

Lucara Diamond Corp.

TD Securities Mining Conference January 2019



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Cautionary Statement



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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 volumes; forecasted sales volumes and pricing; projected revenues of the Company; exploration and development plans and objectives including a new resource statement; estimated production costs, exploration and development expenditures; estimates of ore to be mined by the Company and corresponding operating and sustaining costs; and the cost, timing and results of the commercialization of Clara. 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 be 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, unanticipated events relating to health safety and environmental matters, delays or failure to successfully commercialize Clara's platform, acceptance of Clara's platform by the diamond industry, risks relating to the technology underlying Clara's platform and other risks inherent in the implementation of new technologies, 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; 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; NI 43-101 Technical Report for the Karowe Mine: Updated Mineral Resource Update prepared by Mineral Services on behalf of Lucara Diamond Corp., dated August 9, 2018.

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.



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The Investment Case

All currency figures in USD, unless otherwise stated.

100% Owned Karowe Diamond Mine, Botswana

- High margin diamond producer since 2012
- Renowned for rare, large, high quality gem diamonds
- Open pit resources to 2025, potential underground expansion to 2036 at feasibility stage

100% Owned Clara Diamond Solutions

- A secure, digital sales platform that uses proprietary analytics together with cloud and blockchain technologies to modernize the existing diamond supply chain, driving efficiencies, unlocking value and ensuring diamond provenance from mine to finger

Dividend & Strong Balance Sheet

- CDN\$0.10 annual dividend; Over US\$250 million paid since implementation of dividend policy in 2014; ~6% dividend yield
- \$31.1 million in cash on hand, no debt (Q3/2018)





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Karowe Diamond Mine



- Flagship asset, commenced production in 2012 and well established as one of the world's foremost producers of large, gem quality diamonds
- Open pit resources until 2026, potential to expand underground to 2036
- 7.9 million carats hosted in 57.85 million tonnes, average grade of 13.7 cpht, average diamond value of US\$ 673 per carat (Indicated Mineral Resource NI 43-101)



