

LUCARA
DIAMOND

**Q3 2021 Results
Conference Call**

NOVEMBER 4, 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.

Q3 2021 Highlights

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

Karowe Diamond Mine

\$72.7 million in revenue in Q3, a **57% increase** qoq; average price per carat of \$619. Strong sales in all three sales channels.

Strong specials (+10.8 carats) recovery continued in Q3 at **7.9% weight percent specials**, including: 3 diamonds > 300 carats, 3 diamonds >200 carats and 3 between 100 – 200 carats.

Strong, safe, reliable production results continued: **68% operating margin**; highest quarterly ore mined and processed for 2021: **Guidance on track**

Karowe underground expansion on track and fully financed: Full board sanction received and financing completed; pre-sinking of ventilation and production shafts commenced

Clara Diamond Solutions

4 sales in Q3 2021; **136% increase in volume transacted** compared to Q3 2020.

Growth in customers from 84 to 87 participants (+4%); new participants are being wait-listed.



Sethunya, 549 carats

Balance Sheet & Liquidity

Cash and cash equivalents of \$26.6 million reflect collection of receivables related to the strong quarter sales performance.

Available liquidity \$20 million - \$30 million drawn on \$50 million working capital facility.

First drawdown under the \$170 million project financing facility in September.

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.

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. Lucara has 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. Vaccine programs are currently underway, and we are expecting to have fully vaccinated our workforce by the end of the year.

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



Karowe Underground Expansion



Financing Completed

Full board sanction of the \$534 million expansion project, following the arrangement of full project funding through project finance facilities of up to \$220 million and equity financing of \$31.3 million; First drawdowns under the \$170 million project financing facility occurred in September 2021

2021 Capital Spend

\$64.6 million has been spent to end of Q3 2021, \$32.0 million in Q3 2021; Planned spend in 2021 of up to \$120.0 million

Q3 Key Activities

Full mobilization of pre-sink contractor (UMS)
Pre-sinking initiated on Ventilation and Production shafts

Karowe Underground Expansion

Q3 Activities

- Over 500,000 hours LTI free on project;
- Civil construction for winder building, temporary power ph. 1 installed, change house, construction camp, water and sewage treatment plant expansion work

Shaft Pre-sink

- Tracking to plan
- Ventilation shaft at toe-in depth (31m below collar); final pre-sink depth plan of 50m
- Production shaft at 26 m below collar; final pre-sink depth of 52m

Shaft Infrastructure

- Civil works progressing on schedule
- Deliveries of headframe steel ongoing

Q4 Plan

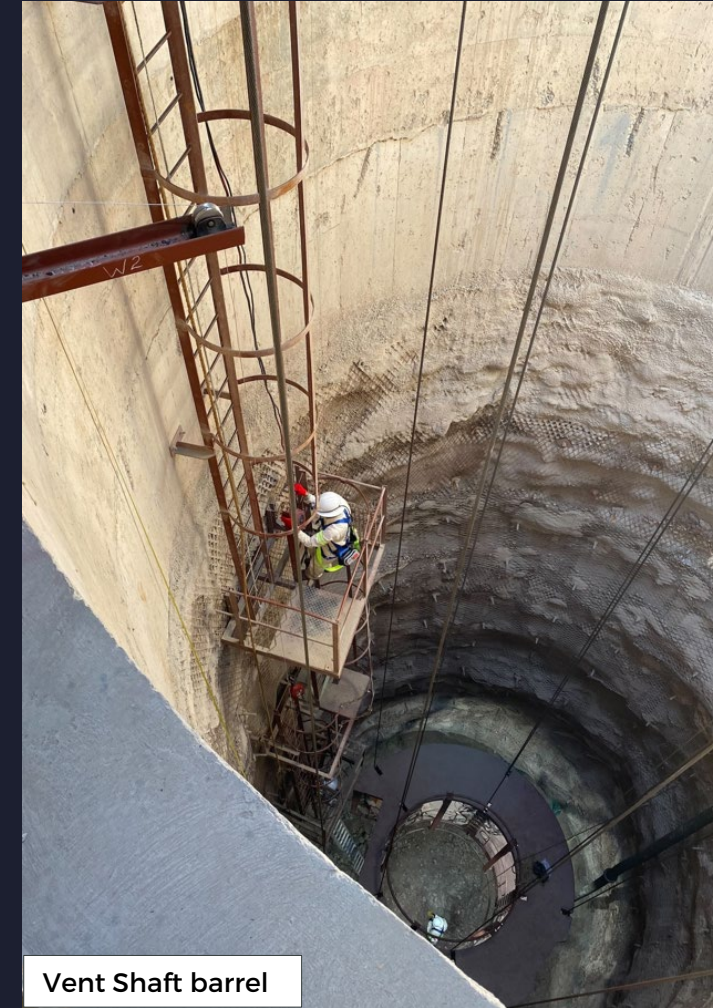
- Complete Pre-sink to planned depths
- Bulk Power - clearing/advance tower foundations
- Complete shaft and ventilation engineering
- Commission temporary power generator farm



