

LUCARA
DIAMOND

Q1 2021 Results Conference Call

MAY 7, 2021



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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 Antwerp 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; estimates of variable consideration receivable pursuant to the HB Antwerp supply agreement; 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.

Q1 2021 Highlights

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

Karowe Diamond Mine

56% growth in revenue year on year;
average price per carat of \$579

Exceptional recoveries to start the year –
two top white gem stones each >300
carats (341 & 378 carats)

Strong, safe, reliable production results;
All physicals achieved to plan.

Mandated lead arrangers of senior
secured project financing package of up
to US\$220 million. Credit approvals of all
lenders received early May 2021.

Karowe underground expansion
progressed; Granted 25-year extension to
Karowe mining license (to 2046)

Two year extension of the novel supply
agreement with HB Antwerp for +10.8
carat “specials”; provides upside through
polished sales

Clara Diamond Solutions

6 sales in Q1 2021; doubled volume transacted
year on year

Growth in customers from 75 to 80 participants
(+7%); new participants are being wait-listed



Sethunya, 549 carats

Balance Sheet & Liquidity

Strong cash position and available
liquidity as COVID-19 pandemic
continues

Cash and cash equivalents of
\$27.9 million; Net debt of \$22.1
million (March 2021)

Extended credit facility following
quarter-end to the earlier of project
financing completion or November
5, 2021

COVID-19 Response

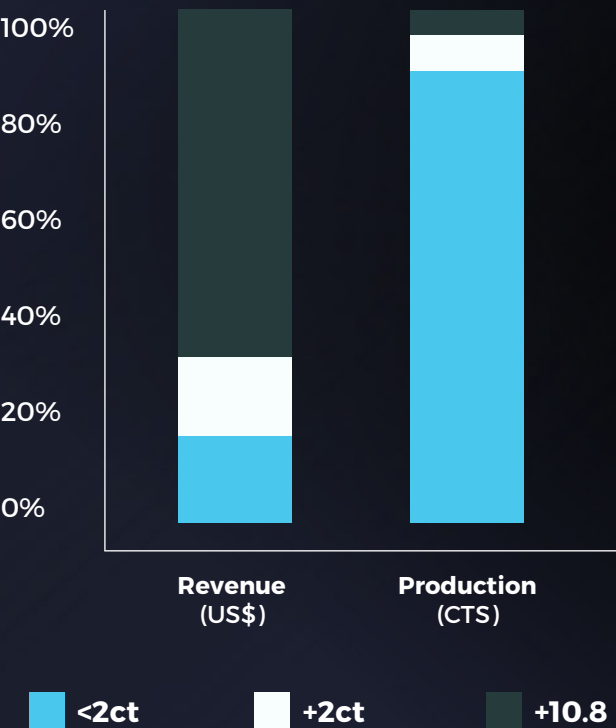
Operations & Diamond sales continue, Underground ramp-up

- As mining has been designated an essential service in Botswana, the Karowe mine has remained fully operational throughout the pandemic. COVID-19 measures and guidelines, which were implemented by the GRB in late March 2020, remain in place and the current state of emergency in Botswana has been extended to September 30, 2021.
- We continue to focus on protecting the health and well-being of our employees, contractors and host communities and the financial well being of the Company. We've also contributed to the Botswana Government's COVID-19 Relief Fund and local initiatives.
- The Company has permission to conduct COVID-19 testing at our operations and active testing of the workforce began in January 2021. Testing programs are in place on site for all employees and contractors.
- Access to travel to Botswana has improved over the past quarter as contractors mobilized to site in April 2021 in preparation for shaft-sinking activities expected in H2 2021.
- Diamond sales through HB Antwerp, Clara and quarterly tenders in Antwerp have continued.

