



Lucara Diamond Corp.

LUCARA DIAMOND CORP.



MAY, 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:

NI 43-101 Technical Report and Mineral Resource Estimate for the Mothae Diamond Project, Lesotho Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated February 28, 2013

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.

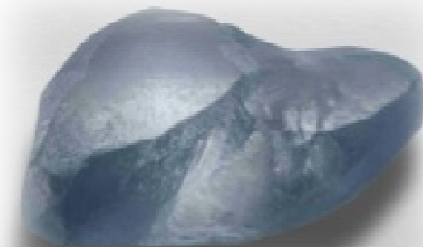
All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.



Lucara 2014 Guidance

Karowe

- Forecast revenue of \$150 - \$160 million
- Carat production of between 400,000 - 420,000 carats
- Operating costs of \$31 - \$33 per tonne
- Capital expenditure of \$45 - \$53 million (including sustaining capital)
- Updated NI43-101 Technical Report (Feb 3, 2014)



Mothae

- Initial development option finalization

Exploration

- Three exploration licenses applied for in Botswana with known kimberlite occurrences



Capital Structure

- Listed Exchanges under Symbol “LUC”

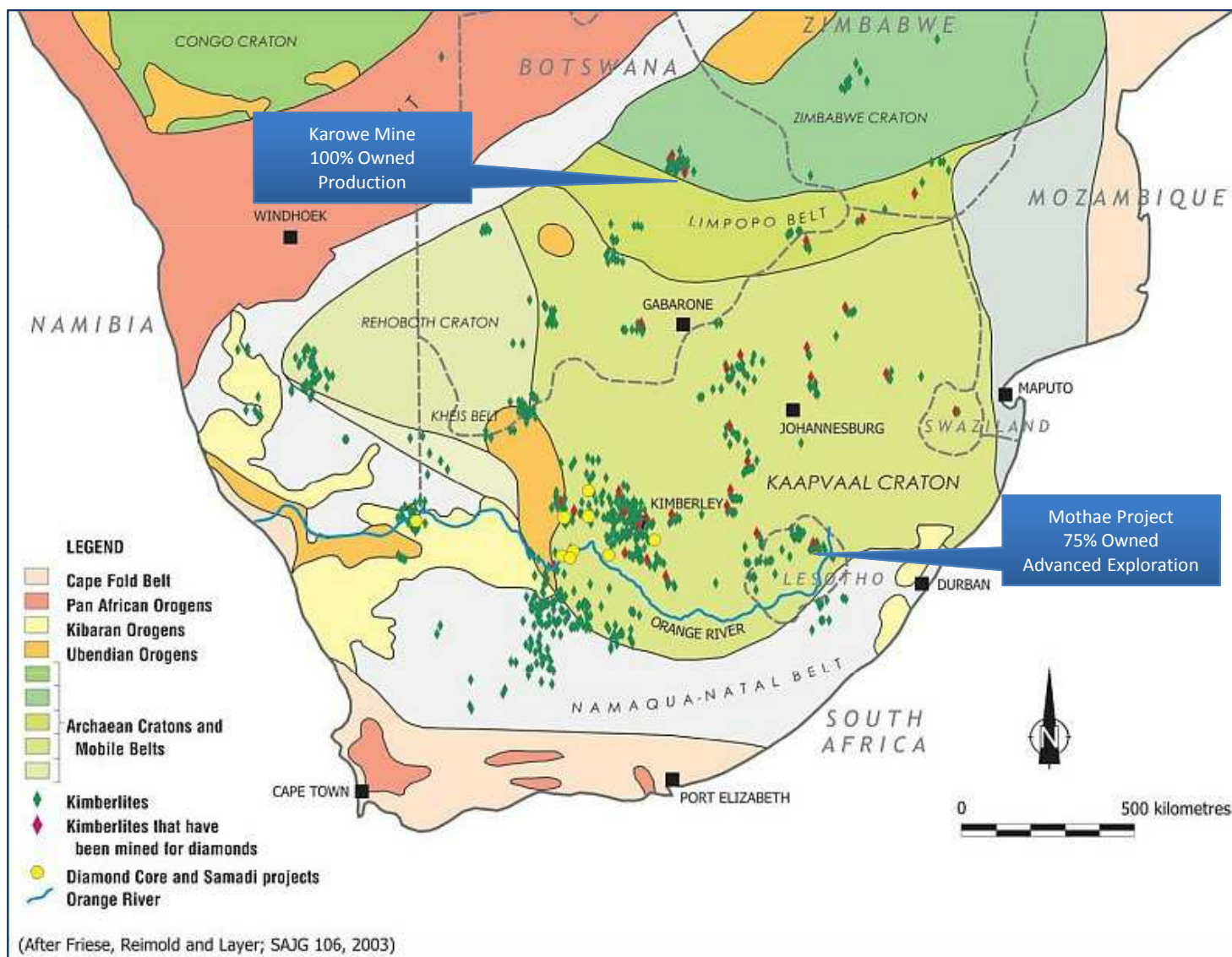
- TSX
- OMX (Sweden)
- BSE (Botswana)

- Issued share 377M
- Fully diluted shares 381M
 - Options 4.1M (C\$ 0.77 WA exercise price)
 - Warrants Nil
 - Convertibles Nil
- Market Cap C\$ 720 million (April, 2014)
- Debt Nil
- Cash on hand – Q1, 2014 US\$ 56.8 million





