LUCAPA
DIAMOND COMPANY

ASX Announcement 19 January 2017

LULO EXPLORATION UPDATE

Highlights

Priority Kimberlite Target Drilling

- **Lulo kimberlite drilling program stepped up with second rig in operation and third rig scheduled to be on site in the March 2017 Quarter, enabling the concurrent drilling of multiple targets**
- **Ongoing infill drilling at the ~100 hectare L259**
- **Coarse, near-surface kimberlite material intersected in drilling of two other priority kimberlite targets – L18 and L171**
- **Steeply-dipping kimberlite crater-infill intersected at L248, located between alluvial Mining Blocks 8 and 6**

Updated Alluvial JORC Resource

- **Pitting and auger drilling undertaken to open up new mining blocks for an updated alluvial JORC resource, which is scheduled for release in the March 2017 Quarter**
- **Two +20 carat diamonds recovered from preliminary bulk sampling of new alluvial area at Mining Block 28, located ~4km south of Mining Block 8**

24 carat Type IIa D-colour diamond from new Mining Block 28

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Lucapa Diamond Company Limited (ASX: **LOM**) ("Lucapa" or "the Company") and its partners Empresa Nacional de Diamantes E.P. ("Endiama") and Rosas & Petalas are pleased to provide an update on exploration activities at the Lulo Diamond Project in Angola.

These exploration activities include both kimberlite exploration and alluvial resource expansion work programs, which are being conducted in parallel with the ongoing alluvial diamond mining operations at Lulo.

The kimberlite exploration program aims to locate the source, or sources, of the large premium-value alluvial diamonds being mined at Lulo. These alluvial diamonds achieved the highest per carat sale price (US$2,983) of any run of mine production in the world in 2016 (See ASX announcement 5 January 2017).

The alluvial pitting and auger drilling exploration programs are for the purpose of expanding and updating the Lulo JORC alluvial resource from that announced to the ASX on 15 December 2015.

Exploration of Priority Kimberlite Targets

As previously announced, the Lulo kimberlite drilling program has focused on the priority targets in the area near the high-value Mining Block 8, which has been a regular source of large valuable alluvial diamonds of up to 404 carats.

Drill targeting remains results driven and the list of priority drilling targets (Figure 1) may be revised once the results of the helicopter-borne Time-Domain Electromagnetic ("TDEM") survey are received and analysed by the Lulo geological team.

This TDEM survey will be flown over the Cacuilo River and valley area at Lulo to help identify any additional non-magnetic kimberlite targets and to improve the definition of known targets. Due to permitting delays, this survey is now scheduled to be flown in the March 2017 Quarter, weather permitting.

