



**Lucara Diamond Corp.  
Full Year 2017 Results – 21 February 2018**

# 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 describe 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>. More specifically with regard to the Karowe Underground Project, risks and uncertainties include as well as the above noted risks, estimated costs to construct the proposed Karowe Underground Project, expected start-up, exploration and development plans and mine designs at the Karowe Underground Project, and the timelines associated therewith, and objectives, expected production costs, expected exploration and development expenditures and expected reclamation costs at the Karowe Underground Project, including such plans, objectives and economic estimates, including cost and expenditure estimates, used in or arising from the PEA or in relation to the proposed Karowe Underground Project; the expected completion date of open-pit operations at the Karowe Mine; the expected completion of an updated mineral resource estimate and a PFS at the Karowe Underground Project; expected Karowe Underground Project enhancement opportunities resulting from the Karowe Underground PEA; expectations regarding diamond prices and changes to foreign currency exchange rates and expectations regarding the need to raise capital.
- 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 AK6 diamond project (Karowe Mine) in Botswana is based on the following technical reports, respectively: 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. Updated NI43-101 report released on February 4, 2014, based on update Mineral Resource Estimate released by Lucara Diamond Corp., dated December 19, 2013. NI 41-101 Technical Report on the Preliminary Economic Assessment of the Karowe Diamond Mine Underground Project, Botswana Prepared by Royal Haskoning DHV on behalf of Lucara Diamond Corp., dated November 27, 2017.
- 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](http://www.sedar.com).
- All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.

# 2017 Highlights

## **Revenue for 2017 was \$220.8 million or \$847 per carat**

Strong diamond prices achieved at \$647 per carat excluding the sale of the Lesedi La Rona (2016: \$649 per carat excluding the sale of the 813 carat Constellation diamond)

## **Recoveries of high value south lobe diamonds continue**

521 specials were recovered equating to a 5.6% weight percentage of recovered carats

## **Continued robust cash generation**

Strong operating margins fully funded the Company's capital projects, waste stripping and the 10 cent dividend per share while increasing our cash position by \$7.7 million from December 2016

## **Capital Projects for enhanced diamond recovery completed on time and on budget**

## **Earnings per share \$0.17 (2016: \$0.19)**

**Karowe Underground Study** - Preliminary Economic Assessment demonstrates the positive economics and potential for an underground mine at Karowe. Pre-feasibility study underway and is expected to be complete during H2, 2018