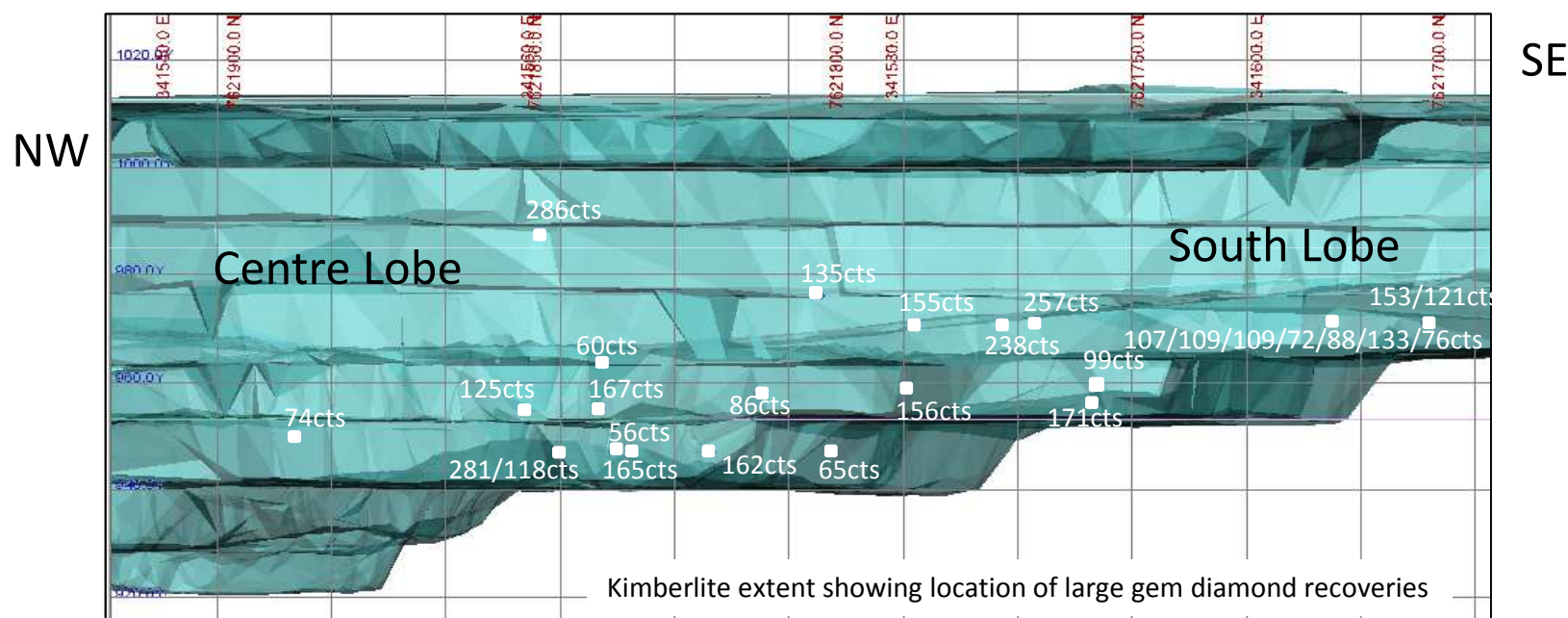
Focused on Southern Africa





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
- **Rolling 9 month sales diamond price - \$476/ct**
- Resource continues to deliver significant quantities of stones greater than 10.8cts with greater than 330 being recovered YTD

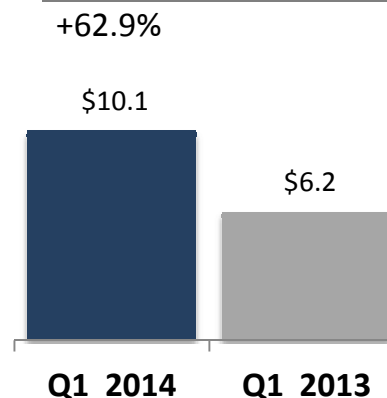




Performance

	Q1, 2014	Q1, 2013	Variance %	2013 Full Year
Mining and Process				
Ore processed	680,730 t	533,260 t	28%	2,355,000 t
Carats recovered	111,037 cts	123,228 cts	-11%	440,750 cts
Plant feed grade	16.3 cpht	23.1 cpht	29%	18.7 cpht
Waste mined	2,002,322 t	1,109,727 t	80%	5,493,000 t
Costs				
\$/t processed	\$ 18.6/t	\$ 23.3/t	-20%	\$ 18.6/t
\$/ct processed	\$ 118/ct	\$ 86/ct	37%	\$ 100/ct
Revenues				
Revenue	\$ 33.6 million	\$ 32.4 million	4%	\$ 180.5 million
\$/ct sold	\$ 305ct	\$ 225/ct	36%	\$ 411/ct
Cash operating margin	\$ 187/ct	\$ 139/ct	35%	\$ 311/ct

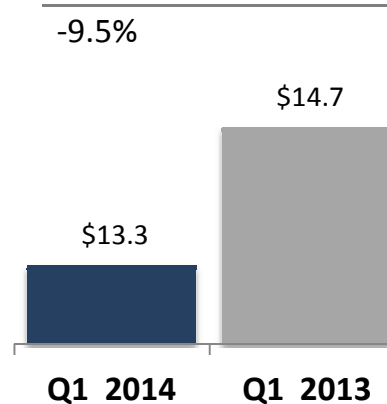
Adjusted Net Income (millions)



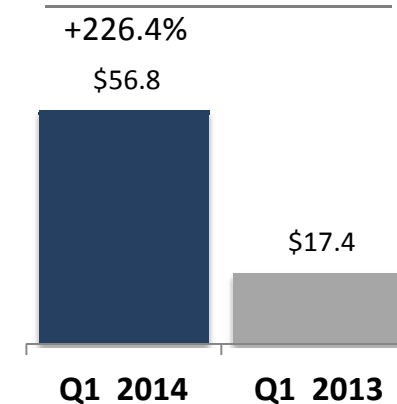
Cash Operating Earnings (millions)



EBITDA (millions)



