



**LUCAPA**  
DIAMOND COMPANY

---

## LUCAPA DIAMOND COMPANY LIMITED

ACN 111 501 663

## NOTICE OF ANNUAL GENERAL MEETING

---

Notice is given that the Meeting will be held at:

**TIME:** 1:00PM (WST)

**DATE:** 27 May 2019

**PLACE:** Subiaco Arts Centre, 180 Hamersley Road, Subiaco, WA 6008

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

*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.*

*The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered Shareholders at 1:00pm (WST) on 25 May 2019.*

---

## BUSINESS OF THE MEETING

---

### AGENDA

---

#### 1. FINANCIAL STATEMENTS AND REPORTS

To receive and consider the annual financial report of the Company for the financial year ended 31 December 2018 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

---

#### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **non-binding resolution**:

*“That, for the purposes of section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report as contained in the Company’s annual financial report for the financial year ended 31 December 2018.”*

**Note: the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

**Voting Prohibition Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of either of the following persons:

- (a) a member of the Key Management Personnel, details of whose remuneration are included in the Remuneration Report; or
- (b) a Closely Related Party of such a member.

However, a person (the **voter**) described above may cast a vote on this Resolution as a proxy if the vote is not cast on behalf of a person described above and either:

- (a) the voter is appointed as a proxy by writing that specifies the way the proxy is to vote on this Resolution; or
- (b) the voter is the Chair and the appointment of the Chair as proxy:
  - (i) does not specify the way the proxy is to vote on this Resolution; and
  - (ii) expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel.

---

#### 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – NICK SELBY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 6.3(c) of the Constitution and for all other purposes, Mr Nick Selby, a Director, retires by rotation, and being eligible, is re-elected as a Director.”*

---

#### 4. RESOLUTION 3 – ELECTION OF DIRECTOR – ROSS STANLEY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purpose of clause 6.3(i) of the Constitution, ASX Listing Rule 14.4 and for all other purposes, Mr Ross Stanley, a Director who was appointed casually on 26 July 2018, retires, and being eligible, is elected as a Director.”*

---

5. **RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY**

To consider and, if thought fit, to pass the following resolution as a **special resolution**:

*“That, for the purposes of Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and otherwise on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the Company) or an associate of that person (or those persons). However, the Company will not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

---

6. **RESOLUTION 5 – RATIFICATION OF ISSUE OF SHARES TO EQUIGOLD PTE LTD**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.4 and for all other purposes, Shareholders ratify the issue of 32,803,353 Shares on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of Equigold Pte Ltd or any associates of Equigold Pte Ltd. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

---

7. **RESOLUTION 6 – RE-ADOPTION OF INCENTIVE AND RETENTION PLAN**

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 7.2 (Exception 9(b)) and for all other purposes, approval is given for the Company to re-adopt the employee incentive scheme titled Incentive and Retention Plan and for the issue of unquoted Options or Performance Rights under that Plan, on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of any Director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those Directors. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

**Voting Prohibition Statement:**

A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:

- (a) the proxy is either:

- (i) a member of the Key Management Personnel; or
- (ii) a Closely Related Party of such a member; and
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.

However, the above prohibition does not apply if:

- (a) the proxy is the Chair; and
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of the Key Management Personnel.

---

## 8. RESOLUTION 7 – ISSUE OF SHARES TO NEW AZILIAN PTY LTD ON CONVERSION OF INTEREST UNDER LOAN FACILITY

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue that number of Shares (calculated in accordance with the terms of the Loan Facility) in satisfaction of interest payable under the Loan Facility on and subject to the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion Statement:** The Company will disregard any votes cast in favour of the Resolution by or on behalf of New Azilian Pty Ltd (and its nominees) or any of their associates. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote, in accordance with the directions on the Proxy Form, or, 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.

---

**Dated: 26 April 2019**  
**By order of the Board**

**Mark Clements**  
**Company Secretary**

### **Voting in person**

---

To vote in person, attend the Meeting at the time, date and place set out above.

### **Voting by proxy**

---

To vote by proxy, please complete and sign the enclosed Proxy Form and return by the time and in accordance with the instructions set out on the Proxy Form.

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

- each Shareholder has a right to appoint a proxy;
- the proxy need not be a Shareholder of the Company; and
- 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. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member’s votes, then in accordance with section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

Shareholders and their proxies should be aware that changes to the Corporations Act made in 2011 mean that:

- if proxy holders vote, they must cast all directed proxies as directed; and
- any directed proxies which are not voted will automatically default to the Chair, who must vote the proxies as directed.

**Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on +61 8 9381 5995.**

---

---

## 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.

---

### 1. FINANCIAL STATEMENTS AND REPORTS

In accordance with the Constitution, the business of the Meeting will include receipt and consideration of the annual financial report of the Company for the financial year ended 31 December 2018 together with the declaration of the Directors, the Directors' report, the Remuneration Report and the auditor's report.

The Company will not provide a hard copy of the Company's annual financial report to Shareholders unless specifically requested to do so. The Company's annual financial report is available on its website at [www.lucapa.com.au](http://www.lucapa.com.au).

---

### 2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

#### 2.1 General

The Corporations Act requires that at a listed company's annual general meeting, a resolution that the remuneration report be adopted must be put to the shareholders. However, such a resolution is advisory only and does not bind the company or the directors of the company.

The remuneration report sets out the company's remuneration arrangements for the directors and senior management of the company. The remuneration report is part of the directors' report contained in the annual financial report of the company for a financial year.

The chair of the meeting must allow a reasonable opportunity for its shareholders to ask questions about or make comments on the remuneration report at the annual general meeting.

#### 2.2 Voting consequences

A company is required to put to its shareholders a resolution proposing the calling of another meeting of shareholders to consider the appointment of directors of the company (**Spill Resolution**) if, at consecutive annual general meetings, at least 25% of the votes cast on a remuneration report resolution are voted against adoption of the remuneration report and at the first of those annual general meetings a Spill Resolution was not put to vote. If required, the Spill Resolution must be put to vote at the second of those annual general meetings.

