



Lucara Diamond

WHERE BIGGER IS™

Q1 - 2016

Cautionary Statement



Forward-looking information

This investor presentation contains forward-looking statements and information as defined in applicable securities laws including: the estimates of the Company's mineral reserve and resources; estimates of the Company's production and sales volumes, revenue for the Karowe Mine; exploration and development plans and objectives, production costs, exploration and development expenditures. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or achieved.

Forward-looking statements are based on the assumptions, opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. In particular, such risks include general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations), cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters and other risks and uncertainties describe under Risks and Uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form available at <http://www.sedar.com>.

Forward-looking statements and information speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.

Readers are cautioned not to place undue reliance on forward-looking statements and information.

This presentation does not constitute an offer or invitation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any investment decision in relation thereto.

Technical information

NI 43-101 Technical Report on the Feasibility Study for the AK6 Kimberlite Project, Botswana
Prepared by MSA GeoServices (Pty) Ltd on behalf of Lucara Diamond Corp., dated December 31, 2010. Updated NI43-101 report released on February 4, 2014, based on update Mineral Resource Estimate released by Lucara Diamond Corp., dated December 19, 2013.

The authors of these technical reports are independent of the Company and are qualified persons for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The technical reports are available for review on SEDAR at www.sedar.com.

All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.

Content



Introduction

4

Highlights
and Key
Performance
Data

7

Botswana
Exploration

16

Diamond
Market

23

Introduction



Lucara – The Investment Case

Where Bigger Is™

100% owned Karowe Diamond Mine in Botswana – one of the foremost producers of Type IIa diamonds in the world	✓
Consistent delivery of large and exceptional stones generating strong free cashflow	✓
Regular dividend initiated in H1, 2014 changed to a progressive dividend paid quarterly	✓
Attractive and sustainable growth potential in the prospecting licenses – located within 30km of the Karowe Mine	✓
Strong and growing balance sheet for potential M&A Activity	✓

8.0 carat fancy pink diamond



Capital Structure



- Lucara is a public Company listed under the symbol “LUC”
 - TSX
 - NASDAQ OMX (Sweden)
 - BSE (Botswana)
- Issued shares 380M
- Fully diluted shares 382M
- Debt Nil
- Cash on hand US\$ 144.3 million (Q1, 2016)
- Progressive dividend CDN \$0.06 per share

Highlights and Key Performance Data



Highlights

Where Bigger Is™	
0 LTI's recorded in Q1, 2016 with more than 1,500,000 LTI free hours being recorded to the end of the quarter	●
Sales process for the Lesedi La Rona diamond initiated	●
Recovery of 165 diamonds larger than 10.8 carats (average stone size of 27.9 carats per stone) including 8 diamonds larger than 100 carats	●
Progressive dividend: CND \$0.015 per share paid in Q1 – annual dividends of CND \$0.06	●
One regular tender held with 77,990 carats being sold for a \$50.6 million at an average of \$649 per carats	●
Bulk sample plant construction complete with processing started on BK02 exploration samples	●
Subsequent to the quarter end, the first exceptional stone tender was held generating \$51.3 million from the sale of 10 diamonds (average value of \$33,632 per carats)	●
On May 9, the Company announced the sale of The Constellation diamond, weighing 812.77 carats for US\$63.1 million (US\$77,649/ct)	●



The Lesedi La Rona Diamond – 1,109 carats

Lucara 2016 Guidance

Karowe

- Forecast 2016 revenues of \$200 - \$220 million
 - Excluding the sale of the two very large exceptional diamonds
- Diamond sales of between 340,000 - 380,000 carats
- Operating costs of \$33.5 - \$36.5 per tonne processed
- Capital expenditure of up to \$15 - \$18 million (mega diamond recovery options)
- Sustaining Capital of up to \$11.0 million (including \$1.5 million for mill relining machine and \$1.5 million for office relocation)

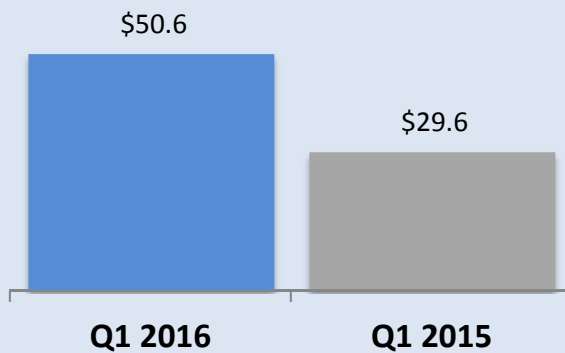
Exploration

- Two prospecting licenses covering 5 known kimberlite occurrences awarded to Lucara (Boteti)
- Exploration budget of up to \$7 million
- Karowe (AK6) Deep Drilling \$3.7 million

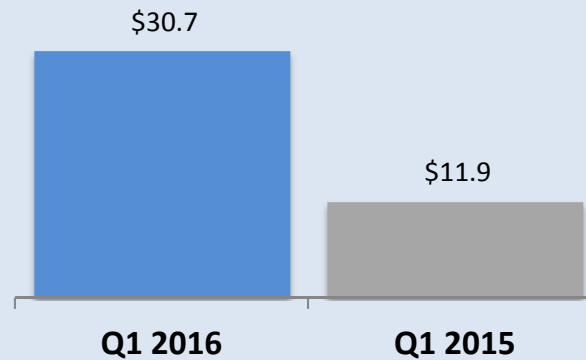
Karowe Operating Performance



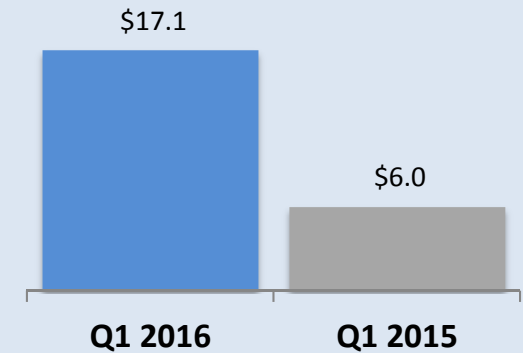
Revenue (millions)



