



LUCARA
DIAMOND

**A Premium Diamond Equity
De-Risked and Positioned for
Long-Term Growth**

**LUCARA TOWN HALL
MARCH 2022**

LucaraDiamond.com | [LUC.TSX](https://www.tsx.com) | [LUC.XSTO](https://www.xsto.com) | [LUC.BSE](https://www.bse.com)



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.

Qualified Persons: Dr. John Armstrong, Ph.D. P.Geol, is the Qualified Person as defined by NI 43-101. Dr. Armstrong is Vice President Technical Services for the Company and has reviewed and approved the scientific and technical information contained in this presentation. Mr. Cliff Revering, P. Eng. of SRK Consulting is the independent Qualified Person as defined by NI 43-101 responsible for the Karowe Diamond Mine Mineral Resource estimation, and Mr. Gord Doerksen of JDS Energy and Mining Inc. is the Independent Qualified person as defined by NI 43-101 responsible for the Karowe Diamond Mine Mineral Reserve estimation. The most recent Mineral Resource and Mineral Reserve estimations are located in the 2020 Annual Information Form for the year ended December 31, 2020, dated March 30, 2021, which can be found on the Company's website and under its profile on SEDAR at www.sedar.com.

Technical Reports: For further details regarding the Karowe Underground Project and Qualified Persons as defined by NI 43-101, please refer to the technical report dated December 16, 2019 with an effective date of September 26, 2019, titled "Karowe Mine Underground Feasibility Study Technical Report, Botswana, posted to the Company's website and under its profile on SEDAR at www.sedar.com.

Lucara Diamond: Three Reasons to Buy

A Premium Diamond Equity De-Risked and Positioned for Long-Term Growth

1

Diamonds

Diamond market fundamentals are the best they've been in the last five years

2

Lucara



Prolific, high-margin diamond mine in Botswana with a fully funded expansion program

3

Clara

CLARA

First digital diamond sales platform provides asset diversification and additional revenue stream

LUC: TSX	Feb 22, 2022	
Share Price		C\$0.63
Market Cap ¹		\$229.5 M
Shares Outstanding ²		465,495,709
Cash Position (Dec 31, 2021)		\$27 M

ANALYST COVERAGE

Bank of America Merrill Lynch
Berenberg
BMO Capital Markets
Pareto Securities Ltd.
Scotia Capital

(1) Converted at 1.278 C\$/US\$
(2) Fully diluted as at Feb 22, 2022

Strong Leadership with Significant Resource Sector and Capital Markets Experience



EIRA THOMAS

PRESIDENT & CEO, DIRECTOR

- Canadian geologist with 25 years' experience
- CEO of Kaminak Gold sold to Goldcorp
- Director of Suncor Energy Inc.; Suncor's Chair of the Governance
- Selected as 'Top 100 Canada's Most Powerful Women'



ZARA BOLDT, CPA, CGA

CFO & CORPORATE SECRETARY

- Senior finance leader with 20+ years' experience with public mining companies
- Independent Director of Bluestone Resources Inc. and Gold Standard Ventures Corp.
- Director of Women in Mining British Columbia



DR. JOHN ARMSTRONG

VP, TECHNICAL SERVICES

- Canadian Geologist with 30+ years' mining experience
- A leading world expert in diamond resource modeling and management



NASEEM LAHRI

MANAGING DIRECTOR,
LUCARA BOTSWANA

- 17 years' experience
- Director of First National Bank in Botswana
- The first woman and the first Botswana woman to lead a diamond mining company

Karowe Mine – Botswana

[Experience Lucara 360°](#)

Africa is the second highest diamond producing region in the world

Lucara acquired **100% ownership** from De Beers in 2010

3.2 million carats sold
\$1.7 billion in revenue in ~8 years

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

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

Only mine in recorded history to recover **three +1,000 carat diamonds**

Total capital investment less than **\$200 million**
\$271 million in dividends paid 2014 - 2019

Historic Diamond Recoveries – Differentiation From Peers

Karowe has yielded 25% of the World's Largest Diamonds and 4 of the top 10

24 diamonds >300 carats have been recovered from Karowe, including 3 diamonds > 1,000 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	1174.76		Botswana	Karowe Mine	2021
4	1109	Lesedi La Rona	Botswana	Karowe Mine	2015
5	1098.3		Botswana	Jwaneng Mine	2021
6	998		Botswana	Karowe Mine	2020
7	995.2	Excelsior Diamond	South Africa	Jagersfontein Mine	1893
8	969	Star of Sierra Leone	Sierra Leone	Diminco Mine	1973
9	910	Lesotho Legend	Lesotho	Letseng Mine	2018
10	890	Incomparable Diamond	DRC	Société Minière de Bakwanga	1984
11	813	The Constellation	Botswana	Karowe Mine	2015
31	549	Sethunya	Botswana	Karowe Mine	2020



