ASX Announcement 28 July 2014

LUCAPA DIAMOND COMPANY LIMITED (ASX: LOM)
QUARTERLY REPORT FOR PERIOD ENDED 30 JUNE 2014

HIGHLIGHTS

Lulo Diamond Concession, Angola

- **Preliminary testing of priority kimberlite pipes at Lulo meets with immediate success, with diamonds already recovered from four kimberlites, including from the largest ~220 hectare Se251 pipe**
- **Six of the kimberlite diamonds recovered from the Se251 and Se257 kimberlite pipes confirmed to be Type 2A gems, which are among the world's rarest diamonds**
- **Alluvial and kimberlite exploration licences for the 3,000km^2 Lulo concession extended for two years to May 2016**
- **Alluvial mining licence application well advanced**
- **Second parcel of 371.35 carats of Lulo diamonds sold for $A2.92 million, representing an exceptional average price of $A7,873/carat**

Fancy Lulo diamonds

- **Post-sale diamond inventory increases to 385.4 carats from ongoing alluvial and kimberlite diamond recoveries[1] .Diamonds include a 10.15 carat D-colour Type 2A gem**
- **$A5.55 million in fresh capital raised to accelerate kimberlite and alluvial diamond activities at Lulo**

[1] Diamond inventory as at 13 July 2014

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OVERVIEW

Lucapa Diamond Company Limited (ASX: **LOM**) is recovering rare and valuable kimberlite and alluvial diamonds from the Lulo Diamond Concession in Angola. Lulo covers an area of 3,000km^2 and is located in the Cuango River Basin within Angola's diamond-rich Lunda Norte Province (Figure 1).

The Lulo Concession hosts two major kimberlite fields and extensive diamond-bearing alluvials occurring along the Cacuilo and Lulo Rivers. The concession is located about 150km west of Catoca, the world's fourth biggest kimberlite diamond mine, and on the same favourable geological structure.

Lucapa has recovered rare Type 2A alluvial diamonds of up to 131.4 carats from the exploration phase at Lulo. The Company has, to date, sold two parcels of alluvial diamonds weighing a total of 867.5 carats for gross proceeds of more than $A6 million.

This represents an exceptional average price of approximately $A6,960/carat, underlining the premium value of the diamonds being recovered from Lulo.

Diamonds from the second parcel of Lulo gems (371.35 carats) which sold for $A2.92 million

During the Quarter, Lucapa commenced a kimberlite testing program which involves preliminary sampling of priority pipes at Lulo to identify the primary source, or sources, of the rare alluvial gems being recovered within the concession. These priority pipes include Se251 which, with a surface area of ~220 hectares, is the biggest kimberlite pipe identified to date at Lulo.

Excavating sample from diamondiferous kimberlite pipe Se251 at Lulo

This preliminary kimberlite testing program met with immediate success.

Lucapa has already confirmed that four of the priority kimberlite targets at Lulo – including Se251 – are diamond bearing (diamondiferous) pipes. Significantly, six of the kimberlite diamonds recovered from Lulo have subsequently been confirmed as Type 2A gems, which are among the rarest category of diamonds in the world.

10.15 Carat D-Colour Type 2A gem from BLK_20

Lucapa achieved another significant milestone in May 2014 when both the alluvial and kimberlite exploration licences covering the 3,000km^2 concession were extended for two years until May 2016 by Angola's Minister of Geology and Mines, Hon Francisco Manuel Monteiro de Queiroz.

Encouraged by the exceptional alluvial diamond results achieved at Lulo in recent years, Lucapa has also applied for a mining licence over alluvial deposits within the valley of the Cacuilo River (See ASX announcement 5 March 2014). Lucapa is hopeful of a positive outcome on the mining licence application in the short term.

The Lulo diamond 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, 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.

