



1 October 2013

Dear Shareholder,

LUCAPA DIAMOND COMPANY LIMITED
Notice of Non-Renounceable Entitlement Issue to Shareholders

We are writing to you as the registered holder of shares in Lucapa Diamond Company Limited (**Company**) (ASX:LOM) as at today's date.

As announced to ASX on 17 September 2013, the Company is undertaking a pro rata non-renounceable offer of shares to shareholders. The offer is on the basis of one (1) new fully paid ordinary share (**New Share**) for every ten (10) shares held by shareholders of the Company as at 5.00pm WST Wednesday 9 October 2013 (**Record Date**) at an issue price of \$0.004 per New Share, together with 1 free attaching unlisted new option (**New Option**), each exercisable at 1 cent (\$0.01) at any time before 5.00pm WST on 29 August 2015, for each New Share issued, to raise up to approximately \$1.41 million (**Entitlement Issue**).

The Company is making the Offer available to eligible shareholders, being persons who are registered as shareholders of the Company on the Record Date and have a registered address in Australia or New Zealand.

Eligible shareholders will be entitled to apply for shares not otherwise taken up in the Offer at the same price of \$0.004 per share (**Additional Shares**). The directors reserve the right, subject to any restrictions imposed by the Corporations Act 2001 (Cth) and the ASX Listing Rules to issue the Additional Shares at their sole discretion.

An Offer Document in relation to the Offer has been lodged with ASX setting out the timetable, as shown below, for the Offer. The Offer Document is available on the ASX website and on the Company's website www.lucapa.com.au.

The indicative timetable for the Offer is as follows:

Event	Date
Section 708AA Notice, Appendix 3B and Offer Document lodged with ASX.	27 September 2013
Notice sent to security holders containing the indicative timetable and the information required by Appendix 3B.	1 October 2013
"EX" DATE . Shares commence trading ex-entitlements	2 October 2013
RECORD DATE to identify security holders entitled to participate in the issue.	9 October 2013
Offer document and Entitlement and Acceptance forms despatched to Eligible Shareholders.	14 October 2013
CLOSING DATE acceptances close at 5.00pm (Perth time).	28 October 2013

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Securities quoted on a deferred settlement basis.	29 October 2013
ASX notified of under subscriptions.	31 October 2013
Issue date. Deferred settlement trading ends.	4 November 2013
Normal trading (T+3 trading) expected to start.	6 November 2013

*Subject to the ASX Listing Rules, the directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.

The intended use of proceeds from the Entitlement Issue is as follows:

Details	\$
Exploration and related expenditure on the kimberlite exploration program at the Lulo Diamond Concession. ¹	500,000
Expenditure related to the maintenance and operation of the Company's office in Johannesburg, South Africa.	340,000
Estimated costs of the Offer. ²	15,000
Working capital.	545,947
Total	\$1,400,947

¹ The Company intends to continue its kimberlite exploration program at the Lulo Diamond Concession in Angola, making use of the Bauer drilling rig.

² This is a provision for the estimated costs of the Offer including ASX fees, legal fees, printing and postage, share registry fees and sundry expenses (inclusive of GST). It does not include Brokers' Commissions that may be payable to any Brokers and if any such commissions are payable by the Company, the estimated costs of the Offer will increase by the amount of those commissions, and the funds available for working capital will correspondingly decrease.

The capital structure of the Company on completion of the Offer, assuming the Offer is fully subscribed, will be as follows:

Shares	Number
Shares on issue at the date of this Offer Document	3,502,366,555
New Shares to be issued pursuant to the Offer ¹	350,236,655
Shares on issue on completion of the Offer ¹	3,852,603,210
Options	
Listed options expiring 2 December 2013 exercisable at \$0.02 each (LOMOA)	1,658,701,535
Unlisted options expiring 25 September 2014 exercisable at \$0.019 each	125,000,000
Unlisted options expiring 2 December 2014 exercisable at \$0.03 each	25,000,000
Unlisted options expiring 29 August 2015 exercisable at \$0.01 each	159,000,000
Unlisted options expiring 29 August 2015 exercisable at \$0.01 each ¹	159,000,000
Unlisted broker options expiring 29 August 2015 exercisable at \$0.01 each ²	127,200,000
Unlisted New Options expiring 29 August 2015 exercisable at \$0.01 each	350,236,655
Options on issue on completion of the Offer ^{1,2}	2,604,138,190
Maximum number of Shares on a fully diluted basis following completion of the Offer ^{1,2}	6,456,741,400

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The table does not take into account the Entitlements that would attach to Shares that would be issued if any of the existing options described in the table were exercised before the Record Date.

If the Offer is not fully subscribed, the number of Shares specified in the above table on completion of the Offer will decrease by the under-subscribed amount.

Note 1. As announced to ASX on 21 August 2013, the Company intends to convene a general meeting of Shareholders for the purpose, inter alia, of considering, and if thought fit, passing, a resolution to approve the issue of 159 million free unlisted options, exercisable at 1 cent (\$0.01) each within the same period as applicable to the New Options, to participants (**Participants**) in the placement made to investors on 29 August 2013 (**Placement**). If this Shareholder approval is not granted, these options will be issued to the Participants when the Company has sufficient placement capacity under ASX Listing Rule 7.1 to issue those options. Until these options are issued, the total number of options on issue and the maximum number of Shares on a fully diluted basis specified in this table will be 159 million less than specified in Table 2.

Note 2. As announced to ASX on 21 August 2013, the Company intends to convene a general meeting of Shareholders for the purpose, inter alia, of considering, and if thought fit, passing, a resolution to approve the issue of 127.2 million options, also exercisable at 1 cent (\$0.01) each within the same period as applicable to the New Options, to brokers CPS Capital Group Pty Ltd (**CPS**) as lead managers to the Placement, at an issue price of .05 of a cent (\$0.0005) each to raise \$63,600 before costs. Until these options are issued, the total number of options on issue and the maximum number of Shares on a fully diluted basis will be 127.2 million less than specified in this table, and if this Shareholder approval is not granted, these options will not be issued to CPS and the total number of options on issue and the maximum number of Shares on a fully diluted basis specified in this table will decrease accordingly.

The Offer Document includes details of the Offer and the risks associated with investing in the Company and it is recommended that you read it carefully and, if you are interested in participating in the Offer, seek independent professional advice.

Yours faithfully,

MILES KENNEDY
MANAGING DIRECTOR