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Historic Diamond Recoveries



Lesedi La Rona 2nd largest gem diamond ever recovered



813 carat Constellation which sold for a record US\$63.1 million



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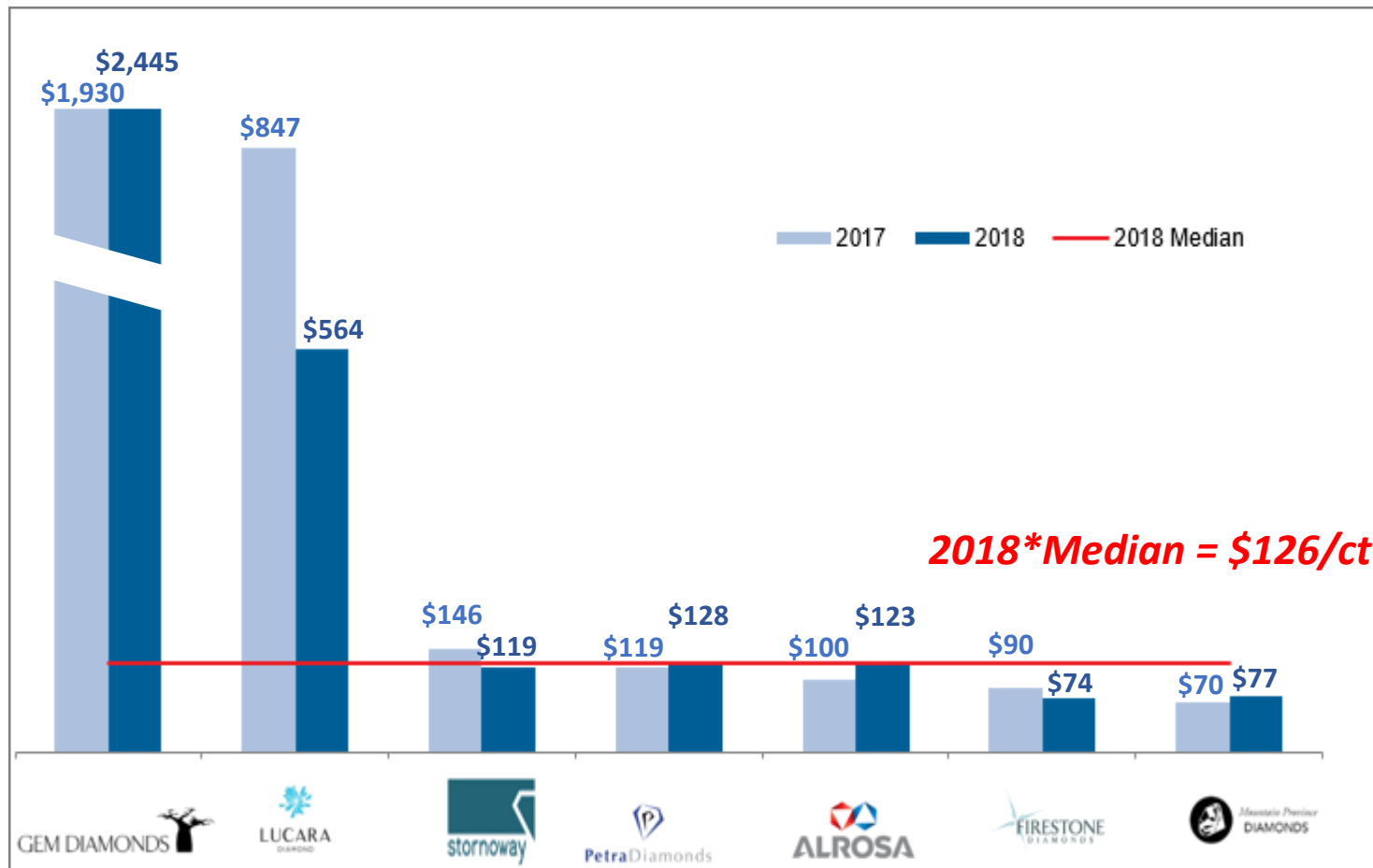
Karowe – Foremost Producer of Large Type IIa Diamonds

- Coarse size frequency distribution (SFD) that includes regular recovery of diamonds greater than 10.8 carats in size, referred to as “specials”
- Specials from Karowe are consistently high value and gem quality
- Since 2012 a total of 129 diamonds in excess of 100 carats have been recovered, 33 in 2018 alone; 12 diamonds in excess of 300 carats have been recovered, 5 of which were recovered in 2018