If more than 50% of votes cast are in favour of the Spill Resolution, the company must convene a shareholder meeting (**Spill Meeting**) within 90 days of the second annual general meeting.

All of the directors of the company who were in office when the directors' report (as included in the company's annual financial report for the most recent financial year) was approved, other than the managing director of the company, will cease to hold office immediately before the end of the Spill Meeting but may stand for re-election at the Spill Meeting.

Following the Spill Meeting those persons whose election or re-election as directors of the company is approved will be the directors of the company.

## 2.3 Previous voting results

At the Company's previous annual general meeting the votes cast against the remuneration report considered at that annual general meeting were less than 25%. Accordingly, the Spill Resolution is not relevant for this annual general meeting.

---

## 3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR NICK SELBY

### 3.1 General

The Constitution sets out the requirements for determining which Directors are to retire by rotation at an annual general meeting.

Mr Nick Selby, who has served as a Director since 4 September 2017 and was last re-elected on 24 May 2018, retires by rotation and seeks re-election.

### 3.2 Qualifications and other material directorships

Mr Selby is an extraction metallurgist with 35 years' experience in the mining industry.

During his career, Mr Selby has worked extensively in Africa and Australia, where the Company's key operations and assets are based, for global diamond companies including De Beers, Gem Diamonds and Southern Era Diamonds.

Mr Selby joined the Company in October 2014 as General Manager, Operations, and was appointed Chief Operating Officer in December 2014.

Since his appointment as a Director on 4 September 2017, Mr Selby has played, and will continue to play, an integral role in the development of the high-value Mothae Project in Lesotho, as well as the continued growth in diamond mining and kimberlite exploration activities at the Lulo Project in Angola as well as furthering the development of the Company's Brooking Project in Western Australia and the Orapa Area F Project in Botswana.

### 3.3 Independence

If elected the Board does not consider Mr Selby will be independent due to his position as an executive Director of the Company.

### 3.4 Board recommendation

The Board supports the re-election of Mr Nick Selby and recommends that Shareholders vote in favour of Resolution 2.

---

## 4. RESOLUTION 3 – ELECTION OF DIRECTOR – ROSS STANLEY

### 4.1 General

The Constitution allows the Directors to appoint at any time a person to be a Director either to fill a casual vacancy or as an addition to the existing Directors, but only where the total number of Directors does not at any time exceed the maximum number specified by the Constitution.

Pursuant to the Constitution and ASX Listing Rule 14.4, any Director so appointed holds office only until the next following annual general meeting and is then

eligible for election by Shareholders but shall not be taken into account in determining the Directors who are to retire by rotation (if any) at that meeting.

Mr Ross Stanley, having been appointed by other Directors on 26 July 2018 in accordance with the Constitution, will retire in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, seeks election from Shareholders.

#### **4.2 Qualifications and other material directorships**

Mr Stanley has an extensive background in the resources industry in Australia and Africa, specialising in drilling and related exploration and mining services. He was the founder and Managing Director of ASX listed Stanley Mining Services prior to its merger with Layne Christensen in 1997.

Mr Stanley was also a major shareholder and non-executive Director of Perth-based gold miner Equigold NL, which was taken over by Lihir Gold for A\$1.1 billion in 2008. He remains a non-executive Director of emerging Cambodian gold miner Emerald Resources NL (ASX:EMR).

#### **4.3 Independence**

If elected the Board does not consider Mr Stanley will be an independent Director. Mr Stanley is a director and shareholder of Tazga Two Pty Ltd, a substantial Shareholder. Tazga Two Pty Ltd currently holds 40,000,436 Shares, representing a voting interest of 8.4%.

#### **4.4 Board recommendation**

The Board supports the election of Mr Stanley and recommends that Shareholders vote in favour of Resolution 3.

---

### **5. RESOLUTION 4 – APPROVAL OF 10% PLACEMENT CAPACITY**

#### **5.1 General**

ASX Listing Rule 7.1A provides that an Eligible Entity (as defined below) may seek shareholder approval by special resolution passed at an annual general meeting to have the capacity to issue up to that number of Equity Securities (as defined below) equal to 10% of its issued capital (**10% Placement Capacity**) without using that company's existing 15% annual placement capacity granted under ASX Listing Rule 7.1.

An Eligible Entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

As at the date of this Notice, the Company is an Eligible Entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$84,302,843 (based on the number of Shares on issue and the closing price of Shares on the ASX on 12 April 2019).

An Equity Security is a share, a unit in a trust, a right to a share or unit in a trust or option, an option over an issued or unissued security, a convertible security, or, any security that ASX decides to classify as an equity security.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities.

As at the date of this Notice, the Company currently has one class of quoted Equity Securities on issue, being the Shares (ASX Code: LOM).

If Shareholders approve Resolution 4, the number of Equity Securities the Company may issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2.

Resolution 4 is a special resolution. Accordingly, at least 75% of votes cast by Shareholders present and eligible to vote at the Meeting must be in favour of Resolution 4 for it to be passed.

## 5.2 Technical information required by ASX Listing Rule 7.1A

Pursuant to and in accordance with ASX Listing Rule 7.3A, the information below is provided in relation to this Resolution 4:

### (a) Minimum price

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- (i) the date on which the price at which the Equity Securities are to be issued is agreed; or
- (ii) if the Equity Securities are not issued within 5 ASX trading days of the date in Section 5.2(a)(i), the date on which the Equity Securities are issued.

### (b) Date of issue

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the Meeting and expiring on the first to occur of the following:

- (i) 12 months after the date of this Meeting; and
- (ii) the date of approval by Shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company's activities) or 11.2 (disposal of the Company's main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

**(10% Placement Capacity Period).**

### (c) Risk of voting dilution

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of Shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by Shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement



Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table below shows the dilution of existing Shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the market price of Shares and the number of Equity Securities on issue as at 12 April 2019.

