



19 February 2016

Mr Ben Secrett
Senior Advisor
ASX Listings Compliance
Level 40 Central Park
152-158 St Georges Terrace
PERTH WA 6000

Dear Mr Secrett,

We refer to your ASX Aware Letter of 17 February 2016. Our responses to your questions are as follows:

1. The Lucapa Diamond Company Limited ("Lucapa") Board approved the placement of the Shortfall Options on 29 January 2016. Confidential commitments from select professional sophisticated investors were received in the period up to 3 February 2016 and allocations of the Shortfall Options were finalised at approximately 3pm Perth time on that day. At 3.06pm Perth time on 3 February 2016, a draft ASX announcement for the Placement of the Shortfall Options was prepared. At 4.51pm Perth time on 3 February 2016, the Lucapa Chief Executive instructed the Company Secretary and Lucapa's legal advisor to distribute the placement documentation to the Shortfall Option applicants and begin collecting the funds as per the placement terms. The Chief Executive boarded a flight to South Africa at 11.45pm Perth time on 3 February 2016 to attend the 121 Mining Investment Conference in Cape Town.
2. Yes.
3. N/A.
4. The Chief Executive of Lucapa received the initial notification of a diamond recovery at approximately 11.30am Perth time on 4 February 2016, in Johannesburg, South Africa. Lucapa immediately commenced a verification process. Upon proper verification and receipt of photographs of the recovery at 12.56pm Perth time via email, Lulo immediately implemented measures to address the increased security risk on site and maintain confidentiality of the recovery. Lucapa then contacted its Angolan partners to seek guidance on Angola's required protocols. The Lucapa Board then resolved in the afternoon of 4 February 2016 to request a trading halt in Lucapa's securities for pre-open 5 February 2016.

On 8 February 2016, after appraising Mr Secrett of the ASX of a possible delay of an announcement on the diamond update, a voluntary trading suspension was requested and granted by the ASX pre-open on 9 February 2016.

A joint announcement was approved on Saturday, 13 February 2016 and it was released to the ASX pre-open on 15 February 2016.

5. See 1 and 4 above.
6. Yes.

For and on behalf of the Board.

MARK CLEMENTS
COMPANY SECRETARY



17 February 2016

Mr Mark Clements
Company Secretary
Lucapa Diamond Company
34 Bagot Road
SUBIACO WA 6008

By email

Dear Mr Clements

LUCAPA DIAMOND COMPANY LIMITED ("ENTITY"): ASX AWARE LETTER

ASX Limited ("ASX") refers to the following.

1. The Entity's announcement entitled "Shortfall Options Placed" lodged with the ASX Market Announcements Office ("Office") at 4.41pm AWST and released on the ASX Market Announcements Platform ("Platform") at 4.42pm AWST on Thursday, 4 February 2016, which disclosed that the Entity had placed the 8,240,000 options each with an exercise price of \$0.30 and an expiry date of 29 April 2016 ("Shortfall Options"), being the shortfall from its option offer which closed on 16 November 2016.
2. The Entity's request for a trading halt received by ASX at 5.45am AWST and released on the Platform at 6.34am AWST on Friday, 5 February 2016 ("Trading Halt Request"), which requested a trading halt be applied to the Entity's securities "pending an announcement regarding a diamond update from the Lulo Diamond Project in Angola."
3. The Entity's announcement entitled "Record 404 Carat Diamond Recovered at Lulo, Angola" released on the Platform at 6.49am AWST on Monday, 15 February 2016 ("Diamond Recovery Announcement"), which disclosed that a 404.2 carat diamond had been recovered from the Lulo Diamond Project in Angola.
4. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
5. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."



Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “When does an entity become aware of information”*.

6. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

“3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 A reasonable person would not expect the information to be disclosed.”

7. ASX’s policy position on the concept of “confidentiality” which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B “Listing Rule 3.1A.2 – the requirement for information to be confidential”*. In particular, the Guidance Note states that:

“Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule.”

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. When did the Entity place the Shortfall Options? In answering this question, please specify the date and time that the Entity placed the Shortfall Options.
2. Does the Entity consider the information disclosed in the Diamond Recovery Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
3. If the answer to question 2 is “no”, please advise the basis for that view.



4. When did the Entity (including any officer of the Entity) first become aware (as defined in paragraph 5 above) that the diamond (subsequently the subject of the Diamond Recovery Announcement) which warranted the Trading Halt Request had been recovered from the Lulo Diamond Project (“Diamond Recovery”)? In answering this question, please specify the date and time when an officer of the Entity first became aware of the Diamond Recovery.
5. If the Entity (including any officer of the Entity) first became aware (as defined in paragraph 5 above) of the Diamond Recovery before the date and time that the Entity placed the Shortfall Options, did the Entity make any announcement prior to the date and time when the Shortfall Options were placed? If so, please provide details. If not, please explain why the Diamond Recovery was not announced to the market at an earlier time, commenting specifically on when you believe the Entity was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Diamond Recovery was announced promptly and without delay.
6. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, **by not later than 4.00pm AWST on Friday, 19 February 2016**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity’s securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity’s obligation is to disclose the information “immediately”. This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at tradinghaltspert@asx.com.au and ben.secrett@asx.com.au. It should **not** be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity’s securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.



In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Please contact me if you have any queries or concerns about the above.

Yours sincerely

[sent electronically without signature]

Ben Secrett
Senior Adviser, ASX Listings Compliance