- 180 diamonds sold for >\$1 million each and 10 single diamonds have sold for >\$10 million
- South Lobe ore which will dominate 2019 production, has consistently achieved average diamond values of between **US\$625 to US\$680 per carat**, not including the 1,109 carat Lesedi La Rona and the 813 carat Constellation
- Feasibility study underway on the Karowe underground with the potential to extend mine-life to 2036; Updated geological model indicates the EM/PK(S) in the South Lobe is significantly higher grade at depth and volumetrically dominant



Diamond Price Per Carat

Karowe is a leading diamond producer by value



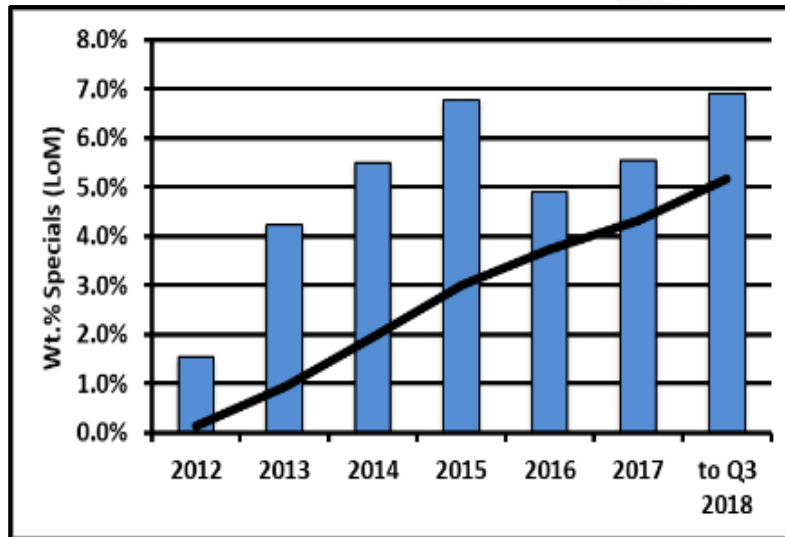
Gem Diamonds & Lucara \$ per carat includes exceptional stones.

