ASX Announcement 5 March 2014

LUCAPA TO APPLY FOR DIAMOND MINING LEASE AT LULO

- *Major Alluvial Diamond Exploration Target Identified*
- *Application Supported by High-Value Alluvial Diamonds Being Recovered from Lulo*
- *Mining Application Area to Cover ~218km^2*

Lucapa Diamond Company Limited (ASX: LOM) is pleased to announce the Company has received the support of its Joint Venture partners to apply for an alluvial diamond Mining Lease over part of the Lulo Diamond Concession in Angola.

The decision to apply for an alluvial Mining Lease is a result of the high grades and diamond values being achieved by Lucapa from its diamond exploration programs within the 3,000km^2 Lulo concession.

The Mining Lease Application (MLA) will cover an area of ~218km^2 and will include the recent alluvial and terrace deposits associated with Cacuilo River. The extent of the proposed MLA is shown below in Figure 1.

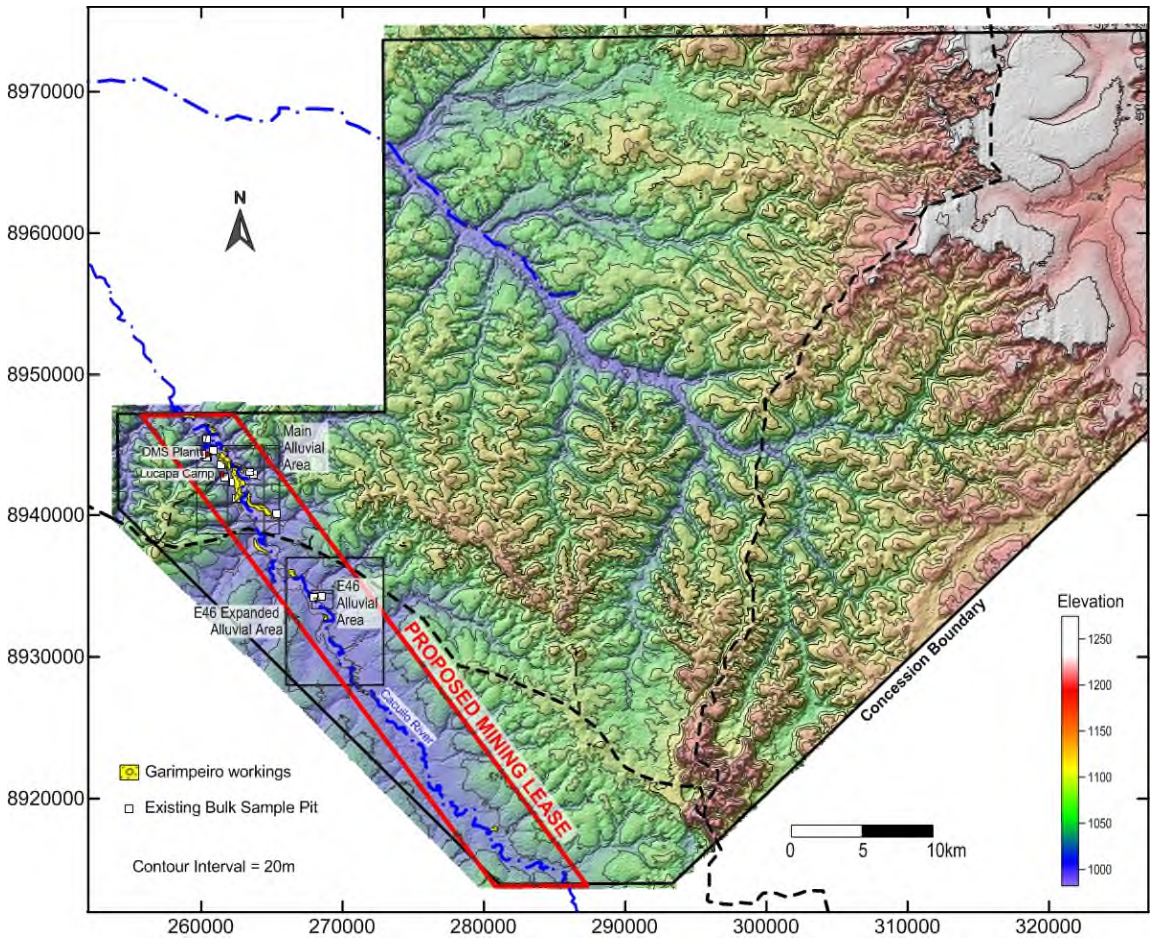

Figure 1: Proposed Mining Lease Application – Lulo Project

The MLA is centered on an Exploration Target generated by Lucapa's team of diamond geologists. It should be emphasised that the potential quantity, grade and diamond values described in this Exploration Target are conceptual in nature, that there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Lucapa believes the MLA could host economic alluvial diamond deposits containing at least half a million carats of diamonds with a value of US$500/carat. The Company considers this a viable Exploration Target and has commenced the Economic Viability Technical Study (EVTS) and Environmental Management Plan (EMP) required under Angolan regulations.

The timing of the granting of any MLA is uncertain. In the meantime, Lucapa will continue the exploration pitting and bulk sampling programs which would enable the diamond deposits outlined in the Exploration Target to be converted to a Mineral Resource.

