



**LUCAPA**  
DIAMOND COMPANY

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**LUCAPA DIAMOND COMPANY LIMITED**

**ACN 111 501 663**

**NOTICE OF 2017 ANNUAL GENERAL MEETING**

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**TIME:** 11.00am (WST)

**DATE:** 30 May 2017

**PLACE:** The Celtic Club  
48 Ord Street  
West Perth, WA, 6005

***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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**IMPORTANT INFORMATION**

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**MEETING DETAILS**

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Notice is given that the Annual General Meeting of the Shareholders to which this Notice of Meeting relates will be held at The Celtic Club, 48 Ord Street, West Perth on Tuesday, 30 May 2017 at 11.00 am (WST).

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**YOUR VOTE IS IMPORTANT**

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

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**VOTING ELIGIBILITY**

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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 Monday, 29 May 2017.

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**VOTING AT THE MEETING OR BY PROXY**

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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 A2020, South Sydney NSW 1235;
- by facsimile to +61 (0) 8 9315 2233;
- by hand to The Trust Building, Suite 511,155 King Street, Sydney NSW 2000 between 8.00am and 5.00pm (AEST) Monday to Friday, providing it is not a public holiday in NSW.

You may also lodge your proxy online at [www.securitytransfer.com.au](http://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 Australia and be received no later than 11.00am (WST) on 28 May 2017.

## **VOTING BY PROXY**

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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
- 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.

### **Voting restrictions that may affect your proxy appointment**

Due to the voting exclusions that may apply to certain items of business, the Key Management Personnel and their Closely Related Parties will not be able to vote your proxy on Resolution 1 unless you have directed them how to vote, or in the case of the Chair, if you expressly authorise him.

### **Chair voting undirected proxies**

The Chair will vote undirected proxies on, and in favour of, all of the proposed Resolutions, except that in respect of Resolution 1, the Chair will only do so where expressly authorised by the Shareholder having marked the appropriate box on the Proxy Form.

### **Proxy Votes if appointment instructs how the Proxy is to vote**

Section 250BB(1) of the Corporations Act provides that an appointment of a proxy may specify the way the proxy is to vote on a particular resolution and, if it does:

- the proxy need not vote on a show of hands, but if the proxy does so, the proxy must vote as directed); and
- if the proxy has 2 or more appointments that specify different ways to vote on the resolution, the proxy must not vote on a show of hands; and
- if the proxy is the Chair of the meeting at which the resolution is voted on, the proxy must vote on a poll, and must vote as directed; and
- if the proxy is not the Chair, the proxy need not vote on the poll, but if the proxy does so, the proxy must vote as directed.

### **Transfer of non-chair proxy to Chair in certain circumstances**

Section 250BC of the Corporations Act provides that, if:

- an appointment of a proxy specifies the way the proxy is to vote on a particular resolution at a meeting of the Company's members; and
- the appointed proxy is not the Chair of the meeting; and
- at the meeting, a poll is duly demanded on the resolution; and
- either of the following applies:
  - the proxy is not recorded as attending the meeting; or
  - the proxy does not vote on the resolution,

the Chair of the meeting is taken, before voting on the resolution closes, to have been appointed as the proxy for the purposes of voting on the resolution at the meeting.

## **CORPORATE REPRESENTATIVES**

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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 Australia.

## **POWERS OF ATTORNEY**

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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.

## **ASKING QUESTIONS AT THE MEETING**

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The Meeting is intended to give Shareholders the opportunity to hear both the Chair and the Company's Chief Executive Officer/Managing Director talk about the year that has just passed and also give some insight into the year ahead.

We welcome Shareholders' questions or comments at the Meeting. In the interests of all present, we ask that you confine your questions to matters before the Meeting that are relevant to Shareholders as a whole.

The Company's Auditors will attend the Meeting and the Chair will allow a reasonable opportunity for Shareholders to ask the auditor questions about the:

- conduct of the audit;
- preparation and content of the auditor's report;
- accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- independence of the auditor in relation to the conduct of the audit.

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## **BUSINESS OF THE MEETING**

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### **AGENDA**

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#### **Financial Statements and Reports**

To receive and consider the Financial Report, Director's Report and Auditor's Report for the Company for the period ended 31 December 2016.

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#### **1. 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 purpose of Section 250R(2) of the Corporations Act and for all other purposes, approval is given for the adoption of the Remuneration Report contained in the Annual Report.”*

**Note: In accordance with the Corporations Act the vote on this Resolution is advisory only and does not bind the Directors or the Company.**

#### **Voting Exclusion Statement:**

A vote on this Resolution must not be cast (in any capacity) by or on behalf of any 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 the 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 if the Resolution is connected directly or indirectly with the remuneration of a member of the Key Management Personnel for the Company, or if the Company is part of a consolidated entity, for the entity.

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#### **2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR MR ALBERT THAMM**

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

*“That Albert Thamm who retires in accordance with rule 6.3(c) of the Constitution, and being eligible offers himself for re-election, be re-elected as a Director.”*

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**3. RESOLUTION 3 – THE ISSUE OF SHARES UNDER LISTING RULE 7.1A**

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

*“That, pursuant to and in accordance with Listing Rule 7.1A and for all other purposes, Shareholders approve the issue of Equity Securities up to 10% of the issued capital of the Company (at the time of issue) calculated in accordance with the formula prescribed in Listing Rule 7.1A.2 and on the terms and conditions in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in their capacity as a security holder if the resolution is passed, and any of their associates.

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.

