

Lucara Diamond Capital Markets Day

October 22, 2018



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Cautionary Statement



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Forward-looking information

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

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

Technical information

The technical information in this document for the AK6 diamond project (Karowe Mine) in Botswana is based on the following technical reports, respectively: NI 43-101 Technical Report on the Feasibility Study for the AK6 Kimberlite Project, Botswana Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated December 31, 2010; Updated NI43-101 report released on February 4, 2014, based on update Mineral Resource Estimate released by Lucara Diamond Corp., dated December 19, 2013; NI 41-101 Technical Report on the Preliminary Economic Assessment of the Karowe Diamond Mine Underground Project, Botswana Prepared by Royal Haskoning DHV on behalf of Lucara Diamond Corp., dated November 27, 2017; NI 43-101 Technical Report for the Karowe Mine: Updated Mineral Resource Update prepared by Mineral Services on behalf of Lucara Diamond Corp., dated August 9, 2018.

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

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



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Agenda

1. Introduction
Eira Thomas
2. Lucara Botswana
Naseem Lahri
3. Karowe Resource
John Armstrong
4. Operational Update
Johane Mchive
5. Diamond Market
Steven Lincoln
6. Financials
Zara Boldt
7. Corporate Development Strategy
Ayesha Hira
8. Underground Studies
John Armstrong
9. Clara
Eira Thomas
10. Closing Remarks and Q&A
Eira Thomas

1. Introduction



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Lucara Management Team



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Lucara Diamond Corp.

- **Lukas Lundin** Chairman & Director
- **Eira Thomas** President, CEO & Director
- **John Armstrong** VP, Technical Services
- **Zara Boldt** CFO & Corporate Secretary
- **Ayesha Hira** VP, Corporate Development & Strategy
- **Steven Lincoln** Sales & Marketing Operations Manager

Lucara Botswana (Pty) Ltd.

- **Naseem Lahri** Managing Director
Lucara Botswana
- **Boitumelo Maoketsa** CFO Lucara Botswana
- **Johane Mchive** General Manager
Karowe Mine



The Investment Case

All currency figures in USD, unless otherwise stated.

100% owned Karowe Mine in Botswana

- High margin diamond producer since 2012 producing large Type IIa gem quality diamonds
- Feasibility Study (FS) underway on Karowe underground with potential to extend mine-life to 2036

100% owned Clara Diamond Solutions

- A secure, digital sales platform that uses proprietary analytics together with cloud and blockchain technologies to modernize the existing diamond supply chain, driving efficiencies, unlocking value and ensuring diamond provenance from mine to finger

Strong Balance Sheet

- \$49.6 million in cash on hand (as at June 30, 2018); No debt

Progressive Annual Dividend

- CDN\$0.10 for 2018. US\$257 million paid since implementation of dividend policy in 2014.



Strategic Goal



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- To become the world's premier, mid-tier, investible diamond company, positioned for long term, sustainable growth



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Karowe Diamond Mine: History

Karowe Diamond Mine: AK06 Kimberlite

- 1969 Discovery
- Renewed delineation and sampling in early 2000's
- 2010 Feasibility Study (FS) updated and Lucara acquires 100% ownership
- 2012 commercial production achieved
- 2013 resource update, start of large diamond recoveries
- 2015 Phase 2 plant upgrades, XRT circuit, historic diamond recoveries
- 2016 Resource expansion drilling initiated
- 2017 Underground Preliminary Economic Assessment (PEA), positive outcome, Phase 3 plant upgrade (4-8mm XRT)
- 2018 Resource Update
- 2018 Underground FS underway



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Karowe – Foremost Producer of Large Type IIa Diamonds

- 170 diamonds have sold for >\$1 million each and 10 single diamonds have sold for >\$10 million
- Karowe has a coarse size frequency distribution (SFD) that includes the regular recovery of diamonds greater than 10.8 carats in size, referred to as “specials”
- Specials from Karowe are consistently high value and gem quality
- South Lobe production rates of 270,000 to 290,000 carats per annum consistently achieve average diamond values of between **US\$625 to US\$680 per carat**, not including the 1,109 carat Lesedi La Rona and the 813 carat Constellation
- Average price per carat for Karowe diamonds sold YTD \$648/carats (as of June 30, 2018)
- FS underway on Karowe underground with potential to extend mine-life to 2036

Historic Diamond Recoveries



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Lesedi La Rona 2nd largest gem diamond ever recovered



813 carat Constellation which sold for a record US\$63.1 million

2. Lucara Botswana



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Lucara Botswana



- Population of Botswana is 2.3 million
- Diamonds contribute to 16 % of GDP
- Average annual GDP growth is 6.5%
- Unemployment rate is at 18%
- Lucara Botswana is owned 100% by Lucara Diamond Corp.
- Lucara Botswana owns the Karowe Diamond Mine which has been in production since 2012
- Karowe means “precious stone” (named by the community)
- Karowe Mine operates in Letlhakane which has a population of approx. 26 000
- The company’s contribution to Botswana is through employment, spend, taxes and its CSR programs:
 - The company employs close to 1 200 employees
 - Spend for the year is P 1.1 billion (USD 110 million), 80% of which is spent locally
 - The company paid \$45.5 million in 2017 in royalties and direct taxes

3. Karowe Resource



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Karowe Diamond Mine: AK06 Kimberlite

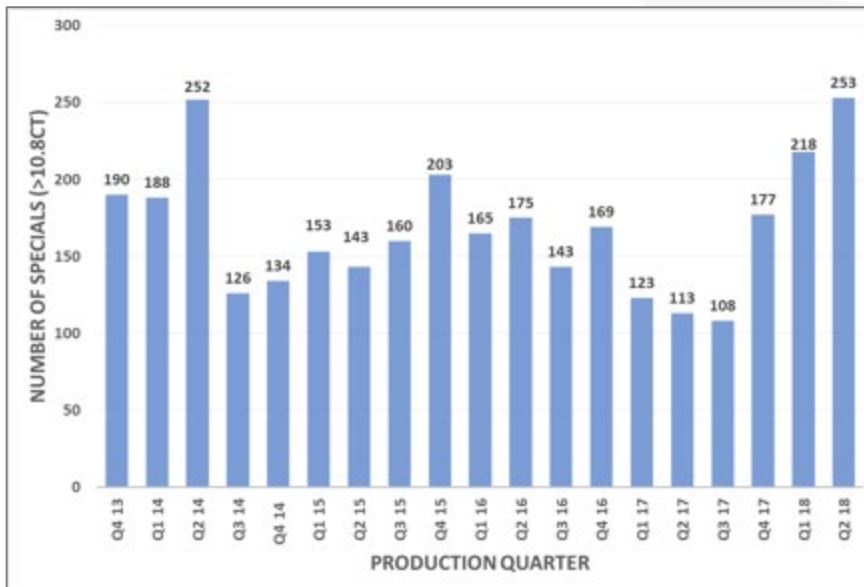
- Tri-lobate, Group 1, opaque-rich monticellite bearing kimberlite
- Emplaced circa 93 Ma
- Magmatic to pyroclastic/fragmental kimberlite
- North and Centre lobes are infilled with geologically similar material
- South lobe is volumetrically the most significant, also host to high yield material
- Surface expression of 3.3ha, increasing to 7ha at approx 120m below surface