**1,758 ct
Sewelô**



**813 ct
Constellation**



**549 ct
Sethunya**

**1,109 ct
Lesedi La Rona**

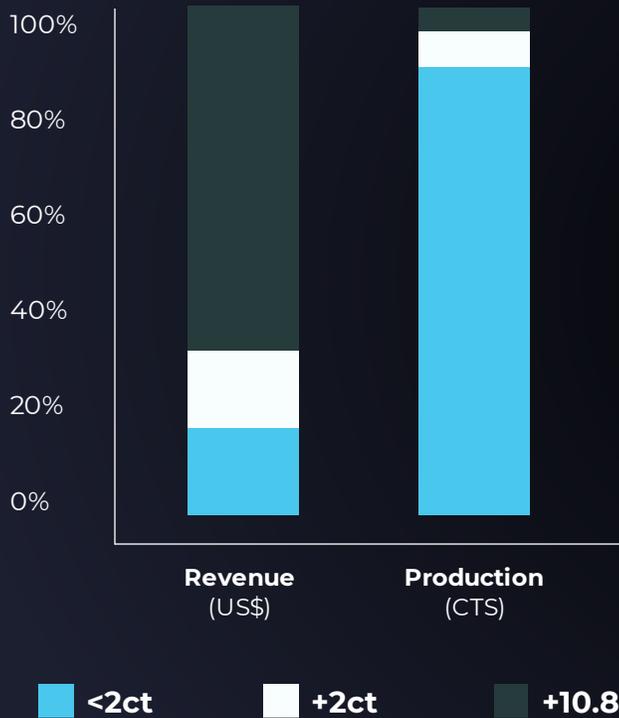


Consistent Recovery of Large Diamonds

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

Revenue and production

includes 2015 to 2021

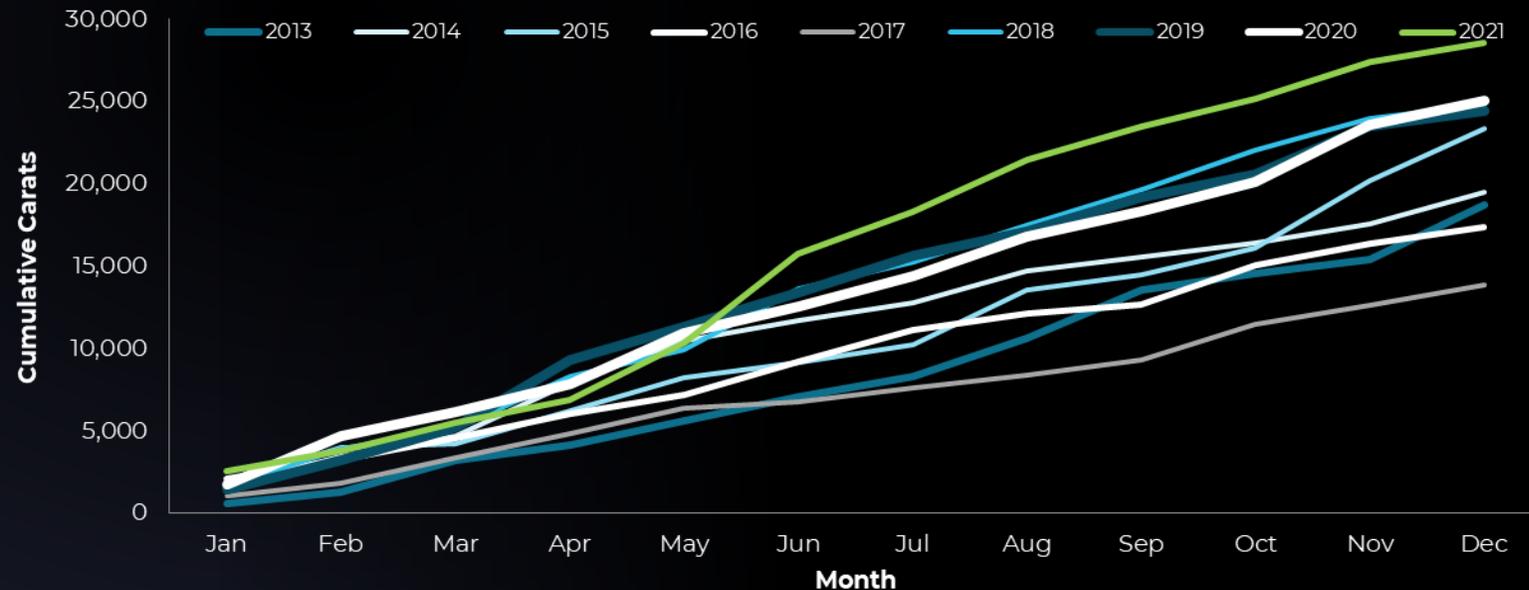


2021 Recoveries:
 39 diamonds > 100 carats
 incl:
 1 diamond >1000 carats,
 7 diamonds > 300 carats,
 8 diamonds > 200 carats,
 23 diamonds > 100 carats

Since 2012: 25 diamonds in excess of 300 carats have been recovered, including 3 diamonds > 1,000ct

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

Karowe Cumulative Specials (ct)



2021 Highlights

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

Karowe Diamond Mine

Revenues of \$230.1 million or \$603 per carat

Strong, safe, reliable production results; All physicals achieved to plan; record mill throughput of 2.8 tpa and no LTI's

Record year for the recovery of +10.8 carat "Specials", achieving 7.8% by weight and including Karowe's 3rd diamond larger than 1000 carats

Extension of novel supply agreement with HB Antwerp for +10.8 carat "Specials" providing upside exposure through polished sales

Karowe underground expansion sanctioned, fully financed and tracking on budget and schedule, \$86.3 million spent by year-end

Clara Diamond Solutions

88 Buyers; active waitlist

Third party supply added to the platform

Total sales volume of \$28.7 million transacted on the Clara platform, a 168% increase over 2020



Sethunya, 549 carats

Balance Sheet & Liquidity

Strong cash position and available liquidity

\$170 million project debt facility, (\$25 million drawn), \$50 million working capital facility (\$23 million drawn) and \$31 million in equity completed in 2021 to support Karowe Underground Expansion Project

Cash and cash equivalents of \$27.0 million at Dec 31, 2021



Karowe Underground Expansion

Extending mine-life to at least 2040

\$534 million underground expansion adds
~ **\$4 billion additional net revenue**

NPV \$1,280 million/\$750 million (pre/post tax) @ 5%; using **conservative diamond price** assumptions

