

**LUCARA**  
DIAMOND

**121 Mining Investment  
London**

**NOVEMBER 17-18, 2021**



[LucaraDiamond.com](http://LucaraDiamond.com) | [LUC.TSX](https://www.tsx.com) | [LUC.XSTO](https://www.xsto.com) | [LUC.BSE](https://www.bse.com)

# Cautionary Statement

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## 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 Doerkson 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](http://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](http://www.sedar.com).



**High operating margin**  
sustained since production  
began in 2012

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

**3.2 million**  
carats sold

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**\$1.7 billion**  
in revenue in ~8 years

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

Total capital investment less than  
**\$200 million**

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**\$271 million**  
in dividends paid 2014 - 2019

Top of class, only mine in  
recorded history to recover  
**Three +1,000 carat  
diamonds**

## Historic Diamond Recoveries

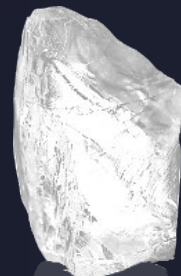
**Karowe has yielded 25% of the World's Largest Diamonds and 5 of the top 10**

**24 diamonds >300 carats have been recovered from Karowe, including 3 diamonds >1,000 carats**

Rank	Carats	Name	Country	Mine	Date
1	3106.75	Cullinan Diamond	South Africa	Premier Mine	1905
2	1758	Sewelô	Botswana	Karowe Mine	2019
3	1174.76		Botswana	Karowe Mine	2021
4	1109	Lesedi La Rona	Botswana	Karowe Mine	2015
5	998		Botswana	Karowe Mine	2020
6	995.2	Excelsior Diamond	South Africa	Jagersfontein Mine	1893
7	969	Star of Sierra Leone	Sierra Leone	Diminco Mine	1973
8	910	Lesotho Legend	Lesotho	Letseng Mine	2018
9	890	Incomparable Diamond	DRC	Société Minière de Bakwanga	1984
10	813	The Constellation	Botswana	Karowe Mine	2015
30	549	Sethunya	Botswana	Karowe Mine	2020



