



ENTITLEMENT ISSUE – NOTICE UNDER SECTION 708AA(2)(f)

Lucapa Diamond Company Ltd (ASX: LOM) is pleased to announce a pro-rata non-renounceable entitlement issue to shareholders to raise up to approximately \$1.41 million to advance its operations at the Lulo Diamond Concession in Angola.

The pro-rata non-renounceable entitlement issue is on the basis of one (1) new fully paid ordinary share (**New Share**) for every ten (10) shares at an issue price of \$0.004 per Share, together with 1 free attaching unlisted new option (**New Option**), each exercisable at 1 cent (\$0.01) at any time before 5.00pm WST on 29 August 2015, for each New Share issued, to raise up to approximately \$1.41 million (**Entitlement Issue**). Shareholders who are registered as at 5.00pm WST Wednesday 9 October 2013 (**Record Date**) will be eligible to participate in the Entitlement Issue.

The Entitlement Issue will result in the issue of up to approximately 350,236,655 fully paid ordinary shares (**New Shares**) to raise up to approximately \$1.41 million (before costs) disregarding any entitlements relating to shares issued on the exercise of options before the record date for the Entitlement Issue and the issue of approximately 350,236,655 unlisted new options (**New Options**), each exercisable at 1 cent (\$0.01) at any time before 5.00pm WST on 29 August 2015.

The Company will offer the New Shares for issue without disclosure to investors under section 708AA(2)(f) of the Corporations Act 2011 (Cth) (the Act) as modified by ASIC Class Order 08/35 (CO 08/35).

For the purposes of section 708AA(7) of the Act, the Company advises:

1. the New Shares will be issued without disclosure to investors under Part 6D.2 of the Act as modified by CO 08/35;
2. this notice is given under section 708AA(2)(f) of the Act as modified by CO 08/35;
3. as at the date of this notice, the Company has complied with:
 - a) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - b) section 674 of the Act;
4. as at the date of this notice, there is no excluded information of the type referred to in sections 708AA(8) and 708AA(9) of the Act; and
5. the potential effect that the Entitlement Issue will have on the control of the Company is as follows:
 - a) if all shareholders take up their entitlements for New Shares, the Entitlement Issue will have no effect on the control of the Company and all shareholders will hold the same percentage interest in the Company;

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- b) in the event that there is a shortfall, shareholders who do not subscribe for their full entitlement under the Entitlement Issue will be diluted relative to those shareholders who subscribe for their full entitlement;
- c) where there is a shortfall, the Directors reserve the right to allocate any New Shares that may be comprised in the Shortfall at their absolute discretion but the Company does not expect that the issue of New Shares pursuant to the Entitlement Issue will have any material effect or consequence on the control of the Company.

An Appendix 3B reflecting the revised capital structure following the Entitlement Issue has been released with this announcement.

For further information, please contact:

MILES KENNEDY
MANAGING DIRECTOR

Tel +61 8 9489 9200

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12

Name of entity

LUCAPA DIAMOND COMPANY LIMITED

ABN

44 111 501 663

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|---|
| 1 | +Class of +securities issued or to be issued | (i) Fully Paid Ordinary Shares
(ii) Unlisted Options |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued | (i) Estimated 350,236,655 Fully Paid Ordinary Shares
(ii) Estimated 350,236,655 Unlisted Options exercisable at \$0.01 expiring 29 August 2015 |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | (i) Fully paid ordinary shares
(ii) Unlisted Options exercisable at \$0.01 expiring 29 August 2015 |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

<p>4 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment 	<p>(i) Yes (ii) Not at the date of allotment – shares issued upon exercise of options will rank equally with all other issued fully paid ordinary shares of the Company</p>
<p>5 Issue price or consideration</p>	<p>(i) \$0.004 per share (ii) Nil</p>
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>(i) Estimated to be issued pursuant to the pro-rata non-renounceable entitlement issue as announced on 17 September 2013 (ii) Estimated to be issued pursuant to the pro-rata non-renounceable entitlement issue as announced on 17 September 2013</p>
<p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h in relation to the +securities the subject of this Appendix 3B, and comply with section 6i</p>	<p>Yes</p>
<p>6b The date the security holder resolution under rule 7.1A was passed</p>	<p>26 July 2013</p>
<p>6c Number of +securities issued without security holder approval under rule 7.1</p>	<p>N/A</p>

+ See chapter 19 for defined terms.

