

# Annual General Meeting

May 2011



Lucara Diamond Corp.



Lucara Diamond Corp.

# Cautionary Statement

## *Forward-looking information*

This document contains statements about expected or anticipated future events and financial results of Lucara that are forward-looking in nature and are based on Lucara's current expectations, estimates and projections. This forward-looking information is subject to certain risks and uncertainties, such as legal and political risk, civil unrest, general economic, market and business conditions, the regulatory process and actions, technical issues, new legislation, competitive and general economic factors and conditions, the uncertainties resulting from potential delays or changes in plans, the occurrence of unexpected events and management's capacity to execute and implement its future plans. The actual results, activities, performance or achievements of Lucara may differ materially from those projected by management. A discussion of factors that may affect Lucara's actual results, performance, achievements or financial position is contained in the filings by Lucara with the Canadian provincial securities regulatory authorities, including Lucara's 2009 annual MD&A filed on April 27, 2010 on the system for electronic document analysis and retrieval ("SEDAR") at [www.sedar.com](http://www.sedar.com).

## *Technical information*

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

Mothae Kimberlite Project, Lesotho, Independent Technical Report Prepared by MSA Geoservices (Pty) Ltd on behalf of Motapa Diamonds Inc., dated 12 February 2007

NI 43-101 Technical Report on the Feasibility Study for the AK6 Kimberlite Project, Botswana Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated December 31, 2010

