



Lucara Diamond



Lucara Diamond Corp. Q1 2017 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 43-101 – 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.

Q1 2017 Results

Revenue for Q1 was \$26.1 million or \$405 per carat (2016: Revenue \$50.6 million or \$649 per carat)

EBITDA of \$5m and earnings per share of \$nil due to:

- Timing of tenders: Single sale during Q1 with first Exceptional Stone Tender closing on 11th May
- Mining from stockpiles as planned during mobilization of new mining contractor to the Karowe mine, resulted in lower carat volume compared to the prior year

Q1 focus on operational delivery and productivity with Karowe well positioned for 2017:

- Aveng Moolmans mobilization on schedule and full ramp to be completed in Q2
- Mining re-focused from stockpile back to high quality south lobe
- Strong cost control: Operating cost per tonne milled \$20 (Q1 2016: \$25/tonne milled)

Capital Projects for enhanced diamond recovery on track and on budget

Resource upgrade drilling program and exploration advancing



373.72 carat Type IIa – May 11th EST

Key Performance Indicators

**Revenue
(millions)**



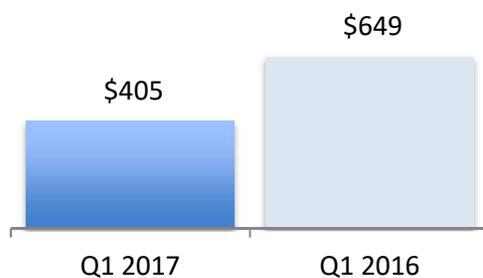
**EBITDA
(millions)**



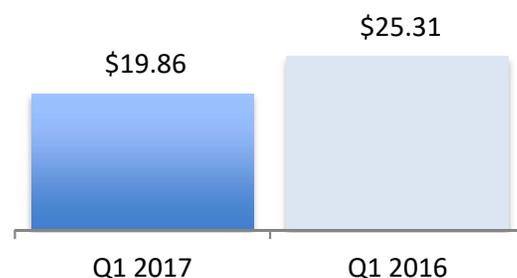
**Net Income
(millions)**



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



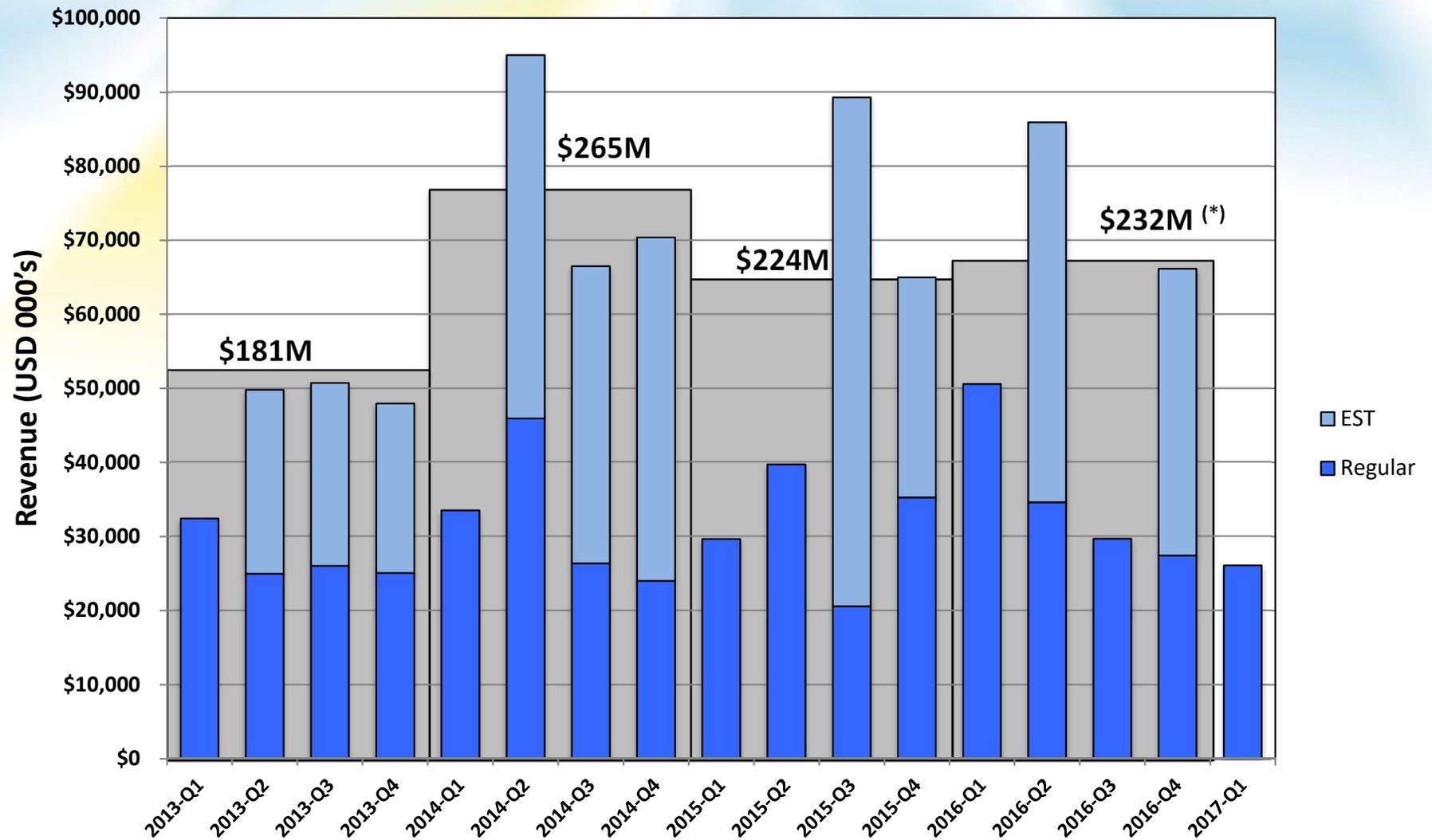