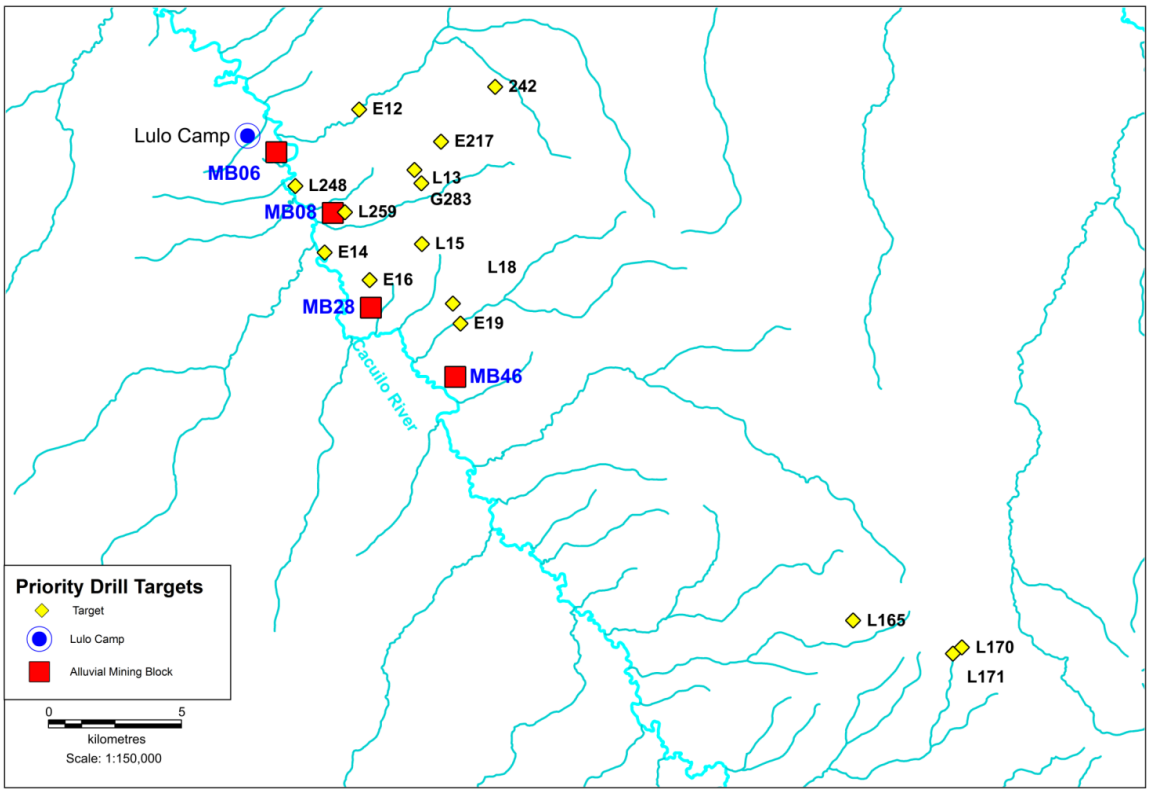

Figure 1: Priority Lulo kimberlite targets scheduled for ongoing drill testing

The Lulo partners commenced the kimberlite drilling program in mid-2016 using a mobile Sedidrill rig, which has also been used for alluvial resource expansion auger drilling.

During the December 2016 Quarter, a second contract (Rosanstroi) rig with PQ capability was mobilised to site, enabling drilling to commence on other priority targets.

Rosanstroi contract rig drilling at Lulo

Sedidrill rig drilling at Lulo

In addition, a new Hanjin D&B35 all-terrain, high-capability rig has been shipped to Angola from Korea. This new rig has arrived in port at Luanda and is scheduled to be operational at Lulo in the March 2017 Quarter. This rig can drill to 2,000m and will bring to three the number of rigs involved in the kimberlite drilling program.

The new track-mounted Hanjin rig which has arrived in Angola

Target L259

The kimberlite drilling program commenced at L259 and in the September and December 2016 Quarters 26 mostly wide-spaced holes were drilled to an average depth of 35m. These holes were drilled in areas where ground conditions allowed in what is a large (~100 hectare) target structure (Figure 2).

No visible volcaniclastic kimberlite has been identified in the drill core to date. Infill drilling will continue in untested areas at L259 throughout the March 2017 Quarter, with deeper drilling proposed once the new Hanjin rig arrives on site.