Vent Shaft Pre-sink stage view from above



Prod Shaft Hole Charging

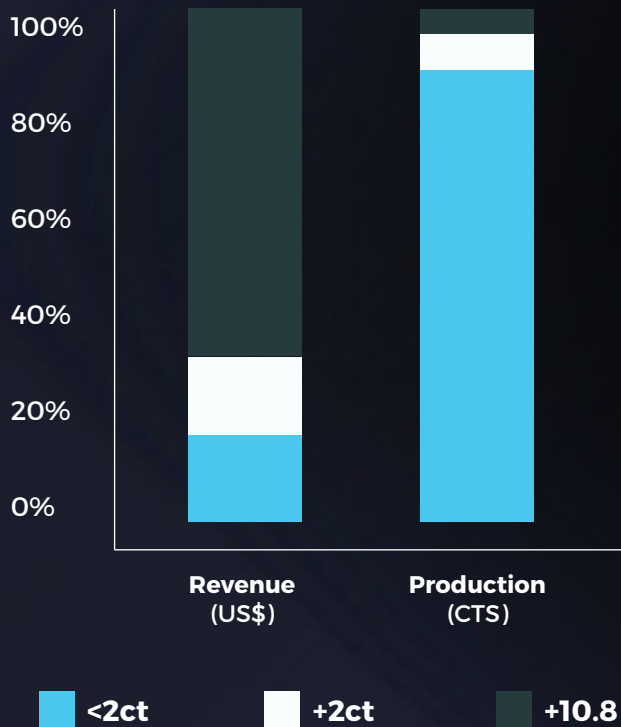


Vent Shaft barrel

Consistent Recovery of Large Diamonds

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

Revenue and production includes 2015 to 2020

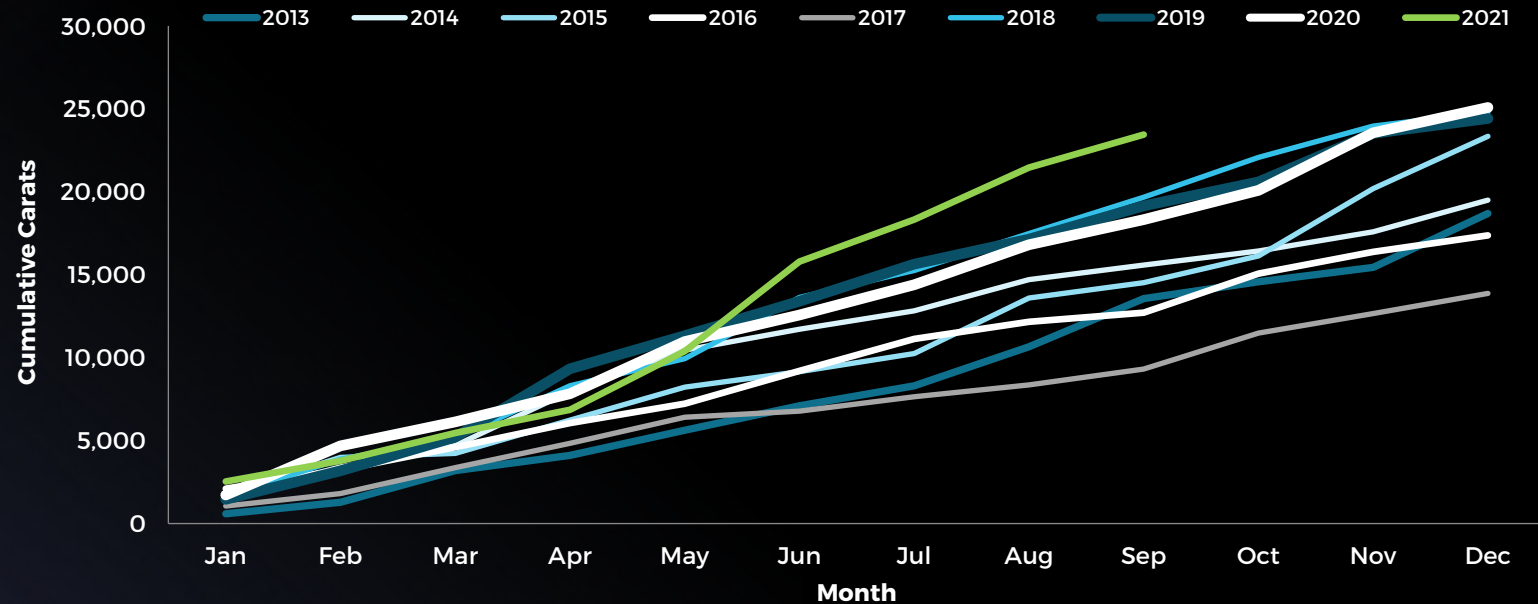


2021 YTD Recoveries:
 2 diamonds >500 carats,
 3 diamonds > 400 carats,
 3 diamonds > 300 carats,
 22 diamonds > 100 carats
 (Total 30 diamonds > 100 carats)

