



Lucara Diamond Corp.

MANAGEMENT PROXY CIRCULAR
Dated April 16, 2012

FOR ANNUAL GENERAL MEETING OF SHAREHOLDERS

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SECTION 1 - VOTING INFORMATION

GENERAL

This Management Proxy Circular (the "Circular") is provided in connection with the solicitation of proxies by the management of **Lucara Diamond Corp.** ("Lucara" or the "Corporation") for use at the annual general meeting of the Corporation's shareholders to be held on Tuesday, **May 15, 2012**, at the time and place and for the purposes set forth in the accompanying Notice of Annual General Meeting of Shareholders (the "Notice") or at any adjournment(s) thereof (the "Meeting"). The solicitation of proxies will be by mail but proxies may also be solicited personally by employees and agents of Lucara at a nominal cost. The costs of solicitation by management will be borne by the Corporation.

Unless otherwise stated, the information contained in this Circular is given as at April 16, 2012 and all dollar amounts are expressed as United States dollars.

YOUR VOTE IS IMPORTANT – PLEASE READ THIS INFORMATION CIRCULAR CAREFULLY AND THEN VOTE YOUR COMMON SHARES, EITHER BY PROXY OR IN PERSON, AT THE MEETING.

The persons named on the proxy form are officers of Lucara. They will vote your Common Shares for you, unless you appoint someone else to be your proxyholder. You have the right to appoint another person to be your proxyholder. If you appoint someone else, he or she must be present at the Meeting to vote your Common Shares.

If you plan on voting your Common Shares by proxy, our registrar and transfer agent, Computershare Trust Company of Canada ("**Computershare**"), **must receive your completed proxy form by 10:00 a.m. (PST) on May 11, 2012**, or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours, (excluding Saturdays, Sundays and statutory holidays) prior to the time of the adjourned or postponed Meeting. Please follow the instructions below based on whether you are a Registered or Non-Registered (or Beneficial) Shareholder.

Registered Shareholder

You are a Registered Shareholder if your Common Shares are registered in your name and you have a share certificate.

Non-Registered (or Beneficial) Shareholder

You are a Non-Registered (or Beneficial) Shareholder if your broker, investment dealer, bank, trust company, trustee, nominee or other intermediary holds your Common Shares for you. Most shareholders are Non-Registered (or Beneficial) shareholders.

If you are unsure if you are a Registered Shareholder or Non-Registered (or Beneficial) Shareholder, please contact Computershare at:

Computershare Trust Company
9th Floor, 100 University Avenue
Toronto, Ontario M5J 2Y1
1-800-564-6253 (toll-free in Canada and U.S.)
1-514-982-7555 (international)
service@computershare.com

MATTERS TO BE VOTED ON

At the Meeting, shareholders will be asked to vote on:

- the election of directors;
- the appointment of auditors and authorizing the directors to fix their remuneration; and
- such other matters as may properly come before the Meeting.

HOW TO VOTE IF YOU ARE A REGISTERED SHAREHOLDER

In Person

You should identify yourself to the representative from Computershare before entering the Meeting to register your attendance at the Meeting.

By Proxy

1. By mail:

Complete, sign and date your proxy form and return it in the envelope provided. Please see below "***Completing the Proxy Form if you are a Registered Shareholder***" for more information.

2. By telephone:

Call 1-866-732-8683 (toll free in Canada and the United States) from a touch-tone telephone and follow the voting instructions. You will need your 15 digit control number which is noted on your proxy form. International holders wishing to vote by telephone can dial 312-588-4290 to place their vote. **If you vote by telephone, you cannot appoint anyone other than the appointees named on the proxy form as your proxyholder**

3. On the internet:

Go to www.investorvote.com and follow the instructions on the screen. You will need your 15 digit control number which is noted on your proxy form.

Completing the Proxy Form if you are a Registered Shareholder

Complete your voting instructions, sign and date your proxy form and return it in the envelope provided so that it is received before **10:00 a.m. (PST) on May 11, 2012** or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) before the time set for the adjourned or postponed Meeting. When you sign the proxy form (unless you appoint someone else, see below), you are authorizing the appointees, who are officers of Lucara, to vote your Common Shares for you at the Meeting. The Common Shares represented by a proxy form will be voted in favour or withheld from voting or voted against, as applicable, in accordance with your instructions on any ballot that may be called for at the Meeting. **If you return your proxy form and do not indicate how you want to vote your Common Shares, your vote will be cast:**

- **FOR the election of each of the persons nominated for election as directors; and**
- **FOR the appointment of Pricewaterhouse-Coopers LLP as auditors and authorizing the directors to fix their remuneration.**

Your proxyholder will also vote your Common Shares as he or she sees fit on any other matter, including amendments or variations of matters identified in this Information Circular or that may properly come before the Meeting and in respect of which you are entitled to vote. As at the date of this Information Circular, the Board and Management do not know of any amendments or variations to the proposed items of business or any additional matters which may be presented for consideration at the Meeting.

If you are appointing someone else to vote your Common Shares at the Meeting, insert the name of the person you are appointing as your proxyholder in the space provided. Your proxyholder does not have to be a shareholder. Insert the name of the person you are appointing as your proxyholder in the space provided. Make sure that the person you appoint is aware that he or she has been appointed and attends the Meeting. At the Meeting, the person you appoint should register with the Computershare representative at the registration table.

If you are an individual shareholder, you or your authorized attorney must sign the proxy form. If the shareholder is a corporation or other legal entity, an authorized officer or attorney must sign the proxy form.

If you need help completing your proxy form, please contact Computershare at the contact information listed above.

How to Change your Vote – Registered Shareholders

If you wish to change a vote you made by proxy, complete a proxy form that is dated later than the proxy form you are changing and mail it to Computershare so that it is received before **10:00 a.m. (PST) on May 11, 2012** or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting

You can revoke a vote you made by proxy by:

- voting in person at the Meeting;
- sending a notice of revocation in writing from you or your authorized attorney to the registered office of the Corporation, at Suite 2600 Oceanic Plaza, 1066 West Hastings, Vancouver, BC Canada V6E 3X1, so that it is received by the close of business (PST time) on 10:00 a.m. (PST) on May 14, 2012 or, in the case of any adjournment or postponement of the Meeting, by the close of business on the last business day before the day the adjourned or postponed Meeting;
- giving a notice of revocation in writing from you or your authorized attorney to the Chairman of the Meeting or the Corporate Secretary on the day of, but prior to the commencement of, the Meeting; or
- in any other manner permitted by law.

HOW TO VOTE IF YOU ARE A NON-REGISTERED (OR BENEFICIAL) SHAREHOLDER

By Proxy

Your intermediary (your broker, investment dealer, bank, trust company, trustee, nominee or other intermediary) is required to ask for your voting instructions before the Meeting. Please contact your intermediary if you did not receive a voting instruction form or proxy form together with this Information Circular.

In Person

Lucara does not have access to the names or holdings of our Non-Registered (or Beneficial) shareholders. That means you can only vote your Common Shares in person at the Meeting if you have previously appointed yourself as the proxyholder for your Common Shares by inserting your name in the space provided on the voting instruction form which you received from your intermediary and submitting it as directed on the form. Your voting instructions must be received in sufficient time to allow your voting instruction form to be received by Computershare by **10:00 a.m. (PST) on May 11, 2012** or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and statutory holidays) before the time set for the adjourned or postponed Meeting. You should identify yourself to the representative from Computershare before entering the Meeting to register your attendance at the Meeting.

How to Change your Vote – Non-Registered (or Beneficial) Shareholders

You may change your voting instructions given to an intermediary by notifying such intermediary in accordance with the intermediary's instructions.

HOW TO VOTE IF YOU HOLD SHARES TRADING ON THE NASDAQ OMX FIRST NORTH EXCHANGE IN SWEDEN

The information in this section is of significance to shareholders who hold their securities (“Euroclear Registered Securities”) through Euroclear Sweden AB, which securities trade on the NASDAQ OMX First North Exchange. Shareholders who hold Euroclear Registered Securities are not registered holders of voting securities for the purposes of voting at the Meeting. Instead, Euroclear Registered Securities are registered under CDS & Co., the

registration name of the Canadian Depository for Securities. Holders of Euroclear Registered Securities will receive a voting instruction form (the “VIF”) by mail directly from Computershare AB (“Computershare Sweden”). Additional copies of the VIF, together with this Management Proxy Circular, can also be obtained from Computershare Sweden and are available on Lucara’s website (www.lucaradiamond.com). The VIF cannot be used to vote securities directly at the Meeting. Instead, the VIF must be completed and returned to Computershare Sweden, strictly in accordance with the instructions and deadlines that will be described in the instructions provided with the VIF.

HOW TO VOTE IF YOU HOLD BOTSWANA REGISTERED SHARES

The information in this section is of significance to shareholders whose securities are listed on the Botswana Stock Exchange (“Botswana Registered Securities”). The shareholder register is maintained by Corpserve Botswana. Shareholders who hold Botswana Registered Securities are not registered holders of voting securities for the purposes of voting at the Meeting. Instead, Botswana Registered Securities will receive a proxy form (the “Botswana Proxy”) by mail directly from Corpserve Botswana. Additional copies of the Botswana Proxy, together with this Management Proxy Circular, can also be obtained from Corpserve Botswana and are available on Lucara’s website (www.lucaradiamond.com). The Botswana Proxy cannot be used to vote securities directly at the Meeting. Instead, the Botswana Proxy must be completed and returned to Corpserve Botswana, strictly in accordance with the instructions and deadlines that will be described in the instructions provided with the Botswana Proxy.

