

LUCARA
DIAMOND

**TD Securities Virtual
Mining Conference**

JANUARY 27-29, 2021



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 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.



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)

2.9 million
carats sold

\$1.6 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

\$271 million
in dividends paid 2014 - 2019

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

Historic Diamond Recoveries

Lucara has become renowned as one of the world's foremost producers of large, gem quality diamonds



998 ct



1,758 ct
Sewelô



813 ct
Constellation



1,109 ct
Lesedi La Rona



549 ct
Sethunya

Karowe Has Recovered 4 of the World's Largest Rough Diamonds

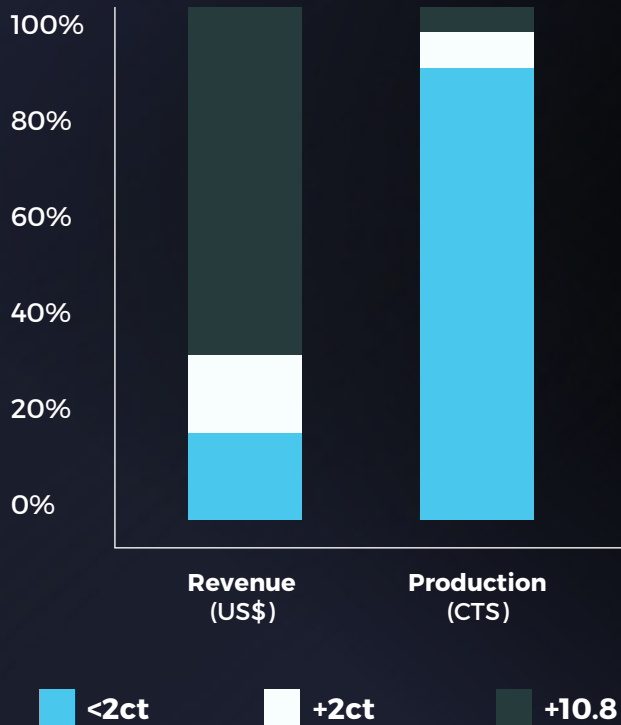
Top Rough Diamonds Recovered >300 carats

Rank	Carats	Name	Country	Mine	Date
1	3106.75	Cullinan Diamond	South Africa	Premier Mine	1905
2	1758	Sewelô	Botswana	Karowe Mine	2019
3	1109	Lesedi La Rona	Botswana	Karowe Mine	2015
4	998		Botswana	Karowe Mine	2020
5	995.2	Excelsior Diamond	South Africa	Jagersfontein Mine	1893
6	969	Star of Sierra Leone	Sierra Leone	Diminco Mine	1973
7	910	Lesotho Legend	Lesotho	Letseng Mine	2018
8	890	Incomparable Diamond	DRC	Société Minière de Bakwanga	1984
9	813	The Constellation	Botswana	Karowe Mine	2015
10	793	Koh-i-Noor	India	Kollur Mine	13th Century
29	549	Sethunya	Botswana	Karowe Mine	2020
30	544		Botswana	Karowe Mine	2018
36	472.37		Botswana	Karowe Mine	2018
47	375.24		Botswana	Karowe Mine	2019
48	373		Botswana	Karowe Mine	2015
49	372.83		Botswana	Karowe Mine	2019
52	355.52		Botswana	Karowe Mine	2015
53	354.97		Botswana	Karowe Mine	2018
55	347		Botswana	Karowe Mine	2016
57	341.9	Queen of Kalahari	Botswana	Karowe Mine	2015
58	341.1		Botswana	Karowe Mine	2020
59	336.4		Botswana	Karowe Mine	2015
60	327.48		Botswana	Karowe Mine	2018
61	321.06		Botswana	Karowe Mine	2018

