

LUCARA
DIAMOND

Q1 2020 Results Conference Call

MAY 8, 2020



Cautionary Statement

Forward-looking information

Certain of the statements made and contained herein and elsewhere constitute forward-looking statements as defined in applicable securities laws. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. The Company believes that expectations reflected in this forward-looking information are reasonable but no assurance can be given that these expectations will prove to be accurate and such forward-looking information included herein should not be unduly relied upon.

In particular, this presentation may contain forward looking information pertaining to the following: the impact of the COVID-19 pandemic on the Company's operations and cash flows and its plans with respect to the Karowe underground expansion project; the estimates of the Company's mineral reserves and resources; estimates of the Company's production and sales volumes for the Karowe Diamond Mine; estimated costs for capital expenditures related to the Karowe Diamond Mine; production costs; exploration and development expenditures and reclamation costs; expectation of diamond prices and the potential for the supply agreement with HB Group to achieve both higher prices from the sale of polished diamonds and to provide more regular cash flow than in previous periods; expectation of diamond prices; changes to foreign currency exchange rates; assumptions and expectations related to the possible development of an underground mining operation at Karowe, including associated capital costs, financing strategies and timing; expectations in respect of the development and functionality of the technology related to the Clara platform, the intended benefits and performance of the Clara platform, including our ability to complete sales without viewing diamonds,

The growth of the Clara platform, the timing and frequency of sales on the Clara Platform, and the quantum of and timing for participation of third parties on the Clara platform; expectations regarding the need to raise capital and its availability; possible impacts of disputes or litigation; and other risks and uncertainties described under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com> (the "AIF").

There can be no assurance that such forward looking statements will prove to be accurate, as the Company's results and future events could differ materially from those anticipated in this forward-looking information as a result of those factors discussed in or referred to under the heading "COVID-19 Global Pandemic" in the "Risks and Uncertainties" section of the Company's most recent Annual Information Form available at <http://www.sedar.com>, as well as changes in general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), and unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters).

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.

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

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

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

COVID-19 Response and Implications

Operations Continue, 2020 Guidance Withdrawn

Crisis Management Strategy Implemented

Focus on protecting the health and well-being of our employees, contractors and host communities and the financial well being of the Company. Contributions to the Botswana Government's COVID-19 Relief Fund and local initiatives.

Botswana Government declared mining an essential service during the April 2020 lock-down. No material changes to target production levels following this declaration although operating protocols adjusted for health and safety considerations.

2020 Guidance suspended due to uncertainty arising from impact of the pandemic, particularly around global demand for diamonds.

Temporary permission received from the Botswana Government to export and sell diamonds from Antwerp. Q2 tender postponed for several weeks, pending an evaluation of market conditions (originally scheduled for mid-May).

Sales continue through the Clara Platform with some delays in delivery due to international travel restrictions. Addition of third-party production to the platform unlikely to occur until later in the year.

\$50 million working capital facility extended for one year, to May 5, 2021 providing an important source of liquidity.

Underground expansion plans re-scoped and reduced to focus on critical path items for the remainder of year. Ability to flex spending depending on cash flows from operations.

Q1 2020 Highlights

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

Karowe Diamond Mine (100%)

Continued strong operational results & safety performance; All physicals achieved to plan

Q1 revenue of \$34.1 million including sales on Clara; Average sales price \$396/carats

Operating costs of \$31.43 per tonne of ore processed; Operating Margin ~50%

Unique collaboration on the 1,758 Sewelô diamond

Early works and detailed engineering underway on Underground Expansion; 2020 spend is being re-scoped given uncertainty of impact of COVID-19

549 carat top white gem recovered in February 2020

Clara Diamond Solutions (100%)

Six sales completed in Q1 for proceeds of ~\$3 million

24th sale (since inception) currently underway

Sales continued through COVID-19 pandemic

Customer base grew from 19% in the first quarter; from 27 to 32 participants



549 ct

Strong Balance Sheet

Cash and cash equivalents of \$27.4 million; Net cash of \$8.4 million

\$50 million credit facility; Term extended to May 2021

Strong cash position and available liquidity to manage COVID-19 pandemic

Sewelô Collaboration with Louis Vuitton

Botswana's Largest Diamond

Sewelô “rare find”, an unbroken 1,758 carat near gem quality diamond recovered in April 2019

