

LUCARA
DIAMOND

Red Cloud Securities Pre-PDAC Mining Showcase

FEBRUARY 28, 2020



LucaraDiamond.com | LUC.TSX | LUC.XSTO | LUC.BSE

Cautionary Statement

Forward-looking information

Certain of the statements made and contained herein and elsewhere constitute forward-looking statements as defined in applicable securities laws. 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 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, uncertainties and other factors 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. The Company believes that expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be accurate and such forward-looking information included herein should not be unduly relied upon.

In particular, this release may contain forward looking information pertaining to the following: potential to expand the life of mine; updated resource and reserves for the Karowe Mine, including the Underground and the total expected life of mine production; estimates of the Company's production and sales volumes for the Karowe Mine, including the Underground and associated cash flow and revenues; estimates of the economic benefits of the Underground, including the payback period; pre-production capital costs for the Underground and the quantum required, and availability of, external financing; anticipated operating margins for the Underground operations; the ability to integrate the underground operations seamlessly into the existing infrastructure; the anticipated mine plan and mining methods; the schedule of development of the underground, production profile and anticipated changes in diamond pricing, including trends in supplies and demands and the potential for stability in the diamond market and diamond pricing; changes to foreign currency exchange rate; the timing and ability of management to further commercialize the Clara digital sales platform and other forward looking information.

There can be no assurance that such forward looking statements will prove to be accurate, as the Company's results and future events could differ materially from those anticipated in this forward-looking information as a result of those factors discussed in or referred to under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com>, as well as changes in 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), and 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).

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements which 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.

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

Botswana

**KAROWE
DIAMOND MINE** ➔





High operating margin
(>60% LOM)
sustained since production
began in 2012

Consistent recovery of high value
+10.8ct diamonds
with additional realized input from
high value coloured diamonds
(blue, pink)

Total capital investment less than
US\$200 million
US\$271 million
in dividends paid since 2014

Top of Class, only mine in
recorded history to ever recover
**Two +1,000 carat
diamonds**

2.64 million
carats sold
US\$1.49 billion
in revenue in under 7 years

Innovative Design
First diamond mine to use
state of the art XRT
technology for primary
diamond recovery

Historic Diamond Recoveries

Lucara has become renowned as one of the world's foremost producers of large, gem quality diamonds

**Lesedi La
Rona**
1109 carat

Second largest
gem diamond
ever recovered
in the world



Constellation
813 carat

Sold for a record
US\$63.1 million

Lesedi La Rona & Constellation



The 1,109 carat Lesedi La Rona was recovered in 2015 and purchased by Graff in 2017 for US\$53 million resulting in the 302.37 carat Graff Lesedi La Rona



Graded by the GIA, one of the world's largest square emerald cut diamond; 66 satellite diamonds were also cut ranging from <1 carat to >26 carats



The 813 carat Constellation was recovered in 2015 and purchased for US\$63 million, the highest price ever achieved for the sale of a rough diamond



The resulting 313 carat Constellation One is the largest D coloured emerald cut diamond in the world today and is the largest ever graded by the GIA; 7 satellite diamonds were also cut with the largest being 102 carats



2019 Highlights

(All currency figures in U.S. Dollars, unless otherwise stated)

Karowe Diamond Mine (100%)

Strong, stable operations; met or exceeded guidance on all physical and financial metrics

First Place Winner –Botswana Chamber of Mines Inter-Mines First Aid Competition

Revenue of \$192.5 million (including Clara) vs. 2018 revenue of \$176.2 million

Operating costs of \$31.88 per tonne of ore processed; Operating Margin ~60%

1,758 carat diamond recovered; largest ever in Botswana

241 carat stone sold for \$8.1 million; 127 carat stone sold for \$5.14 million; 165 carat sold for \$3.97 million

Positive Underground Feasibility Study; Doubles the mine life

Clara Diamond Solutions (100%)

Fifteen sales completed for proceeds of ~\$8 million

20th sale ongoing

Sales frequency and value increasing; Doubled number of sales and total value transacted in H2

Customer base grew from 4 to 27 participants; Now 32 participants on the platform



549 ct

Strong Balance Sheet & Dividend Policy Change

\$22.4 million in dividends paid

Decision to suspend quarterly dividend to focus on early works for underground development

Cash and cash equivalents of \$11.2 million

No long-term debt; \$50 million credit facility undrawn

Market Cap ~C\$330 million

Sewelô Collaboration with Louis Vuitton

Botswana's Largest Diamond

Sewelô “rare find”, an unbroken 1,758 carat near gem quality diamond recovered in April 2019