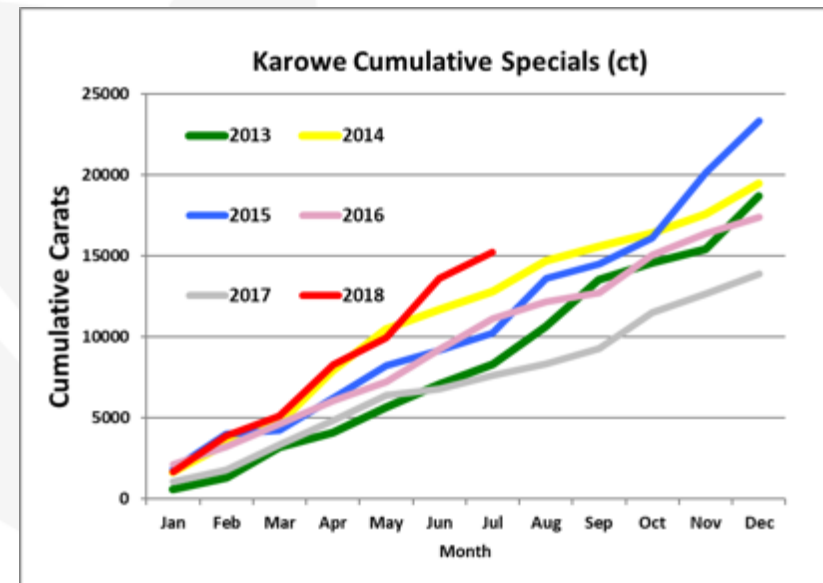


Resource – Carats Recovered

Karowe Quarterly Specials Count



Karowe Cumulative Weight % Specials

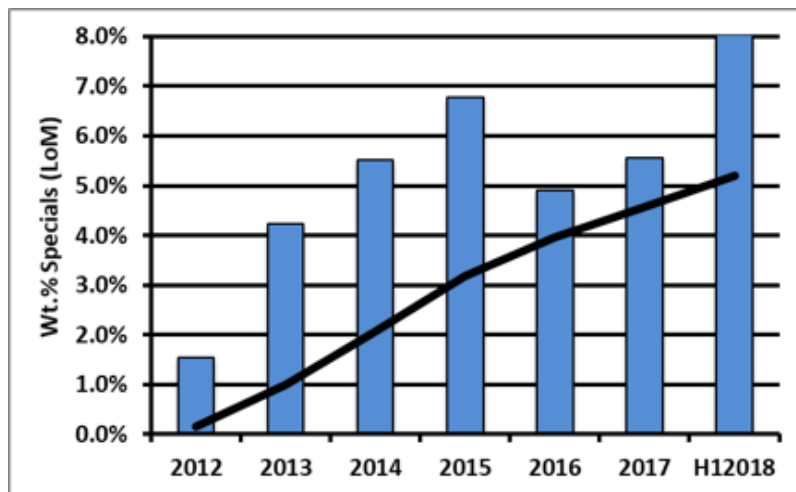


- 253 specials recovered in Q2, highest quarterly tally Life of Mine, 10.5 wt.% (Q2-17 5.9%) of recovered carats
- 11 diamonds > 100 carats, including 3 > 300ct
- EM/PK(S) continues to contribute positively to carats recovered and % specials



Consistency in Specials

- Consistent recovery of large diamonds
- LoM over 100,000 carats in more than 4,100 individual diamonds
- Influence of South Lobe as mining has progressed
- 2018 HY1 excellent recoveries