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**4. RESOLUTION 4 – REINSTATEMENT OF PROPORTIONAL TAKEOVER PROVISIONS**

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

*“That the Constitution of the Company is amended by reinserting, as Schedule 5 to the Constitution, the provisions set out in Schedule 2 to the Explanatory Statement.”*

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**5. RESOLUTION 5 – ISSUE OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS UNDER THE COMPANY’S INCENTIVE AND RETENTION PLAN TO A RELATED PARTY –MR MILES KENNEDY**

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 10.14 and for all other purposes, approval is given for the Company to issue up to 230,000 Incentive Options and up to 270,000 Performance Rights to Mr Miles Kennedy (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Company’s Incentive and Retention Plan, their nominees and 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:

- (c) the proxy is the Chair; and
- (d) 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.

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**6. RESOLUTION 6 - ISSUE OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS UNDER THE COMPANY'S INCENTIVE AND RETENTION PLAN TO A RELATED PARTY - MR GORDON GILCHRIST**

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 10.14 and for all other purposes, approval is given for the Company to issue up to 190,000 Incentive Options and up to 210,000 Performance Rights to Mr Gordon Gilchrist (or his nominee) on the terms and conditions set out in the Explanatory Statement."*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Company's Incentive and Retention Plan, their nominees and 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:

- (c) the proxy is the Chair; and
- (d) 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.

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**7. RESOLUTION 7 – ISSUE OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS UNDER THE COMPANY’S INCENTIVE AND RETENTION PLAN TO A RELATED PARTY – MR ALBERT THAMM**

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 10.14 and for all other purposes, approval is given for the Company to issue up to 190,000 Incentive Options and up to 210,000 Performance Rights to Mr Albert Thamm (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Company’s Incentive and Retention Plan their nominees, and 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:

- (c) the proxy is the Chair; and
- (d) 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.

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**8. RESOLUTION 8 – ISSUE OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS UNDER THE COMPANY’S INCENTIVE AND RETENTION PLAN TO A RELATED PARTY – MR STEPHEN WETHERALL**

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 10.14 and for all other purposes, approval is given for the Company to issue up to 400,000 Incentive Options and up to 1,000,000 Performance Rights to Mr Stephen Wetherall (or his nominee) on the terms and conditions set out in the Explanatory Statement.”*

**Voting Exclusion**

The Company will disregard any votes cast on this Resolution by any Director, other than any Directors who are ineligible to participate in the Company’s Incentive and Retention Plan their nominees, and 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:

- (c) the proxy is the Chair; and
- (d) 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.

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**DATED: 18 APRIL 2017**

**BY ORDER OF THE BOARD**

**MARK CLEMENTS  
COMPANY SECRETARY**

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## EXPLANATORY STATEMENT

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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.

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### 1. FINANCIAL STATEMENTS AND REPORTS

The Corporations Act requires that the Annual Report of the Company be tabled at the Meeting. In addition, the Constitution provides for such reports and statements to be received and considered at the Meeting.

The directors present their report together with the financial report of the Company for the financial period ended 31 December 2016 and independent auditor's report thereon.

Apart from the matters involving remuneration which are required to be voted upon, neither the Corporations Act nor the Company's Constitution requires a vote of members at the annual general meeting on such reports or statements. However, Shareholders will be given ample opportunity to raise questions with respect to these reports at the meeting.

Whilst the Company will not provide a hard copy of the Annual Report unless specifically requested to do so, Shareholders may view the Company's Annual Report through ASX announcements at [www.lucapa.com.au](http://www.lucapa.com.au).

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

#### 2.1 General

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 Report of the Company for the financial year ending 31 December 2016.

The Corporations Act requires the Company to put a resolution to the Shareholder that the Remuneration Report be adopted. In accordance with section 250R(3) of the Corporations Act, the vote on Resolution 1 is advisory only and does not bind the Directors or the Company.

A reasonable opportunity will be provided for discussion of the Remuneration Report at the Meeting.

#### 2.2 Voting consequences

In accordance with Division 9 of Part 2G.2 of the Corporations Act, 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 report for the previous 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 less than 5% of the votes were cast against the remuneration report considered at that annual general meeting. Accordingly, the Spill Resolution is not relevant for this Meeting.

### **2.4 Voting exclusion statement**

A voting exclusion applies to Resolution 1 in the terms set out in the Notice of Meeting. Key Management Personnel and their Closely Related Parties may not vote on this Resolution and may not cast a vote as proxy, unless the proxy appointment gives direction on how to vote or the proxy is given to the Chair and expressly authorises the Chair to exercise the proxy. The Chair will use any such proxies to vote in favour of Resolution 1.

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## **3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR MR ALBERT THAMM**

Mr Albert Thamm retires under the director rotation provisions of article 6.3(c) of the Constitution. Mr Thamm, being eligible, has offered himself for re-election as a Director.

Albert Thamm has almost 30 years' experience in exploration and mining project development in Australia, Africa and South America. His background covers base metals, gold, iron ore, nickel, diamonds, uranium, coal and industrial minerals. Previously with Coffey Mining as an Associate Consultant Geologist, where he focused primarily on exploration project development, preparation of IPO technical reports, technical audits, due diligence, technical valuations and resource estimations and with the Ellendale Diamond Mine in Western Australia as Chief Geologist. He holds Bachelors, Honours and Masters Degrees in Geology from the University of Cape Town and is a graduate of the University of South Africa's School of Business Leadership. He is a Fellow and Chartered Professional of the Australasian Institute of Mining and Metallurgy and a Fellow of the Society of Economic Geologists (USA). He resides in Perth, Western Australia.

### **3.1 Directors' Recommendation**

The Board (other than Mr Thamm) recommends that Shareholders vote in favour of Resolution 2. The Chair intends to vote undirected proxies in favour of Resolution 2.