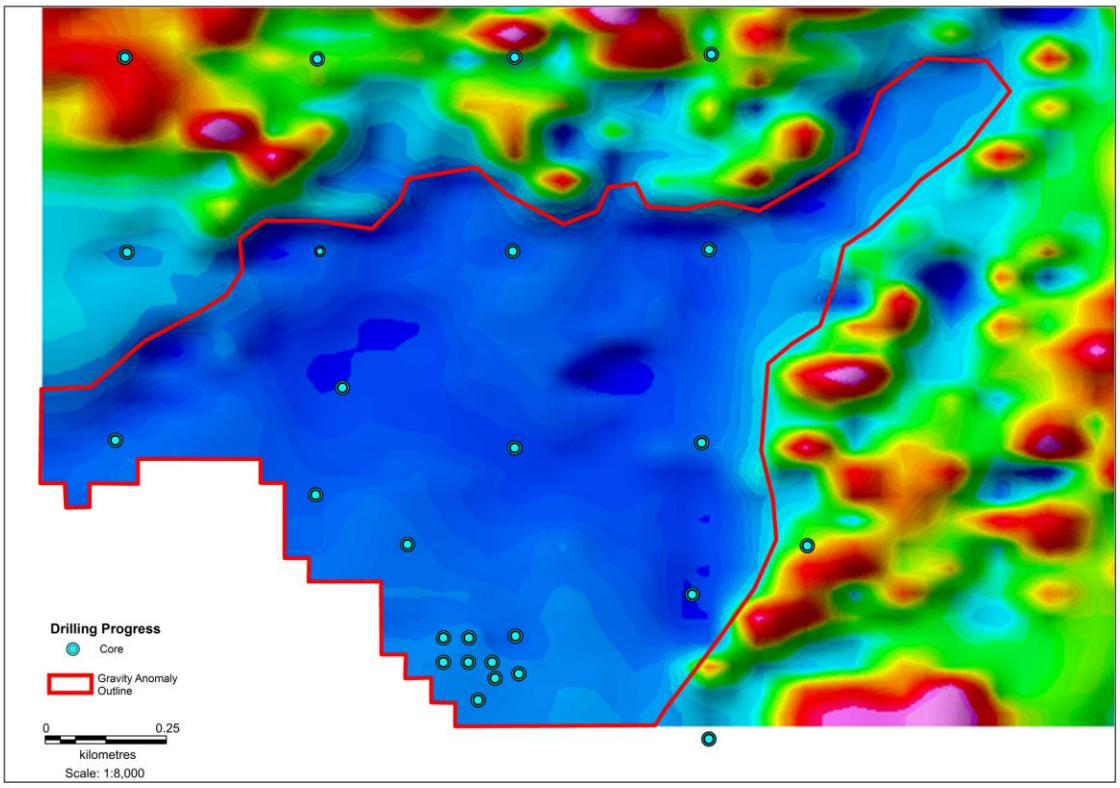

Figure 2: Location of core holes drilled to date at L259

Target L18

As mentioned, the arrival on site during the December 2016 Quarter of a second drill rig enabled other accessible priority kimberlite targets to be drilled in tandem with the drilling being conducted at L259.

L18, located ~6km from L259 (Figure 1), was prioritised for drill testing after a purple G10D garnet was recovered from mineral chemistry analysis of drill core from this target (See ASX announcement 21 December 2015).

Six holes were drilled at L18 to a depth of ~70m. Near-surface kimberlite material was intersected in four holes from ~4.5m, including coarse magma pyroclasts. Further drilling is planned at this target.

Target L171

The accessible L171 target was prioritised for drilling due to its proximity to the diamond-bearing L170 kimberlite and L165, where purple G10D garnets were recovered from mineral chemistry analysis (See ASX announcement 21 December 2015) (Figure 1).

One hole was drilled at L171, intersecting weathered kimberlite material from surface. Additional drilling is planned at L171, along with the proximal L170 and L165 targets, when ground conditions permit.

Coarse kimberlite in drill core from L171 with clear contact at 39.7m

Target L248

One hole has been drilled to date at L248, which is located between alluvial Mining Blocks 8 and 6 (Figure 1).

Steeply-dipping kimberlite crater-infill material was intersected in the core from this hole, with further drilling being undertaken. Coarse volcaniclastic kimberlite has previously been identified in pits within this magnetic target.

Steeply-dipping kimberlite crater-infill material in drill core from L248

Kimberlite Drilling Plan for March 2017 Quarter

Drilling will continue at L259 and other accessible priority kimberlite targets throughout the March 2017 Quarter (Figure 1). The drilling program will be expedited further with the arrival on site of the new track-mounted Hanjin D&B35 rig.

The sequencing of target drilling during the Angolan wet season will continue to remain conditional on access and ground conditions.

Lucapa Chief Executive Stephen Wetherall said he looked forward to advancing the Lulo kimberlite drilling program in the March 2017 Quarter, building on the progress and results achieved to date.

"We increased our drilling capacity in the December Quarter by securing a second rig and we look forward to the arrival on site of our new third Hanjin rig which will enable us to further accelerate our drilling program over the priority kimberlite targets identified by our geological team,"said Mr Wetherall.

"The helicopter-borne TDEM survey will also help guide our search for the primary source or sources of the exceptional alluvial diamonds were are recovering at Lulo."

Exploration to Expand and Update the JORC Alluvial Resource

In addition to the kimberlite exploration, alluvial pitting, trenching and auger drilling programs have been conducted at Lulo to open up new mining blocks to expand and update the JORC alluvial resource (Appendix 2).