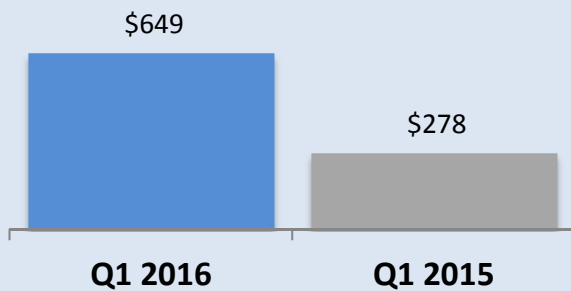
EBITDA (millions)



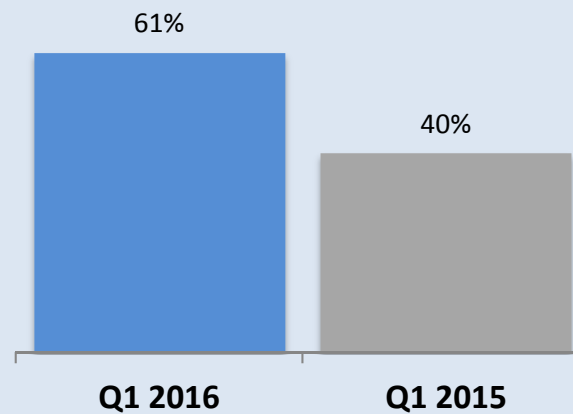
Net Income (millions)



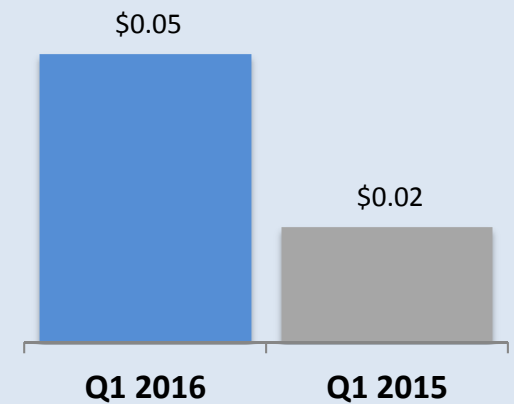
Total Sales (average dollar per carat)



EBITDA Margin



Earnings per share



Karowe Operating Performance



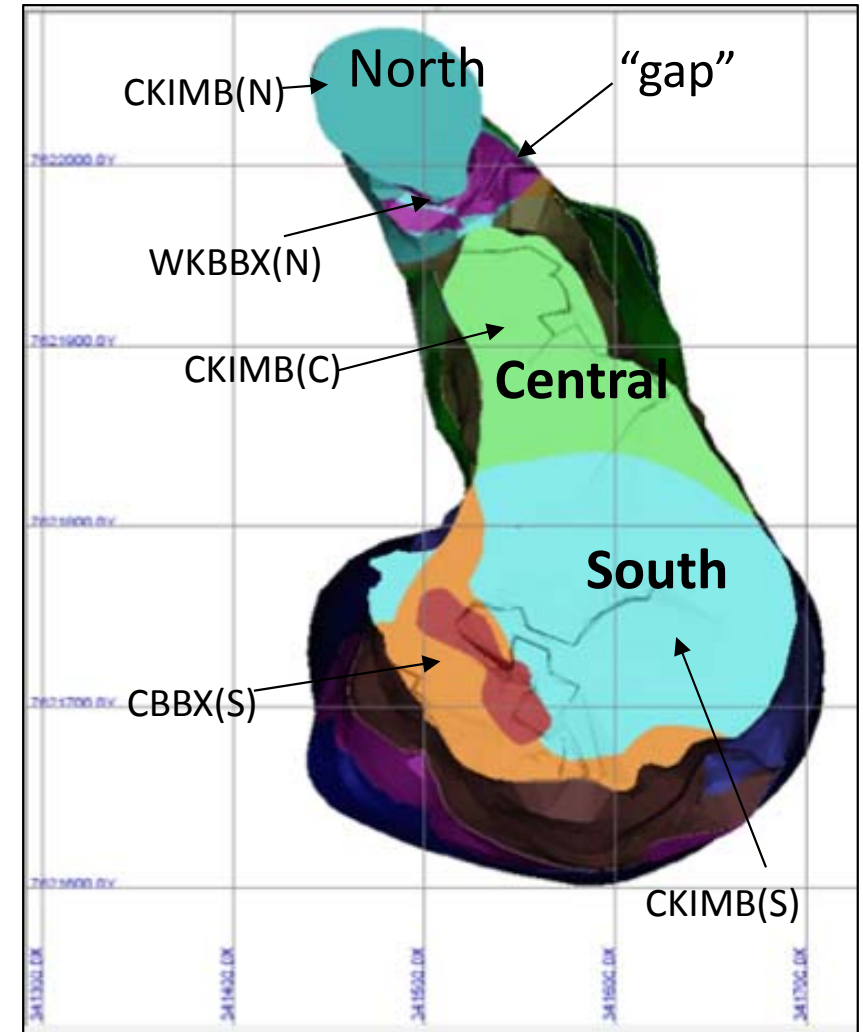
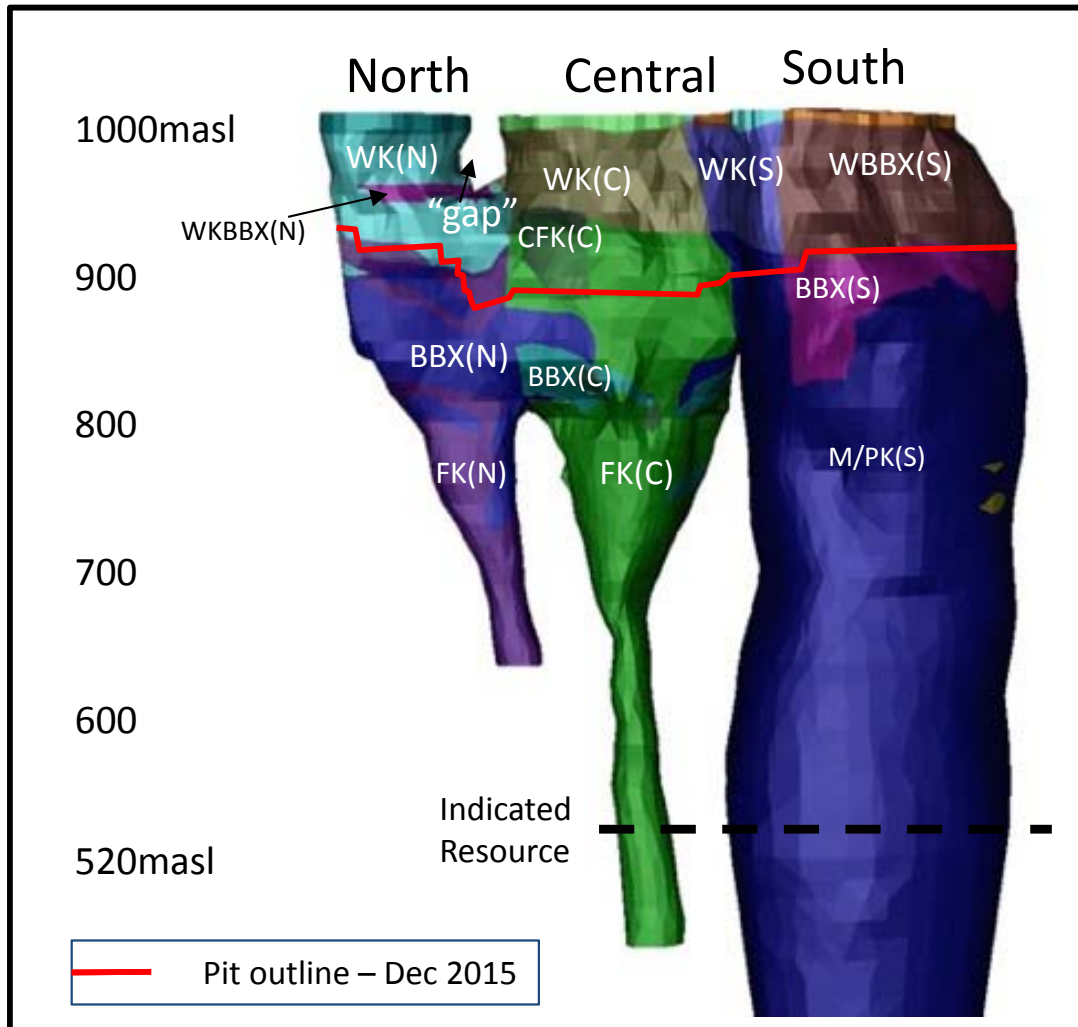
Production Information	Q1 2016	Q1 2015
Ore processed (tonnes)	651,909	603,969
Ore mined (tonnes)	677,766	561,287
Carats recovered (carats)	90,697	90,077
Plant feed grade (carats per hundred tonnes)	13.9	14.9
Waste mined (tonnes)	3,328,365	3,243,372
Costs		
\$ per tonne processed	25.31	23.18
\$ per carat sold	649	278
Revenues and Operating Margins		
Revenue	50.6	29.6
Carats sold	77,990	106,777
Revenue (\$ per carat)	649	278
Operating margin (\$ per carat)	513	170

