ASX Announcement 13 June 2014

KIMBERLITE DIAMOND DISCOVERY AT LULO

HIGHLIGHTS

- **Lucapa has confirmed the priority Se251 kimberlite at the Lulo Diamond Concession in Angola is a diamond-bearing pipe after recovering four diamonds from preliminary surface sampling of kimberlite material**
- **Kimberlite diamonds recovered from the Se251 pipe are of good shape and colour**
- **Se251 is the largest kimberlite pipe discovered at Lulo with a surface area of ~220 hectares. Lulo is within 150km of the ~60ha Catoca pipe, which is the fourth biggest kimberlite diamond mine in the world**
- **Se251 is in the same area where Lucapa has recovered large and valuable Type 2A alluvial diamonds of up to 131.4 carats**
- **Lucapa is continuing its preliminary surface testing of priority kimberlites at Lulo**

Lucapa Diamond Company Limited (ASX: LOM) is delighted to announce that the large Se251 kimberlite at the Lulo Diamond Concession in Angola has been confirmed as a diamond-bearing pipe.

Lucapa has recovered four diamonds from its preliminary kimberlite sampling program at Se251 (See Table 1). This included three diamonds weighing a total of 1.75 carats recovered from the No. 7 pit at the Se251 kimberlite pipe and one diamond weighing 0.10 carats from the No. 6b pit.

The biggest of the kimberlite diamonds weighed 1.05 carats (Table 1).

The kimberlite diamonds from the No. 7 pit have been described by Lucapa's site manager at Lulo as being of "good shape, good colour." Lucapa plans to use a Yehuda ZVI colorimeter, when available, to assess and confirm the quality and colour of the kimberlite diamonds recovered from Se251.

With a surface area of approximately 220 hectares, Se251 is the largest kimberlite pipe identified by Lucapa within the 3,000km^2 Lulo diamond concession. Lulo is located approximately 150km from Catoca, which is the fourth largest kimberlite diamond mine in the world.

Se251 has been considered a priority exploration target for Lucapa since the Company's geological team identified the kimberlite pipe as a likely source of the large and valuable alluvial diamonds being recovered from the same area within the Lulo concession.

Excavating sample from diamondiferous kimberlite pipe Se251 at Lulo

As announced on 27 May 2014, Lucapa has to date sold 867.5 carats of alluvial diamonds recovered from the exploration phase at Lulo for gross proceeds of approximately $A6 million, representing an exceptional average price of $A6,960 per carat.

Lucapa Managing Director Miles Kennedy said he was delighted that Lucapa had recovered kimberlite diamonds within the first two weeks of kimberlite sample being processed through the Company's new Dense Media Separation (DMS) diamond plant at Lulo.

This preliminary kimberlite sampling program followed the recent two-year extension of Lucapa's kimberlite and alluvial exploration licences by the Angolan Ministry of Geology and Mines (See ASX announcement 30 May 2014).

"I regard the recovery of these diamonds from Se251 as extremely significant because it establishes beyond doubt that this huge pipe, covering some 220 hectares (over 500 acres), is indeed diamondiferous," said Mr Kennedy.

"It has taken Lucapa six years to get to this point, which is only the beginning of the road ahead. As our Lulo site manager, Wessell Horak, wrote in his report 'Yes, it seems by grace and persistence, our fortunes have changed as these are the first undisputed kimberlite diamonds we have recovered'."

"This kimberlite pipe will undoubtedly contain many different eruptive phases and, like all big pipes, the diamond grade between these phases will vary."

"Se251 is, of course, only one of eight pipes Lucapa has identified proximal to where we have been recovering magnificent alluvial diamonds, and we will move on to conduct preliminary sampling of Se257 and the remaining pipes in this area to see what results emerge."

"Once we have carried out preliminary sampling of these priority pipes, we will prioritise our target or targets and begin the systematic evaluation necessary to determine the economics of any kimberlite diamond deposit. By its nature, this is a slow and methodical process, with no shortcuts."