Consistent Recovery of Large Diamonds

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

Revenue and production includes 2015 to 2019

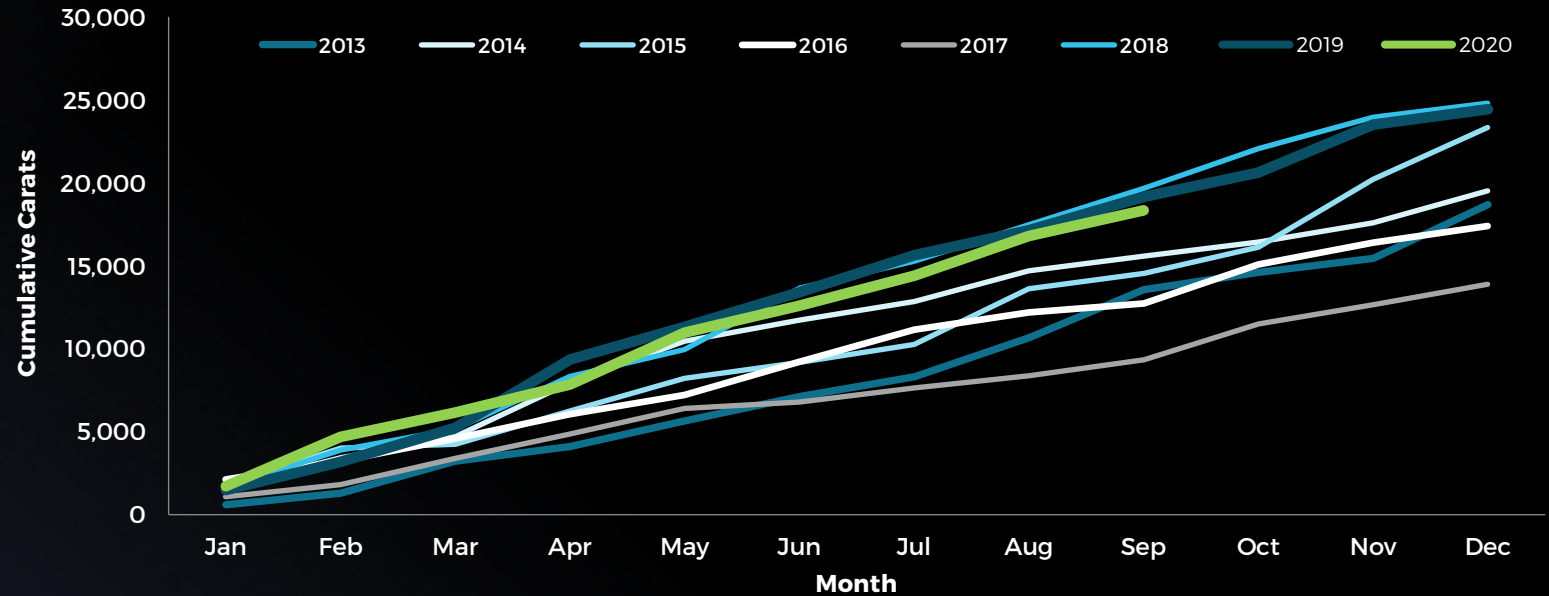


Life of mine recovery of 176,000 carats of individual stones > 10.8ct (over 6,000 diamonds; all sources)

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)

Karowe Cumulative Specials (ct)



Supply Agreement with HB Antwerp

Sale of specials (+10.8 carats) for 2020

All **+10.8 carat stones** produced from the Karowe Mine

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

Regular cash flow from the large, high value segment of production

Current agreement continues to the end of 2020; **Revenue** from deliveries in 2020 will continue to be recognized for the remainder of year, **extending into early 2021**



Sethunya,
549 carats

Collaboration Agreement on “Sethunya” with Louis Vuitton and HB Antwerp

November 2020

549 carat white gem diamond “**Sethunya**”, meaning flower in Setswana, recovered from the Karowe Mine in February 2020

Lucara, Louis Vuitton and HB will collaborate and plan the creation of the **highest value polished diamonds** from the Sethunya rough, which will be made available **exclusively** to Louis Vuitton

In line with its long tradition of personalisation, **Louis Vuitton** envisages crafting beautiful, bespoke and made-to-order, high value polished stones of variable size and shape; The opportunity to create a **storied family heirloom**

Lucara will receive payment based on the polished outcome no later than **Q4 2021**



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

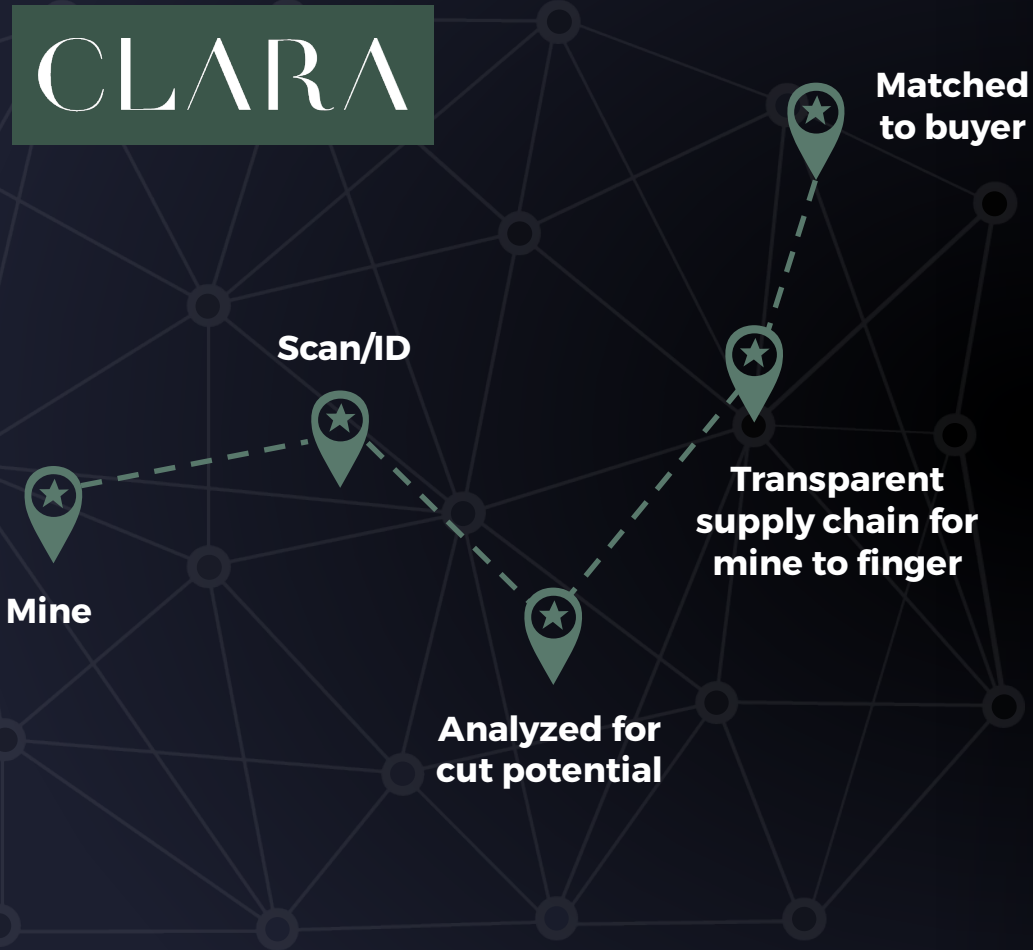
Lucara has received an upfront non-material payment from the JV partners; Lucara will participate in 50% of the proceeds of the polished diamonds that result