Consistent Recovery of Large Diamonds

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

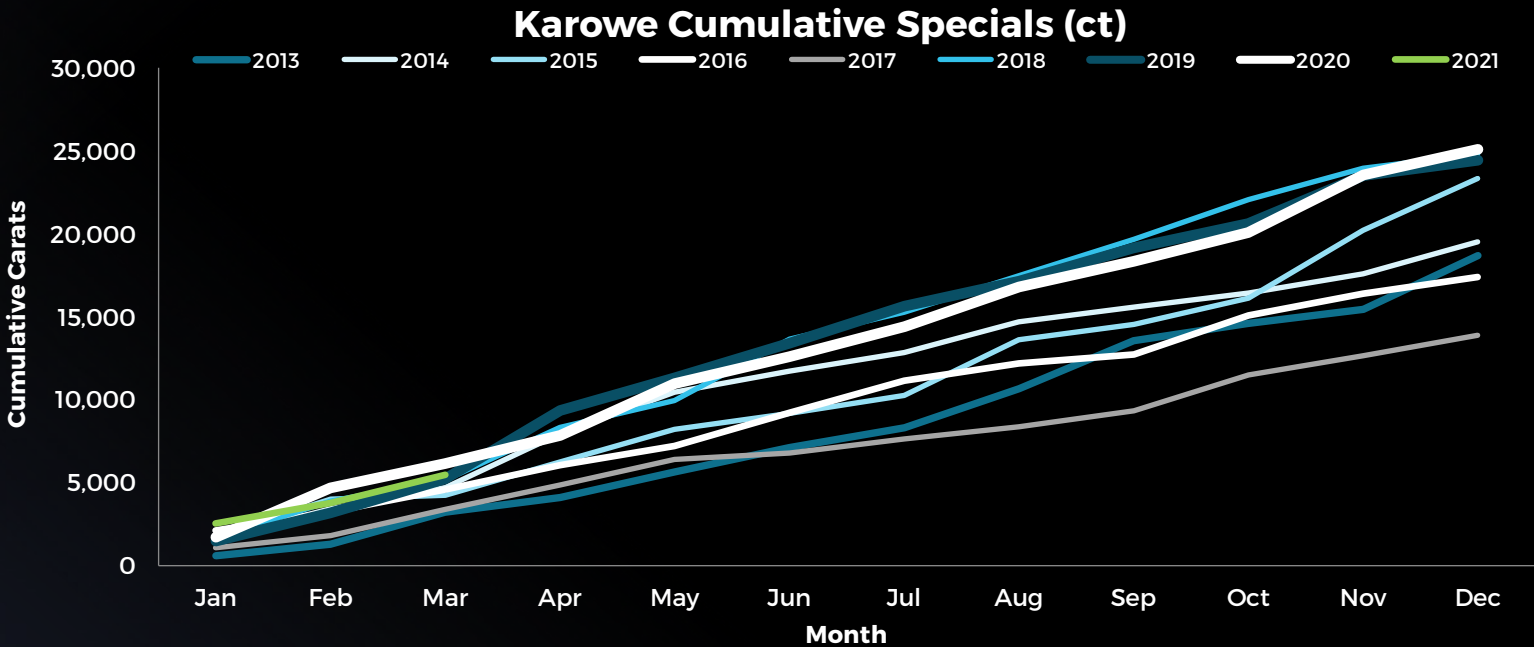
Revenue and production includes 2015 to 2020



Life of mine recovery of +188,000 carats of individual stones > 10.8ct (over 6,400 diamonds; all sources)

Since 2012: 21 diamonds in excess of 300 carats have been recovered, including 2 diamonds > 1,000ct

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



Supply Agreement with HB Antwerp Extended

+10.8 Carat “Specials”

Includes **all +10.8 carat** “specials”
produced from the Karowe Mine

24-month **extension** to December 2022

Initial price is based on an **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

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

Q1 revenue of \$38.0 million from the HB supply agreement

Revenue from shipments in 2020 and 2021, **continue to be recognized**



Collaboration Agreement on “Sethunya” with Louis Vuitton and HB Antwerp

Revenue in 2021

549 carat white gem diamond “**Sethunya**”, meaning flower in Setswana, recovered from the Karowe Mine in February 2020

Lucara, Louis Vuitton and HB will collaborate and plan the creation of the **highest value polished diamonds** from the Sethunya rough, which will be made available **exclusively** to Louis Vuitton

In line with its long tradition of personalisation, **Louis Vuitton** envisages crafting beautiful, bespoke and made-to-order, high value polished stones of variable size and shape; The opportunity to create a **storied family heirloom**

Lucara will receive payment based on the polished outcome **no later than Q4 2021**



Karowe Underground Expansion

Update

Financing

Mandated lenders for up to \$220M debt financing; credit approvals received; due diligence complete; targeting close in H2 2021

2021 Plan

Investment of \$105 million; H1 2021 funded from operating cash flow
Focus on detailed engineering and early site works using local contractors; preparation for shaft-sink in H2 2021

Mining License Extended to 2046

Granted 25-year extension to Karowe mining license covering the open pit and underground expansion

COVID-19 Response

Pushed out early surface civil works due to travel restrictions; activities completed in H1 2021

