



Lucara Diamond



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Full Year 2014 Results Presentation  
February 19, 2015



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- **Diamond tenders achieved proceeds of \$265.5 million (\$644 per carat). Exceptional stone tenders achieved \$32,471 per carat (2013: \$24,290 per carat); remaining tenders achieved \$318 per carat (2013: \$249 per carat).**
- **Operational and cost discipline:**
  - Full year operating cost per tonne processed was \$27.8 per tonne treated compared to outlook guidance of \$31-\$33 per tonne treated.
  - Full year operating margin of \$529 per carat or 82% (2013: operating margin was 74%).
- **Strong operational performance in line with forecast:**
  - Mining and production at Karowe were in line with 2014 forecast. A total of 815 Special stones (carats >10.8 carats) were recovered through 2014 (2013: 732 specials). Total of 27 stones greater than 100 carats (2013: 17 stones) and 4 stones over 200 carats (2013: 4 stones) recovered.
- **Increasing cash balance:**
  - Year end cash balances was \$101m (2013: \$49m). Cash balance growth follows expenditure of \$35m on the Karowe plant optimization program, dividend payments of \$27m and taxes of \$28m during the year.
- **Adjusted Earnings per share and Return on Capital Employed:**
  - Adjusted EPS was \$0.24 per share (2013: Adjusted EPS was \$0.17). Return on capital employed was 63% during the year (2013: return on capital employed 37%).
- **Dividends paid:**
  - Regular and special dividend was CA\$0.08 per share. Dividend yield was 3.7% based on year end share price with a dividend cover of 3.4x adjusted net income.

➤ **Exploration:**

- Two precious stone prospecting licenses in the Orapa Kimberlite field in close proximity to Karowe awarded during the year.
- Bulk sample plant has been ordered and work to commence on the two licenses during the year.

➤ **Mothae divestment:**

- Mothae divestment process ongoing and non-binding indicative offers have been received.



Production Information	Full Year 2014	Full Year 2013	Quarter Q4 2014	Quarter Q4 2013
Ore processed (tonnes)	2,421,506	2,354,538	566,681	613,064
Ore mined (tonnes)	3,327,754	3,944,343	757,672	918,765
Waste mined (tonnes)	10,270,720	5,493,445	2,477,687	1,694,134
Plant feed grade (carats per hundred tonnes of ore processed)	17.8	18.7	20.1	18.9
Carats recovered (carats)	430,292	440,752	113,950	116,061



USD millions	Full Year 2014	Full Year 2013	Quarter Q4 2014	Quarter Q4 2013
Revenues	265.5	180.5	70.5	58.7
Royalty expenses	26.6	18.1	7.1	5.9
Operating expenses	47.2	43.8	9.3	13.8
Administration/sales and marketing/exploration	18.3	15.7	6.5	6.3
<b>EBITDA</b>	<b>173.4</b>	<b>102.9</b>	<b>47.6</b>	<b>32.7</b>
<b>EBITDA margin (%)</b>	<b>65%</b>	<b>57%</b>	<b>68%</b>	<b>56%</b>
<b>Adjusted earnings per share</b>	<b>0.24</b>	<b>0.17</b>	<b>0.05</b>	<b>0.05</b>

Operating Margin and Cost of Production (US\$)	Full Year 2014	Full Year 2013	Quarter Q4 2014	Quarter Q4 2013
Average per carat sold	644	411	675	459
Cost per carat produced	115	100	89	109
Operating margin per carat sold	529	311	586	350
Diamonds sold (carats)	412,136	438,717	104,405	127,804



Revenue (US\$ million)	230 - 240
Sales (thousand carats)	400 - 420
Tonnes of ore processed (million tonnes)	2.3 - 2.5
Ore mined (million tonnes)	2.5 – 2.8
Waste mined (million tonnes)	12.0 – 12.5
Operating cash costs per tonne ore processed (dollars)	\$33 - \$36
Plant upgrade capital expenditure (US\$ million)	Up to \$20m
Sustaining capital expenditure including mill relining machine of \$5m of which \$3m will be spent in 2015 (US\$ million)	\$7.5 – \$8.5
Exploration costs (includes cost of Bulk Sample Plant at \$4.5 million)	\$7.0 - \$8.0

### **Plant Modifications**

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

### **Capital Costs and Schedule**

- Estimated capital expenditure of up to \$55 million
  - Up to 20 million to be spent in 2015
- Construction and commissioning completion scheduled for Q2 2015
  - Majority of structures construction has been completed with more than 65% of the new plant sections integrated into current operations
  - Two major integration events scheduled for 2015 to tie-in new section of the process facilities

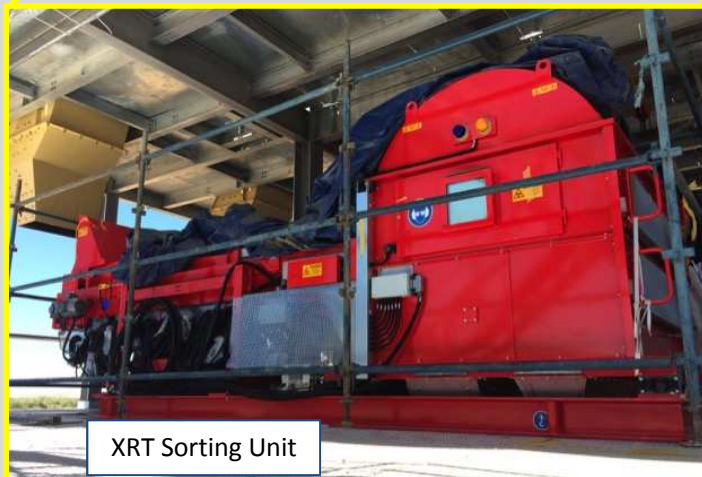




XRT Building



Process facilities looking North



XRT Sorting Unit



New Mining Contractor - 100t trucks

10 Plant Optimization



XRT and Recovery Building