



Lucara Diamond

Where Bigger Is



BMO Global Metals and Mining Conference
February 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.



Lucara Diamond Corp.



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	✓



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)
- Karowe (AK6) Deep Drilling - \$3.7 million
- Exploration budget of up to \$7 million

Exploration

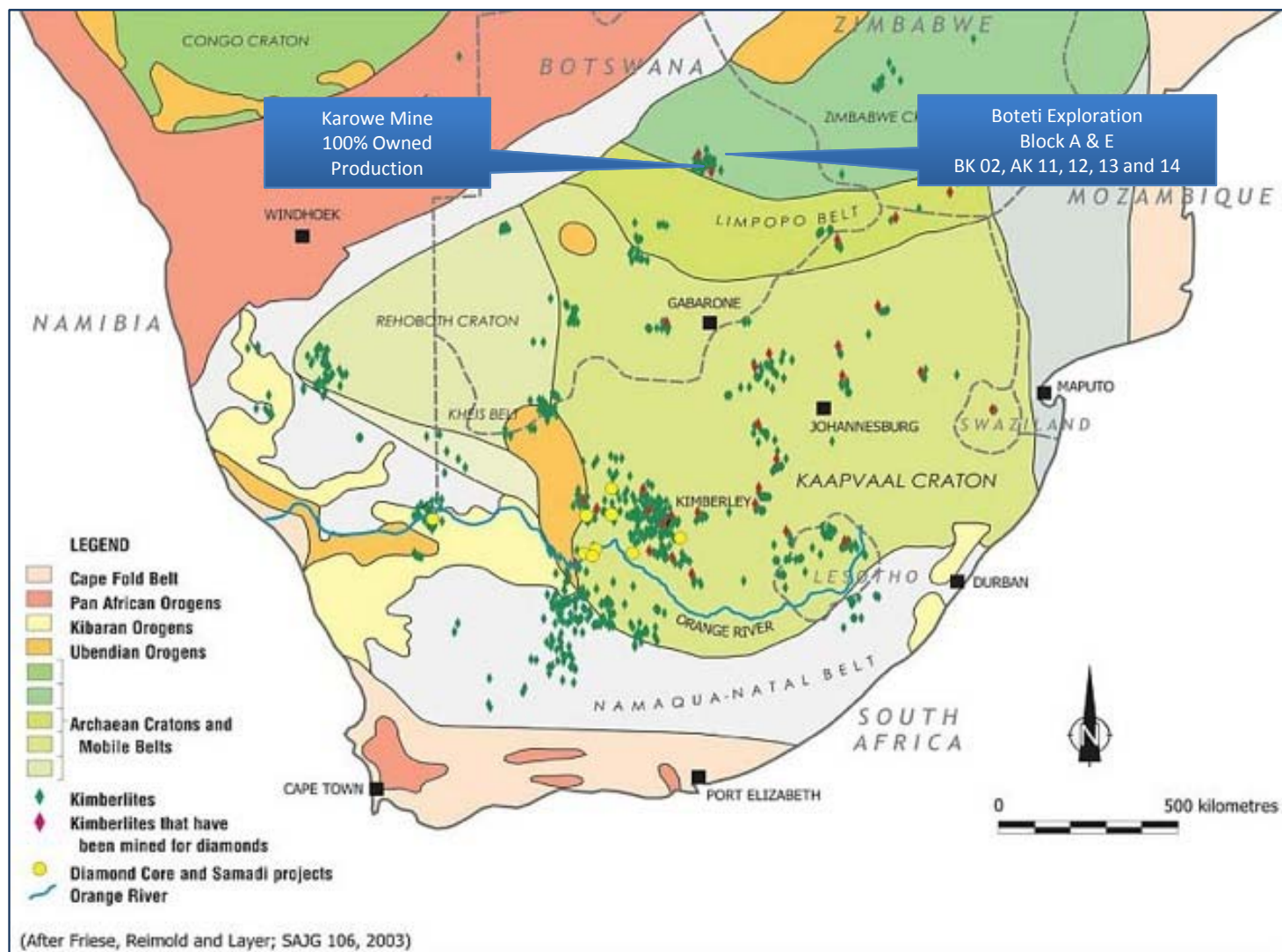
- Two prospecting licenses covering 5 known kimberlite occurrences awarded to Lucara (Boteti)

Capital Structure

- Lucara is a public Company listed under the symbol “LUC”
 - TSX
 - NASDAQ OMX (Sweden)
 - BSE (Botswana)
- Issued shares 380M
- Fully diluted shares 381M
- Debt Nil
- Cash on hand US\$ 134.8 million (YE 2015)
- Progressive dividend CDN \$0.06 per share



