



LUCAPA
DIAMOND COMPANY

PROSPECTUS

26 October 2015

FOR THE OFFER OF:

- A. UP TO APPROXIMATELY 67,986,120 APRIL 2016 OPTIONS AT AN ISSUE PRICE OF \$0.001 EACH TO RAISE UP TO A MAXIMUM OF APPROXIMATELY \$68,000 (BEFORE COSTS) (**Option Offer**).
- B. 1,000 SHARES AT AN ISSUE PRICE OF \$0.18 EACH, TOGETHER WITH ONE (1) SEPTEMBER 2017 OPTION FOR EACH SHARE ISSUED, TO RAISE \$180.00 (**Cleansing Offer**).

This Prospectus is important and requires your immediate attention. It should be read in its entirety. If you do not understand its contents or are in doubt as to the course you should follow, you should consult your professional adviser without delay.

Applications for April 2016 Options pursuant to this Prospectus may only be made on the forms accompanying this Prospectus.

The Closing Date for acceptances and payments for the Option Offer is 5.00pm WST on 16 November 2015.

The Closing Date for acceptances and payments for the Cleansing Offer is 5.00pm WST on 16 November 2015.

Subject to ASX Listing Rules, the Corporations Act and other applicable laws, the Company reserves the right to alter the Closing Dates, with or without notice.

Corporate Directory

Directors

Miles Kennedy (Non-executive Chairman)
 Stephen Wetherall (Managing Director/ CEO)
 Gordon Gilchrist (Non-executive Director)
 Albert Thamm (Non-executive Director)

Secretary

Mark Clements

Registered Office

34 Bagot Road
 Subiaco 6008 Western Australia
 T: +61 8 9381 5995 F: +61 8 9489 9201
 E: general@lucapa.com.au
 W: www.lucapa.com.au

ASX Code

LOM (ordinary Shares)

Share Registry*

Security Transfer Registrars Pty Ltd
 770 Canning Highway
 Applecross 6153 Western Australia
 T: +61 8 9315 2333 F: +61 8 9315 2233

Auditors*

Somes Cooke
 PO Box 709
 West Perth 6872 Western Australia
 T: +61 8 9426 4500

*These persons appear for information purposes only. They have not been involved in the preparation of this Prospectus and have not consented to being named in this Prospectus

SUMMARY OF IMPORTANT DATES

Appendix 3B and Prospectus lodged with ASIC and ASX.	26 October 2015
Prospectus and Offer and Acceptance Form despatched to Eligible Applicants.	29 October 2015
Offers open for acceptance ¹ .	4 November 2015
CLOSING DATE for Offers - acceptances close at 5.00pm (Perth time).	16 November 2015
Issue date of April 2016 Options and Shares and September 2017 Options issued under this Prospectus.	19 November 2015

Note:

¹Applications will not be processed until the Exposure Period has ended. Refer to *IMPORTANT INFORMATION-Exposure Period* on the next page of this Prospectus.

The Company reserves the right, subject to the Corporations Act, ASX Listing Rules and other applicable laws, without notice to vary the times and dates of the Offers, including extending the Offers or accepting late applications, either generally or in particular cases.

IMPORTANT INFORMATION

This Prospectus has been issued by Lucapa Diamond Company Limited (ABN 44 111 501 663) (the **Company** or **LOM**) and was lodged with ASIC and ASX on and is dated 26 October 2015. Neither ASX nor ASIC take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Transaction specific prospectus

The Company is a “disclosing entity” for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations. Certain matters may accordingly be reasonably expected to be known to investors and their professional advisers. This Prospectus is issued pursuant to section 713 of the Corporations Act which permits the issue of a more concise prospectus in relation to an offer of continuously quoted Securities or options to acquire continuously quoted Securities. This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all information that would be included in a prospectus for an initial public offering, and Eligible Applicants should rely on their own knowledge of the Company, refer to disclosures made by the Company to ASX and consult their professional advisers before deciding whether to invest in the securities offered by this Prospectus. Announcements made by the Company to ASX are available from the ASX website www.asx.com.au.

An electronic version of this Prospectus may be viewed at www.lucapa.com.au. The electronic version of this Prospectus is provided for information purposes only.

The Corporations Act prohibits any person passing onto another person an application form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered electronic version of this Prospectus.

The Company reserves the right not to accept an application from any person if it has reason to believe that when the person was given the application, that person was not provided with a complete and unaltered copy of this Prospectus and any relevant supplementary or replacement Prospectus. If you have received an Offer and Acceptance Form for the Securities offered by this Prospectus without a complete and unaltered copy of this Prospectus, please contact the Company who will send you a copy of this Prospectus free of charge.

Exposure Period

In accordance with Chapter 6D of the Corporations Act, this Prospectus is subject to an exposure period (**Exposure Period**) of 7 days from the date of lodgement with ASIC. This period may be extended by ASIC for a further period of up to 7 days. The purpose of the Exposure Period is to enable this Prospectus to be examined by market participants prior to the raising of funds. Potential investors should be aware that this examination may result in the identification of deficiencies in the Prospectus and if it is found to be deficient, any application that has been received will be dealt with in accordance with Section 724 of the Corporations Act. Applications received before the expiration of the Exposure Period will not be processed until after the Exposure Period and will be treated as if they were simultaneously received on the date on which Applications open.

Disclaimer

This Prospectus should be read in its entirety before deciding to invest in the securities offered by this Prospectus. The Directors consider an investment in the Securities offered by this Prospectus to be speculative and recommend that you consult your financial adviser as to the course you should follow with respect to the Offer.

In particular, potential investors should consider the risk factors that could affect the financial performance of the Company and consider these factors in the light of personal circumstances, including financial and taxation issues. (Refer to Section 9).

Neither the Company nor its Directors nor any party named in this Prospectus guarantee any return on capital or the performance of the Company, and no person is authorised to give any information or to make any representation in connection with the Offers. Only information and representations contained in this Prospectus may be relied on as having been authorised by the Company in connection with the Offers.

Forward Looking Statements

This Prospectus contains forward looking statements which are not based on historical facts, but are based on the Company's current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations expressed, implied or projected in the forward looking statements, and no assurance is given that those expectations will prove to be correct. Every forward looking statement contained in this Prospectus is qualified by this caution.

Foreign Jurisdictions

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer and no action has been, or will be, taken to register this Prospectus, the Shares and September 2017 Options offered under the Cleansing Offer or the April 2016 Options offered under the Option Offer in any jurisdiction outside of Australia.

The Offers under this Prospectus are not being extended, and Securities offered under this Prospectus will not be issued, to applicants with registered addresses that are outside Australia and New Zealand. The Company has determined, in accordance with the Corporations Act and Listing Rule 7.7, that it would be unreasonable and impractical for the Company to comply with the securities laws of foreign jurisdictions, other than those mentioned above, after taking into account the number of Non-residents who held LOMO Options when they expired on 29 August 2015 in each country other than Australia and New Zealand, the number and value of the securities that would be offered to them and the cost of complying with the legal requirements in other countries. Non-residents should contact the Company Secretary if they have any queries.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law, and any person coming into possession of this Prospectus in a jurisdiction outside Australia should consult their professional advisors and observe those restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Definitions

Definitions (often with the first letter capitalised) appear both in the body of this Prospectus (refer to bold italicised type in parenthesis) as well as in the Glossary.

CHAIRMAN'S LETTER

Dear Applicant,

On behalf of the Board of Lucapa Diamond Company Limited, I am pleased to invite you to participate in this Option Offer.

On 22 July 2015, the Company announced that the Board had resolved, subject to shareholder approval, to offer April 2016 Options to those option holders who were registered as the holders of the Company's existing listed options (ASX: LOMO) at the time of expiry on 29 August 2015. Shareholders approved the making of an offer to issue these new Options at the Company's Extraordinary General Meeting on 30 September 2015.