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

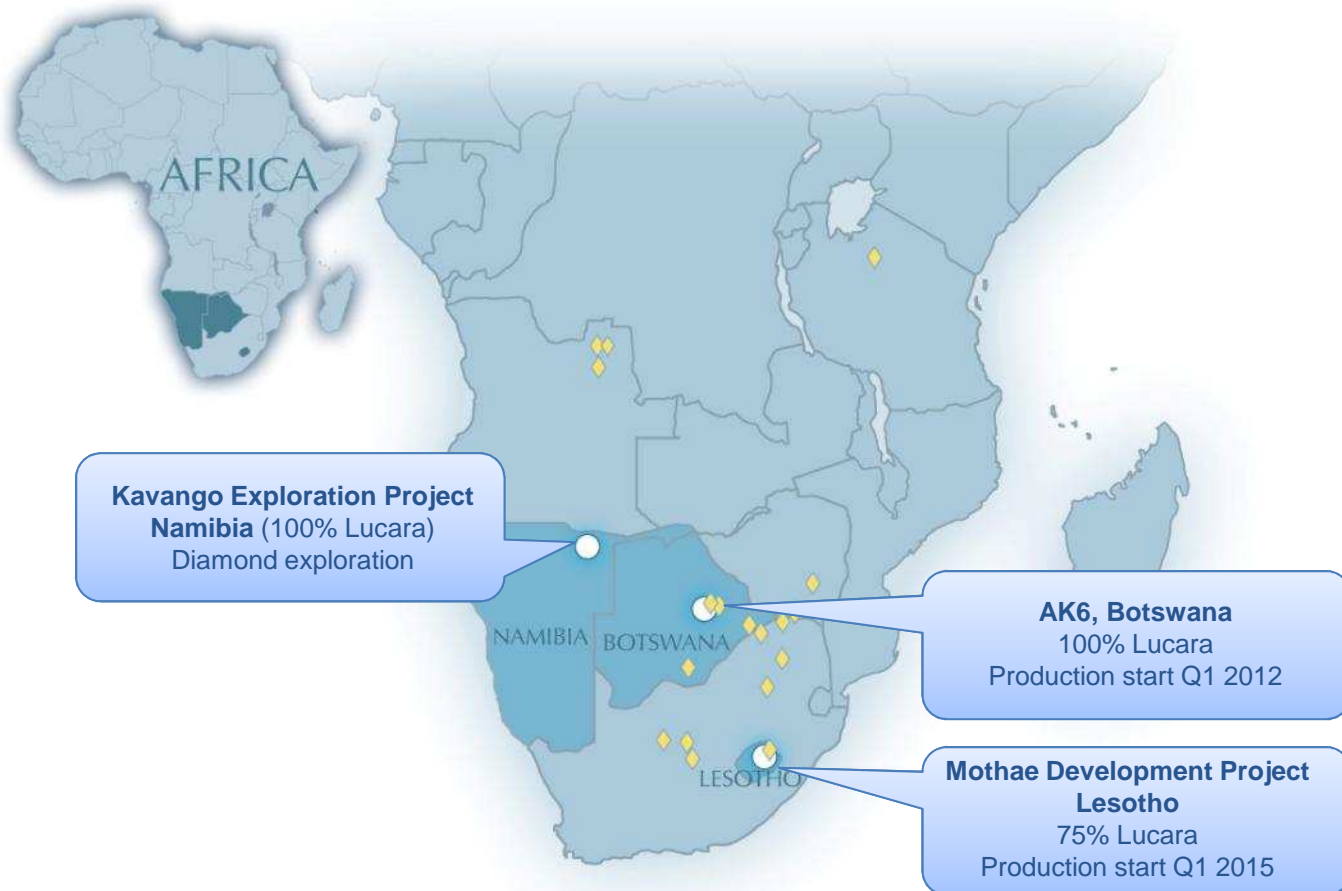




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# Lucara Property Locations

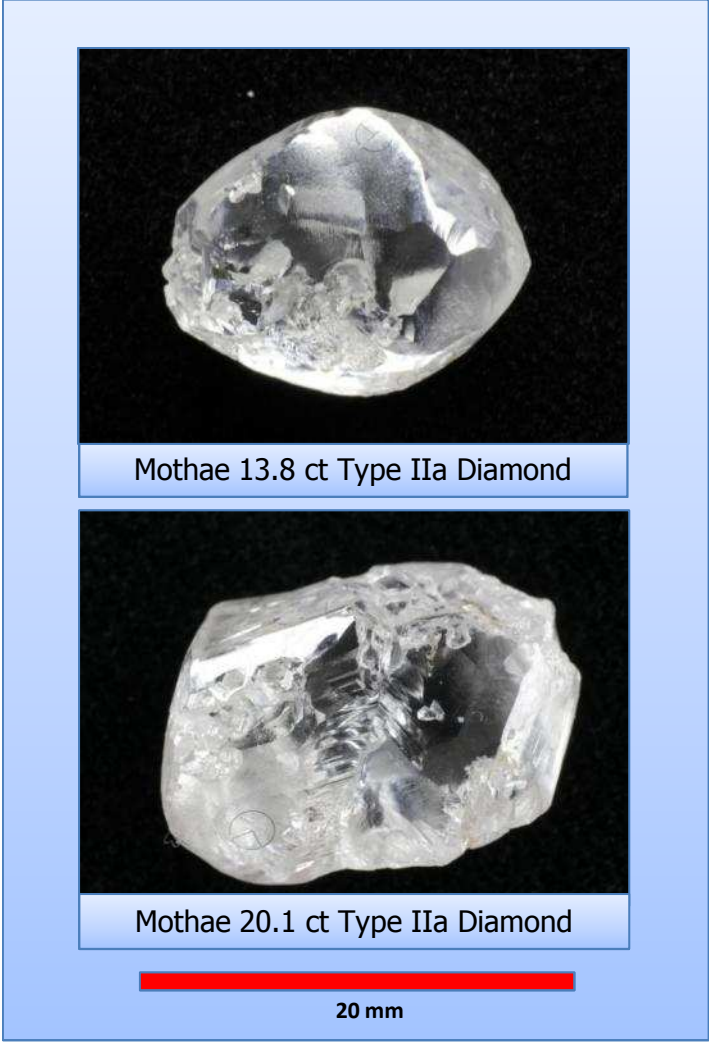
Stable mining jurisdictions with a long history of diamond mining





