



Lucara Diamond

# LUCARA DIAMOND CORP.

Full Year Results - 2014



# Cautionary Statement

## *Forward-looking information*

This document contains statements about expected or anticipated future events and financial results of Lucara that are forward-looking in nature and are based on Lucara's current expectations, estimates and projections. This forward-looking information is subject to certain risks and uncertainties, such as legal and political risk, civil unrest, general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. The actual results, activities, performance or achievements of Lucara may differ materially from those projected by management. A discussion of factors that may affect Lucara's actual results, performance, achievements or financial position is contained in the filings by Lucara with the Canadian provincial securities regulatory authorities, including Lucara's 2013 annual MD&A filed on February 20, 2013 on the system for electronic document analysis and retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## *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

### Karowe

- Forecast revenue of greater than \$230 - \$240 million
- Diamond Sales of between 400,000 - 420,000 carats
- Operating costs of \$33 - \$36 per tonne
- Capital expenditure of up to \$20 million (with \$35 million being spent in 2014)
- Exploration budget of \$7 - \$8 million (Including purchase of Bulk Sample Plant)



### Mothae

- Divestment options currently being investigated

### Exploration

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



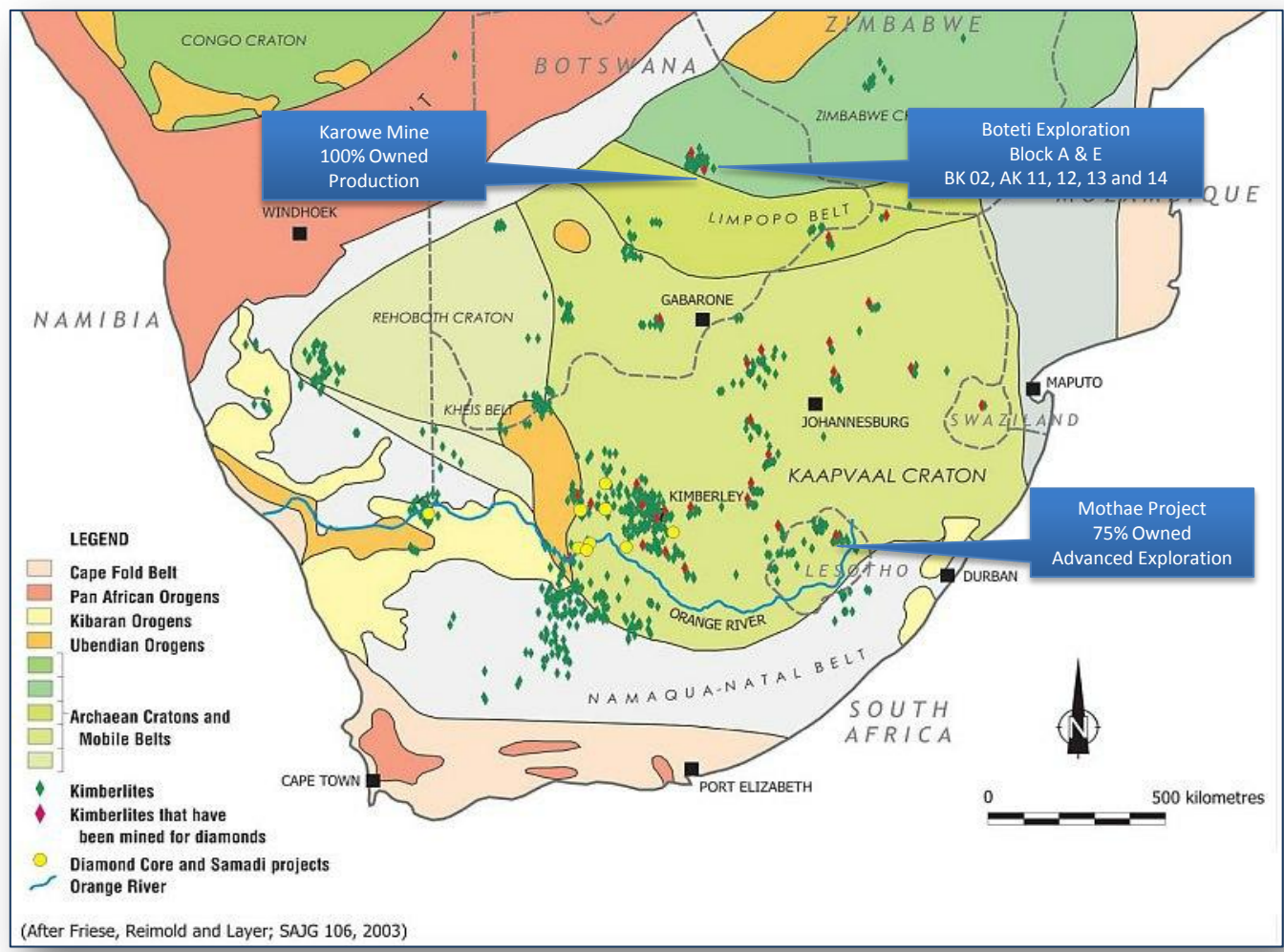
## Capital Structure

- Listed Exchanges under Symbol “LUC”
  - TSX
  - NASDAQ OMX (Sweden)
  - BSE (Botswana)
  
- Issued share 379M
- Fully diluted shares 381M
  - Options 2.0M (C\$ 0.92 WA exercise price)
  - Warrants Nil
  - Convertibles Nil
  
- Market Cap C\$ 770 million (Feb, 2015)
  
- Debt Nil
  
- Cash on hand – Q3, 2014 US\$ 101 million
  
- Regular dividend \$0.04 per share
- Special dividend \$0.04 per share (Dec 2014)



