



LUCAPA
DIAMOND COMPANY

LUCAPA DIAMOND COMPANY LIMITED

ACN 111 501 663

NOTICE OF GENERAL MEETING

Notice is given that the Meeting will be held at:

TIME: 11.00am (WST)

DATE: 17 December 2020

PLACE: Celtic Club, 48 Ord Street, West Perth, WA 6005

The business of the Meeting affects your shareholding and your vote is important.

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 4.00pm (WST) on 15 December 2020.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER ASX LISTING RULE 7.1 - TRANCHE 1 OF PLACEMENT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 92,904,127 Shares on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue, or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

2. RESOLUTION 2 - RATIFICATION OF PRIOR ISSUE OF SHARES UNDER ASX LISTING RULE 7.1A - TRANCHE 1 OF PLACEMENT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 64,104,642 Shares on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who participated in the issue, or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

3. RESOLUTION 3 - ISSUE OF TRANCHE 1 PLACEMENT OPTIONS

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 44,069,530 Options on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company), or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

4. RESOLUTION 4 - ISSUE OF SHARES - TRANCHE 2 OF PLACEMENT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 24,809,413 Shares to Safdico International Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Safdico International Ltd (or its nominee), or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

5. RESOLUTION 5 - ISSUE OF SHARES AND OPTIONS - COMMITMENT SECURITIES

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue 2,712,727 Shares and 10,754,545 Options to Ilwella Pty Ltd (or its nominee) on the terms and conditions set out in the Explanatory Statement."

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Ilwella Pty Ltd (or its nominee), or an associate of that person (or those persons). However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

6. RESOLUTION 6 – RATIFICATION OF PRIOR ISSUE OF SHARES - EQUIGOLD PTE LTD

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 3,252,835 Shares on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion statement: The Company will disregard any votes cast in favour of the Resolution by or on behalf of Equigold Pte Ltd or an associate of that person. However, this does not apply to a vote cast in favour of a Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with the directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the Chair as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the Chair to vote on the Resolution as the Chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with the directions given by the beneficiary to the holder to vote that way.

Dated: 17 November 2020
By order of the Board

Mark Clements
Company Secretary

IMPORTANT INFORMATION

Attendance and participation

Due to the uncertainty and potential health risks posed by the COVID-19 pandemic, the Company encourages Shareholders not to attend the meeting in person and participate in the Meeting via proxy voting and the ability to submit questions in advance of the Meeting which will be addressed at the Meeting.

The Company and venue must adhere to all social distancing measures at the Meeting prescribed by government authorities. Further details on any possible attendance at the Meeting will be monitored, announced to the ASX and made available on the Company's website www.lucapa.com.au prior to the Meeting.

Shareholders are invited to lodge questions in advance of the Meeting by sending an email containing their question(s) to general@lucapa.com.au by 5.00pm (WST) on 15 December 2020. As many of the emailed questions as possible will be addressed during the Meeting. Please note that individual responses will not be sent to Shareholders.

Voting procedure

Voting on all proposed resolutions at the Meeting will be conducted by poll. Under the Constitution, any poll will be conducted as directed by the Chair.

Shareholders can vote in one of two ways:

- by attending the Meeting and voting in person or by attorney or, in the case of corporate Shareholders, by appointing a corporate representative to attend and vote; or
- by appointing a proxy to attend and vote on their behalf using the Proxy Voting Form accompanying this Notice and by submitting their Proxy Voting Form online, in person, by post, by email.

Voting in person or by attorney

As previously stated, Shareholders, or their attorneys, are discouraged from attending in person but those who do choose to do so are asked to arrive at the venue 15 minutes prior to the time designated for the Meeting, if possible, so that the Company may check their Shareholding against the Company's share register and note attendances.

Voting by a Corporation

A Shareholder that is a corporation may appoint an individual to act as its representative and vote in person at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed.

