230
Reserves		(1,027)	(3,798)
Accumulated losses		(51,875)	(55,129)
<b>Equity attributable to owners of the Company</b>		<b>101,328</b>	<b>95,303</b>
Non-controlling interests		(11,201)	(9,996)
<b>Total equity</b>		<b>90,127</b>	<b>85,307</b>

The consolidated 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 2023

	Issued capital	Share based payments reserve	Foreign currency translation reserve	Accumulated losses	Total	Non-controlling interests	Total equity
US\$000							
<b>Balance at 1 January 2022</b>	145,542	250	(5,022)	(44,837)	95,933	(5,767)	90,166
<b>Comprehensive income for the period</b>							
Loss for the period	-	-	-	(13,357)	(13,357)	(2,534)	(15,891)
Other comprehensive income	-	-	277	-	277	194	471
<b>Total comprehensive income/ (loss) for the period</b>	-	-	<b>277</b>	<b>(13,357)</b>	<b>(13,080)</b>	<b>(2,340)</b>	<b>(15,420)</b>
<b>Transactions with owners, in their capacity as owners</b>							
Issue of share capital	9,060	-	-	-	9,060	-	9,060
Expiry of options	-	(50)	-	10	(40)	-	(40)
Share issue expenses	(543)	-	-	-	(543)	-	(543)
<b>Total transactions with owners</b>	<b>8,517</b>	<b>(50)</b>	<b>-</b>	<b>10</b>	<b>8,477</b>	<b>-</b>	<b>8,477</b>
<b>Balance at 30 June 2022</b>	<b>154,059</b>	<b>200</b>	<b>(4,745)</b>	<b>(58,184)</b>	<b>91,330</b>	<b>(8,107)</b>	<b>83,223</b>
<b>Balance at 1 January 2023</b>	154,230	158	(3,956)	(55,129)	95,303	(9,996)	85,307
<b>Comprehensive income for the period</b>							
Profit/ (loss) for the period	-	-	-	3,238	3,238	(2,287)	951
Other comprehensive income	-	-	2,473	-	2,473	1,082	3,555
<b>Total comprehensive income/ (loss) for the period</b>	-	-	<b>2,473</b>	<b>3,238</b>	<b>5,711</b>	<b>(1,205)</b>	<b>4,506</b>
<b>Transactions with owners, in their capacity as owners</b>							
Issue of options	-	314	-	-	314	-	314
Expiry of options	-	(16)	-	16	-	-	-
<b>Total transactions with owners</b>	-	<b>298</b>	<b>-</b>	<b>16</b>	<b>314</b>	<b>-</b>	<b>314</b>
<b>Balance at 30 June 2023</b>	<b>154,230</b>	<b>456</b>	<b>(1,483)</b>	<b>(51,875)</b>	<b>101,328</b>	<b>(11,201)</b>	<b>90,127</b>

The consolidated statement of changes in equity is to be read in conjunction with the accompanying notes.

## Consolidated Interim Statement of Cash Flows

for the six months ended 30 June 2023

	30 Jun 2023	30 Jun 2022
	US\$000	
<b>Cash flows from operating activities</b>		
Receipts from products and related debtors	13,289	12,546
Cash paid to suppliers and employees	(13,347)	(12,640)
Interest and finance cost	(871)	(1,263)
Interest received	3	2
<b>Net cash used in operating activities</b>	<b>(926)</b>	<b>(1,355)</b>
<b>Cash flows from investing activities</b>		
Payments for exploration costs	(668)	(1,814)
Payments for development	(1,516)	(2,043)
Dividend and receivable proceeds from associate	4,979	4,398
Payments for property plant and equipment	(452)	(605)
<b>Net cash generated from/ (used in) investing activities</b>	<b>2,343</b>	<b>(64)</b>
<b>Cash flows from financing activities</b>		
Proceeds from issue of share capital	-	9,060
Share issue costs	-	(584)
Repayment of borrowings	(3,819)	(9,737)
<b>Net cash used in financing activities</b>	<b>(3,819)</b>	<b>(1,261)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(2,402)</b>	<b>(2,680)</b>
Cash and cash equivalents at beginning of period	6,905	7,366
Exchange loss on foreign cash balances	(27)	(147)
<b>Cash and cash equivalents at end of period</b>	<b>4,476</b>	<b>4,539</b>

The consolidated statement of cash flows is to be read in conjunction with the accompanying notes.

