

LUCARA
DIAMOND

Corporate Update

December 2019

LucaraDiamond.com | [LUC.TSX](https://www.sedar.com/quote/LUC.TSX) | [LUC.XSTO](https://www.sedar.com/quote/LUC.XSTO) | [LUC.BSE](https://www.sedar.com/quote/LUC.BSE)

CAUTIONARY STATEMENT

Forward-looking information

This investor presentation contains forward-looking statements and information as defined in applicable securities laws including: the estimates of the Company's mineral reserve and resources; estimates of the Company's production volumes; forecasted sales volumes and pricing; projected revenues of the Company; exploration and development plans and objectives including a new resource statement; estimated production costs, exploration and development expenditures; estimates of ore to be mined by the Company and corresponding operating and sustaining costs; and the cost, timing and results of the commercialization of Clara. 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 achieved. Forward-looking statements are based on the assumptions, 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 and uncertainties 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. In particular, such risks include 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), 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, unanticipated events relating to health safety and environmental matters, delays or failure to successfully commercialize Clara's platform, acceptance of Clara's platform by the diamond industry, risks relating to the technology underlying Clara's platform and other risks inherent in the implementation of new technologies, and other risks and

uncertainties describe under Risks and Uncertainties disclosed under the heading "Risk Factors" in the Company's most recent Annual Information Form available at <http://www.sedar.com>.

Forward-looking statements and information 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. Readers are cautioned not to place undue reliance on forward-looking statements and information. This presentation does not constitute an offer or invitation to purchase or subscribe for any securities and no part of it shall form the basis of or be relied upon in connection with any investment decision in relation thereto.

Technical information

The technical information in this document for the AK6 diamond project (Karowe Mine) in Botswana is based on the following technical reports, respectively: NI 43-101 Technical Report on the Feasibility Study for the AK6 Kimberlite Project, Botswana Prepared by MSA Geoservices (Pty) Ltd on behalf of Lucara Diamond Corp., dated December 31, 2010; Updated NI 43-101 report released on February 4, 2014, based on update Mineral Resource Estimate released by Lucara Diamond Corp., dated December 19, 2013; NI 41-101 Technical Report on the Preliminary Economic Assessment of the Karowe Diamond Mine Underground Project, Botswana Prepared by Royal Haskoning DHV on behalf of Lucara Diamond Corp., dated November 27, 2017; NI 43-101 Technical Report for the Karowe Mine: Updated Mineral Resource Update prepared by Mineral Services on behalf of Lucara Diamond Corp., dated August 9, 2018.

The authors of these technical reports are independent of the Company and are qualified persons for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The technical reports are available for review on SEDAR at www.sedar.com.

All currencies mentioned in this presentation are in United States Dollars ("US\$") unless otherwise mentioned.

KAROWE DIAMOND MINE

High operating margin (>60% LOM) sustained since production began in 2012

2.64 million carats sold, ***\$1.49 billion in revenue in under 7 years***

Total capital investment less than \$200 million; ***\$271 million in dividends paid since 2014***

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

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



Q3 2019 HIGHLIGHTS

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

Karowe Diamond Mine (100%)

Strong, stable operations for third consecutive quarter in 2019

Positive Underground Feasibility Study, Doubling the mine life

\$31.06 operating cost per tonne of ore processed trending at the low end of guidance; Operating Margin 58%

\$45.3 million quarterly revenue:

- 5 diamonds sold for >\$1 million
- 1 diamond sold >\$2 million

9.74 carat gem quality blue diamond and a 4.13 carat gem quality pink were recovered in September

Clara Diamond Solutions (100%)

Five sales successfully completed in Q3 2019;

16th sale ongoing

Doubled number of sales and total value (\$2.4 million) transacted in Q3 2019

Customer base grew 35% to 27 participants



Strong Balance Sheet & Dividend Policy Change

Quarterly dividend of CDN \$0.025/ share paid Sept 19th

Decision to suspend quarterly dividend to focus on early works for underground development

Cash and cash equivalents of \$4.8 million and no long-term debt

HISTORIC DIAMOND RECOVERIES

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

Lesedi La
Rona **1109**
carat

Second largest
gem diamond
ever recovered
in the world



Constellation
on **813**
carat

Sold for a
record
\$63.1 M USD



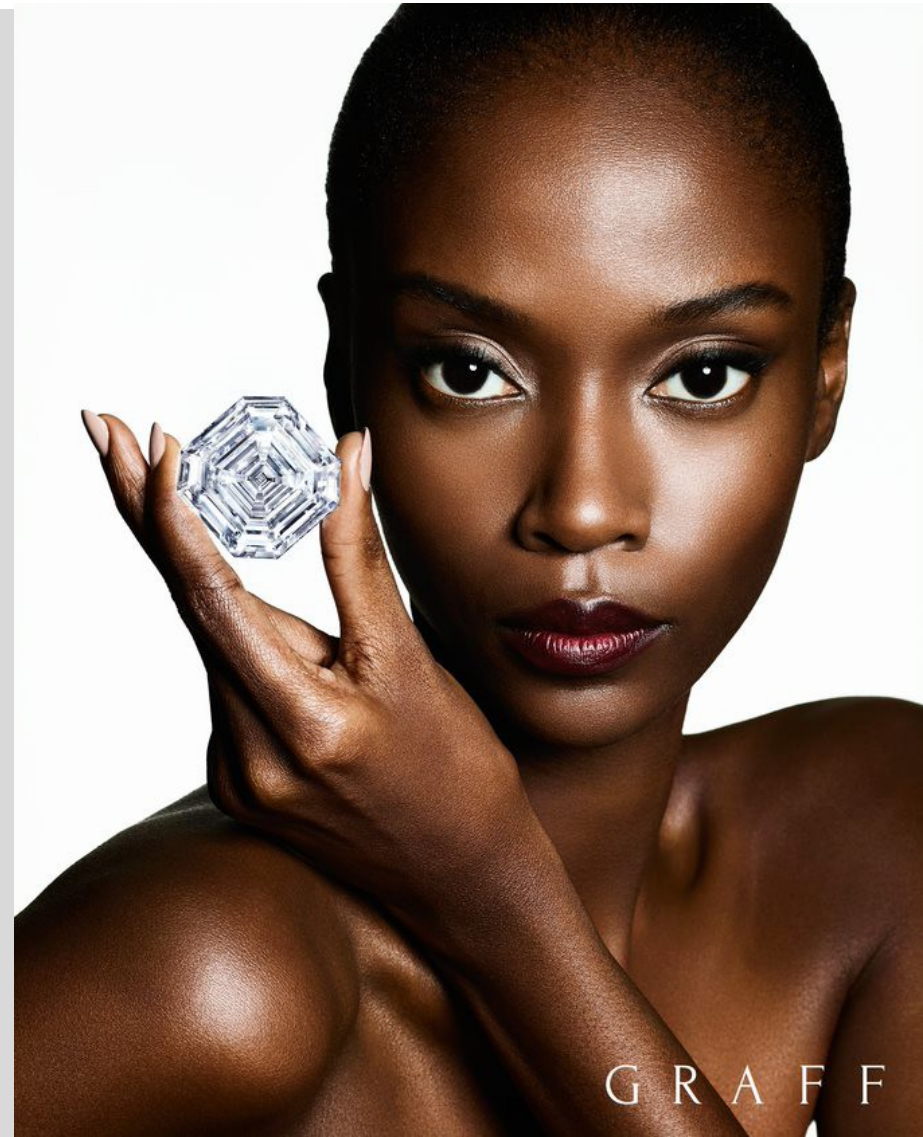
LESEDI LA RONA & CONSTELLATION

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 diamonds; 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



GRAFF

2019 RECORD DIAMOND RECOVERY

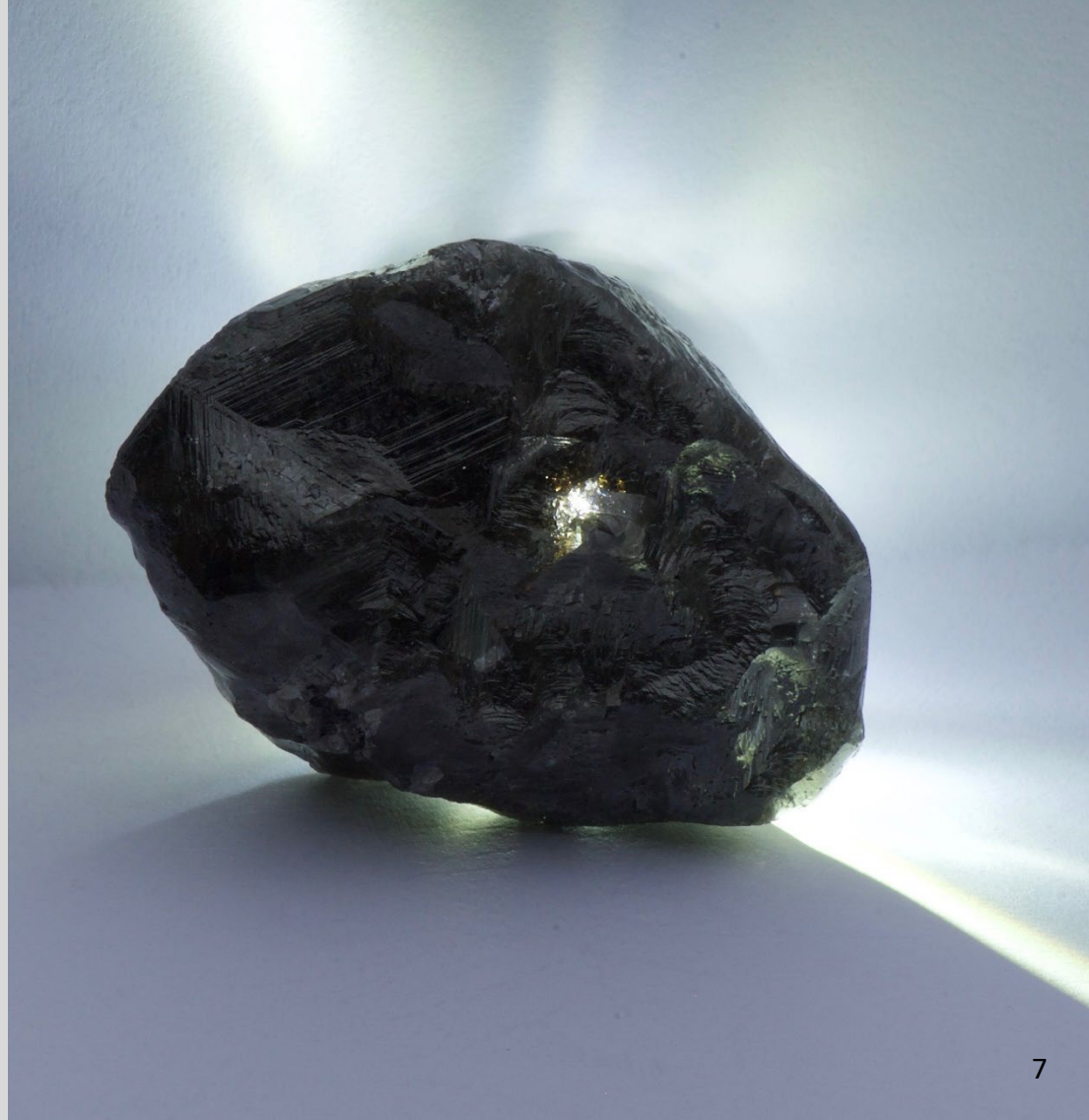
Sewelô, an unbroken 1,758 carat near gem quality diamond recovered in April 2019; largest diamond from Karowe to date

