



Lucara Diamond

# LUCARA DIAMOND CORP.

Q1 2015 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 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.

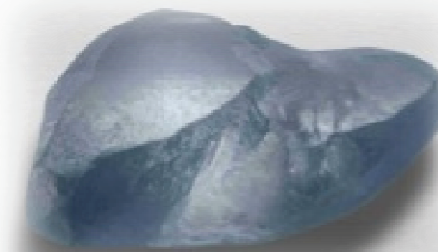
The authors of these technical reports are independent of the Company and are qualified persons for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The technical reports are available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.



# Lucara 2015 Guidance

9.46 carat blue diamond sold for \$477,272 per carat



## Karowe

- Forecast 2015 revenues of \$230 - \$240 million
- Diamond sales of between 400,000 - 420,000 carats
- Operating costs of \$33 - \$36 per tonne processed
- Capital expenditure of up to \$20 million (plant optimization project)
- Sustaining Capital of up to \$8.5 million (including \$3 million for mill relining machine)
- Exploration budget of \$7 - \$8 million (including purchase of Bulk Sample Plant)

## Mothae

- Sale of 75% stake in Mothae to Paragon Diamonds for \$8.5M announced in May
- Sale conclusion pending Government of Lesotho approval

## Exploration

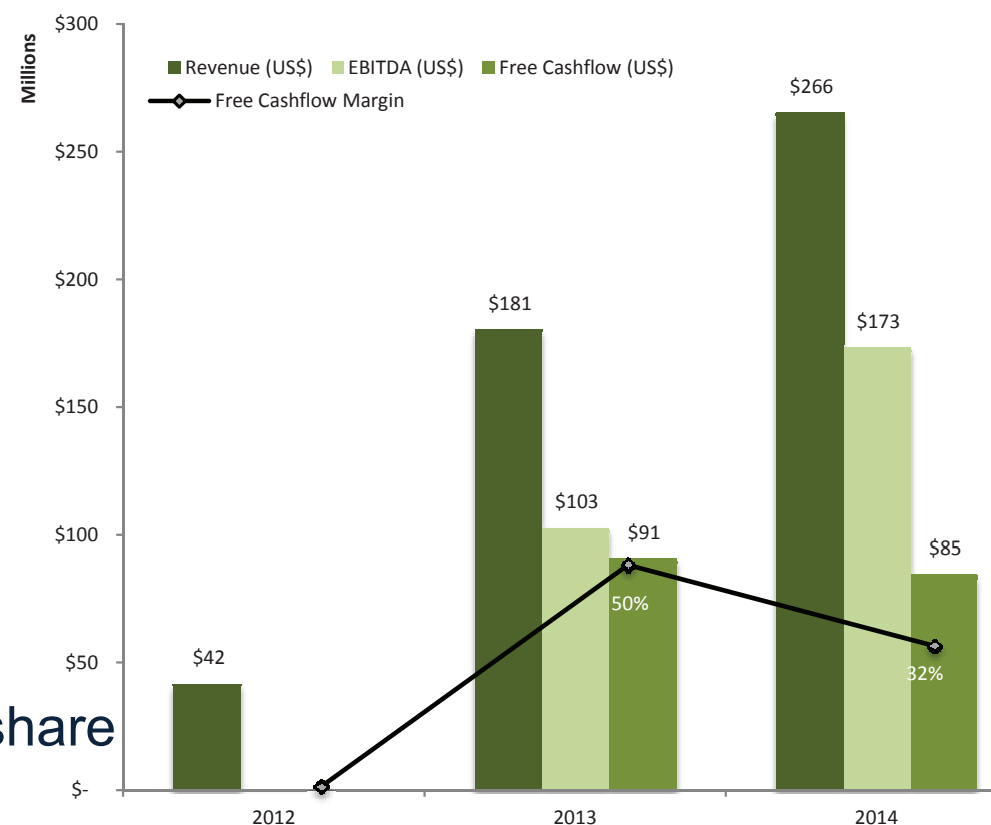
- Two prospecting licenses covering 5 known kimberlite occurrences awarded to Lucara (Boteti)

# Capital Structure

- Lucara is a public Company listed under the symbol “LUC”
  - TSX
  - NASDAQ OMX (Sweden)
  - BSE (Botswana)

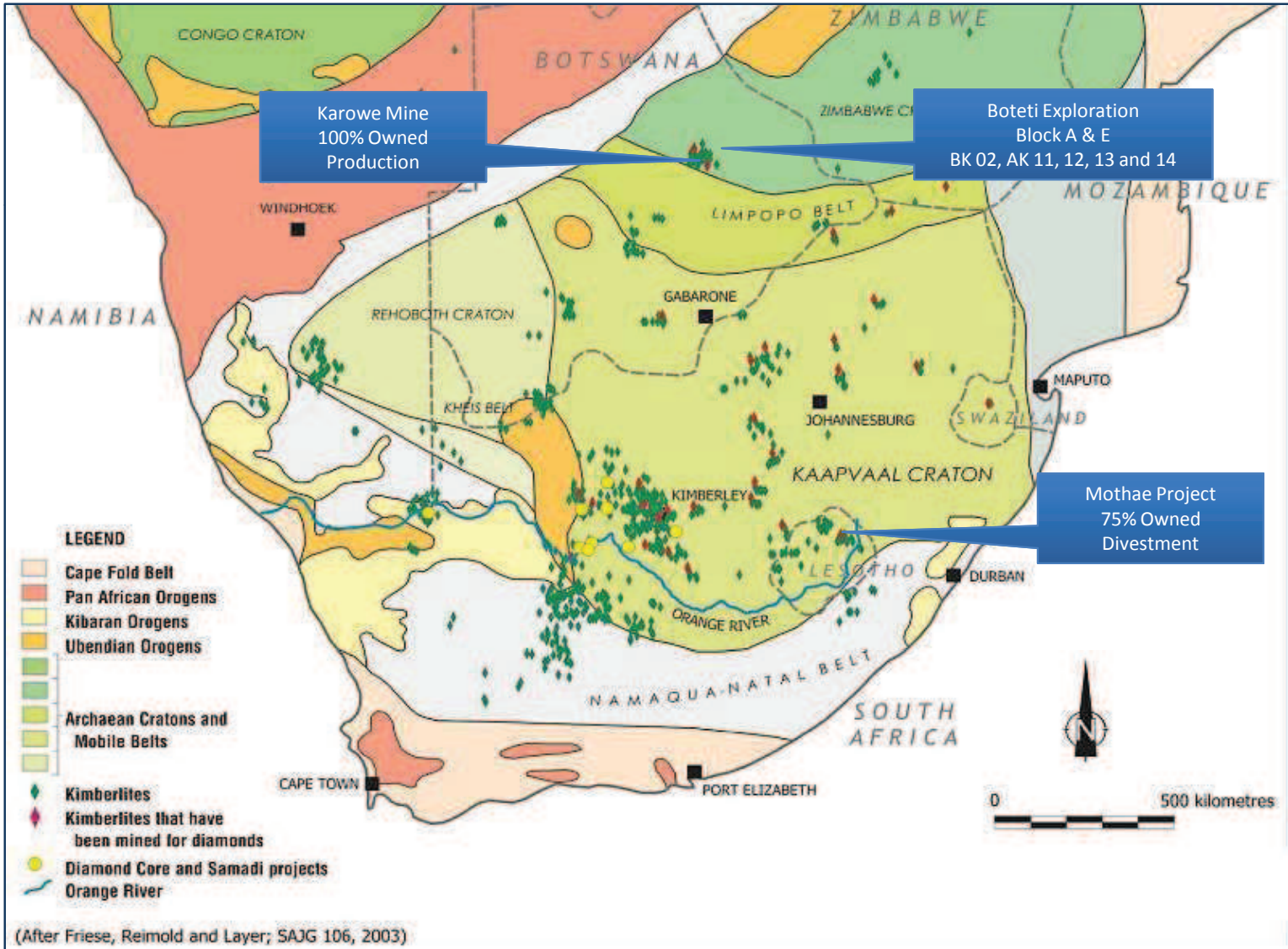
- Issued share                      379M
- Fully diluted shares            381M
- Debt                                Nil
- Cash on hand US\$ 87 million (Q1)
- Regular dividend                CDN \$0.04 per share

