

LUCARA
DIAMOND

**Q2 2021 Results
Karowe Underground
Expansion Update**

AUGUST 11, 2021



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, forward-looking information and forward-looking statements in this presentation include, but are not limited to, information or statements with respect to the length by which the UGP will extend the life of mine, forecasted revenues, diamond prices, the UGP being fully financed from a combination of debt, equity and projected cash flows from open pit operations, that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the UGP, the anticipated total capital expenditures and schedule to develop and complete the UGP, the timing of key construction milestones including shaft sinking activities, the timing of achieving production targets, the Company's adoption of and compliance with internationally recognized standards including IFC Performance Standards and the Equator Principles, the timing for the UGP to pay back capital, that the timing of the end of the open pit mine life will limit the risk of a production shortfall during the UGP ramp-up, statements on how COVID-19 or variants thereof have or may impact the schedule for the UGP or the Company's ability to continue to mine the open pit during the construction period, that the decisions taken to de-risk the UGP will be successful, that the people, equipment and materials required to build the UGP will be available when required to maintain the proposed UGP schedule, that the use of LHS to mine the underground will provide additional mine life from the Karowe ore body and that the use of this mining method will allow access to the EM/PK(S) ore as planned, that minimal dilution will result from the use of LHS and that the underground development can occur simultaneously with open pit operations.

Other forward-looking information and forward-looking statements include: 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.

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 impacts from COVID-19 or variants thereof on the Company's ability to continue to operate as planned, including the availability of people, equipment and materials required to maintain the proposed UGP schedule, the Company's ability to access the markets and generate revenues at anticipated diamond prices, the Company's ability to continue to comply with the terms of its debt financing, 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.

Q2 2021 Highlights

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

Karowe Diamond Mine

\$46.3 million in revenue in Q2; average price per carat of \$671

Exceptional recoveries continue in 2021 – 1,174 carat, 2 diamonds >400 carats, 2 diamonds >200 carats and 12 between 100 – 200 carats.

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

Adjusted EBITDA of \$22.2 million in Q2

Karowe underground expansion progressed rapidly: mobilization of shaft-sinking teams and Phase 1 camp completed

Two year extension of the novel supply agreement with HB Antwerp for +10.8 carat “specials”

Clara Diamond Solutions

6 sales in Q2 2021; 38% increase in volume transacted from Q1 2021

Growth in customers from 80 to 84 participants (+5%); new participants are being wait-listed



Sethunya, 549 carats

Balance Sheet & Liquidity

Executed loan documentation for a senior secured project financing package of up to \$220 million for underground expansion.

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

Cash and cash equivalents of \$13.7 million; Net debt of \$36.6 million (June 2021)

Equity financing of C\$41.4 million closed July 15, 2021

COVID-19 Response

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 Government of Botswana 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 is conducting COVID-19 testing at our operations, and providing necessary support for all employees and contractors.

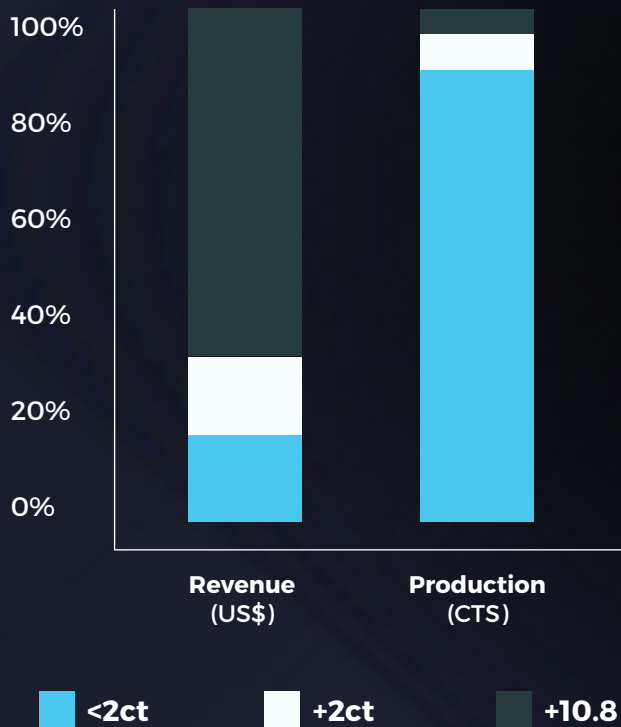
Diamond sales through HB Antwerp, Clara and quarterly tenders in Antwerp have continued.



Consistent Recovery of Large Diamonds

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

Revenue and production includes 2015 to 2020

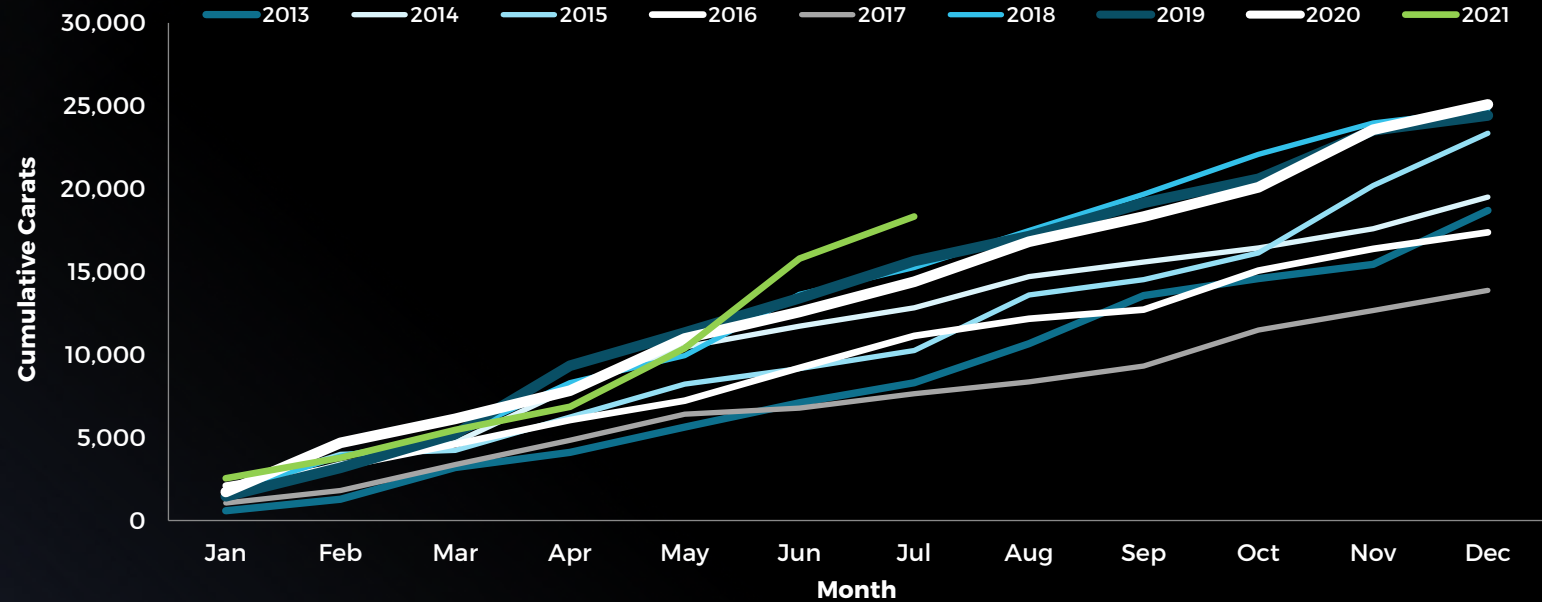


Life of mine recovery of +198,000 carats of individual stones > 10.8ct (over 6,700 diamonds; all sources)

Since 2012: 24 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)



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 an **adjustment** for actual achieved polished sales, less a fee and cost of manufacturing

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

Q2 revenue of \$30.7 million from the HB supply agreement; average price of **\$6,767** per carat