One of the largest diamonds in the world and the largest for Botswana

A 'kernel' stone of clean white material with windows through the diamond, domain of measuring approx. 350-400ct

Analysis in Antwerp currently underway

Only mine in recorded history to recover two diamonds



SAFETY, HEALTH, ENVIRONMENT & COMMUNITY RELATIONS

Very Strong safety record

First Place Winner –
Botswana Chamber of
Mines Inter-Mines First
Aid Competition

Mokubilo Farm Initiative

Community
focused initiative to
generate, broad
based sustainable
income

Phase 1: butternut,
tomatoes, peppers
and eggs

2018 Sustainability Report available on
www.LucaraDiamond.com



SUSTAINABILITY



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

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

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

TOTAL CLARITY THE FACTS ON MODERN DIAMOND MINING

Trucost
ESG Analysis

S&P Global



Total Clarity Report by Trucost examined 150 metrics across the DPA members which comprise approximately 75% of the world's diamond production with global operations including Botswana, Russia, South Africa, Lesotho, Australia, Zimbabwe and Tanzania.

THE REPORT
FOUND THAT DPA
MEMBERS CREATE

US\$16 billion

IN NET SOCIOECONOMIC
AND ENVIRONMENTAL
BENEFITS

60%

OF THE US\$16 BILLION NET BENEFIT
FLOWS BACK INTO LOCAL COMMUNITIES

THE ESTIMATED CO2
ASSOCIATED WITH LABORATORY
GROWN DIAMONDS IS NEARLY

3x greater

THAN DIAMONDS RECOVERED
BY DPA MEMBERS IN 2016

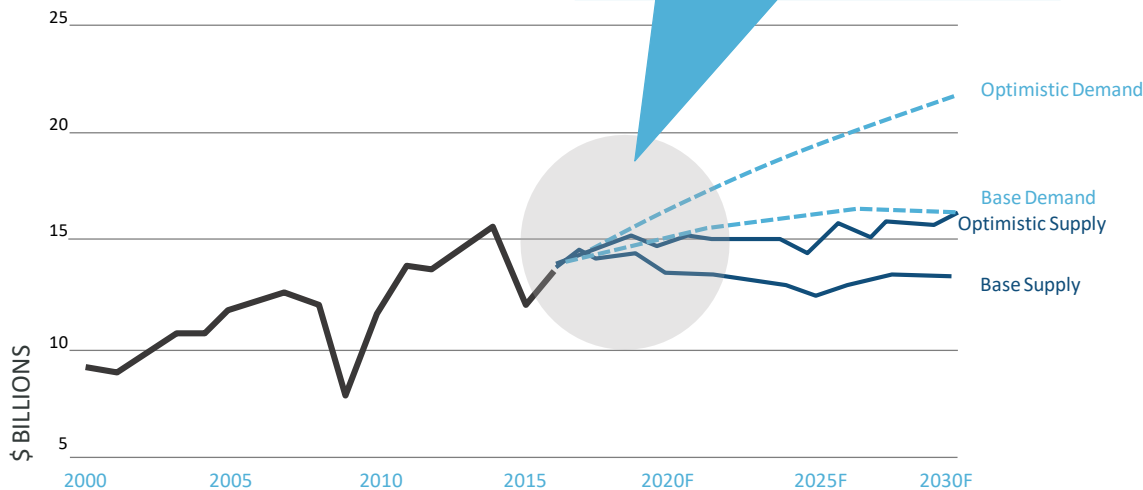
VIEW THE FULL REPORT AT TOTAL-CLARITY.COM

DIAMOND MARKET

Long term fundamentals strong but pricing environment in short to medium term is challenged, De Beers and Alrosa sales at lowest levels since 2017, mid-stream continues to struggle, polished demand weak

ROUGH DIAMOND SUPPLY AND DEMAND

Overlap of supply and demand in the short-term creating uncertainty on the mid-term price evolution



Millennials will be the highest-spending generation from 2020 and the leaders in luxury spending, especially in China



2000-2030: 2019 prices, constant exchange rates, optimistic and base scenarios

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 2018

LUCARA DIAMOND SALES 2019 YTD

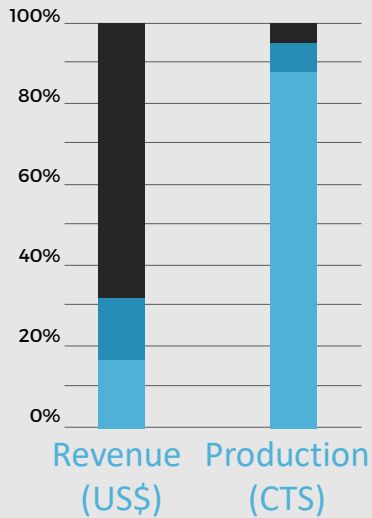
(All amounts in U.S. Dollars unless otherwise indicated)



- A total of 313,189 carats were sold for gross revenue of \$136.5 million, \$436/carat
- 19 diamonds which sold for > \$1 million, including 6 for > \$3 million
- 115 carat sold for \$3.66 million; 77 carat faint pink sold for \$3.11 million; 2.24 carat blue stone sold for \$347,222/carat; 241 carat sold for \$8.1 million
- Carats sold 22% higher yoy
- 2019 is the first full year for Blended Tenders resulting in a smoother revenue profile & decreased time to market for high value diamonds
- 609 Specials recovered, representing 6.1% weight percentage of total recovered carats including the 1,758 carat Sewelô, the largest stone recovered