5% of all the retail sales proceeds from the historic jewellery collection will be invested back into community-based initiatives in Botswana



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

Clara sales platform (<10.8 carat)

39 sales completed since inception
~US\$20.5 million of diamonds sold by value through the platform

Regularly scheduled sales ongoing

>12,000 carats sold through the platform

Manufacturers on the platform have **more than doubled** from **35 to 70+** customers

Trials of third party supply **began in the third quarter** of 2020

Travel restrictions **accelerating adoption** of new technology in 2020



The graphic features a background image of a hand holding a diamond. At the top, the word "CLARA" is written in white serif font on a dark green rectangular background. Below this, the text "Thirty-nine sales between December 2018 and December 2020" is written in white, followed by "POSITIVE RESULTS" in bold white. A white circle with a downward-pointing triangle is centered below the text. At the bottom, a dark green box contains the text "~\$20.5 million diamonds sold by value" in white, with "sold by value" in bold, and "between one and ten carats in size, in better colours and qualities" in smaller white text below it.

2020 Highlights

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

Karowe Diamond Mine (100%)

Strong, safe, reliable production results; All physicals achieved to plan; Continued operations

Exceptional Recoveries – 998 carat high white diamond & 549 carat “Sethunya”

Collaboration Agreements for the Sethunya & Sewelô with Louis Vuitton & HB Antwerp

Karowe Underground progresses

Diversification of sales channels:

- Groundbreaking supply partnership for specials (+10.8 carats) announced in July provides upside exposure through polished sales
- Small stone (<10.8 carats) tenders held in Antwerp
- Clara digital sales platform (<10.8 carats)

Clara Diamond Solutions (100%)

Growth in customers from 35 to 76 participants

Third party sellers trialing the platform

23 sales in 2020; 39 sales since December 2018

Sales continued through COVID-19 pandemic



Sethunya, 549 carats

Strong Balance Sheet

Cash and cash equivalents of \$10.1 million; Net debt of \$9.9 million (Sept 2020)

\$30 million available on credit facility; New lender participating in the facility (Sept 2020)

Strong cash position and available liquidity as COVID-19 pandemic continues

Market Cap ~C\$250 million

COVID-19 Response

Operations consistent, Diamond sales continue

The Botswana Government declared mining an essential service in late March 2020 and recently extended the State of Emergency to the end of March 2021. Guidelines being followed include increased travel restrictions, work from home, implementation of social distancing and additional cleaning protocols.

