



LUCAPA
DIAMOND COMPANY

Lucapa Diamond Company Limited
Annual Report for the year ended 31 December 2015

ASX Code: LOM

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Competent Person's Statement

The information reported is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm MSc F.Aus.IMM (CP), who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr. Thamm is a Director of Lucapa Diamond Company Limited. Mr. Thamm 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. Thamm and 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 report contains references to prior exploration results and Mineral Resource estimates, which have been included in 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 prior 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 report has been prepared by Lucapa Diamond Company Limited. This document contains background information about Lucapa Diamond Company Limited 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 report. This report 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. This report may not be distributed in any jurisdiction except in accordance with the legal requirements applicable in such jurisdiction. Recipients should inform themselves of the restrictions that apply in their own jurisdiction. A failure to do so may result in a violation of securities laws in such jurisdiction. This document does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular investments to particular persons. Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments. 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 Lucapa Diamond Company Limited. 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 report speak only at the date of issue of this report. Subject to any continuing obligations under applicable law and ASX Listing Rules, Lucapa Diamond Company Limited 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.

Dear Shareholder

Lucapa Diamond Company Limited ("Lucapa" or "the Company") enters 2016 with a justifiable sense of excitement as the Company builds on the significant milestones achieved at the Lulo Diamond Project in Angola ("Lulo") in 2015.

The first of those milestones was achieved in January 2015 when, after some seven years of exploration work, Lucapa, together with its partners Endiama and Rosas & Petalas, made the transition to a diamond miner.

By June 2015, the Lulo partners had hit the initial mining and processing target of 10,000 bulk cubic metres (bcm) per month and by September, this rate had been doubled to 20,000 bcm/month through the provision of additional earth moving fleet, mining equipment and supporting infrastructure.

The size and quality of the diamonds recovered from our alluvial mining operations at Lulo have exceeded our expectations and captured international attention. Mining Block 8 alone – despite the challenges associated with operating in the Angolan wet season – produced 60 large special diamonds (>10.8 carats) in the last five months of 2015, while the nearby Mining Block 6 has yielded diamonds of up to 133.4 carats through first processing of those gravels.

If any further proof was required that Lulo was indeed big diamond country, that came in February 2016 when Lulo produced the biggest recorded diamond ever recovered in Angola – the spectacular 404.2 carat Type IIa D-colour gem pictured below.



Mining large and valuable alluvial diamonds has enabled the Lulo partners to generate strong and sustainable cash flows from regular diamond sales. Those diamonds have also provided valuable pointers to the big prize – which is to locate the primary kimberlite source (or sources) of the exceptional Lulo gems.

Lucapa's kimberlite exploration program took a significant step forward in October 2015 when the L259 kimberlite was identified, via a geological pitting program, as a potential source of the exceptional diamonds being recovered from Mining Blocks 8 and 6.

This elevated L259, L13, L15 and surrounding targets to the highest priority kimberlite targets within the Lulo concession.

The geological pitting program was followed up with ground-based gravity and electromagnetic (EM) surveys to assist in identifying the body of these high-priority kimberlites. The gravity and EM surveys (post yearend) successfully identified

a large and well defined kimberlitic signature at L259 covering a known area of between 78-108 hectares (1.1km²). This is an area directly beneath Mining Block 8 which is planned to be drilled in April 2016.

The next stage of the kimberlite exploration program will involve drilling identified target areas on L259 and surrounding targets with the multi-purpose rig purchased by the Company during 2015.

This rig will also be used as part of our program to expand and upgrade the maiden JORC compliant inferred alluvial diamond resource at Lulo, which was yet another achievement made during 2015.

The advancements made at Lulo on both the alluvial mining and kimberlite exploration fronts are a credit to the hard-working teams at both Lucapa and Lulo – led by our Chief Executive Stephen Wetherall and Chief Operating Officer Nick Selby.

We look forward to achieving more significant milestones in 2016.

A handwritten signature in black ink, appearing to read 'Miles Kennedy', with a stylized, cursive script.

MILES KENNEDY
Chairman

2015 was a year of significant achievements at the Lulo Diamond Project in Angola for Lucapa Diamond Company Limited ("Lucapa" or "the Company"), which enters 2016 with well-advanced plans for both its alluvial mining and kimberlite exploration activities.

Lucapa operates Lulo in partnership with Endiama, Angola's national diamond company, and private local partner Rosas & Petalas. The 3,000km² Lulo concession is located in Angola's Lunda Norte province within 150km of Catoca, the world's fourth biggest diamond mine.

2016 has started on a very positive note for Lucapa with the recovery in February of a 404.2 carat Type IIa D-colour gem – the biggest recorded diamond ever recovered in Angola.

Lucapa is dual listed on the ASX and Frankfurt Stock Exchange. During the Quarter, the Company appointed Panmure Gordon & Co as its UK financial adviser.



Alluvial Diamond Mining and Sales

Alluvial diamond mining operations commenced at Lulo in January 2015 following the awarding of a mining licence in November 2014. Lucapa has a 40% interest in the alluvial mining operations and is the operator.

Alluvial diamond mining highlights at Lulo in 2015 included:

- The progressive scaling up of mining operations to initial target of 10,000 bulk cubic metres (bcm) per month by June 2015;
- The scaling up of mining operations to 20,000 bcm/month by September 2015 through the provision of additional earth moving fleet, mining equipment and supporting infrastructure. This resulted in a 173% increase in alluvial gravels processed through the 150 tonne per hour (tph) diamond plant to 82,410 bcm in the second half of calendar 2015, despite the challenges of operating in the Angolan wet season;
- The identification of Mining Blocks 6 and 8 as special sources of regular large special diamonds (individual diamonds weighing more than 10.8 carats). A total of 60 specials were recovered from Mining Block 8 between August and December 2015, while the proximal Mining Block 6 has (subsequent to year end) produced specials of up to 133.4 carats;



- Sales of Lulo diamonds (from both exploration and mining) exceeding 10,000 carats by the end of December 2015;
- Record quarterly gross diamond sales revenues of A\$8.1 million in the December 2015 Quarter at an average selling price of A\$2,141 per carat, taking total 2015 diamond sales revenues to A\$12.8 million and overall diamond sales revenues (from mining and exploration) to A\$18.8 million;
- The record post-year sale, in February 2016, of 1,931 carats of Lulo diamonds for gross proceeds of A\$32.5 million, including the sale of the 404 carat gem for A\$22.5 million.
- More than A\$14 million raised in equity and option conversions to expand diamond operations at Lulo in 2015, in challenging market conditions;
- Improvements to the 150 tph diamond plant including the delivery of a wet front end module to improve diamond recoveries during the wet season and additional x-ray Flowsort recovery units;
- An increase in the average size of individual diamond recoveries to 1.35 carats in the December 2015 Quarter and 1.10 carats for calendar 2015;
- The purchase of a multi-purpose mobile drill rig with both diamond and augur capability to assist in alluvial resource extension activities and exploration of high-priority kimberlite targets; and
- A maiden JORC-compliant inferred diamond resource - independently validated by ZStar Mineral Resource Consultants of Cape Town - (Table 2) sufficient to support alluvial diamond mining for an inferred four years at the rate of 20,000 bcm/month. The diamond resource covers less than 10% of the alluvial mining licence area

	Q1 15	Q2 15	H1 15	Q3 15	Q4 15	H2 15	FY 15
Actual Treated m³ (bulked)	12,912	17,264	30,176	44,009	38,401	82,410	112,586
Actual Carats Recovered	1,335	1,430	2,765	3,479	2,151	5,630	8,394
Actual Grade Recovered (cphm³)	10.34	8.28	9.16	7.90	5.60	6.83	7.46
Actual Avg Stone Size Recovered	1.01	0.79	0.88	1.20	1.35	1.25	1.10
Specials Recovered	12	3	15	43	28	71	86
Actual Sales (A\$)	-	3,666,929	3,666,929	1,023,644	8,091,593	9,115,237	12,782,166
Actual Price per Ct (A\$)	-	1,227	1,227	400	2,141	1,438	1,370

Table 1: Diamond production physicals and sales results by quarter for full year 2015

Lucapa and its partners plan to extend and update the maiden diamond resource in 2016 and will use the multi-purpose mobile drill rig to assist in alluvial resource extension activities (as well as for the kimberlite exploration program).

Alluvial gravels have also been excavated from the higher-grade E46 area for trial mining as part of the Company's plan to extend the E46 diamond resource and ramp up overall production and alluvial processing rates beyond 20,000 bcm/month.

Classified, Depleted & Reconciled Lulo Alluvial Diamond Resource as at 31 October 2015

JORC classification	Sector	Thickness (m)	Area (m ²)	Insitu volume (m ³)	Grade (stns/m ³)	cts/stn	Stones	Carats	Insitu grade (cphm ³)	Modelled value (USD)*
Inferred	5	0.44	96,200	10,400	0.11	0.95	1,200	1,100	10.58	\$781
	4	0.33	60,000	17,699	0.05	1.04	2,600	1,800	9.09	\$781
	5N	0.64	80,000	51,200	0.06	1.13	3,000	3,400	6.64	\$781
	4 MB08	0.57	255,575	120,001	0.06	1.48	6,900	9,700	8.23	\$931
	46	0.4	331,800	132,700	0.18	0.97	24,100	23,400	17.63	\$781
	1	0.60	363,700	218,200	0.07	0.82	14,300	11,700	5.36	\$781
Total			1,187,275	550,200	0.09	1.02	52,100	51,000	9.27	\$806

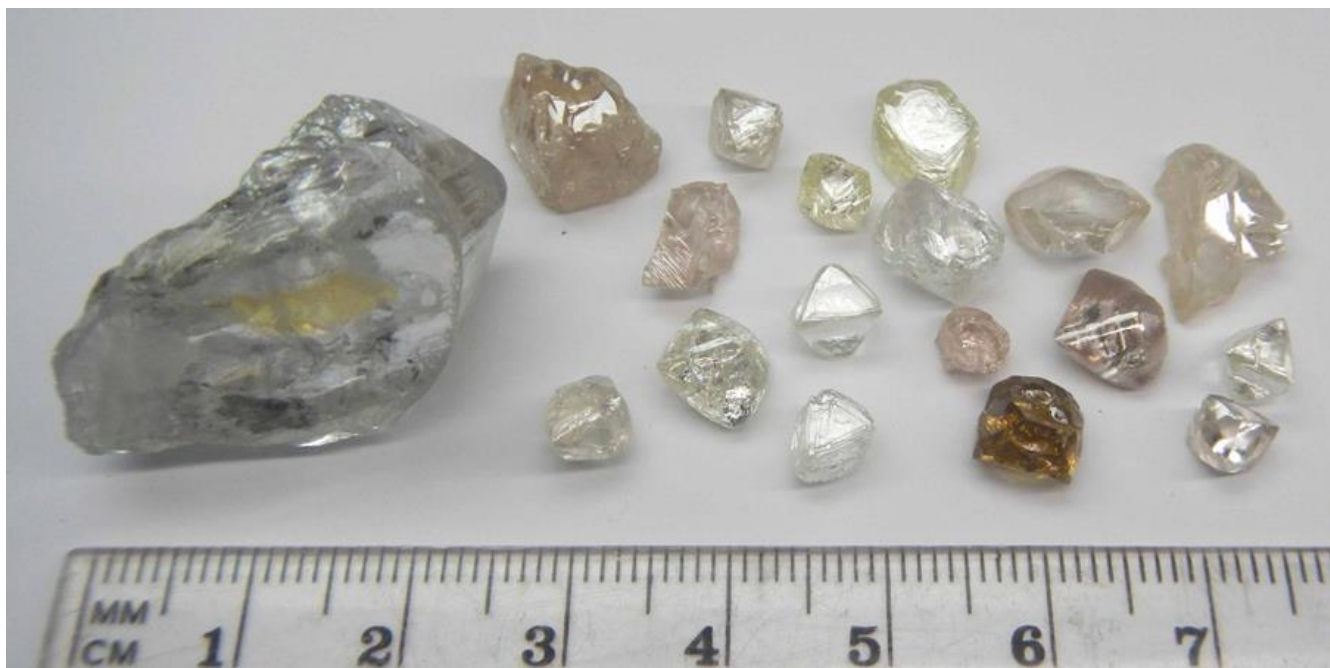
Note: cphm³: carats per 100 cubic metres; Stns/m³: stones per cubic metre

*Special stones are not excluded in the modelling stage, in terms of size or assortment.

Average realised sales may be significantly higher in value than the modelled values shown above

Bottom screen size: effective -1.5mm

Table 2: Inferred and depleted alluvial resource as at 31 October 2015



Kimberlite Exploration

Lucapa and its partners also made significant advancements in the Lulo kimberlite exploration program in 2015.

Building on extensive earlier aeromagnetic survey work and drilling and sampling programs undertaken since 2008, the aim of the kimberlite exploration program is to locate the primary source or sources of the large and high-quality alluvial diamonds being recovered at Lulo.

