



**NOTICE OF MEETING
AND MANAGEMENT PROXY CIRCULAR**

**ANNUAL AND SPECIAL MEETING OF
SHAREHOLDERS**

**To be held on May 11, 2017 for
LUCARA DIAMOND CORP.**



NOTICE OF ANNUAL AND SPECIAL MEETING OF SHAREHOLDERS

The Annual and Special Meeting (the "Meeting") of the shareholders of **LUCARA DIAMOND CORP.** (the "Corporation" or "Lucara") will be held at Blake, Cassels & Graydon LLP, Suite 2600, Pacific Boardroom, 595 Burrard Street, Vancouver, British Columbia, on **Thursday, May 11, 2017 at 10:00 a.m. (Pacific Time)** for the following purpose:

1. To receive the consolidated audited financial statements for the year ended December 31, 2016, together with the report of the auditors;
2. To reappoint the auditor for the upcoming year and to authorize the directors to fix their remuneration;
3. To elect directors for the upcoming year;
4. To adopt an advisory resolution on executive compensation;
5. To pass a special resolution to adopt amended and restated Articles for Lucara as described in the Management Proxy Circular.
6. To transact such further or other business as may properly come before the Meeting.

Your vote is important. If you held Lucara shares on April 06, 2017, you are entitled to receive notice of and vote at the Meeting or any postponement or adjournment of it.

This Notice is accompanied by a Management Proxy Circular and a proxy form or a voting instruction form. The consolidated audited financial statements of the Corporation for the year ended December 31, 2016, have been provided separately to those shareholders who requested a copy. They are also available on the Corporation's website at www.lucaradiamond.com and on SEDAR at www.sedar.com.

If you are not able to attend the Meeting, please vote by using the proxy form or voting instruction form and return it according to the instructions provided before 10:00 a.m. (Pacific Time) Tuesday, May 09, 2017.

BY ORDER OF THE BOARD

(signed) "William Lamb"

President and Chief Executive Officer

Dated April 06, 2017



**Management Proxy Circular
For
Annual and Special Meeting of Shareholders
Thursday, May 11, 2017**

Dated April 06, 2017

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SECTION 1 - VOTING INFORMATION

GENERAL

You have received this Management Proxy Circular (the “Circular”) because you owned shares of **Lucara Diamond Corp.** (“Lucara” or the “Corporation”) on April 06, 2017, the record date. As a shareholder, you have the right to attend the annual and special meeting of shareholders on **Thursday, May 11, 2017**, at the time and place in the accompanying notice (the “Meeting”) or at any adjournment or postponement thereof.

Unless otherwise stated, the information contained in this Circular is given as at April 06, 2017 and all dollar amounts are expressed as United States dollars.

The solicitation of proxies is being made primarily by mail, at Lucara’s expense. Proxies may also be solicited personally or by telephone by directors, officers and employees of the Corporation.

YOUR VOTE IS IMPORTANT – PLEASE READ THIS CIRCULAR CAREFULLY AND THEN VOTE YOUR COMMON SHARES, EITHER BY PROXY OR IN PERSON, AT THE MEETING.

The persons named on the proxy form are officers of Lucara. They will vote your Common Shares for you, unless you appoint someone else to be your proxyholder. You have the right to appoint another person to be your proxyholder. If you appoint someone else, he or she must be present at the Meeting to vote your Common Shares.

Please follow the instructions below for voting. This Circular is being sent to both Registered and Non-Registered (or Beneficial) Shareholders. The Corporation does not send proxy-related materials directly to Beneficial Shareholders and is not relying on the notice-and-access provisions of securities law for delivery to either Registered or Beneficial Shareholders. The Corporation will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to Beneficial Shareholders.

Registered Shareholder

You are a Registered Shareholder if your Common Shares are registered in your name and you have a share certificate.

Non-Registered (or Beneficial) Shareholder

You are a Non-Registered (or Beneficial) Shareholder if your broker, investment dealer, bank, trust company, trustee, nominee or other intermediary holds your Common Shares for you. Most shareholders are Non-Registered (or Beneficial) Shareholders.

If you are unsure if you are a Registered Shareholder or Non-Registered (or Beneficial) Shareholder, please contact Computershare at:

Computershare Investor Services Inc. 8th Floor,
100 University Avenue
Toronto, Ontario, M5J 2Y1
1-800-564-6253 (toll-free in Canada and U.S.)
1-514-982-7555 (international)
service@computershare.com

MATTERS TO BE VOTED ON

At the Meeting, shareholders will be asked to vote on the matters described in SECTION 2- BUSINESS OF THE MEETING of this Circular.

HOW TO VOTE IF YOU ARE A REGISTERED SHAREHOLDER AND YOUR SHARES TRADE ON THE TSX

In Person

You should identify yourself to the representative from Computershare before entering the Meeting to register your attendance at the Meeting.

By Proxy

1. *By mail:*

Complete, sign and date your proxy form and return it in the envelope provided. Please see below "*How to complete the Proxy Form if you are a Registered Shareholder with shares trading on the TSX*" for more information.

2. *By telephone:*

Call 1-866-732-8683 (toll free in Canada and the United States) and follow the voting instructions. You will need your 15 digit control number which is noted on your proxy form. International holders wishing to vote by telephone can dial 312-588-4290 to place their vote.

3. *On the internet:*

Go to www.investorvote.com and follow the instructions on the screen. You will need your 15 digit control number which is noted on your proxy form.

How to complete the Proxy Form if you are a Registered Shareholder with shares trading on the TSX:

Complete your voting instructions, sign and date your proxy form and return it so that it is received before **10:00 a.m. (Pacific Time) on May 09, 2017** or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the adjourned or postponed Meeting. When you sign the proxy form (unless you appoint someone else, see below), you are authorizing the appointees, who are officers of Lucara, to vote your Common Shares for you at the Meeting. The Common Shares represented by a proxy form will be voted in favour or withheld from voting or voted against, as applicable, in accordance with your instructions on any ballot that may be called for at the Meeting. If you return your proxy form and do not indicate how you want to vote your Common Shares, your vote will be cast:

- FOR the appointment of PricewaterhouseCoopers LLP as auditors and authorizing the directors to fix their remuneration;
- FOR the election of each of the persons nominated for election as directors in this Circular;
- FOR the adoption of an advisory resolution on executive compensation as more fully described in this Circular; and
- FOR the adoption of amended and restated Articles of the Corporation as more fully described in this Circular.

Your proxyholder will also vote your Common Shares as he or she sees fit on any other matter, including amendments or variations of matters identified in this Circular or that may properly come before the Meeting and in respect of which you are entitled to vote. As at the date of this Circular, the Board of Directors (the "Board") and Management do not know of any amendments or variations to the proposed items of business or any additional matters which may be presented for consideration at the Meeting.

If you are appointing someone else to vote your Common Shares at the Meeting, insert the name of the person you are appointing as your proxyholder in the space provided. Your proxyholder does not have to be a shareholder. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting. At the Meeting, the person you appoint should register with the Computershare representative at the registration table.

If you are an individual shareholder, you or your authorized attorney must sign the proxy form. If the shareholder is a corporation or other legal entity, an authorized officer or attorney must sign the proxy form.

If you need help completing your proxy form, please contact Computershare at the contact information listed above under "GENERAL".

How to Change or Revoke your Vote – if you are a Registered Shareholder with shares trading on the TSX:

If you wish to change a vote you made by proxy:

- complete a proxy form that is dated later than the proxy form you are changing and deposit it with Computershare so that it is received before 10:00 a.m. (Pacific Time) on May 09, 2017 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting; or
- vote again by telephone or on the internet before 10:00 a.m. (Pacific Time) on May 09, 2017 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting.

If you wish to revoke a vote you made by proxy:

- attend in person at the Meeting;
- send a notice of revocation in writing from you or your authorized attorney to the registered office of the Corporation, at Suite 2600, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, so that it is received by the close of business (Pacific Time) on May 10, 2017 or, in the case of any adjournment or postponement of the Meeting, by the close of business on the last business day before the day of the adjourned or postponed Meeting;
- give a notice of revocation in writing from you or your authorized attorney to the Chair of the Meeting or the Corporate Secretary on the day of, but prior to the commencement of the Meeting; or
- in any other manner permitted by law.

HOW TO VOTE IF YOU ARE A NON-REGISTERED (OR BENEFICIAL) SHAREHOLDER AND YOUR SHARES TRADE ON THE TSX

By Proxy

Your intermediary (your broker, investment dealer, bank, trust company, trustee, nominee or other intermediary) is required to ask for your voting instructions before the Meeting. Please contact your intermediary if you did not receive a voting instruction form together with this Circular. You may change your voting instructions given to an intermediary by notifying such intermediary in accordance with the intermediary's instructions.

In Person

Lucara does not have access to the names of holdings of our Non-Registered (or Beneficial) shareholders. This means you can only vote your Common Shares in person at the Meeting if you have previously appointed yourself as the proxyholder for your Common Shares by inserting your name in the space provided on the voting instruction form which you received from your intermediary and submitting it as directed on the form. Your voting instructions must be received by Computershare by 10:00 a.m. (Pacific Time) on May 09, 2017 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting. You should identify yourself to the representative from Computershare before entering the Meeting to register your attendance at the Meeting.

HOW TO VOTE IF YOUR SHARES TRADE ON THE NASDAQ STOCKHOLM EXCHANGE

The information in this section is of significance to shareholders who hold their securities (“Euroclear Registered Securities”) through Euroclear Sweden AB, which securities trade on the Nasdaq Stockholm Exchange. Shareholders who hold Euroclear Registered Securities are not registered holders of voting securities for the purposes of voting at the Meeting. Instead, Euroclear Registered Securities are registered under CDS & Co., the registration name of the Canadian Depository for Securities. Holders of Euroclear Registered Securities will receive a Form of Proxy (the “Swedish Proxy”) by mail directly from Computershare AB (“Computershare Sweden”). The Swedish Proxy cannot be used to vote securities directly at the Meeting. Instead, the Swedish Proxy must be completed and returned to Computershare Sweden, strictly in accordance with the instructions and deadlines that will be described in the instructions provided with the Swedish Proxy.

HOW TO VOTE IF YOUR SHARES TRADE ON THE BOTSWANA STOCK EXCHANGE

The information in this section is of significance to shareholders whose securities are listed on the Botswana Stock Exchange (“Botswana Registered Securities”). The shareholders’ register for Botswana Registered Securities is maintained by Corpserve Botswana. Botswana Registered Securities will receive a proxy form (the “Botswana Proxy”) by mail directly from Corpserve Botswana. The Botswana Proxy must be completed and returned to Corpserve Botswana strictly in accordance with the instructions and deadlines described in such Proxy.

WHO IS ENTITLED TO VOTE AND HOW THE VOTES ARE COUNTED

Each shareholder is entitled to one vote for each Common Share held as of the record date, April 06, 2017, on all matters at the Meeting. As of the record date, there are 382,446,001 issued and outstanding Common Shares.

Computershare counts and tabulates the votes. It does this independently of Lucara to make sure that the votes of individual shareholders are confidential. Computershare refers proxy forms to Lucara only when:

- it is clear that a shareholder wants to communicate with management;
- the validity of the proxy is in question; or
- the law requires it.

WHO ARE THE PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and senior officers of Lucara, Nemesia S.à.r.l (“Nemesia”) is the only person or company beneficially owning or exercising control or direction, directly or indirectly, over Common Shares carrying more than 10% of the voting rights attached to all Common Shares. Nemesia is a private corporation owned by a trust whose settlor is the Estate of Adolf H. Lundin. As of April 06, 2017, Nemesia holds 70,372,200 Common Shares, which represents approximately 18.40% of the current outstanding Common Shares.

SECTION 2 - BUSINESS OF THE MEETING

1. FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended December 31, 2016 have been provided to shareholders who requested them and are available on Lucara’s website at www.lucaradiamond.com or at SEDAR at www.sedar.com. Management will discuss these consolidated financial results at the Meeting. No vote of shareholders is required with respect to this item of business.

2. APPOINTMENT AND REMUNERATION OF AUDITORS

The Board recommends the re-appointment of PricewaterhouseCoopers LLP Chartered Accountants (“PwC”), Vancouver, British Columbia, as auditors of the Corporation to hold office until the termination of the next annual meeting of the shareholders.

As in past years, it is proposed that the remuneration to be paid to the auditors shall be determined by the Board. For further information on the external auditors including fees paid to the auditors in 2015 and 2016, please refer to page 20 of this Circular.

You may either vote for reappointing PwC as Lucara's auditor to hold office until the end of the next annual meeting and authorizing the directors to fix the auditors remuneration or you can withhold your vote. If you do not specify how you want your shares voted, the named proxyholders intend to cast votes FOR reappointing PwC and authorizing the directors to fix PwC's remuneration.

3. ELECTION OF DIRECTORS

Nominees of Directors

The term of office of each of the present directors expires at the Meeting. The nominees for directors include each of the existing directors of the Corporation. The Board is recommending that the current seven directors be elected at the Meeting. The Board has assessed the skills and experience that the directors standing for election offer and is satisfied the nominees meet the Board's requirements. Each director elected at the Meeting will serve as a director until the next annual meeting unless he or she resigns or is otherwise removed from office earlier.

You may either vote for the election of each of the below nominees or you can withhold your vote. If you do not specify how you want your shares voted, the named proxyholders intend to cast votes FOR the election of the below named nominees. If any proposed nominee is unable to serve as a director or withdraws his or her name, the named proxyholders reserve the right to nominate and vote for another individual in their discretion.

The Board has adopted a policy on Majority Voting that provides that the Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If any nominee for director is not elected by at least a majority (50% + 1 vote) of the votes cast with regard to his or her election, the director must immediately tender his or her resignation to the Chair of the Board following the meeting, to take effect upon acceptance by the Board. The Board shall accept the resignation absent exceptional circumstances. To assist the Board in making a determination with regard to exceptional circumstances, the Board will refer the resignation to the Corporate Governance and Nominating Committee who will expeditiously consider the director's offer to resign and make a recommendation to the Board whether to accept the resignation. Within 90 days of the shareholders' meeting, the Board will make a final decision concerning the acceptance of the director's resignation (and reasons for rejecting the resignation if applicable) and announce that decision by way of a news release. Any director who tenders his or her resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation. The policy applies only to uncontested elections, where the number of nominees as director is equal to the number of directors to be elected. If the director fails to tender his or her resignation as contemplated in the policy, the Board will not re-nominate the director. Subject to any corporate law restrictions, where the Board accepts the offer of resignation of a director and that director resigns, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to elect a new nominee to fill the vacant position.

Information regarding each of the seven proposed nominees, as at April 06, 2017, is set out below. Further information on the proposed nominees is also found in this Circular, please see page 14 and 15 for Board attendance records, pages 37 and 38 for director compensation received, page 14 for memberships on other public boards and page 13 for independence status.

Name and Jurisdiction of Residence	Current Occupation/Age/Biography	Served as director since	Number of voting securities owned (directly or indirectly) or controlled
CLARK, Richard ⁽¹⁾ British Columbia, Canada	Occupation: CEO of Orca Gold Inc. (resource company) Age: 59 Biography: Mr. Clark is a lawyer with a geological background and has over 30 years of experience in the mineral exploration, development and mining business in the Americas and Africa. For the past 17 years Mr. Clark has been a senior executive of the Lundin Group of companies, serving in the role of President and CEO of various companies including Red Back Mining Inc. Mr. Clark was appointed as the CEO of Orca Gold Inc. in August 2016.	February 19, 2010	100,000
CONIBEAR, Paul ⁽²⁾ British Columbia, Canada	Occupation: President & CEO of Lundin Mining Corp. (resource company) Age: 59 Biography: Mr. Conibear has over 30 years of experience in the mining industry in Africa, North and South America and Europe. His background includes 22 years of project and construction management across a diverse range of minerals projects encompassing base and precious metal, coal, uranium and potash investments. For the last 15 years he has held public company executive management and director's positions with the Lundin group of companies. Mr. Conibear has been serving as President and CEO of Lundin Mining Corp. for the past 6 years.	April 5, 2007	766,000
EDGAR, Brian British Columbia, Canada	Occupation: Chair of Silver Bull Resources Inc. (resource company) Age: 67 Biography: Mr. Edgar has served on public company boards for over 30 years. A graduate of the University of British Columbia law school, Mr. Edgar practiced corporate and securities law in Vancouver for 16 years. In 1992, he established a private investment company, Rand Edgar Investment Corp. and in 2010 became Chair of the mineral exploration company, Silver Bull Resources Inc.	April 5, 2007	300,000
INKSTER, Marie ⁽³⁾ Ontario, Canada	Occupation: Senior Vice-President and CFO of Lundin Mining Corp. (resource company) Age: 45 Biography: Ms. Inkster has more than 20 years of experience in public company financial management and reporting. She has held senior positions with Lundin Mining Corp. and was appointed CFO of the company in 2009. Ms. Inkster served as Vice President of Finance at GBS Gold International Inc. from September 2007 to 2009. From June 2002 to July 2008, she served as Vice President and Corporate Controller of Lionore Mining International Ltd. Prior to 2002, she held a position having responsibility for financial reporting with an international publicly traded technology company. She is a Chartered Accountant, a Chartered Professional Accountant and spent 5 years in public accounting with Deloitte Canada.	June 9, 2014	180,000

<p>LAMB, William British Columbia, Canada</p>	<p>Occupation: President & CEO of the Corporation</p> <p>Age: 46</p> <p>Biography: Mr. Lamb has over 25 years in mining and operations in Canada and several southern African countries. His background includes operational and project management in the precious metals, bulk commodities and diamond sectors. Mr. Lamb spent 13 years with De Beers working across their operations in southern Africa and Canada focusing on heavy mineral concentration, project development and operational readiness. He joined Lucara Diamond Corp. in 2008 and was instrumental in the acquisition and bringing into production of the Karowe Mine.</p>	<p>February 19, 2010</p>	<p>250,000</p>
<p>LUNDIN, Lukas ⁽²⁾ Geneva, Switzerland</p>	<p>Occupation: Chair of the Board of the Corporation and Chair of a number of resource companies.</p> <p>Age: 58</p> <p>Biography: Mr. Lundin is known for recognizing value and superior global investment opportunities in the natural resource sector. His pursuit of properties around the world has resulted in numerous resource discoveries. Mr. Lundin has led several companies through highly profitable business acquisitions and mergers such as Lundin Mining's \$3.3 billion merger with EuroZinc Mining and the \$2 billion sale of Tanganyika Oil Company Ltd. Mr. Lundin is a graduate of the New Mexico Institute of Mining and Technology. He currently sits on the Board of a number of publicly traded companies.</p>	<p>April 5, 2007</p>	<p>4,215,000</p>
<p>THOMAS, Eira British Columbia, Canada</p>	<p>Occupation: Mining Executive</p> <p>Age: 48</p> <p>Biography: Ms. Thomas is a Canadian geologist with over 20 years of experience in the Canadian diamond business, including her previous roles as Vice President, Aber Resources, now Dominion Diamond Corp., and as founder and CEO of Stornoway Diamond Corp. Ms. Thomas served as the President & CEO of Kaminak Gold Corporation, a mineral exploration company, from 2013 to July 2016.</p>	<p>August 4, 2009</p>	<p>4,000,000</p>

Notes to Profiles of the Nominated Directors re Corporate Cease Trade Orders/Bankruptcies:

- (1) *From January 2014 to May 2015, Mr. Clark was President, Chief Executive Officer and a director of RB Energy Inc. ("RBI"). In October 2014, RBI commenced proceedings under the Companies' Creditors Arrangement Act (the "CCAA"). CCAA proceedings continued in 2015 and a receiver was appointed in May 2015. The TSX de-listed RBI's common shares in November 24, 2014 for failure to meet the continued listing requirements of the TSX. Mr. Clark resigned as a Director and ceased employment as President and CEO of RBI on May 8, 2015.*
- (2) *As noted in paragraph 1 above, RBI commenced CCAA proceedings in 2014. Messrs. Lundin and Conibear were never directors, officers or control persons of RBI. Messrs. Lundin and Conibear were directors of one of the amalgamating companies that formed RBI, Sirocco Mining Inc. ("Sirocco"). On January 31, 2014, Mr. Lundin and Mr. Conibear, resigned as directors of Sirocco at which time Sirocco was financially solvent. However, as a result of the amalgamation of Canada Lithium and Sirocco to form RBI, Messrs. Lundin and Conibear are directors of an issuer within the period of 12 months preceding it filing for CCAA protection.*
- (3) *Ms. Inkster served as Vice President, Finance of GBS Gold International Inc. ("GBS") from September 2007 to June 2008. On September 15, 2008, GBS put its Australian group of subsidiaries into voluntary liquidation proceedings. In March 2009, GBS announced that it had agreed to transfer its remaining valued assets to the secured promissory note holders pursuant to the terms of a note indenture and general security deed entered into on May 27, 2008. The shares of GBS were suspended from trading on the NEX board and it has effectively ceased business.*

The following table sets out the current membership of the proposed Director nominees on the Corporation's Committees:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Safety, Health, Environment and Community Relations Committee
Marie Inkster (Chair) Brian D. Edgar Eira M. Thomas	Paul K. Conibear (Chair) Richard P. Clark Brian D. Edgar	Brian D. Edgar (Chair) Paul K. Conibear Eira M. Thomas	Eira M. Thomas (Chair) Richard P. Clark William Lamb

Advance Notice

On March 21, 2013, the Board approved an advance notice policy for nominations of directors by shareholders in certain circumstances, which was approved by the shareholders of the Corporation on June 21, 2013 and is posted on the Corporation's website. As at the date of this Circular, Lucara has not received notice of any director nominations in connection with the Meeting. Accordingly, at this time, the only persons eligible to be nominated for election to the Board at the Meeting are the above nominees.

