



Lucara Diamond

CLARA

Corporate Presentation
March 2018

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>. More specifically with regard to the Karowe Underground Project, risks and uncertainties include as well as the above noted risks, estimated costs to construct the proposed Karowe Underground Project, expected start-up, exploration and development plans and mine designs at the Karowe Underground Project, and the timelines associated therewith, and objectives, expected production costs, expected exploration and development expenditures and expected reclamation costs at the Karowe Underground Project, including such plans, objectives and economic estimates, including cost and expenditure estimates, used in or arising from the PEA or in relation to the proposed Karowe Underground Project; the expected completion date of open-pit operations at the Karowe Mine; the expected completion of an updated mineral resource estimate and a PFS at the Karowe Underground Project; expected Karowe Underground Project enhancement opportunities resulting from the Karowe Underground PEA; expectations regarding diamond prices and changes to foreign currency exchange rates and expectations regarding the need to raise capital.

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; NI 41-101 Technical Report on the Preliminary Economic Assessment of the Karowe Diamond Mine Underground Project, Botswana Prepared by Royal Haskoning DHV on behalf of Lucara Diamond Corp., dated November 27, 2017.

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.





Introduction

Lucara's 100 percent owned Karowe diamond Mine, located in Botswana, has been in production since 2012 and is one of world's foremost producers of large, Type IIA diamonds in excess of 10.8 carats, including the historic 1,109 carat Lesedi La Rona (second largest gem diamond ever recovered) and the 813 carat Constellation (sold for a record US\$63.1 million). The Company has an experienced board and management team and operates transparently, in accordance with international best practices in the areas of sustainability, health, safety, environment and community relations.

The Investment Case

- **100% owned Karowe Mine in Botswana**
 - High margin diamond producer, In production since 2012
 - One of the worlds' foremost producers of large Type IIa diamonds
 - 154 diamonds have sold for > US\$1 million each (Total value in excess of US\$590 M)
 - \$61 million in cash on hand, no debt
 - PFS underway on Karowe underground with potential to extend mine-life to 2036
- **100% owned Clara Diamond Solutions**
 - A secure, digital sales platform that uses proprietary analytics together with cloud and blockchain technologies to modernize the existing diamond supply chain, driving efficiencies, unlocking value and ensuring diamond provenance from mine to finger
- **Progressive Annual Dividend**
 - CDN\$0.10 for 2018. US\$218 million paid since implementation of dividend policy in 2014



2017 Full-Year Highlights

- 220.8 million USD revenue
- \$847 USD per carat
- Continued recovery of high value diamonds; > 5 wt.% +10.8 carat diamonds
- Robust cash generation with strong operating margins
- Capital projects complete
- CND \$0.10 dividend per share
- Earnings per share of \$0.17 (2016: \$0.19)
- Underground PEA positive
- Initiation of pre-feasibility studies
- Strong safety performance

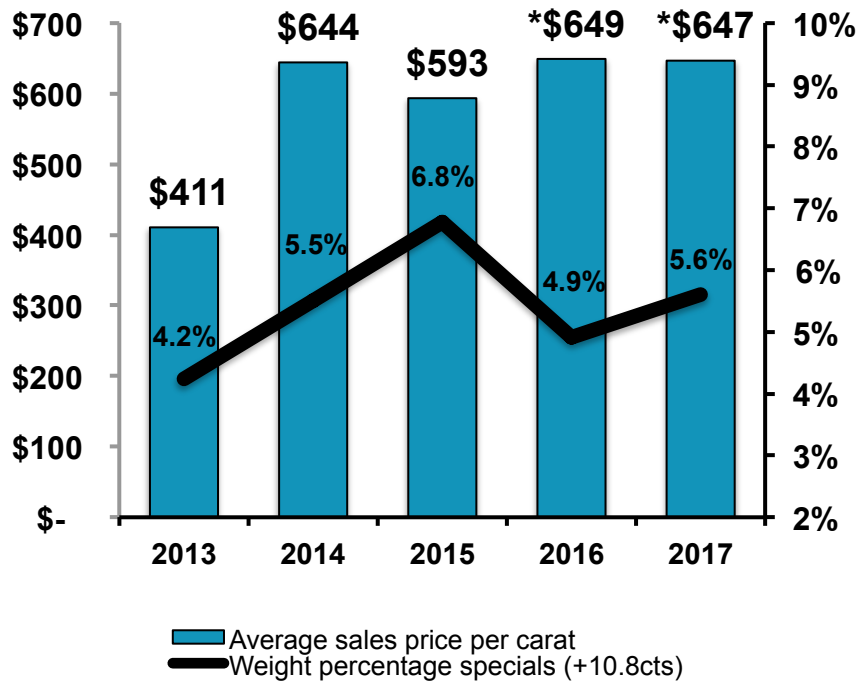


Key Performance Indicators



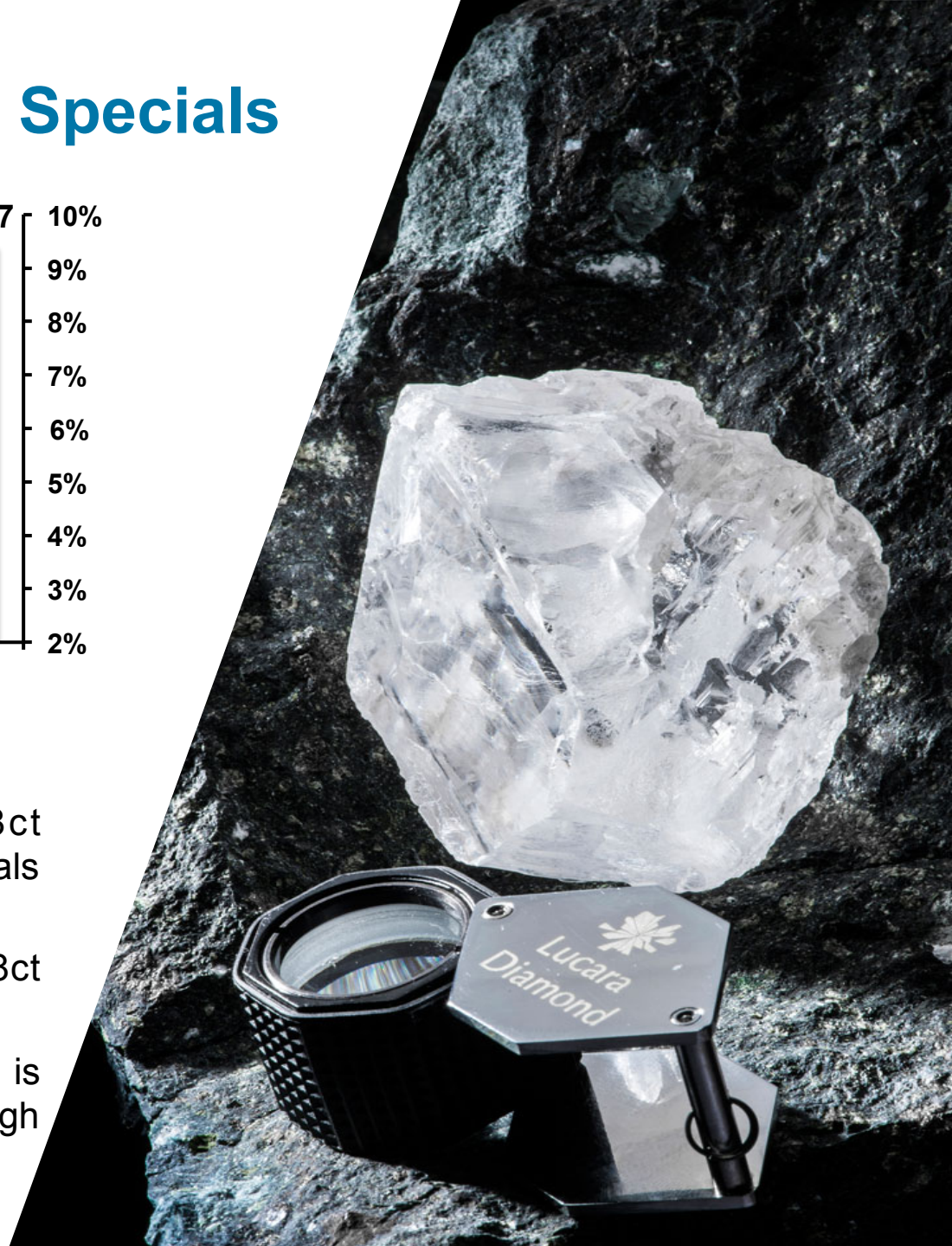
*excluding sale of Lesedi La Rona in 2017 and the 813 carat Constellation diamond in 2016

