



Lucara Diamond



Lucara Diamond Corp. Full Year 2016 Results

Cautionary Statement

Forward-looking information

- This investor presentation contains forward-looking statements and information as defined in applicable securities laws including: the estimates of the Company's mineral reserve and resources; estimates of the Company's production and sales volumes, revenue for the Karowe Mine; exploration and development plans and objectives, production costs, exploration and development expenditures. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or achieved. Forward-looking statements are based on the assumptions, opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. In particular, such risks include general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations), cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters and other risks and uncertainties describe under Risks and Uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form available at <http://www.sedar.com>.
- Forward-looking statements and information speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law. Readers are cautioned not to place undue reliance on forward-looking statements and information. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any investment decision in relation thereto.

Technical information

- The technical information in this document for the AK6 diamond project (Karowe Mine) in Botswana is based on the following technical reports, respectively: NI 43-101 Technical Report on the Feasibility Study for the AK6 Kimberlite Project, Botswana Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated December 31, 2010. Updated NI43-101 report released on February 4, 2014, based on update Mineral Resource Estimate released by Lucara Diamond Corp., dated December 19, 2013.
- The authors of these technical reports are independent of the Company and are qualified persons for the purposes of National Instrument 43-01 Standards of Disclosure. The technical reports are available for review on SEDAR at www.sedar.com for Mineral Projects ("NI 43-101").
- All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.

2016 Highlights

Strong demand for Lucara's diamonds

- Revenue for the year was \$295.5 million or \$824 per carat (2015: Revenue \$223.8 million or \$593 per carat)

Robust cash generation:

- Cash generated from operations (post tax) of \$103 million Increase of 21% compared to 2015
- Operating cost per tonne processed at \$26.5 (2015: \$28.9 per tonne processed)

Dividends paid to shareholders in 2016 was CDN\$194.7 million (US\$149.7 million)

- Total dividends paid exceeds US\$188 million which exceeds the total amount of share capital ever raised by the Company

2016 earnings per share \$0.19 (2015: \$0.21)

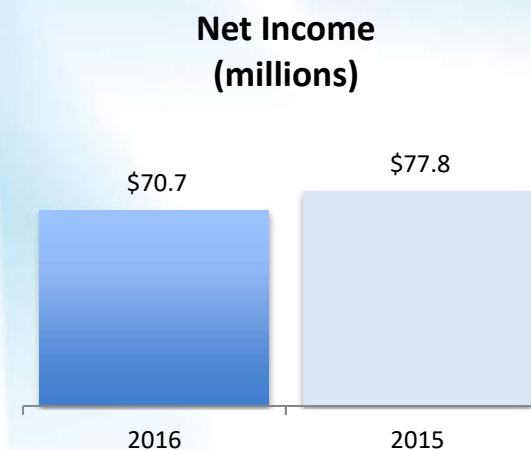
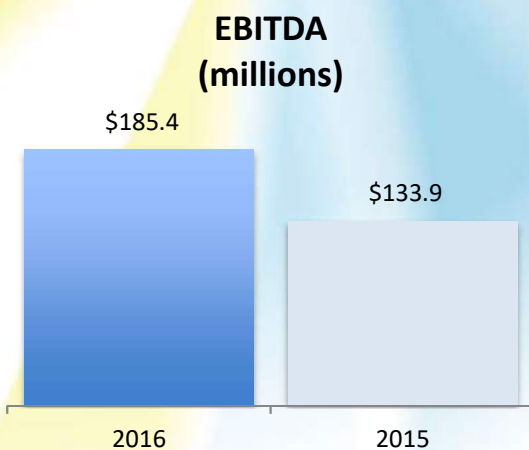
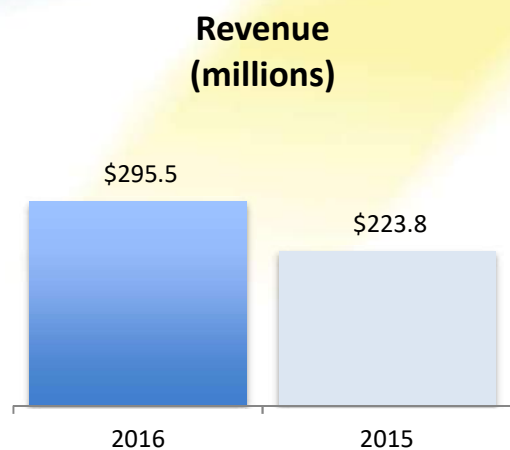
Capital Projects for enhanced diamond recovery on target to be completed in 2017

