Where Bigger Is
Cautionary Statement

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

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

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

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

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

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


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

All currencies mentioned in this presentation are in United States Dollars ("US$") unless otherwise mentioned.
## Lucara – The Investment Case

<table>
<thead>
<tr>
<th>Where Bigger Is™</th>
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<tbody>
<tr>
<td>100% owned Karowe Diamond Mine in Botswana – one of the foremost producers of Type IIa diamonds in the world</td>
<td>✔</td>
</tr>
<tr>
<td>Consistent delivery of large and exceptional stones generating strong free cashflow</td>
<td>✔</td>
</tr>
<tr>
<td>Regular dividend initiated in H1, 2014 with objective of moving to a progressive dividend policy</td>
<td>✔</td>
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<tr>
<td>Attractive and sustainable growth potential in the prospecting licenses – located within 30km of the Karowe Mine</td>
<td>✔</td>
</tr>
<tr>
<td>Strong and growing balance sheet for potential M&amp;A Activity</td>
<td>✔</td>
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Lucara 2015 Guidance

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

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

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

9.46 carat blue diamond sold for $477,272 per carat
**Capital Structure**

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

- Issued share 379M
- Fully diluted shares 381M
- Debt Nil
- Cash on hand US$ 74 million (Q2)
- Regular dividend CDN $0.04 per share
Focused on Southern Africa

- **Karowe Mine**: 100% owned production.
- **Boteti Exploration Block A & E BK 02, AK 11, 12, 13 and 14**
- **Mothae Project**: 75% owned divestment.

[Map showing geographical locations and mining projects in Southern Africa, including highlighted areas for Karowe Mine and Boteti Exploration Block A & E.]

(After Friese, Remold and Layer; SAIX 106, 2003)
The Karowe Mine - Botswana
Geological Model

Plan view of geological model

North

Central

South

WK(N)

WK(C)

WK(S)

WBBX(S)

BBX(N)

BBX(C)

BBX(S)

FK(N)

FK(C)

M/PK(S)

"gap"

Indicated Resource

North

“gap”

Central

South

CKIMB(N)

CKIMB(C)

CKIMB(S)

CBBX(S)

Pit outline – Feb 2015
Resource

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

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

- Resource continues to deliver significant quantities of stones greater than 10.8 cts with greater than 815 being recovered during 2014 at an average stone size of 29.1 ct/stone
- During H1, 2015 a total of 299 diamonds greater than 10.8 carats were recovered at an average stone size of 30.5 carats
  - To the end of H1, only 22% of material processed was from the South lobe
Sales Update

- During H1, 2015, 206,954 carats of diamond were sold for gross proceeds of $67.8 million or $340 per carat.
- In July 2015, the first Exceptional Stone Tender was held. 14 diamonds were sold for US$ 68.7 million ($41,029 per carat)

Collection of large exceptional diamonds sold in 2013

Diamond Sale may affect quarterly cashflow

- Regular Tenders
- Exceptional Stone Tenders (TBC)

Lucara Exceptional Stone Sales
(with values greater than $250,000)

- 2013: $250,000 (2), $500,000 (15), $1,000,000 (20), $5,000,000 (2)
- 2014: $250,000 (8), $500,000 (36), $1,000,000 (31), $5,000,000 (1)
- 2015: $250,000 (4), $500,000 (14), $1,000,000 (16), $5,000,000 (3)
# Karowe Operating Performance

<table>
<thead>
<tr>
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<th>H1 2015</th>
<th>H1 2014</th>
<th>Variance %</th>
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<tbody>
<tr>
<td><strong>Adjusted Net Income</strong></td>
<td></td>
<td></td>
<td>-53%</td>
</tr>
<tr>
<td></td>
<td>$14.6</td>
<td>$31.3</td>
<td></td>
</tr>
<tr>
<td><strong>Operating Earnings</strong></td>
<td></td>
<td></td>
<td>-50%</td>
</tr>
<tr>
<td></td>
<td>$34.7</td>
<td>$69.6</td>
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## Mining and Process