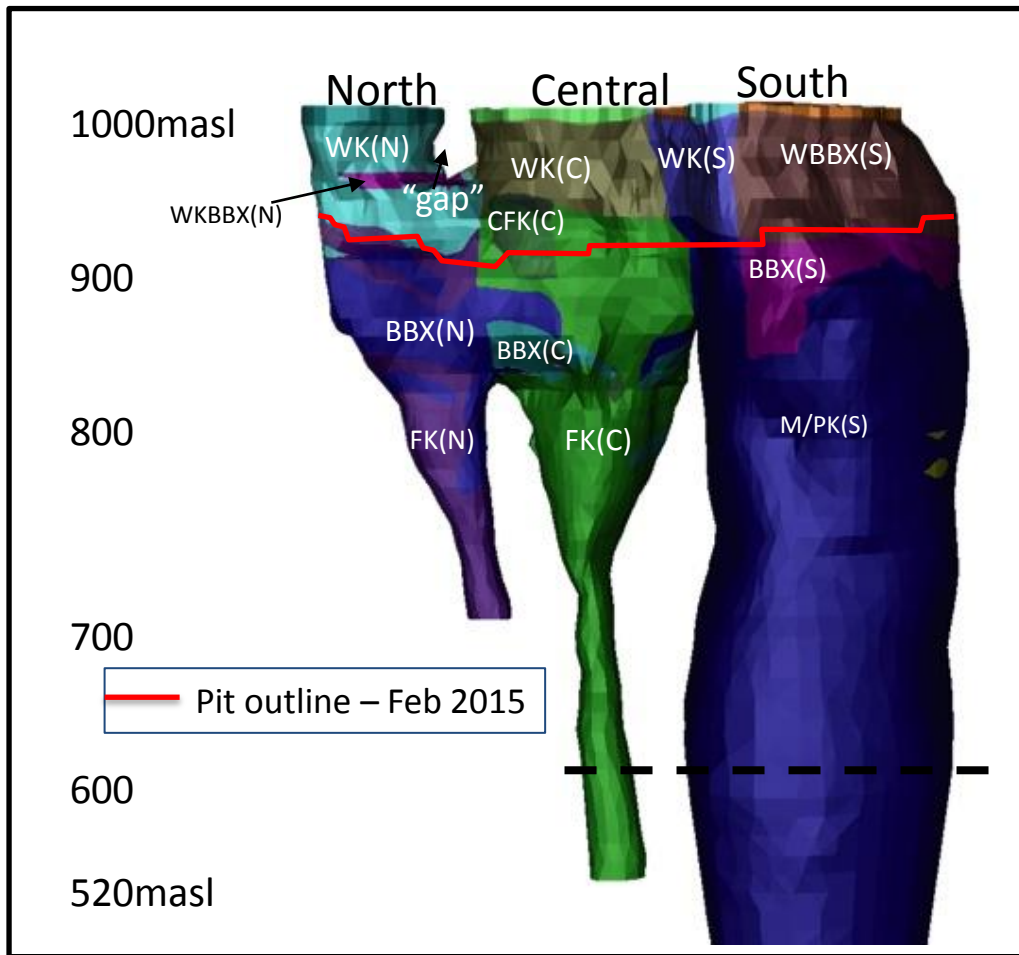


# Focused on Southern Africa

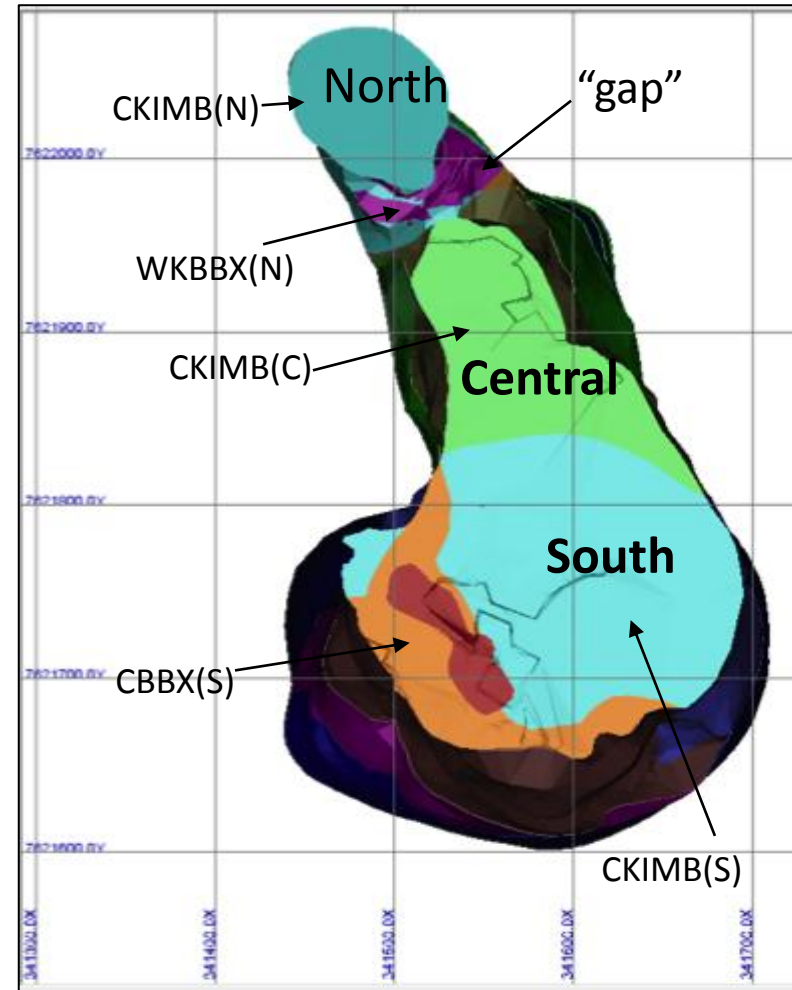




# Geological Model



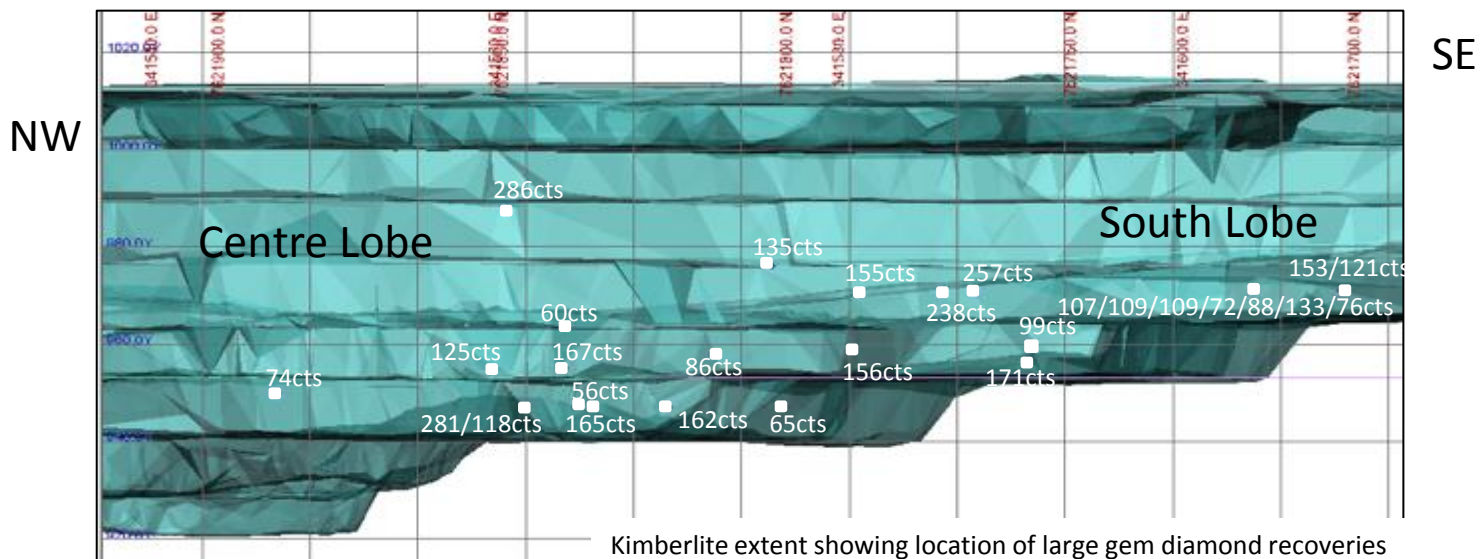
# Plan view of geological model





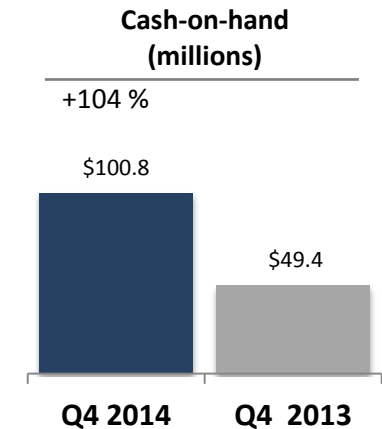
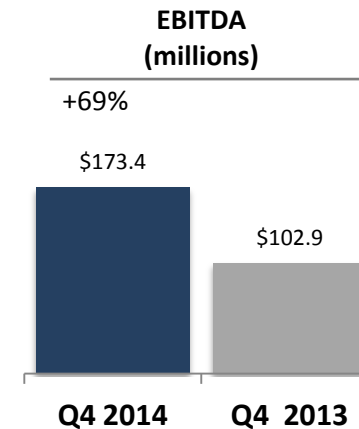
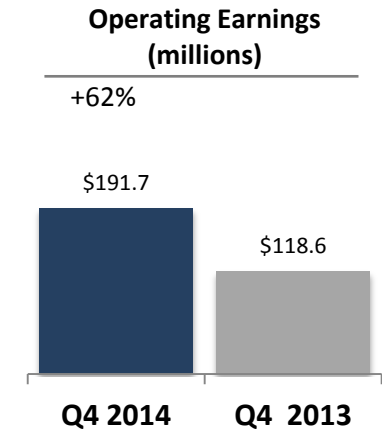
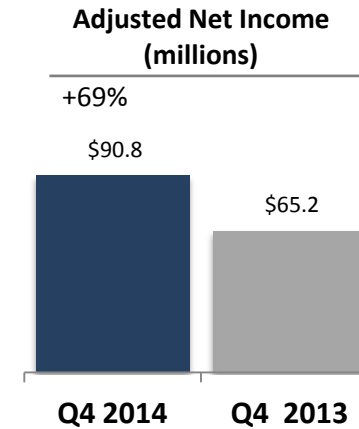
# Resource Update

- Updated resource statement for the Karowe deposit issued in Dec 2013
- Primary change is in the value of the diamonds
  - Centre lobe **\$351/ct**, up from \$276/ct
  - South lobe **\$413/ct**, up from \$231/ct
- **2014, total year sales average diamond price - \$644/ct**
- 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