Collaboration between Lucara (50%), Louis Vuitton (25%), HB Company (25%) – planning, cutting and polishing a collection of diamonds from Sewelô

Lucara to receive an upfront non-material payment from the JV partners; LUC to participate in 50% of the proceeds of the polished diamonds that result

5% of all the retail sales proceeds from the historic jewellery collection will be invested back into Botswana community-based initiatives



Record Recoveries

549 carat diamond recovered

Recovered **unbroken** from the MDR (Mega Diamond Recovery) XRT circuit

A diamond of **exceptional purity**

Recovered from direct milling ore sourced from the **EM/PK(S) unit of the South Lobe**

Follows the recent recovery of a **gem quality 176 carat** stone from the same ore block

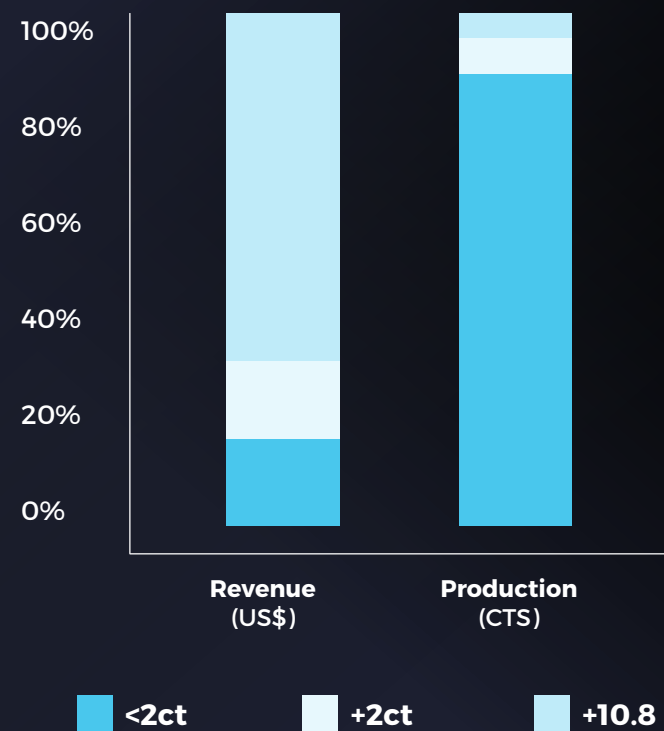
EM/PK(S) unit **continues to produce large gem quality diamonds**; Important economic driver for the Karowe Underground