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## **4. RESOLUTION 3 – THE ISSUE OF SHARES UNDER LISTING RULE 7.1A**

### **4.1 General**

Listing Rule 7.1A, allows companies that are not included in the S&P/ASX300 Index and have a market capitalisation of \$300 million or less to issue a further 10% of their share capital in a 12 month period (in addition to the standard 15% annual placement capacity permitted under Listing Rule 7.1) on a non pro-rata basis provided that Shareholders approve the issue by passing a special resolution at the company's annual general meeting.

The Company is not currently included in the S&P/ASX300 Index and has a market capitalisation of less than \$300 million and is therefore an eligible entity to seek approval to issue a further 10% of their share capital under Listing Rule 7.1.A. For indicative purposes, on

12 April 2017 the Company had 325,847,139 Shares on issue and the Company's market capitalisation was \$110,788,027.26, based on the closing market Share price of \$0.34 on 12 April 2017. For the purpose of the market capitalisation calculation for Listing Rule 7.1A, the price of the Shares will be taken to be the closing price on ASX of those Shares on the last trading day on which trades in the Shares were recorded before the Meeting. An approval under Listing Rule 7.1A lasts for 12 months from the date of Meeting, and does not lapse if the Company's market capitalisation subsequently exceeds \$300 million, or if the Company is included in the S&P/ASX 300 Index, at some time during that 12 month period.

Resolution 3 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 3 for it to be passed.

## 4.2 Listing Rule 7.1A Approval

Accordingly, the Company is seeking Shareholder approval under Listing Rule 7.1A to issue an additional number of Shares which is equal to up to 10% of the Company's issued share capital in accordance with the formula in Listing Rule 7.1A.2 (**Listing Rule 7.1A Shares**).

Pursuant to and in accordance with Listing Rule 7.3A, the information below is provided in relation to this Resolution 3:

- (a) **Equity Securities**  
Any Listing Rule 7.1A Shares must be in the same class as an existing quoted class of Equity Securities of the Company.
- (b) **Formula for calculating Listing Rule 7.1A Shares**  
Listing Rule 7.1A.2 provides that eligible entities which have obtained shareholder approval at an annual general meeting may issue or agree to issue, during the 12 month period after the date of the annual general meeting, a number of Equity Securities calculated in accordance with the following formula:

### **(A x D) - E**

**A** is the number of fully paid shares on issue 12 months before the date of issue or agreement:

- (a) plus the number of fully paid shares issued in the 12 months under an exception in Listing Rule 7.2;
- (b) plus the number of partly paid shares that became fully paid in the 12 months;
- (c) plus the number of fully paid shares issued, or agreed to be issued, in the 12 months with approval of holders of shares under Listing Rule 7.1 and 7.4. This does not include an issue of fully paid shares under the entity's 15% placement capacity without shareholder approval;
- (d) less the number of fully paid shares cancelled in the 12 months.

Note that A is has the same meaning in Listing Rule 7.1 when calculating an entity's 15% placement capacity.

**D** is 10%

**E** is the number of Equity Securities issued or agreed to be issued under Listing Rule 7.1A.2 in the 12 months before the date of the issue or agreement to issue that are not issued with the approval of shareholders under Listing Rule 7.1 or 7.4.

(c) **Date of issue**

The Listing Rule 7.1A Shares must be issued before the earlier of:

- (i) the date that is 12 months after the date of the Meeting; and
- (ii) the date that Shareholders approve a transaction under Listing Rule 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).

(d) **Minimum Price**

The Equity Securities will be issued at an issue price of not less than 75% of the VWAP for the Company's Equity Securities over the 15 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 Trading Days of the date in paragraph (d)(i) above, the date on which the Equity Securities are issued.

(e) **Risk of Voting Dilution**

If Resolution 3 is approved by Shareholders and the Company issues Listing Rule 7.1A Shares, the existing Shareholders' voting power in the Company will be diluted as shown in the table below (in the case of Options, only if the Options are exercised). There is a risk that:

- (i) the market price for the Company's Equity Securities may be significantly lower on the date of the issue of the Equity Securities than on the date of the Meeting; and
- (ii) the Equity Securities may be issued at a price that is at a discount to the market price for the Company's Equity Securities on the issue date or the Equity Securities are issued as part of consideration for the acquisition of a new asset,

which may have an effect on the amount of funds raised by the issue of the Equity Securities.

Table 1 below shows the dilution of existing Shareholders on the basis of the current market price of Shares and the current number of ordinary securities for variable "A" calculated in accordance with the formula in Listing Rule 7.1A(2) as at the date of this Notice.

Table 1 also shows:

- (i) two examples where variable "A" has increased, by 50% and 100%. Variable "A" is based on the number of ordinary securities the Company has on issue. The number of ordinary securities on issue may increase as a result of issues of ordinary securities that do not require Shareholder approval (for example, a pro rata entitlements issue or scrip issued under a takeover offer) or future specific placements under Listing Rule 7.1 that are approved at a future Shareholders' meeting; and

- (ii) two examples of where the issue price of ordinary securities has decreased by 50% and increased by 50% as against the current market price.