4. ADVISORY RESOLUTION ON EXECUTIVE COMPENSATION

The Executive Compensation section of this Circular provides details on Lucara's compensation programs. As outlined in this section, the objectives of these programs are to structure compensation to recruit, retain and motivate qualified, high caliber executives and also to link compensation to the performance of the Corporation. The Board has determined to put, before shareholders, the following non-binding advisory vote on executive compensation. You may either vote for approval of the following resolution or you can vote against. The Board recommends that you vote for this resolution. If you do not specify how you want your shares voted, the named proxyholders intend to cast votes FOR the adoption of the advisory resolution on executive compensation.

"BE IT RESOLVED that on an advisory basis and not to diminish the role and responsibilities of the Board of Directors, that the shareholders accept the approach to executive compensation disclosed in this Circular provided in advance of the 2017 annual meeting of shareholders."

Because the vote is advisory it will not be binding upon the Board. However, the Compensation Committee of the Board will review and analyze the results of the vote and take into consideration such results as part of its ongoing review of executive compensation.

5. ADOPTION OF AMENDED AND RESTATED ARTICLES

The Board has adopted certain amendments to the Articles of the Corporation, on the recommendation of the Corporate Governance and Nominating Committee, and are requesting shareholders confirm such amendments. The following provides a summary with respect to the major proposed amendments to the current Articles of the Corporation. The full text of the Amendments to the current Articles of the Corporation should be referenced and is appended to this Circular as Appendix A the "Amended and Restated Articles".

Quorum

The Corporation's current Articles, which comply with the laws of British Columbia and the rules of the TSX, provides that the quorum requirement for the transaction of business at a meeting of shareholders is two persons who are present in person or represented by proxy. The Amendments provide for a quorum requirement for the transaction of business at a meeting of shareholders of two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 25% of the issued shares entitled to be voted at the meeting. In addition, the quorum requirement in the Corporation's current Articles for the transaction of the business of the directors of the Corporation may be set by the directors and, if not set, is

deemed to be set at two directors or, if the number of directors is set at one, is deemed to be set at one director, and that director may constitute a meeting. The Amendments provide that the quorum required for the transaction of the business of the directors of the Corporation at a meeting of directors is the majority of the number of directors in office or such greater number as the directors may determine from time to time. The Amendments to the quorum requirements align with the recommended corporate governance practices of reporting issuers, are consistent with similar provisions adopted by other Canadian public companies, and would ensure greater director and shareholder attendance at meetings, as applicable, where decisions on significant issues facing the Corporation are made.

Alternate Directors

The Corporation's current Articles permit a director to appoint another person to serve as an alternate director to attend board or committee meetings in place of the duly elected director. The Amendments eliminate the ability to use alternate directors and remove all related provisions in accordance with the recommended corporate governance practices of reporting issuers and to ensure that only directors who are duly elected by the shareholders of the Corporation are permitted to make decisions with respect to the affairs of the Corporation.

Alteration of Authorized Share Structure

The Corporation's current Articles allow the Corporation to increase, reduce or eliminate the maximum number of shares that the Corporation is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Corporation is authorized to issue out of any class or series of shares for which no maximum is established, change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value, and alter the identifying name of any of its shares. The Amendments provide that the Corporation would only be permitted to make the above alterations to the Corporation's share capital structure by an ordinary resolution of the shareholders of the Corporation. Pursuant to recommended corporate governance practices of reporting issuers, the Amendments would ensure that shareholder participation is required in order to alter the Corporation's share capital.

Mandatory Indemnification

The Amendments explicitly refer to and incorporate the limitations on indemnification of directors and officers of the Corporation and former directors and officers of the Corporation as set out in the *Business Corporations Act* (British Columbia).

Notice-and-Access

In late 2012, the Canadian Securities Administrators adopted amendments to National Instrument 54-101 *Communication with Beneficial Owners of Securities of a Reporting Issuer* and National Instrument 51-102 *Continuous Disclosure Obligations* that provide eligible reporting issuers with a voluntary notice-and-access mechanism to send proxy-related materials to registered and beneficial owners of securities ("**Notice-and-Access**"). Under Notice-and-Access, provided that shareholders are appropriately notified, proxy-related materials may be posted on a website, other than SEDAR, instead of being sent to shareholders by mail.

Currently, the Corporation's Articles do not allow for delivery of information to registered shareholders by the means contemplated by Notice-and-Access. Therefore, the Amendments modify the Corporation's current Articles to allow delivery of information by electronic means and other means permitted by applicable securities laws, for example, via Notice-and-Access, for all shareholders. Updating the current Articles of the Corporation to permit electronic delivery and delivery via Notice-and-Access may result in cost-savings for the Corporation and facilitate electronic communication of information to shareholders.

Other Amendments

The Amendments contain other changes which clarify the original provisions or reference the provisions of the *Business Corporations Act* (British Columbia) where appropriate.

The Board believes that these changes are to the benefit for the shareholders and demonstrate Lucara's commitment to adopt high standards of corporate governance. Accordingly, the Board recommends that you vote for the resolution approving the amendments.

You may either vote for approval of the following resolution or you can vote against. If you do not specify how you want your shares voted, the named proxyholders intend to cast votes FOR the resolution adopting the Amended and Restated Articles. In order to be confirmed, the resolution requires the affirmative vote of two-thirds of the votes cast, in person or by proxy, at the meeting.

WHEREAS the amended and restated articles of the Corporation, substantially in the form appended to this Circular as Appendix A (the "Amended and Restated Articles") were approved by the Board of Directors of the Corporation on February 16, 2017 and the Toronto Stock Exchange on March 07, 2017.

BE IT RESOLVED, as a special resolution of the shareholders of the Corporation, THAT:

1. the adoption of the Amended and Restated Articles be and are hereby authorized and approved; and
2. any one officer or director of the Corporation be and is hereby authorized for and on behalf of the Corporation to execute and deliver all such instruments and documents and to perform and do all such acts and things as may be deemed advisable in such individual's discretion for the purpose of giving effect to this resolution, the execution of any such document or the doing of any such other act or thing being conclusive evidence of such determination.

SECTION 3 - CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Lucara is committed to a high standard of corporate governance. The directors believe that a high standard of governance is important for the successful operation of the business and creation of shareholder value. The following provides information about the Corporation's Board and sets out governance practices now in force.

MANDATE OF THE BOARD OF DIRECTORS

The Board has a formal mandate (see Appendix B) that lists specific responsibilities including:

- Approve the strategic direction of the Corporation
- Identify principal risks of the Corporation's business and ensure implementation of appropriate risk management systems
- Ensure the Corporation has management of the highest caliber
- Oversee Lucara's communication policy with its shareholders and the public generally.

The Board discharges its responsibilities either directly or through its committees.

Strategic Planning

The Board works with management to develop the Corporation's strategic direction. The strategic planning process involves the development of a long term (5 year) strategic plan, the establishment of annual budgets and two-year financial plans, and an annual review of the strategic plan. Management is responsible for preparing information in these areas and presenting it to the Board for discussion and approval.

In addition, the Board on an ongoing basis throughout the year discusses with management strategic issues including competitive developments and corporate opportunities. The Board measures the success of the strategic plan by assessing performance results against annual corporate objectives.

Risk Oversight

The Board has implemented a risk management process. At each quarterly meeting of the Audit Committee, a risk report is reviewed and monitored which includes:

- identification and description of risks
- the impact of the identified risks
- classification of the risk as high/medium/low
- an action plan to mitigate the impact of the risk
- identification of the “owner” of the risk i.e. the employee who owns the risk and is responsible for implementing controls and developing ways to mitigate the risk

In addition, the Safety, Health, Environmental and Community Relations Committee assists the Board in its oversight of Lucara’s operations (including the operations of its active subsidiaries) by monitoring management’s performance in managing and mitigating risks involved with safety, health, environment and the local community. The Committee also is involved in the review and issuance of a detailed Sustainability Report which is published on an annual basis and provides a detailed overview of risks/material issues including context, potential impact and management’s approach.

INDEPENDENCE

The majority of Lucara’s current directors and its director nominees are independent.

Assessing Independence of Directors

The Board is responsible for determining whether a director is independent. It relies on the criteria set by the Canadian Securities Administrators in National Instrument 52-110 Audit Committees and National Policy 58-201-Corporate Governance Guidelines.

The Board has reviewed the nominated directors and decided that William Lamb and Lukas Lundin are not independent for the following reasons. Mr. Lamb is Lucara’s current President and CEO. Mr. Lundin is Lucara’s Chair of the Board, as Chair he is involved with the Corporation on corporate development opportunities which could be regarded as having an indirect material relationship.

Structures and Processes to Facilitate Independence from Management

The Board believes that the following structures and processes facilitate the functioning of the Board independently of management:

- *Chair and Lead Director*
The Chair of the Board position is separate from the CEO position. As noted above, it has been determined by the Board that the Chair of the Board, Mr. Lundin, is not independent. On the recommendation of the Corporate Governance and Nominating Committee, the Board has appointed a Lead Director, Mr. Conibear, to facilitate the independent function of the Board. In the position description for the Chair setting out the responsibilities of the Chair, it is specified that if the Chair is not independent that such responsibilities will be carried out by the Lead Director. In addition, the Lead Director provides leadership for the Board’s independent directors.
- *Meetings of Independent Directors and Without Management*
To facilitate open and candid discussion among directors, a practice of holding two “in camera” sessions or meetings is normally followed for quarterly Board meetings. The first in camera session is without management present and the second is only with independent directors present. The in-camera meetings of independent directors are presided over by the Lead Director. In addition, the Audit Committee regularly holds sessions with the Corporation’s external auditors without management present to discuss the audit and cooperation from management.

- *Committee Membership*
All of the members of the following committees are composed entirely of independent directors: Audit Committee, Corporate Governance and Nominating Committee, and Compensation Committee.
- *Independent Advisor*
Directors may, with the authorization of the Chair or the Corporate Governance and Nominating Committee, engage independent advisors at the expense of the Corporation.

SIZE OF BOARD

The Corporate Governance and Nominating Committee on an annual basis considers the size of the Board. If it believes changes are warranted it makes a recommendation to the Board. This year it has recommended to the Board, and the Board concurs, that the Board be composed of 7 directors with 5 directors being independent. It was agreed by the Board that this size facilitates open dialogue among directors and effective decision making but also ensures there are sufficient directors with the appropriate experience and skills, such as in-depth mining and diamond experience, to fulfill its responsibilities.

SERVING ON OTHER BOARDS

Lucara's directors do not serve on the boards of its competitors. Many do serve on other mining public company boards which may assist these directors in their performance of their duties to the Corporation as such other mining companies may have similar business, regulatory and social issues as Lucara. The following table sets out the public company directorships held by the nominees for this year's election of directors:

Name	Public Company Board Membership
Richard Clark	Mag Silver Corp. (TSX/ NYSE MKT); Orca Gold Inc. (TSX-V)
Paul Conibear	Lundin Mining Corporation (TSX/Nasdaq Stockholm)
Brian Edgar	Shamaran Petroleum Corp. (TSX-V/Nasdaq First North); Denison Mines Corp. (TSX/NYSE MKT); Silver Bull Resources Inc. (TSX/OTCQB); Black Pearl Resources Inc. (TSX/Nasdaq Stockholm)
William Lamb	Riley Resources Corp.(TSX-V)
Lukas Lundin	Lundin Mining Corporation (TSX/Nasdaq Stockholm); NGEx Resources Inc. (TSX/Nasdaq Stockholm); Denison Mines Corp. (TSX/NYSE MKT); Lundin Petroleum AB (Nasdaq Stockholm); Lundin Gold Inc. (TSX/Nasdaq Stockholm); Filo Mining Corp. (TSX-V/Nasdaq First North)
Eira Thomas	Suncor Energy Inc. (TSX/NYSE MKT)

Legend:

TSX = Toronto Stock Exchange
 TSX-V = TSX Venture Exchange
 Nasdaq First North = Nasdaq First North
 Nasdaq Stockholm = Nasdaq Stockholm Exchange
 NYSE MKT = New York Stock Exchange MKT
 OTCQB = OTC Markets Group

MEETING ATTENDANCE

The Board held 9 meetings in 2016. The Audit committee meets at least every quarter to review the Corporation's financial statements and MD&A. Other committees meet as necessary to ensure their mandates are performed. Committees of the Board held a total of 17 meetings in 2016. The following is the number of meetings and attendance record for all Board and Committee meetings held during 2016:

Name	2016 Board Meetings - 9	2016 Committee Meetings			
		Audit Committee Meetings - 6	Corporate Governance & Nominating Committee Meetings - 3	Compensation Committee Meetings - 4	Safety, Health, Environment and Community Relations Committee Meetings - 4
Richard Clark	9 of 9	N/A	N/A	4 of 4	4 of 4
Paul Conibear	9 of 9	N/A	3 of 3	4 of 4	N/A
Brian Edgar	9 of 9	6 of 6	3 of 3	4 of 4	N/A
Marie Inkster	9 of 9	6 of 6	N/A	N/A	N/A
William Lamb	9 of 9	N/A	N/A	N/A	4 of 4
Lukas Lundin	9 of 9	N/A	N/A	N/A	N/A
Eira Thomas	8 of 9	6 of 6	3 of 3	N/A	4 of 4

POSITION DESCRIPTIONS

The Board has developed and approved a written position description for the Chair of the Board. The Chair's primary responsibilities are to: act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties; provide leadership to the independent directors; organize the Board to function independently of management; preside as chair at Board meetings and communicate with all board members to coordinate their input; ensure the accountability of board members; provide for the effectiveness of the Board. The Chair acts as the primary liaison between the Board and management. As noted earlier, the Chair is not independent, and as such, these responsibilities are carried out by the Lead Director.

A general position description for all chairs of the Board's committees has been approved by the Board. The mandates of each committee are also approved by the Board. These mandates provide the committee chairs with specific responsibilities relating to the committee that they chair. On an annual basis each committee mandate is reviewed by the applicable committee and changes are recommended to the board for approval if applicable.

The Board and the CEO have developed a written description for the CEO. The CEO has, subject to the authority of the Board, general supervision of the business and affairs of the Corporation. Responsibilities include making recommendations to the Board regarding the implementation, performance and monitoring, as the case may be, of each of the items referred in the Board Mandate. Generally, the Board has delegated to the CEO, the authority to transact business or approve matters that are in the ordinary course of business provided these matters do not exceed material levels of expenditures on the part of the Corporation. The Board has established clear limits of authority for the CEO, which are described in the Corporation's Policy of Authorizations.

ASSESSMENT OF BOARD PERFORMANCE

At the beginning of the year, the Corporate Governance and Nominating Committee distributes a Board effectiveness assessment to directors. This assessment questions members as to their level of satisfaction with the functioning of the Board, its interaction with management and the performance of the standing committees of the Board. Board members conduct peer reviews and a self-assessment regarding their effectiveness as a Board member as part of this assessment process. To ensure the assessment process is candid, the individual assessments are returned on a confidential basis to the Chair of the Corporate Governance and Nominating Committee with a copy to the Corporate Secretary. The results are compiled for the Corporate Governance and Nominating Committee. The Committee reviews and discusses the results and makes recommendations to the Board regarding any action that may be deemed necessary or advisable to ensure the Board continues to function effectively and adequately perform its mandate. The Board aims for a 100% compliance rate for completion of the assessment by directors, which was achieved this year. The peer reviews and self-assessments by Directors are considered as part of the director nomination process. The results of the assessment process held in Q1 of 2017 indicated that the directors believe that the Board and the Board Committees function very effectively.

The effective performance of the Board is also monitored by the completion of its workplan outline and completion by the Committees of their workplan outlines. Workplan outlines are created for the year which cover standard items to be dealt with at meetings and any additional items for that year.

ORIENTATION AND CONTINUING EDUCATION

Included in the Corporate Governance and Nominating Committee's mandate is the requirement to develop, with the assistance of management, an orientation and education program for new recruits. As part of the orientation for all new members, opportunities are provided for the director to meet with other directors and members of Lucara's executive team to discuss the nature and operation of the Corporation's business. The following is also reviewed with each new member: (i) information and materials regarding the Corporation, including the role of the Board and its committees; and (ii) the legal obligations of a director of the Corporation. Each new Board member has access to a comprehensive package of material regarding Lucara through the Corporation's Board portal service. A more specific orientation program is developed and tailored to meet the specific needs of a new director. For example, if the new director is highly sophisticated with regard to diamond mining matters, orientation on that matter would not be necessary or if a director has a high level of financial expertise, finance orientation may not be included.

With regard to continuing education for Board members, the Corporate Governance and Nominating Committee's mandate is to provide for such education for all directors with the assistance of management. As part of the annual director assessment process, directors are canvassed for their input on what additional information would assist them in increasing their effectiveness as directors. The Corporate Governance and Nominating Committee considers directors' responses and makes recommendations.

Directors are regularly informed by the CEO, verbally and through a written quarterly directors' report, of strategic issues affecting Lucara, including the competitive environment, the Corporation's performance and developments, including risks, that could materially impact the Corporation. Directors are also provided with information regarding legislative changes and governance trends. The Corporation arranges for legal counsel and industry experts to provide status updates and education. In May 2016, a training session was held by the law firm Blake, Cassels & Graydon LLP to cover the requirements under the new Extractive Sector Transparency Measures Act and the OSC Whistleblower Program.

In February 2017, training on the diamond market was provided by an independent expert in the field to increase directors' knowledge and understanding in this key area of the sector. In the last quarter of 2017, site visits are planned for directors to tour the Lucara's main mining operation, the Karowe mine in Botswana, as well as the head office and Sales & Sorting offices of its subsidiary, Boteti Mining (Pty) Limited located in Gaborone, Botswana. These visits give directors an opportunity to interact with employees and local community members as well as tour the mine facilities.

NOMINATION OF DIRECTORS AND EXPERIENCE MATRIX

The Corporate Governance and Nominating Committee, which is composed of all independent Board members, has the responsibility for proposing nominees for directors to the Board. To assist them in this exercise the Board has approved Guidelines for the Composition of Lucara's Board. These guidelines specify the below listed qualities for consideration when evaluating the composition of the Board and when nominating potential candidates. When tabling these Guidelines, the Board acknowledged that the qualities listed were not intended to be exhaustive and were not listed in terms of their importance. In addition, the Guidelines require the Corporate Governance and Nominating Committee to seek diversity in perspectives, by considering qualified candidates with relevant education and experience of any age, gender and background. Also, to ensure adherence to the Board's Board and Executive Officer Gender Diversity Policy, which is outlined below, the Guidelines require that the Committee actively seek out highly qualified women to include in the pool from which Board nominees are chosen.

- Financial accreditation and/or financial literacy
- Sound business experience and expertise
- Corporate governance experience
- Industry specific experience and knowledge
 - Mining
 - Environment
 - Safety and Occupational Health

- Experience in corporate operations
- Financing, M&A experience
- Strong board skills, such as:
 - Integrity
 - Networking abilities
 - Interpersonal skills
 - Ability to think strategically and act independently
- Independent, as such term is defined by the Canadian Securities Administrators
- Not previously bankrupt
- Prior personal history that is acceptable to regulators
- Willing to devote sufficient time and effort to board duties

To identify potential nominees that possess the desired skills and competencies, the Committee members may utilize their extensive knowledge of the industry and personal contacts. In addition, the Board and management may also propose candidates to the Committee or the Committee may, at the Corporation’s expense, retain external consultants to assist in the search for suitable director nominees.

The Corporate Governance and Nominating Committee has approved a form of a Board Candidacy Questionnaire which potential candidates are required to complete as part of the nomination process. The information provided in this form is used to evaluate a candidate’s compliance with the Guidelines.

In 2017, the Corporate Governance and Nominating Committee requested directors complete a matrix identifying their experience against a key set of skills and experience deemed desirable for Lucara Board members. This matrix will be used as a tool by the Board in assessing needs in the context of the nomination process.

Area of Experience	Richard Clark	Paul Comibear	Brian Edgar	Marie Inkster	William Lamb	Lukas Lundin	Eira Thomas
Diamond Industry	✓				✓		✓
Diamond Sales and Marketing					✓		
Environmental, Safety and Occupational Health	✓	✓	✓				✓
Finance & Financial Reporting	✓	✓	✓	✓		✓	✓
Human Resources & Compensation	✓	✓	✓	✓	✓	✓	✓
Legal and Corporate Governance	✓	✓	✓	✓			
Mergers & Acquisitions (i.e. Project Assessment & Due Diligence)	✓	✓	✓	✓		✓	✓
Mining Operations and Technical Skills	✓	✓			✓	✓	✓
Risk Management	✓	✓		✓	✓		✓
Strategic Planning	✓	✓	✓	✓	✓	✓	✓

GENDER DIVERSITY- EXECUTIVE OFFICERS AND BOARD

In 2014, the Board adopted a Board and Executive Officer Gender Diversity Policy (the “Diversity Policy”). This policy formalizes the following vision for Lucara:

The Company recognizes the importance of women having a greater representation at key decision making points in organizations particularly with regard to representation on boards and executive officer positions.

The Company believes that a diverse board and executive management structure, including diversity with regard to gender, enhances the decision making of the Board and at senior management levels.

As noted above, with regard to gender diversity and the Board, measures taken to ensure the policy is effectively implemented include the commitment imposed on the Corporate Governance and Nominating (“CGN”) Committee to actively seek out highly qualified women to include in the pool from which Board nominees are evaluated and chosen. This commitment is documented in the Guidelines for the Composition of Lucara’s Board.

With regard to gender diversity and senior management, measures taken to ensure the policy is effectively implemented is the mandate set out in the Diversity Policy that management of Lucara shall, as part of the hiring process of executive officers, actively seek out women, having the necessary skills, knowledge and experience, to evaluate as potential candidates. The Diversity Policy also states that the ultimate decision by management to recommend a candidate for appointment as an executive officer shall be made on merit and the contribution the candidate can bring to the position.

