LUCAPA
DIAMOND COMPANY

ASX Announcement 27 March 2017

UPDATED LULO JORC DIAMOND RESOURCE

KEY POINTS

- **Builds on maiden Lulo Diamond Resource notwithstanding US$55 million in gross diamond sales being produced since maiden resource published**
- **Continues to infer +4 years of alluvial mining operations at the rate of 20,000 bulk cubic metres (bcm) per month even after 15 months of mining depletion**
- **54% increase in the modelled average diamond value to US$1,246 per carat infers significant increase in revenues**

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 updated JORC classified Inferred Diamond Resource for the Lulo Diamond Project in Angola ("Diamond Resource").

The Diamond Resource was independently estimated on a depletion and addition basis by Z Star Mineral Resources Consultants (Pty) Ltd of Cape Town, South Africa, updating the maiden Lulo Diamond Resource dated 31 October 2015 (See ASX announcement 15 December 2015).

The updated Diamond Resource (Table 1) is estimated after:

- **15 months of mining depletion to 31 January 2017, where ~220,000 bcm was mined and treated;**
- **Continued alluvial exploration, sampling and trial mining of existing and new alluvial blocks; and**
- **Actual diamond sales at prices significantly higher than the maiden Diamond Resource estimate.**

Notwithstanding the depletion above, the updated Diamond Resource:

- **Has increased 10% in volume from the maiden Diamond Resource to 606,600 cubic metres (m^3);**
- **Includes a 54% increase in the average modelled diamond value to US$1,246 per carat.**

The updated Diamond Resource volume (with an average mining dilution of 20cm and an average swell factor of 1.1) continues to infer more than four years of alluvial diamond mining operations at Lulo at the rate of ~20,000 bcm per month.

The average modelled diamond value of US$1,246 compares with an average gross sale price of US$2,983 for Lulo diamonds in 2016, which was the highest US$ per carat diamond production in the world in 2016. To note, the 227 carat diamond was recovered from Mining Block 28 after the date of the updated Diamond Resource (see ASX announcement of 13 February 2017).

Classified, Depleted & Reconciled Lulo Alluvial Diamond Resource as at 31 January 2017								
Inferred	**Area (m^2)**	**Insitu volume (m^3)**	**Grade (stns/m^3)**	**Cts/stn**	**Stones**	**Carats**	**Insitu grade (cphm^3)**	**Modelled value (US$)**
Total	**1,167,300**	**606,600**	**0.07**	**1.07**	**45,200**	**48,200**	**7.95**	**$1,246**
Classified, Depleted & Reconciled Lulo Alluvial Diamond Resource as at 31 October 2015								
Inferred	**Area (m^2)**	**Insitu volume (m^3)**	**Grade (stns/m^3)**	**Cts/stn**	**Stones**	**Carats**	**Insitu grade (cphm^3)**	**Modelled value (US$)**
Total	**1,187,275**	**550,200**	**0.09**	**1.02**	**52,100**	**51,000**	**9.27**	**$806**
Notes: cphm^3: carats per 100 cubic metres; Stns/m^3: stones per cubic metre								
Special stones are not excluded in the modelling stage, in terms of size or assortment								
Average realised sales may be significantly higher in value than the modelled values shown above								
Bottom screen size: effective -1.5mm								

Table 1: Inferred and depleted Lulo alluvial Diamond Resource as at 31 January 2017

Lucapa and its Lulo partners will continue to conduct alluvial exploration activities in parallel with alluvial mining and kimberlite exploration, with a view to keeping a rolling 4 year inferred mine life in the alluvial Diamond Resource.

Mothae Legal Claim Update

Further to the ASX announcement of 1 March 2017, Lucapa is pleased to advise that the legal challenge against the Lesotho Ministry of Mining over the awarding of the Mothae Kimberlite Project tender to Lucapa has been struck off the roll by the High Court of Lesotho. This was a result of the Applicant failing to appear in court on the due date to present its case and the Respondents' lawyers applying for the case to be struck off with costs.

For and on behalf of the Lucapa Board.

STEPHEN WETHERALL
MANAGING DIRECTOR

Competent Person's Statement

Information included in this report on the Lulo Inferred Alluvial Resource is based on and fairly represents information and supporting documentation prepared, compiled and supervised 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.