**Table 1**

<b>Variable 'A' in Listing Rule 7.1A.2</b>	<b>Dilution</b>			
	<b>Number of Shares issued under 10% placement capacity</b>	<b>Funds raised based on issue price of \$0.34 (current price as at 12 April 2017)</b>	<b>Funds raised based on issue price of \$0.17 (50% decrease in current issue price)</b>	<b>Funds raised based on issue price of \$0.51 (50% increase in current issue price)</b>
<b>325,847,139 (Current Variable 'A')</b>	32,584,714	\$11,078,803	\$5,539,401	\$16,618,204
<b>488,770,709 (50% increase in current Variable 'A')</b>	48,877,071	\$16,618,204	\$8,309,102	\$24,927,306
<b>651,694,278 (100% increase in current Variable 'A')</b>	65,169,428	\$22,157,605	\$11,078,803	\$33,236,408

Table 1 has been prepared on the following assumptions:

- (a) As at the date of preparation of Table 1, 12 April 2017, the Company had 325,847,139 Shares on issue;
- (b) The Company issues the maximum number of Listing Rule 7.1A Shares;
- (c) The Company has not issued any Equity Securities in the 12 months before the Meeting that were not issued under an exception in Listing Rule 7.2 or with approval under Listing Rule 7.1;
- (d) No Options (including any Options issued under Listing Rule 7.1A) are exercised into Shares before the date of the issue of the Equity Securities;
- (e) 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%;
- (f) The table does not show an example of dilution that may be caused to a particular Shareholder by reason of placements of Listing Rule 7.1A Shares, based on that Shareholder's holding at the date of the Meeting;
- (g) The table shows only the effect of issues of Equity Securities under Listing Rule 7.1A, not under the 15% placement capacity under Listing Rule 7.1;
- (h) The issue of Listing Rule 7.1A Shares consists only of Shares. If the issue of Equity Securities includes Options, it is assumed that those Options are exercised into Shares for the purpose of calculating the voting dilution effect on existing Shareholders;
- (i) The issue price is \$0.34, being the closing price of the Shares on ASX on 12 April 2017.

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.

(f) **Purpose for Issue under 10% Placement Capacity**

The Company may seek to issue the Equity Securities for the following purposes:

- (i) cash consideration. In such circumstances, the Company intends to use the funds raised to advance mining and exploration activities on the Project Lulo Diamond Concession in Angola, the Mothae Diamond Project in Lesotho, the Orapa Area F Project in Botswana and the Brooking Diamond Project in Western Australia. Subject to the mining development and exploration programs, funds would then be used for further feasibility and/or evaluation studies, corporate administration costs and expansionary capital requirements; or
- (ii) non-cash consideration for the acquisition of new resources 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.

(g) **Allocation Policy**

The Company's allocation policy is dependent on the prevailing market conditions at the time of any proposed issue of Listing Rule 7.1A Shares. The identity of the allottees of Equity Securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (i) the methods of raising funds that are available to the Company, including but not limited to, rights issue or other issue in which existing security holders can participate;
- (ii) the effect of the issue of the Equity Securities on the control of the Company;
- (iii) the financial situation and solvency of the Company; and
- (iv) advice from corporate, financial and broking advisers (if applicable).

The allottees of Listing Rule 7.1A Shares have not been determined as at the date of this Notice but may include existing substantial Shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company.

Further, if the Company is successful in acquiring new resources assets or investments, it is likely that the allottees of Listing Rule 7.1A Shares will be the vendors of the new resources assets or investments.

(h) **Previous approval under Listing Rule 7.1A**

The Company has previously obtained Shareholder approval under Listing Rule 7.1A. Details of Equity Securities that have been issued since Shareholders last approved the issue of Equity Securities pursuant to Listing Rule 7.1A, at the Company's annual general meeting on 26 May 2016, are set out at Schedule 1 of this Notice.

(i) **Voting Exclusion**

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing Shareholder or security holder or an identifiable class of existing security holder to participate in the issue of Equity Securities. No existing Shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

#### **4.3 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.

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## **5. RESOLUTION 4 - REINSTATEMENT OF PROPORTIONAL TAKEOVER PROVISIONS**

### **5.1 General**

A proportional takeover bid is an off-market bid sent by the bidder to all the Shareholders in the Company offering to acquire only a portion of each holder's holding of securities. If a proportional bid was permitted to proceed it might result in control of the Company passing without Shareholders having the chance to sell all their shares to the bidder, and the bidder might take control of the Company without paying an adequate amount for gaining control.

Section 648G of the Corporations Act permits a company to include in its Constitution, proportional takeover provisions (**Provisions**) prohibiting the registration of a transfer of securities resulting from a proportional takeover bid unless and until a Shareholders' resolution to approve the proportional bid is passed in accordance with the Provisions by the holders of the Shares of the class to which the Shares being bid for belong (**Bid Class Shares**).

The Provisions allow holders of the Bid Class Shares to decide whether a proportional takeover bid is acceptable and should be allowed to proceed.

When it was adopted, Schedule 5 of the Constitution contained Provisions. These Provisions have not been renewed in the last 3 years and by the operation of section 648G(1)(a) of the Corporations Act these provisions in Schedule 5 expired and ceased to apply 3 years after the date they were adopted or last renewed and the Constitution was altered by force of section 648G(3) by omitting the Provisions that had been contained in Schedule 5.

Resolution 4 seeks to amend the Constitution of the Company by reinserting, as Schedule 5 to the Constitution, the Provisions set out in Schedule 2 to Explanatory Statement, to effectively re-instate the Provisions.

### **5.2 Majority Required**

Resolution 4 to amend the Constitution is a special resolution. Accordingly, at least 75% of the votes validly cast (in person, or by proxy, representative or attorney) by Shareholders eligible to vote must in favour of Resolution 4 in order for it to pass.

### **5.3 Information required by the Corporations Act**

(a) **Effect of Provisions**

If the Constitution is amended pursuant to Resolution 4 and the Provisions are effectively reinstated and a proportional takeover bid is made for Shares in the Company, the Provisions require the Directors to call a meeting of Shareholders who hold Bid Class Shares to vote on a resolution to approve the proportional takeover bid. The resolution will be passed if more than 50% of the votes cast on the resolution are

in favour of the resolution. The bidder, and any associate of the bidder, will be excluded from voting.

If the resolution to approve the proportional takeover bid is not voted on as at the end of the day before the 14th day before the last day of the bid period under the takeover bid, the resolution will be taken to have been passed.