The table also shows the voting dilution impact where the number of Shares on issue (Variable A in the formula) changes and the economic dilution where there are changes in the issue price of Shares issued under the 10% Placement Capacity.

| Number of Shares on Issue<br>(Variable 'A' in ASX Listing Rule 7.1A2) | Dilution                            |  |                        |  |
|---|-------------------------------------|--|------------------------|--|
|   | Issue Price (per Share)             | \$0.085<br>50% decrease in Issue Price | \$0.170<br>Issue Price | \$0.255<br>50% increase in Issue Price |
| 501,364,702<br>(Current Variable A)                                   | Shares issued - 10% voting dilution | 50,136,470 Shares                      | 50,136,470 Shares      | 50,136,470 Shares                      |
|   | Funds raised                        | \$4,261,600                            | \$8,523,200            | \$12,784,800                           |
| 752,047,053<br>(50% increase in Variable A)                           | Shares issued - 10% voting dilution | 75,204,705 Shares                      | 75,204,705 Shares      | 75,204,705 Shares                      |
|   | Funds raised                        | \$6,392,400                            | \$12,784,800           | \$19,177,200                           |
| 1,002,729,404<br>(100% increase in Variable A)                        | Shares issued - 10% voting dilution | 100,272,940 Shares                     | 100,272,940 Shares     | 100,272,940 Shares                     |
|   | Funds raised                        | \$8,523,200                            | \$17,046,400           | \$25,569,600                           |

\*The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

**The table above uses the following assumptions:**

1. There are 501,364,702 Shares on issue, comprising of:
  - (a) 495,899,077 Shares on issue as at the date of this Notice of Meeting; and
  - (b) 5,465,625 Shares which may be issued pursuant to Resolution 7. The actual number of Shares issued pursuant to Resolution 7 will depend whether the Company and the Lender elect to meet interest payments by the issue of Shares and the volume weighted average price prior to the last day of the relevant interest period.
2. The issue price set out above is the closing price of the Shares on the ASX on 12 April 2019.
3. The Company issues the maximum possible number of Equity Securities under the 10% Placement Capacity.

4. The Company has not issued any Equity Securities in the 12 months prior to the Meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of Equity Securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the Equity Securities.
6. The calculations above do not show the dilution that any one particular Shareholder will be subject to. All Shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.
7. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
8. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
9. The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements under the 10% Placement Capacity, based on that Shareholder's holding at the date of the Meeting.

Shareholders should note that there is a risk that:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the Meeting; and
- (ii) the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue.

**(d) Purpose of issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- (i) as cash consideration in which case the Company intends to use funds raised to further its strategy of growing as a niche producer of high-quality diamonds. Funds raised could be used to expand capacity at the producing mines at Lulo (Angola) and Mothae (Lesotho), to further the kimberlite exploration activities on the Lulo (Angola), to advance the exploration programs at Brooking (Western Australia) and Orapa Area F (Botswana) or for general working capital and corporate administration costs or for the acquisition of new resource assets and investments; or
- (ii) as non-cash consideration. In such circumstances, the Company could use such issues to settle any interest and/or fees or payments as contemplated in the US\$15m Equigold Loan Facility raised to develop the Mothae Diamond Project or for the acquisition of new resource assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under Listing Rules 7.1A(4) and 3.10.5A upon issue of any Equity Securities.

**(e) Allocation policy under the 10% Placement Capacity**

The recipients of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the recipients of Equity Securities could consist of current Shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the recipients at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- (i) the purpose of the issue;
- (ii) alternative methods for raising funds available to the Company at that time, including, but not limited to, an entitlement issue or other offer where existing Shareholders may participate;
- (iii) the effect of the issue of the Equity Securities on the control of the Company;
- (iv) the circumstances of the Company, including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the recipients under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) **Previous approval under ASX Listing Rule 7.1A**

The Company previously obtained approval from its Shareholders pursuant to ASX Listing Rule 7.1A at its annual general meeting held on 24 May 2018 (**Previous Approval**).

The Company has not issued any Equity Securities pursuant to the Previous Approval.

During the 12 month period preceding the date of the Meeting, being on and from 27 May 2018, the Company otherwise issued a total of 38,541,195 Shares, 1,301,000 Options and 4,964,520 Performance Rights which represents approximately 9.33% of the total diluted number of Equity Securities on issue in the Company on 27 May 2018, which was 480,161,632.

Further details of the issues of Equity Securities by the Company during the 12 month period preceding the date of the Meeting are set out in Schedule 1.

(g) **Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it must give to ASX:

- (i) a list of the recipients of the Equity Securities and the number of Equity Securities issued to each (not for release to the market), in accordance with Listing Rule 7.1A.4; and
- (ii) the information required by Listing Rule 3.10.5A for release to the market.

### 5.3 Voting exclusion

A voting exclusion statement is included in this Notice. As at the date of this Notice, the Company has not invited any existing Shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing Shareholders will be excluded from voting on Resolution 4.

---

## 6. RESOLUTION 5 – RATIFICATION OF ISSUE OF SHARES TO EQUIGOLD PTE LTD

### 6.1 General

As announced on 9 October 2017, the Company secured a US\$15,000,000 financing facility with Equigold Pte Ltd (**Equigold**) to develop Phase 1 of the Mothae kimberlite diamond project in Lesotho (**Equigold Loan Facility**).

In accordance with the terms of the Equigold Loan Facility, the Company may elect to convert fees and quarterly interest payments due to Equigold into Shares.

In addition, the Company and Equigold have agreed to bring forward the right under the Equigold Loan Facility for Equigold to convert a US\$1.9 million quarterly capital repayment into Shares.

Pursuant to the Equigold Loan Facility, the Company issued:

- (a) 3,439,962 Shares at a deemed issue price of \$0.2523 on 2 July 2018 in satisfaction of accrued fees and quarterly interest payments to the value of US\$641,395;
- (b) 3,939,541 Shares at a deemed issue price of \$0.2276 on 1 October 2018 in satisfaction of accrued fees and quarterly interest payments to the value of US\$646,894;
- (c) 5,226,193 Shares at a deemed issue price of \$0.1743 on 4 January 2019 in satisfaction of accrued fees and quarterly interest payments to the value of US\$641,625;
- (d) 15,599,782 Shares at a deemed issue price of \$0.1697 on 1 April 2019 in satisfaction of a repayment instalment of US\$1,875,000; and
- (e) 4,597,875 Shares at a deemed issue price of \$0.1697 on 1 April 2019 in satisfaction of accrued fees and quarterly interest payments to the value of US\$552,637,

(together, the **Equigold Shares**).