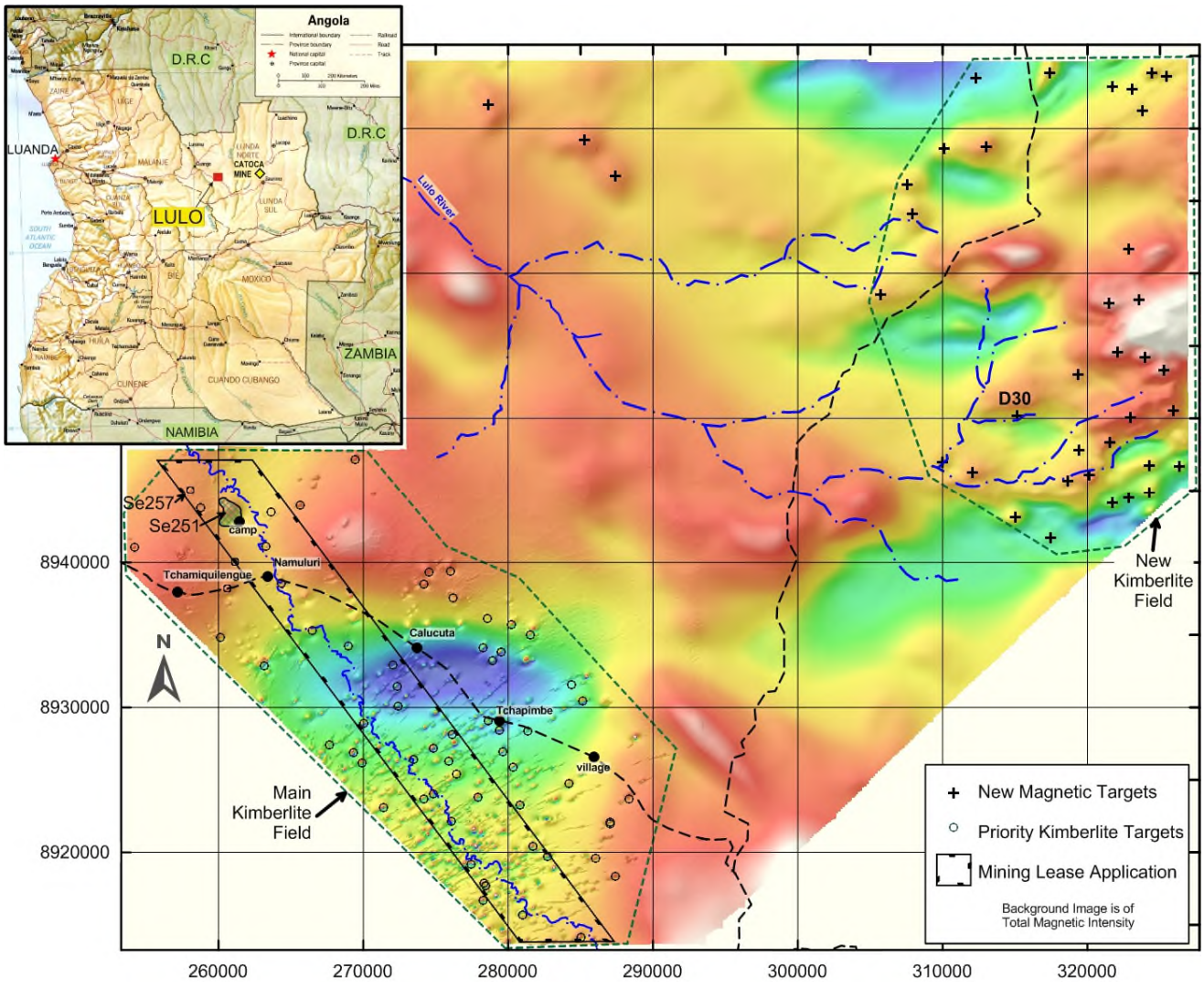


Figure 1: Lulo Diamond Concession – location of operations

LULO DIAMOND SALES

During the Quarter, Lucapa sold a 371.35 carat parcel of Lulo alluvial diamonds for gross proceeds of $A2.92 million. This represented an exceptional average price of $A7,873/carat for the Lulo diamonds (See ASX announcement 27 May 2014).

The sale was conducted via tender through Angolan Government diamond sale agency SODIAM in the Angolan capital of Luanda.

It followed the sale in July 2013 of a parcel of Lulo diamonds for gross proceeds of $A3.12 million. In total, the two sales of rough diamonds from Lulo have generated gross proceeds of more than $A6 million for an exceptional average sale price of approximately $A6,960/carat.

Lucapa's share of the latest diamond sale proceeds amounted to approximately $A2.5 million once various fees and taxes were deducted (See ASX announcement 27 May 2014). Lucapa is using the diamond sale proceeds to help fund the Company's ongoing alluvial and kimberlite diamond activities at Lulo.

The latest diamond sales provide further evidence that the alluvial diamonds being recovered from Lulo are top tier gems and provide additional impetus to the search for the kimberlite pipe, or pipes, at Lulo which are the primary source of these rare and valuable gems.