REVENUE AND PRODUCTION

Includes 2015 to 2018

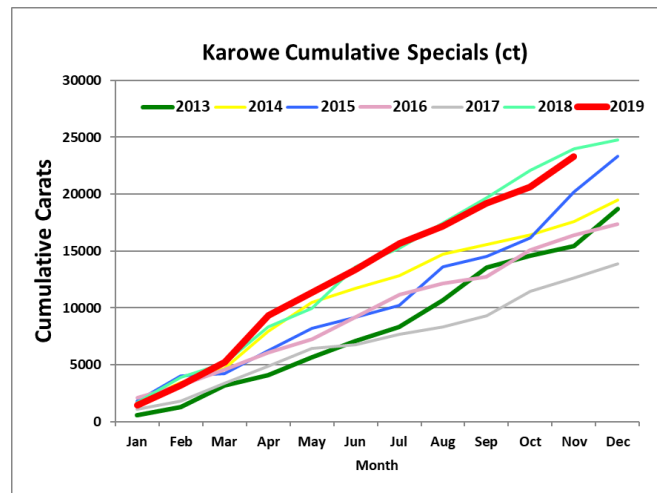


■ <2ct ■ +2ct ■ +10.8

CONSISTENT RECOVERY OF LARGE DIAMONDS

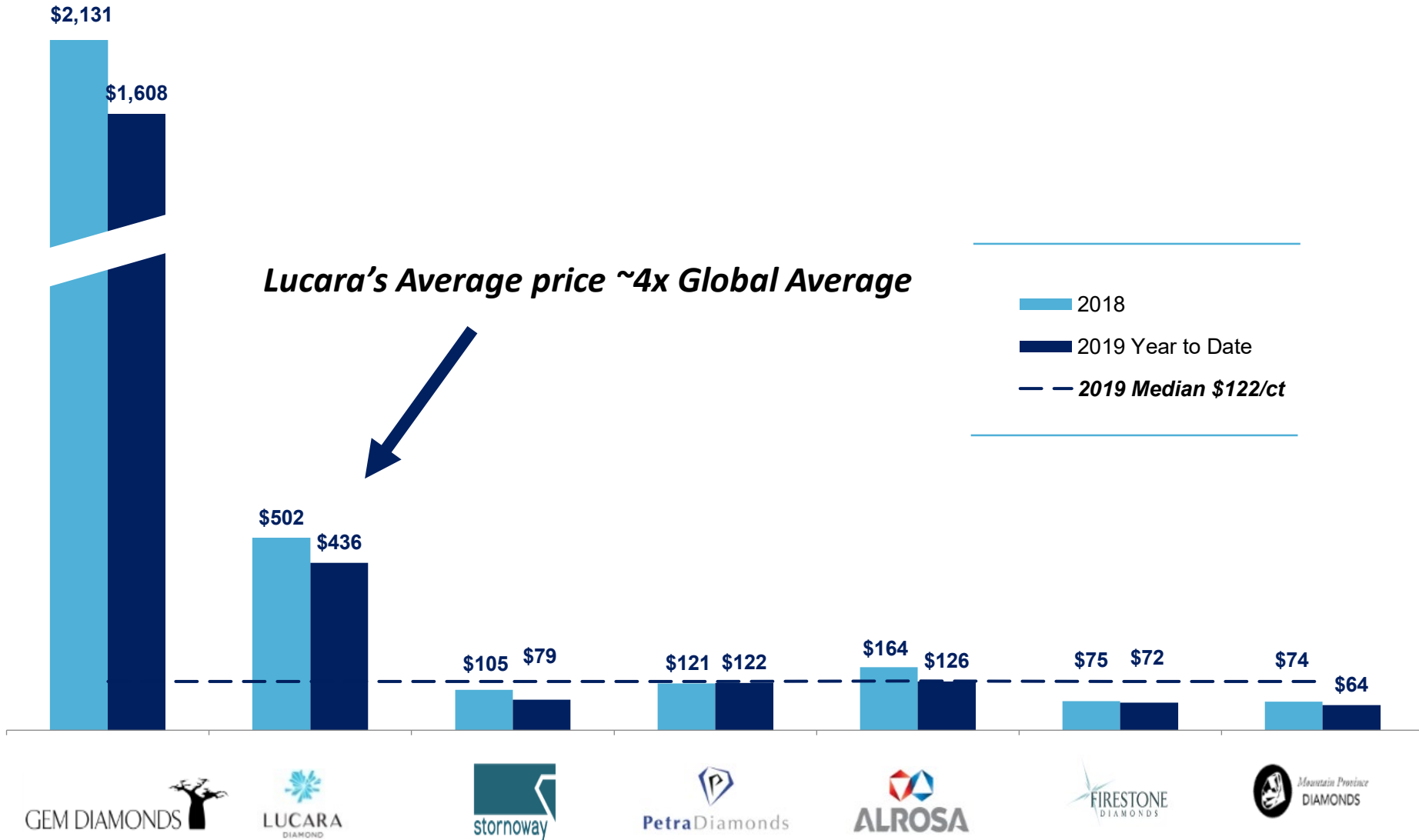
Specials contribute ~70% by revenue and ~5% by volume

- Life of mine recovery of 152,000 carats of individual stones > 10.8ct (over 5,318 diamonds)
- Since 2012: 15 diamonds in excess of 300 carats have been recovered, 2 diamonds > 1,000ct
- Long term upside for diamond recoveries
- 10 diamonds sold for > USD\$ 10 million each (not included in resource value modes)



GLOBAL ACHIEVED AVERAGE DIAMOND PRICES 2018/2019

(All amounts in U.S. Dollars per carat unless otherwise indicated)

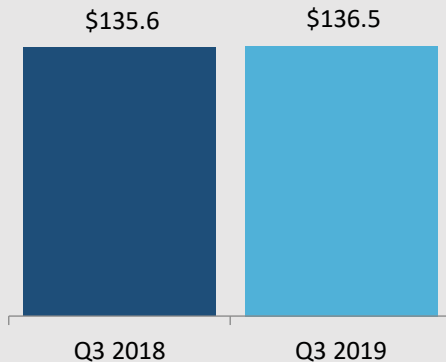


YTD 2019 OPERATIONAL HIGHLIGHTS

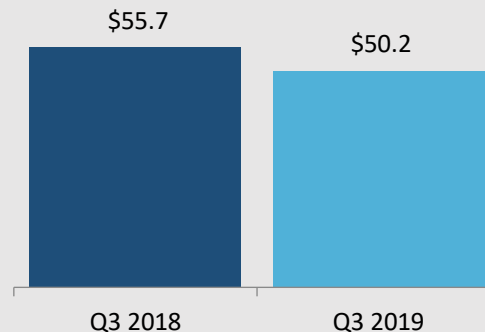
NINE MONTHS ENDED SEPTEMBER 30, 2019

(All amounts in U.S. Dollars unless otherwise indicated)

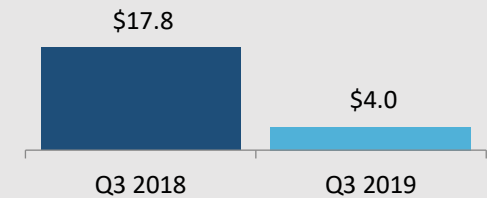
REVENUE (MILLIONS)



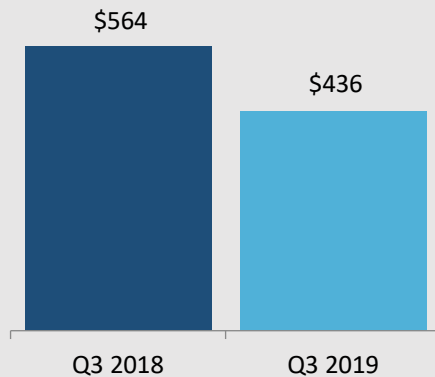
ADJUSTED EBITDA⁽¹⁾ (MILLIONS)



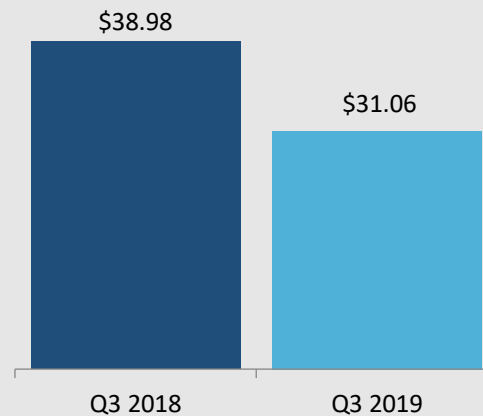
NET INCOME (MILLIONS)



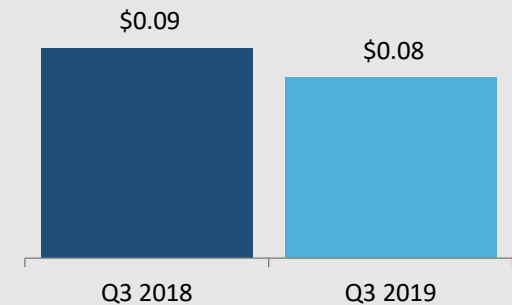
AVERAGE PRICE (AVERAGE \$/CARAT)⁽¹⁾



OPERATING COST (\$/TONNE PROCESSED)⁽¹⁾



CASH FLOW PER SHARE FROM OPERATIONS⁽¹⁾



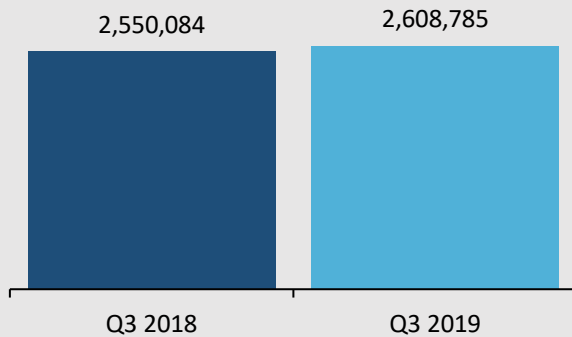
⁽¹⁾ Non-IFRS measure

YTD 2019 OPERATIONAL HIGHLIGHTS

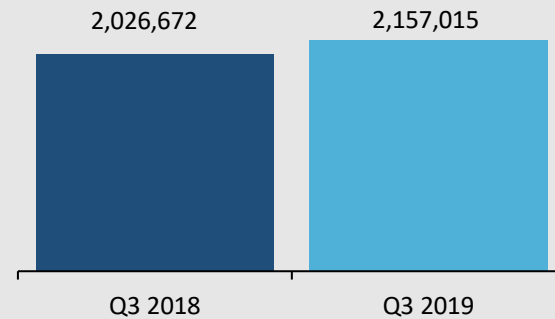
NINE MONTHS ENDED SEPTEMBER 30, 2019

(All amounts in U.S. Dollars unless otherwise indicated)

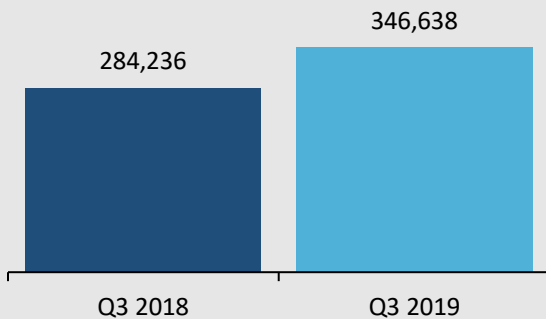
ORE MINED (TONNES)



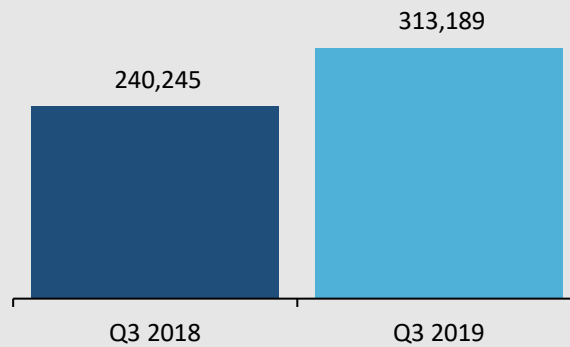
ORE PROCESSED (TONNES)



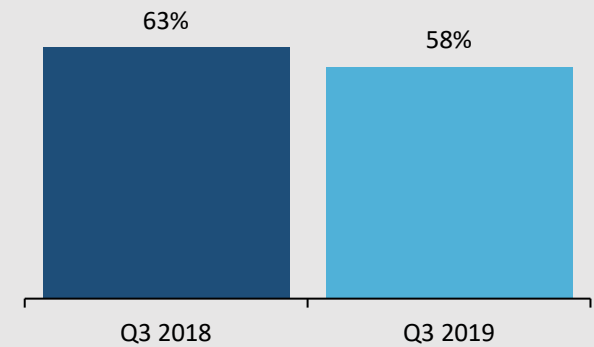
CARATS RECOVERED (CARATS)