At the current time, women make up 29% of Lucara’s Board and 33% of Lucara’s executive officers. In addition, women hold 50% (2 of the 4) Board Committee chair positions. The CGN Committee tracks this information on an annual basis and presents it to the Board.

Current Status of Representation of Women – Lucara %’s

Board Members				Executive Officers* Lucara and Major Subsidiary		
Year End	Women Board Members	Total Board Members	%	Women Executive Officers	Total Executive Officers*	%
2016	2	7	29%	2	6	33%

*Executive Officer means an individual who is:

- a chair, vice-chair or president;
- a chief executive officer or chief financial officer;
- a vice-president in charge of a principal business unit, division or function including sales, finance or production; or performing a policy-making function.

Pursuant to the Diversity Policy, the CGN Committee is mandated to discuss targets for promoting diversity and make recommendations to the Board. At its February 2017 meeting, the CGN Committee discussed the setting of diversity targets and recommended that with regard to Board Diversity that a gender diversity target be adopted for the Board this year that at least 25% of the Board members should be women. This recommendation was adopted by the Board. In order to achieve this objective, two of the nominees for election to the Board at the 2017 AGM will be women and therefore the objective should be achieved if the shareholders elect the proposed nominees.

With regard to a gender diversity objective for executive officer positions, the CGN Committee did not recommend a specific target be set for 2017 given the infrequent turnover of executive level positions. The CGN Committee recommended, and the Board agreed, that any executive officer appointments be reviewed with the level of representation of women in executive officer positions in mind and consistent with the Diversity Policy, that management of the Corporation, as part of the hiring process of Executive Officers: (i) actively seek out women having the necessary skills, knowledge and experience to evaluate as potential candidates; and (ii) appointments be made based on a balance of criteria, including the merit, and experience of the candidate plus the needs of the Corporation at the relevant time.

Pursuant to the terms of the Diversity Policy, the CGN Committee is responsible for monitoring the policy and reporting to the Board on the achievement of any targets set and it is also responsible to review the policy and make recommendations on changes to the Policy to the Board.

DETERMINATION OF DIRECTORS COMPENSATION

The Compensation Committee recommends the amount and form of the compensation of directors. In making recommendations to the Board, it considers the time commitment and responsibilities required to be met by directors. The Committee is also cognizant that the recommended compensation for directors must not compromise their independence. The Committee retains expert advice to assist in making recommendations on director's compensation. In 2016, an external consultant, Gurr & Associates was engaged by the Committee to assess the market competitiveness of director's compensation through a benchmarking exercise. The Board after taking into account the Committee's recommendations determines the amount and form of compensation, which is disclosed in this Circular at pages 37 and 38.

DIRECTOR RETIREMENT POLICY AND TERM LIMITS

The Board has not adopted a retirement policy or limits regarding the time a director can serve. The following sets out the current tenure for Lucara's seven nominated directors:

<u>Number of Directors</u>	<u>Tenure (Years)</u>
3	Ten
1	Eight
2	Seven
1	Three

The Board recognizes that term limits can ensure Board refreshment and new perspectives. However, Lucara's long serving directors have significant in-depth knowledge of Lucara and its business. Lucara is entering its full fifth year of operations with its major asset, the Karowe mine, and its long serving directors are highly valued for their expertise. They can provide historical context for consideration in corporate strategic decision making. In addition, these directors have industry connections which are very important to Lucara. The Board believes the risk of imposing director term limits and thereby losing long serving directors who have in-depth knowledge and understanding of the Corporation will not serve Lucara or its shareholders. In addition, the Board believes that its robust assessment process which includes regular evaluations of the Board, committees and directors provides a mechanism to promote Board renewal and regularly assess Board members' effectiveness.

COMMITTEES OF THE BOARD

To assist the Board with its responsibilities, the Board has established four standing committees: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee, and the Safety, Health, Environmental and Community Relations Committee. The Board may form other committees from time to time as appropriate to address matters the Corporation is faced with. Each Committee has a written mandate and it reviews its mandate annually. Also, as discussed above, each Committee has a work outline for the year which covers standard items to be dealt with at the committee meetings and any additional items for that year. The following is a brief summary of the key functions, roles and responsibilities of the Board committees.

Audit Committee

The Audit Committee consists of three independent directors. The current members are Marie Inkster (Chair), Brian Edgar and Eira Thomas, all of whom are financially literate as such term is defined in National Instrument 52-110.

The Audit Committee assists the Board in matters relating to external auditors and the external audit process, financial reporting and public communication, risk management, security, and certain other key financial matters. In fulfilling its role, the Audit Committee monitors the effectiveness and integrity of the Corporation's financial reporting, management information and internal control systems.

The Audit Committee also oversees and annually reviews the Corporation's code of business conduct and ethics (see "Ethical Business Conduct" on page 21 and 22 of this Circular).

The Audit Committee reviews and approves, with management and external auditors, significant financial reporting issues, the conduct and results of the annual audit, and significant finance, accounting and disclosure policies and

other financial matters. The Audit Committee also oversees the financial reporting processes of the Corporation, by reviewing the Corporation’s core disclosure documents, being its annual and interim financial statements, MD&A and annual information form.

The Audit Committee plays a key role in relation to the Corporation’s external auditors. It initiates and approves their engagement or termination, subject to shareholder approval, and monitors and reviews their independence, effectiveness, performance and quality control processes and procedures. PricewaterhouseCoopers LLP (“PwC”) have been Lucara’s auditors since 2010. The Audit Committee pre-approves all services provided by PwC. The fees paid to PwC during 2015 and 2016 were as follows:

Fiscal Year Ending	Audit Fees CDN\$⁽¹⁾	Audit-Related Fees CDN\$⁽²⁾	Tax Fees CDN\$⁽³⁾	All other Fees⁽⁴⁾
December 31, 2016	199,481	52,500	72,880	Nil
December 31, 2015	207,783	52,500	70,308	Nil

(1) *Audit fees represent the aggregate fees billed by the Corporation’s auditors for audit services.*

(2) *Audit-related fees represent the aggregate fees billed for assurance and related services by the Corporation’s auditors that are reasonably related to the performance of the audit or review of the Corporation’s financial statements and not disclosed in the Audit Fees column.*

(3) *Tax fees represent the aggregate fees billed for professional services rendered by the Corporation’s external auditor for tax compliance, tax advice and tax planning.*

(4) *All other fees represent the aggregate of fees billed for products and services provided by the Corporation’s auditors other than services reported under clauses (1), (2) and (3) above.*

The Audit Committee reviews the Corporation’s policies and practices with respect to cash management, insurance and taxation. It also ensures that management has procedures in place that facilitate compliance with laws relating to insider trading and continuous disclosure. For additional information about the Audit Committee, including the Audit Committee Charter, see “Audit Committee Information” in Lucara’s Annual Information Form dated March 21, 2017, which is available on the Corporation’s website or on SEDAR at www.sedar.com.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee consists of three independent directors: Brian Edgar (Chair), Paul Conibear and Eira Thomas. The Committee is responsible for developing and monitoring the Corporation’s approach to corporate governance issues.

The Corporate Governance and Nominating Committee oversees the effective functioning of the Board, ensures that the Board can function independently of management, identifies possible nominees for the Board, develops an orientation program for new recruits to the Board and provides, with the assistance of management, director education opportunities. It has also set up a system for an annual review of the Corporation’s material policies by applicable Board committees.

The Corporate Governance and Nominating Committee has been mandated under the Board and Executive Officer Gender Diversity Policy to perform certain functions as described on page 18 of this Circular under the section “Gender Diversity - Executive Officers and Board.” In addition, the Corporate Governance and Nominating Committee annually reviews and makes recommendations to the Board with respect to: (i) the appointment of a lead director; (ii) the size and composition of the Board; (iii) the appropriateness of the committees of the Board; and (iv) committee appointments. The Committee delivers this annual statement on corporate governance to the Board for inclusion in the Circular.

Compensation Committee

The Compensation Committee consists of three independent directors: Paul Conibear (Chair), Brian Edgar and Richard Clark. For more information regarding the nature, scope, roles and responsibilities of the Compensation Committee, see page 27 of this Circular.

Safety, Health, Environmental and Community Relations Committee (“SHECR Committee”)

The SHECR Committee consists of three directors. Two are independent, Eira Thomas (Chair) and Richard Clark. William Lamb, the third member of the Committee, is the Corporation’s CEO and is not independent. It was determined that Mr. Lamb’s knowledge of the operations of the Corporation and previous operational mining experience would assist the Committee in fulfilling its mandate. The managing director of the Lundin Foundation is also invited to all SHECR Committee meetings to provide updates on activities related to community relations. The Committee assists the Board in its oversight of Lucara’s operations (including the operations of its active subsidiaries) in the following areas:

- safety, health, environment and community risks
- compliance with applicable legal and regulatory requirements associated with safety, health, environmental and community matters
- performance in relation to safety, health, environmental and community matters
- performance and leadership of the safety, health, environment and community function external annual reporting in relation to safety, health, environmental and community matters.

ETHICAL BUSINESS CONDUCT

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Board has adopted a written Code of Business Conduct and Ethics (the “Code”) for directors, officers and employees of the Corporation. The Code is available on the Corporation’s website and has been filed on and is accessible through SEDAR at www.sedar.com.

If directors, officers or employees observe or become aware of an actual or potential violation of the Code or of any law or regulation, whether committed by the Corporation’s employees or by others associated with the Corporation they have the responsibility to report the violation and to cooperate with any investigation. Reports may be submitted on a confidential basis to the Chair of the Corporation’s Audit Committee. Following receipt of any complaints, the Chair of the Audit Committee, will investigate each matter so reported and report to the Board. The Corporation will not tolerate any reprisals against employees, officers and directors for good faith reporting of compliance concerns or violations.

The Audit Committee has the primary authority and responsibility for the enforcement of the Code, subject to the supervision of the Board. It reviews the Code on an annual basis and makes recommendations regarding compliance monitoring. In Q1 and Q2 2016, training sessions on compliance with the Code of Conduct were conducted by the CEO and the VP Legal for employees and contractors at the Corporation’s Karowe mine in Botswana, as well as the head office of its subsidiary, Boteti Mining (Pty) Limited, to enhance understanding and ensure compliance with the Code.

With regard to conflicts, all directors have an obligation to act in the best interest of the Corporation. In accordance with the Code, any situation that presents an actual or potential conflict between a director’s personal interests and the interests of the Corporation must be reported to the Chair of the Corporation’s Audit Committee. In addition, the Corporation’s articles contain disclosure and voting restrictions that must be followed when a director or officer has an interest in an agreement or transaction with the Corporation being considered by the Board. The Audit Committee is mandated to review and monitor all related party contracts that may be entered into by the Corporation.

In addition to the Code, the Audit Committee has established a Policy and Procedures for the Receipt, Retention and Treatment of Complaints Regarding Accounting or Auditing Matters or “Whistleblower Policy” to encourage contractors employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.

Another example of the Board’s commitment to the highest ethical standards is the Corporation’s Corporate Social Responsibility Charter. The Charter specifies among other things that Lucara will impact positively on the quality of life of members of the local community and conduct its activities to meet or exceed standards in the

protection and promotion of human rights. As part of its commitment to meet the Charter, the Corporation is participating in a sustainability reporting process. This process is being monitored by the Safety, Health, Environmental and Community Relations Committee utilizing the Global Reporting Initiatives 4 (GRI 4) guidelines. A reporting cycle has been set up which involves a program of data collection, communication and responses. A report is provided to shape company strategy and policy and improve performance. One of the areas that the report provides information on is the Corporation's social performance. Social performance includes for example, an evaluation of the Corporation's impact on human rights. This monitoring assists the Corporation in ensuring that its business is conducted to meet high ethical standards.

In 2016, Lucara became a member of the Responsible Jewellery Council (the "RJC"), a not-for-profit standards setting organization, which defines responsible ethical, human rights, social and environmental practices for businesses in the jewellery supply chain via a Code of Practices. Lucara is fully committed to adhering to the RJC Code of Practices.

As recognition of its Corporate Social Responsibility activities, the Corporation was awarded the Prospectors & Developers Association of Canada (PDAC)'s 2016 Environmental & Social Responsibility Award for its stakeholder initiatives, community engagement and its focus on sustainable practices.

DIFFERENCES SWEDISH CORPORATE GOVERNANCE CODE

The Nasdaq Stockholm exchange in Sweden has a set of rules of corporate governance as set forth in the Swedish Corporate Governance Code (the "Swedish Code"). Lucara has a secondary listing on the Nasdaq Stockholm exchange, however as its primary exchange is the TSX exchange it follows the Corporate Governance rules applicable to a TSX listed company under Canadian securities laws ("Canadian Corporate Governance Rules"). There are differences between shareholder rights in Sweden, including the Swedish Code requirements, and Canadian Corporate Governance Rules. A description of the key differences is on Lucara's website (www.lucaradiamond.com).

SHAREHOLDER COMMUNICATIONS

Structures are in place to ensure effective communication between the Corporation, its shareholders and the public. The Corporation has established a Disclosure Policy which is available on its website or on SEDAR at www.sedar.com. This Policy sets out the internal structure that Lucara has established to effectively manage the dissemination of material information. In addition, the Corporation's investor relations group responds to shareholders concerns on an individual basis. Shareholders are informed of corporate developments by the issuance of timely press releases which are concurrently posted to the Corporations' website and SEDAR.

Shareholders or other interested parties may communicate directly with the Chair of the Board, the Lead Director and other independent directors by writing to them at Lucara's Vancouver office, at the following address (envelopes should be marked Confidential and addressed to the attention of the appropriate party):

Lucara Diamond Corp., 885 West Georgia Street, Suite 2000, Vancouver, B.C., Canada, V6C 3E8

SECTION 4 – EXECUTIVE COMPENSATION

2016 COMPENSATION DISCUSSION AND ANALYSIS

Objectives

The objectives of Lucara’s executive compensation program are:

- to structure remuneration packages that are sufficiently attractive to recruit, retain and motivate qualified, high caliber executives
- provide executives with compensation that is in accordance with existing market standards
- align the interests of Lucara’s executive officers with those of its shareholders
- link individual executive compensation to the performance of both Lucara and the individual executive

Elements of Compensation and Reward Structure

Executive compensation is comprised of three elements:

Base salaries. This is the basic method of compensating executives. Base salaries are reviewed using a comparator group (see Compensation Benchmarking described below), thereby enabling the Corporation to compete for and retain executives critical to the Corporation’s long-term success. Lucara’s executives have employment contracts which entitle them to receive a base salary provided they fulfill the job responsibilities associated with their position description. As payment of base salaries does not depend on the performance of any specific targets or goals it is not viewed as “at risk” compensation.

Short Term Incentives. Executives have no contractual right to bonuses or short term incentives and this form of compensation is clearly “at risk”. Such payments are made solely in the discretion of the Board. Short term incentives are considered by the Board on the recommendation of the Compensation Committee. The decision by the Compensation Committee to recommend payment of short term incentives is based on executives meeting agreed and approved criteria. The Board has approved a framework for short term incentive payments (see the Short Term Incentive Program Framework described in Performance Goals on page 25). The Board uses the payment of short term incentives to motivate executives to meet short term performance goals for the benefit of the Corporation.

Long Term Incentives. The Corporation performance-based equity incentives include both stock options and share units which are administered by the Board. The Compensation Committee makes annual recommendations to the Board for grants of stock options and share units following the applicable year end. The awards are made based on corporate and personal performance achievements for the previous year. This basis for providing grants is to ensure that an executive who demonstrates high performance in exceeding goals will over the long-term receive higher level of awards and strong performance of the Corporation will result in executives receiving over the long-term higher equity grants. This form of compensation aligns the interests of executive officers with the longer term interests of shareholders as the exercise price of options is set at the market value of the Corporation’s shares at the time of the grant. As options and share units vest over time they are an important executive retention strategy for Lucara. Stock options and share units are another form of compensation that is “at risk”.

The Corporation recognizes that its compensation package has to be sufficient to attract and retain the right level of skill, expertise and talent in an increasingly competitive global market. The structure of the remuneration package must be well-balanced across the short, medium and longer term elements, so that it is both attractive to the individual and cost effective for the Corporation.

In summary, Lucara uses base salary compensation to reward executives for effectively fulfilling their employment responsibilities, short term incentives to reward executives for meeting short term performance

goals and stock options/share unit awards as a retention strategy and to reward executives for long term business growth. By providing base salary at a competitive level the Corporation is able to attract talented candidates. However, the short term incentive (discretionary bonuses) provide executives with the opportunity to achieve superior total annual reward through their own delivery of excellence at individual and business levels. Finally, the longer term reward element (stock option grants and share unit awards), provide the opportunity to build ownership and growth in the medium and longer term future in line with the opportunities for success afforded to the shareholders.

Compensation Benchmarking

Peer Group

In the third quarter of 2016, Lucara retained a consultant, Roger Gurr & Associates (“Gurr & Associates”) to assist in benchmarking compensation for executives and directors.

A compensation peer comparator group of mining companies was developed by Gurr & Associates using the following criteria:

- Operating mines with positive cash flows
- Focus on diamonds and other precious metals
- Assets focused in Africa
- Annual Revenues in the range of CAD 200-800 million

Using these criteria as a guideline, a comparator group of 17 mining companies (including 6 diamond mining companies) was developed and is as follows:

- | | |
|------------------------------|---------------------------------|
| Asanko Gold Inc. | Kirkland Lake Gold Inc. |
| Dominion Diamond Corporation | Mountain Province Diamonds Inc. |
| Dundee Precious Metals Inc. | Nevsun Resources Ltd. |
| Endeavour Mining Corporation | Petra Diamonds Ltd. |
| Firestone Diamonds PLC | Primero Mining Corp. |
| Fortuna Silver Mines Inc. | SEMAFO Inc. |
| Gem Diamonds Limited | Stornoway Diamond Corporation |
| Gemfields Plc | Teranga Gold Corporation |
| Guyana Goldfields Inc. | |

Benchmarking - Executive Salaries

After reviewing the Gurr & Associates benchmarking report, which was prepared from a review of the compensation practices of the comparator group (the “Benchmarking Report”), the Compensation Committee recommended, and the Board accepted, that effective January 1, 2016, that base annual salaries be increased to the following:

Position	Current Salary	Current Salary in USD ⁽¹⁾
Chief Executive Officer	CAD\$650,000	US\$481,000
Chief Financial Officer	£250,000	US\$307,500
Vice President Mineral Resource	CAD\$280,500	US\$207,570
Vice President Legal & Corporate Secretary	CAD\$230,000	US\$170,200

⁽¹⁾ The salaries have been converted from Canadian to United State dollars and Sterling Pounds to United States dollars using the ending December 31, 2016 conversion rate of CAD\$1.00=US\$0.74, UK£=USD1.23.

Benchmarking Incentive Awards and Targets- Executives

The Compensation Committee relied on the Benchmarking Report to assess: (i) the targets awards for Short Term Incentives (see below under Performance Goals); (ii) the Short Term Incentive awards; and (iii) the Long Term Incentive awards made to Lucara executives in March 2017 (applicable to 2016 performance). The Committee determined that such targets and awards fell within the range of appropriate awards according to the report.

Benchmarking Director Compensation

Director compensation was reviewed against the Benchmarking Report by the Compensation Committee and it was agreed that no changes to director compensation were recommended.

Performance Goals

Lucara uses a performance measurement scheme, a Short Term Incentive Program Framework, focusing on Key Performance Indicators (KPIs) that include operational achievements to assess short term incentive awards. The framework was developed by Gurr & Associates, in consultation with management, and with oversight from the Compensation Committee. The framework sets out the terms under which cash incentives may be made to senior executives. The framework is subject to the overriding discretion of the Board, on recommendation from the Compensation Committee. The minimum short term incentive (“STI”) is zero and the maximum STI is set out as a % of basic salary for executive positions as follows:

Position	Maximum Target STI
CEO	120%
COO	90%
CFO	90%
VPs	70-75%

The factors used when assessing short term incentives are:

- financial
- operational
- marketing and sales (for certain executives)
- legal (for certain executives)
- discretionary

KPIs are determined for each of these areas and a percentage weight is identified dependent on the executive position. The financial, operational and marketing and sales areas of performance are based on quantitative performance measures, while the discretionary component is a qualitative performance measure.

Alignment Compensation Programs and Risk Management

Risk management is a primary consideration of the Board when implementing its compensation program. It has structured its compensation program to reduce a focus on short-term results or excessive risk taking, including the following strategies:

- Payments of short term incentives, if any, are not made until performance goals have been met. Managing risk in the areas of safety, environmental and corporate social responsibility is extremely important to Lucara and hence the Corporation’s record on safety, environmental and corporate social responsibility is an important factor when considering short term incentives. In addition, the Board has implemented a clawback of compensation that will apply to all annual short term incentive payments awarded on or after January 1, 2016. The clawback applies to the officers of the Corporation, and provides the Corporation with the discretion to recover a short-term incentive payment in the event it is found that the achievements relating to such payment involved fraud, theft or other intentional illegal conduct on such officers’ part.
- With regard to stock options, the Corporation has a stock option plan with vesting provisions over time

which reduces the risk of short term decision making. The Board sets standard vesting terms on stock option grants which align optionees' interests with longer term growth of the Corporation, using a 4 year term and 36-month vesting provisions such that the first 1/3 of the options vest one year after grant, the second 1/3 two years after grant and the final 1/3 three years after grant.