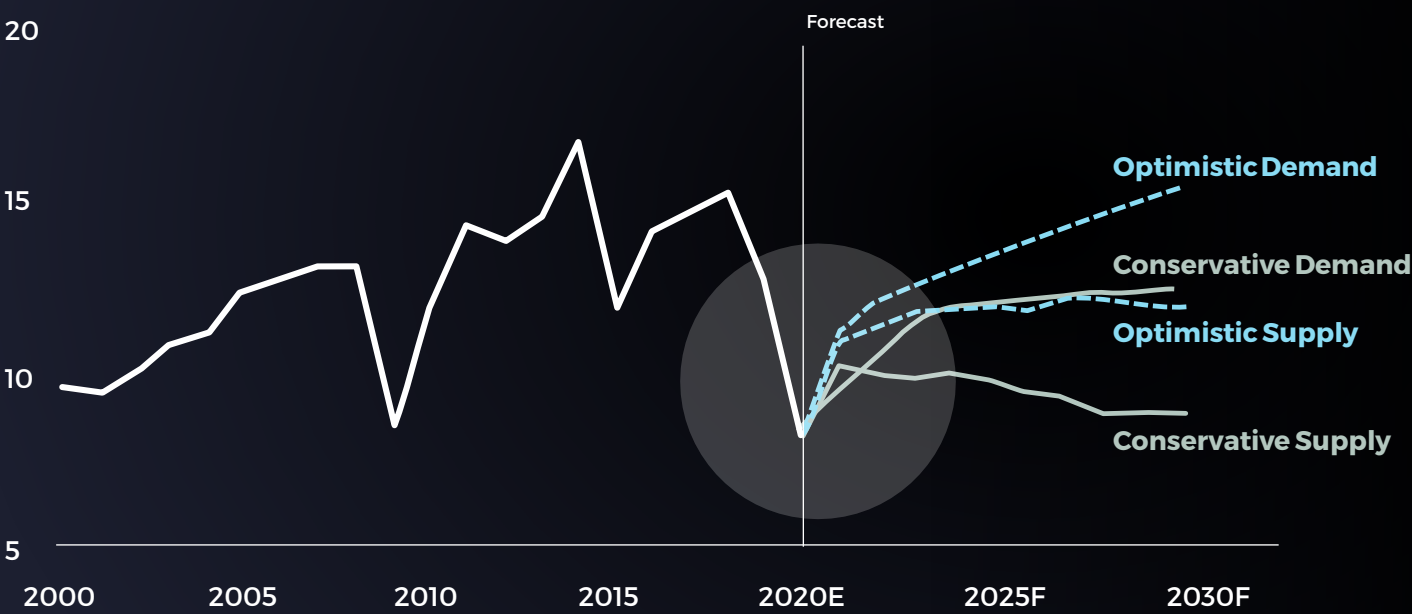


Diamond Market

**Stable market due to healthy supply & demand balance in the midstream;
Q1 2021 strengthening price performance in all sizes and qualities**

Longer term outlook remains strong supported by supply constraints

Rough natural diamond supply and demand (\$ billions)



**Demand pick up in the US & China;
Strong Retail Holiday Season**

Note: Long-term growth trend (1-2% p.a.). The white line represents rough diamond sales dynamics for 2000-2020E; forecast of supply and demand is performed in real terms, 2020 prices and constant exchange rates; rough diamond demand has been converted from polished diamond demand using a historical ratio of rough diamond and polished diamond values
Source: Bain & Company - The Global Diamond Industry Report 2020-21

Clara

Digital sales platform (1 to 10 carat)

47 sales completed since inception
~US\$29.4 million of diamonds sold by value through the platform

Regular Sales ongoing

>18,500 carats sold through the platform

Buyers on the platform increased from 75 to 80 in 2021:
Wait-list being maintained

Trials of **third party** supply began in 2020;

Negotiations with several third parties **resumed in Q1 2021**

Travel restrictions **accelerating adoption** of new technology

A graphic featuring a close-up of a hand holding a large, rough-cut diamond. The Clara logo is at the top. Below it, text states 'Forty-seven sales between December 2018 and April 2021' and 'POSITIVE RESULTS'. A downward arrow icon is in the center. At the bottom, a dark green box contains the text '~\$29.4 million diamonds sold by value' and 'between one and ten carats in size, in better colours and qualities'.