WHO IS ENTITLED TO VOTE AND HOW THE VOTES ARE COUNTED

Each shareholder is entitled to one vote for each Common Share held as of the record date, **April 10, 2012**, on all matters to come before the Meeting. As of April 10, 2012, there are 372,562,749 issued and outstanding Common Shares.

Computershare counts and tabulates the votes. It does this independently of Lucara to make sure that the votes of individual shareholders are confidential. Computershare refers proxy forms to Lucara only when:

- it is clear that a shareholder wants to communicate with management;
- the validity of the proxy is in question; or
- the law requires it.

Principal Holders of Common Shares

The following table lists persons who, to the knowledge of the directors and senior officers of Lucara, beneficially own or exercises control or direction over Common Shares carrying more than 10% of the voting rights attached to all Common Shares:

Name and Address	Number of Common Shares	Percentage
Lorito Holdings S.à.r.l. (“Lorito”) ⁽¹⁾ Luxembourg	32,700,000	8.8%
Zebra Holdings and Investments S.à.r.l. (“Zebra”) ⁽¹⁾ Luxembourg	27,300,000	7.3%

⁽¹⁾ Lorito and Zebra, who report their security holdings as joint actors, are private corporations owned by a trust whose settler is the Estate of Adolf H. Lundin. Together, Lorito and Zebra hold a total of 60,000,000 Common Shares, which represents approximately 16.1% of the current outstanding Common Shares.

SECTION 2 - BUSINESS OF THE MEETING

FINANCIAL STATEMENTS

The audited consolidated financial statements of the Corporation for the year ended December 31, 2011 and the report of the auditor thereon have been provided to shareholders who have validly requested such statements separately and are available on SEDAR at www.sedar.com.

APPOINTMENT AND REMUNERATION OF AUDITORS

The Board of Directors recommend the re-appointment of PricewaterhouseCoopers LLP Chartered Accountants, Vancouver, British Columbia, as auditors of the Corporation to hold office until the termination of the next annual meeting of the shareholders.

As in past years, it is proposed that the remuneration to be paid to the auditors be determined by the Board of Directors. For further information on the external auditors, please refer to the description of the Audit Committee on page 14.

ELECTION OF DIRECTORS

Nominees

Directors are elected annually and the Board of Directors has determined that the number of directors to be elected is seven. The current number of directors that serve on the board is also seven. The Board has assessed the skills and experience that the seven directors standing for election offer and are satisfied the nominees meet the Board's requirements. Each director elected at the Meeting will serve as a director until the next annual meeting unless he or she resigns or is otherwise removed from office earlier. Unless authority to vote is withheld, shares represented by the Proxies will be voted by the persons named in the Proxy **FOR**:

- the setting of the number of directors at seven (7); and
- the election of the below named nominees.

All seven nominees are presently members of the Board of Directors and were elected to their present term by a vote of shareholders at a meeting which was accompanied by a management proxy circular. Management does not contemplate that any nominee will be unable or unwilling to serve as a director, but if that should occur for any reason prior to the Meeting, the persons named in the enclosed form of proxy reserve the right to vote **FOR** another nominee in their discretion, unless the shareholder has specified in their proxy that such shareholder's Common Shares are to be withheld from voting on the election of directors.

Information regarding each of the proposed nominees, as at December 31, 2011, is set out below. For each nominee the information provided includes:

- a brief biography, age and country of residence
- date first appointed to the Board
- committee membership
- securities held

Further information on the proposed nominees is also found in this circular, please see page 11 for board attendance records, page 24 for director compensation received, page 11 for memberships on other public boards and page 10 for independence status.

Name and Jurisdiction of Residence	Current Occupation/Age /Biography	Served as director since	Number of voting securities owned (directly or indirectly) or controlled
<p>CLARK, Richard P. British Columbia, Canada</p>	<p>Occupation: CEO, Sirocco Mining Inc. (resource company)</p> <p>Age: 54</p> <p>Biography: Mr. Clark is a lawyer, with a geological background, who practiced mining and securities law in British Columbia from 1987 to 1993. For the past ten years Mr. Clark has been a senior executive with the Lundin Group of Companies. In 2004 he became President and CEO of Red Back and under his leadership Red Back grew into one of the top performing gold companies which ultimately resulted in an \$8.9 billion takeover by Kinross Gold in 2010.</p>	<p>February 19, 2010</p>	<p>NIL</p>
<p>CONIBEAR, Paul K. British Columbia, Canada</p>	<p>Occupation: President & CEO Lundin Mining Corp. (resource company)</p> <p>Age: 54</p> <p>Biography: Mr. Conibear has over 25 years of experience in mining projects in several African countries, North America, and a number of South American countries. His background includes 18 years of project and construction management across a diverse range of minerals projects encompassing base and precious metal, coal, uranium and potash investments. For the last 10 years he has held public company executive management and director's positions with the Lundin group of companies, most notably serving for several years as President and CEO of Tenke Mining Corp. where he was instrumental in progressing the world class Tenke Fungurume copper/cobalt project towards its current position as a major mining operation in central Africa.</p>	<p>April 5, 2007</p>	<p>166,000</p>
<p>EDGAR, Brian D. British Columbia, Canada</p>	<p>Occupation: Chairman of Silver Bull Resources Inc. (resource company)</p> <p>Age: 62</p> <p>Biography: Mr. Brian D. Edgar has been active in public markets for over 25 years. A graduate of the University of British Columbia law school, Mr. Edgar practiced corporate and securities law in Vancouver for 16 years before retiring in October 1992 to establish Rand Edgar Investment Corp., an investment/banking, venture capital company in the business of providing early stage venture capital to high growth companies and advisory services concerning corporate structuring, finance, business strategies, private and public securities offerings and relations with regulatory authorities, lawyers, accountants and technical consultants. Mr. Edgar serves on the Board of a number of public companies.</p>	<p>April 5, 2007</p>	<p>100,000</p>

<p>GURNEY, John J. Cape Town, South Africa</p>	<p>Occupation: Chairman of Mineral Services (Pty) Ltd and Emeritus Professor at the University of Cape Town</p> <p>Age: 71</p> <p>Biography: Dr. Gurney is one of the world's leading authorities in the field of geochemical exploration for diamondiferous kimberlites. Through his research group at the University of Cape Town and within Mineral Services, Dr. Gurney continues to direct numerous projects to improve diamond exploration techniques. In addition to his expertise in kimberlite exploration, Dr. Gurney has extensive knowledge of marine and alluvial diamond deposits and experience in marketing, diamond valuation, diamond recovery processes and mine development procedures. Over the course of a distinguished 40 year academic career, Dr. Gurney has authored and co-authored more than a hundred research papers on diamonds and associated rocks and minerals.</p>	<p>July 3, 2009</p>	<p>218,564</p>
<p>LAMB, William British Columbia, Canada</p>	<p>Occupation: President & CEO of the Corporation</p> <p>Age: 40</p> <p>Biography: Mr. Lamb has over 19 years experience in the mining operations and project development industry. Having obtained a NHD in Extraction Metallurgy for the Technicon of the Witwatersrand, he worked for Rand Mines, gaining production experience in the gold, platinum, chrome and coal sectors. In 1994 Mr. Lamb joined De Beers working as a research officer in the Johannesburg based research laboratories. Three years later he joined Kvaerner Metals as their lead process design engineer, responsible for all metallurgical design aspects of the non-ferrous division. After focusing on heavy mineral concentration design, Mr. Lamb returned to De Beers as their Dense Medium Service Specialist. Mr. Lamb transferred to De Beers Canada Inc. in 2002 as their Metallurgical Superintendent, responsible for process design and certain project management aspects of the Canadian projects. In 2005 Mr. Lamb took up the role of Process Manager for the Victor mine in Northern Ontario. After completing an MBA through the Edinburgh Business School, Mr. Lamb joined the Lundin Group in May 2008 as the General Manager for Lucara.</p>	<p>February 19, 2010</p>	<p>350,000</p>

<p>LUNDIN, Lukas British Columbia, Canada</p>	<p>Occupation: Chair of the Board of the Corporation and Chair of a number of resource companies-Denison Mines Corp., Lundin Mining Corp., NGExResources Inc., Sirocco Mining Inc. and Vostok Nafta Investment Ltd.</p> <p>Age: 53</p> <p>Biography: Mr. Lundin is known for recognizing value and superior global investment opportunities in the natural resource sector. His pursuit of properties around the world has resulted in numerous resource discoveries, including the multi-million ounce Veladero gold discovery. Mr. Lundin has also led several companies through highly profitable business acquisitions and mergers such as Lundin Mining's \$3.3 billion merger with EuroZinc Mining, the \$2 billion sale of Tanganyika Oil Company Ltd. and most recently the \$8.9 billion sale of Red Back Mining Inc. Mr. Lundin is a graduate of the New Mexico Institute of Mining and Technology. He currently sits on the Board of a number of publicly traded companies.</p>	<p>April 5, 2007</p>	<p>3,715,000</p>
<p>THOMAS, Eira British Columbia, Canada</p>	<p>Occupation: Corporate Director and Geologist</p> <p>Age: 43</p> <p>Biography: Eira Thomas is a respected Canadian geologist with a highly successful career in the mining industry. She served as a geologist with Aber Resources Ltd. (now Harry Winston Diamond Corporation) from 1992 to 1997, leading the field exploration team that discovered the Diavik Diamond Project pipes in the Northwest Territories in 1994 and 1995. She served as an executive and director of Aber Diamond Corporation for a number of years. From 2003 to 2009, Ms. Thomas was the CEO of Stornoway Diamond Corporation. In 2009 she was appointed as Stornoway's Chairman, a post she held until 2011. Ms. Thomas is also a director of a number of other public companies and organizations.</p>	<p>August 4, 2009</p>	<p>8,600,000</p>

