

Lucara Diamond Corp. 2016 Second Quarter Results



Lucara Diamond



August 2016

Cautionary statement



Forward-looking information

This investor presentation contains forward-looking statements and information as defined in applicable securities laws including: the estimates of the Company's mineral reserve and resources; estimates of the Company's production and sales volumes, revenue for the Karowe Mine; exploration and development plans and objectives, production costs, exploration and development expenditures. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or achieved. Forward-looking statements are based on the assumptions, opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. In particular, such risks include general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations), cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters and other risks and uncertainties describe under Risks and Uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form available at <http://www.sedar.com>.

Forward-looking statements and information speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law. Readers are cautioned not to place undue reliance on forward-looking statements and information. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any investment decision in relation thereto.

Technical information

The technical information in this document for the Mothae diamond project in Lesotho ("Mothae") and the AK6 diamond project (Karowe Mine) in Botswana is based on the following technical reports, respectively: NI 43-101 Technical Report and Mineral Resource Estimate for the Mothae Diamond Project, Lesotho Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated February 28, 2013 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.

Second Quarter 2016 Highlights

Where Bigger Is™

Strong product demand - Revenue for the quarter was \$140.8 million or \$1,824 per carat (2015: Revenue \$38.1 million or \$412 per carat)

Year to date costs at \$26 per tonne ore milled. Cost guidance reduced to between \$29.00-\$31.00 per tonne milled (previous guidance \$33.50-\$36.50 per tonne milled)

EBITDA was \$109.7 million (2015: \$16.4 million), with an EBITDA margin of 78%

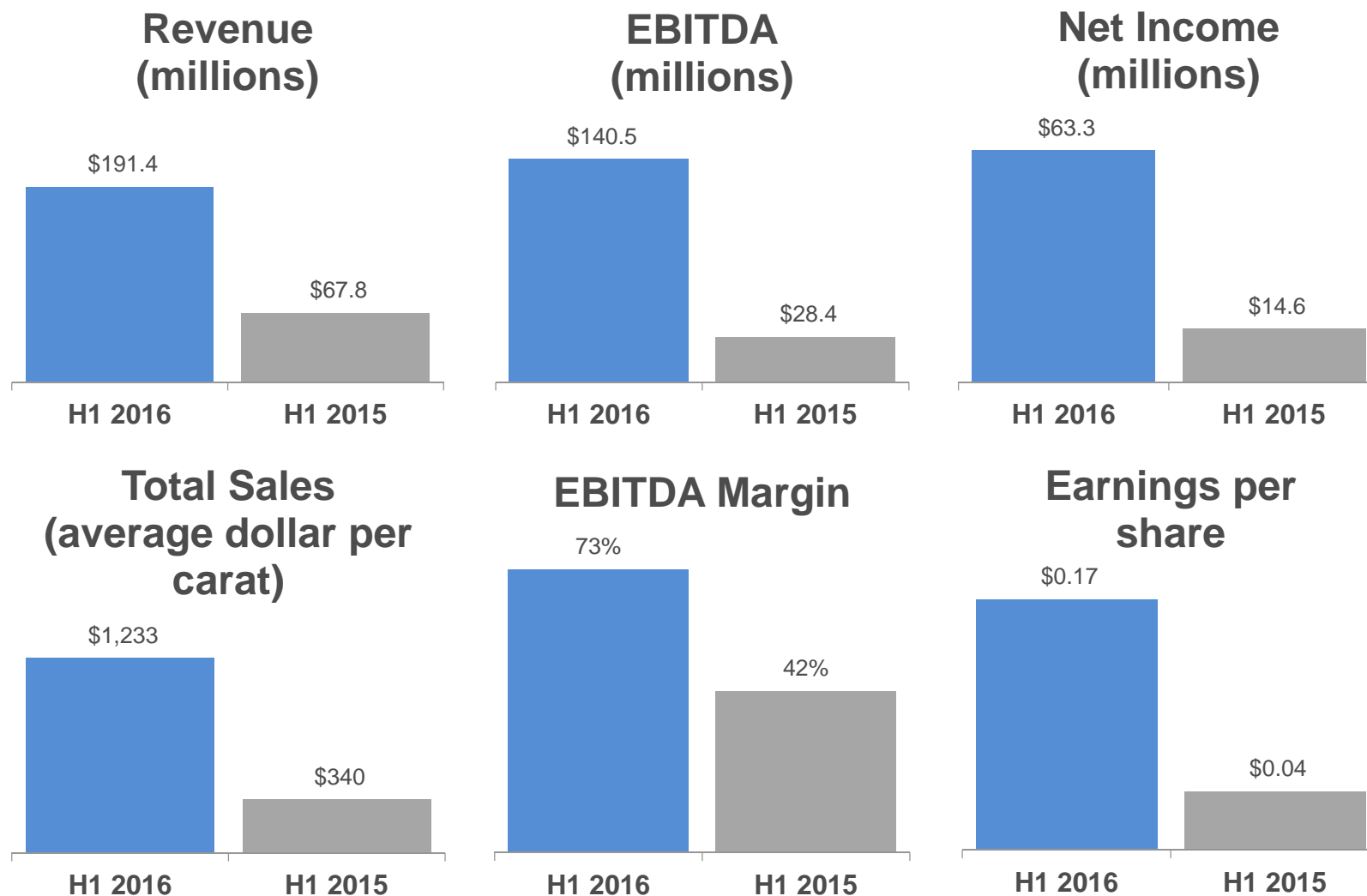
Earnings per share at \$0.12 (Q2 2015: \$0.02 per share)

