

**LUCARA**  
DIAMOND

## **INVESTING IN THE FUTURE OF BOTSWANA DIAMONDS**

UNDERGROUND EXPANSION  
PROJECT AT THE KAROWE MINE

**MINING INDABA – AFC**

**MAY 2022**

[LucaraDiamond.com](http://LucaraDiamond.com) | [LUC.TSX](https://www.lucara.com/stock-exchange) | [LUC.XSTO](https://www.lucara.com/stock-exchange) | [LUC.BSE](https://www.lucara.com/stock-exchange)



# 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, 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](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).

# Overview: Lucara Diamond Corp. & Lucara Botswana

## Investing in the Future of Botswana Diamonds

1

### Impact investment

Fully funded \$534 million underground expansion project at the Karowe Mine in Botswana.

2

### Community-driven

Advancing responsible and future focused project opportunities in support of local empowerment, training and employment opportunities.

3

### Innovation

Champions of the first digital diamond sales platform to lead transparent supply chain in Botswana.

Karowe Mine – Botswana

Experience Lucara 360°

**Africa** is the second highest diamond producing region in the world

Lucara acquired **100% ownership** from De Beers in 2010

**3.2 million** carats sold  
**\$1.7 billion** in revenue in ~ 8 years

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

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

Only mine in recorded history to recover **three +1,000 carat diamonds**

Total capital investment less than **\$200 million**  
**\$271 million** in dividends paid 2014 - 2019

# Diverse Leadership with Significant Resource Sector and Capital Markets Experience



**EIRA THOMAS**

PRESIDENT & CEO, DIRECTOR

- Canadian geologist with 25 years' experience
- CEO of Kaminak Gold sold to Goldcorp
- Director of Suncor Energy Inc.; Suncor's Chair of the Governance
- Selected as 'Top 100 Canada's Most Powerful Women'



**ZARA BOLDT, CPA, CGA**

CFO & CORPORATE SECRETARY

- Senior finance leader with 20+ years' experience with public mining companies
- Independent Director of Bluestone Resources Inc. and Gold Standard Ventures Corp.
- Director of Women in Mining British Columbia



**DR. JOHN ARMSTRONG**

VP, TECHNICAL SERVICES

- Canadian Geologist with 30+ years' mining experience
- A leading world expert in diamond resource modeling and management



**NASEEM LAHRI**

MANAGING DIRECTOR,  
LUCARA BOTSWANA

- 17 years' experience
- Director of First National Bank in Botswana
- The first woman and the first Motswana woman to lead a diamond mining company



**JOE MCHIVE**

GENERAL MANAGER,  
LUCARA BOTSWANA

- Senior mining engineer with 20+ years' experience
- The first Mine Manager for the Karowe Mine
- Former Assistant General Manager of Debswana's Orapa and Letlhakane Mines

# Karowe Underground Expansion

## \$220 million project finance facility:

- \$170 million project finance facility
- \$50 million working capital facility

## Fully financed between project finance facilities and cash flow from operations:

- Cost over run facility of \$52.9 million financed from large stone revenues
- Extends mine life to 2040, potentially beyond

## Five internationally recognized lenders in Africa:

- Africa Finance Corporation
- African Export-Import Bank
- ING
- Natixis
- Societe General, London Branch

## Lucara has adopted the IFC Performance Standards:

- World Bank Group's Environmental, Health and Safety Guidelines for Mining;
- The development of the Underground Project adheres to the Equator Principles.



# Accelerating impact in Africa

## Sustainable investment strategy



Delivering impactful solutions for Africa.



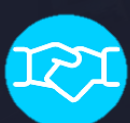
Mainstreaming climate finance thinking in all our activities.



ESG investment and risk management.



Driving thought leadership and conducting research.



Strengthening strategic partnerships.



