



LUCAPA DIAMOND COMPANY LIMITED

ACN 111 501 663

NOTICE OF EXTRAORDINARY GENERAL MEETING

TIME: 10.00am (WST)

DATE: 14 January 2016

PLACE: Subiaco Arts Centre
180 Hamersley Rd
Subiaco WA 6008

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

If you wish to discuss the matters in this Notice of Meeting please contact the Company Secretary on (+61 8) 9381 5995.

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CONTENTS PAGE

Business of the Meeting (setting out the proposed resolutions)	3
Explanatory Statement (explaining the proposed resolutions)	6
Glossary	13
Schedule 1 – Terms and Conditions of September 2017 Options	15
Schedule 2 – Terms and Conditions of April 2016 Options	16

IMPORTANT INFORMATION

MEETING DETAILS

Notice is given that the Extraordinary General Meeting of the Shareholders to which this Notice of Meeting relates will be held at Subiaco Arts Centre, 180 Hamersley Rd, Subiaco WA on Thursday, 14 January 2016 at 10.00 am (WST).

YOUR VOTE IS IMPORTANT

The business of the Meeting affects your shareholding and your vote is important.

VOTING ELIGIBILITY

All Shareholders may attend the Meeting. The Directors have determined pursuant to Regulation 7.11.37 of the *Corporations Regulations 2001* (Cth) that for the purposes of voting at the Meeting, Shareholders will be taken as those who are registered on the Company's register of members as at 5.00pm (WST) on Tuesday, 12 January 2016.

VOTING AT THE MEETING OR BY PROXY

You may vote on the items of business to be considered at the Meeting, either in person at the Meeting or by completing, signing and returning the Proxy Form enclosed with this Notice. You can return your Proxy Form to the Company's share registry, Security Transfer Registrars:

- by email to registrar@securitytransfer.com.au;
- by posting it to PO Box 535, Applecross, Western Australia 6953;
- by facsimile to +61 (0) 8 9315 2233;
- by hand to 770 Canning Highway, Applecross, Western Australia, Australia 6153 between 8.00am and 5.00pm Monday to Friday, providing it is not a public holiday in WA.

You may also lodge your proxy online at www.securitytransfer.com.au and by following the instructions set out on the Proxy Form.

The Proxy Form must be returned to the Security Transfer Registrars and be received no later than 10.00am (WST) on Tuesday, 12 January 2016.

VOTING BY PROXY

In accordance with section 249L of the Corporations Act, Shareholders are advised that:

- each Shareholder has a right to appoint a proxy;
 - the proxy may, but need not be, a Shareholder of the Company; and
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- a Shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. Where more than one proxy is appointed each proxy may be appointed to represent a specific proportion of the Shareholder's voting rights. If the appointment does not specify the proportion or number of votes each proxy may exercise, each proxy may exercise half of the votes.

The Proxy Form must be signed by the Shareholder or his/her attorney duly authorised in writing or, if the Shareholder is a corporation, in a manner permitted by the Corporations Act.

If the case of Shares jointly held by two or more persons, all joint holders must sign the Proxy Form.

Chair voting undirected proxies

The Chair will vote undirected proxies on, and in favour of, all of the proposed Resolutions.

CORPORATE REPRESENTATIVES

A corporation may elect to appoint an individual to act as its representative in accordance with section 250D of the Corporations Act in which case the Company will require a certificate of appointment of the corporate representative executed in accordance with the Corporations Act. The representative must bring to the Meeting evidence of his or her appointment unless it has been previously given to the Company's share registry, Security Transfer Registrars.

POWERS OF ATTORNEY

A person appearing as an Attorney for a Shareholder should produce a properly executed original (or certified copy) of an appropriate Power of Attorney for admission to the Meeting.

