

**LUCARA**  
DIAMOND

# **121 Mining Investment APAC Online**

**JUNE 16-18, 2021**



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# Cautionary Statement

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## 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.





**High operating margin**  
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)

**3.2 million**  
carats sold

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**\$1.7 billion**  
in revenue in ~8 years

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

Total capital investment less than  
**\$200 million**

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**\$271 million**  
in dividends paid 2014 - 2019

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



# COVID-19 Response

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## Health & Well-Being Focus

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.

Diamond sales through HB Antwerp, Clara and quarterly tenders in Antwerp have continued.



## Historic Diamond Recoveries

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



998 ct



1,758 ct  
Sewelô



813 ct  
Constellation



1,109 ct  
Lesedi La Rona



549 ct  
Sethunya

# Karowe Has Recovered 4 of the World's Largest Rough Diamonds

## Top Rough Diamonds Reported Recovered >300 Carats

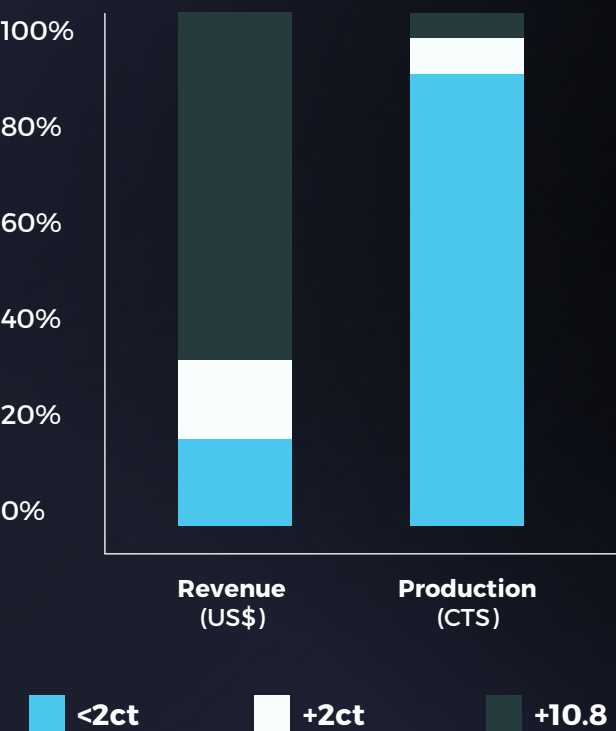
Rank	Carats	Name	Country	Mine	Date
1	3106.75	Cullinan Diamond	South Africa	Premier Mine	1905
2	1758	Sewelô	Botswana	Karowe Mine	2019
3	1109	Lesedi La Rona	Botswana	Karowe Mine	2015
4	998		Botswana	Karowe Mine	2020
5	995.2	Excelsior Diamond	South Africa	Jagersfontein Mine	1893
6	969	Star of Sierra Leone	Sierra Leone	Diminco Mine	1973
7	910	Lesotho Legend	Lesotho	Letseng Mine	2018
8	890	Incomparable Diamond	DRC	Société Minière de Bakwanga	1984
9	813	The Constellation	Botswana	Karowe Mine	2015
10	793	Koh-i-Noor	India	Kollur Mine	13th Century
29	549	Sethunya	Botswana	Karowe Mine	2020
30	544		Botswana	Karowe Mine	2018
36	472.37		Botswana	Karowe Mine	2018
47	378		Botswana	Karowe Mine	2021
48	375.24		Botswana	Karowe Mine	2019
49	373		Botswana	Karowe Mine	2015
50	372.83		Botswana	Karowe Mine	2019
53	355.52		Botswana	Karowe Mine	2015
54	354.97		Botswana	Karowe Mine	2018
56	347		Botswana	Karowe Mine	2016
58	341.9	Queen of Kalahari	Botswana	Karowe Mine	2015
59	341.1		Botswana	Karowe Mine	2020
60	336.4		Botswana	Karowe Mine	2015
61	327.48		Botswana	Karowe Mine	2018
62	321.06		Botswana	Karowe Mine	2018