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# Sales Channels

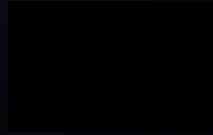
Optimized Sales of Rough and Polished Diamonds to Create Alignment Along the Supply Chain and Maximize Revenues



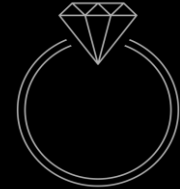
**Rough**



**Clara**



**Polished**



**Jewelry**

**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 Jewelry

**Special Diamonds**  
**Sethunya and Sewelô**





# Approach to Sustainability

## Focused on transparency, the protection of our people, and stakeholder engagement

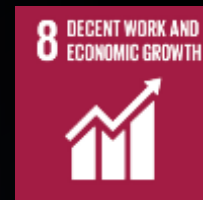
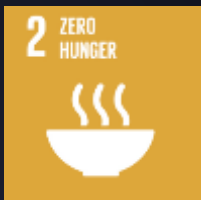
- ✓ Code of Business Conduct and Ethics
- ✓ Whistleblower Policy
- ✓ Responsible Mining Policy
- ✓ Corporate Social Responsibility Charter
- ✓ Lucara is certified by the Responsible Jewellery Council (RJC), compliant with the Kimberley Process, and a member of the Natural Diamond Council (NDC)
- ✓ In 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, and has been subject to third-party assurance



## SUSTAINABLE DEVELOPMENT

# GOALS

## 17 GOALS TO TRANSFORM OUR WORLD



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# Appendix

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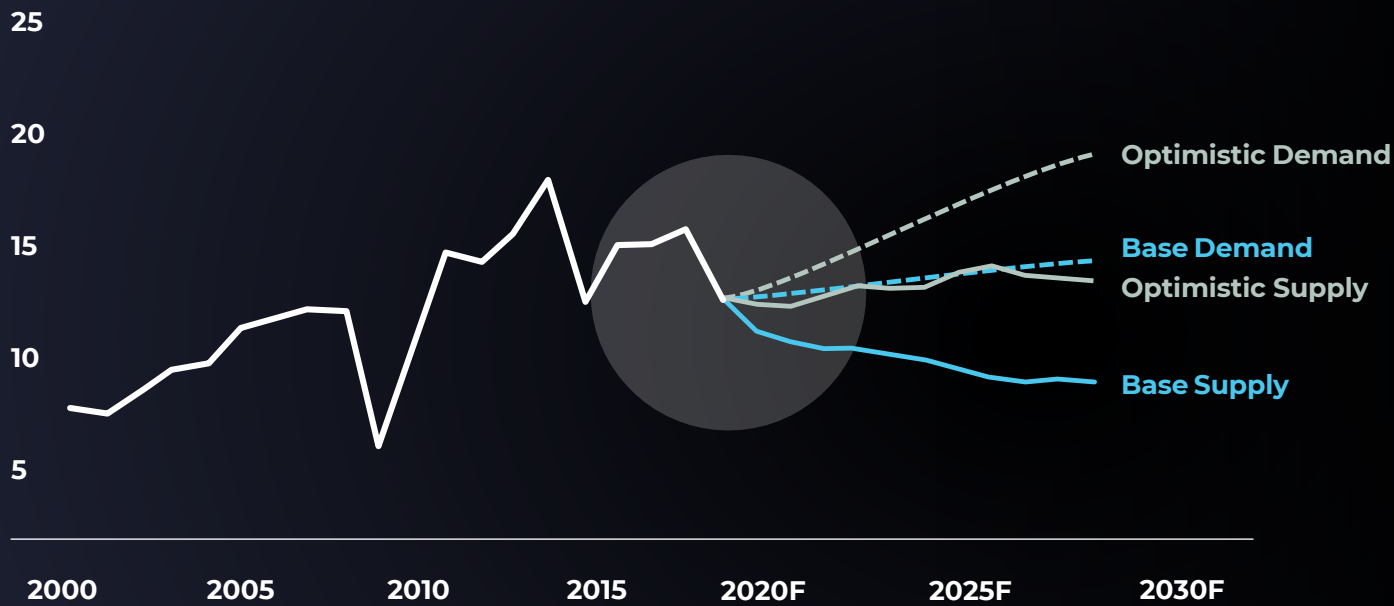