*2018 numbers based on company reported YTD



Consistency in Specials (+ 10.8 carat)

Karowe Specials (+10.8 ct) by Weight Percentage



Karowe Mine Specials				
Year	>300	>100	>20<100	>10.8<20
2012			39	154
2013		21	259	452
2014		38	291	486
2015	7	40	283	395
2016		18	247	387
2017		17	179	325
2018 (as of Q3)	5	20	260	383

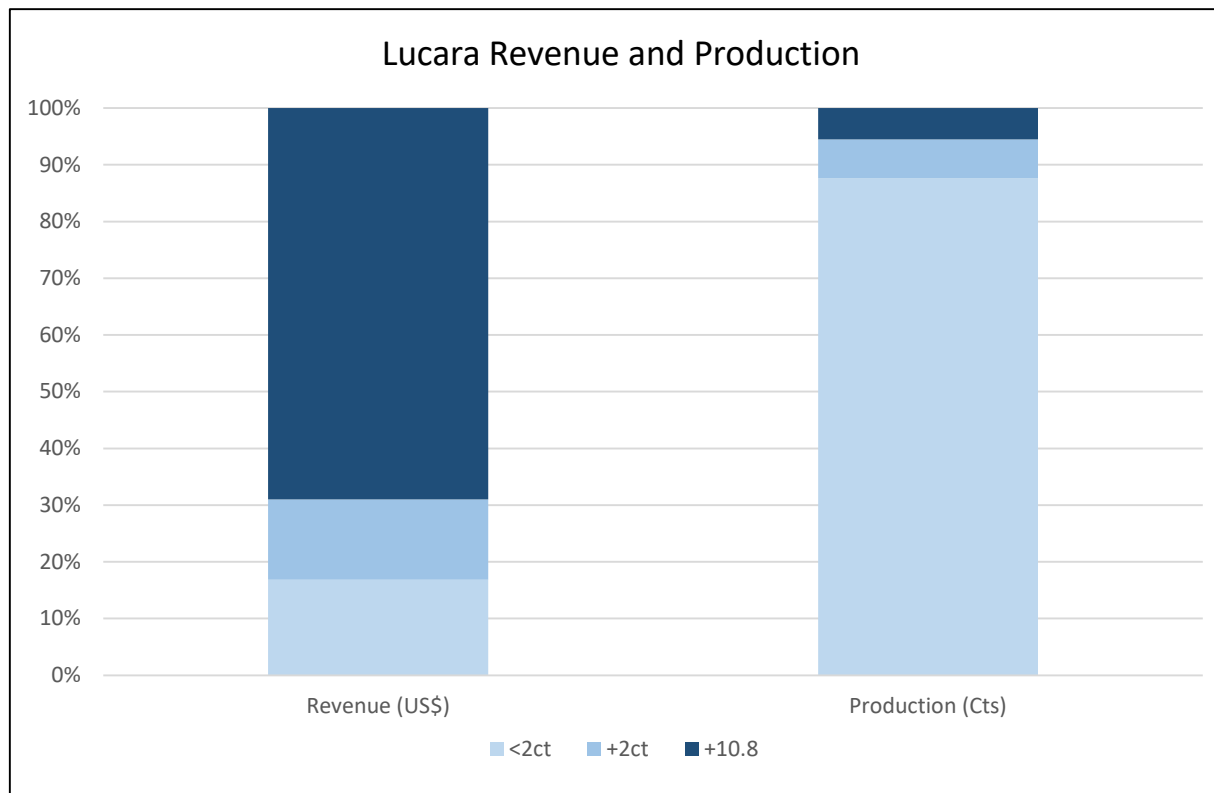
Large diamonds recovered since 2012 to end of Q3 2018:

- 129 diamonds > 100 carats, 33 in 2018 alone
- 12 diamonds > 300 carats, 5 of which were recovered in 2018
- 668 Specials (+10.8 ct), totaling 20,000 carats = 6.9 wt.% of recovered carats, average of ~30 carat/stone



Specials (+10.8 carat) Drive Value

Specials contribute ~70% by revenue and ~5% by volume



Revenue & production data includes 2015 to Q3 2018



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Lucara Diamond Sales

(9 months ending September 30, 2018)

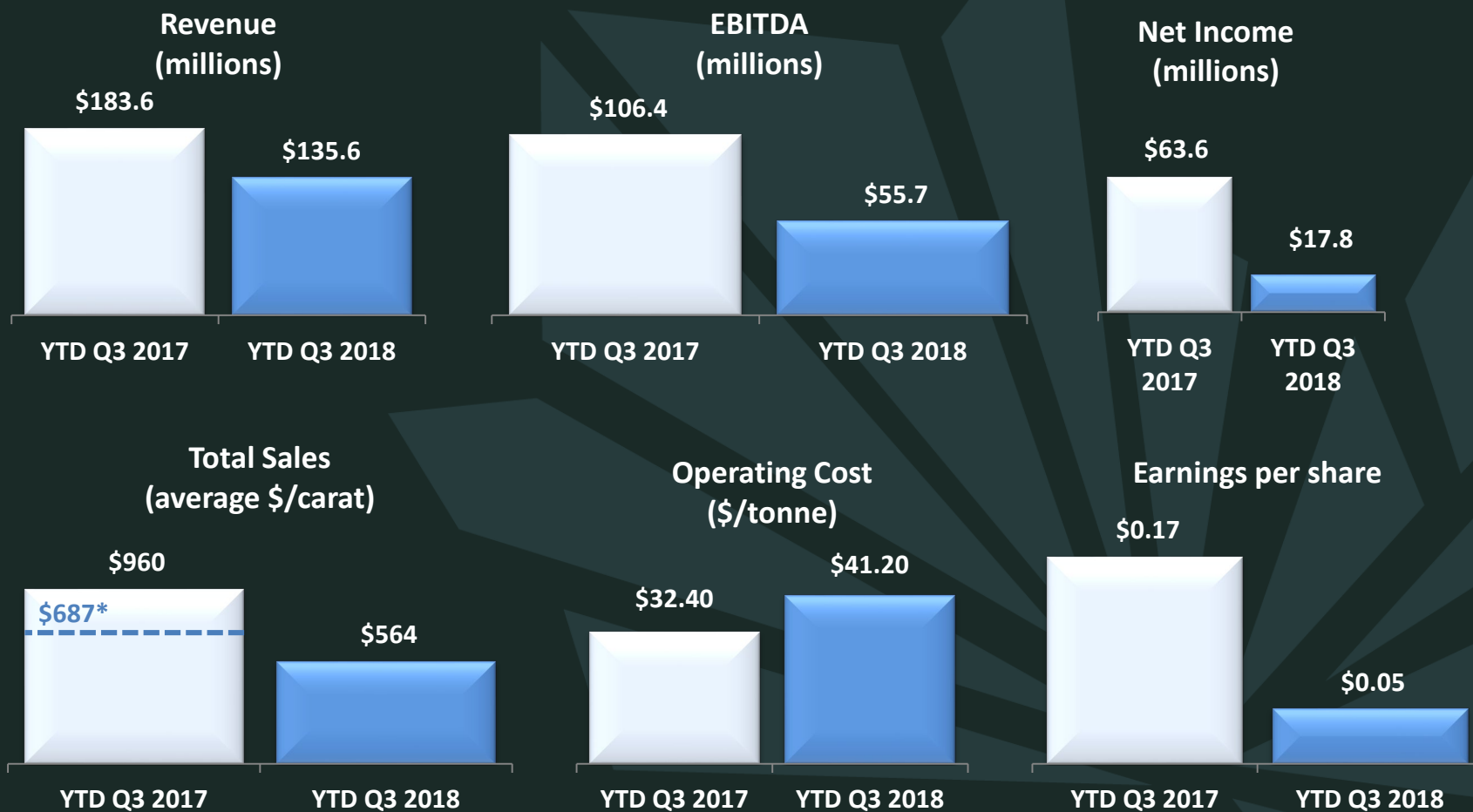


- For nine months ending September 30th, 240,246 carats sold for total revenue of \$135.6 million or \$564/ct
- 21 diamonds sold for more than \$1 million, of which 6 diamonds sold in excess of \$3 million and 1 diamond sold for more than \$10 million
- 33 diamonds in excess of 100 carats have been recovered & 5 diamonds in excess of 300 carats



Financial Highlights

Nine Months Ended September 30th



*excluding the sale of LLR



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Q3 Operations Strong and Stable

- No LTI's / 4.7 million man hours since last LTI / LTIFR of 0
- Mining contractor transition complete
- Record utilization rates for the process plant
- 2018 guidance increased for carats and ore tonnes mined
- 2018 Diamond Sales forecast 325,000 to 350,000 carats
- Waste mining and operating cash costs per within guidance; \$38 - \$42 per tonne of ore processed
- PFS rescope as FS, workplans progressing to schedule and plan



2019 Outlook (all amounts in USD)



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Diamond revenue	\$170 – \$200 million
Diamond sales (carats)	300,000 – 320,000
Diamonds recovered (carats)	300,000 – 330,000
Ore tonnes mined	2.5 – 2.8 million
Waste tonnes mined	6.0 – 9.0 million
Average Strip Ratio	2.84
Ore tonnes processed	2.5 – 2.8 million
Operating cash cost ⁽¹⁾	\$32 - \$37 per tonne of ore processed