Sales Price History & Specials



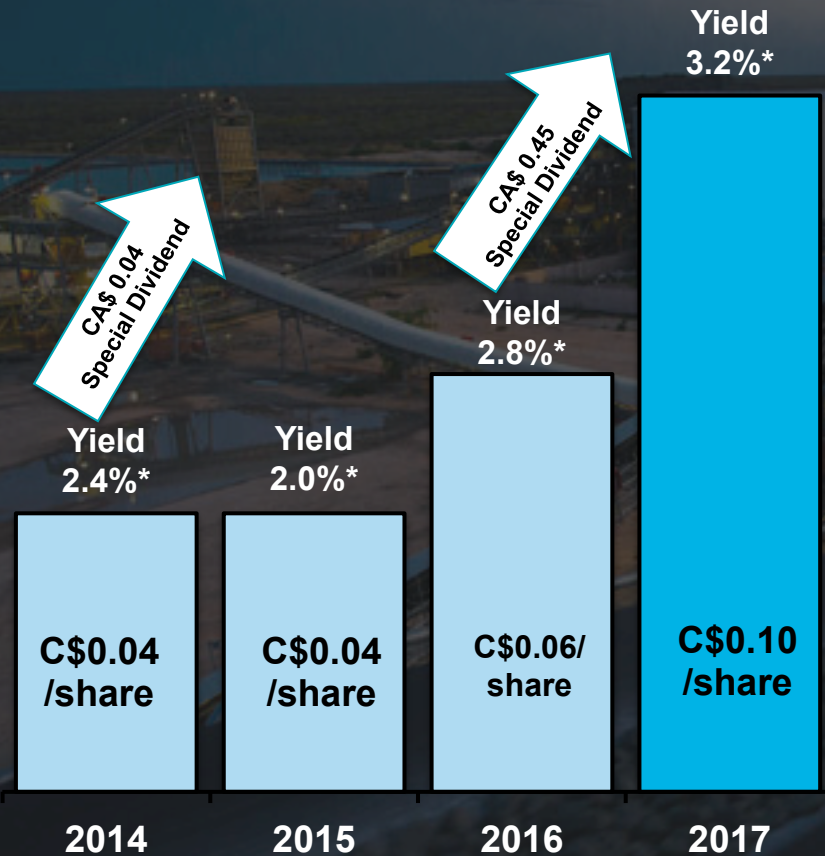
- Consistent recovery of +10.8ct diamonds, >100,000 carats of Specials since 2012
- Strong prices achieved in -10.8ct production
- 75% of Karowe revenue generation is sold into the more price resilient high end market

*Excludes the sale of the Lesedi La Rona and Constellation diamonds



Dividend: Return to Shareholders

Strong Cash Flows = Robust Dividend Cover



- 2017 dividend is 2.5x 2016 net income cover
- 2017 dividend is yield of 3.2% based on 2017 beginning year share price
- Year on year regular dividend growth by 67% and 50% in 2017 and 2016 respectively

*Share price beginning of year

Achievements 2017

Capital Projects for Enhanced Diamond Recoveries

- Completed on time and budget, commissioned in Q3 2017
- MDR allows for the early recovery of diamonds (+50mm – 120mm)
- Sub-Middles XRT (+4mm – 8mm) removes yield constraints for cost effective processing of South Lobe ore

Healthy, Safety and Sustainability

- Continued strong focus on safety with LTIFR for last 12 months trending favourably at 0.64
- Engagement with Letlhakane District Council to advance multi-year community initiatives through Lundin Foundation