Fully Financed, Board Sanction Received

One drawdown under the \$170 million project financing facility by year end

2021 Capital Spend

\$86.3 million spent in 2021; tracking on schedule and budget

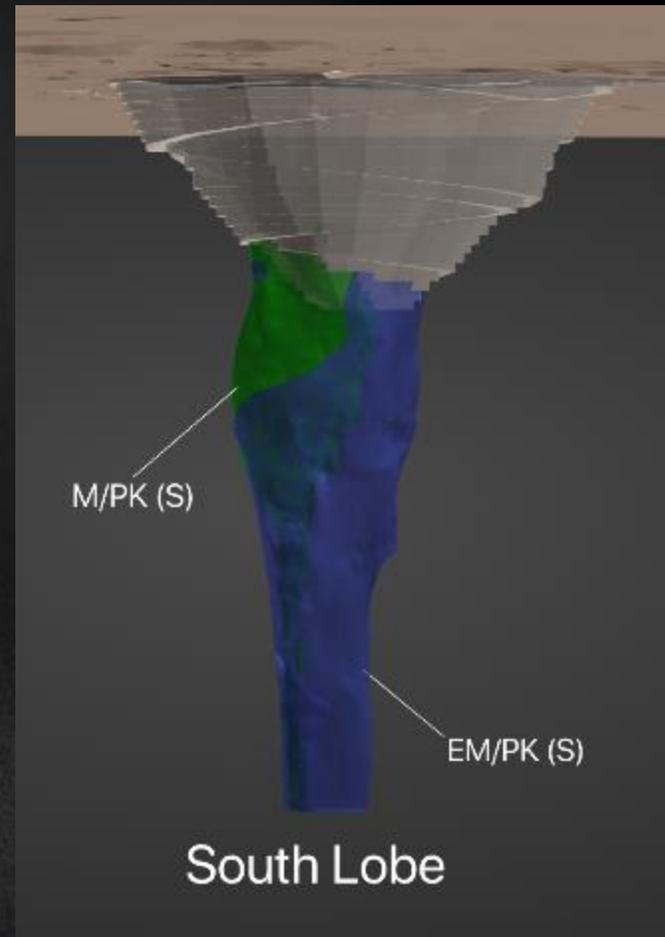
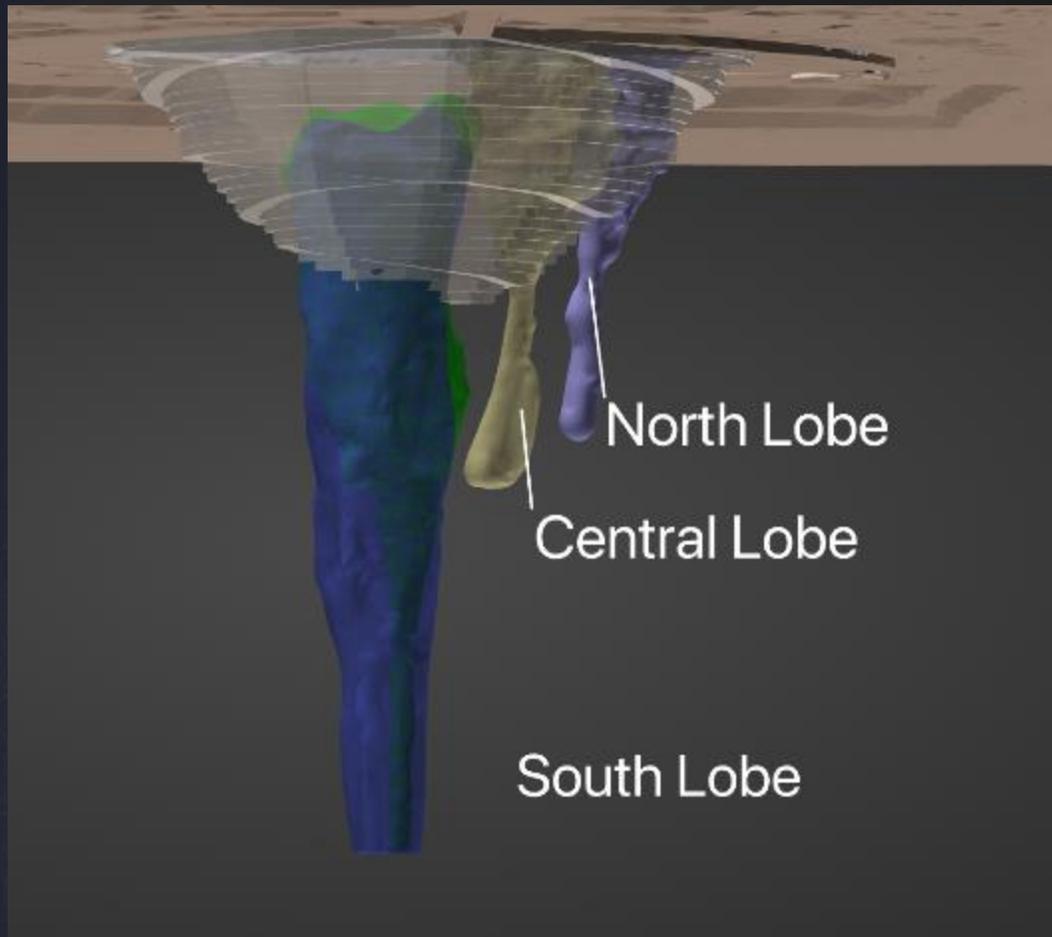
Pre-Shaft Sinking Nearing Completion; Transition to Main Shaft Sinking Q2, 2022

\$110 million planned for 2022; tracking on schedule and budget

Karowe Ore Body With South Lobe UG Expansion

[VRIFY | See for yourself.](#)

Click hyperlink above for interactive 3D imaging of mine.

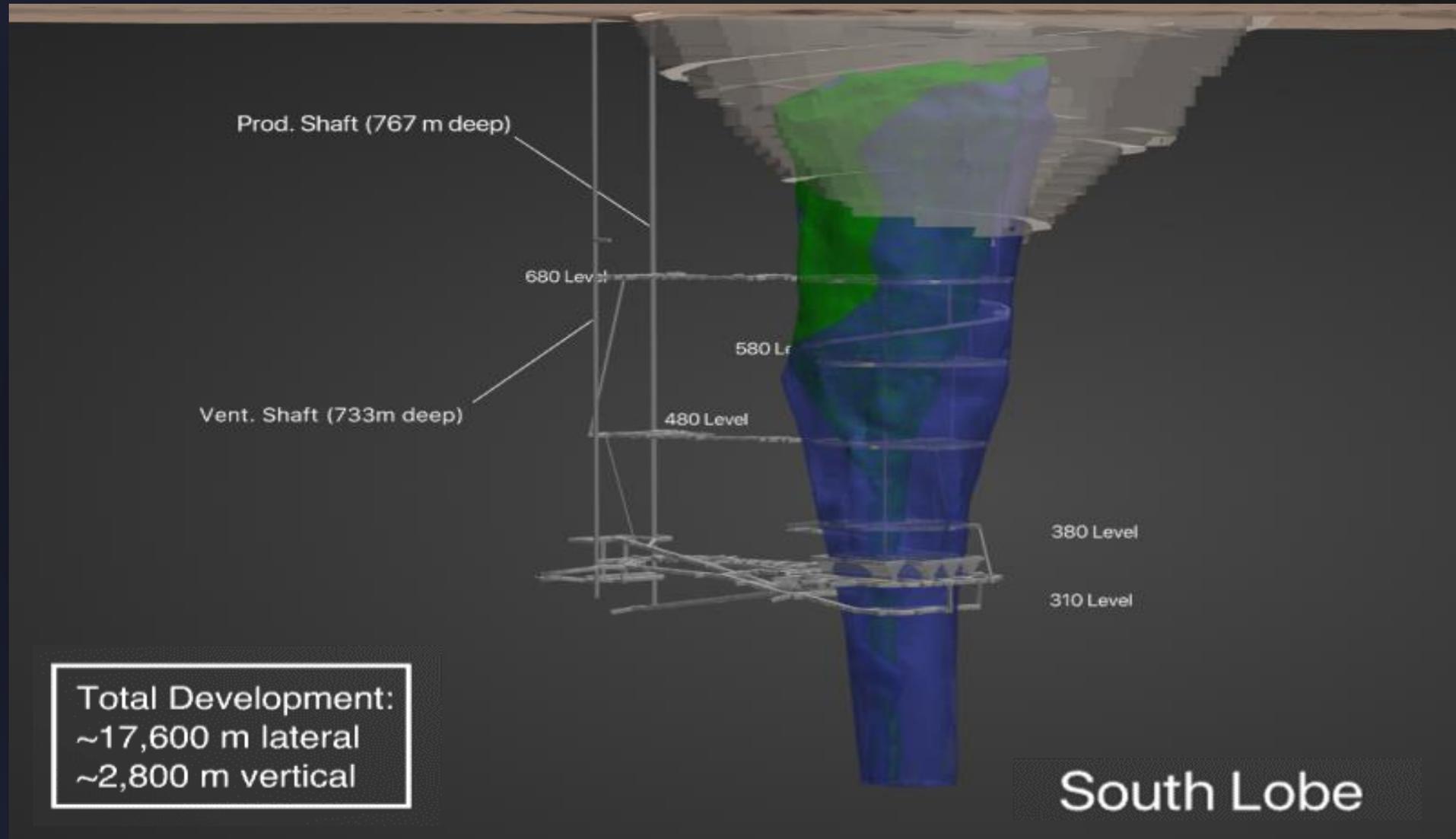


M/PK (S) and **EM/PK (S)** are the highest-grade units carrying the largest diamonds in the Karowe ore body