The following table sets out the current membership of the proposed Director nominees on the Corporation's Committees:

Audit Committee	Compensation Committee	Corporate Governance and Nominating Committee	Safety, Health, Environment and Corporate Social Responsibility Committee
<p>Paul K. Conibear (Chair) Brian D. Edgar Eira Thomas</p>	<p>Paul K. Conibear (Chair) Brian D. Edgar Richard Clark</p>	<p>Brian D. Edgar (Chair) Eira Thomas Paul K. Conibear</p>	<p>Eira Thomas (Chair) Richard Clark William Lamb</p>

Corporate Cease Trade Orders or Bankruptcies

Except as noted below, to the best of management's knowledge, no proposed director is, or has been within the last 10 years of the date hereof, a director or executive officer of any company that, while that person was acting in that capacity:

- a) was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days;
- b) was subject to an event that resulted, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of a cease trade or similar order or an order that

- denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days; or
- c) within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Mr. Edgar was a director of New West Energy Services Inc. (NEW-TSX-V) when, on September 5, 2006, a cease trade order was issued against that company by the British Columbia Securities Commission for failure to file its financial statements within the prescribed time. The default was rectified and the order was rescinded on November 9, 2006.

Individual Bankruptcies

To the best of management's knowledge, no director of the Corporation has, within the ten years prior to the date of this Circular, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that individual.

Penalties or Sanctions

To the best of management's knowledge, no person proposed for election as a director of the Corporation has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has had any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable security holder in deciding whether to vote for the proposed director.

SECTION 3 - CORPORATE GOVERNANCE

STATEMENT OF CORPORATE GOVERNANCE PRACTICES

Lucara is committed to sound corporate governance. The directors believe it is important for the successful operation of the business. The following provides information about the Corporation's Board and sets out governance practices now in force.

MANDATE OF THE BOARD OF DIRECTORS

The Board has a formal mandate (see Appendix A) that lists its specific responsibilities including among others:

- Approve the strategic direction of the Corporation
- Identify principal risks of the Corporation's business and ensure implementation of appropriate risk management systems
- Ensure the corporation has management of the highest caliber
- Oversee Lucara's communication policy with its shareholders and the public generally

The Board discharges its responsibilities either directly or through its committees.

INDEPENDENCE

The Board believes the majority of its directors must be independent and that the following committees should consist only of independent board members: audit committee, corporate governance and nominating committee and compensation committee. The majority of Lucara's current directors and its director nominees are independent.

Assessing Independence of Directors

The board is responsible for determining whether a director is independent. It relies on the criteria set by the Canadian Securities Administrators in National Instrument 52-110 Audit Committees and National Policy 58-201-Corporate Governance Guidelines.

The board has reviewed the nominated directors and decided that Lukas Lundin, John Gurney and William Lamb are not independent for the following reasons:

- Mr. Lamb is Lucara's current President and CEO
- Mr. Lundin, Lucara's Chairman, was Lucara's CEO until mid 2010
- Dr. John Gurney indirectly receives a fee from companies that provide consulting services to the Corporation

Meetings of Independent Directors and In-camera Meetings

To facilitate open and candid discussion among directors, a portion of each board meeting held last year was conducted "in camera" i.e. without management present. In addition to these sessions, the Audit Committee, to have an open discussion regarding the audit and cooperation from management, regularly holds sessions with the Corporation's external auditors without management present. This year, to increase its independence, the Board has revised its mandate to specify that the Independent Directors shall meet on a quarterly basis without both non-independent directors and management present. These meetings of the Independent Directors shall be presided over by the Lead Director.

Chair and Lead Director

The Chair of the Board, Mr. Lundin, is separate from the CEO. As noted above, he is not independent as he held the position of Lucara's CEO until mid-2010.

On the recommendation of the Corporate Governance and Nominating Committee, the board has appointed a Lead Director to facilitate the independent function of the Board. In the position description for the Chair setting out the responsibilities of the Chair, it is specified that if the Chair is not independent that such responsibilities will be carried out by the Lead Director. In addition, the Lead Director provides leadership for the Board's independent directors.

SIZE OF BOARD

The Corporate Governance and Nominating Committee on an annual basis considers the size of the Board. If it believes changes are warranted it makes a recommendation to the Board. The current Board size of 7 directors is small enough to facilitate open dialogue among directors and effective decision making but also has a sufficient number of directors to ensure the Board has directors with the appropriate experience and skills to fulfill its responsibilities.

SERVING ON OTHER BOARDS

Lucara's directors do not serve on the boards of its competitors. Many do serve on other mining public company boards which assists these directors in their performance of their duties to the Corporation as these other mining companies have similar business, regulatory and social issues as Lucara. The following table sets out the public company directorships held by the nominees for this year's election of directors:

Name of Director	Public Company Board Membership
Paul K. Conibear	Sirocco Mining Inc. (TSX-V); NGEx Resources Inc. (TSX)
Brian D. Edgar	ShaMaran Petroleum Ltd. (TSX-V); Denison Mines Corp. (TSX/NYSE Amex); Silver Bull Resources Inc. (TSX/NYSE Amex); Lundin Mining Corporation (TSX/OMX-Nordic); Black Pearl Resources Inc. (TSX-V)
Lukas H. Lundin	Lundin Mining Corporation. (TSX/OMX-Nordic); Sirocco Mining Inc. (TSX-V); NGEx Resources Inc. (TSX); Fortress Minerals Corp. (TSX-V); Denison Mines Corp. (TSX/NYSE Amex); Lundin Petroleum AB (OMX-Nordic), Vostok Nafta Investment Ltd. (TSX - OMX-Nordic)
Eira M. Thomas	Suncor Energy Inc. (TSX); Strongbow Exploration Inc. (TSX-V).
John J. Gurney	None
William Lamb	Terraco Gold Corp. (TSX-V)
Richard P. Clark	Sirocco Mining Inc. (TSX-V)

Legend:

TSX	=	Toronto Stock Exchange
TSX-V	=	TSX Venture Exchange
OMX-Nordic	=	OMX Nordic Stock Exchange (previously, the Stockholm Stock Exchange)
NYSE AMEX	=	NYSE Amex (previously, the American Stock Exchange)
NYSE	=	New York Stock Exchange

MEETING ATTENDANCE

The Board held six meetings in 2011. The Audit committee meets at least every quarter to review the Corporation's financial statements and MD&A. Other committees meet as necessary to ensure their mandates are performed. Committees of the Board held a total of eight meetings in 2011. The following is the attendance record for all Board and committee meetings held during 2011:

Directors	Board Meetings		Committee Meetings		Total Board/Committee Meetings	
	#	%	#	%	#	%
Lukas H. Lundin	6 of 6	100%			6 of 6	100%
Paul K. Conibear	6 of 6	100%	8 of 8	100%	14 of 14	100%
Lawrence E. Ott ⁽¹⁾	2 of 3	67%			2 of 3	67%
John J. Gurney	5 of 6	83%			5 of 6	83%
Eira Thomas	5 of 6	83%	5 of 6	83%	10 of 12	83%
Brian D. Edgar	6 of 6	100%	8 of 8	100%	14 of 14	100%
William Lamb	6 of 6	100%			6 of 6	100%
Richard Clark	4 of 6	67%	1 of 2	50%	5 of 8	63%

⁽¹⁾ Dr. Ott did not stand for re-election at the annual general meeting of shareholders

POSITION DESCRIPTIONS

The Board has developed and approved a written position description for the Chair of the Board. The primary responsibilities are to act as the effective leader of the Board and ensure that the Board's agenda will enable it to successfully carry out its duties, provide leadership to the independent directors, organize the Board to function independently of management, preside as chair at Board meetings and communicate with all board members to co-ordinate their input, ensure their accountability and provide for the effectiveness of the Board. The Chair acts as the primary liaison between the Board and management. As noted earlier, if the Chair is not independent, such responsibilities are carried out by the Lead Director.

A general position description for all chairs of the Board's committees has been approved. The mandates of each committee are also approved by the Board. These mandates provide the committee chairs with specific responsibilities relating to the committee that they chair.

The Board and the CEO have developed a written description for the CEO. The CEO has, subject to the authority of the Board, general supervision of the business and affairs of the Corporation. Responsibilities include making recommendations to the Board regarding the implementation, performance and monitoring, as the case may be, of each of the items referred in the Board Mandate. Generally, the Board has delegated to the CEO, the authority to transact business or approve matters that are in the ordinary course of business provided these matters do not exceed material levels of expenditures on the part of Corporation.

ASSESSMENT OF BOARD PERFORMANCE

At the beginning of the year, the Corporate Governance and Nominating Committee distributes a board effectiveness assessment to directors. This assessment questions members as to their level of satisfaction with the functioning of the Board, its interaction with management and the performance of the standing committees of the Board. Board members also conduct peer reviews and a self assessment regarding their effectiveness as a Board member. To ensure the assessment process is candid, the individual assessments are returned on a confidential basis to the Chair of the Corporate Governance and Nominating Committee. The Chair compiles the results for the Corporate Governance and Nominating Committee. The Committee reviews and discusses the results and makes recommendations to the Board regarding any action that may be deemed necessary or advisable to ensure the Board continues to function effectively and adequately perform its mandate. The Board aims for a 100% compliance rate for completion of the assessment by directors, which was achieved this year.

