

LUCARA
DIAMOND

Q2 2020 Results Conference Call

AUGUST 11, 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 presentation may contain forward looking information pertaining to the following: the impact of the COVID-19 pandemic on the Company's operations and cash flows and its plans with respect to the Karowe underground expansion project; the estimates of the Company's mineral reserves and resources; estimates of the Company's production and sales volumes for the Karowe Diamond Mine; estimated costs for capital expenditures related to the Karowe Diamond Mine; production costs; exploration and development expenditures and reclamation costs; expectation of diamond prices and the potential for the supply agreement with HB Group to achieve both higher prices from the sale of polished diamonds and to provide more regular cash flow than in previous periods; expectation of diamond prices; changes to foreign currency exchange rates; assumptions and expectations related to the possible development of an underground mining operation at Karowe, including associated capital costs, financing strategies and timing; expectations in respect of the development and functionality of the technology related to the Clara platform, the intended benefits and performance of the Clara platform, including our ability to complete sales without viewing diamonds,

the growth of the Clara platform, the timing and frequency of sales on the Clara Platform, and the quantum of and timing for participation of third parties on the Clara platform; expectations regarding the need to raise capital and its availability; possible impacts of disputes or litigation; and other risks and uncertainties described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com> (the "AIF").

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 "COVID-19 Global Pandemic" in the "Risks and Uncertainties" section of 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.

Q2 2020 Highlights

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

Karowe Diamond Mine (100%)

Continued strong operational results & safety performance; All physicals achieved to plan

No sales of goods greater than +10.8 carats in size in Q2. Groundbreaking supply partnership announced in July

Q2 revenue of \$7.5 million including sales on Clara; Average sales price \$109/carats

Deposit of \$13.5 million for +10.8 carat goods delivered under new supply agreement

Operating costs of \$27.14 per tonne of ore processed; below budget and plan

2020 spend on proposed underground expansion re-scoped to focus on long lead time critical-path items given uncertainty of impact of COVID-19 on cashflow from operations

Clara Diamond Solutions (100%)

Five sales completed in Q2

14 sales year-to-date

Sales continued through COVID-19 pandemic

Customer base grew 30% in the first half of 2020 from 27 to 35 participants and now stands at 46



549 ct

Strong Balance Sheet

Cash and cash equivalents of \$13.7 million; Net debt of \$5.3 million

\$31 million available on credit facility; Term extended to May 2021

Strong cash position and available liquidity to manage COVID-19 pandemic

Supply Agreement with HB Group

July 2020

All **+10.8 carat stones** produced from Karowe Mine

Initial price is based on **estimated polished outcome**, determined through state of the art scanning and planning technology, with a true-up paid on actual achieved polished sales, less a fee and cost of manufacturing

Expect to begin recognizing **revenue** from supply agreement in **Q3**

Regular cash flow from the large, high value segment of production

Initial advance of **\$13.5 million** received in June



549 carat

Clara

Clara sales platform

30 sales completed since inception
~US\$14.2 million of diamonds sold by value through the platform

31st sale ongoing

Frequency of sales and number of participants **increasing**

Manufacturers on the platform have grown from **4 to 46 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

Trials of **third party supply** expected to begin in the third quarter



CLARA

Thirty sales between December 2018 and July 2020
POSITIVE RESULTS

~\$14.2 million diamonds sold by value
between one and ten carats in size, in better colours and qualities

COVID-19 Response

Operations Strong and Stable

Botswana Government declared mining an essential service in late March 2020. Guidelines being followed include increased travel restrictions, implementation of social distancing and additional cleaning protocols.

Focus on protecting the health and well-being of our employees, contractors and host communities and the financial well being of the Company. Contributions to the Botswana Government's COVID-19 Relief Fund and local initiatives.

Strong operating environment in Q2 with results consistent with original 2020 plan and costs achieved below budget.

Q2 tender held in early June 2020 (diamonds less than 10.8 carats in size) with sales continuing through the Clara Platform. Temporary permission received from the Botswana Government to export and sell diamonds from Antwerp.