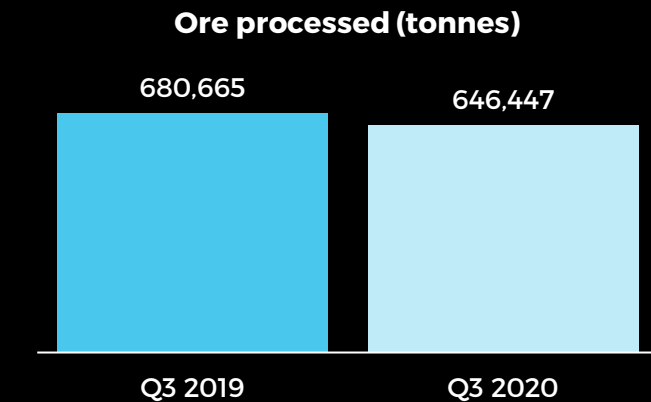
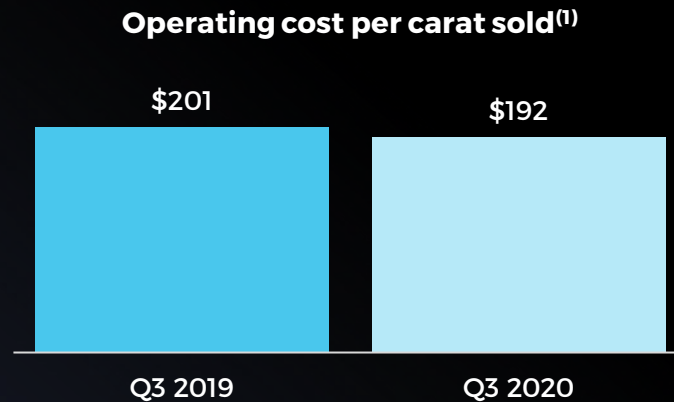
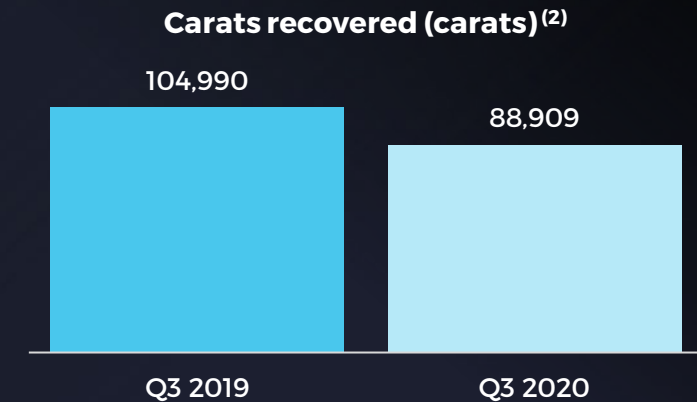
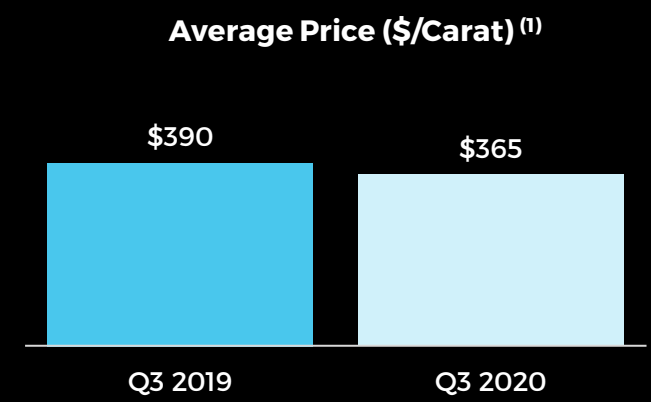
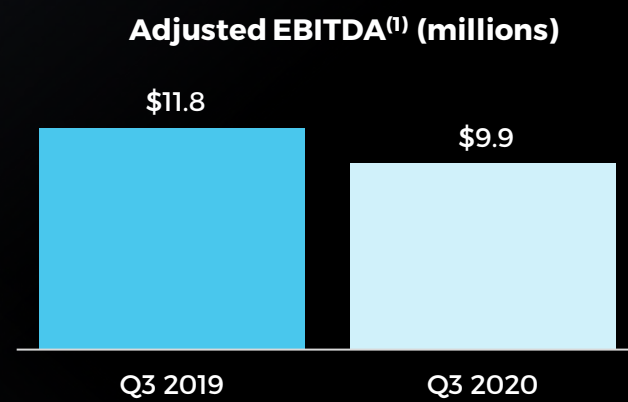
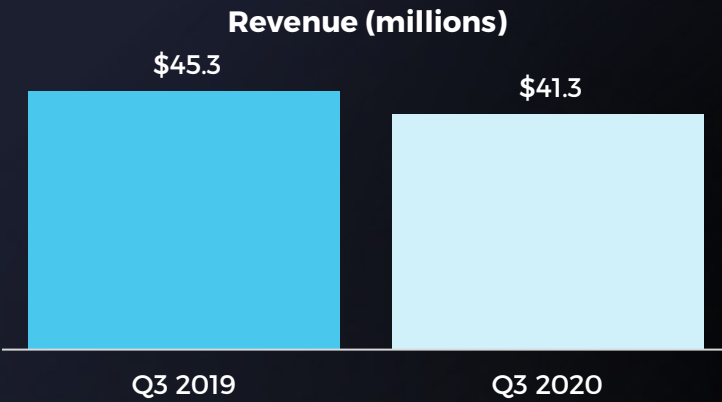
We continue to focus on protecting the health and well-being of our employees, contractors and host communities and the financial well being of the Company. We've also contributed to the Botswana Government's COVID-19 Relief Fund and local initiatives.

The Government of Botswana recently granted permission to conduct COVID-19 testing at our operations in Botswana. The Company has also constructed several isolation pods for use by the community in the Letlhakane area.