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**

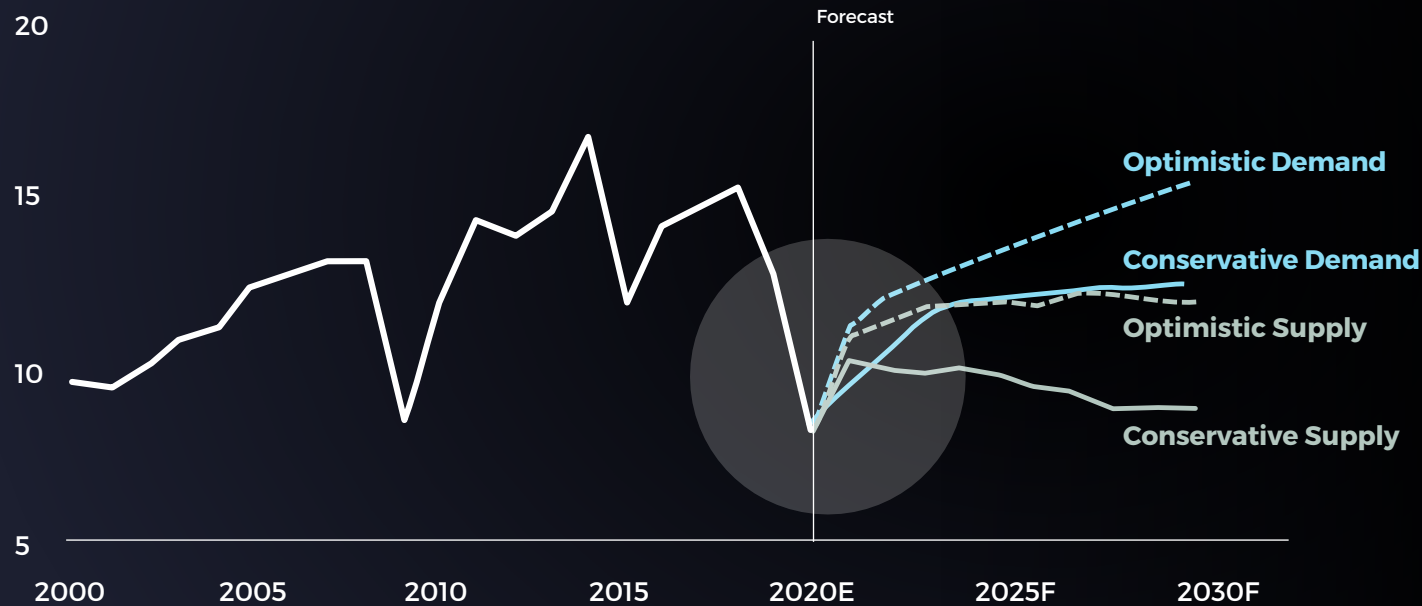


Diamond Market

**Strong market due to healthy supply & demand balance;
Increasing price performance in all sizes and qualities**

Longer term outlook remains strong supported by supply constraints

Rough natural diamond supply and demand (\$ billions)



**Strong demand in key markets –
the US & China**

Note: Long-term growth trend (1-2% p.a.). The white line represents rough diamond sales dynamics for 2000-20E; 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 15 carat) All currency figures in U.S. Dollars

53 sales completed since inception
~\$38.1 million of diamonds sold by value through the platform

Regular Sales ongoing

>23,500 carats sold through the platform

Buyers on the platform increased from 75 to 84 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



CLARA

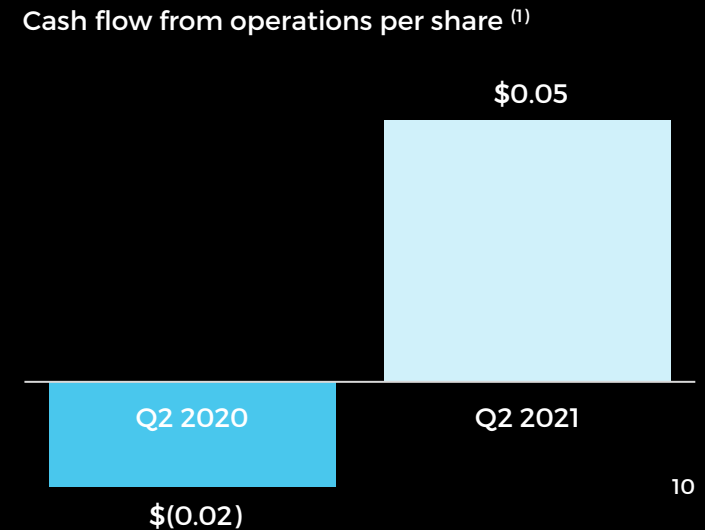
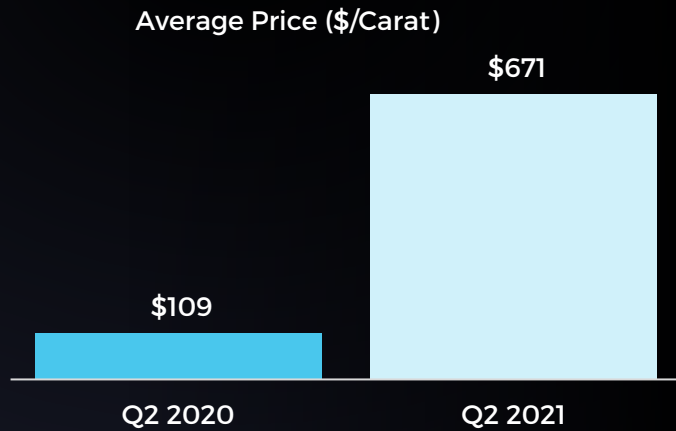
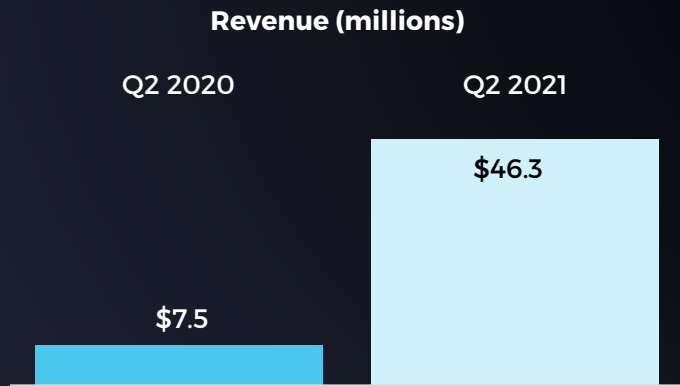
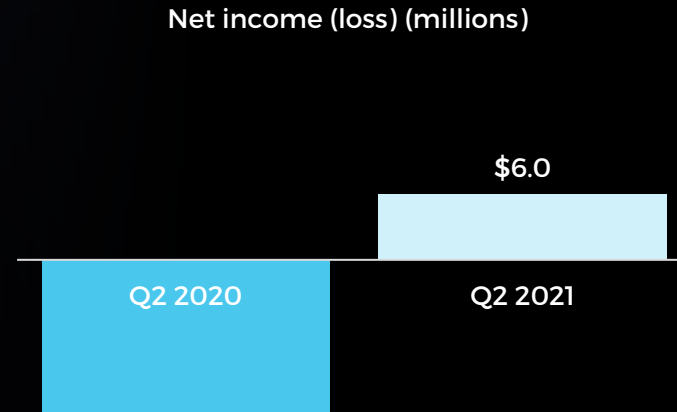
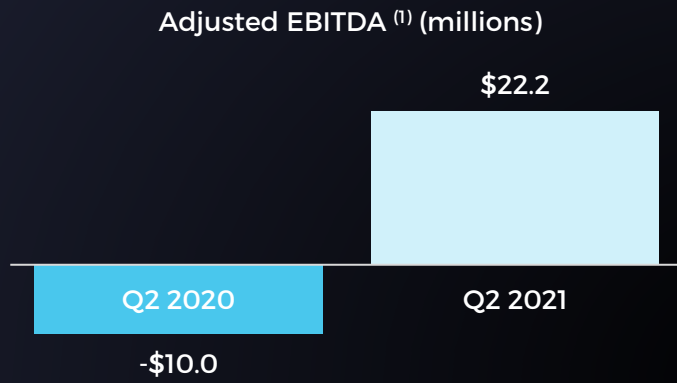
Fifty-three sales between December 2018 and July 2021

~\$38.1 million diamonds sold by value

between one and fifteen carats in size, in better colours and qualities

Q2 2021 Financial Highlights

Three months ending June 30, 2021
(All currency figures in U.S. Dollars)