**Cost - Dollar per tonne
processed**



Earnings per share



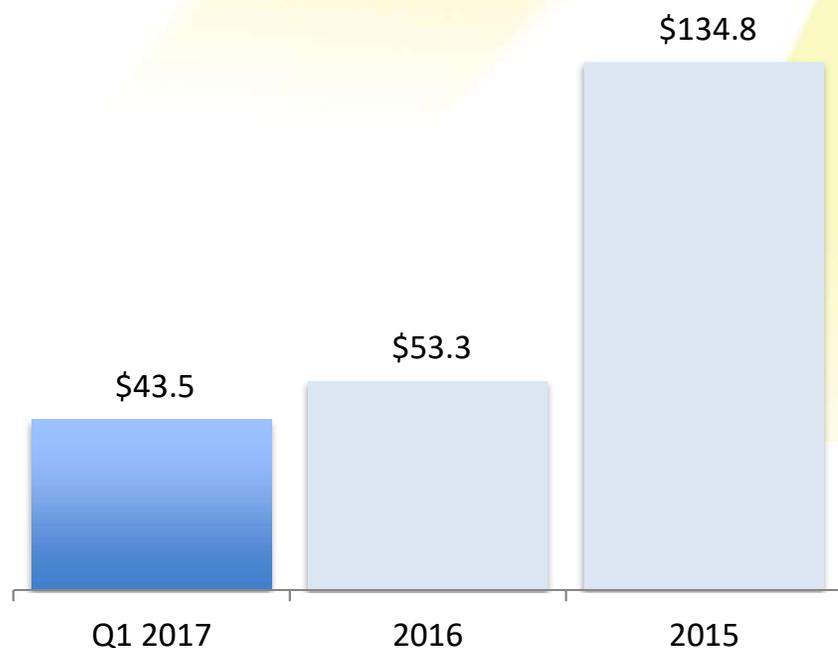
Historical Revenue Performance



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

Strong Financial Position

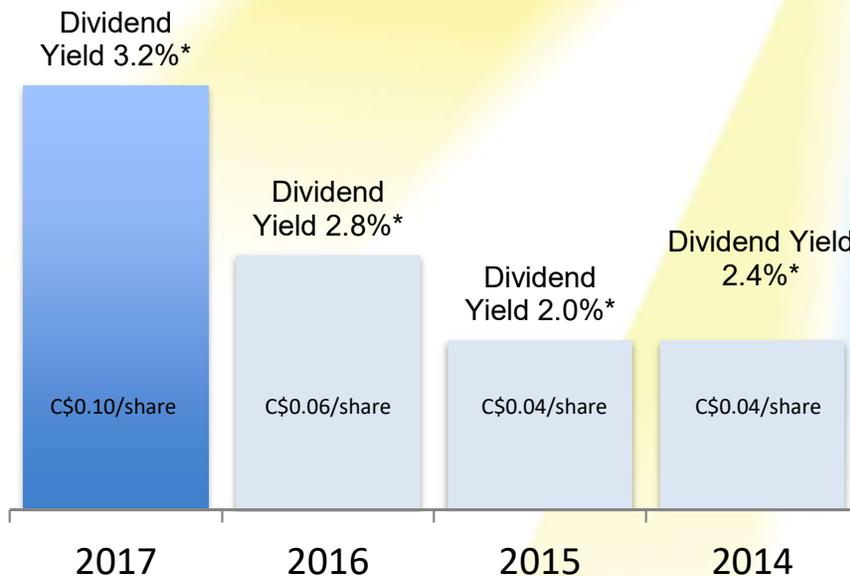
Cash-on-hand
(millions)



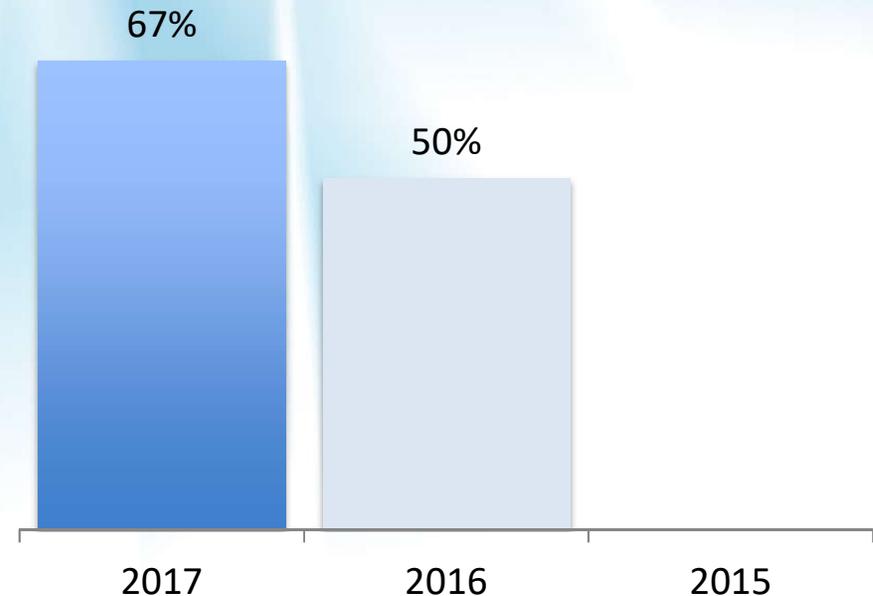
- Robust net cash balance of \$43.5 million.
- Fundamentals in place to deliver 2017 cash flow returns:
 - Exceptional Stone Tender closing on May 11th
 - Project costs and operating costs well controlled and on forecast. Focus on maximizing margins
 - Mine Plan – refocused from stockpile to south lobe 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

