

Lucapa Diamond Company Limited

ACN 111 501 663
(ASX code: LOM)

Offer Document

Pro rata non-renounceable rights issue to Eligible Shareholders on the basis of 1 New Share for every 14 Shares held by Eligible Shareholders as at the Record Date at an Issue Price of \$0.11 per New Share, to raise up to approximately \$3,921,676 (before costs and expenses) (**Offer**).

Important Notice

This Offer Document is not a prospectus or other form of disclosure document under the Corporations Act. It does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

This Offer Document is important and requires your immediate attention. It should be read in its entirety. If you do not understand its content or are in doubt as to the course you should follow, you should consult your stockbroker or professional adviser without delay.

Please read the instructions in this Offer Document and on the accompanying Entitlement & Acceptance Form regarding the acceptance of your Entitlement.

This Offer Document is not for release, publication or distribution in the United States or elsewhere where such an offer would be in contravention of securities laws.

Corporate Directory

Directors	Miles Kennedy (Non-Executive Chairman) Ross Stanley (Non-Executive Director) Stephen Wetherall (Managing Director) Nick Selby (Executive Director)
Company Secretary	Mark Clements
Registered office	34 Bagot Road Subiaco WA 6008 Tel: +61 8 9381 5995 Fax: +61 8 9380 9314
Website	www.lucapa.com.au
ASX Code	LOM
FRA Code	NHY
Lead Manager*	Far East Capital Limited AFSL 25300
Legal Advisers*	K&L Gates Level 32, 44 St Georges Terrace Perth WA 6000
Share Registry*	Automic Registry Services Level 2 267 St Georges Terrace Perth WA 6000 Investor Services: 1300 288 664 General Enquiries: +61 2 8072 1400
Auditor*	Elderton Pty Ltd Level 2 267 St Georges Terrace Perth WA 6000

* These parties are included for information purposes only and have not been involved in the preparation of this Offer Document.

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1. Important Notes

1.1 Offer document

This Offer Document has been prepared by Lucapa Diamond Company Limited ACN 111 501 663 (**Company**) and is dated 4 March 2020. This Offer Document is not a prospectus or other form of disclosure document under the *Corporations Act 2001* (Cth) (**Corporations Act**) and has not been lodged with ASIC. The Offer contained in this Offer Document is being made without disclosure in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issue) Instrument 2016/84.

In general terms, section 708AA of the Corporations Act permits certain companies to undertake rights issues without being required to use or provide to shareholders a prospectus or other disclosure document. Accordingly, this Offer Document does not contain all of the information that an investor would find in a prospectus or which may be required in order to make an informed investment decision regarding the Offer or about the rights attaching to the New Shares offered by this Offer Document.

It is important for Eligible Shareholders to read and understand the information on the Company and the Offer made publicly available, before accepting all or part of their Entitlement. In particular, please refer to the information in this Offer Document, the Company's annual reports and other announcements made available at www.lucapa.com.au or www.asx.com.au.

1.2 This is an important document

The information contained in this Offer Document does not constitute investment advice and has been prepared without taking into account each Eligible Shareholder's investment objectives or financial circumstances. You should seek advice from your professional adviser before deciding to invest. Investing in the Company involves risks.

1.3 Disclaimer

No person is authorised to give any information or to make any representation in connection with the Offer which is not contained in this Offer Document. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the Offer.

To the extent permitted by law, neither the Company nor any other person warrants the future performance of the Company or any return on any investment made under this Offer Document, except as required by law and then only to the extent so required.

1.4 Future performance and forward-looking statements

Neither the Company nor any other person warrants, represents or guarantees (expressly or by implication) the future performance of the New Shares or any particular rate of return on any investment made pursuant to Offer, or any particular tax treatment.

This Offer Document contains certain "forward-looking statements". Forward-looking statements include those words such as "believe", "anticipate", "estimate", "expect", "will", "plan", "should", "may", "intend", "likely", "forecast" and other similar expressions but not limited to statements regarding the outcome and effects of the Offer. Forward-looking statements, opinions and estimates provided in the information in this Offer Document are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements in this Offer Document are current and speak only as at the date of this Offer Document.

No representation or warranty (express or implied) is given as to the accuracy, completeness or correctness, likelihood of achievement or reasonableness of any forecasts, prospects or returns contained in this Offer Document.

While due care and attention have been used in the preparation of forward-looking statements, you are cautioned not to place undue reliance on such statements. To the maximum extent permitted by law, the Company disclaims any obligation or undertaking to release any updates or revisions to such information to reflect any change in expectations or assumptions.

1.5 Past performance

Investors should note that the Company's past performance including Share price performance provides no guarantee or guidance as to future Share price performance. Any past performance information given in this Offer Document is provided for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance including the Company's future financial position or Share price performance.

1.6 Risks

An investment in the Company is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are outside the control of the Company and its board, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this Offer

Document. Refer to the 'Risk' section included in section 6 for a summary of general and specific risk factors that may affect the Company.

1.7 Eligibility

Applications for New Shares by Eligible Shareholders can only be made on an original Entitlement & Acceptance Form sent with this Offer Document (or payment via BPAY®, as described in section 5.2). The Entitlement & Acceptance Form sets out an Eligible Shareholder's Entitlement to participate in the Offer.

1.8 Overseas Shareholders

This Offer Document does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would be unlawful to make such an offer or to issue this Offer Document. No offer is made by this Offer Document in any jurisdiction outside of Australia, New Zealand, the United Kingdom, Germany, Singapore and Hong Kong.

No action has been taken by the Company to register the New Shares or otherwise permit an offering of the New Shares in any jurisdiction other than Australia, New Zealand, the United Kingdom, Germany, Singapore or Hong Kong. Eligible Shareholders resident in Australia, New Zealand, the United Kingdom, Germany, Singapore and Hong Kong holding Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up Entitlements under the Offer does not breach regulations in the relevant overseas jurisdiction.

It is the responsibility of an Applicant to ensure compliance with any laws of a country relevant to their Application. Return of a duly completed Entitlement & Acceptance Form (or payment via BPAY®) will be taken by the Company as a representation that there has been no breach of such laws, that the Applicant is an Eligible Shareholder and that the Applicant is physically present in Australia, New Zealand, the United Kingdom, Germany, Singapore and Hong Kong. The Company reserves the right to reject any Application that it believes come from a person who is not an Eligible Shareholder.

New Zealand Shareholders

The Offer contained in this Offer Document to Eligible Shareholders with registered addresses in New Zealand is made in reliance on the provisions of the *Financial Markets Conduct Act 2013 (New Zealand) (FMC Act)*, the *Securities Act (Overseas Companies) Exemption Notice 2013 (New Zealand)* and the *Financial Markets Conduct (Incidental Offers) Exemption Notice 2016 (New Zealand)*. Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares.

This Offer Document has been prepared in accordance with Australian law and has not been registered, filed with, or approved by the New Zealand regulatory authority under the FMC Act. This Offer Document is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to take up their Entitlements under the Offer.

United Kingdom and Germany

No securities shall or will be admitted to trading on a regulated market situated or operating in the European Economic Area (EEA). In relation to each member state of the EEA and the United Kingdom (each a **Relevant State**), no Shares have been or will be offered, sold, transferred or delivered pursuant to the Capital Raising to the public in that Relevant State except pursuant to the following exemptions under the Prospectus Regulation (EU) 2017/1129 (the **Prospectus Regulation**):

- (a) to any legal entity which is a qualified investor as defined under the Prospectus Regulation;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined under the Prospectus Regulation); or
- (c) in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of the Shares shall require the Company to publish a prospectus pursuant to Article 3 of the Prospectus Regulation or supplement a prospectus pursuant 3 of the Prospectus Regulation.

Singapore

The offer of New Shares by the Company is made only to and directed at, and the New Shares are only available to, persons in Singapore who are existing members of the Company.

This Offer Document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offer Document, the Entitlement & Acceptance Form and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the New Shares may not be circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an existing holder of Shares on the Record Date pursuant to Section 273(1)(cd)(i) of the *Securities and Futures Act, Chapter 289 of Singapore (the SFA)* or (ii) otherwise pursuant

to, and in accordance with, the conditions of an exemption under any provision of Subdivision (4) of Division 1 of Part XIII of the SFA.

Hong Kong

WARNING: The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

WARNING: This Offer Document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance of Hong Kong (the **CWUMPO**) nor has it been authorized by the Securities Futures Commission in Hong Kong thereunder. No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this Offer Document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to “professional investors” within the meaning of the Securities and Futures Ordinance of Hong Kong (the **SFO**) or in circumstances which do not constitute an offer to the public within the meaning of the CWUMPO and the SFO. No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere than is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the SFO and any rules made under that ordinance. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

United States Shareholders

This Offer Document does not, and is not intended to, constitute an offer or invitation in the United States, to any US person, to any person acting for the account or benefit of a person in the United States, or in any other place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

The New Shares have not been and will not be registered under the US Securities Act 1933 or the securities laws of any state or jurisdiction in the United States and may only be offered, sold or resold in, or to persons in, the United States in accordance with an available exemption from registration.