## Type IIa Diamonds at AK6 and Mothae

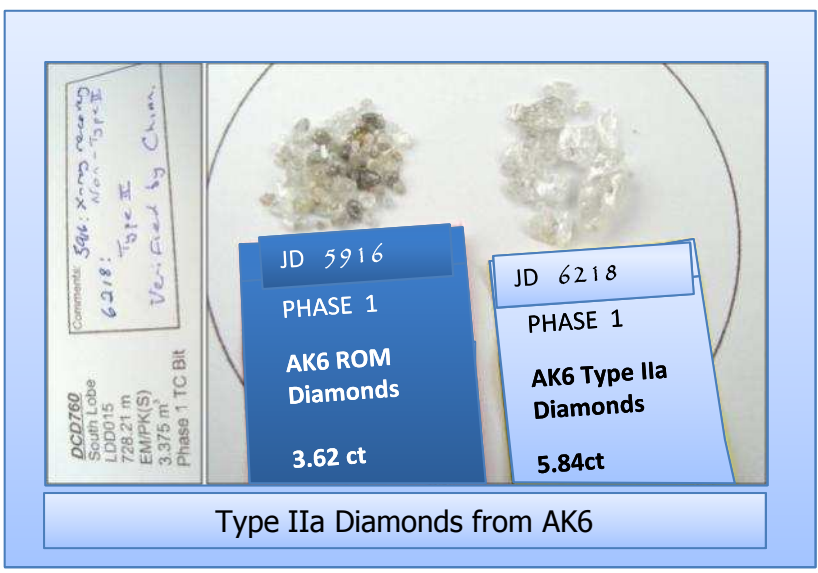
- Less than 2% of the worlds diamonds are Type IIa.
- Top color – D, E, F
- Recent sales of Mothae Type II diamonds included:
  - 13.8ct sold for \$43,000/ct
  - 20.1ct sold for \$27,995/ct



Mothae 13.8 ct Type IIa Diamond

Mothae 20.1 ct Type IIa Diamond

  
 20 mm



Comments: 596: X-ray recently  
 6218: Type II  
 Verified by Chem.

DCD760  
 South Lobe  
 LDD015  
 728.21 m  
 EMIPK(S)  
 3.375 m<sup>3</sup>  
 Phase 1, TC Bit

JD 5916  
 PHASE 1  
 AK6 ROM  
 Diamonds  
 3.62 ct

JD 6218  
 PHASE 1  
 AK6 Type IIa  
 Diamonds  
 5.84ct

Type IIa Diamonds from AK6



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# Diamonds – A Very Compelling Industry

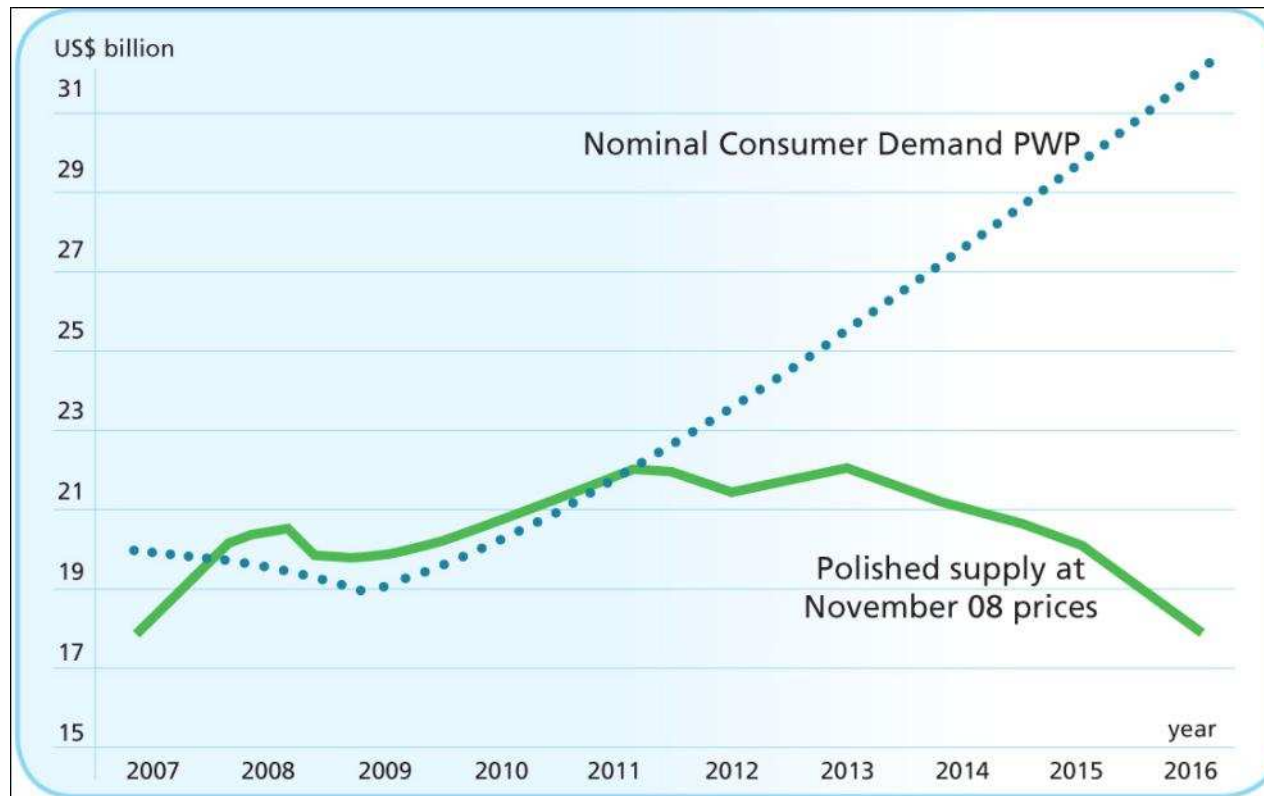
- **Diamond Mines**
  - Limited number of hard rock diamond mines in operation
  - Many operating mines are reaching the end of their economic life
- **Diamond Market**
  - Economics are very compelling
  - Growth in China, Asia, India and other emerging markets driving demand
  - Limited resources driving price growth
- **Lucara Advantage**
  - Near term production feeding into high demand market
  - Confirmed presence of large and high value Type IIa diamonds