- With regard to share units, pursuant to the terms of the Corporation's share unit plan, share units awarded do not vest until three years after the date of the award which reduces the risk of short term decision making.
- Lucara's Board and executive officers are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the director or officer.
- The Board has established share ownership guidelines for non-employee directors to demonstrate their commitment to Lucara's long-term success and to align their interests with shareholders. Non-employee directors must own or control shares with a value, calculated at the time of stock purchase or at the current share purchase price, whichever is greater, equal to twice the value of their annual director retainers. These shares must be acquired within four years of joining the Board.
- The Board also believes it is important for senior management to have equity ownership in the Corporation to demonstrate their commitment to Lucara's long-term success and to align with shareholders. This is consistent with the nature of the Corporation's long term incentive program which includes the issuance of both stock options and share units. In 2016, the Board established the following minimum ownership levels of common shares that executive officers are expected to attain:

Position	# Shares
Chief Executive Officer	350,000
Chief Financial Officer and Chief Operating Officer	200,000
Other Vice Presidents	100,000

Under the guidelines, the ownership level should be achieved by an executive within four years of the implementation of the guidelines, (implementation date was February 23, 2016), or if an officer is appointed after that date, within four years of their appointment as an officer. Unvested share units held by an executive will count towards the achievement of the applicable ownership guideline. As of the date of this Circular, all executives meet the guidelines.

Consultant Work and Fees

As noted above, in 2016 the Compensation Committee retained Gurr & Associates to review and make recommendations regarding salaries, short term incentive targets, long term incentive compensation and director compensation. Gurr & Associates were paid a fee of CAD\$29,500 plus GST for these services. No other consulting services were provided by a compensation consultant to Lucara, the Board or a committee of the Board in 2015 or 2016.

Year	Executive Compensation-Related Fees (CAD \$)	All Other Fees (CAD\$)
2016	CAD\$29,500	Nil
2015	Nil	Nil

Role of Management in Determining Compensation

The accountability for decisions on executive remuneration is within the mandate of the Board with recommendations from the Compensation Committee; however, management has a key role in helping support the Compensation Committee in fulfilling its obligations. For example, the CEO will make specific recommendations to the Compensation Committee with respect to compensation for the other executive officers of the Corporation that are based on the Committee's compensation philosophy and incentive programs approved by the Committee.

Composition of the Compensation Committee

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Corporation. The Compensation Committee currently has three members: Messrs. Paul Conibear, Richard Clark and Brian Edgar and it meets as frequently as necessary in order to fulfill its responsibilities. In 2016, the Committee met four times.

Skills and Experience of Compensation Committee Members

All members of the Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have acted as CEO for a public company, and therefore have a good understanding of how compensation works and how to motivate staff. They also have financial expertise which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understanding of the Corporation's success factors and risks which is very important when determining metrics for measuring success.

Name	Independent⁽¹⁾	Education and Experience Relevant to Performance of Compensation Committee Duties
Richard Clark	Yes	Mr. Clark is a mining executive who is a retired lawyer and has experience as a compensation committee member on a number of public boards.
Paul Conibear (Chair)	Yes	Mr. Conibear, an engineer, currently holds the position of President and CEO of a public resource company. He has been in a senior executive role in the resource sector for over 17 years and has extensive experience in serving as a compensation committee member with other public company boards.
Brian Edgar	Yes	Mr. Edgar is currently the Chair of a public resource based company. He has served on numerous public company boards for over 30 years including membership on their compensation committees.

⁽¹⁾ A member is independent if he/she has no direct or indirect material relationship with the Corporation which could, in the view of the Board, reasonably interfere with the exercise of a member's independent judgment, or is otherwise deemed to have a material relationship under National Instrument 52-110.

Mandate and Responsibilities of Compensation Committee

The following is a summary description of the mandate and responsibilities of the Compensation Committee as it relates to executive compensation:

- to review and approve corporate goals and objectives relevant to executive compensation, including the evaluation and performance of the CEO in light of those corporate goals and objectives, and to make recommendations to the Board with respect to compensation levels (including the award of any cash short term incentives or share ownership opportunities);
- to consider the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, to make recommendations to the Board with respect to these plans and to annually review such plans after their implementation; and
- to annually review any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation.

The Compensation Committee reviews its mandate on an annual basis.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

Lucara's Named Executive Officers ("NEOs") for 2016 include the Corporation's Chief Executive Officer, the Chief Financial Officer, the former Chief Operating Officer and the three other most highly compensated executives of the Corporation and its subsidiaries. One of the NEOs holds a position with Lucara's subsidiary, Boteti Mining (Pty) Limited ("Boteti"). The list of NEOs is as follows:

Name	Title
William Lamb	President and Chief Executive Officer, Lucara ("CEO")
Glenn Kondo	Chief Financial Officer, Lucara ("CFO")
Paul Day	Former Chief Operating Officer, Lucara ("Former COO")
John Armstrong	Vice President, Mineral Resources, Lucara ("VP Mineral Resources")
Jennifer Lecour	Vice President, Legal and Corporate Secretary, Lucara ("VP Legal")
Johannes Langenhoven	Acting Technical Director, Boteti ("Boteti Acting Technical Director")

2016 Named Executive Officer Compensation Results

The Board reviewed Lucara's 2016 performance and the analysis and recommendations of the Compensation Committee and approved the following decisions on executive compensation for the four NEOs that are current Lucara officers: CEO, CFO, VP Mineral Resources and VP Legal (the "Officer NEOs").

The former COO, Mr. Day's employment with the Corporation ended on November 8, 2016 and he received a severance package as outlined on page 35. Therefore, his 2016 performance was not assessed and he did not receive a 2016 short term incentive award nor long term incentive awards for his 2016 performance.

(i) Base Salaries

As discussed above under Benchmarking - Executive Salaries, the Compensation Committee considered benchmarking data and increased base salaries effective January 1, 2017, as set out above under "Benchmarking - Executive Salaries".

The NEO, Mr. Langenhoven is an employee of the Corporation's subsidiary Boteti. As he is not an officer of the Corporation, his salary is not reviewed by the Compensation Committee but is set by the CEO.

(ii) Long Term Incentives

Stock Options

The five NEOs, the CEO, CFO, VP Mineral Resources, VP Legal and the Boteti Acting Technical Director, each received the following stock option grants in March 2017 based on their 2016 performance, the Corporation's 2016 performance, their level of responsibility and their ability to impact the Corporation's results (the value of such option grants is set out below in the Summary Compensation Table):

Position	Executive	March 2017 Option Grants ⁽¹⁾
CEO	William Lamb	150,000
CFO	Glenn Kondo	100,000
VP Mineral Resources	John Armstrong	60,000
VP Legal	Jennifer Lecour	50,000
Boteti Acting Technical Director	Johannes Langenhoven	50,000

⁽¹⁾ Based on 2016 Performance

Share Units

The Compensation Committee views the granting of share units as an important method, when combined with the minimum share ownership levels for officers, to align officers' interests with shareholders and as a result only made grants of share units to officers of the Corporation. The Officer NEOs received the following share unit awards in March 2017, based on their 2016 performance, the Corporation's 2016 performance, their level of responsibility and their ability to impact the Corporation's results (the value of such awards is set out below in the Summary Compensation Table):

Position	Executive	March 2017 Share Unit Awards ⁽¹⁾
CEO	William Lamb	115,500
CFO	Glenn Kondo	80,500
VP Mineral Resources	John Armstrong	49,000
VP Legal	Jennifer Lecour	38,500

⁽¹⁾ Based on 2016 Performance

(iii) Annual Short Term Incentives

The Officers NEOs are eligible for short term incentives following an assessment by the Compensation Committee in accordance with Corporation's Short Term Incentive Program Framework for executives. Short term incentives were paid in February 2017 to these four NEOs but were earned for 2016 performance results. Short term incentives, for the Boteti Acting Technical Director, is determined by the CEO as he is an employee of the Corporation's subsidiary Boteti. The following describes for 2016, performance goals, performance metrics achieved and the results considered as part of the assessment process.

2016 Performance Goals of Officer NEOs

CEO 2016 Goals:

The individual performance of the CEO is measured against the goals, objectives and standards set annually by the Corporation's Compensation Committee, which are used as metrics in establishing the amount of short term incentive ("STI") payment awarded at the end of each financial year. The metrics used for the CEO in fiscal 2016 were based on (1) group cash flow and return on equity (2) operational performance (3) sales and marketing objectives and (4) individual objectives. The following table sets out the weighting for each of the overall KPI group. The components are summed to determine the STI award.

Position	Executive	Maximum Target STI % ⁽¹⁾	Key Performance Indicator Achievement				
			Financial Result		Operational Performance ⁽²⁾	Sales and Marketing	Individual
			Cash Flow	Return on Equity			
CEO	William Lamb	120%	20%	20%	20%	15%	25%

⁽¹⁾ As a percentage of base salary

⁽²⁾ The specific KPIs under Operational Performance for the CEO are more expansive than other officer positions and include KPIs for safety and environment, production, employee local community and government relations, resource replacement, cost control, projects and cashflow management.

CFO, VP Mineral Resources and VP Legal 2016 Goals:

The maximum STI award which could be achieved ranged is 90% of base salary for the CFO, 75% for the VP Mineral Resources and 70% for the VP Legal. Actual STI compensation is based on the degree to which the Corporation achieves its objectives as well as personal metrics. The personal metrics were selected based on those parts of the business over which the executive had influence. The components are summed to determine the STI award.

Position	Executive	Maximum Target STI % ⁽¹⁾	Financial Result		Operational Performance	Legal	Individual
CFO	Glenn Kondo	90%	15%	15%	45% ⁽²⁾	-	25%
VP Mineral Resources	John Armstrong	75%	12.5%	12.5%	50% ⁽³⁾	-	25%
VP Legal	Jennifer Lecour	70%	10%	10%	10% ⁽⁴⁾	50%	20%

⁽¹⁾ As a percentage of 2016 base salary

⁽²⁾ The specific KPIs under Operational Performance for the CFO are safety & environment, production, cost control and projects

⁽³⁾ The specific KPIs under Operational Performance for the VP Mineral Resources are safety & environment, production, life of mine and resource replacement

⁽⁴⁾ The specific KPIs under Operational Performance for the VP Legal are safety & environment and employee local community and government relations

2016 Assessment – Corporate Results Considered and Corporate KPIs Achieved

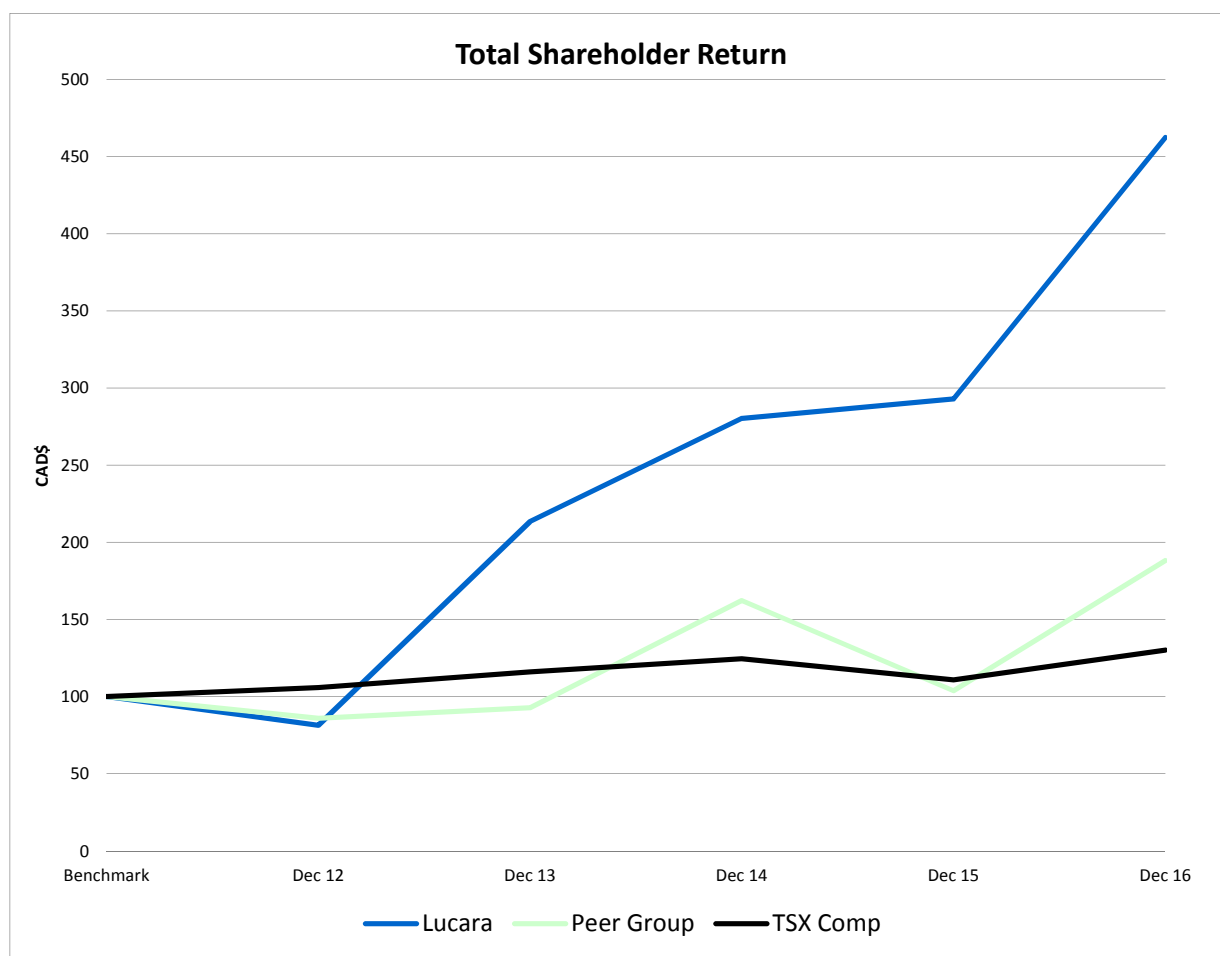
The following 2016 corporate results were assessed:

- Cash Flow: EBITDA achieved of \$185 million which was over the stretch target and earnings per share (“EPS”) of \$0.19 compared to prior year of \$0.21 per share. 2016 EPS was impacted by foreign exchange losses and withholding taxes funds repatriated from Boteti to Canada to pay the Corporation’s special dividend.
- Return on Equity: Lucara’s share price rose 35.1% when compared to the end of 2015 and outperformed 2 of 3 other mature diamond producers.
- Safety and Environment: excellent safety results, with a lost time injury frequency rate (LTIFR) of zero (measured per 1,000,000 man hour) and no material environmental events.
- Production: carat production in line with forecast however ore and waste mined was lower than forecast as ore was processed from stockpile during the transition to a new mining contractor.

Performance Graph

The following graph shows the total cumulative return on a CAD\$100 investment on December 31, 2011 in common shares compared to the cumulative total return of the TSX Composite Index and a diamond sector index comparator group, consisting of Petra Diamonds Ltd., Dominion Diamond Corporation, Mountain Province Diamonds Inc., Gem Diamonds Limited, Stornoway Diamond Corporation and Firestone Diamonds PLC, over the period ending December 31, 2016, assuming reinvestment of all dividends.

The share performance as set out in the graph does not necessarily indicate future price performance. Amounts below are stated in Canadian dollars. The shares trade on the TSX under the symbol "LUC".



Following the trend in the Corporation’s stock price performance as noted in the graph, average total NEO compensation decreased in 2012 from 2011 then increased in 2013 and 2014. Contrary to the increase in the Corporation’s stock price performance, average Total NEO compensation decreased in 2015 and 2016⁽¹⁾ due to the influence of specific corporate factors. In 2015, the Corporation experienced an overall decrease in revenues and operating margins compared to the prior year and in 2016 certain operational targets at the Karowe mine were not achieved.

⁽¹⁾ The compensation paid to Mr. Day as noted in the Summary Compensation Table for 2016 has not been included when determining the average Total NEO compensation for 2016 due to the severance amount paid to Mr. Day

The below table provides the % of the corporate KPI assessment applicable to the above corporate results as assessed by the Compensation Committee. These corporate KPI assessments are KPIs applicable to all Officer NEOs 2016 performance assessment and as noted above, the weighting assessed to such KPI achieved varies in accordance with the Officer NEOs position.

Financial Result KPIs applicable to all NEOs		Operational Performance KPIs Common to all Officer NEOs	Operational Performance KPIs Common to all Officer NEOs except for VP Legal
Cash Flow 2016 KPI Achieved	Return on Equity 2016 KPI Achieved	Safety & Environment 2016 KPI Achieved	Production 2016 KPI Achieved
90%	66%	80%	25%

2016 Assessment – Individual Results

Due to operational challenges experienced during the year, maximum target STIs were not awarded. The following chart sets out the performance metrics achieved and STI award paid for each of the Officer NEOs:

Position	Executive	% of STI Metrics Achieved	Maximum Target STI (%) ⁽¹⁾	STI Payment (%) ⁽¹⁾	STI Payment (US\$) ⁽²⁾
CEO	William Lamb	85%	120%	99%	435,484
CFO	Glenn Kondo	88%	90%	72%	220,638
VP Mineral Resources	John Armstrong	92%	75%	69%	143,899
VP Legal	Jennifer Lecour	90%	70%	63%	95,428

⁽¹⁾ As a percentage of base salary

⁽²⁾ The following conversion rates, being the Bank of Canada month end February rates for 2017 were used to convert the 2016 STI payments made on February 28, 2017: CAD\$1.00=US\$0.76, UKE UKD\$1.24.

The non-officer NEO, Mr. Langenhoven, received a 2016 STI payment of US\$120,000.

The above 2016 STI and the long term incentive awards made in March 2017 for NEOs were based on individual achievements as well as corporate results. As a result of the 2016 corporate results, the Compensation Committee decreased the volume of share units and options granted to NEOs when compared to 2015 long term incentive awards.

The following is a description of the individual’s performance results.

With regard to Mr. Lamb, the CEO, the Committee determined that the 85% assessment of Metrics Achieved was appropriate. In addition to the Corporate Results noted above the Committee noted the following results that resulted from his leadership: Safety record with no LTIFR’s during the year; Rough diamond sales were strong for the Corporation despite issues in the diamond market; A record price was achieved for the Constellation diamond, an 813 carat diamond recovered from the Karowe mine, of US\$63.1 million (US\$77,649 per carat); A number of Corporate Social Responsibility programs were completed during 2016 and community and government relations in Botswana are strong. Drilling commenced and was 93% completed by year end on the exploration programs being conducted close to the Karowe mine; The projects at the Karowe mine to increase the size of diamonds recoverable and to increase the recovery of diamonds between 4mm and 8mm using XRT technology were on target and within budget; Payment of US\$149.7M in dividends was made to shareholders in 2016 which resulted in a milestone achievement of cumulative dividends paid since 2014 exceeding the total amount of share capital ever raised by the Corporation.

When reviewing Mr. Kondo’s, the CFO, performance, the Committee determined that Mr. Kondo had met or exceeded his targets for the majority of his objectives. The finance strategy under his purview resulted in very strong control of costs with approximately US\$26 per tonne being recorded and the Corporation ended the year

with a very solid cash position and dividend issue success. The Committee also considered Mr. Armstrong's, the VP Mineral Resource, performance against his objectives. Mr. Armstrong completed valuable work on the exploration programs which were within budget for the year. They determined that the majority of his performance targets were met or exceeded. With regard to Ms. Lecour's, the VP Legal, performance, the Committee determined that Ms. Lecour had exceeded the applicable legal and corporate governance objectives set for the year.

Mr. Langenhoven's performance during the year was assessed by the CEO. It was determined that his areas of responsibility had delivered results in line with expectation and therefore as a result his STI assessment was generally in line with % of STI metrics achieved by the Officer NEOs.

SUMMARY COMPENSATION TABLE

The following table sets forth a summary of the total compensation paid to, or earned by the Corporation's NEOs for 2014 to 2016, the three most recently completed fiscal periods.

Name and Principal Position	Year	Salary ⁽¹⁾ (US\$)	Option-based Awards ⁽²⁾ (US\$)	Restricted Share Awards ⁽³⁾ (US\$)	Non Equity Annual Incentive Plan ⁽⁴⁾ (US\$)	All Other Compensation ⁽⁵⁾ (US\$)	Total Compensation (US\$)
William Lamb CEO	2016	438,016	78,679	218,557	435,484	76,381	1,247,118
	2015	391,144	74,492	485,798	422,248	35,365	1,409,048
	2014	395,797	164,488	278,297	481,889	57,741	1,378,212
Glenn Kondo CFO	2016	304,366	78,679	152,328	220,638	42,428	798,438
	2015	343,014	49,661	192,644	253,879	8,272	847,471
	2014	360,800	109,659	193,965	306,900	9,938	981,262
Paul Day Former COO	2016	249,773	-	-	-	968,913 ⁽⁶⁾	1,218,686
	2015	333,030	49,661	192,644	265,000	86,421	926,757
	2014	326,500	109,659	193,965	298,000	88,781	1,016,905
John Armstrong VP Mineral Resources	2016	207,680	31,472	92,721	143,899	12,168	487,940
	2015	195,572	29,797	117,262	116,482	4,129	463,242
	2014	184,766	65,795	118,065	114,850	4,435	487,911
Jennifer Lecour VP Legal	2016	151,040	26,226	72,852	95,428	19,449	364,995
	2015	156,458	24,831	92,134	99,738	12,122	385,282
	2014	181,143	54,829	92,766	109,139	4,571	442,448
Johannes Langenhoven Boteti Acting Technical Director	2016	200,000	154,981	-	120,000	36,200	511,181
	2015	-	-	-	-	-	-
	2014	-	-	-	-	-	-

(1) Mr. Day and Mr. Langenhoven are paid in United States dollars. Mr. Kondo is paid in British pounds. Mr. Lamb, Mr. Armstrong and Ms. Lecour are paid in Canadian dollars. The following conversion rates were used to convert salary payments:

- Financial year ended December 31, 2016 average exchange rate of CAD\$1.00=US\$0.74, UKE1=USD1.23;
- Financial year ended December 31, 2015 average exchange rate of CAD\$1.00=US\$0.78, UKE1=USD1.53; and
- Financial year ended December 31, 2014 average exchange rate of CAD\$1.00=US\$0.91, UKE1=USD1.64.