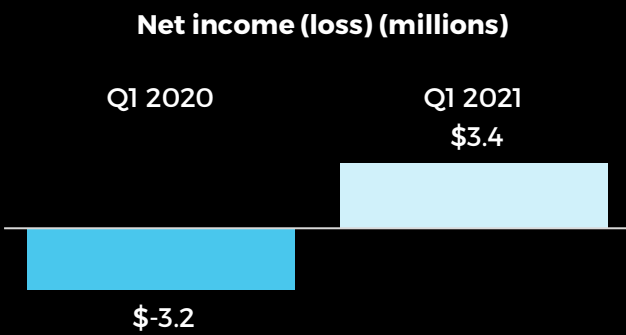
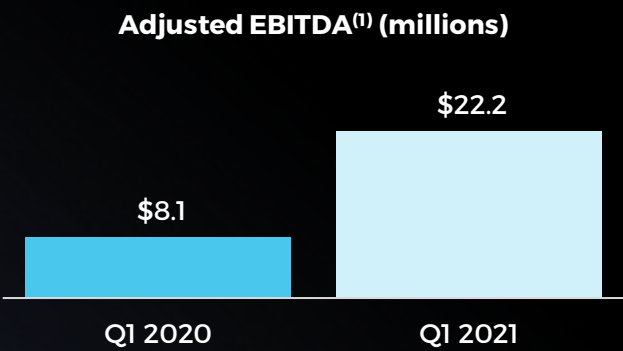
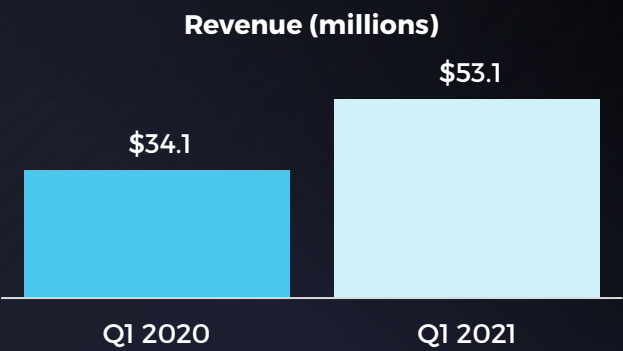
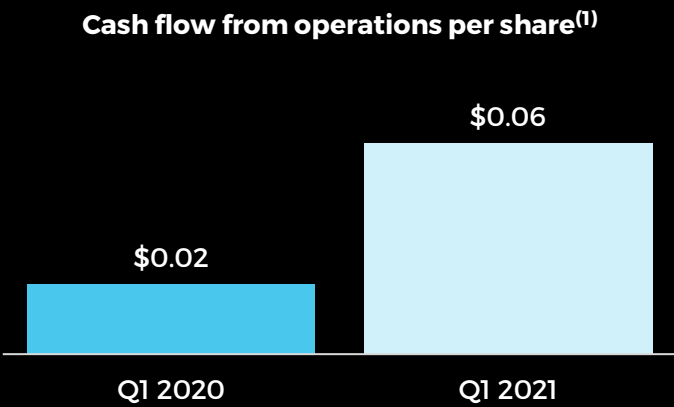
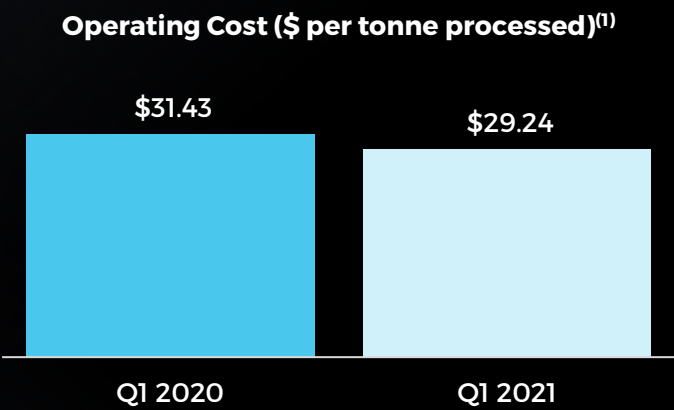
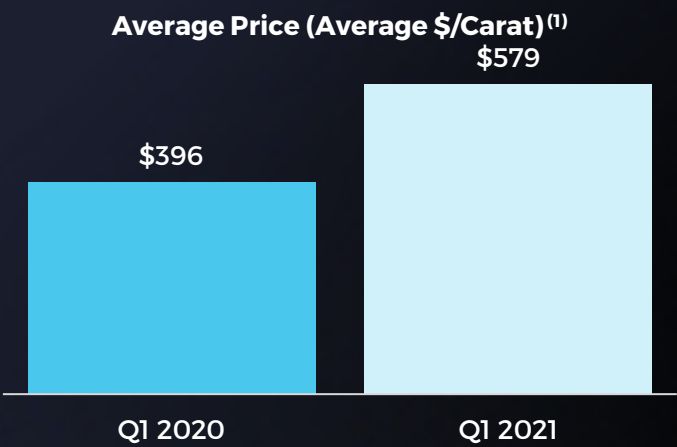
CLARA