Exploration program and resource upgrade drilling program well advanced

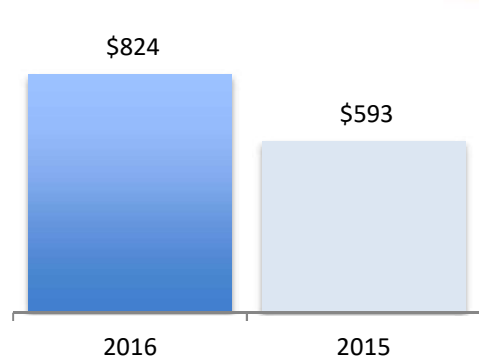


813 carat Constellation Diamond

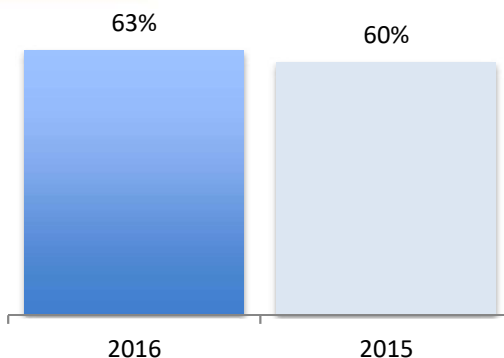
Key Performance Indicators



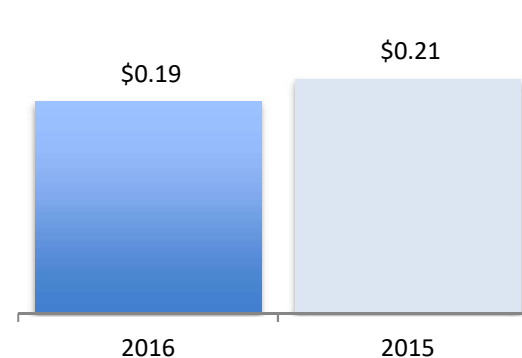
Total Sales (average dollar per carat)