**Financial Summary – 3 Year Performance**



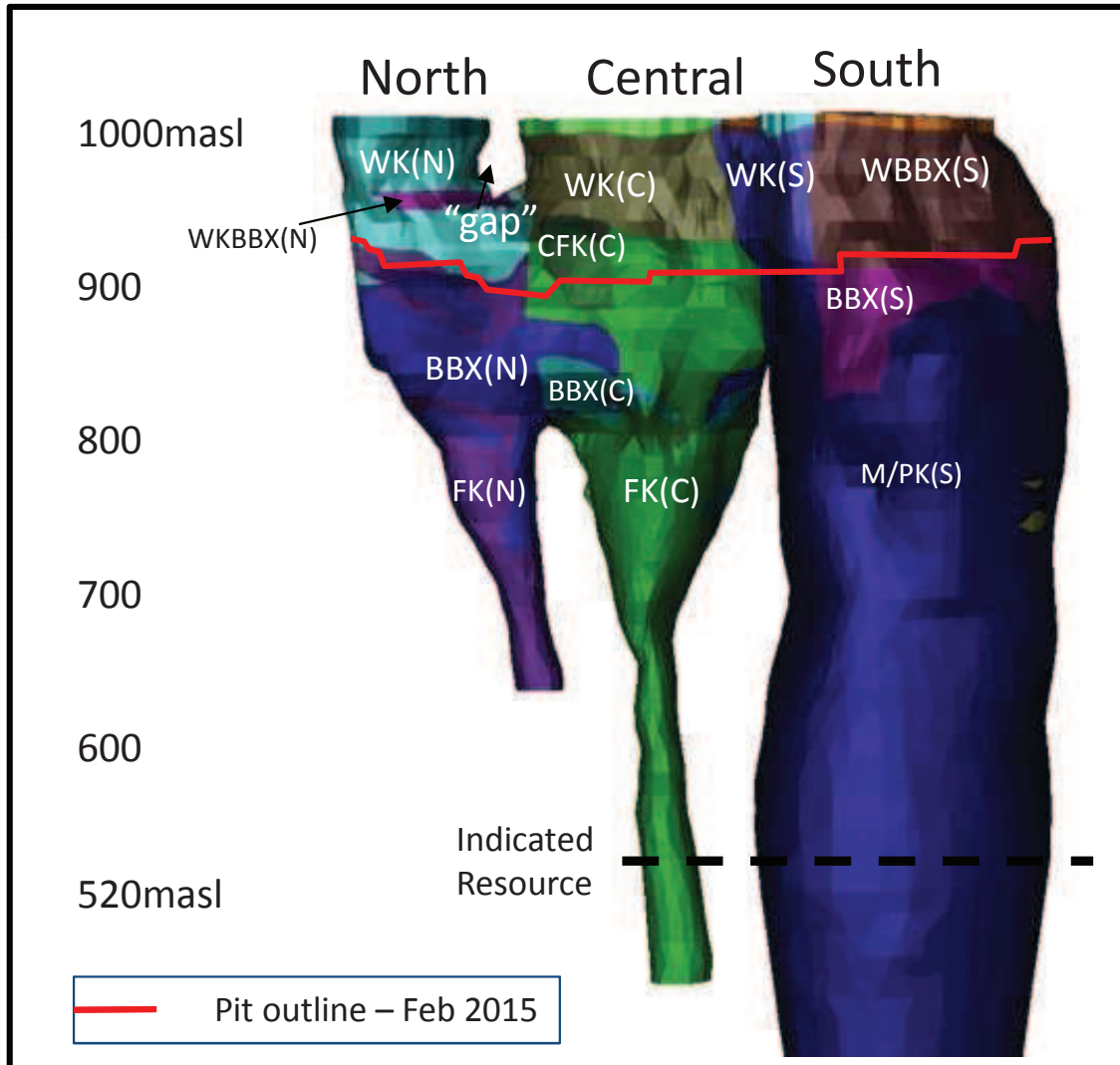


# Focused on Southern Africa

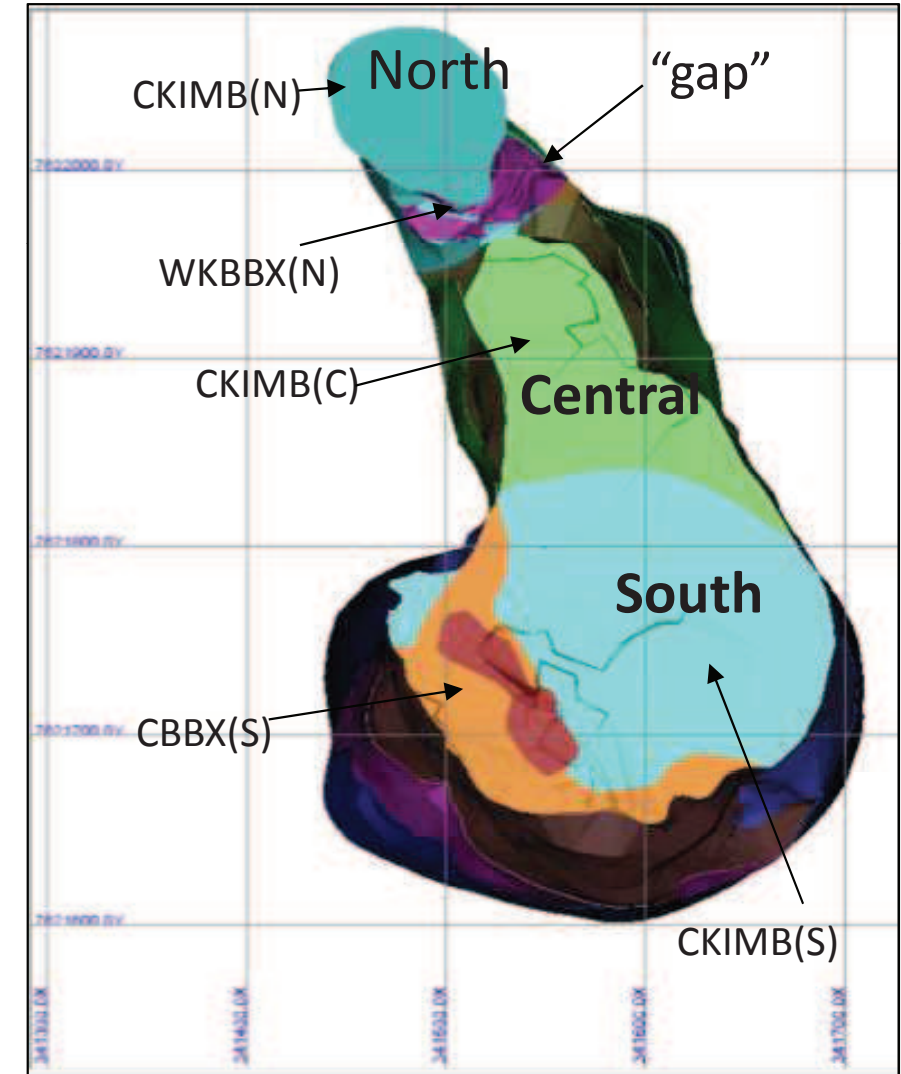




# Geological Model

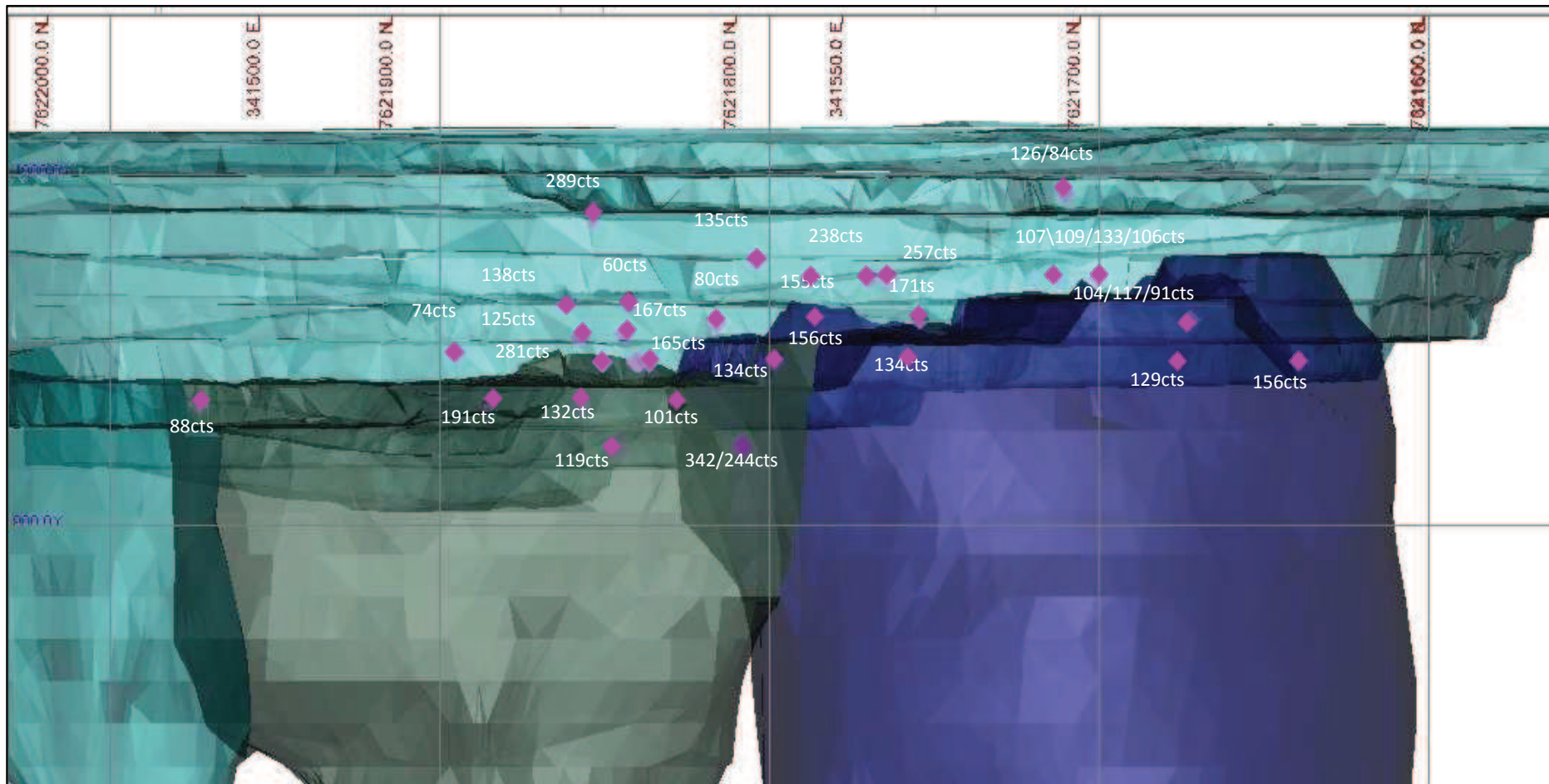


