

Guidelines for the Reporting of Diamond Exploration Results

Final

Reporting Guidelines

The following guidelines have been recommended by the Diamond Exploration Best Practices Committee established by the Canadian Institute of Mining, Metallurgy and Petroleum. These guidelines are applicable to public companies and their consultants reporting diamond exploration results.

In respect of these guidelines, Diamond Exploration Results are results derived from the initial activities undertaken to investigate a diamond bearing prospect or deposit, to generate tonnage, grade and value estimates that cannot be classified as a Mineral Resource or Mineral Reserve. They do not address the earlier stage reporting of geophysical, geochemical or kimberlite indicator mineral results.

Public reports of Diamond Exploration Results relating to mineralization not classified as Mineral Resource or Mineral Reserve must address the confidence limits of the result and contain sufficient information to allow a considered and balanced judgement of the significance of the results.

The objective of these guidelines is to assist public companies and consultants in making appropriate disclosure of diamond exploration results by reporting in a manner which is:

- Uniform within the diamond exploration industry;
- Consistent with reporting from other industry sectors.
- Comprehensive.
- Unambiguous.

The guidelines are not prescriptive. Materiality is the overriding principle that determines the information that should be disclosed. However, where a company or consultant deviates from the guidelines, the disclosure or technical report should state the extent to which the guidelines have not been followed, and the reasons for the deviation.

The guidelines do not in any way replace jurisdictional reporting requirements (*For example, the requirement for Canadian reporting issuers to comply with Canadian Securities Administrators National Instrument 43-101 by having technical disclosure endorsed by a Qualified Person as defined in that legislation*).

The attached tables provide specific guidance for the reporting of:

- Total diamond liberation laboratory techniques.
- Sample processing methods simulating commercial ore treatment plants.
- Diamond price and value estimates.

Processing of Samples Using Total Liberation Laboratory Techniques

Sample Description	
Source	Outcrop, boulders, drill core, reverse circulation drill cuttings, gravel, stream sediment, soil
Type	Chip, channel, grab, full core, split core, riffled split of drill cuttings. Description should include customary information such as recovery percentages etc.
Interval	centimetre, metre, square metre
Rock Type	Geological description by a Qualified Person.
Sample Weight	Calculated as dry metric tonnes (t). or kilograms (kg)
Sample Treatment	
Laboratory Name	The name of the processing laboratory should be disclosed and the company should be in possession of written confirmation of the results from a responsible person representing the laboratory.
ISO Compliance	The company should disclose whether the samples have been treated by a laboratory accredited to the ISO/IEC Guide 17025
Chain of Custody	The company should confirm that industry standards have been followed to ensure that the "Chain of Custody" has been maintained
Method	Caustic dissolution, hydrofluoric acid, attrition milling etc.
Recovery Lower Cut-Off Size	mm square mesh of the lower cut-off size using an Endecott or Tyler woven wire mesh sieve
Sample Results	
Diamond Count	Number of diamonds per size class using a root-two progression of square mesh woven wire Endecott or Tyler sieves
Diamond Weight	Weight, in carats, of diamonds per size class using a root-two progression of square mesh woven wire Endecott or Tyler sieves
Diamond Size Distribution	The distinction between "micro" and "macro" diamond has been deliberately dropped from these reporting guidelines on the basis that there is no natural boundary in the continuum of diamond sizes present in a diamond bearing host rock. A complete set of sieve data using a standard progression of sieve sizes provides superior data to the public. The table below should be used as the standard reporting format.

	Sieve size (mm square mesh)	Number of diamonds	Weight of diamonds (carats)
	> 9.50	Report individually	
	6.70 to 9.50		
	4.75 to 6.70		
	3.35 to 4.75		
	2.36 to 3.35		
	1.70 to 2.36		
	1.18 to 1.70		
	0.85 to 1.18		
	0.600 to 0.850		
	0.425 to 0.600		
	0.300 to 0.425		
	0.212 to 0.300		
	0.150 to 0.212		
	0.105 to 0.150		
Total			
Total > 0.85 mm			

Sample "Grade"	Most of the diamonds liberated and recovered by total dissolution methods would not be recovered in a commercial treatment process. To eliminate confusion with the potentially commercial grades generated by a pilot plant, usage of the word "grade" for the results from total dissolution should be avoided.
Diamond Characteristics	<i>Unlike many other mineral products, diamond values are closely related to individual physical characteristics. It may be appropriate to provide a link to actual diamond photographs on a web site, including diamonds in proportions of sizes and qualities typical of the overall sample.</i>
Crystal Habit	Octahedral, cubic, etc
Colour	White, brown, yellow etc
Resorption	General comments on modification to crystal habits
Breakage	Clear evidence of freshly broken diamond fragments implying fewer larger source stones and enhanced diamond counts of smaller stones.
Commercial Characteristics	Comments on commercial characteristics, for example the proportion of gem or industrial quality diamonds should be restricted to diamonds larger than 0.85 mm (approximately DTC [Diamond Trading Company] #1 sieve). This sieve corresponds to the lower size limit for naturally occurring "commercial" diamonds, ie. those diamonds that can be sorted into categories with different price points.
Diamond Value	Diamond value or price should not be reported for samples processed using total liberation methods
Modeling of Size Distribution	The results of modeling the diamond size distribution to project an inferred commercial "grade" should be reported only by a Qualified Person who should explain the modeling methodology and state the confidence envelope on the estimate at a prescribed confidence level. The company must state the lower cut-off size for these grade estimates, which should not be less than 0.85 mm square mesh (approximately DTC #1 sieve). The report should include this information as well as the name and the qualifications of the Qualified Person.