Underground expansion plans re-scoped and reduced to focus on long lead time critical-path items for the remainder of year.

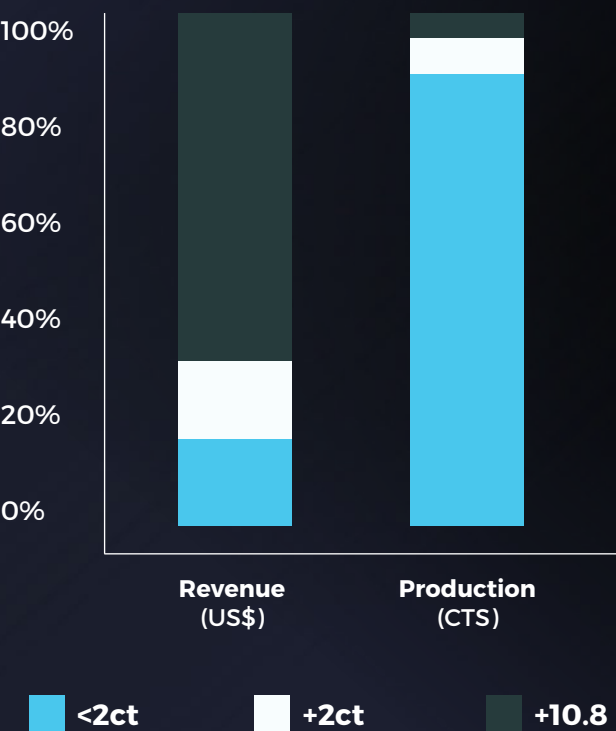
2020 Guidance remains suspended due to current market uncertainties.

Lucara continues to have a strong availability of working capital, including \$13.7 million in cash at the end of Q2 and \$31 million available from its revolving term working capital facility.