As an Eligible Applicant you may subscribe for one April 2016 Option at an issue price of \$0.001 each for every two expired LOMO options you held at the time they expired on 29 August 2015. The terms and conditions of the April 2016 Options are outlined in Section 11.1 of this Prospectus.

The April 2016 Options will have an exercise price of \$0.30 and will be listed on the Australian Securities Exchange, subject to ASX approval. The April 2016 Options will have an expiry date of 29 April 2016.

The Company had approximately 135,972,240 LOMO options on issue at the time of expiry. Therefore, the maximum number of April 2016 Options to be offered for issue in this Prospectus is approximately 67,986,120, which would raise approximately \$67,986 to be applied primarily to the administrative costs associated with the issue.

Participation in the Option Offer is entirely voluntary and before deciding whether or not to accept your Allocation it is important for you to read this Prospectus carefully and seek professional advice if required. Directors intend, subject to Shareholder approval, to apply for their full Allocations under the Option Offer.

The Company is also undertaking a Cleansing Offer via this Prospectus. The purpose of the Cleansing Offer is to issue a nominal number of new Shares at the same issue price as the Placement announced on 27 July 2015, each with a free September 2017 Option, to "cleanse" all the September 2017 Options issued as part of the Placement and thereafter so all September 2017 Options can be traded on the Australian Securities Exchange. The Cleansing Offer is separate from the Option Offer and therefore not available to Eligible Applicants.

Yours faithfully,

MILES KENNEDY

Chairman

1. DETAILS OF THE OPTION OFFER

1.1. The Option Offer

This Prospectus is for the offer (*the Option Offer*) of April 2016 Options pursuant to an issue offered to Eligible Applicants on the basis of one (1) April 2016 Option at an issue price of \$0.001 per April 2016 Option for every two (2) LOMO Options held by the Eligible Applicant immediately preceding 5.00pm (WST) on 29 August 2015 (*Allocation Date*).

In calculating the number of April 2016 Options that an Eligible Applicant will be offered (*Allocation*), fractions of April 2016 Options will be rounded down to the nearest whole number.

A maximum of approximately 67,986,120 April 2016 Options will be issued pursuant to the Option Offer, if it is fully subscribed, raising approximately \$67,986 before the costs of the Option Offer.

All of the Shares issued on the exercise of the April 2016 Options will, from their date of issue, rank equally in all respect with all the Shares on issue at the date of this Prospectus.

The making of the Option Offer to Eligible Applicants was approved by the Company's Shareholders at its Extraordinary General Meeting on 30 September 2015.

1.2. No Underwriting and No Minimum Subscription

The Option Offer is not underwritten and there is no minimum amount that must be subscribed under the Option Offer.

1.3. Allocations cannot be sold or transferred

The Option Offer is non-renounceable and Eligible Applicants may not sell or transfer any part of their Allocations.

The Allocation offered to each Eligible Applicant under the Option Offer is shown on the form (*Offer and Acceptance Form*) accompanying this Prospectus and headed Offer and Acceptance Form.

2. ACTING ON YOUR ALLOCATION - OPTION OFFER

2.1. Acceptance

As an Eligible Applicant you may:

- accept your full Allocation;
- accept part of your Allocation and allow the balance to lapse; or
- do nothing (in which case you will receive no benefit from your Allocation).

If you do not accept your full Allocation, the percentage of any Shares held by you will be diluted by any Shares that may be issued on the exercise of any April 2016 Options issued under this Prospectus.

2.2. Closing Date

The closing date (*Closing Date*) for acceptances under the Option Offer is 16 November 2015. Your Offer and Acceptance Form and payment must be received by the Share Registry by 5.00pm (WST) on the Closing Date.

Subject to ASX Listing Rules, the Directors may extend this Closing Date (with or without notice and either before or after that date) and may accept late acceptances.

2.3. To accept your Allocation

Your acceptance must not exceed your Allocation as shown on your Offer and Acceptance Form and if it does, your acceptance will be deemed to be only for the maximum Allocation shown on that form and any Application Monies received for more than your full Allocation will be refunded without interest.

If you wish to accept all or part of your Allocation, you must:

EITHER:

- (a) complete the accompanying Offer and Acceptance Form in accordance with the instructions set out in that form, specifying the number of April 2016 Options applied for by you; **and**
- (b) forward the completed form, together with a cheque drawn on an Australian bank or a bank draft payable in Australian Dollars for the amount due in respect of New Shares applied for, calculated at \$0.001 per April

2016 Option, to reach the Company's Share Registrars **no later than 5.00pm (WST) on the Closing Date**. Cheques or bank drafts must be made payable to "Lucapa Diamond Company Limited" and crossed "Not Negotiable";

OR, ALTERNATIVELY

- (c) you may elect to accept the Option Offer and pay the amount due in respect of the April 2016 Options applied for by you, calculated at \$0.001 per April 2016 Option, by BPAY[®] **to be received in cleared funds by the Share Registry no later than 5.00pm (WST) on the Closing Date**, by following the instructions set out in the accompanying Offer and Acceptance Form.

If you choose to accept and pay by BPAY:

- (A) you do not need to submit the Offer and Acceptance Form but are deemed to have made the declarations on the Offer and Acceptance Form; and
- (B) if you do not pay for your full Allocation, you are deemed to have taken up your Allocation only in respect of the whole number of April 2016 Options whose issue price is covered in full by the application money you have paid by BPAY,

If you elect to use BPAY[®] it is your responsibility to ensure that cleared funds from your BPAY payment are received by the Share Registry no later than 4.00pm (WST) on the Closing Date, which is the cut off time for the processing of BPAY payments. You should be aware that your own financial institution may implement earlier cut off times with regards to electronic payment, and should therefore take this into consideration when making payment. You may also have your own limit on the amount that can be paid via BPAY. It is your responsibility to check that the amount you wish to pay via BPAY does not exceed your limit.

If you do not wish to accept all or part of your Allocation you are not required to do anything.

Note: You will receive no benefit from any part of your Allocation that is not accepted and paid for by 5.00pm (WST) on the Closing Date.

2.4. Directors' Allocations

Subject to compliance with the ASX Listing Rules and all applicable laws those Directors who are entitled to Allocations of April 2016 Options intend to apply for their respective Allocations in full. The issue of April 2016 Options to any Director is conditional on the Shareholders approving, pursuant to Exception 10 in ASX Listing Rule 10.12, the issue of the April 2016 Options to the Director and the Company will not issue any April 2016 Options to any Director without that approval. (Refer to Table 4 for details of Directors' Allocations).

2.5. Nominees, Custodians and Trustees

If you are a nominee, trustee or custodian for a person who is an Eligible Applicant (a **Participating Eligible Applicant**), the Option Offer is made to you and you have the discretion whether to extend the Option Offer to the Participating Eligible Applicant.

Nominees and custodians may not distribute any part of this Prospectus in in any other country outside Australia, except to Participating Eligible Applicants in New Zealand and must not apply for September 2017 Options on behalf of any beneficial holder that would not itself be an Eligible Applicant.

Nominees, trustees or custodians are advised to seek independent advice as to how they should proceed and are responsible for ensuring that applying for April 2016 Options under the Options Offer does not breach regulations in any relevant overseas jurisdiction. Return of a duly completed Offer and Acceptance Form will be taken by the Company to constitute a representation by the applicant that there has been no breach of those regulations.

2.6. No Shortfall Offer to Eligible Applicants

There is no shortfall offer to Eligible Applicants. If any Eligible Applicants do not accept their whole Allocation, the number of unaccepted April 2016 Options form the shortfall and the Board, as part of the Options Offer, reserve the right to allocate and issue the shortfall at the absolute discretion of the Board at an issue price of \$0.001 per April 2016 Option comprised in the shortfall.

2.7. Issue of April 2016 Options

The April 2016 Options will be issued, and holding statements dispatched to Eligible Applicants to whom April 2016 Options have been issued, in accordance with the Listing Rules and the timetable set out earlier in this Prospectus.

