

LUCARA
DIAMOND

**A Premium Diamond Equity
De-Risked and Positioned
for Long-Term Growth**

SWISS MINING INSTITUTE

JUNE 1-2, 2022

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



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 2021 Annual Information Form for the year ended December 31, 2021, dated March 30, 2022, 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.

Lucara Investment Rationale

A Premium Diamond Equity De-Risked and Positioned for Long-Term Growth

1

Diamonds

Diamond market fundamentals are the best they have been in the last five years

2

Lucara



Prolific, high-margin diamond mine in Botswana with a fully funded expansion program

3

Clara

CLARA

First digital diamond sales platform provides asset diversification and additional revenue stream

LUC: TSX	MAY 27, 2022	
Share Price		CAD \$0.61
Market Cap		CAD \$277 M
Shares Outstanding ¹		453,566,923
Cash Position (Mar 31, 2022)		USD \$39.1 M

ANALYST COVERAGE

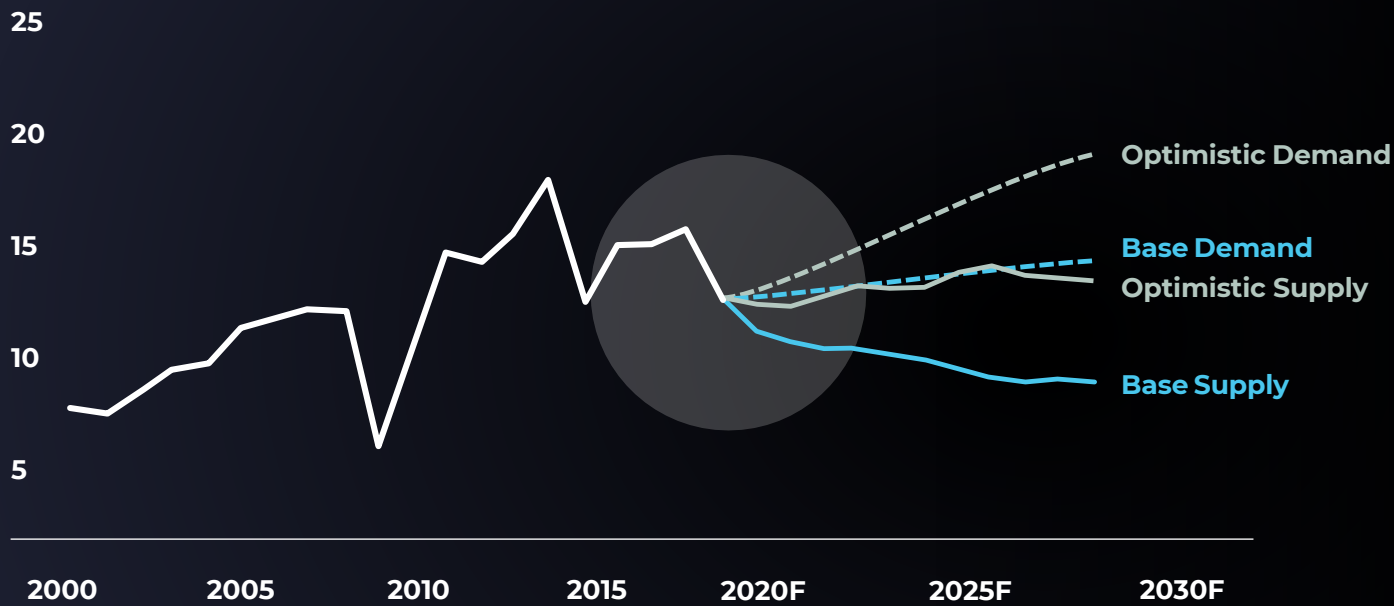
Bank of America Merrill Lynch
Berenberg
BMO Capital Markets
Pareto Securities Ltd.
Scotia Capital