If a resolution to approve the proportional takeover bid is voted on and rejected, all unaccepted offers under the takeover bid are taken to be withdrawn and each binding takeover contract for the takeover bid must be rescinded by the bidder.

The Provisions do not apply to full takeover bids (that is, a takeover bid for all of the securities in the class of securities that the takeover bid relates to).

If this Resolution 4 is passed, and therefore the Constitution is amended and the Provisions are effectively reinstated Provisions are renewed, the Provisions will only apply until 30 May 2020 (being three years from the date of the Meeting), unless renewed by Shareholders (or unless the Constitution is amended before then to delete the Provisions).

(b) **No awareness of any proposal to acquire or to increase the extent of a substantial interest in the Company**

As at the date of this notice, no Director is aware of any proposal by any person to acquire, or increase the extent of, a substantial interest in the Company.

(c) **Potential advantages and disadvantages of the Provisions**

The Directors consider that the Provisions have not had (and will not have) any potential advantages or potential disadvantages for the Directors, as the Board is free to make whatever recommendations it considers appropriate on any proportional takeover bid that may be made.

The potential advantages of the Provisions for Shareholders include:

- Shareholders have a say, by majority, in determining whether a proportional takeover bid should be allowed to proceed, which may assist in ensuring that any proportional takeover bid is attractive to a majority of Shareholders;
- the Board is able to formally ascertain the views of Shareholders in respect of a proportional takeover bid;
- it may help Shareholders to avoid being locked in as a minority and may prevent a bidder acquiring control of the Company without payment of an adequate premium for control;
- it increases Shareholders' bargaining power and may assist in ensuring any proportional takeover is adequately priced and is attractive to the majority of Shareholders; and
- knowing the view of the majority of Shareholders may help each individual Shareholder to form an opinion on whether to accept or reject an offer under the bid.

The potential disadvantages of the Provisions for Shareholders include:

- the Provisions may reduce the likelihood of a proportional takeover bid being successful and may therefore discourage the making of a proportional takeover bid; and
- the Provisions may also reduce the opportunities which Shareholders have to sell their Shares in the Company.

(d) **Review of advantages and disadvantages of the Provisions**

When the Provisions were previously in effect, no takeover bids for the Company (either proportional or full) were made or announced. Therefore, there is no example against which the advantages or disadvantages of the Provisions may be assessed.

However, the Board is not aware of any potential bid that was discouraged by the Provisions.

(e) **Directors' Recommendations**

The Directors consider that, having regard to the potential advantages and disadvantages of the Provisions as referred to above, it is in the interests of Shareholders to have the right to vote on a proportional takeover bid and therefore recommend that Shareholders vote in favour of Resolution 4.

The Chair intends to vote undirected proxies in favour of Resolution 4.

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## **6. RESOLUTIONS 5 TO 8 - ISSUE OF INCENTIVE OPTIONS AND PERFORMANCE RIGHTS TO RELATED PARTIES UNDER THE COMPANY'S INCENTIVE AND RETENTION PLAN**

### **6.1 General**

The Company has agreed, subject to obtaining Shareholder approval, that the Directors be issued a total of 1,010,000 Incentive Options and 1,690,000 Performance Rights pursuant to the Plan that was approved by Shareholders at the Company's previous Annual General Meeting on 26 May 2016.

Any issue of Options or Performance Rights under the Plan to a related party requires Shareholder approval under ASX Listing Rule 10.14 and the proposed issue of Incentive Options and Performance Rights to Messers Kennedy, Gilchrist, Thamm and Wetherall (and/or their nominees) pursuant to the Plan are the subject of Resolutions 5, 6, 7 and 8, respectively.

The purpose of the issue of the Incentive Options and Performance Rights to the Directors is to further retain, motivate and reward their respective performances.

A Performance Right is exercisable, at no cost, on satisfaction of relevant performance hurdles, into a Share. The vesting conditions for each Performance Right will be determined by the Board prior to the offer.

An Incentive Option, once vested, is exercisable into a Share, at the exercise price offered to the participant. The vesting conditions and exercise price for each offer of Incentive Options will be determined by the Board prior to the offer.

The Board will ensure that the performance hurdles and vesting conditions attached to Performance Rights and Incentive Options granted under the Plan are aligned with the successful growth of the Company's business activities.

**6.2 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 Incentive Options and Performance Rights constitutes giving a financial benefit and Messers Kennedy, Gilchrist, Thamm and Wetherall, who are related parties of the Company by virtue of the fact that they are Directors.

The Directors consider that the issue of the Incentive Options and Performance Rights to each Directors is arm’s length and constitute reasonable remuneration. Accordingly, Shareholder approval is not required for the purpose of section 208 of the Corporations Act.

**6.3 ASX Listing Rule 10.14**

ASX Listing Rule 10.14 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX’s opinion, such that approval should be obtained.

Messers Kennedy, Gilchrist, Thamm and Wetherall are Directors and the issue is being made pursuant the Plan, which is an employee incentive scheme for the purposes of Listing Rule 10.14, therefore Shareholder approval pursuant to ASX Listing Rule 10.14 is required.

