



Lucara Diamond

2017 AGM Presentation

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

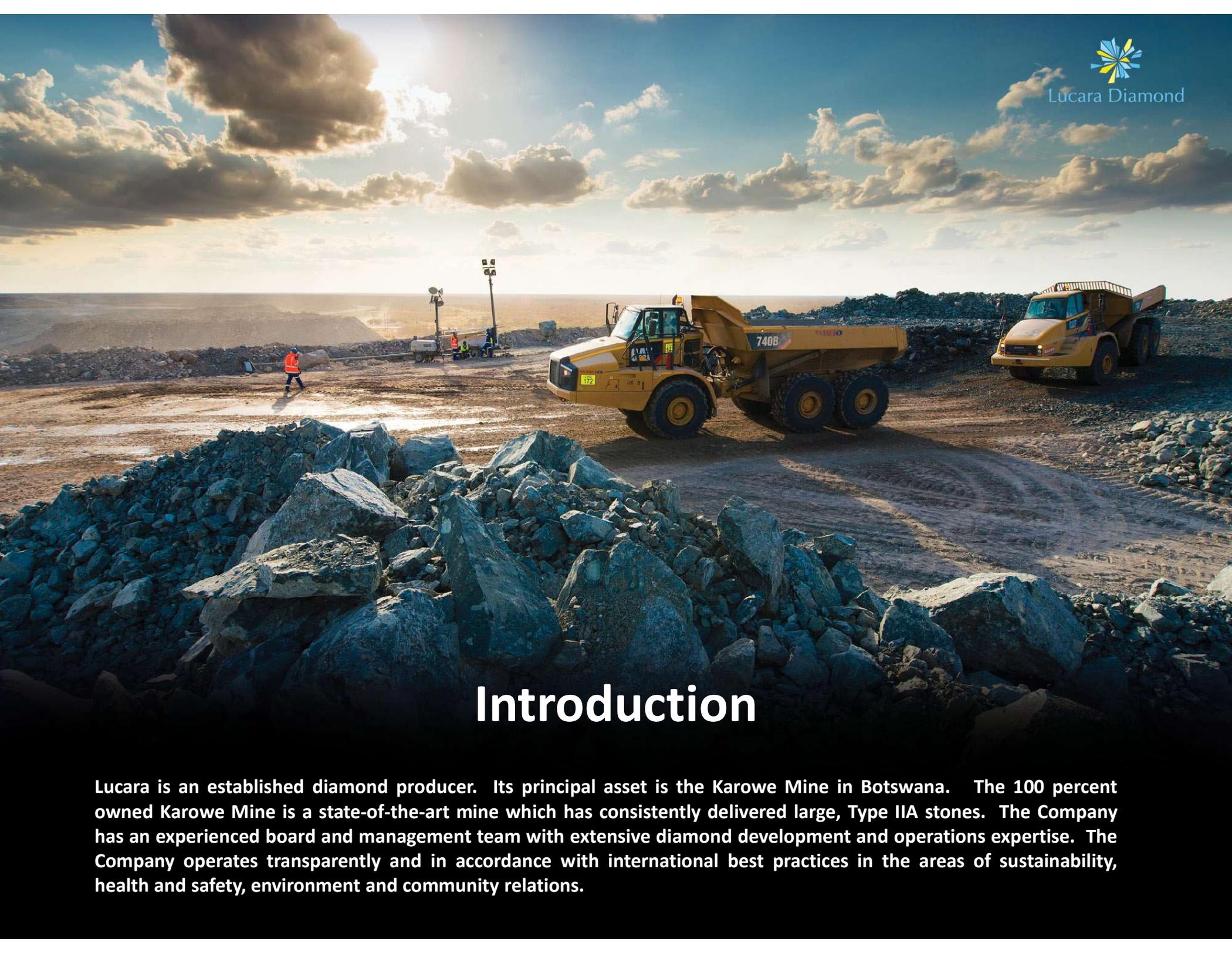
- The technical information in this document for the AK6 diamond project (Karowe Mine) in Botswana is based on the following technical reports, respectively: NI 43-101 Technical Report on the Feasibility Study for the AK6 Kimberlite Project, Botswana Prepared by MSA Geoservices (Pty) Ltd on behalf of 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 43-101 Standards of Disclosure for Mineral Projects ("NI 43-101"). The technical reports are available for review on SEDAR at www.sedar.com.
- All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.

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Lucara Diamond



Introduction

Lucara is an established diamond producer. Its principal asset is the Karowe Mine in Botswana. The 100 percent owned Karowe Mine is a state-of-the-art mine which has consistently delivered large, Type IIA stones. The Company has an experienced board and management team with extensive diamond development and operations expertise. The Company operates transparently and in accordance with international best practices in the areas of sustainability, health and safety, environment and community relations.