1,758 ct  
Sewelô



813 ct  
Constellation



1,109 ct  
Lesedi La Rona

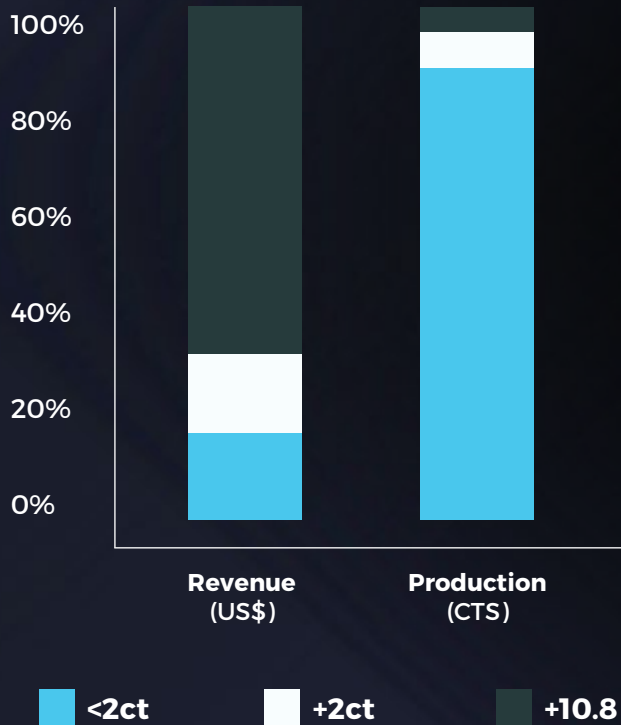


549 ct  
Sethunya

# Consistent Recovery of Large Diamonds

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

## Revenue and production includes 2015 to 2020

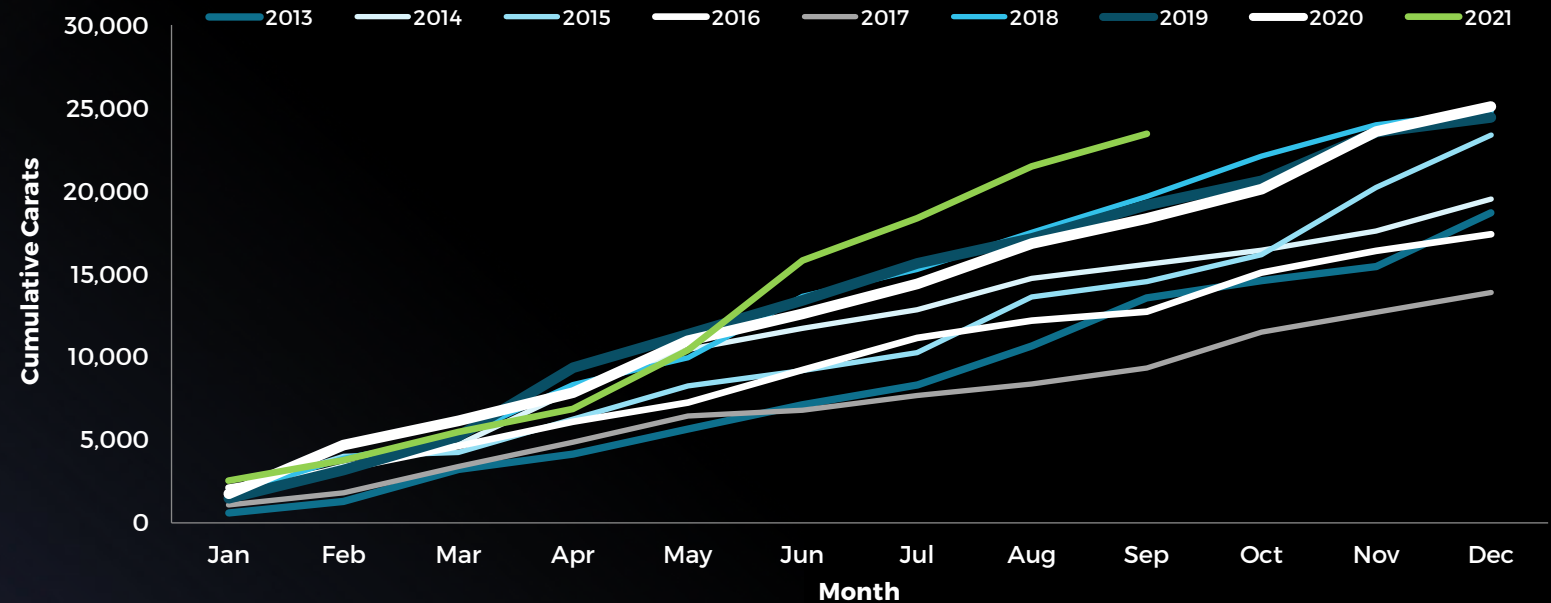


**2021 YTD Recoveries:**  
 2 diamonds >500 carats,  
 3 diamonds > 400 carats,  
 3 diamonds > 300 carats,  
 22 diamonds > 100 carats  
 (Total 30 diamonds > 100 carats)

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)

