

**LUCARA**  
DIAMOND

## **Gold Forum Americas**

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Denver, Colorado  
September 2019

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[LucaraDiamond.com](http://LucaraDiamond.com) | [LUC.TO](http://LUC.TO)

# CAUTIONARY STATEMENT

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## 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.

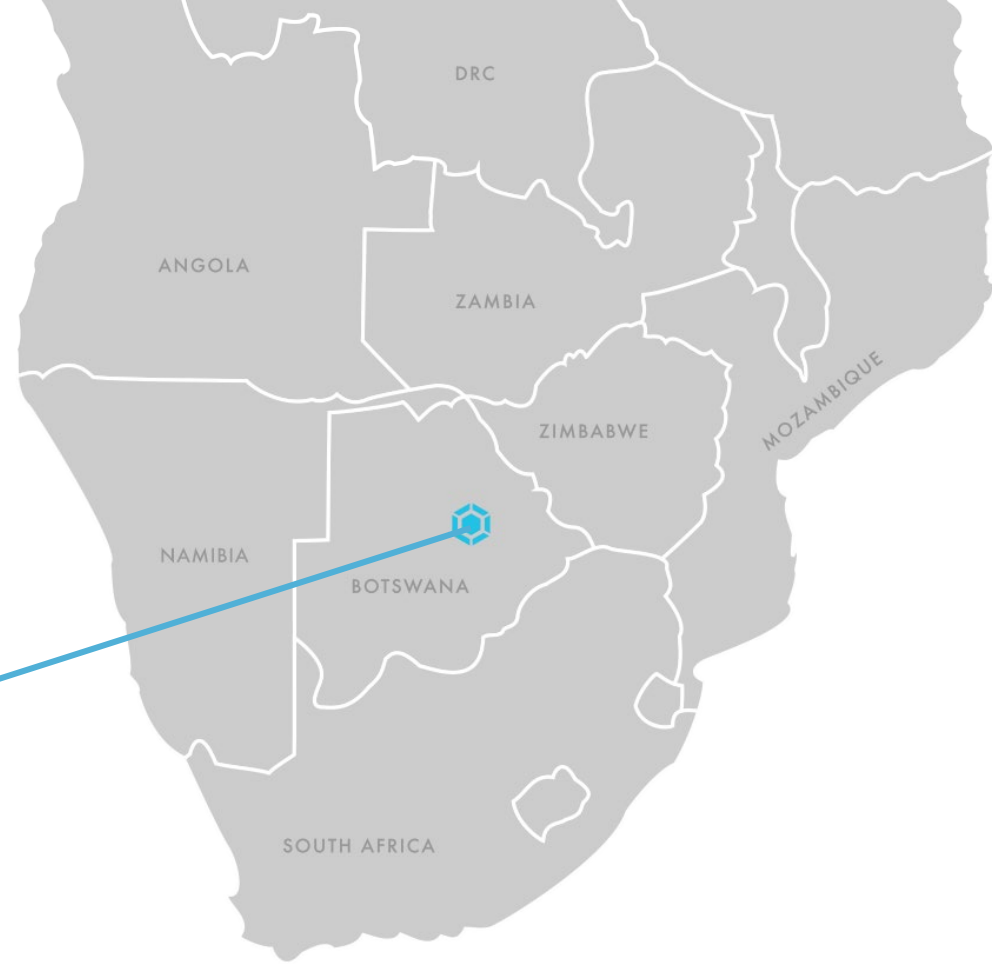
The authors of these technical reports are independent of the Company and are qualified persons for the purposes of National Instrument 43-101 – Standards of Disclosure for Mineral Projects ("NI 43-101"). The technical reports are available for review on SEDAR at [www.sedar.com](http://www.sedar.com).