A total of 488 exploration pits and 130 auger drill holes were completed in the September and December 2016 Quarters.

These programs focused on proving up extensions to Mining Blocks 6 and 8 and establishing a new area of alluvial gravels at Mining Block 28, located ~ 4km south (upstream) of Mining Block 8 (Figure 1).

Preliminary bulk sampling of alluvial gravels from the new Mining Block 28 area produced two +20 carat diamonds, including a 24 carat Type IIa D-colour gem (Table 1).

Gravels from the E41 and E57 alluvial terraces near E46 were also pitted, auger-drilled and bulk sampled.

This drilling and sampling information has been provided to ZStar Mineral Resource Consultants of Cape Town, South Africa, for the purposes of updating the Lulo JORC alluvial diamond resource (See ASX announcement 15 December 2015). The updated resource is expected to be released in the March 2017 Quarter.

Alluvial resource exploration and expansion programs will continue as planned at Lulo in parallel with the ongoing alluvial mining operations. This will allow Lucapa and its partners to update the JORC alluvial resource annually.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
CHIEF EXECUTIVE OFFICER

Table 1: Bulk sampling results from MB28, MB41 and MB57

Sample ID	Easting (m)	Northing (m)	Volume (m^3)	Carats	Stones (number)	Grade	Av Stone Size	Notable Stones (carats)
MB28-B	266,050	8,936,350	1 350	78.46	53	5.81	1.48	**24.13, 20.10**
MB41-1	269,587	8,932,040	230	6.17	9	2.68	0.69	**2.05**
MB41-2	269,380	8,931,330	378	6.9	12	1.83	0.58	**1.70, 1.67**
MB57-1	271,080	8,930,528	454	0.36	1	0.08	0.36	**0.36**

Notes:

1: Lucapa is treating gravel in the +1.5 mm -34mm size range

2: Grade is quoted in carats per 100 cubic metres of gravel ($cphm^3$)

Competent Person's Statement

Information included in this announcement that relates to previously released exploration data was disclosed under JORC Code 2012. That information has not materially changed since it was last reported and is based on and fairly represents information and supporting documentation prepared and compiled by Albert Thamm MSc FAusIMM (CP), who is a Corporate Member of the Australasian Institute of Mining and Metallurgy. Mr Thamm is a Director 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 and 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 announcement contains references to prior exploration results and Mineral Resource estimates, which have been cross referenced to previous market announcements made by the Company, unless explicitly stated, no new information is contained. The Company confirms that it is not aware of any new information or data that materially affects the information included in the 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

This announcement has been prepared by the Company. This document contains background information about the Company 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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Any forward-looking statements in this announcement speak only at the date of issue of this announcement. Subject to any continuing obligations under applicable law and ASX Listing Rules, the Company does not undertake any obligation to update or revise any information or any of the forward-looking statements in this document or any changes in events, conditions or circumstances on which any such forward-looking statement is based.

Appendix 1

Reporting of kimberlite 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 (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.* • *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 (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.*	• Drilling was undertaken using a combination of a Sedidrill conventional core drill rig owned by the company and a contract wireline rig provided by Rosanstroi. • The Sedidrill, drills a 76mm diameter hole recovering 61.7mm core. • The Rosanstroi rig has drilled both PQ and 112mm hole/96mm core diameters.
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.).*	• The drilling to date has consisted of diamond core drilling.
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.*	• Core is recovered from the core barrel and stored in core boxes, before being transported by light vehicle to the core shed, where it is visually logged. • Core recovery is generally high.

Criteria	JORC Code Explanation	Lucapa Commentary
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.*	• The core is visually logged • No quantitative analysis of the core is reported.
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.*	• No sub-samples have been taken
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.*	• No assay or lab tests are reported.
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 samples has been undertaken.

Criteria	JORC Code Explanation	Lucapa 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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample sites were initially located using a hand held GPS with a nominal accuracy of about 5m. The final location was measured using a Trimble Real-Time differential GPS system. • The grid system is WGS84 Zone 34L.
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.*	• Drill spacing is variable and dependent on the size of the target being investigated. • No sample compositing is 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 a kimberlitic body. • Insufficient data exists to determine whether sample bias is present but given the nature of the bodies, bias is considered unlikely.
Sample security	• *The measures taken to ensure sample security.*	• Security of the drilling and core storage area, 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 to validate the information presented at this stage.