# Consistent Recovery of Large Diamonds

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

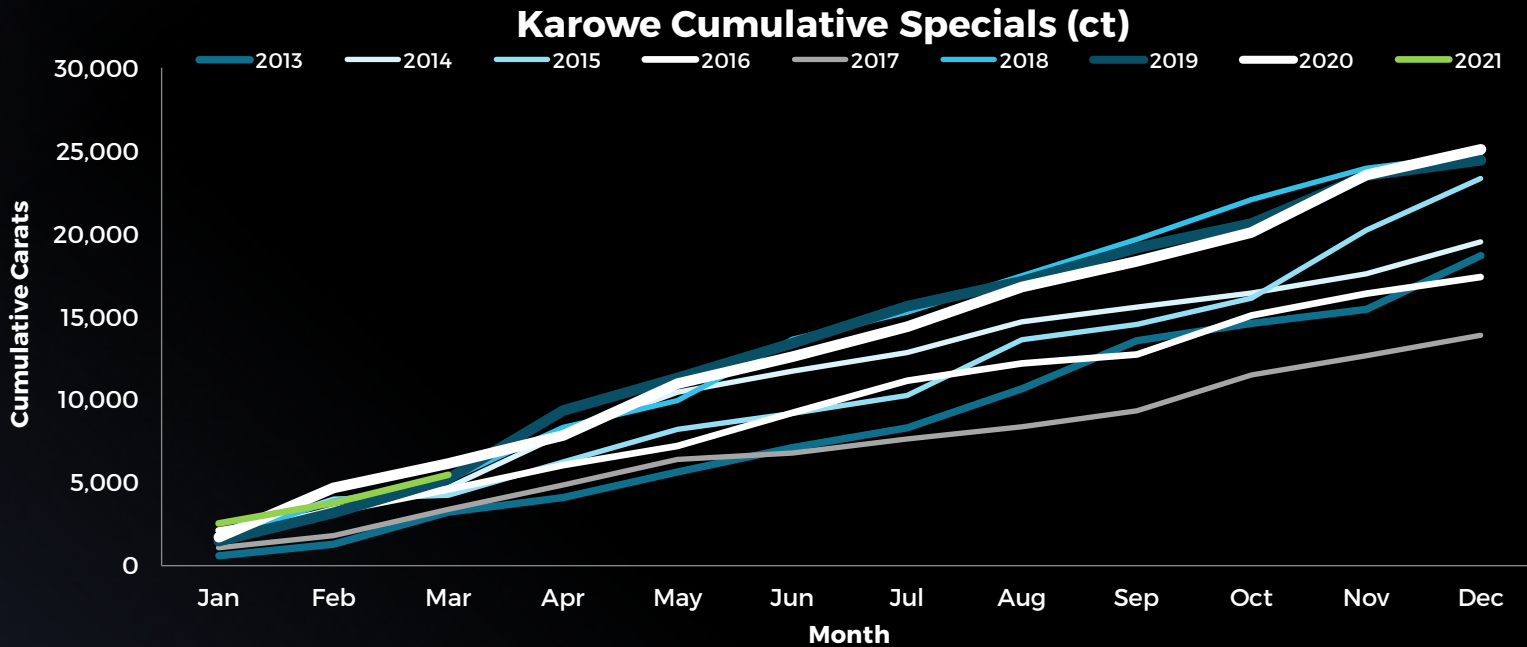
Revenue and production includes 2015 to 2020



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

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## Sale of specials +10.8 carats

All +10.8 carat stones “specials” produced from the Karowe Mine

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24-month **extension** to December 2022

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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

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

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



Sethunya,  
549 carats



# Louis Vuitton & HB Collaboration Agreements on the Sethunya & Sewelô

## Luxury Brand & Cutting Edge Manufacturing

**1,758 carat Sewelô** “rare find”, the largest diamond recovered in Botswana; **549 carat** white gem diamond **Sethunya**, “flower” in Setswana, a diamond of exceptional clarity