As at 13 July 2014, Lucapa's diamond inventory stood at 385.4 carats (See Alluvial and Kimberlite Diamond Program sections).

Lulo diamonds from current inventory – (L-R) 10.15 carats, 24.4 carats, 13.3 carats

LICENCES – EXPLORATION AND MINING

During the Quarter, Lucapa achieved another significant milestone when both the kimberlite (primary) and alluvial (secondary) exploration licences for the 3,000km^2 Lulo concession were extended for two years to May 2016 by Angola's Minister of Geology and Mines, Hon Francisco Manuel Monteiro de Queiroz (See ASX announcement 30 May 2014).

Encouraged by the exceptional alluvial diamond results achieved at Lulo in recent years, Lucapa has also applied for a mining licence over alluvial deposits within a 218km^2 area in the valley of the Cacuilo River (See ASX announcement 5 March 2014). The outline of the area cover by the mining licence application is shown in Figures 1 and 2.

Lucapa has been encouraged by the progress of this mining licence application and is hopeful of a positive outcome in the short term.

KIMBERLITE DIAMOND PROGRAM

Magnetic surveys undertaken by Lucapa in recent years have identified more than 250 anomalies at Lulo with magnetic signatures similar to known kimberlite pipes. In addition, a separate province of kimberlite targets to the north of the concession has also been identified.

To date, Lucapa's field geologists have successfully classified 93 of the anomalies as confirmed or probable kimberlite pipes (Figure 2).

The extension of the exploration licences at Lulo in May 2014 enabled Lucapa to commence a preliminary surface bulk sampling program to test a cluster of high-priority kimberlite targets. This ongoing program aims to identify the source, or sources, of the valuable alluvial diamonds being recovered by Lucapa within the concession.

The priority Se251 kimberlite pipe continued to be the main focus of Lucapa's kimberlite exploration program. With an estimated surface area of ~220 hectares, Se251 is the largest kimberlite pipe identified within the Lulo field to date and is proximal to many of the large alluvial diamonds Lucapa has recovered from within the Cacuilo Valley.

This preliminary surface sampling program was assisted by a drilling program conducted at the Se251 kimberlite pipe in late 2013. That drilling program established the near-surface structure of the kimberlite and showed the pipe was largely covered by a blanket of fine grained sandy re-sedimented volcaniclastic kimberlite (SRVK). This unit was considered an unlikely source for the coarse alluvial diamonds and this view was confirmed by bulk sampling completed during the September 2013 quarter.

During the Quarter under review, Lucapa excavated four bulk samples from the Se251 kimberlite for processing through the Company's Dense Media Separation (DMS) diamond plant.

The samples were excavated from relatively coarse grained pyroclastic kimberlite (PK) and coarser grained re-sedimented volcaniclastic kimberlite (RVK) identified in the southern and central parts of the pipe (Figure 3).

Significantly, diamonds were recovered from all of the pits, with most of the stones recorded from the twinned pits, KMB_07 and KMB_09.

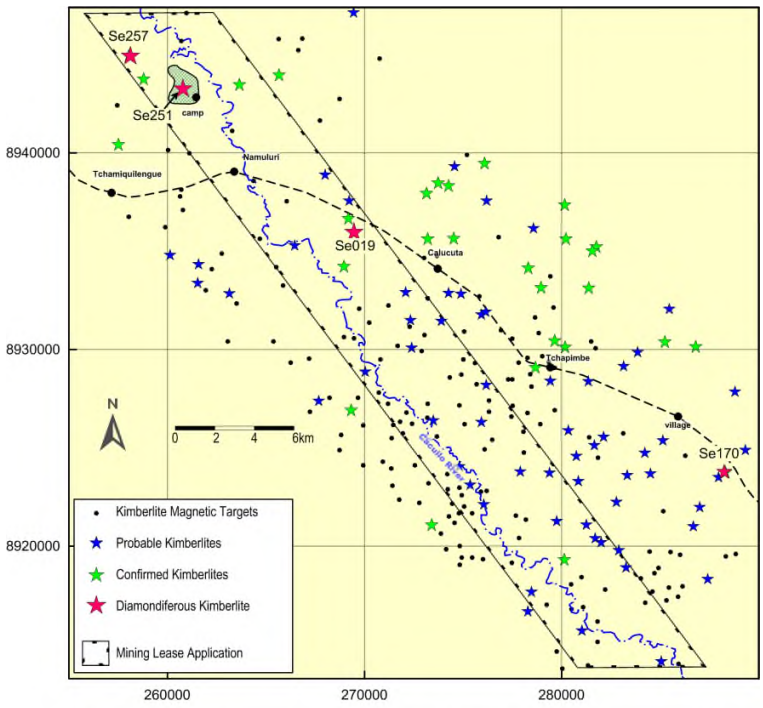
Kimberlite diamonds from Lulo including Type 2A gems

KMB_07 and KMB_09 were excavated from an area of coarser grained PK material located in the south-western quadrant of the kimberlite (Figure 3). Because of the significance of the diamonds recovered from the KMB_07 sample, it was decided to collect another sample at the same locality to confirm the results. The diamonds recovered from both the twinned samples were generally white in colour and of good quality.