2.8. Application Monies

Application monies will be held in a separate bank account on behalf of applicants until the April 2016 Options are issued. If any application is rejected in whole or in part, the amount tendered in respect of April 2016 Options that have not been issued will be repaid to the unsuccessful applicant without interest.

2.9. ASX Listing

Subject to satisfaction of the requirements of ASX Listing Rule 2.5, application will be made to the ASX for Official Quotation of the April 2016 Options.

If ASX does not grant Official Quotation of the April 2016 Options offered pursuant to the Option Offer before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any of the April 2016 Options offered pursuant to the Option Offer and will repay all application monies for those April 2016 Options within the time prescribed under the Corporations Act, without interest. The fact that ASX may grant Official Quotation to these securities is not to be taken in any way as an indication of the merits of the Company or the April 2016 Options.

2.10. Enquiries

Any questions concerning the Option Offer should be directed to Mark Clements, Company Secretary, on +61 8 9381 5995.

3. PURPOSE OF OPTION OFFER

The primary purpose of the Option Offer issue is to offer new options (the April 2016 Options) to those applicants who were registered as the holders of the Company's then existing listed options (ASX: LOMO) at the time of their expiry on 29 August 2015. As announced to the ASX on 22 July 2015, subject to Shareholder approval, those applicants would be offered April 2016 Options, at an issue price of \$0.001 each, on the basis of one (1) April 2016 option for each two (2) expired LOMO options.

The Shareholder resolution (**Resolution**) approving the issue of the April 2016 Options to Eligible Applicants was passed by Shareholders at the Company's Extraordinary General Meeting on 30 September 2015.

All persons who might participate in the issue of the April 2016 Options, and all persons who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary Securities, if the Resolution was passed, and the associates of such persons, were excluded from voting on the Resolution.

4. DETAILS OF CLEANSING OFFER

4.1. The Cleansing Offer

The Company will invite one or more unrelated investors nominated by the Directors (**Invited Applicant(s)**) to apply for 1,000 Shares at an issue price of \$0.18 each, together with one (1) attaching September 2017 Option for each Share issued, to raise \$180 before costs being the same price as was paid for the Shares and attaching September 2017 Options issued under the Placement announced to ASX on 27 July 2015 and 6 August 2015 (Refer to Section 5 of this Prospectus).

Applications forms for Shares and free September 2017 Options will only be provided to and accepted from Invited Applicant(s).

All of the September 2017 Options offered under the Cleansing Offer will be subject to the terms and conditions set out in Section 11.2 of this Prospectus, being the same terms and conditions as apply to the September 2017 Options issued before the date of this Prospectus. All September 2017 Options issued under the Cleansing Offer will rank equally with all September 2017 Options on issue at the date of this Prospectus.

All of the Shares issued under the Cleansing Offer, and all Shares issued on the exercise of the September 2017 Options will, from their date of issue, rank equally in all respect with all the Shares on issue at the date of this Prospectus.

4.2. No Underwriting and No Minimum Subscription

The Cleansing Offer is not underwritten and there is no minimum amount that must be subscribed under the Cleansing Offer.

4.3. Issue of Shares and free September 2017 Options

The Shares and free September 2017 Options will be issued, and holding statements dispatched, to Invited Applicants to whom Shares and September 2017 Options have been issued, in accordance with the Listing Rules.

4.4. ASX Listing

Application for Official Quotation of the Securities offered pursuant to the Cleansing Offer will be made to ASX within 7 days after the date of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to the Cleansing Offer before the expiration of 3 months after the date of issue of the Prospectus, (or such period as varied by the ASIC), the Company will not issue any of the Securities offered pursuant to the Cleansing Offer and will repay all application monies for those Securities within the time prescribed under the Corporations Act, without interest. The fact that ASX may grant Official Quotation to these Securities is not to be taken in any way as an indication of the merits of the Company or the Shares and September 2017 Options.

5. PURPOSE OF CLEANSING OFFER

On 6 August 2015, the Company announced that it had allotted 22,485,278 Shares, together with one (1) attaching September 2017 Option for each Share issued, to sophisticated and professional investors pursuant to a \$4 million equity placement (**Placement**) previously announced to ASX on 27 July 2015. The issue price paid for each Share, together with one (1) attaching September 2017 Option, issued under the Placement was \$0.18.

On 9 October 2015, the Company announced that it had issued 8,000,000 September 2017 Options to Far East Capital Limited (FEC) or its nominees as lead managers to the Placement and following Shareholder approval at the general meeting held on 30 September 2015.

On 22 October 2015, the Company announced that it had allotted 16,344,098 September 2017 Options to sophisticated and professional investors pursuant to a \$3.5 million equity placement (**September Placement**) previously announced to ASX on 14 September 2015. This represented a partial allotment of the September 2017 Options due to be issued pursuant to the Company's obligations in relation to the September Placement. A further 6,600,346 September 2017 Options will be issued to sophisticated and professional investors who participated in the September Placement when the Company's capacity under ASX Listing Rule 7.1 permits.

The issues of September 2017 Options were made without disclosure under Chapter 6D of the Corporations Act.

Generally, Section 707(3) in Chapter 6D of the Corporations Act requires that a prospectus is issued in order for persons to whom securities were issued without disclosure under Chapter 6D of the Corporations Act to offer those securities for sale within 12 months after their issue.

Section 708A(11) of the Corporations Act provides an exemption from this general requirement where:

- (a) the relevant securities are in a class of securities that are quoted securities of the body; and
- (b) a prospectus is lodged with ASIC on or after the day on which the relevant securities were issued but before the day on which the sale offer is made; and
- (c) the prospectus is for an offer of securities issued by the body that are in the same class of securities as the relevant securities.

The purpose of the Cleansing Offer made under this Prospectus issue is not to raise funds but to comply with Section 708A(11) of the Corporations Act so that the September 2017 Options issued by the Company can be offered for sale within 12 months after their issue.

If the Cleansing Offer is fully subscribed it will raise \$180 before the costs of the Cleansing offer and the sum raised will be applied in full towards the expenses of the offers. Refer to Table 1 in Section 6 of this Prospectus for details of estimated expenses.

6. USE OF PROCEEDS

6.1. Intended use of funds

Table 1 below sets out how the Company intends, as at the date of this Prospectus, to apply the funds raised pursuant to the Offers (on the basis the Offers are fully subscribed).

Table 1

Details	\$
Proceeds from the Option Offer (fully subscribed)	67,986
Proceeds from the Cleansing Offer (fully subscribed)	180
	68,166
Intended use of proceeds	
ASIC fees ¹	2,024
ASX fees ^{1,2}	37,317
Printing and distribution costs ¹	6,500
Share registry costs ¹	3,000
General expenses including administration costs and working capital	19,325

Note:

¹ This is a provision for the estimated costs of the Offers. If this amount increases or decreases, the funds available for working capital described in Table 1 will change correspondingly.

² This comprises estimated ASX fees of \$27,021 for the April 2016 Options and \$10,296 for the September 2017 Options.

The information set out in Table 1 is a statement of present intention as at the date of this Prospectus. Given the nature of the Company's business, the Board reserves the right to alter the allocation of funds detailed in the above table depending on regulatory, market conditions, environmental and other natural and commercial factors.

Funds raised from the Offers will be applied firstly towards payment of the costs of the Offers and the balance will be applied to the Company's general expenses including administration costs and working capital.

Any funds raised from the exercise of any of the April 2016 Options and September 2017 Options will be applied towards general working capital requirements of the Company at that time.

7. EFFECT ON COMPANY

7.1. Effect on Financial Position

If all Eligible Applicants take up their Allocations in full and the Cleansing Offer is fully subscribed, the Company's cash reserves, contributed equity and net assets will increase by approximately \$19,325, which is the amount that would be raised pursuant to the Offers (approximately \$68,166), less the costs of the Offers (Refer to *Table 1*).

Table 2 contains unaudited pro-forma balance sheets showing in:

Column 1: a balance sheet from the reviewed accounts of the Company as at 30 June 2015.

