ASX Announcement

16 March 2016

# KIMBERLITE DRILLING TARGETS DEFINED AT HIGH PRIORITY L259

- *Systematic electromagnetic and gravity surveys, combined with geological pitting programs, have successfully defined target areas for upcoming kimberlite drilling program at the high-priority L259*

## HIGHLIGHTS

- Geophysical survey results from the high-priority L259 have modelled a 78-108 hectare body which is consistent with the weathered near-surface expression of a kimberlite, or its crater
- The electromagnetic (EM) survey results show a strong correlation with the recent gravity survey results from L259, indicating that both are mapping the same body
- EM and gravity results also correlate well with the geological pitting that identified kimberlite material at L259
- These systematic geophysical and geological work programs have successfully defined the target areas for the upcoming drilling program at L259

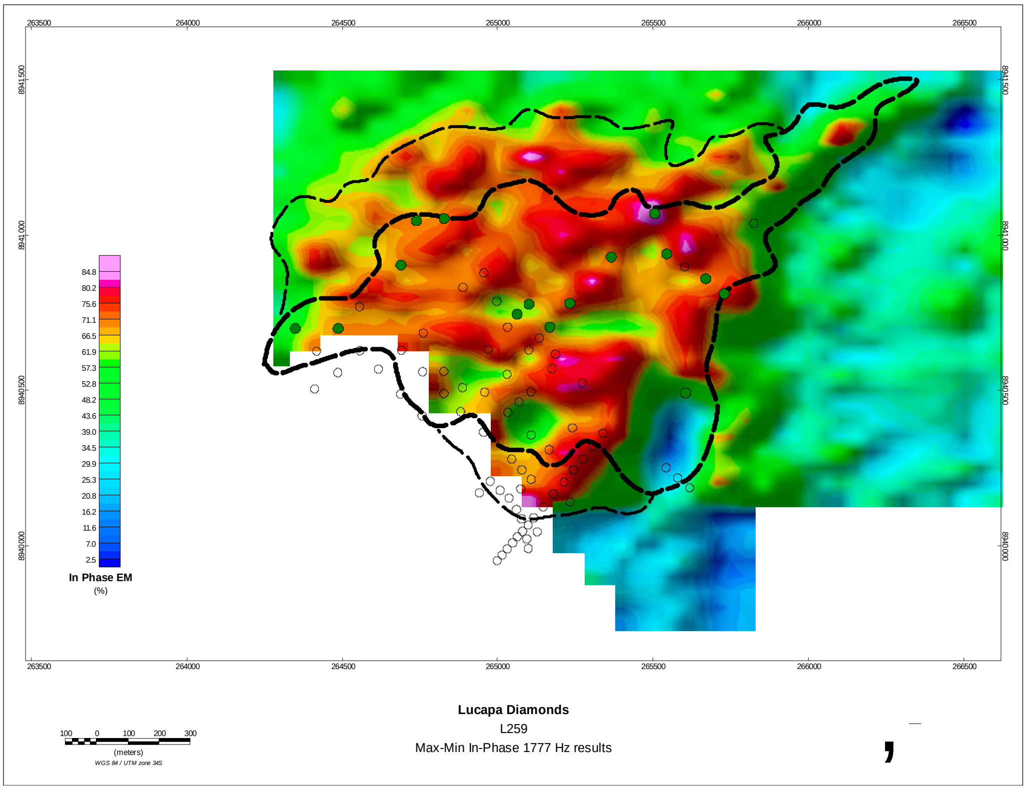


Figure 1: 2D EM conductivity (gridded 1777 Hz data) in plan, overlaid on pits and the outline of the gravity low. There is good correlation between SRVK kimberlite in pits (green circles) and the most conductive parts of the body and the gravity signature

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Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") is pleased to announce the results of the geophysical survey program conducted over the high-priority L259 kimberlite target (Figure 1) and surrounding kimberlites at the Lulo Diamond Project in Angola.

The survey program comprised gravity and electromagnetic surveys over L259 and an extension survey to the east over kimberlite L13 and kimberlite target E217 (Figure 2). The surveys over L15, which is south of the Cachuma River, will be undertaken at a later date.

An orientation survey was also completed over the known Lulo kimberlite L251 (Figures 3 and 4) to aid in the interpretation of the data set over the larger survey area around L259.

