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**LUCAPA EXTENDS \$1.4M ENTITLEMENT ISSUE TO SHAREHOLDERS**  
*Proceeds will be used to advance the Lulo Diamond Project*

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**Lucapa Diamond Company Limited (ASX: LOM)** is pleased to announce the Company intends to extend a pro-rata entitlement issue to shareholders on the same terms as the \$1.27 million placement of shares and options issued in August 2013.

The non-renounceable entitlement issue will be on the basis of one fully-paid ordinary Lucapa share for every 10 shares held at an issue price of \$0.004 per share, raising up to \$1.4 million.

In line with the terms of the recent placement, shareholders who participate in the entitlement issue will also be granted one unlisted option for every new share subscribed for, at no additional cost. The options will be exercisable at \$0.01 within 24 months of issue.

Directors have resolved to proceed with the entitlement issue in response to feedback from shareholders who were unable to participate in the recent share placement, or were otherwise unable to secure the full allocations applied for.

In addition – and also in response to shareholder feedback – the Lucapa board has resolved not to proceed with a proposed \$200,000 placement of shares and options to the Company’s directors and officers, or their nominees, which, subject to shareholder approval, was to form part of the \$1.27 million share placement.

Instead, it is proposed that the directors, officers and their nominees will participate in up to \$200,000 of any shortfall arising from the entitlement issue. This will be subject to shareholder approval at a meeting to be convened as soon as practicable after the closure of the entitlement issue. The Lucapa directors also plan to participate in the entitlement issue to the extent of their current individual shareholdings.

Eligible Lucapa shareholders will also have the opportunity to apply for additional shares from any shortfall in the entitlement issue over and above their individual entitlements.

Lucapa Managing Director Miles Kennedy said the decision to extend the opportunity to all Lucapa shareholders to subscribe for new shares in the Company through the entitlement issue was in response to the strong feedback from shareholders who were unable to participate in last month’s \$1.27 million share placement.

“The directors have been contacted by many shareholders who were clearly disappointed at missing out on the placement we completed last month,” said Mr Kennedy.

“Accordingly, we believe that giving shareholders the opportunity to participate in an entitlement issue on the same terms as the placement is a fair response.”

Lucapa will use the proceeds from the entitlement issue to advance its operations at the Lulo Diamond Concession in Angola, including further drilling and exploration at the priority Se251 kimberlite, commissioning the Company’s new 50 tonne per hour Dense Media Separation diamond plant and further evaluating the diamond-bearing gravels recently discovered near the Se046 kimberlite target.

The notice of meeting for the purpose of considering, and if thought fit approving, resolutions relating to the \$1.27 million placement (refer ASX announcement 21 August 2013) will be dispatched to shareholders shortly.

These resolutions include the proposed issue of 159 million unlisted \$0.01 options to investors who participated in the placement and the proposed issue of 127.2 million unlisted \$0.01 options to CPS Capital Group, as lead manager to the placement, for a consideration of \$63,600, or \$0.0005 per option.

As referred to earlier in this announcement, the proposal in the 21 August 2013 ASX announcement to issue up to \$200,000 in shares and options to the Company's directors and officers, or their nominees, under the terms of the placement has been withdrawn.

Commenting on this, Mr Kennedy said: "The intention behind this resolution was to indicate director support, but we accept it was not seen this way by some shareholders and we have acted accordingly in withdrawing it."

The Company intends lodging a timetable for the non-renounceable entitlement issue shortly.

Full particulars relating to the entitlement issue will be included in an offer document to be sent to shareholders.

For further information please contact:

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