Column 2: an unaudited estimated pro-forma balance sheet based on the unaudited accounts of the Company as at 9 October 2015 (***Pre-Offers Balance Sheet***). This Pre-Offers Balance Sheet has been derived from the last reviewed accounts as at 30 June 2015 adjusted to reflect material changes since that date.

Column 3: an unaudited estimated post-Offers pro-forma balance sheet (***Post-Offers Balance Sheet***) based on the Pre-Offers Balance Sheet adjusted to reflect the issue of 67,986,120 April 2016 Options under the Option Offer (assuming the Option Offer is fully subscribed) and 1,000 Shares and 1,000 September 2017 Options under the Cleansing Offer to raise in total \$19,325 after payment of the estimated costs of the Offers of approximately \$48,841.

The reviewed balance sheet in Column 1 of Table 2 has been prepared on the basis of the accounting policies normally adopted by the Company and reflects the changes to the financial position since the Company's last audited accounts as at 31 December 2014.

The pro-forma unaudited balance sheets in Columns 2 and 3 of Table 2 are based on the reviewed balance sheet in Column 1 and have been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities as noted below.

Table 2

	Column 1 Reviewed 30/06/15	Column 2 Pro-forma Pre-Offers unaudited 9/10/15	Column 3 Pro-forma Post-Offers unaudited 9/10/15
	\$	\$	\$
Assets			
Cash and cash equivalents	479,365	3,681,639	3,700,964
Trade and other receivables	202	36,365	36,365
Other Assets	60,000	1,133,108	1,133,108
Total current assets	539,567	4,851,112	4,870,437
Deferred exploration costs	40,640,618	43,846,360	43,846,360
Property, plant & equipment	4,424,700	4,371,372	4,371,372
Total non-current assets	45,065,318	48,217,732	48,217,732
Total assets	45,604,885	53,068,844	53,088,169
Liabilities			
Trade and other payables	533,950	467,645	467,645
Loans and borrowings	4,443,652	3,685,562	3,685,562
Provisions	798,904	798,904	798,904
Total current liabilities	5,776,506	4,952,111	4,952,111
Total liabilities	5,776,506	4,952,111	4,952,111
Net assets	39,828,379	48,116,733	48,136,058
Equity			
Share capital	80,664,423	89,755,127	89,774,452
Reserves	1,266,206	1,266,206	1,266,206
Accumulated losses	-42,102,250	-42,904,600	-42,904,600
Total equity	39,828,379	48,116,733	48,136,058

Note: The above cash and share capital includes the cash received from the \$3.5 million placement as announced to the ASX on 14 October 2015.

7.2. Effect on Capital Structure

The capital structure of the Company following completion of the Offers (assuming that the Offers are fully subscribed and no Options are converted after the date of this Prospectus but before the Allocation Date and ignoring any variations that may be due to the fact that fractional Allocations will be rounded up to the next whole number) is summarised in Table 3 below.

Table 3

Shares	Number
Shares on issue at the date of this Prospectus	258,034,725
Shares offered under the Cleansing Offer	1,000
Shares on issue on completion of the Offers ¹	258,035,725
Options	
Options on issue at the date of this Prospectus	
Options expiring 30 September 2017 exercisable at \$0.20 each	36,684,261
Options expiring 24 April 2017 exercisable at \$0.30 each	3,250,000
Options expiring 28 May 2017 exercisable at \$0.30 each	3,750,000
Total Options on issue at the date of this Prospectus ¹	43,684,261
April 2016 Options offered under the Option Offer	67,986,120
September 2017 Options offered under the Cleansing Offer	1,000
Options on issue on completion of the Offer ^{1,2}	111,671,381
Maximum number of Shares on a fully diluted basis following completion of the Offers ¹	369,707,106

Note:

¹ These assume that the Offers are fully subscribed. If the Offers are not fully subscribed these numbers will reduce by the under-subscribed amounts.

² A further 6,600,346 September 2017 Options are due to be issued pursuant to the Company's obligations in relation to the placement announced to ASX on 14 September 2015. These securities will be issued when the Company's capacity under ASX Listing Rule 7.1 permits.

7.3. Effect on Holdings and Control

The issue of 1,000 Shares and 1,000 September 2017 Options under the Cleansing Offer this will not have a material effect on the capital and control of the Company.

If all Eligible Applicants take up their Allocations in full, the Option Offer will not diminish the percentage Shareholding, Option holding, and voting power of each Eligible Applicant.

If some Eligible Applicants do not take up their Allocations in full, their percentage holding of Options will be diluted, and the percentage holdings of Options held by Non-Residents not eligible to participate in the Option Offer will also be diluted.

As the April 2016 Options do not confer any voting rights on their holders, the issue of the April 2016 Options under the Options Offer will, of itself, have no effect on the control of the Company. However, the issue of Shares on the exercise of April 2016 Options could have an effect on the control of the Company.

The respective percentage Shareholdings and voting power in the Company of:

- (a) Eligible Applicants who do not take up their Allocations in full; and
- (b) Shareholders, Option holders and Non-Residents not eligible to participate in the Option Offer;

will be diluted by the issue of Shares issued to the holders of April 2016 Options on the exercise of any of the April 2016 Options.

As the issue price of \$0.001 for the April 2016 Options offered under the Options Offer is not substantial and as the \$0.30 exercise price of those April 2016 Option is below the current market price of Shares it is anticipated, but not

guaranteed, by the Directors that a significant proportion of the April 2016 Options will be taken up by Eligible Applicants applying for the whole or part of their respective Allocations. (Refer to Section 8.2 of this Prospectus).

If the Offers are both fully subscribed, a maximum of approximately 67,987,120 Options will be issued and if these are all exercised this would increase the Company's current undiluted issued Share capital by up to 67,987,120 and potentially dilute the percentage shareholdings of Shareholders in the capital of the Company who do not participate in the Offers by up to approximately 22%, on a fully diluted basis. (Refer to Table 3 in Section 7.2).

However, under the Corporations Act, no person may acquire a relevant interest in the voting shares in the Company if, because of that acquisition, that person's or someone else's voting power in the Company increases from 20%, or below 20% to more than 20% unless that acquisition is permitted by one of the exceptions set out in section 611 of the Corporations Act.

8. ADDITIONAL INFORMATION

8.1. Disclosing Entity

The Company is a disclosing entity for the purposes of the Corporations Act. As such, it is subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to ASX which a reasonable person would expect to have a material effect on the price or the value of the Company's Shares.

This document contains a summary of information only which the Company does not purport to be complete. The Offer Document is intended to be read in conjunction with the Company's periodic reporting and continuous disclosure announcements lodged with ASX. Copies of the Company's announcements can be obtained from www.asx.com.au.

Any person has the right to obtain a copy of the following documents and the Company will provide a copy of each of the following documents, free of charge, to any person who asks for it before the Closing Date:

- (a) the full year statutory accounts of the Company for the financial year ended 31 December 2014, being the last audited annual financial report lodged with ASX on 31 March 2015 in relation to the Company before the issue of this Prospectus;
- (b) all documents used to notify ASX of the information relating to the Company under ASX Listing Rules since the lodgement of the financial report referred to in (a) above. As at the date of this Prospectus, the only such documents were:

Date	Description of announcement
26/10/2015	Quarterly Activities Report
26/10/2015	Quarterly Cashflow Report
22/10/2015	Appendix 3B
20/10/2015	Section 708A Notice and Appendix 3B
19/10/2015	Becoming a substantial holder
19/10/2015	74.5 Carat Diamond Among More Large Recoveries at Lulo
16/10/2015	Diamonds Recovered from L46 Kimberlite Pipe
15/10/2015	Section 708A Notice and Appendix 3B
14/10/2015	Section 708A Notice and Appendix 3B
14/10/2015	Lucapa Doubles Diamond Mining Rates at Lulo
13/10/2015	Exceptional Lulo Diamonds Sell for A\$5.1 million
9/10/2015	Section 708A Notice / Appendix 3B
6/10/2015	Section 708A Notice / Appendix 3B
6/10/2015	Kimberlite Identified Near World-Class Diamonds

