

LUCARA
DIAMOND

Q4 2022 Results Conference Call

FEBRUARY 22, 2023



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 may include, but are not limited to, information or statements with respect to the equity and project debt financings concluded in 2021 and the intended use of proceeds from these financings, the Company's ability to comply with the terms of the facilities which are required to construct the Karowe underground expansion project (the "Karowe UGP"), the potential impacts of COVID-19, economic and geopolitical risks, including potential impacts from the Russian military invasion of Ukraine, expectations regarding longer-term market fundamentals and price growth, the disclosure under "2023 Outlook", expectations regarding top-up payments, processing expectations, expectations that the Karowe UGP will extend mine life, forecasts of additional revenues, estimated capital costs, production and cost estimates, tax rates, expectations regarding the activities for the Karowe UGP in Q1 2023, that expected cash flow from operations, combined with external financing will be sufficient to complete construction of the Karowe UGP, that the estimated timelines to achieve mine ramp up and full production from the Karowe UGP can be achieved, the economic potential of a mineralized area, the size and tonnage of a mineralized area, anticipated sample grades or bulk sample diamond content, future production activity, the future price and demand for, and supply of, diamonds, future forecasts of revenue and variable consideration in determining revenue, estimation of mineral resources, exploration and development plans, cost and timing of the development of deposits and estimated future production, currency exchange rates, success of exploration, requirements for and availability of additional capital, capital expenditures, operating costs, timing of drill programs, the completion of transactions, the profitability of Clara and the Clara Platform, and the scaling of the digital platform for the sale of rough diamonds owned by Clara, the Company's intent to continue to seek additional supply, both from third-party producers and the secondary market, the benefits to the Company of diamond supply agreements with HB and the ability to generate better prices from the sale of the Company's +10.8 carat production as polished stones.

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 2021 Annual Information Form for the year ended December 31, 2021, dated March 30, 2022, 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.

2022 Highlights

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



Revenues \$212.9 million
Strong sales through HB, Clara and Tenders, Adjusted EBITDA² of \$86.7 million

7.2% Specials (+10.8 carats) by weight
Including 34 stones >100 carats

Long term market fundamentals remain positive despite softer prices in H2 2022

Karowe UGP surface civil work complete: main shaft sinking commenced with \$106 million invested

Strong, Safe, Reliable Production
2022 Guidance achieved with costs trending below guidance

Cash flow of \$96.2 million from operating activities
Operating cost \$27.94 per tonne processed²

Strong available liquidity: cash and cash equivalents of \$26.4 million

Project debt facility with \$65 million drawn
Working capital facility of \$50 million (\$15 million drawn)

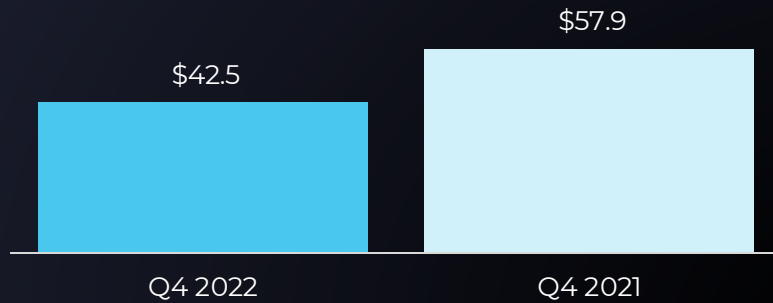
⁽¹⁾ Karowe production excludes the impact of top-up payments earned pursuant to the diamond sales agreement with HB Trading BV ("HB")

⁽²⁾ Non-IFRS measure

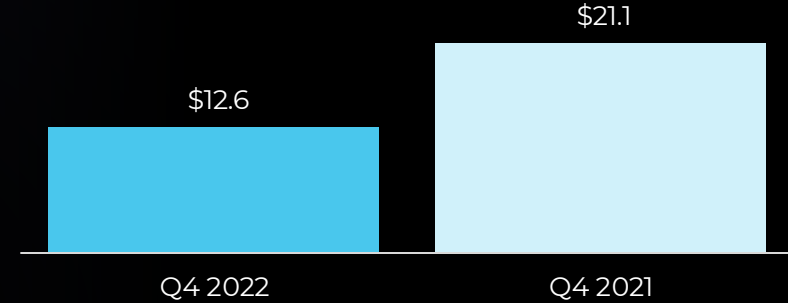
Q4 2022 Financial Highlights

Three months ending December 31, 2022
(All currency figures in U.S. Dollars)

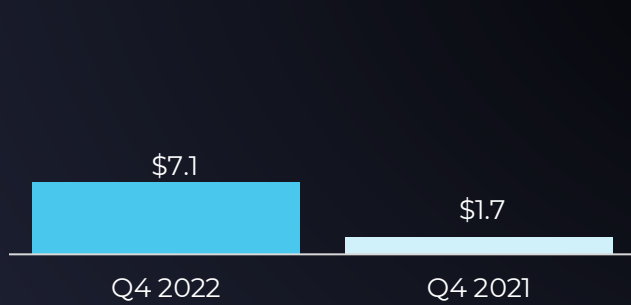
Revenue (millions)



