

LUCARA
DIAMOND

BMO Global Metals & Mining Conference

FEBRUARY 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 (100%)**





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)

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

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

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

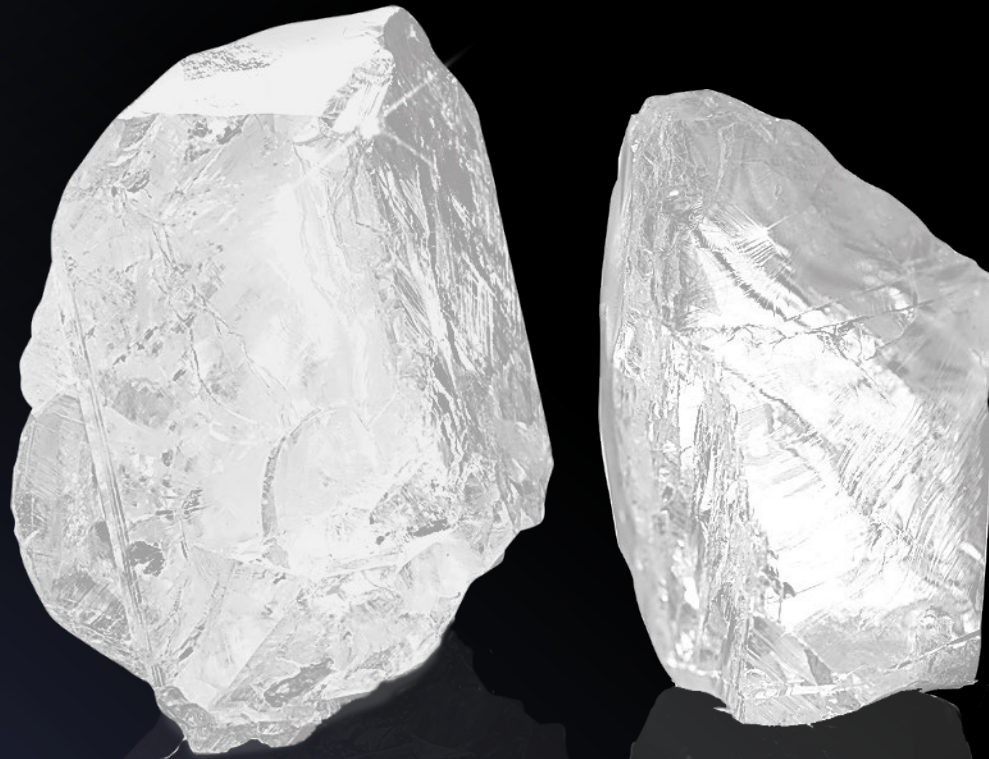


Historic Diamond Recoveries

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 for consecutive quarters in 2019

Very strong safety record; First Place Winner –Botswana Chamber of Mines Inter-Mines First Aid Competition

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

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

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; Doubling 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

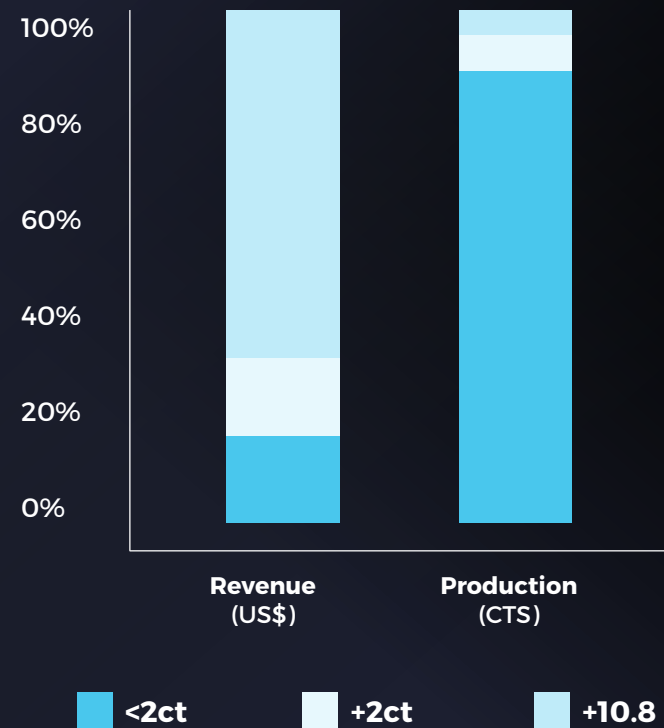
No long-term debt; \$50 million credit facility undrawn

Market Cap ~C\$330 million

Consistent Recovery of Large Diamonds

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

Revenue and production includes 2015 to 2019

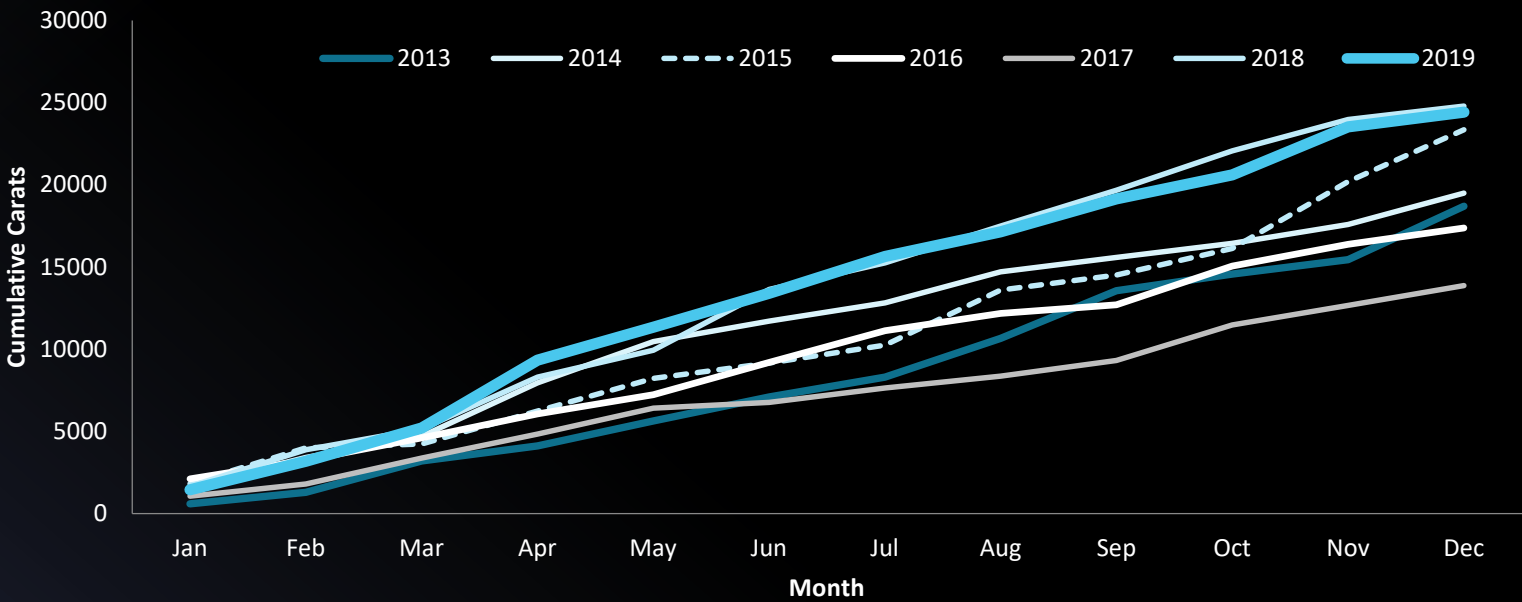


Life of mine recovery of 157,000 carats of individual stones > 10.8ct (over 5,400 diamonds; all sources)

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

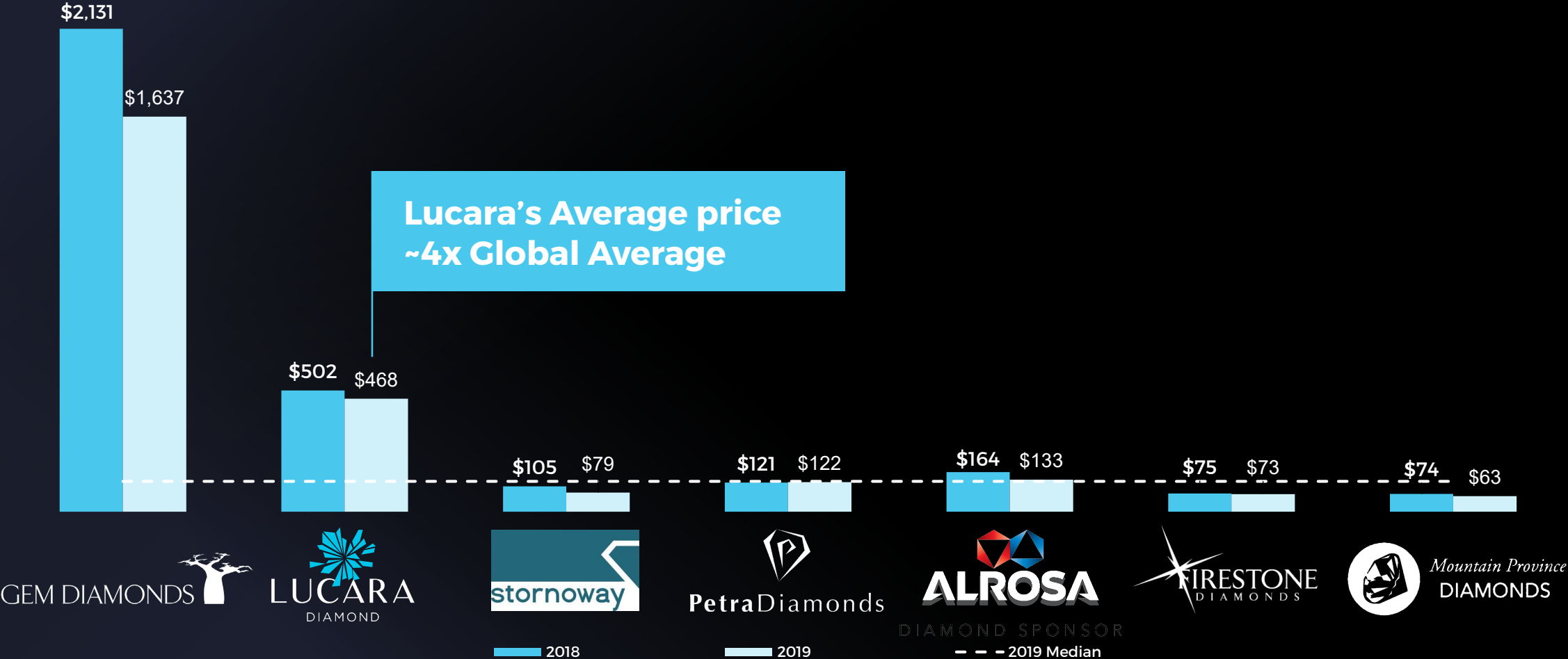
10 diamonds sold for > US\$ 10 million each (not included in resource value models)