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## Diamond Market Supply Demand



Source: RBC Capital Markets

- Expect a widening of the supply demand gap due to no significant hard rock discoveries and reduced output from existing operations

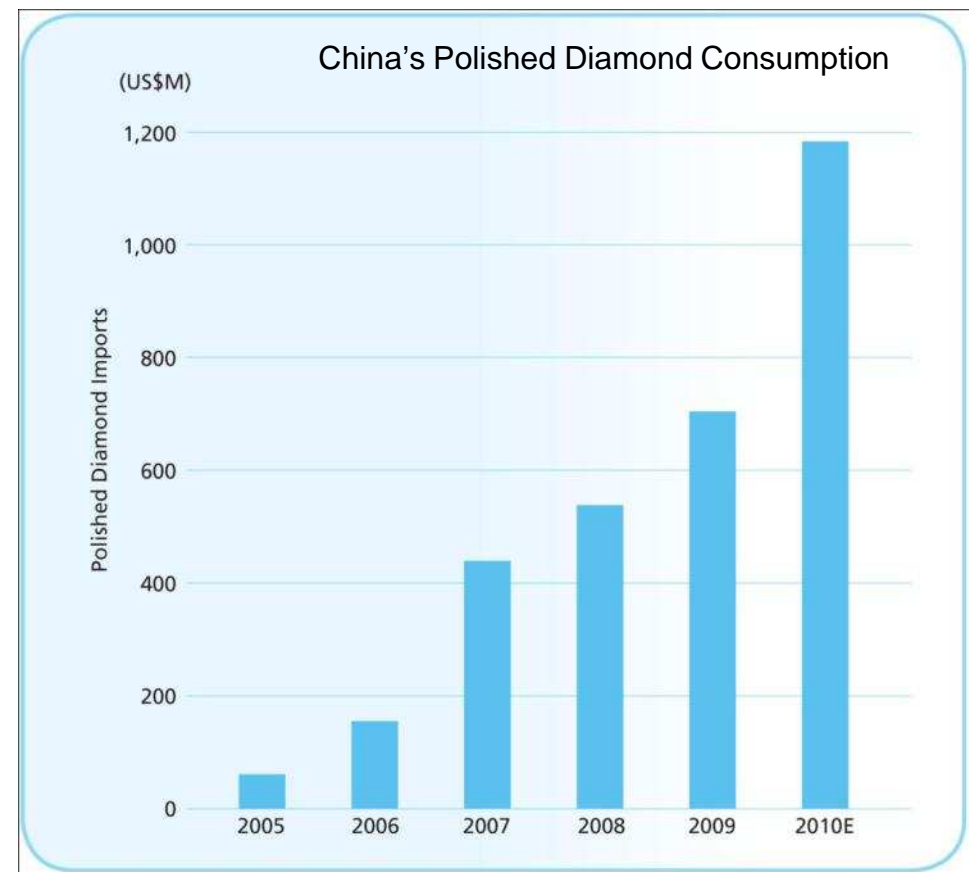


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## Outlook on China

### China's Diamond Consumption

- As of the end of 2009, China became the 2<sup>nd</sup> largest diamond consumption country – US remains 1<sup>st</sup>.
- The Boston Consulting Group foresees China becoming the world's largest luxury market between 2014 and 2016.