# Plan view of geological model



# Resource

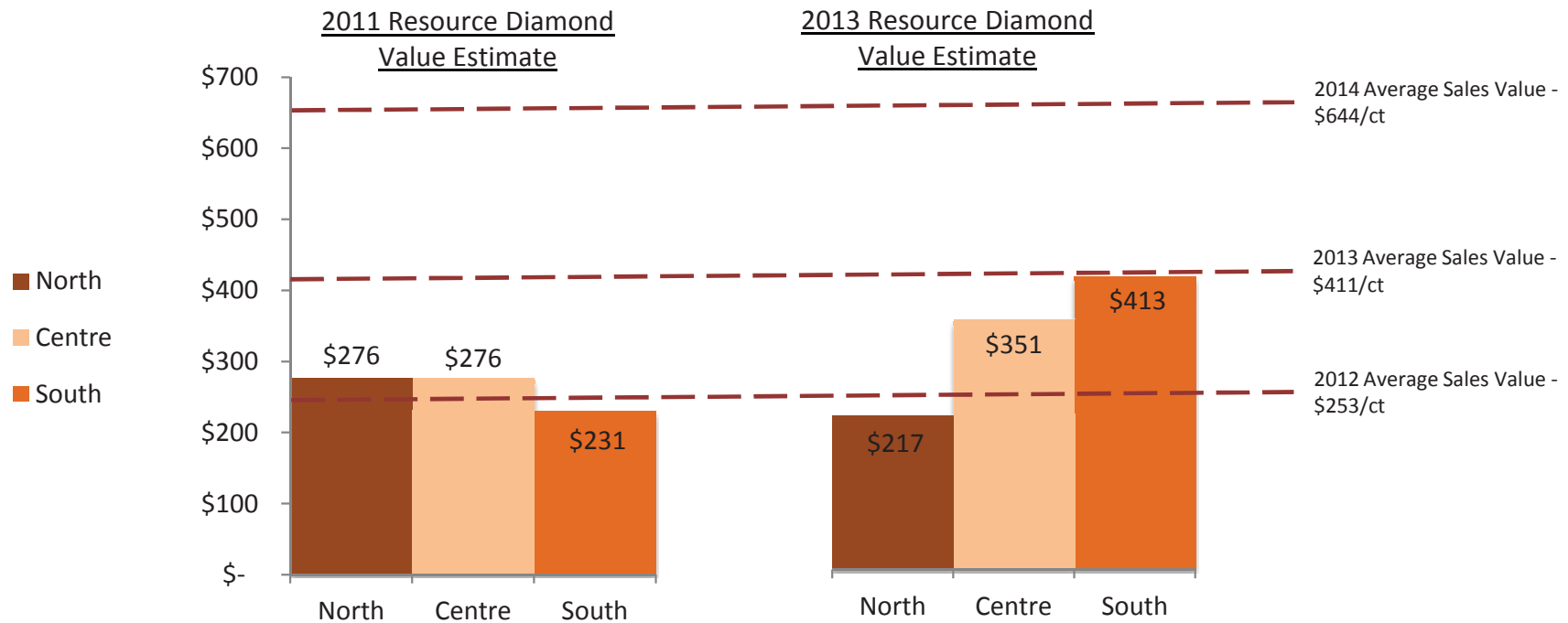
- Large diamonds continue to be recovered across the surface area of the AK6 kimberlites and at depth