Completion of positive PEA for Karowe Underground

- Standalone NPV₅ (USD) of \$451 and an IRR of 39%





Lucara Diamond

Underground Study – PEA



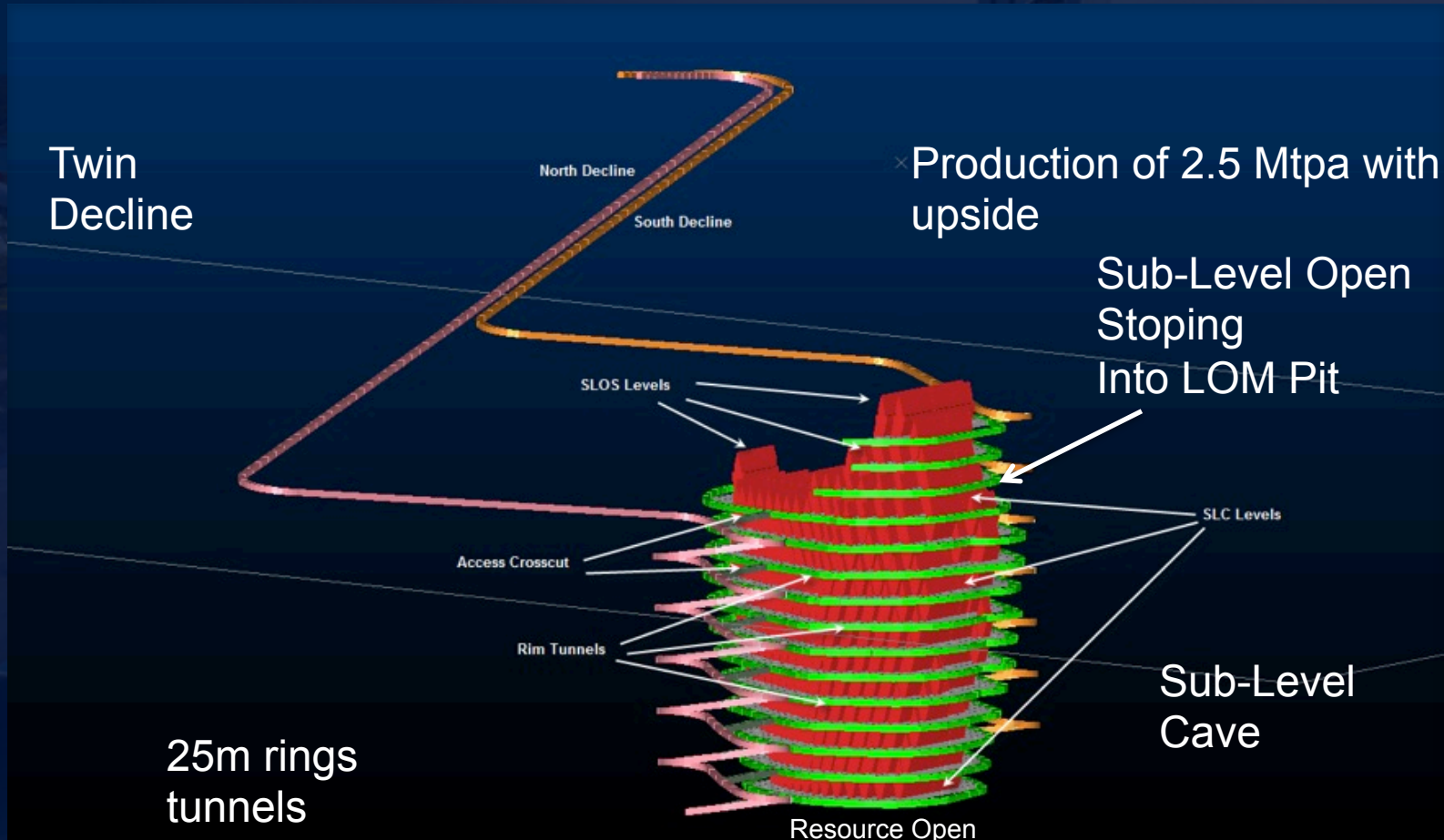
Underground PEA: 2026 - 2036

Parameter	Output
NPV ₅ (USD)	~ \$451 million
NPV ₈ (USD)	~ \$318 million
Undiscounted Free Cash Flow (after tax)	~ \$820 million
Life of Mine	10 years (2026 to 2036)
IRR	38.9% (UG only)
Discount Rate	5 & 8%
Capital Cost (USD)	~ \$195 million
Capital Contingency	25%
Operating Cost (USD/t)	~ \$49.4/t (ave)
Revenue (USD/t)	~ \$112.2/t (ave)
Diamond Value Escalator	2.5% per annum
USD : Rand Exchange Rate	R13.00
Average Tax Rate (during full scale operations)	32.5% (straight ave)
Net Tax Benefit (OC)	\$237 million

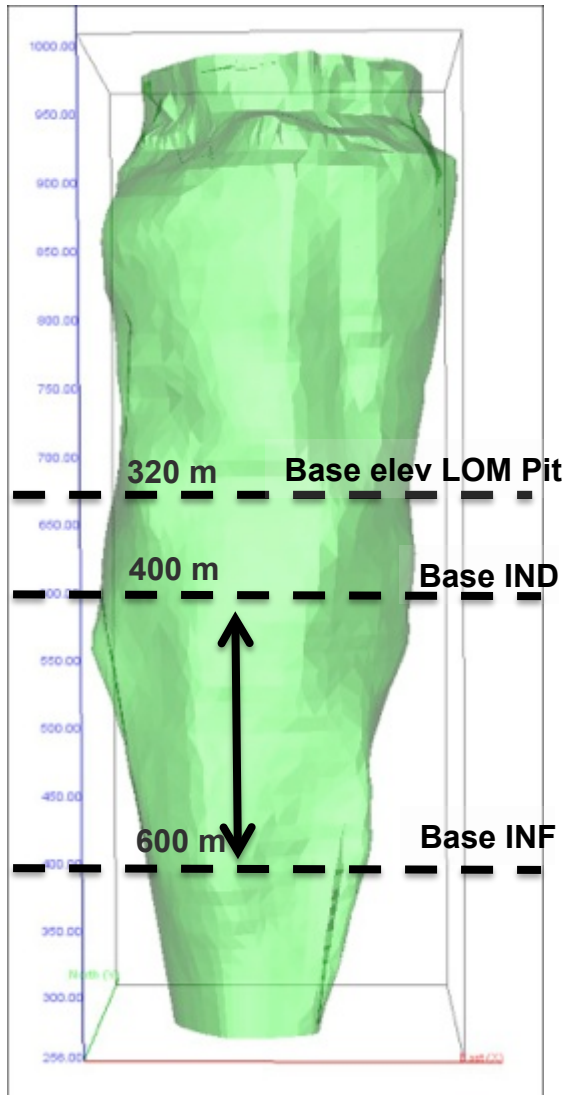
- Potential 10 year extension of mine life to 2036
- PEA presents a stand-alone scenario, does not incorporate the economics of the current Karowe operations except tax implications on CAPEX
- PEA evaluates the development of a Sub-Level Caving ("SLC") operation
- Processing of kimberlite at the existing processing plant
- PEA is preliminary in nature and includes the use of the Inferred Mineral Resource



PEA Scenario: Underground Development



Resource Upgrade & Exploration



- Updates to the geological model, based on the 2016 and 2017 drilling programs, interpret a larger volume of the Eastern magmatic/pyroclastic kimberlite (“EM/ PK(S)”) unit at depth than in the original model
- Size frequency and diamond analysis is being conducted to inform the Karowe resource and ongoing UG studies
- Resource update expected Q2 2018
- Exploration: Prospecting Licence extensions for two PL’s
- Processing of AK11 LDD samples underway



Building on Positive PEA

– Next Steps toward PFS and FS

Understanding Risk

- Completion of mineral resource update – **Q2 2018**
- Initiation of feasibility level geotechnical and hydrogeological studies with accompanying drill programs – **Drilling underway**
- Mine design, mining options, trade off studies – **In Progress**

Opportunities

- Financial aspects are known: revenues, diamond characteristics, size distribution, strong client base and brand recognition
- Process plant in place, modern, state of the art
- Existing operational site
- Review PEA mine design
- Efficiency improvements may increase potential operational throughputs

A photograph of an industrial facility, likely a refinery or chemical plant, at dusk. The sky is a deep blue, and the facility's lights are on, creating a warm glow. The structure consists of various metal frameworks, pipes, and buildings. In the foreground, there is a large, shallow pool of water that reflects the lights and the structure of the facility. The word "CLARA" is overlaid in a large, white, serif font across the center of the image.

CLARA

Lucara's next generation growth project

Cautionary Statement

This investor presentation contains forward-looking statements and information as defined in applicable securities laws, including information and statements with respect to: the design, operation, utility and benefits of Clara's sales platform, including the platform's ability to efficiently match diamond demand to supply and reduce other industry inefficiencies, smooth diamond sale cycles, establish a chain of custody and ensure diamond provenance and optimize value for all stakeholders involved in the diamond industry by maximizing the selling price achieved for each diamond; the benefits to Lucara of its acquisition of Clara, including Lucara's ability to successfully integrate Clara's platform into Lucara's existing diamond mining business and XRT technology and benefit from such integration, the impact of the acquisition upon Lucara's industry reputation, the ability of the sales platform to increase realized prices for Karowe rough diamonds and stabilize cashflow; Lucara's plans in respect of the Clara sales platform and the timelines associated therewith; Lucara's issuance of equity and cash consideration to Clara shareholders and management in the future upon Clara's achievement of revenue and earnings through its sales platform; Lucara's ability to lead technological change in the diamond industry by establishing the diamond industry's first true block chain technology; the pace and nature of industry technological change and statements in respect of the diamond industry generally.