The peer reviews and self-assessments by Directors are considered as part of the director nomination process.

The effective performance of the Board is also monitored by the completion of its workplan outline and completion by the committees of their workplan outlines. Workplan outlines are created for the year which cover standard items to be dealt with at meetings and any additional items for that year. Performance against the workplans is monitored by the applicable Chair through the year.

ORIENTATION AND CONTINUING EDUCATION

Included in the Corporate Governance and Nominating Committee's mandate is the requirement to develop, with the assistance of management, an orientation and education program for new recruits. As part of the orientation for all new members, opportunities will be provided for the directors to meet with other directors and members of Lucara's executive team to discuss the nature and operation of the Corporation's business. The CEO will also review with each new member: (i) information and materials regarding the Corporation, including the role of the Board and its committees; and (ii) the legal obligations of a director of the Corporation. Each new board member will also have access to a comprehensive package of material regarding Lucara through the Corporation's board portal service (described below). A more specific orientation program has not been developed at this time as the Committee believes the orientation should be tailored to meet the specific needs of a new director. For example, if the new director is highly sophisticated with regard to diamond mining matters, orientation on that matter would not be necessary or if a director has a high level of financial expertise, finance orientation may not be included.

With regard to continuing education for board members, the Corporate Governance and Nominating Committee's mandate is to provide for such continuing education for all directors with the assistance of management. As part of the annual director assessment process, directors are canvassed for their input on what additional information would assist them in increasing their effectiveness as directors. The Corporate Governance and Nominating Committee consider directors' responses and makes recommendations.

Last year a site visit was organized for the Directors to tour the construction of the Corporation's new mine in Botswana, Africa and its mining project in Lesotho, Africa. These site visits are viewed as a very important piece of the Director's education and understanding of the Corporation's business. One hundred percent of the directors attended the site visit.

Directors are regularly informed by the CEO, either verbally or through the written quarterly director report, of strategic issues affecting Lucara, including the competitive environment, the Corporation's performance and developments that could materially impact the Corporation.

The Corporation is also organizing corporate governance education for directors through invitations to attend a series of webinex seminars presented by a major law firm.

NOMINATION OF DIRECTORS

The Corporate Governance and Nominating Committee, which is composed of all independent Board members, has the responsibility for proposing nominees for directors. To assist them in this exercise the Board has approved Guidelines for the Composition of Lucara's Board. These guidelines specify the below listed qualities for consideration when evaluating the composition of the Board of Directors and when nominating potential candidates. When tabling these Guidelines, the Board of Directors acknowledged that the qualities listed were not intended to be exhaustive and were not listed in terms of their importance. In addition, the Board encourages the Corporate Governance and Nominating Committee to seek diversity in perspectives, by considering qualified candidates with relevant education and experience of any age, gender and background.

- Financial accreditation and/or financial literacy
- Sound business experience and expertise
- Corporate governance experience
- Industry specific experience and knowledge
 - Mining
 - Environment
 - Safety and Occupational Health
- Experience in corporate operations
- Financing, M&A experience
- Strong board skills, such as:
 - Integrity
 - Networking abilities
 - Interpersonal skills
 - Ability to think strategically and act independently
- Independent, as such term is defined by the Canadian Securities Administrators
- Not previously bankrupt
- Prior personal history that is acceptable to regulators
- Willing to devote sufficient time and effort to board duties

To identify potential nominees that possess the desired skills and competencies, the Committee members may utilize their extensive knowledge of the industry and personal contacts. In addition, the Committee may at the Corporation's expense, retain external consultants to assist in the search for suitable director nominees.

DETERMINATION OF DIRECTORS COMPENSATION

The Compensation Committee recommends the amount and form of the compensation of directors. In making recommendations to the Board, it considers the time commitment and responsibilities required to be met by directors. The Committee is also cognizant that the recommended compensation for directors must not compromise their independence. The Board after taking into account the Committee's recommendations determines the amount and form of compensation, which is disclosed in this Circular at page 24.

DIRECTOR RETIREMENT POLICY

The Corporation has no retirement policy for its Directors.

COMMITTEES OF THE BOARD

To assist the Board with its responsibilities, the Board has established four standing committees: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Safety, Health, Environmental and Corporate Social Responsibility Committee. The Board may form other committees from time to time as appropriate to address matters the Corporation is faced with. Each Committee has a written mandate and it reviews its mandate annually. Also, as discussed above, each Committee has a work outline for the year which covers standard items to be dealt with at the committee meetings and any additional items for that year. Performance against the workplans is monitored through the year. The following is a brief summary of the key functions, roles and responsibilities of the Board committees.

Audit Committee

The Audit Committee currently consists of three independent directors. The current members are Paul Conibear, Brian Edgar, Eira Thomas, all of whom are financially literate as such term is defined in National Instrument 52-110 Audit Committees.

The Audit Committee assists the Board in matters relating to external auditors and the external audit process, financial reporting and public communication, risk management, security, and certain other key financial matters. In fulfilling its role, the Audit Committee monitors the effectiveness and integrity of the Corporation's financial reporting, management information and internal control systems.

The Audit Committee also oversees and annually reviews the Corporation's business conduct code compliance program (see "Ethical Business Conduct" on page 15 of this Circular).

The Audit Committee reviews and approves, with management and external auditors, significant financial reporting issues, the conduct and results of the annual audit, and significant finance, accounting and disclosure policies and other financial matters. The Audit Committee also plays a key role in financial reporting, by reviewing the Corporation's core disclosure documents, being its annual and interim financial statements, MD&A and annual information form.

The Audit Committee plays a key role in relation to the Corporation's external auditors. It initiates and approves their engagement or termination, subject to shareholder approval, and monitors and reviews their independence, effectiveness, performance and quality control processes and procedures. PricewaterhouseCoopers ("PwC") have been Lucara's auditors since 2010. The Audit Committee pre-approves all services provided by PwC. The fees paid to PwC during 2010 and 2011 were as follows:

Fiscal Year Ending	Audit Fees C\$ ⁽¹⁾	Audit-Related Fees C\$ ⁽²⁾	Tax Fees ⁽³⁾	All other Fees ⁽⁴⁾
December 31, 2011	60,000	42,000	Nil	1,824
December 31, 2010	55,000	16,975	Nil	3,304

⁽¹⁾ Audit fees represent the aggregate fees billed for audit services.

⁽²⁾ Audit-related fees represent the aggregate fees billed for assurance and related services that are reasonably related to the performance of the audit or review of the Corporation's financial statements and not disclosed in the Audit Fees column.

- (3) Tax fees represent the aggregate fees billed for professional services rendered for tax compliance, tax advice and tax planning.
- (4) All other fees represent the aggregate of fees billed for products and services provided other than services reported under clauses (1), (2) and (3) above.

The Audit Committee reviews the Corporation's policies and practices with respect to cash management, insurance and taxation. It also ensures that management has put into place procedures that facilitate compliance with laws relating to insider trading and continuous disclosure. For additional information about the Audit Committee, including the Audit Committee Charter, see "Audit Committee Information" in Lucara's Annual Information Form dated March 22, 2012, filed at www.sedar.com.

Corporate Governance and Nominating Committee

The Corporate Governance and Nominating Committee consists of three independent directors: Paul Conibear, Brian Edgar and Eira Thomas. The Committee is responsible for developing and monitoring the Corporation's approach to corporate governance issues.

The Committee has the responsibility in general for developing and monitoring the Corporation's approach to corporate governance issues. It oversees the effective functioning of the Board, ensures that the Board can function independently of management, identifies possible nominees for the Board, develops an orientation program for new recruits to the Board and provides, with the assistance of management, director education opportunities. It has also set up a system for an annual review of the Corporation's material policies by applicable board committees.

The Corporate Governance and Nominating Committee also annually reviews and makes recommendations to the Board with respect to: (i) the appointment of a lead director; (ii) the size and composition of the Board; (iii) the appropriateness of the committees of the Board; and (iv) committee appointments. In addition, the Committee delivers this annual statement on corporate governance to the Board for inclusion in the Corporation's management proxy circular.

Compensation Committee

For more information regarding the nature, scope, roles and responsibilities of the Compensation Committee, see pages 19 and 20 of this Circular.

Safety, Health, Environmental and Corporate Social Responsibility Committee ("SHECSR Committee")

The SHECSR Committee consists of three directors. Two are independent, Rick Clark and Eira Thomas. William Lamb, the third member of the Committee, is the Corporation's CEO and is not independent. It was determined that Mr. Lamb's knowledge of the operations of the Corporation and previous operational mining experience would assist the Committee in fulfilling its mandate.

The Committee assists the Board of Directors in its oversight of Lucara's operations (including the operations of its active subsidiaries) in the following areas:

- safety, health, environment and community risks
- compliance with applicable legal and regulatory requirements associated with safety, health, environmental and community matters
- performance in relation to safety, health, environmental and community matters
- performance and leadership of the safety, health, environment and community function
- external annual reporting in relation to safety, health, environmental and community matters

ETHICAL BUSINESS CONDUCT

The Corporation is committed to conducting its business in compliance with the law and the highest ethical standards. Accordingly, the Board has adopted a written Code of Business Conduct and Ethics (the "Code") for directors, officers and employees of the Corporation. The Code is available on the Corporation's website and has been filed on and is accessible through SEDAR at www.sedar.com.