BUSINESS OF THE MEETING

AGENDA

1. RESOLUTION 1 – RATIFICATION OF SHARES AND OPTIONS PURSUANT TO PLACEMENT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.4 and for all other purposes, the Shareholders hereby approve and ratify the issue of 19,444,444 Shares and 16,344,098 September 2017 Options to those who participated in the Placement as announced to ASX on 14 September 2015, 15 October 2015 and 22 October 2015 as more fully described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who participated in the issue and any of their associates, unless:

- (a) it is cast by the person as proxy for a person who is entitled to vote (in accordance with directions on the Proxy Form); or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

2. RESOLUTION 2 – APPROVAL FOR THE ISSUE OF OPTIONS PURSUANT TO PLACEMENT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders hereby approve and authorise the issue of 3,100,346 September 2017 Options for no cash consideration to those who participated in the Placement as announced to ASX on 14 September 2015, 15 October 2015 and 22 October 2015 and as more fully described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by any person who may participate in the issue of securities referred to in this Resolution and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. RESOLUTION 3 – APPROVAL FOR THE ISSUE OF SEPTEMBER 2017 OPTIONS PURSUANT TO PLACEMENT

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That, for the purposes of Listing Rule 7.1 and for all other purposes, the Shareholders hereby approve and authorise the issue of up to 7,000,000 September 2017 Options to Carrington Corporate Pty Ltd, or its nominee(s), for no cash consideration but as the agreed consideration for procuring completion of the Placement as more fully described in the Explanatory Statement accompanying this Notice.”

Voting Exclusion

The Company will disregard any votes cast on this Resolution by Carrington Corporate Pty Ltd and any person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any votes cast by an associate of such person.

However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. RESOLUTION 4 – ISSUE OF APRIL 2016 OPTIONS – MILES KENNEDY

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue of 355,417 April 2016 Options to Miles Kennedy, or his nominee(s), at an issue price of \$0.001 each, being the allocation of April 2016 Options to which he is entitled under the Prospectus as described in the Explanatory Statement, each of such April 2016 Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Statement, to subscribe for 1 Share in the Company.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Miles Kennedy and his nominee(s) (and any associate of Miles Kennedy and his nominee(s)). However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or
- (b) it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

5. RESOLUTION 5 – ISSUE OF APRIL 2016 OPTIONS – GORDON GILCHRIST

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue of 58,750 April 2016 Options to Gordon Gilchrist, or his nominee(s), at an issue price of \$0.001 each, being the allocation of April 2016 Options to which he is entitled under the Prospectus as described in the Explanatory Statement, each of such April 2016 Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Statement, to subscribe for 1 Share in the Company.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Gordon Gilchrist and his nominee(s) (and any associate of Gordon Gilchrist and his nominee(s)). However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or
- (b) it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

6. RESOLUTION 6 – ISSUE OF APRIL 2016 OPTIONS – ALBERT THAMM

To consider and, if thought fit, to pass the following resolution as an **ordinary resolution**:

“That for the purposes of Listing Rule 10.11 and for all other purposes, the Shareholders hereby approve the issue of 45,000 April 2016 Options to Albert Thamm, or his nominee(s), at an issue price of \$0.001 each, being the allocation of April 2016 Options to which he is entitled under the Prospectus as described in the Explanatory Statement, each of such April 2016 Options being subject to the terms and conditions and carrying the right, exercisable at the time, price and in the manner prescribed in the Explanatory Statement, to subscribe for 1 Share in the Company.”

Voting Exclusion:

The Company will disregard any votes cast on this Resolution by Albert Thamm and his nominee(s) (and any associate of Albert Thamm and his nominee(s)). However, the Company will not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the Proxy Form); or
- (b) it is cast by the person chairing the General Meeting as proxy for a person who is entitled to vote (in accordance with a direction on the Proxy Form to vote as the proxy decides).

DATED: 11 DECEMBER 2015

BY ORDER OF THE BOARD

**MARK CLEMENTS
COMPANY SECRETARY**

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions which are the subject of the business of the Meeting.

1. RESOLUTION 1 - RATIFICATION OF SHARES AND OPTIONS PURSUANT TO PLACEMENT

1.1 Background

As detailed in the Company's ASX announcement on 14 September 2015, the Company agreed to issue 19,444,444 Shares (**Placement Shares**), at an issue price of \$0.18 each per Share (**Placement**) with an attaching September 2017 Option issued free for every 1 Share issued, to professional and sophisticated investors (**Participants**) to raise approximately \$3.5 million (before associated costs).