EM/PK (S) is **most prolific** unit in the Karowe ore body

Lucara's **5 largest diamonds** recovered have come from the **EM/PK (S)** unit

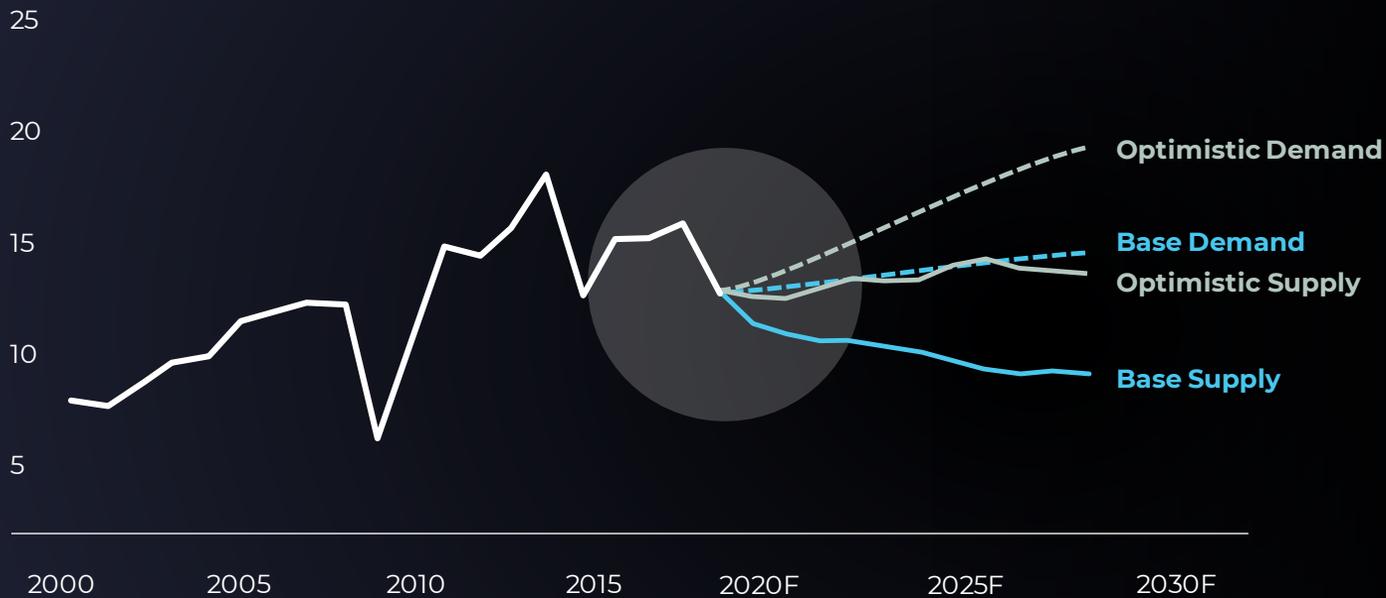
Karowe Underground Mine Design



Diamond Market

Restocking activity in the midstream late 2020, continues in 2021 driving better prices; Longer term outlook remains strong supported by supply constraints

Rough diamond supply and demand



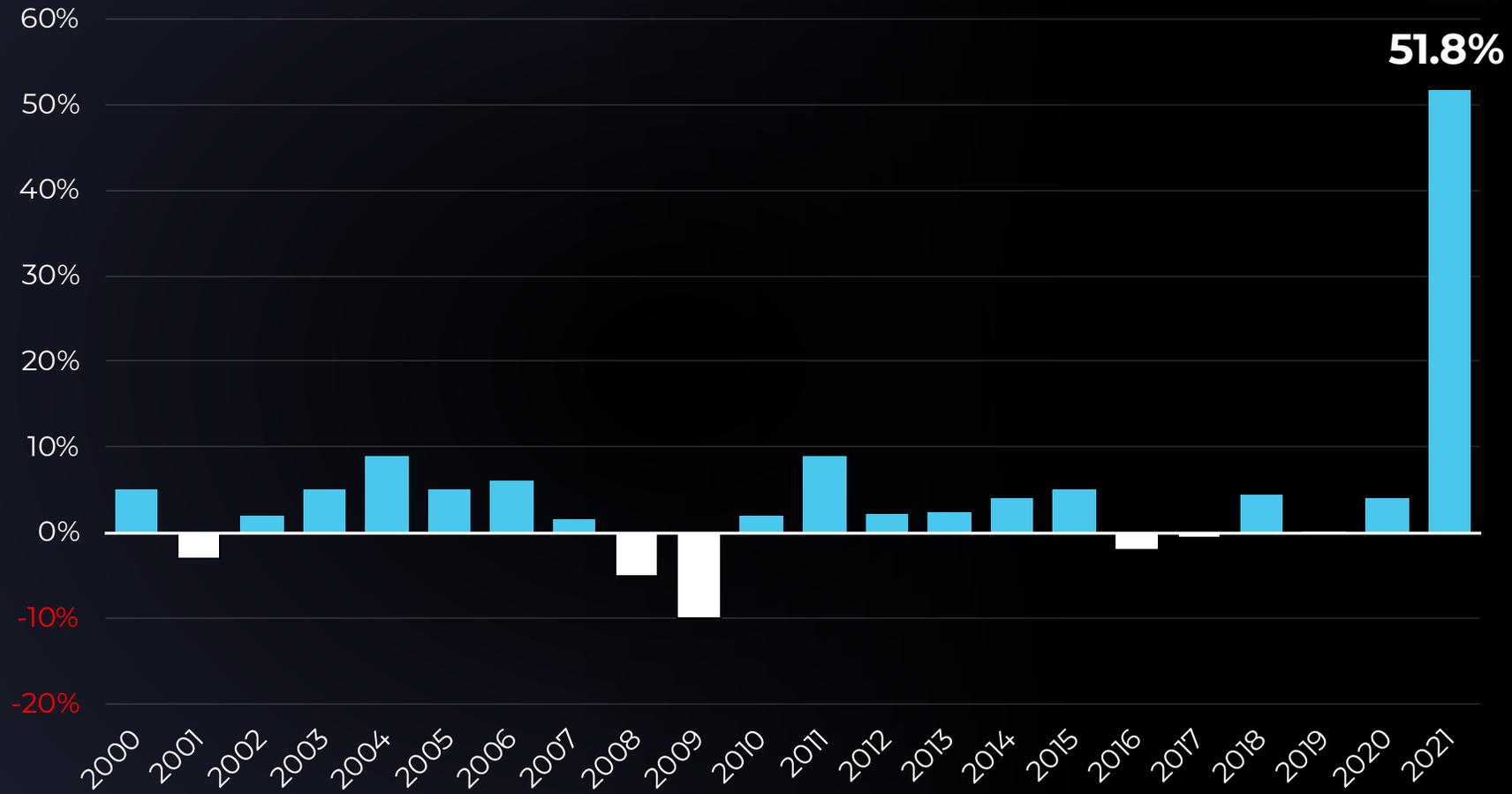
**Demand pick up in the US & China;
Strong Retail Holiday Season**