Forty-seven sales between December 2018 and April 2021
POSITIVE RESULTS

~\$29.4 million diamonds sold by value
between one and ten carats in size,
in better colours and qualities

Q1 2021 Financial Highlights

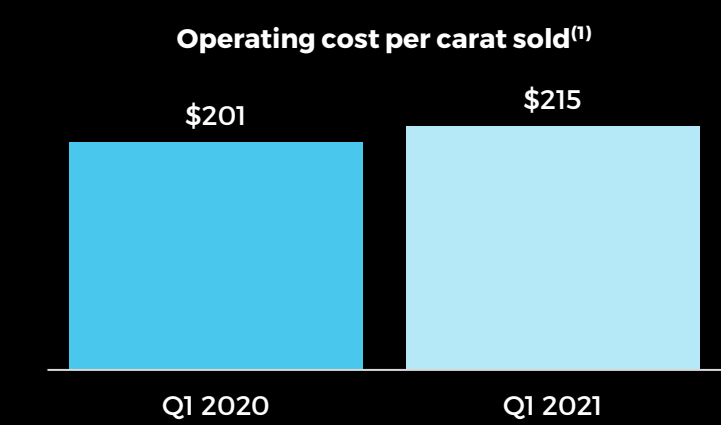
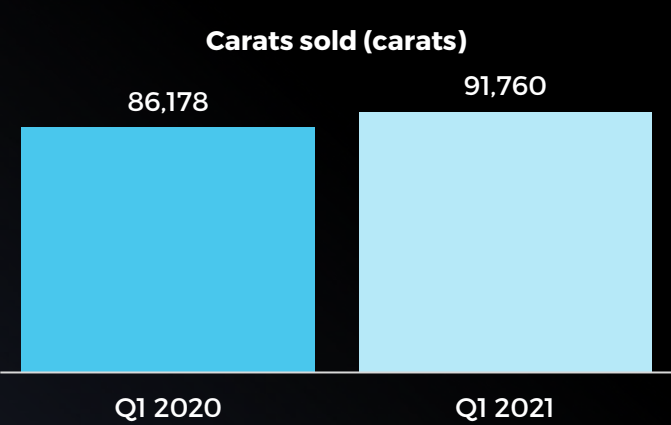
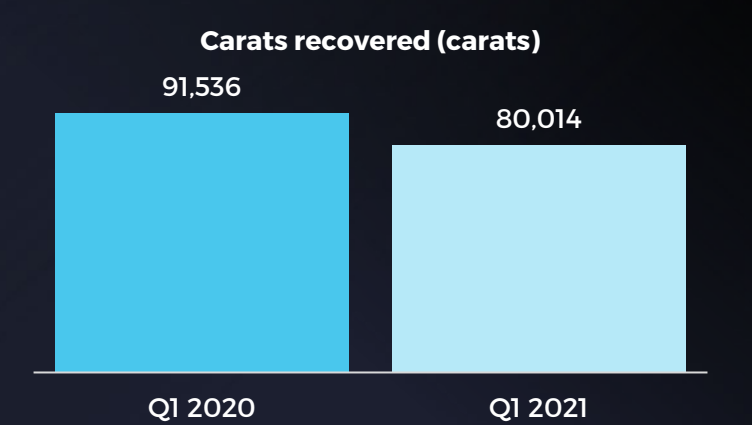
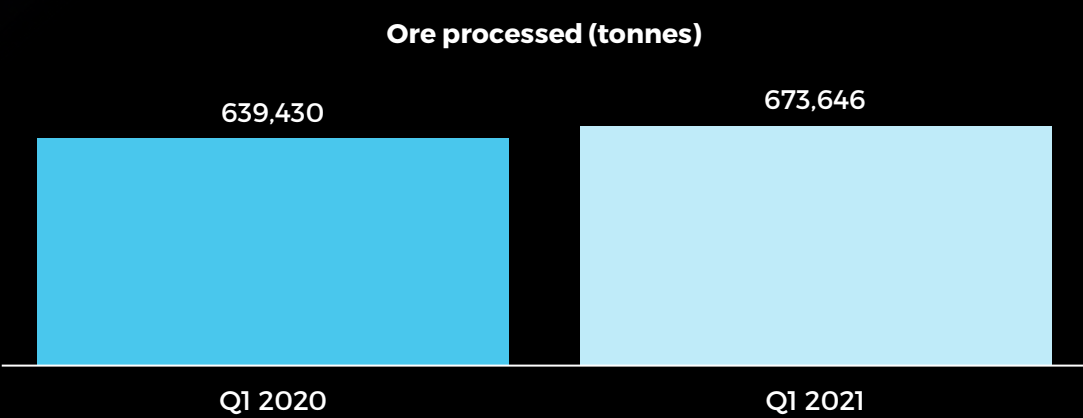
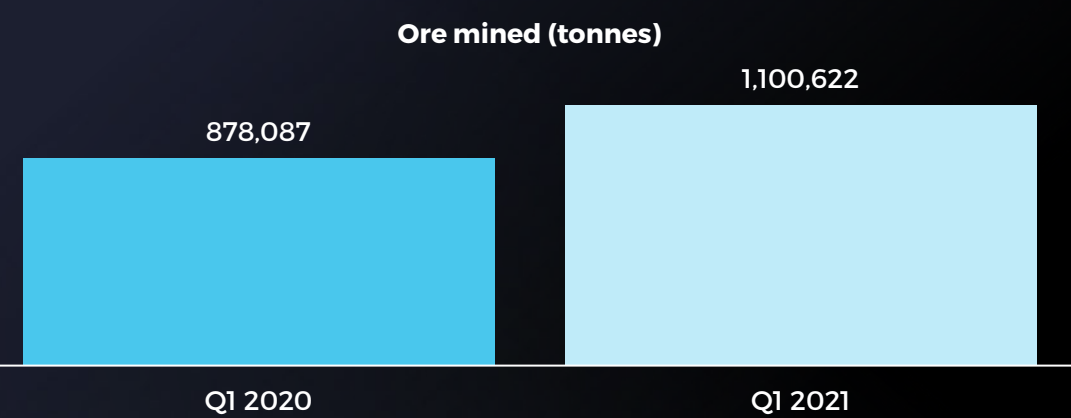
Three months ending March 31, 2021
(All currency figures in U.S. Dollars)