Any person in the United States or any person that is, or is acting for the account or benefit of a U.S. person with a holding through a nominee may not participate in the Rights Issue and the nominee must not take up any Entitlement or send any materials into the United States or to any person that is, or is acting for the account or benefit of, a U.S. person.

1.9 Nominees and custodians

Eligible Shareholders who are nominees, trustees or custodians are advised to seek independent advice as to how to proceed. The Offer is being made to all Eligible Shareholders. The Company is not required to determine whether or not any Eligible Shareholder is acting as a nominee or the identity or residence of any beneficial owners of Shares.

Where any registered holder that qualifies as an Eligible Shareholder is acting as a nominee for a foreign person, that registered holder, in dealing with its beneficiary, will need to assess whether the distribution of any documents relating to the Offer (including the Offer Booklet) or the indirect participation by the beneficiary in the Offer is compatible with applicable foreign laws. The Company is not able to advise on foreign laws.

Nominees and custodians may not distribute any part of this Offer Booklet, and may not permit any beneficial shareholder to participate in the Offer, in any country outside Australia except (i) to beneficial shareholders of the Company resident in New Zealand and Singapore; and (ii) with the consent of the Company, to beneficial shareholders resident in the United Kingdom, Germany, Hong Kong certain other jurisdictions where the Company may determine it is lawful and practical to make the Offer.

1.10 Currency

All references to A\$, \$A, dollar or \$ in this Offer Document are to Australian currency. References with US\$ in this Offer Document are to United States currency.

1.11 Definitions and references to time

Capitalised words and expressions in this Offer Document have the meaning given to them in section 7.

Unless otherwise stated, any reference to time in this Offer Document is a reference to Perth, Australia time.

2. Letter from the Chairman

Dear Shareholder

On behalf of the Directors of Lucapa Diamond Company Limited (the **Company**), I invite you to participate in the Company's pro-rata non-renounceable rights issue of 1 New Share for every 14 Shares held at the Record Date of 5.00pm (WST) on 9 March 2020, at an Issue Price of \$0.11 per New Share, to raise up to approximately \$3,921,676 (before costs and rounding) (**Offer**).

The Offer is being made pursuant to section 708AA of the Corporations Act and this Offer Document has been lodged with the ASX. A copy of this document can be accessed on the ASX website (ASX: LOM) or the Company's website. For Eligible Shareholders, this Offer Document is anticipated to be despatched (with personalised Entitlement & Acceptance Forms) on or around 11 March 2020.

Your Board fully intend to participate in the Offer by taking up 100% of our Entitlements.

The Company has also announced it has received applications for a placement of 25,899,916 Shares at an issue price of \$0.11 per Share to raise \$2,848,991 (**Placement**). It is currently intended that the Placement will complete after the Record Date, so participants in the Placement will not be eligible to participate in the Offer.

The funds from the Offer and the Placement are important and will be applied towards:

- advancing the Kimberlite exploration program at the Lulo Diamond Project, which includes assessing the Canguige catchment area for a primary source, following the highly-encouraging tributary sampling results;
- working capital and corporate purposes, which includes repaying principal and interest on loans (which may include related party loans), reducing liabilities and general operating expenditures; and
- costs and expenses of the Offer and Placement.

The Board urges you to read this Offer Document carefully and in its entirety before deciding what to do in respect of your Entitlement. In particular you should read and consider the key risks associated with an investment in the Company which are summarised in section 6 of this Offer Document. You should consult with your stockbroker, accountant or other professional adviser before making any decisions in relation to your Entitlement.

On behalf of the Directors, I thank you for your ongoing support.

Yours faithfully,



Miles Kennedy
Chairman

3. Details of the Offer

3.1 The Offer

The Company is offering Eligible Shareholders the opportunity to subscribe for 1 New Share for every 14 Shares held at 5.00pm (WST) on 9 March 2020 (**Record Date**) at an Issue Price of \$0.11 per New Share. Fractional Entitlements will be rounded up to the nearest whole number.

The Issue Price represents a discount of approximately 20% to the volume weighted average price of Shares on the 5 ASX trading days on which Shares traded prior to 26 February 2020 and a discount of approximately 27% to the last traded price of the Company's Shares on 26 February 2020 of \$0.15.

New Shares will be fully paid and will rank equally in all respects with existing Shares on issue.

On the basis that no Options or Performance Rights are exercised prior to the Record Date, approximately 35,651,602 New Shares will be offered under the Offer to raise up to approximately \$3,921,676 (before costs and expenses of the Offer). Please refer to section 4.2 for information on the vesting conditions and expiry dates of the Options and Performance Rights.

Your Entitlement under the Offer is shown on the accompanying Entitlement & Acceptance Form. Details on how to accept the Offer are set out in section 5.

3.2 Placement

On 4 March 2020, at the same time that the Company announced the Offer, it announced it had received applications for a placement of 25,899,916 Shares to sophisticated and professional investors at an issue price of \$0.11 per Share to raise \$2,848,991 (**Placement**).

It is currently intended that the Placement will complete after the Record Date, so participants in the Placement will not be eligible to participate in the Offer unless they are already Eligible Shareholders at the Record Date.

3.3 Indicative timetable

Event	Date
Announcement of the Placement and the Offer Lodgement of Offer Document, Cleansing Notice and Appendix 3B with ASX (pre-market open)	4 March 2020
Notice to Optionholders to advise that they must exercise their options to participate in the Offer Notice to Ineligible Foreign Shareholders	5 March 2020
"Ex" date for the Offer	6 March 2020
Record Date to determine Entitlements	5.00pm (WST) on 9 March 2020

Event	Date
Issue of Shares under the Placement Lodgement of Appendix 2A and Cleansing Notice for Placement Shares with ASX	10 March 2020
Opening Date of Offer Despatch of the Offer Document and Entitlement & Acceptance Form to Eligible Shareholders	11 March 2020
Last date to extend Closing Date	17 March 2020
Closing Date for acceptances under the Offer	5.00 pm (WST) on 20 March 2020
If agreed by ASX, New Shares quoted on a deferred settlement basis	23 March 2020
Announcement of the results of the Offer	25 March 2020
Issue of the New Shares (Deferred settlement trading of New Shares ends) Appendix 2A (applying for quotation of New Shares) to be lodged with ASX.	27 March 2020
Issue of holding statements Trading of New Shares expected to commence	30 March 2020

The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to withdraw the Offer at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

3.4 Who is entitled to participate in the Offer?

Each Shareholder with a registered address in Australia, New Zealand, the United Kingdom, Germany, Singapore or Hong Kong who is a registered holder of Shares at 5.00pm (WST) on the Record Date is entitled to participate in the Offer in respect of the number of Shares for which that Shareholder is then registered as the holder.

As at the date of this Offer Document, the Company has 6,301,000 Options and 1,312,176 Performance Rights on issue, all of which may be exercised or, in the case of Performance Rights, converted, subject to achievement of the relevant vesting conditions, prior to the Record Date for the Offer. Please refer to section 4.2 for further information with respect to these securities.

3.5 Entitlements and acceptance

The Entitlement of Eligible Shareholders to participate in the Offer will be determined on the Record Date. Your Entitlement is shown on the Entitlement & Acceptance Form accompanying this Offer Document.

The Offer is non-renounceable and therefore Eligible Shareholders cannot offer to sell or transfer any of their Entitlement on ASX or via an off-market transfer (or any other exchange or private transfer).

Shareholders who do not take up their Entitlements in full will have their percentage interest in the Company diluted as compared to the date the Offer is made. Shareholders who take up their Entitlements in full and make application for Additional Shares and that application is accepted, may have their percentage interest in the Company increased as compared to the date the Offer is made.

As described in section 3.9, any New Shares not taken up by an Eligible Shareholder by the Closing Date will form part of the New Shares available under the Top-up Facility and the Shortfall Offer.

Detailed instructions on how to accept all or part of your Entitlement are set out in section 5.

3.6 No rights trading

The Offer is non-renounceable. Accordingly, the Entitlements under the Offer will not be tradeable on the ASX or otherwise capable of being sold or transferred. Shareholders who do not take up their Entitlement in full will not receive any value in respect of that part of the Entitlement they do not take up.

3.7 No cooling off rights

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your Application once it has been received.

3.8 Underwriting

The Offer is not underwritten.

3.9 Shortfall Offer / Top-up Facility

Eligible Shareholders may, in addition to taking up their Entitlement in full, apply for any number of Additional Shares in excess of their Entitlement under the Top-up Facility.

Additional Shares will only be available where the number of New Shares the subject of Applications received under the Offer is less than the maximum number of New Shares (35,651,602) proposed to be issued under the Offer. Additional Shares will be issued at the Issue Price of \$0.11 per Share.

Details on how to apply for Additional Shares under the Top-up Facility are set out in section 5. There can be no guarantee that there will be any allocation of Additional Shares under the Top-up Facility.