On 15 October 2015 the Company completed the issue of the 19,444,444 Placement Shares and on 22 October 2015 completed the issue of 16,344,098 September 2017 Options, being a part of the 19,444,444 attaching September 2017 agreed to be issued under the Placement. The Company intends to issue the remaining 3,100,346 September 2017 Options required to complete the issue of 19,444,444 September 2017 Options under the Placement when Resolution 2 is passed or when the Company has sufficient placement capacity under the Listing Rules to issue those remaining September 2017 Options.

1.2 Listing Rule 7.4

The Placement Shares and September 2017 Options issued under the Placement were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 without the need for Shareholder approval.

Resolution 1 is an ordinary resolution that seeks Shareholder ratification of the Placement of the Placement Shares and the September 2017 Options pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 1 will be to restore the Company's ability to issue further capital to the maximum 15% limit during the next 12 months.

1.3 Specific Information Required by Listing Rule 7.5

For the purposes of Shareholder approval of the Placement of the Placement Shares and the September 2017 Options and the requirements of Listing Rule 7.5, information is provided as follows:

- (a) 19,444,444 Placement Shares were issued on 15 October 2015 and 16,344,098 September 2017 Options were issued on 22 October 2015;
- (b) the Placement Shares were issued at an issue price of \$0.18 each per Placement Share. The September 2017 Options were issued for nil cash consideration on the basis of 1 September 2017 Option for each Placement Share issued to the Participants;
- (c) the Placement Shares issued were fully paid ordinary shares in the capital of the Company and rank equally in all respects with the Company's existing Shares on issue;
- (d) the terms and conditions of the September 2017 Options are set out in Schedule 1 to this Explanatory Statement;

- (e) the Placement Shares and September 2017 Options were issued to the Participants who were professional and sophisticated investors and are not related parties or associates of a related party of the Company;
- (f) The sum of approximately \$3.5 million (before associated costs) was raised from the Placement and the Company, through its representation on the Lulo Project management board and as sole operator expended \$2.7 million on the purchase of an excavator, truck, 3 water pumps, 2 lighting towers, 2 diesel tanks, 3 site vehicles and a bus with the remaining balance of the proceeds being applied towards plant optimisation and camp improvements to scale up its alluvial diamond mining operations beyond 20,000 bulk cubic metres (bcm) per month, and for working capital.
- (g) a voting exclusion statement is included in the Notice.

1.4 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 1. The Chair intends to vote undirected proxies in favour of Resolution 1.

2. RESOLUTION 2 - APPROVAL FOR THE ISSUE OF OPTIONS PURSUANT TO PLACEMENT

2.1 Background

Under the Placement, the Company agreed to issue the Placement Shares and 19,444,444 attaching September 2017 Options to the Participants and, on 22 October 2015, as detailed above and in the Company's ASX announcement of that date, the Company completed the issue of 16,344,098 September 2017 Options, being a part of the attaching September 2017 agreed to be issued under the Placement.

The Company intends to issue the remaining 3,100,346 September 2017 required to complete the issue of 19,444,444 September 2015 Options to Participants in the Placement when Resolution 2 is passed or when the Company has sufficient placement capacity under the Listing Rules to issue those remaining September 2017 Options.

Resolution 2 is an ordinary resolution that seeks Shareholder approval for the purposes of Listing Rule 7.1 and for all other purposes, to issue the remaining 3,100,346 September 2017 to the Participants in the Placement.

2.2 Listing Rule 7.1

Listing Rule 7.1 provides in summary, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

The effect of passing Resolution 2 will be to allow the Company to issue the 3,100,346 September 2017 Options described in Resolution 2 during the three month period after the Meeting (or a longer period, if allowed by ASX), without using up the Company's 15% placement capacity under Listing rule 7.1.

If Resolution 2 is not passed, the 3,100,346 September 2017 Options described in Resolution 2 will be issued to Participants in the Placement when the Company has the requisite placement capacity under Listing Rule 7.1.