Kimberlite exploration highlights in 2015 included:

- The identification of L259, L13, L15 and surrounding targets as the highest priority kimberlite targets within the two kimberlite provinces at Lulo and potential sources of the large and valuable diamonds being recovered from Mining Blocks 8 and 6
- The confirmation of L46 as a diamond-bearing pipe and thus a potential source of the alluvial diamonds recovered from the higher-grade E46 alluvial terraces
- The recovery, from laboratory analysis, of purple G10D garnets from kimberlites L165 (which is proximal to the diamond-bearing L170 kimberlite where a G10D garnet and a micro diamond were previously recovered) and L18 (adjacent to the diamond-bearing L46 and L19 kimberlites)

The L259, L13 and L15 kimberlites adjacent to alluvial Mining Block 8 were originally identified as the highest priority kimberlite targets from a geological pitting program completed in October 2015.

In November 2015, Lucapa committed to the next phase of the kimberlite exploration program involving ground-based gravity and electromagnetic (EM) surveys to help identify the body of these high-priority kimberlites.

Subsequent to year end, Lucapa announced that the gravity survey results at L259 had identified a large and well defined kimberlitic signature covering a known area of 110 hectares (1.1km²) - and which sub cropped directly beneath Mining Block 8 (Figures 3 and 4).

The recently announced EM survey results have successfully identified the drilling targets at L259 with a drilling program set to commence in April 2016.

The multi-purpose drilling rig purchased by Lucapa for this work and the alluvial resource extensional drilling arrived in Angola in February 2016.

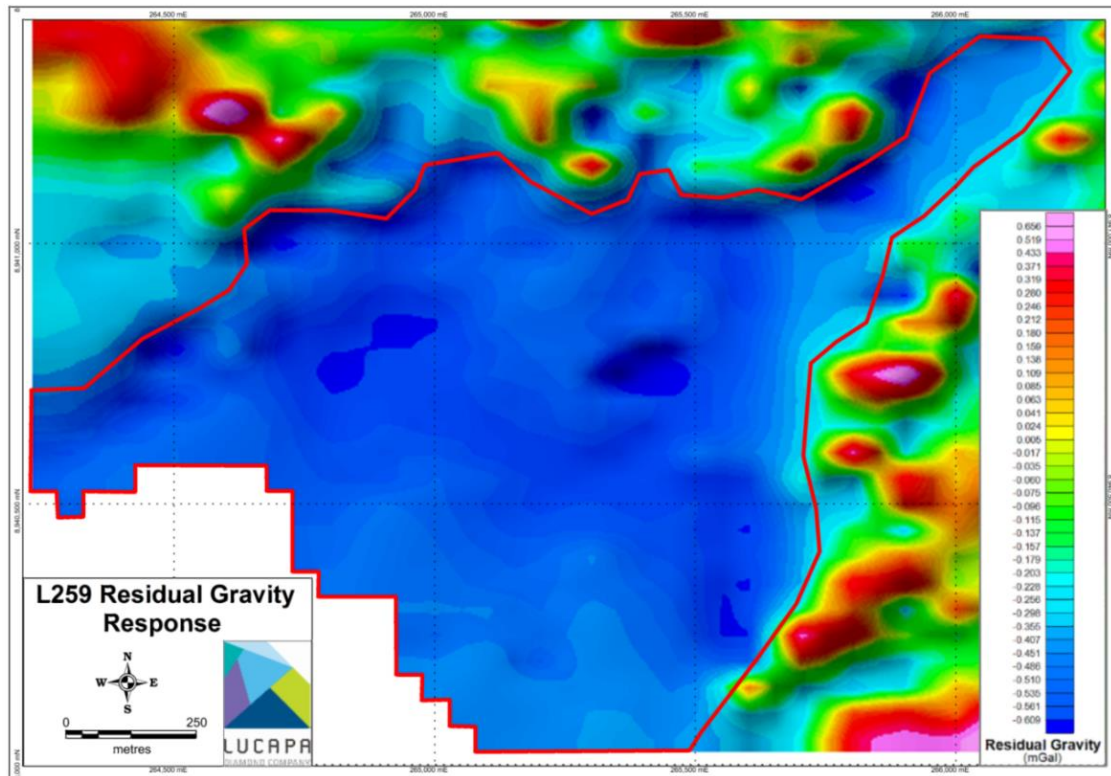


Figure 3: Residual gravity contour map, in mGal, showing well-defined kimberlitic signature outlined in red at the high-priority L259

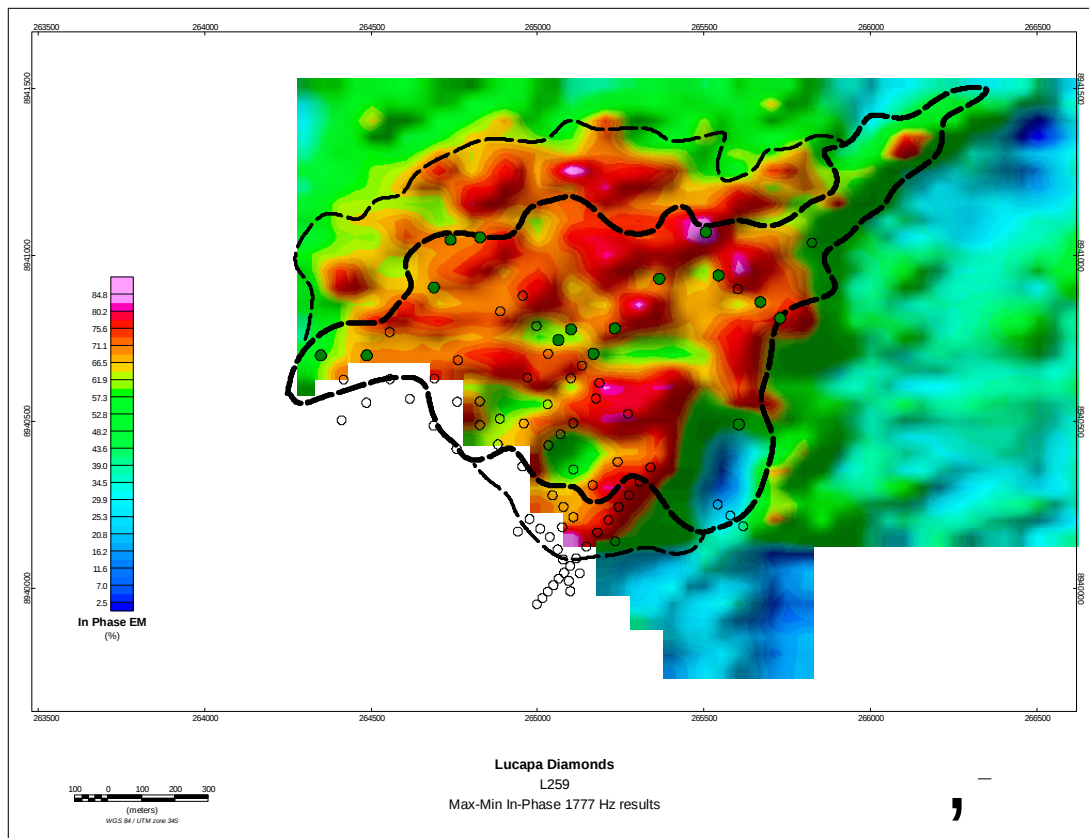


Figure 4: 2D EM conductivity (gridded 1777 Hz data) in plan, overlaid on pits and the outline of the gravity low. There is good correlation between SRVK kimberlite in pits (green circles) and the most conductive parts of the body and the gravity signature

New Projects

During the year Lucapa was awarded a three-year Prospecting Licence in a competitive tender held by the Department of Mines over a 16.2km² area in the Central District of Botswana near the Orapa diamond mine. The Company is sourcing and reviewing historical exploration results and geological information and has met with in-country service providers with a view to commencing an exploration program in 2016.

Schedule of tenements as at 31 December 2015					
Country	Type	Size (km²)	Period	Interest (%)	End date
Angola	Exploration (primary) Kimberlite	3,000	2 years	39	05/2016
Angola	Exploration (secondary) Alluvial	1,500	2 years	40	05/2016
Angola	Mining (secondary) Alluvial	1,500	10 years	40	07/2025
Botswana	Reconnaissance	16.2	3 years	75	09/2018

The directors present their report together with the financial report of Lucapa Diamond Company Limited for the financial year ended 31 December 2015 and independent auditor's report thereon.

1. Directors

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

Name	Position	Date of appointment
M Kennedy	Non-Executive Chairman	12 September 2008
S Wetherall	Chief Executive Officer/Managing Director	13 October 2014
G Gilchrist	Non-Executive Director	27 March 2012
A Thamm	Non-Executive Director	9 May 2014

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

Miles Kennedy
Non-Executive Chairman

Mr Kennedy has held directorships of Australian listed resource companies for the past 30 years. He is Chairman of RNI NL. Mr Kennedy was Chairman of Sandfire Resources NL, Kimberley Diamond Company NL, Blina Diamonds NL, Macraes Mining Company Ltd and MOD Resources Limited and has extensive experience in the management of public companies with specific emphasis in the resources industry. He lives in Perth, Western Australia.

Stephen Wetherall
Chief Executive Officer /
Managing Director

Mr Wetherall is a qualified chartered accountant and member of the South African Institute of Chartered Accountants with more than 20 years' experience in financial and operational management, corporate transactions and strategic planning. He has held senior financial and executive roles with global diamond giant De Beers and London-listed Gem Diamonds and served as a director on the Letseng Diamond Company board. After successfully establishing the diamond marketing and manufacturing operations for Gem Diamonds he served as the company's Group Sales and Marketing Executive. He lives in Perth, Western Australia.

Gordon Gilchrist
Non-Executive Director

Mr Gilchrist holds a MSc in Business and MA in Physics. In 1993, Mr Gilchrist was appointed Managing Director of Argyle Diamond Mines in Western Australia, a position he held until 2002. During that time, Argyle grew to become the world's biggest diamond producer, by volume. Mr Gilchrist then became the founding Managing Director of Rio Tinto Diamonds, based out of Antwerp in Belgium, and served in that capacity until 2005. He lives in Perth, Western Australia.

Albert Thamm
Non-Executive Director

Mr Thamm is a senior geologist with broad industry experience spanning 28 years. His experience includes kimberlite diamond exploration in Russia, alluvial and kimberlite development in Angola, alluvial mining in South Africa and diamond exploration and mining in Australia. He was previously Chief Geologist and Alternate Registered Manager at the Ellendale diamond mine in Western Australia prior to the takeover by Gem Diamonds in 2007. He holds a M.Sc. from the University of Cape Town and is both a Fellow of the Society of Economic Geologists and the Australian Institute of Mining and Metallurgy. He is a JORC Competent Person for diamond exploration results, resources and reserves. He lives in Perth, Western Australia.

2. Company Secretary

Mr Mark Clements was appointed to the position of Company Secretary on 2 July 2012. Mr Clements holds a Bachelor of Commerce degree from the University of Western Australia and is a Fellow of the Institute of Chartered Accountants of Australia. Mr Clements is also a member of the Australian Institute of Company Directors and an affiliated member of the Institute of Chartered Secretaries in Australia.

3. Directors' meetings

The number of directors' meetings (including meetings of committees of directors) and the number of meetings attended by each of the directors' of the Company during the financial year are:

	Board Meetings	
	A	B
M Kennedy	5	5
S Wetherall	5	5
G Gilchrist	5	5
A Thamm	5	5

A: number of meetings attended

B: reflects the number of meetings held during the time the directors were in office during the year.

4. Nature of operations and principal activities

The Company's principal activity during the course of the financial period was the exploration of diamond projects in Angola.

5. Operating and financial review

The total comprehensive loss for the year attributable to owners of the Company for the year ended 31 December 2015 was \$3,571,213 (31 Dec 2014: Loss of \$2,599,898). The Company had net assets of \$47,807,534 (31 Dec 2014: \$36,950,975).

Review of financial condition

The Company is focused on its Angolan diamond mining, evaluation and exploration interests in the Lulo Project. This project requires ongoing development, evaluation and exploration work and funding until such time as mining operations produce sufficient cash flows to sustain regular operations. Based on the potential of the diamond concession, alluvial sampling recoveries to date, projected cash flow forecasts for current and scaled up mining operations and other strategic initiatives or plans, the directors are satisfied that the going concern basis of preparation is appropriate.

Significant changes in the state of affairs

Corporate

The Company completed the following issued capital and option transactions during the period.

Transaction	Number	Issue/exercise price (\$)	Funds raised (\$)	Option expiry
Issue of shares	24,002,500	0.20	4,800,500	N/A
Issue of shares	41,930,722	0.18	7,547,530	N/A
Issue of options	46,830,376	0.20	-	30 September 2017
Issue of options	24,002,500	0.30	-	29 August 2015
Issue of options	59,251,513	0.30	-	29 April 2016
Issue of options	3,750,000	0.30	-	24 April 2017
Issue of options	3,250,000	0.30	-	28 May 2017
Exercise of options	(10,170,115)	0.20	2,034,023	N/A
Exercise of options	(113,356)	0.30	34,007	N/A
Expiry of options	(135,972,239)	0.30	-	29 August 2015

6. Dividends

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

7. Environmental regulation

The Company's exploration activities are subject to various environmental regulations. The Board and Lulo Diamond Project Board are responsible for the regular monitoring of environmental exposures and compliance with environmental regulations. The Company is committed to achieving a high standard of environmental performance and conducts its activities in a professional and environmentally conscious manner and in accordance with applicable laws and permit requirements. The Board believes that the Company has adequate systems in place for the management of its environmental requirements and is not aware of any breach of those environmental requirements as they apply to the project.