As at 9 July 2014, Lucapa had recovered nine diamonds from preliminary sampling of the Se251 kimberlite pipe, the largest of which weighed 1.3 carats (See ASX announcements 13 June 2014 and 9 July 2014).

Earlier in the Quarter, Lucapa also recovered a diamond from the recently-discovered Se257 kimberlite pipe. Se251 and Se257 became the third and fourth kimberlites from the Lulo concession confirmed as diamondiferous pipes (see Figure 2 and Table 1).

Figure 2 illustrates the status of the kimberlite exploration program at Lulo as of 30 June 2014. Sampling programs are ongoing. The number of diamondiferous kimberlites - as well as confirmed and probable kimberlites – is expected to rise as more anomalies are tested. Table 1 summarises diamond recoveries from kimberlites to 9 July 2014.



Status		Commentary
Total Magnetic Targets	257	Magnetic anomalies with characteristics consistent with known kimberlites. Targets identified from various aeromagnetic surveys. There are other smaller magnetic features not included in this count that may also be kimberlites. All the magnetic targets where drill or pit testing has penetrated overburden lithologies have proven to be kimberlites.
Confirmed Kimberlites	33	These are magnetic targets where kimberlite has been identified in either drill samples, excavator pits or in outcrop
Probable Kimberlites	60	Magnetic targets have only been surface sampled. For a "Probable" status, kimberlitic indicator minereral counts are so high that site geologist believe there is little doubt that a shallowly buried kimberlite exists in the locality. At this stage all "Probable" kimberlites have been confirmed as kimberlites after drill or pit testing.
Diamondiferous Kimberlites	4	Kimberlites where diamonds have been recovered. More than a third of the kimberites surface bulk-sampled or sampled with wide-diameter drill holes have proven diamondiferous. Lucapa believe that the proportion of diamondiferous kimberlites will increase as more kimberlites are surface bulk sampled

Figure 2: Status of kimberlite exploration program – 30 June 2014

Table 1 - Kimberlite Bulk Sampling Program - Summary of Positive Results

Kimberlite	Sample No.	Sample Processed (m^3)	Size Distribution[1]			Stones Recov (total)	Diamond Weight (ct)	Average Diamond Size (ct)	Sample Grade[2] ($ct/100m^3$)	Largest Diamond (ct)
			<1ct	1-2ct	2-5ct					
Se019	KMB_03	99	1	-	-	1	0.60	0.60	0.61	0.60
Se257	KMB_05	311	1	-	-	1	0.10	0.10	0.03	0.10
Se251	KMB_06	243	1	-	-	1	0.10	0.10	0.04	0.10
Se251	KMB_07	287	2	1	-	3	1.75	0.58	0.61	1.05
Se251	KMB_08a	541	1	-	-	1	0.45	0.45	0.08	0.45
Se251	KMB_09a	445	-	2	-	2	2.40	1.20	0.54	1.30
Se251	KMB_09b	192	2	-	-	2	0.20	0.10	0.10	0.10
Totals :			8	3	0	11	5.60			

Notes:

1) Lucapa's plant uses a lower screen size is 1.2mm and an upper size of 32mm
2) Grade is quoted in carats per 100 cubic metres of sample
3) In addition to the results shown, a single 0.3mm microdiamond was recovered from 40kg of sample collected from Se170

Of the nine diamonds recovered from Se251 as at 9 July 2014, five were subsequently confirmed as Type 2A gems after testing with a Yehuda ZVI colorimeter by independent diamond consultant Mr Ray Ferraris of Independent Diamond Valuers (See ASX announcement 9 July 2014).

Type 2A diamonds are among the world's rarest diamonds and accounting for less than 1% of global diamond production. The high proportion of Type 2A diamonds recovered from Se251 is remarkable and considered by the Company's geological team to be both significant and extremely exciting.