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

# KAROWE DIAMOND MINE



KAROWE DIAMOND MINE



**Large, High Value  
Diamonds**  
7.9 million carats  
at \$673/ct (Indicated)

**Open Pit Reserves to 2026**  
Potential underground expansion  
to at least 2036

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

## HISTORIC DIAMOND RECOVERIES

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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

813 carat

Sold for a record \$63.1 M USD



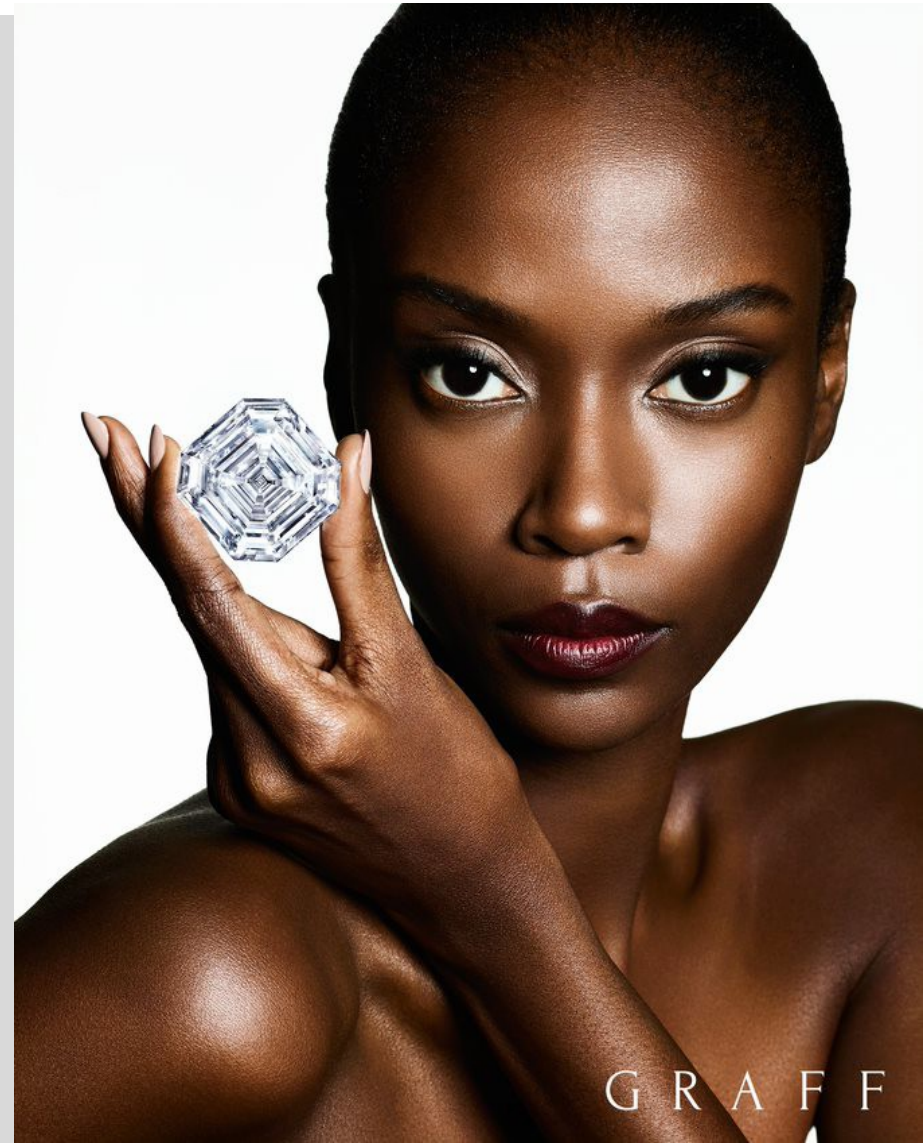
## LESEDI LA RONA

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The 1,109 Carat Lesedi La Rona was recovered from Karowe in 2015 and purchased by Graff in 2017 for US\$53 million

The resulting **302.37** carat Graff Lesedi La Rona is the largest highest colour, highest clarity diamond ever certified by the GIA, and the world's largest square emerald cut diamond

66 satellite diamonds ranging from <1 carat to >26 carats



## 2019 RECORD DIAMOND RECOVERY

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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 greater than 1,000 carats



# OPERATIONAL HIGHLIGHTS H1 2019

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

## 100% Owned Karowe Diamond Mine

Continued strong safety and operational performance in H1 2019

Operating cash cost of \$31.16 per tonne processed; 65% Operating Margin

Record carat production 30% higher carats sold than H1 2018

\$91 million H1 2019 revenue; 14 diamonds sold for >\$1 million including 6 diamonds sold >\$3 million

