Lucara Diamond Corp.

Management Proxy Circular
Annual and Special Meeting of Shareholders
Tuesday, May 13, 2014

Dated March 20, 2014

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SECTION 1 - VOTING INFORMATION

GENERAL

You have received this Management Proxy Circular (the "Circular") because you owned shares of **Lucara Diamond Corp**. ("Lucara" or the "Corporation") on April 8, 2014, the record date. As a shareholder, you have the right to attend the annual and special meeting of shareholders on Tuesday, **May 13, 2014**, at the time and place in the accompanying notice (the "Meeting")**.**

Unless otherwise stated, the information contained in this Circular is given as at March 20, 2014 and all dollar amounts are expressed as United States dollars.

The solicitation of proxies is being made primarily by mail, at Lucara's expense. Proxies may also be solicited personally or by telephone by directors, officers and employees of the Corporation.

YOUR VOTE IS **IMPORTANT** – PLEASE READ THIS 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 Friday, May 09, 2014**, 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.

This Circular is being sent to both Registered and Non-Registered (or Beneficial) Shareholders. The Corporation does not send proxy-related materials directly to Beneficial Shareholders and is not relying on the notice-and-access provisions of securities law for delivery to either Registered or Beneficial Shareholders. The Corporation will deliver proxy-related materials to nominees, custodians and fiduciaries and they will be asked to promptly forward them to Beneficial Shareholders. The Corporation has elected to pay for the delivery of the proxy-related materials to objecting Beneficial Shareholders.

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 appointment of auditors and authorizing the directors to fix their remuneration;
- setting the number of directors as six;
- the election of the directors nominated to Lucara's Board; and
- an amendment to Lucara's Articles to permit the use of Notice and Access.

These matters are described further in SECTION 2- BUSINESS OF 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 09, 2014** 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 appointment of PricewaterhouseCoopers LLP as auditors and authorizing the directors to fix their remuneration;**
- **FOR the setting of number of directors at six;**
- **FOR the election of each of the persons nominated for election as directors; and**
- **FOR approval of an amendment to the Corporation's Articles to permit the use of Notice and Access provisions.**

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 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 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. 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 or Revoke 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 deposit it with Computershare so that it is received before 10:00 a.m. (PST) on May 09, 2014 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; or

- vote again by telephone or on the internet before 10:00 a.m. (PST) on May 09, 2014 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, Three Bentall Centre, P.O. Box 49314, 595 Burrard Street, Vancouver, British Columbia, V7X 1L3, so that it is received by the close of business (PST time) on May 12, 2014 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 of 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 Circular.

In Person
Lucara does not have access to the names or holdings of our Non-Registered (or Beneficial) shareholders. This 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 09, 2014** 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 Depositary 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 for Botswana Registered Securities is maintained by Corpserv 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 8**,** 2014, on all matters at the Meeting. As of March 20, 2014, there are 376,932,749 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 exercise 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)].	32,700,000	8.68%
Zebra Holdings and Investments S.à.r.l ("Zebra")[(1)].	34,800,000	9.23%

[(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 67,500,000 Common Shares, which represents approximately 17.91% 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, 2013 have been provided to shareholders who requested them and are available on Lucara's website at www.lucaradiamond.com or at SEDAR at www.sedar.com.

Management will discuss these consolidated financial results at the Meeting. No vote of shareholders is required with respect to this item of business.

APPOINTMENT AND REMUNERATION OF AUDITORS

The Board of Directors recommend the re-appointment of PricewaterhouseCoopers LLP Chartered Accountants ("PwC"), 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 including fees paid to the auditors in 2012 and 2013, please refer to page 18 of this Circular.

You may either vote for reappointing PwC as Lucara's auditor to hold office until the end of the next annual meeting and authorizing the directors to fix the auditors remuneration or you can withhold your vote. Unless otherwise instructed, the named proxyholders will vote **FOR** reappointing PwC and authorizing the directors to fix PwC's remuneration.

ELECTION OF DIRECTORS

Nominees and Number of Directors

The term of office of each of the present directors expires at the Meeting. The nominees for directors include each of the existing directors of the Corporation. The Board of Directors is recommending that six directors be elected at the Meeting. The Board has assessed the skills and experience that the six directors standing for election offer and is 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.

You may either vote for setting the number of directors at six or you can vote against. Unless otherwise instructed, the named proxyholders will vote **FOR** the number of directors at six.

You may either vote for the election of each of the below nominees or you can withhold your vote. Unless otherwise instructed, the named proxyholders will vote **FOR** the election of the below named nominees. If any proposed nominee is unable to serve as a director or withdraws his or her name, the named proxyholders reserve the right to nominate and vote for another individual in their discretion.

The Board has adopted a policy on Majority Voting that provides that the Chair of the Board will ensure that the number of shares voted in favour or withheld from voting for each director nominee is recorded and promptly made public after the meeting. If any nominee for director receives, from the shares voted at the meeting in person or by proxy, a greater number of shares withheld than shares voted in favour of his or her election, the director must immediately tender his or her resignation to the Chair of the Board following the meeting, to take effect upon acceptance by the Board. The Board shall accept the resignation absent exceptional circumstances. To assist the Board in making a determination with regard to exceptional circumstances, the Board will refer the resignation to the Corporate Governance and Nominating Committee who will expeditiously consider the director's offer to resign and make a recommendation to the Board whether to accept the resignation. Within 90 days of the shareholders' meeting, the Board will make a final decision concerning the acceptance of the director's resignation (and reasons for rejecting the resignation if applicable) and announce that decision by way of a news release. Any director who tenders his or her resignation will not participate in the deliberations of the Board or any of its committees pertaining to the resignation. The policy applies only to uncontested elections, where the number of nominees as director is equal to the number of directors to be elected. If the director fails to tender his or her resignation as contemplated in the policy, the Board will not re-nominate the director. Subject to any corporate law restrictions, where the Board accepts the offer of resignation of a director and that director resigns, the Board may exercise its discretion with respect to the resulting vacancy and may, without limitation, leave the resultant vacancy unfilled until the next annual meeting of shareholders, fill the vacancy through the appointment of a new director whom the Board considers to merit the confidence of the shareholders, or call a special meeting of shareholders to elect a new nominee to fill the vacant position.