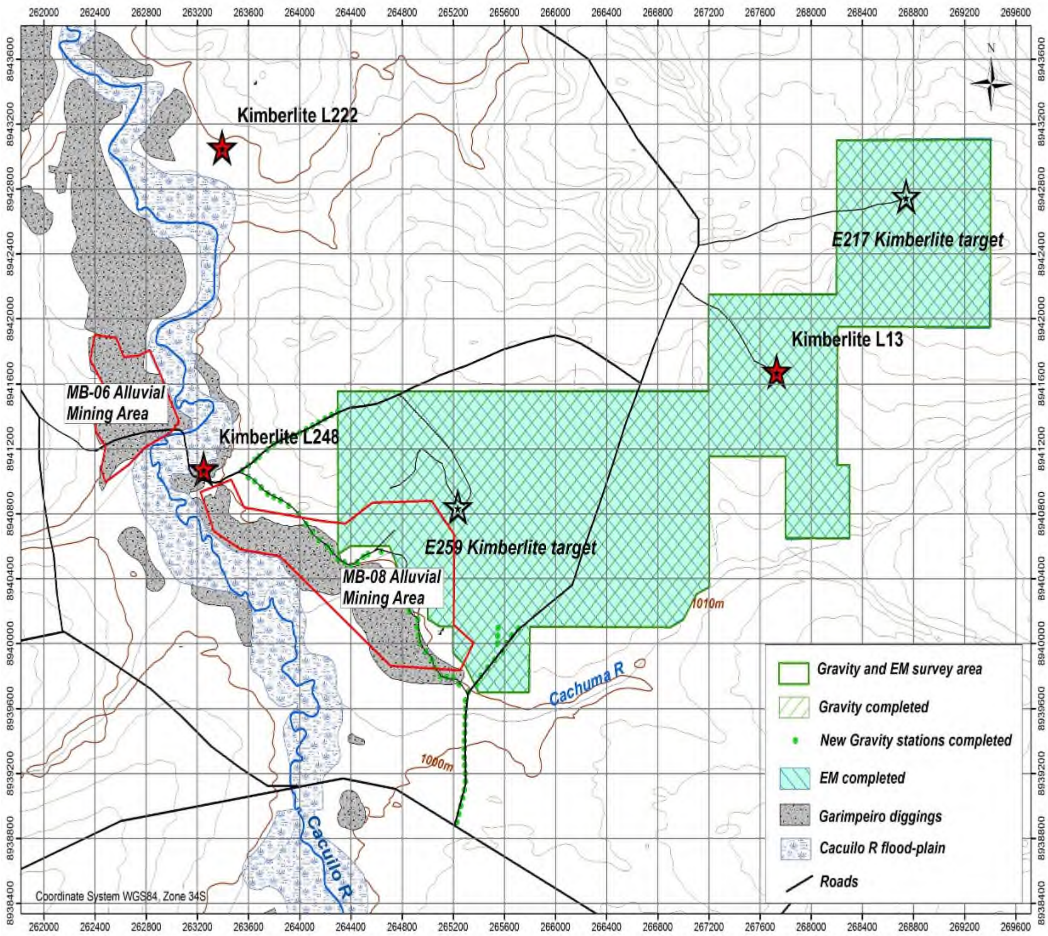


Figure 2: L259 survey area and extensions eastwards

The program consisted of a conventional surface gravity survey, a horizontal-loop EM (HLEM) ground survey and post-survey 2D and 3D modelling of the L259 results.

Johannesburg-based GRS Consulting was engaged to design the geophysical programs and process and interpret the results. Australian based Foundation Resources was engaged to assist in the interpretation and work with the Lulo geologists to plan upcoming fieldwork, based on the results. The field survey work was carried out by consultants GPR Geophysics, Botswana. Richard Price (Foundation Resources) reviewed the geophysics data and provided geological interpretation.

In its report, GRS Consulting said the survey work over L259 had defined an estimated 78-108ha, low-density, moderately-conductive body, modelled to a depth of between 35-100 metres. This was consistent with the weathered near-surface expression of a kimberlite, or its crater. The area below the low-density zone was interpreted to have a similar density to the country rock. The rock type below the low density zone cannot be ascertained by the geophysics alone, as the unweathered kimberlite at L13 also appeared to have a similar density to the surrounding shale country rock.

The GRS Consulting report concluded: "*One of the main objectives of doing the geophysical surveys was to delineate a body at L259 for drilling, and to map its size and shape. This has been achieved without a doubt, with good correlation between the gravity and EM surveys.*"

The 3D modelling conducted by GRS Consulting also demonstrated considerable variation in conductivity within the body. Significantly, the most conductive zones correlated with the geological pits where Lucapa previously recovered in-situ sandy re-sedimented volcaniclastic kimberlite (SRVK) material in the centre of the low density body (See ASX announcement 6 October 2015).

This was supported by the orientation survey on the gravity-high L251 kimberlite, which demonstrated the pyroclastic kimberlite (PK) was conductive, as were the margins of the resedimented volcaniclastic kimberlite (RVK).

Drilling a vertical borehole within the centre of the gravity and EM anomaly was also recommended by GRS Consulting to confirm the nature of the body.

**Kimberlite Drilling and Exploration Program – Next Steps**

The geophysical survey and geological pitting results have provided Lucapa with the target definition required for the upcoming drilling program at L259.

The Landcruiser-mounted drill rig purchased by Lucapa in late 2015 was shipped to Angola in February (See ASX announcement 1 February 2016).

This multi-purpose rig will be used for the initial drilling program at L259. This program is scheduled to commence in April 2016, once the work permits for the drilling crew have been issued.

Lucapa will update the market when the drilling program commences. The potential aims of this drilling program include:

1. To confirm the presence of kimberlite material in areas of coincident gravity and EM and potentially deeper beyond the survey limits;
2. To define kimberlite material suitable for sampling and treatment;
3. To extract kimberlite core samples for detailed petrographic analysis and recovery of indicator minerals. Selected indicator grains may also be submitted for microprobe geochemical analysis; and
4. To assist in defining the internal geology of the body.

In addition to the drilling program at L259, Lucapa also plans to continue its kimberlite exploration program at other proximal priority targets highlighted in the GRS Consulting report, including E217, L13 and the small magnetic dipole identified to the south.

EM surveys and drilling will also be conducted over the L248 kimberlite which is in between alluvial Mining Block 8 and 6 (Figure 2).

Lucapa Chief Executive Stephen Wetherall said he was pleased with the results of the extensive geophysical surveys conducted at L259, which is located in the high priority area and considered a potential source of the large and valuable alluvial diamonds being mined at Mining Block 8 and possibly Mining Block 6.

*"We have adopted a systematic exploration approach to this area since identifying L259 as our most high priority kimberlite target at Lulo in late 2015,"* said Mr Wetherall.

*"Our geophysical and geological work programs recently concluded at L259 have now provided us with target areas for the upcoming drilling program."*

**Geophysical Survey Parameters**

A Scintrex CG5 Autograv and Trimble 5700 DGPS (differential GPS) were used for the gravity data collection, whilst an Apex Max-Min was used for the horizontal loop EM (HLEM) data collection. Data was checked every few days. Reading repeatability, drift, standard deviations, instrument levelling and GPS quality were all closely monitored for the gravity survey. Three local base stations were used to correct for drift, as well as one main base station at the camp. Tidal, elevation, Bouguer and latitude corrections were all carried out. Thereafter the data was gridded as Bouguer gravity data in Oasis Montaj, and then a regional trend removed to enhance any local anomalies.