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 be achieved. Forward-looking statements are based on the assumptions, opinions and estimates of management as of the date such statements are made, including in respect to: industry competition; the pace and nature of technological change in the diamond industry; the inefficiency of current diamond industry practices and Lucara's ability to alter these practices; future plans for the design and development of Lucara's technology and Lucara's ability to develop and adapt its technology; the applicability, acceptance and utility of the Clara platform; favourable equity and debt capital markets; Lucara's ability to raise any necessary additional capital on reasonable terms to advance the continued growth and development of Lucara's business and its technology; requirements under applicable laws; stability in financial markets; Lucara's ability to attract users to the Clara sales platform; Lucara's ability to benefit from its intellectual property; and claims, lawsuits and other legal proceedings and challenges.

These assumptions, opinions and estimates are subject to a number of known and unknown risks and uncertainties which may cause the actual results, performance or achievement 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, acts of foreign governments and the outcome of legal proceedings, unanticipated operational difficulties (including the failure to integrate new technologies effectively into existing technologies and operations and the 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 and other risks and uncertainties described 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>.

More specifically with regard to the Clara sales platform, risks and uncertainties include as well as the above noted risks, risks associated with competition from other industry participants; changes in technological innovation, including the development of new platforms; a lack of available qualified personnel to develop and integrate technologies into Lucara's technology and business; Lucara's ability to continue research and development efforts in respect of the Clara sales platform and related technologies; security breaches and unauthorized access; data security and hacking; market acceptance of the Clara sales platform; Lucara's ability to enforce and protect its current intellectual property rights and other proprietary rights and any intellectual property rights and other proprietary rights developed or acquired in the future; and Lucara's compliance with applicable privacy legislation.

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The Opportunity

Lucara has acquired Clara Diamond Solutions (Clara), a secure, digital sales platform that uses proprietary analytics together with cloud and blockchain technologies to modernize the existing diamond supply chain, driving efficiencies, unlocking value and ensuring diamond provenance from mine to finger

Summary of Acquisition

- **Clara is an affordable, potentially high value growth opportunity for Lucara that is compatible with our core diamond mining business**
- **All share transaction; low dilution (3.7%) and no impact to dividend**
 - 13.1 million shares up front
 - Contingent payments of 13.4 million shares on milestones achieved
 - 80/20 EBITDA sharing for ten years capped at \$25 million/annum



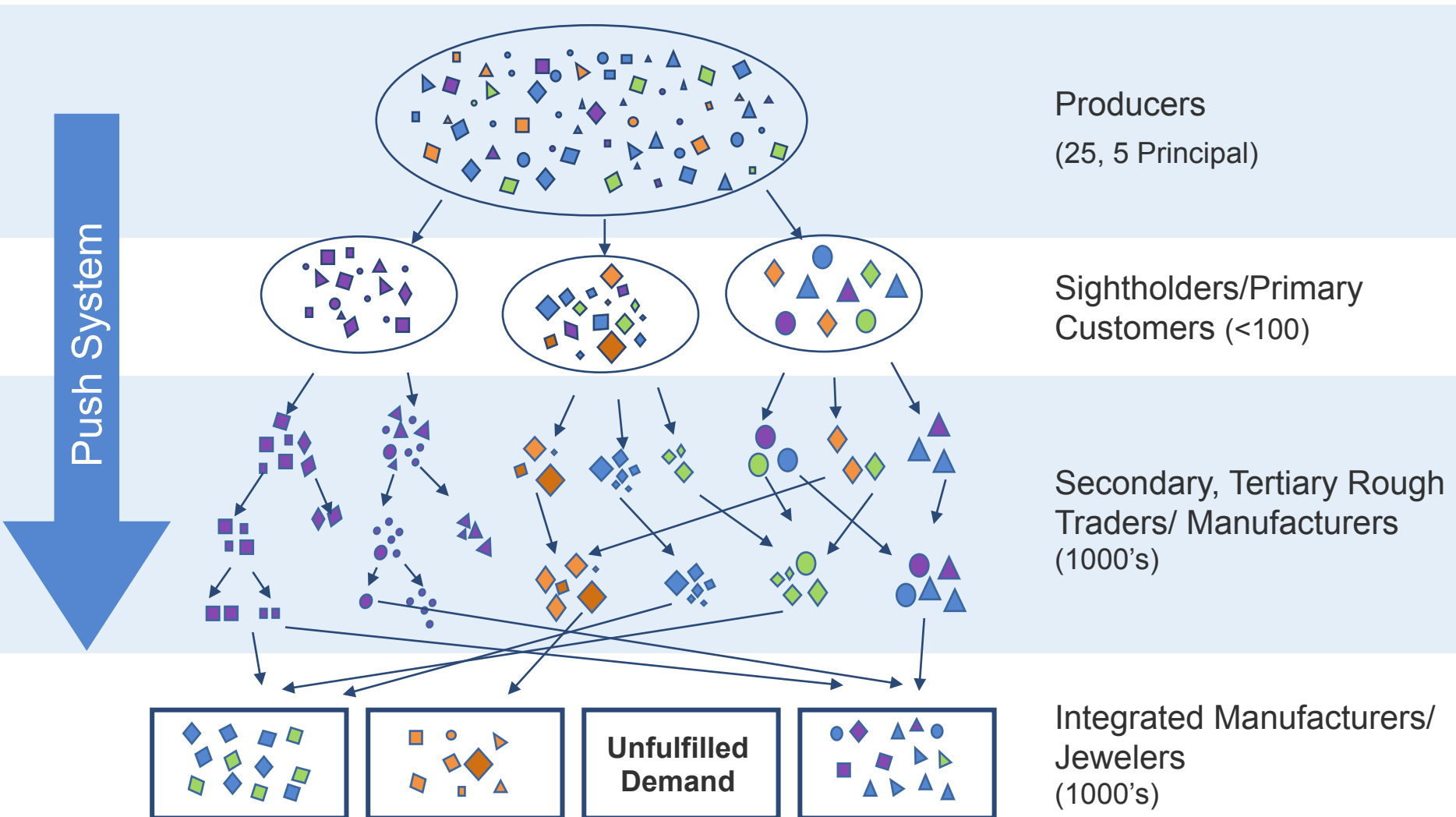


Why?