(1) Fully diluted as of April 29, 2022

Diamond Market

Re-stocking activity in the midstream late 2020 continues in 2022, driving better prices; Longer term outlook remains strong supported by supply constraints

Rough diamond supply and demand



International sanctions imposed against Russia in response to the Russia-Ukraine war, are predicted to result in a short-to-medium term supply shortages

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

Approach to Sustainability

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

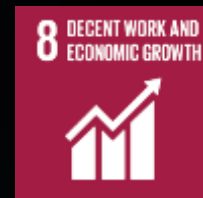
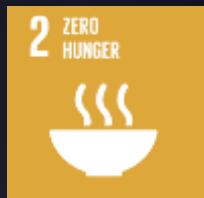
- ✓ Code of Business Conduct and Ethics
 - ✓ Whistleblower Policy
 - ✓ Responsible Mining Policy
 - ✓ Corporate Social Responsibility Charter
- ✓ Lucara is certified by the Responsible Jewellery Council (RJC), compliant with the Kimberley Process, and a member of the Natural Diamond Council (NDC)
 -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



Karowe Mine – Botswana



Botswana ranked 2nd in the world for diamond production by volume and value

100% owned, high margin diamond mine in production since 2012, **mine life to at least 2040**



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

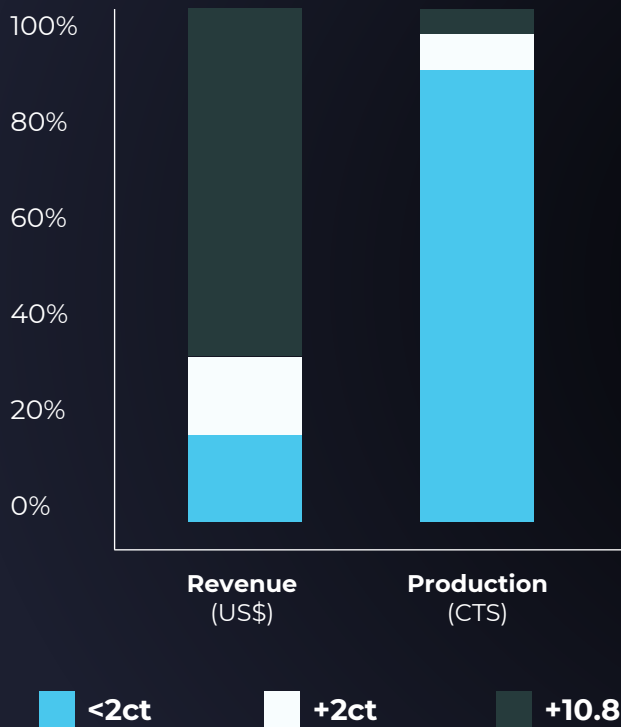
Only mine in recorded history to recover **three +1,000 carat diamonds**

