



**LUCAPA**  
DIAMOND COMPANY

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**LUCAPA DIAMOND COMPANY LIMITED**

**ACN 111 501 663**

**NOTICE OF 2018 ANNUAL GENERAL MEETING**

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**TIME:** 11.00am (WST)

**DATE:** 24 May 2018

**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 9381 5995.***

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**CONTENTS PAGE**

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Business of the Meeting (setting out the proposed resolutions)	4
Explanatory Statement (explaining the proposed resolutions)	9
Glossary	26
Schedule 1 – Issue of securities since 30 May 2017	28
Schedule 2 – Terms and conditions of Advisor Options	38

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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 Thursday, 24 May 2018 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 Wednesday, 23 May 2018.

**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 Australia:

- by email to registrar@securitytransfer.com.au;
- by posting it to PO BOX A2020, South Sydney NSW 1235;
- by facsimile to +61 8 9315 2233;
- by hand to The Trust Building, Suite 511, 155 King Street, Sydney NSW 2000 between 8.00am and 5.00pm (AEST) Monday to Friday, providing it is not a public holiday in NSW.

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 Australia and be received no later than 11.00am (WST) on Tuesday, 22 May 2018.

**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.

### **Proxy Votes if appointment instructs how the Proxy is to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote as directed; and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed.

### **Transfer of non-chair proxy to Chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## **CORPORATE REPRESENTATIVES**

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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 Australia.

## **POWERS OF ATTORNEY**

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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**

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The Meeting is intended to give Shareholders the opportunity to hear Company Board and management talk about the year that has just passed and 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;
- preparation and content of the auditor's report;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- 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 period ended 31 December 2017.

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

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

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:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on the Resolution; or
- (b) 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 MILES ALISTAIR KENNEDY**

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

*“That Mr Miles Alistair Kennedy who retires by rotation in accordance with Article 6.3(c) of the Constitution, and being eligible and offering himself for re-election, be re-elected as a director.”*

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**3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR MR NICK SELBY**

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

*“That Mr Nick Selby, who retires in accordance with Article 6.3(j) of the Constitution, and being eligible and offering himself for re-election, be re-elected as a director.”*

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**4. RESOLUTION 4 – 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**

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.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with 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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**5. RESOLUTION 5 – RATIFICATION OF ISSUE OF SECURITIES TO 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 Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 2,424,155 Shares at an issue price of \$0.2693 per Share to Equigold Pte Ltd as more fully described in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by or on behalf of Equigold Pte Ltd and any of their associates unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with 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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**6. RESOLUTION 6 – RATIFICATION OF FURTHER ISSUE OF SECURITIES TO 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 Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the further issue of 3,010,070 Shares at an issue price of \$0.23 per Share to Equigold Pte Ltd as more fully described in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by or on behalf of Equigold Pte Ltd and any of their associates

unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with 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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**7. RESOLUTIONS 7(a) – (e) – ISSUE OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS UNDER THE COMPANY’S INCENTIVE AND RETENTION PLAN TO RELATED PARTIES**

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

*“That for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue, on the terms and conditions set out in the Explanatory Statement, up to:*

- (a) 130,000 Incentive Options and up to 185,000 Performance Rights to Mr Miles Kennedy (or his nominee);*
- (b) 105,000 Incentive Options and up to 145,000 Performance Rights to Mr Gordon Gilchrist (or his nominee);*
- (c) 105,000 Incentive Options and up to 145,000 Performance Rights to Mr Albert Thamm (or his nominee);*
- (d) 210,000 Incentive Options and up to 690,000 Performance Rights to Mr Stephen Wetherall (or his nominee);*
- (e) 165,000 Incentive Options and up to 415,000 Performance Rights to Mr Nick Selby (or his nominee).”*

**Voting Exclusion**

The Company will disregard any votes cast on these Resolutions by any director, other than any directors who are ineligible to participate in the Company’s Incentive and Retention Plan, their nominees and any associates of those directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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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**8. RESOLUTION 8 – RATIFICATION OF THE ISSUE OF ADVISOR OPTIONS**

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 2,500,000 Advisor Options to Euroz Securities Limited, or its nominee(s), for no cash consideration but as agreed consideration as more fully described in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by or on behalf of Euroz Securities Limited and any of their nominees and associates unless:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with 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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**9. RESOLUTION 9 – RATIFICATION OF ISSUE OF SHARES TO VARIOUS SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1**

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

*"That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 51,034,1805 Shares pursuant to a placement made pursuant to the Company's placement capacity under Listing Rule 7.1 as more fully described in the Explanatory Statement accompanying this Notice."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by or on behalf of the persons who participated in the issue and any Associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with 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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**10. RESOLUTION 10 – RATIFICATION OF ISSUE OF SHARES TO VARIOUS SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER ASX LISTING RULE 7.1A**

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

*“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 20,704,326 Shares pursuant to a placement made pursuant to the Company’s placement capacity under Listing Rule 7.1A as more fully described in the Explanatory Statement accompanying this Notice.”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by or on behalf of the persons who participated in the issue and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with 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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**11. RESOLUTION 11 – APPROVAL FOR DETERMINATION OF DIRECTORS’ AGGREGATE ANNUAL FEES**

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

*“That, for the purposes of Listing Rule 10.17 and Article 6.5(a) of the Company’s Constitution, the Shareholders determine that the maximum aggregate directors’ fees payable by the Company to the non-executive directors (as a whole) is US\$500,000 per annum.”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by or on behalf of the directors or any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with 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.

**BY ORDER OF THE BOARD**

**MARK CLEMENTS  
COMPANY SECRETARY**

**10 APRIL 2018**

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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.

The directors present their report together with the financial report of the Company for the financial period ended 31 December 2017 and independent auditor's report thereon.

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 31 December 2017.

The Corporations Act requires 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 5% 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 MILES ALISTAIR KENNEDY**

Mr Miles Alistair Kennedy retires under the director rotation provisions of Article 6.3(c) of the Constitution. Mr Kennedy, being eligible, has offered himself for re-election as a director.

Mr Kennedy has held directorships of Australian listed resource companies for the past 33 years. He is currently the Chairman of this Company and Marine Produce Australia Limited. Mr Kennedy was Chairman of Sandfire Resources NL, MOD Resources Ltd, Kimberley Diamond Company NL, Blina Diamonds NL, Macraes Mining Company Ltd and RNI NL (subsequently named Auris Minerals Limited) and has extensive experience in the management of public companies with specific emphasis in the resources industry.

### **3.1 Directors' Recommendation**

The Board (other than Mr Kennedy) recommends that Shareholders vote in favour of Resolution 2. The Chair intends to vote undirected proxies in favour of Resolution 2.

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## **4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR MR NICK SELBY**

The Company's Constitution provides that a person appointed as a director of the Company by the other directors will hold office only until the next annual general meeting of the Company. Mr Selby, who was appointed as a director by the other directors on 4 September 2017, will accordingly retire at this Meeting under the provisions of Article 6.3(j) of the Constitution. Mr Selby, being eligible, has offered himself for re-election as a director.

Mr Selby is a qualified metallurgist with more than 35 years' experience in the diamond industry.