# Karowe Operating Performance

	Full Year 2014	Full Year 2013	Variance %
<b>Mining and Process</b>			
Ore processed (t)	2,421,506	2,355,000	3%
Carats recovered (cts)	430,292	440,750	-2%
Plant feed grade (cpht)	17.8	18.7	-5%
Waste mined (t)	10,270,720	5,493,000	87%
<b>Costs</b>			
\$/t processed	\$27.8	\$18.6	49%
\$/ct sold	\$115	\$100	15%
<b>Revenues</b>			
Full Year Revenue	\$ 265.5M	\$ 180.5M	47.1%
\$/ct sold	\$644	\$411	57%
Cash operating margin	\$529	\$311	70%







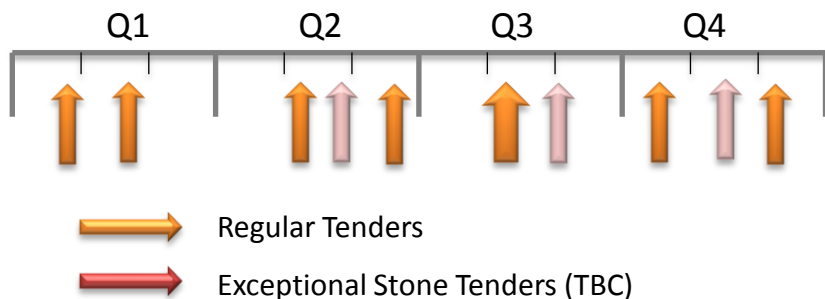
# Sales Update



Collection of large exceptional diamonds sold in 2013

- For the full year, 2014, more than 412,000 carats were sold for gross revenues of \$265.5 million
- Excluding the results of the Exceptional Stone Tenders, Lucara's regular sales generated revenues of \$129.3 million at an average of value of \$318/ct (\$203/ct margin)
- A total of 815 diamonds larger than 10.8 carats were recovered during the year at an average stone size of 29.1 ct/stone
- To date the mine had produced more than 63 stones greater than 100 carats including 9 stones greater than 200 carats, since mining started in the centre and south lobes

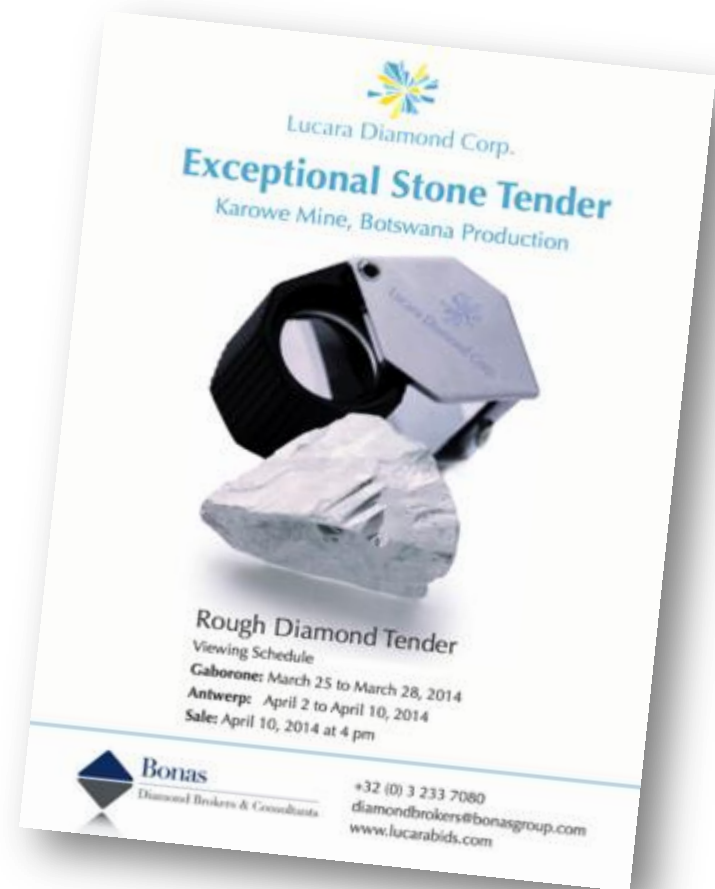
## Diamond Sale may affect quarterly cashflow





## Sales Update

- During 2014, three Exceptional Stone Tenders were held in April, July and October, generating over \$136M in revenue
- Lucara expects to sell between 400,000 and 420,000 carats of diamond in 2015
- Sales will occur through 7 diamond tenders and 3 EST's
- All Lucara sales have been transitioned to Gaborone only sales with excellent client attendance during first tenders of 2015
- Dedicated diamond cleaning facility in Gaborone commissioned and operating





