



Lucara Diamond



Lucara Diamond Corp. Q2 2017 Results

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>.
- 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.
- 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.

Q2 2017 Results

Revenue for Q2 was \$79.6 million or \$1,336 per carat (2016: Revenue \$140.8 million or \$77.7 million for \$1,017 per carat excluding the sale of the Constellation)

Operating margins at 82%, following strong sales and focus on cost control

Mining Contractor Karowe:

- Mining contractor focused on major Cut 2 push back to continue to open up the south lobe for increased mining flexibility
- Operational performance addressed with improved mining volumes during Q2

Focus on south lobe ore processing: Processing transitioned from stockpile to high quality south lobe producing 113 special stones (diamonds larger than 10.8cts) or 5.9% weight percentage of total recovered carats. Weight percentage is in line with prior years

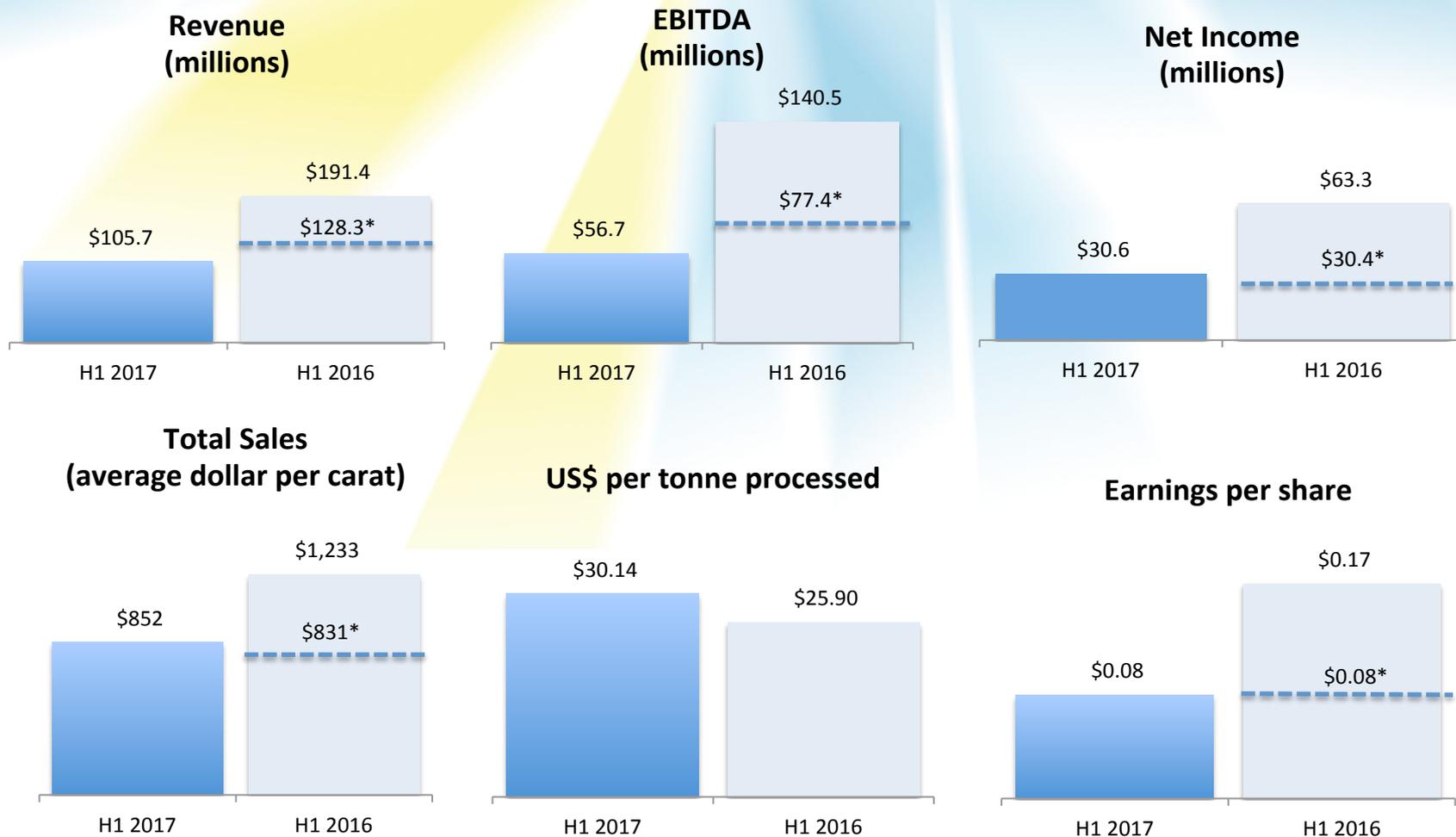
Capital Projects for enhanced diamond recovery on track and on budget

