ASX Announcement 30 January 2014

LUCAPA DIAMOND COMPANY LIMITED (ASX: LOM)
QUARTERLY REPORT FOR PERIOD ENDED 31 DECEMBER 2013

HIGHLIGHTS

Lulo Diamond Concession, Angola

- **Two more large exceptional diamonds - weighing 95.45 carats and 32.2 carats - recovered from ongoing sampling programs at Lulo. Both diamonds confirmed as rare Type 2A stones**
- **Review of high-grade E46 alluvial area at Lulo indicates the high-grade diamond-bearing gravels could extend for hundreds of hectares. This area also includes a cluster of kimberlite targets, including the diamond-bearing Se19 pipe**
- **Latest recoveries increase Lucapa's inventory to 259 diamonds weighing 374.4 carats following $3.12 million sale of 496.2 carats of Lulo diamonds in 2013**
- **New Dense Media Separation diamond plant commissioned at Lulo enables Lucapa to significantly scale up its alluvial and kimberlite diamond programs**
- **Extensive kimberlite diamond sampling programs planned to commence after the Angolan wet season**

32.2 carat Type 2A diamond

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95.45 carat Type 2A diamond (Yet to be acid washed)

OVERVIEW

Lucapa Diamond Company Limited (ASX: **LOM**) is exploring for diamonds within the Lulo Diamond Concession in Angola. The Lulo Project covers an area of 3,000km^2 and is located in the Cuango River Basin within Angola's Lunda Norte Province.

Lulo hosts a major kimberlite field and extensive diamond-bearing alluvials occurring along the Cacuilo and Lulo Rivers. The concession is located about 150km west of the world-class Catoca diamond mine operated by the world's biggest diamond miner, Alrosa, and on the same favourable geological structure.

Lucapa has recovered alluvial diamonds of up to 131.4 carats from Lulo and is now testing priority kimberlite targets to find the source, or sources, of these rare diamonds.

Lucapa achieved another significant milestone during the Quarter with the long-awaited commissioning of the Company's new Dense Media Separation (DMS) diamond plant. The new DMS plant has operated well above its nameplate capacity of 50 tonnes per hour, enabling Lucapa to significantly increase the amount of material the Company can test for diamonds.

New DMS diamond plant

With the southern monsoon season hampering field exploration activities during the Quarter, Lucapa concentrated its field operations on accessible diamond targets near its camp and new DMS plant facilities. The priority Se251 kimberlite pipe and closely related alluvial gravels were the focus of the Company's exploration efforts during this period.

Several spectacular alluvial diamonds were recovered, including stones weighing 95.45 carats and 32.2 carats. Both these diamonds are Type 2A and have been colorimeter classified as DE and D colour respectively.

Lucapa believes Se251 may be the source of many of the high-value diamonds recovered from the alluvial workings at Lulo. Se251 is the largest kimberlite discovered within the Lulo concession and is also close to where the large diamonds have been recovered.

During the September quarter Lucapa reported the discovery of new alluvial diamond areas within the Lulo Concession, with bulk samples collected from the E46 alluvials producing exceptional diamond grades of >20 carats per 100 cubic metres. Detailed topographic maps covering areas around the E46 alluvial area suggest significant upstream extensions/repetitions of the diamond-bearing alluvial terraces, totalling hundreds of hectares (Figure 3).

Significantly, this broader area also includes a cluster of kimberlite targets including Se19, where Lucapa recovered a 0.6 carat kimberlite diamond in early 2013 (See ASX announcement 28 March 2013).

The Lulo Project is operated as a joint venture between Lucapa and the Government-owned diamond company Endiama, which is the exclusive concessionary for Angolan diamond mining rights. Under the joint venture arrangement, Lucapa holds a 40 per cent interest in the concession relating to alluvials (39 per cent for kimberlites), with Endiama and private Angolan interests holding the balance.