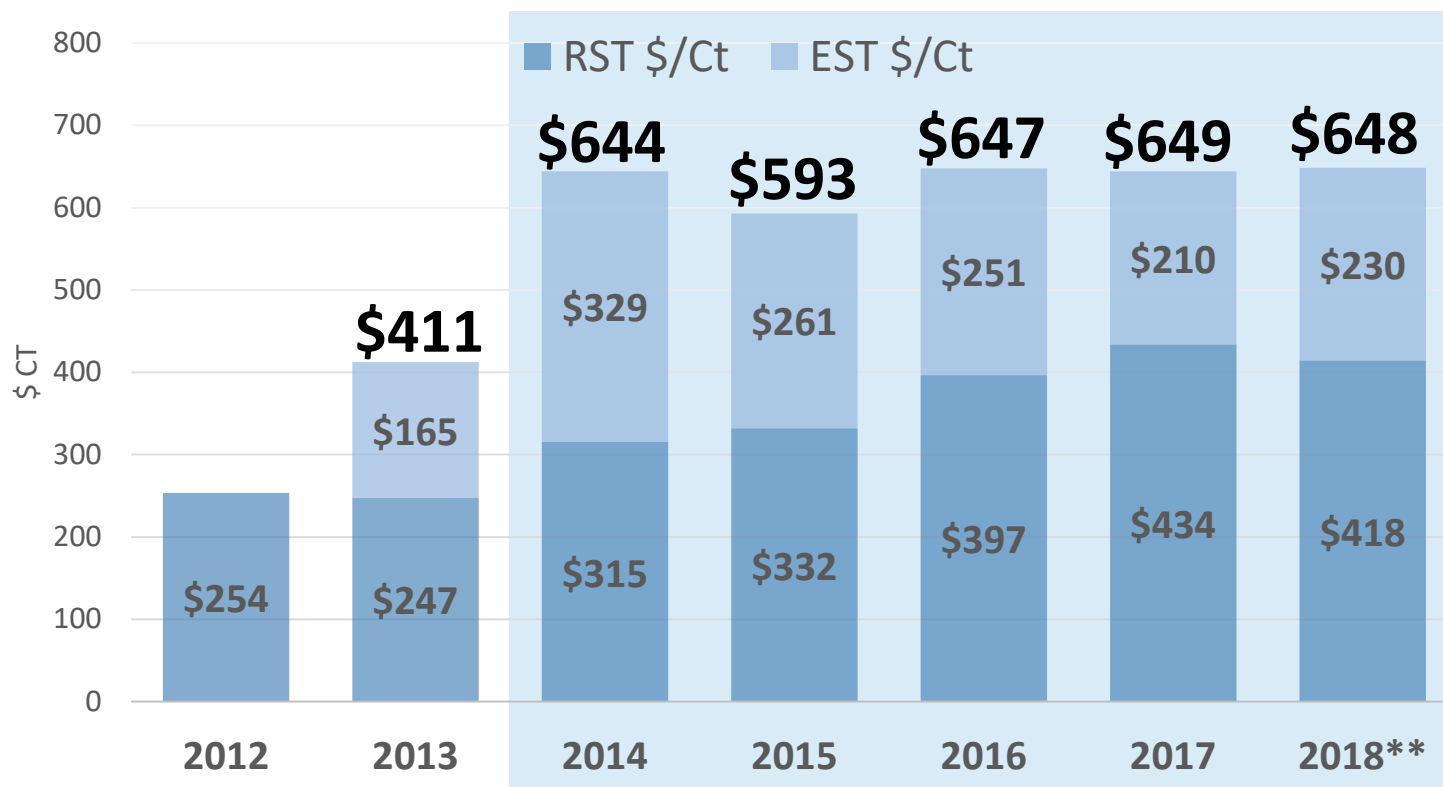


Karowe Mine Specials				
Year	>300	>100	>20<100	>10.8<20
2012			39	154
2013		21	259	452
2014		38	291	486
2015	7	40	283	395
2016		18	247	387
2017		17	179	325
H1 2018	3	12	193	263



2018 Lucara Diamond Sales

*\$/CT CONTRIBUTION TO OVERALL AVERAGE PRICE *
REGULAR & EXCEPTIONAL TENDERS*

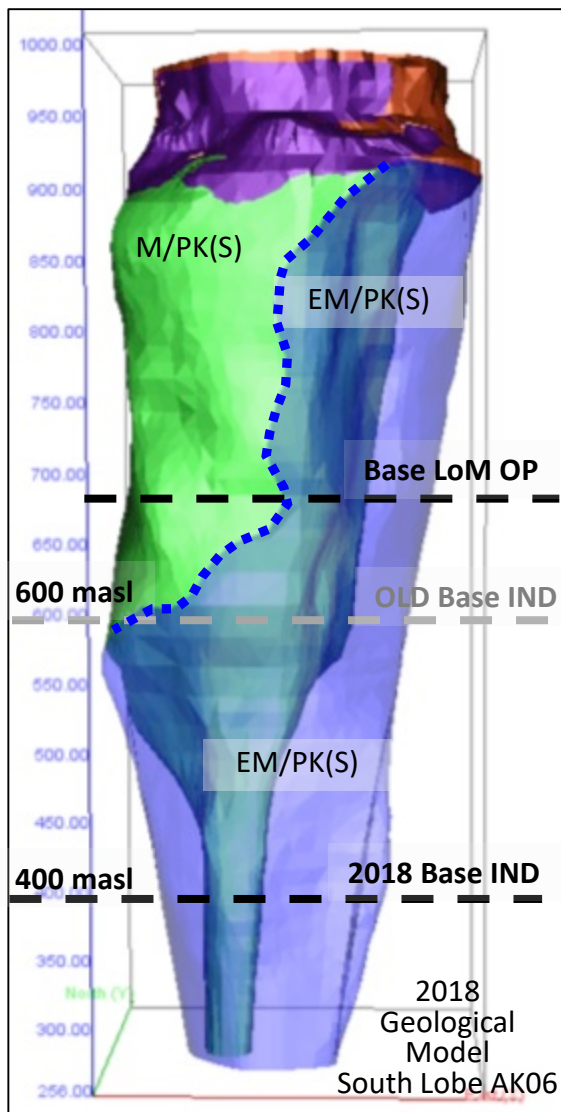


Steady state production from mostly south lobe

**Excluding Constellation and Lesedi La Rona, **Includes Q1 & Q2 RSTs & EST excluding \$3.9mln in revenue recognized in Q3.
\$/ct based on total carats sold over the period*



2018 Updated Mineral Resource



- 7.9 million carats hosted in 57.85 million tonnes, average grade of 13.7 cpht, average diamond value of US\$ 673 per carat (NI 43-101)
- Successful reclassification to Indicated Resource of the AK06 kimberlite between 600 and 400 metres above sea level (masl) providing a new base
- Focus on prolific South Lobe of AK06
- A 54% increase in the Indicated Mineral Resource of the South Lobe from 4.42 Mct to 6.78 Mct
- Recognition that the EM/PK(S) is volumetrically the dominant unit at depth within the South Lobe

Karowe Mine: Mineral Resource



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Classification	Resource	Volume (Mm ³)	Density (tpm ³)	Tonnes (Mt)	Carats (Mct)	Grade (cpht)	\$/ct
Indicated	North Lobe	0.62	2.48	1.54	0.20	13.0	222
	Centre Lobe	1.68	2.57	4.32	0.63	14.6	367
	South Lobe	16.29	2.92	47.63	6.78	14.2	716
	LOM SP	1.28	1.85	2.36	0.09	3.8	609
	Working SP	1.05	1.91	2.01	0.20	9.7	661
	Total	20.92	2.77	57.85	7.90	13.7	673
Inferred	South Lobe	1.93	3.02	5.84	1.17	20.0	716

Mineral Resource statement for the Karowe Mine. The reported resources are those remaining (including stockpile material) as of the end of December 2017. LOM = life of mine, SP = stockpile, Mm³ = million cubic metres, tpm³ = tonnes per cubic metre, Mt = million tonnes, cpt = recoverable (+1.25 mm) carats per tonne, Mct = million carats, \$/ct = recoverable (+1.25 mm) United States dollars per carat).



Karowe Mine: Open Pit Mineral Reserve

Open Pit Ore Reserve Estimate for the Karowe Diamond Mine, Botswana, as at May 2018						
Lobe	Reserve Category	Tonnes (Mt)	Recoverable Grade ¹³ (cpht)	Recoverable Carats (Mcts)	Diamond Revenue ⁶ (US\$/ct)	Unit Revenue (US\$/t)
North	Probable	1.04	13.37	0.14	222	29.68
Centre	Probable	3.37	14.57	0.49	367	53.46
South	Probable	15.43	12.74	1.97	716	91.22
Total Reserve (OP Material)¹⁴		19.84	13.08	2.60	624	81.58
Working Stockpiles ¹¹	Probable	2.10	9.96	0.21	661	65.83
LOM Stockpiles ¹²	Probable	3.46	4.57	0.16	609	27.84
Total Reserve^{15,16}		25.40	11.66	2.96	625	72.95