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## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### 1. Basis of Preparation

#### 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 2022.

The basis of preparation of the interim financial report is set out below and was 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 recorded a profit after tax of US\$0.9 million for the half year compared to a prior period loss of US\$15.9 million. The profit after tax attributable to members of the Company amounted to US\$3.2 million (H1 2022: loss of US\$13.4 million).

The results include, amongst others:

- the part reversal, amounting to US\$5.3 million of the US\$10.6 million impairment charge recognised in the 2022 June half year in respect of Mothae, following its improved performance in the current year; and
- an unrealized foreign exchange loss of US\$ 5.1 million (H1 2022: US\$1.3 million) on the intergroup development loan to Mothae because of the weakening of the South African rand against the United States dollar during the reporting period.

The results of SML and Mothae are summarised in the Directors' report.

During the half year, Lucapa received a US\$1.4 million net dividend from SML as well as US\$3.5 million alluvial investment loan repayments and the Group reduced external debt from US\$6.4 million to US\$2.0 million during the period. Following the final repayment made to Equigold post 30 June, the Group is now debt free, other than for capitalised lease obligations.

As at 30 June 2023, the Group's assets exceeded its liabilities by US\$90.1 million (31 December 2022: US\$85.3 million).

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

- The diamond market remains stable for higher value productions and has rebounded strongly after COVID-19 resulting in diamond prices returning to above pre-pandemic levels;
- 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\$90.1 million;
- All approvals are in place for SML to repay Lucapa's alluvial investment loan as well as dividends and should follow directly following SML shareholder approval;
- The revisions implemented to the mining methodology at Mothae appears to be successful, albeit still at an early stage. Mothae has been cash flow positive in the current period and all IDC debt has been settled;
- 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

## Condensed Notes to the Consolidated Interim Financial Statements for the six months ended 30 June 2023

### 2. Segment Reporting

	Exploration & Evaluation			Mining			Corporate & other	Total
	Angola	Botswana	Australia	Angola	Australia	Lesotho	Australia	
	US\$000							
<b>Period ended 30 June 2023</b>	<b>Profit or loss</b>							
	-	-	-	-	-	14,441	-	<b>14,441</b>
	-	-	-	-	-	-	-	-
	-	-	-	-	-	<b>14,441</b>	-	<b>14,441</b>
	-	-	-	39	-	2,416	383	<b>2,838</b>
	-	-	-	-	-	-	313	<b>313</b>
	-	-	-	873	-	1,111	(1,960)	<b>24</b>
	-	-	-	-	-	(3,433)	3,028	<b>(405)</b>
	-	-	-	-	-	(5,304)	-	<b>(5,304)</b>
	-	-	-	1,377	-	(2,322)	2,086	<b>1,141</b>
	<b>Other segment information</b>							
	2,219	20	22	-	1,638	1,590	1	<b>5,490</b>
<b>As at 30 June 2023</b>	<b>Assets and liabilities</b>							
	29,611	194	2,091	22,346	13,575	29,842	3,602	<b>101,261</b>
	-	-	-	-	803	8,990	1,341	<b>11,134</b>
	-	197	2,269	-	12,773	41,267	(56,506)	-
<b>Period ended 30 June 2022</b>	<b>Profit or loss</b>							
	-	-	-	-	-	12,912	-	<b>12,912</b>
	-	-	-	-	-	-	-	-
	-	-	-	-	-	<b>12,912</b>	-	<b>12,912</b>
	-	-	-	81	-	2,087	465	<b>2,633</b>
	-	-	-	-	-	-	-	-
	-	-	-	1,581	-	(14,699)	(1,683)	<b>(14,801)</b>
	-	-	-	-	-	(2,673)	1,420	<b>(1,253)</b>
	-	-	-	-	-	10,608	-	<b>10,608</b>
	-	-	-	2,085	-	(16,931)	(605)	<b>(15,451)</b>
	<b>Other segment information</b>							
	2,512	2	33	-	320	1,017	2	<b>3,886</b>
<b>As at 31 December 2022</b>	<b>Assets and liabilities</b>							
	27,392	182	2,115	27,356	12,284	25,863	6,777	<b>101,969</b>
	-	-	-	-	753	10,681	5,228	<b>16,662</b>
	-	176	2,246	-	11,530	48,878	(62,830)	-

The Group engages in business activities within the following business segments: exploration & evaluation projects in Angola, Botswana and Australia, mining in Angola, Australia and Lesotho and corporate and other administrative functions in Western Australia to support and promote its activities.

## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### 3. Revenue

	30 Jun 2023	30 Jun 2022
	US\$000	
<b>Revenue from contracts with customers</b>		
Sale of goods	14,441	12,912
	<b>14,441</b>	<b>12,912</b>

### 4. Expenses

	30 Jun 2023	30 Jun 2022
Note	US\$000	
<b>Breakdown of expenses by nature</b>		
Raw materials, consumables and other input costs	8,019	8,228
Changes in inventories of finished goods and work in progress	(826)	1,099
Employee benefits expenses (excluding share based payments)	3,248	3,637
Depreciation and amortisation	2,837	2,633
Impairment charge	(5,304)	10,608
Auditors remuneration	20	22
Mining and short term leases	125	101
Consulting fees and other administrative expenses	473	572
<b>Total expenses</b>	<b>8,592</b>	<b>26,900</b>
<b>Breakdown of expenses by function</b>		
Cost of sales	12,323	14,526
Impairment charge	(5,304)	10,608
Corporate expenses	1,573	1,766
<b>Total expenses</b>	<b>8,592</b>	<b>26,900</b>
<b>Employee benefits expenses</b>		
Wages, salaries and director remuneration	3,135	3,479
Superannuation costs	58	53
Share-based payments	11	-
Other associated employee expenses	55	105
	<b>3,561</b>	<b>3,637</b>

### 5. Earnings per Share

	30 Jun 2023	30 Jun 2022
	Cents	Cents
Basic earnings/ (loss) per share	0.22	(1.08)
Diluted earnings/ (loss) per share	0.22	(1.08)
	US\$000	US\$000
<b>Earnings/ (loss) used in calculating earnings per share</b>		
Attributable to members of the Company used in calculating:		
- basic earnings per share	3,238	(13,357)
- diluted earnings per share	3,238	(13,357)
	Number	Number
<b>Weighted average number of shares used as the denominator</b>		
Weighted average number of ordinary shares outstanding during the period used in calculation of:		
- basic earnings per share	1,439,559,875	1,237,830,121
- diluted earnings per share	1,496,253,356	1,237,830,121

## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### 6. Property, Plant and Equipment

	Deferred exploration and evaluation	Mine development	Plant and equipment	Stripping activity assets	Decom- missioning assets	Right-of-use assets	Other assets	Total
US\$000								
<b>Cost</b>								
Balance at 1 January 2022	27,264	28,192	19,287	749	160	3,684	1,962	81,298
Additions	4,735	3,655	458	624	729	-	156	10,357
Disposals	-	-	-	-	-	(347)	(56)	(403)
Foreign currency movements	(272)	(1,039)	(1,180)	(66)	(34)	(205)	(117)	(2,913)
<b>Balance at 31 December 2022</b>	<b>31,727</b>	<b>30,808</b>	<b>18,565</b>	<b>1,307</b>	<b>855</b>	<b>3,132</b>	<b>1,945</b>	<b>88,339</b>
Additions	2,261	(1,380)	3,171	195	(50)	1,202	91	5,490
Disposals	-	-	-	-	-	(2,673)	-	(2,673)
Foreign currency movements	(255)	(972)	(1,756)	(88)	(86)	(267)	(173)	(3,597)
<b>Balance at 30 June 2023</b>	<b>33,733</b>	<b>28,456</b>	<b>19,980</b>	<b>1,414</b>	<b>719</b>	<b>1,394</b>	<b>1,863</b>	<b>87,559</b>
<b>Accumulated depreciation</b>								
Balance at 1 January 2022	-	2,848	4,122	38	160	2,294	901	10,363
Amortisation/ depreciation charge for the year	-	1,414	1,945	101	179	1,142	391	5,172
Impairment	2,124	11,050	(2,566)	-	-	-	-	10,608
Disposals	-	-	-	-	-	(229)	(13)	(242)
Foreign currency movements	(84)	(106)	(222)	(6)	(17)	(170)	(67)	(672)
<b>Balance at 31 December 2022</b>	<b>2,040</b>	<b>15,206</b>	<b>3,279</b>	<b>133</b>	<b>322</b>	<b>3,037</b>	<b>1,212</b>	<b>25,229</b>
Amortisation/ depreciation charge for the year	-	462	1,135	380	39	660	177	2,853
Impairment	-	(7,925)	2,621	-	-	-	-	(5,304)
Disposals	-	-	-	-	-	(2,673)	-	(2,673)
Foreign currency movements	(199)	(198)	(414)	(43)	(14)	(251)	(114)	(1,233)
<b>Balance at 30 June 2023</b>	<b>1,841</b>	<b>7,545</b>	<b>6,621</b>	<b>470</b>	<b>347</b>	<b>773</b>	<b>1,275</b>	<b>18,872</b>
<b>Net carrying amounts</b>								
At 31 December 2022	29,687	15,602	15,286	1,174	533	95	733	63,110
<b>At 30 June 2023</b>	<b>31,892</b>	<b>20,911</b>	<b>13,359</b>	<b>944</b>	<b>372</b>	<b>621</b>	<b>588</b>	<b>68,687</b>

## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### Deferred exploration and evaluation costs

Deferred exploration and evaluation costs represent the cumulative expenditure incurred in relation to the Lulo, Orapa Area F and Brooking projects on diamond exploration and evaluation including plant and equipment. The Mothae Deferred exploration and evaluation costs were written off as part of the Mothae impairment charge.

The Company continues to explore for the primary kimberlite sources of the alluvial diamonds being recovered on the Lulo concession, explore for kimberlite in Botswana and for lamproite in Australia.

The Group has a 39% interest in the Project Lulo Kimberlite Exploration Joint 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. The Group is responsible for the upfront funding of the exploration costs. 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\$29.6 million (31 December 2022: US\$27.4 million) in the schedule above are related to the JV.

A review of the Deferred exploration and evaluation assets has been performed to determine if any impairment loss should be recognised based on the economic environment and relevant facts and circumstances. No adjustment has been required or recognised in terms of this during the period.

### Impairment review

The Group reversed 50% of the impairment charge recognised during the previous half year in respect of the PPE of Mothae, amounting to US\$5.3 million as per the Director's report. The impairment review was performed with the following key assumption averages used:

- Ore volume treated: 1.5 Mtpa (Dec-22: 1.4 Mtpa) pa;
- US\$/ carat average price: 1,009 (Dec-22: 1,351);
- Discount rate: 10% (Dec-22: 10%);
- ZAR/ US\$ exchange rate: 18.5 (Dec-22: 17.0).

These 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.

No other impairments were assessed as being required.

### Other assets

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

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## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### 7. Financial Assets

	30 Jun 2023	31 Dec 2022
	US\$000	
<b>Non-current financial assets</b>		
<b>Receivable in respect of SML</b>		
At 1 January	12,643	26,366
Investment during the period	96	1,038
Repayment received	(3,420)	(12,218)
Transferred to Deferred exploration and evaluation costs for Kimberlite JV	(1,389)	(2,543)
	<b>7,930</b>	<b>12,643</b>
Fair value adjustment due to discounting	(831)	(1,831)
<b>At end of period</b>	<b>7,099</b>	<b>10,812</b>
Less: Current portion of receivable	(1,500)	(4,000)
<b>Non-current receivable</b>	<b>5,599</b>	<b>6,812</b>
Security deposit for environmental rehabilitation in respect of Merlin	669	685
<b>Total non-current financial assets</b>	<b>6,268</b>	<b>7,497</b>
<b>Current financial assets</b>		
<b>Receivable in respect of SML</b>		
Current portion of receivable	1,500	4,000

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 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 Company's forecast model for SML. Sensitivity factors which could impact the valuation include operational recoveries, diamond prices and delays in the timing of repayments which will decrease the fair value estimate. A discount rate of 16.5% (2022: 16.4%) has been applied in the fair value calculation.

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## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### 8. Investment in Associate

	30 Jun 2023	31 Dec 2022
	US\$000	
<b>Summarised financial information of SML</b>		
Current assets	24,344	31,067
Non-current assets	28,376	26,034
Current liabilities	13,755	12,703
Non-current liabilities	7,099	10,812
<b>Equity</b>	<b>31,866</b>	<b>33,586</b>
Group's carrying amount of the investment	14,998	15,686
Contingent liabilities	1,094	1,094

	30 Jun 2023	30 Jun 2022
	US\$000	
Revenue	34,386	23,449
Cost of sales	(21,887)	(12,288)
Administrative and selling expenses	(10,611)	(9,058)
Fair value adjustments and finance cost	(1,000)	(566)
<b>Profit before tax</b>	<b>888</b>	<b>1,537</b>
Income tax expense	1,392	2,618
<b>Profit for the period</b>	<b>2,280</b>	<b>4,155</b>
<b>Total comprehensive income for the period</b>	<b>2,280</b>	<b>4,155</b>
<b>Group's share of profit for the period</b>	<b>912</b>	<b>1,662</b>

The Group has recognised its 40% share of SML's results since its formal incorporation in May 2016. SML's earnings include fair value adjustments in relation to the discounting of the financial asset of Lucapa reflected under note 6.