Results from Processing Methods Simulating Commercial Ore Treatment Plants

Sample Description	
Method	Surface trenches, drilling, underground bulk sampling etc
Type	Large diameter core,, large diameter reverse circulation, whole or split, riffled or Cone & Quartered. Description should include customary information such as recovery percentages etc.
Rock Type	Geological description addressing sample homogeneity and representative nature of the sample by a Qualified Person.
Sample Weight	Calculated as dry metric tonnes or metric tonnes with defined moisture content
Sample Treatment	
Laboratory Name	The name of the processing laboratory should be disclosed and the company should be in possession of written confirmation of the results from a responsible person representing the laboratory.
ISO Compliance	The company should disclose whether the samples have been treated by a laboratory accredited to the ISO/IEC Guide 17025
Chain of Custody	The company should confirm that industry standards have been followed to ensure that the "Chain of Custody" has been maintained
Treatment Method	Brief description of plant flowsheet including primary crushing size and method (square mesh equivalent mm), recrushing sizes and methods (square mesh equivalent mm), concentration method (dense media separation, jigs, high intensity magnetic separation, X-ray etc.) and recovery methods (X-ray, grease, tabling, hand-sorting, etc.)
Tailings Audit	The results of tailings auditing and a comment on process recovery efficiency
Recovery Lower Cut-Off size	Dimensions of the aperture in the screen used as the lower cut-off size in the recovery plant.
Sample Results	
Diamond Count	Total number of diamonds recovered >0.85 mm (or >DTC #1 sieve)
Diamond Weight	Total weight of diamonds recovered >0.85 mm (or >DTC #1 sieve)
Diamond Size Distribution	Note that this reporting differs from that required for total dissolution reporting in not requiring the disclosure of size class information that would reveal the commercially sensitive size-frequency distribution of the deposit.
Sample Grade	The "Sample Grade" of diamonds >0.85 mm (or >DTC #1 sieve) stated 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.
Zone of Influence	The inferred zone of influence of the sample grade should be reported to avoid this grade being misinterpreted as the grade of the whole deposit
Modeling of Grade	Modeling of commercial grades is progressively more uncertain with smaller

	parcels of diamonds. The calculation and disclosure of confidence limits is of prime importance in conveying their meaning. Modeling of sample results to project an inferred commercial “grade” should be reported only by a Qualified Person who should explain the modeling methodology and state the confidence envelope on the estimate at a prescribed confidence level. The report must state the lower cut-off size for these grade estimates as well as the name and the qualifications of the Qualified Person.
Diamond Characteristics	<i>Unlike many other mineral products, diamond values are closely related to individual physical characteristics. It may be appropriate to provide a link to actual diamond photographs on a web site, including diamonds in proportions of sizes and qualities typical of the overall sample.</i>
Crystal Habit	Octahedral, cubic, etc
Colour	White, brown, yellow etc
Resorption	General comments on modification to diamond surfaces.
Breakage	Clear evidence of freshly broken diamond fragments implying fewer larger source stones and enhanced diamond counts of smaller stones.
Commercial Characteristics	Comments on commercial characteristics, for example, the proportion of gem or industrial quality diamonds, should be restricted to diamonds larger than 0.85 mm (approximately DTC #1 sieve). This sieve corresponds to the lower size limit for naturally occurring “commercial” diamonds, ie. those diamonds that can be sorted into categories with different price points.

Assessment of Diamond Price (US\$ per Carat) and Value (US\$ per parcel)	
Diamond Price Estimate	The diamond price estimate is a key factor in the economics of the project. It must be treated with the same respect as that afforded to grade and tonnage estimates in being reported by a demonstrably reputable, qualified expert.
Diamond Valuation	Diamond valuations obtained from dealers are notoriously subjective. To manage the valuation process, the assistance of either an existing diamond producer selling a minimum of US\$50 million per annum, or an accredited Government Valuator currently providing this service for a diamond producing country, (the Manager) should be sought.
Sample Integrity	The company should confirm that the diamond parcel valued is fully complete and, in all respects, representative of the recovered sample and that industry standards have been followed to ensure the “Chain of Custody” has been maintained.
Valuation Manager’s Report	The company should be in possession of a written report from the Manager stating: <ul style="list-style-type: none"> – The average price (US\$ per carat) of the parcel – The overall weight (carats) and value (US\$) of the parcel – The lower cut-off size of the parcel valued – The number of valuers used to generate the price estimate – The method used to calculate the average price (rejection of outliers)

	<p>etc)</p> <ul style="list-style-type: none"> - The basis of the price estimation (DTC buying price, DTC selling price, Antwerp dealer buying price, Antwerp dealer selling price) - The dates on which the price estimates were obtained. - The Manager’s qualitative opinion of the uncertainty envelope of the result reflecting: <ul style="list-style-type: none"> - Variation between individual valuations - The effects of parcel size - The effects of a truncated or biased diamond size/weight distribution - The impact of diamond breakage - The impact of market volatility
<p>High Value Stones</p>	<p>Smaller diamond parcels will have more of their overall value concentrated in individual stones and therefore be less representative compared to a larger parcel. Individual stones constituting more than 5% of the value of the overall parcel should be reported separately in a table showing stone weight, price per carat and value per stone.</p>
<p>Price Modeling</p>	<p>Price modeling is progressively more uncertain on smaller parcels of diamonds. The calculation and disclosure of confidence limits is of prime importance in conveying their meaning. Modeling to estimate likely prices for commercial production should be carried out, and reported in writing, by a reputable, qualified expert explaining the modeling methodology, stating the lower cut-off size and including the upper and lower confidence limits of the modeled price at a stated confidence level.</p>