Voting by proxy

To vote by proxy, please complete and sign the enclosed Proxy Voting Form and return by the time and in accordance with the instructions set out on the Proxy Voting Form.

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

To be effective, Proxy Voting Forms must be received by 11.00am (WST) on 15 December 2020, being 48 hours prior to the Meeting. Proxies received after this time will be invalid.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9381 5995.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions.

1. BACKGROUND

1.1 Placement

On 6 November 2020, the Company announced that it had received firm commitments from professional and sophisticated investors (who are all unrelated parties of the Company) to subscribe for 181,818,182 Shares at an issue price of \$0.055 per Share to raise \$10,000,000 (before costs) (**Placement**).

The Placement is being conducted in two tranches as follows:

- (a) on 13 November 2020, the Company issued a total of 157,008,769 Shares at an issue price of \$0.055 per Share to raise \$8,635,482 (**Tranche 1**); and
- (b) subject to Shareholder approval under Resolution 4, the Company proposes to issue 24,809,413 Shares at an issue price of \$0.055 per Share to raise a further \$1,364,518 (**Tranche 2**).

In respect of Tranche 1:

- (a) 92,904,127 Shares were issued pursuant to the Company's 15% placement capacity under ASX Listing Rule 7.1; and
- (b) 64,104,642 Shares were issued pursuant to the Company's 10% placement capacity under ASX Listing Rule 7.1A,

(**Tranche 1 Placement Shares**).

Subject to Shareholder approval under Resolution 3, the Company has agreed to grant 1 free attaching Option for every 3 Shares subscribed for and issued (**Tranche 1 Placement Options**) to certain participants in Tranche 1 of the Placement. No free attaching Options are proposed to be issued under Tranche 2 of the Placement.

The Placement was underpinned by two cornerstone investors: Ilwella Pty Ltd, the diversified investment vehicle of the Flannery family office (**Ilwella**) and Safdico International Ltd, a leading multinational diamond company (**Safdico**). Safdico subscribed for a portion of its commitment under Tranche 1, with the balance subject to Shareholder approval under Resolution 4. In consideration for Ilwella's participation in the Placement the Company has agreed, subject to Shareholder approval under Resolution 5, to issue to Ilwella (or its nominee) a further 2,712,727 Shares and 10,754,545 Options (**Commitment Securities**).

Far East Capital Limited and Prenzler Group Pty Ltd acted as co-lead managers to the Placement (**Lead Managers**). The Lead Managers will receive a fee of up to 5% of the funds raised under the Placement (excluding the funds received from the two cornerstone investors).

1.2 Use of funds

The Company intends to apply the funds raised from the Placement:

- (a) to commission an expansion in the processing capacity of the Mothae kimberlite mine from 1.1Mtpa to 1.6Mtpa (+45%). This should materially increase production, revenues and due to the economies of scale, improve unit operating costs and deliver enhancements to earnings;

- (b) for costs of the Placement (including the Lead Managers' fee); and
- (c) for general working capital purposes.

2. RESOLUTIONS 1 AND 2 - RATIFICATION OF PRIOR ISSUE OF SHARES - TRANCHE 1 OF PLACEMENT

2.1 General

Resolutions 1 and 2 seek Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares.

2.2 ASX Listing Rules 7.1, 7.1A and 7.4

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue, without approval of its shareholders, more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.1A provides that in addition to issues permitted without prior shareholder approval under ASX Listing Rule 7.1, an entity that is eligible and obtains shareholder approval under ASX Listing Rule 7.1A may issue or agree to issue during the period for which the approval is valid a number of quoted equity securities which represents 10% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period as adjusted in accordance with the formula in ASX Listing Rule 7.1.

Where an eligible entity obtains shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A then any ordinary securities issued under that additional placement capacity:

- (a) will not be counted in variable "A" in the formula in ASX Listing Rule 7.1A; and
- (b) are counted in variable "E",

until their issue has been ratified under ASX Listing Rule 7.4 (and provided that the previous issue did not breach ASX Listing Rule 7.1A) or 12 months has passed since their issue. The Company obtained shareholder approval to increase its placement capacity under ASX Listing Rule 7.1A at the annual general meeting held on 30 July 2020.