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

US Jewelry Sales Hit Record Growth



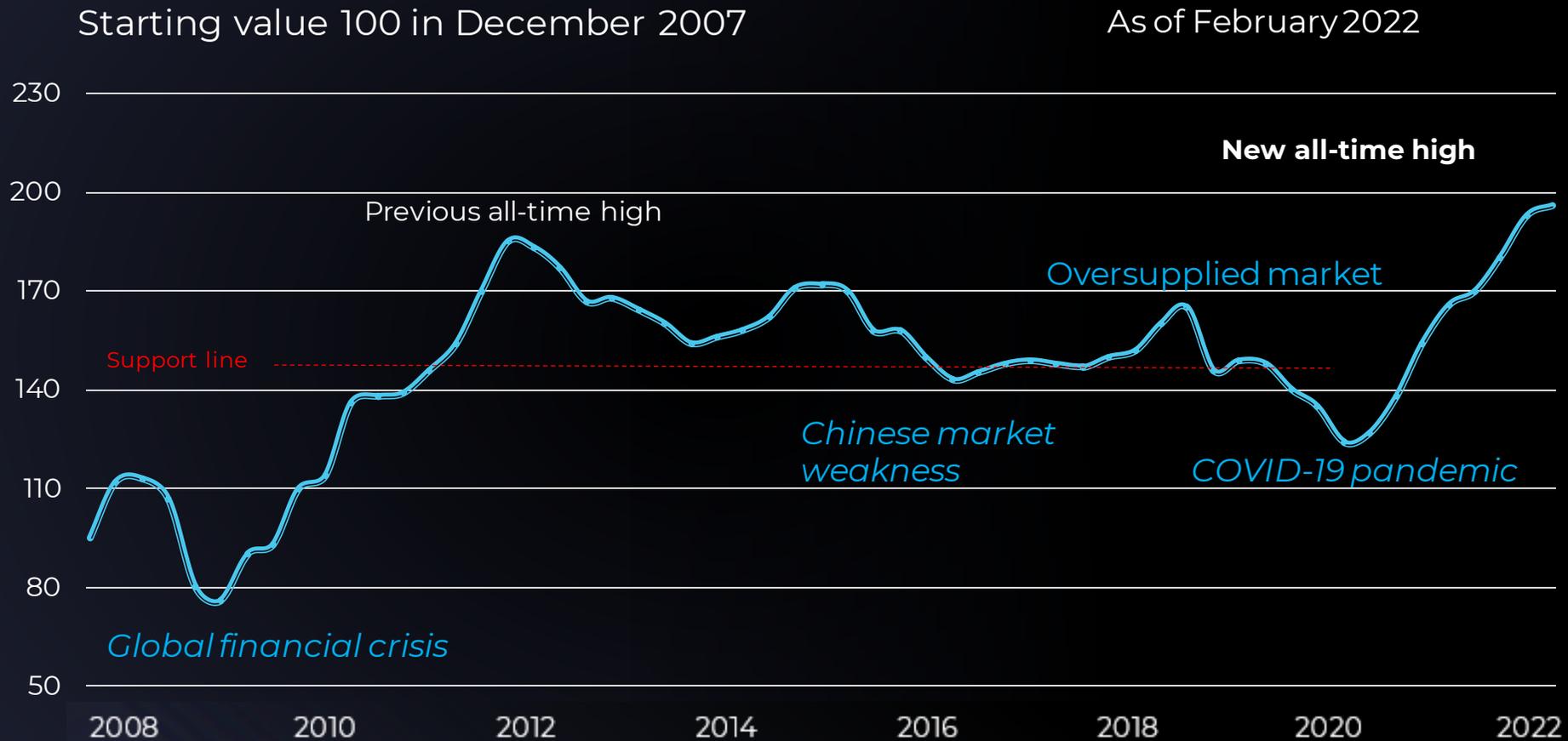
YoY Change in US Annual Jewelry Sales



Source: Department of Commerce

Quarterly Aggregated Rough Diamond Price Indexed

Zimnisky Global Rough Diamond Price Index

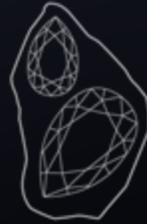


Sales Channels

Optimized Sales of Rough and Polished Diamonds to Create Alignment Along the Supply Chain and Maximize Revenues



Rough



Clara



Polished



Jewelry

Increasing Margin Capture Downstream

Tenders (Auctions) of
Rough Diamonds < 10.8
carats in size

10-15%
of Revenue

Proprietary Digital
Marketplace for Rough
Diamonds 1-15 carats in size

15-20%
of Revenue

Manufacturing into
Polished Diamonds
with HB Antwerp

65-70%
of Revenue

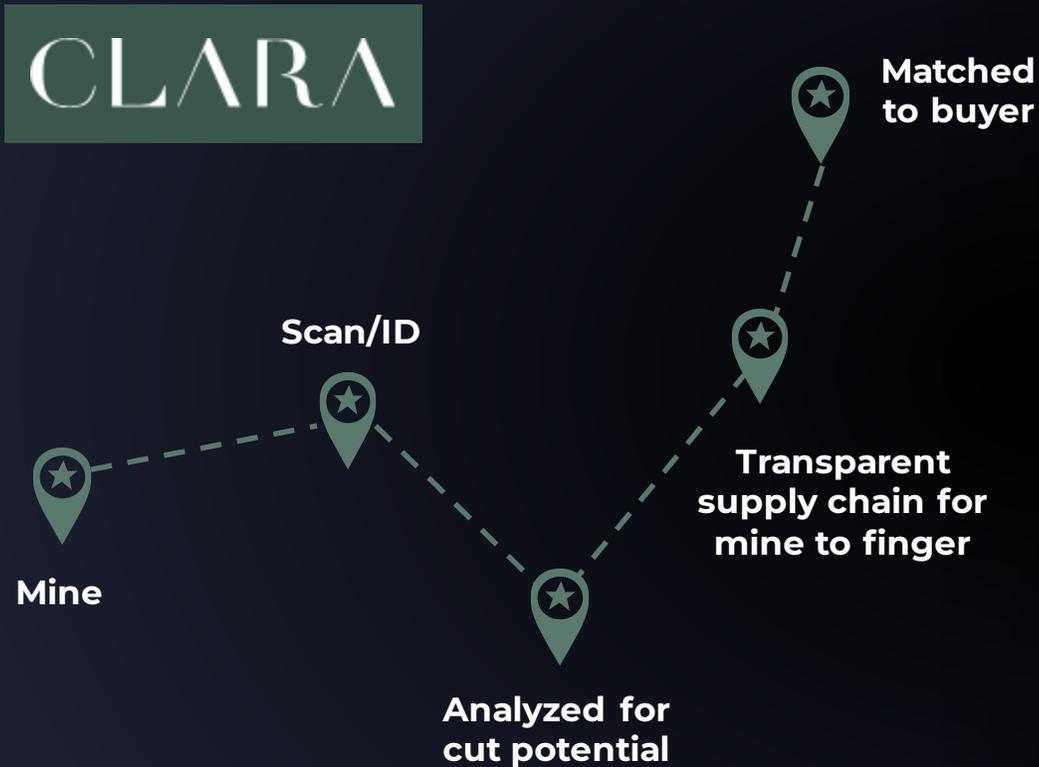
Collaboration with
Brands to Create Made
to Order Jewelry