**6.4 Information required pursuant to ASX Listing Rule 10.15**

The following information is provided to satisfy the requirements of ASX Listing Rule 10.15 (being the information required to be disclosed for the purposes of ASX Listing Rule 10.14):

- (a) the related parties are Messers Kennedy, Gilchrist, Thamm and Wetherall (and/or their respective nominees) and they are related parties by virtue of being Directors;
- (b) the maximum number of Incentive Options and Performance Rights (being the nature of the financial benefit being provided) to be issued to Messers Kennedy, Gilchrist, Thamm and Wetherall are:

<b>Director</b>	<b>Incentive Options</b>	<b>Performance Rights</b>
Miles Kennedy	230,000	270,000
Gordon Gilchrist	190,000	210,000
Albert Thamm	190,000	210,000
Stephen Wetherall	400,000	1,000,000
<b>Total</b>	<b>1,010,000</b>	<b>1,690,000</b>

- (c) the Incentive Options and Performance Rights will be issued to Messers Kennedy, Gilchrist, Thamm and Wetherall (and/or their respective nominees) for nil cash consideration. Accordingly, no loans will be made in relation to the issue of the Incentive Options and Performance Rights;
- (d) since the issue of Incentive Options and Performance Rights pursuant to the Plan was last approved by Shareholders on 26 May 2016 the following Incentive Options (**Incentive Options-2016**) and Performance Rights (**Performance Rights-2016**) were issued under the Plan to Directors, or associates of the Directors on 3 June 2016:

<b>Director</b>	<b>Incentive Options-2016</b>	<b>Performance Rights-2016</b>
Miles Kennedy	500,000	500,000
Gordon Gilchrist	250,000	250,000
Albert Thamm	250,000	250,000
Stephen Wetherall	500,000	1,000,000
<b>Total</b>	<b>1,500,000</b>	<b>2,000,000</b>

- (e) the Incentive Options-2016 and Performance Rights-2016 were issued to Messers Kennedy, Gilchrist, Thamm and Wetherall (and/or their respective nominees) for nil cash consideration. Accordingly, no loans were made in relation to the issue of the Incentive Options-2016 and Performance Rights-2016;
- (f) The Incentive Options-2016 and Performance Rights-2016 were issued to Messers Kennedy, Gilchrist, Thamm and Wetherall (and/or their respective nominees) on the terms and conditions of the Plan as approved by shareholders on 26 May 2016 and the additional key terms set out in Notes 2 and 3 in Schedule 1;
- (g) as at the date of this Notice, the Directors, Miles Kennedy, Gordon Gilchrist, Albert Thamm and Stephen Wetherall (and/or their respective nominees), are the only people referred to in ASX Listing Rule 10.14 that the Board has declared to be entitled to participate in the Plan and be issued Incentive Options and Performance Rights under the Plan;
- (h) the Incentive Options and Performance Rights will be issued to Messers Kennedy, Gilchrist, Thamm and Wetherall no later than 12 months after the Meeting if approved by Shareholders; and
- (i) the Incentive Options will be issued on the terms and conditions of the Plan and the following additional key terms:
- (i) Exercise Price: an exercise price equal to 150% of the VWAP of the Shares trading on ASX for the period of 15 trading days ending immediately prior to the date of grant;
  - (ii) Expiry Date: an expiry date of three (3) years from the date of grant; and
  - (iii) Vesting Conditions: subject to the holder of the Incentive Option being an Eligible Participant under the Plan at the time of vesting, the Incentive Options vest and become exercisable at the following times:
    - (A) (**Tranche 1**): vest immediately on the date of grant;

- (B) **(Tranche 2):** vest one (1) year from the date of grant;
- (C) **(Tranche 3):** vest two (2) years from the date of grant;
- (iv) The Incentive Options are to be allocated to each Director in the following proportions:

Director	Tranche 1	Tranche 2	Tranche 3	Total
Miles Kennedy	76,667	76,667	76,666	<b>230,000</b>
Gordon Gilchrist	63,334	63,333	63,333	<b>190,000</b>
Albert Thamm	63,334	63,333	63,333	<b>190,000</b>
Stephen Wetherall	133,334	133,333	133,333	<b>400,000</b>
<b>Total</b>	<b>336,669</b>	<b>336,666</b>	<b>336,665</b>	<b>1,010,000</b>

- (j) the Performance Rights will be issued on the terms and conditions of the Plan and the following additional key terms:

- (i) Expiry Date: an expiry date of three (3) years from the date of grant; and
- (ii) Vesting Conditions: subject to the holder of the Performance Right being an Eligible Participant under the Plan at the time of vesting, the Performance Right vest and become exercisable at the following times:

**(A) Non-executive directors (Messrs Kennedy, Gilchrist and Thamm)**

**Tranche 1 (1/3):** Vest when Lulo production targets are met for the full year;

**Tranche 2 (1/3):** Vest upon commencement of commissioning production at Mothae by end Q1 2018; and

**Tranche 3 (1/3):** Vest one year from the date of grant.

**(B) Managing Director (Mr Wetherall)**

**Tranche 1 (1/4):** 50% vests when Lulo alluvial production plan of 120,000 bcm is met for first half of the year;  
50% vest when Lulo alluvial production plan of 120,000 bcm is met for second half of the year;

**Tranche 2 (1/4):** 50% vests on completion of Mothae;  
50% vests when all necessary government/ environmental approvals are obtained and production is commence at Mothae by end Q1 2018;

**Tranche 3 (1/4):** Vests when the kimberlite and lamproite exploration programs are delivered as approved by the Board for 2017; and

**Tranche 4 (1/4):** Vests one year from the date of grant.

(k) The Performance Rights are to be allocated to each Director in the following proportions:

<b>Director</b>	<b>Tranche 1</b>	<b>Tranche 2</b>	<b>Tranche 3</b>	<b>Tranche 4</b>	<b>Total</b>
Miles Kennedy	90,000	90,000	90,000	N/A	<b>270,000</b>
Gordon Gilchrist	70,000	70,000	70,000	N/A	<b>210,000</b>
Albert Thamm	70,000	70,000	70,000	N/A	<b>210,000</b>
Stephen Wetherall	250,000	250,000	250,000	250,000	<b>1,000,000</b>
<b>Total</b>	<b>480,000</b>	<b>480,000</b>	<b>480,000</b>	<b>250,000</b>	<b>1,690,000</b>

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Incentive Options and Performance Rights to Messers Kennedy, Gilchrist, Thamm and Wetherall as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the issue of Incentive Options and Performance Rights will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

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## GLOSSARY

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**\$** means Australian Dollars.