## 100% Owned Clara Diamond Solutions

Five sales successfully completed in H1 2019

9<sup>TH</sup> Sale ongoing

Ramp up continues; focus on increasing demand and onboarding of manufacturers

## Dividend & Strong Balance Sheet

Quarterly dividends of CDN \$0.025 per share paid April 11<sup>th</sup>, June 20<sup>th</sup> and to be paid Sept 19

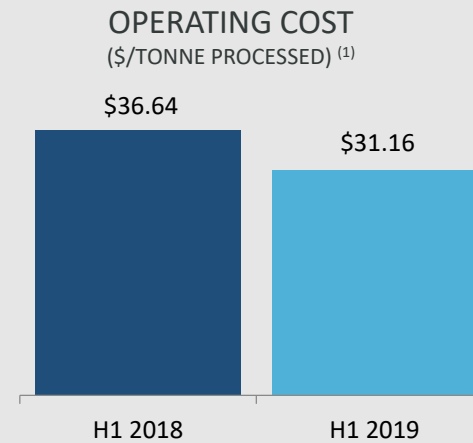
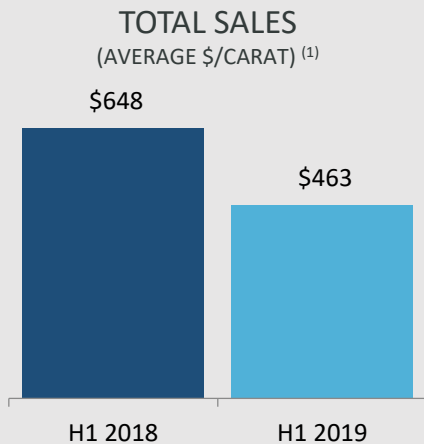
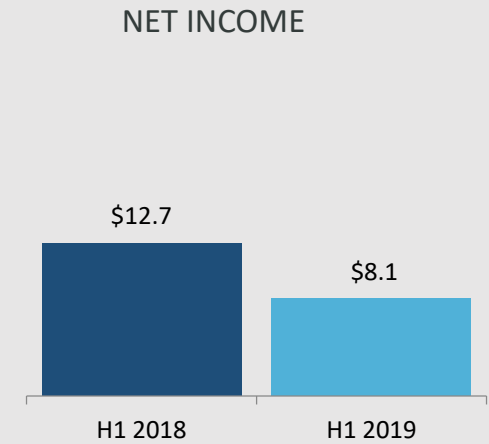
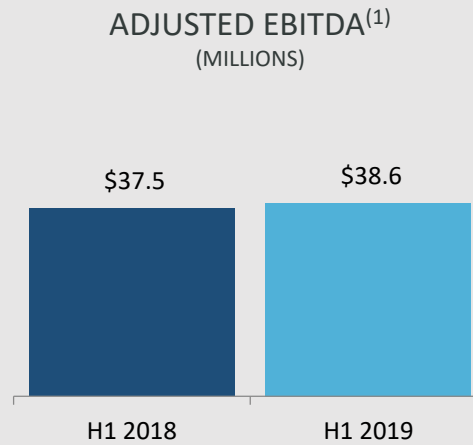
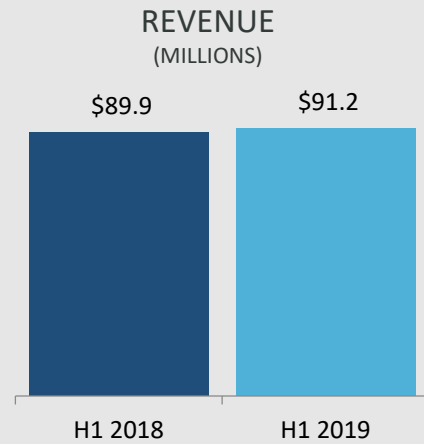
Dividends of US\$263.6 million paid since 2014

Cash and cash equivalents of US\$7.1 million and US\$5.0 million of working capital debt