The Investment Case

- 100% owned Karowe Mine in Botswana
 - One of the foremost producers of large Type IIa diamonds
- Consistent delivery of large and exceptional stones supporting strong free cash flow
 - 131 diamonds > US\$1.0M (exclusive of EST 11)
 - 93,400 carats of diamonds > 10.8ct recovered since commencement of production
 - 67 gem quality diamonds > 100ct sold as individual lots
 - 48 diamonds between 100ct – 199ct
 - 15 diamonds between 200ct – 299ct
 - 4 diamonds > 300ct
- Total dividend of US\$195.5 Million (CDN\$250 Million), paid since commencement of the Company's dividend policy in 2014, is greater than the equity capital raised since inception
- Resource expansion at Karowe targeting life of mine extension into the 2030s
- Strong balance sheet for growth through M&A

Capital Structure

Lucara is a publicly listed company trading under the symbol “LUC”

TSX

NASDAQ Sweden

BSE (Botswana)

Issued shares 382,446,001

Fully diluted shares 387,814,588

Insider Holdings 21% on a fully diluted basis

Debt Nil

Cash on hand US\$ 43.5 million (Q1 2017)

\$50 million Credit Facility remains undrawn



TSX: Five Year Stock Chart





Lucara Diamond



Highlights & Key Performance Data

2016 Full Year Highlights

- Strong demand for Karowe diamonds
 - Revenue for the year was \$295.5 million or \$824 per carat (2015: \$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)
- Dividends paid to shareholders in 2016 US\$149.7 Million (CDN\$194.7 Million).
- 2016 earnings per share was \$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