The Directors reserve the right to issue Additional Shares under the Top-up Facility at their absolute discretion and otherwise in accordance with the Corporations Act and Listing Rules. Additionally, the Company reserves the right to:

- (a) issue an applicant a lesser number of Additional Shares than the number applied for;
- (b) reject an application for Additional Shares; and/or

- (c) not proceed with the issue of Additional Shares under the Top-up Facility (or part thereof).

When determining the amount (if any) of Additional Shares to be issued to an Eligible Shareholder, the Company may take into account a number of factors, including the size of the Applicant's shareholding in the Company, the extent to which an Applicant has sold or bought Shares in the Company before and after the announcement of the Offer and the Record Date, as well as when the Application was made.

Any excess Application Monies will be refunded without interest.

Additional Shares will be allocated in priority to Eligible Shareholders who apply for Additional Shares under the Top-up Facility. If any Shortfall remains after applications for Additional Shares under the Top-up Facility are considered, the Directors reserve the right, subject to the Corporations Act and the Listing Rules, to place any further Shortfall at their discretion (being the **Shortfall Offer**). The Directors intend to work with the Lead Manager to place the balance of any remaining shortfall under the Shortfall Offer. The Shortfall Offer is a separate offer made pursuant to this Offer Document and will remain open for up to 3 months following the Closing Date.

No Additional Shares will be issued to a related party or any other party referred to in Listing Rule 10.11.1, and no Additional Shares will be issued to any person if it would cause that person (or any of their associates) to breach the takeover prohibition in section 606 of the Corporations Act.

3.10 Lead Manager

Pursuant to a letter from the Company to Far East Capital Limited (ACN 068 838 193; AFSL 253003) (**Lead Manager**) dated 26 February 2020 (**Authority Letter**), the Company has authorised the Lead Manager to:

- (a) place the Shares under the Placement; and
- (b) act as manager of the Offer.

Pursuant to the Letter of Authority, the Company will pay the Lead Manager:

- (a) in respect of the Placement, a fee of 5% of total amount raised (plus GST). To the extent funds are sourced via other brokers in the Placement, the Lead Manager will receive a 1% management fee on such funds; and
- (b) in respect of the Offer, a fee of 1% of the total amount raised under the Offer.

3.11 Ineligible Foreign Shareholders

In accordance with Listing Rule 7.7.1 and section 9A of the Corporations Act, the Company has decided that it is unreasonable to make the Offer to any Shareholder with a registered address outside Australia, New Zealand, the United Kingdom, Germany, Singapore and Hong Kong as at the Record Date (**Ineligible Foreign Shareholder**), having regard to:

- (a) the number of Shareholders with addresses in such other countries as a proportion of total Shareholders in the Company;
- (b) the number and value of the New Shares those Shareholders would be offered under the Offer; and

- (c) the cost to the Company of complying with applicable legal and regulatory requirements in such other countries.

3.12 Opening and Closing Date

The Offer will open for receipt of acceptances on 11 March 2020. The Closing Date for acceptance of your Entitlement is 5.00pm (WST) on 20 March 2020.

The Company reserves the right, subject to the Corporations Act and Listing Rules, to extend the last date for receipt of the Entitlement & Acceptance Form (or payment by BPAY®), or to delay or withdraw the Offer at any time without prior notice. Where the Offer is withdrawn, all Application Monies will be refunded (without interest) as soon as practicable by cheque to your registered address as noted on the Company's share register.

Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

3.13 Issue and quotation of New Shares

New Shares issued pursuant to the Offer and the Top-up Facility will be issued in accordance with the Listing Rules and the indicative timetable set out in section 3.3. Additional Shares issued pursuant to the Shortfall Offer will be issued on a progressive basis.

Pending the issue of the New Shares or payment of refunds pursuant to this Offer Document, all Application Monies will be held by the Share Registry in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest by completing and returning the Entitlement & Acceptance Form or Shortfall Application Form.

It is the responsibility of Applicants to determine the allocation prior to trading in the New Shares. Applicants who sell New Shares before they receive their holdings statements will do so at their own risk.

Application for official quotation by ASX of the New Shares offered under this Offer Document will be made. If that permission is not granted by ASX, the Company will not issue any New Shares and all Application Monies received will be refunded (without interest) in full to the Applicants.

The fact that ASX may grant official quotation to the New Shares is not to be taken in any way as an indication of the merits of the Company or the New Shares. Neither ASX nor any of its officers accepts or takes any responsibility for the contents of this Offer Document.

3.14 CHESS

The Company is a participant in CHESS for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHESS will be issuer sponsored by the Company. As the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement that sets out the number of New Shares

allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (**HIN**) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their interest in the Company during the preceding month.

3.15 Rights and liability attaching to New Shares

The New Shares issued under the Offer will be on a fully paid basis and will rank equally in all respects with existing Shares. Full details of the rights and liabilities attaching to Shares are set out in the Company's constitution, a copy of which is available for inspection at the Company's registered office during normal business hours. You may also contact the Company Secretary on +61 8 9381 5995 or via email at general@lucapa.com.au to request a copy of the Company's constitution.

3.16 Governing law

This Offer Document (including the Entitlement & Acceptance Form) and the contracts which arise from acceptance of the Applications are governed by the laws applicable in Western Australia. Each Applicant submits to the non-exclusive jurisdiction of the courts of Western Australia.

3.17 Taxation implications

Eligible Shareholders should be aware that there may be taxation implications associated with participating in the Offer. The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of subscribing for New Shares under this Offer Document. The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders.

Shareholders should consult their professional tax adviser in connection with subscribing for New Shares under this Offer Document.

3.18 Enquiries concerning this Offer Document

Enquiries relating to this Offer Document should be directed to the Company on +61 8 9381 5995.

4. Effect of the Offer

4.1 Use of Funds

Completion of the Offer and the Placement (together the **Capital Raising**) will result in an increase in cash in hand of up to approximately \$6,770,667 (before costs and expenses associated with the Capital Raising). The Company intends to apply the funds raised from the Capital Raising as follows:

Item of expenditure	\$	%
Advancing the kimberlite exploration at the Lulo Diamond Project ¹	\$4,000,000	59%
General working capital purposes ²	\$2,538,000	37%
Estimated costs of the Capital Raising ³	\$232,667	4%
Total	\$6,770,667	100%

Notes:

1. Kimberlite exploration at the Lulo Diamond Project includes, but is not limited to, assessing the Canguige catchment area for a primary source.
2. General working capital and corporate purposes includes, but is not limited to, repaying principal and interest on loans (which may include related party loans), reducing liabilities and general operating expenditures.
3. Comprises Lead Manager fees, ASX fees, advisor and registry costs.

The above table is a statement of the Board's current intentions as at the date of this Offer Document. As with any budget, the allocation of funds set out in the table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic and environmental factors. The Board reserves the right to vary the way funds are applied.

The Board believe that on completion of the Capital Raising, the Company will have sufficient working capital to carry out its stated objectives. In the event that the Offer is not fully subscribed, advancement of the kimberlite exploration at the Lulo Diamond Project will be prioritised, with general working capital amended accordingly.

4.2 Effect of the Offer on the capital structure of the Company

The total number of New Shares which can be issued under the Offer will be approximately 35,651,602 (the exact number depends on the rounding up of individual holdings).

The table below sets out, for illustrative purposes only, the existing capital structure (before the Offer) together with the impact of the issue of the Shares under the Placement and the New Shares under the Offer. It assumes that the Offer is fully subscribed, no existing Options are exercised or Performance Rights are converted, and does not take into account the impact of rounding.

Shares	Number
Existing Shares as at date of this Offer Document	499,122,427
Shares to be issued under the Placement ¹	25,899,916
Maximum number of New Shares issued under the Offer	35,651,602
Total Shares on issue after completion of the Capital Raising²	560,673,945

Notes:

1. Shares issued under the Placement will not be entitled to participate in the Offer.
2. Assumes no further Shares are issued prior to the Record Date.

Options	Number
Existing Options as at date of this Offer Document:	
Unquoted Options exercisable at \$0.35 each on or before 24 April 2020 ¹	2,500,000
Unquoted Options exercisable at \$0.45 each on or before 24 May 2020 ²	250,000
Unquoted Options exercisable at \$0.46 each on or before 31 May 2020 ³	2,250,000
Unquoted Options exercisable at \$0.4355 each on or before 7 June 2021 ⁴	1,301,000
Total Options on issue	6,301,000

Notes:

1. The terms and conditions of the Options can be found in the Company's Notice of Annual General Meeting announced on 24 April 2018.
2. The terms and conditions of the Options were announced on 29 May 2017.
3. The terms and conditions of the Options can be found in the Company's Notice of Annual General Meeting announced on 28 April 2017.
4. The terms and conditions of the Options can be found in the Company's Notice of Annual General Meeting announced on 24 April 2018. Of these Options, 867,332 have vested and can be exercised by the holders.

Performance Rights	Number
Existing Performance Rights as at date of this Offer Document: ¹	
Unquoted Performance Rights exercisable on achievement of certain vesting conditions on or before 31 May 2020	62,500
Unquoted Performance Rights exercisable on achievement of certain vesting conditions on or before 1 April 2022	1,249,676
Total Performance Rights on issue	1,312,176

Note:

1. The terms and conditions of the Performance Rights can be found in the Company's Notices of Annual General Meeting announced on 28 April 2017 and 24 April 2018 respectively. These Performance Rights have not vested and cannot be exercised by the holders until the relevant vesting conditions are met.