The Mineral Reserve has been depleted for mining up to May 2018, Figures have been rounded to the appropriate level of precision for reporting. Due to rounding, some columns or rows may not compute exactly as shown. The Mineral Reserves are stated as in-situ dry metric tonnes. The Mineral Reserves were prepared under the guidelines of the CIM, for reporting under NI 43-101. Diamond price is based on diamonds recoverable with current Karowe plant process and Lucara Diamond Price Book. Modifying factors for mining recovery of 97 % and waste dilution of 3 % at 0.0 cpht have been applied. Probable Mineral Reserves were derived from Indicated Mineral Resources. Mineral Reserves are inclusive of Mineral Resources. There are no known legal, political, environmental, or other risks that could materially affect the potential Mineral Reserves. Working stockpiles comprise surface loose stocks of material with estimated grades exceeding 7 cpht; includes High Grade (HG), Medium Grade (MG), Low Grade (LG) and Contact kimberlite. Includes existing LOM Stockpiles of Very Low Grade (VLG) kimberlite material (< 7cpht) as well as in-situ VLG material (currently part of in-situ resource) expected to be directed to the LOM stockpile (1.0Mt @ 6.24 cpht in-situ and 2.5Mt @ 3.9 cpht current surface stocks @ average value of US\$ 609/ct). LOM Stockpiles will be processed at the end of life of open pit mining. Based on the updated Mineral Resource estimate as presented in this report (1.25 mm bottom cut off size - BCOS) – 70 % of in-situ carats at 1.00 mm BCOS of current stockpiles and VLG in-situ material (see note 12 above). Inclusive of current stockpiles and VLG in-situ material (see note 12 above)

The Mineral Reserves reported in this table are attributable solely to the ore to be mined (and processed or stockpiled for later processing) from the open pit mine at Karowe



Production Data for SFD Models

Size Class	Production (ct)			Production (% ct)			SFD model (% ct)		
	North	Centre	South	North	Centre	South	North	Centre	South
+10.8 ct	579	8,836	36,024	1.01	3.44	7.04	0.95	3.05	6.42
6 - 10 ct	1,140	5,626	16,013	1.99	2.19	3.13	2.37	2.94	4.35
3 - 5 ct	3,552	14,378	30,857	6.20	5.59	6.03	5.28	3.95	5.92
8 - 10 gr	4,058	14,263	27,140	7.09	5.55	5.31	7.70	7.20	5.29
3 - 6 gr	14,732	50,292	87,628	25.73	19.55	17.13	25.73	19.43	16.99
+11 DTC	14,130	53,852	93,346	24.68	20.94	18.25	24.68	21.02	18.19
+9 DTC	9,116	41,516	78,568	15.92	16.14	15.36	15.92	15.91	15.31
+7 DTC	5,288	28,524	55,318	9.24	11.09	10.82	9.24	11.00	10.70
+5 DTC	4,584	36,214	77,643	8.01	14.08	15.18	8.01	14.20	15.10
+3 DTC	73	3,686	8,897	0.13	1.43	1.74	0.13	1.30	1.70
Total	57,252	257,188	511,435						



Value Models

Size Class	Value estimate (US\$ per carat)			Value distribution model (US\$ per carat)		
	North	Centre	South	North	Centre	South
+10.8 ct ¹	1,425	5,849	8,201	1,600	6,050	8,100
6 - 10 ct	1,033	1,082	1,064	1,127	1,357	1,218
3 - 5 ct	753	623	671	808	651	677
8 - 10 gr	451	406	438	484	436	445
3 - 6 gr	235	203	216	223	210	221
+11 DTC	118	95	100	95	95	102
+9 DTC	84	71	71	64	70	72
+7 DTC	63	56	49	56	56	51
+5 DTC	52	47	42	47	47	43
+3 DTC	38	49	39	35	42	39

¹ Values in the +10.8 ct size class are derived from actual sales data and not from pre-sales valuations (as for all other size classes). Large high-value diamonds from Exceptional Stone Tender sales are included. Sales results from the Constellation and Lesedi la Rona diamonds are excluded.

4. Karowe Operational Update

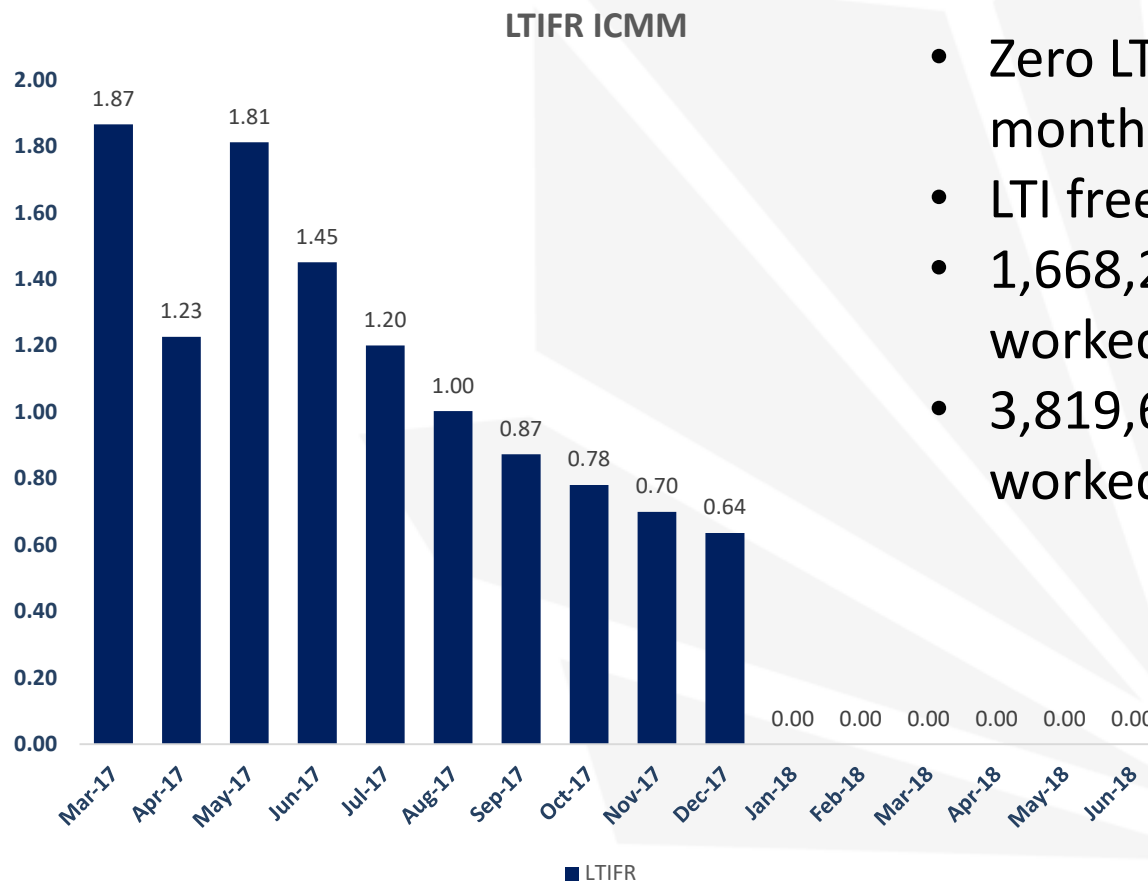


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Safety



- Zero LTI over the last 12 months
- LTI free days – 404 days
- 1,668,284 manhours worked as at end of Q2
- 3,819,652 manhours worked since the last LTI