Geological Model



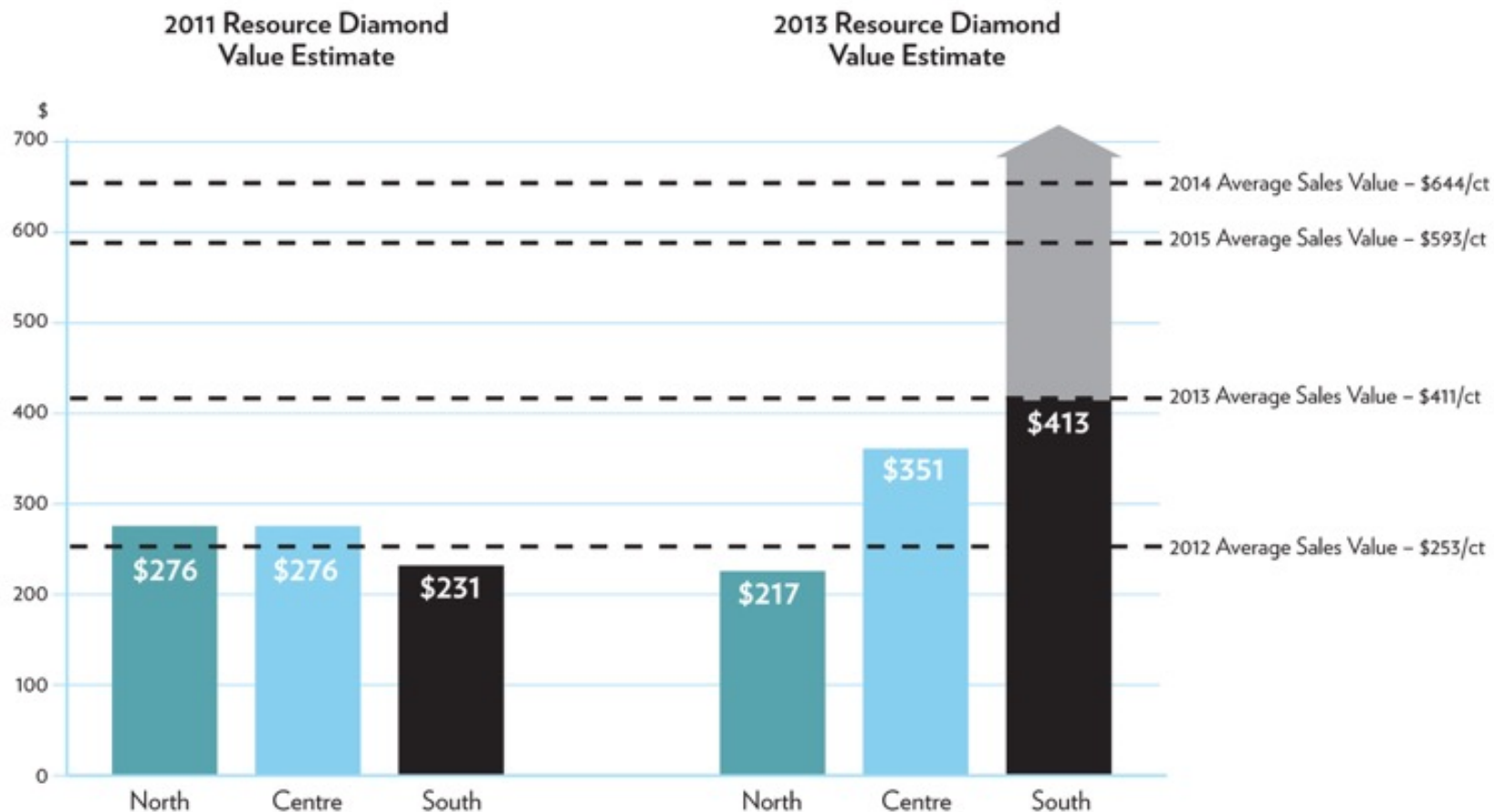
Lucara Diamond

Plan View of Geological Model



Resource Performance

- Resource continues to deliver a significant quantity of stones greater than 10.8 carats with more than 727 being recovered during 2015 at an average stone size of **36.7 carat/stone**
- During 2015, 47 diamonds larger than 100 carats were recovered including 20 larger than 200 carats of which 7 were larger than 300 carats



- Regular Tender
 - One regular tender was held in Q1
 - 77,990 carats were sold for \$50.6 million
 - Average price: \$649 per carat
- Exceptional stone tenders:
 - First EST of 2016 closed in April 2016
 - 10 diamonds weighing 1,525 carats were sold for \$51.3 million
 - Average price: \$33,632 per carat
- The Constellation diamond
 - Weighing 812.77 carats was sold in May 2016 for a record price of US\$63.1 million (US\$77,649 per carat)



*Total sales to date - \$165.0 million (US\$2,054/ct)

- Lesedi La Rona

- Recovered in November 2015 weighing 1,109 carats post cleaning
- Second largest gem quality diamond ever and the largest in more than 100 years
- Roadshow started in with the diamond being showcased in major cities around the world
- Partnered with Julius Baer and Sotheby's
- Final sale of the Lesedi La Rona will be a live auction at Sotheby's London on June 29, 2016



CSR and Health & Safety



Lucara Diamond

- Safety performance for the quarter was excellent with Safety and Health Lost time injury frequency rates ('LTIFR') for 2016 of zero (measured per 1,000,000 hours) (2015: 0.4)
- Lucara was awarded the Environmental & Social Responsibility Award from the Prospectors and Developers Association of Canada ("PDAC")
- Letlhakane abattoir handed over to the district counsel for commissioning and operations

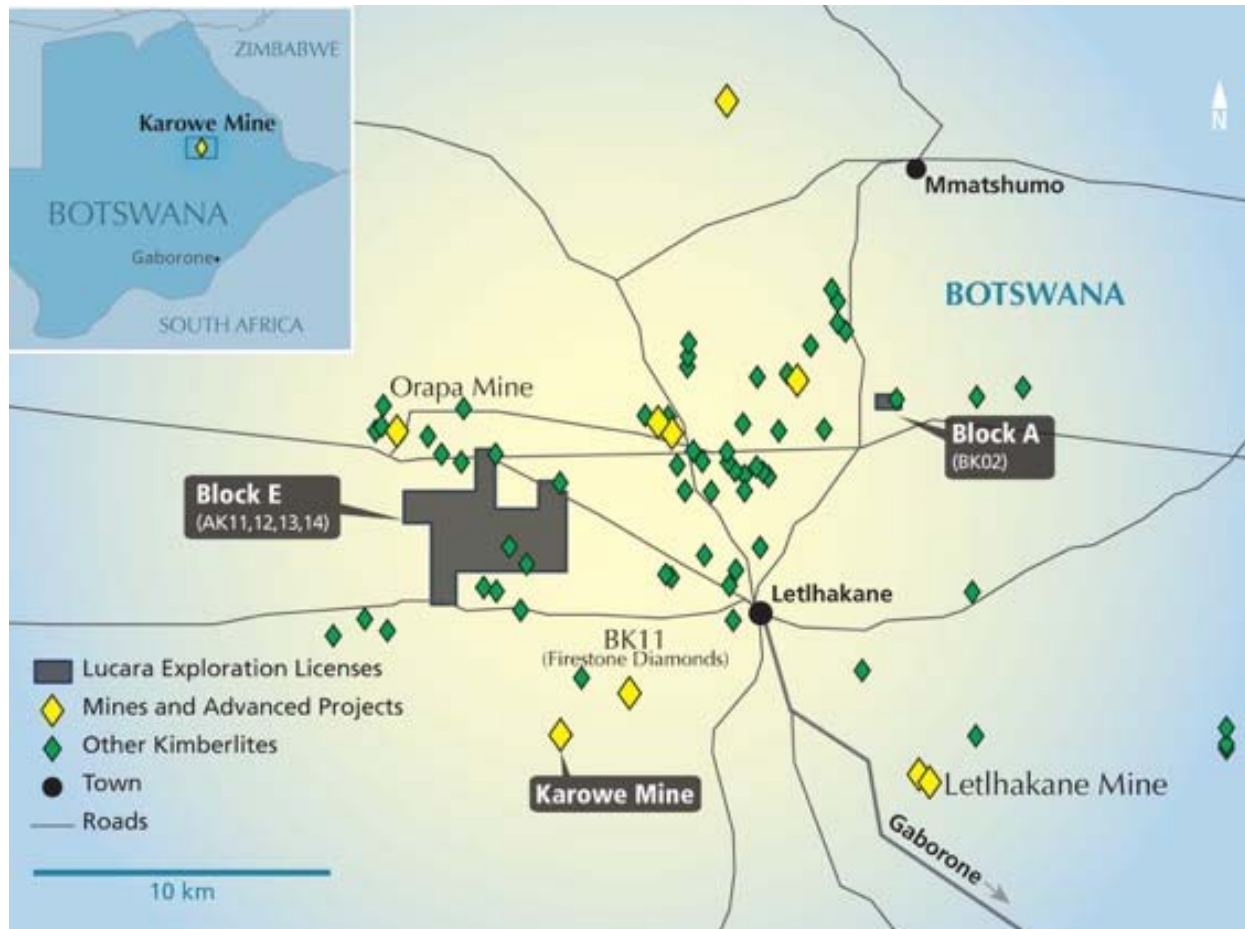


Botswana Exploration



Resource Replacement

Prospecting Licenses (PLs)