Focused on Southern Africa



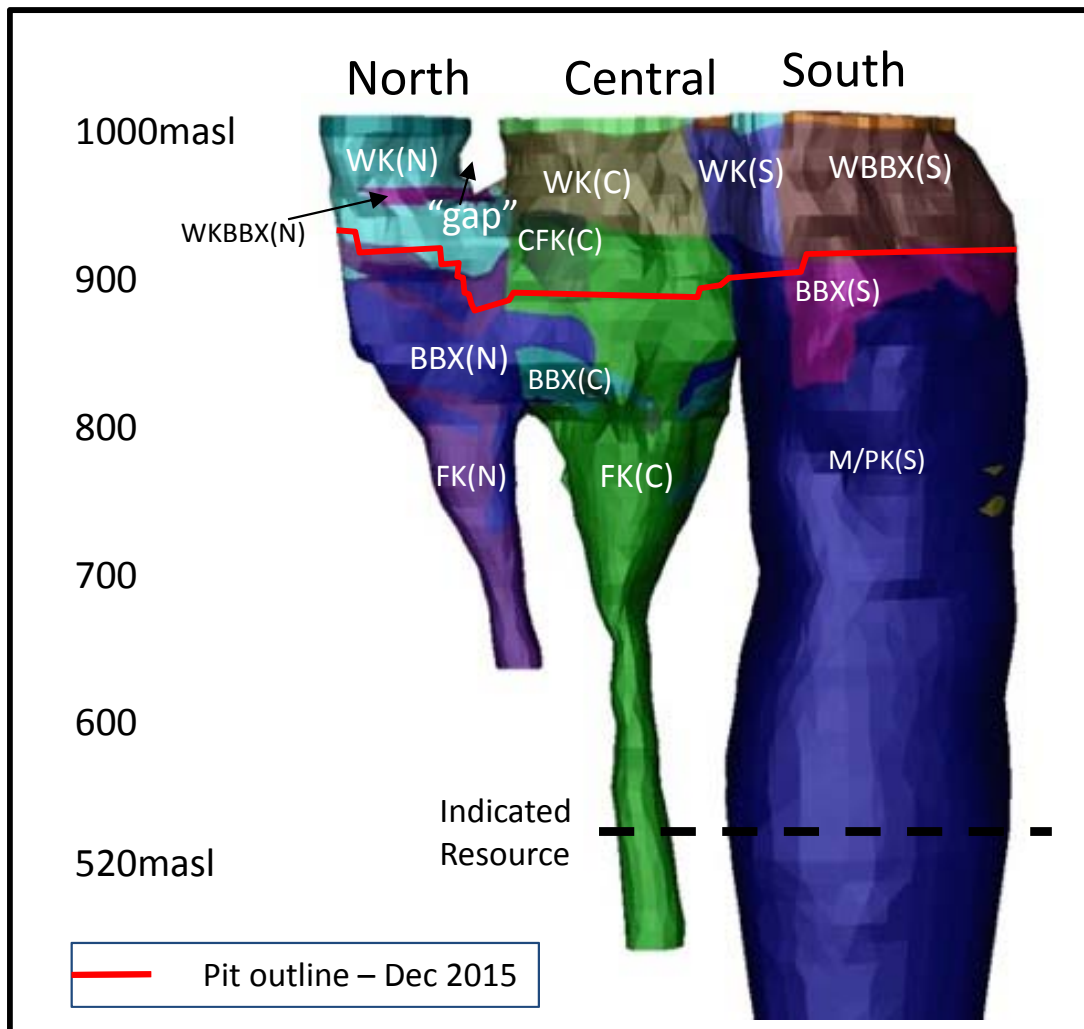


The Karowe Mine - Botswana

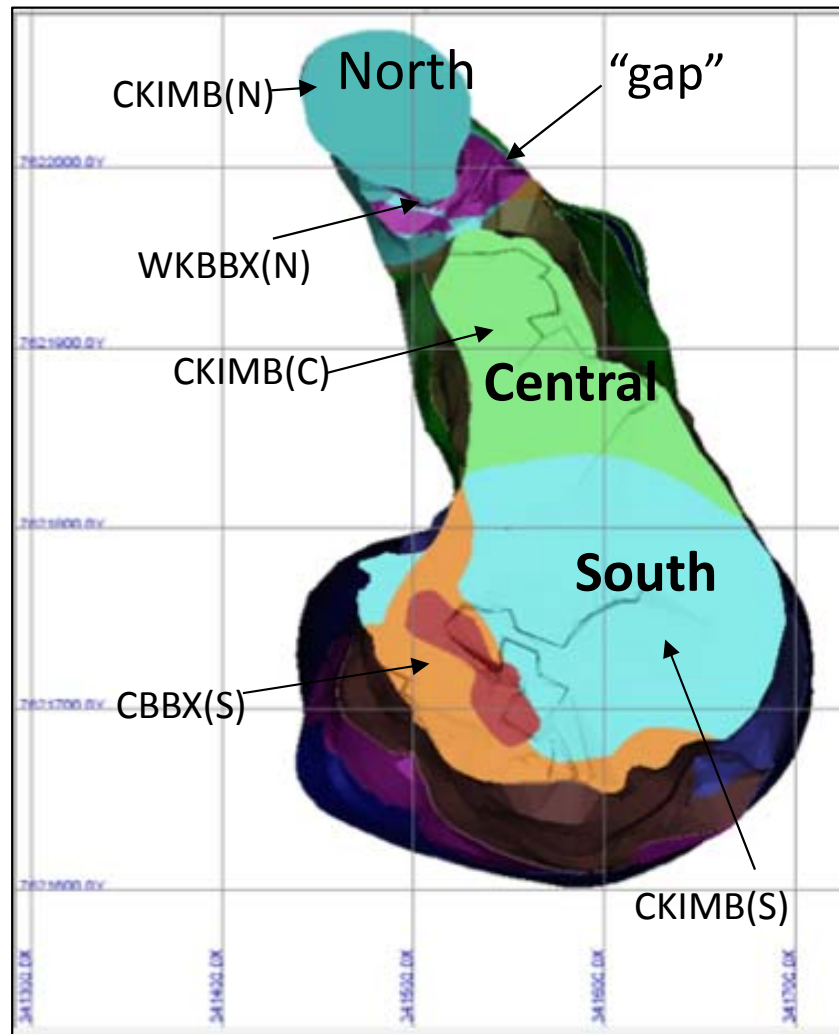




Geological Model



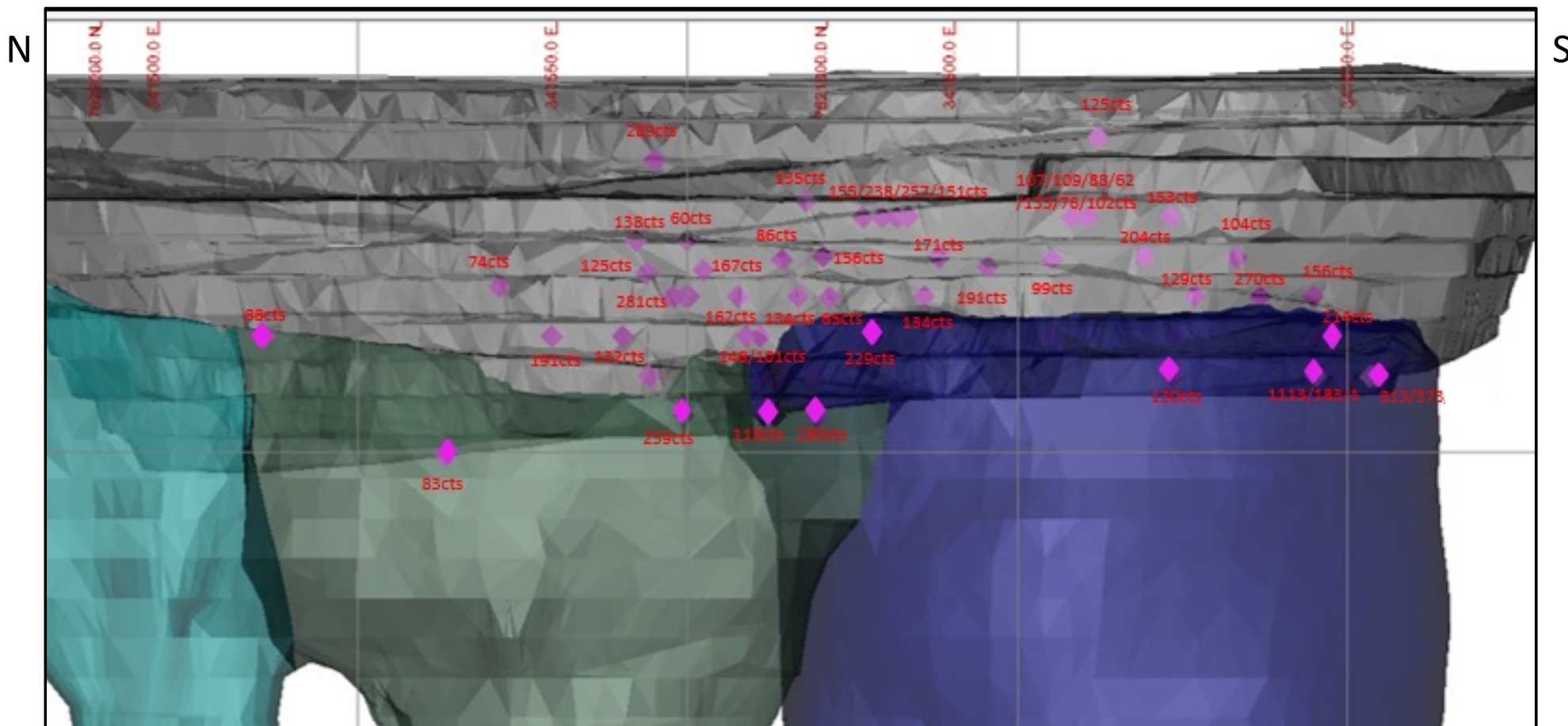