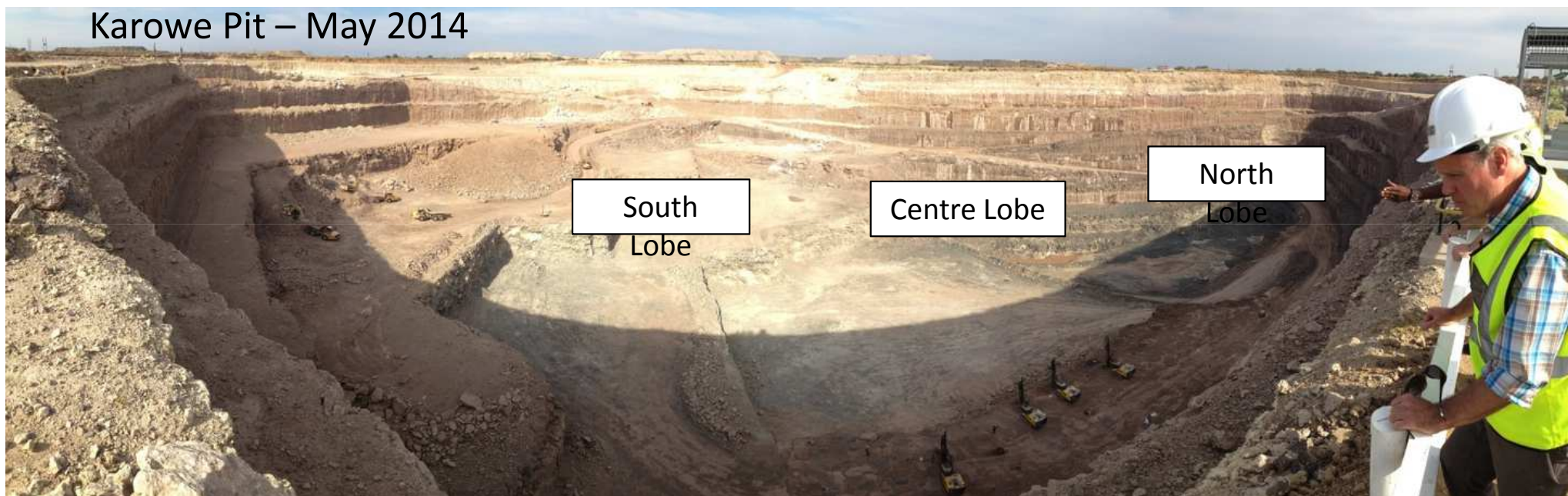
Cash-on-hand (millions)





Operations Update

Karowe Pit – May 2014



Karowe Plant – May 2014



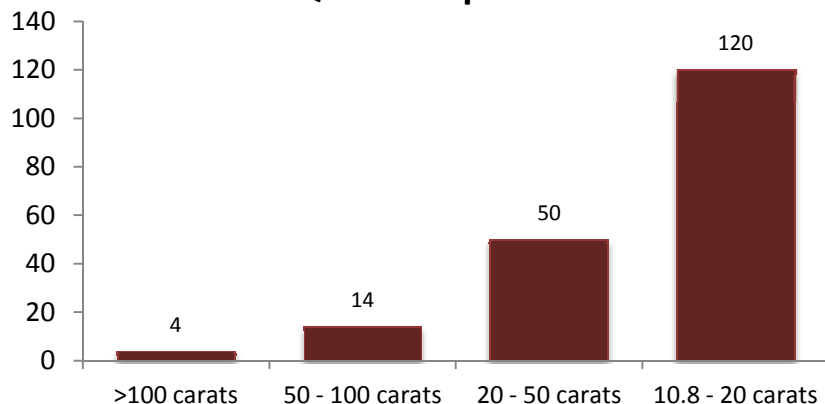


Sales Update



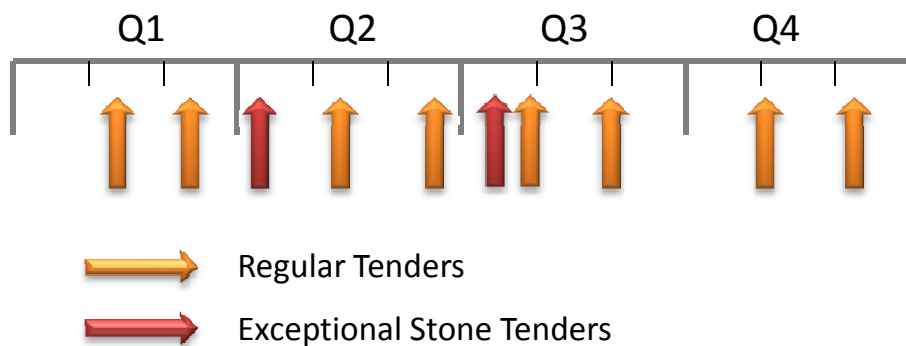
Collection of large exceptional diamonds sold in 2013

Karowe Q1 2014 Specials Distribution



- During Q1, 2014, more than 107,000 carats were sold for gross revenues of \$ 33.6 million
- A total of 188 diamonds larger than 10.8 carats were recovered
- These included 18 diamonds larger than 50 carats, 4 of which were larger than 100 carats
- Current volume of diamonds greater than 10.8 carats is exceeding resource estimate of 4.2%

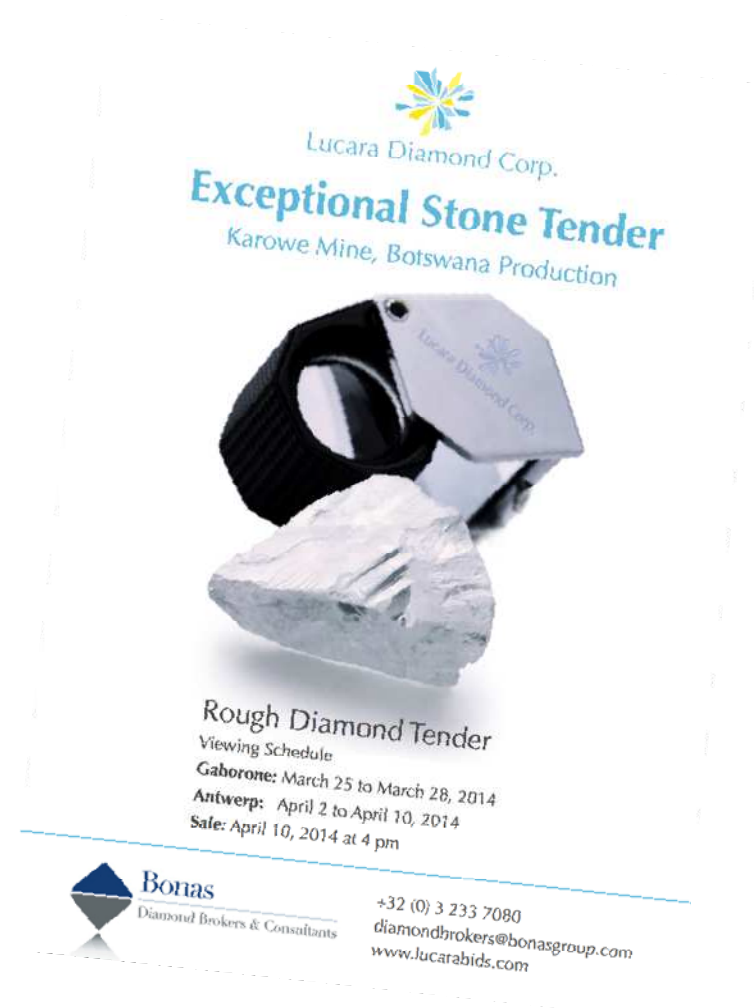
Diamond Sale may affect quarterly cashflow