Diamond sales through HB Antwerp, Clara and quarterly tenders in Antwerp continued as price improvements and demand increased during Q3.

Q3 2020 Financial & Operational Highlights

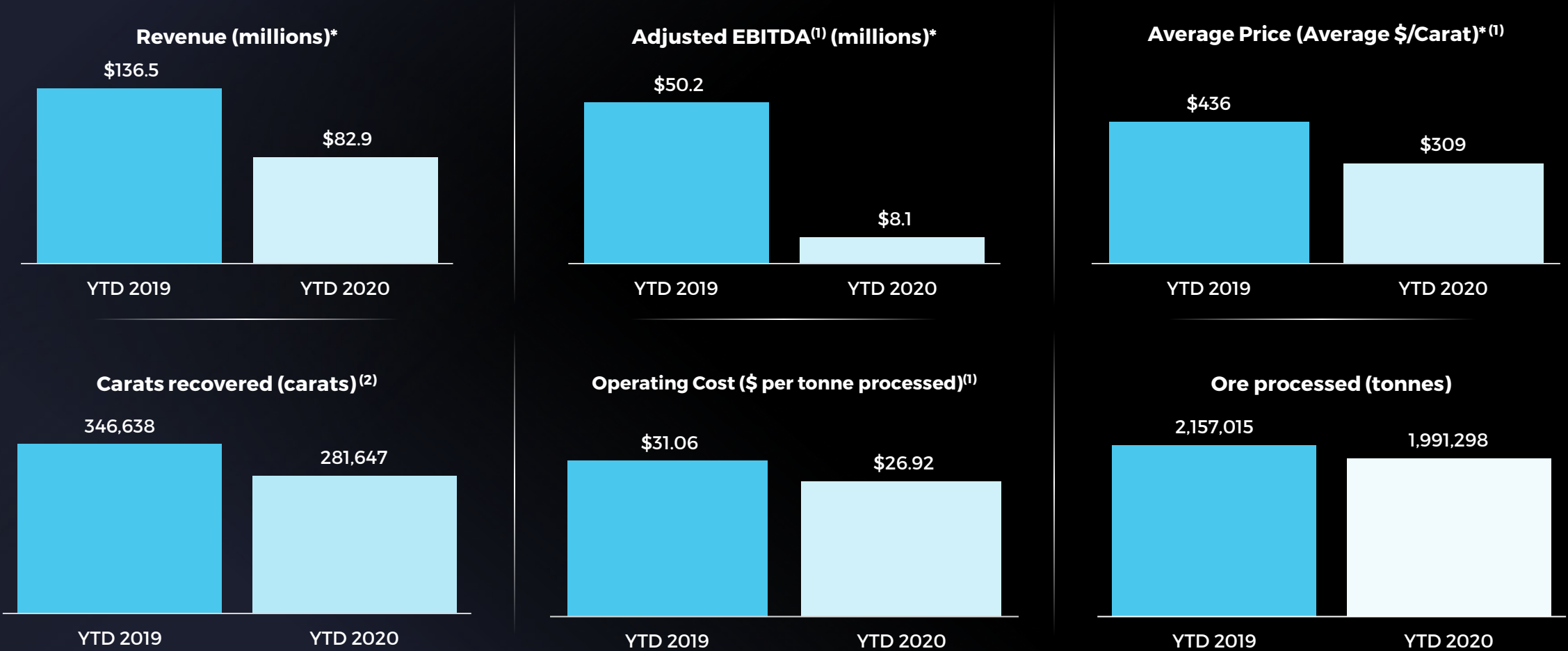
Three months ending September 30, 2020
(All currency figures in U.S. Dollars)



⁽¹⁾ Non-IFRS measure; ⁽²⁾ Carats recovered during Q3 2019 included 10,646 carats recovered from re-processing historic recovery tailings.

YTD 2020 Financial & Operational Highlights

Nine months ending September 30, 2020
(All currency figures in U.S. Dollars)





*Revenue, EBITDA, and Average Price have been impacted by the timing of sales due to the HB supply agreement

⁽¹⁾ Non-IFRS measure; ⁽²⁾ Carats recovered during YTD 2019 included 29,717 carats recovered from re-processing historic recovery tailings

Sales Channels 2020

Sales through Clara, HB Antwerp and Tenders

- All +10.8 carats are sold through HB Antwerp; only high value Specials (+10.8 carats) are manufactured and sold as polished
- Higher quality diamonds between 1 and 10 carats are sold through Clara; all other diamonds less than 10.8 carats which are not suitable for sale on Clara are sold through a quarterly tender