# H1 2019 FINANCIAL HIGHLIGHTS

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



<sup>(1)</sup> Non-IFRS measure



# SAFETY, HEALTH, ENVIRONMENT & COMMUNITY RELATIONS

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**Over two years (>7 million man hours worked) without a lost time incident (LTI)**

**769 LTI free days at June 30, 2019**

**All injury frequency rate (AIFR) of zero for the quarter**

**2018 Sustainability Report available on [www.LucaraDiamond.com](http://www.LucaraDiamond.com)**

## **Mokubilo Farm Initiative**

Community focused initiative to generate, broad based sustainable income

Phase 1: butternut, tomatoes, peppers and eggs



# 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  

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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

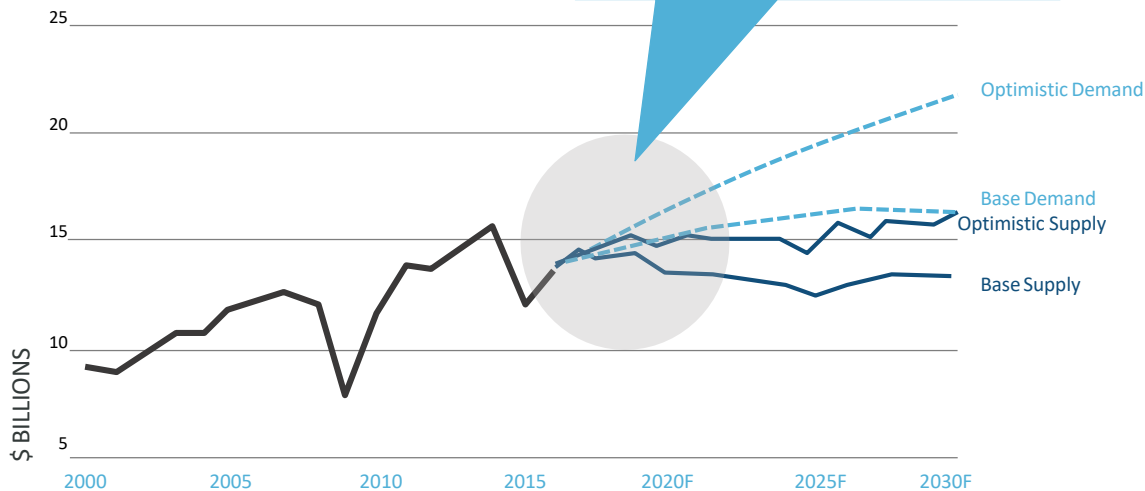
VIEW THE FULL REPORT AT [TOTAL-CLARITY.COM](https://www.total-clarity.com)