⁽¹⁾ Non-IFRS measure

Q1 2021 Operational Highlights – Karowe Mine

Three months ending March 31, 2021
(All currency figures in U.S. Dollars)





⁽¹⁾ Non-IFRS measure.

Sales Channels Q1 2021

Sales through Clara, HB Antwerp and Quarterly Tender

- All +10.8 carat stones are sold through HB Antwerp; only high value Specials (+10.8 carats) are manufactured and sold as polished
- Higher quality diamonds between 1 and 10 carats are sold through Clara; all other diamonds less than 10.8 carats which are not extracted for sale on Clara are sold through a quarterly tender

Sales Channel	Q1 2021 Rough Carats Sold	Q1 2021 Revenue Recognized (millions)	Q1 2021 Average Price per Carat
CLARA	4,302 cts	\$ 6.0	\$ 1,406
 HB ANTWERP	10,687 cts	\$ 38.0	\$ 3,554 *
 LUCARA DIAMOND	76,771 cts	\$ 9.1	\$ 118
Total Sales	91,760 cts	\$ 53.1	\$ 579

* The Q1 2021 average price per carat sold through HB does not include several large, high value polished stones due to the timing of sales.

2021 Annual Guidance

(All currency figures in U.S. Dollars)

Karowe Diamond Mine	Full Year - 2021
Diamond revenue	\$180 million to \$210 million
Diamond sales	350,000 to 390,000 carats
Diamonds recovered	340,000 to 370,000 carats
Ore tonnes mined	2.8 million to 3.2 million
Waste tonnes mined	2.8 million to 3.4 million
Ore tonnes processed	2.6 million to 2.9 million
Total operating cash costs ⁽¹⁾	\$28 to \$32 per tonne processed
Botswana G&A (including sales & marketing)	\$3 to \$4 per tonne processed
Tax rate	0% to 25%
Average exchange rate – USD/Pula	11.0



Conclusion

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 and available liquidity



Consistent recovery of high value Specials (+10.8 carats);
Open pit mineable reserves to 2026 with underground
expansion extending the mine life to at least 2040



Asset diversification and additional revenue
stream opportunity through Clara



1,758 carat Sewelô



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