Plan View of Geological Model





Resource

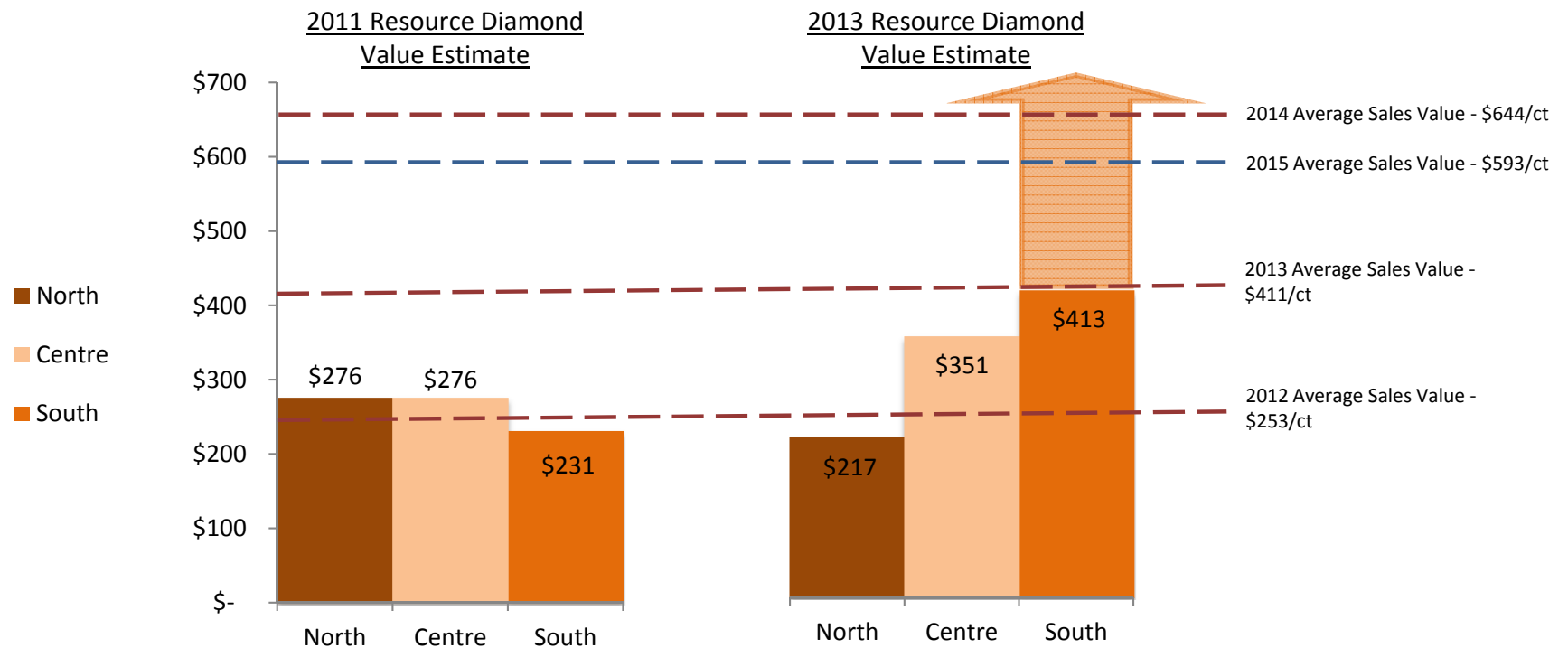
- Large diamonds continue to be recovered across the surface area of the AK6 kimberlites and at depth