Information included in this announcement that relates to the stone frequency, grade and size frequency valuation and validation in the alluvial resource estimate is based on and fairly represents information and supporting documentation prepared and compiled by Sean Duggan (Pri.Sci.Nat 400035/01) and David Bush (Pri.Sci.Nat 400071/00). Messers Duggan and Bush are Directors and employees of Z Star Mineral Resource Consultants (Pty) Ltd, of Cape Town, South Africa. Both hold qualifications and experience such that they qualify as members of a Recognised Overseas Professional Organisation (ROPO) under relevant ASX listing rules. Mr Duggan and Mr Bush have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are 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 Duggan and Mr Bush consent to the inclusion in the announcement of the matters based on this information in the form and context in which it appears.

Forward-Looking Statements

This announcement has been prepared by Lucapa Diamond Company Limited. This document contains background information about Lucapa Diamond Company Limited and its related entities current at the date of this announcement. This is in summary form and does not purport to be all inclusive or complete. Recipients should conduct their own investigations and perform their own analysis in order to satisfy themselves as to the accuracy and completeness of the information, statements and opinions contained in this announcement. This announcement is for information purposes only. Neither this document nor the information contained in it constitutes an offer, invitation, solicitation or recommendation in relation to the purchase or sale of shares in any jurisdiction.

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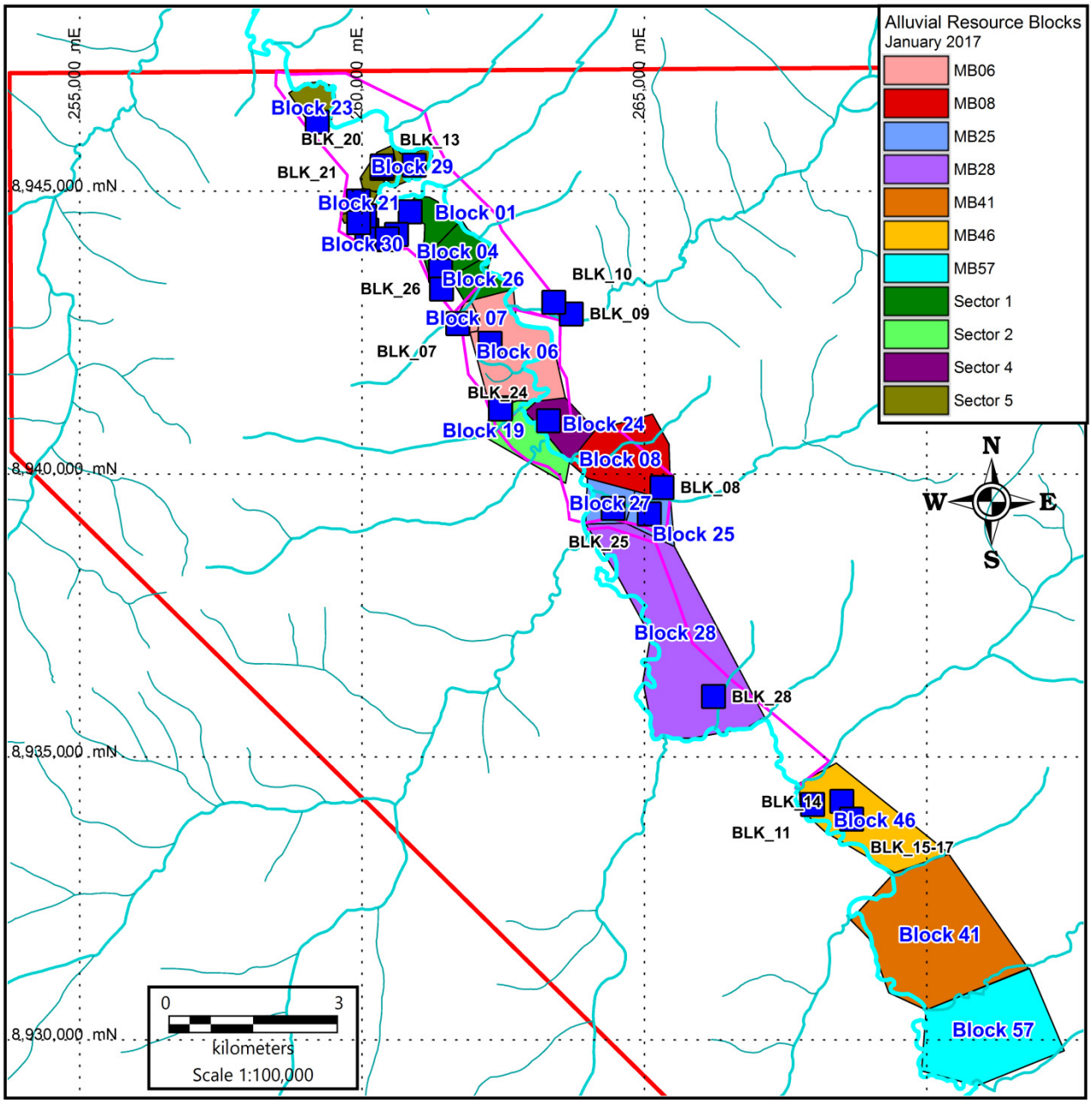
No responsibility for any errors or omissions from this document arising out of negligence or otherwise is accepted. This document does include forward-looking statements. Forward-looking statements are only predictions and are subject to risks, uncertainties and assumptions which are outside the control of Lucapa Diamond Company Limited. Actual values, results, outcomes or events may be materially different to those expressed or implied in this announcement. Given these uncertainties, recipients are cautioned not to place reliance on forward-looking statements.