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the issue of the Equigold Shares.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period.

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities made pursuant to ASX Listing Rule 7.1 (and provided that the previous issue did not breach ASX Listing Rule 7.1) those securities will be deemed to have been made with shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issue of the Equigold Shares, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

## 6.2 Technical information required by ASX Listing Rule 7.4

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to Resolution 5:

- (a) 32,803,353 Shares were issued, comprising of:
  - (i) 3,439,962 Shares issued on 2 July 2018;
  - (ii) 3,939,541 Shares issued on 1 October 2018;
  - (iii) 5,226,193 Shares issued on 4 January 2019;
  - (iv) 20,197,657 Shares issued on 1 April 2019;
- (b) the Equigold Shares were issued at a deemed issue price equal to the lowest one-day VWAP in the 15 days preceding the conversion request, being:
  - (i) \$0.2523 in respect of the 3,439,962 Shares issued on 2 July 2018;
  - (ii) \$0.2276 in respect of the 3,939,541 Shares issued on 1 October 2018;
  - (iii) \$0.1743 in respect of the 5,226,193 Shares issued on 4 January 2019;
  - (iv) \$0.1697 in respect of the 20,197,657 Shares issued on 1 April 2019;
- (c) the Shares issued were all fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares;
- (d) the Shares were issued to Equigold, who is not a related party of the Company; and
- (e) no funds were raised from the issue of the Equigold Shares as the Equigold Shares were issued in lieu of the payment of interest and fees under the Equigold Loan Facility.

---

## 7. RESOLUTION 6 – RE-ADOPTION OF INCENTIVE AND RETENTION PLAN

Resolution 6 seeks Shareholder approval for the re-adoption of the employee incentive scheme titled Incentive and Retention Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)). The Plan was previously adopted by Shareholders on 26 May 2016.

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a

period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 6 is passed, the Company will continue to be able to issue Performance Rights and Options under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without Shareholder approval in any 12 month period.

Shareholders should note that 14,609,520 Performance Rights and 6,476,000 Options have been issued under the Plan over the past three years, of which 693,252 Performance Rights have lapsed.

The objective of the Plan is to attract, motivate and retain Eligible Participants and it is considered by the Company that the re-adoption of the Plan and the future issue of Performance Rights or Options under the Plan will provide Eligible Participants with the opportunity to participate in the future growth of the Company.

Any future issues of Performance Rights or Options under the Plan to a related party or a person whose relationship with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require additional Shareholder approval under ASX Listing Rule 10.14 at the relevant time.

---

## 8. RESOLUTION 7 – ISSUE OF SHARES TO NEW AZILIAN PTY LTD ON CONVERSION OF INTEREST UNDER LOAN FACILITY

### 8.1 General

As announced on 4 April 2019, the Company intends to enter into a loan facility with New Azilian Pty Ltd (ACN 618 141 236) (**Lender**), an entity associated with Director, Ross Stanley (**Loan Facility**).

The Lender has agreed to advance an amount of AUD \$10,000,000 (**Commitment**) to the Company to be applied towards repayment of existing debt facilities, development of the Company's diamond cutting and polishing strategy and the Company's general working capital requirements.

The Commitment includes an amount of \$6,000,000 that has been advanced to the Company under an existing loan agreement (**Existing Loan**). The Existing Loan will be repayable in accordance with the terms of the Loan Facility.

The Company has agreed to repay the outstanding amount of Loan Facility on or before 29 May 2020.

Interest will accrue at a rate of 10% per annum calculated on daily outstanding balance, capitalised monthly and payable quarterly in arrears. The first interest period will commence on the date on which funds are advanced under the Loan Facility.

Subject to the Company obtaining Shareholder approval under this Resolution, the Company and the Lender can elect to convert interest payable on the Loan Facility by the issue of Shares at the higher of \$0.185 and the average of the volume weighted average price of Shares for the ten days prior to the last day of the relevant interest period.

Each time a quarterly interest payment becomes due, each of the Company and the Lender can elect to convert up to a maximum of 50% of the interest payment

(i.e. up to 100% of the interest owing in respect of each quarter may be satisfied through the issue of Shares).

If Shareholder approval is not obtained under this Resolution, all interest payments will be payable in cash.

Resolution 7 seeks Shareholder approval for the issue of Shares upon conversion of interest under the Loan Facility (**Loan Facility Shares**).

The interest payable for each quarter under the Loan Facility will be approximately \$252,800.

Accordingly, set out below is a worked example of the number of Shares that may be issued to the Lender under Resolution 7, which assumes that the parties elect to convert 100% of the quarterly interest payment of \$252,800 each quarter, based on an assumed issue price of \$0.266, \$0.222 and \$0.185.

| Assumed issue price | Maximum number of Shares which the Company could issue quarterly (rounded up to the nearest whole number) pursuant to Resolution 7 | Dilution effect on existing Shareholders |
|---------------------|--|--|
| \$0.266             | 948,949  | 0.19%                                    |
| \$0.222             | 1,138,739  | 0.23%                                    |
| \$0.185             | 1,366,486  | 0.27%                                    |

## 8.2 Grant of security

Equigold currently holds security over all of the Company's assets by way of a general security deed. The Company will arrange with Equigold for the release of part of Equigold's security, other than Equigold's security over the Company's shares in, and loan to, Mothae Diamonds (Pty) Ltd (**Non-Released Assets**), a company incorporated in the Kingdom of Lesotho (being a subsidiary in which the Company holds 70% of the issued equity interests).

This release of security (i.e. the release of security over all the Company's assets other than the Non-Released Assets) will occur following the payment of the following loan instalments to Equigold:

- (a) US\$1.875 million on 1 April 2019 in cash (this has been paid);
- (b) US\$1.875 million on or about 1 April 2019 by way of the issue of 20,197,657 Shares (this occurred on 1 April 2019); and
- (c) US\$1.875 million on or before 31 May 2019 in cash.