During his career, Mr Selby has worked extensively in Africa and Australia, where the Company's key operations and assets are based, for global diamond companies including De Beers, Southern Era Diamonds and Gem Diamonds.

Mr Selby joined the Company in October 2014 as General Manager, Operations, and was appointed Chief Operating Officer in December 2014.

Since his appointment as a director on 4 September 2017, Mr Selby has played, and will continue to play, an integral role in the development of the high-value Mothae Project in Lesotho, as well as the continued growth in diamond mining and kimberlite exploration activities at the Lulo Project in Angola as well as furthering the development of the Company's Brooking Project in Western Australia and the Orapa Area F Project in Botswana.

#### **4.1 Directors' Recommendation**

The Board (other than Mr Selby) recommends that Shareholders vote in favour of Resolution 3. The Chair intends to vote undirected proxies in favour of Resolution 3.

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### **5. RESOLUTION 4 - THE ISSUE OF SHARES UNDER LISTING RULE 7.1A**

#### **5.1 General**

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.

The Company is not currently included in the S&P/ASX300 Index and has a market capitalisation of less than \$300 million and is therefore an eligible entity to seek approval to issue a further 10% of their share capital under Listing Rule 7.1A. For indicative purposes, on 6 April 2018 the Company had 382,400,556 Shares on issue and the Company's market capitalisation was \$87,952,128, based on the closing market Share price of \$0.23 on 6 April 2018. For the purpose of the market capitalisation calculation for Listing Rule 7.1A, the price of the Shares will be taken to be the closing price on ASX of those Shares on the last trading day on which trades in the Shares were recorded before the Meeting. An approval under Listing Rule 7.1A lasts for 12 months from the date of Meeting and does not lapse if the Company's market capitalisation subsequently exceeds \$300 million, or if the Company is included in the S&P/ASX 300 Index, at some time during that 12 month period.

Resolution 4 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 4 for it to be passed.

#### **5.2 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 4:

- (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:

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$$(A \times D) - E$$

- 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, or agreed to be 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 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) **Minimum Price**

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:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 Trading Days of the date in paragraph (d)(i) above, the date on which the Equity Securities are issued.

(e) **Risk of Voting Dilution**

If Resolution 4 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 Options, only if the Options are exercised). There is a risk that:

- (i) 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

- (ii) 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.

Table 1 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.

Table 1 also shows:

- (i) 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
- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

**Table 1**

Variable 'A' in Listing Rule 7.1A.2	Dilution			
	Number of Shares issued under 10% placement capacity	Funds raised based on issue price of \$0.23 (current price as at 6 April 2018)	Funds raised based on issue price of \$0.115 (50% decrease in current issue price)	Funds raised based on issue price of \$0.345 (50% increase in current issue price)
<b>382,400,556 (Current Variable 'A')</b>	38,240,056	\$8,795,213	\$4,397,606	\$13,192,819
<b>573,600,834 (50% increase in current Variable 'A')</b>	57,360,083	\$13,192,819	\$6,596,410	\$19,789,229
<b>764,801,112 (100% increase in current Variable 'A')</b>	76,480,111	\$17,590,426	\$8,795,213	\$26,385,638

Table 1 has been prepared on the following assumptions:

- (a) As at the date of preparation of Table 1, 6 April 2018, the Company had 382,400,556 Shares on issue;
- (b) The Company issues the maximum number of Listing Rule 7.1A Shares;

- (c) The Company has not issued any Equity Securities in the 12 months before the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1;
- (d) No Options (including any Options issued under Listing Rule 7.1A) are exercised into Shares before the date of the issue of the Equity Securities;
- (e) 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%;
- (f) 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;
- (g) 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;
- (h) The issue of Listing Rule 7.1A Shares consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders;
- (i) The issue price is \$0.23, being the closing price of the Shares on ASX on 6 April 2018.

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.

(f) **Purpose for Issue under 10% Placement Capacity**

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

- (i) cash consideration. In such circumstances, the Company would intend to use the funds raised on its diamond asset portfolio - to advance the follow up exploration programs at the Brooking Project in Western Australia, the furtherance of mine development at the Mothae Project in Lesotho, the furtherance of mine development and/or kimberlite exploration activities on the Lulo Project in Angola and/ or the furtherance of kimberlite exploration at the Orapa Area F Project in Botswana. Subject to the individual project programs, funds would likely be used for geophysics, drilling, sampling, expansionary mine development or capital requirements, feasibility and/or evaluation studies, general working capital and corporate administration costs; or
- (ii) non-cash consideration. In such circumstances, the Company could use such issues to settle any interest and/or fee payments as contemplated in the US\$15m Equigold Loan Facility raised to develop the Mothae Diamond Project or for the acquisition of new resource 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.

(g) **Allocation Policy**

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:

- (i) 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;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) 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 or financiers of the new resources assets or investments.

- (h) **Previous approval under Listing Rule 7.1A**  
The Company has previously obtained Shareholder approval under Listing Rule 7.1A. Details of Equity Securities that have been issued since Shareholders last approved the issue of Equity Securities pursuant to Listing Rule 7.1A, at the Company's annual general meeting on 30 May 2017, are set out at Schedule 1 of this Notice.
- (i) **Voting Exclusion**  
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 Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

### 5.3 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 4. The Chair intends to vote undirected proxies in favour of Resolution 4.

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## 6. RESOLUTION 5 – RATIFICATION OF ISSUE OF SECURITIES TO EQUIGOLD PTE LTD

Under Resolution 5 the Company seeks ratification under Listing Rule 7.4 for the issue of 2,424,155 Shares at an issue price of \$0.2693 per Share to Equigold Pte Ltd on 21 November 2017 pursuant to a fee conversion notice (**Fee Conversion Notice**) issued by the Company when it elected, pursuant to the terms of its US\$15 million secured loan facility between the Company and Equigold Pte Ltd (**Equigold Loan Facility**), to convert fees due to Equigold Pte Ltd relating to that loan into Shares as announced to ASX on 21 November 2017.

In accordance with the terms of the Equigold Loan Facility, the issue price of \$0.2693 per Share was derived from the lowest one-day VWAP of \$0.2693 in the 15 days preceding service of the Fee Conversion Notice from Equigold Pte Ltd.

## 6.1 Listing Rules

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number that is 15% of its issued capital (subject to certain exceptions which are not relevant for current purposes). For the purposes of Listing Rule 7.1 “securities” is defined as including Options to acquire Shares.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities made without Shareholder approval for the purposes of Listing Rule 7.1 or made pursuant to approval for the purposes of Listing Rule 7.1A, provided the issues did not breach Listing Rule 7.1 or 7.1A.

To replenish its capacity to issue securities in accordance with Listing Rule 7.1 and 7.1A, the Company is seeking Shareholder approval pursuant to Listing Rule 7.4 of the issue of Shares described in Resolution 5 to give the Company the flexibility to issue further securities up to the 15% limit.

If Shareholders do not pass Resolution 5, this will have no impact on the securities issued. However, if the Resolution is not passed by Shareholders, the securities to which the Resolution relate would be included in calculating the 15% limit of securities and 10% limit of securities respectively that may be issued by the Company.