- Boteti awarded 2 PL's in mid Sept 2014
- Both PL's host known diamondiferous kimberlites
- Block A (BK02)
- Block E (AK11, 12, 13, 14)



Prospecting License: Block A

Work Plan

- Bulk sampling activities at BK02 were completed in the first quarter and processing of the surface sample was completed during Q1 2016.
- The BK02 diamond results will be released once processing of the sample is complete – forecast during the first half of 2016.
- Drill program pending bulk sample results



5,000t sample collection



Bulk Sample Plant

Prospecting License: Block E

Background

- License area is 55.4km², host up to 4 known kimberlites, potential for additional discoveries, northern edge is contiguous with Debswana Orapa Mine Lease. Excellent road access, 15 kilometers north of Karowe Mine
- AK11 is poorly constrained, AK12 is diamond-bearing however little advanced work. AK13,14 at discovery-phase little to no exploration work

Work Plan

- Site assessment and mapping of all historic workings
- Ground geophysics to re-establish control on anomalies
- Collection of a surface sample of up to 5000 tonnes for diamond content and size distribution analysis – both AK11 and AK12 are candidates
- Drill program pending bulk sample results



Bulk sampling activities at AK12

Lucara – A Summary

Lucara

- 100% owned Karowe Diamond Mine
- Strong free cashflow generation from operations which is enhanced by the consistent recovery of large and exceptional Type IIa diamonds
- Growth potential through exploration and M&A (strong balance sheet)
- Regular dividend paid since H1, 2014 – now progressive at \$0.06 pa

Karowe

- Revenue guidance for 2016 - \$200 – \$220 million
 - Excluding the sale of the two very large exceptional diamonds
- Diamond Sales of 350,000 - 380,000 carats
- Operating costs of US\$33.5 - US\$36.5 per tonne processed

Exploration

- Geophysics has been completed on the BK and AK kimberlites
- Bulk sample processing of BK02 material is currently underway with sample collection work commencing at AK12

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The Diamond Market



Lucara Diamond



Key Factors Affecting The Diamond Market

Long Term Factors

- Consumer preference trends
- Macroeconomic fundamentals (GDP, growth of middle class)
- Supply fundamentals

Short Term Factors

- Short term volatility in macroeconomic factors
- Pipeline efficiencies – **Maximizing the Value of the Rough**
- Market confidence of midstream players
- Liquidity of midstream players and access to finance

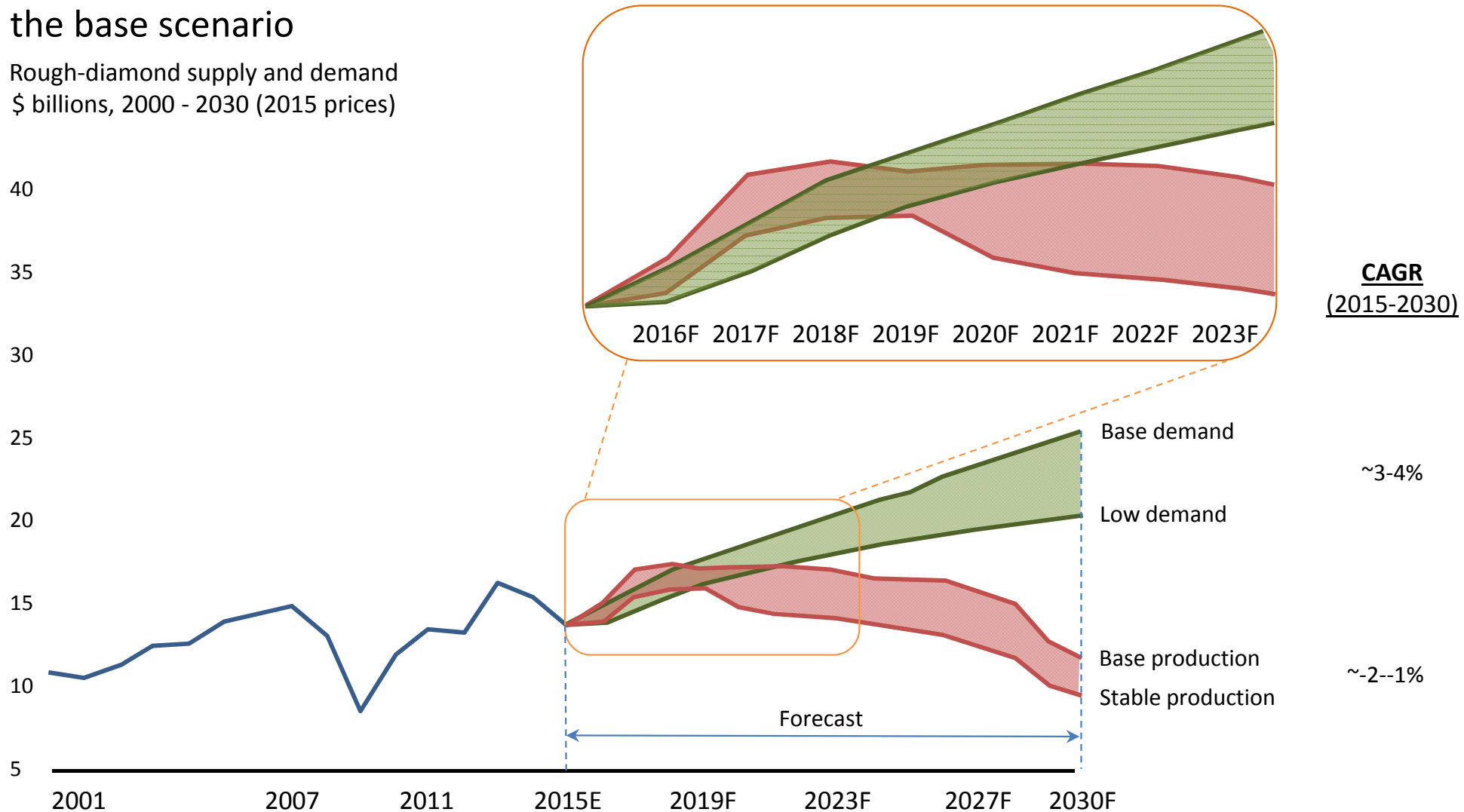


The Diamond Sector – Supply/Demand



The gap between supply and demand is expected to widen starting in 2019 according to the base scenario