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 purpose 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 and equity distribution in this 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). • A new kimberlite licence was awarded by the Angolan Ministry of Mines on 15th November 2016; subject to negotiation of a mining investment contract. • The 10-year alluvial mining licence was signed end July 2015 creating "Sociedade Mineira Do Lulo, LDA.", an Angolan incorporated company with which Lucapa Diamond Company Ltd has a 40% beneficial interest. This entity was incorporated in Angola in May, 2016.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Limited exploration has been undertaken by state controlled entities and joint ventures Diamang and Condiama. • 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:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth hole length.* ○ *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• Drill hole coordinates are shown in the table below. • All drill holes are vertical. • Intercept information is currently unverified and is not presented here. • Drill hole collar information is tabulated below.

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').*	• All drill holes are vertical. • The deposits may be regarded as massive deposits so drill hole orientation is not relevant.
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.*	• Results reported are complete.
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.*	• The drilling at L259 has been planned based on the ground geophysics work undertaken in Dec 2015 and Jan 2016. • All other targets have been drilled based on the aeromagnetic surveys conducted in 2008 and 2013.
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.*	• Drilling will continue on the priority targets that have been identified by the company. • A helicopter-borne Time-Domain Electromagnetic survey, is scheduled to be flown over the Cacuilo River and valley area. • Core from the ongoing drilling program will be selected for laboratory testing in South Africa for petrographic and heavy mineral analysis, as well as dating, spectrographic analysis and possibly micro diamond analysis.

Table 2: Kimberlite Drilling Project - Drill Collar Details

HOLE-ID	Drilling type	Easting	Northing	Elevation	Total Depth
RS/016/01	Core	266,030	8,937,614	1,010.5	36.00
RS/016/02	Core	266,018	8,937,382	1,010.2	50.00
RS/016/03	Core	266,089	8,937,288	1,010.5	42.00
RS/259/01	Core	264,398	8,941,401	1,032.3	61.00
RS/259/02	Core	264,794	8,941,398	1,028.8	60.50
RS/259/03	Core	265,200	8,941,401	1,031.7	66.00
RS/259/04	Core	265,605	8,941,407	1,033.9	65.00
RS/259/05	Core	265,803	8,940,397	1,014.5	32.00
RS/259/06	Core	265,600	8,940,000	1,008.2	23.00
RS/259/07	Core	265,397	8,939,801	1,001.8	23.00
RS/259/08	Core	264,846	8,940,722	1,008.0	39.00
SD/018/01	Core	269,068	8,936,714	1,032.4	70.85
SD/018/02	Core	269,213	8,936,584	1,029.6	23.35
SD/018/03	Core	269,249	8,936,717	1,034.6	35.35
SD/018/04	Core	269,356	8,936,824	1,038.3	20.25
SD/018/05	Core	268,985	8,936,770	1,032.5	30.85
SD/018/06	Core	269,047	8,936,615	1,029.8	36.85
SD/171/01	Core	287,946	8,923,502	N/A	48.60
SD/251/01	Core	260,956	8,942,591	1,030.2	39.80
SD/259/01	Core	265,200	8,940,599	1,006.6	25.95
SD/259/02	Core	265,585	8,940,609	1,011.1	20.30
SD/259/03	Core	265,196	8,941,002	1,015.5	38.25
SD/259/04	Core	264,791	8,940,502	1,000.1	9.85
SD/259/05	Core	265,202	8,940,212	1,003.0	14.30
SD/259/06	Core	264,799	8,941,003	1,009.4	72.65
SD/259/07	Core	265,600	8,941,006	1,014.9	40.38
SD/259/08	Core	265,566	8,940,297	1,006.1	35.20
SD/259/09	Core	264,403	8,941,001	1,015.4	38.29
SD/259/10	Core	264,379	8,940,614	1,001.3	15.65
SD/259/11	Auger	264,807	8,940,379	1,001.7	8.14
SD/259/12	Core	264,980	8,940,400	1,002.7	23.15
SD/259/13	Auger	264,834	8,940,225	1,001.7	9.74
SD/259/14	Core	265,209	8,940,134	1,001.8	43.95
SD/259/15	Core	265,160	8,940,125	1,001.0	38.25
SD/259/16	Core	265,125	8,940,080	1,000.6	45.75
SD/259/17	Core	265,105	8,940,158	1,001.1	30.85
SD/259/18	Core	265,154	8,940,158	1,001.5	33.55
SD/259/19	Core	265,054	8,940,158	1,000.1	29.35
SD/259/20	Core	265,106	8,940,208	1,001.7	27.85
SD/259/21	Core	265,054	8,940,208	1,001.7	21.85
RS/248/01	Core	263 142	8 941 059	1,001.7	21.85