**Annual Report** means the Directors' Report, the Financial Report and the Auditor's Report in respect to the financial period ended 31 December 2016.

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

**Auditor's Report** means the auditor's report in the Financial Report.

**Board** means the board of Directors.

**Business Day** means:

- (a) for determining when a notice, consent or other communication is given, a day that is not a Saturday, Sunday or public holiday in the place to which the notice, consent or other communication is sent; and
- (b) for any other purpose, a day (other than a Saturday, Sunday or public holiday) on which banks are open for general banking business in Perth.

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

**Closely Related Party** means:

- (a) a spouse or child of the member; or
- (b) has the meaning given in section 9 of the Corporations Act.

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

**Company's Incentive and Retention Plan** means the incentive and retention plan approved by Shareholders on 26 May 2016.

**Constitution** means the constitution of the Company as at the commencement of the Meeting.

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

**Director** means a director of the Company.

**Directors' Report** means the annual directors' report prepared under chapter 2M of the Corporations Act for the Company and its controlled entities.

**Equity Securities** has the same meaning as in the Listing Rules.

**Explanatory Statement** means the explanatory statement attached to the Notice.

**Financial Report** means the annual financial report prepared under Chapter 2M of the Corporations Act of the Company.

**Incentive Option** means an Option on the terms and conditions set out in section 6.4.

**Key Management Personnel** means persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, including any Director (whether executive or otherwise) of the Company.

**Listing Rules or ASX Listing Rules** means the listing rules of ASX.

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

**Notice** means this notice of meeting.

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

**Performance Right** means a right to purchase a Share on the terms and conditions in section 6.4.

**Plan** means the Company's Incentive and Retention Plan.

**Proxy Form** means the proxy form attached to the Notice.

**Remuneration Report** means the remuneration report of the Company contained in the Directors' Report.

**Resolution** means a resolution contained in the Notice.

**Schedule** means a schedule to this Explanatory Statement.

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

**Shareholder** means a shareholder of the Company.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means volume weight 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 WA.

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

**SCHEDULE 1 – ISSUES OF EQUITY SECURITIES SINCE 26 MAY 2016**

<b>Date</b>	<b>Quantity</b>	<b>Class</b>	<b>Recipients</b>	<b>Issue price and discount to Market Price (if applicable)<sup>1</sup></b>	<b>Form of consideration</b>
3 June 2016	2,925,000	Unquoted Incentive Options <sup>2</sup>	Directors, employees and certain contractors under the Company's Incentive and Retention Plan.	Nil	Amount raised = \$Nil Current Value <sup>5</sup> = \$264,715
3 June 2016	4,275,000	Performance Rights <sup>3</sup>	Directors, employees and certain contractors under the Company's Incentive and Retention Plan.	Nil	Amount raised = \$Nil Current Value <sup>5</sup> = \$1,015,606
8 November 2016	1,825,000	Shares <sup>4</sup>	Directors, employees and certain contractors pursuant to the exercise of vested performance rights under the Company's Incentive and Retention Plan.	Nil (Market Price - \$0.44)	Amount raised = \$Nil Amount spent = \$Nil Use of funds = N/A Amount remaining = \$Nil Proposed use of remaining funds = N/A
21 December 2016	62,500	Shares	Director Mr Albert Thamm pursuant to the exercise of vested performance Rights under the Company's Incentive and Retention Plan.	Nil (Market Price - \$0.42)	Amount raised = \$Nil Amount spent = \$Nil Use of funds = N/A Amount remaining = \$Nil Proposed use of remaining funds= N/A

28 February 2017	125,000	Shares	Colette van Wyk pursuant to the exercise of vested Performance Rights under the Company's Incentive and Retention Plan.	Nil (Market Price - \$0.405)	Amount raised = \$Nil Amount spent = \$Nil Use of funds = N/A Amount remaining = \$Nil Proposed use of remaining funds = N/A
3 April 2017	750,000	Shares	International Plant Construction Limited on the exercise of unlisted \$0.30 options under the Company's Employee Option Plan as approved by Shareholders on 21 December 2012.	\$0.30	Amount raised = \$225,000 Amount spent = \$Nil Amount remaining = \$225,000 Proposed use of remaining funds <sup>6</sup> = To advance mining and exploration activities on the Project Lulo Diamond Concession in Angola, the Mothae Diamond Project in Lesotho, the Orapa Area F Project in Botswana and the Brooking Diamond Project in Western Australia.

#### Information required under Listing Rule 7.3A.6 (a)

Table 2 below shows the total number of Equity Securities issued in the 12 month period preceding the date of the Meeting and the percentages those issues represent of the total number of Equity Securities on issue at the commencement of that 12 month period.

