



5 March 2020

Dear Optionholder,

Non-Renounceable Rights Issue – Notice to Optionholders

This letter is to notify you that Lucapa Diamond Company Limited ACN 111 501 663 (ASX code: LOM) (**Company**) has announced a pro rata non-renounceable rights issue of up to approximately 35,651,602 fully paid ordinary shares (**New Shares**) at an issue price of \$0.11 per New Share to raise up to approximately \$3.9 million (before costs and rounding and assuming no other Shares are issued) (**Offer**). The Company lodged an offer document with the Australian Securities Exchange (**ASX**) on 4 March 2020 (**Offer Document**).

Each eligible shareholder will be entitled to subscribe for 1 New Share for every 14 shares held at 5.00pm (WST) on 9 March 2020 (**Record Date**). The Offer is not underwritten.

The Company has also announced it has received applications for a placement of 25,899,916 fully paid ordinary shares at an issue price of \$0.11 per share to raise \$2.8 million (before costs) (**Placement**). The current intention is that the Placement will complete after the Record Date, so participants in the Placement will not be eligible to participate in the Offer.

Purpose of the Offer and Placement

The funds from the Offer and the Placement will be applied towards advancing the kimberlite exploration at the Lulo Diamond Project and general working capital and corporate purposes (including 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.

Eligibility to participate in the Offer

The Offer is only open to shareholders of the Company who are registered as shareholders on the Record Date with registered addresses in Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Germany (**Eligible Shareholders**).

Shareholders with registered addresses outside Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Germany are considered ineligible shareholders (**Ineligible Foreign Shareholders**) and cannot participate in the Offer.

The Company has determined that it is not practicable for Ineligible Foreign Shareholders to participate in the Offer having regard to the number of Ineligible Foreign Shareholders, the number and value of New Shares they would be offered and the costs of complying with the regulatory requirements of those jurisdictions.

Option holders

You hold options over unissued shares in the Company. Under the terms of your options, you do not have any right to participate in the Offer with respect to your options **unless you exercise your options and are entered onto the register as a shareholder by the Record Date**.

If you wish to participate in the Offer with respect to your options (assuming that you have a registered address in Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Germany) you will need to exercise all or part of your options and pay the exercise price in accordance with the terms of your options in advance of the Record Date to ensure that you are registered as a shareholder of the Company at that date.

Before making a final decision whether to exercise all or any of your options, you should consider the terms of the Offer and if in any doubt, consult with your professional advisor.

Offer Document and Offer details

The Offer will be made to Eligible Shareholders without a prospectus in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Details of the Offer including the rights attaching to the New Shares, together with all other relevant information relating to the Offer are set out in the offer document which was lodged today with the Australian Securities Exchange (**ASX**) (**Offer Document**). The Offer Document is available on the Company's website www.lucapa.com.au or on the ASX website www.asx.com.au.

A copy of the Offer Document together with the Entitlement & Acceptance Form will be sent to Eligible Shareholders on or about 11 March 2020. As an option holder, you will not be sent the Offer Document unless you are an Eligible Shareholder on the Record Date.

The Offer is non-renounceable, which means that the entitlements under the Offer will not be tradable on the ASX or otherwise capable of being sold or transferred.

Eligible Shareholders will be entitled to apply for additional shares above their full entitlement if there is any shortfall under the Offer.

Shareholder approval is not required for the Offer. The New Shares issued pursuant to the Offer will rank equally in all respect with existing fully paid ordinary shares on issue in the Company. Fractional entitlements will be rounded up to the nearest whole share.

No fee or commission is payable to any brokers that lodge acceptances on behalf of shareholders.

Key dates

The indicative timetable for the Offer is as follows:

Event	Date
Announcement of the Offer and Placement Cleansing Notice, Appendix 3B and Offer Document lodged with ASX	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 under the Offer	5.00pm (WST) 9 March 2020
Issue of Shares under the Placement Lodgement of Appendix 2A and Cleansing Notice for Placement Shares with ASX	10 March 2020
Dispatch of Offer Document and Entitlement and Acceptance Form to Eligible Shareholders. Opening Date of Offer	11 March 2020
Last date to extend Closing Date	17 March 2020

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Event	Date
Closing Date for acceptances under the Offer	5.00pm (WST) 20 March 2020
If agreed by ASX, New Shares quoted on a deferred settlement basis	23 March 2020
Announcement of results of the issue	25 March 2020
Issue of the New Shares (ASX to be advised by 12.00pm that the issue has occurred) Deferred settlement trading 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. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the closing date or to withdraw the Offer at any time without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

If you have any questions about the exercise of your options or the Offer, you should consult your stockbroker or other professional adviser or the Company Secretary on +61 8 9381 5995.

For and on behalf of the Lucapa Board.

MARK CLEMENTS
COMPANY SECRETARY