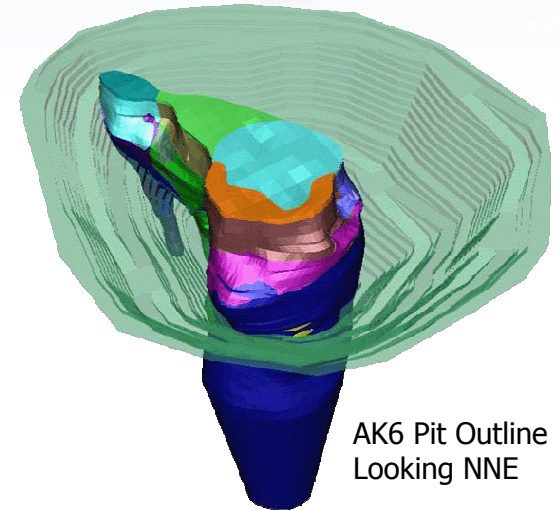
Source: Shanghai Diamond Exchange



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## AK6 Fact Sheet

- Initial 12 year Mine Life
- 2.5 Mtpa increasing to 4.0 Mtpa in 2016
- Construction Capital \$120m\*
- Production growth from 400,000 carats to 640,000 carats at base \$243/ct (Mar '10)
- Revenue \$39/t at a grade of 16 cpht
- Op Costs \$17.51/t\*
- EBITDA average of \$64m/yr



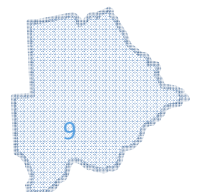
AK6 Pit Outline  
Looking NNE



AK6 run-of-mine diamonds

\*Based on R/US\$ Exchange Rate of R7.53

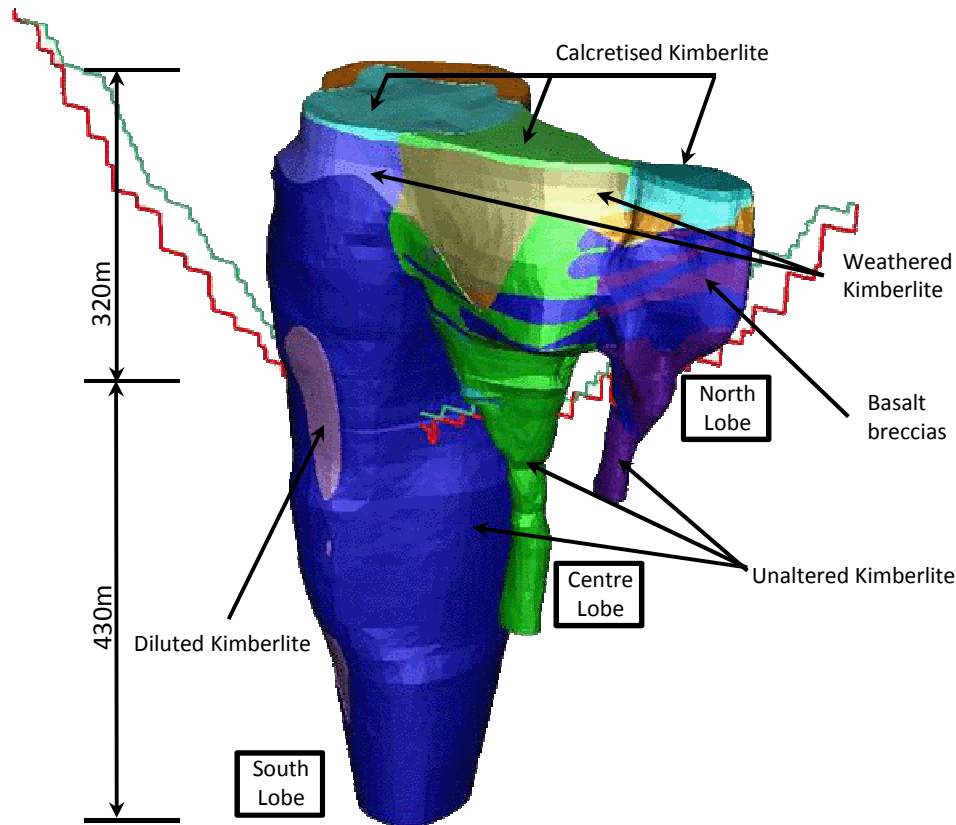
**AK6 is one of the only new mine with significant production coming on line in the next 3 years**