Since 2012: 25 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)

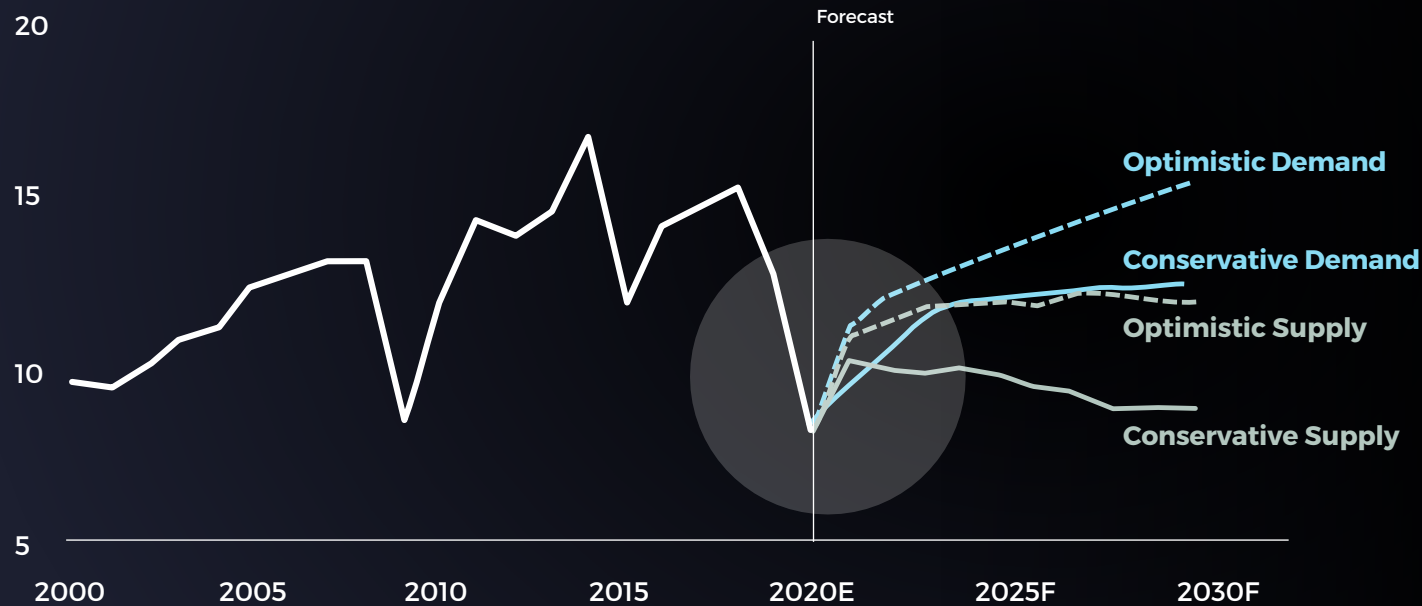


Diamond Market

**Strong market due to healthy supply & demand balance;
Increasing price performance**

**Longer term outlook remains strong supported by supply
constraints**

Rough natural diamond supply and demand (\$ billions)



**Strong demand in key markets
Luxury goods spending remains
high**

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

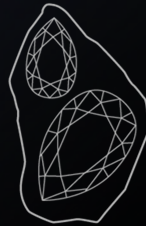
Source: Bain & Company - The Global Diamond Industry Report 2020-21

Sales Channels – Strong Q3 Results

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



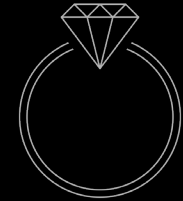
Rough



Clara



Polished (HB)



Jewellery

Increasing Margin Capture Downstream

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

**10-15% of
Revenue**

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

**15-20% of
Revenue**

Manufacturing into
Polished Diamonds
with HB Antwerp

**65-70% of
Revenue**

Collaboration with
Brands to Create Made
to Order Jewellery

**Special Diamonds
Sethunya and Sewelo**



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

Q3 2021 **\$50.5 million revenue; Average price** achieved of **\$8,066** per carat; **strong performance** reflects specials recovery and sales, top-up payments, and higher market prices

Polished sales frequency and prices achieved have continued to **increase** through 2021



Clara

Digital sales platform (1 to 15 carat)
All currency figures in U.S. Dollars

55 sales completed since inception
~\$42.2 million of diamonds sold by value through the platform

Regular Sales ongoing

>25,900 carats sold through the platform

Buyers on the platform increased from 75 to 87 in 2021:
Wait-list being maintained

Trials of **third-party** supply began in **2020**;