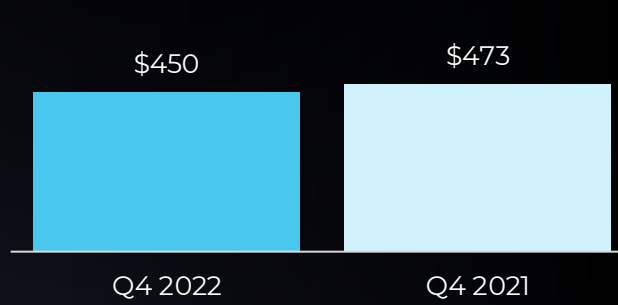
Adjusted EBITDA⁽¹⁾ (millions)



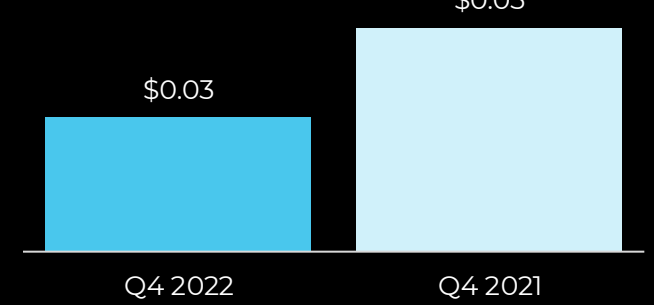
Net income (millions)



Average Price (\$/Carat)⁽¹⁾⁽²⁾



Operating cash flow per share⁽¹⁾

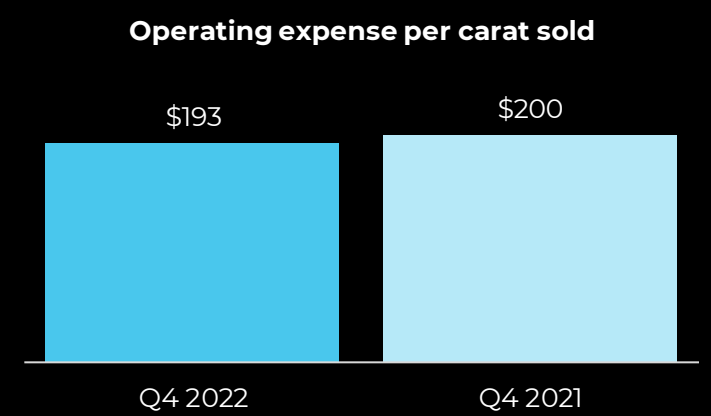
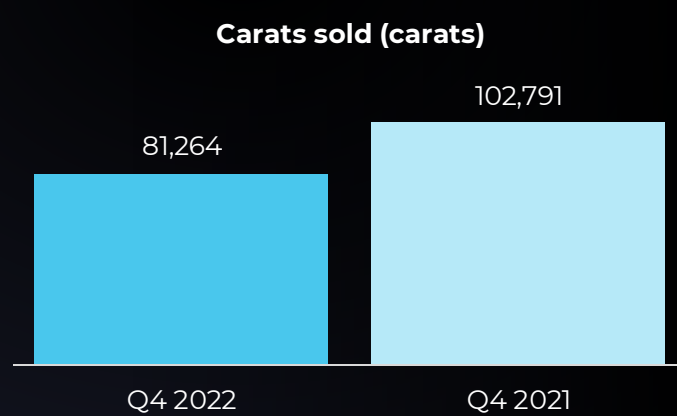
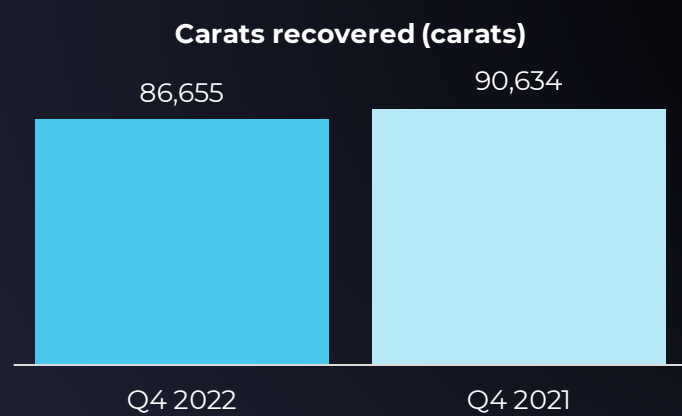
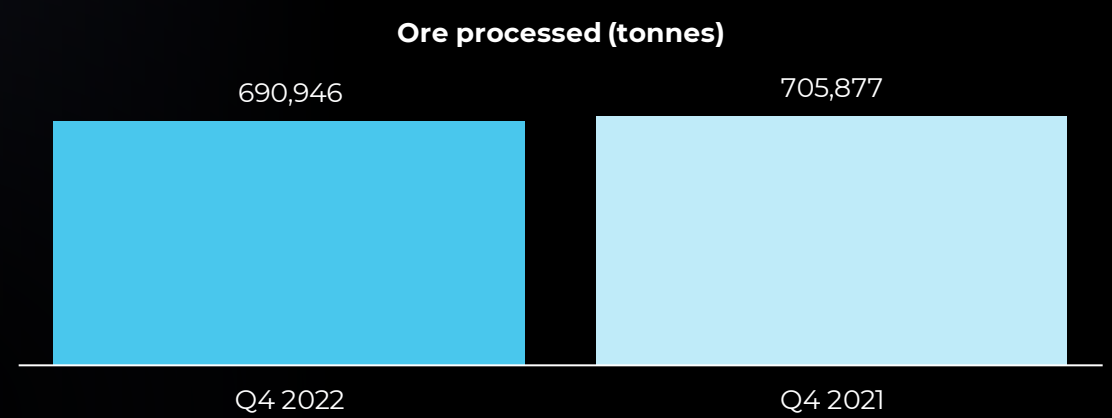
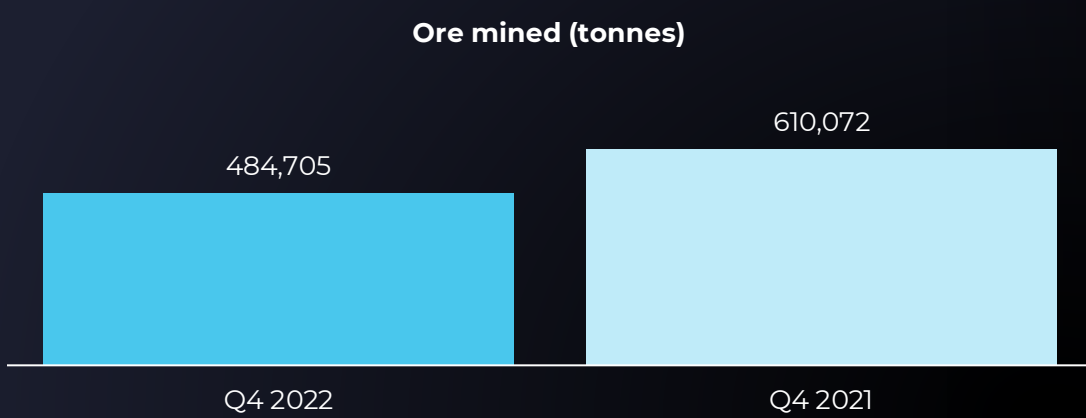