Sales Update

- First EST of 2014 was held in April, generating sales revenue of \$50 million from the sale of 20 diamonds for an average value of over \$40,000 per carat
- Lucara expects to sell between 400,000 and 420,000 carats of diamond in 2014
- Sales will occur through 8 diamond tenders and 2 Exceptional Stone Tenders (“EST”)
- Sales migration plan for all regular sales in Gaborone starting in 2015
- Dedicated diamond cleaning facility in Gaborone commissioned and operating



First Exceptional Stone Tender held in April 2014



2014 Capital – Plant Upgrade



Plant Modifications

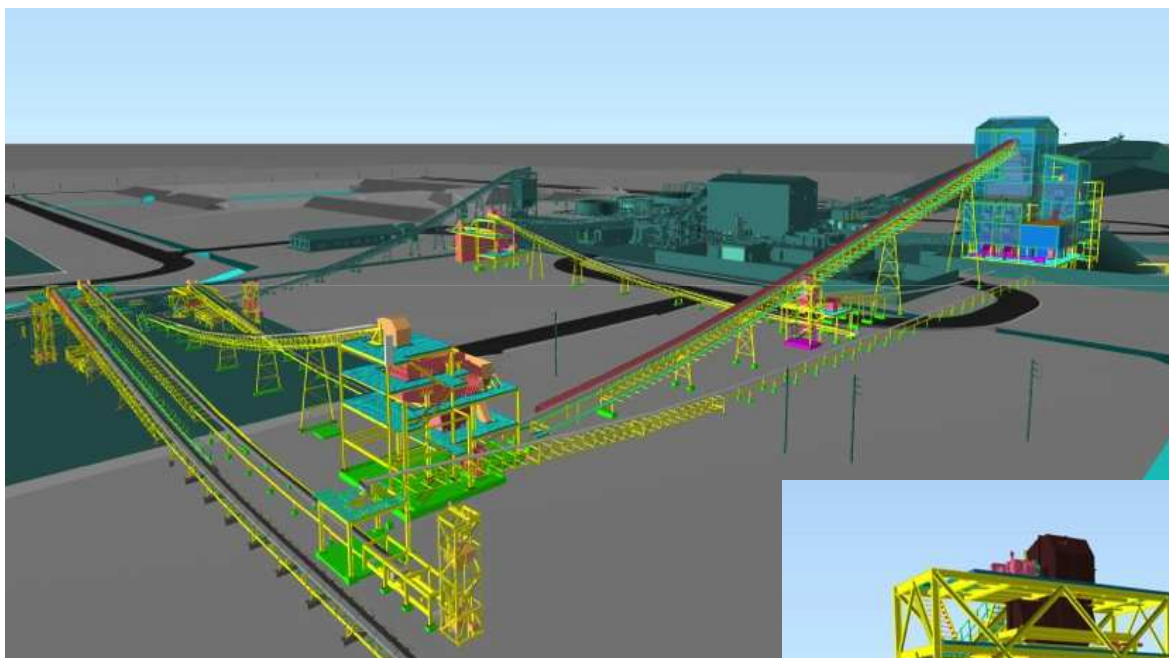
- Planned as part of the original feasibility study to address the treatment of harder and higher yield south lobe material
- Upgrade designed to ensure sustainable 2.5 million tonnes per annum throughput
- Inclusion of a “Large Diamond Recovery” circuit treating material up to 60mm in size

Capital Costs and Schedule

- Estimated capital expenditure of \$45 to \$50 million
- Complete installation and commissioning scheduled for early 2015
 - Engineering well advanced
 - Orders placed for long-lead items with \$20M 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 Upgrade



Screening and XRT Plant



Secondary Gyratory Crusher



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 \$150 - \$160 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