(2) This column represents stock option awards earned in respect of the corresponding year's performance. Awards for 2016 performance were made in 2017, awards for 2015 performance were made in 2016 and awards made for 2014 performance were made in 2015. The amounts represent the fair value, on the date of grant, of awards made under Lucara's stock option plan. The value has been determined using the Black-Scholes model. The amount presented in the table represents the fair value of the vested and unvested portion of the options granted for the period. For accounting purposes, the fair value is amortized over the applicable vesting periods. Options values were calculated in Canadian dollars and translated into United States dollars using the following exchange rates for the following option grants awarded to the NEOs: CAD\$1.00=US\$0.74 for March 8, 2017 grants, CAD\$1.00=US\$0.73 for February 26, 2016 grants and CAD\$1.00=US\$0.84 for May 14, 2015 grants. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized. The Black-Scholes option pricing model incorporates key assumptions dealing with risk free interest rate, expected stock price volatility, expected life and expected dividend yield.

- (3) *This column represents share unit awards earned in respect of the corresponding year's performance. Awards for 2016 performance were made in 2017, awards for 2015 performance were made in 2016 and awards made for 2014 performance were made in 2015. The Share Unit Plan did not exist prior to 2015. Share units' values were calculated in Canadian dollars based on the fair value of Common Shares on: (i) the grant date of March 8, 2017 of CAD\$2.75; (ii) the grant date of Feb 26, 2016 of CAD\$2.45; and (iii) the grant date of May 14, 2015 of CAD\$2.15 and translated into United States dollars using the following exchange rates for the following share unit grants awarded to the NEOs: CAD\$1.00=US\$0.74 for March 8, 2017 grants, CAD\$1.00=US\$0.73 for February 26, 2016 grants and CAD\$1.00=US\$0.84 for May 14, 2015 grants.*
- (4) *This column represents STI awards earned in respect of the corresponding year's performance. Payment of the 2016 STI award was made following the year of performance in February 2017. Payment for the 2015 STI award was made the following year in February 2016. Payment of the 2014 STI award was made following the year of performance in February 2015. The following conversion rates were used to convert the STI payments:*
- *February 28, 2017 rate CAD\$1.00=US\$0.76, UK£1=USD1.24;*
 - *February 23, 2016 rate CAD\$1.00=US\$0.72, UK£1=USD1.48; and*
 - *February 27, 2015 rate CAD\$1.00=US\$0.80, UK£1=USD1.55.*
- (5) *Except for the severance payment to Mr. Day, amounts in this column typically consist of benefits such as life insurance premiums, parking benefits and medical/dental plans. The amount also includes for Mr. Lamb, Mr. Kondo and Ms. Lecour accrued holidays paid out for the year ended 2016. The following conversion rates were used to convert these other compensation payments:*
- *Financial year ended December 31, 2016 average exchange rate of CAD\$1.00=US\$0.74, UK£1=USD1.23*
 - *Financial year ended December 31, 2015 average exchange rate of CAD\$1.00=US\$0.78, UK£1=USD1.53; and*
 - *Financial year ended December 31, 2014 average exchange rate of CAD\$1.00=US\$0.91, UK£1=USD1.64.*
- (6) *Mr. Day served as Chief Operating Officer through to November 8, 2016, at which time he left Lucara. The "All Other Compensation" amount for Mr. Day includes a \$796,615 severance payment.*

Pension Plan Benefits

The Corporation does not have any defined benefit or actuarial plans.

Liability Insurance

The Corporation is obligated to provide all of the Officer NEOs with liability insurance appropriate to the nature of their responsibilities.

Termination and Change of Control Benefits

All of the Officer NEOs have effective written employment agreements with Lucara. Mr. Langenhoven has a written employment agreement with Boteti.

Mr. Lamb

Pursuant to the employment agreement with Mr. Lamb:

- if Mr. Lamb's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, his employment is terminated or he elects to terminate his employment,

he will be entitled to receive a payment equal to his salary for 24 months, a payment equal to the STI award he earned in the year prior to his termination (providing it is not greater than his annual base salary) and benefits for a 12 month period. Also, Mr. Lamb's options and share units will become fully vested. If such a termination of his employment had occurred on December 31, 2016, it is estimated the total value of Mr. Lamb's severance package would have been US\$2,735,186. Payment has been converted from Canadian to United States dollars using the December 31, 2016 conversion rate of CAD\$1.00=US\$0.74.

Mr. Kondo

Pursuant to the employment agreement with Mr. Kondo:

- if Mr. Kondo's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, his employment is terminated or he elects to terminate his employment,

he will be entitled to receive a payment equal to his salary for 18 months, a payment equal to the STI award he earned in the year prior to his termination (providing it is not greater than his annual base salary) and benefits for a 12 month period. Also, Mr. Kondo's options and share units will become fully vested. If such a termination

of his employment had occurred on December 31, 2016, it is estimated the total value of Mr. Kondo's severance package would have been US\$1,413,114. Payment has been converted to United States dollars using the December 31, 2016 exchange rate of UK£1=US\$1.23.

Mr. Armstrong

Pursuant to the employment agreement with Mr. Armstrong:

- if Mr. Armstrong's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, his employment is terminated or he elects to terminate his employment,

he will be entitled to receive a payment equal to his salary for 12 months and a payment equal to the STI award he earned in the year prior to his termination (providing it is not greater than his annual base salary). Also, Mr. Armstrong's options and share units will become fully vested. If such a termination of his employment had occurred on December 31, 2016 it is estimated the total value of Mr. Armstrong's severance package would have been US\$813,682. Payment has been converted from Canadian to United States dollars using the December 31, 2016 conversion rate of CAD\$1.00=US\$0.74.

Ms. Lecour

Pursuant to the employment agreement with Ms. Lecour:

- if Ms. Lecour's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, her employment is terminated or she elects to terminate her employment,

she will be entitled to receive a payment equal to her salary for 12 months and a payment equal to the STI award she earned in the year prior to his termination (providing it is not greater than her annual base salary). Also, Ms. Lecour's options and share units will become fully vested. If such a termination of her employment had occurred on December 31, 2016 it is estimated the total value of Ms. Lecour's severance package would have been US\$615,077. Payment has been converted from Canadian to United States dollars using the December 31, 2016 conversion rate of CAD\$1.00=US\$0.74.

Mr. Langenhoven

Pursuant to the employment agreement between Boteti and Mr. Langenhoven:

- if Mr. Langenhoven's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, his employment is terminated or he elects to terminate his employment,

he will be entitled to receive a payment equal to his salary for 12 months and a payment equal to the STI award he earned in the year prior to his termination. If such a termination of his employment had occurred on December 31, 2016, it is estimated the total value of Mr. Langenhoven's severance package would have been US\$320,000.

Mr. Day

Mr. Day's employment agreement with Lucara was terminated effective November 8, 2016. Pursuant to the terms of his Employment Agreement, Mr. Day received a US\$796,615 severance payment and his outstanding share options and share units vested which were valued on November 8, 2016 as US\$257,432 and US\$735,523 respectively.

Outstanding Option and Share based Awards

The following table sets forth for each Named Executive Officer all awards outstanding at the end of 2016.

NEO	Grant Date	Option-based Awards				Share-based Awards		
		Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options (CAD\$) ⁽¹⁾	Number of shares or units of shares that have not vested (#)	Market payout value of share-based awards that have not vested (CAD\$) ⁽²⁾	Market payout value of share-based awards not paid out or distributed (CAD\$)
William Lamb President & CEO	May 14, 2015	300,000	2.15 ⁽³⁾	May 14, 2019	267,000	165,000	501,600	-
	July 8, 2015	-	-	-	-	1,683	5,116 ⁽⁶⁾	-
	December 17, 2015	-	-	-	-	1,455	4,423 ⁽⁶⁾	-
	February 26, 2016	150,000	2.45 ⁽⁴⁾	February 26, 2020	88,500	290,000	881,600	-
	March 31, 2016	-	-	-	-	2,489	7,567 ⁽⁶⁾	-
	June 18, 2016	-	-	-	-	1,775	5,396 ⁽⁶⁾	-
	September 15, 2016	-	-	-	-	53,753	163,409 ⁽⁶⁾	-
	December 15, 2016	-	-	-	-	2,632	8,001 ⁽⁶⁾	-
Glenn Kondo CFO	May 14, 2015	200,000	2.15 ⁽³⁾	May 14, 2019	178,000	115,000	349,600	-
	July 8, 2015	-	-	-	-	1,173	3,566 ⁽⁶⁾	-
	December 17, 2015	-	-	-	-	1,014	3,083 ⁽⁶⁾	-
	February 26, 2016	100,000	2.45 ⁽⁴⁾	February 26, 2020	59,000	115,000	349,600	-
	March 31, 2016	-	-	-	-	1,261	3,833 ⁽⁶⁾	-
	June 18, 2016	-	-	-	-	899	2,733 ⁽⁶⁾	-
	September 15, 2016	-	-	-	-	27,242	82,816 ⁽⁶⁾	-
	December 15, 2016	-	-	-	-	1,334	4,055 ⁽⁶⁾	-
John Armstrong VP, Mineral Resources	May 14, 2015	120,000	2.15 ⁽³⁾	May 14, 2019	106,800	70,000	212,800	-
	July 8, 2015	-	-	-	-	714	2,171 ⁽⁶⁾	-
	December 17, 2015	-	-	-	-	617	1,876 ⁽⁶⁾	-
	February 26, 2016	60,000	2.45 ⁽⁴⁾	February 26, 2020	35,400	70,000	212,800	-
	March 31, 2016	-	-	-	-	767	2,332 ⁽⁶⁾	-
	June 18, 2016	-	-	-	-	547	1,663 ⁽⁶⁾	-
	September 15, 2016	-	-	-	-	16,582	50,409 ⁽⁶⁾	-
	December 15, 2016	-	-	-	-	812	2,468 ⁽⁶⁾	-
Jennifer Lecour VP, Legal	May 14, 2015	100,000	2.15 ⁽³⁾	May 14, 2019	89,000	55,000	167,200	-
	July 8, 2015	-	-	-	-	561	1,705 ⁽⁶⁾	-
	December 17, 2015	-	-	-	-	485	1,474 ⁽⁶⁾	-
	February 26, 2016	50,000	2.45 ⁽⁴⁾	February 26, 2020	29,500	55,000	167,200	-
	March 31, 2016	-	-	-	-	602	1,830 ⁽⁶⁾	-
	June 18, 2016	-	-	-	-	430	1,307 ⁽⁶⁾	-
	September 15, 2016	-	-	-	-	13,028	39,605 ⁽⁶⁾	-
	December 15, 2016	-	-	-	-	638	1,940 ⁽⁶⁾	-
Johannes Langenhoven Boteti Acting Technical Director	May 12, 2016	120,000	3.94 ⁽⁵⁾	May 12, 2020	-	-	-	-

(1) Based on the closing price of the Common Shares on the TSX on December 31, 2016 of C\$3.04 per Common Share, less the exercise price of the in-the-money stock options. These Options have not been, and may never be, exercised and the actual gain, if any, on exercise will depend on the value of the Common Shares on the date of exercise.

(2) The value is based on the closing price of the Common Shares on the TSX on December 31, 2016 of C\$3.04.

(3) These values represented all vested options.

(4) These values represent all unvested options. One third vesting will occur on the 12, 24 and 36 months after the date of grant, being February 26, 2017, February 26, 2018 and February 26, 2019, respectively.

(5) These values represent all unvested options. One third vesting will occur on the 12, 24 and 36 months after the date of grant, being May 12, 2017, May 12, 2018 and May 12, 2019, respectively.

(6) These share units were issued in lieu of cash dividends applicable to outstanding share units held when a dividend was paid by the Corporation.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during 2016 by each Named Executive Officer.

Name	Option-based awards – Value vested during the year ⁽¹⁾ (CAD\$)	Share-based awards – Value vested during the year	Non-equity incentive plan compensation-value earned during the year (US\$) ⁽²⁾
William Lamb	128,040	None	422,248
Glenn Kondo	85,360	“	253,879
Paul Day	85,360	“	265,000
John Armstrong	51,216	“	116,482
Jennifer Lecour	42,680	“	99,738
Johannes Langenhoven	-	“	-

⁽¹⁾ Calculated using the closing price of the common shares on the TSX on the dates on which stock options vested during 2016, or if the TSX is not open on such date, the closing price of the common shares on the TSX on the last date that the TSX is open preceding the vesting date and subtracting the exercise price of in-the-money stock options.

⁽²⁾ This column represents short term incentive plan payments referred to earlier in the circular, the incentive payment is paid in 2017 for 2016 performance. For Messrs. Lamb, Kondo, Armstrong and Lecour compensations were paid in Canadian dollars, or British pounds and converted to United States dollars. The following conversion rates used to convert the 2016 short term incentive plan payments made on February 28, 2017: CAD\$1.00=US\$0.73, and UK£1=US\$1.41.

SECTION 5 – COMPENSATION OF DIRECTORS

The following table sets forth the details of compensation provided to directors, other than William Lamb, for 2016. Mr. Lamb, the CEO, who also acts as a director of the Corporation, does not receive compensation for services as a director.

Name	Fees Earned (US\$) ⁽¹⁾	Option-based (US\$)	Total (US\$)
Richard Clark	77,441	None	77,441
Paul Conibear	96,321	“	96,321
Brian Edgar	83,072	“	83,072
Marie Inkster	88,769	“	88,769
Lukas Lundin	88,769	“	88,769
Eira Thomas	84,993	“	84,993

⁽¹⁾ Payments have been converted from Canadian to United States dollars using the following average annual conversion rate for 2016 CAD\$1.00 = US\$0.76

⁽²⁾ This column represents stock option awards made in respect of the corresponding year of director compensation. Stock option awards for 2016 compensation would have been made in March 2017. No awards were made under Lucara’s stock option plan relating to director’s 2016 compensation.

In 2016, the Compensation committee retained Gurr & Associates to perform benchmarking for director compensation. The benchmarking data showed that the directors’ fees were currently in line with the director compensation with of the Corporation’s peers. Current director fees are:

- each non-executive directors’ annual base remuneration CAD\$100,000;
- the Lead Director, the Chair of the SHECR Committee, the Chair of the Corporate Governance Committee and the Chair of Compensation Committee receive an additional CAD\$10,000 per annum; and
- the Chair of the Board and the Chair of the Audit Committee receives an additional CAD\$15,000 per annum.

Lucara reimburses directors for any reasonable travel and out-of-pocket expenses relating to their duties as directors. No fees were paid for attendance at meetings. The Corporation provides all of the directors with liability insurance.

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards held by the directors, other than William Lamb, who is a Named Executive Officer, of the Corporation at the end of 2016:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options (CAD\$) ⁽¹⁾
Richard Clark	200,000	2.45	February 26, 2020	118,000
Paul Conibear	200,000	2.45	February 26, 2020	118,000
Brian Edgar	200,000	2.45	February 26, 2020	118,000
Lukas Lundin	200,000	2.45	February 26, 2020	118,000
Marie Inkster	200,000	2.25	June 9, 2017	158,000
	200,000	2.45	February 26, 2020	118,000
Eira Thomas	200,000	2.45	February 26, 2020	118,000

⁽¹⁾ Calculated using the closing price of the common shares on the TSX December 31, 2016 of CAD\$3.04 and subtracting the exercise price of in-the-money stock options.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during 2016 by each director, other than William Lamb who is a Named Executive Officer.

Name	Option-based awards –Value vested during the year (CAD\$) ⁽¹⁾
Richard Clark	None
Paul Conibear	“
Brian Edgar	“
Lukas Lundin	“
Marie Inkster	“
Eira Thomas	“

⁽¹⁾ Calculated using the closing price of the common shares on the TSX on the dates on which stock options vested during 2016, or if TSX is not open on such date, the closing price of the common shares on the TSX on the last date that the TSX is open preceding the vesting date and subtracting the exercise price of in-the-money stock options. If the closing price of the common shares on the vesting date was below the exercise price the value of the stock options is shown as “-”.

SECTION 6 – OTHER INFORMATION

EQUITY COMPENSATION PLAN INFORMATION

The Corporation has two compensation plans under which equity securities of the Corporation are authorized for issuance. A Share Unit Plan was approved on May 13, 2015 by the shareholders and a Stock Option Plan was also approved by shareholders on the same date. The Stock Option Plan replaced the Corporation’s 2013 Stock Option Plan.

Equity Compensation Plan Information (as at fiscal year end December 31, 2016)

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options/share units	(b) Weighted-average exercise price of outstanding options (CAD\$)	(c) Number of securities remaining available for future issuance under the Plan (excluding securities reflected in column (a))
Equity Compensation Plans approved by security holders:			
Stock Option Plan	3,346,670	\$ 2.39	16,653,330
Share Unit Plan	1,067,493	N/A (share units)	2,670,918
Equity Compensation Plans not approved by security holders	N/A	N/A	N/A

The Share Unit Plan (the “SU Plan”)

The material terms of the SU Plan can be summarized as follows:

- The SU Plan provides that share unit awards (the "SUs") may be granted by the Board, the Compensation Committee, or any other committee of directors authorized by the Board to administer the SU Plan (the "Committee").
- 4,000,000 Common Shares are reserved for issuance under the SU Plan, representing approximately 1% of the current issued and outstanding Common Shares.
- Any Common Shares subject to an SU which are cancelled or terminated in accordance with the terms of the SU Plan without settlement will again be available for issuance under the SU Plan.
- The grant of SUs under the SU Plan is subject to the number of the Common Shares: (i) issued to any one participant within any one (1) year period; (ii) insiders of the Corporation, within any one (1) year period, and (iii) issuable to insiders of the Corporation, at any time, under the SU Plan, or when combined with all of the Corporation’s other security based compensation arrangements, shall not exceed 10% of the Corporation’s total issued and outstanding Common Shares, respectively.
- The SU Plan is for the benefit of employees of the Corporation or any subsidiary, including any senior executive, vice president, and/or member of the management team of the Corporation or its subsidiaries.
- A SU is a unit credited by means of an entry on the books of the Corporation to a participant, representing the right to receive one Common Share or cash equal to the market price of the share on the vesting date.
- The number and terms of SUs granted to participants will be determined by Committee and credited to the participant’s account effective on the grant date. Subject to the Committee’s discretion, SUs will vest 36 months from the grant date.

- The entitlement date, or date that the SU's vest and are eligible for payment, shall be extended if this date occurs during a blackout to 10 days after the end of the blackout and notwithstanding this, must occur no later than 3 years following the end of the year the SU was granted.
- Following the entitlement date, the SUs will be settled by way of the issuance of Common Shares from treasury, cash equal to the market price of Common Shares or a combination of the two methods of settlement as determined by the Committee.
- All grants of SUs shall be evidenced by a confirmation share unit grant letter.
- In the event dividends are paid to shareholders while SUs are outstanding, additional SUs in lieu of any cash dividends will be credited to participants. For the avoidance of doubt, no cash payment will be made to a participant if cash dividends are paid to shareholders other than cash paid to a participant on an entitlement date.
- In the event of a participant's resignation or employment termination with cause, the SUs will be forfeited and of no further force or effect at the date of termination, unless otherwise determined by the Committee.
- In the event of the participant's employment termination without cause:
 - all unvested SUs that are not subject to performance vesting criteria will vest, for participants who were continuously employed by the Corporation or any subsidiary for at least two years including any notice period, prior to the date of termination and the Common Shares represented by the SUs held shall be issued as soon as reasonably practical
 - all unvested SUs with performance vesting criteria will remain subject to the normal vesting schedule for participants who were continuously employed by the Corporation or any subsidiary for at least two years including any notice period
 - for participants who were not continuously employed by the Corporation for two years their SUs will be forfeited at the date of termination except as may otherwise be stipulated in the participant's grant letter
- In the event of death, all unvested SUs will vest and the Common Shares will be issued to the participant's estate as soon as reasonably practical.
- In the event of the total disability of a participant, all unvested SUs will vest on the date the participant is determined to be totally disabled and the Common Shares will be issued as soon as reasonably practical.
- In the event of a change of control, all SUs outstanding will vest on the date of such change of control.
- All of the termination provisions in the SU plan shall be subject to the terms of any employment/severance agreement between the participant and the Corporation.
- SUs are not transferable other than by will or the laws of descent and distribution.
- The specific amendment provisions for the SU Plan provide the Committee with the power, subject to the requisite regulatory approval, to make the following amendments without shareholder approval (without limitation):
 - amendments of a housekeeping nature;
 - the addition or a change to any vesting provisions of an SU;
 - changes to the termination provisions of an SU or the SU Plan; and
 - amendments to reflect changes to applicable securities or tax laws.

- Any of the following amendments require shareholder approval:
 - materially increasing the benefits to a holder of SUs who is an insider to the material detriment of the Corporation and its shareholders;
 - increasing the number of Common Shares or maximum percentage of Common Shares which may be issued pursuant to the SU Plan (other than by virtue of adjustments permitted under the SU Plan);
 - permitting SUs to be transferred other than for normal estate settlement purposes;
 - removing or exceeding the insider participation limits of the SU Plan;
 - materially modifying the eligibility requirements for participation in the SU Plan; or
 - modifying the amending provisions of the SU Plan.