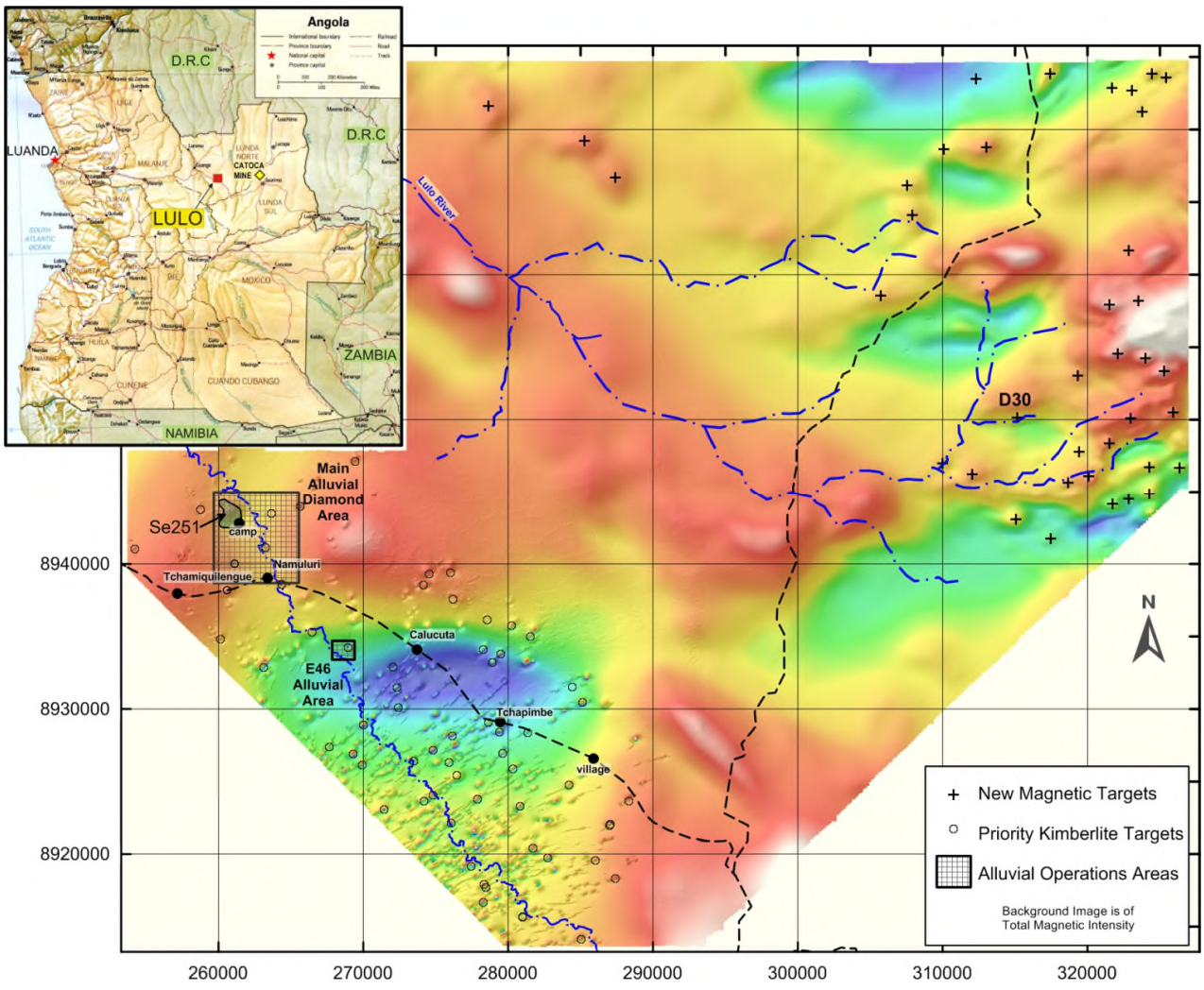


Figure 1: Lulo Diamond Concession – location of operations

KIMBERLITE DIAMOND PROGRAM

Lucapa's kimberlite evaluation program aims to find the kimberlite source, or sources, of the valuable alluvial diamonds being recovered from within the Lulo concession. Magnetic surveys over the concession have identified more than 250 anomalies with magnetic signatures similar to known kimberlite pipes. To date, Lucapa has classified ~70 of the anomalies as confirmed or probable kimberlite pipes. This work is ongoing.

The priority Se251 pipe (Figures 1 and 2) remained the focus of Lucapa's kimberlite exploration program during the Quarter. With an estimated surface area of ~220ha, Se251 is the largest kimberlite pipe identified within the Lulo field to date. Se251 is strategically located adjacent to, and within, the main alluvial diamond workings of the Cacuilo Valley.

Lucapa believes Se251 is a likely source for many of the alluvial diamonds the Company has been recovering from gravels on, or adjacent to, the kimberlite pipe.

Lucapa is continuing a systematic drilling, pitting and bulk sampling program over the Se251 kimberlite to establish the internal geometry and locate all the eruptive phases within the pipe.

During late 2013, 19 core holes were drilled to establish the internal geometry of the kimberlite. In general Se251 is covered by a blanket of sandy re-sedimented volcaniclastic kimberlite (SRVK).

During the Quarter Lucapa processed the KIM-4 bulk sample – the first of several large bulk samples Lucapa will excavate from Se251 and process through the Company's new DMS diamond plant. KIM-4 is located on the west central section of Se251 (Figure 2) and was initially logged as pyroclastic kimberlite (PK) in test pits. Better exposures in the bulk sample pit suggested that the lithology is more likely to be SRVK, which is generally fine-grained and considered an unlikely source for the coarse alluvial diamonds.

Lucapa decided to proceed with the processing of the sample because SRVK is widespread over the Se251 pipe and it was thought prudent to determine whether this material contained commercial sized diamonds.

No diamonds were recovered from the 236m^3 of SRVK material processed from KIM-4. While this result was not unexpected, it reinforces Lucapa's view that if diamonds have been weathered from Se251, they are likely to have weathered from the coarser PK material identified along the southern margin of the Se251 kimberlite pipe.

Lucapa plans to test one or two other sites on Se251 during the current quarter. The area of the kimberlite to be excavated and sampled is covered by up to 10m of Kalahari sand overburden. The Company will begin excavating and processing these PK kimberlite samples as soon as the ground conditions allow for the safe excavation of deeper pits.

In addition, Lucapa also plans to bulk sample the Se248 kimberlite as soon as ground conditions permit. As shown in Figure 2, Se248 sits strategically between the BLK_6/19 pits, which produced the 95.45 carat and 32.2 carat diamonds, and BLK_08, which produced the 131.4 carat gem.

Lucapa also plans to test several kimberlites in the broader E46 alluvial area (Figure 3).