If directors, officers or employees observe or become aware of an actual or potential violation of the Code or of any law or regulation, whether committed by the Corporation employees or by others associated with the Corporation they have the responsibility to report the violation and to cooperate with any investigation. Reports can be submitted on a confidential basis to the Chair of the Corporation's Audit Committee. Following receipt of any complaints, the Chair of the Audit Committee, will investigate each matter so reported and report to the Board. The Corporation will not tolerate any reprisals against employees, officers and directors for good faith reporting of compliance concerns or violations.

The Audit Committee has the primary authority and responsibility for the enforcement of the Code, subject to the supervision of the Board of Directors. It reviews the Code on an annual basis and makes recommendations regarding compliance monitoring.

With regard to conflicts, all directors have an obligation to act in the best interest of the Corporation. In accordance with the Code, any situation that presents an actual or potential conflict between a director's personal interests and the interests of the Corporation must be reported to the Chair of the Corporation's Audit Committee. In addition, the Corporation's articles contain disclosure and voting restrictions that must be followed when a director or officer has an interest in an agreement or transaction with the Corporation being considered by the Board. Also, the Audit Committee is mandated to review and monitor all related party contracts that may be entered into by the Corporation.

In addition to the Code, the Audit Committee has established a Policy and Procedures for the Receipt, Retention and Treatment of Complaints Regarding Accounting or Auditing Matters or "Whistleblower Policy" to encourage employees, officers and directors to raise concerns regarding accounting, internal controls or auditing matters, on a confidential basis free from discrimination, retaliation or harassment.

Another example of the Board's commitment to the highest ethical standards is the Corporation's Corporate Social Responsibility Charter. As the Corporation's mining operations are based in Africa the adherence to this Charter is extremely important to the Corporation. The Charter specifies among other things that Lucara will impact positively on the quality of life of members of the local community and conduct its activities to meet or exceed standards in the protection and promotion of human rights. As part of its commitment to meet the Charter, the Corporation is participating in a sustainability reporting process. This process is being monitored by the Safety, Health, Environmental and Corporate Social Responsibility Committee utilizing the Global Reporting Initiatives (GRI) guidelines. A reporting cycle is currently being set up which involves a program of data collection, communication and responses. A report will then be provided to shape company strategy and policy and improve performance. One of the areas that the report provides information on is social performance. Social performance includes for example, an evaluation of the corporation's impact on human rights. This monitoring will assist the Corporation in ensuring that its business is conducted to meet high ethical standards.

SHAREHOLDER COMMUNICATIONS

The Board has put structures in place to ensure effective communication between the Corporation, its shareholders and the public. The Corporation has established a Disclosure Policy. Shareholders are informed of corporate developments by the issuance of timely press releases which are concurrently posted to the Corporation's website and are available on SEDAR at www.sedar.com

SECTION 4 - EXECUTIVE COMPENSATION

2011 COMPENSATION DISCUSSION AND ANALYSIS

Objectives

The objectives of Lucara's executive compensation program are:

- to structure remuneration packages that are sufficiently attractive to recruit, retain and motivate the kind of executives who will be instrumental in helping the Lucara achieve its short and long-term objectives
- provide executives with compensation that is in accordance with existing market standards generally
- align the interests of Lucara's executive officers with those of its shareholders
- link individual executive compensation to the performance of both Lucara and the individual executive

Elements of Compensation and Reward Structure

Executive compensation is comprised of three elements:

Base salaries. This is the basic method of compensating executives. Base salaries are set at levels which are competitive with the base salaries paid by other diamond mining companies (see Benchmarking Group described below), thereby enabling the Corporation to compete for and retain executives critical to the Corporation's long-term success. While the overall goal of the Compensation Committee is to set salaries at approximately the market median for diamond mining companies, it does adjust base salaries to take into account an individual's experience. Lucara's executives have employment contracts which entitle them to receive a base salary provided they fulfill the job responsibilities associated with their position description. As payment of base salaries does not depend on the performance of any specific targets or goals it is not viewed as "at risk" compensation.

Bonuses. Executives have no contractual right to bonuses and this form of compensation is clearly "at risk". Such payments are made solely in the discretion of the board. Bonuses are considered by the Board on the recommendation of the Compensation Committee. The decision by the Compensation Committee to recommend payment of bonuses is based on executives meeting individual and corporate performance criteria. The Board uses the payment of bonuses to motivate executives to meet short term performance goals for the benefit of the Corporation. As Lucara is a corporation transitioning from diamond exploration and construction phases to operations, with diamond production starting this year at its Karowe Mine in Botswana, 2011 bonuses are being assessed once Karowe successfully starts up based on measured achievements on project safety, capital budget, schedule and mine and plant startup performance. As the year progresses, operating performance measurement metrics will be substituted in for assessment of future annual short term incentive awards.

Stock Options. The Corporation has established an incentive stock option plan which is administered by the Board. The Compensation Committee makes recommendations to the Board for grants of stock options under the plan. Normally, when hiring executives, Lucara commits to an initial stock option issuance. This assists the Corporation in recruiting high performing individuals and then incentivizes such executives to drive the longer term growth of the business. This form of compensation aligns the interests of executive officers with the longer term interests of shareholders as the exercise price of options is set at the market value of the Corporation's shares at the time of the grant. As options vest over time (three equal annual installments beginning on the grant date) they are an important executive retention strategy for Lucara. On an annual basis, the Compensation Committee considers, taking into account Lucara's long term goals and previous grants to executives, whether further stock option grants should be recommended to the Board. Stock options are another form of compensation paid by Lucara that is "at risk". The Corporation has no other long term incentive plans in place.

The Corporation recognizes that its compensation package has to be sufficient to attract and retain the right level of skill, expertise and talent in an increasingly competitive global market. The structure of the remuneration

package must be well-balanced across the short, medium and longer term elements, so that it is both attractive to the individual and cost effective for the Corporation

In summary, Lucara uses base salary compensation to reward executives for effectively fulfilling their job responsibilities, bonuses to reward executives for meeting short term performance goals and stock options as a retention strategy and to reward executives for long term business growth.

By providing base salary at a reasonable median level the Corporation is able to attract talented candidates. However, the short term incentive (discretionary bonuses) provides recruits with the opportunity to achieve superior total annual reward through their own delivery of excellence at individual and business levels. Finally, the longer term reward element (stock option grants), provides the opportunity to build ownership and growth in the medium and longer term future in line with the opportunities for success afforded to the shareholders.

Benchmark Group

As noted above, executives' base salaries are benchmarked against a comparator group. The comparator group chosen for the 2011 compensation review process consisted of diamond mining companies that are publicly listed. The following is the list of companies forming the comparator group in 2011:

- Gem Diamonds
- Firestone Diamonds
- Stornoway Diamonds
- Petra diamonds
- Peregrine Diamonds
- Shore Gold
- Namakwa Diamonds
- Mountain Province

Performance Goals

The Compensation Committee reviews the performance of the Corporation's executive officers at least annually. As noted above, Lucara is transitioning from an exploration to a diamond producing company and as such the key performance goals for executives in 2011 and 2012 relate to: (i) to the opening of Lucara's new Karowe mine in Botswana on budget and on time; and (ii) the completion of the trial diamond mining project in Lesotho, known as the Mothae Project, also on budget and on time. There are also other goals that come into play when the members of the Compensation Committee are considering executive compensation. These goals include, increase in the Corporation's share price and an excellent safety, environmental and corporate social responsibility record.

The Compensation Committee takes into account each executive's individual performance towards the performance goals when determining compensation including the importance that the individual plays in successfully meeting these goals.

Alignment Compensation Programs and Risk Management

Risk management is a primary consideration of the Board when implementing its compensation programme. It does not believe that its compensation programme results in unnecessary or inappropriate risk taking including risks that are likely to have a material adverse effect on the Corporation. Payments of bonuses, if any, are not made until performance goals have been met. A decision was made in 2011, by the Board, to delay the annual award and payment of bonuses to the Named Executive Officers until the opening of Lucara's new Karowe Mine. This key performance goal, the opening of the Corporation's new Karowe mine on budget and on time, is also Lucara's current key business enterprise risk. Clearly, alignment of risk to compensation is a critical component of the Board's compensation strategy. Managing risk in the areas of safety, environmental and corporate social responsibility is also extremely important to Lucara and hence the Corporation's record on safety, environmental and corporate social responsibility is an important factor when considering executive compensation. With regard to stock options, the Board has approved a stock option plan for vesting provisions over time which reduces the risk of short term decision making.

To ensure that, following operation of the mine, there will continue to be adequate safeguards in place to mitigate compensation related risks, the Corporation is introducing this year an annual compensation risk review. This compensation risk review will be performed by the Compensation Committee and any recommendations flowing from it will be presented to the Board.