373.72 carat Type IIa – May 11th EST

2016 Key Performance Indicators

**Revenue
(millions)**



**EBITDA
(millions)**



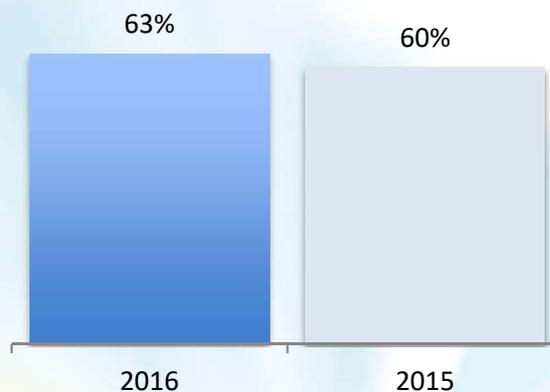
**Net Income
(millions)**



**Total Sales
(average dollar per carat)**



EBITDA Margin



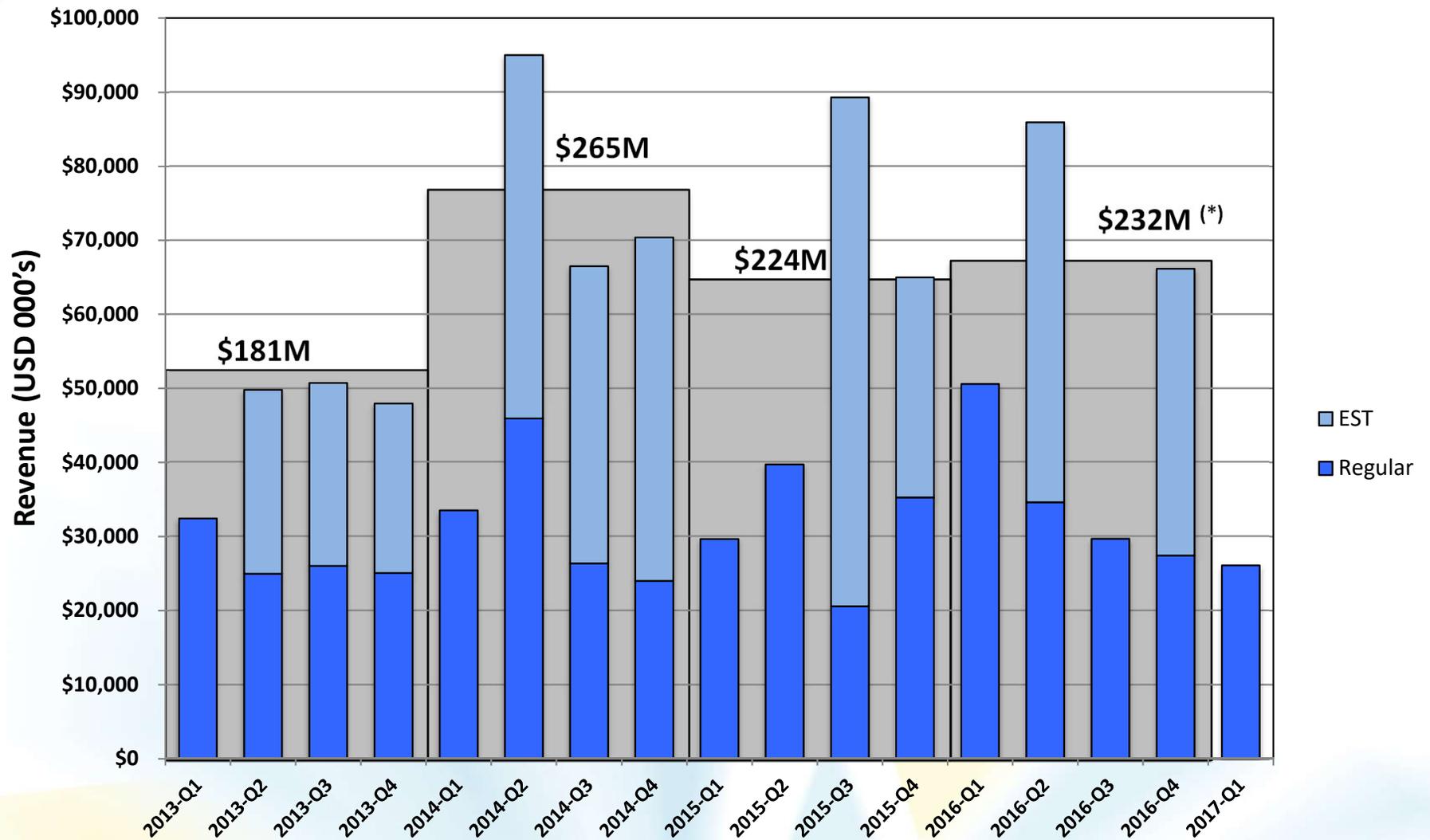
Earnings per share



* Excluding sale of 813 ct Constellation Diamond

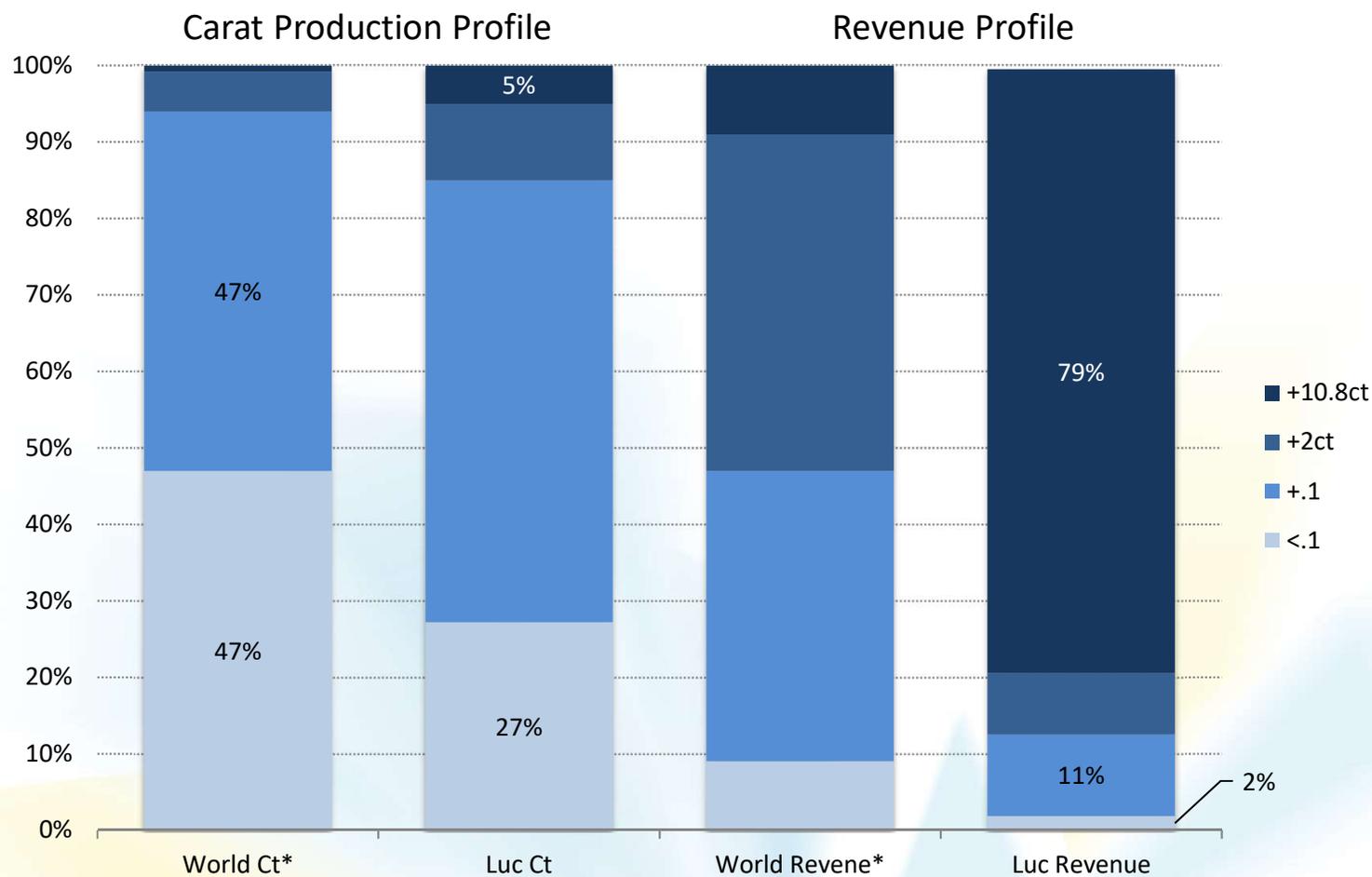


Historical Revenue Performance



(*) Q2 2016 and Full Year 2016 exclude the sale of the Constellation diamond for \$63.1 million