(1) Non-IFRS measure

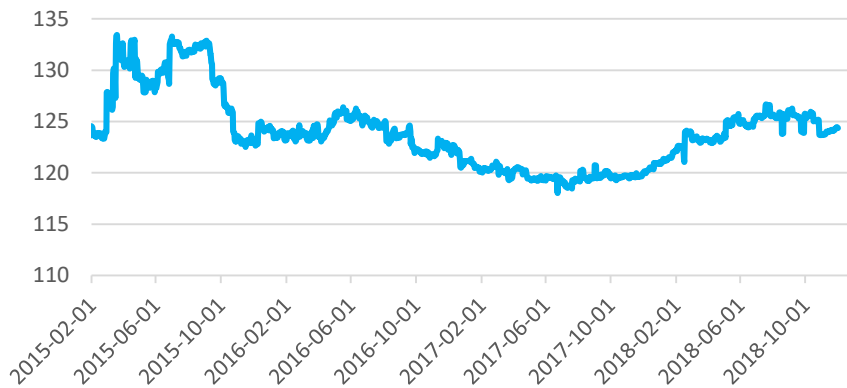
Diamond Market



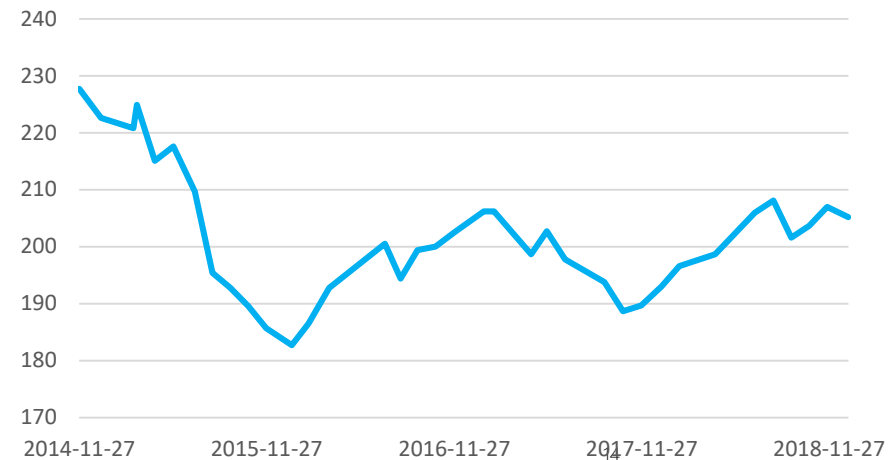
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- Overall, strong continued diamond demand in 2018 with the exception of small goods (half a carat or less)
- Consumer demand remains decent, particularly in the USA, China remains steady
- DeBeers Lightbox initiative with a strategy to differentiate synthetic from natural diamond markets; Synthetics represent less than 5% of the world's rough supply and majority is in small goods; Main feedback from retailers is that "natural diamonds sell themselves"

Polished Index



Rough Index





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Lightbox and Synthetics

- Lightbox production commences end of 2019
- 10,000cts per annum full production
- Sold only in earrings and pendants. Fashion items.
- Deep watermark on piece so cannot be re-polished
- Made lab grown more acceptable
- Production of lab grown diamonds (LGD) is approximately less than 5% of world's rough
- LGD remains a difficult sell. More push than pull.
- Majority of LGD is in smalls. Not easy to move larger polished.
- Demand remains mostly in the USA. India and China prefer mostly natural diamonds as they view diamonds as an investment opportunity
- Threat to the industry is non disclosure; potential negative impact on consumer confidence
- Main feedback from retailers is that “natural diamonds sell themselves”

Growth Strategy 2019
Underground & Clara

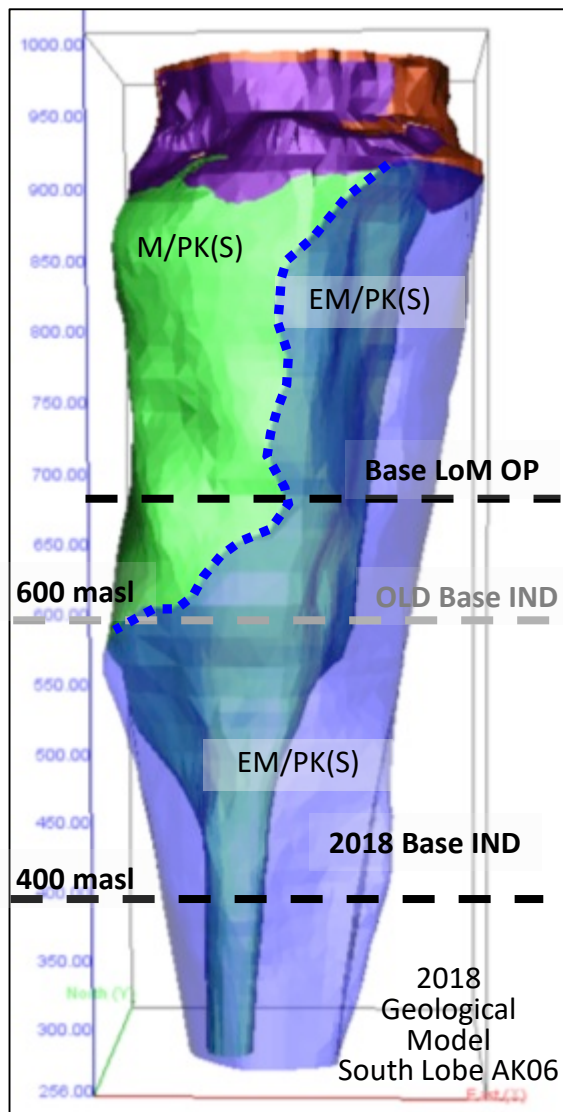


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2018 Updated Mineral Resource