- Current supply chain is static, inefficient, and inflexible; uses an entrenched system that hasn't changed in over 100 years, and is ripe for disruption
- Recent technological advances make **disruption possible and inevitable**
- Value is being lost across the entire diamond pipeline; **producers and manufacturers alike stand to benefit** from a new and improved system:

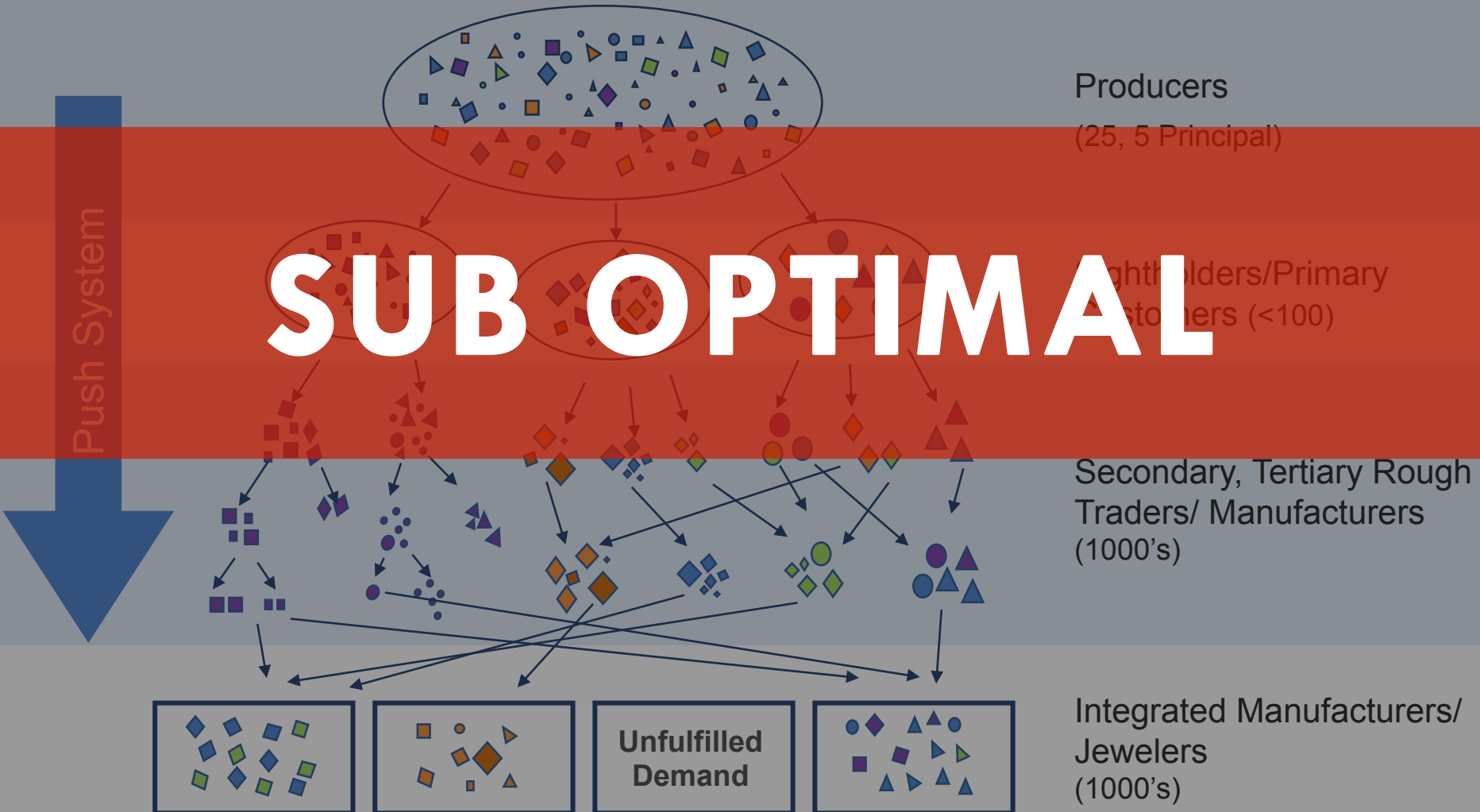
Prevailing Supply Chain System

Unchanged for over 100 years, Highly Inefficient
Not optimized
Value Loss Throughout Supply Chain



Prevailing Supply Chain System

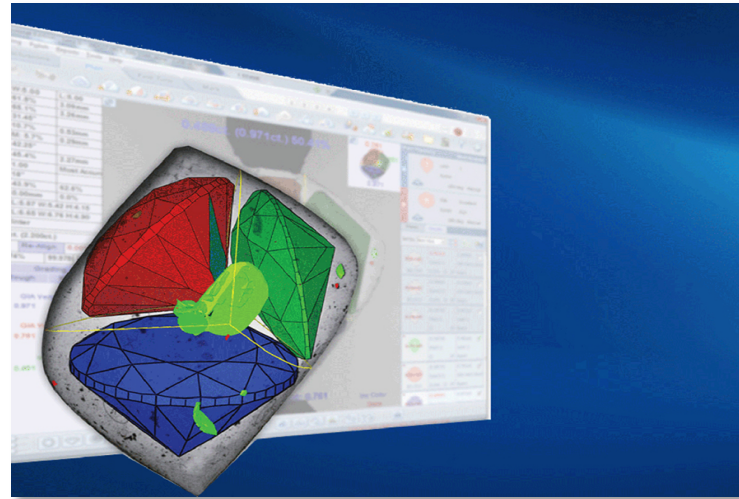
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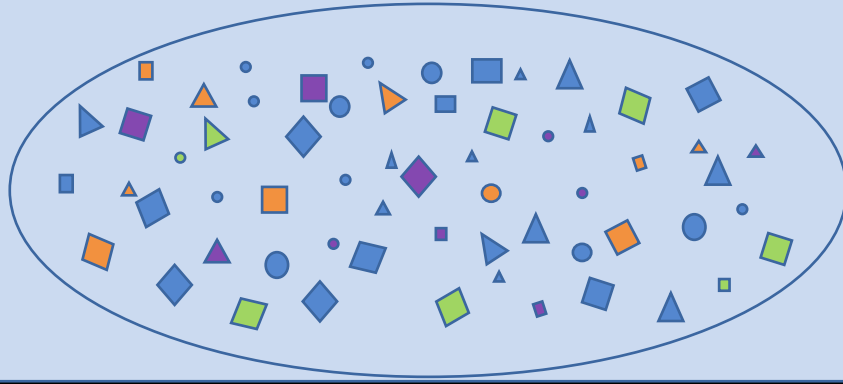
How can this be improved?

By disrupting the existing diamond value chain, using proprietary analytics together with cloud and blockchain technologies to match diamond demand to supply, ensuring diamond provenance from mine to finger, driving efficiencies and unlocking value for all stakeholders.