## 6.2 Specific Information Required by Listing Rule 7.5

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the issue of Shares being ratified under Resolution 5:

- (a) The total number of Shares issued was 2,424,155 Shares issued in a single tranche on 21 November 2017 pursuant to the Company’s placement capacity under Listing Rule 7.1.
- (b) The Shares were issued to Equigold Pte Ltd who is not a related party or associate of a related party of the Company.
- (c) The Shares were issued for nil cash consideration but in settlement of fees payable to Equigold Pte Ltd under the Equigold Loan Facility.
- (d) The Shares are fully paid ordinary Shares and rank in all respects equally with all other Shares on issue.
- (e) A voting exclusion statement is included in the Notice.

## 6.3 Directors’ Recommendation

The Board recommends that Shareholders vote in favour of Resolution 5. The Chair of the Meeting intends to vote undirected proxies in favour of Resolution 5.

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## 7. RESOLUTIONS 6 – RATIFICATION OF FURTHER ISSUE OF SECURITIES TO EQUIGOLD PTE LTD

Under Resolution 6 the Company seeks ratification under Listing Rule 7.4 for the further issue of 3,010,070 Shares at an issue price of \$0.23 per Share to Equigold Pte Ltd in April 2018 pursuant to a conversion notice (**Conversion Notice**) from the Company when it elected, pursuant to the terms of its US\$15 million secured Equigold Loan Facility, to convert interest due and fees to Equigold Pte Ltd relating to that loan into Shares.

In accordance with the terms of the Equigold Loan Facility, the issue price per Share should be derived from the lowest one-day VWAP of \$0.2259 in the 15 days preceding service of the Conversion Notice from the Company. By agreement between the Company and Equigold Pte Ltd, the issue price was rounded up and the Shares were issued at an agreed price of \$0.23 per Share.

## **7.1 Listing Rules**

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number that is 15% of its issued capital (subject to certain exceptions which are not relevant for current purposes). For the purposes of Listing Rule 7.1 “securities” is defined as including Options to acquire Shares.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities made without Shareholder approval for the purposes of Listing Rule 7.1 or made pursuant to approval for the purposes of Listing Rule 7.1A, provided the issues did not breach Listing Rule 7.1 or 7.1A.

To replenish its capacity to issue securities in accordance with Listing Rule 7.1 and 7.1A, the Company is seeking Shareholder approval pursuant to Listing Rule 7.4 of the issue of Shares described in Resolution 6 to give the Company the flexibility to issue further securities up to the 15% limit.

If Shareholders do not pass Resolution 6, this will have no impact on the securities issued. However, if the Resolution is not passed by Shareholders, the securities to which the Resolution relate would be included in calculating the 15% limit of securities and 10% limit of securities respectively that may be issued by the Company.

## **7.2 Specific Information Required by Listing Rule 7.5**

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the issue of Shares being ratified under Resolution 6:

- (a) The total number of Shares issued was 3,010,070 Shares issued in a single tranche pursuant to the Company’s placement capacity under Listing Rule 7.1A.
- (b) The Shares were issued to Equigold Pte Ltd who is not a related party or associate of a related party of the Company.
- (c) The Shares were issued for nil cash consideration but in settlement of interest accrued and fees payable to Equigold Pte Ltd under the Equigold Loan Facility.
- (d) The Shares are fully paid ordinary Shares rank in all respects equally with all other Shares on issue.
- (e) A voting exclusion statement is included in the Notice.

## **7.3 Directors’ Recommendation**

The Board recommends that Shareholders vote in favour of Resolution 6. The Chair of the Meeting intends to vote undirected proxies in favour of Resolution 6.

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## **8. RESOLUTIONS 7(a) to (e) – ISSUE OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS TO RELATED PARTIES UNDER THE COMPANY’S INCENTIVE AND RETENTION PLAN**

### **8.1 General**

The Company has agreed, subject to obtaining Shareholder approval, that the directors be issued a total of 715,000 Incentive Options and 1,580,000 Performance Rights pursuant to the Plan that was approved by Shareholders at the Company’s Annual General Meeting on 26 May 2016.

Any issue of Options or Performance Rights under the Plan to a related party requires Shareholder approval under ASX Listing Rule 10.14 and the proposed issue of Incentive Options and Performance Rights to Messers Kennedy, Gilchrist, Thamm, Wetherall and Selby (and/or their nominees) pursuant to the Plan are the subject of Resolutions 7(a) to (e) respectively.

The purpose of the issue of the Incentive Options and Performance Rights to the directors is to retain, motivate and reward their respective performances.

A Performance Right is exercisable, at no cost, on satisfaction of relevant performance hurdles, into a Share. The vesting conditions for each Performance Right will be determined by the Board prior to the offer.

An Incentive Option, once vested, is exercisable into a Share, at the exercise price offered to the participant. The vesting conditions and exercise price for each offer of Incentive Options will be determined by the Board prior to the offer.

The Board will ensure that the performance hurdles and vesting conditions attached to Performance Rights and Incentive Options granted under the Plan are aligned with the successful growth of the Company’s business activities.

### **8.2 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company’s members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Incentive Options and Performance Rights constitutes giving a financial benefit and Messers Kennedy, Gilchrist, Thamm, Wetherall and Selby, who are related parties of the Company by virtue of the fact that they are directors.

The directors consider that the issue of the Incentive Options and Performance Rights to each director is arm’s length and constitutes reasonable remuneration. Accordingly, Shareholder approval is not required for the purpose of section 208 of the Corporations Act.

### **8.3 ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an

associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

Messrs Kennedy, Gilchrist, Thamm, Wetherall and Selby are directors and the issue is being made pursuant to the Plan, which is an employee incentive scheme for the purposes of Listing Rule 10.14, therefore Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

#### 8.4 Information required pursuant to ASX Listing Rule 10.15

The following information is provided to satisfy the requirements of ASX Listing Rule 10.15 (being the information required to be disclosed for the purposes of ASX Listing Rule 10.14):

- (a) the related parties are Messrs Kennedy, Gilchrist, Wetherall, Thamm and Selby (and/or their respective nominees) and they are related parties by virtue of being directors;
- (b) the maximum number of Incentive Options and Performance Rights (being the nature of the financial benefit being provided) to be issued in to Messrs Kennedy, Gilchrist, Thamm, Wetherall and Selby during 2018 are:

Director	Incentive Options	Performance Rights
Miles Kennedy	130,000	185,000
Gordon Gilchrist	105,000	145,000
Albert Thamm	105,000	145,000
Stephen Wetherall	210,000	690,000
Nick Selby	165,000	415,000
<b>Total</b>	<b>715,000</b>	<b>1,580,000</b>

- (c) the Incentive Options and Performance Rights will be issued to Messrs Kennedy, Gilchrist, Thamm, Wetherall and Selby (and/or their respective nominees) for nil cash consideration. Accordingly, no loans will be made in relation to the issue of the Incentive Options and Performance Rights;
- (d) since the issue of Incentive Options and Performance Rights pursuant to the Plan was last approved by Shareholders on 30 May 2017 the following Incentive Options (**Incentive Options-2017**) and Performance Rights (**Performance Rights-2017**) were issued under the Plan to directors, or associates of the directors on 7 June 2017.