1,758 carat Sewelô

# Diamond Market

**Re-stocking activity in the midstream late 2020, continues in 2021 driving better prices; Longer term outlook remains strong supported by supply constraints**

Rough diamond supply and demand

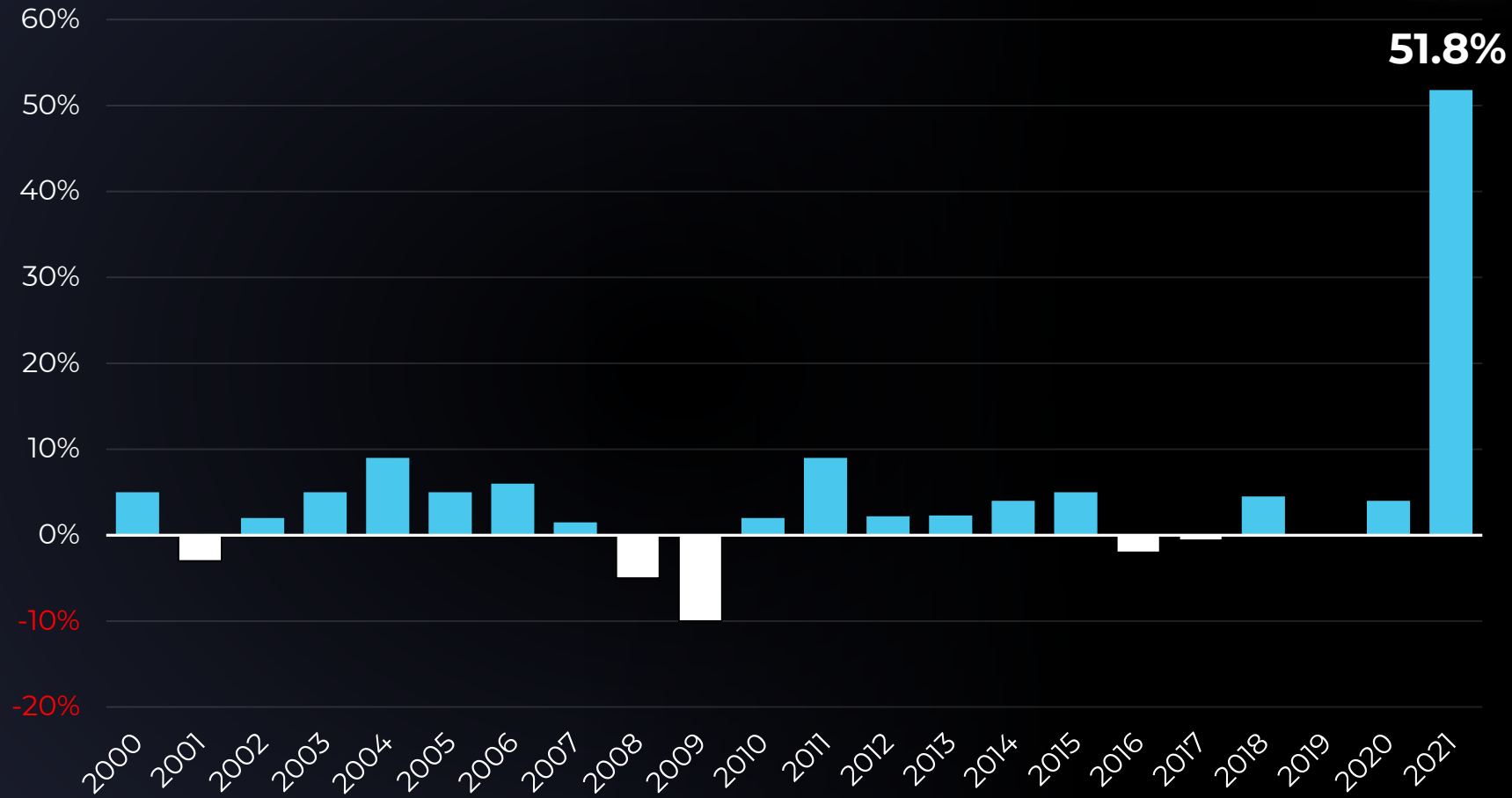