Diamonds from Lulo

EXPLORATION TARGET

The Exploration Target outlined below is conceptual in nature but uses Lucapa's existing exploration data as a basis for estimations of volume of gravel, diamond grade and diamond value. Additional exploration is proposed to confirm whether the extrapolations outlined below can be justified.

Based on pitting and bulk sampling programs undertaken in Lucapa's Main Alluvial Area and the E46 Alluvial Area, Company geologists have identified a series of recent alluvial deposits and elevated terraces lying along the lower margins of the Cacuilo River valley (Figure 3). In the north-western part of the proposed MLA, the terraces have been extensively worked by artisanal miners (garimpeiros). While pockets of diamond-rich gravels still occur, Lucapa estimates that up to 90% of the diamonds that existed in this area have been mined.

The recent, lateritic alluvial gravels are associated with the current Cacuilo River and are more widespread and lower grade than the terraces. They have not been as extensively worked and are believed to be widely developed along the current Cacuilo River.

While garimpeiro operations are present to some extent along much of the Cacuilo River, it is only in the north-western section of the proposed MLA that these operations have significantly depleted any diamond resource.

During 2013, Lucapa's geological team identified previously unrecognised diamondiferous gravels in an elevated terrace immediately to the south of the Se46 kimberlite. The gravels in this area, known as the E46 Alluvial Area, were explored by surface pitting (158 pits) and bulk sampling (Figure 2). This work indicated that the gravels extended throughout the area tested. Two bulk samples collected from the area demonstrated that diamond grades similar to those recognised in the Main Alluvial Area also occurred in the E46 Alluvial area.

