



5 May 2020

Dear Optionholder,

Non-Renounceable Rights Issue – Notice to Optionholders

This letter is to notify you that Lucapa Diamond Company Limited (ACN 111 501 663) (ASX: LOM) (**Company**) has announced a pro rata non-renounceable rights issue of up to approximately 105,102,522 fully paid ordinary shares (**New Shares**) on the basis of 1 New Share for every 5 fully paid ordinary shares held on the Record Date at an issue price of \$0.05 per New Share, together with 1 free attaching new option (exercisable at \$0.10 on or before the date that is 2 years after the issue date) for every 1 new share subscribed for and issued (**New Option**), to raise up to approximately \$5.255 million (before costs and rounding and assuming no other Shares are issued) (**Offer**). The Company lodged a prospectus in connection with the Offer with the Australian Securities and Investments Commission (**ASIC**) and the Australian Securities Exchange (**ASX**) on 1 May 2020 (**Prospectus**).

The Company has appointed Far East Capital Limited (ACN 068 838 193; AFSL 253003) to act as lead manager to the Offer. The Offer is not underwritten.

Purpose of the Offer

The funds from the Offer are to be used to advance the search for the primary kimberlite sources of the high-value Lulo alluvial diamonds, preserve mining assets suspended as a result of the COVID-19 pandemic, for general working capital purposes and for costs of the Offer.

Eligibility to participate in the Offer

The Offer is only open to shareholders of the Company who are registered as shareholders at 5.00pm (WST) on 7 May 2020 (**Record Date**) with registered addresses in Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Germany (**Eligible Shareholders**).

Shareholders with registered addresses outside Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Germany are considered ineligible shareholders (**Ineligible Foreign Shareholders**) and cannot participate in the Offer.

The Company has determined that it is not practicable for Ineligible Foreign Shareholders to participate in the Offer having regard to the number of Ineligible Foreign Shareholders, the number and value of New Shares and New Options they would be offered and the costs of complying with the regulatory requirements of those jurisdictions.

Option holders

You hold options over unissued shares in the Company. Under the terms of your options, you do not have any right to participate in the Offer with respect to your options **unless you exercise your options and are entered onto the register as a shareholder by the Record Date**.

If you wish to participate in the Offer with respect to your options (assuming that you have a registered address in Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Germany) you will need to exercise all or part of your options and pay the exercise price in accordance with the terms of your options in advance of the Record Date to ensure that you are registered as a shareholder of the Company at that date.

Before making a final decision whether to exercise all or any of your options, you should consider the terms of the Offer and if in any doubt, consult with your professional advisor.

Prospectus and Offer details

The Offer will be made to Eligible Shareholders with a prospectus in accordance with section 713 of the *Corporations Act 2001* (Cth) (**Corporations Act**).

Details of the Offer including the rights attaching to the New Shares and New Options, together with all other relevant information relating to the Offer are set out in the Prospectus which was lodged on 1 May 2020 with the Australian Securities Exchange (**ASX**) (**Prospectus**). The Prospectus is available on the Company's website www.lucapa.com.au or on the ASX website www.asx.com.au.

A copy of the Prospectus together with the Entitlement & Acceptance Form will be sent to Eligible Shareholders on or about 11 May 2020. As an option holder, you will not be sent the Prospectus unless you are an Eligible Shareholder on the Record Date.

The Offer is non-renounceable, which means that the entitlements under the Offer will not be tradable on the ASX or otherwise capable of being sold or transferred.

Eligible Shareholders will be entitled to apply for additional securities above their full entitlement if there is any shortfall under the Offer.

Shareholder approval is not required for the Offer. The New Shares issued pursuant to the Offer will rank equally in all respect with existing fully paid ordinary shares on issue in the Company. Subject to the satisfaction of ASX requirements, the New Options will be quoted. Fractional entitlements will be rounded up.

No fee or commission is payable to any brokers that lodge acceptances on behalf of shareholders.

Key dates

The indicative timetable for the Offer is as follows:

Event	Date
Announcement of intended terms of the Offer. Lodgement of Appendix 3B.	Monday, 27 April 2020
Lodgement of Prospectus with ASIC and ASX.	Friday, 1 May 2020
Notice to Optionholders to advise that they must exercise their options to participate in the Offer.	Tuesday, 5 May 2020
Notice to Ineligible Foreign Shareholders.	Tuesday, 5 May 2020
"Ex" date for the Offer.	Wednesday, 6 May 2020
Record Date to determine entitlements under the Offer.	5.00pm (Perth time) Thursday, 7 May 2020
Dispatch of prospectus and Entitlement and Acceptance Form to Eligible Shareholders. ASX announcement that this has occurred. Opening Date of the Offer.	Monday, 11 May 2020
Last date to extend Closing Date.	Tuesday, 26 May 2020

Event	Date
Closing Date for acceptances under the Offer.	5.00pm (Perth time) Friday, 29 May 2020
If agreed by ASX, New Shares and New Options quoted on a deferred settlement basis	Market open, Monday, 1 June 2020
Announcement of results of the Offer	Wednesday, 3 June 2020
Issue of the New Shares and New Options Deferred settlement trading ends Appendix 2A to be lodged with ASX.	Before 12.00pm (Sydney time), Friday, 5 June 2020
Issue of holding statements Trading of New Shares and New Options expected to commence	Tuesday, 9 June 2020

The above dates are indicative only. The Company reserves the right, subject to the Corporations Act and the ASX Listing Rules, to extend the closing date or to withdraw the Offer at any time without prior notice. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares and New Options.

If you have any questions about the exercise of your options or the Offer, you should consult your stockbroker or other professional adviser or the Company Secretary on +61 8 9381 5995.

Authorised by the Lucapa Board.

MARK CLEMENTS
COMPANY SECRETARY