



**LUCAPA**  
DIAMOND COMPANY

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**LUCAPA DIAMOND COMPANY LIMITED**

**ACN 111 501 663**

**NOTICE OF 2013 ANNUAL GENERAL MEETING**

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**TIME:** 11.00 am (WST)

**DATE:** 26 July 2013

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

***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.***

***If you wish to discuss the matters in this Notice of Meeting please contact the Company Secretary on (+61 8) 9489 9200.***

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**IMPORTANT INFORMATION**

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**MEETING DETAILS**

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at The Celtic Club, 48 Ord Street, West Perth on 26 July 2013 at 11.00 am (WST).

**YOUR VOTE IS IMPORTANT**

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

**VOTING ELIGIBILITY**

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All Shareholders may attend the Meeting. The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that for the purposes of voting at the Meeting, Shareholders will be taken as those who are registered on the Company's register of members as at 5.00pm (WST) on 24 July 2013.

**VOTING AT THE MEETING OR BY PROXY**

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You may vote on the items of business to be considered at the Meeting, either in person at the Meeting or by completing, signing and returning the Proxy Form enclosed with this Notice. You can return your Proxy Form to the Company's share registry, Security Transfer Registrars:

- by email to registrar@securitytransfer.com.au;
- by posting it to PO Box 535, Applecross, Western Australia 6953;
- by facsimile to +61 (0) 8 9315 2233;
- by hand to 770 Canning Highway, Applecross, Western Australia, Australia 6153 between 8.00am and 5.00pm Monday to Friday.

You may also lodge your proxy online at [www.securitytransfer.com.au](http://www.securitytransfer.com.au) and by following the instructions set out on the Proxy Form.

The Proxy Form must be returned to the Security Transfer Registrars and be received no later than 11.00am (WST) on Wednesday, 24 July 2013.

**VOTING BY PROXY**

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

- each Shareholder has a right to appoint a proxy;
- the proxy may, but 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. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The Proxy Form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

If the case of Shares jointly held by two or more persons, all joint holders must sign the Proxy Form.

### **Voting restrictions that may affect your proxy appointment**

Due to the voting exclusions that may apply to certain items of business, the Key Management Personnel and their Closely Related Parties will not be able to vote your proxy on Resolution 1 unless you have directed them how to vote, or in the case of the Chair, if you expressly authorise him.

### **Chair voting undirected proxies**

The Chair will vote undirected proxies on, and in favour of, all of the proposed Resolutions, except that in respect of Resolution 1, the Chair will only do so where expressly authorised by the Shareholder having marked the appropriate box on the Proxy Form.

## **CORPORATE REPRESENTATIVES**

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The representative must bring to the Meeting evidence of his or her appointment unless it has been previously given to the Company's share registry, Security Transfer Registrars.

## **POWERS OF ATTORNEY**

A person appearing as an Attorney for a Shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the Meeting.

## **ASKING QUESTIONS AT THE MEETING**

The Meeting is intended to give Shareholders the opportunity to hear both the Chair and the Chief Executive Officer talk about the year that has just passed and also give some insight into the year ahead.

We welcome Shareholders' questions or comments at the Meeting. In the interests of all present, we ask that you confine your questions to matters before the Meeting that are relevant to Shareholders as a whole.

The Company's Auditors will attend the Meeting and the Chair will allow a reasonable opportunity for Shareholders to ask the auditor questions about the:

- conduct of the audit;
- the preparation and content of the auditor's report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the auditor in relation to the conduct of the audit.

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## BUSINESS OF THE MEETING

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### AGENDA

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#### Financial Statements and Reports

To receive and consider the Financial Report, Director's Report and Auditor's Report for the Company for the year ended 28 February 2013.