The Company will then grant to the Lender a security interest over the Company's assets other than the Non-Released Assets pursuant to a general security deed (**Security**) (**Security Deed**).

ASX has granted the Company a waiver from Listing Rule 10.1 to the extent necessary to permit the Company to enter into Loan Facility and the Security without obtaining Shareholder approval (**Waiver**) on the following conditions:

- (a) the Security include a term that if an event of default occurs and the Lender exercises their rights under the Security, neither the Lender nor any

of its associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company's obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable Listing Rules, including Listing Rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by the Lender exercising their power of sale under the Security and selling the assets to an unrelated third party on arm's length commercial terms and conditions and distributing the cash proceeds to Lender in accordance with their legal entitlements.

- (b) a summary of the material terms of the New Facility and Security documents are made in each annual report of the Company during the term of the Security;
- (c) any variation to the terms of the Loan Facility or the Deed which are not minor changes or are inconsistent with the terms of the Waiver, must be subject to Shareholder approval; and
- (d) the Company and the Lender must seek to discharge the Security when the funds advanced under the Loan Facility repaid to the Lender, or if it is not discharged, seek Shareholder approval for the continuation of the Security for any further period.

### **8.3 Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company or entity must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The issue of the Loan Facility Shares constitutes giving a financial benefit and the Lender is a related party of the Company by virtue of being associated with Ross Stanley, a Director.

The Directors (other than Ross Stanley who has a material personal interest in the Resolution) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the issue of the Loan Facility Shares because the Shares are being issued as consideration for the provision of capital invested into the Company under the Loan Facility and constitute the giving of a financial benefit on arm's length terms.

### **8.4 ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the issue of the Loan Facility Shares involves the issue of Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is



required unless an exception applies. It is the view of the Directors that the exceptions set out in ASX Listing Rule 10.12 do not apply in the current circumstances.

#### **8.5 Technical information required by ASX Listing Rule 10.13**

Pursuant to and in accordance with ASX Listing Rule 10.13, the following information is provided in relation to Resolution 7:

- (a) the Shares will be issued to the Lender (or its nominee);
- (b) if all of the interest payments due over the life of the Loan Facility are satisfied through the issue of Shares, an issue price of \$0.185 per Share, a maximum of 5,465,625 Shares would be issued. The actual number of Shares issued will depend whether the Company and the Lender elect to meet interest payments by the issue of Shares and the volume weighted average price prior to the last day of the relevant interest period;
- (c) the Loan Facility Shares will be issued no later than 31 May 2020, being the date, which is twelve months after the Loan Facility is drawn down in full (as permitted by the ASX waiver dated 12 April 2019 and in accordance with the terms and conditions set out therein);
- (d) the Loan Facility Shares will be issued at the higher of \$0.185 and the average of the volume weighted average price of Shares for the ten days prior to the last day of the relevant interest period;
- (e) the Shares issued will be fully paid ordinary shares in the capital of the Company issued on the same terms and conditions as the Company's existing Shares; and
- (f) no funds will be raised from the issue of the Loan Facility Shares as the Shares will be issued upon conversion of interest owing under the Loan Facility. The funds raised under the Loan Facility will be applied towards the purposes set out in Section 8.1.

Approval pursuant to ASX Listing Rule 7.1 is not required for the issue of the Loan Facility Shares as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares to the Lender (or its nominee) will not be included in the use of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

---

## GLOSSARY

---

\$ means Australian dollars.

**10% Placement Capacity** has the meaning given in Section 5.1.

**Annual General Meeting** or **Meeting** means the meeting convened by the Notice.

**ASIC** means the Australian Securities & Investments Commission.

**Associated Body Corporate** means

- (a) a related body corporate (as defined in the Corporations Act) of the Company;
- (b) a body corporate which has an entitlement to not less than 20% of the voting Shares of the Company; and
- (c) a body corporate in which the Company has an entitlement to not less than 20% of the voting shares.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by ASX Limited, as the context requires.

**ASX Listing Rules** means the Listing Rules of ASX.

**Board** means the current board of Directors.

**Chair** means the chair of the Meeting.

**Closely Related Party** of a member of the Key Management Personnel means:

- (a) a spouse or child of the member;
- (b) a child of the member's spouse;
- (c) a dependent of the member or the member's spouse;
- (d) anyone else who is one of the member's family and may be expected to influence the member, or be influenced by the member, in the member's dealing with the entity;
- (e) a company the member controls; or
- (f) a person prescribed by the Corporations Regulations 2001 (Cth) for the purposes of the definition of 'closely related party' in the Corporations Act.

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

**Constitution** means the Company's constitution.

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

**Directors** means the current directors of the Company.

**Eligible Entity** means an entity that, at the date of the relevant general meeting:

- (a) is not included in the S&P/ASX 300 Index; and

(b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300,000,000.

**Equity Securities** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security.

**Explanatory Statement** means the explanatory statement accompanying the Notice.

**Key Management Personnel** has the same meaning as in the accounting standards issued by the Australian Accounting Standards Board and means those persons having authority and responsibility for planning, directing and controlling the activities of the Company, or if the Company is part of a consolidated entity, of the consolidated entity, directly or indirectly, including any director (whether executive or otherwise) of the Company, or if the Company is part of a consolidated entity, of an entity within the consolidated group.

**Notice** or **Notice of Meeting** means this notice of meeting including the Explanatory Statement and the Proxy Form.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Ordinary Securities** has the meaning set out in the ASX Listing Rules.

**Performance Right** means a right to acquire a Share, subject to satisfaction of any vesting conditions, and the corresponding obligation of the Company to provide the Share.

**Plan** means the incentive performance rights and option plan the subject of Resolution 6 as summarised in Schedule 2.

**Proxy Form** means the proxy form accompanying the Notice.

**Remuneration Report** means the remuneration report set out in the Director's report section of the Company's annual financial report for the year ended 31 December 2018.