Rough-diamond supply and demand
\$ billions, 2000 - 2030 (2015 prices)



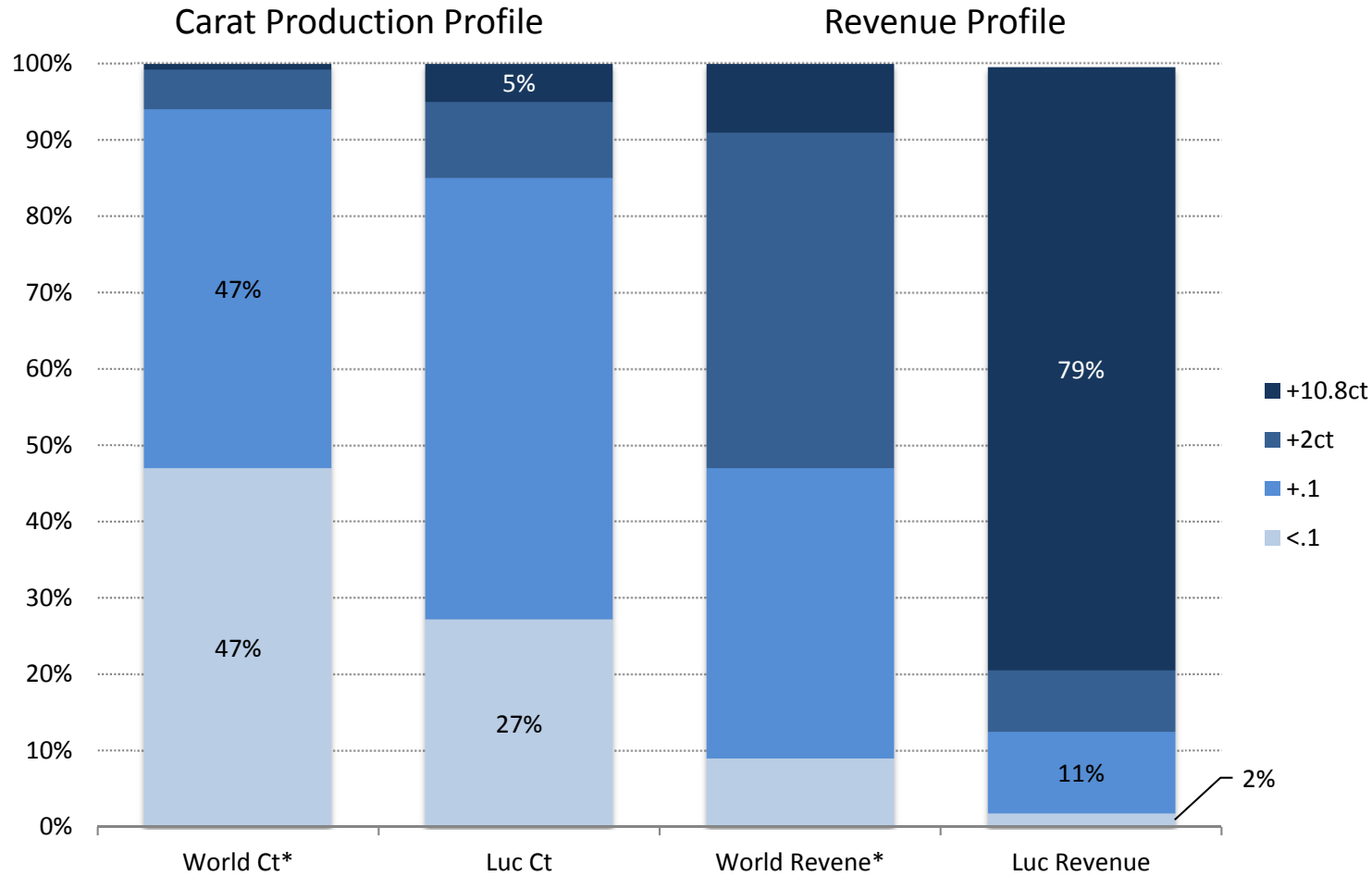
CAGR
(2015-2030)

~3-4%

~2--1%

Note: Rough-diamond demand has been converted from polished-diamond demand using historical ratio of rough-diamond and polished-diamond values
Bain & Company – The Global Diamond Report 2015