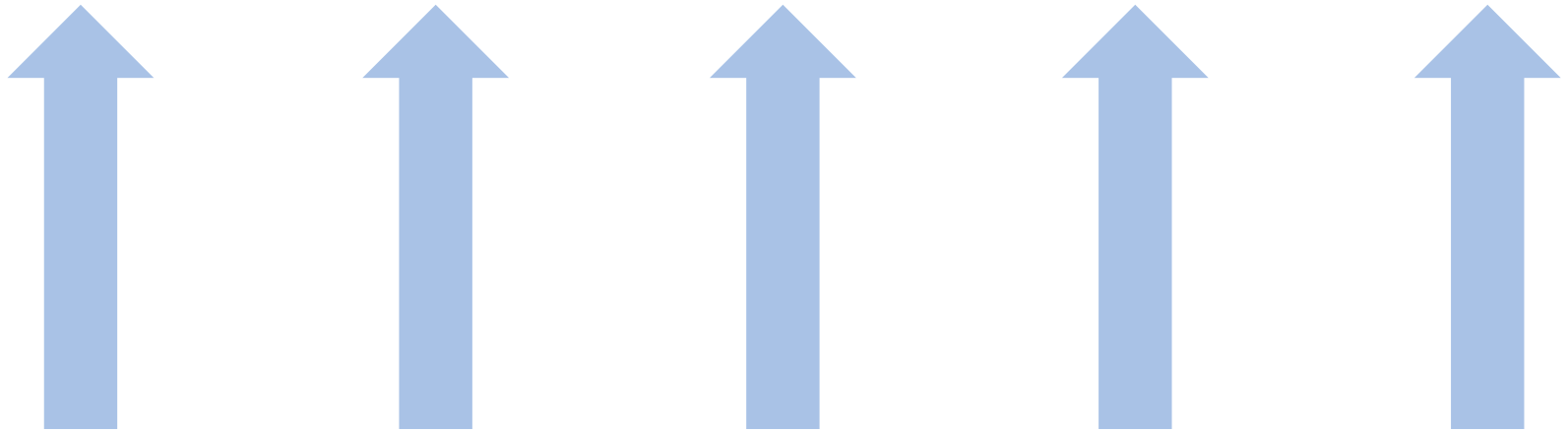
Clara Platform Matches Rough Output to Polished Demand

Streamlining the Supply Chain and Creating Value Throughout the Pipeline



Producers
(25, 5 Principal)