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

Consistent Recovery of Large Diamonds

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

Revenue and production includes 2015 to 2020



Q1 2022 Recoveries

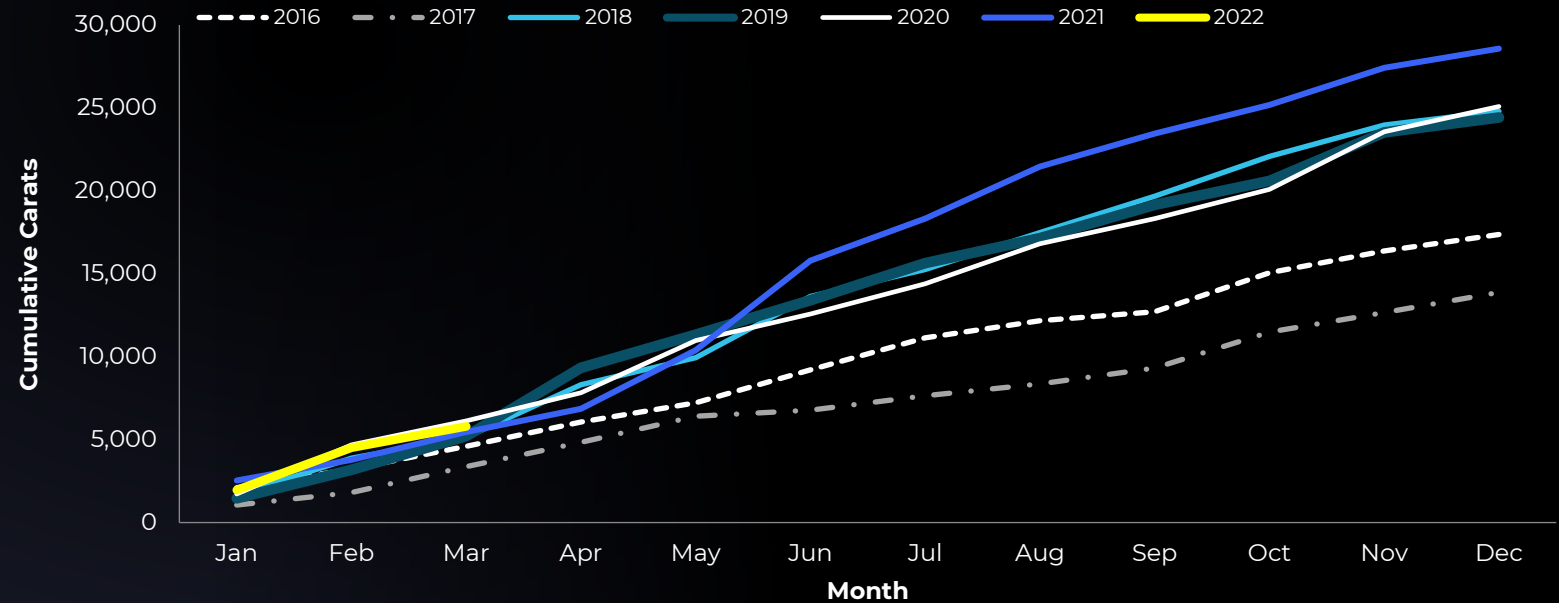
186 specials, 6.9 wt.% of production

1 diamond > 300ct and 2 diamonds > 200ct

Since 2012: 26 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)





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

Fully Financed, Board Sanction Received

Drawdown of \$45 Million end of Q1

Q1 2022 Capital Spend

\$31.1 million spent in Q1 2022; tracking on schedule and budget

Pre-Shaft Sinking Nearing Completion; Transition to Main Shaft Sinking Q2 2022

\$110 million planned for 2022; tracking on schedule and budget

Sales Channels – Strong Q1 2022 Results

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

23%
of Revenue

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

10%
of Revenue

Manufacturing into
Polished Diamonds
with HB Antwerp

67%
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

Q1 revenues of \$33.5 million from sale of 2870 carats (excluding top up payments) for an average price achieved of \$11,655 per carat⁽¹⁾

Polished sales frequency and prices achieved have continued to **increase** through 2022



⁽¹⁾Karowe production excluding the impact of top-up payments earned pursuant to the diamond sales agreement with HB Trading BV (“HB”)

64 sales completed since inception
~\$58 million of diamonds sold by value through the platform

Low operating cost platform with regular sales

Fee-based structure

~33,000 carats sold through the platform

Growth Potential in Primary & Secondary Markets

Buyers increased from 88 to 95 in 2022:

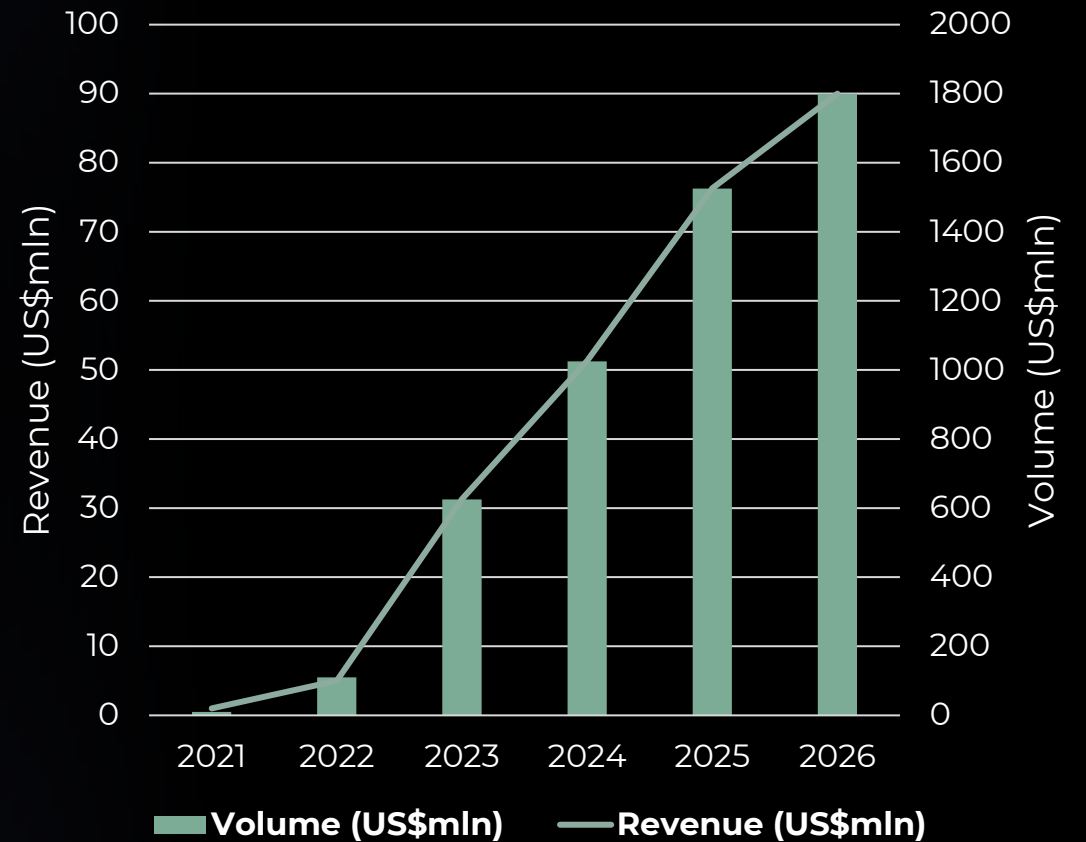
Wait-list being maintained

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

6 Sale Producer Trial Confirmed to begin in Q2

Travel restrictions **accelerating adoption** of new technology

5 Year Potential Growth Profile





Q1 2022 Highlights

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

**Revenues up 28% to
\$68.2 M**

Strong cashflow, EBITDA² of
\$36.1 M

**6.9% Specials (+10.8
carats) by weight**

Including 10 >100 carats

**Underground Q1
spend of \$31.1 M**

Tracking on plan;
Transitioning to main sink
in Q2