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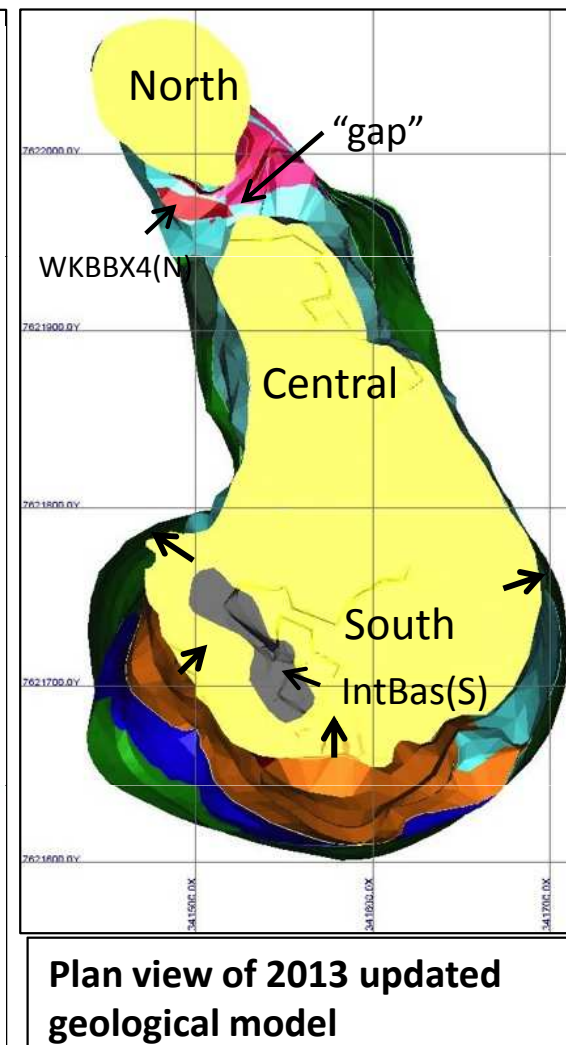
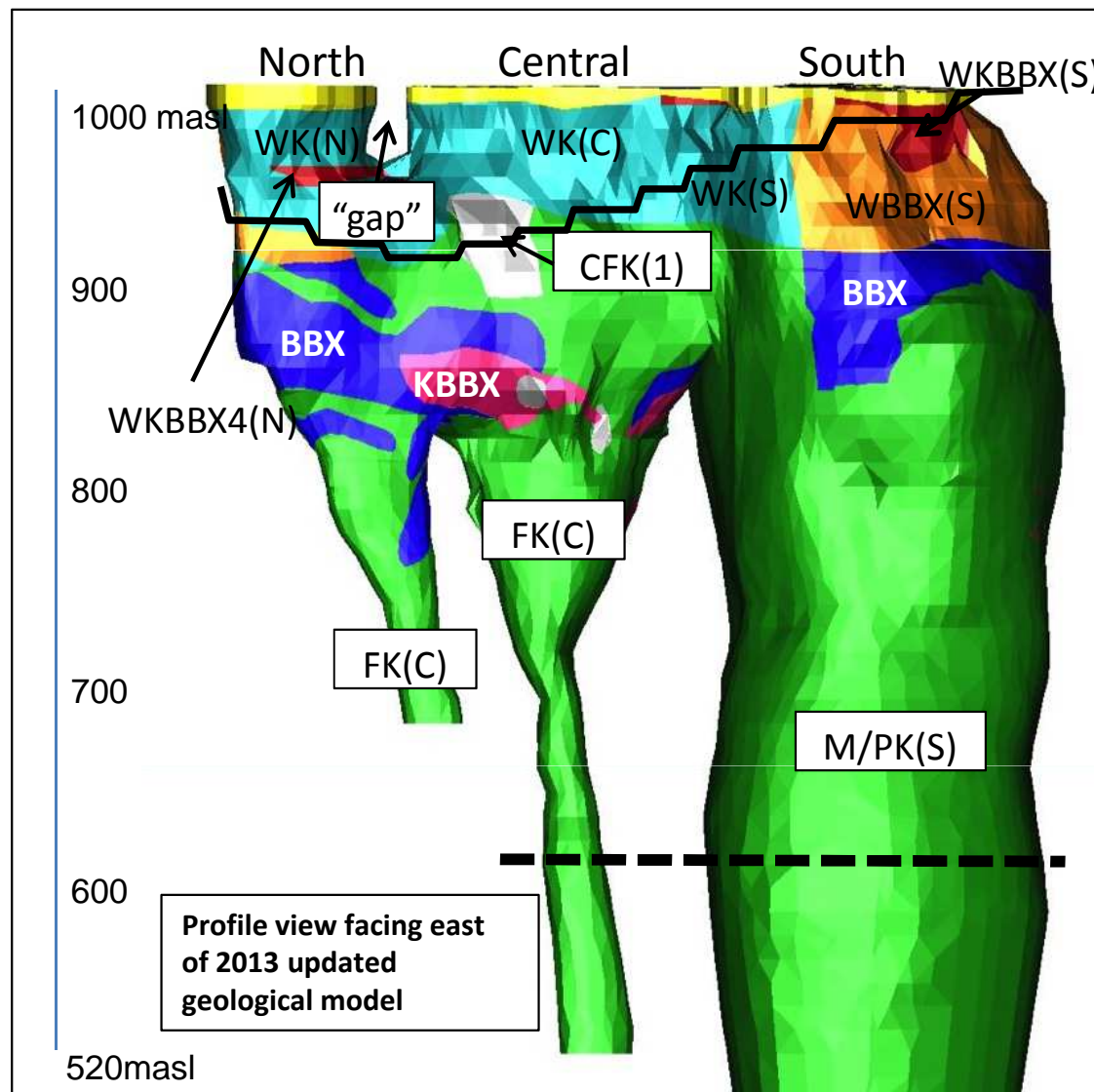
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2013 Geological Model