2.3 Specific Information Required by Listing Rule 7.3

In compliance with the information requirements of Listing Rule 7.3 Shareholders are advised of the following particulars in relation to the issue of the September 2017 Options under Resolution 2:

- (a) the maximum number of September 2017 Options proposed for issue under Resolution 2 is 3,100,346;
- (b) these September 2017 Options are to be issued to Participants in the Placement, being professional and sophisticated investors who are not related parties or associates of a related party of the Company, for nil consideration on the basis of 1 September 2017 Option for each 1 Share issued under the Placement;
- (c) no funds will be raised from the issue of these September 2017 Options, but the Company will receive \$0.20 for each September 2017 Option exercised by the holders of those September 2017 Options;
- (d) the September 2017 Options will be in the same class as the Company's existing listed September 2017 Options (ASX:LOMOA). Shares issued on the exercise of these September 2017 Options will rank pari passu with all existing Shares on issue;
- (e) the terms and conditions of these September 2017 Options are set out in Schedule 1 to this Explanatory Statement;
- (f) the issue of these September 2017 Options will all be made on the same date, being no later than three months from the date of receiving Shareholder approval; and
- (g) a voting exclusion statement is included in the Notice.

2.4 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 2. The Chair intends to vote undirected proxies in favour of Resolution 2.

3. RESOLUTION 3 - APPROVAL FOR THE ISSUE OF SEPTEMBER 2017 OPTIONS PURSUANT TO PLACEMENT

3.1 Background

As detailed in section 1.1 of the Explanatory Statement, the Company agreed to the issue of the Placement Shares and 19,444,444 attaching September 2017 Options to the Participants under the Placement.

On 15 October 2015 the Company issued the 19,444,444 Placement Shares to the Participants, raising approximately \$3.5 million (before associated costs) and on 22 October 2015 the Company issued 16,344,098 September 2017 Options, being a part of the attaching September 2017 agreed to be issued under the Placement. The 3,100,346 September 2017 required to be issued to the Participants under the Placement will be issued after the passing of Resolution 2 or when the Company has the requisite placement capacity under Listing Rule 7.1.

Carrington Corporate Pty Ltd assisted the Company in procuring completion of the Placement and, in return, the Company agreed to issue to Carrington Corporate Pty Ltd, or its nominee(s), a total of 7 million September 2017 Options for no cash consideration but as the agreed consideration for procuring completion of the Placement.

Resolution 3 is an ordinary resolution that seeks Shareholder approval for the purposes of Listing Rule 7.1 and for all other purposes, to issue up to 7,000,000 September 2017 Options to Carrington Corporate Pty Ltd, or its nominee(s).

3.2 Listing Rule 7.1

Listing Rule 7.1 provides in summary, subject to certain exceptions, that Shareholder approval is required for any issue of securities by a listed company, where the securities proposed to be issued represent more than 15% of the Company's securities then on issue.

The effect of passing Resolution 3 will be to allow the Company to issue up to 7,000,000 September 2017 Options as described in Resolution 3 during the three month period after the Meeting (or a longer period, if allowed by ASX), without using up the Company's 15% placement capacity under Listing rule 7.1.

If Resolution 3 is not passed, the 7,000,000 September 2017 Options will be issued to Carrington Corporate Pty Ltd, or its nominee(s), when the Company has the requisite placement capacity under Listing Rule 7.1.

3.3 Specific Information Required by Listing Rule 7.3

In compliance with the information requirements of Listing Rule 7.3 Shareholders are advised of the following particulars in relation to the issue of the September 2017 Options under Resolution 3:

- (a) the maximum number of September 2017 Options proposed for issue is 7,000,000;
- (b) these September 2017 Options are to be issued to Carrington Corporate Pty Ltd, or its nominees(s), for no cash consideration;
- (c) No money will be raised from the issue of these September 2017 Options and, if these September 2017 Options are exercised, the Company will receive \$0.20 for every September 2017 Options exercised by the holders of those September 2017 Options;
- (d) these September 2017 Options will be in the same class as the existing listed September 2017 Options (ASX:LOMOA). Shares issued on the exercise of these September 2017 Options will rank pari passu with all existing Shares on issue;
- (e) the terms and conditions of these September 2017 Options are set out in Schedule 1 to this Explanatory Statement;
- (f) the issue of these September 2017 Options will all be made on the same date, being no later than three months from the date of receiving Shareholder approval; and
- (g) a voting exclusion statement is included in the Notice.