As the issue of Tranche 1 Placement Shares does not fall within any of the specified exceptions to ASX Listing Rule 7.1 and has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX Listing Rule 7.1A (as applicable), reducing the Company's capacity to issue further equity securities without Shareholder approval over the 12 month period following the date of issue of the Tranche 1 Placement Shares.

Under ASX Listing Rule 7.4, if a company's shareholders approve an issue of equity securities after it has been made or agreed to be made, that issue or agreement to issue equity securities is treated as having been made with Shareholder approval for the purposes of ASX Listing Rule 7.1 (provided that the issue or agreement did not breach ASX Listing Rule 7.1).

By ratifying the issue of the Tranche 1 Placement Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and its 10% placement capacity under ASX Listing Rule 7.1A (as applicable), without the requirement to obtain prior Shareholder approval.

Accordingly, the Company is seeking Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Tranche 1 Placement Shares the subject of Resolutions 1 and 2.

2.3 Technical information required by ASX Listing Rule 14.1A

If Resolutions 1 and 2 are not passed, the Tranche 1 Placement Shares will be included in calculating the Company's 15% placement capacity under ASX Listing Rule 7.1 and its 10% placement capacity under ASX Listing Rule 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of those securities.

If Resolutions 1 and 2 are passed, the base figure (i.e. variable "A") in which the Company's 15% placement capacity under ASX Listing Rule 7.1 and its 10% placement capacity under ASX Listing Rule 7.1A is calculated will be a higher number which in turn will allow a proportionately higher number of equity securities to be issued by the Company without prior Shareholder approval.

2.4 Resolution 1 - Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 1:

- (a) the Tranche 1 Placement Shares were issued to professional and sophisticated investors pursuant to section 708 of the Corporations Act. The recipients were identified through a cornerstoning and bookbuild process, which involved the Directors and the Lead Managers seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) 92,904,127 Tranche 1 Placement Shares were issued pursuant to ASX Listing Rule 7.1;
- (c) the Tranche 1 Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Tranche 1 Placement Shares were issued on 13 November 2020;
- (e) the issue price was \$0.055 per Tranche 1 Placement Share;
- (f) the purpose of Tranche 1 of the Placement was to raise \$8,635,482 (before costs). The Company intends to apply the funds raised from the issue as set out in Section 1.2;
- (g) the Tranche 1 Placement Shares were not issued under an agreement; and
- (h) a voting exclusion statement is included in Resolution 1 of this Notice.

2.5 Resolution 2 - Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 2:

- (a) the Tranche 1 Placement Shares were issued to professional and sophisticated investors pursuant to section 708 of the Corporations Act. The recipients were identified through a cornerstoning and bookbuild process, which involved the Directors and the Lead Managers seeking expressions of interest to participate in the capital raising from non-related parties of the Company. None of the recipients are related parties of the Company;
- (b) 64,104,642 Tranche 1 Placement Shares were issued pursuant to ASX Listing Rule 7.1A;
- (c) the Tranche 1 Placement Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Tranche 1 Placement Shares were issued on 13 November 2020;
- (e) the issue price was \$0.055 per Tranche 1 Placement Share;
- (f) the purpose of Tranche 1 of the Placement was to raise \$8,635,482 (before costs). The Company intends to apply the funds raised from the issue as set out in Section 1.2;
- (g) the Tranche 1 Placement Shares were not issued under an agreement; and
- (h) a voting exclusion statement is included in Resolution 2 of this Notice.

3. RESOLUTION 3 - ISSUE OF TRANCHE 1 PLACEMENT OPTIONS

3.1 General

As set out in Section 1, the Company proposes to issue 44,069,530 Tranche 1 Placement Options (on a 1:3 basis to certain investors identified by the Directors and Lead Managers who subscribed for Tranche 1 Placement Shares), subject to Shareholder approval.