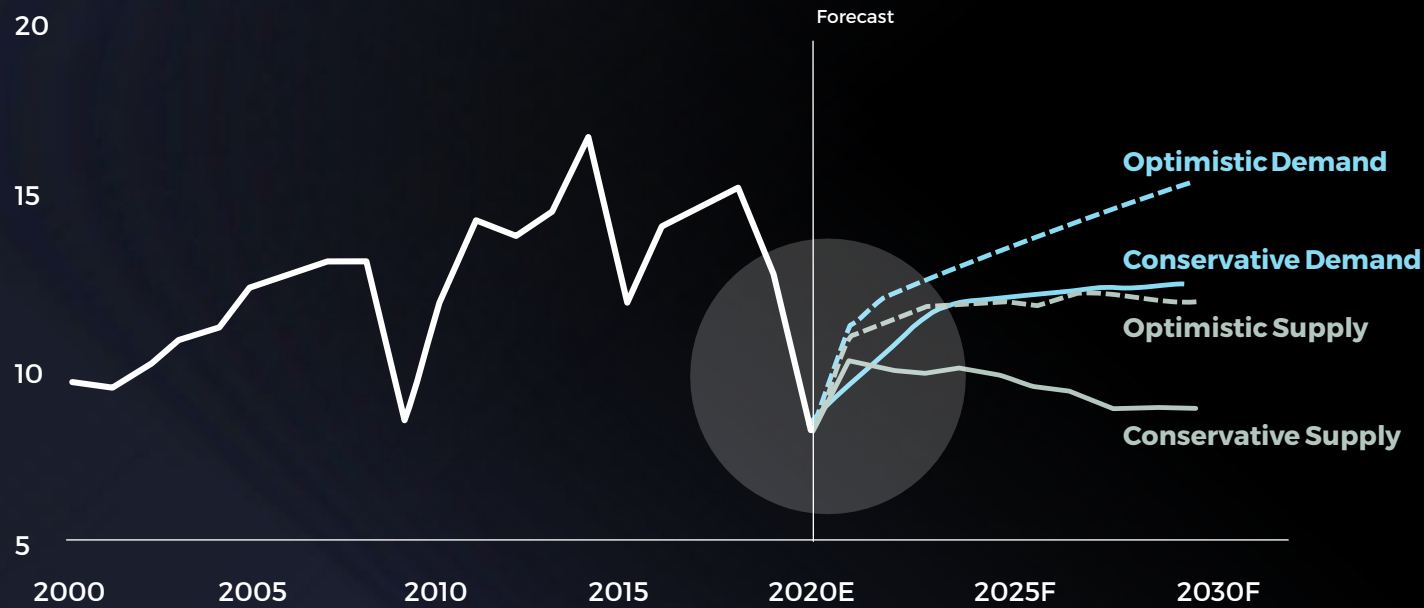


# Diamond Market

**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

# 2021 Highlights

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

## Karowe Diamond Mine

**Strong, safe, reliable production results;** all physicals achieved to plan;  
**High operating margin ~60%**

**Exceptional recoveries including:** 3 top white gems >300 carats; 1175 carat, 3<sup>rd</sup> diamond >1000 carats recovered; 62.7 carat high-quality fancy pink diamond “Boitumelo”; total 30 diamonds > 100 carats

**Key milestones achieved for the Underground Expansion of Karowe:**

- **Financing Secured**
- **Granted 25-year extension to Karowe mining license (to 2046)**
- **Development commenced - Start of the shaft pre-sink**

Extension of the novel supply agreement with HB Antwerp +10.8 carat “specials” sold as polished

## Clara Diamond Solutions

**136% increase in volume transacted year on year**

**Customer growth** continues to be **strong** at 87 customers; new participants are being wait-listed as supply builds



Sethunya, 549 carats

## Balance Sheet & Liquidity

**Cash and cash equivalents of \$26.6 million**

**Strong cash position and available liquidity;** \$20 million available from \$50 million working capital facility

**Senior secured project financing facility of up to \$170 million for the Karowe underground expansion completed; first funding mid-September 2021.**

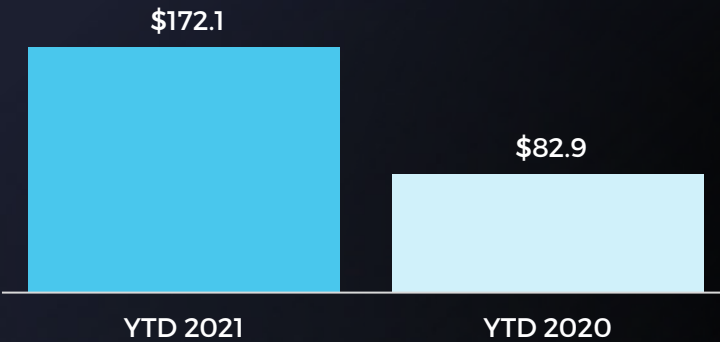
**Equity financing of C\$41.4 million closed July 15, 2021**

Market Cap ~C\$300 million

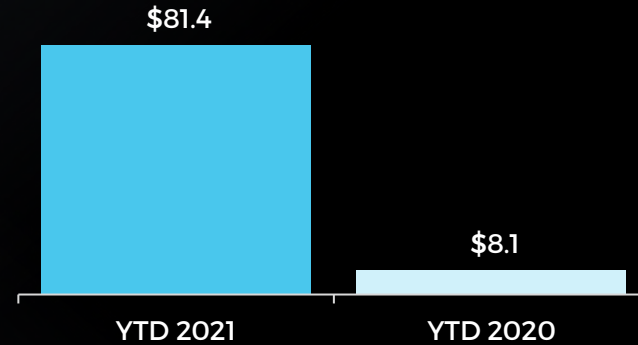
# YTD 2021 Financial & Operational Highlights