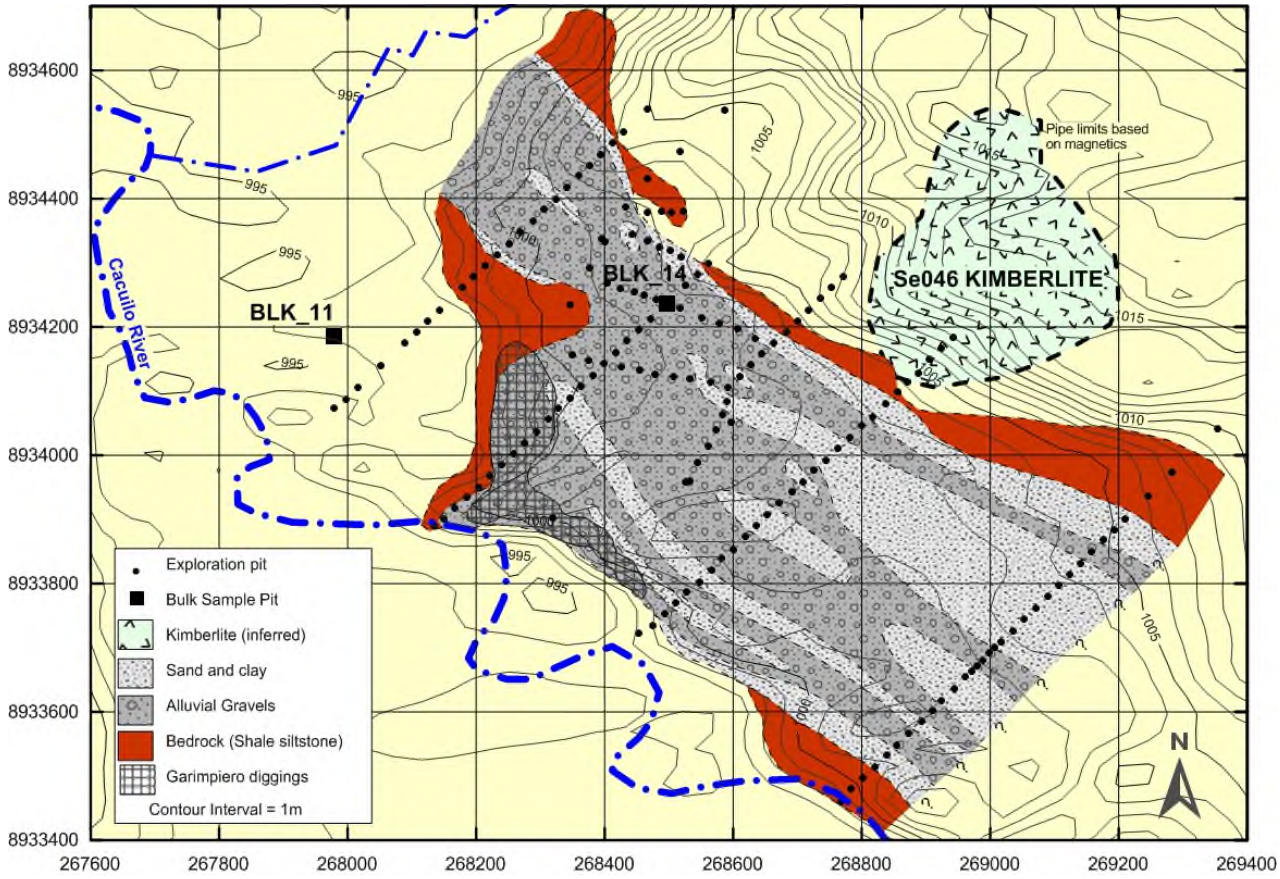

Figure 2: E46 Alluvials

The recently recognised gravels in the E46 area occur on an elevated terrace within the valley of the Cacuilo River. Geomorphologically similar terrace areas are widespread in the vicinity of the E46 alluvials (Figure 3) and relatively common along the length of the Cacuilo River, including within the Main Alluvial Area.

The terrace areas are often more open and less heavily vegetated than the surrounding country and are often associated with a distinct negative radiometric anomaly. Lucapa believes it is highly likely that gravels similar to those identified at E46 and in the Main Alluvial Area will underlie all the terrace areas along the Cacuilo River (Figures 3-4).