In terms of the HLEM Max-Min data, the following quality control procedures were carried out:

- Phase Mixing checked daily at the start of the survey;
- The presence of any cultural noise sources such as power lines, fences, buildings etc. was noted;
- Precise distances measured between the transmitter and receiver; and
- Possible geographical noise such as rivers, swamps, clays and laterite cover was noted to aid in the interpretation.

Given the Calonda cover and the Kalahari sand present and the high amounts of rainfall being experienced, differing base (zero) levels were experienced from day to day. This was due to the highly variable levels of residual moisture retained in the soil and overburden. For this reason, data levels between various days of work, and even the data between morning and afternoon, varied substantially. Striping was often evident and base levels either had to be manually shifted, or the gridded data filtered.

Several trial lines at L251 and L259 were run with the Apex Max-Min instrument, using three different cable lengths being 50m, 100m and 150m. On review of the data collected, it was concluded that a 100m cable yielded the least noisy results with the best signal-to-noise ratio (SNR). It was also concluded that four frequencies would be collected, these being 444 Hz, 888 Hz, 1777 Hz and 3555 Hz.

In order to select a Bouguer density correction value for the country rock in the area, it is accepted practice to run a range of density corrections and then observe which of these yielded a product which had the least correlation with topography. The objective of any gravity survey is for the dataset to be as independent of topography as possible. In this case, Bouguer corrections were calculated for densities ranging from 1.5 g/cc to 2.8 g/cc. For the larger L259 survey, the densities which yielded a product least correlated with the major spurs and valleys in the area were 1.8 g/cc to 2.0 g/cc. The mean value of 1.9 g/cc was selected.

Post survey 3D gravity modelling of L259 was undertaken using Geosoft™ VOXI inversion software. The software creates a cube of data in the ground beneath the survey area and then breaks the cube up into smaller volume elements (voxels), or cells. Each cell was assigned a density contrast with its surroundings and the gravity field was calculated from these values and compared to the actual gravity field measured during the survey.

The density values in each cell were then varied in real time until the computed gravity field matched the measured gravity field. The end result was a volume of earth with clustered density values which can explain the measured gravity field. Inputs into the 3D model were the residual gravity data and elevation data only.

The HLEM Max-Min dataset was also modelled using Geosoft™ VOXI 3D modelling software. It should be noted that the Max-Min is a shallow penetrating EM instrument where, due to the geometry and cable length, penetration deeper than 40-50m cannot be expected.

The modelling process is as in the gravity section, except that the variable is conductivity, not density contrast. Iterative re-focusing was carried out as a matter of course. Max-Min EM modelling is more complex than gravity modelling in that the base levels of the in-phase and out-of-phase data have to be consistent from line to line and day to day. To achieve this for a survey where every line had differing levels of moisture in the soil, a statistical approach was used. The mean for each frequency's in-phase and out-of-phase data was calculated and then the entire dataset for the survey re-levelled to 'zero' by the value of the mean. What this in effect achieved was that conductivity contrast, not conductivity, was computed, as the background conductivity had been nulled. This did not affect the anomalies, the focus of interest, in any way.

The objective of this modelling was to confirm the body size, shape and depth extent as interpreted from the gravity data. All four frequencies, both in-phase and out-of-phase data, could be modelled at once, and the model output was a conductivity voxel (volume elements) which could be clipped to show the most conductive zones within the voxel. This could be converted into a 3D solid iso-surface and then exported as a 3D dxf for import into any other 3D visualisation software.

**Orientation Survey**

To test both the gravity and EM equipment under operational conditions, known Lulo kimberlite L251 was tested to establish and refine the survey methods.

The test work over kimberlite L251 indicated a clear gravity high as well as a well-defined, moderate EM anomaly (Figures 3 and 4). The shapes of these anomalies correlated well with the existing aeromagnetic data. This result showed that both methods could be used to detect and map kimberlites in the area, especially non-magnetic kimberlites. While ground gravity could be used as a follow-up tool, the EM results showed that airborne EM would be an effective technique for exploration on a regional scale.