Karowe Cumulative Specials (carats)



Global Achieved Average Diamond Prices 2018/2019

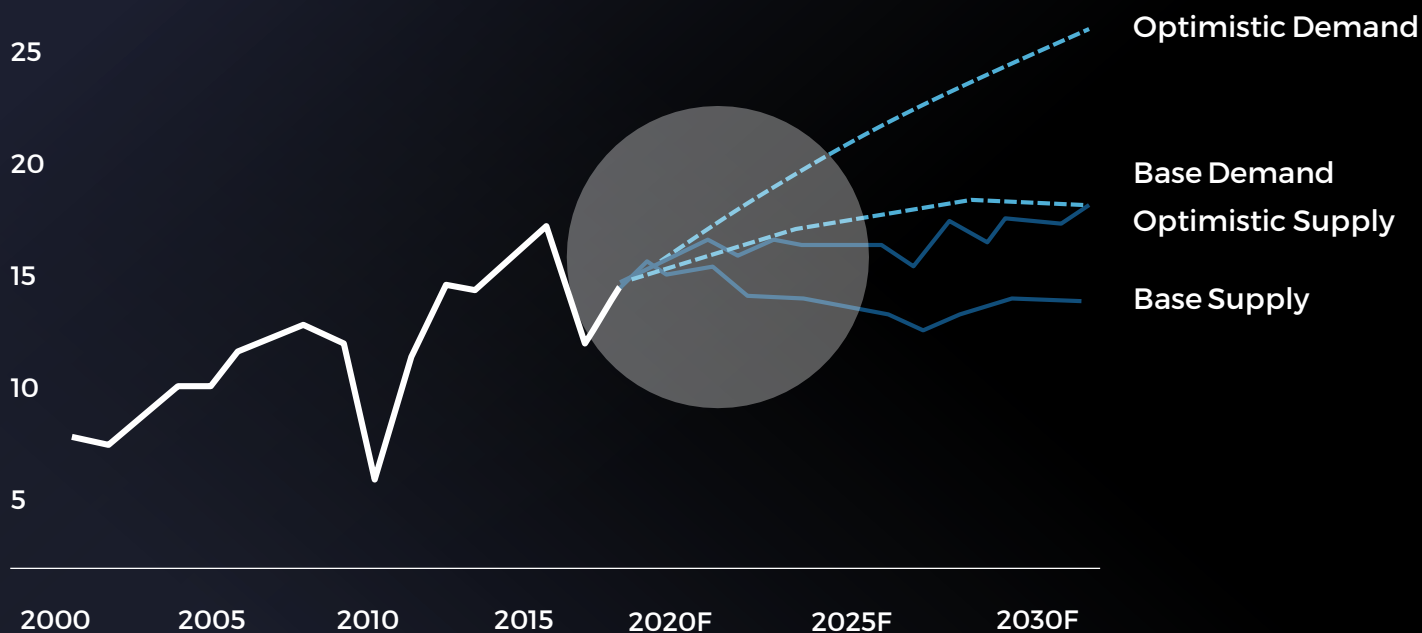
(All figures in U.S. Dollars per carat)



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

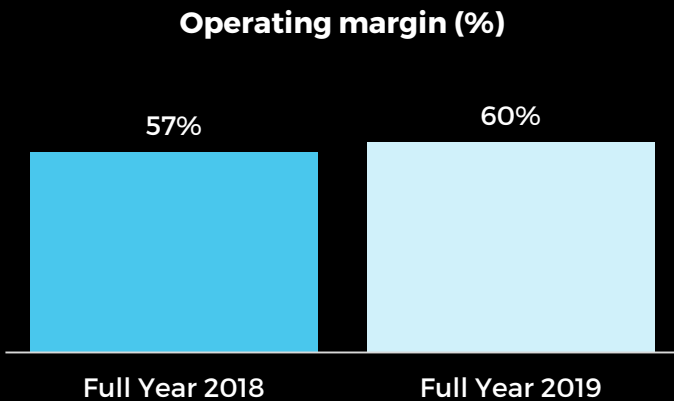
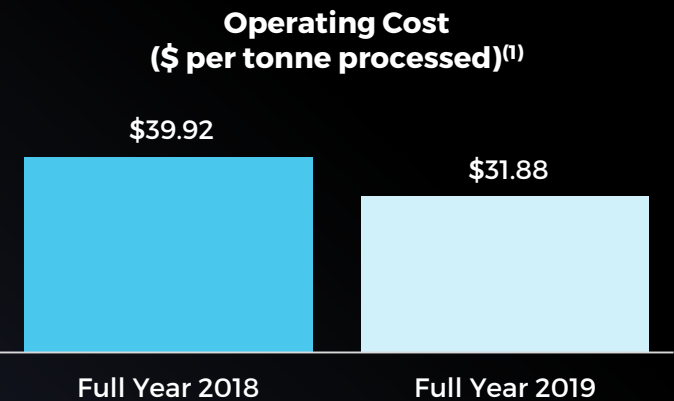
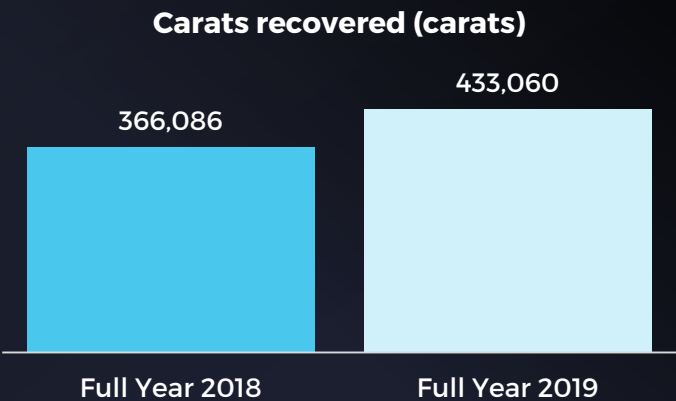
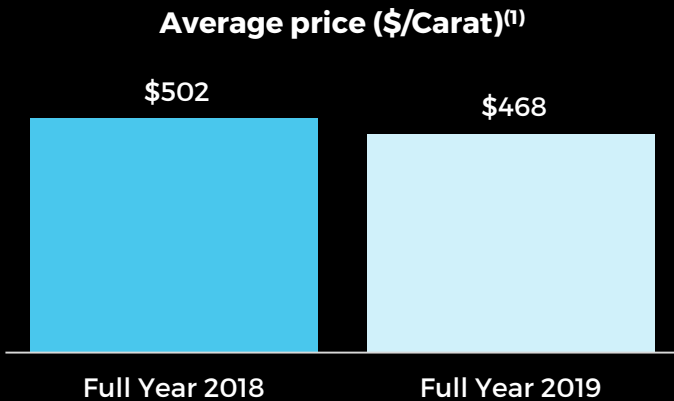
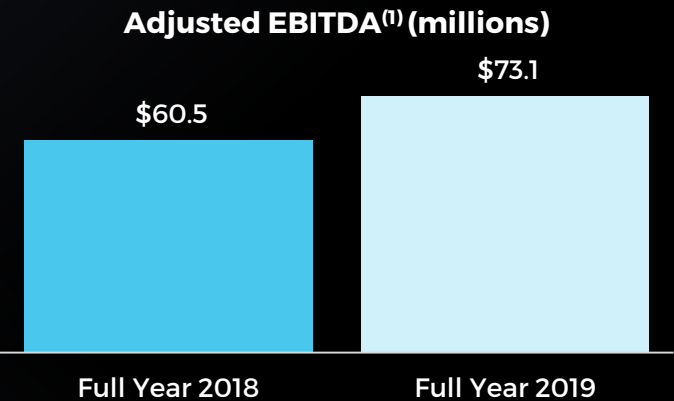
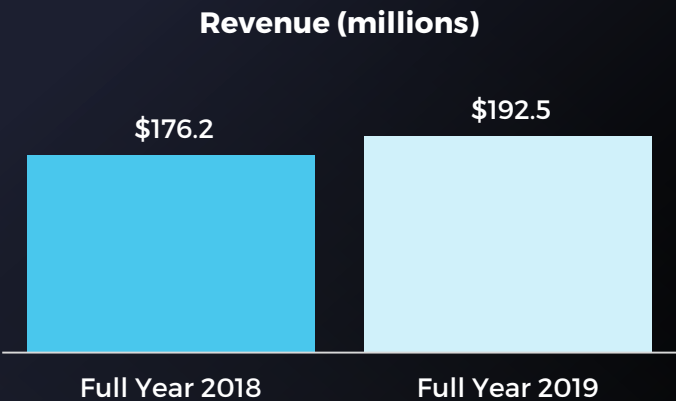
Note: Rough-diamond demand has been converted from polished-diamond demand using a historical ratio of rough to polished diamond values Source: Bain & Company - Global Diamond Report 2018