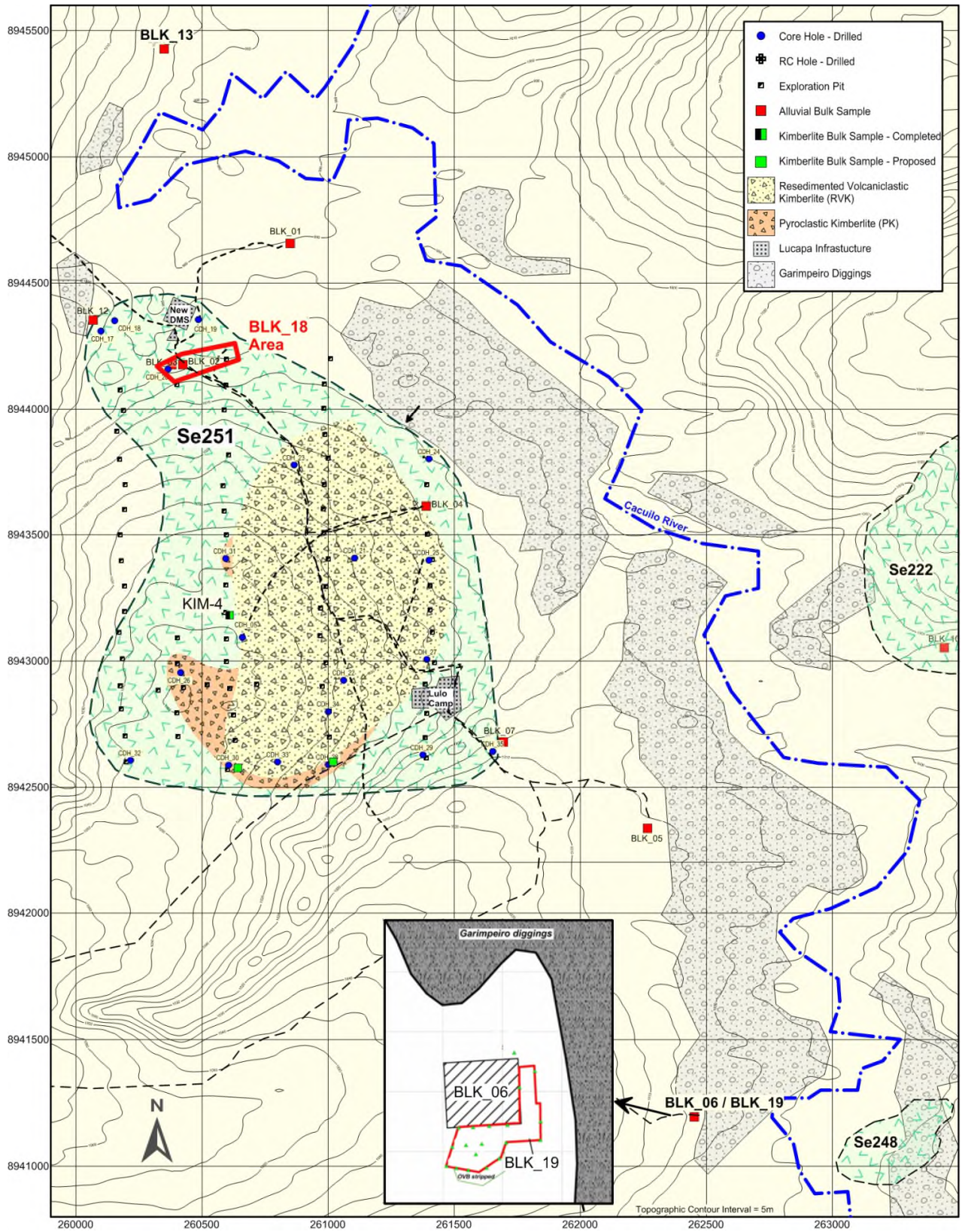


Figure 2: Se251 kimberlite plus recent alluvial samples

ALLUVIAL DIAMOND PROGRAM

Lucapa is evaluating several alluvial diamond deposits within the southern part of the Lulo concession. The alluvial deposits contain outstanding diamonds including the occasional very large, high-value stones.

During the Quarter, Lucapa completed processing bulk sample BLK_13 through the Company's old DMS plant and commenced processing further samples through the new DMS plant. The Company also completed a review of the E46 alluvial area, which highlighted significant potential extensions and repetitions of the high-grade diamond mineralisation identified at E46.

Lucapa commenced processing bulk samples BLK_18 (as the commissioning sample for the new DMS plant) and BLK_19 during the Quarter. Processing of these samples is on-going.

The results from BLK_19 were the exceptional. This sample was processed to enable Lucapa to directly compare treatment results and metallurgical parameters for material gravel treated through the old and new DMS diamond plants. The BLK_19 pit abuts and extends the BLK_6 pit and the gravels from the two samples were considered essentially identical in character. BLK_19 samples Calonda Formation gravels and is located about 1500m south-east of the Se251 kimberlite pipe (Figure 2).

In January 2014, Lucapa announced the recovery of two spectacular large diamonds from BLK_19 weighing 95.45 carats and 32.2 carats (See ASX announcements 3 January 2014 and 28 January 2014).

The 32.2 carat diamond measured 32x10x8mm and has an irregular dodecahedral shape. The diamond is of exceptional colour and clarity. Colorimeter testing not only demonstrated that the diamond was a Type 2A stone (which are among the rarest category of diamonds in the world), but also that it would be considered of D colour, which is given to only the finest white diamonds. D colour diamonds are totally colourless and classified as "Exceptional White" by CIBJO[1]. While the 32.2 carat diamond appears flawless to Lucapa staff, this will need to be confirmed by independent examination.

The 95.45 carat diamond is an exceptional stone. It has an irregular, roughly equant shape and measures 25x20x16mm. The stone was assessed using a Yehuda ZVI Colorimeter and also confirmed as a Type 2A. In its original (pre-acid washed) state, the colour of the diamond was classified as both D/E and brown. Cleaning the diamond and re-testing it with the colorimeter is expected to resolve the classification.