Director	Incentive Options-2017	Performance Rights-2017
Miles Kennedy	230,000	270,000
Gordon Gilchrist	190,000	210,000
Albert Thamm	190,000	210,000
Stephen Wetherall	400,000	1,000,000
Nick Selby	300,000	600,000
<b>Total</b>	<b>1,310,000</b>	<b>2,290,000</b>

- (e) the Incentive Options-2017 and Performance Rights-2017 were issued to Messrs Kennedy, Gilchrist, Thamm, Wetherall and Selby (and/or their respective nominees)

for nil cash consideration. Accordingly, no loans were made in relation to the issue of the Incentive Options-2017 and Performance Rights-2017;

- (f) The Incentive Options-2017 and Performance Rights-2017 were issued to Messers Kennedy, Gilchrist, Thamm, Wetherall and Selby (and/or their respective nominees) on the terms and conditions of the Plan as approved by shareholders on 30 May 2017 and the additional key terms set out in Notes 2 and 5 in Schedule 1;
- (g) as at the date of this Notice, the directors, Miles Kennedy, Gordon Gilchrist, Albert Thamm, Stephen Wetherall, and Nick Selby (and/or their respective nominees), are the only people referred to in ASX Listing Rule 10.14 that the Board has declared to be entitled to participate in the Plan and be issued Incentive Options and Performance Rights under the Plan;
- (h) the Incentive Options and Performance Rights will be issued to Messrs Kennedy, Gilchrist, Thamm, Wetherall, and Selby no later than 12 months after the Meeting if approved by Shareholders; and
- (i) the Incentive Options will be issued on the terms and conditions of the Plan and the following additional key terms:
  - (i) Exercise Price: an exercise price equal to 150% of the VWAP of the Shares trading on ASX for the period of 15 trading days ending immediately prior to the date of grant;
  - (ii) Expiry Date: an expiry date of three (3) years from the date of grant; and
  - (iii) Vesting Conditions: subject to the holder of the Incentive Option being an Eligible Participant under the Plan at the time of vesting, the Incentive Options vest and become exercisable at the following times:
    - (A) **(Tranche 1)**: vest immediately on the date of grant;
    - (B) **(Tranche 2)**: vest one (1) year from the date of grant;
    - (C) **(Tranche 3)**: vest two (2) years from the date of grant;
  - (iv) The Incentive Options are to be allocated to each director as follows:

<b>Director</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Total</b>
Miles Kennedy	43,333	43,333	43,334	130,000
Gordon Gilchrist	35,000	35,000	35,000	105,000
Albert Thamm	35,000	35,000	35,000	105,000
Stephen Wetherall	70,000	70,000	70,000	210,000
Nick Selby	55,000	55,000	55,000	165,000
<b>Total</b>	<b>238,333</b>	<b>238,333</b>	<b>238,334</b>	<b>715,000</b>

- (j) the Performance Rights will be issued on the terms and conditions of the Plan and the following additional key terms:
  - (i) Expiry Date: an expiry date of three (3) years from the date of grant; and

- (ii) Vesting Conditions: subject to the holder of the Performance Right being an Eligible Participant under the Plan at the time of vesting, the Performance Right vest and become exercisable at the following times:

Tranche 1 - Production incentive - Lulo: (25% of Award)

- One third when 120k bulk cubic metres is treated for H1 18
- One third when 120k bulk cubic metres is treated for H2 18
- One third when +250k bulk cubic metres is treated for FY18

Tranche 2 - Development incentive - Mothae: (25% of Award)

- One third on completion of the 3 bulk sampling programs by end Q3 18
- One third when wet commissioning of 150 tph production plant completed by end Q3 18
- One third when full commissioning of 150tph production plant achieved by end FY18

Tranche 3 - Exploration incentive - Lulo, Brooking, Orapa: (25% of Award)

- One third when 2018 Board approved plan (or any amendments thereto) for Lulo is completed
- One third when 2018 Board approved plan (or any amendments thereto) for Brooking is completed
- One third when 2018 Board approved plan (or any amendments thereto) for Orapa is completed

Tranche 4 - Retention incentive - (25% of Award)

- On the first day of the new financial/ calendar year (1 January 2019)

- (k) The Performance Rights are to be allocated to each Director as follows:

Director	Tranche 1	Tranche 2	Tranche 3	Tranche 4	Total
Miles Kennedy	46,250	46,250	46,250	46,250	185,000
Gordon Gilchrist	36,250	36,250	36,250	36,250	145,000
Albert Thamm	36,250	36,250	36,250	36,250	145,000
Stephen Wetherall	172,500	172,500	172,500	172,500	690,000
Nick Selby	103,750	103,750	103,750	103,750	415,000
<b>Total</b>	<b>395,000</b>	<b>395,000</b>	<b>395,000</b>	<b>395,000</b>	<b>1,580,000</b>

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Incentive Options and Performance Rights to Messrs Kennedy, Gilchrist, Thamm, Wetherall and Selby as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Incentive Options and Performance Rights will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## 9. RESOLUTION 8 - APPROVAL FOR THE ISSUE OF ADVISOR OPTIONS

### 9.1 Background

As announced on 9 April 2018, the Company has entered into an agreement for Euroz Securities Limited (**Euroz**) to act as an advisor to the Company (**Euroz Advisory Agreement**) for an initial period of 18 months (**Initial Advisory Period**).

## 9.2 **Advisor Options**

The terms and conditions under which Euroz will act as an advisor to the Company include provisions for the Company to issue Euroz (or its nominee) with 2,500,000 unlisted Options (**Advisor Options**) to acquire Shares at an exercise price of \$0.35 per Share, and with an expiry date 24 months from the date of issue of the Advisor Options. The Advisor Options would be issued to Euroz or its nominee as soon as practical following signature.

## 9.3 **Escrow and apportionment of Advisor Options**

The terms and conditions of the Advisor Options are set out in Schedule 2.

Under the Euroz Advisory Agreement, the Advisor Options will be subject to a voluntary 18-month escrow period from the date of issue (**Escrow Period**). During the Escrow Period the Advisor Options cannot be exercised, transferred, traded or dealt with in any way.

If the Euroz Advisory Agreement terminates for any reason before completion of the Initial Advisory Period, the Company has the right to cancel a proportionate share of the total number of Advisor Options for each month of the Initial Advisory Period that was not completed at the date of termination and those cancelled Advisor Options will cease to confer any rights or interests on anyone.

Advisor Options that have not been cancelled as at the end of the Initial Advisory Period will be released from escrow at the end of that period.

## 9.4 **Listing Rule 7.1**

Listing Rule 7.1 restricts the number of securities the Company may issue without Shareholder approval in a 12-month period to the number that is 15% of its issued capital (subject to certain exceptions which are not relevant for current purposes). For the purposes of Listing Rule 7.1 “securities” is defined as including Options to acquire Shares.