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# AK6 Reserves and Resource Potential



- **Reserve**
  - 38 M tonnes
  - 6.1 M carats
- **Indicated Resource (to 400 m)**
  - 51 M tonnes
  - 8.2 M carats
- **Inferred Resource to 700 m**
  - 21 M tonnes
  - 4.0 M carats



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## AK6 Current Status (End April 2011)

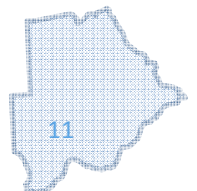
- Project execution – overall ~38% complete
- ~60% of Capex committed which includes ~\$25M which has been spent
- Overhead power line construction underway
- Process contract being adjudicated, Mining contract awarded
- Senior Botswana management team in place
- All permits and licenses to operate are in place



Autogeneous Mill Foundation



Thickener Foundation and Footing





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## AK6 – Primary Crusher with AG Mill Stockpile



AG Mill Stockpile

Transfer Station

Primary Crusher

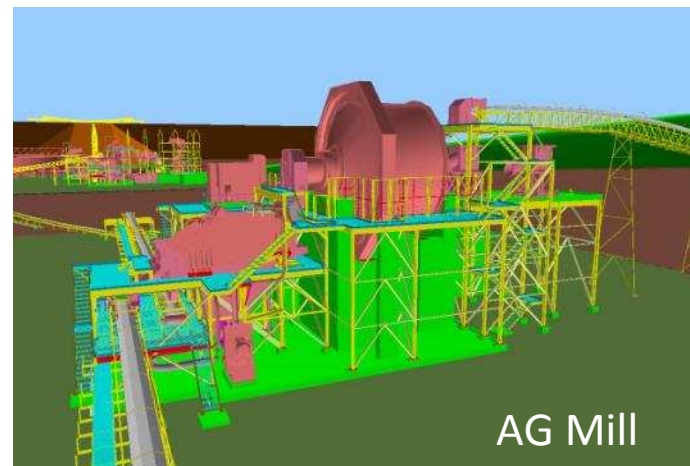
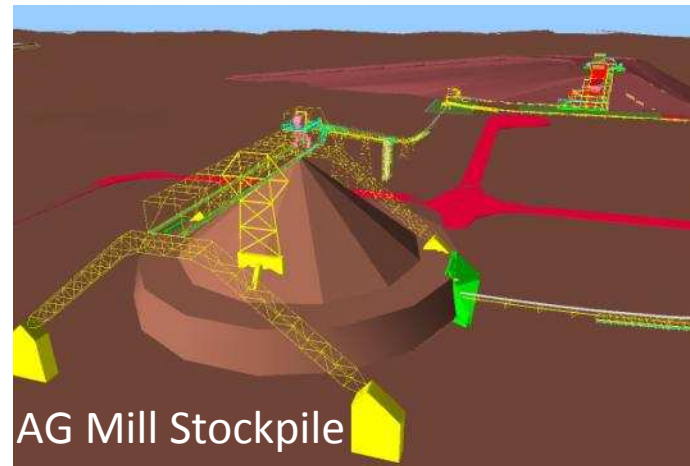
Primary Crusher  
Ramp



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## AK6 Milestones to Production

- Concrete pours commence mid-February
- Power connected to site in August
- Early stage commissioning commences August
- Sub-Station complete mid-September
- Handover to mine operations on 16 December 2011