2/10/2015	Section 708A Notice
30/09/2015	Results of Meeting
30/09/2015	September 2015 EGM Presentation
29/09/2015	Ceasing to be a substantial holder
28/09/2015	90.32 Carat D Colour Type Ila Among More Large Specials
25/09/2015	Lucapa Update
25/09/2015	Response to ASX Price Query
22/09/2015	Two More Plus 50 Carat Diamonds Recovered at Lulo
15/09/2015	More Large Valuable Diamonds At Lulo
14/09/2015	Lucapa Secures Long-Term Investor Support
14/09/2015	Lulo Diamonds Sell For A\$1.02 Million
7/09/2015	Interim Financial Report for the period ended 30 June 2015
3/09/2015	Change of Director's Interests Notices
31/08/2015	Expiry of Options
31/08/2015	More Large Diamonds Point To Close Kimberlite Source At Lulo
28/08/2015	Notice of Extraordinary General Meeting/Proxy Form
28/08/2015	Appendix 3B
18/08/2015	More Large Diamonds at Lulo
6/08/2015	Section 708A Notice and Appendix 3B
6/08/2015	Diamond Mining Licence Expanded at Lulo
29/07/2015	Letter to Optionholders
28/07/2015	Quarterly Cashflow Report
27/07/2015	Quarterly Activities Report
27/07/2015	Lucapa Raises \$4 Million to Boost Cash Flows at Lulo
23/07/2015	Trading Halt
22/07/2015	New Option Issue
6/07/2015	Lucapa Trading Update

8.2. Share Trading History

The highest and lowest market sale price of Shares on ASX during the 3 months immediately preceding the date of this Prospectus, and the respective dates of those sales and the last sale on the last business day on which any sales were recorded immediately preceding the date of this Prospectus, were:

	Dates	\$
Highest	6 October 2015	0.61
Lowest	25 August 2015	0.15
Latest	23 October 2015	0.375

8.3. Interests, Fees and Benefits

Other than as set out below or elsewhere in this Prospectus, no:

- (a) Director of the Company; or
- (b) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation and distribution of this Prospectus; or
- (c) stockbroker or manager to the offer of securities under this Prospectus;

has or had within 2 years before lodgement of this Prospectus with ASIC any interest in:

- (A) the formation or promotion of the Company; or
- (B) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of securities under this Prospectus; or
- (C) the offer of securities under this Prospectus;

and no amounts have been paid or agreed to be paid and no amounts have been given or agreed to be given to any of those persons as an inducement to become or to qualify as a Director of the Company or for services rendered in connection with the formation or promotion of the Company or the offer of securities under this Prospectus.

The direct and indirect interests of the Directors in securities of the Company as at the date of this Prospectus and their respective Allocations are as follows.

Table 4

Director	Shares	Unlisted 28 May 2017 Options	Allocation of April 2016 Options ⁸
Miles Kennedy ^{1,2}	751,668	1,000,000	355,417
Stephen Wetherall ³	65,000	1,250,000	-
Gordon Gilchrist ^{4,5}	440,291	500,000	58,750
Albert Thamm ^{6,7}	29,470	500,000	45,000

Note:

¹Miles Kennedy has a relevant interest in 1,000,000 unlisted \$0.30 Options expiring 28 May 2017 held by Kennedy Holdings (WA) Pty Ltd (as trustee for the Kennedy Family Trust) and 751,668 Shares held by MAK Super (WA) Pty Ltd ATF MAK Superannuation Fund.

²Miles Kennedy was the indirect holder of 710,835 LOMO Options, 166,667 being held by Kennedy Holdings (WA) Pty Ltd (as trustee for the Kennedy Family Trust) and 544,168 being held by MAK Super (WA) Pty Ltd ATF MAK Superannuation Fund when those LOMO Options expired on 29 August 2015.

³Stephen Wetherall has a relevant interest in 65,000 Shares held directly and 1,250,000 unlisted \$0.30 Options expiring 28 May 2017 held by his spouse

⁴Gordon Gilchrist has a relevant interest in 355,001 Shares and 500,000 unlisted \$0.30 Options expiring 28 May 2017 held directly and 85,290 Shares held by his spouse.

⁵Gordon Gilchrist was the holder of 117,501 LOMO Options when those LOMO Options expired on 29 August 2015.

⁶Albert Thamm has a relevant interest in 29,470 Shares and 500,000 unlisted \$0.30 Options expiring 28 May 2017 held directly.

⁷Albert Thamm was the holder of 90,000 LOMO Options when those LOMO Options expired on 29 August 2015.

⁸As noted in Section 2.4 of this Prospectus, Directors who have Allocations of April 2016 Options intend, subject to Shareholder approval and compliance with the ASX Listing Rules and applicable law, to apply for their full Allocations.

Table 5 shows the total (actual and proposed) annual remuneration paid to both executive and non-executive directors during the reported financial years ending 31 December 2013, 2014 and 2015 respectively.

Table 5

Director	FY2013 \$	FY 2014 \$	FY 2015 (FY estimated) \$
Miles Kennedy	165,800	266,322	165,000
Stephen Wetherall ¹	-	133,999	430,000
Gordon Gilchrist	100,000	120,000	94,000
Albert Thamm ²	-	41,667	85,000

Note:

¹ Stephen Wetherall was appointed as a director on 13 October 2014.

² Albert Thamm was appointed as a director on 9 May 2014.

Directors are also reimbursed for all reasonable expenses incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

Further information relating to the remuneration, fees and benefits of Directors are set out in the Company's Annual Reports for the financial years ended 31 December 2013 and 2014 respectively which are deemed to be incorporated into this Prospectus. Copies of those Annual Reports are available for inspection at the Company's registered office during normal business hours and a copy of each will be given free of charge to anyone who asks for it during the application period of this Prospectus.

During the period since the end of the last financial year ending on 31 December 2014 and the date of this Prospectus, an amount of \$10,001.20 per calendar month was charged by The Bagot Road Partnership (50% owned by Director Miles Kennedy) to the Company monthly in advance for office rent (exclusive of GST) for the Company's registered offices at 34 Bagot Road, Subiaco, Western Australia.

The Company has entered into Deeds of Access and Indemnity with Directors and has effected and intends to maintain, Directors' and Officers' Liability insurance on behalf of the Directors.

9. RISKS

Exploration and mining, by its nature, contains elements of significant risk which may be increased by the fact that the Company carries on exploration operations in the Republic of Angola (Angola) and some related procurement and staffing activities in the Republic of South Africa (South Africa). Ultimate success depends on the discovery and extraction of economically recoverable and marketable mineral resources, obtaining and maintaining the necessary titles and other government regulatory approvals, obtaining and servicing of funding arrangements and otherwise funding the exploration and mining operations.

The value of the Company's securities is likely to fluctuate depending on various factors including the success of its operations and programmes, the general economic climate and stock market conditions in Angola, South Africa, Australia and worldwide, the price of diamonds and commodities, exchange rates, unexpected variations in exploration, mining, development and operating costs and political and social changes. Many of these factors are beyond the Company's control. Eligible Applicants should note that past Share price performance provides no assurance as to future Share price performance.

A non-exhaustive list of some of the risks is set out below.

9.1. Economic conditions

Economic conditions in Angola, South Africa, Australia, the USA, Europe, Asia and elsewhere, may affect the Company's performance. Adverse changes in such things as global and country-by-country economic growth, the level of economic activity and inflation, interest rates, exchange rates, government policy (including fiscal, monetary and regulatory policies), general consumption and consumer spending, employment rates and industrial disruption, among others, are outside the control of the Company and may result in material adverse impacts on the Company's business, its funding and its operating results.

9.2. General legal and taxation matters

The potential of the Company and the relative attractiveness of Shares may be affected by changes in law and government policy, in particular, changes to taxation law in Angola, South Africa and Australia (including transaction and other duty, capital gains tax, GST and similar taxes) and new or revised taxes.