⁽¹⁾ Non-IFRS measure

⁽²⁾ Karowe production excluding the impact of top-up payments earned pursuant to the diamond sales agreement with HB Trading BV ("HB")

Q4 2022 Operational Highlights – Karowe Mine

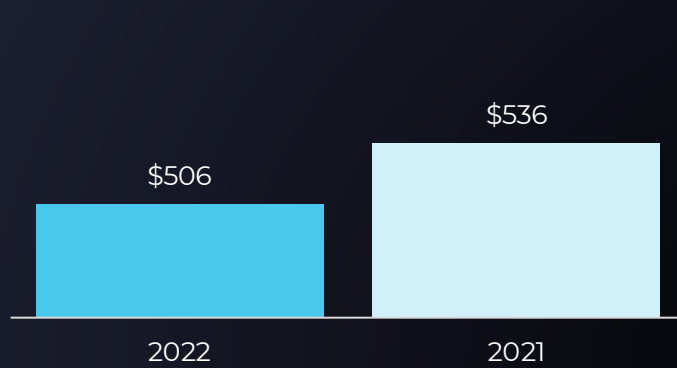
Three months ending December 31, 2022
(All currency figures in U.S. Dollars)



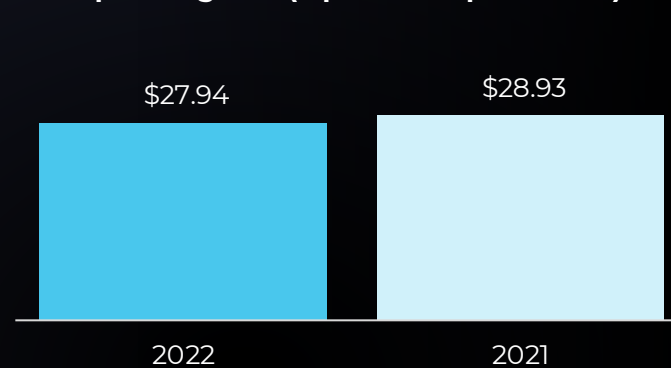
2022 Financial Highlights

Year ending December 31, 2022
(All currency figures in U.S. Dollars)

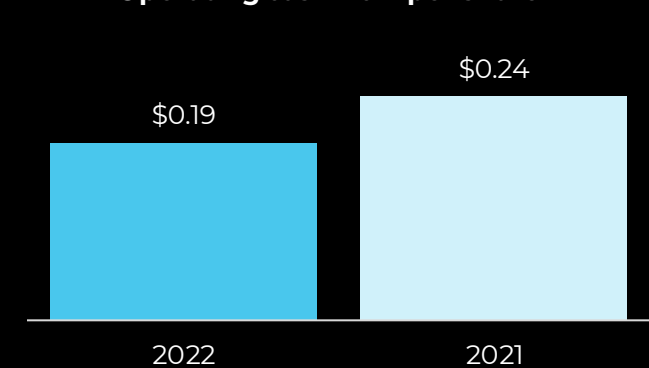
Average price (Average \$/Carat) ⁽¹⁾⁽²⁾



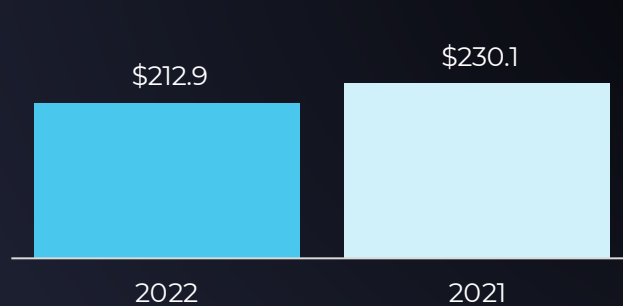
Operating cost (\$ per tonne processed)⁽¹⁾