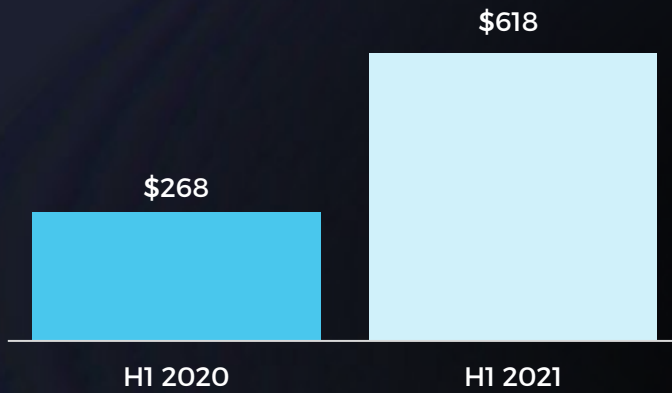


⁽¹⁾ Non-IFRS measure

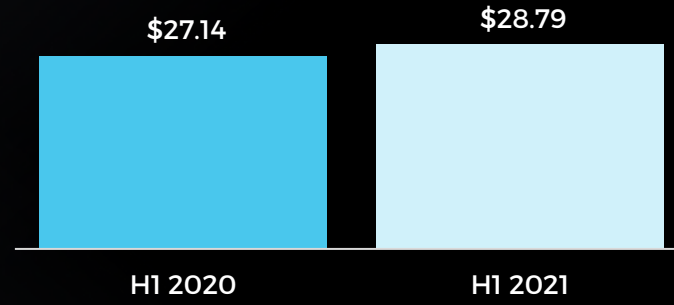
H1 2021 Financial Highlights

Six months ending June 30, 2021
(All currency figures in U.S. Dollars)

Average Price (Average \$/Carat)⁽¹⁾



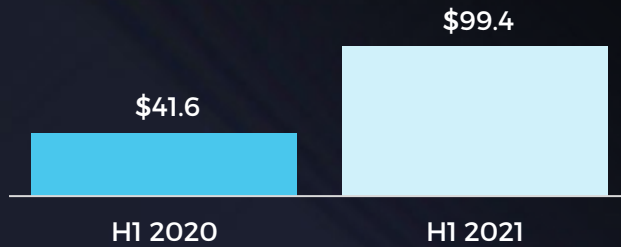
Operating Cost (\$ per tonne processed)⁽¹⁾



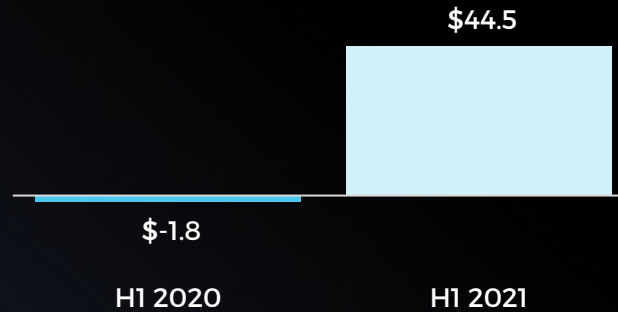
Cash flow from operations per share⁽¹⁾



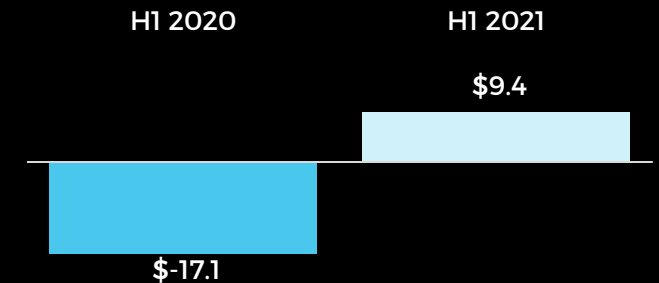
Revenue (millions)



Adjusted EBITDA⁽¹⁾ (millions)



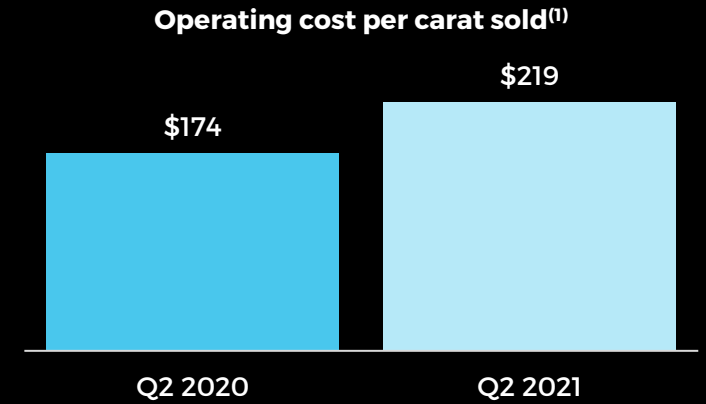
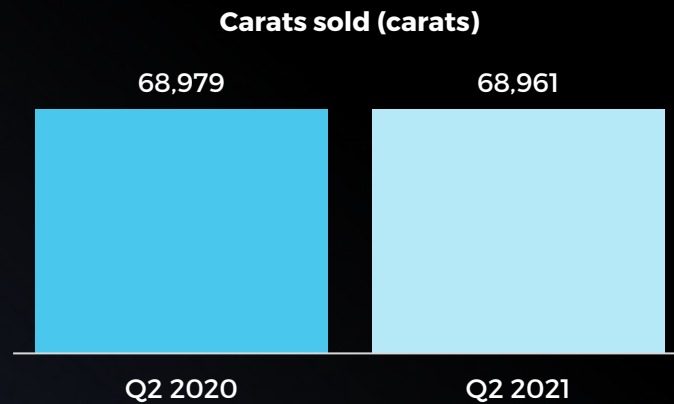
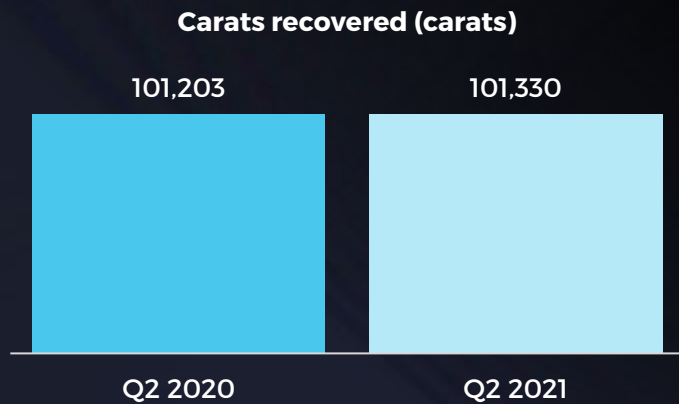
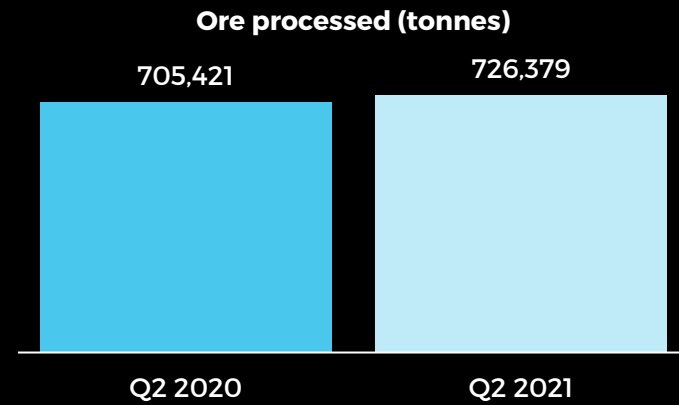
Net income (loss) (millions)



⁽¹⁾ Non-IFRS measure

Q2 2021 Operational Highlights – Karowe Mine

Three months ending June 30, 2021
(All currency figures in U.S. Dollars)





⁽¹⁾ Non-IFRS measure.