Announcement of special cash dividend of CA\$0.45 per share or CA\$172 million to be paid in September 2016 in addition to regular dividend of CA\$0.015 per share



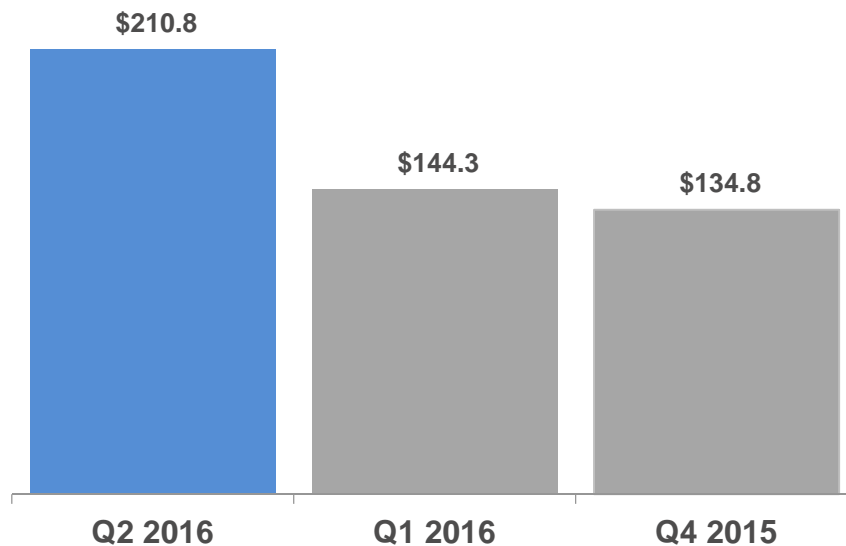


Key performance indicators – H1 results



Strong financial position

Cash-on-hand (millions)



- Cash increased by \$66.5 million during the quarter resulting from strong tender results. Revenue was partially offset by capital expenditures, tax and dividend payments
- Further cash receipts of \$8.3 million received post Q2 for the June tender
- Credit facility of US\$50 million remains undrawn

FY16 Q2 Results

Karowe Mine



CSR and Health & Safety

- Excellent Safety performance with Safety and Health Lost time injury frequency rates ('LTIFR') for 2016 of zero (measured per 1,000,000 hours) (H1 2015: 0.65)
- Letlhakane abattoir handed over to the district counsel for commissioning and operations
- Lady Khama Trust – donation proceeds to 3 chosen charities from the auction of 3 rough stones for approximately 2.4 million Pula



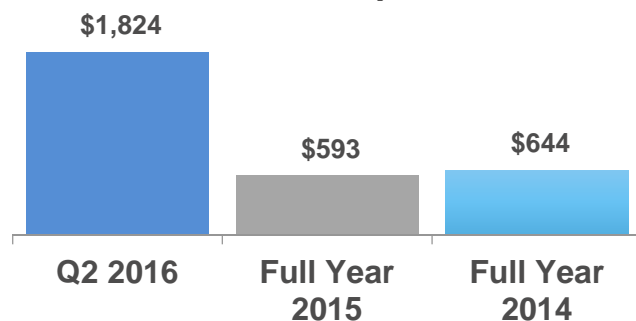
Karowe operating performance

Production Information	Q2 2016	Q2 2015	H1 2016	H1 2015
Ore processed (tonnes)	680,190	506,538	1,332,100	1,110,508
Ore mined (tonnes)	1,124,743	722,855	1,802,509	1,284,141
Carats recovered (carats)	99,582	85,714	190,279	175,792
Plant feed grade (carats per hundred tonnes)	14.6	16.9	14.3	15.8
Waste mined (tonnes)	3,482,741	4,278,605	6,811,106	7,521,977
Revenues and Operating Margins	Q2 2016	Q2 2015	H1 2016	H1 2015
Revenue	140.8	38.1	191.4	67.8
Carats sold	77,200	92,373	155,190	199,150
Revenue (\$ per carat)	1,824	412	1,233	340
Operating margin (\$ per carat)	1,683	252	1,094	208