All six nominees were elected to their present term by a vote of shareholders at a meeting which was accompanied by a management proxy circular.

Information regarding each of the six proposed nominees, as at March 20, 2014, 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 15 for board attendance records, page 33 for director compensation received, pages 14 and 15 for memberships on other public boards and page 13 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
CLARK, Richard P. British Columbia, Canada	**Occupation**: President & CEO, RB Energy Inc. (resource company) **Age**: 56 **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 12 years Mr. Clark has been a senior executive with the Lundin Group of Companies. He was the President & CEO of Red Back Mining Inc. from 2004 until the company's takeover by Kinross Gold Corporation in 2010.	February 19, 2010	Nil

CONIBEAR, Paul K. British Columbia, Canada	**Occupation**: President & CEO Lundin Mining Corp. (resource company) **Age**: 56 **Biography**: Mr. Conibear has over 28 years of experience in mining projects in several African countries, North America, and a number of South American countries. His background includes 19 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 12 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 & 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.	April 5, 2007	566,000
EDGAR, Brian D. British Columbia, Canada	**Occupation**: Chairman of Silver Bull Resources Inc. (resource company) **Age**: 64 **Biography**: Mr. Edgar has served on public company boards for over 30 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 1992 to establish Rand Edgar Investment Corp., a private investment company.	April 5, 2007	300,000
LAMB, William British Columbia, Canada	**Occupation**: President & CEO of the Corporation **Age**: 43 **Biography**: Mr. Lamb has over 22 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 Project 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.	February 19, 2010	475,000

LUNDIN, Lukas H. Geneva, Switzerland	**Occupation**: Chair of the Board of the Corporation and Chair of a number of resource companies. **Age**: 55 **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 the 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.	April 5, 2007	4,015,000
THOMAS, Eira M. British Columbia, Canada	**Occupation**: President & Chief Executive Officer, Kaminak Gold Corporation **Age**: 45 **Biography**: Ms. Thomas is a Canadian geologist with over twenty years of experience in the Canadian diamond business, including her previous roles as vice president of Aber Resources, now Dominion Diamond Corp., and as founder and CEO of Stornoway Diamond Corp. Currently, Ms. Thomas is a director of Suncor Energy Inc. and Kaminak Gold Corporation. She also serves on the board of the Prospectors and Developers Association of Canada.	August 4, 2009	7,700,000

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 Community Relations Committee
Paul K. Conibear (Chair) Brian D. Edgar Eira M. Thomas	Paul K. Conibear (Chair) Brian D. Edgar Richard P. Clark	Brian D. Edgar (Chair) Eira M. Thomas Paul K. Conibear	Eira M. Thomas (Chair) Richard P. Clark William Lamb

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.

AMENDMENT TO ARTICLES - NOTICE AND ACCESS

New amendments to National Instrument 54-101 Communications with Beneficial Owners of Securities of a Reporting Issuer (NI 54-101) and to National Instrument 51-102 Continuous Disclosure Obligations (NI 51-102) came into force in 2013, providing reporting issuers with a new notice-and-access mechanism allowing the posting of proxy-related materials, annual financial statements and annual MD&A on a website instead of mailing them to registered holders and beneficial owners of securities. However, such notice and access mechanisms are only available for use by a company incorporated under the Business Corporations Act (British Columbia) if all requirements in a company's articles relating to terms of content and method of sending notice of meetings to shareholders are met. An amendment is required for Lucara's Articles to permit the use of the notice-and-access mechanism. On November 8, 2013, the Board of Directors approved such an amendment (the " Notice-and-Access Articles Amendment") and this amendment is now submitted for approval of the Corporation's shareholders. At least two-thirds of the votes cast by the shareholders present in person or by proxy at the Meeting are required for approval of the Notice-and-Access Articles Amendment.

You may either vote for approval of the following resolution or you can vote against. Unless otherwise instructed, the named proxyholders will vote **FOR** the approval of the Notice-and-Access Articles Amendment.

> *"**BE IT RESOLVED**, as a special resolution of the Shareholders of the Corporation, that:*
>
> 1. *The amendment to the Articles of the Corporation as set forth in Appendix A to the Corporation's Circular dated March 20, 2014 be and is hereby ratified, confirmed and approved; and*
>
> 2. *Any one director or officer of the Corporation be and is hereby authorized and directed to do all such acts and things and to execute and deliver, under the corporate seal of the Corporation or otherwise, all such deeds, documents, instruments and assurances as in his or her opinion may be necessary or desirable to give effect to the foregoing resolutions."*

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 B) that lists specific responsibilities including:

- 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.

Strategic Planning

The board works with management to develop the Corporation's strategic direction. The strategic planning process involves the development of a long term (5 year) strategic plan, the establishment of annual budgets and two-year financial plans, and an annual review of the strategic plan. Management is responsible for preparing information in these areas and presenting it to the board for discussion and approval.

In addition, the board on an ongoing basis throughout the year discusses with management strategic issues including competitive developments and corporate opportunities.

Risk Oversight

The Board has implemented a risk management process. At each quarterly meeting of the Board, a risk report is reviewed and monitored by the Board which includes:

- identification and description of risks
- the impact of the identified risks
- classification of the risk as high/medium/low
- identification of the "owner" of the risk i.e. the employee who owns the risk and is responsible for implementing controls and developing ways to mitigate the risk

INDEPENDENCE

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 and William Lamb are not independent for the following reasons:

- Mr. Lamb is Lucara's current President and CEO.
- Mr. Lundin, is Lucara's Chairman and as Chairman is involved with the Corporation on corporate development opportunities and raising capital which could be regarded as having an indirect material relationship.

Structures and Processes to Facilitate Independence from Management

The Board believes that the following structures and processes facilitate the functioning of the Board independently of management:

- *Meetings of Independent Directors and Without Management*
  To facilitate open and candid discussion among directors, a practice of holding two "in camera" sessions or meetings is normally followed for quarterly board meetings. The first in camera session is without management present and the second is only with independent directors present. The in-camera meetings of independent directors are presided over by the Lead Director. In addition, the Audit Committee regularly holds sessions with the Corporation's external auditors without management present to discuss the audit and cooperation from management.

- *Chair and Lead Director*
  The Chair of the Board position is separate from the CEO. As noted above, it has been determined by the Board that the Chair of the Board, Mr. Lundin, is not independent. On the recommendation of the Corporate Governance and Nominating Committee, the board has appointed a Lead Director, Mr. Conibear, 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.