Collaboration between Lucara (50%), Louis Vuitton (25%), HB Company (25%) – planning, cutting and polishing a collection of diamonds from Sewelô

Lucara to receive an upfront non-material payment from the JV partners; Lucara to participate in 50% of the proceeds of the polished diamonds that result

5% of all the retail sales proceeds from the historic jewellery collection will be invested back into Botswana community-based initiatives



Another Record Recovery

549 carat in February 2020

Recovered **unbroken** from the MDR (Mega Diamond Recovery) XRT circuit

A diamond of **exceptional purity**

Recovered from direct milling ore sourced from the **EM/PK(S) unit of the South Lobe**

Q1 2020: **190 specials**, tracking with 2019/2018 in terms of volume of carats, **8 diamonds > 100ct recovered**

EM/PK(S) unit **continues to produce large gem quality diamonds**; Important economic **driver for the Karowe Underground**

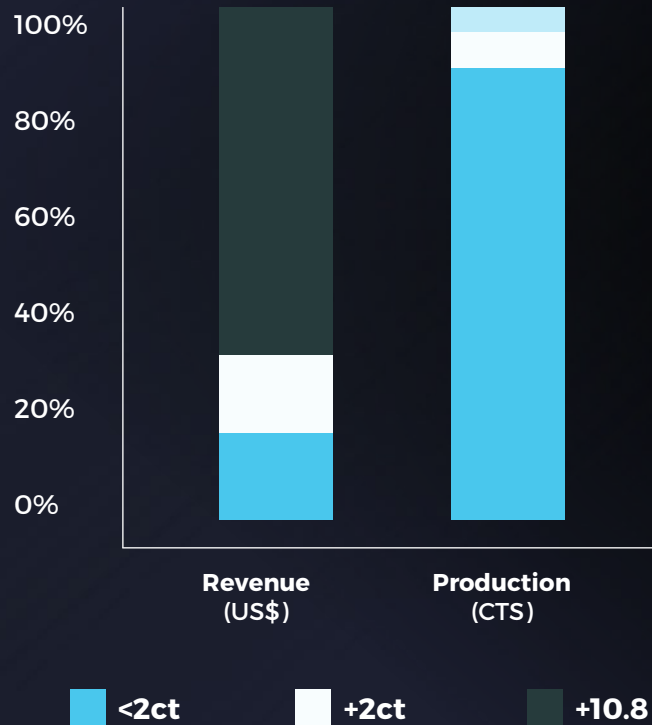


549 carat

Consistent Recovery of Large Diamonds

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

Revenue and production includes 2015 to 2019

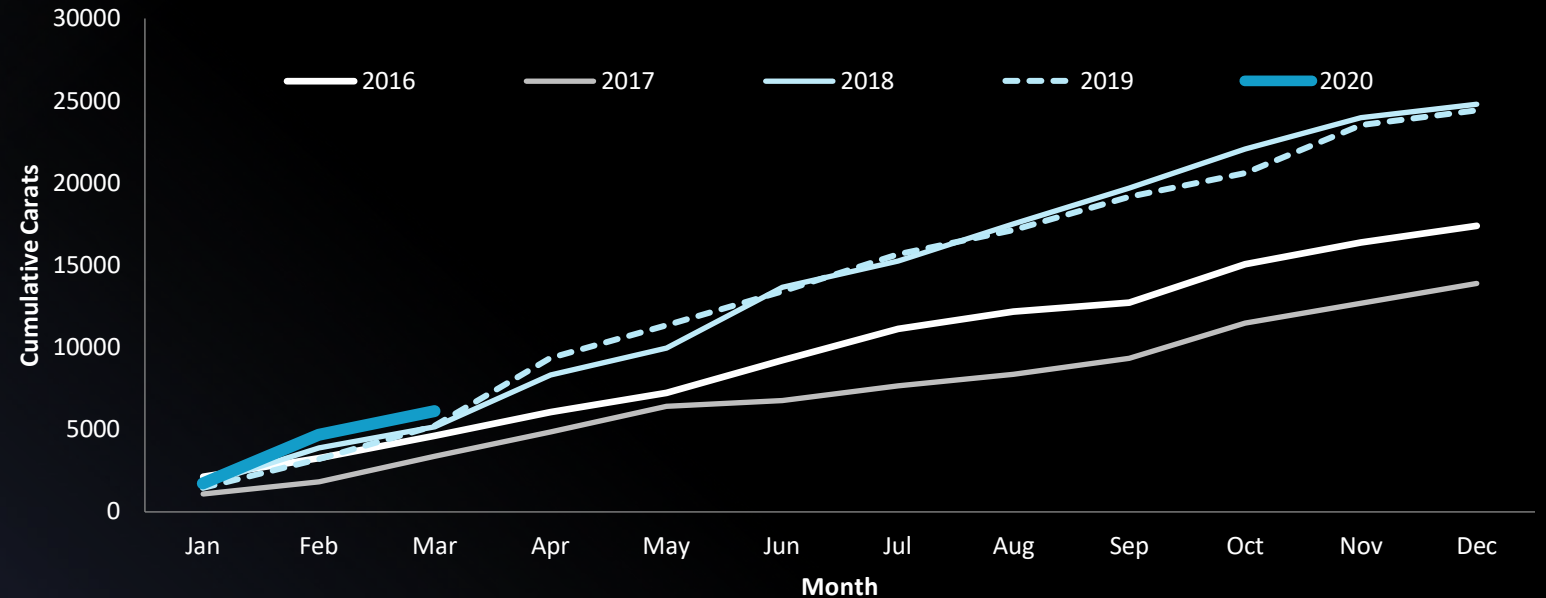


Life of mine recovery of 157,000 carats of individual stones > 10.8ct (over 5,600 diamonds; all sources)

Since 2012: 16 diamonds in excess of 300 carats have been recovered, including 2 diamonds > 1,000ct

Q1 2020 : 190 specials, representing 6.7 wt.% of recovered carats, 8 diamonds > 100ct

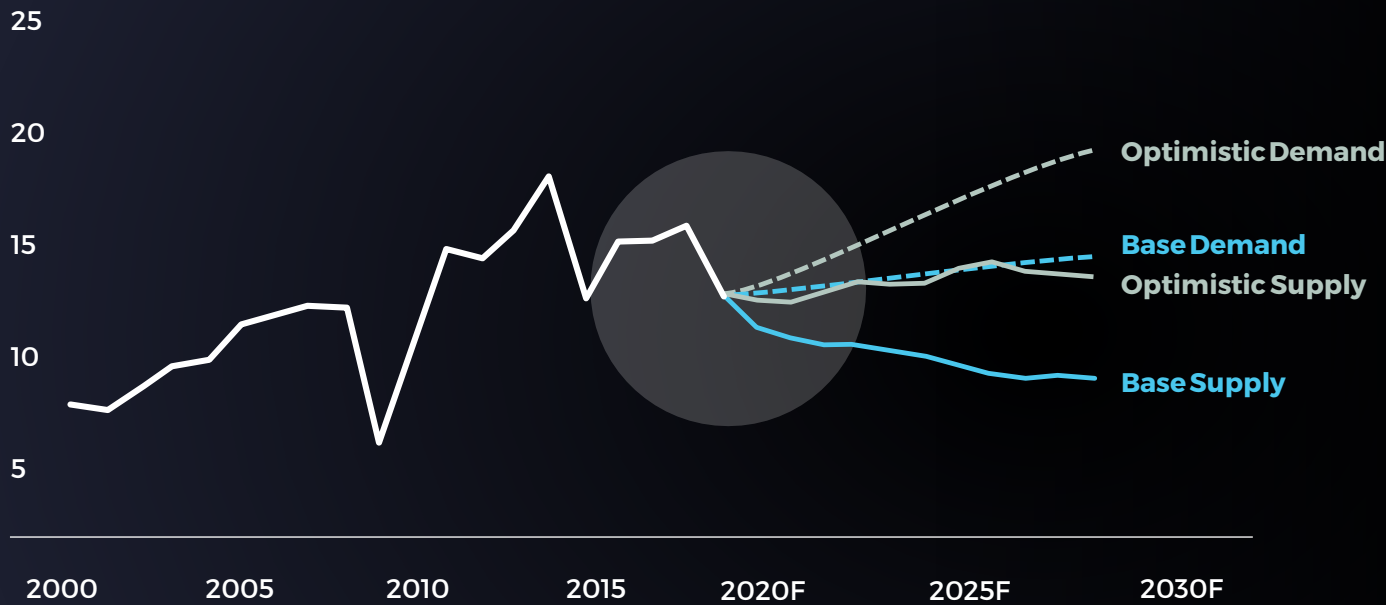
Karowe Cumulative Specials (carats)