The contingent liability relates to income tax potentially payable following a recent change to the Angolan Industrial Tax Code in respect of the treatment of unreleased foreign exchange gains/ losses due to movements between the United States dollar and the Angolan kwanza. SML's tax for 2022 has been recognised based on external advice obtained. A ruling from the Angolan tax office has been requested in this regard and is still being awaited.

### 9. Trade and Other Payables

	30 Jun 2023	31 Dec 2022
	US\$000	
Trade payables	1,917	1,664
Short-term advance	2,685	2,685
Accruals and other payables	2,321	3,532
<b>Total</b>	<b>6,923</b>	<b>7,881</b>

The short-term advance 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 is non-interest bearing and repayable from future sales, polished partnership profits or in cash as and when agreed between the parties.

## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### 10. Borrowings

	30 Jun 2023	31 Dec 2022
	US\$000	
<b>Current borrowings</b>		
Lease liabilities	664	70
Other short-term loans	1,343	5,801
Current loans - Embedded derivatives	-	522
<b>Total</b>	<b>2,007</b>	<b>6,393</b>
<b>Non-current borrowings</b>		
Lease liabilities	-	33
<b>Total</b>	<b>-</b>	<b>33</b>

#### Lease liabilities

The lease liabilities consist of the amounts due in respect of mining equipment and plant at Mothae, leased at monthly payments of ZAR2.0 million (US\$0.1 million) until December 2023 and ZAR0.1 million (US\$0.01 million) until May 2024.

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

#### Other loans

The loan amounts reflect the balance due to Equigold and the IDC (at 31 December 2022). The terms of the loans include the following:

##### Equigold

- Loan facility of US\$1.3 million (2022: US\$3.8 million facility fully utilised);
- The principal balance is repayable in July 2023;
- Market related fees payable on draw down and with interest payments;
- Equigold, at its election, can convert the last payment into ordinary shares in the Company at the then market price. The loan was fully settled in cash after 30 June 2023;
- Interest is payable at 9.75% pa;
- 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. The security was cancelled in July 2023 following the final repayment of the loan.

##### IDC

- Total loan facility of ZAR33 million (US\$1.9 million) as at 31 December 2022. The loan was fully settled during the current half year;
- Interest was payable quarterly based on JIBAR plus 8.6%;
- The loan was 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.
- The security is currently in the process of being cancelled.

##### Embedded derivative

**Equigold** – an embedded derivative was previously recognised in relation to last two quarterly payments (US\$2.5 million) of the Equigold loan. The carrying value of embedded derivative was released to the P&L in the current half year following the decision to settle the repayments in cash.

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## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### 11. Share Capital and Share-based Payment

	30 Jun 2023	30 Jun 2023
	Number	US\$000
<b>Listed securities</b>		
<b>Movement in ordinary shares (ASX code: LOM)</b>		
On issue at beginning of period	1,439,559,875	154,230
<b>On issue at end of period</b>	<b>1,439,559,875</b>	<b>154,230</b>
<b>Unlisted securities</b>		
<b>Movement in unlisted options (A\$0.08 exercise price; expire 30 July 2025)</b>		
On issue at beginning of period	5,000,000	-
<b>On issue at end of period</b>	<b>5,000,000</b>	<b>-</b>

#### 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.

#### Share-based payments

	30 Jun 2023	31 Dec 2022
Weighted average remaining contractual life of share options and performance rights in issue (years)	3.02	3.52
Weighted average Lucapa share price during the period/ year (A\$)	0.041	0.061
	<b>US\$000</b>	<b>US\$000</b>
<b>Share-based payment recognised</b>		
<b>Profit or Loss</b>		
Director and employee options	313	70
	<b>313</b>	<b>70</b>