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

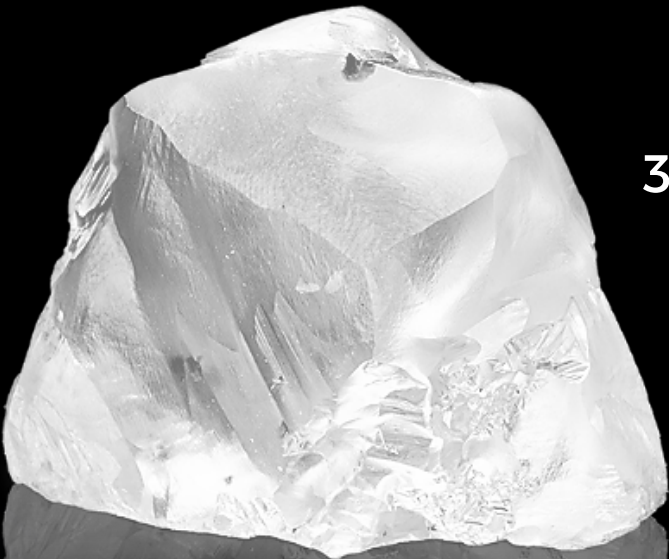
Ore Tonnes Processed

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

UG development will **double the mine life** from original 2010 Feasibility Study

Resource work completed since November 2017 identified a much **larger economic opportunity at depth**, on the basis of new drilling and open pit recoveries

UG would add ~ **US\$4 billion in additional net revenue**

+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 Feasibility Key Findings

(All currency figures in U.S. Dollars)

Updated geological resource confirms increasing value with depth

Underground NI 43-101 Indicated resources of 35 million tonnes @ 15 cpht for 5.1 million carats

100% South Lobe Ore – EMPK(S) unit dominant

Diamond price of \$725/carats (no escalation)

\$3.7 billion in net revenue

\$514 million Pre-Production Capital

Long hole shrinkage selected as underground mining method (700-310 masl)

Provides access to higher value ore early

Payback period in granites lowers risk; 2.8 Year payback

Maintains current production rate of 7,200 tpd 2.6 Mt/annum



342 ct

Strong Economics on both stand alone UG and OP+UG scenarios OP &UG Combined:

NPV \$945 million/\$536 million (Pre/Post Tax @ 8%)

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

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

High Margin Operation; Carat Margin \$522



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

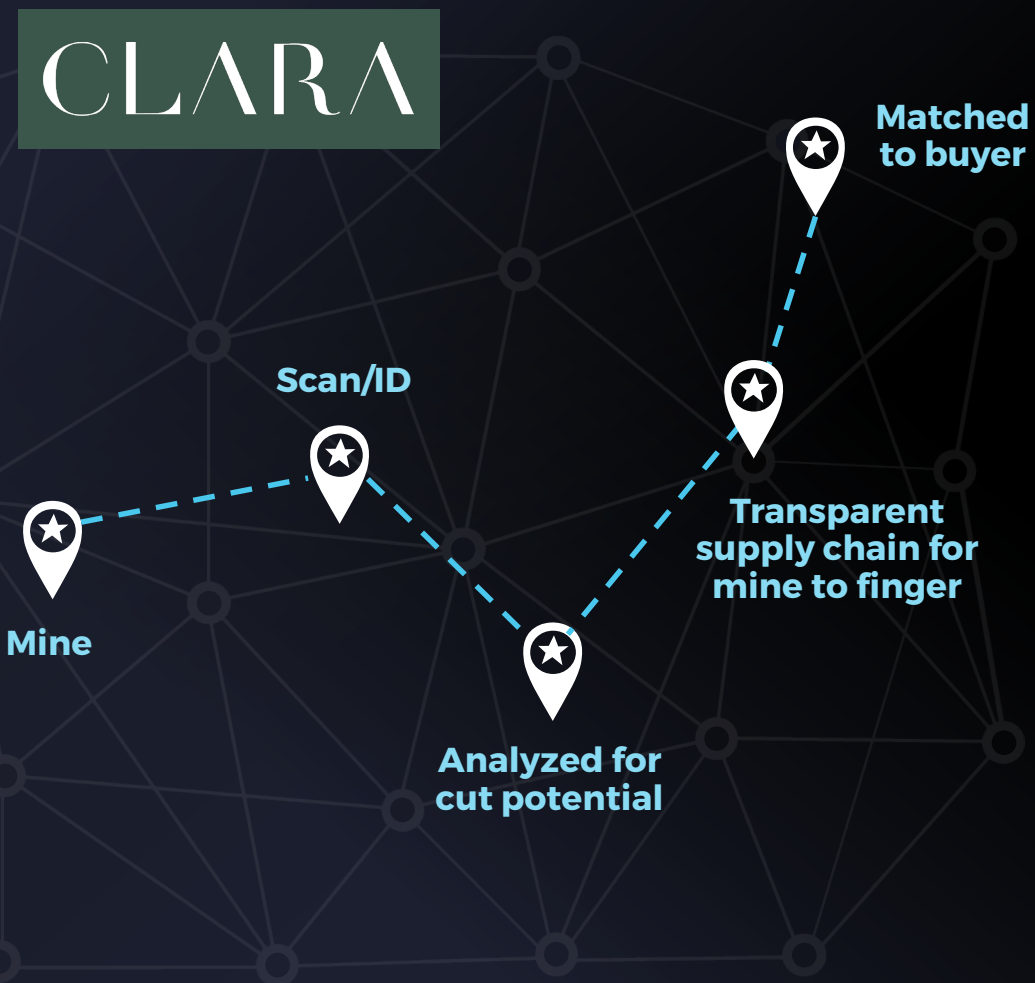
The anticipated capital requirements in 2020 represent

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 small 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

1 NO POVERTY

2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

5 GENDER EQUALITY

6 CLEAN WATER AND SANITATION

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

17 PARTNERSHIPS FOR THE GOALS

Total Clarity

The facts on modern diamond mining

Total Clarity Report by Trucost

examined 150 metrics across the DPA members which comprise approximately 75% of the world's diamond production with global operations including Botswana, Russia, South Africa, Lesotho, Australia, Zimbabwe and Tanzania.

Trucost
ESG Analysis
S&P Global



THE REPORT FOUND THAT
DPA MEMBERS CREATE
US\$16 billion
IN NET SOCIOECONOMIC AND
ENVIROMENTAL BENEFITS

60%
THE ESTIMATED CO2
ASSOCIATED WITH LABORATORY
GROWN DIAMONDS IN NEARLY

OF THE
US\$16 BILLION
NET BENEFIT
FLOWS BACK
INTO LOCAL
COMMUNITIES

**3x
greater**
THAN DIAMONDS
RECOVERED BY DPA
MEMEBERS IN 2016

VIEW THE FULL REPORT AT [TOTAL-CLARITY.COM](https://total-clarity.com)

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

Appendix

Operational Metrics



Diamond Sales Highlights 2019

(All currency figures in U.S. Dollars)

Total proceeds of \$192.5 million (including Clara);
Strong December tender; Higher carat recovery yoy

Average Price \$468/carat

30 diamonds which sold for > \$1 million, including
7 for > \$3 million

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

2019 is the first full year for Blended Tenders resulting
in a smoother revenue profile & decreased time to market
for high value diamonds

