



Lucara Diamond

# Where Bigger Is



Q3 2015



# Cautionary Statement

## *Forward-looking information*

This investor presentation contains forward-looking statements and information as defined in applicable securities laws including: the estimates of the Company's mineral reserve and resources; estimates of the Company's production and sales volumes, revenue for the Karowe Mine; exploration and development plans and objectives, production costs, exploration and development expenditures. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or achieved.

Forward-looking statements are based on the assumptions, opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks and uncertainties which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. In particular, such risks include general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations), cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters and other risks and uncertainties describe under Risks and Uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form available at <http://www.sedar.com>.

Forward-looking statements and information speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.

Readers are cautioned not to place undue reliance on forward-looking statements and information.

This presentation does not constitute an offer or invitation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any investment decision in relation thereto.

## *Technical information*

The technical information in this document for the Mothae diamond project in Lesotho ("Mothae") and the AK6 diamond project (Karowe Mine) in Botswana is based on the following technical reports, respectively:

NI 43-101 Technical Report and Mineral Resource Estimate for the Mothae Diamond Project, Lesotho Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated February 28, 2013

NI 43-101 Technical Report on the Feasibility Study for the AK6 Kimberlite Project, Botswana Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated December 31, 2010. Updated NI43-101 report released on February 4, 2014, based on update Mineral Resource Estimate released by Lucara Diamond Corp., dated December 19, 2013.

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

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

# Lucara – The Investment Case

Where Bigger Is™	
100% owned Karowe Diamond Mine in Botswana – one of the foremost producers of Type IIa diamonds in the world	✓
Consistent delivery of large and exceptional stones generating strong free cashflow	✓
Regular dividend initiated in H1, 2014 with objective of moving to a progressive dividend policy	✓
Attractive and sustainable growth potential in the prospecting licenses – located within 30km of the Karowe Mine	✓
Strong and growing balance sheet for potential M&A Activity	✓

8.0 carat fancy pink diamond





# Lucara 2015 Guidance

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



## Karowe

- Forecast 2015 revenues of \$200 - \$220 million
- Diamond sales of between 350,000 - 400,000 carats
- Operating costs of \$33 - \$36 per tonne processed
- Capital expenditure of up to \$20 million (plant optimization project)
- Sustaining Capital of up to \$8.5 million (including \$3 million for mill relining machine)
- Exploration budget of \$7 - \$8 million (including purchase of Bulk Sample Plant)

## Mothae

- Sale of 75% stake in Mothae to Paragon Diamonds for \$6.5M announced in May
- Sale conclusion pending final Government of Lesotho approval and compliance by Paragon of defined requirements

## Exploration

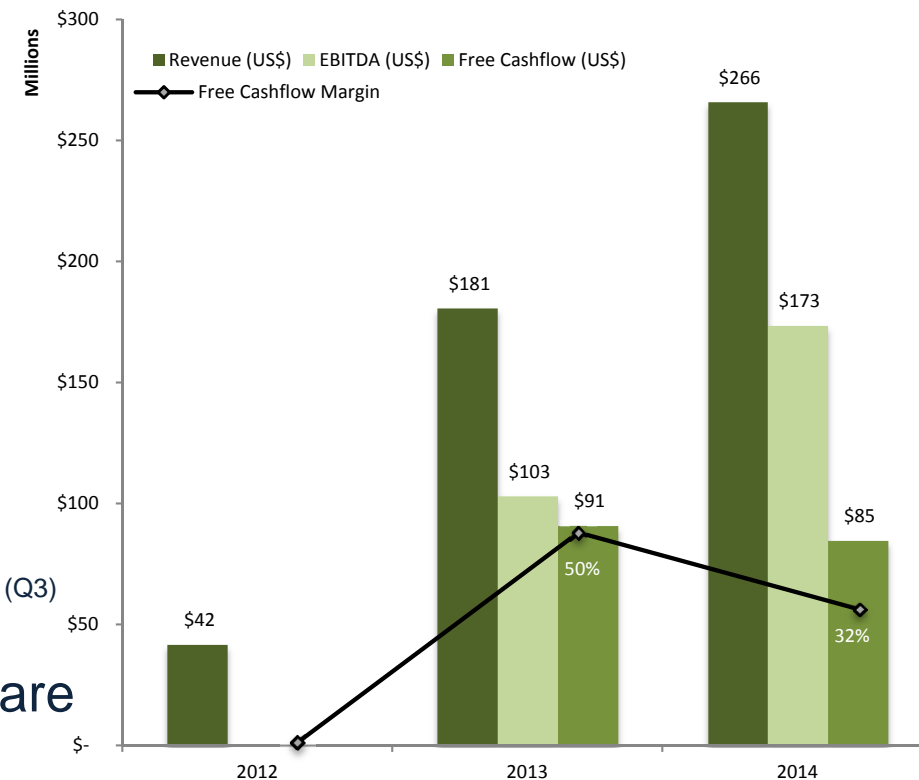
- Two prospecting licenses covering 5 known kimberlite occurrences awarded to Lucara (Boteti)

# Capital Structure

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

- Issued share 379M
- Fully diluted shares 381M
- Debt Nil
- Cash on hand US\$ 122.7 million (Q3)
- Regular dividend CDN \$0.04 per share