**Clara sales up 17% to
\$7 M**

A third-party series of trial
sales to commence in Q2

**Healthy sales
through HB, Clara
and Tenders**

**Strong, safe, reliable
production**

On track with Guidance

**Average price
achieved of \$690
per carat¹ up 43%**

**Cash and cash
equivalents of \$39.1
million;**

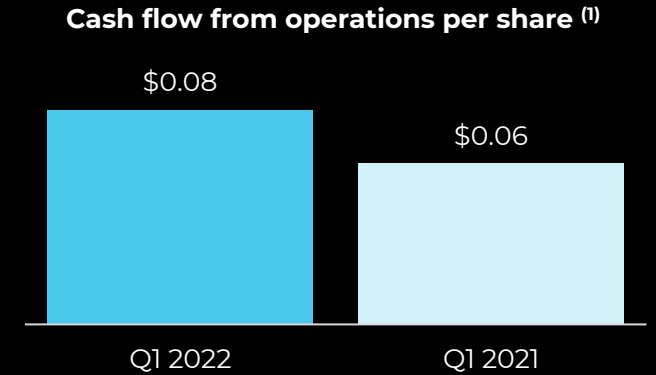
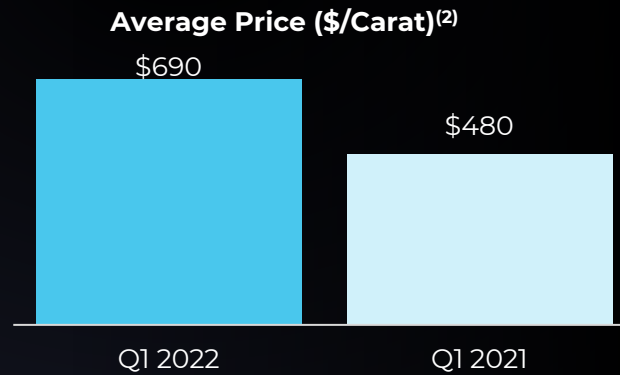
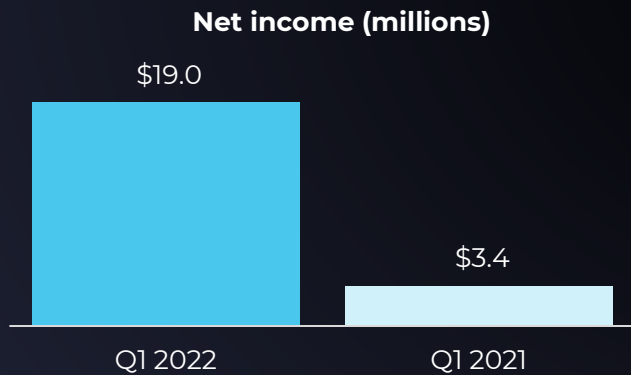
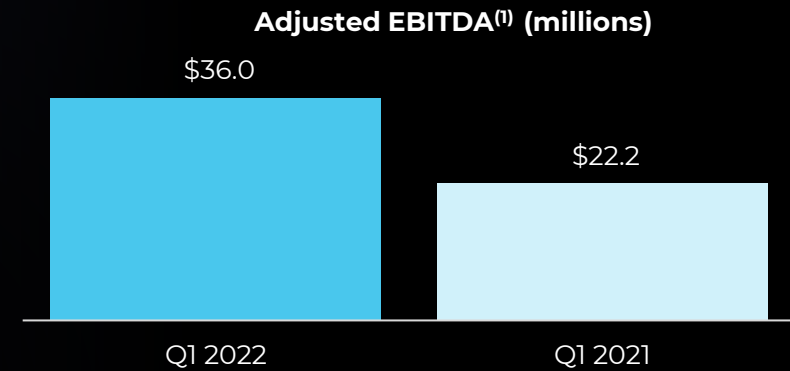
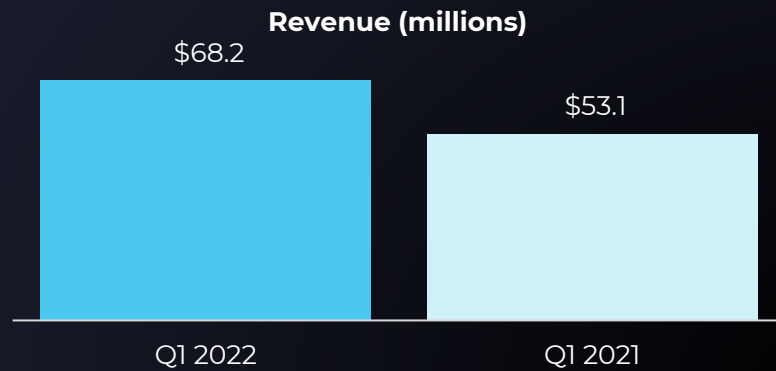
Available liquidity \$38 million;
**Drawdowns on project debt
facility of \$45 million**