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## Mothae Current Status

Mothae Fancy



Mothae Process Plant – looking N

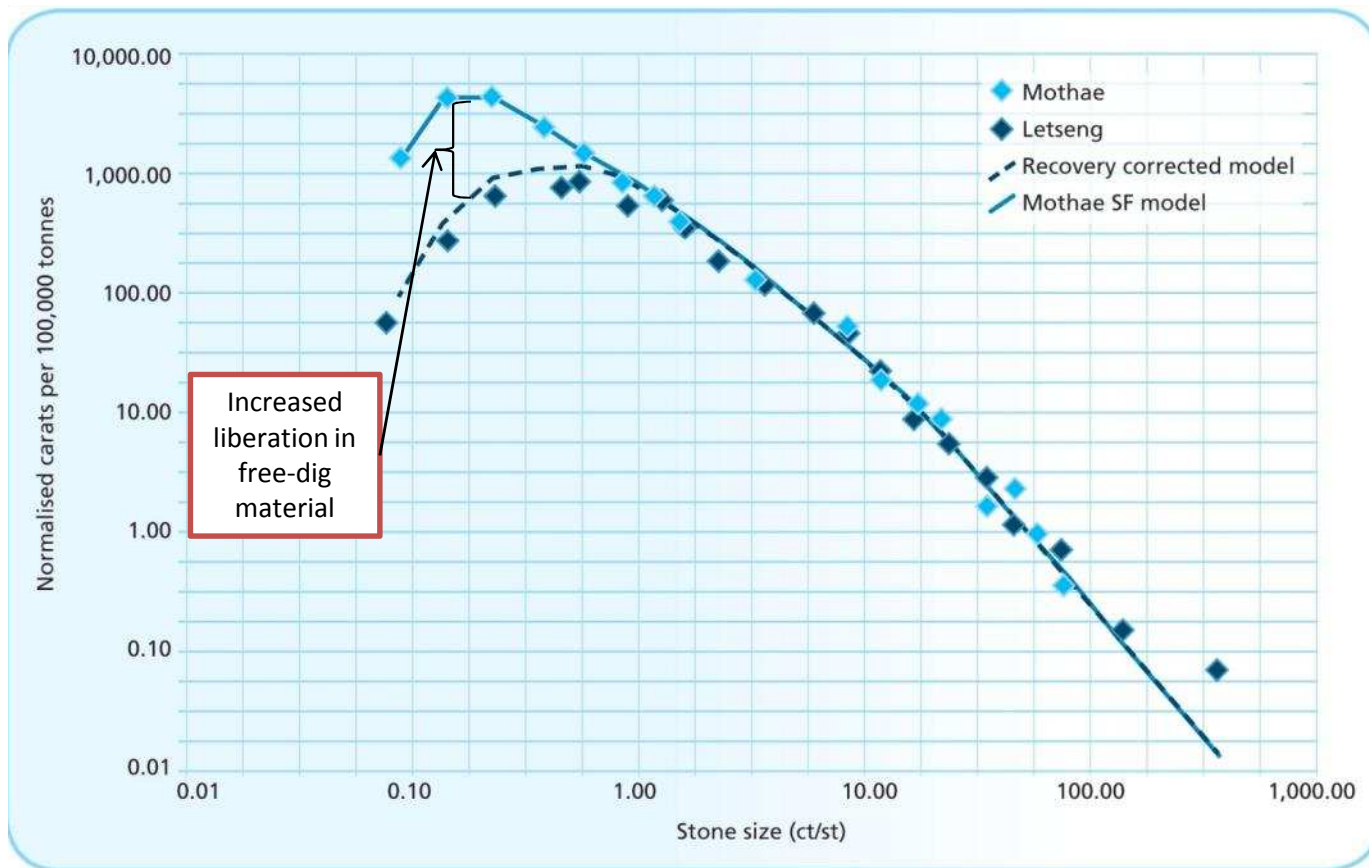


- **First sale of Mothae Diamond took place in March 2011**
  - 9,379ct sold for \$8.18 million (Average of \$871/ct)
- **Environmental Impact Assessment currently being conducted**
- **270,000t (wet) of the planned 720,000t trial mining sample processed**
- **More than 200, +5ct diamonds recovered from Mothae kimberlite to date**
- **Ongoing coarse diamond recoveries and geological indicator mapping to support previous sample treatment**
- **Delineation drilling planned for Q2, 2011**



