



LUCAPA CAPITAL RAISING

- **1 for 5 rights issue at \$0.05 per share, with one free attaching \$0.10 new option for each new share issued, giving eligible shareholders the opportunity to subscribe for up to \$5.25 million in new shares**
- **Directors intend to take up their full entitlements under the rights issue**
- **Proceeds will 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 and for general working capital purposes**

Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") today announces the intention to undertake a non-renounceable pro-rata rights issue on a 1 for 5 basis with a free attaching option exercisable at \$0.10 each and expiring 2 years from the date of issue ("Rights Issue" or "Offer"). It is the intention of Lucapa to seek quotation of the options on the ASX, subject to satisfying the ASX conditions for quotation of the options.

If fully subscribed, the intended Rights Issue will raise a maximum of \$5.25 million (before costs) through the issue of up to 105,102,522 new shares and 105,102,522 new options.

The Directors of Lucapa intend to take up their full entitlements under the Rights Issue. The Offer will not be underwritten.

The Offer will only be made to 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 (**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.

In addition to being able to apply for new shares and new options under the Rights Issue, Eligible Shareholders will also have the opportunity to apply for additional new shares and new options over their entitlement that are not subscribed for under the Rights Issue.

The Company intends to lodge a prospectus in connection with the intended Rights Issue with ASIC and ASX. Full details of the intended Rights Issue will be contained in the prospectus which is expected to be lodged with ASIC and ASX on or about 1 May 2020. Copies of the prospectus and entitlement forms will be mailed to all Eligible Shareholders in accordance with the indicative timetable set out in Appendix 1.

Use of Funds

Lucapa intends to use the funds raised from the intended Rights Issue 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 and for general working capital purposes.

The Company remains focussed on the health and wellbeing of staff, contractors and stakeholders through the implementation of suitable protocols to minimise the potential transmission of COVID-19 and strict adherence to Government directives in Australia, Lesotho and Angola.

As announced, the kimberlite (primary source) exploration program at Lulo is at a very important and exciting stage following the recovery of 45 diamonds in the Canguige tributary sample, including D-colour and Type IIa gems. The kimberlite exploration effort continues at Lulo and we look forward to the upcoming dry season where activities can be scaled and to concluding the discussions with the Government of Angola in respect of a majority interest for Lucapa.

Lulo alluvial mining activities have been reduced to essential operations and a care & maintenance program is being implemented at Mothae in Lesotho. This is to ensure the mining assets are preserved and well positioned to recommence mining operations when health protocols permit and the global markets recover.

At the Perth corporate office, significant overhead reductions have been implemented effective 1 April 2020, including staff and contractors taking a voluntary 60% cut to emoluments or fees, together with the utilisation of accrued leave. The non-executive directors, Mr Kennedy and Mr Stanley, have agreed to waive their non-executive director's fees until further notice.

The Company also continues to further finance restructuring possibilities and will provide further updates accordingly.

Authorised by the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa is a niche diamond producer 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 3 +100 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.

This announcement is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

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This document does not constitute investment advice and has been prepared without taking into account the recipient's investment objectives, financial circumstances or particular needs and the opinions and recommendations in this representation are not intended to represent recommendations of particular investments to particular persons.

Recipients should seek professional advice when deciding if an investment is appropriate. All securities transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments.

No responsibility for any errors or omissions from this document arising out of negligence or otherwise is accepted. This document does include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of the Company. Actual values, results, outcomes or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements. Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, the Company does not undertake any obligation to update or revise any information.

Appendix 1: Indicative Timetable for the Rights Issue

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 Eligible Shareholders and 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
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

Note: The above dates are indicative only and subject to change. The Company reserves the right, subject to the Corporations Act 2001 (Cth) and the ASX 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 and New Options.