The capital structure of the Company on a fully diluted basis as at the date of this Offer Document would be 506,735,603 Shares and on completion of:

- (a) the Offer would be 542,387,205 Shares; and
- (b) the Capital Raising would be 568,287,121 Shares,

assuming all Entitlements are accepted, and no Options are exercised or Performance Rights are converted prior to the Record Date.

No Shares, Options or Performance Rights on issue are subject to escrow restrictions, either voluntary or ASX imposed.

4.3 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of release of this Offer Document and the respective dates of those sales were:

	\$	Date
Highest	0.15	26 February 2020
Lowest	0.10	30 December 2019
Last	0.15	26 February 2020

4.4 Announcements

The Company is a "disclosing entity" (as defined in section 111AC of the Corporations Act) for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX and, as such, the Company is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules.

These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the securities market conducted by ASX. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX immediately of any information of which it is, or becomes, aware which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include information that would be included in a disclosure document or which investors ought to have regard to in deciding whether to subscribe for Shares under this Offer Document. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

All announcements made by the Company are available from its website www.lucapa.com.au or the ASX, www.asx.com.au (ASX Code: LOM).

Additionally, the Company is also required to prepare and lodge with ASIC yearly and half-yearly financial statements accompanied by a Directors' statement and report, and an audit report or review. These reports are released to ASX and published on the Company's and the ASX websites.

4.5 Directors' interests and participation

The relevant interest of each of the Directors in the securities of the Company as at the date of this Offer Document together with their respective Entitlements (subject to rounding) is set out in the table below:

Director	Shares	Voting Power	Entitlement	\$
Miles Kennedy	2,625,127 ¹	0.53%	187,510	20,626
Ross Stanley	42,092,999 ²	8.43%	3,006,643	330,731
Stephen Wetherall	2,229,250 ³	0.45%	159,233	17,516
Nick Selby	1,489,458 ⁴	0.30%	106,390	11,703

Notes:

1. Held directly and indirectly by Miles Kennedy, Kennedy Holdings (WA) Pty Ltd and MAK Super (WA) Pty Ltd. In addition, the following Options are held indirectly by Mr Kennedy:
 - (a) 230,000 unquoted Options exercisable at \$0.46 each on or before 31 May 2020; and
 - (b) 130,000 unquoted Options exercisable at \$0.4355 each on or before 7 June 2021.
2. Held indirectly via Tazga Two Pty Ltd as trustee for Tazga Two Trust, of which Mr Stanley is a director of the trustee company and a beneficiary of the trust.
3. Held directly by Stephen Wetherall and indirectly by Joanne Wetherall, the spouse of Stephen Wetherall. In addition, the following Options are held directly and indirectly by Mr Wetherall:
 - (a) 400,000 unquoted Options exercisable at \$0.46 each on or before 31 May 2020; and
 - (b) 210,000 unquoted Options exercisable at \$0.4355 each on or before 7 June 2021.
4. Held indirectly by Diana Selby, the spouse of Nick Selby. In addition, the following Options are held directly and indirectly by Mr Selby:
 - (a) 300,000 unquoted Options exercisable at \$0.46 each on or before 31 May 2020; and
 - (b) 165,000 unquoted Options exercisable at \$0.4355 each on or before 7 June 2021.

4.6 Potential effect on control of the Company

Eligible Shareholders who take up their Entitlements in full should not have their interest in the Company diluted by the Offer (subject to immaterial movements as a result of rounding of Entitlements).

The potential effect of the issue of New Shares under the Offer on control of the Company and the consequences of that effect will depend on a number of factors, including investor demand. The potential effect of the Offer on the control of the Company is as follows:

- (a) if all Eligible Shareholders take up their Entitlements under the Offer, then the Offer will have no significant effect on the control of the Company;
- (b) if some Eligible Shareholders do not take up all of their Entitlements under the Offer, then the interests of those Eligible Shareholders will be diluted;

- (c) the proportional interests of Ineligible Foreign Shareholders will be diluted because those Ineligible Foreign Shareholders are not entitled to participate in the Offer; and
- (d) the substantial Shareholders of the Company may, as a result of the Offer, increase their respective relevant interests in the Company depending on the take up of Entitlements. The following table sets out the substantial holders' current holdings and the potential impacts to their voting power in various scenarios:

Event	Substantial shareholders			
	Tazga Two Pty Ltd <Tazga Two Trust> ¹		Equigold Pte Ltd	
	Shares	Voting Power ²	Shares	Voting Power ²
Current	42,092,999	8.43%	41,460,928	8.31%
Completion of Offer				
• Fully subscribed	45,099,642	8.04%	44,422,423	7.92%
• 75% subscribed	45,099,642	8.17%	44,422,423	8.05%
• 50% subscribed	45,099,642	8.31%	44,422,423	8.18%
• 25% subscribed	45,099,642	8.45%	44,422,423	8.32%

Notes:

1. Ross Stanley, a Director of the Company, is a director of Tazga Two Pty Ltd and a beneficiary of the Tazga Two Trust.
2. The above table shows the potential impacts to the voting power of the substantial shareholders on completion of the Capital Raising should they accept their full Entitlement under the Offer. As at the date of this Offer Document, Tazga Two Pty Ltd <Tazga Two Trust> has confirmed that it intends to accept its full Entitlement under the Offer. Neither of the substantial holders have participated in the Placement.

Having regard to the composition of the Company's Share register and the terms of the Offer, the Company does not expect that issue of New Shares under the Offer to have a material effect on the control of the Company.

4.7 Dilution

Shareholders should note that if they do not participate in the Offer, their holdings are likely to be diluted by approximately 10.98% following completion of the Capital Raising (as compared to their holdings as a percentage based on the number of Shares on issue as at the date of this Offer Document). Examples of how the dilution will impact Shareholders are set out in the table below.

Shareholding as at Record Date	% as at Record Date ¹	% post Placement	Entitlements under the Offer	Shareholding if Offer not taken up	% post Offer if Entitlements not taken up ¹
50,000,000	10.02%	9.52%	3,571,429	50,000,000	8.92%
25,000,000	5.01%	4.76%	1,785,715	25,000,000	4.46%
10,000,000	2.00%	1.90%	714,286	10,000,000	1.78%
5,000,000	1.00%	0.95%	357,143	5,000,000	0.89%
1,000,000	0.20%	0.19%	71,429	1,000,000	0.18%

Note:

1. This is based on a share capital of 499,122,427 Shares as at the date of this Offer Document, 525,022,343 Shares immediately after the Placement and 560,673,945 Shares immediately after completion of the Offer.

4.8 Pro-Forma Balance Sheet

The following pro-forma consolidated balance sheet illustrates the effect of the Capital Raising on the Company. It has been prepared based on the unaudited financial statements as at 31 December 2019. It is not intended to represent the financial position of the Company upon completion of the Offer. It is provided as an illustration of the effect of the Capital Raising. The actual impact on the Company is dependent on a range of factors, many of which are outside the control of the Company.

The unaudited pro-forma balance sheet as at 31 December 2019 below has been prepared on the basis of the accounting policies normally adopted by the Company and reflects the changes to its financial position as noted below. The pro-forma statement of financial position has been prepared assuming:

- (a) \$2,848,991 is raised from the Placement;
- (b) the full subscription of approximately \$3,921,676 is raised from the Offer; and
- (c) estimated costs of the Capital Raising of \$232,667 have been taken into account.

The pro-forma balance sheet has been prepared to provide Eligible Shareholders with information on the pro-forma assets and liabilities of the Company. The pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

The Company's annual financial results are in the process of being audited for the period ended 31 December 2019. The balance sheet as at 31 December 2019 has been used as it is the latest balance sheet compiled for the purposes of audit. There may be changes to the balance sheet as a result of audit proposed adjustments at the conclusion of the audit estimated to be the end of March 2020.