**Table 2**

Equity Securities issued in the 12 month period preceding the date of the Meeting	2,762,500 Shares; and 2,925,000 Unquoted Options; and 4,275,000 Performance Rights
Percentage previous issues represent of total number of Equity Securities on issue at commencement of that 12 month period	3.08%

#### Notes:

1. 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.
2. Unquoted Options means the unquoted Incentive Options issued under the Company's Incentive and Retention Plan. The Incentive Options - 2016 were issued on the terms and conditions of the Plan as approved by Shareholders on 26 May 2016 and the following additional key terms:
  - (i) Exercise Price: an exercise price equal to 150% of the VWAP of the Shares trading on ASX for the period of 15 trading days ending immediately prior to the date of grant (\$0.53);
  - (ii) Expiry Date: an expiry date of three (3) years from the date of grant (2 June 2019); and

- (iii) Vesting Conditions: subject to the holder of the Incentive Option being an Eligible Participant under the Plan at the time of vesting, the Incentive Options vest and become exercisable at the following times:
  - A. **(Tranche 1)**: vest immediately on the date of grant;
  - B. **(Tranche 2)**: vest one (1) year from the date of grant;
  - C. **(Tranche 3)**: vest two (2) years from the date of grant;
- 3. Performance Rights means the Performance Rights issued under the Company's Incentive and Retention Plan. The Performance Rights -2016 were issued on the terms and conditions of the Plan as approved by Shareholders on 26 May 2016 and the following additional key terms:
  - (i) Expiry Date: an expiry date of three (3) years from the date of grant; and
  - (ii) Vesting Conditions: subject to the holder of the Performance Right being an Eligible Participant under the Plan at the time of vesting, the Performance Right vest and become exercisable at the following times:
    - A. **(Tranche 1)**: Vest immediately after the incorporation of the Alluvial Mining Company;
    - B. **(Tranche 2)**: Vest upon the Kimberlite Exploration Licence being renewed;
    - C. **(Tranche 3)**: Vest upon the Company's Shares trading on the ASX at a VWAP of at least \$0.50 for a 10 day period; and
    - D. **(Tranche 4)**: Vest one year from the date of grant.
- 4. Fully paid ordinary shares in the capital of the Company, ASX Code: LOM (terms are set out in the Constitution).
- 5. In respect of unquoted Equity Securities the value of Options and Performance Rights are measured using the Black & Scholes option pricing model. Measurement inputs include the Share price of \$0.34 on the measurement date of 12 April 2017, 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).
- 6. 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.

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## SCHEDULE 2 – PROPORTIONAL TAKEOVER PROVISIONS

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### Schedule 5

#### Proportional Takeover Bid Approval

##### 1. Definitions

In this schedule:

“**Approving Resolution**” means a resolution to approve a proportional takeover bid in accordance with this schedule.

“**Deadline**” means the 14<sup>th</sup> day before the last day of the bid period for a proportional takeover bid.

“**Voter**” means a person (other than a bidder under a proportional takeover bid or an associate of that bidder) who, as at the end of the day on which the first offer under that bid was made, held bid class securities for that bid.

##### 2. Refusal of transfers

###### 2.1 Requirement for an Approving Resolution

- (a) The Company must refuse to register a transfer of Shares giving effect to a takeover contract for a proportional takeover bid unless and until an Approving Resolution is passed in accordance with this schedule 5.
- (b) This schedule 5 ceases to apply on the third anniversary of its last adoption, or last renewal, in accordance with the Corporations Act.

###### 2.2 Voting on an Approving Resolution

- (a) Where offers are made under a proportional takeover bid, the Directors must, subject to the Corporations Act, call and arrange to hold a meeting of Voters for the purpose of voting on an Approving resolution before the Deadline.
- (b) The provisions of this Constitution concerning meetings of Members (with the necessary changes) apply to a meeting held under clause 2.2(a).
- (c) Subject to this Constitution, every Voter present at the meeting held under clause 2.2(a) is entitled to one vote for each Share in the bid class securities that the Voter holds.
- (d) To be effective, an Approving resolution must be passed before the Deadline.
- (e) An Approving Resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than 50%, and otherwise is taken to have been rejected.
- (f) If no Approving resolution has been voted on as at the end of the day before the deadline, an Approving Resolution is taken, for the purposes of this schedule, to have been passed in accordance with this schedule.

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# LUCAPA DIAMOND COMPANY LIMITED

ACN: 111 501 663

**REGISTERED OFFICE:**

34 BAGOT ROAD  
SUBIACO WA 6008

**SHARE REGISTRY:**

Security Transfer Australia Pty Ltd

**All Correspondence to:**

PO BOX A2020  
Sydney South NSW 1235  
Suite 511, The Trust Building  
155 King Street  
Sydney NSW 2000  
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:

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](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.

«ONLINE

### SECTION A: Appointment of Proxy

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

The meeting Chair

OR

or failing the person named, or if no person is named, the Chair 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 11:00am WST on Tuesday 30 May 2017 at The Celtic Club, 48 Ord Street, West Perth WA 6005 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 Chair of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chair of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

Where I/we have appointed the Chair (or where the Chair becomes my/our proxy by default), I/we expressly authorise the Chair to exercise my/our proxy on Resolutions 1, 5, 6, 7 and 8 and vote in accordance with the Chair's voting intentions (except where I/we have indicated a different voting intention below) even though Resolution 1, 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of Key Management Personnel, which includes the Chair.

**RESOLUTION**

	For	Against	Abstain*		For	Against	Abstain*
1. Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	5. Issue of Incentive Options & Performance Rights to Related Party - Mr Miles Kennedy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2. Re-election of Director Mr Albert Thamm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	6. Issue of Incentive Options & Performance Rights to Related Party - Mr Gordon Gilchrist	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3. The Issue of Shares under Listing Rule 7.1A	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	7. Issue of Incentive Options & Performance Rights to Related Party - Mr Albert Thamm	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4. Reinstatement of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	8. Issue of Incentive Options & Performance Rights to Related Party - Mr Stephen Wetherall	<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 11:00am WST on Sunday 28 May 2017.**

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My/Our contact details in case of enquiries are:

**Name:**

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**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 Chair 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 Chair 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 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 A2020 Sydney South NSW 1235
<b>Street Address</b>	Suite 511, The Trust Building 155 King Street Sydney NSW 2000
<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.