Consistent Recovery of Large Diamonds

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

Revenue and production includes 2015 to 2019

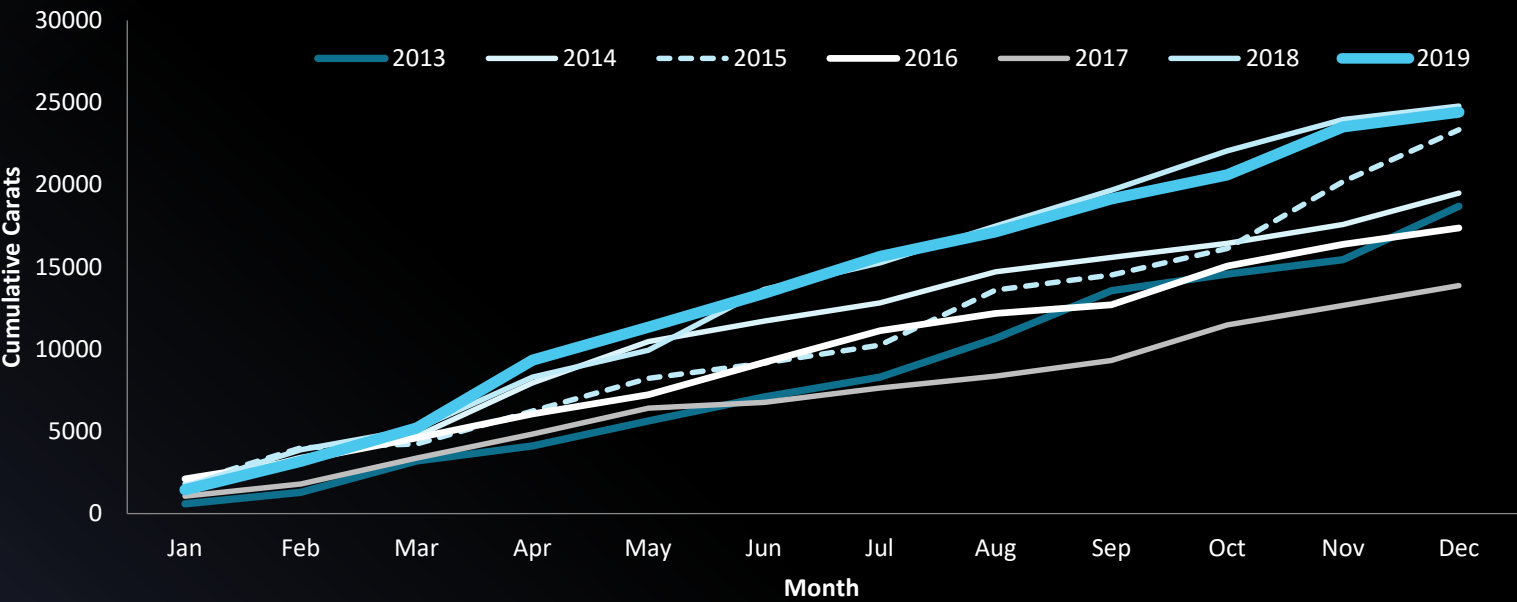


Life of mine recovery of 157,000 carats of individual stones > 10.8ct (over 5,400 diamonds; all sources)

Since 2012: 15 diamonds in excess of 300 carats have been recovered, including 2 diamonds > 1,000ct

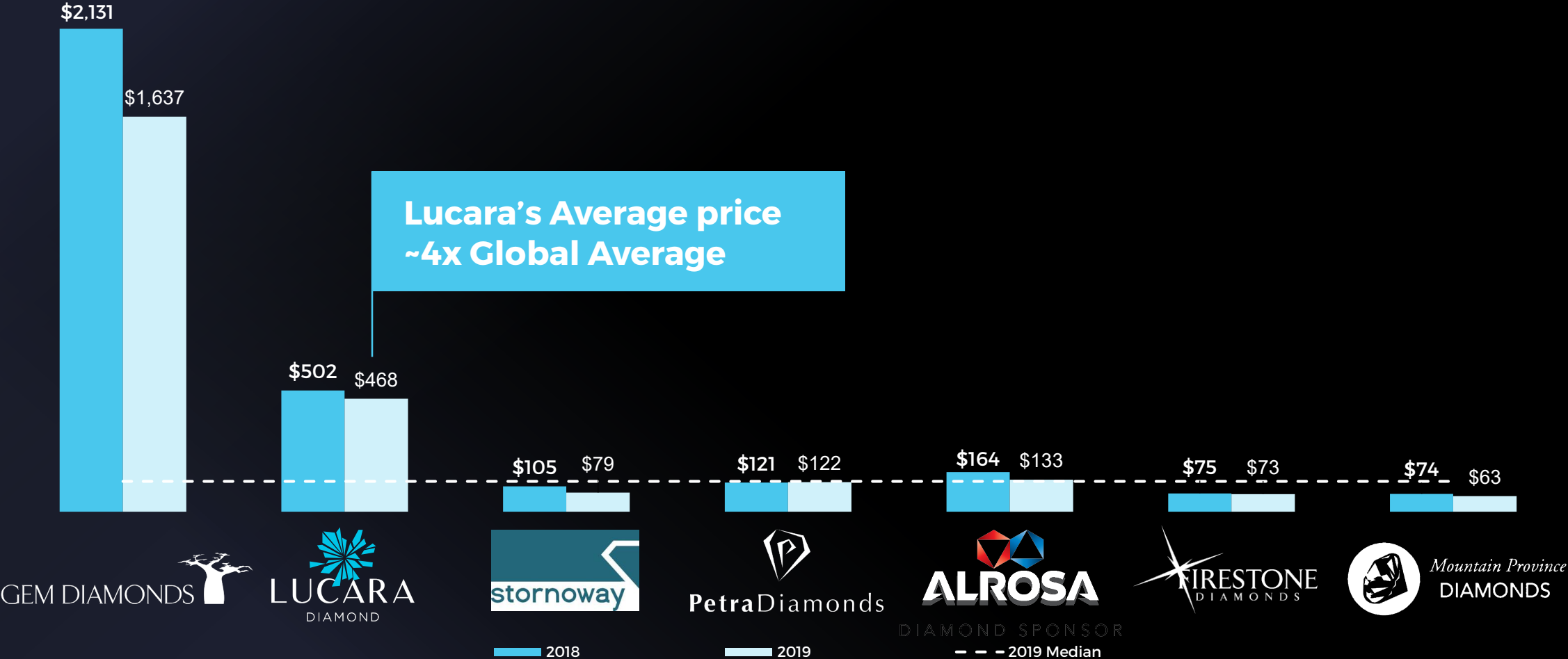
10 diamonds sold for > US\$ 10 million each (not included in resource value models)