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

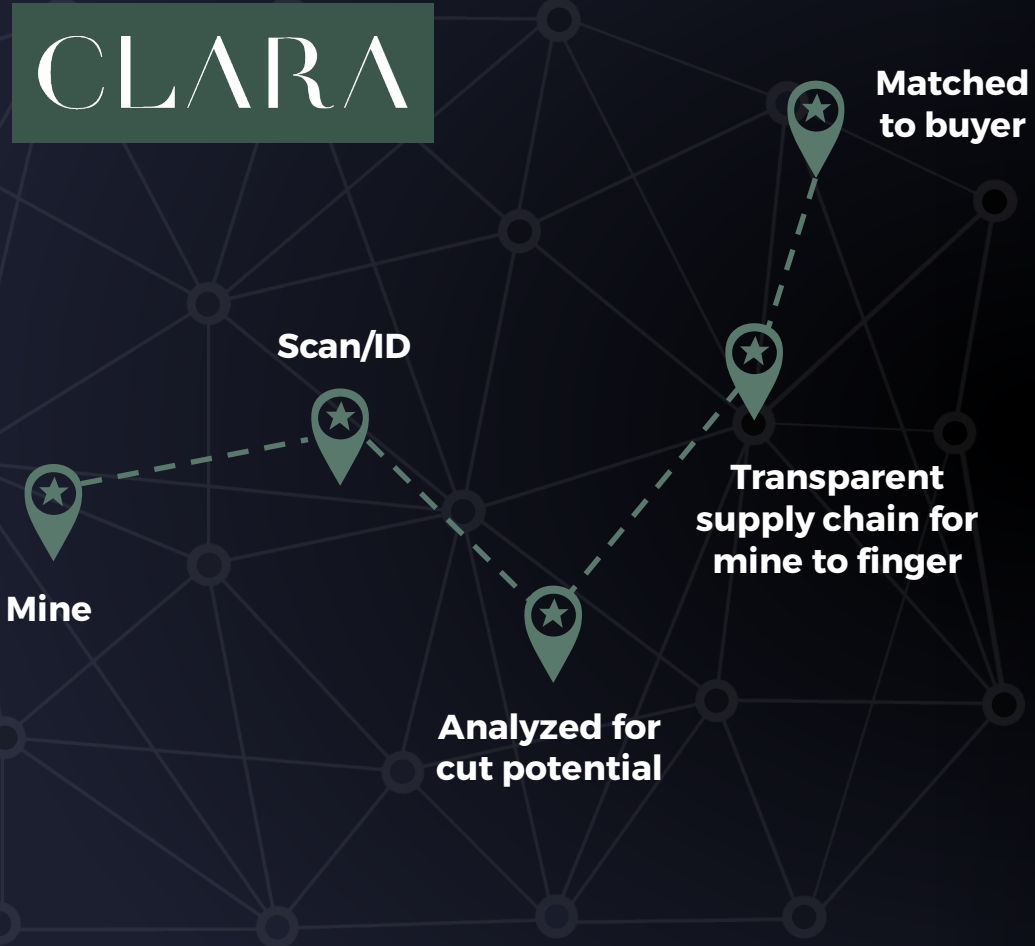
In line with its long tradition of personalisation, **Louis Vuitton** envisages crafting beautiful, bespoke, high value polished stones

Lucara will participate in **all sales** of polished diamonds that result from the **Sethunya** and **50% of the sales proceeds** from the polished diamonds from the **Sewelô**, with **5% of all retail sales** from the historic jewellery collection returned for investment in **community-based initiatives in Botswana**



# 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

## 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



**CLARA**

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

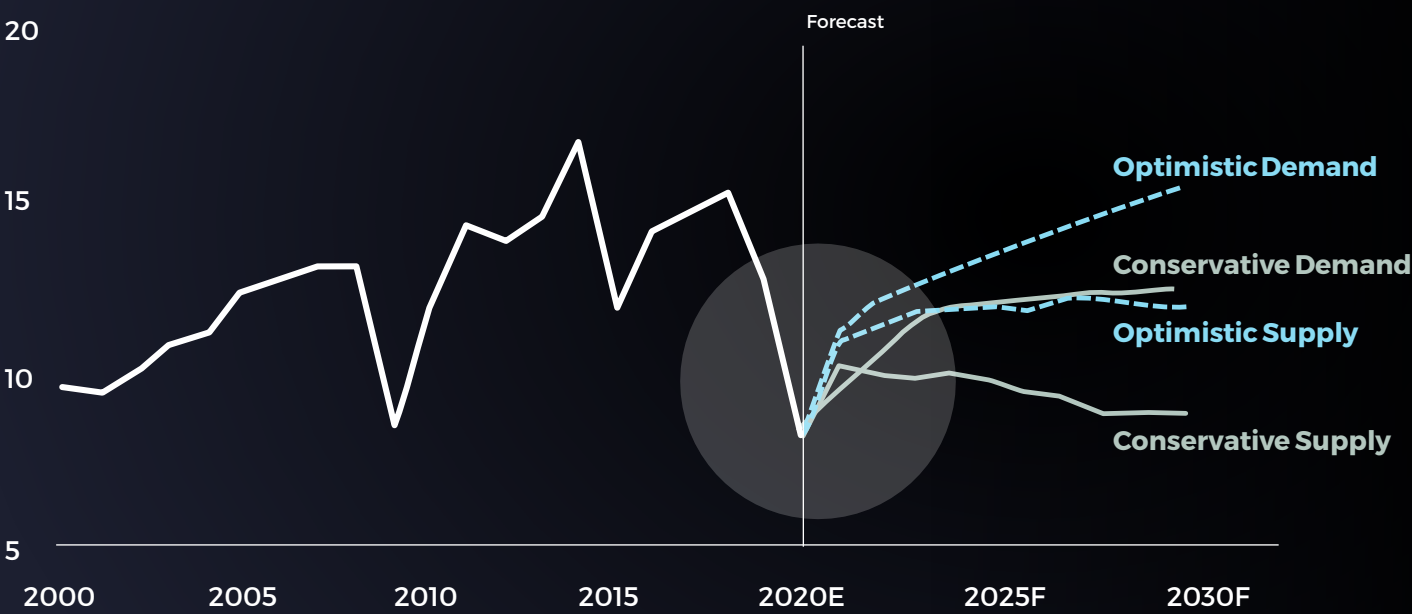
**~\$29.4 million diamonds sold by value**  
between one and ten carats in size,  
in better colours and qualities