Kimberlite extent showing location of large gem diamond recoveries  
Only 35 diamond recoveries shown

# Resource Performance

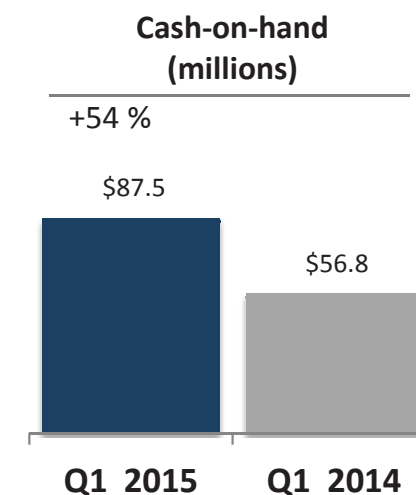
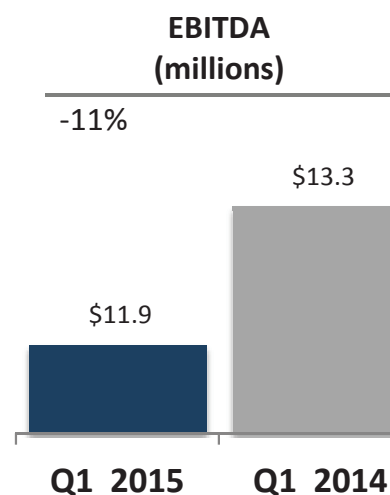
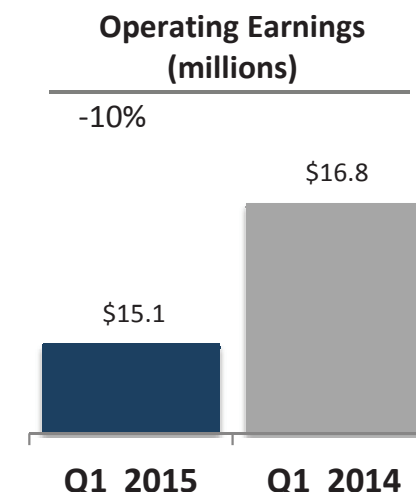
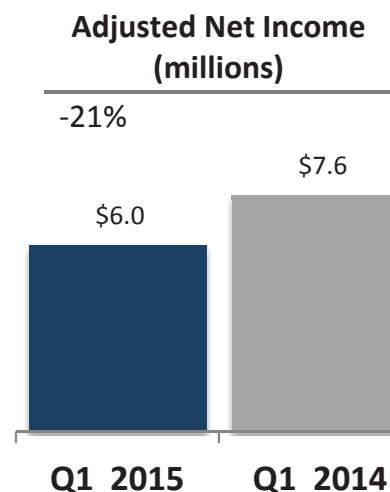
- Resource continues to deliver significant quantities of stones greater than 10.8cts with greater than 815 being recovered during 2014 at an average stone size of 29.1ct/stone
- During Q1, 2015 a total of 153 diamonds greater than 10.8 carats were recovered at an average stone size of 27.7 carats
  - More north lobe material was processed during Q1





# Karowe Operating Performance

	Q1 2015	Q1 2014	Variance %
<b>Mining and Process</b>			
Ore processed (t)	603,969	680,730	-11%
Carats recovered (cts)	90,077	111,037	-19%
Plant feed grade (cpht)	14.9	16.3	-9%
Waste mined (t)	3,243,372	2,002,322	62%
<b>Costs</b>			
\$/t processed	\$28.2	\$21.3	32%
\$/ct processed	\$108	\$118	-8%
<b>Revenues</b>			
EBITDA	\$11.90	\$13.3	-11%
Period Sales Revenue	\$29.60	\$32.80	-10%
\$/ct sold	\$277	\$305	-9%
Cash operating margin	\$169	\$187	-10%



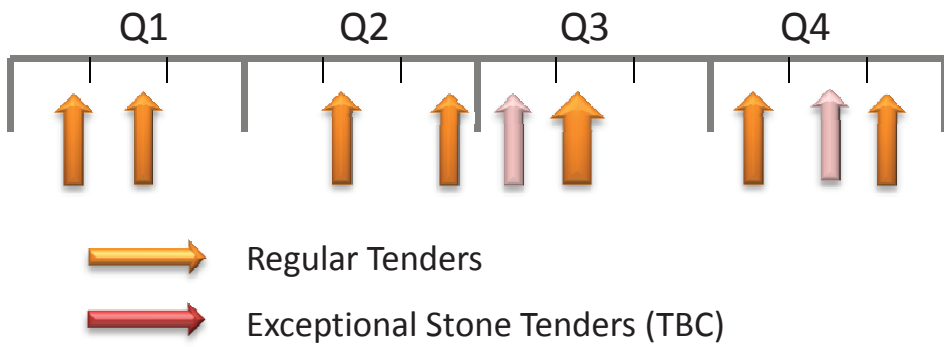
# Sales Update



Collection of large exceptional diamonds sold in 2013

- During Q1, 2015, 106,777 carats of diamond were sold for gross proceeds of \$29.6 million or \$277 per carat.
- No exceptional stone tenders were held during the quarter. It is expected that an exceptional stone tender will be held early in the third quarter
- A total of 153 diamonds larger than 10.8 carats were recovered during the quarter at an average stone size of 27.7 ct/stone
- The Karowe mine has produced more than 65 stones greater than 100 carats including 9 stones greater than 200 carats

## Diamond Sale may affect quarterly cashflow





# 2014/15 Capital – Plant Optimization Project

## Plant Modifications

- Planned as part of the original feasibility study to address the treatment of harder and higher yield south lobe material
- Plant optimization designed to ensure sustainable 2.5 million tonnes per annum throughput
- Inclusion of a “Large Diamond Recovery” circuit treating material up to 60-70mm in size

## Capital Costs and Schedule

- Estimated capital expenditure of up to \$55 million
  - Up to 20 million to be spent in 2015
- Complete installation and commissioning scheduled for Q2 2015
  - Construction activities are essentially complete with minor works being conducted around the tertiary crusher and the XRT audit machine
  - Commissioning of the X-ray Transmission (“XRT”) circuit has commenced with excellent results being recorded to date
  - Since the integration of the XRT machines to the process plant, the Company has recovered 19 (20-50 carats) stones, 3 (50-100 carats) stones and 4 (over 100 carats) stones.
  - Sustainable processing of south lobe material is expected to commence before the end of the second quarter

