

Half Year 2014 Results Presentation  
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Lucara Diamond Corp.



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- **Diamond tenders achieved proceeds of \$128.6 million (\$586 per carat) for the first six months.**
- **Year to date proceeds of \$168.6 million (\$764 per carat) including the July tender, includes two exceptional stone tenders for \$33,839 per carat and four diamond tenders for \$364 per carat. This includes sales of 54 stones larger than 50 carats, including 11 stones greater than 100 carats and 30 stones selling for more than \$1 million.**
- **Operational and cost discipline:**
  - Second quarter proceeds of \$849 per carat were achieved at a cost of \$132 per carat. Margin \$717 per carat
  - Second quarter operating cost per tonne processed was \$16.8 per tonne
- **Strong operational performance**
  - Ore mined and diamonds recovered exceeded budget. Waste mined recover first quarter volume deficit
  - Second quarter 252 Special stones (carats >10.8 carats) recovered (Q2 2013: 156 carats) at an average size of 27.84 carats. Special stones recovered to end of June 2014 were 440 stones ( June 2013 total: 299 stones)
- **Increasing cash balance:**
  - Cash balance at the end of the quarter was \$82m excluding late receipt of June tender proceeds of \$24.8 million and second large stone tender in July of \$40.1 million (December 2013 cash balance of \$49.3m; June 2013 net debt balance of \$3.2m)
- **Outlook 2014 Update:**
  - Revenue forecast of \$240-\$250 million (400,000 – 420,000 carats sold)
  - Production in line with previous guidance; Costs maintained at \$31-\$33 per tonne ore processed
  - Plant Optimization Project capital increased to \$55m from previous guidance of \$45-\$50 million. Increase in cost due to (1) addition of one XRT diamond sorting machine for early large stone diamond recovery and for future use as an audit machine for diamond recovery and (2) mitigation plans for the impact of industrial action within the steel industry in South Africa. No forecast impact to 2014 or 2015 production

<b>Production Information</b>	<b>Year to date Q2 2014</b>	<b>Year to date Q2 2013</b>		<b>Quarter Q2 2014</b>	<b>Quarter Q2 2013</b>
Ore processed (tonnes)	1,345,542	1,094,170		664,812	560,910
Ore mined (tonnes)	1,566,770	2,127,077		677,882	1,157,747
Waste mined (tonnes)	5,158,966	2,369,206		3,166,644	1,259,479
Plant feed grade (carats per hundred tonnes)	15.6	19.3		14.9	15.6
Carats recovered (carats)	210,179	210,808		99,142	87,580

## 5 2014 Karowe Financial Highlights

USD millions	Year to date June 2014 <sup>(*)</sup>	Year to date June 2013	Quarter Q2 2014 <sup>(*)</sup>	Quarter Q2 2013
Revenues	103.8	79.7	71.0	47.2
Royalty expenses	10.4	8.0	7.1	4.8
Operating expenses	23.8	21.6	11.2	9.1
Administration/sales and marketing/exploration	8.3	6.4	4.8	4.3
<b>EBITDA</b>	<b>61.3</b>	<b>43.7</b>	<b>47.9</b>	<b>29.0</b>
<b>EBITDA margin (%)</b>	<b>59%</b>	<b>54%</b>	<b>67%</b>	<b>62%</b>
<b>Adjusted Earnings per share</b>	<b>0.13</b>	<b>0.08</b>	<b>0.10</b>	<b>0.06</b>

Operating Margin and Cost of Production (US\$) <sup>(*)</sup>	Year to date June 2014 <sup>(*)</sup>	Year to date June 2013	Quarter Q2 2014 <sup>(*)</sup>	Quarter Q2 2013
Average per carat sold	540	345	836	527
Cost per carat produced	124	92	132	102
Operating margin per carat sold	416	253	704	425
Diamonds sold (carats)	219,379	234,331	111,900	89,619

<sup>(\*)</sup> excludes late June tender receipts of \$24.8m

	Outlook 2014 Revised	Outlook 2014
Revenue (US\$ million)	240 - 250	150 - 160
Sales (thousand carats)	No change	400 - 420
Tonnes of ore processed (million tonnes)	No change	2.2 - 2.4
Ore mined (million tonnes)	No change	3 - 3.5
Waste mined (million tonnes)	No change	10 - 11
Operating cash costs per tonne ore processed (dollars)	No change	\$31 - \$33
Plant upgrade capital expenditure (US\$ million)	to \$55	\$45 - \$50
Sustaining capex (US\$ million)	No change	\$3.5

- Forecast spend up to \$55m to include one additional XRT diamond sorting machine and mitigation plan for South Africa steel strike
- Steel strike in South Africa
  - Mitigation plan in place
  - No impact forecast on production in 2014 or 2015
- Project progressing well
  - long lead items ordered
  - Construction underway and on budget (cost and timeline) before impact of South Africa steel strike