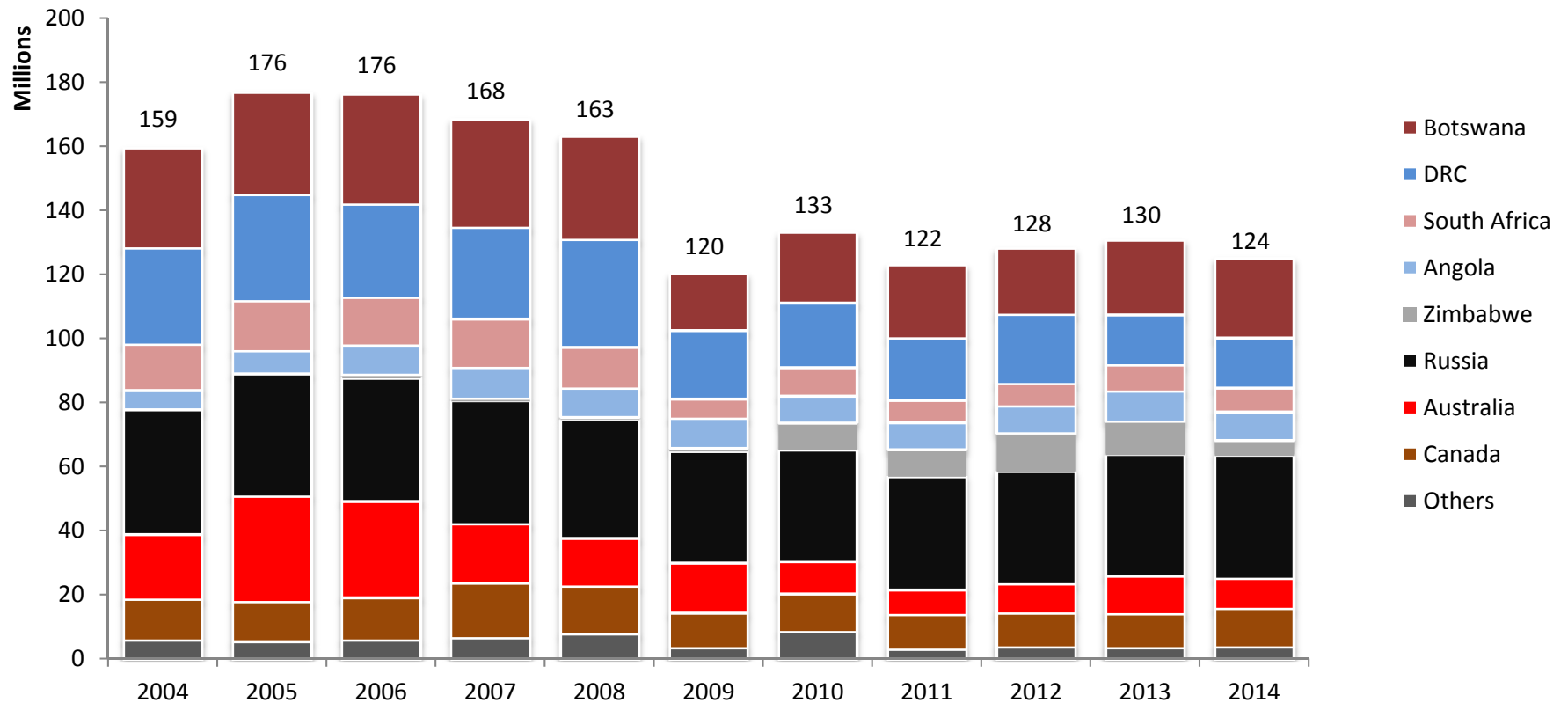
Lucara versus World Production (est.)