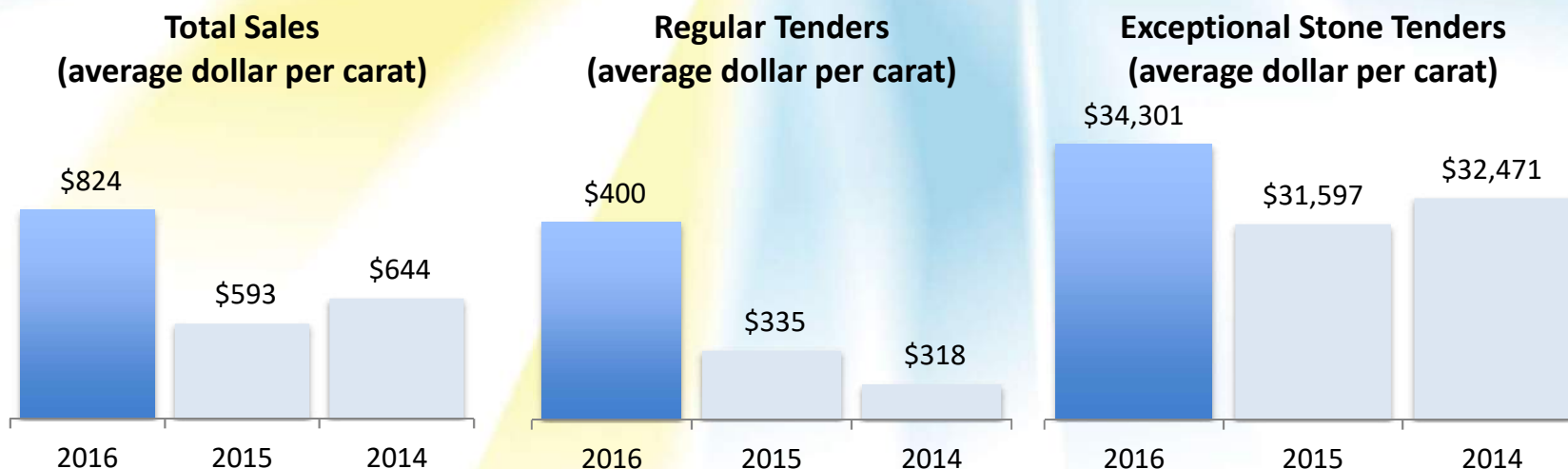
EBITDA Margin



Earnings per share



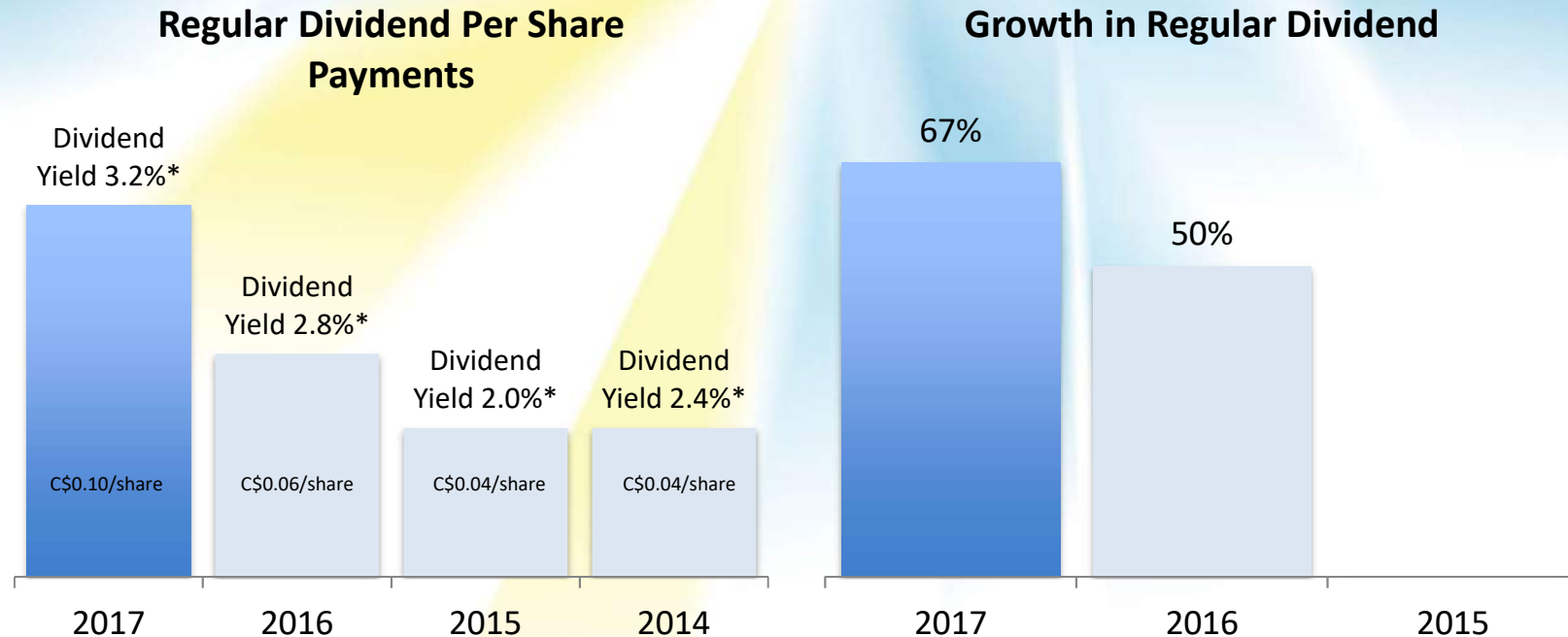
Sales Performance



Strong demand for Lucara's diamonds drives price increase:

- Strong year to date average sales price of \$824 per carat. Excluding the sale of the 813 carat Constellation, average revenue per carat was \$649, an increase of 10% compared to full year 2015
- Regular tender price increase by 19% and Exceptional Stone Tender by 9% compared to 2015

Return to Shareholders



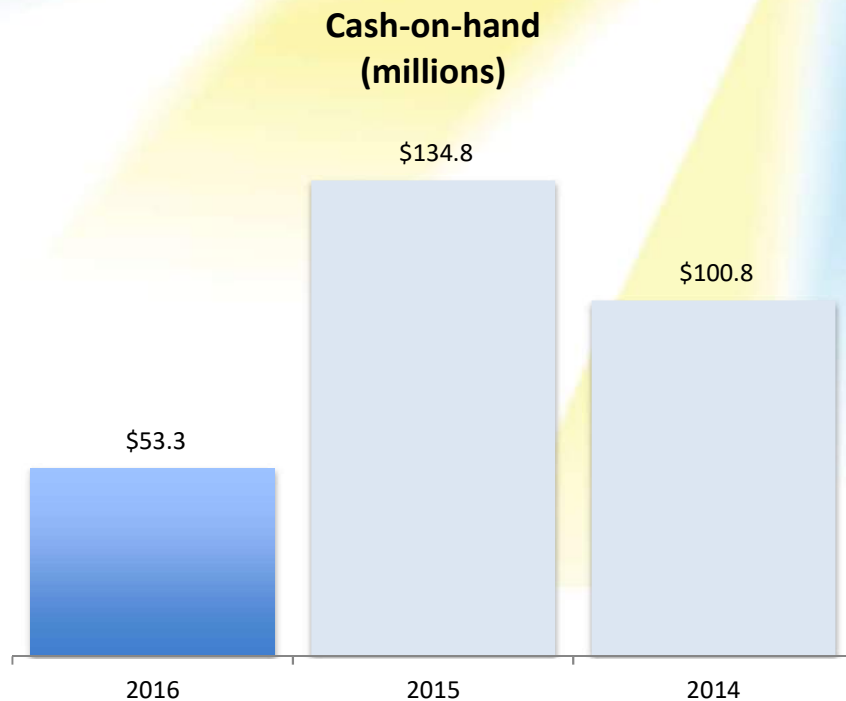
*Share price at respective beginning of year

Regular dividend growth supported by strong cash flows:

- The Company has increased its regular dividend by 67% and 50% in 2017 and 2016 respectively
- Regular dividend is well covered by earnings

Special dividends in addition to regular dividends were paid in 2016 (C\$0.45 per share) and 2014 (C\$0.04 per share)

Strong Financial Position



Net Cash balance of \$53 million

- Dividends of \$149.7 paid in 2016

Credit facility of US\$50 million remains undrawn



Karowe Mine

Karowe Operating Performance



Production Information	2016	2015	
Ore processed (tonnes)	2,613,217	2,238,974	
Ore mined (tonnes)	2,722,375	3,187,222	
Carats recovered (carats)	353,974	365,690	
Plant feed grade (carats per hundred tonnes)	13.5	16.3	
Waste mined (tonnes)	11,058,041	13,890,115	
Revenues and Operating Margins	2016	2016*	2015
Revenue (\$ millions)	295.5	232.4	223.8
Carats sold	358,806	357,993	377,136
Revenue (\$ per carat)	824	649	593
Operating margin (\$ per carat)	668	493	460