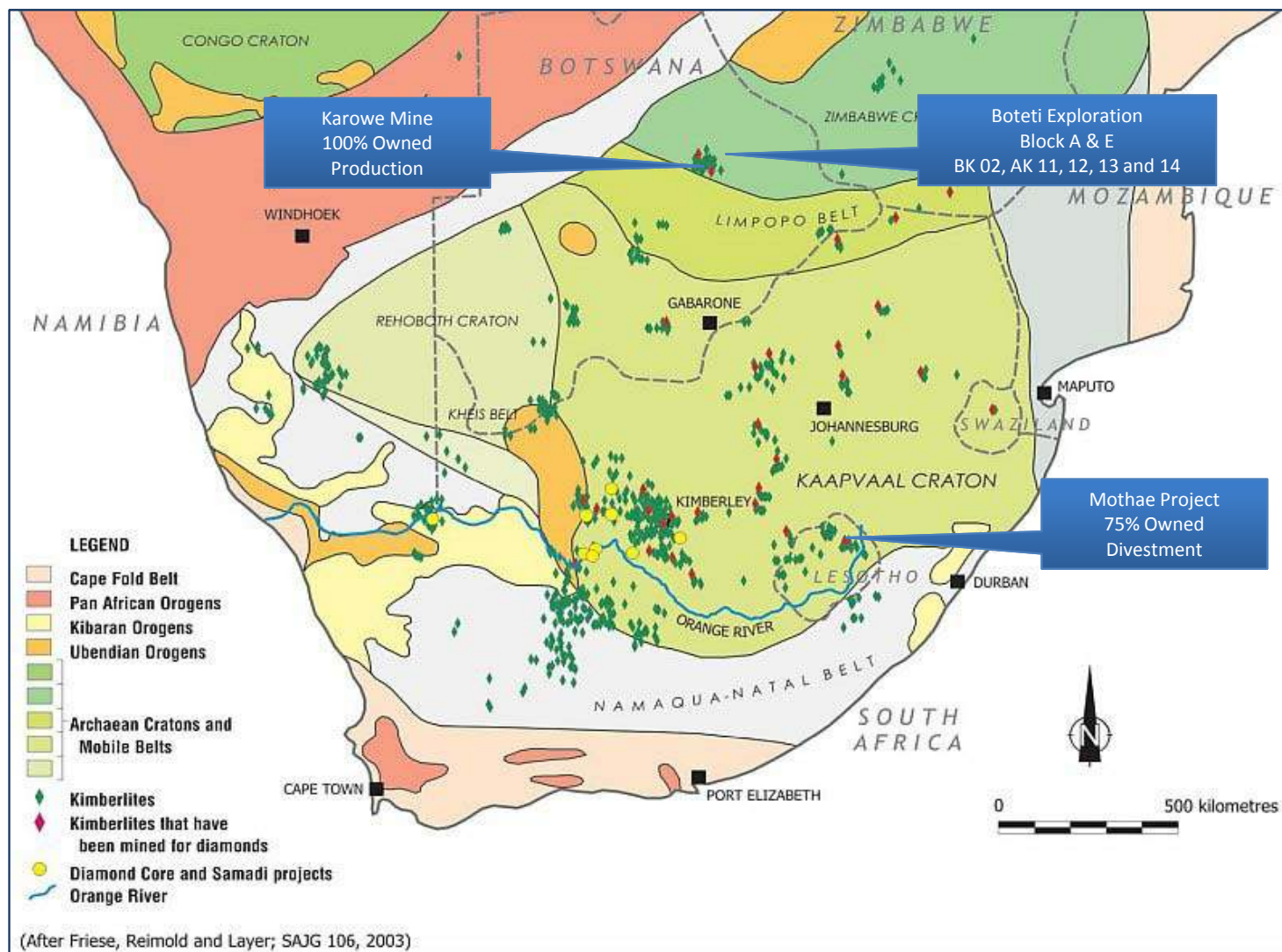
**Financial Summary – 3 Year Performance**