CARATS SOLD (CARATS)

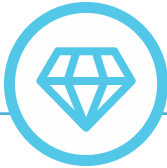


OPERATING MARGIN (%)



2020 OUTLOOK

(all amounts in U.S. Dollars)



\$180 – \$210 million

DIAMOND REVENUE

350,000 – 390,000

DIAMOND SALES (CARATS)

370,000 – 410,000

DIAMONDS RECOVERED (CARATS)



3.5 – 3.9 million

ORE TONNES MINED

2.5 – 2.8 million

ORE TONNES PROCESSED

3.6 – 4.2 million

WASTE TONNES MINED

\$32 – \$36 per tonne
of ore processed

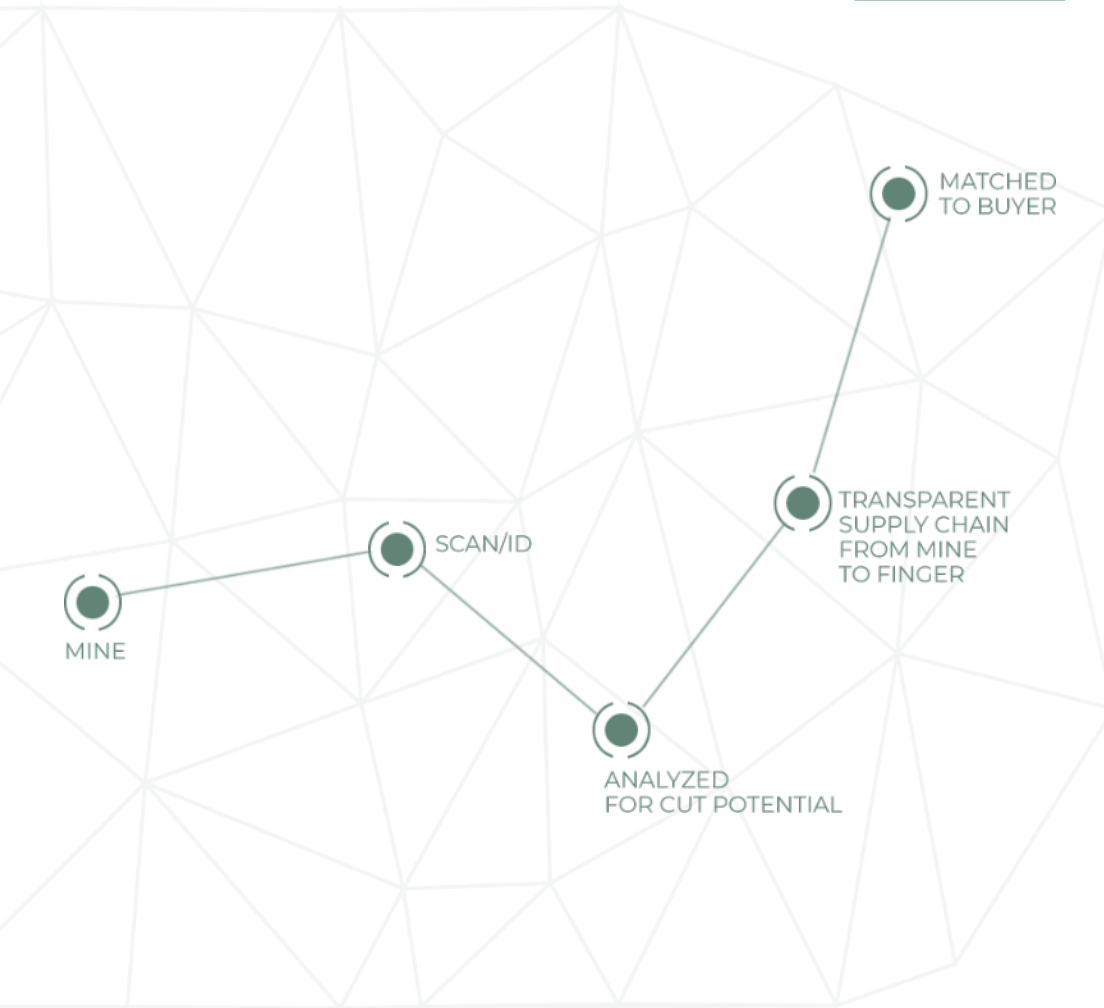
OPERATING CASH COST



342 ct

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 SALES PLATFORM 2019

CLARA

Fifteen sales between
December 2018 and December
2019

POSITIVE RESULTS



~US\$8 million diamonds
sold by value

between one and four carats in size in
better colours and qualities

- 15 sales completed year to date with ~\$8million of diamonds sold by value through the platform; 16th sale ongoing
- Frequency of sales and number of participants increasing
- Manufacturers on the platform have grown from 4 to 27 customers
- Focus on growing supply and demand concurrently through adding third-party production to the platform and increasing the number of manufacturers/buyers invited to join
- Discussions are underway to add third party supply to the platform

KAROWE UNDERGROUND

Extending Mine-life to 2040

- UG development will ***double the mine life*** from original 2010 Feasibility Study
- Resource work completed since November 2017 identified a much ***larger economic opportunity at depth***, on the basis of new drilling and open pit recoveries
- UG would add ~ ***US\$4 billion in additional revenue***
- + US\$200 million in revenue from ‘exceptional’ diamonds not included in economic analysis: potential for + US\$500 million in additional revenue over proposed new LOM



UNDERGROUND FEASIBILITY KEY FINDINGS

All currency figures in US Dollars, unless otherwise stated

Updated geological resource confirms increasing value with depth

Underground NI 43-101 Indicated resources of 35 million tonnes @ 15 cpht for 5.1 million carats

Diamond price of \$725/carat (no escalation)

\$3.7 billion in revenue

Long hole shrinkage selected as underground mining method (700-310 masl)

Provides access to higher value ore early

Payback period in granites lowers risk

Maintains current production rate of 7,200 tpd 2.6 million annum

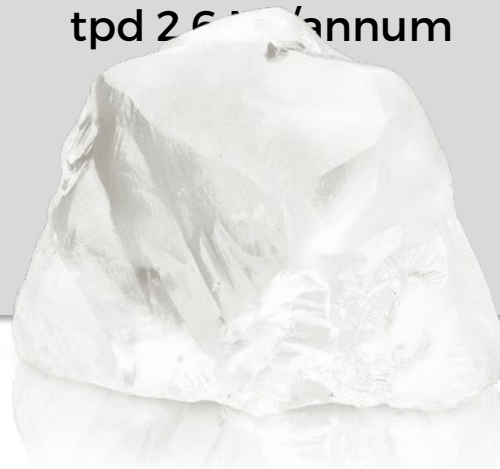
Strong Economics on both stand alone UG and OP+UG scenarios

OP & UG Combined:

NPV \$945 million/\$536 million (Pre/Post Tax @ 8%)

NPV \$1,266 million/\$718 million (pre/post tax@ 5%)

\$2.2 billion / \$1.2 billion Cash Flow (pre/post tax)



342 ct

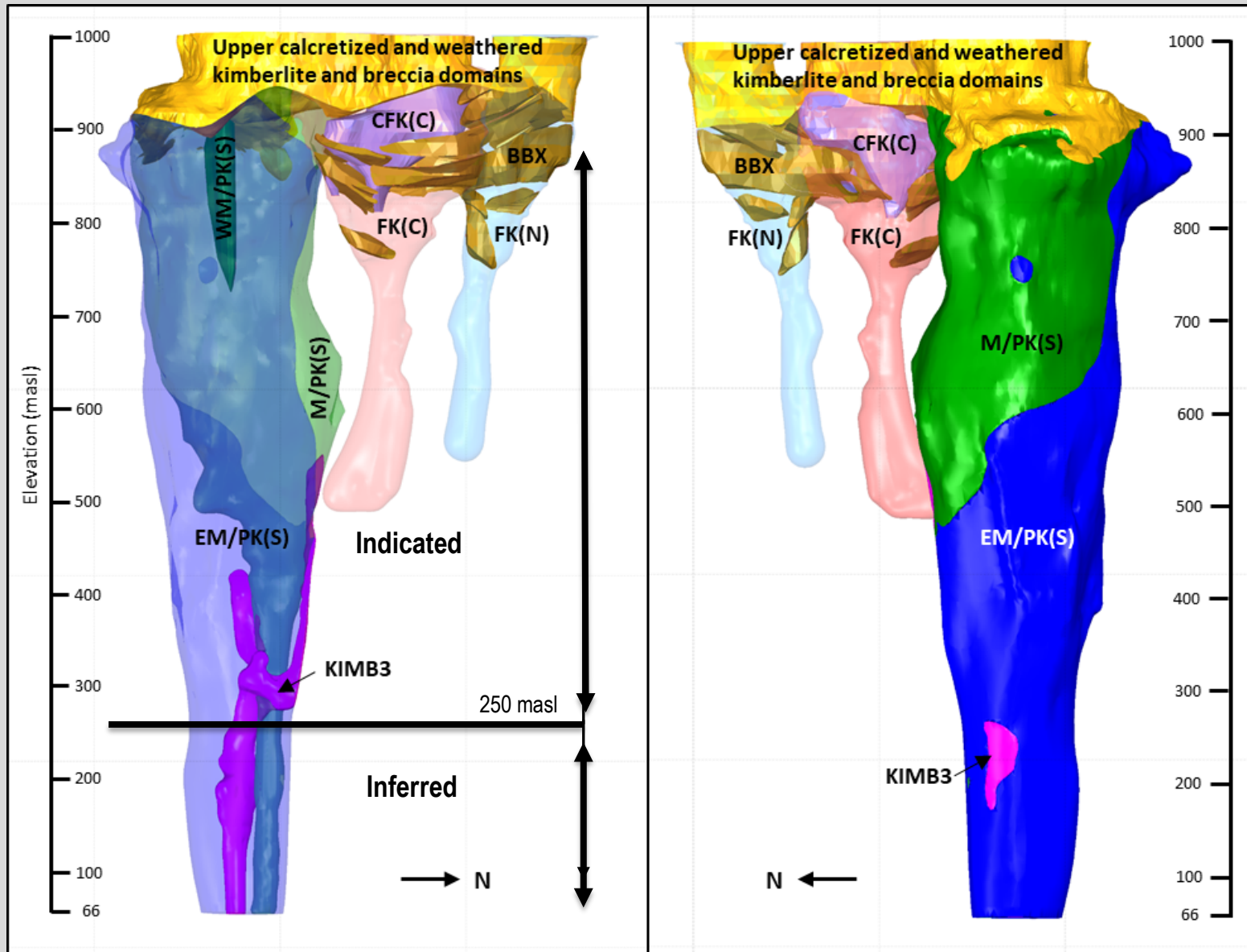
MINERAL RESOURCE UPDATE 2019

- An update to the mineral resource and geological model increased the extent of the Indicated resource of the high value South Lobe between 400 and 250 masl and increased the depth of South Lobe Inferred to 66masl (previously 250masl)
- Internal geology of south lobe is dominated by two domains EM/PK(S) and M/PK(S) - Size frequency and Value models have been established for each dominant domains
- 2019 Update utilised historical drilling and sampling data augmented by detailed logging, sampling and petrographic work on 33 new drillholes and 1,300 kilograms of additional microdiamond sampling (151 samples)