- *Committee Membership*
  All of the members of the following committees are composed entirely of independent directors: Audit Committee, Corporate Governance and Nominating Committee, and Compensation Committee.

- *Independent Advisor*
  Individual directors may, with the authorization of the Chairman or the Corporate Governance and Nominating Committee, engage independent advisors at the expense of the Corporation.

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. This year it has recommended to the Board, and the Board concurs, that the board be composed of 6 directors with 4 of these directors being independent. It was agreed by the Board that this size 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 such other mining companies may 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	Lundin Mining Corporation (TSX/OMX Nordic); NGEx Resources Inc. (TSX)
Brian D. Edgar	ShaMaran Petroleum Ltd. (TSX-V/OMX First North); Denison Mines Corp. (TSX/NYSE MKT); Silver Bull Resources Inc. (TSX/NYSE MKT); Lundin Mining Corporation (TSX/OMX Nordic); Black Pearl Resources Inc. (TSX/OMX Nordic)

Lukas H. Lundin	Lundin Mining Corporation (TSX/OMX Nordic); NGEx Resources Inc. (TSX); Fortress Minerals Corp. (NEX); Denison Mines Corp. (TSX/NYSE MKT); Lundin Petroleum AB (OMX Nordic/TSX)
Eira M. Thomas	Suncor Energy Inc. (TSX); Kaminak Gold Corporation (TSX); Dundee Precious Metals Inc. (TSX) [1]
William Lamb	Terraco Gold Corp. (TSX-V); North Arrow Minerals Inc. (TSX-V)
Richard P. Clark	RB Energy Inc. (TSX);Mag Silver Corp. (TSX/ NYSE MKT); Orca Gold Inc. (TSX-V)

(1) Ms. Thomas has indicated that she will not stand for re-election as a director of Dundee Precious Metals Inc. at its next annual meeting scheduled for May 7, 2014

Legend:

TSX	=	Toronto Stock Exchange
TSX-V	=	TSX Venture Exchange
OMX First North	=	NASDAQ OMX First North Exchange
OMXNordic	=	NASDAQ OMX Nordic Stock Exchange (previously, the Stockholm Stock Exchange)
NYSE MKT	=	New York Stock Exchange MKT
NEX	=	separate board of TSX Venture Exchange

MEETING ATTENDANCE

The Board held eight meetings in 2013. 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 fifteen meetings in 2013. The following is the attendance record for all Board and committee meetings held during 2013:

Directors	Board Meetings		Committee Meetings		Total Board/Committee Meetings	
	#	%	#	%	#	%
Lukas H. Lundin	6 of 8	75%	N/A	N/A	6 of 8	75%
Paul K. Conibear	8 of 8	100%	12 of 12	100%	20 of 20	100%
Eira M. Thomas	7 of 8	88%	10 of 10	100%	17 of 18	94%
Brian D. Edgar	8 of 8	100%	13 of 13	100%	21 of 21	100%
William Lamb	8 of 8	100%	2 of 2	100%	10 of 10	100%
Richard P. Clark	6 of 8	75%	4 of 8	50%	10 of 16	63%

POSITION DESCRIPTIONS

The Board has developed and approved a written position description for the Chair of the Board. The Chair's 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 the accountability of board members; 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 by the Board. 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. On an annual basis each committee mandate is reviewed by the applicable committee and changes are recommended to the board for approval if applicable.

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 the Corporation. The board has also established clear limits of authority for the CEO, which are described in the Corporation's Policy of Authorizations.

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 conduct peer reviews and a self assessment regarding their effectiveness as a Board member as part of this assessment process. 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 with a copy to the Corporate Secretary. The results are compiled 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.

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. 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 considers directors' responses and makes recommendations.

Site visits are viewed as an important piece of the Directors education and understanding of the Corporation's business. A site visit was held in Africa in 2012 for the Directors to tour the Corporation's Karowe mine. Also to further the education of directors' with regard to the diamond market, directors in 2014 attended one of Lucara's diamond sales in Antwerp, Belgium.

Directors are regularly informed by the CEO, either verbally or through a 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.

With regard to corporate governance education for directors, Lucara pays for director education and membership in the Institute of Corporate Directors (ICD). All directors are members of the ICD. Board members participated in an anti-bribery training session held in December 2013.

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 the Board. 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 board of directors and management may also propose candidates to the committee or the committee may, at the corporation's expense, retain external consultants to assist in the search for suitable director nominees. The Corporate Governance and Nominating Committee has approved a form of a Board Candidacy Questionnaire for potential candidates to complete which will form part of the nomination process.

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 33.

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 Community Relations 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. The following is a brief summary of the key functions, roles and responsibilities of the Board committees.

Audit Committee

The Audit Committee consists of three independent directors. The current members are Paul Conibear, Brian Edgar, and 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 code of business conduct and ethics (see ''Ethical Business Conduct'' on page 19 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 oversees the financial reporting processes of the Corporation, 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 2012 and 2013 were as follows:

Fiscal Year Ending	Audit Fees CAD$(1)	Audit-Related Fees CAD$(2)	Tax Fees(3) CAD$
December 31, 2013	206,000	10,200	59,755
December 31, 2012	217,440	16,250	Nil

(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.

The Audit Committee reviews the Corporation's policies and practices with respect to cash management, insurance and taxation. It also ensures that management has procedures in place 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 20, 2014, which is available on the Corporation's website or on SEDAR 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 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.

In addition, the Corporate Governance and Nominating Committee 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. The Committee delivers this annual statement on corporate governance to the Board for inclusion in the Circular.

Compensation Committee
The Compensation Committee consists of three independent directors: Paul Conibear, Brian Edgar and Richard Clark. For more information regarding the nature, scope, roles and responsibilities of the Compensation Committee, see pages 24 and 25 of this Circular.