Resource upgrade drilling program and exploration advancing



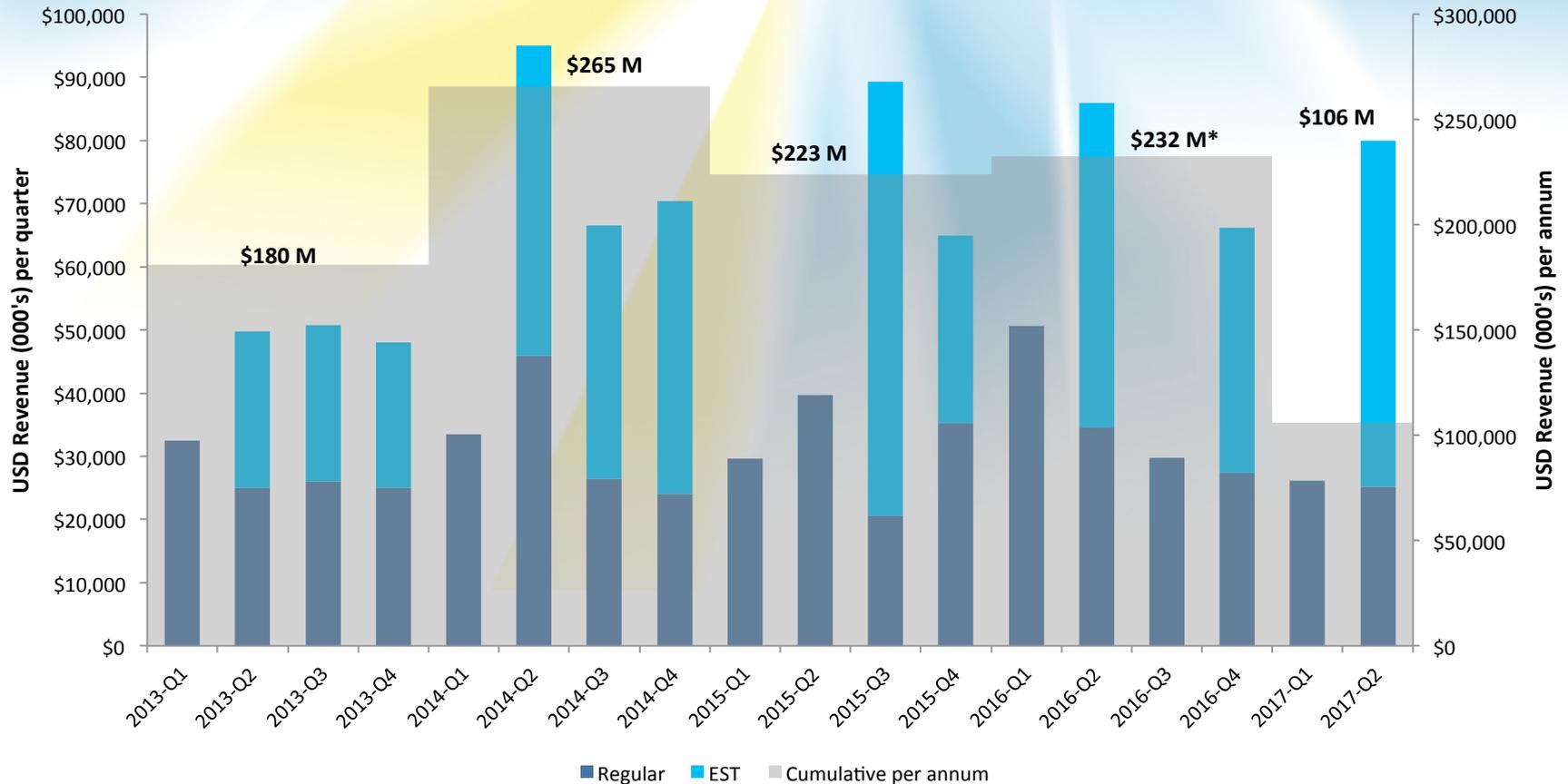
373.72 carat Type IIa – May 11th EST

Key Performance Indicators (H1)