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, Lucapa Diamond Company Limited 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
Mining Block and JORC Diamond Resource Map

(Note: Work is continuing at some blocks shown in the map below and therefore have not been included in the Inferred and depleted Lulo alluvial Diamond Resource as at 31 January 2017 (Table 1))



Appendix 2
Reporting of diamond exploration results and diamond resource estimates for the Lulo Project – JORC Code (2012) requirements –

Depleted, Inferred alluvial diamond resource as at 31 January 2017
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.*	• Bulk sample results were reported to JORC 2012. The bulk samples were collected from surface excavations using an excavator and trucks. For alluvial samples overburden of Kalahari sand, Calonda Formation sand and silt were stripped and basal Calonda and Calonda like gravel exposed. The gravels together with some underlying basement material (<30cm) was excavated. • The current sampling is grade control by nature and generally is seeking to identify diamondiferous lithologies. Samples are relatively large (typically >100m^3) and by their nature are representative. • Diamonds occur in very low concentrations in most lithologies. They also occur as discrete crystal particles and these must be physically separated and recovered to determine grade. Individual diamonds are unique and their value depends on factors including size, shape, colour and clarity. Large samples (tens to hundreds of tonnes) are required to identify the presence of commercial diamonds. Samples in the order of tens to 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.).*	• Drilling using a Sedidrill auger drill rig has been used to supplement pitting to map the location and thickness of the gravels. • The auger drills 4" (100mm) diameter holes. • Material is recovered from the auger flights and used to measure depth and thickness of the gravels.
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.*	• Material is recovered from the auger flights and used to measure depth and thickness of the gravels. • Gravel sample is recovered using an excavator. Sample area is visually inspected and all gravels excavated to basement. • No relationship appears to exist between sample recovery and grade. All material within the sampled interval is collected for treatment.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral* • *Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.*	• Drilled material is recovered from the auger flights and used to measure depth and thickness of the gravels • 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

Criteria	JORC Code Explanation	Lucapa Commentary
	• *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.* • *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, with an XRT coarse recovery stream (since Dec 2016), to produce a concentrate. Diamonds are recovered from the DMS 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. • A total of 1,447 stones weighing 1,361 carats from 23 representative bulk samples from 18,532m^3 were utilised. • Twinned holes not applicable • Entry of primary data has been checked and loaded into a sampling spreadsheet. • Assay data are not adjusted
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Sample sites were located using a hand held GPS with a nominal accuracy of about 5m. More recent samples have been measured using a differential GPS with an accuracy of <5cm. • 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. • See Appendix 1 for location of mining blocks.
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.*	• 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 appropriate for Diamond Resource estimation. • Sample compositing has not been applied

Criteria	JORC Code Explanation	Lucapa Commentary
	• *Whether sample compositing has been applied.*	
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• The samples are considered spot samples within an alluvial body. • Insufficient data exists to determine whether sample bias is present but given the nature of the body, bias is considered unlikely. Independent review opines the bulk samples are considered 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 Diamond 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 exercise of prospecting, evaluation and mining of secondary (alluvial) diamond deposits. These rights were granted for a maximum period of five years. Should the Joint Venture wish to extend the agreement beyond five years, then 50% of the Concession would be relinquished. The equity distribution is: ENDIAMA 32%, Lucapa Diamond Company Ltd 40%, Rosas e Petalas S.A. 28% • The Joint Venture's 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 title was awarded at the end of July 2015 creating "Sociedade Mineira Do Lulo, LDA." ("SML") an Angolan incorporated company with which Lucapa

