Red Cloud Securities Pre-PDAC Mining Showcase

FEBRUARY 28, 2020

LucaraDiamond.com | LUC.TSX | LUC.XSTO | LUC.BSE
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 release may contain forward looking information pertaining to the following: potential to expand the life of mine; updated resource and reserves for the Karowe Mine, including the Underground and the total expected life of mine production; estimates of the Company’s production and sales volumes for the Karowe Mine, including the Underground and associated cash flow and revenues; estimates of the economic benefits of the Underground, including the payback period; pre-production capital costs for the Underground and the quantum required, and availability of external financing; anticipated operating margins for the Underground operations; the ability to integrate the underground operations seamlessly into the existing infrastructure; the anticipated mine plan and mining methods; the schedule of development of the underground, production profile and anticipated changes in diamond pricing, including trends in supplies and demands and the potential for stability in the diamond market and diamond pricing; changes to foreign currency exchange rate; the timing and ability of management to further commercialize the Clara digital sales platform and other forward looking information.

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 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.
Botswana

KAROWE DIAMOND MINE
High operating margin (>60% LOM) 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)

Total capital investment less than US$200 million

US$271 million in dividends paid since 2014

2.64 million carats sold

US$1.49 billion in revenue in under 7 years

Innovative Design

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

Top of Class, only mine in recorded history to ever recover Two +1,000 carat diamonds
Lucara has become renowned as one of the world’s foremost producers of large, gem quality diamonds.

**Lesedi La Rona**
1109 carat
Second largest gem diamond ever recovered in the world

**Constellation**
813 carat
Sold for a record US$63.1 million
Lesedi La Rona & Constellation

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.
2019 Highlights

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

**Karowe Diamond Mine (100%)**
Strong, stable operations; met or exceeded guidance on all physical and financial metrics

First Place Winner - Botswana Chamber of Mines Inter-Mines First Aid Competition

Revenue of $192.5 million (including Clara) vs. 2018 revenue of $176.2 million

Operating costs of $31.88 per tonne of ore processed; Operating Margin ~60%

1,758 carat diamond recovered; largest ever in Botswana

241 carat stone sold for $8.1 million; 127 carat stone sold for $5.14 million; 165 carat sold for $3.97 million

Positive Underground Feasibility Study; Doubles the mine life

**Clara Diamond Solutions (100%)**

Fifteen sales completed for proceeds of ~$8 million

20th sale ongoing

Sales frequency and value increasing; Doubled number of sales and total value transacted in H2

Customer base grew from 4 to 27 participants; Now 32 participants on the platform

**Strong Balance Sheet & Dividend Policy Change**

$22.4 million in dividends paid

Decision to suspend quarterly dividend to focus on early works for underground development

Cash and cash equivalents of $11.2 million

No long-term debt; $50 million credit facility undrawn

Market Cap ~C$330 million
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; LUC 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
Record Recoveries

**549 carat diamond recovered**

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

Follows the recent recovery of a gem quality 176 carat stone from the same ore block

EM/PK(S) unit continues to produce large gem quality diamonds; Important economic driver for the Karowe Underground
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 5,400 diamonds, all sources)
- Since 2012: 15 diamonds in excess of 300 carats have been recovered, including 2 diamonds > 1,000ct
- 10 diamonds sold for > US$ 10 million each (not included in resource value models)
Global Achieved Average Diamond Prices 2018/2019

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

Lucara’s Average price ~4x Global Average
Diamond Market

Long term fundamentals strong but pricing environment has been challenged; Evidence of market stability

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
2019 Financial & Operational Highlights

Full Year ending December 31, 2019
(All currency figures in U.S. Dollars)

Revenue (millions)

- Full Year 2018: $176.2
- Full Year 2019: $192.5

Adjusted EBITDA(1) (millions)

- Full Year 2018: $60.5
- Full Year 2019: $73.1

Average price ($/Carat)(1)

- Full Year 2018: $502
- Full Year 2019: $468

Carats recovered (carats)

- Full Year 2018: 366,086
- Full Year 2019: 433,060

Operating Cost ($ per tonne processed)(1)