Diamond Market

Evidence of strengthening market late 2019 was interrupted by COVID-19; Short term prices weak, longer term outlook remains strong

Rough diamond supply and demand



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



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

Diamond Sales Highlights Q1 2020

(All currency figures in U.S. Dollars)

Total proceeds of \$34.1 million (including Clara);
Lower realized prices in the larger size classes;
10% fewer carats yoy (but in line with plan)

Average Price \$396/carat

4 diamonds which sold for > \$1 million, including
2 for > \$2 million

Sales continued on Clara through the first
quarter with six sales generating \$3.0 million in
revenue; Reduced time from mine to market

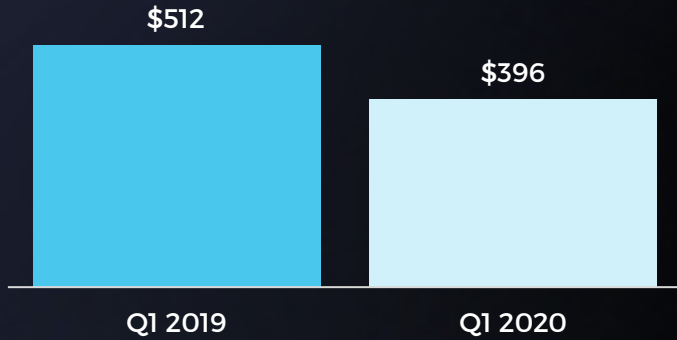


549 carat

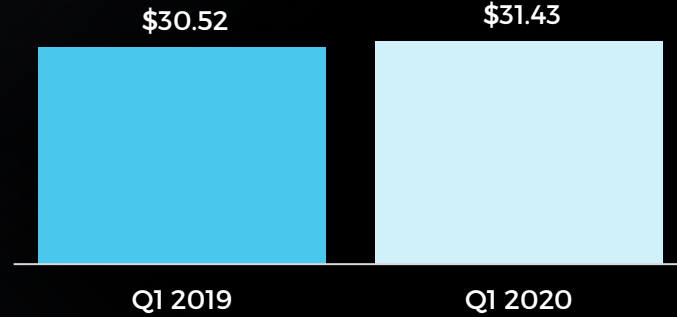
Q1 2020 Financial Highlights

Three months ending March 31, 2020
(All currency figures in U.S. Dollars)