# Focused on Southern Africa







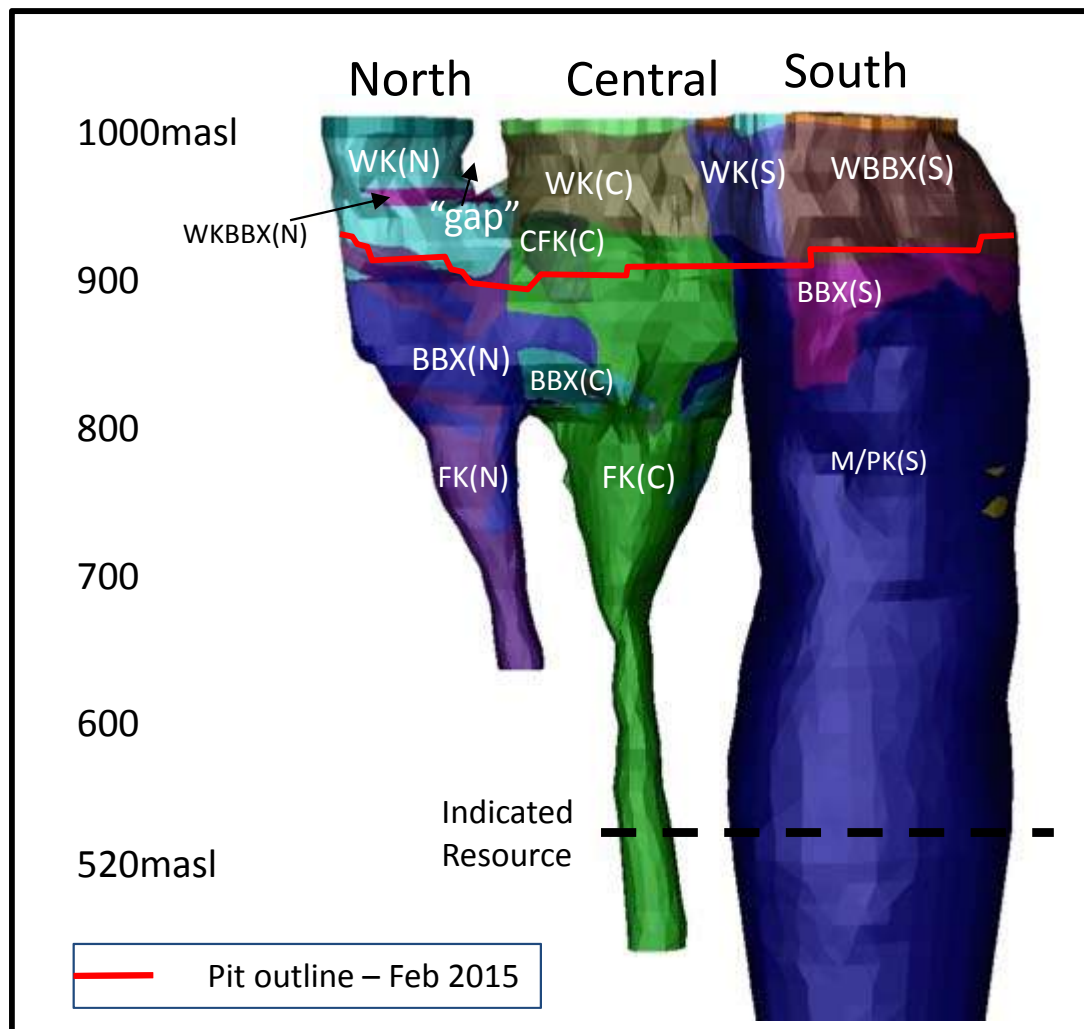
# The Karowe Mine - Botswana



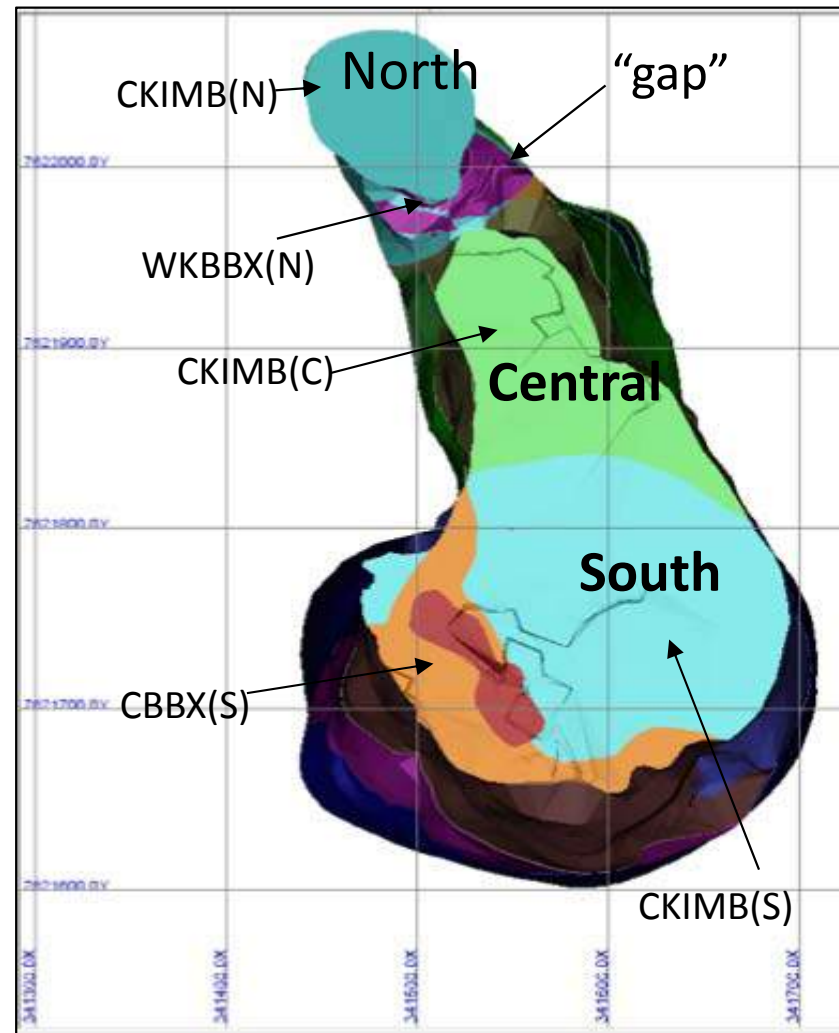




## Geological Model



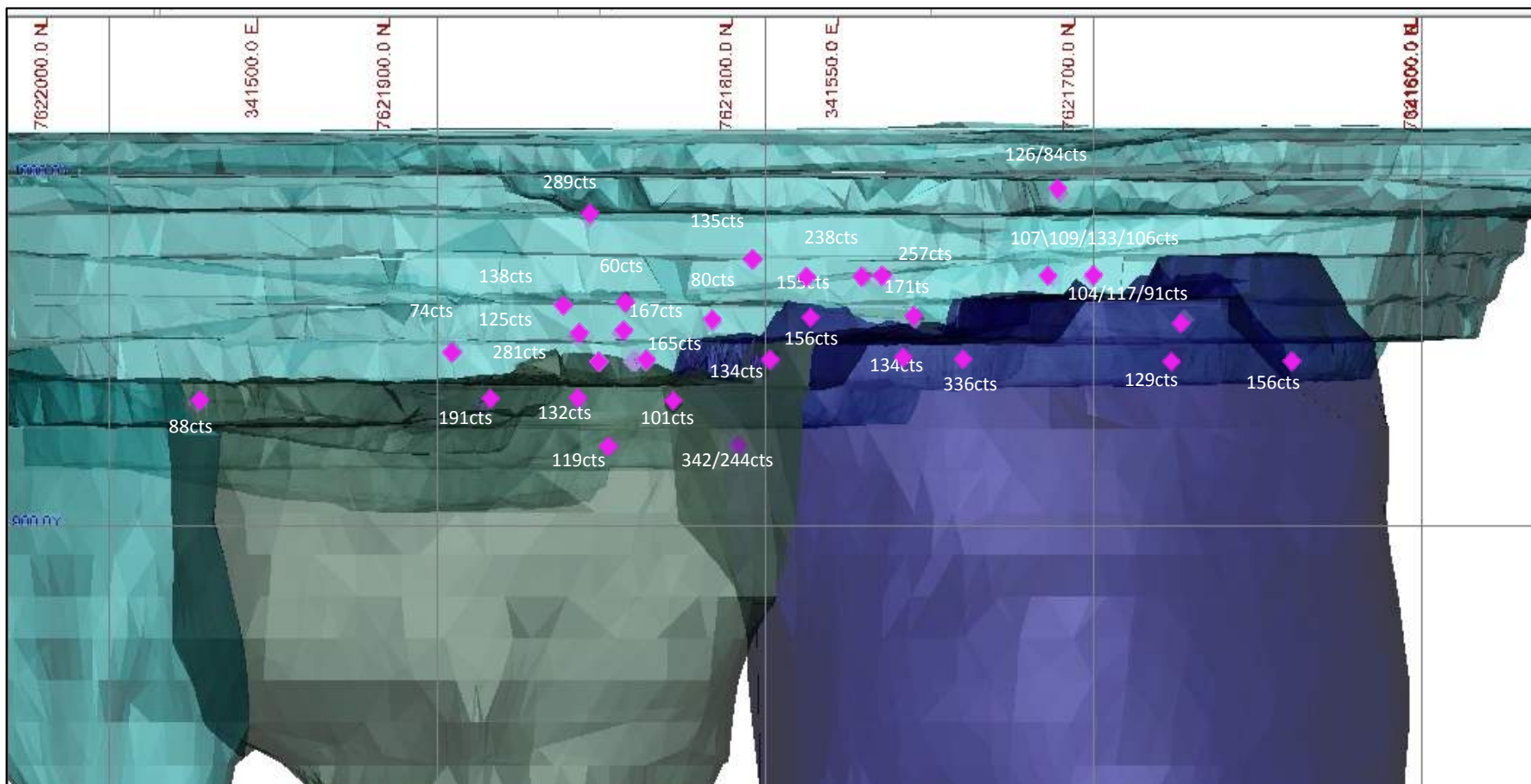
## Plan view of geological model





# Resource

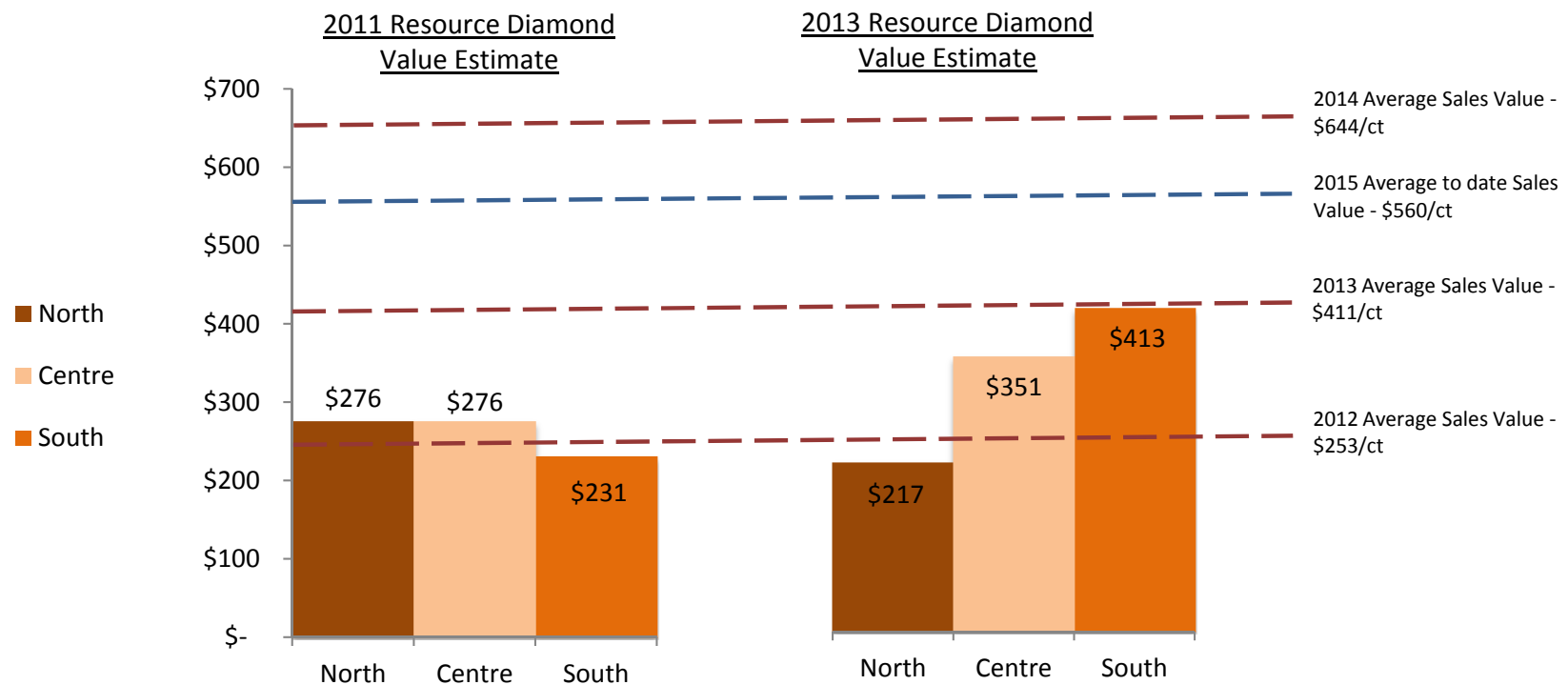
- Large diamonds continue to be recovered across the surface area of the AK6 kimberlites and at depth



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

# Resource Performance

- Resource continues to deliver significant quantities of stones greater than 10.8cts with greater than 815 being recovered during 2014 at an average stone size of 29.1ct/stone