Classification	Domain	Volume (Mm ³)	Tonnes (Mt)	Density (t/m ³)	Carats (Mcts)	Grade (cpht)	Average (US\$/ct)
Indicated	South_M/PK(S)	9.40	27.81	2.96	3.01	10.8	\$631
	South_EM/PK(S)	7.62	22.10	2.90	4.68	21.2	\$777
	Centre	1.28	3.28	2.57	0.50	15.1	\$367
	North	0.44	1.08	2.45	0.13	11.8	\$222
TOTAL INDICATED		18.74	54.27	2.90	8.32	15.3	\$690
Inferred	South_M/PK(S)	0.10	0.31	3.05	0.03	10.5	\$631
	South_EM/PK(S)	1.40	4.18	2.97	0.87	20.9	\$777
	South_KIMB3	0.32	0.94	2.94	0.10	10.9	\$631
TOTAL INFERRED		1.82	5.42	2.97	1.01	18.6	\$750

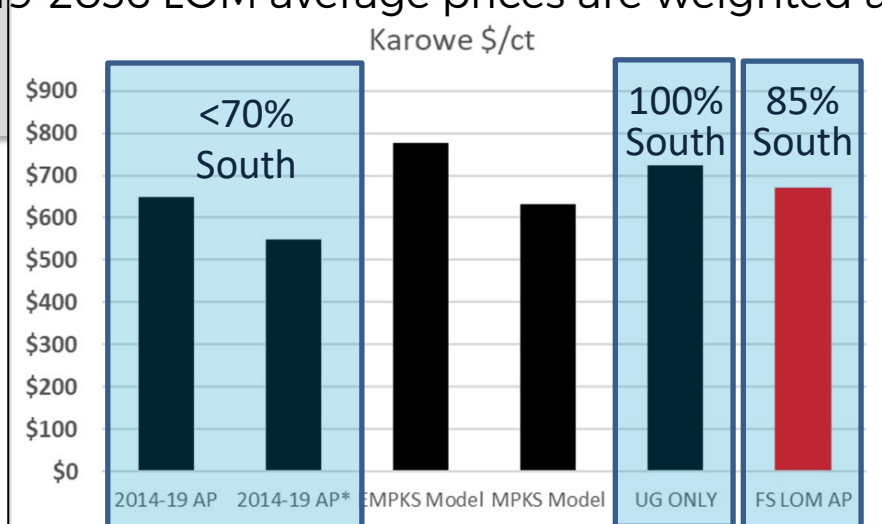
Mineral Resources are not Mineral Reserves and do not have demonstrated economic viability. All numbers have been rounded to reflect accuracy of the estimate.; Mineral Resources are in-situ Mineral Resources and are inclusive of in-situ Mineral Reserves.; Mineral Resources are exclusive of all mine stockpile material.; Mineral Resources are quoted above a +1.25 mm bottom cut-off and have been factored to account for diamond losses within the smaller sieve classes expected within the current configuration of the Karowe process plant.; Inferred Mineral Resources are estimated on the basis of limited geological evidence and sampling, sufficient to imply but not verify geological grade and continuity. They have a lower level of confidence than that applied to an Indicated Mineral Resource and cannot be directly converted into a Mineral Reserve.; Average diamond value estimates are based on 2019 diamond sales data provided by Lucara Diamond Corp. Mineral Resources have been estimated with no allowance for mining dilution and mining recovery.

MINERAL RESOURCE UPDATE 2019



DIAMOND PRICING: KAROWE UNDERGROUND MODEL

- \$/ct models are a function of size frequency distribution a (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 USD) single stones are excluded from generation of SFD and Value models
- Current Value models adjust for market downturn in high colour large goods
- 2014-2019 LOM average prices are weighted approximately 70:30 South: North/Centre
- 2019-2036 LOM average prices are weighted approximately 85:15 South: North/Centre



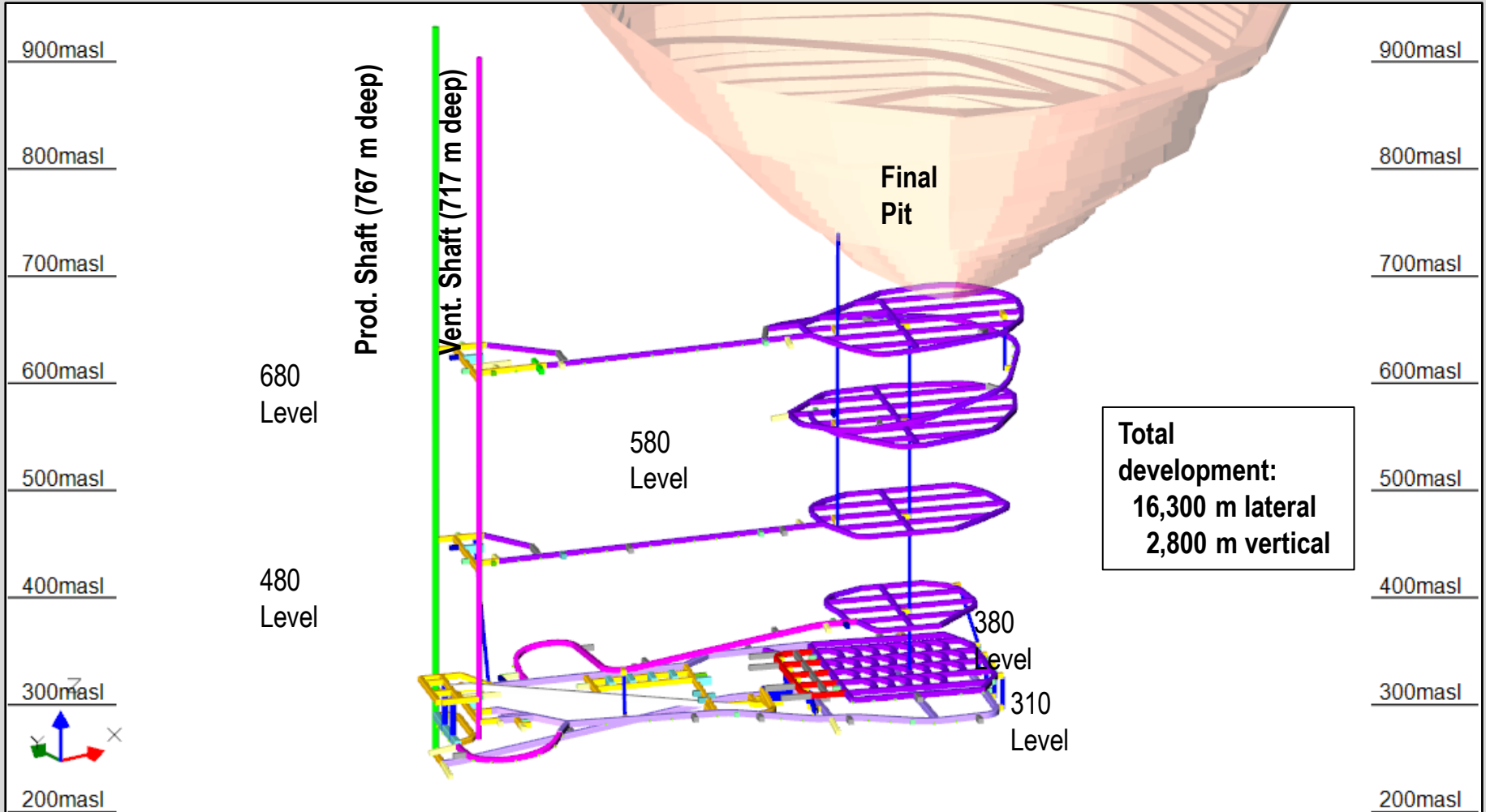
* Excludes Lesedi la Rona and Constellation

UG MINE DESIGN:LONG HOLE SHRINKAGE

- Trade off assessed block cave, sub level cave, assisted block cave
- Geotechnical testing results did not support caving or caving with preconditioning
- Higher value ore lies deeper and is attributable to higher grade and value EM/PK(S)
- Long Hole Shrinkage (LHS) is planned to systematically drill and blast the entire South Lobe on a vertical retreat basis
- Mucking of swell and ultimate pull down of broken muck will take place from an extraction level at the 310 Level (310masl)

Capacity	Life
	13-year UG production
	5.5-years pre-production
UG Ore Tonnes	33.5 million tonnes
UG Carats	5.1 million carats
	USD\$725/carat
	392 kcarats/year UG LOM
UG Mine Extent	700 masl to 310 masl