Track Record – 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



Karowe Mine

Karowe Operating Performance

Production Information	Q1 2017	Q1 2016
Ore processed (tonnes)	598,934	651,909
Ore mined (tonnes)	131,380	605,705
Carats recovered (carats)	65,241	90,697
Plant feed grade (carats per hundred tonnes)	10.9	13.9
Waste mined (tonnes)	587,177	2,368,218
Revenues and Operating Margins	Q1 2017	Q1 2016
Revenue (\$ millions)	26.1	50.6
Carats sold	64,444	77,990
Revenue (\$ per carat)	405	649
Operating margin (\$ per carat)	188	513

CSR and Health & Safety

- 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 quarter resulting in a twelve month rolling Lost Time Injuries Frequency Rate (“LTIFR”) of 0.08

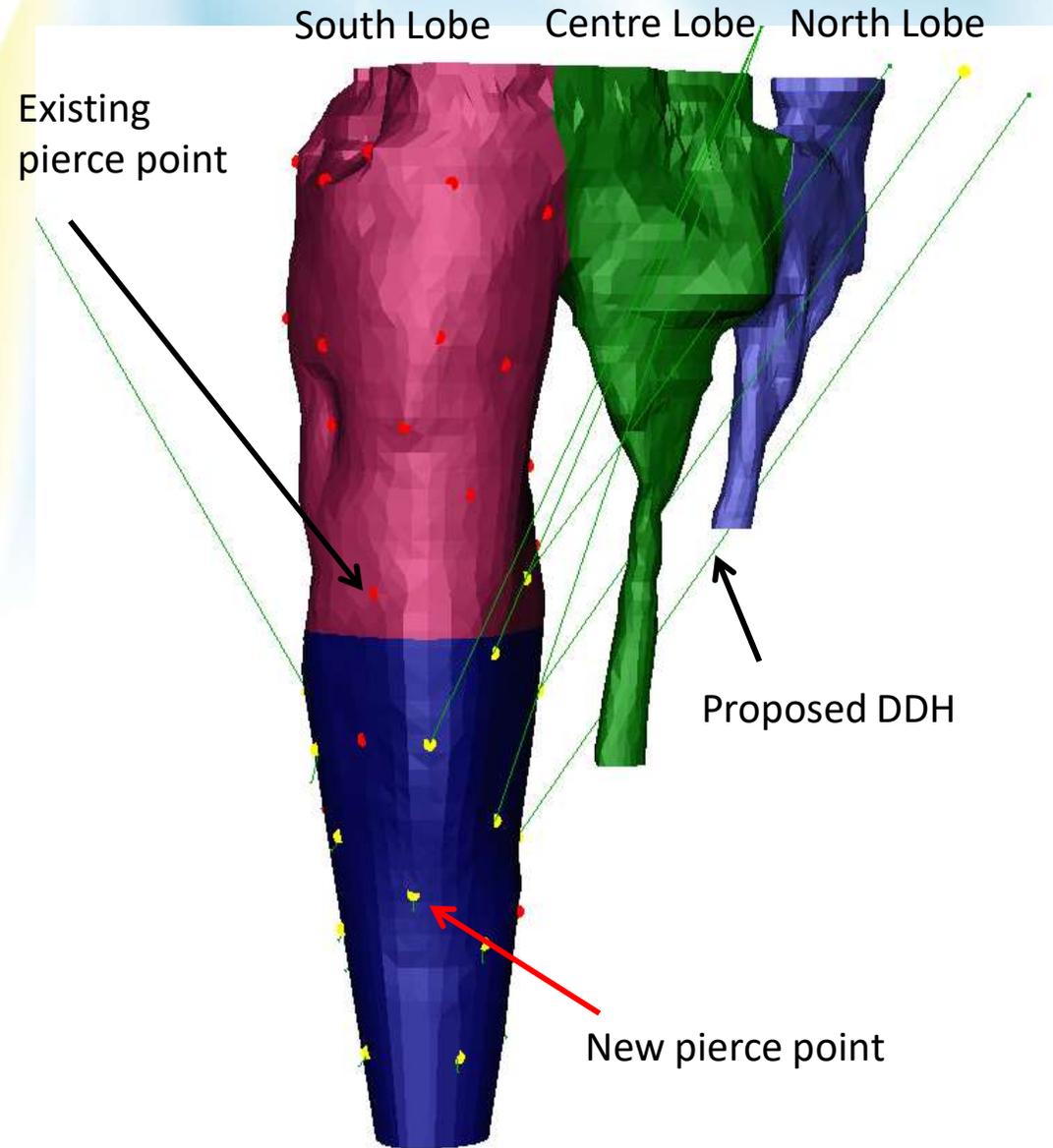




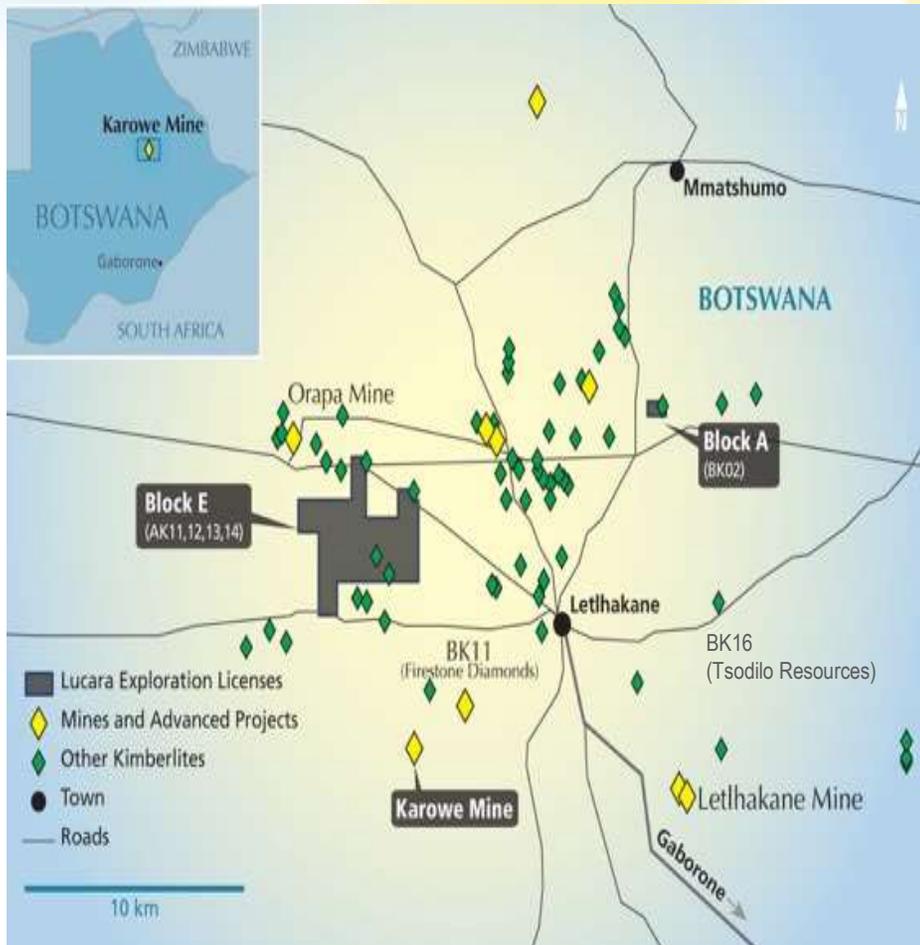
Exploration & Resource Expansion

Resource Expansion AK06

- 10,000 metre drill program with target to bring inferred mineral resources into the indicated category
- Drilling completed during Q1 2017, with a program of core sampling for density, petrography, and microdiamond analysis is underway