A\$000			
31 Dec 2019			
	Unaudited Year End Balances	Capital Raising (net of costs)	Balance after Capital Raising
Assets			
Cash and cash equivalents	2,425	6,538	8,964
Trade and other receivables	2,916	-	2,916
Contract assets	142	-	142
Inventories	2,875	-	2,875
Total current assets	8,359	6,538	14,897
Property plant and equipment	86,165	-	86,165
Non-current financial assets	34,046	-	34,046
Investment in associate	6,744	-	6,744
Total non-current assets	126,956	-	126,956
Total assets	135,315	6,538	141,853
Liabilities			
Trade and other payables	5,643	-	5,643
Borrowings ³	14,873	-	14,873
Total current liabilities	20,516	-	20,516
Non-current provisions	1,514	-	1,514
Non-current borrowings	17,160	-	17,160
Deferred tax liabilities	61	-	61
Total non-current liabilities	18,735	-	18,735
Total liabilities	39,252	-	39,252
Net assets	96,063	6,538	102,602
Equity			
Share capital and reserves	96,063	6,538	102,602
Total equity	96,063	6,538	102,602

Notes:

1. Uses an exchange rate of A\$1.00: US\$0.70 as at 31 December 2019.
2. The pro forma balance sheet has been prepared on a going concern basis. As with the 2017 and 2018 annual reports and for the 6 months ended 30 June 2019, the Directors believe that this basis continues to be appropriate based on estimated cashflows and the Company's history of being able to access capital and or debt finance. However, should the group's activities not eventuate as planned, or the group is unable to obtain sufficient funding, there is a material uncertainty which may cast doubt as to whether the group may be able to continue as a going concern.
3. If less than \$6,770,667 is raised (being the full subscription under the Capital Raising), the Company's cash, total assets, net assets and share capital as set out in the pro-forma will all reduce proportionately to the actual amount raised. To the extent that the full subscription under the Capital Raising is not reached, the estimated costs of the Capital Raising will also decrease proportionately.
4. Current Borrowings includes \$10.2m owing to New Azilian Pty Ltd, a company associated with Mr Ross Stanley, a Director of the Company and substantial Shareholder. To the extent that the full subscription under the Capital Raising is reached, a portion of the funds allocated to general working capital and corporate costs may be applied towards repayment of a loan and/or interest payment to New Azilian Pty Ltd.

5. Action required by Eligible Shareholders

5.1 What Eligible Shareholders may do

The number of New Shares to which you are entitled (your **Entitlement**) is shown on the accompanying Entitlement & Acceptance Form.

If you do not take up your Entitlement, then your percentage holding in the Company will be diluted (refer to section 4.6 above).

As an Eligible Shareholder, you may participate in the Offer as follows:

- (a) **take up all of your Entitlement** by:
 - (i) completing the Entitlement & Acceptance Form for your full Entitlement according to the instruction on that form; and
 - (ii) attach your cheque, bank draft or money order or arrange payment via BPAY® for the appropriate Application Monies (at \$0.11 per New Share subscribed for); or
- (b) **take up all of your Entitlement and apply for Additional Shares under the Top-up Facility** by:
 - (i) completing the Entitlement & Acceptance Form for your full Entitlement according to the instruction on that form;
 - (ii) insert the number of Additional Shares over and above your full Entitlement that you wish to apply for under the Top-up Facility; and
 - (iii) attach your cheque, bank draft or money order or arrange payment via BPAY® for the appropriate Application Monies (at \$0.11 per New Share subscribed for); or
- (c) **take up part of your Entitlement** by:
 - (i) completing the Entitlement & Acceptance Form in respect of that part of your Entitlement that you wish to accept according to the instruction on that form; and
 - (ii) attach your cheque, bank draft or money order or arrange payment via BPAY® for the appropriate Application Monies (at \$0.11 per New Share subscribed for); or
- (d) **do nothing**, in which case all of your Entitlements will lapse.

Acceptances will not be valid if they are received after the Closing Date.

You should ensure that sufficient funds are held in relevant account(s) to cover the Application Monies. If the payment is insufficient to pay in full for the number of New Shares for which you have applied in your Entitlement & Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and to have specified that number of New Shares on your Entitlement & Acceptance Form). Alternatively, your Application will not be accepted.

5.2 Payment

(a) Cheque/bank draft/money order

All cheques, bank drafts or money orders must be drawn on Australian bank or bank draft made payable in Australian currency to "**Lucapa Diamond Company Limited**" and crossed "**Not Negotiable**". Cash payments will not be accepted and receipts for payments will not be provided.

Your completed Entitlement & Acceptance Form and cheque, bank draft or money order for the appropriate Application Monies must be sent to the Share Registry at the following address:

By post:

Lucapa Diamond Company Limited
c/- Automic Registry Services
GPO Box 5193
Sydney NSW 2001
Australia

By delivery:

Lucapa Diamond Company Limited
c/- Automic Registry Services
Level 5, 126 Phillip Street
Sydney NSW 2000
Australia

so that they reach the Share Registry by **no later than 5.00 pm (WST) on the Closing Date** or such later time as the Directors advise.

(b) BPAY®

For payment via BPAY®, please follow the instruction on the Entitlement & Acceptance Form. You can only make payment via BPAY® if you are the holder of an account with the Australia financial institution that supports BPAY® transactions. If paying via BPAY®:

- (i) you do not need to return the Entitlement & Acceptance Form but are taken to make each of the statements and representations on that form referred to in this Offer Document; and
- (ii) you should be aware that your financial institution may implement earlier cut off times with regards to electronic payment and it is your responsibility to ensure that funds are received by the Share Registry by **no later than 5.00 pm (WST) on the Closing Date**.

5.3 Entitlement & Acceptance Form is binding

Return of a completed Entitlement & Acceptance Form (or payment via BPAY®) constitutes a binding offer to acquire New Shares on the terms and conditions set out in this Offer Document and, once lodged, cannot be withdrawn. If the Entitlement & Acceptance Form is not completed correctly, it may still be treated as a valid Application for New Shares. The Directors' decision whether to treat an acceptance as valid and how to construe, amend or complete the Entitlement & Acceptance Form is final.

5.4 Representations you will be taken to have made by accepting the Offer

By completing and returning your Entitlement & Acceptance Form or making a payment via BPAY[®], you will be deemed to have:

- (a) acknowledged that you have fully read and understood this Offer Document and the Entitlement & Acceptance Form in their entirety and you acknowledge the matters and make the warranties, representations and agreements contained in this Offer Document and the Entitlement & Acceptance Form;
- (b) represented and warranted that:
 - (i) you are a Shareholder;
 - (ii) the laws of any place does not prohibit you from being given this Offer Document and Entitlement & Acceptance Form; and
 - (iii) application for New Shares (and, if applicable, any Additional Shares) by you does not breach any laws in any jurisdiction;
- (c) agreed to be bound by the terms of the Offer, the provisions of this Offer Document and the Constitution;
- (d) declared that the details and statements contained in the Entitlement & Acceptance Form are complete and accurate;
- (e) declared that you are over 18 years of age and have the legal capacity and power to perform all your rights and obligations under the Offer and your Entitlement & Acceptance Form;
- (f) authorised the Company to register you as the holder of the New Shares;
- (g) acknowledged that once the Company receives your Entitlement & Acceptance Form or any payment of Application Monies via BPAY[®], you may not withdraw your Application or funds provided except as allowed by law;
- (h) represented that you have a registered address in Australia, New Zealand, the United Kingdom, Germany, Singapore or Hong Kong as at the Record Date;
- (i) declared that you were the registered holder at the Record Date of the Shares indicated in the Entitlement & Acceptance Form as being held by you on the Record Date;
- (j) agreed to apply for and be issued up to the number of New Shares specified in the Entitlement & Acceptance Form, or for which you have submitted payment of any Application Monies via BPAY[®], at the Issue Price per New Share;
- (k) authorised the Company, the Share Registry and their respective officers, employees or agents to carry out on your behalf all necessary actions for the New Shares to be issued to you, including, in the case of the Company and its officers or agents, act on instructions of the Share Registry upon using the contact details set out in your Entitlement & Acceptance Form;

- (l) understood and acknowledged that the information contained in this Offer Document and your Entitlement & Acceptance Form is not investment advice nor a recommendation that the New Shares are suitable for you given your investment objectives, financial situation or circumstances;
- (m) acknowledged that this Offer Document is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to the ASX;
- (n) acknowledged that investment in the Company is subject to risk, including, without limitation, the risks outlined in section 6 of this Offer Document;
- (o) acknowledged that none of the Company or its related bodies corporate, affiliates or their respective directors, officers, partners, employees, representatives, agents, consultants or advisers guarantees the performance of the Company or the Share price, nor do they guarantee the repayment of capital;
- (p) authorised the Company to correct any errors in your Entitlement & Acceptance Form or any other document provided to you;
- (q) agreed to provide (and, if applicable, direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Offer and your holding of Shares on the Record Date; and
- (r) represented and warranted that:
 - (i) you are not in the United States and are not acting for the account or benefit of a person in the United States;
 - (ii) the New Shares have not been, and will not be, registered under the US Securities Act 1933 or the securities laws of any state or other jurisdiction of the United States and accordingly, the New Shares may not be offered, sold or otherwise transferred except in accordance with an available exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act 1933 and any other applicable securities laws; and
 - (iii) you have not and will not send any materials relating to the Offer to any person in the United States or a person acting for the account or benefit of a person in the United States.

5.5 Privacy Act

If you complete an Application for New Shares (or make payment via BPAY®), you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and uses that information to assess your Application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers set out in this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988 (Cth)* (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application for New Shares, the Company may not be able to accept or process your Application.

5.6 Brokerage fee

No brokerage fee is payable by Shareholders who accept their Entitlement. No stamp duty is payable for subscribing for an Entitlement.

6. Risks

6.1 Risks

Shareholders should consider the investment in the context of their individual risk profile for speculative investments, investment objectives and individual financial and tax circumstances. Each Shareholder should consult their own stockbroker, solicitor, accountant or other professional adviser before deciding whether or not to subscribe for Shares.