Special Diamonds
Sethunya and Sewelô



Clara - Transforming the Diamond Sales Process

De-Risked Digital sales platform (1 to 15 carat) expected to capture at least 10% of the global rough diamond market over the next 5 years



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



60 sales completed since inception
~\$50 million of diamonds sold by value through the platform

Low operating cost platform with regular sales

Fee-based structure

~26,000 carats sold through the platform

Growth Potential in Primary & Secondary Markets

Buyers increased from 75 to 88 in 2021:

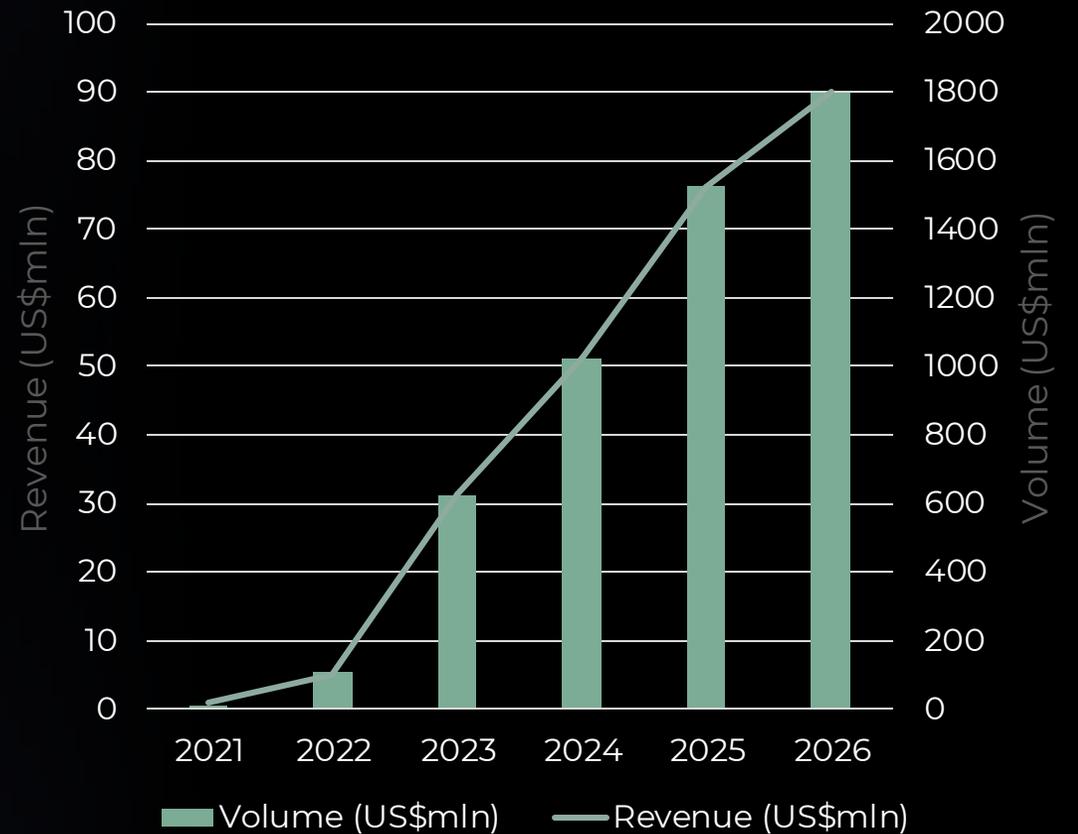
Wait-list being maintained

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

Negotiations with several third parties continues

Travel restrictions **accelerating adoption** of new technology

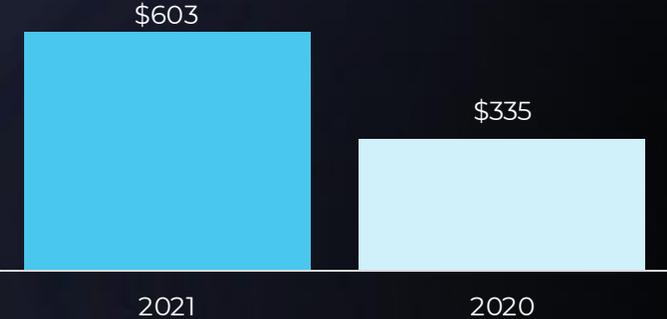
5 Year Potential Growth Profile



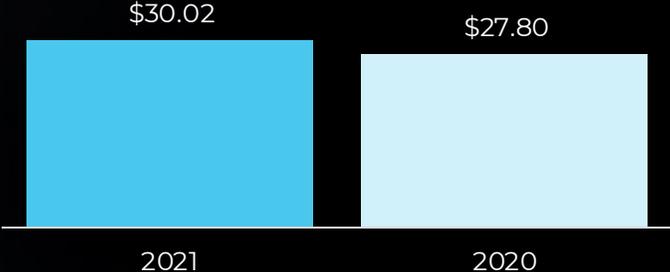
2021 Financial Highlights

Year ending December 31, 2021
(All currency figures in U.S. Dollars)

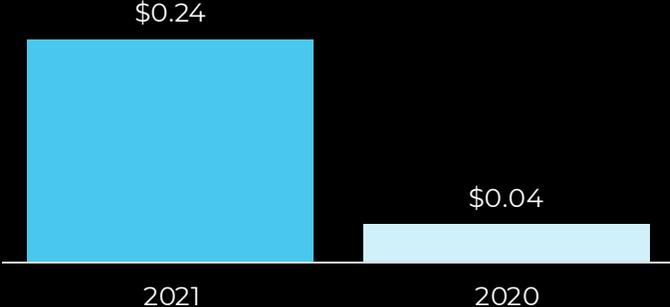
Average Price (Average \$/Carat)



Operating Cost (\$ per tonne processed)⁽¹⁾



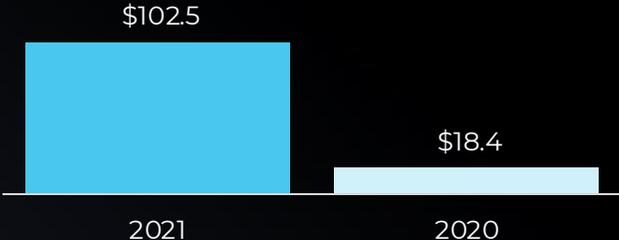
Cash flow from operations per share⁽¹⁾



Revenue (millions)



Adjusted EBITDA⁽¹⁾ (millions)