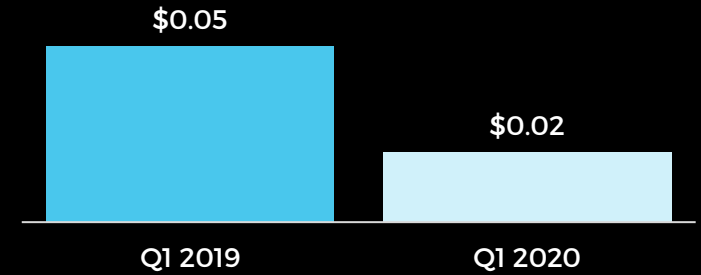
Average Price (Average \$/Carat)⁽¹⁾



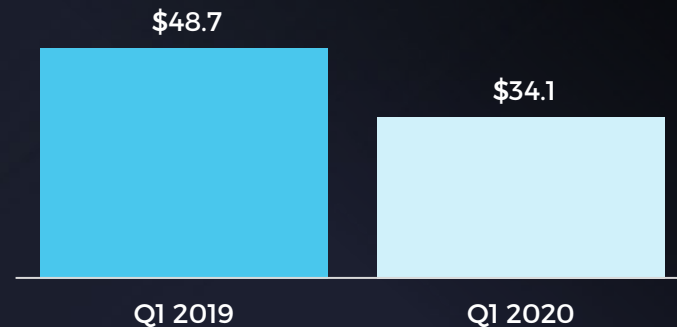
Operating Cost (\$ per tonne processed)⁽¹⁾



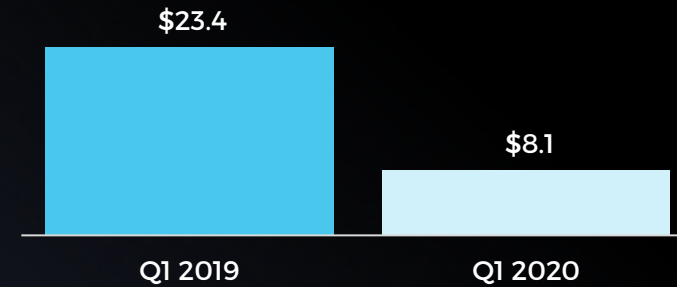
Cash flow from operations per share⁽¹⁾



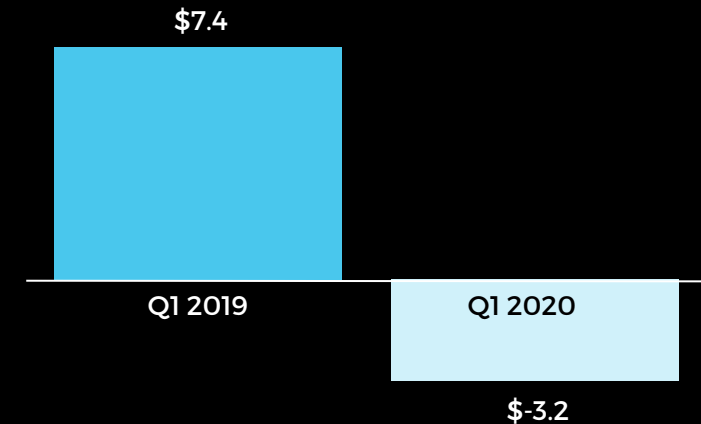
Revenue (millions)



Adjusted EBITDA⁽¹⁾ (millions)



Net income (loss) (millions)