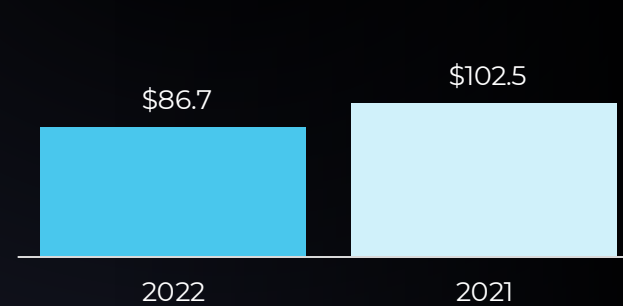
Operating cash flow per share⁽¹⁾



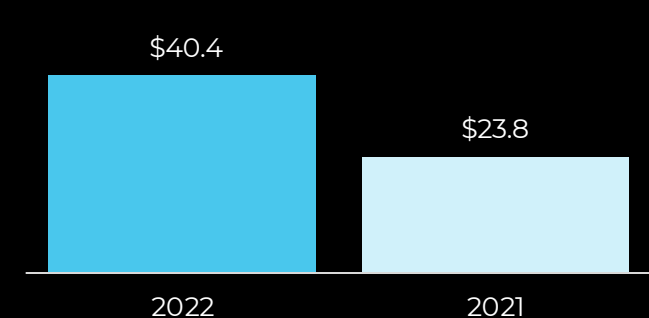
Revenue (millions)



Adjusted EBITDA⁽¹⁾ (millions)



Net income (millions)

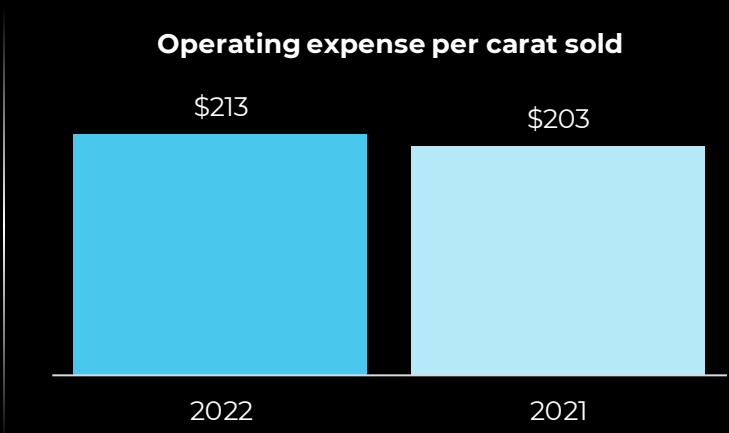
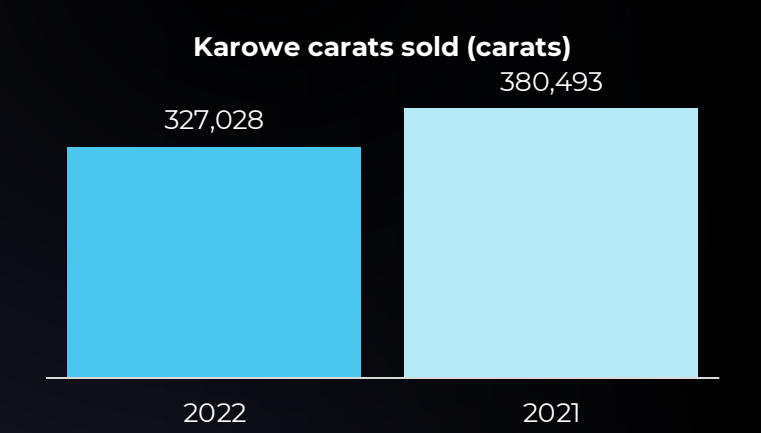
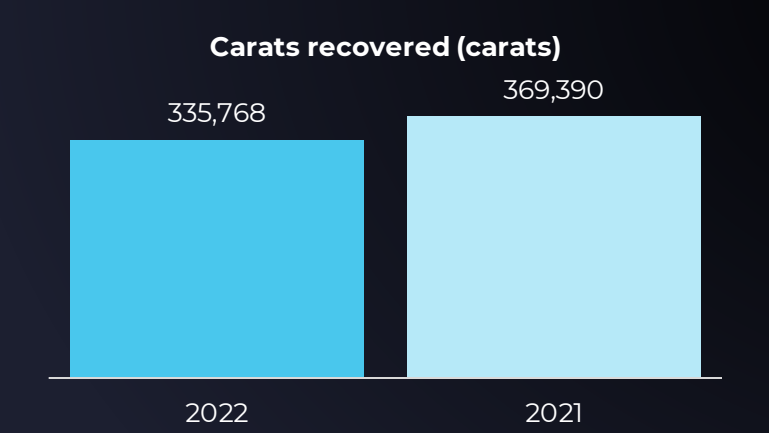
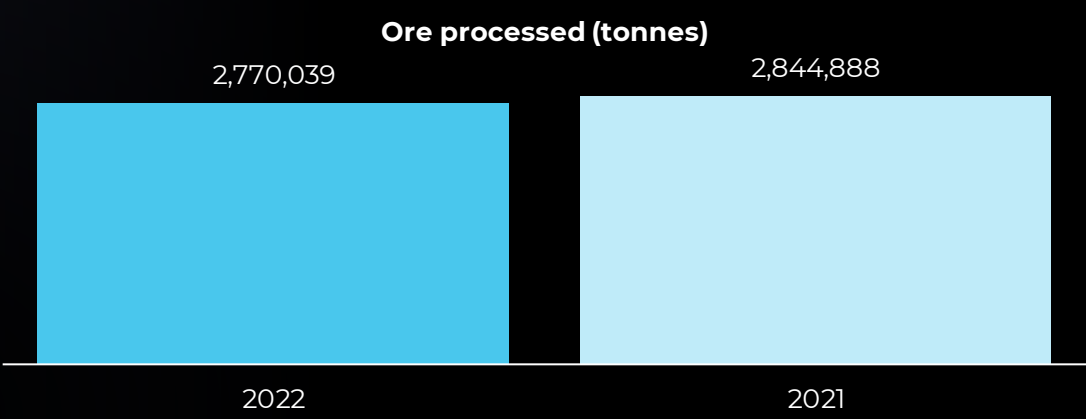
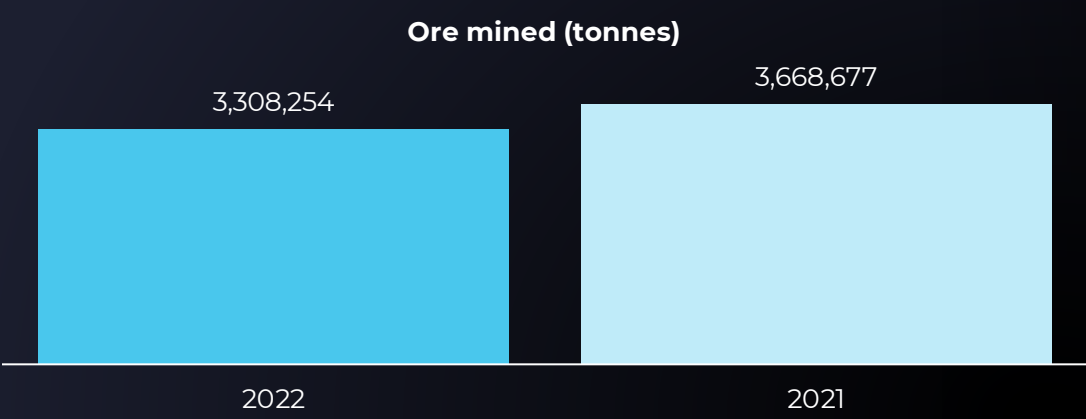