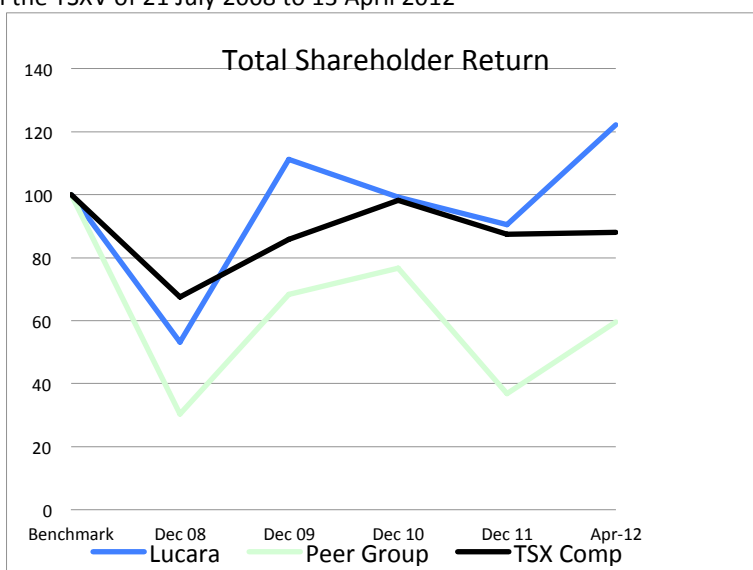
Director and Officer Hedging Prohibition

Lucara’s Board of Directors and executive officers are not permitted to purchase financial instruments, including for greater certainty, prepaid variable forward contracts, equity swaps, collars or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the director or officer.

PERFORMANCE GRAPH

Total Shareholder Return

The Total Shareholder Return (“TSR”) graph, above, represents the comparative TSR performance of the Company from its listing date on the TSXV of 21 July 2008 to 13 April 2012



The graph shows the Company’s performance against the TSX Composite index of which it is a member, chosen as being a broad equity market index with companies of a comparable size and complexity. The graph also shows the company’s performance against a sector index comparator group. The comparator index provides an indication of how the Company is performing against comparator companies in the diamond sector.

COMPENSATION GOVERNANCE

Role of Management in Determining Compensation

The accountability for decisions on executive remuneration is within the mandate of the Board with recommendations from the Compensation Committee; however, management has a key role in helping support the Compensation Committee in fulfilling its obligations. For example, the CEO and other senior members of the Corporation’s management team provide a source of external data and analysis.

Composition of the Compensation Committee

The Compensation Committee, on behalf of the Board, monitors compensation for the executive officers of the Corporation. The Compensation Committee currently has three members: Messrs. Paul Conibear, Richard Clark and Brian Edgar. Since 2007, the Compensation Committee has maintained a mandate and meets as frequently as necessary in order to fulfill its responsibilities and in any event, at least annually.

Skills and Experience of Compensation Committee Members

All members of the Committee have direct experience which is relevant to their responsibilities as Compensation Committee members. All members are or have acted as CEO for a public company, and therefore have a good understanding of how compensation works and how to motivate staff. They also have good financial understanding which allows them to assess the costs versus benefits of compensation plans. The members combined experience in the resource sector provides them with the understanding of the company's success factors and risks which is very important when determining metrics for measuring success.

Member Name	Independent ⁽¹⁾	Education and Experience Relevant to Performance of Compensation Committee Duties
Paul K. Conibear (Chair)	Yes	Mr. Conibear, an engineer, currently holds the position of President and Chief Executive Officer of a public resource company. He has been in a senior executive role in the resource sector for over 10 years and has significant experience in dealing with compensation matters through these roles.
Brian D. Edgar	Yes	Mr. Edgar is currently the Chair of a public resource based company. He is a retired lawyer with a Law Degree from the University of British Columbia. Mr. Edgar is co-owner of a private investment firm and as such has significant finance expertise. Mr. Edgar has and is serving as an executive officer, director and compensation committee member of several other public resource-based companies.
Richard Clark	Yes	Mr. Clark currently holds the position of Chief Executive Officer of a public resource company. He is a retired lawyer with a geological background who has held senior executive roles with the Lundin group of resource companies for over 10 years.

⁽¹⁾ A member is independent if he/she has no direct or indirect material relationship with the Company which could, in the view of the Board of Directors, reasonably interfere with the exercise of a member's independent judgment, or is otherwise deemed to have a material relationship under National Instrument 52-110.

Mandate and Responsibilities of Compensation Committee

The following is a summary description of the mandate and responsibilities of the Compensation Committee as it relates to executive compensation:

- to review and approve corporate goals and objectives relevant to executive compensation, including the evaluation and performance of the CEO in light of those corporate goals and objectives, and to make recommendations to the Board with respect to compensation levels (including the award of any cash bonuses or share ownership opportunities);
- to consider the implementation of short and long-term incentive plans, including equity-based plans, proposed by management, to make recommendations to the Board with respect to these plans and to annually review such plans after their implementation; and
- to annually review any other benefit plans proposed by management and to make recommendations to the Board with respect to their implementation.

Compensation Advisors

The Corporation has not retained any compensation consultants or advisors during or since the year ended December 2011.

COMPENSATION OF NAMED EXECUTIVE OFFICERS

For the purposes of this Circular, "Named Executive Officer" means: (a) Chief Executive Officer, (b) Chief Financial Officer, (c) each of the three most highly compensated executive officers, or the three most highly compensated individuals acting in a similar capacity, other than the Chief Executive Officer and Chief Financial Officer, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000 CAD; and (d) each individual who would be a Named Executive Officer under paragraph (c) but for the fact that the

individual was neither an executive officer of the Corporation, nor acting in a similar capacity, as at December 31, 2011.

During the financial year ended December 31, 2011, the Corporation had five Named Executive Officers being: William Lamb, Lawrence Ott, Anthony George, Susan Neale and Glenn Kondo

Summary Compensation Table

The following table sets forth a summary of the total compensation paid to, or earned by the Corporation's Named Executive Officers during the three most recently completed fiscal periods.

Name and Principal Position	Fiscal Period (\$US)	Salary ⁽¹⁾ (\$US)	Option-based Awards ⁽¹⁾⁽²⁾ (\$US)	Non-equity Incentive Plan Compensation	All Other Compensation ⁽¹⁾⁽⁴⁾ (\$US)	Total Compensation ⁽¹⁾ (\$US)
				Annual Incentive Plans ⁽¹⁾⁽³⁾ (\$US)		
William Lamb ⁽⁵⁾ President and Chief Executive Officer	Dec 31/2011	311,567	85,930	Nil	13,062	410,559
	Dec 31/2010	262,062	Nil	242,650	11,579	516,291
	Dec 31/2009	81,944	316,173	98,333	Nil	496,449
Glenn Kondo ⁽⁶⁾ Chief Financial Officer	Dec 31/2011	81,601	118,148	Nil	2,506	202,255
Susan Neale ⁽⁷⁾ Past Chief Financial Officer	Dec 31/2011	181,335	Nil	Nil	220,162	401,496
	Dec. 31/2010	151,414	74,712	77,648	565	304,339
	Dec. 31/2009	81,944	63,235	56,190	Nil	203,948
Lawrence E. Ott ⁽⁸⁾ Vice President, Exploration	Dec 31/2011	Nil	21,483	Nil	157,139	178,622
	Dec 31/2010	Nil	74,712	60,000	162,219	296,931
	Dec 31/2009	Nil	63,235	50,000	62,500	175,735
Anthony George ⁽⁹⁾ Vice President, Development	Dec 31/2011	280,657	71,609	Nil	7,335	359,601
	Dec 31/2010	242,650	228,396	121,325	18,439	610,809

⁽¹⁾ Other than for Dr. Ott who is paid in United States dollars, salaries for the Named Executive Officers are paid in Canadian dollars and converted to United States dollars for reporting purposes in the Summary Compensation Table for the financial year ended December 31, 2011 at the average exchange rate of CAD\$1.00=US\$0.9891, and for the financial year ended December 31, 2010 at the average exchange rate of CAD\$1.00 = US\$0.9706, being the Bank of Canada average annual exchange rates.

⁽²⁾ This amount represents the fair value, on the date of grant, of awards made under the Lucara's stock option plan. The value has been determined using the Black-Scholes models and is consistent with the determinations used for financial statement purposes. The amount presented in the table represents the fair value of the vested and unvested portion of the options granted for the period. For accounting purposes, the fair value is amortized over the applicable vesting periods. Options fair values were calculated in Canadian dollars and translated into United States dollars using an exchange rate of CAD\$1.00=US\$0.9490 for the January 4, 2010 options grant and CAD\$1.00=US\$0.9918 for the December 14, 2010 option grants, CAD\$1.00=US\$1.0083 for the September 14, 2011 option grant and CAD\$1.00=US\$0.9551 for the November 27, 2011 option grants awarded to these individuals. It should be recognized that the actual future value will be based on the difference between the market value at time of exercise and the exercise price. Therefore, the value attributed to the stock options under the Black-Scholes model does not necessarily correspond to the actual future value that will be realized. The Black-Scholes option pricing model incorporates the following assumptions:

	2011	2010
Assumptions:		
Risk-free interest rate (%)	1.12	1.68
Expected life (years)	3.00	1.76
Expected volatility (%)	57.95	58.48
Expected dividend	Nil	Nil
Results:		
Weighted average fair value of options granted (per option)	\$ 0.32	\$ 0.29

- (3) There are no cash based long term incentive plans in place. This column represent short term incentive plan payments, bonuses, no payments were earned or paid for the year ending December 31, 2011.
- (4) Except for the payment to Ms. Neale as described below, amounts in this column typically consist of benefits such as life insurance premiums, parking benefits and medical/dental plans.
- (5) William Lamb was appointed President and Chief Executive Officer of the Corporation in April 2010. From June 2009 to April 2010, Mr Lamb was the President and Chief Operating Officer of the Company. During the period July 28, 2008 – July 3, 2009, Mr. Lamb was employed as General Manager to the Corporation. Effective July 1, 2009, Mr. Lamb's salary was increased from CAD\$175,000 per annum to CAD\$210,000 per annum. Effective January 1, 2010, Mr. Lamb's salary was increased from CAD\$210,000 per annum to CAD\$270,000 per annum. Effective April 1, 2011, Mr. Lamb's salary was increased from CAD\$270,000 per annum to CAD\$330,000 per annum.
- (6) Glenn Kondo was appointed Chief Financial Officer of the Company as of October 1, 2011. Mr. Kondo's salary is CAD\$275,000 per annum effective September 14, 2011 when he started employment with the Company.
- (7) Ms. Neale was replaced by Mr. Glenn Kondo as Chief Financial Officer on October 1, 2011. A final settlement of CAD \$200,000 was made and is included in All Other Compensation.
- (8) Lawrence E. Ott provides geological and consulting services to the Corporation at a rate of USD\$12,500 per month. Effective April 1, 2011, Mr. Ott's fee has been increased from USD\$12,500 per month to USD\$15,000 per month.
- (9) Anthony George was appointed Vice President, Development of the Corporation effective January 4, 2010. Mr. George's salary is CAD\$250,000 per annum and was increased to CAD\$295,000 per annum effective April 1, 2011.