Production Summary



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Year	2012	2013	2014	2015	2016	2017	H1 2018	Total
Kimberlite mined (tonnes)	1,600,971	3,944,343	3,327,754	2,358,657	2,722,375	1,575,052	1,333,067	16,862,219
Waste mined (tonnes)	4,074,196	5,493,445	10,270,720	11,407,010	11,058,041	15,865,121	8,408,009	66,576,542
Kimberlite processed (tonnes)	1,327,682	2,354,538	2,421,506	2,238,975	2,613,217	2,335,550	1,297,710	14,589,178
Carats recovered	294,167	440,751	430,292	365,690	353,974	249,767	157,205	2,291,846
Recovered grade (cpht)	22	19	18	16	14	11	12.1	16
Carats sold	152,724	438,717	412,136	377,136	358,806	260,526	150,784	2,150,829
Sales average \$/ct	\$274	\$415	\$617	\$612	\$824	\$847	\$648	\$615



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Process Plant Update

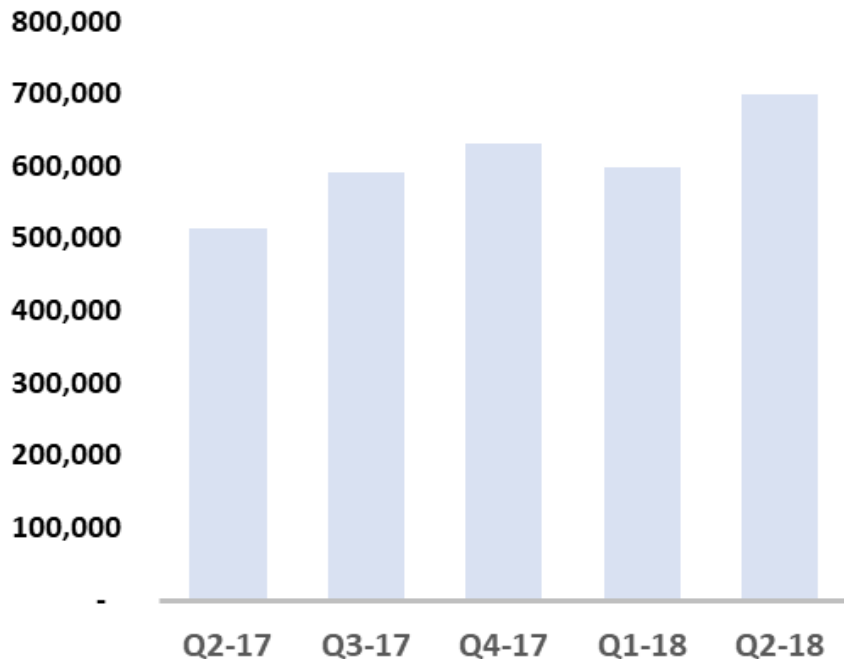
- Unique, world first diamond recovery circuit
- Two major upgrades to comminution and diamond recovery processes since 2012 to mitigate ore hardness, DMS yield, while enhancing large diamond recovery
- All diamonds +4mm recovered through sensor based XRT sorting from sized run of mine material
- Focus on improved availability and utilization with new process contractor (Lazenby)



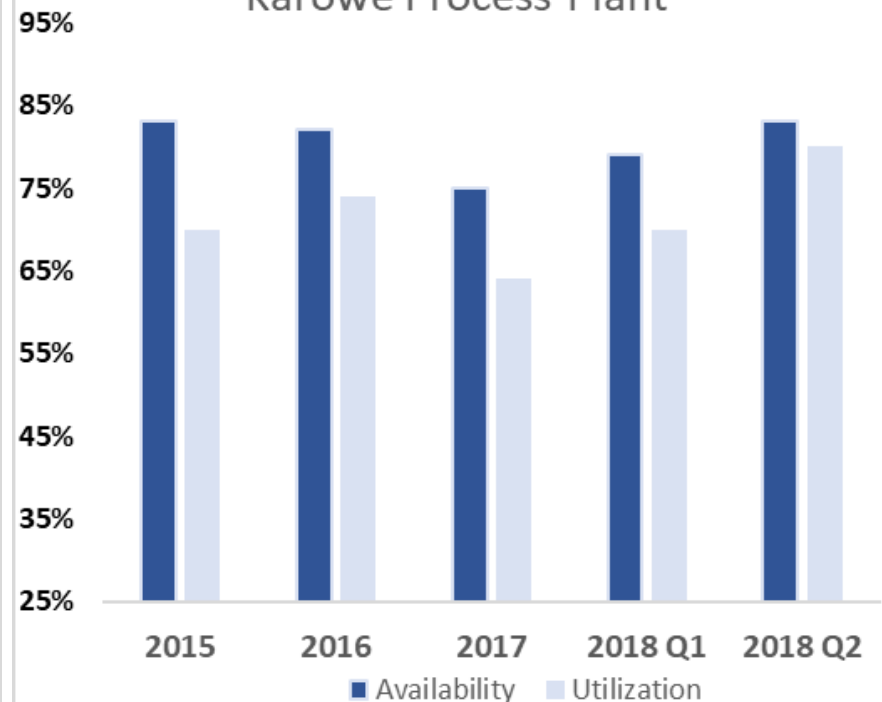
Process Plant Update

- Increase in milled tonnes
- Improvement in availability and utilization

Karowe Milled Tonnes



Karowe Process Plant



5. Diamond Market



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Diamond Market

India:

- Consumer sales have been good to date; however, a slowdown has been noticed over the last few weeks
- Many expect the market to shift further due to currency exchange issues, as well as due to high inflation rates
- Liquidity Issues: With polished sales slower than expected, some large manufacturers have run into acute cash-flow issues in India
- Stricter Bank Financing in India: The Nirav Modi scam has resulted in banks being more stringent with bank loans and collateral
- The weakening currency exchange in countries such as India have had an immediate impact on inflation



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Diamond Market

USA:

- The US remains the most important consumer market for diamond jewelry. This market has performed well over the last 18 months and there are no imminent indications that this market might slow down.

China:

- Very important consumer market which has done well over the last 12 months, although the last two months have been a bit slower. Financial pressure and stock market under-performance, combined with the negative sentiment created by a trade war with the US, have caused this.

Other markets:

- Other consumer markets have been mostly flat this year. A slowdown is expected for markets which are currently suffering from weakening currencies, examples are Turkey and Brazil.