**Demand pick up in the US & China;  
Strong Retail Holiday Season**

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

# US Jewelry Sales Hit Record Growth

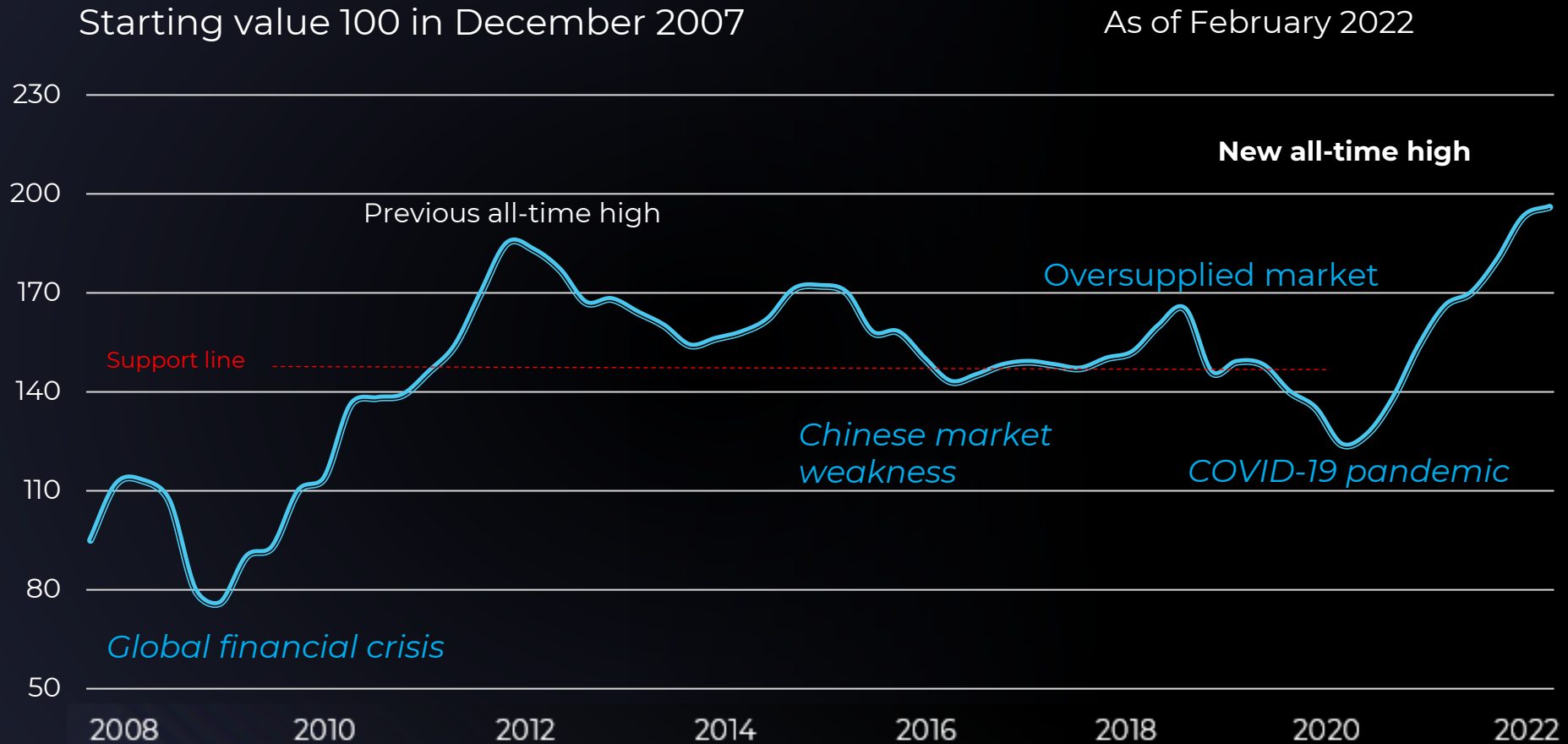
## YoY Change in US Annual Jewelry Sales