9.3. Commodity price fluctuations

The prices of diamonds and other minerals are influenced by numerous variable factors, including laws and regulations, economic conditions and physical and trading demand and supply. Fluctuations in diamond prices may, positively or negatively, influence the operating and financial performance of projects and businesses in which the Company has, or proposes to have, an interest.

9.4. Share market conditions

As the Company is listed on the ASX and Frankfurt Exchange, the price of its securities is subject to the numerous influences that may affect both the trends in the share market and the share prices of individual companies, including movements in international and local stock markets, changes in the outlook for precious stones and commodities (more specifically, diamonds, gold, copper, silver and other minerals), inflation, interest rates, general economic conditions and changes in government, fiscal, monetary and regulatory policies. In the future, these factors may cause the Company's securities to trade below current prices and may affect the income and expenses of the Company.

9.5. Exploration and development risks

The Company is exposed to the risks inherent in exploration, development, mining and processing of gravels and/ or ore containing diamonds. The key risks include: the grade and volumes of valuable constituent in an ore-body may not be what was originally estimated from the sampling, drilling, analysis and gravels/ resource/ reserve estimation; exploration for additional diamond bearing gravels/ primary ore-bodies or extension of existing diamond bearing gravels/ primary ore-bodies may not be successful or yield results which are either lower than expected or inconsistent with earlier data; applications for mining tenements may not be granted and/ or mining title companies may not be incorporated; the feasibility study for the development of any proposed mines and processing facilities may provide results which mean that the development of a mine is either uneconomic in current market conditions or provides insufficient returns for the risks involved; the capital and operating costs may be different to that estimated from the design and feasibility study; the production rates of gravels/ ore mined and processed may be different to that forecast in the original estimates, design and feasibility study; and the product specification may be different to that expected from sampling, test-work and analysis at the original estimate, design and feasibility stage. Also, because most of the Company's revenues and profits are related to its minerals operations, its results and financial conditions are directly related to the success of its exploration, development and acquisition efforts and the ability to replace existing diamond bearing gravels, resources or reserves. A failure in the Company's ability to discover new diamond bearing gravels, resources or reserves, enhance existing diamond bearing gravels, resources or reserves or develop new operations in sufficient quantities to maintain or grow the current level of diamond bearing gravels, resources or reserves could negatively affect the Company's results, financial condition and prospects.

9.6. Mining related issues

An investment in a natural resource company involves a significant degree of risk. The degree of risk may increase substantially because the Company's projects are in the exploration stages as opposed to the development stage. Exploration and the transition of diamond bearing gravels or resource discoveries to commercial production are endeavours which may be positively or negatively impacted by numerous issues including, but not limited to regulatory legislation, industrial disputes, cost overruns, adverse land and title claims and compensation, and other unforeseen contingencies. Future legislation and regulations could cause additional expense, capital expenditures, restrictions and delays in the development of the Company's projects, the extent of which cannot be predicted.

9.7. Recovery

There is the risk that discoveries in which the Company invests may fail to realise their estimated potential recoverable grades from the diamond bearing gravels, resources or reserves and/or meet required production rates.

9.8. Contract risks

The Company is and will be a party to numerous agreements. A number of these agreements relate directly or indirectly to in-country (Angola) arrangements and the provision of services and products to the Company and

include provisions which may impose financial and/or other claims on the Company. A material claim or breach under such provisions could adversely impact on the Company's performance.

9.9. Competition risks

The businesses in which the Company is involved are subject to domestic and global competition. The Company will have no influence or control over its competitors, which activities or actions may, positively or negatively, affect the operating and financial performance of the Company's projects and business.

9.10. Environmental risks

Development of mineral resources has some impact on the environment. It is possible that environmental claims could arise in the future against the Company and the potential for liability is an ever-present risk.

9.11. Government policy

Industry profitability can be affected by changes in government within Angola, South Africa, Australia and elsewhere, which are not within the control of the Company. The Company's activities are subject to extensive laws and regulations controlling not only the activities of the Company, but also the possible effects of those activities on the environment and on the interests of local inhabitants, among other things.

9.12. Licences and Mining Company incorporation

Licences and permits from regulatory authorities and incorporation of mining companies to house mining title are required for many aspects of the Company's activities. The 1994 legislation covering the Angolan diamond industry stipulates that only ENDIAMA (Empresa Nacional de Diamantes de Angola, the State Diamond Company) or joint ventures with ENDIAMA, can hold diamond exploration and mining rights awarded by the Council of Ministers. The Angolan Government has authorised the formation of Joint Ventures for the exercise of prospecting, exploration, evaluation and mining of secondary (alluvial) diamond deposits and kimberlite deposits (together, Lulo Concession) and has granted exploration licences until 25 May 2016. As announced on 6 August 2015, the alluvial mining license and mining title applied was awarded by the Ministry of Geology and Mines (**MGM**) over an area of 1,500km² for a minimum of 10 years.

The Lulo concession participants have already commenced the process to incorporate the mining company that will hold the mining title awarded by the MGM. At the time of this Prospectus, this company incorporation was not yet complete.

There is no guarantee that the required exploration licences will continue to be extended past 25 May 2016 or that the alluvial mining company incorporation will be completed.

9.13. Weather and climatic conditions

The current and future activities of the Company, including access to its projects and the conduct of its activities may be affected by seasonal and unexpected weather patterns, heavy rain, floods and other weather and climatic conditions.

9.14. Country risks

In addition to its administrative and corporate activities in Australia, the Company carries on exploration in Angola and related activities in South Africa where the economic, legal and political conditions differ from those in Australia. The Company will potentially be subject to economic, social, legal, political and other changes and uncertainties including, but not limited to, government policies, administrative personnel, foreign exchange regulations, laws regulating foreign ownership and operations, tax and royalties, regulation of repatriation of amounts earned or invested, exchange control regulations, ownership and expropriation of rights and other assets, environmental regulations and control and ownership of mineral properties. Changes may have a positive or negative impact on the Company's projects or businesses in the relevant country but are outside the control of the Company.

9.15. Health risks

Health risks in southern and western Africa may be greater than those in Australia and the Company may be adversely affected by illness or injury of personnel whose services are relevant to the Company's activities.

9.16. Key personnel risks

Various activities relating to the Company's projects and businesses require personnel with appropriate industry experience and qualifications and in some cases access to and the loss of such key personnel may have an adverse impact on the activities of the Company.

9.17. Foreign currency exchange rate risks

Part of the revenue and expenditure of the Company's projects and businesses are in currencies other than Australian dollars and this exposes the Company and its investments to foreign exchange movements, which may have a positive or negative influence on the Australian dollar equivalent of that revenue and expenditure.

9.18. Insurance risks

The Company may, where economically practicable and available, endeavour to mitigate some project and business risks by procuring relevant insurance cover. Such insurance cover may not always be available or economically justifiable and the policy provisions and exclusions may render a particular claim by the Company outside the scope of the insurance cover. There is also a risk that an insurer may default in payment of a legitimate claim by the Company under an insurance policy.

9.19. Industrial dispute risks

The Company's projects and businesses may be adversely impacted by industrial disputes by personnel whose services are relevant to the Company's activities and/or third parties. The risk of industrial disputes and the potential negative impact on the Company cannot be fully mitigated.

9.20. Future financing requirements

In the future the Company may require further financing to explore and develop projects or to meet its objectives. There is no assurance that the Company will be successful in obtaining the financing required as and when needed, particularly given recent volatility in global financial markets. Volatile markets may make it difficult or impossible for the Company to obtain debt or equity financing on favourable terms or at all. Failure to obtain additional financing on a timely basis may cause the Company to postpone development plans or reduce or terminate some or all of its activities.

9.21. Terrorism and war risks

The Company's projects and businesses may be adversely impacted by acts of terrorism or war. While the Company will undertake all reasonable due diligence in assessing the risks of terrorism and war in the countries and regions in which it invests, the risks of acts of terrorism and war cannot be fully mitigated.