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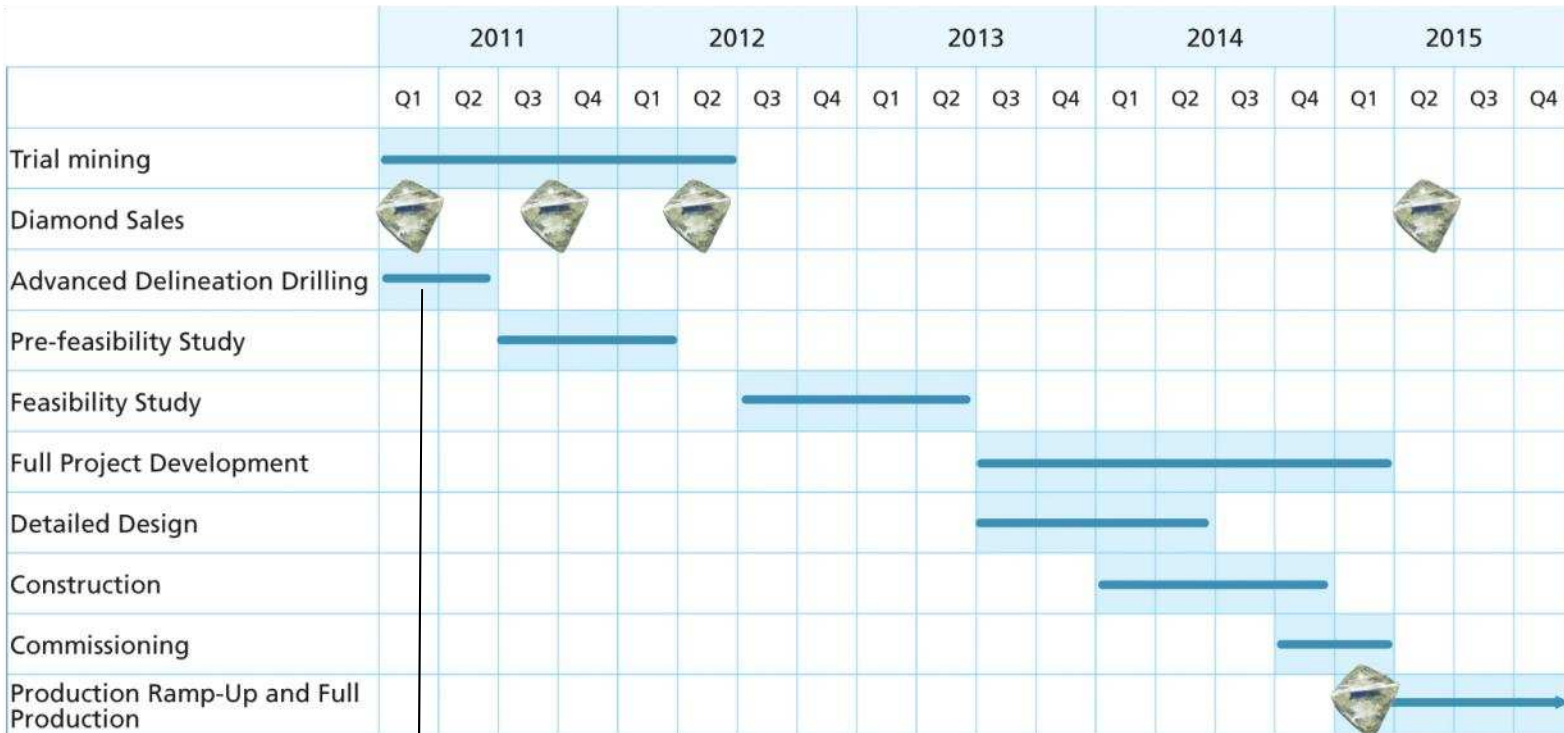
# Diamond Size Frequency Mothae and Letseng Comparison



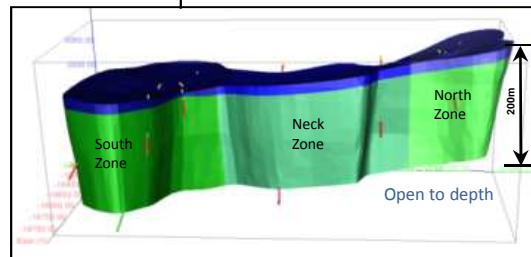


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# Mothae Development



3D View of Mothae Kimberlite to 200 m



Diamond Sales - 



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## Lucara- Delivering on Objectives

- Near term diamond producer
  - AK6 project – construction ongoing, commissioning end 2011
  - Mothae
    - Strong diamond sales value indicating possible positive economics
    - currently in processing trial mining samples
  - Total targeted production of >400,000 cts/yr by 2012
- World class assets with significant upside
  - Occurrence of Type II and larger diamonds
  - Significant reserve upside
- Experienced management and Board
- Lundin Group Company focused on growth and shareholder value





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