Kimberlite extent showing location of large gem diamond recoveries

Resource Performance

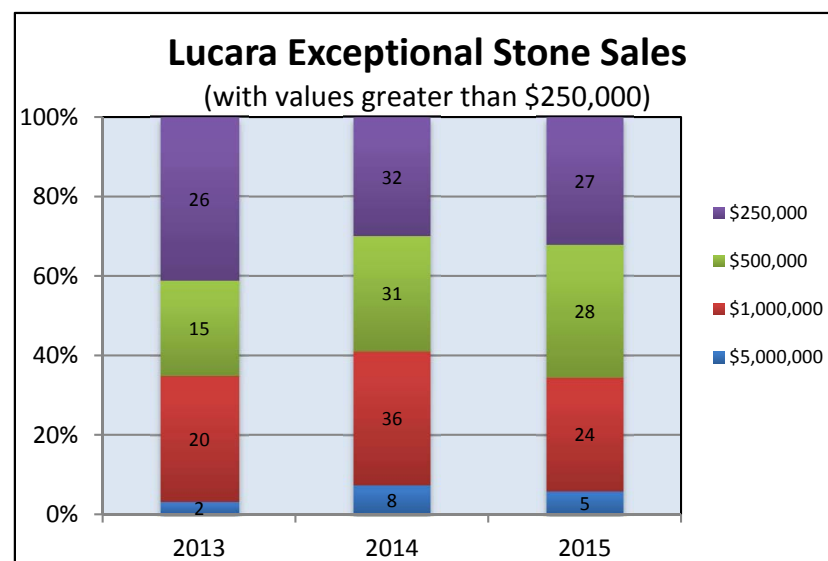
- Resource continues to deliver a significant quantity of stones greater than 10.8 carats with more than 727 being recovered during 2015 at an average stone size of 36.7 carat/stone
- During 2015, 47 diamonds larger than 100 carats were recovered including 20 larger than 200 carats of which 7 were larger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



Sales Update



- In 2015 - 377,136 carats of diamond were sold for gross proceeds of \$223.8 million or \$593 per carat.
- Exceptional Stone Tenders:
 - 2015 - \$98.4 million (\$31,597 per carat)
 - First EST of 2016 announced – April 2016





Historical Recoveries



Lesedi La Rona, the second largest gem quality diamond ever recovered

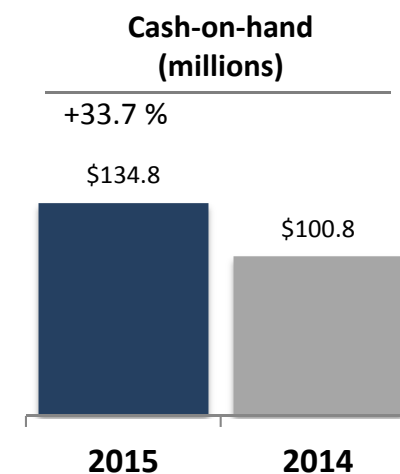
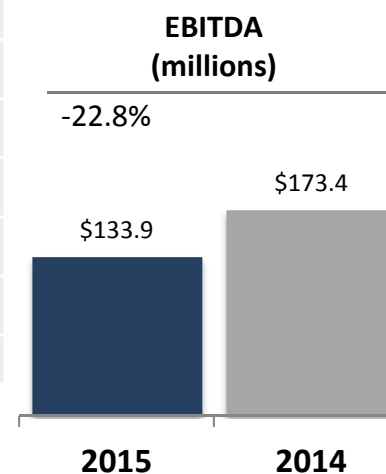
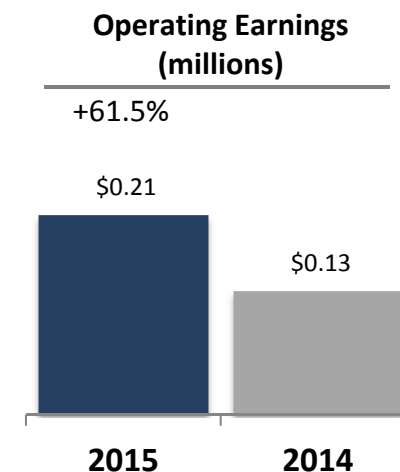
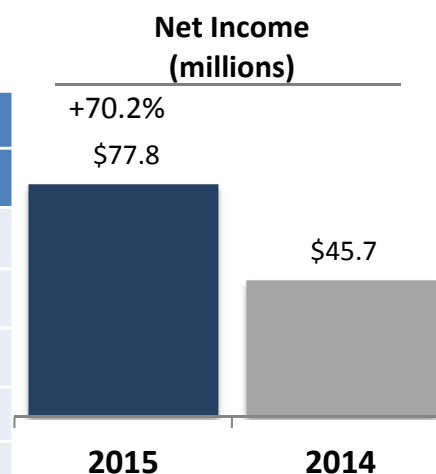
- In Dec 2015, the Company announced the recovery of two very special diamonds.
- The Lesedi La Rona is the largest gem quality stone to have been recovered in more than 100 years weighing 1,109 carats (post cleaning).



813 carat diamond

Karowe Operating Performance

	2015	2014	Variance
			%
Mining and Process			
Ore processed (t)	2,238,974	2,421,506	-8%
Carats recovered (cts)	365,690	430,292	-15%
Plant feed grade (cpht)	16.3	17.7	-8%
Waste mined (t)	13,890,115	10,270,720	35%
Costs			
\$/t processed	\$28.9	\$27.0	7%
\$/ct processed	\$133	\$115	16%
Revenues			
YE Revenues	\$223.8	\$265.5	-16%
Period Sales Revenue	\$65.2	\$70.5	-8%
\$/ct sold	\$593	\$644	-8%
Cash operating margin	\$460	\$529	-13%