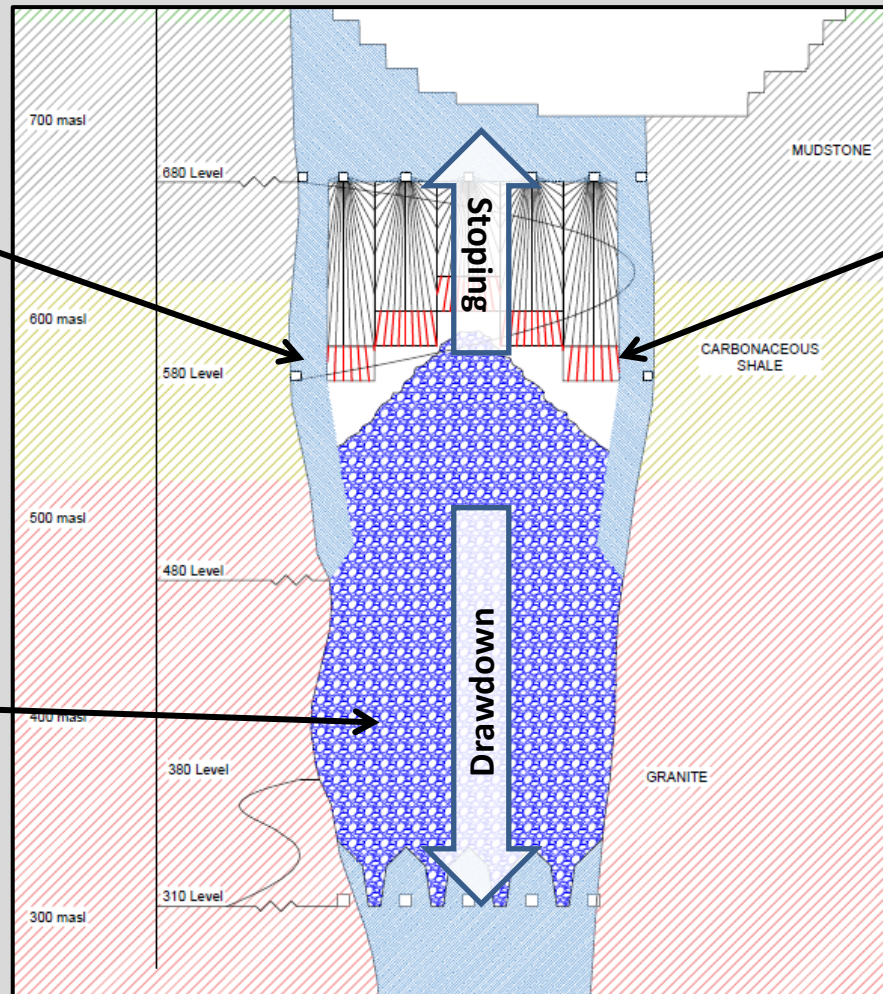
KAROWE UNDERGROUND MINE DESIGN



STOPE DESIGN AND SEQUENCE

Kimberlite skin left until drawdown to support carbonaceous shales

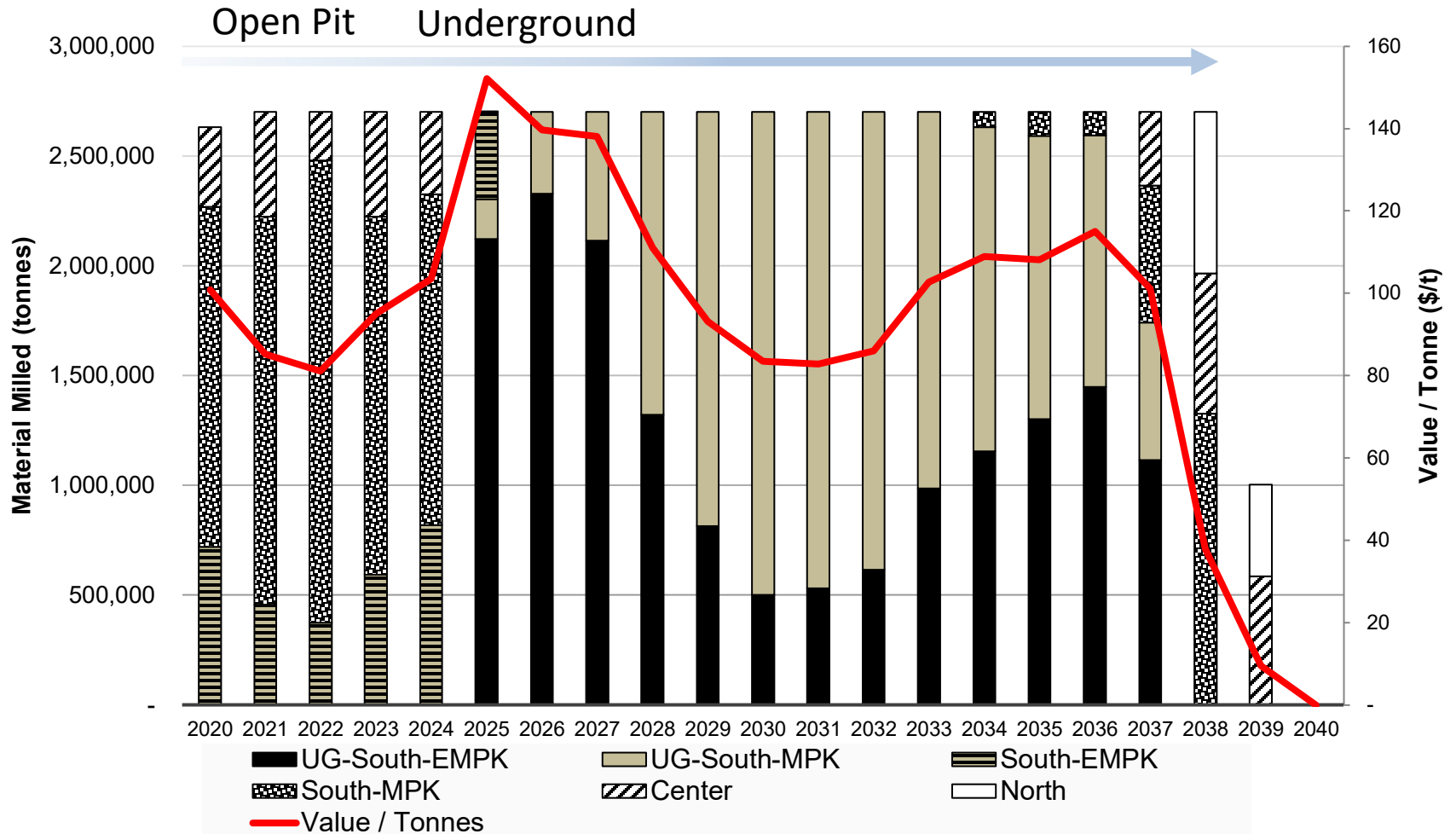
Muck is left in stope for sidewall support until all blasting is complete. Only swell is extracted during the blasting phase.



Mining advances upwards in 17.5 m average high lifts

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

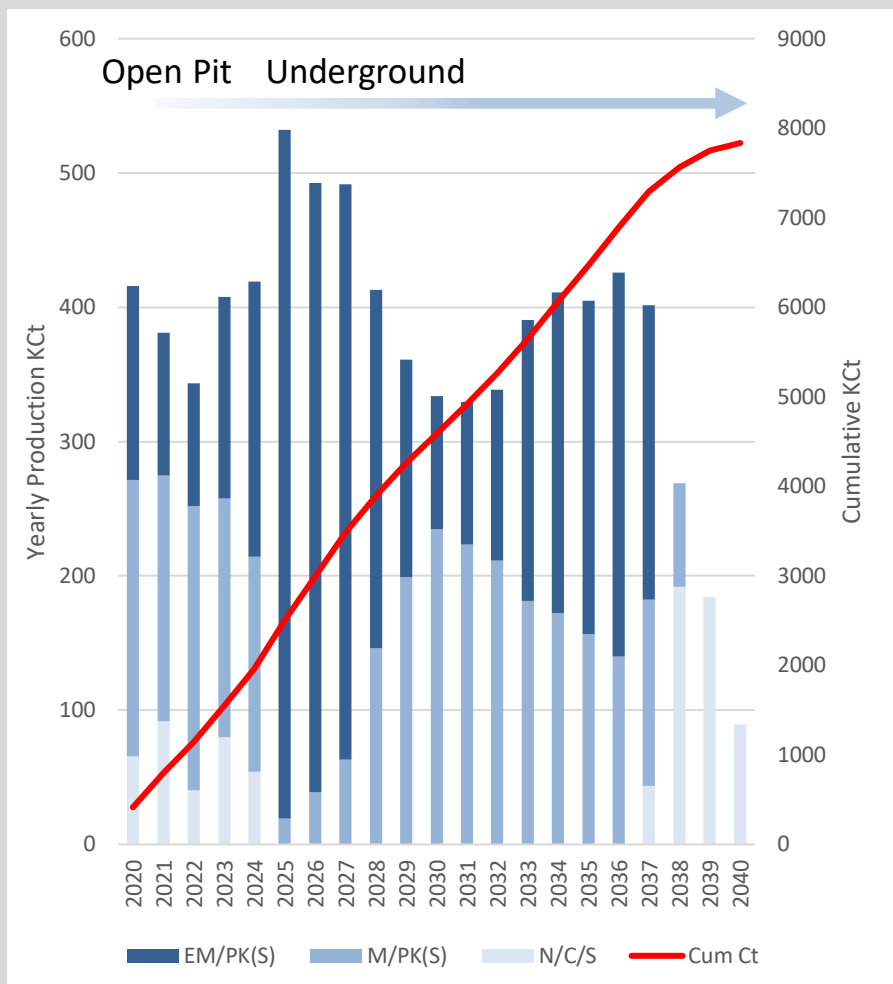
INDICATIVE PRODUCTION SCHEDULE



Production schedule is based on current assumptions which are listed in the FS and subject to risks and uncertainties and general operational factors which may vary from scheduling contemplated in the FS, review