# 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



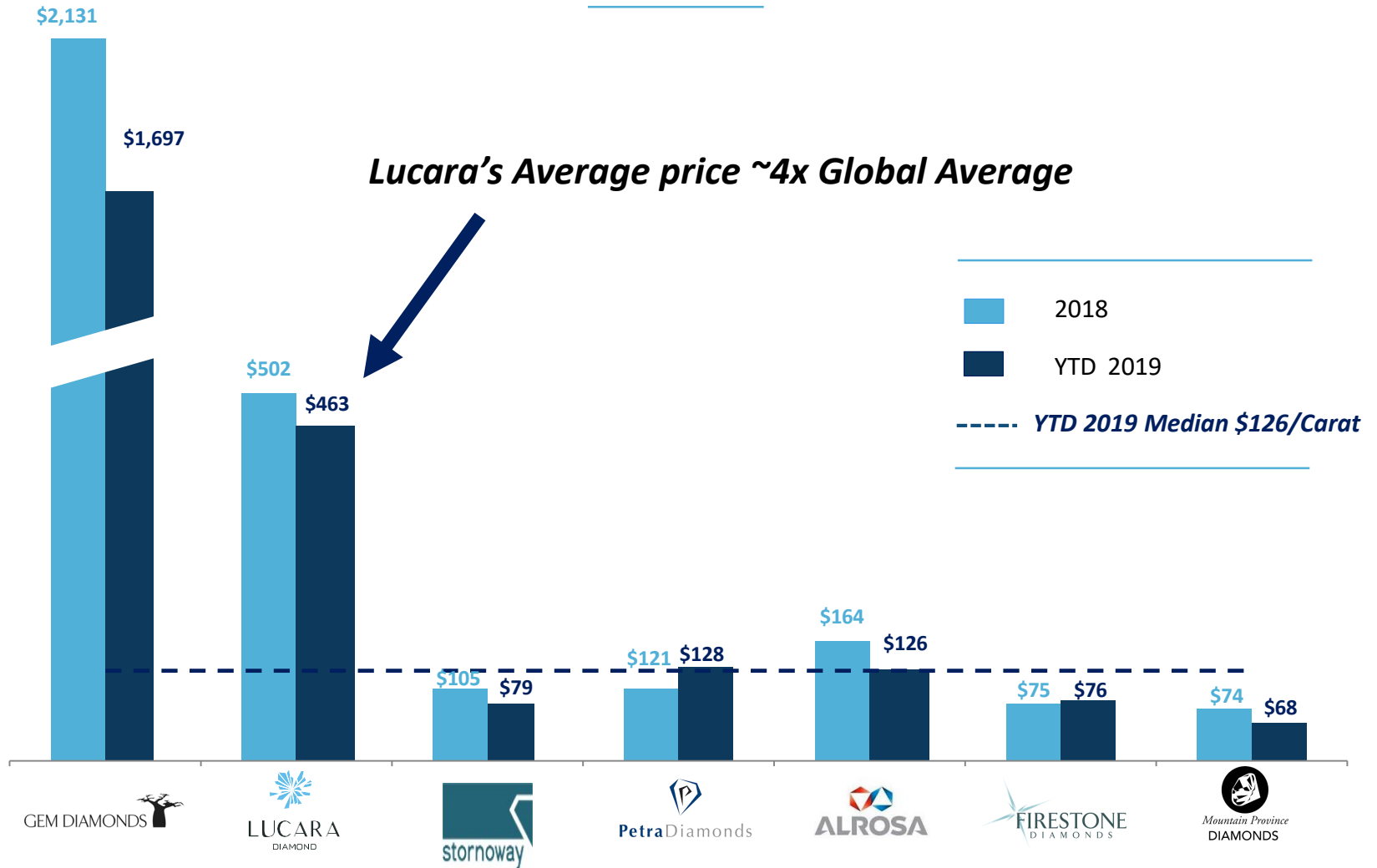
2000-2030: 2019 prices, constant exchange rates, optimistic and base scenarios