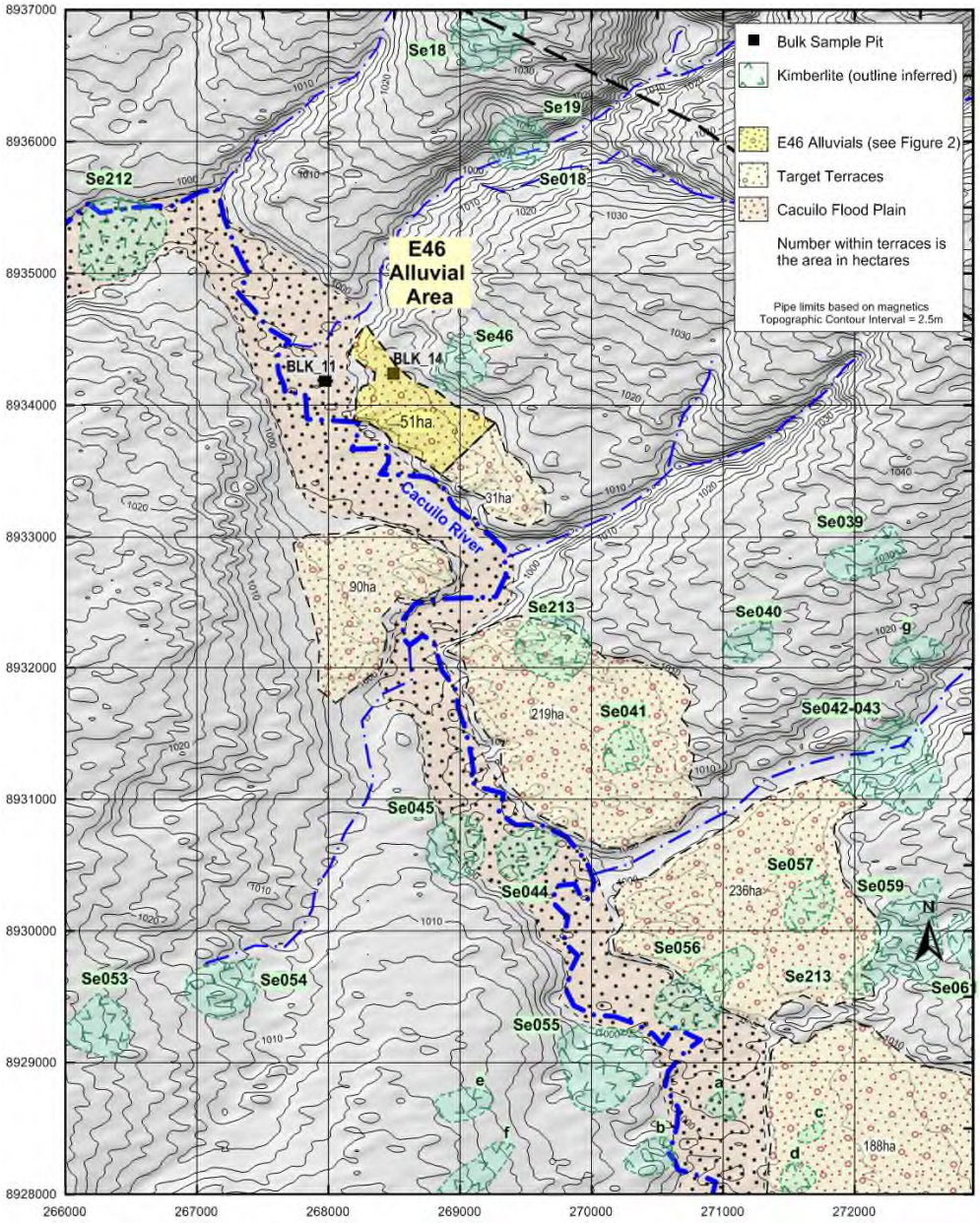

Figure 3: E46 Alluvials – Expanded Area – Other Terraces

The following sections detail how the volume, grade and diamond values used to generate the Exploration Target were derived. It must again be emphasised that the potential quantity, grade and diamond value described in this Exploration Target is conceptual in nature and that at this stage there has been insufficient exploration to estimate a Mineral Resource and that it is uncertain if further exploration will result in the estimation of a Mineral Resource.

Lucapa's exploration in the Main Alluvial Area has shown that extensive deposits of lateritic gravels occur in the flood plain of the Cacuilo River. The lateritic gravels generally have a lower diamond grade than the terrace gravels but are easier to mine and process. The Company envisages that terrace gravels and lateritic gravels will be mined in about equal proportions. This should optimise plant throughput.

VOLUME

Lucapa has completed an extensive exploration pitting program over diamondiferous gravels identified in an elevated terrace to the south of the Se46 kimberlite (E46 Alluvial Area). In this area a braided channel system was recognised beneath sand and clay. Basal gravels were present over much of the area. Figure 2 shows details of the pitting program and distribution of basal gravels in the Se46 alluvial area.

Within the 51 hectares of elevated terrace tested by pitting, basal gravels were recognised over an area of about 35ha. The gravels were up to 1.6 metres thick, with an average thickness of about 0.4m.

While extensive garimpeiro activity in the main alluvial area makes it impossible to determine the geometry of the original gravel deposits, it is Lucapa's impression that this area was originally quite similar to the E46 Alluvial Area. The gravel thickness recorded in the Main Alluvial Areas is typically in the 0.3-0.5m range.