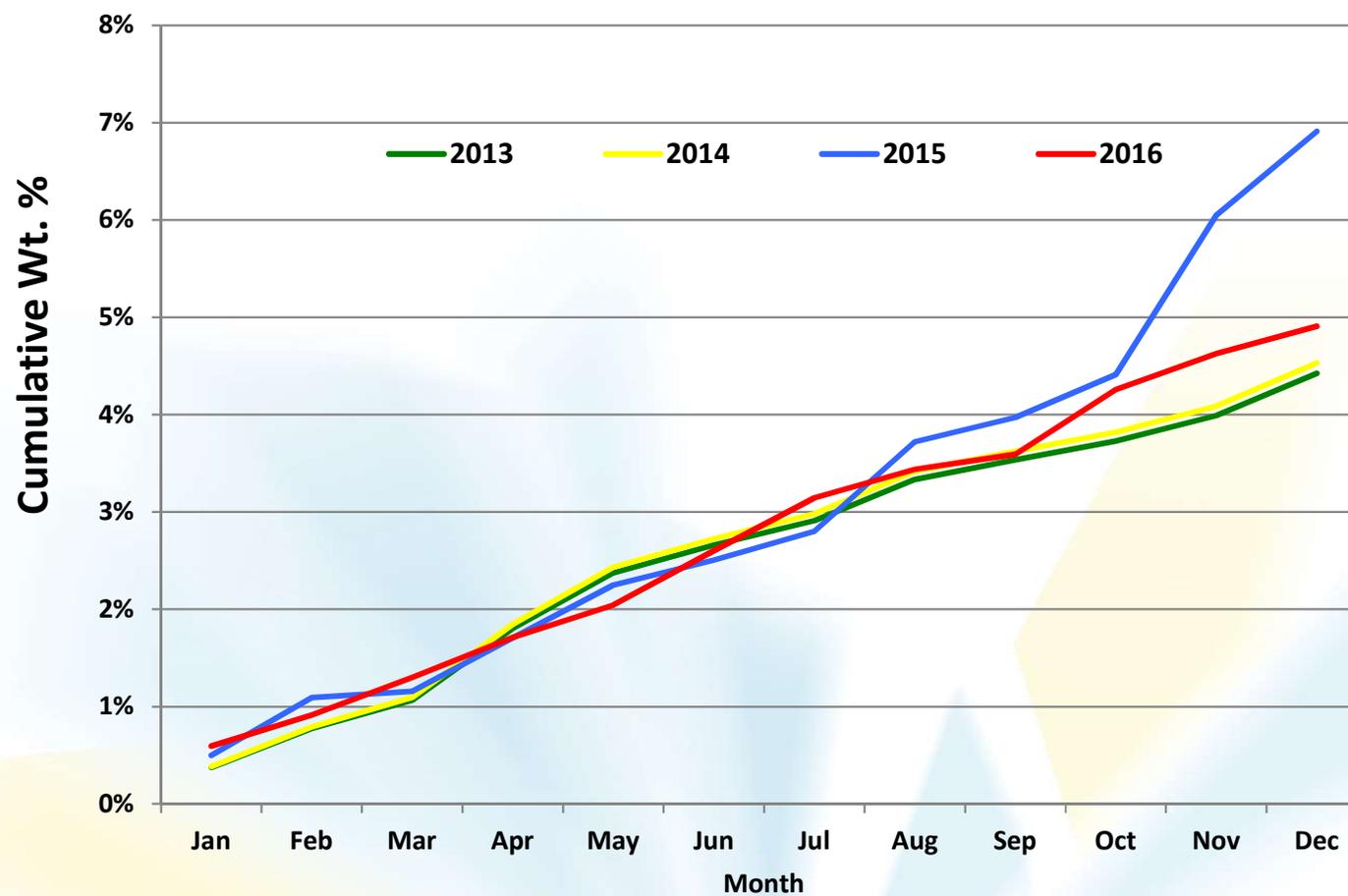
Karowe vs. World Production (est.)



*world revenue and ct proportions estimated

Consistent Recovery of Specials

**Karowe +10.8 ct Diamonds
Cumulative % of Annual Production**



Strong Financial Position

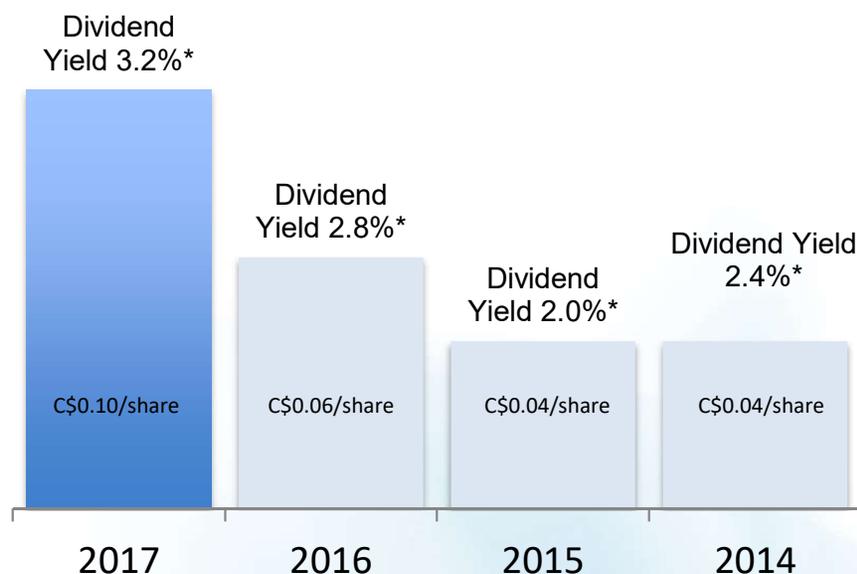
Cash-on-hand
(millions)