- To end Q3, 2015 a total of 474 diamonds greater than 10.8 carats were recovered at an average stone size of 31.5 carats



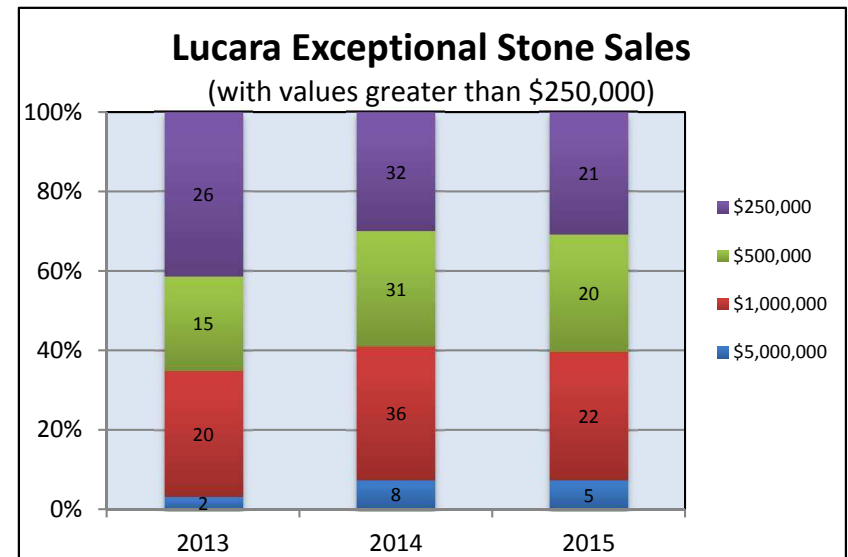
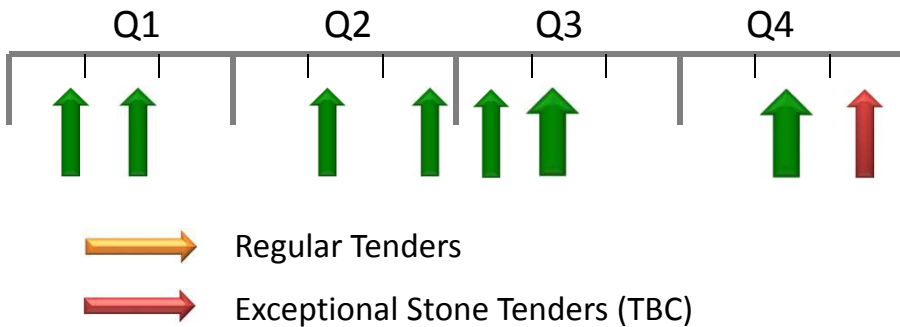


# Sales Update



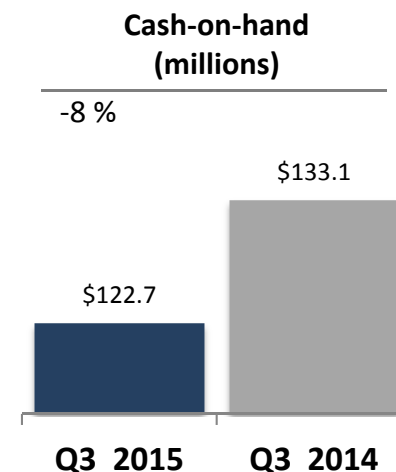
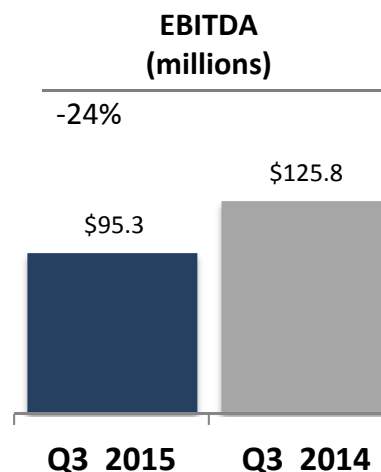
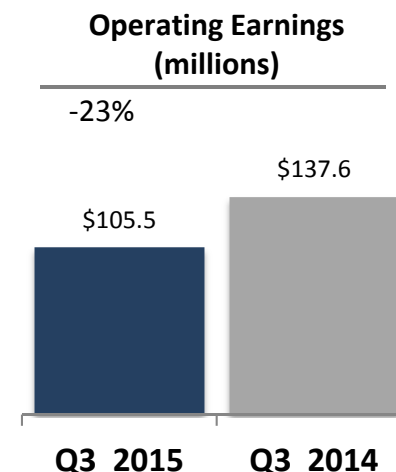
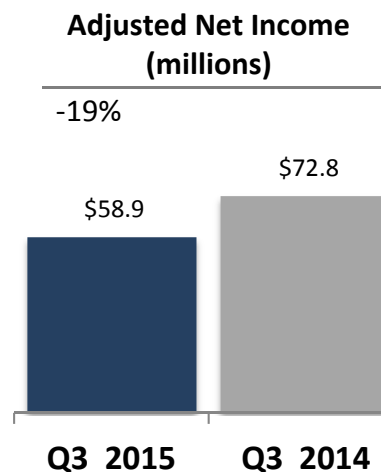
- To end Q3, 2015, 283,110 carats of diamond were sold for gross proceeds of \$158.6 million or \$560 per carat.
- Exceptional Stone Tenders:
  - July, 2015 – \$68.7 million (\$41,029/ct)
  - Nov, 2015 - \$29.7 million (\$20,625/ct)