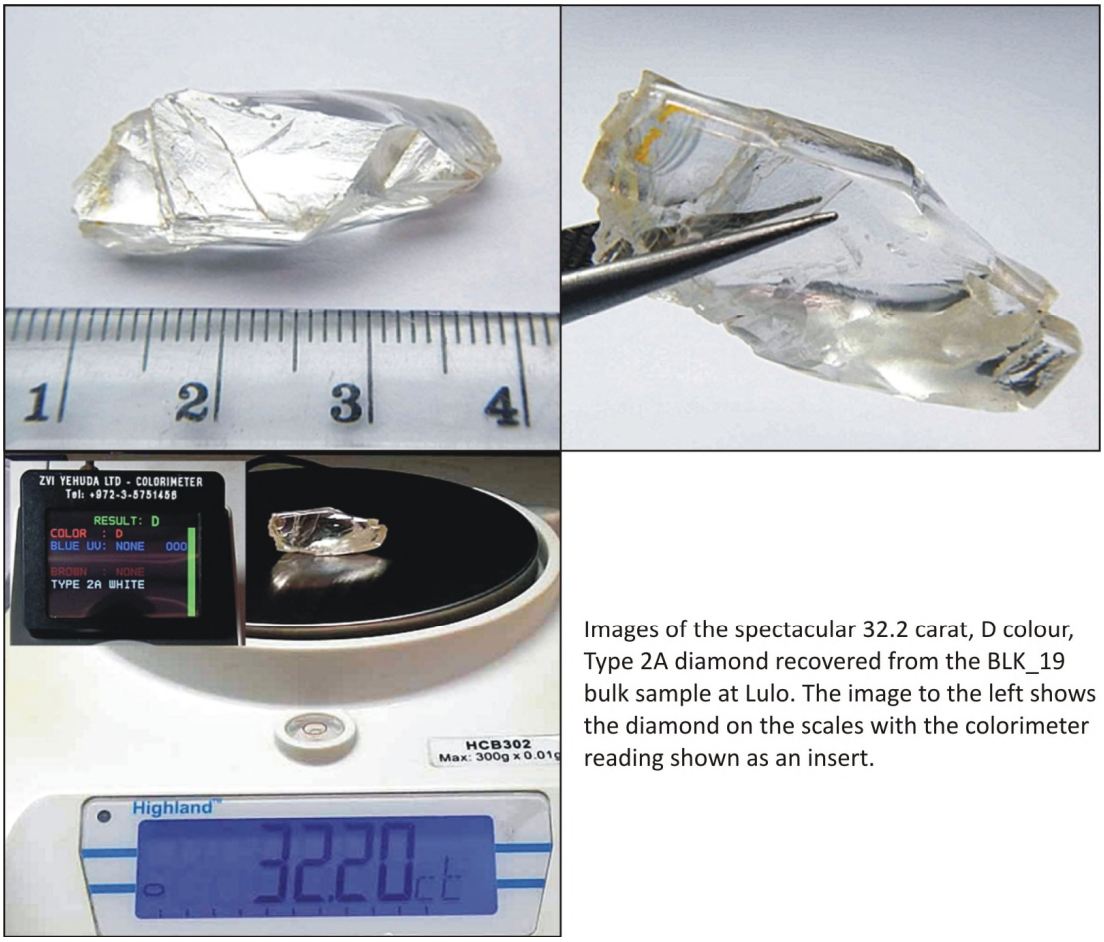
The 95.45 carat diamond is the largest stone so far recovered by Lucapa through the new DMS diamond plant and is the second largest diamond recovered at Lulo to date behind the 131.4 carat Type 2A stone recovered in 2012 (See ASX announcement 21 August 2012).

The latest two exceptional diamonds are the largest of 66 diamonds recovered to date from the BLK_19 alluvial bulk sample. Other larger diamonds recovered from this sample weighed 10.95 carats, 7.65 carats, 7.3 carats and 5.65 carats. In total, 206 carats of diamonds have been recovered from 335m^3 of BLK_19 gravels processed to date. Processing details are shown in Table 1.

Lucapa is continuing to excavate sample from the BLK_19 site and processing of this sample will continue when sufficient material has been stockpiled.

[1]Quality, colour and diamond type of larger diamonds are determined using a ZVI Yehuda F1000 Colorimeter. CIBJO, (Confédération International de la Bijouterie, Joaillerie, Orfèvrerie des Diamants, Perles et Pierres) the World Jewellery Confederation represents the interests of all involved in jewellery, gemstones and precious metals, from mine to marketplace.

Recent diamonds recovered from BLK_19 including the 95.45 carat stone (Yet to be acid washed)



Images of the spectacular 32.2 carat, D colour, Type 2A diamond recovered from the BLK_19 bulk sample at Lulo. The image to the left shows the diamond on the scales with the colorimeter reading shown as an insert.

BLK_18 is a large composite sample designed as a commissioning sample for the new DMS plant (Figure 2). About 3,600m^3 of gravel has been excavated from four separate pits immediately to the south of Lucapa's DMS plant and within the northern part of the large Se251 kimberlite pipe. Calonda Formation gravels in the area are typically quite thin (<0.4m) and have been excavated from multiple sites to improve the representative nature of the sample.

As of 22 January 2014, a total of 1,555m^3 of sample processed from BLK_18 had produced 110 diamonds weighing 74.5 carats (Table 1). Diamonds from BLK_18 are generally of excellent quality (see accompanying photograph) with an average diamond size of 0.86 carats. The largest stone so far recovered from BLK_18 weighed 5.3 carats.

The latest recoveries have increased Lucapa's diamond inventory to 259 diamonds weighing 374.4 carats (unwashed) following the sale of an initial parcel of 496.2 carats of Lulo diamonds for gross proceeds of $3.12 million in 2013 (See ASX announcement 31 July 2013). Lucapa will apply to sell its next parcel of Lulo diamonds when its recoveries reach 500 carats.

Lucapa will continue processing BLK_18 during the current quarter. However, this sample is considered of lower priority to BLK_19 and the processing of PK kimberlitic material from Se251.

Diamonds from BLK_18 – the largest stone shown (bottom left) weighs 3.7 carats

In late 2013, Lucapa reported results from new alluvial diamond areas within the Lulo Concession. Bulk samples collected from the E46 alluvials produced highly-encouraging diamond grades in excess of 20 carats per 100m^3.