Sales update



Sales Tenders (average dollar per carat)



Lesedi La Rona

- Strong Q2 sales results in sales price of \$1,824 per carat
- Excluding sale of the 813 carat Constellation, average revenue per carat was \$831, an increase of 20% compared to full year 2015
- The Company is considering various sale options for the Lesedi La Rona

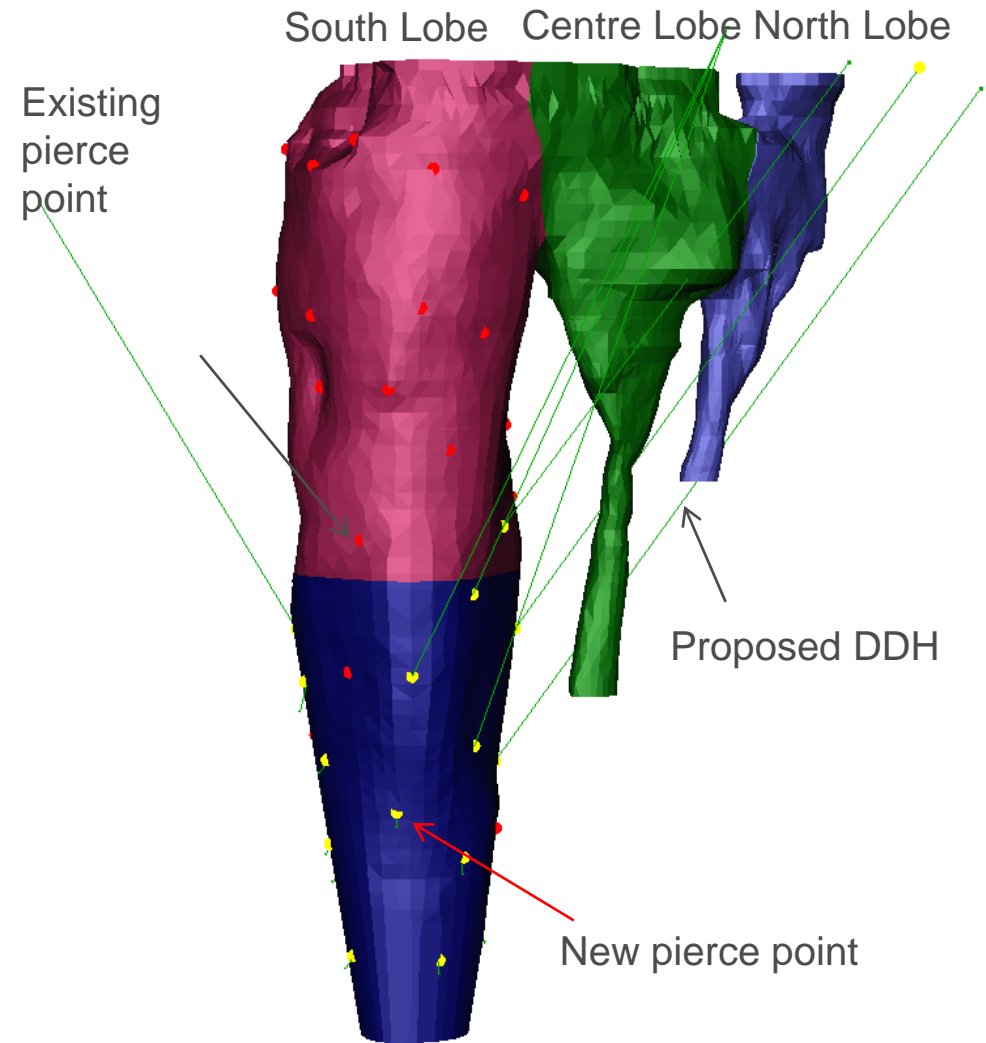
FY16 Q2 Results

Exploration

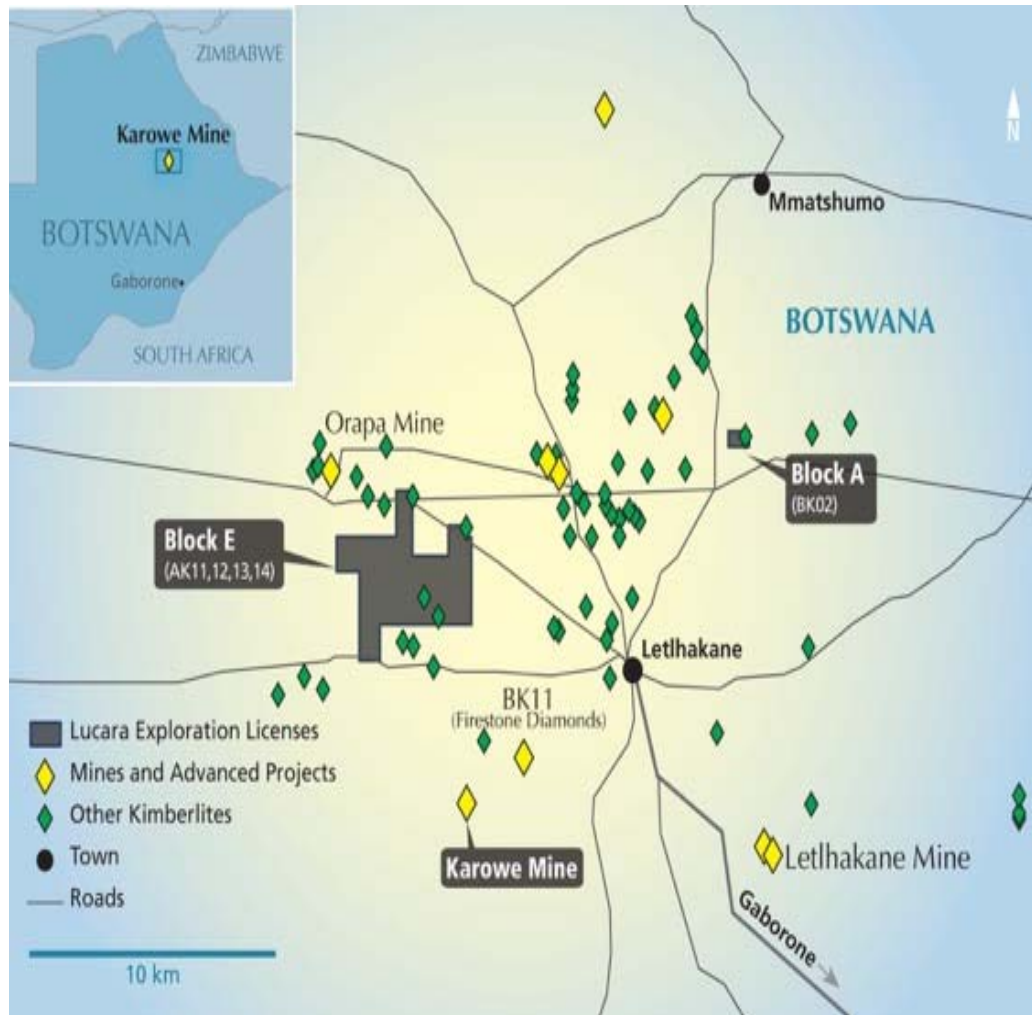


Resource Expansion AK06

- 10,000 metre drill program with target to bring inferred mineral resources into the indicated category
- Three active drill rigs. Two holes completed
- 2400 metres drilled to 1 August
- Pierce points are in line with current geological model



Prospecting Licences



Boteti awarded 2 PLs in mid Sept 2014

Both PLs host known diamondiferous kimberlites

Block A (BK02)

Block E (AK11, 12, 13, 14)

Surface trenching and processing during Q2/16

Drilling to commence in Q3/16



Prospecting Licences



BK02



BK02



AK12



- Bulk sampling activities at BK02 were completed
- An additional 5000 tonnes is to be collected and processed from BK02 in Q3/Q4
- AK12 processing was terminated due to low recovered sample grade, no further work is planned