## Diamond Sale may affect quarterly cashflow



# Karowe Operating Performance

	Q3 2015	Q3 2014	Variance %
<b>Mining and Process</b>			
Ore processed (t)	1,671,008	1,854,825	-10%
Carats recovered (cts)	276,443	316,341	-13%
Plant feed grade (cpht)	16.5	17.1	-4%
Waste mined (t)	10,746,948	7,793,033	38%
<b>Costs</b>			
\$/t processed	\$29.4	\$26.6	11%
\$/ct processed	\$131	\$123	7%
<b>Revenues</b>			
EBITDA (million)	\$95.3	\$125.8	-24%
Sales Revenue (million)	\$158.6	\$195.0	-19%
\$/ct sold	\$560	\$634	-12%
Cash operating margin	\$429	\$511	-16%







# Botswana Exploration



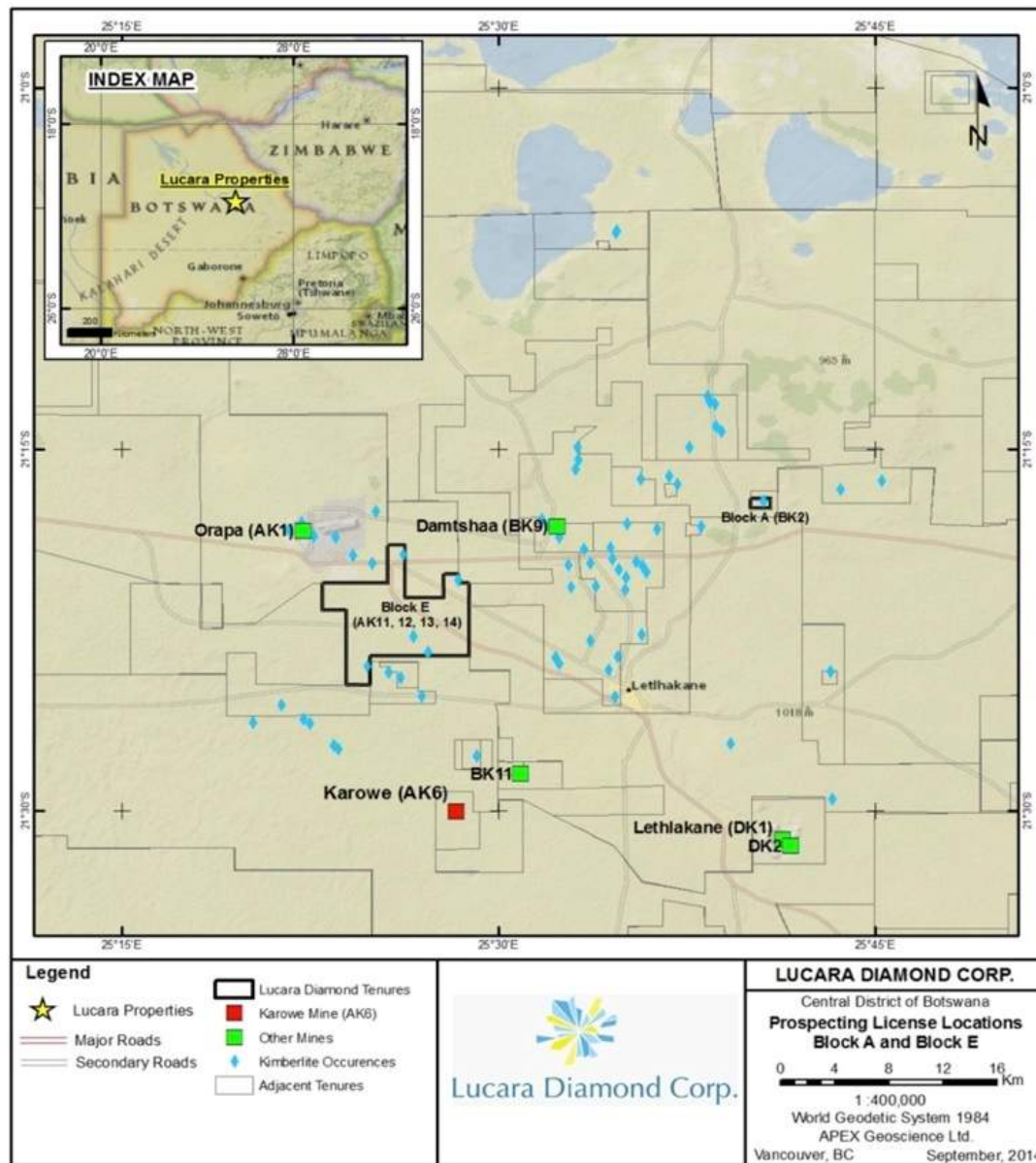




# Resource Replacement

## Prospecting Licenses

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







# Prospecting License : Block A – BK 02

## ***Background***

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

BK2 Kimberlite



Broken Face

Octahedron Face

+1.18mm Broken Octa



Historic Trench





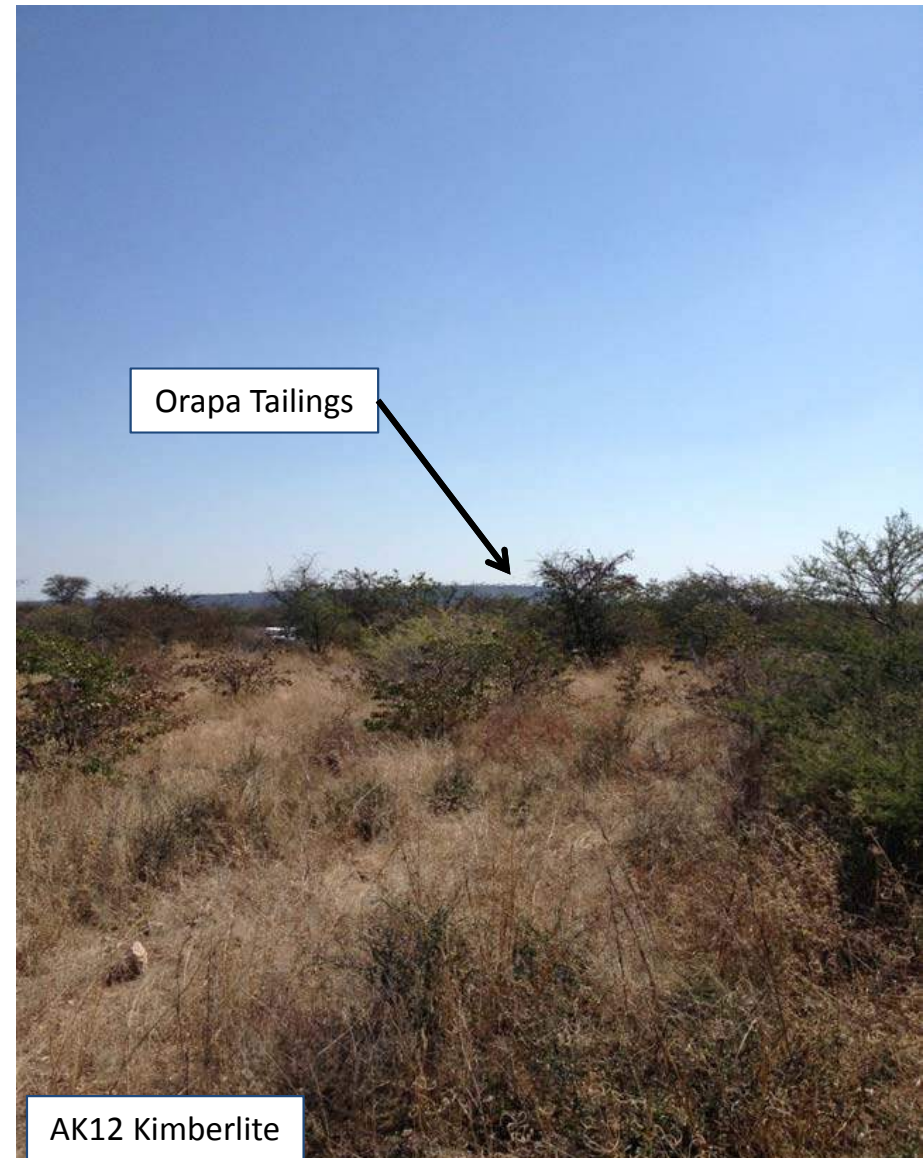
