LUCARA DIAMOND CORP.

H1 - 2014
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 2013 annual MD&A filed on February 20, 2013 on the system for electronic document analysis and retrieval ("SEDAR") at www.sedar.com.

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 2014 Guidance

**Karowe**
- Forecast revenue of $240 - $250 million
- Carat production of between 400,000 - 420,000 carats
- Operating costs of $31 - $33 per tonne
- Capital expenditure of $50 - $55 million

**Mothae**
- Initial development option finalization

**Exploration**
- Four exploration licenses applied for in Botswana with known kimberlite occurrences
Capital Structure

- Listed Exchanges under Symbol “LUC”
  - TSX
  - NASDAQ OMX (Sweden)
  - BSE (Botswana)

- Issued share 379M
- Fully diluted shares 381M
  - Options 2.4M (C$ 0.89 WA exercise price)
  - Warrants Nil
  - Convertibles Nil

- Market Cap C$ 950 million (Aug, 2014)
- Debt Nil
- Cash on hand – Q2, 2014 US$ 82 million
- Regular dividend $0.04 per annum
Focused on Southern Africa

Karowe Mine 100% Owned Production

Mothae Project 75% Owned Advanced Exploration

Legend:
- Cape Fold Belt
- Pan African Orogens
- Kimberlites
- Archaean Cratons and Mobile Belts
- Kimberlites that have been mined for diamonds
- Diamond Core and Samadi projects
- Orange River

(After Frisvold, Reiniod and Laye; SAIG 106, 2003)
Resource Update

- Updated resource statement for the Karowe deposit issued in Dec 2013
- Primary change is in the value of the diamonds
  - Centre lobe $351/ct, up from $276/ct
  - South lobe $413/ct, up from $231/ct
- **2014 sales average diamond price - $764/ct**
- Resource continues to deliver significant quantities of stones greater than 10.8cts with greater than 440 being recovered YTD at an average stone size of 26.7ct/stn
Geological Model

Plan view of geological model

North
Women’s
Central
South

WK(N) WK(C) WK(S) WBBX(S)

900 800 700 600 520 masl

“gap”

Pit outline – Aug 2014

North
Women’s
Central
South

WKBBX(N) BBX(S) BBX(N)

FK(N) FK(C) CFK(C)

M/PK(S)

520 masl

900 800 700 600 520 masl

“gap”

WKBBX(N) BBX(S) BBX(N)

FK(N) FK(C) CFK(C)

M/PK(S)

520 masl
## Karowe Operating Performance

<table>
<thead>
<tr>
<th>Mining and Process</th>
<th>H1 2014</th>
<th>H1 2013</th>
<th>Variance %</th>
<th>2013 Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ore processed (t)</td>
<td>1,345,542</td>
<td>1,094,170</td>
<td>23%</td>
<td>2,355,000</td>
</tr>
<tr>
<td>Carats recovered (cts)</td>
<td>210,179</td>
<td>210,808</td>
<td>0%</td>
<td>440,750</td>
</tr>
<tr>
<td>Plant feed grade (cpht)</td>
<td>16.3</td>
<td>19.3</td>
<td>-16%</td>
<td>18.7</td>
</tr>
<tr>
<td>Waste mined (t)</td>
<td>5,168,966</td>
<td>2,369,206</td>
<td>118%</td>
<td>5,493,000</td>
</tr>
</tbody>
</table>

### Costs

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2013</th>
<th>Variance %</th>
</tr>
</thead>
<tbody>
<tr>
<td>$/t processed</td>
<td>$21</td>
<td>$20</td>
<td>-5%</td>
</tr>
<tr>
<td>$/ct processed</td>
<td>$124</td>
<td>$93</td>
<td>33%</td>
</tr>
</tbody>
</table>

### Revenues

<table>
<thead>
<tr>
<th></th>
<th>H1 2014</th>
<th>H1 2013</th>
<th>Variance %</th>
<th>2013 Full Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period Revenue</td>
<td>$103.8M</td>
<td>$79.7M</td>
<td>-30%</td>
<td>$ 180.5M</td>
</tr>
<tr>
<td>Period Sales Revenue</td>
<td>$128.6M</td>
<td>$81.8M</td>
<td>57%</td>
<td>$ 180.5M</td>
</tr>
<tr>
<td>$/ct sold</td>
<td>$586</td>
<td>$331</td>
<td>77%</td>
<td></td>
</tr>
<tr>
<td>Operating margin</td>
<td>$462</td>
<td>$239</td>
<td>93%</td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted Net Income (millions)