Prospecting Licences



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

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

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

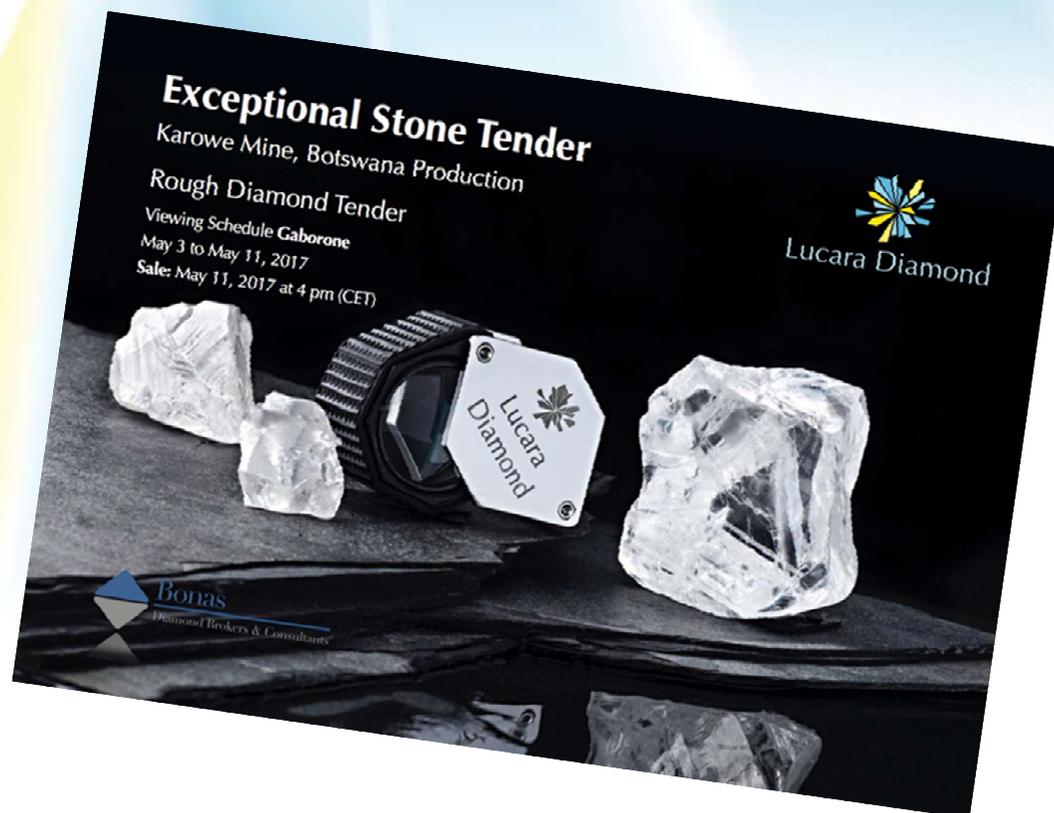
AK13: Five drill holes intersected kimberlite and within the five holes, three holes intersected wider intercepts of kimberlite. Microdiamond samples will be submitted during Q2 2017



2017 Outlook

Exceptional Stone Tender – May 2017

- The Company will hold its first Exceptional Stone Tender (“EST”) on May 11th with viewings scheduled between May 3rd to the 11th
- A total of 15 diamonds are included in the EST, including 6 diamonds larger than 100 carats. The average stone size equates to 117 carats per stone
- High demand received for client viewings



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 Exceptional Large Diamond recovery (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



Diamond Market

Diamond Market

- Market is cautious – supply and demand fundamentals remain unbalanced
- 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 in India in November 2016
- Retail sales in China appear to be improving, specifically in the smaller goods
- 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 of Karowe large diamonds remained strong in first quarter. The average prices in the Q1 2017 tender are 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

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