## Prospecting License : Block E – AK 11,12,13,14

### **Background**

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

### **Work Plan**

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





# Lucara – A Summary

## Lucara

- 100% owned Karowe Diamond Mine
- Strong free cashflow generation from operations which is enhanced by the consistent recovery of large and exceptional Type IIa diamonds
- Growth potential through exploration and M&A (strong balance sheet)
- Regular dividend paid since H1, 2014



## Karowe

- Revenue guidance for 2015 - \$200 – \$220 million
- Diamond Sales of 350,000 - 400,000 carats
- Operating costs of US\$33 - US\$36 per tonne processed

## Mothae

- Finalize divestment of Mothae

## Exploration

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



# Contact Information

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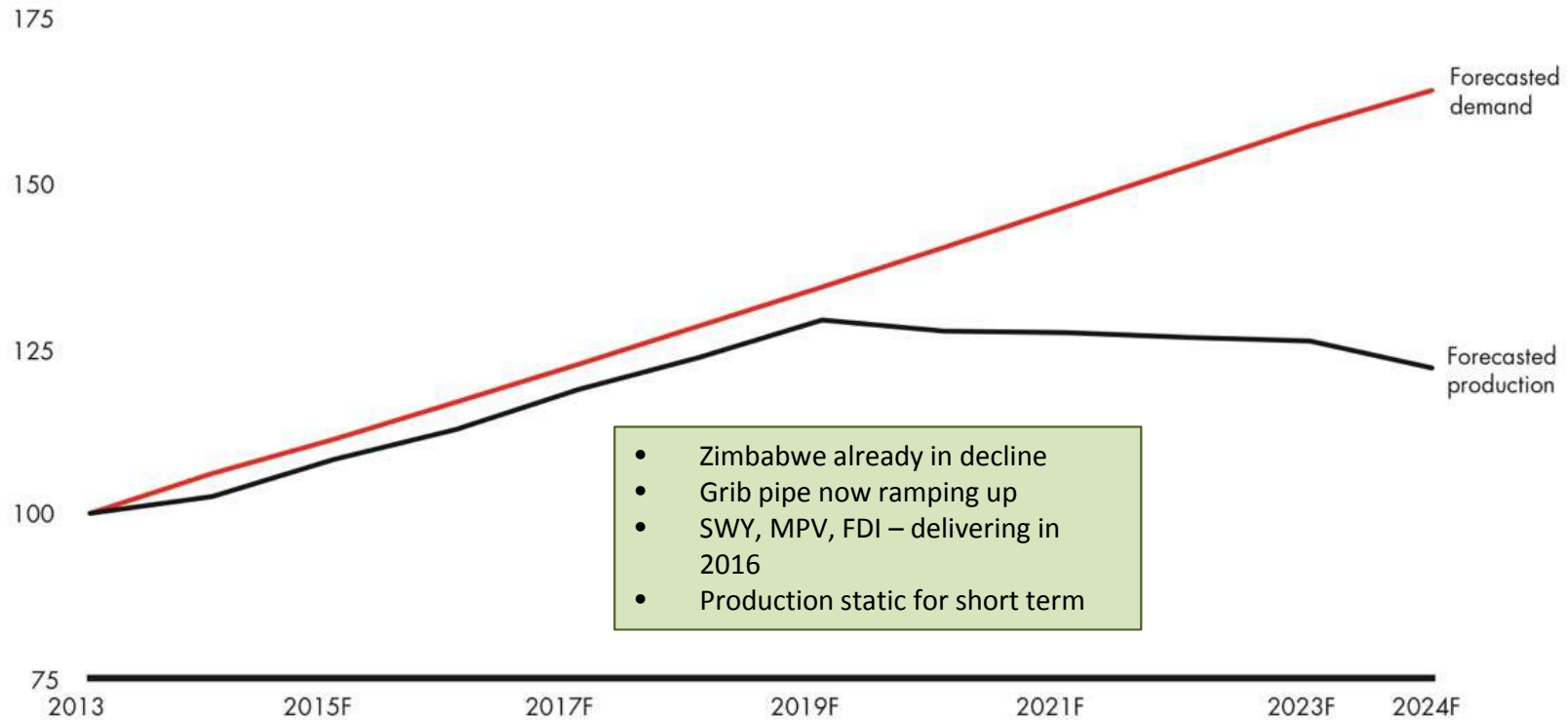
[www.lucaradiamond.com](http://www.lucaradiamond.com)