⁽¹⁾ Non-IFRS measure

⁽²⁾ Karowe production excluding the impact of top-up payments earned pursuant to the diamond sales agreement with HB Trading BV ("HB")

2022 Operational Highlights – Karowe Mine



Year ending December 31, 2022
(All currency figures in U.S. Dollars)



Sales Channels Q4 2022 – Karowe Mine

Sales through HB, Clara, and Quarterly Tender

- High value Specials (+10.8 carats) are manufactured and sold as polished through the HB supply agreement.
- Diamonds between 1 and 10 carats that meet specific criteria are sold through Clara.
- All other diamonds are sold through a quarterly tender.

Q4 2022 / 2021			Sales Channel	2022 / 2021		
Rough Carats Sold	Revenue Recognized (USD million)	Average Price per Carat ⁽¹⁾ (USD)		Rough Carats Sold	Revenue Recognized (USD million)	Average Price per Carat ⁽¹⁾ (USD)
2,812 / 1,895	20.5 / 23.3	7,301 / 12,306		11,037 / 23,382 ⁽²⁾	90.3 / 126.2	8,185 / 5,396
2,188 / 3,685	3.8 / 6.3	1,751 / 1,710	CLARA	10,677 / 16,198	21.8 / 26.6	2,039 / 1,642
76,264 / 97,211	12.2 / 19.0	160 / 196		305,314 / 340,913	53.3 / 51.0	175 / 149
81,264 / 102,791	36.5 / 48.6	\$450 / \$473	Total – Karowe carats	327,028 / 380,493	165.4 / 203.8	\$506 / \$536
	3.6 / 7.9		Top-up		38.4 / 24.2	
	40.1 / 56.5		Total Revenue - Karowe		203.8 / 227.9	

⁽¹⁾ Non-IFRS measure

⁽²⁾ Includes +10.8 carat diamonds sold as rough during H1 2021. Following extension of the HB agreement in Q2 2021, +10.8 carat diamonds that did not meet the criteria for polishing were sold as rough through the quarterly tender.