6d	Number of +securities issued with security holder approval under rule 7.1A	N/A	
6e	Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting)	N/A	
6f	Number of securities issued under an exception in rule 7.2	(i) Estimated 350,236,655 Fully Paid Ordinary Shares (ii) Estimated 350,236,655 Unlisted Options exercisable at \$0.01 expiring 29 August 2015	
6g	If securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the issue date and both values. Include the source of the VWAP calculation.	N/A	
6h	If securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements	N/A	
6i	Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements	Refer Annexure 1	
7	Dates of entering +securities into uncertificated holdings or despatch of certificates	(i) Estimated 4 November 2013 (ii) Estimated 4 November 2013	
8	Number and +class of all +securities quoted on ASX (including the securities in section 2 if applicable)	Number Estimated 3,852,603,210 1,658,701,535	+Class Ordinary (LOM) Options exercisable at \$0.02 expiring 2 December 2013 (LOMOA)

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in section 2 if applicable)	Estimated 350,236,655	Unlisted Options exercisable at \$0.01 expiring 29 August 2015
	25,000,000	Unlisted options expiring 2 December 2014 exercisable at \$0.03 each
	125,000,000	Unlisted options expiring 25 September 2014 exercisable at \$0.019 each
	159,000,000	Unlisted options expiring 29 August 2015 exercisable at \$0.01 each
10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)	The Company does not have a dividend policy.	

Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?	No
12 Is the issue renounceable or non-renounceable?	Non-renounceable
13 Ratio in which the +securities will be offered	1 New Share for every 10 existing shares held
14 +Class of +securities to which the offer relates	Fully paid ordinary
15 +Record date to determine entitlements	9 October 2013
16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A

+ See chapter 19 for defined terms.

17	Policy for deciding entitlements in relation to fractions	Rounding up
18	Names of countries in which the entity has ⁺ security holders who will not be sent new issue documents Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.	Countries other than Australia and New Zealand
19	Closing date for receipt of acceptances or renunciations	28 October 2013
20	Names of any underwriters	N/A
21	Amount of any underwriting fee or commission	N/A
22	Names of any brokers to the issue	N/A
23	Fee or commission payable to the broker to the issue	The Company will pay to brokers concerned a commission (Brokers' Commission) of 5% (inclusive of GST) of the issue price of New Shares issued pursuant to each applicable acceptance form purportedly bearing that broker's stamp.
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of ⁺ security holders	N/A
25	If the issue is contingent on ⁺ security holders' approval, the date of the meeting	N/A
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	14 October 2013

⁺ See chapter 19 for defined terms.

Appendix 3B New issue announcement

27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	27 September 2013
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do ⁺ security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do ⁺ security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do ⁺ security holders dispose of their entitlements (except by sale through a broker)?	N/A
33	⁺ Despatch date	4 November 2013

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) Securities described in Part 1

(b) All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

+ See chapter 19 for defined terms.