Criteria	JORC Code Explanation	Lucapa Commentary
		Diamond Company Ltd has a 40% beneficial interest. • SML will be able to apply for 2 further 10 year mining license extensions and a final 5 year extension if the conditions of the mining license are adhered to.
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• Limited exploration has been undertaken by state controlled entities. • Parts of the area have been exploited by artisanal miners – no records of this work are available.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• Significant diamond bearing alluvial systems, of Mesozoic to Recent ages overlie a major, but relatively poorly explored, kimberlite field. The kimberlite pipes intrude flat-lying Karoo 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.*	• Minor auger drilling for gravel location mapping has taken place to supplement pitting in areas where gravel is too deep for access by excavator. This is not material to the overall estimation of the resource. • 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. • Bulk sampling results were 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.

Criteria	JORC Code Explanation	Lucapa Commentary
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 at Appendix 1.
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 Z Star 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 length of the Cacuilo River valley and its major tributaries is planned and ongoing results will be reported on completion.

Estimation and Reporting of Mineral Resources

Criteria	JORC Code explanation	Lucapa Commentary
Database integrity	• *Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and its use for Mineral Resource estimation purposes.* • *Data validation procedures used.*	• Data, in particular diamond quantity, assortment & size frequency distribution (SFD) and value, cross checked between different CP's. • The bulk sampling dataset is small compared to other forms of exploration data. • External data validation has occurred.
Site visits	• *Comment on any site visits undertaken by the Competent Person and the outcome of those visits.* • *If no site visits have been undertaken indicate why this is the case.*	• A site visit by the Competent Person was undertaken in January 2015
Geological interpretation	• *Confidence in (or conversely, the uncertainty of) the geological interpretation of the mineral deposit.* • *Nature of the data used and of any assumptions made.* • *The effect, if any, of alternative interpretations on Mineral Resource estimation.* • *The use of geology in guiding and controlling Mineral Resource estimation.* • *The factors affecting continuity both of grade and geology.*	• Geology mapped in bulk sample pits and gravel thicknesses are estimated from separate systematically excavated and hand dug pits and auger drill holes surrounding the bulk sample sites. • The data are thickness and type, facies and relative age, and carats per hundred cubic metres recovered or stones per cubic metres recovered. • Geostatistical methods have been applied to the estimation of gravel thickness only. They are difficult to apply/not applicable other parameters as alluvial diamond concentrations are pure nugget effect. • Gravel thickness and stones per cubic meter are

Criteria	JORC Code explanation	Lucapa Commentary
		the controlling factors in guiding the Diamond Resource estimate • Sedimentary gravel facies (types) and contacts affect both the grade and continuity of the diamondiferous gravel zones.
Dimensions	• *The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.*	• Each gravel zone is delineated in plan from bulk sample and smaller hand dug or excavated pits to determine lateral extent. Gravel thickness are measured directly from pits and trenches.
Estimation and modelling techniques	• *The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen include a description of computer software and parameters used.* • *The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.* • *The assumptions made regarding recovery of by-products.* • *Estimation of deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation).* • *In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.* • *Any assumptions behind modelling of selective mining units.* • *Any assumptions about correlation between variables.* • *Description of how the geological interpretation was used to control the resource estimates.* • *Discussion of basis for using or not using grade cutting or capping.* • *The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.*	• Estimation of gravel thickness and variability as well as recovered stones per cubic metre are the standard industry methods for alluvial diamond estimation. • On completion, the estimate was reconciled against 24 months actual mining and recovery. • There are no by-products. • There are no deleterious by-products. • Block model interpolation is applied to gravel thickness only, in blocks where data is sufficient to support this. • Geology is assumed to be continuous across the separate gravel/conglomerate horizons as demonstrated by adjacent pits either hand dug or excavated. • The only pertinent variables are stones per cubic metre and volume. These are not assumed but measured. • The planar and vertical distribution of gravels controls the geological extent of the Diamond Resource estimate. • Reconciliation is the primary method of validation, the bulk samples and zone estimates are reconciled against mining production. Recovered average stone size is reconciled against bulk sampled stone size and grade (stones/cubic metre) as well as in-situ volume are the reconciled factors. • Grade capping is not an applicable concept. • The Diamond Resource estimate does take account of mining production data.
Moisture	• *Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.*	• Estimates are of bulked or in-situ cubic meters to negate the effect of moisture. • Global density of 2.11 was applied to the gravel volume in all estimation areas.
Cut-off parameters	• *The basis of the adopted cut-off grade(s) or quality parameters applied.*	• Refer to diamond section below.
Mining factors or assumptions	• *Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the*	• None applied to the Inferred Diamond Resource. The Diamond Resource is reported in-situ, depleted and reconciled for mining to end January 2017 • Based on modelled SFD the total value estimate is US$60.04 million dollars (A$77.97 million @ an exchange rate of US$0.77 to A$1). Note: actual prices received have been materially