Appendix 2

Reporting of alluvial 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 (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.* • *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 (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.*	• New sample results are from areas MB28, MB41 and MB57 • Bulk sample results are reported to JORC 2012. The bulk samples were collected from surface excavations using an excavator and trucks. For alluvial samples overburden of Kalahari sand and Calonda Formation sand and silt were stripped and basal gravel exposed. The gravel + some underlying basement material (<30cm) was excavated. • The sampling is grade control in nature and generally is seeking to identify diamond bearing 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 new 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.

Criteria	JORC Code Explanation	Lucapa Commentary
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 volumes. • Logging is semi-quantitative with edge thicknesses measured of the entire pit. Pits are photographed, but the photography is not systematic. • All excavated faces of the pits are logged
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc. and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• Not core. No sub-samples are taken. All material excavated is processed to recover diamonds. • Most of the samples are excavated dry and all material is taken. • The sampling and sample preparation are identical to those that would be used for mining and are considered appropriate for this type of sampling. • Samples are disaggregated during excavation and washed through a scrubber. The process is identical to that which would be used for mining and results are considered representative. • Sample size is appropriate for the material being sampled.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.*	• Samples are processed through 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 not used. • Entry of primary data has been checked and loaded into a sampling spreadsheet. • Assay data are not adjusted.

Criteria	JORC Code Explanation	Lucapa 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.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample sites were located using a hand held GPS with a nominal accuracy of about 5m. • The grid system is WGS84 Zone 34L. • Topographic control uses Digital Terrain Models collected during aeromagnetic surveys. In pit measurements are recorded with tape measures.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Data in this report comes from individual pits where all the material from that pit has been, or will be processed. • The pit spacing is currently related to exploration and is not appropriate for Mineral Resource and Ore Reserve estimation. • Sample compositing has 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 deposit, bias is considered unlikely. Independent review opines the samples, being bulk, are representative.
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 audits or reviews have been undertaken to validate the Maiden Resource.

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 purpose 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 and equity distribution in this 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). • An application to extend Kimberlite Licence after 25 May 2016 was submitted to the Angolan Ministry of Mines. • The 10-year alluvial mining licence was signed end July 2015 creating "Sociedade Mineira Do Lulo, LDA.", an Angolan incorporated company with which Lucapa Diamond Company Ltd has a 40% beneficial interest. This entity was incorporated in Angola in May, 2016.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Limited exploration has been undertaken by state controlled entities and joint ventures Diamang and Condiama. • 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:*
	○ *easting and northing of the drill hole collar*
	○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar*
	○ *dip and azimuth of the hole*
	○ *down hole length and interception depth hole length.*
	○ *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*
		• No new 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.
		• Drillhole information are not pertinent to bulk sampling results.
		  • Bulk sampling results are reported in toto.
		  • No material information has been excluded.

Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No weighting, averaging, grade truncations or cut-off grades have been used. • No short or long length aggregation applicable. • No metal equivalent values are used.
Relationship between mineralisation widths and intercept lengths	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known')* .	• Results quoted are from surface pits. For the alluvial sample, the entire gravel horizon was sampled. • Non-drillhole, in pit sampling, not applicable length concepts.
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Appropriate map and plans for the reported mineralisation with scale and north points are included with the text of the report.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Results reported are complete.
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.*	• Further excavation and processing of material from the MB08 north and south and E46 area is planned and ongoing results will be reported on completion.