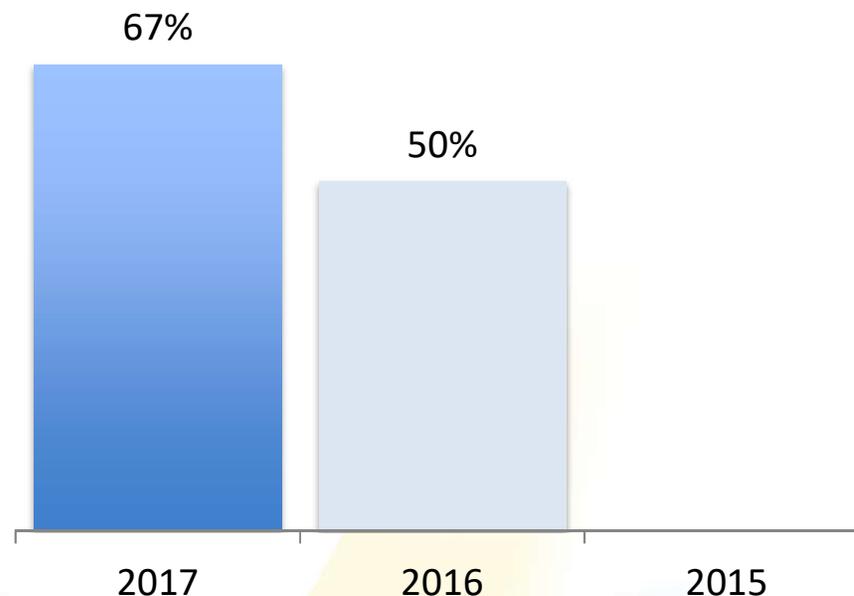
- Robust net cash balance of \$43.5 million (Q1 2017).
- Fundamentals in place to deliver 2017 cash flow returns:
 - Exceptional Stone Tender closed on May 11th adding to above cash balance
 - Project costs and operating costs well controlled and on forecast. Focus on maximizing margins
 - Mine Plan – refocused from stockpile to South Lobe to support cash flows
 - New mining contractor advancing waste mining and pushback to open up future ore mining flexibility
- Credit facility of \$50 million remains undrawn

Shareholder Returns

Regular Dividend Per Share Payments



Growth in Regular Dividend



*Share price beginning of year

- Strong cash flows result in robust dividend cover: 2017 dividend is 2.5x 2016 net income cover
- 2017 CDN 10 cent dividend is yield of 3.2% based on 1 January 2017 share price
- Year on year regular dividend growth by 67% and 50% in 2017 and 2016 respectively



Lucara Diamond



Karowe Mine

Operating Performance For 2016

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 ct Constellation diamond



Karowe Mine Site



Mega Diamond Recovery Circuit

- Placed directly after the Primary Crusher
- Will allow for the recovery of diamonds between 200 carats to 5,000 carats
- Reduces the amount of ore going to the DMS Plant providing for reduction in processing costs



Sub-Middles XRT Circuit

- Placed after the Large Diamond Recovery circuit
- Targets the recovery of diamonds sized between 4mm and 8mm
- Provides for the most efficient and cost effective processing of the dense high-yielding South Lobe ore at depth



Safety Highlights

- Karowe achieved 5 million Loss Time Injury (LTI) free hours in January 2017, a total of more than 2 years of LTI free operation
- Karowe had one lost time injury during the Q1 2017 resulting in a twelve month rolling Lost Time Injuries Frequency Rate (“LTIFR”) of 0.08



Corporate Social Responsibility

- Karowe Emerging Entrepreneur Fund (micro-loan program) has funded over 10 businesses to date. The program ensures sustainable community development
- Recipient of the 2016 PDAC Environment and Social Responsibility Award