373.72 carat Type IIa – May 11<sup>th</sup> EST

# Key Performance Indicators

**Revenue  
(millions)**



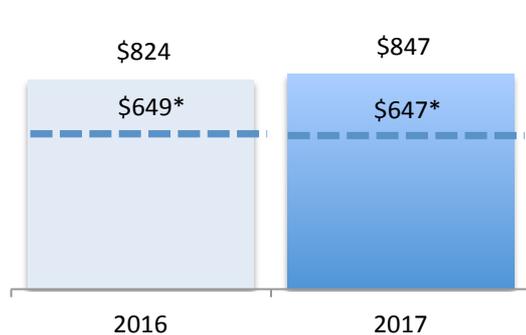
**EBITDA  
(millions)**



**Net Income  
(millions)**



**Total Sales  
(average dollar per carat)**



**US\$ per tonne processed**

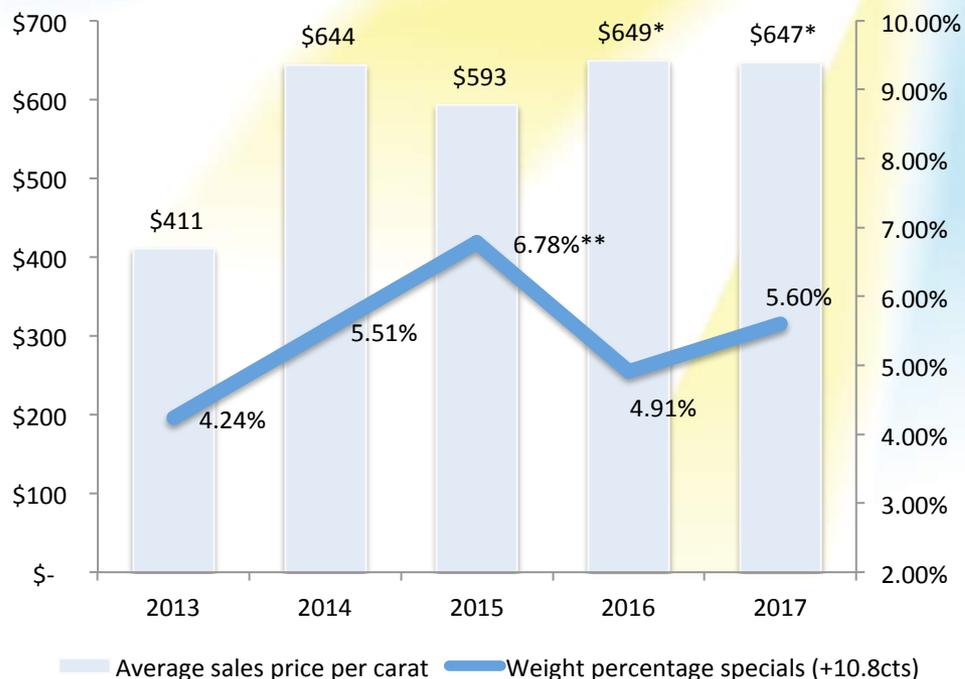


**Earnings per share**



\*excluding sale of Lesedi La Rona in 2017 and the 813 carat Constellation diamond in 2016

# Sales Price History and Specials



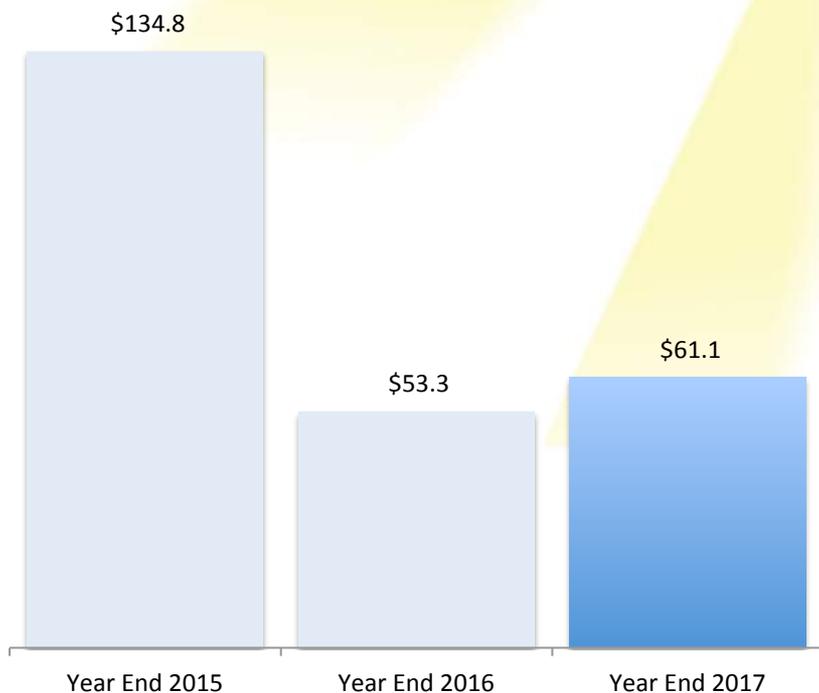
- Specials (+10.8 carats) weight percentage of carats recovered consistently since full year production in 2013
- 2013 - 2017 average weight percentage of specials is 5.3%
- 75% of Karowe revenue generation from production is sold to high end market which is more resilient to price pressure than the mid to smaller sized diamond market.

\*sales price excludes the sale of the Lesedi La Rona in 2017 and the 813 carat Constellation diamond in 2016

\*\*2015 recoveries influenced by recovery of seven +300 carat diamonds

# Strong Financial Position

Cash-on-hand  
(millions)



- Net cash balance of \$61.1 million
- Total dividends paid in the last 4 years: \$218 million
- Strong cash flow generation due to:
  - ✓ Increasing diamond prices for Karowe diamonds
  - ✓ Major capital projects on time and on budget. These projects complete the optimization projects at the Karowe mine.
  - ✓ Costs well controlled:
    - Total operating costs for 2017: \$34.6 per tonne processed (guidance \$36.00-\$40.00 per tonne processed)
  - ✓ Sale of the Lesedi La Rona for \$53 million
- Credit facility of \$50 million remains undrawn