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

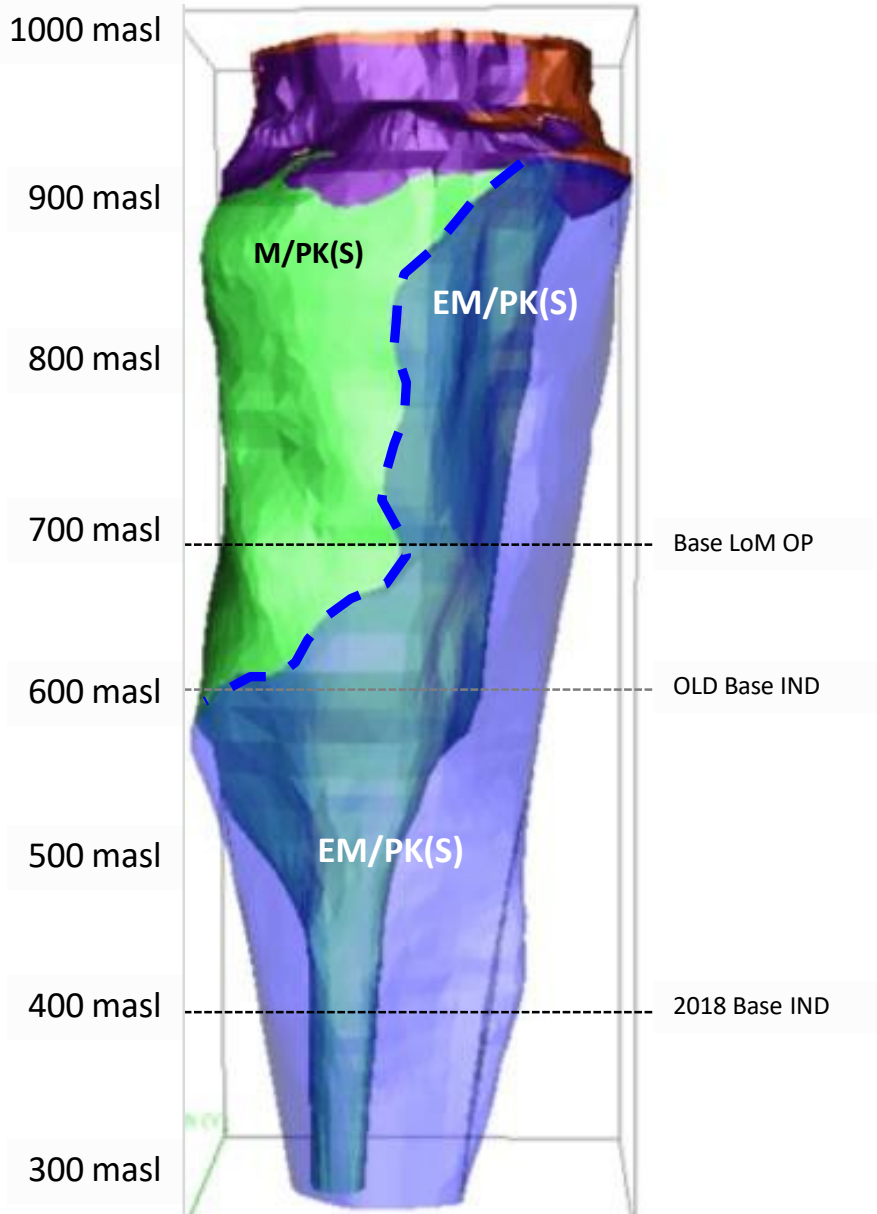
# GLOBAL ACHIEVED AVERAGE DIAMOND PRICES 2018/2019