Sales Channels Q2 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 are sold through a quarterly tender

Sales Channel	Q2 2021 Rough Carats Sold	Q2 2021 Revenue Recognized (millions)	Q2 2021 Average Price per Carat
CLARA	5,198 cts	\$ 8.3	\$ 1,604*
 HB ANTWERP	4,541 cts	\$ 30.7	\$ 6,767
 LUCARA DIAMOND	59,222 cts	\$ 7.3	\$ 123*
Total Sales	68,961 cts	\$ 46.3	\$ 671

*Average price for rough carats sold less than 10.8 carats was \$242/carat

2021 Annual Guidance Updated

(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 <i>(revised)</i>	3.8 million to 4.2 million*
Waste tonnes mined <i>(revised)</i>	2.1 million to 2.6 million*
Ore tonnes processed	2.6 million to 2.9 million
Total operating cash costs	\$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

*Updated





LUCARA
DIAMOND

Karowe Underground Expansion Project Update

AUGUST 11, 2021

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



Karowe Underground Expansion Project

Fully financed project with operating cash flow from the Karowe open pit supported by \$220 Million project finance facilities and \$33 Million equity financing

Karowe mine life extended to at least 2040, adding approximately \$4 Billion of additional revenue based on conservative diamond prices with no escalation and excluding exceptional stone revenues

Highest value EM/PK(S) unit of the South Lobe is **the dominant rock type** mined over the LOM of the underground; significant source of many large high value diamonds - 1,109 carat Lesedi La Rona, 549 carat “Sethunya”



Karowe Underground Expansion Project

LHS mining method allowing for early access to the EM/PK(S) unit with minimal dilution, less than 3 year payback, **All necessary permits**, including a mining license extension to 2046 have been obtained to support Project activities.

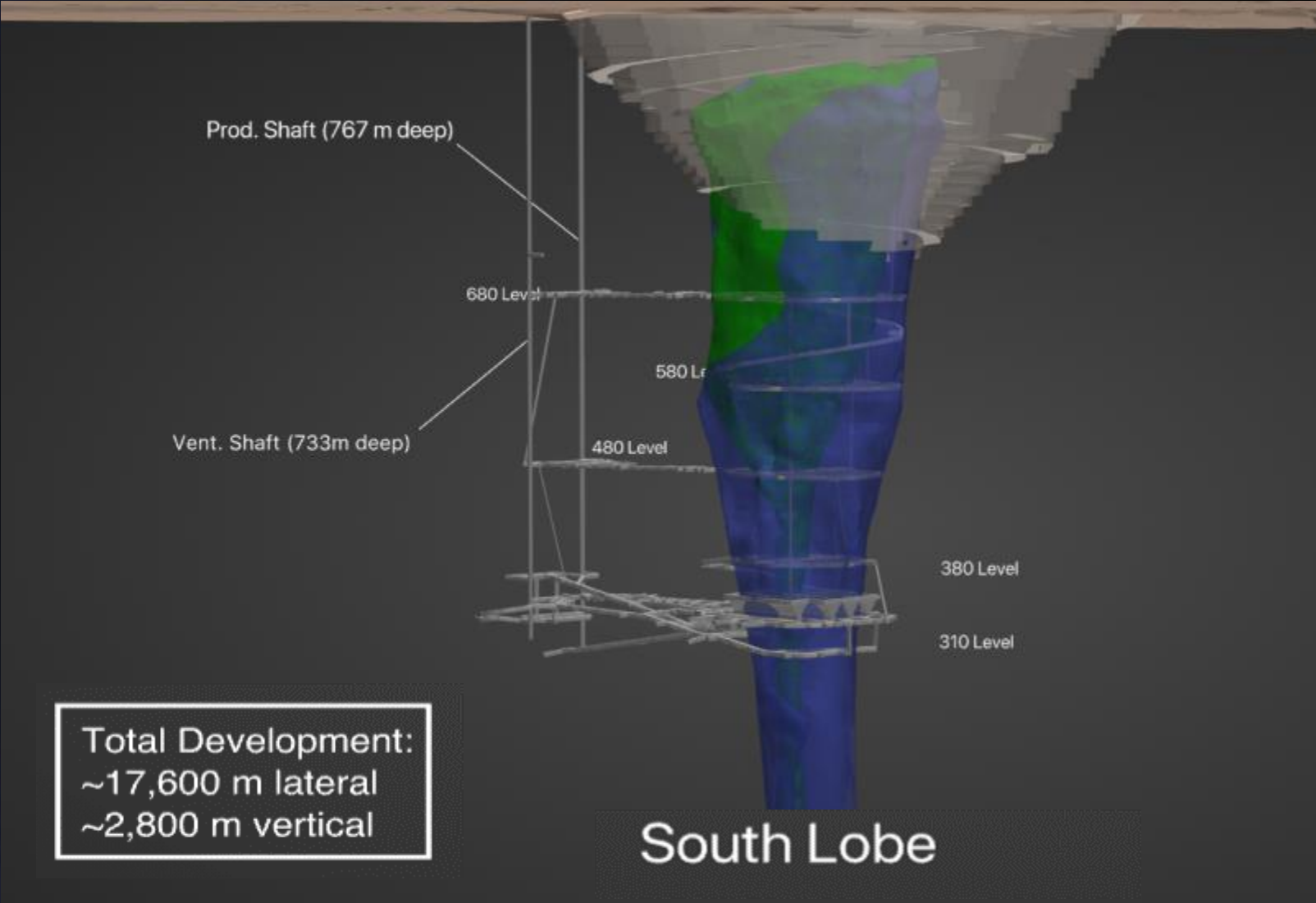
Lucara has adopted IFC Performance Standards and the World Bank Group's Environmental, Health and Safety Guidelines for Mining; the development of the Underground Project adheres to the Equator Principles.



Karowe Underground Expansion Project Update

- **No material variances between the 2019 feasibility study (“2019 FS”) and current project design following the completion of detailed design and engineering work undertaken in 2020 and 2021.**
- **Due to COVID-19 related delays pre-sink was delayed by 1 year, full production Q4 2026.**
- **Underground Project Capex (including contingency) has increased marginally (~4%), to \$534million, driven by the increase to the production shaft diameter and additional mine development.**
- **\$51.4 million has been spent through H1 2021 out of the total Underground Project Capex, primarily in relation to engineering and procurement of long lead items required for shaft sinking and surface works thereby de-risking further schedule delays; budgeted spend in 2021 up to \$120 million.**
- **Open pit mining schedule rescope to 2026.**
- **Underground operation parameters with respect to waste and ore tonnes mined, processed tonnes, recoverable diamond grade, recovered carats and diamond pricing assumptions are unchanged from the 2019 FS study.**