Source: Department of Commerce

# Quarterly Aggregated Rough Diamond Price Indexed

## Zimnisky Global Rough Diamond Price Index



# 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**

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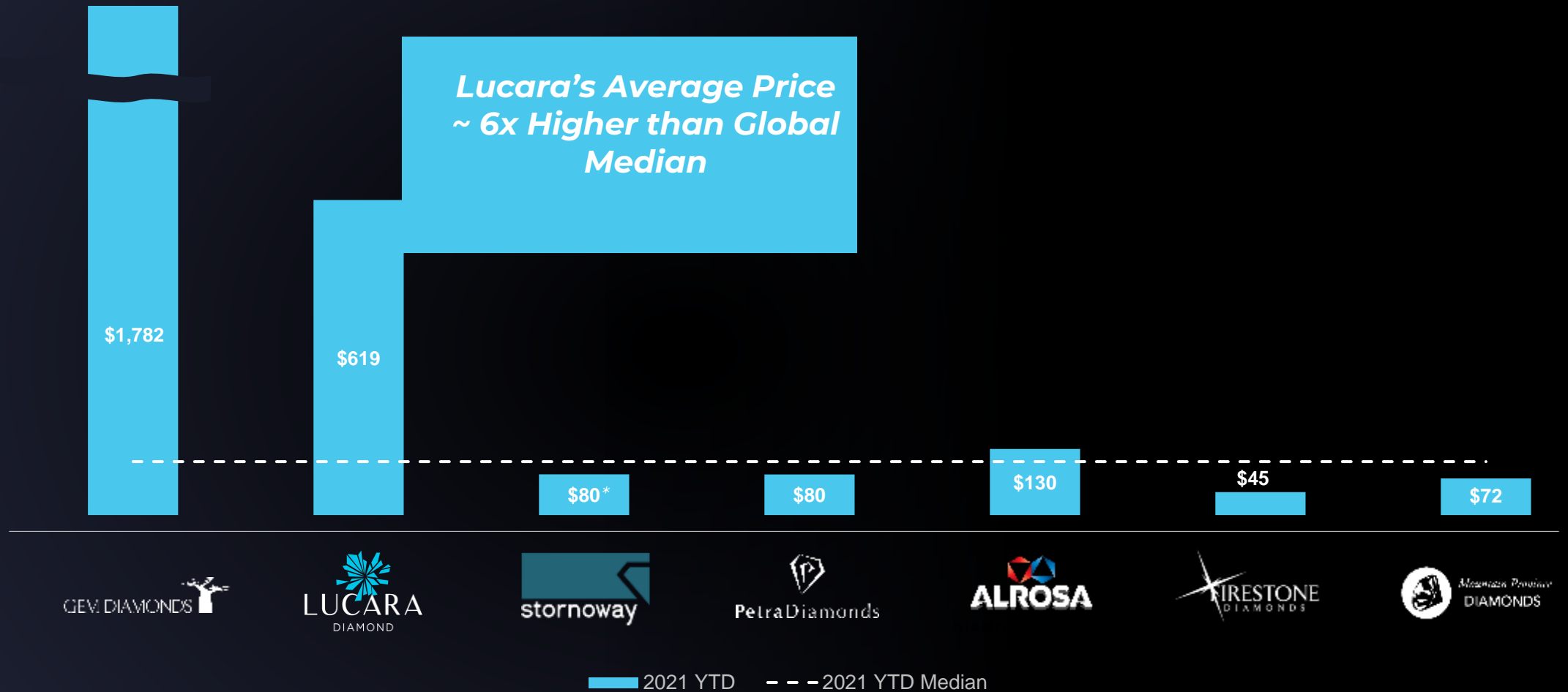
**Special Diamonds  
Sethunya and Sewelo**