Safety, Health, Environmental and Community Relations Committee ("SHECR Committee")
The SHECR Committee consists of three directors. Two are independent, Richard 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's employees or by others associated with the Corporation they have the responsibility to report the violation and to cooperate with any investigation. Reports may 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. 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 Community Relations Committee utilizing the Global Reporting Initiatives (GRI) guidelines. A reporting cycle has been set up which involves a program of data collection, communication and responses. A report is 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 assists 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 which is available on its website or on SEDAR at www.sedar.com. This Policy sets out the internal structure that Lucara has established to effectively manage the dissemination of material information. In addition, the Corporation's investor relations group responds to shareholders concerns on an individual basis. Shareholders are informed of corporate developments by the issuance of timely press releases which are concurrently posted to the Corporations' website and are available on SEDAR.

Shareholders or other interested parties may communicate directly with the Chairman of the Board, the Lead Director and other independent directors by writing to them at Lucara's Vancouver office, at the following address (envelopes should be marked *Confidential* and addressed to the attention of the appropriate party):

Lucara Diamond Corp., 885 West Georgia Street, Suite 2000, Vancouver, BC, V6C 3E8

SECTION 4 - EXECUTIVE COMPENSATION

2013 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 qualified, high caliber executives
- provide executives with compensation that is in accordance with existing market standards
- 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 reviewed using a comparator group (see Compensation Benchmarking described below), thereby enabling the Corporation to compete for and retain executives critical to the Corporation's long-term success. 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.

Short Term Incentives. Executives have no contractual right to bonuses or short term incentives and this form of compensation is clearly "at risk". Such payments are made solely in the discretion of the board. Short term incentives are considered by the Board on the recommendation of the Compensation Committee. The decision by the Compensation Committee to recommend payment of short term incentives is based on executives meeting certain criteria. In 2012, the Board approved a framework for short term incentive payments which was implemented in 2013. (see the Short Term Incentive Program Framework described in Performance Goals below). The Board uses the payment of short term incentives to motivate executives to meet short term performance goals for the benefit of the Corporation.

Stock Options. The Corporation has established a 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 (normally, 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, short term incentives 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 competitive level the Corporation is able to attract talented candidates. However, the short term incentive (discretionary bonuses) provides executives 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.

Compensation Benchmarking
At the end of 2012, Lucara engaged an external consultant, Roger Gurr & Associates to assess the market competitiveness of the Corporation's executive salaries for 2013 using a comparator group of a similar size in terms of market cap with a focus on precious metals with a combination of both operating and exploration activities. Roger Gurr & Associates chose the following 16 mining and exploration companies as the comparator group:

Avion Gold Corp.(1)	Mountain Province Diamonds Inc.
Banro Corporation	Nevsun Resources Ltd.
Denison Mines Corp.	NGEx Resources Inc.
Gem Diamonds Ltd.	Orezone Gold Corporation
Golden Star Resources Ltd.	Platinum Group Metals Ltd.
Great Basin Gold Ltd.(2)	Stornoway Diamond Corporation
Hana Mining Ltd.(3)	Teranga Gold Corporation
Asanka Gold Inc.	Volta Resources Inc.(4)

(1) Now known as Endeavour Mining Corporation.
(2) Company has ceased to exist.
(3) Now known as Cuprous Capital Ltd.
(4) Now known as B2B Gold Corp.

After analyzing the report from Roger Gurr & Associates, the Compensation Committee concluded that salary levels should be targeted somewhat ahead of the median of the comparator group (a mix of both operating and development companies) as the Corporation was transitioning from development to operational. Base salary midpoints were set based upon midway median (P50) and top quartile (P75) of the comparator group

At the end of 2013 the Compensation Committee benchmarked executive's salaries for 2014 using the following comparator group of diamond mining producing companies that are publicly listed:

Petra Diamonds Limited	Mountain Province Diamonds Inc.
Dominion Diamond Corporation	Stornoway Diamond Corporation
Firestone Diamonds PLC	Gem Diamonds Ltd.

It was determined that Lucara's salaries are approximately at the mid-point of these diamond producing companies with two of the companies in the survey awarding significantly higher salaries.

Performance Goals
In 2013 a performance measurement scheme, a Short Term Incentive Program Framework, was implemented focusing on Key Performance Indicators (KPIs) that include operational achievements. The framework was developed by Roger Gurr & Associates, in consultation with management, and with oversight from the Compensation Committee. The framework sets out the terms under which cash incentives may be made to senior executives. The Framework is subject to the overriding discretion of the Board, on recommendation from the Compensation Committee, to decide whether any short term incentives will be made regardless of the performance against targets. The minimum, target and maximum short term incentive are set out as a % of basic salary for executive positions as follows:

Position	Minimum Award	Target Award	Maximum Award
CEO	35%	100%	120%
COO	30%	70%	90%
CFO	30%	70%	90%
VPs	25%	50%	75%

The factors that are used when assessing short term incentives are:

- financial
- operational
- marketing and sales (for certain executives)
- discretionary

KPIs are determined for each of these areas and a percentage weight is identified dependent on the executive position. The financial, operational, and marketing and sales areas of performance are based on quantitative performance measures, while the discretionary component is a qualitative performance measure.

Alignment Compensation Programs and Risk Management
Risk management is a primary consideration of the Board when implementing its compensation programme. It has structured its compensation programme to ensure that executive officers are not inappropriately motivated towards shorter-term results or excessive risk taking.

Payments of short term incentives, if any, are not made until performance goals have been met. 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 short term incentives.

With regard to stock options, the Board has approved a stock option plan with vesting provisions over time which reduces the risk of short term decision making. The Board sets standard vesting terms on stock option grants which align optionees' interests with longer term growth of the Corporation, using 24-month vesting provisions and 3 year option terms.

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.

Share Ownership Guidelines for Directors
In December 2012, the Board established share ownership guidelines for non-employee directors to demonstrate their commitment to Lucara's long-term success and to align with shareholders. Non-employee directors must own or control shares with a cost equal to twice the value of their annual director retainers. These shares must be acquired within the later of two years of joining the board or December 5, 2014.

Consultant Work and Fees
In addition to the compensation benchmarking services and development of a proposal for a short term incentive program as described above, in 2012 the Compensation Committee retained Roger Gurr & Associates to review and make recommendations regarding the termination and change of control provisions contained in the employment agreements of Lucara's executives. Roger Gurr & Associates was paid a fee of CAD$ 29,232 for

services it provided in 2012. No other consulting services were provided by a compensation consultant to Lucara, the Board or a committee of the Board in 2012 or 2013.