Consistent Recovery of Large Diamonds

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

Revenue and production includes 2015 to 2019

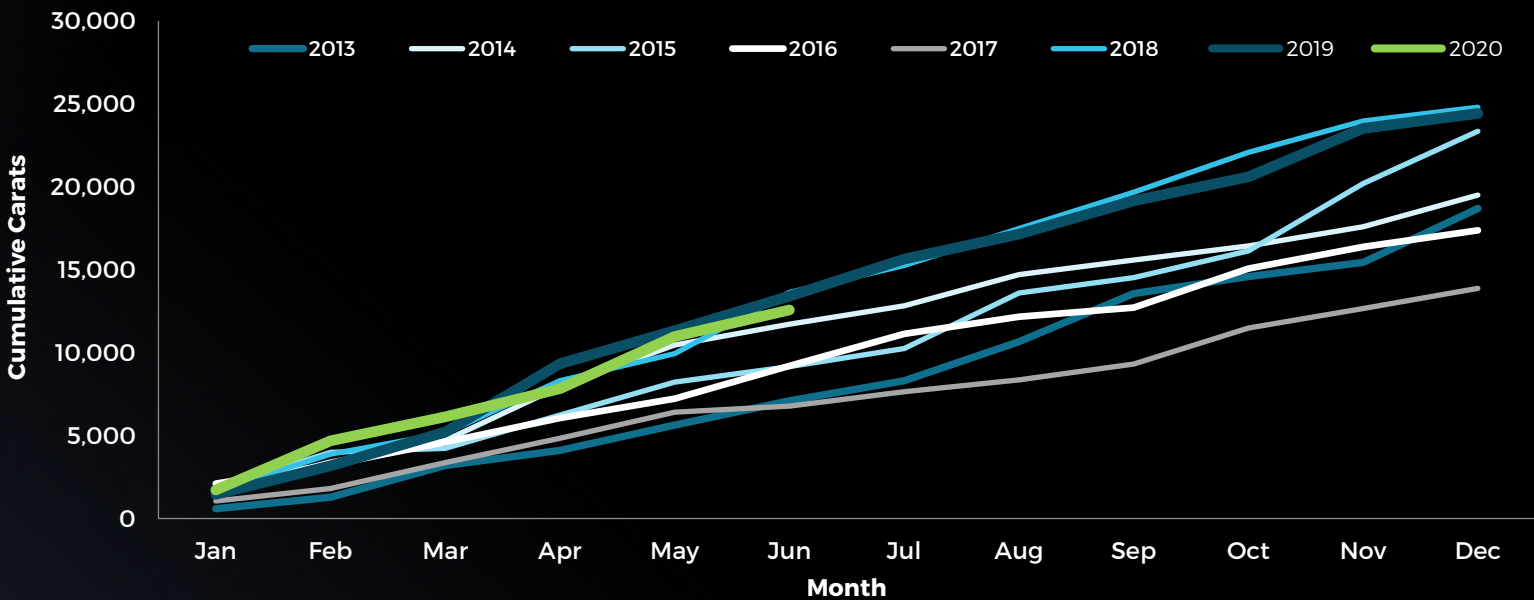


Life of mine recovery of 158,000 carats of individual stones > 10.8ct (over 5,400 diamonds; all sources)

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