* excluding sale of Constellation

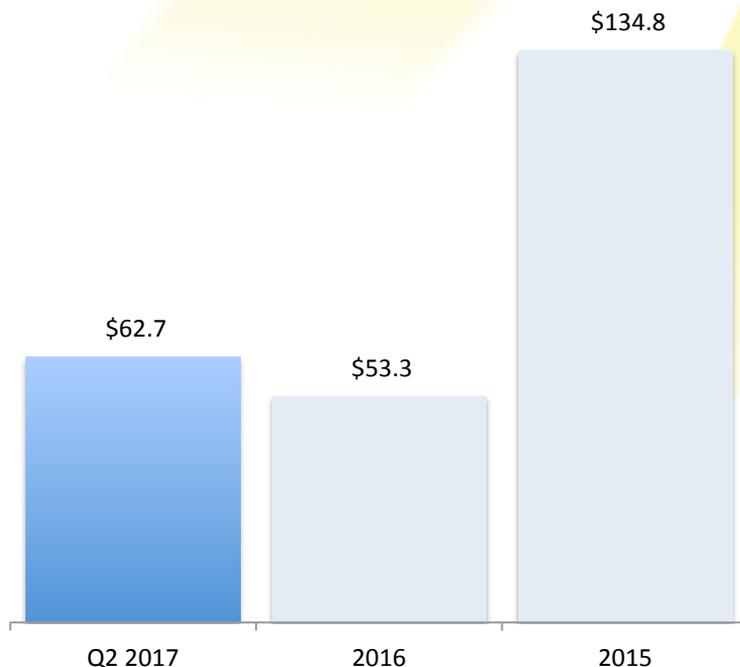
Historical Revenue Performance



(*) Q2 2016 and Full Year 2016 exclude the sale of the Constellation diamond for \$63.1 million

Strong Financial Position

Cash-on-hand
(millions)



- Robust net cash balance of \$62.7 million
- Cash flow returns generated by:
 - Project costs and operating costs well controlled and on forecast. Focus on maximizing margins
 - Mine Plan – higher proportion of south lobe ore to processed
 - New mining contractor, Aveng Moolmans advancing waste mining and pushback to open up future ore mining flexibility
- Credit facility of \$50 million renewed during Q2 and remains undrawn



Karowe Mine

Karowe Operating Performance

Production Information	Q2 2017	Q2 2016	H1 2017	H1 2016
Ore processed (tonnes)	513,643	680,190	1,112,577	1,332,100
Ore mined (tonnes)	432,017	884,212	563,397	1,489,917
Carats recovered (carats)	57,624	99,582	122,865	190,279
Plant feed grade (carats per hundred tonnes)	11.2	14.6	11.0	14.3
Waste mined (tonnes)	4,992,196	2,868,798	5,579,373	5,237,016
Revenues and Operating Margins	Q2 2017	Q2 2016	H1 2017	H1 2016
Revenue (\$ millions)	79.6	140.8	105.7	191.4
Carats sold	59,598	77,200	124,043	155,190
Revenue (\$ per carat)	1,336	1,824	852	1,233
Operating margin (\$ per carat)	1,089	1,683	620	1,094

CSR and Health & Safety

Health & Safety

- Karowe had one lost time injury during the quarter resulting in a twelve month rolling Lost Time Injuries Frequency Rate (“LTIFR”) of 0.13
- The incident resulting in the loss time injury involved a hand injury during equipment repair. Actions have been taken on site to improve safety awareness

CSR

- Karowe Emerging Entrepreneurs Fund (“KEEF”): Currently working with 7 businesses in Letlhakane
- Preparing KEEF investment pipeline for 2018