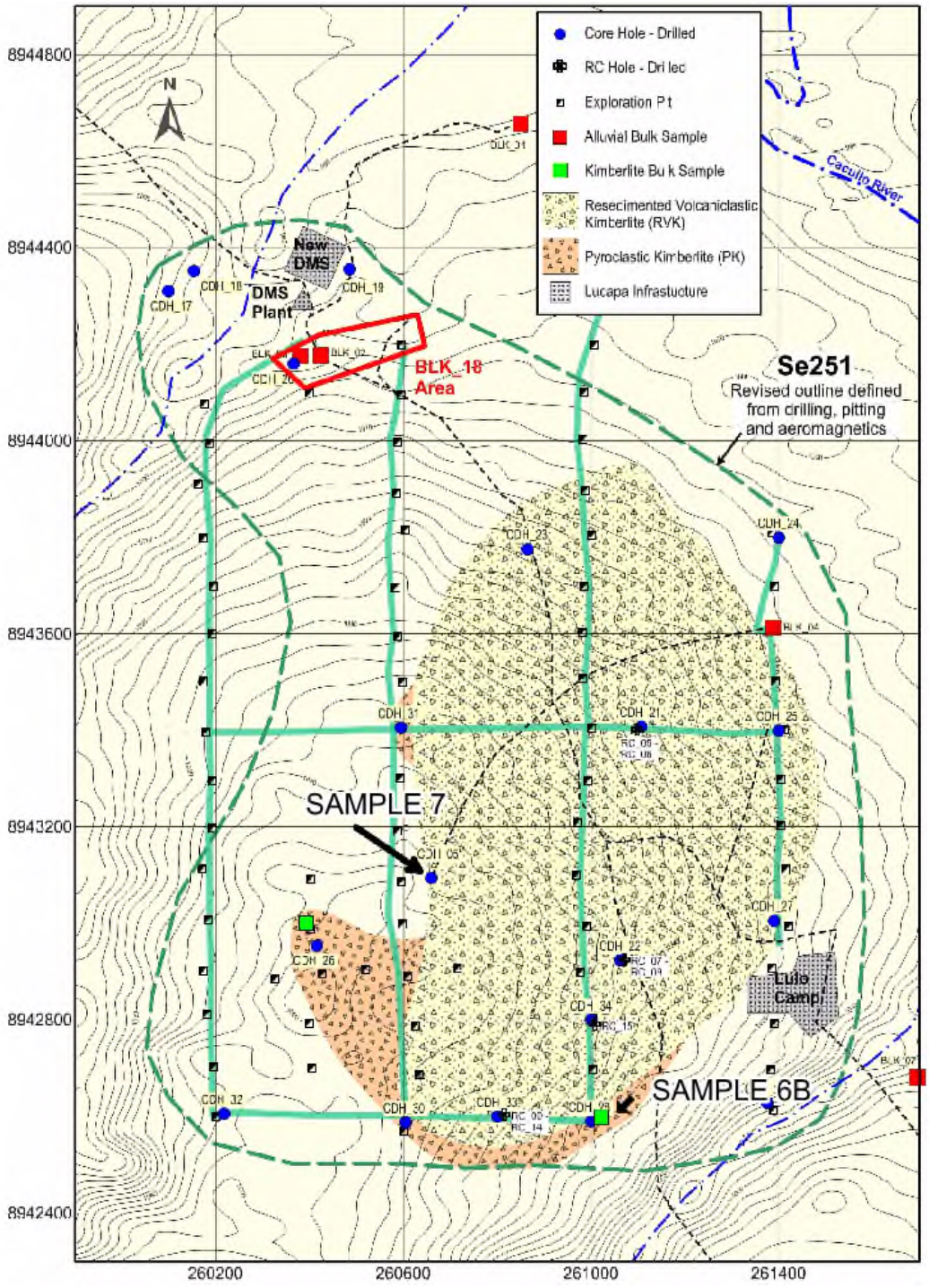

Figure 1: Se251 kimberlite pipe – outcrop geology and interpretation and location of 7 and 6B sample pits where kimberlite diamonds were recovered

Area	Sample Type	Material Processed (m^3)	Stones Recovered (total)	Diamond Weight (ct)	Sample Grade ($ct/100m^3$)
SE 251 Sample 6b	Pit	69	1	0.10	0.14
SE 251 Sample 7	Pit	287	3	1.75	0.61
Notes:					
1) Lucapa treated kimberlite sample in the +1.2mm -34mm size range.					
2) Grade is quoted in carats per 100 cubic metres of sample.					

Table 1: Diamond Recovery Results

Sample ID	Survey Grid	X (m)	Y (m)	Height (m)
6B	UTM (WGS84) 34L	261,000	8,942,590	1025
7	UTM (WGS84) 34L	260,701	8,943,098	1034

Table 2: Sample Location

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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 Albert Thamm, Director Lucapa Diamond Company and David Jones BSc (Hons) MSc of Ascidian Prospecting Pty Ltd, who are both Corporate Members of the Australasian Institute of Mining and Metallurgy. Mr Thamm and Mr Jones have 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 Thamm and Mr Jones consent 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.

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 1 - 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.*	• The bulk samples were collected from surface excavations using an excavator and trucks. Overburden of Kalahari sand and silt were stripped and weathered pyroclastic kimberlite sampled. The sampling is exploratory in nature and generally is seeking to identify diamondiferous lithologies in kimberlite. 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. 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 samples 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 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. • No sample compositing has been applied.

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 bulk samples are considered spot samples within pyroclastic kimberlite facies. • 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.) • In May 2014, 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 May 2016. The application to extend Kimberlite Licence for two years until 25 May 2016 was also granted to the concession by the Angolan Ministry of Mines.
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 Tertiary age Lucapa Graben. The kimberlite field are 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 report. 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. • 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.
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 primary diamond deposits at both SE251 and AN257.

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 pyroclastic tuffs from the SE251 kimberlite. 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 a specific kimberlite facies. 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 kimberlitic samples. • A nominal 1.7 tonnes per cubic metre is ascribed to 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.*	• 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

	• *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 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.*	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. 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. • The volume of these diamonds are too small a subset to represent a valid valuation • 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.