# 2014/15 Capital – Plant Optimization Project



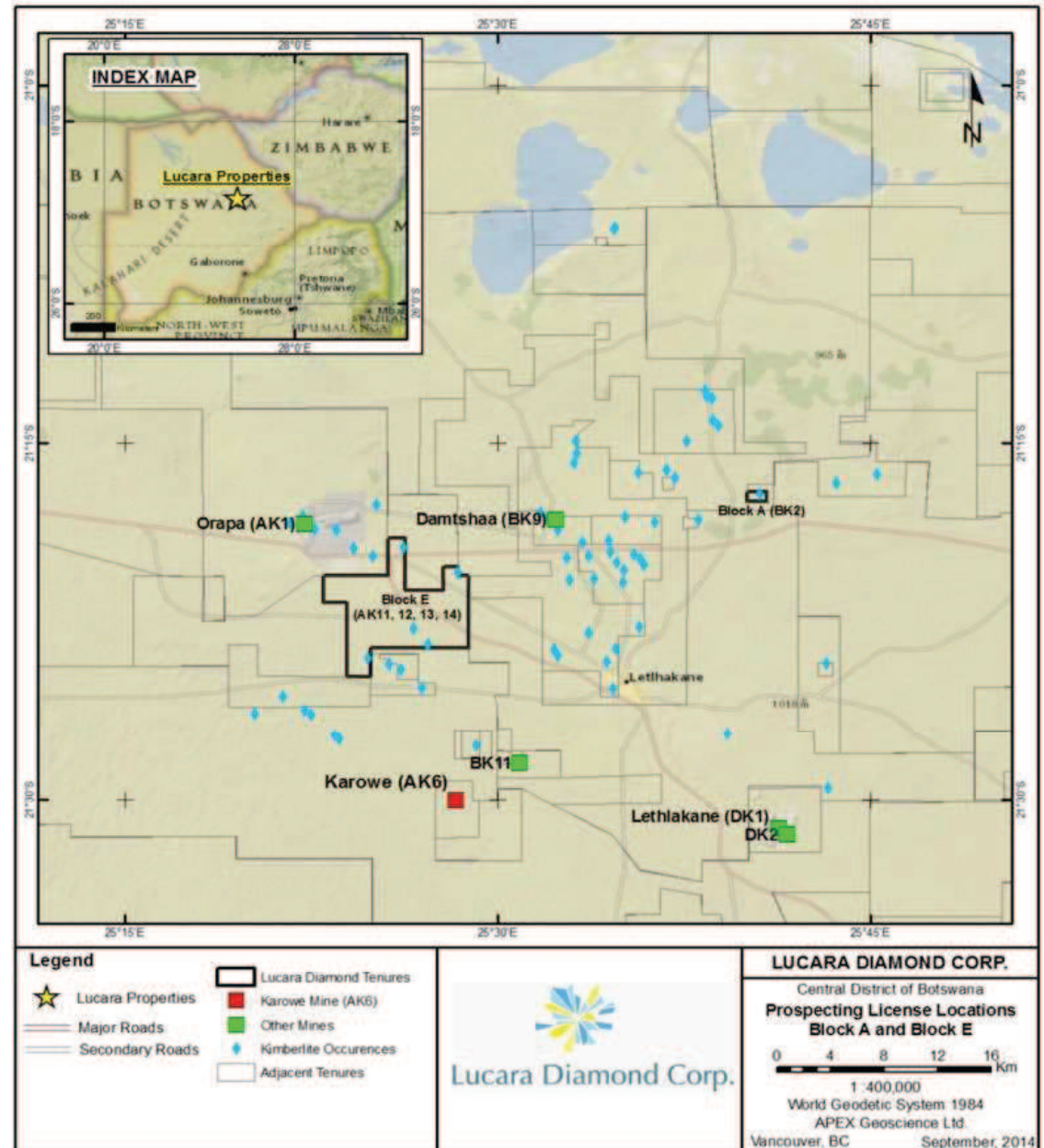
# Resource Replacement

## Karowe Underground

- Preliminary assessment
- Opportunity to move Inferred into Indicated below current Cut 2 Design

## Prospecting Licenses

- Boteti awarded 2 PL's in mid-Sept 2014
- Both PL's host known diamondiferous kimberlites
- Block A (BK02)
- Block E (AK11,12,13,14)





# Prospecting License : Block A – BK 02

## **Background**

- License area is 1.07km<sup>2</sup>, BK02 was discovered in 1967 during regional exploration by De Beers, one of first discoveries in Orapa District, located 30km from Karowe
- Surface area of 2.4ha, outcrops, with local thin sand and calcrete cover
- Previous work showed fresh magmatic kimberlite. Diamonds identified in historic trenching results and microdiamond sampling. No grade estimation
- Evidence of potential coarse distribution
- **Work Plan**
- Site assessment and mapping of all historic workings
- Ground geophysics and DEM analysis
- Collection of a surface sample of up to 5000 tonnes for diamond content and size distribution analysis
- Drill program pending bulk sample results

BK2 Kimberlite



Broken Face

Octahedron Face

+1.18mm Broken Octa



Historic Trench





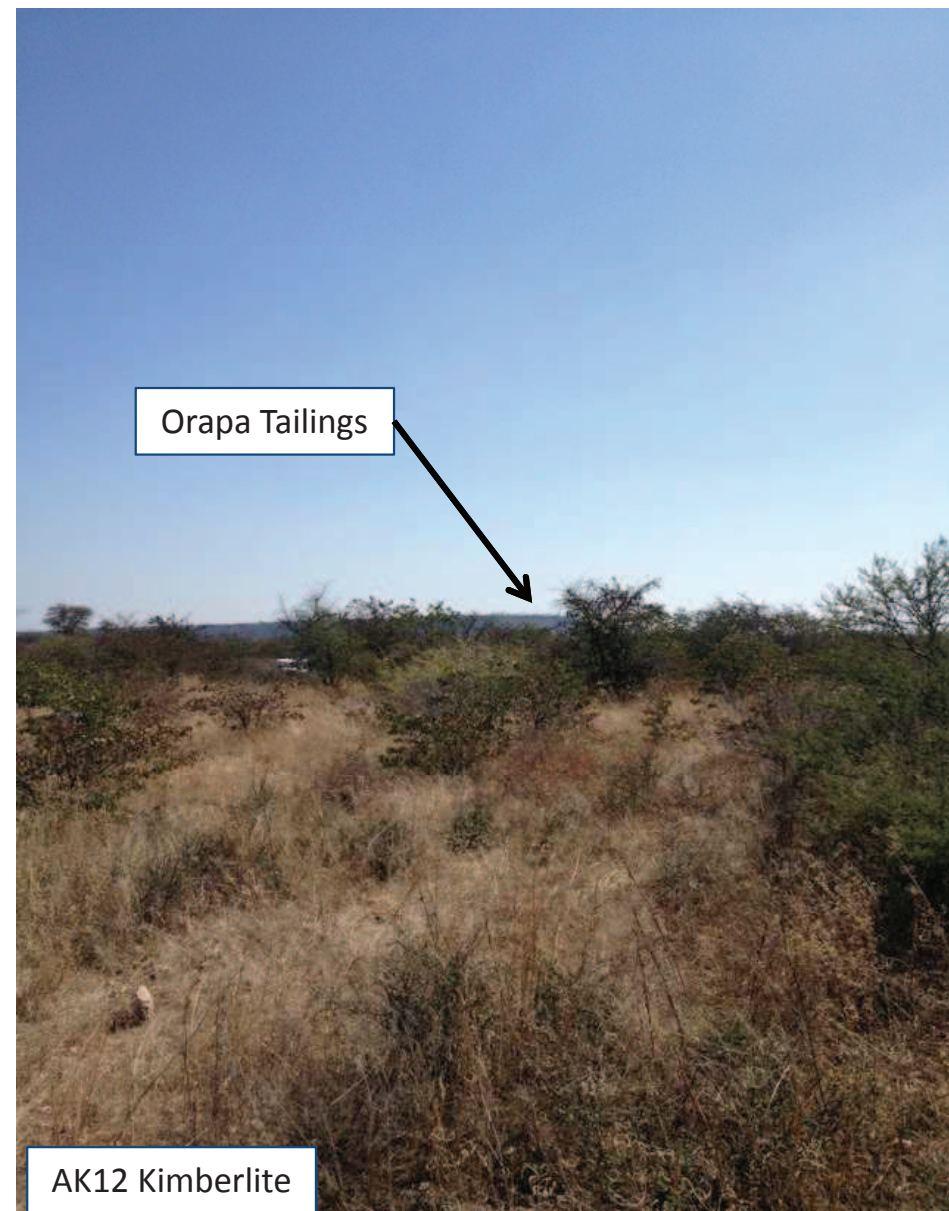
## Prospecting License : Block E – AK 11,12,13,14