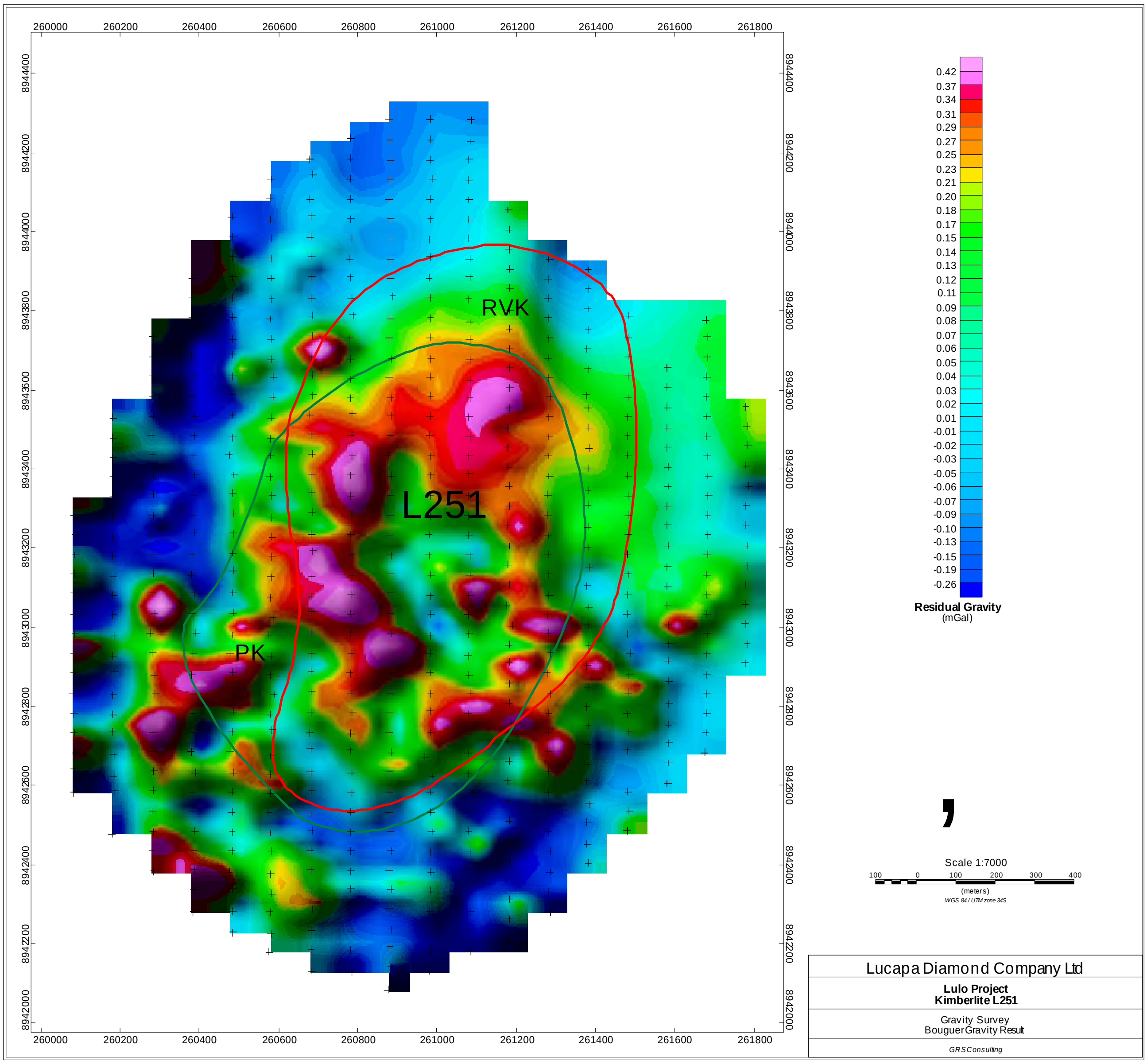


Figure 3: Residual gravity result for Lulo kimberlite L251

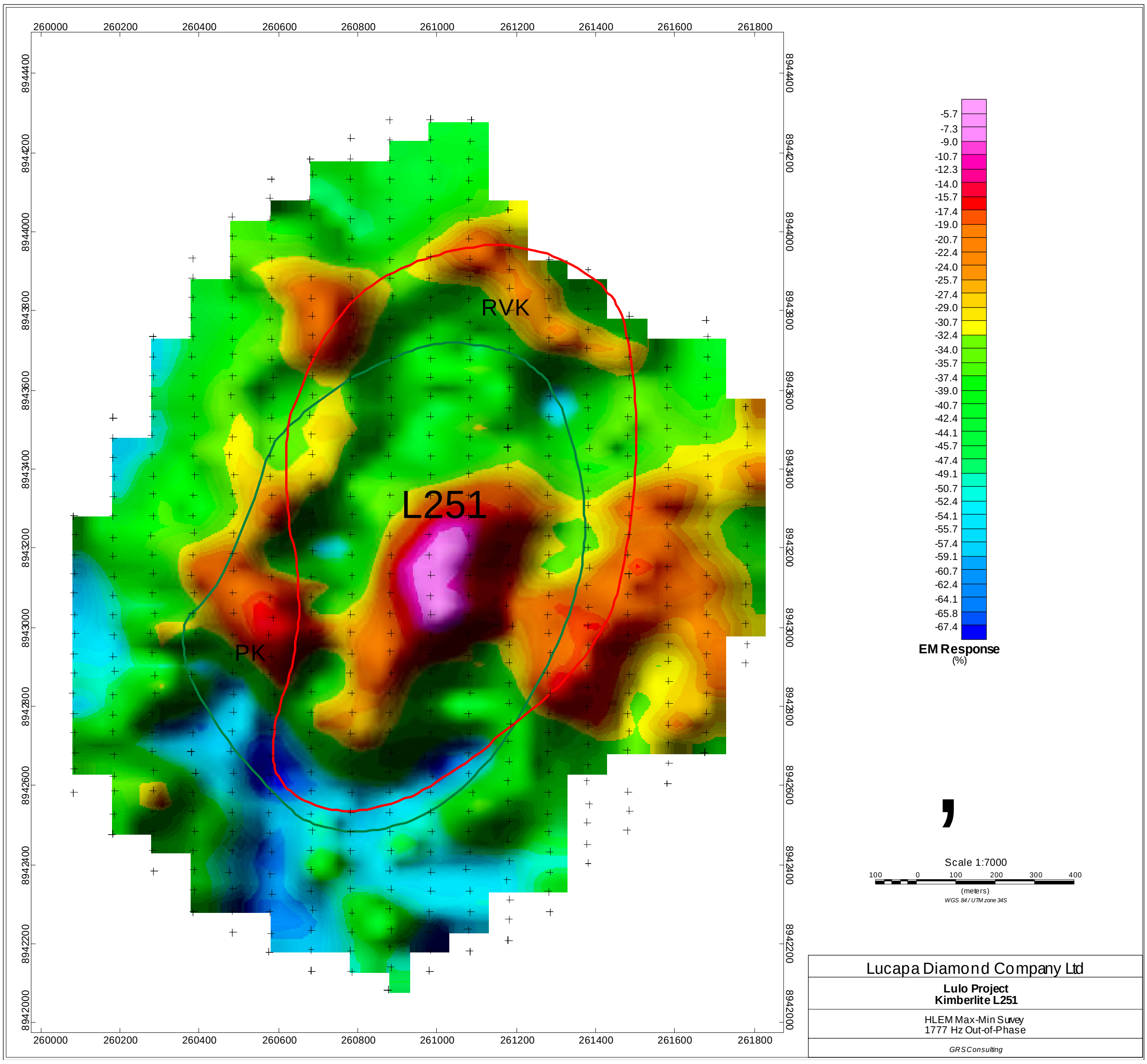


Figure 4: HLEM Max-Min response over Lulo kimberlite L251, out-of-phase frequency 1777 Hz