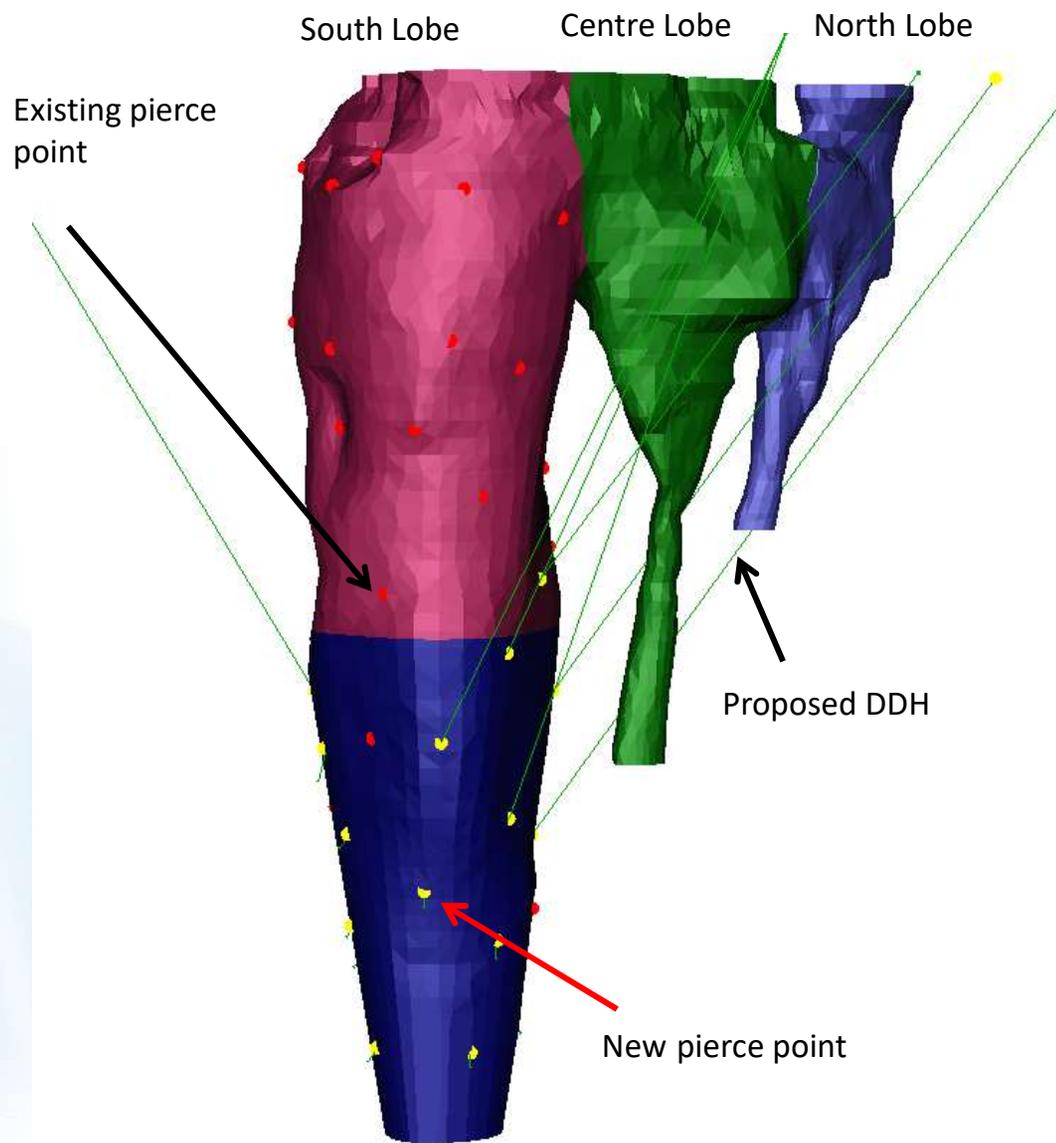
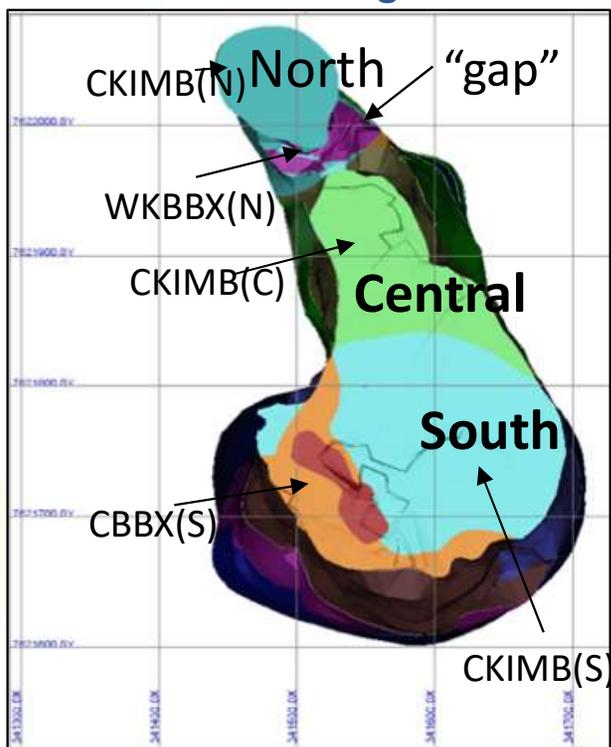


Exploration

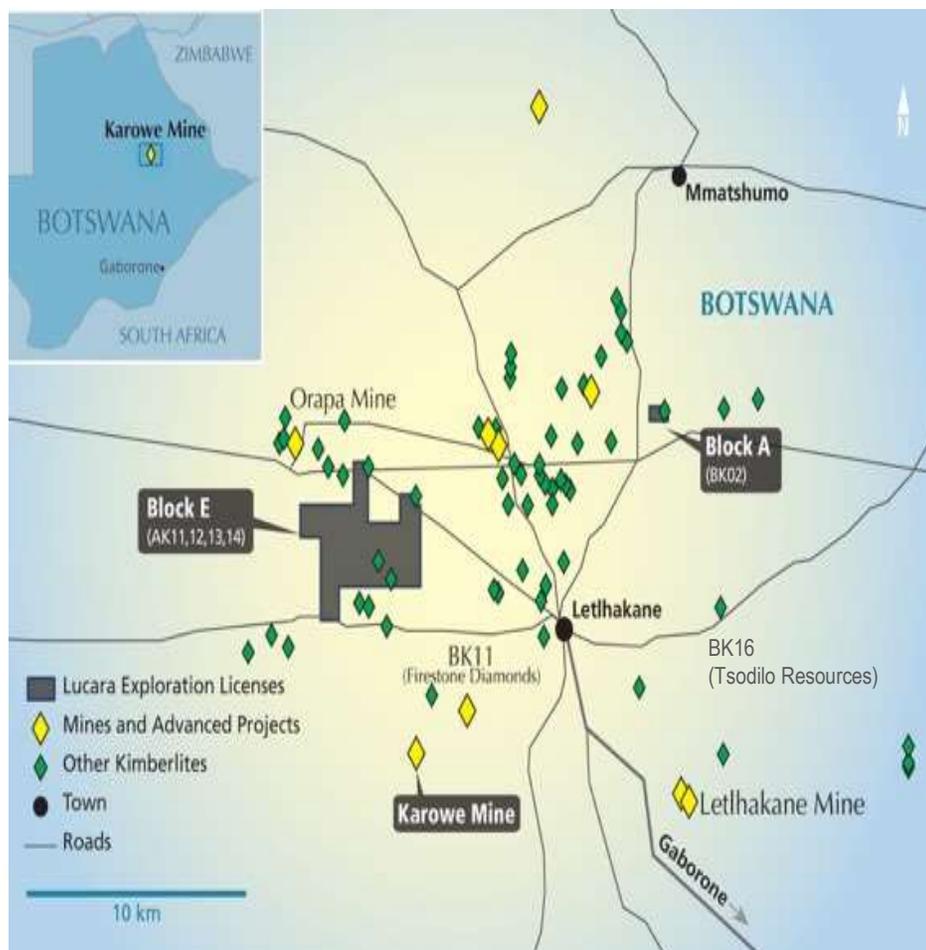
AK06 Resource Expansion

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

Plan View of Geological Model



Botswana Exploration Targets



BK02: Due to the observed average price per carat for the combined parcel of US\$56.76 per carat and a relatively low recovered sample grade, no further work is planned at this time