⁽¹⁾ Karowe production excluding the impact of top-up payments earned pursuant to the diamond sales agreement with HB Trading BV ("HB")

⁽²⁾ Non-IFRS measure

Q1 2022 Financial Highlights

Three months ending March 31, 2022
(All currency figures in U.S. Dollars)



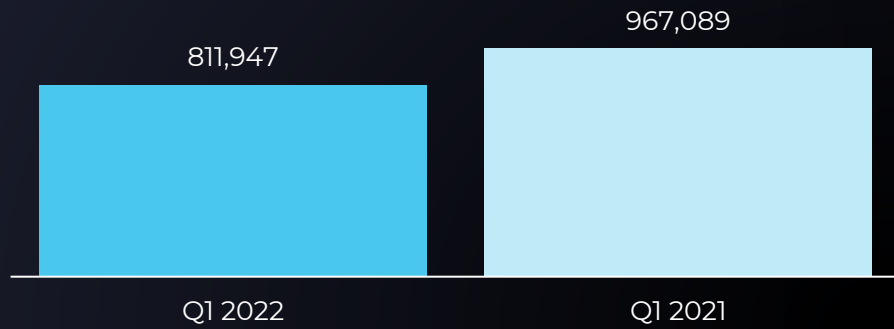
⁽¹⁾ Non-IFRS measure

⁽²⁾ Excluding the impact of top-up payments earned pursuant to the diamond sales agreement with HB Trading BV ("HB")

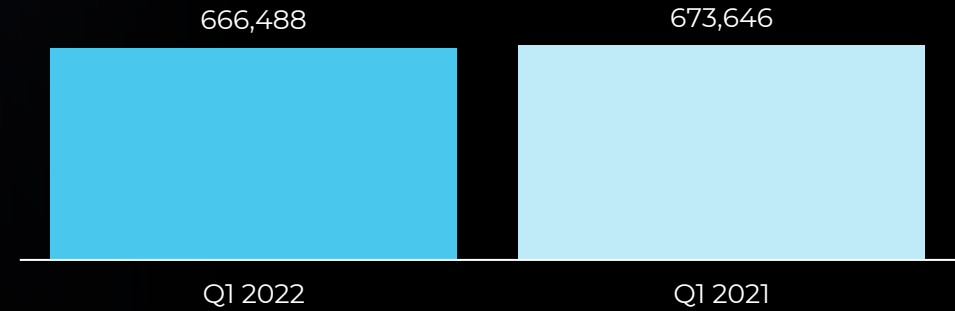
Q1 2022 Operational Highlights – Karowe Mine

Three months ending March 31, 2022
(All currency figures in U.S. Dollars)

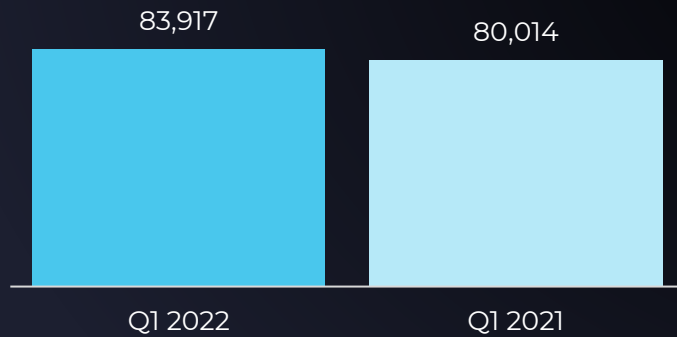
Ore mined (tonnes)