2023 Annual Guidance

(All currency figures in U.S. Dollars)

Karowe Diamond Mine	FY2023
Diamond revenue ¹	\$200 to \$ 230 million
Diamond sales	385,000 to 415,000 carats
Diamonds recovered	395,000 to 425,000 carats
Ore tonnes mined	1.9 to 2.3 million
Waste tonnes mined	2.2 to 2.8 million
Ore tonnes processed	2.6 to 2.9 million
Total operating cash costs	\$32.50 to \$35.50 per tonne processed
Botswana G&A (including sales & marketing)	\$3.50 to \$4.50 per tonne processed
Tax rate	0%
Average exchange rate – USD/Pula	12.0



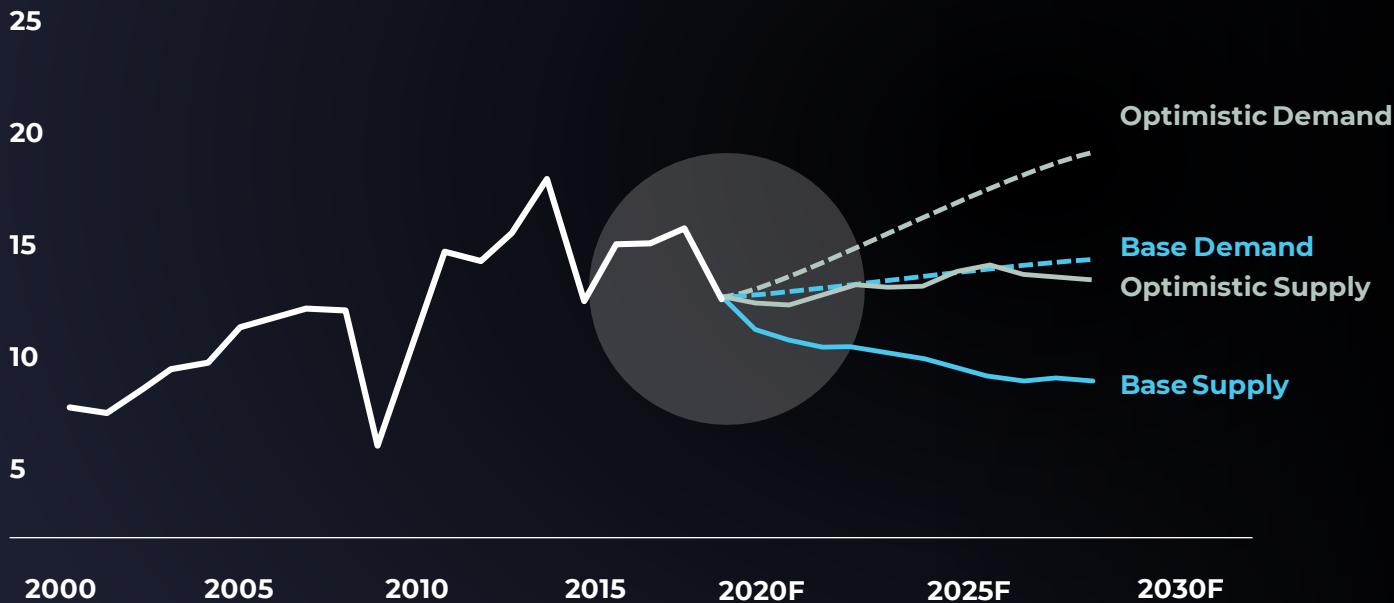
¹⁾ Diamond revenue guidance does not include revenue related to the sale of exceptional stones, or the Sethunya.

Diamond Market

Global supply constraints continue to support a positive, longer-term outlook on diamond prices

Softer prices in H2 2022 in response to global economic uncertainties; despite pull back, market remains stable. Cautious optimism early in 2023; increasing market depth.

Rough diamond supply and demand

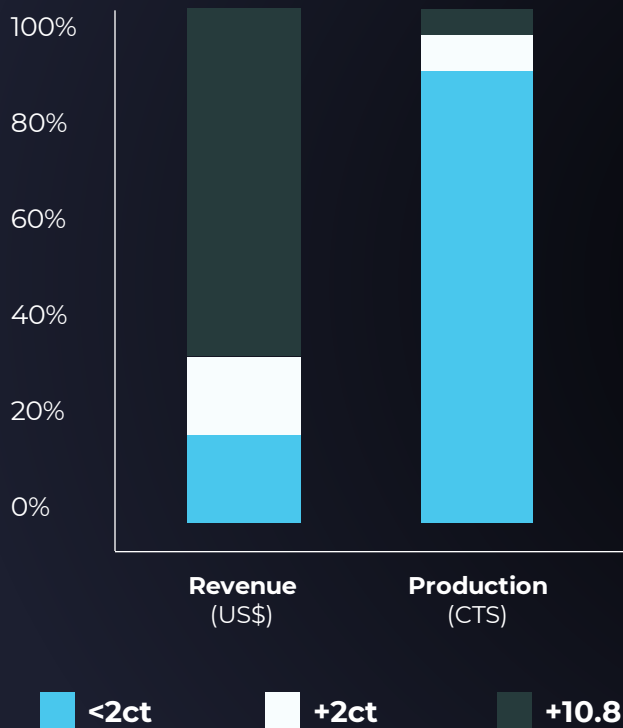


Note: Rough-diamond demand has been converted from polished-diamond demand using a historical ratio of rough to polished diamond values Source: Bain & Company - Global Diamond Report