While wet ground conditions prevented additional field operations in E46 during the Quarter, Lucapa was able to complete a detailed review of this high-grade alluvial area. This review highlighted extensive old terraces of the Cacuilo River at elevations similar to those recorded from the known diamond mineralisation at E46 (Figure 3).

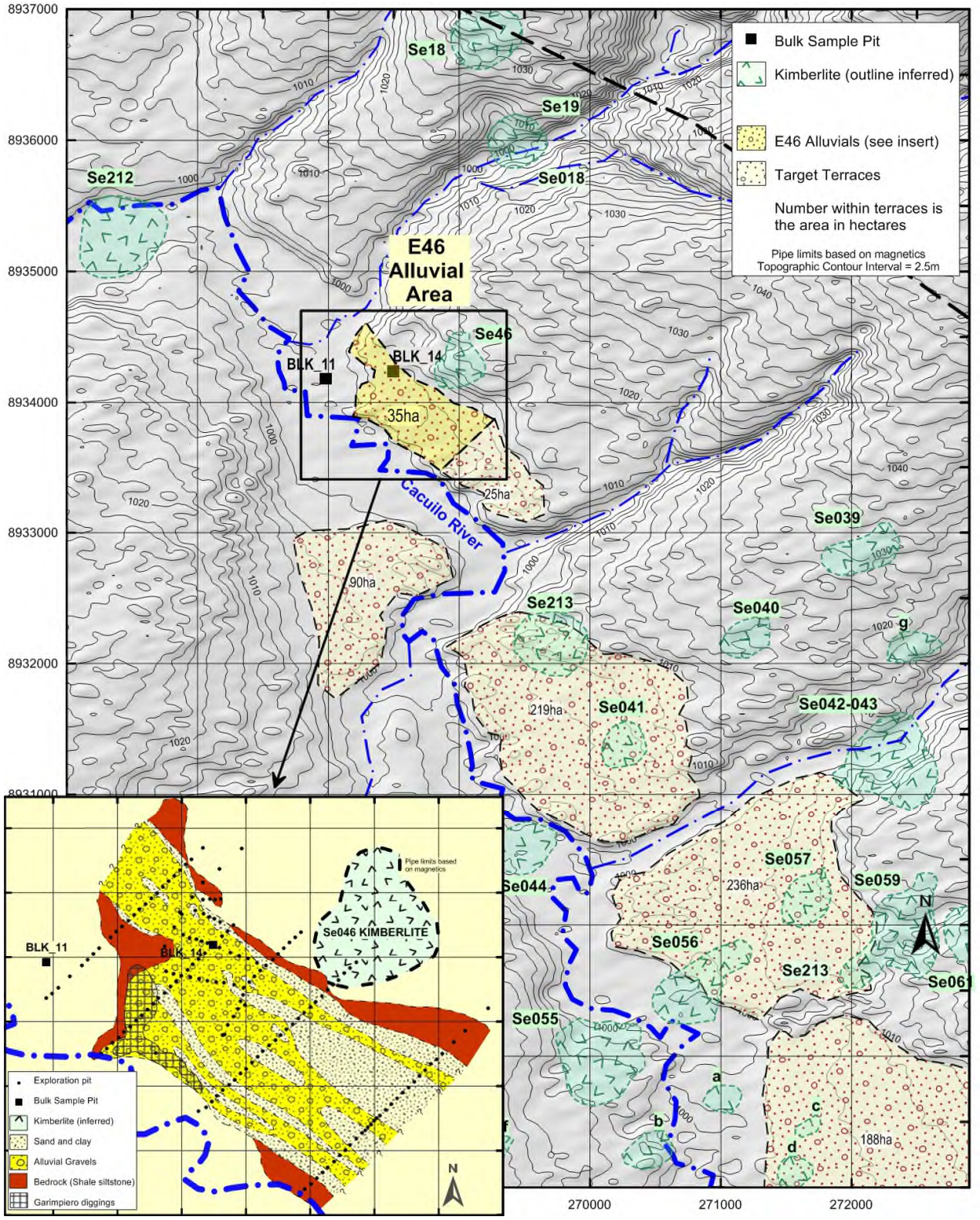


Figure 3 – E46 Alluvial Area and interpreted upstream terraces and proximal kimberlite targets

Significantly, Lucapa believes these terraces could represent extensions and/or repetitions of the known diamond deposits, covering hundreds of hectares. Considerable exploration and bulk sampling work will be required to confirm whether the high-grade diamond mineralisation identified in the E46 alluvial area continues throughout these terraces.

Diamonds from BLK_14 at the E46 Alluvial Area

In addition, the area covered by the terraces contains many magnetic targets that are likely to be kimberlites. More than 10 of these magnetic targets occur within the map area alone and many more occur within the headwaters of the creeks that drain into the Cacuilo River (Figure 3).

These kimberlites targets include Se19, where Lucapa recovered a 0.6 carat kimberlite diamond in early 2013 (See ASX announcement 28 March 2013). Lucapa hopes to commence exploration in this priority area during the March 2013 Quarter, weather permitting.

