

11 July 2014

Dear Shareholder,

LUCAPA DIAMOND COMPANY LIMITED
Notice of Non-Renounceable Entitlements Issue to Shareholders

We are writing to you as the registered holder of shares in Lucapa Diamond Company Limited (**Company**) (ASX:LOM) as at today's date.

As previously announced to ASX, the Company is undertaking a pro rata non-renounceable offer of listed options to shareholders (**Offer**). The Offer is on the basis of one (1) new listed option (ASX:LOMO) (**New Option**) for every two (2) shares held by shareholders of the Company as at 5.00pm WST Friday, 18 July 2014 (**Record Date**), at an issue price of \$0.005 per New Option to raise up to a maximum of approximately \$401,233 (before costs and based on the shares on issue on 8 July 2014) (**Entitlements Issue**).

Each New Option will be exercisable at 30 cents (\$0.30) at any time before 5.00pm WST on 29 August 2015.

The Company is making the offer available to eligible shareholders (**Eligible Shareholders**), being persons who are registered as shareholders of the Company on the Record Date and have a registered address in Australia, New Zealand, Hong Kong, Singapore or the United Kingdom.

The Entitlements Issue is fully underwritten by Canaccord Genuity (Australia) Limited.

A prospectus (**Prospectus**) in relation to the Entitlements Issue has been lodged with ASIC and ASX and is available for information on the ASX website and on the Company's website www.lucapa.com.au.

The indicative timetable for the Entitlements Issue is as follows:

Event	Date
Appendix 3B and Prospectus lodged with ASIC and ASX	8 July 2014
Notice sent to security holders containing the indicative timetable and the information required by Appendix 3B	11 July 2014
"EX" DATE . Shares commence trading ex-Entitlements	16 July 2014
RECORD DATE to identify security holders entitled to participate in the issue	18 July 2014
Prospectus and Entitlements and Acceptance forms despatched to Eligible Shareholders	23 July 2014
Last day to extend the Offer closing date	5 August 2014
CLOSING DATE acceptances close at 5.00pm (Perth time)*	8 August 2014
Securities quoted on a deferred settlement basis	11 August 2014
ASX notified of under subscriptions	12 August 2014
Issue date. Deferred settlement trading ends	15 August 2014
Normal trading (T+3 trading) expected to start	18 August 2014

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*Subject to the ASX Listing Rules, the directors reserve the right to extend the Closing Date for the Offer at their discretion. If this occurs, the extension will have a consequential effect on the anticipated date of issue for the New Options.

The intended use of proceeds from the Entitlements Issue is as follows:

Details	\$
Maximum underwriting fee	26,086
ASIC fees ¹	2,290
ASX fees ¹	20,743
Printing and distribution costs (including notices to shareholders and option holders) ¹	43,000
Share registry costs ¹	3,000
General expenses including administration and working capital	306,114
Total	\$401,233

¹ This is a provision for the estimated costs of the Offer and if any this amount increases or decreases the funds available for working capital will correspondingly decrease.

The capital structure of the Company on completion of the Entitlements Issue, assuming the Offer is fully subscribed, will be as follows:

Shares	Number
Shares on issue at the date of the Prospectus (8 July 2014)	160,493,275
Shares on issue on completion of the Offer	160,493,275
Options	
Listed Options expiring 29 August 2015 exercisable at \$0.30 each (LOMO)(as at 8 July 2014)	43,193,382
Unlisted Options expiring 25 September 2014 exercisable at \$0.57 each (as at 8 July 2014)	4,166,668
Unlisted Options expiring 2 December 2014 exercisable at \$0.90 each (as at 8 July 2014)	833,334
New Options (LOMO) issued under the Offer expiring 29 August 2015 exercisable at \$0.30 each	80,246,637
Options on issue on completion of the Offer	128,440,021
Maximum number of Shares on a fully diluted basis following completion of the Offer ¹	288,933,296

¹ The above table does not take into account the Entitlements that would attach to shares that would be issued if any of the Company's existing options described in this table were exercised before the Record Date.

If all of the existing listed and unlisted options described in the table were exercised before the Record Date, and the holders of the resulting shares became Eligible Shareholders and all exercised their Entitlements under the Offer in full, the maximum number of New Options that could be issued under the Prospectus would increase from 80,246,637 to approximately 104,343,330, and the maximum number of Shares on a fully diluted basis would accordingly increase from 288,933,296 to approximately 313,029,989.

The Prospectus includes details of the Offer and the risks associated with investing in the Company and it is recommended that you read it carefully and, if you are interested in participating in the Offer, seek independent professional advice.

Yours faithfully,

MILES KENNEDY
MANAGING DIRECTOR