Karowe Cumulative Specials (carats)



Global Achieved Average Diamond Prices 2018/2019

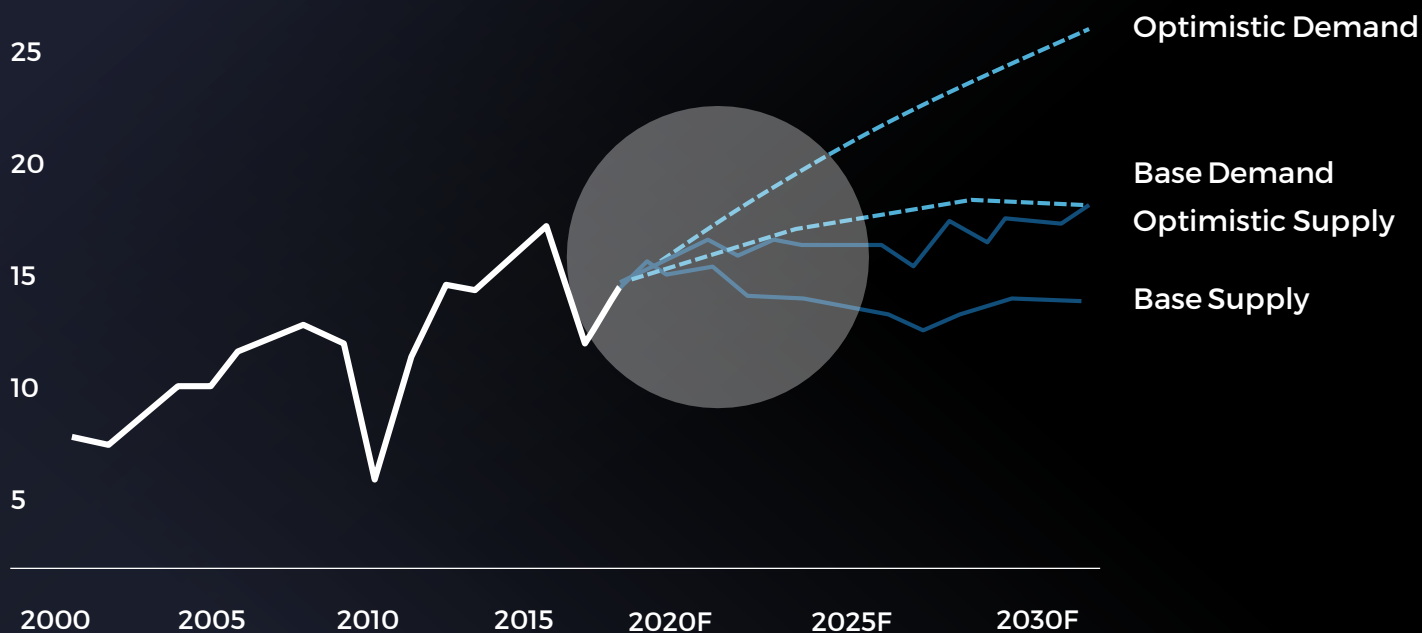
(All figures in U.S. Dollars per carat)



Diamond Market

Long term fundamentals strong but pricing environment has been challenged; Evidence of market stability