8. Events subsequent to reporting date

On 18 January 2016, the Company announced that three diamond sales were completed during the December Quarter which generated gross revenues of A\$8.1 million, the highest quarterly sales result achieved to date. The average selling price of A\$2,141 per carat in the December 2015 Quarter was also the highest quarterly average achieved since mining commenced in January 2015.

On 18 January 2016, the Company also advised that processing rates increased by 173% to 82,410 bcm in the second half of calendar 2015 as the investment in additional earth moving equipment, mining equipment and support infrastructure enabled mining operations to be scaled up to the 20,000 bcm/month target at the end of the September quarter.

On 22 January 2016, the Company announced that Mining Block 6 had also proved to be another source of large and valuable diamonds, with four specials among the recoveries in the first few days of processing stockpiles from this area including a 133.4 carat compound diamond, the biggest individual stone recovered from Lulo at that time.

On 22 January 2016, the Company announced the sale of a ninth parcel of alluvial diamonds from Lulo. The parcel of 178 carats generated gross revenues of A\$420,000 representing an average selling price of A\$2,360 per carat for a "run of mine" Lulo alluvial diamonds.

On 1 February 2016, the Company announced that the results of the gravity survey carried out at the high-priority L259 kimberlite at Lulo had successfully identified a large and well-defined kimberlitic signature which covers a known area of approximately 110 hectares (1.1km²), envelops most of Mining Block 8 and is adjacent to Mining Block 6, where Lucapa and its partners have been recovering large and valuable alluvial diamonds on a regular basis.

On 3 February 2016, the Company announced the recovery of more large valuable alluvial diamonds from Mining Block 6 at Lulo including two large special diamonds weighing 120.4 carats and 86.2 carats which were confirmed as Type IIa gems. The 120.4 carat diamond was a D colour gem and the 86.2 carat diamond was an E colour.

On 4 February 2016, the Company announced the placement of the shortfall options from the Option Offer which closed on 16 November 2015. The shortfall from the Option Offer involved the issue of 8.24 million options exercisable at 30c on or before 29 April 2016 to supportive long-term investors who had agreed to exercise the options into ordinary Lucapa shares within 10 business days to increase Lucapa's cash reserves by more than \$2 million.

On 15 February 2016, the Company, Endiama E.P, Angola's national diamond company, and private local partner Rosas & Pétalas announced the recovery of a spectacular 404.2 carat diamond from the Lulo Diamond Project. The 404.2 carat diamond was confirmed to be a Type IIa D-colour gem and the biggest recorded diamond ever found in Angola - one of the world's top four diamond producing nations, the 27th biggest recorded diamond in the world (Ref: Wikipedia), the biggest diamond discovered by an Australian company, the fourth 100+ carat diamond recovered from Lulo to date and the 114th large special diamond (>10.8 carats) recovered from Lulo to date.

On 29 February 2016, the Company announced that the 404 carat Lulo alluvial diamond sold for gross proceeds of A\$22.5 million (US\$16 million) which represented a spectacular average price of A\$55,585 (US\$39,580) per carat, a record price for a white diamond recovered from Lulo.

On 2 March 2016, the Company announced that a special distribution had been made to the Lulo Diamond Project partners following the sale of the iconic 404 carat Lulo alluvial diamond. Lucapa's net share of the special distribution totalled US\$5.9 million (A\$8.3 million).

On 2 March 2016, the Company also announced the sale of another 1,349 carats of diamonds from Lulo for gross proceeds of A\$9.6 million (US\$6.8 million) which brought to A\$32.5 million the gross revenues generated from the sale of 1,931 carats of Lulo diamonds in the March 2016 Quarter. It was further noted that in total, the Lulo partners had sold 12,125 carats of Lulo alluvial diamonds - recovered from both the exploration and mining phases - for total gross proceeds of A\$51.3 million (US\$38.2 million in US\$ invoiced sales) at an overall average selling price of A\$4,233 per carat (US\$3,147 in US\$ invoiced sales) for all Lulo diamonds sold to date.

On 16 March 2016, the Company announced the results of the electromagnetic geophysical survey program conducted over the high-priority L259 kimberlite target and surrounding kimberlites at the Lulo Diamond Project in Angola, successfully identifying the drilling targets.

Other than the above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect

significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

9. Likely developments

As outlined in the Review of Operations and Events subsequent to reporting date sections of the Directors' Report, the directors consider the following as a summary of the likely developments and expected results for the next 12 months.

- Focused mining of identified high value alluvial mining blocks 8 and 6 when possible;
- Assessing options to ramp up alluvial throughput to 40,000bcm per month following the end of the 2016 wet season to further enhance cash flow generation;
- Continue regular diamond sales;
- Alluvial exploration to increase the volume of JORC inferred alluvial resource;
- Continue to optimise the 150 tph diamond plant through installation of the wet front end;
- Formal gazetting and incorporation of the alluvial mining company;
- Continue kimberlite exploration program over high priority L259, L13 and L15 as well as other identified targets/diamondiferous kimberlites;
- Conclude ground surveys and commence drilling on high priority targets;
- Extension of kimberlite exploration license;

The primary goal for Lucapa is to generate sustainable long-term revenues from the mining and sale of alluvial diamonds at Lulo and provide a return on investment to the Lulo partners, while advancing our efforts to locate the primary kimberlite sources of these exceptional gems.

10. Directors' interests

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

	Ordinary shares	Options over ordinary shares	Options over ordinary shares
Director	Fully paid	Expiring 28 May 2017 ⁽ⁱ⁾	Expiring 29 April 2016 ⁽ⁱⁱ⁾
M Kennedy	751,668	1,000,000	355,417
S Wetherall	65,000	1,250,000	-
G Gilchrist	440,291	500,000	58,750
A Thamm	29,470	500,000	45,000

Note

⁽ⁱ⁾ Options granted to directors following shareholder approval at the annual general meeting held 28 May 2015;

⁽ⁱⁱ⁾ Options granted to directors following shareholder approval at the general meeting held 14 January 2016.

11. Share options

Unissued shares under options

At the date of this report unissued ordinary shares of the Company under option are:

Expiry date	Exercise price	Number of options	Quoted
30 September 2017	\$0.20	46,760,607	46,760,607
29 April 2016	\$0.30	58,634,063	58,634,063
24 April 2017	\$0.30	3,750,000	-
28 May 2017	\$0.30	3,250,000	-

These options do not entitle the holder to participate in any share issue of the Company or any other body corporate.

12. Remuneration report – audited

12.1 Principles of compensation

Key management personnel (KMP) have authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company and other executives. Currently, KMP comprises the directors and operations management of the Company.

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

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

Shares and options may only be issued to directors subject to approval by shareholders in general meeting.

Fixed compensation

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

Directors' fees

Total compensation for directors and non-executive directors is set based on advice from external advisors with reference to fees paid to other directors of comparable companies. Directors' fees are presently limited to a total of A\$950,000 per annum, excluding the fair value of any options granted. Directors' fees cover all main Board activities and membership of any committee. The Board has no established retirement or redundancy schemes in relation to directors.

Use of remuneration consultants

The Company did not employ the services of any remuneration consultants during the financial year ended 31 December 2015.

Equity-based compensation (Long term incentive)

None

Short-term and long-term incentive structure and consequences of performance on shareholder wealth

Given the Company's principal activity during the course of the financial period consisted of mining development, exploration and evaluation of mineral resources, the Board has given more significance to service criteria and performance instead of market related criteria in setting the Company's incentive schemes. Accordingly, at this stage the Board does not consider the Company's earnings or earning measures to be an appropriate key performance indicator. The issue of options as part of the remuneration package of directors, employees and contractors is an established practice for listed exploration companies and has the benefit of conserving cash whilst appropriately rewarding the recipient. In circumstances where cashflow permits, the Board may approve the payment of a discretionary cash bonus as a reward for performance. Subsequent to year end, the Board resolved to the payment of a bonus to the Managing Director of \$420,000 (2014: Nil) following the achievement of significant advancement and development of the company's operations. In considering the relationship between the Company's remuneration policy and the consequences for the Company's shareholder wealth, changes in share price are analysed.

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

Stephen Wetherall

Mr Wetherall has been engaged to act as the company's Chief Executive Officer/Managing Director. Mr Wetherall is entitled to receive director fees of \$420,000 (gross, including superannuation) per annum which is subject to review by the Board from time to time. He will be eligible to participate in any future incentive plans implemented by the Board. Shareholder approval will be sought for his participation in any incentive plan involving equity of the Company. The appointment may be terminated for various causes of a standard nature. Upon termination, no benefits are due.

Miles Kennedy

Mr Kennedy has been engaged to act as the Company's Non-Executive Chairman. Mr Kennedy is entitled to receive director fees of \$120,000 (gross) per annum, which is subject to review by the Board from time to time. The appointment may be terminated for various causes of a standard nature. Upon termination, no benefits are due.

Gordon Gilchrist

Mr Gilchrist has been engaged to act as the Company's Non-Executive Director. Mr Gilchrist is entitled to receive director fees of \$80,000 (gross) per annum, which is subject to review by the Board from time to time. The appointment may be terminated for various causes of a standard nature. Upon termination, no benefits are due.

Albert Thamm

Mr Thamm has been engaged to act as the Company's Non-Executive Director. Mr Thamm is entitled to receive director fees of \$80,000 (gross) per annum, which is subject to review by the Board from time to time. The appointment may be terminated for various causes of a standard nature. Upon termination, no benefits are due.

12. Remuneration report – audited (continued)**12.2 KMP Remuneration**

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

Key management personnel	Period ended	Short-term benefits	Post employment benefits	Equity-settled share based payments	Total
		Salary & fees	Superannuation benefits	Options ⁽ⁱ⁾	
<i>Executive Director</i> Mr Stephen Wetherall, Chief Executive Officer / Managing Director (appointed 13 October 2014)	Dec 2015	422,499	32,500	142,523	597,522
	Dec 2014	123,999	10,000	-	133,999
<i>Non-Executive Directors</i> Mr Miles Kennedy, Non-Executive Chairman	Dec 2015	165,006	-	114,018	279,024
	Dec 2014	266,322	-	-	266,322
Mr Gordon Gilchrist, Non-Executive Director	Dec 2015	82,192	7,808	57,009	147,009
	Dec 2014	109,714	10,286	-	120,000
Mr Albert Thamm, Non-Executive Director (appointed 9 May 2014)	Dec 2015	73,820	6,435	57,009	137,264
	Dec 2014	36,994	4,673	-	41,667
<i>Former Director</i> Mr David Jones, Technical Director (resigned 21 May 2014)	Dec 2015	-	-	-	-
	Dec 2014	18,700	-	-	18,700
Total	Dec 2015	743,517	46,743	370,559	1,160,819
	Dec 2014	555,729	24,959	-	580,688

(i) These options issued have been valued in accordance with the methodology listed in Note 16 to these financial statements.

12. Remuneration report – audited (continued)**12.3 Equity instruments**

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

12.3.1 Analysis of movements in options and shares**Options over equity instruments**

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

	Held at 1 Jan 2015 or date of appointment	Options acquired	Exercise of options	Expired without exercise	Options granted	Held at 31 Dec 2015	Vested & exercisable
Directors							
M Kennedy	710,835	-	-	(710,835)	1,000,000	1,000,000	1,000,000
S Wetherall	-	-	-	-	1,250,000	1,250,000	1,250,000
G Gilchrist	117,501	-	-	(117,501)	500,000	500,000	500,000
A Thamm	40,001	49,999	-	(90,000)	500,000	500,000	500,000

	Held at 1 Jan 2014 or date of appointment	Held following consolidation	Exercise of options	Expired without exercise	Options acquired	Held at 31 Dec 2014	Vested & exercisable
Directors							
M Kennedy	2,050,000	68,334	-	-	642,501	710,835	710,835
S Wetherall	-	-	-	-	-	-	-
G Gilchrist	25,587,500	852,918	(19,584)	(833,334)	117,501	117,501	117,501
A Thamm	-	42,804	(26,136)	-	23,333	40,001	40,001

Movements in shares

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

	Held at 1 Jan 2015 or date of appointment	Received upon exercise of options	Sales	Purchases	Held at 31 Dec 2015
Directors					
M Kennedy	751,668	-	-	-	751,668
S Wetherall	65,000	-	-	-	65,000
G Gilchrist	295,001	-	-	145,290	440,291
A Thamm	26,136	-	-	3,334	29,470

	Held at 1 Jan 2014 or date of appointment	Held following consolidation	Received upon exercise of options	Sales	Purchases	Held at resignation	Held at 31 Dec 2014
Directors							
M Kennedy	38,050,000	1,285,002	-	(533,334)	-	-	751,668
S Wetherall	-	-	-	-	65,000	-	65,000
G Gilchrist	6,462,500	215,417	19,584	-	60,000	-	295,001
A Thamm	-	-	26,136	-	-	-	26,136
D Jones	3,312,500	-	-	-	-	3,312,500	-

No shares were granted to KMP during the reporting period as compensation in 2015 or 2014.

End of audited section.