## The Diamond Sector – Supply/Demand

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

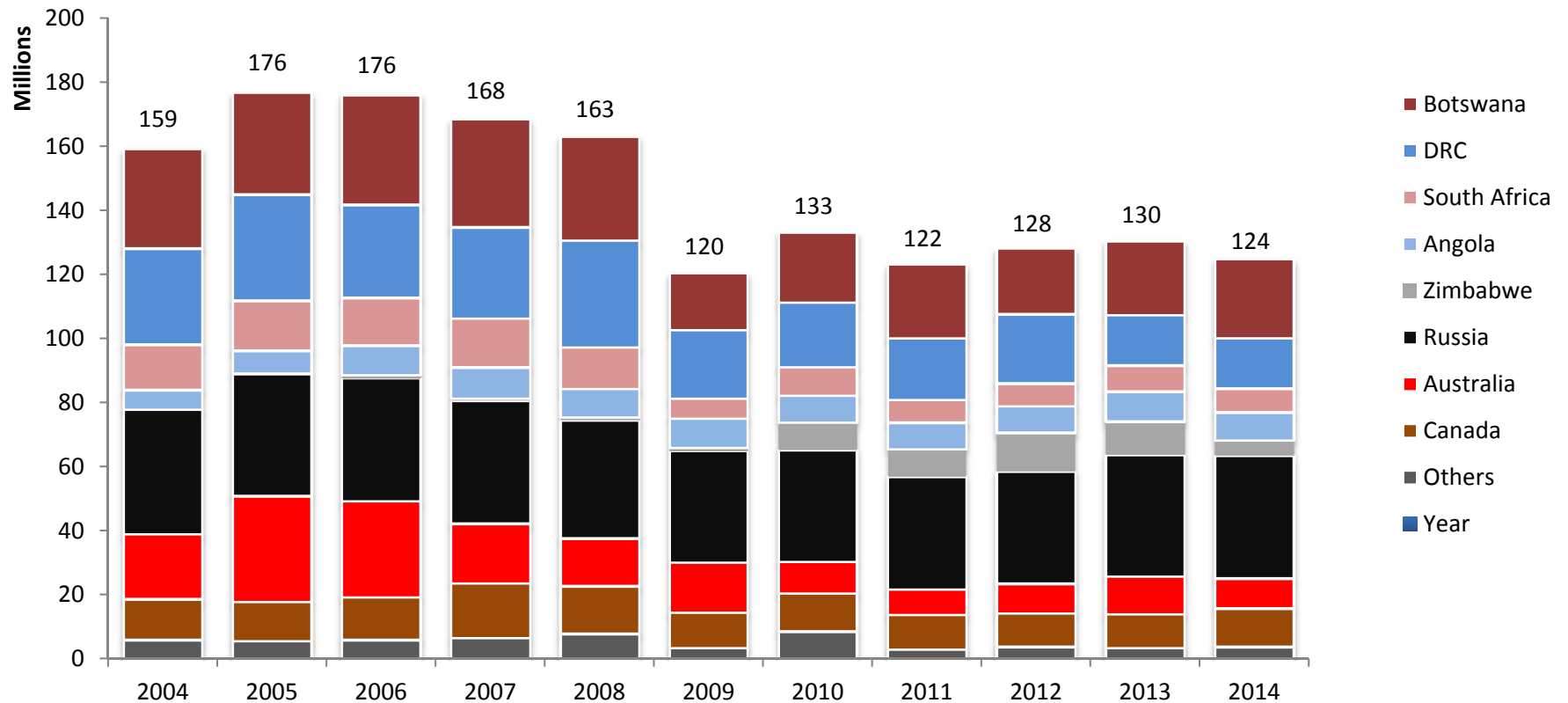


Note: Rough-diamond demand has been transformed from polished-diamond demand using historical rough-diamond/polished-diamond ratio  
Source: Euromonitor; Kimberley Process; IDEX, Tacy Ltd. and Chaim Even-Zohar; publication analysis; expert interviews; Bain analysis