Rough diamond supply and demand



2000-2030: 2019 prices, constant exchange rates, optimistic and base scenarios

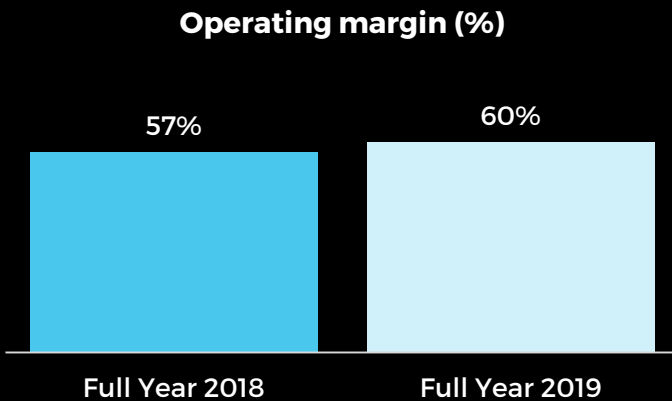
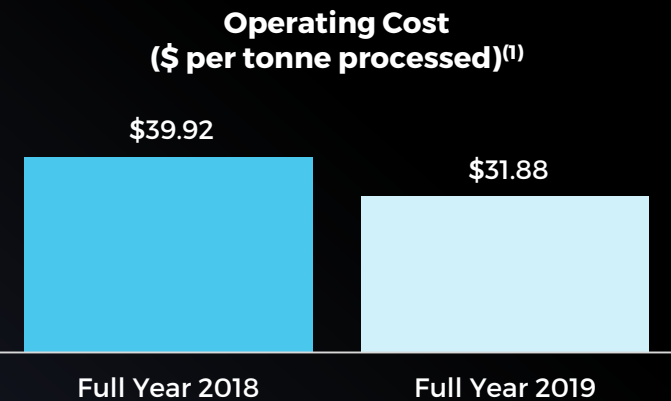
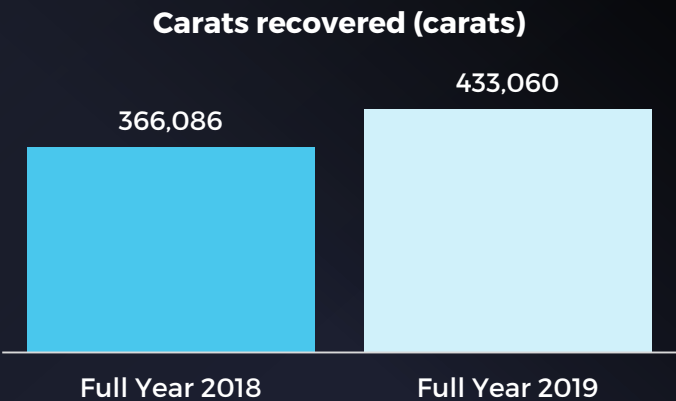
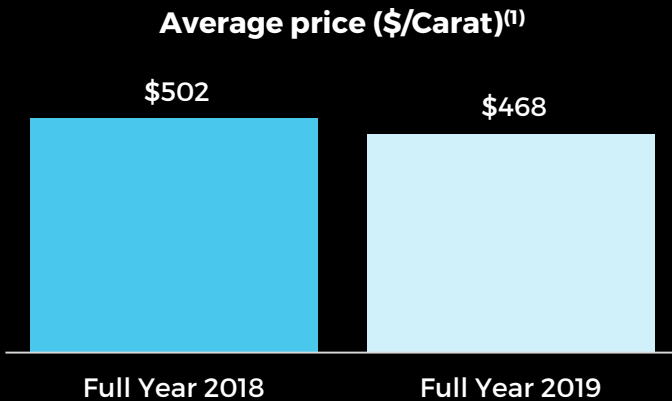
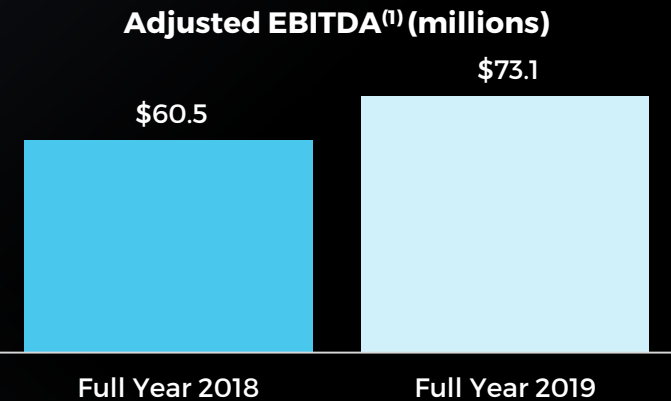
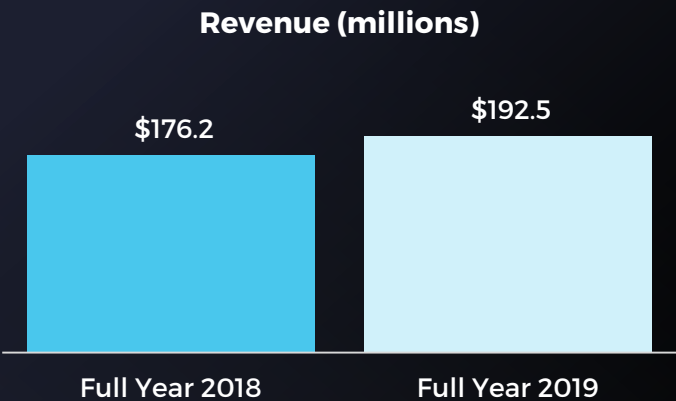
Note: Rough-diamond demand has been converted from polished-diamond demand using a historical ratio of rough to polished diamond values. Source: Bain & Company - Global Diamond Report 2018