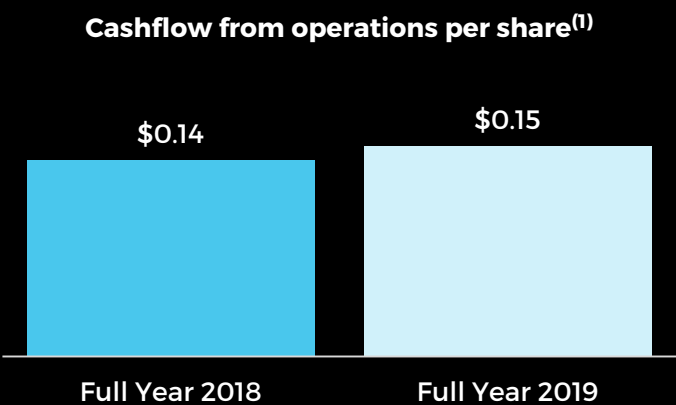
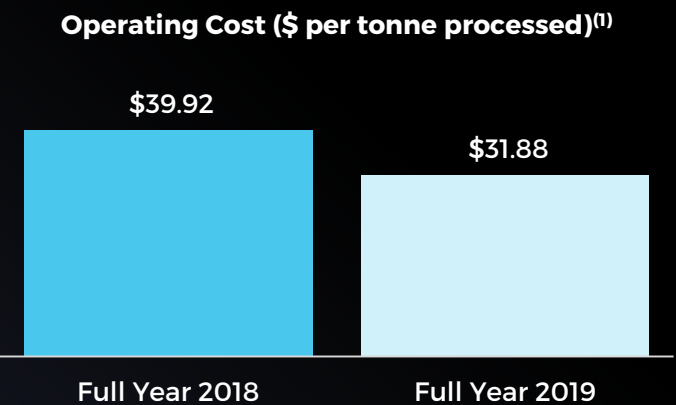
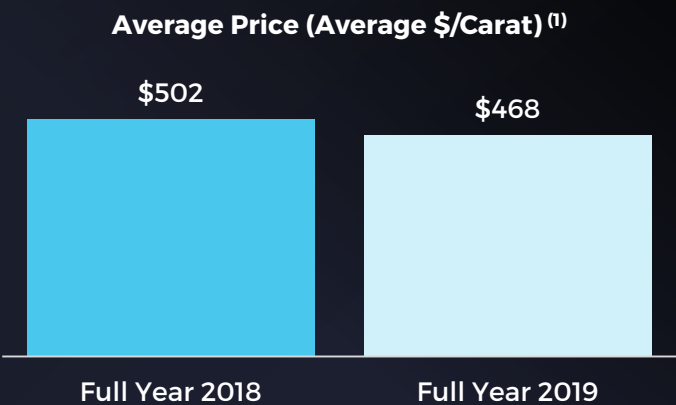
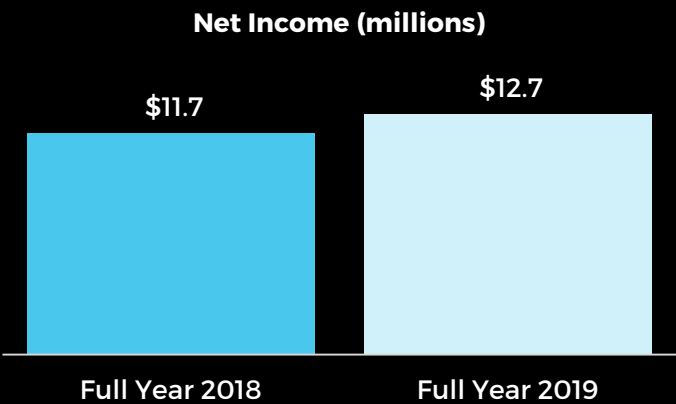
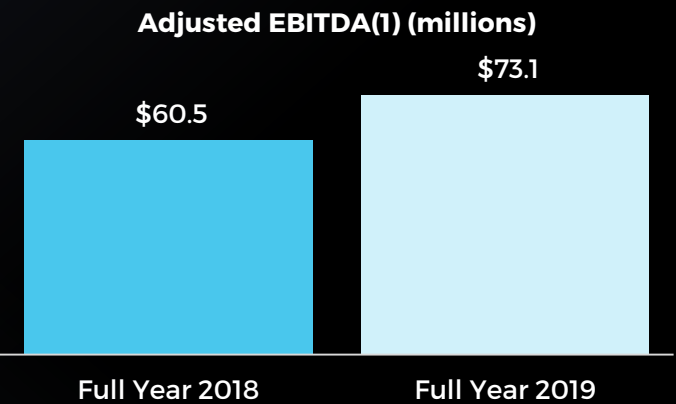
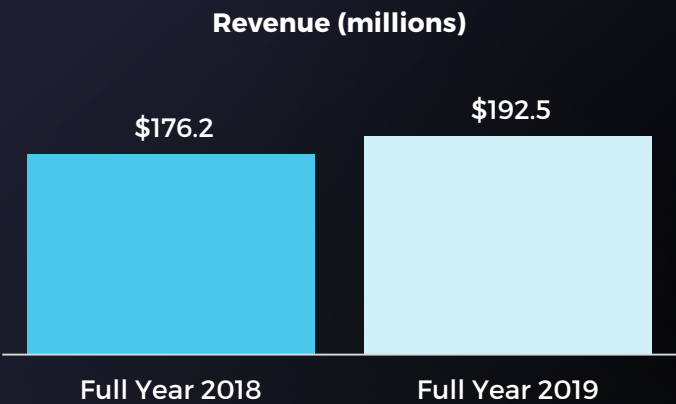
786 Specials recovered, representing 6.1% weight
percentage of total recovered direct milling carats
including the 1,758 carat Sewelô, the largest stone
recovered in the Karowe's history

31 stones > 100 carats



2019 Financial Highlights

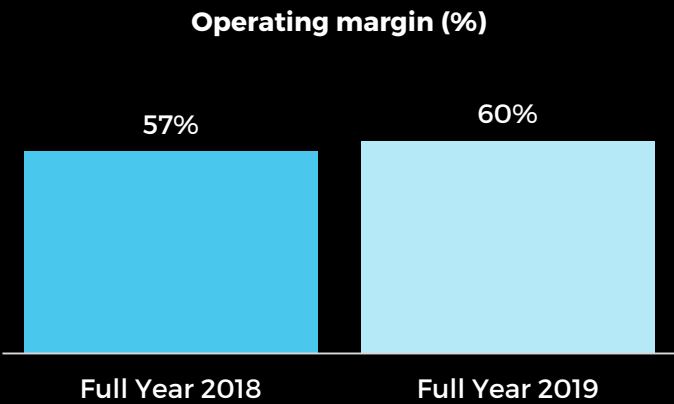
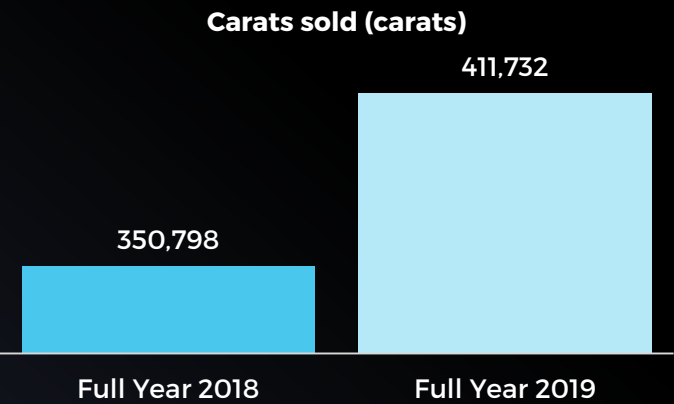
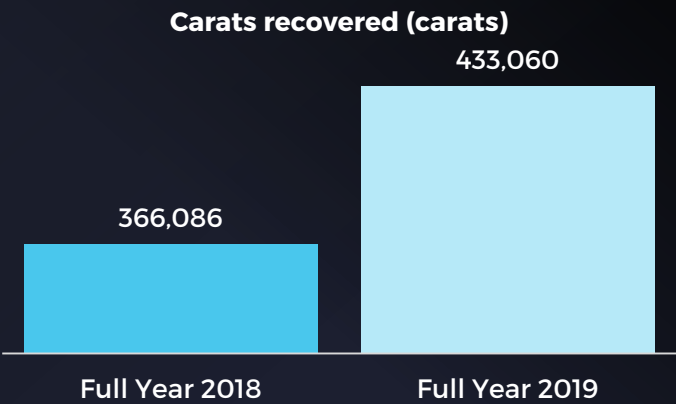
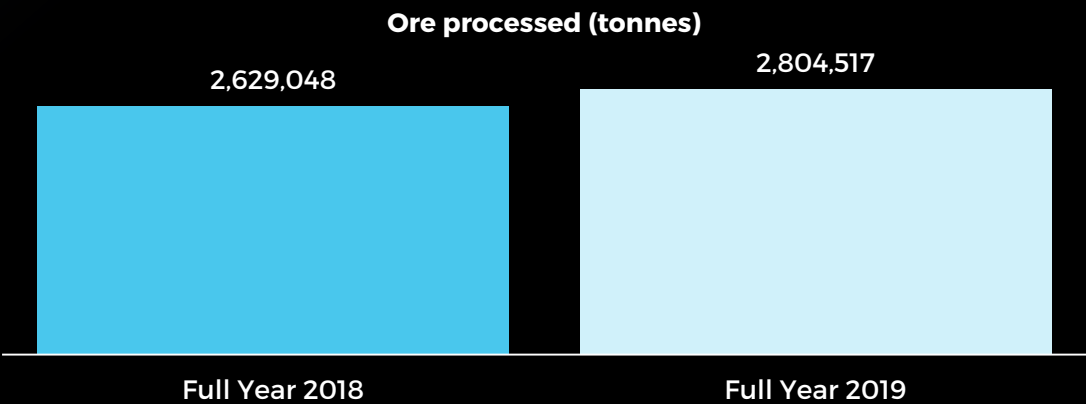
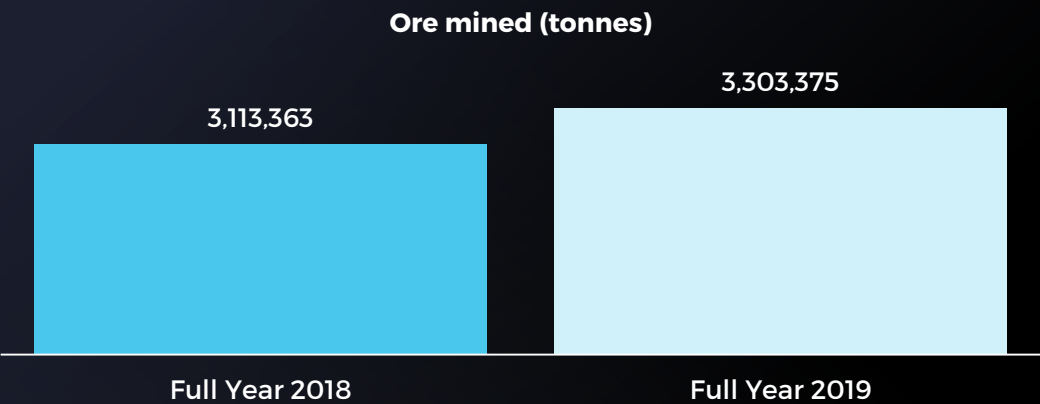
Full Year ending December 31, 2019
(All currency figures in U.S. Dollars)