Botswana Exploration

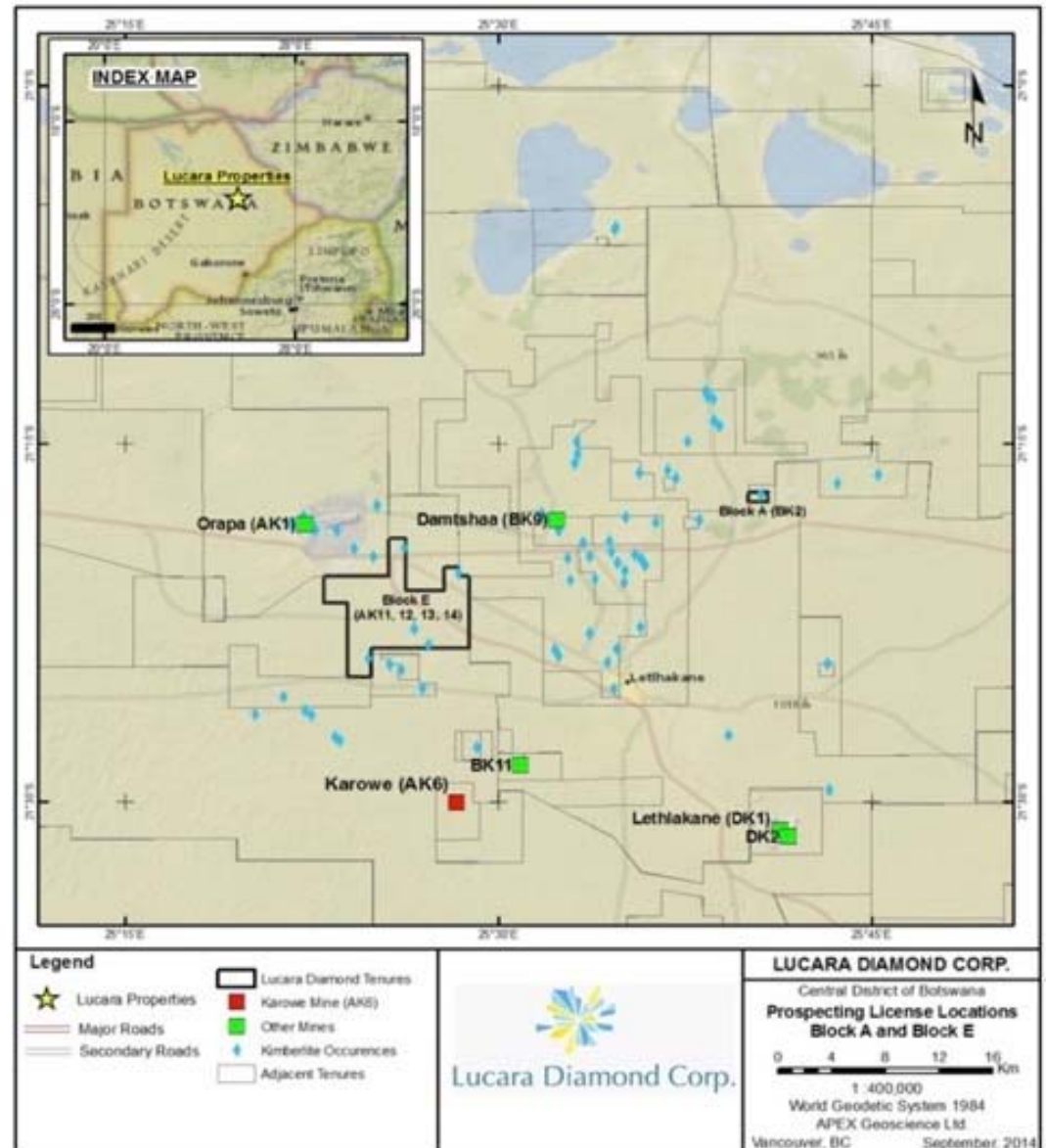




Resource Replacement

Prospecting Licenses (PLs)

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



Prospecting License : Block A – BK02

Work Plan

- Bulk sampling activities at BK02 were 50% complete at year end and processing of the surface sample was initiated during Q4 2015.
- 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 – AK11, 12, 13, 14

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
- AK11 and AK12 covered by very thin veneer of sand – amenable for surface trenching

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
- 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



Lucara Diamond

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The Diamond Market



Our Business

Key Factors Affecting The Diamond Market

Long Term Factors

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

Short Term Factors

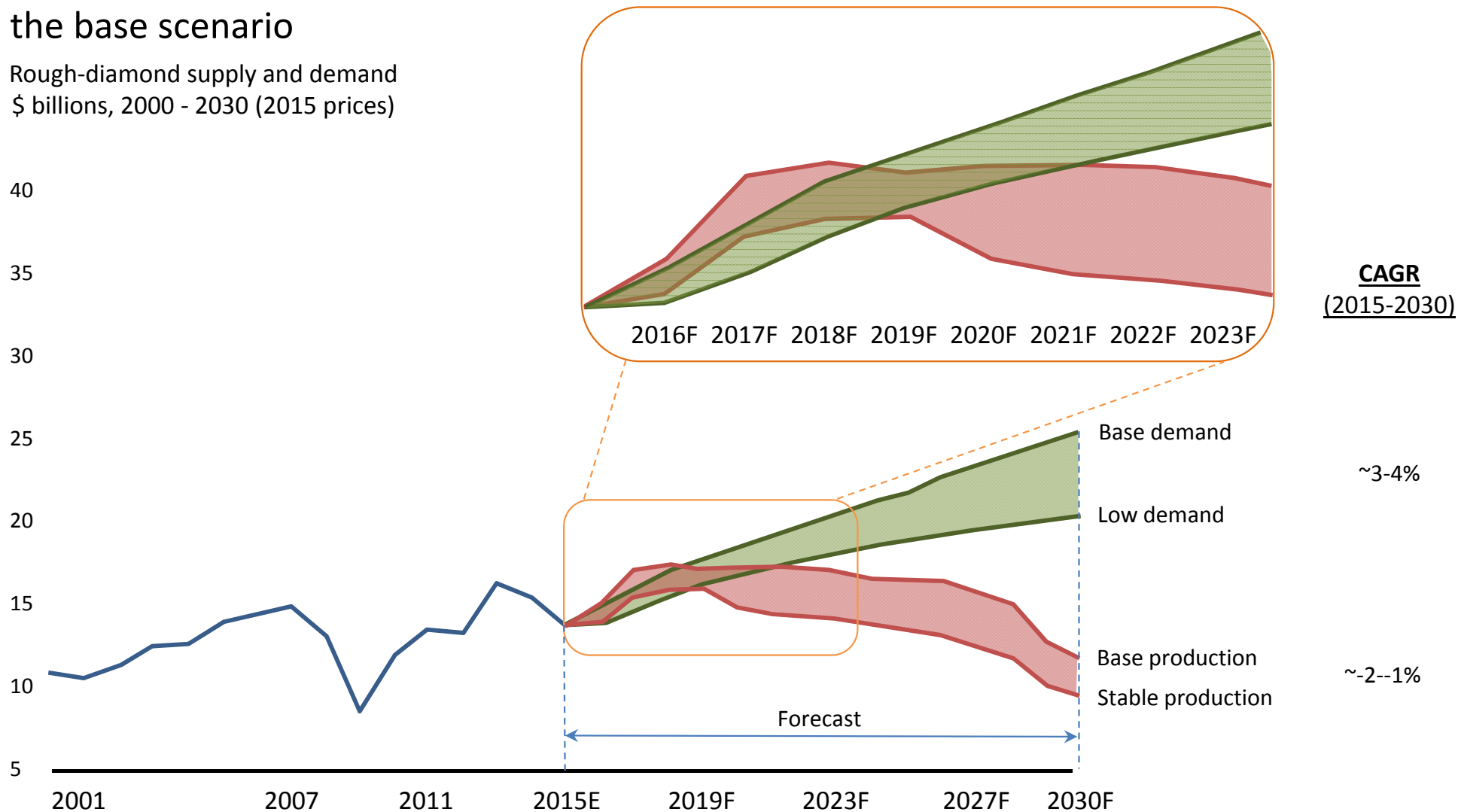
- Short term volatility in macroeconomic factors
- Pipeline efficiencies – **Maximizing the Value of the Rough**
- Market confidence of midstream players
- Liquidity of midstream players and access to finance