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities made without Shareholder approval for the purposes of Listing Rule 7.1 or made pursuant to approval for the purposes of Listing Rule 7.1A, provided the issues did not breach Listing Rule 7.1 or 7.1A.

To replenish its capacity to issue securities in accordance with Listing Rule 7.1 and 7.1A, the Company is seeking Shareholder approval pursuant to Listing Rule 7.4 of the issue of Advisor Options described in Resolution 8 to give the Company the flexibility to issue further securities up to the 15% limit.

If Shareholders do not pass Resolution 8, this will have no impact on the securities issued. However, if the Resolution is not passed by Shareholders, the securities to which the Resolution relate would be included in calculating the 15% limit that may be issued by the Company.

## 9.5 **Specific Information Required by Listing Rule 7.5**

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the issue of Advisor Options being ratified under Resolution 8:

- (a) The total number of Advisor Options issued was 2,500,000 issued in a single tranche pursuant to the Company’s placement capacity under Listing Rule 7.1.

- (b) The Advisor Options were issued to Euroz who is not a related party or associate of a related party of the Company.
- (c) The Advisor Options were issued for nil cash consideration but as settlement of part of the fees payable under the Euroz Advisory Agreement.
- (d) The terms and conditions of the Advisor Options are set out in Schedule 2.
- (e) Shares issued on the exercise of Advisor Options will be fully paid ordinary Shares and will rank in all respects equally with all other Shares on issue.
- (f) A voting exclusion statement is included in the Notice.

## 9.6 Directors' Recommendation

The Board recommends that Shareholders vote in favour of Resolution 8. The Chair of the General Meeting intends to vote undirected proxies in favour of Resolution 8.

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## 10. RESOLUTIONS 9 AND 10 – RATIFICATION OF ISSUE OF SECURITIES TO SOPHISTICATED AND PROFESSIONAL INVESTORS UNDER LISTING RULES 7.1 AND 7.1A

### 10.1 General Background

On 9 April 2018, the Company announced that it had received firm commitments from various sophisticated and professional investors to subscribe for a total of 71,739,131 Shares at an issue price of \$0.23 a Share to raise up to \$16,500,000 (before costs) (collectively "***the Placement Shares***").

The Placement Shares comprised:

- (a) an issue of 51,034,805 Placement Shares under the Company's placement capacity under Listing Rule 7.1 and Resolution 9 seeks the ratification under Listing Rule 7.4 of the issue of those Shares; and
- (b) an issue of 20,704,326 Placement Shares under the Company's placement capacity under Listing Rule 7.1A and Resolution 10 seeks the ratification under Listing Rule 7.4 of the issue of those Shares.

The issue price of \$0.23 equals the closing price of the Shares on ASX on 4 April 2018.

### 10.2 Background - Listing Rules 7.1, 7.1A and 7.4

Listing Rule 7.1 and 7.1A permits the Company to issue up to 15% and 10% respectively of its existing issued capital (subject to certain exceptions which are not relevant for current purposes) in any 12-month period without Shareholder approval

Listing Rule 7.4 allows Shareholders to subsequently approve previous issues of securities made without Shareholder approval for the purposes of Listing Rule 7.1 or made pursuant to approval for the purposes of Listing Rule 7.1A, provided the issues did not breach Listing Rule 7.1 or 7.1A.

To replenish its capacity to issue securities in accordance with Listing Rule 7.1 and 7.1A, the Company is seeking Shareholder approval pursuant to Listing Rule 7.4 of the issue of Shares described in Resolutions 9 and 10 to give the Company the flexibility to issue further securities up to the 15% limit under Listing Rule 7.1 and the additional 10% limit under Listing Rule 7.1A.

### **10.3 Resolutions 9 and 10 – Listing Rules 7.1, 7.1A and 7.4**

If Shareholders do not pass Resolutions 9 or 10, this will have no impact on the securities issued. However, if either Resolution is not passed by Shareholders, the securities to which the Resolution relates would be included in calculating the limit of securities that may be issued by the Company under Listing Rules 7.1 and 7.1A, as applicable.

### **10.4 Resolutions 9 and 10 - Specific Information Required by Listing Rule 7.5**

In compliance with the information requirements of Listing Rule 7.5, Shareholders are advised of the following particulars in relation to the issue of Placement Shares being ratified under Resolutions 10 and 11 as at the date of this Meeting:

- (a) A total of 71,739,131 Placement Shares were issued. A total of 51,034,805 Placement Shares were issued by the Company under its placement capacity under Listing Rule 7.1 and a total of 20,704,326 Placement Shares were issued by the Company under its placement capacity under Listing Rule 7.1A.
- (b) The Placement Shares were issued to various sophisticated and professional investors, all of whom were unrelated parties to the Company.
- (c) The Placement Shares were issued at an issue price of \$0.23 each.
- (d) The Placement Shares are fully paid ordinary Shares rank in all respects equally with all other Shares on issue.
- (e) The intended use of funds raised from the issue is to immediately launch an extensive follow-up exploration program at Brooking following the diamond discovery and to advance the Company's other niche diamond projects.
- (f) A voting exclusion statement is included in the Notice.

### **10.5 Directors' Recommendation**

The Board recommends that Shareholders vote in favour of Resolutions 9 and 10. The Chair of the Meeting intends to vote undirected proxies in favour of Resolutions 9 and 10.

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## **11. RESOLUTION 11 – APPROVAL FOR DETERMINATION OF DIRECTORS' AGGREGATE ANNUAL FEES**

### **11.1 Background**

Article 6.5(a) of the Company's Constitution states that the Company may pay to the Non-executive directors the maximum total amount of director's fees, determined by the Company in a general meeting, or until so determined, as the directors resolve.

It appears that Shareholders have not previously been given the opportunity to set the maximum total amount and the previous total amount of \$950,000 was determined in 2007 by the Board as allowed under the Company's Constitution. The Board considers that it is appropriate to have Shareholders set the maximum aggregate annual fees for directors as contemplated in Article 6.5(a) of the Constitution.

The Board considers that the maximum total of US\$500,000 proposed in this Resolution, which is a 31.6% reduction from the previous amount, is appropriate for, inter alia, the following reasons:

- (a) the growth of the Company in recent years and the expected continued growth of the Company resulting in expanded responsibilities for non-executive directors (such as attending Board meetings of subsidiary operating companies);
- (b) to attract new directors of a calibre required to continue to advance the Company's strategy, effectively guide and monitor the business and growth of the Company in the several jurisdictions in which it operates;
- (c) the directors may from time to time alter the composition or appoint additional non-executive directors to ensure the Board has the appropriate skills and experience;
- (d) non-executive directors' fees may in the future need to be amended to retain directors (for orderly succession planning);
- (e) to remunerate directors appropriately for the expectations placed upon them both by the Company and the regulatory environments in which it operates; and
- (f) the maximum aggregate fees are after due consideration of reasonable director's fees as supported by advice from independent remuneration specialists.

## 11.2 Fees paid to Non-executive directors

Directors fees paid to non-executive directors or their nominees in the preceding financial year.