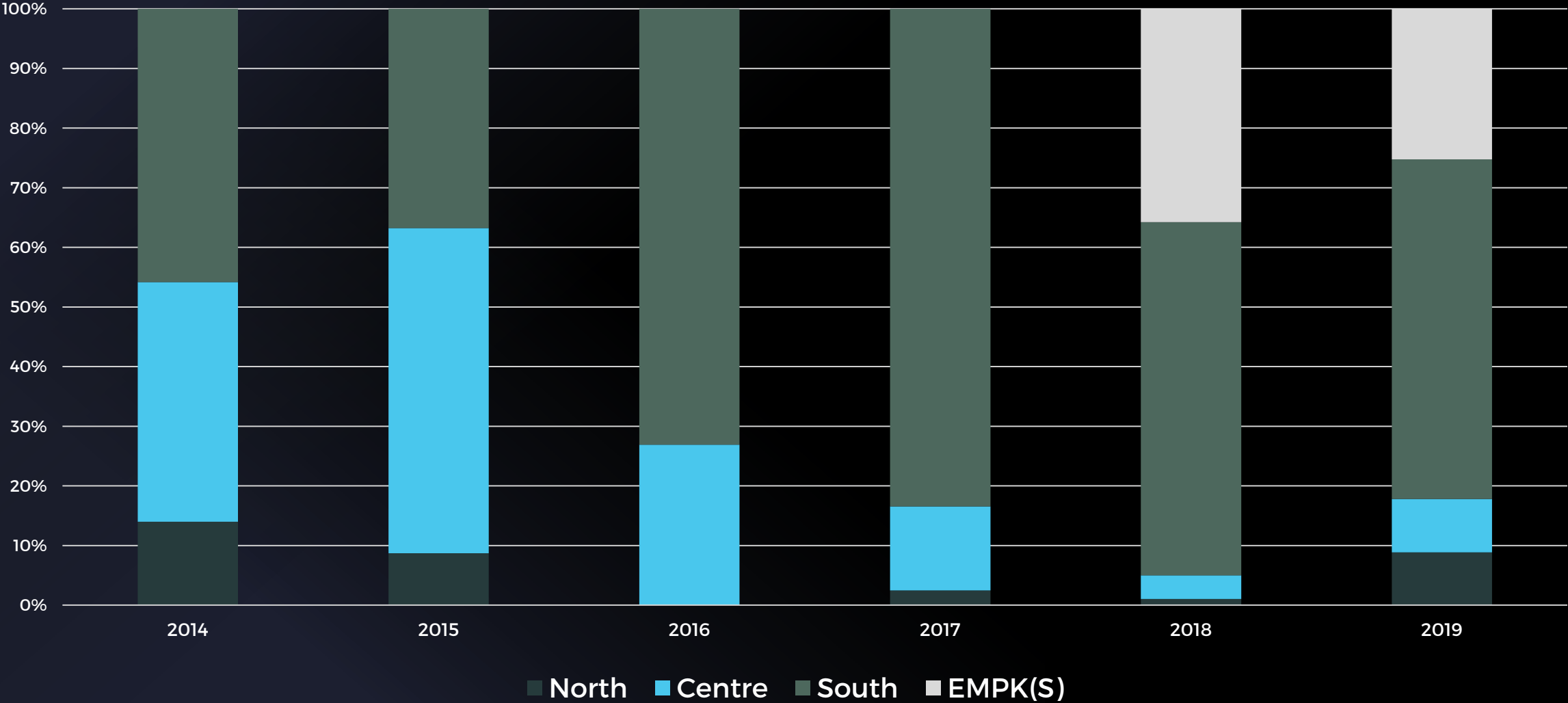
(1) Non-IFRS measure

2019 Operational Highlights

Full Year ending December 31, 2019



Karowe Carat Production by Source 2014 - 2019



Appendix

Karowe Mineral Resource Update



Mineral Resource Update 2019

An update to the mineral resource and geological model increased the extent of the Indicated resource of the high value South Lobe between 400 and 250 masl and increased the depth of South Lobe Inferred to 66masl (previously 250masl)

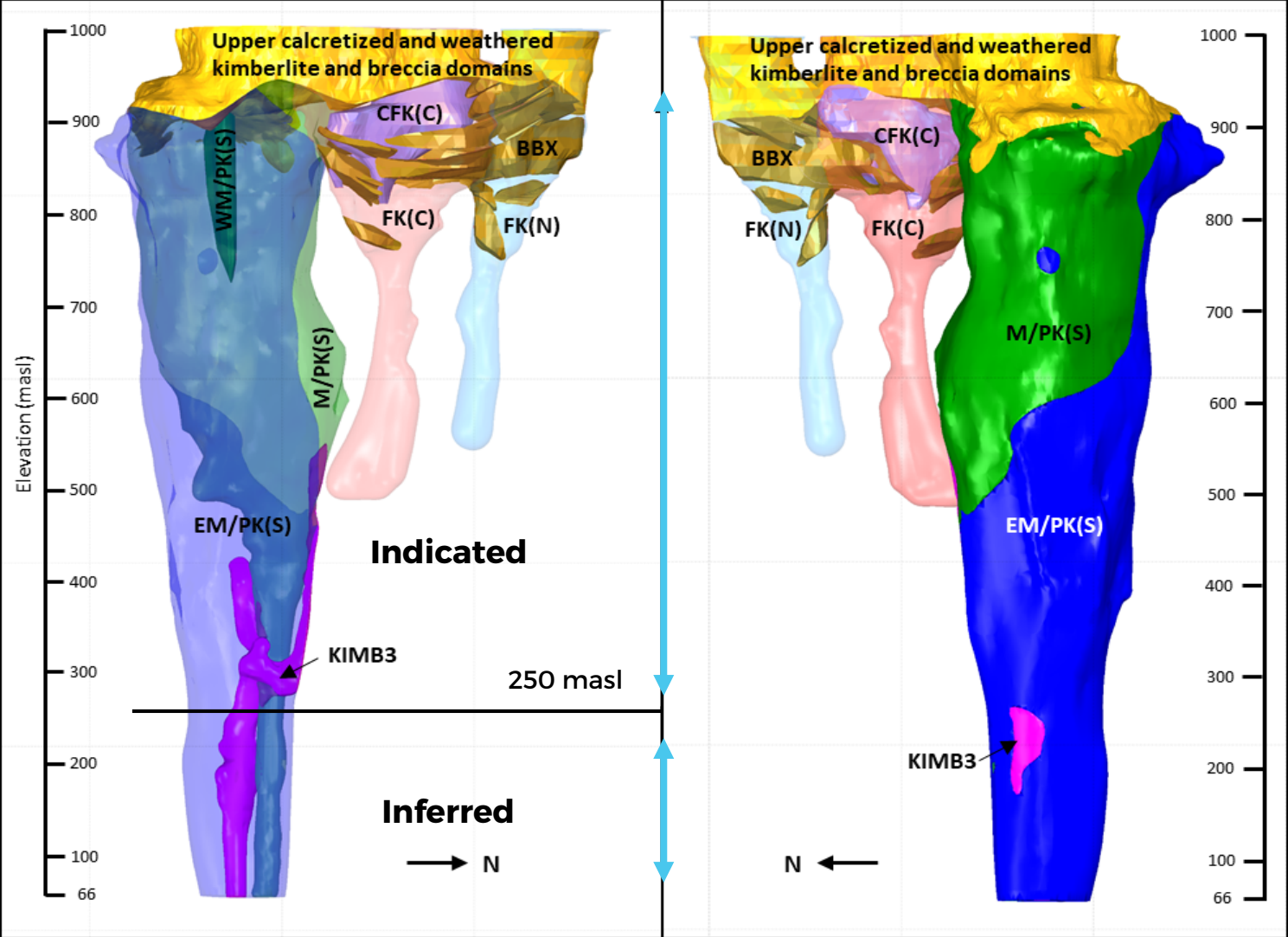
Internal geology of the south lobe is dominated by two domains EM/PK(S) and M/PK(S) - Size frequency and Value models have been established for each dominant domain

2019 Update utilised historical drilling and sampling data augmented by detailed logging, sampling and petrographic work on 33 new drill holes and 1,300 kilograms of additional microdiamond sampling (151 samples)

Classification	Domain	Volume (Mm ³)	Tonnes (Mt)	Density (t/m ³)	Carats (Mcts)	Grade (cpht)	Average (US\$/ct)
Indicated	South_M/PK(S)	9.40	27.81	2.96	3.01	10.8	\$631
	South_EM/PK(S)	7.62	22.10	2.90	4.68	21.2	\$777
	Centre	1.28	3.28	2.57	0.50	15.1	\$367
	North	0.44	1.08	2.45	0.13	11.8	\$222
Total indicated		18.74	54.27	2.90	8.32	15.3	\$690
Inferred	South_M/PK(S)	0.10	0.31	3.05	0.03	10.5	\$631
	South_EM/PK(S)	1.40	4.18	2.97	0.87	20.9	\$777
	South_KIMB3	0.32	0.94	2.94	0.10	10.9	\$631
Total inferred		1.82	5.42	2.97	1.01	18.6	\$750

Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All numbers have been rounded to reflect accuracy of the estimate.; Mineral Resources are in-situ Mineral Resources and are inclusive of in-situ Mineral Reserves.; Mineral Resources are exclusive of all mine stockpile material.; Mineral Resources are quoted above a +1.25 mm bottom cut-off and have been factored to account for diamond losses within the smaller sieve classes expected within the current configuration of the Karowe process plant.; Inferred Mineral Resources are estimated on the basis of limited geological evidence and sampling, sufficient to imply but not verify geological grade and continuity. They have a lower level of confidence than that applied to an Indicated Mineral Resource and cannot be directly converted into a Mineral Reserve.; Average diamond value estimates are based on 2019 diamond sales data provided by Lucara Diamond Corp. Mineral Resources have been estimated with no allowance for mining dilution and mining recovery.