# 2014/15 Capital – Plant Optimization Project

## **Plant Modifications**

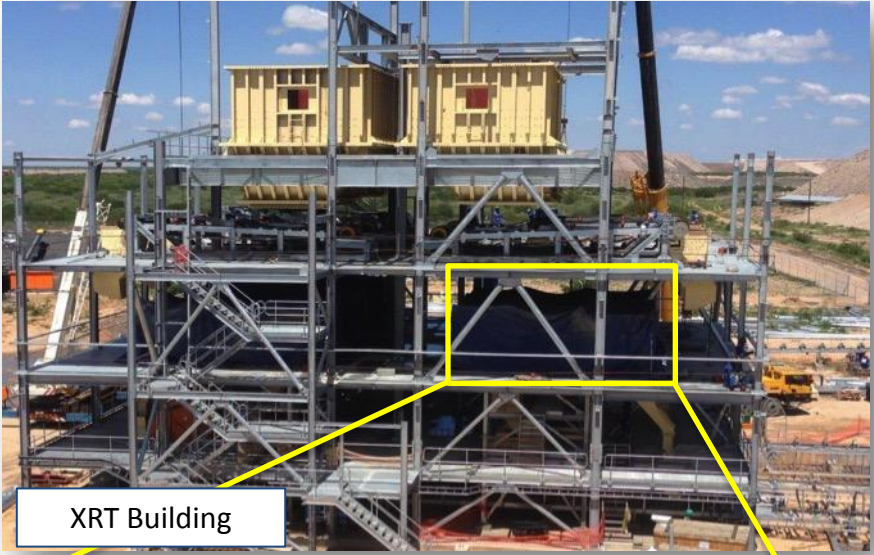
- Planned as part of the original feasibility study to address the treatment of harder and higher yield south lobe material
- Upgrade designed to ensure sustainable 2.5 million tonnes per annum throughput
- Inclusion of a “Large Diamond Recovery” circuit treating material up to 60-70mm in size

## **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
  - Majority of structures construction has been completed with more than 65% of the new plant sections integrated into current operations
  - Two major integration events scheduled for 2015 to tie-in new section of the process facilities



# 2014/15 Capital – Plant Optimization Project



XRT Building



Secondary Gyratory Crusher Circuit



XRT Sorting Unit



Operating Construction Site



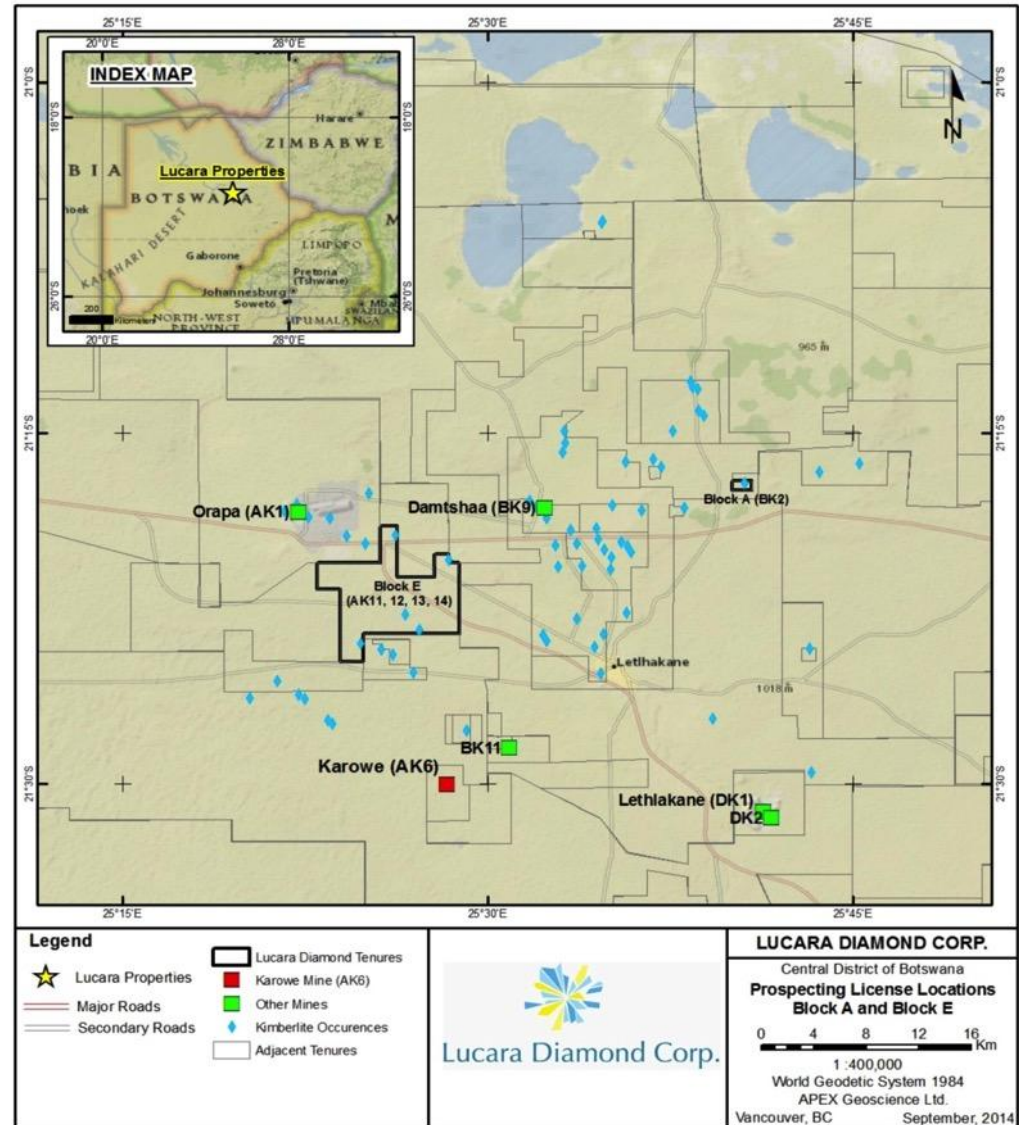
# Resource Replacement

## Karowe UG

- 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 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 kilometres 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





# Prospecting License : Block A – BK 02

## Background

- License area is 1.07km<sup>2</sup>, BK02 was discovered in 1967 during regional exploration by DeBeers, one of first discoveries in Orapa District, access by cut-line dirt track, 30km to east of Karowe Mine
- Surface area of 2.4ha, outcrops, with local thin sand and calcrete cover
- Previous work includes percussion drilling and surface trenching. Fresh magmatic kimberlite, shown to contain diamonds through historic trenching results and microdiamond sampling. No grade estimation
- Evidence of potential coarse distribution (stone broken during drilling, recovery of 1.6 ct diamond from trench)
- 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