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Lightbox and Synthetics

- Lightbox production commences end of 2019
- 10,000cts per annum full production
- Sold only in earrings and pendants. Fashion items.
- Deep watermark on piece so cannot be re-polished
- Made lab grown more acceptable
- Production of lab grown diamonds (LGD) is approximately less than 5% of world's rough
- LGD remains a difficult sell. More push than pull.
- Majority of LGD is in smalls. Not easy to move larger polished.
- Demand remains mostly in the USA. India and China prefer mostly natural diamonds as they view diamonds as an investment opportunity
- Threat to the industry is non disclosure; potential negative impact on consumer confidence
- Main feedback from retailers is that “natural diamonds sell themselves”



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Lucara Diamond Sales Strategy

- Historically, Lucara has held both Regular Stone Tenders (RSTs) and Exceptional Stone Tenders (ESTs)
- As of Q3 Lucara held a blended tender process, whereby a number of exceptional stones were sold as part of RST
- A blended tender process decreases the inventory time for large, high value diamonds and will generate a smoother, more predictable revenue profile, that better supports price guidance on a per sale basis
- Lucara will also be selling part of its future diamond production through Clara, its proprietary digital sales platform, following commercialization in November 2018





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Lucara Diamond Sales Strategy

- Developed strong and transparent relations with clients
- Our diamonds are highly sought after from the smalls through to the exceptional stones
- The combination of the large percentage of Type IIa diamonds and lack of fluorescence found in the diamonds from the South Lobe ore body results in maximum bidding from our clients
- Profiling clients by offering consistent sales parcels that meets their business requirements maximizes our revenue



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Lucara Offers World Class Facilities in Botswana

As of October 2018, Lucara has 1,006 companies registered as compared to 891 for the same period in 2017.



Lucara Diamond Sales YTD (as at June 30, 2018)



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RST Sales:

- 137,193 carats sold for proceeds of \$57.4 million at an average price of \$418 per carat
- 6 individual diamonds sold for more than \$1 million each

EST Sales:

- 10 single stones totaling 1,453.06 carats; Ranging from 472.37 to 40.4 carat stones sold for proceeds of \$32.48 million at an average price of \$22,356 per carat
- 327.48 carat stone sold for \$10.1 million or \$30,900 per carat
- 4 stones sold in excess of \$3 million; 10 stones sold for more than \$1 million



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Production Profile Leveraged to Large Diamonds

- On average, 45% of Lucara's production consists of goods below half a carat or less (smalls)
- Although this appears to be a large percentage, if the market were to drop in value on these goods by 20% the impact to Lucara would only be a 1-2% decrease on our average price (A/P)
- Lucara, unlike other producers, does not rely on the sale of small diamonds for a significant portion of its revenue
- The current softness in pricing for smalls is not expected to have a material impact on our revenue

6. Financials



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Q2 2018 Highlights

Karowe Diamond Mine Continues to Deliver

- No LTI's / 3.8 million man hours since last LTI / LTIFR of 0.00
- Ore mined, processed and carats recovered within forecast
- 253 specials (single diamonds larger than 10.8 carats), representing 10.5% of the total recovered carats by weight and highest number of specials ever recovered by quarter
- 11 diamonds were recovered greater than 100 carats in weight, including 3 diamonds > 300 carats
- 12 diamonds sold in excess of \$1 million each
- Updated resource estimate increases Indicated Mineral Resources for the South Lobe (as at end 2017) by 54% from 4.4 million carats to 6.8 million carats.

100% owned Clara Diamond Solutions

- Commercialization on track

Progressive Annual Dividend

- 3rd Quarter dividend of C\$0.025 per share paid Sept.20; CDN\$0.10 for 2018.

Strong Balance Sheet

- \$49.6 million in cash on hand (as at June 30, 2018); No debt





H1 2018 Karowe Operations and Cash Flow Highlights

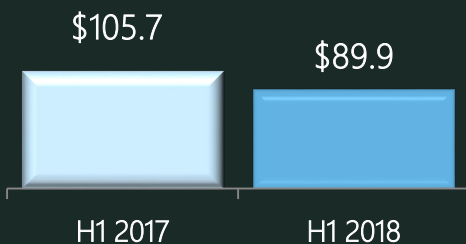
Production	Q2 2017	Q2 2018	H1 2017	H1 2018
Ore Processed (tonnes)	513,643	698,303	1,112,577	1,297,710
Ore Mined (tonnes)	432,017	702,825	563,397	1,333,067
Carats Recovered (carats)	57,624	81,507	122,865	157,205
Plant Feed Grade (carats per hundred tonnes)	11.2	11.7	11.0	12.1
Waste Mined (tonnes)	4,992,196	4,416,361	5,579,373	8,408,009
Revenues and Operating Margins				
Revenue (\$ millions)	79.6	64.5	105.7	89.9
Carats Sold	59,598	75,329	124,043	138,646
Revenue (\$ per carat) ⁽¹⁾	1,336	856	852	648
Operating Margin (\$ per carat) ⁽¹⁾	1,089	636	620	423
Operating Margin (%) ⁽¹⁾	82%	74%	73%	65%

(1) Non-IFRS measure

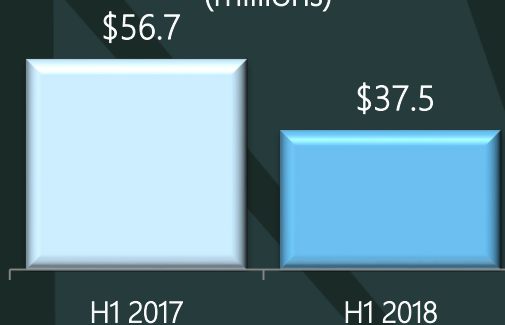


H1 2018 Financial Highlights

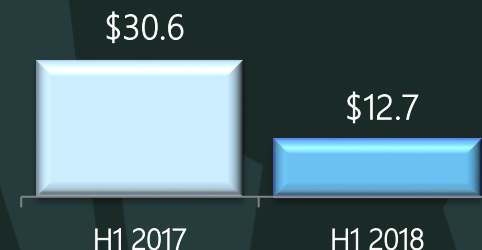
Revenue
(millions)



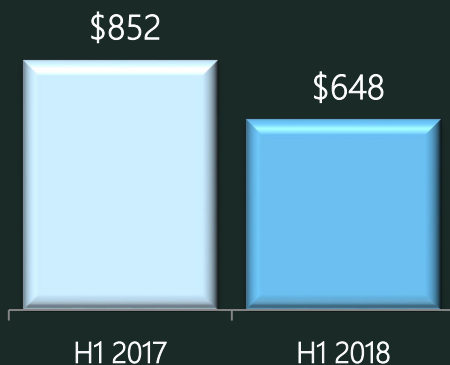
EBITDA ⁽¹⁾
(millions)