*world revenue and ct proportions estimated

Global Rough Diamond Production

Annual production - Carats

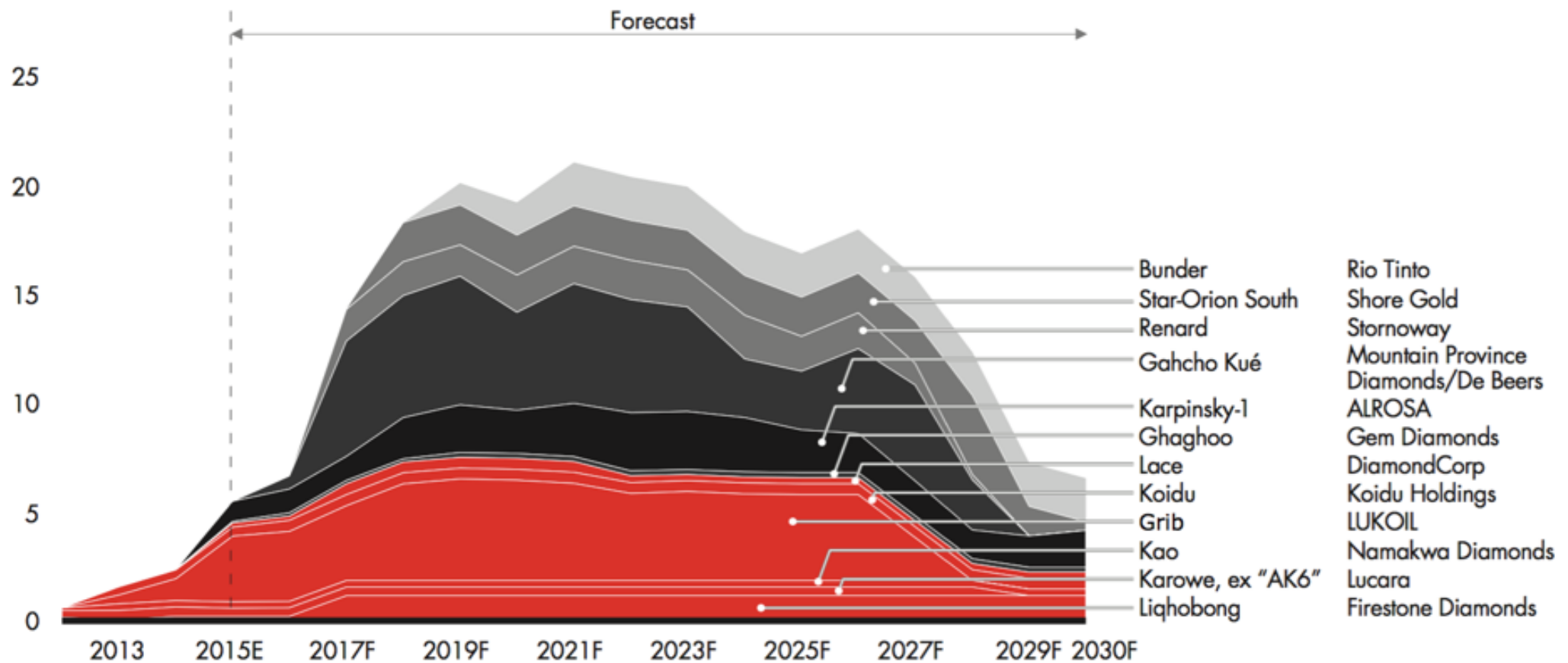


Source: Kimberley Process

Expected New Mine Production

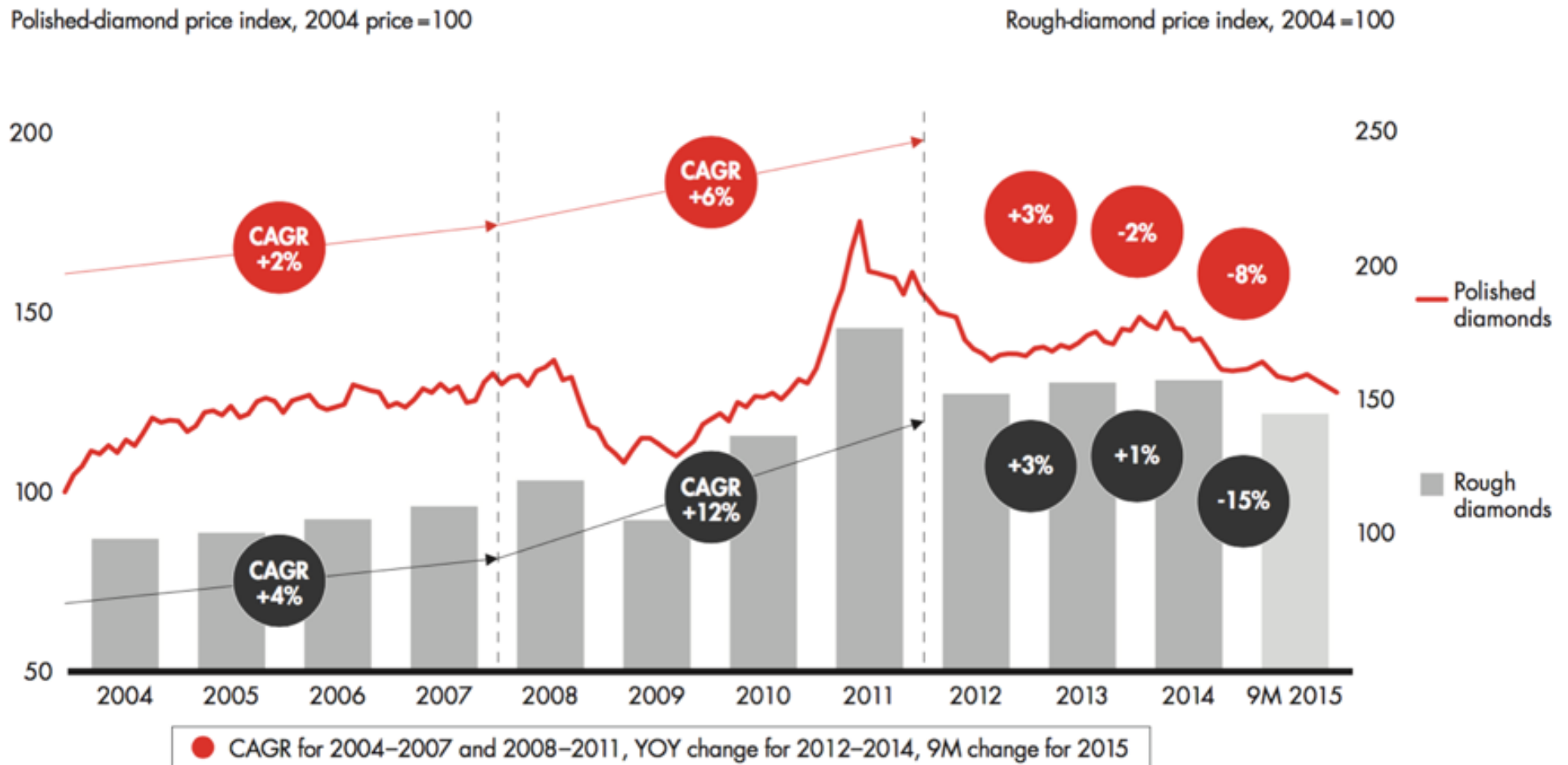


Forecasted rough-diamond production of new mines, millions of carats, base scenario