Criteria	JORC Code explanation	Lucapa Commentary
	assumptions made regarding mining methods and parameters when estimating Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.	higher.
Metallurgical factors or assumptions	• *The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.*	• The production plant has been the sampling plant since late 2013 The same metallurgical factors i.e. bottom screen size, apply to sampling and production . An XRT diamond recovery unit was added in December 2016
Environmental factors or assumptions	• *Assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a Greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.*	• Mining is underway, with continuous rehabilitation of mining areas taking place. • Reasonable prospects for eventual economic extraction are based on results to date. The Diamond Resource is under actual extraction.
Bulk density	• *Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples.* • *The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit.* • *Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.*	• Bulk density measurements were performed using the Archimedes method. • Alluvial estimation methods use volume, not density as industry practice. • The methods applied are industry practice. • Bulk density is not assumed but measured.
Classification	• *The basis for the classification of the Mineral Resources into varying confidence categories.* • *Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data).* • *Whether the result appropriately reflects the Competent Person's view of the deposit.*	• Classification was based on numerous factors including; Modelled assortment, Modelled size frequency distribution, Number of samples, Geological continuity, Mining reconciliation. The amount of carats and stones recovered so far and values obtained in commercial sales by tender. • The resultant Diamond Resource estimation reflects the Competent Person's view of the

Criteria	JORC Code explanation	Lucapa Commentary
		deposit and is classified as "Ïnferred".
Audits or reviews	• *The results of any audits or reviews of Mineral Resource estimates.*	• The Diamond Resource estimate was peer reviewed by an internal second competent person, (Dr J. A. Grills, Pr.Sci. Nat.) and externally by Albert. G. Thamm, FAusIMM, CP(Management).
Discussion of relative accuracy/ confidence	• *Where appropriate a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate.* • *The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used.* • *These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.*	• The Diamond Resource estimate has been tested by reconciliation between the model and mining reconciliation and diamond sales, over a period of 24 months. • Geostatistical methods have been applied to estimates of gravel thickness but not to any other variable. • Both recovered stone size and grade (as stones per cubic meter) reconcile well within an inferred resource classification and mining over 24 months. • The Diamond Resource estimates are not global, but zonal within district gravel zones, as reported. • The Diamond Resource estimate has been reconciled with production data

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 grains are not relevant to alluvial grade estimates. • Indicators are useful primarily in kimberlite exploration.
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 conglomerates derived from the Calonda. 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. • Secondary diamonds are believed to be sourced from 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