Millennials will be the highest-spending generation from 2020 and the leaders in luxury spending, especially in China

2019 Financial & Operational Highlights

Full Year ending December 31, 2019
(All currency figures in U.S. Dollars)



⁽¹⁾ Non-IFRS measure

2020 Outlook

(All currency figures in U.S. Dollars)



\$180 – \$210 million

Diamond Revenue

350,000 – 390,000

Diamond Sales (Carats)

370,000 – 410,000

Diamonds Recovered (Carats)



3.5 – 3.9 Million

Ore Tonnes Mined

2.5 – 2.8 million

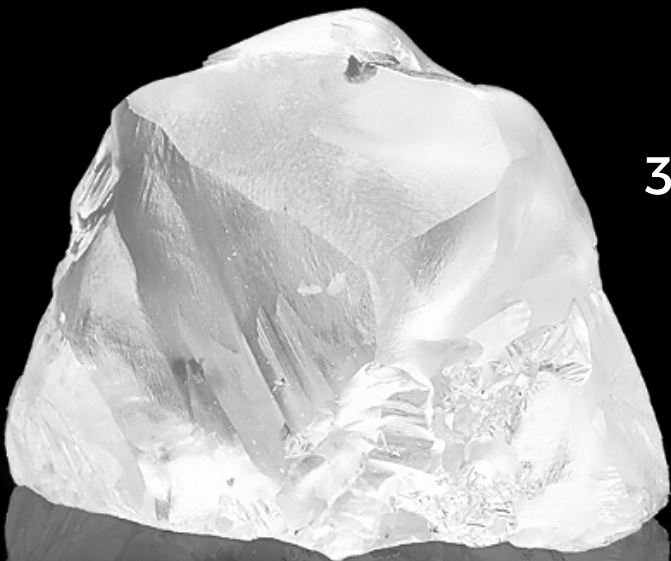
Ore Tonnes Processed

3.6 – 4.2 million

Waste Tonnes Mined

**\$32 – \$36 per tonne
of ore processed**

Operating Cash Cost



342 ct

Karowe Underground

Extending Mine-life to 2040

Doubles mine life from original 2010 Feasibility Study

Capex US \$514 M; Payback 2.8 yrs

Adds ~ US\$4 billion in additional net revenue

NPV \$1,266 million/\$718 million (pre/post tax@ 5%)

\$2.2 billion / \$1.2 billion Cash Flow (pre/post tax)

+US\$200 million in revenue from **'exceptional' diamonds not included in economic analysis**: Potential for + US\$500 million in additional revenue over proposed new LOM



Underground Mine Design

Long hole shrinkage

Trade off assessed block cave, sub level cave, and assisted block cave

Geotechnical testing results did not support caving or caving with preconditioning