## L259 3D Gravity

The results of the 2D gravity survey were reported to the ASX on 1 February 2016. Inputs into the 3D model comprised the residual gravity data and elevation data only. The initial computation was unconstrained, with there being no drill-hole or third dimension geological data with which to constrain it. After the initial computation, iterative re-focusing to force the software to cluster the lowest or highest values where possible could be undertaken. There were a number of higher density zones within the blue gravity low which were interpreted as xenoliths. At surface, the model broadly coincided with sub-crop geology as excavated in pits, prior to the geophysical program.

At depth the unconstrained gravity model sloped inwards (Figure 5) and resolved into around 30ha approximately 600m below surface. The only known local geology that fits this interpretation is kimberlite crater and diatreme.

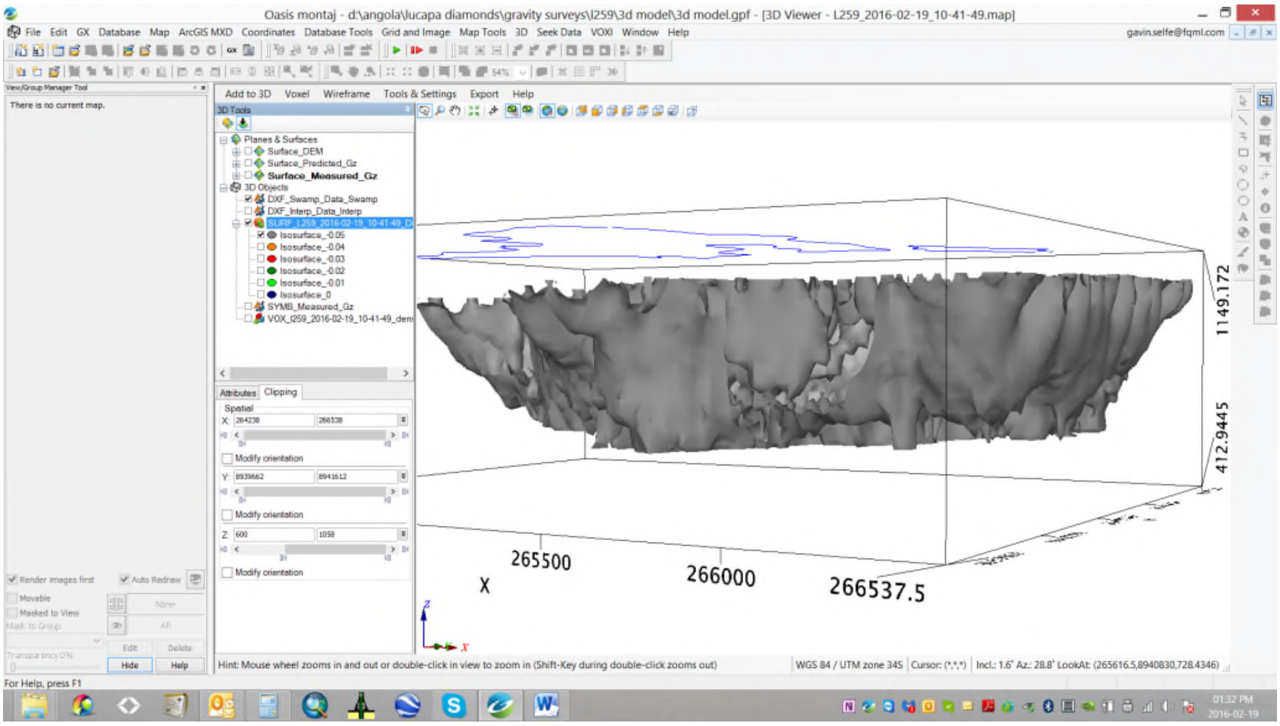


Figure 5: 3D shell representing the bedrock interface as modelled from the gravity, viewed from the SE. The 3D model extrapolates the shell to hundreds of metres but 2D modelling shows that this is excessive and the low density zone is most likely 35–100m thick

**L259 Max-Min EM 2D & 3D**

The filtered HLEM Max-Min result (1777 Hz in-phase) data is shown in Figure 1. The 444 Hz and 888 Hz frequencies showed similar results. The filtered out-of-phase data, particularly for the deepest penetrating frequency 444 Hz, was good. The shallowest penetrating frequency (3555 Hz) was strongly affected by the moisture and cover in this area and was largely opaque.

The results of the 3D modelling are shown in Figure 6. Only the most conductive parts of the body are shown. There is a strong relationship between these zones, and where kimberlite (SRVK) has been recorded in pits. This indicates that the SRVK is conductive, much like the kimberlite at L251.

It also shows that the SRVK does not occur throughout the low-density body, but is confined mainly to the centre. We know from the pits to the south and north that these contain sediments which are more resistive. The Max-Min data thus maps the interior of the body.

Due to the nature of the EM and gravity data technique, only the near surface expression is capable of being mapped confidently from the dataset, with the model at depth being open to interpretation.