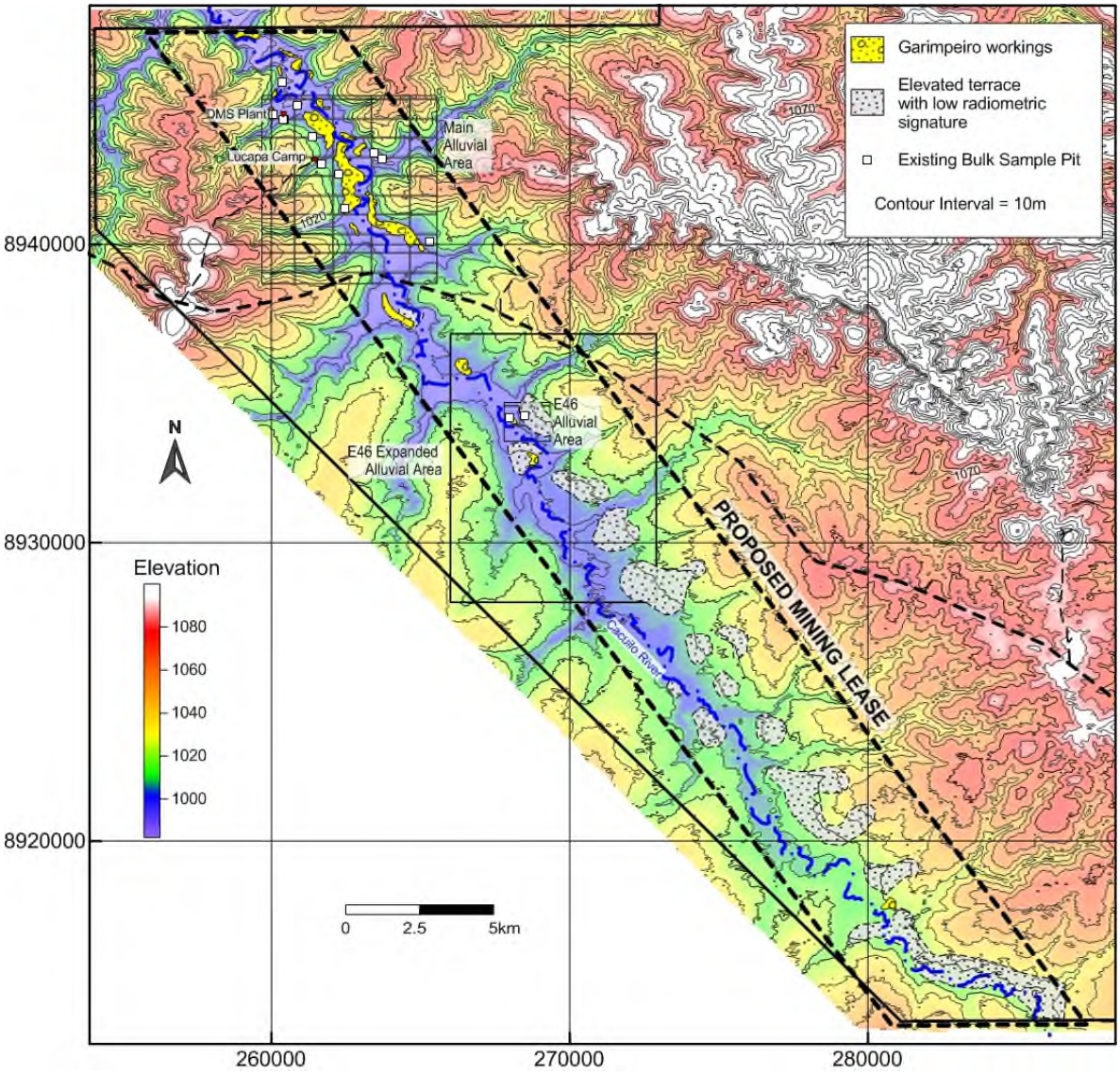

Figure 4: Proposed MLA and Elevated Terraces

At this stage, other elevated terraces along the Cacuilo River (Figures 3 and 4) have not been explored, but for the purposes of the Exploration Target, it is assumed that the other terraces are generally similar to the E46 area. The area of the elevated terraces shown in Figure 4 has been calculated at about 2500ha. Assuming the gravels have an average thickness of 0.4m and cover 50% of the defined terraces, the volume of gravels present will be about five million cubic metres.

An estimated volume of about five million cubic metres relates only to the elevated terrace gravels. No attempt has been made to determine the volume of lower grade lateritic gravels that will occur within the flood plain of the Cacuilo River. It is believed that five million cubic metres is probably a minimum volume and the actual combined volume of terrace and lateritic gravels within the proposed MLA could be double this figure.

GRADE

Determining a diamond grade for the Exploration Target is complicated by the limited aerial extent of the current bulk sampling data and the significant variation in the grade of individual samples. In the north-western section of the MLA, sampling of the Calonda Terrace gravels provided a wide range of diamond grades.

The Table below summarises bulk sample results for the different gravel types and alluvial areas.