FS COMBINED OP/UG PRODUCTION METRICS

Carat Production



Production Metrics

OP UG Base Case

Waste Tonnes mined (millions)	13.43
Ore Tonnes mined (millions)	49.97
Processed Tonnes (millions)	56.03
Recovered Diamond grade (cpht)	13.99
Total Recovered Carats (millions)	7.838
Mine Life (Years)	20.9

Schedule is based on current assumptions which are listed in the FS and subject to risks and uncertainties and general operational factors which may vary from scheduling contemplated in the FS, review cautionary statement

KAROWE UNDERGROUND + OPEN PIT

(All Amounts In U.S. Dollars)



7.84 Million Carats
LOM DIAMONDS PRODUCED

\$2.2 Billion Cash
Flow

PRE-TAX
\$1.2 Billion Cash
Flow

POST-TAX
2.8 Year Pay-Back



50 M Ore Tonnes Mined
56 M Ore Tonnes
Treated

FROM 2020-2040
7,200 tpd / 2.6 Mtpa

MAINTAINS CURRENT
PRODUCTION RATE

\$28.43/t Processed
OPERATING CASH COSTS

Mining Cost \$8.44/t
OPERATING CASH COSTS



NPV \$945 M

PRE-TAX @ 8% DISCOUNT

NPV \$536 M

POST-TAX @ 8% DISCOUNT

NPV \$1,266 M

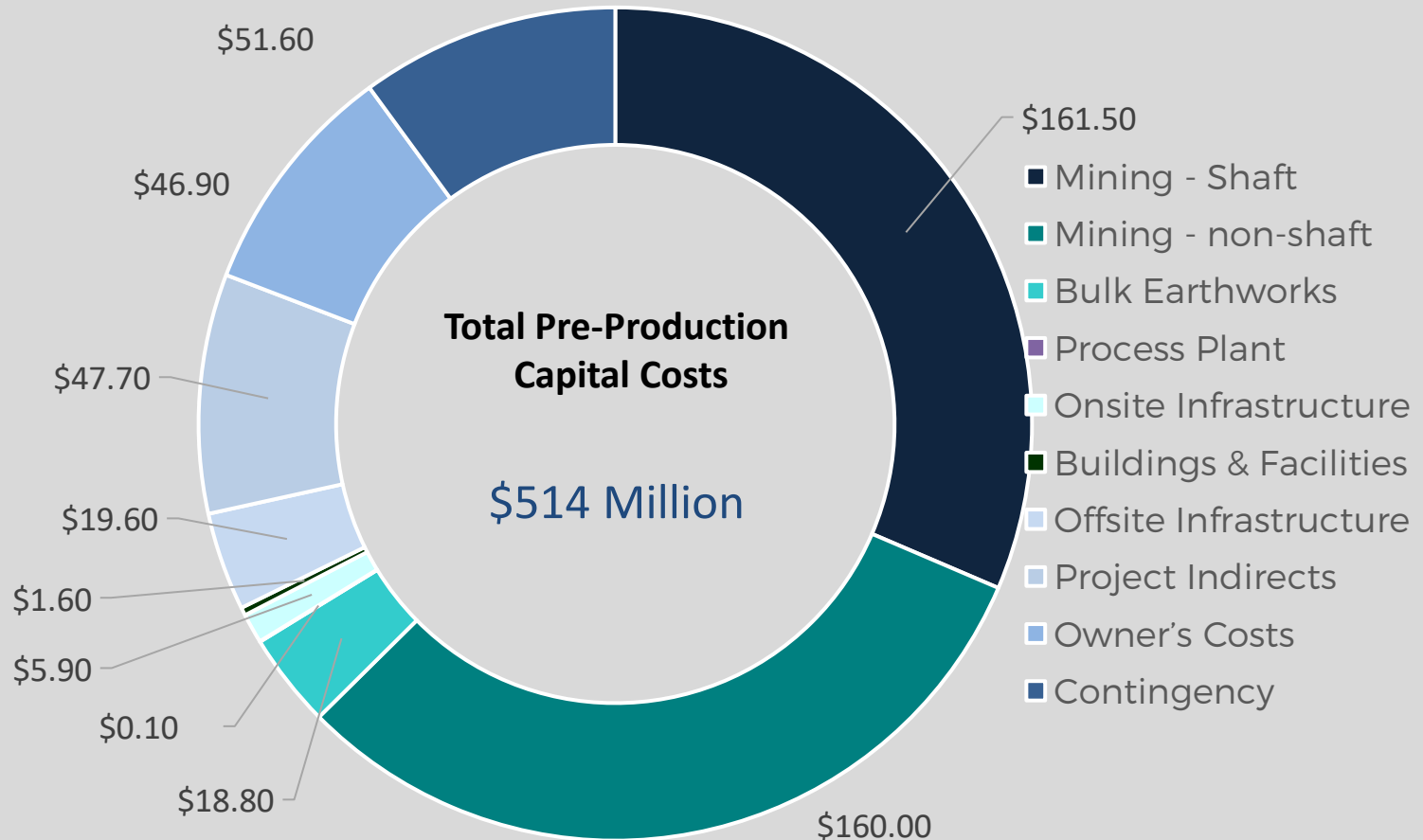
PRE-TAX @ 5% DISCOUNT

NPV \$718 M

POST-TAX @ 5% DISCOUNT

UNDERGROUND ESTIMATED PRE-PRODUCTION CAPITAL

(All amounts in U.S. Dollars)



HIGH MARGIN OPERATION

(All amounts in US\$)

(US\$)

\$1,000

\$900

\$800

\$700

\$600

\$500

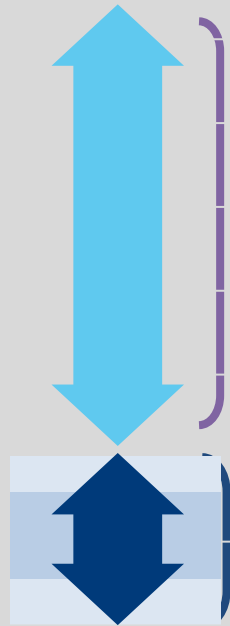
\$400

\$300

\$200

\$100

\$0



Margin
\$522/ct

**Average
Operating
Cost***
\$204/ct

Cash Cost Summary (\$/ ct)

Mining \$56

Processing \$108

On Site G&A \$40

Total \$204

Carat margin \$522

UNDERGROUND ONLY OPEX ESTIMATE

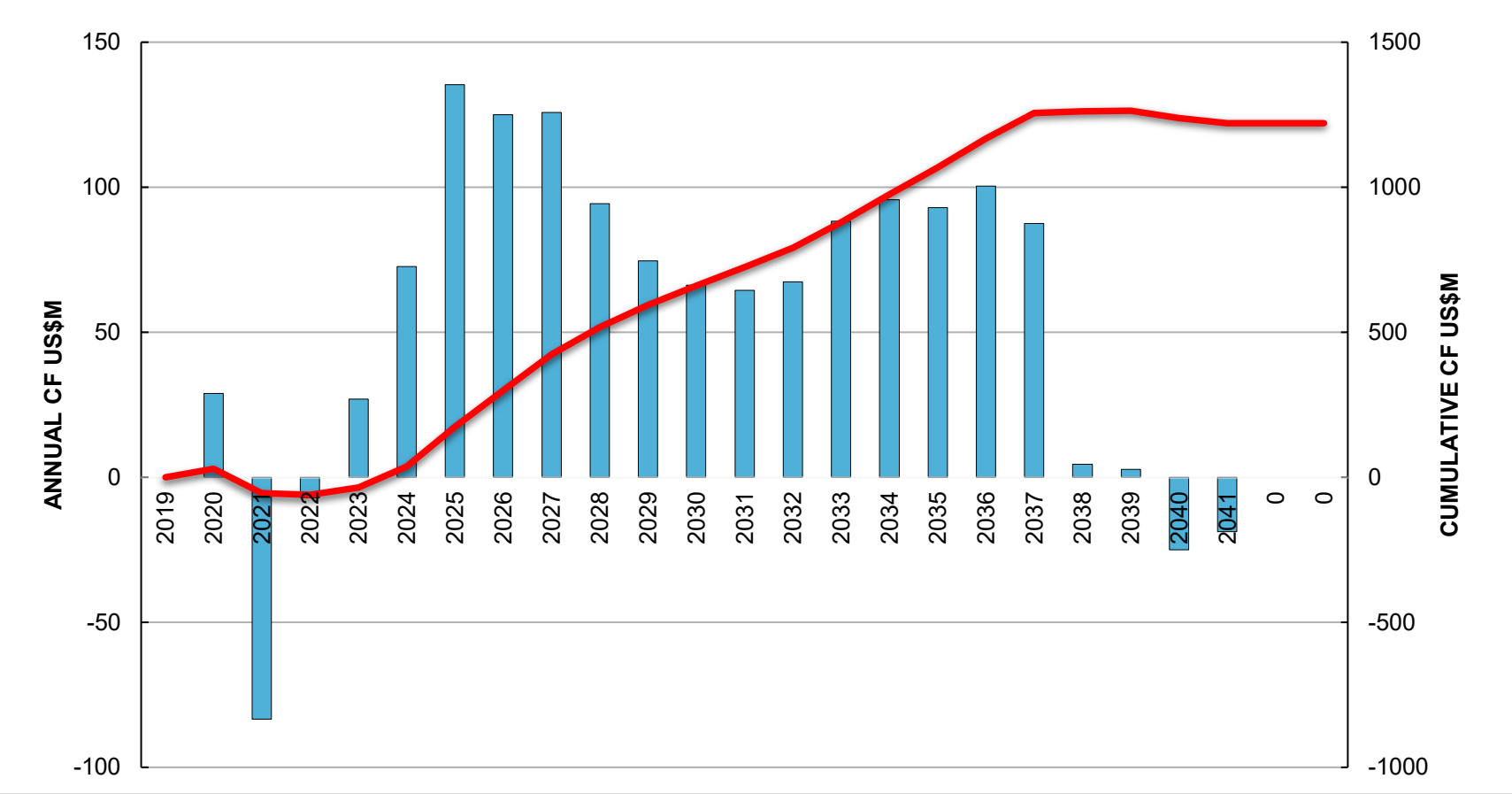
(All amounts in US \$)