	<b>For the period ended 31 December 2017</b>
Miles Kennedy	US\$103,275
Gordon Gilchrist	US\$62,877
Albert Thamm	US\$62,877
<b>Total</b>	<b>US\$229,029</b>

## 11.3 Securities issued to Non-executive directors

Performance rights and options issued to non-executive directors in the preceding 3 financial years.

	<b>2015</b>	<b>2016</b>	<b>2017</b>
Miles Kennedy	1,000,000	1,355,417	500,000
Gordon Gilchrist	500,000	558,750	400,000
Albert Thamm	500,000	545,000	400,000

## 11.4 Voting Exclusion

A voting exclusion statement is included in the Notice.

## 11.5 No Board Recommendation

As the non-executive members of the Board have an interest in Resolution 11, the Board has not made a recommendation to Shareholders on Resolution 11.

The Chair intends to vote undirected proxies in favour of Resolution 11.

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## 12. 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 period ended 31 December 2017.

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

**Advisor Options** means the Options described in section 9.

**Article** means a clause of the Constitution.

**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).

**Company's Incentive and Retention Plan** means the incentive and retention plan approved by Shareholders on 26 May 2016.

**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 ASX Listing Rules.

**Euroz** means Euroz Securities Limited (ACN 059 314 983) (AFSL 243302).

**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.

**Incentive Option** means an Option on the terms and conditions set out in section 8.4.

**Initial Advisory Period** means the 18-month period described in section 9.1.

**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 or ASX 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.

**Option** means an option to acquire a Share.

**Performance Right** means a right to purchase a Share on the terms and conditions in section 8.4.

**Plan** means the Company's Incentive and Retention Plan.

**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.

**Schedule** means a schedule to this Explanatory Statement.

**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.

**US\$** means United States dollars.

**VWAP** means volume weight average price of all Shares traded on ASX calculated over a specified period determined by dividing the aggregate sale price for all Shares traded in that period by the total number of the Shares traded.

**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.

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 30 MAY 2017**

<b>Date</b>	<b>Quantity</b>	<b>Class</b>	<b>Recipients</b>	<b>Issue price and discount to Market Price (if applicable)<sup>1</sup></b>	<b>Form of consideration</b>
07.06.17	2,250,000	Unlisted \$0.46 options expiring 31 May 2020	Issued subject to vesting conditions pursuant to the Company's Incentive and Retention Plan	Nil	Amount raised = \$Nil Current Value <sup>2</sup> = \$175,986 (based on 2,250,000 unexercised options)
07.06.17	4,270,000	Performance Rights expiring 31 May 2020	Issued subject to vesting conditions pursuant to the Company's Incentive and Retention Plan	Nil	Amount raised = \$Nil Current Value <sup>5</sup> = \$384,800 (based on 1,480,000 unexercised performance rights)
07.06.17	1,193,750	Fully paid ordinary shares	Issued pursuant to the exercise of vested performance rights expiring 2 June 2019	Nil	Amount raised = \$Nil Amount spent = \$Nil Use of funds = N/A Amount remaining = \$Nil Proposed use of remaining funds = N/A
07.06.17	165,000	Unlisted \$0.45 options expiring 24 May 2020	Issued pursuant to the remaining consideration for the 25% of the Orapa Area F diamond project in Botswana not already owned by Lucapa of which 85,000 unlisted \$0.45 options expiring 24 May 2020 vest on 24 May 2018 and 80,000 unlisted \$0.45 options expiring 24 May 2020 vest on 24 May 2019	Nil	Amount raised = \$Nil Current Value <sup>3</sup> = \$19,777 (based on 165,000 unexercised options)
21.08.17	101,444	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$20,288 Amount spent = \$20,288 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A

<b>Date</b>	<b>Quantity</b>	<b>Class</b>	<b>Recipients</b>	<b>Issue price and discount to Market Price (if applicable)<sup>1</sup></b>	<b>Form of consideration</b>
25.08.17	660,500	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$132,100 Amount spent = \$132,100 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
05.09.17	1,150,677	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$230,135 Amount spent = \$230,135 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
08.09.17	422,500	Fully Paid ordinary shares	Issued pursuant to the exercise of vested performance rights pursuant to the Company's Incentive and Retention Plan as approved by shareholders on 26 May 2016	Nil	Amount raised = \$Nil Amount spent = \$Nil Use of funds = N/A Amount remaining = \$Nil Proposed use of remaining funds = N/A

<b>Date</b>	<b>Quantity</b>	<b>Class</b>	<b>Recipients</b>	<b>Issue price and discount to Market Price (if applicable)<sup>1</sup></b>	<b>Form of consideration</b>
13.09.17	345,612	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$69,122 Amount spent = \$69,122 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
13.09.17	416,250	Fully Paid ordinary shares	Issued pursuant to the exercise of vested performance rights pursuant to the Company's Incentive and Retention Plan as approved by shareholders on 26 May 2016	Nil	Amount raised = \$Nil Amount spent = \$Nil Use of funds = N/A Amount remaining = \$Nil Proposed use of remaining funds = N/A
13.09.17	1,636,700	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$327,340 Amount spent = \$327,340 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A

<b>Date</b>	<b>Quantity</b>	<b>Class</b>	<b>Recipients</b>	<b>Issue price and discount to Market Price (if applicable)<sup>1</sup></b>	<b>Form of consideration</b>
19.09.17	2,893,694	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$578,738 Amount spent = \$578,738 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
20.09.17	2,433,263	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$486,652 Amount spent = \$486,652 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
22.09.17	2,353,606	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$470,721 Amount spent = \$470,721 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A

<b>Date</b>	<b>Quantity</b>	<b>Class</b>	<b>Recipients</b>	<b>Issue price and discount to Market Price (if applicable)<sup>1</sup></b>	<b>Form of consideration</b>
26.09.17	1,241,000	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$248,200 Amount spent = \$248,200 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
29.09.17	8,491,375	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$1,698,275 Amount spent = \$1,698,275 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
29.09.17	11,326,873	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$2,265,374 Amount spent = \$2,265,374 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A

<b>Date</b>	<b>Quantity</b>	<b>Class</b>	<b>Recipients</b>	<b>Issue price and discount to Market Price (if applicable)<sup>1</sup></b>	<b>Form of consideration</b>
09.10.17	9,401,166	Fully Paid ordinary shares	Issued pursuant to the exercise of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$1,880,233 Amount spent = \$1,880,233 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
09.10.17	4,224,697	Fully Paid ordinary shares	Issued pursuant to the underwriting of listed \$0.20 options (LOMOA), expiring 30 September 2017	\$0.20	Amount raised = \$844,939 Amount spent = \$844,939 Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$Nil Proposed use of remaining funds = N/A
09.10.17	11,600,000	Unlisted \$0.35 options expiring 30 September 2018	Issued to Westar Capital Limited or their nominee as part of the consideration to act as underwriter of listed \$0.20 options (LOMOA) expiring 30 September 2017 announced to the ASX on 26 May 2017	Nil	Amount raised = \$Nil Current Value <sup>4</sup> = \$346,684 (based on 11,600,000 unexercised options)