The above statements of risk factors are by way of illustration only. There are numerous other risk factors inherent in an investment in the Company's securities, and there can be no assurance whatsoever that a return on investment will be obtained by investing in the Company's securities, or that the investment therein will not be lost. Further, an investment in the Company's securities should be considered in light of recent Australian and world events, which have had a significant impact on the stability of financial markets in Australia and worldwide and the ultimate consequences of which cannot be predicted with any certainty.

10. TAXATION IMPLICATIONS FOR APPLICANTS

The Directors do not consider it appropriate to give Applicants advice regarding the potential taxation consequences of subscribing for April 2016 Options under the Option Offer or Shares and September 2017 Options under the Cleansing Offer and the Company, its officers and advisors do not accept any liability or responsibility in respect of any such taxation consequences to Applicants.

Furthermore, the taxation implications for each Applicant will also depend on their particular circumstances, and the Directors accordingly recommend that you seek your own professional tax advice concerning the tax consequences for you which arise from the Offer. You should seek this advice whether or not you wish to apply for Securities.

10.1. RIGHTS AND LIABILITIES ATTACHING TO SHARES

Shares issued under this Prospectus will, from the time they are issued, rank *pari passu* in all respects with the Company's existing Shares. The following is a broad summary (though not an exhaustive or definitive statement) of the rights, privileges, and restrictions attaching to all Shares. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution which is deemed to be incorporated into this Prospectus. A copy of the Constitution is available for inspection at the Company's registered office during normal business hours and a copy of the Constitution will be given free of charge to anyone who asks for it during the application period of this Prospectus.

- (a) Subject to any special rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at a general meeting every Shareholder present in person or by proxy, representative or attorney has on a show of hands one vote and on a poll one vote for each share held.
- (b) Subject to the rights of Shares issued with any special or preferential rights (at present there are none), any profits of the Company, which the Company from time to time distributes by way of dividend, will be divisible amongst the Shareholders in proportion to the Shares held by them respectively.
- (c) Subject to the rights of Shareholders (if any) with Shares with special rights in a winding-up (at present there are none), on a winding-up of the Company, all assets which may be legally distributed amongst the Shareholders will be distributed in proportion to the Shares held by them.
- (d) Subject to some limited restrictions contained in the Company's Constitution, ASX Listing Rules and the Corporations Act, Shares are freely transferable.
- (e) Where Shares of different classes are issued, the rights attaching to the Shares of a class can thereafter only be varied by a special resolution passed at a general meeting of the holders of the Shares of that class, or with the written consent of the holders of at least three quarters of the issued Shares of that class.
- (f) Each Shareholder is entitled to receive notice of and to attend and vote in person or by proxy, representative or attorney at general meetings of the Company and to receive all notices, financial reports and other documents required to be furnished to Shareholders under the Company's Constitution or the Corporations Act.

11. RIGHTS AND LIABILITIES ATTACHING TO APRIL 2016 AND SEPTEMBER 2017 OPTIONS

11.1. Terms and Conditions of April 2016 Options

The terms and conditions of the April 2016 Options will be as follows:

- (a) **Definitions.** For the purposes of the terms and conditions of the April 2016 Options:
 - (i) **ASX** means ASX Limited (ABN 98 008 624 691).
 - (ii) **ASX Listing Rules** means the official listing rules of ASX.
 - (iii) **Company** means Lucapa Diamond Company Limited (ABN 44 111 501 663).
 - (iv) **Corporations Act** means Corporations Act.
 - (v) **Exercise Price** means the exercise price of each April 2016 Option, being \$0.30.
 - (vi) **Expiry Date** means 5.00pm (WST) on 29 April 2016.
 - (vii) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising April 2016 Options.
 - (viii) **Option Holder** means the person or persons registered as the holder of one or more \$0.30 Listed Options from time to time.
 - (ix) **Share** means a fully paid ordinary share in the capital of the Company.
 - (x) **WST** means Australian Western Standard Time.
 - (xi) **April 2016 Option** means an option to subscribe for a Share at the Exercise Price prior to the Expiry Date in the manner set out in these Terms and Conditions.
- (b) Each April 2016 Option carries the right to subscribe for one Share.

- (c) Subject to ASX Listing Rules, April 2016 Options will be listed on ASX.¹
- (d) April 2016 Options may be exercised by the Option Holder by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date.
- (e) Each Exercise Notice must state the number of April 2016 Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian currency) to the Company of an amount (the Application Monies) being the result of the Exercise Price multiplied by the number of April 2016 Options being exercised.
- (f) Following receipt of a properly executed Exercise Notice and Application Monies in respect of the exercise of any April 2016 Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
- (g) The Company will make application to have the Shares (issued pursuant to an exercise of April 2016 Options) listed for quotation by ASX within 7 days of the date of issue.
- (h) Shares issued pursuant to an exercise of April 2016 Options shall rank, from the date of issue, pari passu with existing Shares in all respects.
- (i) April 2016 Options carry no inherent right to participate in new issues or pro rata issues of securities to shareholders unless the April 2016 Options are exercised before the Allocation Date for determining entitlements to the relevant issue.
- (j) Each Option Holder will be notified by the Company of a proposed issue of securities to shareholders a reasonable period prior to the Allocation Date set for that issue to give the Option Holder the opportunity to exercise the April 2016 Options in sufficient time to receive, before that Allocation Date, Shares issued on the exercise of April 2016 Options entitling participation in the issue.
- (k) In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the April 2016 Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and ASX Listing Rules in force at the time of the reorganisation.
- (l) except as noted in paragraph (k) above, an April 2016 Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the April 2016 Option can be exercised.

11.2. Terms and Conditions of September 2017 Options

The terms and conditions of the September 2017 Options are as follows:

- (a) **Definitions.** For the purposes of the terms and conditions of the September 2017 Options:
 - (i) **ASX** means ASX Limited (ABN 98 008 624 691).
 - (ii) **ASX Listing Rules** means the official listing rules of ASX.
 - (iii) **Company** means Lucapa Diamond Company Limited (ABN 44 111 501 663).
 - (iv) **Corporations Act** means Corporations Act.
 - (v) **Exercise Price** means the exercise price of each September 2017 Option, being \$0.20.
 - (vi) **Expiry Date** means 5.00pm (WST) on 30 September 2017.
 - (vii) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising September 2017 Options.
 - (viii) **Option Holder** means the person or persons registered as the holder of one or more September 2017 Options from time to time.
 - (ix) **Share** means a fully paid ordinary share in the capital of the Company.
 - (x) **WST** means Australian Western Standard Time.
 - (xi) **September 2017 Option** means an option to subscribe for a Share at the Exercise Price prior to the Expiry Date in the manner set out in these Terms and Conditions.
- (b) Each September 2017 Option carries the right to subscribe for one Share.

- (c) Each September 2017 Option is unlisted¹ and is transferable subject to any restrictions on transfer imposed by ASX. The Company has the right, but not the obligation, to apply to ASX for official quotation of the September 2017 Options at any time before the Expiry Date.
- (d) September 2017 Options may be exercised by the Option Holder by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date.
- (e) Each Exercise Notice must state the number of September 2017 Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian currency) to the Company of an amount (the Application Monies) being the result of the Exercise Price multiplied by the number of September 2017 Options being exercised.
- (f) Following receipt of a properly executed Exercise Notice and Application Monies in respect of the exercise of any September 2017 Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
- (g) The Company will make application to have the Shares (issued pursuant to an exercise of September 2017 Options) listed for quotation by ASX within 7 days of the date of issue.
- (h) Shares issued pursuant to an exercise of September 2017 Options shall rank, from the date of issue, pari passu with existing Shares in all respects.
- (i) September 2017 Options carry no inherent right to participate in new issues or pro rata issues of securities to shareholders unless the September 2017 Options are exercised before the Allocation Date for determining entitlements to the relevant issue.
- (j) Each Option Holder will be notified by the Company of a proposed issue of securities to shareholders a reasonable period prior to the Allocation Date set for that issue to give the Option Holder the opportunity to exercise the September 2017 Options in sufficient time to receive, before that Allocation Date, Shares issued on the exercise of September 2017 Options entitling participation in the issue.
- (k) In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the September 2017 Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and ASX Listing Rules in force at the time of the reorganisation.
- (l) Except as noted in paragraph (k) above, a September 2017 Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the September 2017 Option can be exercised.