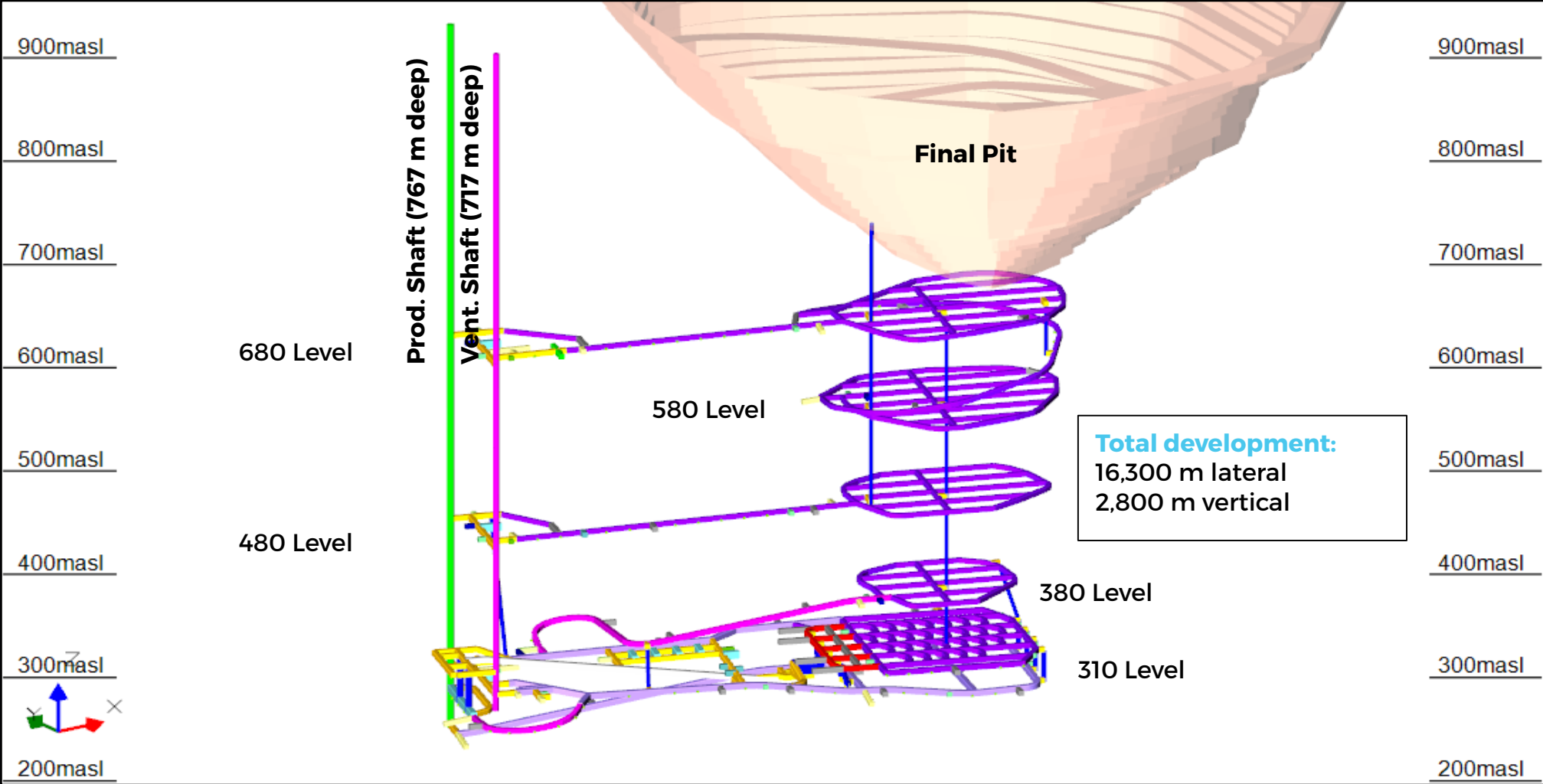
Higher value ore lies deeper and is attributable to the higher grade and value unit EM/PK(S)

Long Hole Shrinkage (LHS) is planned to systematically drill and blast the entire South Lobe on a vertical retreat basis

Mucking of swell and ultimate pull down of broken muck will take place from an extraction level at the 310 Level (310masl)

Capacity	2.6 mtpa from UG mining
Life	13-year UG production
	5.5-years pre-production
UG Ore Tonnes	33.5 million tonnes
UG Carats	5.1 million carats
	US\$725/carat
	392,000 carats/year UG LOM
UG Mine Extent	700 masl to 310 masl