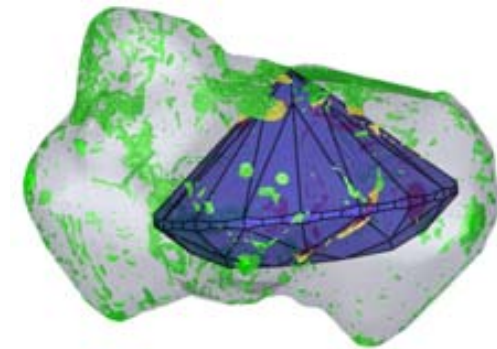
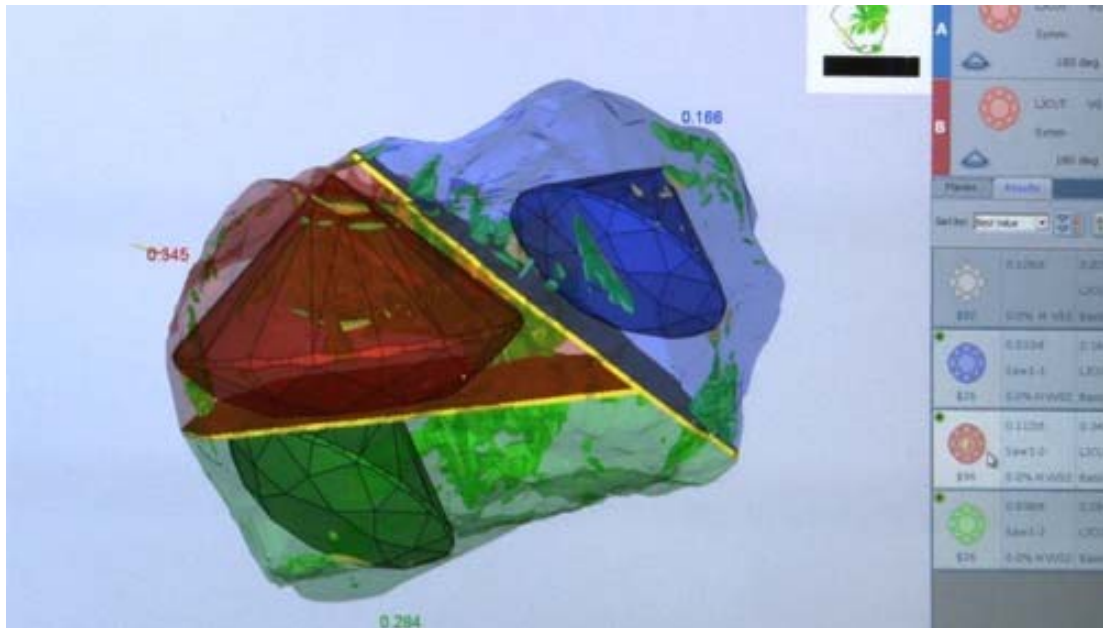


The Diamond Market

Inventory accumulation led to a fall in polished prices starting in 2014, with rough prices following



Polished Diamonds 101



Scan technology used extensively even on very small rough diamonds