Year	Executive Compensation-Related Fees (CAD $)	All Other Fees (CAD $)
2012	$29,232	Nil
2013	Nil	Nil

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 will make specific recommendations to the Compensation Committee with respect to compensation for the other executive officers of the Corporation that are based on the Committee's compensation philosophy and incentive programs approved by the Committee.

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. It meets as frequently as necessary in order to fulfill its responsibilities. In 2013, the Committee met five times to address matters pertaining to its Mandate.

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 financial expertise 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 Corporation'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 12 years and has extensive experience in serving as a compensation committee member with other public company boards.
Brian D. Edgar	Yes	Mr. Edgar is currently the Chair of a public resource based company. He has served on numerous public company boards for over 30 years including membership on their compensation committees.
Richard P. 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 the past 12 years. He has experience as a compensation committee member on a number of public boards.

(1) A member is independent if he/she has no direct or indirect material relationship with the Corporation 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 short term incentives 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 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 CAD$150,000; 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, 2013.

During the financial year ended December 31, 2013, the Corporation had five Named Executive Officers: William Lamb, Glenn Kondo, Paul Day, Anthony George, and Lawrence Ott.

2013 Named Executive Officer Compensation Results

The Board reviewed Lucara's 2013 performance and the analysis and recommendations of the Compensation Committee and approved the following decisions on executive compensation for 2013.

(i) *Base Salaries*

As discussed above, the Compensation Committee considered bench marking data at the end of 2012. It concluded that salaries for executives were competitive and accordingly did not recommend that any adjustment be made at that time for 2013 salaries. During the year, Mr. Kondo, the CFO, relocated to the United Kingdom and as a result the Compensation Committee recommended that his salary of CAD$302,200 be adjusted to £215,500.

(ii) *Long Term Incentives*

Lucara's Named Executive Officers each received annual stock grants in May 2013 as detailed in the Summary Compensation Table on page 28 of this Circular.

(iii) *Annual Short Term Incentives*

The Compensation Committee utilized Lucara's Short Term Incentive Program Framework to assess short term incentives. The following describes for 2013, the Named Executive Officers' performance goals, performance metrics achieved and the results considered by the Compensation Committee as part of the assessment process.

2013 Performance Goals of Named Executive Officers

The Chief Executive Officer's short term incentive compensation is based 75% on the achievement of group financial and operating targets with the remaining 25% based on his individual performance. For the other Named Executive Officers the short term incentive is based 80% on the achievement of group financial operating and operating targets with the remaining 20% based on individual performance related to their specific areas of responsibility.

1. *Chief Executive Officer:*

The Chief Executive's maximum bonus award which could be achieved was 120% of his base salary. The individual performance of the Chief Executive Officer is measured against the goals, objectives and standards set annually by the Corporation's Compensation Committee, which are used as metrics in establishing the amount of bonus awarded at the end of each financial year. The metrics used for the Chief Executive Officer in fiscal 2013 were based on (1) group cash flow and return on equity (2) operational performance (3) sales and marketing objectives and (4) individual objectives. The following table sets out the weighting for each of the group and individual components of the Chief Executive Officer's bonus. The components are summed to determine the bonus award.

Position	Executive	Target Bonus %	Key Performance Indicator Achievement				
			Financial Results		Operational Performance	Sales and Marketing	Individual
			Cash Flow	Return on Equity			
President and Chief Executive Officer	William Lamb	120%	20%	20%	20%	15%	25%

2. *Other Named Executive Officers*:

The maximum bonus award which could be achieved ranged from 75% to 90% of base salary for the balance of the Named Executive Officers. Actual bonus compensation is based on the degree to which the Corporation achieves its objectives as well as personal metrics. The personal metrics were selected based on those parts of the business over which the executive had influence. The following table sets out the respective weighting and individual components of the bonuses for each of the other Named Executive officers. The components are summed to determine the bonus award.

			Key Performance Indicator Achievement				
Position	Executive	Target Bonus %	Financial Results		Operational Performance	Sales and Marketing	Individual
			Cash Flow	Return on Equity			
Chief Financial Officer	Glenn Kondo	90%	25%	25%	30%	NA	20%
Chief Operating Officer	Paul Day	90%	10%	10%	60%	NA	20%
Vice President - Development	Anthony George	75%	15%	15%	20%	30%	20%
Vice President - Mineral Resources	Lawrence Ott	75%	15%	15%	50%	NA	20%

2013 Performance Metrics Achieved

The following chart sets out the performance metrics achieved and bonus paid for each of the applicable Named Executive Officers:

Position	Executive	Bonus Payment ($)	Target Bonus (%)	Bonus Payment (%)	Bonus Metrics Achieved (%)	Key Performance Indicator Achievement			
						Financial Results	Operational Performance	Sales and Marketing	Individual
President and Chief Executive Officer	William Lamb	427,105	120%	105%	87%	38%	15%	13%	21%
Chief Financial Officer	Glenn Kondo	278,306	90%	81%	89%	48%	23%	NA	18%
Chief Operating Officer	Paul Day(1)	170,352	90%	53%	85%	19%	48%	NA	18%
VP - Development	Anthony George	195,354	75%	62%	83%	29%	13%	25%	16%
VP - Mineral Resources	Lawrence Ott(2)	93,876	75%	49%	88%	29%	7%	35%	17%

(1) For Mr. Day the bonus payment reflects his start date of 15 April 2013.
(2) For Dr. Ott the bonus payment reflects the ending of his employment on 30 September 2013.

2013 Assessment – Results Considered

The Compensation Committee determined that the contribution of the Named Executive Officers was both exceptional and material, and so it warranted bonuses on this occasion that were commensurate with that level of exceptional performance. In assessing the performance of the Named Executive Officers the Compensation Committee considered the following results:

- Financial performance in terms of revenue, operating cash flows and operating cost per tonne ore processed exceeded budget. This financial performance resulted in a return on equity in excess of budget.
- Operational performance including tonnes processed, ore mined and diamonds recovered exceeded budget.
- The Corporation achieved greater than 150% year over year shareholder return compared to peers in the diamond industry achieving less than 5% year over year returns.
- The Corporation recorded one LTI during the year resulting in a LTIFR of 0.17. No reportable environmental issues were recorded during the year.
- The Corporation developed its diamond market strategy which resulted in an increase in the number of client viewings per tender and effective marketing of the Corporation's large and exceptional stones.
- The Corporation strengthened its balance sheet by repaying its $50 million dollar debenture and its outstanding $4.5 million Scotiabank credit facility during the year. The Corporation ended up with $49 million in cash at year-end.
- The Corporation advanced training and development of its key personnel on site at the Karowe mine. Its retention of staff has been good considering the competitive environment for skilled labour in Botswana.