Lucapa plans to excavate additional bulk samples from Se251 during the September 2014 quarter. The site of the next proposed bulk sample, KMB_10, has been identified (Figure 3) and preliminary ground clearing and earthworks have commenced.

The other diamondiferous kimberlite identified during the Quarter, Se257, was discovered when site geologists examined a large magnetic feature 1700m north-west of Se251 and identified kimberlite in a shallow surface pit.

Se257 is a low-intensity magnetic feature with a complex internal structure that was not recognised in the initial interpretation of the magnetic data.

Based on the magnetic signature, the Se257 kimberlite pipe is quite large with an estimated surface area of ~60 hectares. Site geologists believed Se257 could have contributed to the alluvial diamonds in the area and a small bulk sample (KMB_05) was collected to determine diamond content (Figure 2 and Table 1). A single 0.1 carat diamond was recovered from the 311 cubic metres processed from this kimberlite (Table 1).

Significantly, the diamond recovered from Se257 was tested and also confirmed to be a Type 2A stone (See ASX announcement 9 July 2014).

Lucapa plans to bulk sample other priority kimberlites in the coming months. Two kimberlites, Se248 and Se170, head the list of planned sampling targets.

Se248 is located about 1.5km south-east of Se251 (Figure 4). It lies close to the Cacuilo River and has extensive garimpeiro activity in the vicinity. The site is locally known as "Satawa" and, according to ex-garimpeiros, "large" diamonds were regularly recovered from the area.

Se248 lies between Lucapa's alluvial bulk samples BLK_08 and BLK_19. Diamonds of 131.4 carats and 95.45 carats respectively were recovered from these samples, supporting the anecdotal evidence of large diamonds.

Se170 is located 30km south-east of Se251 and is the site of the only microdiamond so far recovered from the Lulo concession. As the pipe is already known to be diamondiferous, Lucapa will collect a bulk sample to determine whether commercial sized diamonds are also present.

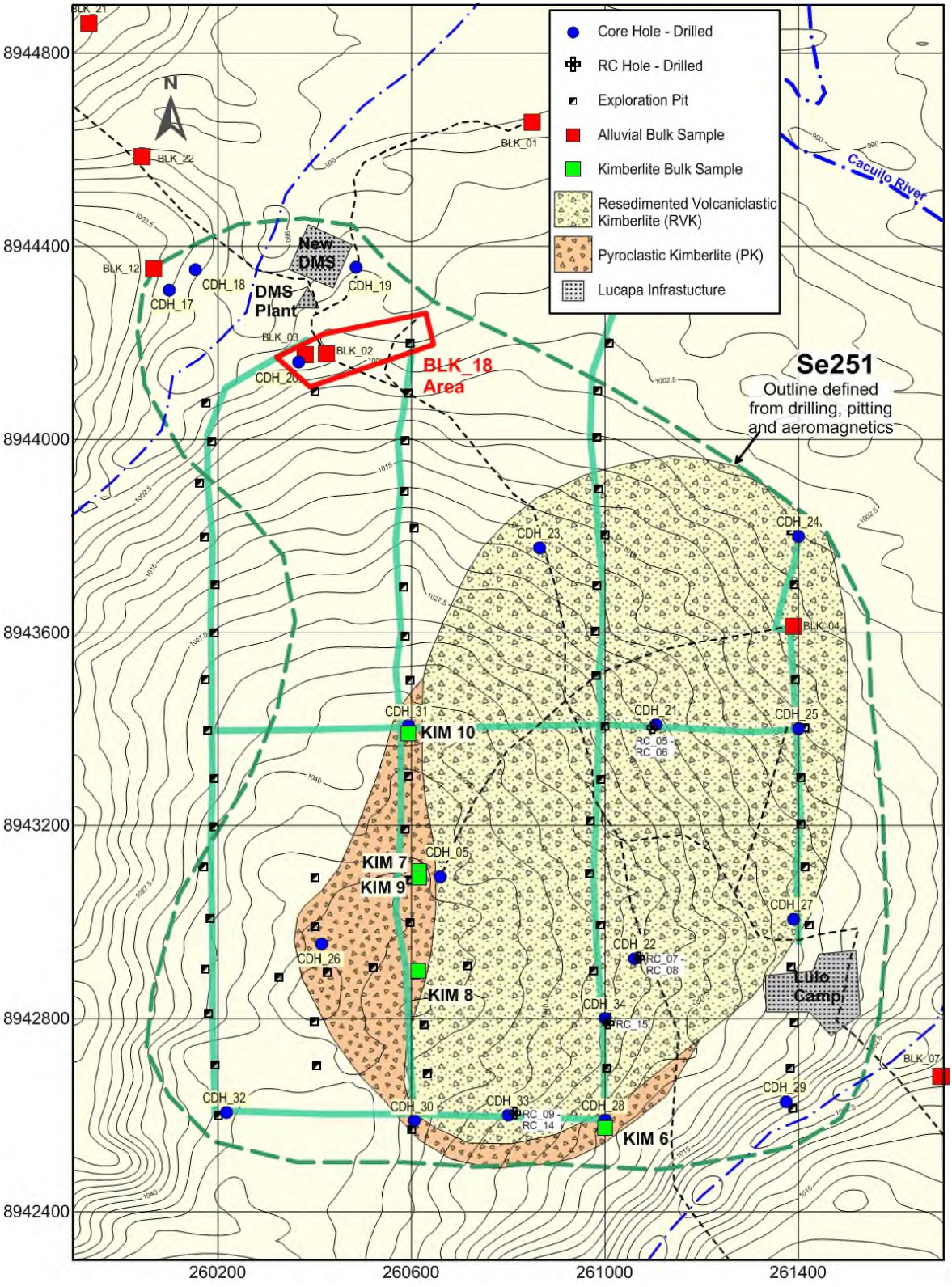
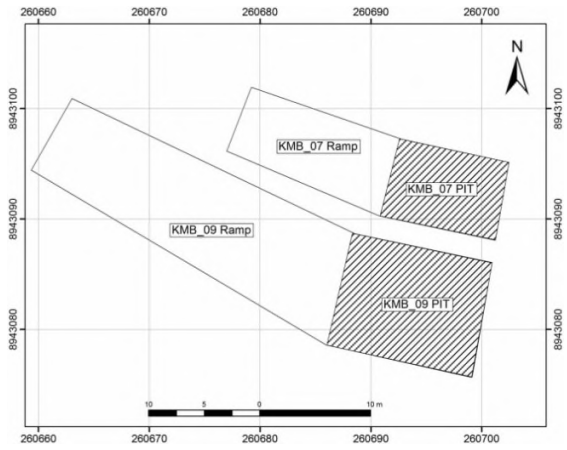