Karowe Underground Mine Design





Karowe Underground Next Steps

Based on the assumptions used for this evaluation, the project shows

positive economics

and should proceed to detailed engineering, financing and construction

In the first half of 2020

the Company will focus on detailed engineering, early procurement initiatives

The Company will also be **reviewing financing options**

and will update the market when such decisions are reached

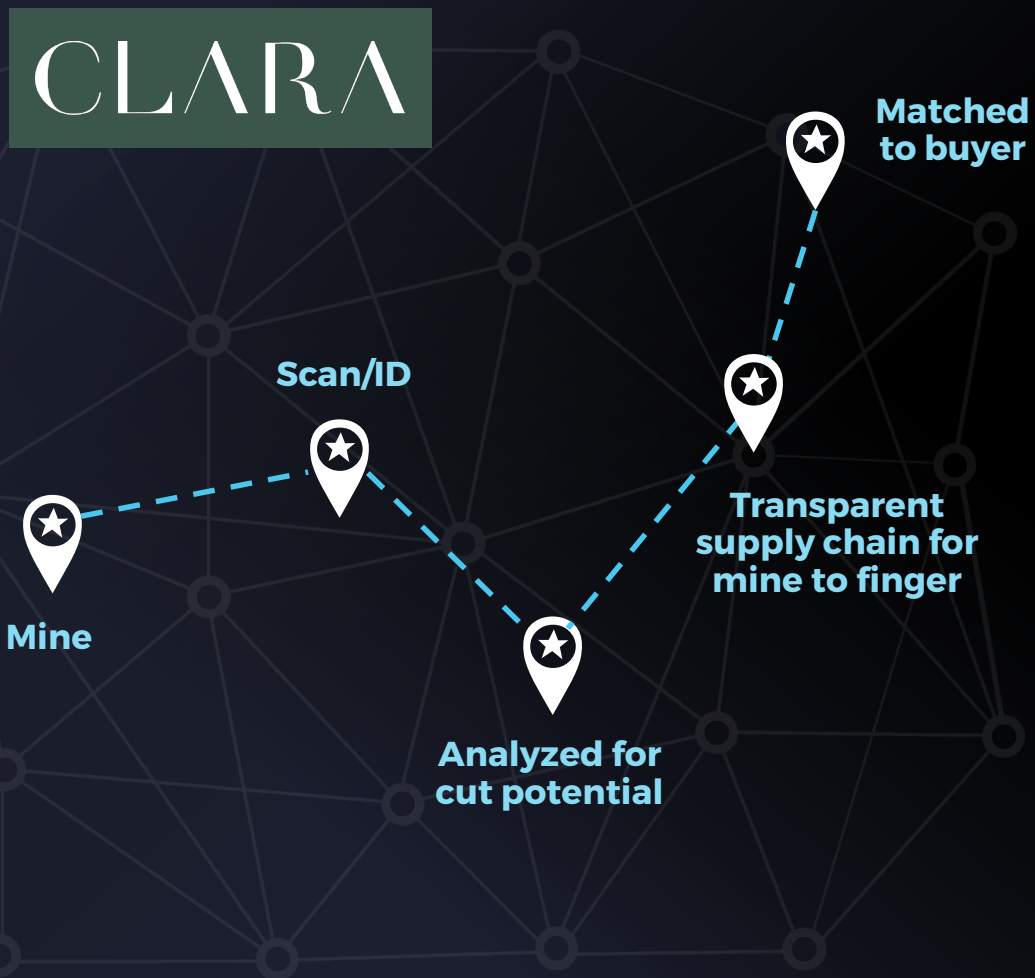
The anticipated capital requirements in 2020 represent

less than 10%

of the initial capex estimate for the underground project. The Company anticipates funding initial expenses from cash flow, as financing options are explored.

Transforming the Diamond Sales Process

Using Innovation and Technology



Opportunity to disrupt the existing supply chain, driving efficiencies and unlocking value



Rough diamonds are sold stone by stone based on polished demand



Diamond provenance is assured



Exclusive collaboration with Sarine Technologies fundamental to the platform

Clara

Clara sales platform

19 sales completed
with **~US\$11 million**
of diamonds sold by value
through the platform

20th
sale ongoing

Frequency of sales and
number of participants
increasing

Manufacturers on
the platform have grown
from **4 to 32 customers**

Focus on growing supply and demand concurrently through
adding third-party production to
the platform and increasing the
number of manufacturers/buyers
invited to join

Discussions are underway
to **add third party supply**
to the platform

The CLARA logo is displayed in white serif font within a dark green rectangular box. The background of the slide features a close-up of a hand holding a large, clear diamond, with a white circle containing a downward-pointing triangle overlaid on the diamond.

**Nineteen sales between
December 2018 and February 2020**
POSITIVE RESULTS

**~US\$11 million diamonds
sold by value**

between one and ten carats in size,
in better colours and qualities

Sustainability

Mokubilo Farm Initiative
Community focused initiative
to generate, broad based
sustainable income

Lucara’s Sustainability Report is prepared
in accordance with the GRI Standards:
Core option, and selected G4 Mining
and Metals Sector Disclosures

In 2018, Lucara became a UN GC participant
and contributes to 10 of the 17 UN SDGs

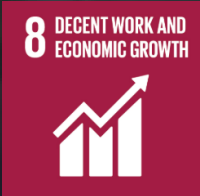
Lucara is certified by the Responsible
Jewellery Council (RJC), compliant with
Kimberley Process, and a member of
Diamond Producers Association (DPA)



SUSTAINABLE DEVELOPMENT

GOALS

17 GOALS TO TRANSFORM OUR WORLD



Conclusions

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 mineable reserves to 2026, Underground reserves will double the mine life to 2040



Asset diversification and additional revenue stream through Clara



813 ct



LUCARA
DIAMOND

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