An investment in Shares should be regarded as highly speculative and involves many risks. The New Shares under this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed and Shareholders should have regard to those risk factors that may be relevant to their own personal circumstances before deciding to invest in New Shares pursuant to this Offer Document.

6.2 Key investment risks

(a) Going concern risk

The Company's annual reports for 2017, 2018 and for the 6 months ended 30 June 2019 (**Financial Reports**) includes an emphasis of matter with respect to the existence of a material uncertainty about the Company's ability to continue as a going concern. The Board expects that Company's annual report for the full financial year ended 31 December 2019 will include a similar emphasis of matter.

Despite the 'emphasis of matter' paragraph in the Financial Reports, the Directors believe that upon successful completion of the Capital Raising and the group's activities eventuating as planned, the Company will have sufficient funds to adequately meet the Company's current expenditure commitments and short-term working capital requirements.

(b) Future capital needs and additional funding

The Company's activities may require future expenditures and the available funds may not be sufficient to cover expenditure that may be required to execute the planned operations or projects of the Company. There can be no guarantees that the funds raised through the Capital Raising will be sufficient to successfully achieve the objectives of the Company's overall business strategy.

The Company may need to raise further capital in the future through either debt or equity financing. Despite the Company's previous track record in raising funds, there is no assurance that the Company will be successful in obtaining the financing required as and when needed, particularly given recent volatility in global financial markets and diamond industry. Volatile markets may make it difficult or impossible for the Company to obtain debt or equity financing on favourable terms or at all. Failure to obtain additional financing on a timely basis, or the group's activities do not eventuate as planned, may cause the Company to postpone development plans or reduce or terminate some or all of its activities, which could materially adversely affect the Company's prospects, operations, financial condition, results of operations and ability to continue as a going concern.

(c) **Potential for dilution**

Upon implementation of the Capital Raising, assuming all Entitlements are accepted, the number of Shares in the Company will increase from 499,122,427 currently on issue to 560,673,945. This means that each Share will represent a lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the date of this Offer Document is not a reliable indicator as to the potential trading price of Shares after implementation of the Offer.

(d) **Risks and hazards inherent in exploration, development and mining**

Exploration, evaluation, development and mining generally involves a high degree of risk. The Company's operations are and will continue to be subject to all the hazards and risks normally incidental to exploring for, evaluating, developing and mining diamond resources.

Whilst the Company has taken, and will continue to take, all precautions necessary to minimise risk, the Company's operations will be exposed to hazards including, but not limited to: environmental hazards, periodic interruptions due to bad or hazardous weather conditions, unusual or unexpected geology or grade problems, unanticipated changes in the gravels or ore-body characteristics and diamond recovery, difficulties in sourcing, commissioning and operating plant and equipment, mechanical failure or plant breakdown, unexpected shortages, delays or increases in the sourcing or cost of consumables, spare parts, plant and equipment, industrial or labour disputes, seismic activity, flooding, fire, equipment failure, pit wall failure and other conditions involved in the exploration, evaluation, development and mining activities.

There are also physical risks to the personnel working in the countries in which the Company operates. Should any of these hazards or risks adversely affect the Company's operations or activities it may cause an increase in the cost of operations to the point where it is no longer economically feasible to continue.

As a result, the Company may be required to write down the carrying value of one or more mines or projects. It may also cause work stoppages, damage to or destruction of the Company's facilities, personal injury, damage to life or property, environmental damage or pollution, business interruption, monetary losses and possible legal liability, which could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

The Company may become subject to liability for pollution or other hazards against which it has not insured or cannot insure, including those in respect of past exploration, evaluation, development and mining activities for which it was not responsible. All of these hazards or risks could have a material adverse effect on the Company's prospects, financial condition, results of operations and future cash flows and could have an adverse effect on the value of the securities of the Company.

The Company's revenues are related to its minerals operations, its results and financial conditions are directly related to the success of its exploration, evaluation, development, mining and acquisition efforts and the ability to replace existing resources and reserves. A failure in the Company's ability to discover new resources or reserves, enhance existing diamond bearing gravels, resources or reserves or develop new operations in sufficient quantities to maintain or grow the current level of resources and reserves could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

Should any of these hazards or risks adversely affect the Company's operations or activities it may cause an increase in the cost of operations or capital to the point where they differ from the original estimates or design and make it no longer economically viable to continue, and require the Company to write down the carrying value its operations or assets.

(e) **Diamond prices and marketability**

The ultimate profitability of the Company's operations will be dependent upon the market price and marketability of diamonds. There is a risk that a profitable market may not exist for the sale of diamonds produced by the Company.

Commodity prices, including diamond prices, fluctuate widely and are affected by numerous factors beyond the control of the Company. General economic factors as well as the world supply of mineral commodities in general, the stability of exchange rates and political developments can all cause significant fluctuations in diamond prices. The prices of mineral commodities have fluctuated widely in recent years and future diamond price declines could cause commercial production to be uneconomic, thereby having a material adverse effect on the Company's business, financial condition and results of operations.

Moreover, resource and reserve estimates and studies using different diamond prices than the prevailing market price could result in material write-downs of the Company's investment in the assets and even a reassessment of the economic feasibility of the Company's projects which could result in putting one or more projects on care and maintenance and slowing down operations until there is a change in diamond prices. Notwithstanding the high quality of the diamond production from the Company's operations, an increase in the acceptance of manufactured (synthetic or lab-grown) gem-quality diamonds for the jewellery industry could negatively affect the market for natural stones.

(f) **Project development risks**

There can be no assurance that the Company will be able to effectively manage the expansion of its operations or that the Company's personnel, systems, procedures and controls will be adequate to support the Company's operations. This includes, among other things, the Company managing the acquisition of required land tenure, infrastructure development and other related issues affecting local and indigenous populations, their cultures and religions. Any failure of the Board to effectively manage the Company's growth and development could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

(g) Infrastructure

Development of the Company's projects depends to a significant degree on adequate infrastructure. In the course of developing its operations, the Company may need to construct and support the construction of infrastructure, which includes water supplies, power, transport and logistics services, which affect capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure or any failure or unavailability in such infrastructure could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

(h) Mineral rights and licenses

The Company's project areas are located in multiple jurisdictions and largely outside of Australia. Accordingly, there are a number of risks which the Company may be unable to manage. The Company has secured permits, licences and rights in respect of mineral properties as outlined in the Company's regulatory disclosures. Government concessions, approvals, licences and permits are, as a practical matter, subject to the discretion of the applicable governments or governmental offices. These rights, concessions and any others acquired in the future, are subject to requirements, including certain financial commitments which, if not fulfilled, could result in the suspension or ultimate forfeiture of the relevant rights, concessions or licences. The Company must also comply with existing standards, laws and regulations that may result in the Company incurring greater costs and/ or suffering delays, depending on the nature of the activity to be permitted and the permitting authority.

Licences and permits from regulatory authorities are required for many aspects of the Company's activities. There is no guarantee that the required licences in Angola, Botswana, Lesotho or Australia will continue to be extended past the current expiry dates could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

Whilst the Company is satisfied that it has taken reasonable measures to ensure an unencumbered right to explore and develop its licence areas in Angola, Australia, Lesotho and Botswana, some of these countries are subject to greater risks than more developed markets, including significant legal, economic and political risks. Title to mining properties in Angola, Australia, Lesotho and Botswana is subject to potential litigation by third parties claiming an interest in them and the failure to comply with all applicable laws and regulations, including failure to pay taxes, meet minimum expenditure requirements or carry out and report assessment work may invalidate title to mineral rights held by the Company.

(i) Regulatory delays

The business of mineral exploration, project evaluation, development, mining and processing is subject to various national and local laws and plans relating to, amongst others, licencing and maintenance of title; environmental consents; taxation; employee relations; heritage or historic matters; health and safety; royalties; land acquisition and other matters.

Although the Board believe that the Company is well placed to have all of its licences issued or renewed in relation to its material assets, should the Company identify future development opportunities or operations there is a risk that the necessary concessions, permits, licences, consents, titles, authorisations and

agreements to implement planned exploration, project development, or mining may not be obtained or renewed under conditions or within time frames that make such plans economic, that applicable laws, regulations or the governing authorities will change or that such changes will result in additional material expenditures or time delays could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

(j) **Environmental, health and safety and other regulatory standards**

The Company's operations are subject to various laws and regulations relating to the protection of the environment (including regular environmental audits and the obtaining of appropriate permits or approvals by relevant environmental authorities). The Company is also required to comply with applicable health and safety and other regulatory standards. Environmental legislation in particular can, in certain jurisdictions, comprise numerous regulations which might conflict with one another and which cannot be consistently interpreted. Such regulations typically cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour regulations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. The Directors intend that the Company will operate in accordance with the highest standards of environmental practice and comply in all material respects with applicable environmental laws and regulations however full compliance may not always be ensured.