Figure 3: Se251 surface geology and bulk sample locations



KMB_09 pit location

Loading of kimberlite

Diamonds from KMB_07 and KMB_09

Se251 kimberlite pipe - KMB_07 and KMB_09

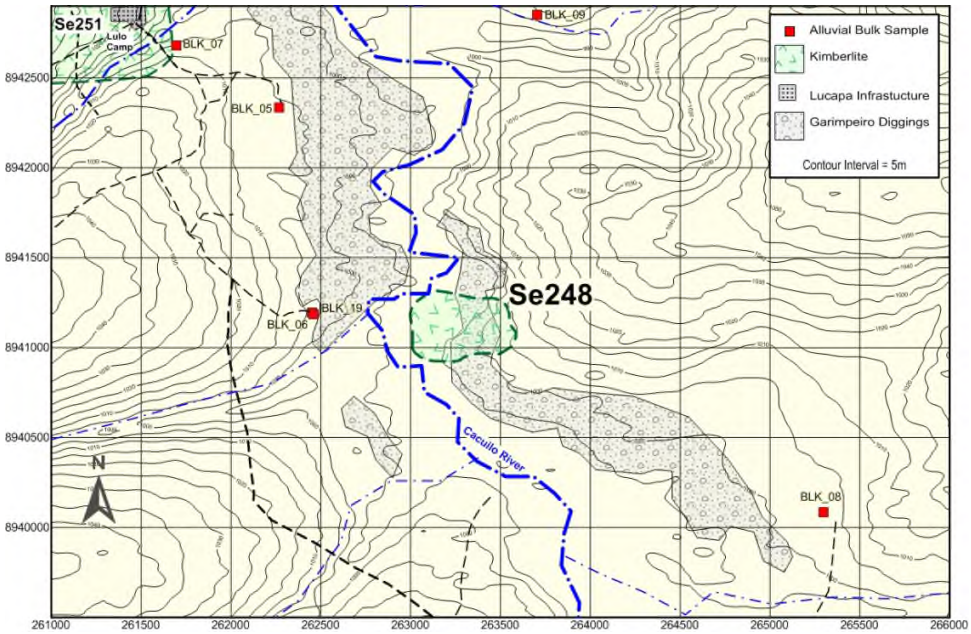


Figure 4: Location of priority kimberlite target Se248

ALLUVIAL DIAMOND PROGRAM

In tandem with its kimberlite exploration programs, Lucapa continues to evaluate 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. As described previously in this report, the two parcels of alluvial Lulo diamonds sold to date have achieved an exceptional average selling price of $A6,960/carat.