### **Background**

- License area is 55.4km<sup>2</sup>, host up to 4 known kimberlites, potential for additional discoveries, northern edge is contiguous with Debswana Orapa Mine Lease. Excellent road access, 15 kilometers north of Karowe Mine
- AK11 is poorly constrained, AK12 is diamond-bearing however little advanced work. AK13,14 at discovery-phase little to no exploration work
- AK11 and AK12 covered by very thin veneer of sand – amenable for surface trenching

### **Work Plan**

- Site assessment and mapping of all historic workings
- Ground geophysics to re-establish control on anomalies
- Collection of a surface sample of up to 5000 tonnes for diamond content and size distribution analysis – both AK11 and AK12 are candidates
- Drill program pending bulk sample results





# Management's Focus

## Lucara

- Focus on the full integration of the new plant optimization equipment and sustainably process more competent and higher yielding ore
- Develop resource extension programs for potential new and current assets



## Karowe

- Revenue guidance for 2015 - \$230 – \$240 million
- Diamond Sales of 400,000 - 420,000 carats
- Operating costs of US\$33 - US\$36 per tonne processed

## Mothae

- Finalize divestment of Mothae

## Exploration

- Construct and commission an on site bulk sample plant by the end of Q3 with processing of BK02 samples once permits are received





## Contact Information

Address

Suite 2000  
885 West Georgia St.  
Vancouver, B.C.  
Canada  
V6C 3E8

Phone and Fax

Ph. 604-689-7842  
Fx. 604-689-4250

Email and Web

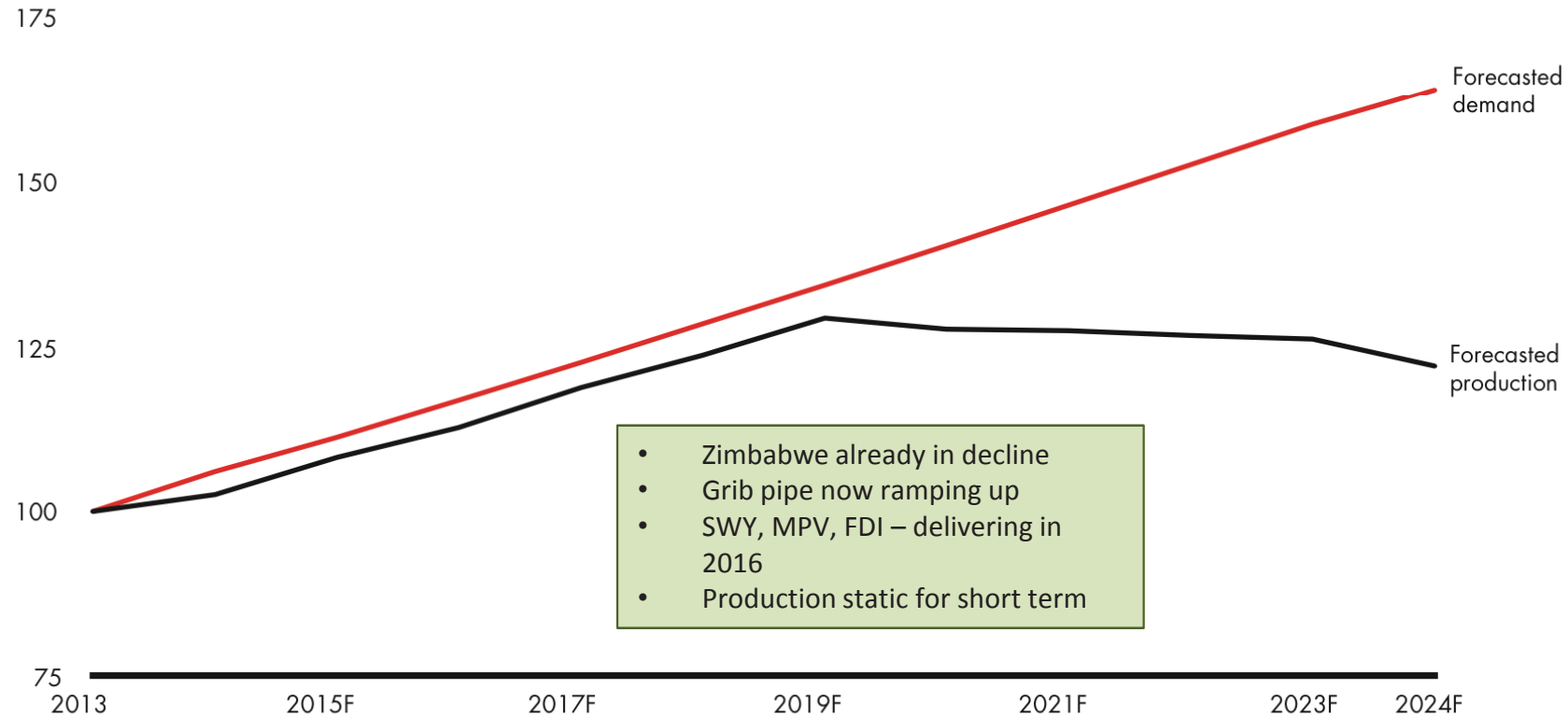
[lucara@namdo.com](mailto:lucara@namdo.com)

[www.lucaradiamond.com](http://www.lucaradiamond.com)