- Full Year 2018: $39.92
- Full Year 2019: $31.88

Operating margin (%)

- Full Year 2018: 57%
- Full Year 2019: 60%

(1) Non-IFRS measure
2020 Outlook

(All currency figures in U.S. Dollars)

$180 – $210 million
Diamond Revenue

350,000 – 390,000
Diamond Sales (Carats)

370,000 – 410,000
Diamonds Recovered (Carats)

3.5 – 3.9 Million
Ore Tonnes Processed

2.5 – 2.8 million
Ore Tonnes Mined

3.6 – 4.2 million
Waste Tonnes Mined

$32 – $36 per tonne of ore processed
Operating Cash Cost

342 ct
Karowe Underground

Extending Mine-life to 2040

Doubles mine life from original 2010 Feasibility Study

Capex US $514 M; Payback 2.8 yrs

Adds - US$4 billion in additional net revenue

NPV $1,266 million/$718 million (pre/post tax@ 5%)

$2.2 billion / $1.2 billion Cash Flow (pre/post tax)

+US$200 million in revenue from ‘exceptional’ diamonds not included in economic analysis: Potential for + US$500 million in additional revenue over proposed new LOM
Underground Mine Design

**Long hole shrinkage**

Trade off assessed block cave, sub level cave, and assisted block cave

Geotechnical testing results did not support caving or caving with preconditioning

Higher value ore lies deeper and is attributable to the higher grade and value unit EM/PK(S)

Long Hole Shrinkage (LHS) is planned to systematically drill and blast the entire South Lobe on a vertical retreat basis

Mucking of swell and ultimate pull down of broken muck will take place from an extraction level at the 310 Level (310masl)

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<tr>
<td><strong>Capacity</strong></td>
<td>2.6 mtpa from UG mining</td>
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<td><strong>Life</strong></td>
<td>13-year UG production</td>
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<td><strong>5.5-years pre-production</strong></td>
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<td><strong>UG Ore Tonnes</strong></td>
<td>33.5 million tonnes</td>
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<td><strong>UG Carats</strong></td>
<td>5.1 million carats</td>
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<td></td>
<td>US$725/carat</td>
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<td>392,000 carats/year UG LOM</td>
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<td><strong>UG Mine Extent</strong></td>
<td>700 masl to 310 masl</td>
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Karowe Underground Mine Design

Total development:
16,300 m lateral
2,800 m vertical
In the first half of 2020, the Company will focus on detailed engineering, early procurement initiatives, and will update the market when such decisions are reached.

The Company will also be reviewing financing options and will proceed to detailed engineering, early procurement initiatives, reviewing financing options, and update the market when such decisions are reached.

The anticipated capital requirements in 2020 represent less than 10% of the initial capex estimate for the underground project. The Company anticipates funding initial expenses from cash flow, as financing options are explored.

Based on the assumptions used for this evaluation, the project shows positive economics and should proceed to detailed engineering, financing and construction.
Transforming the Diamond Sales Process

Using Innovation and Technology

Opportunity to disrupt the existing supply chain, driving efficiencies and unlocking value

Rough diamonds are sold stone by stone based on polished demand

Diamond provenance is assured

Exclusive collaboration with Sarine Technologies fundamental to the platform
Clara sales platform

19 sales completed with ~US$11 million of diamonds sold by value through the platform

20th sale ongoing

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

Manufacturers on the platform have grown from 4 to 32 customers

Discussions are underway to add third party supply to the platform

Frequency of sales and number of participants increasing

~US$11 million diamonds sold by value between one and ten carats in size, in better colours and qualities

Nineteen sales between December 2018 and February 2020

POSITIVE RESULTS
Sustainability

Mokubilo Farm Initiative
Community focused initiative to generate, broad based sustainable income

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

In 2018, Lucara became a UN GC participant and contributes to 10 of the 17 UN SDGs

Lucara is certified by the Responsible Jewellery Council (RJC), compliant with Kimberley Process, and a member of Diamond Producers Association (DPA)
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
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