The Diamond Sector – Supply/Demand

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

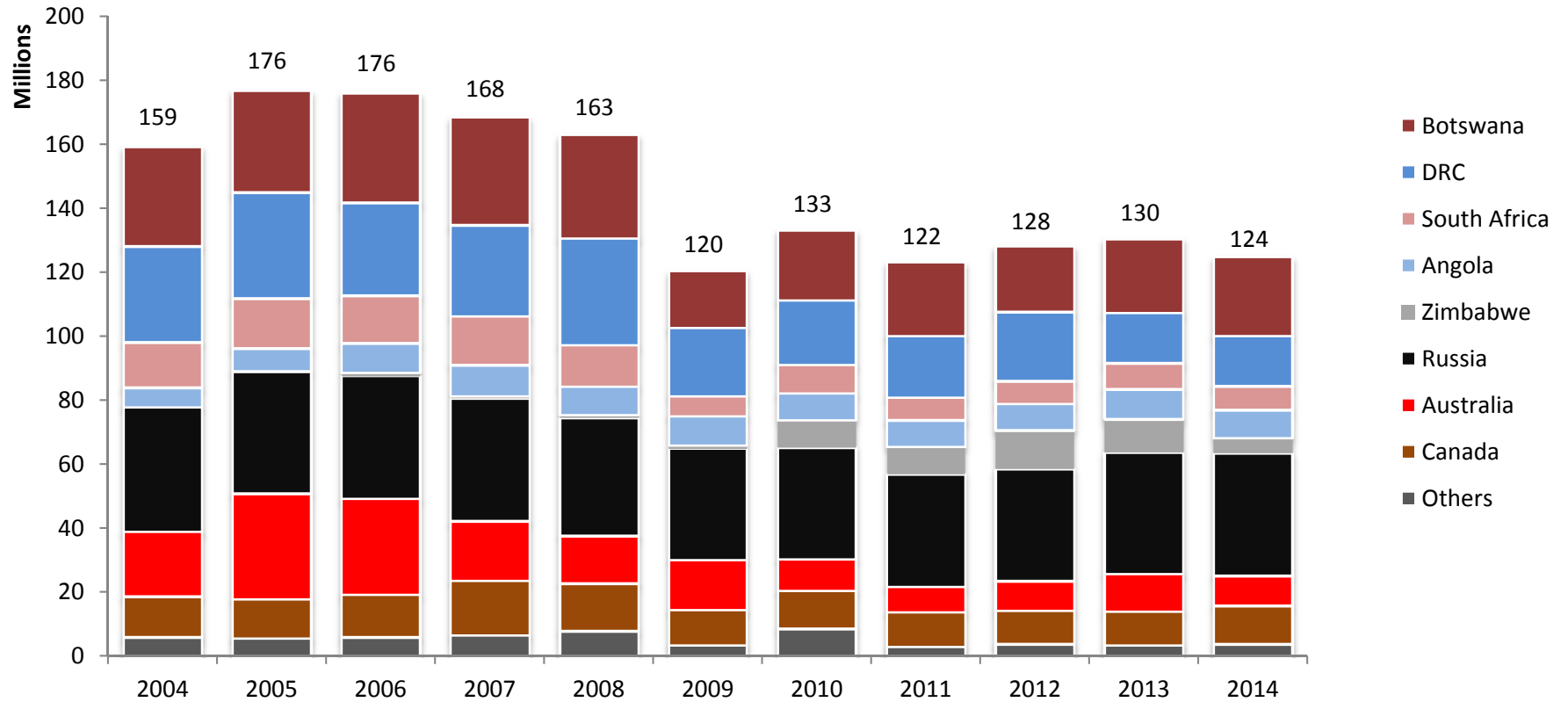
Rough-diamond supply and demand
\$ billions, 2000 - 2030 (2015 prices)