As announced to the ASX on 21 May 2014, Lucapa resumed processing alluvial sample through the Company's DMS plant following the end of the Angolan wet season.

During the Quarter, the Company completed processing alluvial bulk samples BLK_20 and BLK_21. Processing of the BLK_22 sample is well advanced and is continuing. Locations of the samples are shown in Figure 5 with details of processing for BLK_20, BLK_21 and BLK_22 provided in Table 2.

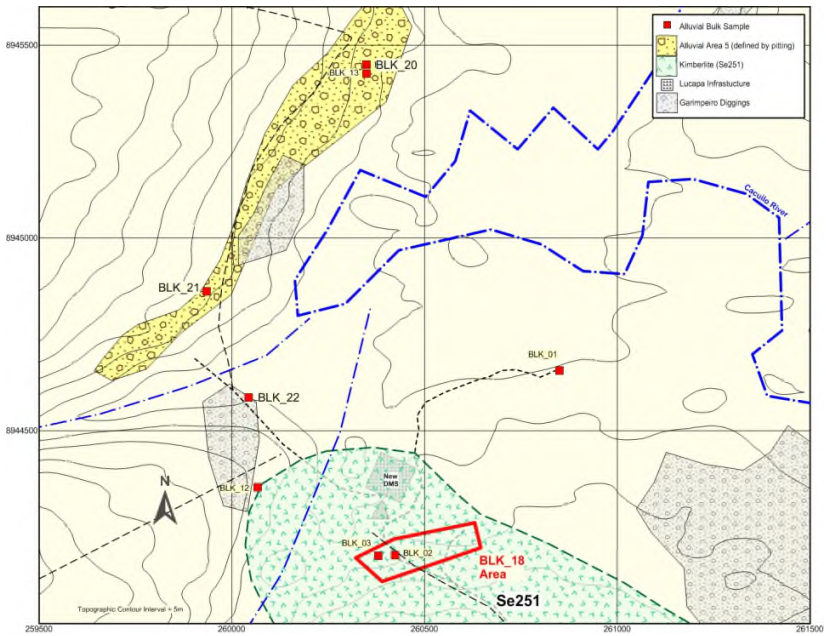


Figure 5: Alluvial sample locations

The BLK_20 bulk sample is located in Alluvial Area 5, where exploration pitting has defined an extensive zone of terrace gravels (Figure 5). A total of 1,280m^3 of gravel was processed from BLK_20 and 87 diamonds weighing 110.3 carats were recovered. The largest diamond weighed 13.3 carats, with another stone weighing 10.15 carats.

The 10.15 carat stone was classified as a Type 2A stone of the highest quality D colour. The average diamond size in the sample was well in excess of one carat (See Table 2).

BLK_21 is located near the southern end of Alluvial Area 5 and just to the north of Se251 (Figure 5). Some 1,290m^3 of gravel was processed from BLK_21 and 124 diamonds weighing 69.75 carats were recovered. The largest stone weighed 6.25 carats and the average diamond weight was just over half a carat (See Table 2).

Lucapa has recently commenced excavating and processing gravel from sample BLK_22, which is a lateritic gravel located close to the company's DMS plant. While BLK_22 is not considered a high priority sample, Lucapa will process this material while higher priority kimberlite and alluvial samples are excavated and trucked to site.

As at 6 July 2014, a total of 427m^3 of material from BLK_22 had been processed. A total of 37 diamonds weighing 23.05 carats had been recovered. The largest diamond recovered weighed 6.25 carats and the average stone size is 0.62 carats. Both the grade and average stone size are higher than expected for this type of gravel.

Processing of BLK_22 will continue in the September quarter.

Until such time as the mining licence is granted, Lucapa will mainly process gravels from relatively close to the DMS diamond plant.

As at 13 July 2014, Lucapa's kimberlite and alluvial diamond inventory stood at 385.4 carats.