Tick to indicate you are providing the information or documents

- 35 If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders
- 36 If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories
 1 - 1,000
 1,001 - 5,000
 5,001 - 10,000
 10,001 - 100,000
 100,001 and over
- 37 A copy of any trust deed for the additional +securities

Entities that have ticked box 34(b)

- 38 Number of securities for which +quotation is sought N/A
- 39 Class of +securities for which quotation is sought N/A
- 40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities? N/A
- If the additional securities do not rank equally, please state:
- the date from which they do
 - the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
 - the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

41	Reason for request for quotation now Example: In the case of restricted securities, end of restriction period (if issued upon conversion of another security, clearly identify that other security)	N/A	
42	Number and ⁺ class of all ⁺ securities quoted on ASX (including the securities in clause 38)	Number	⁺ Class
		N/A	

Quotation agreement

- 1 ⁺Quotation of our additional ⁺securities is in ASX's absolute discretion. ASX may quote the ⁺securities on any conditions it decides.

- 2 We warrant the following to ASX.
 - The issue of the ⁺securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those ⁺securities should not be granted ⁺quotation.
 - An offer of the ⁺securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any ⁺securities to be quoted and that no-one has any right to return any ⁺securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the ⁺securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the ⁺securities to be quoted under section 1019B of the Corporations Act at the time that we request that the ⁺securities be quoted.

+ See chapter 19 for defined terms.

- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Mark Clements
Company Secretary
27 September 2013

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+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for +eligible entities

Introduced 01/08/12

Part 1

Rule 7.1 – Issues exceeding 15% of capital	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
Insert number of fully paid ordinary securities on issue 12 months before date of issue or agreement to issue	2,547,463,070
<p>Add the following:</p> <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period under an exception in rule 7.2 <p>25 October 2013 Estimated Shares pursuant to Entitlement Issue</p> <p style="text-align: right;">350,236,655</p> <ul style="list-style-type: none"> • Number of fully paid ordinary securities issued in that 12 month period with shareholder approval; <p>8 November 2012 Exercise of Options</p> <p style="text-align: right;">30,000</p> <p>3 December 2012 Entitlements Issue</p> <p style="text-align: right;">278,702,612</p> <p>21 December 2012 Placement</p> <p style="text-align: right;">358,170,873</p> <ul style="list-style-type: none"> • Number of partly paid ordinary securities that became fully paid in that 12 month period <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
Subtract the number of fully paid ordinary securities cancelled during that 12 month period	Nil
“A”	3,534,603,210

+ See chapter 19 for defined terms.

Step 2: Calculate 15% of “A”	
“B”	0.15 <i>[Note: this value cannot be changed]</i>
Multiply “A” by 0.15	530,190,482
Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used	
<p>Insert number of equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>23 August 2013 Placement – Shares 318,000,000</p> <p>23 August 2013 Placement - Options 159,000,000</p> <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“C”	477,000,000
Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1	
<p>“A” x 0.15 530,190,482</p> <p><i>Note: number must be same as shown in Step 2</i></p>	
<p>Subtract “C” 477,000,000</p> <p><i>Note: number must be same as shown in Step 3</i></p>	
<p>Total [“A” x 0.15] – “C” 53,190,482</p> <p style="text-align: right;"><i>[Note: this is the remaining placement capacity under rule 7.1]</i></p>	

+ See chapter 19 for defined terms.

Part 2

Rule 7.1A – Additional placement capacity for eligible entities	
Step 1: Calculate “A”, the base figure from which the placement capacity is calculated	
“A” <i>Note: number must be same as shown in Step 1 of Part 1</i>	3,534,603,210
Step 2: Calculate 10% of “A”	
“D”	0.10 <i>Note: this value cannot be changed</i>
Multiply “A” by 0.10	353,460,321
Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used	
Insert number of equity securities issued or agreed to be issued in that 12 month period under rule 7.1A Notes: <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> 	
“E”	Nil

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Step 4: Subtract “E” from [“A” x “D”] to calculate remaining placement capacity under rule 7.1A	
“A” x 0.10 <i>Note: number must be same as shown in Step 2</i>	353,460,321
Subtract “E” <i>Note: number must be same as shown in Step 3</i>	Nil
Total [“A” x 0.10] – “E”	353,460,321 <i>Note: this is the remaining placement capacity under rule 7.1A</i>

+ See chapter 19 for defined terms.