## The Diamond Sector – Supply/Demand

Rough-diamond supply and demand 2013–2024, 2013 = 100 Index; 2013 prices

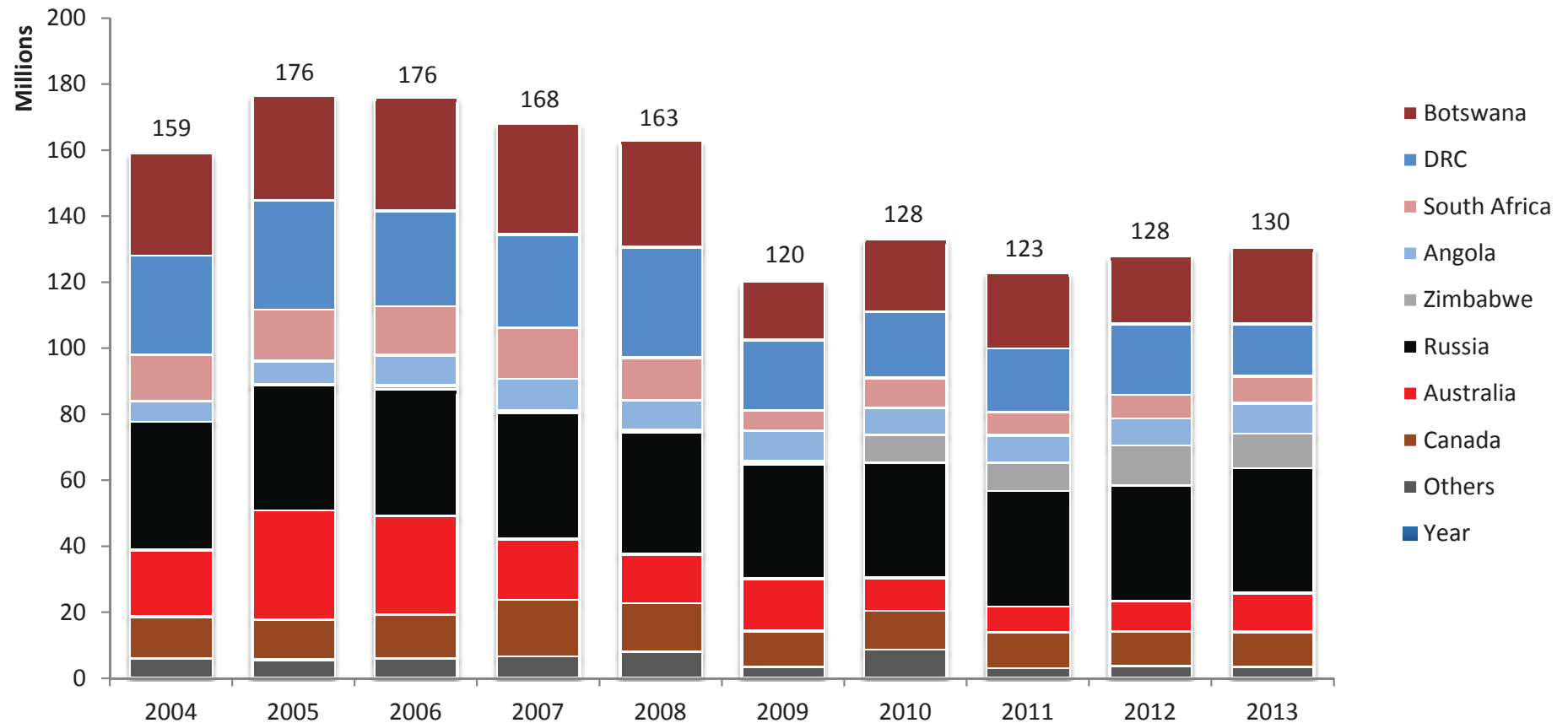


Note: Rough-diamond demand has been transformed from polished-diamond demand using historical rough-diamond/polished-diamond ratio  
Source: Euromonitor; Kimberley Process; IDEX, Tacy Ltd. and Chaim Even-Zohar; publication analysis; expert interviews; Bain analysis

## Global Rough Diamond Production

Production declined significantly during the crisis and volumes have yet to recover