<b>Date</b>	<b>Quantity</b>	<b>Class</b>	<b>Recipients</b>	<b>Issue price and discount to Market Price (if applicable)<sup>1</sup></b>	<b>Form of consideration</b>
15.11.17	2,424,155	Fully Paid ordinary shares	Issued to Equigold Pte Ltd based upon the lowest one-day VWAP in the 15 days preceding the Fee Conversion Notice in accordance with the terms of the US\$15 million secured loan facility	\$0.2693	Amount raised = \$652,997 Amount spent = \$652,997 Use of funds = Payment of loan facility fees Amount remaining = \$Nil Proposed use of remaining funds = N/A
15.11.17	1,100,000	Performance Rights expiring 10 November 2020	Issued subject to vesting conditions pursuant to the Company's Incentive and Retention Plan	Nil	Amount raised = \$Nil Current Value <sup>6</sup> = \$Nil (all these performance rights exercised)
15.11.17	1,100,000	Fully Paid ordinary shares	Issued pursuant to the exercise of vested performance rights expiring 10 November 2020	Nil	Amount raised = \$Nil Amount spent = \$Nil Use of funds = N/A Amount remaining = \$Nil Proposed use of remaining funds = N/A
22.01.18	1,513,125	Fully Paid ordinary shares	Issued pursuant to the exercise of vested performance rights expiring 31 May 2020	Nil	Amount raised = \$Nil Amount spent = \$Nil Use of funds = N/A Amount remaining = \$Nil Proposed use of remaining funds = N/A
24.04.18	2,500,000	Unlisted \$0.35 options expiring 24 April 2020	To be issued to Euroz Securities Limited or their nominee as part of the consideration to act as financial advisor and to secure institutional interest as announced to the ASX on 9 April 2018	Nil	Amount raised = \$Nil Current Value <sup>4</sup> = \$74,716 (Refer Advisor Options in Schedule 2. Based on 2,500,000 unexercised options)
24.04.18	3,010,070	Fully Paid ordinary shares	To be issued to Equigold Pte Ltd in respect of loan facility interest and fees in accordance with the terms of the US\$15 million secured loan facility	\$0.23	Amount raised = \$692,316 Amount spent = \$692,316 Use of funds = Payment of loan facility interest and fees Amount remaining = \$Nil Proposed use of remaining funds = N/A

24.04.18	30,434,782	Fully Paid ordinary shares	To be issued pursuant to \$16.5m capital raising as announced to the ASX on 9 April 2018	\$0.23	Amount raised = \$7,000,000 Amount spent = \$Nil Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$7,000,000 Proposed use of remaining funds = As above
18.05.18	41,304,349	Fully Paid ordinary shares	To be issued pursuant to \$16.5m capital raising as announced to the ASX on 9 April 2018	\$0.23	Amount raised = \$9,500,000 Amount spent = \$Nil Use of funds = To advance exploration and/or development programs at the Brooking Project, Mothae Project, Lulo Project and the Orapa Area F Project as well as general working capital. Amount remaining = \$9,500,000 Proposed use of remaining funds = As above

**Information required under Listing Rule 7.3A.6 (a)**

Table 2 below shows the total number of Equity Securities issued in the 12-month period preceding the date of the Meeting and the percentages those issues represent of the total number of Equity Securities on issue at the commencement of that 12-month period.

**Table 2**

Equity Securities issued in the 12-month period preceding the date of the Meeting	128,079,588 Shares; and 16,515,000 Unquoted Options; and 5,370,000 Performance Rights
Percentage previous issues represent of total number of Equity Securities on issue at commencement of that 12-month period	39.35%

**Notes:**

1. Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded Option exercises). For the purposes of this table the discount is calculated on the

Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.

2. Unquoted Options means the unquoted Incentive Options issued under the Company's Incentive and Retention Plan. The Incentive Options - 2017 were issued on the terms and conditions of the Plan as approved by Shareholders on 30 May 2017 and the following additional key terms:
  - (i) Exercise Price: an exercise price equal to 150% of the VWAP of the Shares trading on ASX for the period of 15 trading days ending immediately prior to the date of grant (\$0.46);
  - (ii) Expiry Date: an expiry date of three (3) years from the date of grant (31 May 2020); and
  - (iii) Vesting Conditions: subject to the holder of the Incentive Option being an Eligible Participant under the Plan at the time of vesting, the Incentive Options vest and become exercisable at the following times:
    - A. **(Tranche 1)**: vest immediately on the date of grant;
    - B. **(Tranche 2)**: vest one (1) year from the date of grant;
    - C. **(Tranche 3)**: vest two (2) years from the date of grant;
3. Unquoted Options means the unquoted \$0.45 options expiring 24 May 2020 issued as the remaining consideration for the 25% of the Orapa Area F diamond project in Botswana not already owned by Lucapa of which 85,000 unlisted \$0.45 options expiring 24 May 2020 vest on 24 May 2018 and 80,000 unlisted \$0.45 options expiring 24 May 2020 vest on 24 May 2019.
4. Unquoted options means the unquoted \$0.35 options expiring 30 September 2018 issued to Westar Capital Limited or their nominee as part of the consideration to act as underwriter of listed \$0.20 options (LOMOA), expiring 30 September 2017 announced to the ASX on 26 May 2017.
5. Performance Rights means the Performance Rights issued under the Company's Incentive and Retention Plan. The Performance Rights -2017 were issued on the terms and conditions of the Plan as approved by Shareholders on 30 May 2017 and the following additional key terms:
  - (i) Expiry Date: an expiry date of three (3) years from the date of grant (31 May 2020); and
  - (ii) Vesting Conditions: subject to the holder of the Performance Right being an Eligible Participant under the Plan at the time of vesting, the Performance Right vest and become exercisable at the following times:
    - A. **(Tranche 1)**: Vest one year from the date of grant;
    - B. **(Tranche 2)**: Vest when kimberlite and lamproite exploration programs are delivered and approved by the Board for 2017;
    - C. **(Tranche 3)**: Vest upon Lulo Alluvial production - 120k bcm (H1 18);
    - D. **(Tranche 4)**: Vest upon Lulo Alluvial production - 120k bcm (H2 18);
    - E. **(Tranche 5)**: Vest upon completion of acquisition of Mothae;
    - F. **(Tranche 6)**: Vest upon obtaining all necessary government/ environmental approvals and commence production at Mothae by end Q1 18
6. Performance Rights means the Performance Rights issued under the Company's Incentive and Retention Plan. The Performance Rights - 2017 were issued on the terms and conditions of the Plan as approved by Shareholders on 30 May 2017 and the following additional key terms:
  - (i) Expiry Date: an expiry date of three (3) years from the date of grant (10 November 2020); and
  - (ii) Vesting Conditions: subject to the holder of the Performance Right being an Eligible Participant under the Plan at the time of vesting, the Performance Right vests and becomes exercisable at the time of grant.
7. Fully paid ordinary shares in the capital of the Company, ASX Code: LOM (terms are set out in the Constitution).

- 8.** In respect of unquoted Equity Securities, the value of Options and Performance Rights are determined in terms of the Company's accounting policy for Share Based Payments using the Black Scholes model and taking into account the terms and conditions of the remaining unexercised Options and Performance Rights.
- 9.** This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.