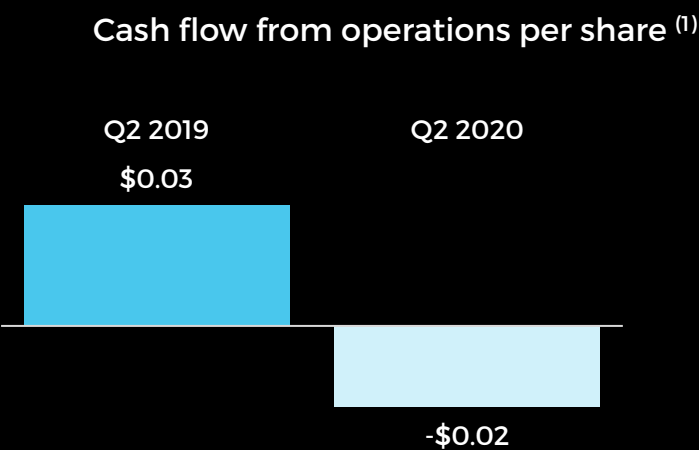
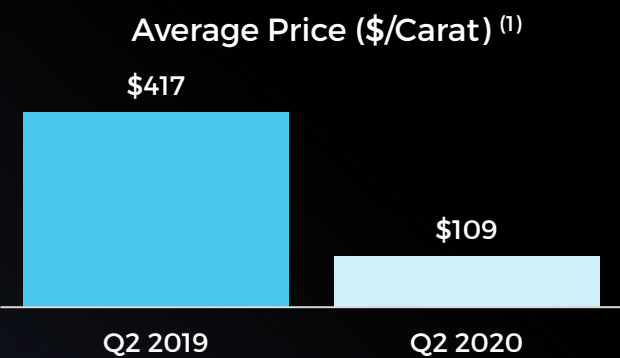
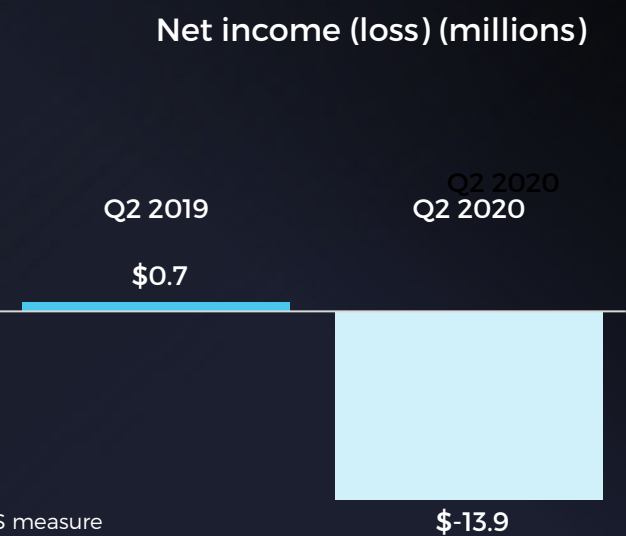
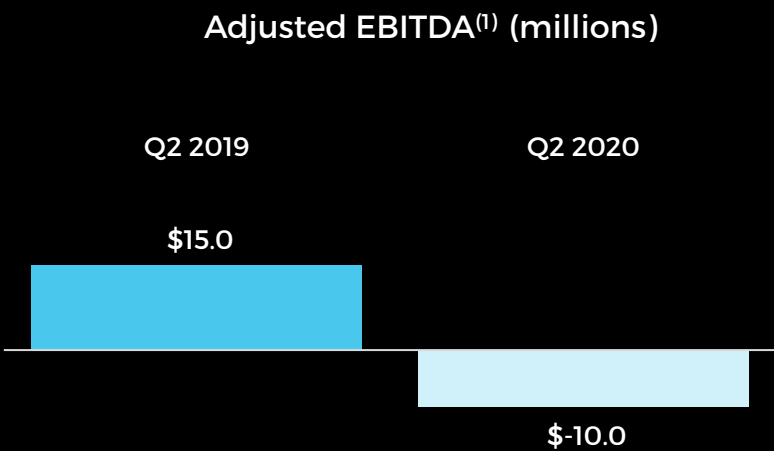
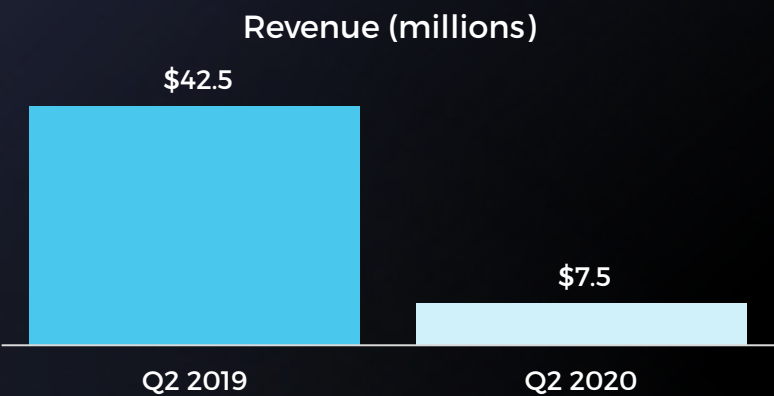
10 diamonds sold for > US\$ 10 million each (not included in resource value models)