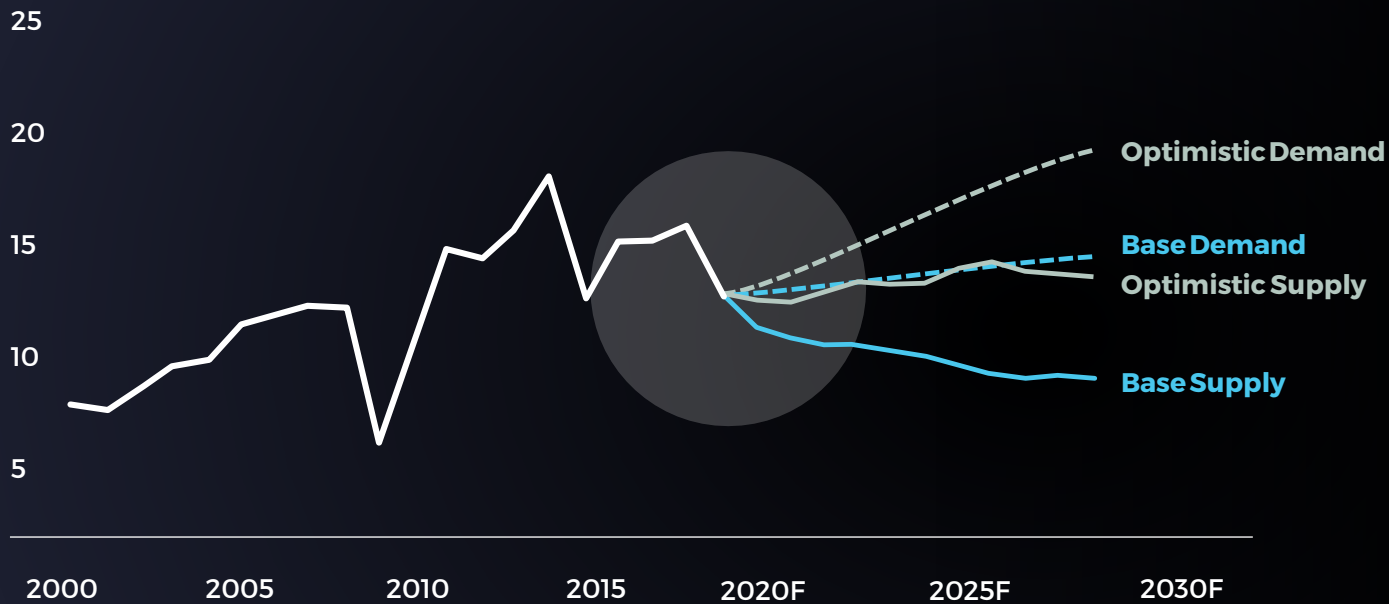
Q3 2020 Rough Carats Sold	Q3 2020 Revenue Recognized (millions)	Q3 2020 Average Price per Carat	Sales Channel	Jan - Sept 2020 Rough Carats Sold	Jan - Sept 2020 Revenue Recognized (millions)	Jan - Sept 2020 Average Price per Carat
2,027 cts	\$ 2.8	\$ 1,381	CLARA	4,554 cts	\$ 6.7	\$ 1,469
5,633 cts	\$ 25.9	\$ 4,597 *	 HB ANTWERP	6,511 cts	\$ 27.0	\$ 4,149
105,283 cts	\$ 12.6	\$ 120	 LUCARA DIAMOND	257,036 cts	\$ 49.2	\$ 191
112,943 cts	\$ 41.3	\$ 365	Total Sales	268,101 cts	\$ 82.9	\$ 309

* The Q3 2020 AP of \$4,597 per carat sold through HB *does not include* several large, high value polished stones which are expected to be sold in Q4.

Diamond Market

Evidence of strengthening market late 2019 was interrupted by COVID-19; Longer term outlook remains strong driven by supply constraints