Consistent Recovery of Large Diamonds

Specials contribute ~60-70% by revenue and ~5-7% by volume historically

Revenue and production includes 2015 to 2022



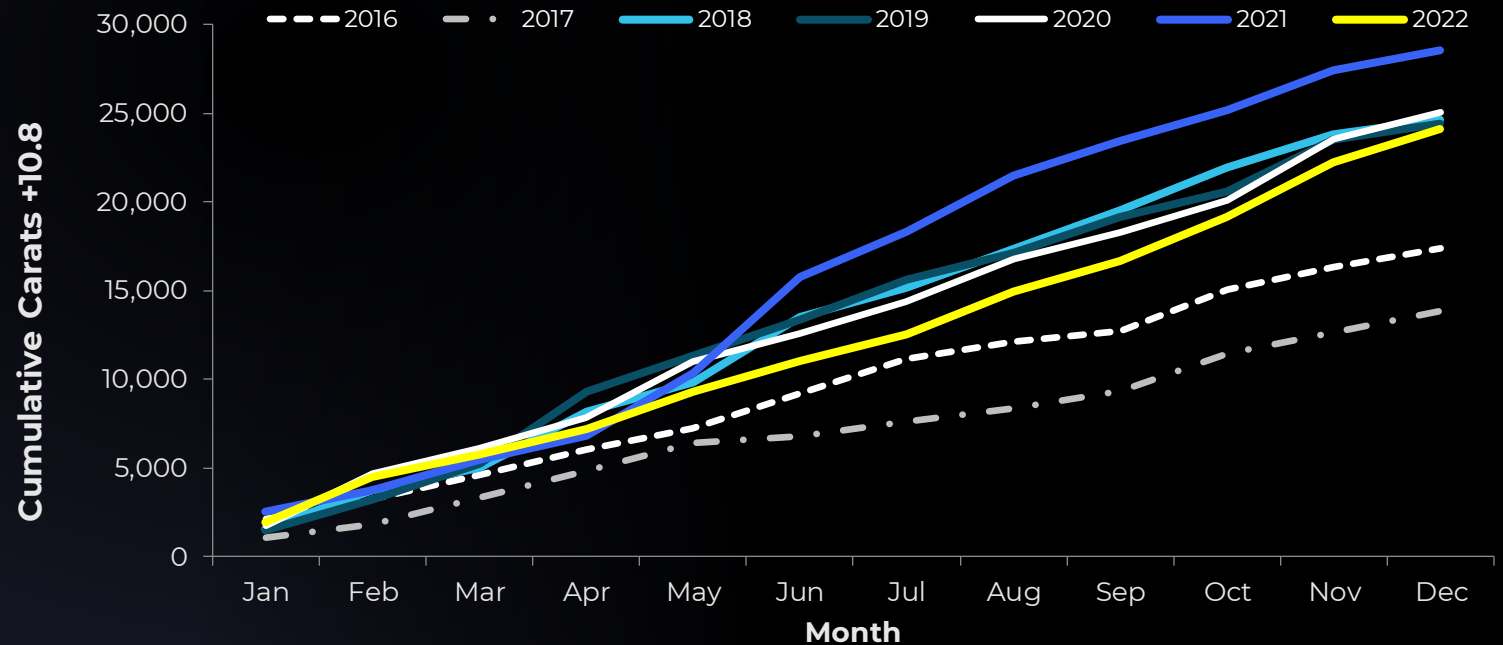
Q4 2022 Recoveries

233 specials, 8.6 wt.% of production. 13 diamonds > 100cts

Since 2012: 29 diamonds in excess of 300 carats have been recovered, including 3 diamonds > 1,000ct

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

Karowe Cumulative Specials (ct)



Sales Channels – Strong 2022 Results

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



Rough



Clara



Polished



Jewellery

Increasing Margin Capture Downstream

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

26%
of Revenue

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

11%
of Revenue

Manufacturing into
Polished Diamonds
with HB

63%
of Revenue

Collaboration with
Brands to Create Made
to Order Jewellery

**Special Diamonds
Sethunya and Sewelô**



Supply Agreement with HB Antwerp

High Value +10.8 Carat “Specials” Only

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

Q4 2022: **\$20.5 million revenue from sales of Karowe diamonds** (excluding top-up payments of \$3.6 million); **Average price** achieved of **\$7,301** per carat⁽¹⁾; **strong performance** reflects specials recovery and sales, and top-up payments

Long term strong rough and polished diamond market fundamentals

⁽¹⁾ Revenue recognized in Q4 2022 (excluding the impact of top-up payments) from the sale of Karowe production pursuant to the diamond sales agreement with HB Trading BV (“HB”).