Table 1 – Alluvial Diamond Recoveries

Sample Number	Gravel Volume	Size Distribution[1]				Number of Stones	Weight	Ave. Size	Grade[4]	Largest Stone
	(m^3)	<1ct.	1-2ct.	2-5ct.	>5ct.		(ct)	(ct)	(cphm)	(ct)
BLK_06	458	77	21	11	7	116	183.75	1.58	40.16	53.2
BLK_13[5]	270	9	5	1	1	16	18.00	1.12	6.68	5.35
BLK_18[2]	1555	86	18	5	1	110	74.50	0.86	4.8	5.3
BLK_19[3]	335	43	12	5	6	66	206.00	3.13	61.42	95.45

NOTES

1 - The DMS treats material in the 1.2 to 30mm size range
2 - Processing of sample BLK_18 is not complete. About 3,600m^3 has been excavated
3 - Excavation and processing of BLK_19 is ongoing. It is planned to process at least 400m^3
4 - Grades quoted as cphm - carats per 100 cubic metres
5 – BLK_13 was processed through the smaller DMS and treated material in the +2.0mm -34mm size range

NEW DMS DIAMOND PLANT

Lucapa achieved another significant milestone during the Quarter when the Company commissioned its new 50 tonne per hour nameplate DMS plant (See ASX announcement 27 November 2013). This state-of-the-art DMS diamond plant was built by Bond Industries in Johannesburg, South Africa, and trucked to Lulo to be rebuilt on site. The plant has operated efficiently since its initial start-up, encountering few of the usual commissioning issues.

In recent weeks, throughput has been steadily increased and the plant is now operating effectively at well above its nameplate capacity, recently processing 465 tonnes of material in a seven-hour shift.

The additional capacity of the new DMS will allow Lucapa to scale-up processing and diamond recovery operations at Lulo and treat more and larger samples.

New DMS diamond plant

CORPORATE

On 14 November 2013, Lucapa completed a non-renounceable one-for-10 entitlement issue to raise $1.41 million, which included the issue of a free unlisted $0.01 option, exercisable on or before 29 August 2015, to advance the Company's diamond exploration programs at Lulo.

At the general meeting held on 20 December 2013, shareholders approved the quotation of the 29 August 2015 Options and these options commenced trading on ASX on 30 December 2013 under the ASX code of LOMO.

As announced to the ASX on 9 December 2013, 1,658,701,535 unlisted $0.02 options exercisable on or before 2 December 2013 expired without exercise.

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Competent Person's Statement

Information in this announcement that relates to exploration results, mineral resources or ore reserves is based on and fairly represents information and supporting documentation prepared and compiled by David Jones BSc (Hons) MSc of Ascidian Prospecting Pty Ltd, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Jones is a director of Lucapa Diamond Company. Mr Jones 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 Jones consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Some of the information in this announcement may relate to previously released exploration data disclosed under the JORC Code 2004. It has not been updated to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported and is based on and fairly represents information and supporting documentation prepared and compiled by David Jones BSc (Hons) MSc of Ascidian Prospecting Pty Ltd, who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Jones is a director of Lucapa Diamond Company. Mr Jones 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 Jones consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Forward-Looking Statements

This ASX release 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. 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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Appendix - Reporting of diamond exploration results for the Lulo Project – JORC Code (2012) requirements –

Sampling Techniques and Data

Criteria	JORC Code Explanation	Lucapa Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• Bulk sample results are reported. The bulk samples were collected from surface excavations using an excavator and trucks. For kimberlite samples overburden of Kalahari sand and Calonda Formation were stripped and weathered kimberlite was exposed. Sample comprised kimberlitic material only. For alluvial samples overburden of Kalahari sand and Calonda Formation sand and silt were stripped and basal Calonda gravel exposed. The gravel + some underlying basement material (<30cm) was excavated. • The sampling is exploratory in nature and generally is seeking to identify diamondiferous lithologies. Samples are relatively large (typically >100m^3) and by their nature are representative. In the case of BLK_18 four pits were excavated over a wider area to improve representivity of the sample. • Diamonds occur in very low concentrations in most lithologies. They are also occurring as discrete crystal particles and these must be physically separated and recovered to determine grade. Individual diamonds are unique and their value depends on factors including size, shape, colour and clarity. Large samples (tens to hundreds of tonnes) are required to identify the presence of commercial diamonds. Samples in the order of tens of or hundreds of thousands of tonnes are required to establish reliable grade and value for diamond deposits
Drilling techniques	• *Drill type (e.g. core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• No drilling is reported in this document.
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.*	• No drilling is reported in this document • Sample recovered using an excavator and front-end loader. Sample area visually inspected and all gravels excavated to basement.

	• *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• No relationship appears to exist between sample recovery and grade. All material within the sampled interval is collected for treatment.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Sample pits are lithologically logged and measured to determine gravel volumes. • Logging is semi-quantitative with edge thicknesses measured of the entire pit. Pits are photographed, but the photography is not systematic. • All excavated faces of the pits are logged
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Not core. No sub-samples are taken. All material excavated is processed to recover diamonds. • Most of the samples are excavated dry and all material is taken. • The sampling and sample preparation are identical to those that would be used for mining and are considered appropriate for this type of sampling. • Samples are disaggregated during excavation and washed through a scrubber. The process is identical to that which would be used for mining and results are considered representative. • Sample size is appropriate for the material being sampled.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Samples are processed though a Dense Media Separation (DMS) plant. Recovery in the size fractions used on the plant is considered total. • Samples are processed through the Company's DMS Plant to produce a heavy concentrate. Diamonds are recovered from the heavy concentrate using a Flowsort x-ray sorting machine followed by visual sorting. • DMS efficiency is monitored using density beads
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.*	• No verification of sample data at an independent facility has been undertaken due to the very large size of the samples and the lack of appropriate facilities in Angola. • Twinned holes are not used because of the

	• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	size of the sample. • Entry of primary data has been checked and loaded into a sampling spreadsheet. • Assay data are not adjusted
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample sites were located using a hand held GPS with a nominal accuracy of about 5m. • The grid system is WGS84 Zone 34L • Topographic control uses Digital Terrain Models collected during aeromagnetic surveys. In pit measurements are recorded with tape measures
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data in this report comes from individual pits where all the material from that pit has been, or will be processed. • The pit spacing is currently related to exploration and is not appropriate for Mineral Resource and Ore Reserve estimation. • Sample compositing has been applied for the BLK_18 sample. For this sample 4 pits over a wide area were excavated to improve sample representivity
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The samples are considered spot samples within either an alluvial or kimberlitic body. • Insufficient data exists to determine whether sample bias is present
Sample security	• *The measures taken to ensure sample security.*	• Sample stockpiles are located near the company's processing facility and are guarded by armed security personnel at all times. • Security of processing and diamond recovery is monitored by company and Angolan State Diamond Security personnel.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques are industry standard and no audits or reviews have been undertaken

Reporting of Exploration Results

Criteria	JORC Code Explanation	Lucapa Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.*	• The 1994 legislation covering the Angolan diamond industry stipulates that only ENDIAMA (Empresa Nacional de Diamantes de Angola, the State Diamond Company) or joint ventures with ENDIAMA, can hold diamond mining rights awarded by the Council of Ministers.

	• *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• Under the terms of the Lulo Joint Venture Association Agreements, separate titles are granted for alluvial and kimberlite mining. The exploration for both alluvials and kimberlites on the Lulo Concession is a requirement under the Act. • The Angolan Government Gazette, dated 24 December 2007, authorized the formation of a Joint Venture for the exercise of prospecting, evaluation and mining of secondary (alluvial) diamond deposits. These rights were granted for a maximum period of five years. Should the Joint Venture wish to extend the agreement beyond five years, then 50% of the Concession would be relinquished. The equity distribution is: ENDIAMA 32.2%, Lucapa Diamond Company Ltd 40%*, Rosas e Petalas S.A. 28% (*This interest will be reduced to 30% after recoupment of the investment.) • On 18 July 2008, the authorization for the kimberlite exploration and mining was gazetted. The equity distribution is: ENDIAMA 33%, Lucapa Diamond Company Ltd 39%*, Rosas e Petalas S.A. 28% (*This interest will be reduced to 30% after recoupment of the investment.). • Lucapa Diamond Company Limited is the operator of the Concession and is obliged to fund and execute all exploration activities according to a Program of Work pre-approved by ENDIAMA. • The Joint Ventures Alluvial licence was extended for two years to December 2014. Application to extend Kimberlite Licence for two years until June 2015 is being processed.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Limited exploration has been undertaken by state controlled entities. • Parts of the area have been exploited by artisanal miners – no records of this work are available.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Significant diamond bearing alluvial systems, of Mesozoic to Recent ages overly a major, but relatively poorly explored, kimberlite field. The kimberlite pipes intrude flat-lying Proterozoic sediments within the Lucapa Graben. The kimberlite field is believed to be the source of the alluvial diamonds.

Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:*
	  • *easting and northing of the drill hole collar*
	  • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	  • *dip and azimuth of the hole*
	  • *down hole length and interception depth*
	  • *hole length.*
	• *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No drilling is reported in this document.
		• The location of the sample pits is shown on maps within this report. The map provides data on the location and relative elevations of the samples. The sample pits are surface excavations and other data required in the code is not material and its exclusion does not detract from the understanding of the report.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No weighting, averaging, grade truncations or cut-off grades have been used. • No short or long length aggregation applicable. • No metal equivalent values are used
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').*	• Results quoted are from surface pits. For the alluvial sample, the entire gravel horizon was sampled. • Non-drill hole, in pit sampling, not applicable length concepts.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate map and plans for the reported mineralisation with scale and north points are included with the text of the report.

Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• The results reported are all of the results. For both BLK_18 and BLK_19 the results are progress results with more material still to be treated. Results reported are up to 22-01-2014
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Previously reported drilling, pitting and bulk sampling data were used to site bulk sample pits. The collar locations of drill holes, exploration pits and bulk samples are shown on diagrams within the report
Further work	• *The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Excavation and processing of material from BLK_18 and BLK_19 is ongoing and results will be reported progressively. Additional bulk sampling of the Se251 kimberlite will be undertaken. A program to explore extensions/repetitions of the Se46 Alluvials is proposed

Estimation and Reporting of Diamonds and Other Gemstones

Criteria	JORC Code Explanation	Lucapa Commentary
Indicator minerals	• *Reports of indicator minerals, such as chemically/physically distinctive garnet, ilmenite, chrome spinel and chrome diopside, should be prepared by a suitably qualified laboratory.*	• No indicator mineral results are reported
Source of diamonds	• *Details of the form, shape, size and colour of the diamonds and the nature of the source of diamonds (primary or secondary) including the rock type and geological environment.*	• The diamonds reported have a variety of sizes, shapes and colours. The diamonds were recovered from alluvial gravels of the Mid-Cretaceous Calonda conglomerate. These are essentially fanglomerates and braided stream sediments. At Lucapa the primary, kimberlitic source of the diamonds are believed to be kimberlites located within the Lulo Concession.
Sample collection	• *Type of sample, whether outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment or soil, and purpose (e.g. large diameter drilling to establish stones per unit of volume or bulk samples to establish stone size distribution).* • *Sample size, distribution and representivity.*	• Samples reported are bulk samples of alluvial gravels. The samples are designed to determine whether the units sampled are diamondiferous and to what extent. The samples are also designed to determine stone size distribution and eventually diamond values. • Lucapa are conducting exploration activities to locate diamondiferous lithologies. The sample size, distribution and representivity are appropriate for this activity