# Management's Focus

## Lucara

- Continue to strengthen balance sheet – determine best use of capital
- 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
- Delivery of capital project with minimal interruption to normal operations

## Mothae

- Finalize divestment plan for Mothae





## Contact Information

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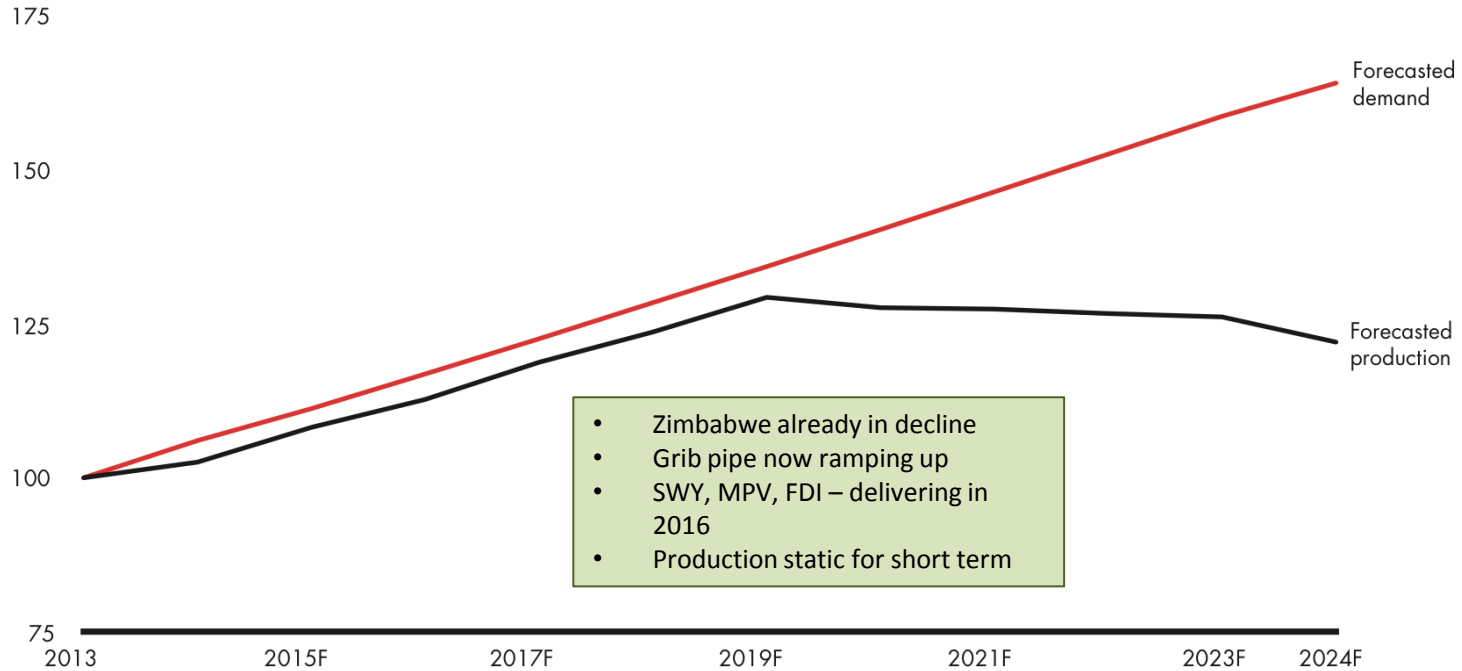
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## The Diamond Sector – Supply/Demand