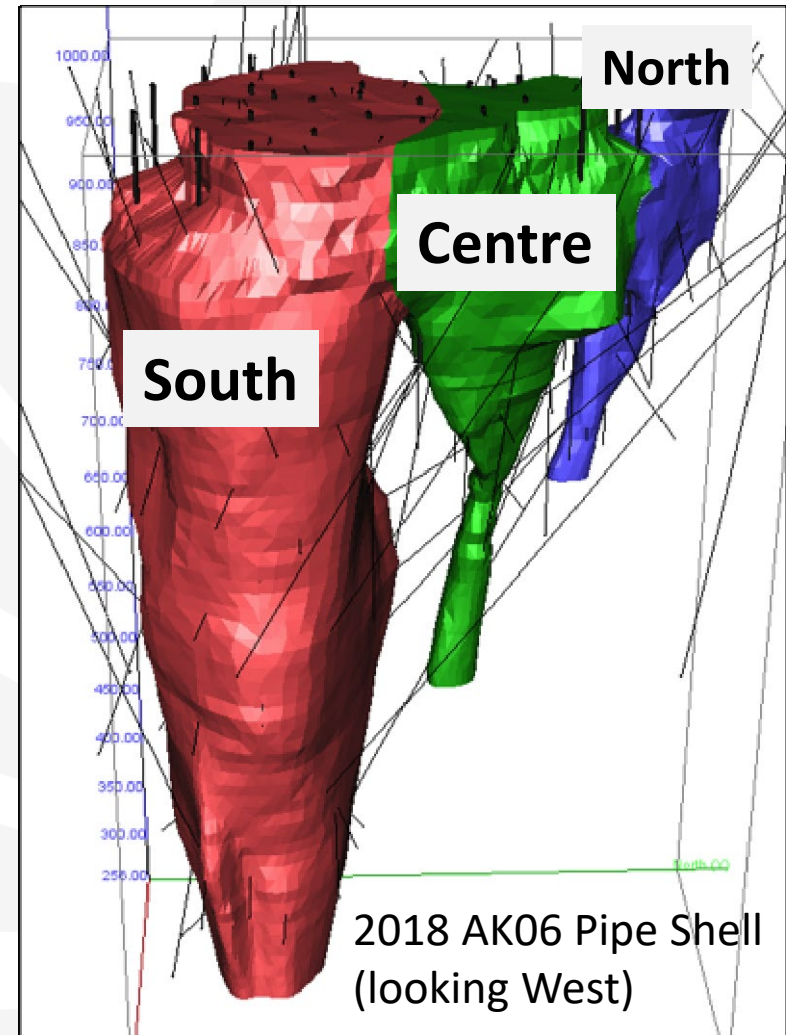


- 7.9 million carats hosted in 57.85 million tonnes, average grade of 13.7 cpht, average diamond value of US\$ 673 per carat (NI 43-101)
- Successful reclassification to Indicated Resource of the AK06 kimberlite between 600 and 400 metres above sea level (masl) providing a new base
- Focus on prolific South Lobe of AK06
- A 54% increase in the Indicated Mineral Resource of the South Lobe from 4.42 Mct to 6.78 Mct
- Recognition that the EM/PK(S) is volumetrically the dominant unit at depth within the South Lobe and contributes to an increase in grade



Geological Model Update

- The 2018 pipe shell model is defined by a total of 154 pierce points in 71 core drill holes
- The shell extends from surface (1000 masl) to an elevation of 256 masl
- The EM/PK(S) domain represents approximately 23% (by mass) of the pipe infill above 600 masl, below 600 this increases to represents 65%
- The EM/PK(S) is significantly higher grade than the M/PK(S), and this accounts for an increase of 40% in the average remaining grade of South Lobe from above (12.7 cpht) to below (17.9 cpht) the 600 masl elevation





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South Lobe - Influence of EM/PK(S)

- Contributes high value diamonds (i.e. Lesedi la Rona and Constellation)
- Volume increases with depth; ~80% of South Lobe volumes at 600 m below surface
- Higher grade, 17-20cph
- Coarser SFD (>6 wt.% up to 10 wt.% diamonds larger than 10.8 carats)