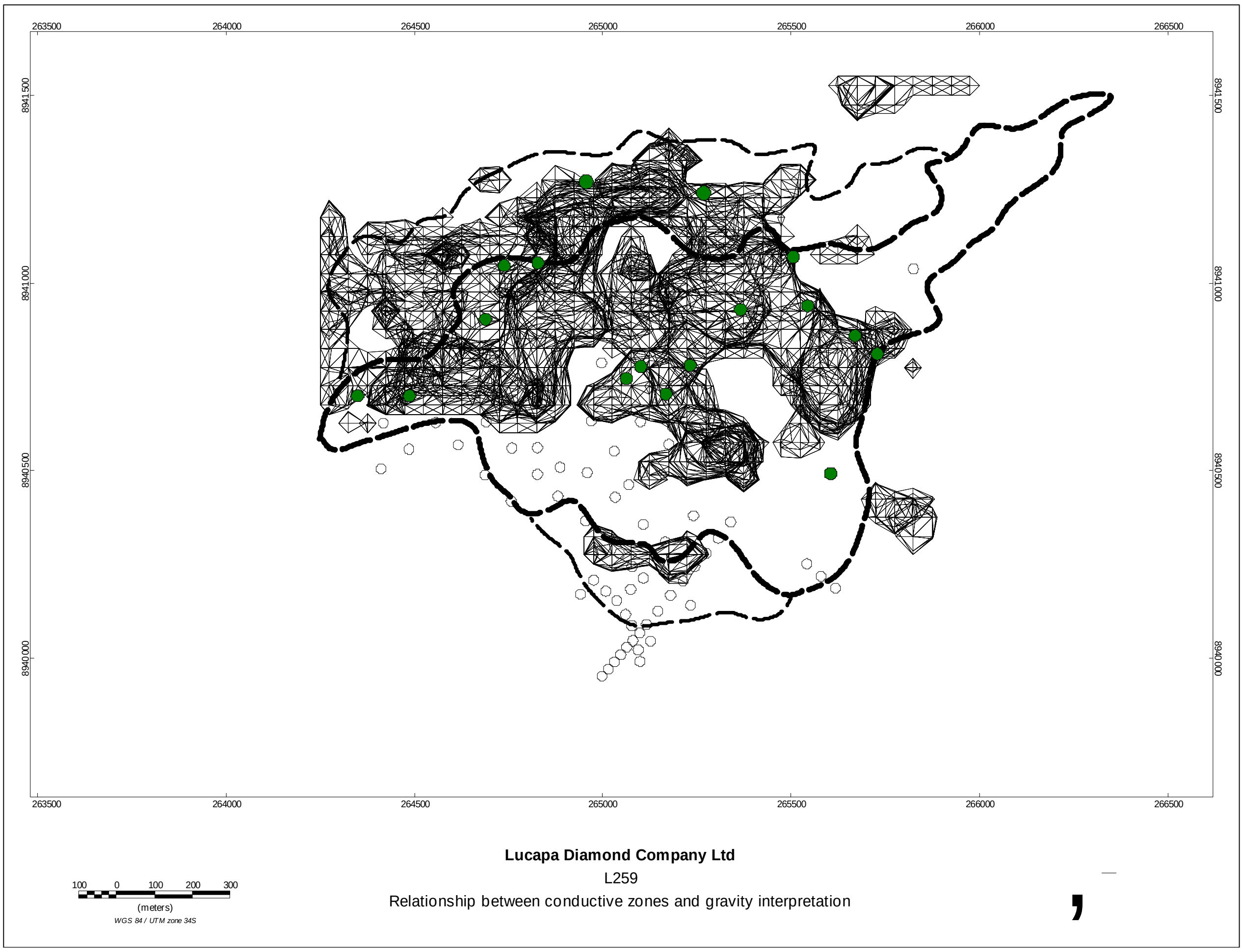


Figure 6: 3D conductivity in plan, overlaid on pits and the outline of the gravity low. Modelled from 3 frequencies being 444, 888 and 1777Hz. There is good correlation between SRVK kimberlite in pits (green circles) and the most conductive parts of the body and the gravity signature.

## Summary

There is excellent correlation between the outlines of the low density L259 body mapped by the gravity survey and the moderately conductive body mapped by the EM survey. The size of the body mapped is between 78-108ha. In detail, 3D modelling of the Max-Min EM data shows there is considerable variation in conductivity within the body and that the most conductive zones correlate well with pits where kimberlite (SRVK) was intersected in the centre of the body.

This is in agreement with the test survey on L251, which shows that the PK kimberlite is conductive, as are the margins of the RVK kimberlite. The L259 body, however, displays a gravity low whilst the L251 kimberlite displays a gravity high.

The geophysical data recorded to date is consistent with that of the weathered near-surface expression of a kimberlite, or its crater. SRVK kimberlite has been found in-situ within the centre if the body. This is conductive, as at L251. The gravity anomaly is flat-bottomed. What lies beneath the low-density zone, interpreted as part of a diatreme/crater, has the same modelled density as the country rock. This does not preclude the possibility of there being a kimberlite pipe at depth, of the same density as the country rock.

The multi-purpose drill will firstly target the geology at L259, as delineated by these programs. The surrounding kimberlite targets in this high priority area will then be drilled. In addition, the core recovered will assist the further refinement of rock petrophysics (density and magnetic susceptibility) to further aid the 3D modelling process.

For and on behalf of the Lucapa Board.