*Excludes the sale of the 813 carat Constellation diamond

Health & Safety and CSR

Health and Safety:

- Excellent safety performance with Safety and Health Lost Time Injury Frequency Rates ('LTIFR') for 2016 of zero (measured per 1,000,000 hours) (2015: 0.4)
- The Company has achieved 5 million man hours without a lost time injury

CSR:

- Micro loans to support local businesses
- Letlhakane abattoir opened in August 2016
- Sponsorship of the Bots50 Half Marathon with proceeds being shared with local charity which provides shoes to school children

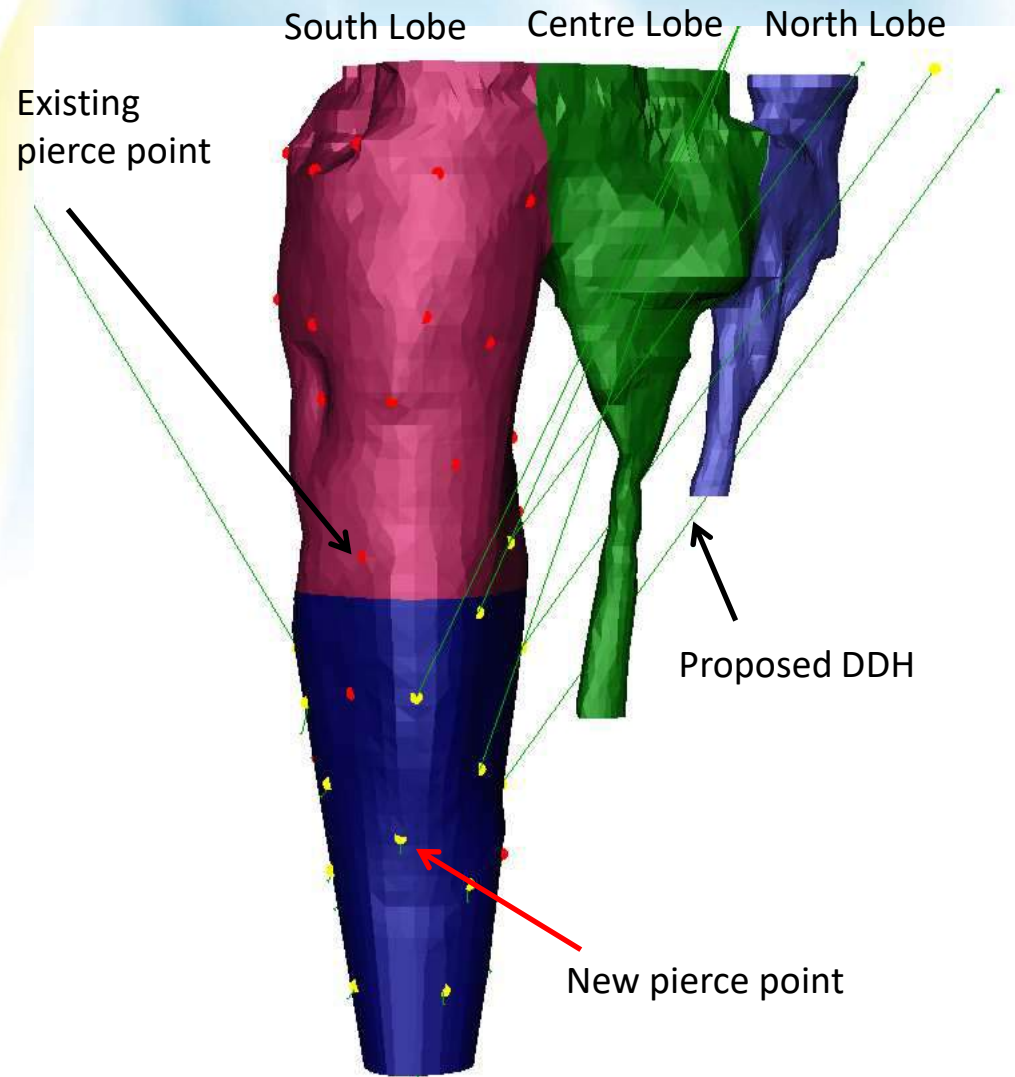




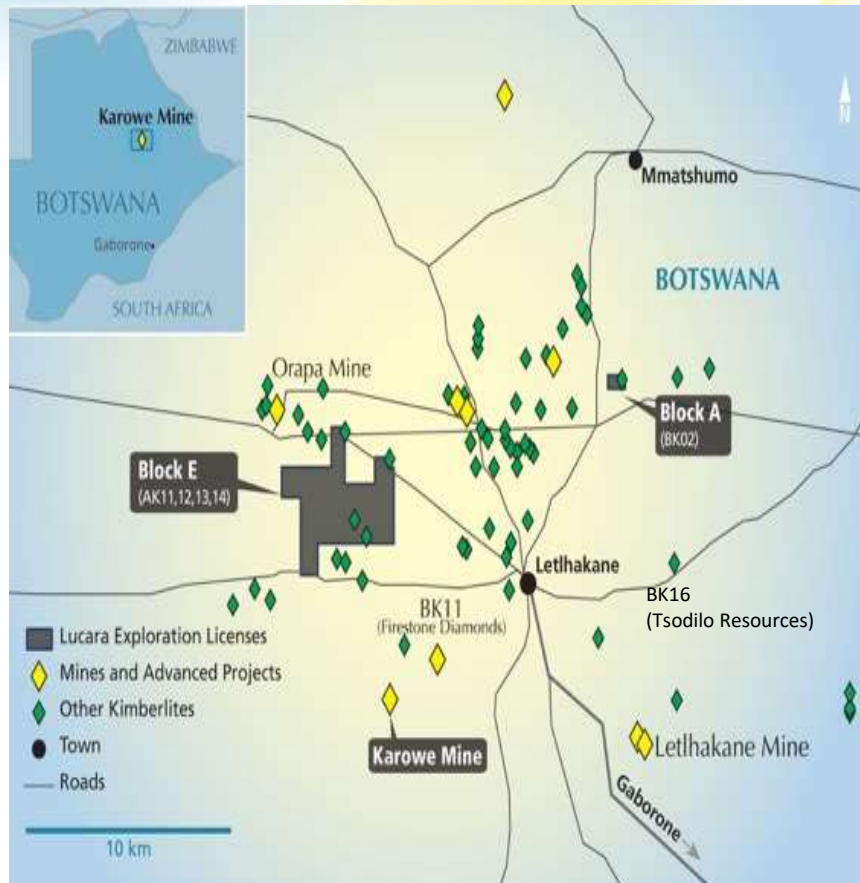
Exploration

Resource Expansion AK06

- 10,000 metre drill program with target to bring inferred mineral resources into the indicated category
- Drilling program completed in February 2017



Botswana Exploration Licences



- Boteti awarded two prospecting licences in mid Sept 2014
- Both prospecting licences host known diamondiferous kimberlites
- Block A (BK02)
- Block E (AK11, 12, 13, 14)
- Sampled in excess of 10,000 tonnes of kimberlite from BK02 during 2016
- Drilling confirmed the size of AK11 at approximately 2.5 hectares
- Drilling will commence at AK13 and AK14 during Q1 2017
- Acquired shares in Tsodilo Resources Limited. Tsodilo has title to BK16 licence in Botswana

