



11 July 2014

Dear Option holder,

Notice to Option holders regarding Non-Renounceable Entitlements Issue

We are writing to you in relation to your option holding in Lucapa Diamond Company Limited (**Company**) (ASX:LOM).

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**) and a prospectus (**Prospectus**) in relation to the Offer has been lodged with ASIC and ASX.

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

The Entitlements Issue is fully underwritten by Canaccord Genuity (Australia) Limited. The Entitlements Issue is expected to close at 5pm WST on Friday, 8 August 2014.

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 and who satisfy the requirements set out in the Prospectus.

The options that you hold do not confer any right to participate in the Entitlements Issue and option holders are unable to participate in the Entitlements Issue without first exercising their options.

On 7 July 2014, the Company released an ASX announcement "Lucapa Loyalty Options – Update" to provide LOM security holders with an update regarding the Offer. The announcement included an example Notice of Exercise of Options Form with instructions to existing listed option holders (ASX:LOMO) intending to exercise their options to become Eligible Shareholders in the upcoming Entitlements Issue to do so **no later than 5.00pm (WST) on Monday, 14 July 2014** to allow sufficient time for those shares to be issued and recorded in the Company's share register by the Record Date of 18 July 2014.

By this notice, the Company informs you again that if you wish to participate in the Entitlements Issue in respect of any shares that would be issued to you on the exercise of your options:

1. you must first exercise your options in accordance with their terms and conditions in sufficient time to allow the issue and registration of shares to occur prior to the Record Date; and
2. the fully paid ordinary shares issued to you, as a result of the exercise of your options, must be held by you at 5.00pm WST on the Record Date.

If you are an option holder intending to exercise your options to become an Eligible Shareholder in the upcoming Entitlements Issue, you must do so without delay and in accordance with the instructions in the attached Notice of Exercise of Options Form, to allow sufficient time for those shares to be issued and recorded in the Company's share register by the Record Date of 18 July 2014.

NOTICE OF NON-RENOUNCEABLE ENTITLEMENTS ISSUE TO OPTION HOLDERS

Holders of listed options (ASX:LOMO) can use the BPAY reference on the attached Form, to enable payment via internet or phone banking. Unlisted option holders may only make payment via cheque or money order.

The Prospectus lodged with ASIC and ASX is available for information on the ASX website and on the Company's website www.lucapa.com.au.

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

The Prospectus will be dispatched to Eligible Shareholders of the Company on 23 July 2014.

If you have any questions concerning this letter please contact the Company Secretary on (08) 9489 9200, the Company's share registry on (08) 9315 2333, or contact your stockbroker or professional advisor.

Yours faithfully

MILES KENNEDY
MANAGING DIRECTOR

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

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