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## SCHEDULE 2 – TERMS AND CONDITIONS OF ADVISOR OPTIONS

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The terms and conditions of the Advisor Options are as follows:

1. **Definitions** for the purposes of the terms and conditions of the Advisor Options:
  - (a) **ASX** means ASX Limited (ABN 98 008 624 691).
  - (b) **ASX Listing Rules** means the official listing rules of ASX.
  - (c) **Company** means Lucapa Diamond Company Limited (ABN 44 111 501 663).
  - (d) **Advisor Options** means up to a total of 2,500,000 Options with each Option, entitling the holder to subscribe for a Share at the Exercise Price prior to the Expiry Date in the manner and subject to any restrictions set out in these Terms and Conditions.
  - (e) **Advisor Option Holder** means the person or persons registered as the holder of one or more Advisor Options from time to time.
  - (f) **Corporations Act** means Corporations Act 2001 (Cth).
  - (g) **Euroz** means Euroz Securities Limited (ACN 059 314 983) (AFSL 243302).
  - (h) **Euroz Advisory Agreement** means the agreement between the Company and Euroz, as announced to ASX on 9 April 2018 and described in as defined in section 9.1 of the Company's 2018 Notice of Annual General Meeting, for Euroz to act as an advisor to the Company for the Initial Advisory Period.
  - (i) **Exercise Price** means the exercise price of each Advisor Option, being \$0.35.
  - (j) **Expiry Date** means 5.00pm (WST) on the second anniversary of the Issue Date.
  - (k) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising Advisor Options.
  - (l) **Initial Advisory Period** means the period of 18 months as defined in section 9.1 of the Company's 2018 Notice of Annual General Meeting.
  - (m) **Issue Date** means the date on which the Advisor Options are issued to Euroz and/or its nominee(s);
  - (n) **Share** means a fully paid ordinary share in the capital of the Company.
  - (o) **Unrestricted Advisor Options** means those Advisor Options released from voluntary escrow under paragraph 3.
  - (p) **WST** means Australian Western Standard Time.
2. All Advisor Options are subject, from the Issue Date, to voluntary escrow restrictions for the Initial Advisory Period and during that period the Holders of Advisor Options may not:
  - (a) dispose of, or agree or offer to dispose of, any or all of the Advisor Options;
  - (b) create, or agree or offer to create, any encumbrance over all or any of the Advisor Options; or
  - (c) do or omit to do any act which may have the effect of transferring effective ownership or control of any or all of the Advisor Options.
3. Provided that Euroz remains an advisor to the Company for the entire Initial Advisory Period under the Euroz Advisory Agreement, the Advisor Options will be released from escrow and cease to be subject to the voluntary escrow restrictions set out in paragraph 2.
4. If the Euroz Advisory Agreement terminates for any reason before completion of the Initial Advisory Period, the Company has the right to cancel a proportionate share of the total number of Advisor Options for each month of the Initial Advisory Period that was not completed at the date of termination of the Euroz Advisory Agreement and those cancelled Advisor Options will cease to confer any rights or interests on anyone.
5. Advisor Options that have not been cancelled as at the end of the Initial Advisory Period will be released from escrow at the end of that period.

6. Each Unrestricted Advisor Option carries the right to subscribe for one Share.
7. Unrestricted Advisor Options may be exercised by the Advisor 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.
8. Each Exercise Notice must state the number of Unrestricted Advisor Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian currency) to the Company of an amount (***the Application Monies***) being the result of the Exercise Price multiplied by the number of Unrestricted Advisor Options being exercised.
9. Following receipt of a properly executed Exercise Notice and Application Monies in respect of the exercise of any Unrestricted Advisor Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
10. The Company will make application to have the Unrestricted Advisor Options and the Shares (issued pursuant to an exercise of Unrestricted Advisor Options) listed for quotation by ASX:
  - (a) in the case of Unrestricted Advisor Options, within 7 days of the date that Advisor Option ceased to be restricted under paragraph 2; and
  - (b) in the case of Shares issued on the exercise of Unrestricted Advisor Options, within 7 days of the date of issue of those Shares.
11. Shares issued pursuant to an exercise of Unrestricted Advisor Options shall rank, from the date of issue, pari passu with existing Shares in all respects.
12. Advisor Options carry no right to participate in pro rata issues of securities to Shareholders unless the Advisor Options become Unrestricted Advisor Options and are exercised before the record date for determining entitlements to the relevant pro rata issue.
13. Each Unrestricted Advisor 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 Unrestricted Advisor Option Holder the opportunity to exercise the Unrestricted Advisor Options in sufficient time to receive, before that record date, Shares issued on the exercise of Unrestricted Advisor Options entitling participation in the pro rata issue.
14. In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of all the Advisor Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and the reorganisation provisions contained in ASX Listing Rules 7.22.
15. Except as noted in paragraph 14 above, an Advisor Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the Advisor Option can be exercised.

# LUCAPA DIAMOND COMPANY LIMITED

ACN: 111 501 663

REGISTERED OFFICE:

34 BAGOT ROAD  
SUBIACO WA 6008

SHARE REGISTRY:

Security Transfer Australia Pty Ltd

All Correspondence to:

PO BOX 52

Collins Street West VIC 8007

Suite 913, Exchange Tower

530 Little Collins Street

Melbourne VIC 3000

T: 1300 992 916 F: +61 8 9315 2233

E: registrar@securitytransfer.com.au

W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»



«Post\_zone»

«Company\_code» «Sequence\_number»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

Code:

LOM

Holder Number:

«HOLDER\_NUM

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE  
ONLINE**

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 11:00am WST on Thursday 24 May 2018 at The Celtic Club, 48 Ord Street, West Perth, WA, 6005 and at any adjournment of that meeting.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made. Where I/we have appointed the Chairperson (or where the Chairperson becomes my/our proxy by default), I/we expressly authorise the Chairperson to exercise my/our proxy on Resolutions 1, 7 and 11 and vote in accordance with the Chairperson's voting intentions (except where I/we have indicated a different voting intention below) even though Resolutions 1, 7 and 11 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chairperson.

RESOLUTION	For	Against	Abstain*		For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7c. Issue Incentive Options and Performance Rights to Mr Albert Thamm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-Election of Director Mr Miles Alistair Kennedy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7d. Issue Incentive Options and Performance Rights to Mr Stephen Wetherall	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. Re-Election of Director Mr Nick Selby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7e. Issue Incentive Options and Performance Rights to Mr Nick Selby	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. The Issue of Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Ratification of the Issue of Advisor Options	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5. Ratification of Issue of Securities to Equigold Pte Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	9. Ratification of Issue of Shares to Various Sophisticated and Professional Investors under ASX Listing Rule 7.1	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Ratification of further Issue of Securities to Equigold Pte Ltd	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10. Ratification of Issue of Shares to Various Sophisticated and Professional Investors under ASX Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7a. Issue Incentive Options and Performance Rights to Mr Miles Kennedy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11. Approval for determination of Directors' Aggregate Annual Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7b. Issue Incentive Options and Performance Rights to Mr Gordon Gilchrist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3




Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Australia Pty Ltd no later than 11:00am WST on Tuesday 22 May 2018.

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