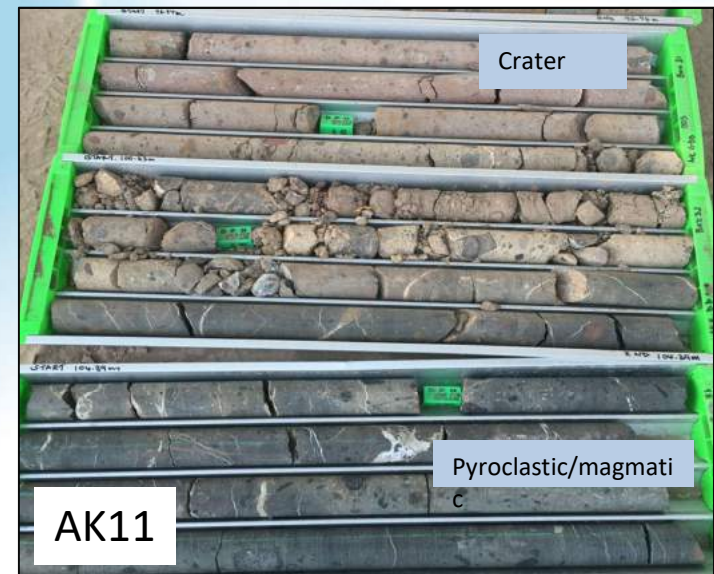
Prospecting Licence BK02

- Processing of second 5000 tonne sample completed with audit samples and final diamond sorting forecast for Q1 2017
- Total of 17 drill holes completed by Q1 2017. Drill core logging is underway with microdiamond analysis forecast to be completed by Q3 2017
- Initial sample results released in Q2, 2016 included: 4.6cphit sample grade, 274.33 carats from 5,916 tonnes of material with 24 diamonds >1 carat and 3 diamonds > 2 carats. Largest diamond was a 5.48 carat octahedron



Prospecting Licences AK11, AK13 and AK14

- AK11: Drill program of 10 holes completed during the year
- Preliminary core logging indicates two distinct pipe infills, a well preserved crater sequence (graded bedding, re-sedimented kimberlite) and at depth a more magmatic/pyroclastic pipe infill sequence
- Drilling confirmed the size of AK11 at approximately 2.5 hectares
- Logging and sampling of the drill core is underway , MiDa samples are currently in process and results are forecast to be completed by Q2 2017
- AK13 and AK14 drill programs to progress during Q1 2017





2017 Outlook

2017 Outlook

Revenue (US\$ million) – excluding sale of the Lesedi La Rona	200 – 220
Sales (thousand carats)	290 – 310
Tonnes of ore processed (million tonnes)	2.2 – 2.5
Ore mined (million tonnes)	2.4 – 2.7
Waste mined (million tonnes)	17.0 – 20.0
Operating cash costs per tonne ore processed (dollars)	\$36.0-\$40.0
The installation of an Mega Diamond Recovery (“MDR”) (US\$ million)	15 – 18
Sub-middles XRT project (US\$ million)	30
Sustaining capital expenditure (US\$ million)	7 – 9
Exploration costs including Deep drilling program (US\$ million)	Up to 10

Investment Highlights

- Karowe has produced an extraordinary number of large gem quality diamonds:
 - 130 diamonds have sold for > US\$1 million;
 - 21 diamonds for > US\$5million;
 - 7 diamonds for > US\$10 million;
 - 90,000 carats of +10.8ct diamonds recovered
- Recovery of the 1109 carat Lesedi La Rona diamond, currently the world's 2nd largest gem quality diamond ever recovered
- Recovery of the 813 carat Constellation diamond, sold in 2016 for \$63.1 million, the highest price ever paid for a rough diamond
- Average diamond value achieved in 2016 was US\$824 per carat and four years into its approximately 15-year mine life
- Growth potential organically through expansion of resource, exploration of surrounding prospecting licenses and through M&A



Diamond Market

Diamond Market and Lucara Production

- Market is cautious – supply and demand fundamentals remain unbalanced
- Polished diamond sales lag rough diamond sales – forecast pressure on rough diamond prices
- High value diamond market remains robust - Karowe production is noted for its high value gem quality stones greater than 10.8 carats and is selling into this market
- Continue to build strong customer base and brand

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