13. Indemnification and insurance of officers and auditors

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

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

The Company has not entered into any agreement to indemnify the auditors against any claims by third parties arising from their reports on the Financial Report for the year ended 31 December 2015 and period ended 31 December 2014.

14. Non-audit services

During the period Somes Cooke, the Company's auditors, have not performed any other services for the Company in addition to their statutory audit and as a result the directors are satisfied that auditors have not compromised the auditor independence requirements of the Corporations Act 2001.

Details of the amounts paid to the current auditor of the Company, Somes Cooke are set out below:

In AUD

Audit services:

Audit and review of financial reports

	31 Dec 2015	31 Dec 2014
	31,000	38,000
	31,000	38,000

15. Auditor's independence declaration

The Lead auditor's independence declaration, as set out on the following page, forms part of the directors' report for the financial period ended 31 December 2015.

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



MILES KENNEDY

Chairman

Dated this 24 March 2016.

Auditor's Independence Declaration

To those charged with the governance of Lucapa Diamond Company Limited

As auditor for the audit of Lucapa Diamond Company Limited for the year ended 31 December 2015, I declare that, to the best of my knowledge and belief, there have been:

- i) no contraventions of the independence requirements of the *Corporations Act 2001* in relation to the audit; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Somes Cooke

Somes Cooke

Nicholas Hollens

Nicholas Hollens
Partner

Perth

24 March 2016

CORPORATE GOVERNANCE STATEMENT

In fulfilling its obligations and responsibilities to its various stakeholders, the Board of Lucapa Diamond Company Limited ("Lucapa" or "the Company") is a strong advocate of corporate governance. The Board has adopted corporate governance policies and practices consistent with the ASX Corporate Governance Council's "Corporate Governance Principles and Recommendations" (Recommendations) where considered appropriate for a company of Lucapa's size and complexity.

The 3rd edition of the ASX Corporate Governance Principles and Recommendations was introduced on 27 March 2014 and took effect for a listed entity's first full financial year ending on or after 1 July 2014. Accordingly this Corporate Governance Statement has been prepared on the basis of disclosure under the 3rd edition of these principles. Details of the Company's compliance with these principles are summarised in the Appendix 4G announced to ASX in conjunction with the Annual Report.

This statement describes how Lucapa has addressed the Council's guidelines and eight corporate governance principles and where the Company's corporate governance practices depart from a recommendation, the Company discloses the reason for adoption of its own practices on an "if not, why not" basis.

Given the size and stage of development of the Company and the cost of strict compliance with all the recommendations, the Board has adopted a range of modified procedures and practices which it considers appropriate to enable it to meet the principles of good corporate governance. At the end of this statement is a checklist setting out the recommendations with which the Company does or does not comply. The information in this statement is current as at 22 March 2016.

The following governance-related documents can be found on the Company's website at www.lucapa.com.au under the section marked "Corporate Governance".

Charters

- Board

Policies and Procedures

- Code of Conduct
- Policy and Procedure for Selection and (Re)Appointment of Directors
- Policy on Assessing the Independence of Directors
- Securities Trading Policy
- Risk Management Policy
- Procedure for the Selection, Appointment and Rotation of External Auditor
- Policy on Continuous Disclosure
- Shareholder Communication Policy
- Diversity Policy

Principle 1 – Lay solid foundations for management and oversight Role and Responsibilities of the Board and Management

The main function of the Board is to lead and oversee the management and strategic direction of the Company. The Board regularly measures the performance of Management in implementation of the strategy through regular Board meetings.

Lucapa has adopted a formal board charter delineating the roles, responsibilities, practices and expectations of the Board collectively, the individual directors and Management.

The Board of Lucapa ensures that each member understands its roles and responsibilities and ensures regular meetings so as to retain full and effective control of the Company.

Role of the Board

The Board responsibilities are as follows:

- Setting the strategic aims of Lucapa and overseeing Management's performance within that framework;
- Making sure that the necessary resources (financial and human) are available to the Company and Management to meet its objectives;
- Overseeing and measuring Management's performance of the Company's strategic plan;
- Selecting and appointing an Managing Director with the appropriate skills to help the Company in the pursuit of its objectives;
- Controlling and approving financial reporting, capital structures and material contracts;
- Ensuring that a sound system of risk management and internal controls is in place;
- Setting the Company's values and standards;

- Undertaking a formal and rigorous review of the Corporate Governance policies to ensure adherence to the ASX Corporate Governance Council principles;
- Ensuring that the Company's obligations to shareholders are understood and met;
- Ensuring the health, safety and well-being of employees in conjunction with Management, developing, overseeing and reviewing the effectiveness of the Company's occupational health and safety systems to assure the well-being of all employees;
- Ensuring an adequate system is in place for the proper delegation of duties for the effective day to day running of the Company without the Board losing sight of the direction that the Company is taking;
- Establishing a diversity policy and setting objectives for achieving diversity.

Delegation to Management

Other than matters specifically reserved for the Board, responsibility for the operation and administration of the Company has been delegated to the Managing Director. This responsibility is subject to an approved delegation of authority which is reviewed regularly and at least annually.

Internal control processes are designed to allow management to operate within the parameters approved by the Board and the Managing Director cannot commit the Company to additional activities or obligations in excess of these delegated authorities without specific approval of the Board.

Election of Directors

The Board is responsible for overseeing the selection process of new directors, and will undertake appropriate checks before appointing a new director, or putting forward a candidate for election as a director. All relevant information is to be provided in the Notice of Meeting seeking the election or re-election of a director including:

- biographical details including qualifications and experience;
- other directorships and material interests;
- term of office;
- statement by the board on independence of the director;
- statement by the board as to whether it supports the election or re-election; and
- any other material information.

Terms of appointment

Non-Executive Directors

To facilitate a clear understanding of roles and responsibilities all non-executive directors have signed letter of appointment. This letter of appointment letter includes acknowledgement of:

- director responsibilities under the Corporations Act, Listing Rules, the Company's Constitution and other applicable laws;
- corporate governance processes and Company policies;
- board and board committee meeting obligations;
- conflicts and confidentiality procedures;
- securities trading and required disclosures;
- access to independent advice and employees;
- confidentiality obligations;
- directors fees;
- expenses reimbursement;
- directors and officers insurance arrangements;
- other directorships and time commitments; and
- board performance review.

Managing Director

The Managing Director has a signed executive services agreement. For further information refer to the Remuneration Report included in the Annual Report for the year ended 31 December 2015.

Role of Company Secretary

The Company Secretary is accountable to the Board for:

- advising the Board and committees on corporate governance matters;
- the completion and distribution of board and committee papers;
- completion of board and committee minutes; and
- the facilitation of director induction processes and ongoing professional development of directors.

All directors have access to the Company Secretary who has a direct reporting line to the Chairman.

Diversity

The Board values diversity in all aspects of its business and is committed to creating a working environment that recognises and utilizes the contribution of its employees. The purpose of this is to provide diversity and equality relating to all employment matters. The Company's policy is to recruit and manage on the basis of ability and qualification for the position and performance, irrespective of gender, age, marital status, sexuality, nationality, race/cultural background, religious or political opinions, family responsibilities or disability. The Company opposes all forms of unlawful and unfair discrimination.

The Board comprises four directors, all of whom are male. The Board has determined that the composition of the current Board represents the best mix of Directors that have an appropriate range of qualifications and expertise, can understand and competently deal with current and emerging business issues and can effectively review and challenge the performance of management.

The Company has disclosed measurable diversity objectives for the current period in the Remuneration Report included in the Annual Report for the year ended 31 December 2015. The Company is continuing to assess and proactively monitor gender diversity at all levels of Lucapa's business and recognizes that it operates in a very competitive labour market where positions are sometimes difficult to fill. However, every candidate suitably qualified for a position has an equal opportunity of appointment regardless of gender, age, ethnicity or cultural background.

Gender representation	31 December 2015				31 December 2014			
	Female		Male		Female		Male	
	No	%	No	%	No	%	No	%
Board representation	-	-	4	100	-	-	4	100
Group representation	8	4.6	163	95.4	6	6.3	89	93.7

The Company currently has 175 full-time employees of which 167 who are male and 8 who are female. The Company's contracting Chief Financial Officer is female.

Performance review

Board and board committees

A review of the Board's performance and effectiveness is conducted annually and the performance of individual directors is undertaken regularly. The Board has the discretion for these reviews to be conducted either independently or on a self-assessment basis.

The review focuses on:

- strategic alignment and engagement;
- board composition and structure;
- processes and practices;
- culture and dynamics; relationship with management; and
- personal effectiveness.

A formal review of the Board's performance and effectiveness in respect of the year ended 31 December 2015 did not occur.

Managing Director and senior executives

Performance evaluation of the Managing Director, senior executives and employees is undertaken annually through a performance appraisal process which involves reviewing and assessment of performance against agreed corporate and individual key performance indicators and deliverables.

For further information refer to the Remuneration Report.

Retirement and rotation of directors

Retirement and rotation of directors are governed by the Corporations Act 2001 and the Constitution of the Company. Each year, one third of directors must retire and may offer themselves for re-election. Any casual vacancy filled will be subject to shareholder vote at the next Annual General Meeting of the Company. It is intended that Mr Gilchrist will stand for re-election by rotation at the Company's Annual General Meeting.

Independent Professional Advice

Each director of the Company or a controlled entity has the right to seek independent professional advice at the expense of the Company or the controlled entity. However prior approval of the Chairman is required which will not be unreasonably withheld.

Access to employees

Directors have the right of access to any employee. Any employee shall report any breach of corporate governance principles or Company policies to the Chairman who shall remedy the breach. If the breach is not rectified to the satisfaction of the employee, they shall have the right to report any breach to an independent director without further reference to senior executives of the Company.

Directors' and officers' liability insurance

Directors' and officers' liability insurance is maintained by the Company for the Directors and senior executives at the Company's expense.

Board meetings

The frequency of board meetings and the extent of reporting from management at board meetings are as follows:

- a minimum of four scheduled meetings are to be held per year;
- other meetings will be held as required;
- meetings can be held where practicable by electronic means;
- information provided to the Board includes all material information related to the operations of the Company including exploration, development and production operations, budgets, forecasts, cash flows, funding requirements, investment and divestment proposals, business development activities, investor relations,
- financial accounts, taxation, external audits, internal controls, risk assessments, people and health, safety and environmental reports and statistics;
- once established, the Chairman of the appropriate board committee will report to the next subsequent board meeting the outcomes of that meeting and the minutes of those committee meetings are also tabled.

The number of directors' meetings (including meetings of committees of directors where applicable) and the number of meetings attended by each of the directors of the Company during the financial year are set out in the Directors' Report included in the Annual Report for the year ended 31 December 2015.

Principle 2 - Structure the Board to add value Composition of the Board

The names of the directors of the Company and their qualifications are set out in the section headed "Information on Directors" in the Director's Report of the financial report for the year ended 31 December 2015.

The composition of the Board has been structured so as to provide Lucapa with an adequate mix of directors with industry knowledge, technical, commercial and financial skills together with integrity and judgment considered necessary to represent shareholders and fulfill the business objectives of the Company.

The ASX Corporate Governance Council guidelines recommend that the Board should constitute of a majority of independent directors and that the Chairperson should be independent. The Board consists of four directors of whom two are considered independent, being Mr Albert Tamm (Non-Executive Director - appointed 9 May 2014) and Mr Gordon Gilchrist (Non-Executive Director - appointed 27 March 2012). Mr Miles Kennedy (appointed as a director on 12 September 2008) served as Executive Director during the period until his appointment as Non-executive Chairman on 11 December 2014 and Mr Stephen Wetherall (appointed 13 October 2014) is Managing Director and therefore does not meet the criteria for an independent director due to their executive roles.

The Company has a majority of independent directors and the Board considers the current balance of skills and expertise is appropriate for the Company. The detailed skills matrix of the Board for a company of Lucapa's size and complexity is not considered necessary. The principal business of the Company at present is alluvial diamond mining operations which therefore require a skillset of geological and geophysical expertise, executive management, financial and commercial skills.

The Board comprises directors who each have extensive technical, financial and commercial expertise. The Board will address the skills matrix commensurate with the growth and development of the Company's activities to ensure those skill sets are complemented by additional industry expertise in the sector pursued as required.

Nomination of other Board Members

Membership of the Board of Directors is reviewed on an on-going basis by the Chairperson of the Board to determine if additional core strengths are required to be added to the Board in light of the nature of the Company's businesses and its objectives. The Board does not have a separate Nomination Committee and does not believe it is necessary in a Company of Lucapa's size.

Director induction and ongoing professional development

The Company does not have a formal induction program for Directors but does provide Directors with information pack detailing policies, corporate governance and various other corporate requirements of being a director of an ASX listed company. Due to the size and nature of the business, Directors are expected to already possess a level of both industry and commercial expertise before being considered for a directorship of the Company. Directors are provided with the opportunity to access employees of the business and any information as they require about the business including being given access to regular news articles and publications where considered relevant.

Principle 3 - Promote ethical and responsible decision-making Code of Conduct

Directors, officers, employees and consultants to the Company are required to observe high standards of behavior and business ethics in conducting business on behalf of the Company and they are required to maintain a reputation of integrity on the part of both the Company and themselves. The Company does not contract with or otherwise engage any person or party where it considers integrity may be compromised.