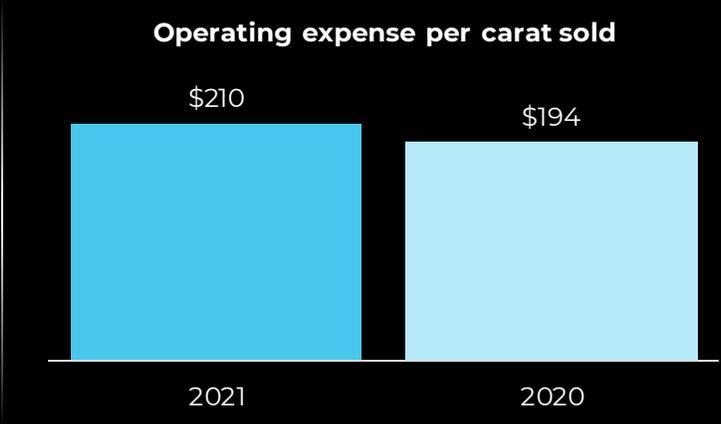
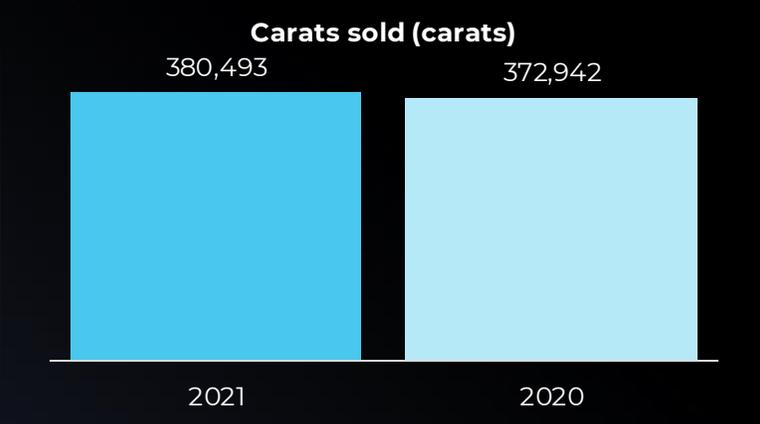
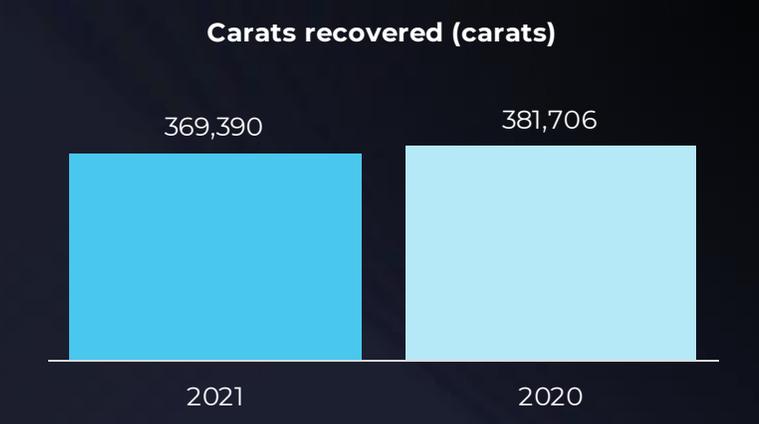
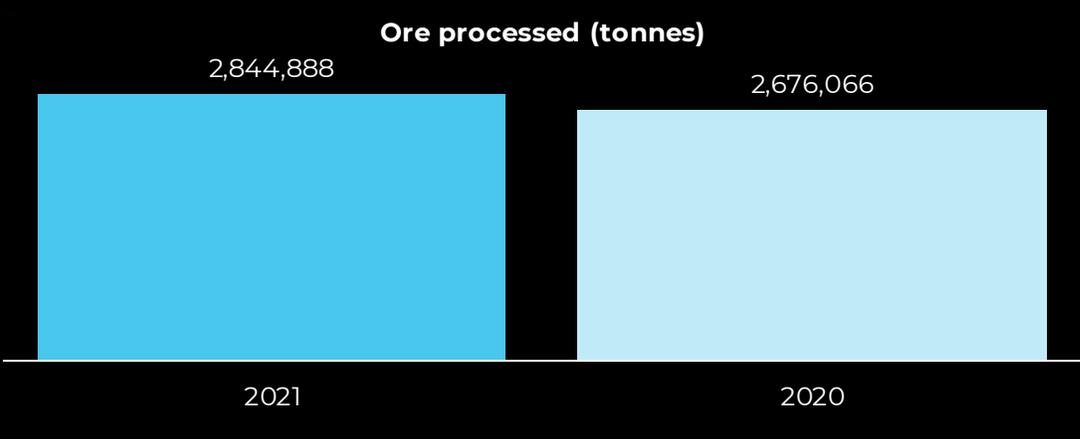
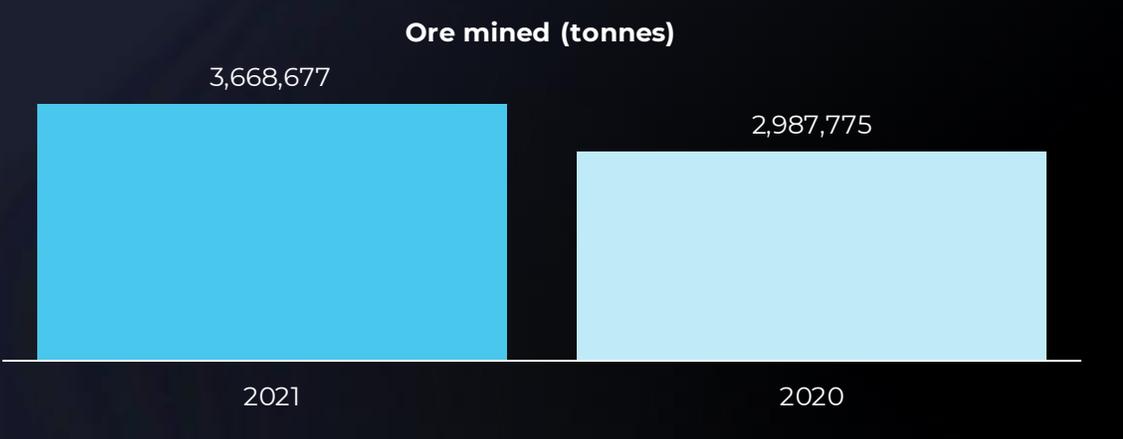
Net income (loss) (millions)



⁽¹⁾ Non-IFRS measure

2021 Operational Highlights – Karowe Mine

Year ending December 31, 2021
(All currency figures in U.S. Dollars)



2022 Guidance

(All currency figures in U.S. Dollars)

Karowe Diamond Mine	FY2022
Diamond revenue ¹	\$195 to \$ 225 million
Diamond sales	300,000 to 340,000 carats
Diamonds recovered	300,000 to 340,000 carats
Ore tonnes mined	3.1 to 3.5 million
Waste tonnes mined	1.5 to 2.1 million
Ore tonnes processed	2.6 to 2.8 million
Total operating cash costs	\$29.50 to \$33.50 per tonne processed
Botswana G&A (including sales & marketing)	\$3.50 to \$4 per tonne processed
Tax rate	0%
Average exchange rate – USD/Pula	11.0



¹⁾ Revised from guidance released on November 24, 2021. Diamond revenue guidance does not include revenue related to the sale of exceptional stones, or the Sethunya.

