



Lucara Diamond



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Third Quarter 2015 Results Presentation  
November 5, 2015



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➤ **Cash Flow and Diamond Revenues:**

- The Company achieved third quarter revenues of \$90.9 million from the sale of 83,960 carats (\$1,081 per carat).
- Revenues to the end of the third quarter was \$158.6 million achieving \$560 per carat.
- Net cash position of \$122.7 million increased from \$74 million at June 2015 following the Company's first exceptional stone tender and regular tender during the quarter.
- The Company's second exceptional stone tender closes on November 12<sup>th</sup>.

➤ **Operational and cost discipline:**

- Year to date costs at \$29.44 per tonne ore processed remain well controlled and marginally below forecast. Plant optimization costs and sustaining capital costs are within forecast.
- Third quarter operating margin was \$951 per carat or 88%. Year to date operating margin was \$429 per carat or 77%.

➤ **Karowe Operating Performance:**

- Tonnes processed post plant optimization commissioning improved during the quarter. Tonnes milled in the third quarter were 11% higher than the previous quarter with 100,651 carats recovered during the period.
- Fourth quarter processing is expected to be focused on south lobe ore.



➤ **Exploration:**

- Bulk sample plant was commissioned in August and was tested with Karowe grade ore from Karowe. Permits to extract from BK02 were received in October 2015.
- Bulk sampling activities at BK02 have commenced with the processing of a 5000 tonne sample expected to be completed during Q1 2016.
- Bulk sampling at BK02 will be followed by AK12, subject to the appropriate environmental approvals being received.

➤ **Dividends Paid**

- Dividend: dividend of CND 2 cents per share to be paid to shareholders on December 17, 2015

➤ **Diamond Market:**

- Polished diamond inventory increasing for the small and medium size classes putting pressure on rough diamond prices.
- Lower volume purchases by rough diamond cutters and brokers has resulted in increasing rough diamond inventories for the major producers.
- The Company's increased recovery of high quality diamonds and the continued recovery of its exceptional stones has resulted in the development of a strong customer base and differentiates

## 5 2015 Karowe Third Quarter Operational Review



<b>Production Information</b>	<b>Year to date Q3 2015</b>	<b>Year to date Q3 2014</b>	<b>Quarter Q3 2015</b>	<b>Quarter Q3 2014</b>
Ore processed (tonnes)	1,671,008	1,854,825	560,501	509,283
Ore mined (tonnes)	2,148,322	2,570,082	864,180	1,003,312
Waste mined (tonnes)	10,746,948	7,793,033	3,224,971	2,624,067
Plant feed grade (carats per hundred tonnes)	16.50	17.1	18.0	20.8
Carats recovered (carats)	276,443	316,341	100,651	106,162

# 6 Karowe



Pink Diamond (8.03 carats) – to be sold in the November 12<sup>th</sup> Exceptional Stone Tender



Bulk Sample Plant



Completed Capital Program



## 7 2015 Lucara Third Quarter Financial Highlights



USD millions	Year to date Q3 2015	Year to date Q3 2014	Quarter Q3 2015	Quarter Q3 2014
Revenues	158.6	195.0	90.9	91.3
Royalty expenses	15.9	19.5	9.1	9.1
Operating expenses	37.2	37.9	10.9	14.1
Administration/sales and marketing/exploration	10.2	11.8	4.1	3.4
<b>EBITDA</b>	<b>95.3</b>	<b>125.8</b>	<b>66.8</b>	<b>64.7</b>
<b>EBITDA margin (%)</b>	<b>60%</b>	<b>64%</b>	<b>73%</b>	<b>71%</b>
<b>Earnings per share</b>	<b>0.15</b>	<b>0.17</b>	<b>0.12</b>	<b>0.11</b>

Operating Margin and Cost of Production (US\$)	Year to date Q3 2015	Year to date Q3 2014	Quarter Q3 2015	Quarter Q3 2014
Average per carat sold	560	634	1,081	791
Cost per carat produced	131	123	130	122
Operating margin per carat sold	429	511	951	669
Diamonds sold (carats)	283,110	307,731	83,960	115,362



### Plant Optimization Status

- XRT machines have continued to perform well recovering several of the large, exceptional diamonds in the Company's November Exceptional Stone Tender.
- Recovery of the fine diamonds improved during the quarter as changes were made to the dense medium separation circuit's operating parameters. Studies to further optimize the recovery of these stones are ongoing.
- Processing tonnes through the mill post plant optimization commissioning were 11% higher than the previous quarter and diamond recovery was ahead of forecast at 100,651 carats during the period.





Revenue (US\$ million)	\$200 - \$220
Sales (thousand carats)	350 - 400
Tonnes of ore processed (million tonnes)	2.2 - 2.3
Ore mined (million tonnes)	2.5 - 2.8
Waste mined (million tonnes)	12.0 - 12.5
Operating cash costs per tonne ore processed (dollars)	\$33 - \$36
Plant upgrade capital expenditure (US\$ million) – Total cost \$55m	Up to \$20m
Sustaining capital expenditure including mill relining machine of \$5m of which \$3m will be spent in 2015 (US\$ million)	\$7.5 - \$8.5
Exploration costs (includes cost of Bulk Sample Plant up to \$5 million of which \$2.0m was spent in 2014).	\$7.0 - \$8.0