



**SECURITIES TRADING POLICY**  
**AS AT 27 MARCH 2017**

**1. Background**

Trading in the shares and other securities such as options of Lucapa Diamond Company Limited (“**Lucapa**”) is subject to, amongst other things, the Corporations Act and the ASX Listing Rules. The intent behind the various provisions regulating trading of shares on the ASX is that the investment market is kept fully informed of Lucapa’s activities in order that at any time investors are able to make informed investment decisions based on the same information. There are strictly enforced criminal sanctions against anyone breaching these rules and engaging in what is commonly called “insider trading”.

This Policy applies to Lucapa Directors, Key Management Personnel, officers, employees and consultants (“**Staff**”).

**2. LOM Securities**

In this Policy, “LOM securities” means shares, rights and options in Lucapa or associated companies.

**3. Price Sensitive Information**

Price sensitive information is any information concerning the Lucapa group that is not generally available and that would be expected to have a material effect on the price or value of these securities (“price sensitive information”).

While in possession of price sensitive information, Staff shall not:

- trade in LOM securities;
- procure another person to acquire or sell LOM securities; or
- communicate the price sensitive information to another person.

Other persons include partners, children, other relatives, family companies, trusts, superannuation plans, pension plans and other entities or ventures in which you are in any way interested. However, note that the prohibition does not just extend to procuring those types of persons. It extends to all third persons such as friends, acquaintances, business associates and any other third party.

In general, all of the above prohibited activity is criminal conduct under the Corporations Act.

**4. Examples of Price Sensitive Information**

There are many examples of “price sensitive information”. Below is a non-exhaustive list of types of sensitive information:

- exploration results;
- any major development in the Lucapa group’s business activity;
- any major change in the general character or nature of the Lucapa group’s business;
- any major acquisition or realisation of assets;
- any major change in Lucapa’s capital structure;
- any major litigation involving the Lucapa group;
- the crystallisation of a material liability;
- the quarterly report results of the Lucapa group;
- the interim and final financial reports to ASX of the Lucapa group;
- declaration of a dividend, bonus share issue, capital return, rights issue or share buyback;

- the material departure by the Lucapa group from any course of action previously publicly disclosed (e.g. in a prospectus, annual report or ASX announcement);
- the appointment or resignation of a Director or Key Management Personnel;
- the signing or renewal of any major contracts.

## **5. Policy on dealing with Price Sensitive Information**

The Lucapa board has a critical role in identifying and appropriately dealing with price sensitive information. This includes:

- promptly disclosing price sensitive information to the market in accordance with the continuous disclosure requirements of the Corporations Law and ASX Listing Rules;
- ensuring that price sensitive information is kept confidential until publicly announced;
- carefully monitoring and appropriately responding to any indicators of possible insider trading activity (e.g. market rumours, rapid and unexplainable movements in share price, etc.);
- identifying a restricted number of directors and senior officers permitted to talk to the press and market analysts;
- determining a consistent approach for communicating information considered likely to be price sensitive;
- making a formal announcement of any information inadvertently disclosed;
- ensuring that Lucapa considers whether it is in possession of any "price sensitive information" immediately prior to it issuing any LOM securities.

## **6. Prohibition and suspension of dealing in LOM securities**

Lucapa's overriding policy is that Staff shall not be dealing in LOM securities in any period they are in possession of price sensitive information.

Furthermore, there may be occasions when the Lucapa board imposes a suspension on the ability of Staff to trade at a time when trading might otherwise have been allowed. This will generally only occur in exceptional circumstances determined by the Lucapa board or Managing Director. If it does occur, the Lucapa board or Managing Director will endeavour to keep the suspension to the shortest possible period. If a suspension occurs, Staff must not trade while the suspension is in force.

## **7. Blackout periods**

Unless in possession of price sensitive information at the time of trading, Staff may generally trade LOM securities except:

- in a blackout referred to below, or
- if Lucapa suspends trading as referred to in section 6 above.

In certain 'blackout periods', which precede important announcements Lucapa makes, Staff shall not trade in LOM securities. These blackout periods are designed to assist Staff to comply with the insider trading provisions of the Corporations Act.

