



\$2.8M PLACEMENT TO ADVANCE LULO KIMBERLITE EXPLORATION

- **Strong support from sophisticated and professional investors for \$2.8 million share placement**
- **1 for 14 rights issue giving eligible shareholders the opportunity to subscribe for up to \$3.9 million in new shares**
- **Directors intend to take up their full entitlements under the rights issue**
- **Proceeds to advance the search for the primary kimberlite sources of the high-value Lulo alluvial diamonds following recent highly-encouraging results and for general working capital and corporate purposes**

Lucapa Diamond Company Limited (ASX: **LOM**) (“Lucapa” or “the Company”) is pleased to announce the Company has received applications for a \$2.8 million share placement to advance the Lulo kimberlite exploration program and for general working capital and corporate purposes.

The placement involves the issue of 25,899,916 new shares at an issue price of \$0.11 per share to sophisticated and professional investors qualifying under s708 of the *Corporations Act 2001 (Cth)*. The issue price represents a discount of approximately 13% to the volume weighted average price (“VWAP”) of Lucapa shares during the previous 30-day trading period.

The placement will not require shareholder approval as the shares will be placed within Lucapa’s existing LR7.1 placement capacity.

Far East Capital Limited acted as lead manager to the placement.

Rights Issue

Lucapa will also undertake a non-renounceable pro-rata rights issue to eligible shareholders which, if fully subscribed, will raise a maximum of \$3.9 million (before costs) through the issue of up to 35,651,602 new shares.

Eligible shareholders registered on 5pm WST on 9 March 2020 (“Record Date”) will be entitled to subscribe for 1 new share for every 14 shares held as at the Record Date at an issue price of \$0.11 per share.

The Directors of Lucapa intend to take up their full entitlements under the rights issue.

Lucapa shares will be quoted on an ex-entitlement basis from 6 March 2020. Therefore, any of the Company’s shares bought on-market on or after this date will not be entitled to participate in the rights issue.

It is currently intended that the \$2.8 million placement will complete after the Record Date, so participants in the placement will not be eligible to participate in the rights issue.

The lead manager of the rights issue is Far East Capital Limited.

Eligible shareholders are those shareholders of the Company who are registered as shareholders on the Record Date with registered addresses in Australia, New Zealand, United Kingdom, Singapore, Hong Kong or Germany.

In addition to being able to apply for new shares under the rights issue, eligible shareholders will also have the opportunity to apply for additional new shares over their entitlement that are not subscribed for under the rights issue.

The rights issue is being undertaken without a prospectus in accordance with section 708AA of the Corporations Act 2001 (Cth).

The indicative timetable for the rights issue is set out in Appendix 1.

Full details of the rights issue will be contained in the Offer Document to be dispatched to eligible shareholders in accordance with the timetable set out in Appendix 1 together with the entitlement and acceptance form. From today, the Offer Document, with full details of the rights issue, will be available to download on both the ASX website (www.asx.com.au) and the Company's website (www.lucapa.com.au).

Use of Funds

Lucapa intends to use the funds from the placement and rights issue to advance the Lulo kimberlite exploration program and for general working capital and corporate purposes.

The kimberlite exploration program aims to discover the hard-rock primary source or sources of the high-value alluvial diamonds. Lucapa and its partners have been mining in the Caculo River valley for the past five years. This follows recent highly-encouraging results which are set out in the separate announcement previously released to the ASX today by Lucapa.

In recent years, Lucapa has primarily funded the kimberlite exploration program from the Company's share of distributions and loan repayments from Lulo alluvial mining company, *Sociedade Mineira Do Lulo* ("SML"). Throughout 2019 and Q1 2020, SML has, as previously announced, self-funded a US\$12 million expansion of the alluvial mining operations, reducing its available free cash to also declare dividends during this period. This expansion, primarily involving the purchase of new mining fleet, is designed to deliver a 50% increase in carat production in 2020.

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

Appendix 1: Indicative Timetable for the Rights Issue

Event	Date
Announcement of the Placement and the rights issue Lodgement of Offer Document, Cleansing Notice and Appendix 3B with ASX	4 March 2020
Notice to Option holders to advise that they must exercise their options to participate in the Offer	5 March 2020
Notice to Ineligible Shareholders	5 March 2020
"Ex" date for the rights issue	6 March 2020
Record Date to determine entitlements under the rights issue	5.00pm (WST) on 9 March 2020
Issue of Shares under the Placement Lodgement of Appendix 2A and Cleansing Notice for Placement Shares with ASX	10 March 2020
Opening Date of the rights issue	11 March 2020
Dispatch of the Offer Document and Entitlement & Acceptance Form to Eligible Shareholders	
Last date to extend Closing Date of the rights issue	17 March 2020
Closing Date for acceptances under the rights issue	5.00 pm (WST) on 20 March 2020
If agreed by ASX, New Shares under the rights issue quoted on a deferred settlement basis	23 March 2020
Announcement of the results of the rights issue	25 March 2020
Issue of the New Shares (Deferred settlement trading of New Shares ends) Appendix 2A (applying for quotation of New Shares) to be lodged with ASX.	27 March 2020
Issue of holding statements Trading of New Shares under the rights issue expected to commence	30 March 2020

Note: The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to extend the Closing Date or to withdraw the rights issue at any time without prior notice, in which case all Application Monies will be refunded (without interest) as soon as practicable. Any extension of the Closing Date will have a consequential effect on the issue date of New Shares.

ABOUT LUCAPA

Lucapa is a growing diamond company with high-value mines in Angola (Lulo) and Lesotho (Mothae).

The Lulo alluvial mine and Mothae kimberlite mine both produce large and high-value diamonds, with >75% of revenues generated from the recovery of +4.8 carat stones.

Lulo has produced 14 +100 carat diamonds to date and is one of the highest average US\$ per carat alluvial diamond producers in the world. Lucapa and its *Project Lulo* partners have also received highly-encouraging results from their search to discover the primary hard-rock source of the high-value Lulo alluvial diamonds.

The new 1.1 Mtpa Mothae kimberlite mine in diamond-rich Lesotho commenced commercial mining operations in January 2019. It produced > 30,000 carats in its first year of production, including 10 +50 carat diamonds.

Lucapa's Board and management team have decades of diamond industry experience across the globe with companies including De Beers and Gem Diamonds.

Competent Person's Statement

Information included in this announcement that relates to exploration results and resource estimates is based on and fairly represents information and supporting documentation prepared and compiled by Richard Price MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Price is an employee of Lucapa Diamond Company Limited. Mr Price has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves. Mr Price consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

No New Information

To the extent that announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

Forward-Looking Statements

This announcement has been prepared by the Company. This document contains background information about the Company and its related entities current at the date of this announcement. This is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement.

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