3.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.2.

The proposed issue of the Tranche 1 Placement Options does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires Shareholder approval under ASX Listing Rule 7.1.

3.3 Technical information required by ASX Listing Rule 14.1A

If Resolution 3 is passed, the Company will be able to proceed with the issue of the Tranche 1 Placement Options. In addition, the issue of the Tranche 1 Placement Options will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 3 is not passed, the Company will not be able to proceed with the issue of the Tranche 1 Placement Options.

Resolution 3 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Tranche 1 Placement Options.

3.4 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 3:

- (a) the Tranche 1 Placement Options will be issued to certain professional and sophisticated investors identified by the Directors and Lead Managers who participated in Tranche 1 of the Placement. Refer to Section 2.4(a) for further details of the participants in Tranche 1 of the Placement;
- (b) the maximum number of Tranche 1 Placement Options to be issued is 44,069,530;
- (c) the Tranche 1 Placement Options will be issued on the terms and conditions set out in Schedule 1;
- (d) the Tranche 1 Placement Options will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Tranche 1 Placement Options will occur on the same date;

- (e) pursuant to the terms of Tranche 1 of the Placement, the issue price will be nil per Tranche 1 Placement Option. The Company will not receive any other consideration for the issue of the Tranche 1 Placement Options (other than in respect of funds received on exercise of the Tranche 1 Placement Options);
- (f) the Tranche 1 Placement Options are being issued as part of Tranche 1 of the Placement. The purpose of Tranche 1 of the Placement was to raise \$8,635,482 (before costs). The Company intends to apply the funds raised from the issue as set out in Section 1.2;
- (g) the Tranche 1 Placement Options are not being issued under an agreement;
- (h) the Tranche 1 Placement Options are not being issued under, or to fund, a reverse takeover; and
- (i) a voting exclusion statement is included in Resolution 3 of this Notice.

4. RESOLUTION 4 - ISSUE OF SHARES - TRANCHE 2 OF PLACEMENT

4.1 General

As set out in Section 1, under Tranche 2 of the Placement, the Company proposes to issue 24,809,413 Shares (**Tranche 2 Placement Shares**) to Safdico International Ltd (or its nominee) at an issue price of \$0.055 per Share to raise a further \$1,364,518.

4.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.2.

The proposed issue of the Tranche 2 Placement Shares does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires Shareholder approval under ASX Listing Rule 7.1.

4.3 Technical information required by ASX Listing Rule 14.1A

If Resolution 4 is passed, the Company will be able to proceed with the issue of the Tranche 2 Placement Shares. In addition, the issue of the Tranche 2 Placement Shares will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 4 is not passed, the Company will not be able to proceed with the issue of the Tranche 2 Placement Shares.

Resolution 4 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Tranche 2 Placement Shares.

4.4 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 4:

- (a) the Tranche 2 Placement Shares will be issued to Safdico International Ltd (or its nominee), who is not a related party of the Company;
- (b) the maximum number of Tranche 2 Placement Shares to be issued is 24,809,413;
- (c) the Tranche 2 Placement Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Tranche 2 Placement Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Tranche 2 Placement Shares will occur on the same date;
- (e) the issue price will be \$0.055 per Tranche 2 Placement Share;
- (f) the purpose of Tranche 2 of the Placement is to raise \$1,363,718 (before costs). The Company intends to apply the funds raised from the issue as set out in Section 1.2;
- (g) the Tranche 2 Placement Shares are not being issued under an agreement;
- (h) the Tranche 2 Placement Shares are not being issued under, or to fund, a reverse takeover; and
- (i) a voting exclusion statement is included in Resolution 4 of this Notice.

5. RESOLUTION 5 - ISSUE OF SHARES AND OPTIONS - COMMITMENT SECURITIES

5.1 General

As set out in Section 1, the Company has agreed, subject to Shareholder approval, to issue to Ilwella (or its nominee) the Commitment Securities.