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

Global Rough Diamond Production

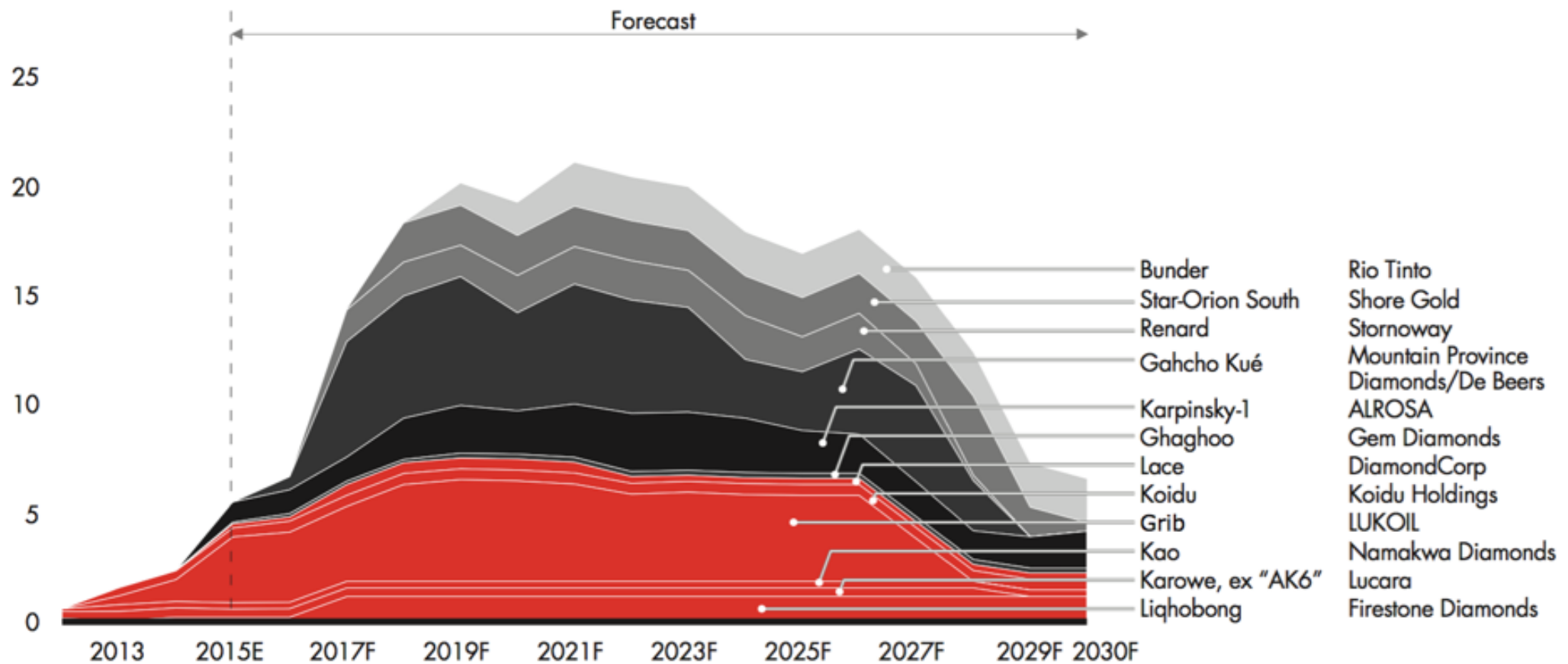
Annual production - Carats



Source: Kimberley Process

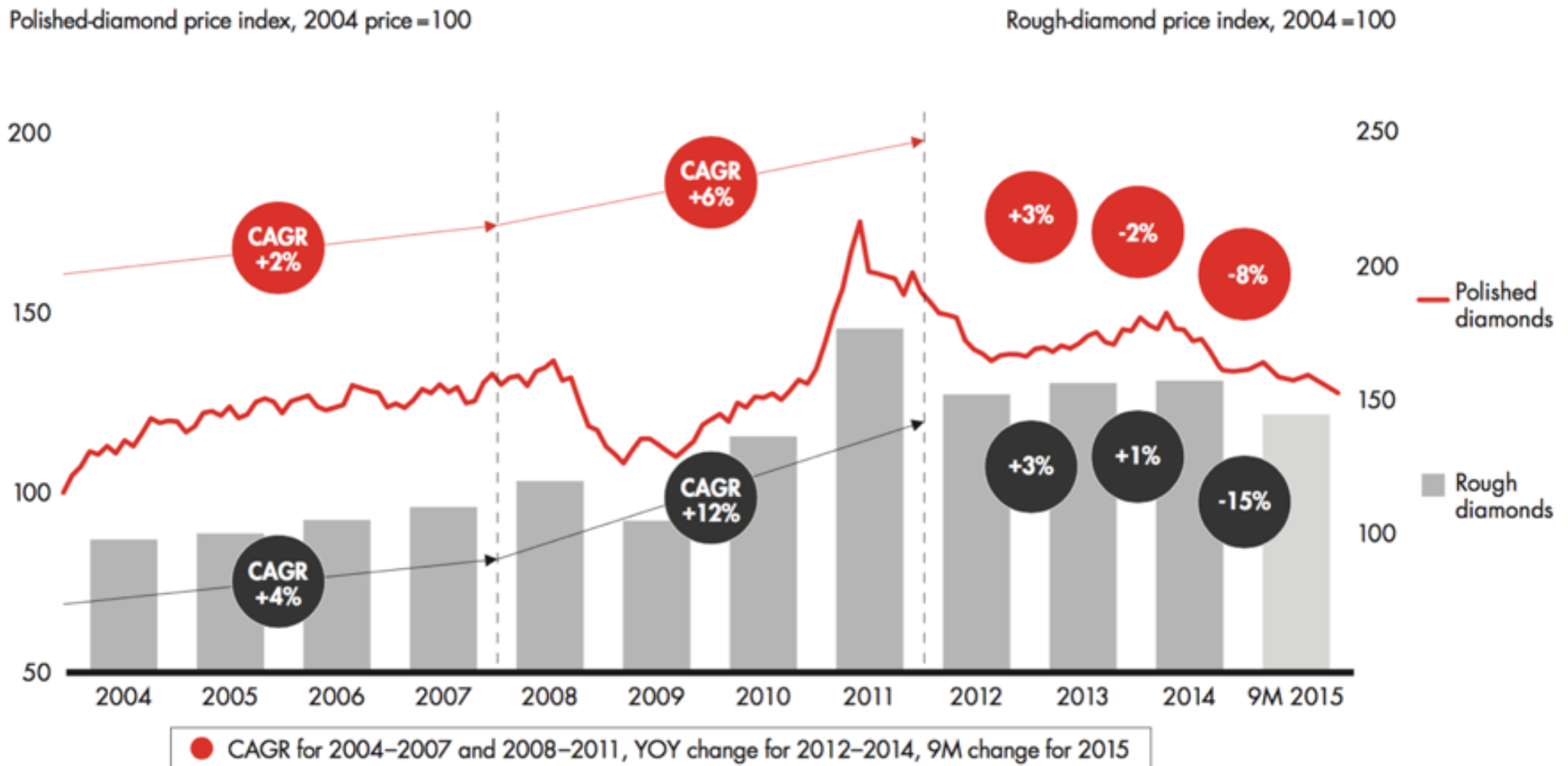
Expected New Mine Production

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



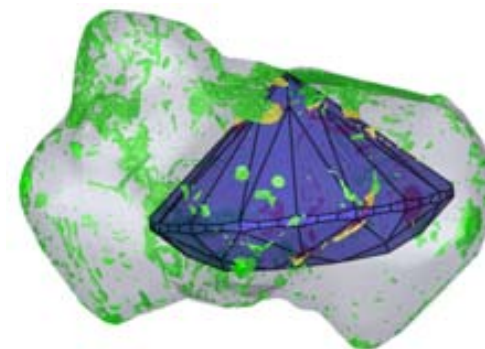