Pension Plan Benefits

The Corporation does not have any defined benefit or actuarial plans.

Termination and Change of Control Benefits

Mr. William Lamb is a party to an employment agreement with the Corporation (the "Lamb Agreement"), Mr. Anthony P. George is a party to an employment agreement with the Corporation (the "George Agreement"), Mr. Glenn Kondo is a party to any employment agreement with the Corporation (the "Kondo Agreement") and Dr. Lawrence E. Ott is a party to a consulting agreement with the Corporation (the "Ott Agreement"). Each of the Lamb Agreement, George Agreement, Kondo Agreement and Ott Agreement set forth certain instances where payments and other obligations arise on the termination of their respective agreement.

- a) Pursuant to the terms of the Lamb Agreement, Mr. Lamb may be entitled to receive up to a maximum of 12 month's salary in the event of termination without cause, termination due to permanent disability or in the event of a change of control of the Corporation to a non-affiliated entity, which as of the date of this Circular would be equivalent to CAD\$330,000.
- b) Pursuant to the terms of the George Agreement, Mr. George may be entitled to receive up to a maximum of 12 month's salary in the event of termination without cause, termination due to permanent disability or in the event of a change of control of the Corporation to a non-affiliated entity, which as of the date of this Circular would be equivalent to CAD\$295,000.
- c) Pursuant to the terms of the Kondo Agreement, Mr. Kondo may be entitled to receive up to a maximum of 12 month's salary in the event of termination without cause, termination due to permanent disability or in the event of a change of control of the Corporation to a non-affiliated entity, which as of the date of this Circular would be equivalent to CAD\$275,000.
- d) Pursuant to the terms of the Ott Agreement, Dr. Ott may be entitled to receive a one-time payment of up to \$400,000 in the event of a change of control of the Corporation. In addition, Dr. Ott (or his beneficiary, as the case may be) may be entitled to receive a one-time payment of up to \$200,000 in the event of termination of his agreement without cause or if during the term of such agreement, Dr. Ott dies or becomes permanently disabled while performing services for the Corporation.

Other than as set forth above, Lucara and its subsidiaries have no compensatory plan, contract or arrangement where a Named Executive Officer is entitled to receive more than CAD\$100,000 (including periodic payments or instalments) to compensate such executive officer in the event of resignation, retirement or other termination of the Named Executive Officer's employment with the Corporation or its subsidiaries, a change of control of the Corporation or its subsidiaries, or a change in responsibilities of the Named Executive Officer, with or without a change in control.

Outstanding Option-based Awards

During fiscal year 2011, the Corporation granted an aggregate of 875,000 options to Named Executive Officers under the Corporation's Stock Option Plan. The following table sets forth the outstanding option-based awards held by the Named Executive Officers of the Corporation at the end of the most recently completed financial year:

Option-based Awards				
Name	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (CAD\$)	Option Expiration Date	Value of Unexercised In-the-money Options (CAD\$)⁽¹⁾
William Lamb	500,000	1.00	Dec 18, 2012	Nil
	100,000	0.48	July 6, 2012	38,000
	300,000	0.80	Nov 27, 2014	18,000
Glenn Kondo	250,000	0.98	Sept 19, 2014	Nil
Susan Neale	50,000	0.95	Jan 31, 2012	Nil
	66,666	1.00	Jan 31, 2012	Nil
	100,000	0.48	Jan 31, 2012	38,000
Lawrence E. Ott	150,000	0.95	Dec 14, 2013	Nil
	100,000	1.00	Dec 18, 2012	Nil
	75,000	0.80	Nov 27, 2014	4,500
Anthony George	200,000	1.00	Jan 4, 2013	Nil
	200,000	0.95	Dec 14, 2013	Nil
	250,000	0.80	Nov 27, 2014	15,000

⁽¹⁾ This amount is calculated based on the difference between the market value of the securities underlying the options at the end of the most recently completed financial year, which was CAD\$0.86 and the exercise or base price of the option.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed financial year by each Named Executive Officer:

Name	Option-based awards – Value vested during the year⁽¹⁾ (CAD\$)	Share based awards- Value vested during the year⁽²⁾	Non-equity incentive plan compensation-Value earned during the year⁽³⁾
William Lamb	22,000	n/a	Nil
Glenn Kondo	Nil	n/a	Nil
Susan Neale ⁽⁴⁾	22,000	n/a	Nil
Lawrence E. Ott	Nil	n/a	Nil
Anthony George	Nil	n/a	Nil

⁽¹⁾ The value of the option-based awards is computed by determining the difference between the market price of the underlying securities on vesting date and the exercise price of the options.

⁽²⁾ There are no awards of this type.

⁽³⁾ This column represents short term incentive plan payments or bonuses, no payments were earned or paid for the year ending December 31, 2011.

⁽⁴⁾ Ms. Susan Neale's unvested stock options were canceled upon termination of employment with the Company as of November 30, 2011 and due to such termination her vested options expiry date was revised to January 31, 2012.

SECTION 5 – COMPENSATION OF DIRECTORS

Prior to April 15, 2011, fees were not paid to Directors. On April 15, 2011, on the recommendation of the Compensation Committee, directors' compensation was amended. Each non-executive director now receives CAD\$30,000 per annum. The Chairman of the Board, the Lead Director and the Chair of the Audit Committee each receive an additional CAD\$5,000 per annum. No fees are paid for attendance at meetings.

The following table sets forth the details of compensation provided to directors, other than William Lamb, who is a Named Executive Officer, during the Corporation's most recently completed financial year:

Name	Fees Earned (CAD\$)	Option-based Awards (\$)	All Other Compensation (\$)	Total (CAD\$)
Paul K. Conibear	30,000	Nil	Nil	30,000
Lukas Lundin	26,250	Nil	Nil	26,250
John J. Gurney	22,500	Nil	Nil	22,500
Brian E. Edgar	22,500	Nil	Nil	22,500
Eira Thomas	22,500	Nil	Nil	22,500
Richard P. Clark	22,500	Nil	Nil	22,500

Outstanding Option-Based Awards

The following table sets forth the outstanding option-based awards held by the directors, other than William Lamb, who is a Named Executive Officer, of the Corporation at the end of the most recently completed financial year:

Name	Option-based Awards			
	Number of securities underlying unexercised options (#)	Option exercise price (CAD\$)	Option expiration date	Value of unexercised in-the-money options (CAD\$) ⁽¹⁾
Paul K. Conibear	400,000	0.48	July 6, 2012	152,000
	300,000	1.00	Dec 18, 2012	Nil
Lukas Lundin	200,000	0.48	July 6, 2012	76,000
	200,000	1.00	Dec 18, 2012	Nil
Brian D. Edgar	200,000	0.48	July 6, 2012	76,000
	200,000	1.00	Dec 18, 2012	Nil
John J. Gurney	100,000	0.48	July 6, 2012	38,000
	100,000	1.00	Dec 18, 2012	Nil
Eira Thomas	100,000	0.48	July 6, 2012	38,000
	100,000	1.00	Dec 18, 2012	Nil
Richard P. Clark	200,000	0.83	Jun 8, 2013	6,000

⁽¹⁾This amount is calculated based on the market value of the securities underlying the option at the end of the most recently completed financial year, which was CAD\$0.86 and the exercise price of the option.

Incentive Plan Awards – Value Vested or Earned During the Year

The following table sets forth details of the value vested or earned for all incentive plan awards during the most recently completed fiscal year by each director, other than William Lamb who is a Named Executive Officer:

Name	Option-based awards – Value vested during the year (CAD\$)⁽¹⁾
Paul K. Conibear	88,000
Lukas Lundin	44,000
Brian D. Edgar	44,000
John J. Gurney	22,000
Eira Thomas	22,000
Richard Clark	20,667

⁽¹⁾The value of the option-based awards is computed by determining the difference between the market price of the underlying securities on vesting date and the exercise price of the options.

SECTION 6 – OTHER INFORMATION

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Corporation has purchased and maintains liability insurance for its directors and officers acting in their respective capacities in an aggregate amount of CAD\$10 million, against liabilities incurred by such persons as directors and officers of the Corporation and its subsidiaries, except where the liability relates to such person's failure to act honestly and in good faith with a view to the best interests of the Corporation. The annual premium paid by the Corporation for this insurance in respect of the directors and officers as a group is CAD\$21,800.00 and coverage extends to May 15, 2012. No premium for this insurance is paid by the individual directors and officers. The insurance contract underlying this insurance does not expose the Corporation to any liability in addition to the payment of the required premium.