# Global Achieved Average Diamond Prices 2021 YTD

(All figures in U.S. Dollars per carat)



\*Stornoway is a estimated diamond price based on 2020 data.

## Supply Agreement with HB Antwerp

**2021**

**All +10.8 carat diamonds** produced from Karowe sold through novel supply agreement until at least 2023

Initial price is based on an **estimated polished outcome**, determined through state-of-the-art scanning and planning technology, with a **true-up paid** on actual achieved polished sales, less a fee and cost of manufacturing

Sales of **\$150.4 million** in 2021

Committed sales **every two weeks** generating **regular cash flow**

**Creates alignment** within the supply chain, **supporting and maximizing prices** for our largest, most valuable revenue segment



# Louis Vuitton & HB Collaboration Agreements on the Sethunya & Sewelô

## Luxury Brand & Cutting Edge Manufacturing

Alignment across the supply chain to **maximize polished diamond value** for all

**Lucara participates in all sales of polished diamonds resulting from the Sethunya and 50% of polished sales resulting from the Sewelô** with a further commitment from LV to contribute 5% of all Sewelô retail jewelry sales towards community-based initiatives in Botswana

Sewelô world tour completed in 2021; planning underway to **create an exclusive polished diamond collection from Botswana's largest diamond**

Strong year end revenue results combined with recent price strengthening for large, high value polished diamonds, led to a **strategic decision to defer the sale of the Sethunya in 2021**



549 ct  
Sethunya



1,758 ct  
Sewelô

## Lesedi La Rona & Constellation

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The 1,109 carat Lesedi La Rona was recovered in 2015 and purchased by Graff in 2017 for US\$53 million resulting in the 302.37 carat Graff Lesedi La Rona



Graded by the GIA, one of the world's largest square emerald cut diamond; 66 satellite diamonds were also cut ranging from <1 carat to >26 carats



The 813 carat Constellation was recovered in 2015 and purchased for US\$63 million, the highest price ever achieved for the sale of a rough diamond



The resulting 313 carat Constellation One is the largest D coloured emerald cut diamond in the world today and is the largest ever graded by the GIA; 7 satellite diamonds were also cut with the largest being 102 carats



# Karowe Diamond Mine: Unique Diamond Production

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- 1969 - The AK6 Kimberlite was discovered in 1969 in the Orapa district of Botswana, the largest diamond producing region in the world.
- 2009- Lucara acquired a 70.268% interest in Boteti Exploration (Pty) Ltd. project, from De Beers which held the AK6 advanced diamond development project.
- 2010 - Lucara acquired African Diamonds Plc, thereby becoming 100% owner of the AK6 project, and updated the feasibility study for the Karowe Diamond Mine.
- 2012 - Commercial production for the Karowe Diamond Mine was achieved.
- 2015 – First record recoveries – 813 carat Constellation Diamond (sold for \$63mln), 1,109 carat Lesedi La Rona (sold for \$53mln)
- Demonstrably coarse size distribution, recovering an above average percentage of large high value diamonds (“Specials” greater than 10.8 carats in size)
- Only diamond mine to have produced three diamonds > 1,000 carats (1,109 carat Lesedi La Rona, 1,758 carat Sewelô (2019), 1,174 carat (2021))
- Diamond population of high value type IIa diamonds, non fluorescent, high colour diamonds
- Unique and state of the art processing circuit designed to recovery large diamonds as early as possible in the recovery circuit – XRT bulk sorting