The Stock Option Plan

The material terms of the Stock Option Plan can be summarized as follows:

- The aggregate number of Common Shares available at all times for issuance under the Stock Option Plan will be 20,000,000, which would represent approximately 5.23% of the Corporation's current issued and outstanding Common Shares.
- Any option which has been exercised, cancelled or has expired or terminated for any reason in accordance with the terms of the Stock Option Plan will again be available under the Stock Option Plan.
- The exercise price per Common Share under an option shall be determined by the Board and shall not be lower than the market price of a Common Share. Market price is defined as the higher of the closing price on the TSX on the date the option is granted and the last trading date preceding the date the option is granted.
- The term of all options awarded under the Stock Option Plan is a maximum of five years.
- Options granted pursuant to the Stock Option Plan shall vest and become exercisable by an optionee at such time or times as may be determined by the Board at the date of grant and as indicated in the option commitment. Subject to the Boards' discretion, options may have a vesting period of up to three years, with 1/3 of the options vesting 12 months from the date of grant; 1/3 of the options vesting 24 months from the date of grant; and the remaining 1/3 vesting 36 months from the date of grant.
- In the event that the expiry of an option falls within, or within 48 hours of, a trading blackout period imposed, the expiry date of the option shall be automatically extended to the tenth business day following the end of the blackout period.
- The termination provisions under the Stock Option Plan shall be:
 - An optionee will have, in all cases subject to the original option expiry date (i) 90 days to exercise his/her options, which will automatically vest for optionees who have been continuously employed by the Corporation or by a Corporation providing management services to the Corporation for at least two years including any notice period, if applicable, in the event of termination without cause; (ii) 90 days to exercise his/her options that have vested, in the event of resignation; and (iii) immediate termination of the options in the event of termination with cause, except as may be set out in the optionee's option commitment or as otherwise determined by the Board in its sole discretion. In the event of the death or disability of an optionee, all options will vest and the optionee will have, subject to the original option expiry date, 12 months to exercise his/her options. Notwithstanding the foregoing, all of the termination provisions shall be subject to the terms of any employment/severance agreement between the optionee and the Corporation.

- In the event of a change of control, all unvested options shall vest on at the effective time of the change of control.
- The grant of options under the Stock Option Plan is subject to the number of the Common Shares: (i) issued to insiders of the Corporation, within any one (1) year period, and (ii) issuable to insiders of the Corporation, at any time, under the Stock Option Plan, or when combined with all of the Corporation's other security based compensation arrangements, not exceeding 10% of the Corporation's total issued and outstanding Common Shares, respectively.
- The aggregate number of options granted pursuant to the Stock Option Plan to any one non-employee director, within any one-year period shall not exceed a maximum value of \$100,000 worth.
- The aggregate number of Common Shares reserved for issuance pursuant to the Stock Option Plan to non-employee directors as a group, shall not exceed 1% of the number of issued and outstanding Common Shares.
- The aggregate number of Common Shares reserved for issuance pursuant to the Stock Option Plan, or when combined with all of the Corporation's other security based compensation arrangements, to any one Participant within a one-year period shall not exceed 10% of the Shares outstanding at the time of the grant
- The Board means the board of directors or any committee of the board to which the duties under the Stock Option Plan are delegated.
- Options are not assignable or transferable other than by will or by the applicable laws of descent.
- The specific amendment provisions for the Stock Option Plan provide the Board with the power to make the following amendments without shareholder approval:
 - minor or technical modifications;
 - correct ambiguity, defective provisions, error or omissions or reflect changes to applicable securities or taxation laws;
 - change any vesting provisions of an option;
 - change the termination provisions or extend the expiration date provided the extension is not beyond 5 years from the date the option is granted;
 - add or change provisions relating to financial assistance to facilitate the purchase of securities; and
 - add a cashless exercise feature.

Such amendment must be in accordance with applicable laws and stock exchange rules and cannot materially adversely affect existing rights of options.

- Any of the following amendments also require shareholder approval:
 - increasing the number of Common Shares which may be issued pursuant to the Stock Option Plan (other than by virtue of permitted adjustments);
 - reducing the exercise price of an option;
 - amending the term of an option to extend the term;
 - removing or exceeding the limits imposed on insiders and on non-employee Directors;
 - materially increasing the benefits to the holder of the options who is an insider to the material detriment of the Corporation and its shareholders;
 - permitting options to be transferred other than by will or the applicable laws of descent;
 - materially modifying the eligibility requirements for participation in the Stock Option Plan; or
 - changing the amending provisions.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Corporation, proposed nominees for directors, or associates or affiliates of said persons, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

MANAGEMENT CONTRACTS

Management functions of the Corporation and its subsidiaries are performed by directors, executive officers or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the best of the Corporation's knowledge, no informed person of the Corporation, proposed director or any associate or affiliate of them, has or has had any material interest, direct or indirect, in any transaction, since the commencement of the Corporation's most recently completed financial year which has materially affected or will materially affect the Corporation or any of its subsidiaries.

ADDITIONAL INFORMATION

The Corporation's Annual Information Form, annual financial statements and management's discussion and analysis ("MD&A") and interim financial statements are available on Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Corporation's website at www.lucaradiamond.com. The Corporation will provide, without charge to a shareholder, a copy of its latest Annual Information Form, its annual financial statements and MD&A for the period ended December 31, 2016, interim financial statements for subsequent periods and this Circular upon request by contacting:

- (i) e-mail: Tanuja.skerlec@lucaradiamond.com
- (ii) telephone: 604-689-7842
- (iii) mail: Lucara Diamond Corp.
Suite 2000 - 885 West Georgia Street
Vancouver, B.C., V6C 3E8
Attn: Investor Relations

DIRECTORS APPROVAL

The contents and the distribution of this Circular have been approved by the Board.

DATED the 06th day of April, 2017.

BY ORDER OF THE BOARD

(Signed) "*William Lamb*"

President and CEO

APPENDIX A - AMENDED AND RESTATED ARTICLES

**AMENDED AND RESTATED ARTICLES
of
LUCARA DIAMOND CORP.**

Incorporation number: C0701784

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1. INTERPRETATION

1.1 Definitions

In these Articles, the following words and phrases have the meanings set out beside them:

- (1) “**board of directors**”, “**directors**” and “**board**” mean the directors or sole director of the Company for the time being;
- (2) “**Business Corporations Act**” means the *Business Corporations Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (3) “**Company**” means the company whose name is set out at the top of page 1, being the company which has adopted these Articles;
- (4) “**Interpretation Act**” means the *Interpretation Act* (British Columbia) from time to time in force and all amendments thereto and includes all regulations and amendments thereto made pursuant to that Act;
- (5) “**legal personal representative**” means the personal or other legal representative of the shareholder;
- (6) “**registered address**” of a shareholder means the shareholder’s address as recorded in the central securities register;
- (7) “**seal**” means the seal of the Company, if any.

1.2 *Business Corporations Act* and *Interpretation Act* Definitions Applicable

The definitions in the *Business Corporations Act* and the definitions and rules of construction in the *Interpretation Act*, with the necessary changes, so far as applicable, and unless the context requires otherwise, apply to these Articles as if they were an enactment. If there is a conflict between a definition in the *Business Corporations Act* and a definition or rule in the *Interpretation Act* relating to a term used in these Articles, the definition in the *Business Corporations Act* will prevail in relation to the use of the term in these Articles. If there is a conflict between these Articles and the *Business Corporations Act*, the *Business Corporations Act* will prevail.

2. SHARES AND SHARE CERTIFICATES

2.1 Authorized Share Structure

The authorized share structure of the Company consists of shares of the kinds, classes and, if any, series described in the Notice of Articles of the Company.

2.2 Form of Share Certificate

Each share certificate issued by the Company must comply with, and be signed as required by, the *Business Corporations Act*.

2.3 Shareholder Entitled to Certificate or Acknowledgment

Each shareholder is entitled, without charge, to (a) one share certificate representing the shares of each class or series of shares registered in the shareholder’s name or (b) a non-transferable written acknowledgment of the shareholder’s right to obtain such a share certificate, but in respect of a share held jointly by several persons, the Company is not bound to issue more than one share certificate and delivery of a share certificate for a share to one of several joint shareholders or to one of the shareholders’ duly authorized agents will be sufficient delivery to all.

2.4 Delivery by Mail

Any share certificate or non-transferable written acknowledgment of a shareholder's right to obtain a share certificate may be sent to the shareholder by mail at the shareholder's registered address and neither the Company nor any director, officer or agent of the Company is liable for any loss to the shareholder because the share certificate or acknowledgment is lost in the mail or stolen.

2.5 Replacement of Worn Out or Defaced Certificate or Acknowledgement

If the directors are satisfied that a share certificate or a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate is worn out or defaced, they must, on production to them of the share certificate or acknowledgment, as the case may be, and on such other terms, if any, as they think fit:

- (1) order the share certificate or acknowledgment, as the case may be, to be cancelled; and
- (2) issue a replacement share certificate or acknowledgment, as the case may be.

2.6 Replacement of Lost, Stolen or Destroyed Certificate or Acknowledgment

If a share certificate or a non-transferable written acknowledgment of a shareholder's right to obtain a share certificate is lost, stolen or destroyed, a replacement share certificate or acknowledgment, as the case may be, must be issued to the person entitled to that share certificate or acknowledgment, as the case may be, if the directors receive:

- (1) proof satisfactory to them that the share certificate or acknowledgment is lost, stolen or destroyed; and
- (2) any indemnity the directors consider adequate.

2.7 Splitting Share Certificates

If a shareholder surrenders a share certificate to the Company with a written request that the Company issue in the shareholder's name two or more share certificates, each representing a specified number of shares and in the aggregate representing the same number of shares as the share certificate so surrendered, the Company must cancel the surrendered share certificate and issue replacement share certificates in accordance with that request.

2.8 Certificate Fee

There must be paid to the Company, in relation to the issue of any share certificate under Articles 2.5, 2.6 or 2.7, the amount, if any and which must not exceed the amount prescribed under the *Business Corporations Act*, determined by the directors.

2.9 Recognition of Trusts

Except as required by law or statute or these Articles, no person will be recognized by the Company as holding any share upon any trust, and the Company is not bound by or compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or fraction of a share or (except as by law or statute or these Articles provided or as ordered by a court of competent jurisdiction) any other rights in respect of any share except an absolute right to the entirety thereof in the shareholder.

3. ISSUE OF SHARES

3.1 Directors Authorized

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the Company may allot, sell, issue and otherwise dispose of the unissued shares, and issued shares held by the Company, at the times, to the persons, including directors, in the manner, on the terms and conditions and for the issue prices (including any

premium at which shares with par value may be issued) that the directors may determine. The issue price for a share with par value must be equal to or greater than the par value of the share.

3.2 Commissions and Discounts

The Company may pay at any time a reasonable commission or allow a reasonable discount to any person in consideration of that person purchasing or agreeing to purchase shares of the Company from the Company or any other person or procuring or agreeing to procure purchasers for shares of the Company.

3.3 Brokerage

The Company may pay such brokerage fee or other consideration as may be lawful for or in connection with the sale or placement of its securities.

3.4 Conditions of Issue

Except as provided for by the *Business Corporations Act*, no share may be issued until it is fully paid. A share is fully paid when:

- (1) consideration is provided to the Company for the issue of the share by one or more of the following:
 - (a) past services performed for the Company;
 - (b) property;
 - (c) money; and
- (2) the value of the consideration received by the Company equals or exceeds the issue price set for the share under Article 3.1.

3.5 Share Purchase Warrants and Rights

Subject to the *Business Corporations Act*, the Company may issue share purchase warrants, options and rights upon such terms and conditions as the directors determine, which share purchase warrants, options and rights may be issued alone or in conjunction with debentures, debenture stock, bonds, shares or any other securities issued or created by the Company from time to time.

4. SHARE REGISTERS

4.1 Central Securities Register

The Company must maintain in British Columbia a central securities register as required by and subject to the *Business Corporations Act*. The directors may, subject to the *Business Corporations Act*, appoint:

- (1) an agent to maintain the central securities register; and
- (2) one or more agents, including the agent which keeps the central securities register, as transfer agent for its shares or any class or series of its shares, as the case may be, and the same or another agent as registrar for its shares or such class or series of its shares.

The directors may terminate such appointment of any agent at any time and may appoint another agent in its place.

4.2 Closing Register

The Company must not at any time close its central securities register.

5. SHARE TRANSFERS

5.1 Registering Transfers

A transfer of a share of the Company must not be registered unless:

- (1) a duly signed instrument of transfer in respect of the share has been received by the Company;
- (2) if a share certificate has been issued by the Company in respect of the share to be transferred, that share certificate has been surrendered to the Company; and
- (3) if a non-transferable written acknowledgment of the shareholder's right to obtain a share certificate has been issued by the Company in respect of the share to be transferred, that acknowledgment has been surrendered to the Company.

5.2 Form of Instrument of Transfer

The instrument of transfer in respect of any share of the Company must be either in the form, if any, on the back of the Company's share certificates or in any other form that may be approved by the directors from time to time.

5.3 Transferor Remains Shareholder

Except to the extent that the *Business Corporations Act* otherwise provides, the transferor of shares is deemed to remain the holder of the shares until the name of the transferee is entered in a securities register of the Company in respect of the transfer.

5.4 Signing of Instrument of Transfer

If a shareholder, or their duly authorized attorney, signs an instrument of transfer in respect of shares registered in the name of the shareholder, the signed instrument of transfer constitutes a complete and sufficient authority to the Company and its directors, officers and agents to register the number of shares specified in the instrument of transfer or specified in any other manner, or, if no number is specified, all the shares represented by the share certificates or set out in the written acknowledgments deposited with the instrument of transfer:

- (1) in the name of the person named as transferee in that instrument of transfer; or
- (2) if no person is named as transferee in that instrument of transfer, in the name of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered.

5.5 Enquiry as to Title Not Required

Neither the Company nor any director, officer or agent of the Company is bound to inquire into the title of the person named in the instrument of transfer as transferee or, if no person is named as transferee in the instrument of transfer, of the person on whose behalf the instrument is deposited for the purpose of having the transfer registered or is liable for any claim related to registering the transfer by the shareholder or by any intermediate owner or holder of the shares, of any interest in the shares, of any share certificate representing such shares or of any written acknowledgment of a right to obtain a share certificate for such shares.

5.6 Transfer Fee

There must be paid to the Company, in relation to the registration of any transfer, the amount, if any, determined by the directors.

6. TRANSMISSION OF SHARES

6.1 Legal Personal Representative Recognized on Death

In case of the death of a shareholder, the legal personal representative, or if the shareholder was a joint holder, the surviving joint holder, will be the only person recognized by the Company as having any title to the shareholder's interest in the shares. Before recognizing a person as a legal personal representative, the directors may require proof of appointment by a court of competent jurisdiction, a grant of letters probate, letters of administration or such other evidence or documents as the directors consider appropriate.

6.2 Rights of Legal Personal Representative

The legal personal representative has the same rights, privileges and obligations that attach to the shares held by the shareholder, including the right to transfer the shares in accordance with these Articles, provided the documents required by the *Business Corporations Act* and the directors have been deposited with the Company.

7. PURCHASE OF SHARES

7.1 Company Authorized to Purchase Shares

Subject to Article 7.2, the special rights and restrictions attached to the shares of any class or series and the *Business Corporations Act*, the Company, if authorized by the directors, may purchase or otherwise acquire any of its shares at the price and upon the terms specified in such resolution.

7.2 Purchase When Insolvent

The Company must not make a payment or provide any other consideration to purchase or otherwise acquire any of its shares if there are reasonable grounds for believing that:

- (1) the Company is insolvent; or
- (2) making the payment or providing the consideration would render the Company insolvent.

7.3 Sale and Voting of Purchased Shares

If the Company retains a share redeemed, purchased or otherwise acquired by it, the Company may sell, gift or otherwise dispose of the share, but, while such share is held by the Company, it:

- (1) is not entitled to vote the share at a meeting of its shareholders;
- (2) must not pay a dividend in respect of the share; and
- (3) must not make any other distribution in respect of the share.

8. BORROWING POWERS

The Company, if authorized by the directors, may:

- (1) borrow money in the manner and amount, on the security, from the sources and on the terms and conditions that they consider appropriate;

- (2) issue bonds, debentures and other debt obligations either outright or as security for any liability or obligation of the Company or any other person and at such discounts or premiums and on such other terms as they consider appropriate;
- (3) guarantee the repayment of money by any other person or the performance of any obligation of any other person; and
- (4) mortgage, charge, whether by way of specific or floating charge, grant a security interest in, or give other security on, the whole or any part of the present and future assets and undertaking of the Company.

9. ALTERATIONS

9.1 Alteration of Authorized Share Structure

Subject to Article 9.2, the *Business Corporations Act* and the special rights and restrictions attached to the shares of any class or series, the Company may by ordinary resolution:

- (a) create one or more classes or series of shares or, if none of the shares of a class or series of shares are allotted or issued, eliminate that class or series of shares;
- (b) increase, reduce or eliminate the maximum number of shares that the Company is authorized to issue out of any class or series of shares or establish a maximum number of shares that the Company is authorized to issue out of any class or series of shares for which no maximum is established;
- (c) subdivide, or consolidate all or any of its unissued, or fully paid issued, shares;
- (d) if the Company is authorized to issue shares of a class of shares with par value:
 - (i) decrease the par value of those shares; or
 - (ii) if none of the shares of that class of shares are allotted or issued, increase the par value of those shares;
- (e) change all or any of its unissued, or fully paid issued, shares with par value into shares without par value or any of its unissued shares without par value into shares with par value;
- (f) alter the identifying name of any of its shares; or
- (g) otherwise alter its shares or authorized share structure when required or permitted to do so by the *Business Corporations Act*;

and, if applicable, alter its Notice of Articles and Articles accordingly.

9.2 Special Rights and Restrictions

Subject to the *Business Corporations Act* and the special rights or restrictions attached to any class or series of shares, the Company may by ordinary resolution:

- (a) create special rights or restrictions for, and attach those special rights or restrictions to, the shares of any class or series of shares, whether or not any or all of those shares have been issued; or
- (b) vary or delete any special rights or restrictions attached to the shares of any class or series of shares, whether or not any or all of those shares have been issued.

9.3 Change of Name

The Company may by a resolution of its board of directors authorize an alteration of its Notice of Articles to change its name or adopt or change any translation of that name.

9.4 Other Alterations

If the *Business Corporations Act* does not specify the type of resolution and these Articles do not specify another type of resolution, the Company may by special resolution alter these Articles.

10. MEETINGS OF SHAREHOLDERS

10.1 Annual General Meetings

The Company must, unless an annual general meeting is deferred or waived in accordance with the *Business Corporations Act*, hold its first annual general meeting following incorporation, amalgamation or continuation within 18 months after the date on which it was incorporated or otherwise created and recognized, and after that must hold an annual general meeting at least once in each calendar year and not more than 15 months after the last annual reference date at such time and place as may be determined by the directors.

10.2 Resolution Instead of Annual General Meeting

If all the shareholders entitled to vote at an annual general meeting consent by a unanimous resolution under the *Business Corporations Act* to all of the business required to be transacted at that annual general meeting, the annual general meeting is deemed to have been held on the date of the unanimous resolution. The shareholders must, in any unanimous resolution passed under this Article 10.2, select as the Company's annual reference date a date that would be appropriate for the holding of the applicable annual general meeting.

10.3 Calling of Meetings of Shareholders

The directors may, whenever they think fit, call a meeting of shareholders, to be held at such time and place as may be determined by the directors.

10.4 Notice for Meetings of Shareholders

The Company must send notice of the date, time and location of any meeting of shareholders, in the manner provided in these Articles, or in such other manner, if any, as may be prescribed by ordinary resolution (whether previous notice of the resolution has been given or not), to each shareholder entitled to attend the meeting, to each director and to the auditor of the Company, unless these Articles otherwise provide, at least the following number of days before the meeting:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

10.5 Record Date for Notice

The directors may set a date as the record date for the purpose of determining shareholders entitled to notice of any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. The record date must not precede the date on which the meeting is held by fewer than:

- (1) if and for so long as the Company is a public company, 21 days;
- (2) otherwise, 10 days.

If no record date is set, it is 5:00 p.m. on the business day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.6 Record Date for Voting

The directors may set a date as the record date for the purpose of determining shareholders entitled to vote at any meeting of shareholders. The record date must not precede the date on which the meeting is to be held by more than two months or, in the case of a general meeting requisitioned by shareholders under the *Business Corporations Act*, by more than four months. If no record date is set, the record date is 5:00p.m. on the day immediately preceding the first date on which the notice is sent or, if no notice is sent, the beginning of the meeting.

10.7 Failure to Give Notice and Waiver of Notice

The accidental omission to send notice of any meeting to, or the non-receipt of any notice by, any of the persons entitled to notice does not invalidate any proceedings at that meeting. Any person entitled to notice of a meeting of shareholders may, in writing or otherwise, waive or reduce the period of notice of such meeting.

10.8 Notice of Special Business at Meetings of Shareholders

If a meeting of shareholders is to consider special business within the meaning of Article 11.1, the notice of meeting must:

- (1) state the general nature of the special business; and
- (2) if the special business includes considering, approving, ratifying, adopting or authorizing any document or the signing of or giving of effect to any document, have attached to it a copy of the document or state that a copy of the document will be available for inspection by shareholders:
 - (a) at the Company's records office, or at such other reasonably accessible location in British Columbia as is specified in the notice; and
 - (b) during statutory business hours on any one or more specified days before the day set for the holding of the meeting.

11. PROCEEDINGS AT MEETINGS OF SHAREHOLDERS

11.1 Special Business

At a meeting of shareholders, the following business is special business:

- (1) at a meeting of shareholders that is not an annual general meeting, all business is special business except business relating to the conduct of or voting at the meeting;
- (2) at an annual general meeting, all business is special business except for the following:
 - (a) business relating to the conduct of or voting at the meeting;
 - (b) consideration of any financial statements of the Company presented to the meeting;
 - (c) consideration of any reports of the directors or auditor;
 - (d) the setting or changing of the number of directors;
 - (e) the election or appointment of directors;

- (3) the appointment of an auditor;
 - (a) the setting of the remuneration of an auditor;
 - (b) business arising out of a report of the directors not requiring the passing of a special resolution or an exceptional resolution; and
 - (c) any other business which, under these Articles or the *Business Corporations Act*, may be transacted at a meeting of shareholders without prior notice of the business being given to the shareholders.