SECURITIES AUTHORIZED FOR ISSUANCE UNDER EQUITY COMPENSATION PLAN

The Corporation's 10% Rolling Incentive Stock Option Plan (the "Plan"), described below, is the only compensation plan under which equity securities of the Corporation are authorized for issuance.

Equity Compensation Plan Information (as at fiscal year ended December 31, 2011)

Plan Category	Number of securities to be issued upon exercise of outstanding options (a)	Weighted-average exercise price of outstanding options (CAD\$)	Number of securities remaining available for future issuance under the Plan (excluding securities reflected in column (a))
Equity Compensation Plans approved by securityholders	11,550,000	0.91	18,699,405
Total	11,550,000		18,699,405

⁽¹⁾ During the fiscal year ended December 31, 2011, the Corporation granted options to purchase a total of 7,840,000 Common Shares.

⁽²⁾ During the fiscal year ended December 31, 2011, the Corporation issued 854,999 Common Shares as a result of the exercise of options granted pursuant to the Plan.

⁽³⁾ During the fiscal year ended December 31, 2011, the Corporation cancelled 188,335 stock options.

The Plan was amended by the Board of Directors on March 22, 2012 in order to bring the Plan in compliance with the rules and policies of the TSX Exchange, more specifically these amendments were:

- Replacing a reference to the TSX Venture with the TSX Exchange
- Revising the determination of the exercise price in accordance with TSX Exchange requirements i.e. the exercise price shall be determined by the Board but in any event shall not be lower than the market price (as defined by the policies of the TSX Exchange) on date of grant

The material terms of the 10% Rolling Plan remain unchanged and can be summarized as follows:

1. The number of common shares issuable upon the exercise of all options granted under the Plan shall not exceed 10% of the issued and outstanding share capital of the Corporation on a non-diluted basis at any time and such aggregate number of common shares shall automatically increase or decrease as the number of issued and outstanding share changes.
2. Options that have been exercised, cancelled or that have expired or terminated for any reason in accordance with the terms of the Plan, shall again be available for grant under the Plan.
3. The aggregate number of common shares reserved for issuance, pursuant to the Plan, to:
 - a. any one participant within a one-year period shall not exceed 5% of the common shares outstanding at the time of the grant unless the Corporation has obtained the requisite disinterested shareholder approval;

- b. any one consultant within a one-year period shall not exceed 2% of the common shares outstanding at the time of the grant.
 - c. all eligible persons conducting investor relations activities within a one-year period shall not exceed 2% of the common shares outstanding at the time of the grant;
 - d. insiders shall not exceed 10% of the common shares outstanding at the time of the grant unless the Corporation has obtained the requisite disinterested shareholder approval;
 - e. insiders within a one-year period shall not exceed 10% of the common shares outstanding unless the Corporation has obtained the requisite disinterested shareholder approval.
4. The exercise price of the options shall be determined by the Board but in any event shall not be lower than the market price (as defined by the policies of the TSX Exchange) on date of grant.
 5. The options may be exercisable for up to 10 years.
 6. Subject to the Board of Directors' discretion, Options will have a minimum vesting period of two years: 1/3 of the Options vesting upon the date of grant; 1/3 of the Options vesting on the first anniversary of the grant; and the remaining 1/3 vesting on the second anniversary of the grant. Notwithstanding the foregoing, all Options granted to Eligible Persons will have, at a minimum, a vesting period over a minimum of 18 months and will not have vesting schedules which permit a majority of the shares to be released early in the vesting period rather than equally on a quarterly basis. Options granted to Consultants providing Investor Relations Services shall vest in stages over a 12 month period with a maximum of one-quarter of the Options vesting in any three month period.
 7. If there is a 'change of control' of the Corporation (due to a take-over bid being made for the Corporation or similar events), all unvested options, subject to obtaining any required approval from the Exchange, shall vest immediately.
 8. The options can only be exercised by the Optionee (to the extent they have already vested) for so long as the Optionee is a director, officer or employee of, or consultant to, the Corporation or any subsidiary or is an employee of the Corporation's management corporation and within a period thereafter not exceeding the earlier of:
 - a. the original expiry date;
 - b. 30 days after ceasing to be an Optionee, other than for cause;
 - c. 30 days after ceasing to be an engaged in Investor Relations Activities; and
 - d. if the Optionee dies, within one year from the Optionee's death.
 9. If the Optionee is terminated 'for cause', involuntarily removed or resigns (other than at the request of the Board of Directors or for the benefit of another director or officer from any of such positions) the option will terminate concurrently.
 10. The options are not assignable except to a wholly-owned holding company.
 11. No financial assistance is available to Optionees under the Plan.
 12. Disinterested shareholder approval must be obtained prior to the reduction of the exercise price of options granted to insiders of the Corporation.
 13. Subject to applicable law and to the prior approval, if required, of the Exchange or another regulatory body with authority, or if required by the rules or policies of the Exchange or the shareholders, the Board may suspend, terminate or discontinue the Plan or amend or revise the terms of the Plan or of any Option granted under the Plan provided that such amendment, revision, suspension, termination or discontinuance shall not adversely affect any Option granted to an Optionee under the Plan without the consent of that Optionee.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

None of the directors or executive officers of the Corporation, proposed nominees for directors, or associates or affiliates of said persons, have been indebted to the Corporation at any time since the beginning of the last completed financial year of the Corporation.

MANAGEMENT CONTRACTS

Management functions of the Corporation and its subsidiaries are performed by directors, executive officers or senior officers of the Corporation and not, to any substantial degree, by any other person with whom the Corporation has contracted.

INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

During the fiscal year ended December 31, 2011, none of the insiders of the Corporation nor any proposed nominee for election as director, nor any associate or affiliate of said persons has had any material interest, direct or indirect, in any transaction, which has materially affected or will materially affect the Corporation or any of its subsidiaries.

ANY OTHER MATTERS

Management of the Corporation knows of no other matters which will be brought before the Meeting, other than those referred to in the Notice of Meeting. Should any other matters properly be brought before the Meeting, the Common Shares represented by the proxies solicited hereby will be voted on those matters in accordance with the best judgment of the persons voting such proxies.

ADDITIONAL INFORMATION

The Board approves the Corporation's Annual Information Form, annual consolidated financial statements and annual management's discussion and analysis ("MD&A"), quarterly reports to shareholders and the content of the Corporation's other significant public disclosure documents. These and other prescribed documents are available on Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com. The Corporation has also established and maintains a corporate website at www.lucaradiamond.com that includes, among other things, an investor relations section containing past Annual Information Forms, annual and quarterly reports and press releases. Financial information regarding the Corporation is provided in the annual financial statements and annual MD&A for the period ended December 31, 2011. The Corporation will provide, without charge to a shareholder, a copy of its latest Annual Information Form and any document incorporated therein by reference, its annual financial statements and annual MD&A for the period ended December 31, 2011, interim financial statements for subsequent periods, and this Management Proxy Circular upon request to the Corporation as follows:

- (i) e-mail: lucara@namdo.com
- (ii) telephone: 604-689-7842
- (iii) mail: Lucara Diamond Corp.
Suite 2000 - 885 West Georgia Street
Vancouver, BC V6C 3E8
Attn: Investor Relations

CERTIFICATE

The contents and the distribution of this Circular have been approved by the Board.

DATED the 16th day of April, 2012.

BY ORDER OF THE BOARD

(Signed) William Lamb
President and Chief Executive Officer

APPENDIX A
LUCARA DIAMOND CORP. BOARD OF DIRECTORS' MANDATE

(as amended and restated by the Board of Directors on March 22, 2012)

The following is a description of the mandate and responsibilities of the Board of Directors (the "Board") of Lucara Diamond Corp. (the "Company"):

- a. The principal responsibilities of the Board are to supervise and evaluate management, to oversee the conduct of the Company's business, to set policies appropriate for the business of the Company and to approve corporate strategies and goals. The Board is to carry out its mandate in a manner consistent with the fundamental objective of enhancing shareholder value.
- b. In discharging its duty of stewardship over the Company the Board expressly undertakes the following specific duties and responsibilities:
 - i. adopting, supervising and providing guidance on the Company's strategic planning process including, reviewing on at least an annual basis, a strategic plan which takes into account the opportunities and risks of the Company's business;
 - ii. identifying the principal risks of the Company's business and ensuring the implementation of appropriate risk management systems;
 - iii. ensuring that the Company has management of the highest calibre and maintaining adequate and effective succession planning for senior management
 - iv. placing limits on management's authority;
 - v. overseeing the integrity of the Company's internal control and management information systems; and
 - vi. overseeing the Company's communication policy with its shareholders and with the public generally.
- c. The Board's independent directors shall meet without management and non-independent directors present on a quarterly basis. If a Lead Director has been appointed, such meetings of the independent directors will be presided over by the Lead Director.

Outside Advisors and Fulfilling Responsibilities

A director may, with the prior approval of the Chairman of the Board, engage an outside advisor at the reasonable expense of the Company, where such director and the Chairman of the Board determine that it is appropriate in order for such director to fulfil his or her responsibilities, provided that the advice sought cannot properly be provided through the Company's management or through the Company's advisors in the normal course. If the Chairman of the Board is not available in the circumstances, or determines that it is not appropriate for such director to so engage outside counsel, the director may appeal the matter to the Corporate Governance and Nominating Committee, whose determination shall be final.