Table 2 - Alluvial Sampling Program Summary Results

BULK SAMPLE No.	Sample Type	Gravel Processed (m^3)	Size Distribution				Stones Recov (total)	Diamond Weight Recov (ct)	Average Diamond Size (ct)	Sample Grade (ct/100m^3)	Largest Diamond (ct)
			<1ct	1-2ct	2-5ct	>5ct					
BLK_20	Calonda	1280	56	21	7	3	87	110.30	1.27	8.62	13.30
BLK_21	Calonda	1290	108	10	5	1	124	69.75	0.56	5.41	6.25
BLK_22[3]	Calonda	427	31	4	1	1	37	23.05	0.62	5.40	6.25

1) Lucapa is treating gravel in the +1.2mm -32mm size range.
2) Grade is quoted in carats per 100 cubic metres of gravel.
3) Processing not complete – recoveries to 6 July 2014

Table 2: Diamond recoveries - alluvial sample processing

CORPORATE

On 7 April 2014, Lucapa announced to the ASX the Company had raised $5.5 million, less costs, in a share placement to advance the Lulo Diamond Concession. The placement involved the issue of ordinary new shares at an issue price $0.006 per share, together with the issue of one listed option, exercisable at $0.01 on or before 29 August 2015, for every two placement shares. Canaccord Genuity (Australia) Ltd was the lead manager to the issue, supported by CPS Capital Group.

At the same time, Lucapa announced plans to seek shareholder approval for a 30:1 consolidation of the Company's shares and options (listed and unlisted) on a post-placement basis, including the proposed issue of listed loyalty options on the basis of one loyalty option for every two shares held on a post-consolidation basis.

On 29 May 2014, Lucapa announced the Company had completed the 30:1 share consolidation, which was approved by shareholders on 21 May 2014.

APPOINTMENTS

On 9 May 2014, senior geologist Mr Albert Thamm was appointed a Non-Executive Director of Lucapa and on 21 May 2014, Mr David Jones resigned as a Non-Executive Director of Lucapa.

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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 consultant to 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 Targets, 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

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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. • 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. For kimberlite samples all materials within the sample interval are processed • 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*	• Sample pits are lithologically logged and measured to determine volumes. • Logging is semi-quantitative with edge

	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.*	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.* • *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 rarely used because of the size of the sample. In the case of the first significantly diamondiferous samples collected from kimberlite Se251, two pits side by side were used to confirm the presence of diamonds. • 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*	• Sample sites were located using a hand held GPS with a nominal accuracy of about 5m. • The grid system is WGS84 Zone 34L

	used in Mineral Resource estimation. • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• 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 not 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 samples are considered spot samples within either an alluvial or kimberlitic body. • Insufficient data exists to determine whether sample bias is present but given the nature of the body, bias is considered unlikely.
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%, Lucapa Diamond Company Ltd 40%, Rosas e Petalas S.A. 28% • In May 2014, the authorization for the kimberlite exploration and mining was gazetted. The equity distribution is: ENDIAMA 51%, Lucapa Diamond Company Ltd 39%*, Rosas e Petalas S.A. 19% (*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 25 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 overlie 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.* o *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. For the alluvial sample, the entire gravel horizon was sampled. For kimberlite samples all material excavated from the pit was processed • 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. For BLK_22 and for KMB_09 the results are progress results with more material still to be treated. Results reported are up to 6-07-2014
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_22 is ongoing and results will be reported progressively. Additional bulk sampling of the Se251 kimberlite will be undertaken. Bulk samples of other kimberlites are planned. 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.*	• Samples were collected from hand-dug prospecting pits approximately 0.7m deep • Indicator minerals were concentrated and recovered in the field by hand panning of samples. • Indicator grains were identified and counted by an experienced Lucapa geologist using a x10 Loupe. Only +1mm indicator minerals were counted.
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. • As described in the report a number of diamonds were also recovered from surface kimberlite samples
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 and weathered kimberlite. 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 32mm. • 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.* • *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.*	• 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. • 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

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:*
	  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.*
		• Value estimates are based on recoveries from a commercial scale DMS plant. Total liberation methods have not been employed.
		• Much of the detailed diamond valuation data is considered commercially sensitive and the independent valuer, Jaguar Pty Ltd has not allowed details of the valuation to be released.
		• Broad details of the parcel valued are included in the text.
		• The parcel of diamonds sold includes all diamond held by Lucapa at the time the valuation was undertaken (February 2014).
		• The bottom cut-off used is the same as the plant – 1.2 mm slotted screen.
		• Values are reported in US and Australian Dollars.
		• The price quoted is the sale price.
		• No significant diamond breakage was recognised.

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. • Gross 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.