**Resolutions** means the resolutions set out in the Notice, or any one of them, as the context requires.

**Section** means a section of the Explanatory Statement.

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

**Shareholder** means a registered holder of a Share.

**Variable A** means "A" as set out in the formula in ASX Listing Rule 7.1A(2).

**WST** means Western Standard Time as observed in Perth, Western Australia.

---

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 27 MAY 2018**


---

| Date  | Quantity  | Class                           | Recipients   | Issue price and discount to Market Price (if applicable) <sup>1</sup> | Form of consideration  |
|---|-----------|---------------------------------|--|---|--|
| Issue Date - 07.06.18<br>Appendix 3B Date - 12.06.18              | 1,301,000 | Unquoted Options <sup>3</sup>   | Participants in the Company's Incentive and Retention Plan   | No issue price (non-cash consideration)                               | Consideration: Issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan.<br><br>Current value <sup>6</sup> = \$40,609                 |
| Issue Date - 07.06.18<br>Appendix 3B Date - 12.06.18              | 3,090,000 | Performance Rights <sup>4</sup> | Participants in the Company's Incentive and Retention Plan   | No issue price (non-cash consideration)                               | Consideration: Issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan.<br><br>Current value <sup>6</sup> = \$nil                    |
| Issue Date - 08.06.18 and 11.06.18<br>Appendix 3B Date - 12.06.18 | 295,000   | Shares <sup>2</sup>             | Holders of vested Performance Rights expiring on 31 May 2020 | No issue price (non-cash consideration)                               | Consideration: Issued on conversion of vested Performance Rights, which were issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan |

| Date   | Quantity  | Class               | Recipients  | Issue price and discount to Market Price (if applicable) <sup>1</sup> | Form of consideration  |
|--|-----------|---------------------|---|---|--|
|  |           |                     |   |   | Current value <sup>6</sup> = \$50,150  |
| Issue Date - 02.07.18<br>Appendix 3B Date - 04.07.18 | 3,439,962 | Shares <sup>2</sup> | Issued to Equigold Pte Ltd on conversion of interest under the Equigold Loan Facility | No issue price (non-cash consideration)                               | Consideration: Conversion of interest to the value of US\$641,395 in accordance with the Equigold Loan Facility.<br><br>Current value <sup>6</sup> = \$584,794   |
| Issue Date - 02.07.18<br>Appendix 3B Date - 04.07.18 | 830,000   | Shares <sup>2</sup> | Holders of vested Performance Rights expiring on 31 May 2020                          | No issue price (non-cash consideration)                               | Consideration: Issued on conversion of vested Performance Rights, which were issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan<br><br>Current value <sup>6</sup> = \$141,100 |
| Issue Date - 02.07.18<br>Appendix 3B Date - 04.07.18 | 257,498   | Shares <sup>2</sup> | Holders of vested Performance Rights expiring on 7 June 2021                          | No issue price (non-cash consideration)                               | Consideration: Issued on conversion of vested Performance Rights, which were issued as an incentive component of the remuneration package to selected participants in the Company's  |

| Date   | Quantity  | Class               | Recipients  | Issue price and discount to Market Price (if applicable) <sup>1</sup> | Form of consideration  |
|--|-----------|---------------------|---|---|--|
|  |           |                     |   |   | Incentive and Retention Plan<br>Current value <sup>6</sup> = \$43,775  |
| Issue Date - 20.09.18<br>Appendix 3B Date - 20.09.18 | 1,068,750 | Shares <sup>2</sup> | Holder of vested Performance Rights expiring on 2 June 2019                           | No issue price (non-cash consideration)                               | Consideration: Issued on conversion of vested Performance Rights, which were issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan<br>Current value <sup>6</sup> = \$181,688 |
| Issue Date - 01.10.18<br>Appendix 3B Date - 02.10.18 | 3,939,541 | Shares <sup>2</sup> | Issued to Equigold Pte Ltd on conversion of interest under the Equigold Loan Facility | No issue price (non-cash consideration)                               | Consideration: Conversion of interest to the value of US\$646,894 in accordance with the Equigold Loan Facility.<br>Current value <sup>6</sup> = \$669,722   |
| Issue Date - 04.01.19<br>Appendix 3B Date - 04.01.19 | 5,226,193 | Shares <sup>2</sup> | Issued to Equigold Pte Ltd on conversion of interest under the Equigold Loan Facility | No issue price (non-cash consideration)                               | Consideration: Conversion of interest to the value of US\$641,625 in accordance with the Equigold Loan Facility.<br>Current value <sup>6</sup> = \$888,453   |

| Date   | Quantity  | Class                           | Recipients  | Issue price and discount to Market Price (if applicable) <sup>1</sup> | Form of consideration  |
|--|-----------|---------------------------------|---|---|--|
| Issue Date - 14.01.19<br>Appendix 3B Date - 15.01.19 | 2,291,738 | Shares <sup>2</sup>             | Holders of vested Performance Rights expiring on 7 June 2021  | No issue price (non-cash consideration)                               | Consideration: Issued on conversion of vested Performance Rights, which were issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan<br><br>Current value <sup>6</sup> = \$389,595 |
| Issue Date - 01.04.19<br>Appendix 3B Date - 04.04.19 | 1,874,520 | Performance Rights <sup>7</sup> | Participants in the Company's Incentive and Retention Plan    | No issue price (non-cash consideration)                               | Consideration: Issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan.<br><br>Current value <sup>6</sup> = \$212,433  |
|  | 624,844   | Shares <sup>2</sup>             | Holders of vested Performance Rights expiring on 1 April 2022 | No issue price (non-cash consideration)                               | Consideration: Issued on conversion of vested Performance Rights, which were issued as an incentive component of the remuneration package to selected participants in the Company's  |