Conflicts of Interest

Directors are required to disclose to the Board actual or potential conflicts of interest that may or might reasonably be thought to exist between the interests of the director or the interests of any other party in so far as it affects the activities of the Company and to act in accordance with the Corporations Act if conflict cannot be removed or if it persists. That involves taking no part in the decision making process or discussions where that conflict does arise.

Trading in Company Securities

Directors are required to make disclosure of any share trading. The Company policy in relation to share trading is that officers are prohibited to trade whilst in possession of unpublished price sensitive information concerning the Company or within a period of the release of results i.e. the blackout period. That is information which a reasonable person would expect to have a material affect on the price or value of the Company's shares. An officer must receive authority to acquire or sell shares with the directors or the Company Secretary prior to doing so to ensure that there is no price sensitive information of which that officer might not be aware. The undertaking of any trading in shares must be notified to the ASX.

Principle 4 - Safeguard integrity in financial reporting

Lucapa has a financial reporting process which includes half year and full-year results which are signed off by the Board before they are released to the market.

The Board does not have a separate Audit Committee and does not believe it is necessary in a Company of Lucapa's size. Instead, the four Board members, who each have extensive commercial and financial expertise, manage the financial oversight as well as advise on the modification and maintenance of the Company's financial reporting, internal control structure, external audit functions, and appropriate ethical standards for the management of the Company.

In discharging its oversight role, the Board is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties.

The Managing Director reports in writing on the propriety of compliance on internal controls and reporting systems and ensures that they are working efficiently and effectively in all material respects.

The Company has established procedures for the selection, appointment and rotation of its external auditor. The Board is responsible for the initial appointment of the external auditor and the appointment of a new external auditor when any vacancy arises, as recommended by the Board. Candidates for the position of external auditor must demonstrate complete independence from the Company through the engagement period. The Board may otherwise select an external auditor based on criteria relevant to the Company's business and circumstances. The performance of the external auditor is reviewed on an annual basis by the Board.

The Company's external auditor attends each Annual General meeting and is available to answer questions from shareholders relevant to the conduct of the external audit, the preparation and content of the Auditor's Report, the accounting policies adopted by the Company and the independence of the auditor.

Principle 5 - Make timely and balanced disclosure

Lucapa has adopted a formal policy dealing with its disclosure responsibilities. The Board has designated the Company Secretary as the person responsible for overseeing and coordinating disclosure of information to the ASX as well as communicating with the ASX. In accordance with the ASX Listing Rules the Company immediately notifies the ASX of information:

- concerning the Company that a reasonable person would expect to have a material effect on the price or value of the Company's securities; and
- that would, or would be likely to, influence persons who commonly invest in securities in deciding whether to acquire or dispose of the Company's securities.

The policy also addresses the Company's obligations to prevent the creation of a false market in its securities. Lucapa ensures that all information necessary for investors to make an informed decision is available on its website.

The Managing Director has ultimate authority and responsibility for approving market disclosure which, in practice, is exercised in consultation with the Board and Company Secretary.

In addition, the Board will also consider whether there are any matters requiring continuous disclosure in respect of each and every item of business that it considers.

Principle 6 - Respect the rights of shareholders

The Board's fundamental responsibility to shareholders is to work towards meeting the Company's objectives so as to add value for them. The Board maintains an investor relation program which will inform shareholders of all major developments affecting the Company by:

- preparing half yearly and yearly financial reports;
- preparing quarterly cash flow reports and reports as to activities;
- making announcement in accordance with the listing rules and the continuous disclosure obligations;
- posting all of the above on the Company's website;
- annually, and more regularly if required, holding a general meeting of shareholders and forwarding to them the annual report, if requested, together with notice of meeting and proxy form; and
- voluntarily releasing other information which it believes is in the interest of shareholders.

The Annual General Meeting enables shareholders to discuss the annual report and participate in the meetings either by attendance or by written communication. The Company provides all shareholders with a Notice of Meeting so they can be fully informed and be able to vote on all resolutions at the Annual General Meeting. Shareholders are able to discuss any matter with the directors and/or the auditor of the Company who is also invited to attend the Annual General Meeting.

Shareholders have the option to receive all Company and share registry communications electronically, and may also communicate with the Company by emailing the Company via its website. All shareholders have the ability to request copies of ASX releases, all of which are published and available on the Company's website immediately after they are released to ASX.

The Company regularly reviews its stakeholder communication policy and endeavours to maintain a program appropriate for a company of its size and complexity.

Principle 7 - Recognise and Manage Risk

The Board has adopted a Risk Management Policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Under the policy, the Board delegate's day-to-day management of risk to the Managing Director, who is responsible for identifying, assessing, monitoring and managing risks. The Managing Director is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the Board.

In fulfilling the duties of risk management, the Managing Director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter they believe appropriate, with the prior approval of the Board.

The Board does not have a separate Risk Management Committee as the Board monitors and reviews the integrity of financial reporting and the Company's internal financial control systems. Management assess the effectiveness of the internal financial control on an annual basis and table concerns and recommendations at Board meetings were required.

In addition, the following risk management measures have been adopted by the Board to manage the Company's material business risks:

- Establishment of financial control procedures and authority limits for management;
- Approval of an annual budget;
- Adoption of a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- Adoption of a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.
- Maintenance and review of a risk register to identify the Company's material business risks and risk management strategies for these risks. The risk register is reviewed half yearly and updated as required. Management reports to the Board on material business risks at each Board meeting.

The Board has required management to design, implement and maintain risk management and internal control systems to manage the material business risks of the Company. The Board also requires management to report to it confirming that those risks are being managed effectively. The Board has received a report from management as to the effectiveness of the Company's management of its material business risks for the financial year ended 31 December 2015.

The Chief Financial Officer has provided a declaration to the Board in accordance with section 295A of the Corporations Act and has assured the Board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risks.

Internal Audit

The Company does not have an internal audit function as the Board believes the business is neither the size nor complexity that requires such a function. The Board is currently responsible for monitoring the effectiveness of internal controls, risk management procedures and governance.

Sustainability Risks

The Company has a detailed risk matrix which it regularly reviews and which highlights critical risk factors the Company faces at any particular time. The principal risks highlighted are what would typically be expected for a small listed exploration company and include;

- Reliance on key executives
- Inability to access new exploration capital
- Unsuccessful exploration results
- Exposure to other operators, be it through Joint Venture agreements or actions of those operators in an operational sense
- Legislature changes in jurisdiction the Company operates in

As the Company expands its activities either within existing projects or with the addition of new projects, it is expected that the sustainability risks will change accordingly. The Board reviews the overall sustainability of both the copper-gold exploration business and more specifically, the Company, in its normal course of business and therefore does not produce a separate sustainability report.

Principle 8 - Remunerate fairly and responsibly

The Company does not have a Remuneration Committee. Instead, the Board monitors and reviews the remuneration policy of the Company. The Board will engage an independent remuneration consultant to review the Company's policy on remuneration as and when required.

Details of the remuneration policy are contained in the Remuneration Report included in the Directors' Report of the year ended 31 December 2015 Annual Report. The Company's policy is to remunerate non-executive directors at a fixed fee for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to individual performance. From time-to-time the Company may grant options to non-executive directors. The grant of options is designed to recognise and reward efforts as well as to provide non-executive directors with additional incentive to continue those efforts for the benefit of the Company.

The maximum aggregate amount of fees (including superannuation payments) that can be paid to non-executive directors is subject to approval by the shareholders at general meeting.

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options and / or performance rights granted at the discretion of the Board and subject to obtaining the relevant approvals. The grant of options and / or performance rights is designed to recognise and reward efforts as well as to provide additional incentive and may be subject to the successful completion of performance hurdles. Executives are offered a competitive level of base pay at market rates (for comparable companies) and are reviewed annually to ensure market competitiveness. The Company's policy is not to allow transactions in associated products which limit the risk of participating in unvested elements of equity-based compensation plans.

There are no termination or retirement benefits for non-executive directors (other than for superannuation).

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2015

<i>In AUD</i>	Note	31 Dec 2015	31 Dec 2014
Finance income	7	3,773	1,163
Consulting expenses	6	(56,550)	(233,606)
Depreciation expense		(4,224)	(2,959)
Employee benefits expenses	5	(1,551,654)	(1,187,889)
Director and employee options	5	(719,319)	-
Finance expense	7	(1,750)	-
Other expenses	6	(1,241,489)	(1,176,607)
Loss before income tax		(3,571,213)	(2,599,898)
Income tax expense	9	-	-
Loss after income tax for the period		(3,571,213)	(2,599,898)
Other comprehensive income		-	-
Total other comprehensive income for the period		-	-
Total comprehensive income for the period attributable to owners of the company		(3,571,213)	(2,599,898)
Loss per share			
Basic (loss) per share (cents)		(1.6)	(1.6)
Diluted (loss) per share (cents)		(1.6)	(1.6)

The statement of profit or loss and other comprehensive income is to be read in conjunction with the accompanying notes.

<i>In AUD</i>	Note	31 Dec 2015	31 Dec 2014
Assets			
Cash and cash equivalents	17	853,041	1,498,693
Trade and other receivables	11	45,407	34,601
Other assets		30,000	60,000
Total current assets		928,448	1,593,294
Deferred exploration and evaluation costs	12	11,350,982	36,802,511
Alluvial development	12	39,050,709	-
Property, plant and equipment	13	10,267	14,491
Total non-current assets		50,411,958	36,817,002
Total assets		51,340,406	38,410,296
Liabilities			
Trade and other payables	14	2,431,313	753,201
Provisions	15	1,101,558	706,120
Total current liabilities		3,532,872	1,459,321
Total liabilities		3,532,872	1,459,321
Net assets		47,807,534	36,950,975
Equity			
Share capital	16	86,981,591	76,239,506
Reserves	16	3,805,581	546,888
Accumulated losses		(42,979,638)	(39,835,419)
Total equity		47,807,534	36,950,975

The statement of financial position is to be read in conjunction with the accompanying notes.

Statement of Changes in Equity
for the year ended 31 December 2015

<i>In AUD</i>	Share capital	Reserves	Accumulated losses	Total
Balance at 1 January 2014	64,130,565	1,896,623	(38,750,544)	27,276,644
Total comprehensive income for the year				
Loss for the period	-	-	(2,599,898)	(2,599,898)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	(2,599,898)	(2,599,898)
Transactions with owners, recorded directly in equity				
Issue of share capital	12,334,025	-	-	12,334,025
Issue of options	-	451,202	-	451,202
Expiry of options	-	(1,515,023)	1,515,023	-
Transfer of reserves on exercise of options	285,914	(285,914)	-	-
Share issue expenses	(510,998)	-	-	(510,998)
Total transactions with owners	12,108,941	(1,349,735)	1,515,023	12,274,229
Closing balance at 31 Dec 2014	76,239,506	546,888	(39,835,419)	36,950,975
Balance at 1 January 2015	76,239,506	546,888	(39,835,419)	36,950,975
Total comprehensive income for the period				
Loss for the period	-	-	(3,571,213)	(3,571,213)
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	(3,571,213)	(3,571,213)
Transactions with owners, recorded directly in equity				
Issue of share capital	14,417,979	-	-	14,417,979
Issue of options	-	778,627	27	778,654
Expiry of options	-	(426,967)	426,967	-
Share issue expenses	(3,675,894)	2,907,033	-	(768,861)
Total transactions with owners	10,742,085	3,258,693	426,994	14,427,772
Closing balance at 31 Dec 2015	86,981,591	3,805,581	(42,979,638)	47,807,534

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

<i>In AUD</i>	Note	31 Dec 2015	31 Dec 2014
Cash flows from operating activities			
Cash paid to suppliers and employees		(1,860,229)	(2,906,738)
Interest received		3,773	1,163
Net cash used in operating activities	17b	(1,856,456)	(2,905,575)
Cash flows from investing activities			
Payments for exploration costs		(12,497,622)	(8,169,072)
Payments for property, plant and equipment		-	(6,849)
Net cash used in investing activities		(12,497,622)	(8,175,921)
Cash flows from financing activities			
Proceeds from investors for share capital		14,417,978	12,334,025
Proceeds from issue of options		59,309	451,202
Share issue costs		(768,861)	(510,998)
Net cash generated from financing activities		13,708,426	12,274,229
Net increase / (decrease) in cash and cash equivalents		(645,652)	1,192,733
Cash and cash equivalents at beginning of period		1,498,693	305,960
Cash and cash equivalents at end of period	17a	853,041	1,498,693

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

1. Reporting entity

Lucapa Diamond Company Limited ("Lucapa" or "the Company") is a company domiciled and incorporated in Australia. The address of the Company's registered office is 34 Bagot Road, Subiaco WA 6008. The Company is primarily involved in the mining and exploration of diamond projects in Africa.

2. Basis of preparation

(a) Statement of compliance

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

The financial statements were authorised for issue by the Board of Directors on the date of the directors' report.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except for equity settled share-based payments. The methods used to determine fair values of equity settled share-based payments are discussed further in Note 3. The financial statements have been prepared on the going concern basis.