## Global Rough Diamond Production

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

Annual production - Carats



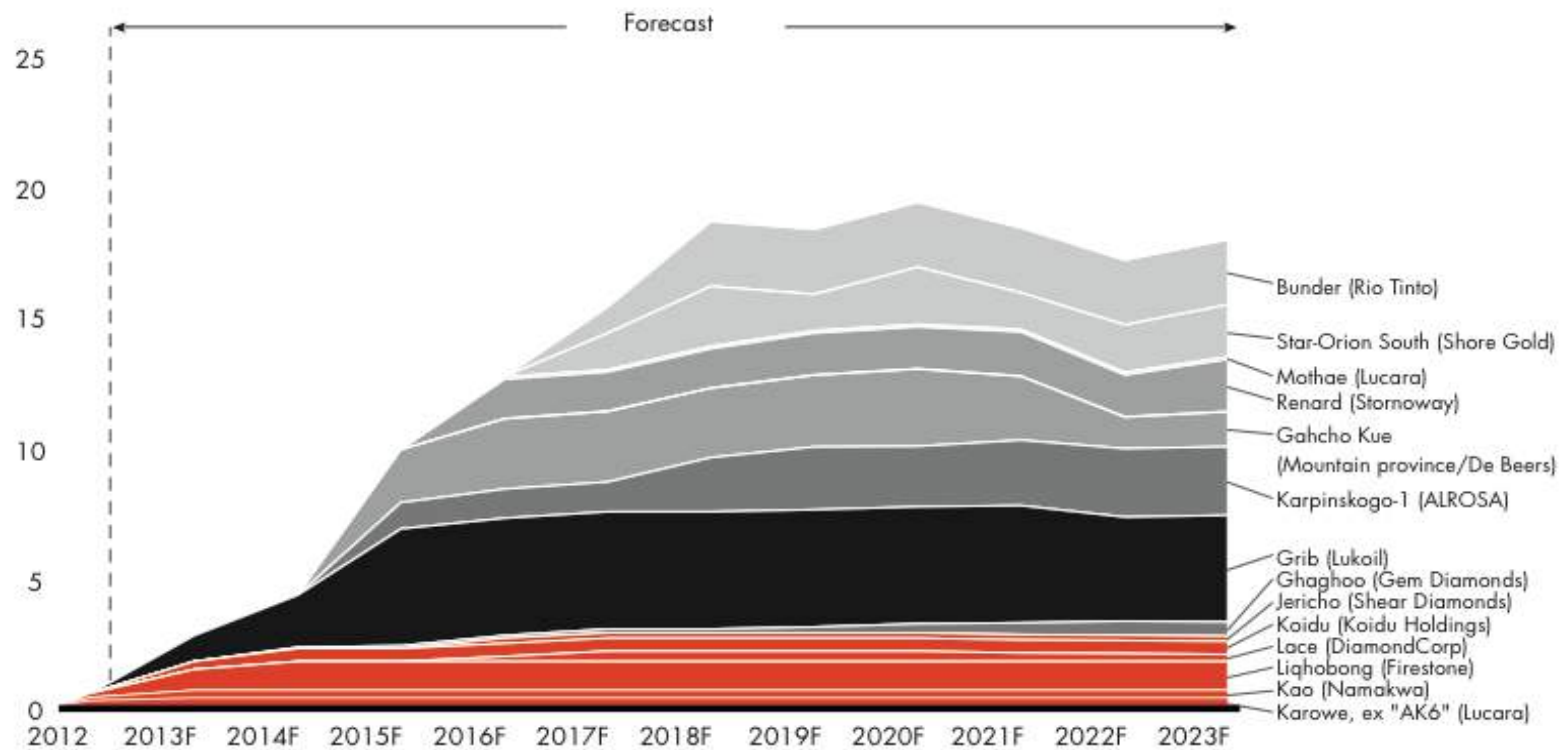
Source: Kimberley Process



## Expected New Mine Production

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

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

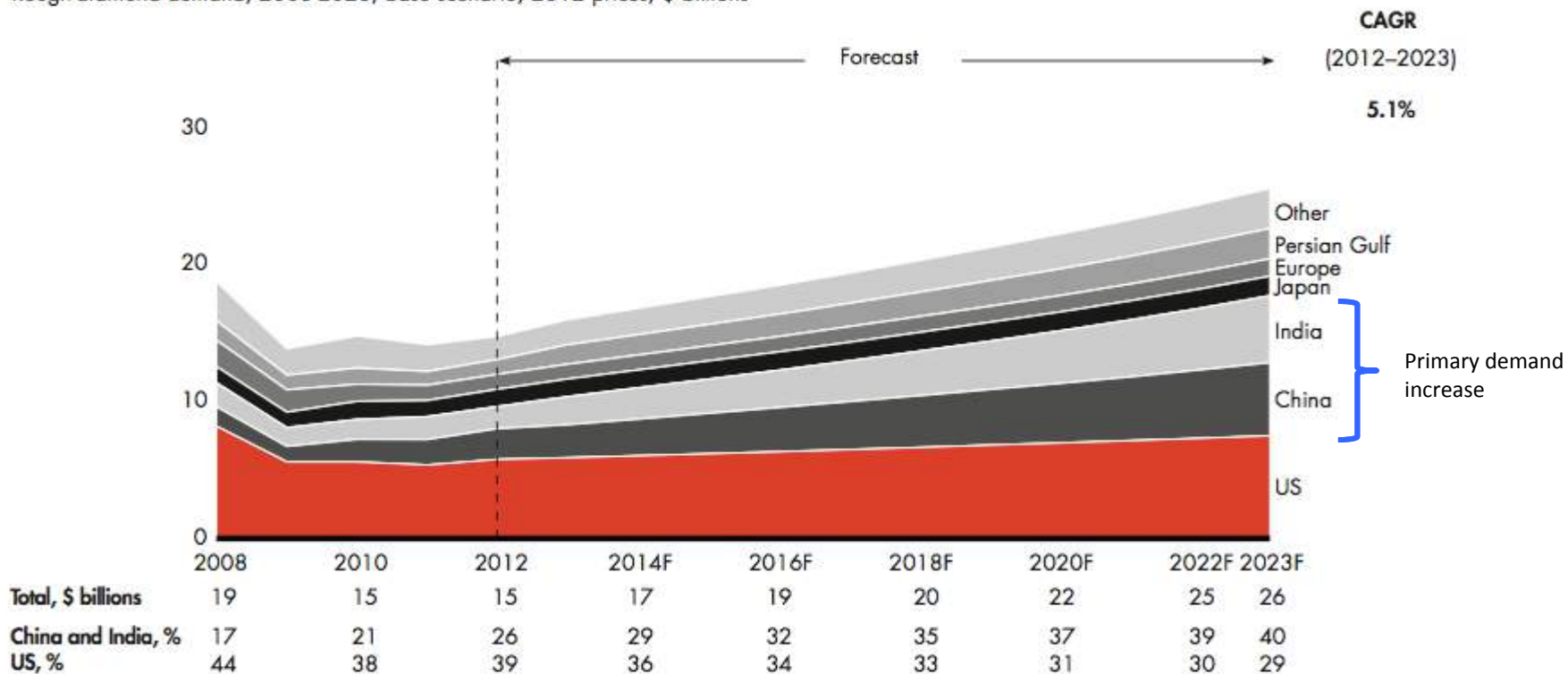


Source: Company plans; expert interviews; publication analysis; Bain analysis  
Bain & Company – The Global Diamond Report 2013

## Rough Diamond Demand

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

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

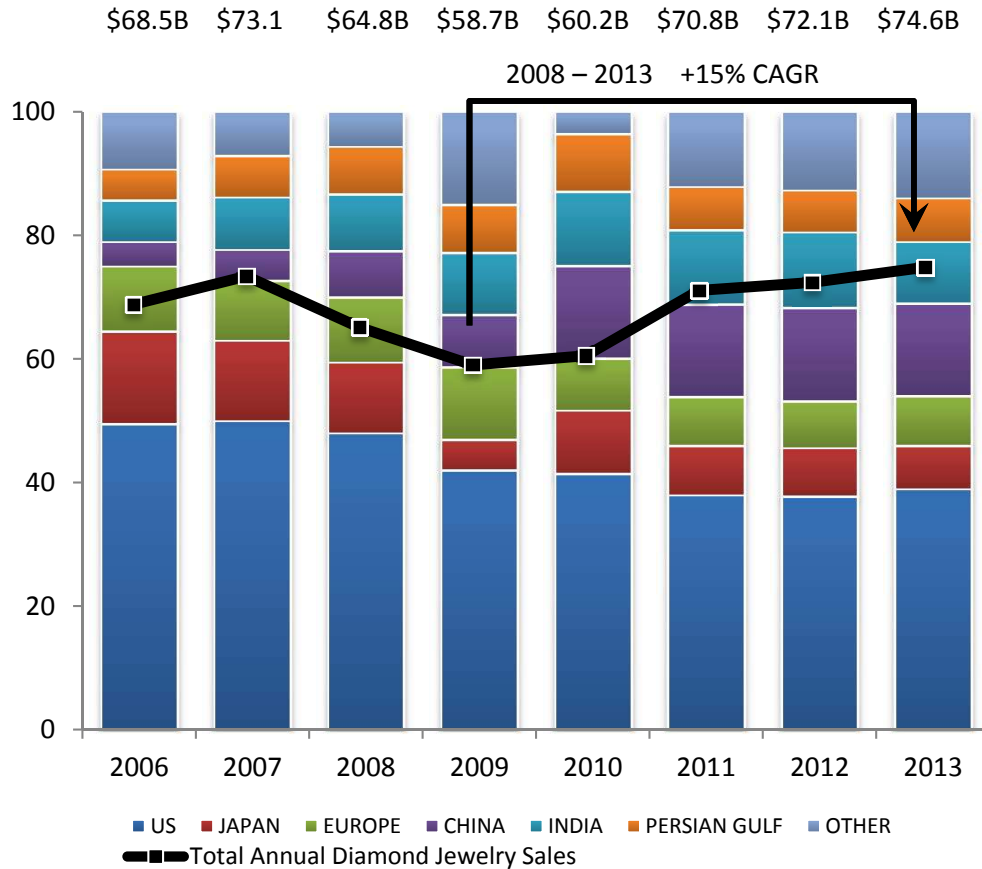


Note: Diamond jewelry demand is based on polished-diamond demand and diamond content projections  
 Source: IDEX, Tacy Ltd. and Chaim Even-Zohar; publication analysis; Bain analysis  
 Bain & Company – The Global Diamond Report 2013



# The Diamond Market

## Annual Diamond Jewelry Sales



## Global Rough Diamond Production