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	Year	Salary [1] (US$)	Option-based Awards[2] (US$)	Non Equity Annual Incentive Plan [1][3] (US$)	All Other Compensation [1][4] (US$)	Total Compensation (US$)
William Lamb President and Chief Executive Officer	Dec 31/2013 Dec 31/2012 Dec 31/2011	407,652 420,000 311,567	73,864 Nil 85,930	427,105 206,000 400,000	9,278 29,429 13,062	917,899 655,429 810,559
Glenn Kondo Chief Financial Officer	Dec 31/2013 Dec 31/2012 Dec 31/2011	314,822 302,500 81,601	49,243 Nil 118,148	278,306 122,000 100,000	28,490 25,565 2,506	670,861 450,065 302,255
Paul Day Chief Operating Officer	Dec 31/2013	226,667	49,243	170,352	42,915	489,177
Anthony George Vice President, Development	Dec 31/2013 Dec 31/2012 Dec. 31/2011	314,960 324,500 280,657	36,932 Nil 71,609	195,354 123,500 300,000	7,026 19,485 7,335	554,272 467,485 659,601
Lawrence Ott[5] Vice President, Exploration	Dec 31/2013 Dec 31/2012 Dec 31/2011	Nil Nil Nil	24,621 Nil 21,483	93,876 77,000 80,000	335,000 180,000 157,139	453,497 257,000 258,622

(1) Mr. Day and Dr. Ott are paid in United States dollars. Mr. Kondo is paid in British pounds from August 1, 2013 following his move to the UK. Mr. Lamb and Mr. George are paid in Canadian dollars. The following conversion rates, being the Bank of Canada average annual exchange rates, were used to convert payments:

- Financial year ended December 31, 2013 average exchange rate of CAD$1.00=US$.9706, UK £1=USD1.59
- Financial year ended December 31, 2012-average exchange rate of CAD$1.00=US$1.00
- Financial year ended December 31, 2011-average exchange rate of CAD$1.00=US$0.9891

(2) This amount represents the fair value, on the date of grant, of awards made under Lucara's stock option plan. The value has been determined using the Black-Scholes model 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 the following exchange rates for the following option grants awarded to the Named Executive Officers: CAD$1.00=US$1.0083 for September 19, 2011 option grants, CAD$1.00=US$0.9551 for November 27, 2011 option grants and CAD$1.00=US$0.9597 for May 24, 2013 option grants. 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 key assumptions dealing with risk free interest rate, expected stock price volatility, expected life and expected dividend yield.

(3) This column represents short term incentive plan payments earned in respect of the corresponding year's performance except:

- The amount shown in the 2011 annual incentive plan column for Messrs. Lamb, Kondo, George and Ott, was for performance in 2011 plus the first quarter of 2012 as the award was linked to the start of operation of the Karowe mine (this award was paid in 2012).

- The amount shown in the 2012 annual incentive plan column for Messrs. Lamb, Kondo, George and Ott was for performance for Q2 to Q4 2012 (this award was paid in 2013).

Payment of the 2013 short term incentive award was made following the year of performance i.e. in February 2014.

(4) Except for the consulting payments to Dr. Ott as described below in footnote 5, amounts in this column typically consist of benefits such as life insurance premiums, parking benefits and medical/dental plans. The amount also includes for Mr. Day the an initial school fees payment and general allowance. In the year accrued holidays were paid out to Mr. Kondo.

(5) Dr. Ott provided geological and consulting services to the Corporation at a consulting rate of USD$15,000 per month. In addition, Dr Ott's contract with the Corporation to provide services as the Corporation's Vice-President, Exploration was terminated on October 1, 2013 and he received a US$200,000 severance payment.

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

Termination and Change of Control Benefits
All of the Named Executive Officers have written agreements.

a) Pursuant to the employment agreement with Mr. Lamb:

- if Mr. Lamb's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, his employment is terminated or he elects to terminate his employment,

he will be entitled to receive a payment equal to his salary for 24 months, a payment equal to the bonus he earned in the year prior to his termination (providing it is not greater than his annual base salary) and benefits for a 12 month period. Also, in the circumstance of a change of control termination, Mr. Lamb's options will become fully vested. If such a termination of his employment had occurred on December 31, 2013, it is estimated Mr. Lamb's total severance payment would have been US$1,091,173. Payment has been converted from Canadian to United States dollars using the following average annual conversion rate CAD$1.00=US$0.9706.

b) Pursuant to the employment agreement with Mr. George:

- if Mr. George's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, his employment is terminated or he elects to terminate his employment,

he will be entitled to receive a payment equal to his salary for 18 months, a payment equal to the bonus he earned in the year prior to his termination (providing it is not greater than his annual base salary) and benefits for a 12 month period. Also, in the circumstance of a change of control termination, Mr. George's options will become fully vested. If such a termination of his employment had occurred on December 31, 2013, it is estimated Mr. George's total severance payment would have been US$639,291. Payment has been converted from Canadian to United States dollars using the following average annual conversion rate CAD$1.00=US$0.9706.

c) Pursuant to the employment agreement with Mr. Kondo:

- if Mr. Kondo's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, his employment is terminated or he elects to terminate his employment,

he will be entitled to receive a payment equal to his salary for 18 months, a payment equal to the bonus he earned in the year prior to his termination (providing it is not greater than his annual base salary) and benefits for a 12 month period. Also, in the circumstance of a change of control termination, Mr. Kondo's options will become fully vested . If such a termination of his employment had occurred on December 31, 2013, it is estimated Mr. Kondo's total severance payment would have been US$698,989. Payment has been converted to United States dollars using the following average annual exchange rate UK£1.00=US$1.59 and CAD£1.00=0.9706.

d) Pursuant to the employment agreement with Mr. Day:

- if Mr. Day's employment is terminated without cause; or
- upon a change of control of the Corporation to a non-affiliated entity, his employment is terminated or he elects to terminate his employment,

he will be entitled to receive a payment equal to his salary for 12 months and a payment equal to the bonus he earned in the year prior to his termination (providing it is not greater than his annual base salary). Also, in the circumstance of a change of control termination, Mr. Day's options will become fully vested. If such a termination of his employment had occurred on December 31, 2013, it is estimated Mr. Day's total severance payment would have been US$320,000.