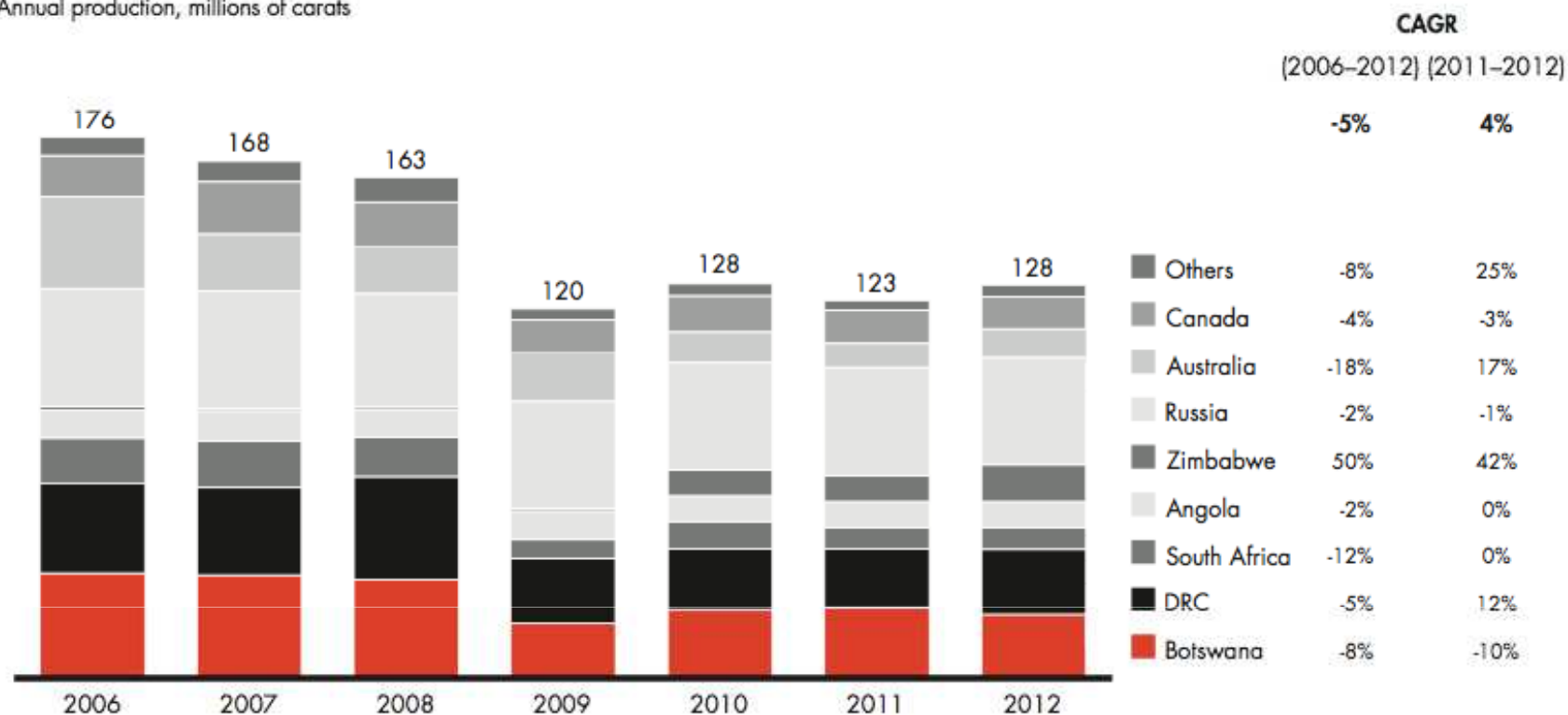




Global Rough Diamond Production

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

Annual production, millions of carats



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

Source: Kimberley Process

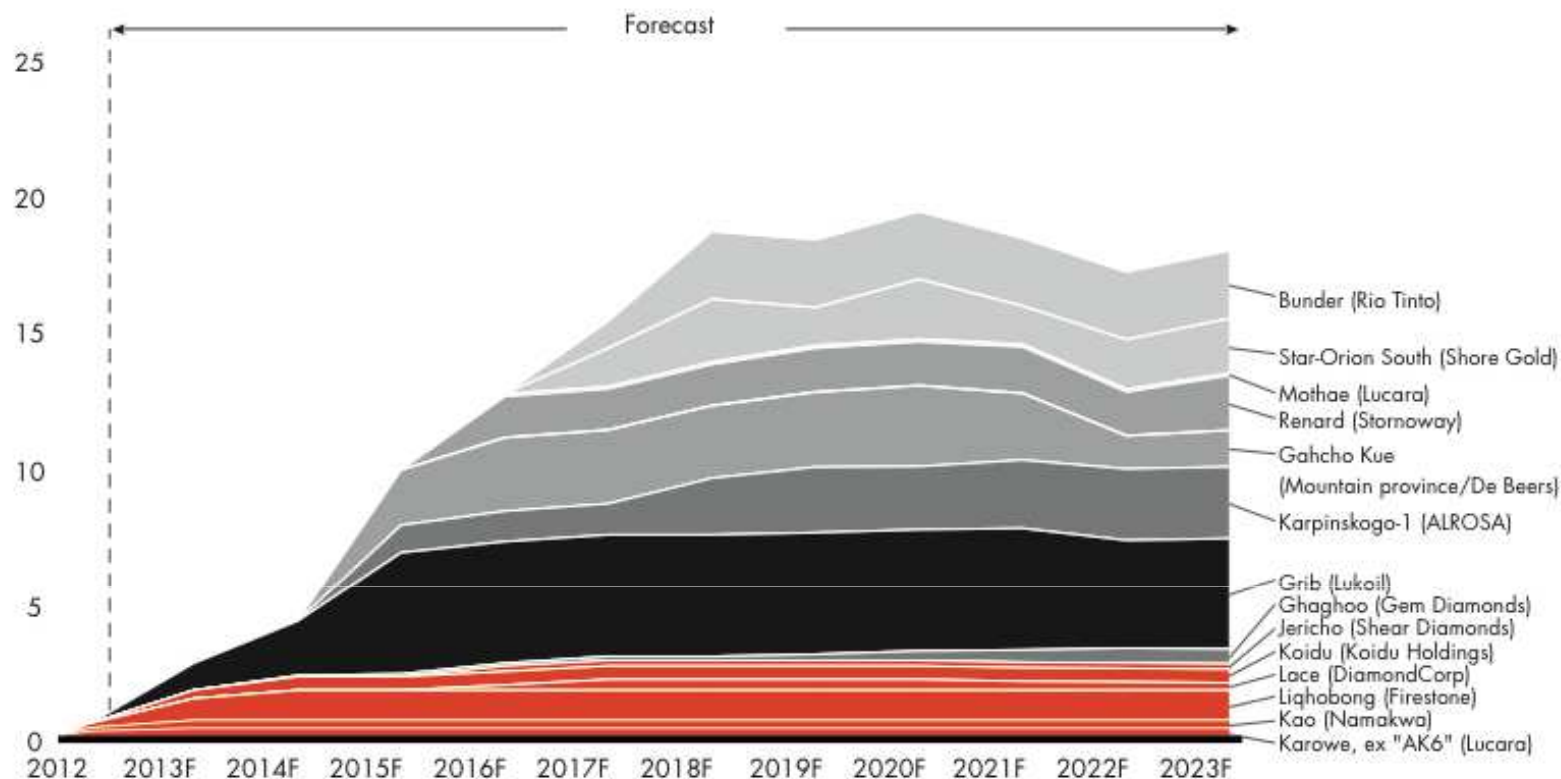
Bain & Company – The Global Diamond Report 2013