Rough diamond supply and demand



2000-2030: 2019 prices, constant exchange rates, optimistic and base scenarios

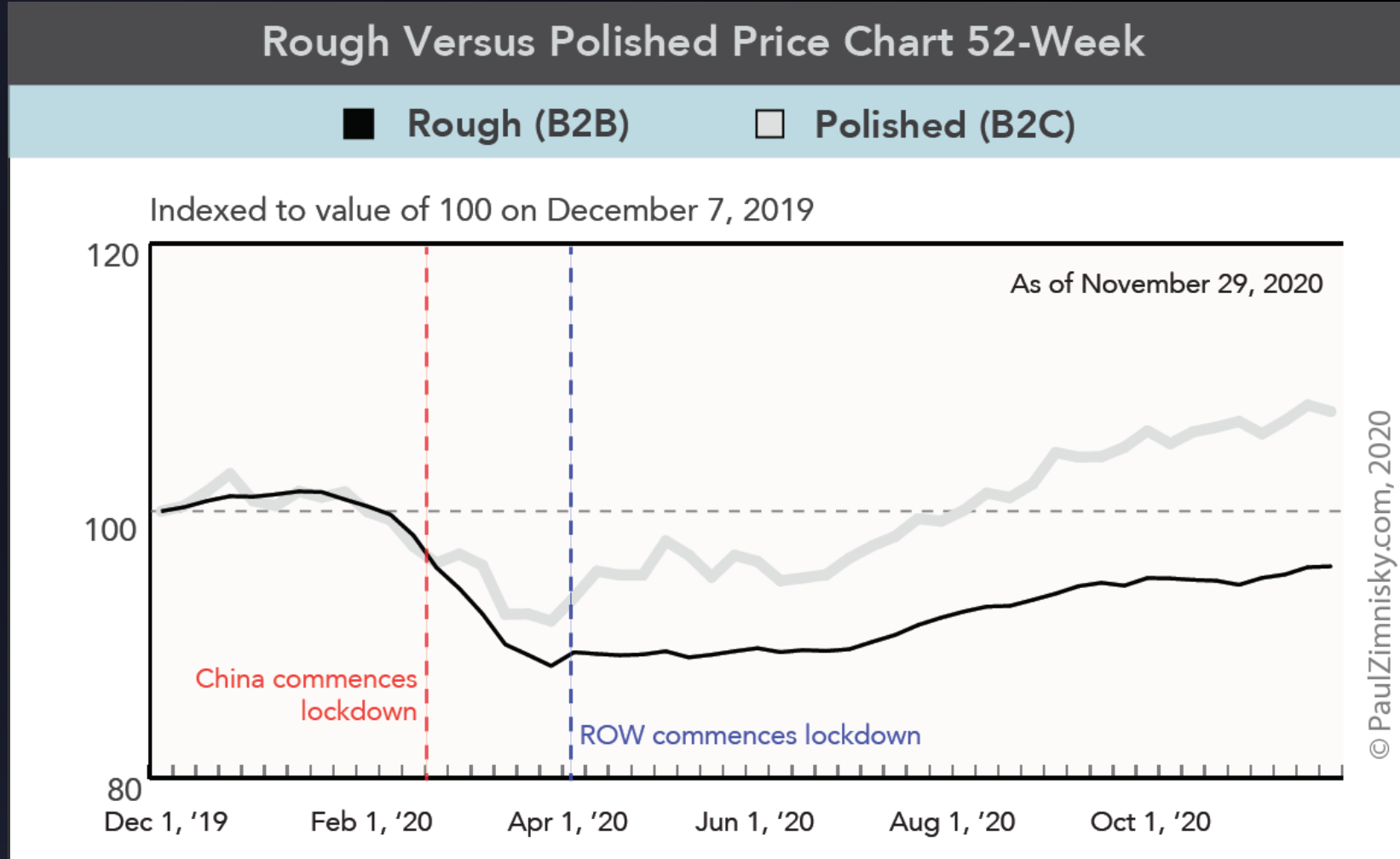
Note: Rough-diamond demand has been converted from polished-diamond demand using a historical ratio of rough to polished diamond values Source: Bain & Company - Global Diamond Report 2019



**Short term market stability;
Demand pick up in the US & China;
Numbers indicate a Good Holiday
Season**

Diamond Prices – Rough Versus Polished

Polished Prices Have Outperformed Over the Past Year



Karowe Underground

Extending Mine-life to 2040

UG development will **double the mine life** from the original 2010 Feasibility Study

UG would add ~ **\$4 billion in additional net revenue**

NPV \$1,266 million/\$718 million (pre/post tax) @ 5%; **No real escalation** in price

Conservative Price Assumptions:
+\$200 million in revenue from **'exceptional' diamonds** not included in economic analysis: Potential for + **US\$500 million in additional revenue** over proposed new LOM **\$725/carat** Average Price

EM/PK(S) unit dominant;
Highest value unit of Karowe ore body



Underground Feasibility Key Findings

(All currency figures in U.S. Dollars)

Updated geological resource confirms increasing value with depth

Underground NI 43-101 Indicated resources of 35 million tonnes @ 15 cphT for 5.1 million carats

100% South Lobe Ore – EM/PK(S) unit dominant

Diamond price of \$725/carat (no escalation) ; ~\$4 billion in net revenue

\$514 million Pre-Production Capital

Long hole shrinkage selected as underground mining method (700-310 masl)

Provides access to higher value ore early

Payback period in granites lowers risk; 2.8 Year payback

Production rate of 7,200 tpd / 2.6 Mt/annum



342 carats

Strong Economics on both stand alone UG and OP+UG scenarios OP &UG Combined:

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

NPV \$945 million/\$536 million (Pre/Post Tax @ 8%)