# 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



# 2021 Highlights

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

## Karowe Diamond Mine

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

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)

Key milestones achieved for the  
Underground Expansion of Karowe:

- Mandated lead arrangers of senior secured project financing package of up to US\$220 million. Credit approvals of all lenders received early May 2021
- Granted 25-year extension to Karowe mining license (to 2046)

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

## Clara Diamond Solutions

Doubled volume transacted year on year

Customer growth continues to be strong at 80 customers; new participants are being wait-listed



Sethunya, 549 carats

## Balance Sheet & Liquidity

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

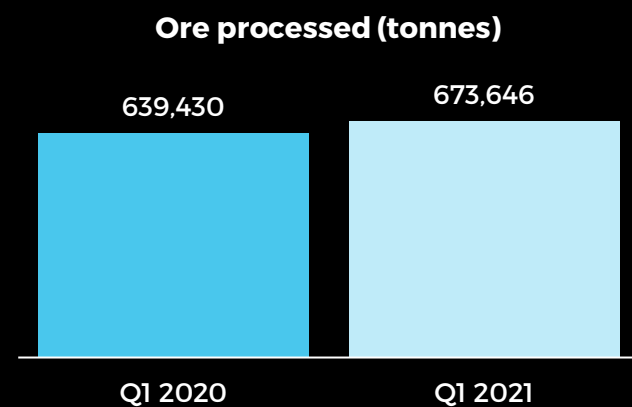
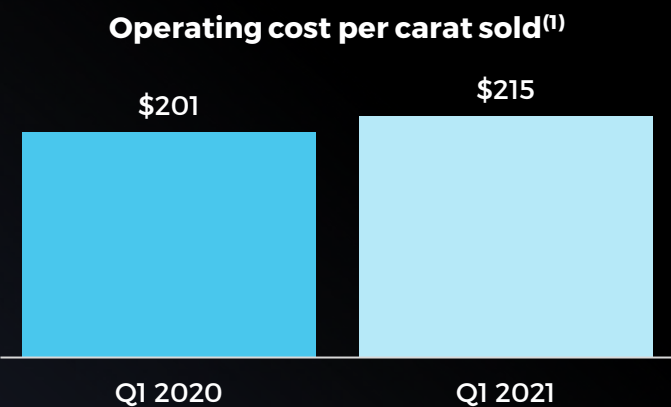
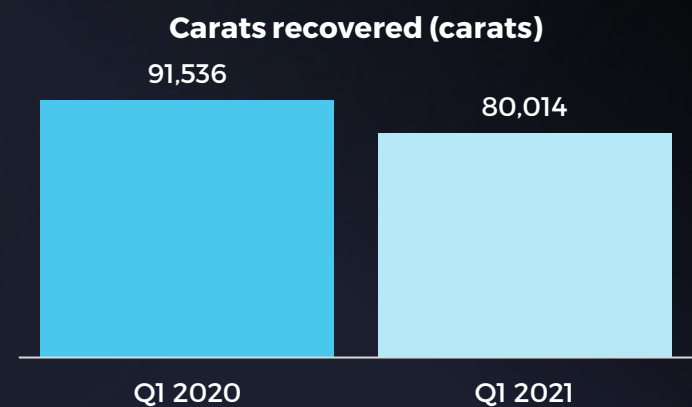
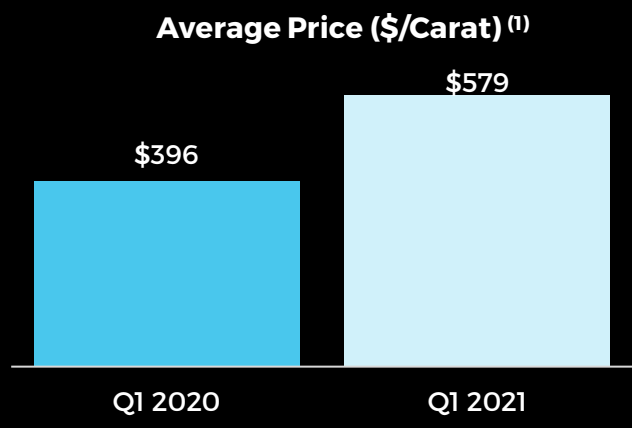
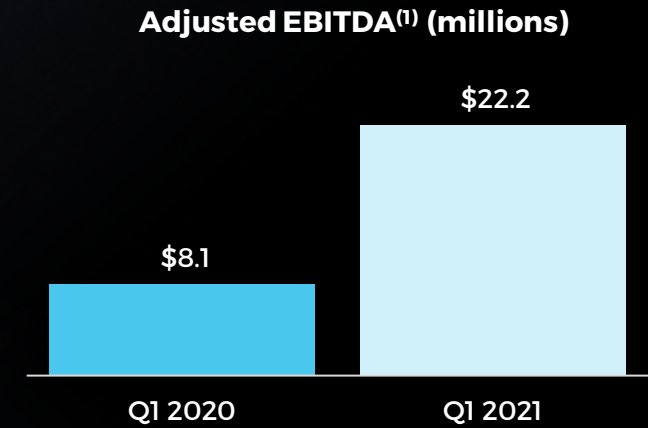
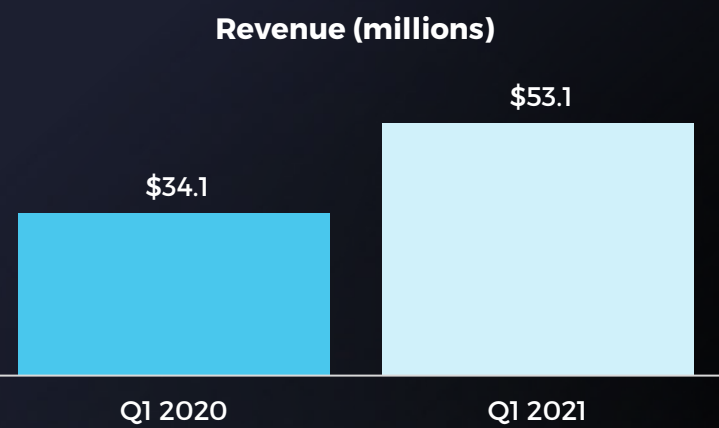
Cash and cash equivalents of \$27.9 million; Net debt of \$22.1 million (March 2021)