| Date | Quantity | Class               | Recipients   | Issue price and discount to Market Price (if applicable) <sup>1</sup> | Form of consideration   |
|------|----------|---------------------|--|---|---|
|      |          |                     |  |   | Incentive and Retention Plan<br>Current value <sup>6</sup> = \$106,223  |
|      | 257,512  | Shares <sup>2</sup> | Holders of vested Performance Rights expiring on 7 June 2021 | No issue price (non-cash consideration)                               | Consideration: Issued on conversion of vested Performance Rights, which were issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan<br>Current value <sup>6</sup> = \$43,777 |
|      | 112,500  | Shares <sup>2</sup> | Holders of vested Performance Rights expiring on 31 May 2020 | No issue price (non-cash consideration)                               | Consideration: Issued on conversion of vested Performance Rights, which were issued as an incentive component of the remuneration package to selected participants in the Company's Incentive and Retention Plan<br>Current value <sup>6</sup> = \$19,125 |



| Date | Quantity   | Class               | Recipients  | Issue price and discount to Market Price (if applicable) <sup>1</sup> | Form of consideration  |
|------|------------|---------------------|---|---|--|
|      | 15,599,782 | Shares <sup>2</sup> | Issued to Equigold Pte Ltd on conversion of a repayment instalment under the Equigold Loan Facility | Deemed issue price of \$0.1697 per Share                              | Issued on conversion of a repayment instalment of US\$1.875 million under the Equigold Loan Facility.<br><br>Current value <sup>6</sup> = \$2,651,963          |
|      | 4,597,875  | Shares <sup>2</sup> | Issued to Equigold Pte Ltd on conversion of interest under the Equigold Loan Facility               | No issue price (non-cash consideration)                               | Consideration: Conversion of interest to the value of US\$552,637 in accordance with the Equigold Loan Facility.<br><br>Current value <sup>6</sup> = \$781,639 |

**Notes:**

- Market Price means the closing price on ASX (excluding special crossings, overnight sales and exchange traded option exercises). For the purposes of this table the discount is calculated on the Market Price on the last trading day on which a sale was recorded prior to the date of issue of the relevant Equity Securities.
- Fully paid ordinary shares in the capital of the Company, ASX Code: LOM (terms are set out in the Constitution).
- Unquoted Options, exercisable at \$0.4355 each, on or before 7 June 2021, which were issued in accordance with the terms of the Company's Incentive and Retention Plan.
- Performance Rights expiring on 7 June 2021, subject to various vesting conditions, which were issued in accordance with the terms of the Company's Incentive and Retention Plan.
- This is a statement of current intentions as at the date of this Notice. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way the funds are applied on this basis.
- In respect of quoted Equity Securities the value is based on the closing price of the Shares (\$0.17) on the ASX on 12 April 2019. In respect of unquoted Equity Securities, the value of Options and Performance Rights is measured using the Black & Scholes option pricing model. Measurement inputs include the Share price on the measurement date, the exercise price, the term of the Option or Performance Right, the impact of dilution, the expected volatility of the underlying Share (based on weighted average historic volatility adjusted for changes expected due to publicly available information), the expected dividend yield and the risk free interest rate for the term of the Option or Performance Right. No account is taken of any performance conditions included in the terms of the Option or Performance Right other than market-based performance conditions (i.e. conditions linked to the price of Shares). The 3,090,000 Performance Rights have a nil value as these have either been converted to Shares or otherwise lapsed.
- Performance Rights expiring on 1 April 2022, subject to various vesting conditions, which were issued in accordance with the terms of the Company's Incentive and Retention Plan.

---

## SCHEDULE 2 – TERMS AND CONDITIONS OF INCENTIVE AND RETENTION PLAN

---

The key terms of the Incentive and Retention Plan (**Plan**) are as follows:

- (a) **Eligibility:** Participants in the Plan may be:
- (i) a Director (whether executive or non-executive) of the Company and any Associated Body Corporate of the Company (each, a **Group Company**);
  - (ii) a full or part time employee of any Group Company;
  - (iii) a casual employee or contractor of a Group Company to the extent permitted by ASIC Class Order 14/1000 as amended or replaced (**Class Order**); or
  - (iv) a prospective participant, being a person to whom the offer is made but who can only accept the offer if an arrangement has been entered into that will result in the person becoming a participant under subparagraphs (i), (ii), or (iii) above,
- who is declared by the Board to be eligible to receive grants of Options or Performance Rights (**Awards**) under the Plan (**Eligible Participants**).
- (b) **Offer:** The Board may, from time to time, in its absolute discretion, make a written offer to any Eligible Participant to apply for Awards, upon the terms set out in the Plan and upon such additional terms and conditions as the Board determines.
- (c) **Plan limit:** The Company must have reasonable grounds to believe, when making an offer, that the number of Shares to be received on exercise of Awards offered under an offer, when aggregated with the number of Shares issued or that may be issued as a result of offers made in reliance on the Class Order at any time during the previous 3 year period under an employee incentive scheme covered by the Class Order or an ASIC exempt arrangement of a similar kind to an employee incentive scheme, will not exceed 5% of the total number of Shares on issue at the date of the offer.
- (d) **Issue price:** Performance Rights granted under the Plan will be issued for nil cash consideration. Unless the Options are quoted on the ASX, Options issued under the Plan will be issued for no more than nominal cash consideration.
- (e) **Vesting conditions:** An Award may be made subject to vesting conditions as determined by the Board in its discretion and as specified in the offer for the Awards (**Vesting Conditions**).
- (f) **Vesting:** The Board may in its absolute discretion (except in respect of a change of control occurring where Vesting Conditions are deemed to be automatically waived) by written notice to a Participant (being an Eligible Participant to whom Awards have been granted under the Plan or their nominee where the Awards have been granted to the nominee of the Eligible Participant (**Relevant Person**)), resolve to waive any of the Vesting Conditions applying to Awards due to:
- (i) special circumstances arising in relation to a Relevant Person in respect of those Awards, being:
    - (A) a Relevant Person ceasing to be an Eligible Participant due to:

- (I) death or total or permanent disability of a Relevant Person; or
    - (II) retirement or redundancy of a Relevant Person;
  - (B) a Relevant Person suffering severe financial hardship;
  - (ii) any other circumstance stated to constitute “special circumstances” in the terms of the relevant offer made to and accepted by the Participant; or
    - (C) any other circumstances determined by the Board at any time (whether before or after the offer) and notified to the relevant Participant which circumstances may relate to the Participant, a class of Participant, including the Participant or particular circumstances or class of circumstances applying to the Participant,
  - (Special Circumstances), or
  - (iii) a change of control occurring; or
  - (iv) the Company passing a resolution for voluntary winding up, or an order is made for the compulsory winding up of the Company.
- (g) **Lapse of an Award:** An Award will lapse upon the earlier to occur of:
- (i) an unauthorised dealing, or hedging of, the Award occurring;
  - (ii) a Vesting Condition in relation to the Award is not satisfied by its due date, or becomes incapable of satisfaction, as determined by the Board in its absolute discretion, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
  - (iii) in respect of unvested Awards only, a Relevant Person ceases to be an Eligible Participant, unless the Board exercises its discretion to vest the Award in the circumstances set out in paragraph (f) or the Board resolves, in its absolute discretion, to allow the unvested Awards to remain unvested after the Relevant Person ceases to be an Eligible Participant;
  - (iv) in respect of vested Awards only, a Relevant Person ceases to be an Eligible Participant and the Award granted in respect of that Relevant Person is not exercised within a one (1) month period (or such later date as the Board determines) of the date that person ceases to be an Eligible Participant;
  - (v) the Board deems that an Award lapses due to fraud, dishonesty or other improper behaviour of the Eligible Participant;
  - (vi) the Company undergoes a change of control or a winding up resolution or order is made and the Board does not exercise its discretion to vest the Award; and
  - (vii) the expiry date of the Award.
- (h) **Not transferrable:** Subject to the ASX Listing Rules, Awards are only transferrable in Special Circumstances with the prior written consent of the Board (which may be

withheld in its absolute discretion) or by force of law upon death, to the Participant's legal personal representative or upon bankruptcy to the participant's trustee in bankruptcy.

- (i) **Shares:** Shares resulting from the exercise of the Awards shall, subject to any Sale Restrictions (refer paragraph (k)) from the date of issue, rank on equal terms with all other Shares on issue.
- (j) **Sale restrictions:** The Board may, in its discretion, determine at any time up until exercise of Awards, that a restriction period will apply to some or all of the Shares issued to a Participant on exercise of those Awards (**Restriction Period**). In addition, the Board may, in its sole discretion, having regard to the circumstances at the time, waive any such Restriction Period.
- (k) **Quotation of Shares:** If Shares of the same class as those issued under the Plan are quoted on the ASX, the Company will, subject to the ASX Listing Rules, apply to the ASX for those Shares to be quoted on ASX within 10 business days of the later of the date the Shares are issued and the date any Restriction Period applying to the Shares ends.
- (l) **No participation rights:** There are no participation rights or entitlements inherent in the Awards and Participants will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the Awards without exercising the Award.
- (m) **Change in exercise price of number of underlying securities:** An Award does not confer the right to a change in exercise price or in the number of underlying Shares over which the Award can be exercised.
- (n) **Reorganisation:** If, at any time, the issued capital of the Company is reorganised (including consolidation, subdivision, reduction or return), all rights of a Participant are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules at the time of the reorganisation.
- (o) **Amendments:** Subject to express restrictions set out in the Plan and complying with the Corporations Act, ASX Listing Rules and any other applicable law, the Board may, at any time, by resolution amend or add to all or any of the provisions of the Plan, or the terms or conditions of any Award granted under the Plan including giving any amendment retrospective effect.

# LUCAPA DIAMOND COMPANY LIMITED

REGISTERED OFFICE:  
34 BAGOT ROAD  
SUBIACO WA 6008

ACN: 111 501 663

**SHARE REGISTRY:**  
Security Transfer Australia Pty Ltd  
**All Correspondence to:**  
PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

«EFT\_REFERENCE\_NUMBER»

«Holder\_name»  
«Address\_line\_1»  
«Address\_line\_2»  
«Address\_line\_3»  
«Address\_line\_4»  
«Address\_line\_5»

«Company\_code» «Sequence\_number»

Code:

Holder Number:

## 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](http://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.

### 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 Annual General Meeting of the Company to be held at 1:00pm WST on Monday 27 May 2019 at The Subiaco Arts Centre, 180 Hamersley Road, Subiaco WA 6008 and at any adjournment of that meeting.

Where I/we have appointed the Chair as my/our proxy (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1 and 6 (except where I/we have indicated a different voting intention below) even though Resolutions 1 and 6 are connected directly or indirectly with the remuneration of a member of the Key Management Personnel, which includes the Chair.

### 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

| RESOLUTION  | For                      | Against                  | Abstain*                 |
|---|--------------------------|--------------------------|--------------------------|
| 1. ADOPTION OF REMUNERATION REPORT  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 2. RE-ELECTION OF DIRECTOR - NICK SELBY   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 3. ELECTION OF DIRECTOR - ROSS STANLEY  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 4. APPROVAL OF 10% PLACEMENT CAPACITY   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 5. RATIFICATION OF ISSUE OF SHARES TO EQUIGOLD PTE LTD                                  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 6. RE-ADOPTION OF INCENTIVE AND RETENTION PLAN  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| 7. ISSUE OF SHARES TO NEW AZILIAN PTY LTD ON CONVERSION OF INTEREST UNDER LOAN FACILITY | <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 Australia Pty Ltd no later than 1:00pm WST on Saturday 25 May 2019.**

+ LOMPX1230519

1

1

LOM

LOMPX1230519

+



My/Our contact details in case of enquiries are:

Name:

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Number:

( 

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

 )

### 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:

- 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
- 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 Australia 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 Australia Pty Ltd

|                       |  |
|-----------------------|--|
| <b>Online</b>         | www.securitytransfer.com.au  |
| <b>Postal Address</b> | PO BOX 52<br>Collins Street West VIC 8007                                    |
| <b>Street Address</b> | Suite 913, Exchange Tower<br>530 Little Collins Street<br>Melbourne VIC 3000 |
| <b>Telephone</b>      | 1300 992 916   |
| <b>Facsimile</b>      | +61 8 9315 2233  |
| <b>Email</b>          | registrar@securitytransfer.com.au  |

### PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Australia 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 Australia Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