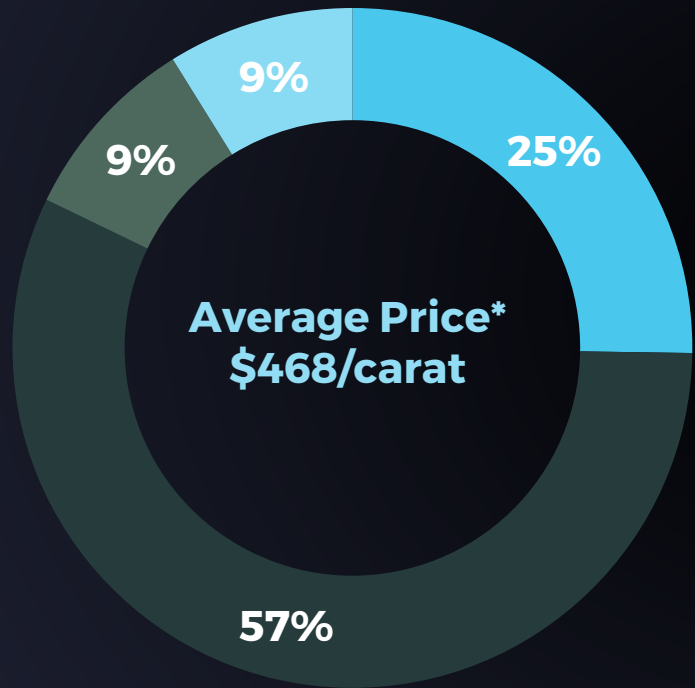
\$2.2 billion / \$1.2 billion Cash Flow (pre/post tax)

High Margin Operation; Carat Margin \$522

Karowe Production Carats by Source & Value

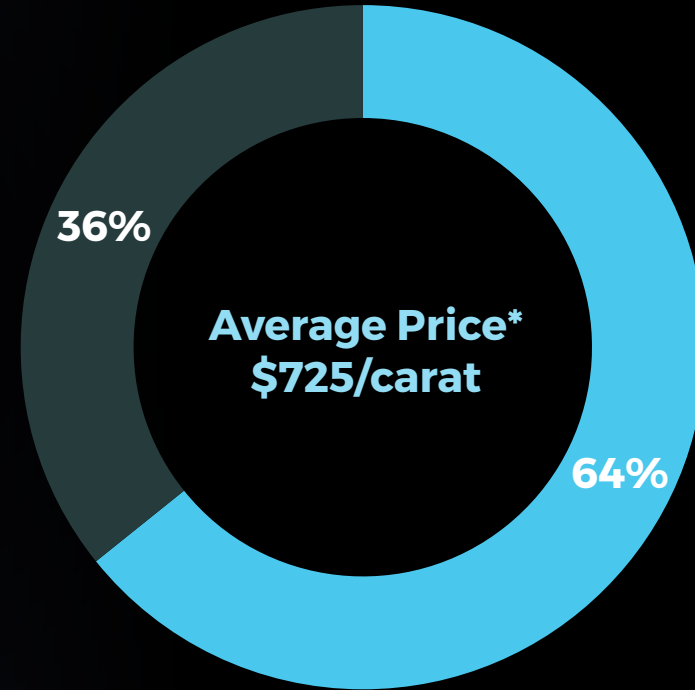
(All currency figures in U.S. Dollars)

2019 Carats by Source
South Lobe Ore 82%



■ EM/PK(S) ■ M/PK(S) ■ Centre ■ North

UG Carats By Source 2025-39
South Lobe Ore 100%



■ EM/PK(S) ■ M/PK(S)

*Average Price is based on rough pricing value model.

Production schedule is based on current assumptions which are listed in the FS and subject to risks and uncertainties and general operational factors which may vary from scheduling contemplated in the FS , review cautionary statement

Karowe Underground Next Steps



Based on the assumptions used for the evaluation, the project shows

positive economics

Mining Licence Extended to 2046

Mining Licence for Karowe renewed and extended for a period of 25 years

2020 Plan Rescoped

Focus on detailed engineering and early site works using local contractors, start on long lead time item procurement; Underground budget decreased to \$22 million

Continue to explore

Debt financing options

Financing target H2 2020

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



Total Clarity

The facts on modern diamond mining

Total Clarity Report by Trucost

examined 150 metrics across the Natural Diamond Council (NDC) members which comprise approximately 75% of the world's diamond production with global operations including Botswana, Russia, South Africa, Lesotho, Australia, Zimbabwe and Tanzania.

Trucost
ESG Analysis

S&P Global

NATURAL
DIAMOND
COUNCIL

THE REPORT FOUND THAT
NDC MEMBERS CREATE

US\$16 billion

IN NET SOCIOECONOMIC
AND ENVIROMENTAL
BENEFITS

60%

OF THE US\$16 BILLION NET
BENEFIT FLOWS BACK INTO
LOCAL COMMUNITIES

THE ESTIMATED
Co2
Emissions
ASSOCIATED WITH
LABORATORY
GROWN
DIAMONDS
IS NEARLY

3x
greater
VS. **NATURAL**
DIAMONDS
RECOVERED BY NDC
MEMBERS IN 2016

VIEW THE FULL REPORT AT [TOTAL-CLARITY.COM](https://www.total-clarity.com)

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 and available liquidity



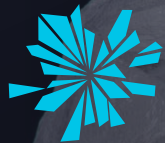
Consistent recovery of high value Specials (+10.8 carats);
Open pit mineable reserves to 2026 with underground
reserves doubling the mine life to 2040



Asset diversification and additional revenue
stream through Clara



1,758 carat Sewelô



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