Area	Sample Type	Gravel Processed (m^3)	Stones Recovered (total)	Diamond Weight (ct)	Sample Grade (ct/100m^3)
Main Alluvial Area	Calonda Terrace	2730	398	793.85	29.07
Main Alluvial Area	Lateritic	796	60	39.30	4.93
E46 Area	Calonda Terrace	287	57	61.10	21.27
Notes:					
1) Lucapa treated gravel in the +1.2mm -34mm size range.					
2) Grade is quoted in carats per 100 cubic metres of gravel.					

Based on the very limited available data and for the purposes of the Exploration Target, it has been assumed that the grade of the terrace gravels is 20 carats per 100 cubic metres (cphm). The grade of the lateritic alluvials is assumed to be 5cphm.

It is likely that grade to the plant will vary considerably and will be in the range of 5cphm to 15cphm, with 10cphm considered the most likely scenario.

DIAMOND VALUES

In alluvial diamond deposits, diamond value is an especially critical parameter. This is also the most difficult parameter to quantify as individual diamonds have a huge impact on average value.

To date, Lucapa has sold or had valued, two packages of diamonds with a total weight of 867.05ct for a total of $US6,029,614 giving an average price of $US6,954/ct (See ASX announcement 3 March 2014). Most of the value in the two diamond parcels related to "special" stones, that is, diamonds larger than 10ct or fancy coloured stones.

If the special diamonds are not included in the packages, the average value of the remaining diamonds is $US465/ct.

An average per carat value of $US500 has been attributed to the diamonds for the Exploration Target model. This is probably on the low side as work to date suggests that special stones are a normal part of the Lulo production.

SUMMARY

Based on the data available, the Exploration Target sought by Lucapa comprises about five million cubic metres of alluvial gravel with an average grade of 10cphm. This would generate a 500,000 carats with an estimated per carat value of $US500.

Lucapa will undertake a program of exploration pitting and bulk sampling to attempt to define a Mineral Resource. The extent of the exploration program required will be continually re-evaluated to ensure that it is relevant to local conditions. In general, exploration pitting will be completed on lines 200-400m apart with pits every 25m to 50m. One or two bulk samples of 200 to 500 tonnes will be excavated for each kilometre of channel length identified.

For further information, please contact;

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Competent Person's Statement

Information in this announcement that relates to Exploration Targets, 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.*	• Individual bulk sample results have previously been reported. The bulk samples were collected from surface excavations using an excavator and trucks. Overburden of Kalahari sand and Calonda Formation sand and silt were stripped and basal Calonda or terrace 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. • Diamonds occur in very low concentrations in most lithologies. They also occur 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.* • *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 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. • 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 considered 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 Dense Media Separation Plant to prepare 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.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• 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 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*	• 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.

	procedure(s) and classifications applied. • *Whether sample compositing has been applied.*	• 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 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 security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	• 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. • 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:* o *easting and northing of the drill hole collar* o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* o *dip and azimuth of the hole* o *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 and previous reports. The maps provide 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-drillhole, 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. Results reported are up to 25-02-2014
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.*	• An extensive exploration program involving surface pitting and bulk sampling will be undertaken to define and evaluate possible alluvial diamond deposits

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 Calonda conglomerate or terrace deposits along the Cacuilo River. 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 1.7 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.*	• Exploration results are reported in the text of the report. • The density for both alluvials and weathered kimberlite samples has been determined at 1.7 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.

	• *Sample grade with change in bottom cut-off screen size.* • *Adjustments made to size distribution for sample plant performance and 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.*	• 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. 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

	• *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:*
	  o *diamonds quantities by appropriate screen size per facies or depth.*
	  o *details of parcel valued.*
	  o *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.*
		• Diamonds were recovered from the company's DMS plant that treats material in the 1.2mm to 30mm size fraction. Valuations relate only to these diamonds.
		• All diamonds recovered from bulk sample processing up to 21 January 2014 were included for valuation
		• Details of the diamond valuation relevant to this report are given in the text
		• More complete details of the valuation are given in previous reports by Lucapa and are not repeated here.
		• Diamond breakage during processing appeared to be insignificant. Broken stones were present but when these stones were broken is unclear.
		• While Lucapa has sold or had valued two parcels of diamonds, the company has recovered insufficient stones to allow the company to establish a reliable average per carat value.

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 uncertain in stone frequency, stone size or diamond grade, as yet.