AK11: Logging and sampling of the drill core is complete and microdiamond samples are currently being processed and are forecast to be complete during Q2 2017

AK13: Five drill holes intersected kimberlite and within the five holes, three holes intersected wider intercepts of kimberlite. Microdiamond samples will be submitted during Q2 2017

AK14: During Q1 2017, a 327 metres drill program was conducted. Based on the drilling information, no further work is planned



2017 Guidance

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
Mega Diamond Recovery Project (“MDR”) (US\$ million)	15 – 18
Sub-middles XRT Project (US\$ million)	30
Sustaining capital expenditure (US\$ million)	7 – 9
Exploration costs including AK6 Deep Drilling Program (US\$ million)	Up to 10

Investment Highlights

- Operating in Botswana which is a geopolitically stable jurisdiction
- Mine and projects are located in the established Orapa-Letlhakane mining district
- Karowe has produced an extraordinary number of large gem quality Type IIa diamonds:
 - Exceptional Stone Tenders account for US \$460 Million in revenue to date (exclusive of EST #11 closing May 11th)
- Average diamond value achieved in 2016 was US\$824 per carat, four years into Karowe's approximately 15-year mine life
- Progressive Annual Dividend of CDN\$0.10 (a 67% increase over 2015) due to strong free cash flow
- Growth potential organically through expansion of resource, exploration of surrounding prospecting licenses and through M&A