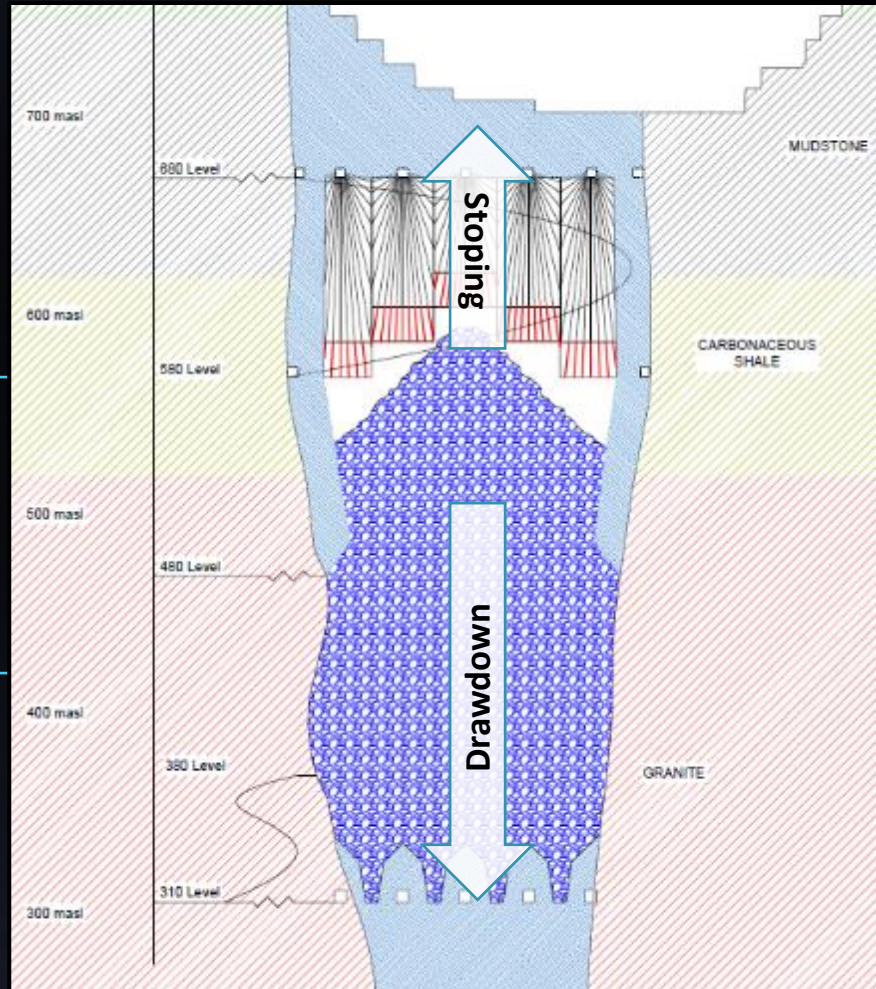
Karowe Underground Mine Design



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 17.5 m average high lifts

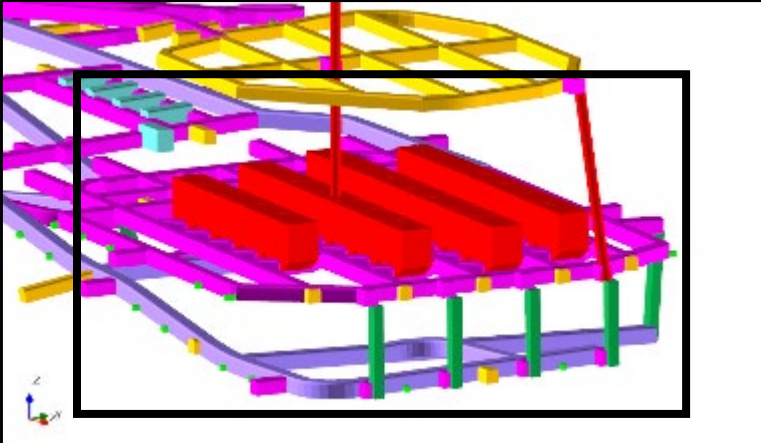
200 m (50%) vertical mining within competent granite, minimal dilution. Payback while in granite host rock.

Mine Design Change

Addition of sub-level to aid in draw bell construction

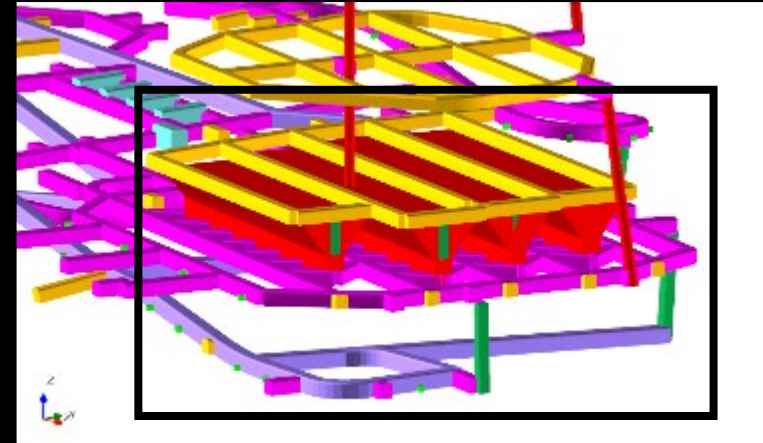
Ventilation raise reduction due to inclusion of ventilation on demand technology

2019 FS Design



- No undercut level
- Individual draw bells
- Major apex's developed from 70m above
- Minor apex's in between each draw bell

Current Design



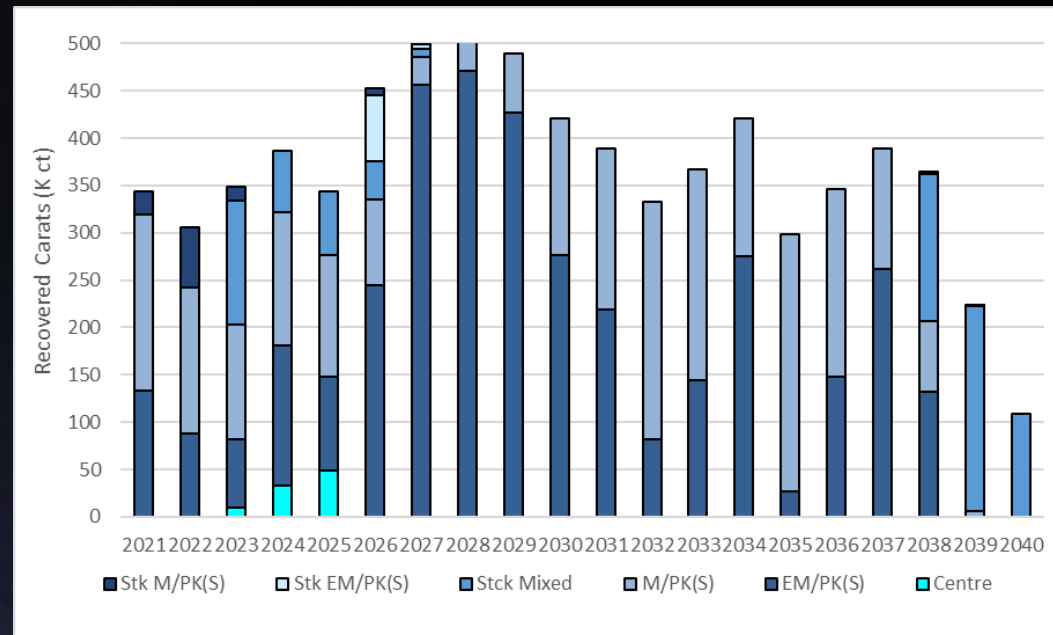
- Addition of Undercut level
- Trough Style draw points
- Optimized vent raises to the extraction level in exchange for regulators

LHS Benefits: Early Access to High Value EM/PK(S) Feed

LHS mining method brings several advantages during the first years of underground operations:

- Access to the highest value portion of the lower South Lobe- EM/PK(S) unit
- Over 90% of the recoverable carats between the 310 and 400 levels are attributable to the EM/PK(S)
- Underground development can be done simultaneously with open pit operations
- Minimal dilution as mining occurs in competent granite host rock

Carat Production Profile 2021-40



Historic Diamond Recoveries: Driven by EM/PK(S) and MPK(S)



Diamond Pricing

Karowe Underground Model (all amounts in US\$)