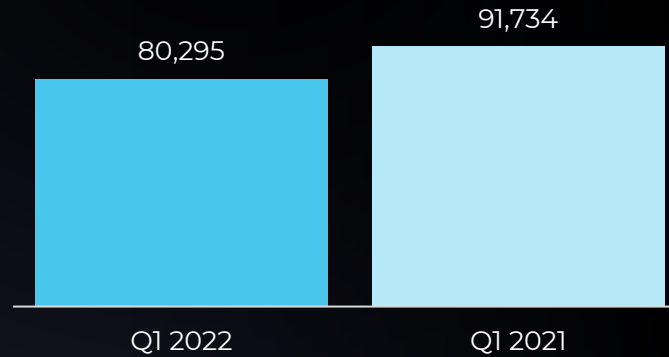
Ore processed (tonnes)



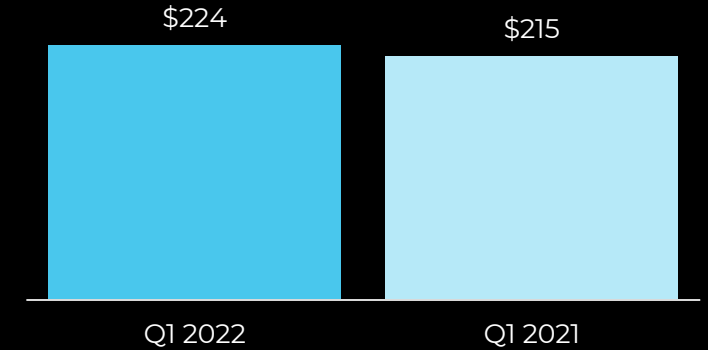
Carats recovered (carats)



Carats sold (carats)



Operating expense per carat sold



Sales Channels Q1 2022

Sales through HB Antwerp, Clara, and Quarterly Tender

HB Antwerp: High value Specials (+10.8 carats) are manufactured and sold as polished