Going concern basis

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 Company has achieved diamond exploration, alluvial development and mining success at the Lulo Diamond Project, the directors recognise that the Company may have to seek funding in the future in order to continue to exploit and develop the Lulo Diamond Project.

The Company recorded a loss of \$3,571,213 for the year ended 31 December 2015 and had net assets of \$47,807,534 as at 31 December 2015 (Dec 2014: loss of \$2,599,898 and net assets of \$36,950,975).

On 15 February 2016, the Company, Endiama E.P, Angola's national diamond company, and private local partner Rosas & Pétalas announced the recovery of a spectacular 404.2 carat diamond from the Lulo Diamond Project and on 29 February 2016, the Company announced that the 404 carat Lulo alluvial diamond sold for gross proceeds of A\$22.5 million (US\$16 million). On 2 March 2016, the Company announced that a special distribution had been made to the Lulo Diamond Project partners following the sale of the iconic 404 carat Lulo alluvial diamond. Lucapa's net share of the special distribution totalled US\$5.9 million (A\$8.3 million).

The Company may also raise up to approximately \$17.6 million should optionholders currently holding 58,634,063 \$0.30 options which are exercisable on or before 29 April 2016, exercise these options prior to expiry. As at the date of this report, the share price of the Company's fully paid ordinary securities was \$0.40.

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

- continued cash management and successful exploration;
- continued successful development of the alluvial mine to generate cash; and
- the continued successful placement of securities under the ASX Listing Rule 7.1, or otherwise

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

- The Company operates on a program of income and expenditure designed to ensure that there are at all times sufficient funds in hand to continue operations for the foreseeable future, whilst at the same time continuing the alluvial mining development and diamond exploration at Lulo in an effective manner; and
- The successful historical ability of the Company to raise capital via equity placements and capital raisings given the prospectivity of the Lulo Diamond Project.

However, should the Company be unable to obtain sufficient funding as advised above, there is a material uncertainty which may cast doubt as to whether or not the Company 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.

(c) Functional and presentation currency

These financial statements are presented in Australian Dollars, which is the Company's functional currency.

(d) Use of estimates and judgements

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

Judgements made by management in the application of Australian Accounting Standards that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in Note 3.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

The Company adopted all new or revised accounting standards that became effective for reporting periods commencing on 1 January 2015. The adoption of these standards has not resulted in any material changes to the Company's accounting policies.

Other standards that have been issued but are not yet effective are considered to have no significant effect on the financial statements.

(a) Foreign currency

Foreign currency transactions and balances

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

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

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

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

(b) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in Note 3(k).

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

Share capital

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

(c) Property, plant and equipment

Recognition and measurement

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

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

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

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

Subsequent costs

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

Depreciation

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

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

Computer equipment	3 years
Office equipment	5-10 years

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

(d) Development, deferred exploration and evaluation costs

Exploration and Evaluation

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

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

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

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

Development

Once a mining project has been established as commercially viable and technically feasible, expenditure other than that on land, buildings, plant and equipment is capitalised as development. Development includes previously capitalised exploration and evaluation costs, pre-production development costs, certain mining assets, development studies and other subsurface expenditure pertaining to that area of interest.

(e) Inventories

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

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

(f) Impairment

Financial assets

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

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

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

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

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

Non-financial assets

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

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

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

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

(g) Employee benefits

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the statement of profit or loss and other comprehensive income as incurred.

Short-term employee benefits

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

Long-term employee benefits

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

Termination benefits

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

Share-based payment transactions

The fair value of options granted is recognised as an expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The amount recognised is adjusted to reflect the actual number of share options that vest except where forfeiture is only due to market conditions not being met.

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

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

(h) Provisions

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

(i) Revenue

Provision of services

Revenue from services rendered is recognised in the statement of profit or loss and other comprehensive income in proportion to the stage of completion of the transaction at the reporting date.

Sale of non-current assets

The net gain/(loss) on the sale of non-current assets is included as revenue or expense at the date control of the assets passes to the buyer. The gain or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal (including incidental costs).

(j) Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to the initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognised in the Company's balance sheet.

Payments made under operating leases are recognised in the statement of profit or loss and other comprehensive income on a straight-line basis over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(k) Finance income and expenses

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

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

(l) Income tax

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

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

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

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

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

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

(m) Goods and services tax

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

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

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

(n) Segment reporting

The Company determines and presents operating segments based on the information that internally is provided to the Board of Directors, which is the Company's chief decision making body.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are reviewed by the Company's CEO to make decisions about

resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company engages in business activities within one segment currently, being the exploration and development of diamond projects in Africa. The Company maintains a corporate and administrative office in Western Australia to support and promote the exploration activities in Africa.

(o) Adoption of new and revised accounting standards

The Company has chosen not to early-adopt any accounting standards and interpretations that have been issued, but are not yet effective. The Company has carefully considered each accounting standard that has been issued but is not yet effective and does not consider any of the pronouncements to have a material impact on the financial statements. Furthermore, these changes in standards and interpretations are not expected to have a material impact on the accounting treatment in the current or future reporting periods and on foreseeable future transactions.

(p) Loss per share

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

(q) Accounting estimates and judgements

Management discusses with the Board the development, selection and disclosure of the Company's critical accounting policies and estimates and the application of these policies and estimates. The estimates and judgements that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration and evaluation assets

The Company assesses the carried value of exploration and evaluation assets in accordance with the accounting policy noted above. As noted in that policy, the basis of carrying value involves numerous estimates and judgements resulting from the assessment of ongoing exploration activities.

Development

Development activities commence after commercial viability and technical feasibility of the project is established. Judgement is applied in determining when a project is commercially viable and technically feasible. In exercising this judgement, management is required to make certain estimates and assumptions as to the future events. If, after having commenced the development activity, a judgement is made that a development asset is impaired, the appropriate amount will be written off to profit and loss.

Share-based payment transactions

The Company measures the cost of equity-settled transactions by reference to the fair value of the equity instruments at the date at which they are granted. Where required, the fair value of options granted is measured using the Black-Scholes option pricing model, taking into account the terms and conditions as set out within Note 16. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact expenses and equity.

Provisions for rehabilitation

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

Impairment

The Company assesses impairment at the end of each reporting year by evaluating conditions specific to the Company that may be indicative of impairment triggers. Recoverable amounts of relevant assets are reassessed using calculations which incorporate various key assumptions.

(r) Determination of fair values

Trade and other receivables

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

Non derivative financial liabilities

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

Share-based payment transactions

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

4. Segment reporting

The Company determines and presents operating segments based on the information that is internally provided to the Board, which is the Company's chief decision making body.

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' operating results are regularly reviewed by the Company's Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company engages in business activities within one material segment, being the exploration and development of diamond projects in Africa. The Company maintains a corporate and administrative office in Western Australia to support and promote the exploration activities in Africa.

All transactions disclosed in the statement of profit or loss and other comprehensive income during the year to 31 December 2015 and to 31 December 2014, relate to the administration and management of the Company, in Western Australia. Assets and Liabilities of the business are split as follows:

As at 31 December 2015:

In AUD	Australia (Overhead)	Africa (Development, Exploration and Evaluation)	Total
Assets			
Cash and cash equivalents	853,041	-	853,041
Trade and other receivables	45,407	-	45,407
Other assets	30,000	-	30,000
Total Current Assets	928,448	-	928,448
Deferred exploration costs	-	50,401,691	50,401,691
Property, plant & equipment	10,267	-	10,267
Total Non-Current Assets	10,267	50,401,691	50,411,958
Liabilities			
Trade and other payables	287,813	2,143,500	2,431,313
Provisions	-	1,101,558	1,101,558
Total Liabilities	287,813	3,245,058	3,532,872

4. Segment reporting (continued)

As at 31 December 2014:

In AUD

	Australia (Overhead)	Africa (Development, Exploration and Evaluation)	Total
Assets			
Cash and cash equivalents	1,498,693	-	1,498,693
Trade and other receivables	34,601	-	34,601
Other assets	60,000	-	60,000
Total Current Assets	1,593,294	-	1,593,294
Deferred exploration costs	-	36,802,511	36,802,511
Property, plant & equipment	14,491	-	14,491
Total Non-Current Assets	14,491	36,802,511	36,817,002
Liabilities			
Trade and other payables	78,459	674,742	753,201
Provisions	-	706,120	706,120
Total Liabilities	78,459	1,380,862	1,459,321

5. Employee benefits expenses

In AUD

	31 Dec 2015	31 Dec 2014
Wages, salaries and director remuneration	1,367,139	992,956
Superannuation costs	105,912	69,448
Other associated employee expenses	797,922	85,277
Bonus	-	40,208
	2,270,973	1,187,889

6. Other expenses

In AUD

	31 Dec 2015	31 Dec 2014
Administrative expenses	844,559	594,691
Travel expense	238,271	155,616
Operating lease rental expense	119,459	128,215
Company secretarial expense	97,500	127,500
Settlement expense	-	170,585
	1,299,789	1,176,607

7. Finance income

In AUD

	31 Dec 2015	31 Dec 2014
Interest on bank deposits	3,773	1,163
	3,773	1,163

8. Auditors remuneration

In AUD

Audit services:

	31 Dec 2015	31 Dec 2014
Audit and review of financial reports (Somes Cooke)	30,000	38,000
	30,000	38,000

9. Income tax (benefit) expense

In AUD

Current tax expense

Domestic

Foreign

Deferred tax expense

Domestic

Foreign

Total income tax expense

	31 Dec 2015	31 Dec 2014
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-
	-	-

Numerical reconciliation between income tax expense and loss before income tax

In AUD

Loss for the period

Total income tax (benefit) expense

Loss excluding income tax

Income tax benefit using the Company's domestic tax rate of 30% (Dec 2014: 30%)

Non-deductible expenses

Current year tax losses not recognised

Recognition of previously unrecognised prior year tax losses

Movement in unrecognised temporary differences

Deductible equity raising costs

Income tax (benefit)/expense

	31 Dec 2015	31 Dec 2014
	(3,571,213)	(2,599,898)
	-	-
	(3,571,213)	(2,599,898)
	(1,071,364)	(779,970)
	336,762	210,538
	754,293	607,791
	-	-
	10,709	(10,252)
	(30,401)	(28,107)
	-	-

Deferred tax assets not brought to account

As at 31 December 2015, the Company had estimated tax losses of approximately \$10,872,289 (31 Dec 2014: \$10,075,703), which may be available to be offset against taxable income in future years. The availability of these losses is subject to satisfying Australian taxation legislative requirements. The deferred tax asset attributable to tax losses has not been brought to account in these financial statements because the directors believe it is not presently appropriate to regard realisation of the future income tax benefits as probable. The deferred tax assets have not been brought to account in respect to the following:

In AUD

Tax revenue losses

Tax capital losses

Deductible temporary differences

	31 Dec 2015	31 Dec 2014
	4,147,173	3,371,009
	6,613,582	6,613,582
	111,534	91,112
	10,872,289	10,075,703

10. Loss per share

Basic loss per share

Basic loss per share (cents) ⁽ⁱ⁾

	31 Dec 2015	31 Dec 2014
	1.6	1.6

The calculation of basic loss per share at 31 December 2015 was based on the loss attributable to ordinary shareholders of \$3,571,213 (31 December 2014: \$2,599,898) and a weighted average number of ordinary shares outstanding of 216,780,941 (2014: 161,188,803), calculated as follows.

Weighted average number of shares

	31 Dec 2015	31 Dec 2014
Issued ordinary shares at beginning of period	181,872,742	128,420,107
Effect of shares issued on weighted average	34,908,199	32,768,696
Weighted average number of ordinary shares held during the period	216,780,941	161,188,803

Diluted loss per share

	31 Dec 2015	31 Dec 2014
Diluted loss per share (cents)	1.6	1.6

The Company is in a loss making position and it is unlikely that the conversion to, calling of, or subscription for, ordinary share capital in respect of potential ordinary shares would lead to diluted earnings per share that shows an inferior view of the earnings per share. For this reason, the diluted loss per share is the same as the basic loss per share.

11. Trade and other receivables

<i>In AUD</i>	31 Dec 2015	31 Dec 2014
Current		
GST receivable	-	31,154
Other current receivables	45,047	3,447
	45,047	34,601

The Company's exposure to credit and currency risks related to trade and other receivables are disclosed in Note 20.

12. Deferred exploration and evaluation and development costs

a) Deferred Exploration and Evaluation

<i>In AUD</i>	Alluvial Exploration	Kimberlite Exploration	Total
1 January 2015	25,761,758	11,040,753	36,802,511
Exploration expenditure during the year	13,288,952	310,228	13,599,180
Transfer to Alluvial Development (Note 12b)	(39,050,709)	-	(39,050,709)
31 December 2015 ⁽ⁱ⁾	-	11,350,982	11,350,982

- i) The Company continues to explore for the primary kimberlite source of the alluvial diamonds being recovered on the Lulo concession. Expenditure of \$11,040,753 up to 31 December 2014 has been attributed to the primary kimberlite exploration. Expenditure in the year to 31 December 2015 has been allocated specifically to either the alluvial or kimberlite activity.

b) Alluvial Development

<i>In AUD</i>	Alluvial Development	Total
1 January 2015	-	-
Transfer from Deferred Exploration and Evaluation (Note 12a)	39,050,709	39,050,709
31 December 2015 ⁽ⁱ⁾	39,050,709	39,050,709

- i) During the year, the Company developed an alluvial diamond mining operation on the Lulo concession, under a mining license granted by the Angolan Ministry of Geology and Mines and under the permission of Endiama, the national

diamond mining company of Angola. Previous expenditure for this project had been capitalised as deferred exploration and evaluation.