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

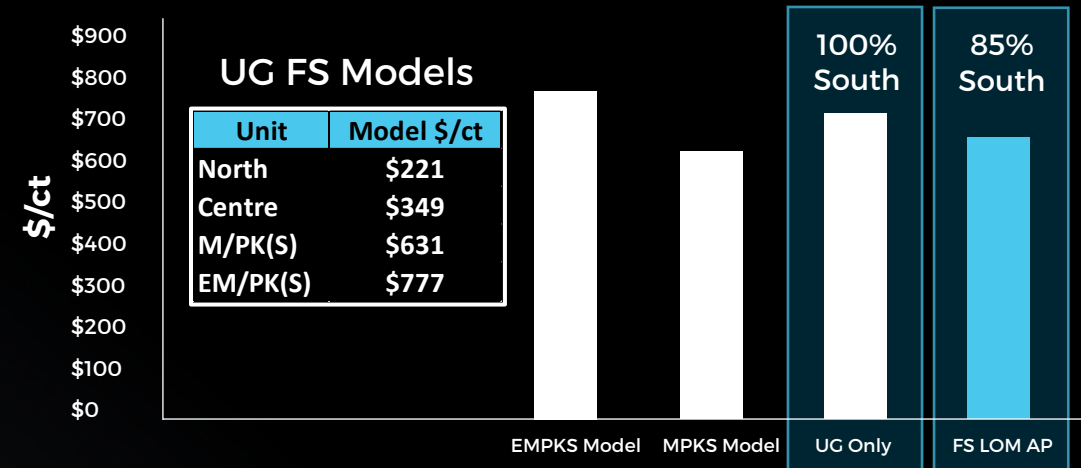
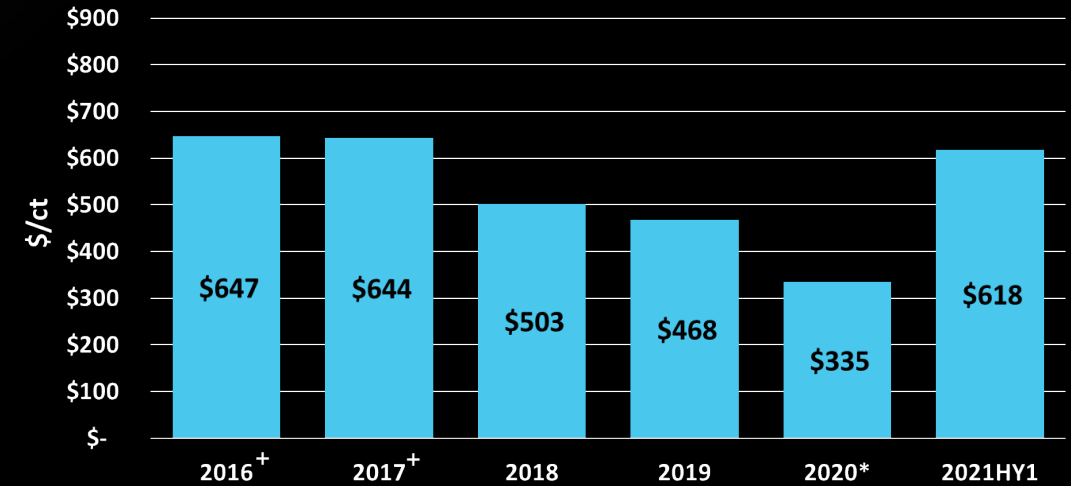
No price escalation post 2023 in financial model, UG LoM AP of \$725/ct

2014-2019 LOM \$/ct weighted approximately 70:30 South: North/Centre

2019-2040 LOM \$/ct weighted approximately 85:15 South: North/Centre

2021 YTD weighted approximately 63:36 M/PK(S):EM/PK(S) (South)

Karowe Average Price (\$/carat)



+ Excludes LLR (2016) and Constellation (2017)

* 2020 AP negatively impacted by non-sales of +10.8ct diamonds in Q2/20

Karowe Open Pit + Underground Metrics (2021 Updated)

(All currency figures in U.S. Dollars)



7.5 million Carats

LOM diamonds recovered

~13.8 cpht

Recovered grade

~20 year

Mine Life

~3 Year Pay-Back



~47 million tonnes

Ore mined

~54 million tonnes

processed

7,200 tpd / 2.6 mtpa

current production rate maintained

~\$30/t processed

Operating cash costs



NPV \$1.28 million

Pre-tax @ 5% discount

NPV \$750 million

Post-tax @ 5% discount

\$1.2 billion Cash Flow

Post-tax

Capital Expenditure Estimate Comparison (all amounts in US\$)

Capital Costs	2019 FS Pre-Production	2021 Base Case Pre-Production
Mining	321.7	309.4
Bulk Earthworks	19.0	18.1
Process Plant	0.1	0.1
Onsite Infrastructure	5.9	13.2
Buildings & Facilities	1.6	1.1
Offsite Infrastructure	19.6	23.2
Project Indirects	47.7	55.1
Owners' Costs	46.9	53.3
Subtotal	462.5	473.5
Contingency	51.4	60.5
Total Capital Costs	514	534



Current assumptions which are based on contracted items for certain works and others listed in the 2019 FS and subject to risks and uncertainties and general operational factors which may vary from scheduling contemplated in the current plan and the 2019FS, review cautionary statement.

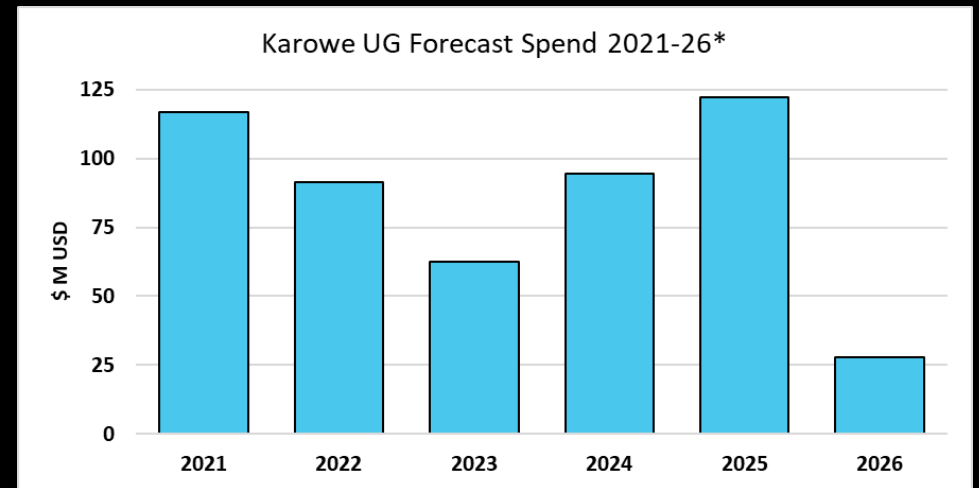
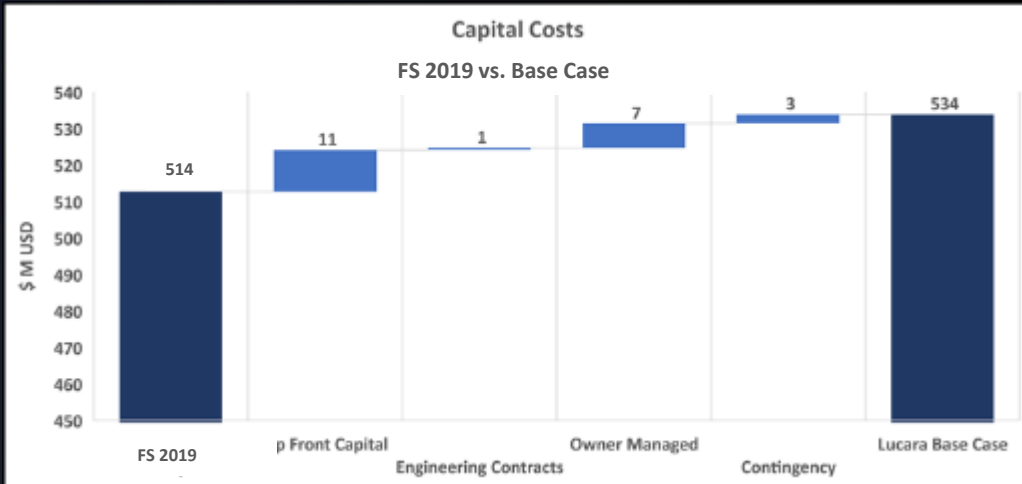
Capital Expenditure Forecast

Capital Spend estimate including contingency

Spending dip through 2023 related to one major activity (shaft sinking)

2024/25 increase related to procurement of UG crush/convey systems and ramp up of lateral development




Project to-date capital spend: \$51.4 Million out of the total 5 year development budget of \$534 million



* Current assumptions are based on contracted items for certain works and others listed in the 2019 FS and subject to risks and uncertainties and general operational factors which may vary from scheduling contemplated in the current plan and the 2019FS, review cautionary statement