⁽¹⁾ Non-IFRS measure

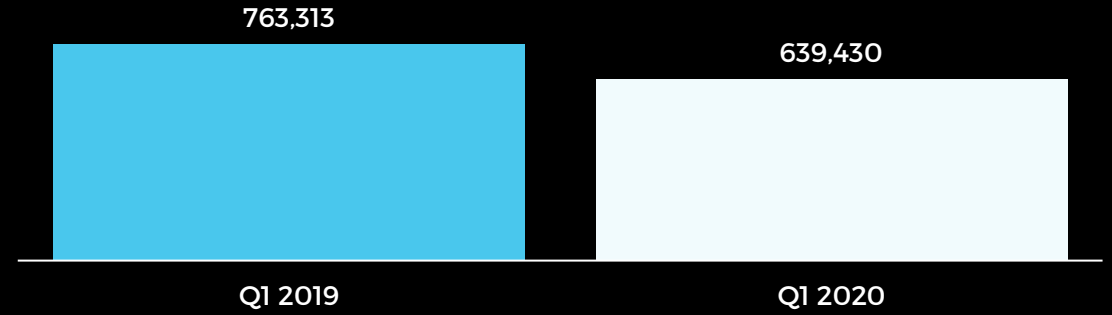
Q1 2020 Operational Highlights

Three months ending March 31, 2020

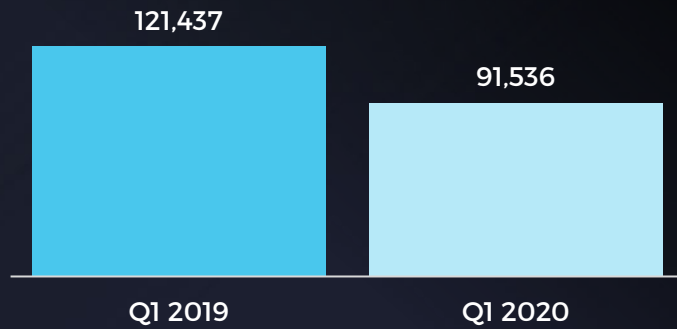
Ore mined (tonnes)



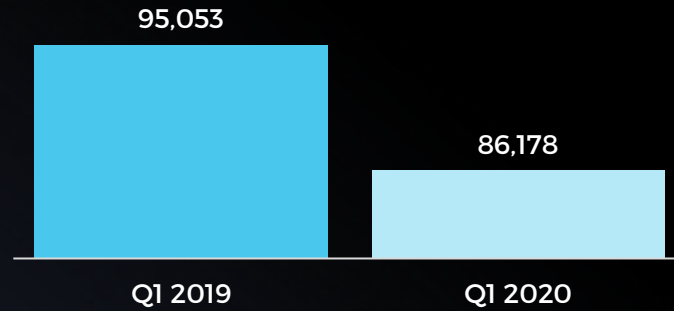
Ore processed (tonnes)



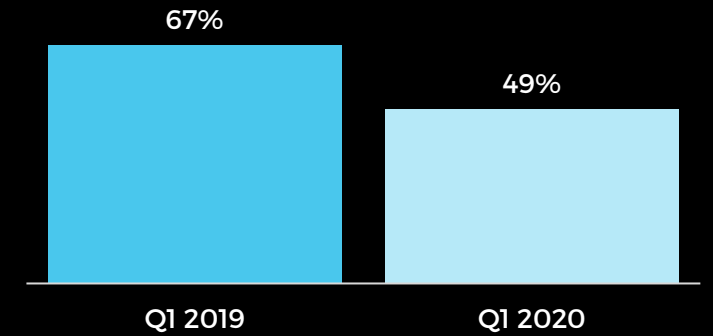
Carats recovered (carats)



Carats sold (carats)



Operating margin (%)



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 ~ \$4 billion in additional net revenue

+\$200 million in revenue from 'exceptional' diamonds not included in economic analysis; Potential for + \$500 million in additional revenue over proposed new LOM



Karowe Underground Next Steps

Based on the assumptions used for this evaluation, the project shows

positive economics

now proceeding to detailed engineering, financing and construction

Q1 2020

Focused on detailed engineering and early site works using local contractors, start on long lead time item procurement

COVID-19 Response

Push out early surface civil works pending lifting of travel restrictions
Reduce capital spend until certainty around diamond sales revenue

Given the uncertainty in global markets from COVID-19

2020 spend is being re-scoped

from the original \$53 million program to focus on critical-path items, including procurement of long lead equipment, engineering and design work

Clara

Clara sales platform

23 sales completed since inception
~US\$12.3 million of diamonds sold by value through the platform

24th sale ongoing

Frequency of sales and **number of participants increasing**

Manufacturers on the platform have grown from **4 to 33 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

Timing to onboard **third party supply** is uncertain due to the COVID-19 pandemic



CLARA

Twenty-three sales between
December 2018 and April 2020
POSITIVE RESULTS



**~\$12.3 million diamonds
sold by value**

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

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 Stockholm

BSE (Botswana)

~C\$202M

Market Cap

US\$19.0

(March 2020)

Working capital facility

396.9M

(March 2020)

Issued shares

22.5%

Fully Diluted Basis

Insider Holdings

404.7M

(March 2020)

Fully diluted Shares

US\$27.4M

(March 2020)

Cash on hand

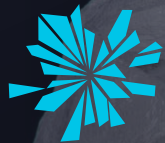
US\$31.0M

(available)

Credit Facility



549 ct



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