Expected New Mine Production

New mines are expected to add 18 million carats a year by 2023

Forecasted rough-diamond production of new mines, millions of carats

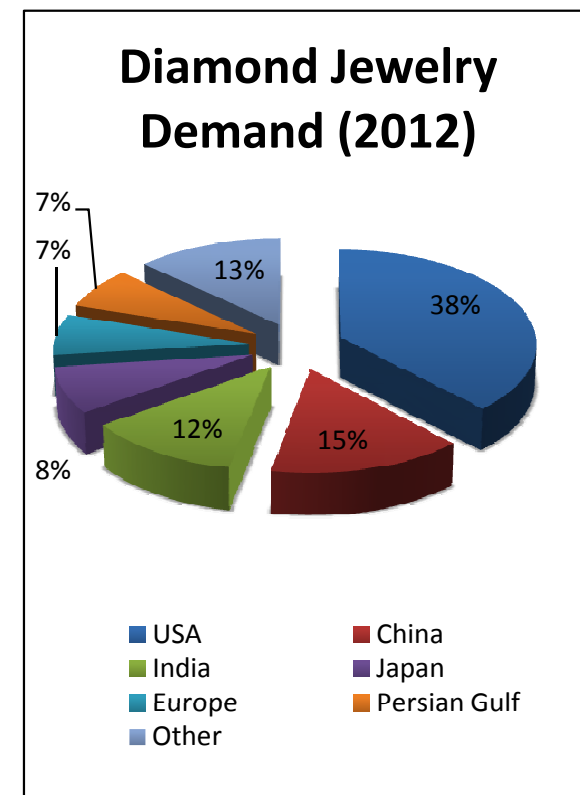
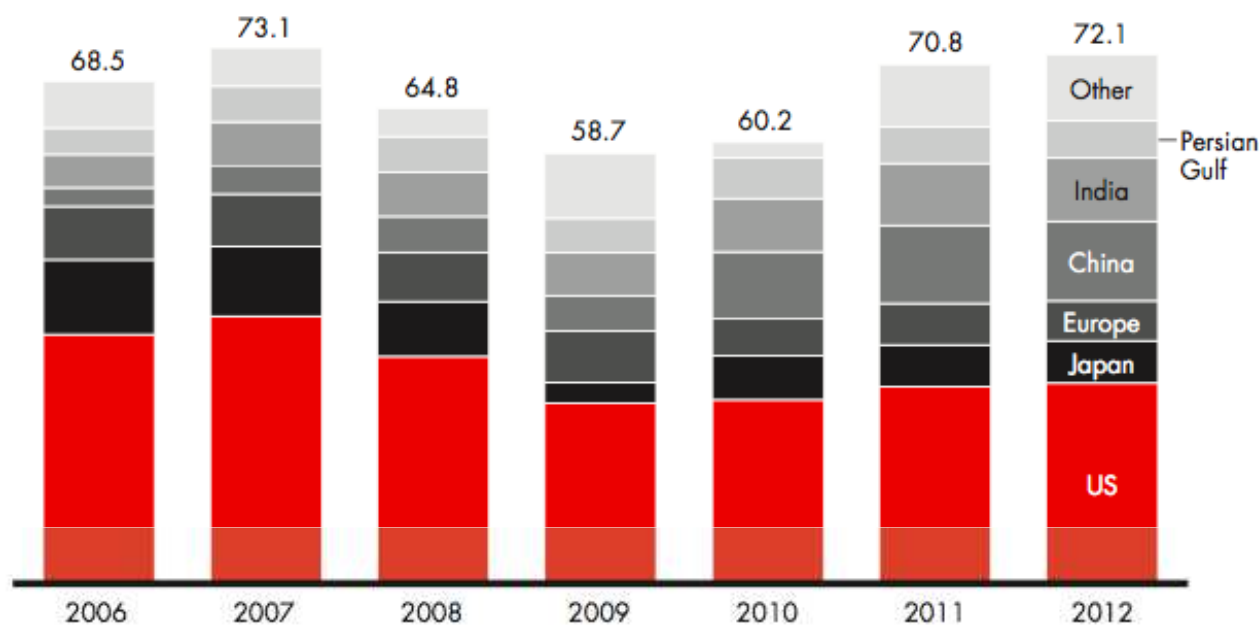


Source: Company plans; expert interviews; publication analysis; Bain analysis
Bain & Company – The Global Diamond Report 2013



Global Diamond Jewelry Market

Global diamond-jewelry market, \$ billions



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

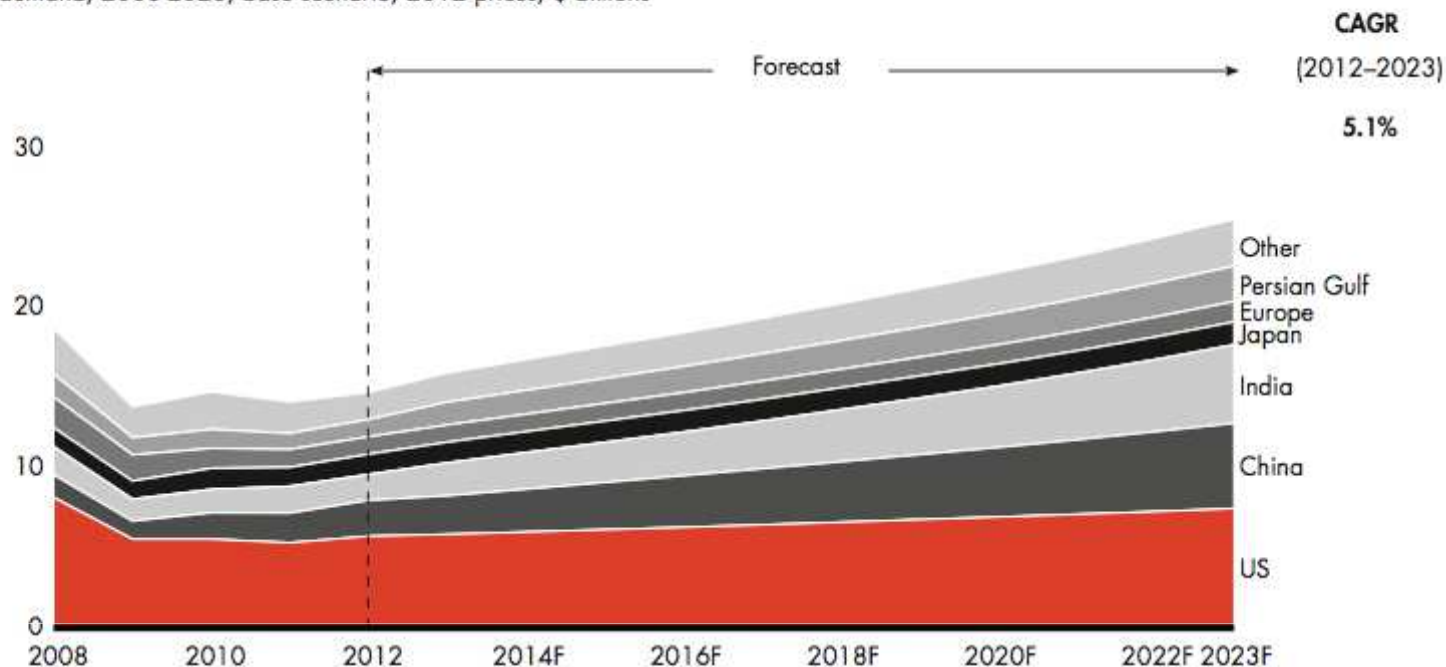
Bain & Company – The Global Diamond Report 2013