Negotiations with several third parties continue

Travel restrictions **accelerating adoption** of new technology



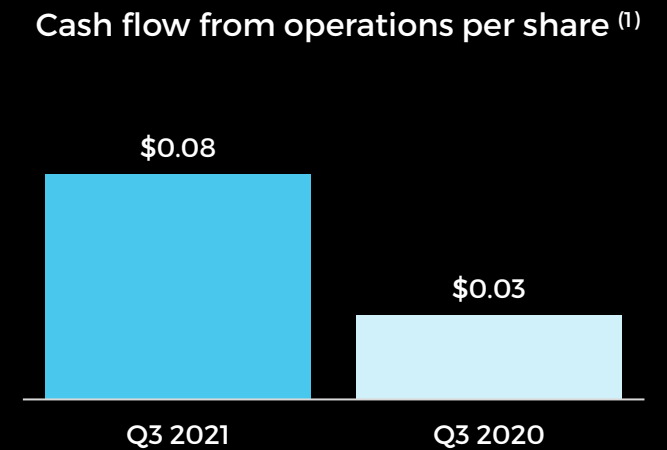
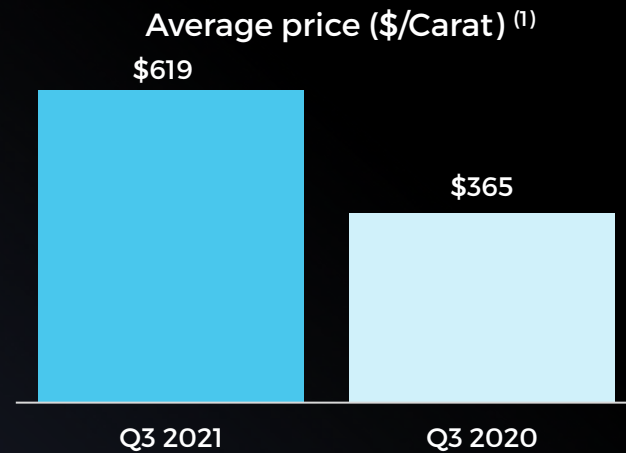
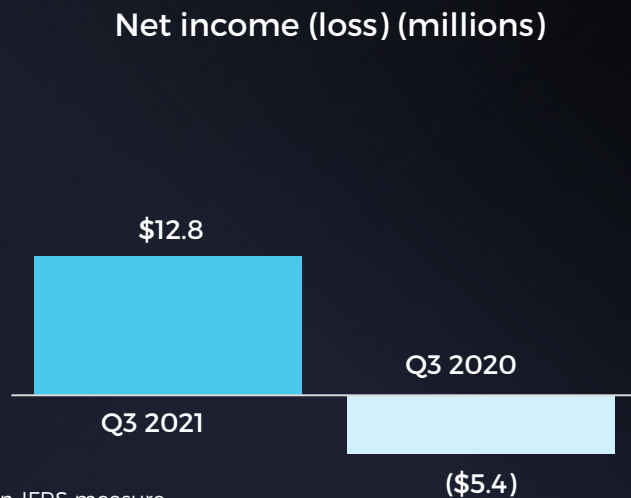
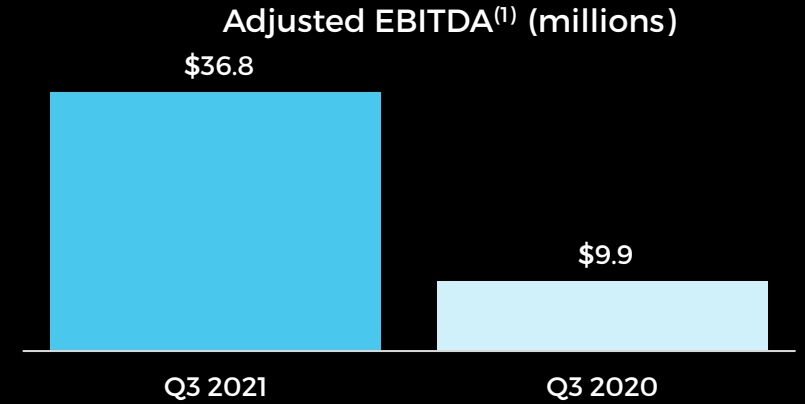
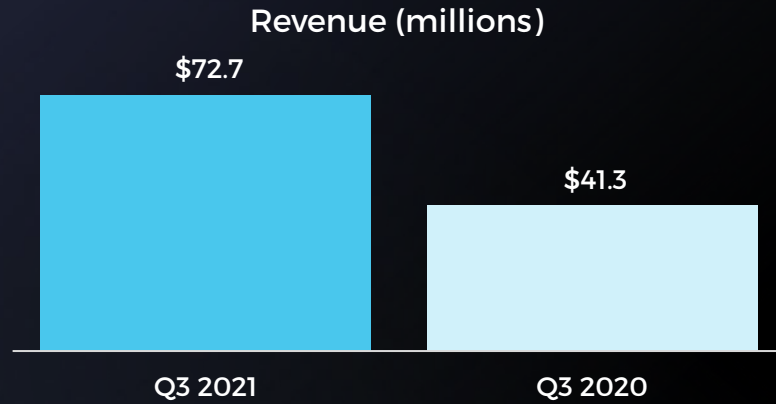
CLARA