11.2 Special Majority

The majority of votes required for the Company to pass a special resolution at a meeting of shareholders is two-thirds of the votes cast on the resolution.

11.3 Quorum

Subject to the special rights and restrictions attached to the shares of any class or series of shares and Article 11.4, the quorum for the transaction of business at a meeting of shareholders is two persons who are, or who represent by proxy, shareholders who, in the aggregate, hold at least 25% of the issued and outstanding shares entitled to be voted at the meeting.

11.4 One Shareholder May Constitute Quorum

If there is only one shareholder entitled to vote at a meeting of shareholders:

- (1) the quorum is one person who is, or who represents by proxy, that shareholder, and
- (2) that shareholder, present in person or by proxy, may constitute the meeting.

11.5 Other Persons May Attend

The directors, the president (if any), the secretary (if any), the assistant secretary (if any), any lawyer for the Company, the auditor of the Company and any other persons invited by the directors are entitled to attend any meeting of shareholders, but if any of those persons does attend a meeting of shareholders, that person is not to be counted in the quorum and is not entitled to vote at the meeting unless that person is a shareholder or proxy holder entitled to vote at the meeting.

11.6 Requirement of Quorum

No business, other than the election of a chair of the meeting and the adjournment of the meeting, may be transacted at any meeting of shareholders unless a quorum of shareholders entitled to vote is present at the commencement of the meeting, but such quorum need not be present throughout the meeting.

11.7 Lack of Quorum

If, within one-half hour from the time set for the holding of a meeting of shareholders, a quorum is not present:

- (1) in the case of a general meeting requisitioned by shareholders, the meeting is dissolved, and
- (2) in the case of any other meeting of shareholders, the meeting stands adjourned to the same day in the next week at the same time and place.

11.8 Lack of Quorum at Succeeding Meeting

If, at the meeting to which the meeting referred to in Article 11.7(2) was adjourned, a quorum is not present within one-half hour from the time set for the holding of the meeting, the person or persons present and being, or representing by proxy, one or more shareholders entitled to attend and vote at the meeting constitute a quorum.

11.9 Chair

The following individuals are entitled to preside as chair at a meeting of shareholders:

- (1) the chair of the board, if any; or
- (2) if the chair of the board is absent or unwilling to act as chair of the meeting, the president, if any.

11.10 Selection of Alternate Chair

If, at any meeting of shareholders, the chair of the board or president are not present within 15 minutes after the time set for holding the meeting, or if the chair of the board and the president are unwilling to act as chair of the meeting, or if the chair of the board and the president have advised the secretary, if any, or any director present at the meeting, that they will not be present at the meeting, one of the chief executive officer, the chief financial officer, a vice-president, the secretary or the Company's legal counsel may act as chair of the meeting and, failing them, the directors present must choose one of their number to be chair of the meeting or if all of the directors present decline to take the chair or fail to so choose or if no director is present, the shareholders entitled to vote at the meeting who are present in person or by proxy may choose any person present at the meeting to chair the meeting.

11.11 Adjournments

The chair of a meeting of shareholders may, and if so directed by the meeting must, adjourn the meeting from time to time and from place to place, but no business may be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

11.12 Notice of Adjourned Meeting

It is not necessary to give any notice of an adjourned meeting or of the business to be transacted at an adjourned meeting of shareholders except that, when a meeting is adjourned for 30 days or more, notice of the adjourned meeting must be given as in the case of the original meeting.

11.13 Decisions by Show of Hands or Poll

Subject to the *Business Corporations Act*, every motion put to a vote at a meeting of shareholders will be decided on a show of hands unless a poll, before or on the declaration of the result of the vote by show of hands, is directed by the chair or demanded by at least one shareholder entitled to vote who is present in person or by proxy.

11.14 Declaration of Result

The chair of a meeting of shareholders must declare to the meeting the decision on every question in accordance with the result of the show of hands or the poll, as the case may be, and that decision must be entered in the minutes of the meeting. A declaration of the chair that a resolution is carried by the necessary majority or is defeated is, unless a poll is directed by the chair or demanded under Article 11.13, conclusive evidence without proof of the number or proportion of the votes recorded in favour of or against the resolution.

11.15 Motion Need Not be Seconded

No motion proposed at a meeting of shareholders need be seconded unless the chair of the meeting rules otherwise, and the chair of any meeting of shareholders is entitled to propose or second a motion.

11.16 Casting Vote

In case of an equality of votes, the chair of a meeting of shareholders does not, either on a show of hands or on a poll, have a second or casting vote in addition to the vote or votes to which the chair may be entitled as a shareholder.

11.17 Manner of Taking Poll

Subject to Article 11.18, if a poll is duly demanded at a meeting of shareholders:

- (1) the poll must be taken:
 - (a) at the meeting, or within seven days after the date of the meeting, as the chair of the meeting directs; and
 - (b) in the manner, at the time and at the place that the chair of the meeting directs;
- (2) the result of the poll is deemed to be the decision of the meeting at which the poll is demanded; and
- (3) the demand for the poll may be withdrawn by the person who demanded it.

11.18 Demand for Poll on Adjournment

A poll demanded at a meeting of shareholders on a question of adjournment must be taken immediately at the meeting.

11.19 Chair Must Resolve Dispute

In the case of any dispute as to the admission or rejection of a vote given on a poll, the chair of the meeting must determine the dispute, and their determination made in good faith is final and conclusive.

11.20 Casting of Votes

On a poll, a shareholder entitled to more than one vote need not cast all the votes in the same way.

11.21 Demand for Poll

No poll may be demanded in respect of the vote by which a chair of a meeting of shareholders is elected.

11.22 Demand for Poll Not to Prevent Continuance of Meeting

The demand for a poll at a meeting of shareholders does not, unless the chair of the meeting so rules, prevent the continuation of a meeting for the transaction of any business other than the question on which a poll has been demanded.

11.23 Retention of Ballots and Proxies

The Company must, for at least three months after a meeting of shareholders, keep each ballot cast on a poll and each proxy voted at the meeting at its records office, and, during that period, make them available for inspection during normal business hours by any shareholder or proxyholder entitled to vote at the meeting. At the end of such three month period, the Company may destroy such ballots and proxies.

12. VOTES OF SHAREHOLDERS

12.1 Number of Votes by Shareholder or by Shares

Subject to any special rights or restrictions attached to any shares and to the restrictions imposed on joint shareholders under Article 12.3:

- (1) on a vote by show of hands, every person present who is a shareholder or proxy holder and entitled to vote on the matter has one vote; and
- (2) on a poll, every shareholder entitled to vote on the matter has one vote in respect of each share entitled to be voted on the matter and held by that shareholder and may exercise that vote either in person or by proxy.

12.2 Votes of Persons in Representative Capacity

A person who is not a shareholder may vote at a meeting of shareholders, whether on a show of hands or on a poll, and may appoint a proxy holder to act at the meeting, if, before doing so, the person satisfies the chair of the meeting, or the directors, that the person is a legal personal representative or a trustee in bankruptcy for a shareholder who is entitled to vote at the meeting.

12.3 Votes by Joint Holders

If there are joint shareholders registered in respect of any share:

- (1) any one of the joint shareholders may vote at any meeting, either personally or by proxy, in respect of the share as if that joint shareholder were solely entitled to it; or
- (2) if more than one of the joint shareholders is present at any meeting, personally or by proxy, and more than one of them votes in respect of that share, then only the vote of the joint shareholder present whose name stands first on the central securities register in respect of the share will be counted.

12.4 Legal Personal Representatives as Joint Shareholders

Two or more legal personal representatives of a shareholder in whose sole name any share is registered are, for the purposes of Article 12.3, deemed to be joint shareholders.

12.5 Representative of a Corporate Shareholder

If a corporation, that is not a subsidiary of the Company, is a shareholder, that corporation may appoint a person to act as its representative at any meeting of shareholders of the Company, and:

- (1) for that purpose, the instrument appointing a representative must:
 - (a) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice for the receipt of proxies, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
 - (b) be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting;
- (2) if a representative is appointed under this Article 12.5:
 - (a) the representative is entitled to exercise in respect of and at that meeting the same rights on behalf of the corporation that the representative represents as that corporation could exercise if it were a

shareholder who is an individual, including, without limitation, the right to appoint a proxy holder; and

- (b) the representative, if present at the meeting, is to be counted for the purpose of forming a quorum and is deemed to be a shareholder present in person at the meeting.

Evidence of the appointment of any such representative may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.6 Proxy Provisions Do Not Apply to All Companies

Articles 12.9 and 12.12 do not apply to the Company if and for so long as it is a public company or a pre-existing reporting company which has the Statutory Reporting Company Provisions as part of its Articles or to which the Statutory Reporting Company Provisions apply.

12.7 Appointment of Proxy Holders

Every shareholder of the Company, including a corporation that is a shareholder but not a subsidiary of the Company, entitled to vote at a meeting of shareholders of the Company may, by proxy, appoint one or more (but not more than five) proxy holders to attend and act at the meeting in the manner, to the extent and with the powers conferred by the proxy.

12.8 Alternate Proxy Holders

A shareholder may appoint one or more alternate proxy holders to act in the place of an absent proxy holder.

12.9 When Proxy Holder Need Not Be Shareholder

Subject to Article 12.6, a person must not be appointed as a proxy holder unless the person is a shareholder, although a person who is not a shareholder may be appointed as a proxy holder if:

- (1) the person appointing the proxy holder is a corporation or a representative of a corporation appointed under Article 12.5;
- (2) the Company has at the time of the meeting for which the proxy holder is to be appointed only one shareholder entitled to vote at the meeting; or
- (3) the shareholders present in person or by proxy at and entitled to vote at the meeting for which the proxy holder is to be appointed, by a resolution on which the proxy holder is not entitled to vote but in respect of which the proxy holder is to be counted in the quorum, permit the proxy holder to attend and vote at the meeting.

12.10 Deposit of Proxy

A proxy for a meeting of shareholders must:

- (1) be received at the registered office of the Company or at any other place specified, in the notice calling the meeting, for the receipt of proxies, at least the number of business days specified in the notice, or if no number of days is specified, two business days before the day set for the holding of the meeting; or
- (2) unless the notice provides otherwise, be provided, at the meeting, to the chair of the meeting or to a person designated by the chair of the meeting.

A proxy may be sent to the Company by written instrument, fax or any other method of transmitting legibly recorded messages.

12.11 Validity of Proxy Vote

A vote given in accordance with the terms of a proxy is valid notwithstanding the death or incapacity of the shareholder giving the proxy and despite the revocation of the proxy or the revocation of the authority under which the proxy is given, unless notice in writing of that death, incapacity or revocation is received:

- (1) at the registered office of the Company, at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) by the chair of the meeting, before the vote is taken.

12.12 Form of Proxy

Subject to Article 12.6, a proxy, whether for a specified meeting or otherwise, must be either in the following form or in any other form approved by the directors or the chair of the meeting:

[name of company]
(the “Company”)

The undersigned, being a shareholder of the Company, hereby appoints *[name]* or, failing that person, *[name]*, as proxy holder for the undersigned to attend, act and vote for and on behalf of the undersigned at the meeting of shareholders of the Company to be held on *[month, day, year]* and at any adjournment of that meeting.

Number of shares in respect of which this proxy is given (if no number is specified, then this proxy if given in respect of all shares registered in the name of the shareholder): _____

Signed *[month, day, year]*

[Signature of shareholder]

[Name of shareholder—printed]

12.13 Revocation of Proxy

Subject to Article 12.14, every proxy may be revoked by an instrument in writing that is:

- (1) received at the registered office of the Company at any time up to and including the last business day before the day set for the holding of the meeting at which the proxy is to be used; or
- (2) provided, at the meeting, to the chair of the meeting.

12.14 Revocation of Proxy Must Be Signed

An instrument referred to in Article 12.13 must be signed as follows:

- (1) if the shareholder for whom the proxy holder is appointed is an individual, the instrument must be signed by the shareholder or their legal personal representative or trustee in bankruptcy;
- (2) if the shareholder for whom the proxy holder is appointed is a corporation, the instrument must be signed by the corporation or by a representative appointed for the corporation under Article 12.5.

12.15 Production of Evidence of Authority to Vote

The chair of any meeting of shareholders may, but need not, inquire into the authority of any person to vote at the meeting and may, but need not, demand from that person production of evidence as to the existence of the authority to vote.

13. DIRECTORS

13.1 First Directors; Number of Directors

The first directors are the persons designated as directors of the Company in the Notice of Articles that applies to the Company when it is recognized under the *Business Corporations Act*. The number of directors, excluding additional directors appointed under Article 14.8, is set at:

- (1) subject to paragraphs (2) and (3), the number of directors that is equal to the number of the Company's first directors;
- (2) if the Company is a public company, the greater of three and the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4;
- (3) if the Company is not a public company, the most recently set of:
 - (a) the number of directors set by ordinary resolution (whether or not previous notice of the resolution was given); and
 - (b) the number of directors set under Article 14.4.

13.2 Change in Number of Directors

If the number of directors is set under Articles 13.1(2)(a) or 13.1(3)(a):

- (1) the shareholders may elect or appoint the directors needed to fill any vacancies in the board of directors up to that number;
- (2) if the shareholders do not elect or appoint the directors needed to fill any vacancies in the board of directors up to that number contemporaneously with the setting of that number, then the directors may appoint, or the shareholders may elect or appoint, directors to fill those vacancies.

13.3 Directors' Acts Valid Despite Vacancy

An act or proceeding of the directors is not invalid merely because fewer than the number of directors set or otherwise required under these Articles is in office.

13.4 Qualifications of Directors

A director is not required to hold a share in the capital of the Company as qualification for their office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as a director.

13.5 Remuneration of Directors

The directors are entitled to the remuneration for acting as directors, if any, as the directors may from time to time determine. If they so decide, the remuneration, if any, of the directors will be determined by the shareholders. That remuneration may be in addition to any salary or other remuneration paid to any officer or employee of the Company as such, who is also a director.

13.6 Reimbursement of Expenses of Directors

The Company must reimburse each director for the reasonable expenses they may incur in and about the business of the Company.

13.7 Special Remuneration for Directors

If any director performs any professional or other services for the Company that in the opinion of the directors are outside the ordinary duties of a director, or if any director is otherwise specially occupied in or about the Company's business, they may be paid remuneration fixed by the directors, or, at the option of that director, fixed by ordinary resolution, and such remuneration may be either in addition to, or in substitution for, any other remuneration that they may be entitled to receive.

13.8 Gratuity, Pension or Allowance on Retirement of Director

Unless otherwise determined by ordinary resolution, the directors on behalf of the Company may pay a gratuity or pension or allowance on retirement to any director who has held any salaried office or place of profit with the Company or to their spouse or dependants and may make contributions to any fund and pay premiums for the purchase or provision of any such gratuity, pension or allowance.

14. ELECTION AND REMOVAL OF DIRECTORS

14.1 Election at Annual General Meeting

At every annual general meeting and in every unanimous resolution contemplated by Article 10.2:

- (1) the shareholders entitled to vote at the annual general meeting for the election of directors must elect, or in the unanimous resolution appoint, a board of directors consisting of the number of directors for the time being set under these Articles; and
- (2) all the directors cease to hold office immediately before the election or appointment of directors under paragraph (1), but are eligible for re-election or re-appointment.

14.2 Consent to be a Director

No election, appointment or designation of an individual as a director is valid unless:

- (1) that individual consents to be a director in the manner provided for in the *Business Corporations Act*;
- (2) that individual is elected or appointed at a meeting at which the individual is present and the individual does not refuse, at the meeting, to be a director; or
- (3) with respect to first directors, the designation is otherwise valid under the *Business Corporations Act*.

14.3 Failure to Elect or Appoint Directors

If:

- (1) the Company fails to hold an annual general meeting, and all the shareholders who are entitled to vote at an annual general meeting fail to pass the unanimous resolution contemplated by Article 10.2, on or before the date by which the annual general meeting is required to be held under the *Business Corporations Act*; or
- (2) the shareholders fail, at the annual general meeting or in the unanimous resolution contemplated by Article 10.2, to elect or appoint any directors;

then each director then in office continues to hold office until the earlier of:

- (3) the date on which their successor is elected or appointed; and
- (4) the date on which they otherwise cease to hold office under the *Business Corporations Act* or these Articles.

14.4 Places of Retiring Directors Not Filled

If, at any meeting of shareholders at which there should be an election of directors, the places of any of the retiring directors are not filled by that election, those retiring directors who are not re-elected and who are asked by the newly elected directors to continue in office will, if willing to do so, continue in office to complete the number of directors for the time being set pursuant to these Articles until further new directors are elected at a meeting of shareholders convened for that purpose. If any such election or continuance of directors does not result in the election or continuance of the number of directors for the time being set pursuant to these Articles, the number of directors of the Company is deemed to be set at the number of directors actually elected or continued in office.

14.5 Directors May Fill Casual Vacancies

Any casual vacancy occurring in the board of directors may be filled by the directors.

14.6 Remaining Directors Power to Act

The directors may act notwithstanding any vacancy in the board of directors, but if the Company has fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the directors may only act for the purpose of appointing directors up to that number or of summoning a meeting of shareholders for the purpose of filling any vacancies on the board of directors or, subject to the *Business Corporations Act*, for any other purpose.

14.7 Shareholders May Fill Vacancies

If the Company has no directors or fewer directors in office than the number set pursuant to these Articles as the quorum of directors, the shareholders may elect or appoint directors to fill any vacancies on the board of directors.

14.8 Additional Directors

Notwithstanding Articles 13.1 and 13.2, between annual general meetings or unanimous resolutions contemplated by Article 10.2, the directors may appoint one or more additional directors, but the number of additional directors appointed under this Article 14.8 must not at any time exceed:

- (1) one-third of the number of first directors, if, at the time of the appointments, one or more of the first directors have not yet completed their first term of office; or
- (2) in any other case, one-third of the number of the current directors who were elected or appointed as directors other than under this Article 14.8.

Any director so appointed ceases to hold office immediately before the next election or appointment of directors under Article 14.1(1), but is eligible for re-election or re-appointment.

14.9 Ceasing to be a Director

A director ceases to be a director when:

- (1) the term of office of the director expires;
- (2) the director dies;
- (3) the director resigns as a director by notice in writing provided to the Company or a lawyer for the Company; or
- (4) the director is removed from office pursuant to Articles 14.10 or 14.11.

14.10 Removal of Director by Shareholders

The Company may remove any director before the expiration of their term of office by special resolution. In that event, the shareholders may elect, or appoint by ordinary resolution, a director to fill the resulting vacancy. If the shareholders do not elect or appoint a director to fill the resulting vacancy contemporaneously with the removal, then the directors may appoint or the shareholders may elect, or appoint by ordinary resolution, a director to fill that vacancy.

14.11 Removal of Director by Directors

The directors may remove any director before the expiration of their term of office if the director is convicted of an indictable offence, convicted by a court of an offence under or found in breach and sanctioned by a securities regulatory authority of any Canadian or United States securities legislation, or if the director ceases to be qualified to act as a director of a company and does not promptly resign, and the directors may appoint a director to fill the resulting vacancy.

15. POWERS AND DUTIES OF DIRECTORS

15.1 Powers of Management

The directors must, subject to the *Business Corporations Act* and these Articles, manage or supervise the management of the business and affairs of the Company and have the authority to exercise all such powers of the Company as are not, by the *Business Corporations Act* or by these Articles, required to be exercised by the shareholders of the Company.

15.2 Appointment of Attorney of Company

The directors may from time to time, by power of attorney or other instrument, under seal if so required by law, appoint any person to be the attorney of the Company for such purposes, and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the directors under these Articles and excepting the power to fill vacancies in the board of directors, to remove a director, to change the membership of, or fill vacancies in, any committee of the directors, to appoint or remove officers appointed by the directors and to declare dividends) and for such period, and with such remuneration and subject to such conditions as the directors may think fit. Any such power of attorney may contain such provisions for the protection or convenience of persons dealing with such attorney as the directors think fit. Any such attorney may be authorized by the directors to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

16. DISCLOSURE OF INTEREST OF DIRECTORS

16.1 Obligation to Account for Profits

A director or senior officer who holds a disclosable interest (as that term is used in the *Business Corporations Act*) in a contract or transaction into which the Company has entered or proposes to enter is liable to account to the Company for any profit that accrues to the director or senior officer under or as a result of the contract or transaction only if and to the extent provided in the *Business Corporations Act*.

16.2 Restrictions on Voting by Reason of Interest

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter is not entitled to vote on any directors' resolution to approve that contract or transaction, unless all the directors have a disclosable interest in that contract or transaction, in which case any or all of those directors may vote on such resolution.

16.3 Interested Director Counted in Quorum

A director who holds a disclosable interest in a contract or transaction into which the Company has entered or proposes to enter and who is present at the meeting of directors at which the contract or transaction is considered for approval may be counted in the quorum at the meeting whether or not the director votes on any or all of the resolutions considered at the meeting.

16.4 Disclosure of Conflict of Interest or Property

A director or senior officer who holds any office or possesses any property, right or interest that could result, directly or indirectly, in the creation of a duty or interest that materially conflicts with that individual's duty or interest as a director or senior officer, must disclose the nature and extent of the conflict as required by the *Business Corporations Act*.

16.5 Director Holding Other Office in the Company

A director may hold any office or place of profit with the Company, other than the office of auditor of the Company, in addition to their office of director for the period and on the terms (as to remuneration or otherwise) that the directors may determine.

16.6 No Disqualification

No director or intended director is disqualified by their office from contracting with the Company either with regard to the holding of any office or place of profit the director holds with the Company or as vendor, purchaser or otherwise, and no contract or transaction entered into by or on behalf of the Company in which a director is in any way interested is liable to be voided for that reason.