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



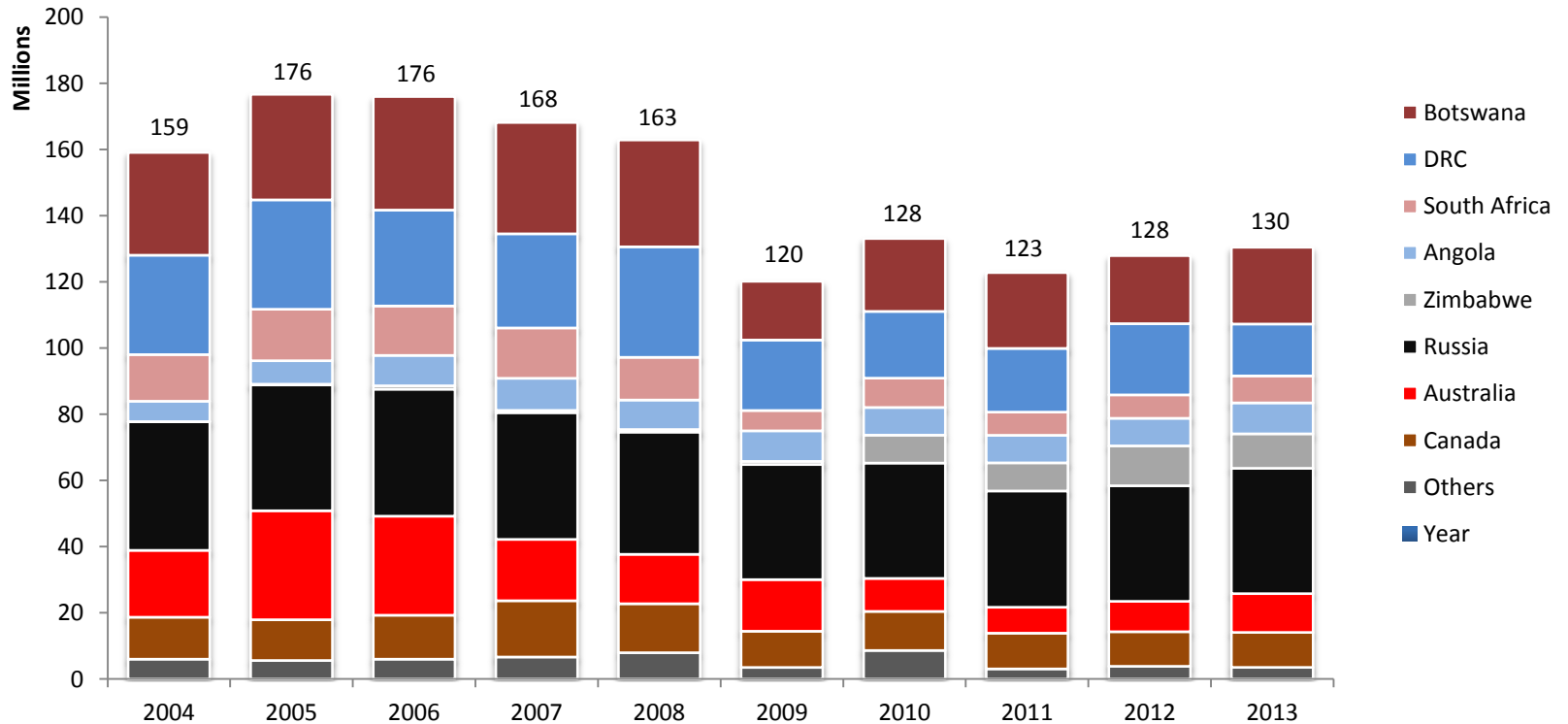
- Zimbabwe already in decline
- Grib pipe now ramping up
- SWY, MPV, FDI – delivering in 2016
- Production static for short term