Underground 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



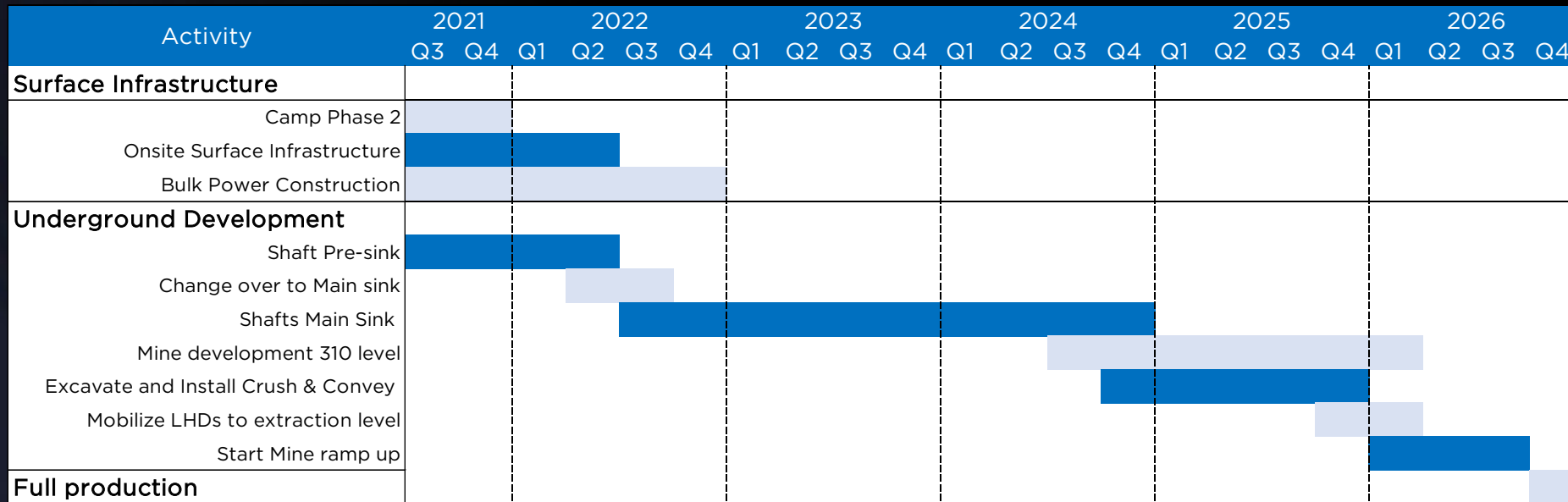
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Underground High Level Indicative Schedule

COVID-19 related delays have pushed out Pre-sink by 1 year

Additional time for deeper sink on Ventilation shaft, increase in Production shaft diameter, shaft station break-outs and ground support

Item	Start	Complete
Camp Phase 1 (100 rooms)	Q1 2021	Q2 2021
Bulk power supply	Q3 2021	Q4 2022
Shaft Pre-Sink	Q3 2021	Q2 2022
Change over to Main sink	Q2 2022	Q3 2022
Shaft Main Sink	Q3 2022	Q3 2024
Mine development 310 level	Q3 2024	Q1 2025
Excavate and Install Crush & Convey	Q4 2024	Q4 2025
Mobilize LHDs to extraction level	Q4 2025	Q1 2026
Start Mine ramp up	Q1 2026	
Full Production		Q4 2026

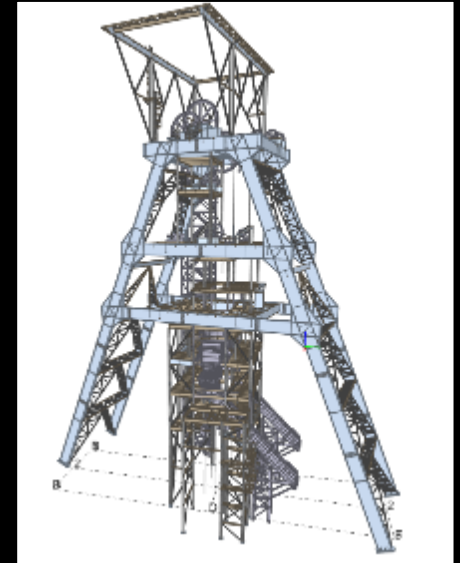


Current assumptions which are based on contracted items for certain works and others listed in the 2019 FS and subject to risks and uncertainties and general operational factors which may vary from scheduling contemplated in the current plan and the 2019FS, review cautionary statement.

Design Change: Shafts

- **Production Shaft diameter increase from 8.0 to 8.5m**
- **Ventilation Shaft, increased sinking depth to 733 m depth (17 metre increase)**
- **Ventilation Shaft, removed heavy lift hoist, removes need for head frame**
- **Ventilation installation relocated to surface, bulk cooling method with ventilation on demand**
- **Increased ground support for station breakouts**
- **Pre-Sink start with mobile cranes, then to Scott Derrick cranes**
- **Concurrent pre-sink on both shafts**

Production Shaft
Headframe



Dymot Winch Roped Up



Hydrogeology

- **COVID-19 related delays have resulted in removal of 680L dewatering infrastructure**
- **Dewatering and depressurization for Open Pit operations and UG are now focused on surface activity, in-pit inclined dewatering wells, coupled with additional in-pit sub-horizontal wells**
- **Shaft pilot holes completed, elevations of water strikes confirmed**
- **In-shaft grouting planned for known water strikes, grout curtain drilling from surface removed from plan**



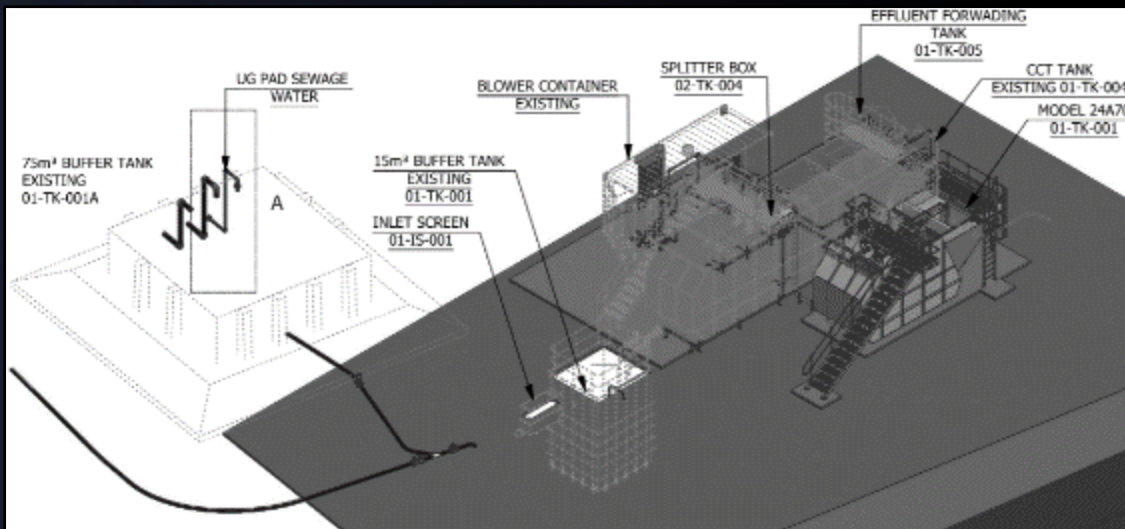
Bulk and Temporary Power Update

- **Self Build agreement signed between Lucara and Botswana Power Corporation (BPC)**
- **Transmission line route Way Leave approved and Biodiversity survey completed**
- **Two substations and a 29 kilometre 132kV transmission line**
- **Transmission line parallels existing 400kV line and then runs parallel to current 13kV line into Karowe**
- **Two EPC tenders complete and awarded for substations and transmission line**
- **Clearing for substations underway**
- **Temporary power to be supplied by diesel generators**
- **Staging area and generator pads are complete, mobilization underway**
- **Three stage build up of temporary power scheduled to align with shaft sinking schedule**
- **Bulk power upgrade completion is expected in Q4/22**



Site Infrastructure

- **Good progress during late 2020 and to end of Q2/21**
- **Phase 1 of construction camp complete (50% of 200 person camp)**
- **Onsite electrical progressing well with ordering of transformers, design on MCC's and distribution pillars**
- **Waste water treatment plant expansion is underway**
- **Reverse Osmosis plant expansion and upgrade underway**
- **Solid waste landfill capacity review**