Any failure to comply with relevant environmental, health and safety and other regulatory standards may subject the Company to extensive liability and fines and/or penalties and have an adverse effect on the business and operations, financial results or financial position of the Company. In particular, a violation of health and safety laws relating to a mine, or other plant or a failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the mine, or other plant, a loss of the right to mine or to use other plant, or the imposition of costly compliance procedures. If health and safety authorities require the Company to shut down all or a portion of a mine, or other plant or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

Furthermore, the future introduction or enactment of new laws, guidelines and regulations could serve to limit or curtail the growth and development of the Company's business or have an otherwise negative impact on its operations. Any changes to or increases in the current level of regulation or legal requirements may have a material adverse effect upon the Company in terms of additional compliance costs. Mining operations have inherent risks and liabilities associated with pollution of the environment and the disposal of waste products occurring as a result of mineral exploration and production. Laws and regulations involving the protection and remediation of the environment and the governmental policies for implementation of such laws and regulations are constantly changing and are generally becoming more restrictive.

Although the Board believe that the Company are in compliance in all material respects with applicable environmental laws and regulations and hold all necessary approvals and permits under those laws and regulations, there are certain risks

inherent in the Company's activities and those which it anticipates undertaking in the future that could subject the Company to potential liability. The Company therefore cannot give any assurance that, notwithstanding its precautions, breaches of environmental laws (whether inadvertent or not) or environmental pollution will not materially and adversely affect its prospects, operations, financial condition and its results of operations.

(k) **Weather and climatic conditions**

The current and future activities of the Company, including access to its projects and the conduct of its activities may be materially affected by seasonal and unexpected weather patterns, heavy rain, floods and other weather and climatic conditions.

(l) **Health risks**

Health risks in southern and central Africa may be greater than those in Australia and the Company may be materially adversely affected by illness or injury of personnel whose services are relevant to the Company's activities.

(m) **Resource estimates**

The estimation of mineral resources is a subjective process and involves a certain degree of supposition and the accuracy of these estimates is a function of the quality and quantity of available data and the assumptions used and judgements made in interpreting information. Mineral resource estimates are therefore uncertain and may not be representative. There are numerous uncertainties inherent in any resource estimate and the assumptions used or judgements made may prove to be inaccurate; the economic viability of mining may differ materially from the Company's estimates. As further information becomes available through additional field work, evaluation and analysis, the estimates are subject to change. This may result in alterations to development and mining plans, which may in turn materially adversely affect the prospects, operations, financial condition and results of operations. The Company cannot give any assurance that the estimated mineral resources will be recovered if the Company proceeds to production. Furthermore, no assurance can be given that the anticipated volumes/ tonnages and grades will be achieved, that the indicated level of recovery will be realised or that mineral resources can be mined or processed profitably. Actual resources may not conform to geological, metallurgical or other expectations or estimates and the volume and grade of ore recovered may be below or above the estimated levels.

(n) **Changes in capital and operating costs**

Changes in the Company's capital and operating costs are likely to have an impact on its profitability. The Company's main planned production and exploration expenses include mining costs, treatment costs, overheads and exploration costs. Changes in costs of the Company's mining and processing operations can occur as a result of unforeseen events and could result in changes in profitability or resource estimates, including rendering certain mineral resources uneconomic to mine. Many of these changes may be beyond the Company's control.

(o) **Reliance on the directors and management team**

The success of the Company will be highly dependent on the expertise and experience of its directors and senior management. The loss of any key personnel

could harm the business or cause delay in the implementation of plans of the Company, whilst management time is directed to finding suitable replacements. In particular, the Company relies heavily on the experience of its senior management and Directors in developing and maintaining important relationships with governmental and regulatory authorities in the jurisdictions in which it operates. The Company's business therefore may be materially negatively affected by the failure to attract, or the departure of, any of these individuals, or any of a number of other key employees. There can be no guarantee that the Company will be able to continue to attract and retain required employees. The loss or diminution in the services of any of the Directors or any member of the senior management team or an inability to recruit, attract, train and/ or retain necessary personnel with the requisite expertise and experience could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

(p) Retention of key business relationships

The Company will rely significantly on strategic relationships with other entities, as well as the governments of Angola, Australia, Botswana and Lesotho and the communities surrounding its operations. Maintaining good relationships with regulatory and governmental departments and third parties to provide essential contracting services is essential. There can be no assurance that its existing relationships will continue to be maintained or that new ones will be successfully formed, and the Company could be materially adversely affected by changes to such relationships or difficulties in forming new ones.

(q) Dependence on third party services

The Company relies on products and services provided by third parties. If there is any interruption to the key products or services provided by such third parties the Company may be unable to find adequate replacement services on a timely basis or at all. The Company is unable to predict the risk of insolvency or other managerial failure by any of the contractors or other service providers currently or in the future used by the Company in its activities. Any of the foregoing may have a material adverse effect on the results of operations or the financial condition of the Company. In addition, the termination of these arrangements, if not replaced on similar terms, could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

There is significant competition for the services of suitably qualified and/ or experienced contractors, such as mining and drilling contractors and other providers of exploration, engineering, project management, laboratory services and mining and processing services. As a result, the Company may experience difficulties in timeously sourcing and retaining the services of suitably qualified and/ or experienced sub-contractors. The loss or diminution in the services of suitably qualified and/ or experienced sub-contractors or an inability to source or retain necessary sub-contractors or their failure to properly perform their services could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

(r) Payment obligations

Contractual agreements to which companies in the Company are party to, or may in the future become party to, may give rise to payment and other obligations. If such obligations are not complied with when due, in addition to any other remedies which may be available to other parties, this could result in dilution or forfeiture of

interests or assets held as security by such companies. The Company may not have or may not be able to obtain financing for all such obligations as they arise, which could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

(s) **Insurance coverage**

The Company insures its operations in accordance with the Company's needs and circumstances and plans to continue to insure against the risks it considers appropriate. However, the Company's insurance may not cover all potential risks associated with the Company's business. In addition, the Company may elect not to have insurance against certain risks, due to the high premium costs associated with insuring those risks or for various other reasons, including an assessment that the risks are remote. Furthermore, as a participant in extraction/ mining activities, the Company may not be able to obtain insurance coverage at all or at acceptable premiums and some forms of insurance protection used in western countries may be unavailable in some of the jurisdictions in which it operates. In the event that insurance coverage is not available, or the Company's insurance is insufficient to fully cover any losses, claims and/ or liabilities incurred, the Company's business and operations may be disrupted, and its financial results or financial position adversely affected. In addition, the payment by the Company's insurers of any insurance claims may result in increases in the premiums payable by the Company for its insurance cover and adversely affect the Company's financial performance. In the future, some or all of the Company's insurance coverage that is currently available may become unavailable or prohibitively expensive.

(t) **Taxation**

This document has been prepared in accordance with current Australian, Angolan, Botswanan and Lesotho tax legislation, practice and concession and interpretation thereof. Any change in the Company's tax status or the tax applicable to a holding of common shares or in taxation legislation or its interpretation in any of these countries, could affect the value of the investments held by the Company, affect the Company's ability to provide returns to Shareholders and/ or alter the post-tax returns to Shareholders.

The taxation of an investment in the Company depends on the individual circumstances of investors. Changes in the tax laws of countries that are applicable to the Company, or any other subordinate legislation or the practice of any relevant taxation authority could have a material adverse effect on the Company. Any tax legislation and its interpretation and the legal and regulatory regimes which apply in relation to an investment in the Company may change at any time, which could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

(u) **Credit**

Credit risk refers to the risk that any counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's credit risk mainly relates to amounts advanced to its operations and to the loans obtained by the Company. The Company's short-term cash surpluses are placed with banks that should have investment grade ratings. The maximum credit risk exposure relating to the financial assets is represented by their carrying values as at the balance sheet date.

(v) **Economic conditions**

Economic conditions, in Angola, Botswana, Lesotho, Australia and globally, may affect the Company's performance. Adverse changes in such things as global and country-by-country economic growth, the level of economic activity and inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, among others, are outside the control of the Company, are difficult to predict, and could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

(w) **Foreign exchange rates**

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, Angolan kwanza, Botswanan pula, Lesotho maloti (fixed on a 1:1 basis to the South African rand) and the Australian dollar. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations that are not in the entity's functional currency. The Company manages some of its foreign exchange risk by maintaining a balanced position between foreign currency bank balances and hedging instruments.

(x) **Anti-Bribery and Corruption**

The Company has adopted a formal Anti-Bribery and Corruption Policy which applies to all staff, consultants and contractors that work with the Company across its controlled operations. The policy seeks to ensure that the Company operates in an ethical and transparent manner in all business dealings and that the Company has a mechanism for staff to alert management should any issues or incidents occur. The Company will continue to review its anti-corruption procedures to ensure that they are sufficiently robust to prevent corruption and to mitigate the risk of any controlled member of the Company committing an offence under applicable bribery legislation. There can be no guarantee that the employees of the Company or its other associates will abide by these procedures and as such the Company, its Directors and employees of the Company could be exposed to criticism or prosecution under legislation in relevant jurisdictions.