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#### 1. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass the following non-binding resolution:

*“That for the purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report contained in the Annual Report.”*

**Note: In accordance with the Corporations Act the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

##### **Voting Exclusion Statement:**

*A vote on this Resolution must not be cast (in any capacity) by or on behalf of any of the following persons:*

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or*
- (b) a Closely Related Party of such a member.*

*However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:*

- (c) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or*
- (d) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and*
  - (ii) expressly authorises the Chair to exercise the proxy even if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.**

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#### 2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR MR GORDON GILCHRIST

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

*“That Gordon Gilchrist who retires in accordance with rule 6.3 of the Constitution, and being eligible offers himself for re-election, be re-elected as a Director.”*

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**3. RESOLUTION 3 – THE ISSUE OF SHARES UNDER LISTING RULE 7.1A**

To consider and, if thought fit, to pass the following resolution as a special resolution:

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion Statement:**

*The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in their capacity as a security holder if the resolution is passed, and any of their associates, unless:*

*(a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or*

*(b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).*

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**DATED: 20 JUNE 2013**

**BY ORDER OF THE BOARD**

**MARK CLEMENTS  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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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 which are the subject of the business of the Meeting.

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### 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that the Annual Report of the Company be tabled at the Meeting. In addition, the Constitution provides for such reports and statements to be received and considered at the Meeting.

Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's Constitution requires a vote of members at the annual general meeting on such reports or statements. However, Shareholders will be given ample opportunity to raise questions with respect to these reports at the meeting.

Whilst the Company will not provide a hard copy of the Annual Report unless specifically requested to do so, Shareholders may view the Company's Annual Report through ASX announcements at [www.lucapa.com.au](http://www.lucapa.com.au).

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### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The Remuneration Report is part of the Directors' Report contained in the Annual Report of the Company for the financial year ending 28 February 2013.

The Corporations Act requires that the Company to put a resolution to the Shareholder that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

#### 2.2 Voting consequences

In accordance with Division 9 of Part 2G.2 of the Corporations Act, a company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the Company's annual report for the previous financial year) was approved, other than the

managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

### **2.3 Previous voting results**

At the Company's previous annual general meeting less than 1% of the votes were cast against the remuneration report considered at that annual general meeting. Accordingly, the Spill Resolution is not relevant for this Meeting.

### **2.4 Voting exclusion statement**

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy. The Chair will use any such proxies to vote in favour of Resolution 1.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR MR GORDON GILCHRIST**

Gordon Maxwell Gilchrist retires under the director rotation provisions of article 6.3 of the Constitution. Mr Gilchrist, being eligible, has offered himself for re-election as a Director.

Mr Gilchrist was appointed to the Board in March 2012. 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.

The Board (other than Mr Gilchrist) recommends that Shareholders vote in favour of the Resolution to re-elect Mr Gilchrist.

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## **4. RESOLUTION 3 – THE ISSUE OF SHARES UNDER LISTING RULE 7.1A**

### **4.1 General**

ASX has recently introduced new Listing Rules to make it easier for small to medium sized companies, with a market capitalisation of \$300 million or less, to raise capital.

One of these new Listing Rules, Listing Rule 7.1A, allows companies that are not included in the S&P/ASX300 Index and have a market capitalisation of \$300 million or less to issue a further 10% of their share capital in a 12 month period (in addition to the standard 15% annual placement capacity permitted under Listing Rule 7.1) on a non pro-rata basis provided that shareholders approve the issue by passing a special resolution at the company's annual general meeting.

Resolution 3 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 3 for it to be passed.

**4.2 Listing Rule 7.1A Approval**

Accordingly, the Company is seeking Shareholder approval under Listing Rule 7.1A to issue an additional number of Shares which is equal to up to 10% of the Company's issued share capital in accordance with the formula in Listing Rule 7.1A.2 (**Listing Rule 7.1A Shares**).

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

(a) *Equity Securities*  
Any Listing Rule 7.1A Shares must be in the same class as an existing quoted class of Equity Securities of the Company.

(b) *Formula for calculating Listing Rule 7.1A Shares*  
Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

**(A x D) - E**

- A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:
  - (A) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
  - (B) plus the number of partly paid shares that became fully paid in the 12 months;
  - (C) plus the number of fully paid shares issued in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
  - (D) less the number of fully paid shares cancelled in the 12 months.

*Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.*

- D** is 10%
- E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(c) *Date of issue*  
The Listing Rule 7.1A Shares must be issued before the earlier of:

- (i) the date that is 12 months after the date of the Meeting; and

- (ii) the date that Shareholders approve a transaction under Listing Rule 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking).

(d) *Specific information required by Listing Rule 7.3A*

Pursuant to and in accordance with Listing Rule 7.3A, information is provided in relation to the approval of the Listing Rule 7.1A Shares as follows:

- (i) The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 Trading Days on which trades in that class were recorded immediately before:
  - (a) the date on which the price at which the Equity Securities are to be issued is agreed; or
  - (b) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (i)(a) above, the date on which the Equity Securities are issued.
- (ii) If Resolution 3 is approved by Shareholders and the Company issues Listing Rule 7.1A Shares, the existing Shareholders' voting power in the Company will be diluted as shown in the table below (in the case of listed options, only if the listed options are exercised). There is a risk that:
  - (a) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
  - (b) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

The table below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

The table also shows:

- (iii) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and
- (iv) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

Variable 'A' in Listing Rule 7.1A.2	Dilution			
	Number of Shares issued under 10% placement capacity	Funds raised based on issue price of \$0.008 (current price)	Funds raised based on issue price of \$0.004 (50% decrease in current issue price)	Funds raised based on issue price of \$0.012 (50% increase in current issue price)
<b>3,184,366,555</b> <b>(Current Variable 'A')</b>	318,436,656	\$2,547,493	\$1,273,746	\$3,821,239
<b>4,776,549,833</b> <b>(50% increase in current Variable 'A')</b>	477,654,983	\$3,821,239	\$1,910,619	\$5,731,859
<b>6,368,733,110</b> <b>(100% increase in current Variable 'A')</b>	636,873,311	\$5,094,986	\$2,547,493	\$7,642,479

The table has been prepared on the following assumptions:

- (a) The Company issues the maximum number of Listing Rule 7.1A Shares;
- (b) No listed options (including any listed options issued under Listing Rule 7.1A) are exercised into Shares before the date of the issue of the Equity Securities;
- (c) The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%;
- (d) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements of Listing Rule 7.1A Shares, based on that Shareholder's holding at the date of the Meeting;
- (e) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (f) The issue of Listing Rule 7.1A Shares consists only of Shares. If the issue of Equity Securities includes listed options, it is assumed that those listed options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders.
- (g) The issue price is \$0.008, being the closing price of the Shares on ASX on 10 June 2013.

The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

(e) *Allocation*

The Company may seek to issue the Equity Securities for the following purposes:

- (i) cash consideration. In such circumstances, the Company intends to use the funds raised to advance the Project Lulo Joint Venture. Subject to the outcome of the exploration program, funds would then be used for

feasibility studies and ongoing project administration and additional working capital; or

- (ii) non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of Listing Rule 7.1A Shares. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (iii) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (iv) the effect of the issue of the Equity Securities on the control of the Company;
- (v) the financial situation and solvency of the Company; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

The allottees of Listing Rule 7.1A Shares have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees of Listing Rule 7.1A Shares will be the vendors of the new resources assets or investments.

- (f) The Company has not previously obtained Shareholder approval under Listing Rule 7.1A.
- (g) A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

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## GLOSSARY

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**\$** means Australian Dollars.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial year ended 28 February 2013.

**ASX** means ASX Limited (ACN 108 019 263) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Auditor's Report** means the auditor's report in the Financial Report.

**Board** means the board of Directors.

**Business Day** means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

**Chair** means the person appointed to chair the Meeting convened by this Notice.

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

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

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

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

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company and its controlled entities.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in the Notice.

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

**Shareholder** means a shareholder of the Company.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means volume weight average price.

**WST** means Western Standard Time, being the time in WA.

In this Notice and the Explanatory Statement words importing the singular include the plural and vice versa.