3.4 Directors' Recommendation

The Directors unanimously recommend that Shareholders vote in favour of Resolution 3. The Chair intends to vote undirected proxies in favour of Resolution 3.

4. RESOLUTIONS 4, 5 AND 6 – APPROVAL FOR THE ISSUE OF OPTIONS TO DIRECTORS MILES KENNEDY, GORDON GILCHRIST AND ALBERT THAMM

4.1 Background

On 26 October 2015, the Company issued the Prospectus under which it, inter alia, made an offer (**Option Offer**) of April 2016 Options, at an issue price of \$0.001 each, to all Eligible Applicants on the basis of 1 April 2016 Option for every 2 LOMO Options held by each Eligible Applicant immediately preceding 5.00pm (WST) on 29 August 2015.

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.

The Company Directors, Miles Kennedy, Gordon Gilchrist and Albert Thamm were each registered holders of LOMO Options immediately preceding 5.00pm (WST) on 29 August 2015 and, being resident in Australia, all qualified as Eligible Applicants under the Option Offer.

The respective allocations of April 2016 Options to which each of these Directors were entitled under the Option Offer were set out in Table 4 of the Prospectus and are as follows:

Director	Allocation of April 2016 Options
Miles Kennedy ¹	355,417
Gordon Gilchrist ²	58,750
Albert Thamm ³	45,000

¹ Miles 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.

² Gordon Gilchrist was the holder of 117,501 LOMO Options when those LOMO Options expired on 29 August 2015.

³ Albert Thamm was the holder of 90,000 LOMO Options when those LOMO Options expired on 29 August 2015.

The Prospectus recorded that, subject to compliance with the Listing Rules and all applicable laws, those Directors who were entitled to allocations of April 2016 Options under the Option Offer intended to apply for their respective allocations in full.

The Prospectus advised that the issue of April 2016 Options to any Director would be 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 stated that the Company would not issue any April 2016 Options to any Director without that approval.

Miles Kennedy, Gordon Gilchrist and Albert Thamm have all applied for their respective full allocations of April 2016 Options under the Option Offer and Resolution 4, 5 and 6 are ordinary resolutions seeking the required Shareholder approval, in each case, for the issue of the respective allocations of April 2016 Options to each of them or their respective nominees.

Apart from the fact that no April 2016 Options will be issued to any Director unless that issue is approved by the Shareholders, the terms of the Option Offer made to the Directors under the Prospectus are the same as the terms offered to all other Eligible Applicants.

4.2 Specific Information Required by Listing Rule 10.13 for the Notice of Meeting under Listing Rule 10.11 in relation to Resolutions 4, 5 and 6

Resolution 4

For the purposes of Shareholder approval of the issue of April 2016 Options to Miles Kennedy, or his nominee(s), pursuant to Resolutions 4 and the requirements of Listing Rule 10.13 for that resolution, information is provided as follows:

- (a) The April 2016 Options will be issue to Miles Kennedy or his nominee(s);
- (b) the maximum number of April 2016 Options proposed for issue under Resolution 4 is 355,417;
- (c) these April 2016 Options will all be issued on the same date, being no more than 1 month after the date the date of the meeting;
- (d) the issue price of each April 2016 Option is \$0.001;
- (e) these April 2016 Options are being issued pursuant to the terms of the Option Offer made to Eligible Applicants under the Prospectus on the basis of 1 April 2016, offered at an issue price of \$0.001, for every 2 LOMO Options held by the Eligible Applicant immediately preceding 5.00pm (WST) on 29 August 2015;
- (f) these April 2016 Options will be in the same class as the listed April 2016 Options (ASX:LOMOB) quoted on the ASX. Shares issued on the exercise of these April 2016 Options will rank pari passu with all existing Shares on issue;
- (g) the terms and conditions of these April 2016 Options are set out in Schedule 2 to this Explanatory Statement;
- (h) the sum of \$355.47 will be raised from the issue of these April 2016 Options, and will be applied towards working capital. The Company will receive \$0.30 for each April 2016 Option exercised by the holders of those April 2016 Options;
- (i) a voting exclusion statement is included in the Notice.