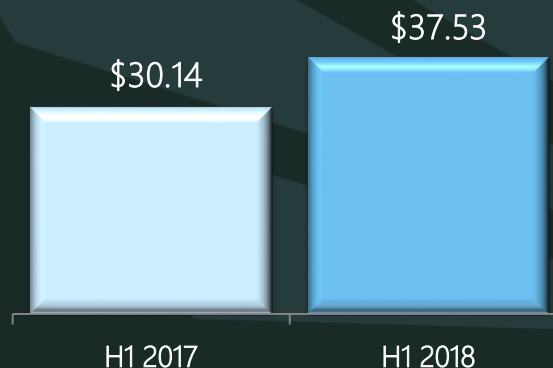
Net Income
(millions)



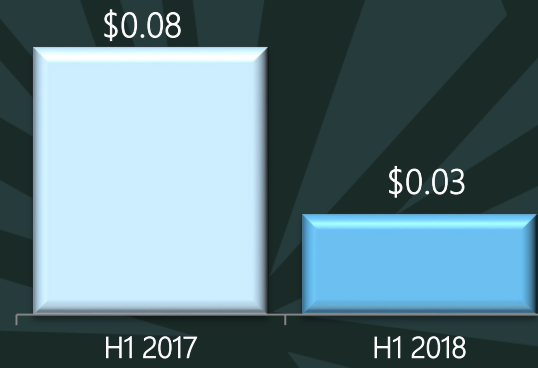
Total Sales (\$ per carat) ⁽¹⁾



US\$ per tonne processed ⁽¹⁾



Earnings per share



(1) Non-IFRS measure



2018 Outlook (all amounts in USD)

Diamond revenue (\$ million)	170 – 200
Diamond sales (thousand carats)	270 – 290
Diamonds recovered (thousand carats)	270 – 290
Ore tonnes mined (million)	2.5 – 2.8
Waste tonnes mined (million)	13.0 – 16.0
Ore tonnes processed (million)	2.4 – 2.7
Operating cash costs ⁽¹⁾ per tonne ore processed (dollars)	38.0 – 42.0
Sustaining capital expenditure (\$ millions)	Up to 11
Underground development – AK6 Karowe (\$ million)	Up to 29
Exploration expenditures AK11, AK13, AK24 (\$ million)	Up to 6
Clara Commercialization (\$ million)	3.0

(1) Non-IFRS measure

7. Corporate Development Strategy



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Corporate Development Strategy – Focus on Diamonds, Growth & Value

- Growth - Karowe underground project & Clara
- Opportunities – Diversify asset base, Grow production profile, Additional product for Clara
- Open geographically - Diamond universe is small
- Value Add - Karowe – A high quality asset – Botswana & Type Ila diamonds
- Maintain strong balance sheet & dividend

8. Underground Studies



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Karowe Underground Study

- 2017 released positive PEA
- 2018 completed Resource Update, IND to 600mbg
- 2018 initiated FS and technical studies
- Trade off studies for:
 - Access: decline, shaft
 - Mining Method : Sub level cave, sub level retreat, block cave, hybrid scenarios
 - Open pit – underground transition and schedule
- Engagement with Botswana Government on Mining License renewal, other stakeholder engagement



Karowe Underground Study

Technical studies

- Geotechnical drilling for country rock and kimberlite characterization (15,000 metres drilled to date), de-risk access and infrastructure
- Ongoing life of mine (LOM) open pit de-watering and characterization of deep aquifers, initiate de-watering for underground, drilling of regional monitoring boreholes, significant de-risk as deep hydrogeological regime more favourable than original regional model
- Focussed mining and processing of EM/PK(S)

FS Report

- Anticipate technical programs complete to FS level H1 2019 and FS reporting in H2 2019

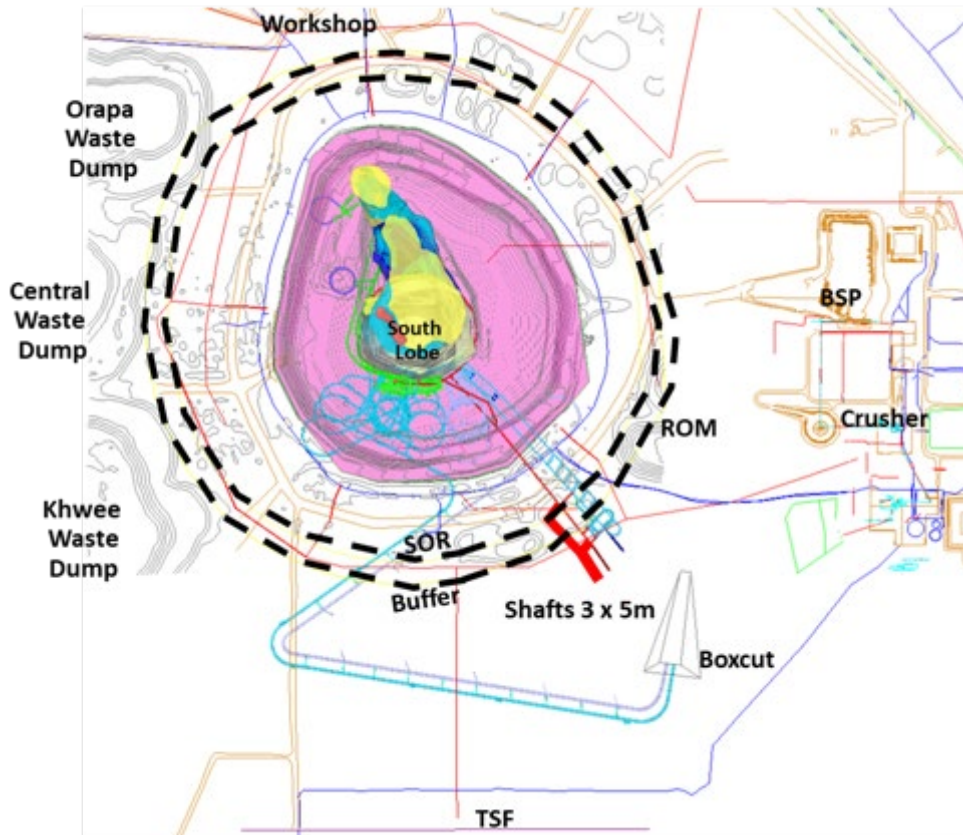
Early Works

- Requirement for early infrastructure work in 2019 for site establishment

Underground Study



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- Geotechnical drilling program 12,766 metres , 5 rigs drilling
- Sampling, data acquisition, logging on time, no backlog
- Deep hydrology holes have not intersected significant water strikes, major de-risking to project
- Trade off study between Sub-level retreat (SLR) and block cave (BC) nearing completion, information leaning toward SLR
- Engagement letter to Botswana Power Corporation for power upgrade
- Continued engagement with Ministry of Mine regarding Mining License and surety