Extended credit facility to the earlier of project financing completion or November 5, 2021

Market Cap ~C\$300 million

# Q1 2021 Financial & Operational Highlights

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
<b>Total Sales</b>	<b>91,760 cts</b>	<b>\$ 53.1</b>	<b>\$ 579</b>

\* 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 <sup>(1)</sup>	\$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





# Karowe Underground

## Extending Mine-life to at least 2040

Underground expansion adds  
~ **\$4 bln additional net revenue**

NPV \$1,266 million/\$718 million  
(pre/post tax) @ 5%; **No real  
escalation** in price

**Conservative Price Assumptions:**  
highest value stones removed from  
the economic model

**EM/PK(S) unit dominant;**  
**Highest value** unit of Karowe ore  
body

**Mining license extended to 2046**

**Credit approvals** received for up to  
**\$220M** debt financing; due  
diligence complete; **target close in  
H2 2021**





## Approach to Sustainability

**Focused on transparency, the protection of our people and stakeholder engagement**

Code of Business Conduct  
and Ethics

Whistleblower Policy

Responsible Mining  
Policy

Corporate Social  
Responsibility Charter

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

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

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



**SUSTAINABLE DEVELOPMENT**

# GOALS

**17 GOALS TO TRANSFORM OUR WORLD**



## 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



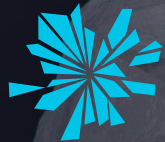
Consistent recovery of high value Specials (+10.8 carats);  
Open pit mineable reserves to 2026 with underground  
expansion extending the mine life to at least 2040



Asset diversification and additional revenue  
stream opportunity through Clara







**LUCARA**  
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