Note:

¹ As noted in Section 4.4 of this Prospectus, the Company will make application for the Official Quotation of the September 2017 Options.

12. PRIVACY

The Company, and the Company's Share Registrars on its behalf, hold personal information about the holders of the Company's securities. If you complete an Entitlement and Acceptance Application Form you will be providing personal information to the Company (directly or to the Company's Share Registrars) which will be collected, held and used to process and administer your application and your investments in the Company. The Company and the Company's Share Registrars may be required to disclose that information to third parties. Applicants can access, correct and update their personal information held by or on behalf of the Company by contacting the Company or the Company's Share Registrars the Company at the respective addresses and contact numbers specified in this Prospectus.

13. GLOSSARY

Allocation Date	29 August 2015
Applicant	An applicant for the issue of Securities under the Cleansing Offer and/or the Option Offer.
April 2016 Options	Options each entitling the holder to subscribe for a Share at an issue price of \$0.30 on or before 5.00pm (WST) on 29 April 2016.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited (ABN 98 008 624 691) or the Australian Securities Exchange, as required by the context.
ASX Listing Rules	Official listing rules of ASX.
Board	The board of Directors of the Company
Cents	Australian cents.
Cleansing Offer	The offer of 1,000 Shares and 1,000 September 2017 Options summarised in Section 4.
Closing Date	16 November 2015.
Company	Lucapa Diamond Company Limited (ABN 44 111 501 663).
Company's Share Registrars	Security Transfer Registrars Pty Ltd (ACN 008 894 488) of 770 Canning Highway, Applecross WA 6153 and PO Box 535, Applecross WA 6953.
Corporations Act	Corporations Act 2001 (Cth).
Director	A director of the Company.
Eligible Applicants	All persons registered as holders of the LOMO Options when those options expired at 5.00pm WST on the Allocation Date whose registered addresses are in Australia or New Zealand.
Option Offer	The offer of April 2016 Options summarised in Section 1.
LOMO Options	Options that were listed on ASX with ASX code "LOMO" each entitling the holder to subscribe for a Share at an issue price of \$0.30 on or before 5.00pm (WST) on 29 August 2015.
Non-Residents	Persons whose registered addresses are outside Australia or New Zealand.
Offers	The Option Offer and the Cleansing Offer.
Official Quotation	The admission of Securities to the official list of ASX.
Options	Options each entitling the holder to subscribe for a Share at an issue price of applicable to that class of Option on or before the expiration of that Option.
Prospectus	This document.
Section	Unless otherwise stated, a numbered section of this Prospectus.
Securities	Shares and Options offered under the Offers.
September 2017 Options	Options each entitling the holder to subscribe for a Share at an issue price of \$0.20 on or before 5.00pm (WST) on 30 September 2017.
Share	Fully paid ordinary share in the capital of the Company.
Shareholder	Holder of a Share.
Shareholding	The Shares held by a Shareholder.
WST	Australian Western Standard Time.
\$	Australian dollar.

CONSENTS

Security Transfer Registrars Pty Ltd (the Company's Share Registrars) and Somes Cooke (the Company's auditors) have been named in this Prospectus for information purposes only and have not consented to being named herein.

DIRECTORS' AUTHORISATION

This Prospectus is issued by Lucapa Diamond Company Limited and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with ASIC and ASX.

**For and on behalf of
LUCAPA DIAMOND COMPANY LIMITED**

**MILES KENNEDY
CHAIRMAN**

Date: 26 October 2015

OFFER AND ACCEPTANCE FORM

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.

REGISTERED OFFICE:

34 BAGOT ROAD
SUBIACO WA 6008
AUSTRALIA

**LUCAPA DIAMOND COMPANY
LIMITED**

ABN: 44 111 501 663

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

«Company_code»«Sequence_number»«Address_unknown»

«Holder_name»
«Address_line_1»
«Address_line_2»
«Address_line_3»
«Address_line_4»
«Address_line_5»

Code:

Holder Number:

Eligible Holding as at 5.00pm WST
on 29 August 2015:

Allocation of Securities 1:2:

Amount payable on acceptance
@ \$0.001 per Security:

NON-RENOUNCEABLE OPTION OFFER CLOSING AT 5.00PM WST ON 16 NOVEMBER 2015

(1) I/We the above named being registered at 5.00pm WST on the 29 August 2015 as holder(s) of Options in the Company hereby accept as follows:

Allocation or Part Thereof	NUMBER OF NEW OPTIONS ACCEPTED/APPLIED FOR	AMOUNT ENCLOSED @ \$0.001 PER OPTION
	<input type="text"/> , <input type="text"/> , <input type="text"/>	\$ <input type="text"/> , <input type="text"/> , <input type="text"/> . <input type="text"/>


- (2) I/We have enclosed/made payment for amount shown above (following the payment instructions as detailed overleaf).
- (3) I/We understand that if any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept this form, and how to construe, amend or complete it shall be final.
- (4) I/We authorise the Company to send me/us a substituted form if this form ceases to be current.
- (5) I/We declare that I/we have received a full and unaltered version of the Prospectus either in an electronic or paper format.
- (6) My/Our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER
()

EMAIL ADDRESS

BPAY PAYMENT OR THE RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE OFFER.
You do not need to return this form if you have made payment via BPAY.

<p>PAYMENT INFORMATION - Please also refer to payment instructions overleaf.</p>  <p>Bill code: 159483 Ref: <input type="text"/></p> <p>BPAY® this payment via internet or phone banking. Your BPAY® reference number is unique to this offer and is not to be used for any other offer.</p>	<p>CHEQUE / MONEY ORDER</p> <p>All cheques (expressed in Australian currency) are to be made payable to LUCAPA DIAMOND COMPANY LIMITED and crossed "Not Negotiable".</p>	<p>REGISTRY DATE STAMP</p> <p><SEQUENCE_NUMBER></p> <p>E & O.E.</p>
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LODGEMENT INSTRUCTIONS

CHEQUE / MONEY ORDER

All cheques should be drawn on an Australian bank and expressed in Australian currency and crossed "Not Negotiable".

Sufficient cleared funds should be held in your account as your acceptance may be rejected if your cheque is dishonoured.

Cheques or bank drafts drawn on overseas banks in Australian or any foreign currency will NOT be accepted. Any such cheques will be returned and the acceptance deemed to be invalid.

Do not forward cash as receipts will not be issued.

When completed, this form together with the appropriate payment should be forwarded to the share registry:

Security Transfer Registrars Pty Ltd
PO Box 535, APPLECROSS WA 6953.

Applications must be received by Security Transfer Registrars Pty Ltd no later than 5.00pm WST on 16 November 2015.

PAYMENT INFORMATION



Billers code: 159483

BPAY® this payment via internet or phone banking.
Your reference number is quoted on the front of this form.

Multiple acceptances must be paid separately.

Applicants should be aware of their financial institution's cut-off time (the time payment must be made to be processed overnight) and ensure payment is processed by their financial institution on or before the day prior to the closing date of the offer. BPAY applications will only be regarded as accepted if payment is received by the registry from your financial institution on or prior to the closing date. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time.

Your BPAY reference number will process your payment to your allocation electronically and you will be deemed to have applied for such Securities for which you have paid.

EXPLANATION OF ALLOCATION

1. The front of this form sets out the number of Securities and the price payable on acceptance of each Security.
2. Your allocation may be accepted either in full or in part. There is no minimum allocation.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email: registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

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