CLARA

75 sales completed since inception
~\$86 million of diamonds sold by value through the platform

Low operating cost platform

Refactored in 2022 and processing costs optimized

~46,000 carats sold through the platform

Growth Potential in Primary & Secondary Markets
Buyers stabilized and **wait-list** being maintained

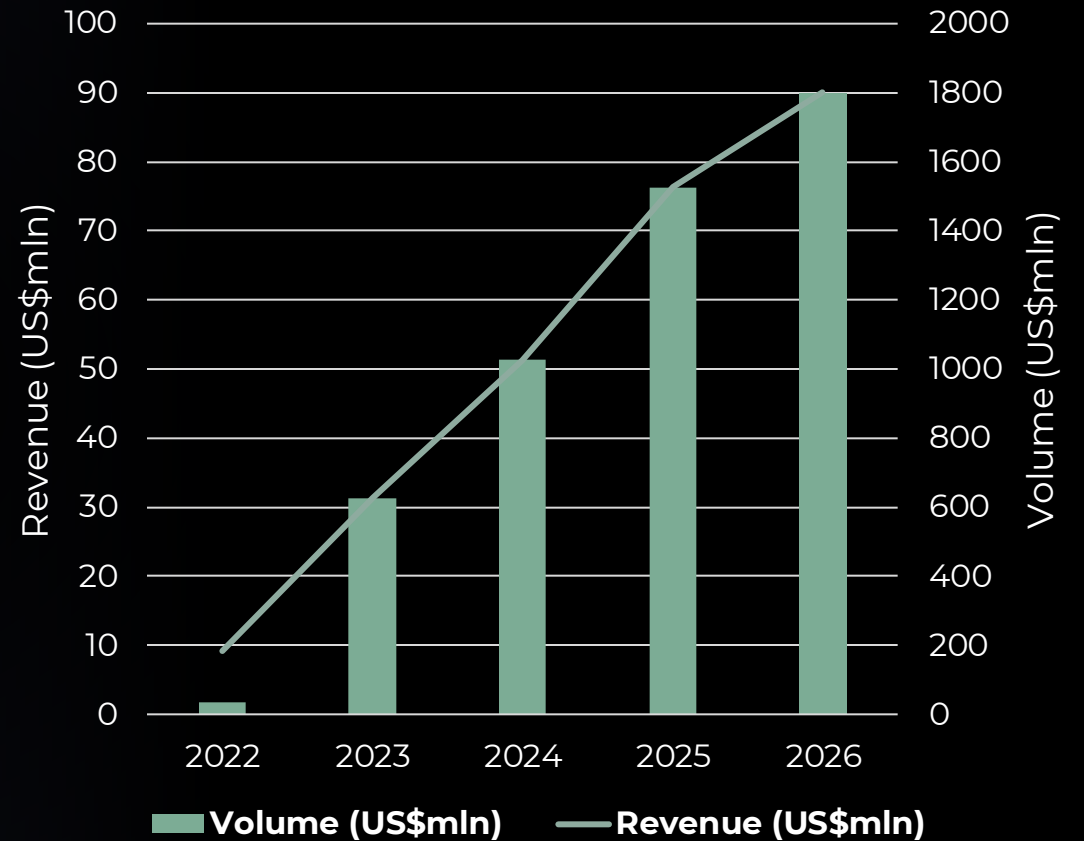
Producer Trial **completed** in 2022

Additional trials of **third-party** supply **beginning in Q1 2023;**

\$35.7 million transacted in 2022

Approximately **40%** of goods from **third-party producers and secondary market**

5 Year Potential Growth Profile



Karowe Underground Expansion

Extending mine-life to at least 2040

Fully Financed, Construction Advancing

Project facility drawdown of \$65 Million end of Q4 2022

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

\$547 million⁽¹⁾ underground expansion adds
~ \$4 billion additional net revenues

Q4 2022 Capital Spend

\$22.3 million spent in Q4; 2022 spend of \$106.4 million

Main shaft sinking commenced

Ventilation shaft (June 2022); production shaft (September 2022)

(1) The estimated capital cost for the Karowe UGP has increased from \$534 million (including contingency) to \$547 million to reflect expected pricing changes following execution of the main sink contract in May 2022.



Karowe Underground Expansion

Q4 2022 Highlights

- Activities focused on ongoing construction and procurement:
 - Main sinking in both shafts continued;
 - Slower cycle times being actively addressed; sinking rates are improving;
 - First grouting phase commenced in sandstones as anticipated – methodology effective;
 - Budget and schedule update in Q2 2023 that will incorporate all learnings to date
 - Bulk power supply powerline complete - 11kV transmission line to the project site commissioned
 - Bulk air cooler tender was awarded
- \$226 million spent to December 31, 2022 (cumulative) with a further \$112 million committed



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

1 NO POVERTY 	2 ZERO HUNGER 	3 GOOD HEALTH AND WELL-BEING 	4 QUALITY EDUCATION 	5 GENDER EQUALITY 	6 CLEAN WATER AND SANITATION 	8 DECENT WORK AND ECONOMIC GROWTH 	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	16 PEACE, JUSTICE AND STRONG INSTITUTIONS 	17 PARTNERSHIPS FOR THE GOALS
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Lucara Investment Rationale

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

1

Diamonds

Diamond market fundamentals remain strong, bolstered by global supply declines

2

LUCARA

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

3

CLARA

Disrupting the historical approach to diamond sales – more sustainable, more transparent

LUC: TSX FEBRUARY 17, 2023	
Share Price	CAD \$0.61
Market Cap (million)	CAD \$276.7
Shares Outstanding ¹	453,566,923
Cash Position (Dec 31, 2022) (million)	USD \$26.4

(1) Fully diluted as of December 31, 2022 was 469,153,026 common shares



LUCARA
DIAMOND

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