In accordance with the terms agreed by Lucapa's partners in the Lulo JV, expenditure of \$25,761,758 at Lulo up to 31 December 2014 was allocated to the alluvial mining project (Note 12a). During the year, the Company continued to capitalise expenditure on the alluvial project as deferred exploration and evaluation, awaiting the creation of the new alluvial mining company in Angola, which is to hold the gazetted mining license. As at 31 December 2015, the creation of this new company had not yet been completed. However given the company had commenced alluvial diamond mining activities at Lulo, all alluvial project expenditure has been reclassified to Alluvial Development at 31 December 2015.

c) Recoupment of funds advanced to the Lulo JV

The balances listed in 12a) and 12b) represent the cumulative amount of costs incurred by the Company directly related to the Lulo Diamond Project. All of the funds advanced to the Lulo Diamond Project have been spent on diamond mining, exploration and evaluation, and the purchase of plant and equipment required for these activities. The complete recoupment of funds advanced to the Lulo Diamond Project carried forward is dependent upon the continued successful development and commercialisation of the areas being mined, explored for and evaluated. The Lulo partners agreed that in the event of a commercial diamond mining operation being established on the Lulo Diamond Project, all alluvial and kimberlite exploration and development funds and assets that the Company has transferred to the Lulo Diamond Project should be reimbursed to the Company from each of the respective mining operations when commercialised. This provision is contained in the Mining Investment Contract.

13. Property, plant and equipment

In AUD

	Computer Equipment	Office Equipment	Total
Cost			
Balance at 1 January 2014	7,518	17,716	25,234
Additions	5,123	1,919	7,042
Disposal	-	(1,000)	(1,000)
Balance at 31 December 2014	12,641	18,635	31,276
Balance at 1 January 2015	12,641	18,635	31,276
Additions	-	-	-
Disposal	(5,679)	(1,071)	(6,750)
Balance at 31 December 2015	6,962	17,564	24,526
Depreciation			
Balance at 1 January 2014	5,781	8,852	14,633
Depreciation accumulated for the year, net of disposals	1,181	971	2,152
Balance at 31 December 2014	6,962	9,823	16,785
Balance at 1 January 2015	6,962	9,823	16,785
Depreciation accumulated for the year, net of disposals	(3,448)	922	(2,526)
Balance at 31 December 2015	3,514	10,745	14,259
Carrying amounts			
At 1 January 2014	1,737	8,864	10,601
At 31 December 2014	5,679	8,812	14,491
At 31 December 2015	3,448	6,819	10,267

14. Trade and other payables

In AUD

	31 Dec 2015	31 Dec 2014
Trade payables	2,008,469	53,459
Accruals and other payables ⁽ⁱ⁾	422,844	699,742
	2,431,313	753,201

Note

(i) The Company's exposure to currency and liquidity risk related to trade and other payables is disclosed in Note 20

15. Provisions

In AUD

	31 Dec 2015	31 Dec 2014
Provision for environmental rehabilitation ⁽ⁱ⁾	1,101,558	706,120
	1,101,558	706,120

(i) The provision relates to the Lulo Project, of which the Company is the operator. This would be offset by an equal and opposite asset to be reimbursed from free cash flows of any established mining operations. The provision is measured at the present value of management's best estimate of the costs required to settle the obligation at the end of the reporting period. Actual costs incurred in future periods to settle these obligations could differ materially from these estimates.

16. Share capital and reserves

In AUD

	31 Dec 2015	31 Dec 2014
Issued and ordinary fully paid shares	86,981,591	76,239,506

Movement in ordinary shares

In shares

	Note	Ordinary shares		AUD	
		31 Dec 2015	31 Dec 2014	31 Dec 2015	31 Dec 2014
On issue at beginning of period		181,872,742	3,852,603,212	76,239,506	64,130,565
Issue of shares for cash	(i)	65,933,222	925,000,000	12,349,949	5,550,000
Consolidation 1:30		-	(4,618,348,305)	-	-
Issue on exercise of options, including transfer from options reserve	(i)	10,283,471	22,617,835	2,068,030	7,069,939
Transaction expenses		-	-	(3,675,894)	(510,998)
On issue at end of period		258,089,435	181,872,742	86,981,591	76,239,506

Note

(i) The Company issued the following shares and options during the period to 31 December 2015.

Transaction	Number	Issue/ exercise price (\$)	Funds raised (\$)	Option expiry
Issue of shares	24,002,500	0.20	4,800,500	N/A
Issue of shares	41,930,722	0.18	7,547,530	N/A
Issue of options	46,830,376	0.20	-	30 September 2017
Issue of options	24,002,500	0.30	-	29 August 2015
Issue of options	59,251,513	0.30	-	29 April 2016
Issue of options	3,750,000	0.30	-	24 April 2017
Issue of options	3,250,000	0.30	-	28 May 2017
Exercise of options	10,170,115	0.20	2,034,023	N/A
Exercise of options	113,856	0.30	34,156	N/A
Expiry of options	(135,972,239)	0.30	-	29 August 2015

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.

Unissued ordinary shares of the Company under option at 31 December 2015 were:

Expiry date	Exercise price	Number of shares
29 April 2016	\$0.30	58,808,136
30 September 2017	\$0.20	36,660,261
24 April 2017	\$0.30	3,750,000
28 May 2017	\$0.30	3,250,000

Lapse of options

The following options over ordinary shares lapsed during the financial period:

Expiry date	Exercise price	Number of shares
29 August 2015	\$0.30	135,972,239

Summaries of options granted

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options issued during the period:

	31 Dec 2015 No.	31 Dec 2015 WAEP
Outstanding at 1 January 2015	112,054,385	\$0.30
Granted during the period	136,670,222	\$0.27
Exercised during the period	(10,283,971)	\$0.20
Expired during the period	(135,972,239)	\$0.30
Outstanding at 31 December 2015	102,468,397	\$0.26
Exercisable at 31 December 2015	102,468,397	\$0.26

Weighted average remaining contractual life

The weighted average remaining contractual life for the share options outstanding as at 31 December 2015 is 0.9 years.

Fair value of options granted

The fair value of options granted during the half year was calculated at the date of grant using the Black-Scholes option-pricing model. The following table gives the assumption made in determining the fair value of options on grant date:

Issue Date	28 April 2015	1 June 2015	10 September 2015
Fair value per option	\$0.093	\$0.11402	\$0.3634
Grant date	28 April 2015	1 June 2015	10 September 2015
Number of options	3,750,000	3,250,000	8,000,000
Expiry date	24 April 2017	28 May 2017	30 September 2017
Exercise price	\$0.30	\$0.30	\$0.20
Price of shares on grant date	\$0.21	\$0.24	\$0.505
Estimated volatility	100%	100%	95%
Risk-free interest rate	1.98%	1.95%	1.87%

Reserves

<i>In AUD</i>	Share-based payments reserve	Option premium reserve	Total
Balance at 1 January 2014	642,023	1,254,600	1,896,623
Expiry of options	(642,023)	(873,000)	(1,515,023)
Share based payments	-	451,202	451,202
Exercise of options	-	(285,914)	(285,914)
Balance at 31 December 2014	-	546,888	546,888
Expiry of options	-	(426,967)	(426,967)
Share based payments	-	3,685,660	3,685,660
Exercise of options	-	-	-
Balance at 31 December 2015	-	3,805,581	3,805,581

Nature and purpose of reserves

Share-based payments reserve

The share-based payments reserve represents the fair value of equity instruments issued to employees as compensation and issued to external parties for the receipt of goods and services. This reserve will be reversed against issued capital when the underlying shares are converted.

Option premium reserve

The option premium reserve records amounts paid by shareholders in acquiring options over ordinary shares. The balance in the option premium reserve is transferred to issued capital on option conversion and transferred to accumulated losses on option expiry.

17a) Cash and cash equivalents

<i>In AUD</i>	31 Dec 2015	31 Dec 2014
Bank balances	853,041	1,498,693

The Company's exposure to interest rate risk is discussed in Note 20.

17b) Reconciliation of cash flows from operating activities

<i>In AUD</i>	31 Dec 2015	31 Dec 2014
Loss for the period	(3,571,213)	(2,599,898)
<i>Adjustments for:</i>		
Depreciation expense	4,224	2,959
Operating loss before changes in working capital and provisions	(3,566,989)	(2,596,939)
Decrease in trade and other receivables	19,195	44,218
(Increase) in other assets	-	(60,000)
Increase/(decrease) in trade and other payables relating to operating activities	1,691,338	(292,853)
Net cash used in operating activities	(1,856,456)	(2,905,574)

17c) Non cash financing and investing activities

There were no non-cash financing and investing activities during this period.

18. Contingent liabilities

The Company did not have any contingent liabilities as at 31 December 2015 (31 Dec 2014: Nil).

19. Commitments

Capital commitments

In US\$

Approved, not yet contracted for:

Less than one year

	31 Dec 2015	31 Dec 2014
	US\$	US\$
	1,591,677	-
	1,591,677	-

20. Financial risk management

The Company has exposure to credit, liquidity and market risks from their use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

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

Market risk

Commodity price risk

The Company is focused on its Angolan diamond mining and exploration interests in Africa. Accordingly, the Company is exposed to the global pricing structures of the global diamond market.

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar and Australian dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are not in the entity's functional currency. The company does not use hedging, or any other active risk reduction strategy, in managing its foreign exchange risk.

The functional and presentation currency of the Company is Australian Dollars.

The Company's exposure to foreign currency risk at balance date was as follows, based on notional amounts:

In AUD

Liabilities

Trade and other payables

Provisions

Net balance sheet exposure

	31 Dec 2015	31 Dec 2014
	(2,431,313)	(753,201)
	(1,101,558)	(706,120)
	(3,532,872)	(1,459,321)

The potential returns from exploration, evaluation and development activities (see Note 12), should there be continued successful development of profitable alluvial diamond mining in the future at the Lulo Diamond Project, are liable to foreign exchange fluctuations as the primary expenditures are denominated in United States Dollars, which continues to fluctuate against the Australian Dollar.

Cash flow interest rate risk

Cash flow interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in the market interest rates on interest-bearing financial instruments.

The Company is not exposed to significant interest rate risk. Any residual cash flow interest rate risk is in relation to the Company's cash and cash equivalent balances. The Company does not currently use derivatives to mitigate these exposures.

The following table details the Company's exposure to interest rate risk on its interest-bearing financial instruments at 31 December 2015.

	Average Interest Rate %	Variable Interest Rate A\$	Fixed Interest Rate Maturity			Non- Interest Bearing A\$	Total A\$
			Less than 1 Year A\$	1 to 5 Years A\$	More than 5 Years A\$		
Financial Assets							
Cash	1.80	853,041	-	-	-	-	853,041
Trade and other receivables		-	-	-	-	45,407	45,407
Other assets	2.80	-	30,000	-	-	-	30,000
		853,041	30,000	-	-	45,407	928,448
Financial Liabilities							
Trade and other payables	-	-	-	-	-	2,016,376	2,016,376
		-	-	-	-	2,016,376	2,016,376

The following table details the Company's exposure to interest rate risk on its interest-bearing financial instruments at 31 December 2014.

	Average Interest Rate %	Variable Interest Rate A\$	Fixed Interest Rate Maturity			Non- Interest Bearing A\$	Total A\$
			Less than 1 Year A\$	1 to 5 Years A\$	More than 5 Years A\$		
Financial Assets							
Cash	2.69	1,498,693	-	-	-	-	1,498,693
Trade and other receivables	-	-	-	-	-	34,601	34,601
Other assets	3.38	-	60,000	-	-	-	60,000
		1,498,693	60,000	-	-	34,601	1,593,294
Financial Liabilities							
Trade and other payables	-	-	-	-	-	753,201	753,201
		-	-	-	-	753,201	753,201

Cash flow sensitivity analysis for variable rate instruments

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

A change of 100 basis points in interest rates at the reporting date would not have a material impact on the statement of profit of loss and other comprehensive income. There would be no effect on the equity reserves other than those directly

related to statement of profit of loss and other comprehensive income. The analysis is performed on the same basis as for the period ended 31 December 2014.

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's potential concentration of credit risk mainly relates to amounts advanced to the Lulo Diamond Project (Note 12). The Company's short term cash surpluses are placed with banks that have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by their carrying values as at the balance sheet date.

Liquidity risk

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

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate cash reserves from funds raised in the market and by continuously monitoring forecast and actual cash flows.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

In AUD

Trade and other payables

- Within one year

Total

	31 Dec 2015	31 Dec 2014
- Within one year	2,016,376	753,201
Total	2,016,376	753,201

Capital risk management

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

Fair value

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which revenues and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

The financial assets and liabilities included in the assets and liabilities of the Company approximate net fair value, determined in accordance with the accounting policies disclosed in Note 3 to the financial statements.