Section 4
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.*	• Indicator minerals are present in the gravels but have not been used to assist in the alluvial exploration program.
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 or more recent Calonda like conglomerate. These are essentially fanglomerates and braided stream sediments. At Lulo the primary, kimberlitic source of the diamonds are believed to be kimberlites located within the Lulo Concession. • As described in the report secondary diamonds were sourced from adjacent/ nearby sub-cropping kimberlite intrusions which have been eroded and have shed diamonds into elevated terraces and pediments, older than the current Cacuilo River.
Sample collection	• *Type of sample, whether outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment or soil, and purpose (e.g. large diameter drilling to establish stones per unit of volume or bulk samples to establish stone size distribution).* • *Sample size, distribution and representivity.*	• Samples reported are bulk samples of alluvial gravels. The samples are designed to determine whether the units sampled are diamondiferous and to what extent. The samples are also designed to determine stone size distribution and eventually diamond values. • Lucapa and its JV partners 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 a DMS plant. The plant uses a 420mm diameter cyclone and has a nominal treatment rate of 150 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) (1.5mm effective) 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. • Lulo 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.

Criteria	JORC Code Explanation	Lucapa Commentary
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. • For the purposes of estimation stones per hundred cubic metres are reported. • A nominal 2.1 tonnes per cubic metre is ascribed to the alluvial gravels and weathered kimberlite. Limited density measurements have been made and the use of an "average" density is considered appropriate for the stage of exploration. • The table in the report reports average carats per stone and carats per unit volume. Stones per cubic metre are reported but can be calculated from the reported data. • Stone frequency (stones per cubic metre), stone size (carats per stone) is used to derive sample grade (carats per tonne).

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 summary (ASX LOM: Annual Report, p.4) in the text of that report, and prior JORC reporting.
		  • The density for both alluvials and has been determined at 2.1 tonnes per cubic metre. This number was measured for previous samples and has been applied throughout.
		  • Percent concentrate and undersize have not been measured 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. Lulo's DMS plant was commissioned in November 2013 and this plant is used for commercial production as well as bulk sample treatment.
		• 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.*	• Updated mineral Resources are not included in the report. See text above. No mineral reserves are reported.

Criteria	JORC Code Explanation	Lucapa Commentary
	• *The sample grade above the specified lower cut-off sieve size.*	

Value estimation	• *Valuations should not be reported for samples of diamonds processed using total liberation method, which is commonly used for processing exploration samples.*
	• *To the extent that such information is not deemed commercially sensitive, Public Reports should include:*
	  ○ *diamonds quantities by appropriate screen size per facies or depth.*
	  ○ *details of parcel valued.*
	  ○ *number of stones, carats, lower size cut-off per facies or depth.*
	• *The average $/carat and $/tonne value at the selected bottom cut-off should be reported in US Dollars. The value per carat is of critical importance in demonstrating project value.*
	• *The basis for the price (e.g. dealer buying price, dealer selling price, etc.).*
	• *An assessment of diamond breakage.*
		• Value estimates are based on recoveries from a commercial scale DMS plant. Total liberation methods have not been employed.
		• Value has been modelled from SFD and assortment
		• Much of the detailed or individual diamond valuation data is considered commercially sensitive from a marketing perspective and cannot be released in advance of sale.
		• Broad details of the parcel valuations are included in the text.
		• The bottom cut-off used is the same as the plant – 1.5 mm. screen.
		• Values are reported in US and/ or Australian Dollars.
		• The price quoted is the average sale price per carat.
		• Average value achieved in commercial sales (2016 commercial sales) is US$ 2 983 (AUD 4 065).

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 or in vaults in Sodiam's secure offices in Luanda. 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.*	• Sufficient diamonds have been recovered to allow Lucapa to quantify the commercial uncertainty in stone size frequency (SFD), stone size, assortment and diamond grade, at Inferred Resource level. • In addition SFD and stone size as modelled has reconciled against commercial scale alluvial mining and commercial sales. • The special stones are not excluded in the modelling stage, either in terms of size or assortment: • The size frequency distribution model is based on all the stone data;

Criteria	JORC Code Explanation	Lucapa Commentary
		• The assortment model includes the large high value stones but the model is just that, the assumption is an increasing value with size but the model does not necessarily pass through each data point, including the +10.8 carat size data point; • Market conditions change, modelled value and realised value are different, realised value being driven by the proportion and percentage of specials of Type IIa diamonds present.