Mineral Resource Update 2019



Appendix

Karowe Underground



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

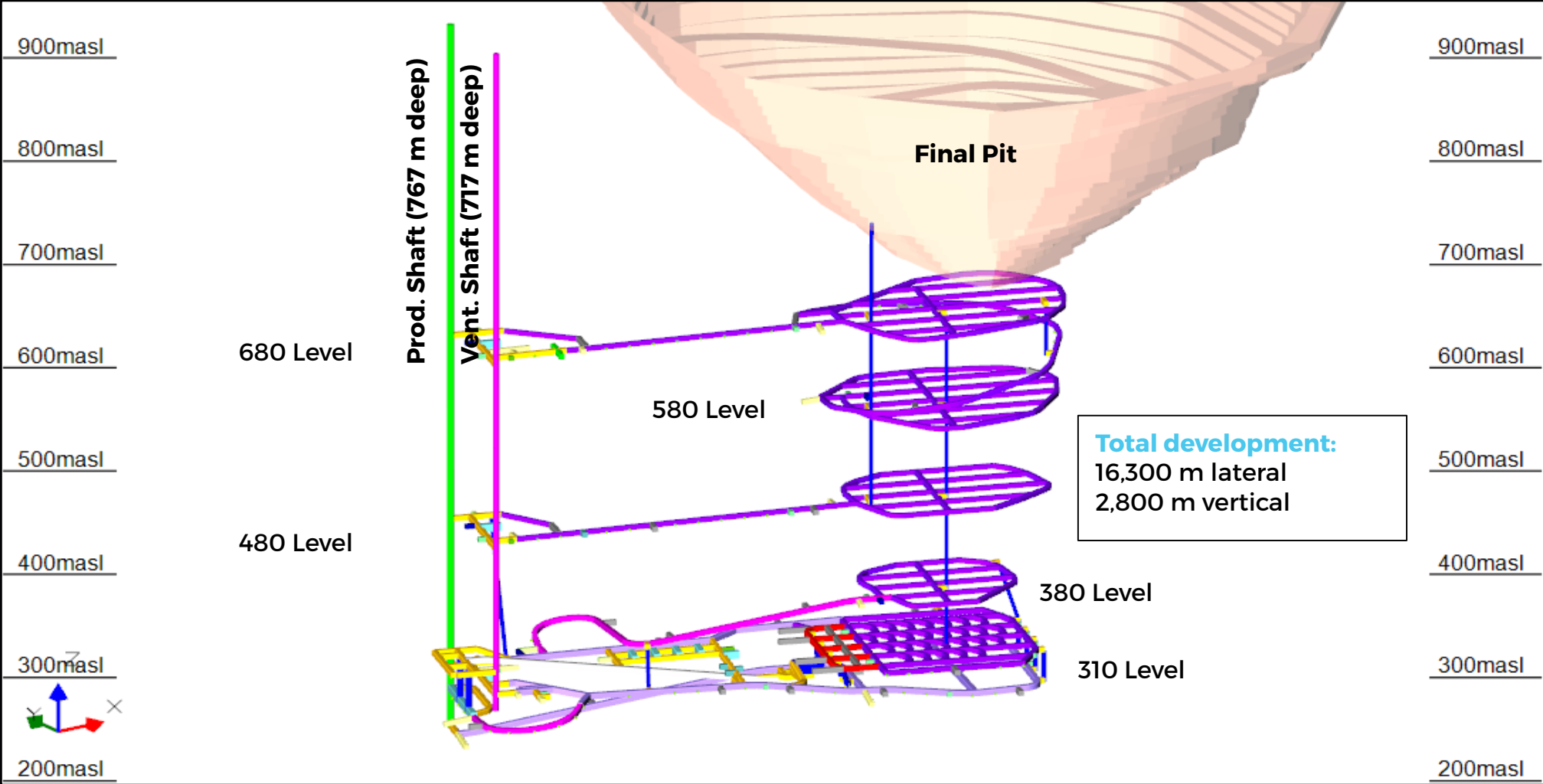
Higher value ore lies deeper and is attributable to the higher grade and value unit EM/PK(S)

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

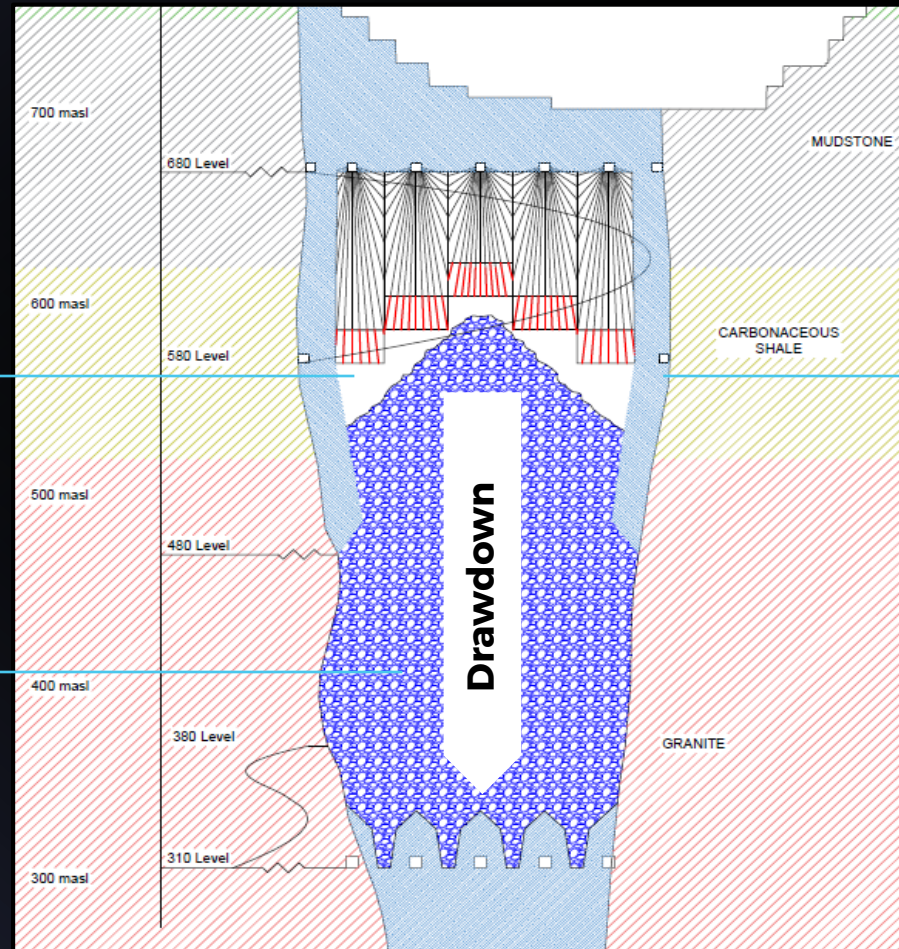
Karowe Underground Mine Design



Stope Design and Sequence

Kimberlite skin left until drawdown to support carbonaceous shales

Muck is left in stope for sidewall support until all blasting is complete. Only swell is extracted during the blasting phase.



Mining advances upwards in 17.5m average high lifts

200 m (50%) vertical mining within competent granite; Payback while in granite host rock

Diamond Pricing

Karowe Underground Model

\$/ct models are a function of size frequency distribution (SFD) and value per size class

SFD models are constructed on very robust datasets, informed and reconciled by over 7 years of production

Value based on actual sales: Lucara rough price book, sales data for single stones

High value (+US\$10 million) single stones are excluded from the generation of SFD and Value models

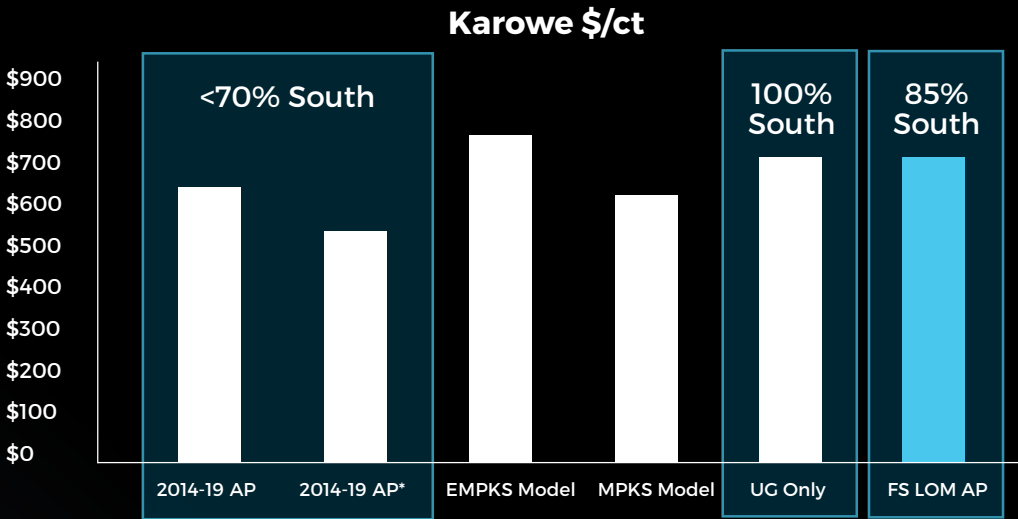
Current Value models adjust for market downturn in high colour large goods

2014-2019 LOM average prices are weighted approximately 70:30 South: North/Centre

2019-2036 LOM average prices are weighted approximately 85:15 South: North/Centre



327 ct



* Excludes Lesedi la Rona and Constellation

Karowe Open Pit + Underground Metrics

(All currency figures in U.S. Dollars)