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



# 2018 GEOLOGICAL MODEL

## South Lobe AK06

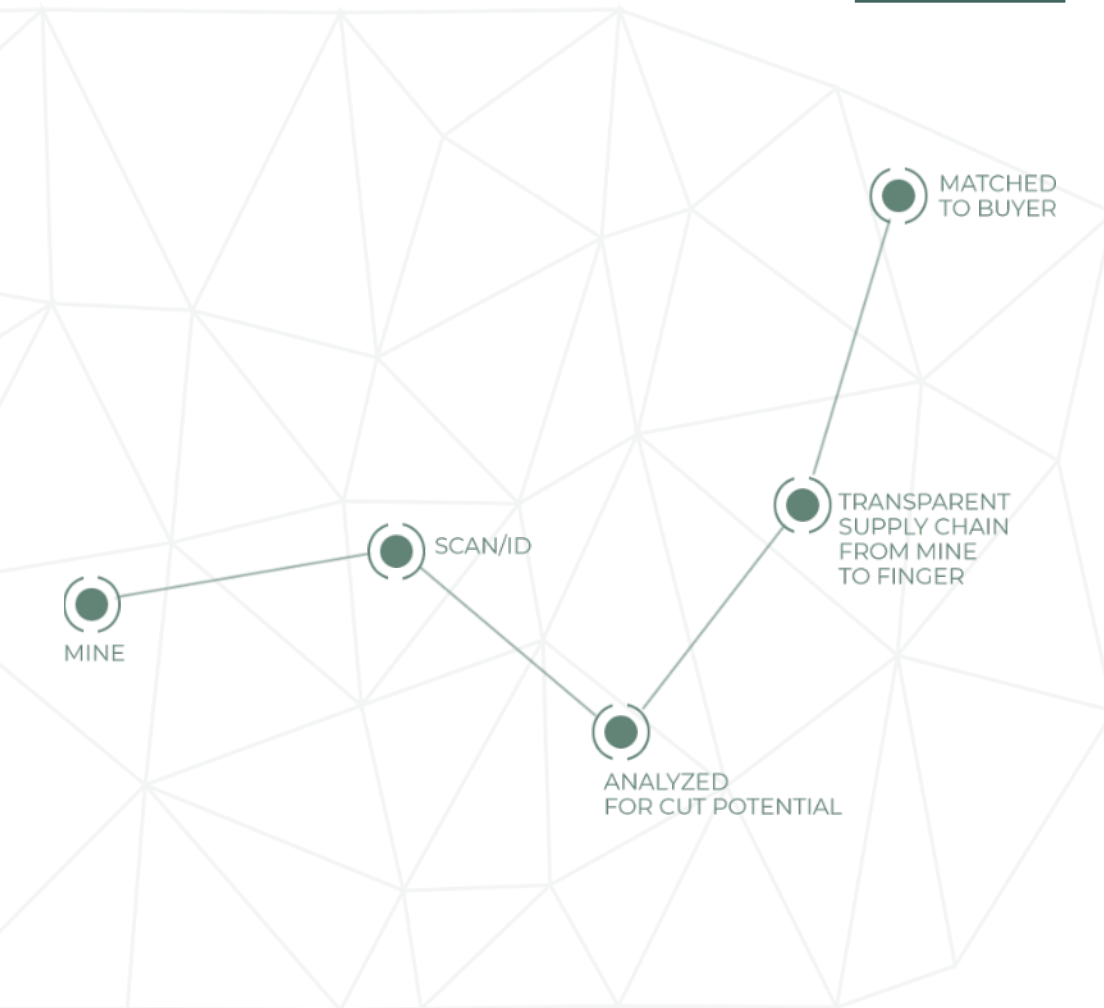


## EM/PK(S) POSITIVE FOR UNDERGROUND FEASIBILITY STUDY

- Strong performance of the resource since 2012 supported an examination of underground expansion beyond 2026:
  - 16 million tonnes processed
  - 2.6 million carats recovered
  - \$1.4 billion in revenue, only mine to ever recover two +1,000 carat diamonds
- Higher grade, coarser EM/PK(S) unit dominates ore body at depth, up to 85% by volume at contemplated depth of first UG mining
- EM/PK(S) is the source of the Lesedi La Rona (1109 carats), the Constellation (813 carats) and the 1,758 carat Sewelô, recovered in April 2019
- Feasibility on schedule for completion and release in Q4, 2019

## 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

Q2 2019

CLARA

Seven sales between  
December 2018 and July 2019

POSITIVE RESULTS



>US \$4.3 million diamonds  
sold by value

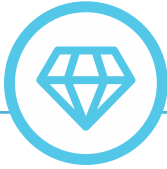
between one and four carats in size in better colors  
and qualities

- Three sales completed during Q2 2019 with \$2.9 million of diamonds transacted through the platform in the first half of 2019.
- Frequency of sales and number of participants increasing
- Manufacturers on the platform have grown from 4 to 20 customers in the first half of the year
- 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



# 2019 OUTLOOK

(all amounts in U.S. Dollars)



\$170 – \$200 million

DIAMOND REVENUE

375,000 – 420,000 (revised)

DIAMOND SALES (CARATS)

375,000 – 420,000 (revised)

DIAMONDS RECOVERED (CARATS)



3.0 – 3.4 million (revised)

ORE TONNES MINED

2.5 – 2.8 million

ORE TONNES PROCESSED

6.0 – 9.0 million

WASTE TONNES MINED

\$32 – \$37 per tonne of  
ore processed

OPERATING CASH COSTS





# 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, potential for underground to least 2036
- Asset diversification and additional revenue stream through Clara



813 ct

# CAPITAL STRUCTURE

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## LUC

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

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TSX

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NASDAQ Sweden

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BSE (Botswana)

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~C\$417M

MARKET CAP

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\$5.0 M (June 2019)

WORKING CAPITAL FACILITY

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396.9M (June 2019)

ISSUED SHARES

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402.5M (June 2019)

FULLY DILUTED SHARES

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US\$7.1M (June 2019)

US\$45.0M (available)

Credit Facility

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CASH ON HAND

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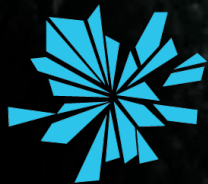
22%

Fully Diluted Basis

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INSIDER HOLDINGS

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# LUCARA

DIAMOND

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