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

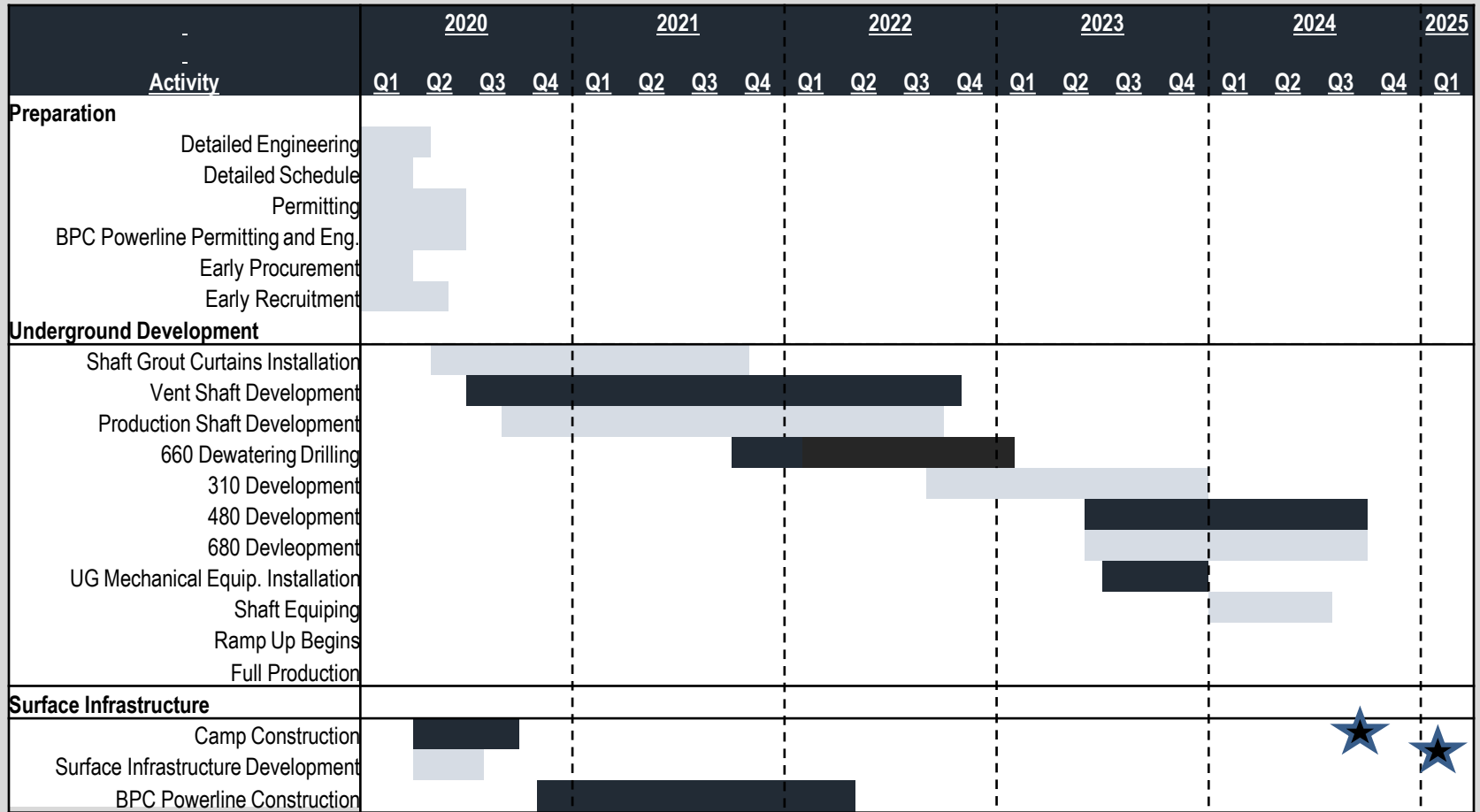
COMBINED OP POST-TAX CASH FLOW

(All Amounts In U.S. Dollars)



Annual Cash Flow Cumulative Cash Flow

HIGH LEVEL INDICATIVE SCHEDULE



Activities listed for underground development and surface infrastructure require available financing and Lucara Board approval

NEXT STEPS

- Based on the assumptions used for this evaluation, the project shows positive economics and should proceed to detailed engineering, financing and construction.
- In the first half of 2020, the Company will focus on detailed engineering and early procurement initiatives.
- The Company will also be reviewing financing options and will update the market when such decisions are reached.
- The anticipated capital requirements in 2020 represent less than 10% of the initial capex estimate for the underground project. The Company's anticipates funding initial expenses from cash flow, as financing options are explored.



LUCARA

DIAMOND

CONCLUSIONS

Lucara is a premier, mid-tier, investible diamond company, positioned for long term, sustainable growth

- High margin diamond producer
- Botswana - a low risk jurisdiction
- Strong balance sheet
- Open pit mineable reserves to 2026, Underground reserves will double the mine life to 2040
- Asset diversification and additional revenue stream through Clara



813 ct

CAPITAL STRUCTURE

LUC

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

TSX

NASDAQ Sweden

BSE (Botswana)

~C\$325M
MARKET CAP

\$Nil (September 2019)
WORKING CAPITAL FACILITY

396.9M (September 2019)
ISSUED SHARES

402.5M (September 2019)
FULLY DILUTED SHARES

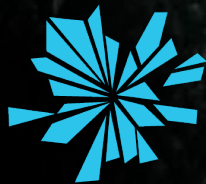
US\$4.8M (September 2019)

US\$50.0M (available)
Credit Facility

CASH ON HAND

22%
Fully Diluted Basis

INSIDER HOLDINGS



LUCARA

DIAMOND

CONTACT

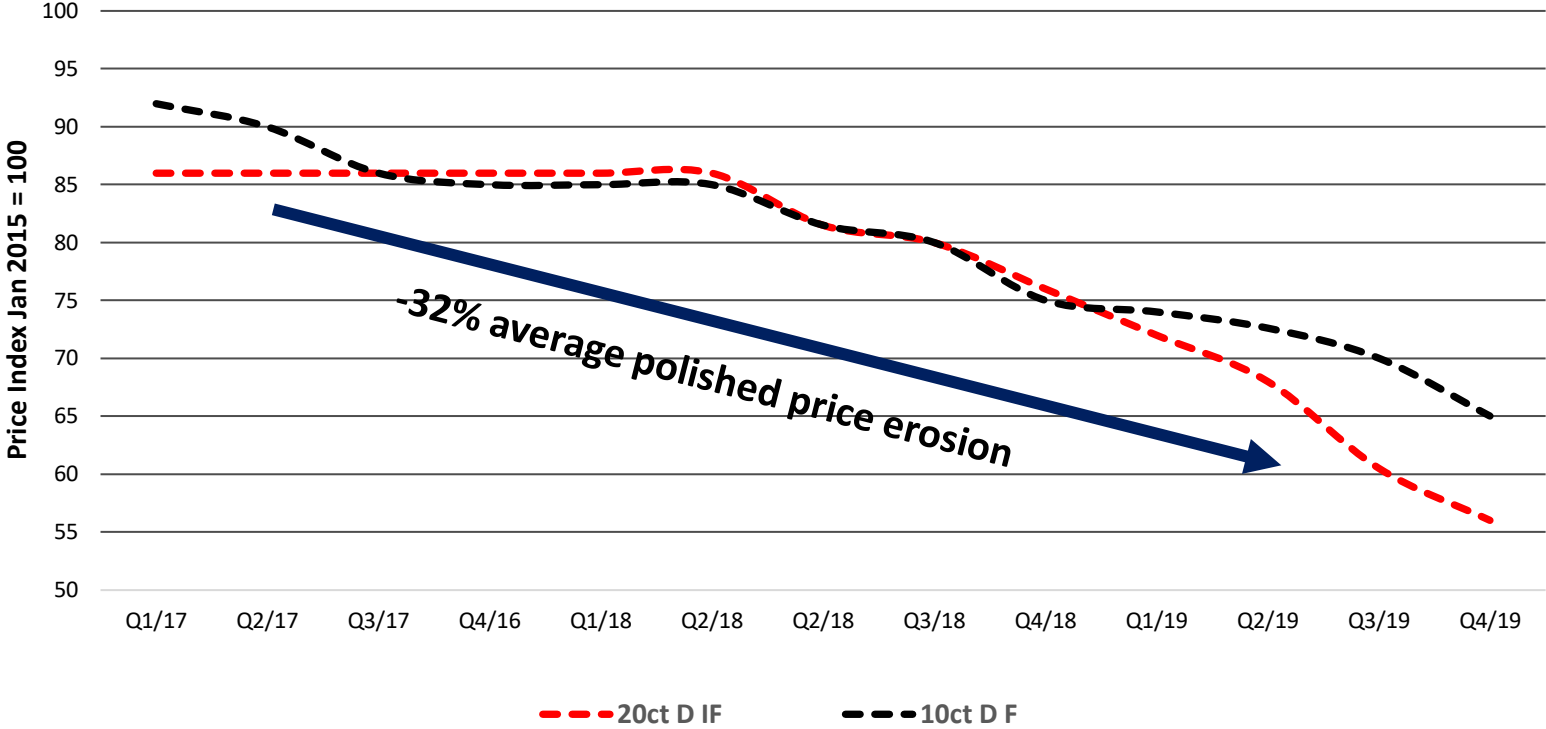
Suite 2000
885 West Georgia St.
Vancouver, BC
V6C 3E8

Tel: +1 604 689 7872
Fax: +1 604 689 4250
Email: info@lucaradiamond.com

LucaraDiamond.com | LUC.TSX | LUC.XSTO | LUC.BSE

POLISHED PRICE EROSION 2017 - 2019

10ct/20ct Polished Round (D, IF/F)



KAROWE CARAT PRODUCTION BY SOURCE 2014 - 2019