72 ct

64 ct

41 ct

21ct

18ct

18 ct

12ct

Selection white goods EM/PK(S) Sample



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Karowe Underground Feasibility Study Underway

- Positive PEA 2017 examined potential for underground mine life expansion from 2026 to 2036
- Updated resource model in Q2 2018; Indicated resources increased by 54% in south lobe and confirmed higher value contribution from EMPK(S)
- Feasibility initiated H2 2018 and focused on:
 - Hydrogeology – large drilling campaign which encountered minimal water strikes at depth and successfully de-risked key water aspects of the project
 - Geotechnical drilling/studies ongoing and will help inform selection of final UG mining method (Sub-level cave and Block Cave, and hybrid scenario being considered)
 - Focused mining and processing of EM/PK(S)
 - Engagement with Botswana Government on Mining License renewal, other stakeholder engagement
- **Anticipate technical programs complete in H1 2019 and feasibility study reporting in H2 2019**



CLARA

Lucara's Next Generation
Growth Project

Transforming the Diamond Sales Process Using Innovation and Technology

- Clara uses proprietary analytics, with the latest cloud and blockchain technologies, to sell rough diamonds individually, based on polished characteristics and demand, transforming the sales process, driving efficiencies and unlocking value for diamond producers and manufacturers alike
- Exclusive collaboration agreement with Saring Technologies provides industry leading scanning and planning services fundamental to the platform

[“What is Clara?” video](#)

Inaugural Clara Sale Completed December 2018

- Trial sales process completed December – POSITIVE RESULTS
- Participants included large, vertically integrated jewelry houses and global diamond manufacturers
- US\$660,000 worth of diamonds sold between one and four carats in size in better colors and qualities and achieved +8% over Lucara's market price and +15% over Lucara's reserve price
- Feedback being gathered and incorporated in support of the platform moving into continuous sales
- Clara is now ready to receive third-party rough diamond production; discussions with global producers underway
- Clara actively on-boarding additional manufacturers/customers as platform sales are ramped up in 2019
- A second sale on the platform is planned for later in January 2019

Clara Business Model and Ramp Up

- Trial sale confirms Clara platform is commercially viable
- Clara's longer-term value will be realized through its scalability, increasing the volume of rough diamonds transacted (or matched) by adding production from other global diamond producers
- Revenue model based on the spread achieved for each diamond that is "matched" using the platform:
 - Sellers must specify a price for each rough diamond uploaded to Clara that they are willing to sell for
 - Buyers are required to specify a price for each polished diamond order they place onto Clara that they are willing to buy for
 - Clara finds a match between buyer and seller; any differential between the bid and the ask accrues to Clara
 - Longer term, as participants gain experience on Clara, the achieved margin per stone is expected to reduce while volume is expected to increase
 - A minimum transaction spread between buyer and seller will be required to facilitate a "match"



- Clara Diamond Solutions movement into continuous sales; Next sale scheduled January 2019
- Feasibility Study underway on Karowe underground with potential to extend the mine life to 2036; Update Q1 2019; Feasibility study released H2/19
- Year end results February 21
- Brownfields exploration continuing; Sunbird greenfield exploration

Conclusions



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Lucara is a premier, mid-tier, investible diamond company, positioned for long term, sustainable growth

- *High margin diamond producer*
- *Botswana - a low risk jurisdiction*
- *Strong balance sheet*
- *Open pit resources to 2026, potential for underground to 2036*
- *Asset diversification and additional revenue stream through Clara*



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Capital Structure

Lucara is a publicly listed company trading under the symbol "LUC"

- TSX
- NASDAQ Sweden
- BSE (Botswana)

Market Cap	~C\$630mln
Debt	NIL
Cash on hand	US\$31.1 million (Q3 2018) US\$50 million Credit Facility (undrawn)
Issued shares	396.5 mln (Dec 2018)
Fully diluted shares	402mln (Dec 2018)
Insider Holdings	22% on fully diluted basis



Q&A



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