Outstanding Option-based Awards

During fiscal year 2013, the Corporation granted an aggregate of 950,000 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	300,000 300,000	0.80 0.70	Nov 27, 2014 May 24, 2016	279,000 309,000
Glenn Kondo	250,000 200,000	0.98 0.70	Sept 19, 2014 May 24, 2016	187,500 206,000
Paul Day	200,000	0.70	May 24, 2016	206,000
Anthony George	250,000 150,000	0.80 0.70	Nov 27, 2014 May 24, 2016	232,500 154,500
Lawrence Ott	75,000 100,000	0.80 0.70	Nov 27, 2014 May 24, 2016	69,750 103,000

[1] Calculated using the closing price of the common shares on the TSX December 31, 2013 of CAD$1.73 and subtracting the exercise price of in-the-money stock options.

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$)	Non-equity incentive plan compensation-Value earned during the year (US$)[2]
William Lamb	65,000	427,105
Glenn Kondo	833	278,306
Paul Day	Nil	170,352
Anthony George	54,167	195,354
Lawrence Ott	16,250	93,876

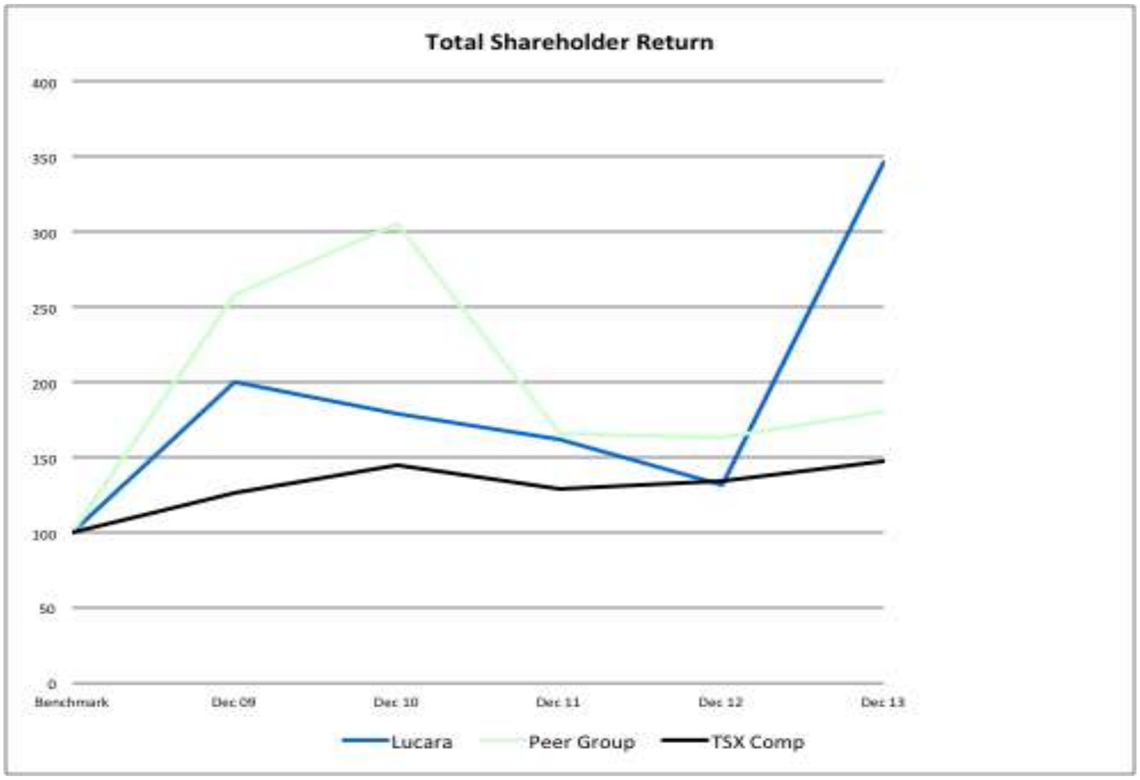
[1] Calculated using the closing price of the common shares on the TSX on the dates on which stock options vested during the financial year ended December 31, 2013, and subtracting the exercise price of in-the-money stock options.

[2] This column represents short term incentive plan payments. For Messrs. Lamb, Kondo and George, compensation was paid in Canadian dollars or British pounds and converted to United States dollars using the following average annual exchange rates of CAD$1.00=US$0.9706 and UK£1.00=US$1.59.

PERFORMANCE GRAPH

The following graph shows the total cumulative return on a CAD$100 investment on December 31, 2008 in common shares compared to the cumulative total return of the TSX Composite Index and a diamond sector index comparator group over the period ending December 31, 2013, assuming reinvestment of all dividends.

The share performance as set out in the graph does not necessarily indicate future price performance. Amounts below are stated in Canadian dollars. The shares trade on the TSX under the symbol “LUC”.



Following the trend in the Corporation’s stock price performance as noted in the graph, average total Named Executive Officer compensation decreased in 2012 from 2011 then increased in 2013. Total Named Executive Officer compensation increased in 2013 to acknowledge strong performance during a year of corporate achievements including the successful operation and sale of diamonds from its Karowe mine with revenues achieved significantly above forecast. We believe Lucara’s 2013 corporate achievements are reflected in its strong share price performance in 2013.

SECTION 5 – COMPENSATION OF DIRECTORS

Each non-executive director 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 (US$) (1)	Option-based Awards (US$)(2)	Total (US$)
Paul K. Conibear	38,572	49,243	87,815
Lukas H. Lundin	33,750	49,243	82,993
Brian D. Edgar	28,929	49,243	78,172
Eira M.Thomas	28,929	49,243	78,172
Richard P. Clark	28,929	49,243	78,172

(1) Payments have been converted from Canadian to United States dollars using the following average annual conversion rate CAD$1.00.= US$0.9643.