Lucapa blackout periods are as follows:

- for calendar quarters ending 31 March and 30 September – the blackout period starts 10 business days before the planned date for release of the relevant quarterly report (which is due for release no later than 1 month after the end of the quarter) and ends on the business day after the day of release of the relevant quarterly report to ASX;
- for the calendar quarter ending 30 June – the blackout period starts 10 business days before the planned date for release of the June quarterly report (which is due for release no later

than 1 month after the end of the quarter) and ends on the business day after the release of the full year financial report to ASX for June; and

- for the calendar quarter ending 31 December – the blackout period starts 10 business days before the planned date for release of the December quarterly report (which is due for release no later than 1 month after the end of the quarter) and ends on the business day after the release of the half year financial report to ASX for December.

Only in cases of financial hardship can Staff trade LOM securities in a blackout period and in these circumstances written approval must be received from the Chairman.

## **8. Short term trading**

Lucapa's policy is also that Staff shall not engage in speculative trading whereby LOM securities are purchased with a view to selling or otherwise dealing (including by way of a sale and subsequent purchase) in those securities within a 6 month period. However, the sale of shares that have been converted after exercising options or rights will not be regarded as short term trading.

This prohibition on short-term trading may be waived by the Chairman of the Lucapa board or the Managing Director in some circumstances (e.g. exercise of options or rights granted under the Lucapa Long-Term Incentive (LTI) Plans).

## **9. Margin lending**

Margin lending refers to any arrangement which is in the nature of, or parties intend it to be in the nature of, loaned monies which are secured or are otherwise supported by a security over, or transfer of, LOM securities (regardless of the form the security or transfer takes).

Directors and Key Management Personnel are prohibited from entering into any dealing in LOM securities where such margin lending arrangements apply.

## **10. Associated parties**

Any Staff who act as trustee of a trust that invests in LOM securities shall ensure their co-trustees are aware that they are employed by Lucapa so as to enable their co-trustees to anticipate and manage possible difficulties.

This Policy applies equally to any dealings in LOM securities by a Staff's spouse, partner or by or on behalf of any dependent child, family company or family trust. Staff shall, to the extent they are able to do so, prevent any such dealing at a time when they themselves are not free to deal.

## **11. Share Options and Rights**

Insider trading prohibitions will generally not apply to the acquisition by any Staff of LOM securities under Lucapa's LTI Plans because Lucapa will be aware of all of the relevant information.

However:

- if Staff would like to exercise share options or rights and on-sell any of the resulting shares, the matters referred to in this Policy are relevant to any proposed on-sale; and
- Lucapa Staff are not permitted to enter into 'hedge contracts' or other forms of arrangements which may have the effect of fixing the value of, or return on, securities which form part of the incentive component of their remuneration or salary package (whether the securities are fully vested or not). This not only includes LOM securities issued under the LTI plans but also other LOM securities issued by way of incentive remuneration, for example under employment agreements on commencement of, or during the term of, employment with Lucapa.

## **12. Dealings not subject to this policy**

The following dealings are not subject to this policy:

- an undertaking to accept, or acceptance of a takeover offer;
- transfers in LOM securities already held by staff into a superannuation fund in which that person is a beneficiary;
- dealings under an offer or invitation made to all or most of the shareholders of Lucapa, such as a rights issue, a security purchase plan or a dividend or dividend reinvestment plan approved by the Board;
- the cancellation, lapsing or surrender of an option or right under an LTI plan; and
- an investment in, or trading in units of a fund (other than a fund only investing in LOM securities) where the assets of the fund are invested at the discretion of the third party.

## **13. Approval of Securities Trading**

### Directors and Company Secretary

In the case of Directors and the Company Secretary, written advice must be given to, and written approval obtained from, the Chairman in respect of all dealings in LOM securities. In the case of the Chairman, written advice must be given to, and written approval obtained from, the Managing Director in respect of all dealings in LOM securities. In all cases, approval is to be given by the Chairman or Managing Director acting in accordance with this policy.

In addition, any dealings in LOM securities by Lucapa Directors must be notified in writing to the Company Secretary, as soon as practicable, but in any event within five business days of the dealing, to enable Lucapa to satisfy its obligations under Listing Rules 3.19A and 3.19B.

### Key Management Personnel

In the case of Key Management Personnel (excluding the Company Secretary) written advice must be given to, and written approval obtained from, the Managing Director in respect of all dealings in LOM securities. In all cases, approval is to be given by the Managing Director acting in accordance with this policy.

Key Management Personnel are to provide written confirmation to the Company Secretary when the dealing has taken place.