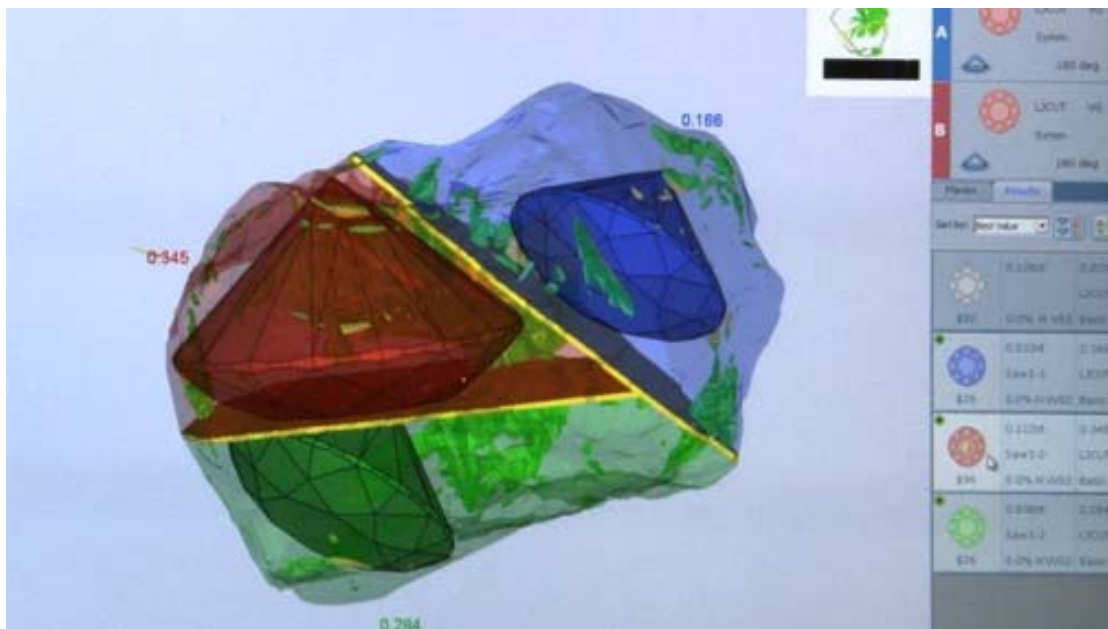
The Diamond Market

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

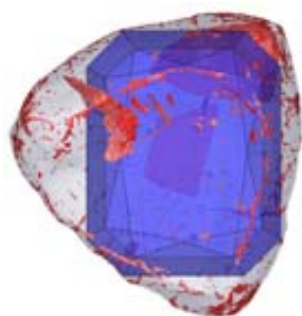




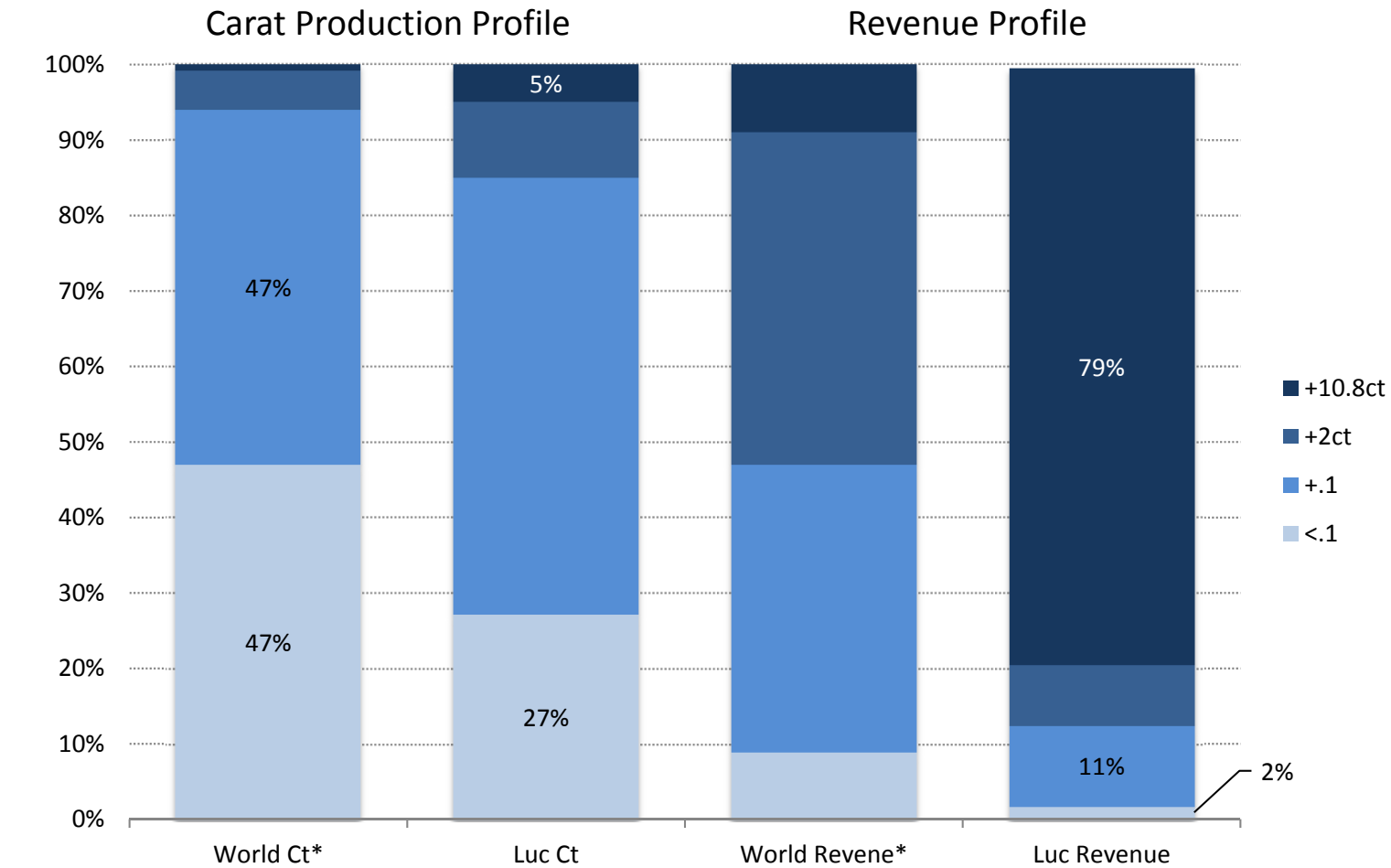
Polished Diamonds 101



Scan technology used extensively even on very small rough diamonds



Lucara versus World Production (est.)



*world revenue and ct proportions estimated