- Diamond drilling is due to commence in mid Q3 at BK02, AK11, AK13 and AK14. Collectively a total programme of 3000 metres has been planned

Product excellence



Best In Class exposure to diamonds



813 carats - \$63.1 million
(\$77,649 per carat)



297 carats - \$12.2 million
(\$41,088 per carat)



245 carats - \$10.5 million
(\$42,738 per carat)

2016 Outlook



Revenue (US\$ million) – excluding sale of the Constellation and Lesedi La Rona	200 – 220
Sales (thousand carats)	340 – 380
Tonnes of ore processed (million tonnes)	2.2 – 2.4
Ore mined (million tonnes)	3.0 – 3.5
Waste mined (million tonnes)	13.0 – 14.0
Operating cash costs per tonne ore processed (dollars) - REVISED	\$29.0–\$31.0 from \$33.5–\$36.5
Large Diamond Recovery (“LDR”) circuit and the installation of an Exceptional Large Diamond recovery (“MDR”) (US\$ million)	15 – 18
Sustaining capital expenditure includes a mill re-liner at a cost of \$1.5 million and an investment of \$1.5 million for a combined sales and administrative office in Gaborone (US\$ million)	11
Exploration costs (US\$ million)	Up to 7
Deep drilling program (US\$ million)	3.7

Diamond Market