Sample treatment	• *Type of facility, treatment rate, and accreditation.* • *Sample size reduction. Bottom screen size, top screen size and re-crush.* • *Processes (dense media separation, grease, X-ray, hand-sorting, etc).* • *Process efficiency, tailings auditing and granulometry.* • *Laboratory used, type of process for micro diamonds and accreditation.*	• Samples are processed through Lucapa's DMS plant. The plant uses a 420mm diameter cyclone and has a nominal treatment rate of 50 tonnes per hour. The plant is not accredited. • Samples are disaggregated during excavation and washed through a scrubber. The bottom screen size is 1.2mm (slotted) and the top size is 30mm. • The recovery process involves DMS separation, X-ray sorting of the heavy concentrate and hand sorting of the X-ray concentrate. Larger diamonds are characterised using a ZVI Yehuda F1000 Colorimeter. • Lucapa are processing the material through a recently commissioned DMS plant. Processing efficiency has been demonstrated in density bead recovery tests. Tails auditing and granulometry studies have not been completed. • Microdiamonds are not reported.
Carat	• *One fifth (0.2) of a gram (often defined as a metric carat or MC).*	• Reported as carats.
Sample grade	• *Sample grade in this section of Table 1 is used in the context of carats per units of mass, area or volume.* • *The sample grade above the specified lower cut-off sieve size should be reported as carats per dry metric tonne and/or carats per 100 dry metric tonnes. For alluvial deposits, sample grades quoted in carats per square metre or carats per cubic metre are acceptable if accompanied by a volume to weight basis for calculation.* • *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive sample grade (carats per tonne).*	• Sample grade is quoted in the text in units of carats per 100 cubic metres for alluvials. • A nominal 2.1 tonnes per cubic metre is ascribed to the alluvial gravels and weathered kimberlite. Limited density measurements have been made and the use of an "average" density is considered appropriate for the stage of exploration. • The table in the report reports average carats per stone and carats per unit volume. Stones per cubic metre are not reported but can be calculated from the reported data.
Reporting of Exploration Results	• *Complete set of sieve data using a standard progression of sieve sizes per facies. Bulk sampling results, global sample grade per facies. Spatial structure analysis and grade distribution. Stone size and number distribution. Sample head feed and tailings particle granulometry.* • *Sample density determination.* • *Per cent concentrate and undersize per sample.* • *Sample grade with change in bottom cut-off screen size.* • *Adjustments made to size distribution for sample plant performance and*	• Exploration results are reported in the text of the report. • The density for both alluvials and weathered kimberlite samples has been determined at 2.1 tonnes per cubic metre. This number was measured for previous samples and has been applied throughout. An approximation of this sort is considered appropriate for the stage of exploration. • Percent concentrate and undersize have not been measure and are not considered material to the understanding of this report. • Variation in grade with changes in bottom cut-off screen size has not been determined.

	performance on a commercial scale. • *If appropriate or employed, geostatistical techniques applied to model stone size, distribution or frequency from size distribution of exploration diamond samples.* • *The weight of diamonds may only be omitted from the report when the diamonds are considered too small to be of commercial significance. This lower cut-off size should be stated.*	Lucapa's DMS plant is considered to be a pilot plant and plant parameters are the same as would be used on a commercial plant. • Geostatistical studies have not been undertaken because of the relatively small number of diamonds recovered and uncertainties of using this data for alluvial deposits. • The total weight of diamonds recovered is reported in the text as are the upper and lower cut-off sizes.
Grade estimation for reporting Mineral Resources and Ore Reserves	• *Description of the sample type and the spatial arrangement of drilling or sampling designed for grade estimation.* • *The sample crush size and its relationship to that achievable in a commercial treatment plant.* • *Total number of diamonds greater than the specified and reported lower cut-off sieve size.* • *Total weight of diamonds greater than the specified and reported lower cut-off sieve size.* • *The sample grade above the specified lower cut-off sieve size.*	• No Mineral Resources or Ore Reserves are included in the report

Value estimation	• *Valuations should not be reported for samples of diamonds processed using total liberation method, which is commonly used for processing exploration samples.*
	• *To the extent that such information is not deemed commercially sensitive, Public Reports should include:*
	  • *diamonds quantities by appropriate screen size per facies or depth.*
	  • *details of parcel valued.*
	  • *number of stones, carats, lower size cut-off per facies or depth.*
	• *The average $/carat and $/tonne value at the selected bottom cut-off should be reported in US Dollars. The value per carat is of critical importance in demonstrating project value.*
	• *The basis for the price (e.g. dealer buying price, dealer selling price, etc).*
	• *An assessment of diamond breakage.*
		• No value estimates are given for the diamonds described in this report.

Security and integrity	• *Accredited process audit.* • *Whether samples were sealed after excavation.* • *Valuer location, escort, delivery, cleaning losses, reconciliation with recorded sample carats and number of stones.* • *Core samples washed prior to treatment for micro diamonds.* • *Audit samples treated at alternative facility.* • *Results of tailings checks.* • *Recovery of tracer monitors used in sampling and treatment.* • *Geophysical (logged) density and particle density.* • *Cross validation of sample weights, wet and dry, with hole volume and density, moisture factor.*	• There has been no accredited process audit. • Samples were monitored by armed guards after excavation and the process operation was monitored by Angolan State Diamond Security personnel. • Diamonds recovered are stored in a locked vault and retained on site. The diamonds have not yet been cleaned or valued. • Microdiamonds were not processed • No audit samples were collected because of the size of the bulk samples. • Tailings have not been checked. • Tracer monitors were used in sample treatment with tracer recovery in all tested size fractions >95% for tracers of density 3.5 g/cc • Geophysical densities were not determined. • Cross validation of weights with hole volume and density is not considered appropriate for the stage of exploration
Classification	• *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive grade (carats per tonne). The elements of uncertainty in these estimates should be considered, and classification developed accordingly.*	• Insufficient diamonds have been recovered to allow Lucapa to quantify the uncertainty in stone frequency, stone size or diamond grade, as yet.