5.2 ASX Listing Rule 7.1

A summary of ASX Listing Rule 7.1 is set out in Section 2.2.

The proposed issue of the Commitment Securities does not fall within any of the exceptions in ASX Listing Rule 7.2 and exceeds the 15% limit in ASX Listing Rule 7.1. It therefore requires Shareholder approval under ASX Listing Rule 7.1.

5.3 Technical information required by ASX Listing Rule 14.1A

If Resolution 5 is passed, the Company will be able to proceed with the issue of the Commitment Securities. In addition, the issue of the Commitment Securities will be excluded from the calculation of the number of equity securities that the Company can issue without Shareholder approval under ASX Listing Rule 7.1.

If Resolution 5 is not passed, the Company will not be able to proceed with the issue of the Commitment Securities and will pay the equivalent value in cash to Ilwella.

Resolution 5 seeks Shareholder approval for the purposes of ASX Listing Rule 7.1 for the issue of the Commitment Securities.

5.4 Technical information required by ASX Listing Rule 7.3

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to Resolution 5:

- (a) the Commitment Securities will be issued to Ilwella Pty Ltd (or its nominee), who is not a related party of the Company;
- (b) the maximum number of Commitment Securities to be issued is 2,712,727 Shares and 10,754,545 Options;
- (c) the Shares will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Options will be issued on the terms and conditions set out in Schedule 1;
- (e) the Commitment Securities will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the ASX Listing Rules) and it is intended that the issue of the Commitment Securities will occur on the same date;
- (f) the Commitment Securities will be issued for nil cash consideration, in consideration for the Ilwella's participation in the Placement. The Company will not receive any other consideration for the issue of the Commitment Securities (other than in respect of funds received on exercise of the Options);
- (g) the Commitment Securities are not being issued under an agreement;
- (h) the Commitment Securities are not being issued under, or to fund, a reverse takeover; and
- (i) a voting exclusion statement is included in Resolution 5 of this Notice.

6. RESOLUTION 6 - RATIFICATION OF PRIOR ISSUE OF SHARES - EQUIGOLD PTE LTD

6.1 Equigold Loan Facility

As announced on 9 October 2017, the Company secured an initial US\$15 million financing facility with Equigold Pte Ltd (**Equigold**) to develop Phase 1 of the Mothae kimberlite diamond project in Lesotho (**Equigold Loan Facility**).

On 30 October 2020, the Company announced that it had completed a restructure of the Equigold Loan Facility to defer payment in respect of principal, reduce the finance charge, reduce and extend a significant portion of the outstanding principal amount of the Equigold Loan Facility.

In accordance with the terms of the Equigold Loan Facility, the Company, at its election, can convert fees and quarterly interest into ordinary shares in the Company at the then market price.

Other material terms of the Equigold Loan Facility are as follows:

- (a) Total current principal loan facility of US\$5.9 million.
- (b) The outstanding principal is repayable in two US\$0.5m quarterly payments in January 2021 and April 2021. Thereafter, an 18 month principal holiday with the outstanding principal being payable in four quarterly payments of US\$1.2m from October 2022.
- (c) Market related fees are payable on draw down and with interest payments.
- (d) Equigold, at its election, can convert the last two quarterly payments into Shares at the then market price (calculated at the lowest daily VWAP of trading in the Shares on the ASX as traded in the immediately preceding 15 trading days prior to the conversion date).
- (e) Interest is payable at 9.75% per annum.
- (f) The Company, at its election, can convert:
 - (i) up to 50% of the quarterly fees and interest due, at the Company's sole discretion; and
 - (ii) up to 100% of the quarterly fees and interest due, with Equigold's prior consent,

into Shares in the Company at the then market price (calculated at the lowest daily VWAP of trading in the Shares on the ASX as traded in the immediately preceding 15 trading days prior to the end of the applicable quarter).