# Karowe Mine

# Karowe Operating Performance

<b>Production Information</b>	<b>2017</b>	<b>2016</b>
Ore processed (tonnes)	2,335,550	2,613,217
Ore mined (tonnes)	1,575,052	2,722,375
Carats recovered (carats)	249,767	353,974
Plant feed grade (carats per hundred tonnes)	10.7	13.5
Waste mined (tonnes)	15,965,121	11,058,041
<b>Revenues and Operating Margins</b>	<b>2017</b>	<b>2016</b>
Revenue (\$ millions)	220.8	295.5
Carats sold	260,526	358,806
Revenue (\$ per carat)	847	824
Operating margin (\$ per carat)	609	668

# CSR and Health & Safety

- Karowe had no lost time injury during the quarter resulting in a twelve month rolling Lost Time Injuries Frequency Rate (“LTIFR”) of 0.64
- Working with Lethlhakane District Council to advance local community projects including a community centre
- Active community engagement
  - Bus shelter donation
  - Village clean-up campaigns
  - Sport event sponsorship
  - Road safety education and reflective vest donation to users of the site access road





## Exploration & Resource Expansion

# Exploration and Resource Expansion

## Exploration:

### AK11

- A total of 1,510 metres drilled in eight large diameter drilling (“LDD”) holes
- Material from LDD samples commenced processing at Bulk Sample Plant in Q4 2017. Results are expected Q2 2018

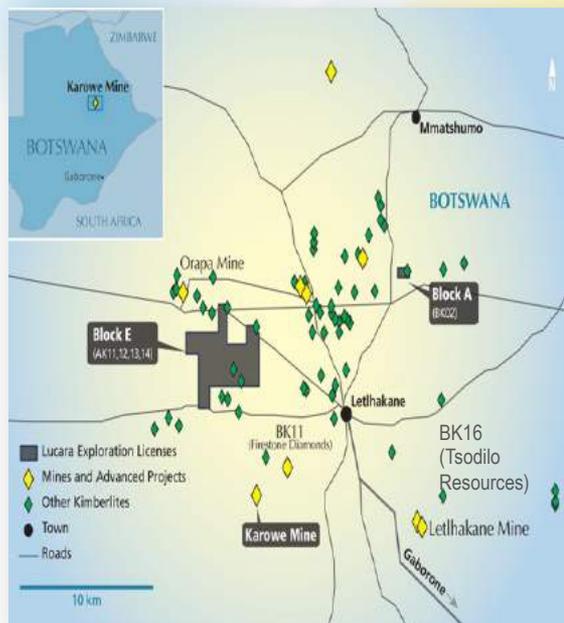
### AK13

- Logging and sampling completed and microdiamond samples shipped for analysis

Approval for extension applications received for each of the PL’s (PL367/2014 and PL371/2014) from the Ministry of Mines in Q4 2017

## Resource Update and Underground Study:

- Updates to the geological model, based on the 2016 and 2017 drilling programs, interpret a larger volume of the Eastern magmatic/pyroclastic kimberlite (“EM/PK(S)”) unit at depth than in the original model. A sample of EM/PK(S) will be mined and processed through the Karowe process plant to increase data available for size frequency and diamond value analysis to inform the Karowe resource update
- Resource update expected Q2, 2018
- Karowe Underground Prefeasibility Study underway at Karowe with results expected H2, 2018





## 2018 Outlook

# 2018 Outlook

Diamond revenue (US\$ million)	170 – 200
Diamond sales (thousand carats)	270 – 290
Diamonds recovered (thousand carats)	270 – 290
Ore tonnes mined (million)	2.5 – 2.8
Waste tonnes mined (million)	13.0 – 16.0
Ore tonnes processed (million)	2.4 – 2.7
Operating cash costs per tonne ore processed (dollars)	38.0 – 42.0
Sustaining capital expenditure (US\$ million)	Up to 11
Underground development – AK6 Karowe (US\$ million)	Up to 29
Exploration expenditures – AK11, Ak13, AK24 (US\$ million)	Up to 6



# Diamond Market

# Diamond Market

- In 2017 Market is cautious – supply and demand fundamentals remained unbalanced
- Average diamond prices are estimated to have decreased by up to 10% compared to the prior year in certain size and quality fractions. Price improvement has been reported by diamond producers during Q1 2018
- High value diamond market remains robust due to lower than historical large stone recoveries by other producers
  - Demand for Karowe large diamonds remained strong
  - Average prices in 2017 tenders 4% higher than 2016
- Strong brand and customer base
- Outlook is positive although cautious
- Market has started out very strong in 2018 with increased demand in all size fractions following strong diamond sales over the Holiday and increased buying activity in China and India

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