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

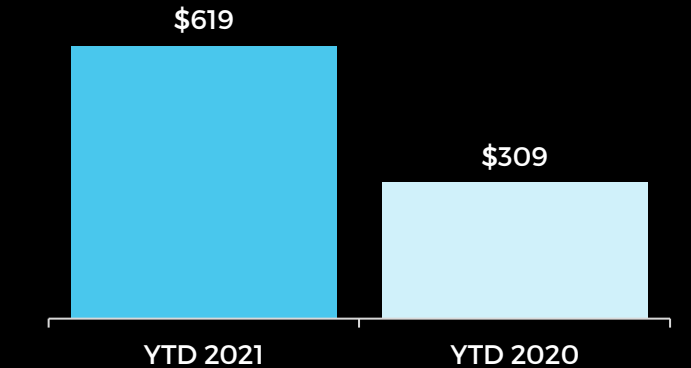
**Revenue (millions)**



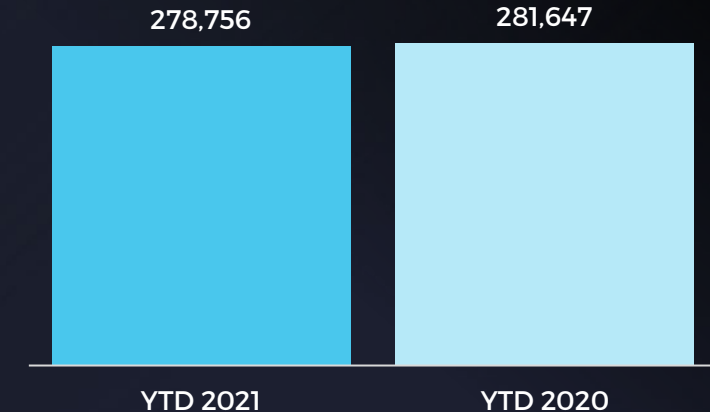
**Adjusted EBITDA<sup>(1)</sup> (millions)**



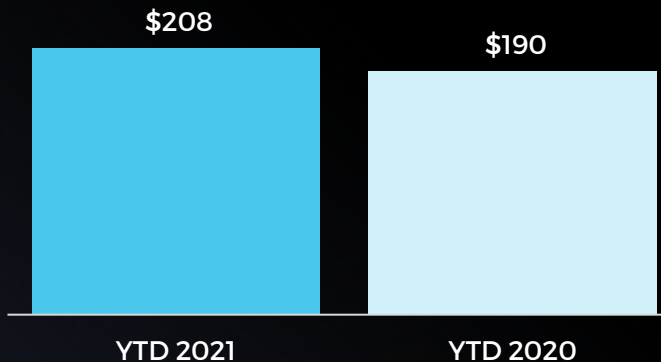
**Average Price (\$/Carat)<sup>(1)</sup>**



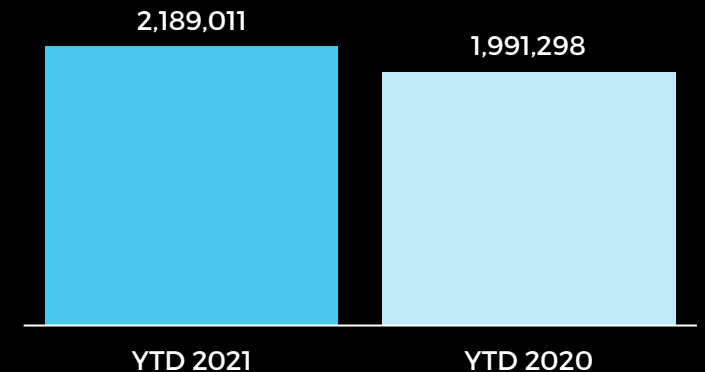
**Carats recovered (carats)**



**Operating Cost (\$ per tonne processed)<sup>(1)</sup>**



**Ore processed (tonnes)**



(1) Non-IFRS measure

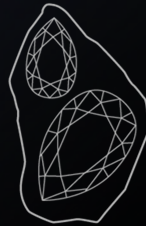


# Sales Channels

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



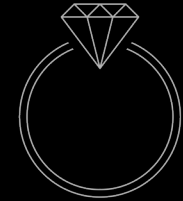
**Rough**



**Clara**



**Polished**



**Jewellery**

**Increasing Margin Capture Downstream**

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

**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**

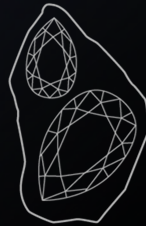


# Sales Channels – Strong Q3 Sales

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



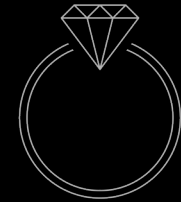
**Rough**



**Clara**



**Polished**



**Jewellery**

**Increasing Margin Capture Downstream**

<b>YTD – 2021 \$172.1 M</b>	<b>Revenue</b> <b>\$31.9m</b>	<b>Revenue</b> <b>\$21.0m</b>	<b>Revenue</b> <b>\$119.2m</b>
	<b>Rough Carats Sold</b> <b>243,702 cts</b>	<b>Rough Carats Sold</b> <b>12,992 cts</b>	<b>Rough Carats Sold</b> <b>21,486 cts</b>
	<b>Av. Price per Carat</b> <b>\$131</b>	<b>Av. Price per Carat</b> <b>\$1,619</b>	<b>Av. Price per Carat</b> <b>\$5,547</b>