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

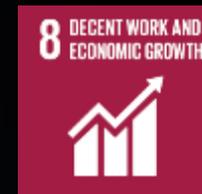
Lucara's Sustainability Report is prepared in accordance with the GRI Standards: Core option, and selected G4 Mining and Metals Sector Disclosures



SUSTAINABLE DEVELOPMENT

GOALS

17 GOALS TO TRANSFORM OUR WORLD



Mokubilo Integrated Farm

Sustainable Development Goals



- The project is expected to start making profit in the next two months as a bigger area and more crops have been planted.
- The farm was able to pay the P11,000.00 for insurance from the farm proceeds.
- An additional 1.5ha (watermelon, green mealies and butternut) was planted in the newly installed irrigation drip system making a total of 2.2 ha of planted area.
- Soil preparation is ongoing to plant tomato, cabbage, green pepper and spinach.

COVID-19 Response

Operations consistent, Diamond sales continue

Measures and guidelines implemented by the Government of Botswana in late March 2020 have allowed the Karowe Mine to remain fully operational throughout the pandemic. These measures designated mining as an essential service in Botswana and included increased travel restrictions, reduced overall staffing levels and appropriate social distancing, among other restrictions. The Government of Botswana extended the state of emergency several times before it was lifted on September 30, 2021. The Company was able to continue mining and processing activities during the state of emergency as most of the workforce (+98%) are Botswana Nationals.

The Company continues to operate under its approved crisis management plan, designed to protect the health and well-being of our employees in Botswana and Canada as well as the financial well-being of the business. The Company has permission to conduct COVID-19 testing at our operations in Botswana which began in January 2021, and regular health screening, temperature checks and the use of infrared measurements are also routine. All contractors and visitors are required to have negative COVID-19 tests and adhere to all COVID-19 protocols while conducting work at company operations in Botswana. A government-sponsored vaccination program commenced in Botswana mid-year. At the end of December 2021, 94% of the Company's workforce was fully vaccinated and 3% had received a first dose.

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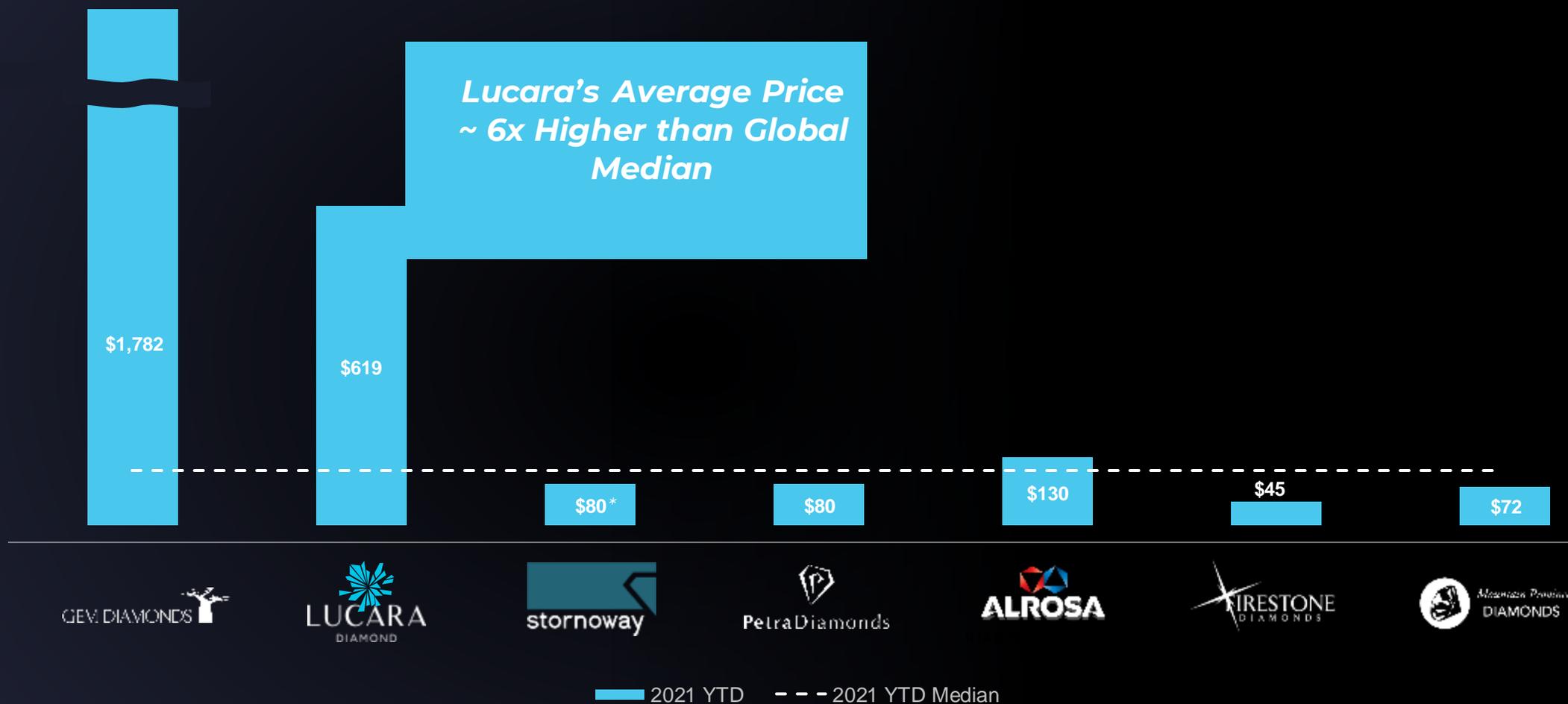
Appendix



1,758 carat Sewelô

Global Achieved Average Diamond Prices 2021 YTD

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



*Stornoway is a estimated diamond price based on 2020 data.

Supply Agreement with HB Antwerp

2021

All +10.8 carat diamonds produced from Karowe sold through novel supply agreement until at least 2023

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

Sales of **\$150.4 million** in 2021

Committed sales **every two weeks** generating **regular cash flow**

Creates alignment within the supply chain, **supporting and maximizing prices** for our largest, most valuable revenue segment



Louis Vuitton & HB Collaboration Agreements on the Sethunya & Sewelô

Luxury Brand & Cutting Edge Manufacturing

Alignment across the supply chain to **maximize polished diamond value** for all

Lucara participates in all sales of polished diamonds resulting from the Sethunya and 50% of polished sales resulting from the Sewelô with a further commitment from LV to contribute 5% of all Sewelô retail jewelry sales towards community-based initiatives in Botswana

Sewelô world tour completed in 2021; planning underway to **create an exclusive polished diamond collection from Botswana's largest diamond**

Strong year end revenue results combined with recent price strengthening for large, high value polished diamonds, led to a **strategic decision to defer the sale of the Sethunya in 2021**



549 ct
Sethunya



1,758 ct
Sewelô

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