- (g) The loan is secured by way of a General Security Deed granted by Lucapa in favour of the lender over collateral consisting of all the Company's investment in and loan to Mothae Diamonds (Pty) Ltd.

6.2 General

Pursuant to the Equigold Loan Facility, the Company issued 3,252,835 Shares at a deemed issue price of \$0.05835 per Share on 5 October 2020 in satisfaction of accrued quarterly fees and interest payments to the value of US\$135,915 (**Equigold Shares**).

6.3 ASX Listing Rules 7.1, 7.1A and 7.4

A summary of ASX Listing Rule 7.1, 7.1A and 7.4 are set out in Section 2.2.

As the issue of Equigold Shares, does not fall within any of the specified exceptions to ASX Listing Rule 7.1 and has not yet been approved by Shareholders, it effectively uses up part of the Company's 15% placement capacity under ASX Listing Rule 7.1 and 10% placement capacity under ASX Listing Rule 7.1A (as applicable), reducing the Company's capacity to issue further equity securities without Shareholder approval over the 12 month period following the date of issue of the Equigold Shares.

By ratifying the issue of the Equigold Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 and its 10% placement capacity under ASX Listing Rule 7.1A (as applicable), without the requirement to obtain prior Shareholder approval.

Accordingly, the Company is seeking Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Equigold Shares the subject of Resolution 6.

6.4 Technical information required by ASX Listing Rule 14.1A

If Resolution 6 is not passed, the Equigold Shares will be included in calculating the Company's 15% placement capacity under ASX Listing Rule 7.1 and its 10% placement capacity under ASX Listing Rule 7.1A, effectively decreasing the number of equity securities that the Company can issue without Shareholder approval over the 12 month period following the date of issue of the Equigold Shares.

If Resolution 6 is passed, the base figure (i.e. variable "A") on which the Company's 15% placement capacity under ASX Listing Rule 7.1 and its 10% placement capacity under ASX Listing Rule 7.1A, is calculated will be a higher number which in turn will allow a proportionately higher number of equity securities to be issued by the Company without prior Shareholder approval.

6.5 Technical information required by ASX Listing Rule 7.5

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 6:

- (a) the Equigold Shares were issued to Equigold, who is not a related party of the Company;
- (b) 3,252,835 Equigold Shares were issued pursuant to ASX Listing Rule 7.1;
- (c) the Equigold Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;

- (d) the Equigold Shares were issued on 5 October 2020;
- (e) the Equigold Shares were issued at a deemed issue price equal to the lowest one-day VWAP in the 15 days preceding the end of the September 2020 quarter, being \$0.05835 per Equigold Share;
- (f) the purpose of the issue of the Equigold Shares was in lieu of the payment of interest and fees under the Equigold Loan Facility;
- (g) the Equigold Shares were issued under the Equigold Loan Facility. A summary of the material terms of the Equigold Loan Facility is set out in Section 6.1; and
- (h) a voting exclusion statement is included in Resolution 6 of this Notice.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

ASX Listing Rules means the Listing Rules of ASX.

Board means the current board of Directors.

Chair means the chair of the Meeting.

Commitment Securities has the meaning given in Section 1.1.

Company means Lucapa Diamond Company Limited (ACN 111 501 663).

Constitution means the Company's constitution.

Control has the meaning given in section 608(4) of the Corporations Act.

Corporations Act means the *Corporations Act 2001* (Cth).

Directors means the current directors of the Company.

Equigold has the meaning given in Section 6.1.

Equigold Loan Facility has the meaning given in Section 6.1.

Equigold Shares has the meaning given in Section 6.2.

Explanatory Statement means the explanatory statement accompanying this Notice.

General Meeting or **Meeting** means the meeting convened by this Notice.

Group means the Company and its subsidiaries.

Ilwella means Ilwella Pty Ltd (ACN 003 220 371).

Lead Managers means Far East Capital Limited (ACN 068 838 193; AFSL 253003) and Prenzler Group Pty Ltd (ACN 621 100 730; AFSL Authorised Representative Number 001257636).