The Diamond Market

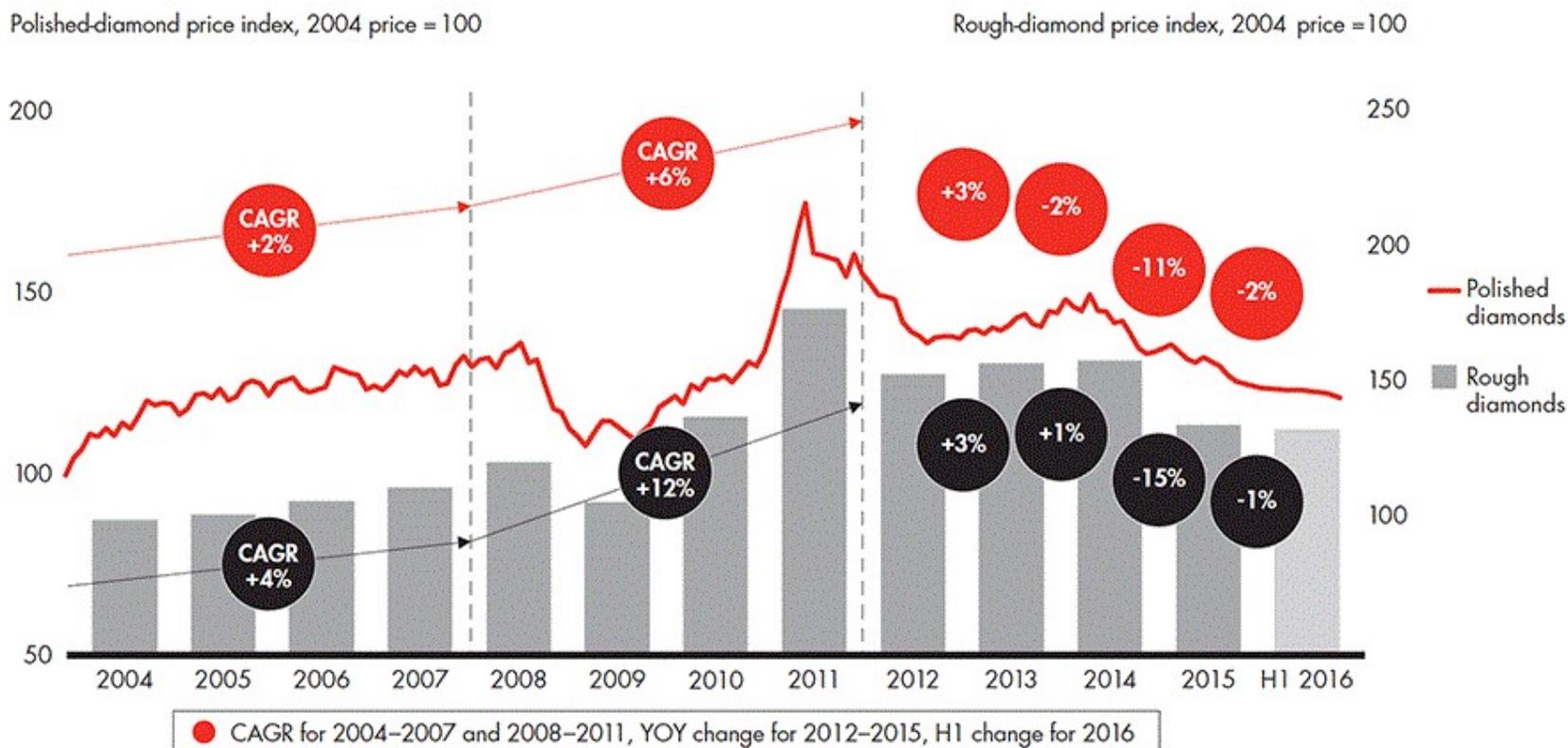


2017 Diamond Market

- Market is cautious – supply and demand fundamentals remain unbalanced
- Retail sales in China appear to be improving, specifically in the smaller goods
- Large volumes of rough continue to be sold by the majors with a strong rebound in the price of rough in the categories where demand was affected the greatest by the demonetization policy in India in November 2016
- Although polished diamond sales lag, rough diamond sales for the market remains robust based on available liquidity and year to date rough sales
- High value diamond market remains robust due to lower than historical large stone recoveries by other producers
 - Demand for Karowe large diamonds remained strong in first quarter. The average prices in the Q1 2017 tender were amongst the top three in terms of \$/carat achieved over the 30 Lucara regular tenders held to date
- Strong customer base and brand
- Outlook is positive although still cautious

Rough Diamond Price Trend

The historical long-term price trend is positive; short-term prices are stabilizing



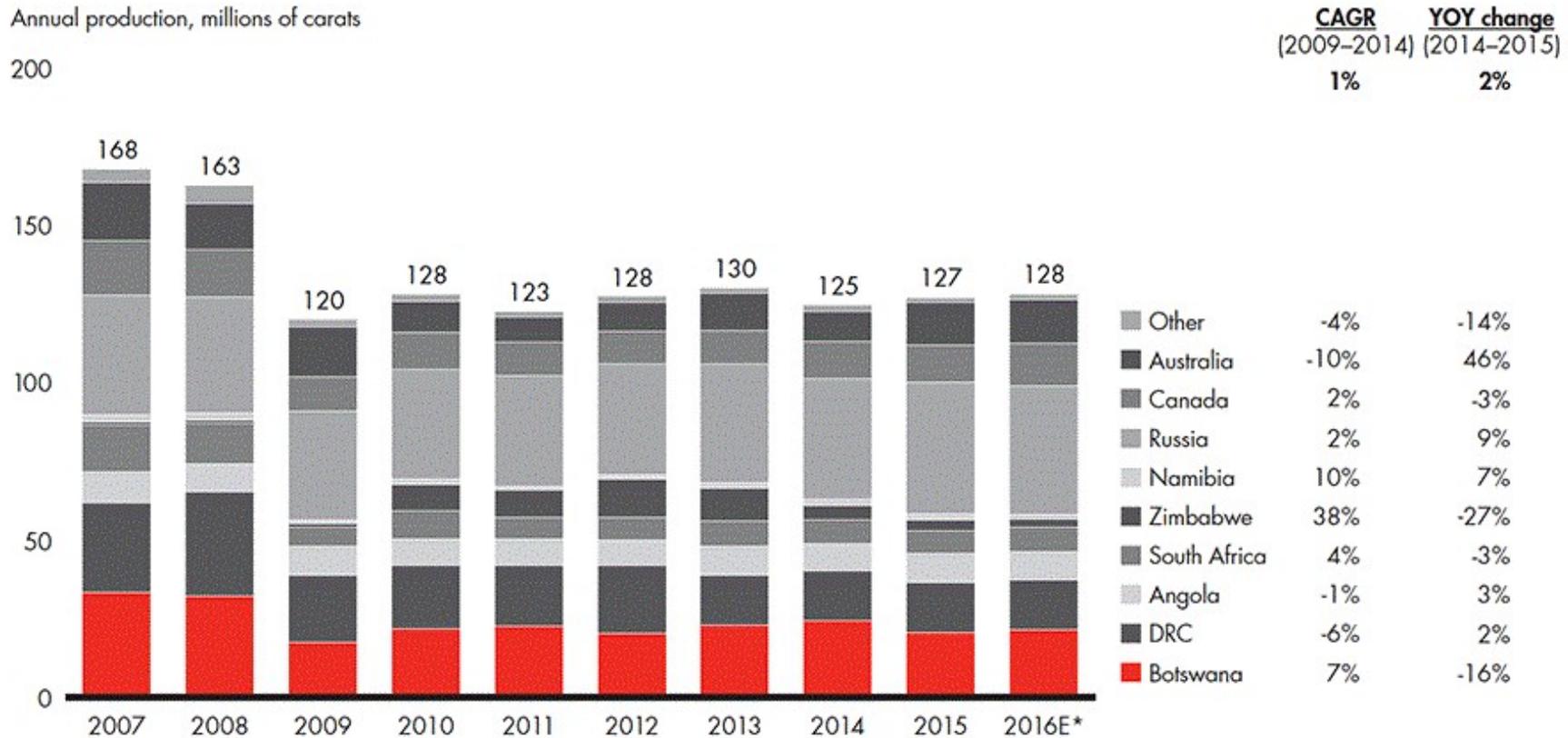
Note: The CAGR for polished-diamond prices is calculated as the growth rate for year-end or period-end prices; CAGR for rough-diamond prices is calculated as the growth rate for annual weighted average prices; H1 2016 CAGR for rough is shown vs. H2 2015
 Sources: General polished-diamond price index (PolishedPrices.com); Kimberley Process; company data; Bain analysis



Global Rough Diamond Production

Annual rough-diamond production has been stable since 2010 at approx. 130 million carats (70% gem quality)

Annual production, millions of carats



*Estimated based on company production plans
 Note: Only diamonds tracked by Kimberley Process are included
 Sources: Company data; Kimberley Process; expert interviews; Bain analysis

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