16.7 Professional Services by Director or Officer

Subject to the *Business Corporations Act*, a director or officer, or any person in which a director or officer has an interest, may act in a professional capacity for the Company, except as auditor of the Company, and the director or officer or such person is entitled to remuneration for professional services as if that director or officer were not a director or officer.

16.8 Director or Officer in Other Corporations

A director or officer may be or become a director, officer or employee of, or otherwise interested in, any person in which the Company may be interested as a shareholder or otherwise, and, subject to the *Business Corporations Act*, the director or officer is not accountable to the Company for any remuneration or other benefits received by them as director,

officer or employee of, or from their interest in, such other person.

17. PROCEEDINGS OF DIRECTORS

17.1 Meetings of Directors

The directors may meet together for the conduct of business, adjourn and otherwise regulate their meetings as they think fit, and meetings of the directors held at regular intervals may be held at the place, at the time and on the notice, if any, as the directors may from time to time determine.

17.2 Voting at Meetings

Questions arising at any meeting of directors are to be decided by a majority of votes and, in the case of an equality of votes, the chair of the meeting does not have a second or casting vote.

17.3 Chair of Meetings

The following individual is entitled to preside as chair at a meeting of directors:

- (1) the chair of the board, if any;
- (2) in the absence of the chair of the board, the president, if any, if the president is a director; or
- (3) any other director chosen by the directors if:
 - (a) neither the chair of the board nor the president, if a director, is present at the meeting within 15 minutes after the time set for holding the meeting;
 - (b) neither the chair of the board nor the president, if a director, is willing to chair the meeting; or
 - (c) the chair of the board and the president, if a director, have advised the secretary, if any, or any other director, that they will not be present at the meeting.

17.4 Meetings by Telephone or Other Communications Medium

A director may participate in a meeting of the directors or of any committee of the directors in person or by telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other. A director may participate in a meeting of the directors or of any committee of the directors by a communications medium other than telephone if all directors participating in the meeting, whether in person or by telephone or other communications medium, are able to communicate with each other and if all directors who wish to participate in the meeting agree to such participation. A director who participates in a meeting in a manner contemplated by this Article 17.4 is deemed for all purposes of the *Business Corporations Act* and these Articles to be present at the meeting and to have agreed to participate in that manner.

17.5 Calling of Meetings

A director may, and the secretary or an assistant secretary of the Company, if any, on the request of a director must, call a meeting of the directors at any time.

17.6 Notice of Meetings

Other than for meetings held at regular intervals as determined by the directors pursuant to Article 17.1, reasonable notice of each meeting of the directors, specifying the place, day and time of that meeting must be given to each of the directors by any method set out in Article 23.1 or orally or by telephone.

17.7 When Notice Not Required

It is not necessary to give notice of a meeting of the directors to a director if:

- (1) the meeting is to be held immediately following a meeting of shareholders at which that director was elected or appointed, or is the meeting of the directors at which that director is appointed; or
- (2) the director has waived notice of the meeting.

17.8 Meeting Valid Despite Failure to Give Notice

The accidental omission to give notice of any meeting of directors to, or the non-receipt of any notice by, any director, does not invalidate any proceedings at that meeting.

17.9 Waiver of Notice of Meetings

Any director may send to the Company a document signed by him or her waiving notice of any past, present or future meeting or meetings of the directors and may at any time withdraw that waiver with respect to meetings held after that withdrawal. After sending a waiver with respect to all future meetings and until that waiver is withdrawn, no notice of any meeting of the directors need be given to such director and all meetings of the directors so held are deemed not to be improperly called or constituted by reason of notice not having been given to such director.

17.10 Quorum

The quorum necessary for the transaction of the business of the directors at a meeting of the directors is the majority of the number of directors in office or such greater number as the directors may determine from time to time.

17.11 Validity of Acts Where Appointment Defective

Subject to the *Business Corporations Act*, an act of a director or officer is not invalid merely because of an irregularity in the election or appointment or a defect in the qualification of that director or officer.

17.12 Consent Resolutions in Writing

A resolution of the directors or of any committee of the directors may be passed without a meeting:

- (1) in all cases, if each of the directors entitled to vote on the resolution consents to it in writing; or
- (2) in the case of a resolution to approve a contract or transaction in respect of which a director has disclosed that they have or may have a disclosable interest, if each of the other directors who are entitled to vote on the resolution consents to it in writing.

A consent in writing under this Article may be by signed document, fax, email or any other method of transmitting legibly recorded messages. A consent in writing may be in two or more counterparts which together are deemed to constitute one consent in writing. A resolution of the directors or of any committee of the directors passed in accordance with this Article 17.12 is effective on the date stated in the consent in writing or on the latest date stated on any counterpart and is deemed to be a proceeding at a meeting of directors or of the committee of the directors and to be as valid and effective as if it had been passed at a meeting of the directors or of the committee of the directors that satisfies all the requirements of the *Business Corporations Act* and all the requirements of these Articles relating to meetings of the directors or of a committee of the directors.

18. EXECUTIVE AND OTHER COMMITTEES

18.1 Appointment and Powers of Executive Committee

The directors may, by resolution, appoint an executive committee consisting of the director or directors that they consider appropriate, and this committee has, during the intervals between meetings of the board of directors, all of the directors' powers, except:

- (1) the power to fill vacancies in the board of directors;
- (2) the power to remove a director;
- (3) the power to change the membership of, or fill vacancies in, any committee of the directors; and
- (4) such other powers, if any, as may be set out in the resolution or any subsequent directors' resolution.

18.2 Appointment and Powers of Other Committees

The directors may, by resolution:

- (1) appoint one or more committees (other than the executive committee) consisting of the director or directors that they consider appropriate;
- (2) delegate to a committee appointed under paragraph (1) any of the directors' powers, except:
 - (a) the power to fill vacancies in the board of directors;
 - (b) the power to remove a director;
 - (c) the power to change the membership of, or fill vacancies in, any committee of the directors; and
 - (d) the power to appoint or remove officers appointed by the directors; and
- (3) make any delegation referred to in paragraph (2) subject to the conditions set out in the resolution or any subsequent directors' resolution.

18.3 Obligations of Committees

In the exercise of the powers delegated to a committee appointed under Articles 18.1 or 18.2, the committee must:

- (1) conform to any rules that may from time to time be imposed on it by the directors; and
- (2) report every act or thing done in exercise of those powers at such times as the directors may require.

18.4 Powers of Board

The directors may, at any time, with respect to a committee appointed under Articles 18.1 or 18.2:

- (1) revoke or alter the authority given to the committee, or override a decision made by the committee, except as to acts done before such revocation, alteration or overriding;
- (2) terminate the appointment of, or change the membership of, the committee; and
- (3) fill vacancies in the committee.

18.5 Committee Meetings

Subject to Article 18.3(1) and unless the directors otherwise provide in the resolution appointing the committee or in any subsequent resolution, with respect to a committee appointed under Articles 18.1 or 18.2:

- (1) the committee may meet and adjourn as it thinks proper;
- (2) the committee may elect a chair of its meetings but, if no chair of a meeting is elected, or if at a meeting the chair of the meeting is not present within 15 minutes after the time set for holding the meeting, the directors present who are members of the committee may choose one of their number to chair the meeting;
- (3) a majority of the members of the committee constitutes a quorum of the committee; and
- (4) questions arising at any meeting of the committee are determined by a majority of votes of the members present, and in case of an equality of votes, the chair of the meeting does not have a second or casting vote.

19. OFFICERS

19.1 Directors May Appoint Officers

The directors may, from time to time, appoint such officers, if any, as the directors determine and the directors may, at any time, terminate any such appointment.

19.2 Functions, Duties and Powers of Officers

The directors may, for each officer:

- (1) determine the functions and duties of the officer;
- (2) entrust to and confer on the officer any of the powers exercisable by the directors on such terms and conditions and with such restrictions as the directors think fit; and
- (3) revoke, withdraw, alter or vary all or any of the functions, duties and powers of the officer.

19.3 Qualifications

An officer is not required to hold a share in the capital of the Company as qualification for their office but must be qualified as required by the *Business Corporations Act* to become, act or continue to act as an officer. One person may hold more than one position as an officer of the Company. Any person appointed as the chair of the board or as a managing director must be a director. Any other officer need not be a director.

19.4 Remuneration and Terms of Appointment

All appointments of officers are to be made on the terms and conditions and at the remuneration (whether by way of salary, fee, commission, participation in profits or otherwise) that the directors think fit and are subject to termination at the pleasure of the directors, and an officer, in addition to such remuneration, may receive, after they cease to hold such office or leaves the employment of the Company, a pension or gratuity.

20. INDEMNIFICATION

20.1 Definitions

In this Article 20:

- (1) “**eligible party**”, in relation to a Company, means an individual who:

- (a) is or was a director or officer of the Company,
- (b) is or was a director or officer of another corporation (A) at a time when the corporation is or was an affiliate of the Company, or (B) at the request of the Company, or
- (c) at the request of the Company, is or was, or holds or held a position equivalent to that of, a director or officer of a partnership, trust, joint venture or other unincorporated entity,

and includes, to the extent permitted by the Act, the heirs and personal or other legal representatives of that individual;

- (2) “**eligible penalty**” means a judgment, penalty or fine awarded or imposed in, or an amount paid in settlement of, an eligible proceeding;
- (3) “**eligible proceeding**” means a legal proceeding or investigative action, whether current, threatened, pending or completed, in which a director or former director of the Company (an “eligible party”) or any of the heirs and legal personal representatives of the eligible party, by reason of the eligible party being or having been a director of the Company:
 - (d) is or may be joined as a party; or
 - (e) is or may be liable for or in respect of a judgment, penalty or fine in, or expenses related to, the proceeding;
- (4) “**expenses**” has the meaning set out in the *Business Corporations Act*.

20.2 Mandatory Indemnification of Directors and Former Directors

Subject to the *Business Corporations Act*, the Company must indemnify an eligible party against all eligible penalties to which such person is or may be liable, and the Company must, after the final disposition of an eligible proceeding, pay the expenses actually and reasonably incurred by such person in respect of that proceeding. Each director is deemed to have contracted with the Company on the terms of the indemnity contained in this Article 20.2.

20.3 Indemnification of Other Persons

Subject to any restrictions in the *Business Corporations Act*, the Company may indemnify any person.

20.4 Non-Compliance with *Business Corporations Act*

The failure of a director or officer of the Company to comply with the *Business Corporations Act* or these Articles does not invalidate any indemnity to which they are entitled under this Part.

20.5 Company May Purchase Insurance

The Company may purchase and maintain insurance for the benefit of any person (or their heirs or legal personal representatives) who:

- (1) is or was a director, officer, employee or agent of the Company;
- (2) is or was a director, officer, employee or agent of a corporation at a time when the corporation is or was an affiliate of the Company;
- (3) at the request of the Company, is or was a director, officer, employee or agent of a corporation or of a partnership, trust, joint venture or other unincorporated entity;

- (4) at the request of the Company, holds or held a position equivalent to that of a director, or officer of a partnership, trust, joint venture or other unincorporated entity;

against any liability incurred by them as such director, officer, employee or agent or person who holds or held such equivalent position.

21. DIVIDENDS

21.1 Payment of Dividends Subject to Special Rights

The provisions of this Article 21 are subject to the rights, if any, of shareholders holding shares with special rights as to dividends.

21.2 Declaration of Dividends

Subject to the *Business Corporations Act* and the rights of the holders of issued shares of the Company, the directors may from time to time declare and authorize payment of such dividends as they may deem advisable.

21.3 No Notice Required

The directors need not give notice to any shareholder of any declaration under Article 21.2.

21.4 Record Date

The directors may set a date as the record date for the purpose of determining shareholders entitled to receive payment of a dividend. The record date must not precede the date on which the dividend is to be paid by more than two months. If no record date is set, the record date is 5:00 p.m. on the date on which the directors pass the resolution declaring the dividend.

21.5 Manner of Paying Dividend

A resolution declaring a dividend may direct payment of the dividend wholly or partly by the distribution of specific assets or of fully paid shares or of bonds, debentures or other securities of the Company, or in any one or more of those ways.

21.6 Settlement of Difficulties

If any difficulty arises in regard to a distribution under Article 21.5, the directors may settle the difficulty as they deem advisable, and, in particular, may:

- (1) set the value for distribution of specific assets;
- (2) determine that cash payments in substitution for all or any part of the specific assets to which any shareholders are entitled may be made to any shareholders on the basis of the value so fixed in order to adjust the rights of all parties; and
- (3) vest any such specific assets in trustees for the persons entitled to the dividend.

21.7 When Dividend Payable

Any dividend may be made payable on such date as is fixed by the directors.

21.8 Dividends to be Paid in Accordance with Number of Shares

All dividends on shares of any class or series of shares must be declared and paid according to the number of such shares held.

21.9 Receipt by Joint Shareholders

If several persons are joint shareholders of any share, any one of them may give an effective receipt for any dividend, bonus or other money payable in respect of the share.

21.10 Dividend Bears No Interest

No dividend bears interest against the Company.

21.11 Fractional Dividends

If a dividend to which a shareholder is entitled includes a fraction of the smallest monetary unit of the currency of the dividend, that fraction may be disregarded in making payment of the dividend and that payment represents full payment of the dividend.

21.12 Payment of Dividends

Any dividend or other distribution payable in cash in respect of shares may be paid by cheque, made payable to the order of the person to whom it is sent, and mailed to the address of the shareholder, or in the case of joint shareholders, to the address of the joint shareholder who is first named on the central securities register, or to the person and to the address the shareholder or joint shareholders may direct in writing. The mailing of such cheque will, to the extent of the sum represented by the cheque (plus the amount of the tax required by law to be deducted), discharge all liability for the dividend unless such cheque is not paid on presentation or the amount of tax so deducted is not paid to the appropriate taxing authority.

21.13 Capitalization of Surplus

Notwithstanding anything contained in these Articles, the directors may from time to time capitalize any surplus of the Company and may from time to time issue, as fully paid, shares or any bonds, debentures or other securities of the Company as a dividend representing the surplus or any part of the surplus.

22. DOCUMENTS, RECORDS AND REPORTS

22.1 Recording of Financial Affairs

The directors must cause adequate accounting records to be kept to record properly the financial affairs and condition of the Company and to comply with the *Business Corporations Act*.

22.2 Inspection of Accounting Records

Unless the directors determine otherwise, or unless otherwise determined by ordinary resolution, no shareholder of the Company is entitled to inspect or obtain a copy of any accounting records of the Company.

23. NOTICES

23.1 Method of Giving Notice

Unless the *Business Corporations Act* or these Articles provides otherwise, a notice, statement, report or other record required or permitted by the *Business Corporations Act* or these Articles to be sent by or to a person may be sent by any one of the following methods:

- (1) prepaid mail addressed to the person at the applicable address for that person as follows:
 - (a) for a record mailed to a shareholder, the shareholder's registered address;
 - (b) for a record mailed to a director or officer, the prescribed address for mailing shown for the director or officer in the records kept by the Company or the mailing address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the mailing address of the intended recipient;
- (2) delivery at the applicable address for that person as follows, addressed to the person:
 - (a) for a record delivered to a shareholder, the shareholder's registered address;
 - (b) for a record delivered to a director or officer, the prescribed address for delivery shown for the director or officer in the records kept by the Company or the delivery address provided by the recipient for the sending of that record or records of that class;
 - (c) in any other case, the delivery address of the intended recipient;
- (3) fax to the fax number provided by the intended recipient for the sending of that record or records of that class;
- (4) email to the email address provided by the intended recipient for the sending of that record or records of that class;
- (5) making the record available for public electronic access in accordance with the procedures referred to as "notice-and-access" under National Instrument 54-101 and National Instrument 51-102, as applicable, of the Canadian Securities Administrators, or in accordance with any similar electronic delivery or access method permitted by applicable securities legislation from time to time;
- (6) physical delivery to the intended recipient;
- (7) as otherwise permitted by any securities legislation (together with all regulations and rules made and promulgated thereunder and all administrative policy statements, blanket orders, and rulings, notices, and other administrative directions issued by securities commissions or similar authorities appointed thereunder) in any province or territory of Canada or in the federal jurisdiction of the United States or in any state of the United States that is applicable to the Company.

23.2 Deemed Receipt

A notice, statement, report or other record that is:

- (a) mailed to a person by ordinary mail to the applicable address for that person referred to in Article 23.1 is deemed to be received by the person to whom it was mailed on the day (Saturdays, Sundays and holidays excepted) following the date of mailing;
- (b) faxed to a person to the fax number provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was faxed on the day it was faxed;
- (c) e-mailed to a person to e-mail address provided by that person referred to in Article 23.1 is deemed to be received by the person to whom it was e-mailed on the day it was e-mailed; and
- (d) made available for public electronic access in accordance with the "notice-and-access" or similar delivery procedures referred to in Article 23.1 is deemed to be received by a person on the date it was made available for public electronic access.

23.3 Certificate of Sending

A certificate signed by the secretary, if any, or other officer of the Company or of any other corporation acting in that behalf for the Company stating that a notice, statement, report or other record was addressed as required, and sent as permitted, by Article 23.1 is conclusive evidence of that fact.

23.4 Notice to Joint Shareholders

A notice, statement, report or other record may be provided by the Company to the joint shareholders of a share by providing the notice to the joint shareholder first named in the central securities register in respect of the share.

23.5 Notice to Trustees

A notice, statement, report or other record may be provided by the Company to the persons entitled to a share in consequence of the death, bankruptcy or incapacity of a shareholder by:

- (1) mailing the record, addressed to them:
 - (a) by name, by the title of the legal personal representative of the deceased or incapacitated shareholder, by the title of trustee of the bankrupt shareholder or by any similar description; and
 - (b) at the address, if any, supplied to the Company for that purpose by the persons claiming to be so entitled; or
- (2) if an address referred to in paragraph (1)(b) has not been supplied to the Company, by giving the notice in a manner in which it might have been given if the death, bankruptcy or incapacity had not occurred.

24. SEAL AND EXECUTION OF DOCUMENTS

24.1 Who May Attest Seal

Except as provided in Articles 24.2 and 24.3, the Company's seal, if any, must not be impressed on any record except when that impression is attested by the signatures of:

- (1) any two directors;
- (2) any officer, together with any director;
- (3) if the Company only has one director, that director; or
- (4) any one or more directors or officers or persons as may be determined by the directors.

24.2 Sealing Copies

For the purpose of certifying under seal a certificate of incumbency of the directors or officers of the Company or a true copy of any resolution or other document, despite Article 24.1, the impression of the seal may be attested by the signature of any director or officer.

24.3 Mechanical Reproduction of Seal

The directors may authorize the seal to be impressed by third parties on share certificates or bonds, debentures or other securities of the Company as they may determine appropriate from time to time. To enable the seal to be impressed on any share certificates or bonds, debentures or other securities of the Company, whether in definitive or interim form, on which facsimiles of any of the signatures of the directors or officers of the Company are, in accordance with the *Business Corporations Act* or these Articles, printed or otherwise mechanically reproduced, there may be delivered to

the person employed to engrave, lithograph or print such definitive or interim share certificates or bonds, debentures or other securities one or more unmounted dies reproducing the seal and the chair of the board or any senior officer together with the secretary, treasurer, secretary-treasurer, an assistant secretary, an assistant treasurer or an assistant secretary-treasurer may in writing authorize such person to cause the seal to be impressed on such definitive or interim share certificates or bonds, debentures or other securities by the use of such dies. Share certificates or bonds, debentures or other securities to which the seal has been so impressed are for all purposes deemed to be under and to bear the seal impressed on them.

24.4 Execution of Documents Generally

The directors may from time to time by resolution appoint any one or more persons, officers or directors for the purpose of executing any instrument, document or agreement in the name of and on behalf of the Company for which the seal need not be affixed, and if no such person, officer or director is appointed, then any one officer or director of the Company may execute such instrument, document or agreement.

These Amended and Restated Articles were approved and adopted by a special resolution of the shareholders of the Company on _____, __, 2017.

APPENDIX B - BOARD OF DIRECTORS' MANDATE

(As amended and restated by the Board of Directors on March 22, 2012)

The following is a description of the mandate and responsibilities of the Board of Directors (the "Board") of Lucara Diamond Corp. (the "Company"):

- a. The principal responsibilities of the Board are to supervise and evaluate management, to oversee the conduct of the Company's business, to set policies appropriate for the business of the Company and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.
- b. In discharging its duty of stewardship over the Company the Board expressly undertakes the following specific duties and responsibilities:
 - i. adopting, supervising and providing guidance on the Company's strategic planning process including, reviewing on at least an annual basis, a strategic plan which takes into account the opportunities and risks of the Company's business;
 - ii. identifying the principal risks of the Company's business and ensuring the implementation of appropriate risk management systems;
 - iii. ensuring that the Company has management of the highest calibre and maintaining adequate and effective succession planning for senior management;
 - iv. placing limits on management's authority;
 - v. overseeing the integrity of the Company's internal control and management information systems; and
 - vi. overseeing the Company's communication policy with its shareholders and with the public generally.
- c. The Board's independent directors shall meet without management and non-independent directors present on a quarterly basis. If a Lead Director has been appointed, such meetings of the independent directors will be presided over by the Lead Director.

Outside Advisors and Fulfilling Responsibilities

A director may, with the prior approval of the Chairman of the Board, engage an outside advisor at the reasonable expense of the Company, where such director and the Chairman of the Board determine that it is appropriate in order for such director to fulfil his or her responsibilities, provided that the advice sought cannot properly be provided through the Company's management or through the Company's advisors in the normal course. If the Chairman of the Board is not available in the circumstances, or determines that it is not appropriate for such director to so engage outside counsel, the director may appeal the matter to the Corporate Governance and Nominating Committee, whose determination shall be final.