



NEW OPTION ISSUE

Lucapa Diamond Company Limited (ASX: LOM) (“Lucapa” or “the Company”) has resolved to offer new options (New Options) to those option holders who are registered as the holders of the Company’s existing listed options (ASX: LOMO) at the time of expiry on 29 August 2015.

Those option holders will be offered New Options, subject to shareholder approval, at an issue price of \$0.001 each on the basis of one New Option for each two expired LOMO options.

The terms and conditions of the New Options are attached.

The New Options will have an exercise price of \$0.30 and will be listed on the Australian Securities Exchange, subject to ASX approval. The New Options will have an expiry date of 29 April 2016.

Lucapa has 136,053,024 LOMO options on issue. If none of the LOMO options are exercised before their expiry date, the maximum number of New Options to be offered for issue will thus be 68,026,512, which would raise approximately \$68,026 to be applied primarily to the administrative costs associated with the issue. If the New Options are all converted into ordinary Lucapa shares on or before their 29 April 2016 expiry date, it will raise approximately \$20.4 million for the Company which will be used to scale up the alluvial diamond mining operations at the Lulo Diamond Project in Angola and accelerate the kimberlite exploration program.

The 29 April 2016 New Option expiry date will give Lucapa time to advance the Company’s kimberlite bulk sampling program at Lulo, following the arrival on site of a new fleet of Caterpillar earth moving equipment.

The new earthmoving equipment will also allow Lucapa to accelerate operational cash flows by scaling up its alluvial diamond mining operations to 20,000 bulk cubic metres per month, as mining moves to higher-grade diamond areas within the Lulo diamond field.

The meeting of Lucapa shareholders to approve the issue of the New Options to the holders of expired LOMO options is expected to be held in September 2015.

Full terms will be detailed in a notice of meeting expected to be sent to shareholders within two weeks and, if the issue of New Options is approved by shareholders, a prospectus will be issued offering the holders of the expired LOMO options the opportunity to subscribe for New Options.

Lucapa Chairman Miles Kennedy said the Company was entering an exciting new phase at the Lulo Diamond Concession.

“A complete fleet of new Caterpillar earth moving equipment has now arrived on site at Lulo and this will enable the Company to make key advancements with both the alluvial diamond mining and kimberlite bulk sampling programs at Lulo,” said Mr Kennedy.

“With the new equipment on site, we can now refocus our diamond mining operations on the high-grade BLK_08 area which is where we recovered our biggest diamond to date – a rare 131.4 carat gem – during our preliminary bulk sampling programs.”

“The new earth moving equipment has also enabled us to commence our much anticipated kimberlite bulk sampling program at the high-priority L46 pipe, which our geological team has identified as a potential source of the high-grade diamonds recovered in the E46 area at Lulo.”

For further information, please contact:

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ABOUT LUCAPA DIAMOND COMPANY LIMITED

Lucapa Diamond Company Limited is a miner of world-class diamonds. Lucapa is the operator of the 3,000km² Lulo Diamond Concession in Angola’s Lunda Norte diamond heartland. Lulo is located within 150km of Catoca, the world’s fourth biggest kimberlite diamond mine, and on the same favourable geological trend (Lucapa Graben).

Lucapa has proven up two major kimberlite provinces at Lulo, as well as extensive areas of diamond-rich alluvial gravels along the Cacuilo River.

In November 2014, Lucapa and its partners signed a 35 year mining licence agreement to mine the alluvial diamonds at Lulo. Alluvial diamond mining commenced in January 2015. The Lulo alluvial diamonds sold to date have achieved exceptional average sale prices of more than A\$2,500 per carat.

Lulo hosts 296 kimberlite targets in two separate provinces, of which 96 have been classified as proven and probable kimberlites and four confirmed as diamond-bearing pipes.

Lucapa’s board and management team has extensive diamond mining experience with companies including De Beers, Rio Tinto and Gem Diamonds. Lucapa operates Lulo in partnership with Endiama, the Angolan Government’s diamond concessionary, and private group Rosas & Petalas.

Lucapa is dual listed on the Australian Securities Exchange and the Frankfurt Stock Exchange.