(y) **Anti-Slavery**

The Company has adopted a formal Anti-Slavery Policy which applies to all staff, consultants and contractors that work with the Company across its controlled operations. The policy seeks to ensure that the Company operates in an ethical and transparent manner in all business dealings and that the Company has a mechanism for staff to alert management should any issues or incidents occur. The Company will continue to review its anti-slavery procedures to ensure that they are sufficiently robust to prevent any controlled member of the Company committing an offence under applicable anti-slavery legislation. There can be no guarantee that the employees of the Company or its other associates will abide by these procedures and as such the Company, its Directors and employees of the Company could be exposed to criticism or prosecution under legislation in relevant jurisdictions.

(z) Sovereign risks

In addition to its activities in Australia the Company is also involved in operations in Angola, Botswana and Lesotho and may explore other opportunities in other countries in the future. Whilst the Directors are of the opinion that the democratic and regulatory systems in those countries are relatively stable, the Company may be adversely affected by changes in economic, political, judicial, administrative, taxation or other regulatory factors. There can be no assurance that the political environment in these jurisdictions will continue and this could materially adversely affect the Company's prospects, operations, financial condition and results of operations.

The Company's projects and businesses may be adversely impacted by acts of terrorism or war. While the Company will undertake all reasonable due diligence in assessing the risks of terrorism and war in the countries and regions in which it invests, the risks of acts of terrorism and war cannot be fully mitigated.

Other risks and uncertainties include, but are not limited to, high rates of inflation, labour unrest, mass migration, pandemics, shortages of food, water, currency exchange rate fluctuations, limitations or delays in repatriation of profits, renegotiation or nullification of existing licences, changes in taxation policies, currency controls and regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens, or purchase supplies from, a particular jurisdiction.

The occurrence of any of these risks or any material changes in government policies, attitude or legislation that affect foreign investment, repatriation of foreign currency, taxation or mineral exploration, development or mining activities, may adversely affect the viability and profitability of the Company's assets and operations in Angola, Botswana and Lesotho or other southern African jurisdictions in a highly material manner. Failure to comply strictly with applicable laws, regulations and local practices relating to mineral tenure and development, could result in loss, reduction or expropriation of entitlements.

Industry profitability can be affected by changes in government within Angola, Botswana, Lesotho, South Africa, Australia and elsewhere, which are not within the control of the Company. The Company's activities are subject to extensive laws and regulations controlling not only the activities of the Company, and the possible effects of those activities on the environment and on the interests of local inhabitants, among other things.

(aa) Legal risks

The Company's operations in Angola, Botswana and Lesotho are subject to the jurisdiction of the courts in those countries. The legal systems may be affected by political instability in those countries and additional legal risks, such as political influence in obtaining effective legal redress in courts and a high degree of discretion on the part of government agencies, may arise as a result.

Further the introduction of new legislation, amendments to existing legislation, the application of developments in existing common law, or the interpretation of those laws, could materially adversely affect the viability and profitability of the Company's assets and operations in Angola, Botswana and Lesotho.

(bb) **Estimates in financial statements**

Preparation of consolidated financial statements will require the Company to use estimates and assumptions. Accounting for estimates will require the Company to use its judgement to determine the amount to be recorded on its financial statements in connection with these estimates. In addition, the carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. If the estimates and assumptions are inaccurate or change, the Company could be required to write down the value of certain assets. On an ongoing basis, the Company will re-evaluate its estimates and assumptions. However, the actual amounts could differ from those based on estimates and assumptions.

(cc) **Litigation**

There can be no guarantee that the current or future actions of the Company will not result in litigation since there have been a number of cases where the rights and privileges of natural resource companies have been the subject of litigation and the mining industry, as with all industries, may be subject to legal claims, both with and without merit, from time to time. The Board cannot preclude that such litigation may be brought against the Company in the future. Any defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material adverse effect on the Company's financial position, results or operations. The Company's business may be materially adversely affected if the Company and/ or its employees or agents are found not to have met the appropriate standard of care or not exercised their discretion or authority in a prudent or appropriate manner in accordance with accepted standards.

(dd) **Force majeure**

The Company's projects now or in the future may be adversely affected by risks outside the control of the Company including labour unrest, civil disorder, war, subversive activities or sabotage, fires, floods, explosions or other catastrophes, epidemics or quarantine restrictions.

6.3 General risks

(a) **Highly speculative investment**

The Company is principally aiming to achieve long term profitability and may not generate profits in the short or medium term, accordingly, an investment in the Shares may not be suitable as a short-term investment. The Company's share price may be subject to large fluctuation on small volumes of Shares traded and, the Shares may be difficult to sell at the quoted market price. Prospective investors should be aware that the value of an investment in the Company may go down as well as up and that the market price of the Shares may not reflect the underlying value of the Company.

An investment in the Company is highly speculative, involves a considerable degree of risk and is suitable only for persons or entities which have substantial financial means and who can afford to hold their ownership interests for an indefinite amount of time and are able to suffer the complete loss of their investment.

(b) **Market conditions**

The share prices of publicly quoted companies can be highly volatile. The price at which the Shares are quoted and the price which investors may realise for their Shares may be influenced by a large number of factors, some of which are general or market specific, others which are sector specific and others which are specific to the Company and its operations.

These factors include, without limitation, the performance of the Company and the overall stock market, large purchases or sales of Shares by other investors, changes in legislation or regulations and changes in general economic, political or regulatory conditions and other macroeconomic factors which are outside of the control of the Company. The market price of the Shares could be subject to fluctuations in response to variations in the Company's prospects, results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting the Company, its customers or its competitors, changes in financial estimates by securities analysts, the operating and share price performance of other companies, press and other speculation and other events or factors, many of which are beyond the Company's control. Volatility in the price of the Shares may be unrelated or disproportionate to the Company's operating results.

As the Company is listed on the ASX (with a secondary listing on the Frankfurt Stock Exchange), the price of its securities is subject to the numerous influences that may affect both the trends in the share market and the share prices of individual companies, including movements in international and local stock markets, changes in the outlook for commodities (not just diamonds), inflation, interest rates, general economic conditions and changes in government, fiscal, monetary and regulatory policies. In the future, these factors may cause the Company's securities to trade below current prices and may affect the income and expenses of the Company.

(c) **Changes in accounting or reporting financial standards**

Changes in accounting or reporting financial standards may adversely affect reported financial performance of the Company.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially adversely affect the prospects and financial performance of the Company and the value of the Shares offered under this Offer Document.

The information in this Offer Document does not constitute a recommendation to subscribe for Shares and this Offer Document does not purport to contain all the information that you may require to evaluate a potential Application for Shares. You should make your assessment of what information is relevant to your decision to participate in the Offer.

7. Defined terms

\$ or AUD means Australian dollar.

Additional Shares means those New Shares not issued under the Offer.

Applicant refers to a person who submits an Entitlement & Acceptance Form or a Shortfall Application Form (as the case may be) or makes payment via BPAY®.

Application refers to the submission of an Entitlement & Acceptance Form or a Shortfall Application Form (as the case may be) or making payment via BPAY®.

Application Monies means monies payable by Applicants in respect of their Applications.

ASX means ASX Limited (ACN 008 624 691) or the Australian Securities Exchange operated by ASX Limited, as the context may require.

Board means the board of Directors.

Capital Raising means the Offer and the Placement.

Closing Date means the closing date of the Offer set out in section 3.3 (subject to the right of the Company to vary the date without notice).

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

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

Directors means the directors of the Company.

Eligible Shareholder means a Shareholder whose details appear on the Company's register of Shareholders as at the Record Date whose registered address is in Australia, New Zealand, the United Kingdom, Germany, Singapore or Hong Kong.

Entitlement means the entitlement to subscribe for 1 New Share for every 14 Shares held by an Eligible Shareholder on the Record Date and as set out in the Entitlement & Acceptance Form and **Entitlements** has a corresponding meaning.

Entitlement & Acceptance Form means the Entitlement & Acceptance Form accompanying this Offer Document.

Ineligible Foreign Shareholder has the meaning given in section 3.11.

Issue Price means \$0.11 per New Share.

Lead Manager means Far East Capital Limited (ACN 068 838 193; AFSL 253003).

Listing Rules means the listing rules of the ASX.

New Share means a new Share proposed to be issued pursuant to the Offer or the Shortfall Offer.

Offer means the pro rata non-renounceable offer of New Shares on the basis of 1 New Share for every 14 Shares held on the Record Date at the Issue Price pursuant to this Offer Document.

Offer Document means this Offer Document.

Opening Date means the opening date of the Offer set out in section 3.3 (subject to the right of the Company to vary the date without notice).

Placement has the meaning given in section 3.2.

Record Date means the record date set out in section 3.3.

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

Shareholder means a holder of Shares.

Share Registry means Automatic Registry Services.

Shortfall or **Shortfall Shares** means those New Shares under the Offer not applied for by Eligible Shareholders under their Entitlement.

Shortfall Application Form means the Shortfall application form to be sent by the Company, at its discretion, in connection with the Shortfall Offer.

Shortfall Offer has the meaning given in section 3.9.

Top-up Facility means the mechanism by which Eligible Shareholders can apply for Additional Shares.

US\$ means United States dollars.

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