7.84 million Carats

LOM diamonds produced

\$2.2 billion Cash Flow

Pre-tax

\$1.2 billion Cash Flow

Post-tax

2.8 Year Pay-Back



**50 million tonnes
Ore mined**

**56 million tonnes
ore treated**

From 2020-2040

7,200 tpd / 2.6 mtpa

Maintains current production rate

\$28.43/t processed

Operating cash costs



NPV \$1,266 million

Pre-tax @ 5% discount

NPV \$718 million

Post-tax @ 5% discount

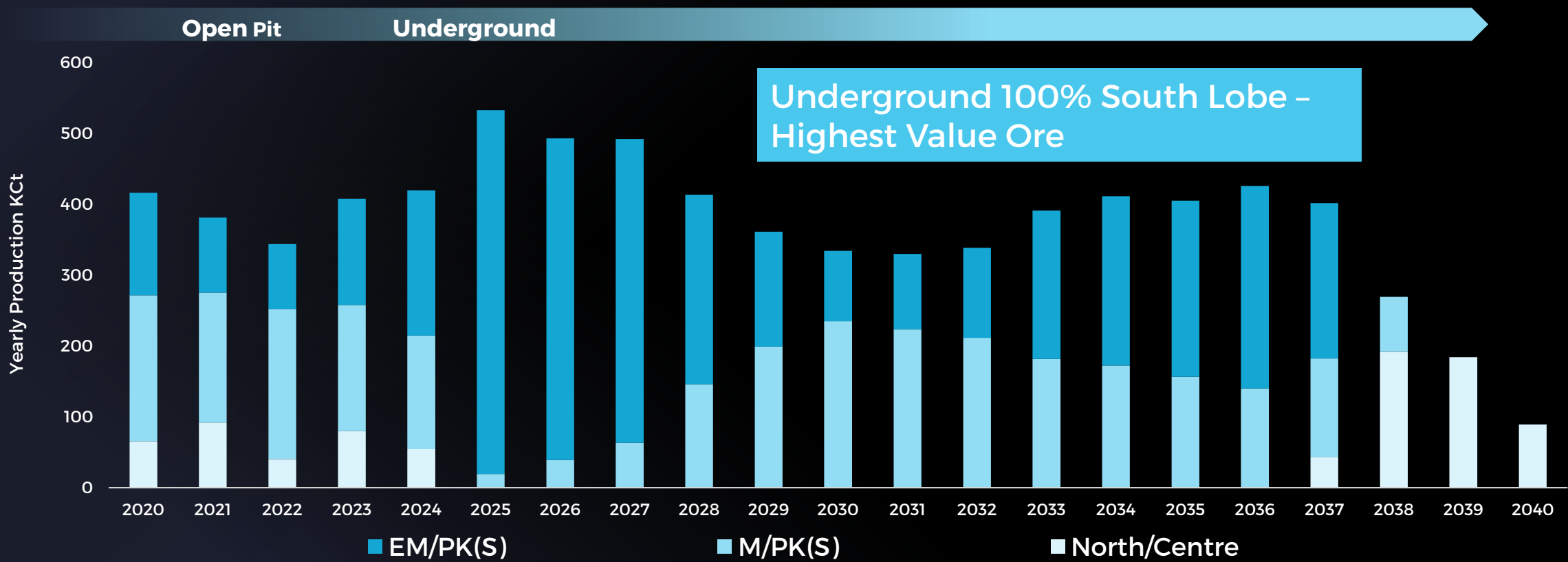
NPV \$945 million

Pre-tax @ 8% discount

NPV \$536 million

Post-tax @ 8% discount

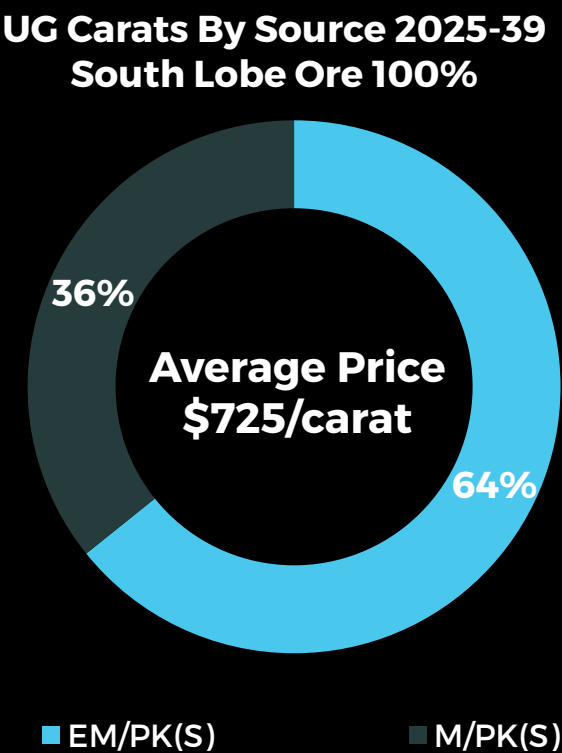
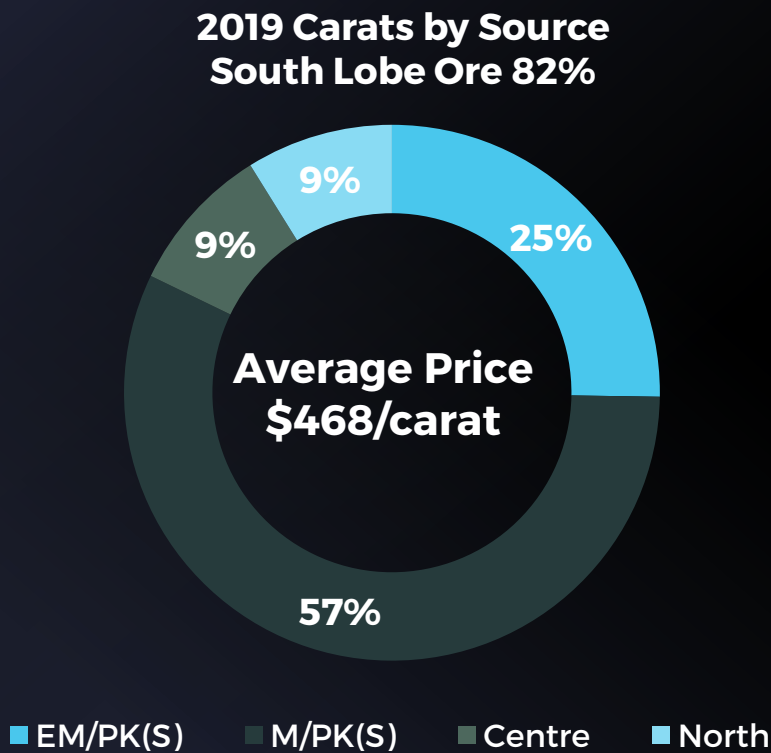
Karowe Open Pit + Underground Production by Source



Production schedule is based on current assumptions which are listed in the FS and subject to risks and uncertainties and general operational factors which may vary from scheduling contemplated in the FS , review cautionary statement

Karowe Production Carats by Source

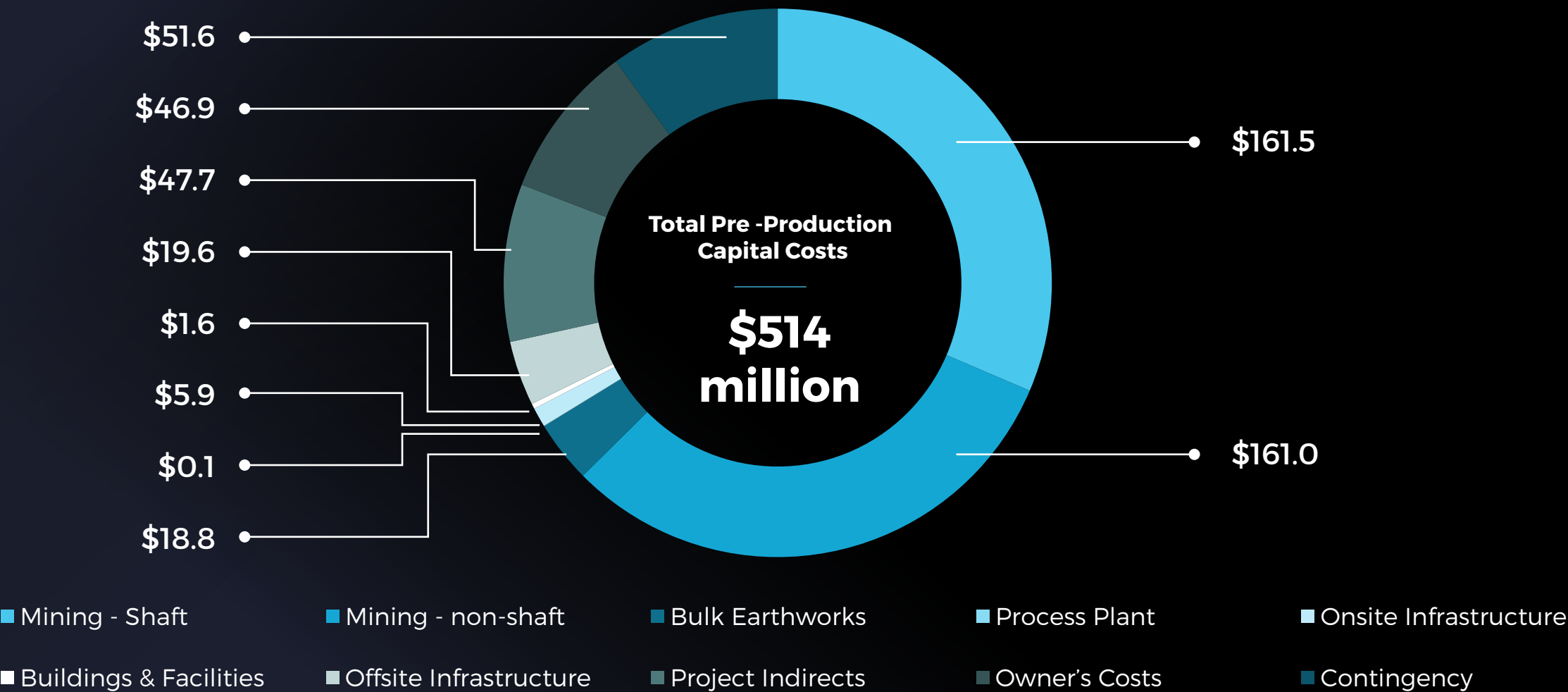
(All currency figures in U.S. Dollars)