**Special Diamonds  
Sethunya and Sewelo**





## Karowe Underground Expansion

### Extending Mine-life to at least 2040

\$534 million underground expansion adds ~ **\$4 billion additional net revenue**

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

### Financing Completed, Full Board Sanction Received

First drawdowns under the \$170 M project financing facility occurred in September 2021

### 2021 Capital Spend

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

# 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

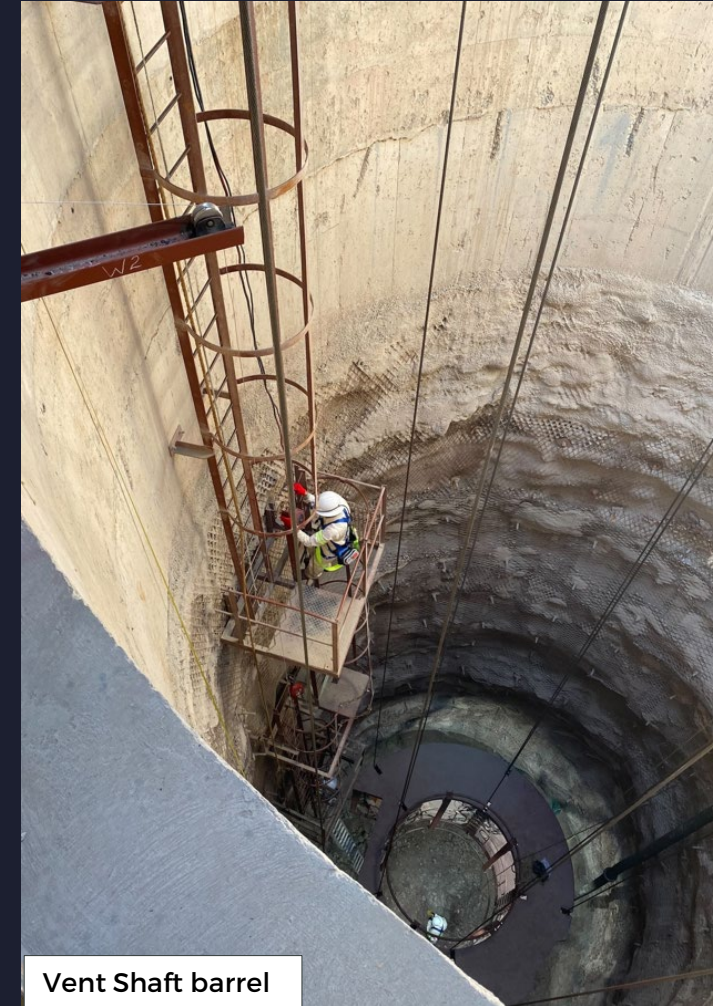
- Complete Pre-sink to planned depths
- Bulk Power - clearing/advance tower foundations
- Complete shaft and ventilation engineering
- Commission temporary power generator farm



Vent Shaft Pre-sink stage view from above



Prod Shaft Hole Charging



Vent Shaft barrel

## 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

# 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 an opportunity to fully vaccinate our workforce by the end of the year.

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



# 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

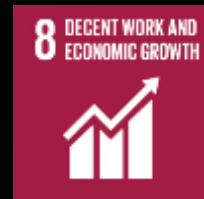
Lucara's Sustainability Report is prepared in accordance with the GRI Standards: Core option, and selected G4 Mining and Metals Sector Disclosures



## SUSTAINABLE DEVELOPMENT

# GOALS

17 GOALS TO TRANSFORM OUR WORLD



# Conclusion

**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 and available liquidity



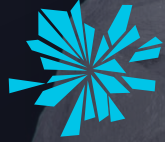
Consistent recovery of high value "Specials" (+10.8 carats); Open pit mineable reserves to 2026 with underground expansion extending the mine life to at least 2040



Asset diversification and additional revenue stream opportunity through Clara







**LUCARA**  
DIAMOND

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