Notice or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

Option means an option to acquire a Share.

Optionholder means a holder of an Option.

Placement has the meaning given in Section 1.1.

Proxy Form means the proxy form accompanying the Notice.

Resolutions means the resolutions set out in the Notice, or any one of them, as the context requires.

Section means a section of the Explanatory Statement.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a registered holder of a Share.

Tranche 1 has the meaning given in Section 1.1.

Tranche 1 Placement Options has the meaning given in Section 1.1.

Tranche 1 Placement Shares has the meaning given in Section 1.1.

Tranche 2 has the meaning given in Section 1.1.

Tranche 2 Placement Shares has the meaning given in Section 4.1.

VWAP means volume weighted average market price.

WST means Western Standard Time as observed in Perth, Western Australia.

SCHEDULE 1 - TERMS AND CONDITIONS OF OPTIONS

- (a) Definitions for the purposes of the terms and conditions of the Options:
- (i) **ASX** means ASX Limited (ABN 98 008 624 691) or Australian Securities Exchange (as applicable).
 - (ii) **ASX Listing Rules** means the official listing rules of ASX.
 - (iii) **Company** means Lucapa Diamond Company Limited (ABN 44 111 501 663).
 - (iv) **Option Holder** means the person or persons registered as the holder of one or more Options from time to time.
 - (v) **Corporations Act** means Corporations Act 2001 (Cth).
 - (vi) **Expiry Date** means 5.00pm (WST) on the date that is 2 years after the Issue Date.
 - (vii) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Options.
 - (viii) **Issue Date** means the date on which the Options are issued to the holder.
 - (ix) **Share** means a fully paid ordinary share in the capital of the Company.
 - (x) **WST** means Australian Western Standard Time.
- (b) Each Option carries the right to subscribe for one Share upon exercise.
- (c) Subject to paragraph (j), the amount payable upon exercise of an Option will be \$0.08 (**Exercise Price**).
- (d) Options may be exercised by the Option Holder by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date. Any Options not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- (e) Each Exercise Notice must state the number of Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian currency by electronic funds transfer or other means of payment acceptable to the Company) to the Company of an amount (**Application Monies**) being the result of the Exercise Price multiplied by the number of Options being exercised.
- (f) Within 5 Business Days after receipt of a properly executed Exercise Notice and Application Monies in cleared funds in respect of the exercise of any Options, the Company will:
- (i) issue the resultant Shares and deliver notification of shareholdings;
 - (ii) if required, give ASX a notice that complies with section 708A(5)(e) of the Corporations Act, or, if the Company is unable to issue such a notice, lodge with ASIC a prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors; and
 - (iii) if admitted to the official list of ASX at the time, apply for official quotation on ASX of Shares issued pursuant to the exercise of the Options.

If a notice delivered under paragraph (f)(ii) for any reason is not effective to ensure that an offer for sale of the Shares does not require disclosure to investors, the Company must, no later than 20 Business Days after becoming aware of such notice being ineffective, lodge with ASIC a

prospectus prepared in accordance with the Corporations Act and do all such things necessary to satisfy section 708A(11) of the Corporations Act to ensure that an offer for sale of the Shares does not require disclosure to investors.

- (g) Shares issued pursuant to an exercise of Options will rank, from the date of issue, pari passu with existing Shares in all respects.
- (h) Options carry no right to participate in pro rata issues of securities to Shareholders unless the Options are exercised before the record date for determining entitlements to the relevant pro rata issue.
- (i) Each Option Holder will be notified by the Company of any proposed pro rata issue of securities to Shareholders a reasonable period prior to the record date set for that pro rata issue to give the Option Holder the opportunity to exercise the Options in sufficient time to receive, before that record date, Shares issued on the exercise of Options entitling participation in the pro rata issue.
- (j) In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of all the Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (k) Except as noted in paragraph (j) above, an Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Option can be exercised.
- (l) The Company will not apply for quotation of the Options on the ASX.
- (m) Subject at all times to the Corporations Act, the ASX Listing Rules and the Company's Constitution, the Options are freely transferable.