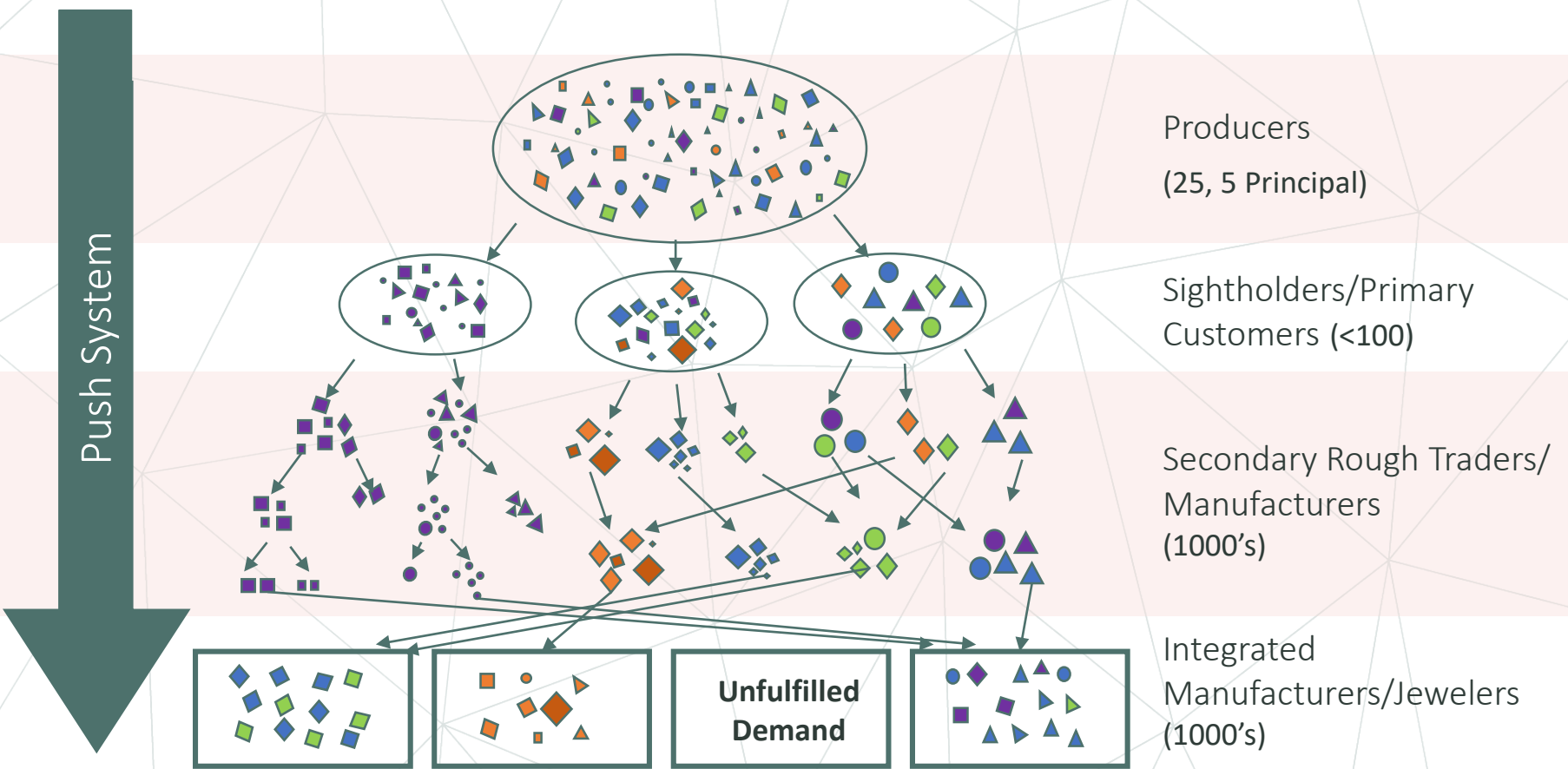
CLARA

9. Clara Update
Capital Markets Day



Prevailing Supply Chain

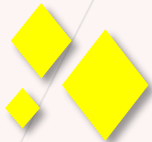
100 yrs old, Highly Inefficient, Unoptimized; Value Loss Throughout Supply Chain



How?

Producers

- Galaxy scan all rough diamonds as they are extracted (continuous, real time)
- Diamonds undergo a “basic” assortment for size and color



Clara Platform (Cloud Based)

- Plans each rough diamond
- Matches the sellers with buyers based on strength of demand from the buyer

Manufacturers/Retailers

- Upload polished diamond orders (using Polished Diamond Parameters “PDP”s) and price list for each diamond

PDP\$



\$\$\$



CLARA

Polished Diamond Parameters (PDPs) and Orders

Orders on the Clara Platform are made similarly to ordering polished diamonds. There are two main components.

PDP

Polished diamond criteria range:

A combination of required polished shape, angle tolerances, color, clarity, size, and fluorescence ranges

Polished diamond pricing:

Required polished diamond prices (ex. below list or ppc)

Orders

Quantity:

Number of diamonds required to fulfill order

Deadline:

Until what date can the Clara platform be allocating diamonds to the order

Benefits

Producers

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

Benefits

Manufacturers/Retailers

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

Benefits to Lucara



- Clara is an affordable, potentially high value, near term growth platform, compatible with the Company's core diamond mining business
- Supports Lucara's reputation as an industry-leader in the adoption of new technology. Non-cash transaction with no expected impact on the dividend
- Higher realized prices for Karowe rough and stable, continuous cashflow that is no longer tied to a fixed sales cycle
- Diversifies Lucara's existing business model and creates future growth optionality; commercialization underway, on schedule for roll out Q3; first sale Q4
- Blockchain business solution that will unlock value and ensure diamond provenance, integrity and transparency throughout the value chain

Conclusion

The rough you need for the polished you want,
creating efficiencies, unlocking value and ensuring
provenance from mine to finger

- [Link to Clara video](#)

Catalysts



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- Inaugural Clara sale Q4
- Feasibility Study underway on Karowe underground with potential to extend the mine life to 2036
- Blended tender process started Q3 - lowers inventory time for large, high value diamonds, smoother more predictable revenue profile
- Brownfields exploration continuing; Sunbird greenfields initiative launched



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Capital Structure

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

- TSX
- NASDAQ Sweden
- BSE (Botswana)

Issued shares	396,509,387 (Sept 2018)
Fully diluted shares	402,193,265 (Sept 2018)
Insider Holdings basis	22% on a fully diluted
Debt	NIL
Cash on hand	\$49.6 million (Q2 2018) \$50 million Credit Facility (undrawn)



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Q&A



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