<table>
<thead>
<tr>
<th></th>
<th>H1 2015</th>
<th>H1 2014</th>
<th>Variance %</th>
</tr>
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<tbody>
<tr>
<td>Ore processed (t)</td>
<td>1,110,507</td>
<td>1,345,542</td>
<td>-17%</td>
</tr>
<tr>
<td>Carats recovered (cts)</td>
<td>175,791</td>
<td>210,179</td>
<td>-16%</td>
</tr>
<tr>
<td>Plant feed grade (cph)</td>
<td>15.8</td>
<td>15.4</td>
<td>2.6%</td>
</tr>
<tr>
<td>Waste mined (t)</td>
<td>7,521,977</td>
<td>5,168,966</td>
<td>45%</td>
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## Costs

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<tr>
<td>$/t processed</td>
<td>$29.5</td>
<td>$23.8</td>
<td>21%</td>
</tr>
<tr>
<td>$/ct processed</td>
<td>$160</td>
<td>$132</td>
<td>-8%</td>
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## Revenues

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<tbody>
<tr>
<td>EBITDA (million)</td>
<td>$28.4</td>
<td>$61.3</td>
<td>-54%</td>
</tr>
<tr>
<td>Sales Revenue (million)</td>
<td>$67.8</td>
<td>$103.8</td>
<td>-35%</td>
</tr>
<tr>
<td>$/ct sold</td>
<td>$340</td>
<td>$540</td>
<td>-37%</td>
</tr>
<tr>
<td>Cash operating margin</td>
<td>$180</td>
<td>$408</td>
<td>-56%</td>
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## Graphs

- Adjusted Net Income
- Operating Earnings
- EBITDA
- Cash-on-hand
Botswana Exploration
Resource Replacement

Prospecting Licenses

- Boteti awarded 2 PL’s in mid-Sept 2014
- Both PL’s host known diamondiferous kimberlites
- Block A (BK02)
- Block E (AK11,12,13,14)
Prospecting License : Block A – BK 02

**Background**
- License area is 1.07km², BK02 was discovered in 1967 during regional exploration by De Beers, one of first discoveries in Orapa District, located 30km from Karowe
- Surface area of 2.4ha, outcrops, with local thin sand and calcrete cover
- Previous work showed fresh magmatic kimberlite. Diamonds identified in historic trenching results and microdiamond sampling. No grade estimation
- Evidence of potential coarse distribution

**Work Plan**
- Site assessment and mapping of all historic workings
- Ground geophysics and DEM analysis
- Collection of a surface sample of up to 5000 tonnes for diamond content and size distribution analysis
- Drill program pending bulk sample results
**Prospecting License : Block E – AK 11,12,13,14**

**Background**
- License area is 55.4km², host up to 4 known kimberlites, potential for additional discoveries, northern edge is contiguous with Debswana Orapa Mine Lease. Excellent road access, 15 kilometers north of Karowe Mine.
- AK11 is poorly constrained, AK12 is diamond-bearing however little advanced work. AK13,14 at discovery-phase little to no exploration work.
- AK11 and AK12 covered by very thin veneer of sand – amenable for surface trenching.

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

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

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

**Mothae**
- Finalize divestment of Mothae

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

135.38 carat diamond sold for $47,028 per carat
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The Diamond Market

The Diamond Sector – Supply/Demand

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

175
150
125
100
75

- Zimbabwe already in decline
- Grib pipe now ramping up
- SWY, MPV, FDI – delivering in 2016
- Production static for short term

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

Global Rough Diamond Production

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

Annual production - Carats

Source: Kimberley Process
Expected New Mine Production
New mines are expected to add 18 million carats a year by 2023

Source: Company plans; expert interviews; publication analysis; Bain analysis
Rough Diamond Demand
(2012 – 2023) Driven by India and China and is expected to reach $26 billion

Note: Diamond jewelry demand is based on polished-diamond demand and diamond content projections
Source: IDEX, Tacy Ltd, and Chaim Even-Zohar; publication analysis; Bain analysis
The Diamond Market

Annual Diamond Jewelry Sales

$68.5B $73.1 $64.8B $58.7B $60.2B $70.8B $72.1B $74.6B

2008 – 2013 +15% CAGR

Global Rough Diamond Production

$0 $2,000 $4,000 $6,000 $8,000 $10,000 $12,000 $14,000 $16,000 $18,000 $20,000

2008 – 2013 +17% CAGR

Informal/Artisanal Catoca Zimbabwe Other Major/Junior Alrosa De Beers

US JAPAN EUROPE CHINA INDIA PERSIAN GULF OTHER

Total Annual Diamond Jewelry Sales