Fifty-five sales between December 2018 and September 2021

~\$42.2 million diamonds sold by value
between one and fifteen carats in size, in better colours and qualities

Q3 2021 Financial Highlights

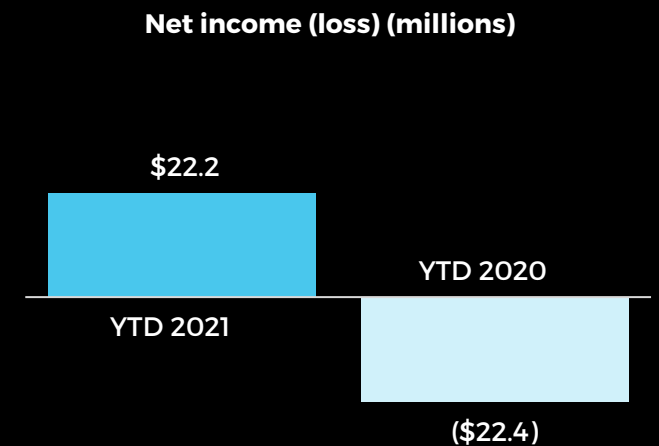
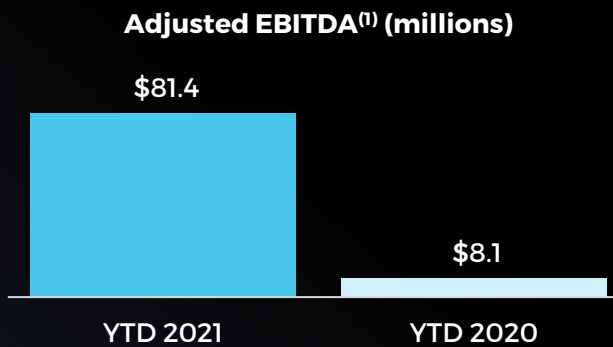
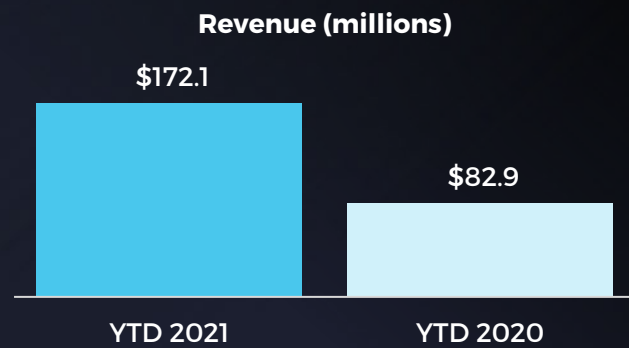
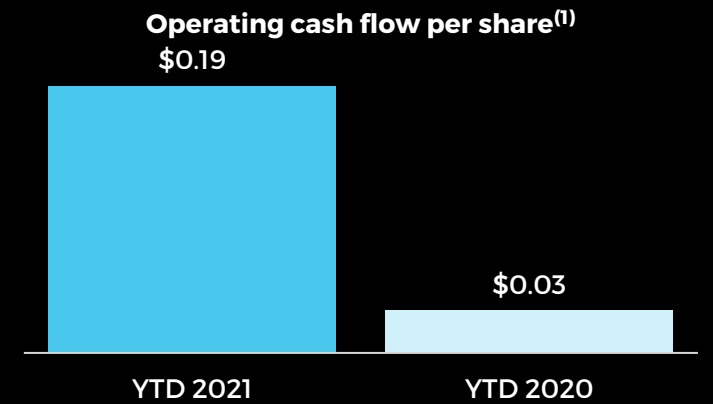
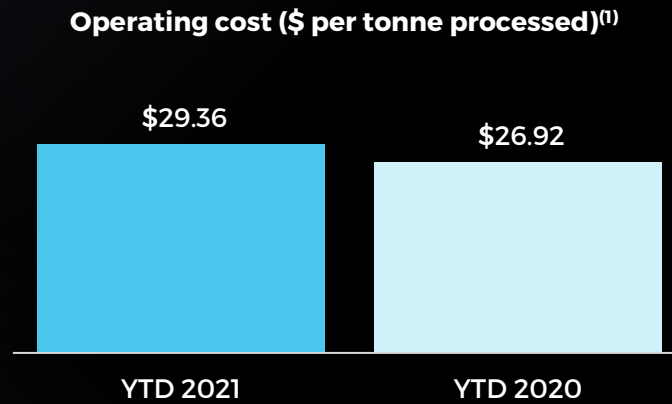
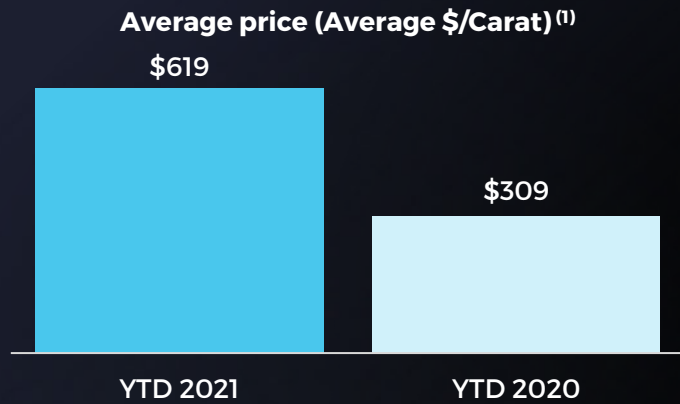
Three months ending September 30, 2021
(All currency figures in U.S. Dollars)