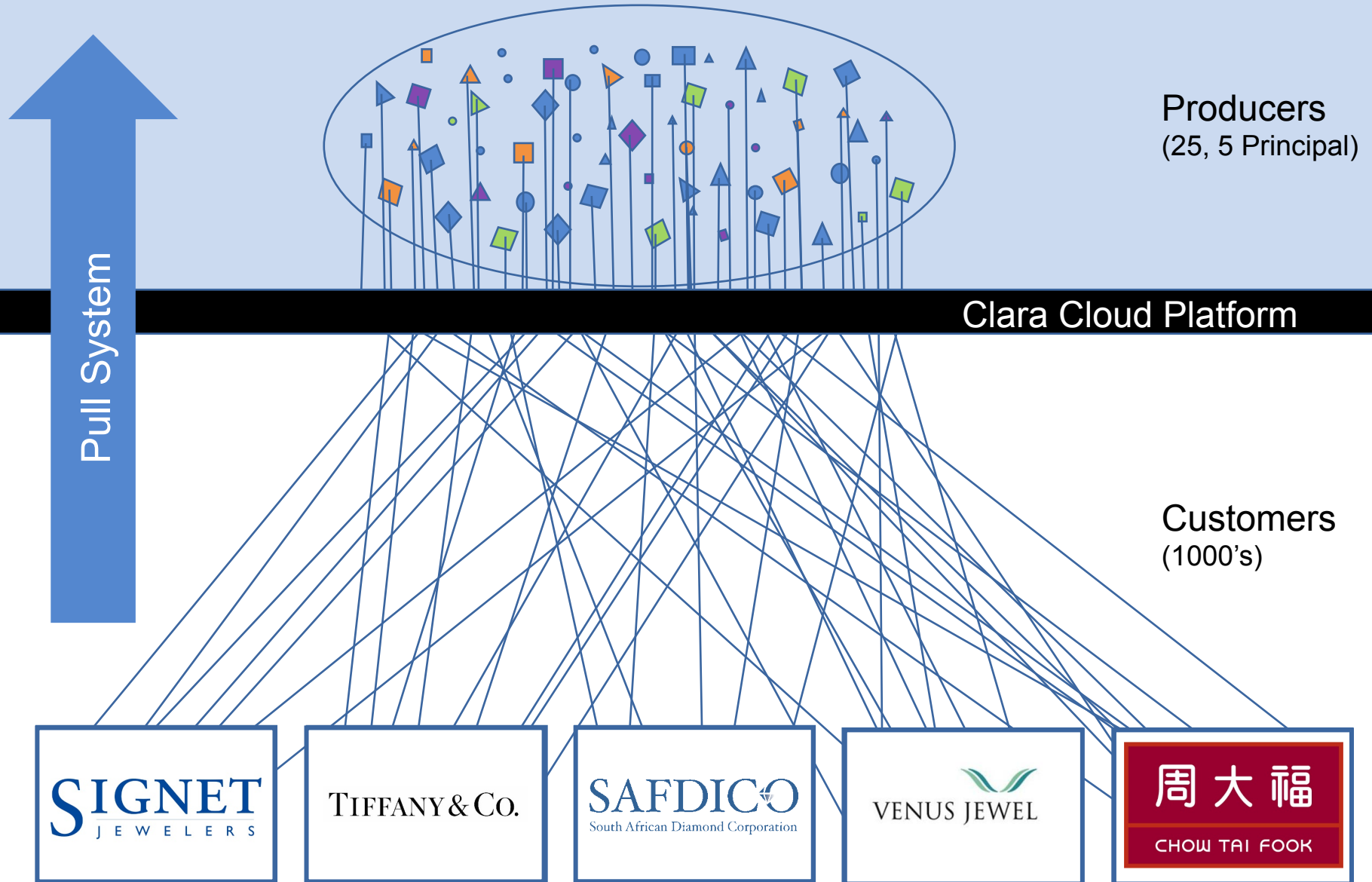
Clara Cloud Platform



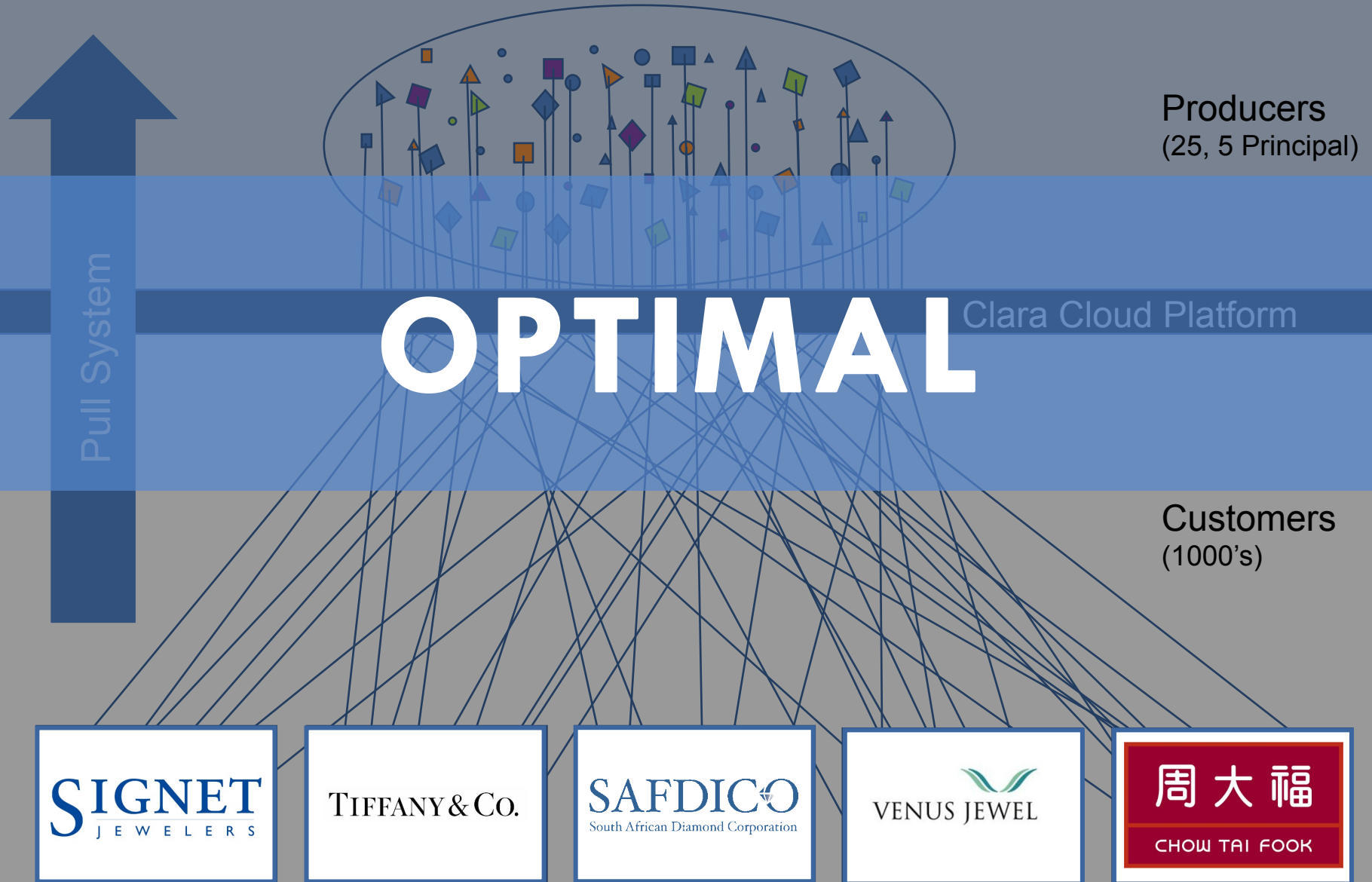
POTENTIAL CUSTOMERS

Clara Platform Matches Rough Output to Polished Demand

Streamlining the Supply Chain and Creating Value Throughout the Pipeline



Clara Platform Matches Rough Output to Polished Demand Streamlining the Supply Chain and Creating Value Throughout the Pipeline



Clara Platform Matches Rough Output to Polished Demand Streamlining the Supply Chain and Creating Value Throughout the Pipeline

Producers
(25, 5 Principal)

**THE ROUGH YOU NEED FOR THE
POLISHED YOU WANT, UNLOCKING
VALUE ACROSS THE SUPPLY CHAIN**

Customers
(1000's)

SIGNET
JEWELERS

TIFFANY & Co.

SAFDICO
South African Diamond Corporation

VENUS JEWEL

周大福

CHOW TAI FOOK

Benefits

Producers

- Maximum selling price achieved for every stone
- Not reliant on tender sale cycles
- Reduces sorting inefficiencies, removes human factor
- Inventory greatly reduced, potentially eliminated
- Opportunity to establish a true “block chain” system to provide chain of custody and assurance on diamond provenance

Benefits

Manufacturers/Retailers

- Purchase of rough based on polished orders
- Eliminates financial carrying costs of unwanted inventory
- Eliminates manufacturing losses taken on unwanted inventory
- Eliminates secondary market trading losses
- Opportunity to establish a true “block chain” system to provide chain of custody and assurance on diamond provenance



Benefits to Lucara

- Clara is an affordable, potentially high value, near term growth platform, compatible with the Company's core diamond mining business
- Supports Lucara's reputation as an industry-leader in the adoption of new technology Non-cash transaction with no expected impact on the dividend
- Higher realized prices for Karowe rough and stable, continuous cashflow that is no longer tied to a fixed sales cycle
- Diversifies Lucara's existing business model and creates future growth optionality
- Blockchain business solution that will unlock value and ensure diamond provenance, integrity and transparency throughout the value chain



Conclusions

- A change to the current diamond supply chain system is **inevitable** and stands to benefit all participants
- Lucara has an opportunity to lead this change, gaining a strong **first mover** advantage
- Will establish the diamond industry's first true **block chain**, transforming how rough diamonds are transacted from rough production to polished sales, providing **quality assurance** throughout the pipeline
- Lucara will work to commercialize Clara using diamond supply from Karowe over the next six months



2018 Guidance

2018 Outlook

Diamond revenue (US\$ million)	170 – 200
Diamond sales (thousand carats)	270 – 290
Diamonds recovered (thousand carats)	270 – 290
Ore tonnes mined (million)	2.5 – 2.8
Waste tonnes mined (million)	13.0 – 16.0
Ore tonnes processed (million)	2.4 – 2.7
Operating cash costs per tonne ore processed (dollars)	38.0 – 42.0
Sustaining capital expenditure (US\$ million)	Up to 11
Underground development – AK6 Karowe (US\$ million)	Up to 29
Exploration expenditures – AK11, Ak13, AK24 (US\$ million)	Up to 6
Clara Commercialization	

Capital Structure

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

TSX

NASDAQ Sweden

BSE (Botswana)

Issued shares 382,619,334

Fully diluted shares 389,083,261

Insider Holdings 21% on a fully diluted basis

Debt NIL

Cash on hand US\$ 61.1 million (YE 2017)

\$50 million Credit Facility (undrawn)