Annual production - Carats

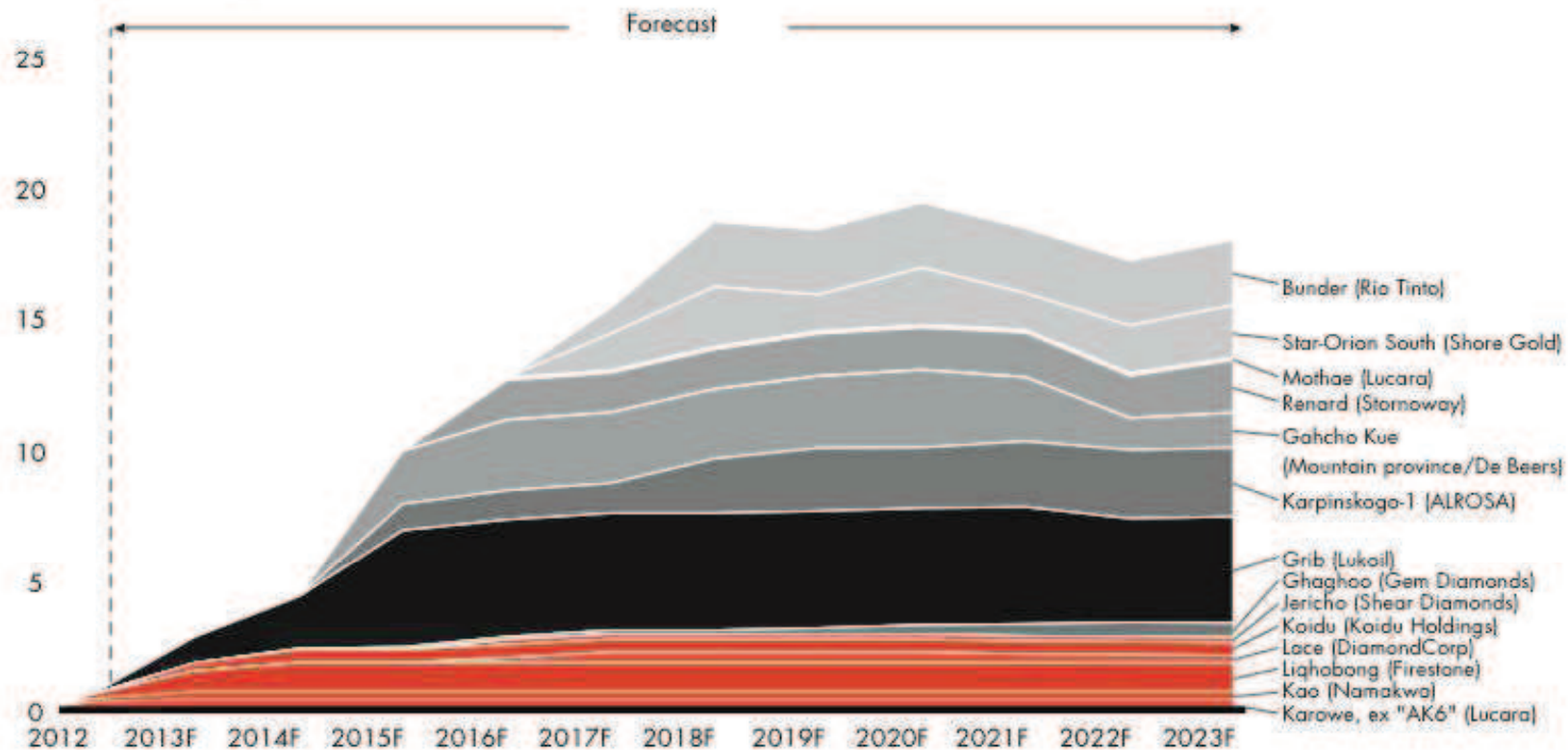


Source: Kimberley Process

## Expected New Mine Production

New mines are expected to add 18 million carats a year by 2023

Forecasted rough-diamond production of new mines, millions of carats

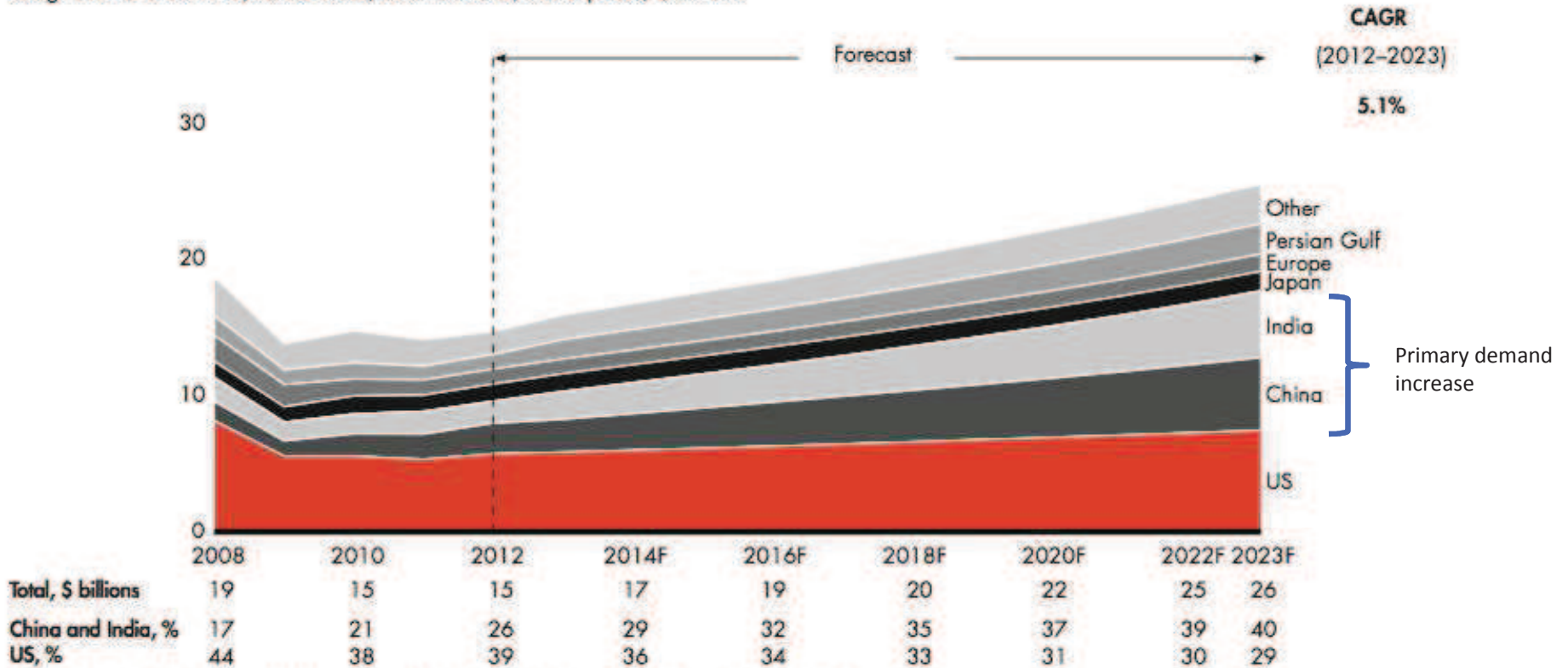


Source: Company plans; expert interviews; publication analysis; Bain analysis  
Bain & Company – The Global Diamond Report 2013

## Rough Diamond Demand

(2012 – 2023) Driven by India and China and is expected to reach \$26 billion

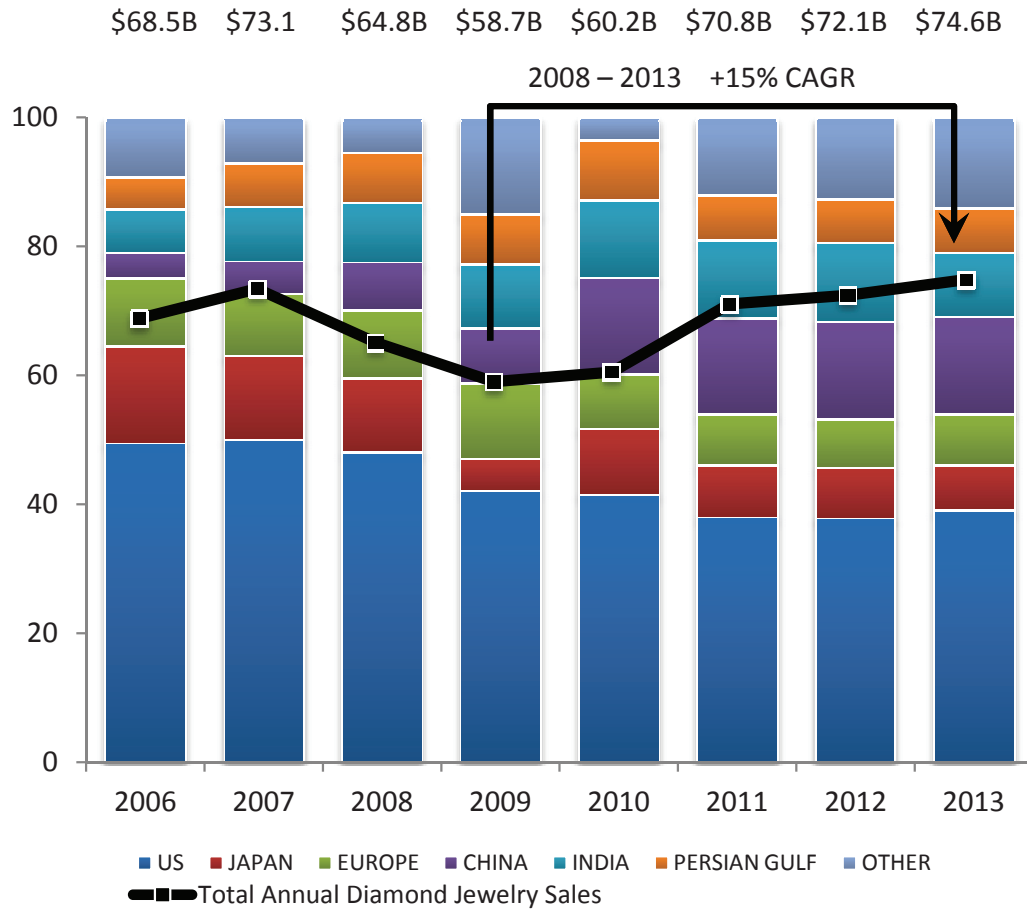
Rough-diamond demand, 2008-2023, base scenario, 2012 prices, \$ billions



Note: Diamond jewelry demand is based on polished-diamond demand and diamond content projections  
 Source: IDEX, Tacy Ltd. and Chaim Even-Zohar; publication analysis; Bain analysis  
 Bain & Company – The Global Diamond Report 2013

# The Diamond Market

## Annual Diamond Jewelry Sales



## Global Rough Diamond Production