ABOUT ANGOLA

Angola is the world’s fourth biggest producer of diamonds by value with forecast annual production of 10 million carats in 2014.

Angola introduced a new Mining Code in 2012 and is actively seeking foreign investment in its diamond industry.

Angola’s potential for new diamond discoveries has been recognised by the world’s two biggest diamond mining companies, Alrosa and De Beers.

Angola was appointed to chair the Kimberley Process Certification Scheme in 2015.

FORWARD-LOOKING STATEMENTS

This announcement has been prepared by Lucapa Diamond Company Limited. This document contains background information about Lucapa Diamond Company Limited 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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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, Lucapa Diamond Company Limited does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

TERMS AND CONDITIONS OF PROPOSED NEW \$0.30 LISTED OPTIONS

The terms and conditions of the proposed new \$0.30 Listed Options are as follows:

- (a) **Definitions.** For the purposes of the terms and conditions of the \$0.30 Listed Options:
- (i) **ASX** means ASX Limited (ABN 98 008 624 691)
 - (ii) **ASX Listing Rules** means the official listing rules of ASX.
 - (iii) **Company** means Lucapa Diamond Company Limited (ABN 44 111 501 663).
 - (iv) **Corporations Act** means Corporations Act.
 - (v) **Exercise Price** means the exercise price of each \$0.30 Listed Option, being \$0.30.
 - (vi) **Expiry Date** means 5.00pm (WST) on 29 April 2016.
 - (vii) **Exercise Notice** means the form prescribed by the Company from time to time for the purpose of exercising \$0.30 Listed Options.
 - (viii) **Option Holder** means the person or persons registered as the holder of one or more \$0.30 Listed Options from time to time.
 - (ix) **Share** means a fully paid ordinary share in the capital of the Company.
 - (x) **WST** means Australian Western Standard Time.
 - (xi) **\$0.30 Listed Option** means an option to subscribe for a Share at the Exercise Price prior to the Expiry Date in the manner set out in these Terms and Conditions.
- (b) Each \$0.30 Listed Option carries the right to subscribe for one Share.
- (c) \$0.30 Listed Options will be listed on ASX.
- (d) \$0.30 Listed Options may be exercised by the Option Holder by delivering to the Company's registered office or the Company's share registry an Exercise Notice at any time prior to the Expiry Date.
- (e) Each Exercise Notice must state the number of \$0.30 Listed Options to be exercised and be accompanied by the relevant holding statement(s), if any, and payment (in Australian currency) to the Company of an amount (**the Application Monies**) being the result of the Exercise Price multiplied by the number of \$0.30 Listed Options being exercised.
- (f) Following receipt of a properly executed Exercise Notice and Application Monies in respect of the exercise of any \$0.30 Listed Options, the Company will issue the resultant Shares and deliver notification of shareholdings.
- (g) The Company will make application to have the Shares (issued pursuant to an exercise of \$0.30 Listed Options) listed for quotation by ASX within 7 days of the date of issue.
- (h) Shares issued pursuant to an exercise of \$0.30 Listed Options shall rank, from the date of issue, *pari passu* with existing Shares in all respects.
- (i) \$0.30 Listed Options carry no right to participate in pro rata issues of securities to shareholders unless the \$0.30 Listed Options are exercised before the record date for determining entitlements to the relevant pro rata issue.
- (j) Each Option Holder will be notified by the Company of any proposed pro rata issue of securities to shareholders a reasonable period prior to the record date set for that pro rata issue to give the Option Holder the opportunity to exercise the \$0.30 Listed Options in sufficient time to receive, before that record date, Shares issued on the exercise of \$0.30 Listed Options entitling participation in the pro rata issue.
- (k) In the event of a reorganisation (including reconstruction, consolidation, subdivision, reduction, or return) of the capital of the Company, the terms of the \$0.30 Listed Options will be changed to the extent necessary to comply with the requirements of the Corporations Act and the reorganisation provisions contained in ASX Listing Rules 22.4.
- (l) Except as noted in paragraph (k) above, a \$0.30 Listed Option does not confer the right to a change in exercise price or a change in the number of underlying securities over which the \$0.30 Listed Option can be exercised.