Production schedule is based on current assumptions which are listed in the FS and subject to risks and uncertainties and general operational factors which may vary from scheduling contemplated in the FS , review cautionary statement




Underground Estimated Pre-production Capital

(All currency figures in U.S. Dollars)



Underground Only Opex Estimate

(All currency figures in U.S Dollars)

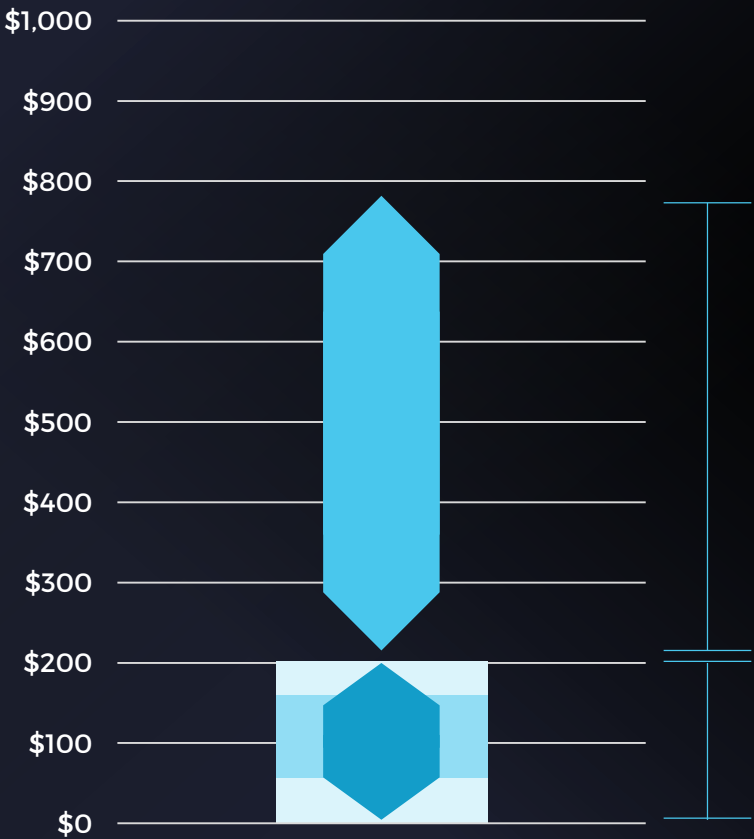
Area	Estimate (\$/t milled)	Estimate (\$/carat)
 UG Mining	\$8.53*	\$57
 Processing	\$15.70	\$104
 G&A	\$6.33	\$42
Total	\$30.57	\$202

*excluding \$1.20 /t for mine overheads captured in G&A



High Margin Operation (Open Pit + Underground)




(All currency figures in U.S Dollars)



Margin
\$522/ct

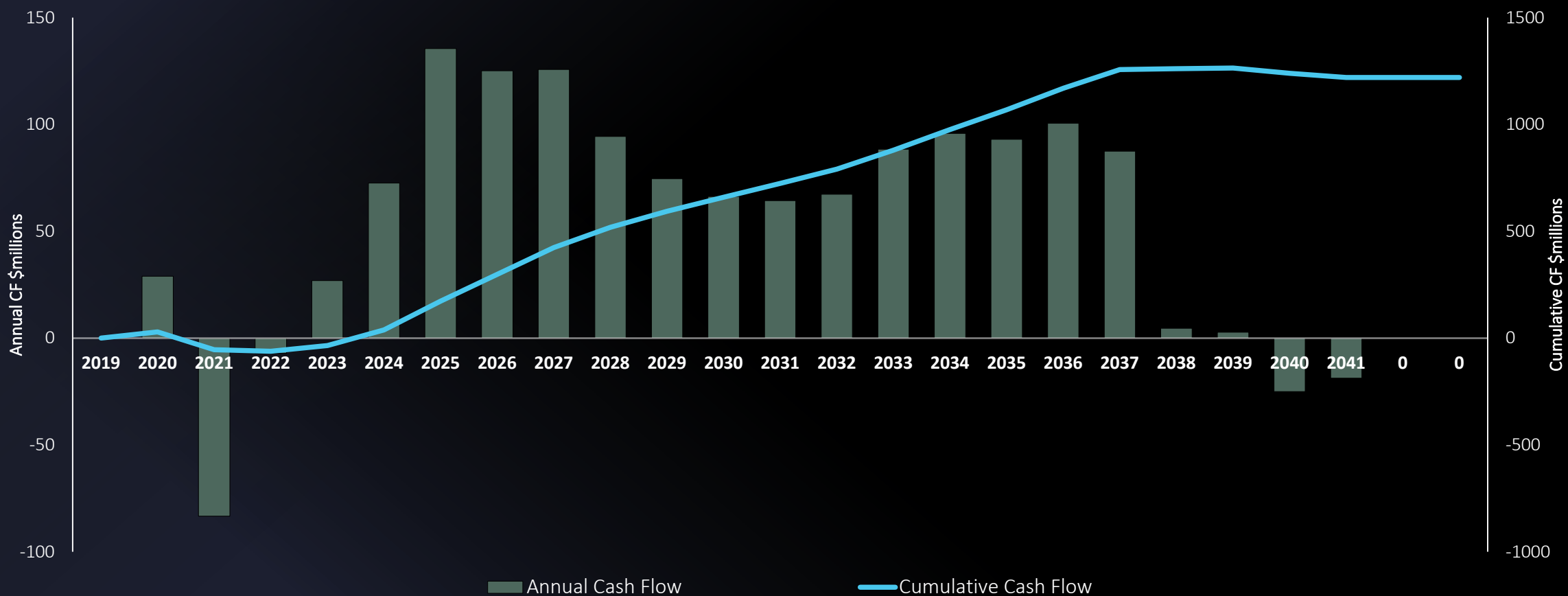
Average Operating Cost*
\$204/ct

* Non IFRS Measure

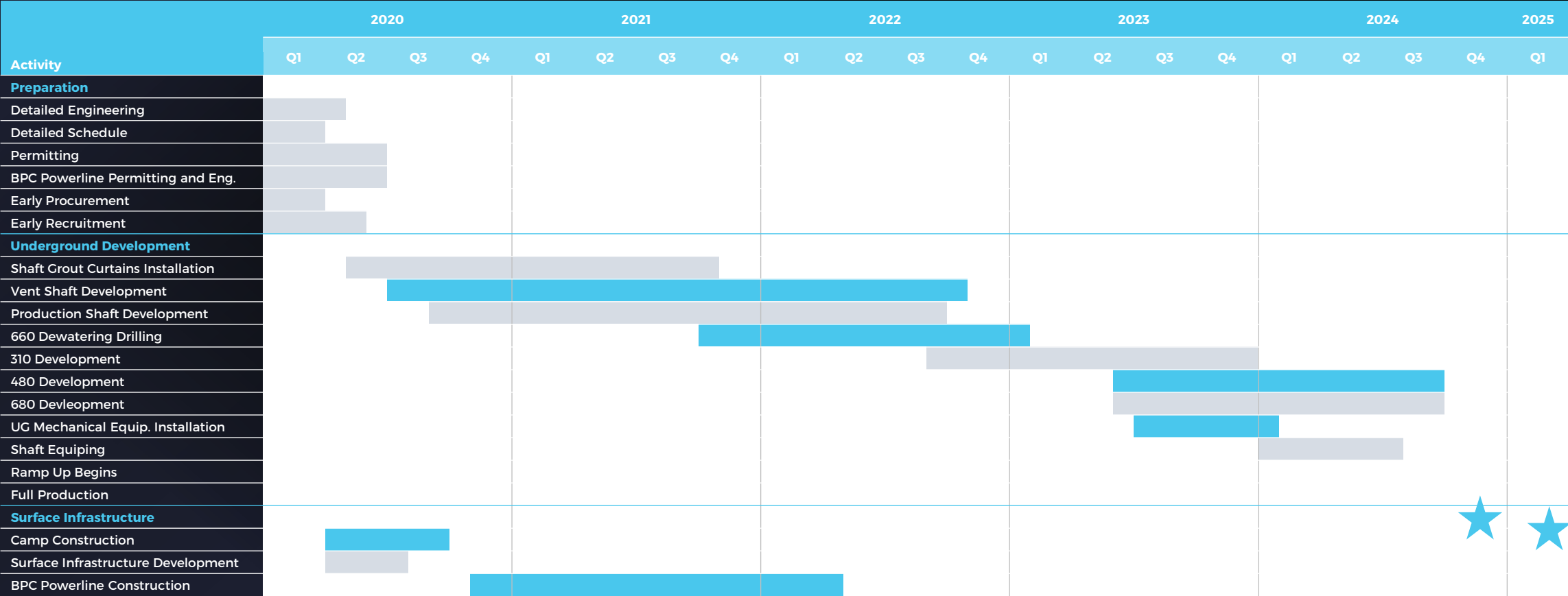
Cash Cost Summary (\$/ct)		
	Mining	\$56
	Processing	\$108
	On Site G&A	\$40
Total		\$204
Carat margin		\$522

Combined Open Pit + Underground Post-tax Cash Flow

(All currency figures in U.S. Dollars)



Underground High Level Indicative Schedule



Activities listed for underground development and surface infrastructure require available financing and Lucara Board approval

Capital Structure

LUC

Lucara is a publicly listed company trading under the symbol “LUC”

TSX

NASDAQ Stockholm

BSE (Botswana)

~C\$330M

Market Cap

\$Nil

(December 2019)

Working capital facility

396.9M

(December 2019)

Issued shares

22%

Fully Diluted Basis

Insider Holdings

402.5M

(December 2019)

Fully diluted Shares

US\$11.2M

(December 2019)

Cash on hand

US\$50.0M

(available)

Credit Facility



549 ct



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