



ASX WAIVER OF LR10.1

Lucapa Diamond Company Ltd (ASX: **LOM**) (“Lucapa” or “the Company”) advises that further to the ASX announcement of 4 April 2019, the ASX has granted a waiver under ASX Listing Rule 10.1 (ASX waiver) relating to the Company’s A\$10 million loan agreement with New Azilian Pty Ltd (“New Azilian loan”).

As previously announced, \$6m of the loan has been advanced and it is proposed to roll this into the \$10m loan, which is being documented and expected to be finalised shortly. The New Azilian Loan is to be secured over Company assets other than the shares in, and loan to, Mothae Diamonds (Pty) Ltd (which it is intended will continue to secure the existing loan with Equigold Pte Ltd (“Equigold”). Equigold has agreed in principle to release the remainder of its security upon repayment of US\$1.9m which is proposed to occur once the Company has drawn down the additional \$4m of the New Azilian Loan.

The waiver was granted on the following terms:

1. *“Based solely on the information provided, ASX Limited (“ASX”) grants Lucapa Diamond Company Limited (the “Company”) a waiver from Listing Rule 10.1 to the extent necessary to permit the Company to enter into a loan agreement with New Azilian Pty Ltd (“Lender”) for the amount of A\$10,000,000 (“Loan Facility”) secured over certain assets of the Company (“Security”) without shareholder approval, on the following conditions.*
 - 1.1 *The Security includes a term that if an event of default occurs and the Lender exercises his rights under the Security, neither the Lender nor any of his associates can acquire any legal or beneficial interest in an asset of the Company or its subsidiaries in full or part satisfaction of the Company’s obligations under the Security, or otherwise deal with the assets of the Company or its subsidiaries, without the Company first having complied with any applicable listing rules, including listing rule 10.1, other than as required by law or through a receiver, or receiver or manager (or analogous person) appointed by the Lender exercising his power of sale under the Security and selling the assets to an unrelated third party on arm’s length commercial terms and conditions and distributing the cash proceeds to the Lender or any of his associates in accordance with his legal entitlements.*
 - 1.2 *A summary of the material terms of the Loan and Security is made in each annual report of the Company during the term of the Loan.*
 - 1.3 *Any variations to the terms of the Loan or Security documents which are:*
 - 1.3.1 *not a minor change; or*
 - 1.3.2 *inconsistent with the terms of the waiver, must be subject to shareholder approval.*
 - 1.4 *The Company and the Lender must seek to discharge the Security when the funds advanced to the Company are repaid, or if it is not discharged, seek shareholder approval for the continuation of the Security for any further period.*
 - 1.5 *The Company immediately releases to the market an announcement which sets out the material terms of this waiver, including:*

- 1.5.1 *the Company's plans with respect to the repayment of the funds advanced under the Loan, and discharge of the Security, including the timeframe within which it expects the repayment and discharge to occur;*
 - 1.5.2 *a statement of the reasons why the Company has chosen to obtain a financial accommodation from a listing rule 10.1 party rather than a lender that is not a related party or substantial shareholder, and the steps the Company's board has taken to satisfy itself that the transaction is being entered into on arm's length terms and is fair and reasonable from the perspective of the Company's securityholders.*
2. *ASX has considered listing rule 10.1 only and makes no statement as to the Company's compliance with other Listing Rules."*

In respect of the information required in paragraphs 1.5.1 and 1.5.2 above, the Company hereby advises as follows:

The Company plans to:

- repay the principal at the end of the loan period, which is currently anticipated to be at the end of May 2020; and
- will immediately seek to have the security discharged on repayment of the principal and any outstanding interest.

The Board has satisfied itself that the loan with New Azilian is on arm's length terms. In this regard, the Company has previously informed the market it intended to reduce existing higher cost finance and as such, has explored a number of financing solutions with third parties.

Whilst the terms offered by the third parties included similar elements to the New Azilian loan (including relating to interest, security and convertible elements on loan and/ or principal), the convertible elements offered by third parties were on more adverse pricing requirements and the interest rates and commercial requirements offered were higher or more restrictive than those offered by New Azilian.

The Company sought to have the loan unsecured, but most required security given the quantum of the loan facility relative to other debt in the group. This request was considered usual for loans of such a nature.

The ability and willingness of New Azilian to finalise the formal loan documentation without delay and without an expensive due diligence process was also considered by the Board in deciding to progress the New Azilian loan.

Accordingly, when considering the New Azilian loan the Board has taken the view that its terms were more favourable to the Company and its shareholders than other options considered. As such, the Board is satisfied that the New Azilian loan is on arm's length terms, fair and reasonable from the perspective of its shareholders and the most appropriate finance solution to progress.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

ABOUT LUCAPA

Lucapa is a growing diamond company with high-value mines in Angola and Lesotho, along with exploration projects in Angola, Australia and Botswana. Lucapa's vision is to become a leading producer of large and premium-quality diamonds - from both alluvial and kimberlite sources - in Africa and other known diamond provinces around the world.

The Company's focus on high-value diamond production is designed to protect cash flows in a sector of the diamond market where demand and prices remain robust.

Lucapa's flagship asset is the Lulo Diamond Project in Angola, which is a prolific producer of large and premium-value alluvial diamonds. Lulo has produced 12 +100ct diamonds to date and is the highest US\$ per carat alluvial diamond production in the world. Lucapa and its Lulo partners continue to advance their search for the primary kimberlite sources of these exceptional alluvial gems through a systematic drilling and exploration program.

Lucapa commenced commercial diamond recoveries in January 2019 at the Company's second high-value mine, the 1.1 Mtpa Mothae kimberlite mine in diamond-rich Lesotho and has already recovered five +50 carat diamonds in its own sampling and commercial mining operations.

Lucapa also has early stage exploration projects at Brooking in Western Australia and Orapa Area F in Botswana.

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

No New Information

To the extent that this announcement contains references to prior exploration results and Mineral Resource estimates made in the ASX announcement dated 24 March 2017, 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.

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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, the Company does not undertake any obligation to update or revise any information.