Lucara Diamond



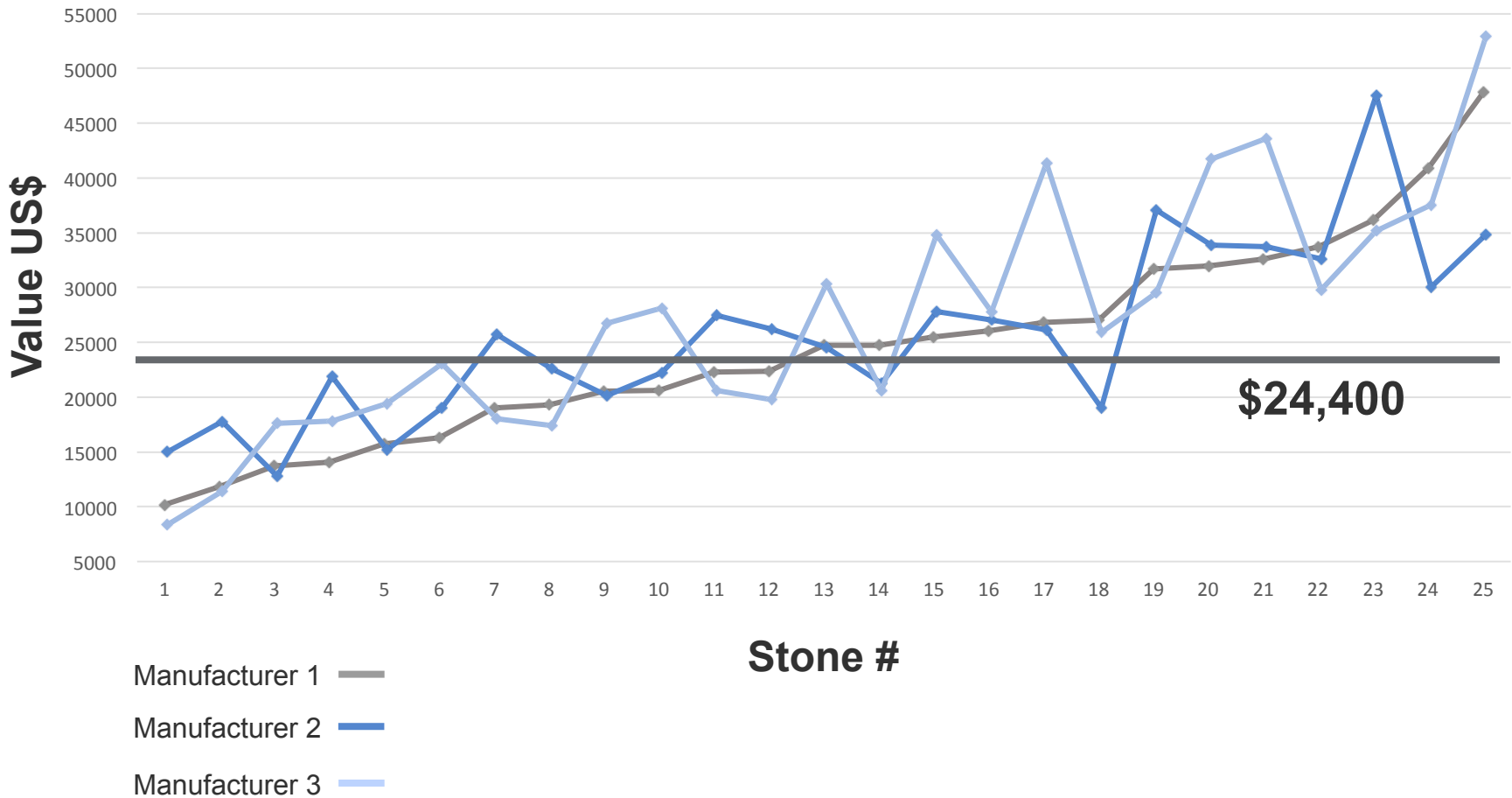
Appendix

Karowe Operating Performance

Production	2017	2016
Ore processed (tonnes)	2,335,550	2,613,217
Ore mined (tonnes)	1,575,052	2,722,375
Carats recovered (carats)	249,767	353,974
Plant feed grade (cpht)	10.7	13.5
Waste mined (tonnes)	15,965,121	11,058,041
Revenues & Operating Margins	2017	2016
Revenue (\$ millions)	220.8	295.5
Carats sold	260,526	358,806
Revenue (\$ per carat)	\$ 847	\$ 824
Operating margin (\$ per carat)	\$ 609	\$ 668

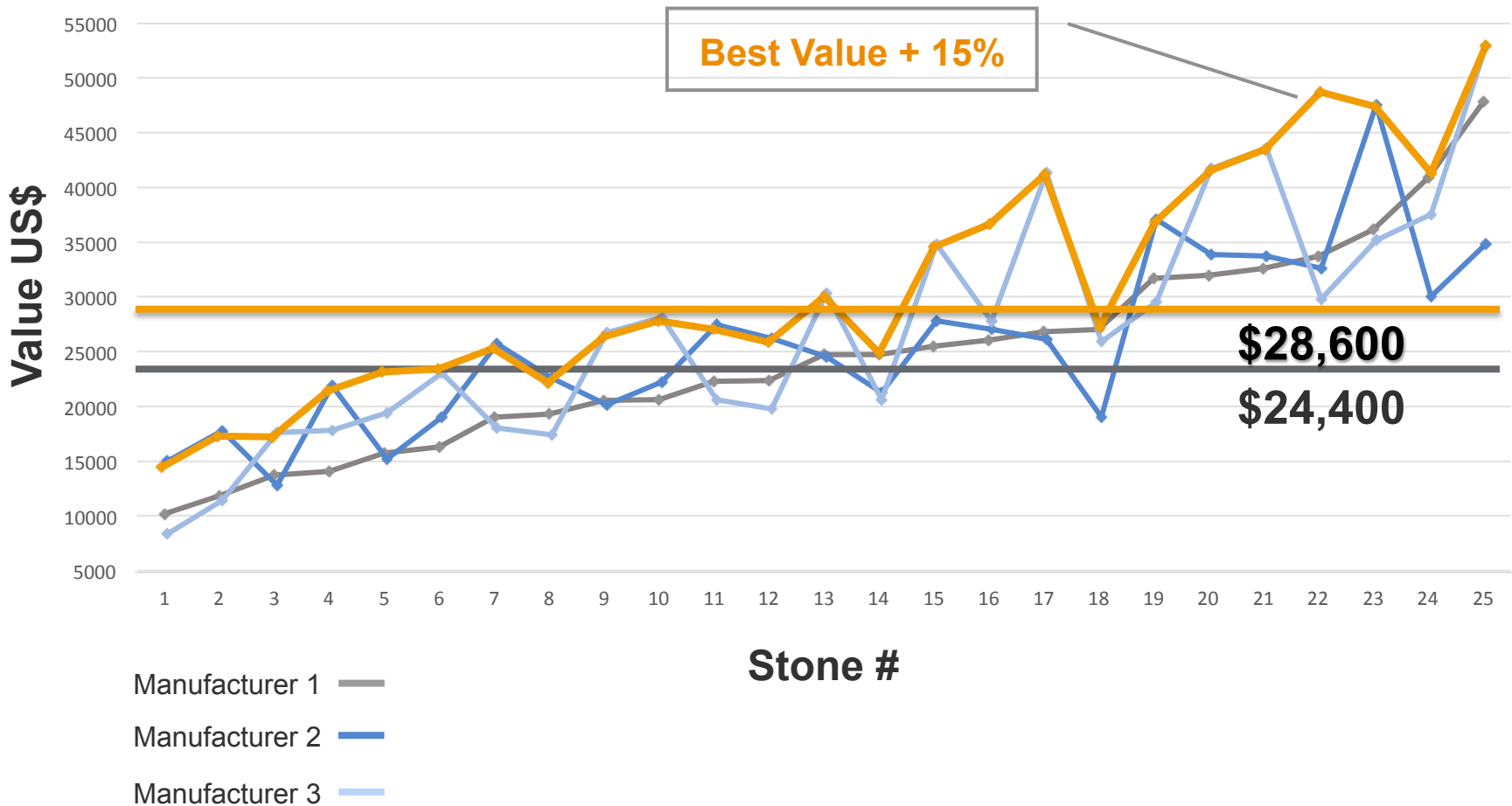
Case Study: 25 Stone Parcel

3 Manufacturers, All with Average Bid Price of \$24,400



Case Study: 25 Stone Parcel

3 Manufacturers, All with Average Bid Price of \$24,400



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