Proxy Voting Form

If you are attending the meeting
in person, please bring this with you
for Securityholder registration.

Holder Number:

Your proxy voting instruction must be received by **11.00am (WST) on Tuesday, 15 December 2020**, being **not later than 48 hours** before the commencement of the Meeting. Any Proxy Voting instructions received after that time will not be valid for the scheduled Meeting.

SUBMIT YOUR PROXY

Complete the form overleaf in accordance with the instructions set out below.

YOUR NAME AND ADDRESS

The name and address shown above is as it appears on the Company's share register. If this information is incorrect, and you have an Issuer Sponsored holding, you can update your address through the investor portal: <https://investor.automic.com.au/#/home> Shareholders sponsored by a broker should advise their broker of any changes.

STEP 1 – APPOINT A PROXY

If you wish to appoint someone other than the Chair of the Meeting as your proxy, please write the name of that Individual or body corporate. A proxy need not be a Shareholder of the Company. Otherwise if you leave this box blank, the Chair of the Meeting will be appointed as your proxy by default.

DEFAULT TO THE CHAIR OF THE MEETING

Any directed proxies that are not voted on a poll at the Meeting will default to the Chair of the Meeting, who is required to vote these proxies as directed. Any undirected proxies that default to the Chair of the Meeting will be voted according to the instructions set out in this Proxy Voting Form, including where the Resolutions are connected directly or indirectly with the remuneration of KMP.

STEP 2 - VOTES ON ITEMS OF BUSINESS

You may direct your proxy how to vote by marking one of the boxes opposite each item of business. All your shares will be voted in accordance with such a direction unless you indicate only a portion of voting rights are to be voted on any item by inserting the percentage or number of shares you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on the items of business, your proxy may vote as he or she chooses. If you mark more than one box on an item your vote on that item will be invalid.

APPOINTMENT OF SECOND PROXY

You may appoint up to two proxies. If you appoint two proxies, you should complete two separate Proxy Voting Forms and specify the percentage or number each proxy may exercise. If you do not specify a percentage or number, each proxy may exercise half the votes. You must return both Proxy Voting Forms together. If you require an additional Proxy Voting Form, contact Automic Registry Services.

SIGNING INSTRUCTIONS

Individual: Where the holding is in one name, the Shareholder must sign.

Joint holding: Where the holding is in more than one name, all Shareholders should sign.

Power of attorney: If you have not already lodged the power of attorney with the registry, please attach a certified photocopy of the power of attorney to this Proxy Voting Form when you return it.

Companies: To be signed in accordance with your Constitution. Please sign in the appropriate box which indicates the office held by you.

Email Address: Please provide your email address in the space provided.

By providing your email address, you elect to receive all communications despatched by the Company electronically (where legally permissible) such as a Notice of Meeting, Proxy Voting Form and Annual Report via email.

CORPORATE REPRESENTATIVES

If a representative of the corporation is to attend the Meeting the appropriate 'Appointment of Corporate Representative' should be produced prior to admission. A form may be obtained from the Company's share registry online at <https://automic.com.au>.

Lodging your Proxy Voting Form:

Online:

Use your computer or smartphone to appoint a proxy at

<https://investor.automic.com.au/#/login>

or scan the QR code below using your smartphone

Login & Click on 'Meetings'. Use the Holder Number as shown at the top of this Proxy Voting Form.



BY MAIL:

Automic
GPO Box 5193
Sydney NSW 2001

IN PERSON:

Automic
Level 5, 126 Phillip Street
Sydney NSW 2000

BY EMAIL:

meetings@automicgroup.com.au

BY FACSIMILE:

+61 2 8583 3040

All enquiries to Automic:

WEBCHAT: <https://automicgroup.com.au/>

PHONE: 1300 288 664 (Within Australia)
+61 2 9698 5414 (Overseas)