⁽¹⁾ Non-IFRS measure

YTD 2021 Financial Highlights

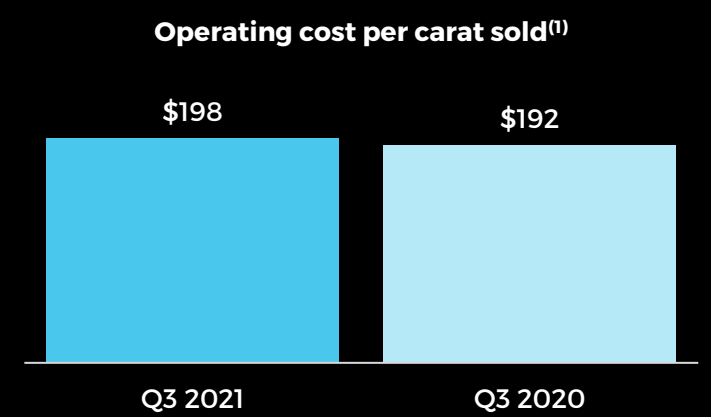
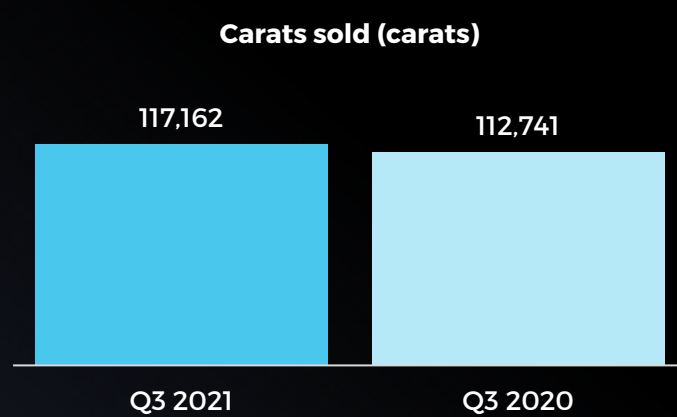
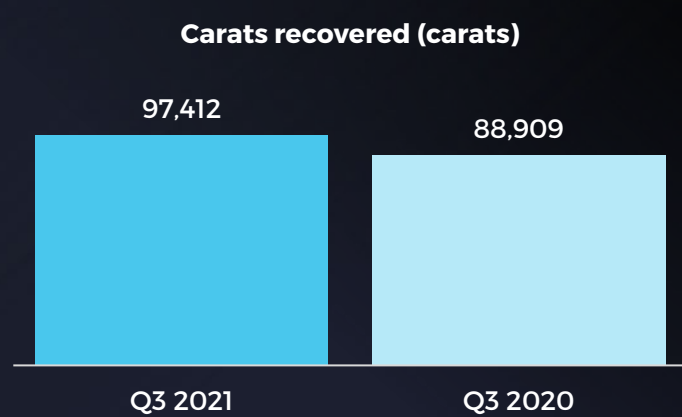
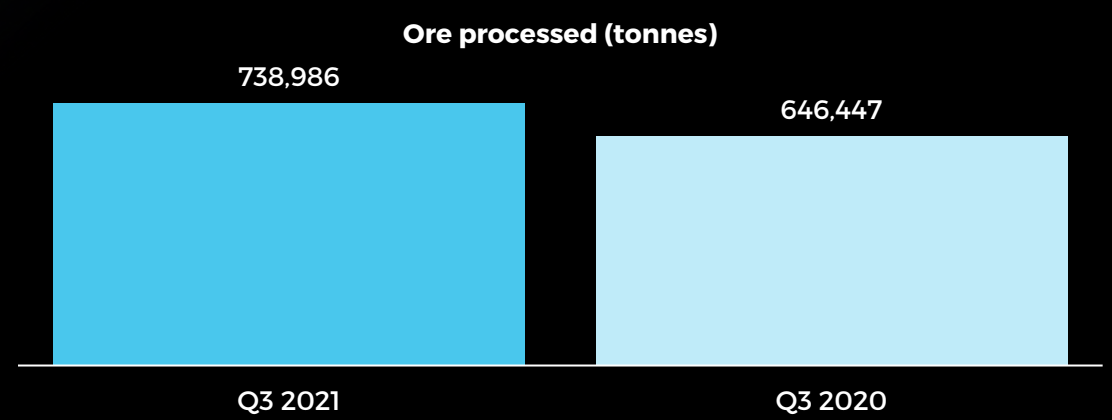
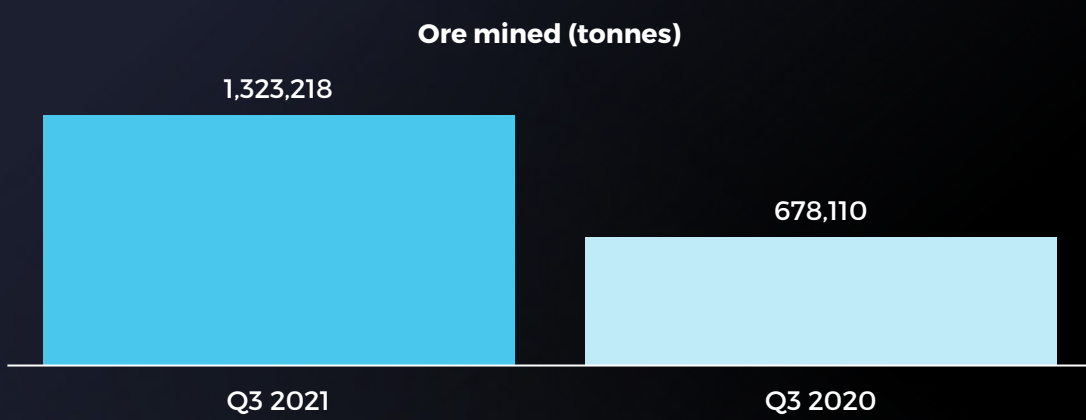
Nine months ending September 30, 2021
(All currency figures in U.S. Dollars)