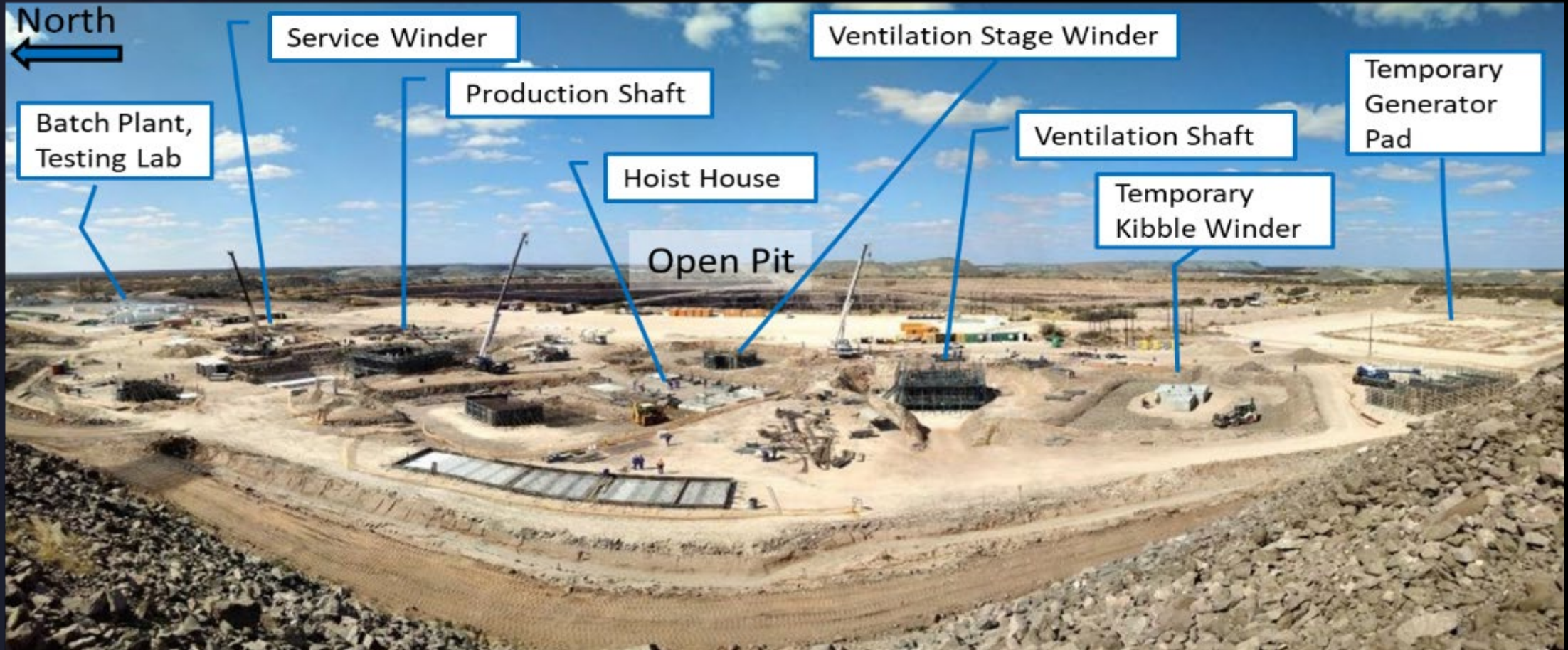


Karowe Construction Camp, July 2021

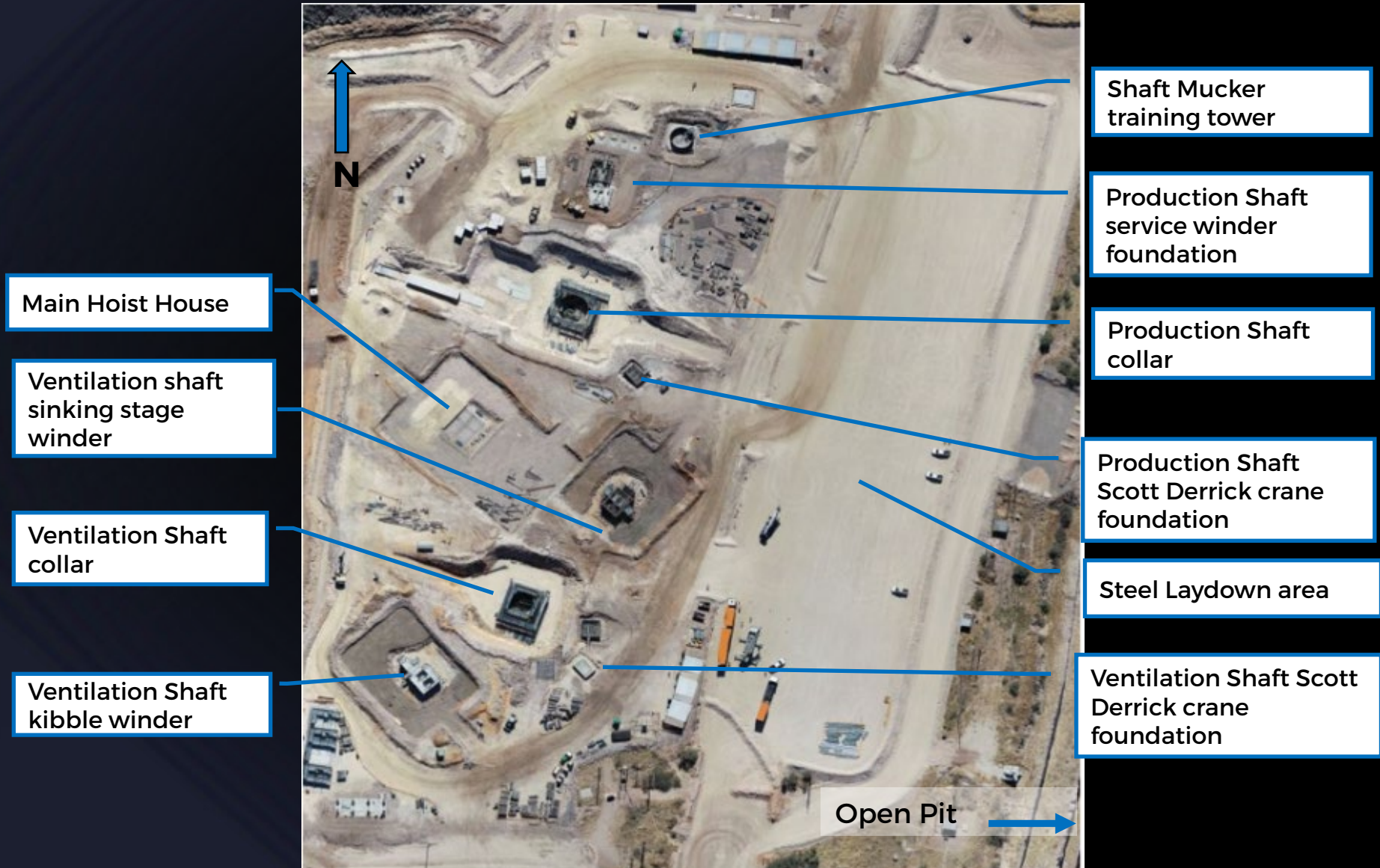


Underground Surface Infrastructure

Shaft Pad Looking East, July 20, 2021



Underground Surface Infrastructure - Shaft Pad



Karowe Underground Expansion Project

High Level Risks and Opportunities

Sensitivity analyses were performed using diamond prices, mill head grade, CAPEX, and OPEX as variables. The value of each variable was changed +/- 20% independently while all other variables were held constant. The Project is most sensitive to the diamond price and head grade, followed by the OPEX and least sensitive to the CAPEX

Project Schedule is greatest risk at present given COVID-19 related impacts

Risk	Mitigation
Schedule Delays	Early logistics and procurement
Work Permits	Continued high Level engagement with Government
COVID-19	Active monitoring, focus on work force safety
Water Strikes	Grout strategy under development
Pit and UG De-watering	Updating groundwater model, inpit de-watering wells

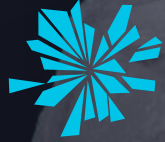
Opportunity	Impact/Action
Grouting Methodology	Less cover drilling in shaft, adds time back to schedule
Shaft de-watering holes	Depressurize known water strikes
Kimberite skin optimisation	Possible recovery during stoping
Large Diamond Recovery	Value recovery
Additional UG Mineral Resources	open below 250masl, explore North and Centre Lobes

Karowe Underground Expansion Project

Next Steps

- **Q3 2021 – pre-sink mobilization and initiation of pre-sink in ventilation shaft**
- **Temporary power genset establishment**
- **Phase 2 of camp construction**
- **Initiate sub-station construction and transmission line detailed engineering (bulk power supply)**
- **Detailed design works on UG mine and infrastructure**
- **Fine tailings deposit expansion, engineering and design**





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