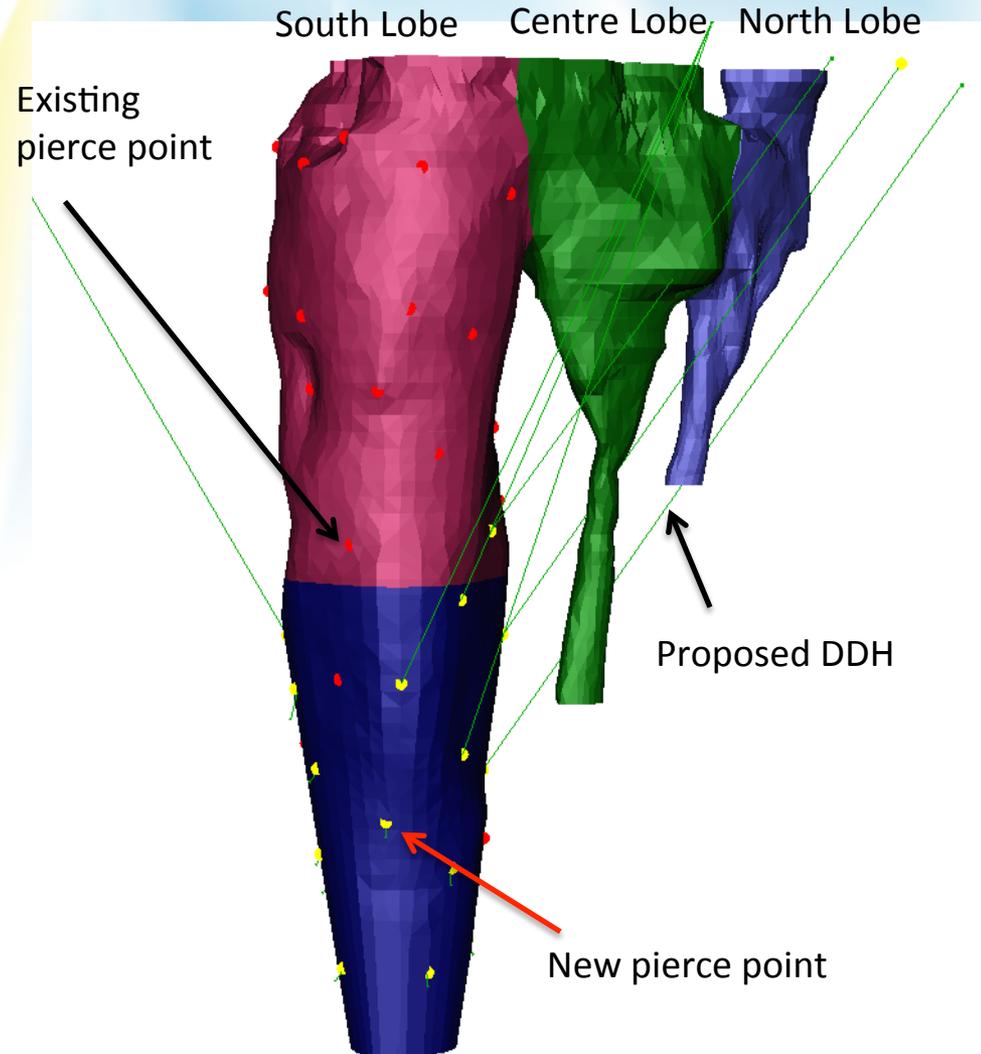




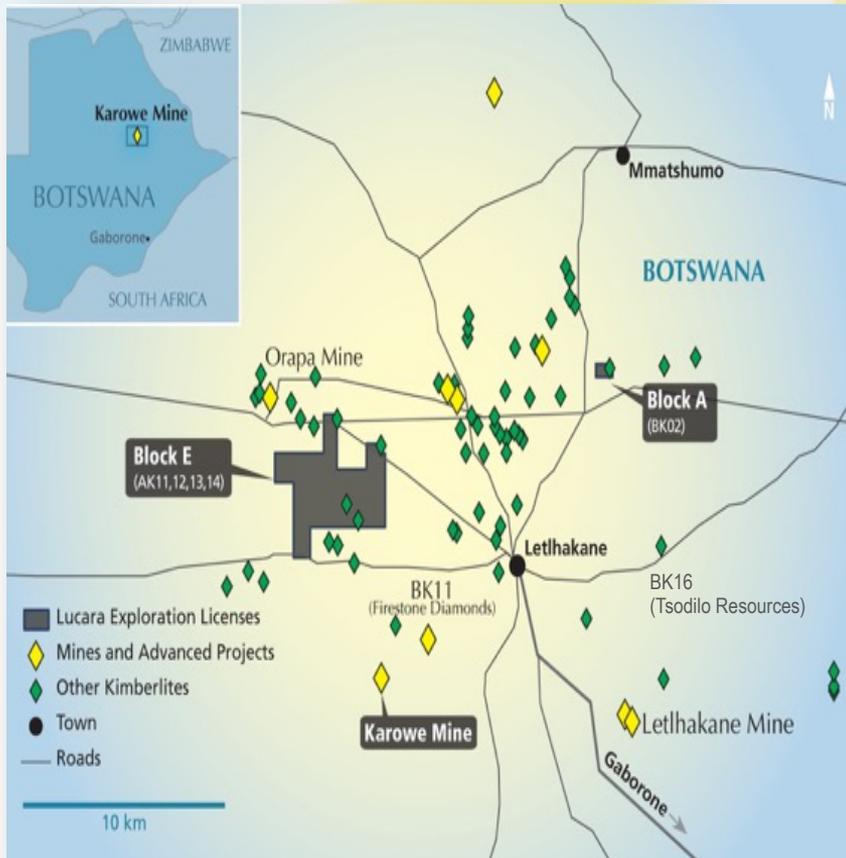
Exploration & Resource Expansion

Resource Expansion AK06

- 10,000 metre drill program with target to bring inferred mineral resources into the indicated category
- Preliminary Economic Assessment is expected Q4 2017
- Pre-Feasibility Study is expected to be completed by H1 2018



Prospecting Licences



AK11: During Q2 2017, the Company initiated large diameter drilling ('LDD') sampling program at the AK11 kimberlite. Drilling has commenced on the pilot drill-hole aspect of the program. Material recovered from the LDD samples will be processed at the Company's Bulk Sample Plant located at the Karowe Mine

AK13: During Q2 2017 logging and sampling of AK13 was completed and microdiamond samples shipped for analysis. Results are expected during H2 2017

Extension applications were submitted for each of the prospecting licences (PL367/2014 and PL371/2014). Response from the Ministry of Mines are expected in Q3 2017



2017 Outlook

2017 Outlook

Revenue (US\$ million) – excluding sale of the Lesedi La Rona	200 – 220
Sales (thousand carats) – revised	260 – 275 (previous 290 – 310)
Tonnes of ore processed (million tonnes)	2.2 – 2.5
Carats produced (thousand carats) – revised	265 – 285 (previous 290 – 310)
Ore mined (million tonnes) - revised	1.8 – 2.0 (previous 2.4 – 2.7)
Waste mined (million tonnes)	17.0 – 20.0
Operating cash costs per tonne ore processed (dollars)	36.0 – 40.0
The installation of an Exceptional Large Diamond recovery (US\$ million)	15 – 18
Sub-middles XRT project (US\$ million)	30
Sustaining capital expenditure (US\$ million)	7 – 9
Exploration costs including Deep drilling program (US\$ million)	Up to 10



Diamond Market

Diamond Market

- Market is cautious – There are indications that the rough market is cooling. Customers have reported that the secondary market is down 3-5%
- The US market has been weak during the first half of 2017. Given the sheer size of this market with a market share of roughly 45%, this reflects poorly on polished trading
- The Asian markets are stable, with mainly China and HKG, are performing reasonably well
- India did well in the first 5 months of the year, but has started slowing down. A 0.25% Goods and Services Tax was initiated in early July on rough imports, but thus far effects (especially on the rough market) seem to be limited
- High value diamond market remains robust due to lower than historical large stone recoveries by other producers
- Outlook is positive although still cautious

Contact Information

Suite 2000
885 West Georgia St.
Vancouver, BC
V6C 3E8

Tel: 604 689 7872
Fax: 604 689 4250

info@lucaradiamond.com
lucaradiamond.com