⁽¹⁾ Non-IFRS measure

Q3 2021 Operational Highlights – Karowe Mine

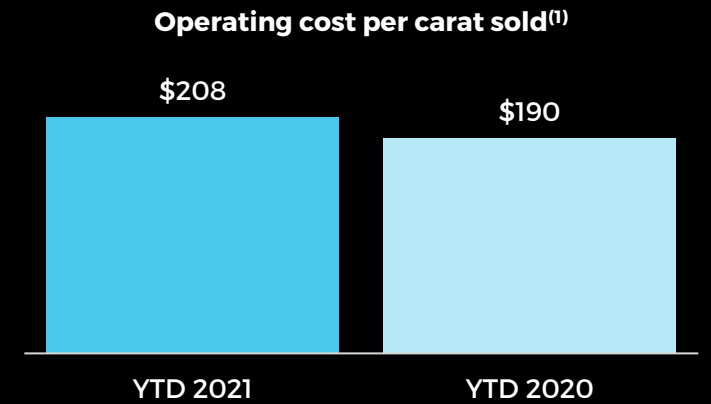
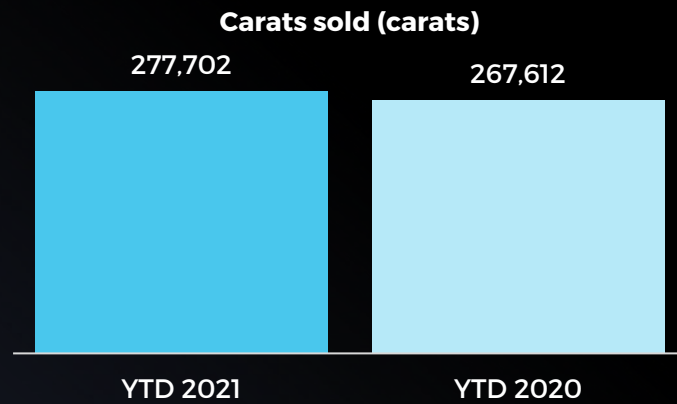
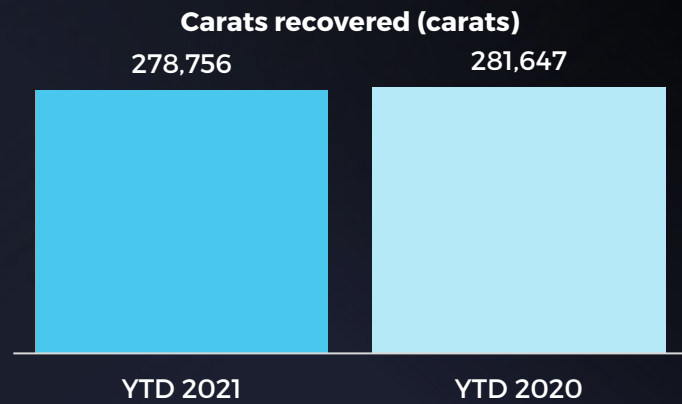
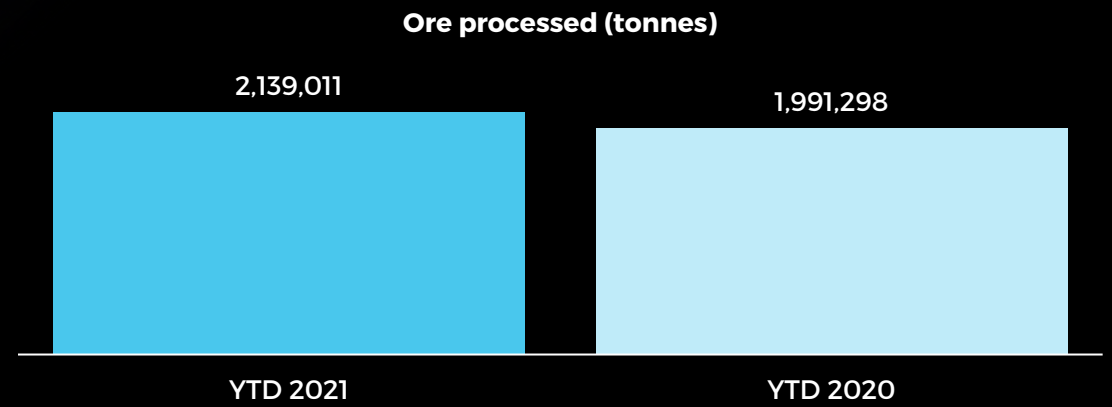
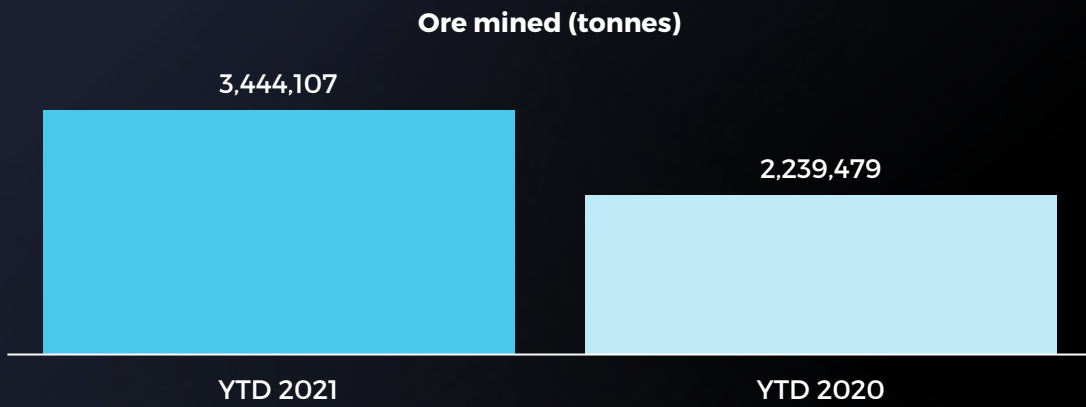
Three months ending September 30, 2021
(All currency figures in U.S. Dollars)



⁽¹⁾ Non-IFRS measure

YTD 2021 Operational Highlights – Karowe Mine

Nine months ending September 30, 2021
(All currency figures in U.S. Dollars)





⁽¹⁾ Non-IFRS measure

Sales Channels Q3 2021

Sales through HB Antwerp, Clara and Quarterly Tender

- High value Specials (+10.8 carats) are manufactured and sold as polished through the HB Antwerp 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.

Sales Channel	Q3 2021 Rough Carats Sold	Q3 2021 Revenue Recognized (millions)	Q3 2021 Average Price per Carat
	6,258 cts	\$50.5	\$8,066
CLARA	3,492 cts	\$6.6	\$1,906
 LUCARA DIAMOND	107,709 cts	\$15.6	\$145*
Total Sales	117,459 cts	\$72.7	\$619

*Average price for rough carats sold less than 10.8 carats was \$136/carat

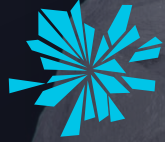
2021 Annual Guidance Updated

(All currency figures in U.S. Dollars)

Karowe Diamond Mine	Full Year - 2021
Diamond revenue <i>(revised in Q3)</i>	\$195 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 in Q2)</i>	3.8 million to 4.2 million*
Waste tonnes mined <i>(revised in Q2)</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 from guidance released on February 22, 2021



LUCARA
DIAMOND

Contact

Suite 502
1250 Homer St.
Vancouver, BC
V6B 2Y5 Canada

Tel: +1 604 674 0272
Email: info@lucaradiamond.com

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