(2) This amount represents the fair value, on the date of grant, of awards made under Lucara's stock option plan. The value has been calculated using the Black Scholes model and is consistent with the determinations used for financial statement purposes. See note 2 to the Summary Compensation Table on page 28 in this Circular. Options fair values were calculated in Canadian dollars and translated into United States dollars using an exchange rate of CAD$1.00=US$0.9597 as the options were granted on May 24, 2013.

Mr. Lamb, the CEO, does not receive any compensation for services as a director.

Namdo Management Services Ltd. ("Namdo") and Mile High Holdings Ltd. ("Mile High") are private corporations owned by Mr. Lundin, chairman and a director of the Corporation. Namdo was paid or accrued the amount of US$489k for services rendered during 2013, plus reimbursement of out-of-pocket expenses at cost. Namdo has approximately 15 employees and provides administrative, investor and public relations and, in some cases, financial services to a number of public companies. Mile High was paid or accrued the amount of US$71k for services rendered during 2013. Mile High provides air flight charter services. There is no basis for allocating the amounts paid to Namdo or Mile High to Mr. Lundin as this compensation was not paid in respect of Mr. Lundin's personal services provided to the Corporation.

No other director was compensated directly or indirectly by the Corporation and its subsidiaries during 2013 for services as consultants or experts.

Lucara also reimburses directors for any reasonable travel and out-of-pocket expenses relating to their duties as directors.

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	200,000	0.70	May 24, 2016	206,000
Lukas H. Lundin	200,000	0.70	May 24, 2016	206,000
Brian D. Edgar	200,000	0.70	May 24, 2016	206,000
Eira M. Thomas	200,000	0.70	May 24, 2016	206,000
Richard P. Clark	200,000	0.70	May 24, 2016	206,000

(1) Calculated using the closing price of the common shares on the TSX December 31, 2013 of CAD$1.73 and subtracting the exercise price of in-the-money stock options.

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	Nil
Lukas H. Lundin	Nil
Brian D. Edgar	Nil
Eira M.Thomas	Nil
Richard P. Clark	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.

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$20 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 bests 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$57,225 and coverage extends to May 15, 2014. 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.

EQUITY COMPENSATION PLAN INFORMATION

The Corporation's Stock Option 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, 2013)

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) (1)
Equity Compensation Plans approved by securityholders	4,208,334	$0.76	33,481,607
Equity Compensation Plans not approved by securityholders	N/A	N/A	N/A

(1) Based on 10% of the issued and outstanding share capital of the Corporation as at December 31, 2013.

The material terms of the Stock Option Plan 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 shares change.

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. Options may be granted to employees, directors, officers of the Corporation or of any of its subsidiaries and also to certain consultants of the Corporation or its affiliates.

4. 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 10% of the common shares outstanding at the time of the grant unless the Corporation has obtained the requisite disinterested shareholder approval; and

    b. insiders shall not exceed 10% of the common shares outstanding unless the Corporation has obtained the requisite disinterested shareholder approval.

5. The aggregate number of options which may be granted to 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.

6. 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.

7. The expiry date of options shall be determined by the Board provided that the option period is not longer than 10 years. In the event an option expires during a blackout or within 48 hours after, the expiry date shall be the tenth day following the end of the blackout period.

8. Subject to the Board's discretion, options may 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.

9. If there is a 'change of control', as defined in the plan, all unvested options shall become fully vested.

10. 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 (an "Eligible Person") and within a period thereafter not exceeding the earlier of:
    a. the original expiry date;
    b. 30 days after ceasing to be an Eligible Person, other than for cause; and
    c. if the optionee dies, within one year from the optionee's death.

11. If an optionee's relationship with the Corporation is terminated 'for cause' the option will terminate concurrently.

12. The options are not assignable other than by will or by the applicable laws of descent.

13. No financial assistance is available to optionees under the plan.

14. Disinterested shareholder approval must be obtained prior to the reduction of the exercise price of options granted to insiders of the Corporation.

15. The Board may amend, suspend, or terminate the plan or any option granted under the plan to make minor/technical modifications, to correct ambiguity, defective provisions, errors and omissions, to change the vesting provisions of options, to extend the expiry date of an option (provided the option period does not exceed 10 years), to add/change provisions relating to financial assistance in the plan, to add a cashless exercise feature to any option or to the plan (provided payment is received upon exercise of options), and to reduce the price of options granted, provided that:

    (i) the change(s) is in accordance with applicable law and to rules of any stock exchange on which the shares are listed;
    (ii) the change(s) shall not materially adversely affect the existing rights of an optionee; and
    (iii) shareholder approval is obtained for an amendment, to increase the number of maximum shares to the issued upon the exercise of all options, to reduce the exercise price or extend the term of an option held by an insider, to remove or exceed the inside participation limit or change the amending provision of the plan.

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, 2013, 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.

ADDITIONAL INFORMATION

The Corporation's Annual Information Form, annual financial statements and management's discussion and analysis ("MD&A") and interim financial statements are available on Canadian System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com and on the Corporation's website at www.lucaradiamond.com. The Corporation will provide, without charge to a shareholder, a copy of its latest Annual Information Form, its annual financial statements and MD&A for the period ended December 31, 2013, interim financial statements for subsequent periods, and this Circular upon request by contacting:

(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

DIRECTORS APPROVAL

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

DATED the 20th day of March, 2014.

BY ORDER OF THE BOARD

(Signed) William Lamb
President and Chief Executive Officer

APPENDIX A AMENDMENT TO ARTICLES - NOTICE AND ACCESS

1. The Articles of Lucara Diamond Corp. are hereby amended by adding the following subsection 24.1(6) as an additional subsection to Section 24.1 Method of Giving Notice immediately following subsection 24.1(5):

   24.1 (6) as otherwise permitted by any securities legislation (together with all regulations and rules made and promulgated thereunder and all administrative policy statements, blanket orders, and rulings, notices, and other administrative directions issued by securities commissions or similar authorities appointed thereunder) in any province or territory of Canada or in the federal jurisdiction of the United States or in any state of the United States that is applicable to the Company.

2. The Articles, as amended from time to time, and this amendment shall be read together and shall have effect, so far as practicable, as though all the provisions thereof were contained in one document. All terms contained in this by-law amendment which are defined in the Articles, as amended from time to time, shall for all purposes hereof have the meanings given to such terms in the Articles unless expressly stated otherwise or the context otherwise requires.

APPENDIX B – 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.