Criteria	JORC Code Explanation	Lucapa Commentary
		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 head feed 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 55mm. • The recovery process involves DMS separation, X-ray sorting of the heavy concentrate and hand sorting of the X-ray concentrate. An XRT unit is used to process the 18-55mm fraction. • Larger diamonds are characterised using a ZVI Yehuda F1000 Colorimeter. • SML are processing the material through a DMS plant with an XRT coarse recovery stream. Processing efficiency has been demonstrated in density bead recovery tests. Tails auditing and granulometry studies have not been completed. • Microdiamonds are not reported.
Carat	• *One fifth (0.2) of a gram (often defined as a metric carat or MC).*	• Reported as carats.
Sample grade	• *Sample grade in this section of Table 1 is used in the context of carats per units of mass, area or volume.* • *The sample grade above the specified lower cut-off sieve size should be reported as carats per dry metric tonne and/or carats per 100 dry metric tonnes. For alluvial deposits, sample grades quoted in carats per square metre or carats per cubic metre are acceptable if accompanied by a volume to weight basis for calculation.* • *In addition to general requirements to assess volume and density there is a need to relate stone frequency (stones per cubic metre or tonne) to stone size (carats per stone) to derive sample grade (carats per tonne).*	• Sample grade is quoted in the text in units of stones per cubic metre, carats per stone and carats per 100 cubic metres for alluvials. • For the purposes of estimation stones per hundred cubic metres are reported. • A nominal 2.11 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 100 cubic metres. • Stone frequency (stones per cubic metre), stone size (carats per stone) is used to derive sample grade (carats per 100 cubic metres).
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.*	• Exploration results are reported in summary (ASX LOM: Maiden Diamond Resource at Lulo; 15 December 2015). • The density for alluvials and has been determined at 2.11 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 original and smaller plant was considered to be a pilot plant and the plant parameters were the same as would have been used in a commercial plant. The second and larger 150tph plant was commissioned in November 2013 and this plant is used for the commercial alluvial production as well as treatment of bulk samples. • Geostatistical studies on diamond parameters

Criteria	JORC Code Explanation	Lucapa Commentary
	• *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.*	have not been undertaken because of the relatively small number of diamonds recovered and uncertainties of using this data for alluvial deposits. • The total weight of diamonds recovered is reported in the text as are the upper and lower cut-off sizes.
Grade estimation for reporting Mineral Resources and Ore Reserves	• *Description of the sample type and the spatial arrangement of drilling or sampling designed for grade estimation.* • *The sample crush size and its relationship to that achievable in a commercial treatment plant.* • *Total number of diamonds greater than the specified and reported lower cut-off sieve size.* • *Total weight of diamonds greater than the specified and reported lower cut-off sieve size.* • *The sample grade above the specified lower cut-off sieve size.*	• Diamond Resources are included in the report. See text above. No Diamond Reserves are reported.

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 – 1.2 mm slotted screen (1.5mm effective).
		• Values are reported in US and/ or Australian Dollars.
		• The price quoted is the average sale price per carat.
		• No significant diamond breakage was recognised.
		• Average modelled value is US$1,246 per carat.
		• Average value achieved in commercial sales during 2016 was US$2,983 (A$3 874).
		• Sales price quoted are commercial dealer buying prices.
		• Stone size frequency analysis and value were modelled by:
		
		D. E. Bush Pr. Sci. Nat.
		Principal Mineral Resource Analyst (Z*)
		
		David E Bush is a graduate of Ecole Nationale Supérieure des Mines de Paris, France, with a DEA in Geostatistics (1990); an MSc DIC in Mineral Exploration from Imperial College, London, England (1984) and a BSc (Hons) degree in Geology from the University of the Witwatersrand, South Africa (1980). He has in excess of twenty years' experience in geostatistical mineral resource estimation and classification. A significant proportion of this experience has been directly related to diamond deposits. He is currently a director of Z Star Mineral Resource Consultants (Pty) Ltd. and a member of the Geostatistical Association of South Africa. David qualifies as a competent person as defined in the "South African Code for Reporting of Mineral Resources and Ore Reserves" (SAMREC) and is registered as a Geological Scientist with the South African Council for Natural Scientific Professions (Registration No. 400071/00).

Criteria	JORC Code Explanation	Lucapa Commentary
		S. P. Duggan *Pr. Sci. Nat.* Principal Mineral Resource Analyst (Z*) Sean Duggan graduated in 1984 with a BSc degree in Geology, in 1985 with a BSc Honours degree in Geochemistry, both from the University of Stellenbosch, South Africa and in 1994 was awarded an MSc degree in Mining Engineering (Geostatistics) from the University of the Witwatersrand. He has been directly involved in the estimation and classification of mineralised placer deposits for the last 30 years and base metal deposits specifically for 6 years. He is a member of the Geological Society of South Africa, the Geostatistical Society of South Africa and is registered as a Professional Natural Scientist with the South African Council for Natural Scientific Professions (Registration No. 400035/01). He is currently a Principal Mineral Resource Analyst and Director of Z Star Mineral Resource Consultants (Pty) Ltd.
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 • 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 24 months of commercial scale alluvial mining. • 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. • As diamond market conditions change, the modelled value and realised values will be different.