- H1 2014: $48.7
- H1 2013: $28.8
- Variance: +69.1%

### Operating Earnings (millions)

- H1 2014: $69.6
- H1 2013: $50.1
- Variance: +38.9%

### EBITDA (millions)

- H1 2014: $61.3
- H1 2013: $43.7
- Variance: +40.3%

### Cash-on-hand (millions)

- H1 2014: $82.1
- H1 2013: $28.5
- Variance: +188.1%
Sales Update

- During H1, 2014, more than 210,000 carats were sold for gross revenues of $128.6 million
- A total of 440 diamonds larger than 10.8 carats were recovered in the first half of the year
- These included 76 diamonds larger than 50 carats, 11* of which were larger than 100 carats
- Current volume of diamonds greater than 10.8 carats is 5.6%, far exceeding the updated resource estimate of 3.8%

* Does not include diamonds recovered from reprocessing of recovery tailings
Sales Update

• Two Exceptional Stone Tenders (“EST”) have been held in April and July, generating over $89M in revenue

• Lucara expects to sell between 400,000 and 420,000 carats of diamond in 2014

• Sales will occur through 7 diamond tenders and 3 EST’s

• Sales migration plan for all regular sales in Gaborone starting in 2015 is being implemented

• Dedicated diamond cleaning facility in Gaborone commissioned and operating
Sales Update

Diamonds sold in the second Exceptional Stone Tender
**2014 Capital – Plant Upgrade**

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

**Capital Costs and Schedule**
- Estimated capital expenditure of $50 to $55 million
- Complete installation and commissioning scheduled for Q2 2015
  - Engineering well advanced
  - Orders placed for long-lead items with $26M committed (crushers, sorting machines, screens)
  - Allowance of 30 days of downtime for integration and ramp-up of new equipment – first shutdown scheduled for July 2014
2014 Capital – Plant Optimization Project

- Pebble crusher bleed screen
- XRT units being readied for Factory Acceptance Testing
- XRT Building foundations
- Early Large Diamond Recovery circuit conveyors
Management’s Focus

Lucara
• Continue to strengthen balance sheet
• Develop resource extension programs for potential new and current assets

Karowe
• Estimated annual diamond revenue of $240 - $250 million
• Carat production of 400,000 - 420,000 carats
• Operating costs of US$31 - US$33 per tonne processed
• Delivery of capital project with minimal interruption to normal operations

Mothae
• Finalize development plan for Mothae (short and medium term)
Contact Information

Address
Suite 2000
885 West Georgia St.
Vancouver, B.C.
Canada
V6C 3E8

Phone and Fax
Ph. 604-689-7842
Fx. 604-689-4250

Email and Web
lucara@namdo.com
www.lucaradiamond.com
The Diamond Sector – Supply/Demand

Rough-diamond supply and demand, 2009-2023, base scenario, 2012 prices, $ billions

Note: Rough-diamond demand has been calculated based on polished-diamond demand using a historical ratio of rough to polished diamond
Source: Bain & Company - Global Diamond Report 2013
Global Rough Diamond Production

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

Annual production, millions of carats

CAGR

-5% 4%

Others -8% 2.5%
Canada -4% -3%
Australia -18% 17%
Russia -2% -1%
Zimbabwe 50% 42%
Angola -2% 0%
South Africa -12% 0%
DRC -5% 12%
Botswana -8% -10%

Note: Russia includes Alrosa, Nizhne-Lenskoye (acquired by Alrosa in 2013) and Uralalmaz
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

Global Diamond Jewelry Market

Global diamond-jewelry market, $ billions

Diamond Jewelry Demand (2012)

Note: China including Hong Kong; India, China, Europe and Persian Gulf countries’ diamond-jewelry demand for 2006–2010 was calculated using the polished-diamond market share of the appropriate market in total.
Source: Jewelry Retail Chains 2012 by RBC Research; IDEX, Tacy Ltd. and Chaim Even-Zohar; publication analysis; Bain & Company – The Global Diamond Report 2013
Rough Diamond Demand
(2012 – 2023) Driven by India and China and is expected to reach $26 billion

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Total, $ billions</th>
<th>China and India, %</th>
<th>US, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>19</td>
<td>17</td>
<td>44</td>
</tr>
<tr>
<td>2010</td>
<td>15</td>
<td>21</td>
<td>38</td>
</tr>
<tr>
<td>2012</td>
<td>15</td>
<td>26</td>
<td>39</td>
</tr>
<tr>
<td>2014F</td>
<td>17</td>
<td>29</td>
<td>36</td>
</tr>
<tr>
<td>2016F</td>
<td>19</td>
<td>32</td>
<td>34</td>
</tr>
<tr>
<td>2018F</td>
<td>20</td>
<td>35</td>
<td>33</td>
</tr>
<tr>
<td>2020F</td>
<td>22</td>
<td>37</td>
<td>31</td>
</tr>
<tr>
<td>2022F</td>
<td>25</td>
<td>39</td>
<td>30</td>
</tr>
<tr>
<td>2023F</td>
<td>26</td>
<td>40</td>
<td>29</td>
</tr>
</tbody>
</table>

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

Commodities versus Diamond Performance
Normalized to January 2011

- Rough diamond prices have increased, on average, 5 – 8% during the first quarter of 2013
- Stable to weaker prices expected in latter half of the year