Karowe Cumulative Specials (ct)



Q2 2020 Financial Highlights

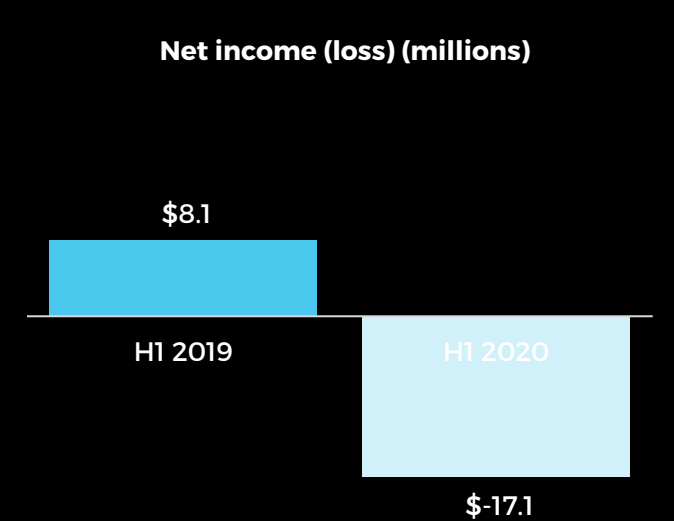
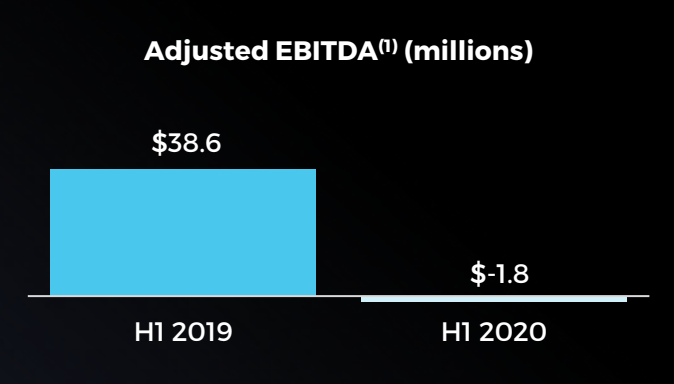
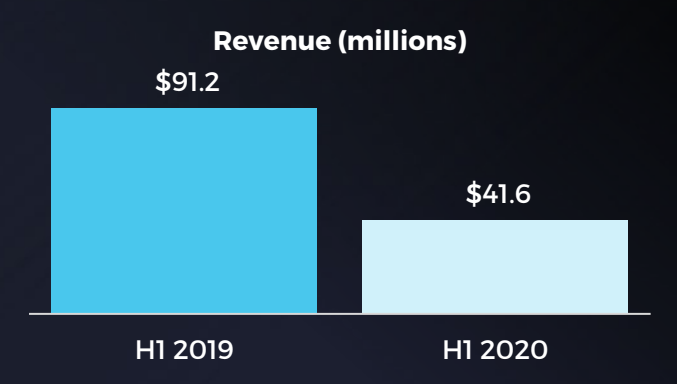
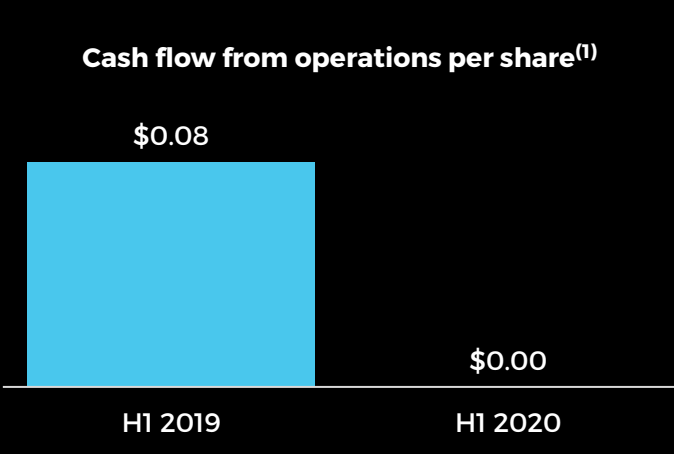
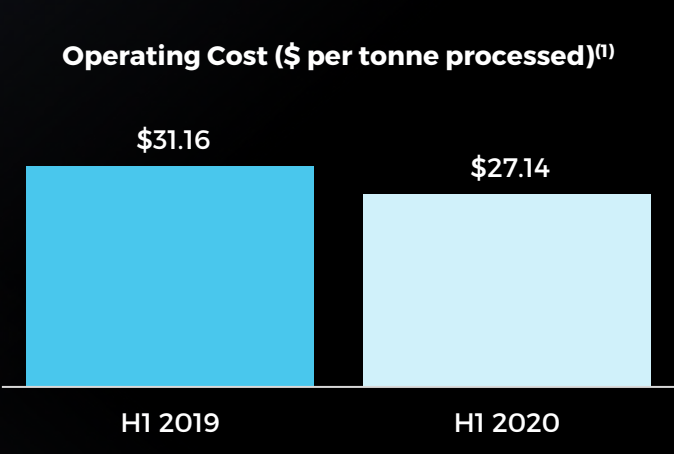
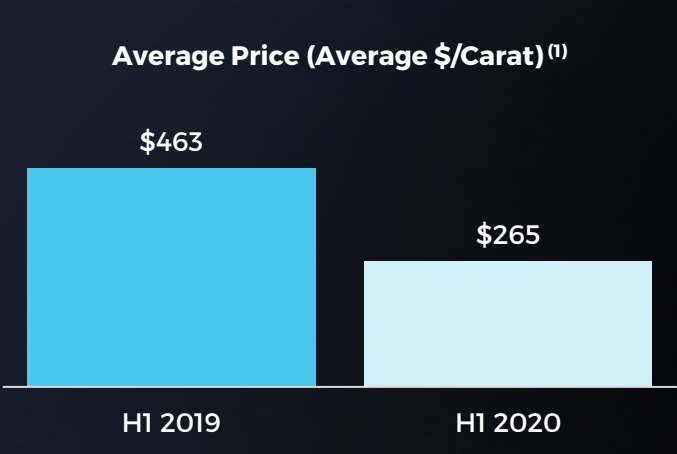
Three months ending June 30, 2020
(All currency figures in U.S. Dollars)