Clara: Diamonds between 1 to 10 carats that meet specific criteria

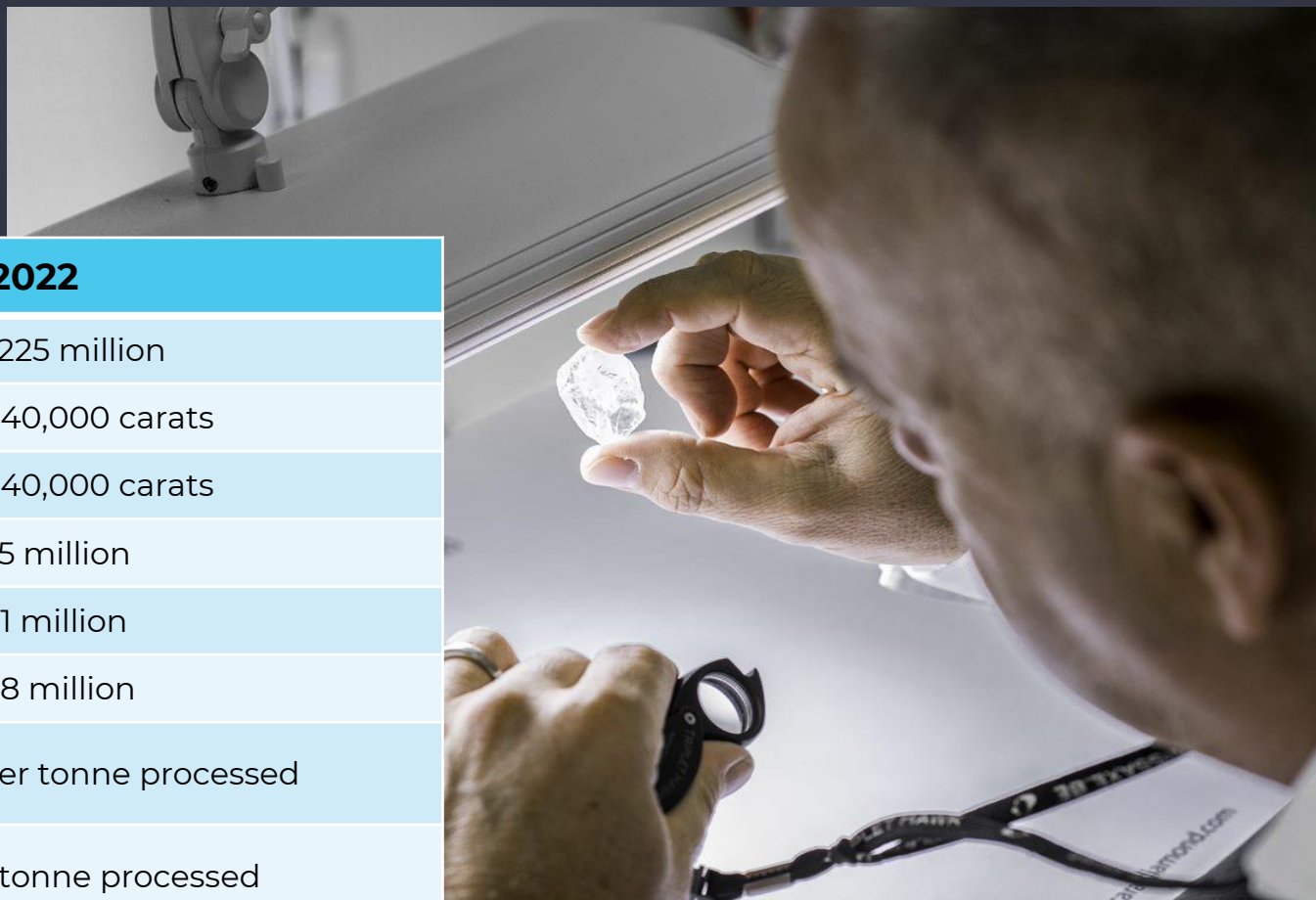
Quarterly tender: all other diamonds

Sales Channel	Q1 2022 Rough Carats Sold	Q1 2022 Revenue Recognized (millions)	Q1 2022 Average Price per Carat
HB Antwerp	2,870	33.5	11,655
Clara	2,787	6.0	2,130
Quarterly Tender	74,637	16.0	214
Total Sales – Karowe Diamonds	80,295	55.5	690
Top-up payments and Clara (other)		12.7	
Total Revenue – Q1 2022		68.2	



2022 Annual Guidance Updated

(All currency figures in U.S. Dollars)



Karowe Diamond Mine	FY2022
Diamond revenue ¹	\$195 to \$ 225 million
Diamond sales	300,000 to 340,000 carats
Diamonds recovered	300,000 to 340,000 carats
Ore tonnes mined	3.1 to 3.5 million
Waste tonnes mined	1.5 to 2.1 million
Ore tonnes processed	2.6 to 2.8 million
Total operating cash costs	\$29.50 to \$33.50 per tonne processed
Botswana G&A (including sales & marketing)	\$3.50 to \$4 per tonne processed
Tax rate	0%
Average exchange rate – USD/Pula	11.0

¹⁾ Revised from guidance released on November 24, 2021. Diamond revenue guidance does not include revenue related to the sale of exceptional stones, or the Sethunya.

Lucara Investment Rationale

A Premium Diamond Equity De-Risked and Positioned for Long-Term Growth

1

Diamonds

Diamond market fundamentals are the best they have been in the last five years

2

Lucara



Prolific, high-margin diamond mine in Botswana with a fully funded expansion program

3

Clara

CLARA

First digital diamond sales platform provides asset diversification and additional revenue stream

LUC: TSX	MAY 27, 2022	
Share Price		CAD \$0.61
Market Cap		CAD \$277 M
Shares Outstanding ¹		453,566,923
Cash Position (Mar 31, 2022)		USD \$39.1 M

ANALYST COVERAGE

Bank of America Merrill Lynch
Berenberg
BMO Capital Markets
Pareto Securities Ltd.
Scotia Capital

(1) Fully diluted as of April 29, 2022



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