#### 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	
Exercise price (A\$)	<b>\$0.08</b>	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>	
Expiry date	<b>30-Jun-25</b>	<b>31-Dec-25</b>	<b>31-Jan-27</b>	<b>29-Nov-27</b>	
Number on issue at beginning of period	5,000,000	33,426,681	12,124,573	11,142,227	0.01
<b>On issue at end of period</b>	<b>5,000,000</b>	<b>33,426,681</b>	<b>12,124,573</b>	<b>11,142,227</b>	<b>0.01</b>
Exercisable at end of period	5,000,000	-	-	-	

## Condensed Notes to the Consolidated Interim Financial Statements

for the six months ended 30 June 2023

### 12. Events Subsequent to Reporting Date

On 4 July 2023, Lucapa announced that Lucapa has made the final instalment of US\$1.3 million on the loan due to Equigold and that the Group is now debt free, other than for capitalised lease liabilities.

On 4 July 2023, Lucapa announced the recovery on 30 June 2023 of a white 180 carat type IIa diamond from the Lulo alluvial mine.

On 10 July 2023, Lucapa announced that Managing Director and Chief Executive Officer, Mr Stephen Wetherall, has advised the Board of his intention to step down as both Managing Director and Chief Executive Officer at the end of July 2023 and that Mr Nick Selby, current Executive Director Operations will be appointed as Interim Chief Executive Officer on Mr Wetherall's exit while an executive search for a new Chief Executive Officer and Managing Director is undertaken.

On 10 August 2023, Lucapa announced that the sale of LOM shares under the Company's unmarketable share parcel sale, as announced to the ASX on 20 June 2023, has been completed at a sale price of A\$0.04 per share. A total of 1,931 shareholders collectively holding 10,216,253 fully paid ordinary LOM shares participated in the share sale. Lucapa Non-executive director Ross Stanley acquired 6,216,253 of the fully paid ordinary shares sold at A\$0.04 per share.

On 24 August 2023, Lucapa issued 20,902,644 new performance rights (Performance Rights) to key employees and contractors subject to various vesting conditions, in accordance with the Company's Incentive Plan. A further issue of 4,881,857 Performance Rights to Interim CEO and Managing Director, Mr Nick Selby, subject to various vesting conditions, is subject to shareholder approval at a general meeting to be convened. The Company also cancelled 5,697,597 Performance Rights issued in November 2022 which did not meet the vesting criteria on 25 August 2023.

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.

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## Director's declaration

### for the six months ended 30 June 2023

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

- (a) the financial statements and notes, as set out on pages 13 to 27, are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its performance for the financial period ended on that date;
  - (ii) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
- (b) 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.

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



**MILES KENNEDY**

**Chairman**

*Dated this 25<sup>th</sup> August 2023*

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# Independent Auditor's Review Report

For the six months ended 30 June 2023

ELDERTON  
AUDIT PTY LTD

## 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 2023, the consolidated condensed statement of profit or loss and other 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 2023 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.

Limited Liability by a scheme approved under Professional Standards Legislation

T +61 8 6324 2900 E info@eldertongroup.com A Level 32, 152 St Georges Terrace, Perth WA 6000  
ABN 51 609 542 458 W www.eldertongroup.com

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## Independent Auditor's Review Report

For the six months ended 30 June 2023

### 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 2023 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*.

Elderton Audit Pty Ltd.

Elderton Audit Pty Ltd



**Sajjad Cheema**  
Director

Perth  
25 August 2023

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## Definitions and Abbreviations

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

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## Corporate Directory

### Registered Office & Principal Place of Business

34 Bagot Road, Subiaco  
Western Australia 6008

### Contact Details

Phone: +61 8 9381 5995  
E-mail: [general@lucapa.com.au](mailto:general@lucapa.com.au)  
Internet: [www.lucapa.com.au](http://www.lucapa.com.au)

### Directors

Miles Kennedy: Non-Executive Director, Chairman  
Ross Stanley: Non-Executive Director  
Nick Selby: Executive Director/ Chief Operating Officer  
Acting Chief Executive Officer

### Company Secretary

Mark Clements

### Share Registry

Automic Pty Ltd  
Level 2  
267 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  
Level 32  
152 St Georges Terrace, Perth  
Western Australia 6000

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## ASX Additional Information

### 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.

### No New Information

To the extent that this announcement contains references to prior exploration results, a production target and financial information derived from a production target 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 a production target and financial information derived from a production target and 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

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No responsibility for any errors or omissions from this document arising out of negligence or otherwise is accepted. This document does include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. Actual values, results, outcomes or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. 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.

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.