**STEPHEN WETHERALL**
**CHIEF EXECUTIVE OFFICER**

**Competent Person's Statement**

The overall exploration information reported is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm M.Sc. F.Aus.IMM (CP Management), who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr. Thamm is a Director and shareholder of Lucapa Diamond Company Limited. Mr. Thamm 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. Thamm consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The geophysical information and interpretation reported is based on and fairly represents information and supporting documentation prepared and compiled by Gavin Selfe, Pr.Sci Nat., (400194/09) who is a member of a ROPO (Recognised Overseas Professional Organisation). Mr. Selfe is the owner of GRS Consulting, which supervised and then modelled the geophysical program of L259. Mr. Selfe 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. Selfe consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

The geophysical information and geological interpretation as audited is based on and fairly represents information and supporting documentation prepared and compiled by Richard Price, M.Aus.IMM, who is a Corporate Member of the Australian Institute of Mining and Metallurgy. Mr. Price a Principal at Foundation Resources, Perth, independently modelled the geology and geophysical program of L259. Mr. Price 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. Price consents to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

**No New Information**

To the extent that this announcement contains references to prior exploration results and Mineral Resource estimates, which have been previous market announcements made by the Company, unless explicitly stated, no new information is contained. Other than the gravity and EM results, no other new information is stated. The Company confirms that it is not aware of any new information or data that materially affects the information included in the prior relevant market announcements and, in the case of estimates of Mineral Resources that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed.

**Forward-Looking Statements**

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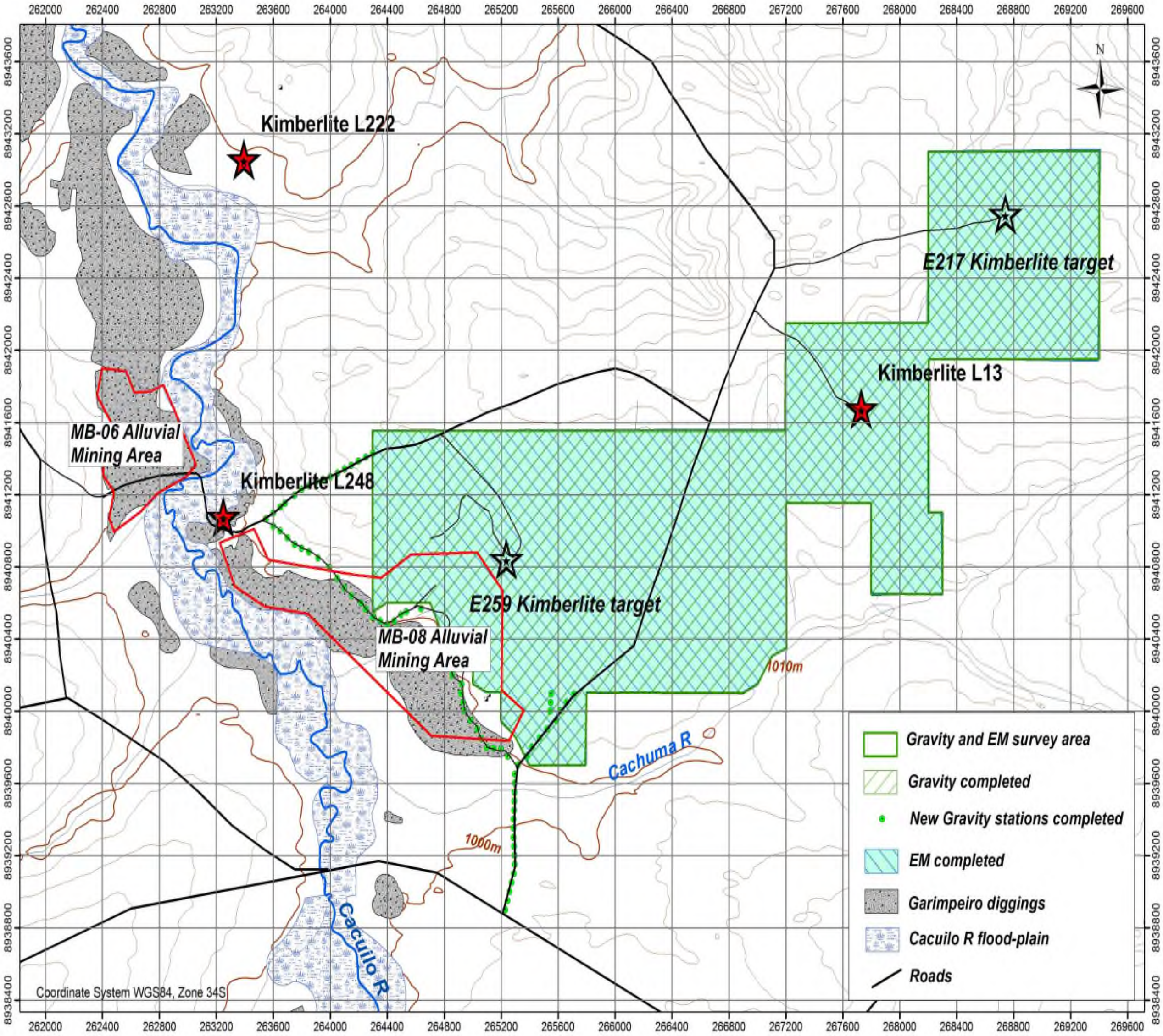
**Appendix 1**
**General site and reference map**