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



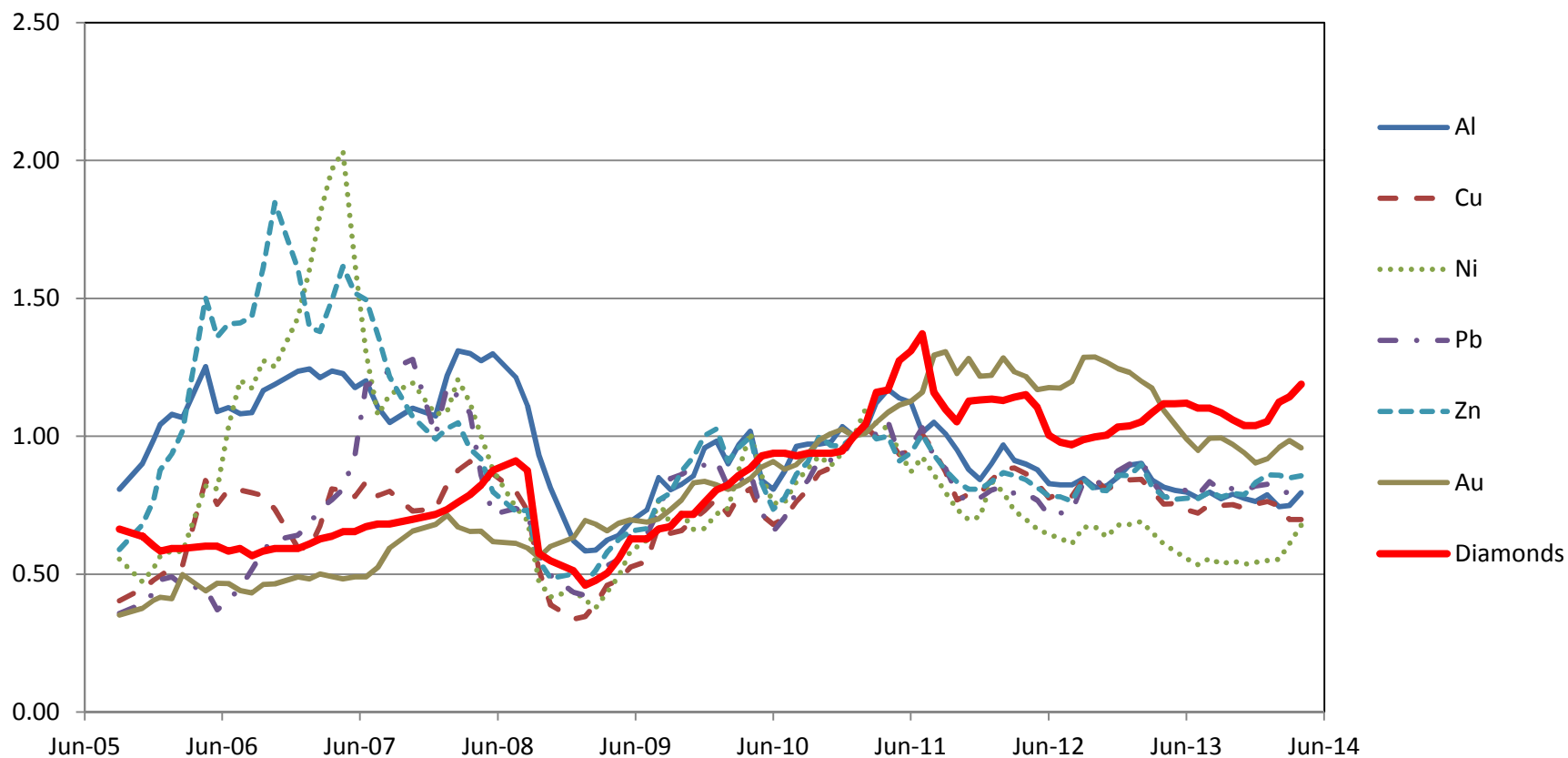
	2008	2010	2012	2014F	2016F	2018F	2020F	2022F	2023F
Total, \$ billions	19	15	15	17	19	20	22	25	26
China and India, %	17	21	26	29	32	35	37	39	40
US, %	44	38	39	36	34	33	31	30	29

Note: Diamond jewelry demand is based on polished-diamond demand and diamond content projections
 Source: IDEX, Tacy Ltd. and Chaim Even-Zohar; publication analysis; Bain analysis
 Bain & Company – The Global Diamond Report 2013



Commodities versus Diamond Performance

Normalized to January 2011



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



Lucara Diamond Corp.

www.lucaradiamond.com