21. Related parties

Key management personnel compensation

The key management personnel compensation included in employee benefits expense (see Note 5) is as follows:

In AUD

Short-term employee benefits

Post-employment benefits

Share-based payments

	31 Dec 2015	31 Dec 2014
Short-term employee benefits	743,517	555,729
Post-employment benefits	46,743	24,959
Share-based payments	370,559	-
Total	1,160,819	580,688

Individual directors' and executives' compensation disclosures

Information regarding individual directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulations 2M.3.03 is provided in the remuneration report section of the directors' report.

Apart from the details disclosed in this note, no director has entered into a material contract with the Company since the end of the previous financial year and there were no other material contracts involving director's interests at period-end.

Key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities. A number of these entities transacted with the Company in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-director related entities on an arm's length basis.

Other related party transactions

An amount of \$115,126 (31 December 2014: \$127,978) was paid to The Bagot Road Property Partnership, associated with director Miles Kennedy, relating to office rent and associated costs during the period. An amount of \$916 (31 December 2014: \$839,846) was paid to the Bagot Road Group Pty Ltd, a company 50% owned by director Miles Kennedy until 31 May 2014 and thereafter wholly owned, being management fees on disbursements made by Bagot Road Group Pty Ltd.

22. Events Subsequent to Year End

On 18 January 2016, the Company announced that three diamond sales were completed during the December Quarter which generated gross revenues of A\$8.1 million, the highest quarterly sales result achieved to date. The average selling price of A\$2,141 per carat in the December 2015 Quarter was also the highest quarterly average achieved since mining commenced in January 2015.

On 18 January 2016, the Company also advised that processing rates increased by 173% to 82,410 bcm in the second half of calendar 2015 as the investment in additional earth moving equipment, mining equipment and support infrastructure enabled mining operations to be scaled up to the 20,000 bcm/month target at the end of the September quarter.

On 22 January 2016, the Company announced that Mining Block 6 had also proved to be another source of large and valuable diamonds, with four specials among the recoveries in the first few days of processing stockpiles from this area including a 133.4 carat compound diamond, the biggest individual stone recovered from Lulo at that time.

On 22 January 2016, the Company announced the sale of a ninth parcel of alluvial diamonds from Lulo. The parcel of 178 carats generated gross revenues of A\$420,000 representing an average selling price of A\$2,360 per carat for a "run of mine" Lulo alluvial diamonds.

On 1 February 2016, the Company announced that the results of the gravity survey carried out at the high-priority L259 kimberlite at Lulo had successfully identified a large and well-defined kimberlitic signature which covers a known area of approximately 110 hectares (1.1km²), envelops most of Mining Block 8 and is adjacent to Mining Block 6, where Lucapa and its partners have been recovering large and valuable alluvial diamonds on a regular basis.

On 3 February 2016, the Company announced the recovery of more large valuable alluvial diamonds from Mining Block 6 at Lulo including two large special diamonds weighing 120.4 carats and 86.2 carats which were confirmed as Type IIa gems. The 120.4 carat diamond was a D colour gem and the 86.2 carat diamond was an E colour.

On 4 February 2016, the Company announced the placement of the shortfall options from the Option Offer which closed on 16 November 2015. The shortfall from the Option Offer involved the issue of 8.24 million options exercisable at 30c on or before 29 April 2016 to supportive long-term investors who had agreed to exercise the options into ordinary Lucapa shares within 10 business days to increase Lucapa's cash reserves by more than \$2 million.

On 15 February 2016, the Company, Endiama E.P, Angola's national diamond company, and private local partner Rosas & Pétalas announced the recovery of a spectacular 404.2 carat diamond from the Lulo Diamond Project. The 404.2 carat diamond was confirmed to be a Type IIa D-colour gem and the biggest recorded diamond ever found in Angola - one of the world's top four diamond producing nations, the 27th biggest recorded diamond in the world (Ref: Wikipedia), the biggest diamond discovered by an Australian company, the fourth 100+ carat diamond recovered from Lulo to date and the 114th large special diamond (>10.8 carats) recovered from Lulo to date.

On 29 February 2016, the Company announced that the 404 carat Lulo alluvial diamond sold for gross proceeds of A\$22.5 million (US\$16 million) which represented a spectacular average price of A\$55,585 (US\$39,580) per carat, a record price for a white diamond recovered from Lulo.

On 2 March 2016, the Company announced that a special distribution had been made to the Lulo Diamond Project partners following the sale of the iconic 404 carat Lulo alluvial diamond. Lucapa's net share of the special distribution totalled US\$5.9 million (A\$8.3 million).

On 2 March 2016, the Company also announced the sale of another 1,349 carats of diamonds from Lulo for gross proceeds of A\$9.6 million (US\$6.8 million) which brought to A\$32.5 million the gross revenues generated from the sale of 1,931 carats of Lulo diamonds in the March 2016 Quarter. It was further noted that in total, the Lulo partners had sold 12,125 carats of Lulo alluvial diamonds - recovered from both the exploration and mining phases - for total gross proceeds of A\$51.3 million (US\$38.2 million in US\$ invoiced sales) at an overall average selling price of A\$4,233 per carat (US\$3,147 in US\$ invoiced sales) for all Lulo diamonds sold to date.

On 16 March 2016, the Company announced the results of the electromagnetic geophysical survey program conducted over the high-priority L259 kimberlite target and surrounding kimberlites at the Lulo Diamond Project in Angola, successfully identifying the drilling targets.

Other than the above, there has not arisen in the interval between the end of the period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the Company, the results of those operations, or the state of affairs of the Company, in future financial years.

1. In the opinion of the directors of Lucapa Diamond Company Limited ("the Company"):
 - (a) the financial statements and notes, and the remuneration report in the Directors' Report, as set out on pages 13 to 50, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Company's financial position as at 31 December 2015 and of its performance for the financial period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001;
 - (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and
 - (c) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
2. The directors have been given the declarations required by section 295A of the Corporations Act 2001 for the financial year ended 31 December 2015.

Signed in accordance with a resolution of the directors



MILES KENNEDY
Chairman

Dated this 24 March 2016

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

Report on the Financial Report

We have audited the accompanying financial report of Lucapa Diamond Company Limited, which comprises the statement of financial position as at 31 December 2015, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2.a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Opinion

In our opinion:

(a) the financial report of Lucapa Diamond Company Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the entity's financial position as at 31 December 2015 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 2.a).

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

Without modifying our opinion, we draw attention to Note 2.b) to the financial report, which describes that the ability of the company to continue as a going concern is dependent on successful mining and exploration, and further equity issues to the market. As a result there is material uncertainty related to events or conditions that may cast significant doubt on the company'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.

Report on the Remuneration Report

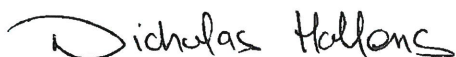
We have audited the Remuneration Report included in pages 13 to 16 of the directors' report for the year ended 31 December 2015. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Lucapa Diamond Company Limited for the year ended 31 December 2015, complies with section 300A of the *Corporations Act 2001*.



Somes Cooke



Nicholas Hollens
24 March 2016
Perth

Additional information current as at 16 March 2016 required by Australia Securities Exchange Limited Rules and not disclosed elsewhere in this Report.

1. CAPITAL STRUCTURE

Ordinary Share Capital

266 998 615 ordinary fully paid shares held by 4,847 shareholders.

Spread	Number of Holders	Number of Shares
1 to 1,000	387	169,736
1,001 to 5,000	1,359	3,900,637
5,001 to 10,000	745	5,880,318
10,001 to 100,000	1,923	67,618,547
100,001 and above	433	189,429,377

As at 16 March 2016 there were 407 fully paid ordinary shareholders holding less than a marketable parcel.

2. VOTING RIGHTS

Ordinary Shares

On a show of hands, every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Options

Options carry no voting rights. Options convert to one ordinary share upon exercise.

3. ON-MARKET BUY-BACK

There is no current on-market buy back.

4. SUBSTANTIAL SHAREHOLDERS

Fully Paid Ordinary Shares Name	Number Held	% of Issued Capital
CARRINGTON CORP PL, JIARNING NOM PL, SINED UNIT TRUST, HARRADEN PTY LTD	18,229,444	7.08%

5. TOP 20 HOLDERS OF QUOTED SECURITIES

Fully Paid Ordinary Shares Name	Number Held	% of Issued Capital
CARRINGTON CORP PL	13,750,000	5.15
TWYNAM AGRIG GRP PL	12,289,737	4.60
HSBC CUSTODY NOM AUST LTD	3,875,498	1.45
SLADE TECHNOLOGIES PL	3,866,668	1.45
GREGORACH PL	3,851,452	1.44
J P MORGAN NOM AUST LTD	3,550,289	1.33
JIARNING NOM PL	3,350,000	1.25
CITICORP NOM PL	3,329,358	1.25
GREGORACH PL	2,708,251	1.01
ONE DOG ONE BONE PL	2,545,000	0.95
COXON ANNA	2,500,000	0.94
PULLINGTON INV PL	2,482,600	0.93
UBS NOM PL	2,349,588	0.88
ADAMS PETER DANIEL	2,233,334	0.84
BRAUN PETER KARL	2,150,000	0.81
WOLFE ANDREW	1,688,459	0.63
SCOTT-HAYWARD KERRY V	1,600,000	0.60
KHOO SEAH KEE	1,500,000	0.56
HOLDREY PL	1,500,000	0.56
	72,560,937	27.17

6. OPTIONS – QUOTED (ASX:LOMOA)

As at 16 March 2016 there were 46,760,607 listed options expiring 30 September 2017 exercisable at \$0.20 held by 135 option holders.

Spread			Number of Holders	Number of 30 September 2017 Options
1	to	1,000	4	1,420
1,001	to	5,000	11	42,925
5,001	to	10,000	13	111,074
10,001	to	100,000	51	2,389,671
100,001	and above		56	44,215,517

As at 16 March 2016 there were 5 \$0.20 30 September 2017 option holders holding less than a marketable parcel.

7. TOP 20 HOLDERS OF OPTIONS - QUOTED (ASX:LOMOA)

Options (ASX:LOMOA)		
Name	Number Held	% of Issued Capital
CARRINGTON CORP PL	19,000,000	40.63
JITARNING NOM PL	3,580,000	7.66
GREGORACH PL	2,546,195	5.45
COXON ANNA	2,500,000	5.35
TISCO AUST PL	1,300,000	2.78
NUTSVILLE PL	1,200,000	2.57
CITICORP NOM PL	1,000,000	2.14
FLEUBAIX PL	1,000,000	2.14
MYERS JAMIE PHILIP	619,961	1.33
AUST SPECIAL	555,555	1.19
GOLDFIRE ENTPS PL	500,000	1.07
DRUMMOND KYLIE-ANNE	500,000	1.07
SASSEY PL	492,223	1.05
GREAT EASTERN HLDGS PL	450,000	0.96
ONE DOG ONE BONE PL	400,000	0.86
ADAMS PETER DAMIEL	400,000	0.86
NOOKAMKA HLDGS PL PRIVATE	370,000	0.79
C W JOHNSTON PL	360,000	0.77
ARGONAUT INV PL	360,000	0.77
HARRADEN PL	357,100	0.76
	37,491,034	80.20

8. OPTIONS – QUOTED (ASX:LOMOB)

As at 16 March 2016 there were 58,541,553 listed options expiring 29 April 2016 exercisable at \$0.30 held by 1,068 option holders.

Spread			Number of Holders	Number of 29 April 2016 Options
1	to	1,000	105	62,782
1,001	to	5,000	303	837,027
5,001	to	10,000	159	1,187,521
10,001	to	100,000	370	13,195,734
100,001	and above		131	43,258,489

As at 16 March 2016 there were 297 \$0.30 29 April 2016 option holders holding less than a marketable parcel.

9. TOP 20 HOLDERS OF OPTIONS- QUOTED (ASX:LOMOB)

Options (ASX:LOMOB)		
Name	Number Held	% of Issued Capital
ONE DOG ONE BONE PL	2,457,833	4.20
LAWRENCE CHRISTOPHER P	2,000,000	3.42
FLEUBAIX PL	2,000,000	3.42
TATTERSFIELD SEC LTD	1,059,332	1.81
STANLEY TOBIAS	1,050,000	1.79
PERSHING AUST NOM PL	1,008,750	1.72
BRAUN PETER KARL	850,000	1.45
FISIMIA PL	794,444	1.36
HAMLIN CRAIG LLOYD	780,902	1.33
TEXMODE PL	750,000	1.28
GEROVICH STEVEN R + E L	750,000	1.28
WALLBANK PETER DAVID	750,000	1.28
BRUTON DEREK DECLAN	700,000	1.20
DARK BENJAMIN CRANSTOUN	689,306	1.18
MURGUIA PAOLA ANDREA B	652,084	1.11
ADAMS PETER DANIEL	541,667	0.93
PAPATHEODORAKIS C	532,000	0.91
CHALLENGER-7 PL	528,086	0.90
HUMMOCK TRADING PL	500,000	0.85
HOLDREY PL	500,000	0.85
	18,894,404	32.27

10. UNLISTED OPTIONHOLDERS

There are 7 holders of 3,750,000 unlisted \$0.30 options exercisable on or before 24 April 2017. There are 4 holders of 3,250,000 unlisted \$0.30 options exercisable on or before 28 May 2017.