⁽¹⁾ Non-IFRS measure

H1 2020 Financial Highlights

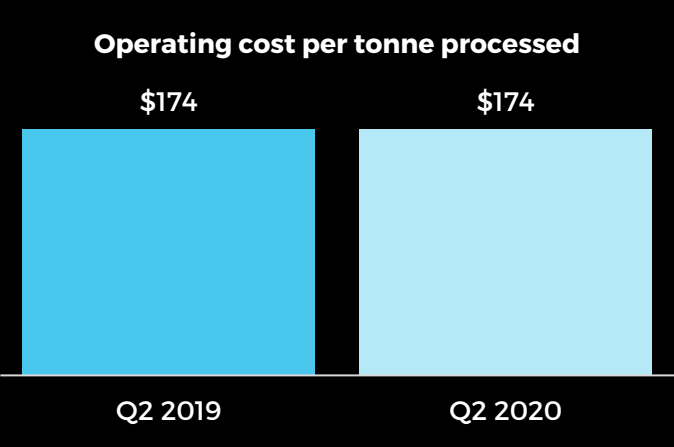
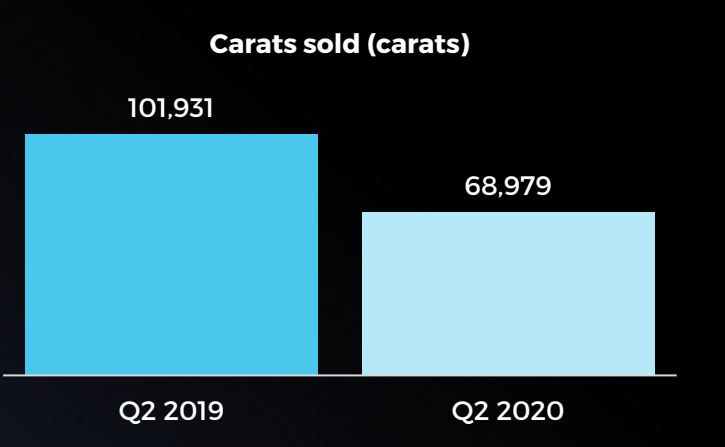
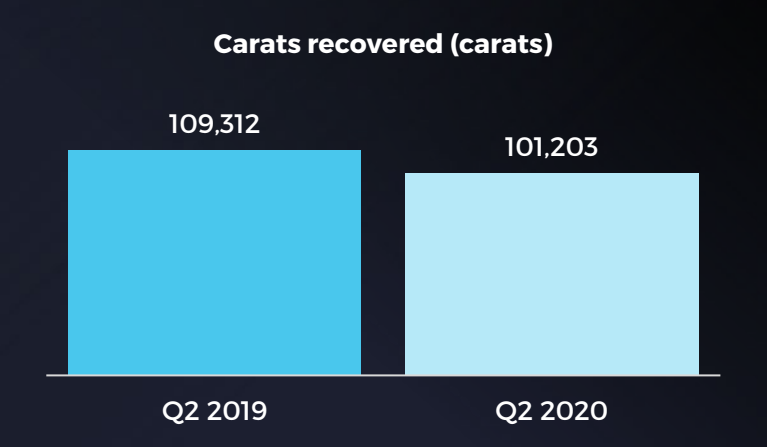
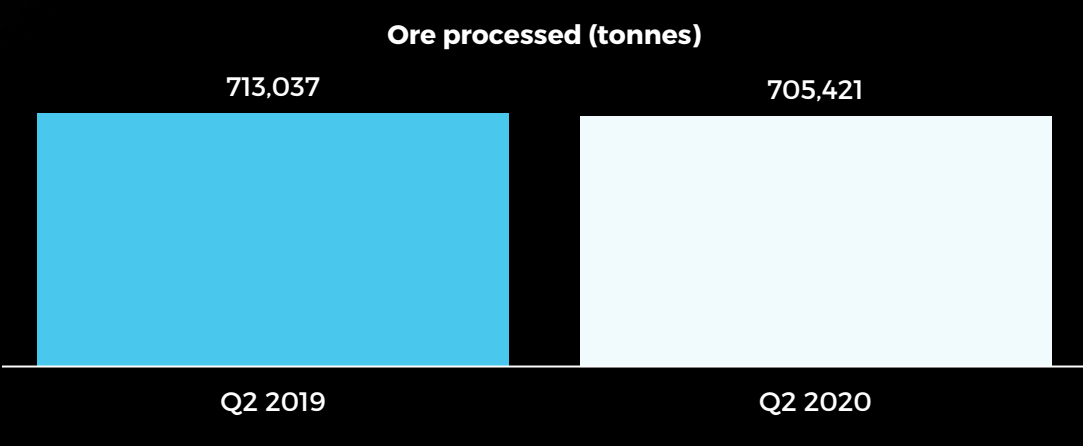
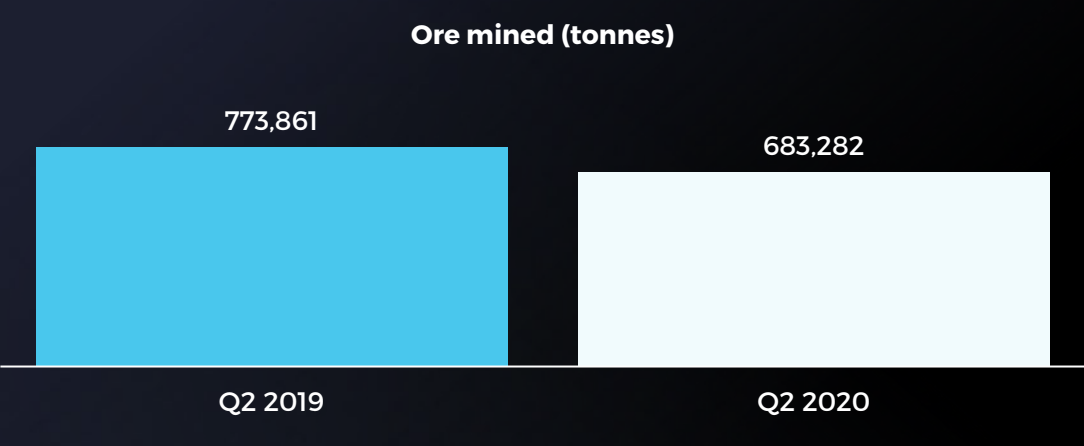
Six months ending June 30, 2020
(All currency figures in U.S. Dollars)



⁽¹⁾ Non-IFRS measure

Q2 2020 Operational Highlights

Three months ending June 30, 2020
(All currency figures in U.S. Dollars)



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

Capital Structure

LUC

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

TSX

NASDAQ Stockholm

BSE (Botswana)

~C\$245M

Market Cap

US\$19.0

(June 2020)

Working capital facility

396.9M

(June 2020)

Issued shares

22.5%

Fully Diluted Basis

Insider Holdings

404.6M

(June 2020)

Fully diluted Shares

US\$13.7M

(June 2020)

Cash on hand

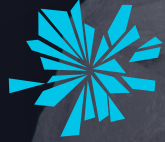
US\$31.0M

(available)

Credit Facility



549 ct



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