**Appendix 2**
**Lucapa Geophysical Surveys**
**JORC Code, 2012 Edition**
**Table 1**

**Section 1: Sampling Techniques and Data**
**(Criteria in this section apply to all succeeding sections.)**

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***Sampling techniques*** | • *Nature and quality of sampling (e.g. 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.*<br>• *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.*<br>• *Aspects of the determination of mineralisation that are Material to the Public Report.*<br>• *In cases where 'industry standard' work has been done this would be relatively simple (e.g. '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 (e.g. submarine nodules) may warrant disclosure of detailed information.* | • This result is the outcome of geophysical surveys, no drilling or related sampling applies.<br>• Horizontal Loop EM results and 2D and 3D interpretations are reported.<br>• The survey is an industry standard HLEM survey.<br>• Data generated are measurements designed to determine rock density and conductivity contrast.<br>• No mineralisation is reported.<br>• The L259 survey area was 4.8 x 2.8km in area, the orientation survey of L251 was 2.1 x 1.7 km in size. |
| ***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 applicable to this result. |
| ***Drill sample recovery*** | • *Method of recording and assessing core and chip sample recoveries and results assessed.*<br>• *Measures taken to maximise sample recovery and ensure representative nature of the samples.*<br>• *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.* | • Drill sample recovery does not apply to this geophysical method. |
| ***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.* | • These geophysical methods do not involve the logging of core or chip samples.<br>• Data logging is quantitative in nature. See text above.<br>• Total length is not an applicable concept. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*<br>• *The total length and percentage of the relevant intersections logged.* | |
| ***Sub-sampling techniques and sample preparation*** | • *If core, whether cut or sawn and whether quarter, half or all core taken.*<br>• *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.*<br>• *For all sample types, the nature, quality and appropriateness of the sample preparation technique.*<br>• *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.*<br>• *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.*<br>• *Whether sample sizes are appropriate to the grain size of the material being sampled.* | • Sub-sampling is not an applicable concept to this types of geophysical surveys.<br>• No samples are generated. |
| ***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.*<br>• *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.*<br>• *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.* | • The method could be considered total.<br>• The gravity geophysical instrument used in the survey was a Scintrex CG5 Autograv.<br>• The HLEM instrument is Apex Max Min, with 100m loop.<br>• Standards, blanks, duplicates, external laboratory checks are not applicable concepts. See text<br>• Reading repeatability, drift, standard deviations, instrument levelling and GPS quality are all closely monitored during the survey. |
| ***Verification of sampling and assaying*** | • *The verification of significant intersections by either independent or alternative company personnel.*<br>• *The use of twinned holes.*<br>• *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.*<br>• *Discuss any adjustment to assay data.* | • The survey was undertaken by independent contractors under the direction of consulting geologists.<br>• Twinning is not an applicable concept.<br>• Post processing was carried out using Oasis Montaj's (Geosoft ™) gravity processing module.<br>• One main base station and 3 sub-base stations were used for the defined grid.<br>• The data were tide, drift, elevation, free air and latitude corrected and also Bouguer corrected.<br>• Bouguer corrections were done for densities from 1.5 g/cc to 2.8 g/cc, and the density with least correlation with topography selected. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| ***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.*<br>• *Specification of the grid system used.*<br>• *Quality and adequacy of topographic control.* | • Survey and data location was established using a differential GPS (DGPS) is a Trimble 5700 RTK instrument with base and rover.<br>• Data is geocoded and recorded in projection WGS 84, Zone 34 South.<br>• Topographic control is established during such an RTK DGPS survey. |
| ***Data spacing and distribution*** | • *Data spacing for reporting of Exploration Results.*<br>• *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.*<br>• *Whether sample compositing has been applied.* | • The data were collected at 100m line spacing and 50m station spacing on a regular grid. Line direction was North-South. |
| ***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.*<br>• *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 dataset is generated on the surface, above outcrop and sub-cropping geology. |
| ***Sample security*** | • *The measures taken to ensure sample security.* | • Not an applicable concept applied to geophysical data. |
| ***Audits or reviews*** | • *The results of any audits or reviews of sampling techniques and data.* | • The data and interpretation were reviewed by a separate CP. |

## Section 2: Reporting of Exploration Results

| Criteria | JORC Code explanation | 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.*<br>• *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.<br>• 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.<br>• The Angolan Government Gazette, dated 24 December 2007, authorized the formation of a Joint Venture for the exercise of prospecting, evaluation and mining of |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | 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%<br>• 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.).<br>• 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. A new 10 year alluvial mining licence was signed end July 2015 creating "Sociedade Mineira Do Lulo, LDA." an Angolan company in which Lucapa Diamond Company Ltd will have a 40% beneficial interest. |
| ***Exploration done by other parties*** | • *Acknowledgment and appraisal of exploration by other parties.* | • Limited exploration has been undertaken by state controlled entities.<br>• 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 sediments within the Lucapa Graben.<br>• 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:*<br>o *easting and northing of the drill hole collar*<br>o *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*<br>o *dip and azimuth of the hole* | • No Drillhole information applies. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | o *down hole length and interception depth*<br>o *hole length.*<br>• *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.* | |
| ***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.*<br>• *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.*<br>• *The assumptions used for any reporting of metal equivalent values should be clearly stated.* | • Weighting averaging techniques, maximum and/or minimum grade truncations are not applicable concepts.<br>• No aggregate intercepts are used in this technique.<br>• Metal equivalents are not an applied concept to this data. |
| ***Relationship between mineralisation widths and intercept lengths*** | • *These relationships are particularly important in the reporting of Exploration Results.*<br>• *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.*<br>• *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').* | • This is not an applicable concept to geophysical exploration results. |
| ***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.* | • Diagrams are included in the body of the text. |
| ***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 gravity result over kimberlite target L259 is reported as complete.<br>• The EM result over kimberlite target L259 is reported as complete.<br>• A **free-air gravity anomaly**, called the **free-air anomaly**, is the measured gravity anomaly after a free-air correction is applied to correct for the elevation at which a measurement is made. The reference level is commonly taken as the mean sea level.<br>• The **Bouguer anomaly** is a gravity anomaly, corrected for the elevation at which it is measured and the attraction of surrounding terrain. |

| Criteria | JORC Code explanation | Commentary |
|---|---|---|
| | | • **Residual gravity** is the portion of a gravity effect remaining after removal of a regional trend. |
| ***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.* | • Airborne magnetic techniques initially used to define kimberlite targets, followed up with pitting, trenching and limited drilling to confirm kimberlite intrusion though Karoo age basement sediments. |
| ***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).*<br>• *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.* | • Drill testing of L259 and other targets will begin as soon as practical.<br>• Further extension of both gravity and EM over L248, west of L259.<br>• Diagrams are included in the text. |