Resolution 5

For the purposes of Shareholder approval of the issue of April 2016 Options to Gordon Gilchrist, or his nominee(s), pursuant to Resolutions 5 and the requirements of Listing Rule 10.13 for that resolution, information is provided as follows:

- (a) The April 2016 Options will be issue to Gordon Gilchrist or his nominee(s);
- (b) the maximum number of April 2016 Options proposed for issue under Resolution 5 is 58,750;
- (c) these April 2016 Options will all be issued on the same date, being no more than 1 month after the date the date of the meeting;
- (d) the issue price of each April 2016 Option is \$0.001;
- (e) these April 2016 Options are being issued pursuant to the terms of the Option Offer made to Eligible Applicants under the Prospectus on the basis of 1 April 2016, offered at an issue price of \$0.001, for every 2 LOMO Options held by the Eligible Applicant immediately preceding 5.00pm (WST) on 29 August 2015;

- (f) these April 2016 Options will be in the same class as the listed April 2016 Options (ASX:LOMOB) quoted on the ASX. Shares issued on the exercise of these April 2016 Options will rank pari passu with all existing Shares on issue;
- (g) the terms and conditions of these April 2016 Options are set out in Schedule 2 to this Explanatory Statement;
- (h) the sum of \$58.75 will be raised from the issue of these April 2016 Options, and will be applied towards working capital. The Company will receive \$0.30 for each April 2016 Option exercised by the holders of those April 2016 Options;
- (i) a voting exclusion statement is included in the Notice.

Resolution 6

For the purposes of Shareholder approval of the issue of April 2016 Options to Albert Thamm, or his nominee(s), pursuant to Resolutions 6 and the requirements of Listing Rule 10.13 for that resolution, information is provided as follows:

- (a) The April 2016 Options will be issue to Albert Thamm or his nominee(s);
- (b) the maximum number of April 2016 Options proposed for issue under Resolution 6 is 45,000;
- (c) these April 2016 Options will all be issued on the same date, being no more than 1 month after the date the date of the meeting;
- (d) the issue price of each April 2016 Option is \$0.001;
- (e) these April 2016 Options are being issued pursuant to the terms of the Option Offer made to Eligible Applicants under the Prospectus on the basis of 1 April 2016, offered at an issue price of \$0.001, for every 2 LOMO Options held by the Eligible Applicant immediately preceding 5.00pm (WST) on 29 August 2015;
- (f) these April 2016 Options will be in the same class as the listed April 2016 Options (ASX:LOMOB) quoted on the ASX. Shares issued on the exercise of these April 2016 Options will rank pari passu with all existing Shares on issue;
- (g) the terms and conditions of these April 2016 Options are set out in Schedule 2 to this Explanatory Statement;
- (h) the sum of \$45.00 will be raised from the issue of these April 2016 Options, and will be applied towards working capital. The Company will receive \$0.30 for each April 2016 Option exercised by the holders of those April 2016 Options;
- (i) a voting exclusion statement is included in the Notice.

GLOSSARY

\$ means Australian Dollars.

April 2016 Options means listed options with ASX code “LOMOB”, 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, and being subject to the terms and conditions set out in Schedule 2.

ASIC means Australian Securities & Investments Commission.

ASX means ASX Limited (ACN 108 019 263) and, where the context permits, the Australian Securities Exchange operated by ASX.

Board means the board of Directors.

Carrington Corporate Pty Ltd means Carrington Corporate Pty Ltd (ACN 600 249 563).

Chair means the person appointed to chair the Meeting convened by this Notice.

Company means Lucapa Diamond Company Limited (ACN 111 501 663).

Corporations Act means the *Corporations Act 2001* (Cth).

Director means a director of the Company.

Eligible Applicants means all persons registered as holders of the LOMO Options when those options expired at 5.00pm WST on the 29 August 2015 whose registered addresses are in Australia or New Zealand.

Explanatory Statement means the explanatory statement attached to the Notice.

Listing Rules means the listing rules of ASX.

LOMO Options means 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.

Meeting has the meaning in the introductory paragraph of the Notice.

Notice means this notice of meeting.

Placement means the placement of 19,444,444 Shares, at an issue price of \$0.18 each per Share, with an attaching September 2017 Option issued free for every 1 Share issued, as described in section 1.1 of the Explanatory Statement.