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

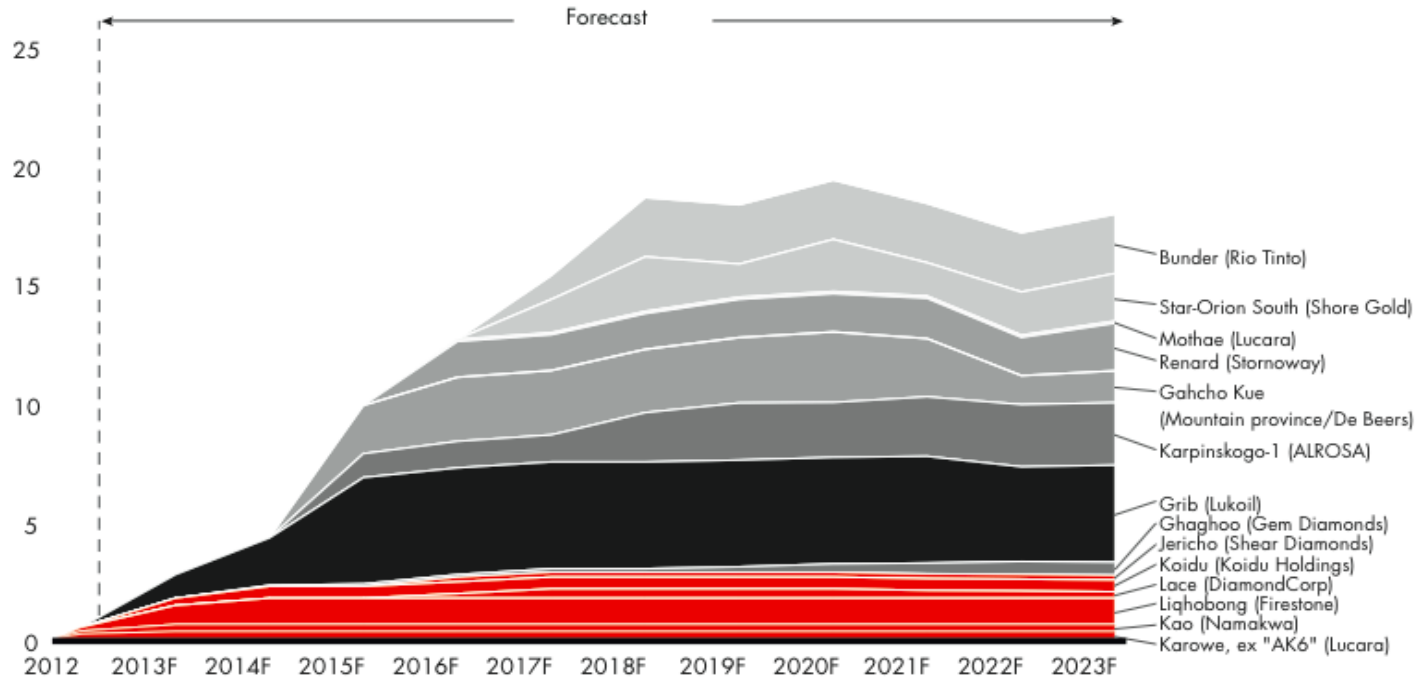


Source: Kimberley Process

## 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

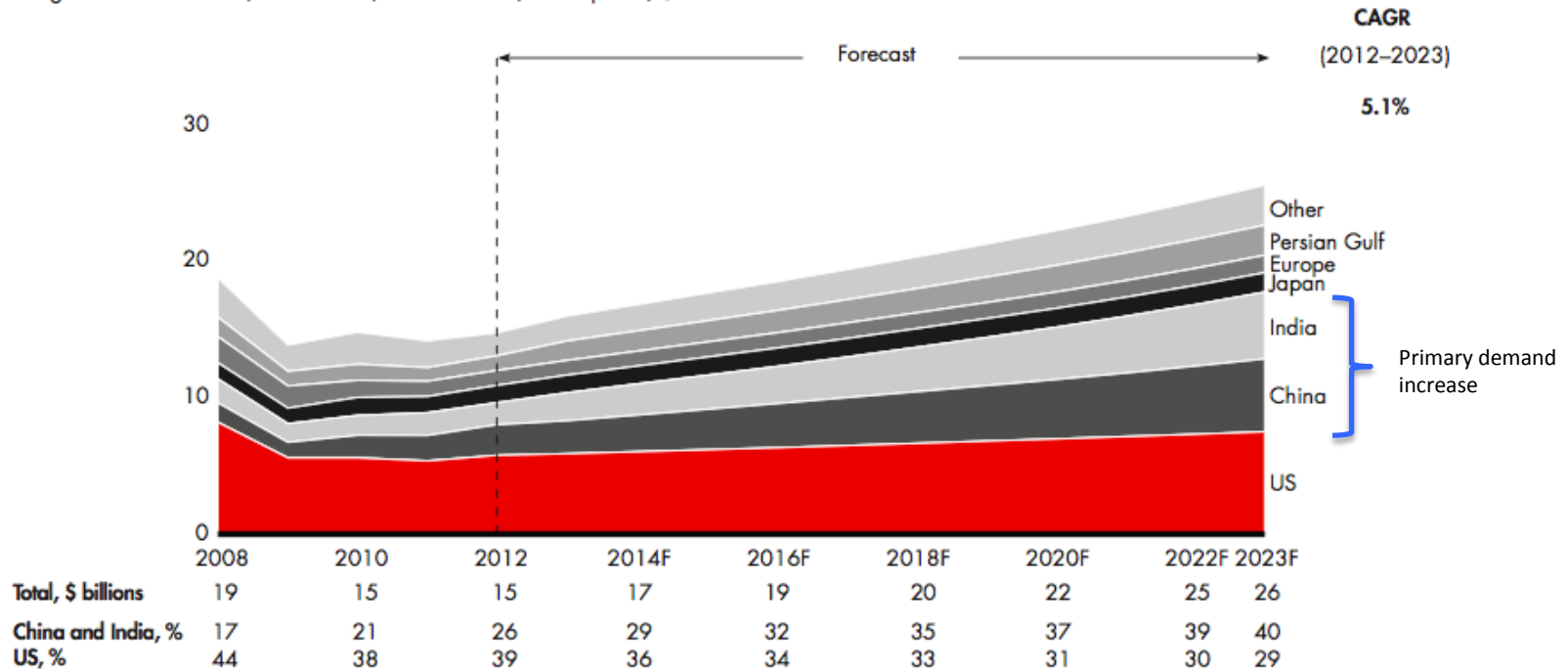


Source: Company plans; expert interviews; publication analysis; Bain analysis  
Bain & Company – The Global Diamond Report 2013

## Rough Diamond Demand

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

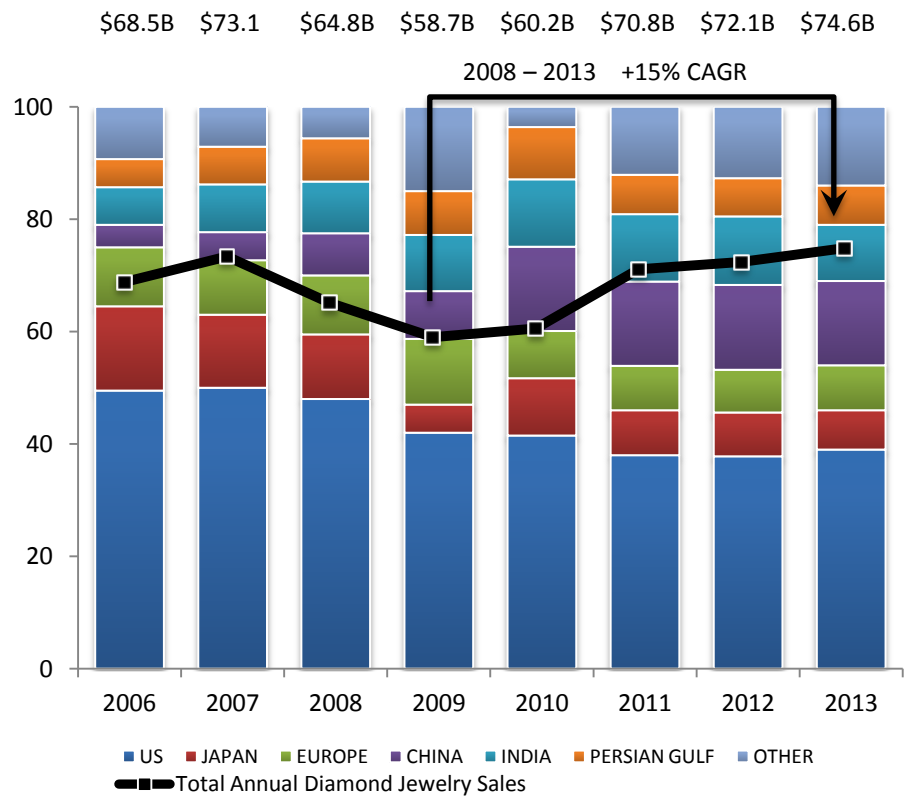
Rough-diamond demand, 2008-2023, base scenario, 2012 prices, \$ billions



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