Prospectus means the Company’s prospectus that was dated 26 October 2015 and was lodged with ASIC and ASX on that day.

Proxy Form means the proxy form attached to the Notice.

Resolution means a resolution contained in the Notice.

September 2017 Option means listed options with ASX code “LOMOA”, each entitling the holder to subscribe for a Share at an issue price of \$0.20, exercisable at any time before 5.00pm (WST) on 30 September 2017, and being subject to the terms and conditions set out in Schedule 1.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

VWAP means the volume weighted average price of all Shares traded on ASX calculated over a specified period determined by dividing the aggregate sale price for all Shares traded in that period by the total number of the Shares traded.

WST means Western Standard Time, being the time in Western Australia.

In this Notice and the Explanatory Statement words importing the singular include the plural and vice versa.

SCHEDULE 1 – TERMS 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 listed and is transferable subject to any restrictions on transfer imposed by ASX.¹
- (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 record 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 record 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 record 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.

¹Note: September 2017 Options were granted quotation on ASX (ASX:LOMOA) effective on 30 October 2015.

SCHEDULE 2 – TERMS OF APRIL 2016 OPTIONS

1.1. Terms and Conditions of April 2016 Options

The terms and conditions of the April 2016 Options are 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 April 2016 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) Each April 2016 Option is listed on ASX.
- (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.

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LUCAPA DIAMOND COMPANY LIMITED

ACN: 111 501 663

REGISTERED OFFICE:

34 BAGOT ROAD
SUBIACO WA 6008

+

«EFT_REFERENCE_NUMBER»

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:

LOM

Holder Number:

«HOLDER_NUM

PROXY 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.

**VOTE
ONLINE**

Lodge your proxy vote securely at www.securitytransfer.com.au

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

«ONLINE

SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote, hereby appoint:

The meeting chairperson

OR

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Extraordinary General Meeting of the Company to be held at 10:00am WST on Thursday 14 January 2016 at the Subiaco Arts Centre, 180 Hamersley Road, Subiaco WA 6008 and at any adjournment of that meeting.

SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

RESOLUTION

1. RATIFICATION OF SHARES AND OPTIONS PURSUANT TO PLACEMENT
2. APPROVAL FOR THE ISSUE OF OPTIONS PURSUANT TO PLACEMENT
3. APPROVAL FOR THE ISSUE OF SEPTEMBER 2017 OPTIONS PURSUANT TO PLACEMENT
4. ISSUE OF APRIL 2016 OPTIONS - MILES KENNEDY
5. ISSUE OF APRIL 2016 OPTIONS - GORDON GILCHRIST
6. ISSUE OF APRIL 2016 OPTIONS - ALBERT THAMM

For Against Abstain

<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. * If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

Proxies must be received by Security Transfer Registrars Pty Ltd no later than 10:00am WST on Tuesday 12 January 2016.

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My/Our contact details in case of enquiries are:

Name:

Number:

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1. NAME AND ADDRESS

This is the name and address on the Share Register of the Company. If this information is incorrect, please make corrections on this form. Shareholders sponsored by a broker should advise their broker of any changes. Please note that you cannot change ownership of your shares using this form.

2. APPOINTMENT OF A PROXY

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a shareholder of the Company.

3. DIRECTING YOUR PROXY HOW TO VOTE

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

4. APPOINTMENT OF A SECOND PROXY

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by contacting the Company's share registry or you may photocopy this form.

To appoint a second Proxy you must:

- a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- b) Return both forms in the same envelope.

5. SIGNING INSTRUCTIONS

Individual: where the holding is in one name, the Shareholder must sign.

Joint Holding: where the holding is in more than one name, all of the Shareholders must sign.

Power of Attorney: to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

6. LODGEMENT OF PROXY

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than the date and time stated on the form overleaf. Any Proxy form received after that time will not be valid for the scheduled meeting.

The proxy form does not need to be returned to the share registry if the votes have been lodged online.

Security Transfer Registrars Pty Ltd

Online	www.securitytransfer.com.au
Postal Address	PO BOX 535 Applecross WA 6953 AUSTRALIA
Street Address	Alexandrea House Suite 1, 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 security holders, 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.

